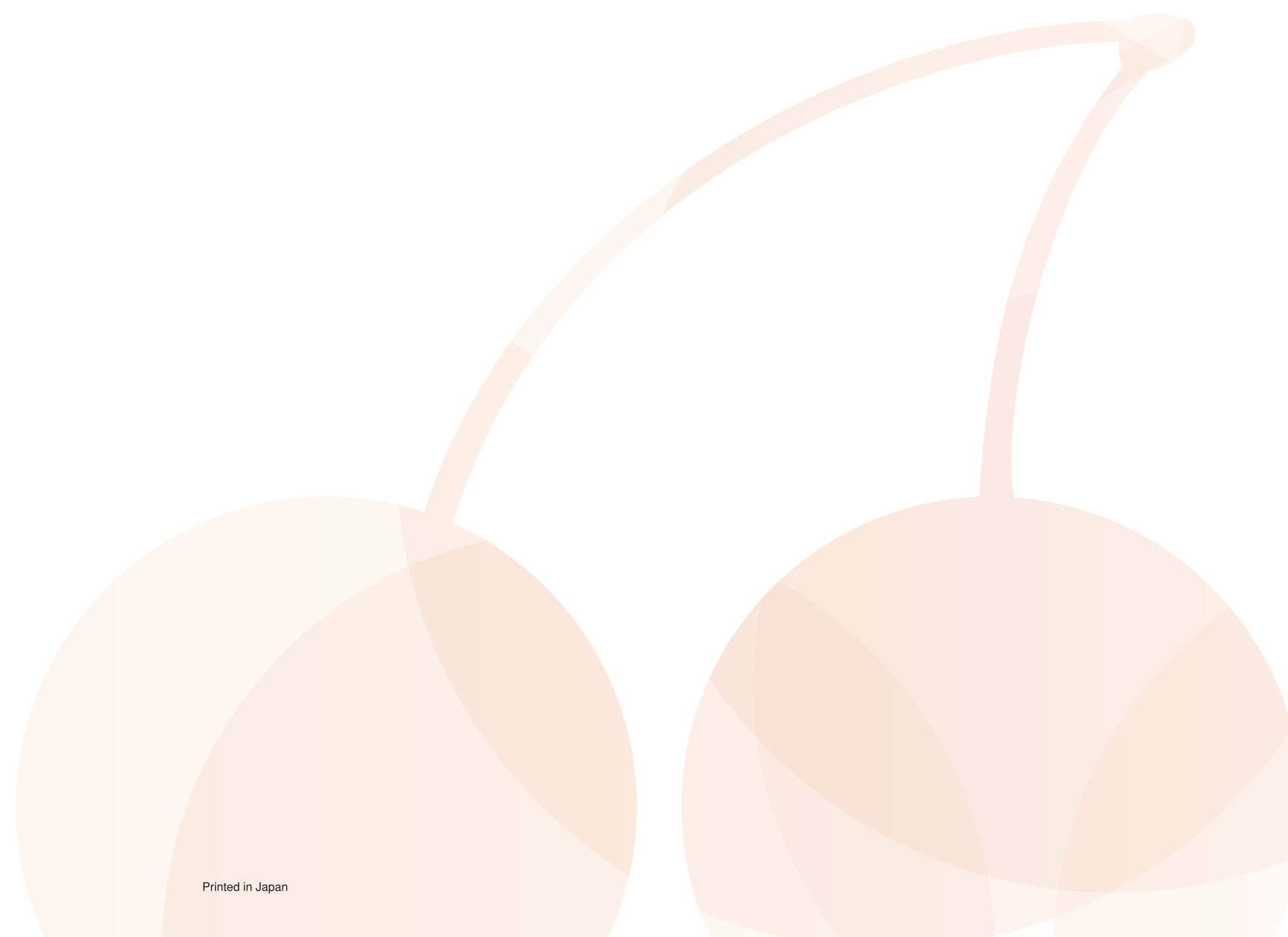


ANNUAL REPORT 2012

Year Ended March 31, 2012



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

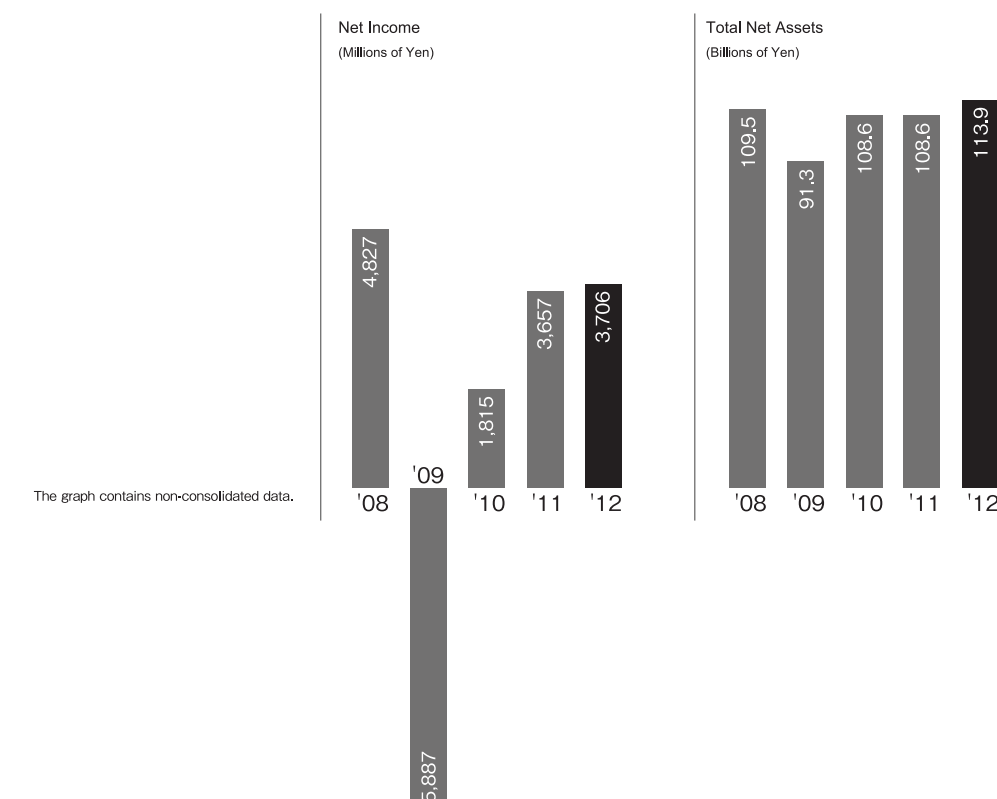
Yen: In millions except per share data and percentages

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

For the years ended March 31	Consolidated			Non-Consolidated		
	2012 (Yen)	2011 (Yen)	2012 (U.S. dollars)	2012 (Yen)	2011 (Yen)	
Total income.....	¥ 44,598	¥ 45,055	\$ 542,620	¥ 38,332	¥ 38,358	
Total expenses.....	36,635	38,198	445,735	31,523	32,277	
Net income.....	4,039	3,253	49,142	3,706	3,657	
Amounts per share						
Net income	¥ 23.69	¥ 19.08	\$ 0.28	¥ 21.74	¥ 21.45	
Cash dividends declared during the year	—	—	—	6	6	
Net assets	669.98	636.90	8.15	668.60	637.47	
As of March 31						
Total assets	¥ 2,195,995	¥ 2,048,095	\$ 26,718,518	¥ 2,183,747	¥ 2,036,237	
Loans and bills discounted	1,288,728	1,217,852	15,679,863	1,296,184	1,226,246	
Total liabilities	2,076,123	1,934,448	25,260,043	2,069,758	1,927,545	
Deposits	2,023,882	1,888,857	24,624,431	2,031,032	1,896,235	
Total net assets	119,872	113,647	1,458,474	113,989	108,691	
Ratios:						
Consolidated						
Capital ratio	2012	2011				
	14.08%	14.00%				

Note 1: U.S.dollars represent transactions, for the convenience of readers, at ¥82.19=U.S.\$1.00, the rate prevailing on March 31, 2012.

