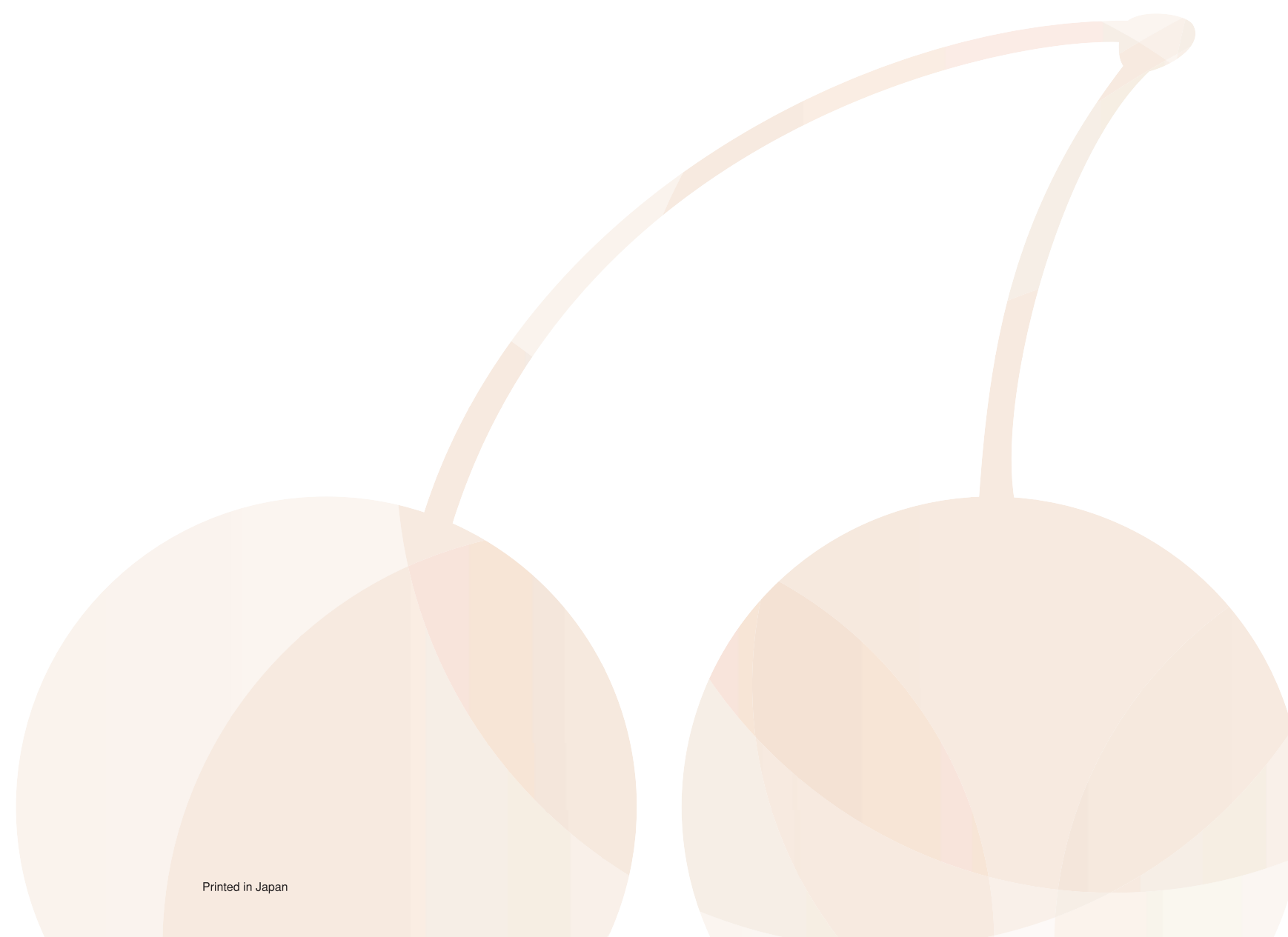


ANNUAL REPORT 2011

Year Ended March 31, 2011



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 is separated into the four districts of Murayama (the location of the prefectural capital, Yamagata), Okitama, Mogami and Shonai based on history and geography. The prefecture is multipolar, and each of the four districts has distinctive economical and cultural features. The primary economic sector of agriculture has several products with the highest share in Japan, including cherries, European pears and safflowers. Major products of the secondary sector of the prefecture's economy include information and communications equipment, electronic components and devices, and products with a sophisticated design, in the manner of Italian products, which are exported under the brand name of Yamagata Kobo. The tertiary sector of economic activity exploits Yamagata Prefecture's resources for tourism, which include hot springs. Yamagata Prefecture has a well-balanced diversity of industry, as described above. The cities of Yamagata and Sendai (the biggest city in the Tohoku region) are located close to each other on either side of the prefectural border, which is very unusual. The two cities are growing increasingly closer through financial, cultural and political exchanges, with great benefits to the economy.

New enterprises to support the region in the 21st century are setting up, including a company in the organic light-emitting diode business in Yamagata Prefecture and a concentration of companies in the automobile-related business in Miyagi Prefecture.

History of Yamagata Bank

The Bank has been keenly contributing to the development of the economy and the community in Yamagata Prefecture as a leading bank in the prefecture since its establishment in 1896. The Bank has the highest share of deposits and loans in Yamagata Prefecture and is the designated bank of eighteen local governments in the prefecture, including the Yamagata Prefecture government.

The Bank has been pouring various business resources into the Sendai area which the Bank designated as a priority business promotion area in 1996. As a result, the Bank now has highest share of loans among the regional banks, including banks in the Second Association of Regional Banks, which are conducting business in Sendai but which do not have head offices in Miyagi Prefecture.

Concept of contributing to the region

The Bank believes that contributing to the region enhances its trustworthiness as a bank of safety and amity by maintaining the financial infrastructure in the region (in other words maintaining and improving financial soundness) and by providing funds and various services.

The Bank considers that stimulating the regional economy by providing valuable products and services and beneficial information to the regional community through the Bank's comprehensive financial information service is also contributing to the region.

The Bank deems that it is essential, as a good corporate body rooted in the region, to be involved in diverse voluntary activities such as the promotion of art, culture, sports, etc., and schemes for people's welfare and environmental conservation to materialize sustainable development together with the region.



Kichishige Hasegawa
President

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

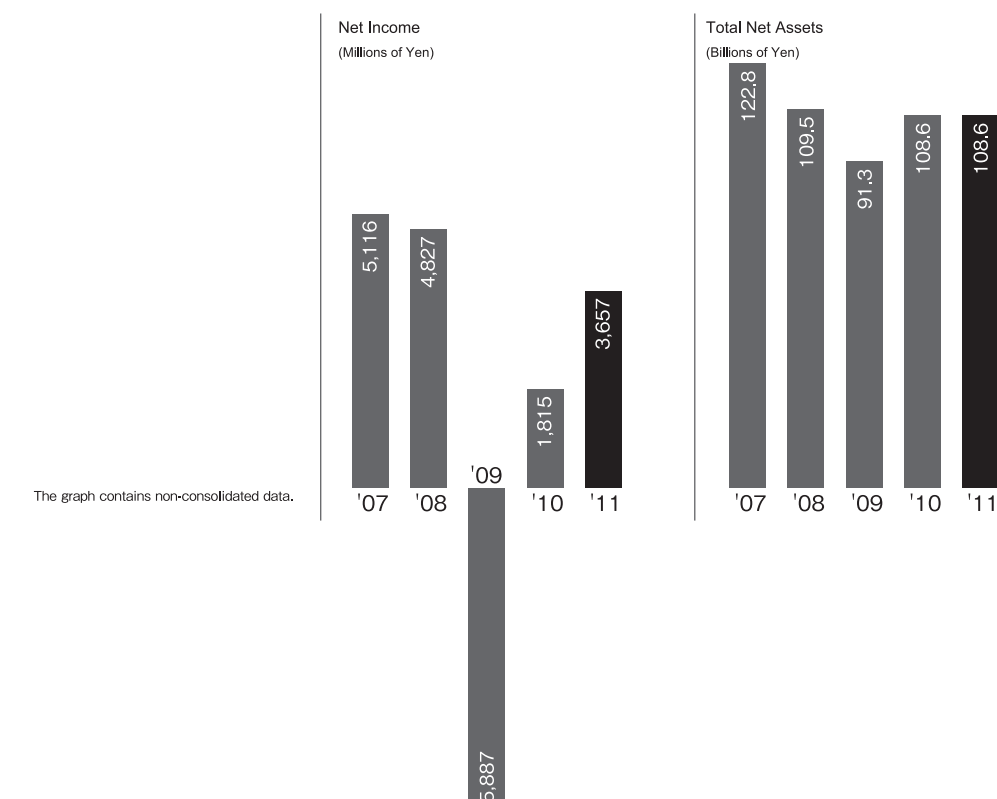
Yen: In millions except per share data and percentages

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

For the years ended March 31	Consolidated			Non-Consolidated		
	2011 (Yen)	2010 (Yen)	2011 (U.S. dollars)	2011 (Yen)	2010 (Yen)	
Total income.....	¥ 45,055	¥ 44,755	\$ 541,852	¥ 38,358	¥ 37,526	
Total expenses.....	38,198	40,270	459,386	32,277	33,951	
Net income.....	3,253	2,078	39,122	3,657	1,815	
Amounts per share						
Net income	¥ 19.08	¥ 12.19	\$ 0.22	¥ 21.45	¥ 10.65	
Cash dividends declared during the year	—	—	—	6	6	
Net assets	636.90	638.78	7.65	637.47	636.99	
As of March 31						
Total assets	¥ 2,048,095	¥ 2,019,035	\$ 24,631,328	¥ 2,036,237	¥ 2,004,428	
Loans and bills discounted	1,217,852	1,212,711	14,646,446	1,226,246	1,221,675	
Total liabilities	1,934,448	1,905,445	23,264,558	1,927,545	1,895,811	
Deposits	1,888,857	1,859,201	22,716,259	1,896,235	1,865,928	
Total net assets	113,647	113,589	1,366,770	108,691	108,617	
Ratios:						
Consolidated						
Capital ratio	2011	2010				
	14.00%	13.47%				

Note 1: U.S.dollars represent transactions, for the convenience of readers, at ¥83.15=U.S.\$1.00, the rate prevailing on March 31, 2011.

