

The background of the slide is a scenic photograph. In the center, Mount Fuji is visible with its iconic snow-capped peak. To the right, a traditional Japanese pagoda with multiple tiers and a green roof stands prominently. The foreground is filled with lush green trees, and a small town is visible at the base of the mountain. The sky is blue with scattered white clouds.

The Yamanashi Chuo Bank, Ltd. The 30th Analyst Meeting

- **Fiscal 2015 Business Results**
- **Forecasts for the Current Term (FY2016)**
- **Medium-Term Management Plan 「S.T.E.P. up 2019」**

June 1, 2016 (Wed)

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■ Profile (as of March 31, 2016)

- Predecessor Founded: April 1877
- Established: December 1941
- Head Office: 20-8, Marunouchi 1-Chome, Kofu, Yamanashi
- Common Stock: ¥15,400 million
- Employees: 1,677
- Branches (including sub-branches):
91 (74 in Yamanashi Pref., 16 in Tokyo, 1 in Kanagawa Pref.),
Representative Office: 1 (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 2015 Business Results and Forecasts for the Current Term (FY2016)

Fiscal 2015 Business Results (summary)



(¥ billion, %)	FY14	FY15	YoY change [%]
Operating income	45.4	50.9	5.4 (11.9)
Gross banking profit	38.0	38.6	0.6 (1.7)
Interest income	33.3	34.2	0.9 (2.7)
Fees and commissions	4.6	4.5	(0.0) ((0.2))
Other operating income	0.1	(0.6)	(0.7) ((731.4))
Gross banking profit on core operations	38.0	38.1	0.1 (0.3)
JGBs and other bond transactions	0.0	0.5	0.5 (5330.0)
Expenses	27.9	27.9	(0.0) ((0.1))
General provision to loan loss reserve	—	1.6	1.6 (—)
Net business profit	10.0	9.1	(0.9) ((9.1))
Net business profit on core operations	10.0	10.2	0.1 (1.8)
Non-operating losses	2.4	3.7	1.2 (49.5)
Gains on reversal of provision to loan loss reserve	1.5	—	(1.5) ((100.0))
Reversal of loan loss reserve	0.0	0.0	0.0 (81.6)
Equity share and similar transactions	1.0	5.2	4.1 (405.7)
Ordinary profits	12.5	12.8	0.3 (2.5)
Extraordinary income (losses)	(0.4)	(0.1)	0.3 (72.1)
Income before income taxes	12.1	12.7	0.6 (5.1)
Income taxes - basic	2.8	3.9	1.0 (36.5)
Income taxes - deferred	1.0	0.0	(0.9) ((95.2))
Net income	8.2	8.7	0.5 (6.5)

(¥ billion, %)	FY15	YoY change [%]	Balance	Yield
Fund operations	36.0	1.0 (2.9)	0.6	0.4
Interest on loans	18.1	(1.1) ((6.1))	0.1	(1.3)
Interest on securities	17.6	2.2 (14.3)	0.3	1.8
Call loan, etc.	0.2	0.0 (0.7)	0.0	(0.0)
Fund procurement	1.8	0.1 (6.8)	0.0	0.0
Interest on deposits	1.5	(0.0) ((3.9))	0.0	(0.0)
Call money, etc.	0.3	0.1 (128.8)	0.0	0.1
Interest income	34.2	0.9 (2.7)	—	—

(¥ billion)	FY15	YoY change
Revenues	7.0	0.1
Investment trusts	0.9	0.0
JGBs held by individuals	0.0	(0.0)
Life insurance	0.7	0.1
Others	5.3	0.0
Cost	2.4	0.1
Fees and commissions	4.5	(0.0)

(¥ billion)	FY15	YoY change
Personnel	15.2	0.0
Premises and equipment	11.2	(0.3)
Taxes	1.4	0.1
Expenses	27.9	(0.0)

Earnings Forecasts for the Current Term (FY 2016)



(¥ billion, %)		FY15	FY16 (forecast)	YoY change [%]
Operating income		50.9	44.1	(6.8) ((13.3))
Gross banking profit		38.6	36.9	(1.7) ((4.4))
	Interest income	34.2	33.0	(1.1) ((3.3))
	Fees and commissions	4.5	4.9	0.4 ((8.8))
	Other operating income	(0.6)	(1.5)	(0.9) ((137.8))
	Gross banking profit on core operations	38.1	36.4	(1.6) ((4.3))
JGBs and other bond transactions		0.5	0.5	(0.0) ((7.9))
Expenses		27.9	27.1	(0.7) ((2.8))
General provision to loan loss reserve		1.6	(0.1)	(1.7) ((107.7))
Net business profit		9.1	10.0	0.8 ((9.5))
Net business profit on core operations		10.2	9.3	(0.9) ((8.9))
Non-operating losses		3.7	(0.9)	(4.7) ((126.0))
	NPL disposal amount	0.0	0.7	0.6 ((783.1))
	Equity share and similar transactions	5.2	0.7	(4.5) ((86.5))
Ordinary profits		12.8	9.0	(3.8) ((30.0))
Net income		8.7	6.3	(2.4) ((27.8))

Dividends		FY15	FY16	FY17 (plan)
	Dividend per share (annual)	¥7.00	¥10.00	¥9.00

	End of FY3/16	End of FY3/17 (estimate)
Nikkei Stock Average	¥16,758	¥16,758

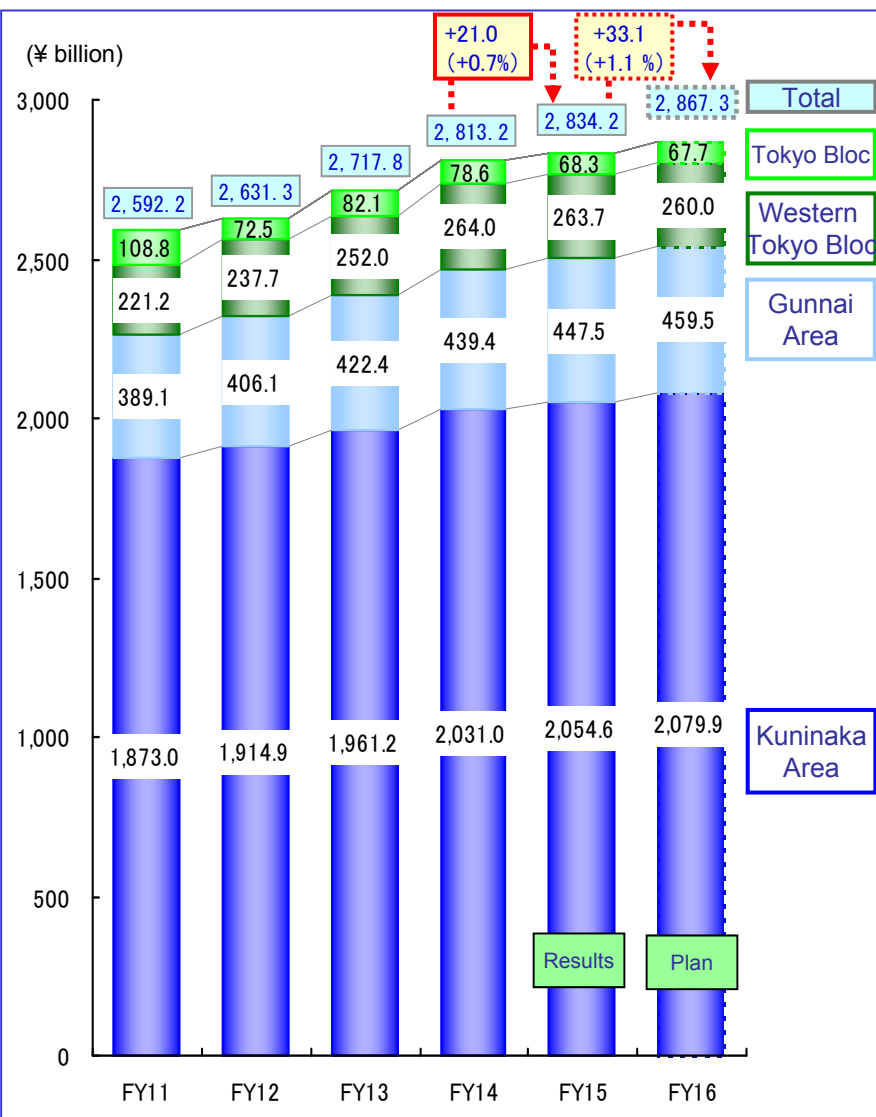
Interest income (analysis of difference factors)	(¥ billion, %)	FY16 (forecast)	YoY change [%]	Balance	Yield
	Fund operations	35.0	(1.0) ((2.9))	0.8	(1.9)
	Interest on loans	18.0	(0.0) ((0.4))	0.4	(0.5)
	Interest on securities	16.6	(0.9) ((5.6))	(1.6)	0.6
	Call loan, etc.	0.2	(0.0) ((0.7))	0.3	(0.3)
	Fund procurement	1.9	0.0 ((4.4))	0.0	0.0
	Interest on deposits	1.0	(0.4) ((29.6))	0.0	(0.4)
	Call money, etc.	0.8	0.5 ((165.8))	0.1	0.3
	Interest income	33.0	(1.1) ((3.3))	—	—

Fees and commissions	(¥ billion)	FY16 (forecast)	YoY change
	Revenues	7.4	0.4
	Investment trusts	1.1	0.2
	JGBs for individual investors	0.0	0.0
	Life insurance	0.7	0.0
	Others	5.5	0.2
	Cost	2.4	0.0
	Fees and commissions	4.9	0.4

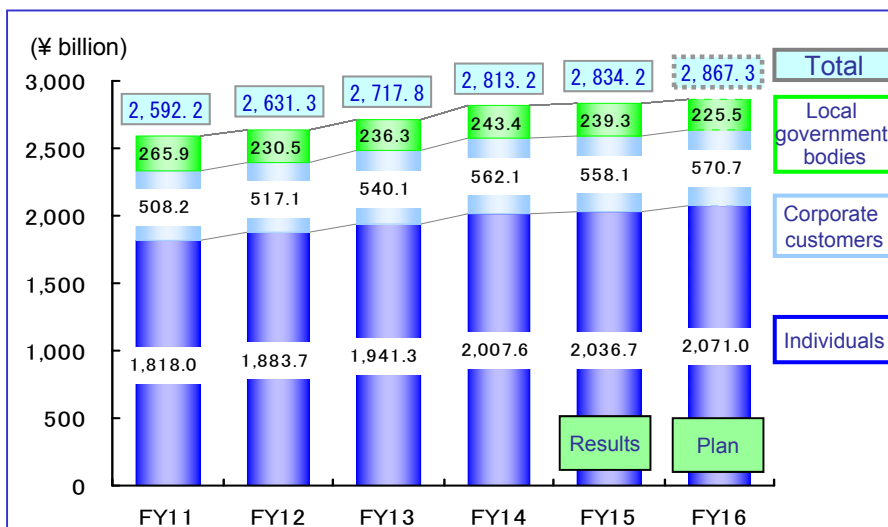
Expenses	(¥ billion)	FY16 (forecast)	YoY change
	Personnel	15.3	0.0
	Premises and equipment	10.3	(0.9)
	Taxes	1.4	0.0
	Expenses	27.1	(0.7)

Deposits

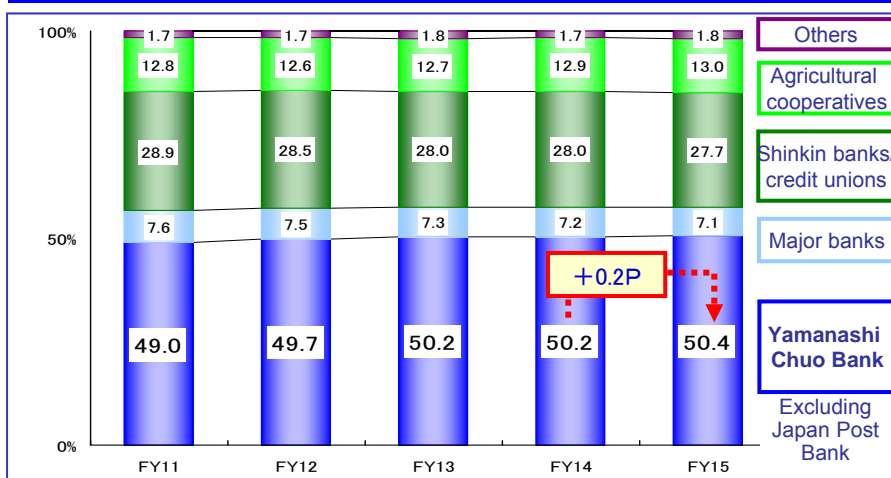
Deposit (average balance)



Balance by Customer Segment (average balance)

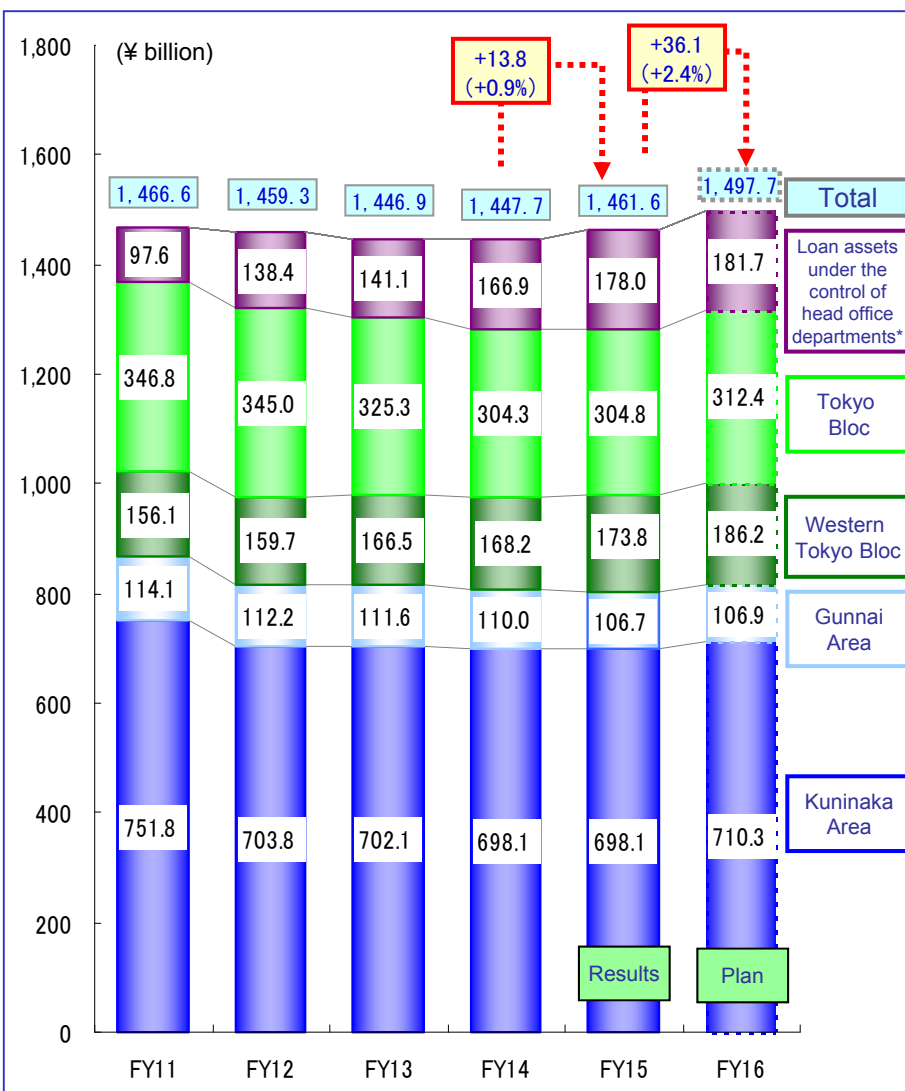


Deposit Shares in Yamanashi Prefecture (term-end)

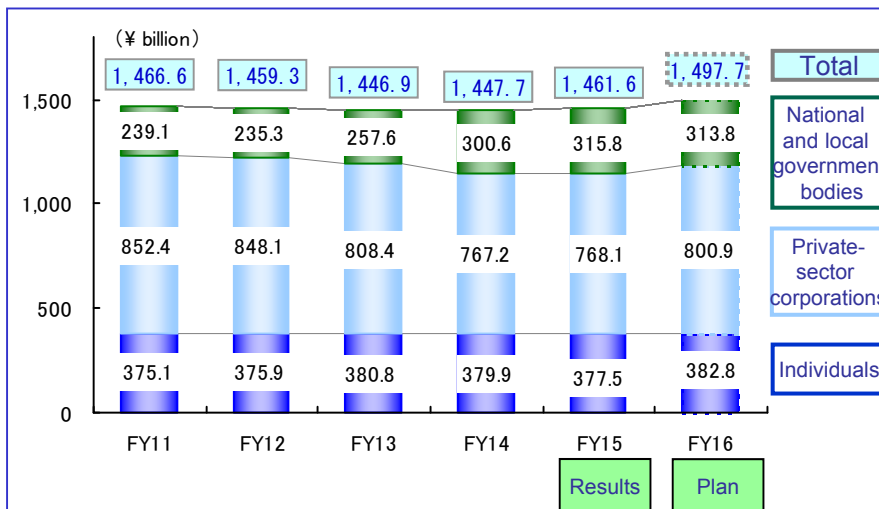


Loans(1)

