



# The 42th Analyst Meeting

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June 1, 2022 (Wed)

Prime Market of the Tokyo Stock Exchange:8360

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# Summary of Business Results

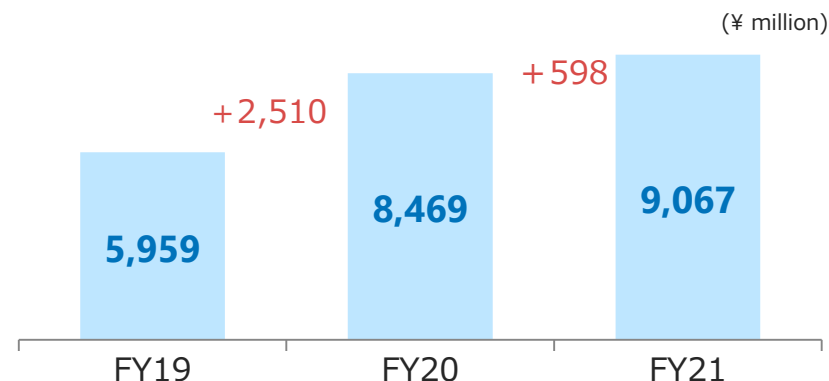


# FY21 Business Results (Summary)

Non-consolidated (¥ billion, %)	FY20	FY21	YoY
Gross business profit	31.5	29.2	(2.2)
Interest income	27.9	27.4	(0.5)
Fees and commissions	5.6	6.8	1.1
Other operating income	(0.0)	(0.1)	(0.0)
Core gross business profit	33.5	34.1	0.5
JGBs and other bond transactions	(2.0)	(4.8)	(2.8)
Expenses	25.0	25.0	(0.0)
General Provision to loan loss reserve	(0.5)	(0.4)	0.0
Net business profit	6.9	4.7	(2.2)
Core net business profit	8.4	9.0	0.5
(Excluding gain on cancellation of investment trusts)	8.4	9.0	0.5
Non-operating losses	(1.5)	1.0	2.5
Reversal of loan loss reserve	1.4	0.9	(0.4)
Equity share and similar transactions	0.5	2.0	1.4
Ordinary profits	5.3	5.7	0.3
Extraordinary income (losses)	(0.5)	(0.6)	(0.0)
Total corporate taxes, etc.	2.1	1.3	(0.8)
Net income	2.6	3.8	1.1
Credit-related costs	0.9	0.4	(0.4)

Consolidated (¥ billion, %)	FY20	FY21	YoY
Consolidated ordinary profit	6.2	6.6	0.3
Profit attribute to shareholders of the parent	3.0	4.2	1.1

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



### Main points of FY21 business

Net core banking profit posted a year-on-year increase, mainly due to an increase in income from fees and commissions. Current net income increased by 1.1 billion yen from the previous year due to a decrease in credit-related costs.

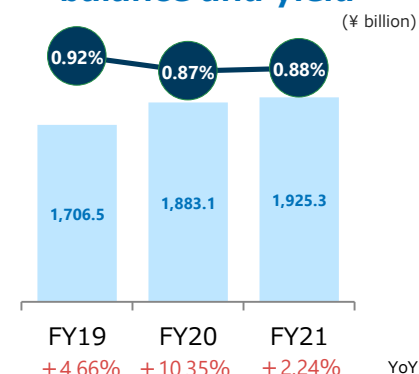
### About gain or loss cancellation of investment trusts

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.

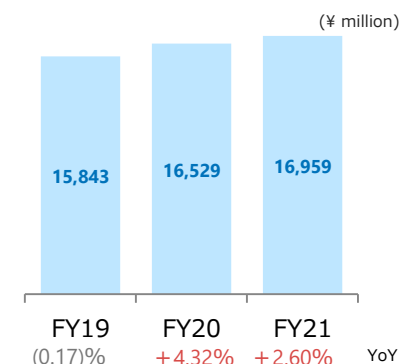
Interest on loans increased steadily. Interest income decreased due to a decrease in interest on securities.

	(¥ billion, %)	FY20	FY21	YoY
Interest income		27.9	27.4	(0.5)
Net interest margin		16.2	16.6	0.4
Interest on loans		16.5	16.9	0.4
Domestic operations		16.3	16.6	0.2
International operations		0.2	0.3	0.1
Interest on deposits		0.3	0.3	(0.0)
Domestic operations		0.3	0.2	(0.0)
International operations		0.0	0.0	0.0
Interest on securities		11.6	9.8	(1.8)
(Excluding gain on cancellation of investment trusts)		11.6	9.8	(1.8)
Bonds		4.1	5.3	1.2
Domestic operations		3.5	3.5	0.0
International operations		0.5	1.7	1.1
Stock		1.0	1.0	(0.0)
Distributions on investment trusts		6.4	3.4	(3.0)
Gain on cancellation of investment trusts (Gain surplus)		—	—	—
Capital market investment and procurement		0.1	0.9	0.8
Domestic operations		27.2	25.4	(1.8)
International operations		0.7	2.0	1.2

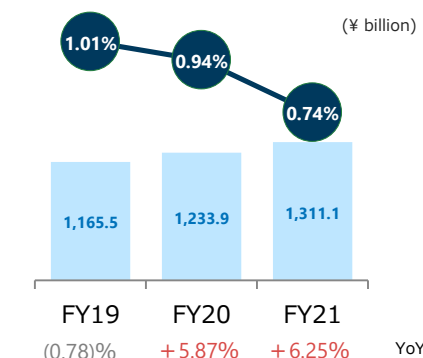
## > Average loan balance and yield



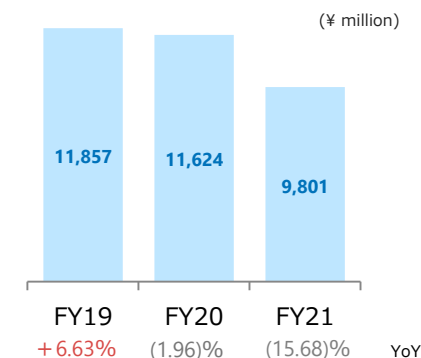
## > Interest on loans



## > Average security balance and yield



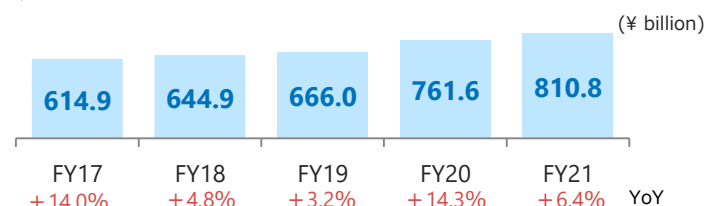
## > Interest on securities



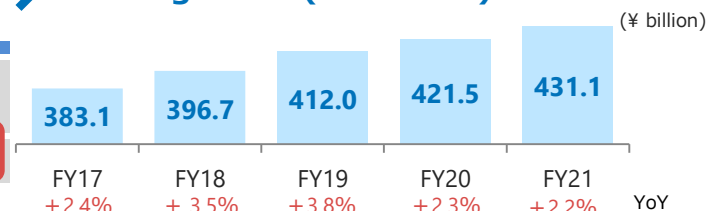
- The balance of loans increased mainly in the corporate segment due to a proactive response to regional demand for funds.

Average		FY20	FY21	YoY (% change)
		(¥ billion)		
Deposits		3,239.0	3,427.4	+188.4 ( +5.8% )
Yamanashi Pref.		2,860.2	3,029.7	+169.5 ( +5.9% )
Tokyo and Western Tokyo Area		378.7	397.7	+19.0 ( +4.9% )
Deposits shares in Yamanashi Pref. (term-end)		51.2%	51.3%	+0.1P
		(Excluding Japan Post Bank)		

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

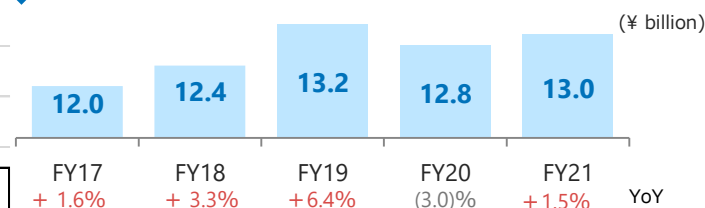


## Housing loans (term-end)



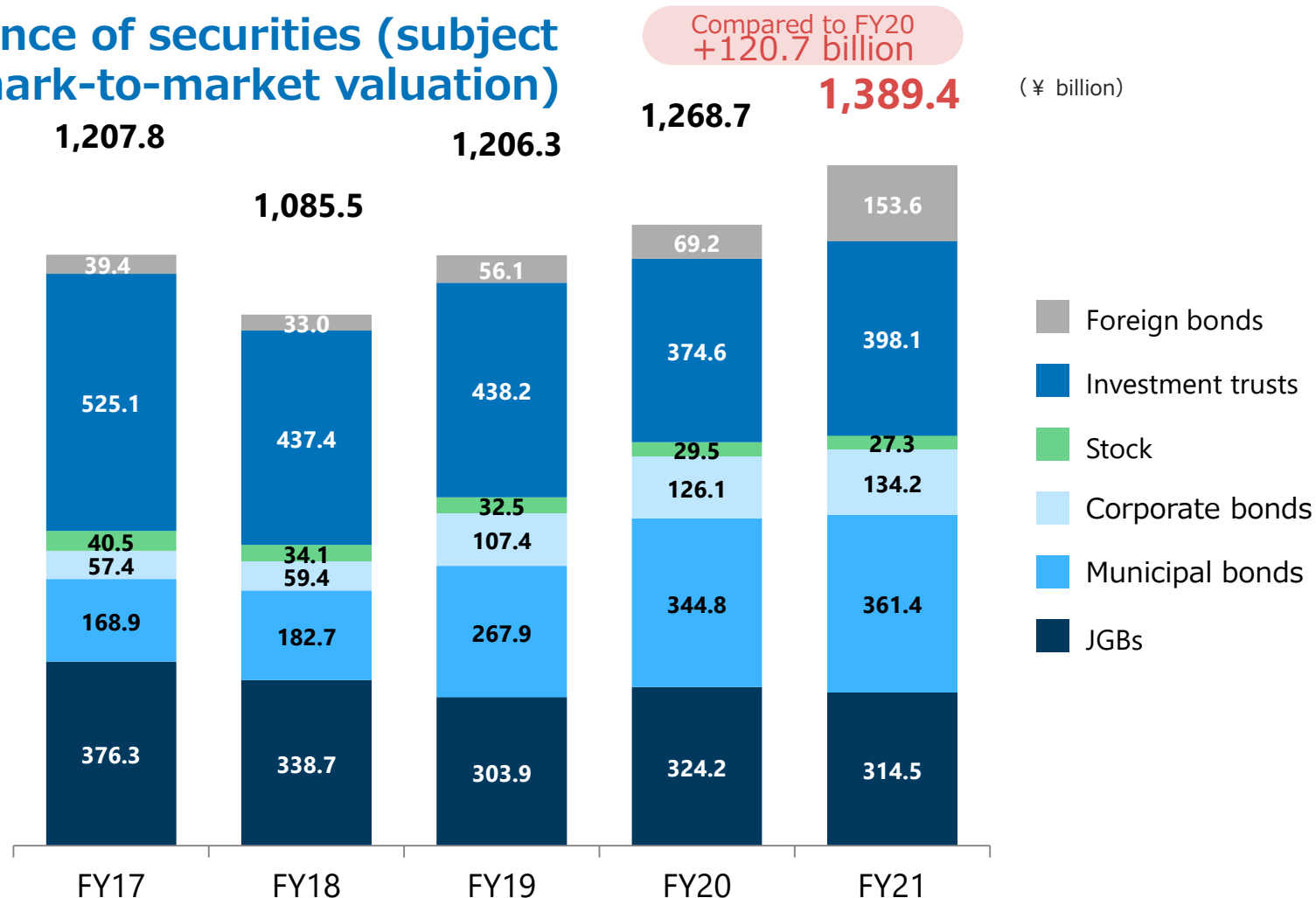
		FY20	FY21	YoY (% change)
		(¥ billion)		
Loans		1,883.1	1,925.3	+42.2 ( +2.2% )
By area	Yamanashi Pref.	925.3	963.2	+37.9 ( +4.1% )
	Tokyo and Western Tokyo Area	783.9	840.2	+56.3 ( +7.1% )
	Loan assets under the control of head office departments	173.8	121.8	(52.0) ( (29.8)% )
By market	General funds	1,177.5	1,264.4	+86.9 ( +7.3% )
	Non-commercial for individuals	394.6	404.6	+10.0 ( +2.5% )
	Local government bodies	310.9	256.2	(54.7) ( (17.6)% )
Loan shares in Yamanashi Pref. (term-end)		45.8%	45.2%	(0.6)P