Note 2: Figures for 2010 and 2011 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 continued patronage of our customers to Yamagata Bank from the bottom of my heart.

I would like to express my deepest sympathy for the people who suffered from the Tohoku earthquake and tsunami that occurred in March of this year, and I sincerely wish for the early recovery of the disaster-stricken areas. Five branches of Yamagata Bank in Sendai were damaged in the earthquake; two of them so severely that there was no other option but to temporarily close them for business. However, both branches managed to swiftly recover from the damage and soon resumed service. I appreciate the sympathy and kindhearted encouragement that we have received from so many well-wishers.

Last year, the Japanese economy moderately recovered overall, but failed to gain momentum, and in the latter half of the year, the recovery dropped off, affected by the slowing down of the overseas economy and the strong yen. An aggravating factor was the earthquake that occurred in March, which caused fear of a downward pressure on the economy. Concerning the economy in Yamagata Prefecture, harsh conditions continued because demand remained low, despite the fact that some businesses showed modest improvement, led by the manufacturing industry.

In the banking business, many banks are actively trying to restructure themselves; an example being Kirayaka Bank and Sendai Bank, who have started negotiations for a business merger. Banks are required to closely observe international movements such as new capital adequacy requirements and the International Financial Reporting Standards (IFRS), which are due to be implemented in the near future. Some banks have started strengthening their business capacity by using public funds, through capital increases and other means.

Under these circumstances, Yamagata Bank is in the final year of its 16th long-term management plan called the "Yamagin Innovation Plan" and will practice management with corporate social responsibility that is apt for the new-age Yamagata Bank, which is what we have been aiming for.

In this fiscal year, as a regional bank, we will make further efforts to contribute to the local economy by promoting region-oriented financing and flexible financing for small and medium-sized companies, and other means, particularly considering the knock-on effects of the earthquake. We will further strengthen the bank's management administration in order to be trusted even more by our customers as a bank of safety and amity. Yamagata Bank will constructively support the business and lives of our customers and we will exert ourselves to the utmost for the revitalization of the local economy to safeguard the region and the livelihoods of the people in our community

because we are concerned over any widening of the secondary damages of the earthquake.

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

Managing with corporate social responsibility that is apt for the new-age Yamagata Bank

The management philosophy of Yamagata Bank, which has won respect throughout its long history, is based on the aspects of the region, the customers and the employees, and influences the present corporate social responsibility management.

The 16th long-term management plan called the "Yamagin Innovation Plan", which was launched in April, 2009, was drafted considering the Bank's corporate social responsibility as a regional bank based on the three aspects, and aims to raise corporate value by practicing management with corporate social responsibility that is apt for the new-age Yamagata Bank.

The management philosophy of the Bank is regarded as a corporate social responsibility charter in the plan and we ensure thorough commitment of management principles to meet the targets in the plan. The key issue of the plan is to materialize a new-age Yamagata Bank that is a regional bank apt for the new era, so the plan comprises programs for structural reform.

All of the executives and employees of Yamagata Bank will unite to produce excellent results in this final year of 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 16th long-term management plan, various business problems will be solved by regarding the management philosophy as CSR charters.

To prosper 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.

1. Expanding the sales base

1) Corporate customers

Yamagata Bank provides diverse financial services, including non-interest services, by strengthening our solutions business to solve the problems of our customers. We will expand and effectively use our networks (alliances) inside and outside of Yamagata Prefecture for comprehensive financial information services.

2) Personal customers

Yamagata Bank will improve the services at the offices that are specialized in housing loans and consultations, and raise the skills of the staff at such offices in order to deal with various consultations related to the life planning of personal customers.

3) Sales system

Yamagata Bank will establish a system whereby the staff working for the benefit of corporate customers share their knowledge, and a system whereby branches are able to offer special services to personal customers in their area to respond to customer requirements, which are becoming increasingly sophisticated. The bank is striving to decrease the amount of back office work at branches by about twenty percent, and to increase the amount of time available to serve customers.

2. Raising regional vitality

1) Promotion of the region

Yamagata Bank will raise economic effectiveness by strengthening collaboration with local public entities and by assisting projects and business through effective use of our networks, as a leading bank.

2) Support for corporate management and business reorganization

Yamagata Bank will enhance our support by using our know-how and by cooperating with specialists outside of the bank to fulfill our responsibility as a regional bank.

3) Conserving the environment and contributing to local communities

Yamagata Bank will enhance the activities it carries out to conserve the environment and to contribute to local communities, and will assist in such activities undertaken by our customers, as a leading bank.

3. Strengthening the business base

1) Risk management

Yamagata Bank will improve the level of its risk measuring ability, to raise the effectiveness of

management, and to make compliance and internal control highly practical and effective.

2) Investment in securities

Yamagata Bank will rearrange its portfolio to bolster security against market fluctuations, reduce unrecognized losses, and increase unrecognized profits.

3) Increase in customer satisfaction

Yamagata Bank will improve the training of the employees, mainly to raise their ability to serve customers, in order to provide good quality service.

4. Organizational and personnel reform

1) Strengthening of public relations

Yamagata Bank will devise a sales system and a work management method so that our public relations staff have more opportunities to meet customers.

2) Revision of management and assessment

Yamagata Bank will revise its procedures for cost and profit management and revenue management, and the method of branch assessment from the medium term and long term viewpoints, to allow the assessments to reflect sales results and to appropriately allocate business resources.

3) Human resource development

Yamagata Bank will improve human resource development programs to suit the diversity of the employees, including increase in female managers and the realization of a better balance between work and social life.

The long-term management plan, the Yamagin Innovation Plan was devised to proactively solve structural problems to enable the Bank to flexibly respond to future changes in the business environment, in order to materialize a new-age Yamagata Bank, which is a regional bank apt for the new era.

The basic objectives of the plan are management with corporate social responsibility that is apt for the new-age Yamagata Bank, and (1) to solve the problems of our customers by making the most of the Bank's strengths as a reliable regional bank ("my main bank"), (2) to promote the regional economy by expanding and effectively using the Bank's networks (alliances), (3) to maintain and enhance safety and amity, and to contribute to the sustainable development of local communities. Yamagata Bank is aiming to boost its corporate value by considering and fulfilling corporate social responsibility as a regional bank.



Kichishige Hasegawa
President

Review of Operations

The Conditions of Consolidated Accounts

The General situation of this term (from April 1, 2010 to March 31, 2011)

Deposits and negotiable certificates of deposit

The business continued to be conducted in a way that reached out to local customers, which resulted in raising the balance of deposits and negotiable certificates of deposit by ¥29.6 billion during the year, lifting the year-end consolidated balance to ¥1,888.8 billion, the highest ever. Deposits by corporate customers and personal customers, and public deposits increased soundly.

Deposited assets

Particular efforts were made in the personal annuity insurance business. As a result, sales rose well, by ¥26.6 billion in the year. The entire balance of deposited assets increased by ¥12.4 billion during the year, raising the year-end consolidated balance to ¥245 billion.

Loans

The consolidated balance of loans at the end of the fiscal year was up ¥5.1 billion on the previous year to ¥1,217.8 billion, the highest ever. In the private sector, demand for funds for plant and equipment investment, etc., remained low, but loans to local public entities rose favorably. Despite the continued low level of housing construction in the prefecture, the balance of housing loans increased by

¥1.4 billion during the year, lifting the year-end consolidated balance to ¥333.6 billion, due to the Bank's efforts to increase housing loans.

Securities

The Bank continued to strive to improve the portfolio to secure a steady revenue for the long term, and invested assets with a focus on safety and liquidity considering movements in long-term interest rates. Consequently, the consolidated balance of securities at the end of the fiscal year was ¥699.7 billion, which was an increase of ¥71.8 billion on the previous year.

Profit and loss

Consolidated ordinary income rose by ¥307 million on the previous year to ¥45,037 million because of an increase in interest and dividends from securities and gains on sales of government bonds and other securities, although interest on loans declined. Consolidated ordinary expenses were down by ¥2,215 million on the previous year to ¥37,946 million, mainly owing to general cost cutting through rationalization, and reductions in credit expenses and a loss on sales of shares. The Bank bolstered support for customers to improve their business operation as the sluggish economy continued in the prefecture, and wrote off bad debts and transferred funds to the reserves as required to maintain the soundness of the assets and to strengthen the Bank's financial foundations. As a result, the consolidated ordinary profit and the consolidated net income increased by ¥2,523 million and ¥1,175 million, respectively, during the year, raising the year-end consolidated balances to ¥7,090 million and ¥3,253 million, respectively.

