



The 41th Analyst Meeting

December 8, 2021 (Wed)

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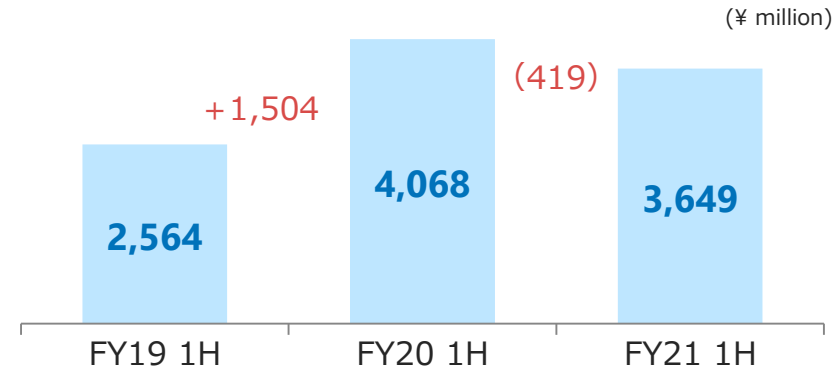
Summary of Business Results

FY21 1st Half Business Results (Summary) 山梨中央銀行

Non-consolidated (¥ billion, %)			
	FY20 1H	FY21 1H	YoY
Gross business profit	16.3	14.6	(1.6)
Interest income	14.5	13.3	(1.1)
Fees and commissions	2.4	3.2	0.7
Other operating income	(0.0)	(0.0)	(0.0)
Core gross business profit	16.9	16.5	(0.4)
JGBs and other bond transactions	(0.5)	(1.8)	(1.2)
Expenses	12.8	12.8	0.0
General Provision to loan loss reserve	—	(0.6)	(0.6)
Net business profit	3.4	2.3	(1.0)
Core net business profit	4.0	3.6	(0.4)
(Excluding gain on cancellation of investment trusts)	4.0	3.6	(0.4)
Non-operating losses	(1.2)	(0.0)	1.1
Gains on reversal of provision to loan loss reserve	0.0	—	(0.0)
Reversal of loan loss reserve	0.0	1.3	1.2
Equity share and similar transactions	(1.2)	0.8	2.1
Ordinary profits	2.2	2.3	0.0
Extraordinary income (losses)	(0.1)	(0.0)	0.1
Total corporate taxes, etc.	0.9	0.6	(0.2)
Net income	1.1	1.5	0.4
Credit-related costs	(0.0)	0.7	0.7

Consolidated (¥ billion, %)			
	FY20 1H	FY21 1H	YoY
Consolidated ordinary profit	2.6	2.7	0.0
Profit attribute to shareholders of the parent	1.3	1.7	0.4

Core net business profit (excluding gain on cancellation of investment trusts)



Main Points of FY21 1H Business

Core net business profit posted a year-on-year decrease, mainly due to a decrease in interest income related to securities investment. Interim net income increased by 400 million yen from the previous fiscal year due to a decrease in write-down of equity securities.

About gain or loss cancellation of investment trusts

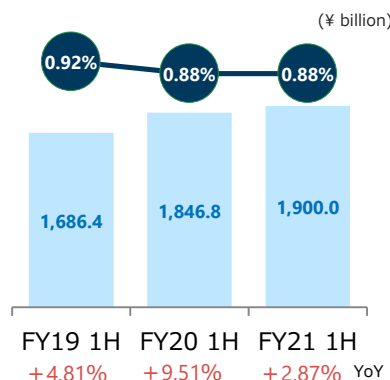
Gain on cancellation of investment trusts refers to gain on cancellation and redemption of investment trusts (primarily privately placed investment trusts) excluding ETF and REIT. Gain is recorded under interest and dividends on securities. Loss is recorded under other operating losses.

Interest on loans increased steadily. Interest income decreased due to a decrease in interest on securities.

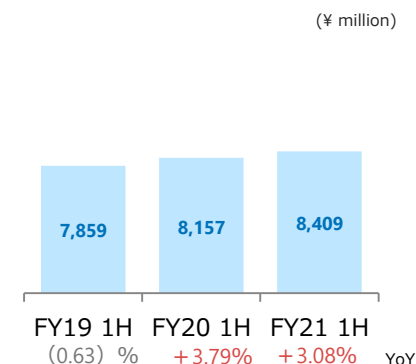
(¥ billion, %)

	FY20 1H	FY21 1H	YoY
Interest income	14.5	13.3	(1.1)
Net interest margin	7.9	8.2	0.2
Interest on loans	8.1	8.4	0.2
Domestic operations	8.0	8.2	0.1
International operations	0.1	0.1	0.0
Interest on deposits	0.1	0.1	(0.0)
Domestic operations	0.1	0.1	(0.0)
International operations	(0.0)	0.0	0.0
Interest on securities	6.5	4.9	(1.6)
(Excluding gain on cancellation of investment trusts)	6.5	4.9	(1.6)
Bonds	1.9	2.3	0.3
Domestic operations	1.7	1.7	0.0
International operations	0.2	0.5	0.2
Stock	0.6	0.5	(0.0)
Distributions on investment trusts	3.9	1.9	(1.9)
Gain on cancellation of investment trusts (Gain surplus)	—	—	—
Capital market investment and procurement	0.0	0.1	0.1
Domestic operations	14.2	12.6	(1.5)
International operations	0.3	0.7	0.3

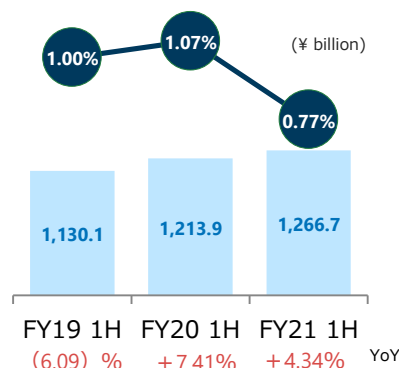
➤ Average loan balance and yield



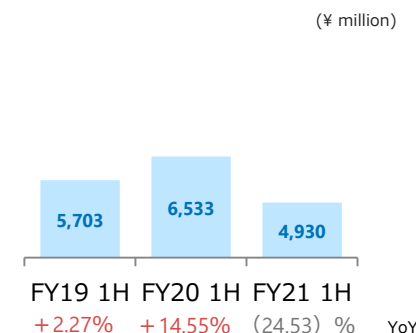
➤ Interest on loans



➤ Average security balance and yield



➤ Interest on securities



The balance of loans increased mainly in the corporate segment due to enhanced financial agency functions based on business feasibility studies.

Average

	FY20 1H	FY21 1H	YoY (% change)
(¥ billion)			
Deposits	3,187.6	3,420.2	+232.6 (+7.2%)
Yamanashi Pref.	2,818.8	3,025.4	+206.6 (+7.3%)
Tokyo and Western Tokyo Area	368.8	394.7	+25.9 (+7.0%)

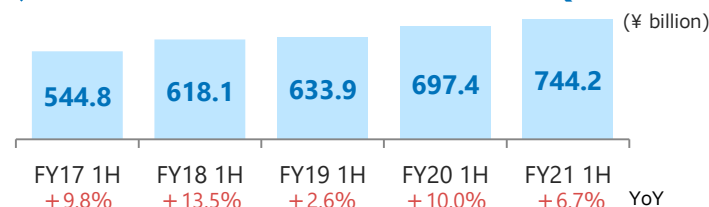
Deposits shares in Yamanashi Pref. (term-end)	49.6%	50.7%	+1.1P	-
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(Excluding Japan Post Bank)

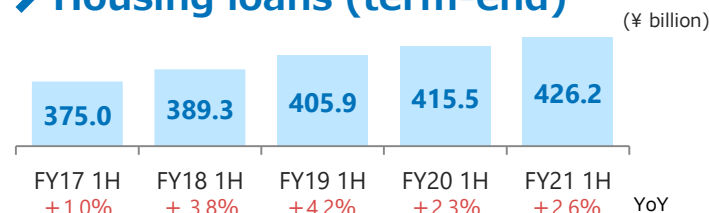
	FY20 1H	FY21 1H	YoY (% change)
(¥ billion)			
Loans	1,846.8	1,900.0	+53.2 (+2.8%)
By area			
Yamanashi Pref.	910.2	959.8	+49.6 (+5.4%)
Tokyo and Western Tokyo Area	765.5	819.7	+54.2 (+7.0%)
Loan assets under the control of head office departments	171.0	120.4	(50.6) ((29.5) %)
By market			
General funds	1,147.7	1,237.1	+89.4 (+7.7%)
Non-commercial for individuals	392.3	402.5	+10.2 (+2.6%)
Local government bodies	306.7	260.3	(46.4) ((15.1) %)

Loan shares in Yamanashi Pref. (term-end)	43.6%	43.9%	+0.3P	-
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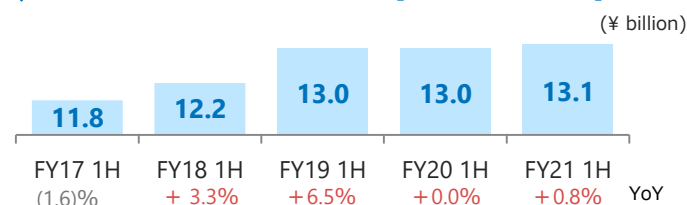
Balance of loans to SMEs (term-end)



Housing loans (term-end)

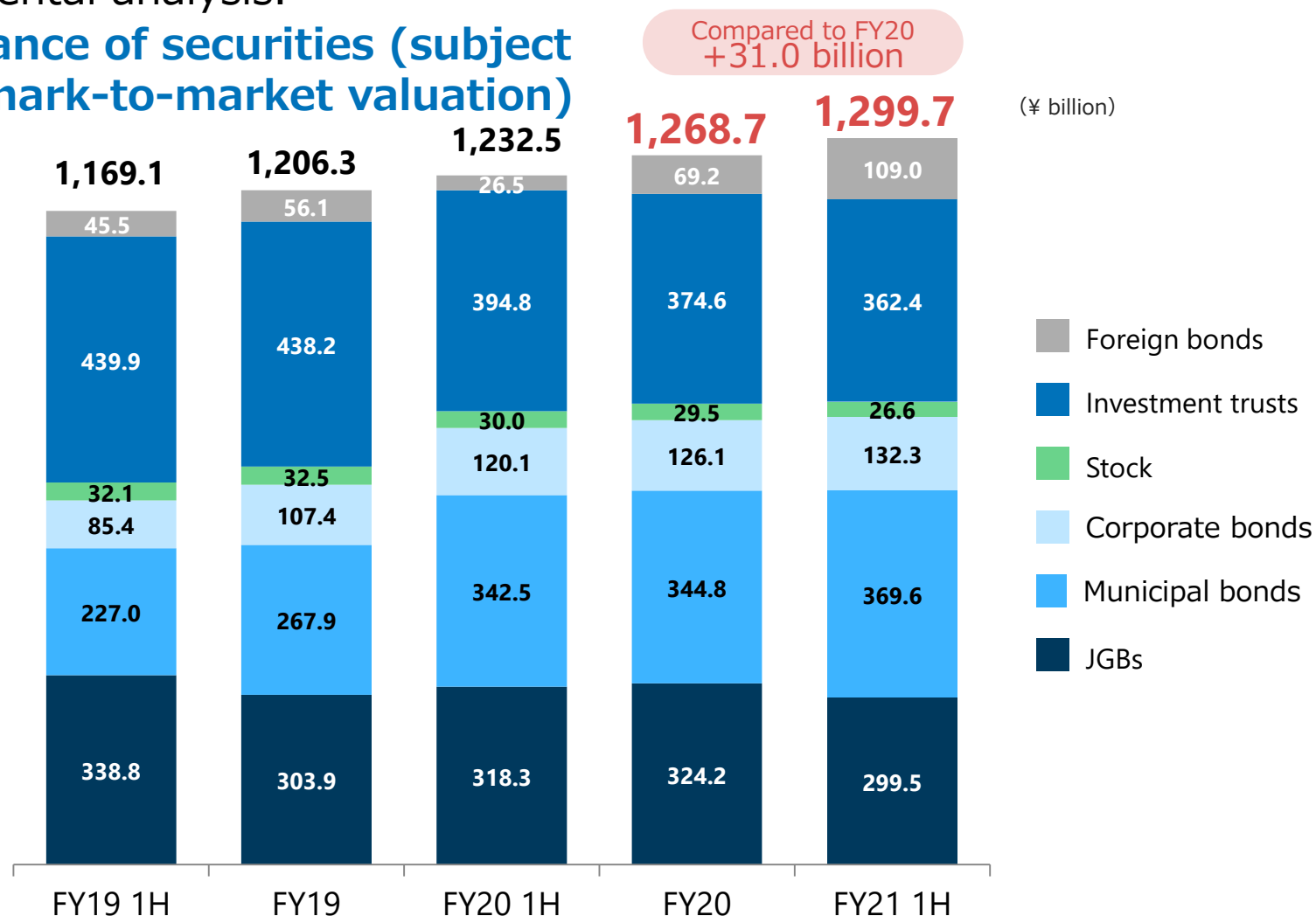


Unsecured loans (term-end)



