

The Yamanashi Chuo Bank, Ltd. The 21st Analyst Meeting

- **Fiscal 2011 First Half Business Results**
- **Forecasts for the Current Term (FY2011)**

December 6, 2011 (Tue)

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■ Profile (as of September 30, 2011)

- Predecessor Founded: April, 1877
- Established: December, 1941
- Head Office: 20-8, Marunouchi 1-Chome, Kofu, Yamanashi
- Common Stock: ¥15,400 million
- Employees: 1,735
- Branches (including sub-branches): 91 (76 in Yamanashi Pref., 15 in Tokyo), Corporate Sales Offices: 2 (Higashimurayama City, Sagamiara 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 2011 First Half Business Results

Fiscal 2011 First Half Results (Summary)



(¥ billion, %)	Previous 1st half (FY10)	Reporting 1st half (FY11)	YoY change [%]
Operating income	25.0	24.4	(0.6) [(2.4)]
Gross banking profit	21.7	20.2	(1.5) [(6.9)]
Interest income	18.2	17.6	(0.6) [(3.4)]
Fees and commissions	2.3	2.1	(0.2) [(5.8)]
Other operating income	0.0	0.0	0.0 [2.9]
Gross banking profit on core operations	20.6	19.8	(0.8) [(3.6)]
JGBs and other bond transactions	1.0	0.3	(0.7) [(68.6)]
Expenses	14.3	15.2	0.9 [5.5]
General provision to loan loss reserve	-	-	- [-]
Net business profit	7.3	5.0	(2.3) [(31.3)]
Net business profit on core operations	6.2	4.6	(1.6) [(25.3)]
Non-operating losses	(1.1)	0.5	1.6 [-]
NPL disposal amount	0.0	0.0	(0.0) [(26.3)]
Equity share and similar transactions	(0.9)	(1.0)	(0.1) [(7.8)]
Ordinary profits	6.2	5.5	(0.7) [(10.4)]
Extraordinary income (losses)	1.4	(0.0)	(1.4) [(102.2)]
Income before income taxes	7.7	5.5	(2.2) [(28.1)]
Income taxes - basic	0.9	1.8	0.9 [99.5]
Income taxes - deferred	1.4	0.4	(0.9) [(67.4)]
Net income	5.3	3.1	(2.2) [(40.1)]

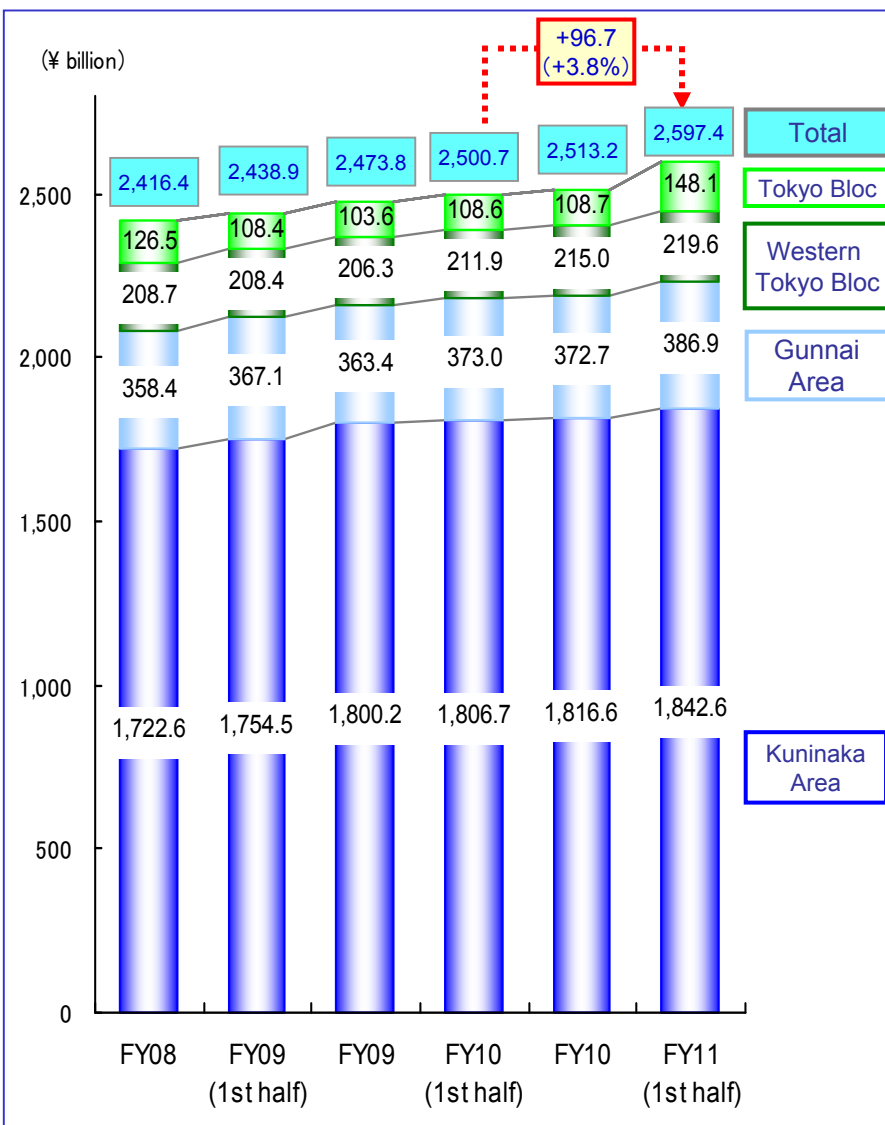
(¥ billion, %)	Reporting 1st half (FY11)	YoY change [%]	Balance	Yield
Fund operations	18.5	(1.1) [(5.6)]	0.4	(1.5)
Interest on loans	12.1	(1.0) [(7.6)]	0.0	(1.0)
Interest on securities	6.3	(0.0) [(1.2)]	0.4	(0.4)
Call loan, etc.	0.0	(0.1) [(100.0)]	(0.0)	(0.0)
Fund procurement	0.9	(0.4) [(30.7)]	0.0	(0.4)
Interest on deposits	0.8	(0.4) [(33.3)]	0.0	(0.4)
Call money, etc.	0.0	0.0 [0.0]	0.0	0.0
Interest income	17.6	(0.6) [(3.4)]	—	—

(¥ billion)	Reporting 1st half (FY11)	YoY change
Revenues	3.2	(0.2)
Investment trusts	0.4	0.1
JGBs held by individuals	0.0	0.0
Life insurance	0.2	(0.1)
Others	2.6	0.0
Cost	1.1	0.1
Fees and commissions	2.1	(0.2)

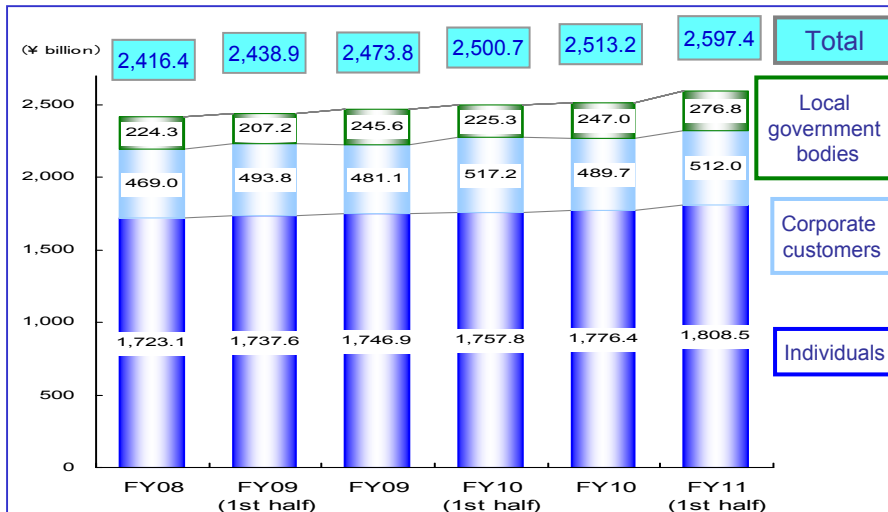
(¥ billion)	Reporting 1st half (FY11)	YoY change
Personnel	8.0	0.1
Premises and equipment	6.4	0.7
Taxes	0.7	0.0
Expenses	15.2	0.9