Note 2: Figures for 2011 and 2012 are shown according to domestic standards.



Message from Management

Management philosophy

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

What Yamagata Bank is aiming for

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

The economy in Japan during the fiscal year that ended in March 2012 recovered modestly because of public investment for restoration and reconstruction and because of recovery in plant and equipment investment. This was despite the huge impact, at the beginning of the year, caused by the Great East Japan Earthquake that occurred in March last year. Production by businesses dropped significantly after the earthquake disaster, then began a modest recovery due to early restoration of supply chains, and an upturn in capital investment in plant and equipment was seen. On the other hand, company earnings dropped because of sluggish exports due to reasons such as the slowing of the overseas economy, and because of the strong yen, which shows no sign of changing.

In Yamagata Prefecture – the principal place of business of Yamagata Bank, companies responded to the demand driven by the restoration and reconstruction following the earthquake disaster, and recovery was seen in the economy of the prefecture, in general. Company earnings rose because of the increase in demand related to the restoration and reconstruction; further, in the latter half of the year, indications of recovery in plant and equipment investment were seen. Production in the prefecture recovered relatively quickly because the decline in production after the earthquake was less than that experienced by the other prefectures in the Tohoku region. However, at the end of the year, production weakened slightly, mainly because firms in the electronics business were affected by the floods in Thailand.

Concerning the banking business, regional banks further strengthened their business bases through the receipt of public funds based on the revised Act on Special Measures for Strengthening Financial Functions and through business mergers. Restructuring of the banking industry is progressing in the Tohoku region; an example of this is the establishment of Jimoto Holdings created by a business merger between Kirayaka Bank, whose head office is located in Yamagata, and Sendai Bank, in October this year.

Under the circumstances described above, Yamagata Bank embarked on our 17th long-term management plan, called the "Yamagin Innovation Plan II", in April this year. The plan aims to further enhance region-oriented banking over the next decade with an understanding that Yamagata Bank will not have any growth without the

vitalization of the regional economy. Through the execution of the plan, Yamagata Bank will strengthen the foundations of our earnings and raise our corporate value by providing support for customers' businesses and vitalization in the region, and other steps. Also, we will contribute to the development of industries, companies, etc., that are expected to shoulder the future of the region and the creation of an affluent local community, by taking risks proactively.

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

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

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

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

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

CSR charters

The management philosophy of Yamagata Bank, which the bank has respected throughout its long history, also applies to CSR management in the current times. Under the 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.

Basic concept of the 17th long-term management plan

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

Outline of major targets

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

- 2.To strengthen business foundations
Reform of human resource development, way of thinking, deed, services and operations
We will realize sustainable growth by strengthening business management and staff training, which are the foundations of business.

- 3.To generate the value of the region
We will provide support for further vitalization of the region with an understanding that the region and Yamagata Bank share a common destiny, and that the Bank will have no growth without the growth and development of the region.



Kichishige Hasegawa
President

Review of Operations

The Conditions of Consolidated Accounts

The General situation of this term (from April 1, 2011 to March 31, 2012)

Deposits and negotiable certificates of deposit

The year-end consolidated balance of deposits and negotiable certificates of deposit rose by ¥135 billion during the year to ¥2,023.8 billion, and the balance exceeded ¥2 trillion for the first time as a result of our efforts to offer financial products that meet the diverse requirements of our customers. All of the deposits by personal customers, deposits by corporate customers, and public deposits increased favorably.

Deposited assets

The year-end consolidated balance of deposited assets rose by ¥22.8 billion during the year to ¥267.8 billion, mainly because of a solid increase in the balance of personal annuity insurance, which amounted ¥32 billion.

Loans

The year-end consolidated balance of loans increased by ¥70.8 billion during the year to ¥1,288.7 billion. Yamagata Bank proactively responded to demands for funds from firms struggling to recover from the damage caused by the earthquake disaster, and increased loans to personal customers with a focus on housing loans. We also proactively responded to demands for funds from local public entities.

Securities

The year-end consolidated balance of securities rose by ¥25.3 billion during the year to ¥725 billion because the Bank raised the amount of invested assets, paying attention to investment conditions and market movements, and attaching importance to safety and liquidity.

Profit and loss

With regard to the profit and loss, the ordinary revenue for the consolidated fiscal year was ¥44,597 million, which was ¥439 million less than that for the previous fiscal year, because of a decrease in fund investment earnings, mainly interest on loans, although earnings from services, etc., increased. The ordinary expenses for the consolidated fiscal year were ¥36,456 million, which was ¥1,489 million less than that for the previous fiscal year. The main reasons for the decrease were a drop in fund procurement expenses such as interest on deposits, and a drop in credit expenses, which was materialized because staff from the head office and branches collaborated in making efforts to provide support for the improvement of customers' businesses, etc. As a result of the above, the ordinary profit for the consolidated fiscal year was ¥8,140 million, which was ¥1,050 million more than that for the previous fiscal year; and the net profit for the consolidated fiscal year was ¥4,039 million, which was ¥785 million more than that for the previous fiscal year.

Results by business sector

In the banking business, the ordinary revenue for the consolidated fiscal year was ¥38,331 million, which was ¥20 million less than that for the previous fiscal year; the profit for the business for

the consolidated fiscal year was ¥6,957 million, which was ¥726 million more than that for the previous fiscal year. In the leasing business, the ordinary revenue for the consolidated fiscal year was ¥4,895 million, which was ¥402 million less than that for the previous fiscal year; the profit for the business for the consolidated fiscal year was ¥293 million, which was ¥13 million less than that for the previous fiscal year. In other business sectors, the ordinary revenue for the consolidated fiscal year was ¥2,524 million, which was ¥289 million more than that for the previous fiscal year; the profit for the sectors for the consolidated fiscal year was ¥852 million, which was ¥544 million more than that for the previous fiscal year.

Cash flow

Concerning the cash flow of business, the inflow exceeded the outflow by ¥16.8 billion (¥63.8 billion less than that for the previous fiscal year) because of reasons such as an increase in deposits. With regard to the cash flow of investments, the outflow exceeded the inflow by ¥21.5 billion (¥56.1 billion more than that for the previous fiscal year) because the amount of outgoings to acquire securities, etc., exceeded the amount of incomings from the sale and redemption of securities, etc. Concerning the cash flow of financial activities, the outflow exceeded the inflow by ¥1 billion, (¥0 billion more than that for the previous fiscal year) because of outgoings for dividend payments, etc. As a result of the above, the year-end consolidated balance of cash and cash equivalents decreased by ¥5.7 billion during the year to ¥29.6 billion.

