



The Yamanashi Chuo Bank, Ltd. The 34th Analyst Meeting

- FY17 Business Results
- Forecasts for the Current Term (FY18)
- Medium-Term Management Plan
- “S.T.E.P. up 2019” Progress Report

June 6, 2018 (Wed)

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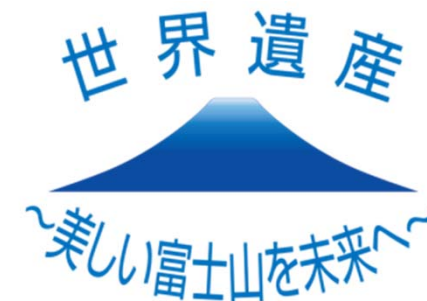
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■ Profile (as of March 31, 2018)

- Predecessor Founded: April 1877
- Established: December 1941
- Head Office: 20-8, Marunouchi 1-Chome, Kofu, Yamanashi
- Common Stock: ¥15.4 billion
- Employees: 1,737
- 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 Business Results and Forecasts for the Current Term (FY18)

FY17 Business Results (Summary)



(¥ billion, %)	FY16	FY17	YoY change (%)
Operating income	50.9	49.3	(1.6) ((3.2))
Gross banking profit	37.7	34.7	(3.0) ((8.0))
Interest income	31.3	30.1	(1.1) ((3.6))
Fees and commissions	4.2	4.7	0.4 (11.7)
Other operating income	(2.1)	(0.9)	1.2 (57.6)
Gross banking profit on core operations	33.4	34.0	0.5 (1.7)
JGBs and other bond transactions	4.3	0.6	(3.6) ((83.9))
Expenses	26.9	26.9	(0.0) ((0.3))
General provision to loan loss reserve	(0.1)	-	0.1 (100.0)
Net business profit	10.8	7.8	(3.0) ((28.2))
Net business profit on core operations	6.4	7.1	0.6 (10.4)
Non-operating losses	(1.9)	(1.1)	0.7 (39.4)
Gains on reversal of provision to loan loss reserve	-	0.6	0.6 (-)
Reversal of loan loss reserve	0.5	0.0	(0.5) ((98.7))
Equity share and similar transactions	4.5	6.4	1.9 (42.1)
Loss on dissolution of investment trusts	5.2	7.5	2.3 (44.3)
Ordinary profits	8.9	6.6	(2.3) ((25.8))
Extraordinary income (losses)	(0.2)	(0.6)	(0.3) ((106.1))
Income before income taxes	8.6	6.0	(2.6) ((30.3))
Income taxes - basic	2.1	1.0	(1.0) ((49.8))
Income taxes - deferred	(0.1)	0.5	0.6 (415.4)
Net income	6.7	4.4	(2.2) ((33.4))

(¥ billion, %)	FY17	YoY change (%)	Balance	Yield
Fund operations	31.9	(1.5) ((4.5))	0.0	(1.5)
Interest on loans	15.8	(0.8) ((5.2))	0.3	(1.1)
Interest on securities	15.8	(0.7) ((4.2))	(1.9)	1.2
Call loan, etc.	0.2	0.0 (24.5)	0.1	(0.0)
Fund procurement	1.7	(0.3) ((18.1))	0.0	(0.4)
Interest on deposits, etc.	0.4	(0.5) ((55.3))	0.0	(0.5)
Call money, etc.	1.3	0.1 (12.6)	(0.1)	0.2
Interest income	30.1	(1.1) ((3.6))	-	-

(¥ billion)	FY17	YoY change
Revenues	7.4	0.3
Investment trusts	0.8	0.0
JGBs held by individuals	0.0	0.0
Life insurance	1.1	0.3
Others	5.4	0.0
Cost	2.7	(0.1)
Fees and commissions	4.7	0.4

(¥ billion)	FY17	YoY change
Personnel	15.5	0.0
Premises and equipment	9.9	(0.1)
Taxes	1.3	0.0
Expenses	26.9	(0.0)

Earnings Forecasts for the Current Term (FY18)



(¥ billion, %)		FY17	FY18 (forecast)	YoY change (%)
Gross banking profit		34.7	35.0	0.3 (0.9)
	Interest income	30.1	27.3	(2.8) ((9.4))
	Fees and commissions	4.7	5.4	0.7 (15.4)
	Other operating income	(0.9)	(0.3)	0.6 (61.5)
Gross banking profit on core operations		34.0	32.4	(1.6) ((4.6))
JGBs and other bond transactions		0.6	2.6	2.0 (275.1)
Expenses		26.9	27.2	0.3 (1.4)
General provision to loan loss reserve		-	(0.0)	(0.0) (-)
Net business profit		7.8	7.8	0.0 (0.0)
Net business profit on core operations		7.1	5.1	(2.0) ((28.2))
Non-operating losses		(1.1)	(1.3)	(0.2) ((18.9))
	Reversal of loan loss reserve	0.0	0.4	0.4 (6,414.2)
	Equity share and similar transactions	6.4	1.2	(5.2) ((80.6))
	Loss on dissolution of investment trusts	7.5	1.6	(5.9) ((78.8))
Ordinary profits		6.6	6.4	(0.2) ((3.7))
Net income		4.4	4.5	0.1 (0.7)

Dividends		FY16	FY17	FY18 (plan)
	Dividend per share (annual)	¥9.00	¥7.00	¥7.00

	End of Mar. 2018	End of Mar. 2019 (estimate)
Nikkei Stock Average	¥21,454	¥21,454

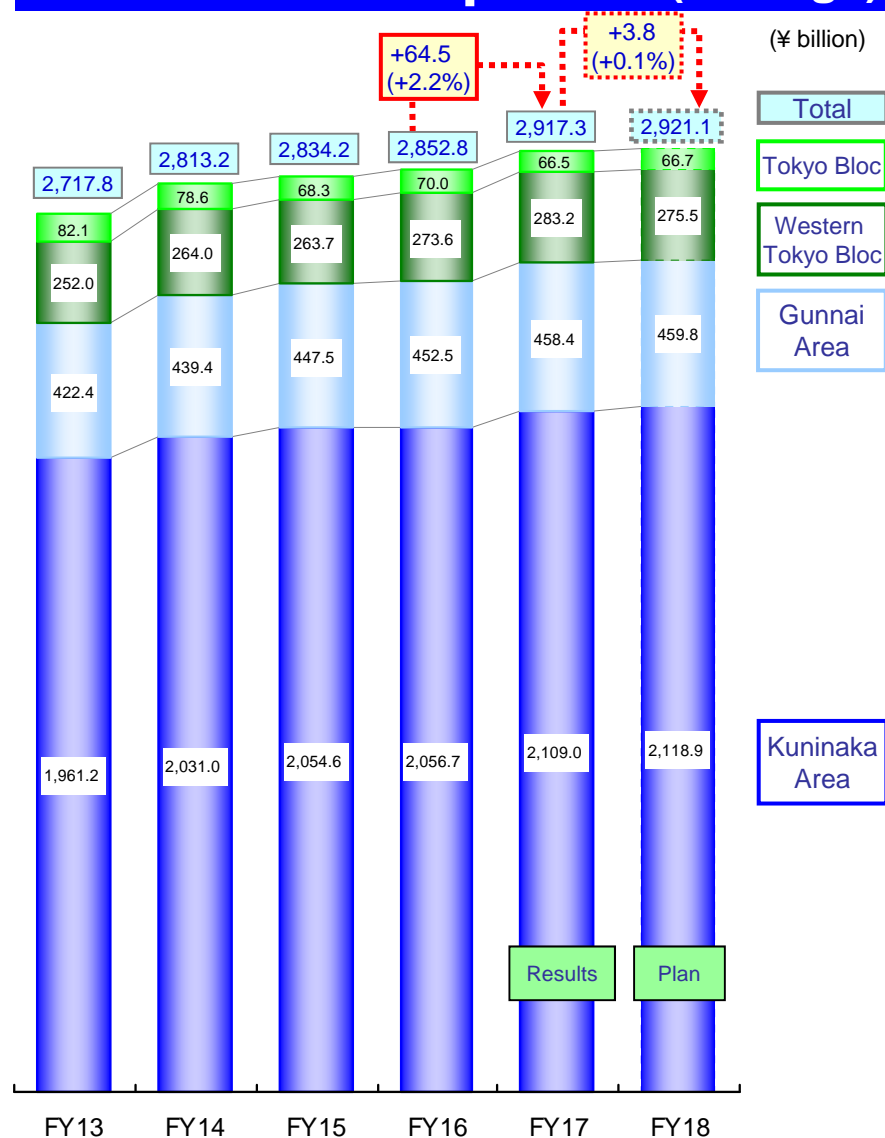
Interest Income (analysis of difference factors)	(¥ billion, %)	FY18 (forecast)	YoY change (%)	Balance	Yield
	Fund operations	28.2	(3.7) ((11.6))	(1.0)	(2.6)
	Interest on loans	15.9	0.1 (0.8)	1.0	(0.8)
	Interest on securities	12.0	(3.7) ((23.9))	1.5	(5.3)
	Call loan, etc.	0.2	(0.0) ((28.0))	(0.2)	0.1
	Fund procurement	0.8	(0.8) ((49.3))	0.0	(0.8)
	Interest on deposits, etc.	0.4	(0.0) ((3.8))	0.0	(0.0)
	Call money, etc.	0.4	(0.8) ((64.3))	0.1	(0.9)
	Interest income	27.3	(2.8) ((9.4))	-	-

Fees and Commissions	(¥ billion)	FY18 (forecast)	YoY change
	Revenues	8.0	0.6
	Investment trusts	1.0	0.1
	JGBs held by individuals	0.0	0.0
	Life insurance	1.3	0.2
	Others	5.6	0.2
	Cost	2.6	(0.0)
	Fees and commissions	5.4	0.7

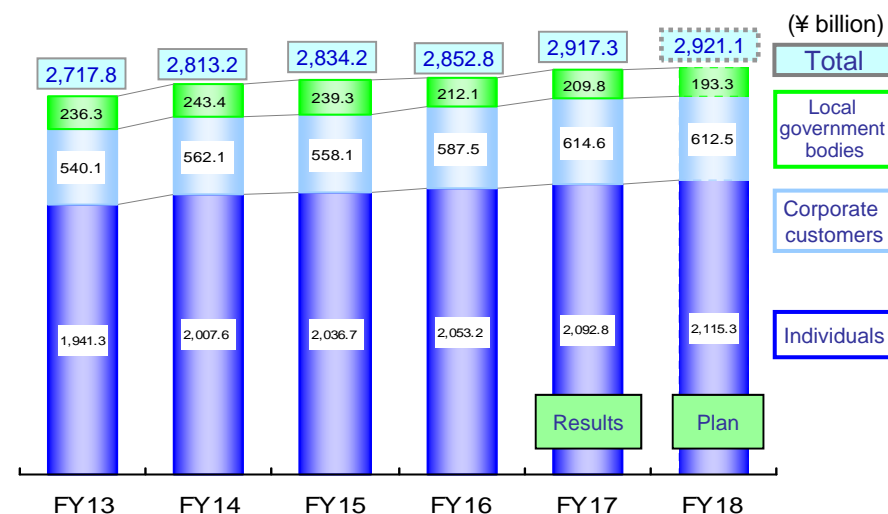
Expenses	(¥ billion)	FY18 (forecast)	YoY change
	Personnel	15.6	0.0
	Premises and equipment	10.2	0.3
	Taxes	1.3	(0.0)
	Expenses	27.2	0.3

Deposits

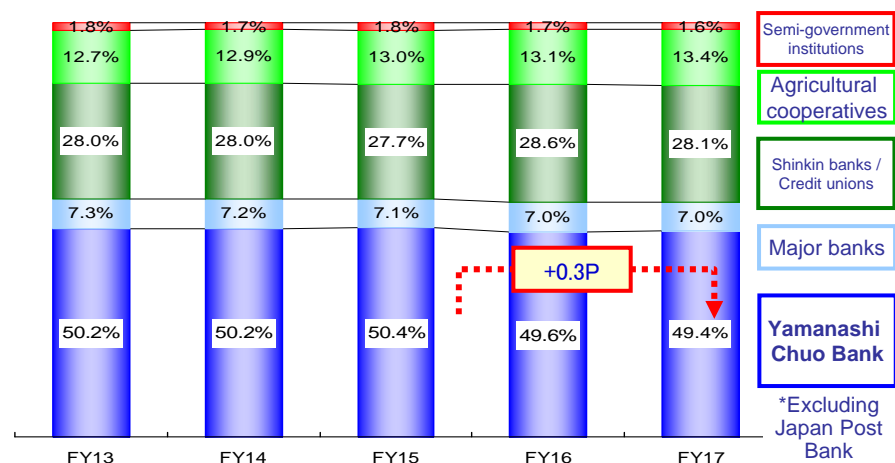
Balance of Deposits (average)



Balance by Customer Segment (average)