Deposits

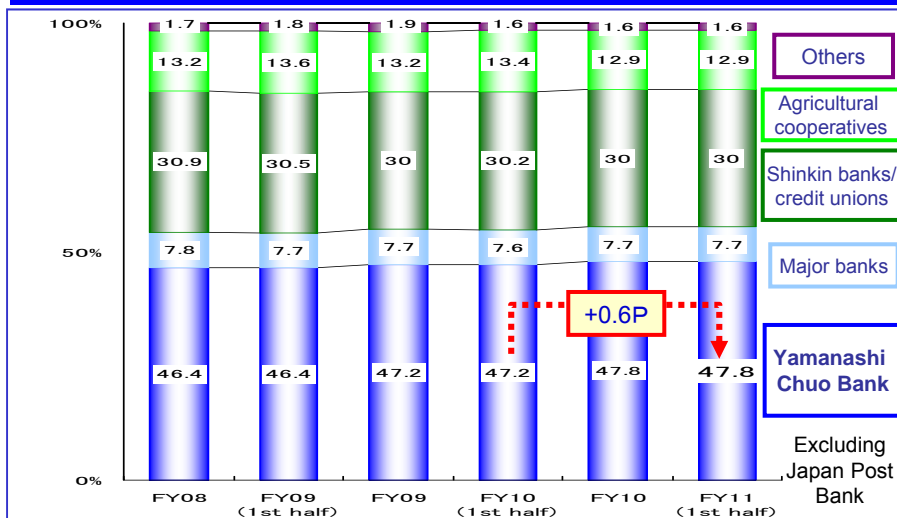
Deposit Balance



Balance by Customer Segment

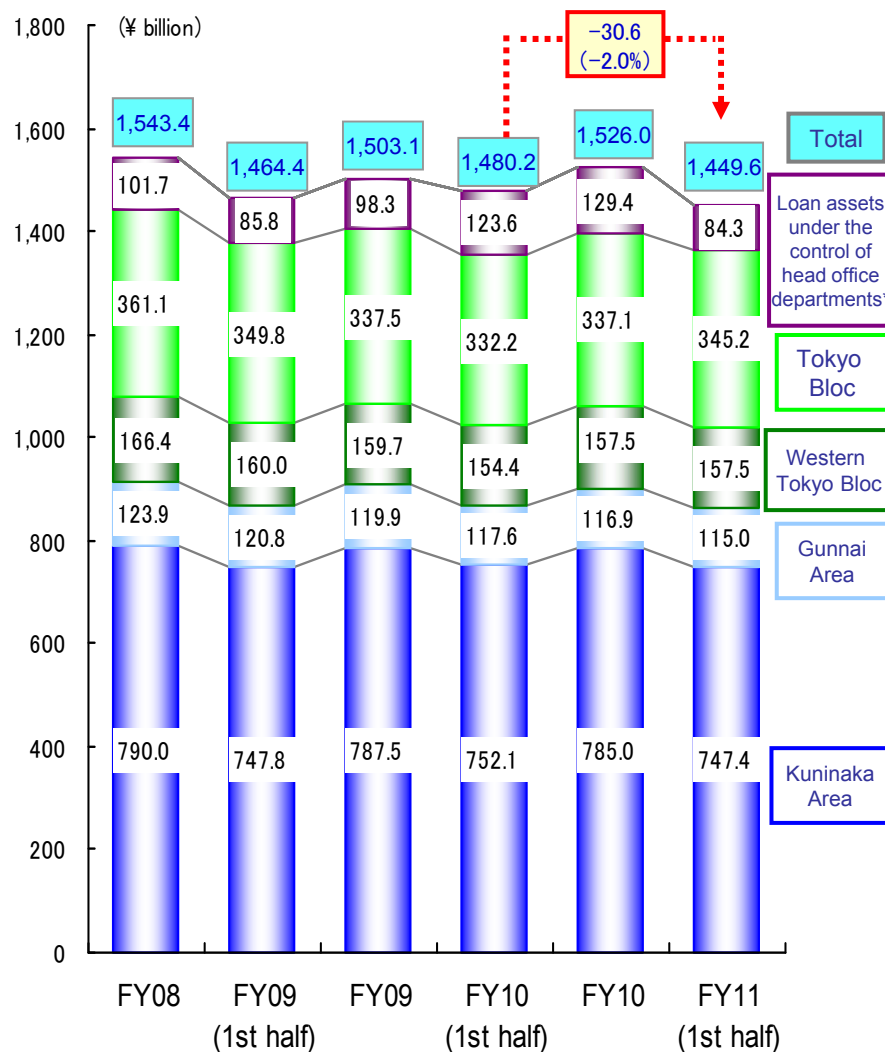


Deposit Shares in Yamanashi Prefecture

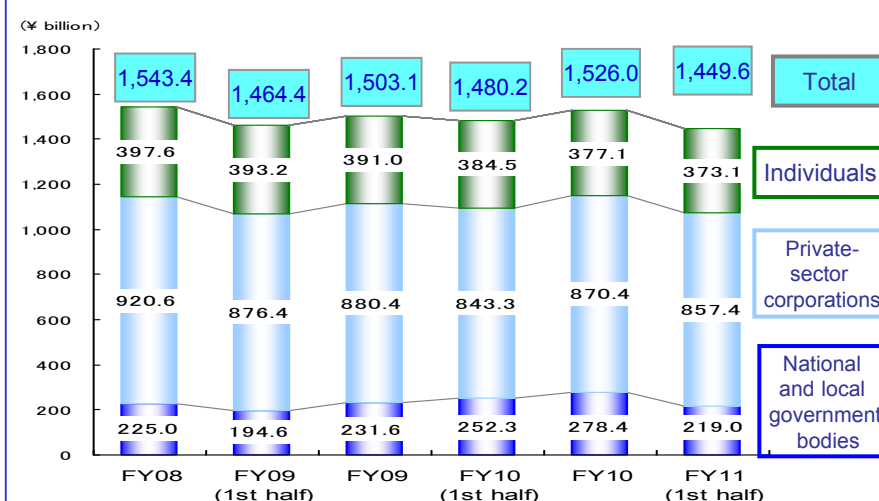


Loans

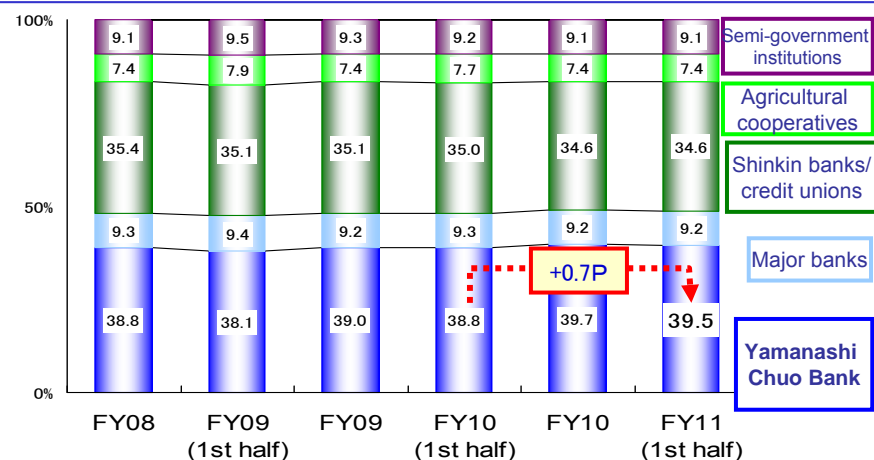
Loan Balance



Balance by Customer Segment



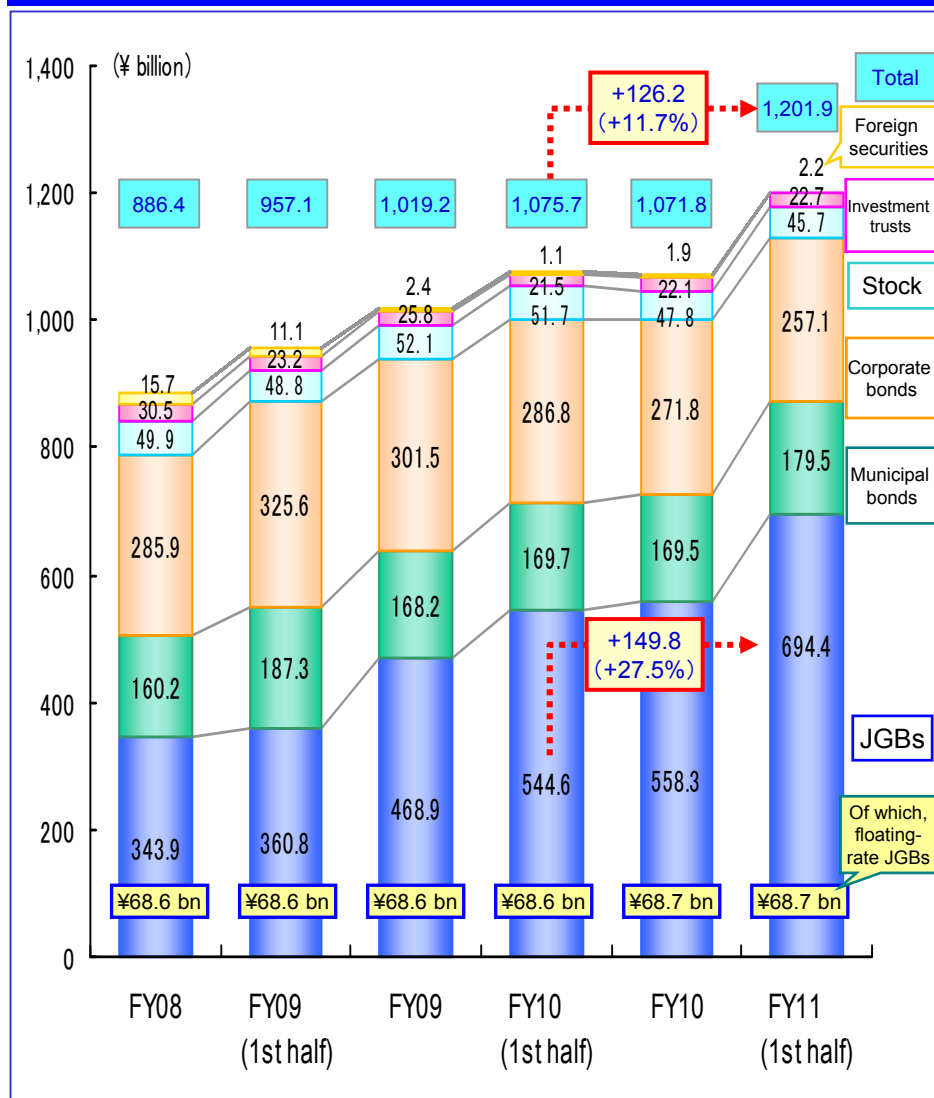
Loan Shares in Yamanashi Prefecture



*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

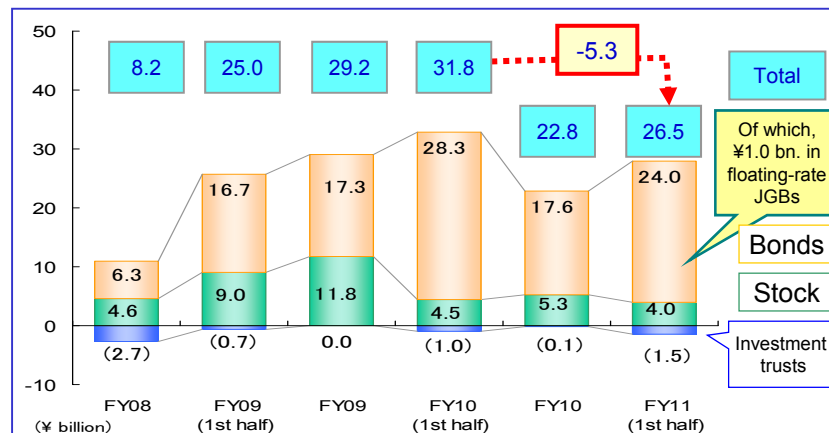
Securities Balance (subject to mark-to-market valuation)



Breakdown of Gains (Losses) on Securities

	(¥ billion)		
	FY10 (1st half)	FY11 (1st half)	Change
Interests and dividends on securities	6.3	6.3	0.0
Securities yields	1.20%	1.11%	(0.09)P
Gains (losses) on bonds	1.0	0.3	(0.7)
Gains on sale of bonds	1.2	0.3	(0.9)
Losses on sale of bonds	0.1	-	(0.1)
Amortization of bonds	-	-	-
Gains (losses) on stock	(0.9)	(1.0)	(0.1)
Gains on sale of stock	0.2	0.1	(0.1)
Losses on sale of stock	0.3	0.3	(0.0)
Amortization of stock	0.8	0.8	(0.0)

Unrealized Gains (Losses)

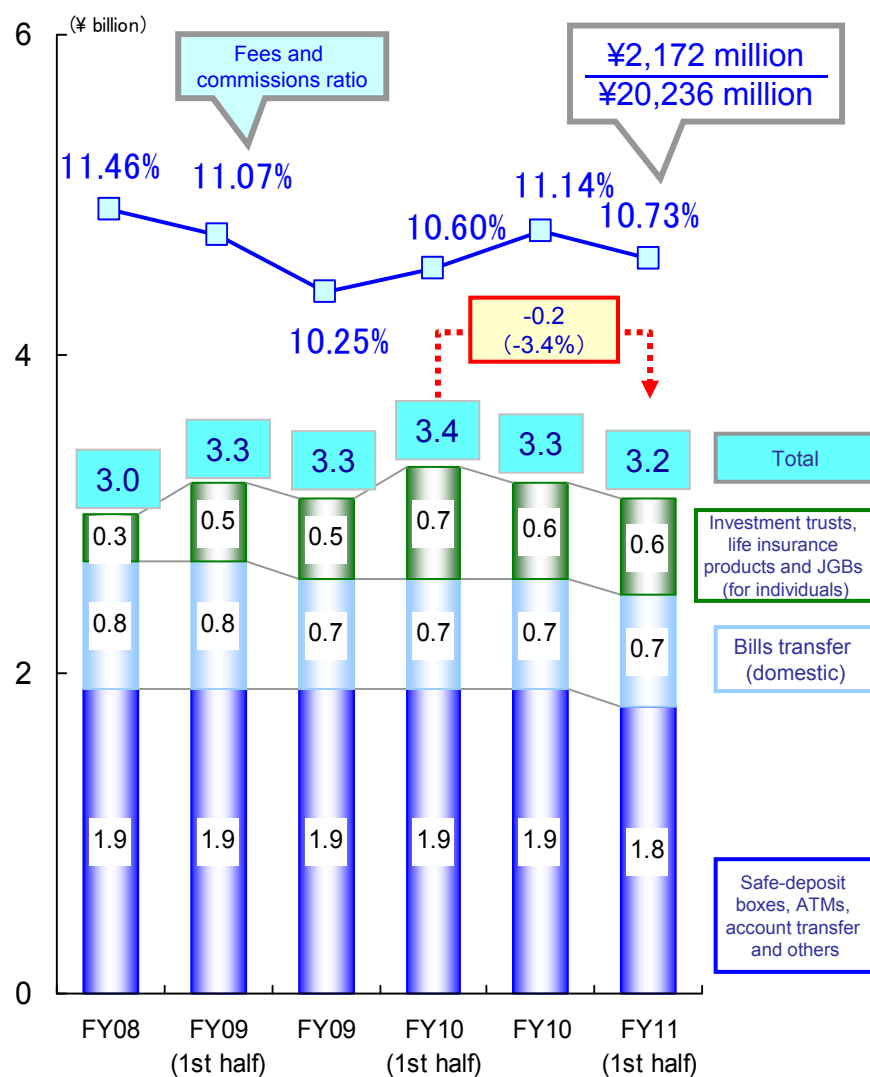


Modified Duration (Yen-denominated bonds)

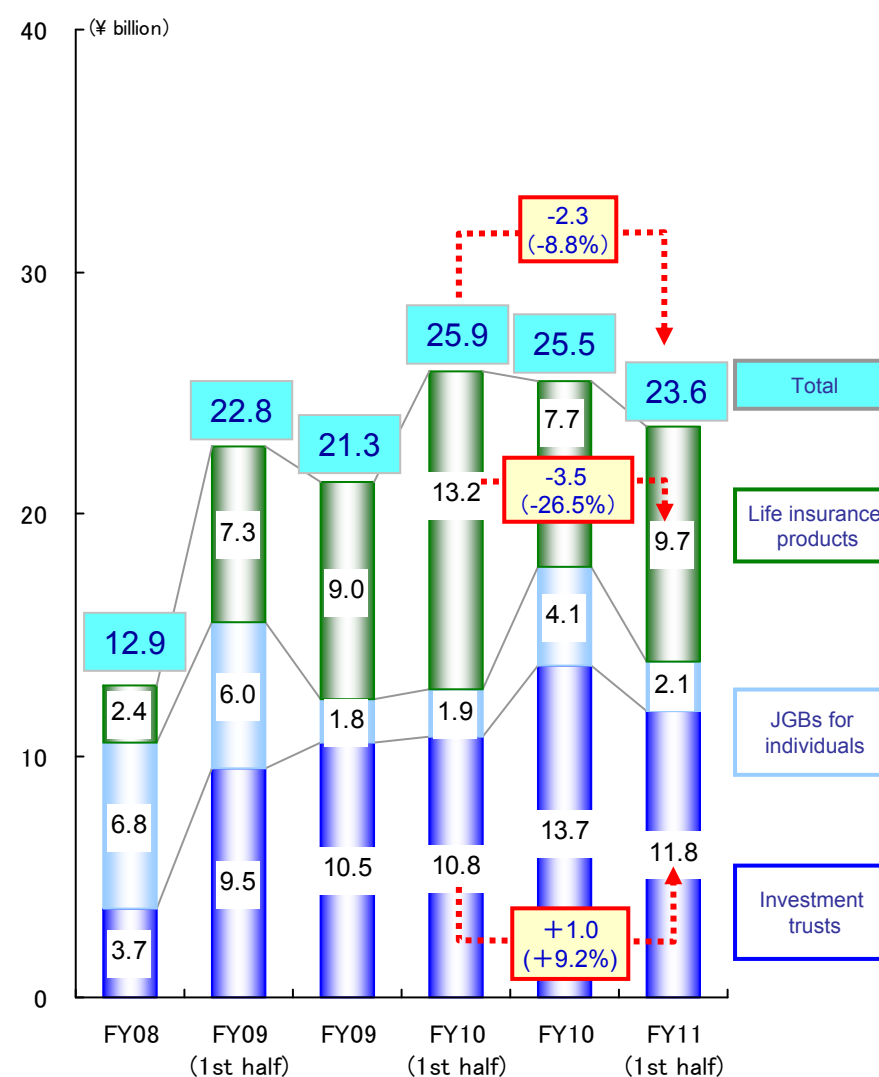
	FY08	FY09 (1st half)	FY09	FY10 (1st half)	FY10	FY11 (1st half)
Yen-denominated bonds	3.7	3.9	3.9	3.7	3.8	3.8

Fees and Commissions

Result of Fees and Commissions/Fees and Commissions Ratio



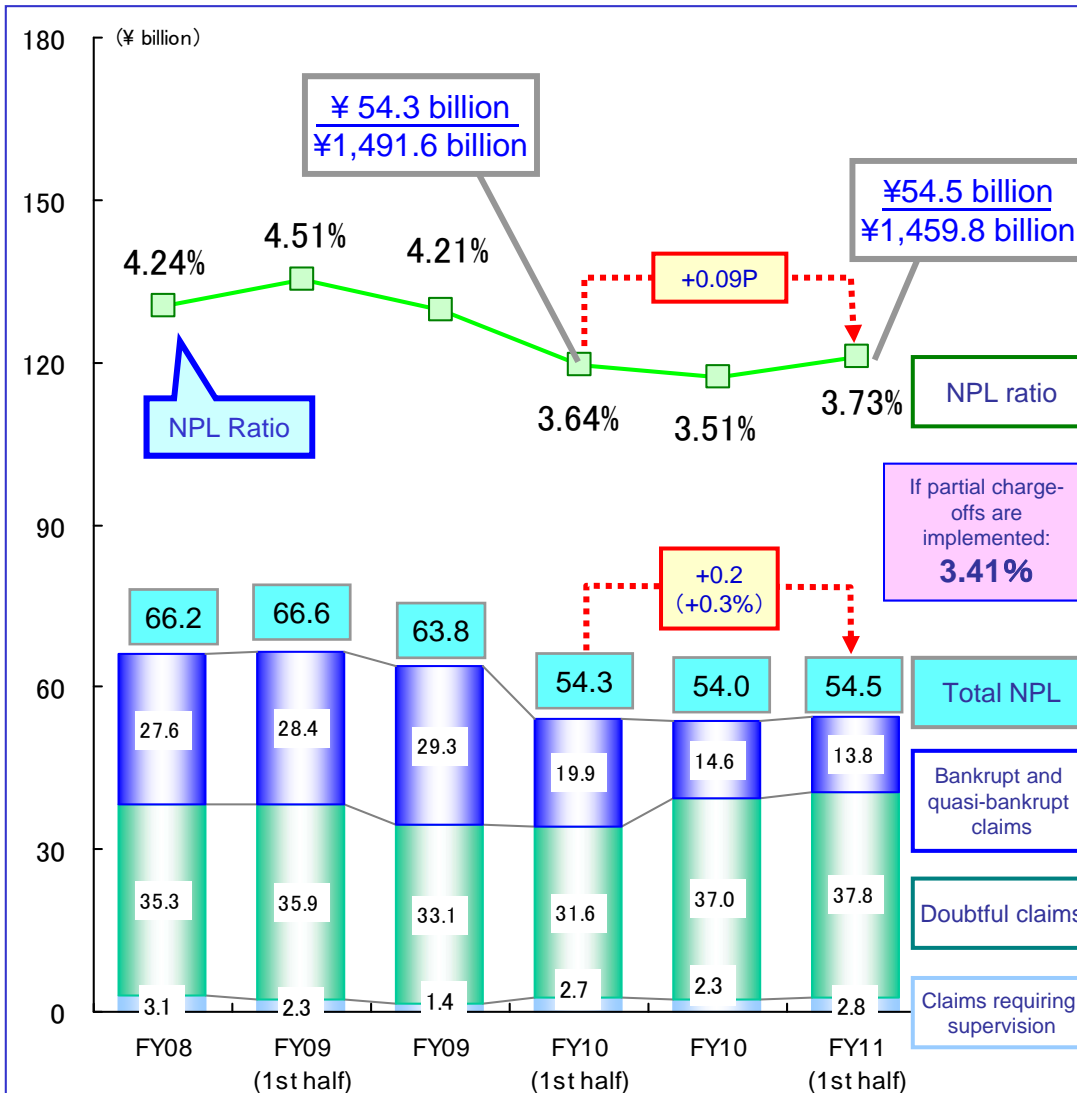
Sales for Investment Trusts, Life Insurance Products and JGBs



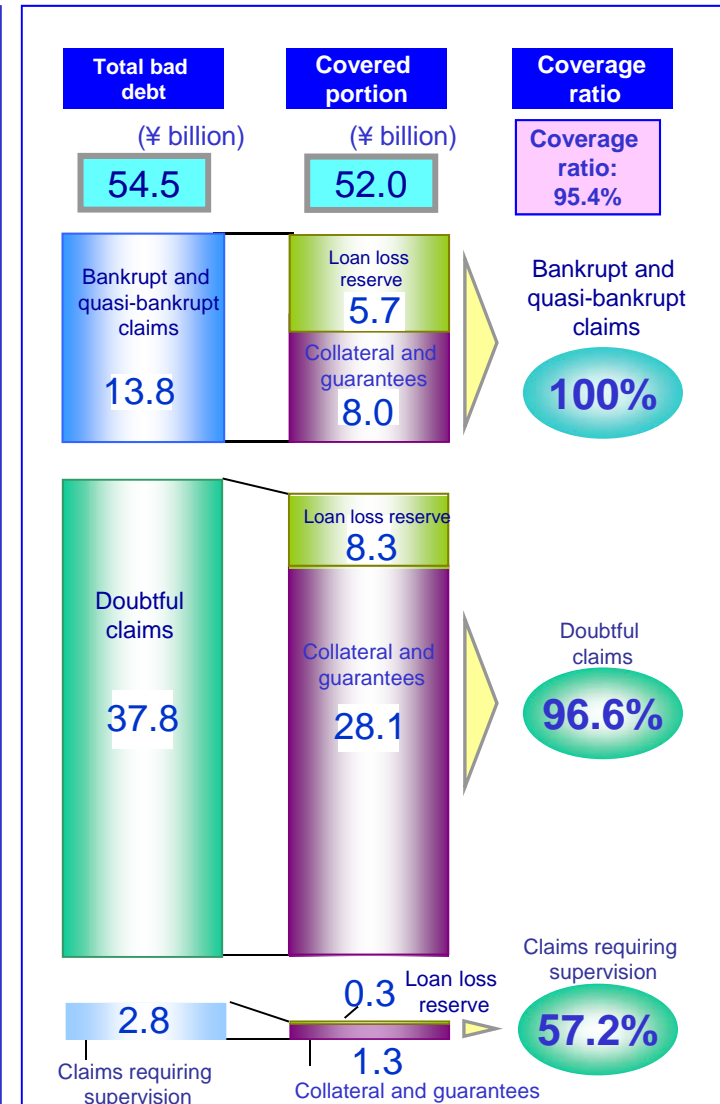
* Fees and commissions ratio= Fees and commissions / Gross banking profit

Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

Bad Debt under the Financial Reconstruction Law

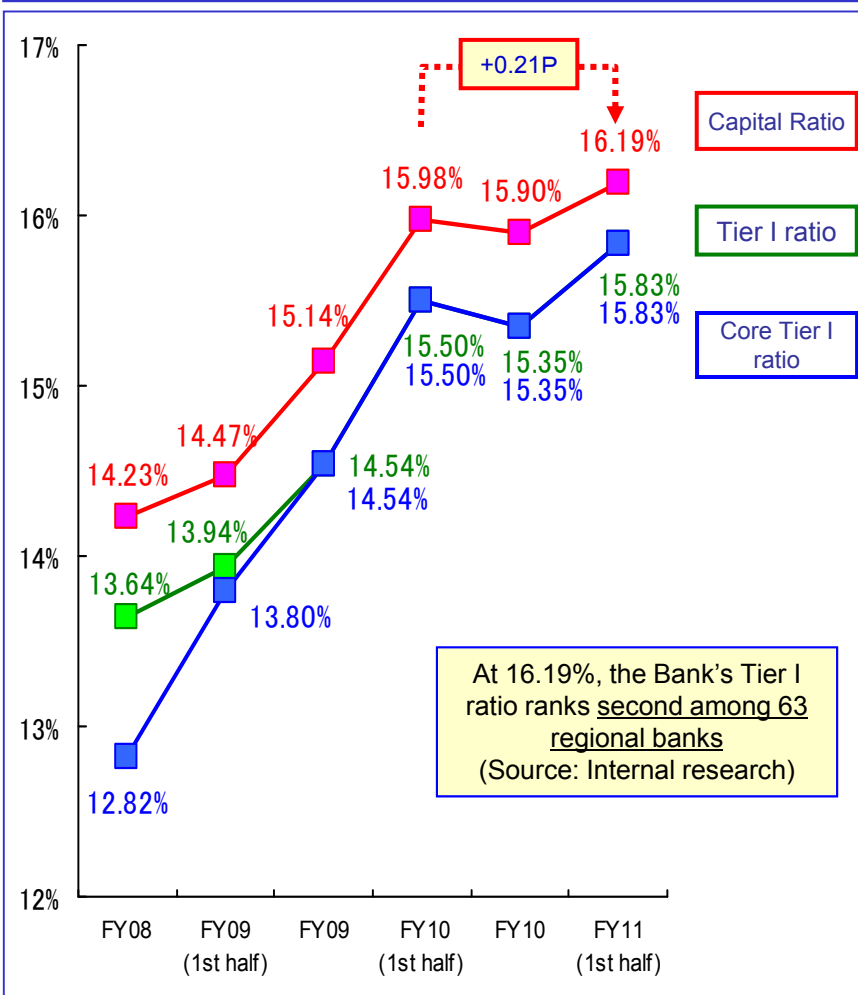


Coverage of Bad Debt under the Financial Reconstruction Law



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)	
	FY11 (1st half)	Comparison with FY10
Tier I (A)	146.2	2.5
Core Tier I ratio	146.2	2.5
Net deferred tax assets	—	—
Preferred stock / preferred investment certificates	—	—
Tier II (B)	3.3	(1.7)
General provision to loan loss reserve	3.3	(1.7)
Deductions (C)	—	—
Regulatory capital (A) + (B) - (C)	149.6	0.8

Risk Calculation Method 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

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

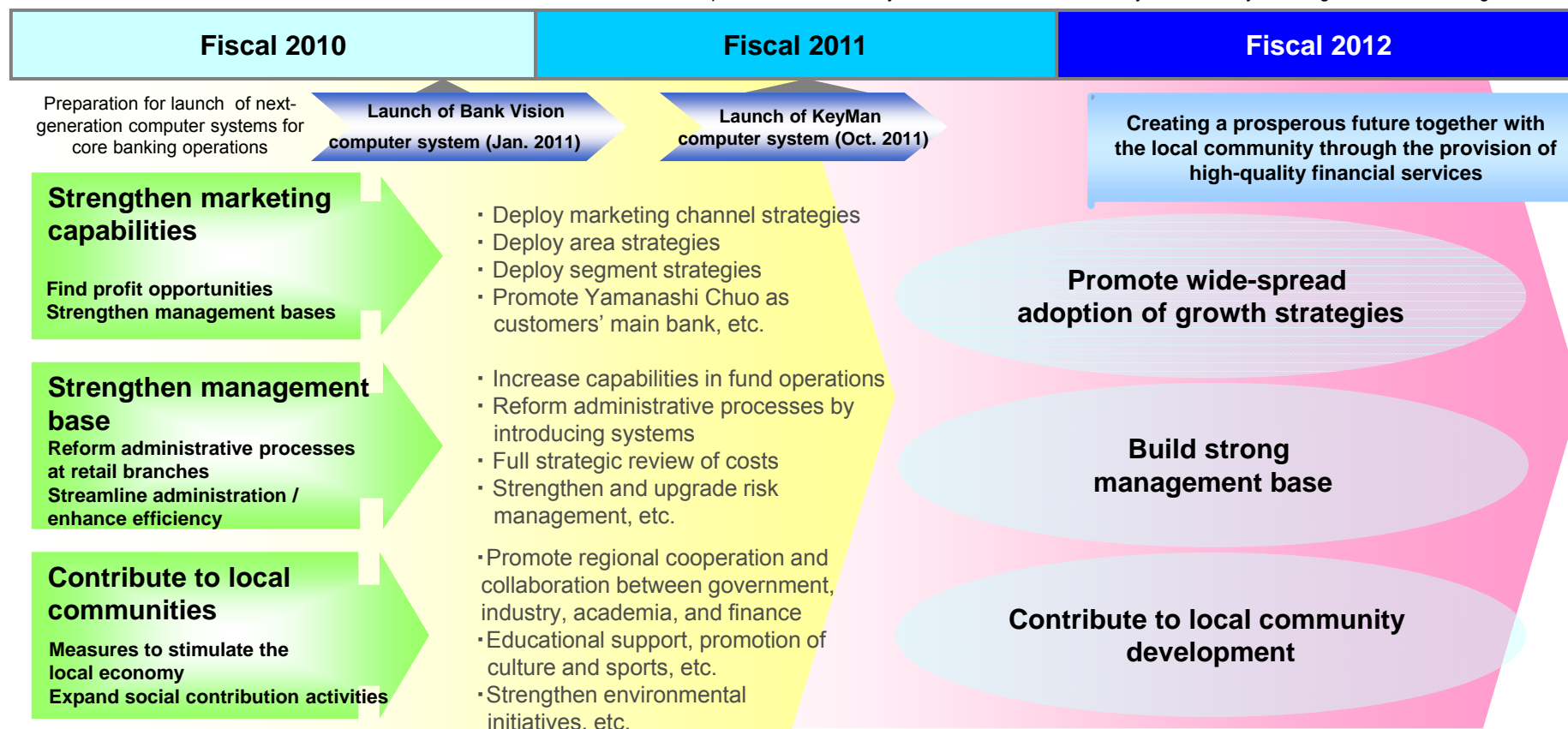
Up-front investment to prepare for action later



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

Item	FY10 (Results)	1H FY11 (Results)	FY11 (Full-term plan)	Comparison with FY10	FY12 (Target in final year)
Gross banking profit on core operations	41.1	19.8	40.0	Down 1.1	44.0 or above
Net business profit on core operations	11.8	4.6	9.3	Down 2.5	14.5 or above
Average loan balance	1,481.9	1,481.5	1,470.5	Down 11.4	1,570.0
Average deposit balance	2,496.8	2,585.5	2,589.3	Up 92.5	2,600.0
OHR	71.30%	76.42%	76.70%	Up 5.40P	67% or under
ROA	0.43%	0.36%	0.33%	Down 0.10P	0.5% or above
ROE	2.60%	3.97%	2.64%	Up 0.04P	3.3% or above
Capital ratio (domestic standard)	15.90%	16.19%	—	—	14% range
NPL ratio	3.51%	3.73%	—	—	3% range

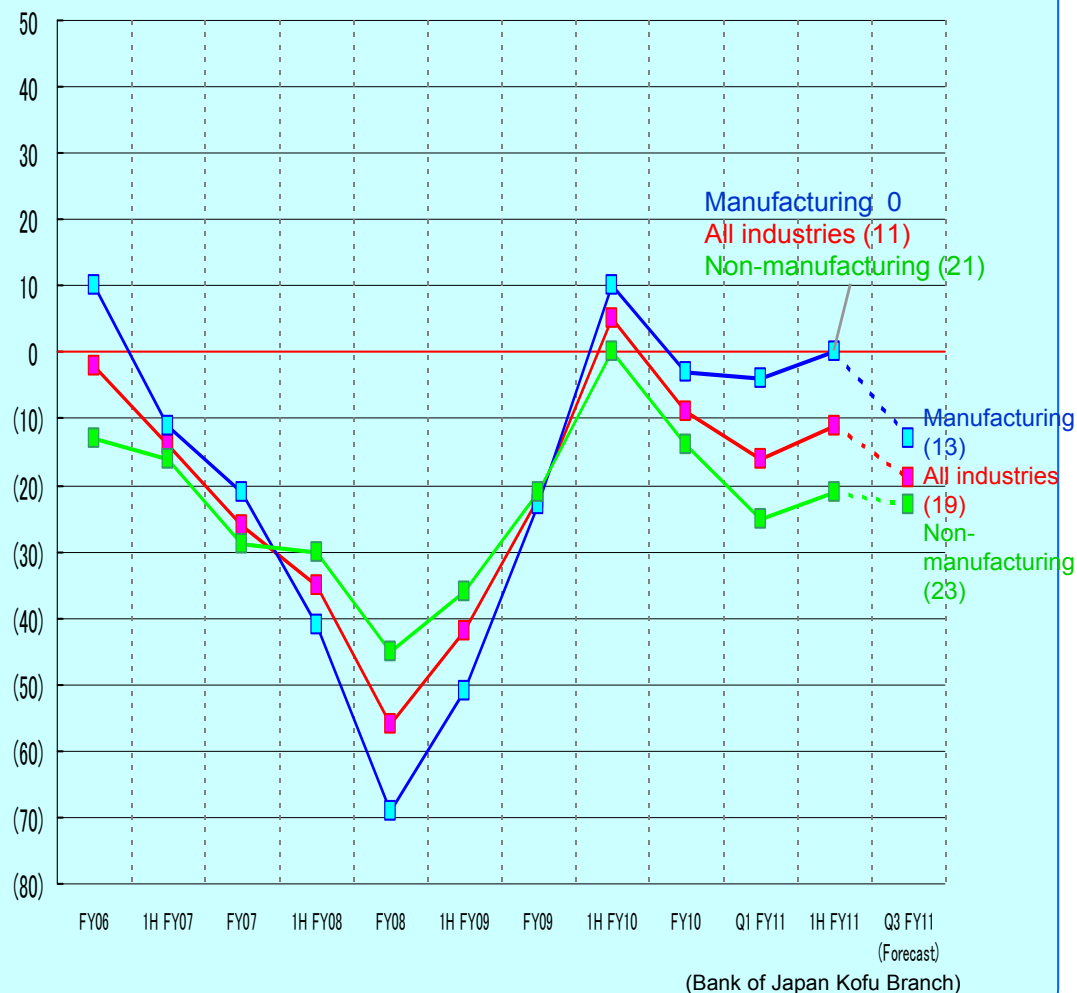
Business environment assumptions when medium-term management plan was formulated:
 • Economy is growing slowly
 • Current (at time formulated) interest-rate levels will continue

* 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)

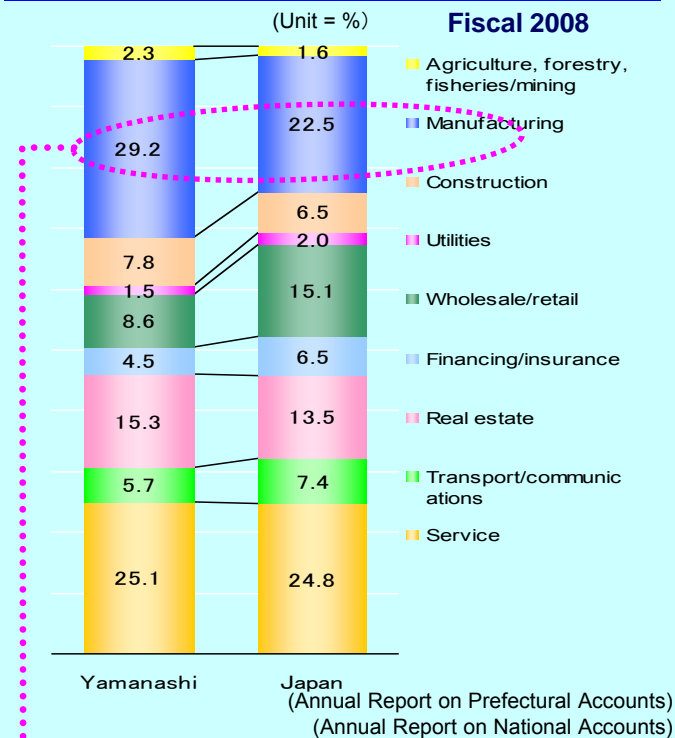
III Economic Trends in Yamanashi Prefecture

Business Trends

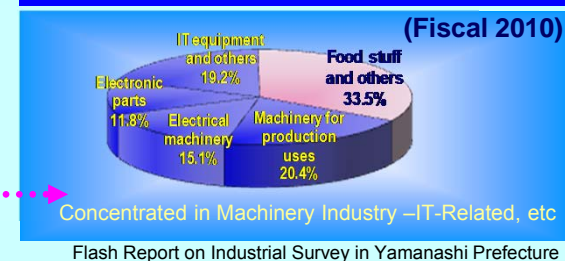
Diffusion Index for Yamanashi Prefecture
(BOJ's Tankan Survey)



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)

- Joint project of Yamanashi Prefecture and Tokyo Electric Power Company
- Began construction in October 2010
- Scheduled to start operation in January 2012
- 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 in 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
- * In March 2013, begin operating mega-solar-type system at two locations (total land area: 23.9ha) on prefectural land.



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 Sept. 2011>
Increase from ¥655.3 billion in 2010 to ¥1,479.7 billion in 2015

Help customers create more new industries and increase machinery industry orders within Yamanashi

- ☆ Actively finance relevant industries
- ☆ Better matching of research results with technical needs of companies

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

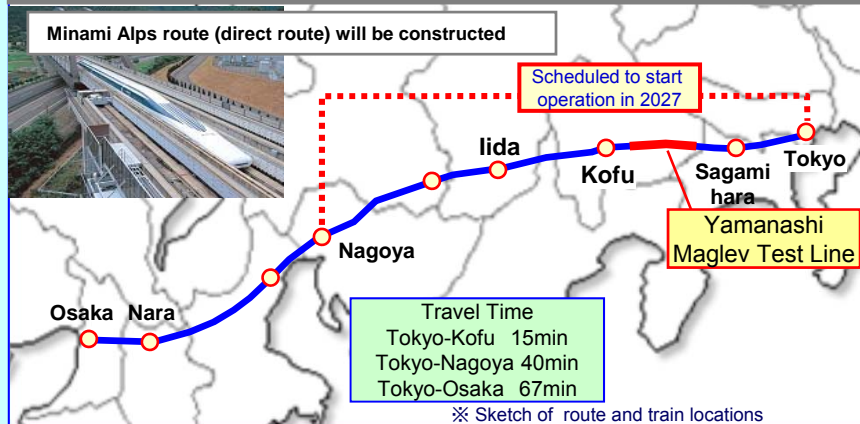
○Maglev Test Line: Line extension work

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

○Maglev Chuo Shinkansen Line

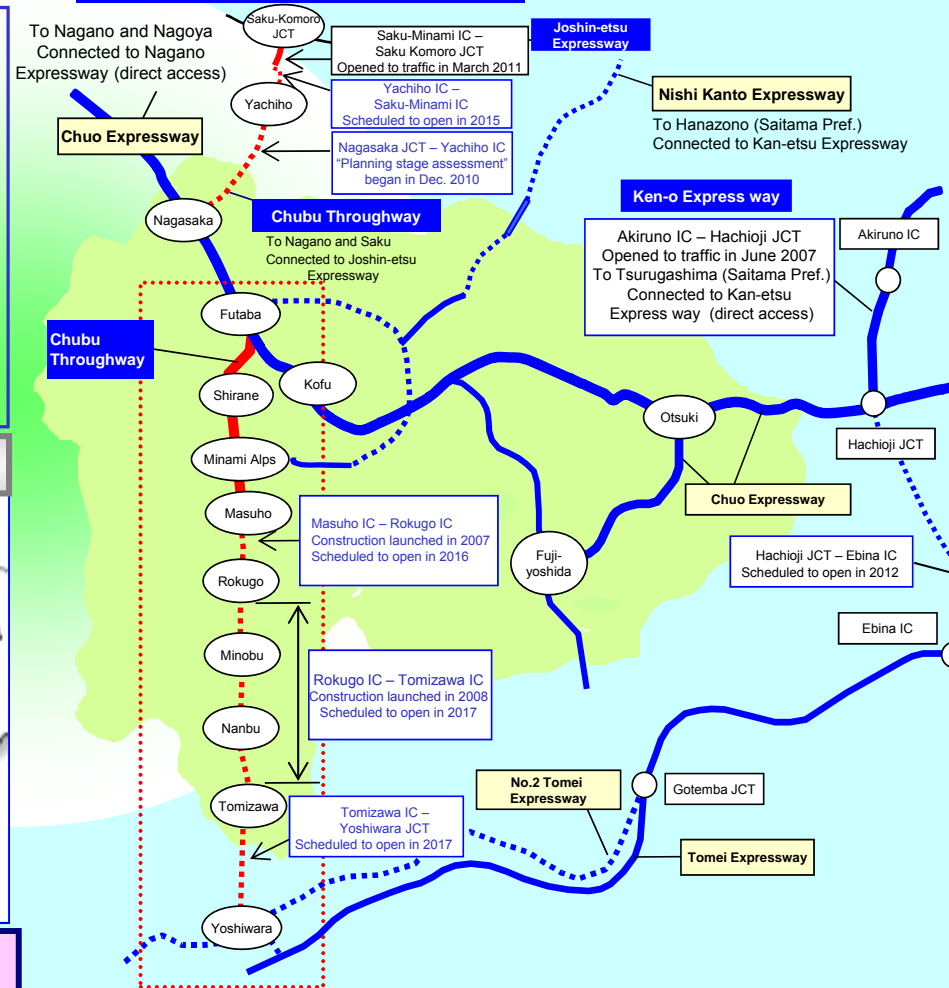
- Start construction in 2014, Operational launch planned for 2027
- Ministry of Land, Infrastructure, Transport and Tourism approved JR Tokai for construction on May, 2011
⇒ Train stations almost decided in Yamanashi in Nov. 2011
- Estimated construction cost (including train cars): ¥9,030.0 bn
- Economic impact if maglev station is opened within the prefecture (Yamanashi Prefecture estimate)
 - An increase of ¥14.6 bn 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



- ★Strengthen collaboration with development projects in areas around new stations
- ★Actively support business financing (local government bodies, PFI, etc.)

