



# The Yamanashi Chuo Bank, Ltd.

## The 35th Analyst Meeting

- FY18 1st Half Business Results
- Forecasts for the Current Term (FY18)
- Medium-Term Management Plan  
“S.T.E.P. up 2019” Progress Report
- Towards the Next Medium-Term  
Management Plan

December 5, 2018 (Wed)

## Profile 2

### I FY18 1st Half Business Results and Forecasts for the Current Term (FY18)

FY18 1st Half Business Results (Summary)	4
Earnings Forecasts for the Current Term (FY18)	5
Deposits	6
Loans	7
Securities	9
Fees and Commissions	11
Expenses and OHR	12
Credit Cost	13
Yields and Interest Margins	14
Capital Ratio (Non-Consolidated Basis)	15
Return to Shareholders	16

### II Economic Trends in Yamanashi Prefecture

Business Trends	18
Local Industries in Yamanashi Prefecture	19
Preparations for High-Speed Transportation Network	20

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

Diagram of “S.T.E.P. up 2019”	22
Financial Targets of “S.T.E.P. up 2019”	23
Strengthen Retail Solution Banking	24
Strengthen Corporate Solution Banking	25
Strengthen Coordination with Industrial, Government and Academic Funds	27
Optimal Distribution of Management Resources - Increase the quality and number of personnel and optimize branch banking channels -	28
Advance IT Utilization	29
Western Tokyo Bloc Strategy	30

### IV Towards the Next Medium-Term Management Plan

Orientation of the Next Medium-Term Management Plan	34
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## Profile (as of September 30 , 2018)

- Predecessor founded: April 1877
- Established: December 1941
- Head office: 20-8, Marunouchi 1-Chome, Kofu, Yamanashi
- Common stock: ¥15.4 billion
- Employees: 1,773
- Branches (including sub-branches):  
92 (75\* in Yamanashi Pref., 16 in Tokyo, 1 in Kanagawa Pref.)  
Corporate Sales Office: 1 (Nerima)  
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 FY18 1st Half Business Results and Forecasts for the Current Term (FY18)**

# FY18 1st Half Business Results (Summary)

(¥ billion, %)	FY17 1H	FY18 1H	YoY change (%)
Operating income	24.6	22.7	(1.9) ( 7.7 )
Gross banking profit	16.5	18.0	1.5 ( 9.3 )
Interest income	14.6	14.7	0.1 ( 1.0 )
Fees and commissions	2.2	2.2	0.0 ( 3.2 )
Other operating income	(0.5)	(0.2)	0.3 ( 59.3 )
Gross banking profit on core operations	16.2	16.8	0.5 ( 3.3 )
JGBs and other bond transactions	0.2	1.2	0.9 ( 477.5 )
Expenses	13.7	13.3	(0.3) ( 2.4 )
General provision to loan loss reserve	-	-	- ( - )
Net business profit	2.8	4.6	1.8 ( 67.0 )
Net business profit on core operations	2.5	3.4	0.8 ( 33.9 )
Non-operating losses	0.2	(1.0)	(1.3) ( 484.5 )
Gains on reversal of provision to loan loss reserve	0.7	0.0	(0.7) ( 96.7 )
Reversal of loan loss reserve	0.0	0.0	0.0 ( - )
Equity share and similar transactions	3.8	1.7	(2.0) ( 53.5 )
Loss on dissolution of investment trusts	4.0	2.7	(1.2) ( 31.6 )
Ordinary profits	3.0	3.6	0.5 ( 18.3 )
Extraordinary income (losses)	(0.2)	(0.0)	0.2 ( 87.5 )
Income before income taxes	2.8	3.6	0.7 ( 28.0 )
Income taxes - basic	0.0	0.7	0.7 ( 8,588.8 )
Income taxes - deferred	0.5	0.1	(0.4) ( 73.2 )
Net income	2.2	2.6	0.4 ( 19.3 )

## Interest Income (analysis of difference factors)

(¥ billion, %)	FY18 1H	YoY change (%)	Balance	Yield
Fund operations	15.2	(0.4) ( 2.9 )	(0.9)	0.5
Interest on loans	7.9	(0.0) ( 0.5 )	0.5	(0.5)
Interest on securities	7.1	(0.3) ( 5.0 )	0.4	(0.8)
Call loan, etc.	0.1	(0.0) ( 22.5 )	(0.1)	0.0
Fund procurement	0.4	(0.6) ( 57.3 )	0.0	(0.6)
Interest on deposits, etc.	0.2	(0.0) ( 16.4 )	0.0	(0.0)
Call money, etc.	0.2	(0.5) ( 69.7 )	0.1	(0.7)
Interest income	14.7	0.1 ( 1.0 )	-	-

## Fees and Commissions

(¥ billion)	FY18 1H	YoY change
Revenues	3.6	0.0
Investment trusts	0.3	(0.0)
JGBs held by individuals	0.0	0.0
Life insurance	0.5	0.0
Others	2.7	0.0
Cost	1.3	(0.0)
Fees and commissions	2.2	0.0

## Expenses

(¥ billion)	FY18 1H	YoY change
Personnel	7.6	(0.1)
Premises and equipment	4.9	(0.0)
Taxes	0.7	(0.0)
Expenses	13.3	(0.3)

# Earnings Forecasts for the Current Term (FY18) 山梨中央銀行

	(¥ billion, %)	FY17	FY18 (forecast)	YoY change (%)
Gross banking profit		34.7	34.3	(0.3) ( (1.0) )
Interest income		30.1	28.3	(1.8) ( (6.0) )
Fees and commissions		4.7	5.1	0.4 ( 9.9 )
Other operating income		(0.9)	(0.4)	0.4 ( 50.9 )
Gross banking profit on core operations		34.0	33.1	(0.8) ( (2.6) )
JGBs and other bond transactions		0.6	1.2	0.5 ( 74.1 )
Expenses		26.9	26.7	(0.1) ( (0.5) )
General provision to loan loss reserve		-	1.2	1.2 ( - )
Net business profit		7.8	6.4	(1.4) ( (18.0) )
Net business profit on core operations		7.1	6.4	(0.7) ( (10.0) )
Non-operating losses		(1.1)	0.0	1.2 ( 106.4 )
Reversal of loan loss reserve		0.0	(0.8)	(0.8) ( - )
Equity share and similar transactions		6.4	2.4	(3.9) ( (61.3) )
Loss on dissolution of investment trusts		7.5	2.7	(4.8) ( (63.6) )
Ordinary profits		6.6	6.4	(0.2) ( (3.7) )
Net income		4.4	4.5	0.0 ( 0.7 )

Dividends		FY16	FY17	FY18 (plan)
	Dividend per share (annual)	¥9.00	¥7.00	¥35.00

	End of Mar. 2018	End of Mar. 2019 (estimate)
Nikkei Stock Average	¥21,454	¥24,120

Reflecting consolidation of shares (5 shares → 1 share) for October 1, 2018

## Interest Income (analysis of difference factors)

	(¥ billion, %)	FY18 (forecast)	YoY change (%)	Balance	Yield
Fund operations		29.2	(2.7) ( (8.5) )	(1.3)	(1.3)
Interest on loans		15.9	0.1 ( 0.6 )	0.9	(0.8)
Interest on securities		13.0	(2.7) ( (17.4) )	1.1	(3.9)
Call loan, etc.		0.2	(0.0) ( (19.3) )	(0.2)	0.1
Fund procurement		0.8	(0.8) ( (50.5) )	0.0	(0.9)
Interest on deposits, etc.		0.4	(0.0) ( (7.3) )	0.0	(0.0)
Call money, etc.		0.4	(0.8) ( (64.8) )	0.7	(1.6)
Interest income		28.3	(1.8) ( (6.0) )	-	-

## Fees and Commissions

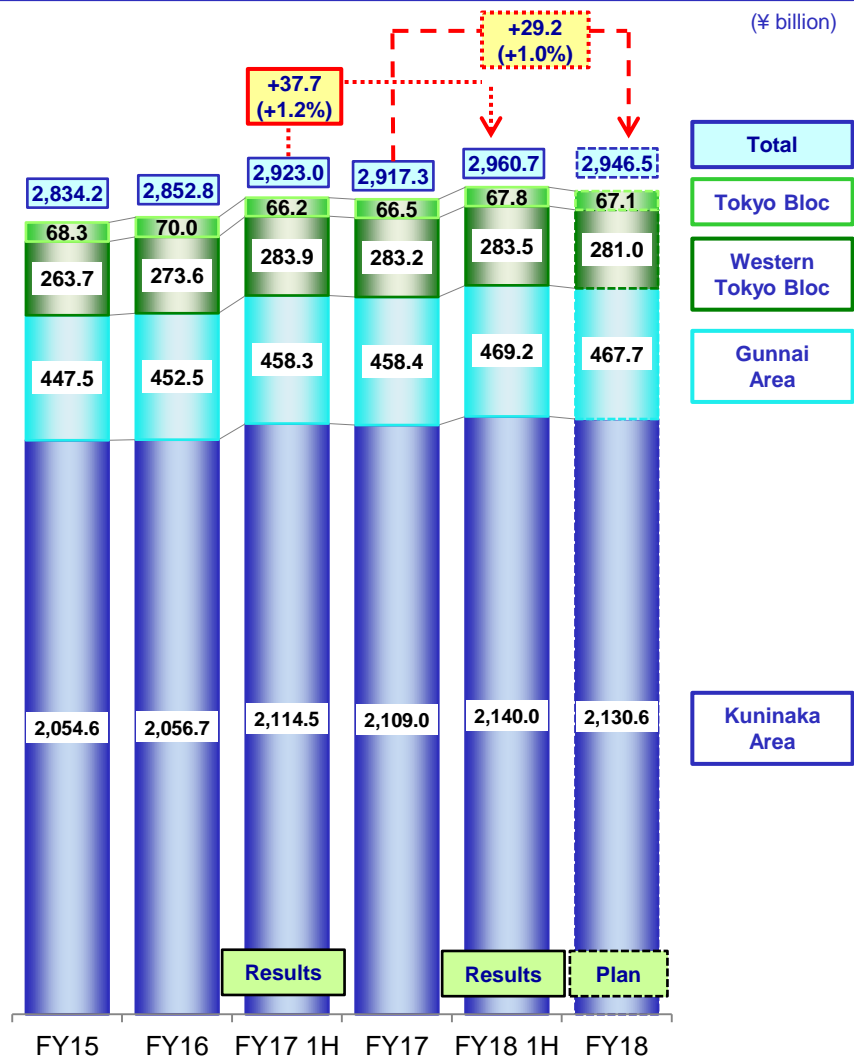
	(¥ billion)	FY18 (forecast)	YoY change
Revenues		7.9	0.4
Investment trusts		0.9	0.0
JGBs held by individuals		0.0	0.0
Life insurance		1.2	0.1
Others		5.7	0.3
Cost		2.7	0.0
Fees and commissions		5.1	0.4

## Expenses

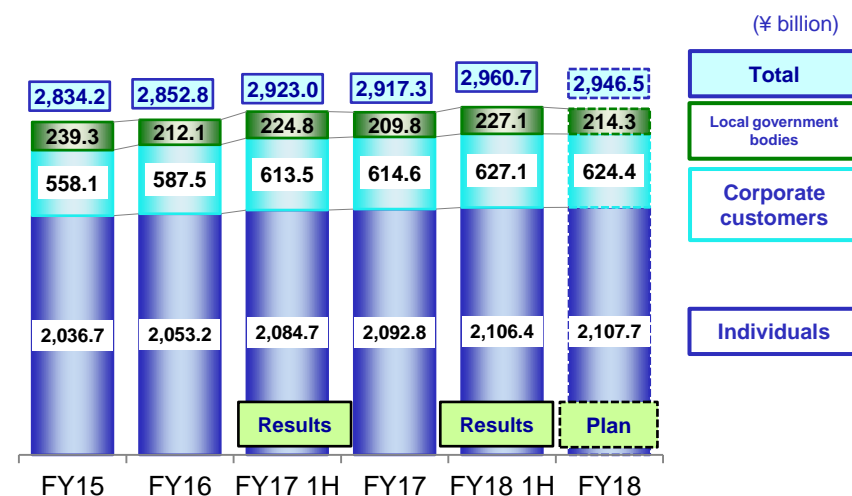
	(¥ billion)	FY18 (forecast)	YoY change
Personnel		15.3	(0.1)
Premises and equipment		10.0	0.0
Taxes		1.3	(0.0)
Expenses		26.7	(0.1)

# Deposits

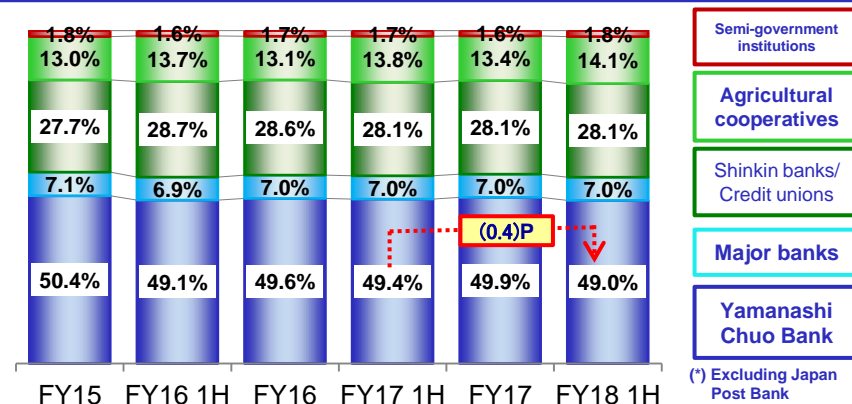
## Balance of Deposits (average)



