

# The Yamanashi Chuo Bank, Ltd.

## The 20th Analyst Meeting

- **Fiscal 2010 Business Results**
- **Forecasts for the Current Term (FY11)**

**June 7, 2011 (Tue)**

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## ■ Profile (as of March 31, 2011)

- Predecessor Founded: April, 1877
- Established: December, 1941
- Head Office: 20-8, Marunouchi 1-Chome, Kofu, Yamanashi
- Common Stock: ¥15,400 million
- Employees: 1,705
- Branches (including sub-branches): 91 (76 in Yamanashi Pref, 15 in Tokyo), Corporate Sales Offices: 1 ( Kanagawa Pref, Sagamihara City), Representative Office in Hong Kong



Head Office

## Our Mission

### Region-Based Operations and Sound Management

Maintaining a close relationship with the communities in the region where we operate, we will contribute to the prosperity of the region and the development of its economy, with a commitment to sound management that enjoys the trust of our customers, while bolstering our business operations.

# I Fiscal 2010 Business Results



# Fiscal 2010 Business Results (Summary)



(¥ billion, %)	FY2009	FY2010	YoY change [%]
Operating income	50.8	48.5	(2.3) [ (4.5) ]
Gross banking profit	42.0	42.2	0.2 [ 0.4 ]
Interest income	36.6	36.4	(0.2) [ (0.5) ]
Fees and commissions	4.4	4.5	0.1 [ 2.2 ]
Other operating income	0.1	0.1	0.0 [ 0.0 ]
Gross banking profit on core operations	41.2	41.1	(0.1) [ (0.2) ]
JGBs and other bond transactions	0.7	1.0	0.3 [ 42.8 ]
Expenses	28.3	29.3	1.0 [ 3.5 ]
General provision to loan loss reserve	(0.3)	(0.7)	(0.4) [ - ]
Net business profit	14.0	13.6	(0.4) [ (2.8) ]
Net business profit on core operations	12.9	11.8	(1.1) [ (8.5) ]
Non-operating losses	(8.1)	(6.2)	1.9 [ - ]
NPL disposal amount	7.2	2.1	(5.1) [ (70.8) ]
Equity share and similar transaction	(1.0)	(3.7)	(2.7) [ - ]
Ordinary profits	5.8	7.3	1.5 [ 25.8 ]
Extraordinary income (losses)	(0.0)	(0.6)	(0.6) [ - ]
Income before income taxes	5.8	6.7	0.9 [ 15.5 ]
Income taxes - basic	1.7	1.7	0.0 [ 0.0 ]
Income taxes - deferred	1.3	1.1	(0.2) [ (15.3) ]
Net income	2.7	3.8	1.1 [ 40.7 ]

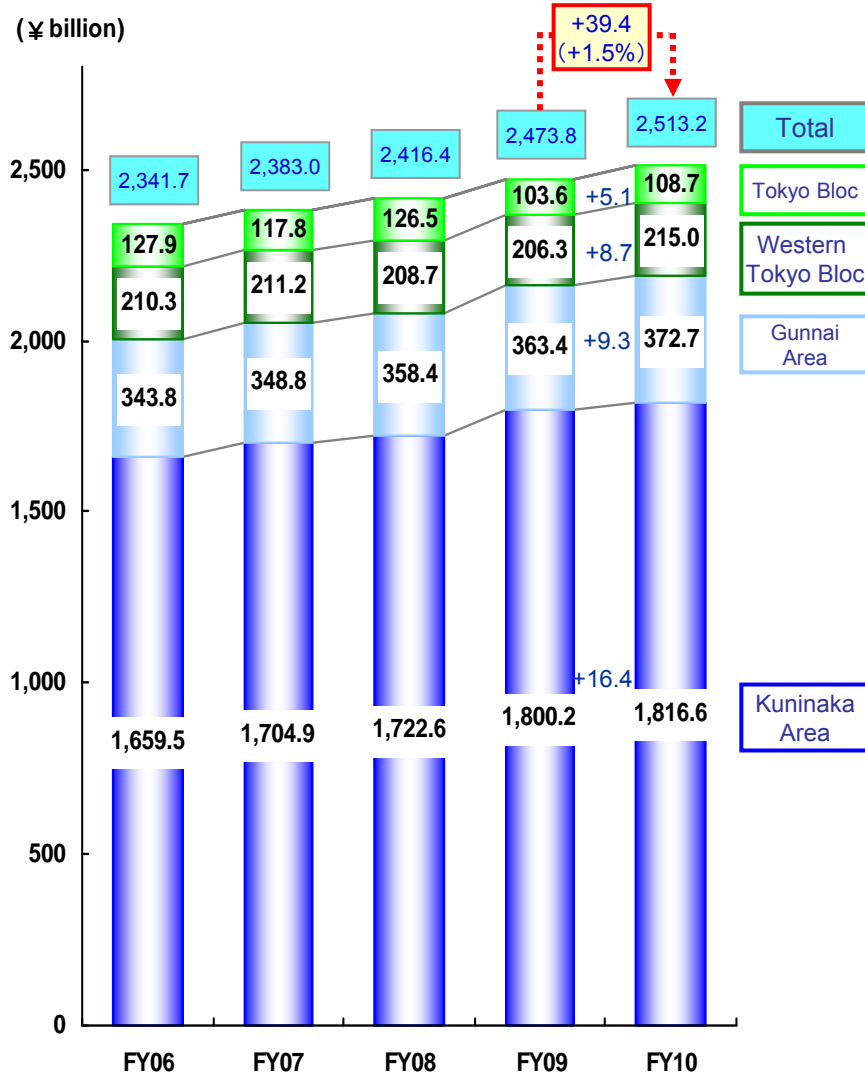
(¥ billion, %)	FY2010	YoY change [%]	Balance	Yield
Fund Operations	38.7	(1.9) [ (4.6) ]	1.2	(3.1)
Interest on loans	25.7	(2.3) [ (8.2) ]	0.1	(2.4)
Interest on securities	12.8	0.5 [ 4.0 ]	1.1	(0.6)
Call loan, etc.	0.1	(0.1) [ (50.0) ]	0.0	(0.1)
Fund procurement	2.3	(1.6) [ (41.0) ]	0.1	(1.7)
Interest on deposit	2.2	(1.5) [ (40.5) ]	0.1	(1.6)
Call money, etc.	0.1	(0.1) [ (50.0) ]	0.0	(0.1)
Interest income	36.4	(0.2) [ (0.5) ]	—	—

(¥ billion)	FY2010	YoY change
Revenues	6.7	0.1
Investment trusts	0.7	0.1
JGBs held by individuals	0.03	(0.01)
Life insurance	0.5	0.1
Others	5.3	(0.1)
Cost	2.1	0.0
Fees and Commissions	4.5	0.1

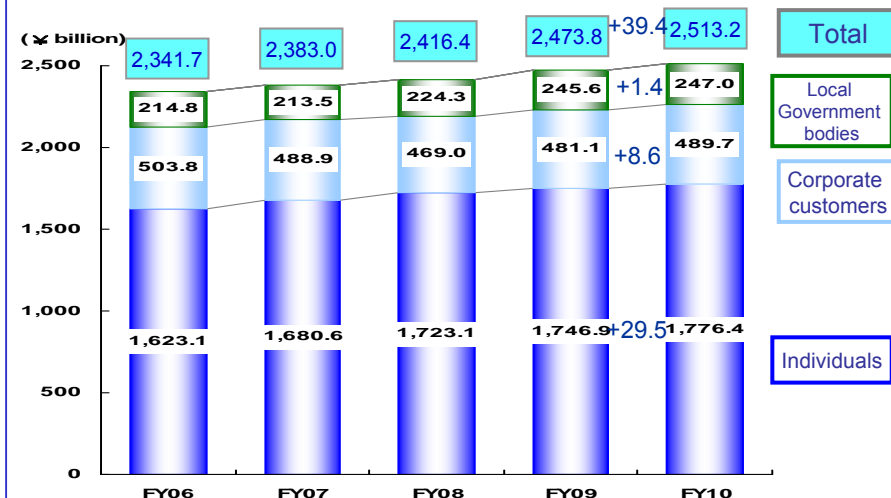
(¥ billion)	FY2010	YoY change
Personnel	15.9	1.1
Premises and equipment	12.1	0.0
Taxes	1.2	(0.1)
Expenses	29.3	1.0

# Deposits

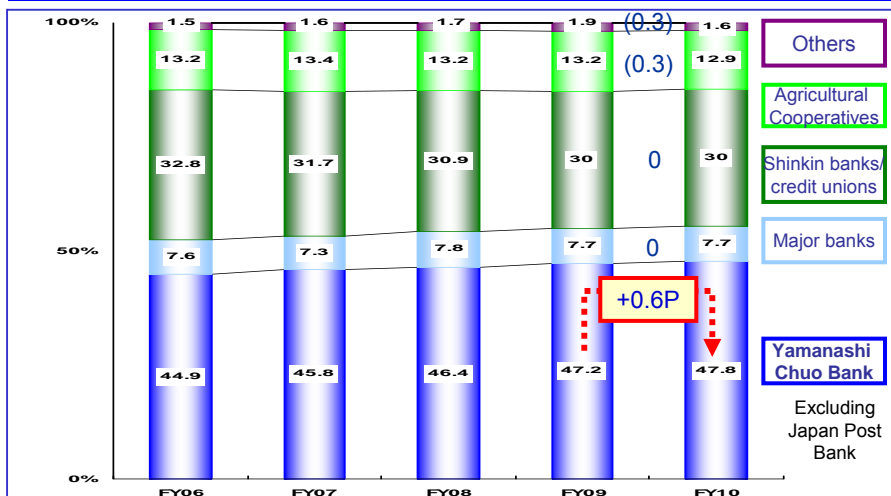
## Deposit Balance



## Balance by Customer Segment

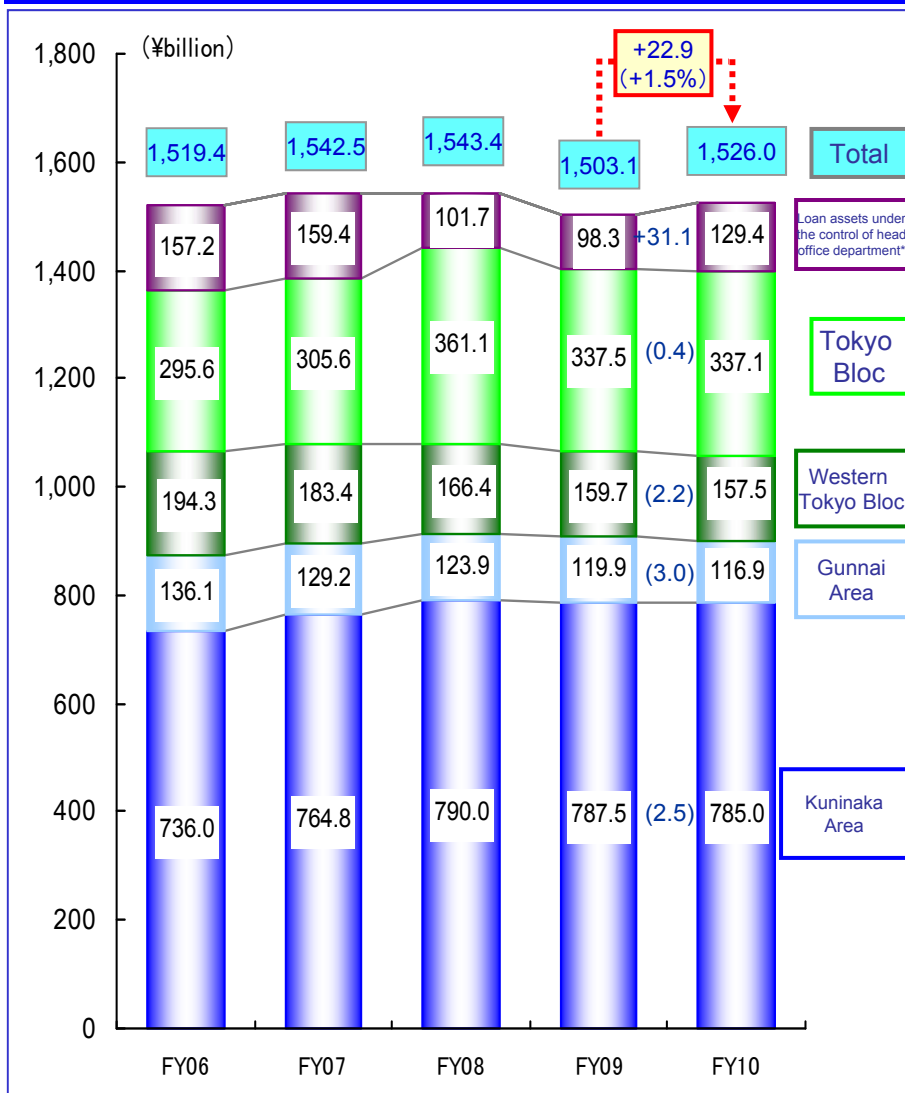


## Deposit Shares in Yamanashi Prefecture

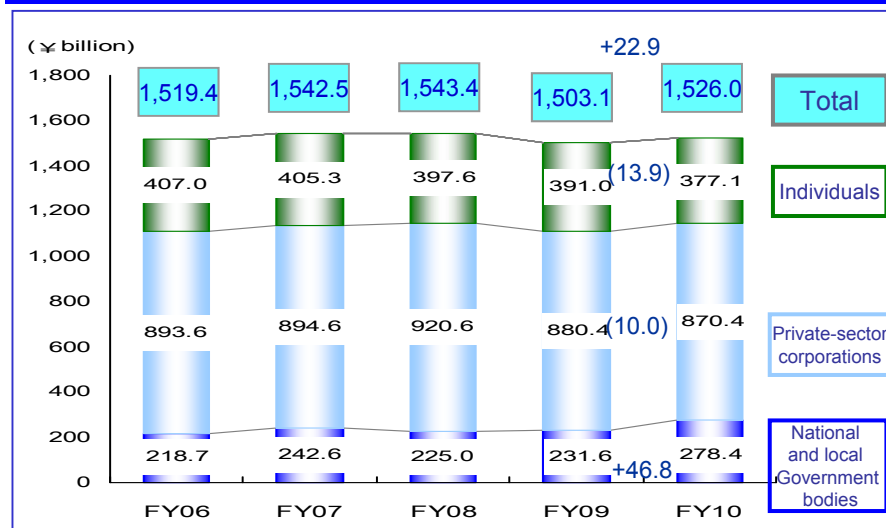


# Loans

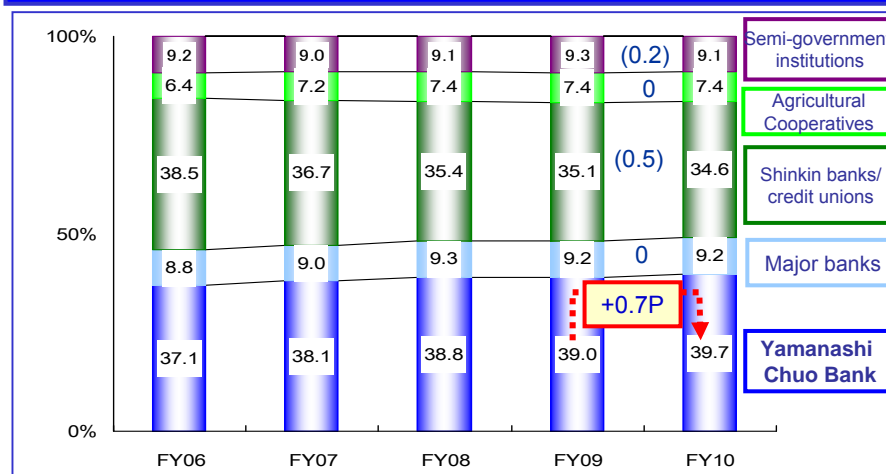
## Loan Balance



## Balance by Customer Segment



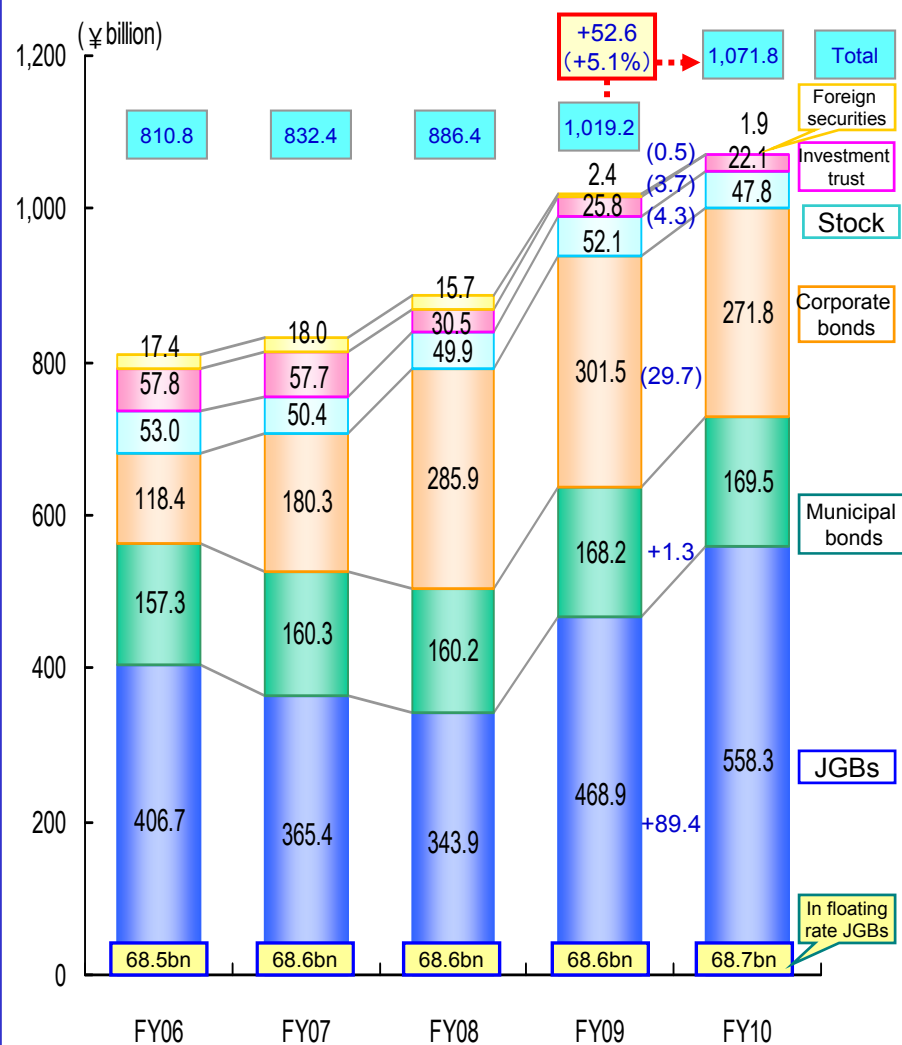
## Movement in Loan Shares in Yamanashi Pref.