Chubu Thruway



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	45.6	(2.9) [(5.9)]
Gross banking profit	42.2	40.3	(1.9) [(4.5)]
Interest income	36.4	35.1	(1.3) [(3.5)]
Fees and commissions	4.5	4.7	0.2 [4.4]
Other operating income	0.1	0.1	0.0 [0.0]
Gross banking profit on core operations	41.1	40.0	(1.1) [(2.6)]
JGBs and other bond transactions	1.0	0.3	(0.7) [(70.0)]
Expenses	29.3	30.7	1.4 [4.7]
General provision to loan loss reserve	(0.7)	(1.2)	(0.5) [–]
Net business profit on core operations	11.8	9.3	(2.5) [(21.1)]
Non-operating losses	(6.2)	(4.0)	2.2 [–]
NPL disposal amount	2.1	2.1	0.0 [0.0]
Equity share and similar transactions	(3.7)	(1.5)	2.2 [–]
Ordinary profits	7.3	7.0	(0.3) [(4.1)]
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	¥8,700

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

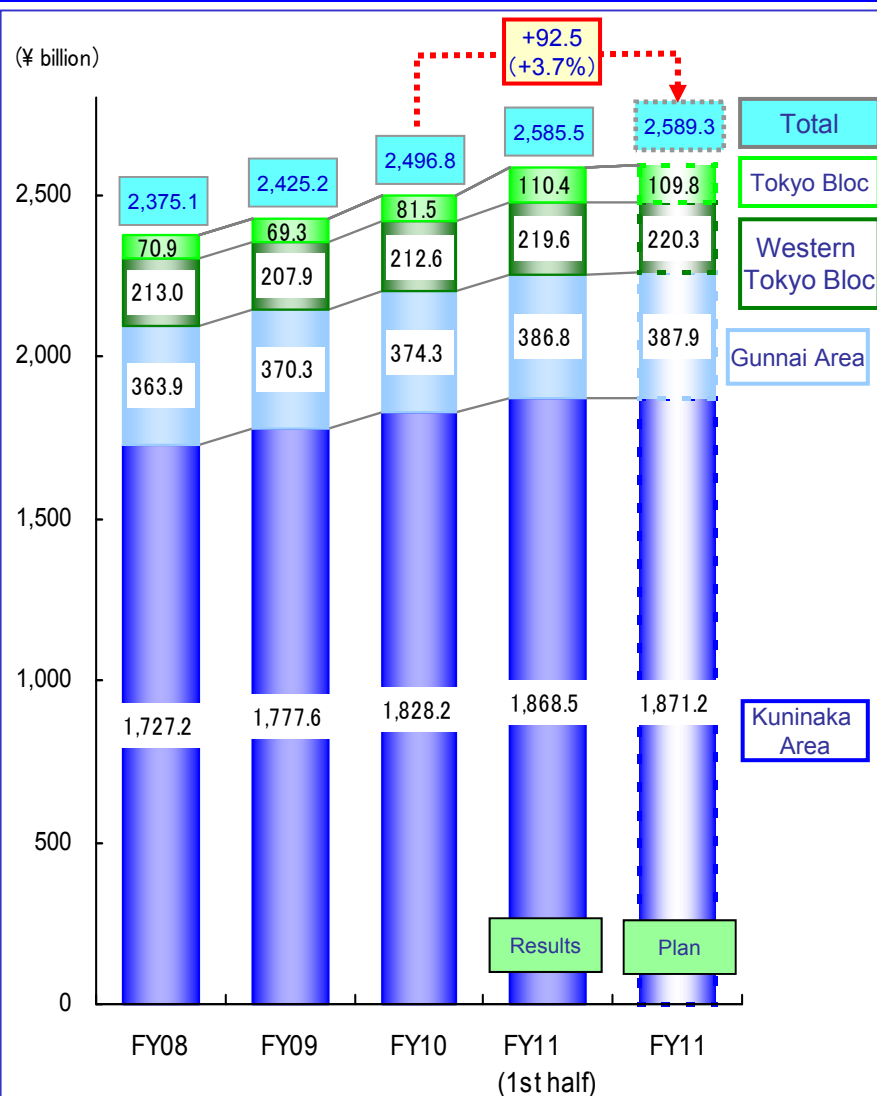
(¥ billion, %)	FY2011 (forecast)	YoY change [%]	Balance	Yield
Fund operations	36.9	(1.8) [(4.6)]	1.1	(2.9)
Interest on loans	24.1	(1.6) [(6.2)]	(0.2)	(1.4)
Interest on securities	12.5	(0.3) [(2.3)]	1.0	(1.3)
Call loan, etc.	0.1	0.0 [0.0]	0.0	0.0
Fund procurement	1.7	(0.6) [(26.0)]	0.0	(0.6)
Interest on deposits	1.6	(0.6) [(27.2)]	0.0	(0.6)
Call money, etc.	0.1	0.0 [0.0]	0.0	0.0
Interest income	35.1	(1.3) [(3.5)]	—	—

(¥ billion)	FY2011 (forecast)	YoY change
Revenues	6.9	0.2
Investment trusts	0.8	0.1
JGBs held by individuals	0.0	(0.0)
Life insurance	0.6	0.1
Others	5.4	0.1
Cost	2.2	0.1
Fees and commissions	4.7	0.2

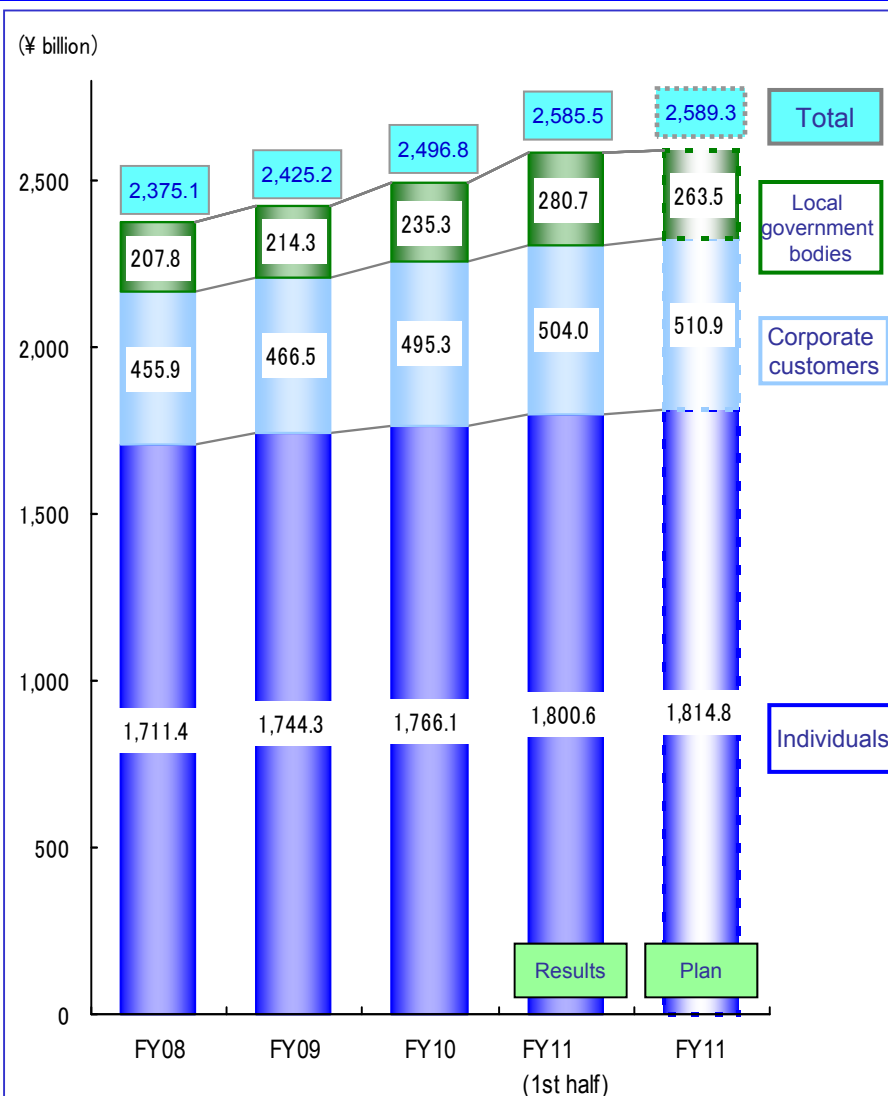
(¥ billion)	FY2011 (forecast)	YoY change
Personnel	16.0	0.1
Premises and equipment	13.4	1.3
Taxes	1.2	0.0
Expenses	30.7	1.4

Plan for Deposits

Average Deposit Balance

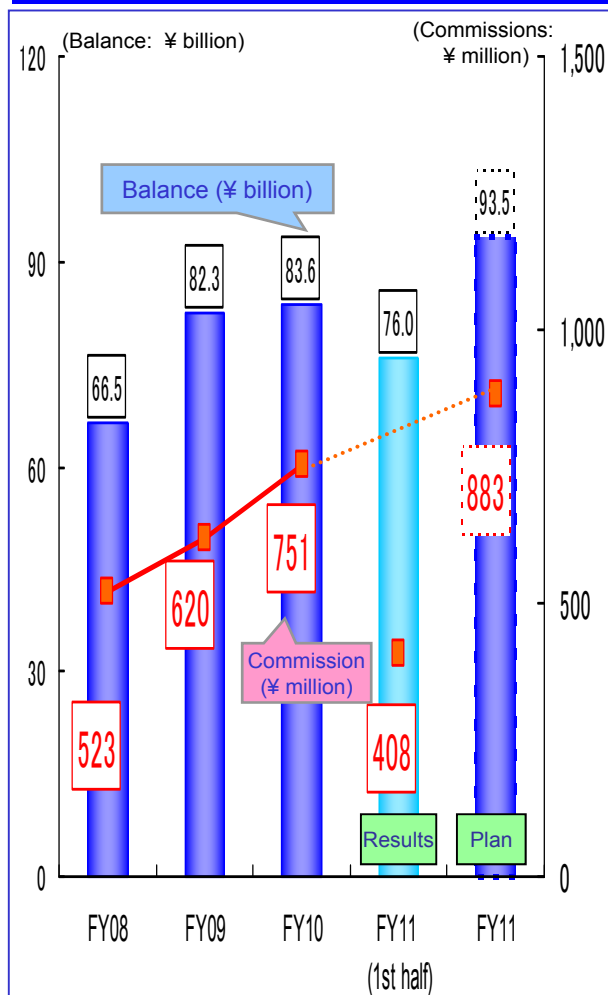


Balance by Customer Segment (average balance)

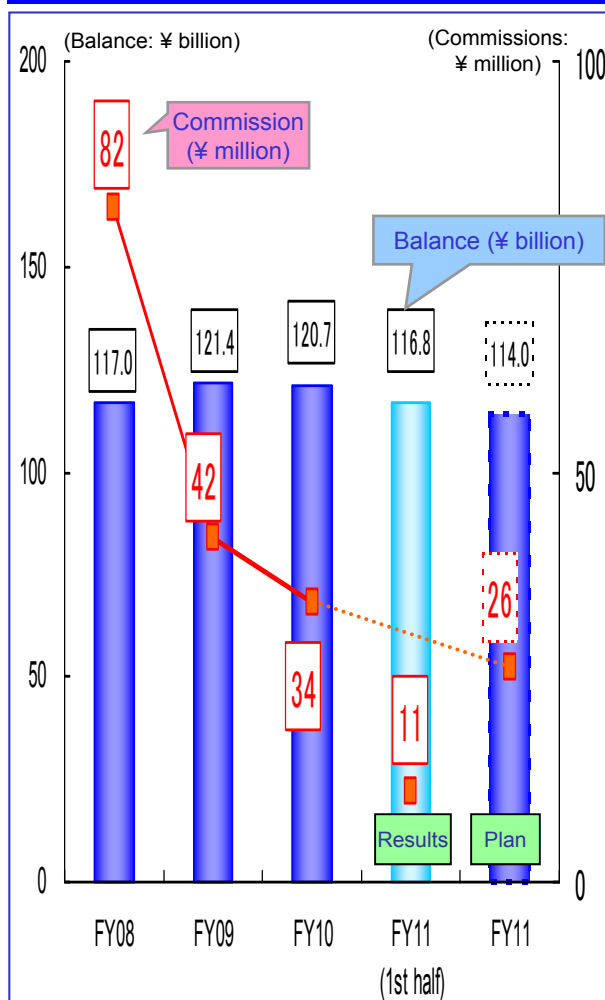


Financial Products Sales Plan

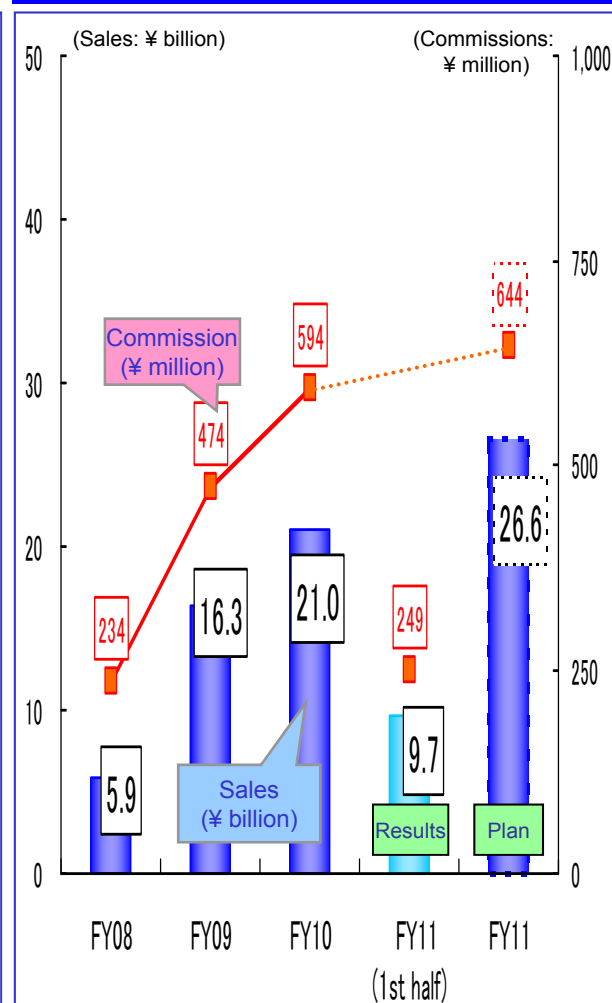
Balance and Commissions on Investment Trusts