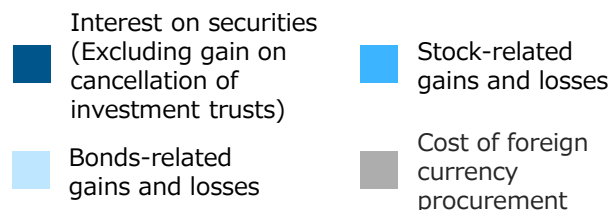
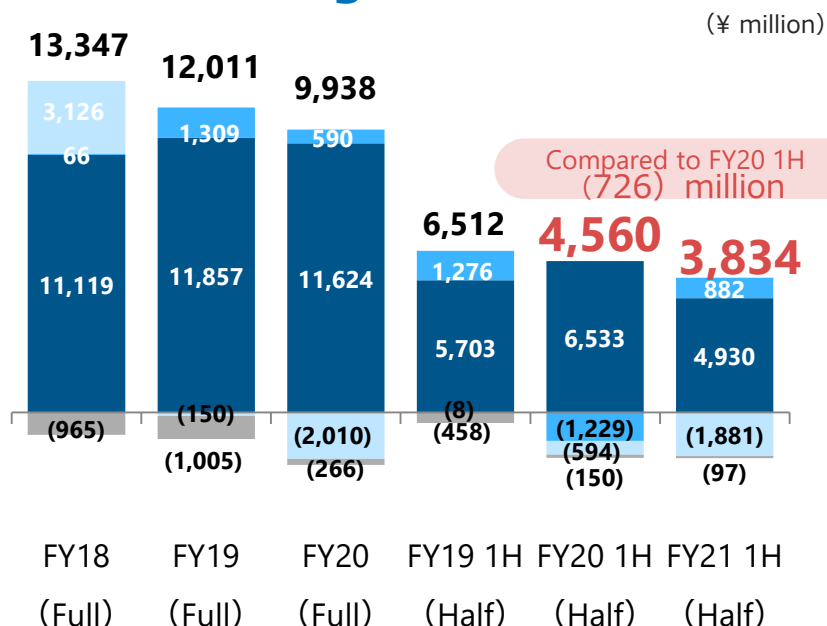
The balance increased due to flexible investment behavior based on fundamental analysis.

➤ Balance of securities (subject to mark-to-market valuation)

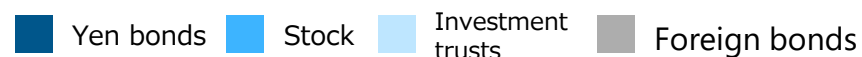
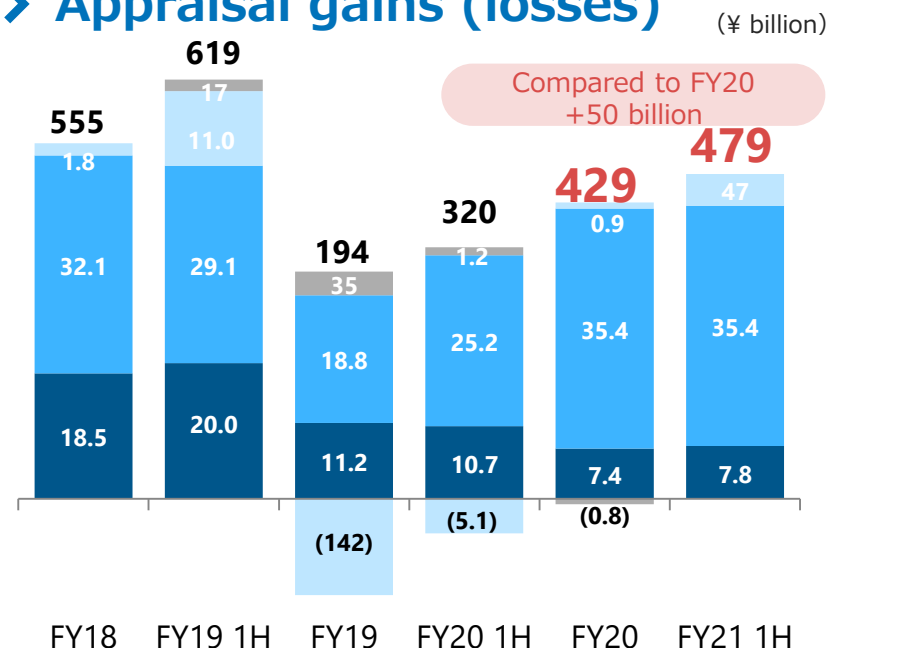


Although securities-related profits decreased year-on-year, appraisal gains showed a trend toward improvement due to qualitative improvements in the portfolio.

➤ Securities gains and losses



➤ Appraisal gains (losses)



* From FY20, net reporting has been applied to gain or loss on cancellation of investment trusts.

The method to settle accounts has been changed to recording gain surplus under interest on securities, and recording loss surplus under bond-related losses. (Surplus in the past were reprocessed and are presented accordingly).

Both fee and commission income from financial products and fee and commission income from corporations increased due to strengthened consulting operations.

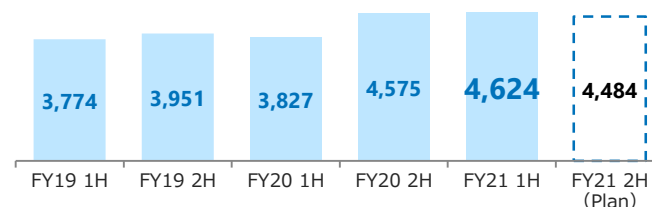
(¥ million)	FY20 1H	FY21 1H	YoY
Fees and commissions	2,423	3,213	790
Fees and commissions	3,827	4,624	797
Fee and commission expenses	1,403	1,411	8

<Main breakdown>

Fee and commission income from financial products (excluding the corporate portion)	770	1,277	507
Fee and commission for investment trusts	385	744	359
Fee and commission for life insurance (excluding the corporate portion)	372	482	110
Brokerage fee and commission for financial products	1	45	44
Fee and commission for public bonds	8	3	(5)
Fee and commission income from corporations	443	690	247
Fee and commission for finance including syndicate loans	250	262	12
Fee and commission for M&A	79	160	81
Fee and commission for consulting	23	110	87
Fee and commission for business matching	44	88	44
Fee and commission received related to foreign exchange (domestic)	929	888	(41)
Loan payment premiums and guarantees	960	966	6

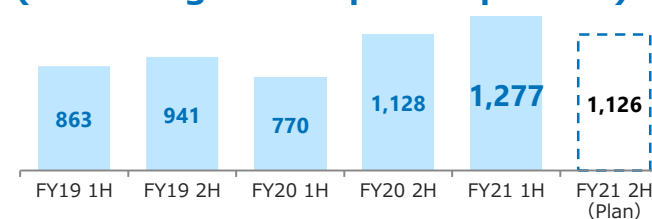
➤ Fees and commissions

(¥ million)



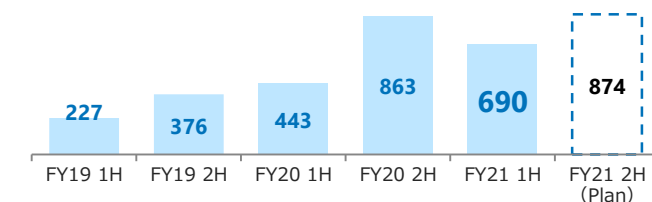
➤ Fee and commission income from financial products (excluding the corporate portion)

(¥ million)



➤ Fee and commission income from corporations

(¥ million)



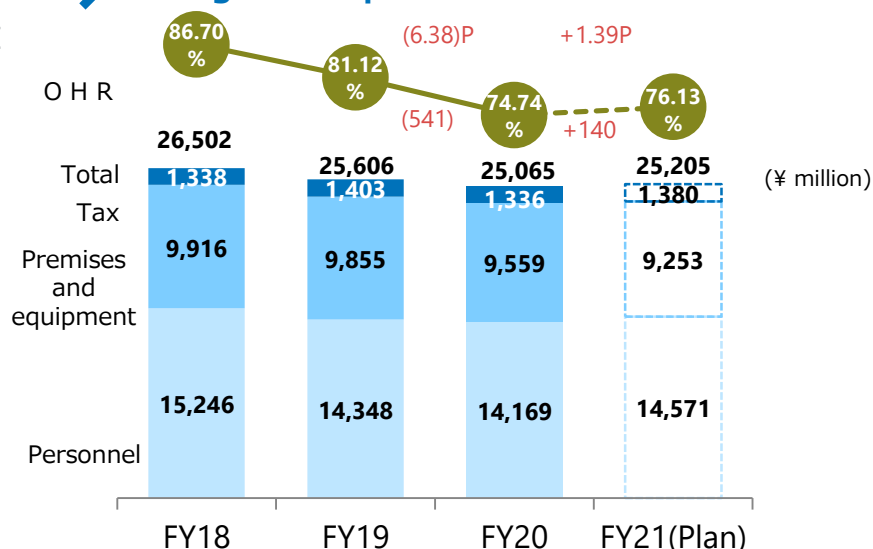
Expenses/OHR (Operating Expenses/Core Gross Business Profit) 山梨中央銀行

Continue with structural reforms through the revision of business processes and expenses.

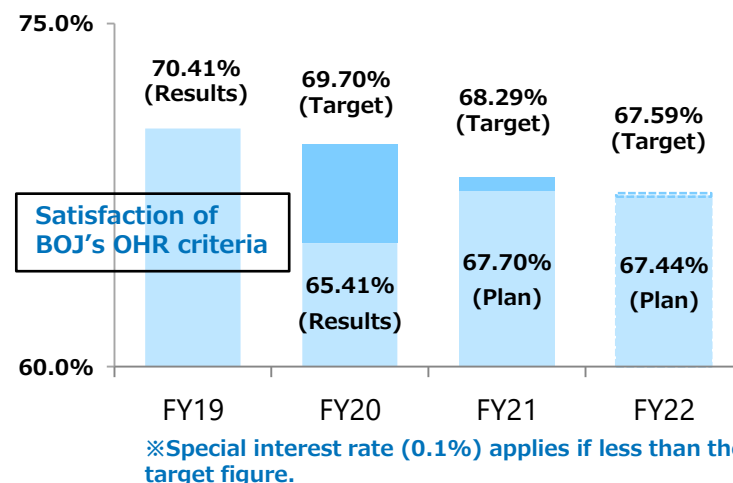
Expenses

(¥ billion)	FY20 1H	FY21 1H	YoY	FY21 (Plan)	YoY
Expenses	12.8	12.8	0.1	25.2	0.1
Personnel	7.1	7.5	3.0	14.5	0.4
Premises and equipment	4.8	4.4	(3.0)	9.2	(0.3)
Tax	0.8	0.8	(0.1)	1.3	0.0
OHR	75.94%	77.89%	+1.95P		

Changes in expenses and OHR



Expected achievement of BOJ's special interest rate system requirements



Main factors behind changes in expenses

(¥ billion)	FY20 1H (Results)	FY21 (Plan)
Personnel	0.3 Revision of the HR system (temporary increase)+0.3	0.4 Revision of the HR system (temporary increase)+0.4
Premises and equipment	(0.3) Sale of business fixed assets(0.1) System maintenance expenses(0.2)	(0.3) Sale of business fixed assets(0.1) System maintenance expenses(0.2)
Tax	(0.0)	0.0

Credit-related expenses are expected to grow from a preventive point of view, taking the effects of COVID-19 into consideration.