## Balance by Customer Segment (average)



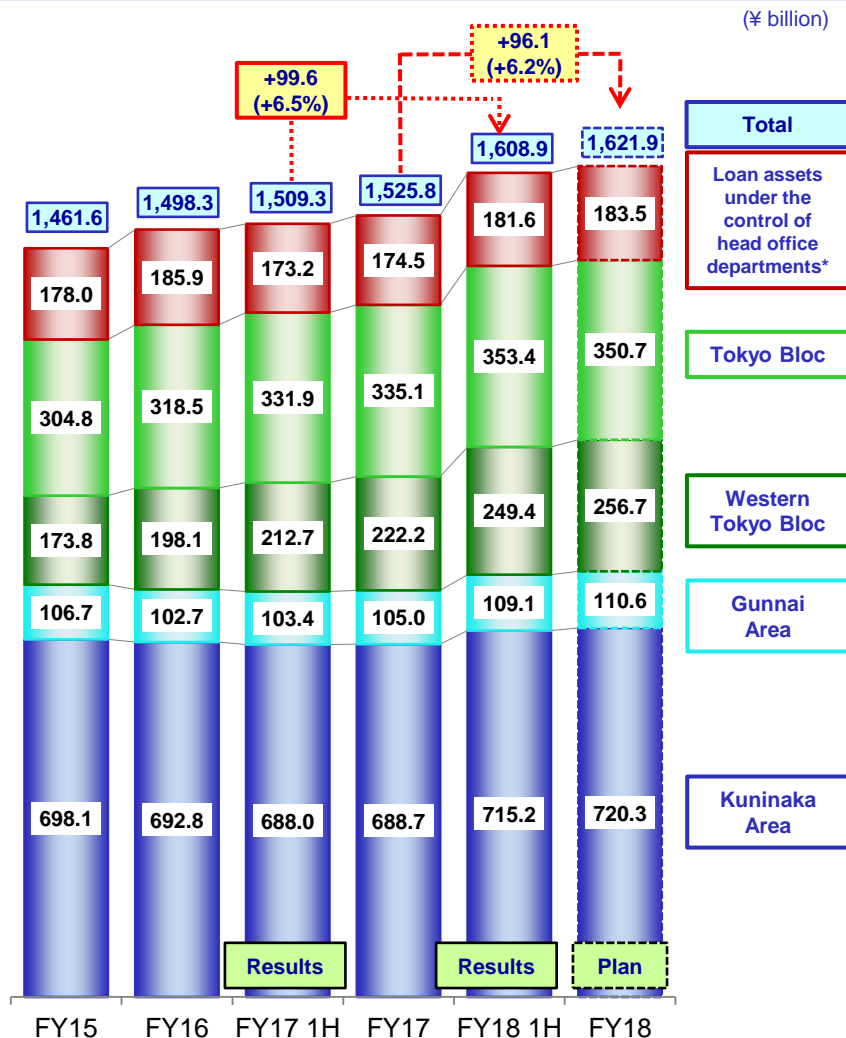
## Deposit Shares in Yamanashi Prefecture (term-end)



(\*) Excluding Japan Post Bank

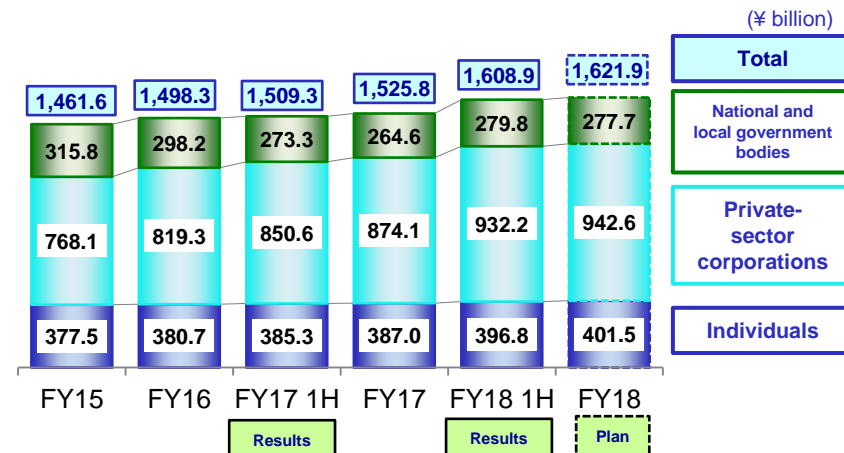
# Loans (1)

## Balance of Loans (average)

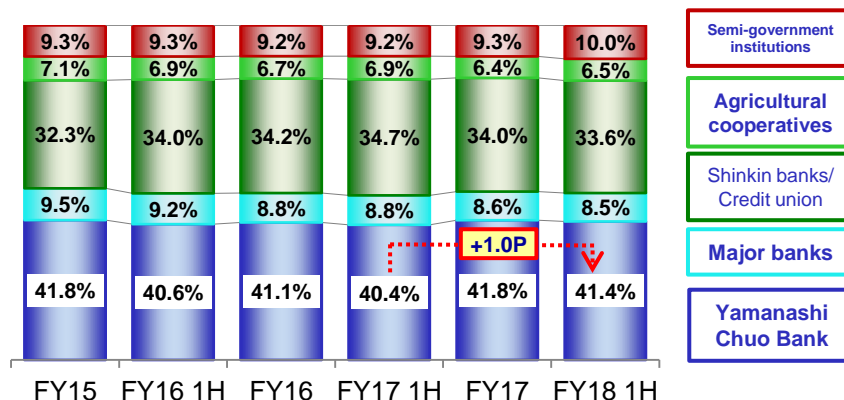


(\*) Loans assets under the control of head office departments refers to loans to the Ministry of Finance, loans made under loan participation agreements and financial receivables transferred from other industries.

## Balance by Customer Segment (average)



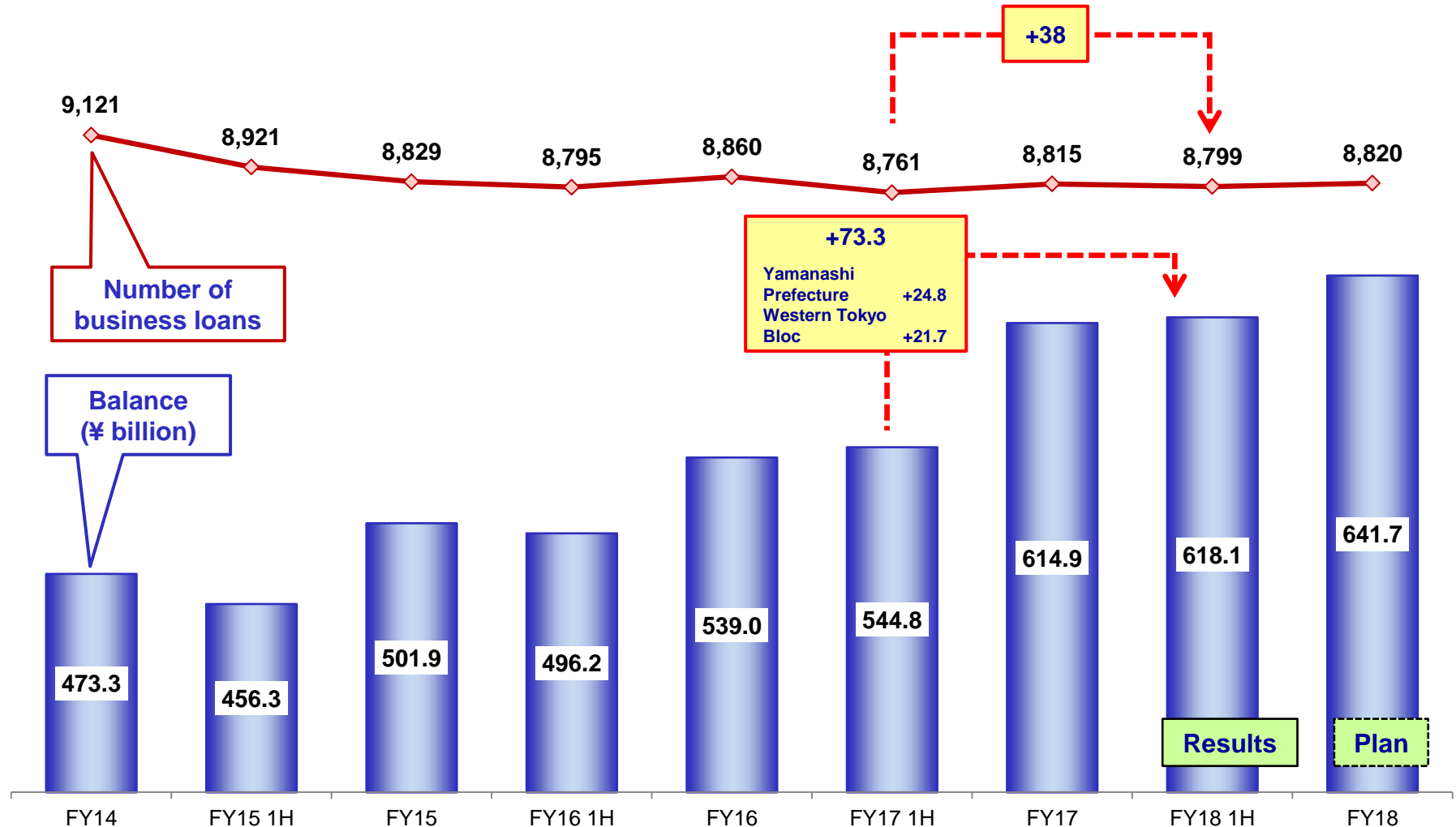
## Loan Shares in Yamanashi Prefecture (term-end)





# Loans (2)

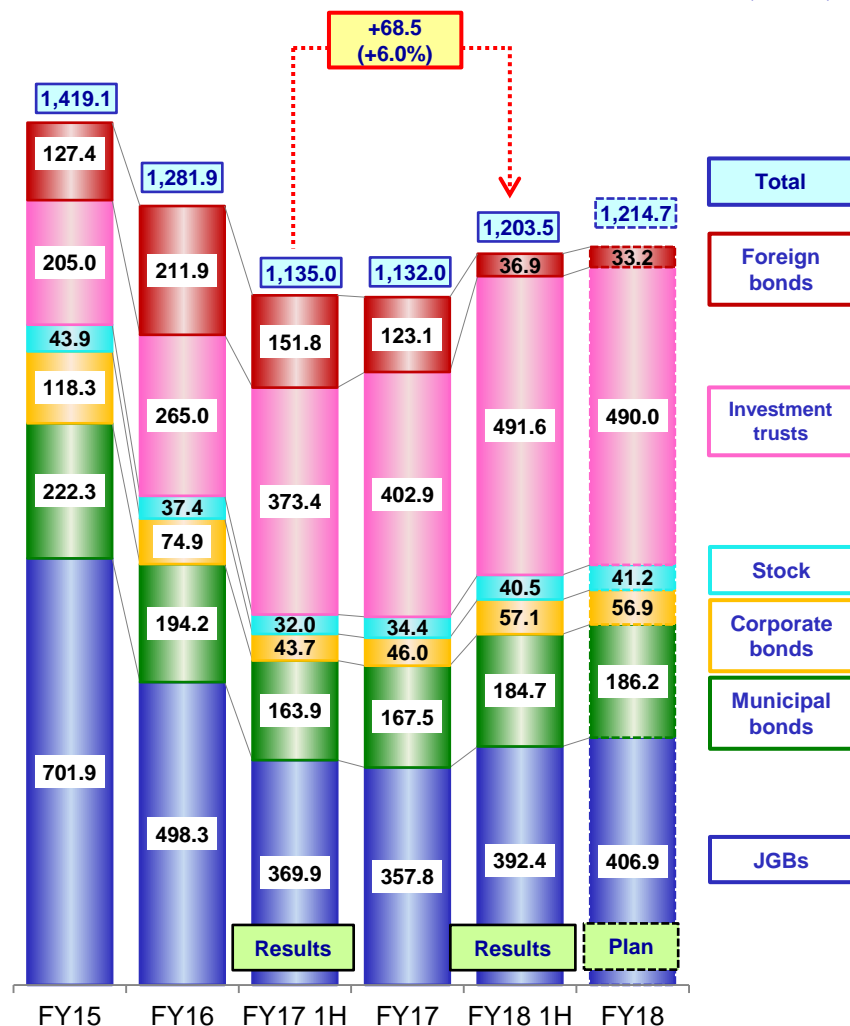
## Balance of Loans to SMEs (term-end) and Number of Business Loans