Corporate Data

Management

(As of June 26, 2012)

President

Kichishige Hasegawa

Managing Directors

Shinichiro Miura
Yoshihiro Ishikawa
Tamon Nakagawa
Takashi Kimura
Hitoshi Watanabe

Corporate Auditors

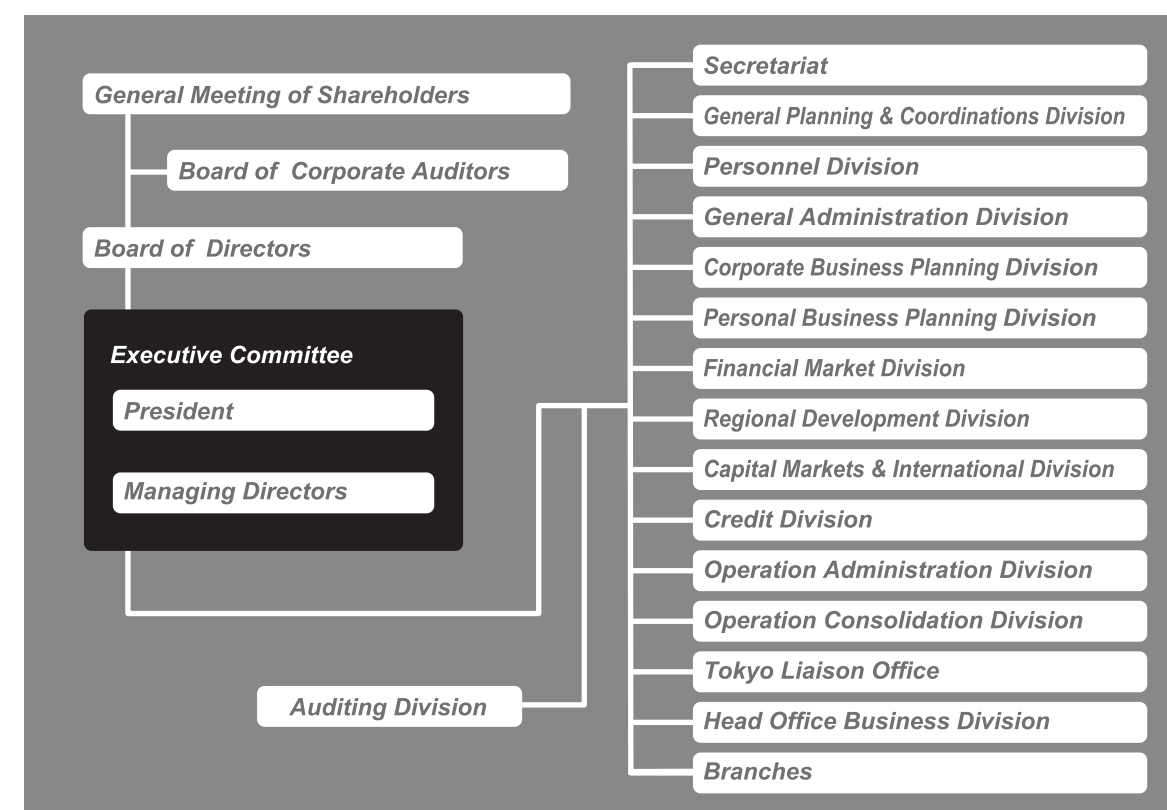
Takami Konta
Takashi Ajiki
Shinichi Nakayama
Bin Hamada
Yasumasa Gomi

Directors

Shigeo Tsutsumi
Hiromitsu Takahashi
Shigeki Taniguchi
Kazuhiro Moriya
Masahiro Takeda
Haruhiko Tanno
Yoshihiro Domon

Organization

(As of June 26, 2012)



Financial Statements

Consolidated Balance Sheets

As of March 31, 2012 and 2011

	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)(Note 2)
Assets			
Cash and due from banks (Note 9)	¥ 50,096	¥ 35,871	\$ 609,514
Call loans and bills purchased	79,508	37,328	967,368
Trading securities (Note 5)	43	61	523
Securities (Notes 5 and 11)	725,070	699,754	8,821,876
Loans and bills discounted (Note 4)	1,288,728	1,217,852	15,679,863
Foreign exchange (Note 4)	1,030	382	12,531
Other assets (Note 11)	27,804	30,839	338,289
Tangible fixed assets	13,728	14,645	167,027
Buildings (Note 10)	3,308	3,587	40,248
Land (Note 6)	9,015	9,257	109,684
Construction in process	—	85	—
Other tangible fixed assets (Note 10)	1,405	1,715	17,094
Intangible fixed assets	1,255	1,594	15,269
Software	1,036	1,371	12,604
Other intangible fixed assets	219	223	2,664
Deferred tax assets (Note 16)	3,524	6,527	42,876
Customers' liabilities for acceptances and guarantees	19,630	19,097	238,836
Reserve for possible loan losses	(14,427)	(15,861)	(175,532)
Total assets	¥ 2,195,995	¥ 2,048,095	\$ 26,718,518
Liabilities and Net Assets			
Liabilities:			
Deposits (Note 11)	¥ 2,023,882	¥ 1,888,857	\$ 24,624,431
Payables under securities lending transactions (Note 11)	2,750	971	33,459
Borrowed money (Note 11)	9,106	6,820	110,792
Foreign exchange	37	28	450
Other liabilities	17,018	14,001	207,056
Reserve for bonuses to directors and corporate auditors	20	20	243
Reserve for employees' retirement benefits (Note 18)	1,405	2,157	17,094
Reserve for directors and corporate auditors' retirement benefits	241	255	2,932
Reserve for losses on dormant deposit repayments	209	156	2,542
Reserve for losses on contingencies	182	165	2,214
Deferred tax liabilities arising from revaluation of land (Note 6)	1,636	1,915	19,905
Acceptances and guarantees	19,630	19,097	238,836
Total liabilities	¥ 2,076,123	¥ 1,934,448	\$ 25,260,043
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	\$ 146,100
Capital surplus	4,939	4,939	60,092
Retained earnings (Note 8)	91,742	88,682	1,116,218
Less treasury stock, at cost	(818)	(812)	(9,952)
Total shareholders' equity	107,872	104,817	1,312,471
Accumulated other comprehensive income			
Unrealized holding gain on securities (Note 5)	7,477	4,042	90,972
Deferred loss on hedging instruments	(2,182)	(1,133)	(26,548)
Revaluation of land (Note 6)	1,057	867	12,860
Total accumulated other comprehensive income	6,352	3,776	77,284
Minority interests	5,648	5,053	68,718
Total net assets	¥ 119,872	¥ 113,647	\$ 1,458,474
Total liabilities and net assets	2,195,995	2,048,095	26,718,518

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2012 and 2011

Consolidated Statements of Income

	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)(Note 2)
Income:			
Interest on loans and discounts	¥ 21,104	¥ 21,824	\$ 256,770
Interest and dividends on securities	7,314	6,920	88,988
Other interest	124	146	1,508
Fees and commissions	7,264	7,051	88,380
Other operating income	7,779	8,053	94,646
Other income	1,008	1,057	12,264
Total income	44,598	45,055	542,620
Expenses:			
Interest on deposits	1,704	2,262	20,732
Interest on borrowings and rediscounts	46	46	559
Other interest	1,492	1,241	18,104
Fees and commissions	2,101	2,055	25,562
General and administrative expenses	23,220	22,950	282,516
Other expenses	8,067	9,639	98,150
Total expenses	36,635	38,198	445,735
Income before income taxes and minority interests	7,962	6,856	96,873
Income taxes (Note 16)			
Current	1,146	246	13,943
Deferred (credit)	2,182	2,963	26,548
Income before minority interests	4,634	3,646	56,381
Minority interests	595	392	7,239
Net income	¥ 4,039	¥ 3,253	\$ 49,142
Consolidated Statement of Comprehensive Income			
Income before minority interests	¥ 4,634	¥ 3,646	\$ 56,381
Other comprehensive income (Note 14)	2,622	(2,555)	31,901
Unrealized holding gain on securities	3,437	(1,959)	41,817
Deferred loss on hedging instrument	(1,049)	(595)	(12,763)
Revaluation of land	234	—	2,847
Comprehensive income (Note 14)	7,257	1,091	88,295
Comprehensive income attributable to shareholders of the parent company	6,658	699	81,007
Comprehensive income attributable to minority interests	598	391	7,275