(¥ billion)	FY20 1H	FY21 1H	YoY	FY21	FY21 (Forecast)	YoY
Credit-related costs	△ 0.0	0.7	0.7	0.9	1.6	0.6
Net provision to general loan loss reserve	△ 0.0	(0.6)	(0.5)	(0.5)	(0.2)	0.2
Disposal of non-performing loans (non-operating income (losses))	△ 0.0	1.3	1.2	1.4	1.8	0.4
Net provision to specific loan loss reserve	△ 0.0	1.2	1.2	1.3	1.8	0.4
Provision to reserve for contingent losses	0.0	0.0	0.0	0.1	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)
Credit cost ratio	(0.76)bp	7.38bp	8.14bp	5.08bp	8.31bp	+3.23bp

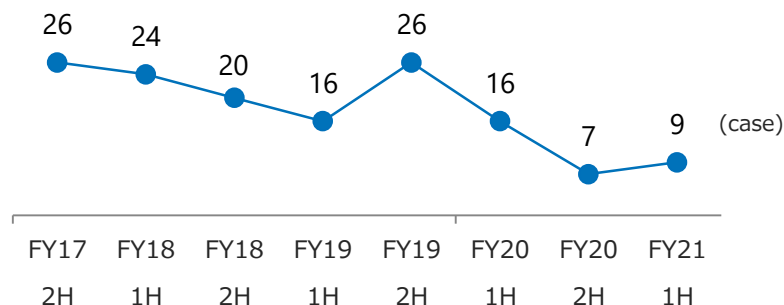
* In the table to the left, reversal of allowance for loan losses are split into net provision to general loan loss reserve and net provision to specific loan loss reserve to facilitate comparisons with prior periods.

➤ Credit-related costs



➤ Number of bankruptcies of companies in Yamanashi Pref.

(Total liabilities of ¥10 million or more)



Source: TOKYO SHOKO RESERCH, LTD.

Earnings Forecasts for the Current Term (FY21)

Profits in the main business are expected to continue to grow

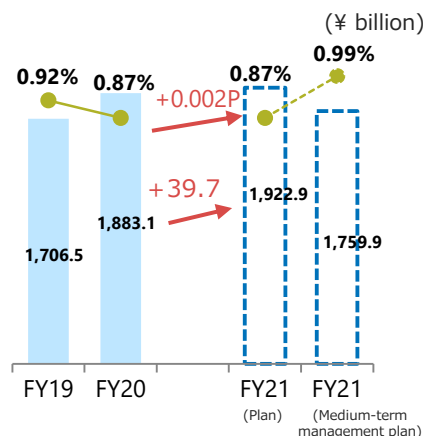
Non-consolidated

(¥ billion, %)	FY20	FY21 (Plan)	YoY
Gross business profit	31.5	29.9	(1.5)
Interest income	27.9	26.7	(1.2)
Interest on loans	16.5	16.9	0.3
Interest on securities	11.6	9.2	(2.3)
Fees and commissions	5.6	6.3	0.7
Other operating income	(0.0)	(0.0)	0.0
Core gross business profit	33.5	33.1	(0.4)
JGBs and other bond transactions	(2.0)	(3.1)	(1.1)
Expenses	25.0	25.2	0.1
General provision to loan loss reserve	(0.5)	(0.2)	0.2
Net business profit	6.9	5.0	(1.9)
Core net business profit	8.4	7.9	(0.5)
(Excluding gain on cancellation of investment trusts)	8.4	7.9	(0.5)
Non-operating losses	(1.5)	(0.1)	1.4
Reversal of loan loss reserve	1.4	1.8	0.4
Equity share and similar transactions	0.5	1.6	1.0
Ordinary profits	5.3	4.9	(0.4)
Net income	2.6	3.0	0.3

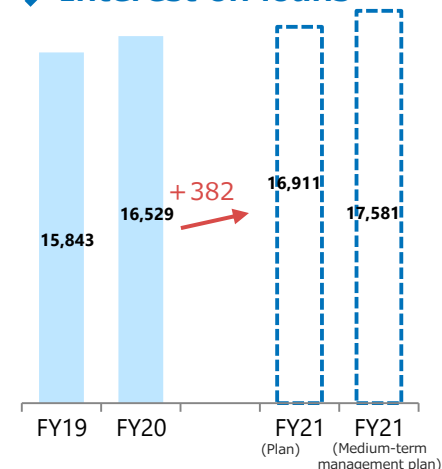
Consolidated

(¥ billion, %)	FY20	FY21 (Plan)	YoY
Consolidated ordinary profits	6.2	5.6	(0.6)
Profit attribute to shareholders of the parent	3.0	3.3	0.2

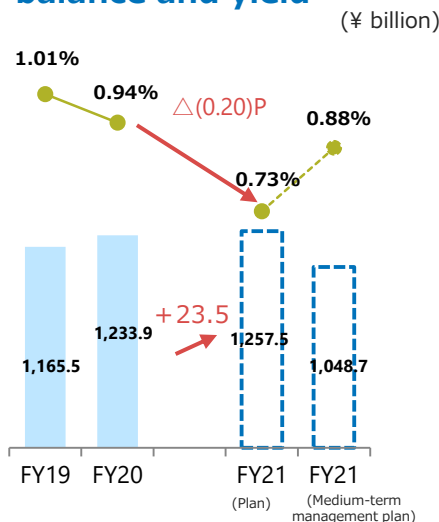
Average loan balance and yield



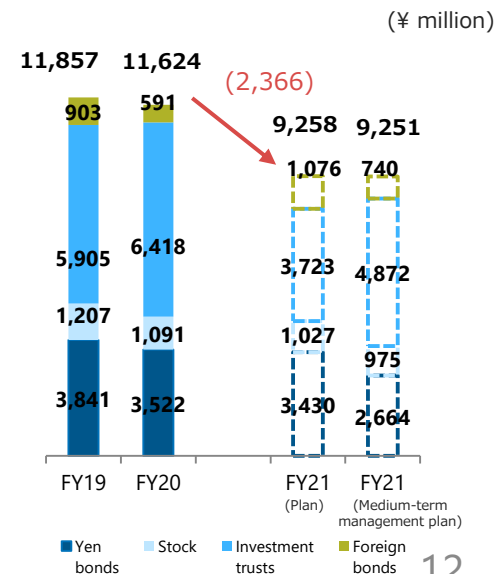
Interest on loans (¥ million)



Average security balance and yield



Interest on securities (¥ million)



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

Return to shareholders – Results and plan (Yen)

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (Plan)
Dividend per share	7.00	10.00	9.00	7.00	35.00	35.00	35.00	35.00

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

(¥ million)

Non-consolidated net income	8,200	8,737	6,710	4,464	4,494	3,430	2,655	3,000
Annual dividend	1,211	1,712	1,521	1,172	1,162	1,114	1,116	1,119
Dividend pay out ratio	14.83%	19.70%	22.73%	26.34%	25.97%	32.99%	42.02%	37.30%
Treasury stock acquired	834	899	1,235	487	522	1,128	–	–
Return to shareholders	2,045	2,611	2,757	1,659	1,684	2,242	1,116	1,119
Shareholder return	24.94%	29.88%	41.08%	37.17%	37.48%	65.38%	42.02%	37.30%

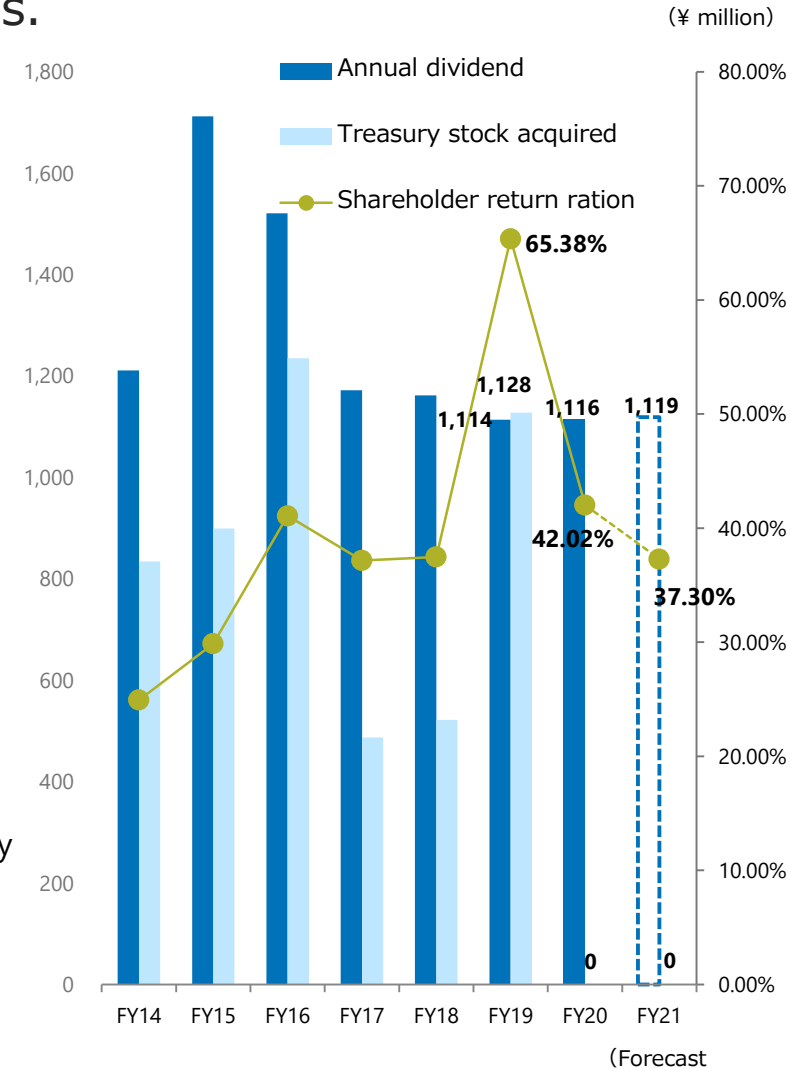
Dividend policy

Performance-linked dividends

Stable dividend: ¥35

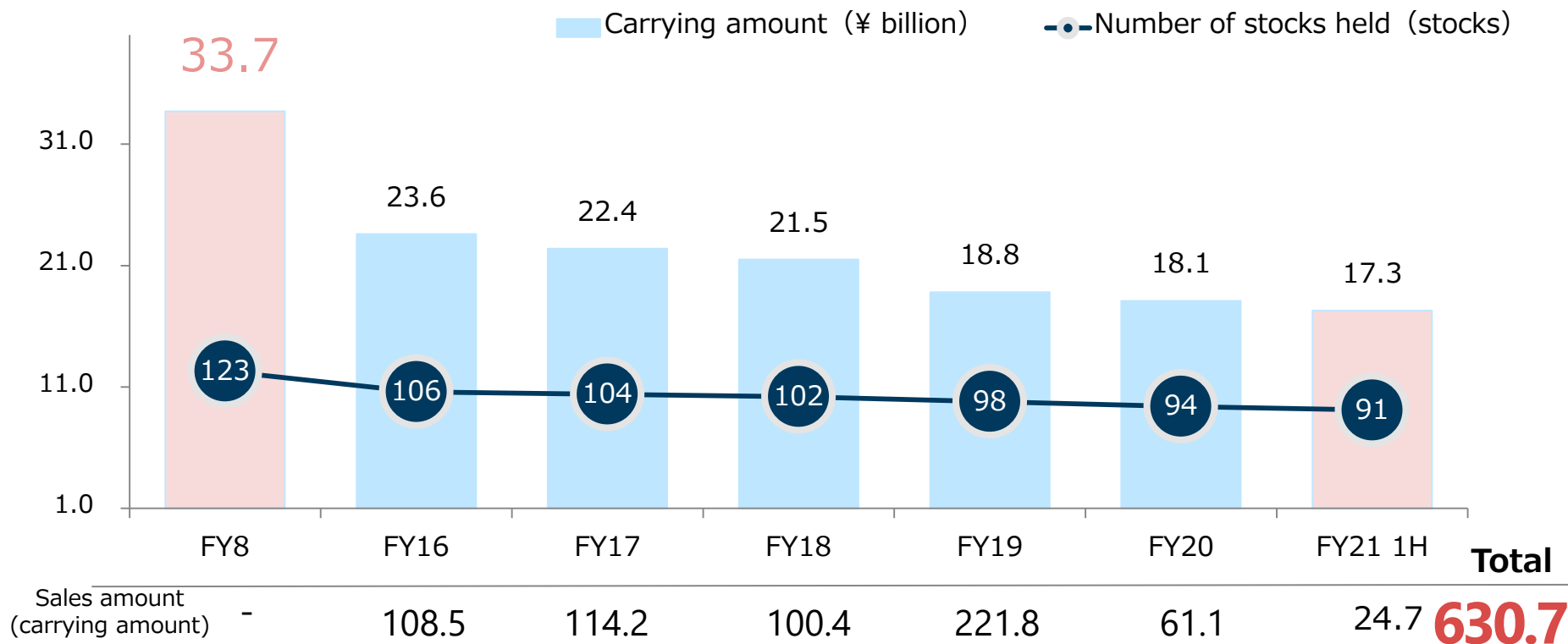
Standard of shareholder return ratio: 20~30% annually

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



Successively reduce cross-shareholdings based on quantitative and qualitative assessments.

