



The Yamanashi Chuo Bank, Ltd. The 37th Analyst Meeting

December 4, 2019 (Wed)

First Section, Tokyo Stock Exchange : 8360

Summary of Business Results

FY19 1st Half Business Results (Summary)	3
Interest Income	4
Deposits • Loans	5
Securities	6
Fees and Commissions	7
Expenses and OHR (Operating expenses/ Core Gross Business Profit)	8
Credit-Related Costs	9
Earnings Forecasts for the Current Term (FY19)	10
Capital Policies (Return to Shareholders)	11
Measures to Address the Corporate Governance Code	12

Medium-Term Management Plan “Value+ 2022” Progress Report

Overview of the Medium-Term Management Plan	14
Progress on Key Performance Indicator Targets	15

Medium-Term Management Plan Measures

Channel Strategy	17
Strategy for the Western Tokyo Area	18
Focus Resources on Western Tokyo Area	18
Loan RAROA by Area	19
Deepen and Expand Consulting Field (For Corporations)	20
Track Record on Consulting for Corporations	21
Deepen and Expand Consulting Field (For Individuals)	22
Track Record and Plan for Consulting for Individuals (Sales of Financial Products and Other Activities)	23
Housing Loans	24
Unsecured Individual Loans	25
Increase Productivity through BPI	26
Improve Personnel Vitality	27
Develop and Strengthen the IT Platform to Help Increase Corporate Value	28
CSR Initiatives Based on the SDGs and ESG Principles	29

Summary of Business Results

FY19 1st Half Business Results (Summary)

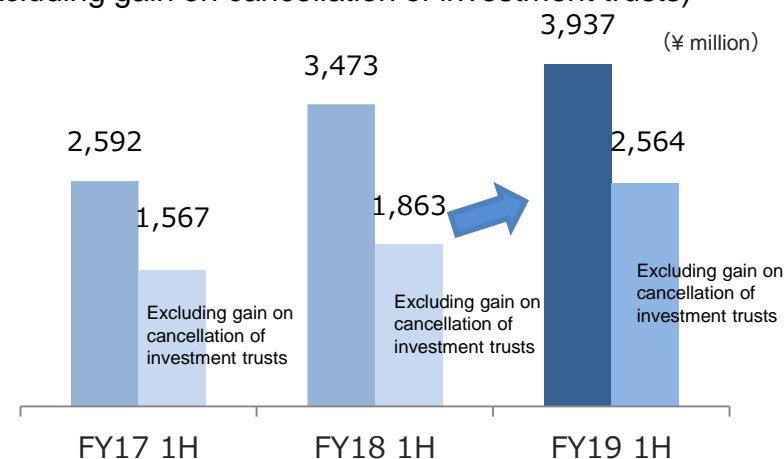
Non-Consolidated	(¥ billion, %)	FY18 1H	FY19 1H	YoY change
Gross banking profit		18.0	17.2	(0.7)
Interest income		14.7	14.6	(0.1)
Fees and commissions		2.2	2.3	0.1
Other operating income		(0.2)	(0.2)	(0.0)
Gross banking profit on core operations		16.8	16.8	(0.0)
JGBs and other bond transactions		1.2	0.4	(0.7)
Expenses		13.3	12.8	(0.4)
General provision to loan loss reserve		0.0	(0.1)	(0.1)
Net business profit		4.6	4.5	(0.0)
Net business profit on core operations		3.4	3.9	0.4
(Excluding gain on cancellation of investment trusts)		1.8	2.5	0.7
Non-operating losses		(1.0)	(1.1)	(0.0)
Gains on reversal of provision to loan loss reserve		-	-	-
Reversal of loan loss reserve		0.0	0.5	0.5
Equity share and similar transactions		1.7	1.2	(0.5)
Loss on dissolution of investment trusts		2.7	1.8	(0.8)
Ordinary profits		3.6	3.4	(0.1)
Extraordinary income (losses)		(0.0)	(0.1)	(0.1)
Net income		2.6	2.1	(0.4)

Credit-related costs	0.0	0.3	0.3
----------------------	-----	-----	-----

Consolidated	(¥ billion, %)	FY18 1H	FY19 1H	YoY change
Consolidated ordinary profit		4.0	3.9	(0.1)
Profit attributable to shareholders of the parent		2.8	2.3	(0.4)

Net Business Profit on Core Operations

(Excluding gain on cancellation of investment trusts)



Main Points of FY19 1H Business

- Even in a difficult environment, the Bank maintained interest income and fees and commissions on a par with the same period a year earlier.
- The Bank made proactive efforts to reduce expenses. Personnel expenses were reduced drastically.
- Net business profit on core operations (excluding gain on cancellation of investment trust) improved substantially from the same period a year earlier.
- Credit-related costs increased as reserves were accumulated conservatively based on appropriate credit management.

(About gain or loss on cancellation of investment trusts)
Gain or loss on cancellation of investment trusts refers to gain on cancellation or redemption of investment trusts (primarily private placed investment trusts) excluding ETFs and REITs.
It is recorded under interest and dividends on securities.
Loss on cancellation of investment trusts are recorded as non-operating losses.

Page 4

Page 7

Page 8

Page 9

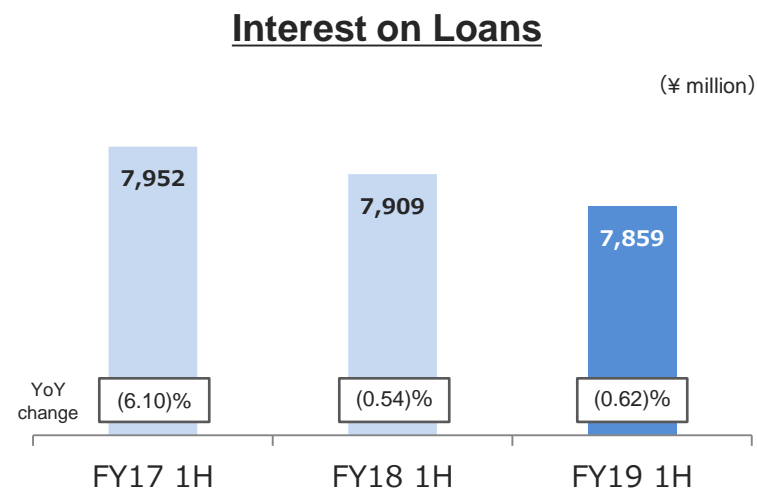
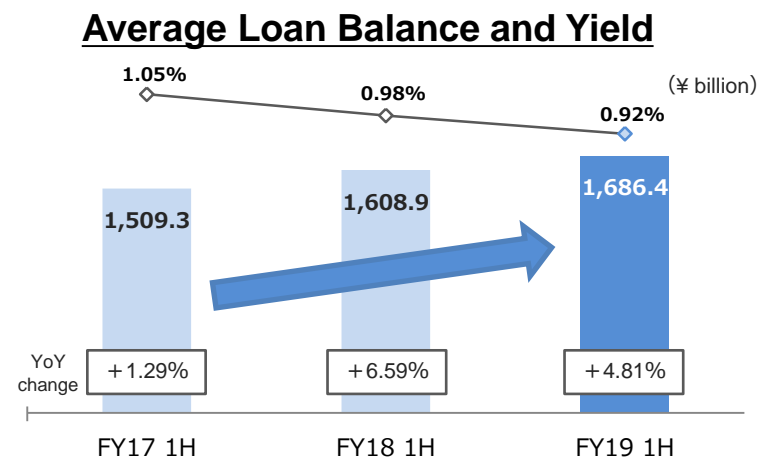
Page 9

Page 9

Interest Income

Improving yields presents a challenge for increasing interest on loans.

	(¥ billion, %)	FY18 1H	FY19 1H	YoY change
Interest income		14.7	14.6	(0.1)
Net interest margin		7.7	7.6	(0.0)
Interest on loans		7.9	7.8	(0.0)
Domestic operations		7.7	7.7	(0.0)
International operations		0.1	0.1	0.0
Interest on deposits		0.2	0.2	(0.0)
Domestic operations		0.1	0.1	(0.0)
International operations		0.0	0.0	(0.0)
Interest on securities		7.1	7.0	(0.1)
(Excluding gain on cancellation of investment trusts)		5.5	5.7	0.1
Bonds		2.6	2.0	(0.6)
Domestic operations		2.2	1.6	(0.5)
International operations		0.4	0.3	(0.0)
Stock		0.7	0.6	(0.0)
Distributions on investment trusts		2.1	2.9	0.8
Gain on cancellation of investment trusts		1.6	1.3	(0.2)
Capital market investment and procurement (including NCDs)		(0.1)	(0.0)	(0.0)
Domestic operations		14.3	14.3	(0.0)
International operations		0.4	0.3	(0.0)



Deposits · Loans

The balance of loans was firm in Yamanashi Prefecture and the Tokyo and Western Tokyo area.

< Average >

	(¥ billion)	FY18 1H	FY19 1H	YoY change (Change)
Deposits		2,960.7	3,021.4	60.7 (+2.0%)
Yamanashi Prefecture		2,609.3	2,674.9	65.6 (+2.5%)
Tokyo and Western Tokyo area		351.3	346.5	(4.8) ((1.3)%)

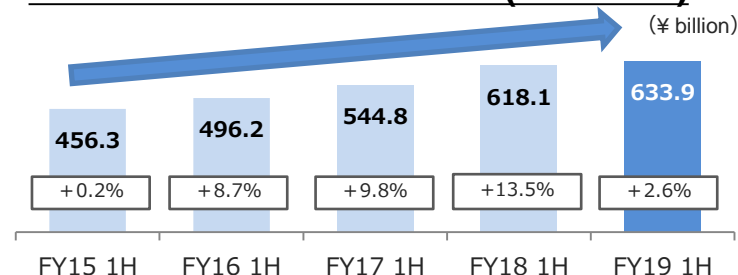
Deposit Shares in Yamanashi Prefecture (term-end)	49.0%	49.3%	+0.3P	—
---	-------	-------	-------	---

(Excluding Japan Post Bank)

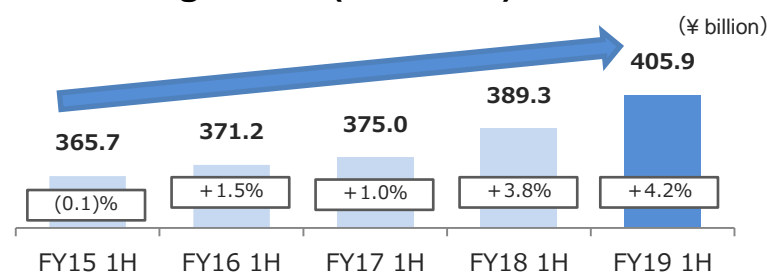
	(¥ billion)	FY18 1H	FY19 1H	YoY change (change)
Loans		1,608.9	1,686.4	77.4 (+4.8%)
Yamanashi Prefecture		824.2	860.8	36.6 (+4.4%)
Tokyo and Western Tokyo area		602.9	650.8	47.8 (+7.9%)
Loan assets under the control of head office departments		181.7	174.6	(7.0) ((3.9)%)
General funds		964.4	1,026.6	62.1 (+6.4%)
Non-commercial for individuals		364.6	379.9	15.2 (+4.1%)
Local government bodies		279.8	279.8	0.0 (+0.0%)

