



# The 40th Analyst Meeting

June 2, 2021 (Wed.)  
The Yamanashi Chuo Bank, Ltd.

First Section of the Tokyo Stock Exchange:8360

## Summary of Business Results

FY20 Business Results (Summary)	3
Interest Income	4
Deposits, Loans	5
Securities	6
Fees and Commissions	7
Expenses/OHR (Operating Expenses/Core Gross Business Profit)	8
Credit-Related Costs	9
Earnings Forecasts for the Current Term (FY21)	10
Capital Policies (Return to shareholders)	11
Measures to Address the Corporate Governance Code	12

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

Overview of the Medium-Term Management Plan	14
Progress on Key Performance Indicator Targets	15
Creating Value through Alliances	16
Response to COVID-19	20

## Medium-Term Management Plan Measures

Channel Strategy	22
Strategy for the Western Tokyo Area	23
Concentrated investments on Western Tokyo Area	23
Loan RAROA by Area	24
Deepen and Expand Consulting Field (for Corporations)	25
Track Record on Consulting for Corporations	26
Deepen and Expand Consulting Field (for Individuals)	27
Lineup for Consulting for Individuals	28
Housing Loans	29
Unsecured Individual Loans	30
Increase Productivity through BPI	31
Improve Personnel Vitality	32
Response to Digital Transformation (DX)	33
Develop and Strengthen the IT Platform to Help Increase Corporate Value	34
CSR Initiatives Based on the SDGs and ESG Principles	35

# Summary of Business Results



## FY20 Business Results (Summary)

Non-consolidated	(¥ billion, %)	FY19	FY20	YoY
Gross business profit		31.4	31.5	0.1
Interest income		27.0	27.9	0.9
Fees and commissions		4.9	5.6	0.6
Other operating income		(0.4)	(0.0)	0.3
Core gross business profit		31.5	33.5	1.9
JGBs and other bond transactions		(0.1)	(2.0)	(1.8)
Expenses		25.6	25.0	(0.5)
General Provision to loan loss reserve		0.0	(0.5)	(0.5)
Net business profit		5.7	6.9	1.2
Core net business profit		5.9	8.4	2.5
(Excluding gain on cancellation of investment trusts)		5.9	8.4	2.5
Non-operating losses		0.0	(1.5)	(1.6)
Gains on reversal of provision to loan loss reserve		-	-	-
Reversal of loan loss reserve		0.9	1.4	0.5
Equity share and similar transactions		1.3	0.5	(0.7)
Ordinary profits		5.8	5.3	(0.4)
Extraordinary income (losses)		(0.6)	(0.5)	0.0
Net income		3.4	2.6	(0.7)
Credit-related costs		9	9	(0.0)

Consolidated	(¥ billion, %)	FY19	FY20	YoY
Consolidated ordinary profit		6.7	6.2	(0.4)
Profit attribute to shareholders of the parent		3.7	3.0	(0.6)

Page 4

Page 7

Page 8

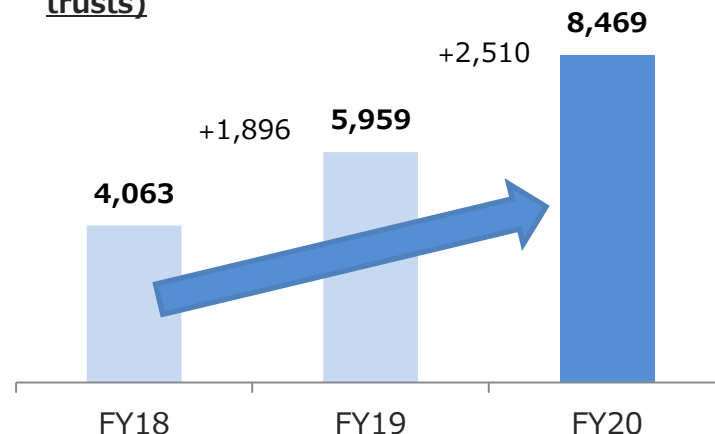
Page 9

Page 9

Page 9

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

(¥ million)



### Main points of FY20 business

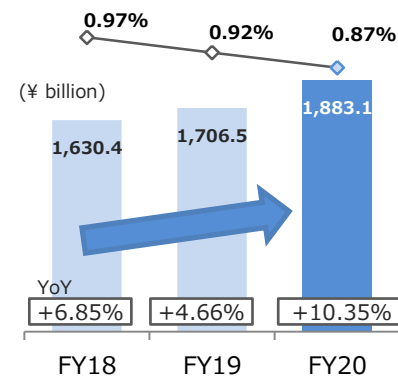
- Gross core banking profit posted a year-on-year increase, mainly due to an increase in interest income and income from fees and commissions.
- Gross core banking profit excluding gain on cancellation of investment funds increased 2.5 billion yen, substantially increasing profits in the main business.