# Securities (1)

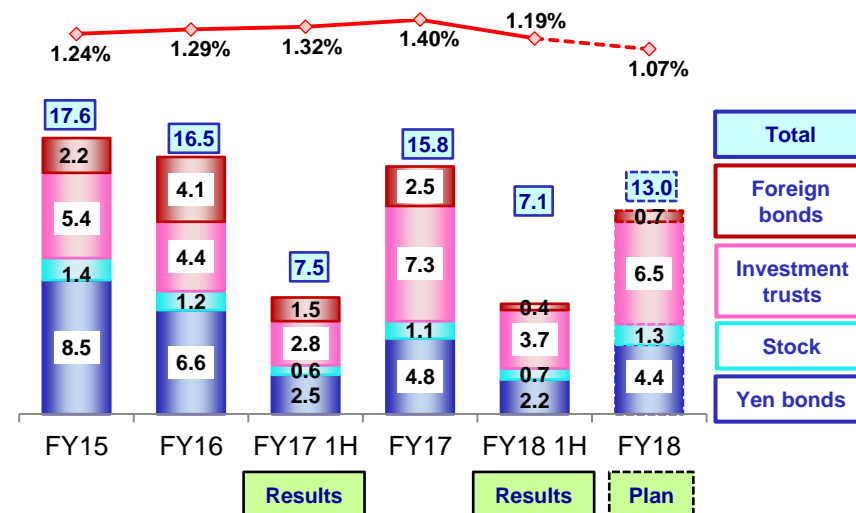
## Balance of Securities (average)

(¥ billion)

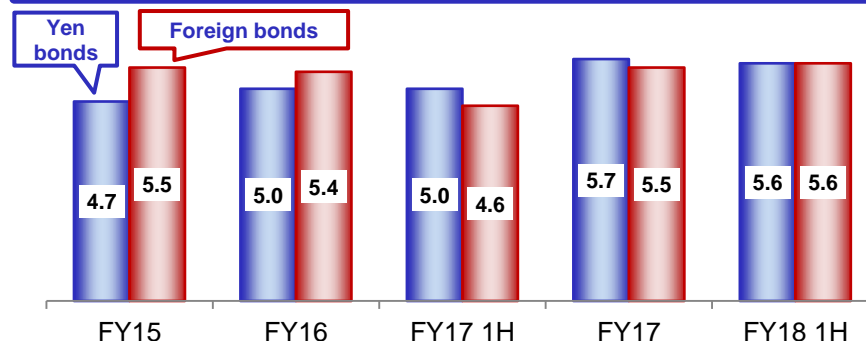


## Changes in Interest Dividends and Securities Yield

(¥ billion)

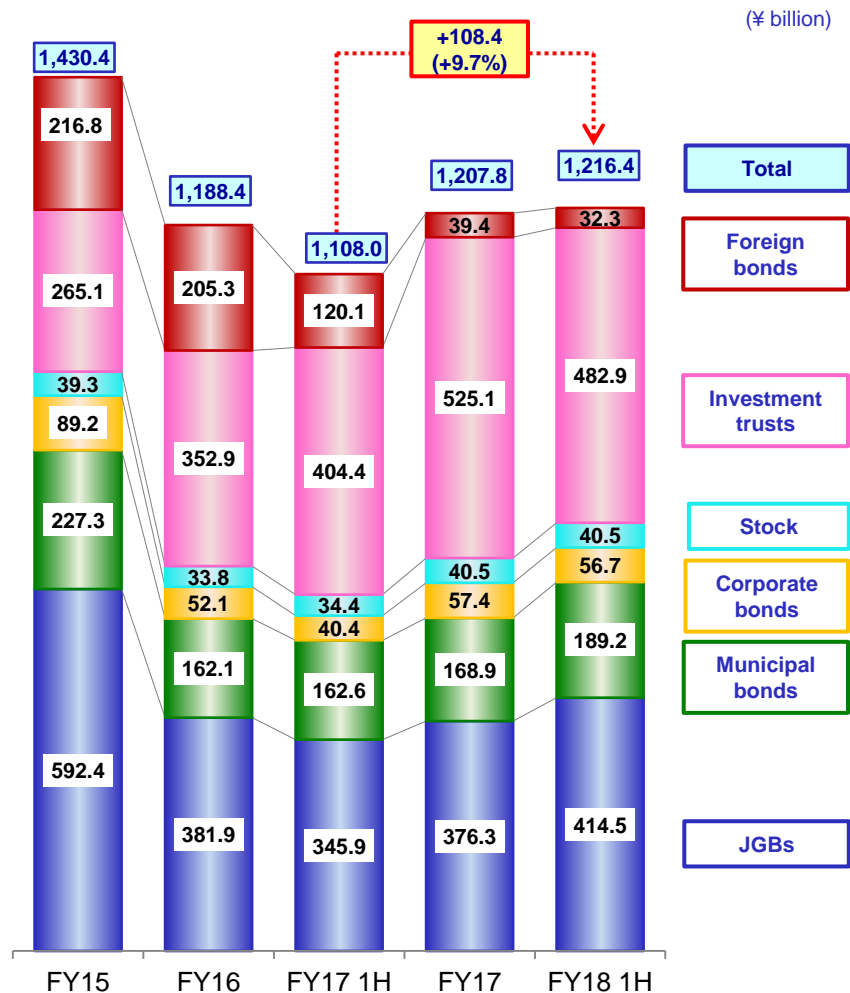


## Changes in Bond Modified Duration

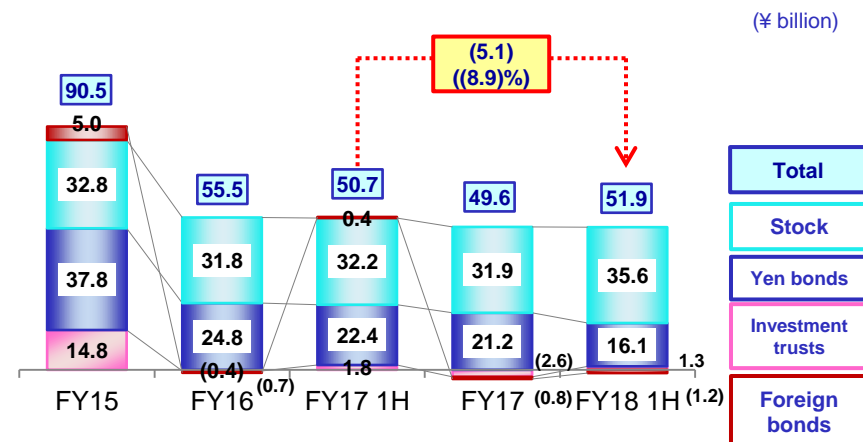


# Securities (2)

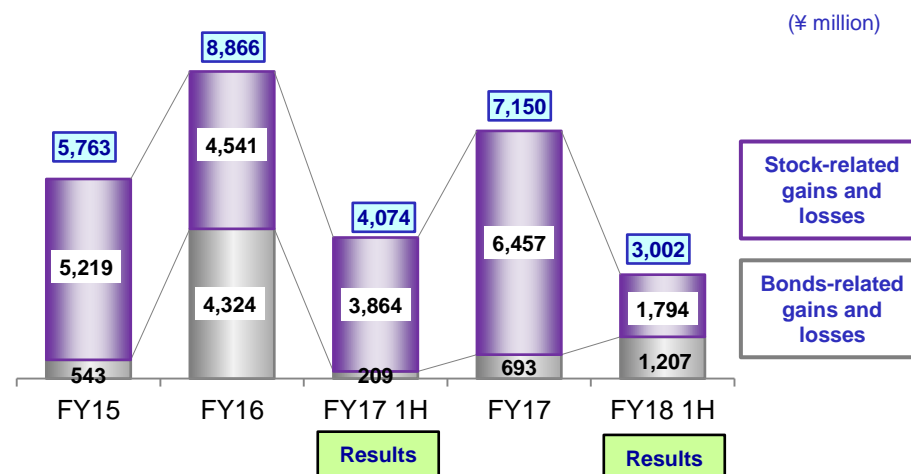
## Balance of Securities (subject to mark-to-market valuation)



## Changes in Interest Dividend-Yield Securities

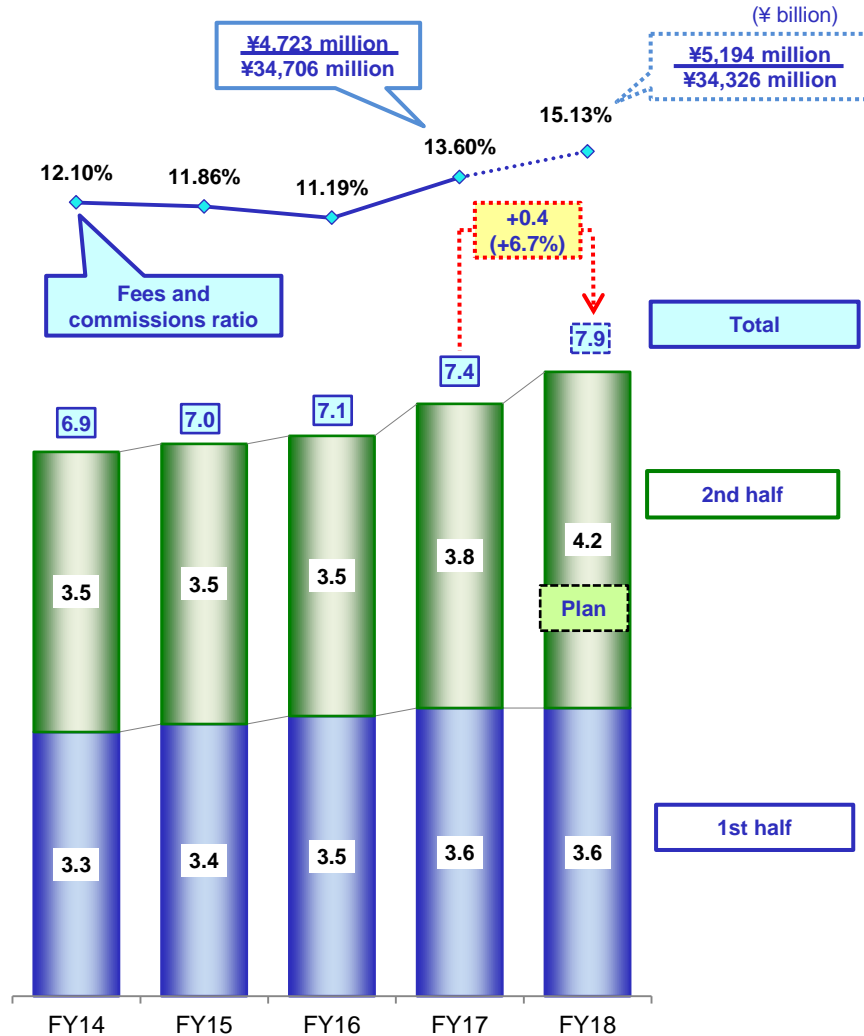


## Changes in Securities Gains and Losses

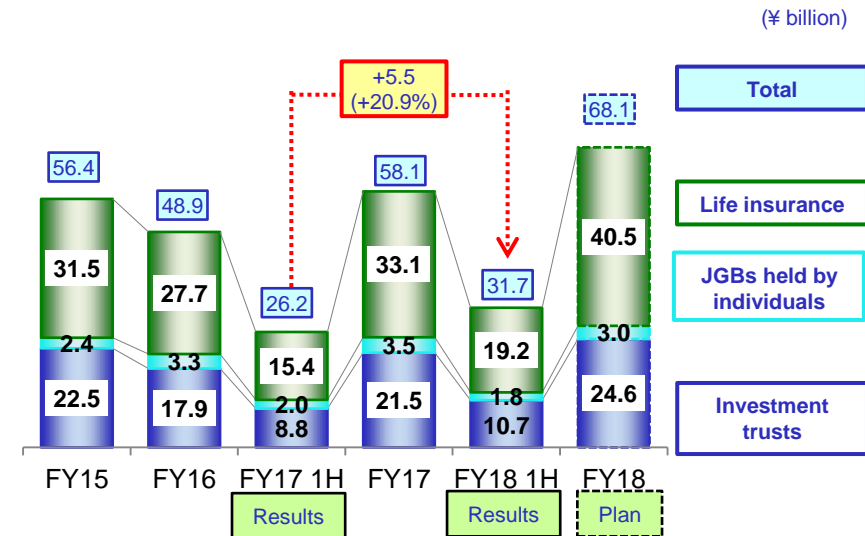


# Fees and Commissions

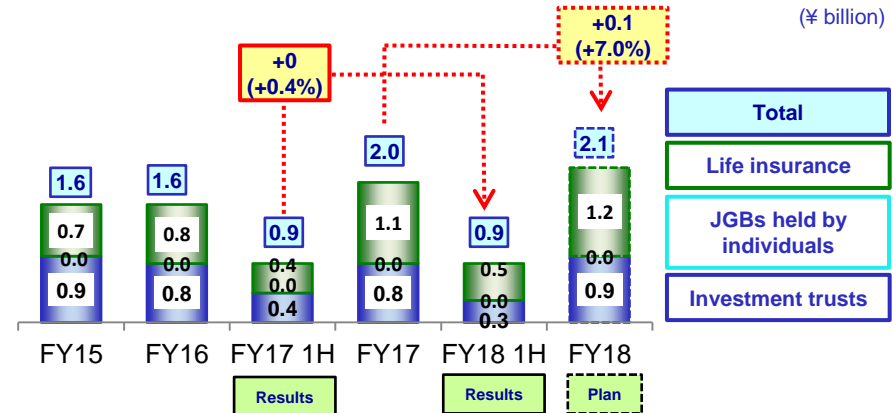
## Fees and Commissions/Fees and Commissions Ratio



