

A scenic view of Mount Fuji, Japan's highest mountain, covered in snow and partially shrouded in white clouds. The sky is a clear, vibrant blue. In the foreground, there are dark, forested hills and a small body of water, possibly a lake or bay, reflecting the surrounding landscape.

# **The Yamanashi Chuo Bank, Ltd. The 33rd Analyst Meeting**

- FY17 1st Half Business Results
- Forecasts for the Current Term (FY17)
- Medium-Term Management Plan
- “S.T.E.P. up 2019” Progress Report

**December 6, 2017 (Wed)**

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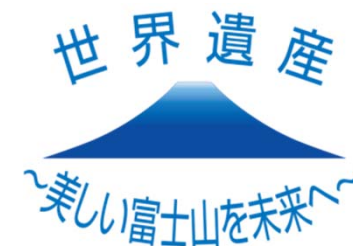
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## ■ Profile (as of September 30, 2017)

- Predecessor Founded: April 1877
- Established: December 1941
- Head Office: 20-8, Marunouchi 1-Chome, Kofu, Yamanashi
- Common Stock: ¥15.4 billion
- Employees: 1,762
- Branches (including sub-branches):  
92 (75\* in Yamanashi Pref., 16 in Tokyo, 1 in Kanagawa Pref.),  
Representative Office: 1 (Hong Kong)  
(\* )Includes 1 Internet branch



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 FY17 1st Half Business Results and Forecasts for the Current Term (FY17)**

# FY17 1st Half Business Results (Summary)



(¥ billion, %)	FY16 1H	FY17 1H	YoY change (%)
Operating income	26.2	24.6	(1.6) ( (6.2) )
Gross banking profit	21.4	16.5	(4.9) ( (23.1) )
Interest income	16.5	14.6	(1.8) ( (11.4) )
Fees and commissions	2.0	2.2	0.1 ( (9.8) )
Other operating income	(0.8)	(0.5)	0.3 ( (37.6) )
Gross banking profit on core operations	17.6	16.2	(1.3) ( (7.7) )
JGBs and other bond transactions	3.8	0.2	(3.6) ( (94.5) )
Expenses	13.7	13.7	(0.0) ( (0.4) )
General provision to loan loss reserve	-	-	- ( - )
Net business profit	7.7	2.8	(4.9) ( (63.6) )
Net business profit on core operations	3.8	2.5	(1.3) ( (33.5) )
Non-operating losses	(0.5)	0.2	0.7 ( (151.9) )
Gains on reversal of provision to loan loss reserve	0.0	0.7	0.7 ( (3,645.0) )
Reversal of loan loss reserve	0.0	0.0	(0.0) ( (100.0) )
Equity share and similar transactions	0.9	3.8	2.8 ( (293.0) )
Loss on dissolution of investment trusts	1.1	4.0	2.8 ( (241.3) )
Ordinary profits	7.1	3.0	(4.1) ( (57.2) )
Extraordinary income (losses)	(0.0)	(0.2)	(0.2) ( (511.9) )
Income before income taxes	7.1	2.8	(4.3) ( (60.6) )
Income taxes - basic	2.0	0.0	(2.0) ( (99.5) )
Income taxes - deferred	0.0	0.5	5.0 ( (817.7) )
Net income	5.0	2.2	(2.8) ( (55.9) )

(¥ billion, %)	FY17 1H	YoY change (%)	Balance	Yield
Fund operations	15.6	(1.7) ( (10.0) )	0.4	(2.1)
Interest on loans	7.9	(0.5) ( (6.1) )	0.1	(0.6)
Interest on securities	7.5	(1.3) ( (14.6) )	(1.1)	(0.1)
Call loan, etc.	0.1	0.0 ( (64.7) )	0.0	(0.0)
Fund procurement	1.0	0.1 ( (15.2) )	0.0	0.1
Interest on deposits, etc.	0.2	(0.3) ( (56.8) )	0.0	(0.3)
Call money, etc.	0.8	0.4 ( (135.4) )	0.0	0.4
Interest income	14.6	(1.8) ( (11.4) )	-	-

(¥ billion)	FY17 1H	YoY change
Revenues	3.6	0.0
Investment trusts	0.4	0.0
JGBs held by individuals	0.0	0.0
Life insurance	0.4	0.0
Others	2.8	0.0
Cost	1.3	(0.1)
Fees and commissions	2.2	0.1

(¥ billion)	FY17 1H	YoY change
Personnel	7.8	0.0
Premises and equipment	4.9	(0.0)
Taxes	0.8	(0.0)
Expenses	13.7	(0.0)

# Earnings Forecasts for the Current Term (FY17)



(¥ billion, %)	FY16	FY17 (forecast)	YoY change (%)
Operating income	50.9	44.1	(6.8) ( 13.4 )
Gross banking profit	37.7	32.9	(4.8) ( 12.6 )
Interest income	31.3	28.9	(2.4) ( 7.6 )
Fees and commissions	4.2	4.7	0.5 ( 12.3 )
Other operating income	(2.1)	(0.9)	1.2 ( 56.5 )
Gross banking profit on core operations	33.4	32.7	(0.7) ( 1.9 )
JGBs and other bond transactions	4.3	0.2	(4.1) ( 95.1 )
Expenses	26.9	27.1	0.2 ( 0.4 )
General provision to loan loss reserve	(0.1)	-	0.1 ( 100.0 )
Net business profit	10.8	5.9	(4.9) ( 45.7 )
Net business profit on core operations	6.4	5.7	(0.7) ( 11.5 )
Non-operating losses	(1.9)	0.0	1.9 ( 103.8 )
Reversal of loan loss reserve	0.5	0.0	(0.5) ( 92.9 )
Equity share and similar transactions	4.5	4.4	(0.1) ( 1.1 )
Loss on dissolution of investment trusts	5.2	4.0	(1.2) ( 23.2 )
Ordinary profits	8.9	5.9	(3.0) ( 34.2 )
Net income	6.7	4.2	(2.5) ( 37.4 )

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

	End of Mar. 2017	End of Mar. 2018 (estimate)
Nikkei Stock Average	¥18,909	¥20,356

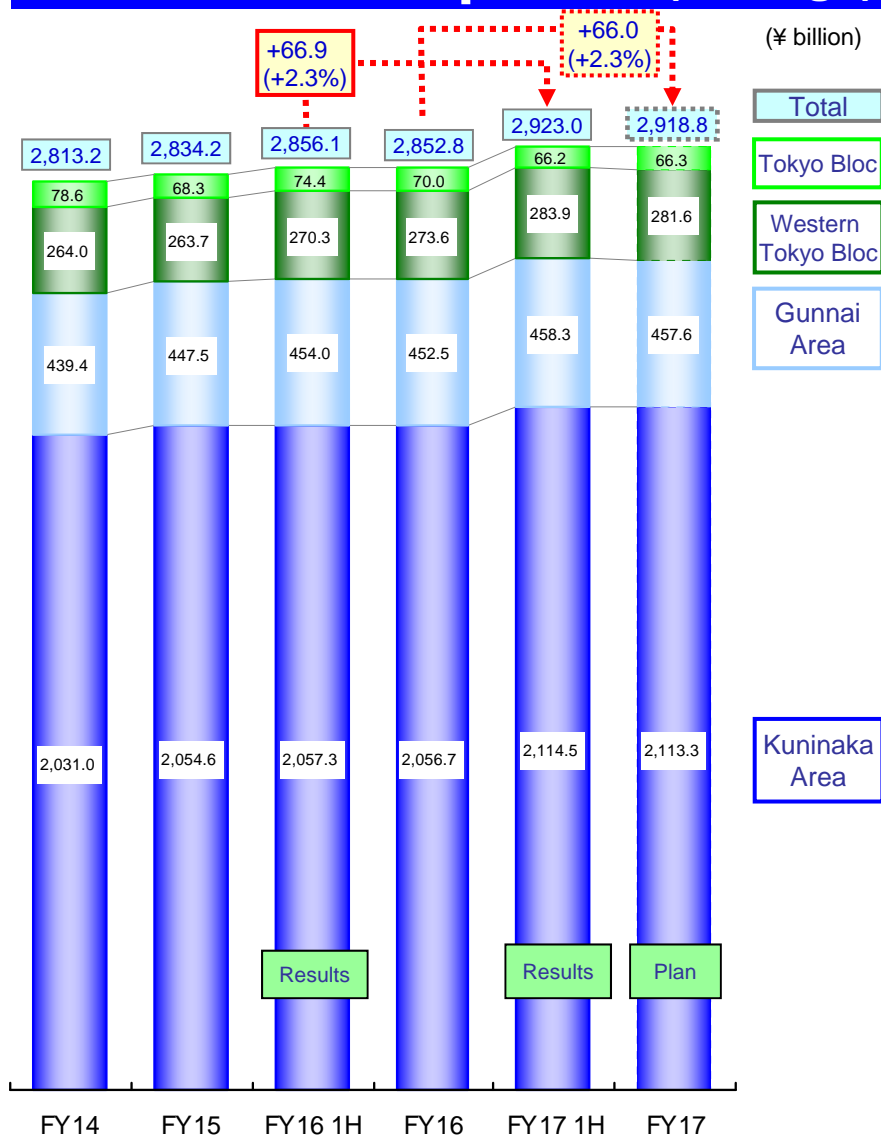
(¥ billion, %)	FY17 (forecast)	YoY change (%)	Balance	Yield
Fund operations	30.8	(2.6) ( 7.9 )	0.3	(3.0)
Interest on loans	15.8	(0.8) ( 4.8 )	0.3	(1.1)
Interest on securities	14.7	(1.8) ( 11.0 )	(1.7)	(0.0)
Call loan, etc.	0.2	(0.0) ( 15.0 )	0.1	(0.1)
Fund procurement	1.8	(0.2) ( 13.1 )	0.0	(0.3)
Interest on deposits, etc.	0.4	(0.5) ( 52.3 )	0.0	(0.5)
Call money, etc.	1.4	0.2 ( 19.4 )	(0.1)	0.3
Interest income	28.9	(2.4) ( 7.6 )	-	-

(¥ billion)	FY17 (forecast)	YoY change
Revenues	7.4	0.3
Investment trusts	0.8	0.0
JGBs held by individuals	0.0	0.0
Life insurance	0.9	0.1
Others	5.7	0.2
Cost	2.6	(0.1)
Fees and commissions	4.7	0.5

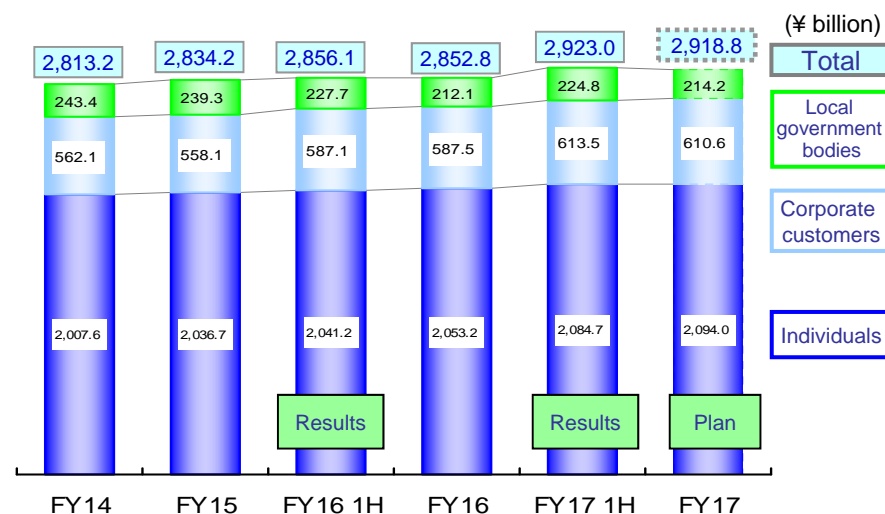
(¥ billion)	FY17 (forecast)	YoY change
Personnel	15.5	0.1
Premises and equipment	10.1	0.0
Taxes	1.3	(0.0)
Expenses	27.1	0.2

# Deposits

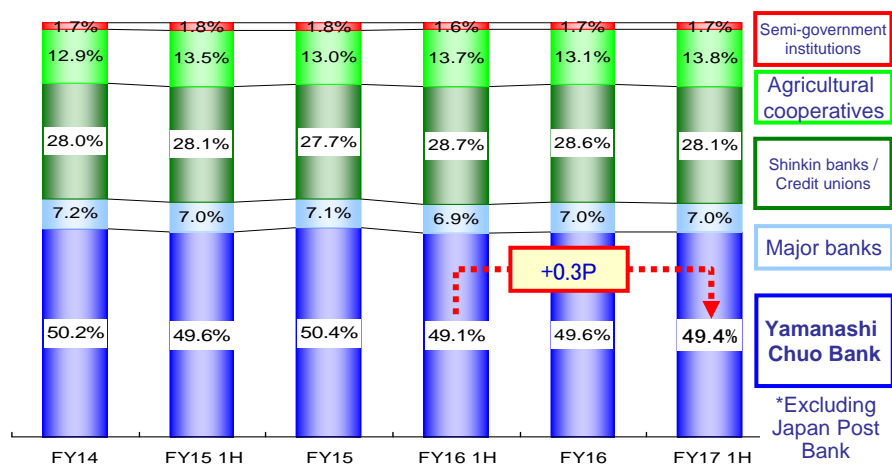
## Balance of Deposits (average)