Results by business sector

The consolidated ordinary income of the banking business rose by ¥833 million on the previous year to ¥38,352 million, and segment profit increased by ¥1,850 million to ¥6,231 million. Concerning the leasing business, consolidated ordinary income decreased from that of the previous year by ¥388 million to ¥5,298 million, but segment profit increased by ¥40 million to ¥306 million. The consolidated ordinary income of other business sectors decreased from that of the previous year by ¥245 million to ¥2,235 million, but segment profit increased by ¥703 million to ¥308 million.

Cash flow

Concerning the cash flow of the business, the inflow exceeded the outflow by ¥80.6 billion, which was an increase of ¥31.8 billion on the previous year, because of a fall in call loans, a rise in deposits, and other reasons.

With regard to the cash flow of investments, outgoings generated by the acquisitions of securities, etc., exceeded incomings generated by sales and the redemptions of securities, etc., so the outflow exceeded the inflow by ¥77.7 billion, which was a fall of ¥33.1 billion on the previous year.

Concerning the cash flow of financial activities, the outflow exceeded the inflow by ¥1 billion because of payments of dividends, etc., which was unchanged on the previous year.

The overall consolidated balance of cash and cash equivalents rose by ¥1.8 billion during the year, resulting in a balance at the end of the fiscal year of ¥35.3 billion.

Corporate Data

Management

(As of June 30, 2011)

President

Kichishige Hasegawa

Managing Directors

Shinichiro Miura
Yoshihiro Ishikawa
Tamon Nakagawa
Takashi Kimura
Hitoshi Watanabe

Corporate Auditors

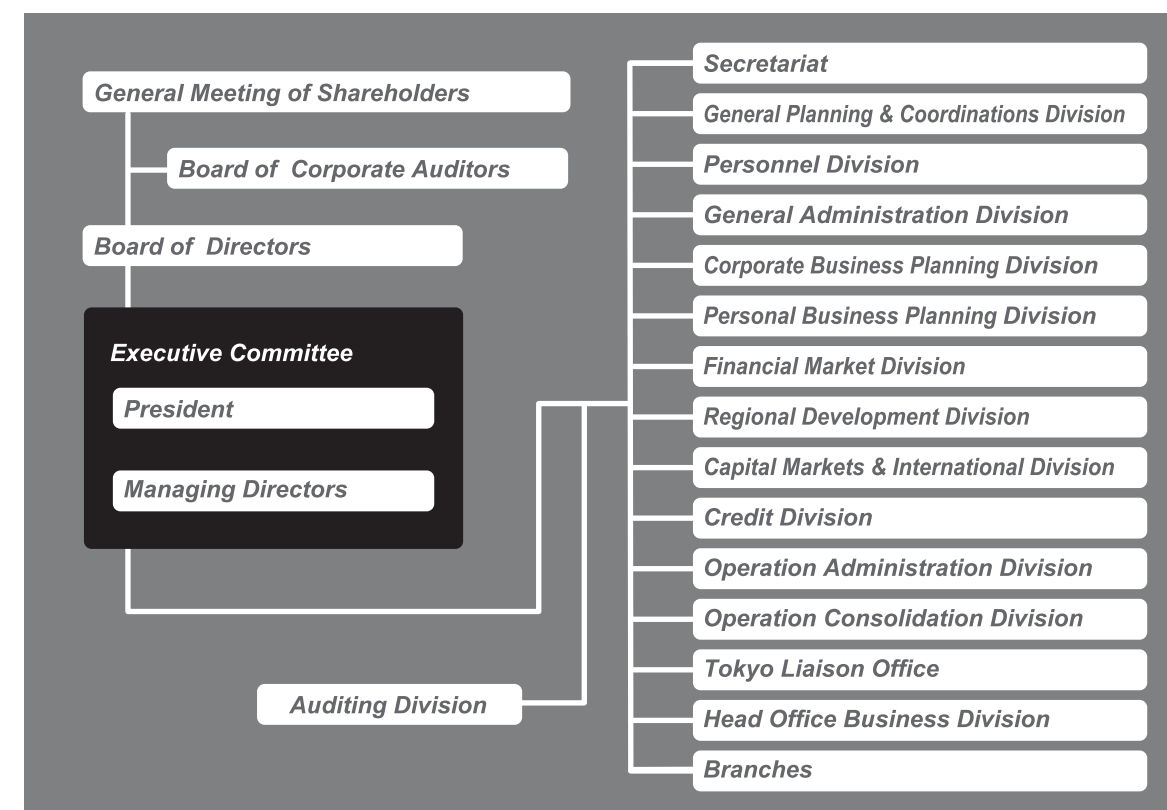
Takami Konta
Takashi Ajiki
Shinichi Nakayama
Bin Hamada
Yasumasa Gomi

Directors

Katsuhiko Nasu
Shigeo Tsutsumi
Hiromitsu Takahashi
Shigeki Taniguchi
Kazuhiro Moriya
Masahiro Takeda

Organization

(As of June 30, 2011)



Financial Statements

Consolidated Balance Sheets

As of March 31, 2011 and 2010

	2011 (Millions of yen)	2010 (Millions of yen)	2011 (Thousands of U.S. dollars)(Note 2)
Assets			
Cash and due from banks (Note 9)	¥ 35,871	¥ 34,022	\$ 431,401
Call loans and bills purchased	37,328	75,183	448,923
Trading securities (Note 5)	61	14	733
Securities (Notes 5 and 11)	699,754	627,938	8,415,562
Loans and bills discounted (Note 4)	1,217,852	1,212,711	14,646,446
Foreign exchange (Note 4)	382	415	4,594
Other assets (Note 11)	30,839	35,444	370,883
Tangible fixed assets	14,645	14,893	176,127
Buildings (Note 10)	3,587	3,786	43,138
Land (Note 6)	9,257	9,396	111,328
Construction in process	85	—	1,022
Other tangible fixed assets (Note 10)	1,715	1,710	20,625
Intangible fixed assets	1,594	1,628	19,170
Software	1,371	1,404	16,488
Other intangible fixed assets	223	224	2,681
Deferred tax assets (Note 16)	6,527	8,168	78,496
Customers' liabilities for acceptances and guarantees	19,097	23,434	229,669
Reserve for possible loan losses	(15,861)	(14,822)	(190,751)
Total assets	¥ 2,048,095	¥ 2,019,035	\$ 24,631,328
Liabilities and Net Assets			
Liabilities:			
Deposits (Note 11)	¥ 1,888,857	¥ 1,859,201	\$ 22,716,259
Payables under securities lending transactions (Note 11)	971	—	11,677
Borrowed money (Note 11)	6,820	3,309	82,020
Foreign exchange	28	78	336
Other liabilities	14,001	13,220	168,382
Reserve for bonuses to directors and corporate auditors	20	20	240
Reserve for employees' retirement benefits (Note 19)	2,157	3,715	25,941
Reserve for directors and corporate auditors' retirement benefits	255	215	3,066
Reserve for losses on dormant deposit repayments	156	179	1,876
Reserve for losses on contingencies	165	140	1,984
Deferred tax liabilities arising from revaluation of land (Note 6)	1,915	1,928	23,030
Acceptances and guarantees	19,097	23,434	229,669
Total liabilities	¥ 1,934,448	¥ 1,905,445	\$ 23,264,558
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	\$ 144,413
Capital surplus	4,939	4,939	59,398
Retained earnings (Note 8)	88,682	86,440	1,066,530
Less treasury stock, at cost	(812)	(807)	(9,765)
Total shareholders' equity	104,817	102,581	1,260,577
Accumulated other comprehensive income			
Unrealized holding gain on securities (Note 5)	4,042	6,001	48,610
Deferred gain (loss) on hedging instruments	(1,133)	(537)	(13,625)
Revaluation of land (Note 6)	867	877	10,426
Total accumulated other comprehensive income	3,776	6,341	45,411
Minority interests	5,053	4,666	60,769
Total net assets	¥ 113,647	¥ 113,589	\$ 1,366,770
Total liabilities and net assets	2,048,095	2,019,035	24,631,328

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2011 and 2010

Consolidated Statements of Income

	2011 (Millions of yen)	2010 (Millions of yen)	2011 (Thousands of U.S. dollars)(Note 2)
Income:			
Interest on loans and discounts	¥ 21,824	¥ 22,581	\$ 262,465
Interest and dividends on securities	6,920	6,480	83,223
Other interest	146	207	1,755
Fees and commissions	7,051	7,206	84,798
Other operating income	8,053	7,174	96,849
Other income	1,057	1,103	12,711
Total income	45,055	44,755	541,852
Expenses:			
Interest on deposits	2,262	3,004	27,203
Interest on borrowings and rediscounts	46	61	553
Other interest	1,241	913	14,924
Fees and commissions	2,055	2,140	24,714
General and administrative expenses	22,950	23,088	276,007
Other expenses	9,639	11,059	115,923
Total expenses	38,198	40,270	459,386
Income before income taxes and minority interests	6,856	4,485	82,453
Income taxes (Note 16)			
Current	246	335	2,958
Deferred (credit)	2,963	1,661	35,634
	<u>3,209</u>	<u>1,996</u>	<u>38,592</u>
Income before minority interests	3,646	—	43,848
Minority interests	392	410	4,714
Net income	¥ 3,253	¥ 2,078	\$ 39,122
Consolidated Statement of Comprehensive Income			
Income before minority interests	¥ 3,646	¥ —	\$ 43,848
Other comprehensive income (Note 14)	(2,555)	—	(30,727)
Unrealized holding gain on securities	(1,959)	—	(23,559)
Deferred gain (loss) on hedging instrument	(595)	—	(7,155)
Comprehensive income (Note 14)	1,091	—	13,120
Comprehensive income attributable to shareholders of the parent company	699	—	8,406
Comprehensive income attributable to minority interests	391	—	4,702