Balance and Commissions on JGB held by Individuals

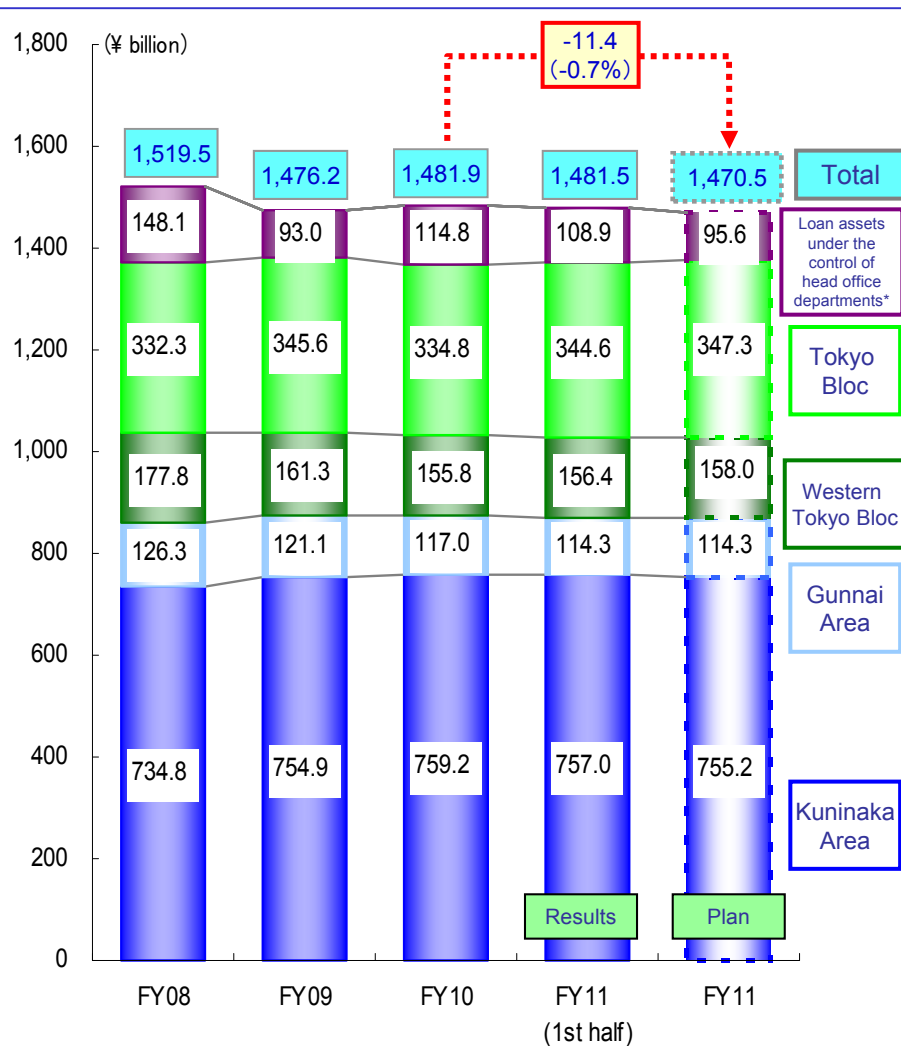


Life Insurance Sales and Commissions

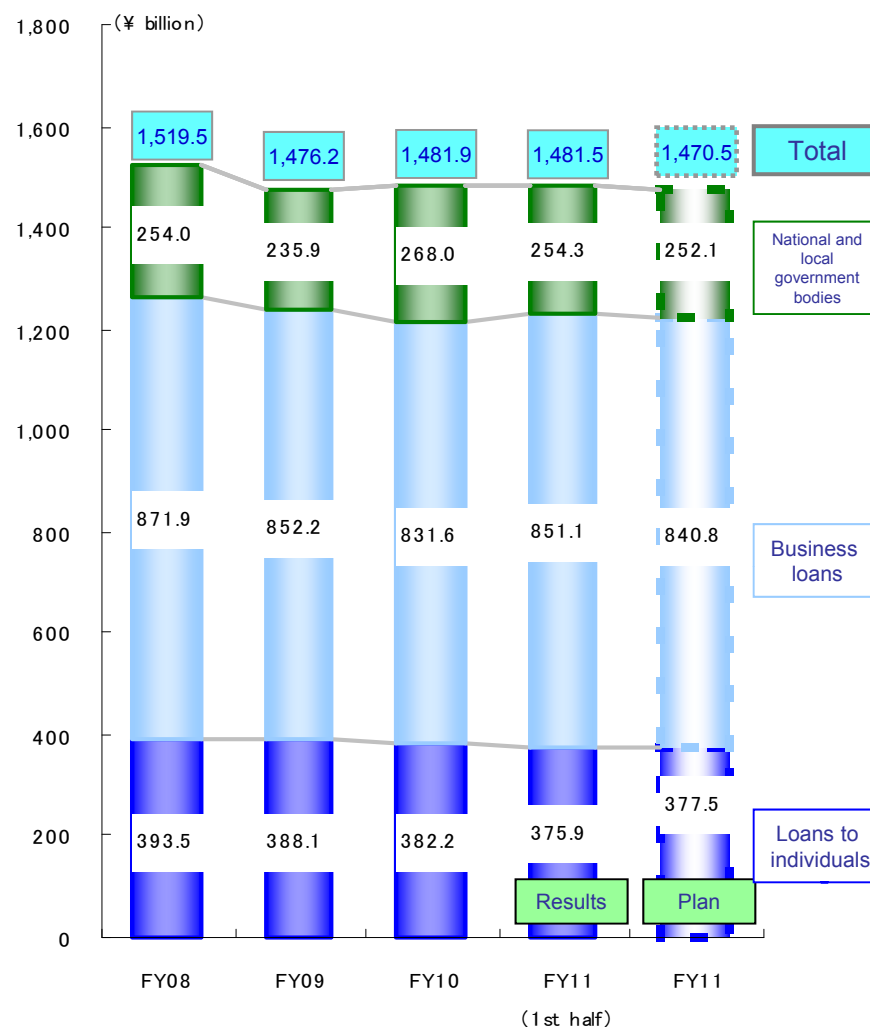


Plan for Loans

Average Loan Balance



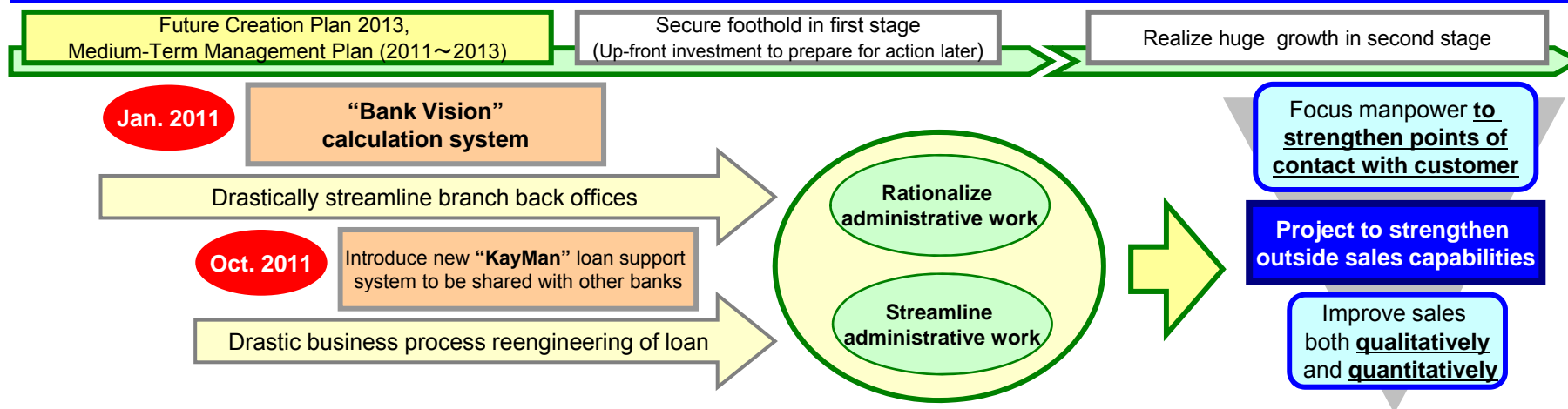
Balance by Customer Segment (average balance)



*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.

Strengthening Marketing Capabilities

Project to strengthen outside sales capabilities



Project Overview

Strengthen system

Strengthen process

Raise promotional capabilities and skills

Marketing system view – Increase profitability by getting all employees involved in marketing

	Local government bodies	Business transactions (corporate, sole proprietorship)	Loans to individuals	Individual transactions
				Managed customers (¥10 million and above) Premium customers
		Branch manager		Branch manager
Outside sales		Company OTC Manager		
		Company liaison officers	Regional liaison officers	Senior consultants
Teller sales				Contact Officer / Teller (branch sales)
Administrative		Loan Officer (Desk in branch/ loan processing)		Deposit / Internal Officer

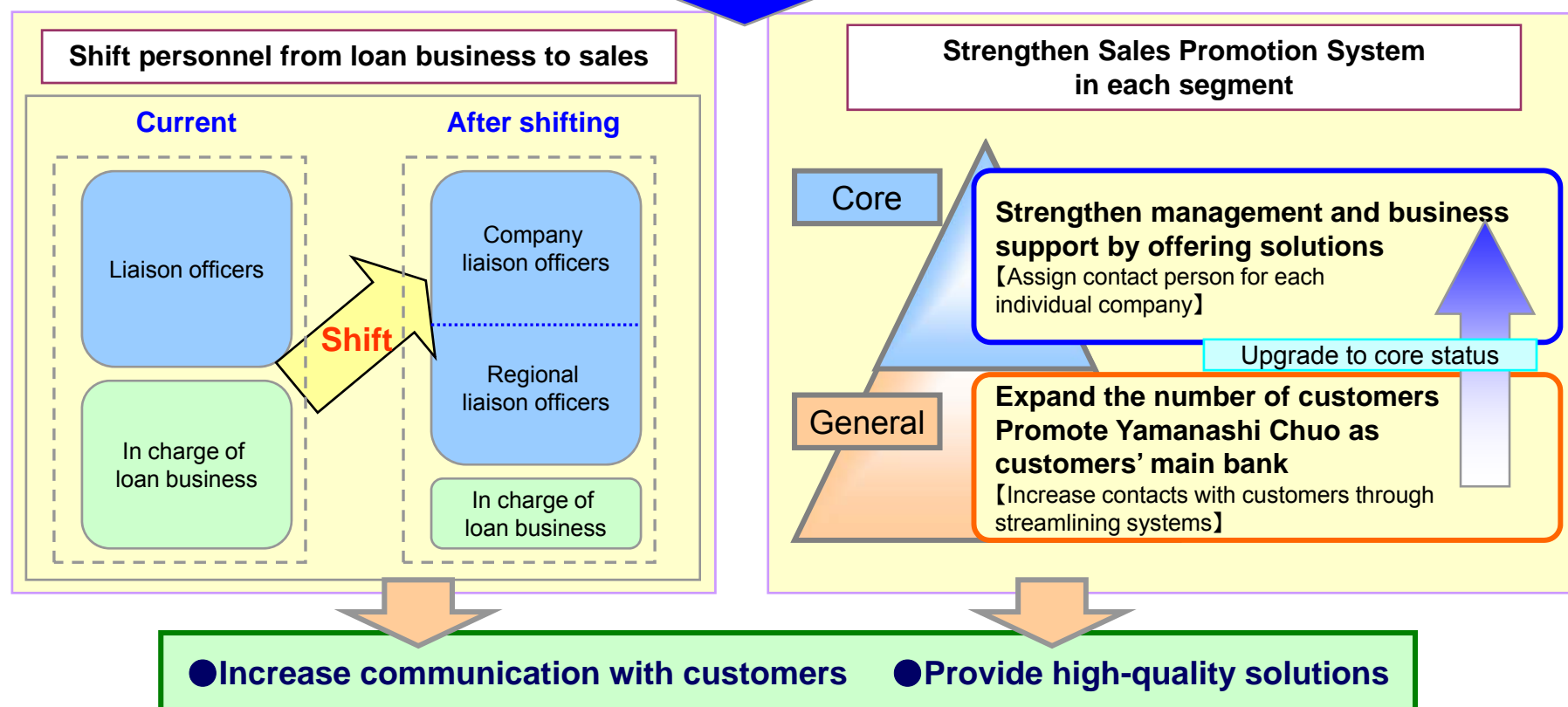
Corporate Banking Strategies 1

Rebuild the Sales Promotion System

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

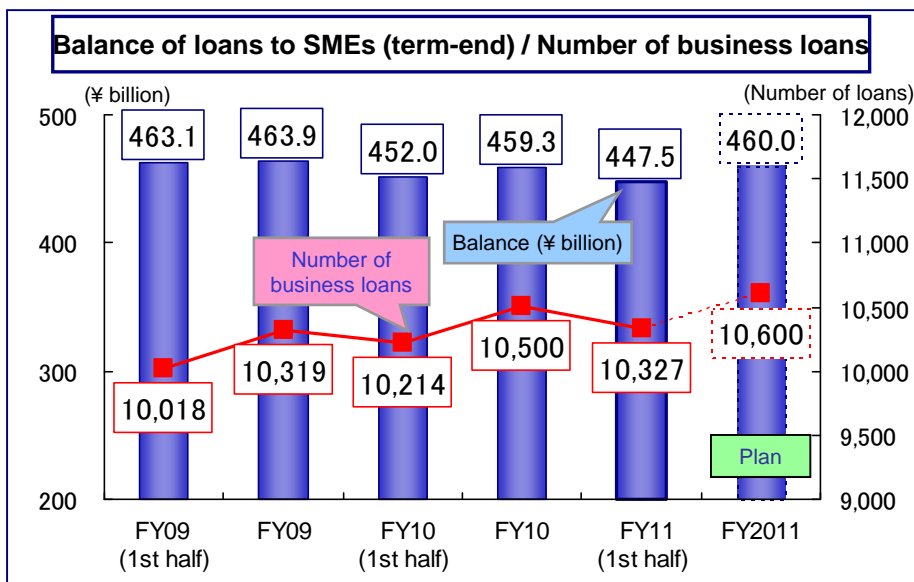
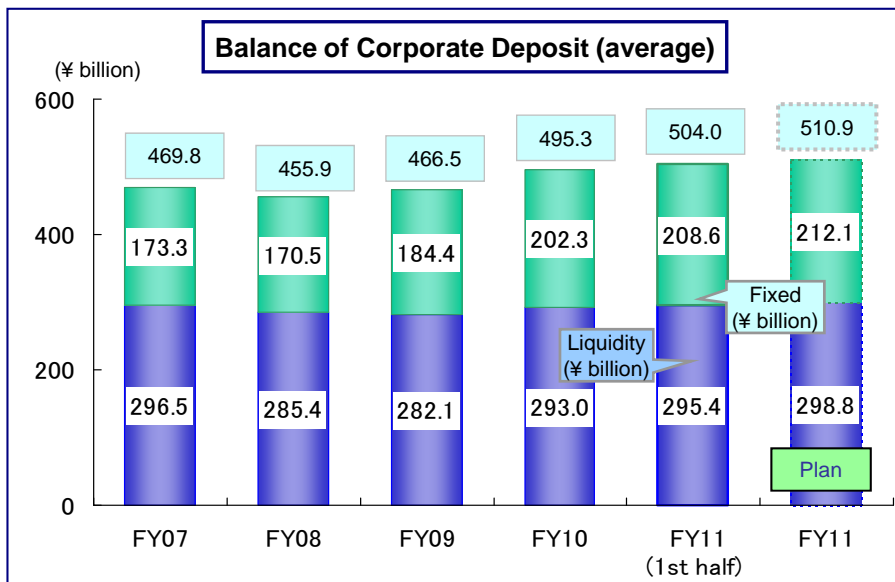
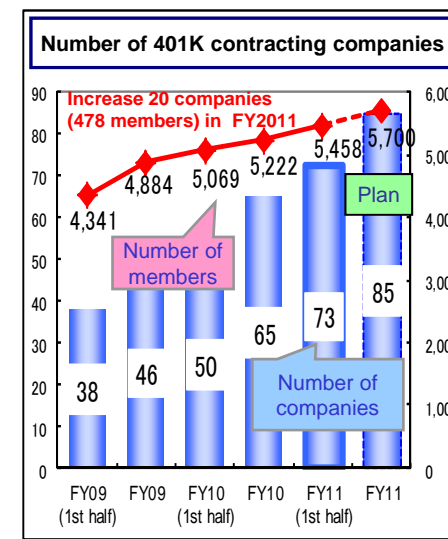
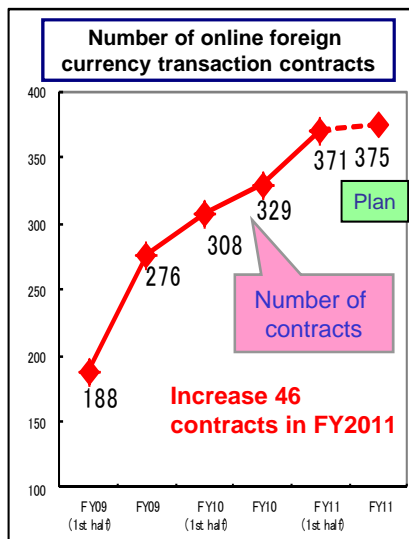
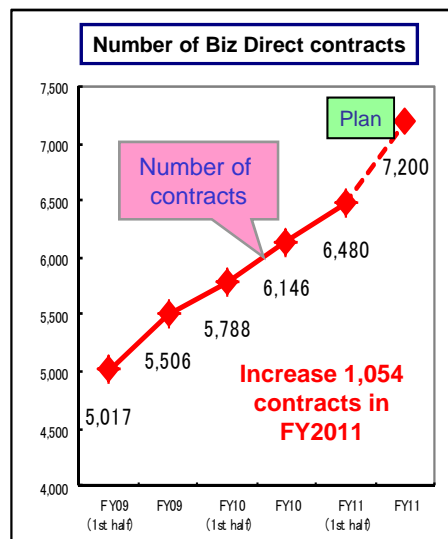
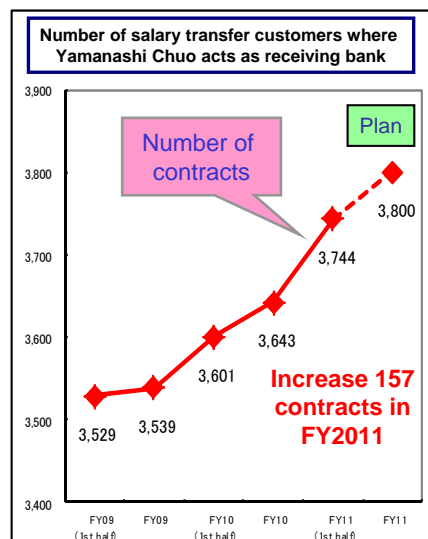
Introduce new “KeyMan” loan support system to be shared with other banks