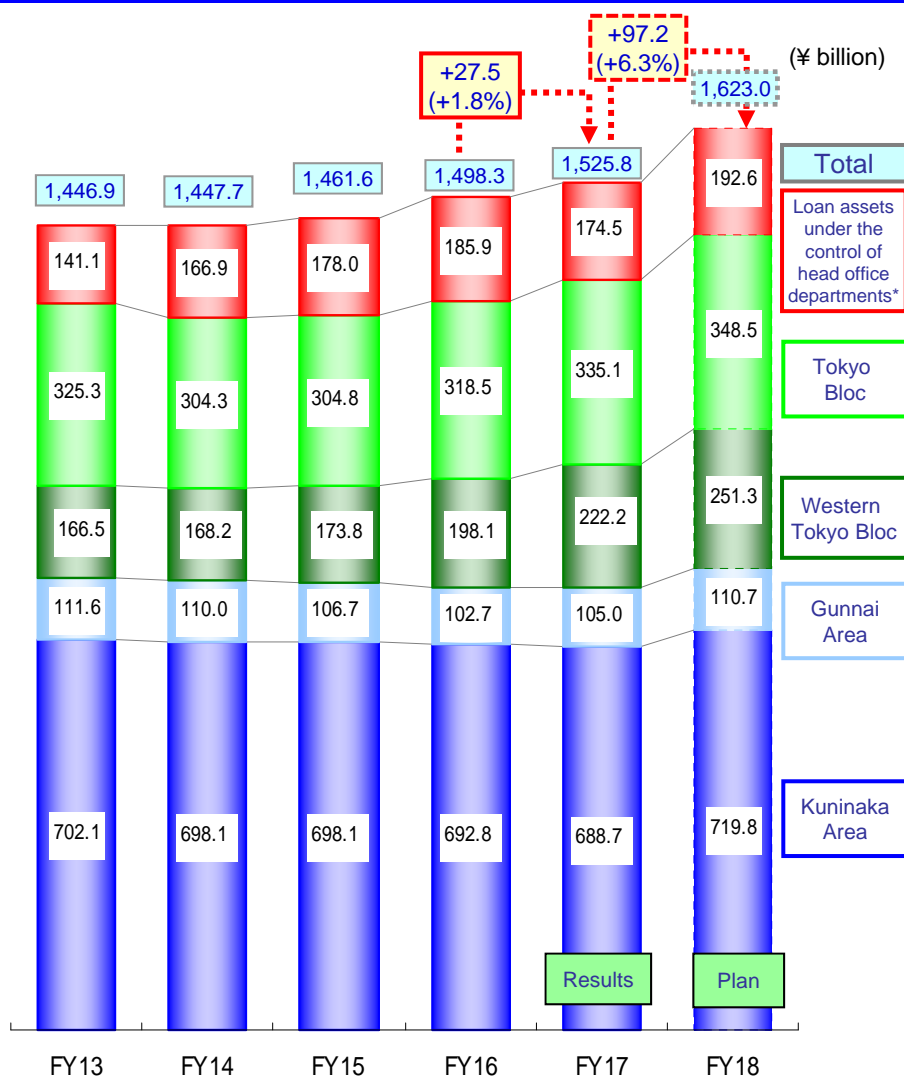


Deposit Shares in Yamanashi Prefecture (term-end)

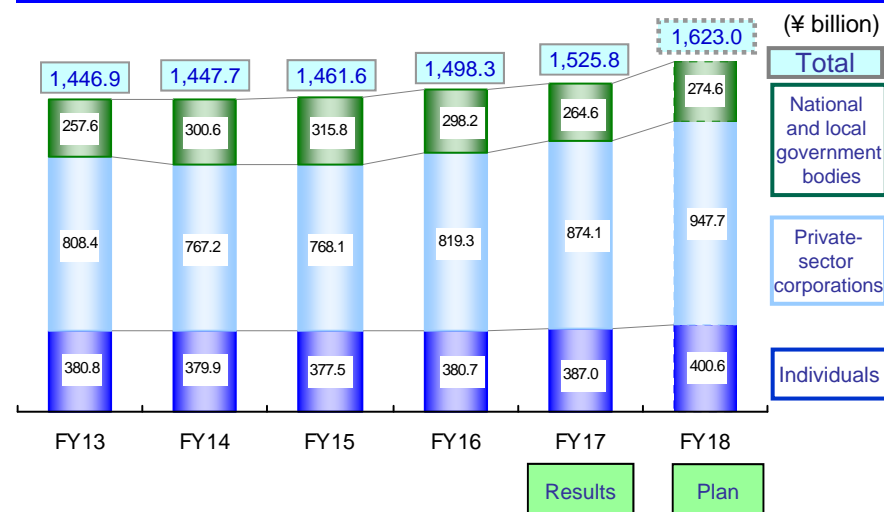


Loans (1)

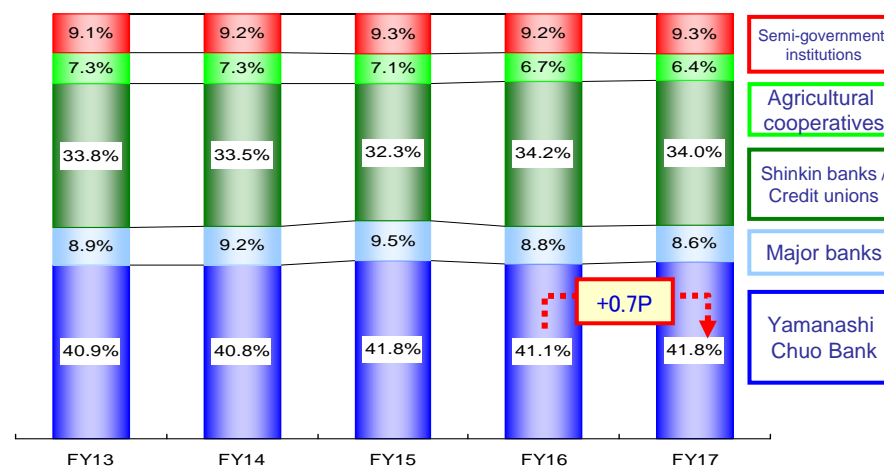
Balance of Loans (average)



Balance by Customer Segment (average)



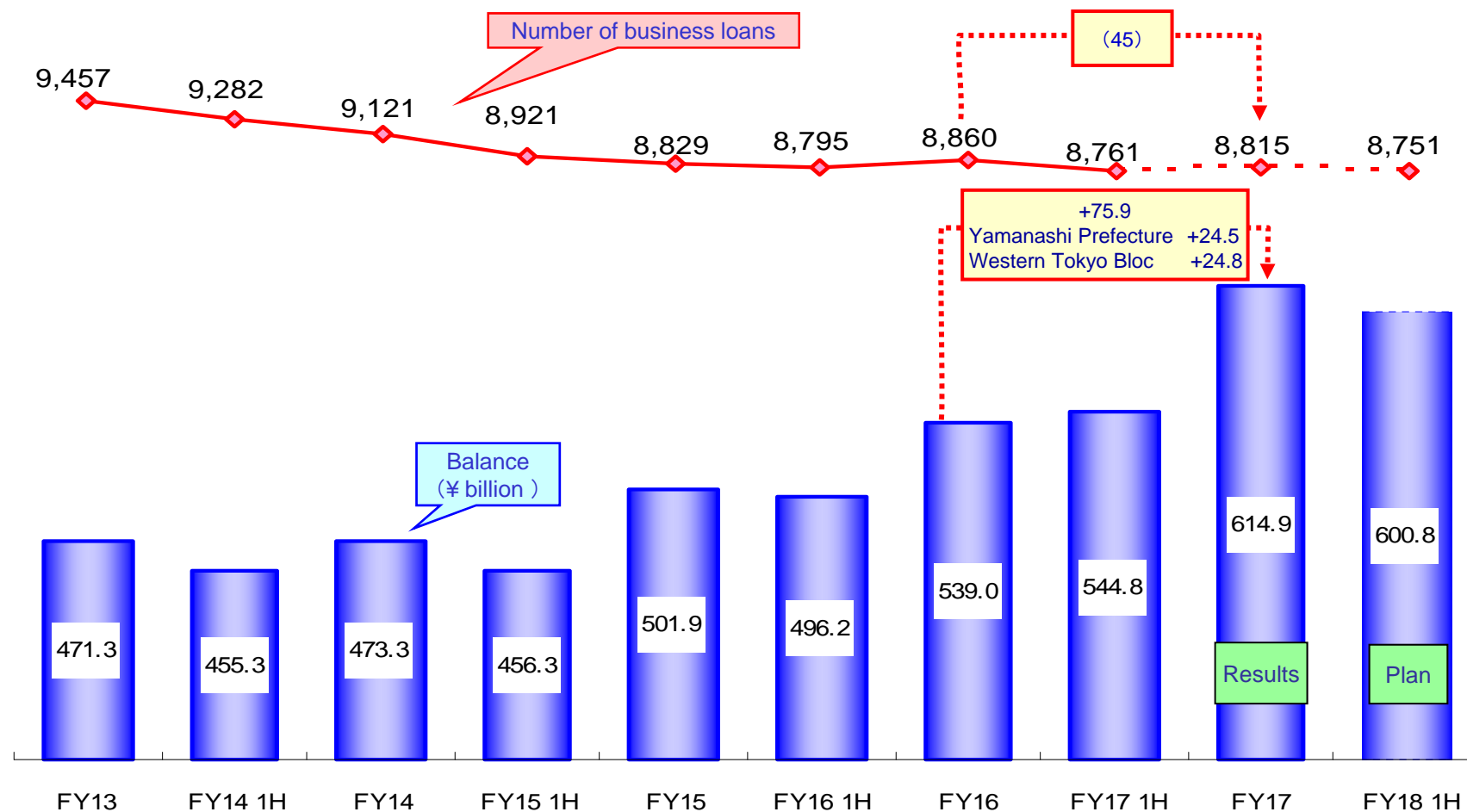
Loan Shares in Yamanashi Prefecture (term-end)



*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.

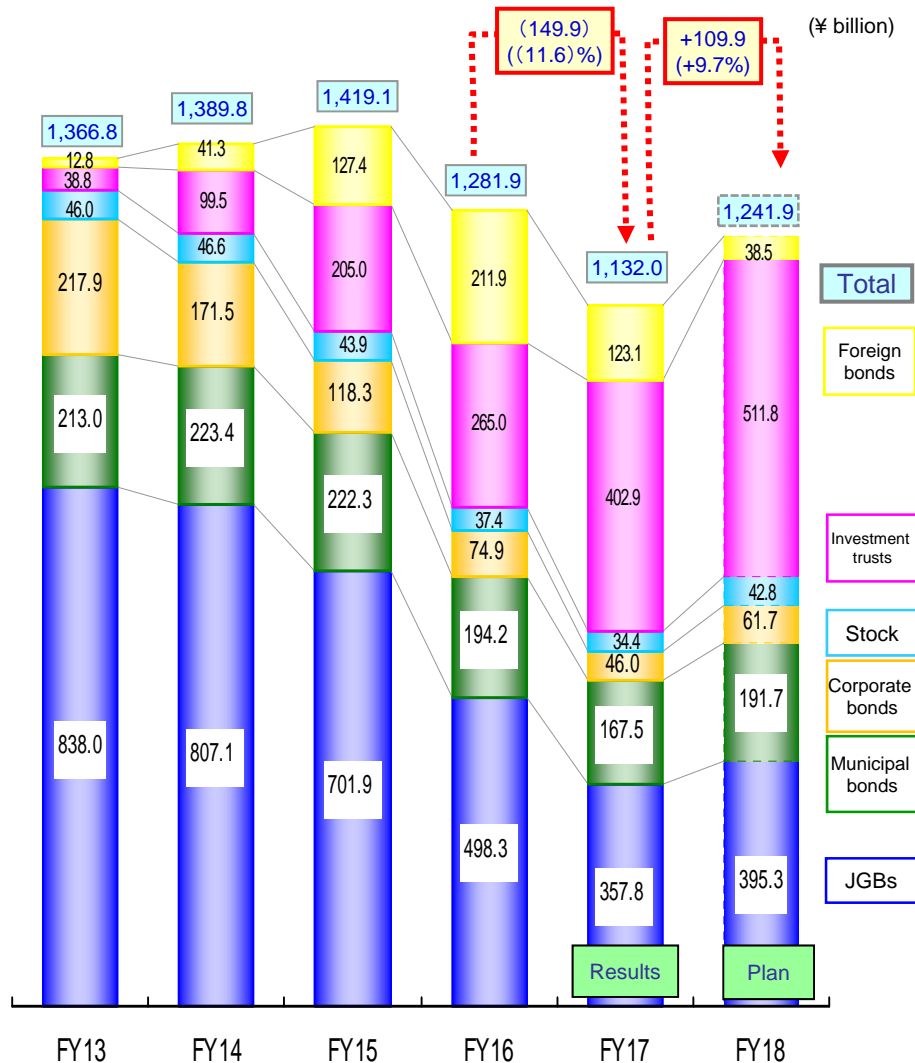
Loans (2)

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

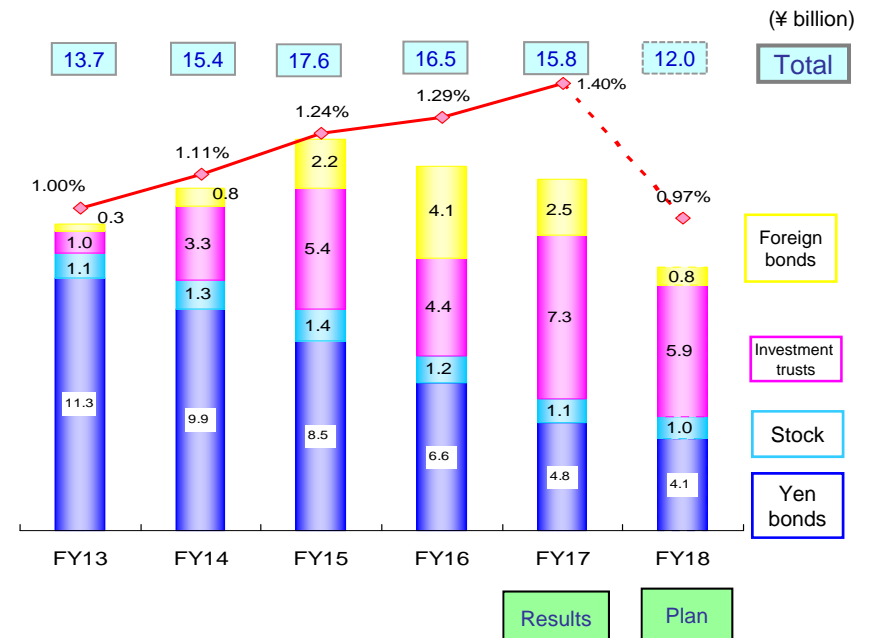


Securities (1)