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2011

	Shareholders' equity (Millions of yen)					Shareholders' equity (Thousands of U.S.dollars)				
	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 March 31, 2010	¥ 12,008	¥ 4,939	¥ 86,440	¥ (807)	¥ 102,581	\$ 144,413	\$ 59,398	\$ 1,039,567	\$ (9,705)	\$ 1,233,686
Changes in the consolidated fiscal year										
Cash Dividends	—	—	(1,023)	—	(1,023)	—	—	(12,303)	—	(12,303)
Net income	—	—	3,253	—	3,253	—	—	39,122	—	39,122
Acquisition of treasury stocks	—	—	—	(5)	(5)	—	—	—	(60)	(60)
Disposition of treasury stocks	—	(0)	—	0	0	—	(0)	—	0	0
Reversal of land revaluation	—	—	10	—	10	—	—	120	—	120
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	—	—	—	—	—	—	—	—	—	—
Total	—	(0)	2,241	(5)	2,236	—	(0)	26,951	(60)	26,891
Balance as of March 31, 2011	¥ 12,008	¥ 4,939	¥ 88,682	¥ (812)	¥ 104,817	\$ 144,413	\$ 59,398	\$ 1,066,530	\$ (9,765)	\$ 1,260,577

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 March 31, 2010	¥ 6,001	¥ (537)	¥ 877	¥ 6,341	¥ 4,666
Changes in the consolidated fiscal year						
Cash Dividends	—	—	—	—	(1,023)	(1,023)
Net income	—	—	—	—	3,253	3,253
Acquisition of treasury stocks	—	—	—	—	(5)	(5)
Disposition of treasury stocks	—	—	—	—	0	0
Reversal of land revaluation	—	—	—	—	10	10
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	(1,958)	(595)	(10)	(2,565)	386	(2,178)
Total	(1,958)	(595)	(10)	(2,565)	386	57
Balance as of March 31, 2011	¥ 4,042	¥ (1,133)	¥ 867	¥ 3,776	¥ 5,053	¥ 113,647

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

	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 March 31, 2010	\$ 72,170	\$ (6,458)	\$ 10,547	\$ 76,259	\$ 56,115
Changes in the consolidated fiscal year						
Cash Dividends	—	—	—	—	(12,303)	(12,303)
Net income	—	—	—	—	39,122	39,122
Acquisition of treasury stocks	—	—	—	—	(60)	(60)
Disposition of treasury stocks	—	—	—	—	0	0
Reversal of land revaluation	—	—	—	—	120	120
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	(23,547)	(7,155)	(120)	(30,847)	4,642	(26,193)
Total	(23,547)	(7,155)	(120)	(30,847)	4,642	685
Balance as of March 31, 2011	\$ 48,610	\$ (13,625)	\$ 10,426	\$ 45,411	\$ 60,769	\$ 1,366,770

For the year ended March 31, 2010

	Shareholders' equity (Millions of yen)					Valuation, translation adjustments and others (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 valuation, translation adjustments and others	Minority interests	Total net assets
Balance as of March 31, 2009	¥ 12,008	¥ 4,941	¥ 85,376	¥ (760)	¥ 101,565	¥ (10,237)	¥ (823)	¥ 886	¥ (10,174)	¥ 4,256	¥ 95,647
Changes in the consolidated fiscal year											
Cash Dividends	—	—	(1,023)	—	(1,023)	—	—	—	—	—	(1,023)
Net income	—	—	2,078	—	2,078	—	—	—	—	—	2,078
Acquisition of treasury stocks	—	—	—	(54)	(54)	—	—	—	—	—	(54)
Disposition of treasury stocks	—	(1)	—	8	6	—	—	—	—	—	6
Reversal of land revaluation	—	—	9	—	9	—	—	—	—	—	9
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	—	—	—	—	—	16,238	286	(9)	16,515	410	16,926
Total	—	(1)	1,064	(46)	1,015	16,238	286	(9)	16,515	410	17,942
Balance as of March 31, 2010	¥ 12,008	¥ 4,939	¥ 86,440	¥ (807)	¥ 102,581	¥ 6,001	¥ (537)	¥ 877	¥ 6,341	¥ 4,666	¥ 113,589

Consolidated Statements of Cash Flows

For the years ended March 31, 2011 and 2010

	2011 (Millions of yen)	2010 (Millions of yen)	2011 (Thousands of U.S. dollars)(Note 2)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 6,856	¥ 4,485	\$ 82,453
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	1,472	1,344	17,702
Loss on impairment of fixed assets	125	32	1,503
Reserve for possible loan losses	1,038	2,069	12,483
Reserve for bonuses to directors and corporate auditors	—	20	—
Reserve for employees' retirement benefits	(1,557)	(1,038)	(18,725)
Reserve for directors and corporate auditors' retirement benefits	39	(31)	469
Reserve for losses on dormant deposits repayments	(23)	76	(276)
Reserve for losses on contingencies	24	28	288
Interest income	(28,892)	(29,270)	(347,468)
Interest expense	3,551	3,980	42,705
Gain on investment securities	(701)	590	(8,430)
Foreign exchange gain, net	(98)	(76)	(1,178)
Loss on disposal of fixed assets	30	72	360
Loans	(5,134)	(37,806)	(61,743)
Deposits	29,564	135,833	355,550
Borrowed money (excluding subordinated borrowings)	3,511	(662)	42,224
Due from banks (excluding due from Bank of Japan)	46	503	553
Call loans and bills purchased	40,515	(63,784)	487,251
Call money and bills sold	955	—	11,485
Trading securities	(47)	490	(565)
Foreign exchange assets	139	393	1,671
Foreign exchange liabilities	(49)	(20)	(589)
Interest received	28,818	29,386	346,578
Interest paid	(3,697)	(3,847)	(44,461)
Other	4,527	4,918	54,443
Subtotal	81,015	47,686	974,323
Income taxes paid	(423)	(438)	(5,087)
Income taxes refunded	52	1,590	625
Net cash used in operating activities	80,644	48,837	969,861
Cash flows from investing activities:			
Purchases of investment securities	(326,436)	(246,223)	(3,925,868)
Proceeds from sales of investment securities	185,724	147,424	2,233,601
Proceeds from redemption of investment securities	65,371	55,985	786,181
Expenditure for acquisition of tangible fixed assets	(2,230)	(921)	(26,819)
Income from sale of tangible fixed assets	76	87	914
Expenditure for acquisitions of intangible fixed assets	(221)	(894)	(2,657)
Income from sales of intangible fixed assets	—	0	—
Net cash provided by investing activities	(77,715)	(44,541)	(934,636)
Cash flows from financing activities:			
Dividends paid	(1,023)	(1,023)	(12,303)
Dividends paid to minority shareholders	(5)	(5)	(60)
Purchases of treasury stock	(5)	(54)	(60)
Proceeds from sales of treasury stock	0	6	0
Net cash used in financing activities	(1,033)	(1,076)	(12,423)
Effect of exchange rate changes on cash and cash equivalents	(2)	(4)	(24)
Net increase (decrease) in cash and cash equivalents	1,893	3,215	22,766
Cash and cash equivalents at beginning of year	¥ 33,475	¥ 30,259	\$ 402,585
Cash and cash equivalents at end of year (Note 9)	35,368	33,475	425,351

Notes to Consolidated Financial Statements

March 31, 2011

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 83.15=U.S.\$1.00, the rate of exchange in effect on March 31, 2011, 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.

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 30 years

Equipment 2 to 15 years

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

e. Intangible fixed assets

Intangible fixed assets are depreciated by the straight-line method. Depreciation of the Bank's software which are used in-house is determined by the straight-line method based on the estimated useful lives which is applied by the Bank and consolidated subsidiaries (the estimated useful lives is mainly 5 years).

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 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, 2011 and 2010 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, 2011 and 2010, 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

i. As lessee

Finance lease transactions which do not transfer ownership of the leased property to the lessee and were entered into before April 1, 2008 were accounted for as operating leases.

ii. 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 ¥108 million (\$1,298 thousand) for the year ended March 31, 2011.

o. Hedge accounting

i) 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.

Concerning the loss of deferral hedge that was included in the consolidated balance sheet of this fiscal year, the loss of deferral

hedge caused by the macro hedge we had used (a hedge using derivatives against interest rate risks of a large number of loans and deposits, etc.) in compliance with the "Tentative accounting and auditing for the application of financial instrument accounting standards in banking" (Japanese Institute of Certified Public Accountants, Industry Audit Committee Report no. 15) was accounted for as a cost over the remaining period of the hedging instruments of the macro hedge. The loss of deferral hedge caused by the macro hedge at the end of this consolidated fiscal year was ¥248 million (before deduction of tax effect amount).

ii) 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 sheets are recorded exclusive of consumption tax and regional consumption tax.

r. Asset Retirement Obligations

Effective from the year ended March 31, 2011, the Bank and its consolidated subsidiaries apply "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, March 31, 2008).