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2012

	Shareholders' equity (Millions of yen)					Shareholders' equity (Thousands of U.S. dollars) (Note 2)				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance as of April 1, 2011	¥ 12,008	¥ 4,939	¥ 88,682	¥ (812)	¥ 104,817	\$ 146,100	\$ 60,092	\$ 1,078,987	\$ (9,879)	\$ 1,275,301
Changes in the consolidated fiscal year										
Cash Dividends	—	—	(1,023)	—	(1,023)	—	—	(12,446)	—	(12,446)
Net income	—	—	4,039	—	4,039	—	—	49,142	—	49,142
Acquisition of treasury stocks	—	—	—	(5)	(5)	—	—	—	(60)	(60)
Disposition of treasury stocks	—	—	—	—	—	—	—	—	—	—
Reversal of land revaluation	—	—	43	—	43	—	—	523	—	523
Changes in items other than shareholders' equity items ... in the consolidated fiscal year (net amounts)	—	—	—	—	—	—	—	—	—	—
Total	¥ 12,008	¥ 4,939	¥ 91,742	¥ (818)	¥ 107,872	\$ 146,100	\$ 60,092	\$ 1,116,218	\$ (9,952)	\$ 1,312,471

Accumulated other comprehensive income (Millions of yen)

	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Revaluation of land	Total of accumulated other comprehensive income	Minority interests	Total net assets
	Balance as of April 1, 2011	¥ 4,042	¥ (1,133)	¥ 867	¥ 3,776	¥ 5,053
Changes in the consolidated fiscal year						
Cash Dividends	—	—	—	—	(1,023)	(1,023)
Net income	—	—	—	—	4,039	4,039
Acquisition of treasury stocks	—	—	—	—	(5)	(5)
Disposition of treasury stocks	—	—	—	—	—	—
Reversal of land revaluation	—	—	—	—	43	43
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	3,434	(1,049)	190	2,575	594	3,170
Total	¥ 7,477	¥ (2,182)	¥ 1,057	¥ 6,352	¥ 5,648	¥ 119,872

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

	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Revaluation of land	Total of accumulated other comprehensive income	Minority interests	Total net assets
	Balance as of April 1, 2011	\$ 49,178	\$ (13,785)	\$ 10,548	\$ 45,942	\$ 61,479
Changes in the consolidated fiscal year						
Cash Dividends	—	—	—	—	(12,446)	(12,446)
Net income	—	—	—	—	49,142	49,142
Acquisition of treasury stocks	—	—	—	—	(60)	(60)
Disposition of treasury stocks	—	—	—	—	—	—
Reversal of land revaluation	—	—	—	—	523	523
Changes in items other than shareholders' equity items in the consolidated fiscal year (net amounts)	41,781	(12,763)	2,311	31,329	7,227	38,569
Total	\$ 90,972	\$ (26,548)	\$ 12,860	\$ 77,284	\$ 68,718	\$ 1,458,474

For the year ended March 31, 2011

	Shareholders' equity (Millions of yen)					Accumulated other comprehensive income (Millions of yen)					
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity	Unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Revaluation of land	Total of accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2010	¥ 12,008	¥ 4,939	¥ 86,440	¥ (807)	¥ 102,581	¥ 6,001	¥ (537)	¥ 877	¥ 6,341	¥ 4,666	¥ 113,589
Changes in the consolidated fiscal year											
Cash Dividends	—	—	(1,023)	—	(1,023)	—	—	—	—	—	(1,023)
Net income	—	—	3,253	—	3,253	—	—	—	—	—	3,253
Acquisition of treasury stocks	—	—	—	(5)	(5)	—	—	—	—	—	(5)
Disposition of treasury stocks	—	(0)	—	0	0	—	—	—	—	—	0
Reversal of land revaluation	—	—	10	—	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	¥ 12,008	¥ 4,939	¥ 88,682	¥ (812)	¥ 104,817	¥ 4,042	¥ (1,133)	¥ 867	¥ 3,776	¥ 5,053	¥ 113,647

Consolidated Statements of Cash Flows

For the years ended March 31, 2012 and 2011

	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S. dollars)(Note 2)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 7,962	¥ 6,856	\$ 96,873
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	1,626	1,472	19,783
Loss on impairment of fixed assets	65	125	790
Reserve for possible loan losses	(1,433)	1,038	(17,435)
Reserve for employees' retirement benefits	(752)	(1,557)	(9,149)
Reserve for directors and corporate auditors' retirement benefits	(13)	39	(158)
Reserve for losses on dormant deposits repayments	53	(23)	644
Reserve for losses on contingencies	17	24	206
Interest income	(28,545)	(28,892)	(347,305)
Interest expense	3,245	3,551	39,481
Gain on investment securities	(509)	(701)	(6,192)
Foreign exchange gain, net	(117)	(98)	(1,423)
Loss on disposal of fixed assets	113	30	1,374
Loans	(70,868)	(5,134)	(862,246)
Deposits	134,951	29,564	1,641,939
Borrowed money (excluding subordinated borrowings)	2,285	3,511	27,801
Due from banks (excluding due from Bank of Japan)	(19,959)	46	(242,839)
Call loans and bills purchased	(39,405)	40,515	(479,437)
Payables under securities lending transactions	1,728	955	21,024
Trading securities	18	(47)	219
Foreign exchange assets	(524)	139	(6,375)
Foreign exchange liabilities	8	(49)	97
Interest received	28,199	28,818	343,095
Interest paid	(3,492)	(3,697)	(42,486)
Other	2,297	4,527	27,947
Subtotal	16,951	81,015	206,241
Income taxes paid	(244)	(423)	(2,968)
Income taxes refunded	118	52	1,435
Net cash used in operating activities	16,825	80,644	204,708
Cash flows from investing activities:			
Purchases of investment securities	(381,824)	(326,436)	(4,645,625)
Proceeds from sales of investment securities	278,458	185,724	3,387,979
Proceeds from redemption of investment securities	82,550	65,371	1,004,380
Expenditure for acquisition of tangible fixed assets	(799)	(2,230)	(9,721)
Income from sale of tangible fixed assets	140	76	1,703
Expenditure for acquisitions of intangible fixed assets	(52)	(221)	(632)
Net cash provided by investing activities	(21,527)	(77,715)	(261,917)
Cash flows from financing activities:			
Dividends paid	(1,023)	(1,023)	(12,446)
Dividends paid to minority shareholders	(3)	(5)	(36)
Purchases of treasury stock	(5)	(5)	(60)
Proceeds from sales of treasury stock	—	0	—
Net cash used in financing activities	(1,032)	(1,033)	(12,556)
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)	(12)
Net increase (decrease) in cash and cash equivalents	(5,735)	1,893	(69,777)
Cash and cash equivalents at beginning of year	¥ 35,368	¥ 33,475	\$ 430,319
Cash and cash equivalents at end of year (Note 9)	29,632	35,368	360,530

Notes to Consolidated Financial Statements

March 31, 2012

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 82.19=U.S.\$1.00, the rate of exchange in effect on March 31, 2012, 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 declining-balance method over the estimated useful lives of respective assets.

e. Intangible fixed assets

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

f. Leased assets

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

g. Foreign currency translation

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

h. Reserve for possible loan loss

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

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

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

i. Reserve for bonuses to directors and corporate auditors

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

j. Employees' retirement benefits

The reserve for employees' retirement benefits at March 31, 2012 and 2011 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, 2012 and 2011, 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 ¥97 million (\$1,180 thousand) and ¥108 million for the year ended March 31, 2012 and 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 deferred hedge caused by the macro hedge was ¥60 million (\$730 thousand) and ¥248 million at March 31, 2012 and 2011. (before deduction of the 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. Change in Presentation

On the Consolidated statements of cash flows, certain amount booked in "Call money and bills sold" is reclassified in "Payables under securities lending transactions" as the increase in payables under securities lending transactions has been material. The amount of ¥955 million for the fiscal year ended March 31, 2011 has been modified to confirm to the current period's presentation.

s. Additional information

Effective April 1, 2011, the Bank adopts the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24 issued on December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24 issued on December 4, 2009).

