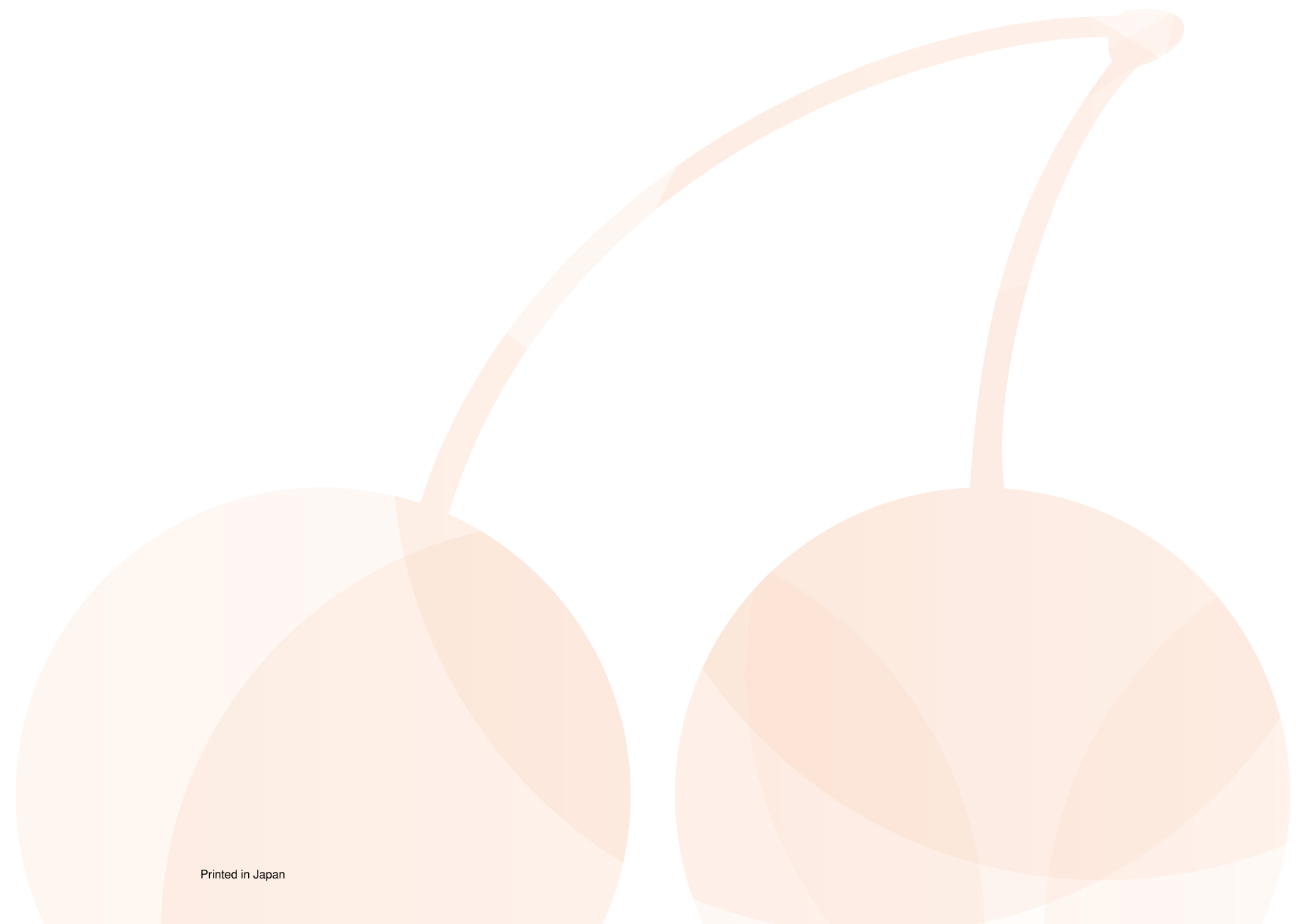


ANNUAL REPORT 2013

Year Ended March 31, 2013



Corporate Profile

Together with the region

The Yamagata Bank Ltd. (the "Bank") believes that contributing to the development of the regional economy and community through diverse activities is the fulfillment of its corporate social responsibility (CSR) as a regional bank. The Bank is aiming to raise corporate value by fulfilling its CSR and to be a valuable bank for the region which is the driving force of the new era.

Present local conditions

Yamagata Prefecture, located in the southern Tohoku, has a population of 1,150 thousands and the fifth largest economy of Tohoku region. The economy of Yamagata Prefecture is decentralized and of the multipolarization type, rather than a concentrated monopolar type. There are four areas of characteristic economy and culture in the Yamagata Prefecture, named the Murayama area, which is around the capital city, Yamagata City; the Okitama area in the south; the Mogami area in the north, and the Shonai area, which is the only area facing the sea.

Yamagata Prefecture is adjacent to Miyagi Prefecture, of which capital city, Sendai City, is the largest city in Tohoku region. For this reason, the brick interaction, called "Senzan Zone Interaction", between Yamagata City and Sendai City, contribute to their mutual development of economy and culture. In the aftermath of the Great East Japan Earthquake, Yamagata City acted as the base for the personal and material support for Sendai City, which suffered immense damage in the earthquake.

Representative industries of Yamagata Prefecture are agriculture and manufacturing. The main products of agriculture are rice, cherries of top production in Japan, and "La France" pears. The key products of manufacturing are electronic components and devices, information and communication equipment. Every product made in Yamagata Prefecture is considered to be of quality, thanks to the diligent workers and constant spirit of craftsmanship since the time of traditional industrial. Moreover, the prefecture is attractive to tourists for rich natural environment, which is possesses four distinct seasons and many hot springs.

However, while the aging population continues, it is indispensable to create new economic vitality. Therefore, diverse projects are activated to establish next generation industry, including creation of a sixth industry derived from agriculture, the promotion of organic electro-luminescence lighting, and the formation of bio-industries.



Kichishige Hasegawa
President

CONTENTS

Financial Highlights and Ratios.....	1
Message from Management	2
Review of Operations	4
Corporate Data	5
Financial Statements	6

The Yamagata Bank, Ltd., and Consolidated Subsidiaries Financial Highlights and Ratios

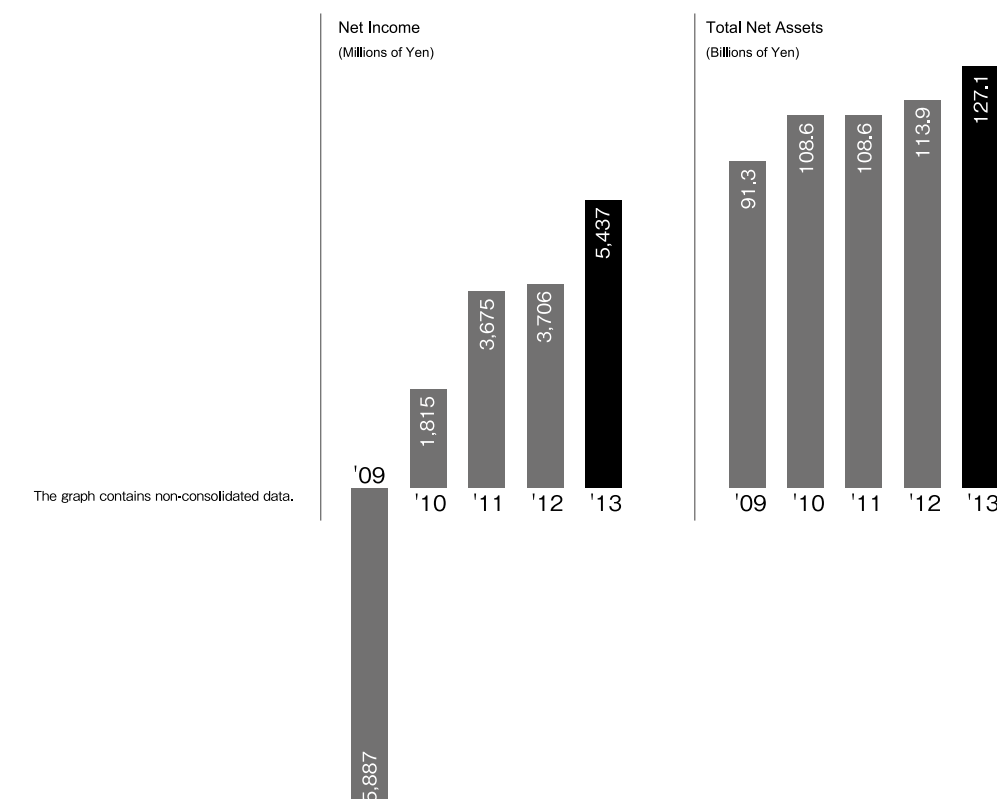
Yen: In millions except per share data and percentages

U.S.Dollars: In thousands except per share data and percentages

For the years ended March 31	Consolidated			Non-Consolidated		
	2013 (Yen)	2012 (Yen)	2013 (U.S. dollars)	2013 (Yen)	2012 (Yen)	
Total income.....	¥ 47,937	¥ 44,598	\$ 509,696	¥ 41,280	¥ 38,332	
Total expenses.....	38,227	36,635	406,454	32,644	31,523	
Net income.....	5,452	4,039	57,969	5,437	3,706	
Amounts per share						
Net income	¥ 31.98	¥ 23.69	\$ 0.34	¥ 31.90	¥ 21.74	
Cash dividends declared during the year	—	—	—	6	6	
Net assets	747.20	669.98	7.94	745.73	668.60	
As of March 31						
Total assets	¥ 2,312,413	¥ 2,195,995	\$ 24,587,060	¥ 2,300,369	¥ 2,183,747	
Loans and bills discounted	1,326,192	1,288,728	14,100,925	1,333,899	1,296,184	
Total liabilities	2,178,564	2,076,123	23,163,891	2,173,235	2,069,758	
Deposits	2,091,639	2,023,882	22,239,649	2,098,715	2,031,032	
Total net assets	133,849	119,872	1,423,168	127,133	113,989	
Ratios:						
Consolidated						
Capital ratio (Note 2)	2013	2012				
	13.92%	14.08%				

Note 1: U.S.dollars represent transactions, for the convenience of readers, at ¥94.05=U.S.\$1.00, the rate prevailing on March 31, 2013.

Note 2: Figures for 2012 and 2013 are shown according to domestic standards.



Message from Management

Management philosophy

To prosper together with the region
To satisfy all of our customers
To provide our staff with stability and opportunities

What Yamagata Bank is aiming for

I am grateful for the continuous patronage of our customers towards Yamagata Bank from the bottom of my heart.

The economy of Japan during the fiscal year ending March 2013 generally receded due to reasons such as a further slowing of the economy internationally. However, by the end of 2012, the receding trend had halted, and by the end of the fiscal year, some signs of recovery began to appear. Although recovery of plant and equipment investment was weak, from the end of 2012 when the new government came to power, expectations of the new economic policy grew, the yen depreciated and share prices rose. In addition to the above, the global economy stabilized, so the production of companies began to recover.

The economy of Yamagata Prefecture -- the principal base of business of Yamagata Bank, remained relatively steady in the first half of the fiscal year. In the latter half of the fiscal year, the economy of the prefecture became bearish as the extraordinary demand driven by the Great East Japan Earthquake more or less ceased and company production slowed. Plant and equipment investment remained low, but recovered somewhat because the investment had been too low. The increase in personal consumption after the earthquake ceased and consumption became sluggish.

Concerning banking institutions, we expect that competition will intensify further, because of recent activity towards business mergers by banking institutions located in different prefectures. An example of this is Jimoto Holdings, which was jointly established by Kirayaka Bank and Sendai Bank in October 2012. Although the reorganization of banking institutions is progressing, we are fully aware that the importance of the social roles and responsibility of Yamagata Bank, as being the only bank with a head office and headquarters in Yamagata Prefecture, is increasing. Although the effective period of the SME Finance Facilitation Act expired in March 2013, Yamagata Bank will continue to sincerely strive to facilitate financial activity that we regard as our responsibility of being a regional bank.

Under the circumstances as stated above, in fiscal 2012, Yamagata Bank launched our 17th long-term management plan, called the "Yamagin Innovation Plan II" (fiscal 2012-2014). In accordance with this management plan and with the understanding that Yamagata

Bank will not have any growth without the vitalization of the regional economy, we are endeavoring to further enhance our region-oriented banking. Based on the plan, we will make our best efforts to assist in raising regional vitality by supporting customers in creating added value and by making contributions to materialize a sustainable regional economy and society.

We would be most grateful if you could continue to extend your support and lasting patronage.

Aiming to be a bank that is absolutely necessary for Yamagata with an overwhelming presence and trustworthiness.