The implementation of these standards resulted in a decrease in income before income taxes and minority interests of ¥94 million(\$1,130 thousand).

4. Loans and Bills Discounted

Loans to borrowers under bankruptcy procedures and delinquent loans totaled ¥6,604 million (\$ 79,422 thousand) and ¥22,761 million (\$ 273,734 thousand), respectively, at March 31, 2011, and ¥4,777 million and ¥21,106 million, respectively, at March 31, 2010. 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 ¥78 million (\$ 938 thousand) and ¥102 million at March 31, 2011 and 2010, 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 ¥2,456 million (\$ 29,536 thousand) and ¥4,435 million at March 31, 2011 and 2010, 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 ¥31,900 million (\$ 383,644 thousand) and ¥30,422 million at March 31, 2011 and 2010, 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 ¥8,596 million (\$ 103,379 thousand) and ¥9,559 million as of March 31, 2011 and 2010, 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 ¥544,683 million (\$ 6,550,607 thousand) and ¥540,575 million as of March 31, 2011 and 2010, respectively, in which the balance of contracts that have a term of one year or less or are unconditionally cancelable at any time were ¥537,989 million and ¥533,904 million as of March 31, 2011 and 2010, 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, 2011 are summarized as follows:

1. Trading securities

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

2. Held-to-maturity bonds (as of March 31, 2011)

	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	8,176	8,357	180	98,328	100,505	2,164
	Other	—	—	—	—	—	—
	Subtotal	8,176	8,357	180	98,328	100,505	2,164
Fair value not exceeding carrying value	Japanese government bonds	—	—	—	—	—	—
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	1,335	1,290	(44)	16,055	15,514	(529)
	Other	—	—	—	—	—	—
	Subtotal	1,335	1,290	(44)	16,055	15,514	(529)
	Total	¥ 9,511	¥ 9,647	¥ 136	\$ 114,383	\$ 116,019	\$ 1,635

3. Other securities (as of March 31, 2011)

	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	¥ 12,873	¥ 8,981	¥ 3,892	\$ 154,816	\$ 108,009	\$ 46,806
	Bonds	468,334	459,449	8,884	5,632,399	5,525,544	106,843
	Japanese government bonds	240,041	236,620	3,421	2,886,843	2,845,700	41,142
	Municipal bonds	144,371	140,517	3,853	1,736,271	1,689,921	46,337
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	83,921	82,312	1,609	1,009,272	989,921	19,350
	Other	31,855	29,796	2,059	383,102	358,340	24,762
	Foreign bonds	27,047	26,007	1,040	325,279	312,772	12,507
	Other	4,807	3,789	1,018	57,811	45,568	12,242
		Subtotal	513,063	498,227	14,836	6,170,330	5,991,906
Carrying value not exceeding cost	Stocks	14,129	17,513	(3,383)	169,921	210,619	(40,685)
	Bonds	92,445	93,488	(1,042)	1,111,785	1,124,329	(12,531)
	Japanese government bonds	74,399	74,810	(410)	894,756	899,699	(4,930)
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	18,045	18,678	(632)	217,017	224,630	(7,600)
	Other	73,820	77,073	(3,253)	887,793	926,915	(39,122)
	Foreign bonds	63,285	65,723	(2,437)	761,094	790,414	(29,308)
	Other	10,535	11,350	(815)	126,698	136,500	(9,801)
		Subtotal	180,395	188,075	(7,679)	2,169,512	2,261,876
	Total	¥ 693,459	¥ 686,302	¥ 7,157	\$ 8,339,855	\$ 8,253,782	\$ 86,073

4. No held-to-maturity securities were sold during the fiscal year ended March 31, 2011.

5. Other securities sold during the year ended March 31, 2011

	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	¥ 5,870	¥ 469	¥ 207	\$ 70,595	\$ 5,640	\$ 2,489
Bonds	169,061	1,557	762	2,033,205	18,725	9,164
Japanese government bonds	147,784	1,392	582	1,777,318	16,740	6,999
Municipal bonds	18,776	164	—	225,808	1,972	—
Short-term bonds	—	—	—	—	—	—
Corporate bonds	2,500	—	179	30,066	—	2,152
Other	10,392	320	619	124,978	3,848	7,444
	¥ 185,324	¥ 2,346	¥ 1,589	\$ 2,228,791	\$ 28,214	\$ 19,110

6. Securities reclassified in the year ended March 31, 2011:

Certain bonds which were classified as held-to-maturity securities were reclassified to other securities in the amount of ¥545 million(\$6,554 thousand) in the fiscal year ended March 31, 2011, 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 impairment loss for the year ended March 31, 2011 was ¥448 million(\$5,387 thousand) (including ¥390 million(\$4,690 thousand) of equity securities and ¥57 million (\$685 thousand) of bonds).

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 ¥3,755 million (\$ 45,159 thousand) at March 31, 2011.

7. Shares Issued

The number of shares issued and changes during the year ended March 31, 2011 and 2010 are summarized as follows:

	Thousands of shares		Thousands of shares	
	2011		2010	
	Treasury stock	Common stock issued	Treasury stock	Common stock issued
Beginning of the year	1,482	172,000	1,373	172,000
Increase during the year	14 ^{*1}	—	123 ^{**1}	—
Decrease during the year	1 ^{*2}	—	14 ^{**2}	—
End of the year	1,496	172,000	1,482	172,000

^{*1} 14 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).

^{**1} 123 thousand shares were purchased for claims by the shareholders who owned less than the trade unit (1,000 shares).

^{**2} 14 thousand shares were sold for claims by shareholders who owned less than the trade unit (1,000 shares).

8. Dividends

Dividends for the year ended March 31, 2011 and 2010 are summarized as follows:

	November 12, 2010	June 25, 2010	November 13, 2009	June 25, 2009
	Resolution by the board of directors	Resolution by the general shareholders' meeting	Resolution by the board of directors	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, 2010	March 31, 2010	September 30, 2009	March 31, 2009
Effective date	December 10, 2010	June 28, 2010	December 10, 2009	June 26, 2009
	November 12, 2010	June 25, 2010	November 13, 2009	June 25, 2009
	Resolution by the board of directors	Resolution by the general shareholders' meeting	Resolution by the board of directors	Resolution by the general shareholders' meeting
Total dividends	\$ 6,145 Thousand	\$ 6,145 Thousand	\$ 5,492 Thousand	\$ 5,492 Thousand
Dividend per share	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03
Base date	September 30, 2010	March 31, 2010	September 30, 2009	March 31, 2009
Effective date	December 10, 2010	June 28, 2010	December 10, 2009	June 26, 2009

Dividend of which base date belonged to the year ended March 31, 2011 and 2010 is summarized as follows:

	June 24, 2011	June 25, 2010
	Resolution by the general shareholders' meeting	Resolution by the general shareholders' meeting
Total dividends	¥ 511 million	\$ 6,145 Thousand
Dividend per share	¥ 3.0	\$ 0.03
Base date	March 31, 2011	March 31, 2010
Effective date	June 27, 2011	June 28, 2010
	June 24, 2011	June 25, 2010
	Resolution by the general shareholders' meeting	Resolution by the general shareholders' meeting
Total dividends	¥ 511 million	\$ 5,492 Thousand
Dividend per share	¥ 3.0	\$ 0.03
Base date	March 31, 2010	March 31, 2010
Effective date	June 28, 2010	June 28, 2010

9. Cash Flows

Cash and cash equivalents stated in the consolidated statements of cash flows at March 31, 2011 and 2010 consisted of the following:

	2011	2010	2011
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Cash and due from banks	¥ 35,871	¥ 34,022	\$ 431,401
Deposits with banks other than the Bank of Japan	(501)	(546)	(6,025)
Cash and cash equivalents	¥ 35,368	¥ 33,475	\$ 425,351

10. Accumulated Depreciation

Accumulated depreciation totaled ¥25,469 million (\$ 306,301 thousand) and ¥24,931 million at March 31, 2011 and 2010, respectively.

11. Assets Pledged

Pledged assets and liabilities related to pledged assets as of March 31, 2011 and 2010 were summarized as follows:

	2011	2010	2011
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Pledged assets:			
Securities	¥ 93,401	¥ 92,593	\$ 1,123,283
Other assets	¥ 102	¥ 190	\$ 1,226
Liabilities related to the above pledged assets:			
Deposits	¥ 3,698	¥ 22,565	\$ 44,473
Payables under securities lending transactions	¥ 971	¥ —	\$ 11,677
Borrowed money	¥ 3,950	¥ 120	\$ 47,504

In addition, securities totaling ¥62,983 million (\$ 757,462 thousand) and ¥61,742 million were pledged as collateral for settlement of exchange and futures transactions at March 31, 2011 and 2010, respectively.

Deposits included in other assets as of March 31, 2011 and 2010 were ¥330 million (\$ 3,968 thousand) and ¥365 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, 2011 and 2010.

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 ¥125 million (\$1,503 thousand) for the year ended March 31, 2011. 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. Comprehensive Income

The Bank applied "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, June 30, 2010) for the year ended March 31, 2011. "Valuation, translation adjustments and others" and "Total valuation, translation adjustments and others" as of the end of March 31, 2010 represent "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the same period, respectively.