## Unsecured loans (term-end)



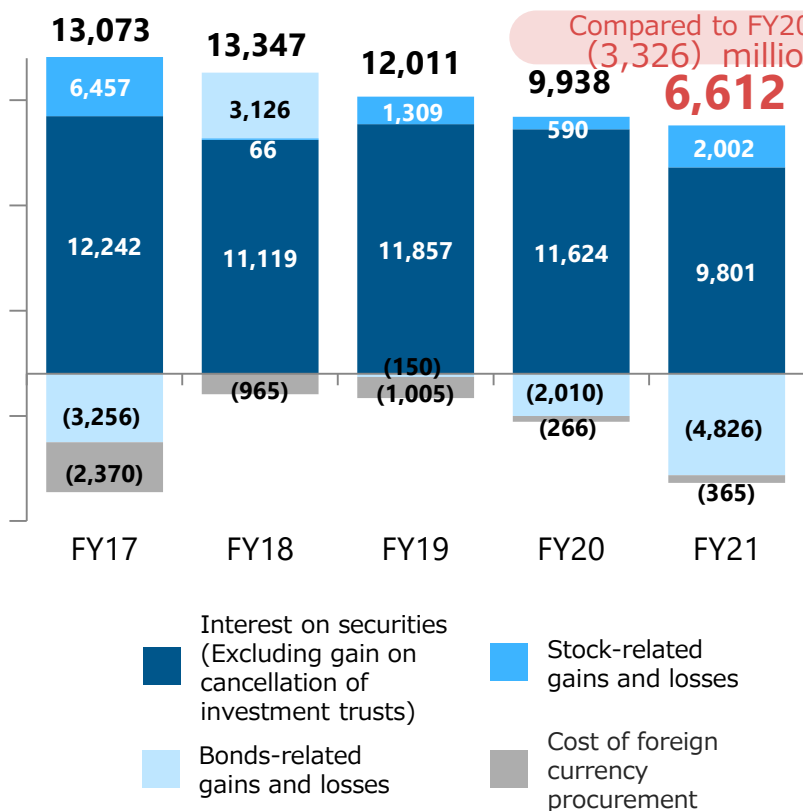
The balance of mainly foreign bonds increased to gain stable revenue including profits from transactions in the medium- and long-term.

## > Balance of securities (subject to mark-to-market valuation)

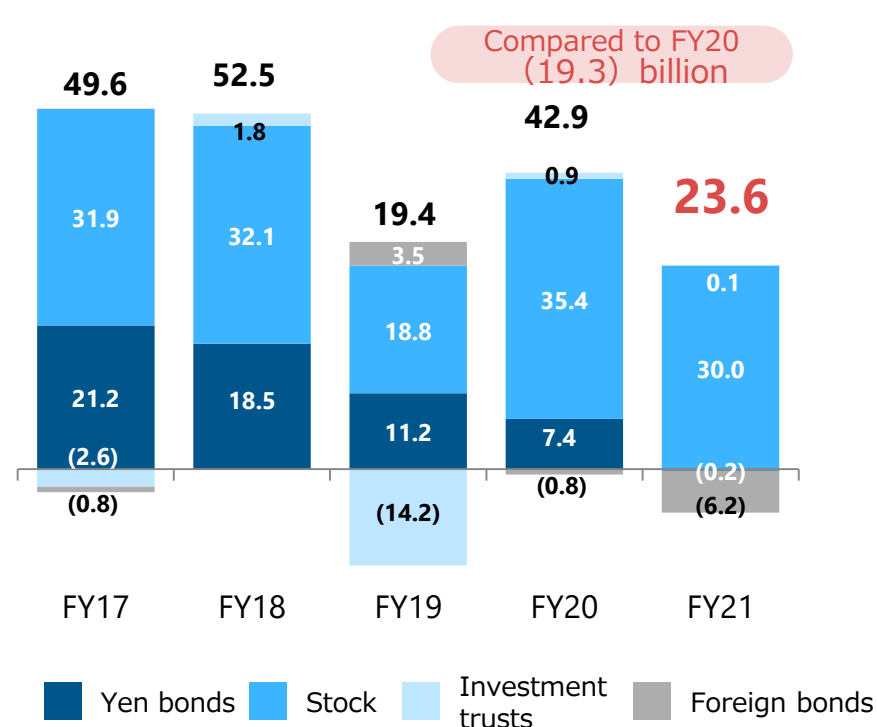


Securities-related profits and appraisal gains decreased on a year-on-year basis, affected mainly by domestic and overseas increase in interest rates, including the rate in the US.

## ➤ Securities gains and losses (¥ million)



## ➤ Appraisal gains (losses) (¥ billion)



\* 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).

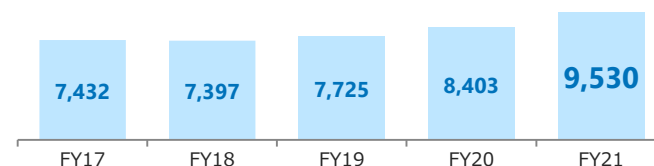


Both fee and commission income from financial products and fee and commission income from corporations increased due to strengthened consulting operations.

(¥ million)	FY20	FY21	YoY
Fees and commissions	5,640	6,816	1,176
Fees and commissions	8,403	9,530	1,127
Fee and commission expenses	2,763	2,713	(50)
<Main breakdown>			
Fee and commission income from financial products (Excluding insurance for corporate customers)	1,868	2,523	655
Fee and commission for investment trusts	961	1,393	432
Fee and commission for life insurance (excluding the corporate portion)	884	982	98
Brokerage fee and commission for financial products	10	139	129
Fee and commission for public bonds	11	6	(5)
Fee and commission income from corporations	1,306	1,855	549
Fee and commission for finance including syndicate loans	772	927	155
Fee and commission for consulting	173	304	131
Fee and commission for M&A	109	258	149
Fee and commission for business matching	122	169	47
Fee and commission received related to foreign exchange (domestic)	1,835	1,647	(188)
Loan payment premiums and guarantees	1,897	1,945	48

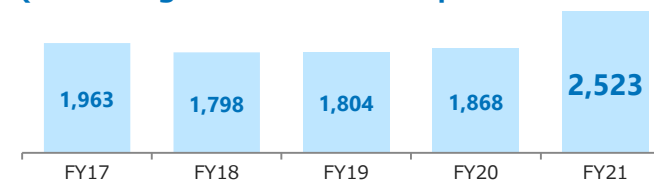
## ➤ Fees and commissions

(¥ million)



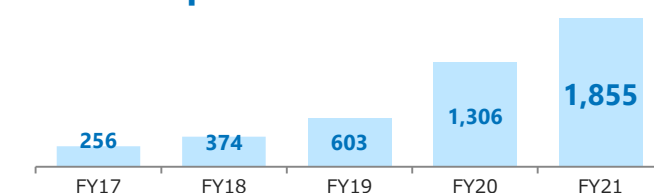
## ➤ Fee and commission income from financial products (Excluding insurance for corporate customers)

(¥ million)



## ➤ Fee and commission income from corporations

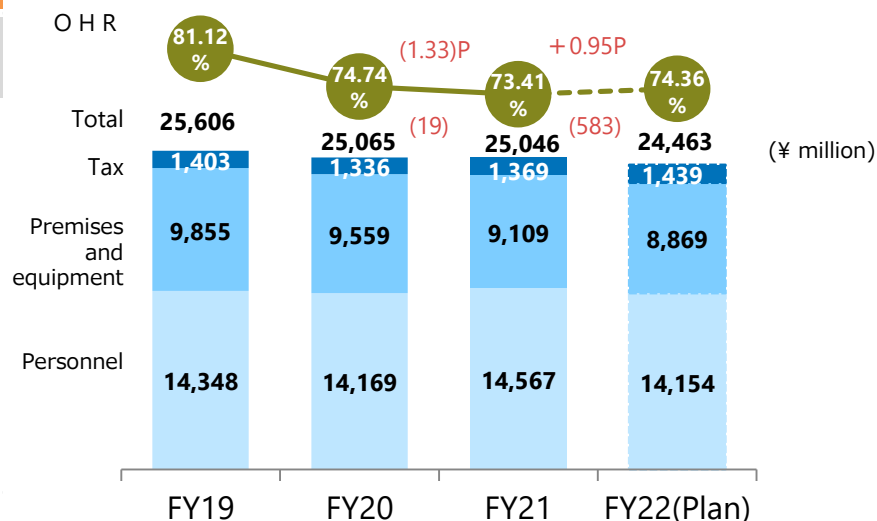
(¥ million)



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

### Changes in expenses and OHR

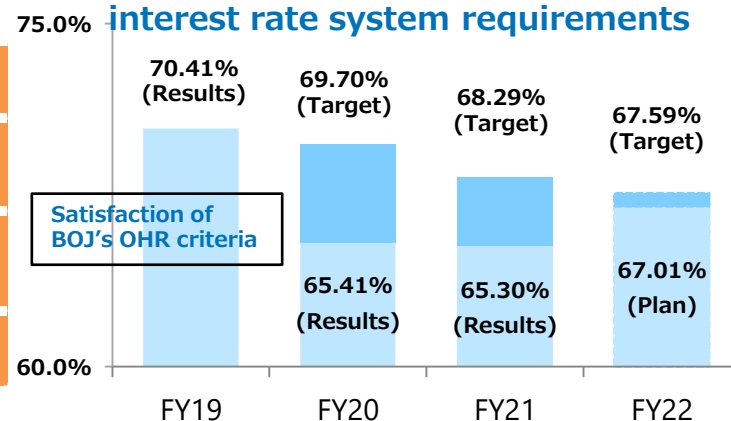
Expenses (¥ billion)	FY20	FY21	YoY	FY22 (Plan)	YoY
Expenses	25.0	25.0	(0.0)	24.4	(0.5)
Personnel	14.1	14.5	0.3	14.1	(0.4)
Premises and equipment	9.5	9.1	(0.4)	8.8	(0.2)
Tax	1.3	1.3	0	1.4	0
OHR	74.74%	73.41%	(1.33)P		



### Expected achievement of BOJ's special interest rate system requirements

### Main factors behind changes in expenses

(¥ billion)	FY21 (Results)	FY22 (Plan)
Personnel	0.3 Revision of the HR system (temporary) 0.4 Decrease in personnel, etc.(0.1)	(0.4) Revision of the HR system (temporary) (0.4)
Premises and equipment	(0.4) Sale of business fixed assets(0.1) System maintenance expenses(0.3)	(0.2) Change in deposit insurance premium rates(0.5) IT investment 0.2
Tax	0.0	0.0



※Special interest rate (0.1%) applies if less than the target figure.