[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.

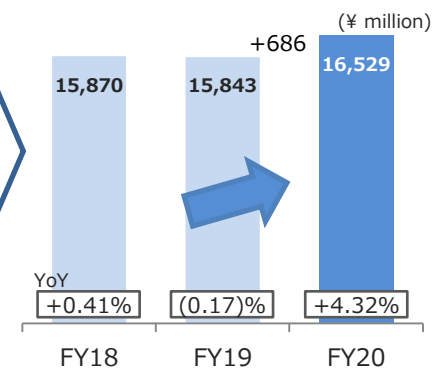
**Interest on loans exceeded that of the previous year due to a steady increase in the balance of loans.**

	(¥ billion, %)	FY19	FY20	YoY
Interest income		27.0	27.9	0.9
Net interest margin		15.4	16.2	0.7
Interest on loans		15.8	16.5	0.6
Domestic operations		15.5	16.3	0.7
International operations		0.2	0.2	(0.0)
Interest on deposits		0.3	0.3	(0.0)
Domestic operations		0.3	0.3	(0.0)
International operations		0.0	0.0	(0.0)
Interest on securities		11.8	11.6	(0.2)
(Excluding gain on cancellation of investment trusts)		11.8	11.6	(0.2)
Bonds		4.7	4.1	(0.6)
Domestic operations		3.8	3.5	(0.3)
International operations		0.9	0.5	(0.3)
Stock		1.2	1.0	(0.1)
Distributions on investment trusts		5.9	6.4	0.5
Gain on cancellation of investment trusts (Gain surplus)		-	-	-
Capital market investment and procurement		(0.2)	0.1	0.3
Domestic operations		26.3	27.2	0.9
International operations		0.7	0.7	(0.0)

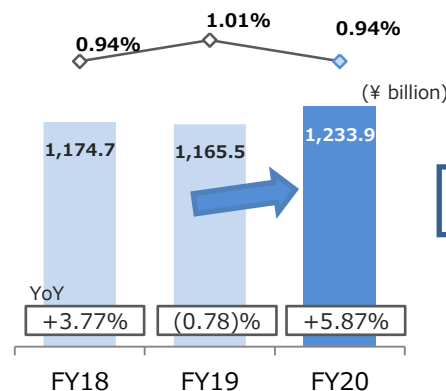
**Average loan balance and yield**



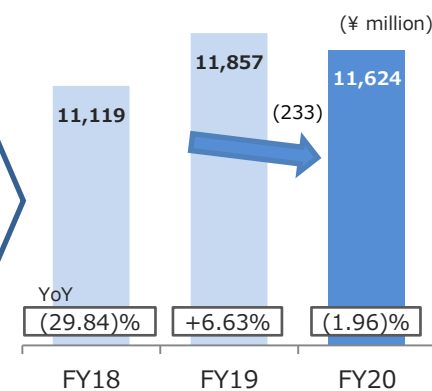
**Interest on loans**



**Average security balance and yield**



**Interest on securities**



**Loan balance mainly in the corporate segment increased due to community-based financial support.**

## &lt;Average&gt;

	FY19	FY20	YoY (% change)
(¥ billion)			
Deposits	3,012.0	3,239.0	+226.9 ( +7.5% )
Yamanashi Pref.	2,663.8	2,860.2	+196.4 ( +7.3% )
Tokyo and Western Tokyo Area	348.2	378.7	+30.5 ( +8.7% )

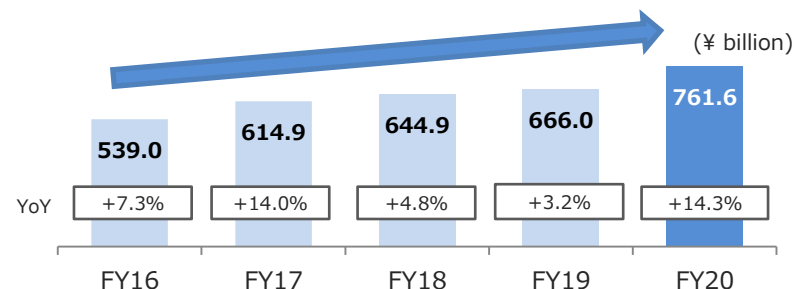
Deposits shares in Yamanashi Pref. (term-end)	49.8%	51.2%	+1.4P	-
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(Excluding Japan Post Bank)