1. Other comprehensive income for the year ended March 31, 2010

	(Million of yen)
Other comprehensive income	¥ 16,530
Unrealized holding gain on securities	¥ 16,244
Deferred gain (loss) on hedging instruments	¥ 286

2. Comprehensive income for the year ended March 31, 2010

	(Million of yen)
Comprehensive income	¥ 19,019
Comprehensive income attributable to shareholders of the parent company	¥ 18,603
Comprehensive income attributable to minority interests	¥ 415

15. Leases

Investments in leased assets at March 31, 2011 and 2010 are summarized as follows:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S.dollars)
Gross lease receivables	¥ 9,718	¥ 10,816	\$ 116,873
Estimated residual values	355	522	4,269
Unearned interest income	(1,602)	(2,013)	(19,266)
Investments in leased assets	<u>¥ 8,471</u>	<u>¥ 9,325</u>	<u>\$ 101,876</u>

Maturities of lease receivables at March 31, 2011 are as follows:

Years ending March 31	(Millions of yen)	(Thousands of U.S.dollars)
2012	¥ 3,354	\$ 40,336
2013	2,603	31,304
2014	1,900	22,850
2015	1,146	13,782
2016	516	6,205
2017 and thereafter	198	2,381

Maturities of lease receivables at March 31, 2010 are as follows:

Years ending March 31	(Millions of yen)	(Thousands of U.S.dollars)
2011	¥ 3,662	\$ 39,359
2012	2,792	30,008
2013	2,062	22,162
2014	1,360	14,617
2015	662	7,115
2016 and thereafter	276	2,966

16. Income Taxes

The major components of deferred tax assets and liabilities at March 31, 2011 and 2010 are summarized as follows:

	2011	2010	2011
	(Millions of yen)		(Thousands of U.S.dollars)
Deferred tax assets:			
Reserve for possible loan losses	¥ 5,098	¥ 4,820	\$ 61,310
Reserve for employees' retirement benefits	863	1,486	10,378
Devaluation on securities	1,299	1,993	15,622
Depreciation and amortization	1,282	1,303	15,417
Tax loss carryforwards	1,051	3,087	12,639
Other	2,019	929	24,281
Subtotal: deferred tax assets	<u>11,614</u>	<u>13,620</u>	<u>139,675</u>
Valuation allowance	(2,618)	(2,515)	(31,485)
Total: deferred tax assets	<u>8,996</u>	<u>11,105</u>	<u>108,190</u>
Unrealized holding gains on securities	2,458	2,936	29,561
Other	10	—	120
Total: deferred tax liabilities	<u>2,468</u>	<u>2,936</u>	<u>29,681</u>
Net deferred tax assets	<u>¥ 6,527</u>	<u>¥ 8,168</u>	<u>\$ 78,496</u>

The differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2011 and 2010 are summarized as follows:

	2011	2010
Statutory tax rate	40.0%	40.0%
Valuation allowance	5.8%	(2.7%)
Tax loss carryforward	1.7%	5.1%
Non-taxable expenses	0.5%	0.8%
Non-taxable income	(1.4%)	(1.8%)
Per capita inhabitants' tax rate	0.5%	0.8%
Others	(0.3%)	2.3%
Effective tax rate	46.8%	44.5%

17. Business combination

Year ended March 31, 2011

Transactions under common control

Acquisition and spin off of credit guarantee business by a company split Kinomi Kanzai Co., Ltd., which is one of the Bank's consolidated subsidiaries, spun off its credit card business to The Yamagin Credit Guarantee Service Co., Ltd. on April 1, 2010, in accordance with a resolution made at an extraordinary general meeting of the shareholders on February 10, 2010.

1. Reason for the split

Credit guarantee business of Kinomi Kanzai Co., Ltd. was transferred to The Yamagin Credit Guarantee Service, which is the core company for credit guarantee business in the Bank's group, to concentrate and flexibly deploy such business and to optimize business resources.

2. Nature of business subject to transaction

Credit guarantee business

3. Form of the split

Absorption-type split with Kinomi Kanzai Co., Ltd. as the splitting company and The Yamagin Credit Guarantee Service as the successor company.

4. Timing of the split

April 1, 2010

5. Outline of the accounting

This transaction was accounted for as a transaction under common control based on the Accounting Standard for Business Combinations (Accounting Standard No.21) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standard Guidance No.10) issued by the Accounting Standards Board of Japan.

Year ended March 31, 2010

Transactions under common control

Acquisition and spin off of credit card business by a company split Kinomi Kanzai Co., Ltd., which is one of the Bank's consolidated subsidiaries, spun off its credit card business to The Yamagin Card Service Co., Ltd. on March 19, 2010, in accordance with a resolution made at an extraordinary general meeting of the shareholders on February 10, 2010.

1. Reason for the split

Credit card business of Kinomi Kanzai Co., Ltd. was transferred to The Yamagin Card Service, which is the core company for credit card business in the Bank's group, to concentrate and flexibly deploy such business and to optimize business resources.

2. Nature of business subject to transaction

Credit card business

3. Form of the split

Absorption-type split with Kinomi Kanzai Co., Ltd. as the splitting company and The Yamagin Card Service as the successor company.

4. Timing of the split

March 19, 2010

5. Outline of the accounting

This transaction was accounted for as a transaction under common control based on the Accounting Standard for Business Combinations issued by the Business Accounting Council in Japan and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standard Guidance No.10) issued by the Accounting Standards Board of Japan.

18. 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)		Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)
<March 31, 2011>					<March 31, 2011>				
Over-the-counter:					Over-the-counter:				
Swap:					Swap:				
Receive-fixed/pay-floating	¥ 11,833	¥ 11,833	¥ (52)	¥ 2	Receive-fixed/pay-floating	\$142,309	\$142,309	\$ (625)	\$ 24
Receive-floating/pay-fixed	11,833	11,833	(3)	(3)	Receive-floating/pay-fixed	142,309	142,309	(36)	(36)
<March 31, 2010>									
Over-the-counter:									
Swap:									
Receive-fixed/pay-floating	¥ 7,701	¥ 7,701	¥ (16)	¥ 34					
Receive-floating/pay-fixed	7,701	7,701	(44)	(44)					
Currency-related transactions	Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)	<March 31, 2011>	Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)
<March 31, 2011>					Over-the-counter transactions:				
Over-the-counter transactions:					Forward exchange contracts				
Forward exchange contracts					Sold	¥ 83	—	¥ (0)	¥ (0)
Sold	¥ 83	—	¥ (0)	¥ (0)	Bought	25	—	0	0
Bought	25	—	0	0	<March 31, 2010>				
<March 31, 2010>					Over-the-counter transactions:				
Over-the-counter transactions:					Forward exchange contracts				
Forward exchange contracts					Sold	¥ 136	—	¥ 0	¥ 0
Sold	¥ 136	—	¥ 0	¥ 0	Bought	39	—	0	0
Bought	39	—	0	0					

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

1. The above transactions are measured at fair value and the resulting gains or losses are included in the consolidated statements 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, 2011)

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		¥ 95,256	¥ 92,256	¥ (1,888)	\$ 1,145,592	\$ 1,109,512	\$ (22,705)
Exceptional method	Interest rate swaps	Loans						
	receive-floating/ pay-fixed		6,369	6,140	20	76,596	73,842	240
Total			—	—	¥ (1,868)	\$ —	\$ —	\$ (22,465)

Interest rate-related transactions (as of March 31, 2010)

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		¥ 94,326	¥ 94,301	¥ (895)
Exceptional method	Interest rate swaps				
	receive-floating/ pay-fixed		7,149	7,107	30
Total			—	—	¥ (865)

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, 2011)

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	¥ 5,683	¥ —	¥ (101)	\$ 68,346	\$ —	\$ (1,214)
Total			—	—	¥ (101)	\$ —	\$ —	\$ (1,214)

Currency-related transactions (as of March 31, 2010)

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	¥ 1,861	¥ —	¥ (12)
Total			—	—	¥ (12)

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.

19. Retirement Benefit Plans

The Bank and the consolidated subsidiaries 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 sheets at March 31, 2011 and 2010 for the Bank's and the consolidated subsidiaries' defined retirement benefit plans:

	2011 (Millions of yen)	2010 (Thousands of U.S. dollars)	2011 (Millions of yen)	2010 (Thousands of U.S. dollars)	2011 (Millions of yen)	2010 (Thousands of U.S. dollars)
Retirement benefit obligation	¥ (13,777)	¥ (13,858)	\$ (165,688)		Service cost	¥ 333 ¥ 340 \$ 4,004
Plan assets at fair value	9,930	9,094	119,422		Interest cost	276 283 3,319
Unfunded retirement benefit obligation	(3,846)	(4,763)	(46,253)		Expected return on plan assets	(181) (144) (2,176)
Unrecognized net prior service cost	(453)	(1,058)	(5,447)		Amortization of net prior service cost	(604) (604) (7,263)
Unrecognized actuarial differences	2,142	2,106	25,760		Amortization of actuarial differences	383 883 4,606
Reserve for employees' retirement benefits	¥ (2,157)	¥ (3,715)	\$ (25,941)		Total	¥ 207 ¥ 757 \$ 2,489

The components of retirement benefit expenses for the years ended March 31, 2011 and 2010 are outlined as follows:

	2011	2010
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%

20. Segment Information

Effective from the year ended March 31, 2011, the Bank and its consolidated subsidiaries have applied the revised "Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, March 27, 2009)" and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Guidance No.20, March 21, 2008)".

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.