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

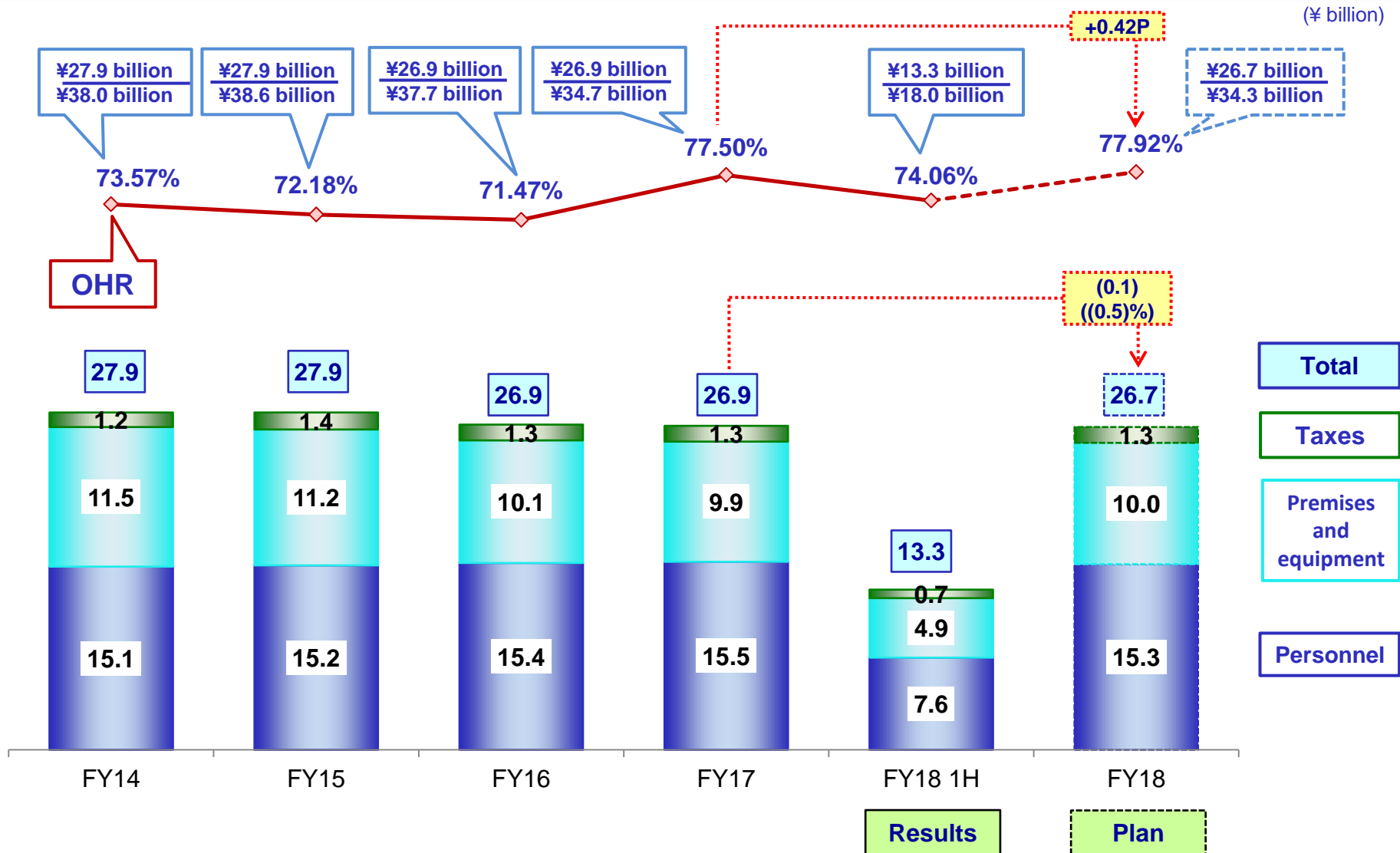


## Commissions for Sales of Investment Trusts, Life Insurance and JGBs Held by Individuals



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

# Expenses and OHR



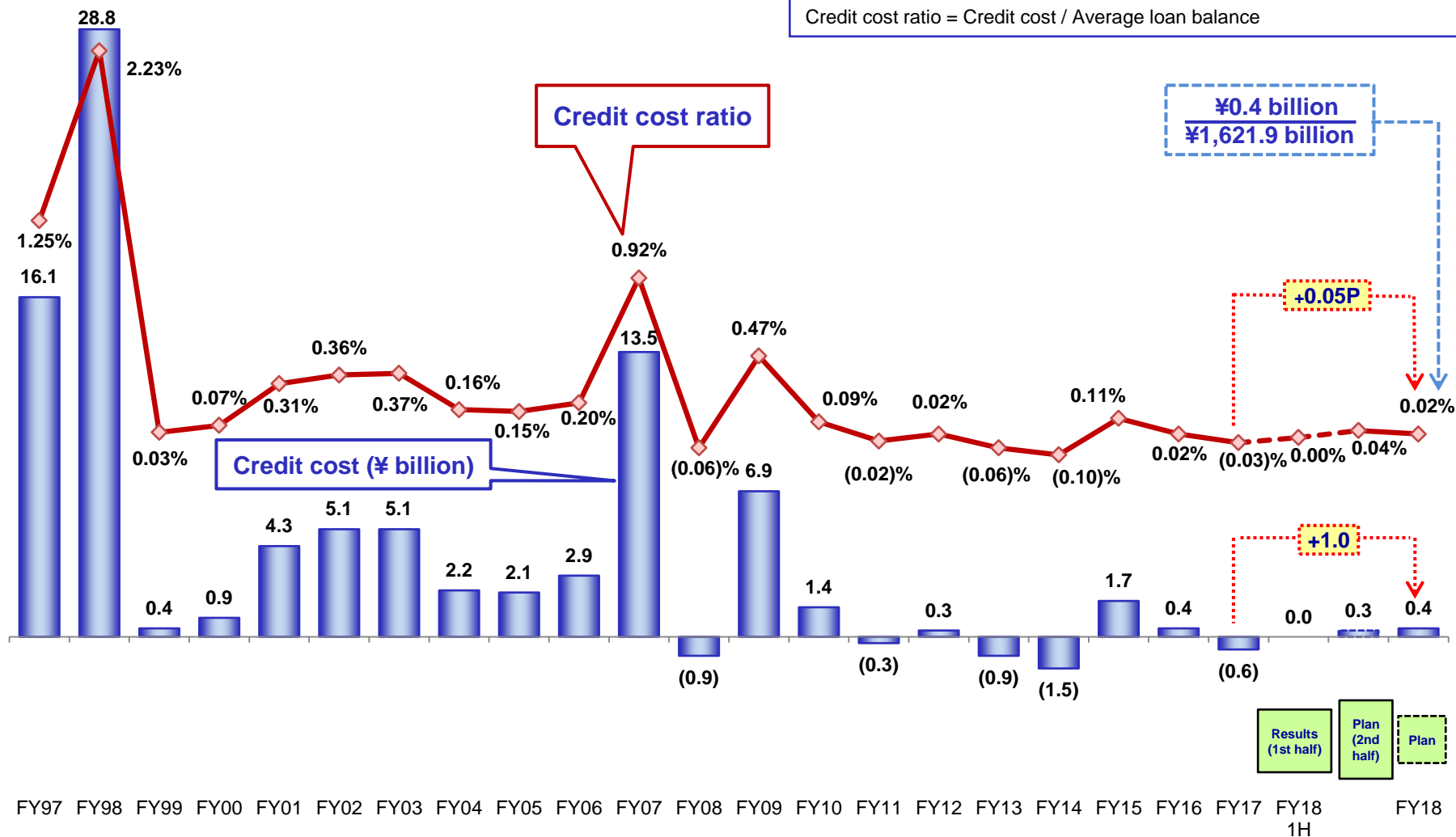
(\*) OHR = Expenses / Gross banking profit



## 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

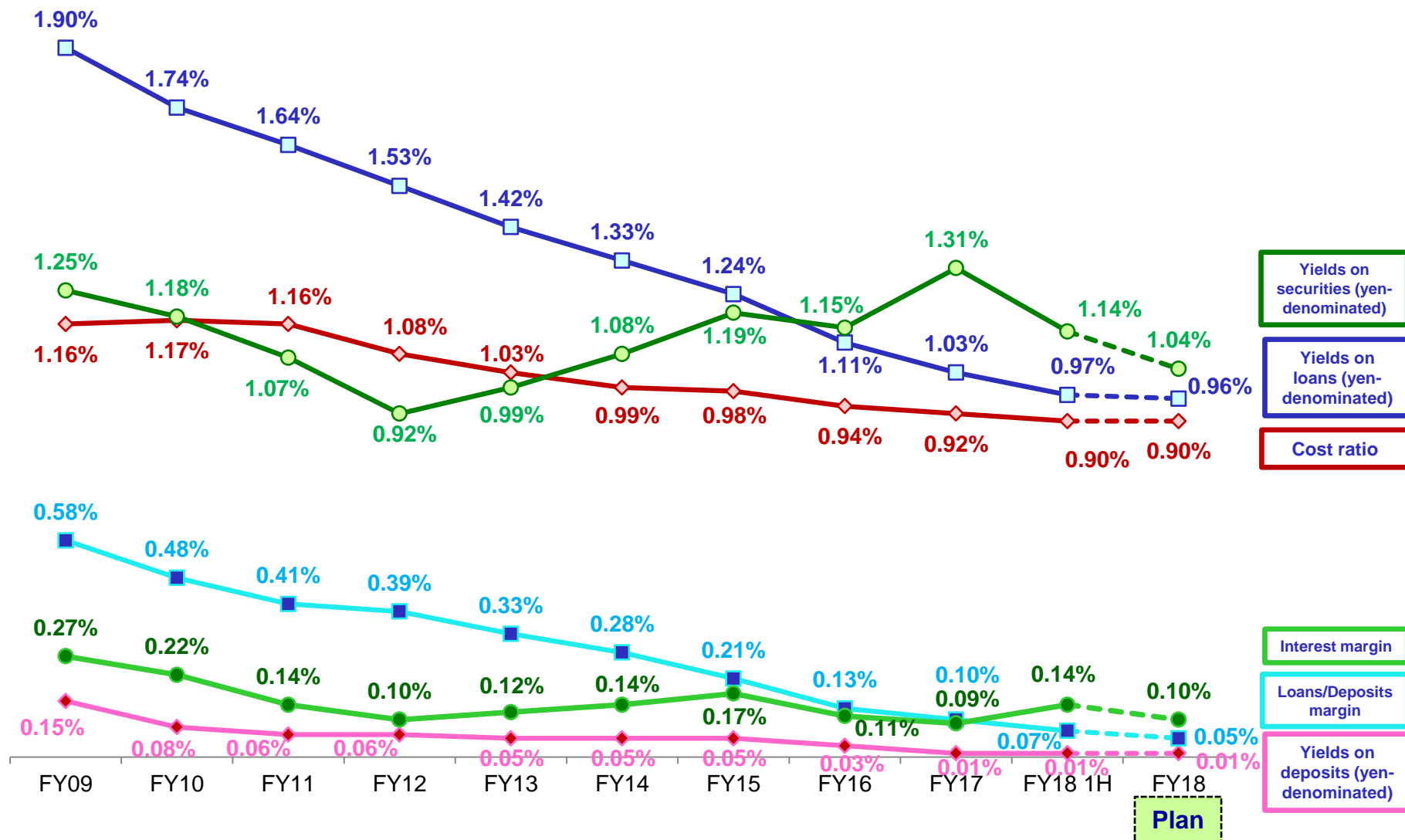
Credit cost ratio = Credit cost / Average loan balance



FY97 FY98 FY99 FY00 FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 1H

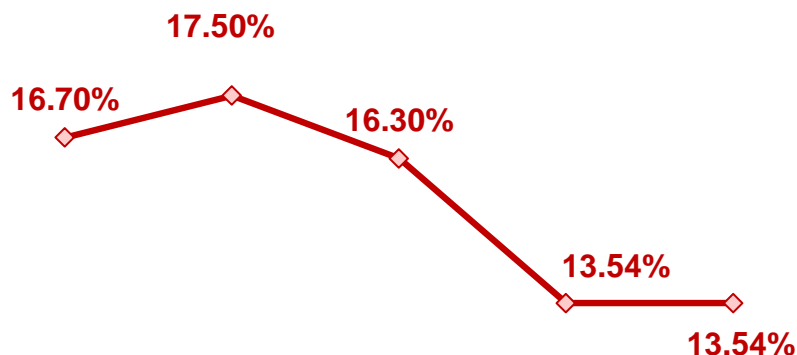
# Yields and Interest Margins

(%)



# Capital Ratio (Non-Consolidated Basis)

## Changes in Capital Ratio



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

(Source: Internal research)

## Breakdown of Regulatory Capital

(¥ billion)

	FY14	FY15	FY16	FY17	FY18 1H
Regulatory capital	164.8	172.2	175.6	172.9	178.3
Risk-weighted assets, etc.	986.9	984.0	1,076.8	1,276.6	1,316.5

## 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. 2018)

Interest rate risk amount	¥8.5 billion
Regulatory capital	¥178.3 billion
Outlier ratio	4.7%

(\*) We use internal model to calculate core deposits.