- 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 approximately ¥16.4 billion since FY08.
- Steady progress has been made on reducing the balance of cross-shareholdings, with sales of cross-shareholdings amounting to ¥6.3 billion since FY16.



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

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 (1st stage for achieving the long-term vision)

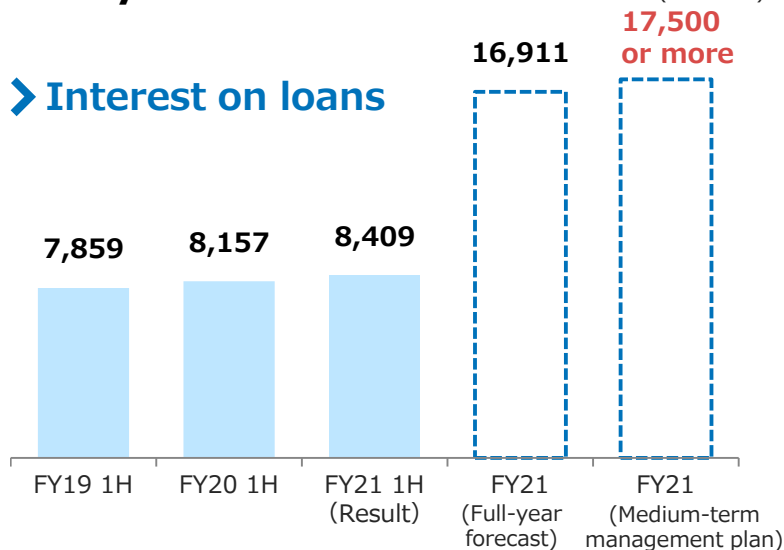
Basic strategy	Enhance customer touchpoints	Aiming to be a bank that connects with all customers
	Create common values	Aiming to be a bank that adapts to new environments
	Improve personnel vitality	Aiming to be a bank where diverse personnel shine
Increase the sophistication of management and administration approach		Strengthen CSR based on the SDGs and ESG principles

Progress on Key Performance Indicator Targets (1)

Full-year forecast for FY21

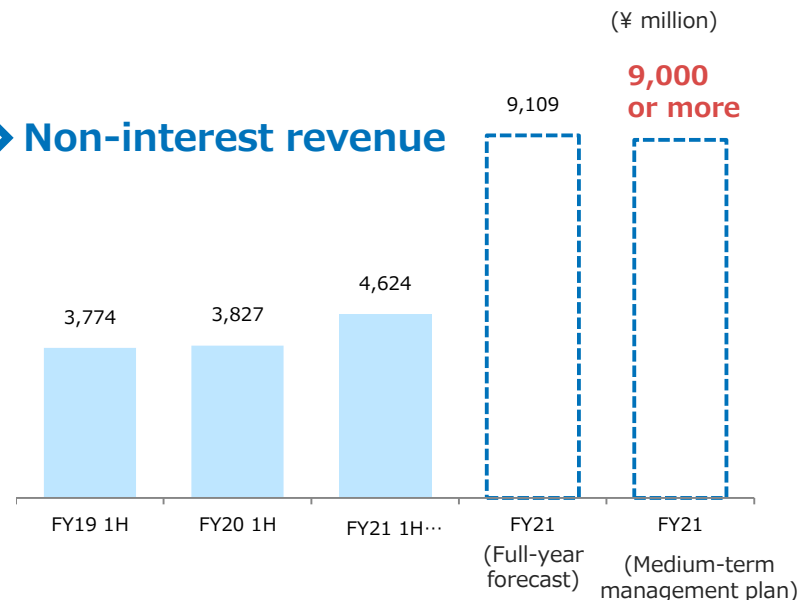
(¥ million)

Interest on loans



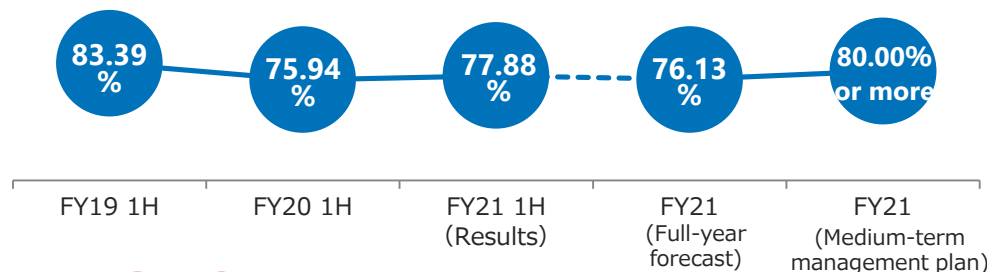
Interest on loans **16.9 billion**

Non-interest revenue



Non-interest revenue **9.1 billion**

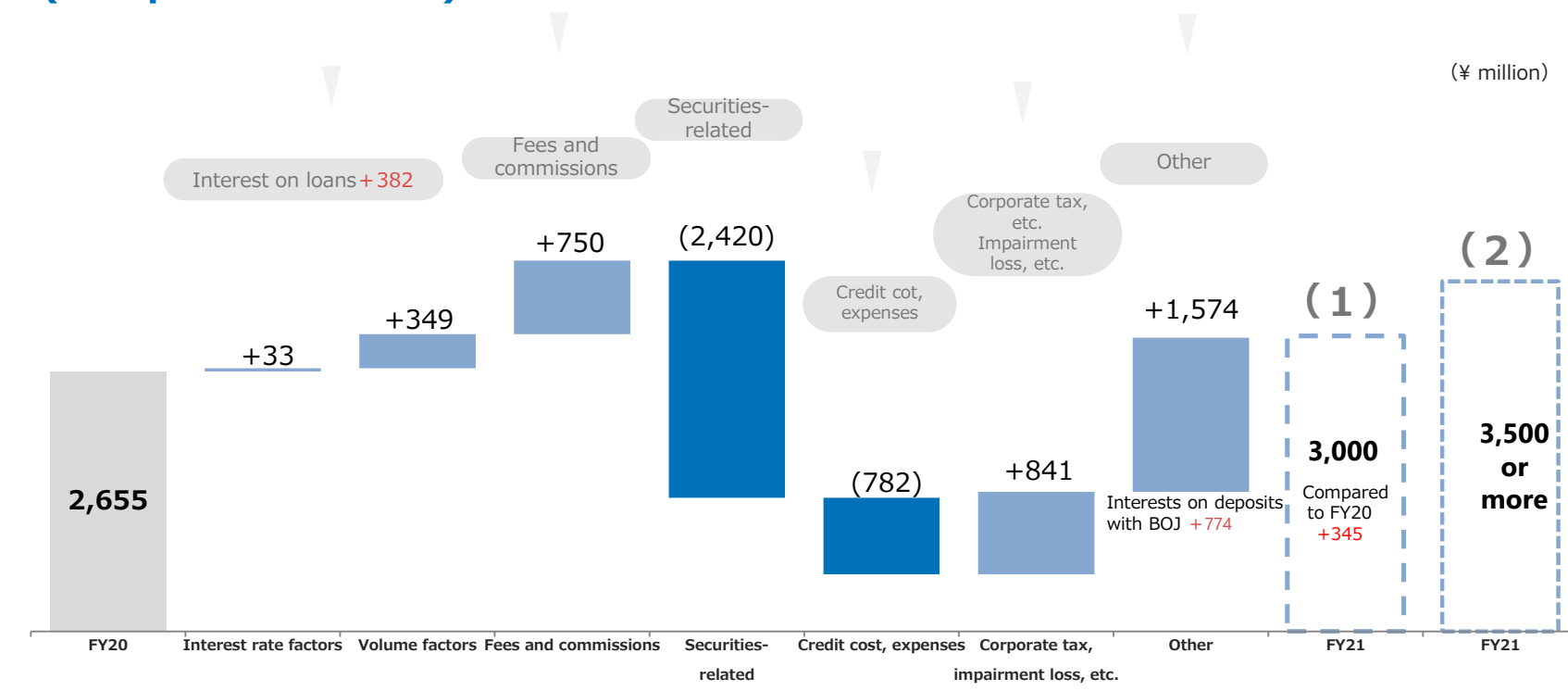
OHR(Operating expenses/ Core gross business profit)



OHR **76.13%** (Operating expenses/ Core gross business profit)

Progress on Key Performance Indicator Targets (2)

➤ Net income: Movement analysis of full-year forecast for FY21 (compared to FY20)



Net income 3.0 billion Difference between (1) [Analysis of factors for variance]

full-year forecast for FY21 and (2) Medium-term management plan target for FY21 → (500)

Interest income	+679	JGBs and other	
Interest on loans	(670)	bond transactions	(3,256)
Interests on deposits with BOJ	+854	Equity share and similar transactions	+1,182
(COVID-19 operation, BOJ special interest rate)		Credit cots	(1,019)
Fees and commissions	+363	Cost	+584
		Other	+806



静岡・山梨アライアンス

Shizuoka・Yamanashi Alliance

The Bank entered into a comprehensive business alliance with the Shizuoka Bank with the aim of sustainable growth with its region toward the realization of long-term vision “Value Creation Bank”.



【Major areas of collaboration】

Corporate needs

Banking needs

Need for life planning

Vitalizing local economy

Shared activity/BPO

DX/Shift to cashless operations

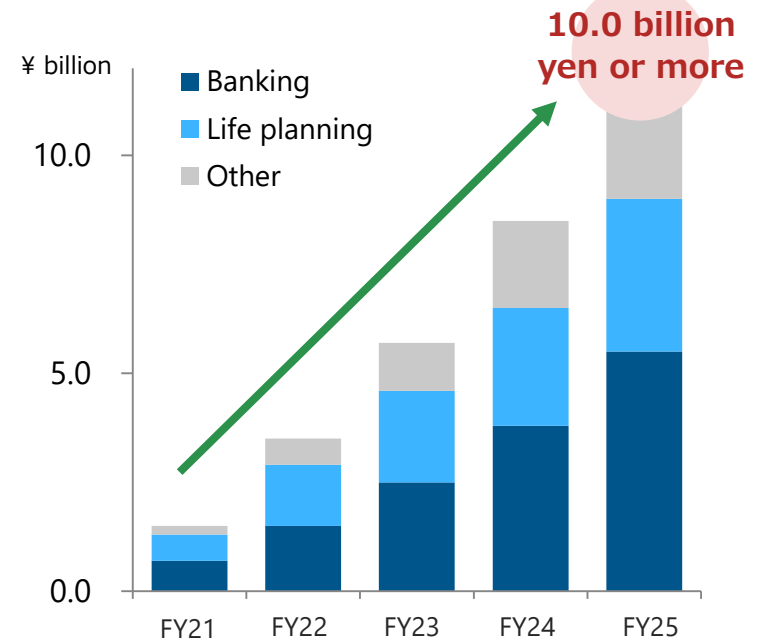


Image of synergy effects

- 10.0 billion yen or more if the 5-year totals for the 2 banks are combined
- Synergy effects are favorable, at 50:50
- FY21 first half results: approx. 2.9 billion yen

Banking needs

Collaboration in the finance field

- Start of collaborations in structured finance (loans and investments) Cumulative joint financing by the two banks: 22.5 billion yen
- Co-financing, joint creation of syndicate loans Cumulative financing/loan: 11.9 billion yen
- Started handling FUJIBON privately placed bonds in commemoration of the alliance

Corporate needs

Conclusion of a collaborative agreement on overseas business (May 2021)

- Utilization of Shizuoka Bank's overseas bases and cooperation with them
- Dispatching of an employee to the Hong Kong Branch of Shizuoka Bank

Conclusion of business matching agreements by customers of both banks

Need for life planning

Start of collaboration with Shizugin TM Securities in financial instrument

- Opening of Shizugin TM Securities' Yamanashi Head-Office Branch on the second floor of Yamanashi Chuo Bank's Head Office (Apr. 2021)
- Dispatching of one employee from Shizuoka Bank to Yamanashi Chuo Bank and seven employees from Yamanashi Chuo Bank to Shizugin TM Securities
- Building of a bank-securities cooperation model to meet a wide range of customer asset management needs



Vitalizing local economy

Hosting of various seminars and meetings for business negotiations

- Holding of individual business negotiations (7 times)
- DX seminars for local governments (July 2021)
- Seminar to promote relocation, permanent residency, and living in two locations (Aug. 2021)
- Joint holding of Kid's Academy (Sep. 2021)
Collaboration project between Hokuto City and Fukuroi City

Other

● Personnel exchange/HR exchange

Joint training for new employees, joint holding of a ceremony for prospective employees

● Conclusion of agreements on "free mutual ATM use" and "mutual vehicle use in case of disaster" (Oct. 2021)

Establishment of a cooperative system to improve convenience of customers of both banks and to provide financial services and electric power infrastructure to local communities in the event of a disaster or other emergency

Thorough support for enterprises based on a hard look at what things will be like after COVID-19.