\*Note: Loan assets under the control of head office departments refers to loans to the Ministry of Finance, loans made under loan participation agreements and financial receivables transferred from other industries

# Securities

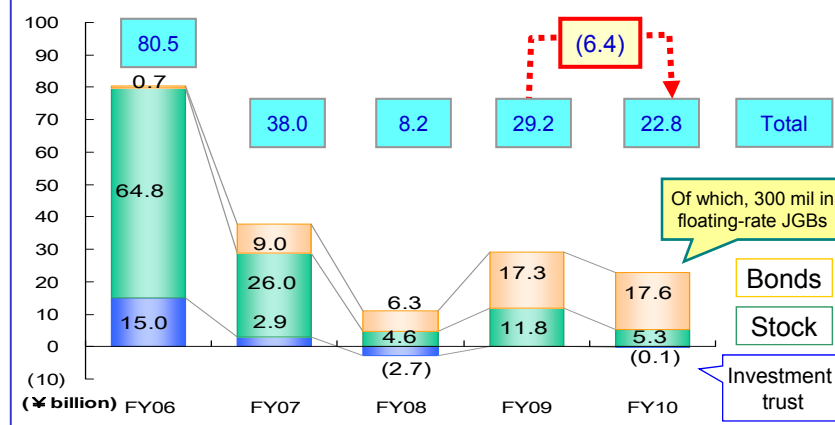
## Securities Balance (subject to mark-to-market valuation)



## Breakdown of Gains (Losses) on Securities

	(¥billion)		
	FY09	FY10	Change
Interests and dividends on securities	12.3	12.8	0.5
Securities yields	1.25%	1.18%	(0.07)%
Gains (losses) on bonds	0.7	1.0	0.3
Gains on sale of bonds	1.0	1.3	0.3
Losses on sale of bonds	0.3	0.2	(0.1)
Amortization of bonds	0.0	-	(0.0)
Gains (losses) on stock	(1.0)	(3.7)	(2.7)
Gains on sale of stock	1.1	0.6	(0.5)
Losses on sale of stock	0.0	0.6	0.6
Amortization of stock	2.1	3.7	1.6

## Unrealized Gains (Losses)



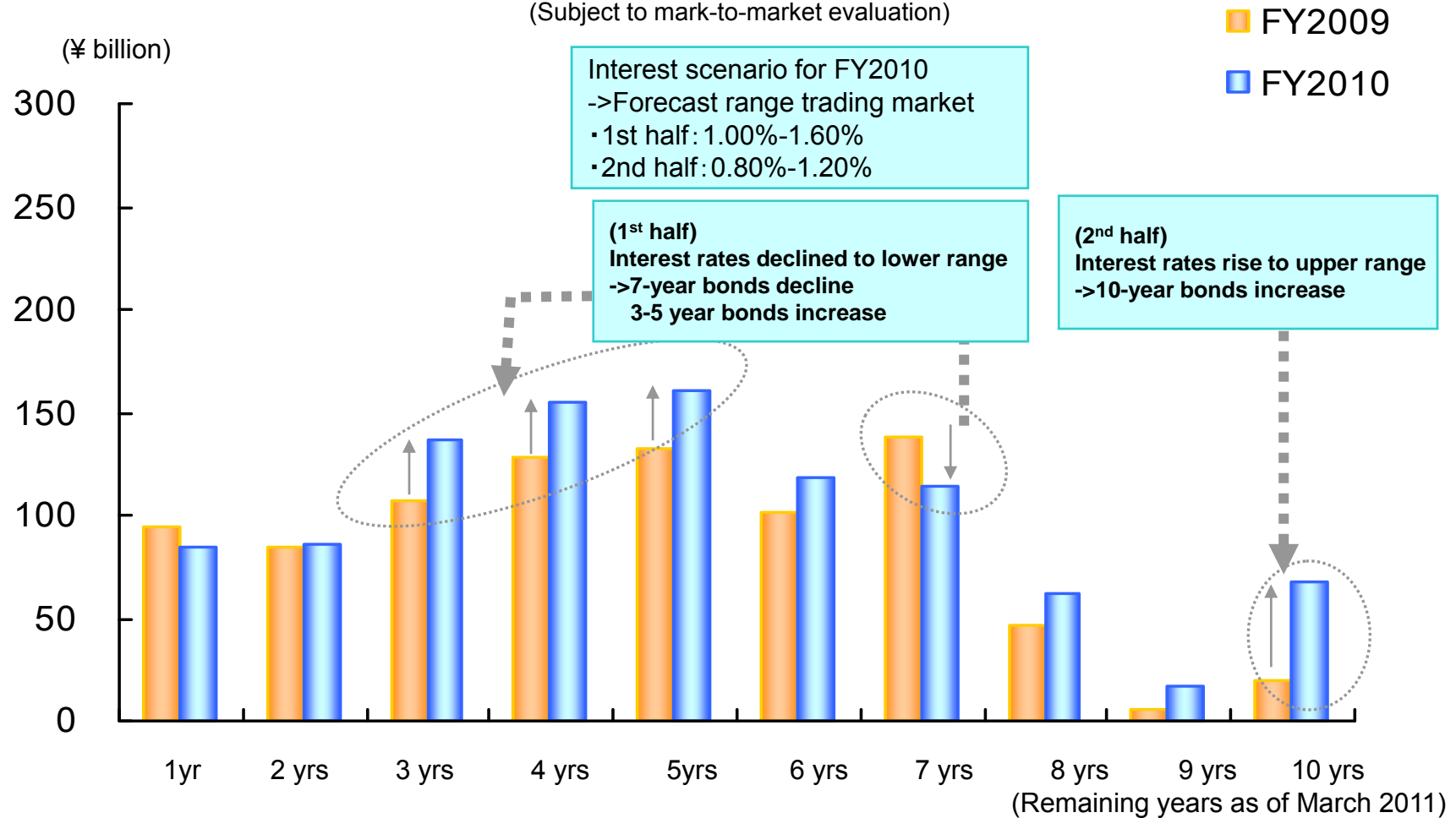
### Modified Duration (Yen-denominated bonds)

	FY06	FY07	FY08	FY09	FY10
Yen-denominated bonds	3.1	3.4	3.7	3.9	3.8



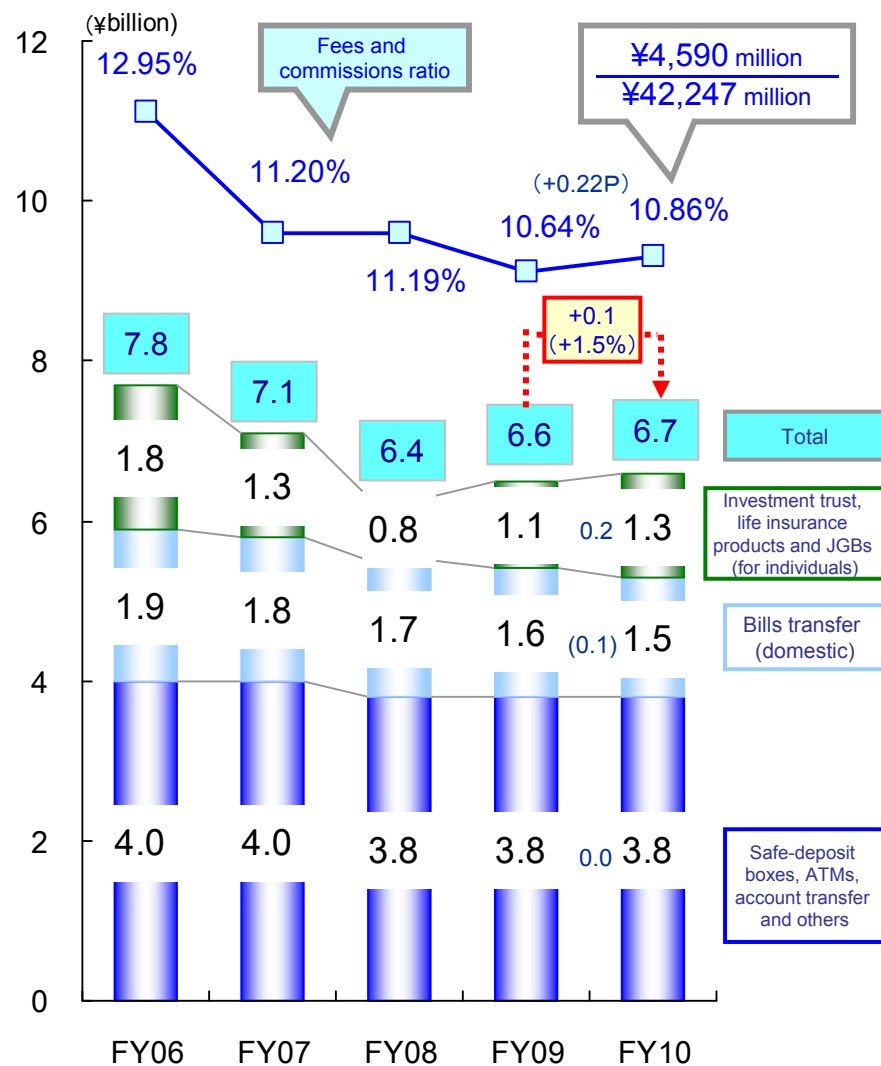
## Flexibly trade securities by controlling duration

Comparison of balance by redemption period at the end of March 2010 and 2011  
(Subject to mark-to-market evaluation)

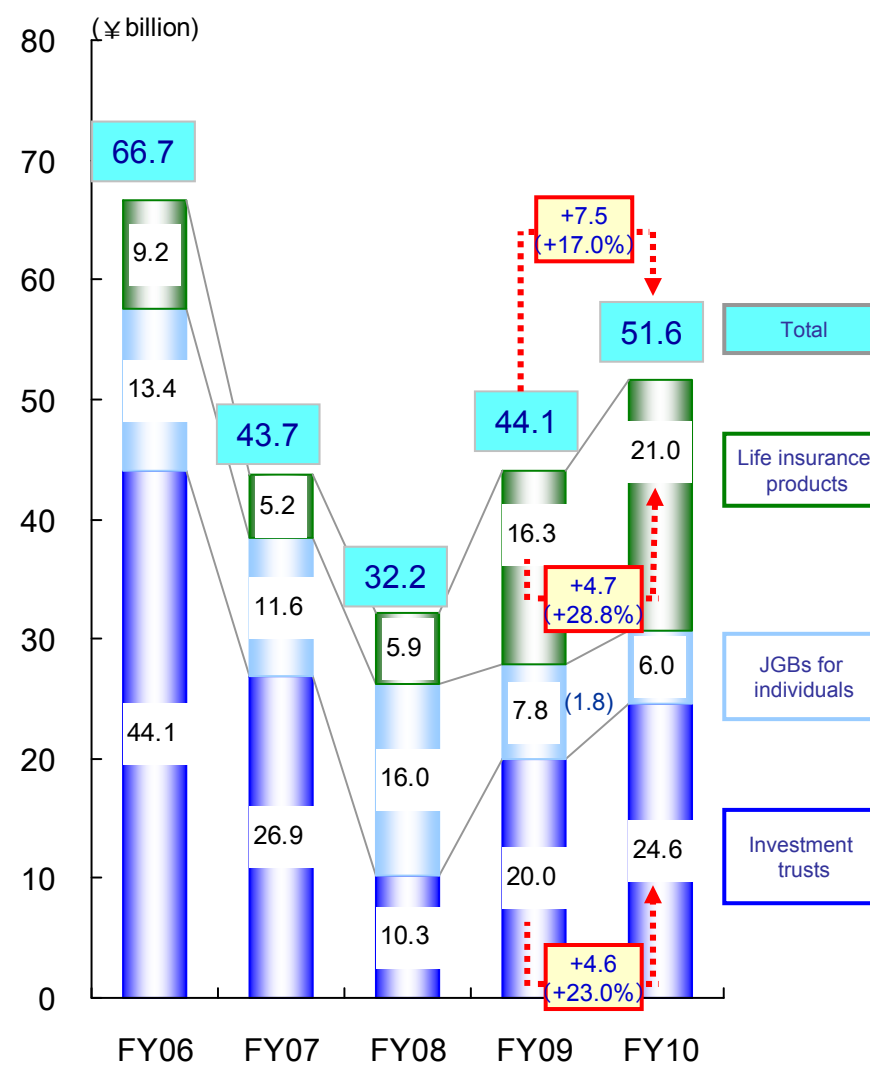


# Fees and Commissions

Result of Fees and Commissions/Fees and Commissions Ratio



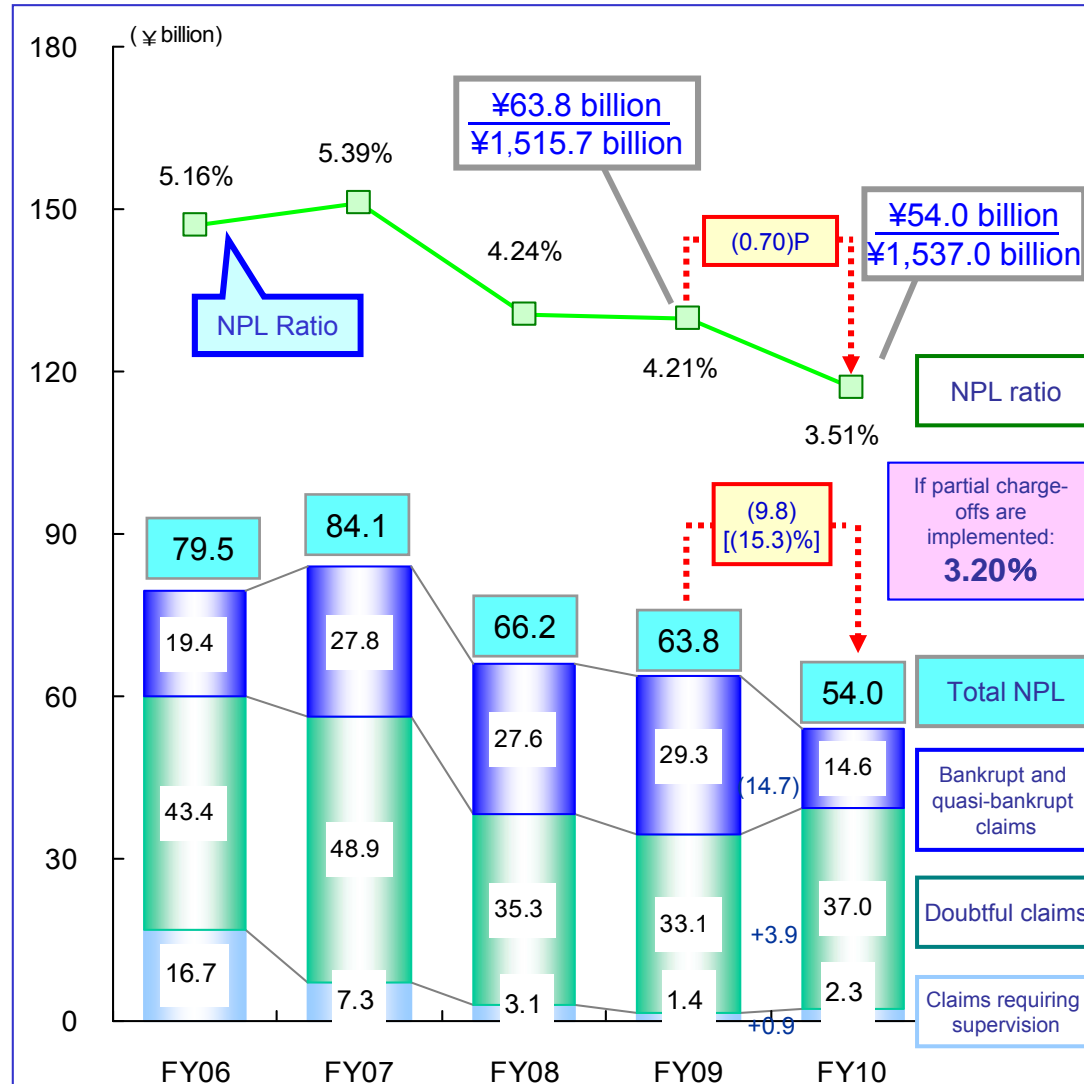
Sales for Investment Trusts, Life Insurance Products and JGBs