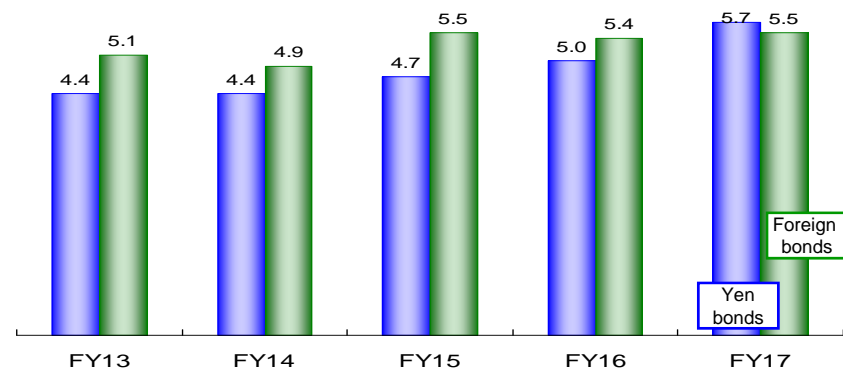
Balance of Securities (average)



Changes in Interest Dividends and Securities Yield

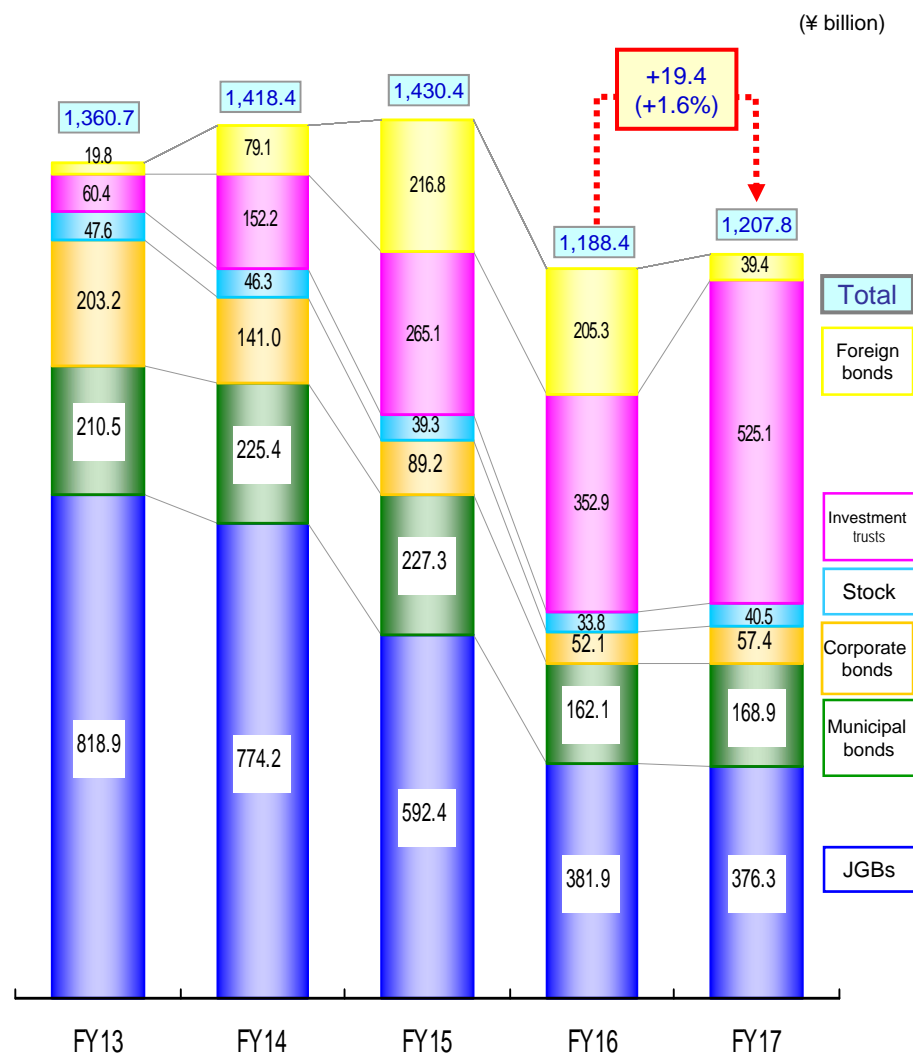


Changes in Bond Modified Duration

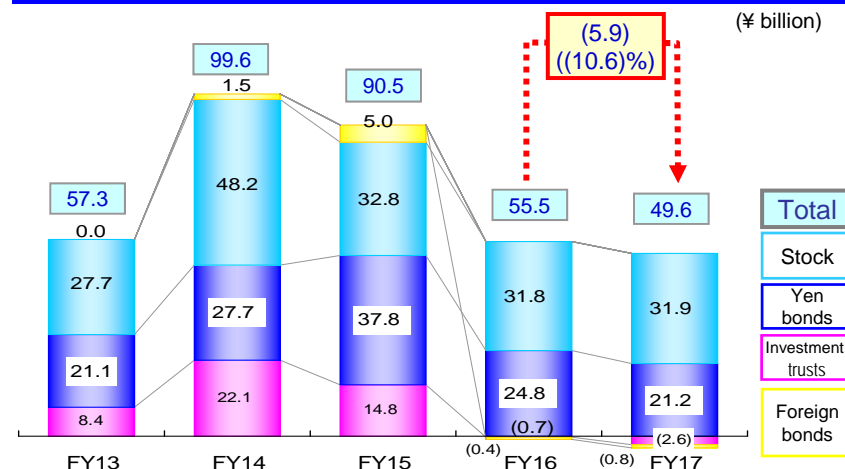


Securities (2)

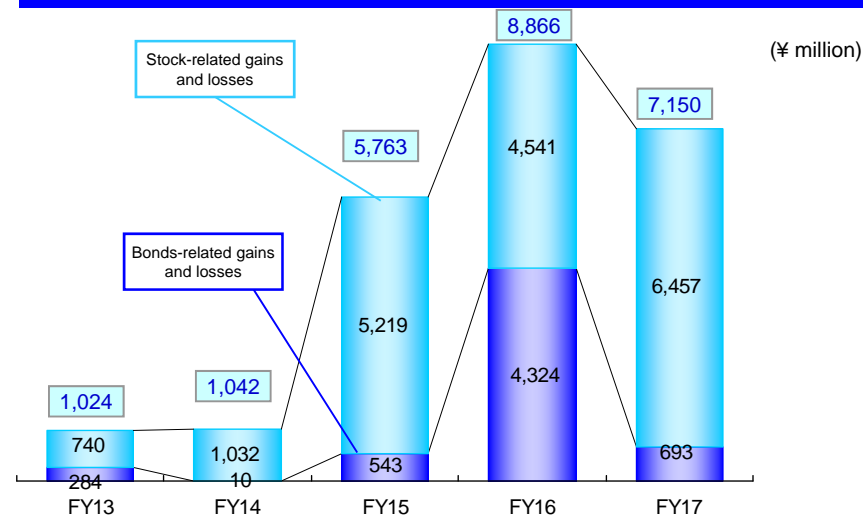
Balance of Securities (subject to mark-to-market valuation)