FY14 FY15 FY16 FY17 FY18 1H

# 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.

⇒ To enhance returns to profit distribution for shareholders, we provide a stable annual dividend of ¥35 per share based on performance-linked dividends introduced in FY15. The shareholder return ratio which combines dividends and acquisition of Company shares, is set at a standard of 20-30% annually.

## Trends in Dividend Payment

Reflecting consolidation of shares (5 shares → 1 share) for October 1, 2018

	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (forecast)
Dividend per share (annual)	¥6.00	¥6.50	¥7.00	¥10.00	¥9.00	¥7.00	¥35.00
Term-end share price	¥429	¥466	¥526	¥413	¥498	¥438	-
Dividend yield	1.39%	1.39%	1.33%	2.42%	1.80%	1.59%	-

## Return to Shareholders

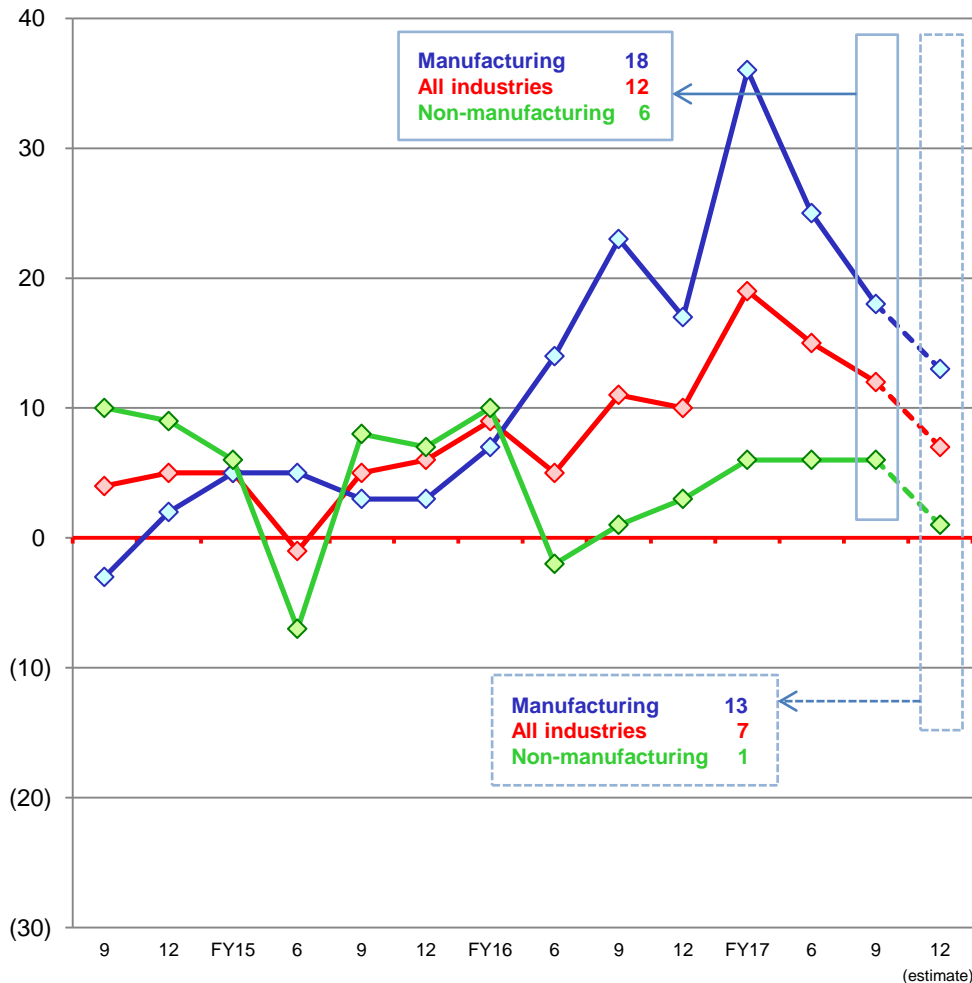
(¥ million)	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (forecast)
Annual dividend (1)	1,062	1,134	1,211	1,712	1,521	1,172	1,169
Treasury stock acquired (2)	989	835	834	899	1,235	487	-
Return to shareholders (3) = (1) + (2)	2,052	1,970	2,045	2,611	2,757	1,659	1,169
Net income (non-consolidated basis) (4)	5,870	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) × 100	34.95%	24.94%	24.94%	29.88%	41.08%	37.17%	25.97%

## Ⅱ Economic Trends in Yamanashi Prefecture



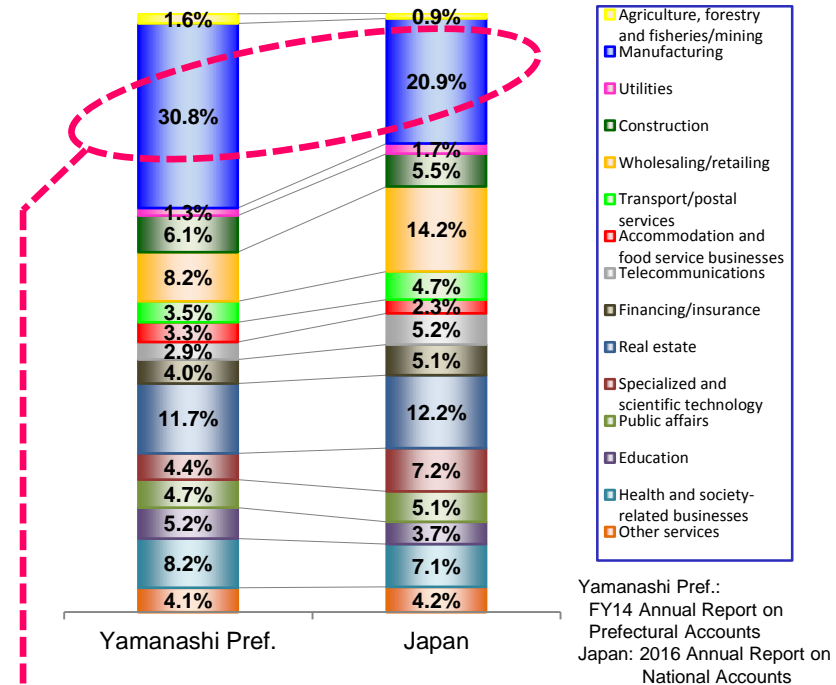
# Business Trends

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

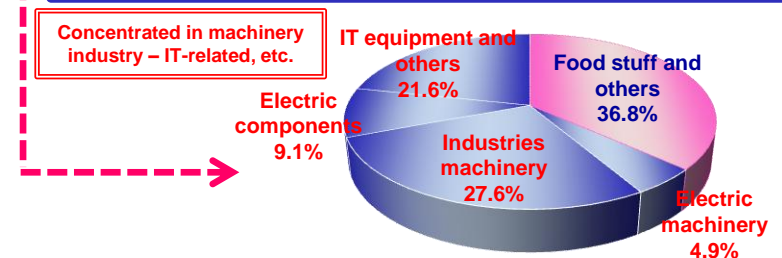


(Bank of Japan, Kofu Branch)

## Gross Production by Economic Activity



## Percentage of Shipments of Products Manufactured in Yamanashi Prefecture



2017 Census of Manufacturers (Confirmed data for 2016)

# Local Industries in Yamanashi Prefecture

## Wine



- 23.4% share of shipment amount ranks second in Japan.
- "Yamanashi" wine designated as an indication (National Tax Agency).

## Sake



## Mineral Water



- 32.7% share of shipment amount ranks first in Japan.

## Fruits



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

## Jewelry



- 20.2% share of shipment amount ranks first in Japan.

## Silk Fabric



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

## Knit Products



## Inden leather



## Traditional Japanese Paper



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

(\*) Source: 2017 Census of Manufacturer (Confirmed data for 2016), 2017 Census of Crops

# Preparations for High-Speed Transportation Network

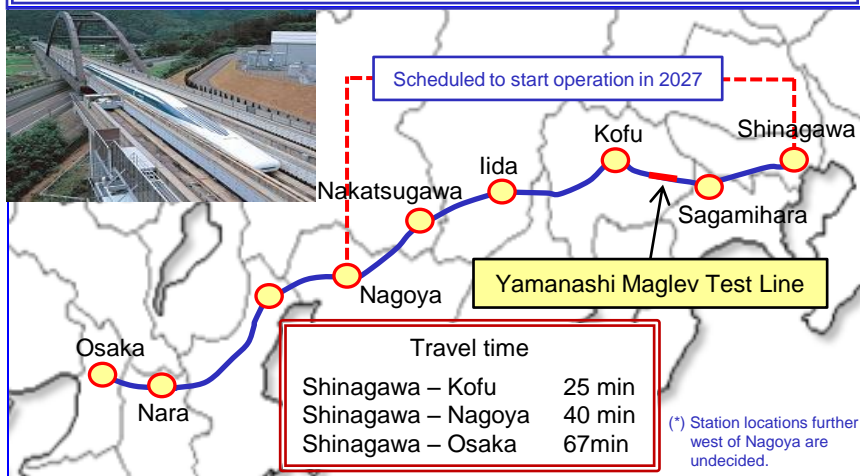
## Expected Effects

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.

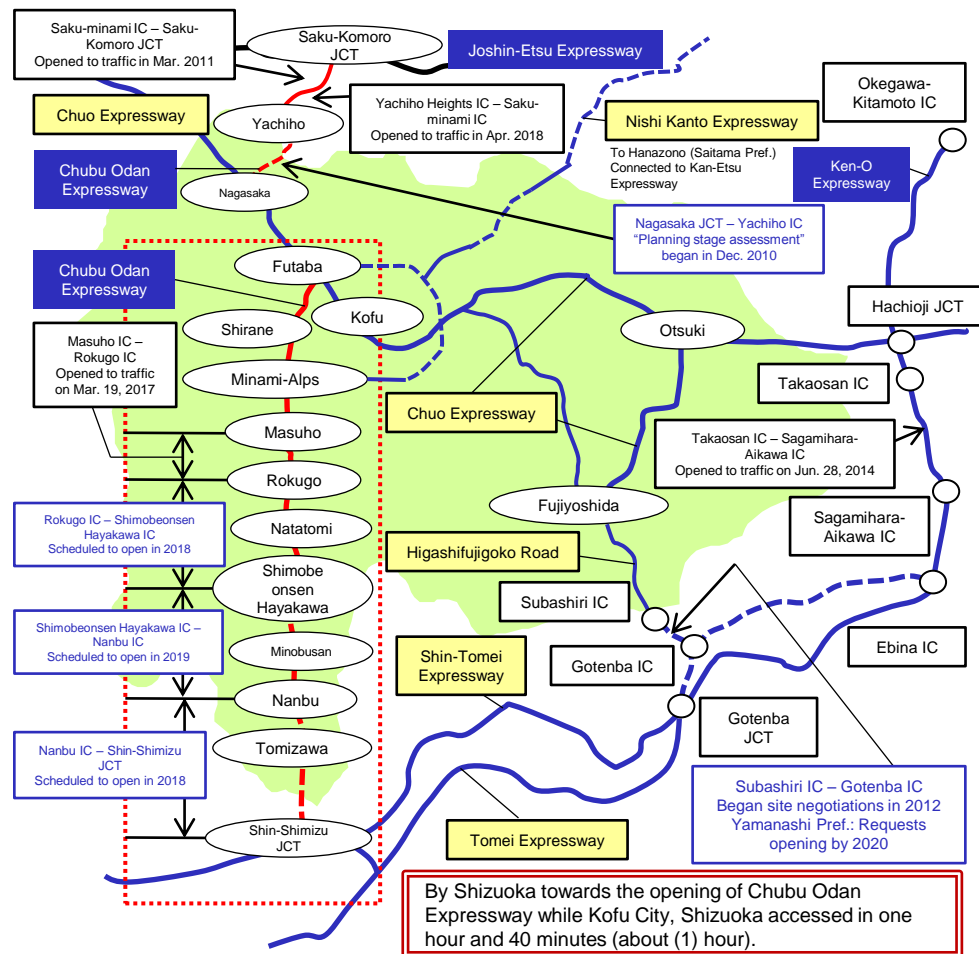
## Shinkansen Maglev Train

- Oct. 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.
- Dec. 2015: Construction began on the Yamanashi side section of the Southern Alps Tunnel (communication route).
- Jan. 2016: Shinagawa Station construction
- Nov. 2016: Nagano section started construction of the Southern Alps tunnel.
- Mar. 2017: Yamanashi Prefecture creates “Linear Environmental Future City Improvement Policy”.
- Apr. 2018: Construction began on the Yamanashi section of the Southern Alps Tunnel (mail 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