Based on "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Accounting Practice Committee Statement No.14), "Recovery on Written-off Claims" has been recorded in "Other Ordinary Income" beginning with this fiscal year. However, retrospective application was not made for the previous fiscal period.

4. Loans and Bills Discounted

Loans to borrowers under bankruptcy procedures and delinquent loans totaled ¥3,398 million (\$41,343 thousand) and ¥21,264 million (\$258,717 thousand), respectively, at March 31, 2012, and ¥6,604 million and ¥22,761 million, respectively, at March 31, 2011. 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 ¥45 million (\$547 thousand) and ¥78 million at March 31, 2012 and 2011, 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 ¥2,973 million (\$36,172 thousand) and ¥2,456 million at March 31, 2012 and 2011, 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 ¥27,682 million (\$336,804 thousand) and ¥31,900 million at March 31, 2012 and 2011, respectively.

Bills discounted are accounted for as financial transactions in

accordance with "Treatment of Accounting and Auditing in Applying Accounting Standard for Financial Instruments in the Banking Industry" issued by the JICPA. The Bank has rights to sell or pledge accepted banker's acceptance bills, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. The face value of banker's acceptance bills, commercial bills, documentary bills acquired at discount and foreign exchange bought at a discount was ¥9,092 million (\$110,621 thousand) and ¥8,596 million as of March 31, 2012 and 2011, 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 ¥548,280 million (\$6,670,884 thousand) and ¥544,683 million as of March 31, 2012 and 2011, respectively, in which the balance of contracts that have a term of one year or less or are unconditionally cancelable at any time were ¥538,610 million (\$6,553,230 thousand) and ¥537,989 million as of March 31, 2012 and 2011, 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, 2012 are summarized as follows:

1. Trading securities

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

2. Held-to-maturity bonds (as of March 31, 2012)

	Type	Carrying value Millions of yen	Fair value Millions of yen	Difference Millions of yen	Carrying Value Thousands of U.S. dollars	Fair value Thousands of U.S. dollars	Difference Thousands of U.S. dollars
Fair value exceeding carrying value	Japanese government bonds	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	7,595	7,750	154	92,407	94,293	1,873
	Other	—	—	—	—	—	—
	Subtotal	7,595	7,750	154	92,407	94,293	1,873
Fair value not exceeding carrying value	Japanese government bonds	—	—	—	—	—	—
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	1,457	1,413	(43)	17,727	17,191	(523)
	Other	—	—	—	—	—	—
	Subtotal	1,457	1,413	(43)	17,727	17,191	(523)
	Total	¥ 9,052	¥ 9,163	¥ 110	\$ 110,135	\$ 111,485	\$ 1,338

3. Other securities (as of March 31, 2012)

	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	¥ 15,088	¥ 10,441	¥ 4,646	\$ 183,574	\$ 127,034	\$ 56,527
	Bonds	525,655	513,860	11,795	6,395,607	6,252,098	143,508
	Japanese government bonds	296,979	292,592	4,386	3,613,322	3,559,946	53,364
	Municipal bonds	136,550	130,835	5,714	1,661,394	1,591,860	69,521
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	92,125	90,431	1,693	1,120,878	1,100,267	20,598
	Other	47,080	45,655	1,425	572,819	555,481	17,337
	Foreign bonds	37,997	36,876	1,121	462,306	448,667	13,639
	Other	9,083	8,778	304	110,512	106,801	3,698
		Subtotal	587,824	569,957	17,867	7,152,013	6,934,627
Carrying value not exceeding cost	Stocks	12,959	16,116	(3,156)	157,671	196,082	(38,398)
	Bonds	48,325	48,957	(631)	587,966	595,656	(7,677)
	Japanese government bonds	39,436	39,477	(40)	479,815	480,313	(486)
	Municipal bonds	—	—	—	—	—	—
	Short-term bonds	—	—	—	—	—	—
	Corporate bonds	8,889	9,480	(591)	108,151	115,342	(7,190)
	Other	67,766	70,054	(2,287)	824,504	852,342	(27,825)
	Foreign bonds	58,777	60,209	(1,431)	715,135	732,558	(17,410)
	Other	8,988	9,845	(856)	109,356	119,783	(10,414)
		Subtotal	129,052	135,129	(6,076)	1,570,166	1,644,105
	Total	¥ 716,877	¥ 705,086	¥ 11,790	\$ 8,722,192	\$ 8,578,732	\$ 143,448

4. No held-to-maturity securities were sold during the fiscal year ended March 31, 2012.

5. Other securities sold during the year ended March 31, 2012

	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	¥ 3,770	¥ 396	¥ 444	\$ 45,869	\$ 4,818	\$ 5,402	
Bonds	268,866	1,288	761	3,271,273	15,671	9,259	
Japanese government bonds	242,987	573	527	2,956,405	6,971	6,411	
Municipal bonds	20,927	320	—	254,617	3,893	—	
Short-term bonds	—	—	—	—	—	—	
Corporate bonds	4,952	394	233	60,250	4,793	2,834	
Other	5,821	5	838	70,823	60	10,195	
	Total	¥ 278,458	¥ 1,690	¥ 2,043	\$ 3,387,979	\$ 20,562	\$ 24,857

6. Securities whose purpose of holding was changed

There were no applicable securities.

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 (including ¥390 million of equity securities and ¥57 million of bonds).

The impairment loss for the year ended March 31, 2012 was ¥358 million (\$4,355 thousand) [including ¥324 million (\$3,942 thousand) of equity securities and ¥34 million (\$413 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 ¥3,900 million (\$47,451 thousand) at March 31, 2012.

7. Shares Issued

The number of shares issued and changes during the year ended March 31, 2012 and 2011 are summarized as follows:

	Thousands of shares		Thousands of shares	
	2012		2011	
	Treasury stock	Common stock issued	Treasury stock	Common stock issued
Beginning of the year	1,496	172,000	1,482	172,000
Increase during the year	14 ¹	—	14 ¹	—
Decrease during the year	—	—	1 ²	—
End of the year	1,510	172,000	1,496	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).

8. Dividends

Dividends for the year ended March 31, 2012 and 2011 are summarized as follows:

	November 11, 2011	June 24, 2011	November 12, 2010	June 25, 2010
	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, 2011	March 31, 2011	September 30, 2010	March 31, 2010
Effective date	December 9, 2011	June 27, 2011	December 10, 2010	June 28, 2010
	November 11, 2011	June 24, 2011		
	Resolution by the board of directors	Resolution by the general shareholders' meeting		
Total dividends	\$ 6,217 Thousand	\$ 6,217 Thousand		
Dividend per share	\$ 0.03	\$ 0.03		
Base date	September 30, 2011	March 31, 2011		
Effective date	December 9, 2011	June 27, 2011		

Dividend of which base date belonged to the year ended March 31, 2012 and 2011 is summarized as follows:

	June 26, 2012	June 24, 2011		
	Resolution by the general shareholders' meeting	Resolution by the general shareholders' meeting		
Total dividends	¥ 511 million	\$ 6,217 Thousand	¥ 511 million	\$ 6,145 Thousand
Dividend per share	¥ 3.0	\$ 0.03	¥ 3.0	\$ 0.03
Base date	March 31, 2012	March 31, 2012	March 31, 2011	March 31, 2011
Effective date	June 27, 2012	June 27, 2012	June 27, 2011	June 27, 2011

9. Cash Flows

Cash and cash equivalents stated in the consolidated statements of cash flows at March 31, 2012 and 2011 consisted of the following:

	2012	2011	2012
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Cash and due from banks	¥ 50,096	¥ 35,871	\$ 609,514
Deposits with banks other than the Bank of Japan	(20,462)	(501)	(248,959)
Cash and cash equivalents	¥ 29,632	¥ 35,368	\$ 360,530

10. Accumulated Depreciation

Accumulated depreciation totaled ¥25,917 million (\$315,330 thousand) and ¥25,469 million at March 31, 2012 and 2011, respectively.

