

Annual Report

2023

Purpose (Significance of Existence)

Open Up a Bright Future from Yamanashi



The Yamanashi Chuo Bank, Ltd.

Local Industries in Yamanashi Prefecture

Yamanashi Prefecture, with about 80% of its total area covered by forests, is blessed with abundant nature, including Japan's tallest mountain Mt. Fuji (registered as a World Heritage Site) and the Akaishi Mountains. The prefecture is also home to many unique local industries that take advantage of its natural environment, including agricultural products such as peaches and grapes, as well as wine and jewelry.



1 Wine
26.3% share of production amount ranks first in Japan. Yamanashi wine was designated for a special label by the National Tax Agency.

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

7 Knit Products

2 Silk Fabric
Number of manufacturing locations ranks first in Japan.

8 Sake

3 Traditional Japanese Paper

6 Mineral Water

9 Inden Leather

Preparations for High-Speed Transportation Network

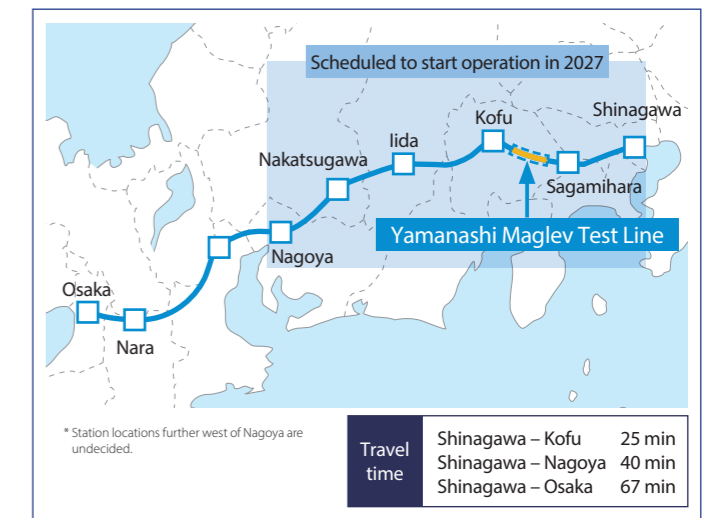
Expected Effects

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.

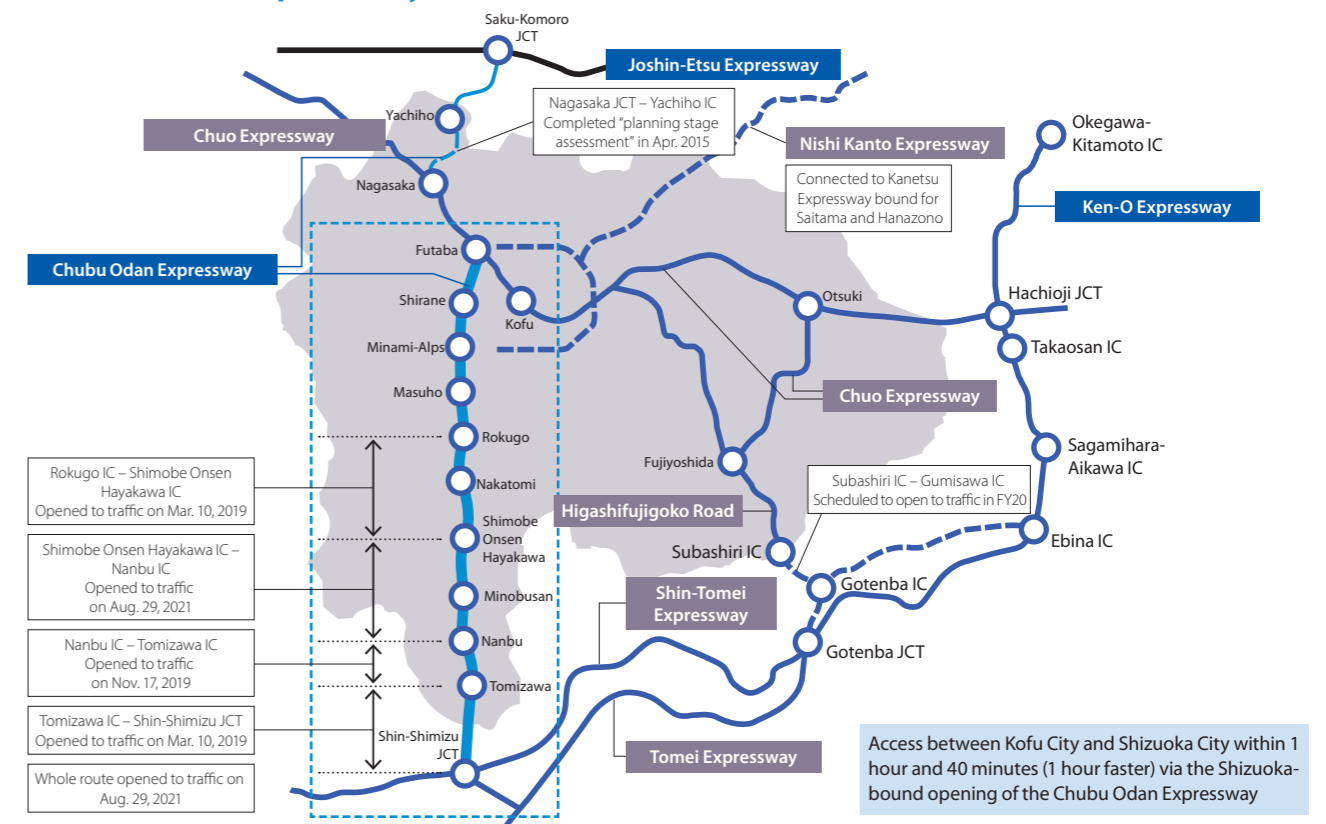
Shinkansen Maglev Train

- Oct. 2014: Minister of Land, Infrastructure, Transport and Tourism approved the start of construction, with the 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 the "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.

The 3S Action Guidelines

Smile, Speed and Simple

Basic Strategies of the Medium-Term Management Plan "TRANS³"

- **Strategy to increase business capacity:**
Refinement of the core business and taking on the challenge of new business opportunities
- **Strategy to double productivity:**
Dramatic improvement in productivity by zero clerical work and channel reform
- **Strategy of pursuing sustainability:**
Realization of coexistence of sustainable management and regional communities



Profile (as of March 31, 2023)

Corporate Name: The Yamanashi Chuo Bank, Ltd.
Head Office: 20-8, Marunouchi 1-chome, Kofu, Yamanashi
Established: December 1, 1941
President: Yoshiaki Furuya
Common Stock: ¥15,400 million
Number of Shares Issued: 32,783,000 shares
Stock Listing: Prime Market of the Tokyo Stock Exchange
Long-Term Credit Rating: A- (Rating and Investment Information, Inc.)
Network: Head Office and Branches: 89 (including 1 Internet Branch)
 District Offices: 10 (including 8 Life Square desks)



Head 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.

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.

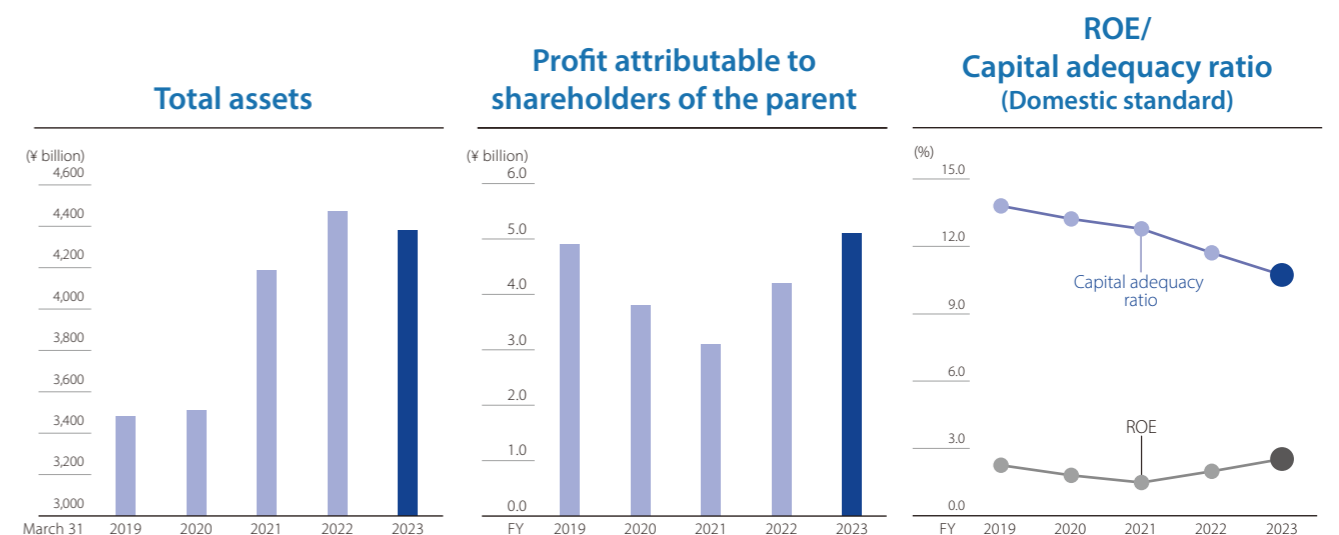
Consolidated Financial Highlights

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

	2019	2020	2021	2022	2023
Ordinary income	52,353	44,878	49,602	46,310	60,552
Ordinary profit	7,458	6,726	6,229	6,624	7,721
Profit attributable to shareholders of the parent	4,908	3,764	3,090	4,241	5,061
Comprehensive income	6,740	(20,412)	22,851	(8,867)	(15,637)
Net assets	222,388	199,661	221,439	211,494	193,263
Total assets	3,480,808	3,511,412	4,185,672	4,469,779	4,380,458
Net assets per share (Yen)	6,652.04	6,183.83	6,849.57	6,515.85	6,129.98
Profit per share (Yen)	147.15	116.43	96.92	132.73	161.78
Capital adequacy ratio (Domestic standard, %)	13.80	13.22	12.78	11.71	10.72
Return on equity (%)	2.25	1.80	1.48	1.98	2.53
Price earning ratio (Times)	9.31	6.32	9.48	7.17	7.05
Cash flows from operating activities	82,750	(23,354)	446,423	267,979	(293,875)
Cash flows from investing activities	124,502	(134,180)	(62,012)	(112,069)	297,562
Cash flows from financing activities	(1,681)	(2,287)	(1,117)	(1,120)	(2,635)
Cash and cash equivalents	516,974	357,152	740,447	895,241	896,292

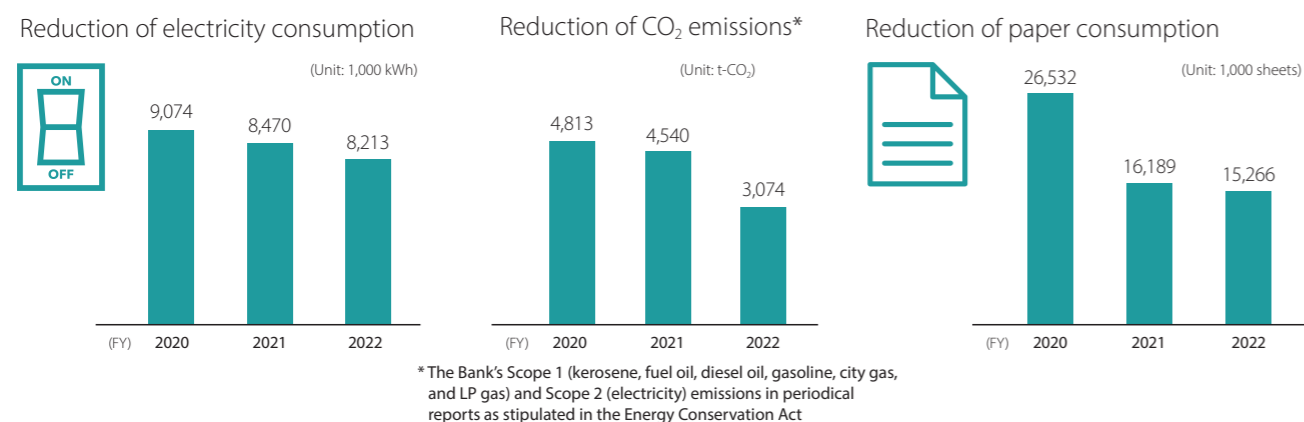
Notes

1. The method of presentation was changed in the fiscal year ended March 31, 2021, and the amount for "Ordinary income" for the fiscal year ended March 31, 2020 has been reclassified accordingly.
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.



Non-Financial Highlights

Activities to tackle environmental problems



Initiatives to revitalize regional economies



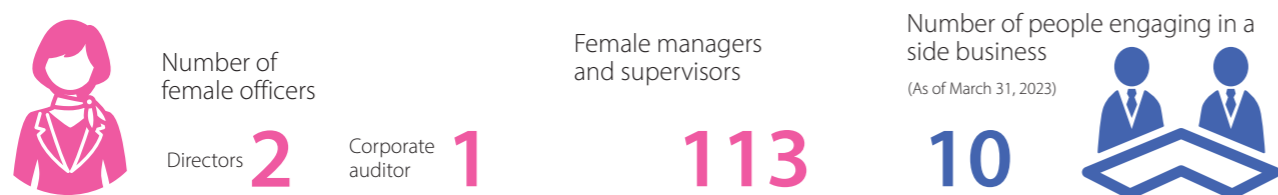
Initiatives to contribute to regional society



Initiatives for corporate governance



Initiatives to utilize diverse human resources



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President

古屋賀章

Aiming to engage in business to resolve issues and realize our Purpose

My name is Yoshiaki Furuya. I was appointed as President of Yamanashi Chuo Bank in June. I joined the Bank in 1986 and gained experience in sales at several branches, before working in the Sales Management Division, the Corporate Planning Division, and other divisions with a focus on planning work related to sales and management. I served as an executive officer in 2015 as the head of the Sales Management Division and the head of the Kugawa Branch. Following this, I became a director in 2019 and worked as the head of the Tokyo Branch, and then became a senior managing director in 2021, before being appointed as the President in June 2023.

While there are still some areas of uncertainty regarding the future in Japan, its economy and society are gradually recovering from the confusion of the COVID-19 pandemic. On the other hand, with growing global disparity and a shift to bloc economies, we face the immediate task of building new supply chains.

Turning our eyes toward Yamanashi, we can see that it has made progress in preparations for a high-speed transportation network, including the Shinkansen Maglev Train, the extensions to the Chubu-Odan Expressway, and the improvements to the Chuo Expressway. These will bring about drastic improvements in terms of access to Yamanashi, and there is no doubt that the prefecture will enjoy a greater inflow of people moving to and visiting it going forward. I expect that this trend will also help create

new business opportunities.

However, some local companies have expressed concerns about the development and continuation of business due to being severely impacted by high prices, labor shortages, and other factors. Yamanashi is also being affected by the wide-reaching trends of the declining birthrate and the aging and declining population.

To tackle these challenges being faced by individual companies as well as the local community as a whole, we must not only engage in our traditional and conventional banking business, but also work swiftly to build a new business model based on resolving these issues. The issues faced by regional society are complex and deep-rooted. They cannot be resolved through our conventional banking functions, so I believe that we should have functions for resolving issues creatively in a similar way to trading companies.

I would like the Bank to go beyond conventional frameworks and transform into a company that can work together with corporate and individual customers as well as regional society to resolve the issues they face. Banks do not simply provide loans. They provide consulting and other expert services, and they can create many new frameworks by collaborating with other companies. If we expand these initiatives further, we will be able to resolve more issues in regional society, and thereby create new business opportunities for the Bank.

Last year, Yamanashi Chuo Bank established its Purpose as “Open Up a Bright Future from Yamanashi.” This Purpose represents our desire to leverage the Bank’s strengths with its foundations in Yamanashi as we communicate the appeal of the local area and give robust support to our customers, with the ultimate aim of revitalizing the whole of Yamanashi and working with a wide

range of related parties beyond the prefecture’s borders to advance forward together. Our significance of existence is to resolve regional issues and to support regional development. To this end, the Bank will bring together many different stakeholders and support their activities by utilizing the Bank’s talent pool that has diverse personalities and expertise, so that the region can reach its full potential.

Progress and results in the Medium-Term Management Plan: Aiming to achieve an ongoing increase in corporate value

FY2022 was the first year of our Medium-Term Management Plan “TRANS³ 2025” that we established last year. This Medium-Term Plan is positioned as a three-year period to put the Bank on a growth trajectory by linking value creation for stakeholders through our business with the economic value of the Bank. It consists of three basic strategies—the strategy to “increase business capacity,” the strategy to “double productivity,” and the strategy of “pursuing sustainability”—as well as three transformation drivers to execute these strategies: “AX (Alliances),” “DX (Digital),” and “SX (Sustainability).”

Of these three basic strategies, we will work on our strategy to increase business capacity through a two-pronged initiative, of deepening and expanding our core business to further reinforce our main field of finance, while also exploring new businesses.

For our efforts to deepen and expand our core business, we have clarified the Bank’s regional strategy with respect to Yamanashi and Tokyo.

In Yamanashi, we have promoted initiatives to bolster loans through consulting sales activities by integrated efforts between branches and the Head Office, as well as support for financing for customers who have been impacted by COVID-19 or other factors. Meanwhile, in Tokyo, the Tokyo Business Development Division is making a significant contribution toward creating new opportunities for revenue that the Bank has not generate in the past, such as by incorporating capital needs using commercial distribution and capital needs for wealthy customers. We have established new clear definitions for all of our missions in relation to these efforts, thereby allowing us to carry out highly effective sales tailored

to regional characteristics. We consider Yamanashi and Tokyo as a single unified base for sales, and we are gradually creating new demand in both regions through meticulous efforts to match seeds with needs.

As a result of these initiatives, we successfully increased our loan balance (average balance) as of March 31, 2023, by more than 200 billion yen year on year. We are also actively providing business loans with greater focus than ever on our regional strategy, and we are working toward the establishment of a sustainable revenue structure by demonstrating our true value as a consulting bank.

I believe that there is still room for growth in the field of personal loans. We will work based on our strategies for each market as we enhance the product features of housing loans, strengthen sales to business operators, and engage in other initiatives. At the same time, we will strategically strengthen unsecured personal loans, for which there exist a wide range of needs.

Toward exploring new businesses, the Regional Revitalization Promotion Division will play a central role in initiatives for a human-resources-related business, sightseeing business, decarbonization-related business, and other new businesses that will contribute to solving regional issues.

Next, for our strategy to double productivity, we are taking on the challenge of achieving zero clerical work and next-generation channel reforms. In this way, we are aiming to realize a dramatic increase in productivity.

For our challenge of achieving zero clerical work, the Zero Clerical Work Promotion Section in the General Administration Control Division is playing the main role in driving multiple measures, such as reviewing rules and process flows (simplification), utilizing middle office centers (centralization), and introducing semi-self-service terminals (systemization). Through these efforts, we are making strong progress in reducing clerical work at our branches. We are carrying out similar efforts for clerical work for loans, with reassessment work for real estate collateral and corporate screening work being centralized at the Head Office. In addition, we are exploring ways to centralize business loans at the Head Office.

As a result of these initiatives, we had reduced the clerical work load during the period of this Medium-Term Management Plan by 141,000 hours as of March 31, 2023. This is a progress rate of 70.5% toward our target of 200,000 hours, and this rate continues to steadily rise.

Regarding next-generation channel reforms, we have set goals of shifting from branches with full-range services to function-specific branches in more than five branches, and of consolidating branches based on a branch-in-branch method for more than five branches. In this way, we are working to streamline branch operations. Recently, we made changes to the Kichijoji Branch, and we plan to make changes to the Koganei Branch in August and to the Ryutsu Center Branch in October. In October 2022, we switched to completely online services for applications and other procedures in personal Internet banking, and in April 2023, we launched new smartphone app services for individual customers as well. We will take full consideration of customer convenience as we expand digital channels in parallel to build an optimal channel arrangement.

For our final basic strategy of pursuing sustainability, the Bank is focusing on its sustainability initiatives,

among other efforts, to build a sustainable corporate culture. We are particularly focusing on the realization of human capital management and the attainment of a high level of governance.

It is essential to integrate management and human resource strategies in order to realize human capital management. We have established a human resource portfolio based on our business portfolio, and we are working to recruit and train a diverse pool of talent with high levels of expertise. For example, we have introduced a system for side jobs outside the Bank and dual employment inside the Bank, as well as a post challenge system that allows employees to apply for transfers to divisions of their choice. We are also working on many other initiatives, such as a program to develop female managers. Alongside human resource development, we are also working to secure talent by utilizing the welcome back system that we have introduced, and by carrying out mid-career recruitment.

In line with our aim of attaining a high level of governance, we have divided the Bank's sales areas into six and have established Regional Head Offices in all six areas. By working to strengthen area governance, we are aiming to improve the effectiveness of management strategies and make speedy decisions. In addition, the Bank solves problems in a precise and speedy manner in response to regional characteristics and issues, not only according to each area branch, but also based on wider relationships.

Next, I would like to discuss our three transformation drivers. For AX, we have a beneficial alliance with Shizuoka Bank and we have been generating synergies that have exceeded our expectations ever since we began this business cooperation. We originally set forth a synergy target of achieving over 10 billion yen as the combined five-year totals of the two banks, and we can expect to realize this target earlier than planned. Specifically, we are producing significant results in the field of corporate finance, such as with structured finance and syndicate loans. The Bank also entered into an alliance with Shizugin TM Securities Co., Ltd. in April 2021, enabling it to respond with an even wider range of solutions to regional customers' asset management needs. I believe that we have identified the ideal approach for alliances as a regional bank.

For DX, we have created an in-house certification system with multiple levels for DX promotion leaders, and we are working to develop our human resources. DX planners are the main constituent of our DX promotion leaders, with over 160 in FY2022 (our fiscal-year-end plan was 150). We plan to gain more certified personnel on a gradual basis, going forward. DX managers are at a higher certification than DX planners. We are conducting detailed programs on a steady basis to develop DX managers as well.

For SX, the Sustainability Committee is conducting human capital management with myself as President serving as the chair of this organization. In addition, we are holding discussions and are promoting multiple measures across the Head Office divisions to address climate change and in line with the SDGs and ESG. To accelerate even more the progress of our SX-related measures, we have established and published the Yamanashi Chuo Bank Group Sustainability Policy.



Future challenges: toward the realization of Value Creation Bank

Going forward, we will continue to promote the measures set forth in our Medium-Term Management Plan to realize the Bank's Purpose and Long-Term Vision.

In particular, in order to deepen and expand our core business, we aim to establish functionality as a consulting bank and create a solid revenue structure. To this end, it will be essential to restructure our strategies, including those of all Group companies. We will also further deepen our Tokyo strategy and push forward with sales while considering Yamanashi and Tokyo as a single unified region.

At present, we are focusing our efforts into management support for customers who are struggling from the lingering effects of COVID-19, as well as the effects of high material costs and prices. Specifically, we are concentrating our efforts on support for financing and support for business restructuring. On the other hand, we also wish to give assistance for the further business development of customers who are currently performing well. For example, reinforcing human capital management is an important topic in this regard and is related to issues such as labor shortages and wage increases, as well as other challenges. The Bank will bolster its own initiatives while also dedicating itself to supporting customers.

Our immediate task for individual customers is to

support their asset building. With an upcoming revision to the NISA system, we must work earnestly to provide information to customers and accommodate their consultation needs. We will also strive to improve convenience so that a wide range of customers can more easily access financial services at any time.

In terms of our initiatives for new businesses, we aim to establish new companies to provide solutions for regional issues and to achieve a dramatic boost in our ability to tackle challenges, while also establishing these efforts to serve as a new pillar for revenue.

We will continue to refine our efforts to increase productivity. We have already worked on centralizing work at branches and on introducing new systems. Going forward, we plan to further incorporate opinions from inside the Bank and drive efforts to achieve zero clerical work.

In addition, we will work on channel reforms based on the smartphone app that we launched in April 2023, and we will bring about dramatically improved customer convenience while further expanding the use of the Bank's wide range of functions and services.

Apart from these basic strategies, it is vital to have financial and capital strategies as well. We are working to achieve a further increase in corporate value while considering the cost of capital.

In principle, we will maintain a good balance as we promote the three basic strategies in the Medium-Term Management Plan, and thereby optimize capital efficiency. In particular, we place the utmost importance on optimizing returns in our business portfolio to produce capital revenue as well as fee and commission income. As such, we will bolster our controls for this. In addition, we are engaging in our fundamental activities to deepen our traditional loans business, while also working to expand our fees business in new fields.

For the time being, we will maintain a consolidated

Create an organization in which diverse human resources with expertise can develop and thrive to solve issues

Among these challenges described above, I want us to particularly focus our efforts into promoting corporate culture reform and human capital management. In order to help solve regional issues as a company, we must foster a spirit and culture in which the employees with unique expertise can take on new challenges with a more flexible mindset. To this end, it is vital to have a flat organization with active communication and a forum for rational debate based on data. Allow me to expand on this point in a little more detail.

In order to become a company that can solve issues together with customers and regional society, and in order to deepen our businesses and attain greater diversity, it is essential for each and every employee to possess a high level of expertise.

The Bank has defined its human resource portfolio for the future and is working to develop DX experts and other kinds of talented personnel who can offer services in multiple areas, including consulting. To this end, it is necessary to boost productivity and assemble talented people. At present, we have set the initial goal of securing 230 people. In addition, we are carrying out reskilling and repositioning so that our assembled talented people can build their expertise. For employees with no prior experience in sales, it will be imperative to provide opportunities for them to gain such experience, in principle. To achieve even more refined consulting, employees will utilize external training programs as well as the internal dual employment (job trial) system that began in October 2022 to carry out work in their current division while also building their experience by working at specialized Head Office divisions on a regular basis. This system is designed to encourage the employees to take on new challenges voluntarily, and I want us to provide them with even more

Creating innovation with a marketing mindset

In addition to establishing a flat organization, our policy is to always considering marketing and innovation in our initiatives. The basis for all actions at the Bank is to look at the issues that customers and regional society are facing. It is vital to pay attention to our customers and all other stakeholders, to consider what their issues are, and to link these issues with business that the Bank can carry out. To

regulatory capital ratio of approximately 10% with consideration of risk factors and operational stability, while also aiming for ROE of 5%. However, we will flexibly review our capital policies and further utilize regulatory capital to take on the challenge of realizing ROE that surpasses 7% of the Bank's capital costs.

Going forward, we will engage in constructive conversations with shareholders and investors while continually refining our strategies and policies to achieve sustainable growth and increase our corporate value.

opportunities in the future.

I would like to respect the autonomy of the employees as we carry out reskilling and internal dual employment initiatives. By allowing personnel to boost their expertise in the field of their choosing, we will gain diverse human resources inside the Bank who customers will find interesting. I think it will be exciting to build an organization in which these diverse personnel can come together and work on projects to solve issues for customers and regional society.

To bolster these initiatives, it is vital to change the style of communication inside the Bank. I would like the organization to develop in a way that encourages all employees to be more flexible, to express their opinions in a more active way, and to engage in discussions together.

To achieve this, I want us to invert and compress our hierarchic pyramid structure and build a flat organization in which people can easily communicate and say what needs to be said. I believe it is necessary to not only encourage communication from the lower levels to the upper levels in the hierarchy and vice versa, but to also enable diverse and direct communication in all directions, whether vertically, horizontally, or diagonally.

In the past year, I visited all the branches of the Yamanashi Chuo Bank and held informal meetings to talk with personnel, particularly with our younger employees. These meetings took place during the day, so it was not possible for all staff members to attend them. However, participants were able to ask me questions about details they wished to know, and I talked about what I am interested in and what I am thinking about, as well as other topics that were not directly related to work. I wish to actively create more opportunities like this in the future.

this end, we must adopt a marketing mindset. Instead of falling back on preconceptions, relying on sheer willpower to pull us through, or considering only what is best for the Bank, we must always maintain a customer-oriented perspective and think scientifically based on data.

I believe that a company can produce innovation if it continues to strive with a marketing mindset. Innovation

does not only refer to the creation of a new technologies or products. It can also mean efforts to create new trends by collaborating with the local community. I hope to work while viewing issues in the local area as a starting point to bring about unprecedented innovation that will amaze people with new ideas that they would have never otherwise conceived of.

I was stationed in London as part of the trainee system when I was young. I decided to go with the homestay option, because I wanted to communicate in English and immerse myself in the culture. It was a shock to learn the sheer diversity of people and work styles there.

At the time, it was commonplace in Japan to work late into the night. I spoke with a staff member from Europe about the situation in banks at the time, in which people in Japan would stay up late to create proposals and then speak to other team members to build a consensus and ultimately gain approval. This staff member told me frankly that he would never want to work in a company like that. At that moment, I became painfully aware that Japan had a completely different approach to the rest of the world. When Japan was prospering during its economic bubble, western companies were making a rapid shift toward new and rational work styles. I have

Open up a bright future from Yamanashi and bring the Bank's creation of shared value to the next level

People lament the decline and stagnation of Japan's power as a nation, but I believe that the country can only recover if its local communities recover first. The Bank's roles are to contribute to development to bring about a bright future for customers and to strive for regional economic revitalization at our Yamanashi and Tokyo sales bases. To this end, we will utilize the network that we have built up and the insights we have gained in our fields of expertise to create even more value over an even broader area than ever before while still focusing on Yamanashi and Tokyo. We must keep a close watch on technological developments and changes in people's behavior as we take a new perspective that is unrestricted by conventional frameworks or methods. While doing this, we must pursue further operational transformation and at the same time, redefine and expand our business domains. I believe we can generate new value by creating innovation from the Bank and by launching new businesses.

I plan to practice so-called servant leadership to encourage the Bank to demonstrate performance to this level. The Bank has declared its Vision and its aims for a bright future, and I wish to maximize the organization's performance alongside this not through orders and instructions, but through empathy and conversation. Based on the Bank's Purpose of "Open Up a Bright Future from Yamanashi," we will work based on the foundations that we have built up to this point, and bring together even more employees with talent, wisdom, and experience to carry out exciting work. This is my vision for our new endeavors in the future.

held this experience to heart for many years, and so I was happy to see the recent trends in Japan towards work style reforms and productivity improvements, even if these trends do feel rather late.

To create an organization in which everybody can shine, the Bank must now make a complete shift towards an organization that does valuable work with a marketing mindset and that communicates across a flat structure. We must think about what customers find important and meaningful and then work efficiently on tasks that produce value while exchanging a diverse range of opinions together. This approach should be at the root of our efforts for work style reforms and organization establishment so that everyone can carry out tasks comfortably. The Bank introduced a flextime system in April 2023, among other initiatives, to realize flexible work styles. However, the ratio of female managers and supervisors at the Bank is currently 14.8% (as of March 31, 2023), which is still far from the ideal of 40% that we set as a KPI. We will worker harder than ever on work style reforms as well as on initiatives for Diversity, Equity, and Inclusion, and thereby strive to establish an organization in which everyone can truly shine as they carry out their tasks.

I would like to redouble my efforts to create shared values while continuing to engage in conversation and cooperation with a larger number of stakeholders. So going forward, I look forward to maintaining our relationship together.

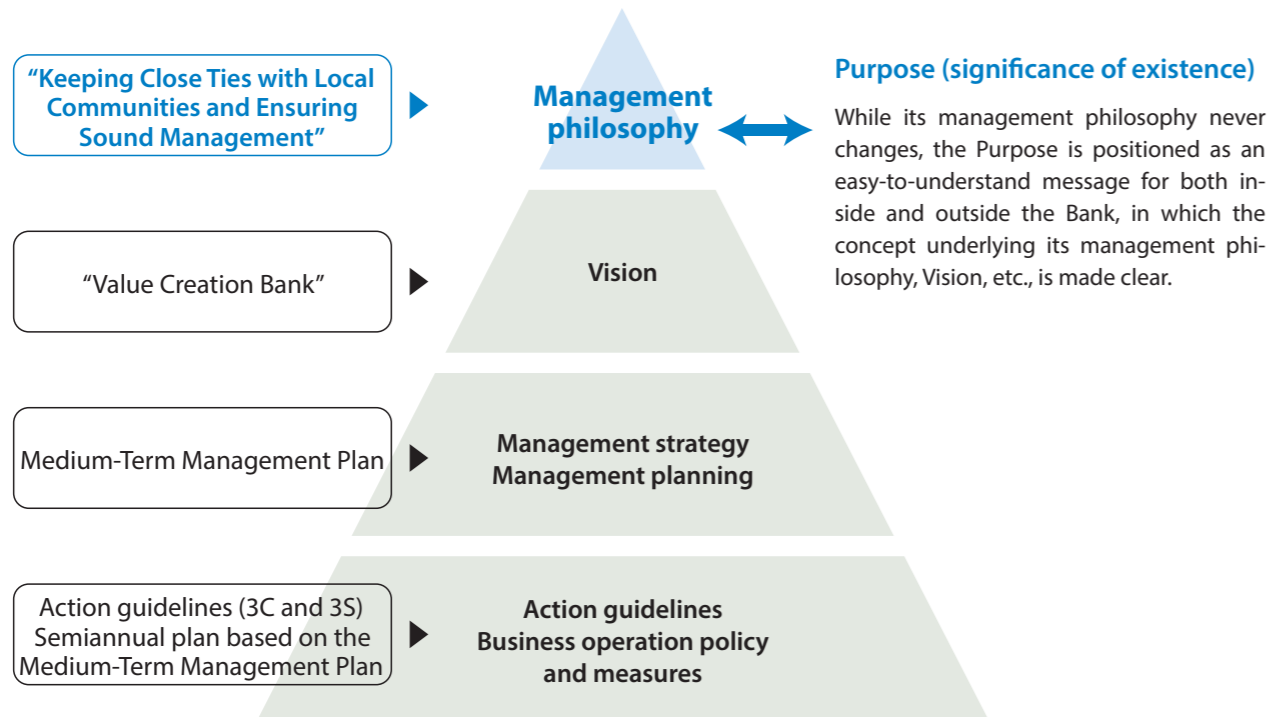


Purpose of the Yamanashi Chuo Bank Group (Significance of Existence)

● Defining the Purpose (significance of existence)

The Bank has announced its Purpose (significance of existence) in society in writing in line with the formulation of the Medium-Term Management Plan to promote human resources with various values in the future, toward the realization of a sustainability-oriented society.