- 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

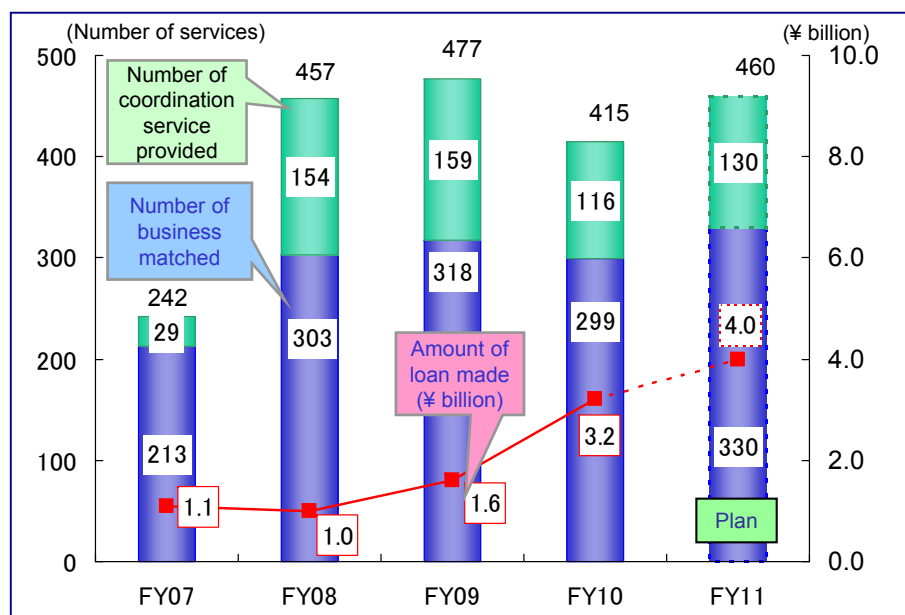
■ Management support through business matching and coordination services

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

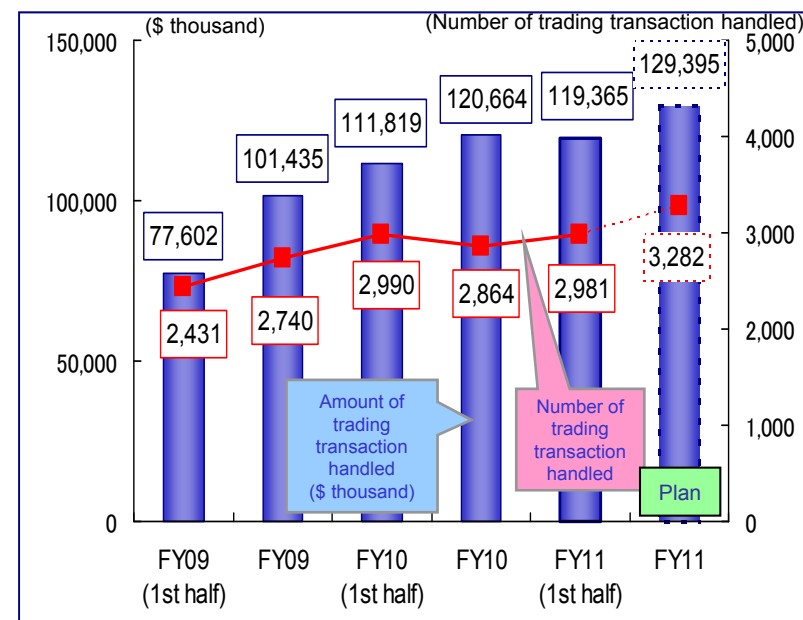
■ Oversea trading support especially for trading in Asia

- Enhance trading experts
- Collaborate with external institutions
- Business tie-up concluded with Bangkok Bank

Results of business matching and coordination service



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



Strengthen activities in SMEs and growth field

Response to funding needs through “Growth Platform Reinforcement”

Support to growing business fields
Expand quality loans

Target
Fund: ¥ 20 billion

Stimulus for
Regional
Revitalization

Results as of September 30, 2011
220 totaling approx. ¥ 14.8 billion

Medical
and
Nursing care

Target
in FY11
¥ 3 billion

Environment

Target
in FY11
¥ 3 billion

Deploy personnel
from each growth fields
at headquarters

Tourism

Target
in FY11
¥ 2 billion

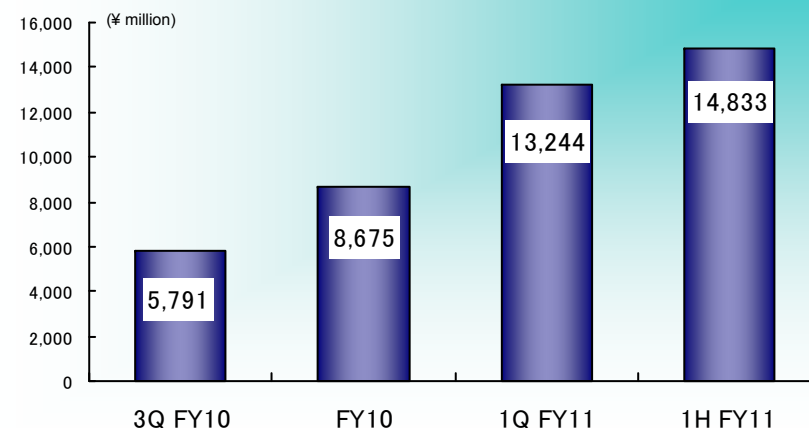
Agriculture

Target
in FY11
¥ 0.5 billion

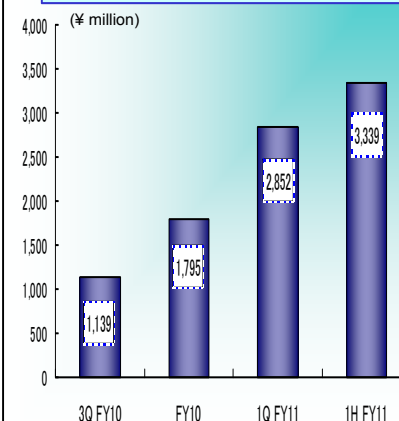
Other fields

Target
in FY11
¥ 3 billion

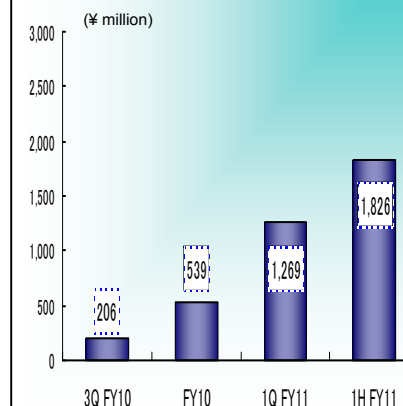
Total accumulated loans in growth fields (loans financed by BOJ)



Total accumulated loans in medical and nursing care fields (loans financed by BOJ)



Total accumulated loans in environmental fields (loans financed by BOJ)



Personal Banking Strategies 1

Strengthen Sales Promotion System

Strengthen promotion system by segment

【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

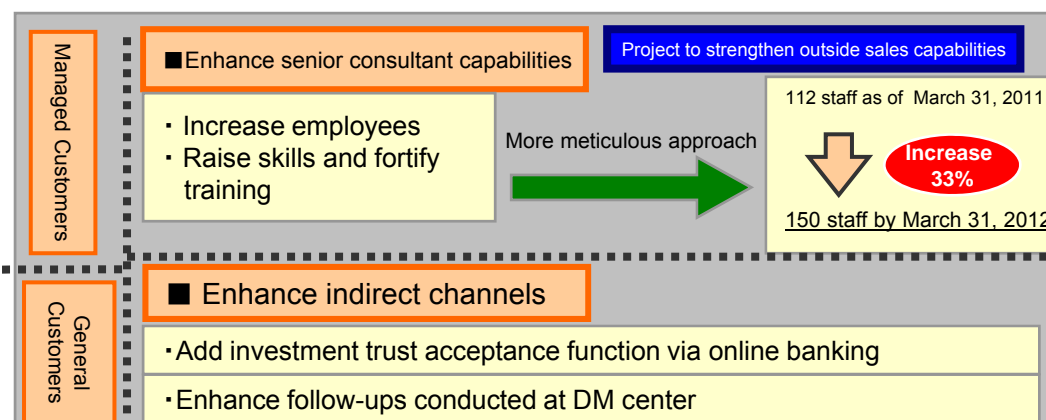
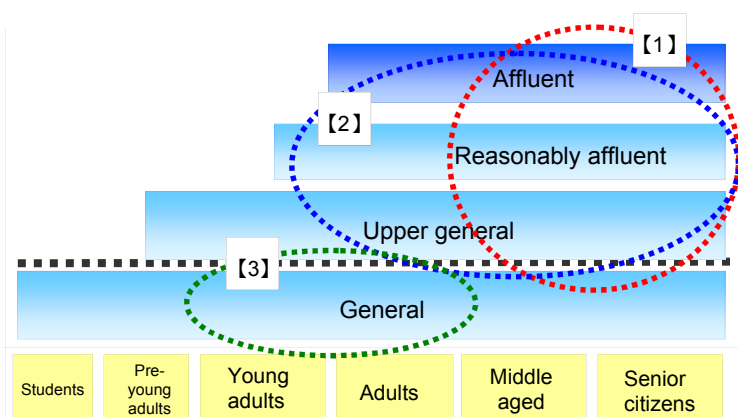
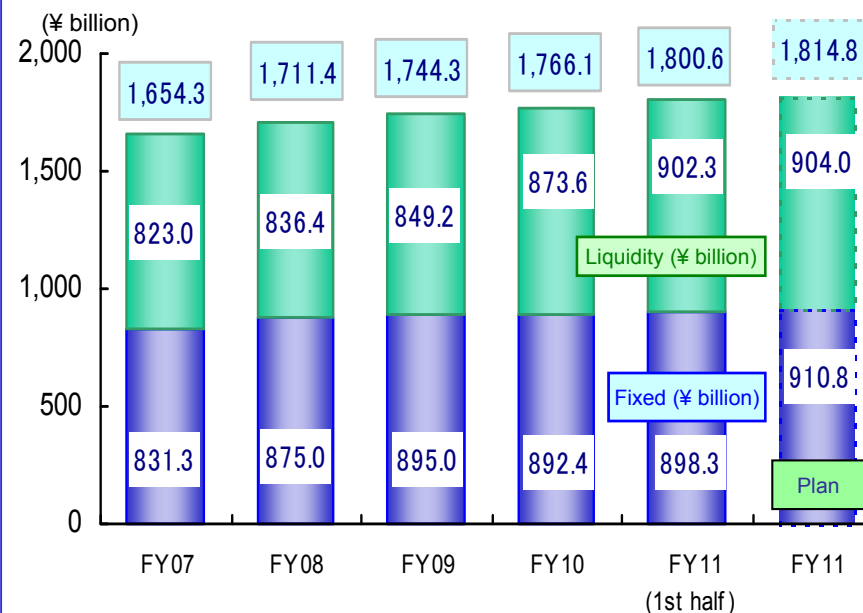
【2】 Strengthen sales of asset management products

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

Balance of Deposits for Individuals (average)



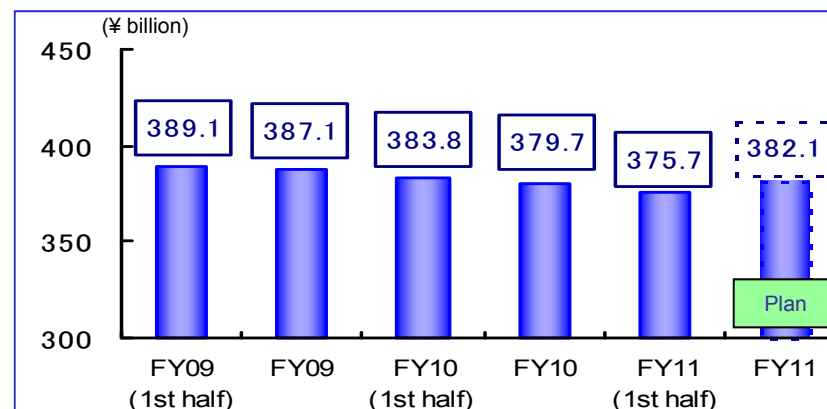
Personal Banking Strategies 2

Strengthen mortgage loans

- Slowdown in new housing starts within Yamanashi prefecture
 - Declining consumer appeal
(Competition for Flat 35, long-term mortgage loans, with other financial institutions and banks has intensified)
- Balance of mortgage loans has been decreasing**

Target for mortgage loans:
increase of ¥6.4 billion in the second half

Balance of Deposits for Individuals (term-end)



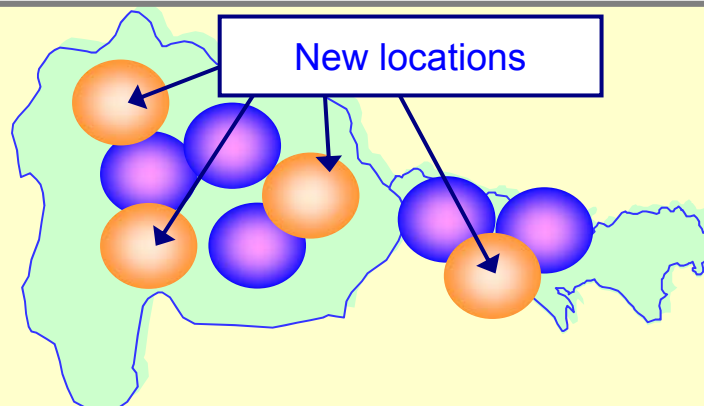
Rebuild Promotion System

Increase Loan Squares (branches that handle mortgage loans)

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



Increase to 9 locations
within three years



Concentrate administrative works at headquarters

Set interest rates strategically

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



Develop more lifelong
customer relationship

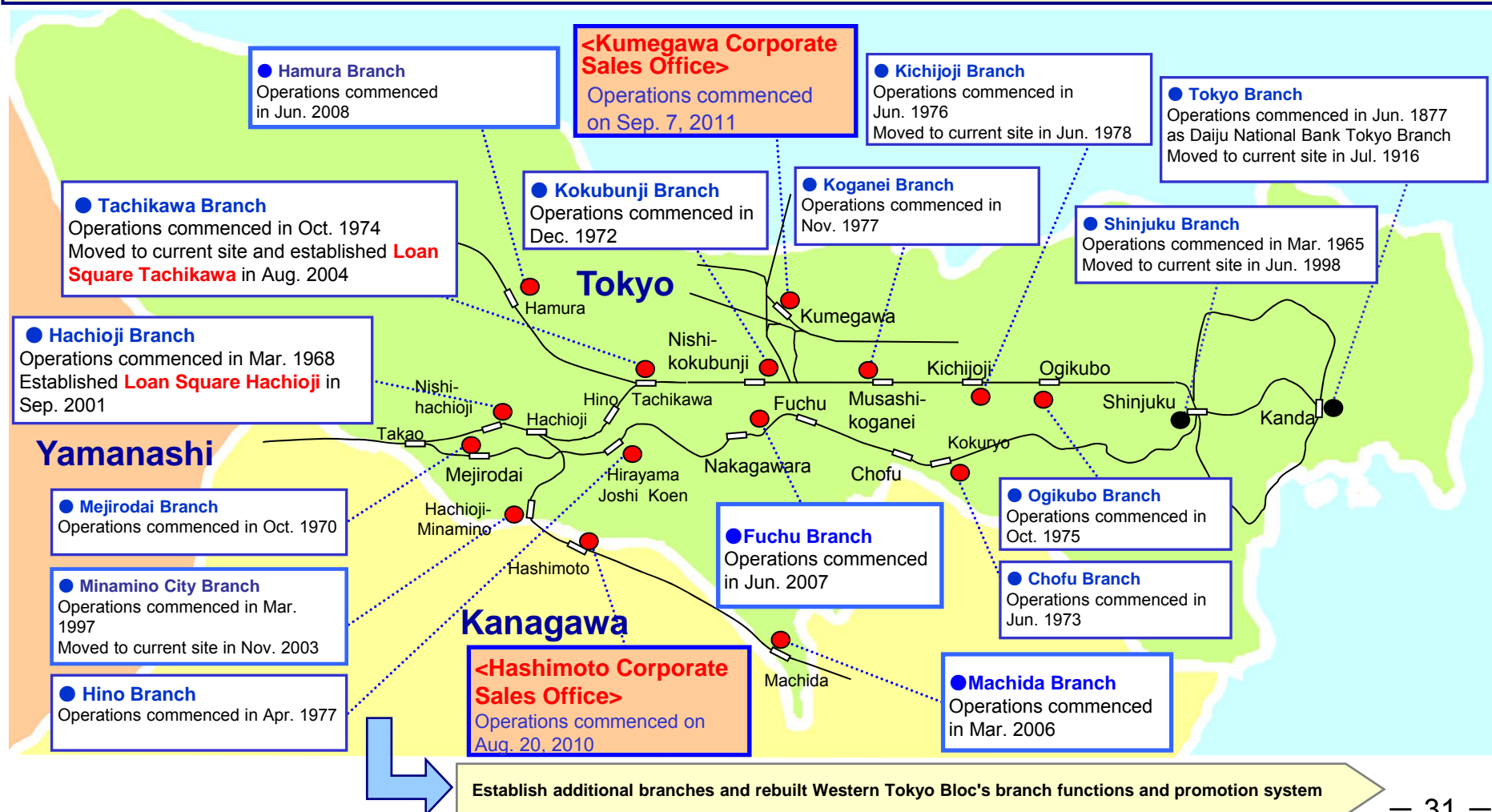
Western Tokyo Area Strategies 1

Western Tokyo Area Strategies [Prospect]