11. Assets Pledged

Pledged assets and liabilities related to pledged assets as of March 31, 2012 and 2011 were summarized as follows:

	2012	2011	2012
	(Millions of yen)	(Millions of yen)	(Thousands of U.S.dollars)
Pledged assets:			
Securities	¥ 115,467	¥ 93,401	\$ 1,404,878
Other assets	¥ 38	¥ 102	\$ 462
Liabilities related to the above pledged assets:			
Deposits	¥ 9,141	¥ 3,698	\$ 111,217
Payables under securities lending transactions	¥ 2,750	¥ 971	\$ 33,459
Borrowed money	¥ 6,220	¥ 3,950	\$ 75,678

In addition, securities totaling ¥62,831 million (\$764,460 thousand) and ¥62,983 million were pledged as collateral for settlement of exchange and futures transactions at March 31, 2012 and 2011, respectively.

Deposits included in other assets as of March 31, 2012 and 2011 were ¥324 million (\$3,942 thousand) and ¥330 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, 2012 and 2011.

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 ¥64 million (\$778 thousand) and ¥125 million for the year ended March 31, 2012 and 2011, respectively. The recoverable amount used for measurement of loss on impairment was net selling price and computed mainly based on the real estate appraisal value.

14. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to other comprehensive income for the year ended March 31, 2012.

Unrealized holding gain on securities:

	(Millions of yen)	(Thousands of U.S.dollars)
Amount arising during the year	¥ 4,953	\$ 60,262
Reclassification adjustments	¥ (320)	\$ (3,893)
Amount before tax effect	¥ 4,633	\$ 56,369
Tax effect	¥ (1,195)	\$ (14,539)
Unrealized holding gain on securities	¥ 3,437	\$ 41,817

Deferred loss on hedging instruments:

	(Millions of yen)	(Thousands of U.S.dollars)
Amount arising during the year	¥ (2,884)	\$ (35,089)
Reclassification adjustments	¥ 1,415	\$ 17,216
Amount before tax effect	¥ (1,469)	\$ (17,873)
Tax effect	¥ 419	\$ 5,097
Deferred loss on hedging instruments	¥ (1,049)	\$ (12,763)

Revaluation of land:

	(Millions of yen)	(Thousands of U.S.dollars)
Amount arising during the year	¥ —	\$ —
Reclassification adjustments	¥ —	\$ —
Amount before tax effect	¥ —	\$ —
Tax effect	¥ 234	\$ 2,847
Revaluation of land	¥ 234	\$ 2,847
Total other comprehensive income	¥ 2,622	\$ 31,901

15. Leases

Investments in leased assets at March 31, 2012 and 2011 are summarized as follows:

	2012	2011	2012
	(Millions of yen)		(Thousands of U.S.dollars)
Gross lease receivables	¥ 10,095	¥ 9,718	\$ 122,825
Estimated residual values	373	355	4,538
Unearned interest income	(1,431)	(1,602)	(17,410)
Investments in leased assets	<u>¥ 9,037</u>	<u>¥ 8,471</u>	<u>\$ 109,952</u>

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

Years ending March 31	(Millions of yen)	(Thousands of U.S.dollars)
2013	¥ 3,416	\$ 41,562
2014	2,649	32,230
2015	1,876	22,825
2016	1,223	14,880
2017	586	7,129
2018 and thereafter	343	4,173

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

16. Income Taxes

The major components of deferred tax assets and liabilities at March 31, 2012 and 2011 are summarized as follows:

	2012	2011	2012
	(Millions of yen)		(Thousands of U.S.dollars)
Deferred tax assets:			
Reserve for possible loan losses	¥ 4,212	¥ 5,098	\$ 51,247
Reserve for employees' retirement benefits	492	863	5,986
Devaluation on securities	800	1,299	9,733
Depreciation and amortization	1,057	1,282	12,860
Tax loss carryforwards	468	1,051	5,694
Other	2,826	2,019	34,383
Subtotal: deferred tax assets	9,857	11,614	119,929
Valuation allowance	(2,198)	(2,618)	(26,742)
Total: deferred tax assets	7,658	8,996	93,174
Unrealized holding gains on securities	4,123	2,458	50,164
Other	9	10	109
Total: deferred tax liabilities	4,133	2,468	50,285
Net deferred tax assets	<u>¥ 3,524</u>	<u>¥ 6,527</u>	<u>\$ 42,876</u>

For the fiscal year ended March 31, 2011, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate was as follows:

	2012	2011
Statutory tax rate	—	40.0%
Valuation allowance	—	5.8%
Tax loss carryforward	—	1.7%
Non-taxable expenses	—	0.5%
Non-taxable income	—	(1.4%)
Per capita inhabitants' tax rate	—	0.5%
Others	—	(0.3%)
Effective tax rate	—	46.8%

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

The Act for Partial Revision of the Income Tax Act, etc., for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures (Act No. 114 of 2011) and the Act for Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011) were promulgated on December 2, 2011, and the staged reduction of the national corporate tax rate and a special reconstruction corporate tax will apply to corporate taxes effective for fiscal years beginning on and after April 1, 2012. As a result, the effective statutory tax rate used to measure the Bank's deferred tax assets and liabilities was changed from 40% to 38% for the temporary differences expected to be realized or settled in the period from April 1, 2012 to March 31, 2015 and from 40% to 35% for temporary differences expected to be realized or settled from fiscal years beginning April 1, 2015. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, net by ¥115 million (\$1,399 thousand) and increase deferred income taxes by ¥546 million (\$6,643 thousand) as of and for the year ended March 31, 2012. Unrealized holding gain on securities increased by ¥599 million (\$7,287 thousand) and deferred loss on hedging instruments decreased by ¥167 million (\$2,031 thousand). Deferred tax liabilities arising from revaluation of land decreased ¥234 million (\$2,847 thousand) and Revaluation of land increased by the same amount.