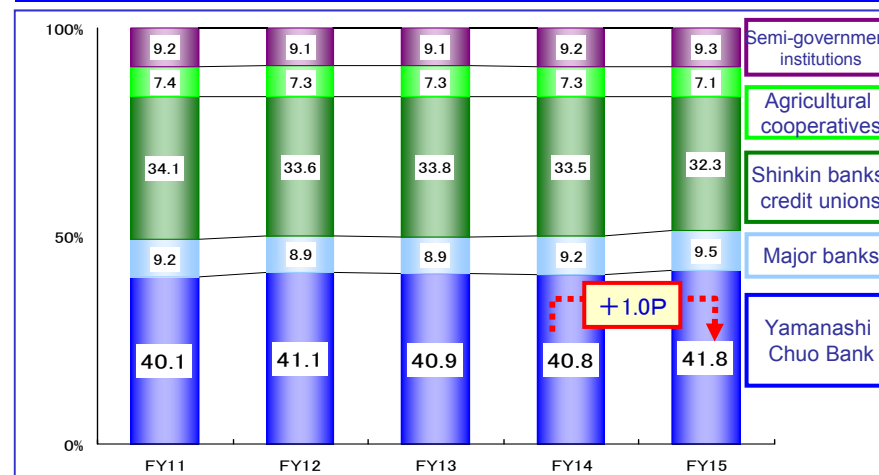
Loan (average balance)



Balance by Customer Segment (average balance)



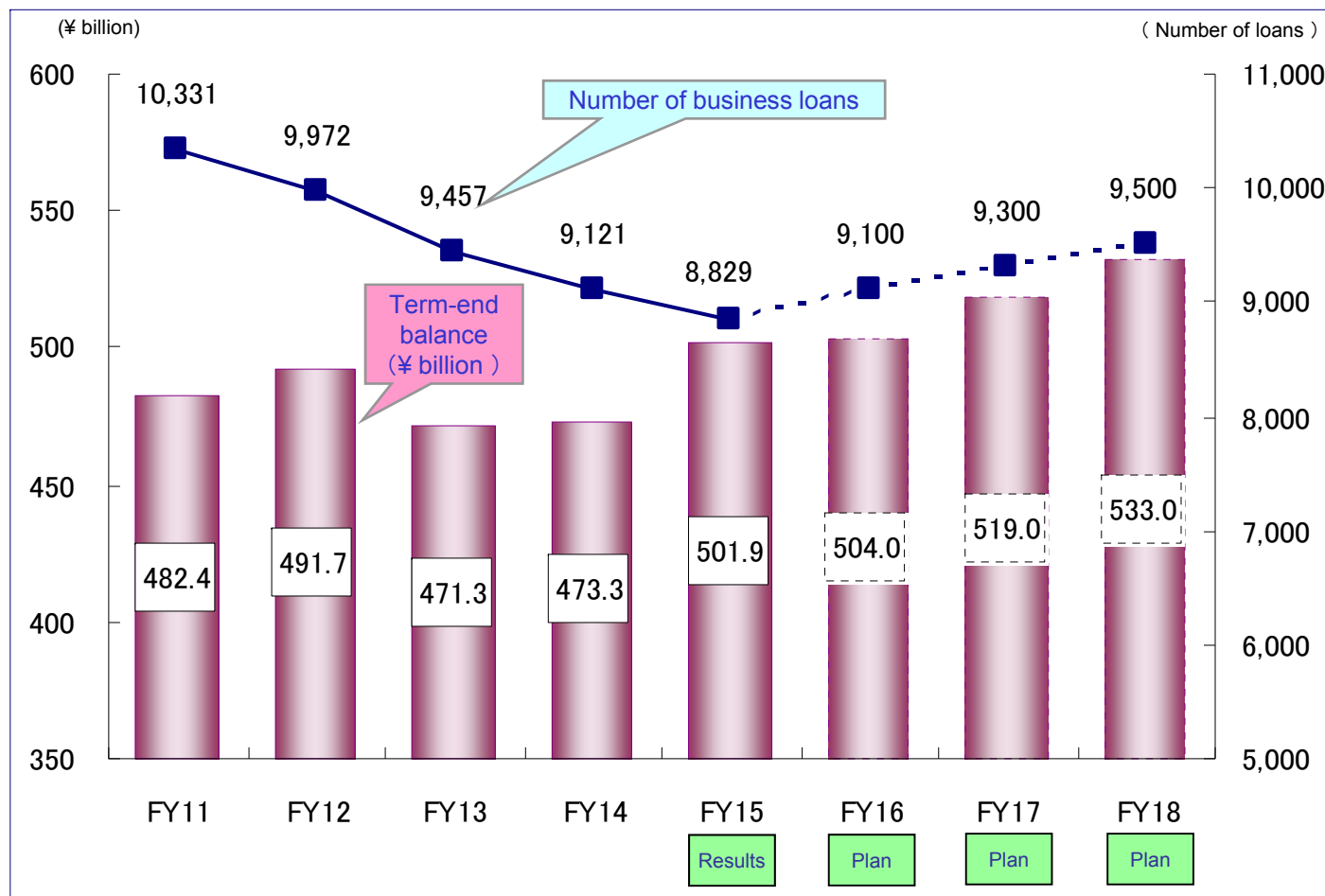
Loan Shares in Yamanashi Prefecture (term-end)



*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.

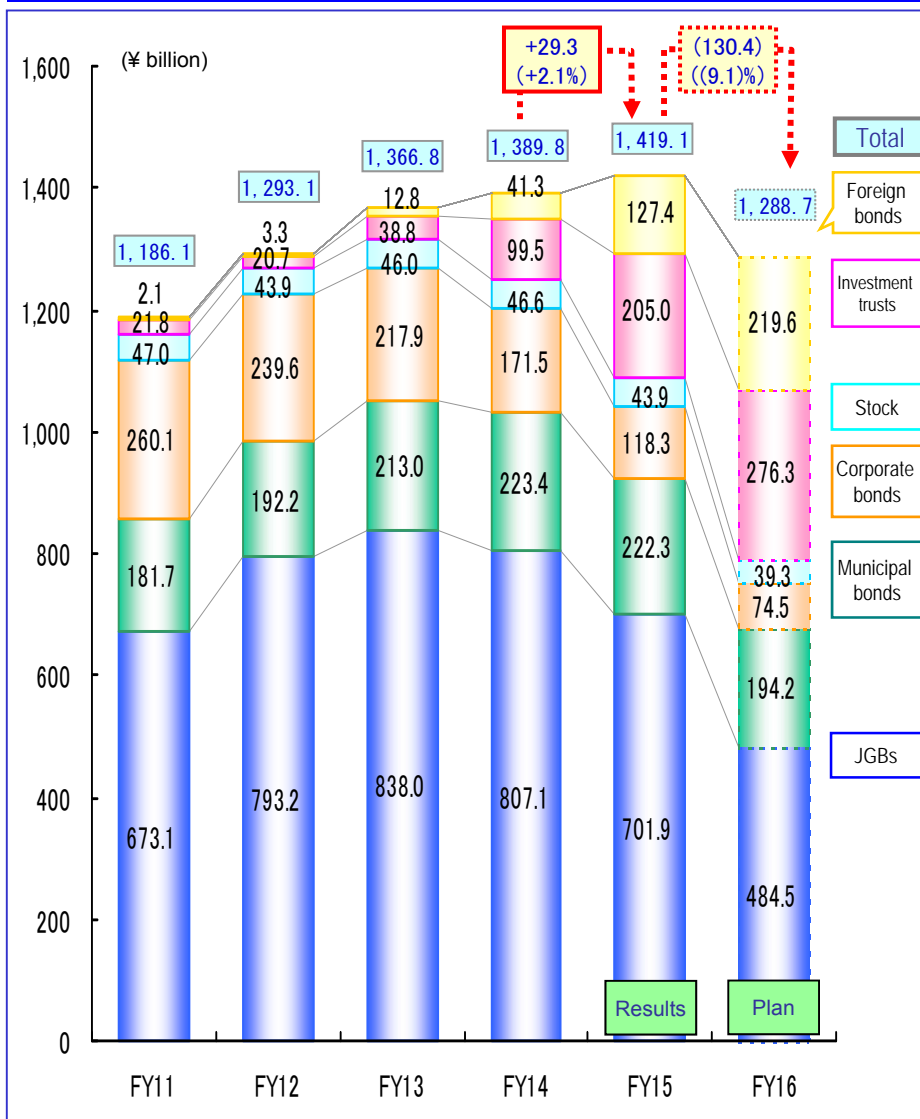
Loans (2)

Balance of Loans to SMEs (term-end) and Number of Business Loans

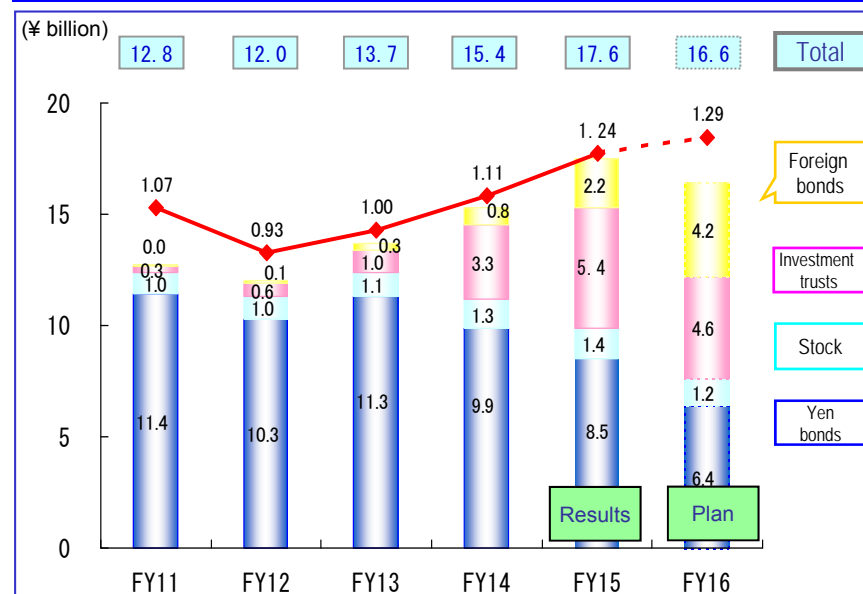


Securities (1)

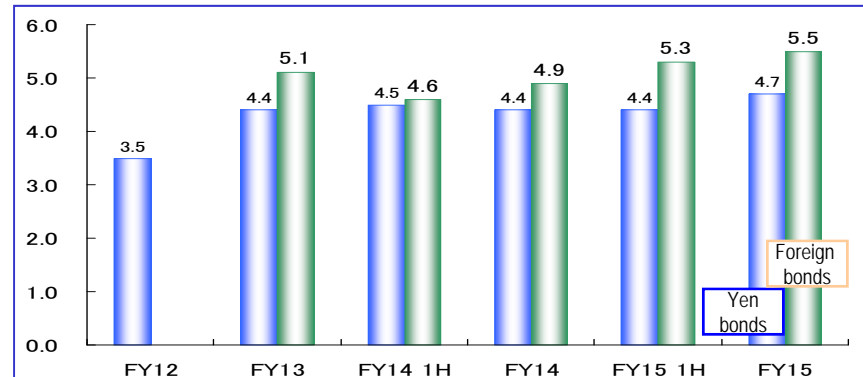
Securities (average balance)



Changes in interest dividends or securities yield

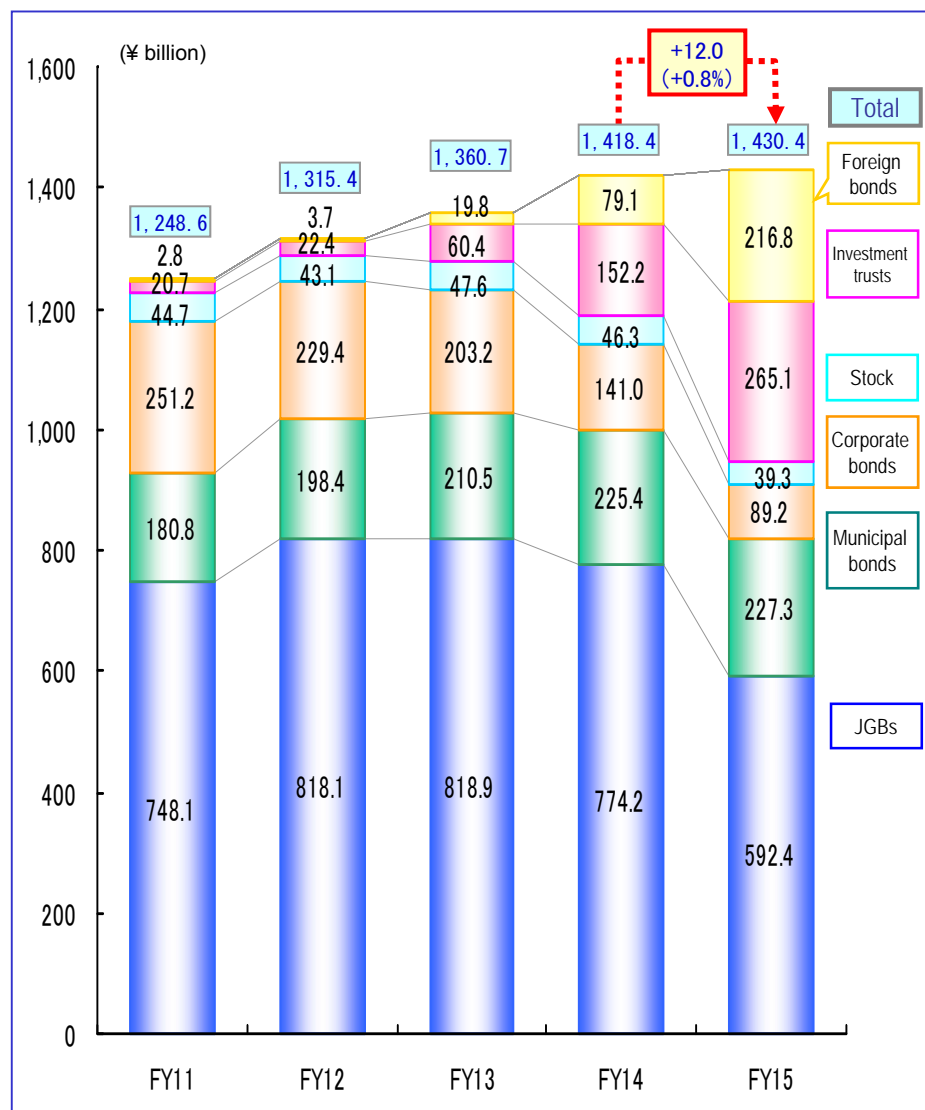


Changes in bond modified duration

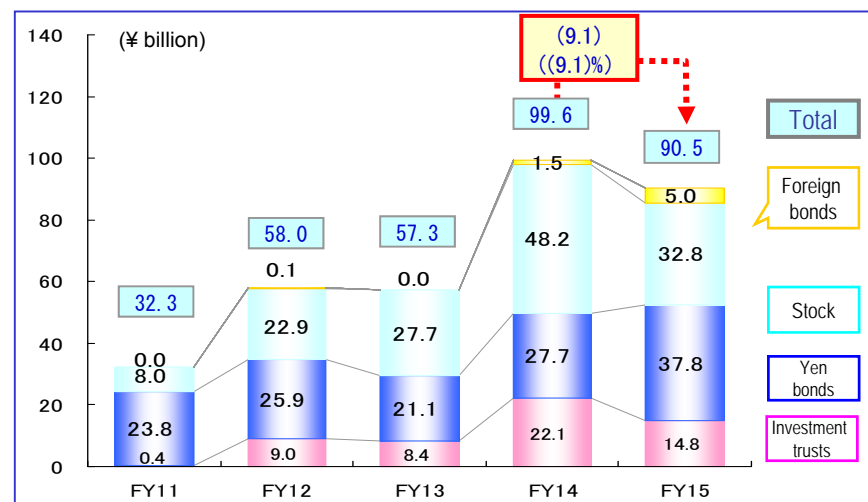


Securities (2)

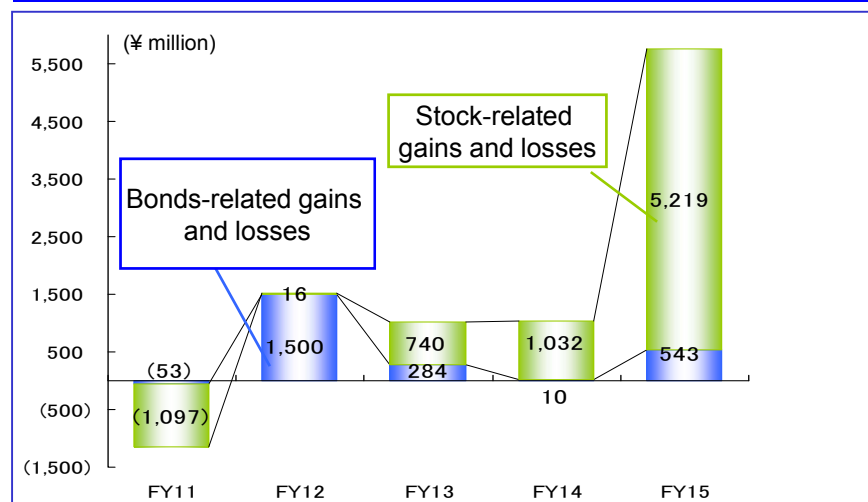
Securities (subject to mark-to-market valuation)