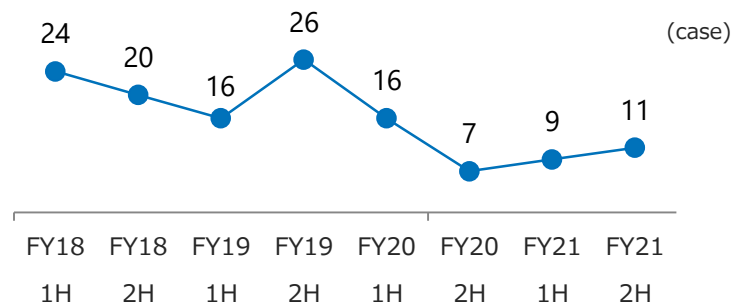
Credit-related expenses are expected to grow from a preventive point of view, taking the effects of COVID-19 into consideration.

(¥ billion)	FY20	FY21	YoY	FY22 (Forecast)	YoY
Credit-related costs	0.9	0.4	(0.4)	1.4	0.9
Net provision to general loan loss reserve	(0.5)	(0.4)	0.0	0.1	0.6
Disposal of non-performing loans (non-operating income (losses))	1.4	0.9	(0.4)	1.2	0.2
Net provision to specific loan loss reserve	1.3	0.9	(0.3)	1.0	0.1
Provision to reserve for contingent losses	0.1	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
Recoveries of written-off claims	0.0	0.0	0.0	0.0	(0.0)
Credit cost ratio	5.08bp	2.58bp	(2.50)bp	6.66bp	4.08bp

## ➤ Credit-related costs



## ➤ Number of bankruptcies of companies in Yamanashi Pref. (Total liabilities of ¥10 million or more)



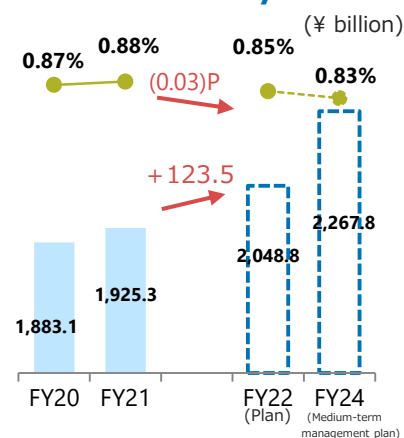
Source: TOKYO SHOKO RESERCH, LTD.

# Earnings Forecasts for the Current Term (FY22)

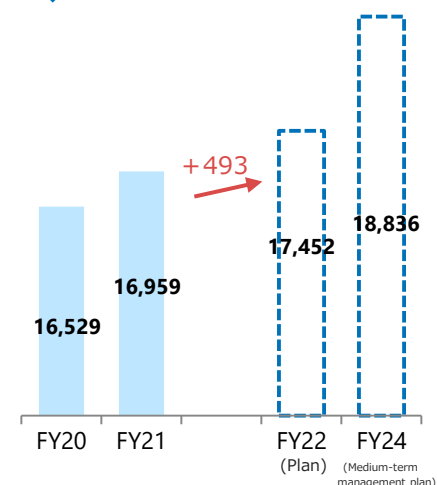
Consolidated profit is expected to remain at the level of the year ended March 31, 2022, though affected by US interest rate hikes.

Non-consolidated (¥ billion)	FY21	FY22 (Plan)	YoY
Gross business profit	29.2	31.7	2.5
Interest income	27.4	27.7	0.3
Interest on loans	16.9	17.4	0.4
Interest on securities	9.8	10.5	0.7
Fees and commissions	6.8	6.5	(0.2)
Other operating income	(0.1)	(1.3)	(1.2)
Core gross business profit	34.1	32.8	(1.2)
JGBs and other bond transactions	(4.8)	(1.1)	3.7
Expenses	25.0	24.4	(0.5)
General provision to loan loss reserve	(0.4)	0.1	0.6
Net business profit	4.7	7.2	2.4
Core net business profit	9.0	8.4	(0.6)
(Excluding gain on cancellation of investment trusts)	9.0	8.4	(0.6)
Non-operating losses	1.0	(1.1)	(2.1)
Reversal of loan loss reserve	0.9	1.2	0.2
Equity share and similar transactions	2.0	0.5	(1.4)
Ordinary profits	5.7	6.0	0.2
Net income	3.8	4.0	0.1
Consolidated (¥ billion)	FY21	FY22 (Plan)	YoY
Consolidated ordinary profits	6.6	6.7	0.0
Profit attribute to shareholders of the parent	4.2	4.3	0.0

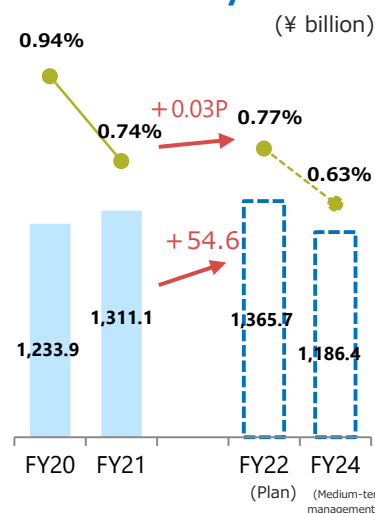
## Average loan balance and yield



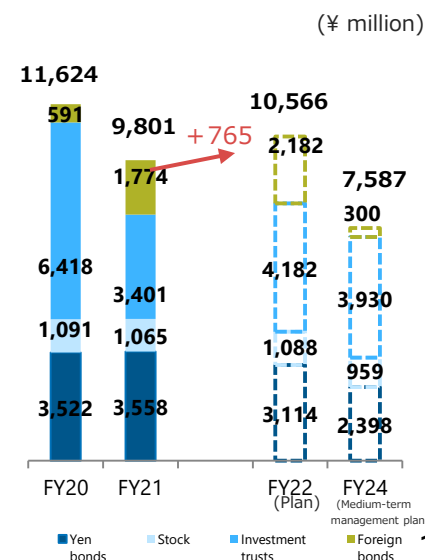
## Interest on loans (¥ million)



## Average security balance and yield

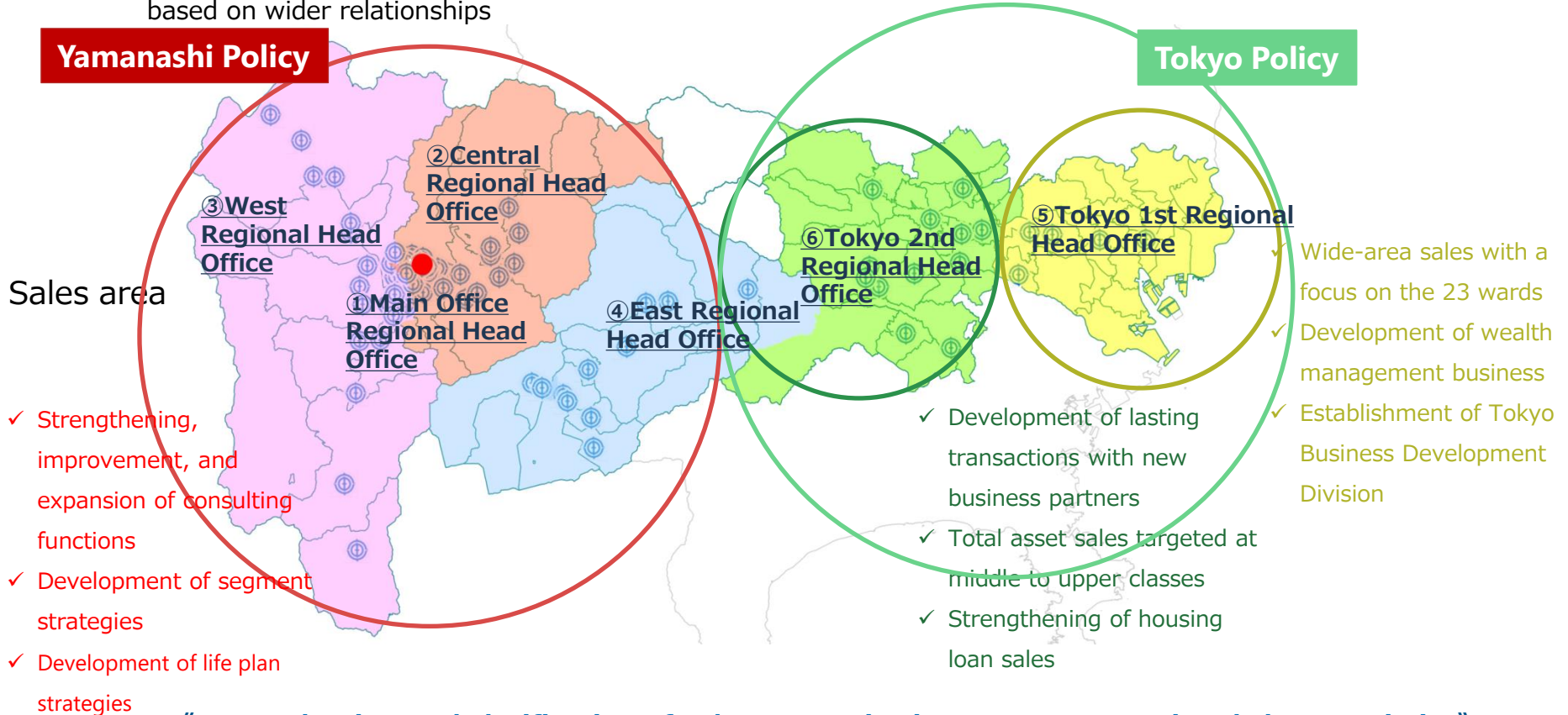


## Interest on securities (¥ million)



《Introduction of the area headquarters system to further strengthen area governance.》

- Under the area headquarters system, the Bank strengthens area governance by dividing the Bank's sales areas into six areas and establishing area headquarters in all the six areas in order to improve the effectiveness of management strategies and make speedy decisions.
- Under the area headquarters system, the Bank solves problems and implements strategies in an in-depth and speedy manner in response to regional characteristics and issues, not only by each area branch but also based on wider relationships



《Strengthening and clarification of sales strategies in response to regional characteristics》

## DX of over-the-counter services

Introduction of semi-self-service terminals to high counters

Improvement in customer convenience and increase in efficiency in over-the-counter services

No slips

No cash handling

No operation



## DX support for local government transactions and administrative & fiscal clerical work

The slip-less and cashless payment promotion project started at the same time in Yamanashi Prefecture.