The Bank has redefined its Long-Term Vision "Value Creation Bank" to further clarify "why it exists and engages in business activities and what kind of value it continues to give to stakeholders."



Purpose of the Yamanashi Chuo Bank Group (significance of existence)

Open Up a Bright Future from Yamanashi

Toward high level sustainability management, Yamanashi Chuo Bank has identified themes of materiality (material issues), such as **strengthening various relationships and increasing regional economic activity, realizing the digital transformation (DX) and digitalization of regional society, and maintaining a rich natural environment to pass on to the future,** and it is working to resolve these issues.

Yamanashi Prefecture has rich nature, including Mt. Fuji, Yatsugatake, and the Akaishi Mountains, and it boasts to the world many regional resources and industries. With the opening of the whole of the Chubu-Odan Expressway between Yamanashi and Shizuoka, as well as the scheduled opening of the Linear Chuo Shinkansen and other forms of transportation, the area expects to see remarkable development in the future, with an increasing inflow of people from outside the prefecture.

As a leading regional bank, Yamanashi Chuo Bank **realizes well-being in a society that is rich and full of energy and happiness.** By making use of its many human and organizational connections it has built over many years, including a sales base in the Tokyo area, **the Bank will create a prosperous future from Yamanashi to the world.**



Scan the QR code to access a video about the Bank's Purpose.



Towards Realizing Value Creation

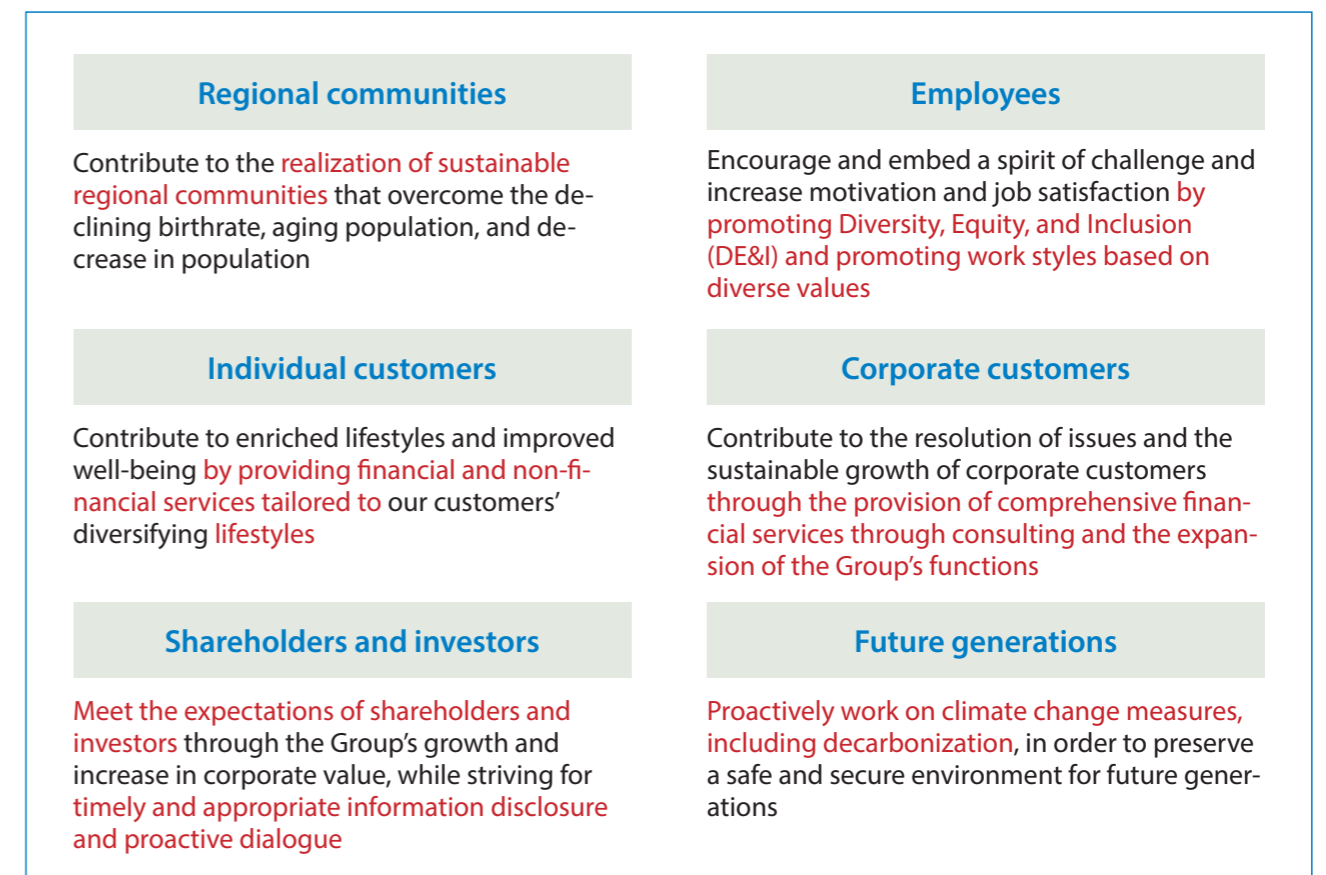
Value Creation Bank

● The value the Bank aims to deliver as a "Value Creation Bank"

Value Creation Bank

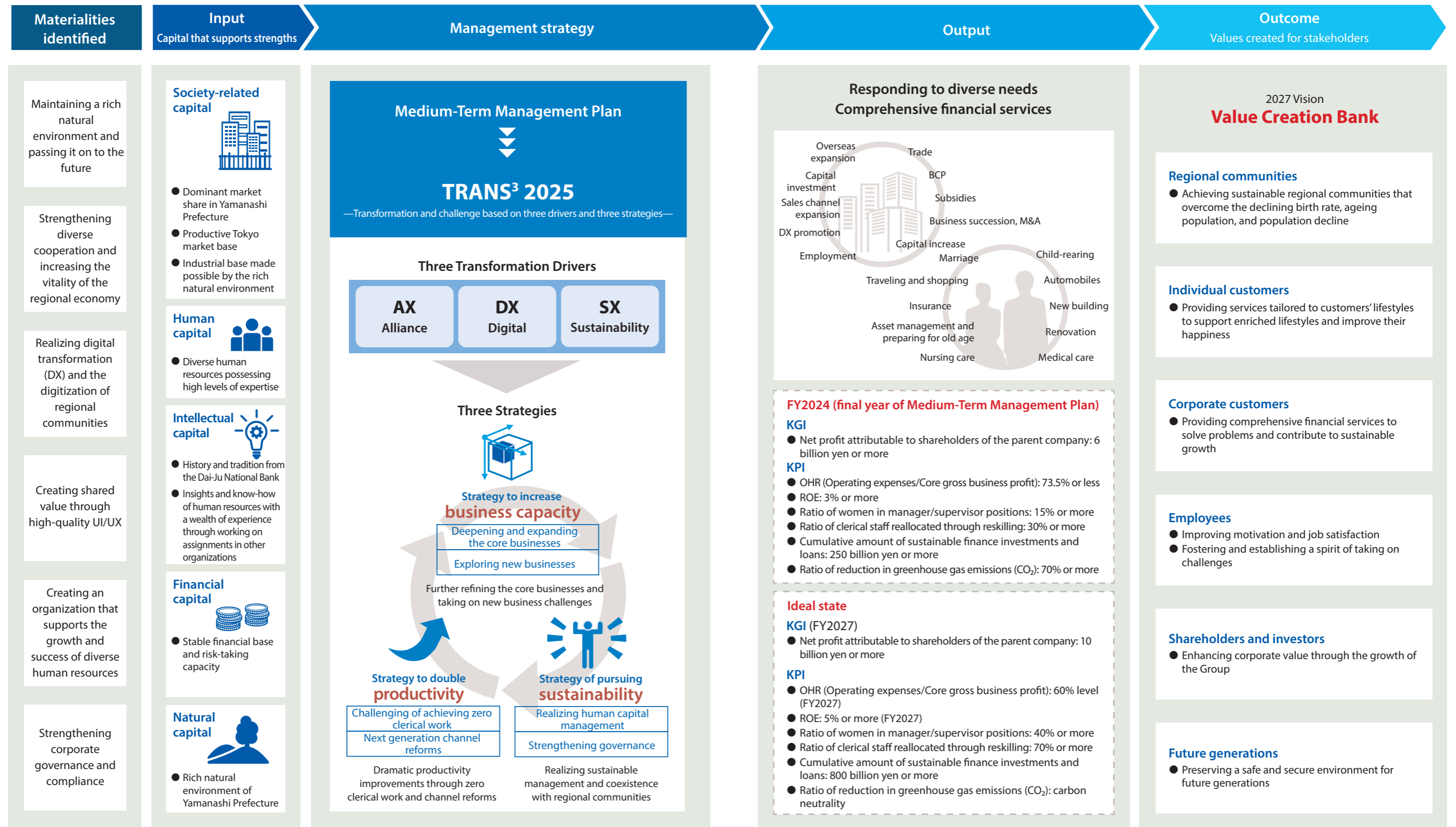
A financial group that meets the expectations of all its stakeholders by delivering "Prosperity for Regional Communities," "Smiles for Customers," "Job Satisfaction for Employees," and "Satisfaction for Shareholders" as it celebrates its 150th anniversary.

↓ Value provided to each stakeholder ↓



A "well-being society" that is prosperous and full of vitality and happiness

Value Creation Processes



Purpose: Open Up a Bright Future from Yamanashi

The future the Bank wants to realize

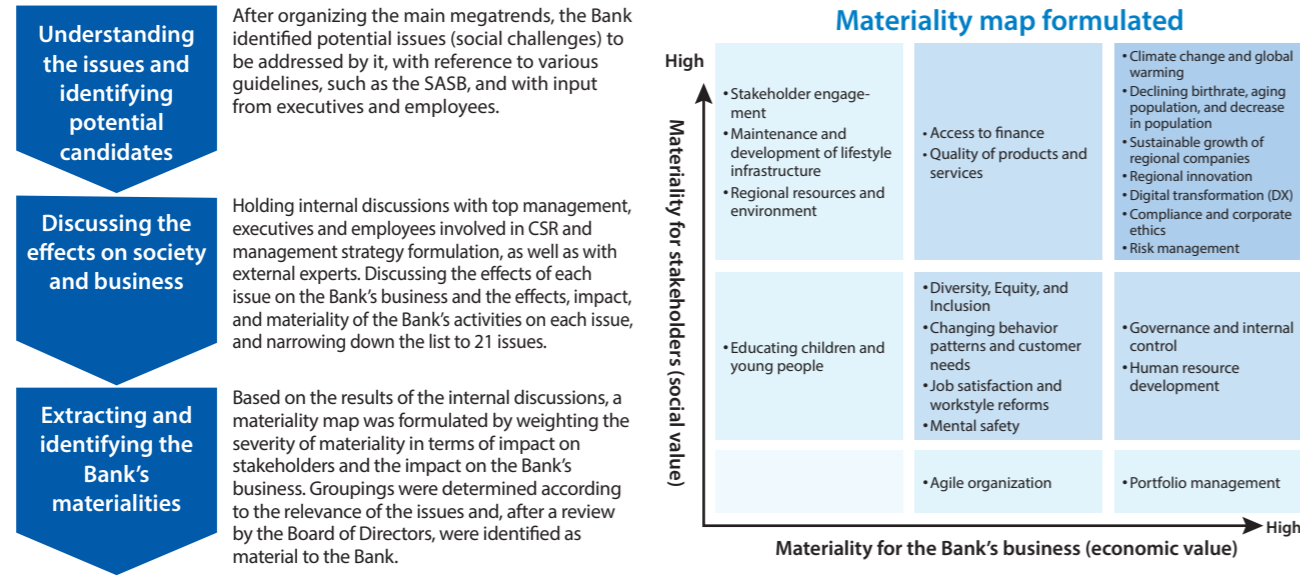
A “well-being society” that is prosperous and full of vitality and happiness

Materialities (Key Issues)

The Bank is working to further develop its sustainability management in order to achieve sustainable communities both globally and regionally and a continuous increase in corporate value. As part of this process, the Bank has identified the materialities (key issues) to be addressed.

Materiality identification processes

The Bank has identified materialities through the process outlined below.



Six materiality issues

ESG	Materiality theme	Overview	Related issues	Related SDGs
E	Maintaining a rich natural environment and passing it on to the future	Promote the Bank's efforts to reduce CO ₂ emissions in order to decarbonize and support local communities' efforts to become more environmentally conscious through the provision of environmental products, services, and information.	<ul style="list-style-type: none"> Reducing CO₂ for decarbonization^{*1} Realizing next-generation clean energy^{*1} 	
S	Strengthening diverse cooperation and increasing the vitality of the regional economy	Contribute to the sustainable prosperity of regional communities and regional economic development by supporting the revitalization of regional communities and industries through business activities and by disseminating the attractive resources of Yamanashi, while strengthening cooperation with other banks, industry, academia and government.	<ul style="list-style-type: none"> Declining birthrate, aging population, and decrease in population Sustainable growth of regional companies Regional innovation 	
	Realizing digital transformation (DX) and the digitization of regional communities	Driving the digitalization of the entire regional community by transforming the Bank itself through the use of digital technology and transferring this know-how to regional businesses.	<ul style="list-style-type: none"> Internal DX^{*2} Digitization of entire regional communities^{*2} 	
	Creating shared value through high quality UI/UX ^{*3}	By providing quality services that are rooted in the community and meet customer needs, we will create customer value and build new services and business models that will lead to the creation of economic value for the Bank.	<ul style="list-style-type: none"> Changing behavior patterns and customer needs Access to finance Quality of products and services 	
	Creating an organization that supports the growth and success of diverse human resources	Promote a rewarding corporate culture by developing highly professional employees and create a workplace environment in which diverse human resources can recognize each other and play an active role.	<ul style="list-style-type: none"> Human resource development Diversity, Equity, and Inclusion Job satisfaction and workstyle reforms Mental safety 	
G	Strengthening corporate governance and compliance	To ensure sound and transparent management and gain the trust of all stakeholders, we are committed to building an organizational structure, improving information disclosure and engaging in dialogues with stakeholders.	<ul style="list-style-type: none"> Governance and internal control Compliance and corporate ethics Risk management 	

*1 These items are the breakdown of "climate change/global warming" in the materiality map from the perspective of the Bank and the region.

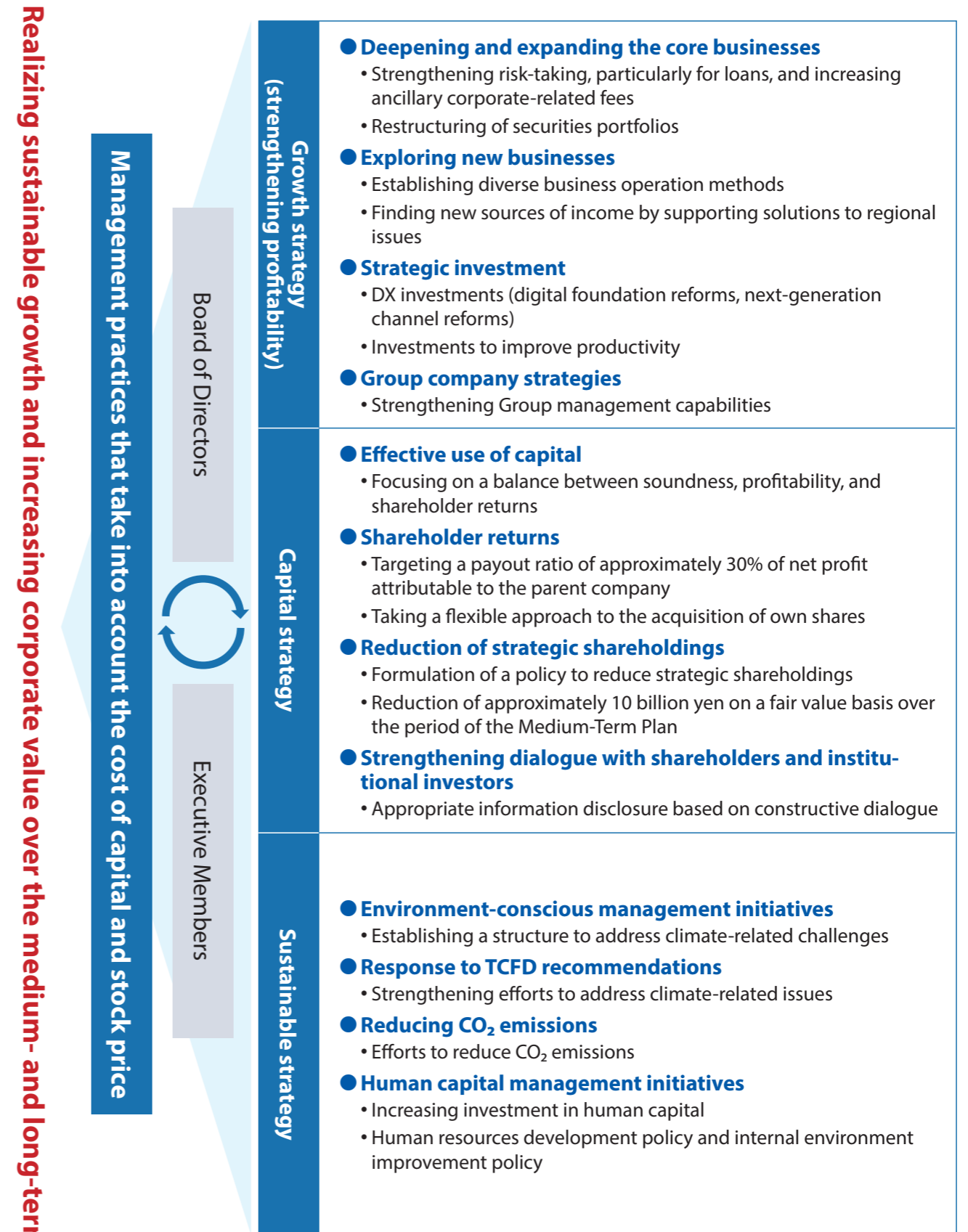
*2 These items are the breakdown of "digital transformation (DX)" in the materiality map from the perspective of the Bank and the region.

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

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

Towards Improving Corporate Value

We have positioned the "growth strategy," "capital strategy," and "sustainability strategy" as the main drivers towards realizing sustainable growth and increasing corporate value over the medium- to long-term, and implementing management that is conscious of the cost of capital and share price.



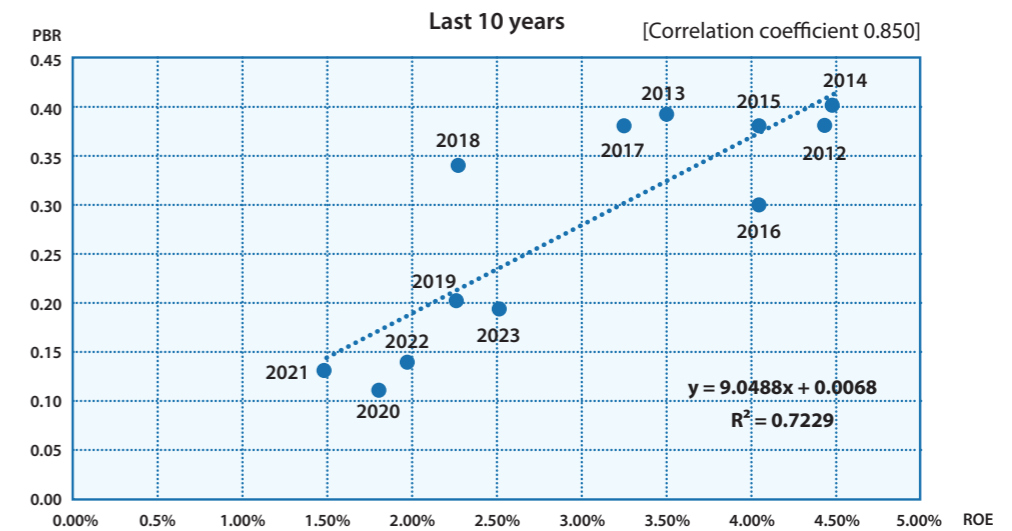
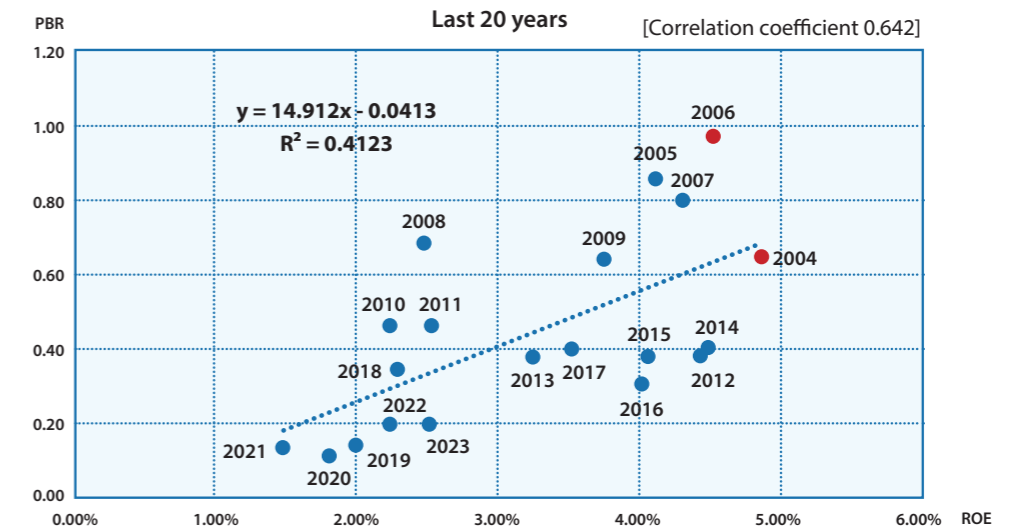
Growth Strategy (Medium- to Long-Term Targets) (1)

- Achieve “ROE of 3% or more” as soon as possible during the period of the Medium-Term Management Plan “TRANS³ 2025.”
- Aiming to reduce the deviation from the assumed cost of capital of 7%, the quantitative targets of “consolidated net income of 10 billion yen or more” and “ROE of 5% or more” that have been set as the ideal state are to be achieved by FY2027.
- Balanced allocation of capital for investment in growth, shareholder returns, etc., while maintaining a consolidated regulatory capital ratio of around 10%.

Long-term vision: Value Creation Bank					
Medium-Term Management Plan	[STEP up 2019] From FY16 to FY18	[Value+ 2022] From FY19 to FY21	[TRANS ³ 2025] From FY22 to FY24		Ideal state From FY25 to FY27
Fiscal year	FY2018	FY2021 results	FY2022 results	By FY2024	By FY2027
Consolidated net income	¥4.9 bn	¥4.2 bn	¥5.0 bn	¥6.0 bn or more	¥10.0 bn or more
Consolidated dividend payout ratio	23.7%	30.1%	27.8%	Consolidated dividend payout ratio: approx. 30%. Take a flexible approach to the acquisition of own shares.	
Consolidated regulatory capital ratio	13.80%	11.71%	10.72%	Approx. 10%	
EPS	¥147.15	¥132.73	¥161.78	¥200 or more	¥330 or more
ROE	2.25%	1.98%	2.53%	3% or more	5% or more
PBR	0.2 times	0.14 times	0.18 times	0.3 times or more	0.5 times or more
Cost of capital	-	-	Assumed to be 7% (calculated based on CAPM, using Rp of 6.5%)		

Growth Strategy (Medium- to Long-Term Targets) (2)

- There is a high correlation between the Bank’s ROE and PBR.
- To improve PBR, we are working to reduce the cost of capital and improve ROE.



Efforts to improve ROE and reduce cost of capital

Growth strategy (strengthening profitability)	Capital strategy	Sustainable strategy
<ul style="list-style-type: none"> ● Deepening and expanding the core businesses ● Exploring new businesses ● Strategic investment ● Group company strategies 	<ul style="list-style-type: none"> ● Reduction of strategic shareholdings ● Strengthening shareholder returns <ul style="list-style-type: none"> • Increase in dividend payout ratio • Flexible and agile acquisition of own shares ● Strengthening dialogue with shareholders and institutional investors 	<ul style="list-style-type: none"> ● Environment-conscious management initiatives ● Human capital management initiatives ● Extensive disclosure, including of non-financial information

Growth Strategy (Roadmap)

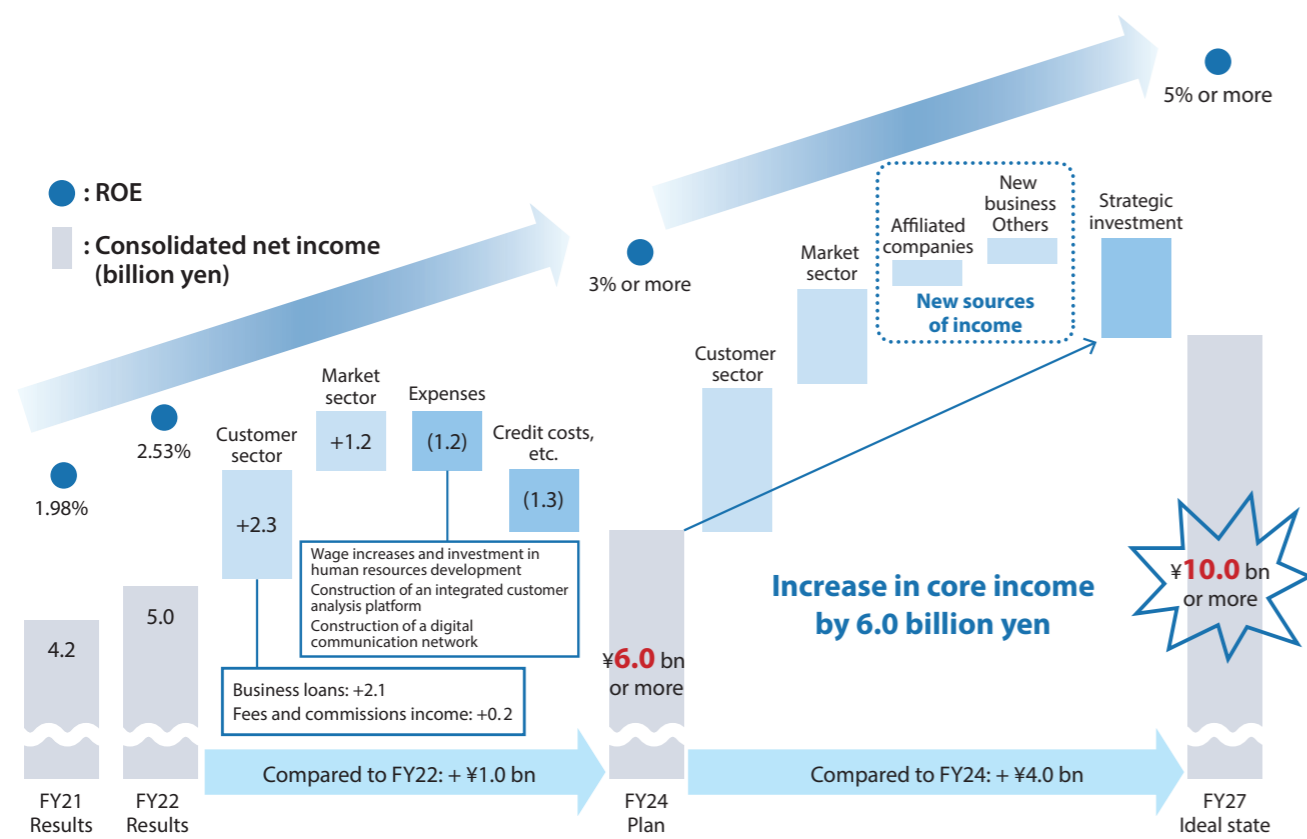
Roadmap towards achieving consolidated net income of 10 billion yen

Towards the achievement of the Medium-Term Management Plan

- Increase in loan income, mainly from corporate customers
- Strengthening market investment capabilities through portfolio restructuring
- Investments in growth areas to increase income

Image of increasing income towards the ideal state

- Strengthening personal loan strategies alongside business
- Expanding non-interest income from consulting services
- Advanced securities portfolio management
- Strengthening of Group functions, expansion of businesses and leveraging of under-utilized real estate
- Accelerating strategic investment

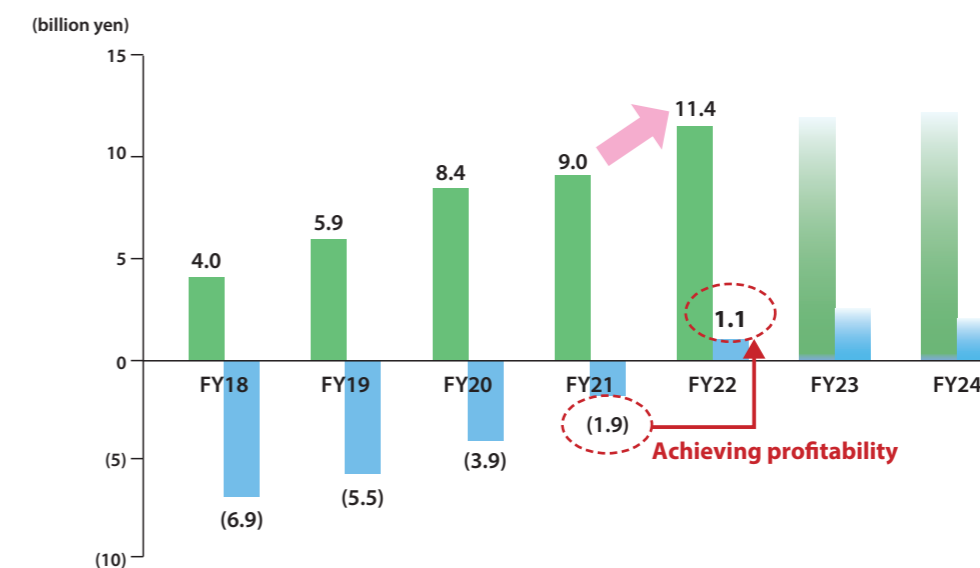
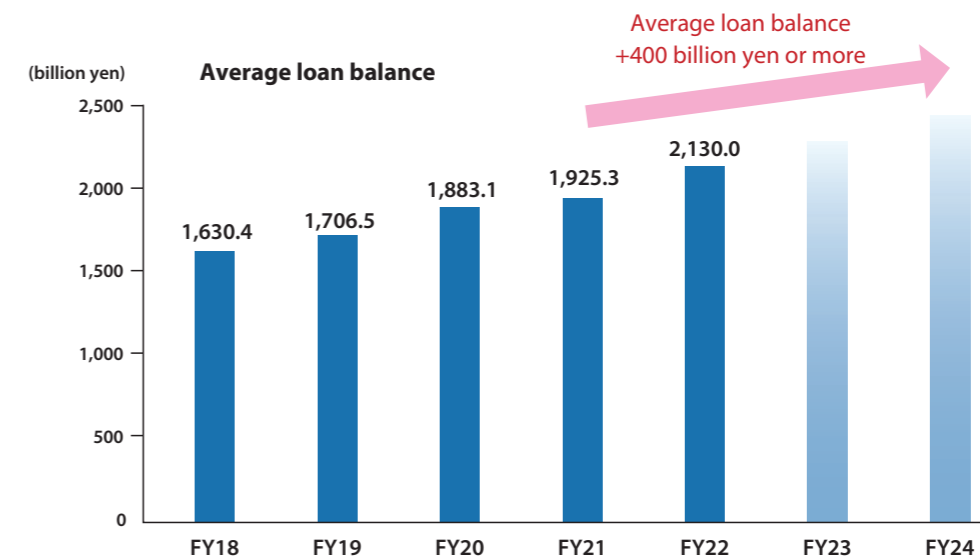


Growth Strategy (Deepening and Expanding Core Businesses): Loan Strengthening (1)

Improvement of the top line through loan growth is the Bank's growth driver

Target average loan balance for FY2024: +400 billion yen or more compared to FY2021

- Aim to increase the level of the average loan balance by at least +400 billion yen or more during the current Medium-Term Management Plan period
- As a result of the increase in risk-weighted assets, the regulatory capital ratio will decrease by around 1.7 pt (approximate estimate based on recent RW results)
- Expected increase in **interest income on loans of approx. more than +3.0 billion yen** and increase in associated consulting fees (service income)
- **Achieved positive customer service business profit in FY2022**



Growth Strategy (Deepening and Expanding Core Businesses): Loan Strengthening (2)

By clarifying our regional strategy and demonstrating our true value as an advisory bank, we are working to establish a sustainable income structure.