Loan Shares in Yamanashi Prefecture (term-end)	41.4%	43.6%	+2.1P	—
--	-------	-------	-------	---

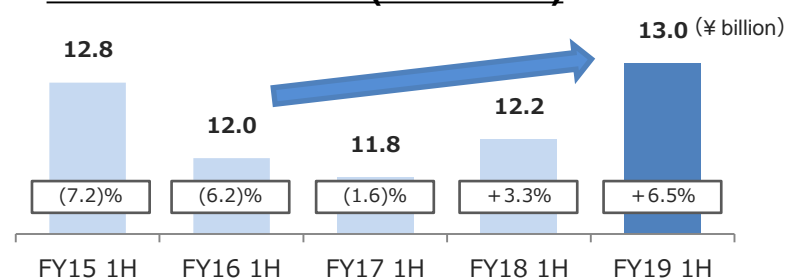
Balance of Loans to SMEs (term-end)



Housing Loans (term-end)



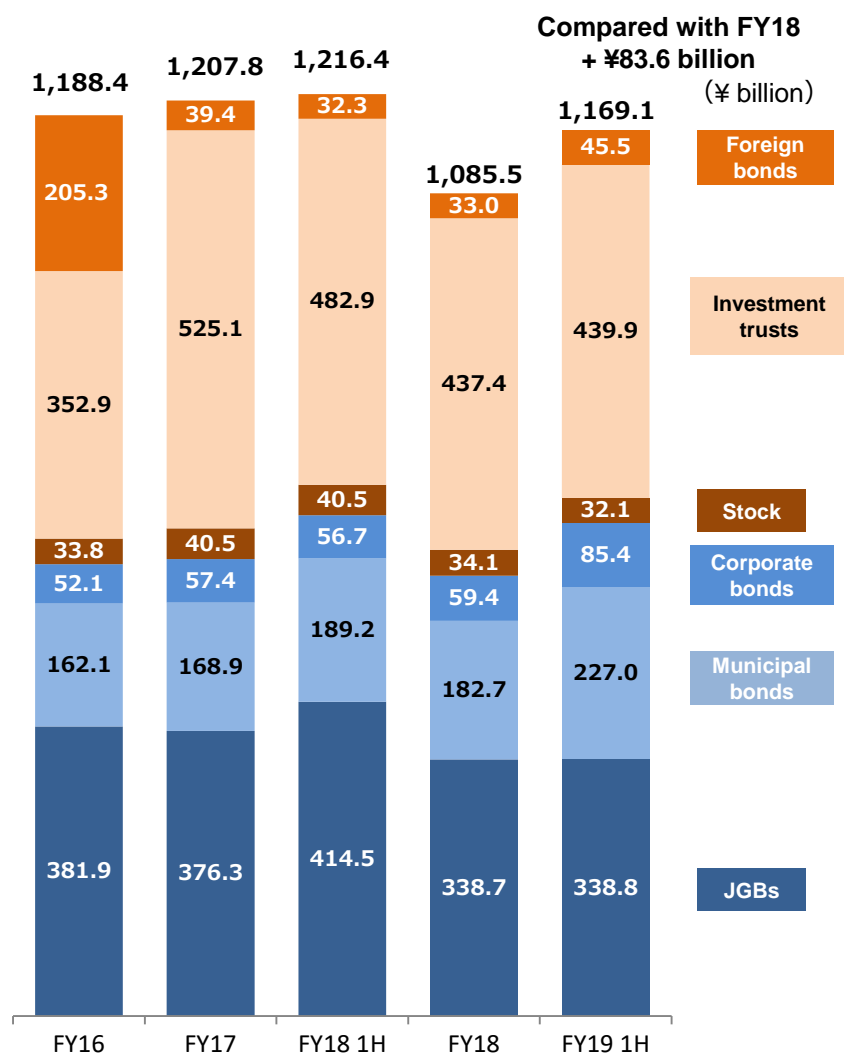
Unsecured Loans (term-end)



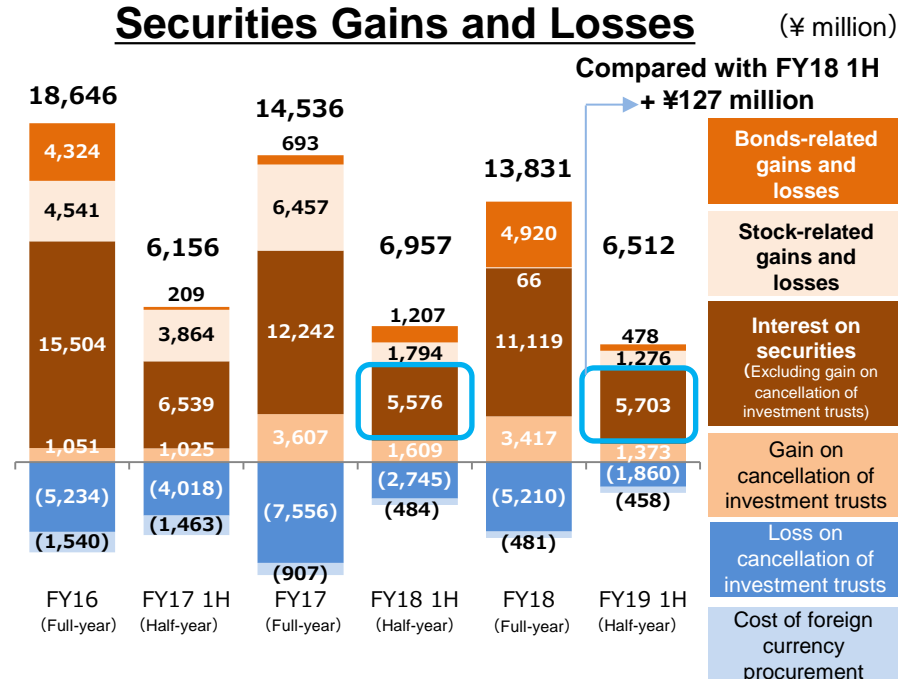
Securities

The balance of securities increased, mainly centered on municipal bonds, and the appraisal gains on investments rose ¥9.4 billion from the end of March 2019.

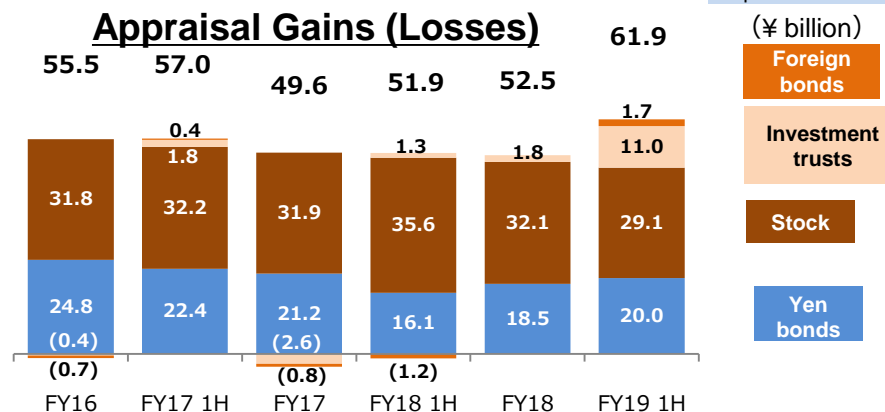
Balance of Securities (subject to mark-to-market valuation)



Securities Gains and Losses



Appraisal Gains (Losses)

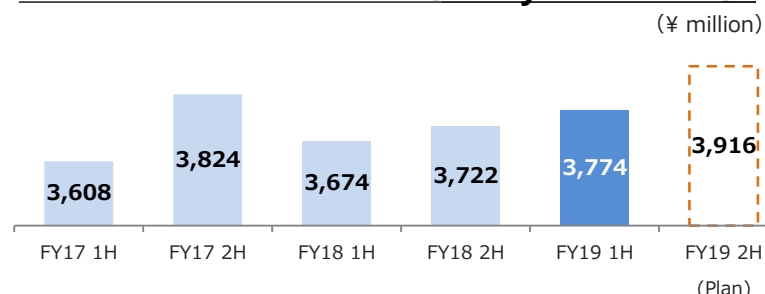


Fees and Commissions

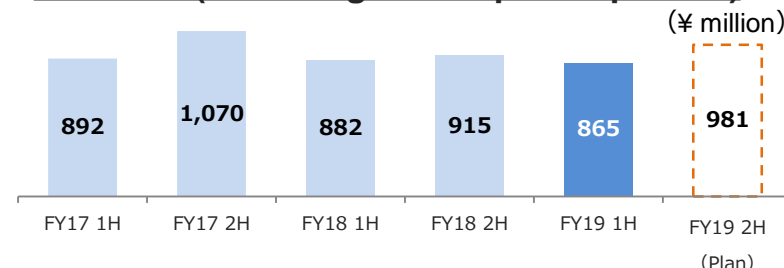
Fee and commission income from corporations increased steadily, with fee businesses becoming a new source of revenue.

(¥ million)	FY18 1H	HY19 1H	YoY change
Fees and commissions	2,287	2,387	100
Fees and Commissions	3,674	3,774	100
Fee and commission expenses	1,387	1,386	(1)
Main breakdown			
Fee and commission income from financial products (excluding the corporate portion)	882	865	(17)
(Component) Fee and commission Life insurance (excluding the corporate portion)	479	498	19
(Component) Fee and commission Investment trusts	387	351	(36)
(Component) Brokerage fee and commission for financial products	10	7	(3)
(Component) Fee and commission for public bonds	5	7	2
Fee and commission income from corporations	171	225	54
(Component) Fee and commission for syndicated loans and project arrangement, etc.	79	139	60
(Component) Fee and commission for business matching	23	36	13
(Component) Privately placed bonds	17	8	(9)
(Component) Fee and commission for life insurance for corporations	33	4	(29)
Fee and commission received related to foreign exchange	974	970	(4)
Fee and commission received related to loans	77	104	27
Loan payment premiums and guarantees	886	920	34
Fee and commission paid for stock	48	3	(45)

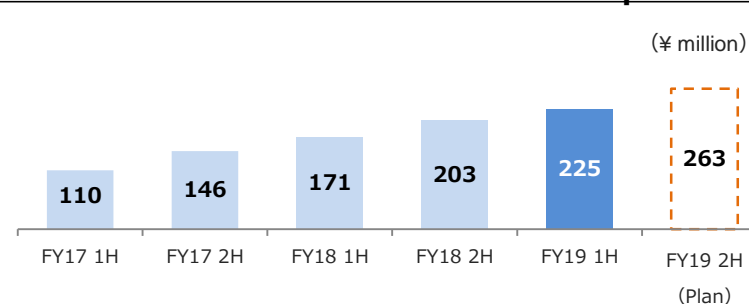
Fees and Commissions (half-year trends)



Fee and Commission Income from Financial Products (excluding the corporate portion)



Fee and Commission Income from Corporations



Expenses and OHR (Operating expenses/ Core Gross Business Profit)

Strive to reduce expenses by accelerating the revision of the expense structure and business processes.