※Participation by local governments, financial institutions, and bodies concerned in the prefecture

e-storage

Smartphone storage

Account transfer



## DX & Innovation Strategy Office

Mixed promotion of DX and innovation

Digitalization Promotion Team (from December 2017)

DX Promotion Team (from December 2020)

DX & Innovation Promotion Office (scheduled to start in June 2022)

Development of human resources

Open innovation

DX support

Strategic investment

## Regional DX platform

DX-based regional innovation creation

Regional DX Advisor Agreement with Mr. Hiroshi Fujino



Regional Co-creation Lab scheduled to be established 1F, YC Takeda-Dori Building



## Support for customers

### 1. Sustainable finance goals

Item	Details
Long-term target	800 billion yen or more (including environmental finance of 400 billion yen or more)
Medium-term target	250 billion yen or more
Period	From FY2022 to FY2030
Target	Investment and lending to solve social or environmental problems toward the creation of sustainable regional society

### 2. Main products

Sustainability linked loans

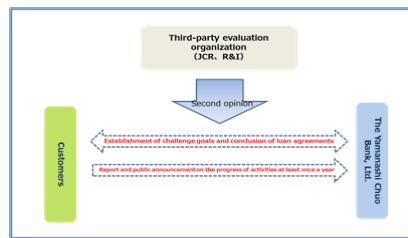
Loan with financing conditions, such as interest rate, which change in response to the achievement of challenge targets related to SDGs/ESG (sustainability performance targets, hereinafter referred to as "SPTs"\*) determined by customers.

Through this product, the Bank supports customers' sustainability management (SDGs/ESG) and contributes to increasing customers' corporate value and realizing a sustainable society.

\*SPTs (Sustainability Performance Targets)

Annual targets through which contribution to social sustainability goals determined by customers can be measured

<Scheme diagram>



## The Bank's own activities

### 1. Goals of reduction in CO<sub>2</sub> emissions

Item	Details
Long-term target	60% decrease by FY2030 compared with FY2013
Medium-term target	46% decrease by FY2024 compared with FY2013
Period	From FY2022 to FY2030
Target	What corresponds to SCOPE 1 and SCOPE 2 of the Bank

### 2. The Bank's main activities to achieve the goals

- (1) Introduction of electricity from renewable energy sources
- (2) Introduction of eco-cars such as EV
- (3) Expansion of environment-conscious branches (ZEB branches, etc.)
- (4) Protection and utilization of forest resources

[Image diagram]





# Capital Policies (Return to shareholders) 山梨中央銀行

5-yen increase in dividend based on the performance for this period

40-yen dividend will continue for the year ending March 31, 2023.

Acquisition of treasury shares (1 million shares/1 billion yen/from May 2022)

## Return to shareholders – Results and plan

(Yen)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 (Plan)
Dividend per share	10.00	9.00	7.00	35.00	35.00	35.00	40.00	40.00

(¥ million)

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

Non-consolidated net income	8,737	6,710	4,464	4,494	3,430	2,655	3,810	4,000
Annual dividend	1,712	1,521	1,172	1,162	1,114	1,116	1,279	1,279
Dividend pay out ratio	19.70%	22.73%	26.34%	25.97%	32.99%	42.02%	33.54%	31.97%
Treasury stock acquired	899	1,235	487	522	1,128	–	–	1,000
Return to shareholders	2,611	2,757	1,659	1,684	2,242	1,116	1,279	2,279
Shareholder return	29.88%	41.08%	37.17%	37.48%	65.38%	42.02%	33.54%	56.97%

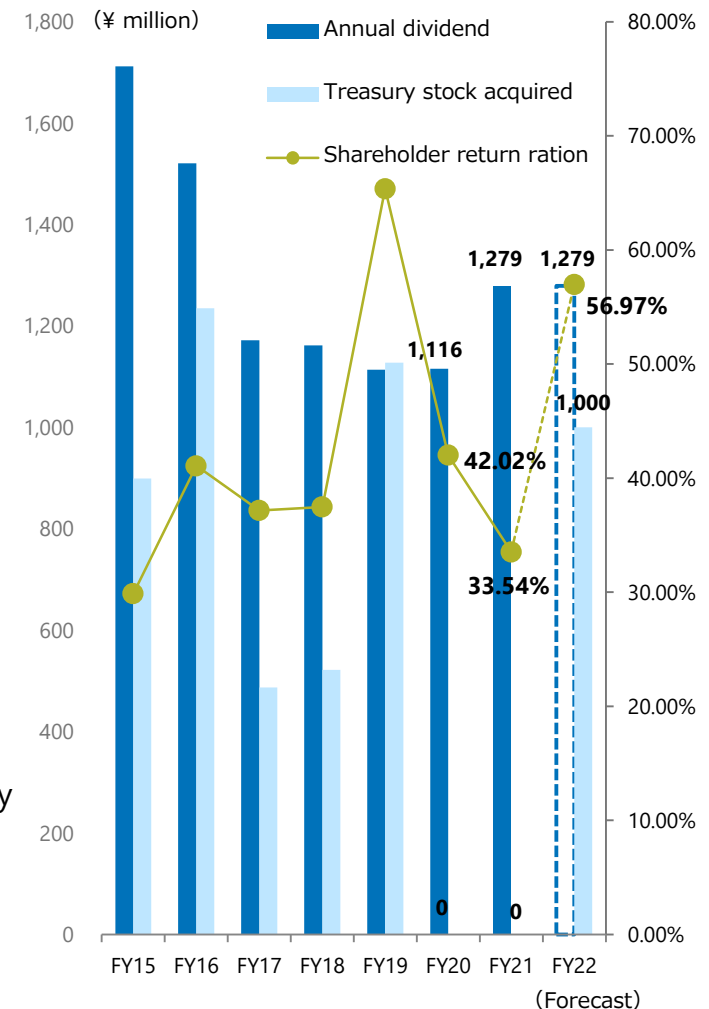
## Dividend policy

### Performance-linked dividends

Stable dividend: ¥35

Standard of shareholder return ratio: 20~30% annually

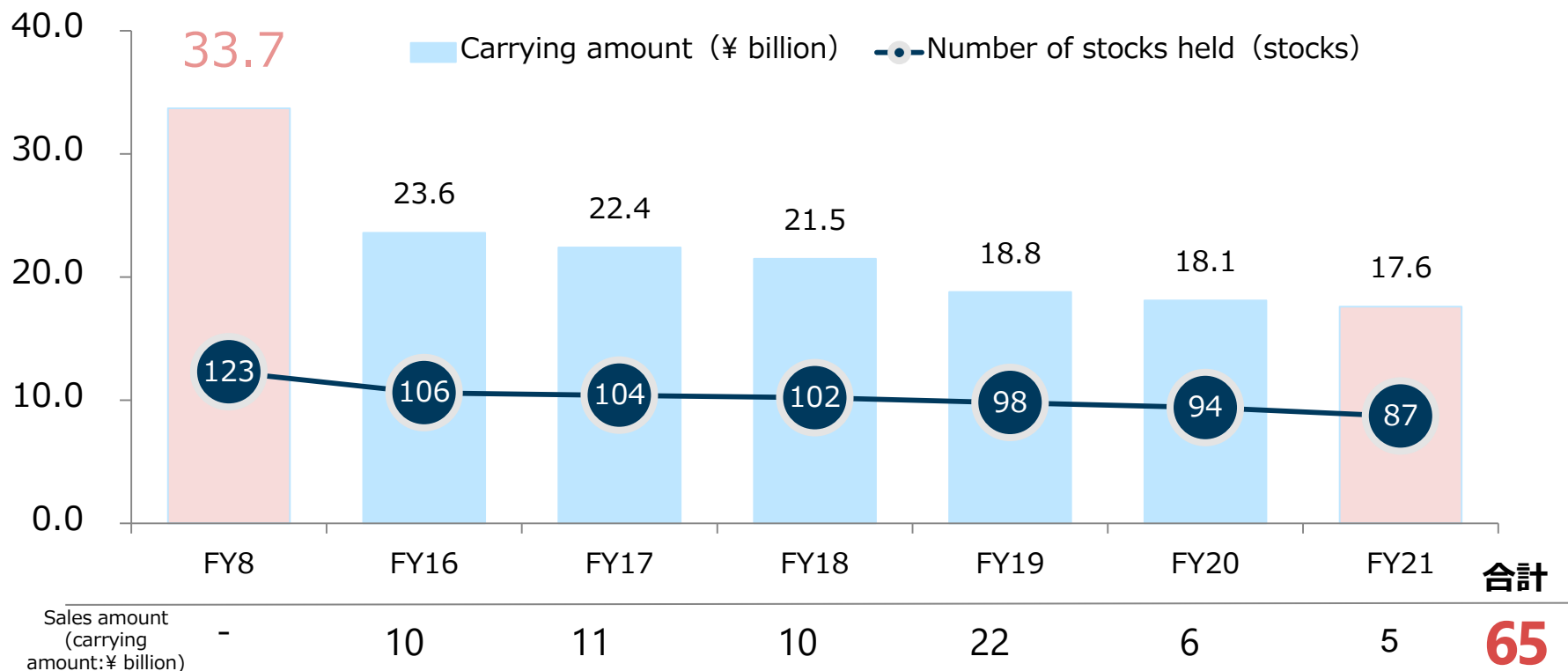
$$\text{Shareholder return ratio} = \frac{\text{Return to shareholders (dividends paid + treasury stock acquired, etc.)}}{\text{Non-consolidated net income}}$$





## 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 ¥16.1 billion since FY08.
- Steady progress has been made on reducing the balance of cross-shareholdings, with sales of cross-shareholdings amounting to ¥6.5 billion since FY16.