17. Fair Value Information on Derivatives

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

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

Interest rate-related transactions	Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)		Contract amounts	Contract beyond one year	Fair value	Unrealized gain or (loss)
<March 31,2012>					<March 31,2012>				
Over-the-counter:					Over-the-counter:				
Swap:					Swap:				
Receive-fixed/pay-floating	¥ 16,032	¥ 16,032	¥ (37)	¥ 39	Receive-fixed/pay-floating	\$195,060	\$195,060	\$ (450)	\$ 474
Receive-floating/pay-fixed	16,032	16,032	(20)	(20)	Receive-floating/pay-fixed	195,060	195,060	(243)	(243)
<March 31,2011>									
Over-the-counter:									
Swap:									
Receive-fixed/pay-floating	¥ 11,833	¥ 11,833	¥ (52)	¥ 2					
Receive-floating/pay-fixed	11,833	11,833	(3)	(3)					
Currency-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 31,2012>					<March 31,2012>				
Over-the-counter transactions:					Over-the-counter transactions:				
Forward exchange contracts					Forward exchange contracts				
Sold	¥ 475	—	¥ (19)	¥ (19)	Sold	\$ 5,779	—	\$ (231)	\$ (231)
Bought	304	—	17	17	Bought	3,698	—	206	206
<March 31,2011>									
Over-the-counter transactions:									
Forward exchange contracts									
Sold	¥ 83	—	¥ (0)	¥ (0)					
Bought	25	—	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, 2012)

Hedge accounting method	Type	Major hedged item	Contract amounts Millions of yen	Contract amounts beyond one year Millions of yen	Fair value Millions of yen	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		¥ 90,021	¥ 82,606	¥ (3,359)	\$ 1,095,279	\$ 1,005,061	\$ (40,868)
Exceptional method	Interest rate swaps	Loans						
	receive-floating/ pay-fixed		15,700	15,600	(97)	191,020	189,804	(1,180)
Total			¥ —	¥ —	¥ (3,456)	\$ —	\$ —	\$ (42,048)

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
Normal method	Interest rate swaps	Loans, deposits			
	receive-floating/ pay-fixed		¥ 95,256	¥ 92,256	¥ (1,888)
Exceptional method	Interest rate swaps				
	receive-floating/ pay-fixed		6,369	6,140	20
Total			¥ —	¥ —	¥ (1,868)

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, 2012)

Hedge accounting method	Type	Major hedged item	Contract amounts Millions of yen	Contract amounts beyond one year Millions of yen	Fair value Millions of yen	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	¥ 19,683	¥ 821	¥ (380)	\$ 239,481	\$ 9,989	\$ (4,623)
Total			¥ —	¥ —	¥ (380)	\$ —	\$ —	\$ (4,623)

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
Normal method	Currency swaps	Call loans in foreign currency	¥ 5,683	¥ —	¥ (101)
Total			¥ —	¥ —	¥ (101)

The above transactions apply deferral hedge accounting stipulated in JICPA Industry Audit Committee Report No. 25, "Treatment for Accounting and Auditing for Transactions in foreign currencies, in Banking industry."
The fair value is calculated based on the discounted present value.

18. Retirement Benefit Plans

The Bank and the consolidated subsidiaries have defined-benefit corporation pension funds and lump-sum retirement benefits. The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets at March 31, 2012 and 2011 for the Bank's and the consolidated subsidiaries' defined retirement benefit plans:

	2012			2011			2012		
	(Millions of yen)	(Thousands of U.S.dollars)		(Millions of yen)	(Thousands of U.S.dollars)		(Millions of yen)	(Thousands of U.S.dollars)	
Retirement benefit obligation	¥ (13,575)	¥ (13,777)	\$ (165,166)						
Plan assets at fair value	10,844	9,930	131,938						
Unfunded retirement benefit obligation	(2,731)	(3,846)	(33,227)						
Unrecognized net prior service cost	—	(453)	—						
Unrecognized actuarial differences	1,326	2,142	16,133						
Reserve for employees' retirement benefits	¥ (1,405)	¥ (2,157)	\$ (17,094)						
Service cost	¥ 338	¥ 333	\$ 4,112						
Interest cost	275	276	3,345						
Expected return on plan assets	(198)	(181)	(2,409)						
Amortization of net prior service cost	(453)	(604)	(5,511)						
Amortization of actuarial differences	864	383	10,512						
Total	¥ 825	¥ 207	\$ 10,037						

The assumptions used in accounting for the above are as follows:

	2012	2011
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%

The components of retirement benefit expenses for the years ended March 31, 2012 and 2011 are outlined as follows:

19. 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, 2012 (in millions)

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

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, 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

Year ended March 31, 2012

(Thousands of U.S.dollars)

	Reportable segment			Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Total				
Ordinary income							
External customers	\$ 464,387	\$ 57,841	\$ 522,228	\$ 24,041	\$ 546,283	\$ (3,662)	\$ 542,608
Intersegment	1,983	1,715	3,710	6,655	10,378	(10,378)	—
Total	466,370	59,557	525,939	30,709	556,661	(14,040)	542,608
Segment profit	84,645	3,564	88,210	10,366	98,588	450	99,038
Segment assets	26,578,221	146,927	26,725,161	202,287	26,927,448	(208,930)	26,718,518
Segment liabilities	25,182,601	106,351	25,288,964	165,701	25,454,678	(194,634)	25,260,043
Other items							
Depreciation	19,345	292	19,649	133	19,783	—	19,783
Interest income	346,319	24	346,343	2,372	348,728	(1,423)	347,305
Interest expense	39,043	1,192	40,236	644	40,893	(1,399)	39,481
Increase in tangible fixed assets and intangible fixed assets	9,855	413	10,268	85	10,366	—	10,366

Notes

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

4. Related information

Information by service

Year ended March 31, 2012

(in millions)

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

Year ended March 31, 2011

(in millions)

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

Year ended March 31, 2012

(Thousands of U.S.dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 255,797	\$ 126,463	\$ 56,953	\$ 103,382	\$ 542,608

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, 2012

(in millions)

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

Year ended March 31, 2011

(in millions)

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

Year ended March 31, 2012

(Thousands of U.S.dollars)

	Reportable segment			Other	Total
	Banking	Leasing	Total		
Impairment loss	\$ 790	\$ —	\$ 790	\$ —	\$ 790

20. Amounts Per Share

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

	2012	2011	2012
	(Yen)	(U.S. Dollars)	(U.S. Dollars)
Net income	¥ 23.69	¥ 19.08	\$ 0.28
Net assets	¥ 669.98	¥ 636.90	\$ 8.15

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, 2012 and 2011 are summarized as follows:

	2012	2011	2012
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)
Net income	¥ 4,039	¥ 3,253	\$ 49,142
Amount not attributable to common stock:	—	—	—
Net income related to common stock	4,039	3,253	49,142
Weighted average number of shares of common stock outstanding	170,498 thousand	170,510 thousand	170,498 thousand

21. Financial Instruments

1. Matters relating to the state of financial instruments

(1) Policy for financial instruments

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

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

(2) Nature and risk of financial instruments

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

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

(3) Risk management for financial Instruments

i. Credit risk management

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

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

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

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

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

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

ii. Market risk management

a. Interest rate risk management

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

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

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

b. Price fluctuation risk management

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

c. Quantitative information concerning market risk

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

The variance-covariance method (holding period: 90 days*, confidence interval: 99%, observation period: 250 business days) was used for the calculation of VaR, the market risk volume. The volume of overall market risk (estimated loss) as of March 31, 2012 (consolidated accounts settlement date) and 2011 were ¥17,038 million (\$207,300 thousand) and ¥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, 2012 and 2011, 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, 2012>

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

<March 31, 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, 2012>

	Carrying amount Thousand of dollars	Fair Value Thousand of dollars	Difference Thousand of dollars
(1) Cash and due from banks	\$ 609,514	\$ 609,514	\$ —
(2) Call loans and bills purchased	967,368	967,368	—
(3) Securities			
Held-to-maturity bonds	110,135	111,485	1,338
Other securities	8,690,826	8,690,826	—
(4) Loans and bills discounted	15,679,863		
Reserve for possible (*1)	(160,566)		
loan losses	15,519,296	15,806,971	287,674
Total assets	25,897,165	26,186,190	289,025
(1) Deposits	23,671,310	23,682,966	11,643
(2) Negotiable certificates of deposit	953,120	953,145	12
Total liabilities	24,624,443	24,636,111	11,668
Derivatives transactions (*2)			
To which hedge accounting is not applied	(730)	(730)	—
To which hedge accounting is applied	(46,161)	(46,161)	—
Total derivatives	\$ (46,891)	\$ (46,891)	\$ —

(*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 unrealized holding gain on securities as of March 31, 2012 and 2011 increased by ¥1,880 million (\$22,873 thousand) and 3,935 million. Unrealized holding gain on securities as of March 31, 2012 and 2011 increased by ¥1,222 million (\$14,867 thousand) and ¥2,361 million. Deferred tax assets as of March 31, 2012 and 2011 decreased by ¥658 million (\$8,005 thousand) and ¥1,574 million.