Status of support in financing and corporate reconstruction

Results of COVID-19-related loans

New loans Number executed (cases/¥ billion)			Changing conditions Number executed (cases/¥ billion)
Total	Proper loans	Loans guaranteed by Credit Guarantee Corporations	
5,124/127.9	209/28.5	4,915/99.4	2,725/78.9

(As of Nov 24, 2021(Changes to conditions are as of the end of Oct.))

Promote corporate reconstruction and ensuing regrowth by responding with 3S's (Smile, Speed, Simple) with Will and Skills

Situation of main business support and financial improvement

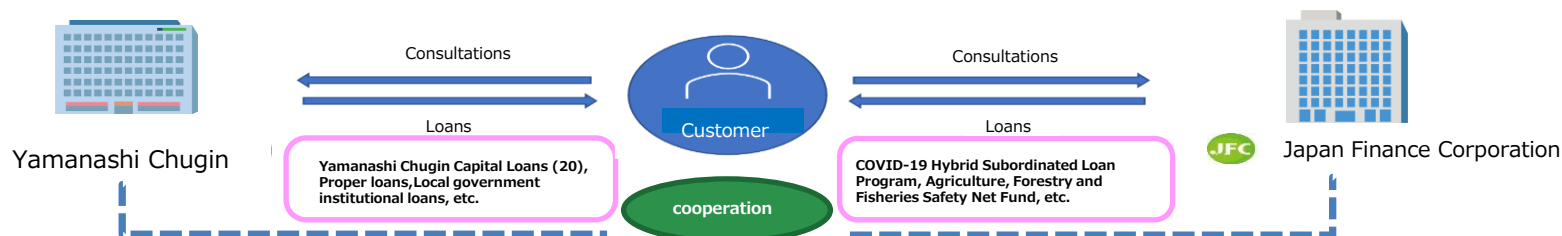
Thinking alongside and holding discussions with managers to solve problems together

Support activities for customers' main business

- Provide consulting support services, such as support for the main business and restructuring of the business model, tailored to the actual situation of each company through the COVID-19 Management Support Team jointly operated by branches and the Head Office for the purpose of supporting sales recovery and profit structure improvement of counterpart companies.
- Effectively use national subsidies, such as business restructuring subsidies, to support the development of new businesses and changes in the business/industry type.
- Support the expansion of sales channels utilizing the Shizuoka-Yamanashi Alliance and expand partnerships with external collaborative organizations

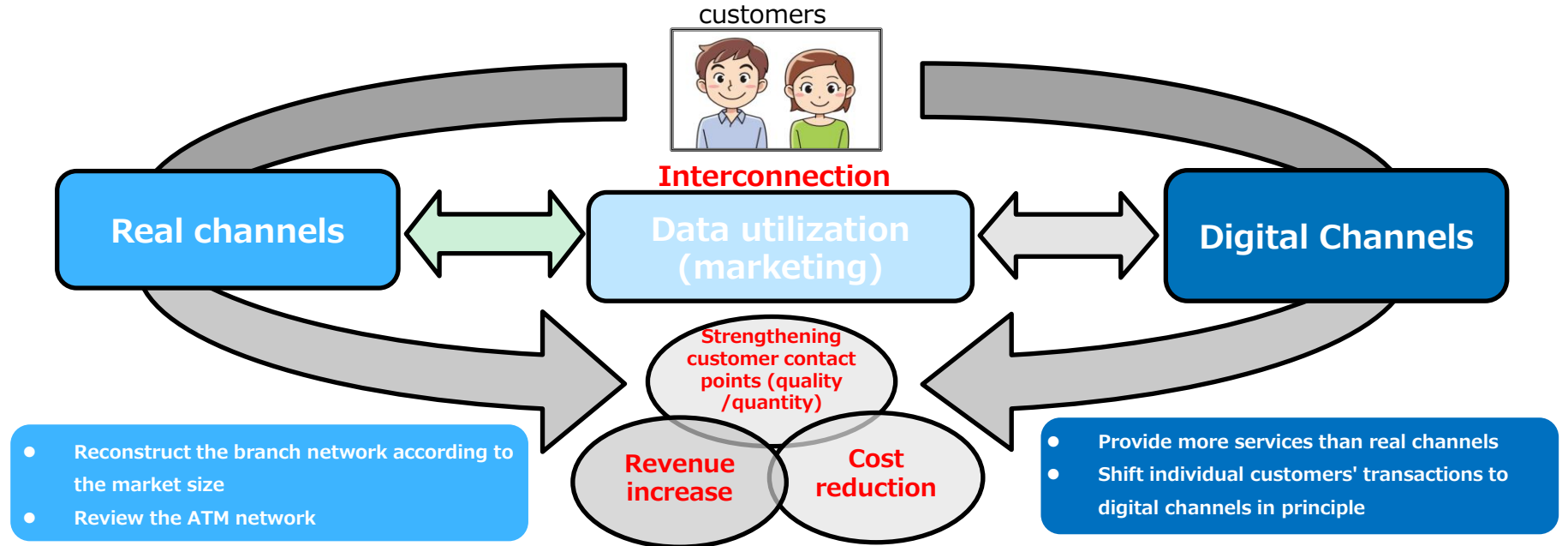
Collaboration and cooperation with government-affiliated financial institutions

- Established the co-financing scheme "COVID-19 Response Management Reinforcement Affiliated Loans" (known as Yamanashi Progress) in Oct. 2021 by strengthening cooperation with Japan Finance Corporation to support the formulation of management and financing plans and provide funds in response to the needs.
- Support customers' financial stability and financial structure improvement by utilizing Yamanashi Chugin Capital Loans (20), the COVID-19 Hybrid Subordinated Loan Program by the Japan Finance Corporation, and other means.

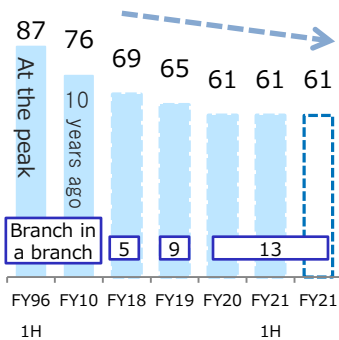


Medium-Term Management Plan Measures

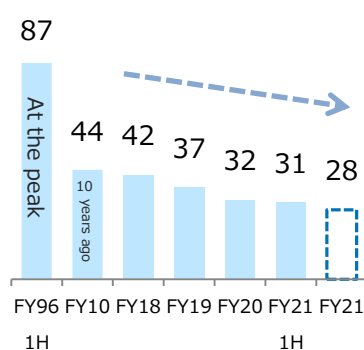
Maintain and expand touch points by strengthening digital channels, while optimizing the branch network and other real channels



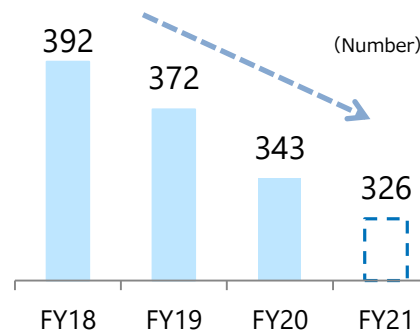
Number of location in Yamanashi Pref.



Full banking branches in Yamanashi Pref.



Changes in the number of ATMs



Digitization of bank transactions

Sophistication of data utilization

- Realize online IB for individuals (scheduled for Oct. 2022)
- Introduce a banking app with a portal function (scheduled for Apr. 2023)
- Construct a data-based problem-solving scheme

Strategy for the Western Tokyo Area (1)

[Concentrated investments on Western Tokyo Area] 山梨中央銀行

Western Tokyo Area market size



Number of private business offices	Population	Number of households
210,000 (Approx. 4.4 times Yamanashi Pref.)	5,590,000 (Approx. 7.0 times Yamanashi Pref.)	2,670,000 (Approx. 7.8 times Yamanashi Pref.)

* Western Tokyo Area includes the city areas of Tokyo Metropolis, Nishi-Tama District, Suginami-ku, and Sagami-hara City in Kanagawa Pref.

(Source: 2019 "Basic economic census", Apr. 2021 "Population Estimates")

- Reinforcement of sales staff in the growth market (the Western Tokyo Area)
- Enhancement of the customer support system by the united efforts of the Head Office and branches

Develop business that "Starts with customers"

Implementation of high value-added consulting sales activities centered on fields, such as the medical field and business succession

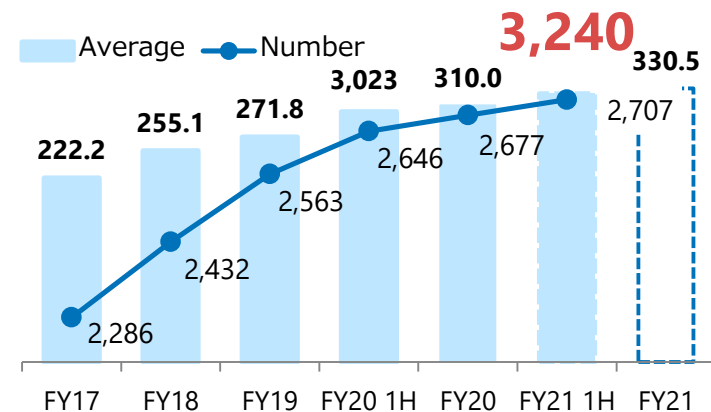
Reinforcement of Head Office support platform

Strengthening of customer support and branch assistance

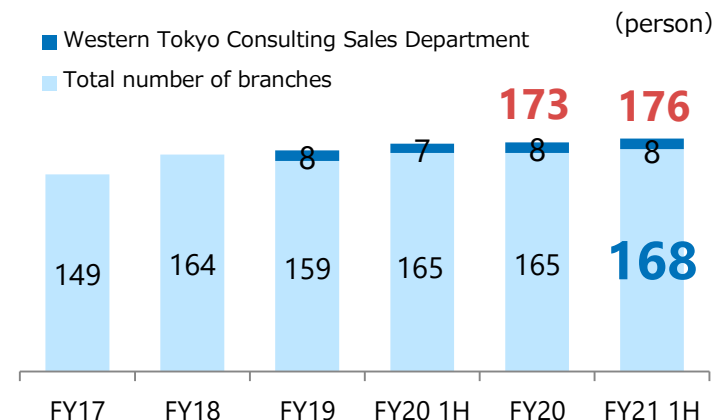
Effects of concentrated investments

➤ Trends in average loan balance and number of business loan customers in Western Tokyo Area

(¥ billion, Number)



➤ Trends in number of sales staff in Western Tokyo Area

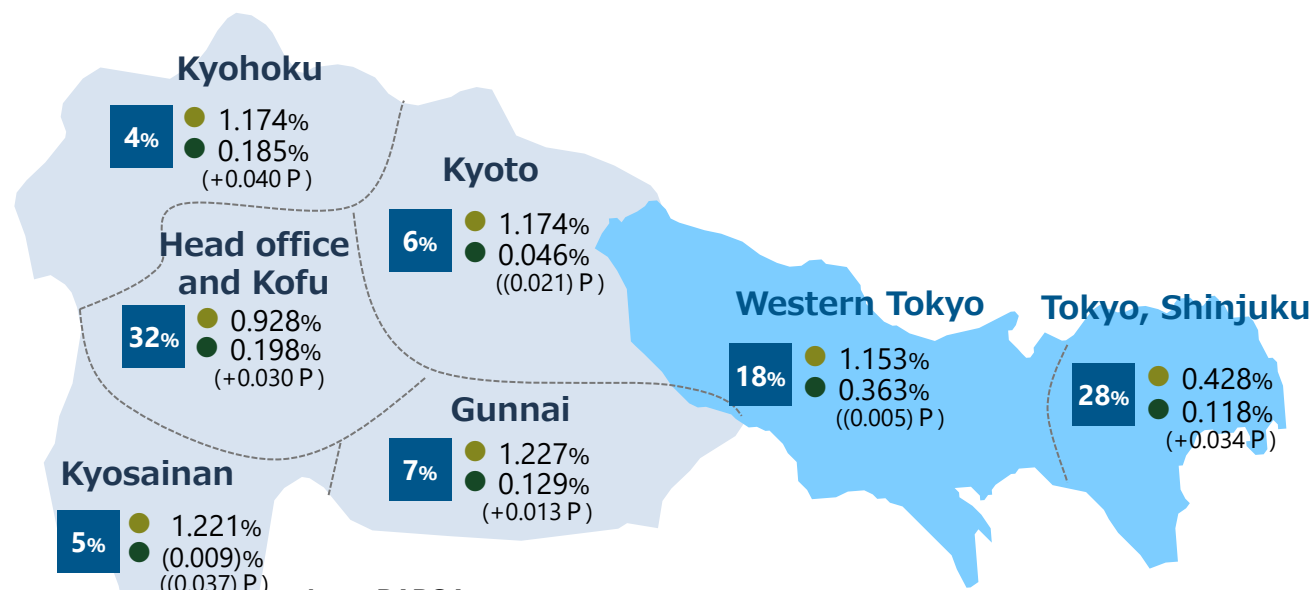


Strategy for the Western Tokyo Area (2)