Average balance of business loans in FY2024: +350 billion yen or more compared to FY2021

Yamanashi Policy

- Providing financial intermediary functions based on business feasibility studies, from “business foundation” through to “business succession” and “turnaround” (also provides equity capital such as subordinated loans and equity)
- Providing optimal advisory services to solve customer and community issues, not only in financial intermediation, but also in non-financial areas such as recruitment and support for ICT and DX implementation

Tokyo Policy

- Increase and strengthen balances through commercial distribution sales and the development of wealth management business
- Increase and strengthen loans to large enterprises whose risk weight is low based on profitability assessment, such as RORA
- Create capital needs through two-way business matching between Tokyo and Yamanashi and helping customers expand into Yamanashi or form alliances with Yamanashi-based companies

Common Policy

- Implement structured finance with appropriate risk taking, mainly in the form of non-recourse real estate loans through the Shizuoka-Yamanashi Alliance
- Utilize accumulated know-how to solve regional issues (e.g. project finance and LBO loans) and to capture income opportunities

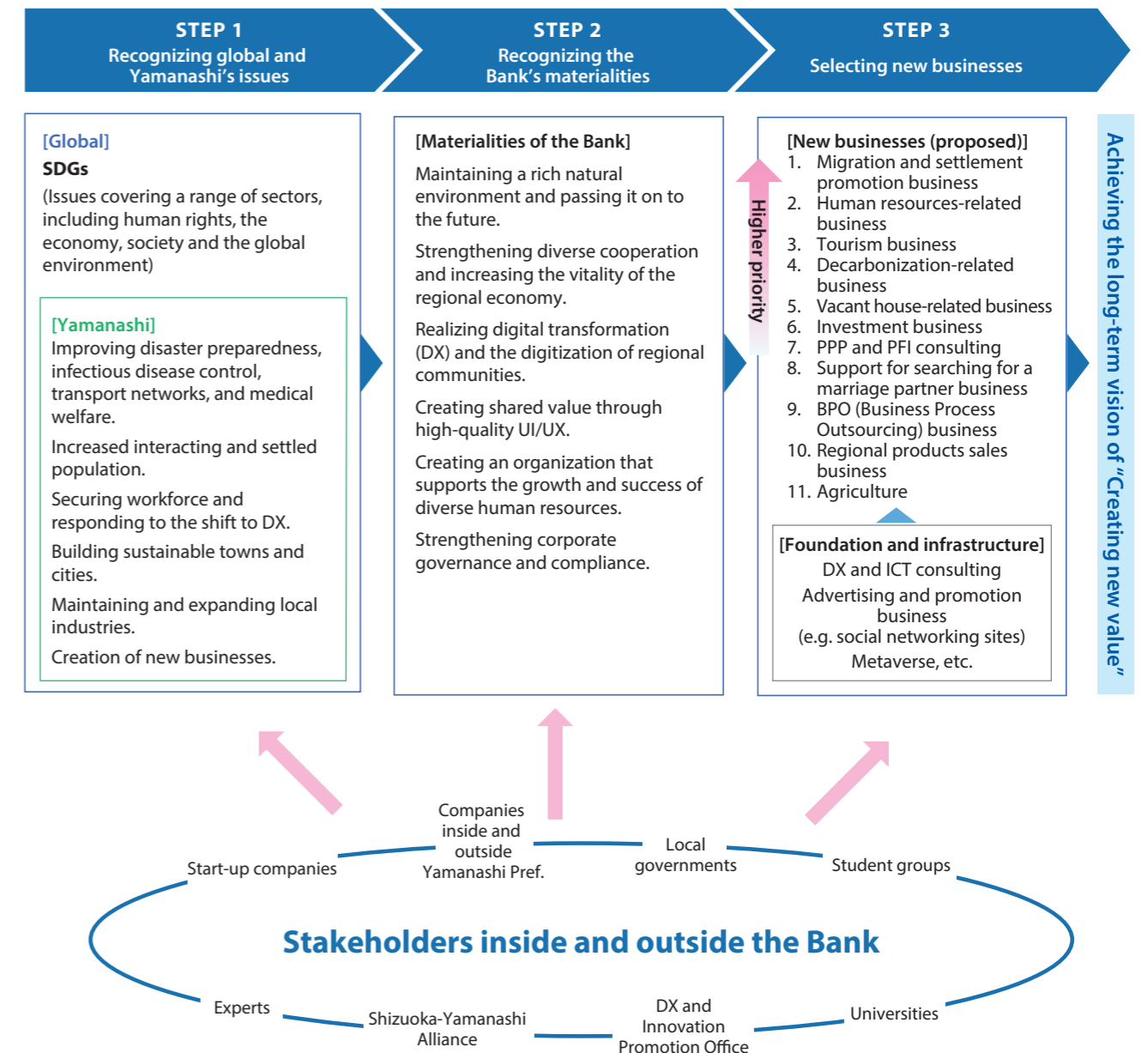
Average balance of personal loans in FY2024: +50 billion yen or more compared to FY 2021

- In the case of housing loans, the balance has been increased by expanding the product features of housing loans, strengthening sales to vendors at housing loan bases, forming alliances with housing-related companies, and other measures
- Strategically strengthen unsecured loans, such as consumer finance, in order to strengthen the overall profitability of personal loans
⇒ Strengthen the digital channel and improve UI/UX by introducing a bank app, revise products, and review promotions

Growth Strategy (Exploring New Businesses) (1)

The Regional Revitalization Promotion Division, which was set up in June last year, is leading the search for new sources of income and the study of projects to support the resolution of regional issues.

Finding new sources of income by supporting solutions to regional issues and introducing a variety of business management methods



Exploring new businesses

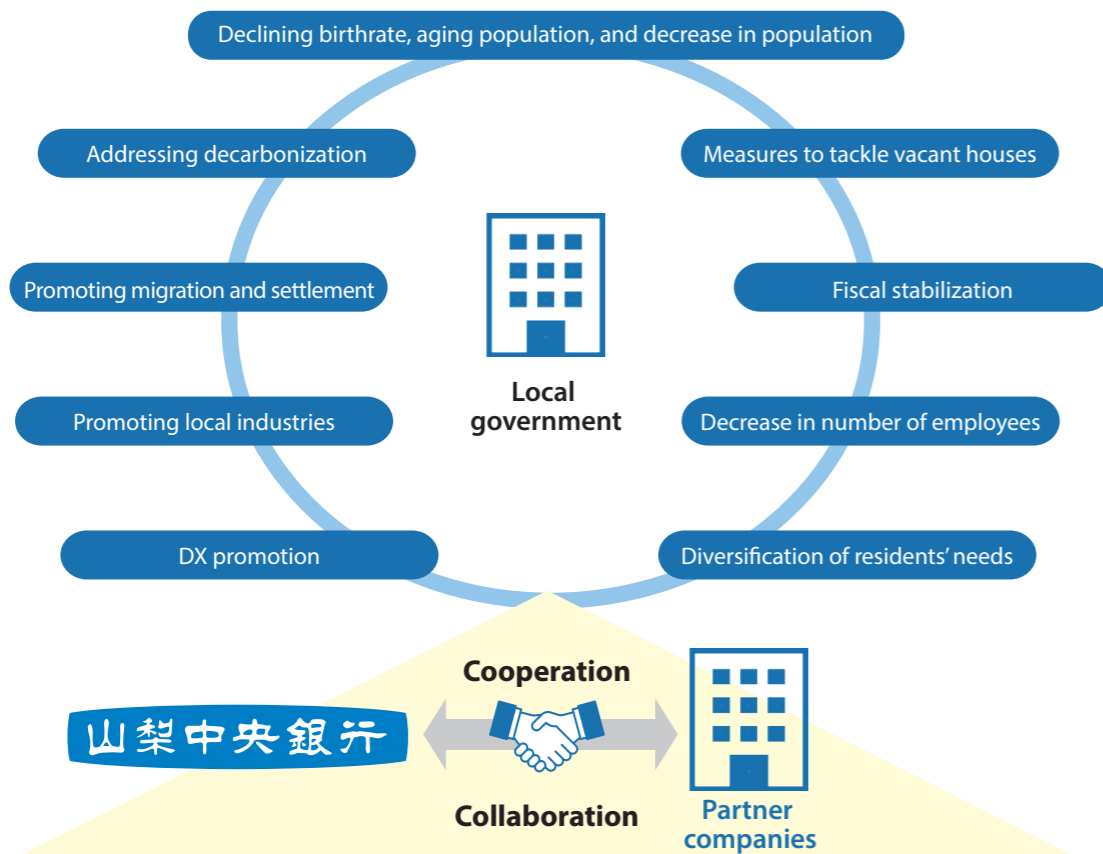
Specifically, as indicated in the business proposal in STEP 3 above, the selection of new businesses and the prioritization of initiatives based on the Bank's materialities (key issues) were considered in the context of a broad awareness of global and regional issues with a view to establishing new businesses that contribute to solving regional issues.

Going forward, we will accelerate our efforts to commercialize solutions to these issues that we take seriously.

We believe we can create a prosperous future for the region and secure a stable revenue base by adding value through the new businesses.

Growth Strategy (Exploring New Businesses) (2)

Support for the promotion of administrative measures to solve regional issues



Yamanashi Chugin Yamanashi Furusato Support Project

The Bank has developed the Yamanashi Chugin Yamanashi Furusato Support Project, an administrative policy support service for local governments, to help resolve various regional issues such as decarbonization, DX promotion, and regional industry promotion, and to support measures that contribute to regional revitalization, etc.

The project is designed both to support administrative measures and to increase the Bank's income. 18 menus are available to local authorities on a range of regional issues, such as encouraging corporate versions of the Hometown Tax Donation Program, promoting decarbonization and improving operational efficiency.

This will further strengthen relations with local authorities and build win-win relationships to contribute to sustainable regional development.



Simultaneous slip-less and cashless payment project in Yamanashi Prefecture

The Yamanashi Prefecture Simultaneous Slip-less and Cashless Payment Promotion Project is being implemented in cooperation with the Yamanashi Prefecture, all 27 municipalities in the prefecture, and all financial and business institutions with headquarters or branches in the prefecture.

Against the backdrop of the government's policy to improve the efficiency of administrative and fiscal management and to promote DX, the project will not only improve taxpayers' convenience and achieve efficient collection management, but also promote the spread and use of slip-less and cashless payments to achieve the SDGs.

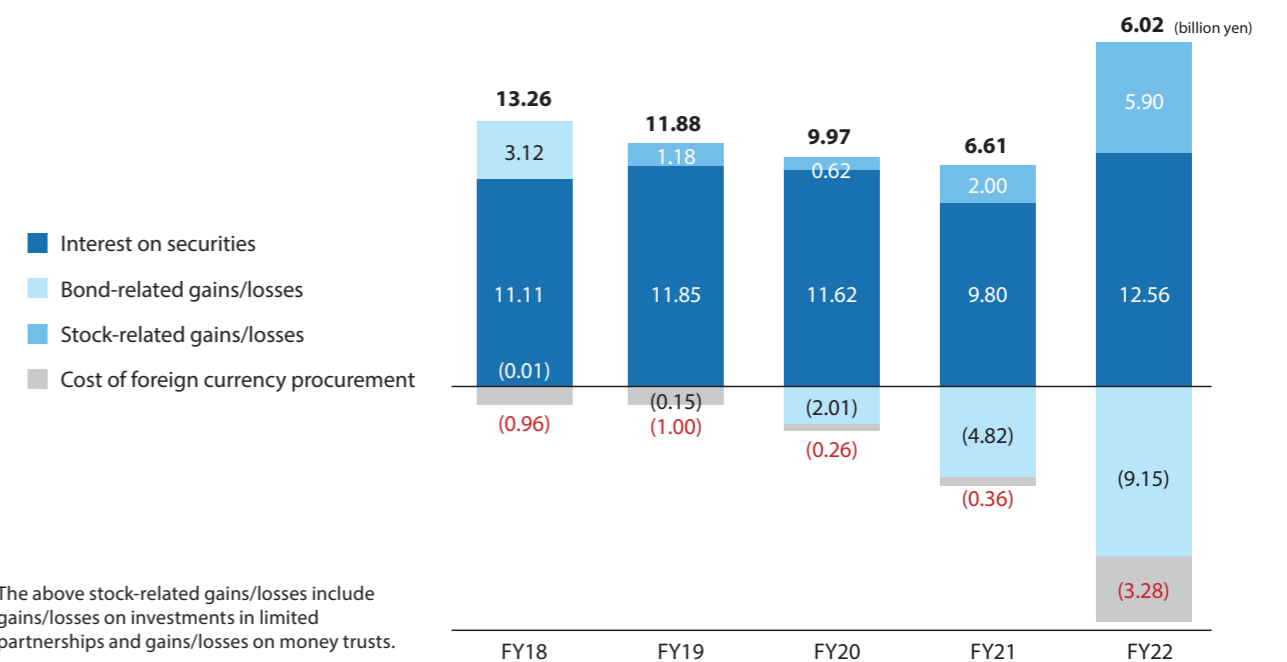


Growth Strategy (Improving the Sophistication of Securities Investment)

Reconstruction of the securities portfolios

- Advanced portfolio management using benchmarks and restructuring of the securities portfolios based on medium- and long-term fundamental analysis.
- The target in the current Medium-Term Management Plan is a total profit and loss of 12 billion yen per year (three-year average).

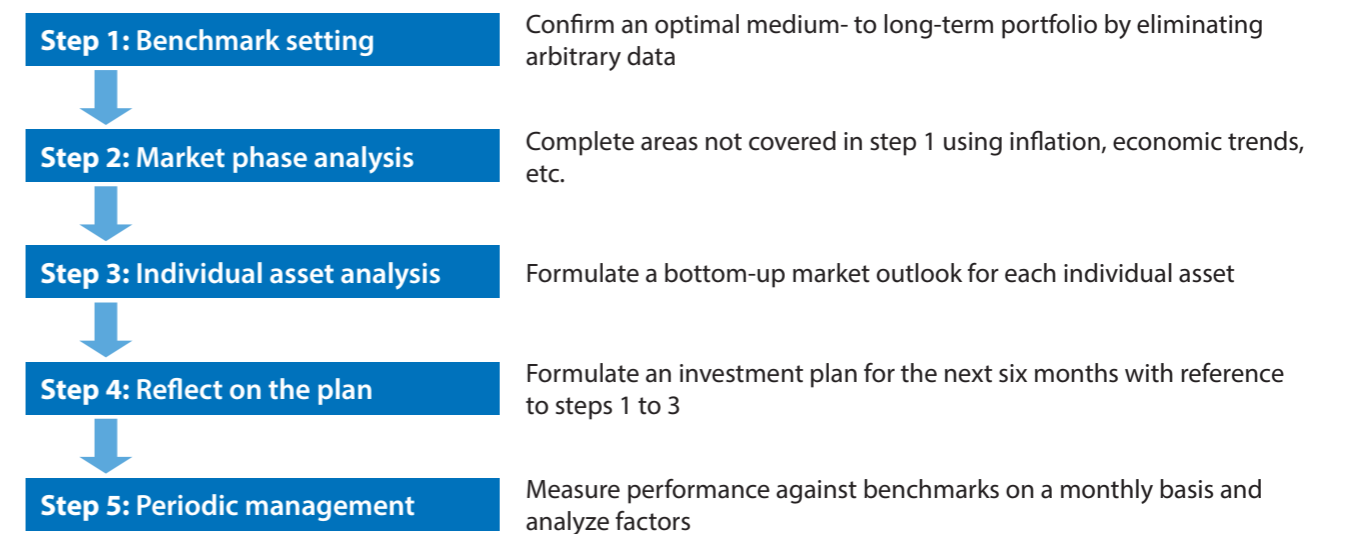
Securities-related gains/losses



* The above stock-related gains/losses include gains/losses on investments in limited partnerships and gains/losses on money trusts.

Advanced portfolio management

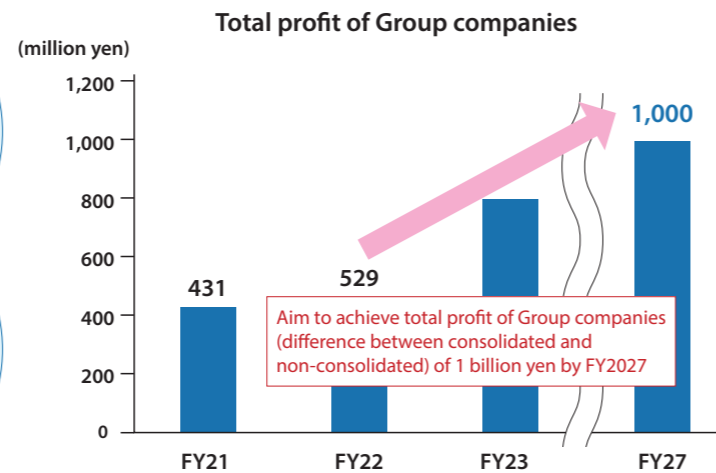
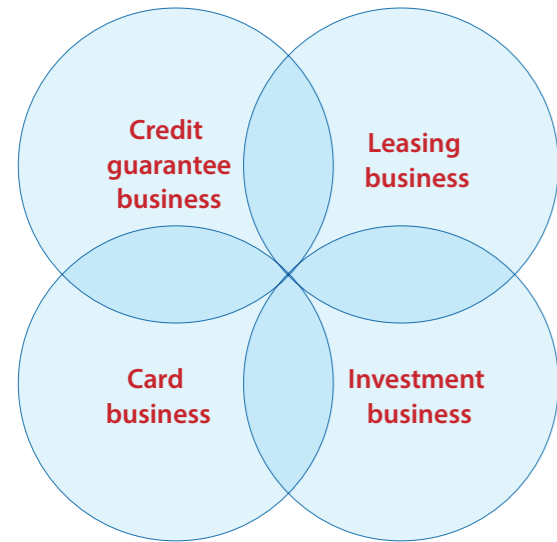
- Allocations are determined on the basis of benchmarks set over the medium- to long-term, using market phase analysis and individual asset analysis.
- The cycle of steps 1 to 5 aims to advance portfolio management and to achieve stable overall profit/loss.



Growth Strategy (Group Growth Strategy)

As a comprehensive regional financial group, we are aiming to increase the Group's income while allocating resources appropriately to provide the best possible service to our customers.

Strengthening the Group strategy



Yamanashi Chuo Guarantee

- Increase and strengthen new housing loan guarantees in cooperation with the Bank
- Strengthen the management system for delinquent receivables and indemnity claims
- Contribute to consolidated income by becoming a wholly-owned subsidiary of the Bank

Yamanashi Chugin Lease

- Strengthen efforts for large projects and sales to suppliers
- Establish an integrated loan and lease operation system
- Increase penetration rate to loan customers
- Strengthen auto leases, ESG leases, etc.

<Plan to double outstanding lease balance>

Total receivables balance

Approx. 9.6 billion yen

→ **Over 18.0 billion yen**

Yamanashi Chugin DC Card

- Promote cashless operations in coordination with the Bank
- Strengthen the development of affiliates and JiMOCA partners
- Capture large-volume payment needs of corporate customers
- Strengthen promotions through non-face-to-face channels

<Ratio of cashless payments in Yamanashi Prefecture>

24.4% → To be raised to **40%**

(2019)

(By 2030)

Yamanashi Chugin Management Consulting

- Invest in promising venture companies
- Promote various funds in coordination with the Bank
- Develop human resources and acquire know-how in coordination with external parties (recruitment firms, etc.)

Capital Strategy (Effective Use of Capital) (1)

The Group will strive to continuously increase its corporate value by focusing on a balance between soundness, profitability, and shareholder returns.

Approach to the effective use of capital

(1) Balanced capital policy

Focus on a balance between soundness, profitability, and shareholder returns

Soundness (stable business foundation)

- Stable supply of funds to regional economies
- Stability to respond flexibly to growth investment opportunities

Sustainable increase in corporate value

Medium-Term Management Plan target: ROE of 3% or more

Ideal state target: ROE of 5% or more

Enhancement of shareholder returns

- Strengthening shareholder returns through improving profitability
- Flexibly acquiring own shares

Profitability

- Deepening and expanding the core businesses and growth investments in new businesses, etc.
- Ensuring profitability with risk/return considerations

(2) Effective use of capital

Effective use of capital

Carry out growth investments and provide shareholder returns while maintaining soundness (consolidated regulatory capital ratio of roughly 10%)

- Take risks through structured finance, sustainable investment and lending, personal loans, provision of equity capital to regional companies, etc., in addition to business loans
- Invest in new businesses towards the resolution of regional issues
- Invest in DX and human capital
- Enhance and strengthen shareholder returns through improving profitability

Capital Strategy (Effective Use of Capital) (2)

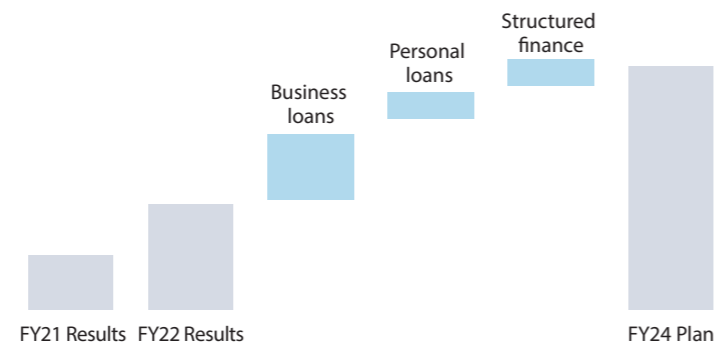
In the Medium-Term Management Plan (covering the period to FY2024), the Bank aims to achieve an ROE of at least 3% by building assets, mainly business loans, while maintaining a consolidated regulatory capital ratio of around 10%.

Capital allocation

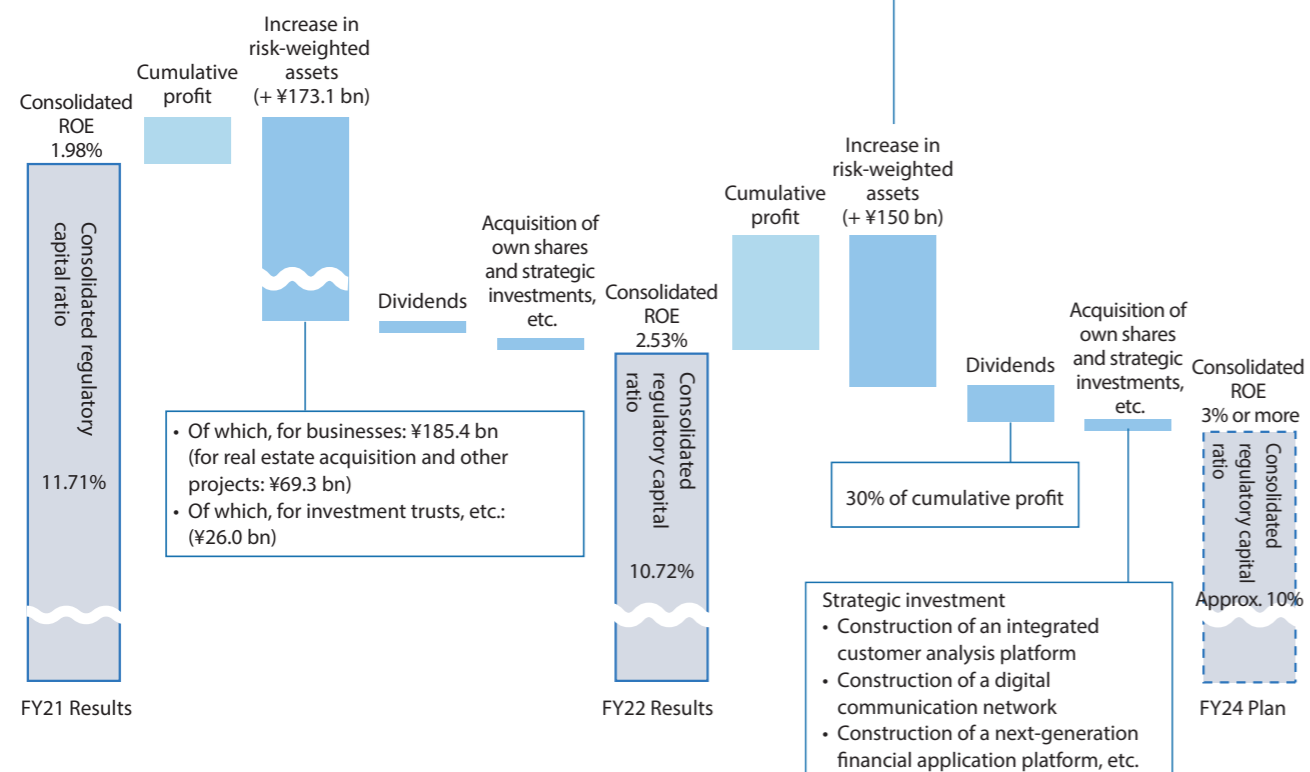
- Increase risk-weighted assets mainly through business loans
- Strategic investments focus on the fields that support our growth strategy
- The guideline for shareholder return has been changed to a payout ratio of 30%
- The acquisition of own shares is carried out in a flexible and agile manner

Example of increases in risk-weighted assets

Expected to increase by 150 billion yen over the next two years mainly through business loans



Example of capital allocation



Capital Strategy (Shareholder Return) (1)

Review of shareholder return policy

Changes	Description
Base profit for shareholder return	Change from "Net profit (non-consolidated)" to "Net profit attributable to the parent company"
Return ratio, etc.	Change from "Shareholder return of 20-30%" to "Aim for a dividend payout ratio of around 30% and a flexible and agile approach to acquisitions of own shares"

Previous shareholder return policy

In view of the public nature of the banking industry, the basic policy is to maintain stable dividends while striving to build up adequate retained earnings to maintain sound management. Specifically, the basic policy is to pay a stable dividend of **35 yen per share per year, with a target rate of return to shareholders of 20% to 30% per year, including dividends and acquisitions of own shares.**

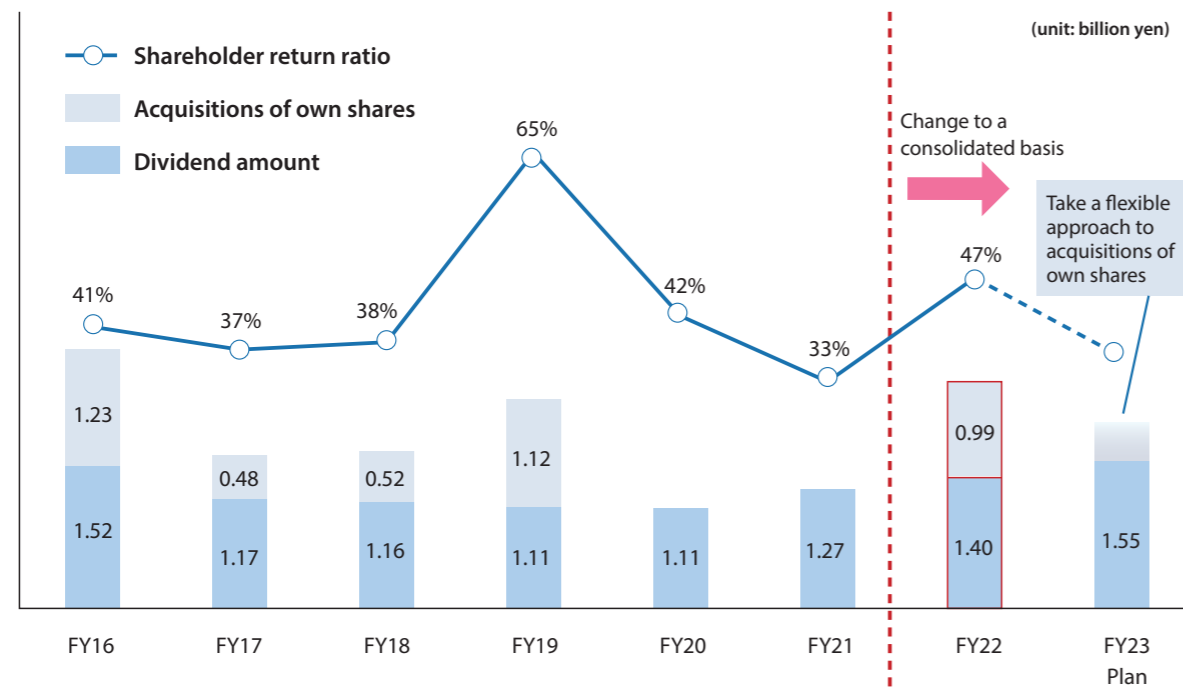
Revised shareholder return policy

In view of the public nature of the banking industry, the basic policy is to continue to pay stable dividends, while striving to build up adequate retained earnings to maintain sound management. **Specifically, a payout ratio of 30% of net profit attributable to shareholders of the parent company is targeted, while acquisitions of own shares will be implemented in a flexible and agile manner.**

Capital Strategy (Shareholder Return) (2)

Revision of shareholder return policy

- In line with the revised shareholder return policy, the annual dividend for FY2022 will be increased by 5 yen from the initial forecast to 45 yen per year.
- We plan to increase dividend by 5 yen to 50 yen also for FY2023 to achieve dividend increases for three consecutive fiscal years.



Dividend per share	¥45	¥35	¥35	¥35	¥35	¥40	¥45	¥50
Current non-consolidated net income	¥6.7 bn	¥4.4 bn	¥4.4 bn	¥3.4 bn	¥2.6 bn	¥3.8 bn	¥4.5 bn	¥5.0 bn
Current consolidated net income	¥7.2 bn	¥4.9 bn	¥4.9 bn	¥3.7 bn	¥3.0 bn	¥4.2 bn	¥5.0 bn	¥5.3 bn
Consolidated dividend payout ratio	20.9%	23.8%	23.7%	30.0%	36.1%	30.1%	27.8%	29.3%
EPS	¥214.75	¥146.48	¥147.15	¥116.43	¥96.92	¥132.73	¥161.78	-
BPS	¥6,388.65	¥6,430.17	¥6,652.04	¥6,183.83	¥6,849.57	¥6,515.85	¥6,129.98	-

Capital Strategy (Reduction of Strategic Shareholdings) (1)

Policy on strategic shareholdings

- In line with the objectives of the Corporate Governance Code, the policy on strategic shareholdings has been formulated and strategic shareholdings have been gradually reduced, with the importance of each individual holding being regularly reviewed.
- To further accelerate efforts to reduce strategic shareholdings, a target has been set for the reduction of strategic shareholdings.

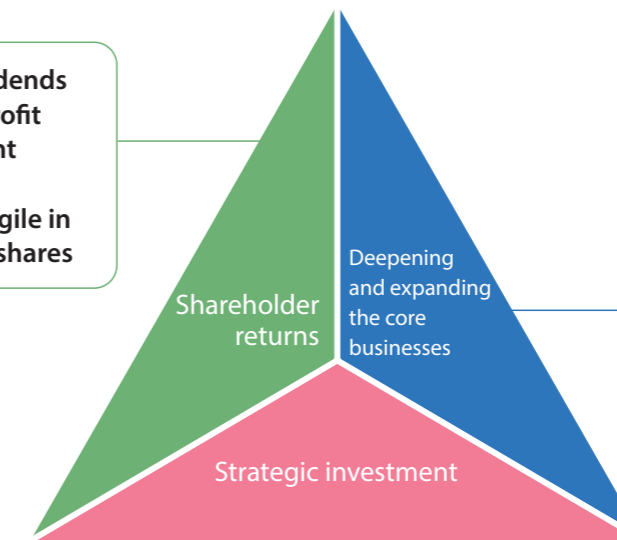
Reduction target

- Reduce listed strategic shareholdings by approximately 10 billion yen* on a fair value basis by FY2024
* Compared to FY2021, excluding changes in fair value
- Achieve a ratio of strategic shareholdings (at fair value) to consolidated net assets of no more than 10% over the long term

Any capital generated from the sale will be invested in a well-balanced manner for the purpose of enhancing corporate value

- Funds generated from the sale of strategic shareholdings will be used for investment in growth, shareholder returns, etc., with an awareness of capital efficiency, with a view to increasing corporate value over the medium- to long-term.

- We aim to maintain dividends at roughly 30% of net profit attributable to the parent company
- We will be flexible and agile in acquisitions of our own shares



- Invest in new businesses to help resolve regional issues
- Invest in human capital
 - Human resource development, such as improving skills and reskilling
 - Strategic recruitment, improving employment terms and conditions, etc.
- Invest in digital transformation (DX)
 - Construction of an integrated customer analysis platform
 - Construction of a digital communication network

- Increase risk-weighted assets mainly through loans
- Enhance return on investment in securities
- Growing Group income

Capital Strategy (Reduction of Strategic Shareholdings) (2)

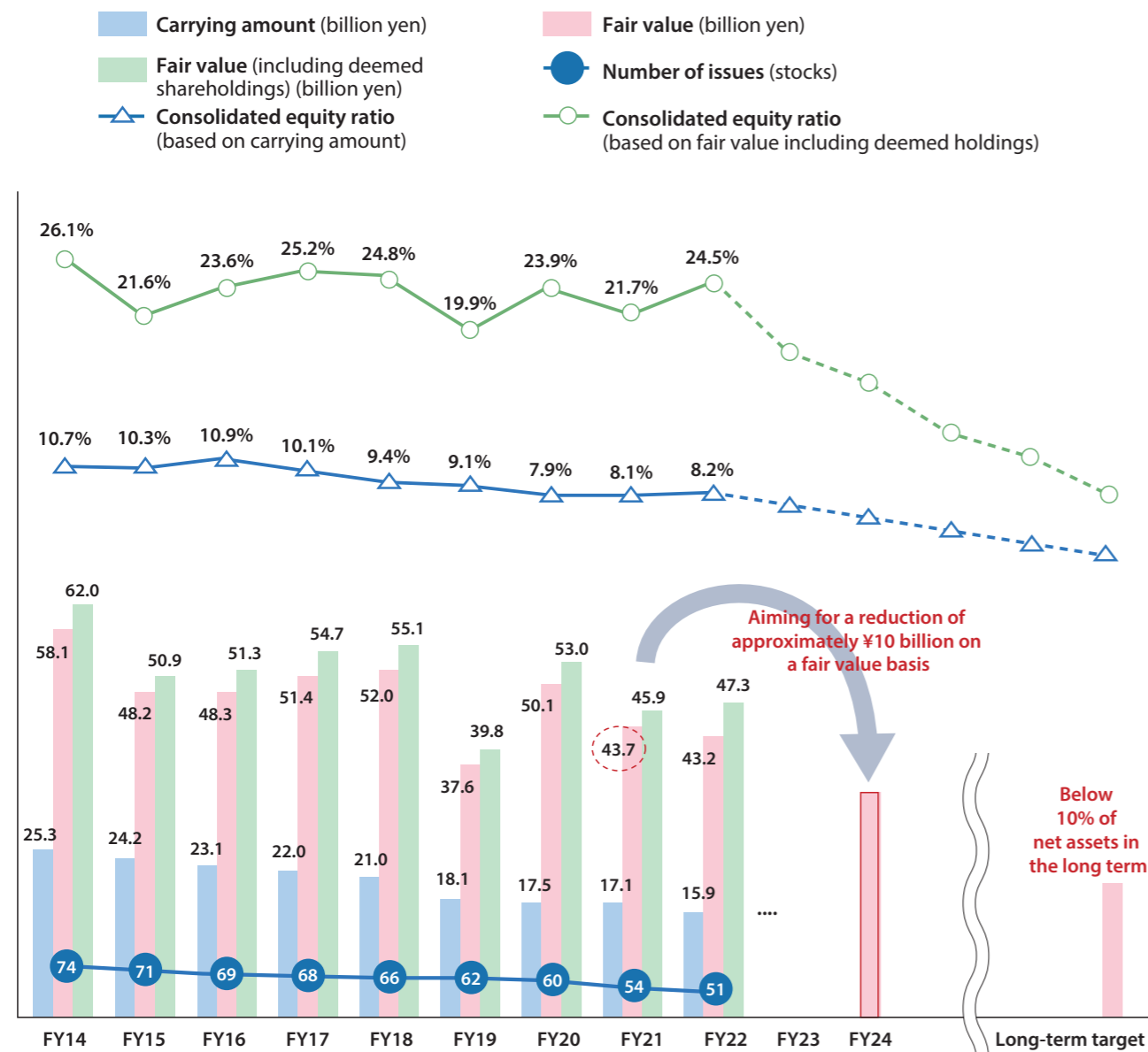
Progressive reduction of strategic shareholdings based on quantitative and qualitative assessments (% of net assets)

- Reductions are made after holding sufficient dialogues with counterparties, etc., from the point of view of capital efficiency and limiting the risk of shareholding.
- During FY2022, the balance of strategic shareholdings was **reduced by 2.5 billion yen on a fair value basis.**

(1) Reduced amount	(2) Factors affecting changes in fair value	(3) Net reduction in value ((1) - (2))
¥2.99 bn	¥0.48 bn	¥2.51 bn

- Ratio of listed strategic shareholdings (book value) as of March 31, 2023: **8.2%** (% of net assets).