Changes in Interest Dividend-Yield Securities

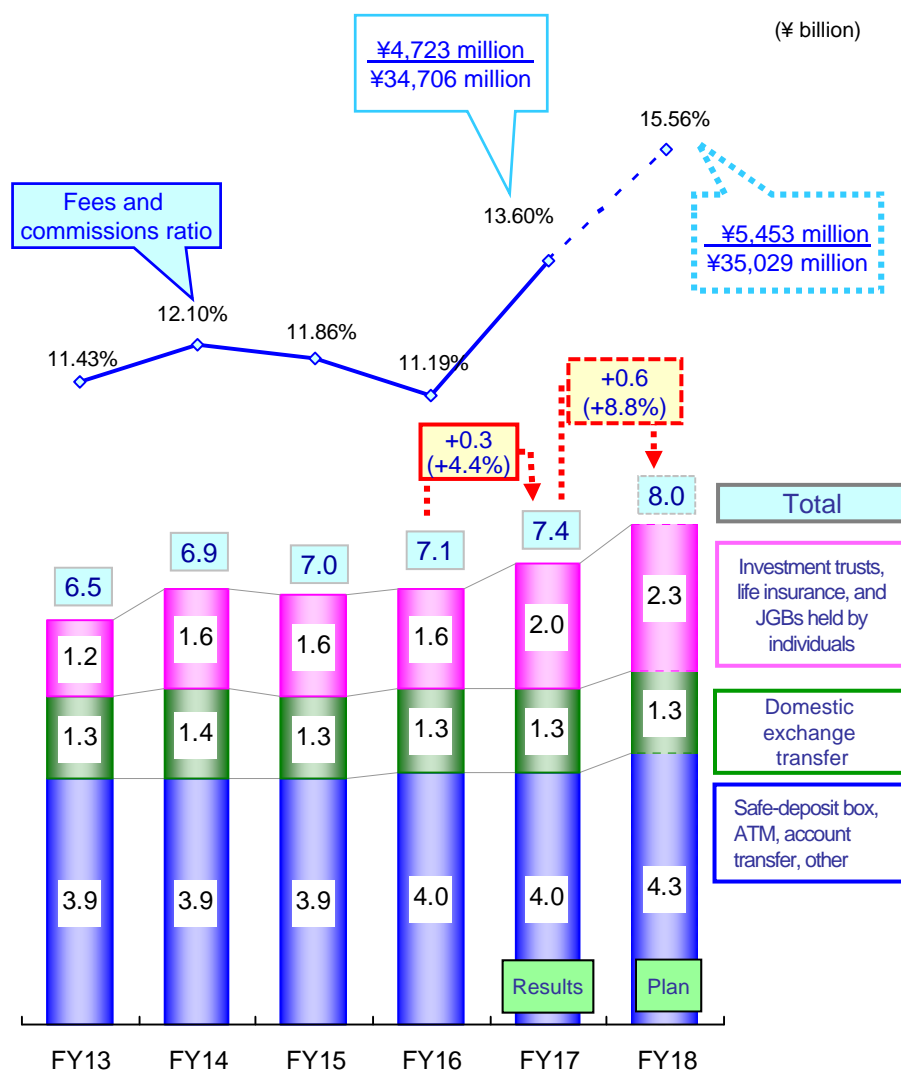


Changes in Securities Gains and Losses



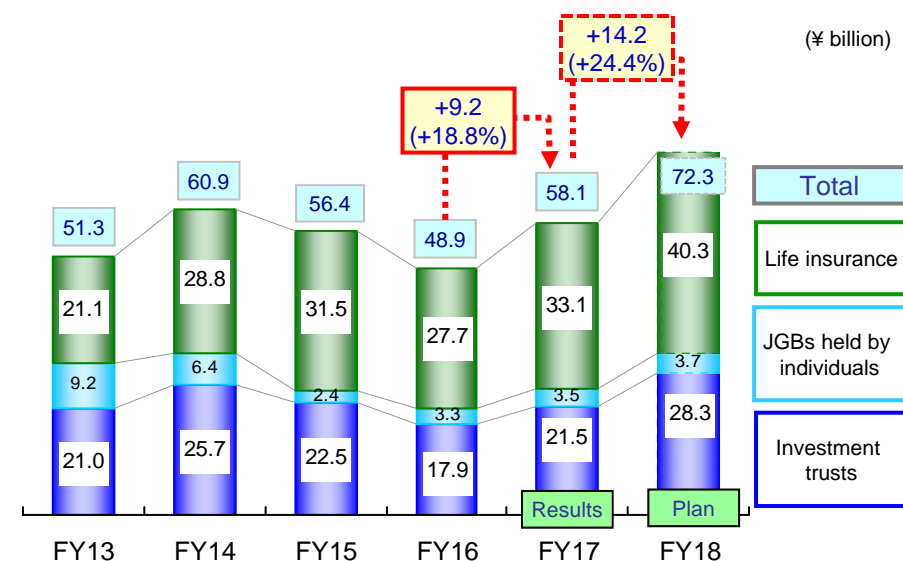
Fees and Commissions

Fees and Commissions/Fees and Commissions Ratio

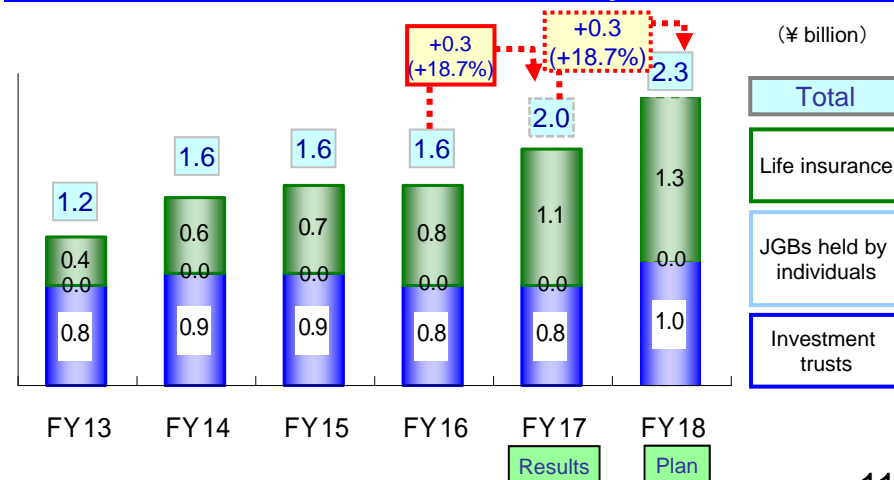


* Fees and commissions ratio = Fees and commissions / Gross banking profit

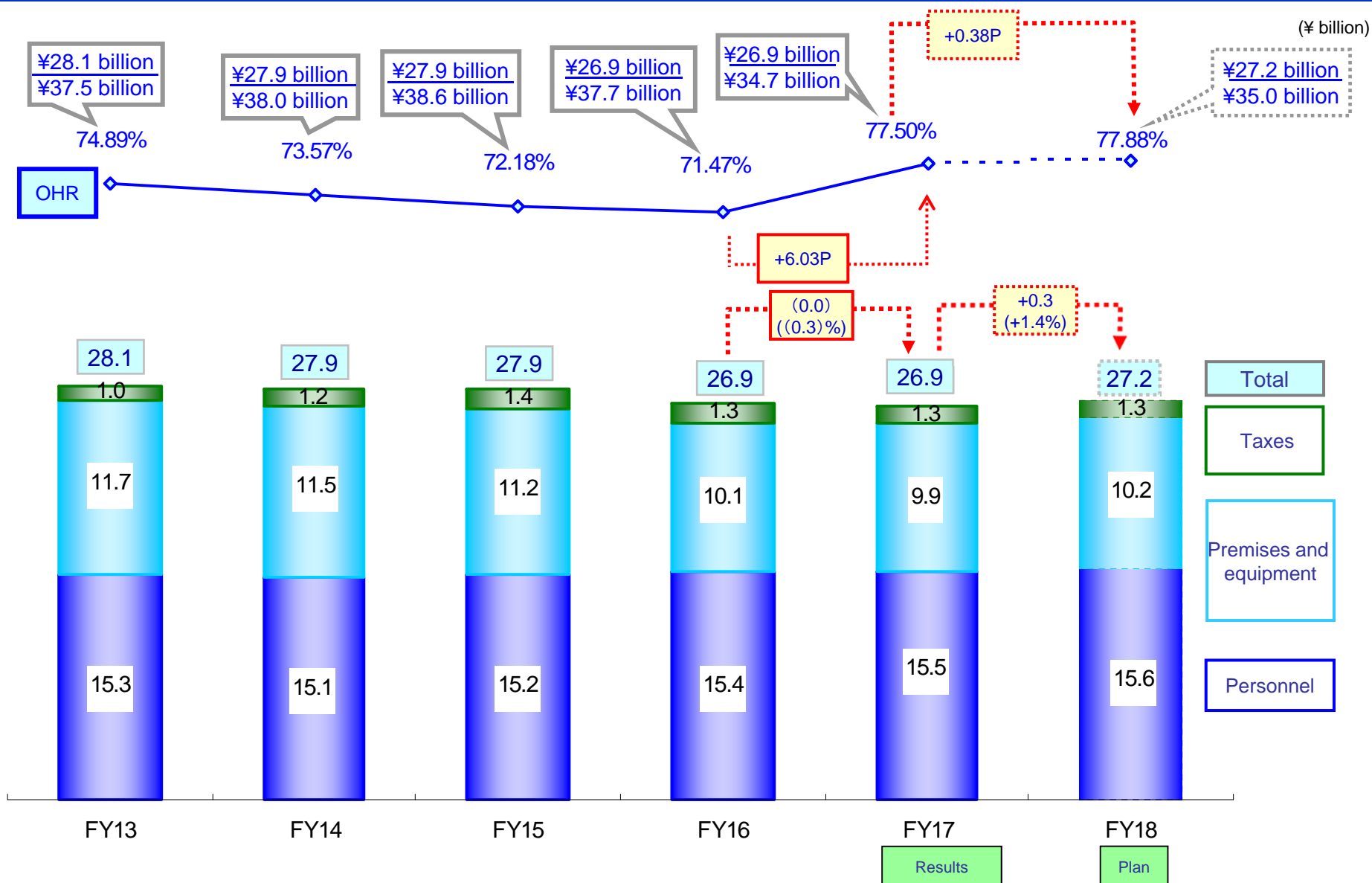
Sales of Investment Trusts, Life Insurance and JGBs Held by Individuals



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



Expenses and OHR

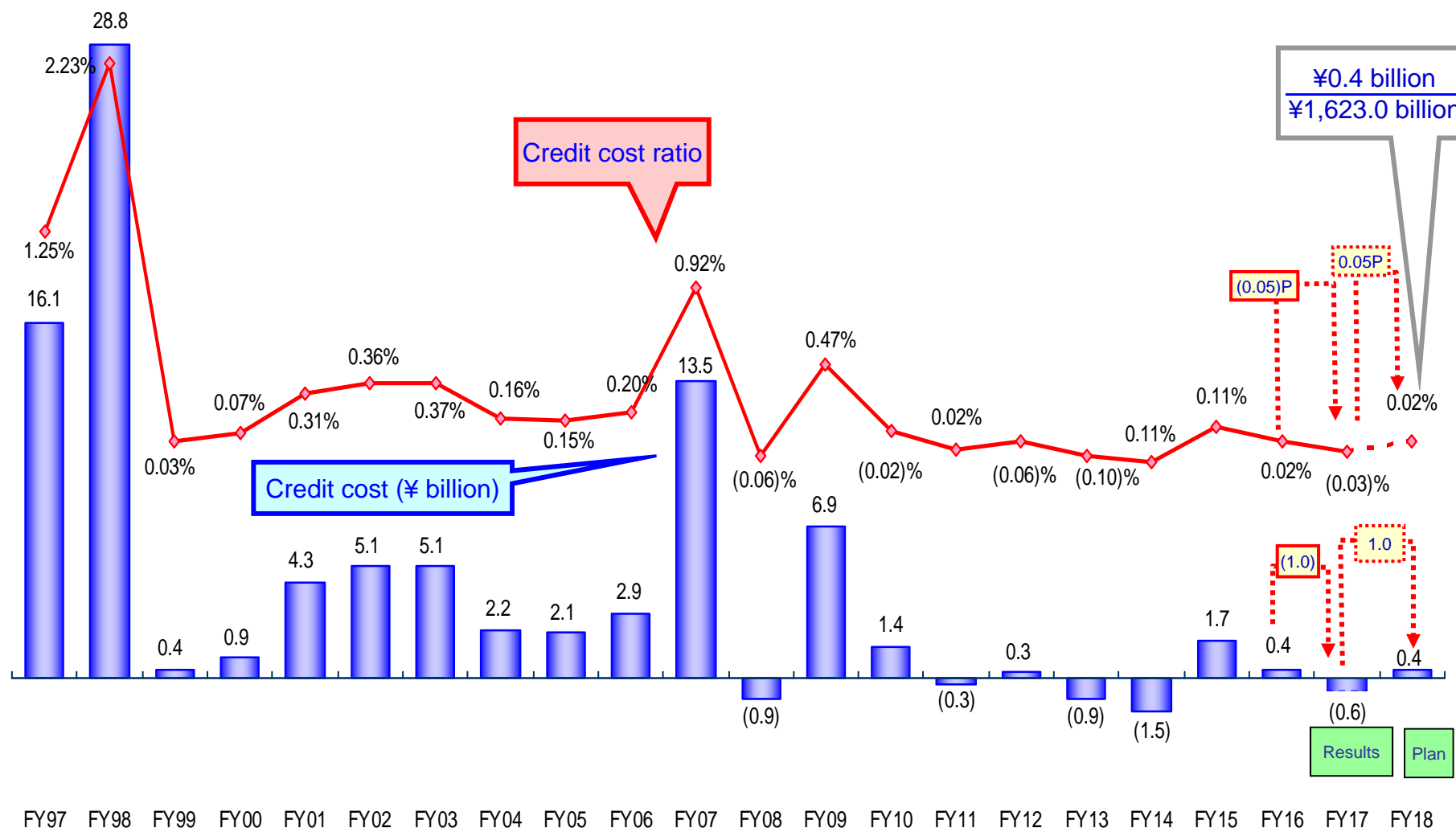


*OHR = Expenses / Gross banking profit

Credit Cost

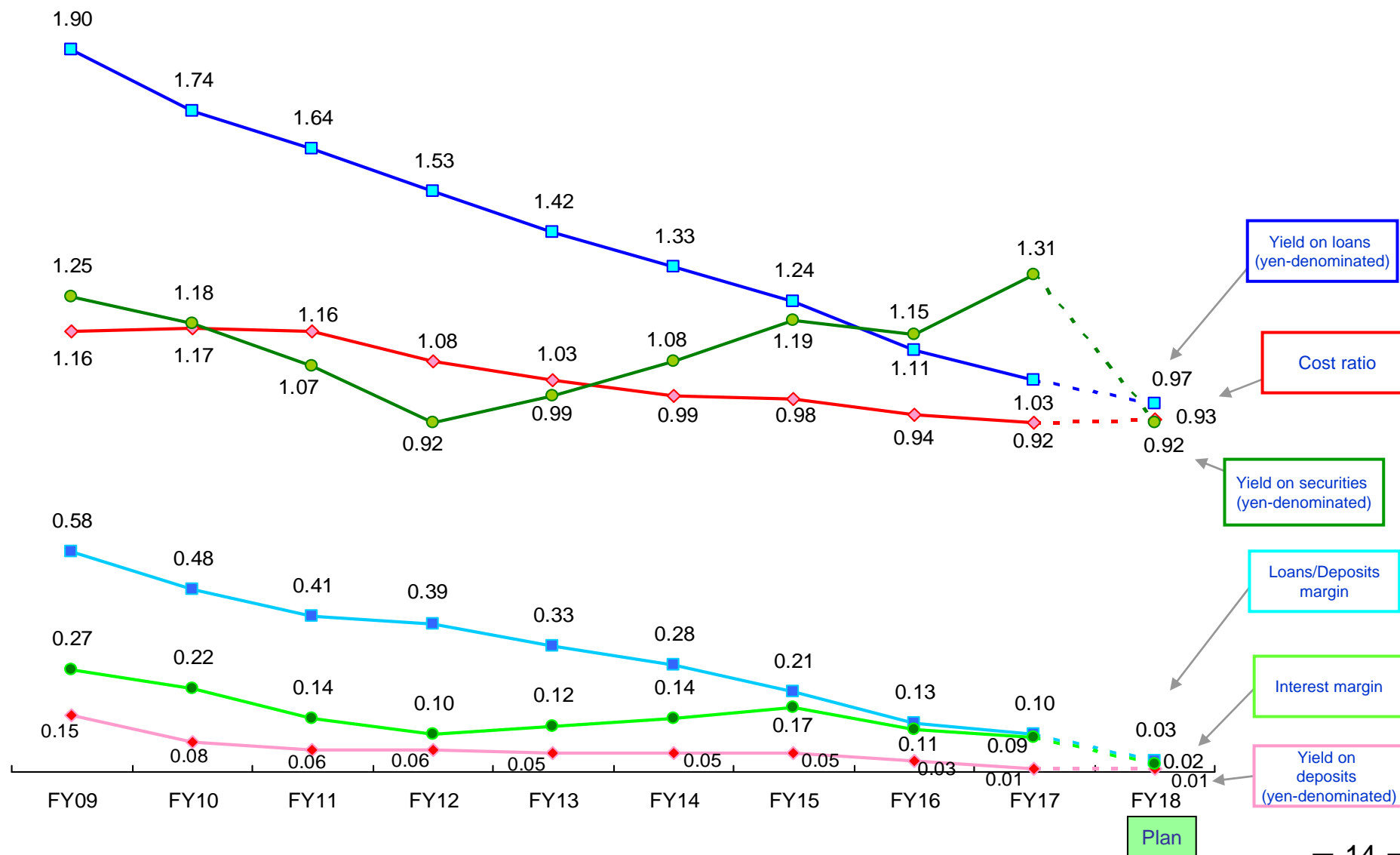
Credit Cost/Credit Cost Ratio

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

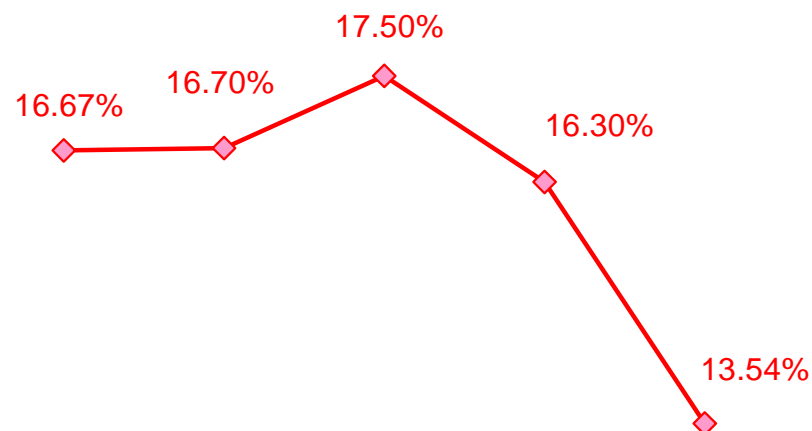
(%)



Capital Ratio (Non-Consolidated Basis)



Changes in Capital Ratio



The capital ratio of 13.54% ranks first among 54 domestic banks to which the standard is applied.