## Balance by Customer Segment (average)

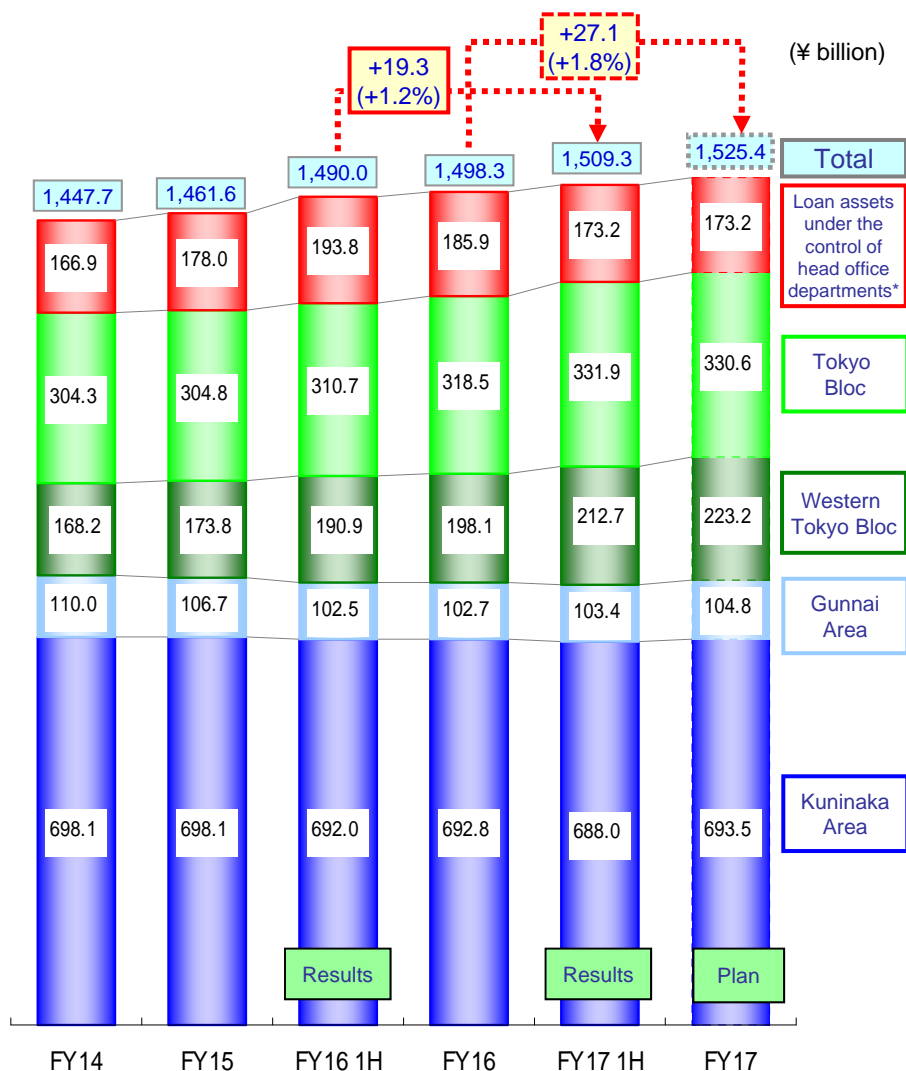


## Deposit Shares in Yamanashi Prefecture (term-end)

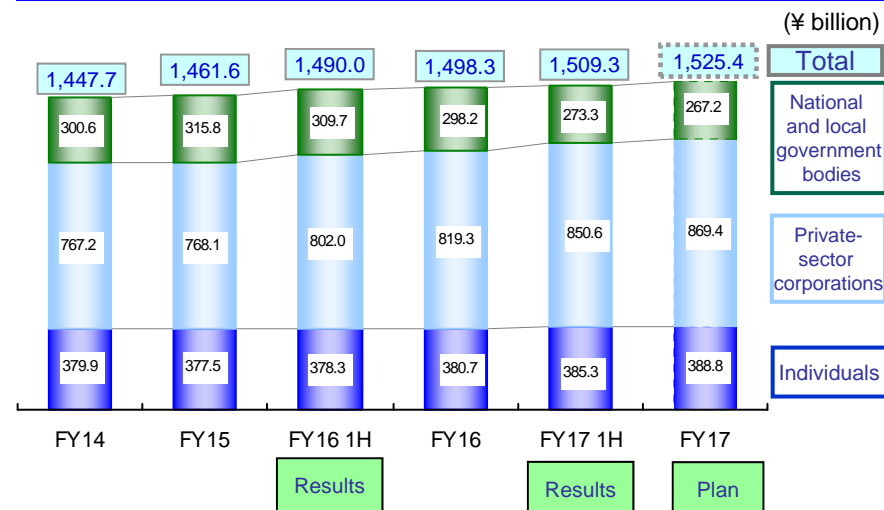


# Loans(1)

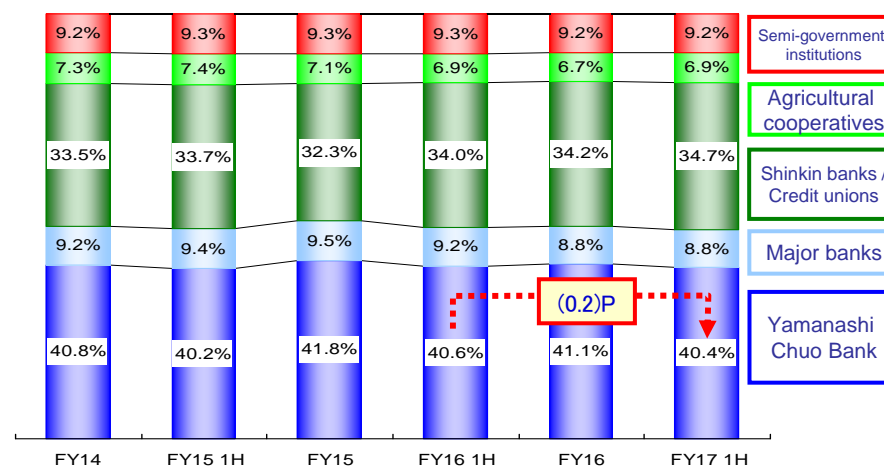
## Balance of Loans (average)



## Balance by Customer Segment (average)



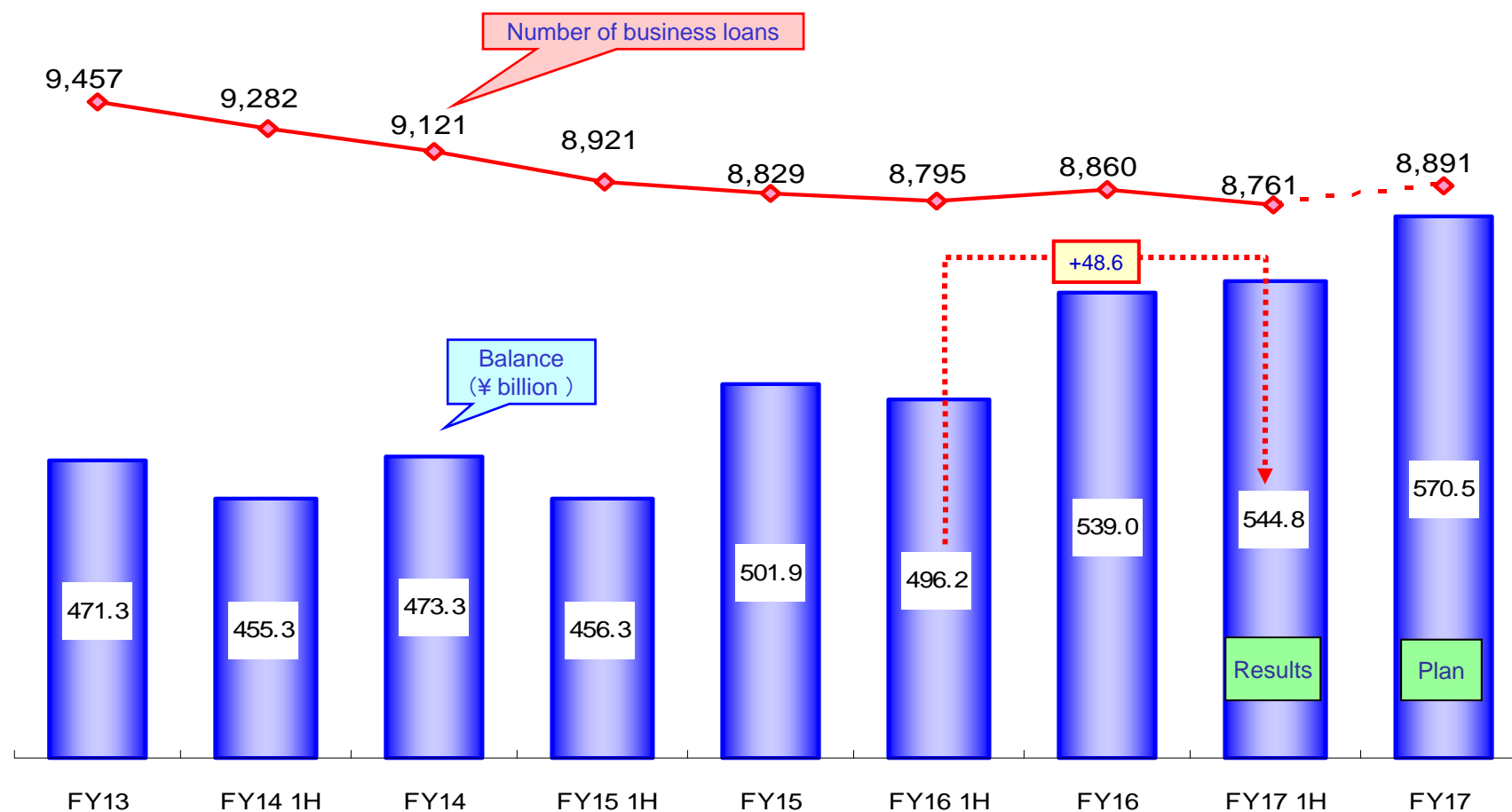
## Loan Shares in Yamanashi Prefecture (term-end)



\*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.

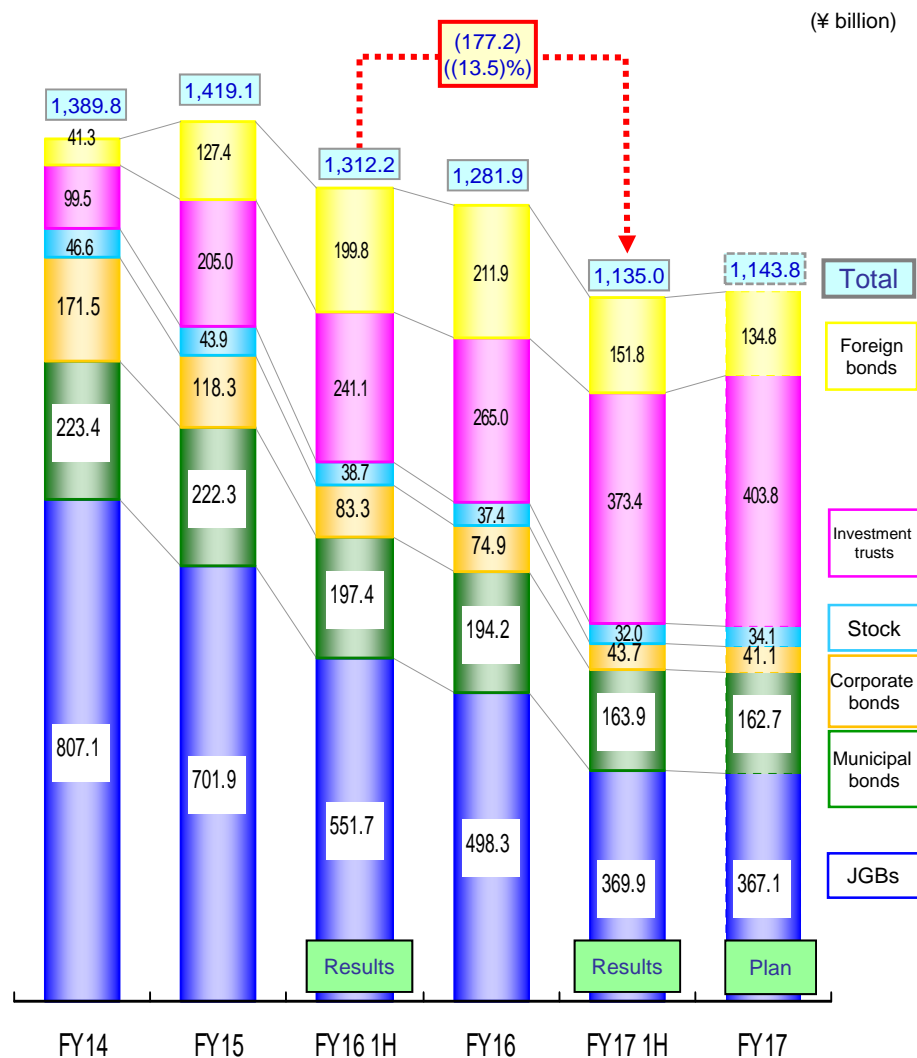
## Loans (2)