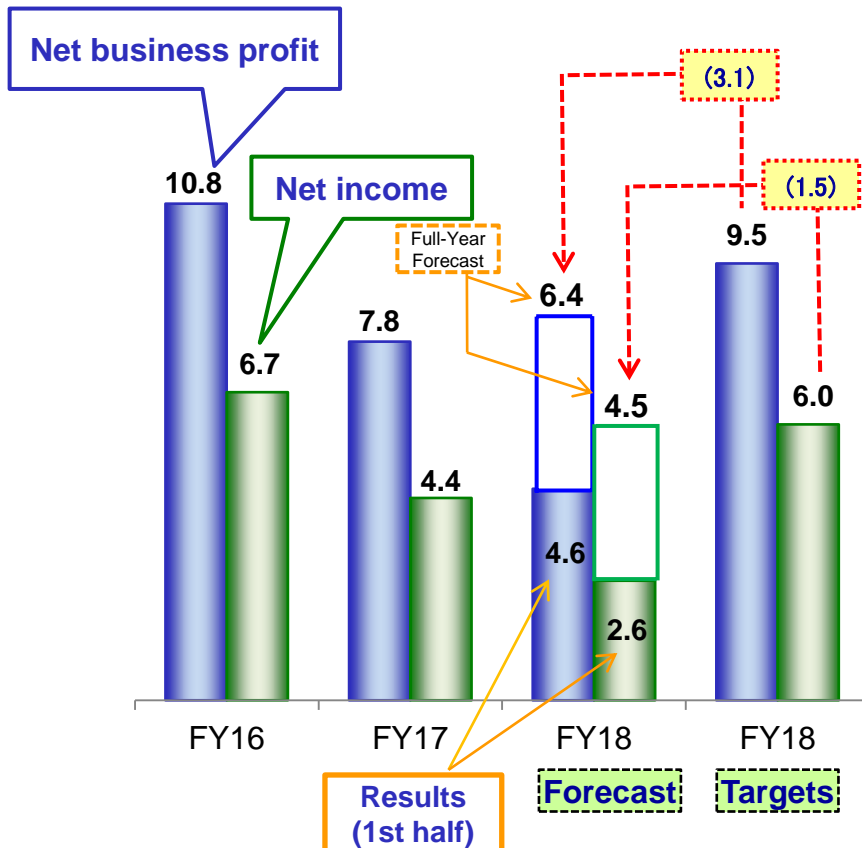
Rigorously enforce compliance and the protection of customers and their privacy



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

## Net Business Profit/Net Income

(¥ billion)

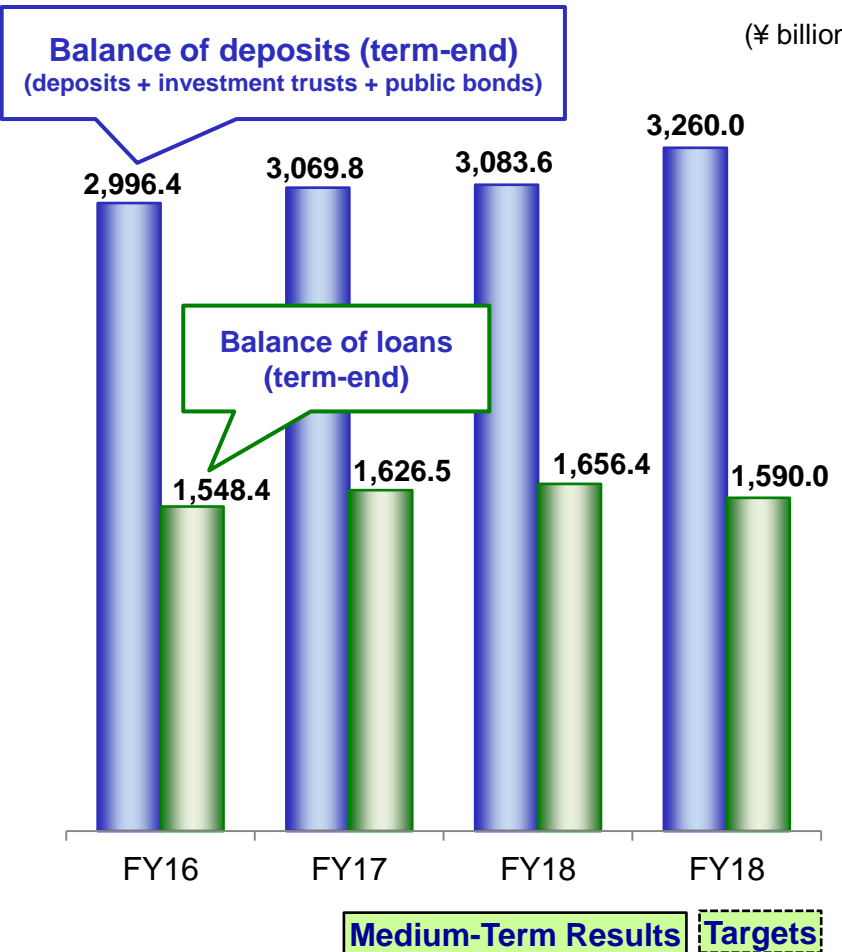


First FY for  
“S.T.E.P. up 2019”

Last FY for “S.T.E.P. up 2019”

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

(¥ billion)



First FY for  
“S.T.E.P. up 2019”

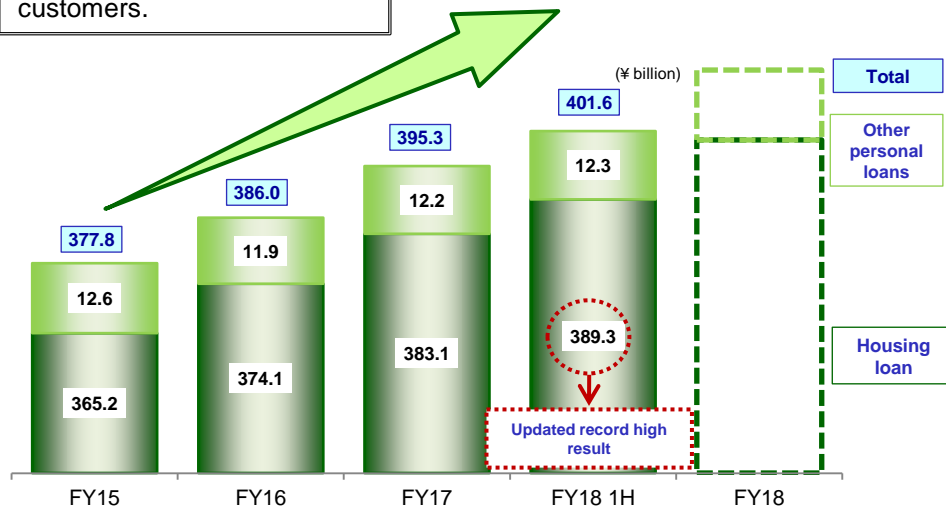
Last FY for “S.T.E.P. up 2019”

# 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 Branch (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

«Develop life plans that prepare for the 100-year life»

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

Support asset creation

Asset formation  
Asset management

Strengthen solutions for the elderly

Appropriate withdrawal of assets

Dementia counter-measures

Inheritance

Strengthen next-generation trade by solving problems that encompass the elderly and younger generations

Build a stable revenue base for the future

«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 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

Change to early-stage competitiveness for newly deployed sales personnel with a shift from administration to sales

Raise the standards for on-site sales capabilities

Set up Bloc FA

- Precise operation support
- Highly effective OJT
- Improve sales skills

# Strengthen Corporate Solution Banking (1)

## 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.



Continued implementation of a personal achievement award system to evaluate the status of initiatives for business feasibility studies in FY18

Expanded implementation of business feasibility studies

《FY17》  
Approx. 340 customers

《FY18》  
Approx. 700 customers

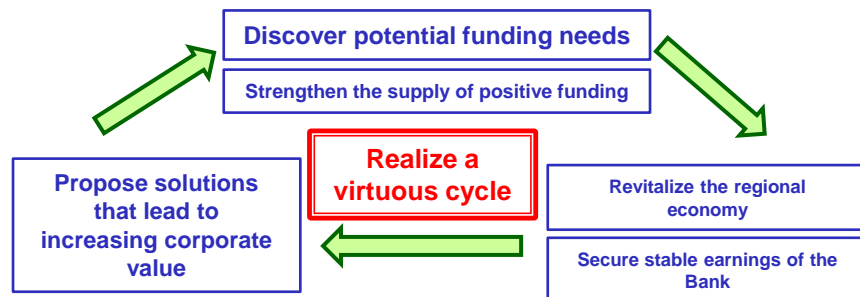
\* Liaison/personnel in charge of financing in branches to expand to at least two documents per customer

## 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.

**【Loan Results for Oct. 2017 – Sept. 2018】 3,175 cases: ¥90,655 million (of that amount, 1,539 cases: ¥43,476 million in FY18 1H)**

## “Create common value” with customers



## Expand Funding Supply Methods

### Promoted Yamanashi Chuo Bank Regional Revitalization Privately Placed Bonds (from Jan. 2017)

- Strengthened relations with companies in good-standing ⇒ Donated supplies related to education to schools, etc. (issuer)
- Yamanashi Bank discounted a portion of the fees from privately placed bond issuances

**【Cumulative Results】 25; ¥2,550 million (of that amount, 7; ¥630 million in FY18 1H)**

### Utilization of various funds

**Yamanashi New Business Support Investment Limited Partnership (Aug. 2014 – Dec. 2023)**

**【Cumulative Results】 9; ¥203 million (Results for fiscal year ended Sep. 2018: 3; ¥65 million)**

**Yamanashi Sixth Industrialization Support Investment Limited Partnership (Mar. 2015 – Dec. 2029)**

**【Cumulative Results】 1; ¥35 million (Results for FY18 1H)**

**Yamanashi Chugin Regional Revitalization Investment Limited Business Partnership (Mar. 2016 – Dec. 2025)**

**【Cumulative Results】 13; ¥293 million (Results for FY18 1H: 0, Forecast: 2)**

### 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】 32**

## Strengthen Capabilities for Providing Solutions for Every Life Stage

### Enhanced support for customers creating startups or starting new businesses

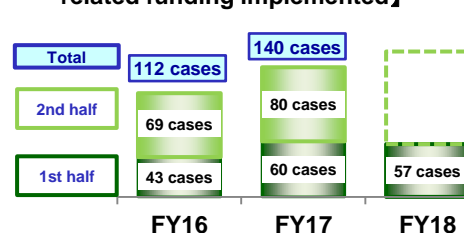
- Branch office support by the Startup and New Business Support Desk
- Held 2018 Schools for Business Startups and Secondary Startups and entrepreneur seminars for women

### Strengthened inheritance support (business succession/inheritance strategies)

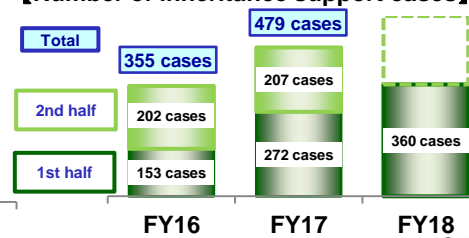
Developing Total Asset Banking\* by asset inheritance advisors that collaborate with outside partner institutions such as tax accountant corporations

\* Solution banking with a new approach to asset inheritance focused on ascertaining customers' total assets