(Source: Internal research)

FY13 FY14 FY15 FY16 FY17

Breakdown of Regulatory Capital

(¥ billion)

	FY13	FY14	FY15	FY16	FY17
Regulatory capital	161.0	164.8	172.2	175.6	172.9
Risk-weighted assets, etc.	965.8	986.9	984.0	1,076.8	1,276.6

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 Mar. 2018)

(¥ billion)

Interest rate risk amount	14.8
Regulatory capital	172.9
Outlier ratio	8.5%

*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

	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (forecast)
Dividend per share (annual)	¥6.00	¥6.50	¥7.00	¥10.00	¥9.00	¥7.00	¥7.00
Term-end share price	¥429	¥466	¥526	¥413	¥498	¥438	-
Dividend yield	1.39%	1.39%	1.33%	2.42%	1.80%	1.59%	-

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

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

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

Return to Shareholders

(¥ million)	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (forecast)
Annual dividend (1)	1,062	1,134	1,211	1,712	1,521	1,172	1,168
Treasury stock acquired (2)	989	835	834	899	1,235	487	-
Return to shareholders (3)=(1)+(2)	2,052	1,970	2,045	2,611	2,757	1,659	1,168
Net income (non-consolidated basis) (4)	5,870	7,898	8,200	8,737	6,710	4,464	4,500
Dividend payout ratio	18.22%	14.42%	14.83%	19.70%	22.73%	26.34%	25.97%
Shareholder return ratio (3)/(4)x100	34.95%	24.94%	24.94%	29.88%	41.08%	37.17%	25.97%

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

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

Acquired 1,577 thousand
shares in Feb. 2015

Acquired 2,209 thousand
shares in Feb. 2016

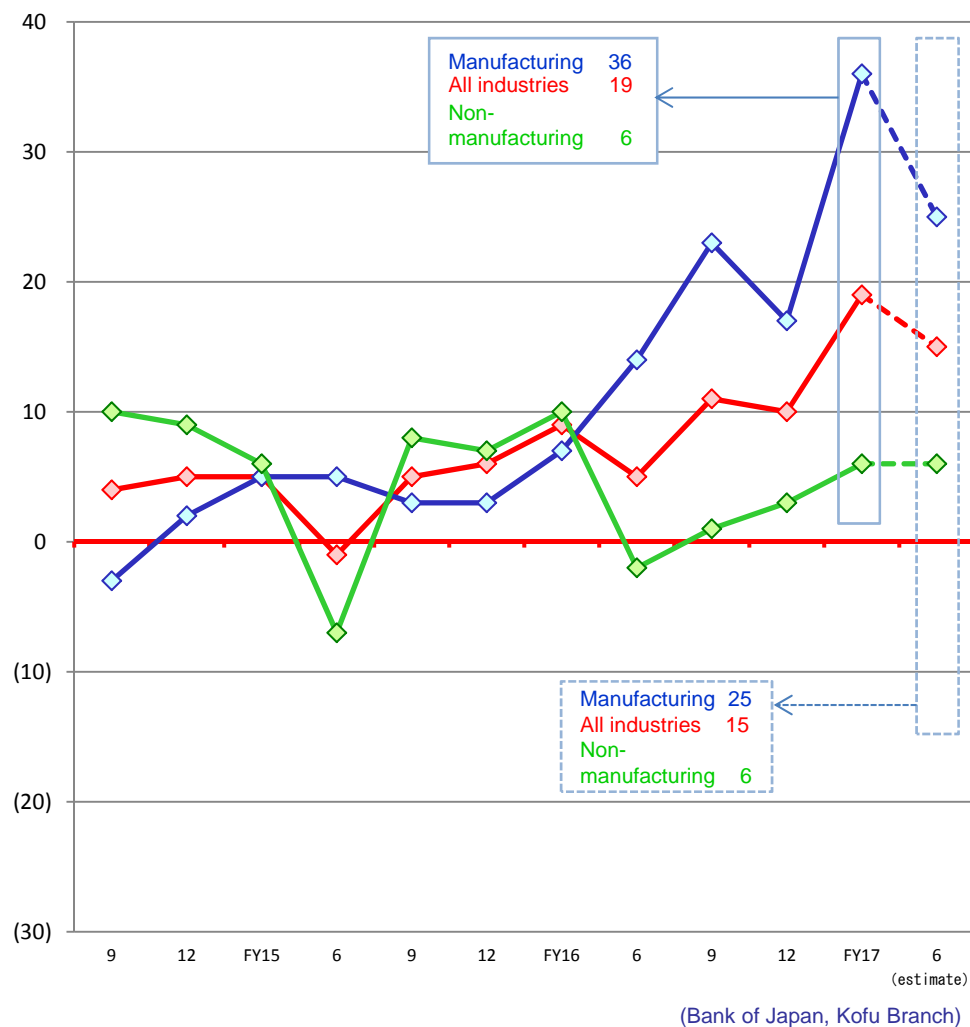
Acquired 2,127 thousand
shares in Dec. 2016

Acquired 1,112 thousand
shares in Mar. 2018

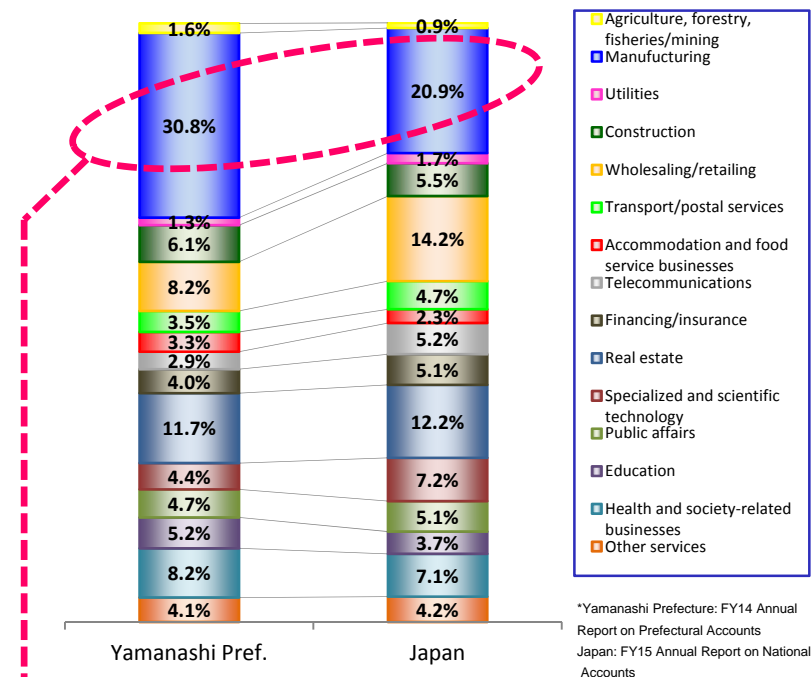
II Economic Trends in Yamanashi Prefecture

Business Trends

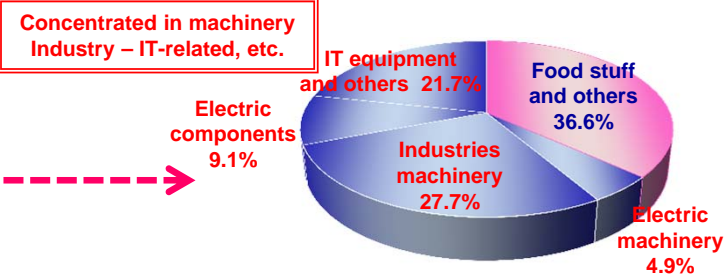
Diffusion Index for Yamanashi Prefecture (BOJ's Tankan Survey)



Gross Production by Economic Activity



Percentage of Shipments of Products Manufactured in Yamanashi Prefecture



2017 Census of Manufacturers (preliminary)

Local Industries in Yamanashi Prefecture

Wine



- 19.3% share of shipment amount ranks third in Japan.
- "Yamanashi" wine designated as an indication (National Tax Agency).

Sake



Mineral Water



- 28.7% share of shipment amount ranks first in Japan.

Fruits



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

Jewelry



- 25.7% share of shipment amount ranks first in Japan.

Silk Fabric



- Shipment amount of down quilts ranks second in Japan.

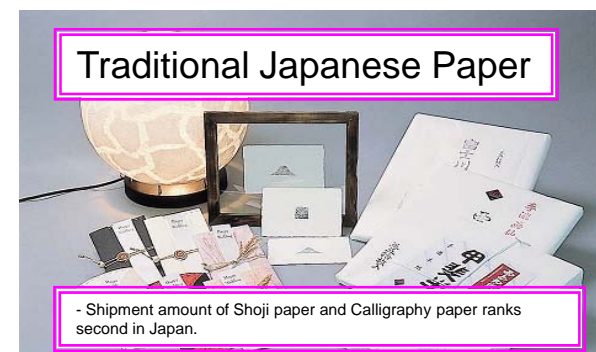
Knit Products



Inden Leather



Traditional Japanese Paper



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

*Source: 2016 Economic Census activities, 2017 Census of Crops

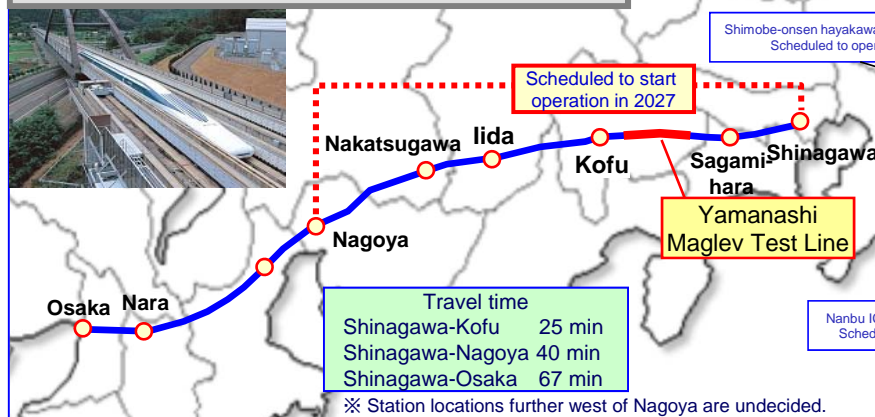
Preparations for High-Speed Transportation Network

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.

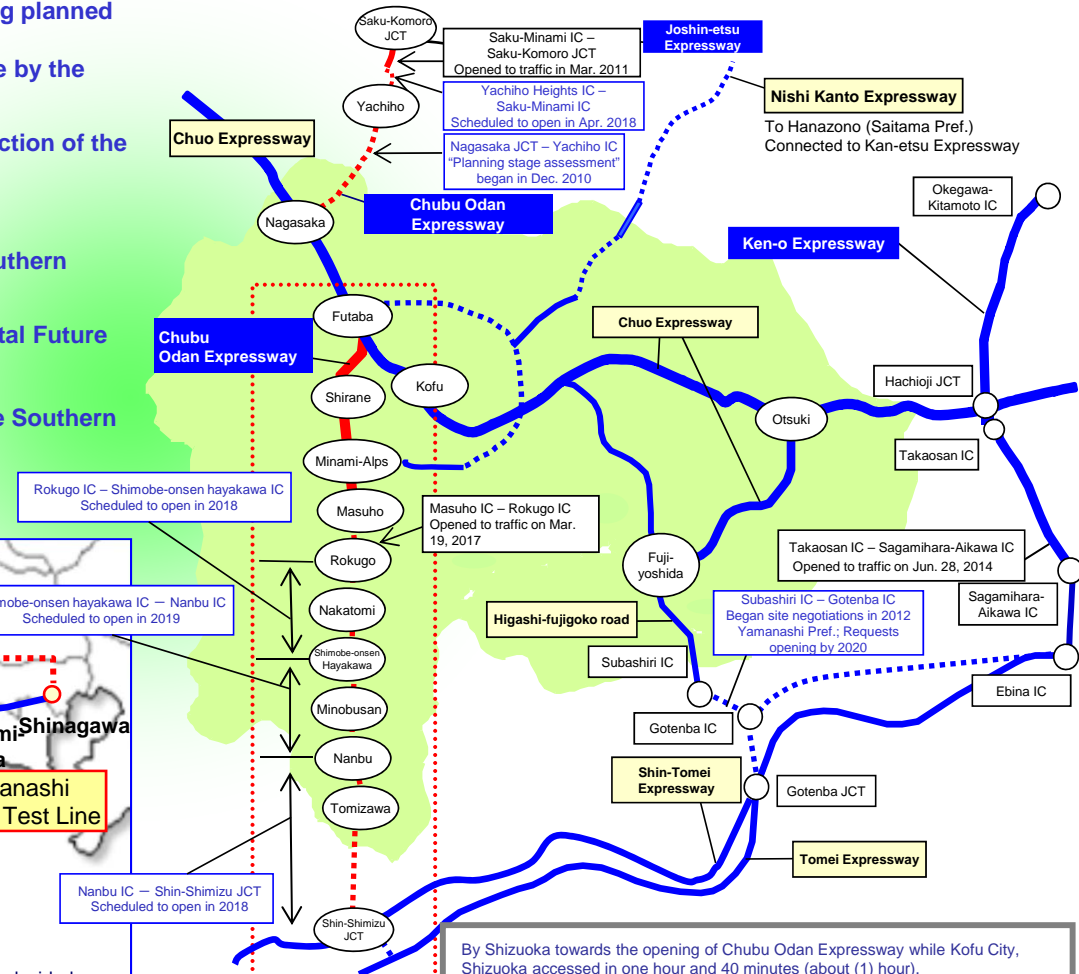
Shinkansen Maglev Train

- October 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: Construction began on the Yamanashi side section of the Southern Alps Tunnel (communication route).
- 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”.
- April 2018: Construction began on the Yamanashi section of the Southern Alps Tunnel (main line).