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

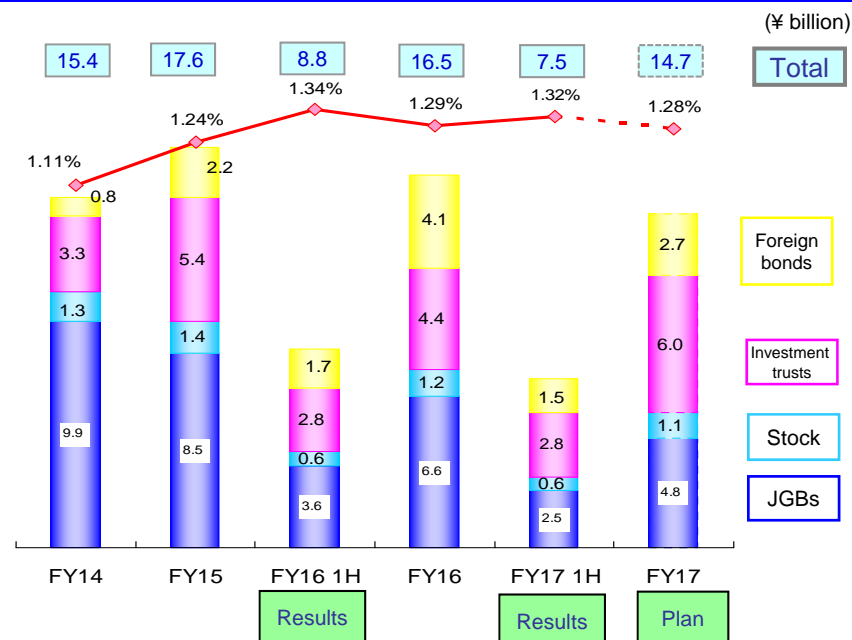


# Securities (1)

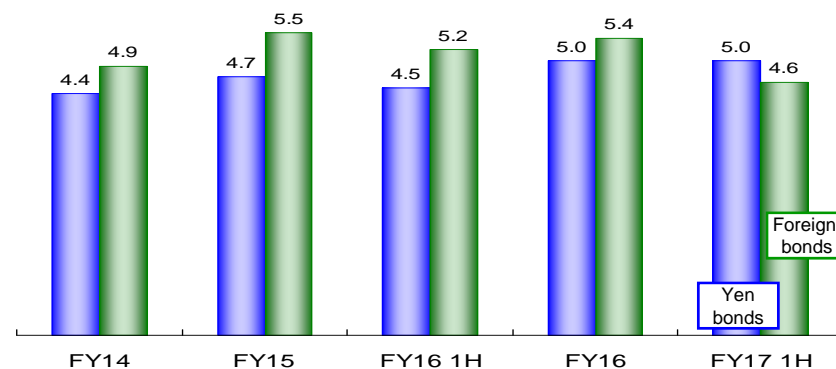
## Balance of Securities (average)



## Changes in Interest Dividends or Securities Yield

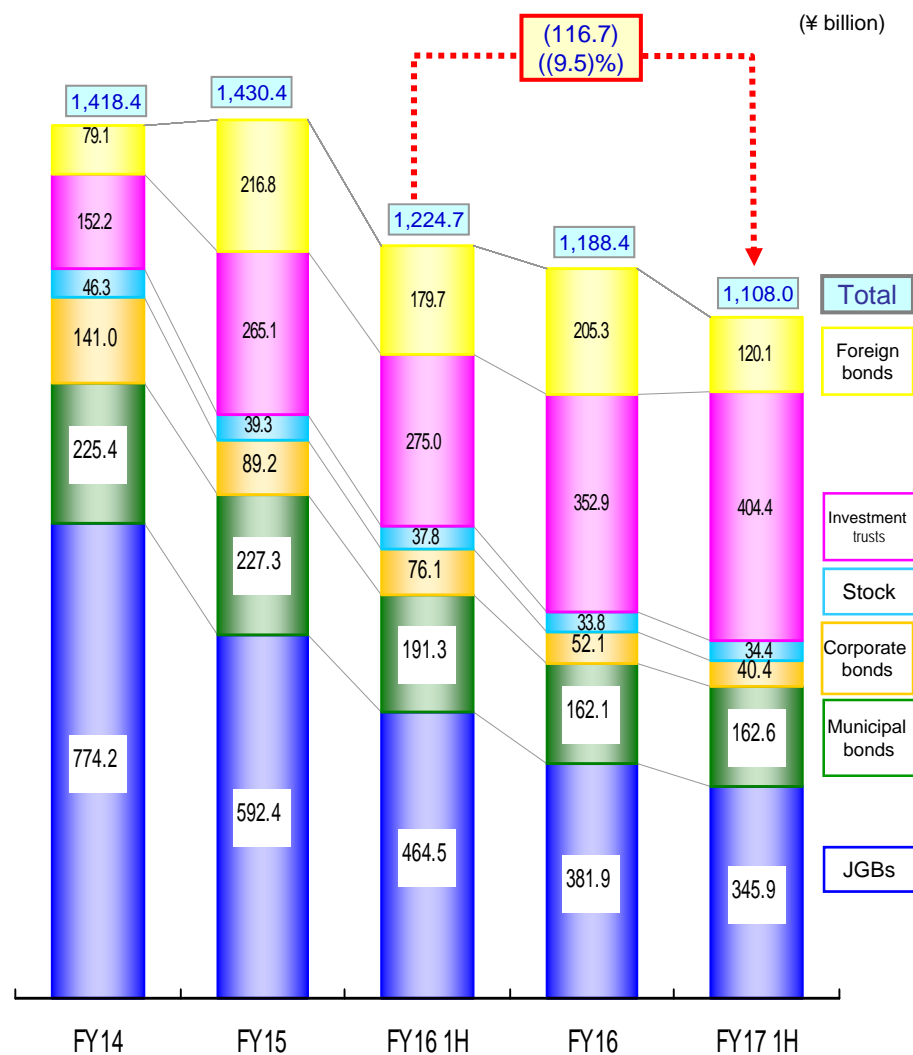


## Changes in Bond Modified Duration

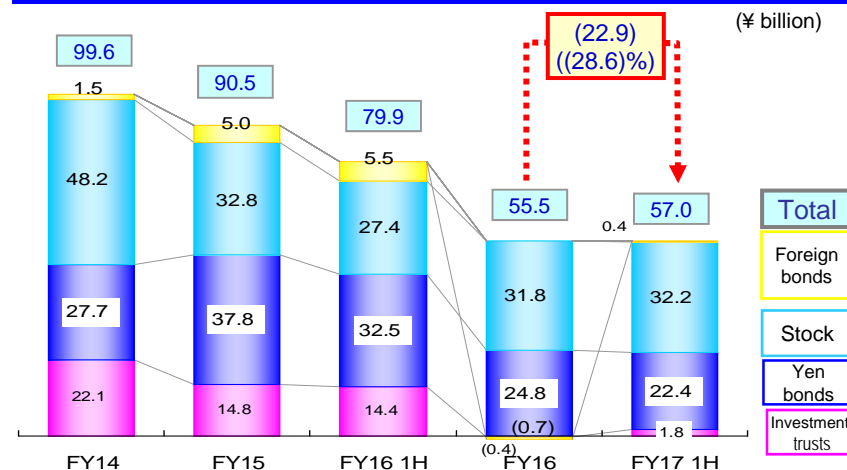


# Securities (2)

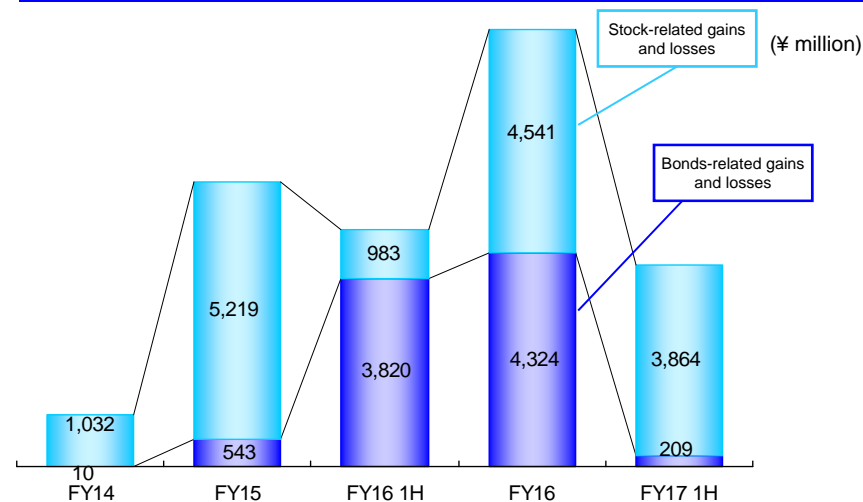
## Balance of Securities (subject to mark-to-market valuation)