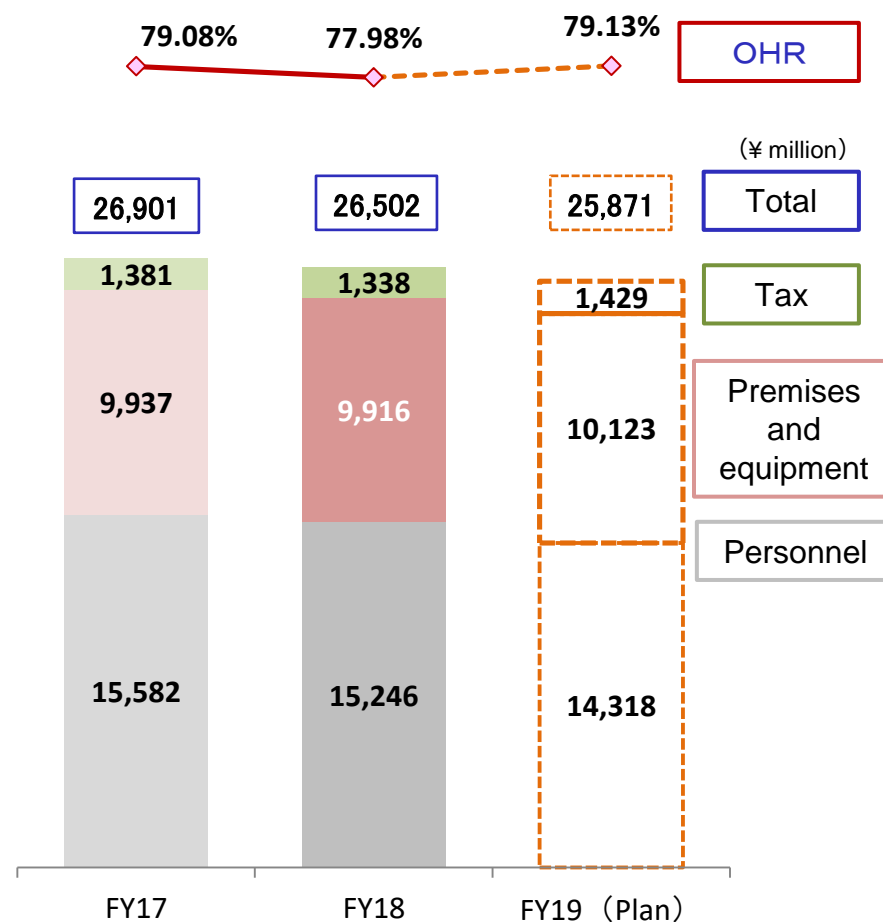
Expenses (¥ billion)	FY18 1H	FY19 1H	YoY change	FY19 (Plan)	YoY change
Expenses	13.3	12.8	(0.4)	25.8	(0.6)
Personnel	7.6	7.2	(0.4)	14.3	(0.9)
Premises and equipment	4.9	4.8	(0.0)	10.1	0.2
Tax	0.7	0.8	0.0	1.4	0.0

OHR	79.37%	76.57%	(2.80)P
-----	--------	--------	---------

Main Factors Behind Changes in Expenses

(¥ billion)	FY19 1H (Results)		FY19 (Plan)	
Personnel	(0.4)	Bonuses: ¥(0.3) billion Reduction in personnel and others: ¥(0.1) billion	(0.9)	Bonuses: ¥(0.7) billion Reduction in personnel and others: ¥(0.1) billion
Premises and Equipment	(0.0)	Depreciation of non-current assets: ¥(0.1) billion	0.2	Depreciation of non-current assets: ¥(0.1) billion Reform operations/system investment ¥0.3 billion
Tax	0.0	—	0.0	—

Changes in Expenses and OHR



Credit-Related Costs

Accumulated reserves conservatively in anticipation of a turn in the credit cycle.

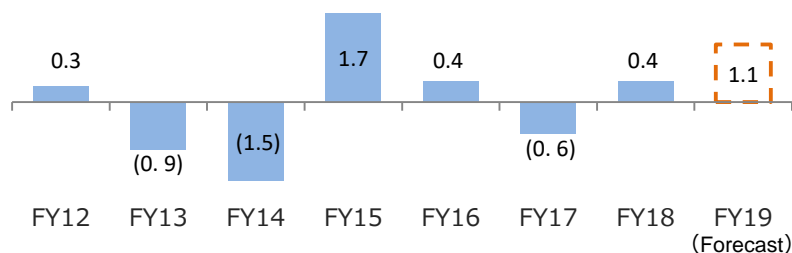
(¥ billion)	FY18 1H	FY19 1H	YoY change	FY18	FY19 (Forecast)	YoY change
Credit-Related Costs	0.0	0.3	0.3	0.4	1.1	0.6
Net provision to general loan loss reserve	1.0	(0.1)	(1.2)	1.0	0.0	(0.9)
Disposal of non-performing loans (non-operating income (losses))	0.0	0.5	0.5	(0.6)	1.0	1.6
Net provision to specific loan loss reserve	(1.0)	0.5	1.5	(0.6)	0.9	1.6
Provision to reserve for contingent losses	0.0	0.0	0.0	0.0	0.0	(0.0)
Loans written-off and loss on sale of claims	0.0	0.0	0.0	0.0	0.0	0.0
Recoveries of written off claims	0.0	0.0	0.0	0.0	0.0	(0.0)

Note: In the table to the left, reversal of allowance for loan losses are split into net provision to general loan loss reserve and net provision to specific loan loss reserve to facilitate comparisons with prior periods.

Credit Cost Ratio	0.09bp	4.48bp	4.39bp	2.63bp	6.55bp	3.92bp
-------------------	--------	--------	--------	--------	--------	--------

(¥ billion)

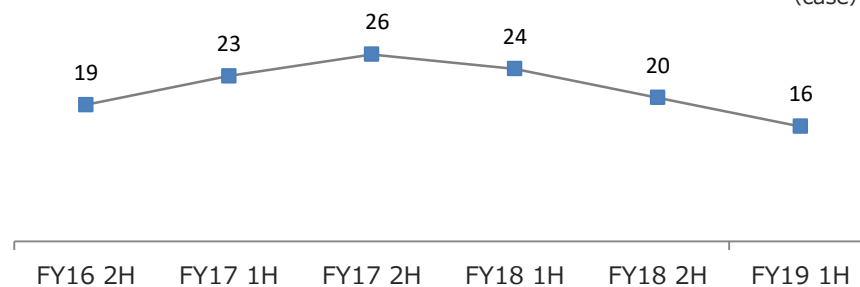
Credit-Related Costs



Number of Bankruptcies of Companies in Yamanashi Prefecture

(Total liabilities of ¥10 million or more)

(case)



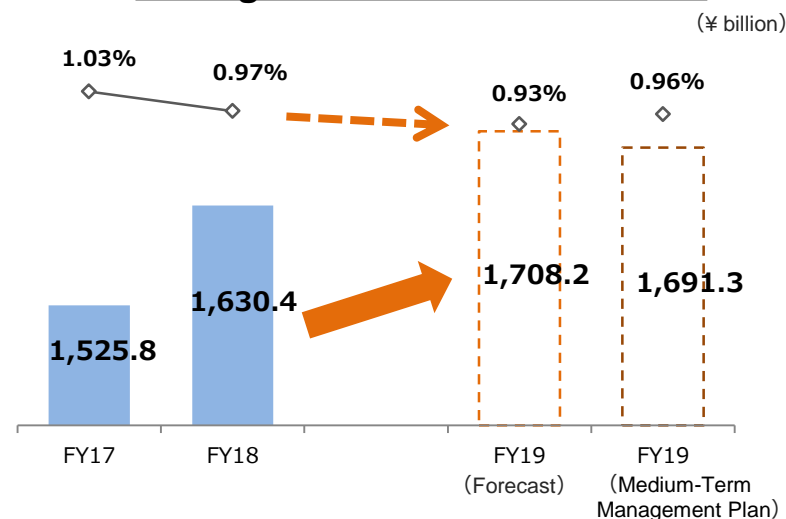
Source : TOKYO SHOKO RESEARCH, LTD.

Earnings Forecasts for the Current Term (FY19) 山梨中央銀行

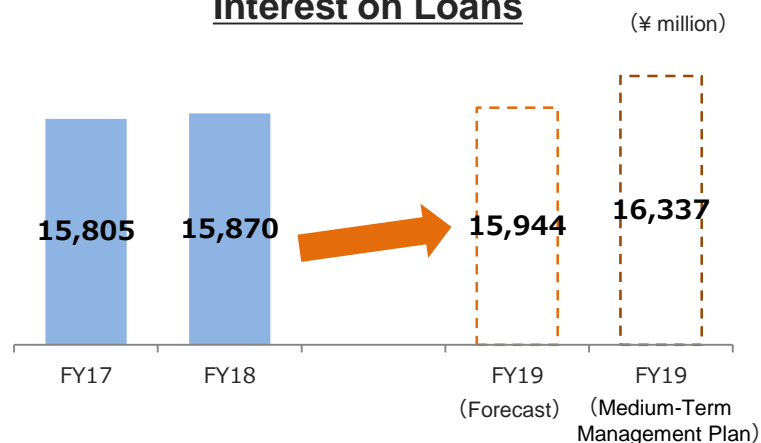
Non-Consolidated	(¥ billion, %)	FY18	FY19 (Plan)	YoY change
Gross banking profit		38.9	34.2	(4.6)
Interest income		29.8	28.1	(1.6)
Fees and commissions		4.6	4.9	0.2
Other operating income		(0.4)	0.4	0.0
Gross banking profit on core operations		33.9	32.6	(1.2)
JGBs and other bond transactions		4.9	1.5	(3.3)
Expenses		26.5	25.8	(0.6)
General provision to loan loss reserve		1.0	0.0	(0.9)
Net business profit		11.3	8.3	(3.0)
Net business profit on core operations		7.4	6.8	(0.6)
(Excluding gain on cancellation of investment trusts)		4.0	5.4	1.3
Non-operating losses		(4.8)	(3.4)	1.4
Gains on reversal of provision to loan loss reserve		-	-	-
Reversal of loan loss reserve		(0.6)	1.0	1.6
Equity share and similar transactions		0.0	1.2	1.1
Loss on dissolution of investment trusts		5.2	3.3	(1.8)
Ordinary profits		6.5	4.9	(1.6)
Net income		4.4	3.2	(1.2)

Consolidated	(¥ billion, %)	FY18	FY19 (Plan)	YoY change
Consolidated ordinary profit		7.4	5.5	(1.9)
Profit attributable to shareholders of the parent		4.9	3.5	(1.4)

Average Loan Balance and Yield



Interest on Loans



Capital Policies (Return to Shareholders)

Enhance internal reserves appropriately while continuing to implement stable payment of dividends.