[Loan RAROA by Area]

Loan RAROA for all areas: 0.181% (YoY +0.018P)

<One-Month> Results
(September 2021)



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

Expenses: Including ordinary loan expenses, mortgage loan group credit insurance premiums, consumer loan insurance premiums

Long-term trends in the Western Tokyo Area

(%)	FY10 1H	FY11 1H	FY12 1H	FY13 1H	FY14 1H	FY15 1H	FY16 1H	FY17 1H	FY18 1H	FY19 1H	FY20	FY21 1H	Versus 10 years ago	YoY change	Versus 6 month ago
Average loan rate by area	2.068	1.960	1.816	1.725	1.660	1.488	1.339	1.254	1.241	1.192	1.166	1.153	(0.915)P	(0.039)P	(0.013)P
Loan RAROA by area (YoY)	0.428	0.491	0.470	0.457	0.452	0.450	0.370	0.361	0.354	0.368	0.407	0.363	(0.065)P	(0.005)P	(0.044)P
Breakdown of loans by area	11	12	12	13	13	15	16	18	18	18	18	18	+7P	±0P	±0P

Promote fuller and expanded consulting to realize comprehensive financial services.

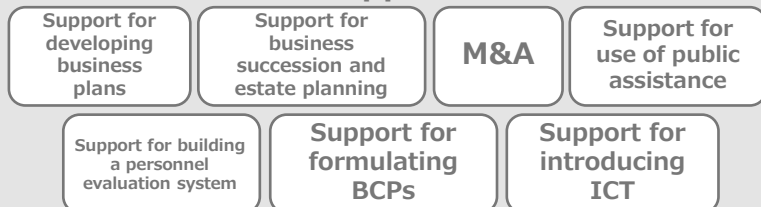
Deepen the Consulting Field

Increase Customers' Corporate Value



- Demonstrate consulting capabilities based on business feasibility studies
- Create common values through in-depth conversations

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

Oct.
2019

The Bank began offering staffing services (i.e., the Bank acquired a license to conduct a fee-based job placement business).

Mar. 2020
Mar. 2021

Contracted as an indirect subsidized business for the Cabinet Office's pioneering HR business.

Jul.
2021

Tie ups with private human resource placement companies that can introduce side business personnel

Newly entered the human resource placement business. Expanding collaboration with private human resource placement companies and strengthening cooperation to promote absorption of expertise, etc. ahead of internalizing operations.
Developed a system for introducing side business personnel.

Diversify financing methods

Sep.
2019

Added dedicated staff at Head Office (two people) and formed a structured finance team.

Dec.
2020

The headquarters was reorganized to establish the new Structured Finance Office

Jan.
2021

Dispatched two employees to Shizuoka Bank based on the Shizuoka-Yamanashi Alliance

Aug.
2021

Dispatched one additional employee to Shizuoka Bank

Yamanashi Chuo Bank improved and expanded its systems and strove to enhance its profitability early, mainly through human resources development and the acquisition of know-how based on the Shizuoka-Yamanashi Alliance.

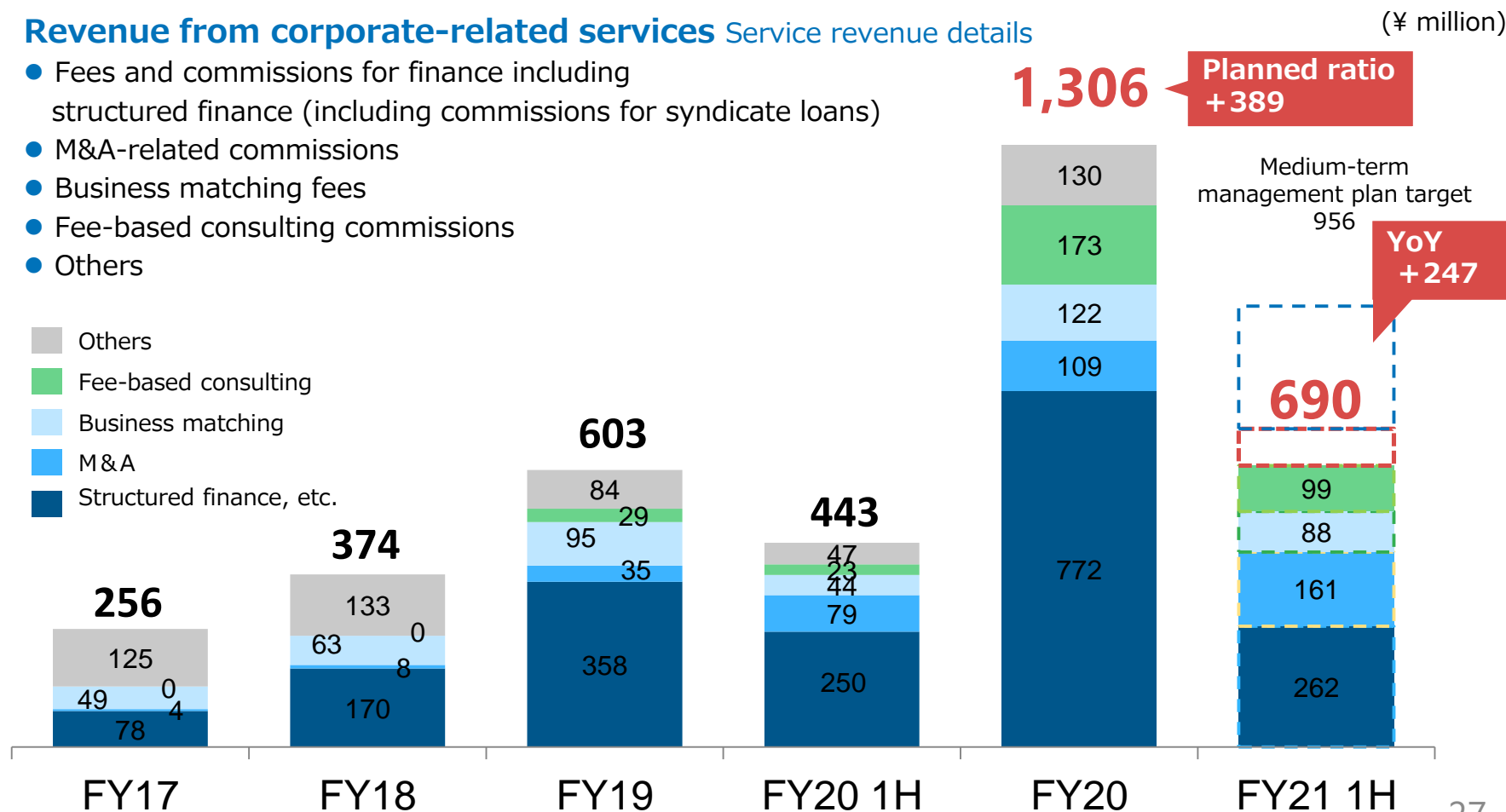
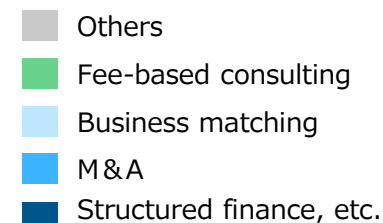
Revenue from corporate-related services exceeded goals, making steady progress

Corporate-related services revenue has steadily increased centered mainly on structured finance, M&A and fee-based consulting business operations.

Compared to the full-year 2021 target of 956 million yen, the actual result for the first half is 690 million yen (achievement rate 72.1%).

Revenue from corporate-related services Service revenue details

- Fees and commissions for finance including structured finance (including commissions for syndicate loans)
- M&A-related commissions
- Business matching fees
- Fee-based consulting commissions
- Others

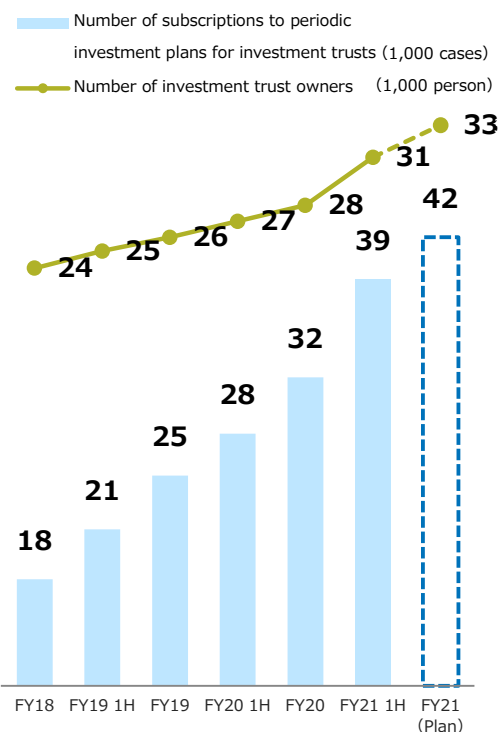


Steadily develop and strengthen a customer-oriented business operation system

Asset formation

Periodic investment plans
for investment trusts, iDeCo

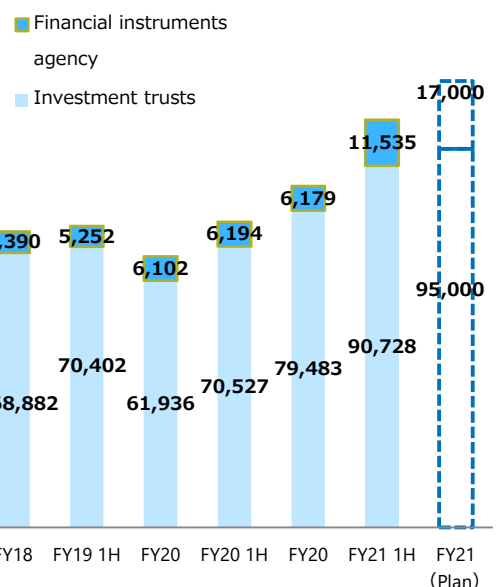
The number of subscribers to periodic investment plans for investment trusts and investment trust owners have been increasing



Asset management

Investment trusts, life insurance
Foreign currency deposits, bonds

Financial instruments agency balance has been increasing through initiatives based on the Shizuoka-Yamanashi Alliance



Apr. 20, 2021: Financial instruments agency service with Shizugin TM Securities started!