## Changes in Interest Dividend-Yield Securities

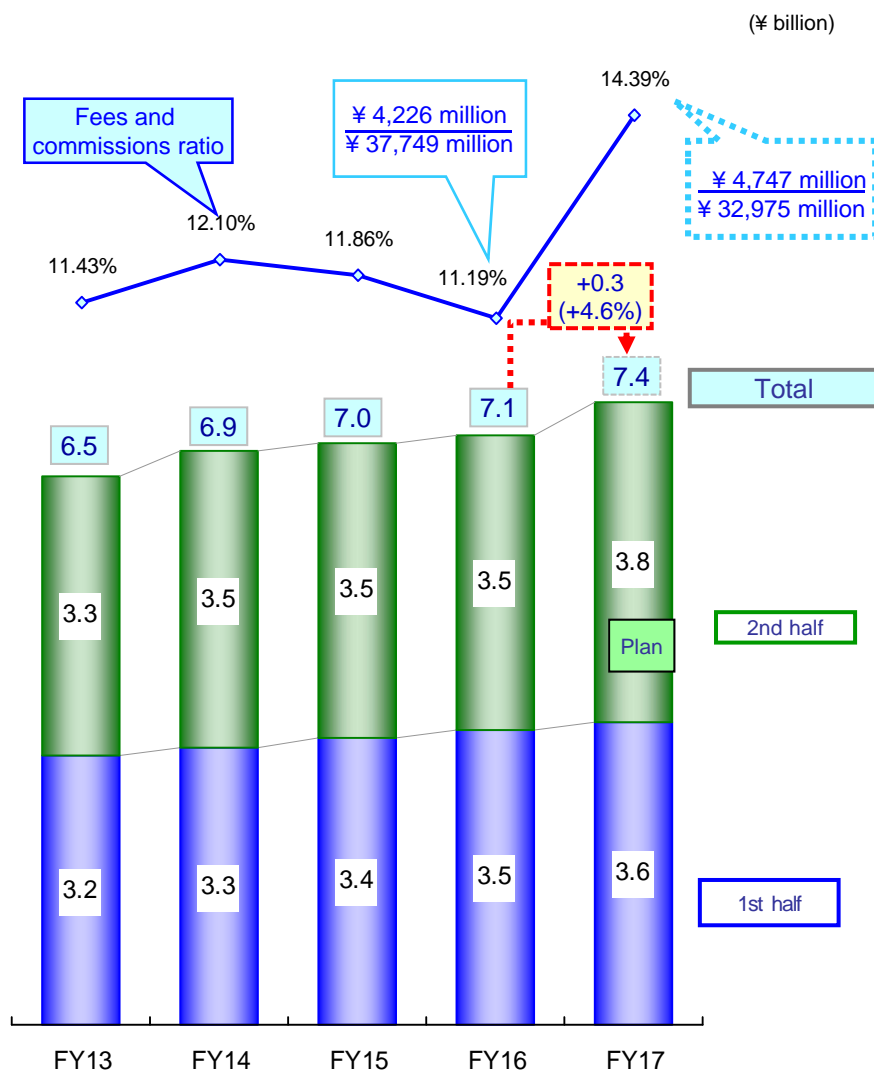


## Changes in Securities Gains and Losses



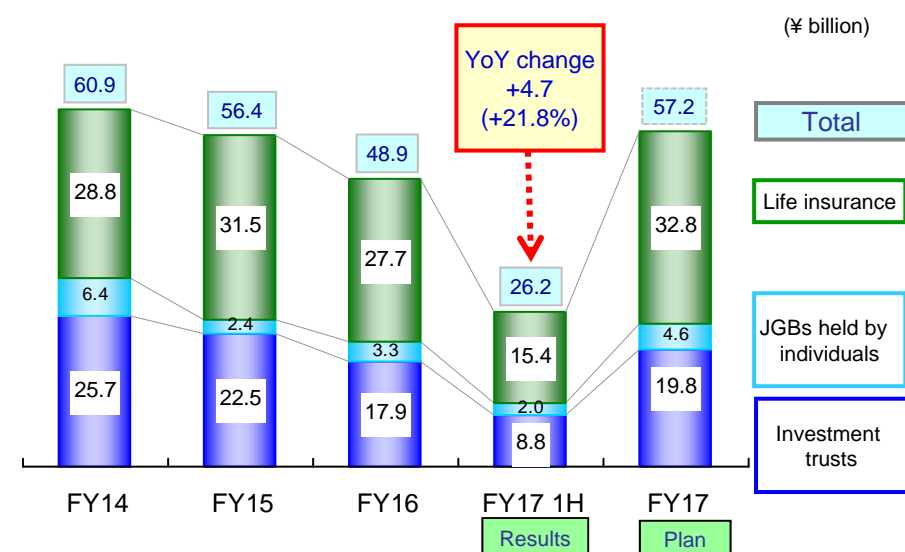
# Fees and Commissions

## Fees and Commissions / Fees and Commissions Ratio

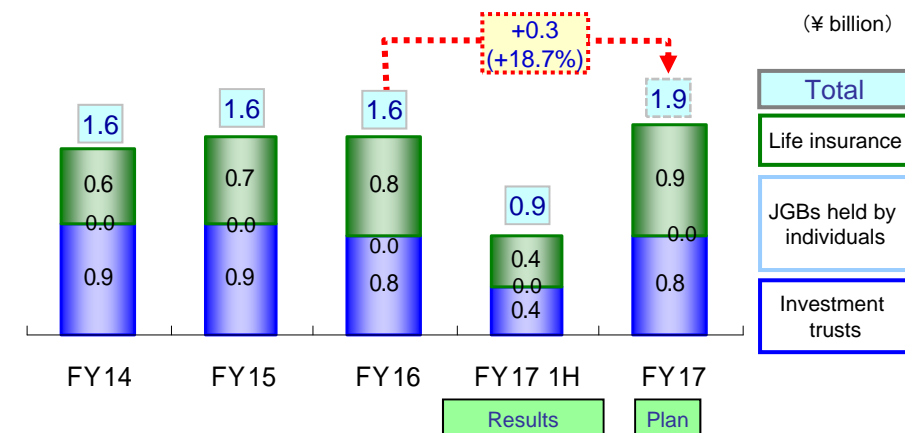


\* Fees and commissions ratio= Fees and commissions / Gross banking profit

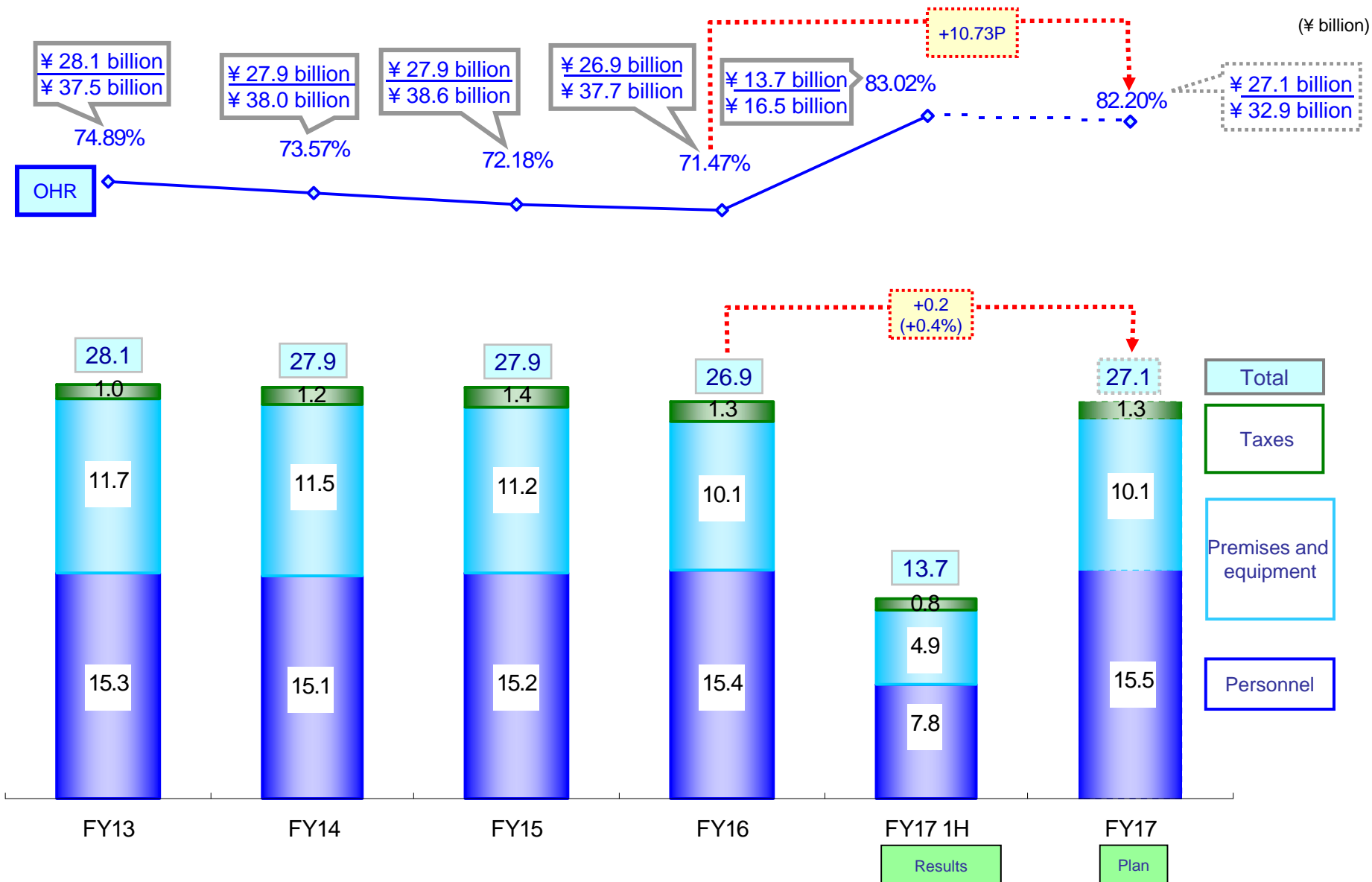
## Sales of Investment Trusts, Life Insurance and JGBs Held by Individuals



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



# Expenses and OHR

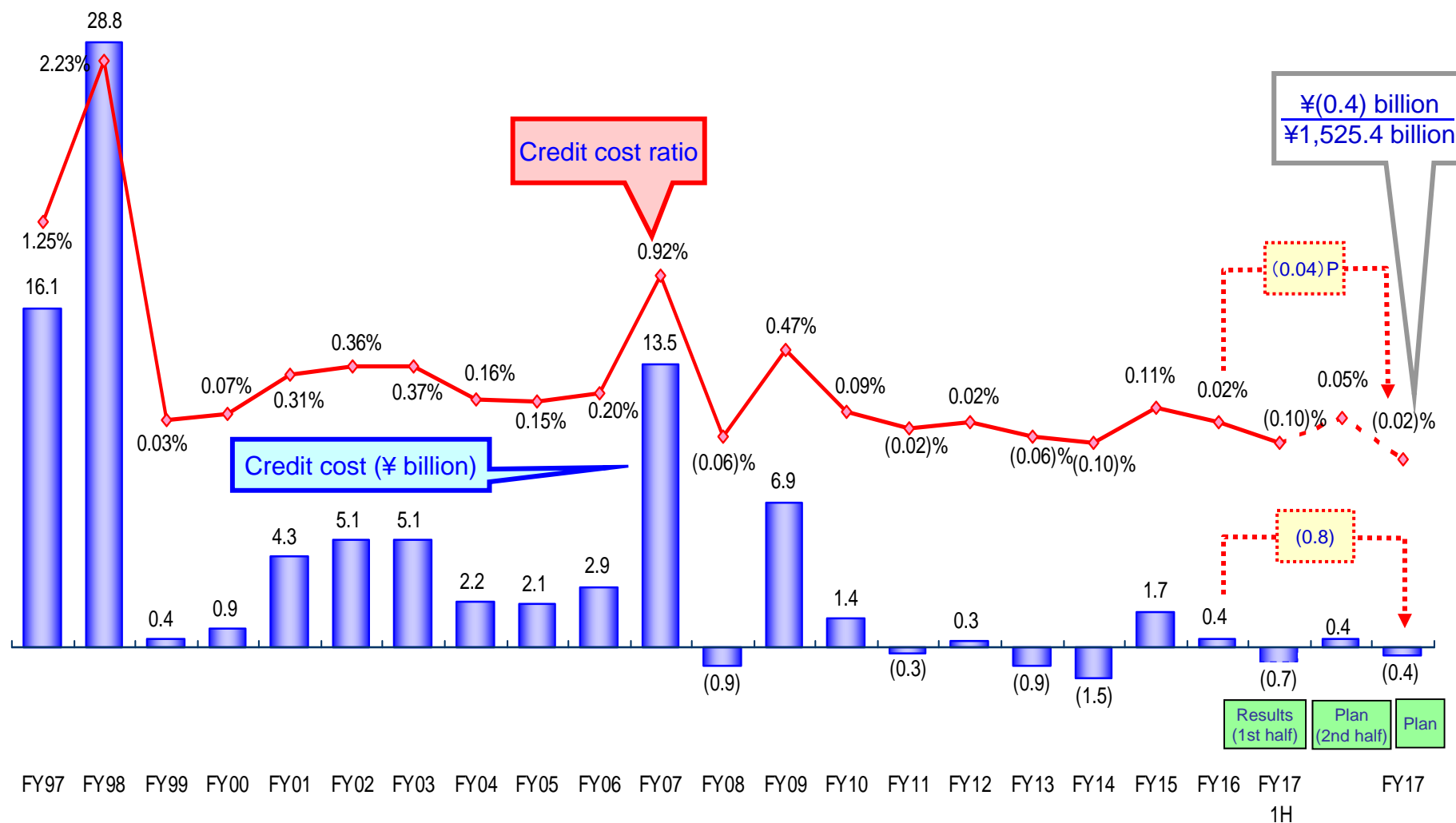


\*OHR = Expenses / Gross banking profit

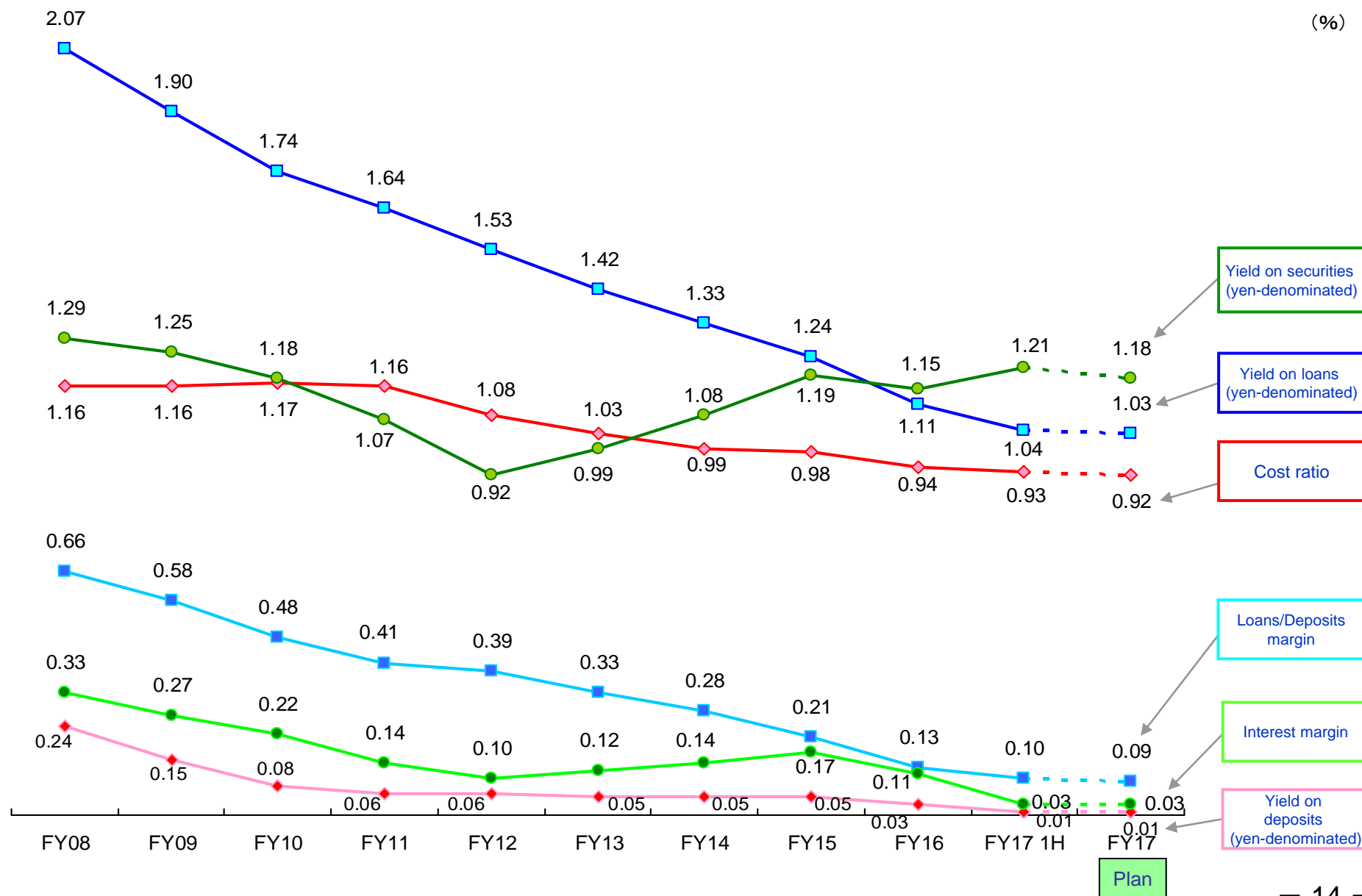
# Credit Cost

## Credit Cost / Credit Cost Ratio

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

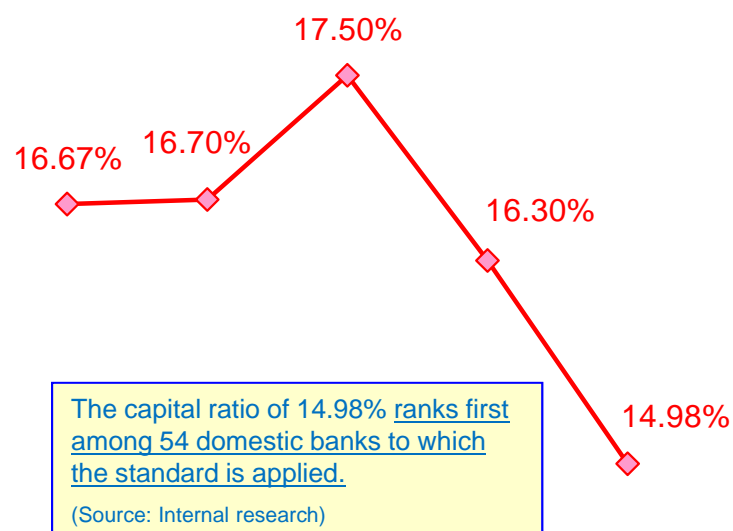


# Yields and Interest Margins



# Capital Ratio (Non-Consolidated Basis)

## Changes in Capital Ratio



FY13 FY14 FY15 FY16 FY17 1H

## Breakdown of Regulatory Capital

(¥ billion)

	FY13	FY14	FY15	FY16	FY17 1H
Regulatory capital	161.0	164.8	172.2	175.6	172.2
Risk-weighted assets, etc.	965.8	986.9	984.0	1,076.8	1,149.8

### Risk-weighted assets, etc. methods employed

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

( Reference )

Interest rate risk of bank account (end of Sep. 2017)

(¥ billion, %)

Interest rate risk amount	25.0
Regulatory capital	172.2
Outlier ratio	14.5%

\*We use internal model to calculate core deposits .