Changes in interest dividend-yield securities

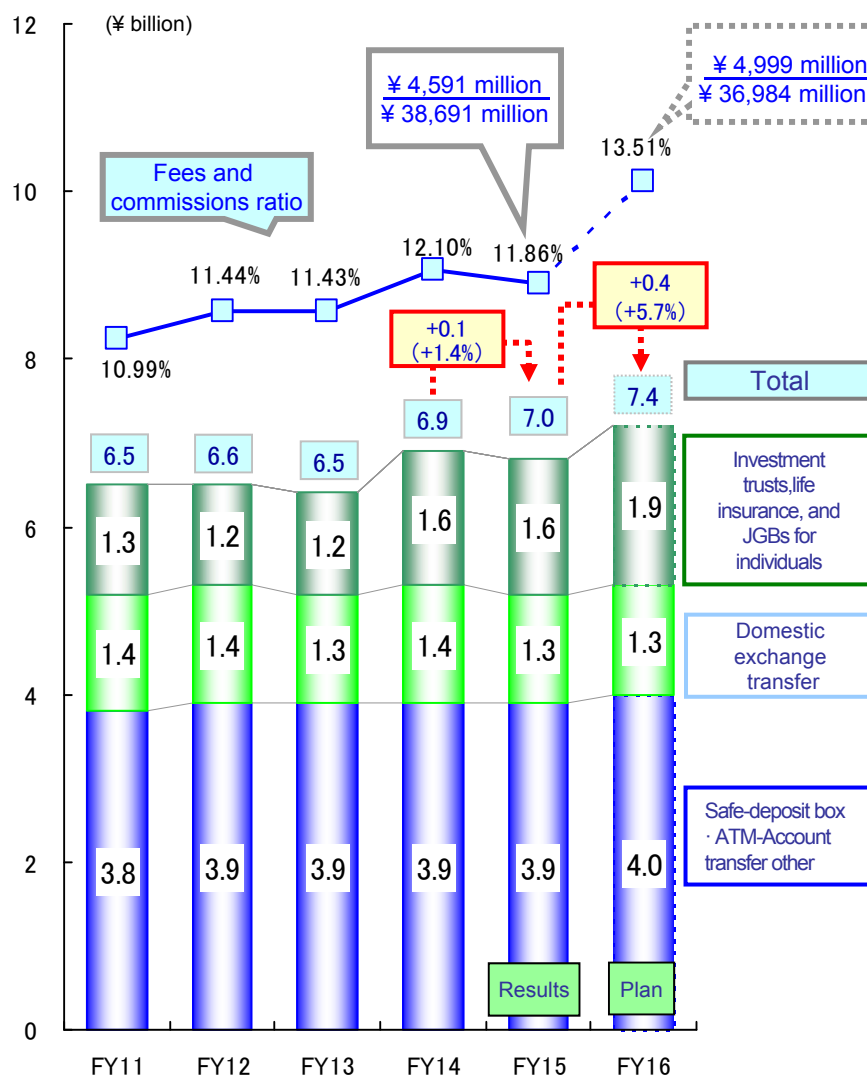


Changes in Securities gains and losses



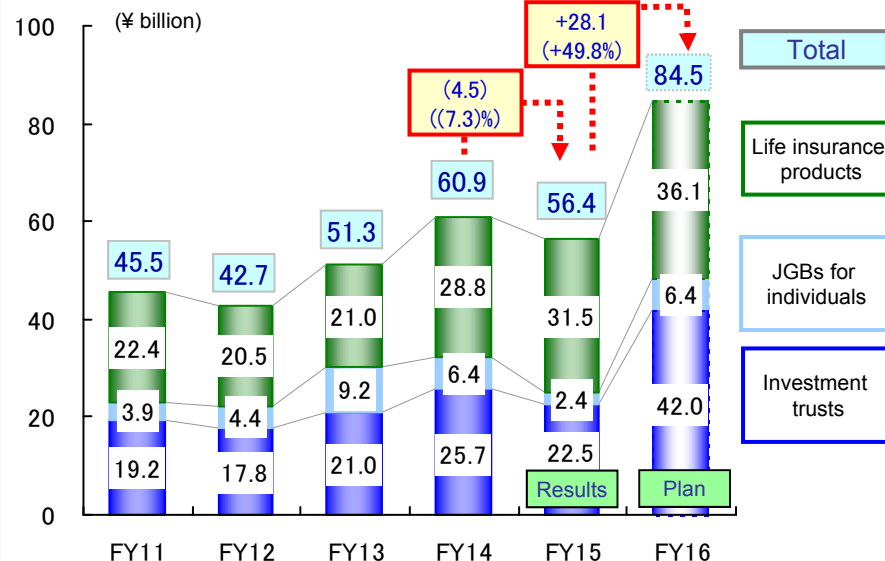
Fees and Commissions

Fees and Commissions / Fees and Commissions Ratio

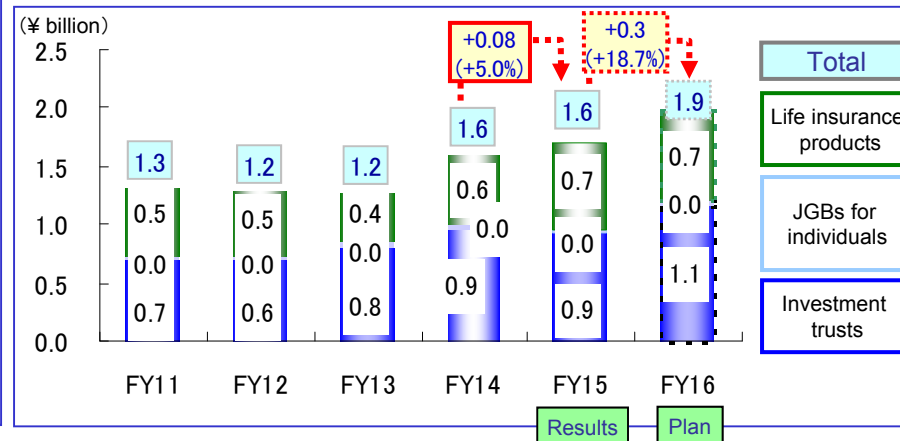


* Fees and commissions ratio= Fees and commissions / Gross banking profit

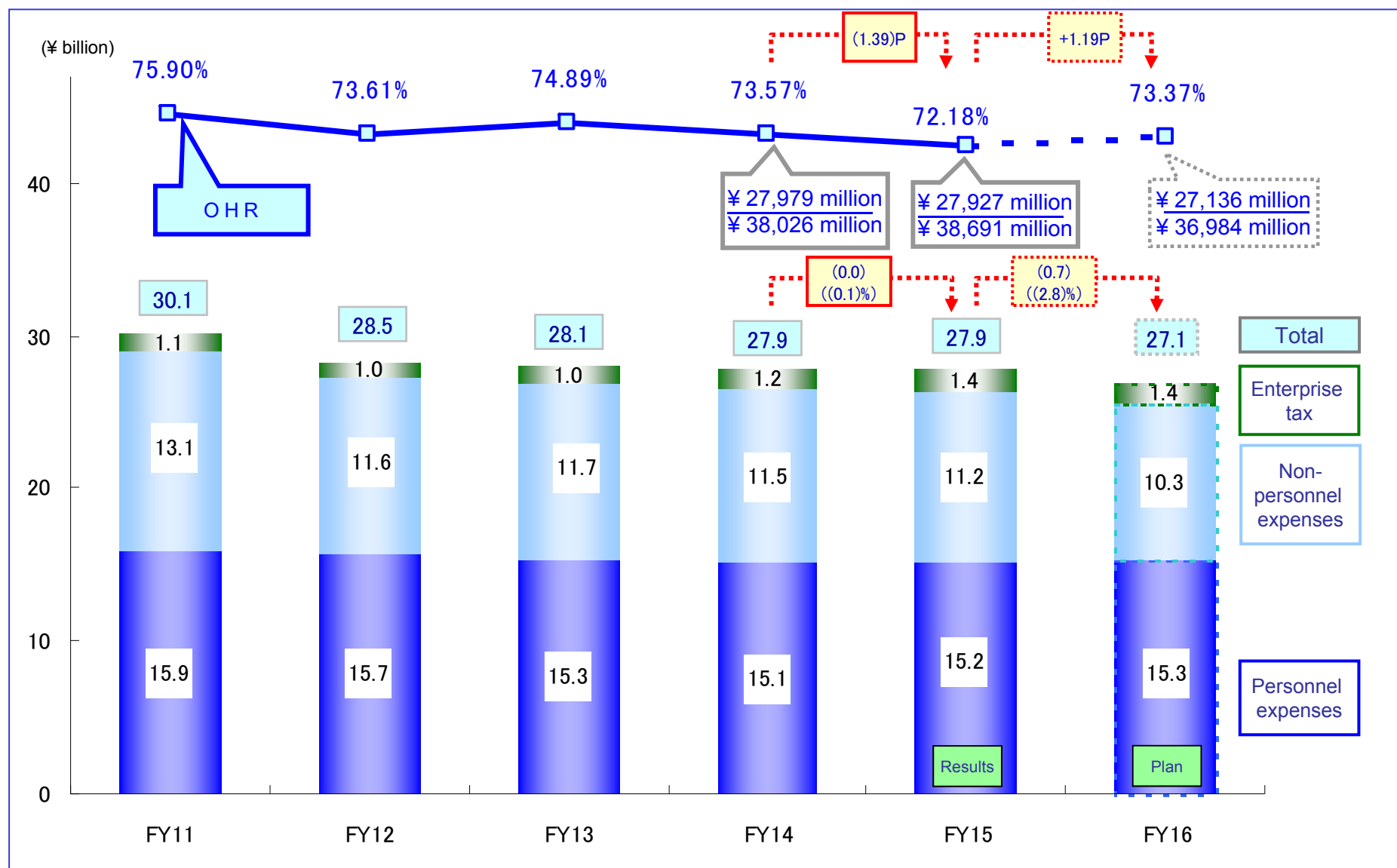
Sales for Investment Trusts, Life Insurance Products and JGBs



Commissions for Sales of Investment Trusts, Life Insurance Products and JGBs Held by Individuals



Operating Expenses and OHR



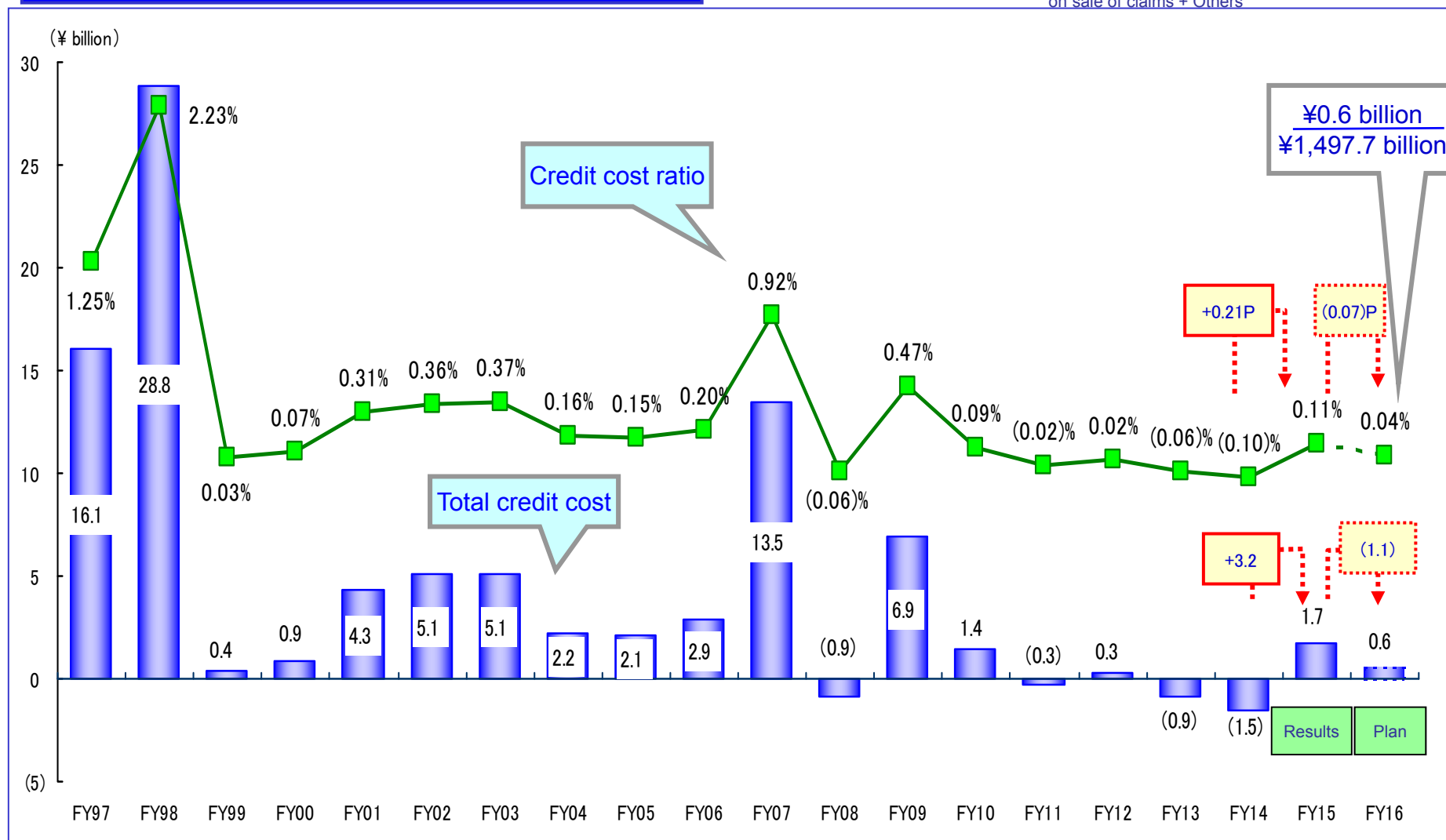
*OHR=Operating expenses / Gross banking profit on core operations