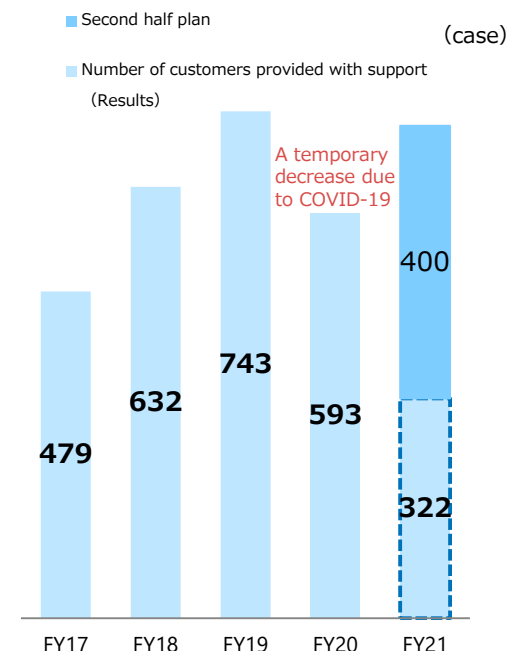
静岡・山梨アライアンス
Shizuoka-Yamanashi Alliance

Asset succession

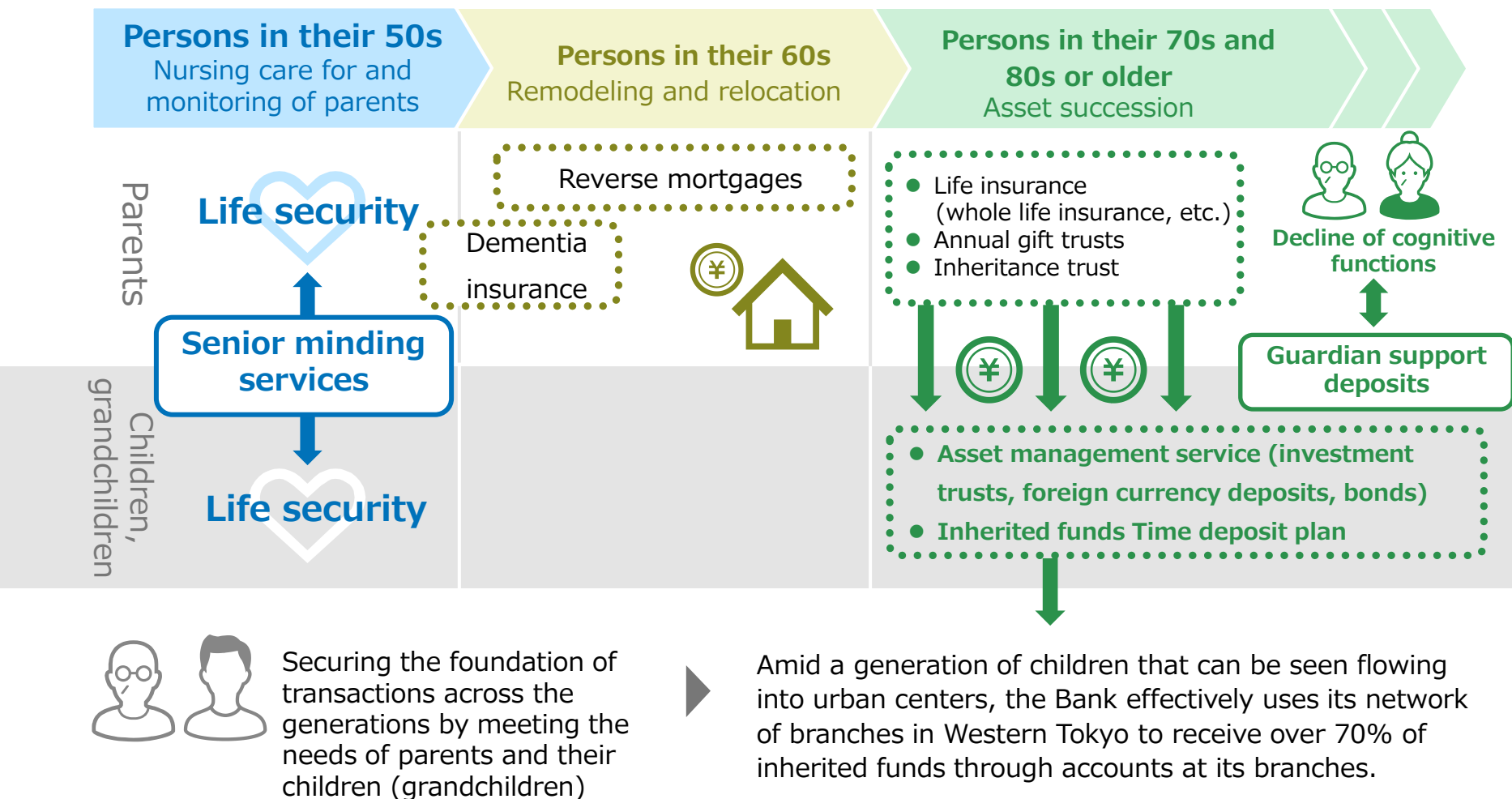
Proposals for successful inheritance measures
Testamentary trusts

The number of customers provided with asset succession support increased steadily

*customers provided with asset succession support:
Helping customers to solve problems related to asset succession (including inheritance measures)

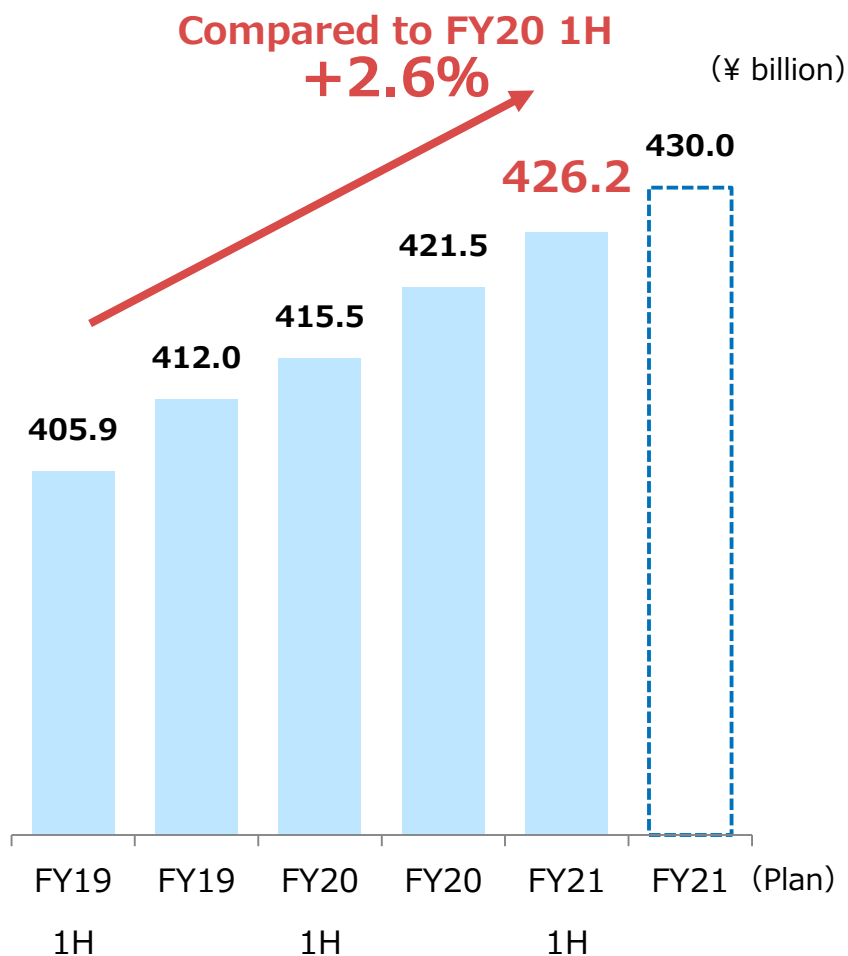


Enhancement of the consulting service menu for elderly customers and their families



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

➤ Housing loans term-end balance



Measures to expand housing loans

Proactively address customer needs

Lineup of products that meet the needs of customers who are considering relocating to Yamanashi Pref. or living in two locations, including Yamanashi (Balance at the end of September 2021)

- Housing loans dedicated to relocation 16 cases/¥307 million
- Second-house loans 6cases/ ¥70 million

Provision of special interest rates by the continuous implementation of the Interest Plan

Improve convenience

Reducing burden on customers by adopting electronic contract services and rationalizing and streaming clerical work (Started handling in November 2021)

Differentiation from other banks

Provided customers with fully secured group credit life insurance while minimizing their payments.

Regional Banks Association of Japan's group credit life insurance for cancer

* Covering deaths, serious disabilities, and cancer
⇒No interest payments by customers

Regional Banks Association of Japan's double support for group credit life insurance

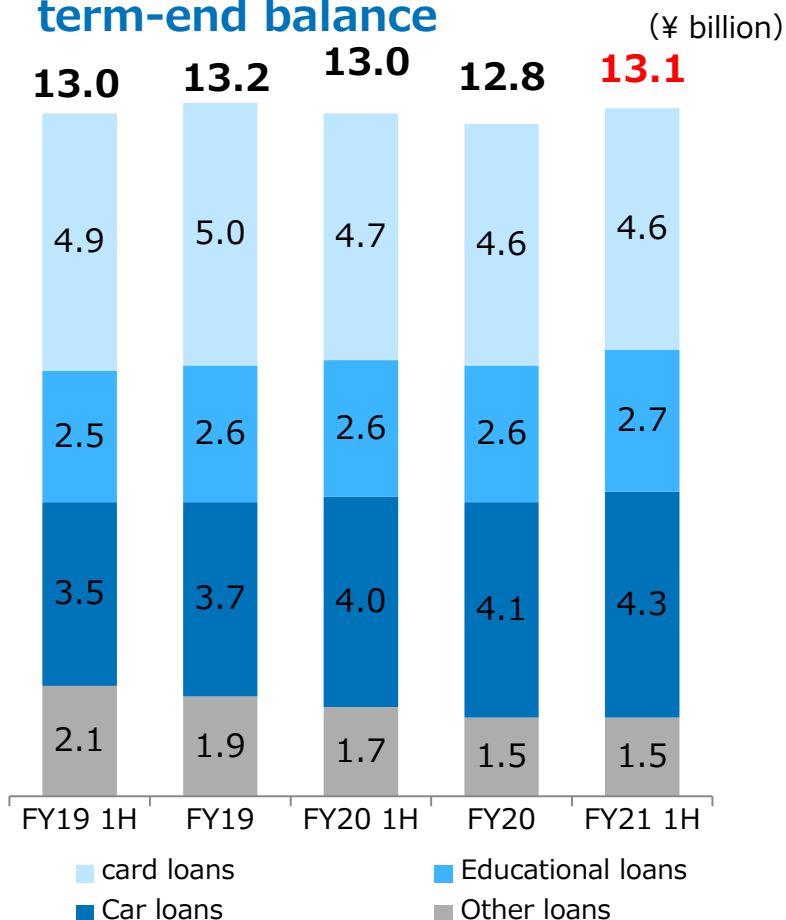
* Covering deaths, serious disabilities, and 8 major diseases
⇒Interest payments by customers +0.1%

Unsecured Individual Loans

The balance of unsecured personal loans decreased because of sluggish consumer spending due to COVID-19.

Striving to increase the balance by stepping up efforts to advertise the expansion of Web-based products and actively meeting customer need.

Unsecured individual loans term-end balance



Measures to expand unsecured individual loans

Proactively address customer needs

Implement campaigns during periods of high demand for funds



Improve convenience

Expanding 7 types of car, educational, and other loans so that all processes from application to contract can be performed online (making visiting branches unnecessary; launched on Jan. 18, 2021)

⇒ Approximately 90% of car and educational loans applied for were handled online.

Promote cross-selling

Stepping up efforts to corral users of the Bank's housing loans

(through after-sale follow-ups and implementation of measures to give housing loan users preferential rates)



Increase Productivity through BPI

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

Dramatic improvement in productivity by digitization and consolidation of clerical work

Branch operations

Rationalize and streamline reception operations

- Started handling seal-less transactions (Apr. 2021~)
- Simplified method to confirm corporate intentions (July 2021~)
- Simplified partial release of collateral concerning funds for commercial land (June 2021~)
- Started handling services for digitization of seizure (Sep. 2021~) etc.

Drastically centralize back office operations

- Centralization of confirmation work of account transfer request forms at the Head Office (Apr. 2021~)
- Rationalizing and streamlining of clerical work for inheritance (June 2021~)
- Centralization of the preparation of statements concerning civil seizure to the Head Office (June 2021~)
- Reduction of attached documents for centralized storage of claim documents at the Head Office (Sep. 2021~) etc.

Head Office operations

Automate operations using RPA

- Developed RPA robots for 57 types of operations, mainly data aggregation and data entry work by Sep. 2021. Forecast to cut about 9,500 labor hours annually.

Streamline operations

- Streamlined operations by digitalizing various types of internal documents and revising operational processes simultaneously. Annual work hours reduction of approximately 73,000 hours (compared to FY17).

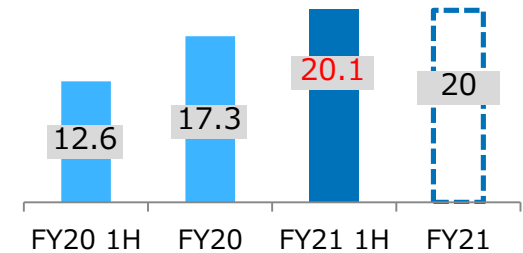
Common Platform

Develop systems and paperless operations

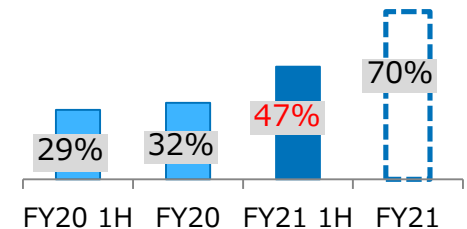
- Improvement of functions of tablet terminals for clerks at the counters (Smile One)
- Improvement of functions of the loan support system (BANK R)
- Expanded paperless operations through digitalization of various types of internal documents by using groupware etc.