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

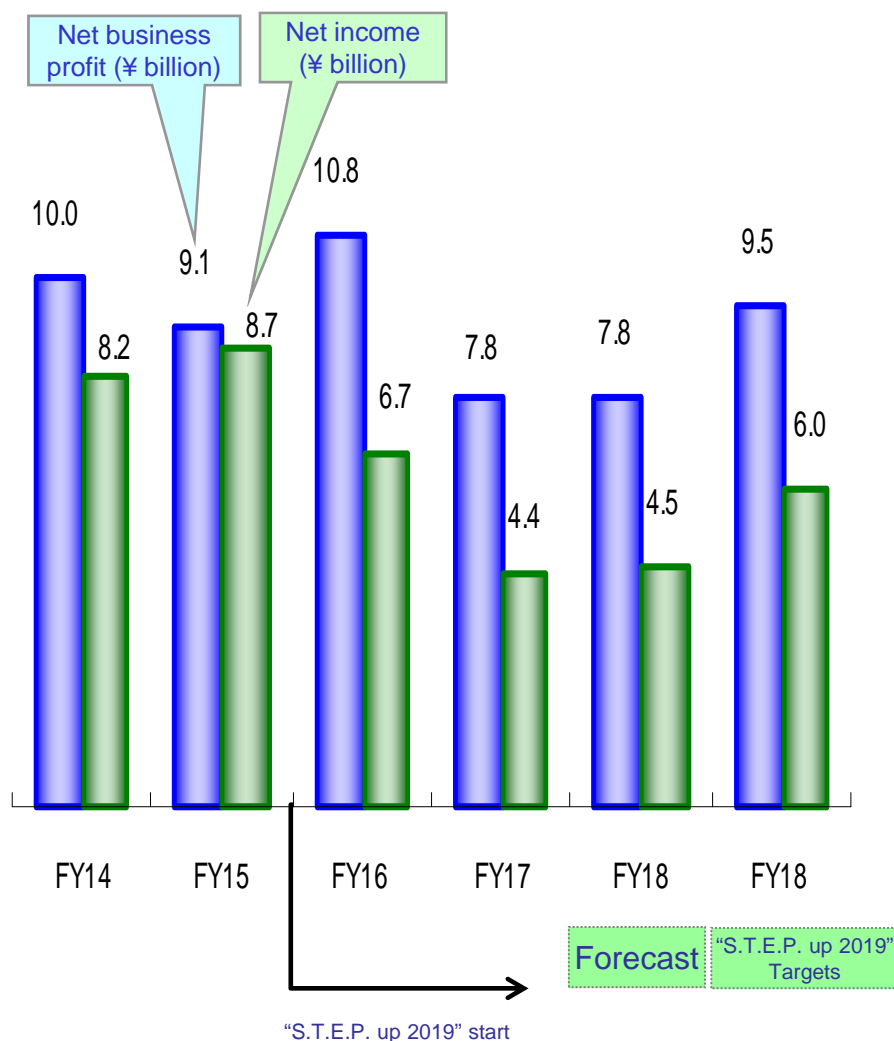
Strengthen the enhancement of
customer and employee satisfaction

Strengthen CSR activities

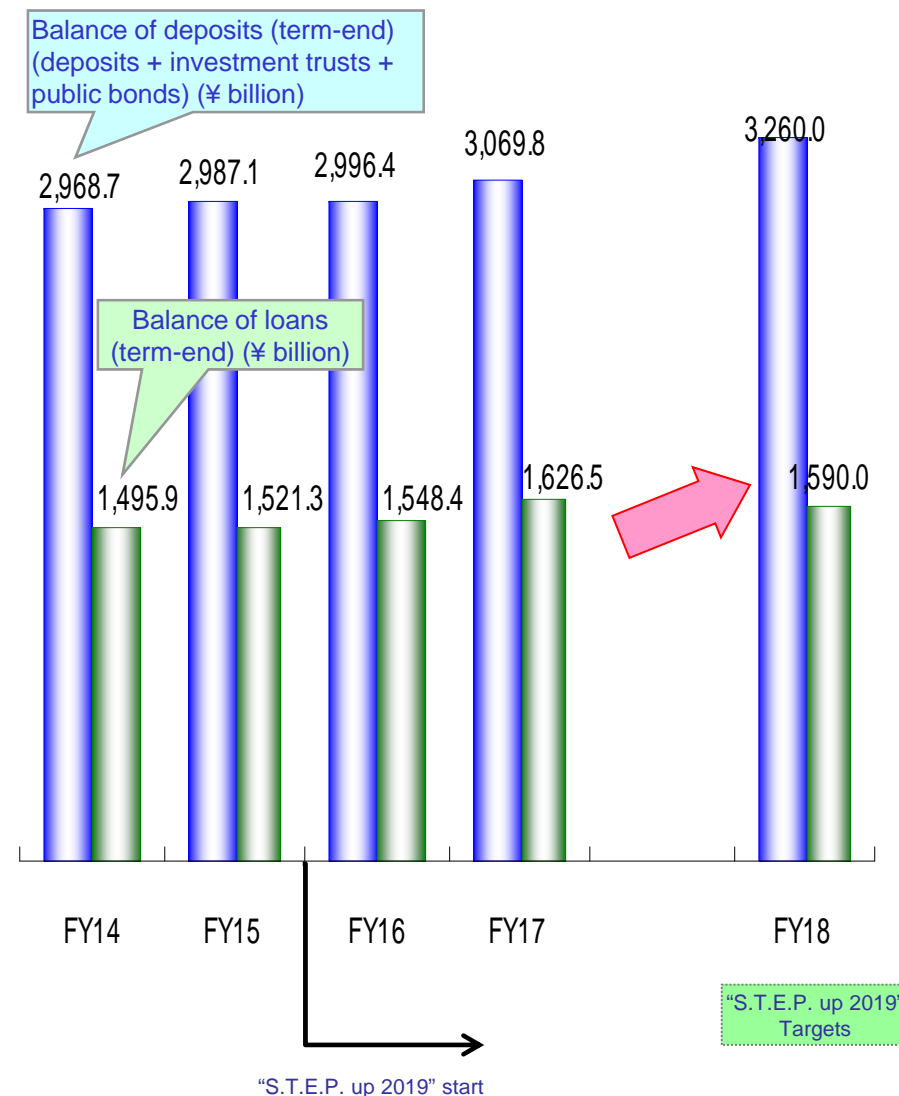
Rigorously enforce compliance and the protection of customers and their privacy

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

Net Business Profit/Net Income



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



Strengthen Retail Solution Banking

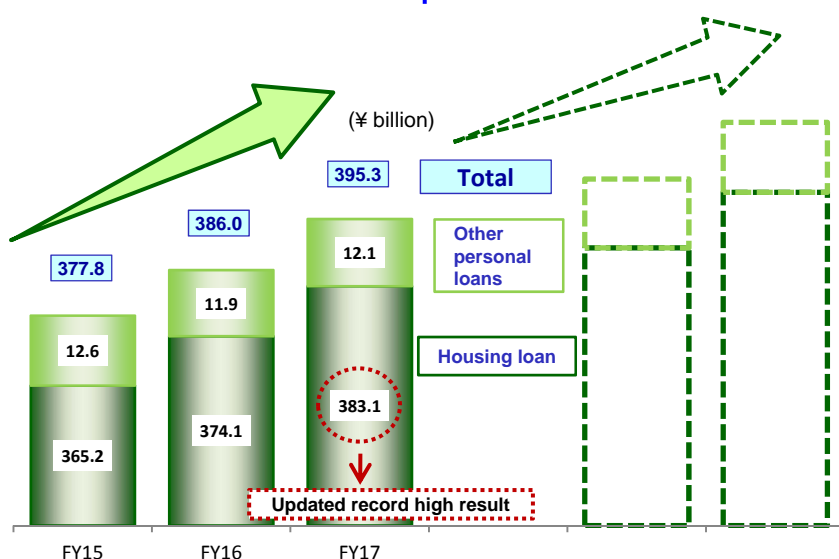
Increase the Balance of Personal Loans

The Bank will proactively advance personal loans, centered on housing loans, to expand its scope of lifelong business relationships with customers.

Provide competitive products and services



Responded to diversifying customer needs



Increase Office Hours to Weekday Evenings and Weekends

Life Square: For consultations and applications regarding personal loans, asset management, etc.

Implemented in 4 branches (*1) and will expand in order

Loan Square: For consultations and applications regarding personal loans

Implemented in 4 branches (*2)

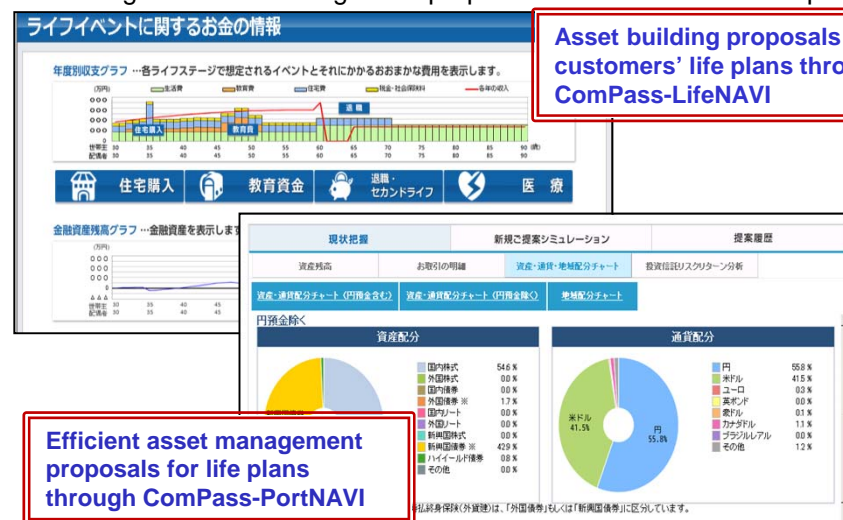
(*1) Branch operated with Life Square: Showa Branch and Hachioji Branch (Jul. 2017), Asumi Branch (Oct. 2017), Life Square Kofu (Feb. 2018)

(*2) Branch operated with Loan Square: Tachikawa Branch (Aug. 2004), Wado Branch (May 2008), Sagamiyama Branch (Sep. 2013), Higashimurayama Branch (Aug. 2015)

Strengthen the Function of Individual Solutions for Customers' Life Plans

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

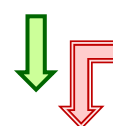
The Bank will proactively address the needs of customers through asset building and asset management proposals that fit customers' life plans.



Exercise capabilities for providing solutions that lead to gaining trust

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

Strengthen retail solutions banking



Use deep insight through communication and hypothesis/verification capabilities

Improve quality of and implement retail solutions banking

Gain the trust of customers

Strengthen the Bank's business and revenue bases

Strengthen Corporate Solution Banking

Strengthen Business Feasibility Studies Capabilities

Strengthen approaches for providing support for business feasibility studies

Professional staff from Head Office departments established a branch office support team

- Information was shared between Head Office departments and branch offices to establish promotion measures for each individual company.
- Expand the target of the Business Feasibility Studies Committee and implement at each branch office.
- Supported improving the skills of bank employees and their accumulation of expertise.



Implemented a personal achievement award system in order to evaluate initiatives for a customer's business evaluation.

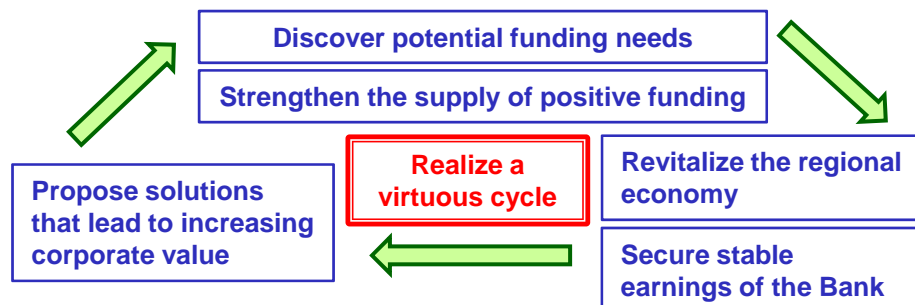
- Personnel in charge of financing branches and liaison each prepared at least one document related to a customer's business evaluation (About 340 customers).
- * Balance of loans to be created (March 31, 2018): ¥64,120 million (+6.93% YoY)
- In the fiscal year ending March 2019, expand to preparing at least two documents related to a customer, thereby strengthening initiatives about a customer's business evaluation.

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.).

From October 2017, of middle-risk customers, started to proactively approach about 5,100. Since then, by April 30, 2018 we have been engaged in 1,833 cases of loans to middle-risk customers, amounting to ¥51,169 million.