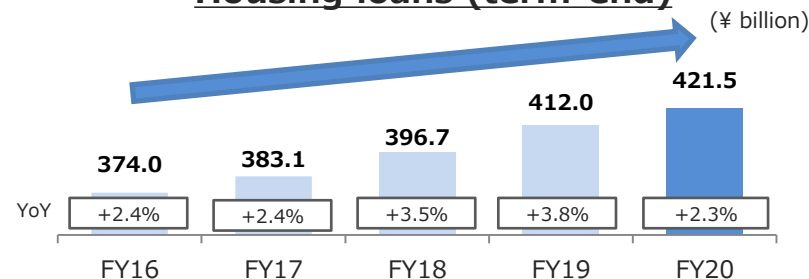
	FY19	FY20	YoY (% change)
(¥ billion)			
Loans	1,706.5	1,883.1	+176.6 ( +10.3% )
By area			
Yamanashi Pref.	864.7	925.3	+60.5 ( +7.0% )
Tokyo and Western Tokyo Area	673.8	783.9	+110.1 ( +16.3% )
Loan assets under the control of head office departments	167.8	173.8	+5.9 ( +3.5% )
By market			
General funds	1,049.2	1,177.5	+128.3 ( +12.2% )
Non-commercial for individuals	384.1	394.6	+10.4 ( +2.7% )
Local government bodies	273.0	310.9	+37.8 ( +13.8% )

Loan shares in Yamanashi Pref. (term-end)	44.9%	45.8%	+0.9P	-
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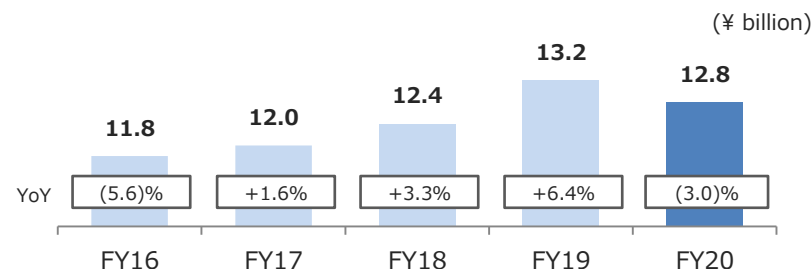
## Balance of loans to SMEs (term-end)