Credit Cost

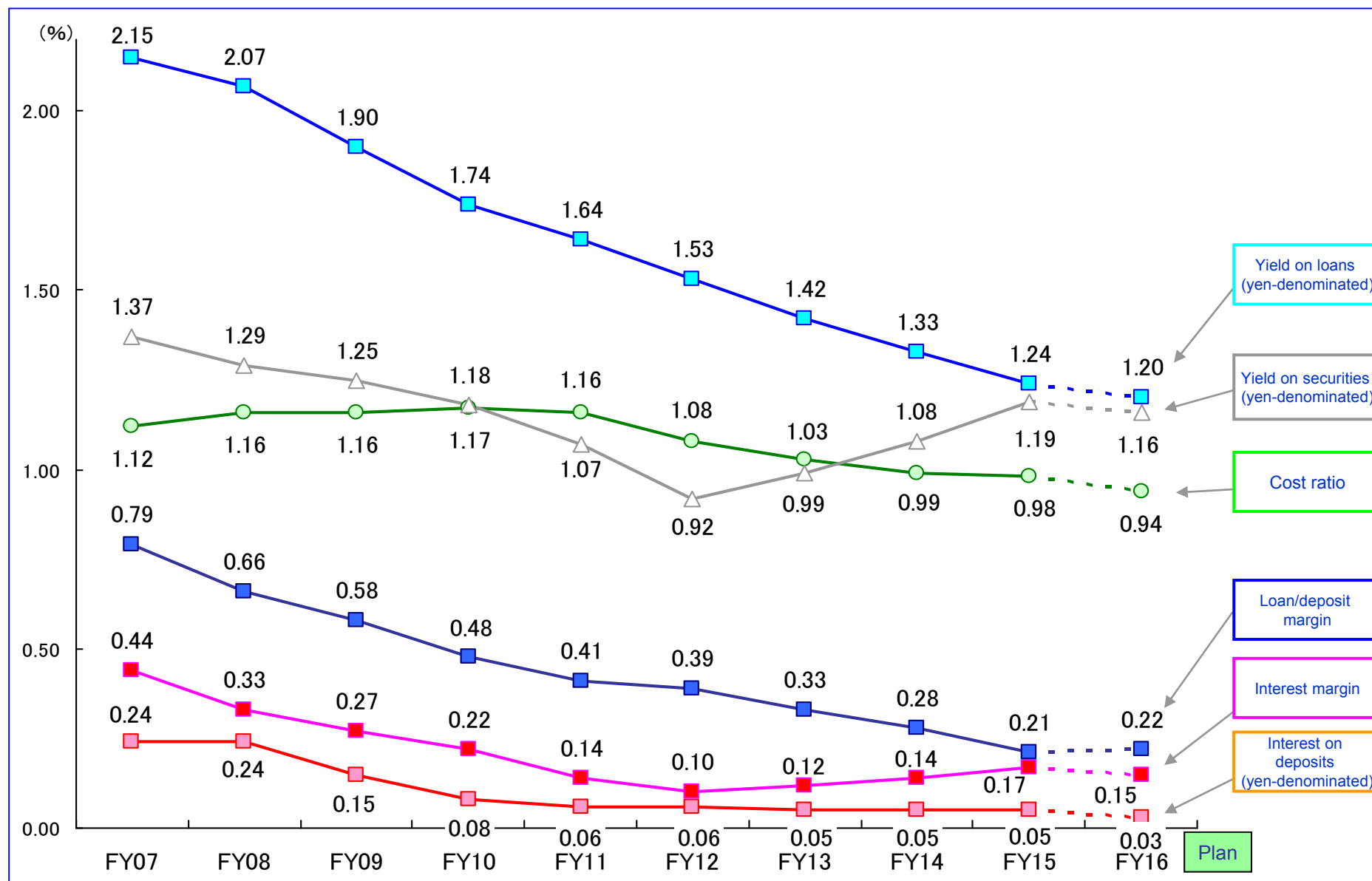
Total Credit Cost / Credit Cost Ratio

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

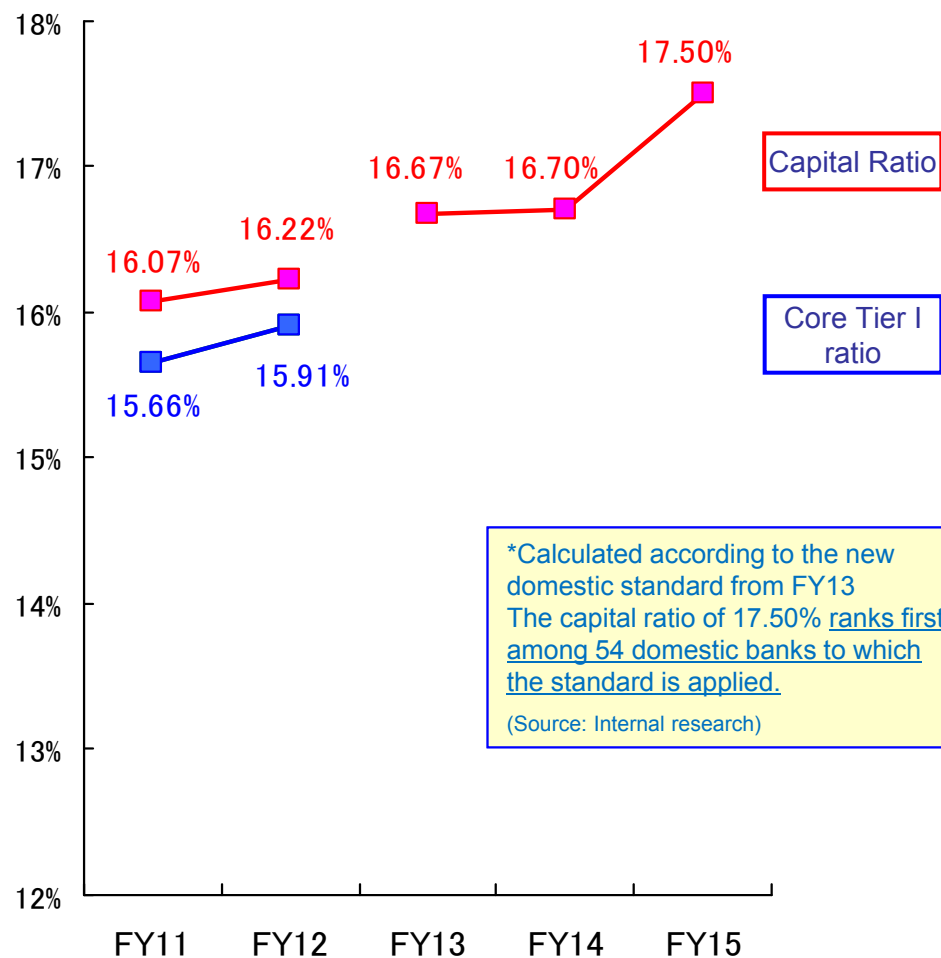


Yields & Interest Margins



Capital Ratio (Non-Consolidated Basis)

Changes in equity 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)

	FY13	FY14	FY15
Tier I			
Core Tier I capital			
Net deferred tax assets			
Preferred stock / preferred investment certificates			
Tier II			
General provision to loan loss			
Deductions			
Regulatory capital	161.0	164.8	172.2
Risk-weighted assets	965.8	986.9	984.0

Risk-weighted Assets Methods Employed	
Credit risk	Standardized Approach (SA)
Operational risk	Basel II Standardized Approach (TSA)

Return to Shareholders

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.

<The introduction of performance-linked dividend>
To enhance the return of profits to shareholders, the following will be performed from the current year.

To pay a stable annual dividend of ¥7 per share and set the shareholder return rate through dividend and share buybacks at 20% - 30% per year.

Trends in Dividend Payment

Paid 70th Anniversary Commemorative dividend of ¥1.00 (interim ¥3.5, year-end ¥3.5)

Dividend increase of ¥0.5 (interim ¥3.0, year-end ¥3.5)

Dividend increase of ¥0.5 (interim ¥3.25, year-end ¥3.75)

Dividend increase of ¥3.0 (interim ¥5.0, year-end ¥5.0)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16 (forecast)
Dividend per share (annual)	¥6.00	¥7.00	¥6.00	¥6.50	¥7.00	¥10.00	¥9.00
Period-end share price	¥404	¥368	¥429	¥466	¥526	¥413	—
Dividend yield	1.48%	1.90%	1.39%	1.39%	1.33%	2.42%	—

Return to Shareholders

Acquired 1,793 thousand shares on May 27, 2010

Acquired 2,079 thousand shares on Dec. 26, 2011

Acquired 550 thousand shares in Apr. 2013 and 1,378 thousand shares in Feb. 2014

Acquired 1,906 thousand shares between Dec. 2010 and Mar. 2011

Acquired 2,600 thousand shares between Feb. 2013 and Mar. 2013

Acquired 1,577 thousand shares in Feb. 2015

Acquired 2,209 thousand shares in Feb. 2016

(¥ million)	FY10	FY11	FY12	FY13	FY14	FY15	FY16 (forecast)
Annual dividend (1)	1,089	1,256	1,062	1,134	1,211	1,712	1,531
Treasury stock acquired (2)	1,433	644	989	835	834	899	—
Return to shareholders (3)=(1)+(2)	2,522	1,901	2,052	1,970	2,045	2,611	1,531
Net income (non-consolidated) (4)	3,861	6,965	5,870	7,898	8,200	8,737	6,300
Dividend payout ratio	28.34%	18.08%	18.22%	14.42%	14.83%	19.70%	24.30%
Shareholder return ratio (3)/(4)x100	65.32%	27.29%	34.95%	24.94%	24.94%	29.88%	24.30%

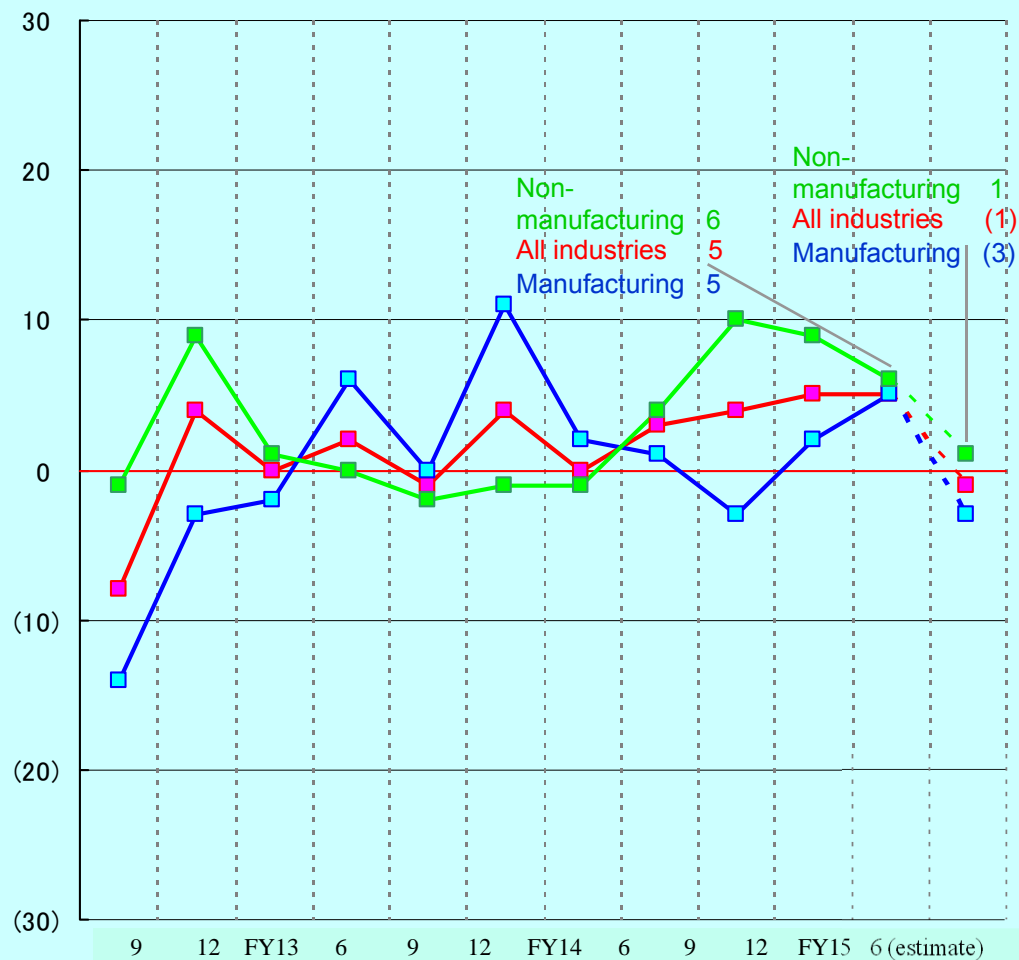
(Note) Calculated in yen and rounded down

II Economic Trends in Yamanashi Prefecture

Business Trends



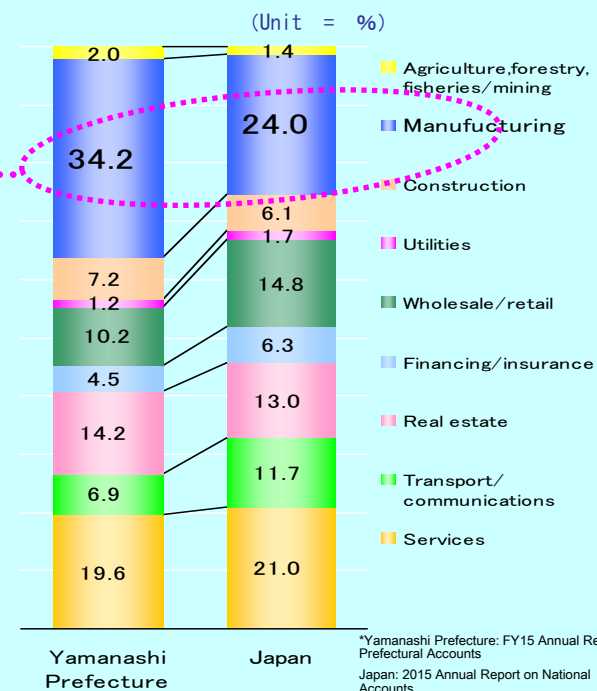
Diffusion Index for Yamanashi Prefecture (BOJ's Tankan Survey)



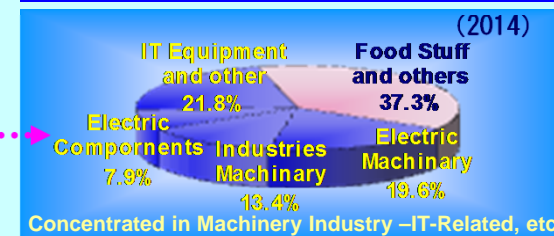
(Bank of Japan, Kofu Branch)



Gross Production by Economic Activity (Industrial Sector = 100)



Percentage of Shipments of Products Manufactured in Yamanashi Prefecture



Economic Census

Yamanashi Prefecture Economic Topics

Topics	Effects on Yamanashi Prefecture	The Bank's Initiatives for Economic Revitalization for Yamanashi Prefecture
<p>June 2013</p> <p>Mt. Fuji designated as a World Heritage Site</p>	<p>Increase in tourists</p> <ul style="list-style-type: none"> - 2015, total guest number 854 thousand people (y-o-y+ 12.9%) and the most in the past - Of which foreigners beyond the first 100 million people and 131 million people (y-o-y + 38.4%) - Bustle has spread in addition to Fuji surrounding area 	<ul style="list-style-type: none"> - Meeting demand for funds from tourist destinations and facilities - Meeting demand for settlement/currency conversion from foreign tourists <ul style="list-style-type: none"> • Providing credit card settlement terminals for restaurants in Hokuroku freeing of charge • Relocating foreign currency exchange machines outside branches and expanded service hours
<p>June 2013</p> <p>Prefectural Government opened Yamanashi Living Assistance Center in Yurakucho</p> <p>March 2014</p> <p>Began employment service at this center</p>	<p>Increase in residents</p> <ul style="list-style-type: none"> - "Yamanashi living support center"(Yurakucho) FY2015 prefecture migrants 210 people via (previous year +11 people) - Yamanashi Prefecture ranked No. 2 according to "Ranking of countryside regions desirable for living" (Return to Your Hometown Support Center survey) 	<ul style="list-style-type: none"> - Cooperation with the Yamanashi Prefectural Government to increase the resident population - Began handling of the "alliance mortgage" in Hokuto City and Fujikawaguchiko-cho and ichikawamisato-cho
<p>FY2017</p> <p>Chubu Odan Expressway Opening from Futaba - to Shinshimizu</p>	<p>Increase in tourists visiting Yamanashi Prefecture and orders opportunity</p> <p>Expansion of distribution centers</p>	<ul style="list-style-type: none"> - Strengthening cooperation with the government measures, prefectural-wayside cities and towns - Business matching strengthening of the prefecture companies - Funds corresponding on-logistics base installation, etc.
<p>December 2015</p> <p>Maglev Chuo Shinkansen construction approval</p>	<p>Progress developing areas surrounding stations</p> <p>(such as new housing areas)</p>	<ul style="list-style-type: none"> - Meeting demand for funds for the development of areas surrounding stations - Provision of loans to those who intend to move to Yamanashi Prefecture - Cooperation with the Yamanashi Prefectural Government to increase the resident population
<p>July 2013</p> <p>"Yamanashi" wine designated by the National Tax Agency as a geographical indication</p>	<p>Increase in attention to wine using Koshu grapes In Europe and Southeast Asia</p> <ul style="list-style-type: none"> - FY2014, wine exported under the Koshu wine world export project was 31,200 bottles (y-o-y+25.3%) - This represents an increase of about 16 times from FY2010 when exports started - Exports to non-EU countries accounted for 71.4% 	<ul style="list-style-type: none"> - Strengthening of support for export (such as exhibitions at overseas business meetings and cooperation with foreign partner banks) - Continual dispatch of Bank staff to wineries <ul style="list-style-type: none"> => improving the capability of making good judgment and meeting demand for funds

Local Industries in Yamanashi Prefecture

Wine



- 21.0% share of shipment amount ranks second in Japan.
- "Yamanashi" wine designated as an indication (National Tax Agency)

Sake



Mineral Water



- 29.3% share of shipment amount ranks first in Japan.

Fruits



- Harvest of grapes, peaches and Japanese plums ranks first in Japan.

Jewelry



- 25.5% share of shipment amount ranks first in Japan.

Silk Fabric



- Shipment amount of ties ranks third in Japan..
- Shipment amount of down quilts ranks second in Japan.

Knit Products



Inden Leather



Traditional Japanese Paper



- Shipment amount of shoji paper and calligraphy paper ranks second in Japan.