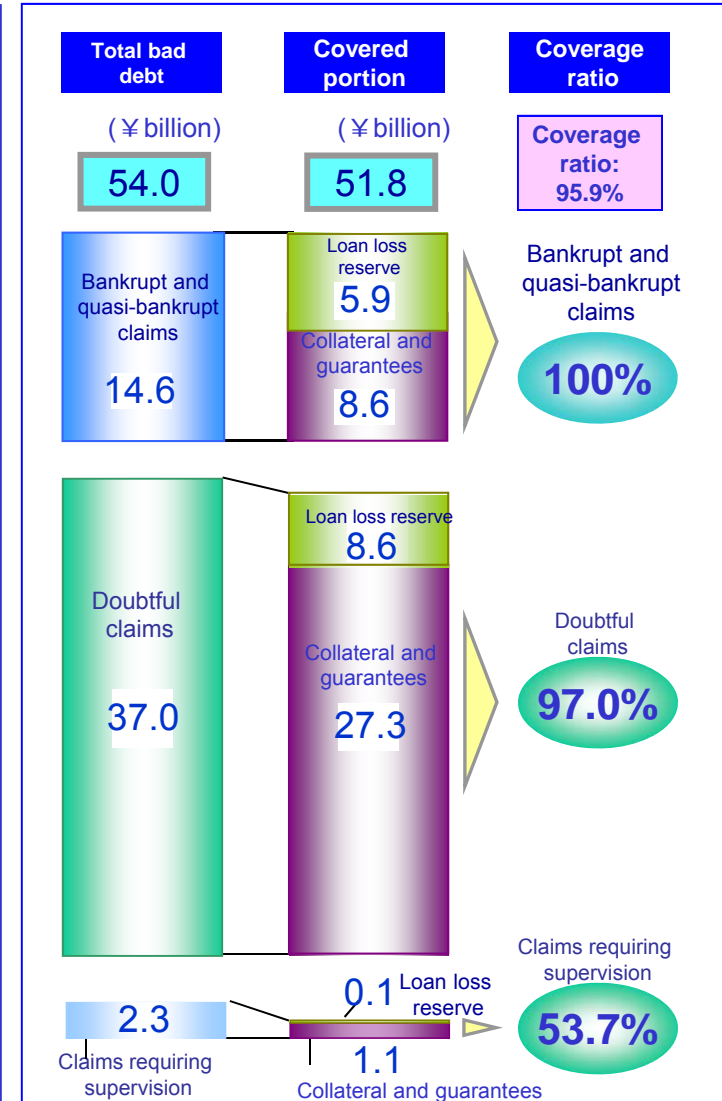
\* Fees and commissions ratio= Fees and commissions / Gross banking profit

# Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

## Bad Debt under the Financial Reconstruction Law

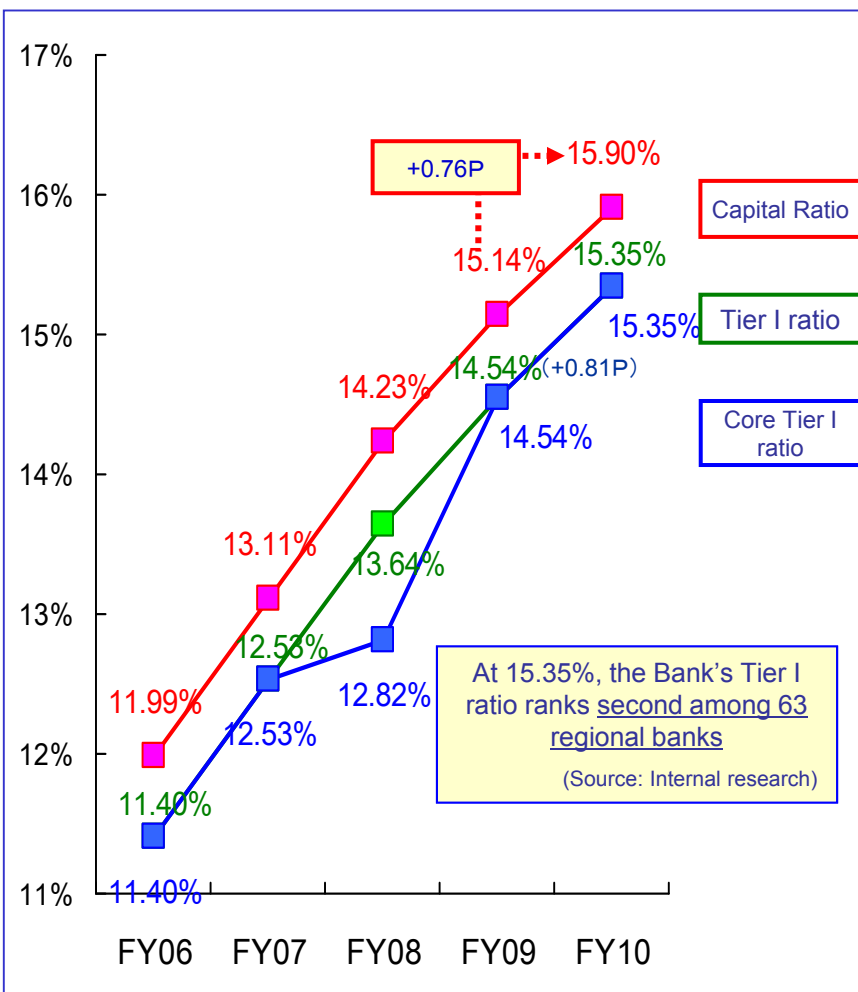


## Coverage of Bad Debt under the Financial Reconstruction Law



# Capital Ratio (Non-Consolidated Basis)

## Capital Ratio



\*Core Tier I: A portion of the regulatory capital, mainly consisting of common stock, capital surplus and retained earnings

## Breakdown of Regulatory Capital

(¥ billion)

<b>Tier I</b>	<b>(A)</b>	<b>143.6</b>	<b>1.3</b>
Core Tier I ratio		143.6	1.3
Net deferred tax assets		-	-
Preferred stock / preferred investment certificates		-	-
<b>Tier II</b>	<b>(B)</b>	<b>5.0</b>	<b>(0.7)</b>
General provision to loan loss reserve		5.0	(0.7)
<b>Deductions</b>	<b>(C)</b>	<b>-</b>	<b>-</b>
<b>Regulatory capital</b>	<b>(A)+(B)-(C)</b>	<b>148.7</b>	<b>0.5</b>
<b>Risk-weighted assets</b>		<b>935.3</b>	<b>(42.8)</b>

### Risk Calculation Methods Employed

Credit risk	Standardized Approach (SA)
Operational risk	Basel II Standardized Approach (TSA)

## II Medium-Term Management Plan (Future Creation Plan 2013)



# Medium-Term Management Plan 'Future Creation Plan 2013'



**Our Mission: Region-Based Operations and Sound Management**

Management Vision

**Creating a prosperous future together with the local community through the provision of high-quality financial services**

Local communities

A bank that contributes to the continuous development of local communities

Customers

A bank that is trusted and supported by its customers

Shareholders

A bank that is both highly sound and has a low-cost, high-profit structure

Employees

A vibrant bank that is a rewarding place to work

Basic Strategies

**Strengthen marketing capabilities**

- (1) Strategies for encouraging broader service use by individuals
- (2) Strategies for encouraging broader service use by corporate customers
- (3) Area strategies tailored to local features
- (4) Marketing channel strategies

- (1) Strategies for encouraging broader service use by individuals
- (2) Strategies for encouraging broader service use by corporate customers
- (3) Area strategies tailored to local features
- (4) Marketing channel strategies

**Emphasis on customer satisfaction and solutions**

**Strengthen the management base**

- (1) Increase capabilities in fund operations
- (2) Reform administrative processes at retail branches
- (3) Build a more efficient system for administrative operations
- (4) Develop personnel training programs and invigorate the organization as a whole
- (5) Expand the internal controls system

**Contribute to the local community and the region**

- (1) Measures to stimulate the local economy
- (2) Initiatives for contributing to the local community
- (3) Initiatives for environmental protection

- Initiatives for promoting community-based financing  
- Initiatives for smoother financing operations

**Compliance**

**Protection of customer information**

**Code of Conduct: 'Gratitude and Humility' 'Confidence and Pride' 'Honesty and Sincerity' 'Effort and Endeavor' 'Trust and Affection'**

# Plan Duration

April 2010 - March 2013 (3 years)

**Secure foothold in first stage**

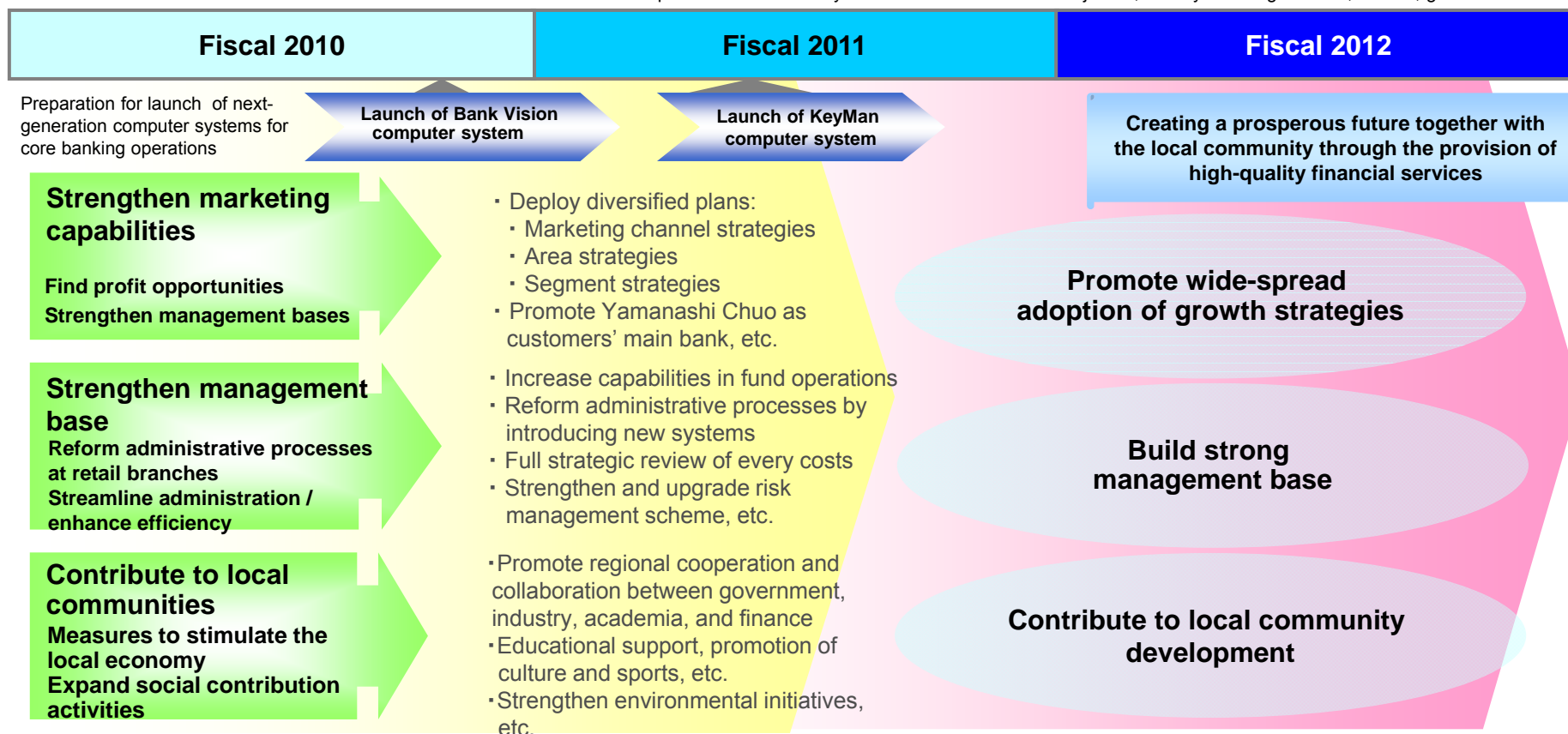
Up-front investment to prepare for action later



**Realize huge growth in second stage**

**‘Kutsu kutsu shin\*’ (Growth after great patience)**

\* Kutsu kutsu shin: This phrase was created by the late Go Master Shuko Fujisawa, literally meaning “Endure, endure, grow.”



# Quantitative Targets

(¥ billion)

Item	FY09 (Results)	FY10 (Results)	FY11 (Full-term plan)	Comparison with FY10	FY12 (Target in final year)
Gross banking profit on core operations	41.2	41.1	41.3	Up 0.2	44.0 or above
Net business profit on core operations	12.9	11.8	10.7	Down 1.1	14.5 or above
Average loan balance	1,476.2	1,481.9	1,514.8	Up 32.9	1,570.0
Average deposit balance	2,425.2	2,496.8	2,575.7	Up 78.9	2,600
OHR	68.60%	71.30%	74.08%	Up 2.78P	67% or under
ROA	0.49%	0.43%	0.38%	Down 0.05P	0.5% or above
ROE	1.88%	2.60%	2.65%	Up 0.05P	3.3% or above
Capital ratio (domestic standard)	15.14%	15.90%	—	—	14% range
NPL ratio	4.21%	3.51%	—	—	3% range

Premise of business environment or formulating medium-term management plan

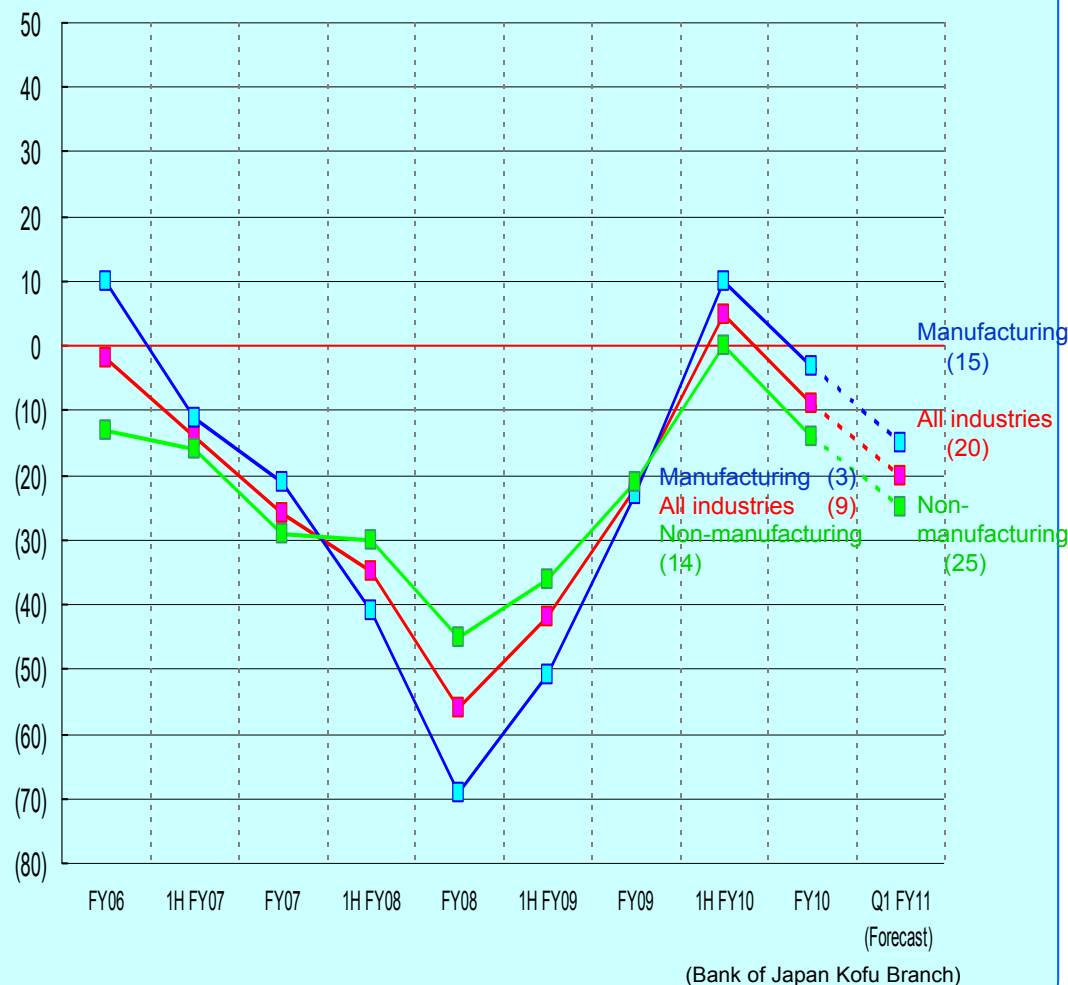
- Economy is growing slowly
- Current (at time formulated) interest-rate levels will continue

\* OHR=Operating expenses / Gross banking profit on core operations  
 ROA=Net business profit on core operations / Total assets (average balance)  
 ROE=Net Income / Net Assets (average balance)

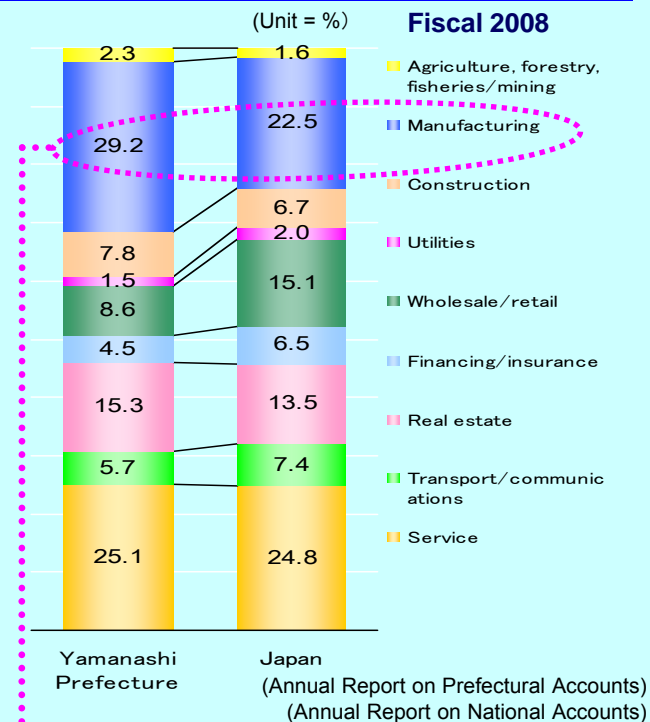
### III Economic Trends in Yamanashi Prefecture

# Business Trends

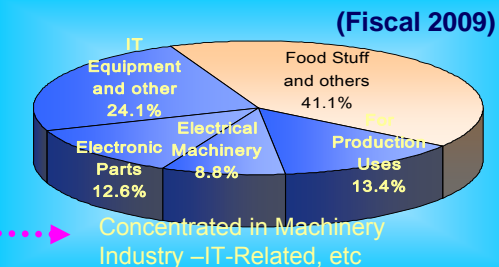
**Diffusion Index for Yamanashi Prefecture  
(BOJ's Tankan Survey)**