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

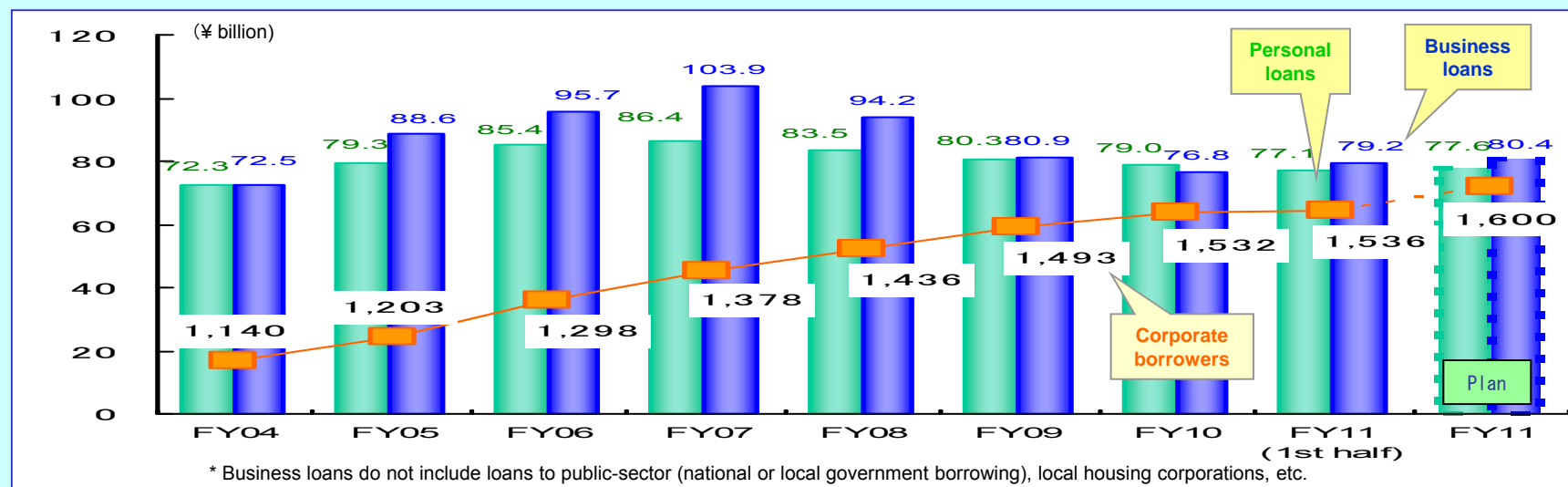
Since launch of Hachioji Branch in 1968, the Bank has launched 13 branches and 2 corporate sales offices

Expanding business base to the whole area

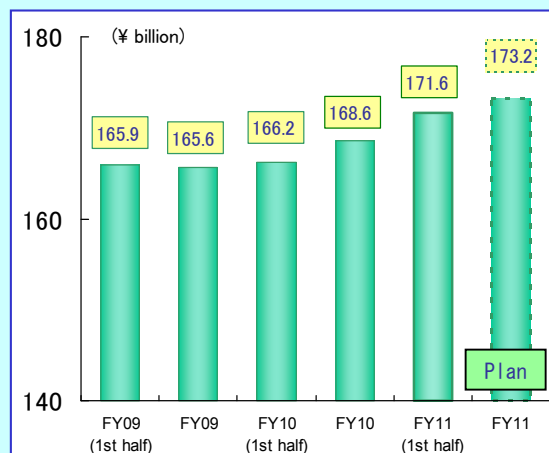


Western Tokyo Area Strategies 2

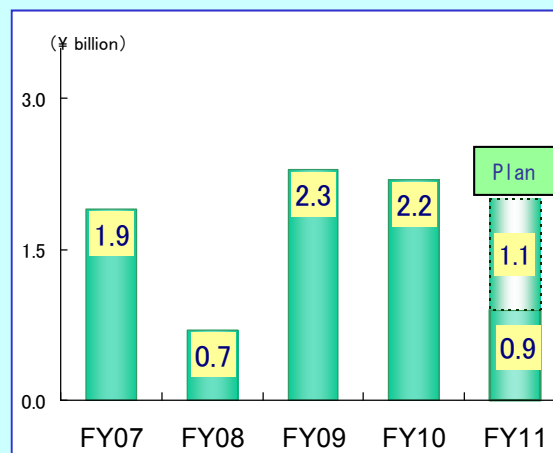
Average Loan Balance and Corporate Borrowers



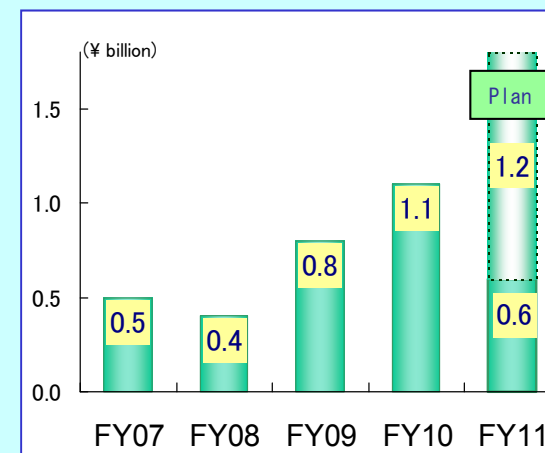
Balance of Deposits for Individuals (term-end)



Sales for Investment Trusts



Sales for Life Insurance Products



Western Tokyo Area Strategies 3

Measures to improve loans to SMEs

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

Plan for this 2nd half

Loans to SMEs
Increase of ¥ 7.7 billion

Number of loans to SMEs
Increase of 69

Large Market

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

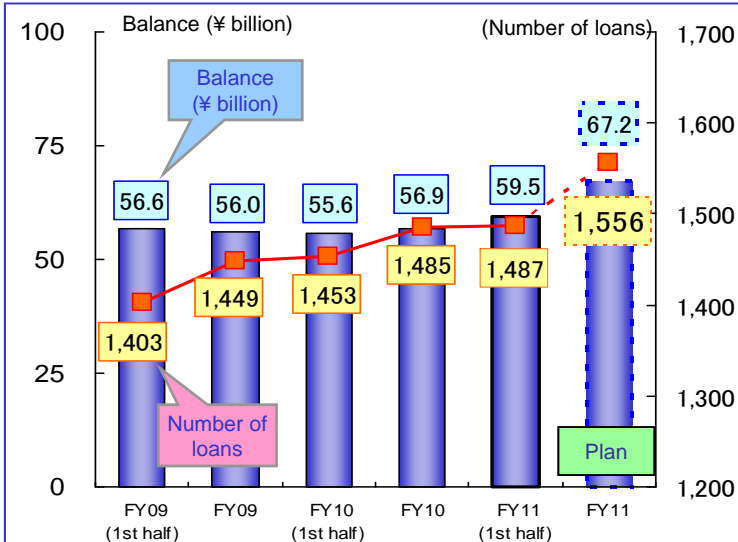
Offices, factories and shops 170,000

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)

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



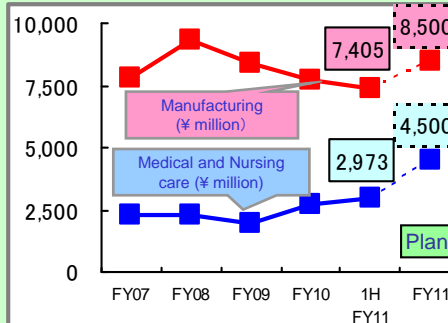
Strengthen the promotion system by segment

Strengthen activities in growth fields

Strengthen promotion in medical and nursing care and manufacturing industry

• Station full-time staff

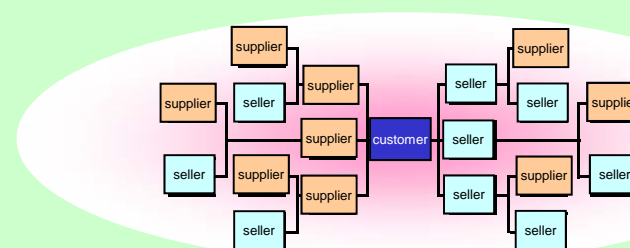
Balance of loans to medical and nursing care and manufacturing industry



Strengthen business solutions

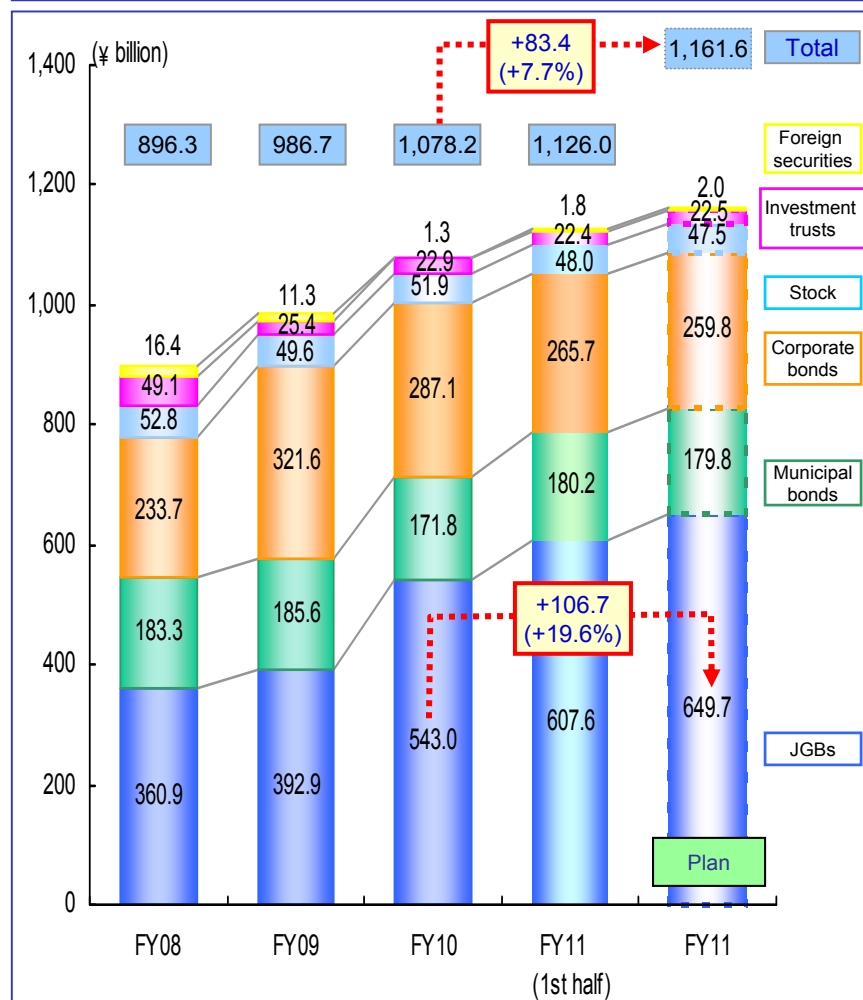
Aggressively use KeyMan and KeyManS³ business data

- Achieve more tangible solution sales by understanding business trends
- Expand customer network by accumulating supplier and seller information

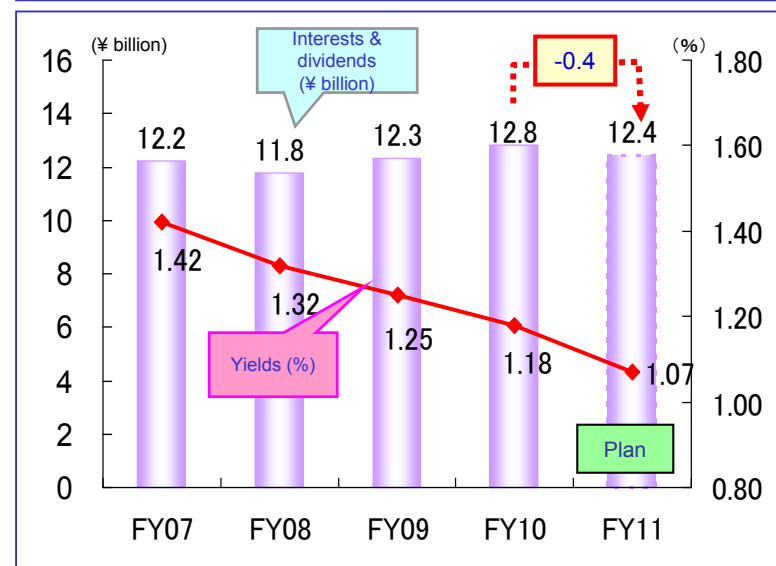


Plan for Investment in Marketable Securities

Average Balance of Securities



Securities Yields / Interests & Dividends



Plan Breakdown of Interests & Dividends for FY11 (¥ billion)

	FY10	FY11	Change
Securities	11.4	11.3	(0.1)
Stocks	1.0	0.9	(0.1)
Investment trusts	0.2	0.2	(0.0)
Total	12.8	12.4	(0.4)

Investment Strategy

Scenario

- Forecast range for the second half of fiscal 2011
- Long-term interest rates: 10-year JGBs 0.85%-1.40%
 - Shares: Nikkei Stock Average ¥7,500 - ¥11,500

【Bonds】

- Based on ladder-type portfolio
- Focus on safety
- Modified duration for yen-denominated bonds: 4.0
- Flexibly reshuffle depending on financial environment
- Diversify investment to foreign securities

【Investment Trusts】

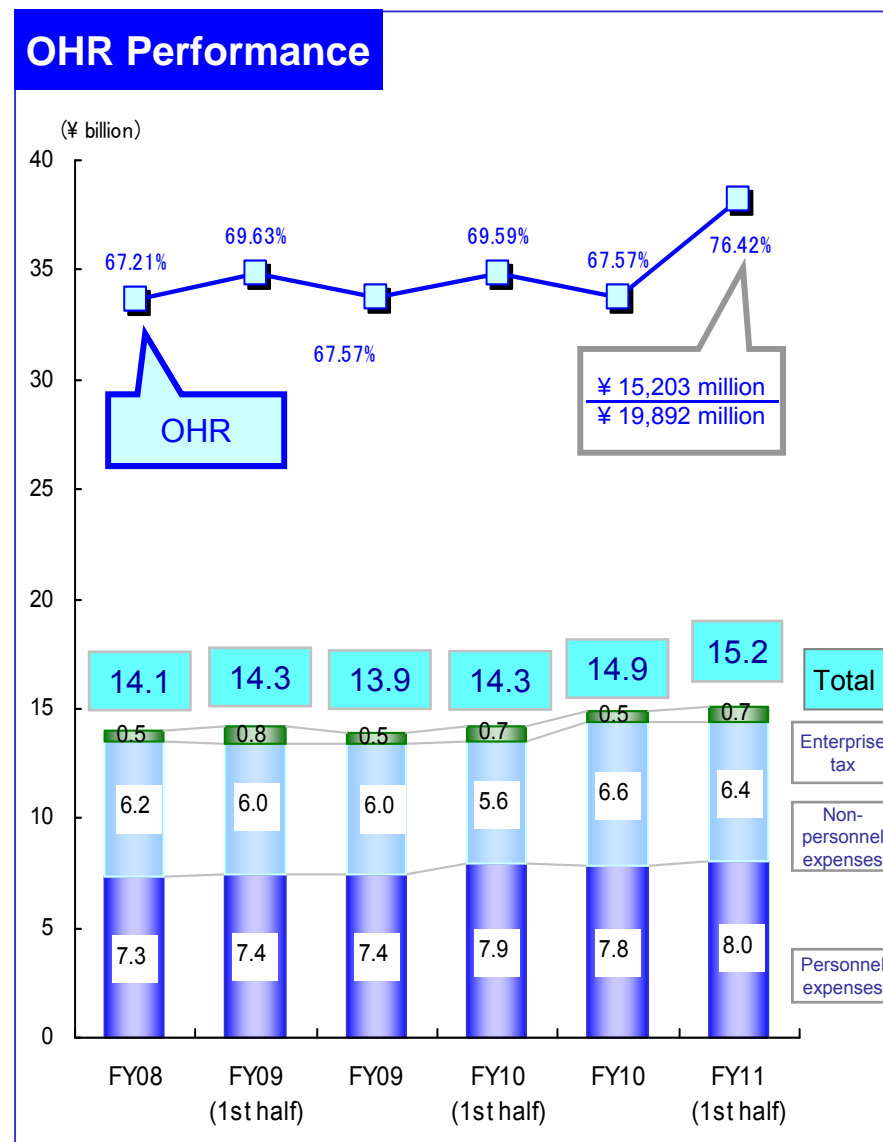
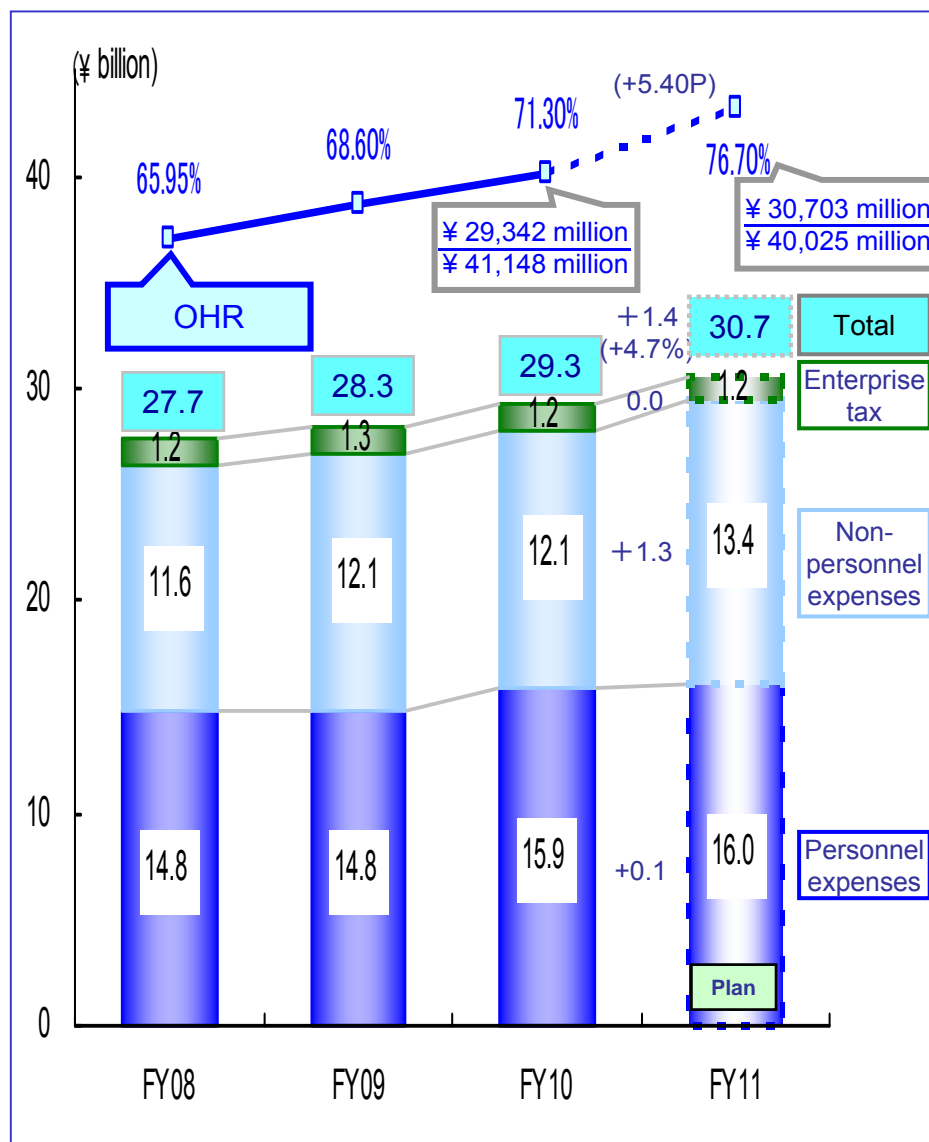
- Focus on stability and profitability
- Reallocate funds to generate higher investment yield
- Continue JREIT investments