Return to Shareholders — Results and Plan

(Yen)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Dividend per share	6.50	7.00	10.00	9.00	7.00	35.00	35.00

(¥ million)

Non-consolidated net income	7,898	8,200	8,737	6,710	4,464	4,494	3,200
Annual dividend	1,134	1,211	1,712	1,521	1,172	1,162	1,114
Dividend payout ratio	14.42%	14.83%	19.70%	22.73%	26.34%	25.97%	34.83%

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

Treasury stock acquired	835	834	899	1,235	487	522	1,128
Return to shareholders	1,970	2,045	2,611	2,757	1,659	1,684	2,242
Shareholder return ratio	24.94%	24.94%	29.88%	41.08%	37.17%	37.48%	70.08%

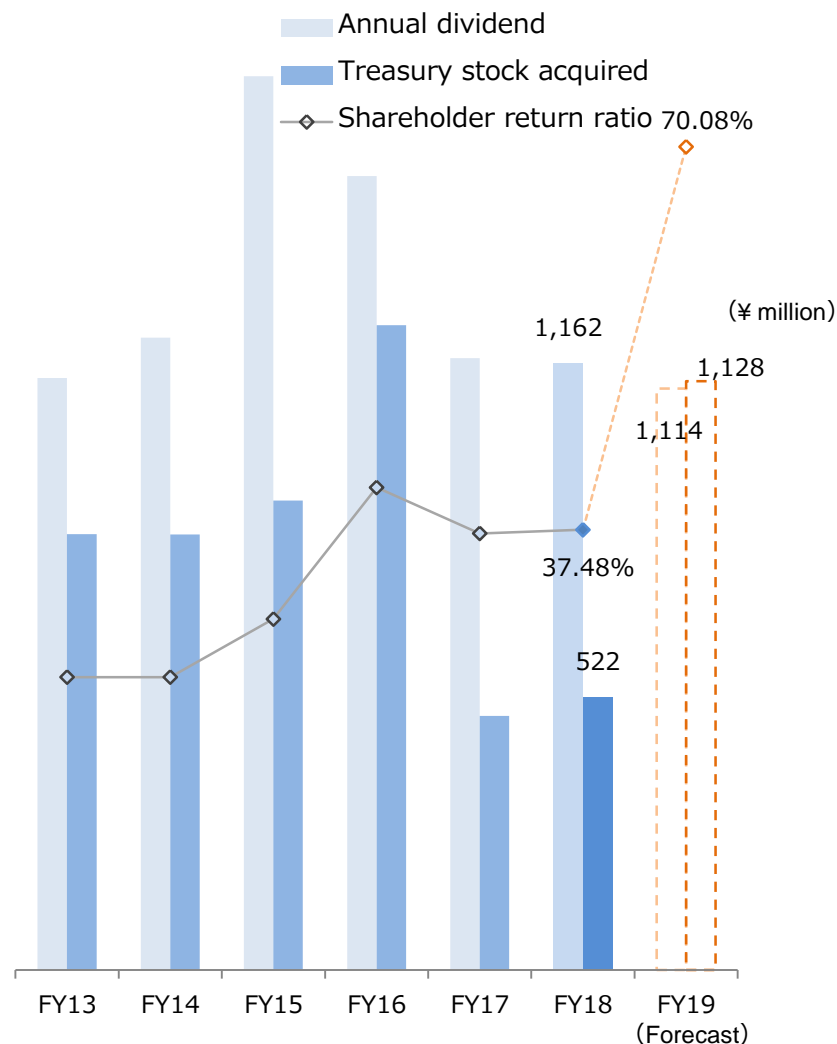
Dividend Policy

◆ Performance-linked dividends

Stable dividend: ¥35

Standard of shareholder return ratio: 20-30% annually

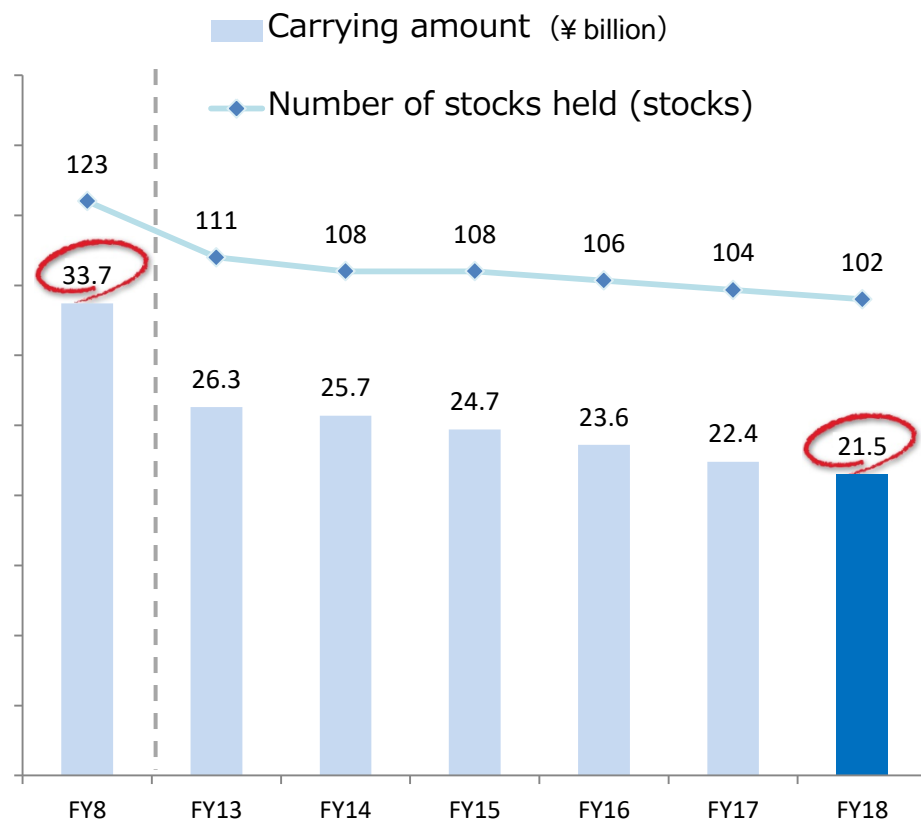
$$(*) \text{ Shareholder return ratio} = \frac{\text{Return to shareholders (dividends paid + treasury stock acquired, etc.)}}{\text{non-consolidated net income}}$$



Measures to Address the Corporate Governance Code

Successively reduced cross-shareholdings.

- ✓ The Bank will strive to reduce the balance of cross-shareholdings further, following full discussions with counterpart companies and other entities, based on perspectives such as capital efficiency and curtailing stock holding risk.
- ✓ The balance of cross-shareholdings (carrying amount) has been reduced by ¥12.2 billion over the past 10 years.
- ✓ Steady progress has been made on reducing the balance of cross-shareholdings, with sales of cross-shareholdings amounting to ¥3.2 billion over the past 3 years.



(Reference) Sales of cross-shareholdings over the past three years (Millions of yen)

	Sales Amount (carrying amount)
FY16	1,085
FY17	1,142
FY18	1,004
Total	3,231

Medium-Term Management Plan “Value+ 2022” Progress Report

Overview of the Medium-Term Management Plan

Our Mission

**Region-based operations
and sound management**

Long-Term Vision

Value Creation Bank

As we approach our 150th founding anniversary, we aim to be a financial group that all stakeholders can rely upon to realize an enriched regional community, delighted customers, fulfilled employees, and satisfied shareholders.

Medium-Term Management Plan 「Value⁺ 2022」

— A stage for creating new value and implementing bold structural reforms that anticipate the changes of the times —
(First stage for achieving the long-term vision)

Basic Strategy

Enhance customer touchpoints

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

Create common values

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

Improve personnel vitality

-Aiming to be a bank where diverse personnel shine-

Increase the Sophistication of Management and Administration Approach

Strengthen CSR Based on the SDGs and ESG Principles

Progress on Key Performance Indicator Targets

KPI targets for FY19

Interest on loans
¥16.3 billion

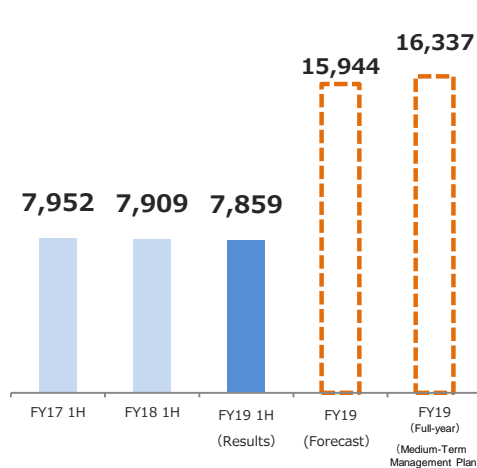
Non-interest revenue
¥7.9 billion

OHR
(Operating expenses/
Core Gross Business Profit)
88.7%

Net income
¥3.2 billion

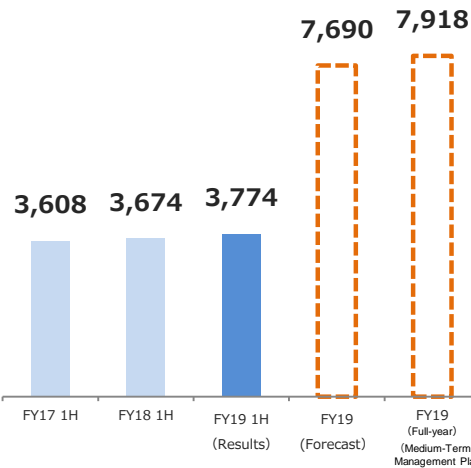
Interest on Loans

(¥ million)



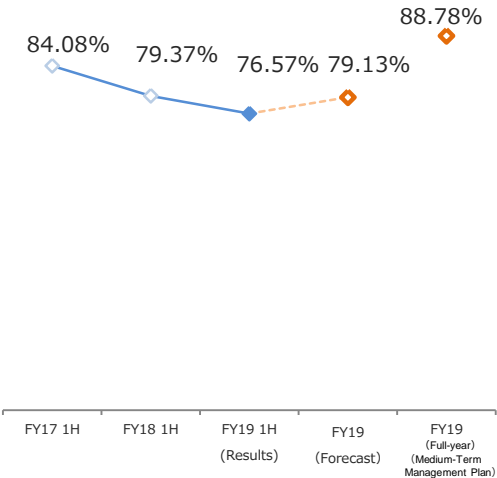
Non-Interest Revenue

(¥ million)

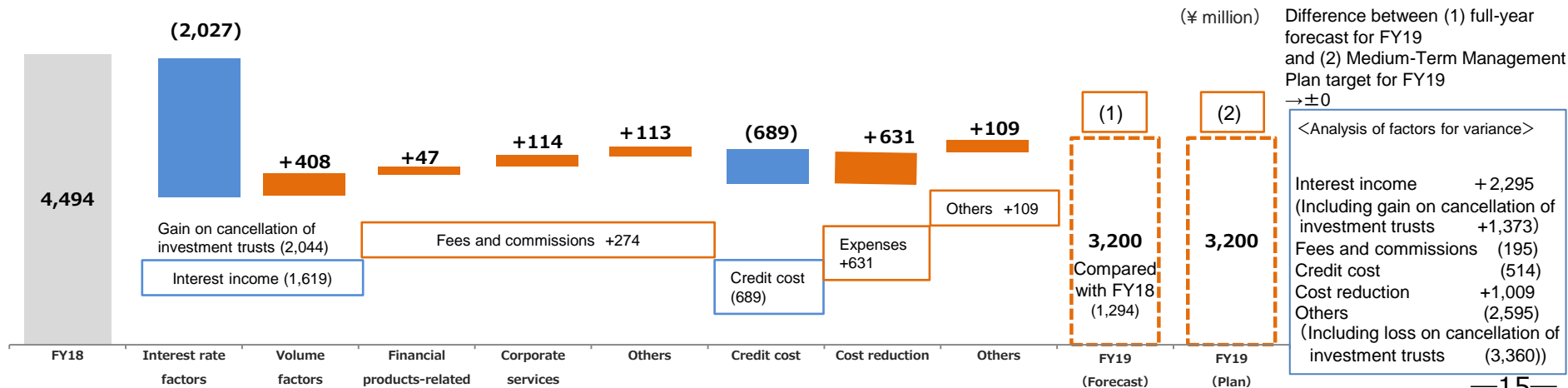


OHR

(Operating expenses / Core Gross Business Profit)



Net Income Movement Analysis of Full-Year Forecast for FY19 (Compared with FY18)



Medium-Term Management Plan Measures

Channel Strategy

Develop a new customer base by harnessing digital channels, while optimizing the branch network and other aspects of real channels.