The management philosophy of Yamagata Bank, which has been maintained throughout the long history of the Bank, is based on three aspects, namely the region, our customers and our employees, and has the common ideal as that of the corporate social responsibility of the modern management. Therefore, we have set the management philosophy as our corporate social responsibility charter, and we consider that meeting our corporate social responsibility is the management of the Bank.

The 17th long-term management plan, "Yamagin Innovation Plan II", which began in April 2012, is aimed at raising our corporate value through further enhancement of region-oriented banking, by considering our corporate social responsibility as a regional bank based on the three aspects. The major target of the plan is structural reform to become a bank that is absolutely necessary for Yamagata with an overwhelming presence and trustworthiness, in other words an enterprise that materializes vitalization in the region.

All of the managers and staff of Yamagata Bank will unite and strive to meet the targets in the plan.

CSR charters

The management philosophy of Yamagata Bank, which the bank has respected throughout its long history, also applies to CSR management in the current times. Under the 17th long-term management plan, various business problems will be solved by regarding the management philosophy as CSR charters.

To prosper together with the region

From the aspect of the economy and social contributions (the meaning of our existence) Regional banks share a common destiny with their home region. They bear a responsibility to contribute to the growth of the economy of their region, which is permanent, regardless of the flow of the times. Today, the roles of regional banks are expanding, not only in financial aspects, but also in social aspects.

To satisfy all of our customers

From the aspect of our customers (customer satisfaction) The lifestyles of our customers are diversifying, which means that the requirements of each customer differ. We endeavor to raise our ability each and every day to solve customers' problems so that they will use our services for a long time.

To provide our staff with stability and opportunities

From the aspect of our employees (employee satisfaction) The satisfaction of our employees -- who serve our customers -- is vital to deliver good services to customers. Yamagata Bank is managed in a way whereby the employees are proud of working at the bank, are eager to complete their tasks and feel enthusiastic.

Basic concept of the 17th long-term management plan

- 1.To swiftly meet targets to raise adaptability to the changes in conditions considering the next decade.
- 2.To contribute to sustainable growth and the development of the region and our customers on the understanding that the region and Yamagata Bank share a common destiny; and to further enhance region-oriented banking in order to maintain and expand the foundations of our earnings and to raise our corporate value.

Basic policies in three years (2012-2015)

- 1.We make the utmost efforts to solve the problems of our customers actively and swiftly by using the advantage of our comprehensive financial information service.
- 2.We provide financial products and services of high added-value to satisfy every customers, so that they will keep using our bank continually and permanently.
- 3.As the core of innovation of Yamagata Prefecture, we contribute to the regional sustainable development.

Six reconstruction in progress

- 1.Procurement and investment
- 2.Operation
- 3.Profit making structure
- 4.Human resource development
- 5.Services reform
- 6.Consciousness and conduct

Outline of major targets

- 1.To raise earnings capacity
(1)To strengthen the foundations of our earnings by building business relationships that are sustainable and materialize development (reform of the profit-making framework)
We aim to have business with customers that is

sustainable and materializes development; in other words, life-long business for personal customers and permanent business for corporate customers. We will respond to the diverse requirements of customers by offering solutions, and contribute to the growth and development of the region and of our customers by working together to find solutions.
(2)To improve both the quality and quantity of earnings by changing business models (reform of procurement and investment, and a profit-making framework)
We will change the way that we operate our financing, and lend funds to foster companies and markets, by taking risks proactively.

- 2.To strengthen business foundations
Reform of human resource development, way of thinking, deed, services and operations
We will realize sustainable growth by strengthening business management and staff training, which are the foundations of business.
- 3.To generate the value of the region
The Bank will make our best efforts to assist in raising regional vitality by supporting customers in creating added value and by making contributions to materialize a sustainable regional economy and society.



Kichishige Hasegawa
President

Review of Operations

The Conditions of Consolidated Accounts

The General situation of this term (from April 1, 2012 to March 31, 2013)

Deposits and negotiable certificates of deposit

The year-end consolidated balance of deposits and negotiable certificates of deposit rose by ¥67.7 billion during the year to ¥2,091.6 billion, as a result of our efforts to offer products that respond to the diverse requirements of our customers. Deposits by personal customers, deposits by corporate customers and public-fund deposits all rose favorably.

Deposited assets

The year-end consolidated balance of deposited financial assets rose by ¥24.5 billion during the year to ¥292.3 billion, due to reasons such as a satisfactory increase in personal annuity insurance.

Loans

The year-end consolidated balance of loans rose by ¥37.4 billion during the year to ¥1,326.1 billion. We responded positively to demands for funding by local companies and made efforts to increase loans to personal customers, with a focus on housing loans. The Bank also responded positively to demands for funds for local public entities.

Securities

The year-end consolidated balance of securities rose by ¥46.9 billion during the year to ¥771.9 billion because the

Bank raised the amount of invested assets, paying attention to investment conditions and market movements, and attaching importance to safety and liquidity.

Profit and loss

The consolidated ordinary income for the fiscal year was ¥47,927 million, which was ¥3,329 million more than that for the previous fiscal year, for reasons including increases in the profits from sales of government bonds and other securities due to efficient security investments, and because the gain on the reversal of the loan loss reserves was accounted for, although the revenue from fund investments decreased because of long-lasting, low interest rates. The consolidated ordinary expenses for the fiscal year was ¥38,145 million, which was ¥1,688 million more than that for the previous fiscal year, due to an increase in share-related losses, etc., although fund procurement expenses and credit-related expenses decreased. As a result of the above, the consolidated ordinary profit for the fiscal year reached ¥9,782 million, which was ¥1,641 million more than that for the previous fiscal year, and the consolidated net income for the fiscal year was ¥5,452 million, which was ¥1,413 million more than that for the previous fiscal year.

Results by business sector

In the banking business, the ordinary income for the consolidated fiscal year was ¥41,270 million, which was ¥2,938 million more than that for the previous fiscal year; the segment profit for the consolidated fiscal year was ¥8,708 million, which was ¥1,750 million more than that for the previous fiscal year. In the leasing business, the ordinary income for the consolidated fiscal year was ¥

5,022 million, which was ¥126 million more than that for the previous fiscal year; the segment profit for the consolidated fiscal year was ¥346 million, which was ¥52 million more than that for the previous fiscal year. In other business sectors, the ordinary income for the consolidated fiscal year was ¥2,585 million, which was ¥61 million more than that for the previous fiscal year; the segment profit for the consolidated fiscal year was ¥836 million, which was ¥16 million less than that for the previous fiscal year.

Cash flow

The consolidated cash flow from operating activities was positive at ¥82.5 billion (¥65.6 billion more than that for the previous fiscal year), due to increases in deposits and negotiable certificates of deposit.

The consolidated cash flow from investing activities was negative at ¥34.3 billion (¥12.8 billion less than that for the previous fiscal year), because the outflow generated by the acquisition of securities, etc., exceeded the inflow generated by sales and redemption of securities, etc.

The consolidated cash flow from financing activities was negative at ¥1 billion (less than ¥0 billion up on the previous fiscal year) because of payments of dividends, etc.

As a result of the above, the year-end consolidated balance of cash and cash equivalents rose by ¥47,100 million during the year to ¥76,700 million.

Corporate Data

Management

(As of June 25, 2013)

President

Kichishige Hasegawa

Managing Directors

Shinichiro Miura
Yoshihiro Ishikawa
Tamon Nakagawa
Takashi Kimura
Hitoshi Watanabe

Corporate Auditors

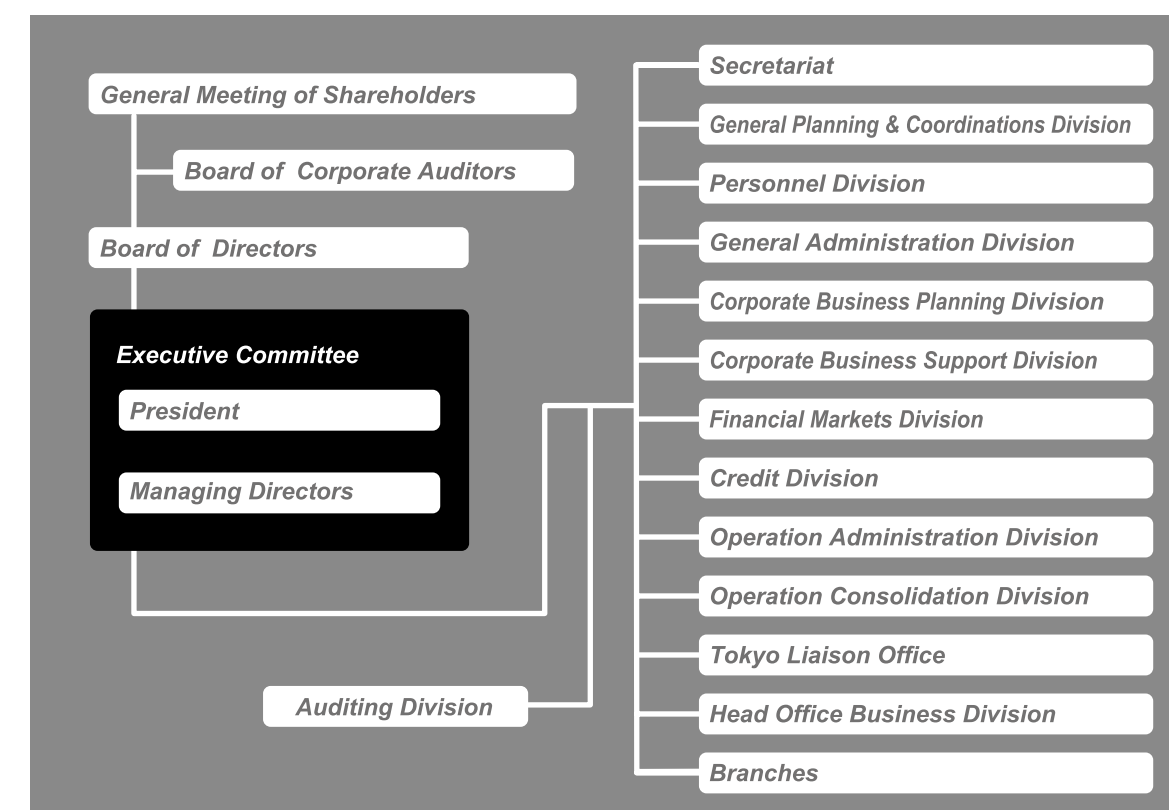
Takami Konta
Takashi Ajiki
Shinichi Nakayama
Bin Hamada
Yasumasa Gomi

Directors

Hiromitsu Takahashi
Kazuhiro Moriya
Masahiro Takeda
Haruhiko Tanno
Yoshihiro Domon
Kosuke Suzuki
Masaki Kakizaki

Organization

(As of June 25, 2013)



Financial Statements

Consolidated Balance Sheet

As of March 31, 2013 and 2012

	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars)(Note 2)
Assets			
Cash and due from banks (Note 9)	¥ 87,777	¥ 50,096	\$ 933,301
Call loans and bills purchased	72,644	79,508	772,397
Trading securities (Note 5)	34	43	361
Securities (Notes 5 and 11)	771,994	725,070	8,208,335
Loans and bills discounted (Note 4)	1,326,192	1,288,728	14,100,925
Foreign exchange (Note 4)	1,029	1,030	10,940
Other assets (Note 11)	26,791	27,804	284,859
Tangible fixed assets	13,268	13,728	141,073
Buildings (Note 10)	3,139	3,308	33,375
Land (Note 6)	8,933	9,015	94,981
Construction in process	13	—	138
Other tangible fixed assets (Note 10)	1,181	1,405	12,557
Intangible fixed assets	1,366	1,255	14,524
Software	1,147	1,036	12,195
Other intangible fixed assets	218	219	2,317
Deferred tax assets (Note 16)	481	3,524	5,114
Customers' liabilities for acceptances and guarantees	21,232	19,630	225,752
Reserve for possible loan losses	(10,401)	(14,427)	(110,590)
Total assets	¥ 2,312,413	¥ 2,195,995	\$ 24,587,060
Liabilities and Net Assets			
Liabilities:			
Deposits (Note 11)	¥ 2,091,639	¥ 2,023,882	\$ 22,239,649
Call money and bills sold	538	—	5,720
Payables under securities lending transactions (Note 11)	15,366	2,750	163,381
Borrowed money (Note 11)	25,491	9,106	271,036
Foreign exchange	38	37	404
Other liabilities	17,236	17,018	183,264
Reserve for bonuses to directors and corporate auditors	20	20	212
Reserve for employees' retirement benefits (Note 18)	1,129	1,405	12,004
Reserve for directors and corporate auditors' retirement benefits	276	241	2,934
Reserve for losses on dormant deposit repayments	187	209	1,988
Reserve for losses on contingencies	147	182	1,562
Deferred tax liabilities	3,646	—	38,766
Deferred tax liabilities arising from revaluation of land (Note 6)	1,612	1,636	17,139
Acceptances and guarantees	21,232	19,630	225,752
Total liabilities	¥ 2,178,564	¥ 2,076,123	\$ 23,163,891
Net Assets			
Shareholders' equity (Notes 7 and 12):			
Common stock, without par value:			
Authorized - 298,350,000 shares			
Issued - 172,000,000 shares	¥ 12,008	¥ 12,008	\$ 127,676
Capital surplus	4,939	4,939	52,514
Retained earnings (Note 8)	96,216	91,742	1,023,030
Less treasury stock, at cost	(820)	(818)	(8,718)
Total shareholders' equity	112,343	107,872	1,194,502
Accumulated other comprehensive income			
Unrealized holding gain on securities (Note 5)	17,136	7,477	182,200
Deferred loss on hedging instruments	(3,108)	(2,182)	(33,046)
Revaluation of land (Note 6)	1,012	1,057	10,760
Total accumulated other comprehensive income	15,039	6,352	159,904
Minority interests	6,465	5,648	68,740
Total net assets	¥ 133,849	¥ 119,872	\$ 1,423,168
Total liabilities and net assets	2,312,413	2,195,995	24,587,060