# 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 FY15.

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  
(interim ¥3.5, term-end ¥3.5)

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

Dividend increase of ¥0.5  
(interim ¥3, term-end ¥3.5)

Dividend increase of ¥3  
(interim ¥5, term-end ¥5)

	FY11	FY12	FY13	FY14	FY15	FY16	FY17 (forecast)
Dividend per share (annual)	¥7.00	¥6.00	¥6.50	¥7.00	¥10.00	¥9.00	¥7.00
Term-end share price	¥368	¥429	¥466	¥526	¥413	¥498	-
Dividend yield	1.90%	1.39%	1.39%	1.33%	2.42%	1.80%	-

## Return to Shareholders

Acquired 2,079 thousand shares in Dec. 2011

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

Acquired 2,209 thousand shares in Feb. 2016

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

Acquired 1,577 thousand shares in Feb. 2015

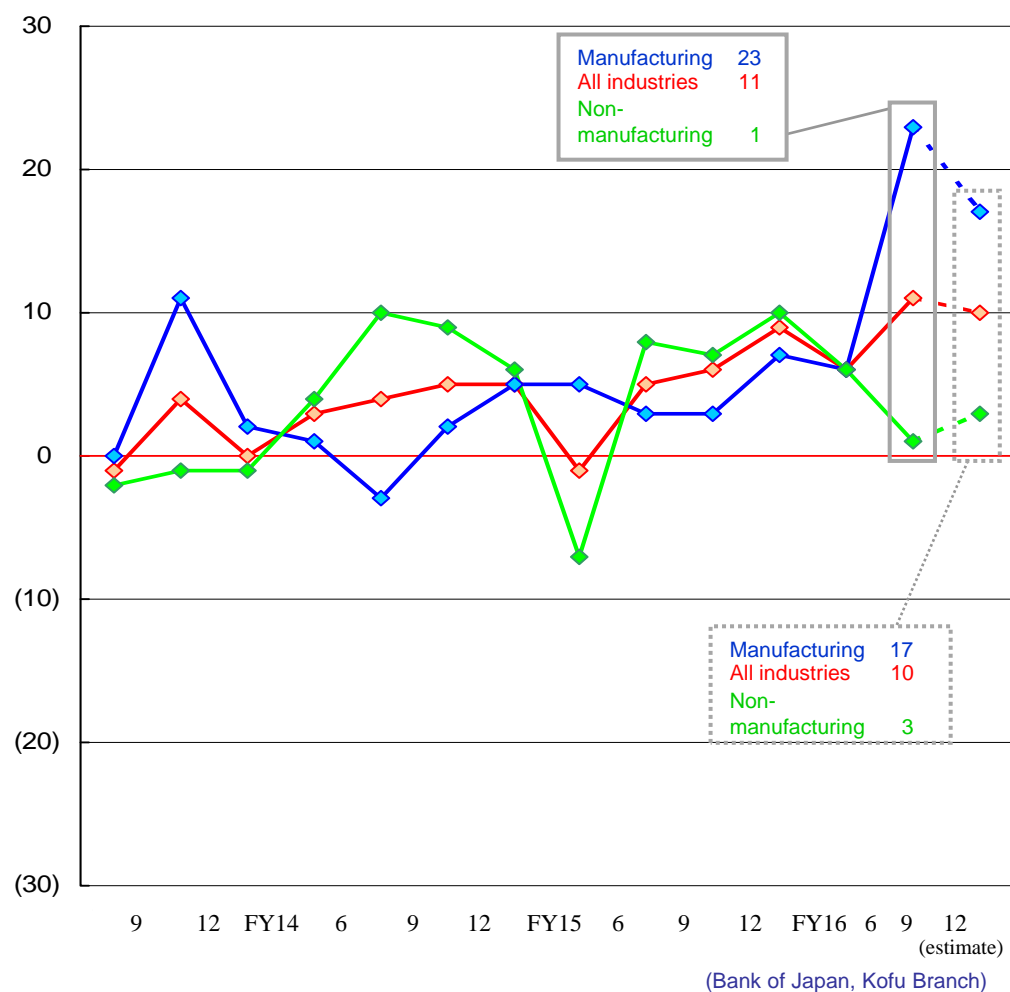
Acquired 2,127 thousand shares in Dec. 2016

(¥ million)	FY11	FY12	FY13	FY14	FY15	FY16	FY17 (forecast)
Annual dividend (1)	1,256	1,062	1,134	1,211	1,712	1,521	1,176
Treasury stock acquired (2)	644	989	835	834	899	1,235	-
Return to shareholders (3)=(1)+(2)	1,901	2,052	1,970	2,045	2,611	2,757	1,176
Net income (non-consolidated basis) (4)	6,965	5,870	7,898	8,200	8,737	6,710	4,200
Dividend payout ratio	18.08%	18.22%	14.42%	14.83%	19.70%	22.73%	28.02%
Shareholder return ratio (3)/(4)x100	27.29%	34.95%	24.94%	24.94%	29.88%	41.08%	28.02%

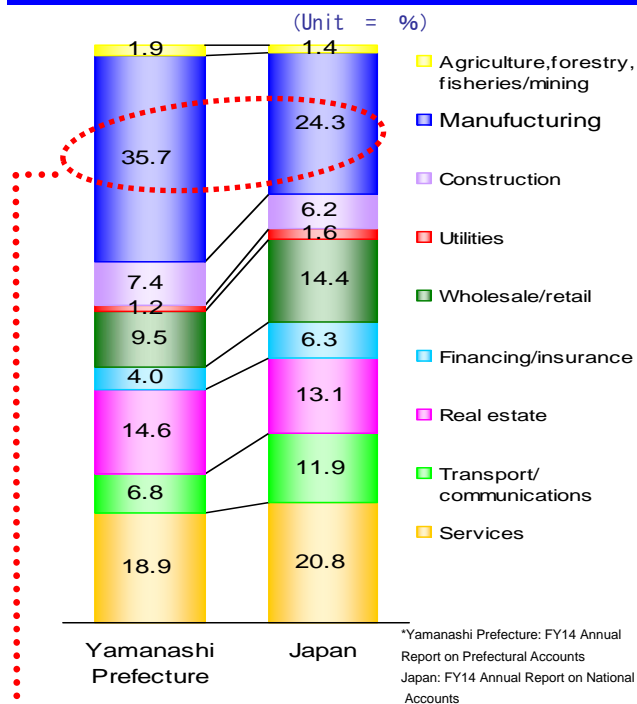
## II Economic Trends in Yamanashi Prefecture

# Business Trends

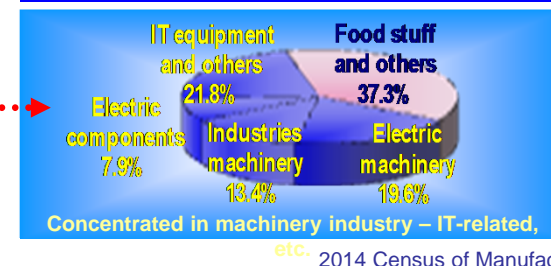
## Diffusion Index for Yamanashi Prefecture (BOJ's Tankan Survey)



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



## Percentage of Shipments of Products Manufactured in Yamanashi Prefecture



# 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.

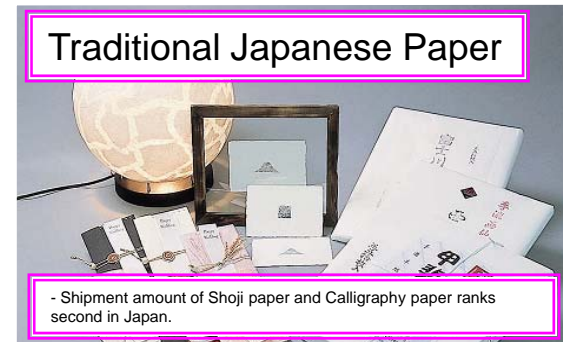
## Knit Products



## Inden Leather



## Traditional Japanese Paper



- Shipment amount of Shoji paper and Calligraphy paper ranks second in Japan.

\*Source: 2014 Census of Manufacturer, 2016 Census of Crops

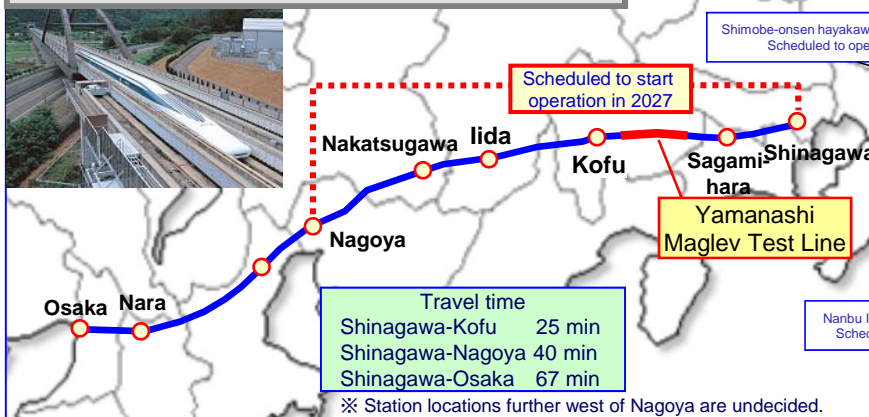
# Preparations for High-Speed Transportation Network

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, etc.

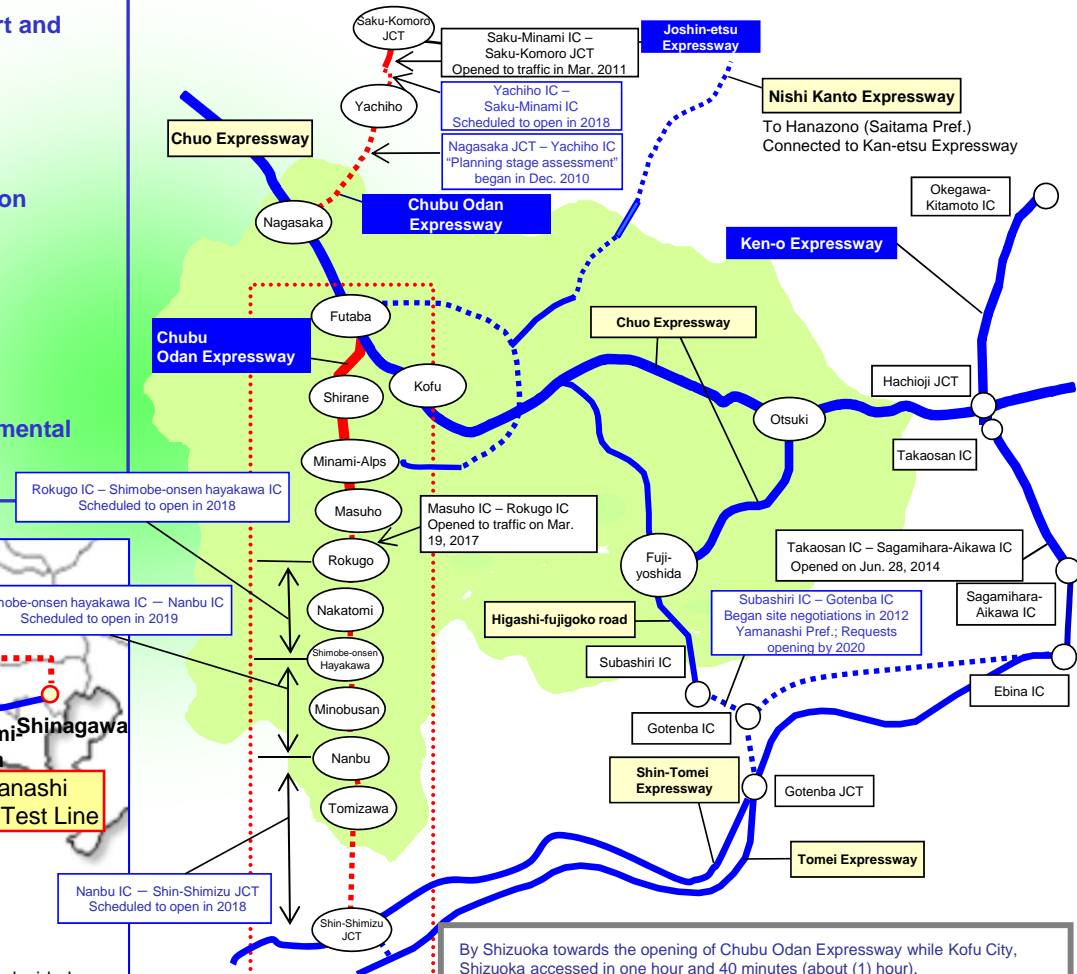
## Shinkansen Maglev Train

- 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 started construction of the Southern Alps tunnel (total length 25 km)
- January 2016: Shinagawa Station construction
- November 2016: Nagano section started construction of the Southern Alps tunnel
- March 2017: Yamanashi Prefecture creates "Linear Environmental Future City Improvement Policy"

## Map of Shinkansen Maglev Train Route



## Chubu Odan Expressway



## **Ⅲ Medium-Term Management Plan “S.T.E.P. up 2019” Progress Report**

# 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

Optimal distribution management  
resources such as branches, human  
resources and IT systems, etc.