**Gross Production by Economic Activity  
(Industrial Sector = 100)**



**Percentage of Shipments of Products  
Manufactured in Yamanashi Prefecture**





## Turning Yamanashi into a Clean Energy Developer – a Cutting-Edge Industry

### Fuel Cells

#### <Initiatives in Yamanashi>

##### Yamanashi Conference for the Promotion of Widespread Fuel Cell Use

Participation by 30 groups from within and outside the prefecture, including universities and leading automakers

##### Fuel Cell Nanomaterials Center, University of Yamanashi

- World-leading basic research aimed at realizing fuel cell usage
- Project budget of ¥7 billion
- World-class testing equipment
- Started joint development with Nissan, Honda and Daihatsu in Nov. 2010

#### - Market Forecast -

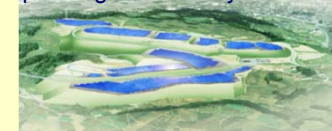
- **Fuel cell market in Japan** <Fuji Keizai Group research in July 2010>  
Increase from ¥15.9 billion in 2009 to ¥785.4 billion in 2020.
- **Fuel cell vehicle global market** <Fuji Keizai Group research in March 2011, based on the volume of shipments>  
Increase from 5.6 billion (forecasted) in 2010 to 2,510 billion in 2025

### Solar-Power Generation

#### Construction of one of the largest solar-power generating facilities in Japan's inland area (Kofu city)

- Join project of Yamanashi Prefecture and Tokyo Electric Power Company
- Began construction in October 2010
- Begin trial operation in September in 2011 (four months ahead of schedule)
- Max. output: Approx. 10,000kW
- Approx. 12,000,000kW/year

Conceptual drawing of solar-power generation system



#### Photovoltaic (PV) power generation system tests <Hokuto site PV power generation system>

- Full-scale operation began Dec. 2009
- Hokuto city took over the project commissioned by NEDO (New Energy Development Organization) in April 2011
- Continue research for expanding use of photovoltaic power generation systems



#### Development of mass-production capabilities for thin-film silicon solar cells

- Tokyo Electron and Sharp ⇒ anticipating growth of the related industries in Yamanashi

#### - Market Forecast-

- **Solar-Power Generation system market in Japan** <Yano Research Institution Ltd. research in Oct. 2010>  
Increase from ¥385.6 billion in 2009 to ¥1,106.8 billion in 2015

Create more new industries and increase machinery industry orders within Yamanashi

# Preparations for High-Speed Transportation Network

Expected Effects: Increase in tourists from Kansai region, growth in orders, increase in residents due to expanded potential commuting range

## Maglev Chuo Shinkansen Line

### ○Maglev Test Line: Line extension work

- Scheduled for completion in 2013 (Total project cost: Approx. ¥350 billion)

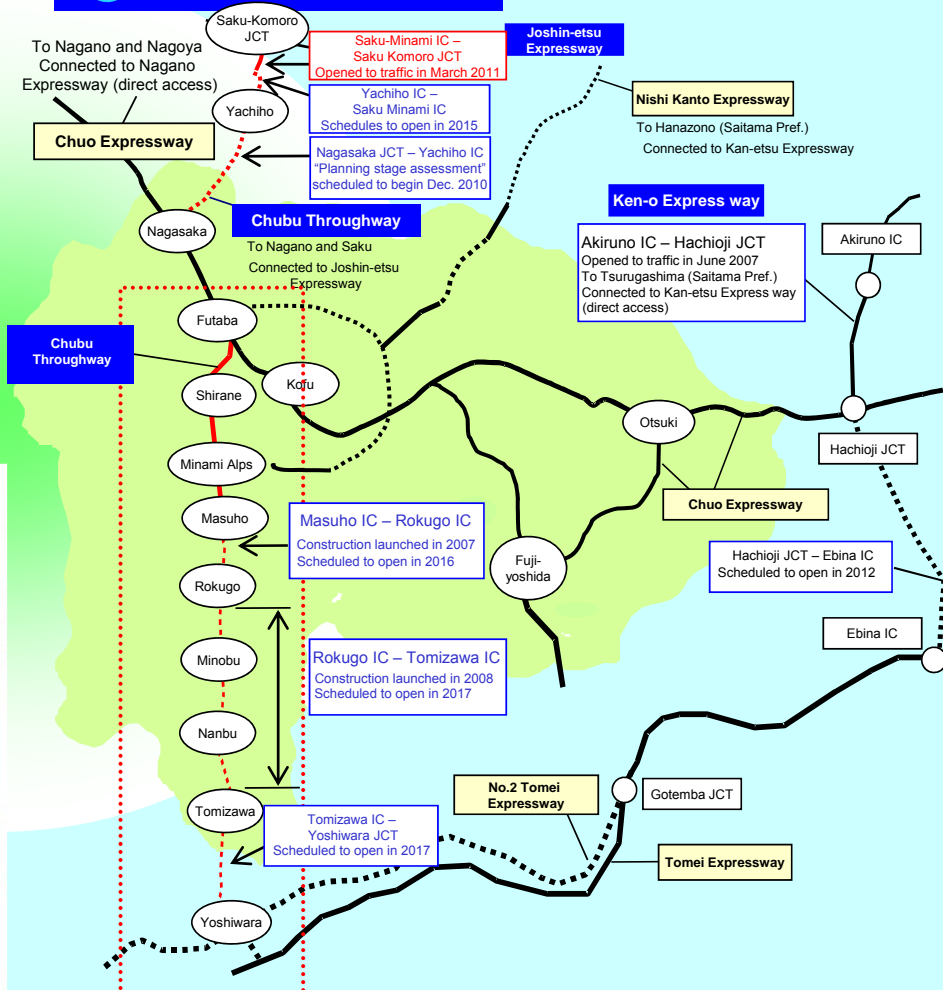
### ○Maglev Chuo Shinkansen Line

- Operational launch planned for 2027
- Ministry of Land, Infrastructure, Transport and Tourism, Traffic approved JR Tokai for construction on May 27, 2011  
=> JR Tokai decides train stations and railway track location by this fall to start construction in 2014
- Estimated construction cost (including train cars): ¥9,030.0 bn
- Economic impact if maglev station is opened within the prefecture (Yamanashi Prefecture estimate)
  - An increase of ¥14.6 billion in annual production for the prefecture's industrial sector
  - An increase in passenger traffic of 20,000 people per day

## Map of Maglev Chuo Shinkansen Line Route



## Chubu Thoroughway



## **IV Forecasts for the Current Term (FY 2011)**

# Earnings Forecasts for the Current Term (FY 2011)



(¥ billion, %)	FY10	FY11(forecast)	YoY change [%]
Operating income	48.5	47.5	(1.0) [ (2.0) ]
Gross banking profit	42.2	41.3	(0.9) [ (2.1) ]
Interest income	36.4	36.2	(0.2) [ (0.5) ]
Fees and commissions	4.5	4.9	0.4 [ 8.8 ]
Other operating income	0.1	0.1	0.0 [ 0.0 ]
Gross banking profit on core operations	41.1	41.3	0.2 [ 0.4 ]
JGBs and other bond transactions	1.0	-	(1.0) [ (100.0) ]
Expenses	29.3	30.6	1.3 [ 4.4 ]
General provision to loan loss reserve	(0.7)	-	0.7 [ - ]
Net business profit on core operations	11.8	10.7	(1.1) [ (9.3) ]
Non-operating losses	(6.2)	(4.3)	1.9 [ - ]
NPL disposal amount	2.1	4.2	2.1 [ 100.0 ]
Equity share and similar transaction	(3.7)	0.3	4.0 [ - ]
Ordinary profits	7.3	6.3	(1.0) [ (13.6) ]
Net income	3.8	4.0	0.2 [ 5.2 ]

Dividends	FY09	FY10	FY11 (plan)
Dividend per share (annual)	¥6.00	¥6.00	¥7.00

	End of FY10	End of FY11 (estimate)
Nikkei Stock Average	¥9,755	¥9,700

70<sup>th</sup> Anniversary  
Commemorative  
dividend ¥1.00  
(1<sup>st</sup> half ¥3.5)  
(End of FY11 ¥3.5)

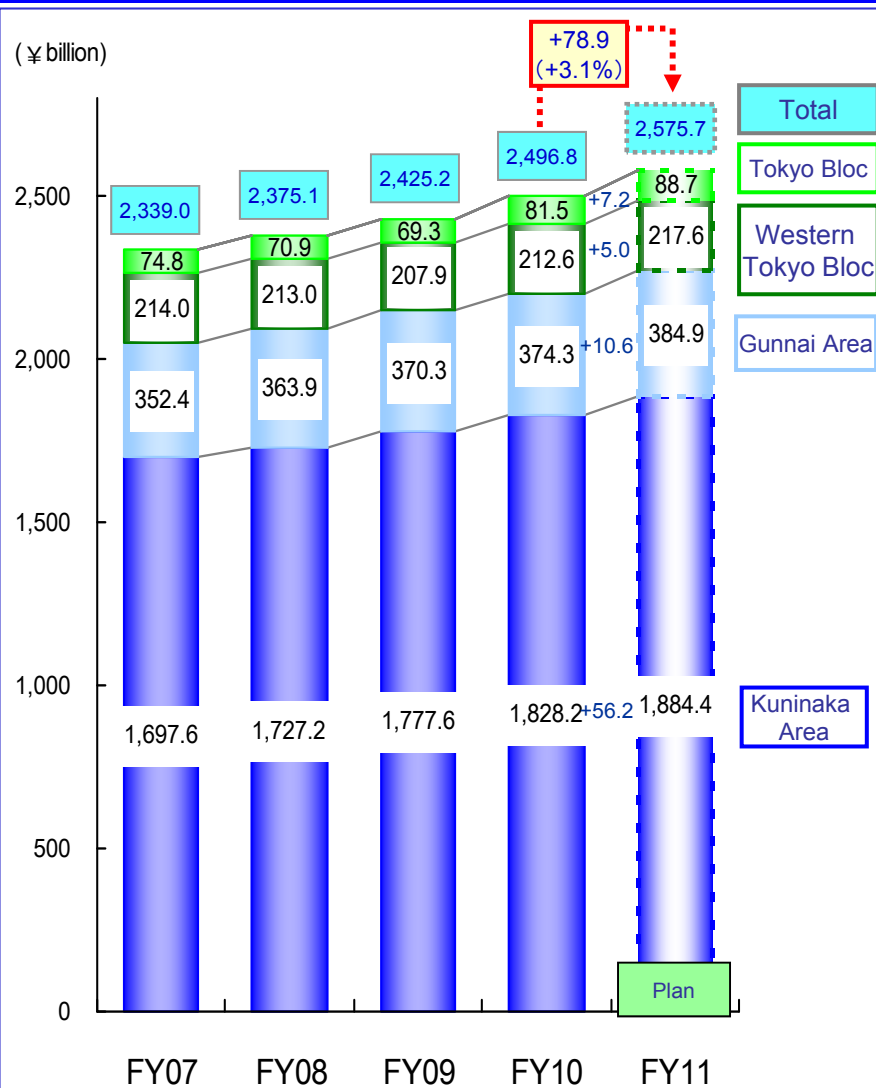
(¥ billion, %)	FY2011 (forecast)	YoY change [%]	Balance	Yield
Fund operations	37.7	(1.0) [ (2.5) ]	1.1	(2.1)
Interest on loans	25.4	(0.3) [ (1.1) ]	0.5	(0.8)
Interest on securities	12.1	(0.7) [ (5.4) ]	0.4	(1.1)
Call loan, etc.	0.1	0.0 [ 0.0 ]	0.0	0.0
Fund procurement	1.5	(0.8) [ (34.7) ]	0.0	(0.8)
Interest on deposits	1.3	(0.9) [ (40.9) ]	0.0	(0.9)
Call money, etc.	0.1	0.0 [ 0.0 ]	0.0	0.0
Interest income	36.2	(0.2) [ (0.5) ]	—	—

(¥ billion)	FY2011 (forecast)	YoY change
Revenues	7.1	0.4
Investment trusts	0.8	0.1
JGBs held by individuals	0.03	0.0
Life insurance	0.7	0.2
Others	5.5	0.2
Cost	2.2	0.1
Fees and commissions	4.9	0.4

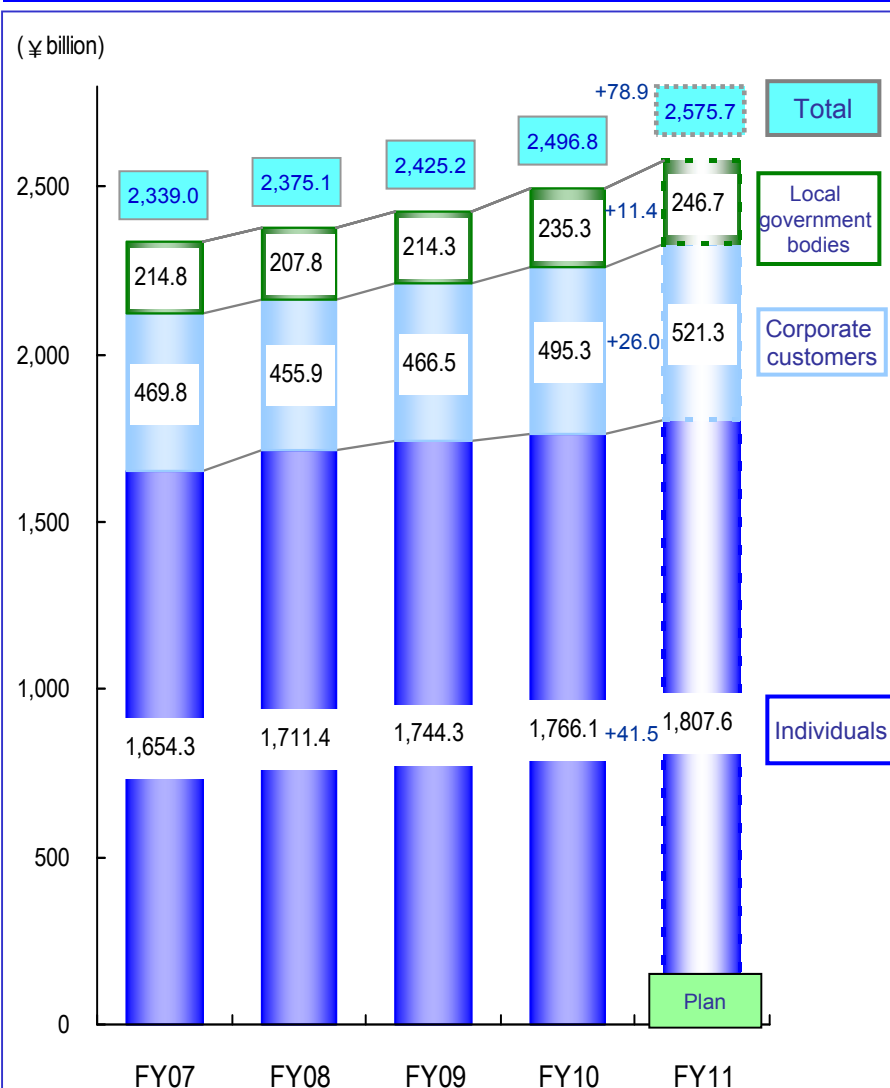
(¥ billion)	FY2011 (forecast)	YoY change
Personnel	15.7	(0.2)
Premises and equipment	13.5	1.4
Taxes	1.2	0.0
Expenses	30.6	1.3

# Plan for Deposits

## Average Deposit Balance



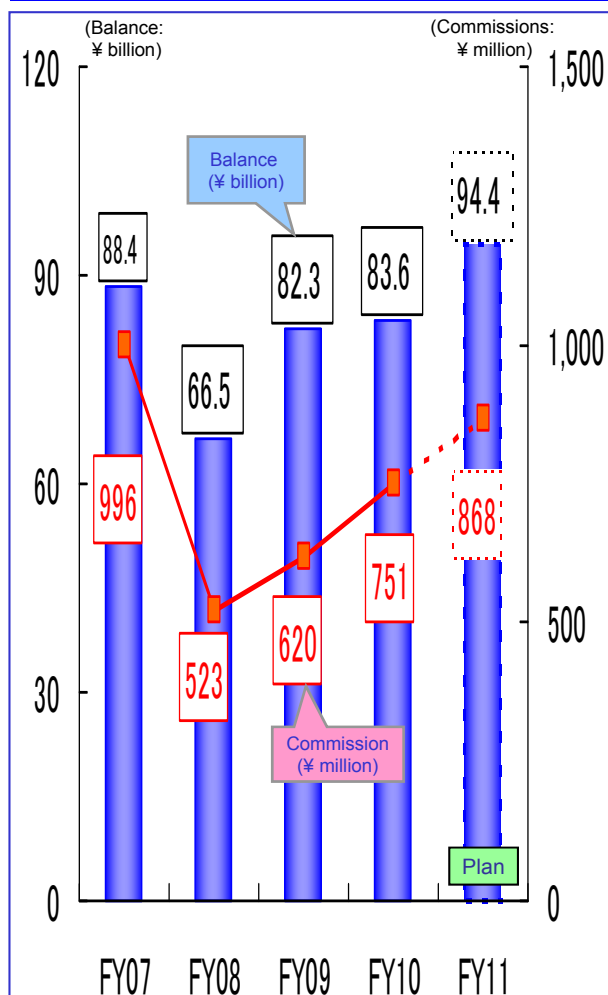
## Balance by Customer Segment (average balance)