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2013 and 2012

	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars)(Note 2)
Consolidated Statement of Income			
Income:			
Interest on loans and discounts	¥ 20,221	¥ 21,104	\$ 215,002
Interest and dividends on securities	7,227	7,314	76,842
Other interest	237	124	2,519
Fees and commissions	7,230	7,264	76,874
Other operating income	9,200	7,779	97,820
Other income	3,817	1,008	40,584
Total income	47,937	44,598	509,696
Expenses:			
Interest on deposits	1,734	1,704	18,437
Interest on borrowings and rediscounts	120	46	1,275
Other interest	1,282	1,492	13,631
Fees and commissions	2,137	2,101	22,721
General and administrative expenses	23,540	23,220	250,292
Other expenses	9,407	8,067	100,021
Total expenses	38,227	36,635	406,454
Income before income taxes and minority interests	9,710	7,962	103,242
Income taxes (Note 16)			
Current	1,127	1,146	11,982
Deferred (credit)	2,308	2,182	24,540
Income before minority interests	6,273	4,634	66,698
Minority interests	821	595	8,729
Net income	¥ 5,452	¥ 4,039	\$ 57,969
Consolidated Statement of Comprehensive Income			
Income before minority interests	¥ 6,273	¥ 4,634	\$ 66,698
Other comprehensive income (Note 14)	8,734	2,622	92,865
Unrealized holding gain on securities	9,660	3,437	102,711
Deferred loss on hedging instrument	(926)	(1,049)	(9,845)
Revaluation of land	—	234	—
Comprehensive income	15,007	7,257	159,564
Comprehensive income attributable to shareholders of the parent company	14,184	6,658	150,813
Comprehensive income attributable to minority interests	822	598	8,740

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2013

	Shareholders' equity (Millions of yen)					Shareholders' equity (Thousands of U.S. dollars) (Note 2)				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2012	¥ 12,008	¥ 4,939	¥ 91,742	¥ (818)	¥ 107,872	\$ 127,676	\$ 52,514	\$ 975,459	\$ (8,697)	\$ 1,146,964
Changes in the consolidated fiscal year										
Cash Dividends	—	—	(1,022)	—	(1,022)	—	—	(10,866)	—	(10,866)
Net income	—	—	5,452	—	5,452	—	—	57,969	—	57,969
Acquisition of treasury stocks	—	—	—	(3)	(3)	—	—	—	(31)	(31)
Disposition of treasury stocks	—	(0)	—	0	0	—	(0)	—	(0)	(0)
Reversal of land revaluation	—	—	45	—	45	—	—	478	—	478
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	—	—	—	—	—	—	—	—	—	—
Total	¥ 12,008	¥ 4,939	¥ 96,216	¥ (820)	¥ 112,343	\$ 127,676	\$ 52,514	\$ 1,023,030	\$ (8,718)	\$ 1,194,502

Accumulated other comprehensive income (Millions of yen)

	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Revaluation of land	Total of accumulated other comprehensive income	Minority interests	Total net assets
	Balance as of April 1, 2012	¥ 7,477	¥ (2,182)	¥ 1,057	¥ 6,352	¥ 5,648
Changes in the consolidated fiscal year						
Cash Dividends	—	—	—	—	(1,022)	(1,022)
Net income	—	—	—	5,452	—	5,452
Acquisition of treasury stocks	—	—	—	—	(3)	(3)
Disposition of treasury stocks	—	—	—	—	0	0
Reversal of land revaluation	—	—	—	—	45	45
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	9,658	(926)	(45)	8,687	817	9,505
Total	9,658	(926)	(45)	8,687	817	13,976
Balance as of March 31, 2013	¥ 17,136	¥ (3,108)	¥ 1,012	¥ 15,039	¥ 6,465	¥ 133,849

Accumulated other comprehensive income (Thousands of U.S. dollars) (Note 2)

	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Revaluation of land	Total of accumulated other comprehensive income	Minority interests	Total net assets
	Balance as of April 1, 2012	\$ 79,500	\$ (23,200)	\$ 11,238	\$ 67,538	\$ 60,053
Changes in the consolidated fiscal year						
Cash Dividends	—	—	—	—	(10,866)	(10,866)
Net income	—	—	—	57,969	—	57,969
Acquisition of treasury stocks	—	—	—	—	(31)	(31)
Disposition of treasury stocks	—	—	—	—	0	0
Reversal of land revaluation	—	—	—	—	478	478
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	102,690	(9,845)	(478)	92,365	8,686	101,063
Total	102,690	(9,845)	(478)	92,365	8,686	148,601
Balance as of March 31, 2013	\$ 182,200	\$ (33,046)	\$ 10,760	\$ 159,904	\$ 68,740	\$ 1,423,168

For the year ended March 31, 2012

	Shareholders' equity (Millions of yen)					Accumulated other comprehensive income (Millions of yen)					
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Revaluation of land	Total of accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2011	¥ 12,008	¥ 4,939	¥ 88,682	¥ (812)	¥ 104,817	¥ 4,042	¥ (1,133)	¥ 867	¥ 3,776	¥ 5,053	¥ 113,647
Changes in the consolidated fiscal year											
Cash Dividends	—	—	(1,023)	—	(1,023)	—	—	—	—	—	(1,023)
Net income	—	—	4,039	—	4,039	—	—	—	—	—	4,039
Acquisition of treasury stocks	—	—	—	(5)	(5)	—	—	—	—	—	(5)
Disposition of treasury stocks	—	—	—	—	—	—	—	—	—	—	—
Reversal of land revaluation	—	—	43	—	43	—	—	—	—	—	43
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	—	—	—	—	—	3,434	(1,049)	190	2,575	594	3,170
Total	¥ 12,008	¥ 4,939	¥ 91,742	¥ (818)	¥ 107,872	¥ 7,477	¥ (2,182)	¥ 1,057	¥ 6,352	¥ 5,648	¥ 119,872

Consolidated Statement of Cash Flows

For the years ended March 31, 2013 and 2012

	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars)(Note 2)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 9,710	¥ 7,962	\$ 103,242
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	1,252	1,626	13,312
Loss on impairment of fixed assets	36	65	382
Reserve for possible loan losses	(4,026)	(1,433)	(42,807)
Reserve for employees' retirement benefits	(275)	(752)	(2,923)
Reserve for directors and corporate auditors' retirement benefits	34	(13)	361
Reserve for losses on dormant deposits repayments	(22)	53	(233)
Reserve for losses on contingencies	(35)	17	(372)
Interest income	(27,688)	(28,545)	(294,396)
Interest expense	3,140	3,245	33,386
Loss (gain) on investment securities	237	(509)	2,519
Foreign exchange gain, net	(85)	(117)	(903)
Loss on disposal of fixed assets	36	113	382
Loans	(37,457)	(70,868)	(398,266)
Deposits	67,667	134,951	719,479
Borrowed money (excluding subordinated borrowings)	16,385	2,285	174,215
Due from banks (excluding due from Bank of Japan)	9,462	(19,959)	100,606
Call loans and bills purchased	8,475	(39,405)	90,111
Call money and bills sold	521	—	5,539
Payables under securities lending transactions	12,571	1,728	133,662
Trading securities	9	18	95
Foreign exchange assets	91	(524)	967
Foreign exchange liabilities	0	8	0
Interest received	27,816	28,199	295,757
Interest paid	(3,167)	(3,492)	(33,673)
Other	(810)	2,297	(8,612)
Subtotal	83,881	16,951	891,876
Income taxes paid	(1,556)	(244)	(16,544)
Income taxes refunded	184	118	1,956
Net cash provided by operating activities	82,509	16,825	877,288
Cash flows from investing activities:			
Purchases of investment securities	(697,972)	(381,824)	(7,421,286)
Proceeds from sales of investment securities	559,620	278,458	5,950,239
Proceeds from redemption of investment securities	105,045	82,550	1,116,905
Expenditure for acquisition of tangible fixed assets	(590)	(799)	(6,273)
Income from sale of tangible fixed assets	52	140	552
Expenditure for acquisitions of intangible fixed assets	(490)	(52)	(5,209)
Net cash used in investing activities	(34,334)	(21,527)	(365,061)
Cash flows from financing activities:			
Dividends paid	(1,022)	(1,023)	(10,866)
Dividends paid to minority shareholders	(5)	(3)	(53)
Purchases of treasury stock	(3)	(5)	(31)
Proceeds from sales of treasury stock	0	—	0
Net cash used in financing activities	(1,031)	(1,032)	(10,962)
Effect of exchange rate changes on cash and cash equivalents	(1)	(1)	(10)
Net increase (decrease) in cash and cash equivalents	47,142	(5,735)	501,244
Cash and cash equivalents at beginning of year	¥ 29,632	¥ 35,368	\$ 315,066
Cash and cash equivalents at end of year (Note 9)	76,774	29,632	816,310

Notes to Consolidated Financial Statements

March 31, 2013

1. Basis of Presentation

The accompanying consolidated financial statements of The Yamagata Bank, Ltd. (the "Bank") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations and the Enforcement Regulation for the Banking Law of Japan (the "Banking Law"), and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued for domestic purposes in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S.dollars) do not necessarily agree with the sums of the individual amounts.

2. U.S.Dollar Amounts

The Bank maintains its records and prepares its financial statements in yen. Amounts in U.S.dollars are presented solely for the convenience of readers outside Japan. The rate of 94.05=U.S.\$1.00, the rate of exchange in effect on March 31, 2013, has been used in translation. The translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

3. Summary of Significant Accounting Policies

a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 7 subsidiaries, except for 1 subsidiary which is not consolidated due to its immateriality.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Immaterial goodwill is charged to income when incurred.

b. Securities

Securities are classified into three categories: trading, held-to-maturity bonds, or other securities (securities available for sale). Trading account securities, which are purchased for trading purpose, are carried at market value and held-to-maturity bonds are carried at amortized cost. Marketable securities classified as securities available for sale are carried at market value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Available-for-sale securities which do not have readily determinable fair value are carried at cost. Cost of securities sold is determined by the moving average method.

c. Derivative financial instruments

Derivatives are stated at fair market value.

d. Tangible fixed assets

The Bank recognizes depreciation by the decline-balance method applicable to each specific category of assets. The useful lives of buildings and equipment are summarized as follows:

Buildings 2 to 50 years

Equipment 2 to 15 years

Depreciation of tangible fixed assets of the consolidated subsidiaries is mainly computed using the declining-balance method over the estimated useful lives of respective assets.

(Change in accounting policy that is difficult to distinguish from change in accounting estimate)

In accordance with an amendment to the Corporation Tax Act effective April 1, 2012, the Bank and its consolidated subsidiaries have changed their depreciation method for the tangible fixed assets acquired on or after April 1, 2012, to reflect the method prescribed in the amended Corporation Tax Act.

The effect of this change on income was immaterial.

e. Intangible fixed assets

Intangible fixed assets are depreciated by the straight-line method. The Bank's software, which is used in-house, is depreciated based on the estimated period of use (mainly five years) at the Bank and at consolidated subsidiaries.

f. Leased assets

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value or, where lease agreements stipulate guarantee of residual value, the guaranteed residual value. The Bank leases certain vehicle, computer equipment and other assets.

g. Foreign currency translation

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

h. Reserve for possible loan loss

The reserve for possible loan losses of the Bank is provided in accordance with internally established standards for write-offs and reserve provisions. The reserve for possible loan losses on loans to borrowers who are classified as substantially bankrupt or who are legally bankrupt is provided based on the amount remaining after deduction of the amounts expected to be recoverable from the disposal of collateral and amounts recoverable under guarantees. In addition, an allowance is provided for loans to borrowers who, although not legally bankrupt, are experiencing serious difficulties and whose failure is imminent. In such cases, a portion of this allowance is provided based on the amount remaining after deduction of the amounts expected to be recoverable from the disposal of collateral and the amounts recoverable under guarantees, and the balance of the allowance is provided after giving full consideration to the amount which the borrower is deemed capable of repaying. In the case of all other loans, the amount provided as an allowance is based on the Bank's historical percentage of actual defaults over a specific fixed period in the past.