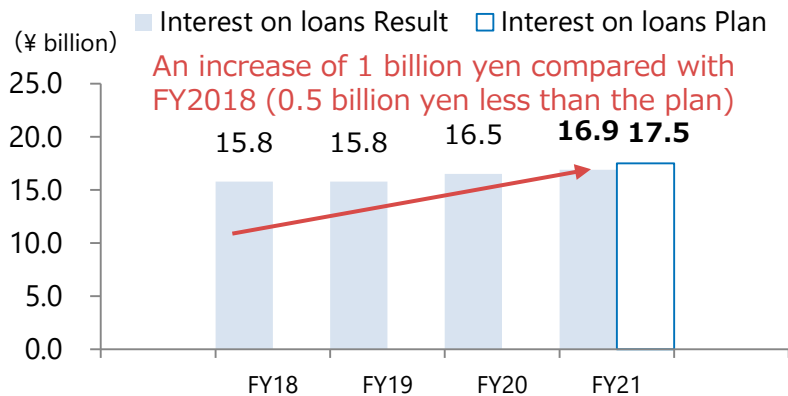


# Medium-Term Management Plan 「TRANS<sup>3</sup> 2025」

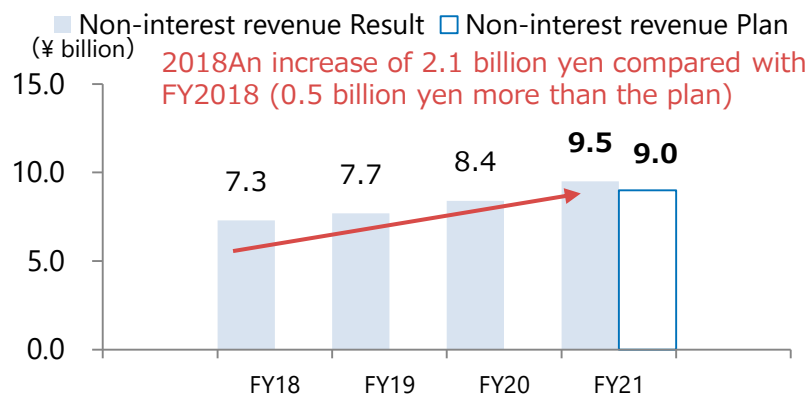


# Progress of Value+2022, the Previous Medium-Term Management Plan (Quantitative Goals)

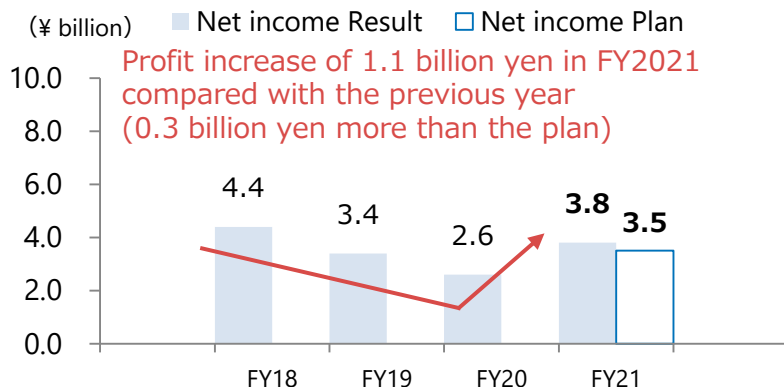
## Interest on loans



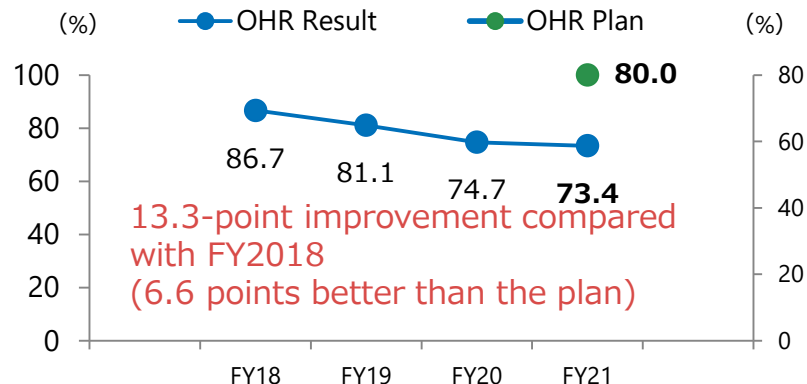
## Non-interest revenue



## Net income



## OHR(Operating expenses/ Core gross business profit)

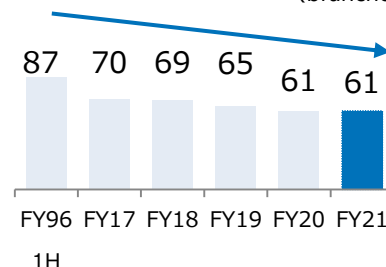


## Basic strategy①

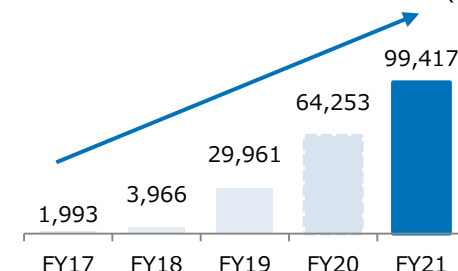
### 「Enhance customer touchpoints」

- Workforce generation to improve and expand points of contact with customers through optimization of the number of branches in the prefecture
- Improvement and expansion of cashless payment service lineups through introduction of &Pay, a QR-code payment service, and brand debit cards
- Strengthening of transaction points of contact with young customers due to channel shifts through expansion of Wallet+ users and introduction of accounts without bankbooks

Number of branches in the prefecture (branches)



Number of Wallet+ and bankbook app contracts (case)

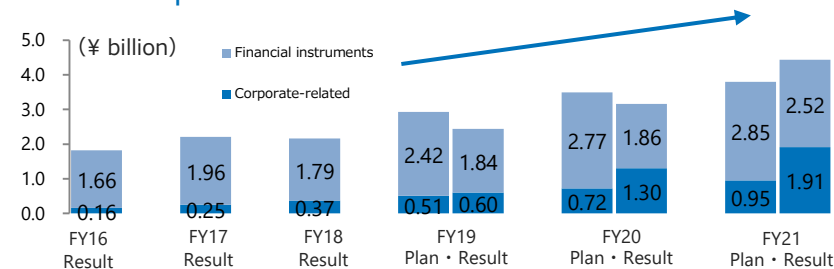


## Basic strategy ②

### 「Create common values」

- Growth in corporate-related fees and commissions mainly through structured finance, M&A, and fee-based consulting services, due to establishment of consulting operations based on business feasibility studies and alliance with Shizuoka Bank
- Penetration of individual consulting operations in the sale of financial instruments based on customers' life plans and total assets

Change in revenue from financial instruments and corporate-related fees and commissions



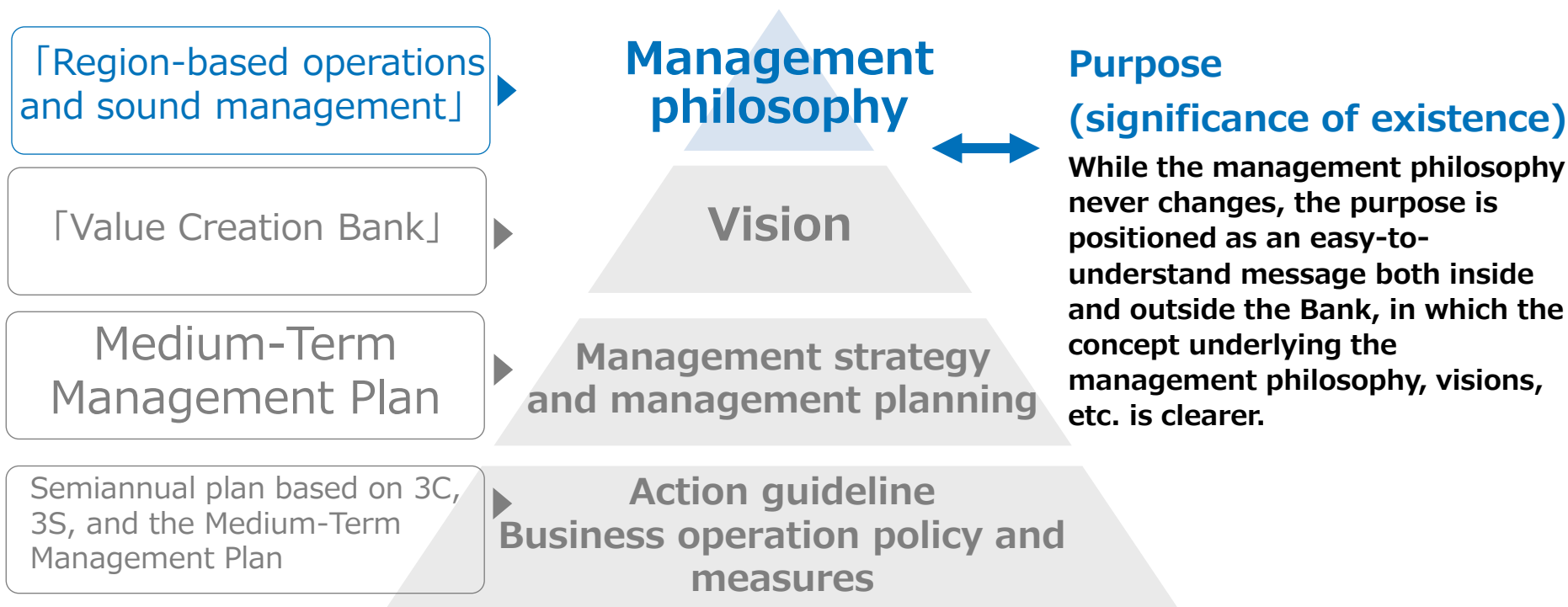
## Basic strategy ③

### 「Improve personnel vitality」

- Certified as Health and Productivity Management Organization (4 consecutive years) and Yamanashi Health and Productivity Management Organization
- Maintenance of small-class OJT under the initiative of the headquarters by newly establishing Y-Support, a personalized training program
- Outside temporary transfer and dispatch to improve/expand expertise and job skills (dispatch results: 18 persons in Japan, 5 persons to overseas countries, 58 trainees, and 9 persons to local companies)

- Creation of a system for the acquisition of highly difficult qualifications  
(Number of applicants: 8 persons for SME consultants and 3 persons for securities analysts)
- Holding of online seminars for qualification acquisition  
(Number of participants: 19 persons for 1st class FP and 85 persons for real-estate transaction specialists)
- Introduction of a new personnel system (role/class system) and transfer to job-based employment

- **The Bank has announced its steadfast purpose (significance of existence) in society in writing** in line with the formulation of the Medium-Term Management Plan to promote human resources with various values in the future, in consideration of the sustainability-oriented society.
- The Bank has redefined **"why it exists and engages in business activities and what kind of value it continues to give to stakeholders"** in endeavoring to achieve the long-term vision: Value Creation Bank.



## 「 Create a prosperous future from Yamanashi 」

Toward high level of sustainability management, Yamanashi Chuo Bank has identified themes of materiality (material issues), such as the [strengthening of various relationships and increase of regional economic activity, realization of digital transformation \(DX\) and digitalization of regional society, and maintenance of a rich natural environment to pass it on to the future](#), which it endeavors to solve.

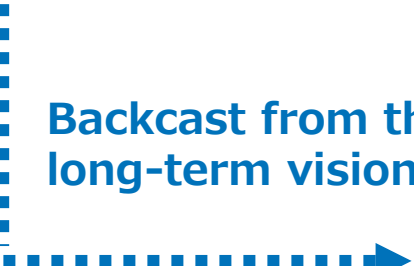
Yamanashi Prefecture has rich nature, including Mt. Fuji, Yatsugatake, and the Southern Alps, and boasts to the world many regional resources and industries. The development of high-speed traffic networks such as Linear Chuo Shinkansen and Chubu-Odan Expressway is scheduled and remarkable development in the future is expected with an increasing inflow of people from outside the prefecture.