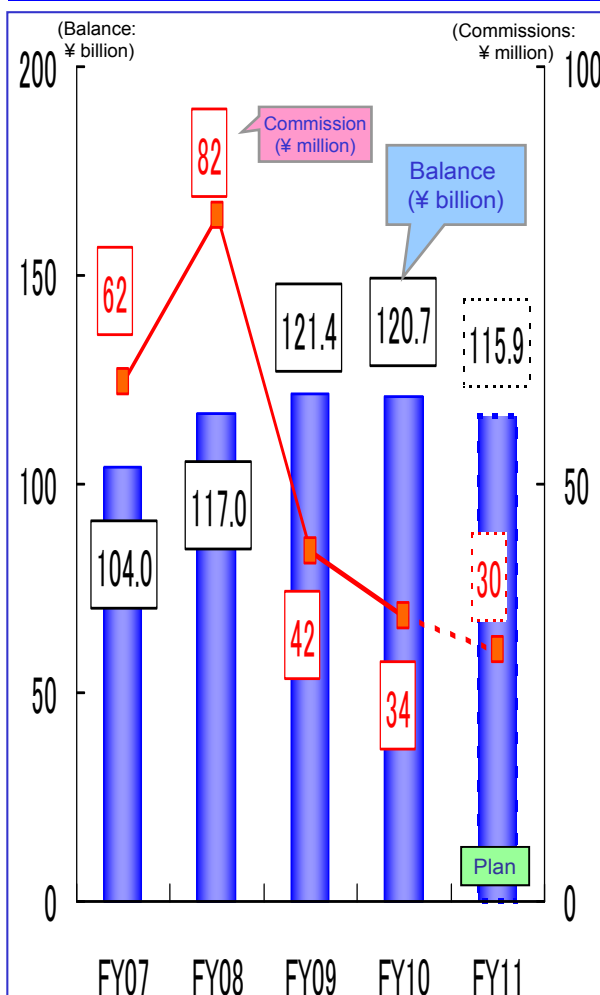


# Financial Products Sales Plan

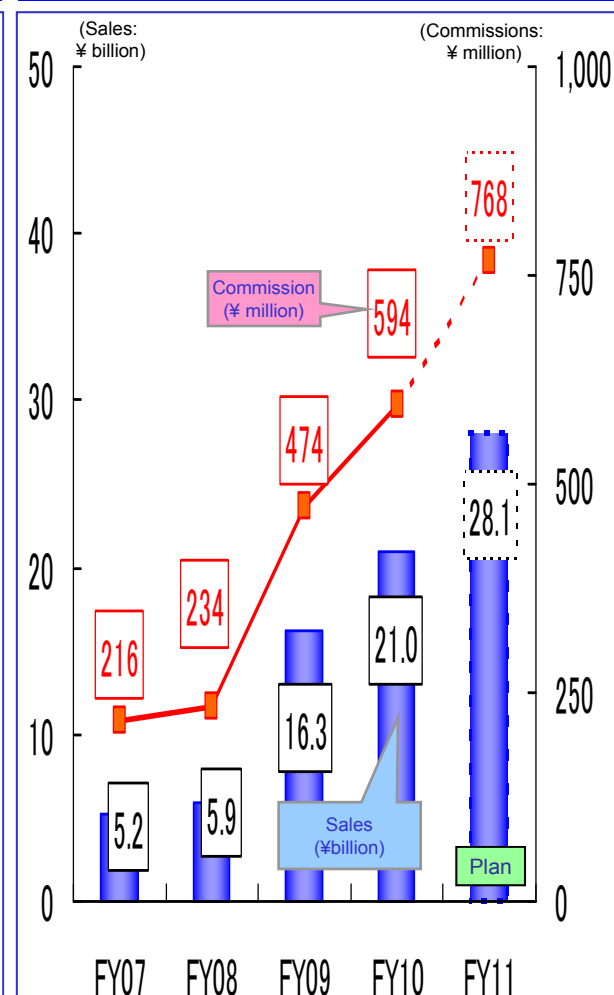
Balance and commissions on investment trusts



Balance and commissions on JGB held by individuals

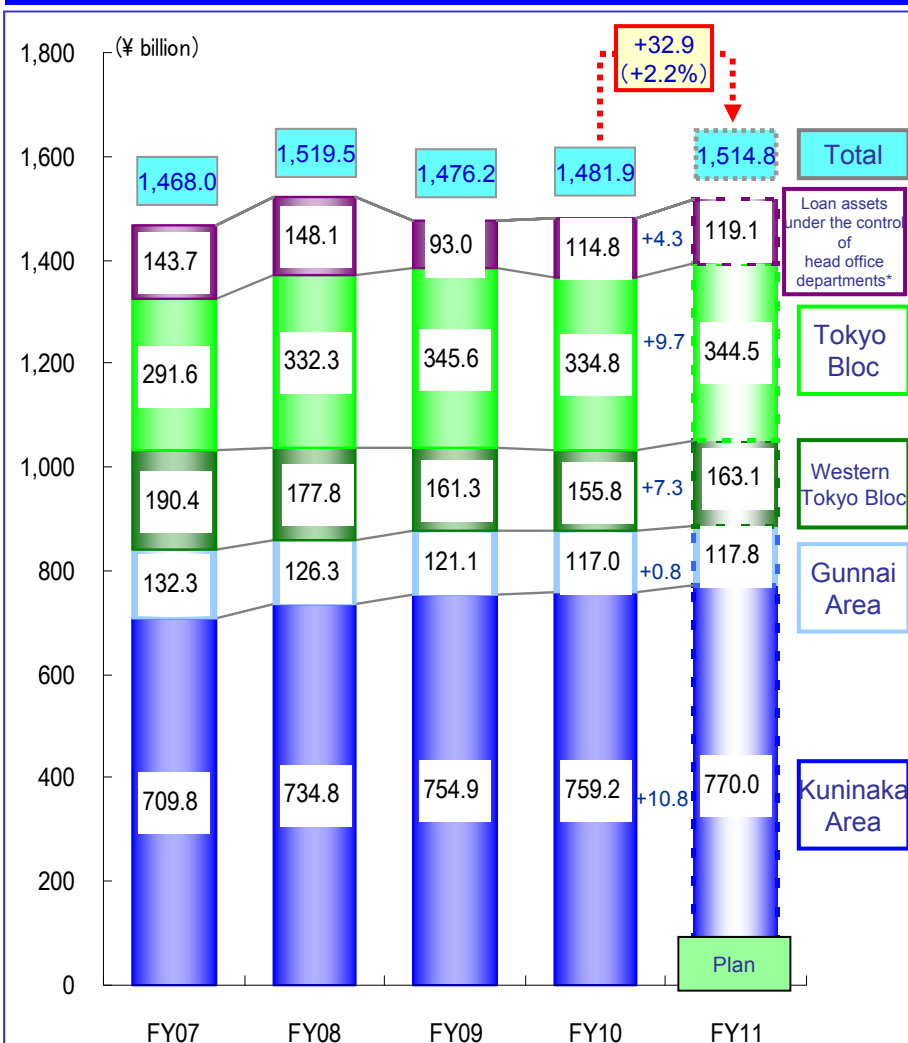


Life Insurance sales and commissions

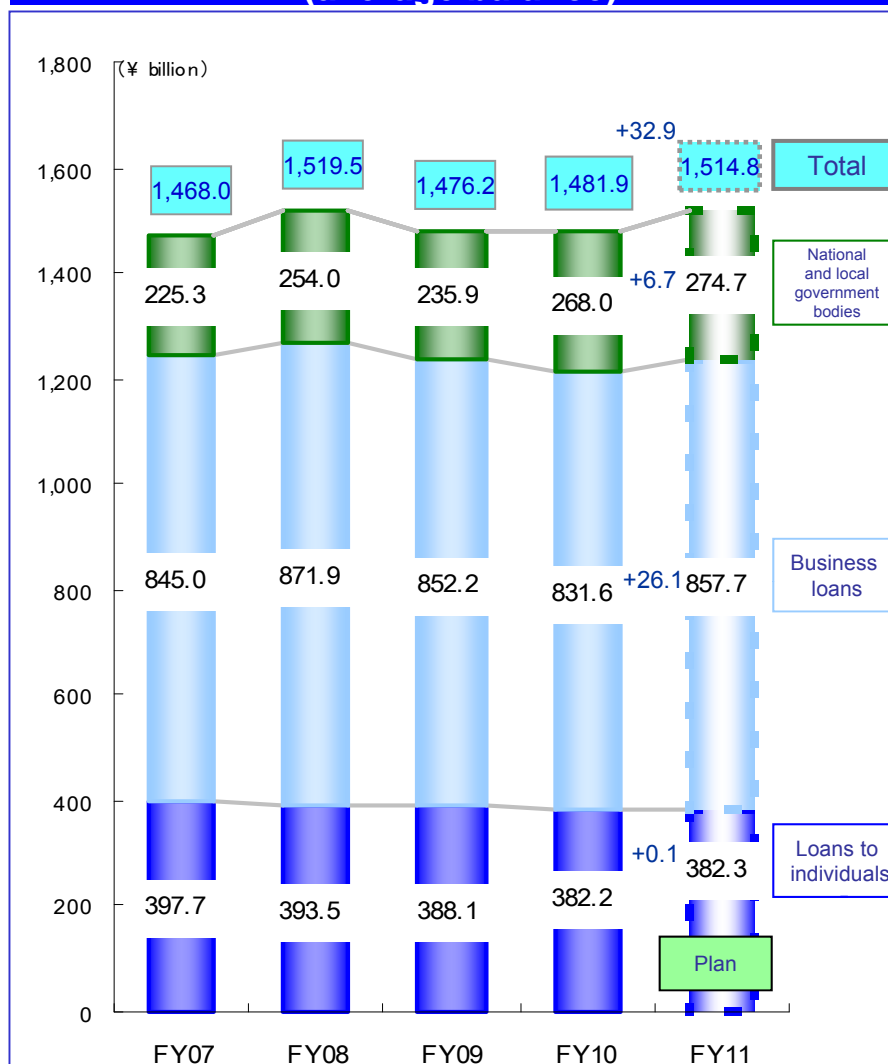


# Plan for Loans

## Average Loan Balance



## Balance by Customer Segment (average balance)



\*Note: Loan assets under the control of head office departments refers to loans to the Ministry of Finance, loans made under loan participation agreements and financial receivables transferred from other industries.

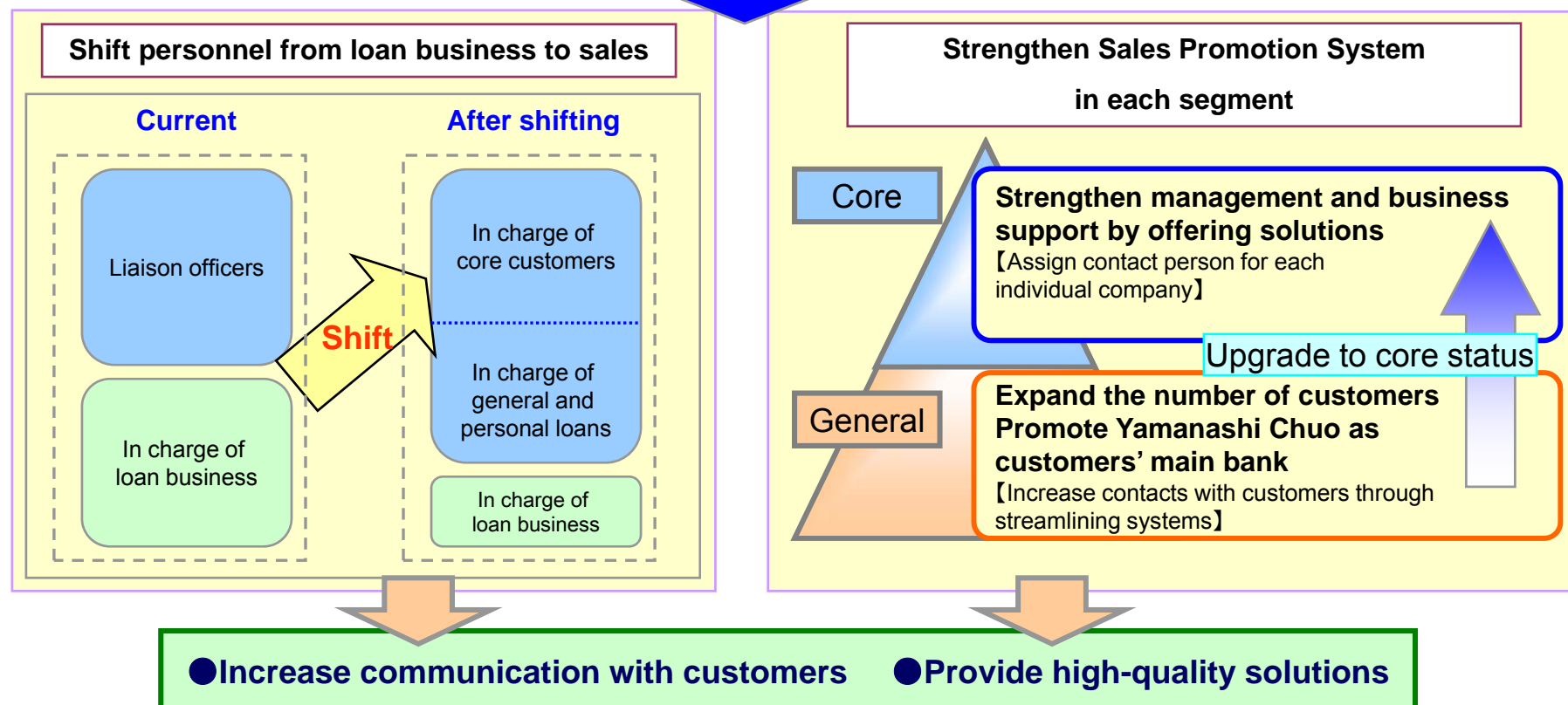
# Corporate Banking Strategies 1

## ● Rebuild the Sales Promotion System

- Strengthen personnel in Sales; Shift personnel from loan procedures to sales
- Strengthen Sales Promotion System in each segment

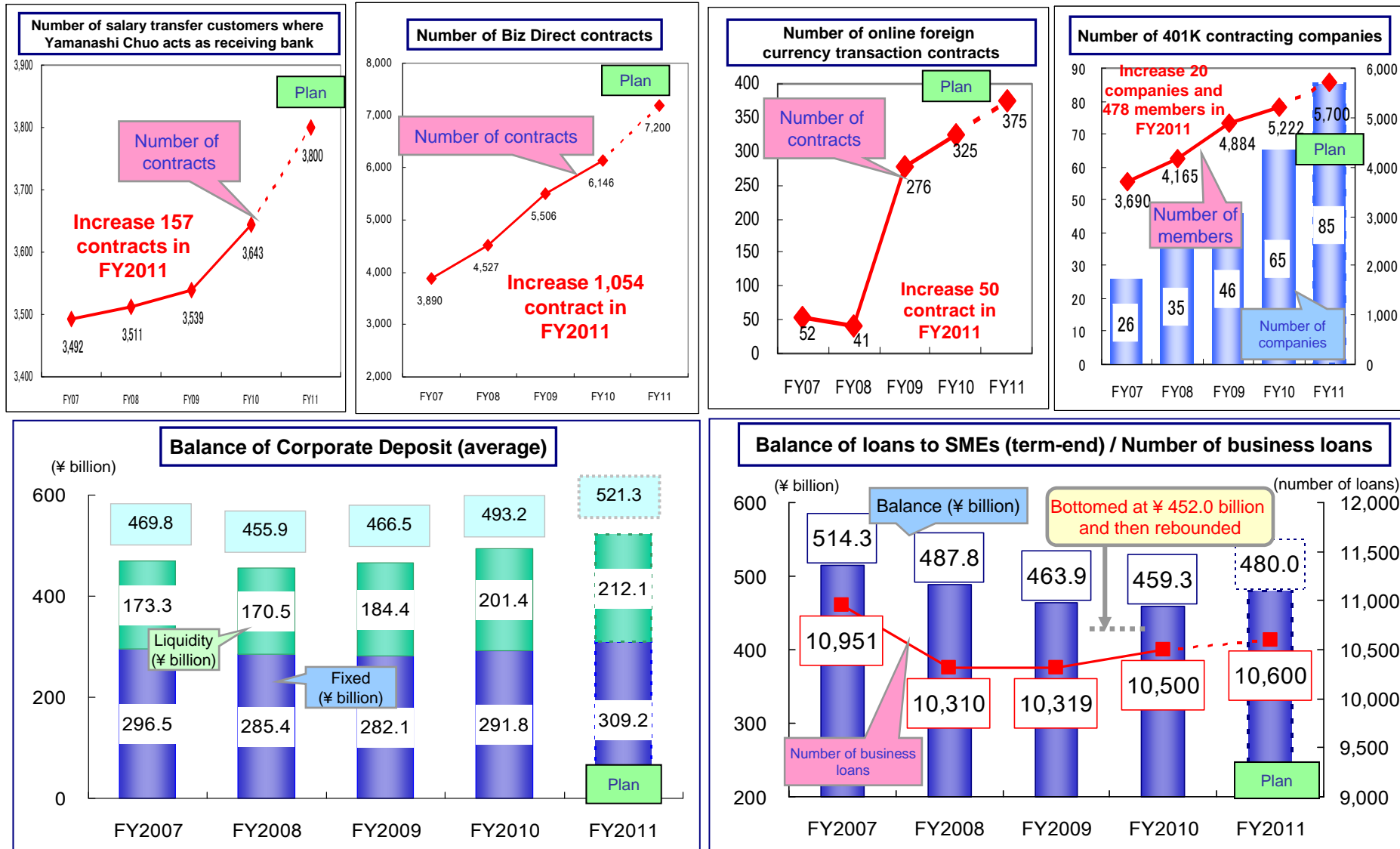
Introduce new “KeyMan” loan support system to be shared with other banks

- Create more workforce by enforcing loan business process re-engineering
- Produce information of high value by improving capability of information use