The relevant departments assess the assets for all of the credit, based on self-assessment standards for assets, and an independent asset audit department audits the results of the assessments. We provide a reserve described above based on the assessment results.

The reserve for possible loan losses is calculated based on the quality of the Bank's total loan assets, applying the Bank's internally established rules for the self-assessment of its assets.

i. Reserve for bonuses to directors and corporate auditors

A reserve for bonuses to directors and corporate auditors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future bonus payment to directors and corporate auditors.

j. Employees' retirement benefits

The reserve for employees' retirement benefits at March 31, 2013 and 2012 is stated principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2013 and 2012, respectively.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans. Prior service cost is amortized as incurred, primarily by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans.

k. Reserve for directors and corporate auditors' retirement benefits

A reserve for directors and corporate auditors retirement benefits is provided in the amount accrued during the year, which is calculated based on the estimated amount of future retirement payments to directors and corporate auditors.

l. Reserve for losses on dormant deposit repayments

A reserve for losses on dormant deposit repayments which are derecognized as liabilities is provided for the possible losses on the future claims of repayments based on the historical repayments experience.

m. Reserve for losses on contingencies

A reserve for losses on contingencies is provided for future estimated payments to the Credit Guarantee Corporations.

n. Leases

As lessor

Finance lease revenue and related cost of revenue are recorded when the lease payment is received.

Investments in leased assets for finance lease transactions which do not transfer ownership of the leased property to the lessee and were entered into before April 1, 2008 was stated at the carrying value of the relevant fixed assets at March 31, 2008, pursuant to the paragraph 81 of Implementation Guidance No.16, "Implementation Guidance on Accounting Standard for Lease. If these lease transactions had been retroactively accounted for as ordinary sale transactions pursuant to paragraph 80 of the Guidance, income before income taxes and minority interests would have decreased by ¥75 million (\$797 thousand) and ¥97 million for the year ended March 31, 2013 and 2012.

o. Hedge accounting

1. Interest rate risk hedges

The Bank uses deferral hedges described in "Accounting and auditing for the application of financial instrument accounting standards in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report no. 24, referred to as Report no. 24 of the Industry Audit Committee) to hedge interest rate risks generated by the Bank's financial assets and liabilities. The effectiveness of hedges to offset market fluctuations is assessed for each hedged item (for example, deposits and loans) and its hedging instrument (such as interest rate swaps). Concerning hedges to fix the cash flow, the Bank identifies hedged items by grouping them based on interest rate indexes and on interest rate revision periods in accordance with Report no. 24 of the Industry Audit Committee, and specifies interest rate swaps as hedging instruments. The Bank specifies hedges in such a way that the major conditions of hedged items and hedging instruments are almost the same, so we believe that our hedges are highly effective.

The Bank applies the exceptional method for interest rate swaps to certain assets and liabilities.

2. Exchange rate fluctuation risk hedges

The hedge we use against exchange rate fluctuation risks, which are generated by our financial assets and liabilities in foreign currencies, is the deferral hedge described in "Accounting and auditing for transactions in foreign currencies, etc., in banking" (Report no. 25 of the Industry Audit Committee of the Japanese Institute of Certified Public Accountants, referred to as Report no. 25 of the Industry Audit Committee). We assess the effectiveness of the hedge by regarding currency swaps and foreign exchange swaps, which are conducted to reduce or eliminate exchange rate fluctuation risks generated by monetary claims and liabilities in foreign currencies, etc., as hedging instruments and by checking whether or not we have appropriate foreign currency positions for the hedging instruments to meet the hedged items (monetary claims and liabilities in foreign currencies, etc.).

p. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents consist of cash and due from the Bank of Japan.

q. Consumption tax and regional consumption tax

With respect to the Bank and the domestic consolidated subsidiaries, all amounts in the accompanying consolidated balance sheet are recorded exclusive of consumption tax and regional consumption tax.

r. Standards issued but not yet effective

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, issued on May17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, issued on May17, 2012)

1. Overview

From the viewpoint of improvements to financial reporting and international convergence, the Accounting Standard and Guidance mainly focus on (i) changes in the accounting treatment for unrecognized actuarial differences and past service costs, and enhancement of disclosures, and (ii) a revision to determination of projected benefit obligations and current service cost.

2. Date of application

The bank and its consolidated subsidiaries will apply above (i) from the fiscal year ending March 31, 2014 and above (ii) from the fiscal year ending March 31, 2015.

3. Effect of application

The effects of the application of the Accounting Standard and Guidance on the consolidated financial statements are currently under consideration.

4. Loans and Bills Discounted

Loans to borrowers under bankruptcy procedures and delinquent loans totaled ¥2,545 million (\$27,060 thousand) and ¥18,524 million (\$196,959 thousand), respectively, at March 31, 2013, and ¥3,398 million and ¥21,264 million, respectively, at March 31, 2012. A loan is placed on non-accrual status when substantial doubt as to the collectibility of its principal and interest is judged to exist, if payment is past due for a certain period of time, or for other reasons.

Loans to borrowers in bankruptcy represent non-accrual loans, after the charge-offs of loans deemed uncollectible, to borrowers who are legally bankrupt as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance of the Corporation Income Tax Law.

Delinquent loans are non-accrual loans other than loans to borrowers in bankruptcy or loans on which interest payments have been deferred in order to assist the restructuring of the borrowers.

Loans past due for 3 months or more totaled ¥43 million (\$457 thousand) and ¥45 million at March 31, 2013 and 2012, respectively. Loans past due for 3 months or more are those whose principal or interest payments are 3 months or more past due but are not included in loans to borrower under bankruptcy procedures or delinquent loans.

Restructured loans totaled ¥3,621 million (\$38,500 thousand) and ¥2,973 million at March 31, 2013 and 2012, respectively. Restructured loans are those on which the Bank has granted certain concessions, such as a reduction of the contractual interest rate or principal amount or a deferral of interest/principal payments, in order to assist the restructuring of the borrowers. Excluded from restructured loans are loans to borrowers under bankruptcy procedures, other non-accrual loans, and loans past due for 3 months or more.

The total of loans to borrowers under bankruptcy procedures, other non-accrual loans, loans past due for 3 months or more and restructured loans amounted to ¥24,734 million (\$262,987 thousand) and ¥27,682 million at March 31, 2013 and 2012, respectively.

Bills discounted are accounted for as financial transactions in

accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the JICPA. The Bank has rights to sell or pledge accepted banker's acceptance bills, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. The face value of banker's acceptance bills, commercial bills, documentary bills acquired at discount and foreign exchange bought at a discount was ¥9,108 million (\$96,842 thousand) and ¥9,092 million as of March 31, 2013 and 2012, respectively.

Overdraft protection on current accounts and contracts for loan commitments are agreements under which the Bank and the consolidated subsidiaries are bound to extend loans up to a prearranged amount, at the request of the customer, unless the customer is in breach of contract. The unutilized balance of such contracts amounted to ¥557,280 million (\$5,925,358 thousand) and ¥548,280 million as of March 31, 2013 and 2012, respectively, in which the balance of contracts that have a term of one year or less or are unconditionally cancelable at any time were ¥550,771 million (\$5,856,150 thousand) and ¥538,610 million as of March 31, 2013 and 2012, respectively. Since many of these contracts are scheduled to expire without the rights having been exercised, any unutilized balance in itself does not necessarily affect the future cash flows of the Bank or its consolidated subsidiaries. A provision is included in many of these contracts which entitles the Bank and the consolidated subsidiaries to refuse the execution of such loans, or to reduce the maximum amount loaned under such contracts when there is a change in the borrowers' financial situation, or when there is the necessity to secure a claim, or when other similar factors arise. In addition, the Bank and its consolidated subsidiaries obtain, if needed, real estate or securities as collateral at the time the contracts are entered into and they subsequently monitor the borrowers' financial condition periodically based on, and in accordance with, the procedures established. If deemed necessary, specific measures such as amendments to the contracts are undertaken in order to control the credit risk.

5. Securities

Trading securities, marketable securities classified as held-to-maturity debt securities and other securities at March 31, 2013 are summarized as follows:

1. Trading securities

	Unrealized holding gain charged to current operations (Millions of yen)	Unrealized holding gain charged to current operations (Thousands of U.S.dollars)
	¥ 0	\$ 0

2. Held-to-maturity bonds (as of March 31, 2013)

	Type	Carrying value Millions of yen	Fair value Millions of yen	Difference Millions of yen	Carrying Value Thousands of U.S. dollars	Fair value Thousands of U.S. dollars	Difference Thousands of U.S. dollars
Fair value exceeding carrying value	Japanese government bonds	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	7,880	8,042	162	83,785	85,507	1,722
	Other	—	—	—	—	—	—
	Subtotal	7,880	8,042	162	83,785	85,507	1,722
Fair value not exceeding carrying value	Japanese government bonds	—	—	—	—	—	—
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	978	942	(36)	10,398	10,015	(382)
	Other	—	—	—	—	—	—
	Subtotal	978	942	(36)	10,398	10,015	(382)
	Total	¥ 8,858	¥ 8,985	¥ 126	\$ 94,183	\$ 95,534	\$ 1,339

3. Other securities (as of March 31, 2013)

	Type	Carrying value Millions of yen	Cost Millions of yen	Difference Millions of yen	Carrying value Thousands of U.S. dollars	Cost Thousands of U.S. dollars	Difference Thousands of U.S. dollars
Carrying value exceeding cost	Stocks	¥ 25,880	¥ 16,946	¥ 8,934	\$ 275,172	\$ 180,180	\$ 94,992
	Bonds	524,557	509,455	15,102	5,577,426	5,416,852	160,574
	Japanese government bonds	320,787	313,979	6,808	3,410,813	3,338,426	72,387
	Municipal bonds	118,390	112,141	6,249	1,258,798	1,192,355	66,443
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	85,378	83,334	2,043	907,793	886,060	21,722
	Other	88,590	84,689	3,901	941,945	900,467	41,477
	Foreign bonds	69,962	68,642	1,320	743,880	729,845	14,035
	Other	18,628	16,047	2,580	198,064	170,622	27,432
		Subtotal	639,028	611,090	27,937	6,794,556	6,497,501
Carrying value not exceeding cost	Stocks	5,066	5,478	(411)	53,864	58,245	(4,370)
	Bonds	98,637	99,282	(644)	1,048,771	1,055,629	(6,847)
	Japanese government bonds	81,685	82,004	(318)	868,527	871,919	(3,381)
	Municipal bonds	11,897	11,900	(2)	126,496	126,528	(21)
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	5,055	5,377	(322)	53,748	57,171	(3,423)
	Other	20,294	20,869	(575)	215,778	221,892	(6,113)
	Foreign bonds	16,782	17,262	(480)	178,437	183,540	(5,103)
	Other	3,512	3,607	(95)	37,341	38,351	(1,010)
		Subtotal	123,998	125,630	(1,631)	1,318,426	1,335,778
	Total	¥ 763,026	¥ 736,720	¥ 26,305	\$ 8,112,982	\$ 7,833,280	\$ 279,691

4. Held-to-maturity bonds sold during the year ended March 31, 2013

	Cost Millions of yen	Proceeds from sales Millions of yen	Gain(loss) on sales Millions of yen	Cost Thousands of U.S. dollars	Proceeds from sales Thousands of U.S. dollars	Gain(loss) on sales Thousands of U.S. dollars
Corporate bonds	¥ 220	¥ 223	¥ 3	\$ 2,339	\$ 2,371	\$ 31
Total	¥ 220	¥ 223	¥ 3	\$ 2,339	\$ 2,371	\$ 31

The sales are due to redemption of securities.

5. Other securities sold during the year ended March 31, 2013

	Proceeds from Sales Millions of yen	Gains on sales Millions of yen	Losses on sales Millions of yen	Proceeds from sales Thousands of U.S. dollars	Gains on sales Thousands of U.S. dollars	Losses on sales Thousands of U.S. dollars
Stocks	¥ 7,581	¥ 452	¥ 1,570	\$ 80,606	\$ 4,805	\$ 16,693
Bonds	543,822	3,465	2,025	5,782,264	36,842	21,531
Japanese government bonds	524,292	3,237	2,025	5,574,609	34,417	21,531
Municipal bonds	19,530	227	—	207,655	2,413	—
Short-term bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Other	8,015	25	178	85,220	265	1,892
Total	¥ 559,420	¥ 3,943	¥ 3,774	\$ 5,948,112	\$ 41,924	\$ 40,127

6. Securities reclassified in the year ended March 31, 2013:

Certain bonds which were classified as held-to-maturity securities were reclassified to other securities in the amount of ¥ 70 million (\$744 thousand) in the fiscal year ended March 31, 2013, because creditworthiness of the issuer of the bonds significantly deteriorated.