As a leading regional bank, Yamanashi Chuo Bank [realizes well-being in Yamanashi, which is rich and full of energy and happiness](#). By making use of many human and organizational connections including a sales base in the Tokyo area, which have been built over many years, the Bank [creates a prosperous future from Yamanashi to the world](#).



## Long-term vision 「Value Creation Bank」

Backcast from the  
long-term vision



### Medium-Term Management Plan 「TRANS<sup>3</sup> 2025」

From April 2022 to March 2025  
Period for continuous creation of new  
value on a growth path

Growth-path stage

### 1st Stage 「Value<sup>+</sup> 2022」

From April 2019 to March 2022  
Period for drastic structural reforms toward  
new value creation and future growth

Structural-reform stage

### 3rd Stage

From April 2025 to March 2028

Period for realization of Value Creation  
Bank as the long-term vision

Growth-path stage

Management  
philosophy

## Region-based operations and sound management

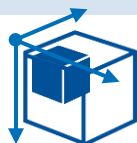
Long-term vision **Value Creation Bank**

Medium-Term  
Management  
Plan

### ▶▶ TRANS<sup>3</sup> 2025

~Transformation and challenge based on three drivers and three strategies~

Three transformation drivers 「AX (Alliance)」 「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

Purpose  
(significance of existence)



## 「 Create a prosperous future from Yamanashi 」



## KPI

OHR(Operating expenses/ Core gross business profit)
ROE(current net income basis)
Ratio of female managers and supervisors
Rate of reskilling-based reallocation of clerical workers
Sustainable finance <sup>*1</sup> investment and loan amount
Reduction rate of greenhouse gas (CO2) emissions <sup>*2</sup>

FY21 (Results)	FY24 (Final year of the Medium-Term Management Plan)	Ideal
73.41%	73.5% or less	Level of 60%
1.82%	3% or more	5% or more
13.1%	15% or more	40% or more
—	30% or more	70% or more
71.5 billion yen	250.0 billion yen or more	800.0 billion yen or more
27.87% <sup>*3</sup>	46% or more	60% or more



## KGI

Profit attribute to shareholders of the parent

4.2 billion yen	6.0 billion yen or more	10.0 billion yen or more
--------------------	----------------------------	-----------------------------

\*1 Investment and loan that contribute to creating sustainable regional society (environment, education, start of business, succession of business, etc.)

\*2 Comparison with FY2013; target scope: Scope 1 + Scope 2 (excluding gasoline)

\*3 A reduced rate of greenhouse gas (CO2) emissions was recorded in FY2020.

## AX Alliance · Transformation

### Construction of a sustainable business model through the Shizuoka-Yamanashi Alliance

The Bank aims to achieve sustainable growth together with the region by advancing comprehensive business cooperation with Shizuoka Bank.



Corporate	Need for life planning	Banking
<ul style="list-style-type: none"> <li>• Business matching</li> <li>• M&amp;A etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Securities brokerage</li> <li>• Trust by will etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Structured finance</li> <li>• Syndicate loans etc.</li> </ul>
Vitalizing local economy	Shared activity/BPO	DX
<ul style="list-style-type: none"> <li>• Support for regional entrepreneurs</li> <li>• Joint event etc.</li> </ul>	<ul style="list-style-type: none"> <li>• IT system integration</li> <li>• Clerical work integration etc.</li> </ul>	<ul style="list-style-type: none"> <li>• New business research</li> <li>• Digital technology utilization etc.</li> </ul>

#### The Bank's strengths

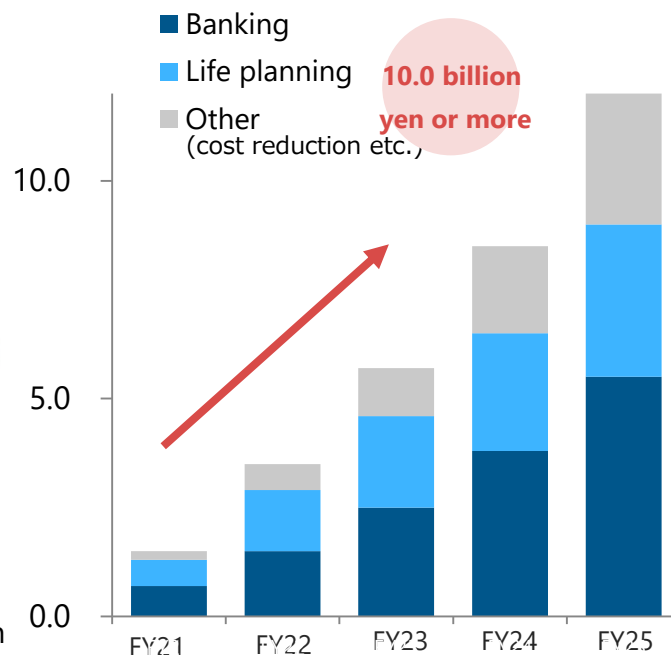
- Management independence
- No. 1 regional brand
- Pride that supports regions
- Branch network in Tokyo area

#### Alliance effect

- Business domain expansion
- Cost structure improvement
- Quality improvement in values to be provided
- Corporate culture reform

#### Target

- Overwhelming regional presence
- Acquisition of new management knowledge
- Diversification of revenue sources
- Increase in revenue opportunities



#### 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. **6.1 billion yen**

## AX Alliance · Transformation

### Main performance for 2021

#### Banking needs

- Start of collaborations in structured finance (loans and investments) Cumulative joint financing by the two banks: 39.6 billion yen
- Co-financing, joint creation of syndicate loans Cumulative financing/loan: 15.6 billion yen
- Start of collaboration in the venture debt area

#### Need for life planning

- Opening of the Yamanashi main office of Shizugin TM Securities, Co., Ltd. in April 2021  
Number of accounts opened : 1,889 accounts  
Sales : approximately 17.7 billion yen  
Deposited assets: approximately 15.4 billion yen

#### Joint clerical work

- Integration of the Bank's succession clerical work procedures into Shizuoka Bank's standards
- Relationships with Shizuoka Bank's group companies in collateral-related services

#### Corporate needs

- Conclusion of an agreement on M&A operations
- Utilization of Shizuoka Bank's overseas bases and cooperation with them ( Dispatching of an employee to the Hong Kong Branch of Shizuoka Bank)

#### Vitalizing local economy

- Joint holding of individual business negotiations (13 times in total)  
594 talks in total, 75 successful deals, rate of successful deals: 12.6%
- Holding of all kinds of events  
Events held under many themes including start-up/start of business, agribusiness, relocation/living in two locations, and themes for local governments

#### Other

- Personnel exchanges including training for new bank employees and ceremonies for prospective bank employees
- Conclusion of agreements on "free mutual ATM use" and "mutual vehicle use in case of disaster"
- Fivefold Point Campaign by DC card companies of the two banks

## DX Digital · Transformation

### DX realization for regional society, customers, and the Bank

#### Offensive DX

- DX support for customers
- Participation in regional DX platform
- Customer experience transformation
- Innovation-based business strengthening

### Realization of Value Creation Bank

Governance to keep on changing

Agile evolution of the Bank

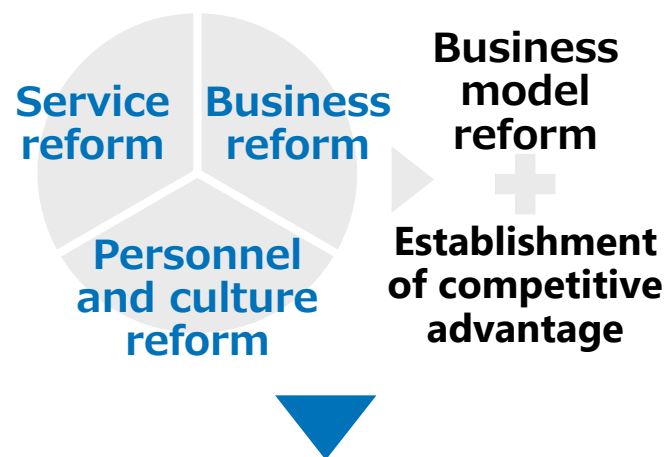
#### Defensive DX

- Completely operation-less transactions
- Arrangement to achieve data-driven management
- Working practices reform to create added value

#### Supportive DX

- Pursuit of the best IT technology and security
- Strategic allocation of IT resources
- Development and maintenance of DX human resources

#### DX-based X (transformation) of the Bank



Return of expertise and knowledge, obtained through the Bank's DX activities, to regional society and customers

## SX Sustainability · Transformation

**Six materiality issues toward high level of sustainability management**

### Achievement of the Yamanashi Chuo Bank Group's sustainability management (SX)

Organization establishment to support growth and success of various human resources

Strengthening of corporate governance and compliance

Maintenance of a rich natural environment to pass it on to the future

Strengthening of various relationships and increase of regional economic activity

Creation of common value through high-quality UI/UX

Realization of digital transformation (DX) and digitalization of regional society

Continuous provision of new value to stakeholders by addressing material issues (materiality)

Regional society

#### **Creation of a rich society**

Contribution to increase in prefectural GDP

customers

#### **Contribution to the era of the 100-year lifespan**

Increase in the rate of holding financial instruments

Shareholder

#### **Sustainable improvement in corporate value**

ROE increase

Employee

#### **Promotion of gender equality and D&I**

Increase in the ratio of female managers and supervisors

Future generations

#### **Maintenance of a rich natural environment**

Reduction in CO<sub>2</sub> emissions

## Deepening and expanding core business

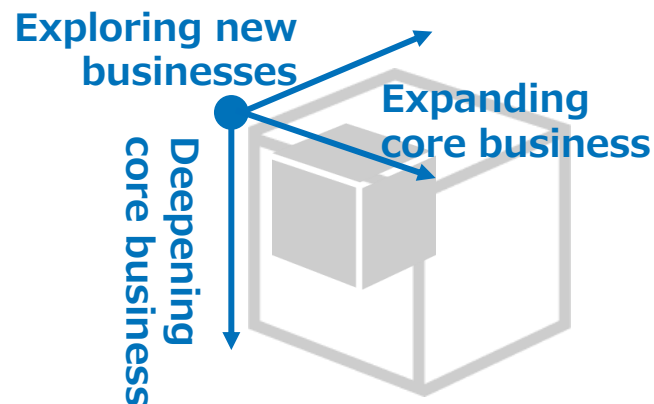
Show the true value as a consulting bank by clarifying its regional strategy from the Western Tokyo strategy to the Tokyo strategy and deepening and expanding core business. Establish a sustainable revenue structure in this way.