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

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 17 "Fair Value Information on Derivatives".

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

<March 31, 2012>

Category	Carrying amount	
	Millions of yen	Thousand of dollars
Unlisted stocks (*1)(*2)	¥ 1,620	\$ 19,710
Investment in Partnerships (*3)	97	1,180
Total	¥ 1,717	\$ 20,890

(*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 in the previous consolidated fiscal year. Impairment accounting was applied to unlisted stocks of ¥0 million in this consolidated fiscal year.

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

<March 31, 2011>

Category	Carrying amount	
	Millions of yen	
Unlisted stocks (*1) (*2)	¥ 1,471	
Investment in Partnerships (*3)	115	
Total	¥ 1,586	

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

<March 31, 2012>

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

* Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loan to "Legally bankrupt" borrowers, loan to "Virtually bankrupt" borrowers, loan to "Possibly bankrupt" borrowers, amounting to ¥24,579 million (\$299,050 thousand) is not included in the above table.

<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 is not included in the above table.

<March 31, 2012 >

	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	\$ 609,514	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills purchased	967,368	—	—	—	—	—
Securities	1,075,690	1,741,087	1,922,228	1,128,823	2,053,583	448,521
Held-to-maturity bonds	22,642	44,530	39,737	3,212	—	—
Corporate bonds	22,642	44,530	39,737	3,212	—	—
Other securities with a maturity date	1,053,047	1,696,556	1,882,479	1,125,599	2,053,583	448,521
Japanese government bonds	354,459	737,778	956,661	540,491	1,328,701	175,033
Municipal bonds	246,781	490,278	315,719	272,028	140,759	195,790
Corporate bonds	267,416	286,494	367,003	172,916	135,174	—
Other	184,377	181,968	243,083	140,150	448,935	77,673
Loans and bills discounted (*)	4,136,695	2,842,255	2,648,971	1,291,543	1,519,503	2,941,817
Total	\$ 6,789,293	\$ 4,583,343	\$ 4,571,200	\$ 2,420,367	\$ 3,573,086	\$ 3,390,351

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

<March 31, 2012>

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

<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, 2012>

	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 (*)	\$ 20,915,269	\$ 2,278,793	\$ 477,247	\$ —	\$ —	\$ —
Negotiable certificates of deposit	944,457	8,662	—	—	—	—
Total	\$ 21,859,727	\$ 2,287,455	\$ 477,247	\$ —	\$ —	\$ —

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

Independent Auditor's Report

The Board of Directors
The Yamagata Bank, Ltd.

We have audited the accompanying consolidated financial statements of The Yamagata Bank, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Yamagata Bank, Ltd. and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

June 26, 2012
Yamagata, Japan

E Ernst & Young Shinnihon LLC

Non-Consolidated Balance Sheets

As of March 31, 2011 and 2012

	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S.dollars)
Assets			
Cash and due from banks	¥ 50,083	¥ 35,866	\$ 609,356
Call loans and bills purchased.....	79,508	37,328	967,368
Trading securities	43	61	523
Securities	725,009	699,699	8,821,133
Loans and bills discounted	1,296,184	1,226,246	15,770,580
Foreign exchange	1,030	382	12,531
Other assets	11,948	15,427	145,370
Tangible fixed assets	13,480	14,223	164,010
Buildings	3,294	3,545	40,077
Land	9,015	9,219	109,684
Leased asset	71	24	863
Construction in process	—	85	—
Other tangible fixed assets	1,098	1,347	13,359
Intangible fixed assets	1,193	1,507	14,515
Software	977	1,290	11,887
Other intangible fixed assets	216	216	2,628
Deferred tax assets	3,216	6,203	39,128
Customers' liabilities for acceptances and guarantees	14,293	12,784	173,901
Reserve for possible loan losses.....	¥ (12,245)	¥ (13,494)	\$ (148,984)
Total assets	<u>2,183,747</u>	<u>2,036,237</u>	<u>26,569,497</u>
Liabilities and Net Assets			
Liabilities:			
Deposits	¥ 2,031,032	¥ 1,896,235	\$ 24,711,424
Payables under securities lending transactions	2,750	971	33,459
Borrowed money	6,255	3,965	76,104
Foreign exchange	37	28	450
Other liabilities.....	11,736	8,933	142,791
Reserve for bonuses to directors and corporate auditors	20	20	243
Reserve for employees' retirement benefits	1,371	2,130	16,680
Reserve for directors and corporate auditors' retirement benefits	231	237	2,810
Reserve for losses on dormant deposit repayments	209	156	2,542
Reserve for losses on contingencies	182	165	2,214
Deferred tax liabilities arising from revaluation of land	1,636	1,915	19,905
Acceptances and guarantees	¥ 14,293	¥ 12,784	\$ 173,901
Total liabilities	<u>2,069,758</u>	<u>1,927,545</u>	<u>25,182,601</u>
Net Assets			
Common stock			
Authorized - 298,350,000 shares			
Issued - 172,000,000 shares.....	¥ 12,008	¥ 12,008	\$ 146,100
Capital surplus	4,937	4,937	60,068
Retained earnings	91,508	88,781	1,113,371
Less treasury stock, at cost	(818)	(812)	(9,952)
Total Shareholder's equity.....	<u>107,636</u>	<u>104,915</u>	<u>1,309,599</u>
Unrealized holding gain on securities.....	7,477	4,042	90,972
Deferred gain (loss) on hedging instruments.....	(2,182)	(1,133)	(26,548)
Revaluation of land.....	1,057	867	12,860
Total of net assets	<u>113,989</u>	<u>108,691</u>	<u>1,386,896</u>
Total of liabilities and net assets.....	<u>¥ 2,183,747</u>	<u>¥ 2,036,237</u>	<u>\$ 26,569,497</u>

Non-Consolidated Statements of Income

For the years ended March 31, 2012 and 2011

	2012 (Millions of yen)	2011 (Millions of yen)	2012 (Thousands of U.S.dollars)
Income			
Interest on loans and discounts	¥ 21,042	¥ 21,755	\$ 256,016
Interest and dividends on securities	7,314	6,919	88,988
Other interest	105	125	1,277
Fees and commissions	6,007	5,789	73,086
Other income	3,861	3,765	46,976
Total income	38,332	38,358	466,382
Expenses:			
Interest on deposits	1,707	2,267	20,768
Interest on borrowings and rediscounts	9	1	109
Other interest	1,490	1,238	18,128
Fees and commissions	2,220	2,141	27,010
General and administrative expenses	21,965	21,623	267,246
Other expenses	4,128	5,001	50,225
Total expenses	31,523	32,277	383,538
Income before income taxes	6,810	6,081	82,856
Income taxes:			
Current	934	33	11,363
Deferred (credit)	2,169	2,390	26,390
	3,103	2,423	37,753
Net income.....	¥ 3,706	¥ 3,657	\$ 45,090
Amounts per share:			
	2012 (yen)	2011 (yen)	2012 (U.S.dollars)
Net income	21.74	21.45	0.26
Net assets	668.60	637.47	8.13

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Bank Data: (As of March 31, 2012)

Date of Incorporation: 1896
Authorized Shares: 298,350,000
Total Number of Stock Issued: 172,000,000
Number of Shareholders: 8,800
Number of Employees: 1,355



The Yamagata Bank, Ltd
(Head Office)



(Total: Head Office and 78 branches)
(As of July 1, 2012)



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