【Stocks】

- Focus on growth potential and profitability
- Limit the number of stocks; improve investment yield
- Restrict policy investments

- Reallocated funds to generate higher investment yield
- Focus on stable low-risk investment
 - Investments that limit liquidity and credit risk
 - Reduce interest-rate risk by flexibly reshuffling portfolio

Operating Expenses and OHR (Trends and Forecasts) 山梨中央銀行



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

Gross banking profit on core operations = Gross banking profit – JGBs and other bond transaction profit/loss

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 and depreciation	2.8	3.4	2.8	0.0
New system running cost increase	0.0	0.3	0.9	0.9
Ordinary expense	6.6	6.0	5.4	(1.2)
Investment projects (including depreciation)	1.7	0.7	1.9	0.2
Total property expense	11.2	10.5	11.1	(0.1)

(Excluding temporary expense for conversion to new system and amortization of software assets)

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

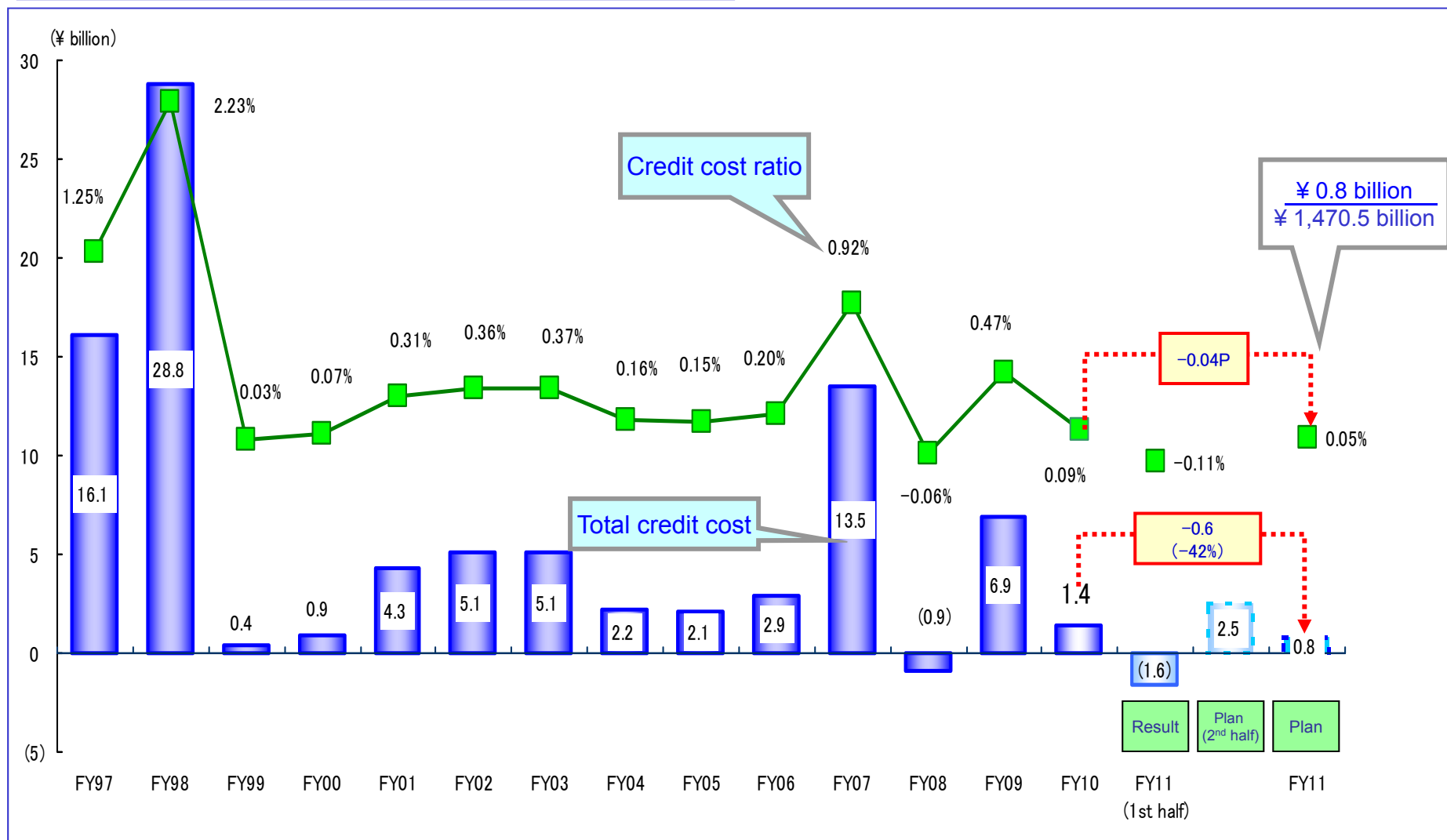
- ◇ Reduce labor cost by cutting back personnel
- ◇ Allocate personnel to promising area and new business
- ◇ Send personnel to JETRO and other external institutions

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

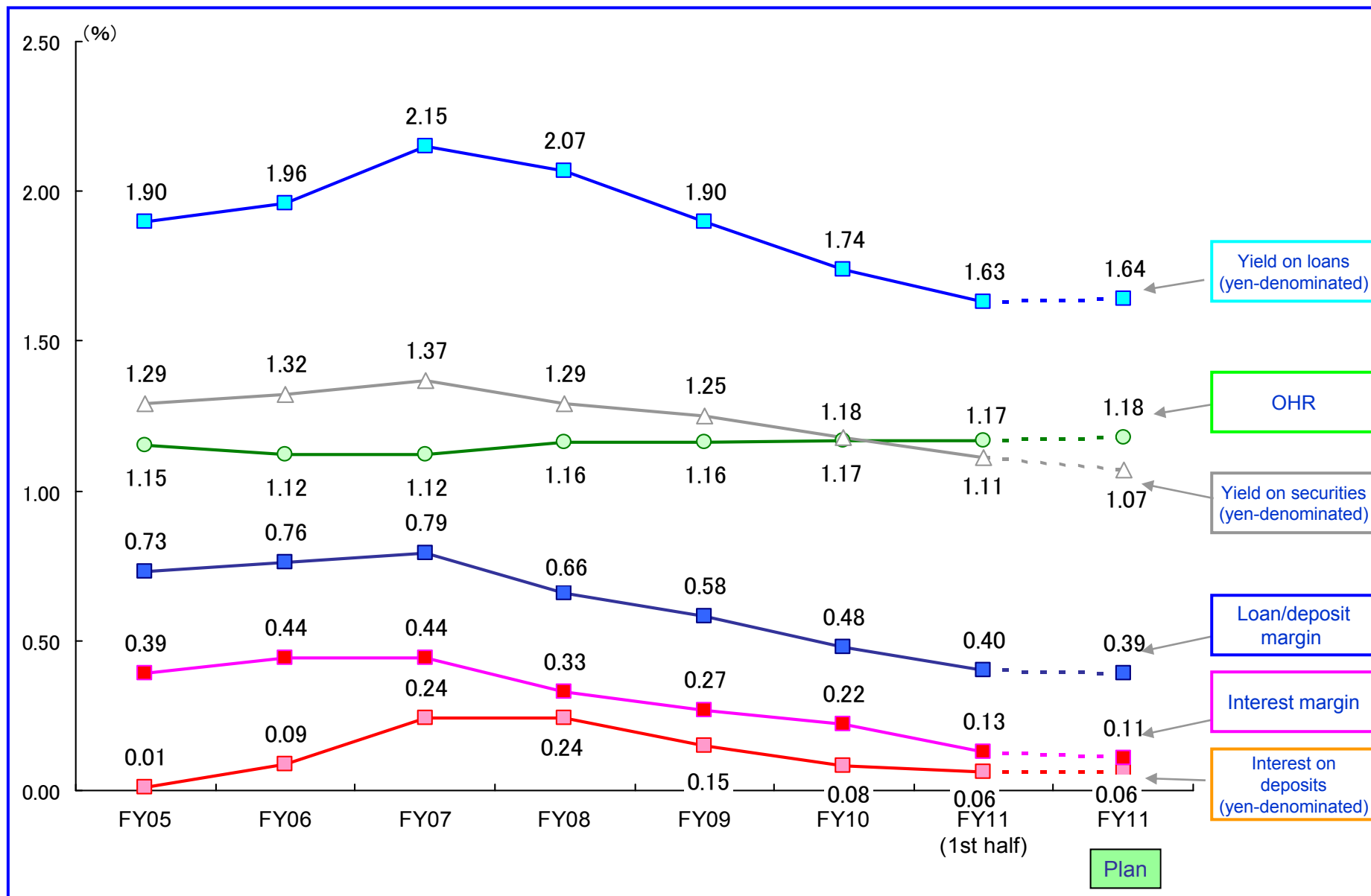
Credit Cost (Trends and Forecasts)

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) 山梨中央銀行



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

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

(¥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%

(Note) Calculated in yen and rounded down

V Themes for Fiscal 2012 and Beyond

Becoming the No. 1 Regional Bank for Customer and Employee Satisfaction

To increase operating income

1. Increase risk-weighted assets so that capital ratio declines by no more than 1 %
2. Regain market share from major banks in prefecture ~ Immediate goal is 10% of the total credit balance of approximately ¥210 billion for major banks
3. Develop personnel (50 in 5 years) with good judgment to revitalize local industry and new demand growth
4. Better and more sophisticated bond investments
5. Efforts to revitalize Yamanashi Prefecture's economy in line with transportation infrastructure improvements

Themes for Fiscal 2012 and Beyond 2 <Reference 1>

○ Preliminary calculation of capital ratio (Basis: 1H Fiscal 2011)

* Should risk-weighted assets increase ¥61 billion in value, the Bank's capital ratio would drop 1%

(Preliminary calculation I)

(Unit: ¥ billion)

	FY11 (1st half) ①	②	② - ①
Regulatory capital	149.6	149.6	0.0
Risk-weighted assets	923.6	984.6	61.0
Capital ratio	16.19%	15.19%	-1.00%

Does not take into account an increase in revenue as a result of an increase in average loan balance

Increase in 100% risk-weighted loans

Managed with loans (risk-weighted at 75%) to SMEs

Growing average loan balance expected to reach ¥81.4 billion

(Preliminary calculation II)

(Unit: ¥ billion)

	FY11 (1st half) ①	②	② - ①
Regulatory capital	149.6	150.6	1.0
Risk-weighted assets	923.6	984.6	61.0
Capital ratio	16.19%	15.29%	-0.90%

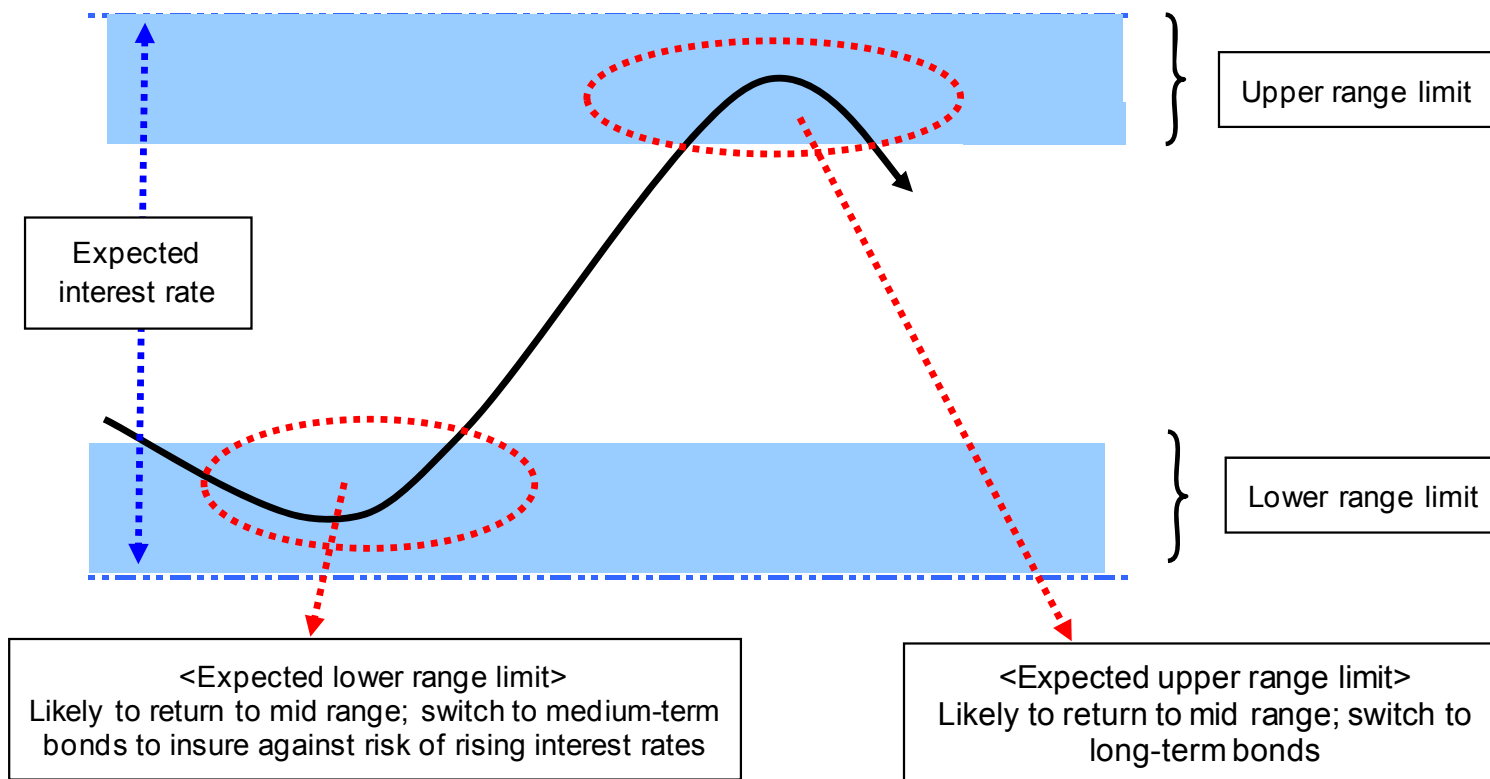
Takes into account an increase in revenue as a result of an increase in average loan balance

(Prerequisite)

If an average monthly interest rate of 2.10% (September) is applied to the Bank's SME loans, regulatory capital would increase by ¥1.0 billion (¥81.4 billion x 2.10% x 59.8%)

Themes for Fiscal 2012 and Beyond 2 <Reference 2>

○ Example of flexible bond investment



<Sample calculation of reshuffled portfolio> (¥billion)

	Type	Value	Profit (Loss)	Annual interest
Sell	Long-term bonds	30.0	1.0	(0.30)
Buy	Medium-term bonds	30.0	-	0.05
Total			1.0	(0.25)

<Sample calculation of reshuffled portfolio> (¥ billion)

	Type	Value	Profit (Loss)	Annual interest
Sell	Long-term bonds	30.0	(0.2)	(0.05)
Buy	Medium-term bonds	30.0	-	0.36
Total			(0.2)	0.31

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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