Advance IT utilization

Fundamentally reform and reengineer  
operations based on sophisticated  
risk management approaches

Strengthen the approach and enhance  
the effectiveness of internal control

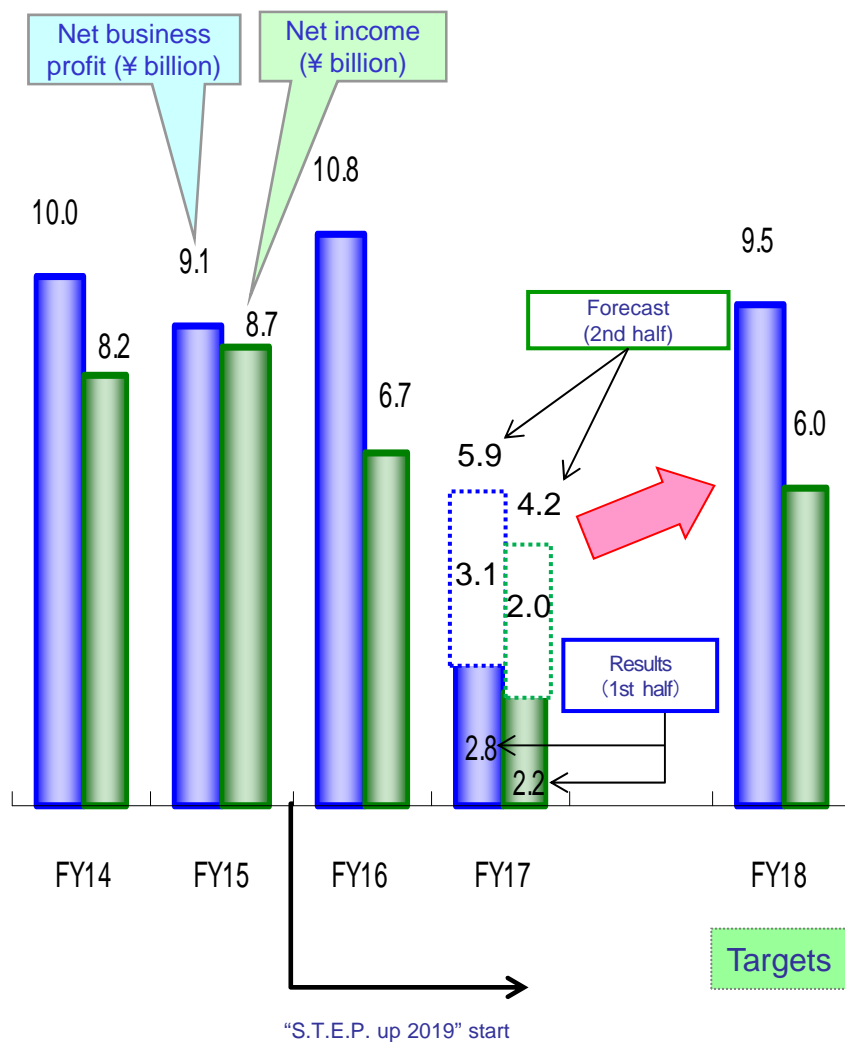
Strengthen the enhancement of  
customer and employee satisfaction

Strengthen CSR activities

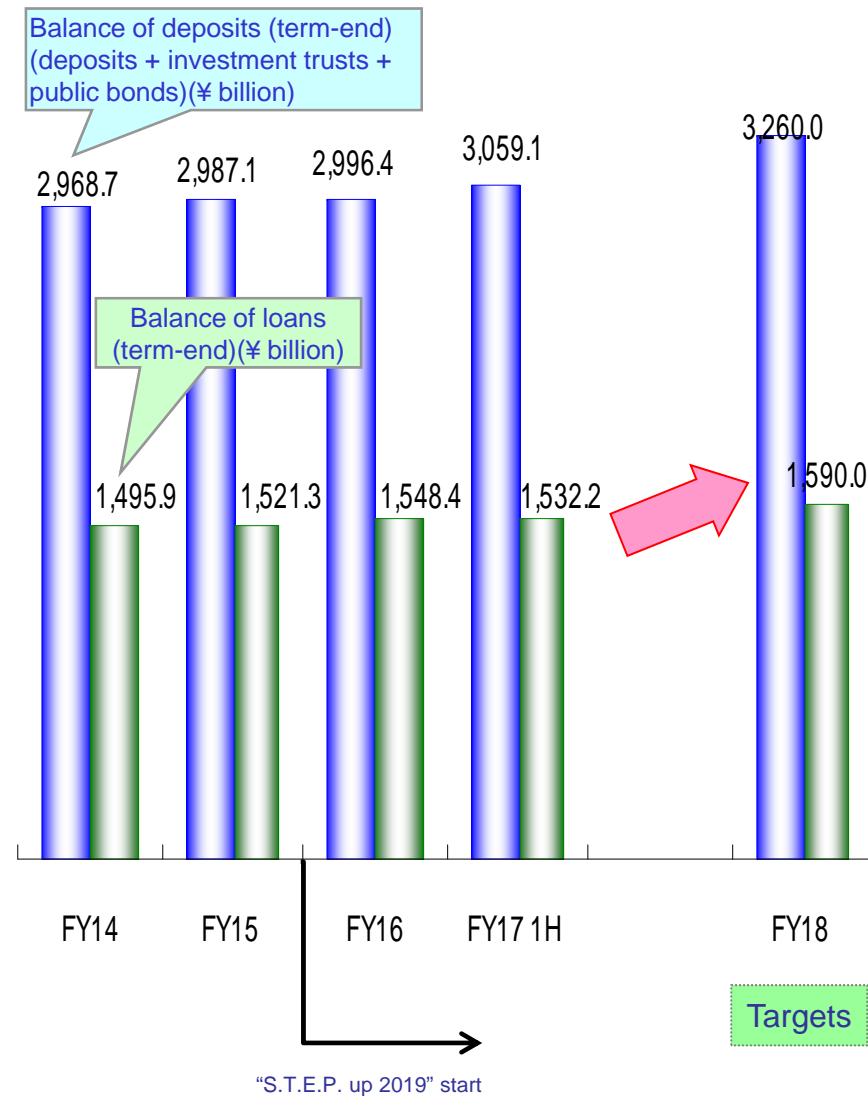
Rigorously enforce compliance and the protection of customers and their privacy

# Financial Targets of “S.T.E.P. up 2019”

## Net Business Profit / Net Income



## Balance of Deposits (term-end)/Balance of Loans (term-end)



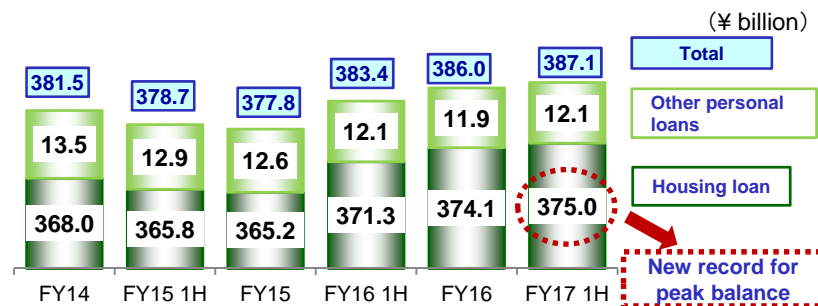
# Individual Strategies Based on Basic Strategy I

## (1) Strengthen Retail Solution Banking

### Increase the Balance of Personal Loans

- The Bank will proactively advance personal loans, centered on housing loans, to expand its scope of lifelong business relationships with customers.
- The Bank achieved a balance of ¥375.0 billion in housing loans on September 30, 2017(exceeding the peak balance of ¥374.1 billion on March 31, 2017).
- To further expand its personal loans, the Bank will plan and provide competitive products and services and respond to the diversifying needs of customers.

#### Advance personal loan balances



#### Performance of waku waku Smart card loans that do not require a visit to a bank branch

- On April 25, 2017, began offering waku waku Smart card loans.
- 1,976 applications as of end-October, highest loan amount was ¥561 million based on applications.

### Increase Office Hours to Weekday Evenings and Weekends

- «Life Square» Implemented in 3 branches and will expand in order For consultations and applications regarding personal loans, asset management, etc.
- «Loan Square» Implemented in 5 branches For consultations and applications regarding personal loans

### Strengthen the Function of Individual Solutions for Customers' Life Plans

#### «Proposals and easy-to-understand explanations for customers' life plans»

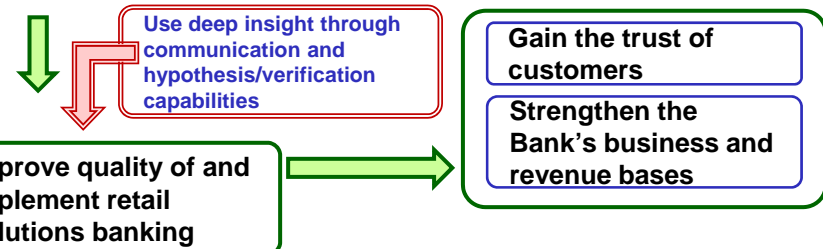
The Bank will proactively address the needs of customers through asset building and asset management proposals that fit customers' life plans.



#### «Exercise capabilities for providing solutions that lead to gaining trust»

Customer-oriented business operations (fiduciary duty) are seeking to:

Strengthen retail solutions banking



# Individual Strategies Based on Basic Strategy I

## (2) Strengthen Corporate Solution Banking

### Strengthen Business Feasibility Studies Capabilities

#### ◆ Strengthen approaches for providing support for business feasibility studies

- Form a Corporate Sales Promotion Division made up of professional staff from Head Office departments that are familiar with each industry and field.
- Expand the target of the Business Feasibility Studies Committee and implement at each branch office.
- Share information about corporate customers (branches) and business trends, external conditions, etc. (Head Office), and formulate specific promotion measures for each company.



Personnel in charge of financing branches and liaison each prepared at least one document related to a customer's business evaluation by December 31, 2017.

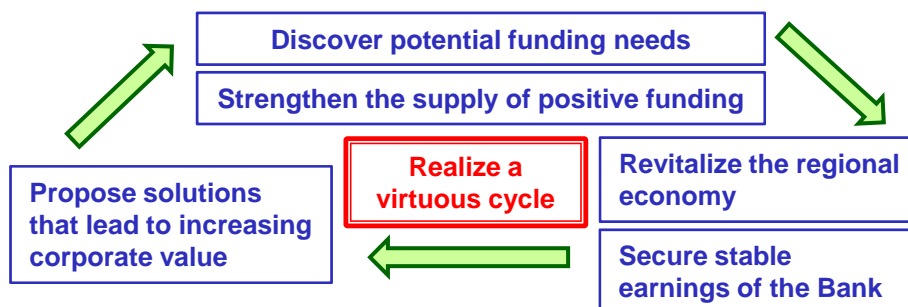
\*Applicable customers: about 340 (as of September 30, 2017)

#### ◆ Provide positive funding to “middle-risk customers”

Support business growth and management improvement by grasping the actual situation of customers (future potential and sustainability, self-recovery capability, growth and rehabilitation components, etc.).

Of middle-risk customers, approached about 5,100.

“Create common values” with customers



### Expand Funding Supply Methods

#### ◆ Advance Yamanashi Chuo Bank Regional Revitalization Privately Placed Bonds

In January 2017, began offering privately placed bonds with donation options where a portion of the fees from privately placed bond issuances are donated in the form of educational supplies to local schools, for the purpose of strengthening relations with companies in good-standing.

【Offering of privately placed bonds for regional revitalization】

9 offerings : ¥1,210 million (Jan. 2017 – Sep. 2017)

#### ◆ Circumstances of various funds

【Yamanashi New Business Support Investment Limited Partnership】

5 projects : ¥117 million (from Aug. 2014)

【Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership】

9 projects : ¥189 million (from Mar. 2016)

### Strengthen Capabilities for Providing Solutions for Every Life Stage

#### ◆ Held schools for business startups and secondary startups

In July 2017, with the aim of nurturing companies that will play a role in the future of the region, we held a total of four schools for those who intended to conduct business startups and secondary startups after getting approval from the Small and Medium Enterprise Agency (participants: 29 people).