Digital Channels

Strengthen Interfaces with Young Customers by Promoting Wallet+

Promote to customers

Web advertising

TV commercials

Branches



Targets for the end of September 2020
 Number of downloads: 40,000
 Number of active users: 28,000
 Aiming to capture users through both over-the-counter (OTC) and non-OTC channels
 (Reference)
 Number of downloads as of November 25: 8,855

Measures to Address the Cashless Society

Deliver Services to Users

Credit cards

Remittances (Internet banking (IB) and ATM)

Charge-type QR code settlements

Direct debit

Debit cards

Account-linked QR code settlements

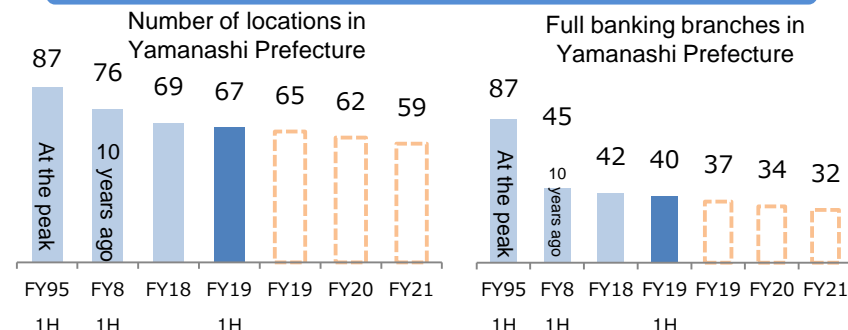
Provide Services to Businesses

Build convenient and efficient payment infrastructure in Yamanashi Prefecture

Deployed Planned to be deployed

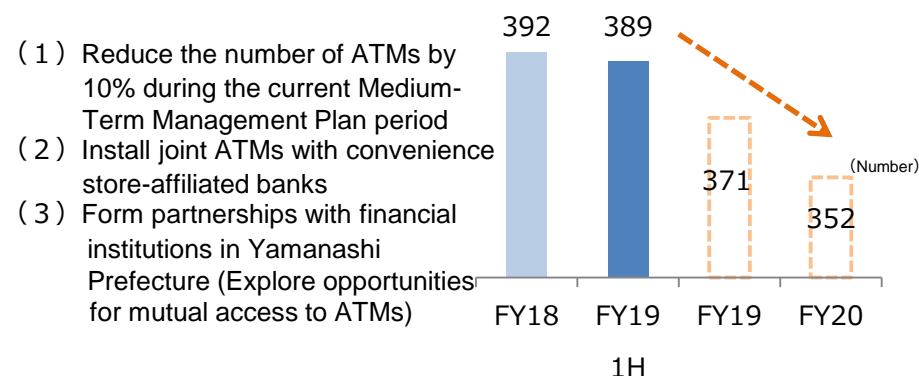
Real Channels

Optimize Branch Network in Yamanashi Prefecture



- (1) Reduced the number of branch locations in Yamanashi Prefecture by approximately 15% (10 branches) (compared with FY18)
- (2) Reduced the number of full banking branches by approximately 20% (10 branches) in Yamanashi Prefecture (compared with FY18)
- (3) Reduce branch staff and premises by relocating branches within other types of facility

Rebuild the ATM Network

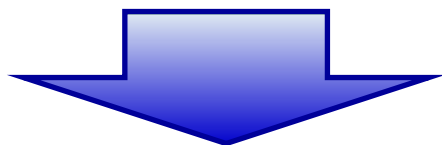


- (1) Reduce the number of ATMs by 10% during the current Medium-Term Management Plan period
- (2) Install joint ATMs with convenience store-affiliated banks
- (3) Form partnerships with financial institutions in Yamanashi Prefecture (Explore opportunities for mutual access to ATMs)

Strategy for the Western Tokyo Area (1)

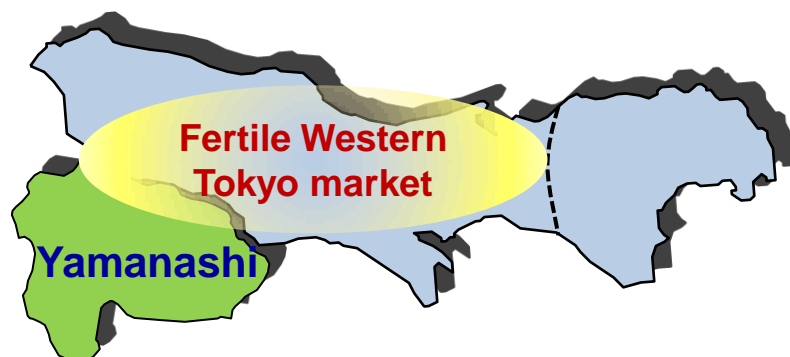
【Focus Resources on Western Tokyo Area】

Optimize branches in Yamanashi Prefecture conduct Head Office BPI, etc. to free up human resources for concentration in the Western Tokyo area, which is a growth market



- Shift concentration of personnel into sales
- Establish Western Tokyo Consulting Sales Department

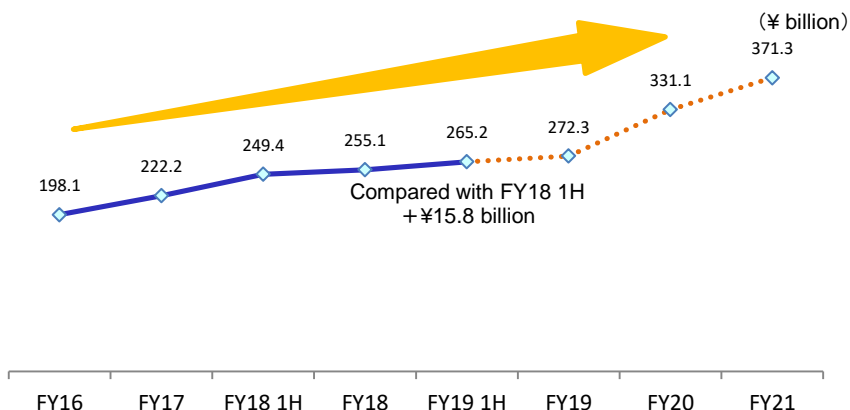
Western Tokyo Area Market Size



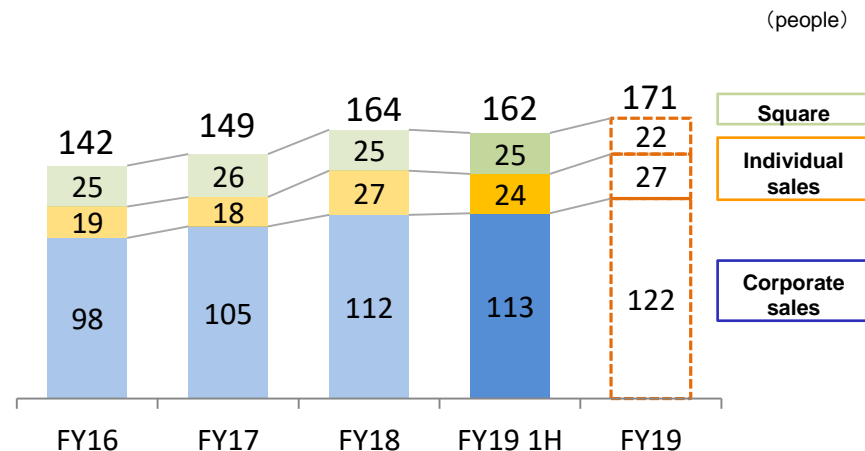
- Number of private business offices: 170,000 (Approx. 3.9 times Yamanashi Prefecture)
- Population: 5,580,000 (Approx. 6.9 times Yamanashi Prefecture)
- Number of households: 2,630,000 (Approx. 7.8 times Yamanashi Prefecture)

* Western Tokyo area includes the city areas of Tokyo Metropolis, Nishitama District, Suginami-ku, and Sagami-hara City in Kanagawa Prefecture.
Source: 2016 “Economic Census” and October 2019 “Population Estimates”