<Changes in strategic holdings of listed shares>



Capital Strategy (Enhancement of Dialogues with Shareholders and Institutional Investors)

Dialogues with various stakeholders

The Bank recognizes that it is more important than ever to build long-term, stable and trusting relationships with its shareholders. As part of such efforts, in the second half of FY2022 we started the following initiatives to strengthen engagement with institutional investors and major shareholders.

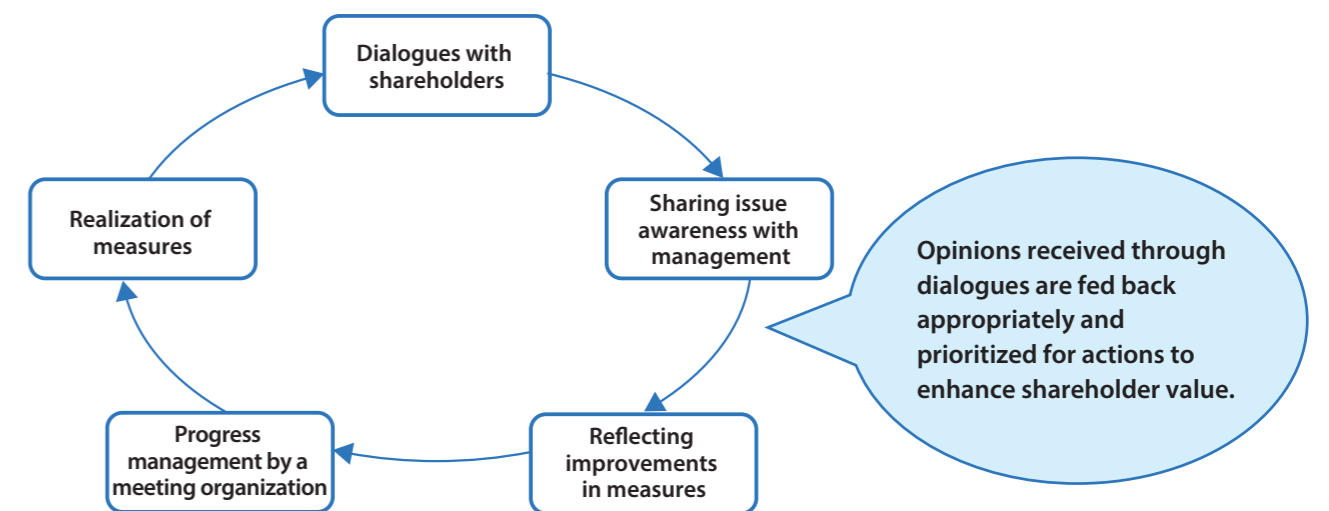
- **Interviews with major institutional investors**
- **Interviews with business corporations and individuals holding more than a certain number of shares**

Issues identified through the dialogues will be reflected in future actions as they are shared with the management team and will lead to medium- and long-term improvements in corporate value.

Status of dialogues in FY2022 (in second half)

Institutional investors	12 investors	By location	10 investors in Japan and 2 overseas investors
Investors holding more than a certain number of shares	35 corporations		Attendees from the investors
	29 persons	Attendees from the Bank	Managing Directors, Executive Officers, etc.

Main discussions during dialogues			
Governance	Dissemination of information by outside directors	Capital policy	Improving ROE
	Composition of skill items		Specifying a growth strategy
Capital policy	Promotion of women (succession including promotion to managerial and supervisory/officer positions)	Sustainability	Advancing TCFD disclosures
	Reduction of strategic shareholdings		CO ₂ emission reduction target
	Shareholder returns		Human capital disclosure



Sustainable Strategy (Internal Structure)

In June 2022, the Bank established a Sustainability Committee, chaired by the President, to discuss and review actions to be taken in relation to sustainability across all Head Office divisions, in order to stimulate discussion within the Bank and to make progress with these actions.

Establish a structure to address climate-related challenges

Established the Sustainability Committee (June 2022)

Composition	Chairperson	President
	Members	Senior Managing Directors, Managing Directors, and General Managers of Corporate Planning Division, Human Resources Division, General Affairs Division, Sales Management Division, Consultation Sales Division, and Regional Revitalization Promotion Division
	Observers	Standing Corporate Auditors
Roles of the Committee		Discuss and deliberate on measures and policies for initiatives towards the realization of sustainability management
		Ensure the alignment of climate-related and other risks with management strategy, management issues, etc.
Meeting status and major agenda		Meetings are held on a monthly basis
		Through establishing a sustainability policy and discussing and examining initiatives to realize human capital management

The Yamanashi Chuo Bank Group Sustainability Policy (December 2022)

Under the management philosophy of “regional-based operations and sound management,” the Yamanashi Chuo Bank Group will provide comprehensive financial services to people in the region while working diligently to resolve various issues surrounding regional society, such as the declining population and climate change, thereby aiming to

enhance its social value and economic value from a medium- to long-term perspective.

Through these efforts, we will build and improve relationships of trust with all stakeholders and work with them to realize a sustainable regional society.

Relationship with various policies



The Yamanashi Chuo Bank Group's SDGs Declaration

Based on our mission of “keeping close ties with the regional community and ensuring sound management,” we, as a regional financial institution, have supported the development of local companies and industries, energized communities, and supported 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.

Key measures

- Promoting the reduction of environmental impact
- Developing sustainable local economies
- Utilizing a diverse workforce

The Yamanashi Chuo Bank Group's Social Contribution Policy

The Yamanashi Chuo Bank Group will actively engage in local social contribution activities such as financial education support and the promotion of culture, the arts, sports, and welfare, in accordance with the sustainability policy, to realize the creation of a prosperous regional society.

Yamanashi Chuo Bank Group Investment and Loan Policy

The Yamanashi Chuo Bank Group will further accelerate investments and loans that contribute to solving environmental and social challenges faced by customers and communities, in order to realize sustainable regional communities in line with its sustainability policy.

Appropriate decisions are made on investments and loans, taking into account not only financial information but also the effects on ESG (environmental, social, and governance).

1. Actively support the following and other projects that address environmental and social challenges
 - (1) Projects that contribute to renewable energy, such as reducing carbon emissions to achieve a decarbonized society
 - (2) Projects that contribute to the conservation of biodiversity, including the protection of water resources, forest resources, and endangered species
 - (3) Projects that contribute to disaster prevention and mitigation
 - (4) Projects that contribute to the development of agriculture, forestry, tourism, and other key industries in the region
 - (5) Projects that contribute to the conservation of World Heritage sites and other cultural assets
 - (6) Other projects that contribute to the development of sustainable regional communities
2. No investments or loans will be made in the following businesses or other activities that have a negative impact on the environment and society
 - (1) New coal-fired power plant projects
However, only projects that are implemented in accordance with the energy policy of the country in which the project is located and international guidelines that take into account the environmental impact will be carefully considered, taking into account the characteristics of each individual project in a comprehensive manner.
 - (2) Projects involved in the production of inhumane weapons
Projects involved in the development and production of inhumane weapons, such as cluster munitions, and destinations subject to restrictions and sanctions.
 - (3) Development of palm oil plantations, projects related to deforestation, etc.
Projects that are likely to involve illegal logging, child labor, etc. from the perspective of conservation of forest resources, etc. and the protection of human rights.

Yamanashi Chuo Bank Group Environmental Policy

Based on the Sustainability Policy, the Yamanashi Chuo Bank Group, as a financial group based in Yamanashi Prefecture where around 80% of the prefecture's land area is covered with forests and is blessed with water resources, recognizes that passing on the rich natural environment to future generations is an important social responsibility. Based on this recognition, we will actively work to resolve environmental issues, including climate change issues, and biodiversity conservation, and we will contribute to the realization of sustainable regional societies.

1. Compliance with laws and regulations
2. Protecting the environment through business activities
3. Reducing environmental impact
4. Responding to climate change
5. Biodiversity conservation measures
6. Management systems
7. Public disclosure of environmental policies

Sustainable Strategy (CO₂ Emission Reduction) (1)

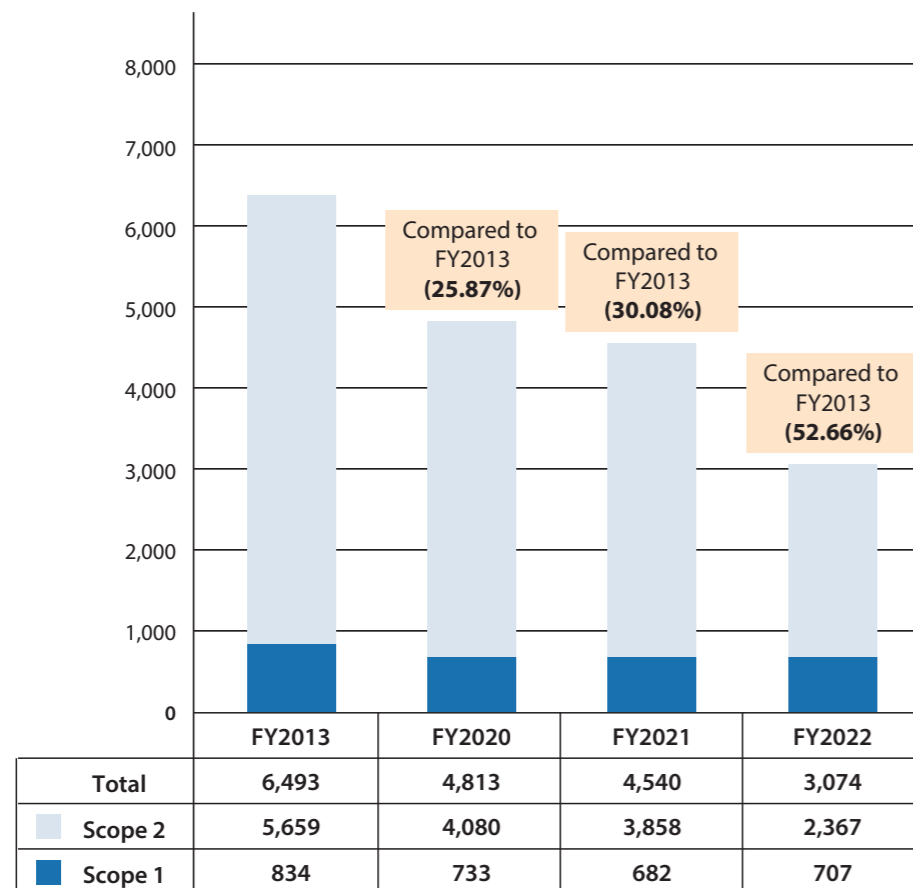
CO₂ emissions are decreasing steadily as a result of our active efforts to reduce them

● Upward revision of CO₂ emission reduction targets

- Greenhouse gas (CO₂) emission reduction targets have been increased, as shown in the table below. In conjunction with the revision, we have also revised the targets in the Medium-Term Management Plan.
- The scope of the calculations have also been changed to “the Bank’s greenhouse gas emissions (CO₂) (Scope 1 and Scope 2) as reported in the periodic report under the Energy Conservation Act plus emissions from the use of petrol.”

Items	Previous targets	Revised targets
Medium-term target (FY2024)	46% decrease compared with FY2013	At least a 70% decrease compared with FY2013
Long-term target (FY2030)	60% decrease compared with FY2013	Carbon neutrality
Period	From FY2022 to FY2030	No revision
Target	Scope 1 and Scope 2 (excluding gasoline)	Scope 1 and Scope 2 (including gasoline)

Changes in the Bank’s CO₂ emissions



Sustainable Strategy (CO₂ Emission Reduction) (2)

The company is aiming to achieve its targets by promoting the conversion of its sales fleet to electric vehicles, switching to a renewable electricity menu, building environmentally-friendly branches, and using PPAs and offset credits.

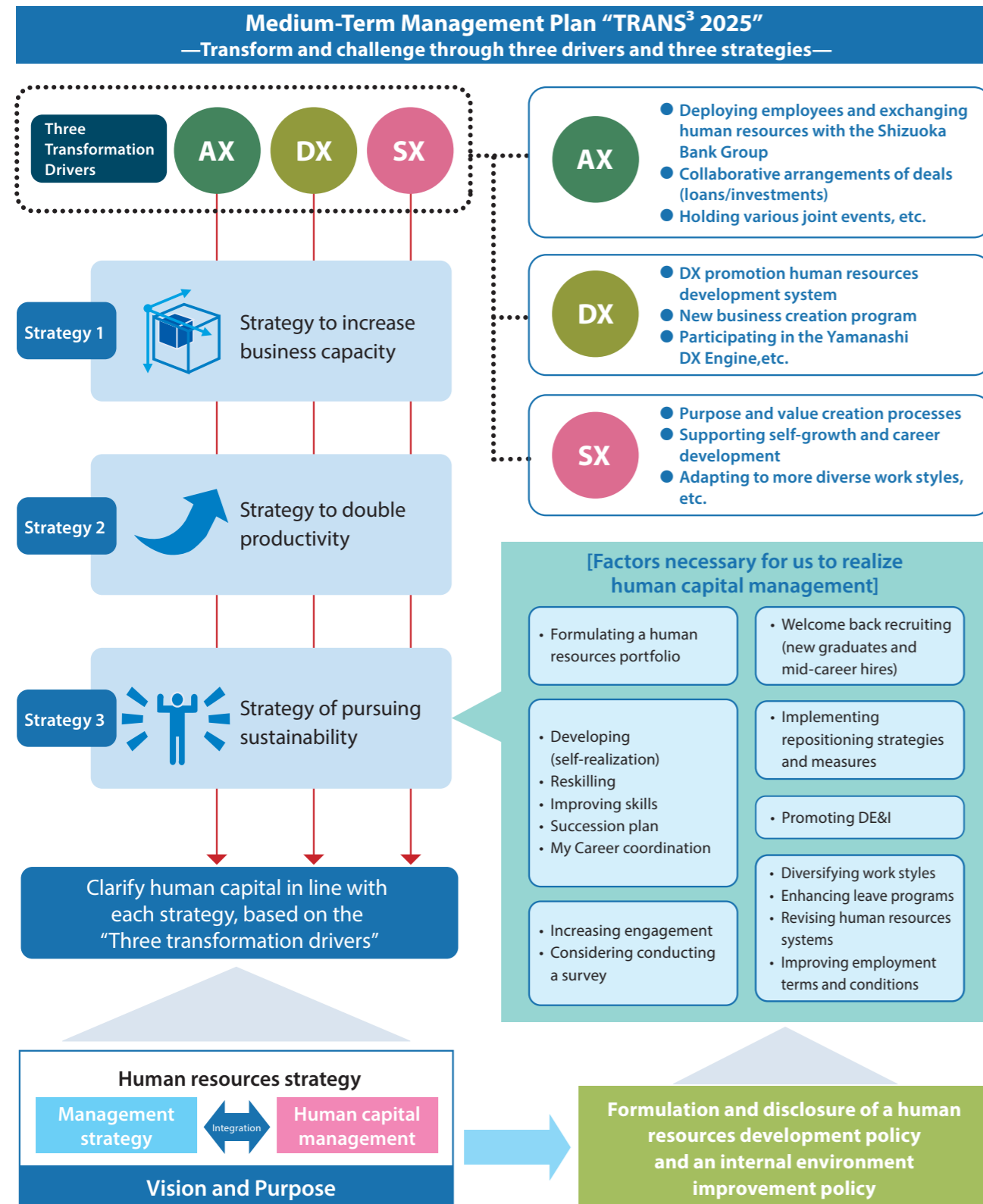
CO₂ emission reduction roadmap

Fiscal year	2013	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Target	[November 2021] • Set CO ₂ emission reduction target (Medium-term target: 46% reduction by FY2024 compared to FY2013) (Long-term target: 60% reduction by FY2030 compared to FY2013) Raising the targets [April 2023] • Raised CO ₂ emissions reduction target (Medium-term target: at least a 70% reduction by FY2024 compared to FY2013) (Long-term target: Achieve carbon neutrality by FY2030)											
Scope 1	Gasoline Replace gasoline-powered company vehicles with electric or other eco-friendly vehicles											
Scope 2	Electricity Switch to electric air conditioning equipment (Completed) Switch lighting equipment to LEDs Switch to renewable energy-based electricity services Reduce energy consumption (paperless operations, thorough power saving, etc.) Switch to environmentally-conscious branches (ZEB branches) Use PPA (on-site and off-site)											
Others	Offset Purchase of J-VER prefectural forests Various efforts through participating in the GX League											

Sustainable Strategy (Human Capital Management Initiatives)

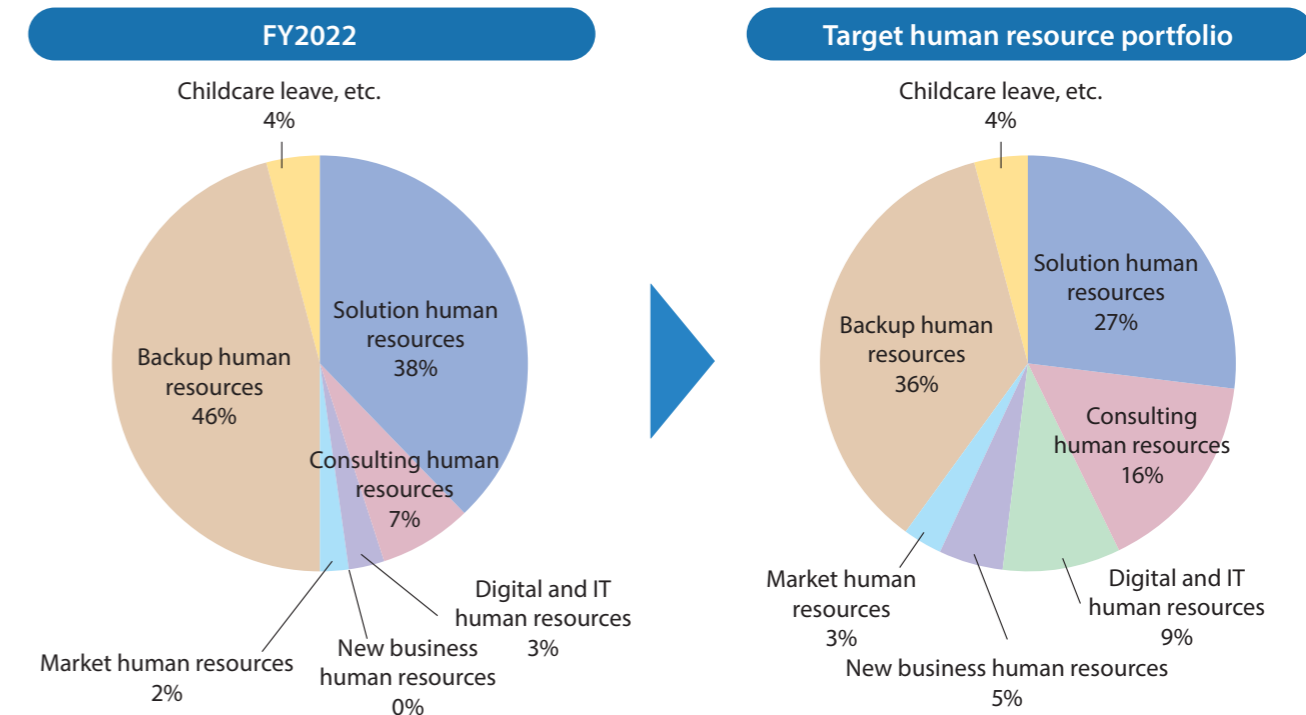
The Bank is committed to integrating its management and human resources strategies and developing the necessary systems to implement human capital management. We will clarify our human resources development policy and internal environment improvement policy by incorporating the three transformation driver elements for strategy implementation, and we will consider and implement individual measures.

Practice and disclosure of human capital management

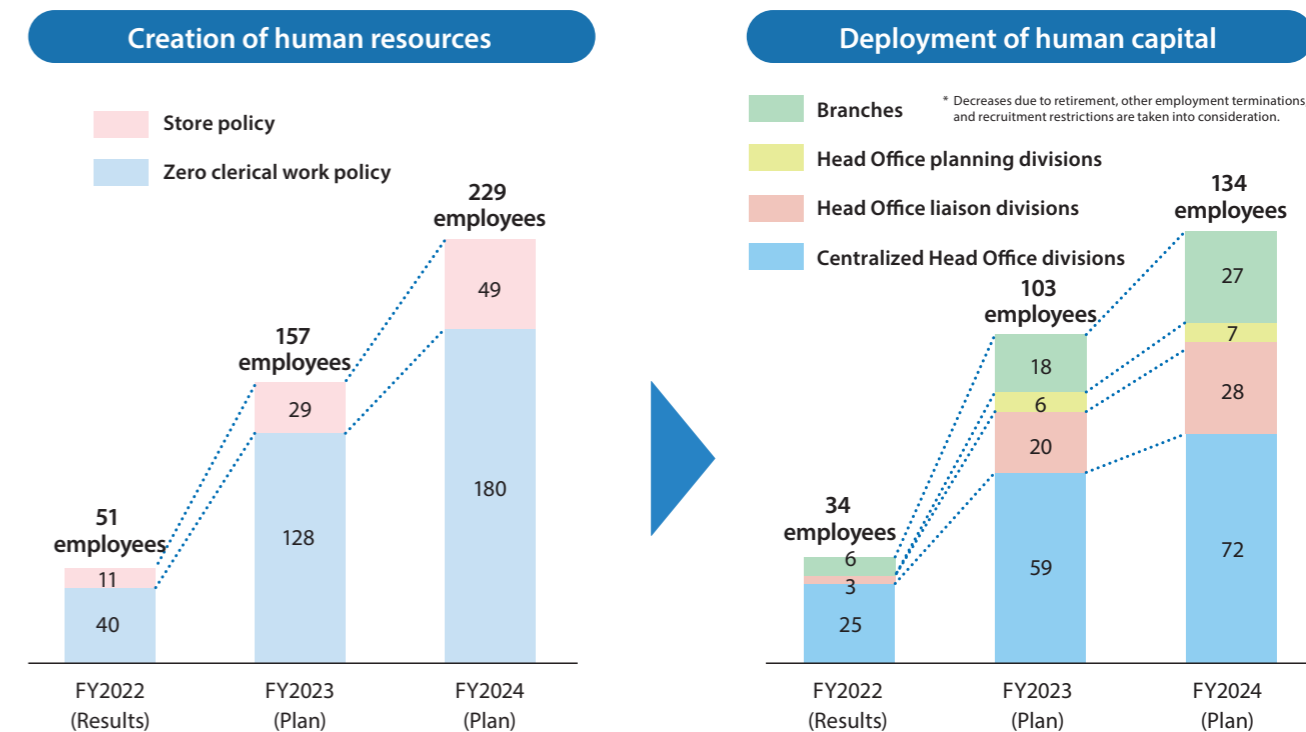


Sustainable Strategy (Human Resource Portfolio)

Target human resource portfolio



Status of efforts for the creation of human resources and deployment of human capital initiatives





Outside Director
Riyo Kano

My role as an outside director

Yamanashi Chuo Bank's outside director system is composed of individuals with a diverse range of experience and insights, and this system serves to monitor management from many different perspectives. I recognize that I have several roles to play within this framework. For example, from my perspective as a shareholder and consumer, I am expected to check whether Yamanashi Chuo Bank's various measures are contributing to its own medium- to long-term increase in value. I also have a role of presenting my opinions based on my insights as a legal expert so that management can take risks to a suitable degree, and also so that discussions will be held to fulfil the directors' duty of care. I am well aware of my solemn responsibility associated with these roles.

The Board of Directors' effectiveness

Since I was appointed to my current position, top management has always shown a clear stance of respecting what outside officers have to say in Board of Directors' meetings. The operations of the Board of Directors have been reformed in many ways, particularly in the past few years. These reforms include narrowing down the number of matters to be reported, providing more materials, and taking a creative approach to reporting methods. Moreover, considerable time has been taken for many instances of deliberation and reporting, such as for the Medium-Term Management Plan, the alliance with Shizuoka Bank, and other important matters that will contribute to increasing the Bank's value in the medium- to long-term. I feel that the effectiveness of the Board of Directors is improving as a system for discussing these important matters.



Opportunities for providing information and exchanging opinions are also being secured outside the Board of Directors as well, such as the regularly held meetings for outside directors to

exchange their views with corporate auditors and the Auditing Division.

exchange their views with corporate auditors and the Auditing Division.

The Group's Purpose

The Purpose, of "Open Up a Bright Future from Yamanashi," conveys a strong message, and the phrase "from Yamanashi" encapsulates the unique qualities of the Bank.

The population of Yamanashi Prefecture is decreasing at an increasingly fast rate due to the declining birthrate and the aging population across Japan as a whole. However, the prefecture has significant potential for utilizing its geographical qualities, in that it is adjacent to the Kanto region and it is surrounded by lush nature. The Purpose clarifies the Bank's desire to commit itself toward the development of Yamanashi with an unwavering management policy of contributing to the prosperity of the region and the development of its economy, and thereby contribute to a bright future not just for Yamanashi, but also for Japan and the whole world. The Bank's loans are growing across the Tokyo area, and its alliance with Shizuoka Bank is producing results. This geographic expansion of the Bank's business is also expressed in the Purpose.

Evaluation of ESG initiatives and future challenges

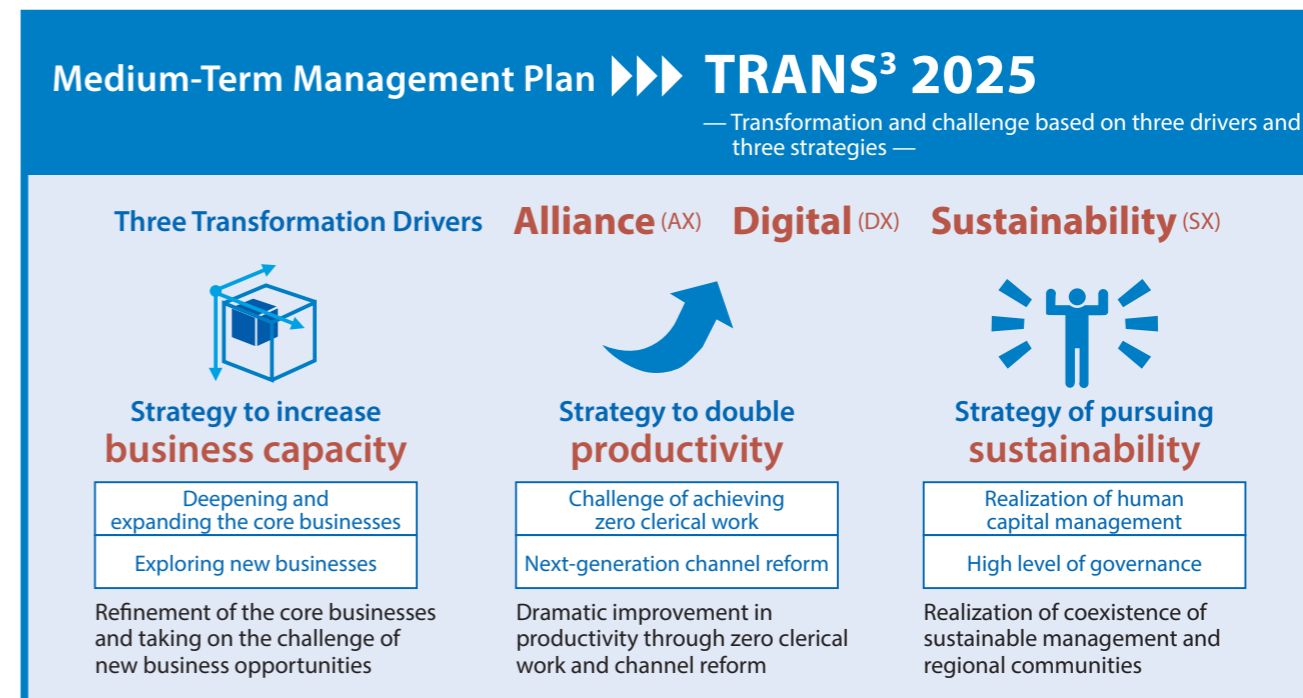
The Bank has already carried out many initiatives for ESG, such as decarbonization and other environmental efforts, as well as social contributions through the promotion of culture, arts, and sports. However, its disclosure may have not been sufficient in some areas in the past. In addition I believe that there are some fields, such as ESG finance, in which the Bank could make more active efforts and which would have a significant impact on society. In particular, I am sorry to say that the Bank's ratio of female managers is low at present. However, the Bank is currently executing a wide range of measures to address this, such as expanding the reduced-hours work system and supporting female employees in shaping their careers. Going forward, I hope that further progress will be made in diversity equity and inclusion by increasing the ratio of male employees who take childcare leave and other efforts to create workplaces in which everyone can carry out their tasks comfortably.

Toward Achieving the Medium-Term Management Plan

● Medium-Term Management Plan "TRANS³ 2025" (structural diagram)

Management philosophy **Keeping Close Ties with Local Communities and Ensuring Sound Management**

Long-term vision **Value Creation Bank**



Purpose (significance of existence) >> **Open Up a Bright Future from Yamanashi**

● Quantitative Goals

KPI	FY2022 (Results)	FY2024 (Final year of the Medium-Term Management Plan)	Ideal state
OHR (Operating expenses/Core gross business profit)	67.74%	73.5% or less	60% level
ROE (Current net income basis)	2.34%	3% or more	5% or more
Ratio of female managers and supervisors	14.81%	15% or more	40% or more
Rate of reskilling-based reallocations of clerical workers	5.01%	30% or more	70% or more
Sustainable finance ^{*1} investment and loan cumulative amount	118 billion yen	250 billion yen or more	800 billion yen or more
Reduction rate of greenhouse gas (CO ₂) emissions	52.66% ^{*2}	70% or more ^{*3}	Carbon neutrality ^{*3}

KGI

Profit attributable to shareholders of the parent	5 billion yen	6 billion yen or more	10 billion yen or more
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*1 Investments and loans that contribute to creating a sustainable regional society (environment, education, business startups, business succession, etc.)

*2 We have added emissions from gasoline use to the Bank's greenhouse gas (CO₂) emissions (Scope 1 and Scope 2) in the periodic reports under the Act on the Rational Use of Energy since FY2022. The same revisions have been made for FY2021 and prior.

*3 As part of our efforts to strengthen our initiatives to realize a decarbonized society, we have raised our greenhouse gas (CO₂) emissions reduction targets from "medium-term target (FY2024) of 46% decrease compared with FY2013 and long-term target (FY2030) of 60% decrease compared with FY2013," to "medium-term target of at least 70% decrease compared with FY2013 by FY2024 and long-term target of carbon neutral by FY2030."

Increase Business Capacity

At Yamanashi Chuo Bank, we are working to penetrate financial product transactions into local communities in order to support enriched lifestyles and contribute to improved happiness by providing financial services that meet the diversified lifestyles of our customers.

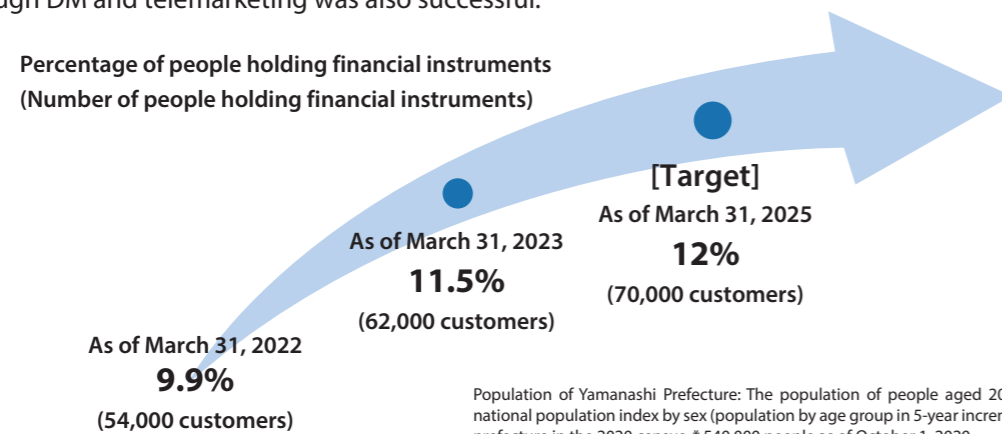
In addition, when making proposals to customers, we provide consulting services (proposals for solutions to problems) for a variety of issues that are specific to customers' life plans, based on our basic policy of fiduciary duty.