## Housing loans (term-end)

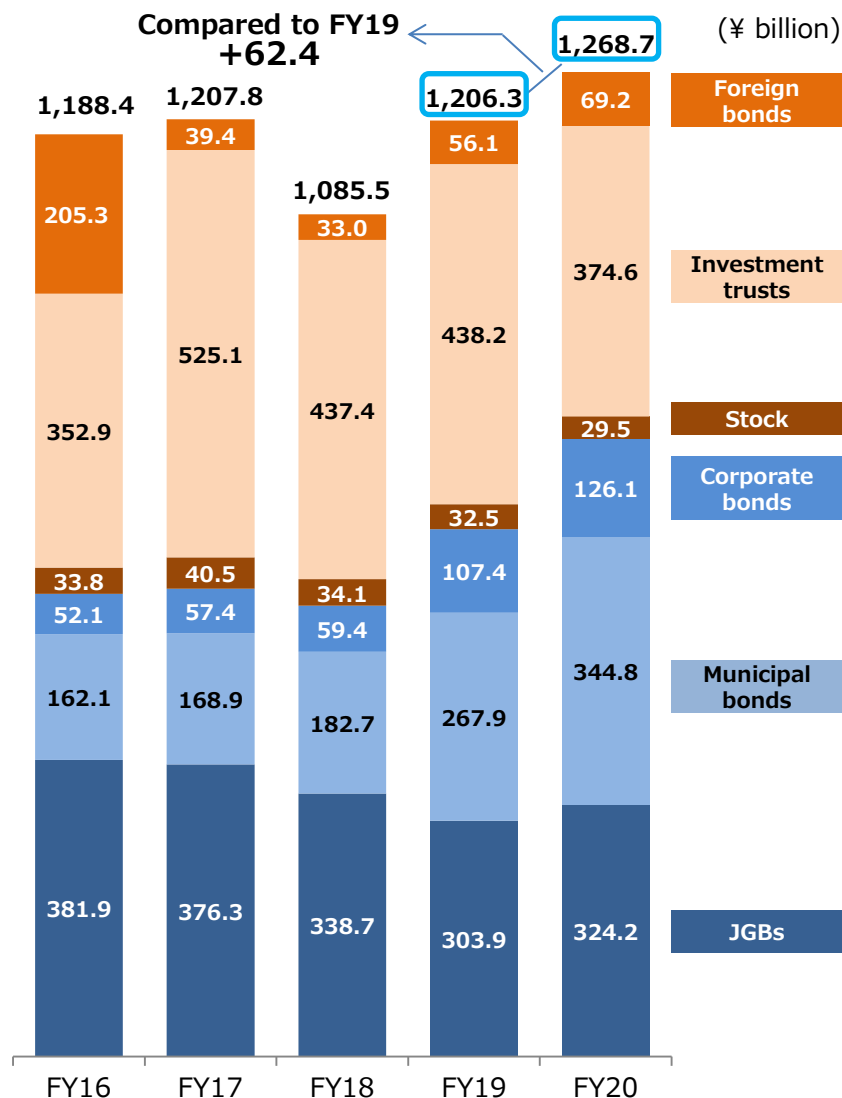


## Unsecured loans (term-end)



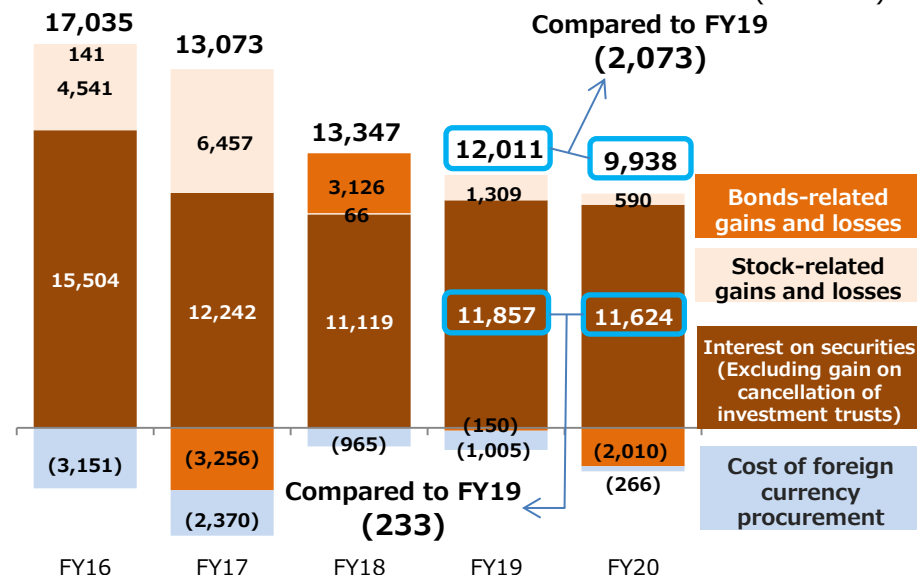
## Securities-related profits (losses) decreased compared to the previous year, but valuation profits (losses) recovered.

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



### Securities gains and losses

(¥ million)

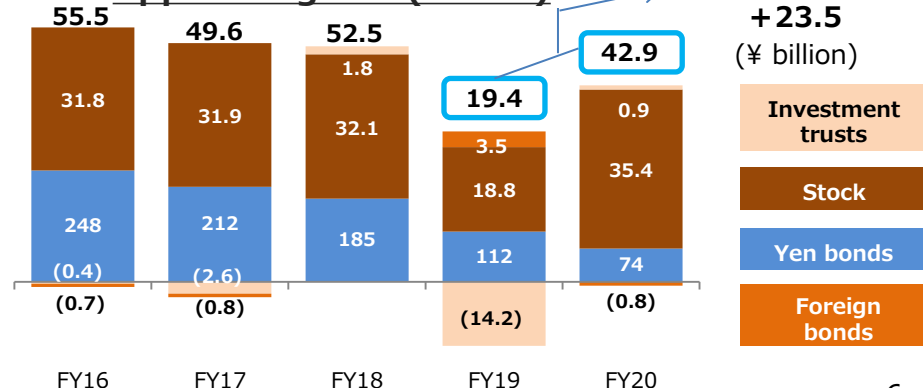


\* From FY20, net reporting has been applied to gain or loss on cancellation of investment trusts. The method to settle accounts has been changed to recording gain surplus under interest on securities, and recording loss surplus under bond-related losses. (Surplus in the past were reprocessed and are presented accordingly).