"Create common values" with customers



Expand Funding Supply Methods

Promoted Yamanashi Chuo Bank Regional Revitalization Privately Placed Bonds (newly established in January 2017)

- Strengthened relations with companies in good-standing
 - Yamanashi Bank discounted a portion of the fees from privately placed bond issuances
- ⇒ The issuer donated in the form of educational supplies to local schools, etc.

[Results] Cumulative results from Jan. 2017 to Mar. 2018: 18; ¥1,920 million (Results for fiscal year ended Mar. 2018: 13; ¥1,210 million)

Utilization of various funds

Yamanashi New Business Support Investment Limited Partnership

Cumulative results since Aug. 2014: 6; ¥138 million (Results for fiscal year ended Mar. 2018: 2; ¥28 million)

Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership

Cumulative results since Mar. 2016: 13; ¥293 million (Results for fiscal year ended Mar. 2018: 9; ¥169 million)

Strengthen Capabilities for Providing Solutions for Every Life Stage

Utilization of cloud funding (Nov. 2017: Business alliance with Makuake, Inc.)

Supported customers' expansion of sales channels and acquisition of new customers. No. of projects received: 24

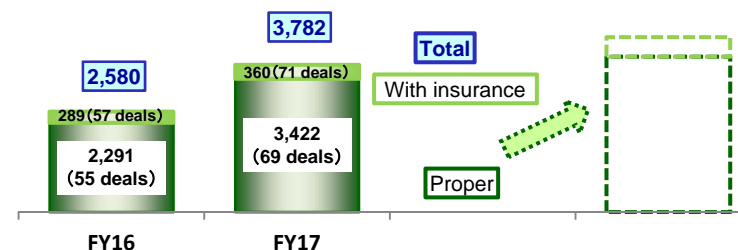
- No. of projects started during Nov. 2017 – Mar. 2018: 4 (Cumulative target amount: ¥2,600,000)
- No. of projects started since Apr. 2018: 4 (Cumulative target amount: ¥1,150,000)

Enhanced support for customers creating startups or starting new businesses

Branch office support by the Startup and New Business Support Desk (established in June 2016)

Held "Entrepreneur Seminar for Women" in the Women Entrepreneur Support Project

[Amount of business startup-related funding implemented] (¥ million)



Strengthen Coordination with Industrial, Government and Academic Funds (1)

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, support for renewed maintenance work around Otsuki Station, etc.

Strengthen Coordination with Academia

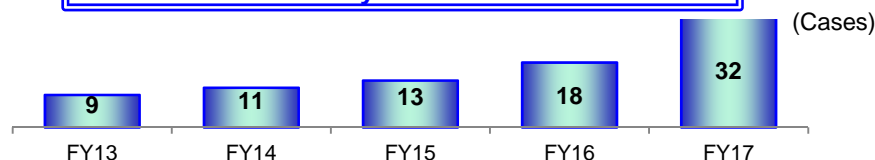
Comprehensive business collaboration with universities

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.
- Nov. 2017: Signed partnership agreement with the Platform of University Intellectual Property (PUiP).
- As of Mar. 31, 2018: 121 Bank employees have been appointed from the University of Yamanashi and are currently active.

Number of advice/consultation cases passed to Yamanashi University



Help Revitalize Agriculture and Food Industries

Agri-Business School

First held in 2011, 239 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. Of these, we made loans of ¥756 million to 12 companies.

Yamanashi Food Business Liaison Conference

Held 26 times since 2006, 367 members (as of Mar. 31, 2018)

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 a total of 26 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.

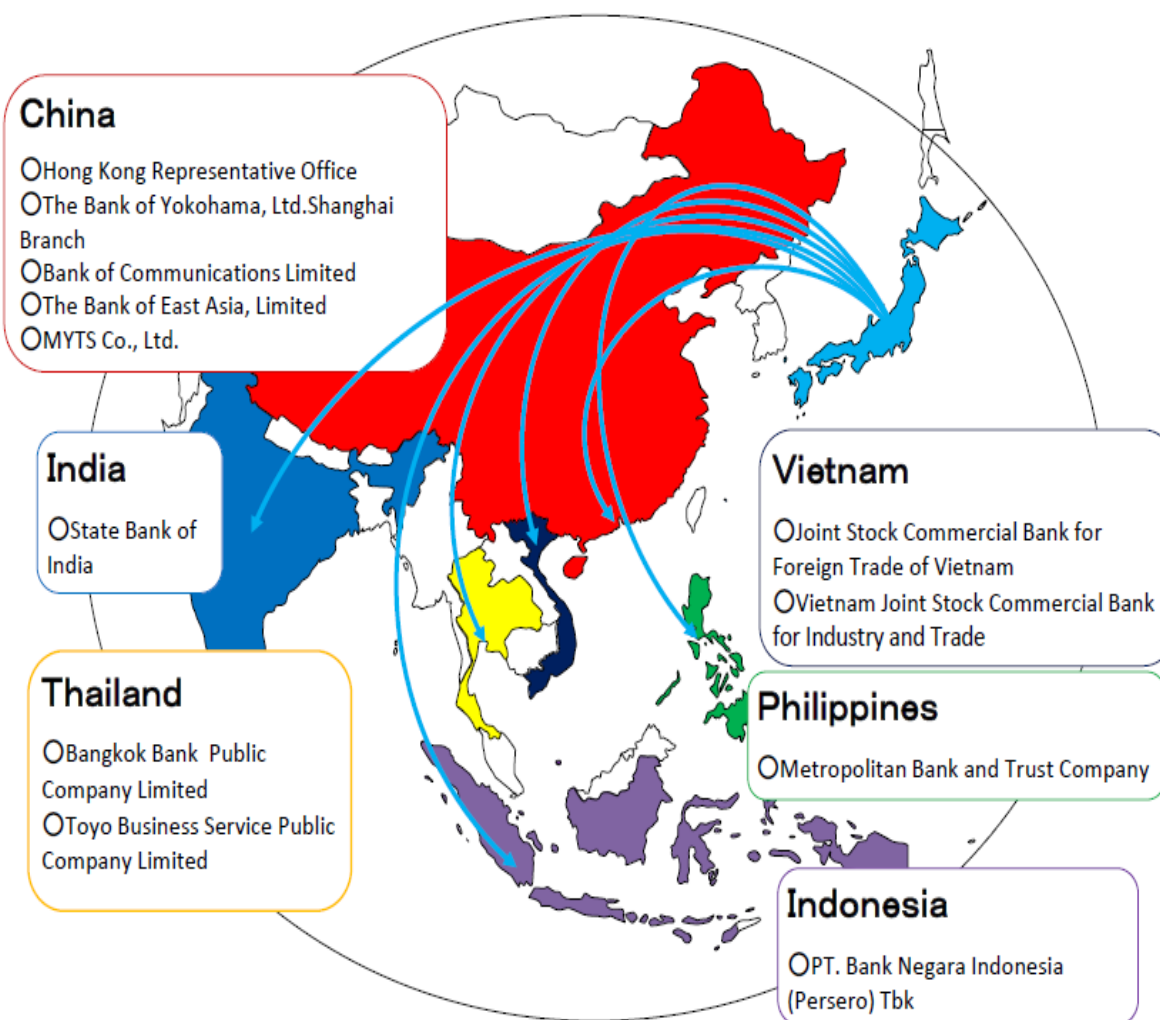
Support accepting foreign tourists

Implemented the Katakoto English Project and supported a cumulative total of 42 customers, including prefectural restaurants, etc.

Strengthen Coordination with Industrial, Government and Academic Funds (2)

Support Customers' Overseas Development

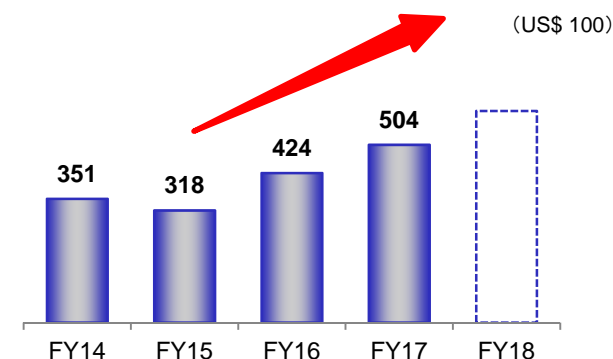
Growing collaboration and assignment network



Specific initiatives

- Provided business matching with overseas local companies through overseas development support institutions, and provided financial services such as standby credit.
- Continued dispatching Yamanashi Bank employees to the Bangkok Bank Public Company Limited of Thailand, the Toyo Business Service Public Company Limited in Thailand, the Bank of Yokohama, Ltd. Shanghai Branch in China, and the Vietnam Joint Stock Commercial Bank for Industry and Trade. We supported overseas development customers from local companies.
- The Yamanashi Bank employees who returned from these affiliated banks were assigned to the Business Promotion Division or the Corporate Sales Promotion Division as Asia Desk specialists. They could understand customers' overseas development needs and support these customers from Japan.
- Held various business fairs and seminars at overseas locations.

Trade volume



Optimal Distribution of Management Resources

- Increase the quality and number of personnel and optimize branch banking channels - 山梨中央銀行

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 (11 people), and senior consultants (39 people)
- Increased floor concierges (an increase of 20 people)
- Increased the number of sales personnel at branch offices by 70 (compared to Mar. 31, 2017; as of Mar. 31, 2018)
- Increased the Head Office Solution Staff, etc. (an increase of 19 people)

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
- Opened Nerima Corporate Sales Office on June 14

Strengthen contact points tailored to customers' needs

- Expanded contact points by increasing office hours to weekday evenings and weekends at Life Square
- Expanded transactions in non-OTC sales channels by the Fujisan Internet Branch

Initiatives for branch BPRs

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

Reassigned about 140 clerical workers in branches to the Marketing Department

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

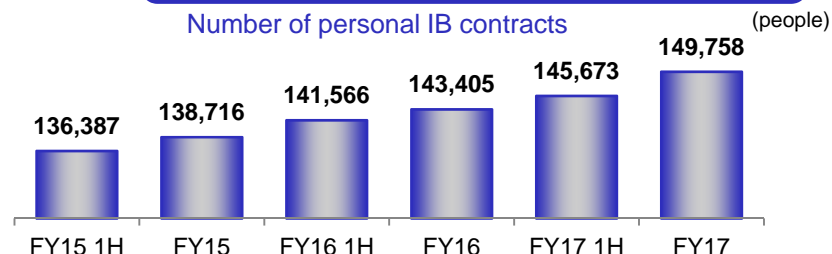
Advance IT utilization

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

Jul. 2017

Expansion of functions for Internet banking for individuals

Number of personal IB contracts



Jun. 2017

Renewed the Bank's website

Jul. 2017

Opened the Fujisan Internet Branch

Jul. 2017

Started Yamanashi Chugin application bankbook with CRECO services



Establish a system for promoting digitization

Form a digitization promotion team (comprising four specialists in Dec. 2017)
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

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

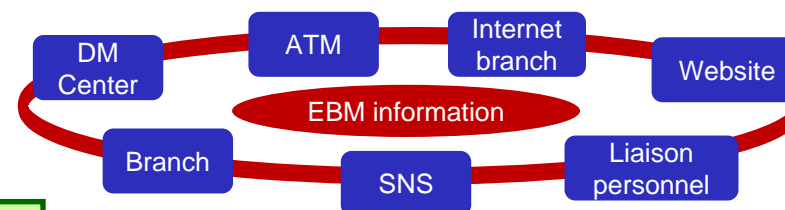
During the medium-term management plan

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

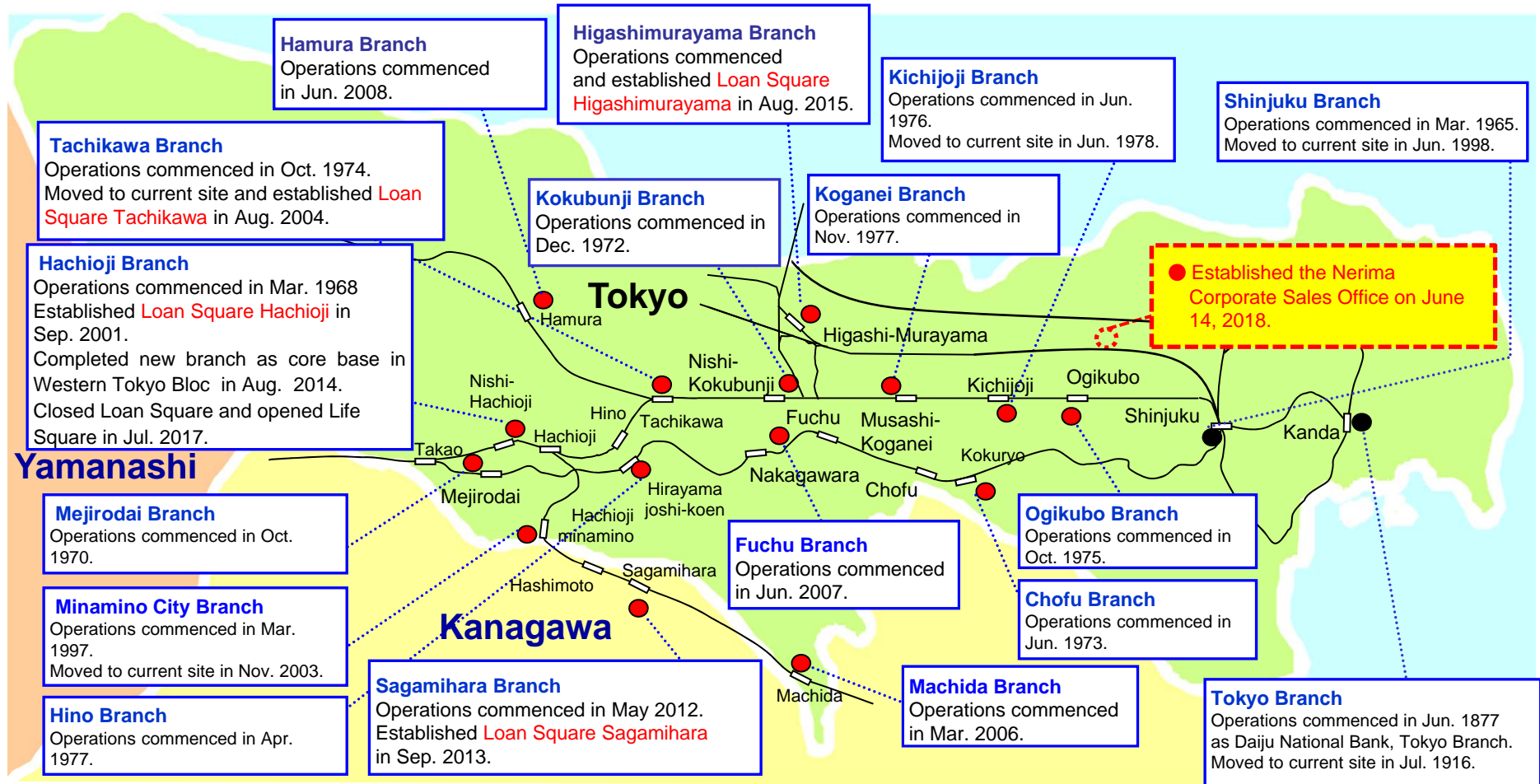
- Dispatch employee to Japan Digital Design Inc.
- Started the joint creation of a financial service platform using blockchain technology with other banks including Iwate Bank (Jan. 2018)

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.