Supporting customers' asset building

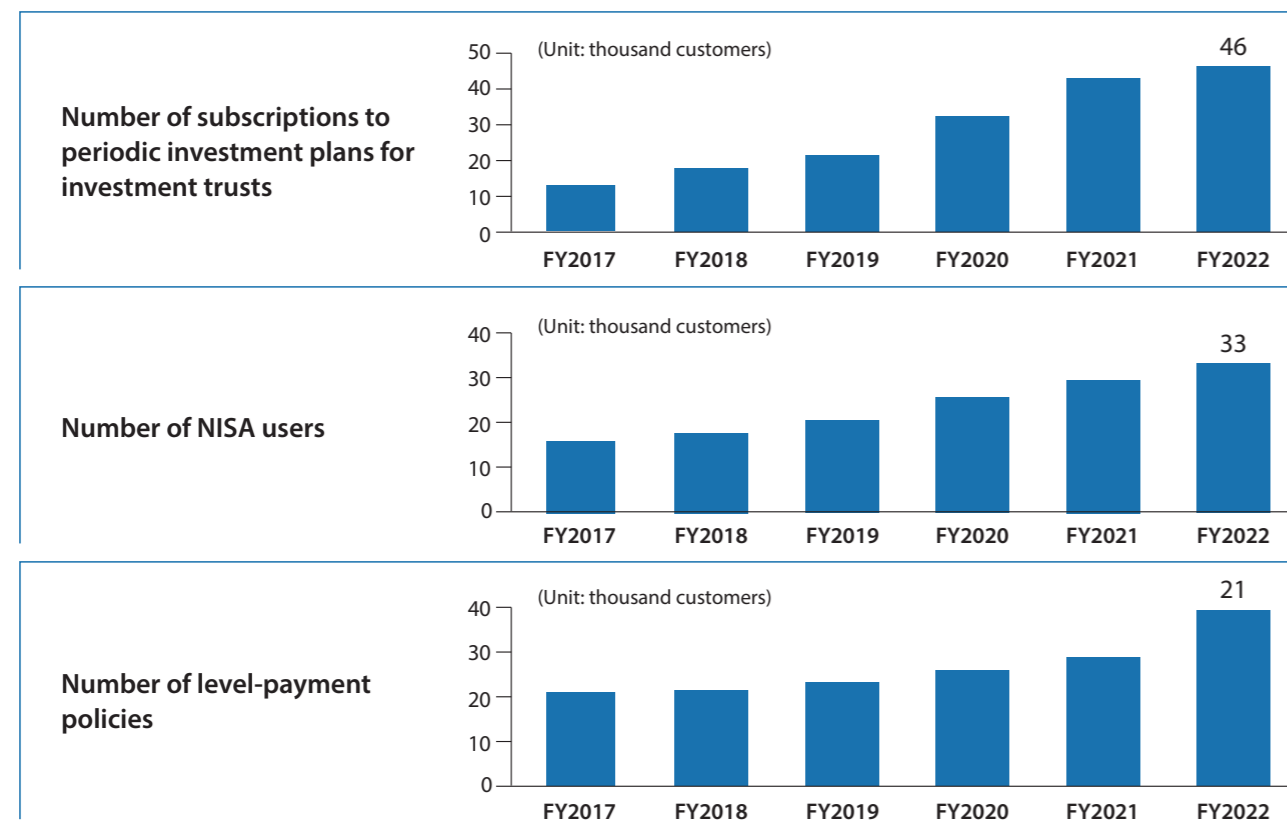
Rate of financial instrument holders (number) (Yamanashi)

As of March 31, 2023: 11.5% (62,000 customers), +1.6 pt YoY (+8,000 customers)

- Growth is outpacing the plan.
- The transaction base has expanded as a result of proposals for asset building that utilize investment trust accumulation and the NISA system.
- In addition to insurance review proposals through face-to-face consultations, non-face-to-face solicitation through DM and telemarketing was also successful.



Population of Yamanashi Prefecture: The population of people aged 20-75, from the national population index by sex (population by age group in 5-year increments) for each prefecture in the 2020 census. * 540,000 people as of October 1, 2020

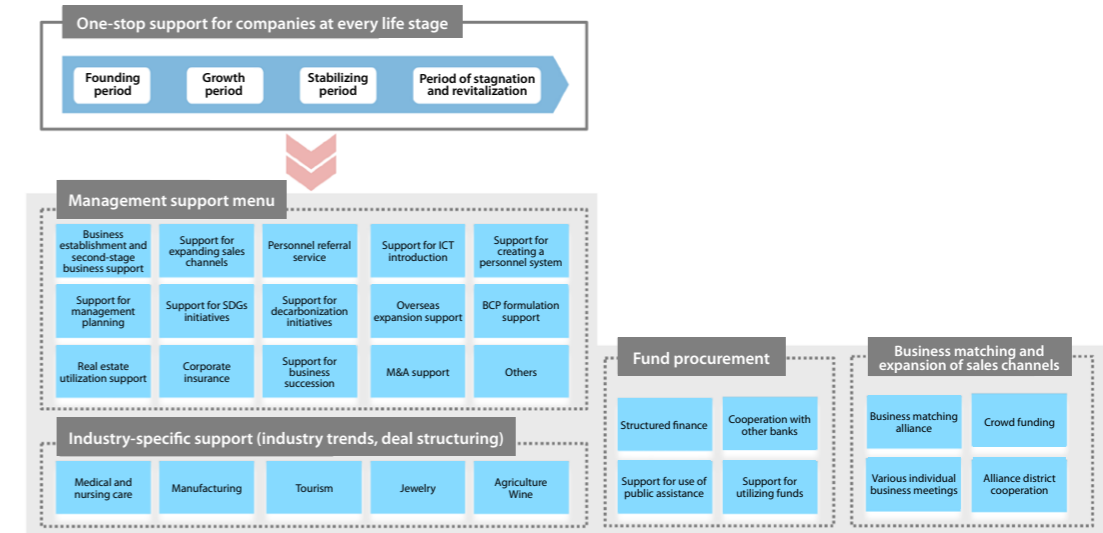


We provide various types of consulting services to customers at various life stages by leveraging the knowledge and network of the Group.

We have been engaging in activities that contribute to improving our customers' corporate value by leveraging our consulting functions, while sharing the "thoughts" and "ideas" of business owners through holding in-depth dialogues.

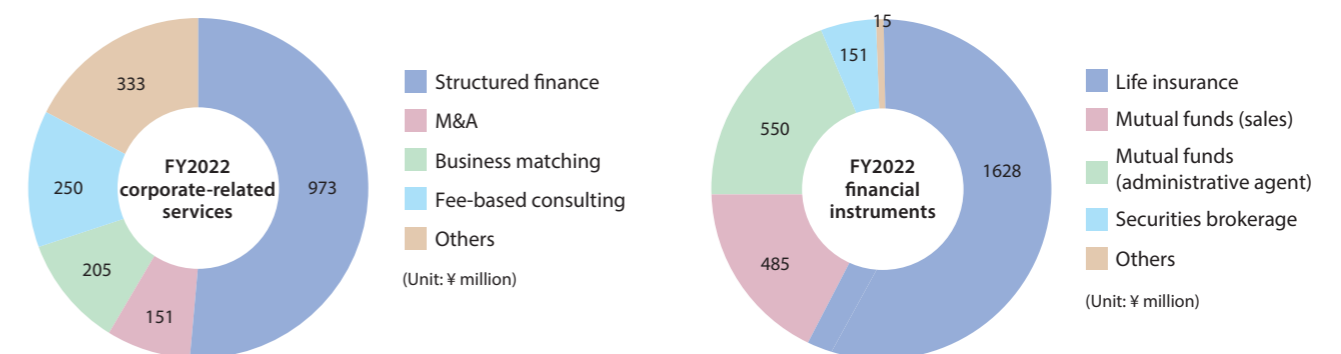
Consulting support to customers

Consulting support



Change in revenue from corporate-related fees and commissions and financial instruments

- Solid results in corporate-related fees and commissions, mainly through structured finance and business matching services, due to the establishment of consulting operations and the alliance with Shizuoka Bank
- Penetration of individual consulting operations in sales of financial instruments based on customers' life plans and total assets



"Green Loan" concluded for the "Yamanashi City Public Facilities LED Conversion Project"

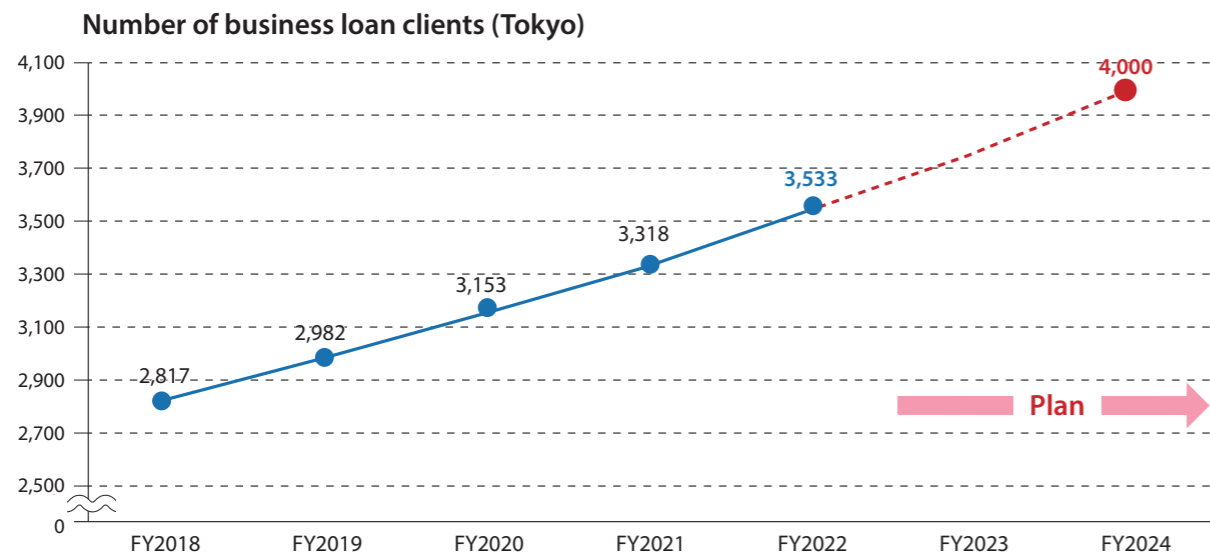
We have concluded a contract with Yamanashi City Akari Mente LLC for a sustainable finance "Green Loan" for the PFI project "Yamanashi City Public Facilities LED Conversion Project" to be carried out by Yamanashi City. This is the first "Green Loan" initiative for a PFI project in Yamanashi Prefecture. Green Loans are used to finance domestic and international green projects, and they are characterized by the fact that the use of the funds is limited to green projects and that their transparency is ensured through the management of the funds raised and reporting after the loan is executed.

A green bond assessment and second opinion has been obtained from Rating and Investment Information, Inc., a third-party evaluation agency, regarding the conformity of this transaction with the "Green Loan Principles 2023" of the Loan Market Association of Japan and the "Green Loan Guidelines 2022" of the Ministry of the Environment.

Increase Business Capacity

Measures to increase the number of business loan clients in Tokyo

- The number of business loan clients in Tokyo is steadily increasing.
- The branches and the Tokyo Business Development Division, which is a Head Office organization, are working together to develop customers in Tokyo.
- Creating customers through collaborations with tax accountants, management consultants, trading companies, existing customers, etc.
- Focusing on activities to contribute to our customers by connecting our customers in Tokyo and Yamanashi Prefecture, their businesses, and information in both directions.



Amount of new housing-related loans

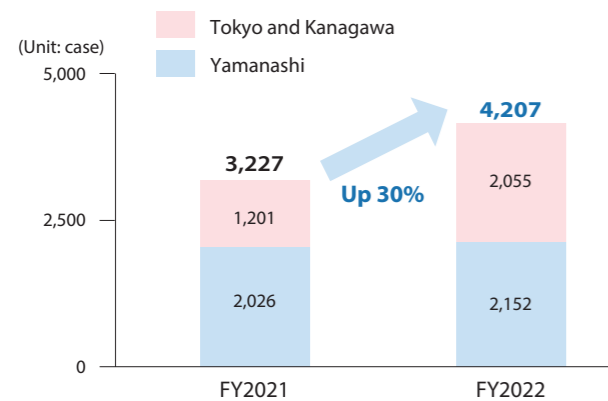
March 2023 Execution amount **48.3 billion yen (+6.7 billion yen from the previous fiscal year, +16%)**

The execution amount of new loans increased significantly as we implemented the following measures in FY2022.

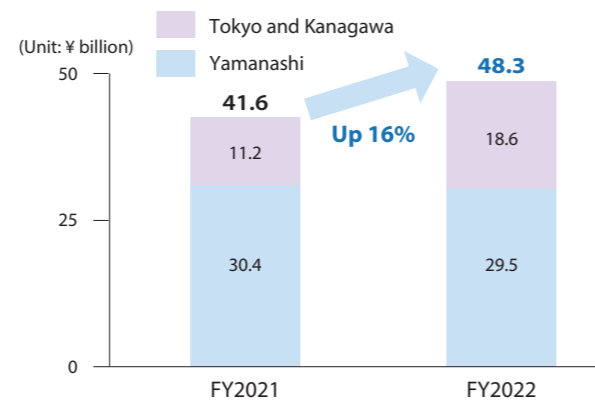
- Set interest rates according to market characteristics and increased the speed of returning credit screening results as a result of changing the screening scheme.
- Strengthen measures for contractors.
- Consolidated mortgage operations into Life Square.

▶ We intend to continue to aggressively promote new loans as we work to expand our product lineup in order to achieve our goal of 200 billion yen in new loans during the Medium-Term Management Plan period.

Change in number of accepted applications



Change in amount executed

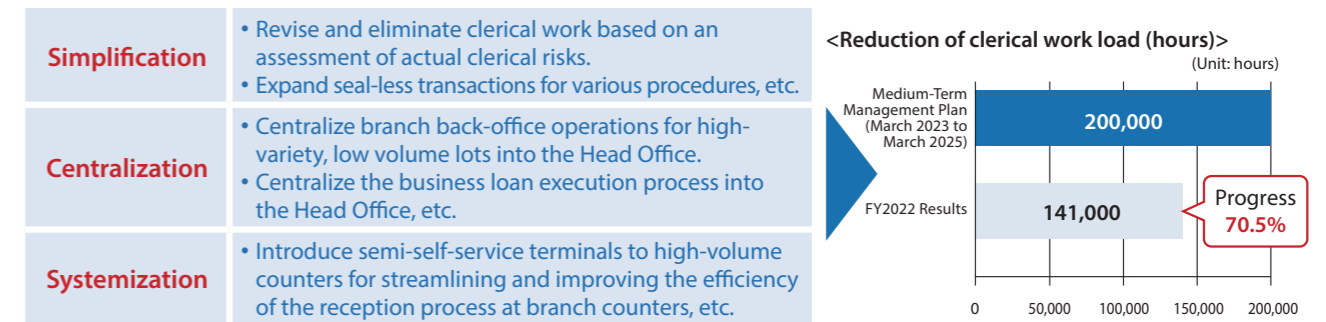


Double Productivity

We are on track to achieve the target for office work reduction time in the Medium-Term Management Plan as a result of the various efforts to achieve zero office work at branches. In addition, we are also implementing measures to dramatically improve productivity in divisions responsible for a high volume of operations.

We will continue to improve customer convenience and reallocate management resources.

Achievement of zero clerical work at branches

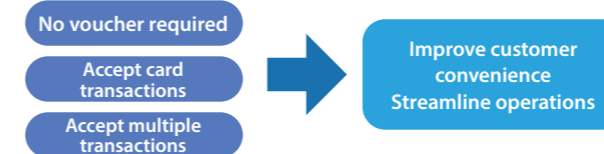


Introduction of semi-self-service terminals

"Semi-self-service terminals" were introduced at branch counters to improve customer convenience and administrative efficiency.

At the counter, customers enter their transaction details on a "tablet" located on the counter, and cash withdrawals and deposits are performed by the customer.

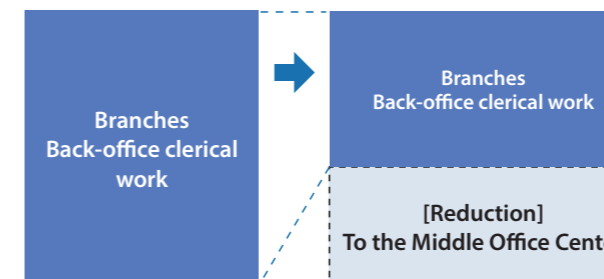
Semi-self-service terminals do not require customers to fill out various forms, and if a cash card is issued, deposits can be disbursed using a PIN without the customer's personal seal.



Centralize operations for high-variety, low volume lots into the Head Office

Middle Office Centers have been established in the Centralized Head Office divisions to handle the operations for high-variety, low volume lots that occur at branches.

Collaborations between branches and the Middle Office Centers have reduced back office operations at branches.



Drastically improve productivity of divisions responsible for a high volume of operations

- **Multi-skill development**
Improve productivity by empowering multi-skill employees and multi-skill management, etc.
- **Support for branches**
Improve administrative work that leads to reduced clerical work at branches, such as simplification of receipt documents.
- **Digitization**
Introduce a system that enables the same-day transfer of data between branches and the Head Office for more efficient business operations.
- **Review of clerical work processes**
Review and administrative improvements of the centralized Head Office work flow in centralized branch clerical work.

We are working on "next-generation channel reforms" with the aim of building channels to meet diversifying customer needs and to support our sales strategies. Specifically, for individual customers, we have positioned digital channels, such as the Yamanashi Chugin App, as our main channel, aiming to provide services that are even better than those offered at real branches.

For real channels, we are reviewing our branch and ATM network to make it even more suitable for the market.

Strengthen digital channels

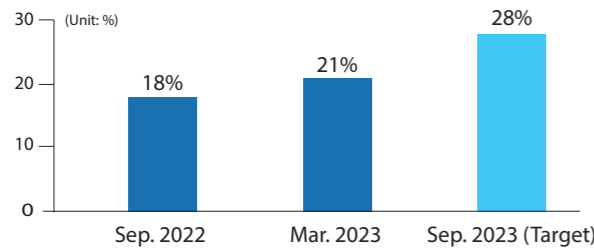
Expansion of functions of Yamanashi Chugin direct channels (October 17, 2022–)	<ul style="list-style-type: none"> Expand range of functions and web-based transactions to promote the digital shift Reduce clerical costs by automating back-office operations
Introduction of Yamanashi Chugin App (April 18, 2023–)	<ul style="list-style-type: none"> Improve usability through UI/UX-conscious screen design Portal function on the top screen as a gateway to bank transactions Secure new means of communication



<Example bank app screen>

Penetration rate of the bank app

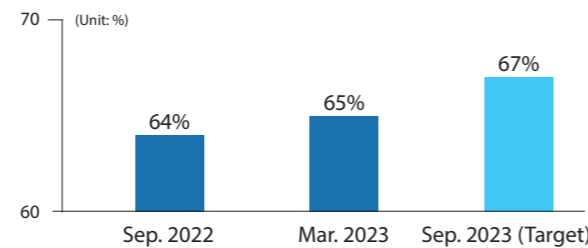
- Accelerate promotion focusing mainly on Yamanashi Chugin App.



* Sep. 2022 and Mar. 2023 include "Wallet+" and "Yamanashi Chuo Bank bankbook app with CRECO" results. Sep. 2023 (Target) includes Yamanashi Chugin App.

Acquisition rate of e-mail address

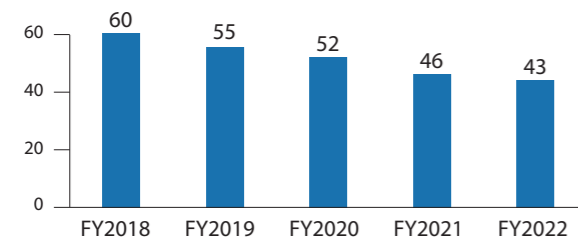
- Increase number of e-mail and SMS recipients.



Reforming real channels

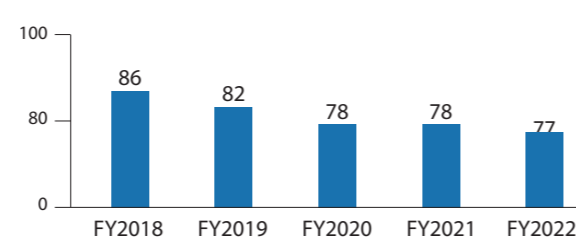
Branches with a full range of services

- Kichijoji branch, Mejirodai branch, and Minamino City branch were changed to function-specific branches.



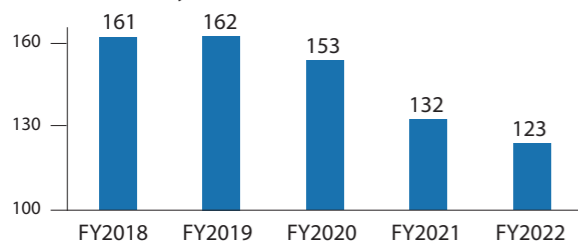
Consolidation of branches

- Kichijoji branch moved to a new location using the branch-within-a-branch system.



Number of ATMs outside banks

- Reduction mainly of low-utilization ATMs



Strategic personnel reallocation

- Strategic reallocation of 11 human resources as a result of the Ogikubo area branch reorganization, the relocation of the Kichijoji branch through the branch-within-a-branch method, and the Hachioji area branch reorganization

We are striving to reduce our environmental impact by reducing paper resources through the widespread use of accounts without bankbooks.

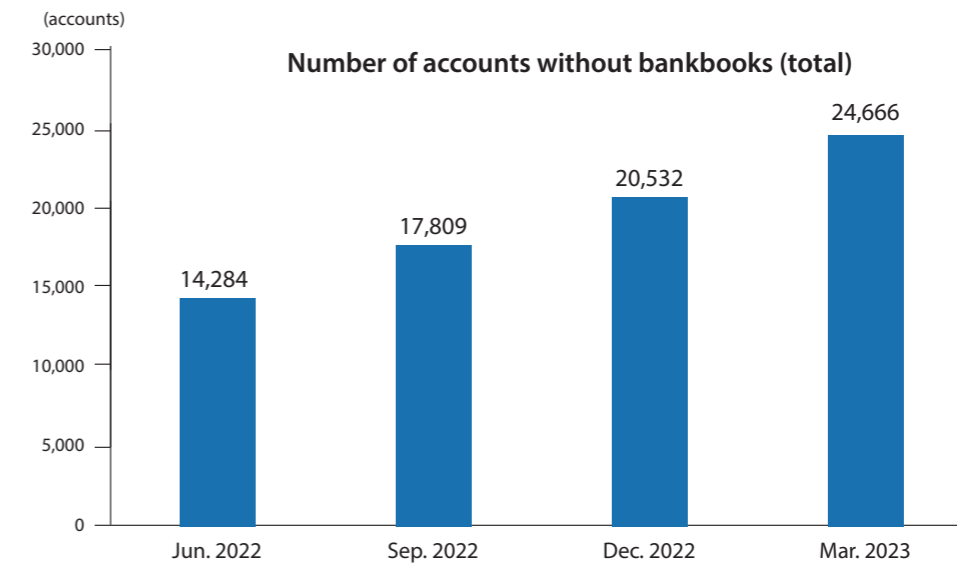
With the understanding of many customers, we will actively promoting accounts without bankbooks not only for new accounts, but also to convert existing accounts, in order to realize environmentally friendly financial services.

Cashless payments have been expanding year by year due to the spread of e-commerce sites and the promotion of DX, etc., and they have become a part of our daily lives.

The Yamanashi Chuo Bank Group is committed to meeting the cashless needs of local communities and to promoting the cashless society in the regions.

Promoting accounts without bankbooks and cashless operations

Promoting accounts without bankbooks



Status of efforts

- Promoted the opening of new accounts without bankbooks at the counter, etc.
- Improved functions of the "Yamanashi Chuo Bank bankbook app with CRECO"
- Promoted new accounts without bankbooks through LINE messages.
- Second half of FY2022 results: 6,857 accounts

Future developments

- Implement information dissemination through web advertisements, emails, etc.
- Conduct campaigns to promote switching to accounts without bankbooks

Promoting the shift to cashless operations

Initiatives

- Strengthened the promotion of the use of corporate cards (B-to-B payments)
- Started to provide a store payment solution that integrates cashless payment terminals and store cash registers
- Started account linkage with au PAY, a smartphone payment service

Future developments

- Investigate cashless payment schemes in the regions
- Expand account linkages with new smartphone payment services

Pursue Sustainability

Under the Shizuoka-Yamanashi Alliance, which is a comprehensive business alliance with Shizuoka Bank, both banks will share their know-how and utilize each other's management resources to achieve their missions in their respective regions and to contribute to the continuous maintenance and revitalization of local industries, while also maintaining their management independence and unique corporate brands and customer bases.

"Shizuoka-Yamanashi Alliance" initiatives

Promptly implemented measures to collaborate with Shizuoka Bank and realized earnings benefits that significantly exceeded the initial plan.

Earnings benefits

- Aim to achieve earnings benefits of over 10 billion yen (total of both banks over 5 years) by FY2025, focusing on market finance (structured finance, etc.) and life plans (Shizugin TM Securities Co., Ltd., etc.).
- Results by FY2022: **Approx. 9.1 billion yen** (5-year conversion)
- Contribution to FY2022: **Approx. 2.3 billion yen** (single year)

Achievements in the life planning field

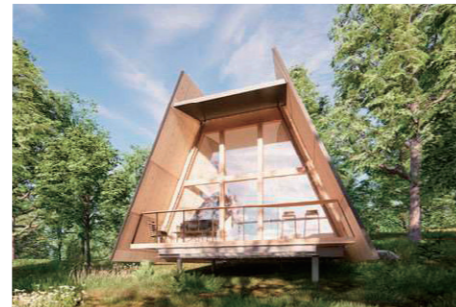
- Development of the Yamanashi main office of Shizugin TM Securities Co., Ltd.
 - ✓ Opened in the Head Office (April 2021)
 - ✓ Dispatched seven bank employees from the Bank to strengthen collaboration
- <Cumulative results through FY2022>
 - ✓ Sales of assets under custody: **35.4 billion yen**
 - ✓ Balance of assets under custody: **26.5 billion yen**

Measures to revitalize the local economy

- **Individual business negotiations held: 21**
 - <Results through FY2022>
 - ✓ Number of items negotiated: 751
 - ✓ Business matching contracts signed: 120
 - Successful deals: 16.0%**
- Held joint seminars on revitalizing the local economy, including for startups, agribusinesses, and local government bodies
- Established "Shizuoka-Yamanashi Mirai Growth Support Fund," a fund to support business succession jointly invested in by the two banks (May 2022).
 - ✓ Executed three investments through FY2022

Collaboration in the finance field

- **Co-financing in structured finance: 74.5 billion yen**
- **Co-financing, joint creation of syndicate loans, etc.: 28.4 billion yen**
 - ✓ Co-financing of sustainability linked loans: 6 billion yen
- **Co-financing as a project related to revitalizing the local economy:**
 - ✓ Funds to construct communal villas in Yamanashi Prefecture



<SANU Original Cabin>

- Executed a co-financing program for a deep-tech venture utilizing a debt guarantee scheme
 - ✓ Working capital for advance investment in MaaS business

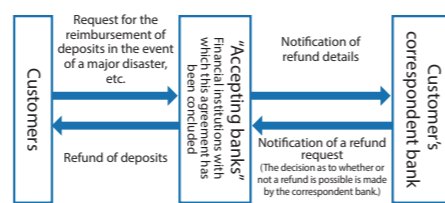


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Strengthen the business foundation through the "Shizuoka-Yamanashi Alliance" Signed the "Mutual Assistance Agreement for Deposit Reimbursement in the Event of a Large-Scale Disaster"

The purpose of the Agreement is to provide mutual support and cooperation so that Yamanashi Chuo Bank, Shizuoka Bank, and Nagoya Bank, which have adjacent business areas, can provide stable financial functions in the event of a large-scale disaster, such as a Nankai Trough earthquake or the eruption of Mt. Fuji. In the event that the business areas of the three banks are affected by a disaster or become evacuation areas, deposited funds of up to 100,000 yen per day per account can be withdrawn at the branches of the financial institutions with which the Agreement has been concluded.

<Business Flow Chart>



To protect our lush and pristine natural environment, we will promote initiatives including to reduce our environmental impact through our business activities and to support customers who are engaged in environmental protection. Through these initiatives, we will work to stimulate regional environmental protection and to help solve environmental problems.

Initiatives to reduce CO₂ emissions

● Introduction of electricity from renewable energy sources (since April 2022)

Introduced "Yamanashi Power NEXT 'Furusato Hydro Plan,'" a power service plan that uses renewable energy electricity generated at Yamanashi Prefecture's hydroelectric power plants, for our Head Office and computer center building.

This plan provides CO₂-free electricity that is generated at Yamanashi Prefecture's hydroelectric power plants and is provided by Yamanashi Prefecture and TEPCO Energy Partner, Inc.

Introducing the plan resulted in a decrease of CO₂ emissions by 1,349 tons in FY2022.



● Introduction of ultra-compact battery-powered electric vehicles (BEVs) for commercial use (since September 2022)

As part of our efforts to address climate change and environmental preservation, we introduced three one-seater and three two-seater ultra-compact battery-powered electric vehicles (BEVs), for a total of six vehicles, at two branches.

The CO₂ emissions of the newly introduced electric vehicles when being driven are about half those of conventional gasoline-fueled light vehicles.



● Introduction of paper file folders (since April 2022)

As part of our response to the Act on Promotion of Resource Recycling Related to Plastics and the promotion of SDGs, we have replaced plastic file folders, such as those used to deliver documents to customers, with paper file folders.

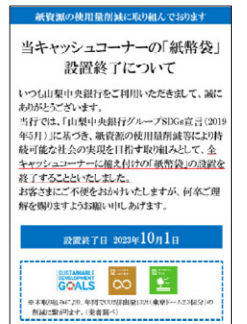


● Discontinuation of self-serve banknote envelopes at all ATMs (since October 2023)

In September 2022, we started discontinuing self-serve banknote envelopes at in-branch ATMs at certain branches on a trial basis in order to save resources.

From October 2023 onwards, we will discontinue self-serve banknote envelopes at all ATMs (inside and outside branches).

By doing this, we expect to reduce CO₂ emissions by approximately 132 tons per year.



● Offset credit "J-VER," a purchase destination introduction project, with Yamanashi Prefecture

In order to support local businesses in their efforts to reduce CO₂ emissions, we provide introduction services for the purchase of "Yamanashi Prefectural Forest Offset Credits (J-VER)."

These J-VERs are highly reliable credits generated from the "Yamanashi Prefectural Forests" that are recognized as being properly managed in accordance with international standards as part of the "Yamanashi Prefectural Forest Utilization Global Warming Countermeasures Project" under the FSC Forest Management Certification. In addition, the image of the purchasing company can be enhanced, such as through its contribution to environmental conservation and biodiversity.

Through this project, we will work with Yamanashi Prefecture to promote a decarbonized society and environmental conservation through the proper management of prefectural forests by utilizing "Yamanashi Prefectural Forest Offset Credits (J-VER)."



In order to accelerate our efforts to address environmental and social issues toward the realization of sustainable local communities, we provide SDGs consulting and financial support to our customers to assist them in their SDGs and ESG efforts. We have also set medium- and long-term targets for the amounts of sustainable finance as quantitative targets.

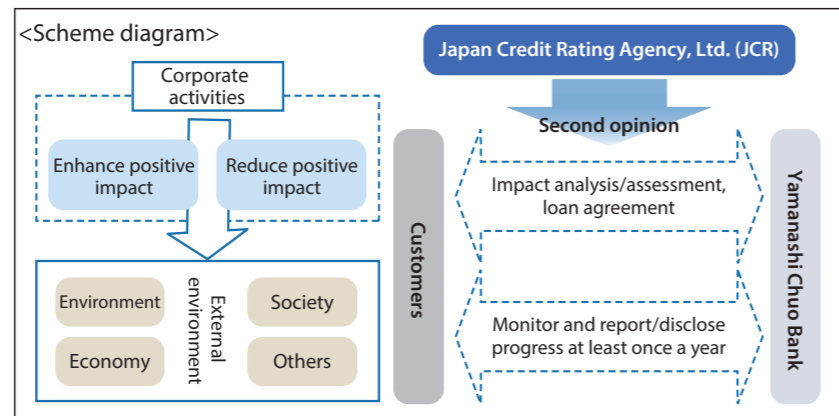
Status of sustainability support

The sustainable finance execution amount has been increasing steadily.

Financial support

Loans

In addition to the existing sustainable finance menu (sustainability-linked loans, SDGs support loans, and private placement bonds), we started handling "Positive Impact Finance" from July 2022 to establish a system to support customers' SDGs and ESG initiatives from a financial perspective.



Investment

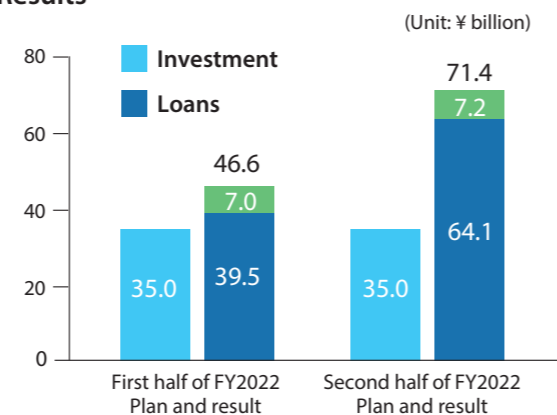
Based on the "Yamanashi Chuo Bank Group Investment and Loan Policy," we actively invest in projects that help solve environmental and social problems. Specifically, green bonds, sustainability-linked bonds, transaction finance, social bonds, etc.

Sustainable finance

Target

Item	Description
Medium-term target	250 billion yen or more
Long-term target	800 billion yen or more (including environmental finance of 400 billion yen or more)
Period	From FY2022 to FY2030
Target	Investment and lending to help solve social or environmental problems toward the creation of a sustainable regional society

Results



Consulting support

Actively engaged in SDGs consultation for customers, including target selection, materiality selection, support for booklet preparation, and holding study sessions.