7. Securities which have readily determinable fair value are devaluated to fair value, and the difference between cost and fair value is treated as loss for the fiscal year if fair value has significantly deteriorated compared with cost and fair value is unlikely to recover up to the acquisition cost. The amount of the Impairment loss for the year ended March 31, 2012 was ¥358 million (including ¥ 324 million of equity securities and ¥ 34 million of bonds). The amount of the Impairment loss for the year ended March 31, 2013 was ¥818 million (\$8,697 thousand) (including ¥818 million (\$8,697 thousand) of equity securities). The criteria for determining whether a security's fair value has "significantly deteriorated" are: where a security whose fair value is 50% or less and where a security whose fair value exceeds 50% but is 70% or less of the acquisition cost, considering the quoted market price transition during a certain period in the past, business performance and other factors.

6. Revaluation of Land

Pursuant to the "Law Concerning the Revaluation of Land" (the "Law"), land used for the Bank's business operations was revalued on March 31, 2002. The excess of the revalued aggregate market value over the total book value (carrying amount) before revaluation was included in net assets at an amount net of the related tax effect at March 31, 2002. The corresponding income taxes were included in liabilities at March 31, 2002 as deferred taxes liability on revalued land.

The revaluation of the land was determined based on two method, the official prices published by the Commissioner of the National Tax Authority in accordance with Article 2, Paragraph 4 of the "Enforcement Ordinance Concerning Land Revaluation," with certain necessary adjustments, and the appraisal by Real estate appraiser.

The difference between the total fair value of land for business operation purposes, which was revalued in accordance with Article 10 of the above-mentioned law, and the total book value of the land after the revaluation was ¥4,086 million (\$43,444 thousand) at March 31, 2013.

7. Shares Issued

The number of shares issued and changes during the year ended March 31, 2013 and 2012 are summarized as follows:

	Thousands of shares		Thousands of shares	
	2013		2012	
	Treasury stock	Common stock issued	Treasury stock	Common stock issued
Beginning of the year	1,510	172,000	1,496	172,000
Increase during the year	8 ^{*1}	—	14 ^{*3}	—
Decrease during the year	1 ^{*2}	—	—	—
End of the year	1,518	172,000	1,510	172,000

*1 8 thousand shares were purchased for claims by the shareholders who owned less than the trade unit (1,000 shares).

*2 1 thousand shares were sold for claims by shareholders who owned less than the trade unit (1,000 shares).

*3 14 thousand shares were purchased for claims by the shareholders who owned less than the trade unit (1,000 shares).

8. Dividends

Dividends for the year ended March 31, 2013 and 2012 are summarized as follows:

	2013		2012	
	November 12, 2012 Resolution by the board of directors	June 26, 2012 Resolution by the general shareholders' meeting	November 11, 2011 Resolution by the board of directors	June 24, 2011 Resolution by the general shareholders' meeting
Total dividends	¥ 511 million	¥ 511 million	¥ 511 million	¥ 511 million
Dividend per share	¥ 3.0	¥ 3.0	¥ 3.0	¥ 3.0
Base date	September 30, 2012	March 31, 2012	September 30, 2011	March 31, 2011
Effective date	December 10, 2012	June 27, 2012	December 9, 2011	June 27, 2011

	2013	
	November 12, 2012 Resolution by the board of directors	June 26, 2012 Resolution by the general shareholders' meeting
Total dividends	\$ 5,433 Thousand	\$ 5,433 Thousand
Dividend per share	\$ 0.03	\$ 0.03
Base date	September 30, 2012	March 31, 2012
Effective date	December 10, 2012	June 27, 2012

Dividend of which base date belonged to the year ended March 31, 2013 and 2012 is summarized as follows:

	2013		2012	
	June 25, 2013 Resolution by the general shareholders' meeting	June 26, 2012 Resolution by the general shareholders' meeting	June 25, 2013 Resolution by the general shareholders' meeting	June 26, 2012 Resolution by the general shareholders' meeting
Total dividends	¥ 511 million	\$ 5,433 Thousand	¥ 511 million	¥ 511 million
Dividend per share	¥ 3.0	\$ 0.03	¥ 3.0	¥ 3.0
Base date	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
Effective date	June 26, 2013	June 26, 2013	June 27, 2012	June 27, 2012

9. Cash Flows

Cash and cash equivalents stated in the consolidated statement of cash flows consisted of the following:

	2013	2012	2013
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Cash and due from banks	¥ 87,777	¥ 50,096	\$ 933,301
Deposits with banks other than the Bank of Japan	(11,001)	(20,462)	(116,969)
Cash and cash equivalents	¥ 76,774	¥ 29,632	\$ 816,310

10. Accumulated Depreciation

Accumulated depreciation totaled ¥26,190 million (\$278,468 thousand) and ¥25,917 million at March 31, 2013 and 2012, respectively.

11. Assets Pledged

Pledged assets and liabilities related to pledged assets as of March 31, 2013 and 2012 were summarized as follows:

	2013	2012	2013
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Pledged assets:			
Securities	¥ 155,315	¥ 115,467	\$ 1,651,408
Other assets	¥ —	¥ 38	\$ —
Liabilities related to the above pledged assets:			
Deposits	¥ 9,288	¥ 9,141	\$ 98,755
Payables under securities lending transactions	¥ 15,366	¥ 2,750	\$ 163,381
Borrowed money	¥ 22,640	¥ 6,220	\$ 240,723

In addition, securities totaling ¥44,401 million (\$472,099 thousand) and ¥62,831 million were pledged as collateral for settlement of exchange and futures transactions at March 31, 2013 and 2012, respectively.

Deposits included in other assets as of March 31, 2013 and 2012 were ¥317 million (\$3,370 thousand) and ¥324 million, respectively.

12. Shareholders' Equity

In accordance with the Banking Law of Japan, the Bank has provided a legal reserve by appropriation of retained earnings, which is included in retained earnings. The Banking Law of Japan provides that an amount equivalent to at least 20% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and additional paid-in capital equals 100% of the common stock.

The Corporation Law of Japan provides that neither additional paid-in capital nor the legal reserve had been available for dividends, but both might be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Corporation Law of Japan also provides that if the total amount of additional paid-in capital and the legal reserve exceeds 100% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

There were no changes in the common stock and additional paid-in capital accounts for the two years ended March 31, 2013 and 2012.

13. Loss on Impairment

The Bank reviewed its long-lived assets by grouping into the units consisting of operating branches, idle assets, jointly used assets including head office, administrative centers, company housing and dormitories and each consolidated subsidiary for impairment and recognized loss on impairment of land in the amount of ¥36 million (\$382 thousand) and ¥64 million for the year ended March 31, 2013 and 2012, respectively. The recoverable amount used for measurement of loss on impairment was net selling price and computed mainly based on the real estate appraisal value.

14. Other Comprehensive Income

Reclassification adjustments and tax effects allocated to other comprehensive income for the year ended March 31, 2013 and 2012 are summarized as follows:

	2013	2012	2013
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Unrealized holding gain on securities:			
Amount arising during the year	¥ 14,261	¥ 4,953	\$ 151,632
Reclassification adjustments	¥ 253	¥ (320)	\$ 2,690
Amount before tax effect	¥ 14,515	¥ 4,633	\$ 154,332
Tax effect	¥ (4,854)	¥ (1,195)	\$ (51,610)
Unrealized holding gain on securities	¥ 9,660	¥ 3,437	\$ 102,711

Deferred loss on hedging instruments:

Amount arising during the year	¥ (2,458)	¥ (2,884)	\$ (26,135)
Reclassification adjustments	¥ 1,033	¥ 1,415	\$ 10,983
Amount before tax effect	¥ (1,424)	¥ (1,469)	\$ (15,140)
Tax effect	¥ 498	¥ 419	\$ 5,295
Deferred loss on hedging instruments	¥ (926)	¥ (1,049)	\$ (9,845)

Revaluation of land:

Amount arising during the year	¥ —	¥ —	\$ —
Reclassification adjustments	¥ —	¥ —	\$ —
Amount before tax effect	¥ —	¥ —	\$ —
Tax effect	¥ —	¥ 234	\$ —
Revaluation of land	¥ —	¥ 234	\$ —
Total other comprehensive income	¥ 8,734	¥ 2,622	\$ 92,865

15. Leases

Investments in leased assets at March 31, 2013 and 2012 are summarized as follows:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S.dollars)
Gross lease receivables	¥ 9,926	¥ 10,095	\$ 105,539
Estimated residual values	420	373	4,465
Unearned interest income	(1,339)	(1,431)	(14,237)
Investments in leased assets	<u>¥ 9,007</u>	<u>¥ 9,037</u>	<u>\$ 95,768</u>

Maturities of lease receivables at March 31, 2013 are as follows:

Years ending March 31	(Millions of yen)	(Thousands of U.S.dollars)
2014	¥ 3,344	\$ 35,555
2015	2,550	27,113
2016	1,877	19,957
2017	1,191	12,663
2018	612	6,507
2019 and thereafter	350	3,721

Maturities of lease receivables at March 31, 2012 are as follows:

Years ending March 31	(Millions of yen)
2013	¥ 3,416
2014	2,649
2015	1,876
2016	1,223
2017	586
2018 and thereafter	343

16. Income Taxes

The major components of deferred tax assets and liabilities at March 31, 2013 and 2012 are summarized as follows:

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S.dollars)
Deferred tax assets:			
Reserve for possible loan losses	¥ 2,096	¥ 4,212	\$ 22,286
Reserve for employees' retirement benefits	401	492	4,263
Devaluation on securities	703	800	7,474
Depreciation and amortization	977	1,057	10,388
Tax loss carryforwards	457	468	4,859
Other	3,383	2,826	35,970
Subtotal: deferred tax assets	<u>8,021</u>	<u>9,857</u>	<u>85,284</u>
Valuation allowance	(2,093)	(2,198)	(22,254)
Total: deferred tax assets	5,927	7,658	63,019
Unrealized holding gains on securities	9,085	4,123	96,597
Other	7	9	74
Total: deferred tax liabilities	<u>9,092</u>	<u>4,133</u>	<u>96,671</u>
Net deferred tax assets (liabilities)	<u>¥ (3,164)</u>	<u>¥ 3,524</u>	<u>\$ (33,641)</u>

Note: Net deferred tax assets (liabilities) as of March 31, 2013 and 2012 were included in the following accounts in the consolidated balance sheets.

	2013	2012	2013
	(Millions of yen)		(Thousands of U.S.dollars)
Deferred tax assets	¥ 481	¥ 3,524	\$ 5,114
Deferred tax liabilities	(3,646)	—	(38,766)

For the fiscal year ended March 31, 2013, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate was as follows:

	2013	2012
Statutory tax rate	38.0%	—
Valuation allowance	(1.1%)	—
Non-taxable expenses	0.4%	—
Non-taxable income	(1.4%)	—
Per capita inhabitants' tax rate	0.4%	—
Others	(0.9%)	—
Effective tax rate	35.4%	—

Note: For the fiscal year ended March 31, 2012, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate is not stated as the difference between them is less than 5% of the statutory tax rate.

17. Fair Value Information on Derivatives

(1) Derivative transactions to which hedge accounting is not applied

Derivative transaction to which hedge accounting was not applied are set force in the table below. These items do not reflect the market risks of the derivative transactions.

Interest rate-related transactions	Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)
<March 31,2013>				
Over-the-counter:	(Millions of yen)			
Swap:				
Receive-fixed/pay-floating	¥ 12,364	¥ 12,364	¥ (9)	¥ 45
Receive-floating/pay-fixed	12,364	12,364	(67)	(67)
<March 31,2012>				
Over-the-counter:	(Millions of yen)			
Swap:				
Receive-fixed/pay-floating	¥ 16,032	¥ 16,032	¥ (37)	¥ 39
Receive-floating/pay-fixed	16,032	16,032	(20)	(20)

Currency-related transactions

	Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)
<March 31,2013>				
Over-the-counter transactions:	(Millions of yen)			
Forward exchange contracts				
Sold	¥ 1,272	—	¥ 14	¥ 14
Bought	406	—	(0)	(0)
<March 31,2012>				
Over-the-counter transactions:	(Millions of yen)			
Forward exchange contracts				
Sold	¥ 475	—	¥ (19)	¥ (19)
Bought	304	—	17	17

	Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)
<March 31,2013>				
Over-the-counter:	(Thousands of U.S. dollars)			
Swap:				
Receive-fixed/pay-floating	\$131,461	\$131,461	\$ (95)	\$ 478
Receive-floating/pay-fixed	131,461	131,461	(712)	(712)

The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statement of income.

	Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)
<March 31,2013>				
Over-the-counter transactions:	(thousands of U.S. dollars)			
Forward exchange contracts				
Sold	\$ 13,524	—	\$ (148)	\$ (148)
Bought	4,316	—	(0)	(0)

1. The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statement of income.

2. Fair values are obtained using the discounted cash flow, etc.

(2) Derivative transactions to which hedge accounting is applied

Derivative transactions to which hedge accounting is applied are set forth in the table below. These items below do not represent the market risks of the derivative transactions.

Interest rate-related transactions (as of March 31, 2013)

Hedge accounting method	Type	Major hedged item	Contract amounts Millions of yen	Contract amounts beyond one year Millions of yen	Fair value Millions of yen	Contract amounts Thousands of U.S dollars	Contract amounts beyond one year Thousands of U.S dollars	Fair value Thousands of U.S dollars
Normal method	Interest rate swaps	Loans, deposits						
	receive-floating/ pay-fixed		¥ 80,927	¥ 80,927	¥ (4,792)	\$ 860,467	\$ 860,467	\$ (50,951)
Exceptional method	Interest rate swaps	Loans						
	receive-floating/ pay-fixed		10,000	10,000	(252)	106,326	106,326	(2,679)
	Other	Loans						
	Bought		5,300	5,150	0	56,353	54,758	0
Total			—	¥ —	¥ (5,044)	\$ —	\$ —	\$ (53,631)

Interest rate-related transactions (as of March 31, 2012)

Hedge accounting method	Type	Major hedged item	Contract amounts Millions of yen	Contract amounts beyond one year Millions of yen	Fair value Millions of yen
Normal method	Interest rate swaps	Loans, deposits			
	receive-floating/ pay-fixed		¥ 90,021	¥ 82,606	¥ (3,359)
Exceptional method	Interest rate swaps	Loans			
	receive-floating/ pay-fixed		10,000	10,000	(103)
	Other	Loans			
	Bought		5,700	5,600	5
Total			—	¥ —	¥ (3,456)

The above transactions apply deferral hedge accounting stipulated in JICPA Industry Audit Committee Report No. 24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking industry."

The fair value of over-the-counter transactions is calculated based on the discounted present value and option pricing models.

Currency-related transactions (as of March 31, 2013)

Hedge accounting method	Type	Major hedged item	Contract amounts Millions of yen	Contract amounts beyond one year Millions of yen	Fair value Millions of yen	Contract amounts Thousands of U.S dollars	Contract amounts beyond one year Thousands of U.S dollars	Fair value Thousands of U.S dollars
Normal method	Currency swaps	Call loans in foreign currency/ Call money in foreign currencies	¥ 33,006	¥ 940	¥ 114	\$ 350,940	\$ 9,994	\$ 1,212
		Total			—	¥ —	\$ —	\$ —

Currency-related transactions (as of March 31, 2012)

Hedge accounting method	Type	Major hedged item	Contract amounts Millions of yen	Contract amounts beyond one year Millions of yen	Fair value Millions of yen
Normal method	Currency swaps	Call loans in foreign currency	¥ 19,683	¥ 821	¥ (380)
		Total			—

The above transactions apply deferral hedge accounting stipulated in JICPA Industry Audit Committee Report No. 25, "Treatment for Accounting and Auditing for Transactions in foreign currencies, in Banking industry."

The fair value is calculated based on the discounted present value.

18. Retirement Benefit Plans

The Bank and the consolidated subsidiaries have defined-benefit corporation pension funds and lump-sum retirement benefits. The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheet for the Bank's and the consolidated subsidiaries' defined retirement benefit plans:

	2013 2012 2013			2013 2012 2013			
	(Millions of yen)	(Thousands of U.S.dollars)	(Thousands of U.S.dollars)	(Millions of yen)	(Thousands of U.S.dollars)	(Thousands of U.S.dollars)	
Retirement benefit obligation	¥ (15,637)	¥ (13,575)	\$(166,262)	Service cost	¥ 335	¥ 338	\$ 3,561
Plan assets at fair value	12,874	10,844	136,884	Interest cost	270	275	2,870
Unfunded retirement benefit obligation	(2,763)	(2,731)	(29,377)	Expected return on plan assets	(216)	(198)	(2,296)
Unrecognized net prior service cost	—	—	—	Amortization of net prior service cost	—	(453)	—
Unrecognized actuarial differences	1,633	1,326	17,363	Amortization of actuarial differences	867	864	9,218
Reserve for employees' retirement benefits	¥ (1,129)	¥ (1,405)	\$ (12,004)	Total	¥ 1,257	¥ 825	\$ 13,365

The components of retirement benefit expenses for the years ended March 31, 2013 and 2012 are outlined as follows:

	2013	2012
Discount rate	1.1%	2.0%
Expected rate of return on plan assets	2.0%	2.0%

19. Segment Information

1. Outline of reportable segments

Reportable segments are components for which separate financial information is available and that are subject to periodic examination by the Board of Directors to determine the allocation of management resources and assess performances.

The Bank and its consolidated subsidiaries comprise of the Bank and 7 consolidated subsidiaries that are engaged in the financial services business that includes mainly banking services as well as leasing services.

Therefore, the reportable segments of the Bank and its consolidated subsidiaries comprise 'Banking' and 'Leasing' that are distinguished by the type of the business.

'Banking' includes deposit taking, lending, investment in securities and exchange services.

'Leasing' represents lease business by Yamagin Lease Co., Ltd., one of the consolidated subsidiaries.

2. Calculation method of ordinary income, profit or loss, assets, liabilities and other items by reportable segment

The accounting policies in Note 3, "Summary of Significant Accounting Policies", are adopted for the reportable segments.

Reportable segment profit corresponds to ordinary profits.

Ordinary income arising from intersegment transactions is based on arm's length prices.

In accordance with an amendment to the Corporation Tax Act effective April 1, 2012, the Bank and its consolidated subsidiaries have changed their depreciation method for the tangible fixed assets acquired on or after April 1, 2012, to reflect the method prescribed in the amended Corporation Tax Act.

The effect of this change on "Segment profit" of the banking segment and leasing segment was immaterial.

3. Information of ordinary income, profit or loss, assets, liabilities and other items by reportable segment
Year ended March 31, 2013

(in millions)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	¥ 41,120	¥ 4,903	¥ 46,023	¥ 2,008	¥ 48,031	¥ (104)	¥ 47,927
Intersegment	150	119	270	577	847	(847)	—
Total	41,270	5,022	46,293	2,585	48,879	(951)	47,927
Segment profit	8,708	346	9,054	836	9,890	(108)	9,782
Segment assets	2,301,085	12,160	2,313,246	16,171	2,329,417	(17,003)	2,312,413
Segment liabilities	2,173,235	8,569	2,181,805	12,519	2,194,325	(15,760)	2,178,564
Other items							
Depreciation	1,215	26	1,242	10	1,252	—	1,252
Interest income	27,624	3	27,627	166	27,793	(105)	27,688
Interest expense	3,109	84	3,194	46	3,241	(101)	3,140
Increase in tangible fixed assets and intangible fixed assets	1,027	50	1,077	3	1,080	—	1,080

Notes

1. Ordinary income is substituted for sales of companies in other industries. "Adjustments" is elimination of intersegment transactions.
2. "Other" represents business segments that are not the reportable segments and comprises business support service, credit guarantee service, data processing, credit card business, venture capital business, etc.

Year ended March 31, 2012

(in millions)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	¥ 38,168	¥ 4,754	¥ 42,922	¥ 1,976	¥ 44,899	¥ (301)	¥ 44,597
Intersegment	163	141	305	547	853	(853)	—
Total	38,331	4,895	43,227	2,524	45,752	(1,154)	44,597
Segment profit	6,957	293	7,250	852	8,103	37	8,140
Segment assets	2,184,464	12,076	2,196,541	16,626	2,213,167	(17,172)	2,195,995
Segment liabilities	2,069,758	8,741	2,078,500	13,619	2,092,120	(15,997)	2,076,123
Other items							
Depreciation	1,590	24	1,615	11	1,626	—	1,626
Interest income	28,464	2	28,466	195	28,662	(117)	28,545
Interest expense	3,209	98	3,307	53	3,361	(115)	3,245
Increase in tangible fixed assets and intangible fixed assets	810	34	844	7	852	—	852

Year ended March 31, 2013

(Thousands of U.S.dollars)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	\$ 437,214	\$ 52,131	\$ 489,346	\$ 21,350	\$ 510,696	\$ (1,105)	\$ 509,590
Intersegment	1,594	1,265	2,870	6,135	9,005	(9,005)	—
Total	438,809	53,397	492,216	27,485	519,712	(10,111)	509,590
Segment profit	92,589	3,678	96,267	8,888	105,156	(1,148)	104,008
Segment assets	24,466,613	129,292	24,595,917	171,940	24,767,857	(180,786)	24,587,060
Segment liabilities	23,107,230	91,111	23,198,351	133,110	23,331,472	(167,570)	23,163,891
Other items							
Depreciation	12,918	276	13,205	106	13,312	—	13,312
Interest income	293,716	31	293,748	1,765	295,513	(1,116)	294,396
Interest expense	33,056	893	33,960	489	34,460	(1,073)	33,386
Increase in tangible fixed assets and intangible fixed assets	10,919	531	11,451	31	11,483	—	11,483

Notes

1. Ordinary income is substituted for sales of companies in other industries. "Adjustments" is elimination of intersegment transactions.
2. "Other" represents business segments that are not the reportable segments and comprises business support service, credit guarantee service, data processing, credit card business, venture capital business, etc.

4. Related information
Information by service
Year ended March 31, 2013

(in millions)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 20,345	¥ 11,692	¥ 4,782	¥ 11,106	¥ 47,927

Year ended March 31, 2012

(in millions)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 21,024	¥ 10,394	¥ 4,681	¥ 8,497	¥ 44,597

Year ended March 31, 2013

(Thousands of U.S.dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 216,321	\$ 124,316	\$ 50,845	\$ 118,086	\$ 509,590

Information about geographical areas is omitted because the Bank and its consolidated subsidiaries conduct banking and other related activities in Japan without having foreign subsidiaries or foreign branches.

Information about major customers is not presented because there are no customers having over a 10% share of ordinary income.

5. Information concerning the impairment loss of fixed assets by reportable segment
Year ended March 31, 2013

(in millions)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	¥ 36	¥ —	¥ 36	¥ —	¥ 36

Year ended March 31, 2012

(in millions)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	¥ 65	¥ —	¥ 65	¥ —	¥ 65

Year ended March 31, 2013

(Thousands of U.S.dollars)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	\$ 382	\$ —	\$ 382	\$ —	\$ 382

20. Amounts Per Share

Amounts per share of net income and net assets, as presented below, are based on the weighted average number of shares of common stock outstanding during each year and the number of shares outstanding at each balance sheet date, respectively.

	2013	2012	2013
	(Yen)	(U.S. Dollars)	(U.S. Dollars)
Net income	¥ 31.98	¥ 23.69	\$ 0.34
Net assets	¥ 747.20	¥ 669.98	\$ 7.94

Diluted net income per share has not been disclosed because the Bank does not issue any potentially dilutive common stock equivalents.
The basis for the calculation of net income per share for the year ended March 31, 2013 and 2012 are summarized as follows:

	2013	2012	2013
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)
Net income	¥ 5,452	¥ 4,039	\$ 57,969
Amount not attributable to common stock:	—	—	—
Net income related to common stock	5,452	4,039	57,969
Weighted average number of shares of common stock outstanding	170,487 thousand	170,498 thousand	170,487 thousand

21. Financial Instruments

1. Matters relating to the state of financial instruments

(1) Policy for financial instruments

The Yamagata Bank group (referred to as the "Bank" below) provides financial services mainly connected with the banking business including deposits, loans, buying and selling trading securities and security investments. In the banking business, which is the main business of the Bank, funds are raised by means such as accepting deposits and borrowing money from the call money market, and are invested by providing loans and buying securities. Financial assets and liabilities are susceptible to interest rate fluctuations, so the Bank bears market risk, which is the risk of loss caused by changes in financial market conditions (for example, interest rate risk and price fluctuation risk), and the risk of failing to raise sufficient funds.

The Bank performs comprehensive asset and liability management (ALM) to appropriately control the balance of profit and risk in a way that suits fund raising and investment policy as well as taking into consideration the state of assets and liabilities and the trends of the financial and capital markets. The Bank uses derivatives as part of such management.