Changes in Western Tokyo Area Average Loan Balance



Changes in Sales Personnel in Western Tokyo

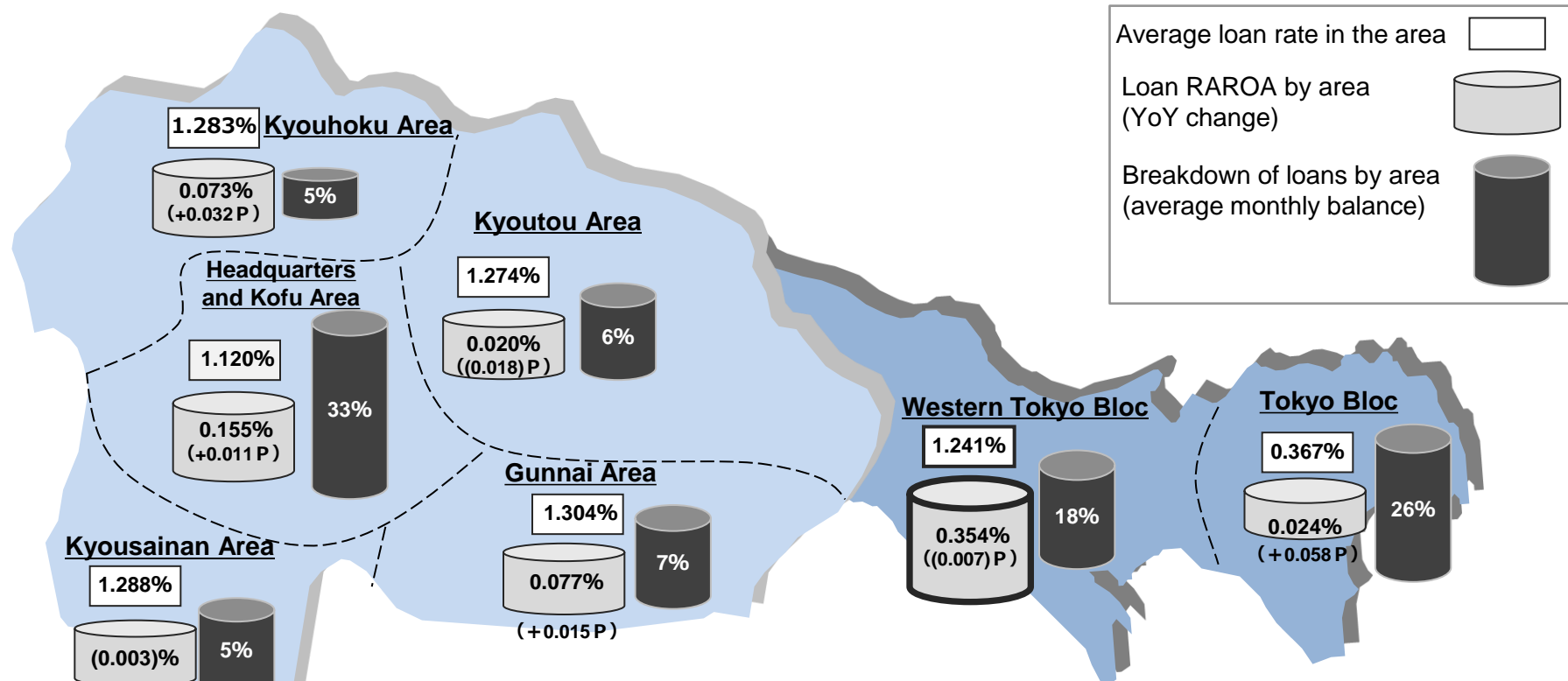


Strategy for the Western Tokyo Area (2)

【Loan RAROA by Area】

Loan RAROA for all areas: 0.130% (0.017P YoY change)

<One-Month> Results
(September 2019)



Loan RAROA
Index for appraising loan profitability
Formula: earnings after deduction of credit cost / loans
(*) Credit cost = average loan balance × default ratio × (1 – recovery ratio)

Coverage: Debtor categories – normal and requiring caution (including “requiring supervision”) Excluding loans to Deposits Insurance Corporation of Japan and the Ministry of Finance, loans receivable
Operating expenses: Including ordinary loan expenses, mortgage loan group credit insurance premiums, consumer loan insurance premiums

<Long-term trends in the Western Tokyo area>

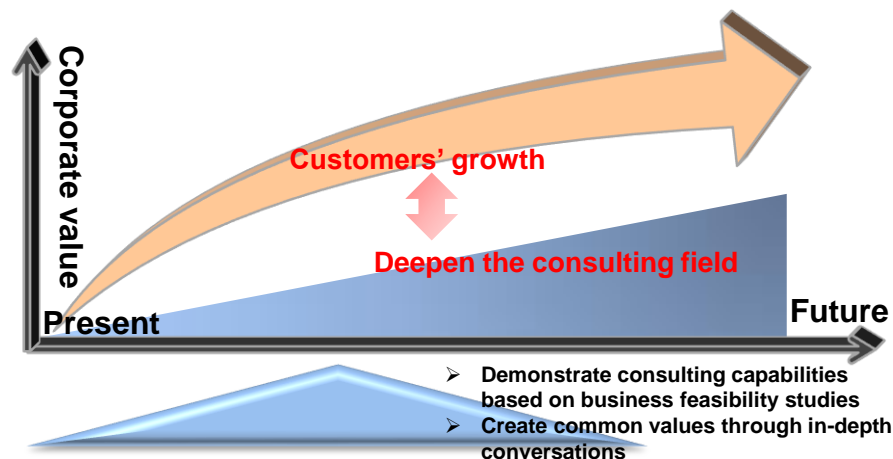
(%)	FY9 1H	FY10 1H	FY11 1H	FY12 1H	FY13 1H	FY14 1H	FY15 1H	FY16 1H	FY16	FY17 1H	FY17	FY18 1H	FY18	FY19 1H	Versus 10 years ago	YoY change	Versus 6 months ago
Average loan rate in the area	2.233	2.157	2.068	1.960	1.816	1.725	1.660	1.488	1.426	1.339	1.285	1.254	1.233	1.241	(0.992)P	(0.013)P	+0.008P
Loan RAROA by area	0.602	0.476	0.428	0.491	0.470	0.457	0.452	0.450	0.444	0.370	0.352	0.361	0.358	0.354	(0.248)P	(0.007)P	(0.004)P
Breakdown of loans by area	11	11	11	12	12	13	13	15	15	16	17	18	18	18	+7P	±0P	±0P

Deepen and Expand Consulting Field (For Corporations)

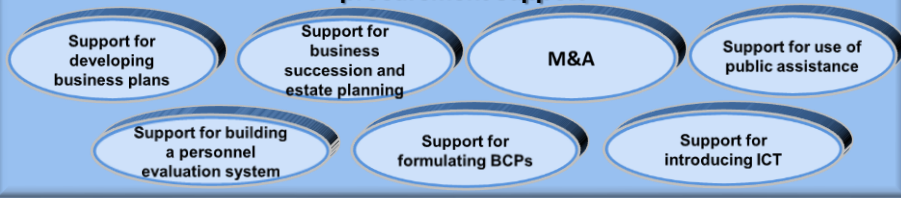
Promote fuller and expanded consulting to realize comprehensive financial services.

Deepen the Consulting Field

Increase Customers' Corporate Value



Management support & fund procurement support

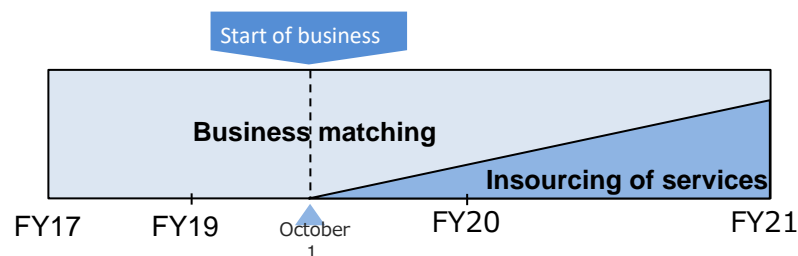


- The Bank will create common values with customers by demonstrating consulting capabilities, as it shares the aspirations, philosophy and other ideas of business managers through in-depth conversations. In the process, the Bank will provide optimal consulting services.

Expand the Consulting Field

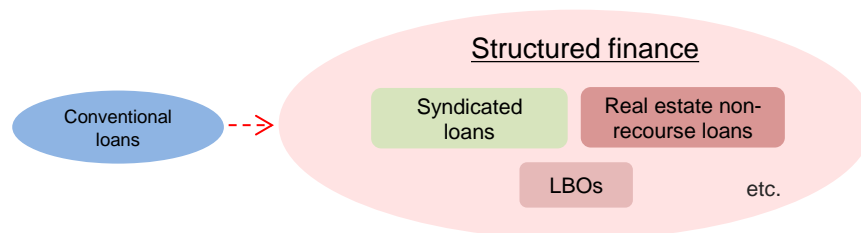
Enter New Business Fields

- To help with efforts to secure human resources, a common priority for businesses, the Bank began offering staffing services (i.e., the Bank acquired a license to conduct a fee-based job placement business) on October 1.



Expand New Finance Techniques

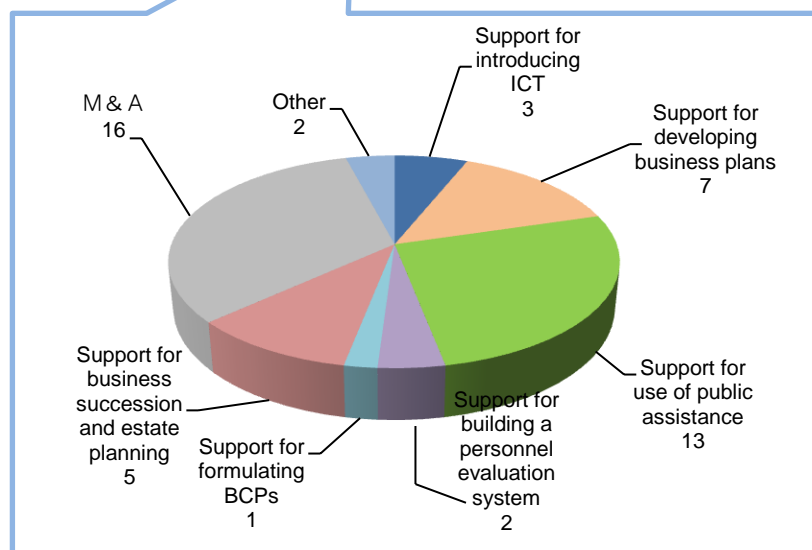
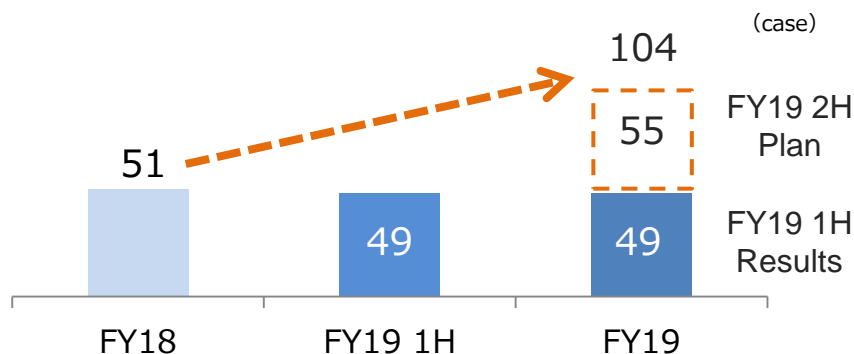
- The Bank has formed a structured finance team within the Consulting Sales Department, adding dedicated staff at the Head Office (two individuals), in order to reinforce the sales structure for syndicated loans and structured finance.



Track Record on Consulting for Corporations

Steady consulting projects received, with firm growth in revenue from corporate-related services.