*Source: 2014 Census of Manufacturer, 2015 Census of Crops

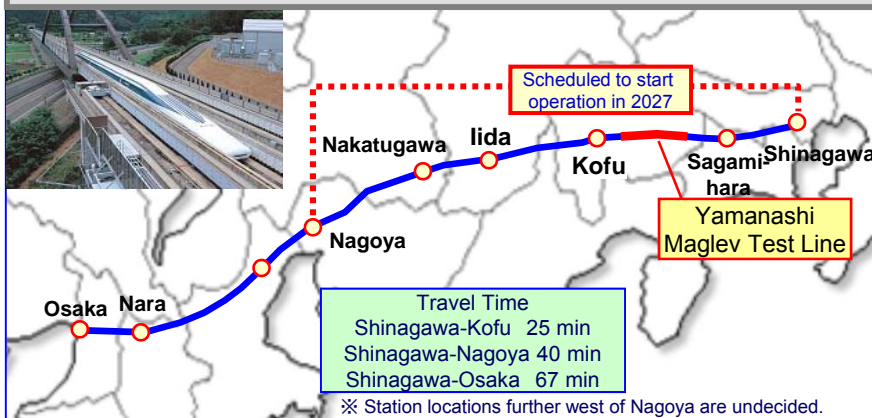
Preparations for High-Speed Transportation Network

Expected Effects: Increase in tourists from Kansai and Tokai regions, increase in opportunities for receiving orders, expansion of logistic facilities, and increase in residents due to expanded commuting radius to Greater Tokyo

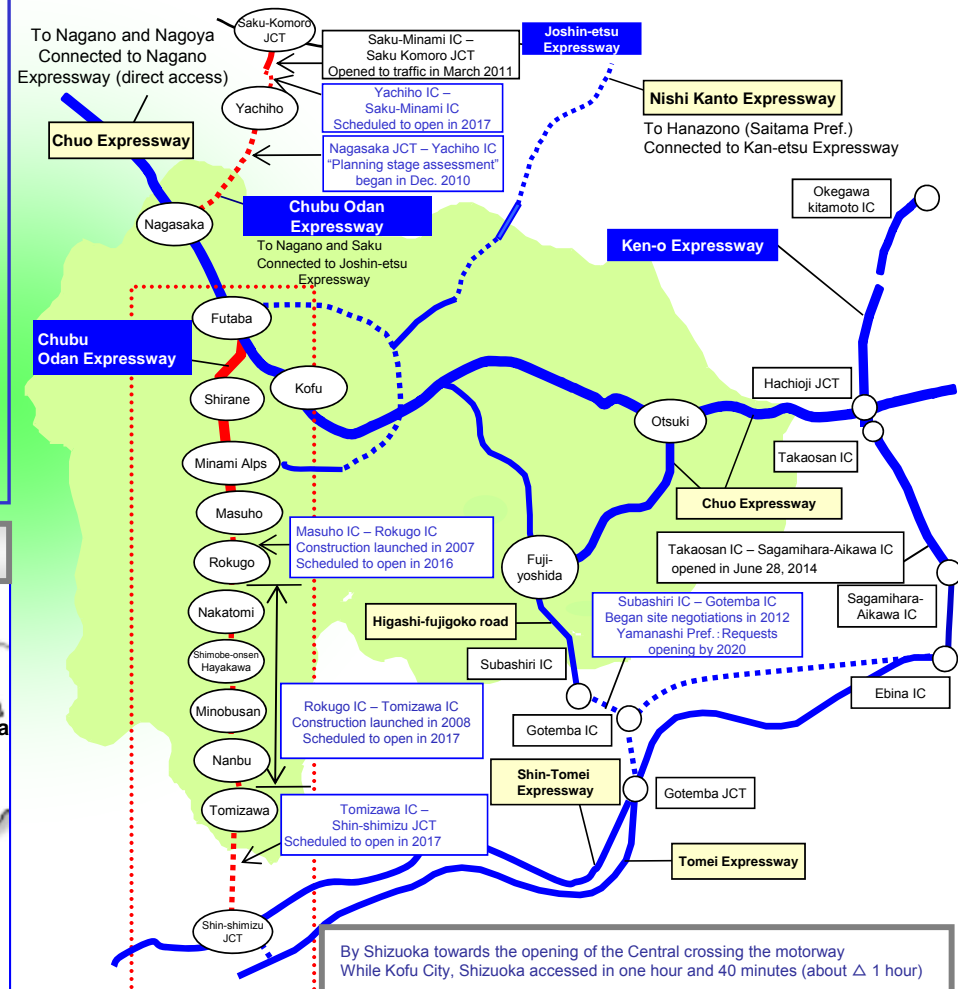
Maglev Chuo Shinkansen Line

- October 17, 2014: Minister of Land, Infrastructure, Transport and Tourism approved the start of construction, with opening planned for 2027
⇒ Request for certain segments to enter service by the start of the 2020 Tokyo Olympic Games
- December, 2015 :Yamanashi side section construction schedule of the Southern Alps tunnel (total length 25 km)
- January ,2016:Shinagawa Station construction
- March,2016:Yamanashi Prefecture was presented to the Exploratory Committee the policy on new station peripheral and suburban development (Construction of tourism exchange and industrial development facilities, direct connection of smart IC of Chuo Expressway, etc.)

Map of Maglev Chuo Shinkansen Line Route



Chubu Odan Expressway



Ⅲ Medium-Term Management Plan S.T.E.P. up 2019

Recap of the Previous Medium-Term Management Plan

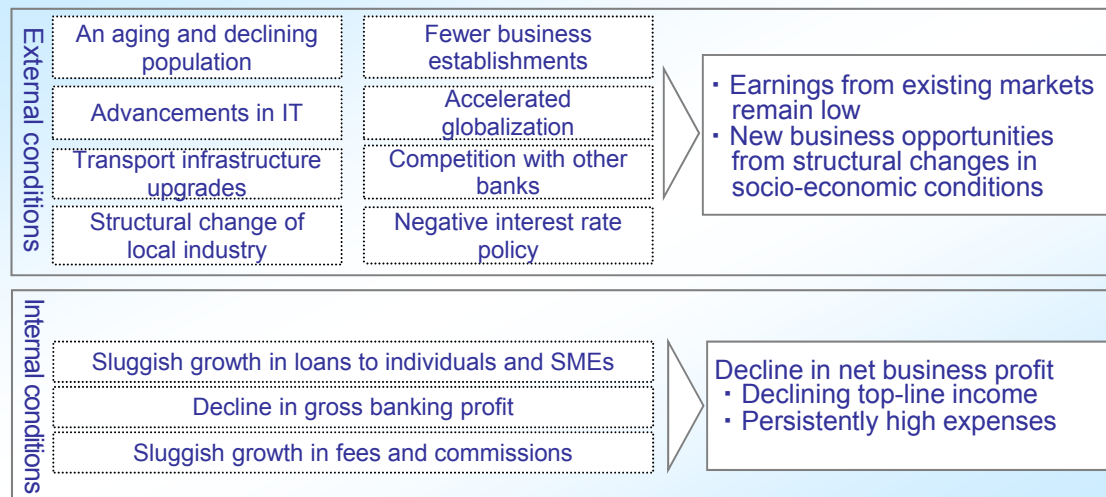
Best Bank Plan 2016

【Management vision】 A bank that satisfies customers and earns their unwavering trust
 【Basic policies】 Increase operating income, Build strong management, Promote CSR

【Main results during the plan】

- Rebuilt banking support systems
- Shifted management resources to growth regions
- Rationalized and streamlined clerical work in branches
- Used business feasibility studies to strengthen solution banking capabilities
- Strengthened marketing approaches to housing loans
- Helped the prefecture and municipalities formulate their comprehensive strategies
- Strengthened earnings from managing the investment of marketable securities

Business Environment



Financial Targets and Results	Item	Previous Mid-Term Plan Target
	Gross banking profit	¥41.0 billion
	Net business profit	¥12.0 billion
	OHR (Operating expenses / Gross banking profit)	70% or under
	Capital ratio (domestic standard)	15% or above
	Average loan balance	¥1,550.0 billion
	Average deposit balance	¥2,800.0 billion

FY2015
¥38.6 billion
¥9.1 billion
72.18%
17.50%
¥1,461.6 billion
¥2,834.2 billion

Main issues going forward

- Strengthen solution banking to differentiate the Bank from competitors
- Strengthen banking capabilities in regions with growth potential
- Strengthen and expand the approach for managing investments in marketable securities to secure steady income
- Generate more banking activity man-hours and personnel through operational process reforms
- Establish consistency between the over-the-counter (OTC) and non-OTC sales channels
- Develop human resources and strengthen organizational capabilities
- Contribute to the sustainable development of the region and its society

Formulation of a new medium-term management plan

《Management vision (Ideal and prospective image)》

A Bank that grows and develops together with Yamanashi and its surroundings as a driving force for regional economic revitalization

What customers expect and need from our Bank is growing more diverse and sophisticated, the faster industrial structures change in reaction to an aging and declining population and other catalysts including advances in IT. Meanwhile, the development of transportation infrastructure in Yamanashi Prefecture is expected to expand the sphere of economic activities of local businesses and the lifestyles of the people.

Under these circumstances, as an ideal and prospective image, Yamanashi Chuo Bank will strive to grow and develop together with Yamanashi and its surroundings as a driving force for regional economic revitalization.

To this end, the Bank will provide comprehensive financial services that are pertinent to changing customer needs and economic conditions in a timely manner. It will also win the resounding trust of the people of Yamanashi by contributing to the development of the regional economy, as well as local industries and businesses, with its financial intermediation capabilities.

《Theme during the medium-term management plan》

Live up to the trust accorded by customers and contribute to regional revitalization

《Slogan》

Concern, Change, Challenge

Basic Strategies and Financial Targets of Medium-Term Management Plan S.T.E.P. up 2019



<Basic Strategies I> Realization of a business model adapted to changes in the environment

Selection and concentration, differentiation from other financial institutions

- Increase and strengthen earnings with efficient and effective banking activities by selecting priority initiatives and channeling the redistribution of management resources.
- Strengthen earnings capabilities by deepening the scope of banking transactions in existing markets while focusing on the creation of new earnings opportunities.
- Differentiate the Bank from other financial institutions with initiatives including the development of products and services and the improvement of marketing skills. This will be done to respond pertinently and promptly to the increasingly sophisticated and diverse needs of customers, as well as by banking with a greater number of customers.
- Endeavor to drive regional economic revitalization and create business opportunities for the Bank. This will be done by upgrading Yamanashi Chuo Bank's financial intermediary functions in collaboration with more specialized institutions, and by leveraging the Bank's own expertise and network.
- Secure and expand steady income streams by strengthening and expanding the Bank's capital markets investment approach.

<Basic Strategies II> Building and strengthening a robust management structure

- Develop an organization in which each employee can have a motivating and fulfilling career. This will be done by fostering confident and diligent human resources who are capable of taking self-motivated and independent action.
- Build a highly profitable structure through the optimal distribution of management resources. This will be done primarily by optimizing the location of branches and assignment of personnel, strengthening the operational framework of IT systems, and optimizing costs.
- Strengthen and expand the revenue base by realizing a consistent approach to sales in all channels. This will be done by making effective use of IT and upgrading non-OTC sales channels.
- Expand earnings opportunities by examining and developing new banking operations. This will be done by fundamentally reforming existing operations and generating more banking activity man-hours and personnel.
- Further strengthen the Bank's risk management approach including for credit risk and asset-liability management (ALM).
- Strengthen compliance and the protection of customers and their privacy as a management foundation and increase employee awareness.

Item	FY15 Results	Plan targets (Year ending March 2019)	Change between FY2016 and FY2019
Net business profit	9.1	9.5	+ 0.4
Net income	8.7	6.0	(2.7)
Year-end balance of deposits, etc. (deposits + investment trusts + public bonds)	2,987.1	3,260.0	+ 272.9
Year-end balance of loans	1,521.3	1,590.0	+ 68.7

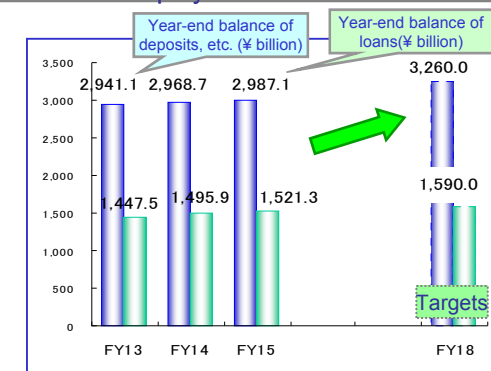
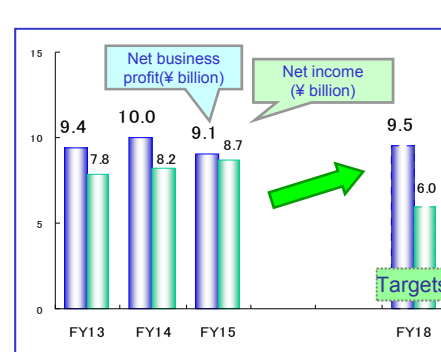


Diagram of S.T.E.P. up 2019

Management vision (Ideal and prospective image) **A Bank that grows and develops together with Yamanashi and its surroundings as a driving force for regional economic revitalization**

Theme during the plan

Live up to the trust accorded by customers and contribute to regional revitalization

Enhance stakeholder satisfaction
(society, customers, shareholders, and employees)

Establish a financial and revenue base supporting sustainable growth

**Realization of a business model adapted to changes in the environment
Selection and concentration, and differentiation from other financial institutions**

Strengthen retail
solution banking

Strengthen corporate
solution banking

Strengthen coordination with industrial,
government, and academic funds

Strengthen and expand the capital
markets investment approach

Build and strengthen a robust management structure

Develop human resources and
strengthen organizational capabilities

Optimally redistribute management
resources such as branches, human
resources and IT systems

Advance IT utilization

Fundamentally reform and reengineer
operations based on sophisticated
risk management approaches

Strengthen the approach and enhance
the effectiveness of internal control

Strengthen the enhancement of
customer and employee satisfaction

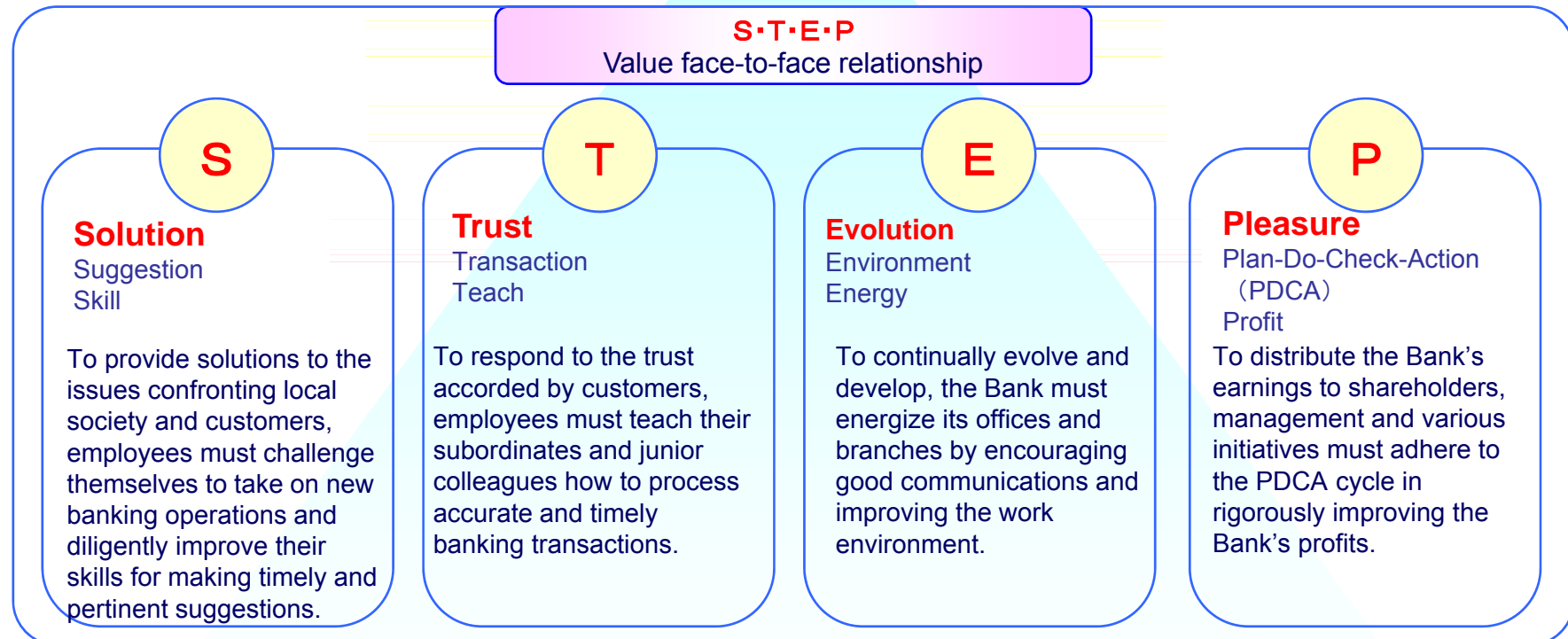
Strengthen CSR activities

Rigorously enforce compliance and the protection of customers and their privacy

The 3Cs Slogan to S.T.E.P. up 2019

Enhance stakeholder satisfaction (society, customers, shareholders, and employees)

Reinvent a corporate culture that encourages mutual success



The 3Cs slogan

Concern

Change

Challenge

Individual Strategies Based on Basic Strategy I

(1) Strengthen retail solution banking (a)

■ The Bank will strive to enhance customer satisfaction and expand its scope of lifelong business relationships. This will be done by responding to the increasingly diverse and sophisticated needs of customers with advanced comprehensive financial services that take into account the total assets and life events of customers to precisely identify their emerging needs.