3. Information of ordinary income, profit or loss, assets, liabilities and other items by reportable segment

Year ended March 31, 2011 (in millions)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	¥ 38,156	¥ 5,124	¥ 43,281	¥ 1,756	¥ 45,037	¥ —	¥ 45,037
Intersegment	196	173	370	479	849	(849)	—
Total	38,352	5,298	43,651	2,235	45,886	(849)	45,037
Segment profit	6,231	306	6,538	308	6,846	244	7,090
Segment assets	2,036,954	12,131	2,049,085	17,275	2,066,361	(18,265)	2,048,095
Segment liabilities	1,927,545	8,925	1,936,470	15,347	1,951,818	(17,370)	1,934,448
Other items							
Depreciation	1,431	24	1,456	15	1,472	—	1,472
Interest income	28,802	3	28,806	235	29,041	(148)	28,892
Interest expense	3,509	120	3,630	69	3,699	(147)	3,551
Increase in tangible fixed assets and intangible fixed assets	2,391	51	2,442	8	2,451	—	2,451

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, 2010

(in millions)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	¥ 37,245	¥ 5,460	¥ 42,706	¥ 2,022	¥ 44,729	¥ —	¥ 44,729
Intersegment	273	225	499	458	957	(957)	—
Total	37,519	5,686	43,205	2,481	45,687	(957)	44,729
Segment profit	4,380	266	4,647	(395)	4,251	315	4,566
Segment assets	2,005,145	12,816	2,017,961	19,245	2,037,207	(18,172)	2,019,035
Segment liabilities	1,895,811	9,761	1,905,572	17,542	1,923,115	(17,669)	1,905,445
Other items							
Depreciation	1,300	24	1,325	18	1,344	—	1,344
Interest income	29,212	3	29,216	276	29,493	(222)	29,270
Interest expense	3,930	147	4,077	104	4,182	(201)	3,980
Increase in tangible fixed assets and intangible fixed assets	1,763	39	1,802	12	1,815	—	1,815

Year ended March 31, 2011

(Thousands of U.S.dollars)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	\$ 458,881	\$ 61,623	\$ 520,517	\$ 21,118	\$ 541,635	\$ —	\$ 541,635
Intersegment	2,357	2,080	4,449	5,760	10,210	(10,210)	—
Total	461,238	63,716	524,966	26,879	551,846	(10,210)	541,635
Segment profit	74,936	3,680	78,628	3,704	82,333	2,934	85,267
Segment assets	24,497,342	145,892	24,643,235	207,757	24,851,004	(219,663)	24,631,328
Segment liabilities	23,181,539	107,336	23,288,875	184,570	23,473,457	(208,899)	23,264,558
Other items							
Depreciation	17,209	288	17,510	180	17,702	—	17,702
Interest income	346,386	36	346,434	2,826	349,260	(1,779)	347,468
Interest expense	42,200	1,443	43,656	829	44,485	(1,767)	42,705
Increase in tangible fixed assets and intangible fixed assets	28,755	613	29,368	96	29,476	—	29,476

Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" is elimination of intersegment transactions.
- "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
Year ended March 31, 2011
Information by service

(in millions)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 21,844	¥ 10,020	¥ 5,117	¥ 8,055	¥ 45,037

(Thousands of U.S.dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 262,705	\$ 120,505	\$ 61,539	\$ 96,873	\$ 541,635

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, 2011

(in millions)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	¥ 36	¥ —	¥ 36	¥ 89	¥ 125

(Thousands of U.S.dollars)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	\$ 432	\$ —	\$ 432	\$ 1,070	\$ 1,503

21. 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.

	2011	2010	2011
	(Yen)	(Yen)	(U.S. Dollars)
Net income	¥ 19.08	¥ 12.19	\$ 0.22
Net assets	¥ 636.90	¥ 638.78	\$ 7.65

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, 2011 and 2010 are summarized as follows:

2011 2010 2011
(Millions of Yen) (Thousands of U.S. Dollars)

Net income	¥ 3,253	¥ 2,078	\$ 39,122
Amount not attributable to common stock:	—	—	—
Net income related to common stock	3,253	2,078	39,122
Weighted average number of shares of common stock outstanding	170,510 thousand	170,582 thousand	170,510 thousand

22. 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, 2011 was ¥25,776 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, 2011 and 2010, 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, 2011>

	Carrying amount Millions of yen	Fair Value Millions of yen	Difference Millions of yen
(1) Cash and due from banks	¥ 35,871	¥ 35,871	¥ —
(2) Call loans and bills purchased	37,328	37,328	—
(3) Securities			
Held-to-maturity bonds	9,511	9,647	136
Other securities	688,656	688,656	—
(4) Loans and bills discounted	1,217,852		
Reserve for possible (*1)	(14,132)		
loan losses	1,203,720	1,223,668	19,948
Total assets	1,975,088	1,995,172	20,084
(1) Deposits	1,828,062	1,829,111	1,049
(2) Negotiable certificates of deposit	60,795	60,796	1
Total liabilities	1,888,857	1,889,908	1,050
Derivatives transactions(*2)			
To which hedge accounting is not applied	2	2	—
To which hedge accounting is applied	(1,906)	(1,906)	—
Total derivatives	¥ (1,903)	¥ (1,903)	¥ —

<March 31, 2010>

	Carrying amount Millions of yen	Fair Value Millions of yen	Difference Millions of yen
(1) Cash and due from banks	¥ 34,022	¥ 34,022	¥ —
(2) Call loans and bills purchased	75,183	75,183	—
(3) Securities			
Trading securities	2,999	2,999	—
Held-to-maturity bonds	10,156	10,303	147
Other securities	613,295	613,295	—
(4) Loans and bills discounted	1,212,711		
Reserve for possible (*1)	(12,613)		
loan losses	1,200,098	1,213,912	13,814
Total assets	1,935,755	1,949,717	13,961
(1) Deposits	1,795,120	1,796,700	1,579
(2) Negotiable certificates of deposit	64,081	64,082	0
Total liabilities	1,859,202	1,860,782	1,580
Derivatives transactions(*2)			
To which hedge accounting is not applied	(60)	(60)	—
To which hedge accounting is applied	(803)	(803)	—
Total derivatives	¥ (863)	¥ (863)	¥ —

<March 31, 2011>

	Carrying amount Thousand of dollars	Fair Value Thousand of dollars	Difference Thousand of dollars
(1) Cash and due from banks	\$ 431,401	\$ 431,401	\$ —
(2) Call loans and bills purchased	448,923	448,923	—
(3) Securities			
Held-to-maturity bonds	114,383	116,019	1,635
Other securities	8,282,092	8,282,092	—
(4) Loans and bills discounted	14,646,446		
Reserve for possible (*1)	(169,957)		
loan losses	14,476,488	14,716,392	239,903
Total assets	23,753,313	23,994,852	241,539
(1) Deposits	21,985,111	21,997,726	12,615
(2) Negotiable certificates of deposit	731,148	731,160	12
Total liabilities	22,716,259	22,728,899	12,627
Derivatives transactions(*2)			
To which hedge accounting is not applied	24	24	—
To which hedge accounting is applied	(22,922)	(22,922)	—
Total derivatives	\$ (22,886)	\$ (22,886)	\$ —

(*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 market quotation cannot be considered as fair value in consequence of examining the recent trading environment, the Bank decided to continue to report Japanese government bond with variable interest rate on the balance sheet at the reasonably calculated amounts. As a result, securities and net unrealized holding gain on other securities as of March 31, 2011 increased by ¥3,935 million (\$47,324 thousand) and by ¥2,361 million (\$28,394 thousand), respectively and deferred tax assets as of March 31, 2011 decreased by ¥1,574 million (\$18,929 thousand).

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.

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.

Derivative transactions

Matters related to derivatives transactions are as stated in the Note 18 "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 the above table, "Fair value of financial instruments".

<March 31, 2011>

Category	Carrying amount	
	Millions of yen	Thousand of dollars
Unlisted stocks (*1)(*2)	¥ 1,471	\$ 17,690
Investment in Partnerships (*3)	115	1,383
Total	¥ 1,586	\$ 19,073

(*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 ¥56 million during the 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, 2010>

Category	Carrying amount	
	Millions of yen	
Unlisted stocks (*1)	¥ 1,355	
Investment in Partnerships (*2)	132	
Total	¥ 1,487	

(*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) 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.

Note 3 Scheduled redemption amounts of financial assets and securities with maturities
<March 31, 2011>

	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	¥ 35,871	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills purchased	37,328	—	—	—	—	—
Securities	85,980	166,049	104,848	78,431	177,159	52,592
Held-to-maturity bonds	1,771	3,886	3,595	257	—	—
Corporate bonds	1,771	3,886	3,595	257	—	—
Other securities with a maturity date	84,208	162,162	101,252	78,173	177,159	52,592
Japanese government bonds	47,214	63,772	32,700	36,656	111,620	22,476
Municipal bonds	13,391	37,196	33,103	20,175	23,320	17,183
Corporate bonds	14,341	38,310	21,156	12,560	15,272	326
Other	9,261	22,882	14,291	8,781	26,946	12,605
Loans and bills discounted (*)	343,723	228,394	177,910	88,661	113,179	236,675
Total	¥ 502,903	¥ 394,444	¥ 282,759	¥ 167,092	¥ 290,339	¥ 289,267

* 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 ¥29,307 million (\$352,459 thousand) is not included in the above table.