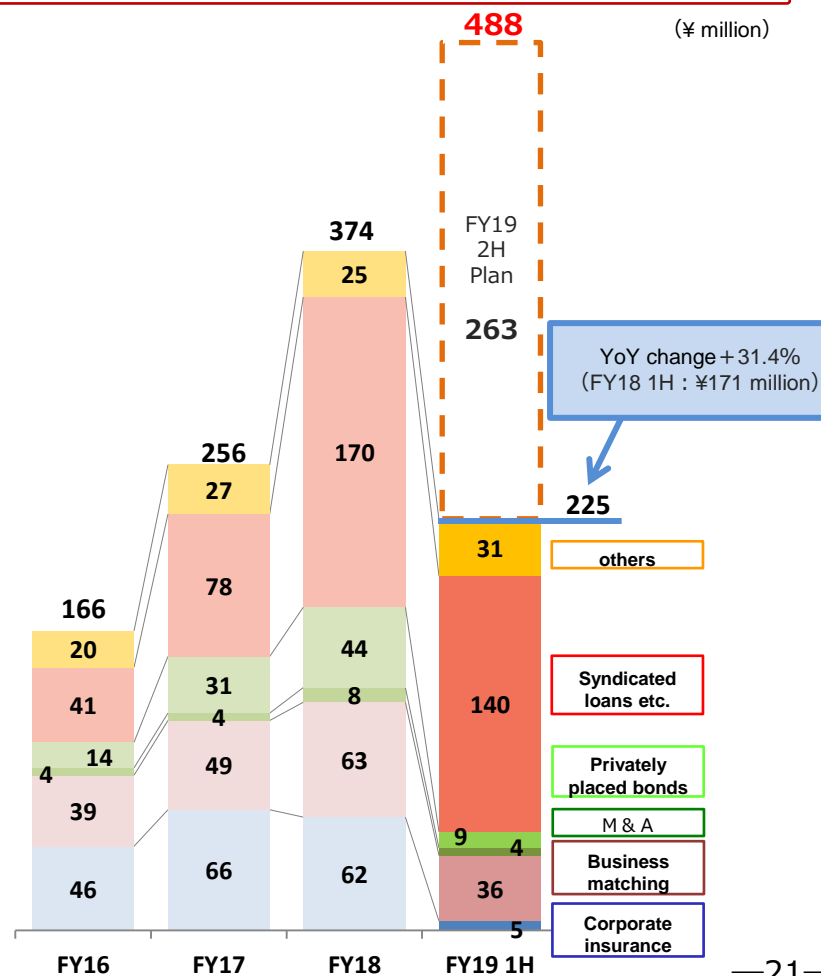
Number of Fee-Based Consulting Orders Projects by the Group



Revenue from Corporate-Related Services

<Service revenue details>

Business matching fees, Corporate insurance sales commission, Privately placed bonds commission, Finance related commissions such as syndicated loans, and others



Deepen and Expand Consulting Field (For Individuals)

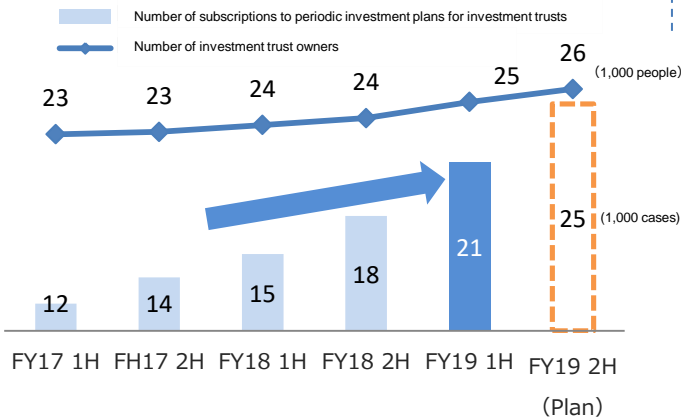
Steadily build a customer-oriented business operation system.

Asset Formation

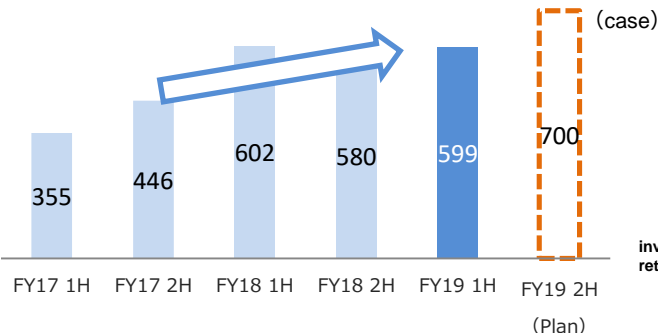
Periodic investment plans
for investment trusts

iDeCo

The Numbers of Subscribers to Periodic Investment Plans for Investment Trusts and Investment Trust Owners Have Been Increasing



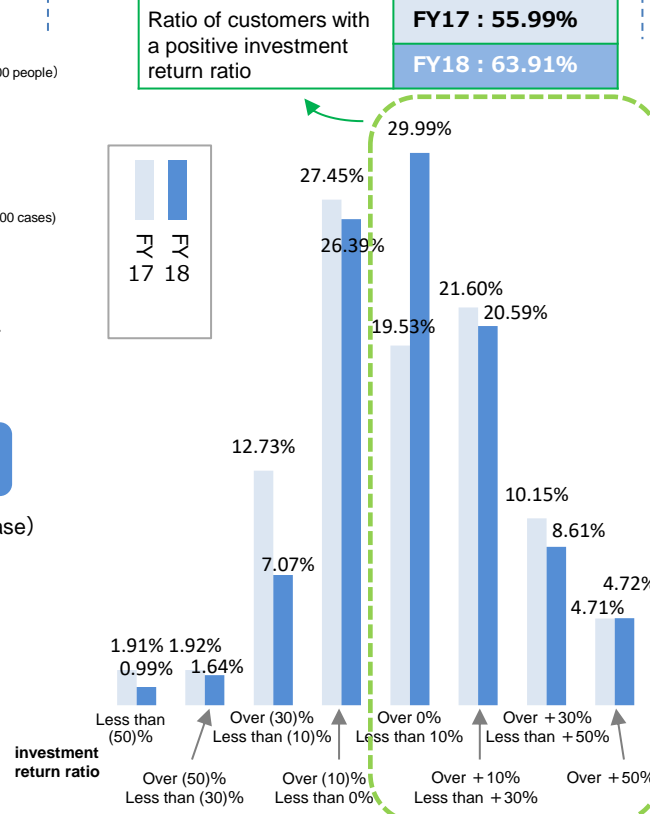
The Number of Level Premium Insurance Policies Has Been Increasing



Asset Management

Investment trusts, life
insurance, foreign currency
deposits, bonds

Improvement in the Ratio of Customers
by Investment Returns, a Common KPI

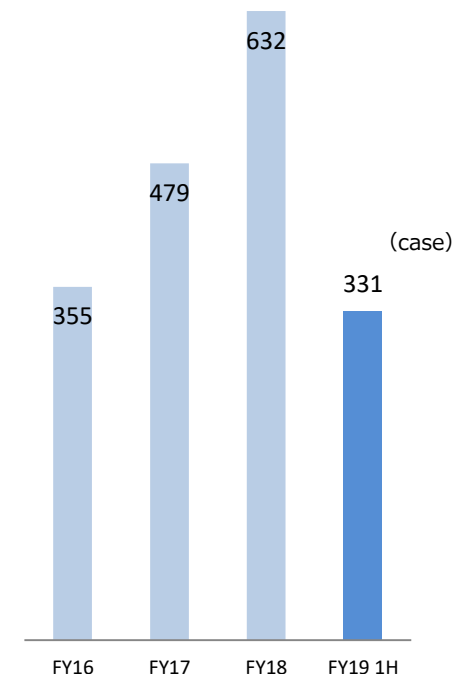


Estate Planning

Asset succession and
testamentary trusts

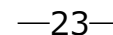
Increase in Asset Succession
Support Track Record

*Asset succession support: Services to support customers' asset succession (estate planning, etc.) needs through such means as resolving issues in this area.



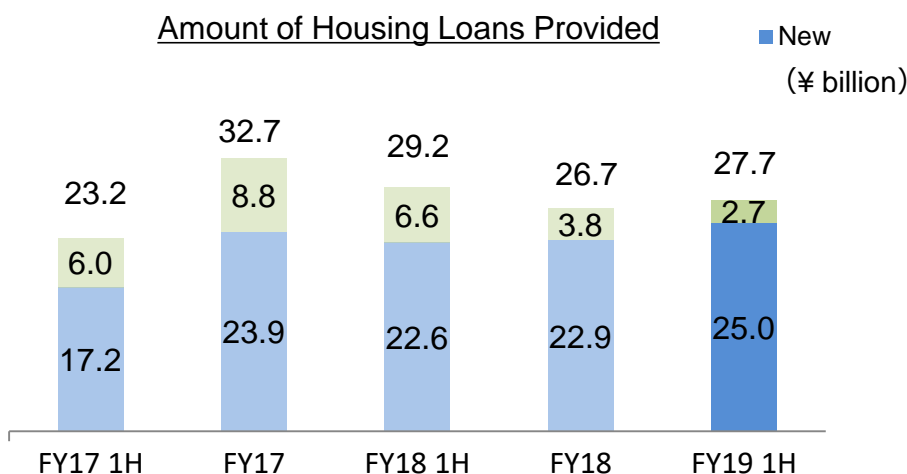
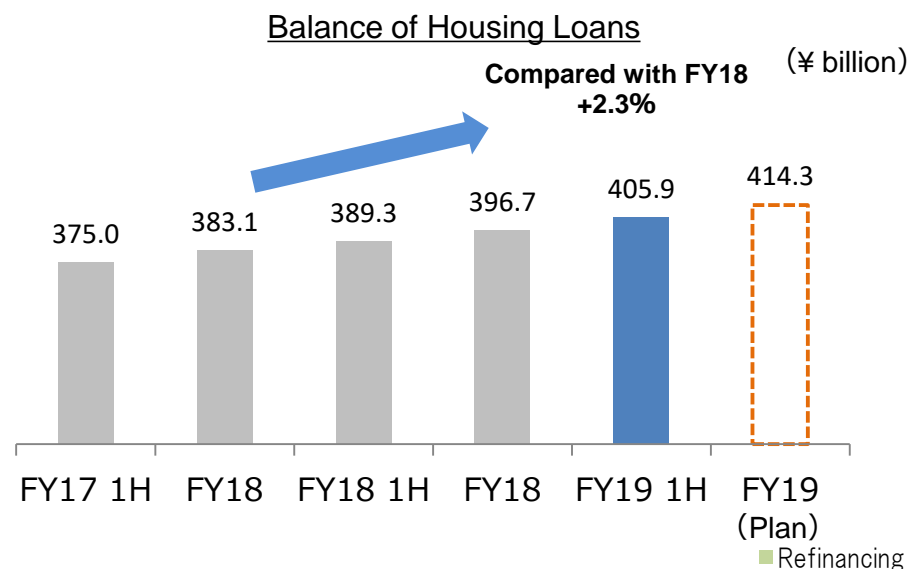
山梨中央銀行

Provide a Wide Range of Services Depending on the Customer's Mental Capacity



Housing Loans

Steady growth in housing loans, which are positioned as a gateway product to asset-building customers.