Developing a consulting business centered on total asset banking

- Provide consulting services focused on the total assets and life events of customers
- Develop channels and provide products and services aimed at increasing contact (transaction opportunities) with customers

Develop lifelong business relationships around personal loans

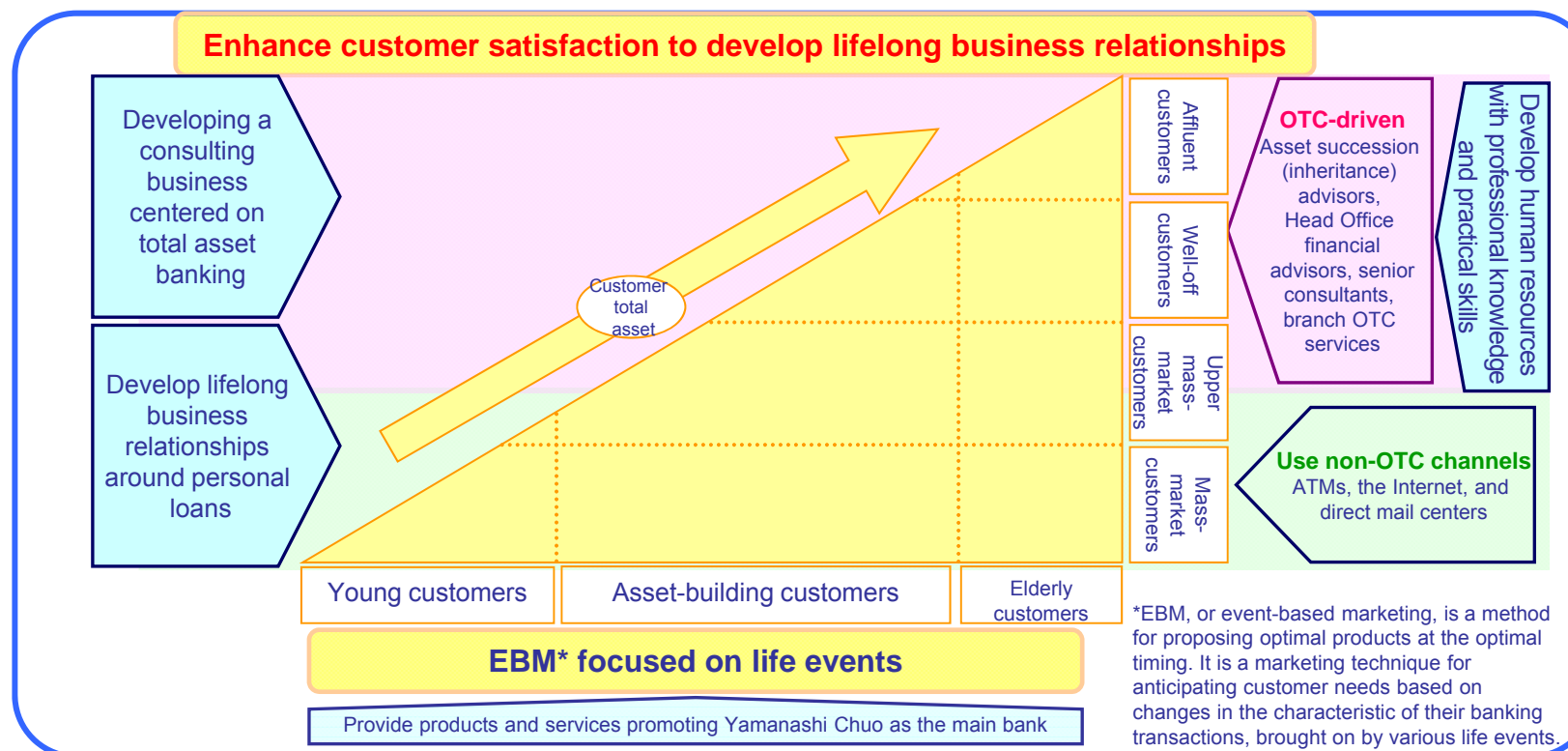
- Strengthen efforts to increase the ratio of repeat customers by cross-selling other products and services to customers with outstanding personal loans

Provide products and services prompting customers to embrace Yamanashi Chuo as their main bank

- Develop specific segment-by-segment strategies
- Strengthen capabilities for providing solutions in line with the market environment, including foreign currency deposits
- Secure a steady stream of fee and commission income resistant to market fluctuations

Develop human resources with professional knowledge and practical skills

- Strengthen the development of professional staff capable of responding to increasingly diverse and sophisticated need



Individual Strategies Based on Basic Strategy I

(1) Strengthen retail solution banking (b)

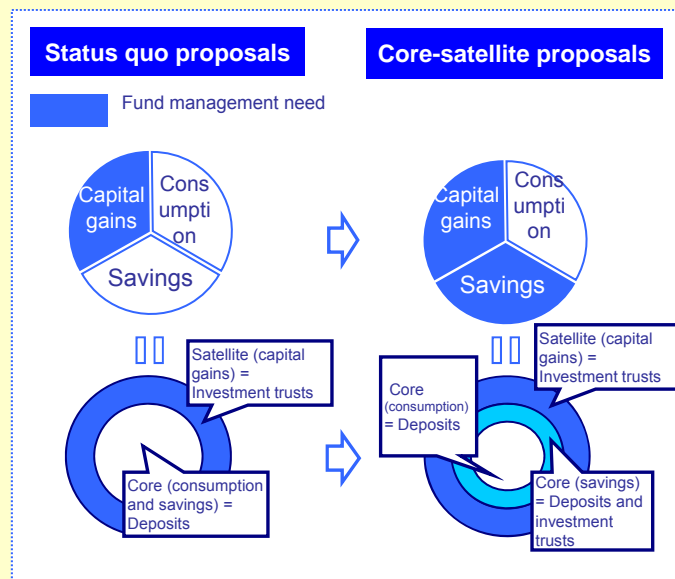
Investment trust sales based on hybrid core-satellite proposals

Definition of core-satellite proposals

A core-satellite proposal is a hybrid portfolio strategy for seeking returns while avoiding excessive risks. It achieves this by dividing an investment portfolio into two components; a core component for passively seeking stable, medium- to long-term returns, and a satellite component for actively leveraging market fluctuations for capital gains.

Effect of core-satellite proposals

- (1) Increase in investment trust holder
- (2) Increase in the per capita balance of investment trust holders
- (3) Increase in new capital inflows from proposals for total asset management



Make more proposals for asset succession and inheritance to affluent customers

- Continue to hold individual consultation meetings
 - Uncover needs for asset succession (inheritance)
- Build up a portfolio of testamentary trust and estate liquidation projects
 - Strengthen collaboration with Asahi Chuo
- Propose solutions for business succession to company owners
 - Market corporate insurance policies to corporate deposit holders and new corporate banking prospects

Establish an approach for marketing personal loans

- Increase both earnings and the balance of personal loans by breaking strategic bottlenecks
 - (1) Increase and strengthen customer contact
 - (2) Provide competitive products and services
 - (3) Build an approach foreseeing changes in the environment
- Increase the balance by strategically re-examining personal loan products
- Strengthen the function of Non-OTC channels
- Strengthen collaboration between retail branches and Loan Squares

Launch the JiMOCA hybrid ATM card and credit card

- Offer double the premium points for using the card to shop with JiMOCA partners (member stores) → Contribute to customer footfall for member stores (the Bank's customers) and regional revitalization
- Offer DC Card happy presents in proportion with the amount of banking transactions by cardholders
 - Issue premium points
 - Expand banking transactions and strengthen cross-selling

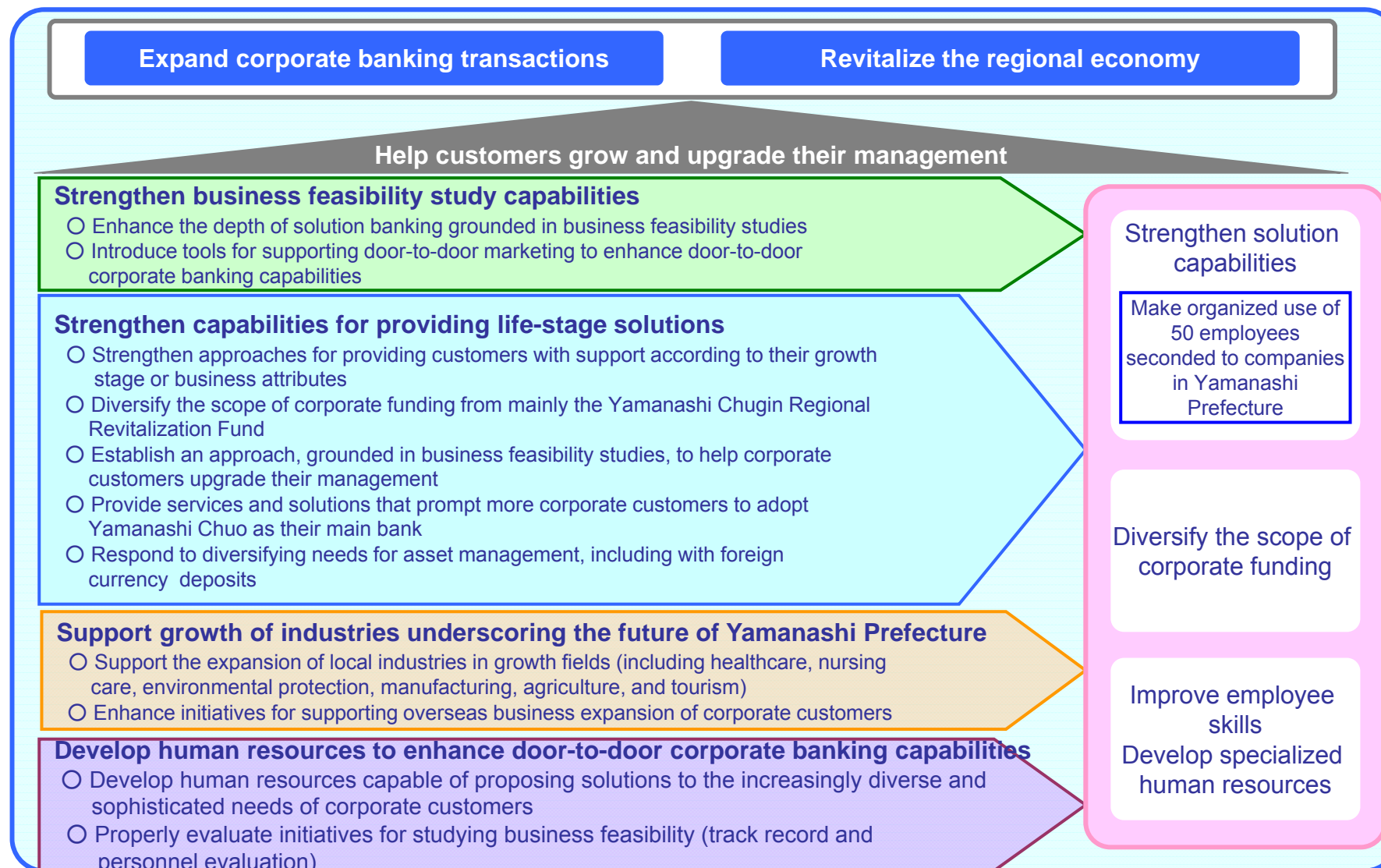
From June 2016



Individual Strategies Based on Basic Strategy I

(2) Strengthen corporate solution banking (a)

■ Yamanashi Chuo Bank will expand corporate banking transactions and contribute to revitalization of the regional economy. This will be done by strengthening capabilities for conducting business feasibility studies and providing life-stage solutions to help corporate customers grow and upgrade their management.



Individual Strategies Based on Basic Strategy I

(2) Strengthen corporate solution banking (b)

Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership (So-called Yamanashi Chugin Regional Revitalization Fund)

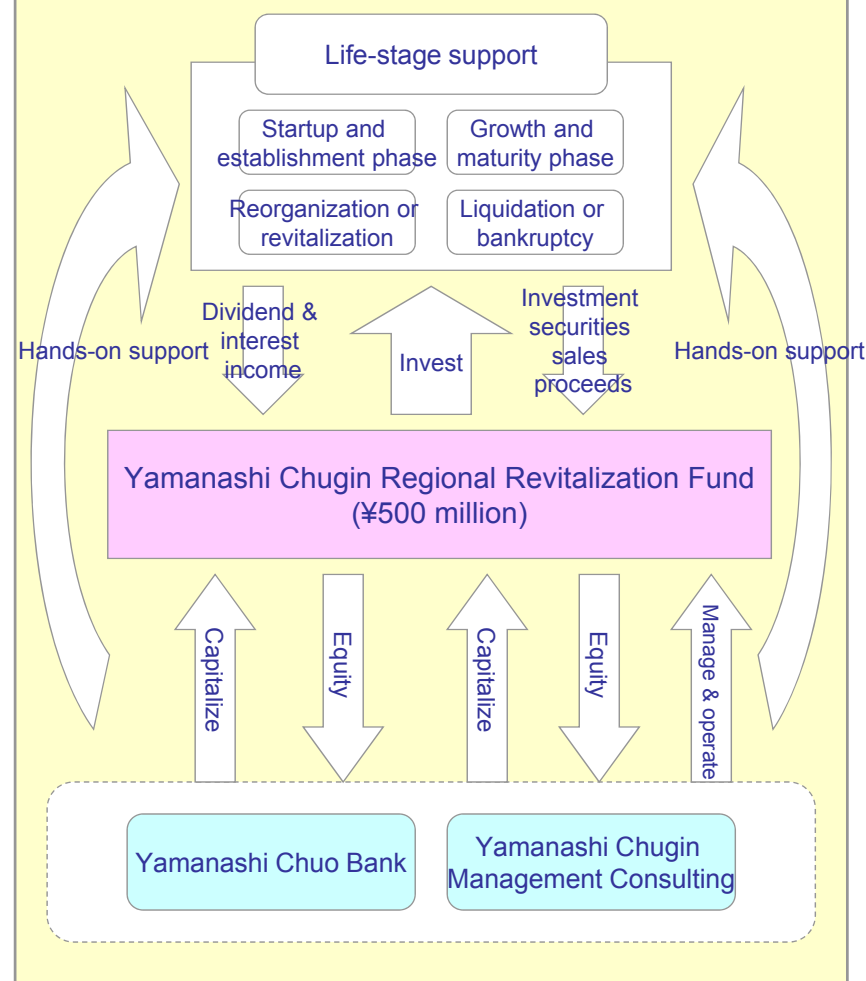
Goal behind establishment

The fund was established to invest in companies at various life stages from the startup and establishment phase to the growth and maturity phase. Investments by the fund will also extend to salvageable companies in need of business reorganization or revitalization, as well as those already in liquidation or bankruptcy proceedings. The fund aims to enhance industrial capabilities and maintain or expand employment in Yamanashi Prefecture by nurturing companies underscoring the future of local communities.

Fund overview

Establishment	March 29, 2016
Fund total	¥500 million
Investors	Yamanashi Chuo Bank ¥495 million Yamanashi Chugin Management Consulting Co., Ltd. ¥5 million
Fund expiration	December 31, 2025 (Extendable by as much as 2 years)
Fund management company	Yamanashi Chugin Management Consulting Co., Ltd.
Investment target	The fund will invest primarily in companies with good growth prospects that are developing new businesses or utilizing local resources. It will also invest in companies whose prospects for business succession can be improved by business reorganization or revitalization. To qualify for investment, a company must either have a Head Office or a business operation in Yamanashi Chuo Bank's business territory, including Yamanashi Prefecture and the western bloc of Tokyo.
Investment record	1 transaction: ¥30.55 million

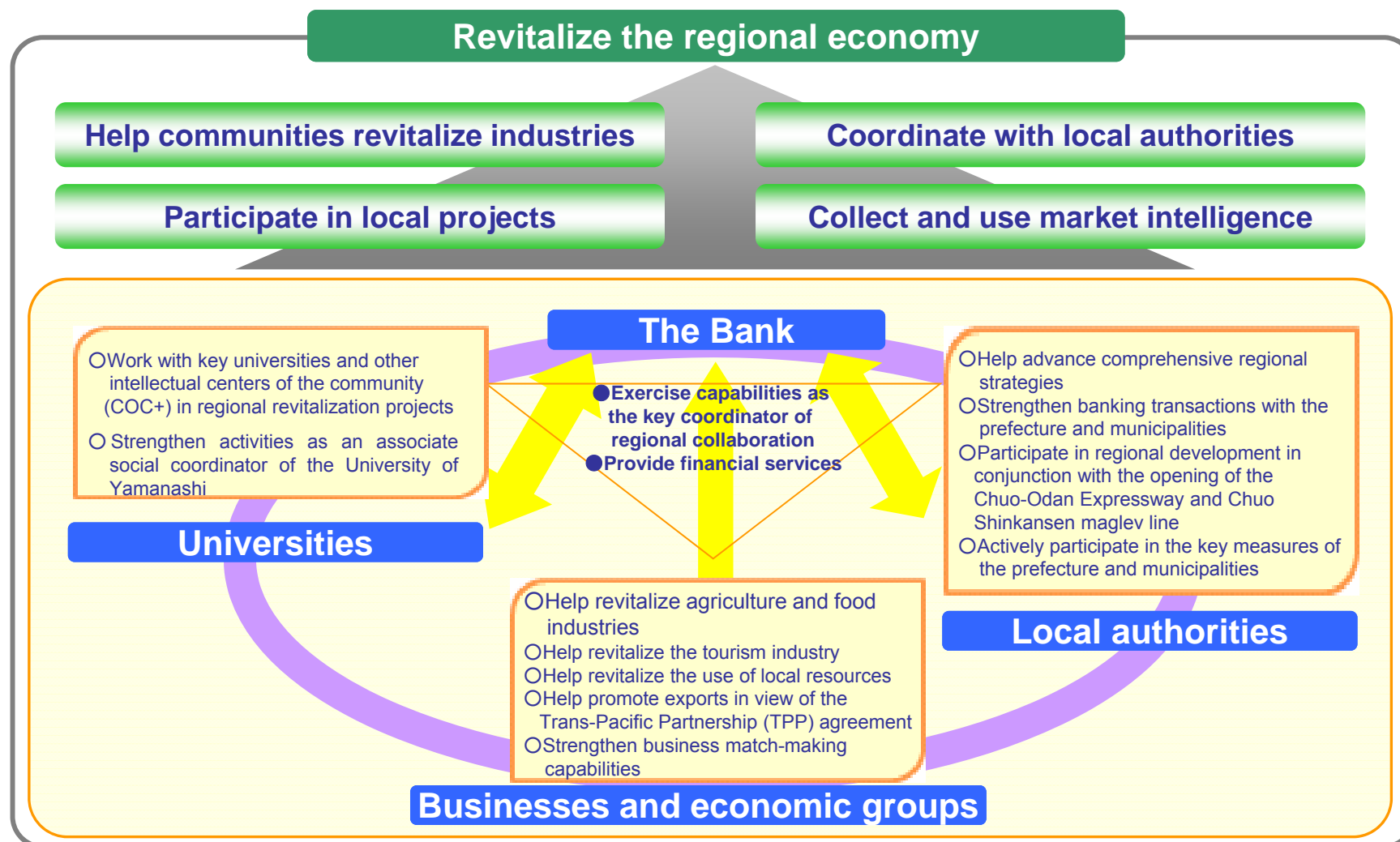
<Diagram of the fund>



Individual Strategies Based on Basic Strategy I

(3) Strengthen coordination with industrial, government, and academic funds (a)

- Yamanashi Chuo Bank will actively help the prefecture and municipalities implement key measures to the comprehensive strategies they formulate. In the process, the Bank will function as the key coordinator between the prefecture and municipalities and various industrial, government and academic funds. Combining this coordination with its financial services, the Bank will help revitalize the regional economy.
- Solution banking will be strengthened through the swift collection and diligent use of market intelligence.