Annual work hours

(10,000 hours)



Annual paper consumption



KPI

FY21 Target
Annual work hours
Reduction of 200,000 hours
(compared to FY17)

FY21 1H Results
**Reduction of
201,000 hours**

FY21 Target
Annual paper consumption
Reduction of 70%
(Compared to FY17)

FY21 1H Results
**Reduction of
47%**

Improve Personnel Vitality

Aiming to be a bank where diverse personnel shine

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

Personnel management

Make work rewarding and fulfilling for every employee

Personnel management to draw out employees' strengths and capabilities

- Introduction of a new HR system (Yamanashi Chuo Bank's version of a job-based HR system) (**Oct.2021**)
- Improvement of management skills of managers
⇒ **Conducted 360-degree evaluation and feedback training (continuation)**

Initiatives to improve and maintain motivation

- Sent a "negirai mail" to employees who achieved excellent results in qualification acquisition, competitions, etc.
⇒ **First half: The General Manager of the Human Resources Department sent the mail to 87 employees.**
- Foster a reliable and attractive workspace culture that incentivized staff
⇒ **Through prevention of harassment (continuation)**

Human resource development

Develop specialist human resources

Promotion of training suitable for during the COVID-19 pandemic

- ⇒ Promotion of use of Y-Support, a small-class, personalized training program by job type. A total of 1,309 persons applied during the first half.
- ⇒ Shift from group training to Web-based training and the utilization of e-learning

Improve productivity

Encourage flexible workstyles Communication, etc.

Flexible workstyles during the COVID-19 pandemic, etc.

- ⇒ Utilization of a teleworking system (continuation)
- ⇒ Promotion of better communication through the hosting of Web-based exchange meetings

Diversity promotion

- ⇒ Continued and promoted examination of measures, etc. by the Colors promotion team

Be a bank where diverse human resources reach their potential

Experience job

fulfillment and growth

External assignment

On-the-job training (OJT) and

training seminars

Self-improvement

Drive DX in the entire region as a regional financial institution
DX promotion committee (chair: president)

Aggressive DX strategy

Creation of new financial experience that starts with customer needs

Wallet+, Portal applications, CRECO, Brand debit, Loans whose procedures completed by only online application

Defensive DX strategy

Drastic productivity improvement

Workflow, RPA, Utilization of AI, Mobile tablets, Smile One, Online meetings

Supportive DX strategy

Establishment of a structure for highly strategical system operations

Open API, Cloud, Blockchain, AR, VR

Achievement by advancing DX

Utilization of data and digital technology

Reform of business model

Establishment of superiority in competition

Support in digitization

Support in vitalizing local economy

Support in productivity increase

Contribution to DX in the whole of regions

Develop and Strengthen the IT Platform to Help Increase Corporate Value

Maintenance and development of system personnel to achieve the management strategy

Strive to evolve to a highly strategic system management framework in order to realize digital transformation

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

Strategic priorities

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

Realize drastic restructuring of IT costs and optimal resource allocation

Build a robust IT platform that will underpin management strategy

(optimize personnel as a key IT resource)

Increase in system personnel by 22 persons (compared to FY18)

「Cloud shift」 ・ 「In-house development」

Improvement

Promotion of in-house system development

- Improvement of functions of tablet computers for clerks at the counters (Smile One)

Expansion of transactions subject to "preparation services for transaction slips featuring QR codes"

Transformation

Promotion of in-house system development by cloud shift

Construction of next-generation branches

- Introduction of semi-self-service terminals

Considering cloud computing for core banking systems

Innovation

Utilization of block chain platforms

- Electronic distribution of mail forms

Utilization of the latest IT

- AI, VR, AR

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

Help to realize a sustainable regional 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
2. Develop a sustainable regional economy
3. Appoint and utilize diverse human resources

Organization of the SDGs Committee (Apr. 1, 2021)

Regional challenges are wide-ranging, making multi-faceted, specialized analyses and reviews vital for their solution. Therefore, in order to utilize the knowledge of departments at the headquarters and the network of human resources across boundaries between organizations, the Yamanashi Chuo Bank Group established the SDGs Committee in Apr. 2021. The Committee will discuss and consider various measures to solve regional challenges and address the priority promotion items included in its SDGs Declaration, thus contributing to the realization of a sustainable society.

Established the Yamanashi Chuo Bank Group's Investment and Loan Policy. (Sep. 1, 2021)

The Yamanashi Chuo Bank Group will further accelerate investments and loans to contribute to solving environmental and social issues of customers and the region to realize a sustainable regional society.

In providing investment and loan services, the Bank will make appropriate decisions by placing importance on financial information as well as the impact on environment, society, and governance (ESG).

1. The Bank will actively support businesses, etc. that lead to the solution of environmental and social issues.
2. The Bank will not invest and provide loans to businesses, etc. that have a negative impact on the environment or society.

Support for the TCFD recommendations (Nov. 12, 2021)

In recent years, abnormal weather and natural disasters have caused enormous damage nationwide, which greatly impacted business operations of local communities and customers.

The Bank has expressed its support for the TCFD recommendations to contribute to solving regional environmental issues by analyzing and evaluating the risks and opportunities that climate change poses to both our customers and the Bank. Going forward, the Bank will enhance the disclosure of information related to climate change.

Yamanashi Chuo Bank Group's SDGs Declaration

Key measure 1 Strive to reduce environmental impact

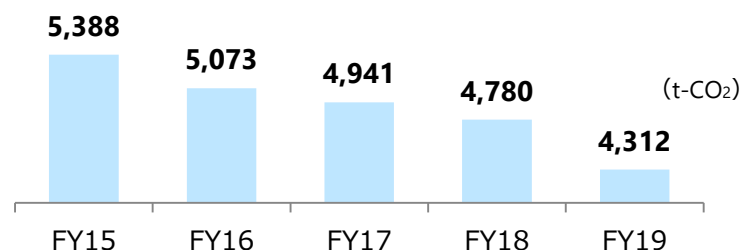


The Ministry of the Environment certified the Bank as a supportive body of the “ESG Regional Financial Promotion Program for 2020” (Sep. 2020)

- Initiatives for the project to Create a Brand for CO2-free Agricultural Products Using Tomatoes and Other Agricultural Residue, Pruned Fruit Tree Branches, and Other Materials for Fuel

Presented recycled toilet paper to special needs schools in Yamanashi Prefecture.

Reduction in CO2 emissions*



*The Bank's Scope 1 (kerosene, fuel oil, petroleum gas, and city gas) and Scope 2 (electricity) emissions in periodical reports as stipulated in the Energy Conservation Act

Key measure 2 Develop a sustainable regional economy



Start of handling of Yamanashi Chuo Bank's SDGs Support Loans (Feb. 2020)

- offering preferential interest rates for loans to corporations and owner-managers who take (or plan to take) specific measures to contribute to achieving the SDGs (October 2021 Cumulative results 18 cases/¥ 529 million)

Start of handling of Privately Placed Bonds to Support Health Workers with a donation option (Feb. 2021)

- Privately placed bonds for enterprises which satisfy take specific measures to achieve the SDGs. Bond-issuing enterprises donate funds obtained from preferential issuing commissions to organizations and other entities that work for SDGs.

Initiatives using grants (Apr. 2021)

- In collaboration with the city of Fuefuki, the Bank has provided subsidy support to a company in the prefecture using grants and issued a loan to this company as an ESG regional finance initiatives.

Promotion of relocation and living at 2 locations

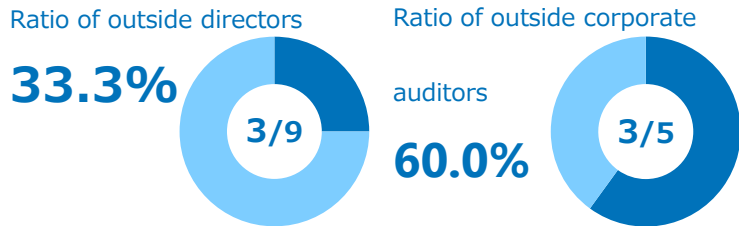
- Conclusion of an Agreement to Secure a Permanent Population with the Yamanashi prefectural government. Setting up of sections to contact for advice on relocation to Yamanashi in the Tokyo and Kanagawa branches.
- The Bank offers loans for relocation and living in two locations to provide stronger financial support and meet their financial and other needs.

CSR Initiatives Based on the SDGs and ESG Principles (3)

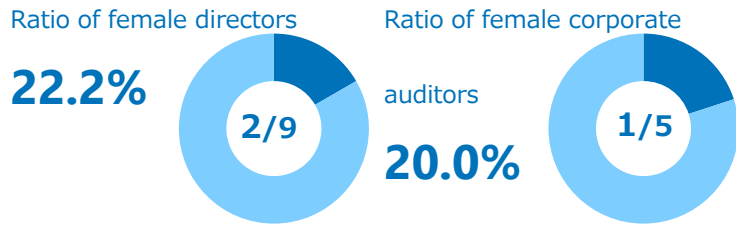
Key measure 3 Appoint and utilize diverse human resources



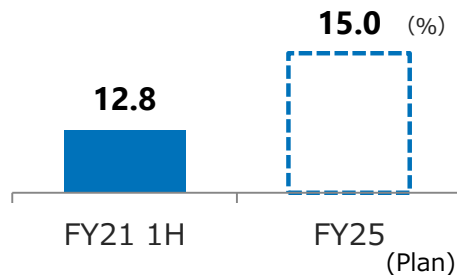
Raise ratio of outside officers to **42.8%**



Raise ratio of female directors to **21.4%**



Female manager and supervisor appointment ratio



Identification of the Bank's Materiality (Material Issues)

The Bank is working to increase its level of sustainability management, and as part of this effort, the Bank has identified six themes of materiality (material issues) that it needs to engage with.

ESG	Materiality theme	Overview
E	Maintaining a rich natural environment and passing it on to the future	The Bank will promote CO2 reduction initiatives to help achieve decarbonization, while supporting environmentally conscious initiatives undertaken by regional societies through the provision of environmental products, services, and information.
	Strengthening of various relationships and increase of regional economic activity	We will strengthen relationships with other banks and between industry, academia and government, while supporting the revitalization of regional society and industries through business activities. In addition, we will contribute to the prosperity of sustainable regional societies and regional economic development by communicating the attractive resources of Yamanashi Prefecture.
	Realization of digital transformation (DX) and digitalization of regional society	Lead the digitalization of the regional society as a whole by transforming the Bank itself with digital technology and returning this knowhow to local companies.
	Creation of common value through high-quality UI/UX*	Create customer value and build new service and business models leading the Bank to create economic value by providing high-quality services to meet customers' needs, rooted in the local community.
S	Creation of an organization that supports the growth and active participation of diverse human resources	Develop highly specialized employees and build workplace environments that allow diverse personnel to respect one another and succeed, thereby fostering a corporate culture that makes work satisfying and rewarding.
	Strengthening of corporate governance and compliance	Ensure the soundness and transparency of management and establish trust with all manner of stakeholders by working to develop our organizational structure, enhance information disclosure and engage in dialogue with stakeholders.
G		

*UI: Abbreviation for User Interface. The contact point between customers and the Bank.

UX: Abbreviation for User Experience. New experiences and satisfaction that customers obtain through the use of the Bank's products and services.

Towards the Next Medium-Term Management Plan

Outline of the Next Medium-Term Management Plan (Structural Diagram)

Our mission

「 Region-based operations and sound management 」

Long-term vision

「 Value Creation Bank 」

Three transformation drivers

「AX (Alliances) 」 「DX (Digital) 」 「SX (sustainability) 」

Strategy to increase
business capacity

- Deepening and expanding core business
- Exploring new businesses

～ Refinement of the core business and take on the challenge of new business opportunities～

Strategy to double the
productivity

- Take on the challenge of achieving zero clerical work
- Next-generation channel reform

～ Dramatic improvement in productivity by zero clerical work and channel reform～

Strategy of pursuing
sustainability

- Realization of human capital management
- High level of governance

～ Realization of coexistence of sustainable management and regional communities～

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:

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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.