(2) Nature and risk of financial instruments

The Bank's financial assets consist mainly of loans to domestic companies and individuals, and the Bank is exposed to the credit risks arising from customers' default on their loans. Securities mainly consist of stocks, bonds and investment trusts, some of which are held until the maturity date, others are held for purposes such as investment and business promotion. Those securities are exposed to credit risk of the relevant issuer, the risks of fluctuations in interest rates and market prices.

Deposits, call money, etc., that are financial liabilities have interest rate fluctuation risks caused by differences in interest rates and the periods between financial liabilities and financial assets. Financial liabilities also have the funding risk of loss due to inability to raise funds, because of reasons such as unexpected outflow of funds, and by raising funds at interest rates much higher than the normal rate because of unavoidable reasons; and the market liquidity risk of loss caused by the inability to raise the required funds because of disruption such as a credit crunch in the entire market and by trading at prices greatly disadvantageous compared with the normal price.

(3) Risk management for financial Instruments

i. Credit risk management

The Bank measures the risk amount through credit judgments, credit ratings and self-assessments, attaching importance to the public good, safety, growth potential and profitability, and controls the risk on the principle of elimination of concentration with specific customers, in accordance with credit policy (lending standards), which states the basic ideas about lending, the code of conduct and other matters, and with the credit risk management rules, which specify credit risk management methods.

The Bank's credit review division and sales promotion division are separated to ensure independence of each other and stringent credit risk management.

The Bank conducts rigorous self-assessment, which includes audits by the audit division, from the aspect of securing the soundness of the assets. Based on the results, the Bank appropriately writes off bad debts and sets aside reserves.

The Bank has a credit rating system for business loans to understand the true state of companies from both quantitative and qualitative aspects.

To reduce and offset credit risk, the Bank receives collateral and guarantees for lending transactions and offsets loans against deposits. The basic ideas about security are stated in the credit policy, and security assessments, management policies and procedures are set out in the operation manual.

Measurement method and procedures for credit risk amount are stipulated in the operation manual and the risk is measured monthly based on the borrowers' credit rating and other factors. The results are reported to the ALM Council (the board of managing directors).

ii. Market risk management

a. Interest rate risk management

The Bank's interest rate fluctuation risk is managed by ALM.

Risk management methodology and procedures are stated in detail in the rules and manuals related to ALM. Present conditions are checked, state of execution is checked and future actions are discussed by the ALM Council, based on the outcome of the deliberations of the ALM Committee.

Risks are monitored using methodology such as basis point value (BPV) and value at risk (VaR), and mainly with gap analyses and interest rate sensitivity analyses, and the results are reported monthly to the ALM Council. As part of ALM, derivatives such as interest rate swap transactions are conducted to hedge interest rate risks.

b. Price fluctuation risk management

Trading and management of investment instruments such as securities are performed in accordance with the investment policy and risk management policy as determined by the board of directors half-yearly. The Middle Section of the Financial Market Division and the Risk Control Section of the General Planning & Coordinations Division measure market risk for securities investments quantitatively and comprehensively using VaR, etc. The results are reported to the relevant directors, the ALM Council, etc., with the frequency set for each financial instrument to check the state of compliance with the rule.

c. Quantitative information concerning market risk

The principal financial instruments that are subject to interest rate risk and price fluctuation risk, which are the main risk variables affecting the Bank, are loans and bills discounted, securities, deposits and derivatives transactions.

The variance-covariance method (holding period: 90 days*, confidence interval: 99%, observation period: 250 business days) was used for the calculation of VaR, the market risk volume. The volume of overall market risk (estimated loss) as of March 31, 2013 (consolidated accounts settlement date) and 2012 were ¥20,147 million (\$214,215 thousand) and ¥17,038 million.

The Bank believes that the measurement model estimates market risk with sufficient accuracy because the Bank examines the model by means such as performing backtesting to compare the VaR calculated using the model with the actual profit and loss.

However, VaR measures market risk volume with a certain probability that is calculated statistically based on historical market movements, and therefore VaR may fail to represent risk in the case of exceptionally drastic change in market conditions.

* Holding period for shares purchased for the business relationship, which are included in the securities: 125 days.

iii. Liquidity risk management

Sections managing liquidity risks at the Bank are clearly stated in the liquidity risk management rule that stipulate the liquidity risk management procedures, system and so on. The Bank has a management system to secure sufficient liquidity in case of unexpected events by setting liquidity standards for various cases including times of normality, times of concern, and times of emergency.

(4) Supplementary explanation of fair values, of financial instruments

Fair value of financial instruments includes market price as well as reasonably determined value where market price is unavailable. The reasonably determined value could differ depending on different conditions and assumptions because calculation of such value is conducted based on certain conditions and assumptions.

2. Fair value of financial instruments

Carrying amount and fair value, as of March 31, 2013 and 2012, and the difference between the values are shown in the table below. Unlisted stocks and others whose fair value is deemed to be extremely difficult to determine are not listed in the table (see Note 2). Accounts considered to be immaterial are omitted.

<March 31, 2013>

	Carrying amount Millions of yen	Fair Value Millions of yen	Difference Millions of yen
(1) Cash and due from banks	¥ 87,777	¥ 87,777	¥ —
(2) Call loans and bills purchased	72,644	72,644	—
(3) Securities			
Held-to-maturity bonds	8,858	8,985	126
Other securities	761,137	761,137	—
(4) Loans and bills discounted	1,326,192		
Reserve for possible loan losses (*1)	(9,466)		
	1,316,726	1,341,740	25,013
Total assets	2,247,145	2,272,285	25,139
(1) Deposits	1,977,246	1,978,314	1,068
(2) Negotiable certificates of deposit	114,393	114,393	0
(3) Borrowed money	25,491	25,521	29
Total liabilities	2,117,131	2,118,229	1,097
Derivatives transactions (*2)			
To which hedge accounting is not applied	(61)	(61)	—
To which hedge accounting is applied	(4,677)	(4,677)	—
Total derivatives	¥ (4,738)	¥ (4,738)	¥ —

<March 31, 2012>

	Carrying amount Millions of yen	Fair Value Millions of yen	Difference Millions of yen
(1) Cash and due from banks	¥ 50,096	¥ 50,096	¥ —
(2) Call loans and bills purchased	79,508	79,508	—
(3) Securities			
Held-to-maturity bonds	9,052	9,163	110
Other securities	714,299	714,299	—
(4) Loans and bills discounted	1,288,728		
Reserve for possible loan losses (*1)	(13,197)		
	1,275,531	1,299,175	23,644
Total assets	2,128,488	2,152,243	23,755
(1) Deposits	1,945,545	1,946,503	957
(2) Negotiable certificates of deposit	78,337	78,339	1
Total liabilities	2,023,883	2,024,842	959
Derivatives transactions (*2)			
To which hedge accounting is not applied	(60)	(60)	—
To which hedge accounting is applied	(3,794)	(3,794)	—
Total derivatives	¥ (3,854)	¥ (3,854)	—

<March 31, 2013>

	Carrying amount Thousand of dollars	Fair Value Thousand of dollars	Difference Thousand of dollars
(1) Cash and due from banks	\$ 933,301	\$ 933,301	\$ —
(2) Call loans and bills purchased	772,397	772,397	—
(3) Securities			
Held-to-maturity bonds	94,183	95,534	1,339
Other securities	8,092,897	8,092,897	—
(4) Loans and bills discounted	14,100,925		
Reserve for possible loan losses (*1)	(100,648)		
	14,000,276	14,266,241	265,954
Total assets	23,893,088	24,160,393	267,293
(1) Deposits	21,023,349	21,034,704	11,355
(2) Negotiable certificates of deposit	1,216,299	1,216,299	0
(3) Borrowed money	271,036	271,355	308
Total liabilities	22,510,696	22,522,371	11,664
Derivatives transactions (*2)			
To which hedge accounting is not applied	(648)	(648)	—
To which hedge accounting is applied	(49,728)	(49,728)	—
Total derivatives	\$ (50,377)	\$ (50,377)	\$ —

(*1) General reserve and specific reserve for possible loan losses corresponding to loans and bills discounted are deducted.

(*2) Derivative transactions recorded in other assets and other liabilities are presented on a net basis.

Note 1 Method to calculate fair values of financial instruments

Assets

(1) Cash and due from banks

Concerning due from banks without maturity, the carrying amount is reported as fair value because the fair value is approximately the same as the carrying amount. Concerning due from banks with maturity, the carrying amount is reported as fair value because the remaining periods are as short as less than one year, and the fair value is approximately the same as the carrying amount.

(2) Call loans and bills purchased

The carrying amount is reported as fair value for call loans and bills purchased because they have short maturity (less than one year), and the fair value is approximately the same as the carrying amount.

(3) Securities

Fair value of stocks is determined based on the exchange price, and that of bonds based on the exchange price or price quoted by the counter party financial institutions. Fair value of investment trusts is determined based on the price publicly available. Fair value of privately placed guaranteed bonds is calculated by discounting the total amount of principal and interest at an interest rate deemed to be applicable to similar bonds by categories based on internal ratings and terms of the bonds.

As of March 31, 2012, as market quotation cannot be considered as fair value in consequence of examining the recent trading environment, the Bank reported Japanese government bond with variable interest rate on the balance sheet at the reasonably calculated amounts. As a result, securities and unrealized holding gain on securities increased by ¥1,880 million. Unrealized holding gain on securities as of March 31, 2012 increased by ¥1,222 million. Deferred tax assets as of March 31, 2012 decreased by ¥658 million.

The value of Japanese government bonds with variable interest rate calculated on a reasonable basis is determined by discounting the expected future cash flows, which are estimated based on factors such as yield of government bonds, and the discount rate based on the yield. The yield of government bonds and volatility of the yield are major parameters for determining the price.

As of March 31, 2013, the Bank reported Japanese government bond with variable interest rate on the balance sheet at market quotation.

Notes concerning securities by purpose of holding securities are set out in the Note5 "Securities".

(4) Loans and bills discounted

Fair value of loans and bills discounted is calculated by categorizing the loans based on the type, internal rating, term (the remaining period or the period between interest rate renewals), and then discounting the total of the principals and interest with a rate expected of a new similar loan. For loans with short remaining periods (less than one year), the carrying amount is reported as the fair value because the fair value is approximately the same as the carrying amount.

For receivables from "legally bankrupt", "virtually bankrupt" and "possibly bankrupt" borrowers, possible loan losses are estimated based on factors such as present value of expected future cash flow and expected amounts to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected loan losses at the end of the year, such carrying amount is presented as fair value.

Concerning loans whose maturity dates were not set because they were limited to within the values of the collateral offered as security, the carrying amount is reported as fair value because the fair value is expected to be approximately the same as the carrying amount considering expected periods of repayments and the terms of interest rate.

Liabilities

(1) Deposits, and (2) negotiable certificates of deposit

Concerning demand deposits, the amounts to be paid if such deposits were withdrawn on the end of the year (book values) are regarded as fair value. Time deposits are separated by period, and the present value is calculated by discounting the future cash flow. The discount rate is the rate used for new deposit-taking. For those with short remaining periods (less than one year), their carrying amount is reported as the fair value because the fair value is approximately the same as the carrying amount.

(3) Borrowed money

Fair value of borrowed money is calculated by discounting the total amount of the principal and interest of such borrowed money classified by the type, internal rating and the remaining period at the interest rates considered to be applicable to new similar borrowed money. The fair value of short-term borrowed money with remaining period as of the end of the fiscal year not exceeding one year is based on the carrying amount because the fair value is approximately the same as the carrying amount.

Derivative transactions

Matters related to derivatives transactions are as stated in the Note 17 "Fair Value Information on Derivatives".

Note 2 Financial instruments whose fair value is deemed to be extremely difficult to determine were as follows. These were not included in the Asset, "(3) Securities" in "Fair value of financial instruments".

<March 31, 2013>

Category	Carrying amount	
	Millions of yen	Thousand of dollars
Unlisted stocks (*1)(*2)	¥ 1,431	\$ 15,215
Investment in Partnerships (*3)	71	754
Total	¥ 1,503	\$ 15,980

(*1) Unlisted stocks are not subject to fair value disclosure because of the extreme difficulty in determining their fair values as they are not sold in the market.

(*2) Impairment accounting was applied to unlisted stocks of ¥0 million in the previous consolidated fiscal year. Impairment accounting was applied to unlisted stocks of ¥9 million (\$95 thousand) in this consolidated fiscal year.

(*3) In the case that partnership assets consist of unlisted stocks whose fair value is deemed to be extremely difficult to determine, investment in partnerships is not subject to fair value disclosure.