# Corporate Banking Strategies 2

## Promotional items aimed at ensuring customers select Yamanashi Chuo as their main bank



# Corporate Banking Strategies 3

## Strengthen Business Solution

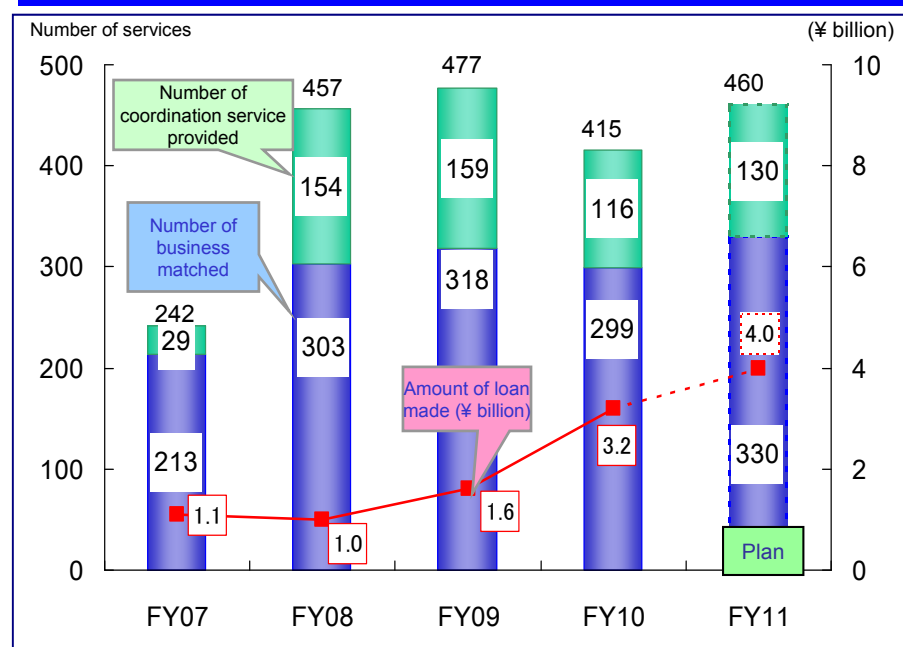
### ■ Management support through business matching and coordination services

- Utilize Yamanashi Chuo's management resources and networking system with external institutions
- Industry, academia, government and finance sector collaboration

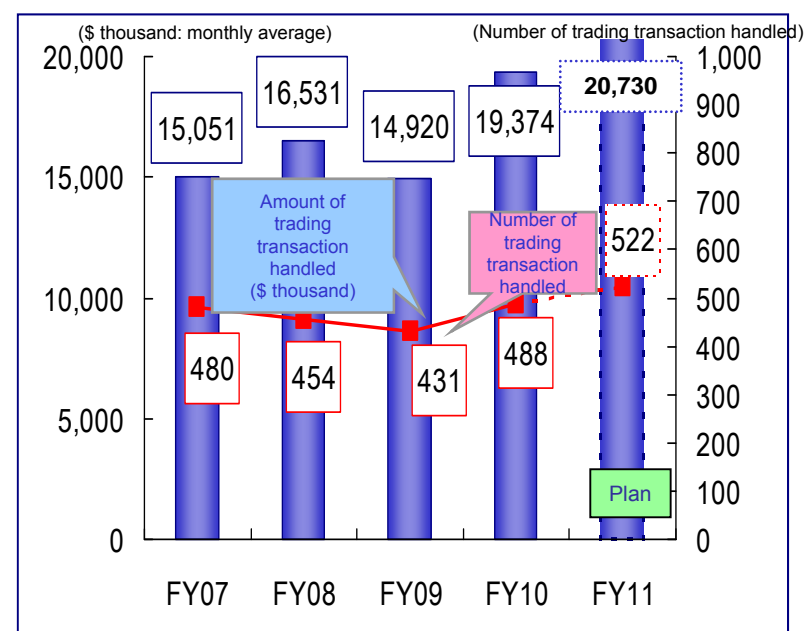
### ■ Overseas trading support especially for trading in Asia

- Enhance trading experts
- Collaborate with external institutions

### Results of business matching and coordination service



### Amount and number of trading transaction handled (export and import trading)

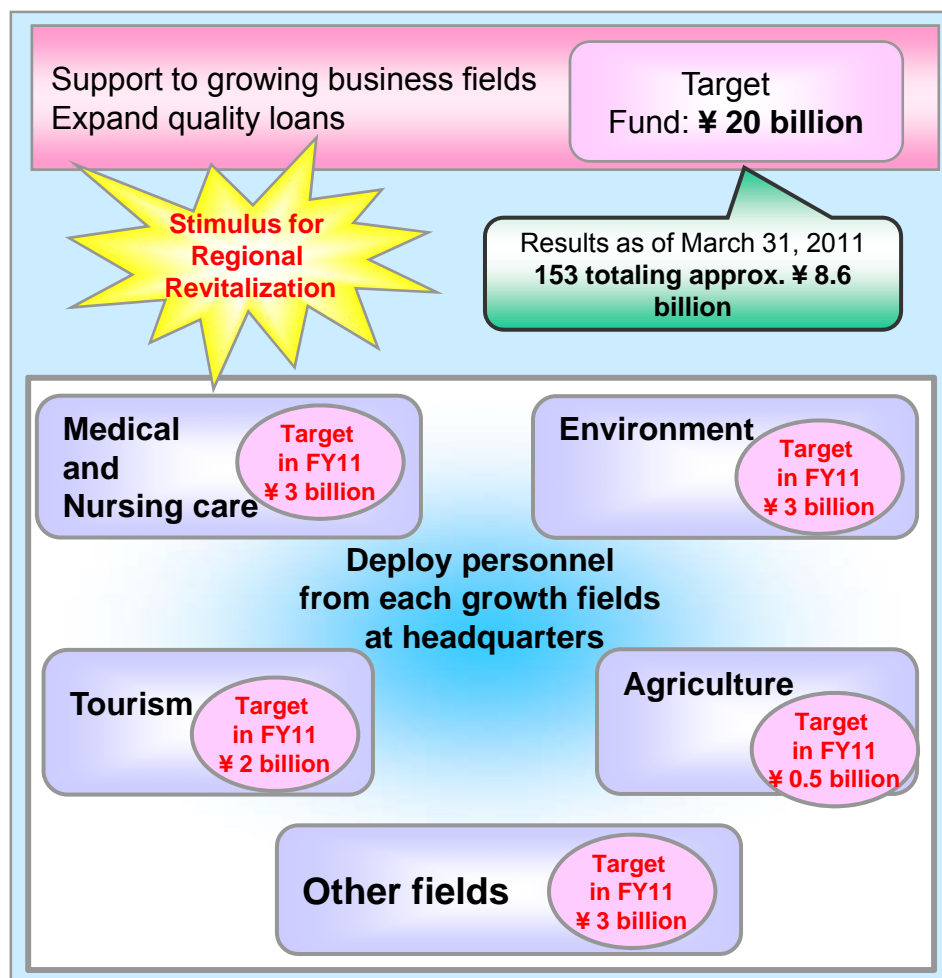




# Corporate Banking Strategies 4

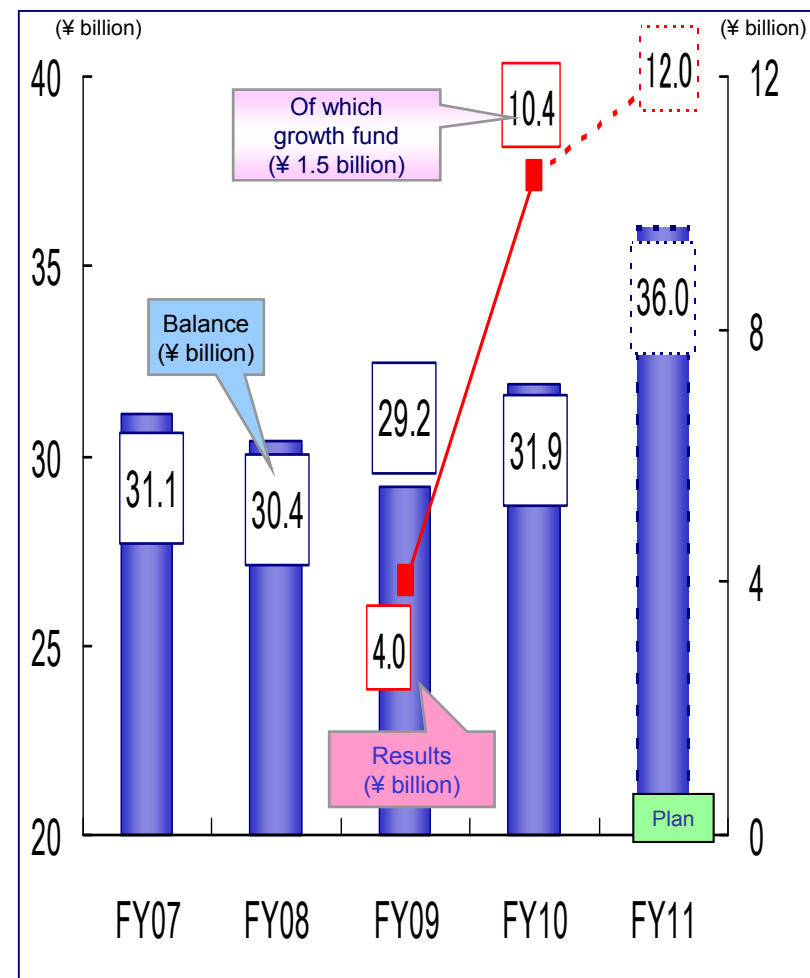
## Strengthen activities in SME and growth field

### Response to funding needs through “Growth Platform Reinforcement”



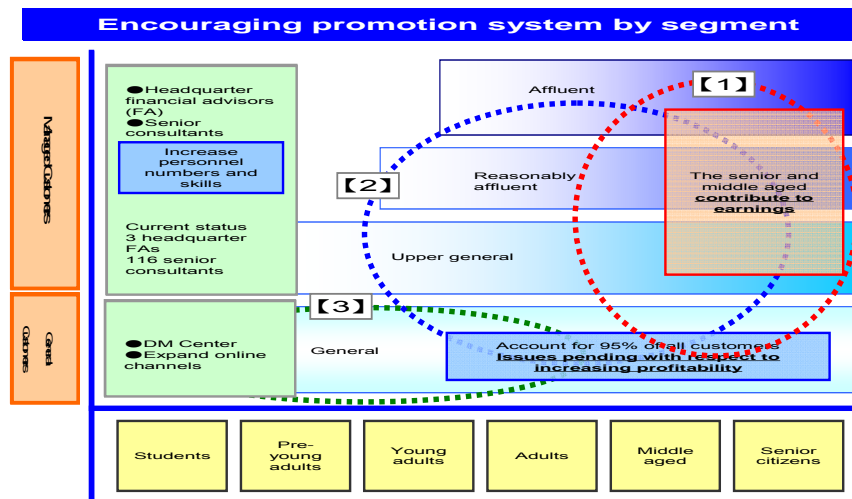
### Result of Medical and Nursing care

(including results from other than “Growth Platform Reinforcement”)

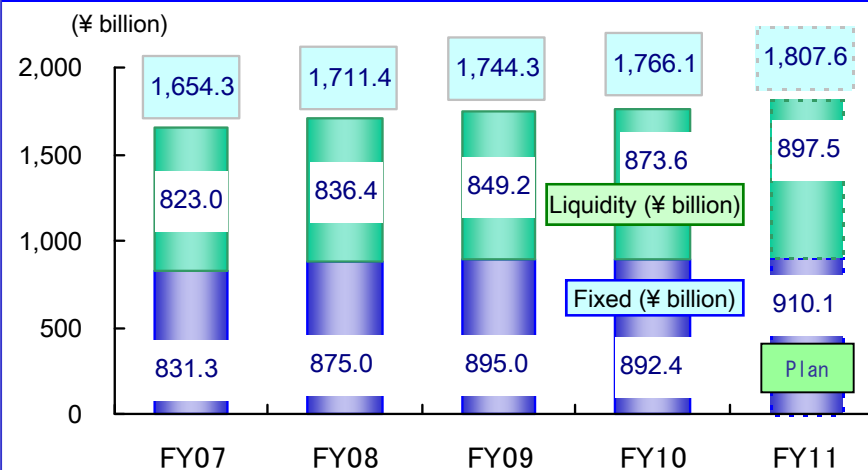


# Personal Banking Strategies 1

## Strengthen Sales Promotion System



## Balance of deposits for individuals (term-end)



### 【1】 Capture more of the senior citizen and middle aged markets

- Strengthen promotion efforts to secure severance payments and pensions
- Expand activities targeting the Omotokai\* (Senior community) market  
→ Bolster points of customer contact

### 【2】 Strengthen sales of asset management products

- Campaigning *Suzunari* fixed deposit with flat-rate compound interest
- Campaigning investment trusts and foreign currency deposits

### 【3】 Strengthen efforts to expand sales of wealth-building products for general customers

- Initiatives to expand sales of saving-type products throughout Yamanashi Chuo
- Campaign offering time deposit interest rate premium

## Improve sales channel

### 【Direct Channel】

Spread QC quality control activity throughout the bank

- Increase staff and low-tellers at bank lobbies
- Enhance senior consultant

Improve Customer Service

112 staff as of March 31, 2011

↓ Increase 25%  
Increase to 140 staff

### 【Indirect Channel】

- Add investment trust acceptance function via online banking
- Enhance follow-ups conducted at DM center

# Personal Banking Strategies 2

## Strengthen mortgage loan

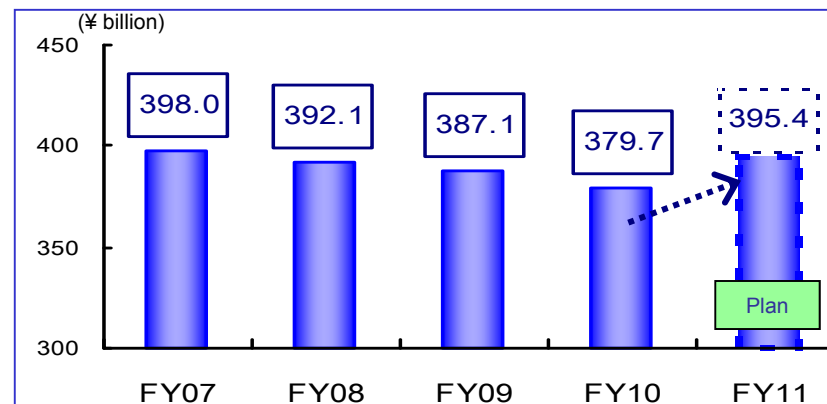
- slowdown in new housing starts within Yamanashi prefecture
- deterioration of interest

(Competition for Flat 35, long-term mortgage loan, with other financial institutions and banks has intensified)

**Balance of mortgage loan has been decreasing**

Target for mortgage loan: increase of ¥15.7 billion a year

## Balance of deposits for individuals (term-end)



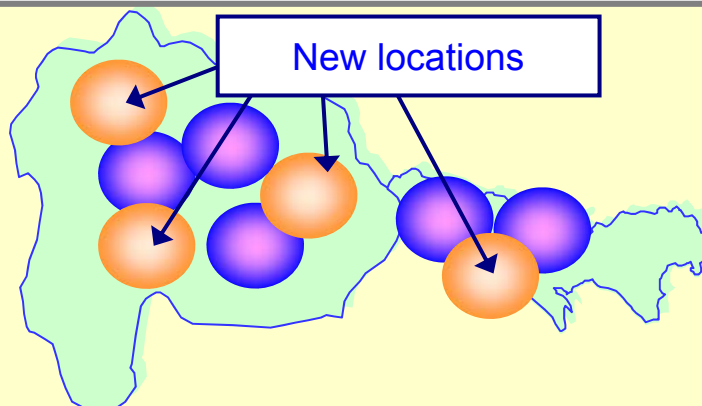
## Rebuild Promotion System

### Increase Loan Squares (branches that handle mortgage loan)

Current: 5 locations  
(3 in Yamanashi and 2 in Western Tokyo)



Increase to 9 locations



**Concentrate administration works at headquarters**

## Set interest rates Strategically

- Strengthen quality item activities
- Strengthen approaches on homebuilders
- Strengthen assumption of debt