#### ◆ Created a Business Startup and a New Business Support Desk

In June 2016, TNSC created a Business Startup and a New Business Support Desk in the Corporate Sales Promotion Division to enhance support for customers who are starting new businesses.

【Amount of business startup-related funding implemented】 (¥ million)



# Individual Strategies Based on Basic Strategy I

## (3) Strengthen Coordination with Industrial, Government, and Academic Funds (a)



### Help Advance Comprehensive Regional Strategies

#### Cooperate and coordinate with local authorities

Concluded a collaboration agreement on regional creation with six towns in Yamanashi Prefecture.

#### Promotional support of moving

Started handling housing loans in collaboration with local authorities in seven cities, five towns and three villages in Yamanashi Prefecture.

#### Support for building communities

Operational support of Tsuru City CCRC concept study group, participate in Yamanashi Prefecture's "Yamanashi: Towns of Lifetime Activities" study group, etc.

### Strengthen Coordination with Academia

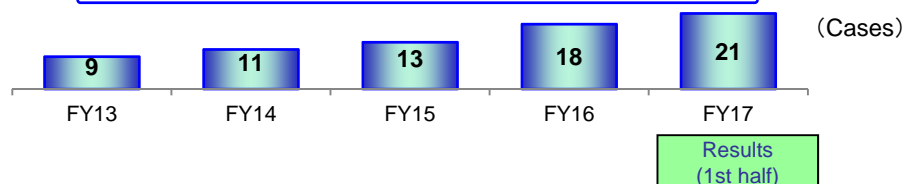
#### Comprehensive business collaboration with universities

Concluded an agreement with four universities in Yamanashi Prefecture regarding comprehensive business collaboration.

#### Associate social coordinators of the University of Yamanashi

- In July 2016, we dispatched one of our Bank staff as a Regional Collaboration Coordinator.
- As of March 2017, 113 Bank employees were conducting activities after being appointed by the University of Yamanashi as associate social coordinators of the University of Yamanashi.

#### Number of advice/consultation cases passed to Yamanashi University



### Help Revitalize Agriculture and Food Industries

#### Agri-Business School

First held in 2011, 238 people have participated in the past 7 years.

#### Yamanashi Food Sector Business Matching Fair

Held 12 times since 2006 (5 times in Tokyo).  
2017 year results: 69 exhibitors, 1,100 visitors, and about 2,300 business meetings.

#### Yamanashi Food Business Liaison Conference

Held 26 times since 2006, 360 members (as of Sep. 30, 2017)

### Help Revitalize the Tourism Industry

#### Cooperate with the Kyoutou Wine Resort Concept

The Bank collaborated with financial institutions in Yamanashi Prefecture, and participated in the Kyoutou Area Wine Resort Promotion and Finance Conference.

#### Support business operators through a tourism advisor

Tourism advisor, Mr. Matsui did consulting for 24 clients.

#### Disseminate tourism-related information

Broadly disseminate sightseeing-related information through outside-prefecture store networks and SNS, and through tourism / product fairs, etc. in Tokyo.

#### Support accepting foreign tourists

Implemented the Katakoto English Project and supported a cumulative total of 40 customers, including prefectural restaurants, etc.

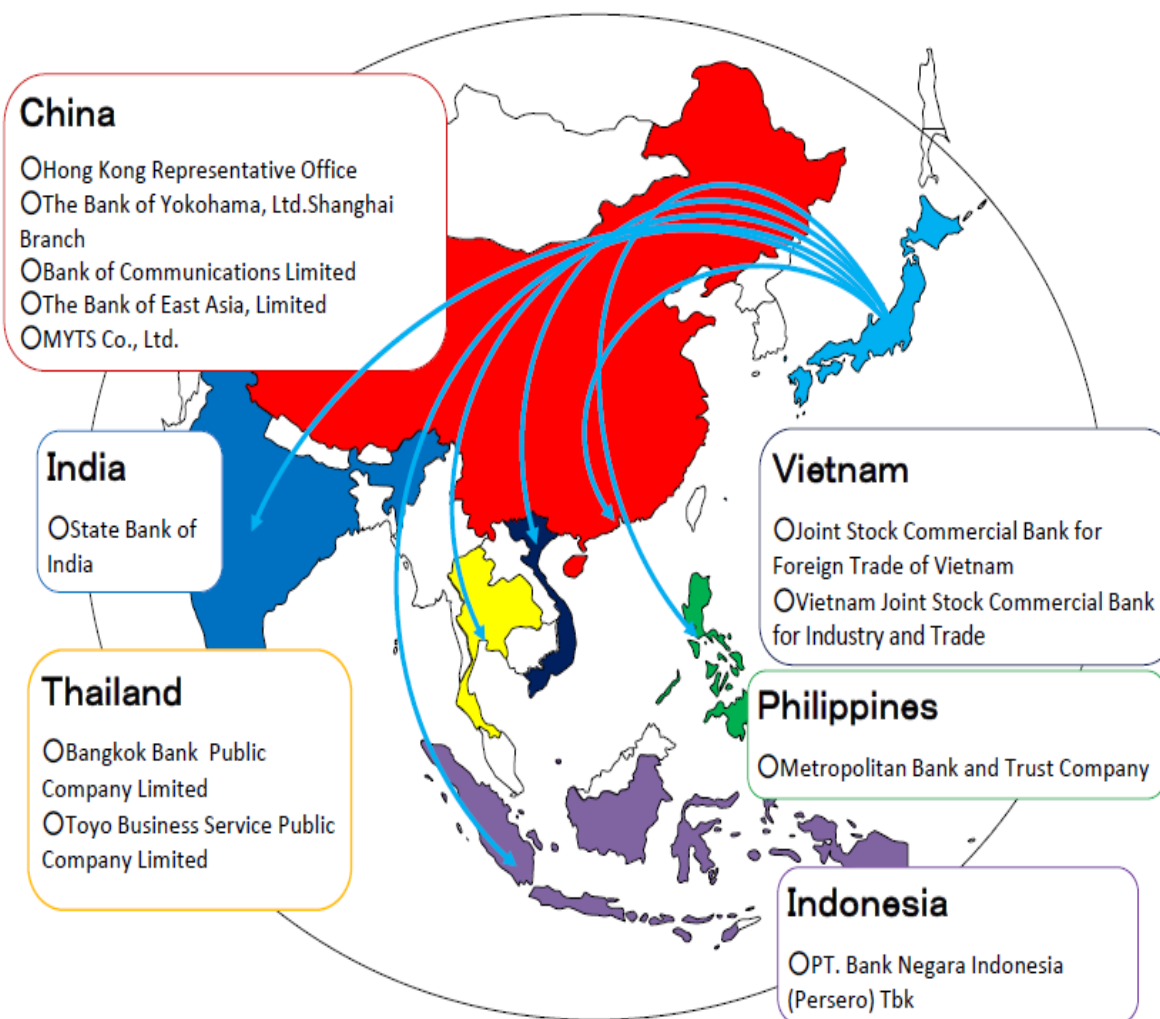
# Individual Strategies Based on Basic Strategy I

(3) Strengthen Coordination with Industrial, Government, and Academic Funds (b)



## Support Customers' Overseas Development

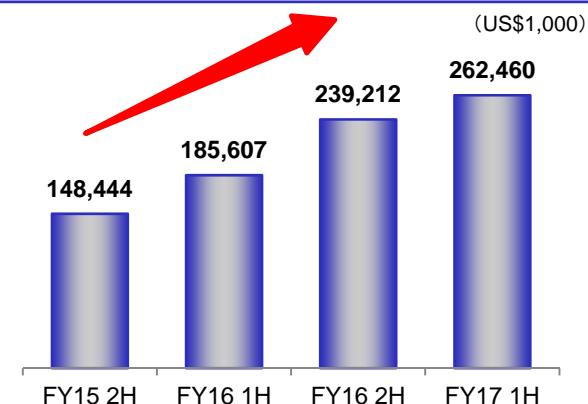
### Growing collaboration and assignment network



### Specific initiatives

- Developing "export projects" from April 2016
  - Business matching with local companies overseas
  - Provided various information and financial services through the overseas development support function
- Assigned one employee to the JETRO Yamanashi Office (April 2016)
- Conducted business collaboration with the JICA Yokohama International Center (May 2017)
- Assigned one employee Bank member to Toyo Business Service Public Company Limited, which has been designated by the Yamanashi Prefecture Overseas Business Support Desk (October 2017)
- Held various business fairs and seminars at overseas locations

### Trade volume



# Individual Strategies Based on Basic Strategy II

Optimal Distribution of Management Resources— Increase the quality and number of personnel and optimize branch banking channels—

## Strengthen Marketing Capabilities

### Increase the quality and number of personnel

#### Increase number and training of personnel in sales departments

- ◆ Increased liaison personnel  
Increased both personnel in charge of liaison loan negotiations, and senior consultants
- ◆ Introduced floor concierges
- ◆ Increased sales department personnel in the western part of Tokyo in which we operate  
Promoted business loans
- ◆ Increased Head Office sales personnel at Head Office FAs, etc.

### Optimize branch banking channels

#### Streamline branch banking channels

- ◆ Rationalized the branches in Kofu City (by establishing branches inside branches)
  - Implemented at 3 branches during FY17 2H

#### Invest management resources in growth regions

- ◆ Assigned new corporate banking specialist staff
- ◆ Established a new corporate sales office in the western part of Tokyo in which we operate

#### Initiatives for branch BPRs

- ◆ Operationless  
Introduced Smile One, a dedicated tablet terminal used at the branch counter
- ◆ Paperless  
Document management reforms

Reassigned about 140 clerical workers in branches as sales personnel

#### Initiatives for Head Office BPRs

- ◆ Paperless  
Significantly speeded up operations and made cost reductions
- ◆ Streamlined operations and rationalized the organization  
Productivity improvements and workstyle reforms

Increased personnel reassigned to sales departments

#### Strengthen contact points tailored to customers' needs

- ◆ Expanded contact points by increasing office hours to weekday evenings and weekends at Life Square
- ◆ Opened the Fujisan Internet Branch

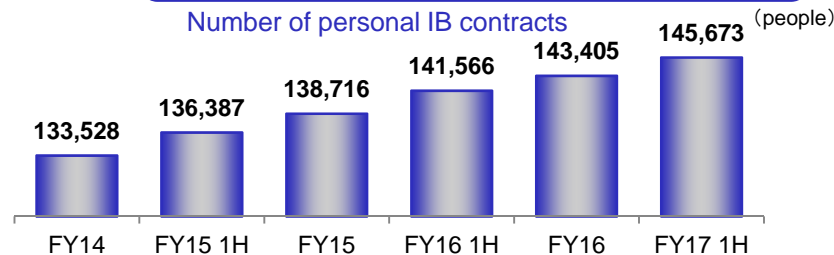
# Individual Strategies Based on Basic Strategy II

## Advance IT utilization

Enhancement of channels according to changes in bank contacts sought by customers

Jul. 2017

Expansion of functions for Internet banking for individuals



Jun. 2017

Renewed the Bank's website

Jul. 2017

Opened the Fujisan Internet Branch

Jul. 2017

Started Yamanashi Chugin application bankbook with CRECO services



Achieve consistent sales posture on all channels (Omni Channel Sales)

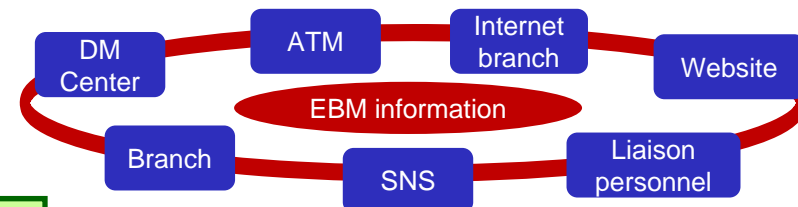
During the medium-term management plan

Introduce an ATM sales function



During the medium-term management plan

Provide EBM information to all channels



Secure contact points with customers using Internet branches, maintain and expand transactions

Establish a system for promoting digitization

- ◆ Form a digitization promotion team (comprising four specialists)
  - Examine digitization measures for reforming the Bank
    - ・Strengthen marketing capabilities: Introduce new financial services by collaborating with Fintech companies, etc.
    - ・Productivity improvements: Optimal streamlining of operational processes