### Appraisal gains (losses)

Compared to FY19 +23.5

(¥ billion)



## Fees and Commissions

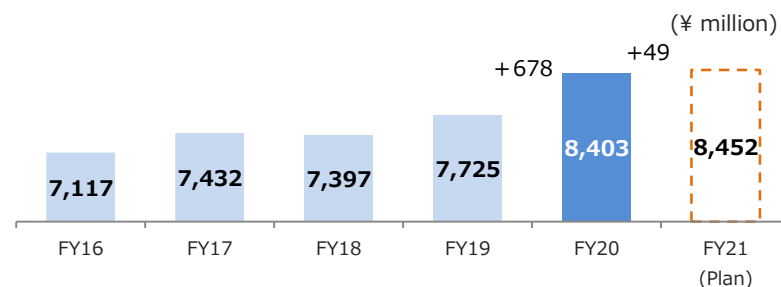
**Income from fees and commissions increased substantially due to deepening of consulting operations.**

(¥ million)	FY19	FY20	YoY	FY21 (Plan)	YoY
Fees and commissions	4,952	5,640	688	5,734	94
Fees and commissions	7,725	8,403	678	8,452	49
Fee and commission expenses	2,772	2,763	(9)	2,718	(45)

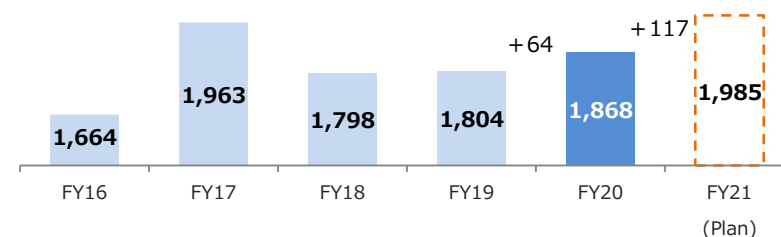
### [Main breakdown]

Fee and commission income from financial products (excluding the corporate portion)	1,804	1,868	64	1,985	117
Fee and commission for investment trusts	794	961	167		
Fee and commission for life insurance (excluding the corporate portion)	976	884	(92)		
Fee and commission for public bonds	16	11	(5)		
Brokerage fee and commission for financial products	16	10	(6)		
Fee and commission income from corporations	603	1,306	703	1,309	3
Fee and commission for finance including structured finance	358	772	414		
Fee and commission for consulting	29	173	144		
Fee and commission for business matching	95	122	27		
Fee and commission for M&A	35	109	74		
Fee and commission received related to foreign exchange (domestic)	1,859	1,835	(24)		
Loan payment premiums and guarantees	1,873	1,897	24		