Measures to Expand Housing Loans

Improve Convenience

- Establish a scheme that enables the entire housing loan process to be completed online, from application to the signing of loan agreements (planned for implementation sometime around autumn 2020)

Streamline Operations and Bolster Profitability

- Reduce administration costs at branches and Head Office by drastically revising housing loan administration work

Differentiation from Other Banks

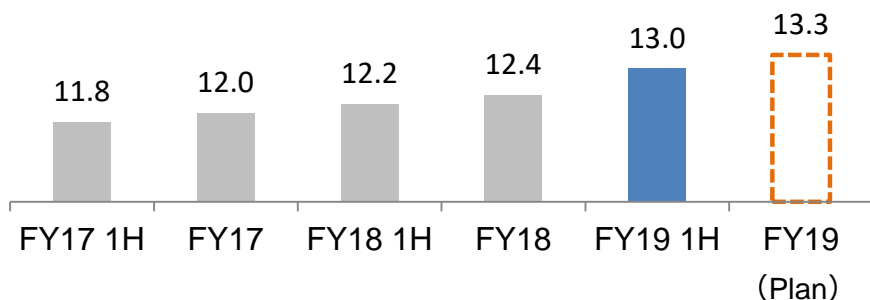
- Introduce group credit life insurance with generous coverage at a low cost (upgrade and expand product features)
⇒ Revised product features of *Chiginkyo* Double Support group credit life insurance (revised on October 1, 2019)
- Strengthen the onboarding of contractor projects

Unsecured Individual Loans

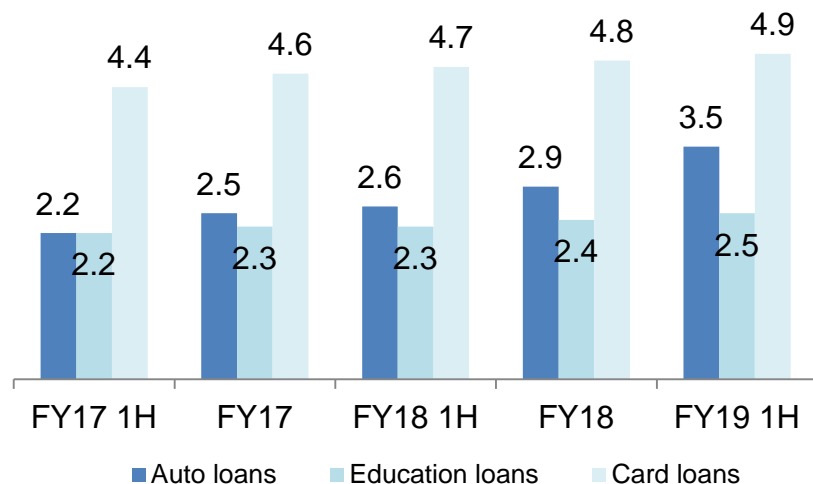
Steady growth in unsecured individual loans through effective responses to customer needs.

Balance of Unsecured Loans (¥ billion)

Compared with FY18
+4.8%



Including Balances of Auto Loans, Education Loans and Card Loans (¥ billion)



Measures to Expand Unsecured Individual Loans

Improve Convenience

- Establish a scheme that enables the entire unsecured individual loan process to be completed online, from application to the signing of loan agreements (planned for implementation sometime around autumn 2020)

Proactively Address Customer Needs

- Implement campaigns during periods of high demand for funds



- Revise product features
⇒ Increased the loan limit for the *Oyagokoro* education loan (overdraft type) to ¥10 million from October 1, 2019.

Promote Cross-Selling

- Expand preferential interest rate initiatives for the Bank's housing loan borrowers and customers who have taken out unsecured individual loans from the Bank.



Increase Productivity through BPI *

(*)BPI : Business Process Innovation (Innovation in operations reform)

Drastically rationalize and streamline operations through such means as introducing Robotic Process Automation (RPA).

BPI of Branch Operations

Rationalize and Streamline Reception Operations

- Started preparation services for transaction slips with QR codes (transaction slips are prepared on the Bank's website in advance) (from September 2019)
- Started accepting individual loan applications via branch tablets (from July 2019)
- Revised administration and business processes related to financing management (abolished loan application forms) (from October 2019), among other measures

Drastically Centralize Back Office Operations

- Started trials of middle office operations aimed at realizing branches without back offices (from June 2019)
- Centralized certain operations related to subrogation payments into the Head Office (from September 2019)
- Started central registration of financial data at Head Office using TKC Monitoring Service (from August 2019)
- Expanded the scope of central management to the Loan Document Central Management Center (from October 2019), among other measures

BPI of Operations with a Common Platform

Develop Systems and Paperless Operations

- Added accounts inquiry functions through thin client terminals (from March 2019)
- Expanded paperless operations through the introduction of new groupware (digitalized approximately 70 ledgers among various reports) (from September 2019)
- Adopted paperless processing for stored documents concerning branch screening of individual loans (from July 2019), among other measures

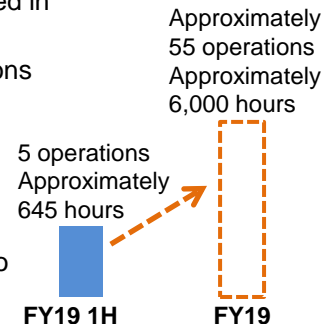
BPI of Head Office Operations

Introduce RPA

Started trials in July 2018, officially introduced in April 2019.

RPA robots were developed for five operations by September 2019, centered on data aggregation and data entry work. They are expected to reduce work hours by approximately 645 hours per year.

The Bank will continue to expand business process automation through RPA, in order to continue to streamline operations further.



Reassign Human Resources

- The Bank had reassigned 59 Head Office employees by the end of September 2019, mainly as a result of the consolidation of redundant departments following revisions to the Head Office organization. (KPI: 67 employees. Scheduled for completion by the end of March 2020.)
- The Head Office BPI support team was formed to enhance the productivity of Head Office operations, and began operating in earnest from May 2019. Of the team's five members, three young bank employees were appointed through public recruitment.

Head Office BPI Support Team

Coordinate with various Head Office departments

Various Head Office Departments

Increase customer convenience

Strengthen sales structure through redeployment of human resources

Increase labor productivity

Improve Personnel Vitality

Aiming to be a bank where diverse personnel shine

Initiatives to build an organization where every employee can experience job fulfillment and growth.

Make Work Rewarding and Fulfilling for Every Employee

- Personnel management to draw out employees' strengths and capabilities
 - ・ Appoint younger people and women through such means as public recruitment
 - ⇒ Strategically assigned seven individuals as Head Office personnel managers
 - ・ Utilize internal content to improve employee engagement
- Initiatives to transform the organizational culture
 - ・ Employee (eNPS) questionnaire
 - ⇒ Implemented in October
 - ・ Business casual attire
 - ⇒ Started trials in November

Personnel management

Experience job fulfillment and growth

Be a bank where diverse human resources reach their potential

External assignment

On-the-job training (OJT) and training seminars

Self-improvement

Improve productivity

Communication to Encourage Flexible Workstyles, etc.

- Support employees in balancing work and homelife
 - ⇒ Regularly hold information exchange meetings to help child care leave takers return to work
- Encourage communication
 - ⇒ Conduct training seminars on making the most of employees' strengths and fostering a culture of praise
- Efforts to conduct health promotion measures
 - ⇒ 430 people participated in an internal walking event

Develop Specialist Human Resources

- Upgrade and expand self-improvement support tools
 - ⇒ Introduced 1,300 titles of video content to the e-learning program
- Support the development of young employees, strengthen the on-the-job training (OJT) system
 - ⇒ Conduct individual interviews and shift to hands-on, practical training seminars

Human resource development

Develop and Strengthen the IT Platform to Help Increase Corporate Value

Accelerate the development of the IT platform by securing and nurturing systems development personnel.

Strive to Evolve to a Highly Strategic System Management Framework in Order to Realize Digital Transformation

Strategic priorities

Transform to an organization and workforce capable of adapting to changes in the environment

- Increase and enhance systems development personnel to realize management strategy (optimize personnel as a key IT resource)
- Support IT solutions for customers

 **Implemented**
 Scheduled to implement

Carry out comprehensive, multi-faceted initiatives based on the perspective of IT governance

Realize drastic restructuring of IT costs and optimal resource allocation

Build a robust IT platform that will underpin management strategy

Improvement

Establish and rigorously implement a rational IT investment process

Roll-out bookless accounts at all branches

Introduce brand debit cards

Transformation

In-source systems development through the use of the Smile Platform

Build an integrated platform for information systems using external data centers

Build next-generation branches (introduce semi-self-service terminals)

Introduce a new loan support system

Innovation

Utilize open API
• Introduce “Wallet +” (Mobile first)

Build a blockchain platform

Take full advantage of cutting-edge IT
• AI, VR, AR
• Effectively harness the cloud platform

Develop a highly flexible and effective risk management system (cybersecurity)

CSR Initiatives Based on the SDGs and ESG Principles

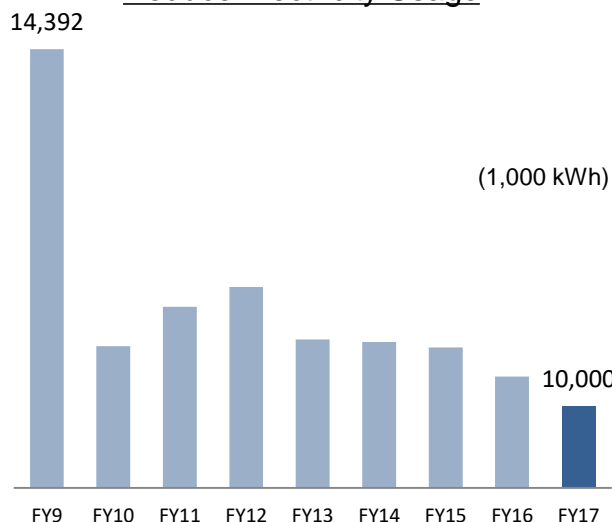
Help to realize a sustainable society by taking the initiative to address issues faced by regional communities.

Established Yamanashi Chuo Bank Group's SDGs Declaration (May 10, 2019)

Key Measure 1 Strive to Reduce Environmental Impact



Reduce Electricity Usage



Use building materials from Yamanashi Prefecture in new branches

- Mejirodai Branch (rebuilt in September 2019)

Key Measure 2 Develop a Sustainable Regional Economy



Concluded Partnership Agreement with The Shizuoka Bank, Ltd. and Central Nippon Expressway Company Limited (NEXCO Central) (July 2019)

- Expand sales routes for regional products and provide business opportunities to regional companies, etc.
⇒ Encourage companies to submit products to online malls, hold product fair events at roadside rest stops.

Concluded Partnership Agreement with Koshu City and LIFULL Co., Ltd. (July 2019)

- Regional revitalization through the use of vacant houses

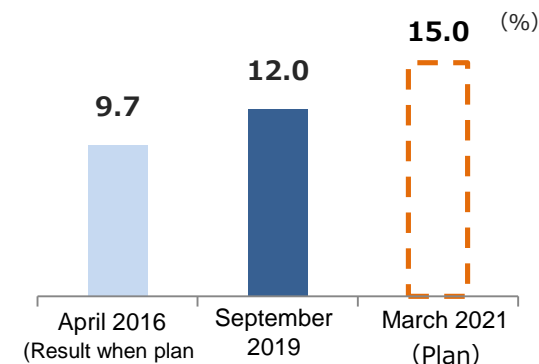
Formed SDGs Fund

- Total value of fund: ¥0.5 billion (planned for December 2019)

Key Measure 3 Appoint and Utilize Diverse Human Resources



Female Manager and Supervisor Appointment Ratio



Established Nomination and Remuneration Advisory Committee

- From April 25, 2019

Reduced Internal Directors by 2 Members (June 2019)

- ⇒ Outside director ratio: 16.7%

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

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.