**Develop more lifelong customer relationship**

# Western Tokyo Area Strategies 1 – Western Tokyo Area's Retail Branch Network 山梨中央銀行

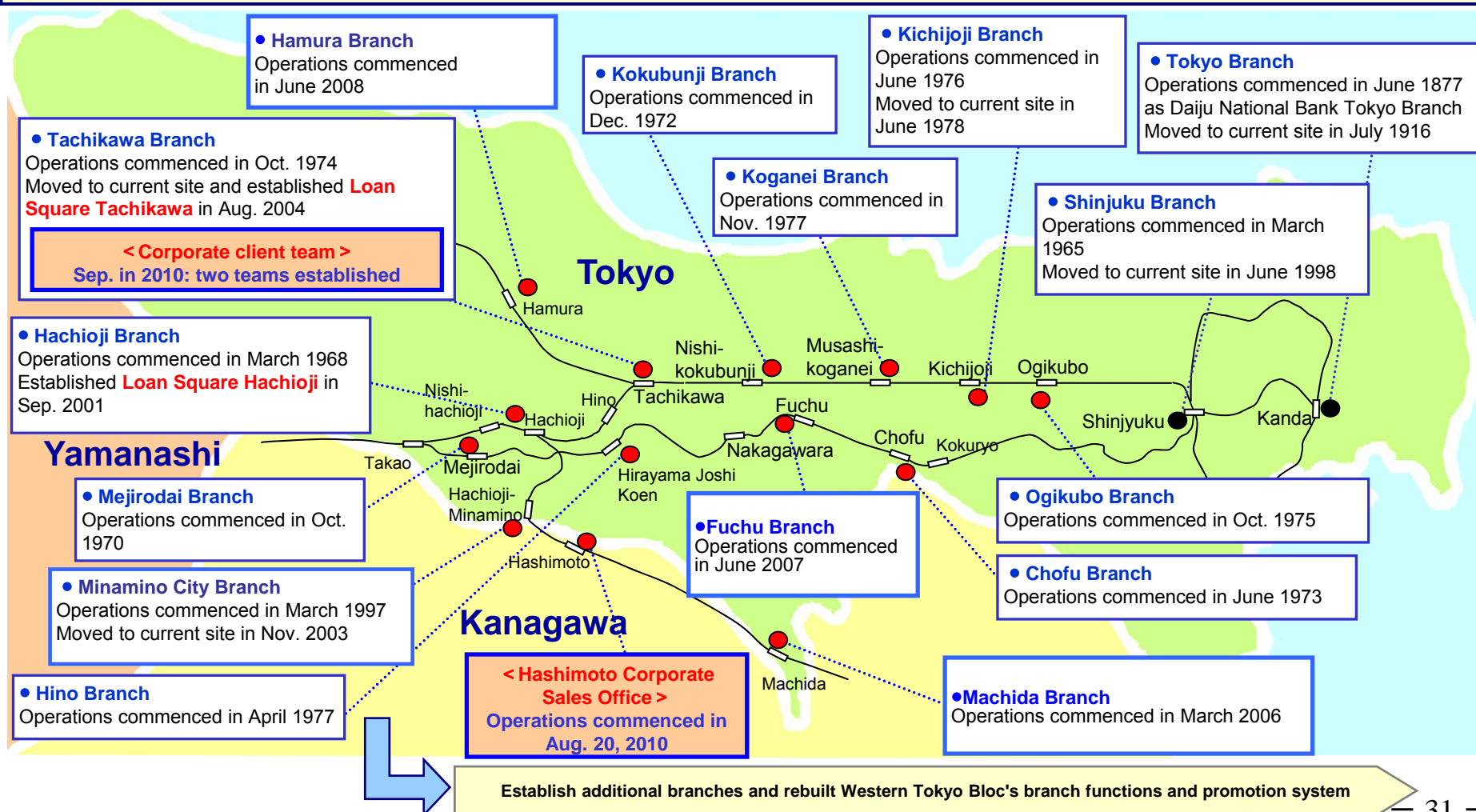


## Western Tokyo Area Strategies [Prospect]

The goal is to achieve greater profitability and efficiency than in Yamanashi

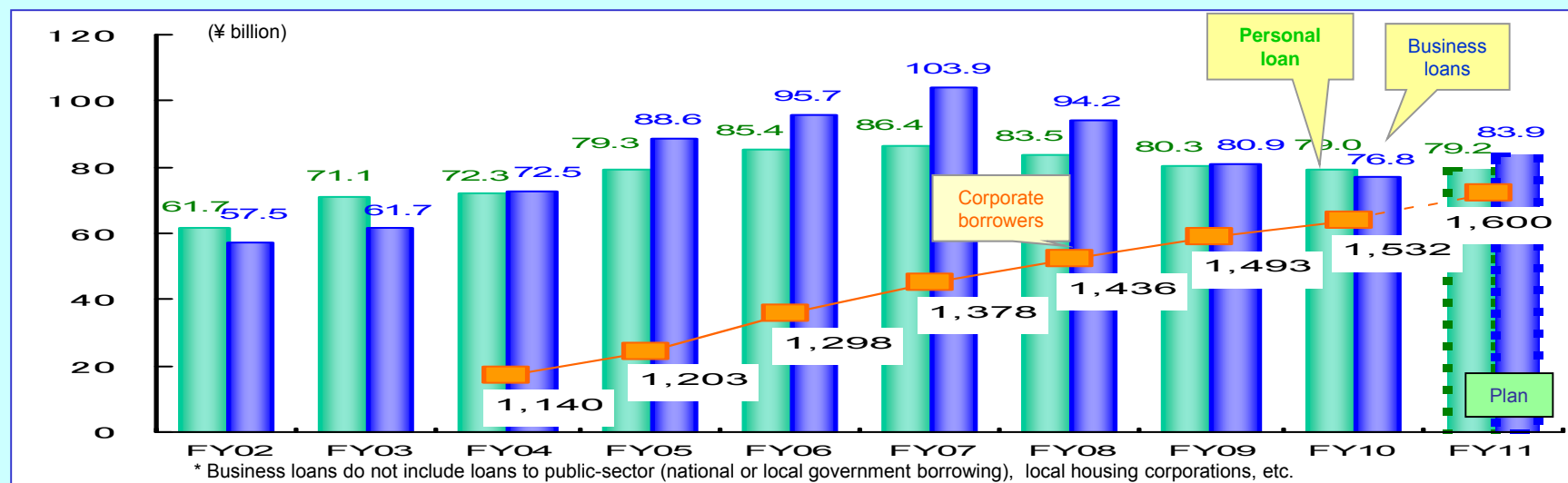
Since launch of Hachioji branch in 1968, the bank has launched 13 branches and 1 corporate sales office

Expanding business base to the whole area

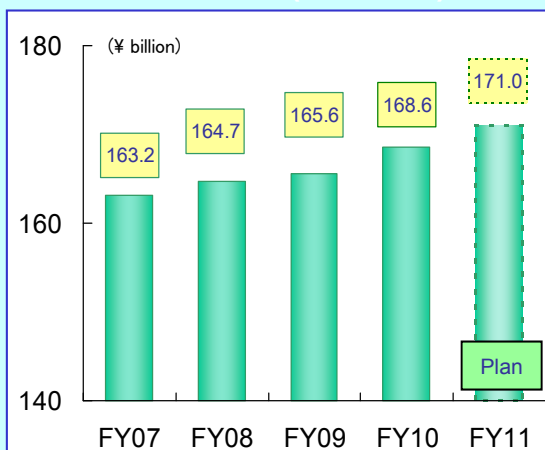


# Western Tokyo Area Strategies 2

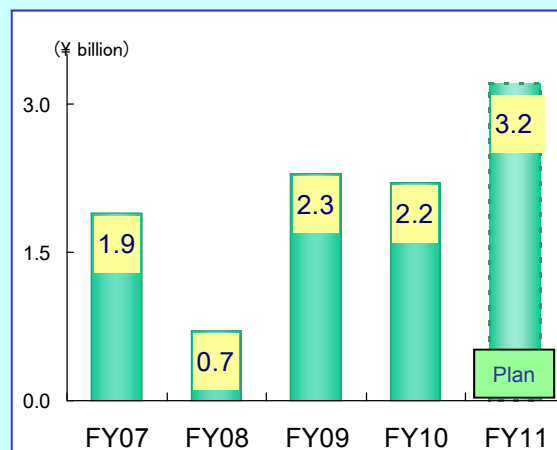
## Average loan balance and corporate borrowers



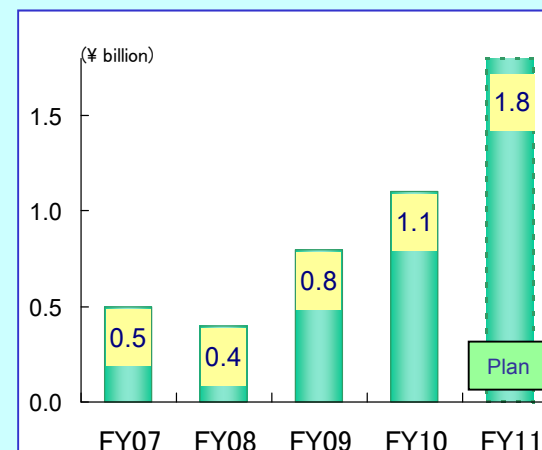
## Balance of deposits for individuals (term-end)



## Sales for investment trusts



## Sales for life insurance products



# Western Tokyo Area Strategies 3

## Measures to improve loans to SMEs

- Strengthen the promotion system by segment
- Strengthen transactions utilizing business solutions

### Large Market

(Total of western part of Tokyo, Nishitama District, Suginami-ku and Sagami-hara city)

Offices, factories and shops 170,000

Population 5,280,000

Households 2,430,000

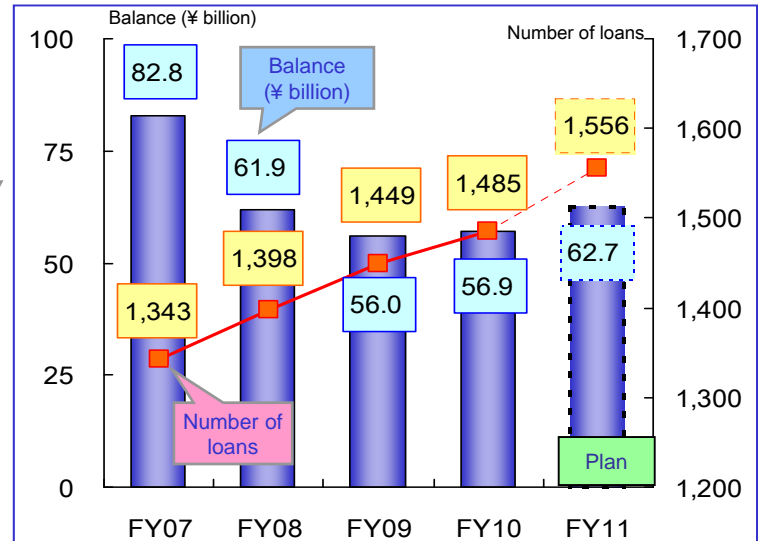
(Source: Number of offices, factories and shops is obtained from Economic Census for Business Frame in 2006 and number of population and households from Population Census in 2010)

### Plan for this term

Loans to SMEs  
Increase of ¥ 5.8 billion

Number of loans to SMEs  
Increase of 71

## Balance and number of loans to SMEs (term-end)

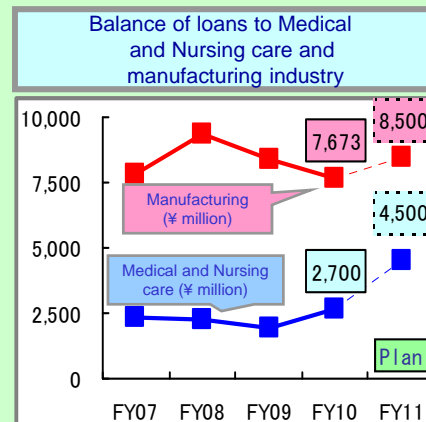


## Strengthen the promotion system by segment

### Strengthen activities in growth fields

Strengthen promotion in Medical and Nursing care and manufacturing industry

- Station full-time staff



## Strengthen business solutions

### Strengthen business matching initiatives

- Centralize management of business matching information
- Serve as a bridge between businesses in Yamanashi

### Strengthen consulting service

- More strongly promote international business  
Assign specialized staff
- Provide consulting by business advisors

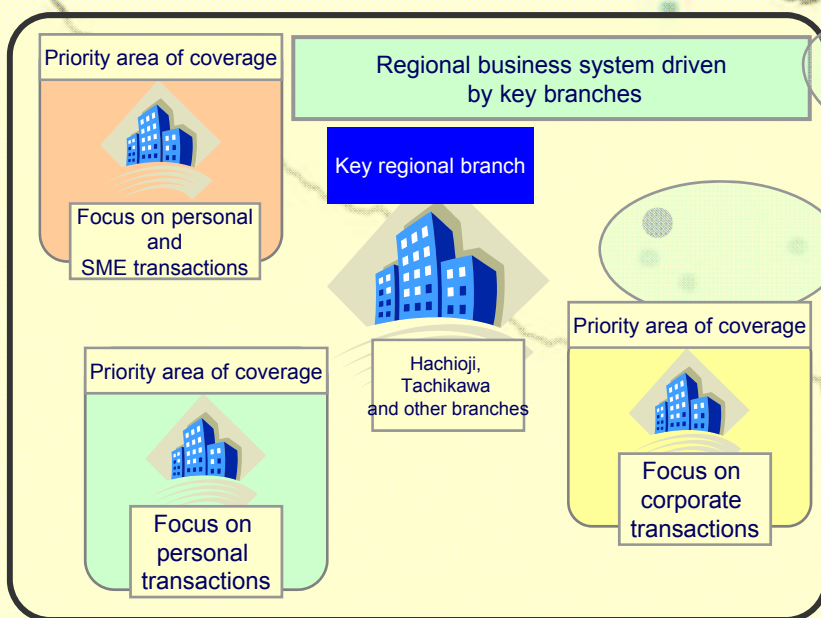


# Western Tokyo Area Strategies 4

## Rebuild Sales Promotion System

Build a regional business system driven by key branches

- Concentrate management resources at key regional branches
- Branch operation that reflects regional attribute and narrows down targets
- Build a mutually complementary, highly efficient marketing system within the region



Launching new sales bases

■ Hashimoto Corporate Sales Office at Machida Branch  
Operations commenced in Aug. 2010

■ Corporate Development Team in Tachikawa Branch  
launched in Sep. 2010

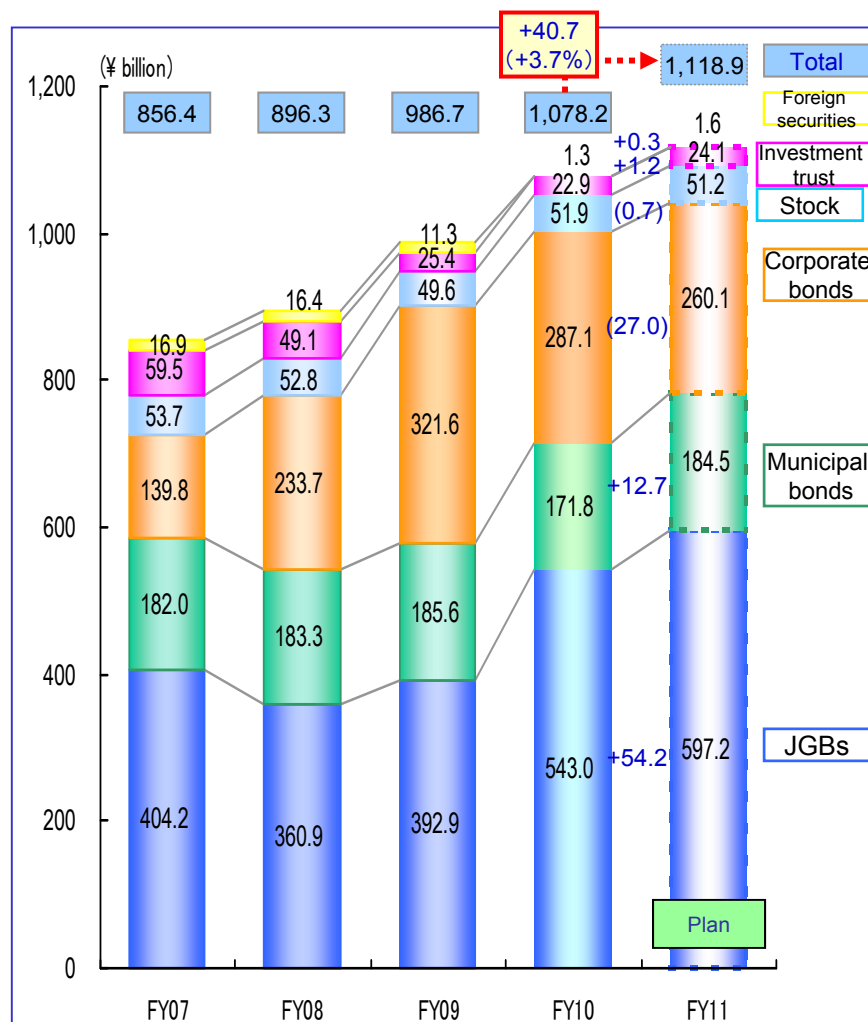
Invest management resources  
in new sales bases