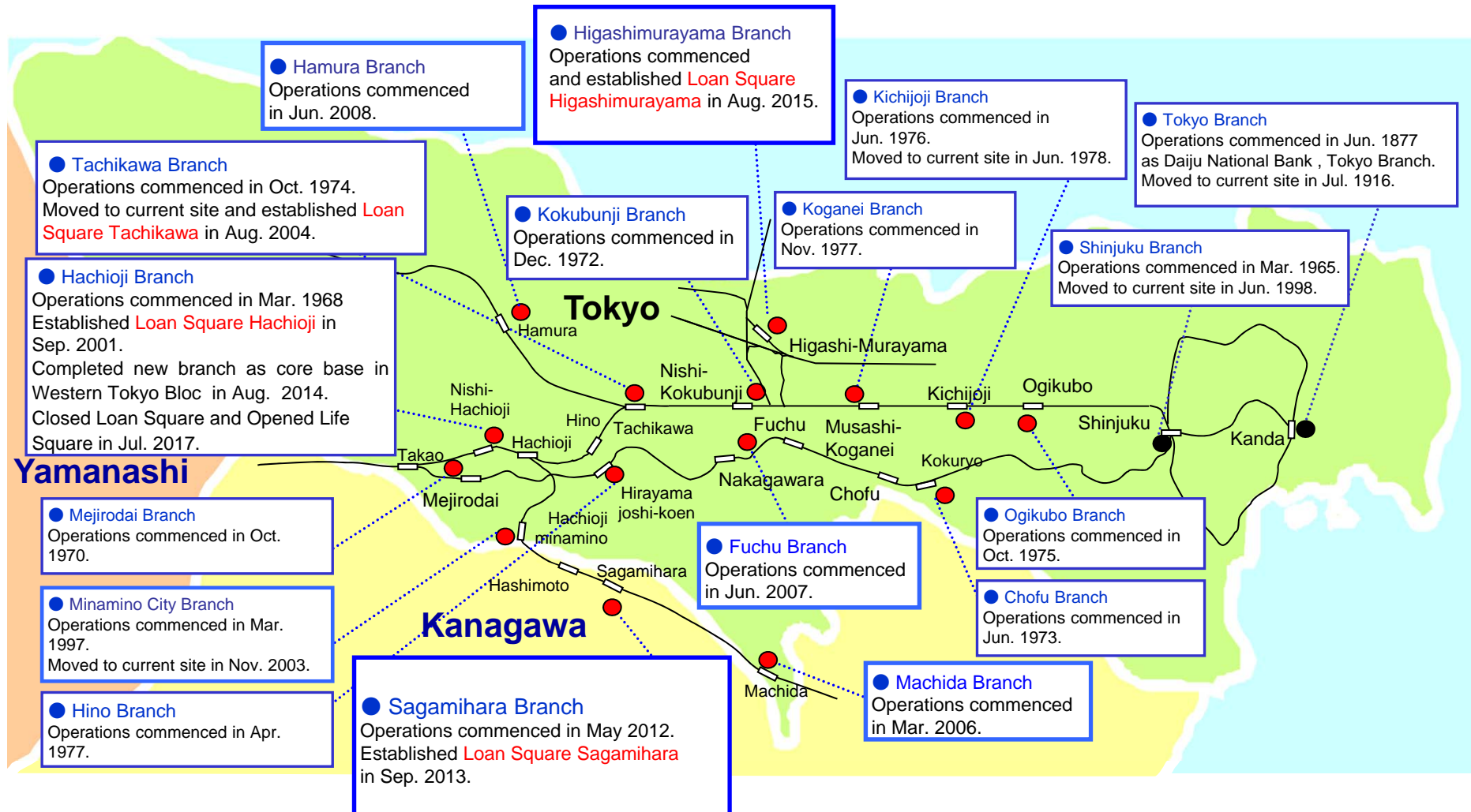
- ◆ Dispatch employee to Japan Digital Design Inc.
- ◆ Study the joint creation of a financial service platform using blockchain technology with other banks including Iwate Bank

# Western Tokyo Bloc Strategy

## (1) Status of Expansion of Branches and Other Offices in the Western Tokyo Bloc 山梨中央銀行

### Office Network Expansion in the Western Tokyo Bloc

- Since launch of Hachioji Branch in 1968, the Bank has launched 15 branches.
- The Bank is currently operating four locations as Loan Squares and/or Life Squares.

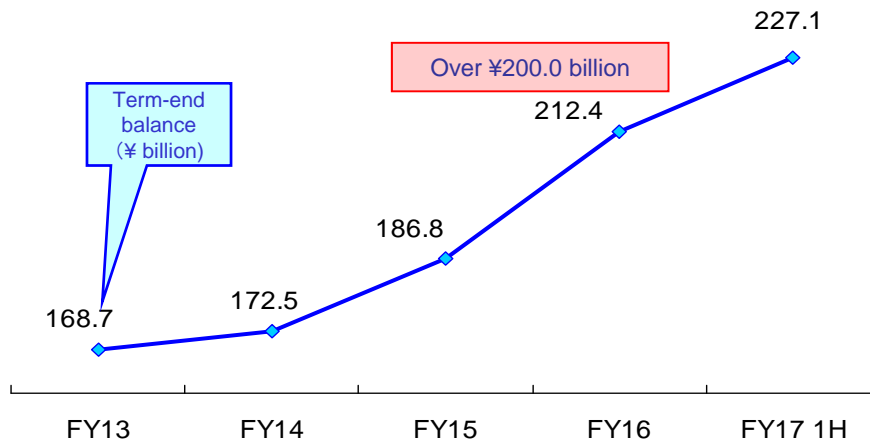


# Western Tokyo Bloc Strategy

## (2) Western Tokyo Bloc Strategy / Change in Actual Results A 山梨中央銀行

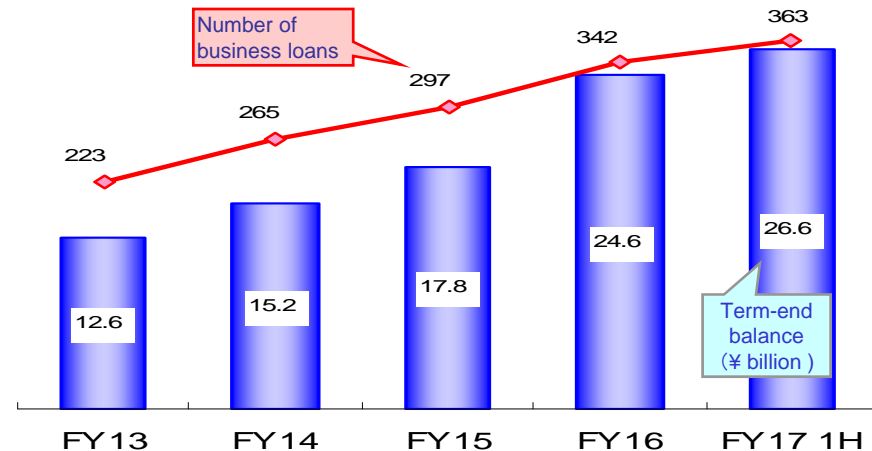
### Realization of Profitability and Efficiency Exceeding Yamanashi Prefecture

#### Balance of Loans (term-end)

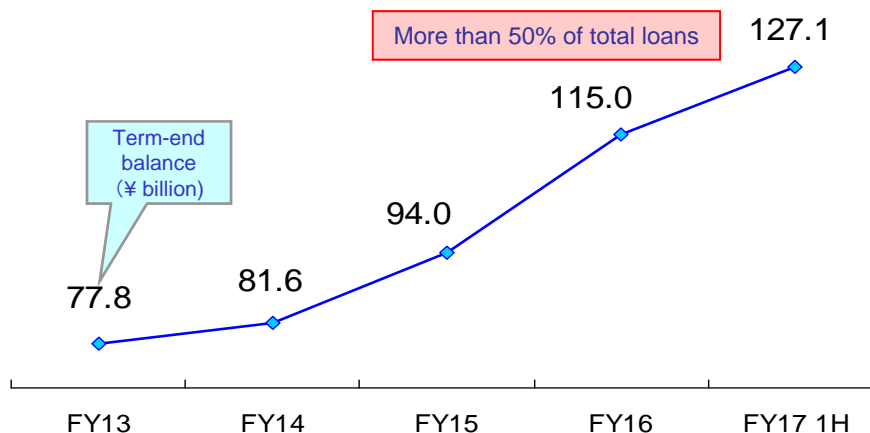


### Expansion of Sales Base from "Point" to "Line / Face"

#### Number of Loans and Outstandings in the Medical and Nursing Care Fields



#### Balance of Loans to SMEs (term-end)



#### Market Size of Western Tokyo area

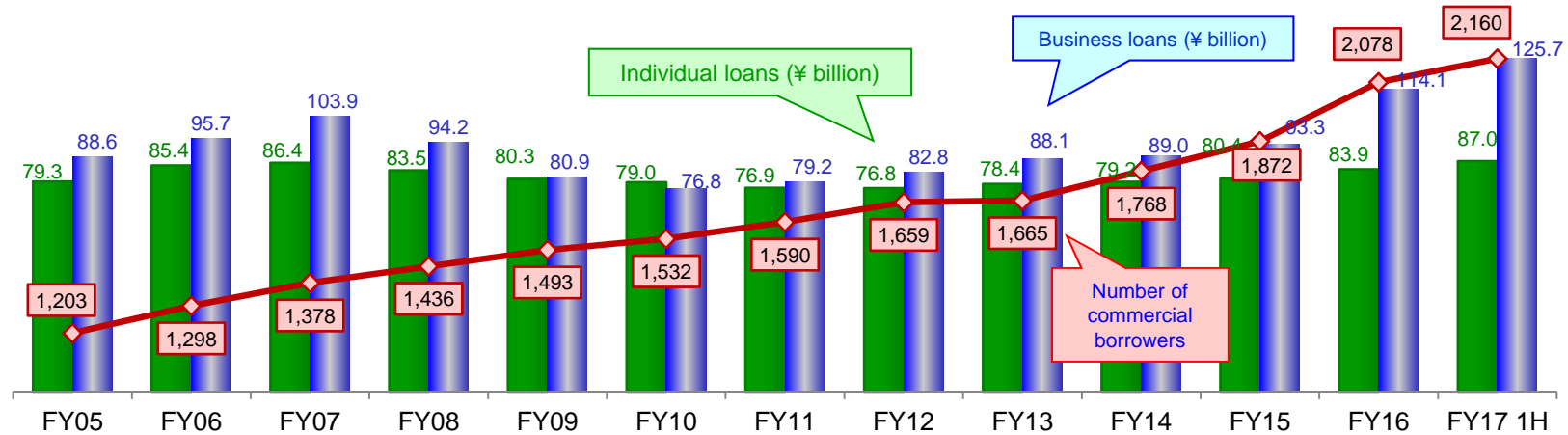
- Number of private business establishments  
170 thousand  
(about 4.0 times of the Yamanashi Prefecture)
- Population  
5.55 million  
(about 6.7 times of the Yamanashi Prefecture)
- Number of households  
2.57 million  
(about 7.7 times of the Yamanashi Prefecture)

※ Western Tokyo area includes the suburban cities, Nishitama-gun, Sugunami Ward, and Kanagawa Prefecture, Sagami-hara City  
(Source: 2016 Economic Census, Oct. 2017 Estimated population)

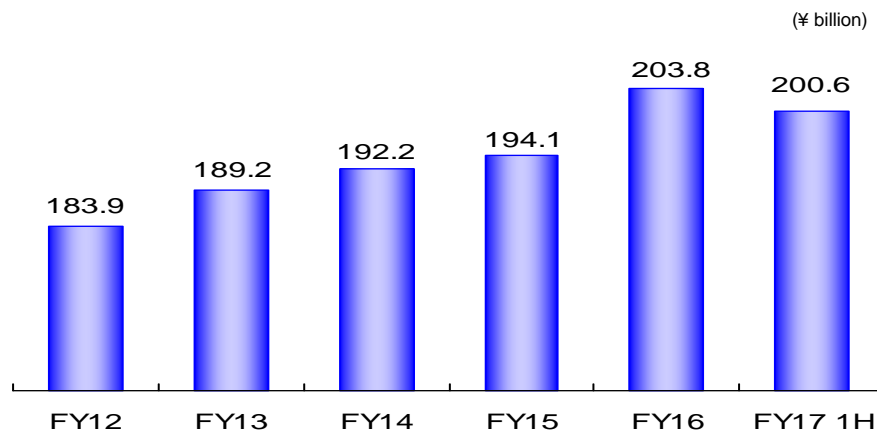
# Western Tokyo Bloc Strategy

## (2) Western Tokyo Bloc Strategy / Change in Actual Results B 山梨中央銀行

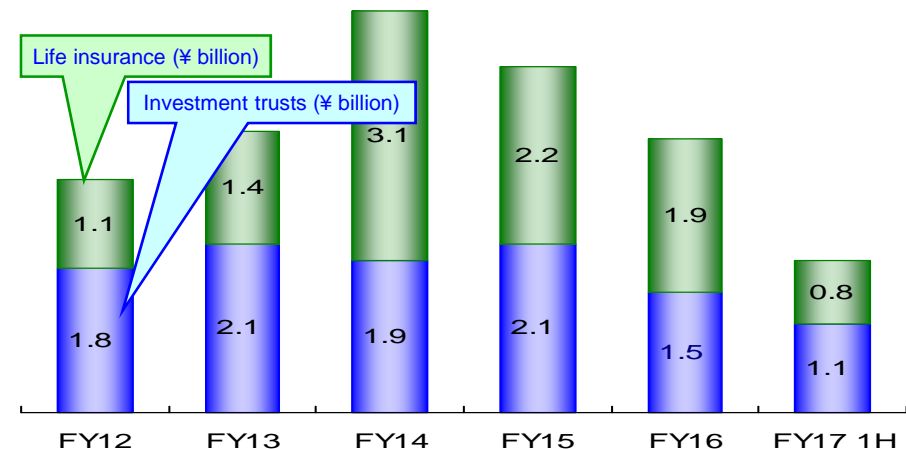
### Balance of Loans (average) and Number of Commercial Borrowers



### Balance of Individual Deposit (term-end)



### Sales of Investment Trusts and Life Insurance



**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, E-mail address or website.**

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