In order to encourage our customers' SDGs initiatives, from July 2022 we started offering the "SDGs Declaration Support Service" as part of our fee-based consulting services, and we are focusing on supporting our customers in their preparations of an "SDGs Declaration."



Business Foundation to Support Each of Our Businesses

Initiatives toward Realizing Human Capital Management

Based on the value creation process, at the Yamanashi Chuo Bank Group we view our "human capital" as the most important and intrinsic capital to support our strengths in response to the materiality and management issues we have identified. We are implementing management practices to recruit, develop, and utilize diverse human resources with high expertise so that can be the three transformation drivers (AX, DX, and SX) to steadily implement our strategies and to create value to offer to various stakeholders, and to realize our "Purpose" and a "Well-being Society."

We have established a "human resources development policy" and an "internal environment improvement policy" to secure and develop human resources for future efforts and strategy execution toward "The realization of human capital management," which will lead to a sustainable enhancement of corporate value by improving the job satisfaction, skills and motivation of each and every employee.

Human resources development policy



Internal environment improvement policy

[Human resources development policy]

While defining "prompt action," "active involvement with those around us," and "taking on challenges in new fields" as the foundation we expect of all executives and employees, we will develop highly specialized human resources in diverse fields who will be the driving force in meeting the increasingly diverse and sophisticated needs of our customers and local communities, resolving identified materialities, and supporting sustainable regional growth. To this end, we will actively provide various internal and external training programs, job rotations, and opportunities for self-improvement, and we will work to support the independent and self-directed growth of our employees.

And we will aim to realize our Purpose while ensuring a diversity of human resources and work styles through the promotion of Diversity, Equity, and Inclusion.

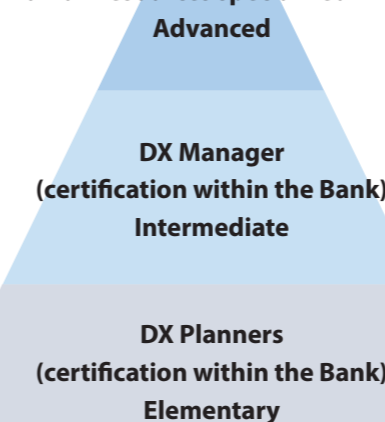
We have formulated a human resources development plan and are working on it in order to create an organization where each employee can realize personal growth and feel a sense of fulfillment, and where diverse human resources can play active roles.

We will establish an internal certification system for DX promotion personnel to improve the skills of each and every employee autonomously and to further accelerate DX initiatives inside and outside the Bank.

Investment in human resources development in FY2022

Total training hours per year (inside the Bank)	48,339 hours
Training hours per person	30.3 hours
Investment amount in human resources development	81 million yen

Human resources specialized in DX



- The DX Planner is an entry-level certification within the Bank.
- In collaboration with personnel of higher certification, they will take the initiative in utilizing digital tools to drive the digitization of the organization.
- As of March 31, 2023, the target for the number of people developed had been exceeded.
- Satisfying qualifications certified within the Bank is part of the requirements for open calls related to internal DX-related measures so that such qualifications are linked to various measures.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	Total
Target for no. of people developed (KPI)	150	200	150	500
Results	168	-	-	-
Achievement rate	112%	-	-	-

Highly specialized (consulting) human resources development

We are working to develop and utilize diverse human resources with high expertise (consulting human resources) who can contribute to improving the vitality of local economies and solving issues in local communities.



	FY2020	FY2021	FY2022	FY2024 (Targets)
Persons who have highly difficult qualifications	6	12	17	50 or more
Qualification support fee	1.49 million yen	3.32 million yen	3.57 million yen	-
Number of employees seconded or dispatched externally	35	30	32	-
Number of employees dispatched for external training	7	17	30	-

Highly difficult qualification: Small and medium enterprise management consultant, securities analyst, FP Level 1, real-estate transaction specialist, etc.

External secondment and dispatching results: Local companies, domestic banks, securities companies, fintech companies, real estate companies, local governments, etc.

Results of employees dispatched for external training: Financial management school, regional bank cooperative courses (practical courses for corporate transactions, skill improvement courses for individual transactions), etc.

Support for improving community vitality and creating affluent lifestyles

In order to improve the vitality of local economies, develop local communities, create affluent lifestyles, and realize SDGs Goal No. 4 "Quality Education for All," we are strengthening our efforts to improve financial literacy.



	FY2020	FY2021	FY2022
Number of financial education sessions held	11	58	46
Number of participants	1,633	2,379	2,548
Number of field trips accepted	9	17	20
Number of trainees accepted for field trips	115	219	261
Number of visitors to the Financial Museum	815	1,360	1,115

For more information on the Yamanashi Chuo Bank Financial Museum, please visit the website.



Initiatives to support women's empowerment

From the viewpoint of demonstrating and promoting the abilities of diverse human resources, we have set the ratio of female managers and supervisors as a KPI in our Medium-Term Management Plan, and we are working to develop this ratio.

Ratio of female managers	Ratio of female managers and supervisors	March 2025 (Final year of the Medium-Term Management Plan)	Ideal state
4.1%	14.8%	15% or more	40% or more

	Management development program	Participants	Cumulative number of participants	Description
Inside the Bank	Women's career development program	10	10	Program initiated in FY2022. In addition to the three group training sessions, the executive officers and other staff members serve as mentors, and individual interviews are held to learn about the duties and ideas of managers.
Outside the Bank	Female managers step-up courses, etc.	2	11	Training sponsored by the Regional Bankers Association. About one person participates each year. In addition to learning through training, we are aiming to raise awareness including by exchanging information with other banks.
	Supervisors development program	Participants	Cumulative number of participants	Description
Outside the Bank	For women Leadership training	2	12	Training sponsored by the Yamanashi Management Association. About two persons participate each year. In addition to learning through training, we are aiming to raise awareness including by exchanging information with other companies.



Discussions with female board members at the women's career development program

[Voices of participants in the women's career development program]

- The participants' exchanges of opinions with the Bank's outside officers and their interactions with the mentors provided an excellent opportunity for them to come in contact with various perspectives and ways of thinking.
- I learned a lot about how to relate to subordinates as a manager, how to lead, and advice from a manager's perspective, which I can now work on.

[Internal environment improvement policy]

To support the development of local businesses and industries, to revitalize the region, and to realize a well-being society, we will promote the development of a workplace environment that allows diverse human resources to maximize their abilities, to create an organization where they can feel fulfilled in their work, and to create a system where they can feel fulfilled in their work, family, and life.

We will also respect human rights and diversity and realize a vibrant organization in which all people can demonstrate their individuality and capabilities.

Initiatives for individual growth

In addition to focusing on the development of human resources capable of providing a variety of services and value to customers, the Yamanashi Chuo Bank provides opportunities for its employees to gain a wide range of experience in order to realize their career plans with a sense of worth and job satisfaction.

My career coordination program	Description	Number of users (number of applicants)
Post challenge	Expanding open recruitment for transfers to Head Office departments, etc., to support employees' voluntary career realization	5 (9)
Side job	Reflecting one's own knowledge in organizational management and personal growth through participation in projects	10 (11)
Job trials	Initiatives to develop skills and advance careers through experience of Head Office operations	43 (48)



	Number of users
Side job (outside concurrent employment)	10

Side jobs: Data analysis, fireworks event management, seminar lecturer, etc.

* The difference between the number of applicants and the number of users is due to the fact that the number of applications exceeded the number of openings.

Initiatives for diverse work styles

As part of our initiatives to support a work-life balance, Yamanashi Chuo Bank has introduced a teleworking system and a flextime system, expanded the leave system, and is promoting diverse work styles. In addition, as a measure to support employees who are taking childcare leave to return to work or after returning to work, we are also expanding the shortened working hours system for childcare.

Family leave benefit

Employees can utilize this benefit for parenting, nursing, and caring for their family members. This benefit also covers health problems during pregnancy, infertility treatment and children's school events.

Paid leave accumulation

This benefit enables employees to accumulate annual paid leave for a certain period of time, before the leave expires in two years. This benefit can be used if employees themselves are ill or injured, but also for nursing and caring for their family members, as well as infertility treatment.

Support for employees returning to work after childcare leave

We regularly hold briefings for employees on childcare leave with the aim of alleviating their anxiety about returning to work and enabling their smooth return.

	FY2020	FY2021	FY2022
Ratio of male employees taking childcare leave*	21.6%	16.4%	115.2%
Ratio of female employees taking childcare leave	108.1%	97.7%	111.8%
Number of participants in meetings held to exchange information on support for returning to work after childcare leave	0	18	18
Number of meetings held to exchange information on support for returning to work after childcare leave	0	1	2
Number of employees using the shorter working hours system for childcare	29	33	24
Number of users of the telework system (total)	3,662	3,618	3,687

	FY2022	Target	Remarks
Rate of long-term childcare leave taken by men*	45.5%	100%	Set as KPI in the Medium-Term Management Plan. All subjects have already confirmed their intention to take it.

	Number of people
Number of male employees whose spouses gave birth during FY2022... (1)	33
Of who, number of male employees who took long-term childcare leave... (2)	15
Number of employees who took childcare leave in installments (number of employees who took childcare leave for less than 20 working days)... (3)	10
Number of employees who have not taken childcare leave... (4)	8
Number of male employees whose spouses gave birth before FY2021 who took childcare leave within FY2022... (5)	13

* The ratio of male employees taking childcare leave (long-term) (45.5%) is calculated as (2) / (1).

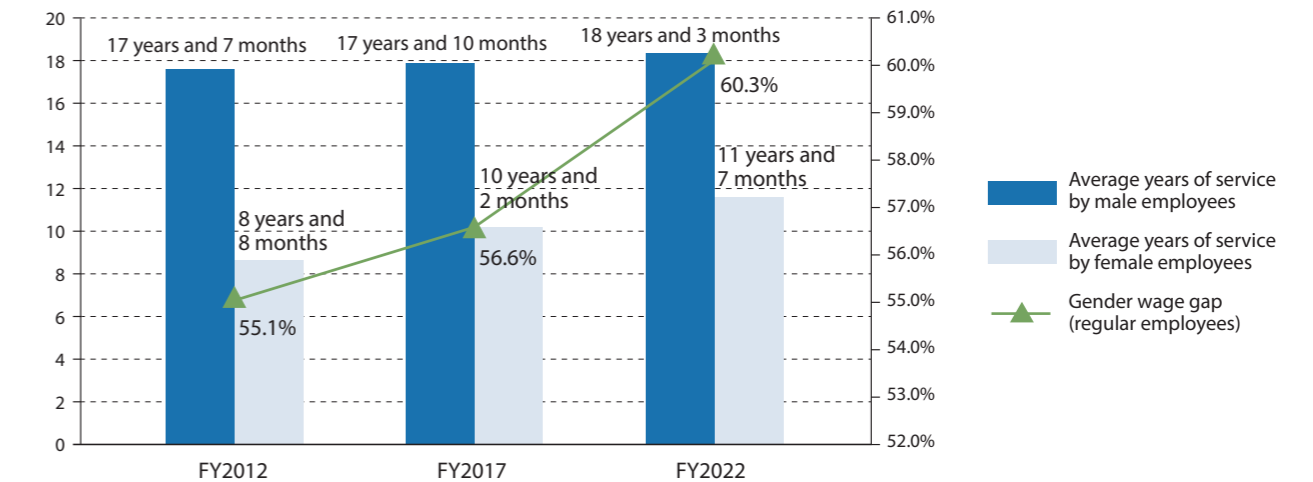
* The ratio of male employees taking childcare leave (115.2%) is calculated as ((2) + (3) + (5)) / (1).

Gender wage gap (ratio of women's wages to men's wages)

We recognize that continuing the careers of women and increasing the ratio of women in managerial and supervisory positions is one of the challenges facing the Group, and we are expanding systems and conducting training programs to promote diverse work styles and career development, and we are seeing a trend toward correcting the wage gap between men and women and increasing the average length of service for women.

Regular employees	60.3%
Part-time and fixed-term employees	70.3%
All workers	46.0%

In the past, the wage gap among full-time employees was partly due to the fact that women often leave the workforce after giving birth, and they have shorter service years than men and hold fewer managerial and supervisory positions.



Initiatives to improve engagement

We have reviewed and expanded the incentives of the Employee Stock Ownership Plan to enhance employee asset building, motivation, and engagement, and to provide value to our stakeholder employees.

	FY2020	FY2021	FY2022
Ratio of employees joining the Employee Shareholding Plan	85.7%	85.0%	84.0%

* The Trust-based Employee Shareholding Incentive Plan (E-Ship®) was introduced in May 2023.

Initiatives for compliance

The Bank has identified strengthening compliance as one of the materialities for the Group's value creation process. Each year, we formulate the Compliance Program as the basis and most important issue for all our efforts, and we conduct in-office training and group training for each employee level.

	Results (FY2022)
Compliance check sheet response rate	100%
In-house training participation rate	100%
Number of group training participants	322

Health management initiatives

Based on the belief that the "physical and mental health" of employees is fundamental to both their public and private lives, the Yamanashi Chuo Bank has been implementing a variety of health-related systems and measures and has been certified as a corporation with excellent health management for six consecutive years. As a regional financial institution, we will continue to support the creation of healthy and vibrant communities by maintaining and improving the health of our employees based on the three pillars of "workplace health (promotion of a work-life balance)," "physical health," and "mental health."

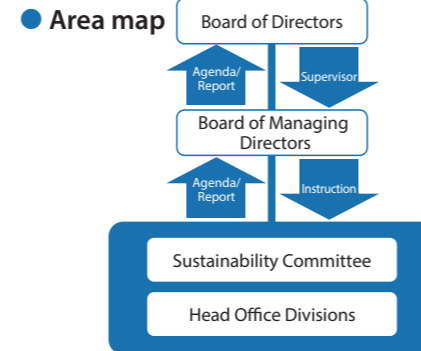


Responses to TCFD Recommendations

The Yamanashi Chuo Bank has endorsed the Climate-related Financial Disclosure Task Force (TCFD) recommendations in November 2021 and is committed to addressing climate-related issues.

Governance

- In order to realize sustainable management, one of the Bank's materialities is "maintaining a rich natural environment and passing it on to the future," and the Bank is working to address climate-related issues.
- In June 2022, the Sustainability Committee, chaired by the President, was established to facilitate cross-divisional discussions among Head Office divisions on climate change-related responses and SDGs/ESGs initiatives. In principle, the Sustainability Committee meets monthly, and the matters it has discussed and deliberated on are submitted and reported to the Board of Directors via the Managing Directors' Meeting, thereby establishing a system to ensure appropriate supervision by the Board of Directors.
- In December 2022, we established the "Yamanashi Chuo Bank Group Sustainability Policy" and are working on various measures related to "Sustainability Transformation (SX)" as stated in our Medium-Term Management Plan.



Strategy

Climate-related risks and opportunities

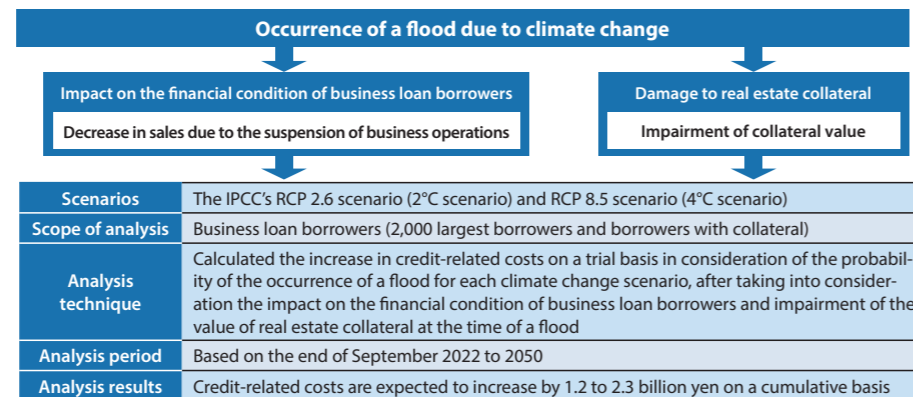
- We have identified "climate change/global warming" as one of our material issues and are working to address both risks and opportunities.
- The risks (migration and physical risks) and opportunities associated with climate-related issues are analyzed qualitatively over short (3-year), medium (10-year), and long (30-year) time horizons.

	Risks	Time
Transition risk	Risks associated with changes in climate-related regulations and taxation systems that may affect customers' businesses	Short-term
	Risk of a share price decline due to continued over-investment in fossil fuel-related businesses	Short-term
	Risks associated with the impact on customers' businesses due to market changes caused by decarbonization-related technologies	Long-term
Physical risks	Risk of business stagnation due to damage to real estate collateral resulting from wind or flood damage, etc., or damage to customers' business locations	Medium-term
	Risk of interruption or inability to operate branches due to damage to the Bank's business facilities caused by wind or flood damage, etc.	Medium-term
Opportunities	New financial products and services to support the transition to a decarbonized society	Medium-term
	Increase in public works projects for disaster countermeasures and corporate demand for equipment financing, etc., for climate-related reasons	Medium-term
	Lower operating costs through resource and energy conservation at sales branches	Long-term

Scenario analysis

- Transition risk**
Transition risk is assumed to be an increase in credit-related expenses for sectors affected by the response to tighter climate-related regulations, such as carbon emission limits and higher carbon taxes. The target sectors will be selected based on the Bank's portfolio composition (amount of credit) and will be analyzed in the future.

- Physical risks**
For physical risks, we conducted an analysis of the financial impact of flooding on our business loan borrowers under the Intergovernmental Panel on Climate Change (IPCC) RCP 2.6 scenario (2°C scenario) and RCP 8.5 scenario (4°C scenario), and the increase in credit-related costs due to damage to collateral properties. The results of the analysis are shown on the right.



Carbon-related assets

- Carbon-related assets are defined by four sectors. The percentages of the four sectors' loans relative to the Bank's loan balance is shown in the chart on the right.

(Based on September 30, 2022)

Energy	Transportation	Materials and structures	Agricultural, food, and forestry products
2.93%	10.58%	19.30%	2.27%

* The Bank aggregated data by deeming the sector to which the major business of each customer belongs as the applicable sector, based on the sector classification of the Bank of Japan.

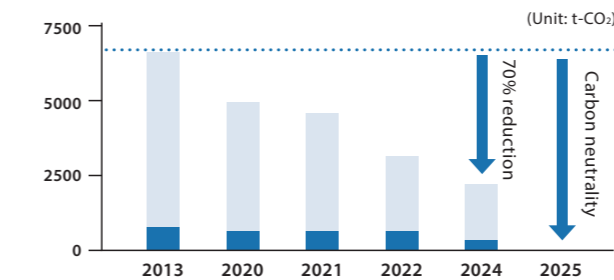
Risk management

- We recognize that the transition risks and physical risks resulting from climate change are significant risks that could significantly impact the Bank's business operations and strategic and financial plans. In the future, we will assess and analyze the impact related to such risks and develop a management system for climate change within the framework of integrated risk management.
- In addition, based on the results of the scenario analysis of physical risks and other factors, we will create shared value by strengthening dialogues with customers, identifying their issues and needs, and providing optimal consulting services to address climate change and the transition to a decarbonized society.
- We have established the Yamanashi Chuo Bank Group Investment and Loan Policy and are working to solve the environmental and social issues that our customers and regional communities are facing by actively supporting businesses that help to solve environmental and social issues, while reducing investments in and loans for specific sectors that have a negative impact on the environment and society.

Indicators and targets

CO₂ emission reduction targets and results (Scope 1 and Scope 2)

- In April 2023, in order to accelerate the realization of a decarbonized society and the sustainable development of society by proactively working to solve local environmental issues, we revised our CO₂ emission reduction targets for the Bank, raising the medium-term target to "a 70% or more reduction from the FY2013 level by FY2024" and the long-term target to "carbon neutrality by FY2030."



Medium-term target (FY2024)	At least a 70% decrease by FY2024 compared with FY2013
Long-term target (FY2030)	Achieve carbon neutrality by FY2030

(Unit: t-CO₂)

	Scope 1	Scope 2	Total	Reduction rate
FY2013	834	5,659	6,493	-
FY2020	733	4,080	4,813	25.87%
FY2021	682	3,858	4,540	30.08%
FY2022	707	2,367	3,074	52.66%

* We have added emissions from gasoline use to the Bank's greenhouse gas (CO₂) emissions (Scope 1 and Scope 2) in the periodic reports under the Act on the Rational Use of Energy. In addition, we have revised the previous information disclosure from FY2022.
Scope of CO₂ emissions: Scope 1: Direct emissions (including heavy oil, gas, and gasoline), Scope 2: Indirect emissions (electricity)

Support for Scope 3

- We calculated emissions in Category 6 (business travel) and Category 7 (employee commuting), which are part of Scope 3.
- As we recognize the importance of calculating emissions in Category 15 (investments) toward the realization of a carbon-free society, we will enhance our analysis going forward.

Category	6 (business travel)	7 (commuting)
Emissions in FY2022	313.95 t-CO ₂	928.94 t-CO ₂

Sustainable finance investment and loan amount targets and results

- In order to accelerate our efforts to address environmental and social issues, etc., toward the realization of sustainable local communities, we have set medium- and long-term targets for the amounts of sustainable finance to be executed as quantitative targets.
- In July 2022, we began handling "Positive Impact Finance" in order to accelerate our efforts to address environmental and social issues in the region.

Sustainable finance (including environmental finance)

Medium-term target (FY2024)	250 billion yen or more
Long-term target (FY2030)	800 billion yen or more (400 billion yen or more)
FY2022	118 billion yen (58.7 billion yen)

* Sustainable finance: Investments and loans that help solve social and environmental issues, thereby driving progress toward realizing sustainable regional communities.
Environmental finance: Investments and loans that fund initiatives to reduce environmental impact and combat climate change in order to curb global warming and reduce its impact on regional economies.

Leveraging Consulting Functions Based on Business Feasibility Studies

● SDGs consultation

As part of our ESG finance initiatives, we provide SDGs consultation services to help companies achieve sustainable growth and drive regional development.

In order to build a sustainable regional economy, it is important to promote the SDGs throughout the region. As a regional bank, we believe that it is our responsibility to encourage a large number of companies to engage in efforts to achieve the SDGs, thereby developing the regional economy.

Our SDGs consultation services meet the various needs of companies, including for backcasting, the building of SDGs-related declarations, the election of material topics and support for creating booklets and posting on websites to meet the various needs of companies.

In addition, in order to make SDGs initiatives more effective, we hold SDGs study sessions for the employees and senior executives of companies. In these sessions, we help the participants fully recognize the need to tackle the issue of microplastics, the challenges in achieving a decarbonized society, gender equality, etc., by becoming aware of the current world situation and discussing what we can do.

Through our consultation services, we will continue to build foundations for regional businesses to voluntarily act to achieve SDGs and help them engage in such efforts with a sense of ownership.



● Support for environmental businesses

In order to achieve carbon neutrality, there is a growing trend toward decarbonization, which aims to reduce emissions of greenhouse gases such as CO₂. For customers interested in these services, the Head Office staff provides management advice and business matching with various equipment providers and consultants.

● Handling of sustainable finance, etc.

Amid growing interest in SDGs/ESG (environment, society, and governance) initiatives, we have established a system to support our customers' efforts to advance sustainable management from a financial perspective.

We offer the "Yamanashi Chugin Sustainability Linked Loan," in which interest rates and other loan terms vary depending on the achievement of quantitative and ambitious SDGs/ESG-related targets set by the company, and "Yamanashi Chugin Positive Impact Finance," which comprehensively and quantitatively analyzes the changes and impacts of corporate activities on the environment, society and the economy and supports efforts to improve identified positive impacts and mitigate or reduce negative impacts.

The Bank will continue to actively support local companies that are working to achieve the SDGs and contribute to sustainability in the region as a whole.

● Matching customers with business partners

To help customers expand sales channels, review suppliers, reduce costs, improve productivity, and resolve various other management issues, the Bank introduces to them business partners that best meet their needs.



Initiatives for Revitalizing Local Economies and Contributing to Regional Communities

Activities for regional revitalization

● Contribution to sustainable community development

With the aim of strengthening mutual cooperation for the development of local economies, we have concluded cooperation agreements with local governments and are working together to revitalize agriculture, commerce, and industry, promote immigration and settlement, and advance tourism and community development. We are strengthening cooperation with local government bodies in urban development and attracting companies in anticipation of the opening of the Chubu-Odan Expressway and the Shinkansen Maglev Train.

We also support the promotion of PPP/PFI (Public-Private Partnership) projects by local governments to create sustainable communities by improving the efficiency of administrative and fiscal management and creating new business fields for local businesses.

Furthermore, in order to support the expansion of sales channels for local businesses, we are working to revitalize local economies by holding individual business meetings between retailers in Shizuoka Prefecture and producers and food-related businesses in Yamanashi Prefecture and direct sales of Yamanashi products in Shizuoka Prefecture as part of the "Shizuoka-Yamanashi Alliance" in cooperation with "Buy Fujinokuni," an initiative by Yamanashi Prefecture and Shizuoka Prefecture.

● Collaboration with universities

The Bank has concluded comprehensive cooperation agreements with the University of Yamanashi, Yamanashi Prefectural University, Yamanashi Gakuin University, and Yamanashi Gakuin Junior College, respectively, with the aim of revitalizing local economies through industry-academia collaborations. In January 2023, we concluded a comprehensive agreement with Teikyo University and are working to revitalize the local economy with new perspectives and ideas through an industry-academia collaboration across prefectural borders with a Tokyo-based corporation.

We also publish "Business Opportunities Direct from the University of Yamanashi," which introduces the research activities of the University of Yamanashi. In addition, 87 employees of the Bank are working as "University of Yamanashi Visiting Social Collaboration Coordinators" to bridge the gap between industry and academia.

In addition, we dispatch lecturers to open lectures at Yamanashi Gakuin Junior College to promote local financial education and to foster a love of one's hometown.



We will continue to work for the prosperity of local communities and the revitalization of local economies for the sustainable growth of each university and Yamanashi Prefecture.

● Promotion of dual residency, relocation, and permanent residence

To promote living in two locations, the Bank has concluded an Agreement on Promoting Dual Residency with the Yamanashi Prefectural Government, and handles Yamanashi Prefecture-Affiliated Second-House Loans.

The Bank has set up "Move-to-Yamanashi Desks" at its branches in Tokyo and Kanagawa Prefecture. "Move-to-Yamanashi Advisors" have been appointed by Yamanashi Prefecture to accept inquiries from people interested in relocating to Yamanashi Prefecture and to forward the inquiries to the Yamanashi Living Support Center. Additionally, the Bank offers Municipality Partnership Housing Loan products for 19 municipalities, which are linked to subsidies established by municipalities to encourage inbound migration.

Moreover, to spread the word about the attractiveness of Yamanashi Prefecture, the Bank has installed special stands with promotional leaflets on the municipalities in Yamanashi Prefecture at its branches in Tokyo and Kanagawa Prefecture, and it has published information on dual residency and moving to and living in Yamanashi Prefecture on the Bank's website and FUJI_NOTE, a special information website.



● Support for TGC FES YAMANASHI 2022

We supported the local holding of TGC FES YAMANASHI 2022, which was produced by Tokyo Girls Collection to promote the attractiveness of the tourism resources and local products that Yamanashi Prefecture is proud of, to raise awareness of the prefecture, and to attract more visitors.

We worked to hold the event as a community-wide event by introducing exhibitors and sponsors, mainly business partners, to the organizers. The event also had a secondary effect in terms of regional revitalization, as many performers, including models and YouTube stars, disseminated information via Instagram and YouTube by visiting local tourist spots and staying at hotels and Japanese inns.

We will continue our efforts to create a sustainable community as we support community-sponsored events.

● **Joint investment in Hyakunen Solar Yamanashi Co., Ltd.**

In April 2023, together with the Yamanashi Prefectural Enterprise Bureau, Mitsubishi UFJ Trust and Banking Corporation, and Hirasol Energy Corporation, we made a joint investment in Hyakunen Solar Yamanashi Co., Ltd., which has the technology to increase the ratio of renewable energy sources through the performance regeneration of solar power plants, by way of a third-party allocation of new shares and underwriting.

In cooperation with Hyakunen Solar Yamanashi Co., Ltd. and other stakeholders, MHCB will work to achieve long-term, stable power generation from solar power plants in the region and to prevent the abandonment of aging solar power

plants after the FIT period ends, thereby promoting local production for local consumption of electricity and ultimately strengthening efforts to decarbonize the region.



Local contribution activities in a variety of fields

● **Initiatives to improve financial literacy**

As part of our financial education for local communities, we dispatch instructors to schools to conduct on-site classes. For high school students, we have also held the “Economics Koshien Yamanashi Tournament.” In addition to the permanent exhibits, the Yamanashi Chuo Bank Financial Museum also holds events and other activities as needed. 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 to the Bank.



● **Sports promotion**

The Bank’s women’s volleyball club holds Fureai Volleyball Classes and Sawayaka Kids Volleyball Classes, while the Yamanashi Chuo Bank Cup Yamanashi Prefecture Moms’ Volleyball Tournament, which has been held 27 times this year, is promoting and improving volleyball skills in the prefecture.

We also cooperate in creating regional revitalization through the promotion of sports by sponsoring sporting events and supporting sports teams based in the prefecture, including VENFORET KOFU and the Yamanashi Queen Bees.



● **Cooperation with local high schools**

Issatsudo, a private library run by students of the Kofu First High School Exploration Department, was set up in the lobby of a nearby branch.

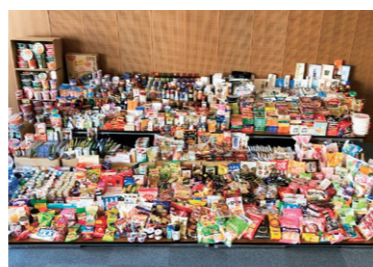
“Issatsudo” is a response to high school students’ desire to promote reading and to examine the stress-relieving effects of reading.



● **Food donations**

Food items were donated to Food Bank Yamanashi and the Yamanashi Prefectural Council of Social Welfare as part of the “Yamanashi Chugin Food Drive” mainly for single-parent households with elementary and junior high school students.

We will continue our efforts to achieve a sustainable society by helping to enrich the lives of everyone in our local communities.



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 customers with visual impairments and elderly customers can use ATMs without difficulty.



● **Installation of a 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 Sub-Branch (CELEO KOFU), as well as the Kofueki Kitaguchi Sub-Branch.

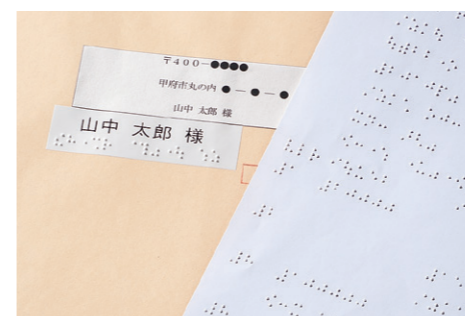
At the Kawaguchiko Branch, an intercom and electronic chime for guidance have been installed near the sidewalk, and a system has been established to guide customers to the inside of the branch by a staff member.



● **Transaction statements issued in braille**

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

When sending such statements by mail, we affix stickers in braille stating the customer’s name and “Yamanashi Chuo Bank” on the envelope.



● **Installation of desktop-type conversation support equipment**

To allow customers with a hearing impairment and the elderly customers to communicate smoothly with branch staff, we have installed desktop-type conversation support equipment in our locations. These devices work by converting the branch staff member’s voice into a form that is easier for listeners to hear. These devices are available at the Head Office and certain other branches.



● **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 the elderly, 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.



● **Customer assistance system**

The Bank offers a system for customers with physical disabilities to make reservations to visit a branch 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 is striving to further improve services by showing consideration and paying attention to all types of customers and by building 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 its branches. The Ministry of Health, Labour and Welfare recommends that businesses have dementia supporters on-site.

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, as well as 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 risks and comprehensively and integrally manages the avoidance of risks that would have a significant impact on management is considered useful.

As part of its Medium-Term Management Plan “TRANS³ 2025,” the Bank has been working on “Sophisticated profit and risk management methods using RAF” and is striving to improve the sophistication of its ALM management, including by formulating profit plans based on RAF.