### Clarification of strategies and target classes

<b>Yamanashi Policy</b> Regional general financial thinker	<b>Corporation</b>	<b>Individual</b>
<b>Tokyo Policy</b> Yamanashi-Tokyo linkage thinker	Upper class (Wealth class) Middle mass class	
<b>Common Policy</b>	High-level financial method thinker	
<b>Market Policy</b>	Securities investment thinker	

## Exploring new businesses

Explore a new revenue source by examining and establishing a business that aims to support the solving of regional issues. Construct a new business model as well as endeavor to invigorate the regional economy by developing a system to examine and conduct a new business.



## 「Show the true value of a consulting bank by deepening and expanding regional strategies」

Evolution to highly effective specialty sales based on clear strategies

### Yamanashi Policy Regional general financial thinker

#### One-stop support for life stages by strengthening, improving, and expanding consulting functions

- Provision of the best consulting for customers and function strengthening
- Response to all consulting needs, such as starting a business, revitalization support, and business succession

#### Increase in penetration of financial instrument transactions into regions by developing the segment strategy

- Real-digital integration
- Strengthening of headquarters' participation in sales activities to rich and mass classes

#### Expansion of general transactions by developing the life plan strategy

- Strengthening of customer-oriented asset management, succession, and insurance proposals in the era of the 100-year lifespan
- Provision of generation-to-generation services by constructing a platform for elderly people
- Expansion of lifelong transactions based on housing loans

### Tokyo Policy Yamanashi-Tokyo linkage thinker

#### Area I (Central Tokyo area) Generation of revenue opportunities

#### Topline strengthening by using commercial distribution and human network

- Wide-area sales with a focus on the 23 wards
- Scheme strengthening for commercial distribution sales

#### Development of wealth management business

- Asset management and asset succession management
- Comprehensive support for real-estate investment and management
- Support for relocation/living in two locations and response to large-sized housing loans

#### Area II (Tama area) Expansion of revenue opportunities

#### Development of lasting transactions with new business partners

- Active development sales to regional leading enterprises
- Provision of high-value-added consulting

#### Total asset sales to middle to upper classes

- Face-to-face differentiation channel
- Establishment of asset management and asset succession areas

#### Strengthening of housing loan sales by reviewing bases, etc.

### Common Policy

High-level financial method thinker

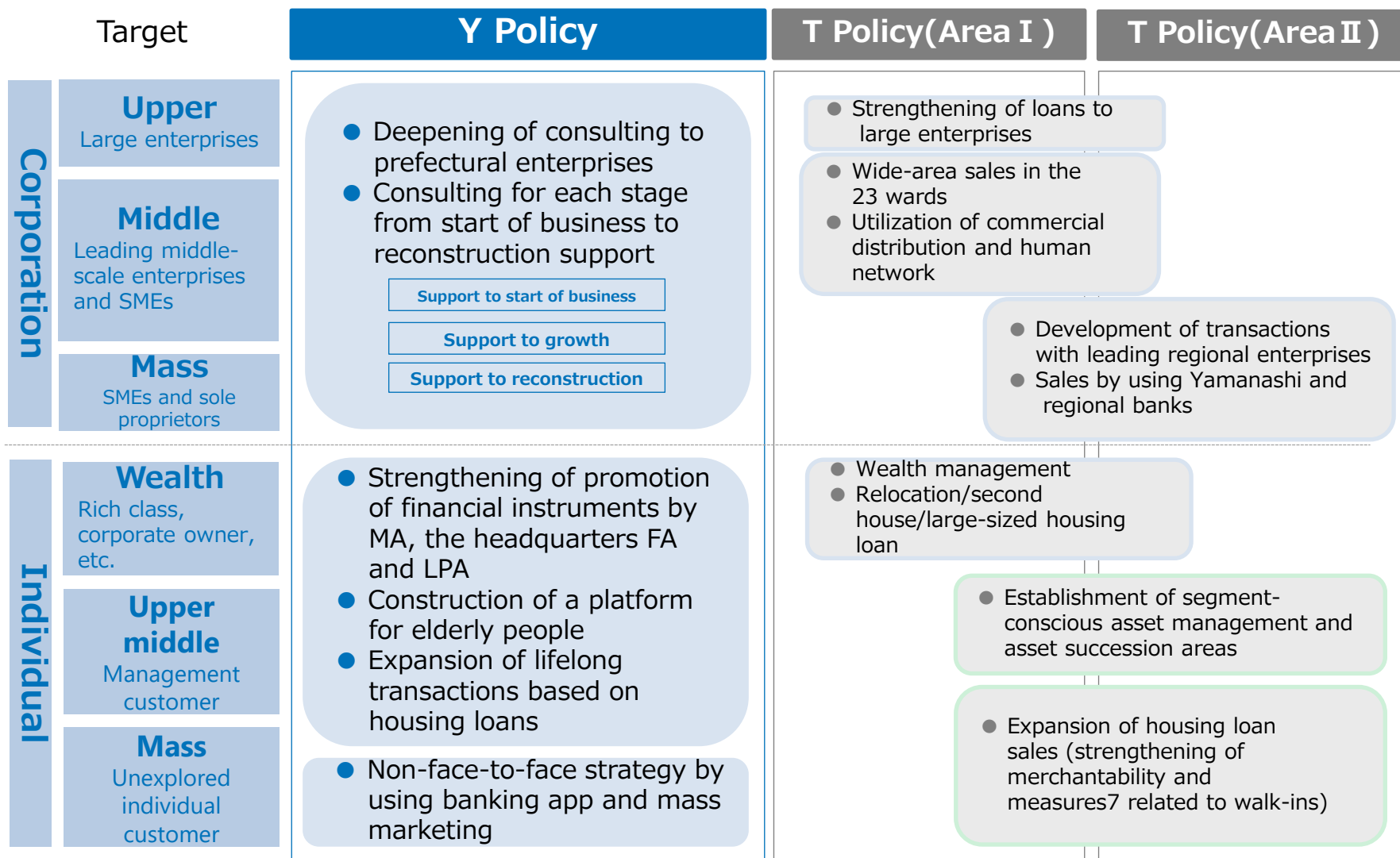
- Solving regional issues and acquiring revenue opportunities by using structured finance, etc.

### Market Policy

Securities investment thinker

- Maintenance of stable revenue by improving the quality of securities portfolio
- Pursuit of the best risk/return

**Strengthening of management with an emphasis on total profit (loss)**





→ **Establishment of a sustainable revenue structure**

Non-financial earnings from total consulting\*

**5.5 billion yen (FY24)** FY2021 estimation :+ 1.4 billion yen

\* Related to corporations/financial instruments

Rate of financial instrument holders (number) (Yamanashi)

**12%(70,000)** FY2021 estimation:53,000

Number of business-feasible loan borrowers (Tokyo)

**4,000** FY2021 estimation: 3,300

Amount of new housing-related loans

**200.0 billion yen** Total of 3 years of the Medium-Term Management Plan

Total profit (loss) on securities (Market)

**12.0 billion yen a year** Average of 3 years of the Medium-Term Management Plan

### ➤ Finding new revenue sources by supporting the solving of regional issues

「Support for solving regional issues」 × 「Construction of a stable revenue base」

#### Support for solving regional issues

- Strengthening of various relationships and increase of regional economic activity
- Maintenance of a rich natural environment to pass it on to the future
- DX realization for regional society, customers, and the Bank

#### Ways to explore various new businesses

Solutions to issues of business operators	Relocation/permanent residency/living in two locations
Carbon neutrality	Sale of regional products

#### Construction of a stable revenue base

- Development of subscription-type services
- Fiduciary relationships with local governments
- Service cooperation with other companies (agencies, etc.)



### ➤ Establishment of various business operation methods

- In-branch venture system
- Collaboration with regional enterprises and other business categories with expertise
- Collaboration with start-up enterprises
- Acquisition of divisions of other business operators
- Promotion of experts based on a side business system

**Selection of the best business operation method in response to business details**

# Exploring New Business

Establishment of various business operation methods

New business as a new revenue source

**The Yamanashi Chuo Bank**

or

**Advanced banking service company**

In-branch venture	Collaboration with regional enterprises
Collaboration with other business categories	start-up enterprises
Corporate (business division) acquisition	Utilization of experts

**CSR business**

**Stably profitable business**

Sale of regional products

Solutions to business operators' issues

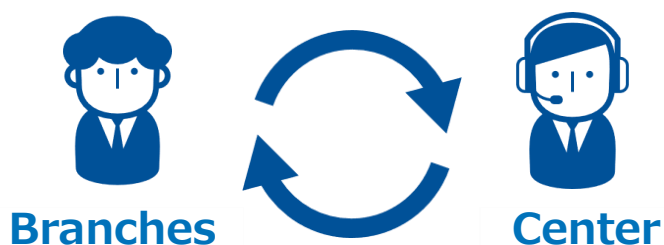
Relocation/permanent residency/living in two locations

Carbon neutrality

**Establishment of a business model as a benefit for all three parties: regional community, customers, and the Bank**

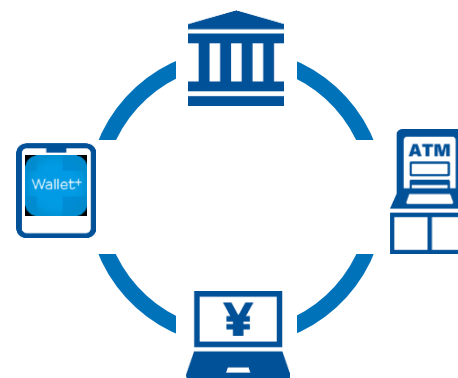
## Challenge of achieving zero clerical work

Endeavor to eliminate clerical work both at branches and the headquarters in order to improve productivity of the Bank. Improve convenience for customers and reallocate managerial resources in this way.



## Next-generation channel reform

Respond to diversifying needs of customers and construct channels to support sales strategies. Position digital channels as main channels for customers and strengthen the consulting function of real channels to solve customers' issues.