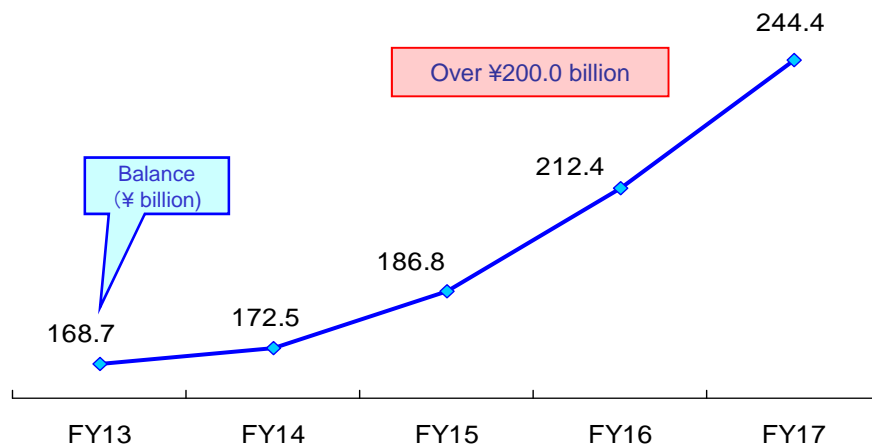


Western Tokyo Bloc Strategy

(2) Change in Actual Results A

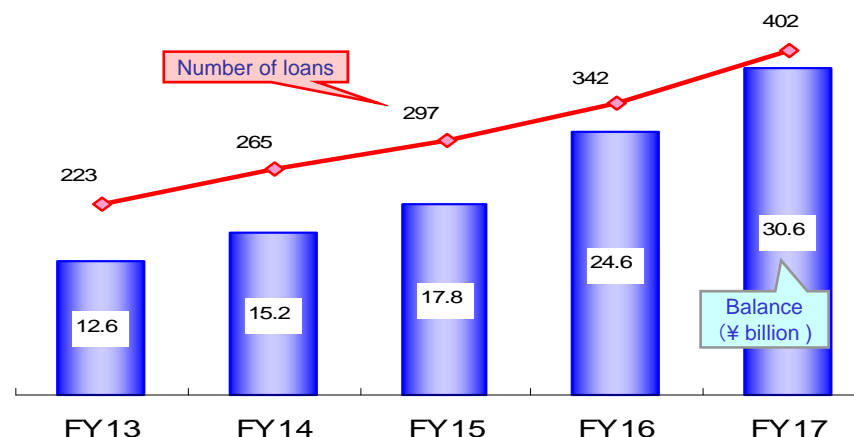
Realization of Profitability and Efficiency Exceeding Yamanashi Prefecture

Balance of Loans (term-end)

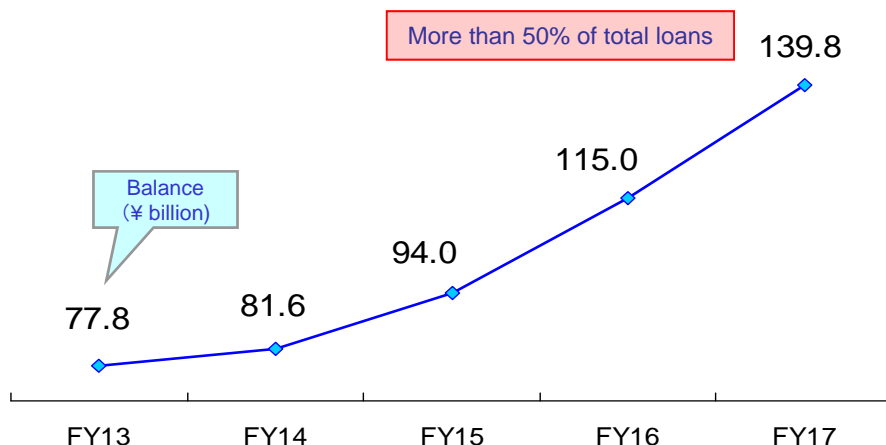


Expansion of Sales Base from "Point" to "Line / Face"

Number of Loans and Outstanding 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 6.8 times of the Yamanashi Prefecture)

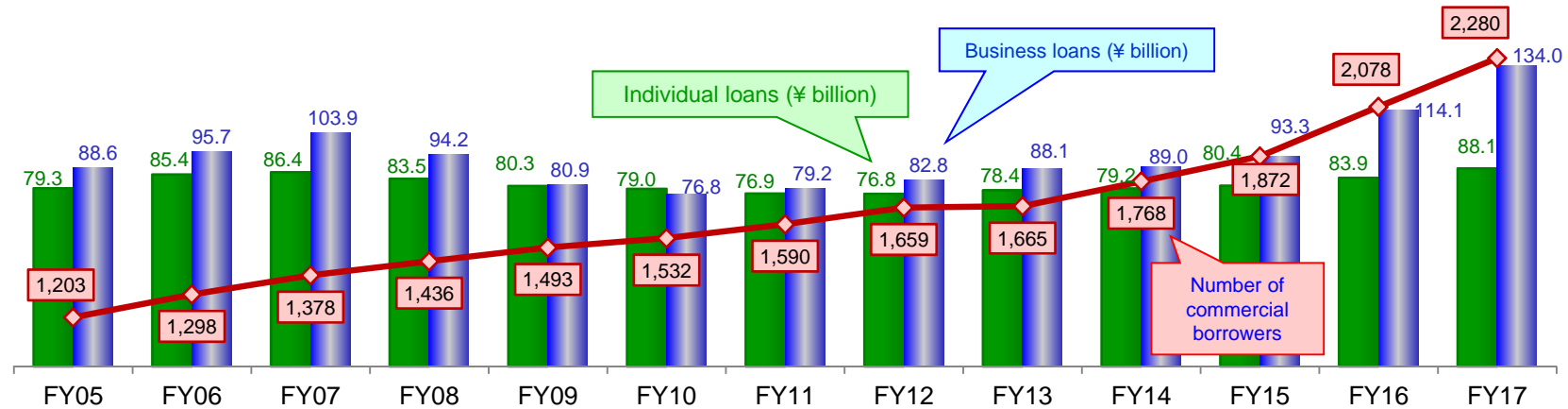
Number of households:
2.58 million
(about 7.7 times of the Yamanashi Prefecture)

*Western Tokyo area includes the suburban cities, Nishitama-gun, Sugunami Ward, and Kanagawa Prefecture, Sagami-hara City
(Source: 2017 Economic Census, Apr. 2018 Estimated population)

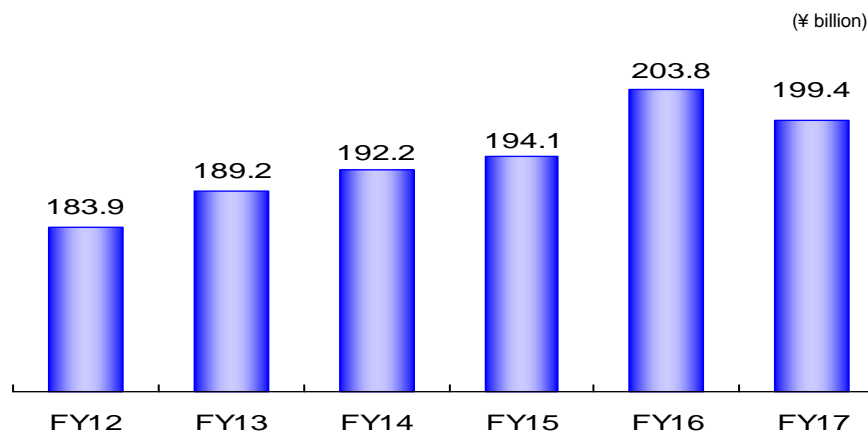
Western Tokyo Bloc Strategy

(2) Change in Actual Results B

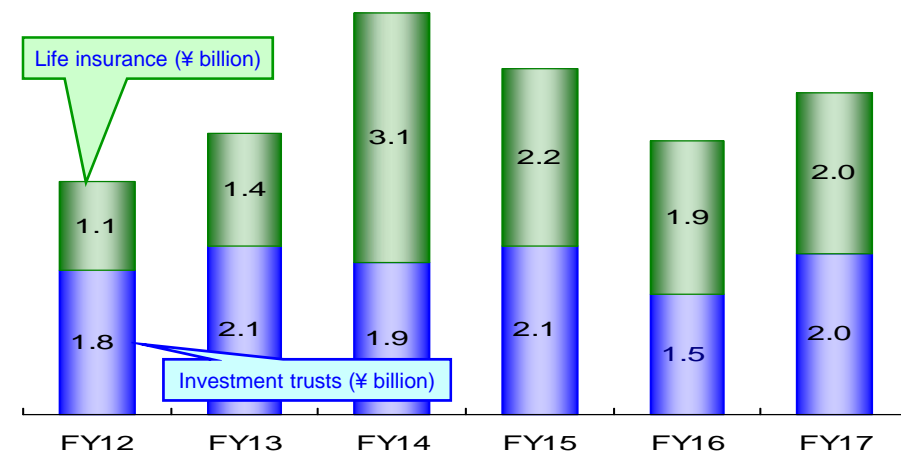
Balance of Loans (average) and Number of Commercial Borrowers



Balance of Individual Deposit (term-end)



Sales of Investment Trusts and Life Insurance



ESG Initiatives

Based on the section describing strengthening CSR activities in our medium-term management plan, in addition to contributing to regional economic revitalization through our core businesses, the Yamanashi Chuo Bank continued taking further measures to contribute to society and protect the environment to meet our obligations as a corporate citizen, thereby contributing to the sustainable development of the regional community. Looking ahead, we will continue to grow with local communities by maintaining our initiatives that are fully aware of ESG.

Environment

- Promoted loans using the Ministry of Economy, Trade and Industry's "Energy-saving Interest Supply System" (The number of cases adopted is the largest at 13 financial institutions out of the 37 throughout the country that can be handled; the related loan amount is ¥615 million)
- Arranged participation of 521 people in the Satochi Satoyama Preservation and Rehabilitation Project
- Arranged participation of 231 people in the First Half Cleanup Campaign 2017 for Mt. Fuji Environmental Beautification
- Established an energy-saving facility at a newly built branch (Kobuchizawa Branch)
- Adopted two eco products as novelty goods

Social

- Initiatives on financial education and support for education
 - Accepted 232 elementary and junior high school students for workplace-study tours
 - Visited schools and universities to give lessons and lectures: Kindergarten and elementary school: Once each; university: 6 times
 - Implemented an Economics Koshien as part of the Yamanashi Financial Tournament
- Initiatives concerning the promotion of culture, arts, sports, etc.
 - Held "The 22nd Yamanashi Chuo Bank Cup" in the "Yamanashi Prefecture Mothers' Volleyball Tournament"
 - Held a "Fureai Volleyball Class" 45 times, and a "Sawayaka Kids Volleyball Class" 15 times
 - Three exhibitions held at Yamanashi Chuo Bank Financial Museum (Number of visitors: 1,573)
- Initiatives on social welfare
 - Yamanashi Prefecture registered prefectural branch offices as Dementia Support Offices (72 head offices and branch offices; 2 sub-offices)
 - 41 people passed the service care attendant examination (Number of qualified persons as of March 2018: 195)

Governance

- Secure transparency and objectivity
 - Three of the five corporate auditors are outside corporate auditors
 - Two of the fifteen directors are independent outside directors
- Acceleration of decision-making and strengthening of governance functions
 - Ceased to appoint managers as managing directors, and changed to a system to oversee and execute operations across multiple departments as officers in charge

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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