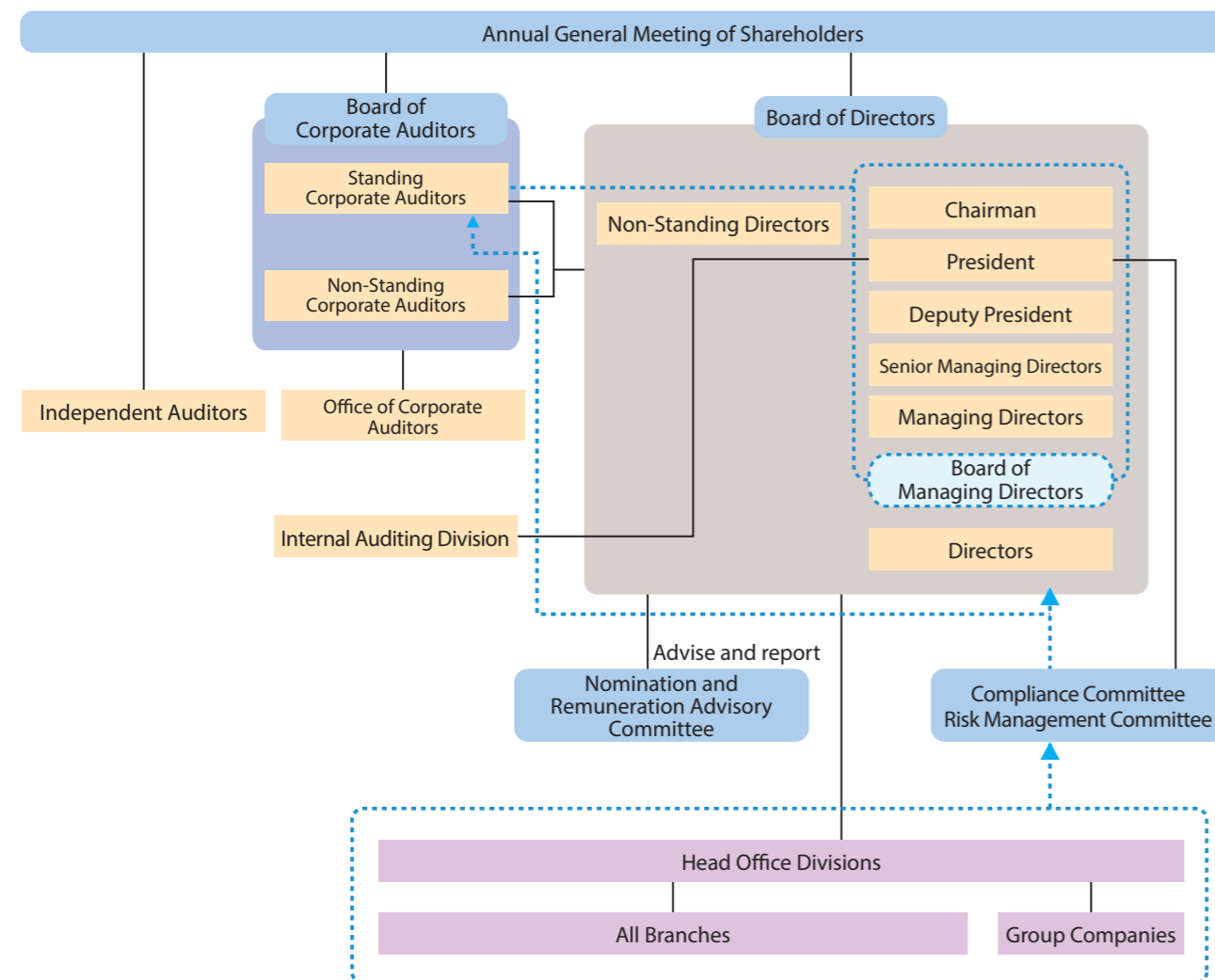
Corporate Governance

Basic policy on 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 communities it serves, by such means as maintaining the Group’s sound management and assuring management transparency, 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, including by maintaining high ethical standards among all management and staff members and ensuring the active disclosure of corporate activities.

Corporate governance structural diagram



Company institution details

We are a company with a Board of Corporate Auditors. The Board of Directors makes decisions on management policies and other matters of importance, and also oversees the execution of directors’ duties. Among the directors, the Board of Directors has three outside directors participating in positions independent of business execution, which enhances the management supervision functions of the Board of Directors.

Furthermore, the company has established a “Nomination and Remuneration Advisory Committee” as a voluntary advisory body to the Board of Directors, to ensure fairness, transparency and objectivity in the decision-making processes related to the appointment and dismissal of senior management (executive directors and above) and to the appointment and remuneration of directors.

The Board of Corporate Auditors makes decisions on auditing policies, planning, and methods, and it audits the execution of directors’ duties from a perspective that is independent of the Board of Directors.

In accordance with the basic management policies decided by the Board of Directors, there are also the following bodies: the Board of Managing Directors, which deliberates and resolves priority matters related to the Bank’s overall management and business operations; the Compliance Committee, which deliberates on measures toward developing and establishing compliance structures along with monitoring the implementation of these measures; and the Risk Management Committee, which aims for effective and flexible risk management in response to changes in the business environment.

Furthermore, the Bank has established an Executive Officers System to enhance corporate governance and is working to separate decision-making management functions from business operation functions.

The Bank has four Group companies engaging in businesses that include credit guarantees, leasing, credit cards, and consulting, and it operates in an integrated manner to provide comprehensive financial functions.

Risk Management

Risk management measures

The operating environment surrounding financial institutions 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 conducting 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 are 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 formulate countermeasures.

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

Compliance and Customer Protection

Compliance – Initiatives to protect customers

For compliance, we believe that our duty is not only to abide by the law, but also to ensure our strict observance of a wide range of social rules, including social norms and corporate ethics, to meet the demands and expectations of the broader community as a corporate citizen. In other words, compliance entails adapting skillfully 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 relationships of trust with our 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 division 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 division and branch works together to execute the program.

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

The Compliance Manual explains our management philosophy of “Keeping Close Ties with the Local Community and Ensuring Sound Management,” as well as the Nine Principles of Compliance that are 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 clauses to exclude organized crime groups 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 its compliance framework.

Nine Principles of Compliance (Corporate Ethics)

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

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 with the appropriate cooperation of all the relevant departments.

3. Risk-based approach

In accordance with a 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 authorities 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 risks. In the event that the correspondent bank is a shell bank or it has permitted a shell bank to use its account, the Group will not conclude or maintain a correspondent agreement with that 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 their understanding of measures to prevent ML/TF across the entire organization. Concurrently, the Group as a whole will foster a corporate culture that resolutely deals with ML/TF.

7. Internal audit

The independent Internal 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.

Board of Directors and Corporate Auditors As of July 1, 2023

Directors

 Representative Director and Chairman Mitsuyoshi Seki	 Representative Director and President Yoshiaki Furuya	 Representative Director and Senior Managing Director Masahiko Yamadera
 Managing Director Responsible for corporate planning, general affairs, and the international market Norihiko Tanaka	 Managing Director Responsible for credit screening, general administration, systems administration, and business support Hideki Sato	 Managing Director Responsible for the Regional Head Office, sales management, consulting sales, Tokyo business development, and regional revitalization promotion Tetsuya Naito
 Outside Director Michio Masukawa	 Outside Director Riyo Kano	 Outside Director Miki Ichikawa

Corporate auditors

 Standing Corporate Auditor Akira Omata	 Standing Corporate Auditor Kimihiro Asai	 Non-standing Corporate Auditor Kouichiro Horiuchi
 Non-standing Corporate Auditor Yoshiyuki Nagahara	 Non-standing Corporate Auditor Minako Mizutani	

Skills matrix of members composing the Board of Directors

For this matrix, the skills that the Board of Directors should have were selected based on the Bank's management philosophy of "Keeping Close Ties with the Local Community and Ensuring Sound Management" and materiality. The Bank's Board of Directors is composed of members with diverse skills and expertise.

	Name (Attribution)	Skill items									
		Corporate management	Revitalizing local economies	Human resources strategy and diversity	Legal and risk management	Financial and accounting	Digital transformation (DX) and systems	Sales and consulting	Corporate screening and research	Capital market investment	Finance (Outside officers only)
Directors	Mitsuyoshi Seki	●	●		●		●				
	Yoshiaki Furuya	●		●	●			●			
	Masahiko Yamadera		●	●				●			
	Norihiko Tanaka					●	●		●	●	
	Hideki Sato							●	●		
	Tetsuya Naito							●	●		
	Michio Masukawa <small>Outside</small>	●				●					●
	Riyo Kano <small>Outside</small>			●	●						
Corporate auditors	Miki Ichikawa <small>Outside</small>		●	●							
	Akira Omata			●	●		●	●			
	Kimihiro Asai				●	●			●		
	Kouichiro Horiuchi <small>Outside</small>	●	●								
	Yoshiyuki Nagahara <small>Outside</small>	●								●	●
Minako Mizutani <small>Outside</small>					●		●				

* The above matrix does not represent all the expertise and experience that each person has. Based on each person's experience, etc., for each person up to four areas are listed in which they are expected to demonstrate their particular expertise.

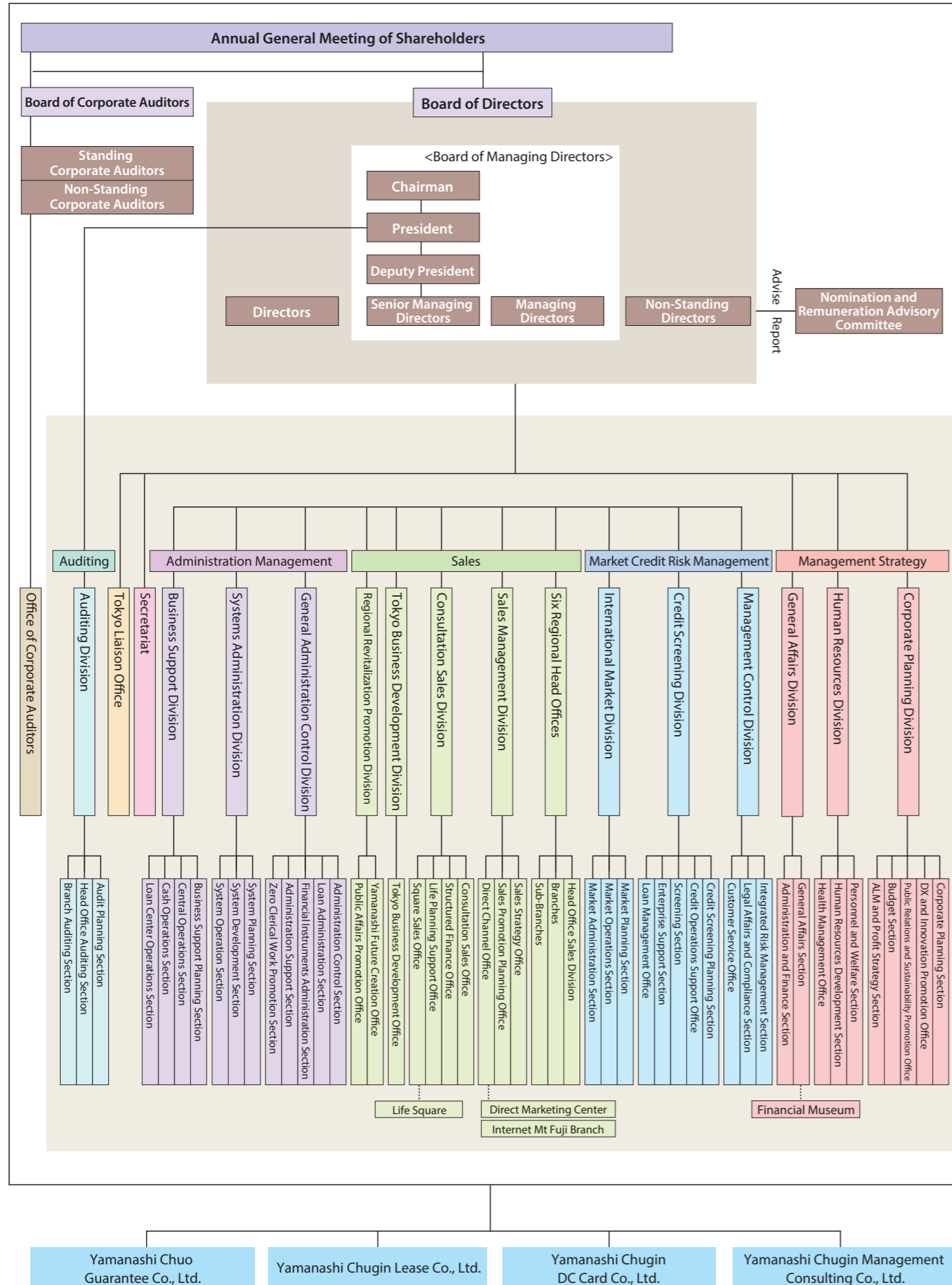
<Relationship between management philosophy and materiality and skill items>

	Management philosophy Materiality, themes, etc.	Skill items									
		Corporate management	Revitalizing local economies	Human resources strategy and diversity	Legal and risk management	Financial and accounting	Digital transformation (DX) and systems	Sales and consulting	Corporate screening and research	Capital market investment	Finance (Outside officers only)
Materiality	E Maintenance of a rich natural environment and passing it on to the future • CO ₂ reduction initiatives to help achieve decarbonization • Realization of next-generation clean energy	◎	◎								
	S Strengthening of various relationships and increasing regional economic activity • Declining birthrate, aging population, and decrease in population • Sustainable growth of regional companies • Regional innovation		◎					◎			
	S Realization of digital transformation (DX) and the digitalization of regional society • Internal digital transformation (DX) • Digitalization of the whole of regional society						◎	◎			
	S Creation of common value through high-quality UI/UX • Changes in customers' banking patterns and needs • Access to finance • Product and service quality							◎			
	S Creation of organizations to support the growth and success of various human resources • Human resource development • Diversity, Equity & Inclusion • Job satisfaction and workstyle reforms			◎							
G Strengthening of corporate governance and compliance • Governance and internal control • Compliance and corporate ethics • Risk management	◎			◎	◎	◎		◎	◎	◎	

The Yamanashi Chuo Bank's management philosophy of "Keeping Close Ties with the Local Community and Ensuring Sound Management" is relevant to all skill items.

* Details of the materiality to be considered by the Bank can be found on page 12.

Organization Chart As of July 1, 2023



Consolidated subsidiaries

Name of the company Date of establishment	Address	Paid-in capital (Millions of yen)	Lines of business	Percentage of voting rights owned (or indirectly held) by Yamanashi Chuo Bank (%)
Yamanashi Chuo Guarantee Co., Ltd. July 1, 1986	Kofu, Yamanashi	20	Loan guarantees, etc.	100.0 (-)
Yamanashi Chugin Lease Co., Ltd. April 6, 1987	Kofu, Yamanashi	20	Leasing operations, etc.	80.0 (30.7)
Yamanashi Chugin DC Card Co., Ltd. July 2, 1991	Kofu, Yamanashi	20	Credit card operations, etc.	67.5 (37.2)
Yamanashi Chugin Management Consulting Co., Ltd. August 2, 1996	Kofu, Yamanashi	100	General consulting services, venture capital services, etc.	87.5 (42.5)

Corporate data (as of March 31, 2023)

Common Stock : ¥15,400 million
Number of Shares:
Authorized 79,600,000 shares
Issued 32,783,000 shares
Number of Stockholders : 6,583
Stock Listing : Prime Market 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 16,627 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)	2,846	9.14
The Yamanashi Chuo Bank, Ltd. Employees' Stockholdings	1,368	4.39
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	1,168	3.75
Custody Bank of Japan, Ltd. (Trustee Account)	803	2.58
Teikyo University	629	2.02
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	600	1.92
MUFG Bank, Ltd.	537	1.72
FUJI KYUKO CO., LTD.	531	1.70
Tokio Marine & Nichido Fire Insurance Co., Ltd.	501	1.61
Daishi Hokuetsu Bank, Ltd. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	439	1.41
Total	9,425	30.28

Financial Review

(on a consolidated basis)

Overview of Financial Position

The Bank's financial position as of March 31, 2023 was as follows. Deposits stood at ¥3,499.9 billion as of March 31, 2023, up ¥40.6 billion from a year earlier due to increases in individual and corporate fund deposits. Total deposits, including negotiable certificates of de-deposit (NCDs), rose ¥37.9 billion from a year ago to ¥3,547.6 billion as of the fiscal year-end. Loans and bills discounted increased by ¥241.6 billion from a year earlier to ¥2,290.6 billion as of the fiscal year-end. This increase was mainly due to increases in loans to individuals and enterprises. Securities stood at ¥1,093.8 billion as of the fiscal year-end, down ¥320.7 billion from a year ago. This decrease was due to the decrease in Japanese government bonds and foreign bonds.

Overview of Operating Results

In terms of the operating results for the fiscal year ended March 31, 2023, interest income (the balance of interest income and expenses) increased by ¥3,487 million year on year, due mainly to increases in interest on loans and bills discounted as well as interest and dividends on securities. Fees and commissions (the balance of fee and commission income and expenses) increased by ¥321 million year on year, mainly due to an increase in commission revenue from the sale of insurance and other products in agency business. Other operating income (the balance of other operating income and expenses) declined by ¥6,685 million year on year, mainly reflecting a decrease in Japanese government bonds and other bond transactions. General and administrative expenses decreased by ¥786 million year on year. Credit-related expenses increased by ¥626 million year on year, while equity share and similar transactions increased by ¥4,174 million year on year. As a result, ordinary profit increased by ¥1,097 million year on year to ¥7,721 million.

The balance of extraordinary income and losses increased by ¥611 million year on year. Total income taxes increased by ¥910 million year on year. As a result of the above, profit attributable to shareholders of the parent was up by ¥820 million year on year to ¥5,061 million.

Cash Flows

Cash flows from operating activities

Net cash used by operating activities amounted to ¥293.8 billion yen (compared with a net inflow of ¥267.9 billion in the previous year). The main contributing factors were a net increase in loans and bills discounted of ¥241.6 billion and a net decrease in borrowed money of ¥170.4 billion, despite a net increase in deposits of ¥37.9 billion and a net increase in payables under securities lending transactions of ¥64.2 billion.

Cash flows from investing activities

Net cash used in investing activities totaled ¥297.5 billion (compared with a net outflow of ¥112.0 billion in the previous year). The main use of cash was proceeds from sales and the redemption of invest-

ment securities of ¥583.0 billion, which was partly offset by the purchase of investment securities of ¥277.8 billion.

Cash flow from financing activities

Net cash used in financing activities was ¥2.6 billion (compared with a net outflow of ¥1.1 billion in the previous year). Cash was used mainly to pay dividends of ¥1.3 billion and purchase treasury stock of ¥1.0 billion.

As a result, cash and cash equivalents at the end of the fiscal year came to ¥896.2 billion (up ¥1.0 billion from the previous year).

Management's Analysis and Discussion of Operating Results

The following is a summary of our analysis and a discussion of the Group's operating results for the fiscal year ended March 31, 2023.

Forward-looking statements contained herein are based on our judgment as of the end of the fiscal year ended March 31, 2023.

Since the Group has only one reportable segment, "Banking," analysis and discussion by segment are not provided.

1) Financial Position

The Bank's financial position as of March 31, 2023 was as follows. Total deposits including negotiable certificates of deposit (NCDs) increased by ¥37.9 billion from a year earlier, and loans and bills discounted increased by ¥241.6 billion from a year earlier, as both performed favorably. Securities decreased by ¥320.7 billion during the fiscal year due to the sale of Japanese government bonds and foreign bonds.

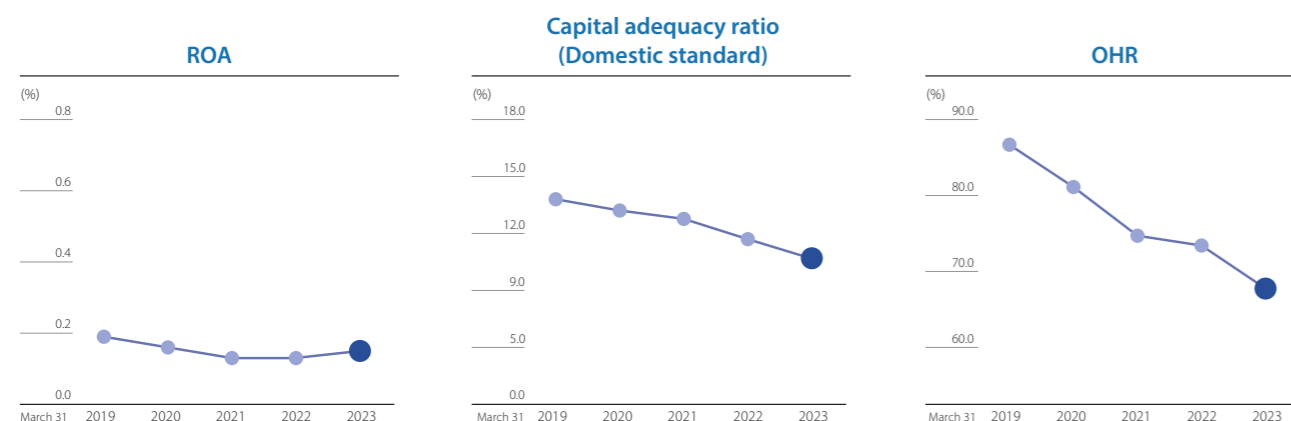
2) Operating Results

In terms of operating results for the fiscal year ended March 31, 2023, profit attributable to shareholders of the parent increased by ¥820 million year on year to ¥5,061 million. The main contributing factors were an increase in interest on loans and bills discounted, an increase in interest and dividends on securities due to higher yields on securities, and an increase in fees and commissions, despite a decrease in Japanese government bonds and other bond transactions. In addition, the Bank's non-consolidated profit from services for customers returned to profitability for the first time in 13 years.

The Bank of Japan's negative interest rate policy will keep the current low interest rate environment unchanged. Under these conditions, the Bank will establish a sustainable earnings structure by strengthening and expanding its consulting functions.

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 under appropriate risk management while improving the soundness of its portfolio.

In addition, the Bank will work to improve customer convenience through initiatives aimed at eliminating clerical work at sales branches, which are centered on simplification, centralization, and systemization, while improving productivity by reallocating its management resources.



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, 2022 only to reflect the revisions to presentation method of ROA and OHR in fiscal year ended March 31, 2023.

[Consolidated Financial Statements]

1) [Consolidated Balance Sheets]

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2021 (March 31, 2022)	End of FY2022 (March 31, 2023)	End of FY2022 (March 31, 2023)
Assets:			
Cash and due from banks	¥895,501	¥896,640	\$6,714,900
Call loans and bills bought	-	1,360	10,187
Monetary claims bought	14,309	17,117	128,192
Money held in trust	5,000	10,475	78,454
Securities* ^{1, *2, *4, *9}	1,414,602	1,093,881	8,192,032
Loans and bills discounted* ^{2, *3, *4, *6}	2,049,047	2,290,653	17,154,599
Foreign exchanges* ^{2, *3}	5,938	2,634	19,731
Other assets* ^{2, *4, *5}	55,682	31,816	238,272
Tangible fixed assets* ^{7, *8}	22,021	21,713	162,611
Buildings	8,752	8,315	62,271
Land	10,867	11,096	83,098
Construction in progress	1	-	-
Other tangible fixed assets	2,400	2,302	17,241
Intangible fixed assets	3,033	3,608	27,022
Software	2,266	2,062	15,448
Software in progress	500	1,280	9,591
Other intangible fixed assets	266	264	1,982
Net defined benefit asset	8,361	9,869	73,913
Deferred tax assets	900	5,892	44,126
Customers' liabilities for acceptances and guarantees* ²	7,087	7,361	55,128
Allowance for possible loan losses	(11,707)	(12,567)	(94,116)
Total assets	¥4,469,779	¥4,380,458	\$32,805,049

	Millions of Yen		Thousands of U.S. Dollars
	End of FY2021 (March 31, 2022)	End of FY2022 (March 31, 2023)	End of FY2022 (March 31, 2023)
Liabilities:			
Deposits ⁴	¥3,459,276	¥3,499,929	\$26,210,812
Negotiable certificates of deposit	50,424	47,723	357,398
Payables under securities lending transactions ⁴	70,969	135,184	1,012,391
Borrowed money ^{4, 5}	629,080	458,677	3,435,015
Foreign exchanges	984	369	2,769
Other liabilities	33,706	35,260	264,066
Provision for bonuses	1,635	1,758	13,173
Accrued bonuses to directors and corporate auditors	30	27	204
Reserve for directors' and corporate auditors' retirement benefits	11	11	87
Reserve for reimbursement of deposits	202	272	2,038
Reserve for contingent losses	121	152	1,145
Deferred tax liabilities	4,754	464	3,480
Acceptances and guarantees	7,087	7,361	55,128
Total liabilities	4,258,285	4,187,194	31,357,705
Net assets:			
Common stock	15,400	15,400	115,330
Capital surplus	8,398	8,871	66,435
Retained earnings	170,037	173,753	1,301,232
Treasury stock	(1,163)	(2,116)	(15,852)
Total shareholders' equity	192,673	195,907	1,467,145
Unrealized gains on available-for-sale securities	17,257	(4,065)	(30,447)
Remeasurements of defined benefit plans	(1,583)	(1,075)	(8,057)
Total accumulated other comprehensive income	15,674	(5,141)	(38,505)
Subscription rights to shares	109	109	823
Non-controlling interests	3,036	2,387	17,880
Total net assets	211,494	193,263	1,447,343
Total liabilities and net assets	¥4,469,779	¥4,380,458	\$32,805,049

2) [Consolidated Statements of Income and Consolidated Statements of Comprehensive Income]
[Consolidated Statements of Income]

	Millions of Yen		Thousands of U.S. Dollars
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	FY2022 (From April 1, 2022 to March 31, 2023)
Ordinary income:	¥46,310	¥60,552	\$453,472
Interest and dividends income	27,774	32,358	242,329
Interest on loans and bills discounted	16,945	18,913	141,646
Interest and dividends on securities	9,754	12,527	93,816
Interest on call loans and bills bought	1	47	356
Interest on due from banks	972	747	5,595
Other	100	122	916
Fees and commissions	10,602	10,949	82,004
Other operating income	4,711	10,216	76,508
Other ordinary income	3,221	7,027	52,631
Other ¹	3,221	7,027	52,631
Ordinary expenses	39,686	52,830	395,647
Interest expenses	370	1,466	10,982
Deposits	296	262	1,966
Negotiable certificates deposits	3	3	24
Call money and bills sold	(12)	(55)	(414)
Payables under securities lending transactions	75	1,245	9,330
Borrowed money	6	10	78
Other	(0)	(0)	(2)
Fees and commissions	2,377	2,403	18,002
Other operating expenses	9,135	21,326	159,711
General and administrative expenses ²	26,679	25,892	193,908
Other expenses	1,123	1,741	13,043
Provision of allowance for possible loan losses	490	1,009	7,563
Other expenses ³	633	731	5,481
Ordinary profit	6,624	7,721	57,825

	Millions of Yen		Thousands of U.S. Dollars
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	FY2022 (From April 1, 2022 to March 31, 2023)
Extraordinary income:	42	84	636
Gain on disposal of fixed assets	42	84	636
Extraordinary losses	645	75	569
Losses on disposal of fixed assets	232	72	539
Impairment losses ⁴	413	3	30
Income before income taxes and non-controlling interests	6,021	7,730	57,892
Income taxes – current	1,484	2,613	19,570
Income taxes – deferred	143	(74)	(557)
Total income taxes	1,627	2,538	19,013
Profit	4,393	5,191	38,880
Profit attributable to non-controlling interests	152	129	972
Profit attributable to shareholders of the parent	¥4,241	¥5,061	\$37,907

[Consolidated Statements of Comprehensive Income]

	Millions of Yen		Thousands of U.S. Dollars
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	FY2022 (From April 1, 2022 to March 31, 2023)
Profit	¥4,393	¥5,191	\$38,880
Other comprehensive income ^{*1}	(13,261)	(20,828)	(155,984)
Net unrealized gains on available-for-sale securities	(13,007)	(21,335)	(159,783)
Deferred gains or losses on hedges	(182)	-	-
Remeasurements of defined benefit plans	(71)	507	3,799
Total comprehensive income	¥(8,867)	¥(15,637)	\$(117,105)
Total comprehensive income attributable to shareholders of the parent	¥(9,150)	¥(15,754)	\$(117,982)
Total comprehensive income attributable to non-controlling interests	282	117	877

3) [Consolidated Statements of Changes in Net Assets]

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
FY2021 (From April 1, 2021 to March 31, 2022)					
Balance at beginning of current year	¥15,400	¥8,398	¥166,943	¥(1,263)	¥189,479
Changes during year:					
Cash dividends			(1,117)		(1,117)
Profit attributable to shareholders of the parent			4,241		4,241
Purchases of treasury stock				(0)	(0)
Disposals of treasury stock		(28)		100	71
Change in ownership interest of parent due to transactions with non-controlling interests					
Transfer from retained earnings to capital surplus		28	(28)		
Net changes in items other than shareholders' equity					
Total changes during year	—	—	3,094	99	3,194
Balance at end of current year	¥15,400	¥8,398	¥170,037	¥(1,163)	¥192,673

	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			
FY2021 (From April 1, 2021 to March 31, 2022)							
Balance at beginning of current year	¥30,395	¥182	¥(1,511)	¥29,066	¥138	¥2,755	¥221,439
Changes during year:							
Cash dividends							(1,117)
Profit attributable to shareholders of the parent							4,241
Purchases of treasury stock							(0)
Disposals of treasury stock							71
Change 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	(13,137)	(182)	(71)	(13,391)	(29)	280	(13,140)
Total changes during year	(13,137)	(182)	(71)	(13,391)	(29)	280	(9,945)
Balance at end of current year	¥17,257	—	¥(1,583)	¥15,674	¥109	¥3,036	¥211,494

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
FY2022 (From April 1, 2022 to March 31, 2023)					
Balance at beginning of current year	¥15,400	¥8,398	¥170,037	¥(1,163)	¥192,673
Changes during year:					
Cash dividends			(1,341)		(1,341)
Profit attributable to shareholders of the parent			5,061		5,061
Purchases of treasury stock				(1,000)	(1,000)
Disposals of treasury stock		(4)		46	42
Change in ownership interest of parent due to transactions with non-controlling interests		472			472
Transfer from retained earnings to capital surplus		4	(4)		
Net changes in items other than shareholders' equity					
Total changes during year	—	472	3,715	(953)	3,234
Balance at end of current year	¥15,400	¥8,871	¥173,753	¥(2,116)	¥195,907

	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			
FY2022 (From April 1, 2022 to March 31, 2023)							
Balance at beginning of current year	¥17,257	—	¥(1,583)	¥15,674	¥109	¥3,036	¥211,494
Changes during year:							
Cash dividends							(1,341)
Profit attributable to shareholders of the parent							5,061
Purchases of treasury stock							(1,000)
Disposals of treasury stock							42
Change in ownership interest of parent due to transactions with non-controlling interests							472
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(21,323)		507	(20,815)		(648)	(21,464)
Total changes during year	(21,323)	—	507	(20,815)	—	(648)	(18,230)
Balance at end of current year	¥(4,065)	—	¥(1,075)	¥(5,141)	¥109	¥2,387	¥193,263

	Thousands of U.S. Dollars				
	Shareholders' equity				
FY2022 (From April 1, 2022 to March 31, 2023)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current year	\$115,330	\$62,899	\$1,273,406	\$(8,711)	\$1,442,925
Changes during year:					
Cash dividends			(10,049)		(10,049)
Profit attributable to shareholders of the parent			37,907		37,907
Purchases of treasury stock				(7,490)	(7,490)
Disposals of treasury stock		(32)		349	317
Change in ownership interest of parent due to transactions with non-controlling interests		3,536			3,536
Transfer from retained earnings to capital surplus		32	(32)		
Net changes in items other than shareholders' equity					
Total changes during year	—	3,536	27,826	(7,142)	24,221
Balance at end of current year	\$115,330	\$66,435	\$1,301,232	\$(15,852)	\$1,467,145

	Thousands of U.S. Dollars						
	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
FY2022 (From April 1, 2022 to March 31, 2023)	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current year	\$129,240	—	\$(11,856)	\$117,384	\$823	\$22,738	\$1,583,870
Changes during year:							
Cash dividends							(10,049)
Profit attributable to shareholders of the parent							37,907
Purchases of treasury stock							(7,490)
Disposals of treasury stock							317
Change in ownership interest of parent due to transactions with non-controlling interests							3,536
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(159,688)		3,799	(155,889)		(4,859)	(160,747)
Total changes during year	(159,688)	—	3,799	(155,889)	—	(4,859)	(136,527)
Balance at end of current year	\$(30,447)	—	\$(8,057)	\$(38,505)	\$823	\$17,880	\$1,447,343

4) [Consolidated Statements of Cash Flows]

	Millions of Yen		Thousands of U.S. Dollars
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	FY2022 (From April 1, 2022 to March 31, 2023)
Operating activities:			
Income before income taxes and non-controlling interests	¥6,021	¥7,730	\$57,892
Adjustment for:			
Depreciation and amortization	1,904	1,800	13,487
Impairment losses	413	3	30
Increase (decrease) in allowance for possible loan losses	167	859	6,438
Increase (decrease) in provision for bonuses	604	123	923
Increase (decrease) in accrued bonuses to directors and corporate auditors	(3)	(3)	(26)
Decrease (increase) in net defined benefit asset	(1,419)	(1,507)	(11,293)
Increase (decrease) in reserve for directors' and corporate auditors' retirement benefits	4	(0)	(2)
Increase (decrease) in reserve for reimbursement of deposits	(45)	69	522
Increase (decrease) in reserve for contingent losses	(10)	31	237
Interest income recognized on consolidated statements of income	(27,774)	(32,358)	(242,329)
Interest expenses recognized on consolidated statements of income	370	1,466	10,982
Losses (gains) on investment securities	2,743	2,899	21,715
Losses (gains) on investments in money held in trust	(157)	149	1,120
Foreign exchange losses (gains) – net	(14,156)	(18,276)	(136,874)
Losses (gains) on disposal of premises and equipment	189	(12)	(96)
Net decrease (increase) in loans and bills discounted	(62,914)	(241,605)	(1,809,376)
Net increase (decrease) in deposits	70,049	40,653	304,452
Net increase (decrease) in negotiable certificates of deposit	2,062	(2,700)	(20,227)
Net increase (decrease) in borrowed money	168,249	(170,403)	(1,276,143)
Net decrease (increase) in due from banks (excluding cash equivalents)	(105)	(88)	(661)
Net decrease (increase) in call loans	13,743	(4,168)	(31,215)
Net increase (decrease) in payables under securities lending transactions	58,754	64,214	480,902
Net decrease (increase) in foreign exchanges (assets)	(2,308)	3,304	24,744

	Millions of Yen		Thousands of U.S. Dollars
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	FY2022 (From April 1, 2022 to March 31, 2023)
Net increase (decrease) in foreign exchanges (liabilities)	908	(614)	(4,601)
Net increase (decrease) in central clearing counterparty margin requirement	20,000	23,000	172,246
Interest income (cash basis)	28,566	33,155	248,298
Interest expenses (cash basis)	(387)	(1,475)	(11,054)
Other – net	4,320	1,738	13,016
Total adjustments	269,791	(292,015)	(2,186,891)
Income taxes paid	(1,812)	(1,859)	(13,927)
Net cash provided by (used in) operating activities	267,979	(293,875)	(2,200,818)
Investing activities:			
Purchases of investment securities	(553,605)	(277,802)	(2,080,449)
Proceeds from sales of investment securities	338,476	458,604	3,434,471
Proceeds from redemption of investment securities	104,444	124,411	931,711
Increase of money held in trust	—	(5,632)	(42,181)
Proceeds from decrease of money held in trust	152	0	2
Purchases of premises and equipment	(1,039)	(820)	(6,145)
Proceeds from sales of premises and equipment	119	185	1,390
Purchases of intangible fixed assets	(616)	(1,384)	(10,365)
Net cash provided by (used in) investing activities	(112,069)	297,562	2,228,434
Financing activities:			
Dividends paid	(1,117)	(1,341)	(10,049)
Payment of dividends to non-controlling interests	(1)	(1)	(13)
Repurchases of treasury stock	(0)	(1,000)	(7,490)
Proceeds from sales of treasury stock	0	—	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(291)	(2,186)
Net cash provided by (used in) used in financing activities	(1,120)	(2,635)	(19,738)
Foreign currency transaction adjustments on cash and cash equivalents	4	(0)	(7)
Net increase (decrease) in cash and cash equivalents	154,794	1,050	7,870
Cash and cash equivalents, beginning of year	740,447	895,241	6,704,422
Cash and cash equivalents, end of year*1	¥895,241	¥896,292	\$6,712,292

[Notes to Consolidated Financial Statements]

Important items used as basis for preparing consolidated financial statements

1. Items relating to scope of consolidation

- (1) Number of 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 based on the moving-average method (straight-line method), and available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value (cost of securities sold is computed by the moving-average method). Available-for-sale securities without fair values are stated at cost determined by the moving-average method.
Valuation differences on available-for-sale securities are reported as a separate component of net assets.
 - 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 one 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 one 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 three 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 three 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 three 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 three 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 one 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 one 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.
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- (6) Provision for bonuses
Provision for bonuses is 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) Standards for recording significant revenue and expenses
Revenue from contracts with customers to which the accounting standard for revenue recognition applies is recognized when (or as) the customer obtains the benefit and the performance obligation (provision of services) is satisfied.
- (13) Foreign currency items
Foreign currency assets and liabilities are translated into yen at the exchange rates prevailing at the balance sheet date.
- (14) Lease transactions
(Lessor)
Revenues and cost of revenues of finance lease transactions are recognized when lease payments are made.
- (15) 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.