### 【Number of business startup-related funding implemented】

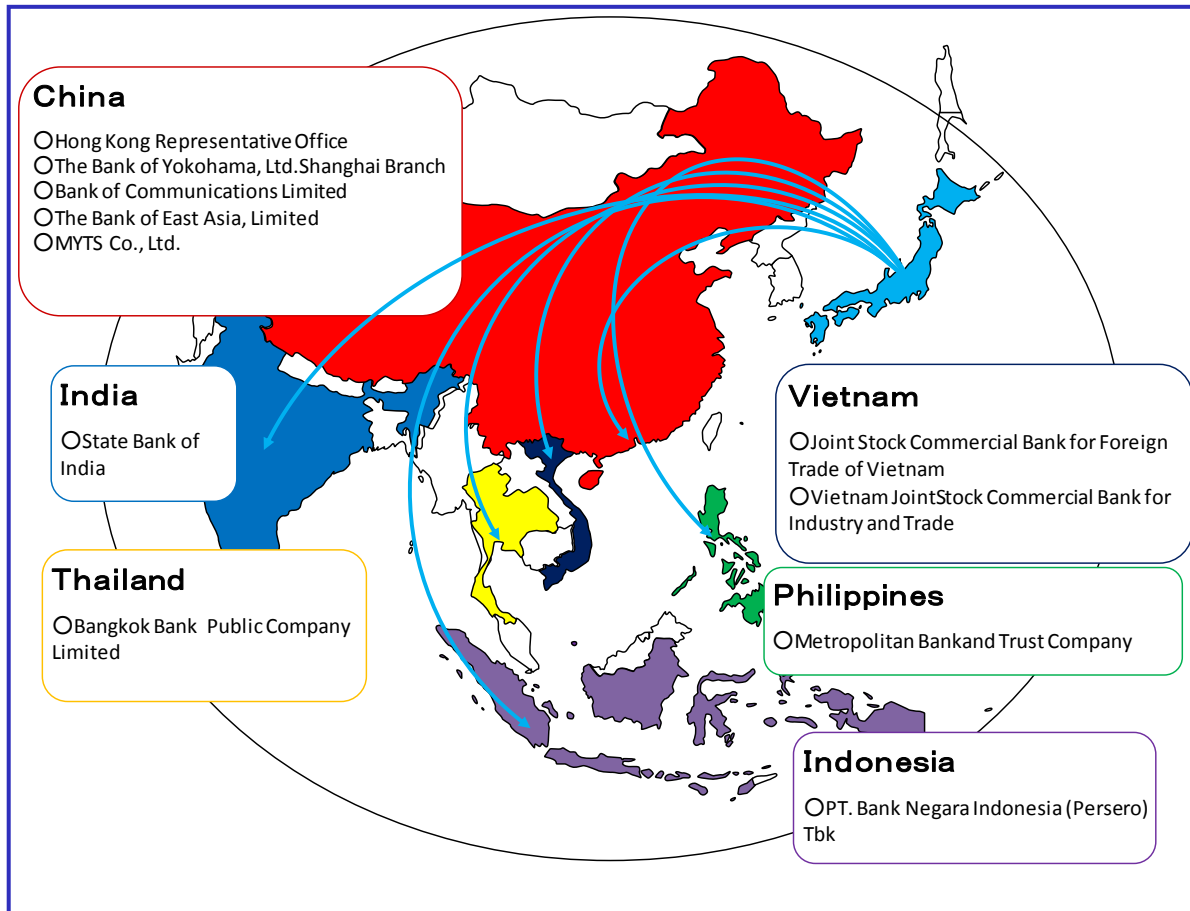


### 【Number of inheritance support cases】



## Support Customers' Overseas Development

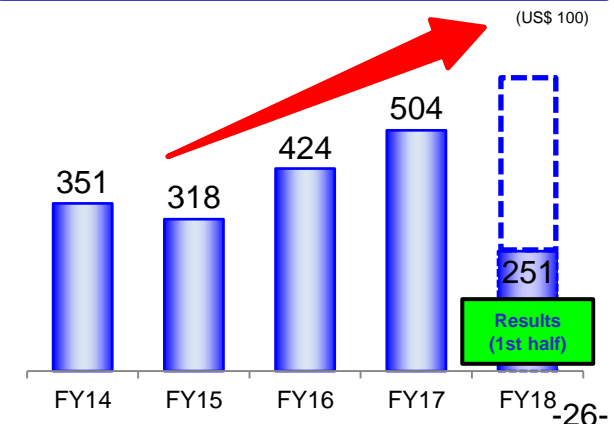
### Growing collaboration and assignment network



### 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.
- Became first finance institution in Japan to carry out a business partnership with Creditsafe to expand solutions tools related to overseas development support for customers.

### Trade volume



# Strengthen Coordination with Industrial, Government and Academic Funds

## Help Advance Comprehensive Regional Strategies

### Cooperate and coordinate with local authorities

- Concluded a collaboration agreement on regional creation with eight cities in Yamanashi Prefecture.
- Provided regional economy analysis results by local public body based on RESAS\*, etc. to support policymaking.

### Promotional support of moving

- Started handling housing loans in collaboration with local authorities in nine cities, six towns and three villages in Yamanashi Prefecture.
- Enhanced approach to reception for immigration consultations at branches within the Tokyo metropolitan area and Kanagawa Prefecture.

### Support government-private sector connections

- Held the Public-Private Partnership Promotion Seminar for local government leaders.

\* "Regional Economy Society Analyzing System," published online by METI and the Cabinet Secretariat

## Help Revitalize Agriculture and Food Industries

### Agri-Business School

- First held in 2011, 277 people have participated in the past 8 years.

### Yamanashi Food Sector Business Matching Fair

- Held 13 times since 2006 (6 times in Tokyo).
- 2018 year results: 74 exhibitors, 1,100 visitors, and about 2,600 business meetings. Of those exhibitors last year, we implemented loans of ¥756 million to 12 companies.

### Yamanashi Food Business Liaison Conference

- Held 28 times since 2006, 385 members (as of the end of Sep. 2018).

## 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.

## 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 30 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.
- Concluded a tie-up agreement with Yokohama Bank and Shizuoka Bank related to tourism promotion.

### Support accepting foreign tourists

- Implemented the Katakoto English Project and supported a cumulative total of 43 customers, including prefectural restaurants, etc.



# 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

Reassigned clerical workers to Marketing Dept. (late Dec. 2018))

	Mar-17	Dec-18	Difference
Sales personnel	676	823	147
Branch offices	657	777	120
Head Office	19	46	27
Solutions staff, etc.	16	34	18
HQ FA (including Bloc FA)	3	9	6

### Optimize branch banking channels

#### Investment management resources in growth regions

Opened Nerima Corporate Sales Office in Jun. 2018

#### Balance of business feasibility loans

	Results at the end of FY18 1H
Cases	32
Balance	¥2.0 billion

#### Streamline branch banking channels

Deliberated on items such as branch operation reviews, implementing midday breaks and alternating business days, etc. while also considering customer convenience

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

Deliberated on items such as building an effective platform via mobile devices and strengthening direct marketing features

#### Initiatives for branch BPRs

- Operationless
- Paperless

#### Initiatives for Head Office BPRs

- Paperless
- Streamlined operations and rationalized the organization

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

Upgraded non-OTC sales channels

<Achieve consistent sales posture on all channels>  
Sharing between sales information channels

## Initiative Results

Jun. 2017

Renewed the Bank's website

Jul. 2017

Expansion of functions for IB for individuals

Opened the Fujisan Internet Branch

Started Yamanashi Chugin application bankbook with CRECO services

Nov. 2017

Dispatch employee to Japan Digital Design Inc.

Dec. 2017

Formed a digitization promotion team

Apr. 2018

Launched real-time direct debit service (LINE Pay, Yahoo! Wallet, Rakuten Edy)

Jun. 2018

Distributed information using SNS, etc. (SMS, YouTube)

Sep. 2018

Link branch tablet terminals to CRM

FY18 2H

Expand tablet terminals for operations to 600

## Initiatives Going Forward

Enhance one-to-one sales

Distribute EBM information on all channels

Implement ATM sales functions

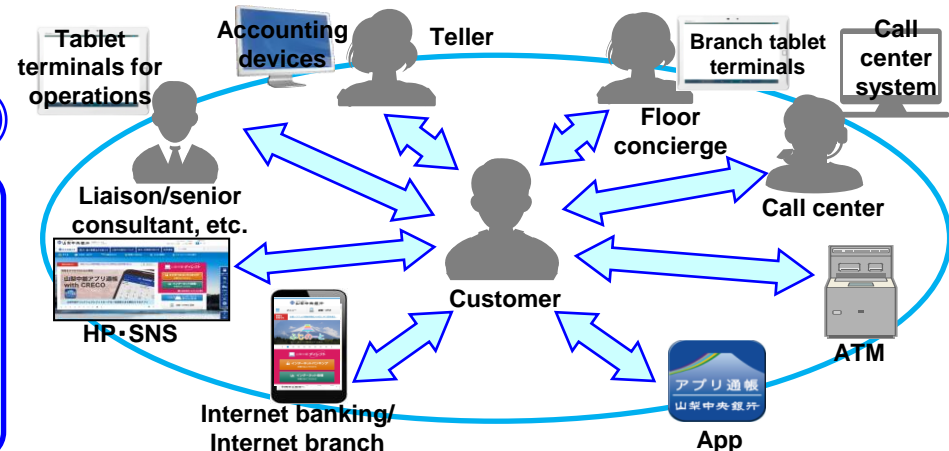
## Initiatives Going Forward

Strategic response to digitalization

Implement the iBank finance service platform

Shift to cashless in regions

Digital marketing



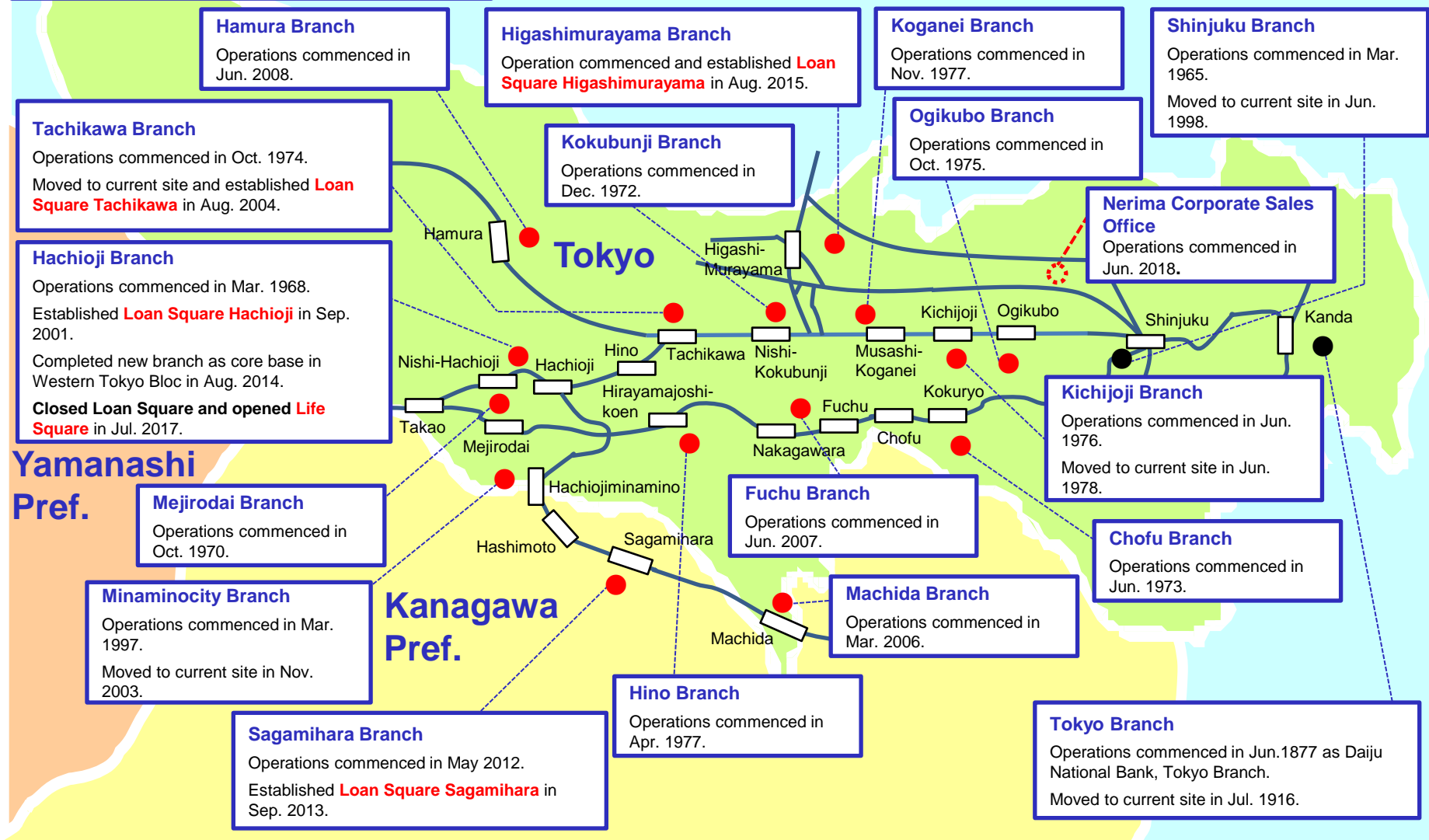
Strengthen customer touchpoints by optimizing channels

# 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

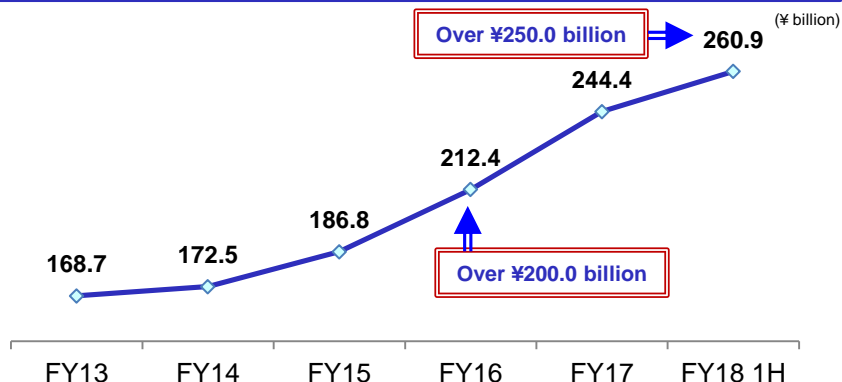
- Since launch of Hachioji Branch in 1968, developing 15 branches, 1 corporate sales office
- The Bank is currently operating four locations as Loan Squares and/or Life Squares.