Individual Strategies Based on Basic Strategy I

(3) Strengthen coordination with industrial, government, and academic funds (b)

**Public Interest Incorporated Foundation,
Yamanashi Chugin Regional Revitalization Fund**

December 2015: Established as a general incorporated foundation
March 2016: Transitioned to a public interest incorporated foundation
(with the Bank providing ¥400 million in capital)
April 2016: Commenced operation as a public interest fund

Contributing to community prosperity and regional economic revitalization by providing subsidies for organizations and individuals engaged in regional revitalization initiatives

Regional revitalization

Create jobs to attract people

Create jobs to secure new employment and enhance the value of Yamanashi Prefecture

Nurture people to attract jobs

Create an inflow of individuals returning or moving to Yamanashi
Nurture individuals with sophisticated skills, technologies or knowledge

Subsidy programs in FY2016

Subsidies for parties planning to start or establish a business, or help companies or individuals start or establish a business in Yamanashi Prefecture

Subsidies for individuals returning or moving to Yamanashi Prefecture

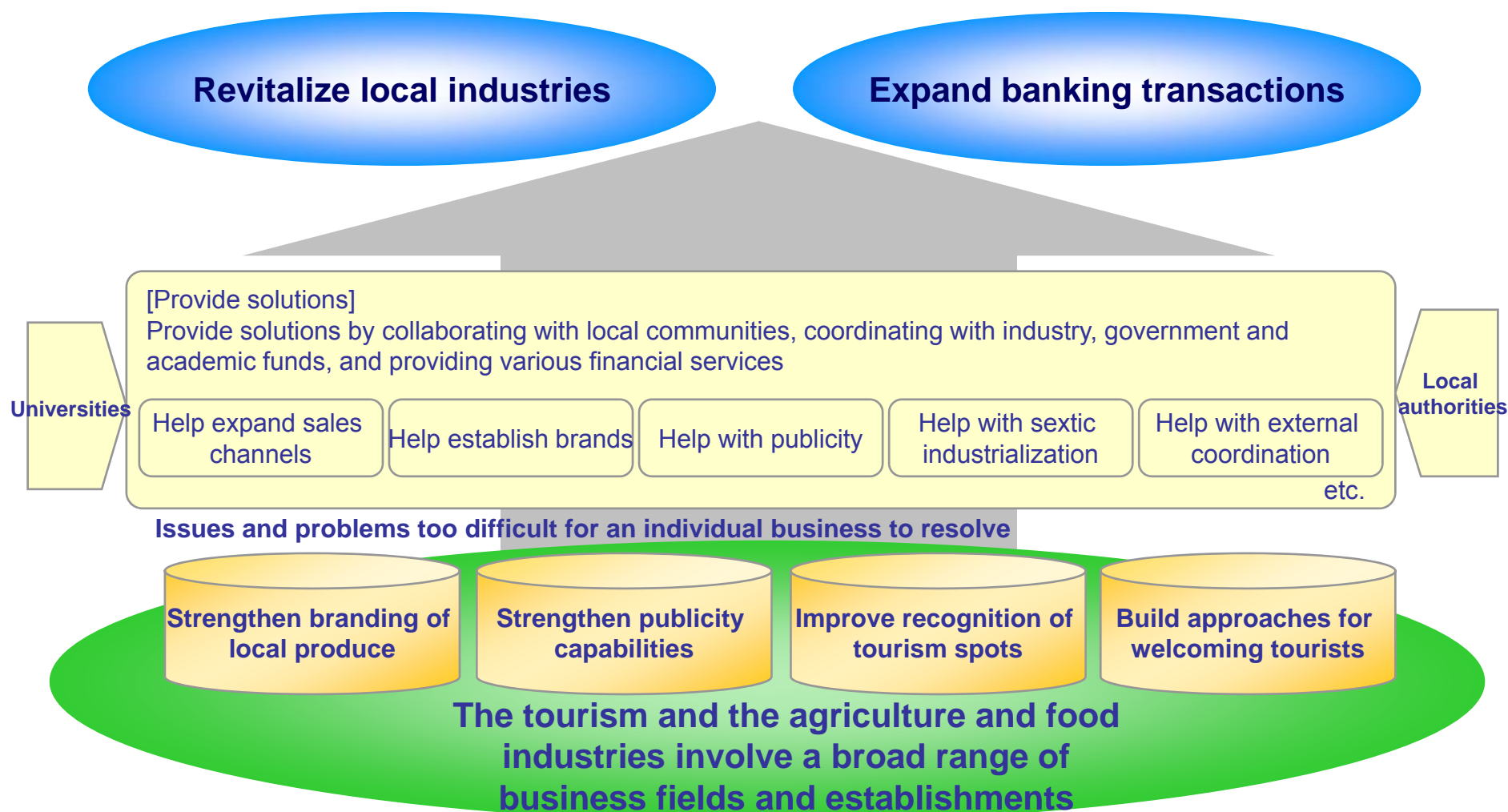
Subsidies for SMEs with businesses making use of local industrial resources in Yamanashi Prefecture

Subsidies for individuals striving to acquire sophisticated skills, technologies, or knowledge

Individual Strategies Based on Basic Strategy I

(3) Strengthen coordination with industrial, government, and academic funds (c)

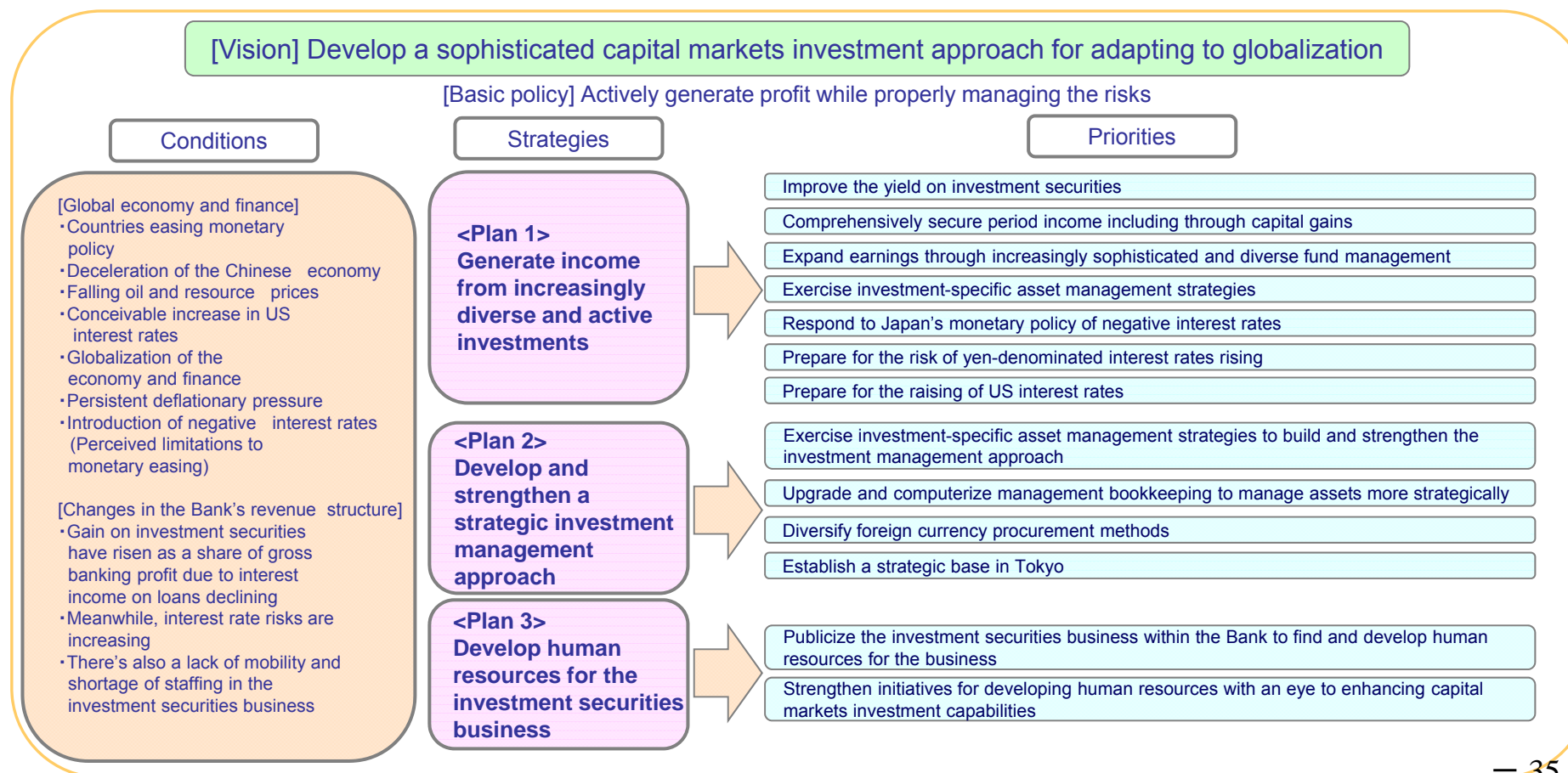
■ The tourism industry and the agriculture and food industry are sectors involving a broad range of business fields and establishments. Embedded in such local industries are issues and problems that an individual business would have too much difficulty resolving. The Bank aims to expand its banking transactions by solving the issues and problems (and thereby revitalizing the local industries) in coordination with various industry, government and academic funds.



Individual Strategies Based on Basic Strategy I

(4) Strengthen and expand the capital markets investment approach (a)

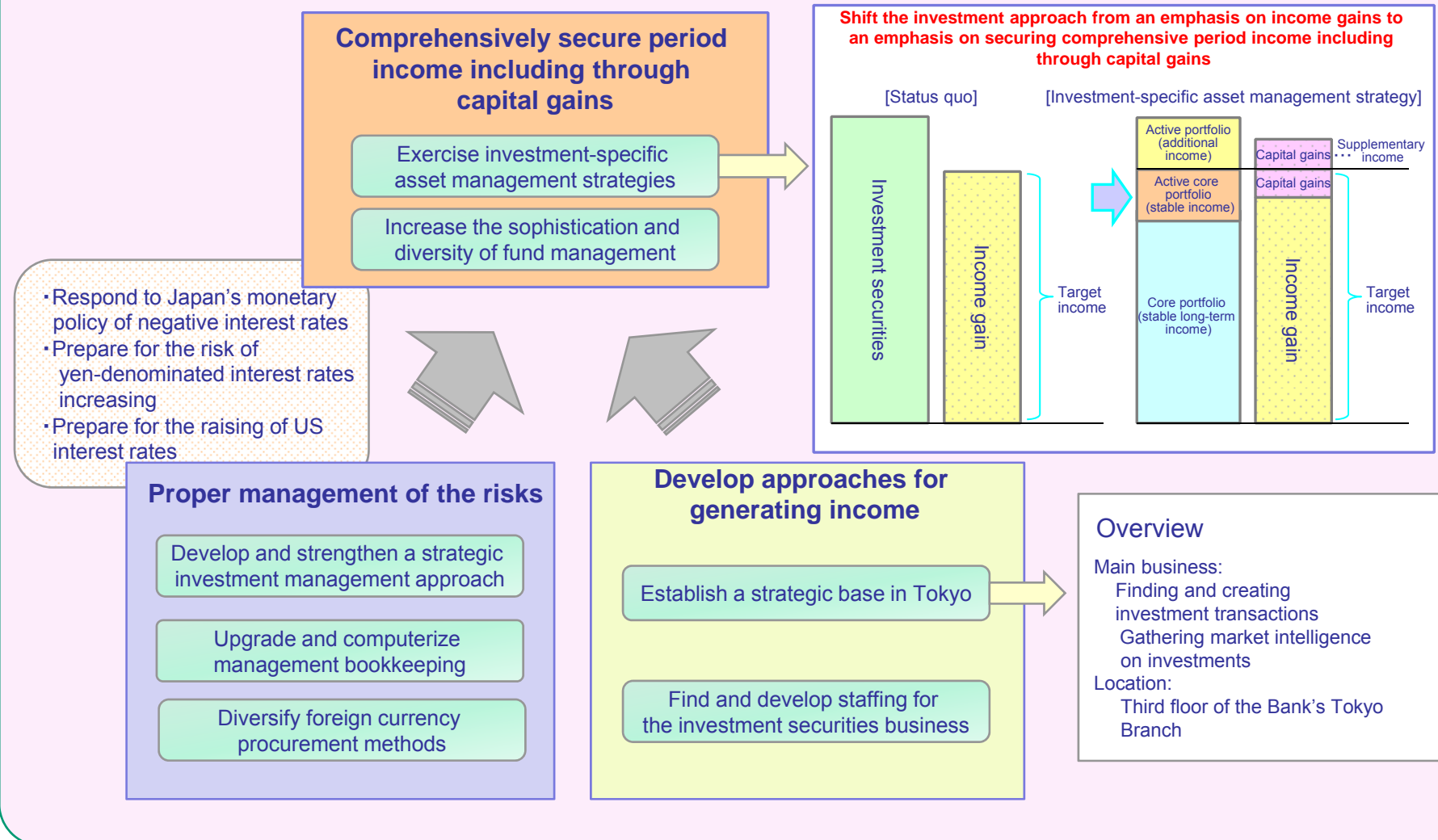
- Changes in the market environment have made the diversification and active management of investments indispensable for generating profit. To this end, Yamanashi Chuo Bank will reconfigure its portfolio to raise yields on investment securities, comprehensively secure period income including through capital gains, expand earnings through increasingly sophisticated and diverse fund management, exercise investment-specific asset management strategies, and respond to Japan's monetary policy of negative interest rates.
- The Bank will strengthen its investment management approach by exercising investment-specific asset management strategies, as well as develop an approach for adapting to globalization and the diversification of foreign currency procurement methods.
- The Bank will also step up the development of human resources and broaden the scope of staffing in the investment securities business. This will be done in response to gain on investment securities rising as a share of Yamanashi Chuo Bank's gross banking profit, and to cope with the growing sophistication of investment management.