(16) 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.

(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, 2023

From April 1, 2022 to March 31, 2023	(Millions of yen)
Allowance for possible loan losses	¥12,567

(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 are set based on information available to the Bank. In particular, for debtors whom the Bank supports in business improvement, the Bank determines the category of a debtor based on its future prospects, including earnings projections, the reasonableness and feasibility of its business improvement plan or the prospect of formulating a reasonable and feasible business improvement plan (hereinafter “effective business improvement plan”). Business improvement plans are prepared based on various assumptions and data. The Bank comprehensively judges the reasonableness and feasibility of those assumptions and data by considering factors such as the debtor's financial status, the business environment of the debtor's industry, the effects of various measures in the business improvement plan, the past record of progress, and the outlook for achieving goals. In cases where the debtor is in the process of formulating a business improvement plan as of the end of the fiscal year, the Bank determines the debtor category by assessing the likelihood of the debtor formulating an effective business improvement plan while taking into consideration the debtor's willingness to formulate such a plan and the resources available for rebuilding.

(B) The economy has been gradually improving, although the impact of COVID-19 will continue for the time being. The extensive reach of various COVID-19 countermeasures and the widespread adoption of vaccines are expected to continue to drive a sustained economic recovery, as the response to the infectious disease becomes more compatible with socioeconomic activities. In addition, the Bank assumes that during this period, the economic policies by national and local governments, support from financial institutions and other assistance for industries that have been severely impacted will continue. In the fiscal year ended March 31, 2023, 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, 2022 (Important Accounting Estimates).

(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 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 compatibility of the response to the infectious disease and socioeconomic activities does not work as anticipated; or if the effects of economic policies of the national and local governments, support from financial institutions and other assistance do not materialize as anticipated. 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.

(Changes in Accounting Standards)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Bank has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") for its consolidated financial statements from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This does not affect the consolidated financial statements.

The Bank does not present notes pertaining to the previous fiscal year on investment trusts in fair value information by level within the fair value hierarchy in the notes on financial instruments in accordance with Paragraph 27-3 of the Fair Value Measurement Guidance.

(Unapplied Accounting Standards, etc.)

• "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)

(1) Overview

This standard stipulates the classification of income taxes when applied to other comprehensive income.

(2) Scheduled adoption date

Scheduled to be adopted from the beginning of the fiscal year ending March 31, 2025.

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

The amount of the impact is currently under evaluation.

(Relating to Consolidated Balance Sheets)

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

As of March 31, 2023	(Millions of yen)
Investments	¥733

*2 Claims to be disclosed under the Banking Act and Act on Emergency Measures for the Revitalization of the Financial Functions are included in the following accounts in the consolidated balance sheet: corporate bonds (limited to those whose principal and interest are fully or partially secured and issued under private placements as permitted in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) under "Securities," loans and bills discounted, foreign exchange, accrued interest, suspense payments under "Other assets," including customer liability for acceptances and guarantees.

As of March 31, 2023	(Millions of yen)
Distressed claims and equivalents	¥9,269
Claims with risk	12,653
Claims three or more months past due	0
Restructured loans for which the Bank has relaxed lending conditions	4,214
Total	26,138

Distressed claims and equivalents represent loans to debtors in bankruptcy procedures including the commencement of bankruptcy proceedings, reorganization proceedings, rehabilitation proceedings, and other similar claims.

Claims with risk represent loans other than distressed claims and equivalents for which the debtors have not yet entered into bankruptcy but their financial condition and business performance have deteriorated, and therefore, it is highly probable that the principal and interest cannot be collected in accordance with the contracts.

Claims three or more months past due represent loans whose principal or interest payments are three or more months past due but are not classified as distressed claims and equivalents or claims with risk.

Restructured loans for which the Bank has relaxed lending conditions represent loans on which certain concessions favorable to debtors, including reductions or waivers of interest, deferred payment of principal or interest, and debt forgiveness, are granted but are not classified as distressed claims and equivalents, claims with risk, or claims three or more months past due.

The above claim amounts are before deducting allowances for possible loan losses.

*3 Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24, March 17, 2022, "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, 2023	(Millions of yen)
	¥3,678

*4 Assets pledged as collateral were as follows:

As of March 31, 2023	(Millions of yen)
Assets pledged as collateral	
Investment securities	¥433,293
Loans and bills discounted	186,822
Liabilities related to pledged assets	
Deposits	10,209
Payables under securities lending transactions	135,184
Borrowed money	458,200

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

As of March 31, 2023	(Millions of yen)
Central clearing counterparty margin requirements	¥17,000
Cash collateral paid for financial instruments	480
Guarantee deposits	208

*5 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, 2023	(Millions of yen)
Lease contract assets	¥665
Corresponding borrowed money	477

*6 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, 2023 were as follows:

As of March 31, 2023	(Millions of yen)
Total amount of unused commitments as of the end of the period:	¥448,582
Amount of unused commitments whose original contract terms were within one year or unconditionally cancelable at any time	413,872

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.

*7 Accumulated depreciation of tangible fixed assets

As of March 31, 2023	(Millions of yen)
Total amount of accumulated depreciation	¥34,489

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

As of March 31, 2023	(Millions of yen)
Deferred gains	¥740
(Reduction entry amount for the consolidated fiscal year)	(—)

*9 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, 2023	(Millions of yen)
	¥8,433

(Relating to Consolidated Statements of Income)

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

From April 1, 2022 to March 31, 2023	(Millions of yen)
Gain on sales stock	¥6,428

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

From April 1, 2022 to March 31, 2023	(Millions of yen)
Salary allowance	¥10,995

*3 "Other ordinary expenses" include the following:

From April 1, 2022 to March 31, 2023	(Millions of yen)
Loss on sales of equity securities	¥120
Loss on devaluation of stocks and other securities	50

*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, 2022 to March 31, 2023				(Millions of yen)
Location	Use	Category	Total impairment loss	
Yamanashi Prefecture	Idle assets	Land	¥0	
Outside Yamanashi Prefecture	Operating assets	Land and other tangible fixed assets	2	
Total	—	—	¥3	

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.

All of the recoverable amounts for the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023 represent net selling prices.

(Relating to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustment and tax effect related to comprehensive income

From April 1, 2022 to March 31, 2023	(Millions of yen)
Valuation difference on available-for-sale securities:	
Difference arising during the fiscal year	¥(33,067)
Reclassification adjustment to profit and loss	2,302
Amount before income tax effect	(30,764)
Income tax effect	9,428
Valuation difference on available-for-sale securities	(21,335)
Deferred gains or losses on hedges:	
Difference arising during the fiscal year	—
Reclassification adjustment to profit and loss	—
Amount before income tax effect	—
Income tax effect	—
Gains or losses on deferred hedges	—
Remeasurements of defined benefit plans	
Gains (losses) arising during the fiscal year	144
Reclassification adjustment to profit and loss	585
Amount before income tax effect	729
Income tax effect	(222)
Remeasurements of defined benefit plans	507
Total other comprehensive income	¥(20,828)

(Relating to Consolidated Statements of Changes in Net Assets)

From April 1, 2022 to March 31, 2023

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

	(Thousands of shares)				Remarks
	Number of shares at the beginning of FY2022	Increase in number of shares during FY2022	Decrease in number of shares during FY2022	Number of shares at the end of FY2022	
Shares outstanding					
Common stock	32,783	—	—	32,783	
Treasury stock					
Common stock	807	891	36	1,662	Notes

Notes: 1. The breakdown of the increase in treasury shares during the fiscal year under review is as follows:

Increase due to the purchase of treasury shares by resolution of the Board of Directors: 891 thousand shares

Increase due to the demand for purchase of shares less than one unit: 0 thousand shares

2. The decrease in the number of treasury shares during the fiscal year under review is due to the allotment of restricted 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 FY2022 (Millions of yen)	
			Beginning of FY2022	FY2022			End of FY2022
				Increase	Decrease		
The Bank	Stock options as share subscription rights		—			¥109	
Total			—			¥109	

3. Items relating to dividends

(1) Dividend paid during FY2022

(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, 2022	Common stock	¥719	¥22.50	March 31, 2022	June 27, 2022
Board of Directors' Meeting on November 11, 2022	Common stock	622	20.00	September 30, 2022	December 5, 2022

(2) Dividends whose reference date falls in the current fiscal year, but where the effective date of dividend occurs after the end of FY2022.

(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 27, 2023	Common stock	¥778	Retained earnings	¥25.00	March 31, 2023	June 28, 2023

(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, 2023, is as follows:

From April 1, 2022 to March 31, 2023	(Millions of yen)
Cash and due from banks	¥896,640
Due from banks, excluding due from Bank of Japan	(348)
Cash and cash equivalents	¥896,292

(Relating to Lease Transactions)

Finance leases

(Lessor)

1. Details of net investment in leases for the year ended March 31, 2023 are as follows:

As of March 31, 2023	(Millions of yen)
Gross lease receivables	¥7,966
Estimated residual value	180
Unearned interest income	(750)
Net investment in leases	¥7,396

2. Expected amounts from the collection of gross lease receivables and net investment in leases for the year ended March 31, 2023 are as follows:

	As of March 31, 2023 (Millions of yen)	
	Gross lease receivables	Net investment in leases
1 year or less	¥85	¥2,681
1 to 2 years	85	2,010
2 to 3 years	78	1,479
3 to 4 years	63	929
4 to 5 years	51	485
Over 5 years	438	380
Total	¥802	¥7,966

(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 trading securities, as well as domestic and foreign exchange operations, corporate bond underwriting, over-the-counter sales of public bonds such as Japanese government bonds, investment trusts and insurance, and various consulting services. 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 as a response to the diverse investment and financing needs of customers, hedges against interest rate risk or the risk of exchange fluctuations and may involve transactions such as interest rate swaps, coupon swaps, forward exchanges or currency swaps. However, we do not conduct transactions which have complicated structures and are speculative. 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 a market predictive report that the market 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.

(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) *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 ¥50,173 million as of March 31, 2023 compared with ¥61,263 million as of the end of the previous fiscal year. The VaR of trading account securities amounted to ¥0 million. (Previous 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*

Certain assumptions are used in measuring the fair value of financial instruments. Accordingly, the results of such measurements may vary if different assumptions are used.

2. Fair Values of Financial Instruments

The carrying amount, fair value and the difference between the two for financial instruments are shown below. Stocks, etc. with no market price and investments in partnerships are not included in the table (see Note 1). For cash and due from banks, call loans and bills purchased, foreign exchanges (assets/liabilities), central clearing counterparty margin requirement, and payables under securities lending transactions, the disclosure is omitted since their fair value approximates their carrying amount due to short maturity.

As of March 31, 2023		(Millions of yen)	
	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Securities			
Held-to-maturity	¥11,267	¥11,152	¥(115)
Available-for-sale securities ^{*1}	1,075,772	1,075,772	—
(2) Loans and bills discounted	2,290,653		
Accrued income (Interest on loans)	1,028		
Deferred income (Interest on loans and guarantee charge) ^{*2}	(2,722)		
Allowance for possible loan losses ^{*3}	(12,257)		
	2,276,702	2,267,323	(9,379)
Total assets	¥3,363,742	¥3,354,248	¥(9,494)
(1) Deposits	¥3,499,929		
Accrued expenses (Interest on deposits)	131		
	¥3,500,061	¥3,500,101	¥40
(2) Negotiable certificates of deposits	47,723		
Accrued expenses (Interest on NCDs)	0		
	47,723	47,724	0
(3) Borrowed money	458,677	458,679	1
Total liabilities	¥4,006,462	¥4,006,504	¥42
Derivatives ^{*4}			
Hedge accounting is not applied	¥(1,140)	¥(1,140)	¥—
Hedge accounting is applied	—	—	—
Total derivatives	¥(1,140)	¥(1,140)	¥—

*1 Available-for-sale securities include investment trusts where the net asset value is deemed as fair value by applying the treatment in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021).

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

*3 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.

*4 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) The consolidated balance sheet amounts for stocks, etc. with no market price and contributions to unions, etc. are as follows and are not included under "available-for-sale securities" in fair value financial instruments.

As of March 31, 2023		(Millions of yen)
		Carrying amount
Stocks, etc. with no market price ^{*1, *2}		¥694
Contributions to unions ^{*3}		¥6,147

*1 Stocks, etc. with no market price are not subject to fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

*2 Classified as available-for-sale securities; in the current consolidated fiscal year, an impairment loss of ¥7 million was recognized.

*3 Contributions to unions are not subject to fair value disclosure in accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(Note 2) Maturity analysis for monetary claims and securities with contractual maturities

As of March 31, 2023		(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	¥870,321	¥—	¥—	¥—	¥—	¥—	
Securities	71,283	78,748	116,884	127,199	157,562	111,081	
Held-to-maturity	2,574	4,416	1,234	209	2,840	—	
Municipal bonds	—	—	—	—	2,840	—	
Corporate bonds	2,574	4,416	1,234	209	—	—	
Available-for-sale securities that have maturities	68,709	74,332	115,650	126,990	154,722	111,081	
Japanese government bonds	14,000	12,000	20,400	14,000	38,000	55,000	
Municipal bonds	35,950	55,159	63,765	75,350	49,469	46,631	
Corporate bonds	9,143	7,172	31,484	37,640	35,560	9,450	
Others	9,614	—	—	—	31,692	—	
Loans and bills discounted ^{*1}	306,625	401,436	386,983	296,829	313,331	428,422	
Central clearing counterparty margin requirement ^{*2}	17,000	—	—	—	—	—	
Total	¥1,265,230	¥480,184	¥503,867	¥424,029	¥470,893	¥539,503	

*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 ¥21,881 million, is not included in the above table. Loans that do not have contractual maturities, amounting to ¥134,978 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 3) Maturity analysis for interest-bearing debt

As of March 31, 2023

(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*	¥3,106,252	¥212,985	¥55,870	¥—	¥—	¥—
Negotiable certificates of deposit	47,723	—	—	—	—	—
Payables under securities lending transactions	135,184	—	—	—	—	—
Borrowed money	24,781	205,199	228,696	—	—	—
Total	¥3,313,941	¥418,185	¥284,567	¥—	¥—	¥—

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

3. Fair value of financial instruments breakdown by level

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of the inputs used to measure fair value.

Fair value level 1: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Fair value level 2: Fair value measured using observable inputs other than those in level 1.

Fair value level 3: Fair value measured using unobservable inputs.

If multiple inputs that are significant to the fair value measurement are used, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value in the consolidated balance sheets

As of March 31, 2023

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Japanese government bonds, municipal bonds, etc.	¥152,901	¥321,182	—	¥474,083
Corporate bonds	—	129,061	—	129,061
Equity securities	50,317	—	—	50,317
Investment trusts	86,335	265,980	—	352,316
Foreign bonds	8,834	27,802	—	36,637
Foreign stocks	14	—	—	14
Derivative transactions				
Interest-related	—	223	—	223
Currency-related	—	661	—	661
Total assets	¥298,402	¥744,912	—	¥1,043,315
Derivative transactions				
Interest-related	—	¥164	—	¥164
Currency-related	—	1,860	—	1,860
Total liabilities	—	¥2,025	—	¥2,025

* Securities do not include investment trusts where the net asset value is deemed as fair value by applying the treatment in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment in Paragraph 24-3 is applied amounted to ¥21,020 million, and that to which the treatment in Paragraph 24-9 is applied amounted to ¥12,321 million.

(i) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-3 is applied

(Millions of yen)

Balance at beginning of year	Profit or loss or other comprehensive income for the period		Net amount of purchase, sale, and redemption	Amount of net asset value of investment funds determined to be deemed fair value	Amount of net asset value of investment funds determined not to be deemed fair value	Balance at end of year	Unrealized gains (losses) on investment trusts held at the balance sheet date recognized in profit or loss for the period
	Recognized in profit or loss	Recognized in other comprehensive income					
15,573	—	(552)	6,000	—	—	21,020	—

(ii) Reconciliation from the beginning balance to the ending balance for the fiscal year of the investment trusts to which the treatment in Paragraph 24-9 is applied

(Millions of yen)

Balance at beginning of year	Profit or loss or other comprehensive income for the period		Net amount of purchase, sale, and redemption	Amount of net asset value of investment funds determined to be deemed fair value	Amount of net asset value of investment funds determined not to be deemed fair value	Balance at end of year	Unrealized gains (losses) on investment trusts held at the balance sheet date recognized in profit or loss for the period
	Recognized in profit or loss	Recognized in other comprehensive income					
11,988	—	335	(2)	—	—	12,321	—

(iii) Breakdown by item of restrictions on cancellation or repurchase requests as of the consolidated balance sheet date

(Millions of yen)

Principal restrictions on cancellation or repurchase	Consolidated balance sheet amount
Items that require several months for cancellation from application to refund	21,020

(2) Financial instruments other than those measured at fair value in the consolidated balance sheets

As of March 31, 2023

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities				
Municipal bonds	—	¥2,752	¥—	¥2,752
Corporate bonds	—	—	8,399	8,399
Loans and bills discounted	—	—	2,267,323	2,267,323
Total assets	—	¥2,752	¥2,275,723	¥2,278,476
Deposits	—	¥3,500,101	—	¥3,500,101
Negotiable certificates of deposit	—	47,724	—	47,724
Borrowed money	—	458,679	—	458,679
Total liabilities	—	¥4,006,504	—	¥4,006,504

(Note 1) Description of valuation techniques and inputs used for fair value measurement

Assets

Securities

Securities for which unadjusted quoted prices in active markets are available are classified as fair value level 1. Such securities mainly include listed equity securities, listed investment trusts, and government bonds.

Even if available quoted prices are used, securities are classified as fair value level 2 when the relevant markets are not active. Such securities mainly include municipal bonds and corporate bonds. For investment trusts for which no quoted market prices are available, the net asset value is used as fair value if there are no material restrictions that would require compensation for the risk from the market participants with respect to cancellation or repurchase requests, and their fair values are classified as level 2.

When quoted prices are not available, the fair value is measured by using valuation techniques such as the present value technique discounting future cash flows. Observable inputs are used in the valuation to the maximum extent possible. Inputs include TIBOR, government bond yields, credit spreads, and probability of default. When significant unobservable inputs are used for the measurement, the fair value is classified as level 3.

Loans

The fair value of loans is measured by discounting the aggregate value of principal and interest at the market interest rate that reflects credit risks, etc. for each category based on the type of loan, internal rating, and maturity. Loans with floating interest rates reflect the market interest rates in the short-term; thus, the acquisition cost or amortized cost is used as the fair value of those loans as the fair value approximates the acquisition cost or amortized cost where the credit situation of the borrowers does not vary significantly after executing the loans. With respect to claims on borrowers in legal bankruptcy, virtual bankruptcy, or possible bankruptcy, the fair value is measured at the discounted present value of estimated future cash flows or the discounted present value of estimated collectible amounts through collateral or guarantee. Such fair value is classified as level 3.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits payable immediately on demand as of the consolidated balance sheet date, the fair value is measured at the amount payable. The fair value of time deposits and negotiable certificates of deposit is measured at the discounted present value of future cash flows based on each category during a certain period of time. Market rates are used to discount future cash flows. For deposits with short maturities (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount. The said fair value is classified as level 2.

Borrowed money

The fair value of borrowed money is measured at the present value calculated by discounting the aggregate amount of principal and interest at the interest rate that reflects the remaining period of each borrowing and its credit risk based on each category during a certain period of time. Of which, borrowed money with floating interest rates reflects the market interest rates in the short-term, and the credit status of the Bank and its consolidated subsidiaries has not significantly been changed after the execution of the borrowings; thus, the carrying amount is presented as the fair value since it is deemed that the fair value approximates the carrying amount. For borrowed money with short contractual terms (less than one year), the carrying amount is presented as the fair value since the fair value approximates the carrying amount. The said fair value is classified as level 2.

Derivative transactions

Since derivative transactions are over-the-counter transactions without published quoted prices, their fair values are measured using the present value technique depending on the type of transaction and the maturity period. The main inputs used in those valuation techniques are interest rate and exchange rate, among others. The said fair value is classified as level 2.

(Note 2) Information on financial instruments carried at fair value level 3 in the consolidated balance sheets

Not applicable.

(Relating to Securities)

*1 In addition to including the "Securities" listed on the Consolidated Balance Sheet, 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, 2023 (Millions of yen)

	Unrealized gains/losses recognized as income
Trading securities	¥ —

2. Held-to-maturity debt securities

As of March 31, 2023 (Millions of yen)

	Type	Carrying amount in consolidated balance sheets	Fair value	Differences
Fair value exceeded carrying amount:	Municipal bonds	¥ —	¥ —	¥ —
	Corporate bonds	1,415	1,417	2
	Sub-total	1,415	1,417	2
Fair value not exceeded carrying amount:	Municipal bonds	2,834	2,752	(81)
	Corporate bonds	7,018	6,982	(35)
	Sub-total	9,852	9,735	(117)
Total		¥11,267	¥11,152	¥(115)

3. Available-for-sale securities

As of March 31, 2023

(Millions of yen)

	Type	Fair value in consolidated balance sheets	Cost	Valuation differences
Fair value exceeded cost:	Japanese stocks	¥45,443	¥15,637	¥29,806
	Bonds total	115,531	114,006	1,524
	Japanese Government bonds	58,225	57,184	1,041
	Japanese municipal bonds	23,339	22,962	377
	Japanese corporate bonds	33,965	33,859	106
	Other securities	72,579	70,447	2,131
	Investment trusts	72,564	70,433	2,131
	Foreign bonds	—	—	—
	Foreign stocks	14	14	—
		Sub-total	233,554	200,091
Fair value not exceeded cost:	Japanese stocks	4,873	5,621	(747)
	Bonds total	487,614	501,259	(13,645)
	Japanese Government bonds	94,675	99,014	(4,338)
	Japanese municipal bonds	297,842	304,513	(6,670)
	Japanese corporate bonds	95,095	97,732	(2,636)
	Other securities	349,730	374,389	(24,659)
	Investment trusts	313,093	334,854	(21,760)
	Foreign bonds	36,637	39,535	(2,898)
	Foreign stocks	—	—	—
		Sub-total	842,218	881,270
Total		¥1,075,772	¥1,081,362	¥(5,589)

4. Held-to-maturity debt securities sold

From April 1, 2022 to March 31, 2023

(Millions of yen)

Type	Cost of securities sold	Sales costs	Gain (loss) on sale
Japanese corporate bonds	¥—	¥—	¥—

(Reason for sale) Retirement by purchase

5. Available-for-sale securities sold

From April 1, 2022 to March 31, 2023

(Millions of yen)

Type	Sales costs	Gross realized gains	Gross realized losses
Japanese stocks	¥10,032	¥5,478	¥30
Bonds total	145,645	2,268	147
Japanese Government bonds	122,489	2,240	96
Japanese municipal bonds	23,156	27	50
Japanese corporate bonds	—	—	—
Other securities	241,060	4,790	15,207
Investment trusts	81,620	4,783	130
Foreign bonds	159,440	6	15,077
Foreign stocks	—	—	—
Total	¥396,738	¥12,536	¥15,385

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 (excluding stocks, etc. with no market price and contributions to unions), 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.

The amount of impairment losses for the fiscal year under review was ¥42 million (including ¥7 million for Japanese stocks and ¥35 million for foreign stocks).

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

- (1) Cross-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, 2023

(Millions of yen)

	Balance sheet amount	Valuation difference included in consolidated gains or losses
Money held in trust for investment	¥9,999	¥(0)

2. Money held in trust to maturity

Not applicable

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

As of March 31, 2023

	Consolidated balance sheet amount (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)	Those whose consolidated balance sheet amount exceeds the acquisition cost (Millions of yen)	Those whose consolidated balance sheet amount does not exceed the acquisition cost (Millions of yen)
Other money held in trust	475	475	—	—	—

(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, 2023	(Millions of yen)
	Amounts
Valuation difference	¥(5,539)
Other securities	(5,539)
Deferred tax assets	1,788
Deferred tax liabilities	—
Net unrealized gains (before non-controlling interests)	(3,750)
Non-controlling interests	314
Net unrealized gains on available-for-sale securities	¥(4,065)

(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 are as follows. Contract or Notional Amounts do not show market risk of derivative instruments.

(1) Interest-related derivative instruments

As of March 31, 2023 (Millions of yen)

	Type	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Financial instruments exchange	Interest rate futures				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Interest rate options				
OTC	Sold	—	—	—	—
	Buy	—	—	—	—
	Interest rate forward contracts				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Interest rate swaps				
	Fixed receipt and variable interest payment	¥4,558	¥4,558	¥(164)	¥(164)
	Variable receipt and fixed interest payment	4,558	4,558	223	223
	Variable receipt and variable interest payment	—	—	—	—
	Interest rate options				
	Sold	—	—	—	—
	Buy	—	—	—	—
Other					
Sold	—	—	—	—	
Buy	—	—	—	—	
Total		¥—	¥—	¥58	¥58

Note: Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

(2) Currency-related derivative instruments

As of March 31, 2023

(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				
OTC	Sold	—	—	—	—
	Buy	—	—	—	—
	Currency swaps	¥73,976	¥73,976	¥(864)	¥(864)
	Forward rate agreements				
	Sold	39,175	—	(796)	(796)
	Buy	29,042	—	462	462
	Currency options				
	Sold	—	—	—	—
	Buy	—	—	—	—
	Other				
	Sold	—	—	—	—
	Buy	—	—	—	—
Total		¥—	¥—	¥(1,198)	¥(1,198)

Note: Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

(3) Share-related transactions

Not applicable

(4) Liability-related transactions

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 contract amount or notional principal amount determined in the contract and fair value as of the consolidated balance sheet date for each type of transaction and hedge accounting method are as follows. Furthermore, the contract amount itself does not indicate the market risk associated with the derivative transaction.

(1) Interest-rate related transaction

Not applicable

(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, 2022 to March 31, 2023		(Millions of yen)
Retirement benefit obligations at beginning of year		¥31,058
Service cost		1,025
Interest cost		117
Actuarial gains and losses		296
Retirement benefits payment		(1,313)
Past service cost		—
Other		—
Retirement benefits obligations at end of year		¥31,184

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

From April 1, 2022 to March 31, 2023		(Millions of yen)
Pension assets at beginning of year		¥39,420
Expected return on plan assets		1,082
Actuarial gains and losses		440
Employer's contribution		890
Retirement benefits payment		(780)
Other		—
Pension assets at end of year		¥41,053

(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, 2023		(Millions of yen)
Retirement benefits obligations of funded plan		¥31,184
Pension assets		(41,053)
		(9,869)
Retirement benefits obligations of unfunded plans		—
Assets and liabilities recorded in consolidated balance sheets, net		¥(9,869)

		(Millions of yen)
Liability of retirement benefits		—
Assets of retirement benefits		¥(9,869)
Liabilities and assets recorded in the consolidated balance sheets, net		¥(9,869)

(4) Breakdown of retirement benefit costs

From April 1, 2022 to March 31, 2023		(Millions of yen)
Service cost		¥1,025
Interest cost		117
Expected return on plan assets		(1,082)
Actuarial gains and losses recorded in expenses		592
Past service costs recorded in expenses		(7)
Other		—
Retirement benefit costs of defined benefit plan		¥645

(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, 2022 to March 31, 2023		(Millions of yen)
Past service costs		¥7
Actuarial gains and losses		(736)
Other		—
Retirement benefit costs of defined benefit plan		¥(729)

(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, 2023		(Millions of yen)
Unrecognized past service costs		¥(31)
Unrecognized actuarial gains and losses		1,578
Other		—
Retirement benefit costs of defined benefit plan		¥1,546

(7) Pension assets

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

As of March 31, 2023		(Millions of yen)
Stocks		29%
Bonds		21
Life insurance general account		13
Other		37
Total		100%

Note: Included in total pension assets is 15% (compared with 11% in the previous fiscal year) for retirement benefit trusts established in the corporate pension plan, and 25% (compared with 28% 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, 2022 to March 31, 2023

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 ¥208 million compared with ¥202 million as of the end of the previous fiscal year.

(Stock Options and Other Related Information)**1. Accounting line item and the amount of stock options charged as expenses**

From April 1, 2022 to March 31, 2023

(Millions of yen)

General and administrative expenses	¥42
-------------------------------------	-----

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, 2023.
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, 2023. 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, 2020	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Balance of stock options not vested	—	—	—	—
Stock options which have already been vested (shares):				
As of March 31, 2020	6,060	6,400	6,120	17,900
Vested	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Balance of stock options not exercised	6,060	6,400	6,120	17,900

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)	—	—	—	—
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/Changes in the size of restricted stock

(1) Description of restricted stock

	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	840 yen

	Granted on August 5, 2021
Category and number of people to whom restricted stock compensation was granted	The Bank's directors (excluding outside directors): 6 The Bank's executive officers: 12
Type and number of shares granted	Common stock: 51,500 shares
Grant date	August 5, 2021
Eligible service period	The period from the Bank's 118th Annual General Meeting of Shareholders to its 119th Annual General Meeting of Shareholders, which is scheduled to be held in June 2022 (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors).
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 (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors), 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	821 yen

	Granted on July 29, 2022
Category and number of people to whom restricted stock compensation was granted	The Bank's directors (excluding outside directors): 6 The Bank's executive officers: 12
Type and number of shares granted	Common stock: 36,600 shares
Grant date	July 29, 2022
Eligible service period	The period from the Bank's 119th Annual General Meeting of Shareholders to its 120th Annual General Meeting of Shareholders, which is scheduled to be held in June 2023 (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors).
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 (for executive officers, the period from the date of appointment to the date of retirement as determined by the board of directors), 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	1,156 yen

(2) Changes in the size of restricted stock

	Granted on August 7, 2020	Granted on August 5, 2021	Granted on July 29, 2022
Prior to removal of transfer restrictions (shares)			
End of previous consolidated fiscal year	32,700	51,500	—
Granted	—	—	36,600
Acquired without compensation	—	—	—
Removal of transfer restrictions	4,000	4,200	—
Balance with restrictions left in place	28,700	47,300	36,600

(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, 2023 (Millions of yen)

Deferred tax assets:	
Net defined benefit liability	¥3,481
Allowance for possible loan losses	3,036
Unrealized gains on available-for-sale securities	2,284
Losses on investment securities	1,516
Depreciation	454
Other	2,558
Sub-total	13,332
Valuation allowance	(4,862)
Total deferred tax assets	8,469
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	(495)
Other	(2,545)
Total deferred tax liabilities	(3,041)
Net deferred tax assets (liabilities)	¥5,427

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, 2023

Normal effective statutory tax rate	30.4%
Valuation allowance	3.0
Income not taxable for income tax purposes	(1.2)
Expenses not deductible for income tax purposes	0.3
Other – net	0.3
Actual effective tax rate	32.8%

(Relating to Asset Retirement Obligations)

Not applicable

(Relating to Investment and Rental Property)

Not applicable

(Relating to Revenue Recognition)

(Millions of yen)

Classification	Consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Fees and commissions	10,949
Deposits and loans business	4,184
Foreign exchange business	1,604
Securities-related business	1,115
Agency business	2,267
Custody and safety deposit box business	228
Guarantee business	307

The above table also includes revenues based on ASBJ Statement No. 10, "Accounting Standard for Financial Instruments."

(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, 2022 to March 31, 2023

1. Information for service segment

(Millions of yen)

	Loans	Securities investment	Other	Total
Ordinary income from customers	¥21,029	¥25,131	¥14,391	¥60,552

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 statement 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 statement 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 statement 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, 2022 to March 31, 2023

(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	¥155
							Interest income	1	—	—
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	¥3	Loans	¥12
							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, 2022 to March 31, 2023

(Yen)

Net assets per share	¥6,129.98
Profit per share	161.78
Diluted net income per share	161.45

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

From April 1, 2022 to March 31, 2023

(Millions of yen)

Profit per share	
Profit attributable to shareholders of the parent	¥5,061
Amount not attributable to owners of common stock	—
Profit attributable to shareholders of the parent related to common stock	5,061
Average balance of common stock (Thousands of shares)	31,287
Diluted profit per share	
Adjustment amount of profit attributable to shareholders of the parent	¥—
Increase in the number of common stock (Thousands of shares)	64
New share subscription rights (Thousands of shares)	64



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