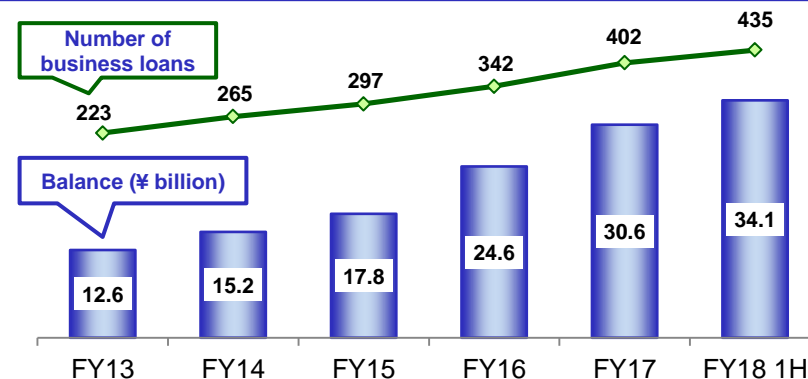
# Western Tokyo Bloc Strategy Changes in Actual Results (1)

Realization of Profitability and Efficiency Exceeding Yamanashi Prefecture / Expansion of Sales Base from “Point” to “Line/Face”

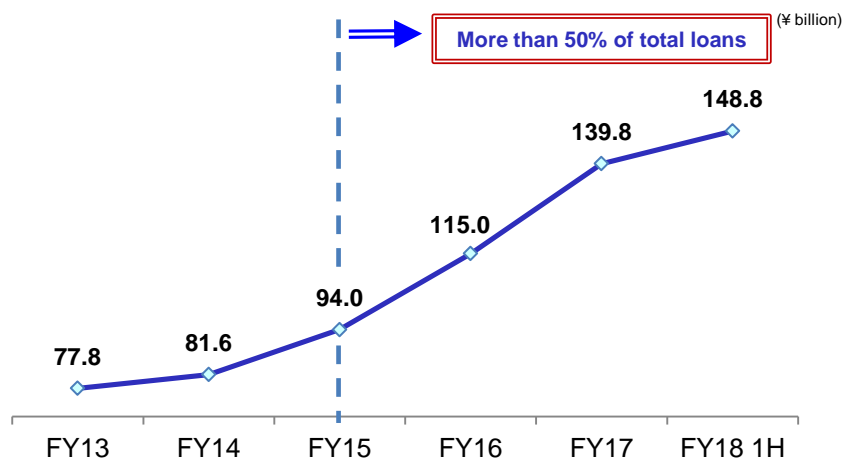
## Balance of Loans (term-end)



## Number of Loans and Outstanding in the Medical and Nursing Care Field



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



## Market Size of Western Tokyo Area

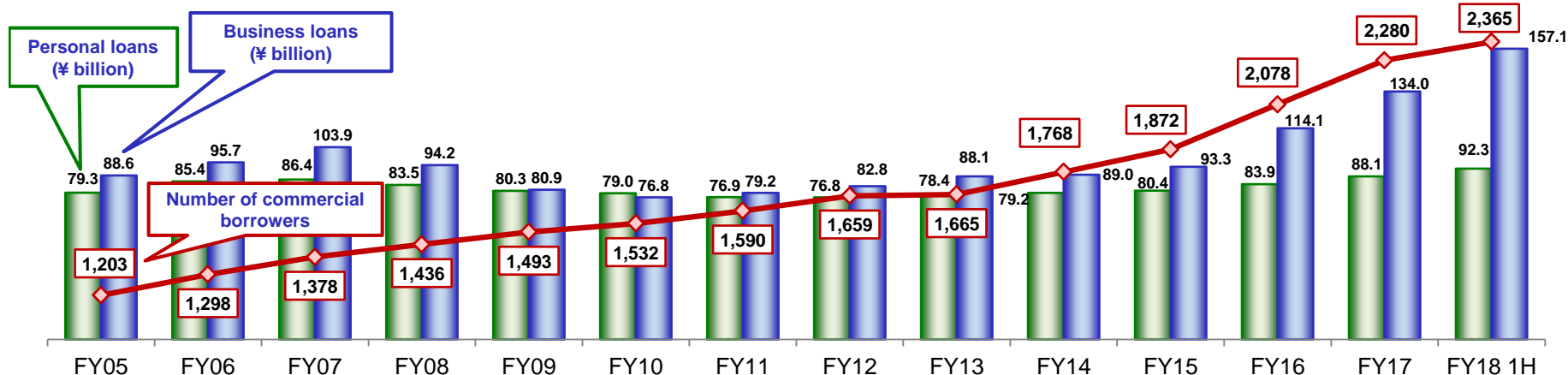
- Number of private business establishments:  
170 thousand (about 3.9 times of the Yamanashi Prefecture)
- Population:  
5.56 million (about 6.8 times of the Yamanashi Prefecture)
- Number of households:  
2.60 million (about 7.7 times of the Yamanashi Prefecture)

(\*) Western Tokyo Area includes the suburban cities, Nishitama-gun, Sugunami Ward, and Sagami-hara City, Kanagawa prefecture.  
(Source: 2016 Economic Census, Estimated population in Oct. 2018)

# Western Tokyo Bloc Strategy

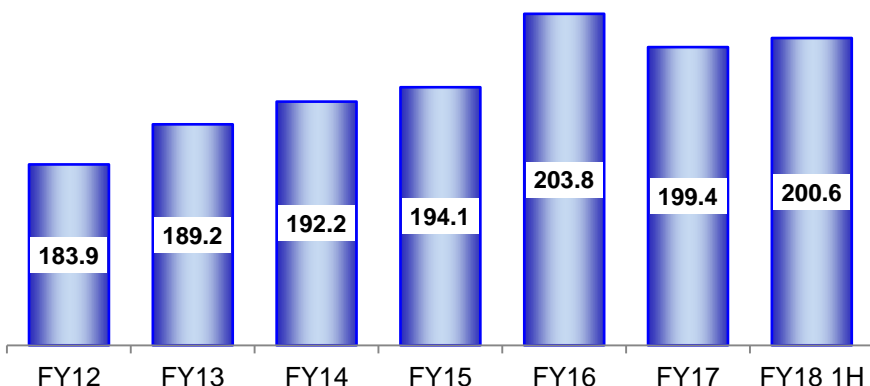
## Changes in Actual Results (2)

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



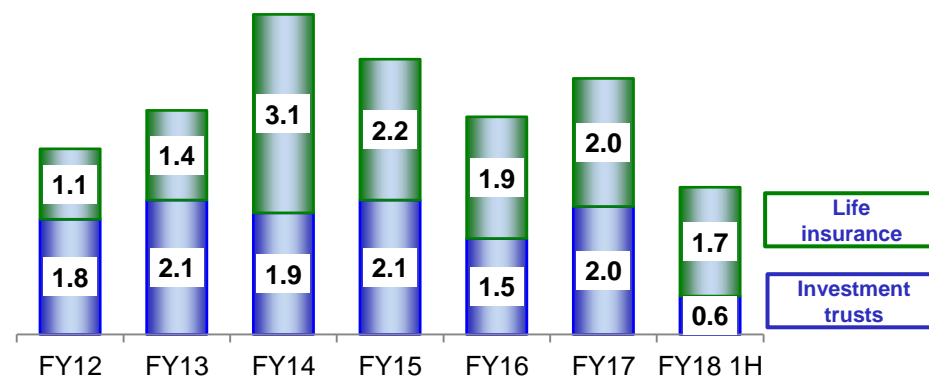
### Balance of Individual Deposit (term-end)

(¥ billion)



### Sales of Investment Trusts and Life Insurance

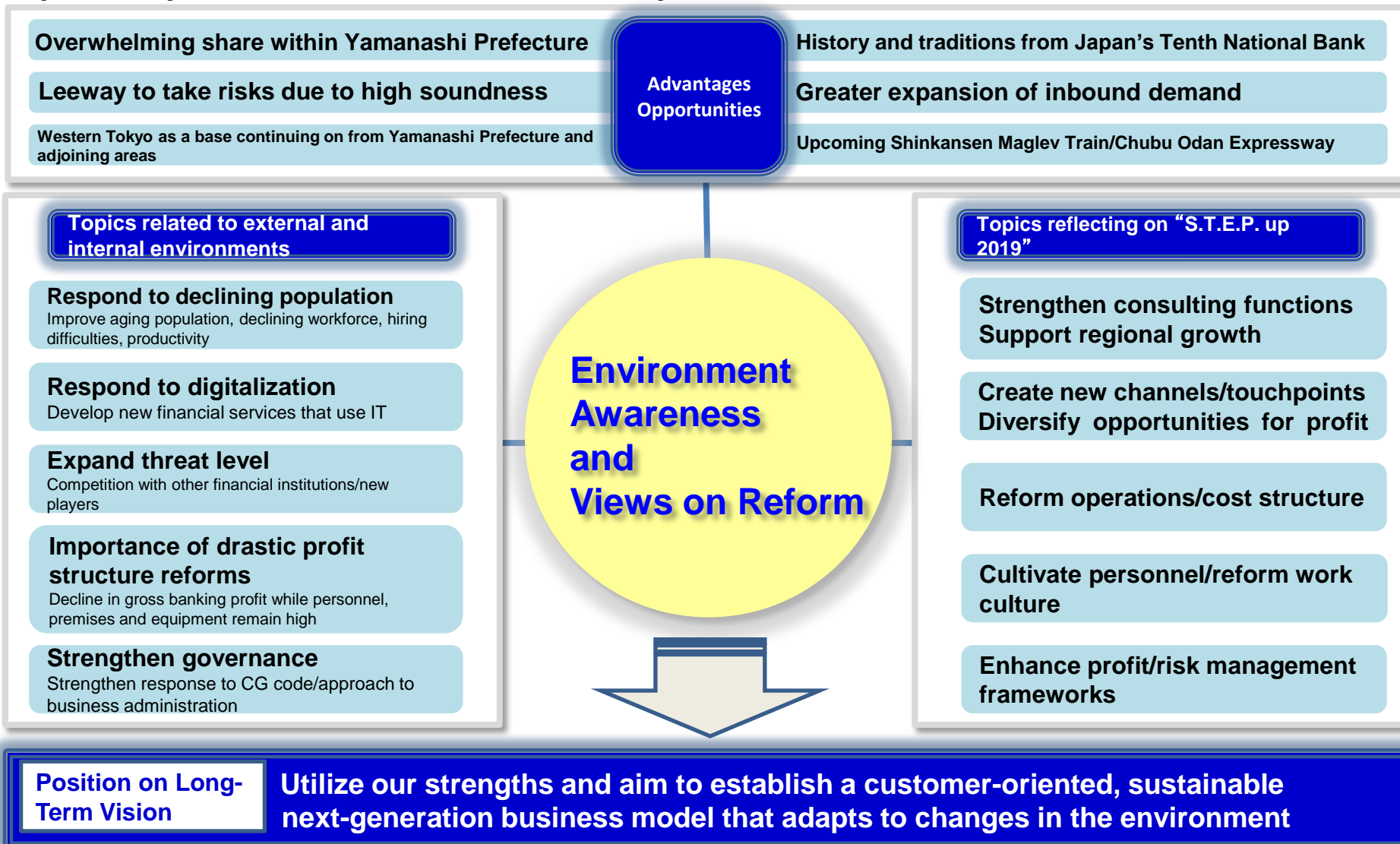
(¥ billion)



## **IV Towards the Next Medium-Term Management Plan**

# Orientation of the Next Medium-Term Management Plan (1)

## Topics in the external and internal environments and reflecting on the current “S.T.E.P. up 2019” plan and the next medium-term plan





## Long-Term Vision

# Value Creation Bank

### Enhance customer touchpoints

-Aiming to be a bank that connects with all customers-

- ✓ Implement reconstruction of various channels such as stores, sales liaisons,, and the internet, and prepare for a posture that responds to customer needs “whenever, wherever, and whichever.”

### Create common values

-Aiming to be a bank that adapts to new environments-

- ✓ Incubate new earnings opportunities through creation of common values while redistributing resources generated through BPI\* to growth fields.

\* Business Process Innovation (BPI): Operational reform that rapidly improves the Bank’s overall productivity by using the latest digital technology and drastic revisions to the business process.

### Improve personnel vitality

-Aiming to be a bank where diverse personnel shine-

- ✓ Develop new career paths in which each employee can utilize specialized skillsets and foster job satisfaction while becoming a professional finance organization that utilizes expertise in responding to enhancing and diversifying consulting needs.

### Enhance approach to business administration

- Build profit and risk management approaches (RAF) that integrate management strategy
- Enhance approach to capital markets investment
- Enhance corporate governance

### Strengthen CSR based on SDGs/ESG principles

- Strengthen CSR initiatives based on new views (SDGs/ESG)
- Contribute to regional economy (regional industry creation, countermeasures for declining population)
- Diffuse the code of conduct based on basic CSR policy

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.

**Inquires:**

**Corporate Communications CSR Office**

**Corporate Planning Division**

**The Yamanashi Chuo Bank, Ltd.**

**Tel: +81-55-233-2111**

**E-mail: [kouho@yamanashibank.co.jp](mailto:kouho@yamanashibank.co.jp)**

**URL: <https://www.yamanashibank.co.jp/>**

The reader is advised that these materials contain forward-looking statements. These statements do not constitute guarantees of future performance, and they involve various risks and unforeseeable future circumstances.

The Bank's future business performance may be affected by changes in the business environment that are beyond the prediction or control of the Bank, and actual results may therefore differ substantially from the figures contained in the said forward-looking statements.