# Challenge of Achieving Zero Clerical Work

## Achievement of zero clerical work at branches

- **Clerical work review with a focus on simplification, concentration, and systematization**

Simplification of clerical work by reviewing complicated clerical work and verification work and by appropriately taking risks

Further concentration of back-office routine work (including loan clerical work) and clerical work unrelated to customers on the headquarters (examination on remote services)

Rationalization of reception services by introducing semi-self-service terminals and improvement in effectiveness of clerical work by using digital technology including AI/RPA

- **Selection and concentration of business based on market characteristics**

Remarkable productivity improvement in divisions on which business operations are concentrated

- **Personnel reallocation based on utilization of versatile workers and improvement in support to branches**
- **Improvement in operational efficiency through digitalization and operational flow review**

Organizational reform and system strengthening toward zero clerical work

- **Restructuring and integration of services at the headquarters and organizational reform toward zero clerical work**
- **Realization of common/joint business with other financial institutions in non-competitive fields**

Clerical work reduction

**200,000-hour reduction**

Reskilling

**Promotion of support for clerical workers**

Reallocation of clerical workers

**Reallocation of 200 workers**

## ➤ **Response to diversifying needs of customers and construction of channels to support sales strategies**

### Strengthening of digital channels

- Digital shift due to improvement and expansion of Web-based procedures
- UI/UX enhancement by introducing banking app
- Digitalization of all kinds of account opening through eKYC introduction
- Improvement and expansion of Web-based smooth financing methods

### Response to digital society

- Construction of an eco-system in response to cashless society
- Operational reviews in response to expanding paperless transactions

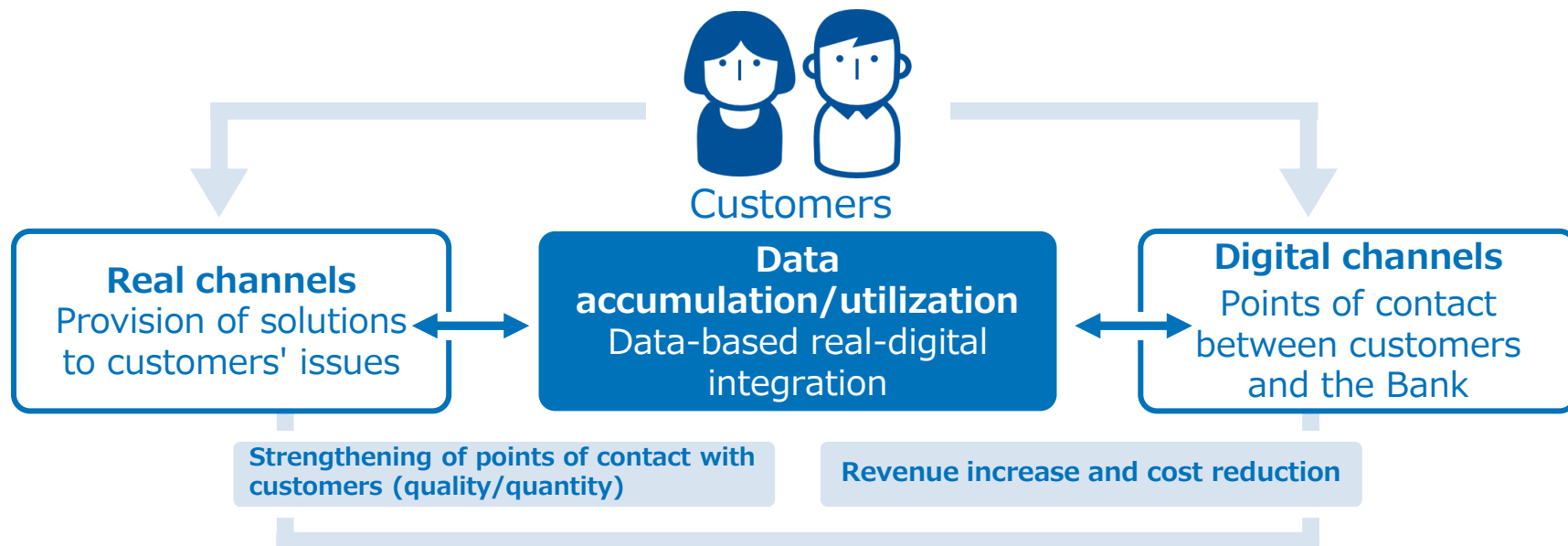
### Restructuring of real channels

- Shift to next-generation branches with an emphasis on consulting
- Restructuring of branch network in view of digital channel expansion, etc.
- Activities to abolish ATM (proper) services outside branches in principle in the future and strengthening of relationships with convenience-store-related banks

### Establishment of new marketing methods

- System development and infrastructure construction toward data utilization
- Sophistication of sales promotion methods based on data analysis
- Establishment of a non-face-to-face sales scheme based on digital technology

## Next-generation Channel Reform



- Penetration rate of banking app  
**15% ▶ 50%**
- Acquisition rate of email address  
**60% ▶ 75%**
- Shift to next-generation branches  
**3 branches**
- Reduction in ATM (proper) services outside branches  
**50% (132 ▶ 66)**

- Transfer from full-banking branches to function-specific branches  
**5 branches or more**
- Consolidation of branches based on a branch-in-a-branch method  
**5 branches or more**
- Strategic personnel reallocation  
**40 workers or more**
- Number of accounts without bankbooks  
**10,000 accounts ▶ 80,000 accounts**

## Realization of Human Capital Management

Endeavor to develop a system to integrate management strategies and personnel strategies and to secure diversity in human resources and working practices by promoting diversity and inclusion. Endeavor also to reform training programs and OJT for each employee's personal growth.



## High Level of Governance

Construct a governance system to promote activities toward three-driver-based transformation (AX/DX/SX) and reconstruct management of services at the headquarters and branches.





## ➤ Creation of corporate culture to respond to transformations

### Integration of management strategies and personnel strategies

- Penetration and sharing of the Bank's purpose
- Construction of a strategic personnel allocation scheme in cooperation with the corporate planning division
- Development and promotion of human resources for important positions

### Accurate operation of a new personnel system

- An evaluation system/early establishment of 1-on-1 meetings
- Visualization and utilization of skills for career development

### Personal growth

- Introduction of a side business system
- Improvement and expansion of personalized training programs and OJT reforms for new and young bank employees
- Creation of opportunities for alliance-based personnel exchanges and active dispatch of employees to outside enterprises

### Diversity maintenance in human resources and working practices

- Diversity & inclusion promotion
- Aggressive recruiting by promoting experts
- Promotion of flexible working practices (introduction of a flextime system, promotion of utilization of seniors, and promotion of childcare leave)



Corporate culture  
that does not fear  
change



Acceptance of and  
respect for  
diversity



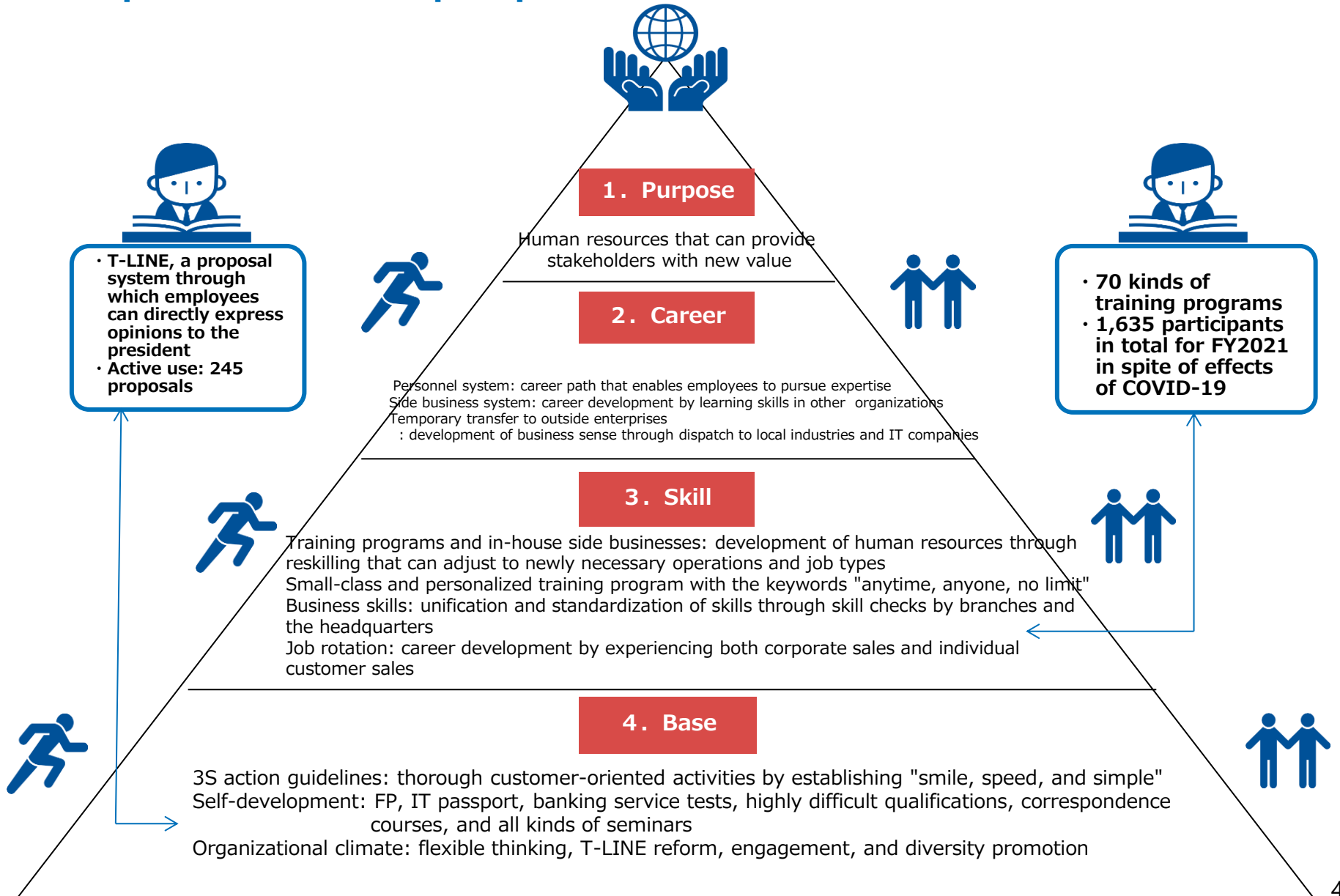
Challenge and  
career  
development

## Response to transformations

- Strategic personnel allocation through open recruitment  
: **10 or more persons a year**
- Ratio of female managers and supervisors: **15% or more**
- Rate of long-term childcare leave taken by men : **100%**
- Persons who have highly difficult qualifications  
: **50 workers or more**

# Development of Human Resources to Achieve the Purpose

「 Purpose : Create a prosperous future from Yamanashi 」



## ➤ Construction of a governance system to promote activities toward reconstruction and transformation (AX/DX/SX) of a business operation system at the headquarters and branches

### Reconstruction of a business operation system at the headquarters and high sophistication of the headquarters' function

- High sophistication of RAF-based revenue/risk management methods
- Activity to introduce and establish a headquarters evaluation system
- Construction of a headquarters' system to support area headquarters

### Reconstruction of a business operation system at branches

- Activity to introduce and establish an area headquarters system
  - ▶ From an 11-block system to a 6-area headquarters system
- Activity to reconstruct and establish a branch evaluation system (total budget/performance awards)

## Construction of a governance system to develop AX/DX/SX

Construction of a governance system to develop AX/DX/SX



Construction of a governance system to solve sustainability issues and construction of an information-sharing system for every officer/employee

## Achievement of sustainable management and increase in corporate value

### Business operation system at the headquarters

- RAF-based revenue/risk management
- Introduction of a headquarters evaluation system

### Business operation system at branches

- Introduction of an area headquarters system
- Reconstruction of a branch evaluation system

## A governance system to develop **AX/DX/SX**

- Alliance synergy effects (cumulative/both banks included) **8.0 billion yen or more**
- Development of DX planners (an in-house certification system) **500 workers or more**
- Reduction rate of greenhouse gas (CO<sub>2</sub>) emissions (Comparison with FY2013) **46% or more**
- Sustainable finance\*1 investment and loan amount (Cumulative total of 3 years) **250.0 billion yen or more**

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:

The Yamanashi Chuo Bank, Ltd.

Corporate Communications Sustainability Promotion Office

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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.