Individual Strategies Based on Basic Strategy I

(4) Strengthen and expand the capital markets investment approach (b)

[Basic policy] Actively generate profit while properly managing the risks



(1) Develop human resources and strengthen organizational capabilities

- Systematically develop human resources
- Strengthen organizational capabilities

(2) Optimally redistribute management resources in branches, personnel and IT systems

- Optimize branch banking channels
- Optimally assign personnel
- Strengthen the banking approach
- Upgrade to operate highly strategic IT systems
- Optimize costs

(3) Advanced utilization of IT

- Upgrade banking channels to adapt to changes in customer contact points with the Bank
- Establish a consistent banking approach for all channels (Omni-channel sales)

(4) Fundamental reform and reengineering of operations based on sophisticated risk management approaches

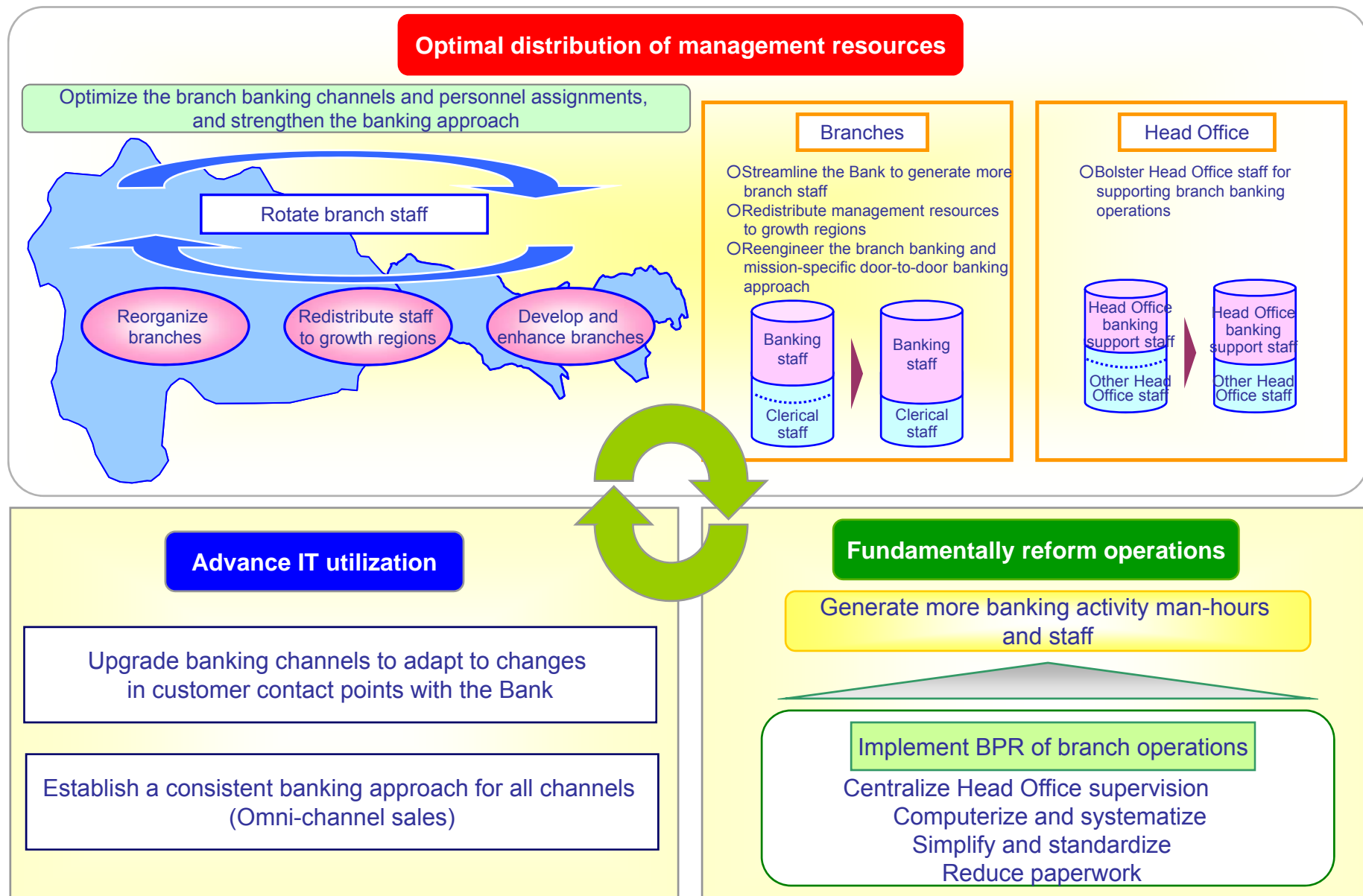
- Implement business process reengineering (BPR) of branch operations
- Develop new services and operations

(5) Strengthen the approach and enhance the effectiveness of internal controls

- Raise the sophistication and effectiveness of risk management
- Strengthen the responsiveness to operational risks
- Enhance the effectiveness of business continuity plans (BCP)
- Strengthen compliance
- Strengthen internal control

Individual Strategies Based on Basic Strategy II

Optimal distribution of management resources, Advanced IT utilization, Fundamental operational reforms



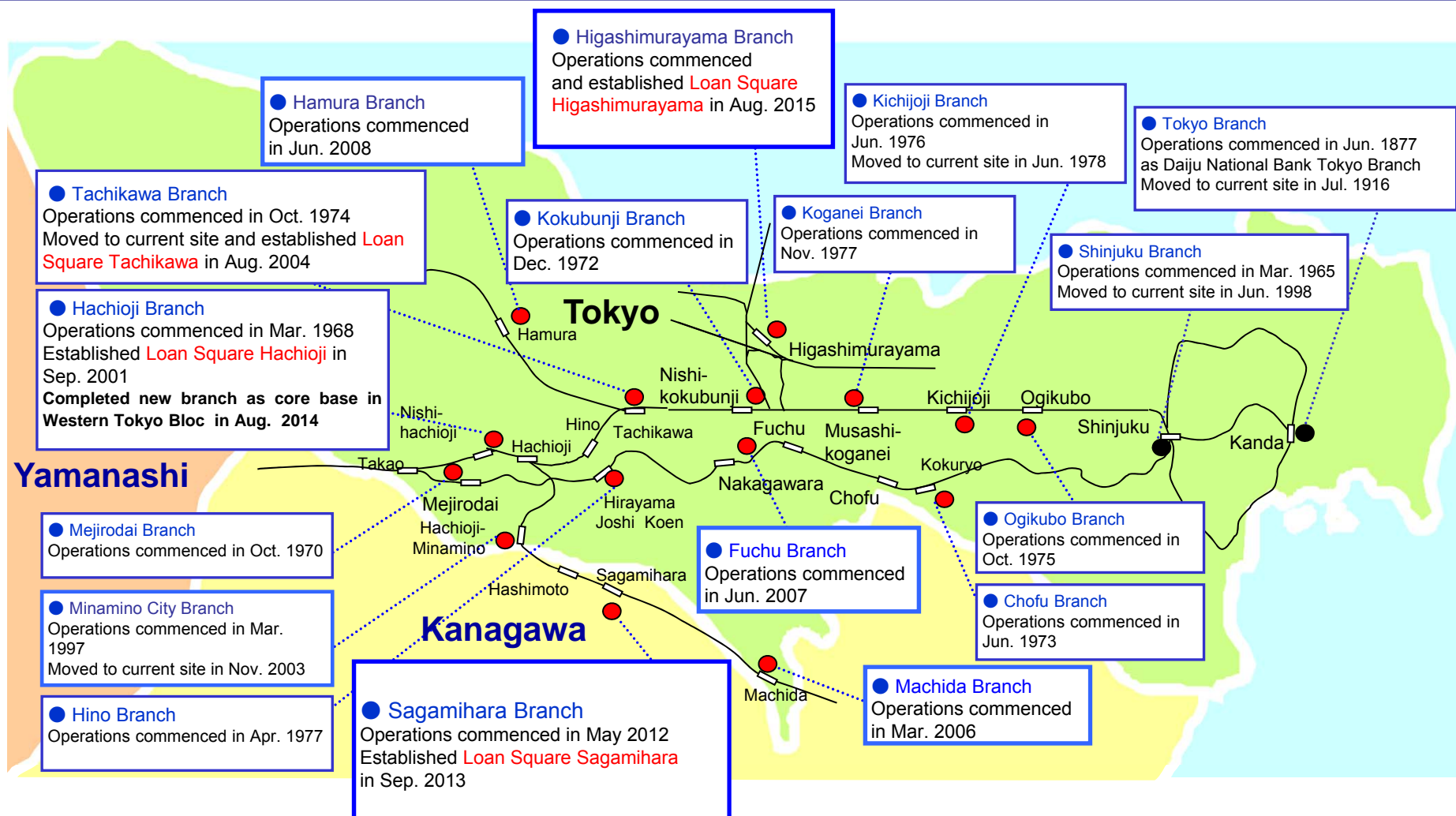
Western Tokyo Bloc Strategy

① Status of Expansion of Branches and Other Offices in the Western Tokyo Bloc



Office Network Expansion in the Western Tokyo Bloc

- Since launch of Hachioji Branch in 1968, the Bank has launched 15 branches
- Loan Square mortgage professional offices expand the current 4 offices



Western Tokyo Bloc Strategy

② Western Tokyo Bloc Strategy

■ Western Tokyo Area strategy

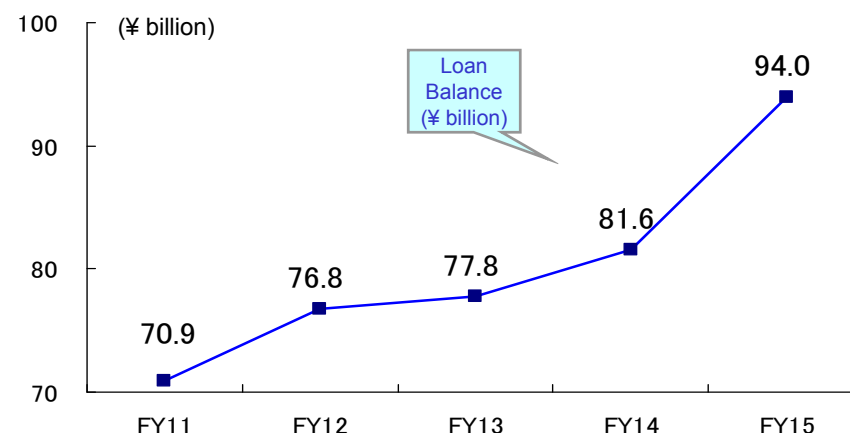
Western Tokyo Area Market Size

- No. of private companies: 170,000
(about 4.0 times more than in Yamanashi Prefecture)
 - Population: 5,510,000
(about 6.6 times more than in Yamanashi Prefecture)
 - Households: 2,520,000
(about 7.6 times more than in Yamanashi Prefecture)
- ・ Western Tokyo Area includes the suburban cities, Nishitama County, and Suginami Ward of Metropolitan Tokyo, and Sagami-hara City in Kanagawa Prefecture
 ※Source: Number of private companies as of 2014 "Economic Census", population and households as of Apr. 2016 "Estimated Population"

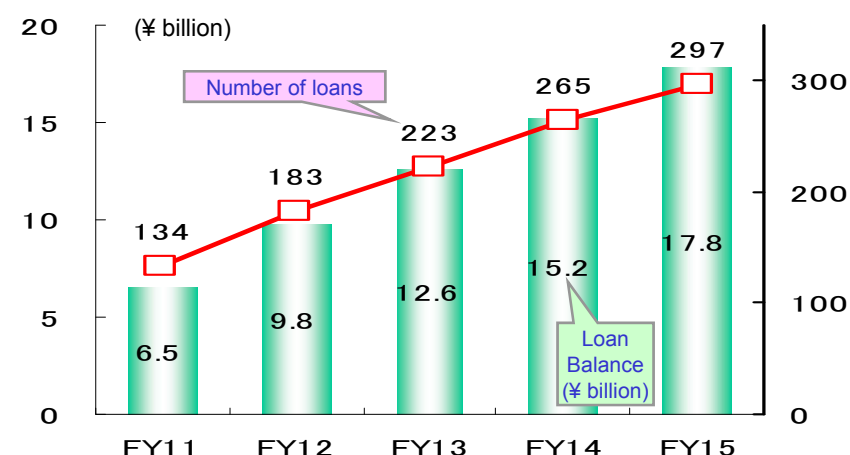
- Western Tokyo Area promotion strengthening by headquarters reorganization
 - Western Tokyo Area Promotion Office is to specialize in promoting corporate transactions
 - Expansion of Loan Square is to strengthen transactions with individual customers
- Sales personnel shifting to the Western Tokyo Area
 - During the previous medium-term management plan, 33 sales personnel shifted
 - In the medium-term management plan, towards the expansion of the business area, consider the arrangement of the "new business development team" to the existing store

■ Expanded from "point" of the franchise to the "line and face."

Western Tokyo Bloc Loan Balance to SMEs



Western Tokyo Bloc balance of loans to the healthcare and nursing care fields

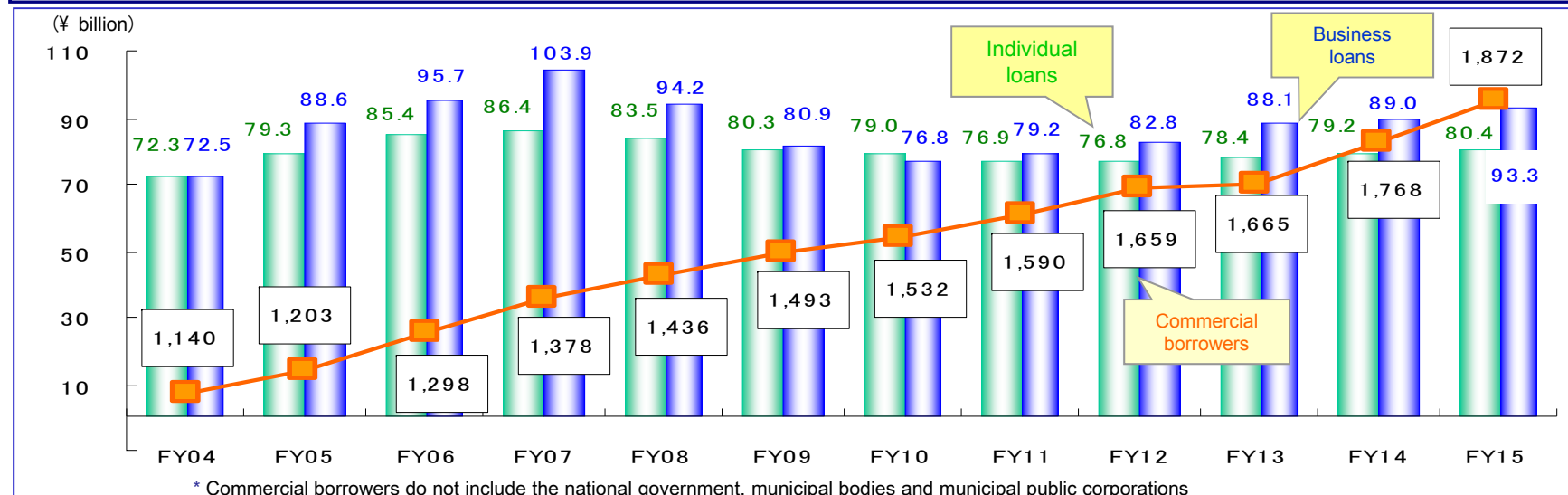


Western Tokyo Bloc Strategy

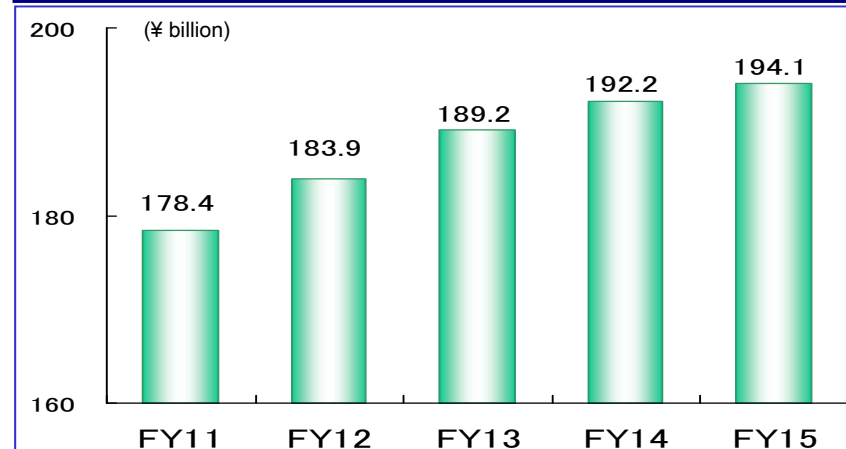
③Trend in Key Performance Indicators for the Western Tokyo Bloc



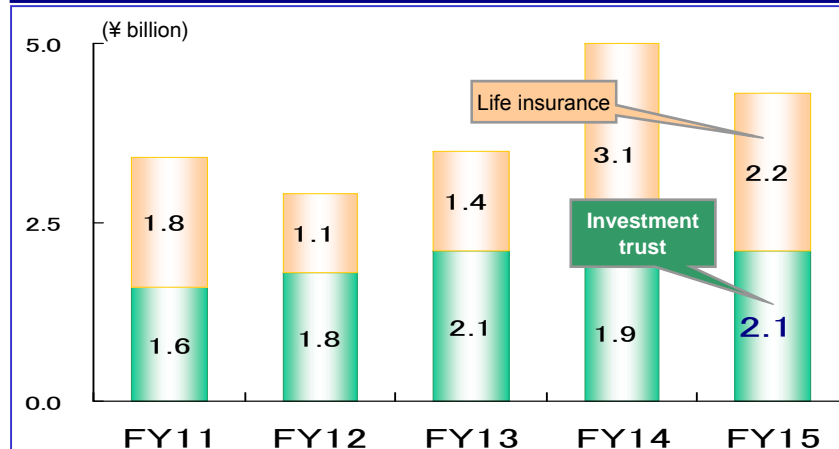
Loan (average balance) and Number of Commercial Borrowers



Individual deposit balance (term-end)



Investment trust and life insurance sales amounts



Thank you for attending our analyst meeting. If you have any further questions, please do not hesitate to contact us at the following telephone number, email address or website.

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