■ Scheduled to launch new sales bases in FY2011

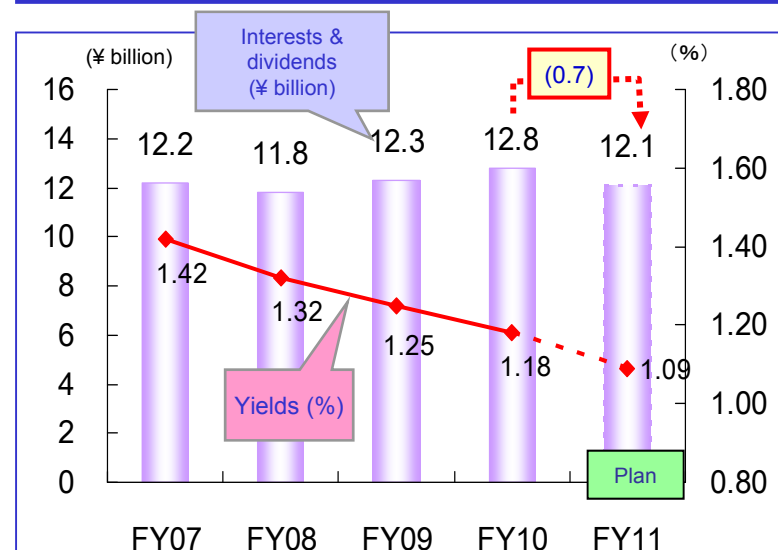


# Plan for Investment in Marketable Securities

## Average Balance of Securities



## Securities Yields / Interests & Dividends



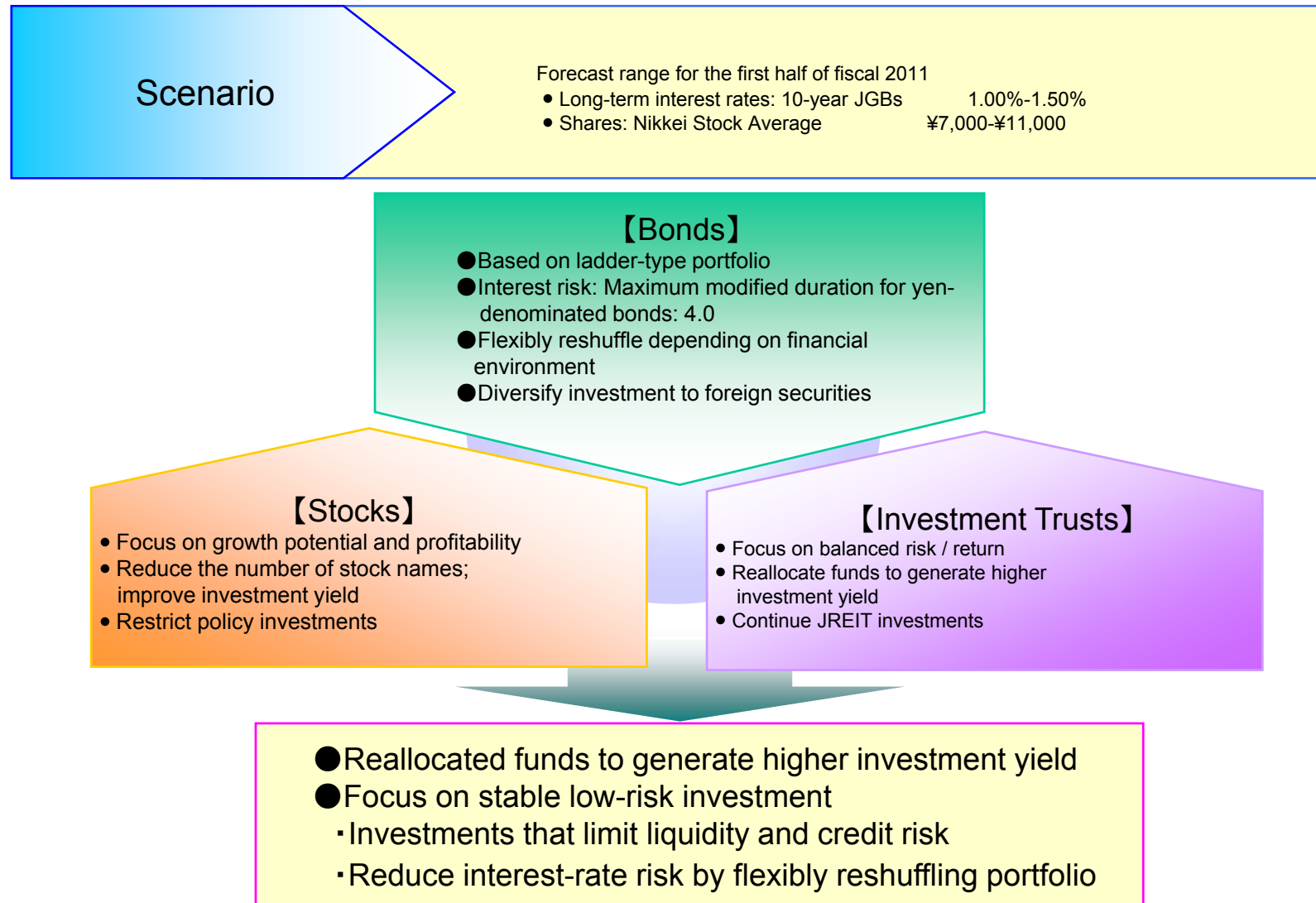
Plan

### Breakdown of Interests & Dividends for FY11

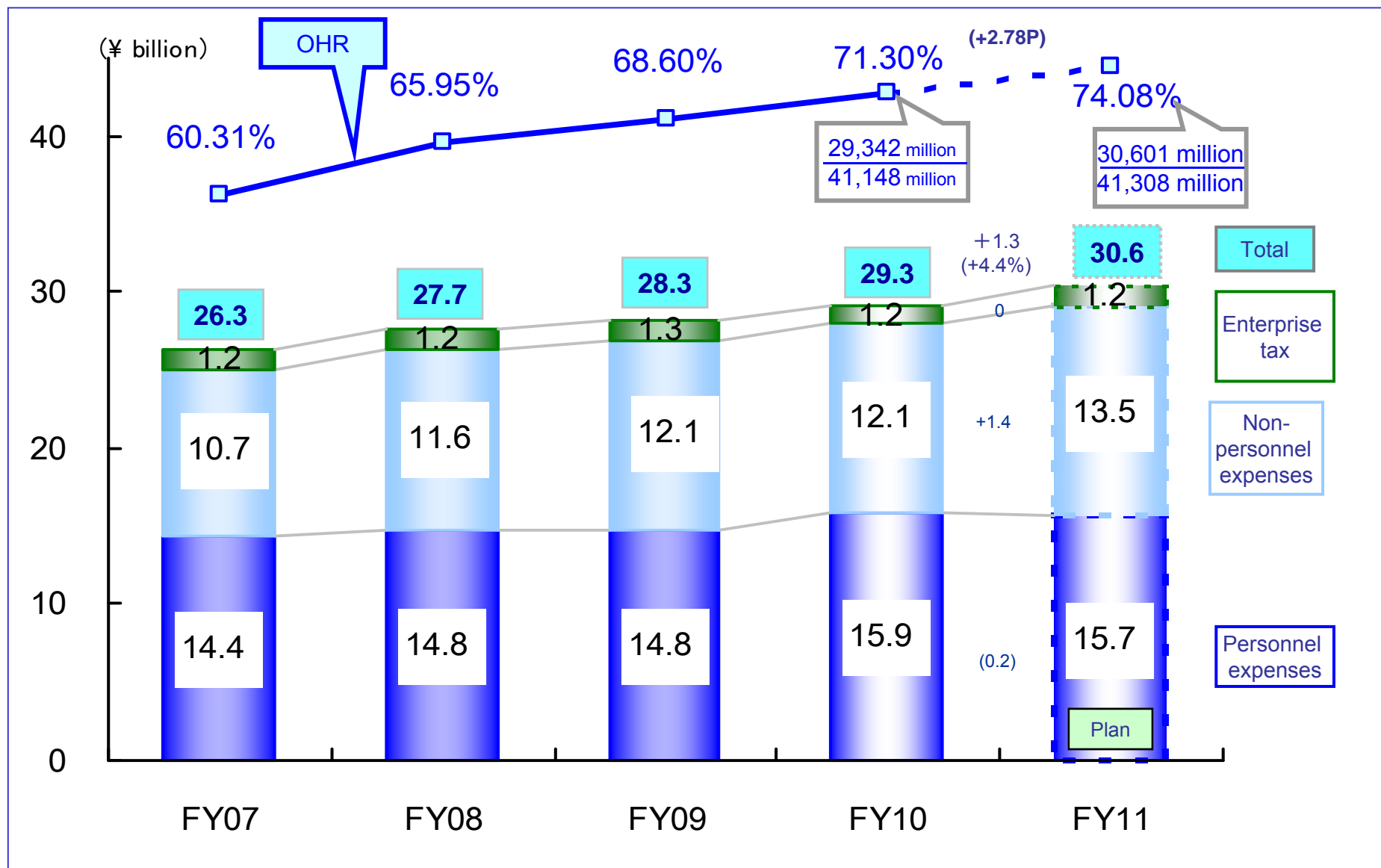
	(¥billion)		
	FY10	FY11	Change
Securities	11.4	11.1	(0.3)
Stocks	1.0	0.8	(0.2)
Investment trusts	0.2	0.1	(0.1)
Total	12.8	12.1	(0.7)

# Plan for Investment in Marketable Securities

## Investment Strategy



# Operating Expenses and OHR (Trends and Forecasts)



\*OHR=Operating expenses / Gross banking profit on core operations

Gross banking profit on core operations = Gross Banking profit – bond transaction profit/loss (primarily JGBs)

# Initiatives to Cutback Expenses and Effective Utilization of Human Resources

## Initiatives to cutback expenses

### Continue and step up cost reduction projects

- ◇ Foster cost-reduction awareness throughout bank
- ◇ Consolidate administrative procedure at headquarters

### Established Cost Management Section

- ◇ Establish Cost Management Section in General Affair Dept. to fortify project

### Mission of Cost Management Section

- ◇ Rebuild cost management system
- ◇ Reform procurement method
- ◇ Maintain cost management infrastructure
- ◇ Review investment screening and results verification method
- ◇ Always maintain a low cost structure

(¥ billion)	Result		Target for mid-term plan	
	FY08	FY10	FY12	Comparison with FY08
cost of deposit insurance	2.8	3.4	2.8	0.0
New system running increase	0.0	0.3	0.9	0.9
Ordinary expense	6.6	6.0	5.4	(1.2)
investment projects	1.7	0.7	1.9	0.2
Total property expense	11.2	10.5	11.1	(0.1)

(excluding temporary expense for new system conversion to new system and amortization of software asset)

## Effective utilization of human resource

### Promote strategic allocation of personnel and train human resources

- ◇ Streamline branches within prefecture
- ◇ Shift system conversion staff
- ◇ Create additional manpower through greater work efficiency

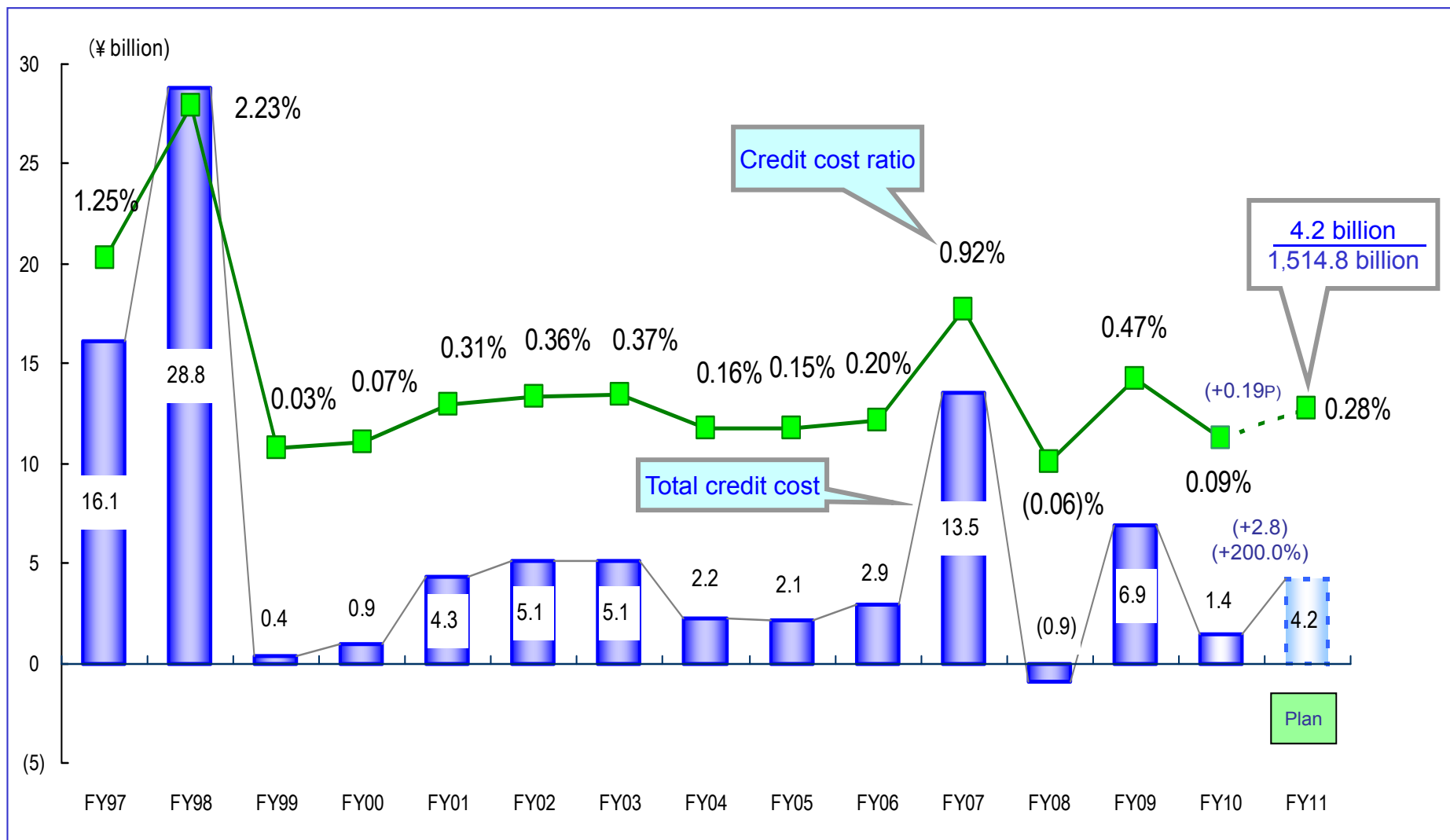
- ◇ Reduce labor cost by cutting back personnel
- ◇ Allocate personnel to promising area and new business
- ◇ Send personnel to JETRO and other external institution

Human Resource Plan	FY10	FY11	FY12	Comparison with FY10
	1,705	1,675	1,660	(45)

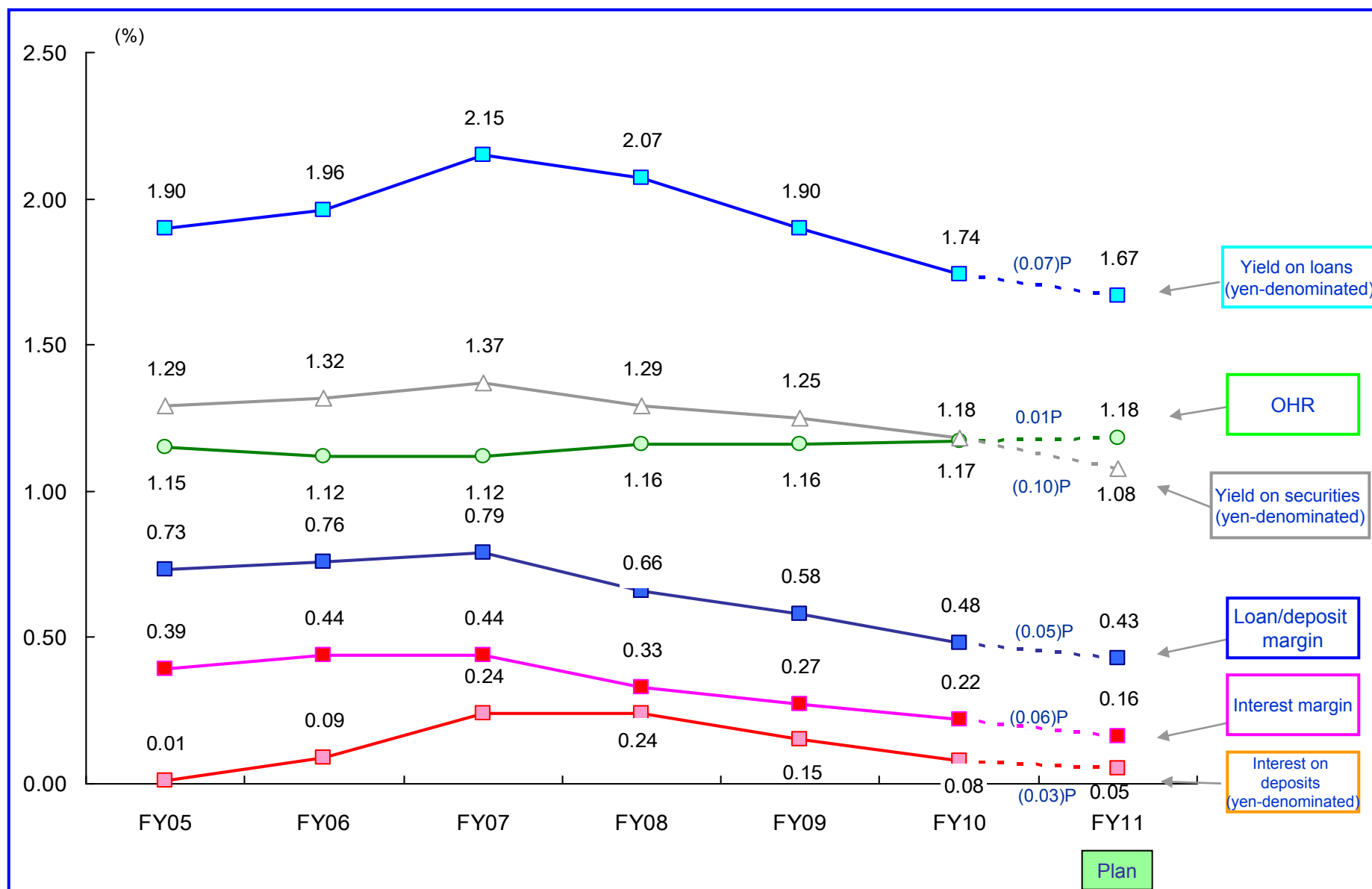
# Credit Cost (Trends and Forecasts)

## Total Credit Cost / Credit Cost Ratio

Credit cost ratio = Total credit cost / Average loan balance  
 Total credit cost = General provision to loan loss reserve + Provisions to specific loan loss reserve + Loans written-off + Loss on sale of claims + Others



# Yields & Interest Margins (Trends and Forecasts)



# Return to Shareholders

## Basic Dividend Policy

Work toward increasing the level of internal reserves required to maintain sound management while at the same time providing for the stable payment of dividends.

70th Anniversary  
Commemorative  
dividend of ¥1.00 is  
scheduled  
(1st half ¥3.5)  
(End of FY11 ¥3.5)

## Trends in Dividend Payment

	FY07	FY08	FY09	FY10	FY11(Forecast)
Dividend per share (annual)	¥5.00	¥6.00	¥6.00	¥6.00	¥7.00
Period-end share price	¥602	¥515	¥411	¥404	-
Dividend yield	0.83%	1.16%	1.45%	1.48%	-

## Return to Shareholders

(¥ million)	FY07	FY08	FY09	FY10	FY11(Forecast)
Annual dividend (1)	922	1,106	1,105	1,089	1,263
Treasury stock acquired (2)	50	175	12	1,447	0
Return to shareholders (3)=(1)+(2)	973	1,281	1,117	2,536	1,263
Net income (non-consolidated) (4)	4,678	6,021	2,744	3,861	4,000
Dividend payout ratio (1)/(4)x100	19.71%	18.36%	40.28%	28.20%	31.59%
Shareholder return ratio (3)/(4)x100	20.79%	21.28%	40.72%	65.68%	31.59%

Acquired 1,793 thousand  
shares, equivalent to ¥638  
million, on May 27, 2010

Purchased 1,906 thousand  
shares, equivalent to ¥795  
million between Dec. 2010 and  
Mar. 2011

(Note) Calculated in yen and rounded down



**Thank you for coming to our analyst meeting. If you have any further questions, please don't hesitate to make inquiries at the following address.**

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