<March 31, 2010>

	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	¥ 34,022	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills purchased	75,183	—	—	—	—	—
Securities	52,018	172,423	109,665	50,109	145,843	58,394
Held-to-maturity bonds	1,745	3,589	3,555	1,265	—	—
Corporate bonds	1,745	3,589	3,555	1,265	—	—
Other securities with a maturity date	50,273	168,834	106,109	48,843	145,843	58,394
Japanese government bonds	24,101	68,219	27,526	14,794	89,720	31,971
Municipal bonds	7,809	33,744	37,545	22,642	24,510	7,258
Corporate bonds	7,837	39,167	26,431	4,184	17,182	1,398
Other	10,524	27,702	14,605	7,221	14,429	17,764
Loans and bills discounted (*)	351,451	228,295	164,323	92,051	105,798	245,143
Total	¥ 512,676	¥ 400,719	¥ 273,989	¥ 142,160	¥ 251,641	¥ 303,537

* 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 ¥25,646 million is not included in the above table.

<March 31, 2011>

	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	\$ 431,401	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills purchased	448,923	—	—	—	—	—
Securities	1,034,034	1,996,981	1,260,950	943,247	2,130,595	632,495
Held-to-maturity bonds	21,298	46,734	43,235	3,090	—	—
Corporate bonds	21,298	46,734	43,235	3,090	—	—
Other securities with a maturity date	1,012,723	1,950,234	1,217,702	940,144	2,130,595	632,495
Japanese government bonds	567,817	766,951	393,265	440,841	1,342,393	270,306
Municipal bonds	161,046	447,336	398,111	242,633	280,457	206,650
Corporate bonds	172,471	460,733	254,431	151,052	183,668	3,920
Other	111,377	275,189	171,870	105,604	324,064	151,593
Loans and bills discounted (*)	4,133,770	2,746,770	2,139,627	1,066,277	1,361,142	2,846,361
Total	\$ 6,048,141	\$ 4,743,764	\$ 3,400,589	\$ 2,009,524	\$ 3,491,749	\$ 3,478,857

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

<March 31, 2011>

	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 (*)	¥ 1,622,393	¥ 174,129	¥ 31,539	¥ —	¥ —	¥ —
Negotiable certificates of deposit	60,795	—	—	—	—	—
Total	¥ 1,683,188	¥ 174,129	¥ 31,539	¥ —	¥ —	¥ —

<March 31, 2010>

	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 (*)	¥ 1,586,570	¥ 164,793	¥ 43,756	¥ —	¥ —	¥ —
Negotiable certificates of deposit	64,081	—	—	—	—	—
Total	¥ 1,650,652	¥ 164,793	¥ 43,756	¥ —	¥ —	¥ —

<March 31, 2011>

	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 (*)	\$ 19,511,641	\$ 2,094,155	\$ 379,302	\$ —	\$ —	\$ —
Negotiable certificates of deposit	731,148	—	—	—	—	—
Total	\$ 20,242,790	\$ 2,094,155	\$ 379,302	\$ —	\$ —	\$ —

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

Report of Independent Auditors

The Board of Directors
The Yamagata Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Yamagata Bank, Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Yamagata Bank, Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U. S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U. S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

June 24, 2011

Ernst & Young Shinomiya LLC

Non-Consolidated Balance Sheets

As of March 31, 2011 and 2010

	2011 (Millions of yen)	2010 (Millions of yen)	2011 (Thousands of U.S.dollars)
Assets			
Cash and due from banks	¥ 35,866	¥ 34,015	\$ 431,340
Call loans and bills purchased.....	37,328	75,183	448,923
Trading securities	61	14	733
Securities	699,699	627,885	8,414,900
Loans and bills discounted	1,226,246	1,221,675	14,747,396
Foreign exchange	382	415	4,594
Other assets	15,427	17,617	185,532
Tangible fixed assets	14,223	14,202	171,052
Buildings	3,545	3,682	42,633
Land	9,219	9,286	110,871
Leased asset	24	19	288
Construction in process	85	—	1,022
Other tangible fixed assets	1,347	1,213	16,199
Intangible fixed assets	1,507	1,530	18,123
Software	1,290	1,312	15,514
Other intangible fixed assets	216	217	2,597
Deferred tax assets	6,203	7,273	74,600
Customers' liabilities for acceptances and guarantees	12,784	16,123	153,746
Reserve for possible loan losses.....	¥ (13,494)	¥ (11,507)	\$ (162,285)
Total assets	<u>2,036,237</u>	<u>2,004,428</u>	<u>24,488,719</u>
Liabilities and Net Assets			
Liabilities:			
Deposits	¥ 1,896,235	¥ 1,865,928	\$ 22,804,990
Payables under securities lending transactions	971	—	11,677
Borrowed money	3,965	52	47,684
Foreign exchange	28	78	336
Other liabilities.....	8,933	7,473	107,432
Reserve for bonuses to directors and corporate auditors	20	20	240
Reserve for employees' retirement benefits	2,130	3,692	25,616
Reserve for directors and corporate auditors' retirement benefits	237	194	2,850
Reserve for losses on dormant deposit repayments	156	179	1,876
Reserve for losses on contingencies	165	140	1,984
Deferred tax liabilities arising from revaluation of land	1,915	1,928	23,030
Acceptances and guarantees	¥ 12,784	¥ 16,123	\$ 153,746
Total liabilities	<u>1,927,545</u>	<u>1,895,811</u>	<u>23,181,539</u>
Net Assets			
Common stock			
Authorized - 298,350,000 shares			
Issued - 172,000,000 shares.....	¥ 12,008	¥ 12,008	\$ 144,413
Capital surplus	4,937	4,938	59,374
Retained earnings	88,781	86,136	1,067,720
Less treasury stock, at cost	(812)	(807)	(9,765)
Total Shareholder's equity.....	<u>104,915</u>	<u>102,275</u>	<u>1,261,755</u>
Unrealized holding gain on securities.....	4,042	6,001	48,610
Deferred gain (loss) on hedging instruments.....	(1,133)	(537)	(13,625)
Revaluation of land.....	867	877	10,426
Total of net assets	<u>108,691</u>	<u>108,617</u>	<u>1,307,167</u>
Total of liabilities and net assets.....	<u>¥ 2,036,237</u>	<u>¥ 2,004,428</u>	<u>\$ 24,488,719</u>

Non-Consolidated Statements of Income

For the years ended March 31, 2011 and 2010

	2011 (Millions of yen)	2010 (Millions of yen)	2011 (Thousands of U.S.dollars)
Income			
Interest on loans and discounts	¥ 21,755	¥ 22,526	\$ 261,635
Interest and dividends on securities	6,919	6,480	83,211
Other interest	125	203	1,503
Fees and commissions	5,789	5,704	69,621
Other income	3,765	2,608	45,279
Total income	38,358	37,526	461,310
Expenses:			
Interest on deposits	2,267	3,015	27,263
Interest on borrowings and rediscounts.....	1	3	12
Interest on loans	0	—	0
Other interest	1,238	909	14,888
Fees and commissions	2,141	2,041	25,748
General and administrative expenses	21,623	21,765	260,048
Other expenses	5,001	6,213	60,144
Total expenses	32,277	33,951	388,177
Income before income taxes	6,081	3,573	73,132
Income taxes:			
Current	33	36	396
Deferred (credit)	2,390	1,721	28,743
	2,423	1,757	29,140
Net income	¥ 3,657	¥ 1,815	\$ 43,980
Amounts per share:	2011 (yen)	2010 (yen)	2011 (U.S.dollars)
Net income	21.45	10.65	0.25
Net assets	637.47	636.99	7.66

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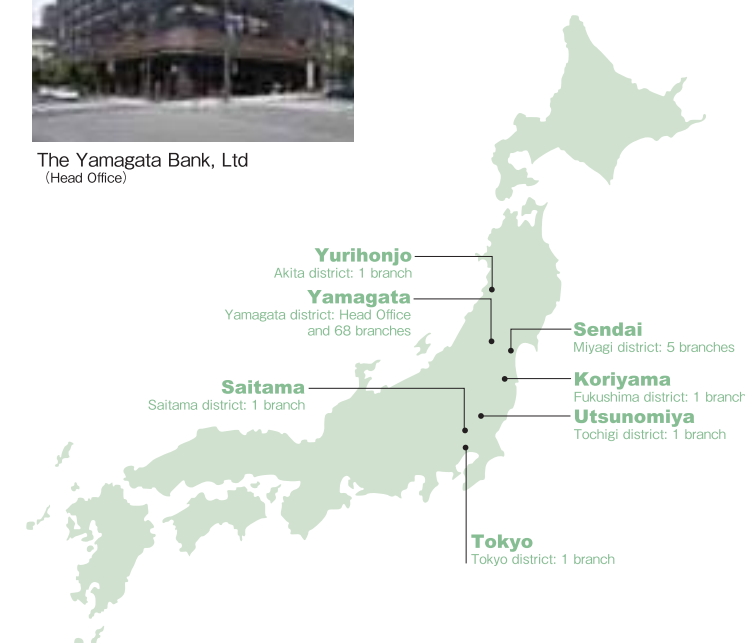
Money Exchange Offices: 67 (As of June 30, 2011)

Bank Data: (As of March 31, 2011)

Date of Incorporation: 1896
Authorized Shares: 298,350,000
Total Number of Stock Issued: 172,000,000
Number of Shareholders: 8,806
Number of Employees: 1,344



The Yamagata Bank, Ltd
(Head Office)



(Total: Head Office and 78 branches)
(As of July 1, 2011)



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