<March 31, 2012>

Category	Carrying amount	
	Millions of yen	
Unlisted stocks (*1) (*2)	¥ 1,620	
Investment in Partnerships (*3)	97	
Total	¥ 1,717	

Note 3 Scheduled redemption amounts of financial assets and securities with maturities

<March 31, 2013>

	Due in one year or less (Millions of yen)	Due after one year through three years (Millions of yen)	Due after three years through five years (Millions of yen)	Due after five years through seven years (Millions of yen)	Due after seven years through ten years (Millions of yen)	Due after ten years (Millions of yen)
Due from banks	¥ 87,777	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills purchased	72,644	—	—	—	—	—
Securities	64,062	125,106	201,044	127,834	158,043	53,330
Held-to-maturity bonds	2,209	4,326	1,813	510	—	—
Corporate bonds	2,209	4,326	1,813	510	—	—
Other securities with a maturity date	61,852	120,780	199,231	127,324	158,043	53,330
Japanese government bonds	24,634	50,346	113,105	84,491	106,491	23,404
Municipal bonds	17,936	31,183	31,387	19,825	4,628	25,325
Corporate bonds	14,015	20,068	36,551	12,191	7,606	—
Other	5,265	19,181	18,187	10,815	39,316	4,600
Loans and bills discounted (*)	336,854	252,619	211,221	134,526	124,862	244,408
Total	¥ 561,338	¥ 377,726	¥ 412,265	¥ 262,361	¥ 282,905	¥ 297,738

* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loan to "Legally bankrupt" borrowers, loan to "Virtually bankrupt" borrowers, loan to "Possibly bankrupt" borrowers, amounting to ¥21,700 million (\$230,728 thousand) is not included in the above table.

<March 31, 2012>

	Due in one year or less (Millions of yen)	Due after one year through three years (Millions of yen)	Due after three years through five years (Millions of yen)	Due after five years through seven years (Millions of yen)	Due after seven years through ten years (Millions of yen)	Due after ten years (Millions of yen)
Due from banks	¥ 50,096	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills purchased	79,508	—	—	—	—	—
Securities	88,411	143,100	157,988	92,778	168,784	36,864
Held-to-maturity bonds	1,861	3,660	3,266	264	—	—
Corporate bonds	1,861	3,660	3,266	264	—	—
Other securities with a maturity date	86,550	139,440	154,721	92,513	168,784	36,864
Japanese government bonds	29,133	60,638	78,628	44,423	109,206	14,386
Municipal bonds	20,283	40,296	25,949	22,358	11,569	16,092
Corporate bonds	21,979	23,547	30,164	14,212	11,110	—
Other	15,154	14,956	19,979	11,519	36,898	6,384
Loans and bills discounted (*)	339,995	233,605	217,719	106,152	124,888	241,788
Total	¥ 558,012	¥ 376,705	¥ 375,707	¥ 198,930	¥ 293,672	¥ 278,653

* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loan to "Legally bankrupt" borrowers, loan to "Virtually bankrupt" borrowers, loan to "Possibly bankrupt" borrowers, amounting to ¥24,579 million is not included in the above table.

<March 31, 2013 >

	Due in one year or less (Thousands of U.S.dollars)	Due after one year through three years (Thousands of U.S.dollars)	Due after three years through five years (Thousands of U.S.dollars)	Due after five years through seven years (Thousands of U.S.dollars)	Due after seven years through ten years (Thousands of U.S.dollars)	Due after ten years (Thousands of U.S.dollars)
Due from banks	\$ 933,301	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills purchased	772,397	—	—	—	—	—
Securities	681,148	1,330,207	2,137,628	1,359,213	1,680,414	567,038
Held-to-maturity bonds	23,487	45,996	19,276	5,422	—	—
Corporate bonds	23,487	45,996	19,276	5,422	—	—
Other securities with a maturity date	657,650	1,284,210	2,118,351	1,353,790	1,680,414	567,038
Japanese government bonds	261,924	535,311	1,202,604	898,362	1,132,280	248,846
Municipal bonds	197,707	331,557	333,726	210,792	49,207	269,271
Corporate bonds	149,016	213,375	388,633	129,622	80,871	—
Other	55,980	203,944	193,375	114,992	418,032	48,910
Loans and bills discounted	3,581,648	2,686,007	2,245,837	1,430,366	1,327,612	2,598,702
Total	\$ 5,968,506	\$ 4,016,225	\$ 4,383,466	\$ 2,789,590	\$ 3,008,027	\$ 3,165,741

Note 4 Scheduled repayment amounts of bonds, borrowed money and other interest bearing liabilities

<March 31, 2013>

	Due in one year or less (Millions of yen)	Due after one year through three years (Millions of yen)	Due after three years through five years (Millions of yen)	Due after five years through seven years (Millions of yen)	Due after seven years through ten years (Millions of yen)	Due after ten years (Millions of yen)
Deposits (*)	¥ 1,727,483	¥ 200,450	¥ 49,311	¥ —	¥ —	¥ —
Negotiable certificates of deposit	114,298	95	—	—	—	—
Borrowed money	23,619	1,366	505	0	—	—
Total	¥ 1,865,401	¥ 201,912	¥ 49,817	¥ 0	¥ —	¥ —

*Demand deposits are included in "Due in one year or less".

<March 31, 2012>

	Due in one year or less (Millions of yen)	Due after one year through three years (Millions of yen)	Due after three years through five years (Millions of yen)	Due after five years through seven years (Millions of yen)	Due after seven years through ten years (Millions of yen)	Due after ten years (Millions of yen)
Deposits (*)	¥ 1,719,026	¥ 187,294	¥ 39,225	¥ —	¥ —	¥ —
Negotiable certificates of deposit	77,625	712	—	—	—	—
Total	¥ 1,796,651	¥ 188,006	¥ 39,225	¥ —	¥ —	¥ —

*Demand deposits are included in "Due in one year or less".

<March 31, 2013>

	Due in one year or less (Thousands of U.S.dollars)	Due after one year through three years (Thousands of U.S.dollars)	Due after three years through five years (Thousands of U.S.dollars)	Due after five years through seven years (Thousands of U.S.dollars)	Due after seven years through ten years (Thousands of U.S.dollars)	Due after ten years (Thousands of U.S.dollars)
Deposits	\$ 18,367,708	\$ 2,131,313	\$ 524,306	\$ —	\$ —	\$ —
Negotiable certificates of deposit	1,215,289	1,010	—	—	—	—
Borrowed money	251,132	14,524	5,369	0	—	—
Total	\$ 19,834,141	\$ 2,146,858	\$ 529,686	\$ 0	\$ —	\$ —

Independent Auditor's Report

The Board of Directors
The Yamagata Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Yamagata Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Yamagata Bank, Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

June 25, 2013
Yamagata, Japan

Ernst & Young Shinnihon LLC

Non-Consolidated Balance Sheet

As of March 31, 2013 and 2012

	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S.dollars)
Assets			
Cash and due from banks	¥ 87,769	¥ 50,083	\$ 933,216
Call loans and bills purchased	72,644	79,508	772,397
Trading securities	34	43	361
Securities	771,931	725,009	8,207,666
Loans and bills discounted	1,333,899	1,296,184	14,182,870
Foreign exchange	1,029	1,030	10,940
Other assets	10,518	11,948	111,834
Tangible fixed assets	13,057	13,480	138,830
Buildings	3,128	3,294	33,258
Land	8,933	9,015	94,981
Leased asset	60	71	637
Construction in process	13	-	138
Other tangible fixed assets	922	1,098	9,803
Intangible fixed assets	1,325	1,193	14,088
Software	1,109	977	11,791
Other intangible fixed assets	215	216	2,286
Deferred tax assets	-	3,216	-
Customers' liabilities for acceptances and guarantees	16,754	14,293	178,139
Reserve for possible loan losses	¥ (8,596)	¥ (12,245)	\$ (91,398)
Total assets	2,300,369	2,183,747	24,459,000
Liabilities and Net Assets			
Liabilities:			
Deposits	¥ 2,098,715	¥ 2,031,032	\$ 22,314,885
Call money	538	-	5,720
Payables under securities lending transactions	15,366	2,750	163,381
Borrowed money	22,694	6,255	241,297
Foreign exchange	38	37	404
Other liabilities	12,370	11,736	131,525
Reserve for bonuses to directors and corporate auditors	20	20	212
Reserve for employees' retirement benefits	1,091	1,371	11,600
Reserve for directors and corporate auditors' retirement benefits	264	231	2,807
Reserve for losses on dormant deposit repayments	187	209	1,988
Reserve for losses on contingencies	147	182	1,562
Deferred tax liabilities	3,433	-	36,501
Deferred tax liabilities arising from revaluation of land	1,612	1,636	17,139
Acceptances and guarantees	¥ 16,754	¥ 14,293	\$ 178,139
Total liabilities	2,173,235	2,069,758	23,107,230
Net Assets			
Common stock			
Authorized - 298,350,000 shares			
Issued - 172,000,000 shares	¥ 12,008	¥ 12,008	\$ 127,676
Capital surplus	4,937	4,937	52,493
Retained earnings	95,968	91,508	1,020,393
Less treasury stock, at cost	(820)	(818)	(8,718)
Total Shareholder's equity	112,093	107,636	1,191,844
Unrealized holding gain on securities	17,135	7,477	182,190
Deferred gain (loss) on hedging instruments	(3,108)	(2,182)	(33,046)
Revaluation of land	1,012	1,057	10,760
Total of net assets	127,133	113,989	1,351,759
Total of liabilities and net assets	¥ 2,300,369	¥ 2,183,747	\$ 24,459,000

Non-Consolidated Statement of Income

For the years ended March 31, 2013 and 2012

	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S.dollars)
Income			
Interest on loans and discounts	¥ 20,172	¥ 21,042	\$ 214,481
Interest and dividends on securities	7,227	7,314	76,842
Other interest	222	105	2,360
Fees and commissions	5,964	6,007	63,413
Other income	7,691	3,861	81,775
Total income	41,280	38,332	438,915
Expenses:			
Interest on deposits	1,739	1,707	18,490
Interest on borrowings and rediscounts	88	9	935
Other interest	1,279	1,490	13,599
Fees and commissions	2,314	2,220	24,603
General and administrative expenses	22,265	21,965	236,735
Other expenses	4,954	4,128	52,674
Total expenses	32,644	31,523	347,091
Income before income taxes	8,636	6,810	91,823
Income taxes:			
Current	928	934	9,867
Deferred (credit)	2,270	2,169	24,136
	3,198	3,103	34,003
Net income.....	¥ 5,437	¥ 3,706	\$ 57,809
Amounts per share:			
	2013 (yen)	2012 (yen)	2013 (U.S.dollars)
Net income	31.90	21.74	0.33
Net assets	745.73	668.60	7.92

Directory

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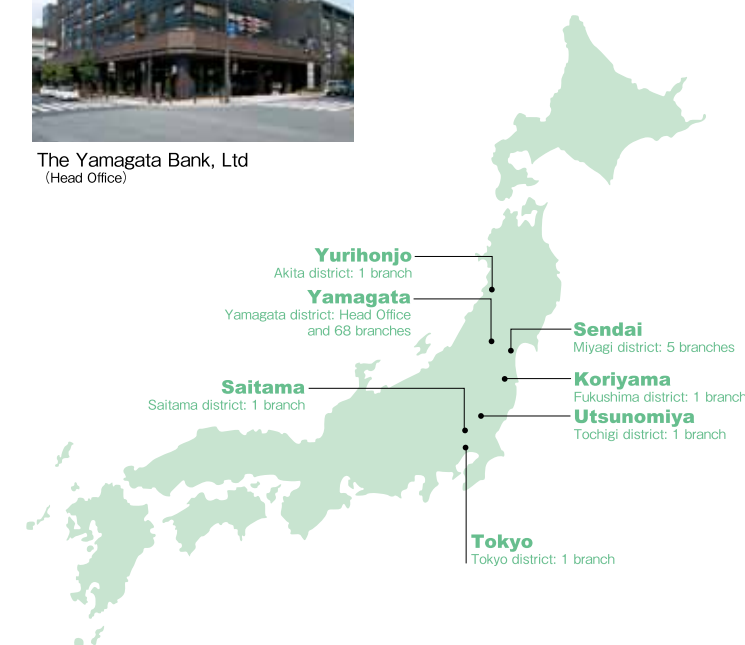
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Bank Data: (As of March 31, 2013)

Date of Incorporation: 1896
Authorized Shares: 298,350,000
Total Number of Stock Issued: 172,000,000
Number of Shareholders: 8,799
Number of Employees: 1,335



The Yamagata Bank, Ltd
(Head Office)



(Total: Head Office and 78 branches)
(As of July 1, 2013)



Cherries
Cherries are a special product of Yamagata Prefecture.
Stylized cherries are used as the symbol of The Yamagata Bank.