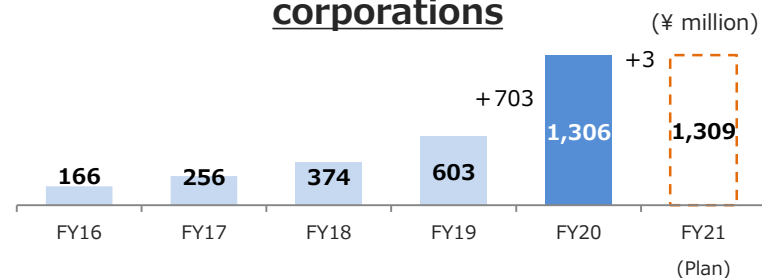
## Fees and commissions



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



## Fee and commission income from corporations





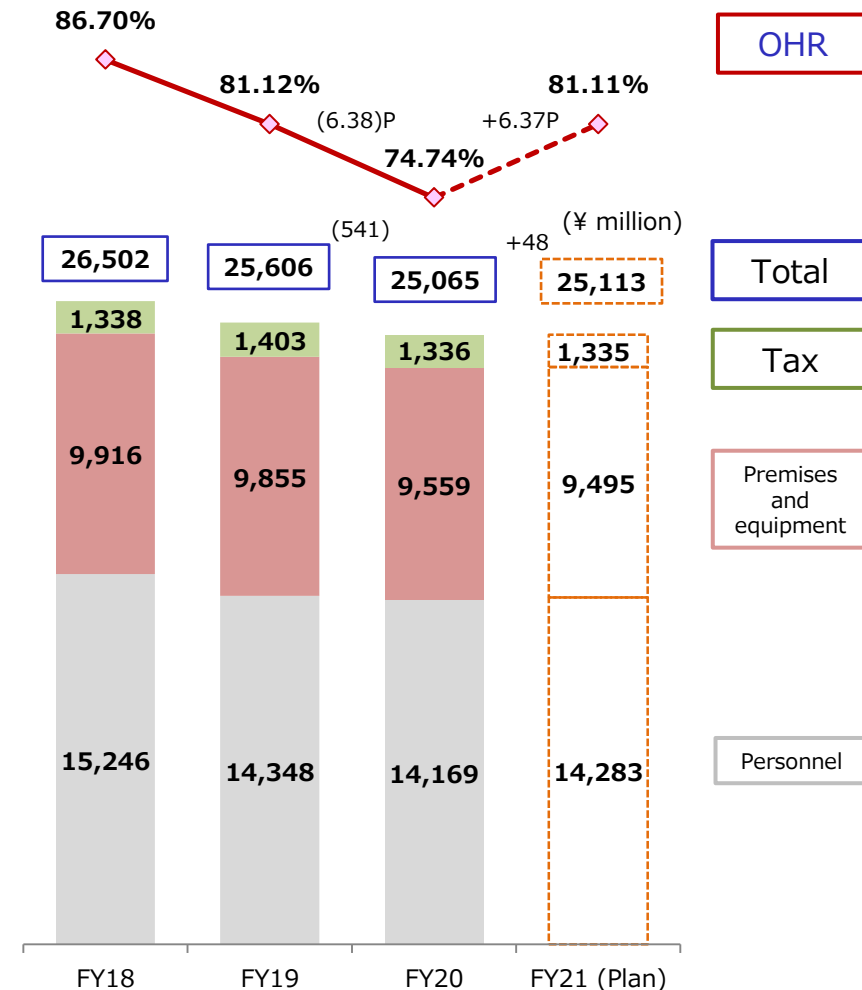
## Strive to reduce expenses by accelerating the revision of the expense structure and business processes.

Expenses (¥ billion)	FY19	FY20	YoY	FY21 (Plan)	YoY
Expenses	25.6	25.0	(0.5)	25.1	0.0
Personnel	14.3	14.1	(0.1)	14.2	0.1
Premises and equipment	9.8	9.5	(0.2)	9.4	(0.0)
Tax	1.4	1.3	(0.0)	1.3	(0.0)
OHR	81.12%	74.74%	(6.38)P		

### Main factors behind changes in expenses

(¥ billion)	FY20 (Results)		FY21 (Plan)	
Personnel	(0.1)	Reduction in personnel and others:(0.1)	0.1	Revision of the HR sysytem:+0.1
Premises and equipment	(0.2)	Sale of fixed assets:(0.1) Cancellation of business trips, meetings and events due to COVID-19 pandemic:(0.1)	(0.0)	-
Tax	(0.0)	-	(0.0)	-

### Changes in expenses and OHR



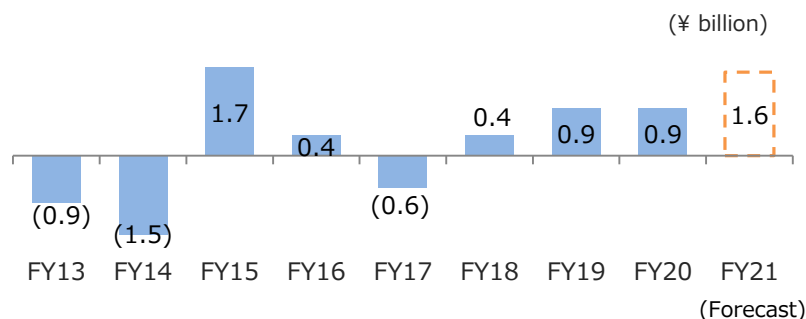
**Credit-related expenses are expected to grow during the term to Mar. 2022, taking the effects of COVID-19 into consideration.**

(¥ billion)	FY19	FY20	YoY	FY21 (Forecast)	YoY
Credit-related costs	0.9	0.9	(0.0)	1.6	0.6
Net provision to general loan loss reserve	0.0	(0.5)	(0.5)	0.1	0.6
Disposal of non-performing loans (non-operating income (losses))	0.9	1.4	0.5	1.4	(0.0)
Net provision to specific loan loss reserve	0.8	1.3	0.4	1.2	(0.0)
Provision to reserve for contingent losses	0.0	0.1	0.0	0.1	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	5.65bp	5.08bp	(0.57)bp	7.97bp	+2.89bp

Note:

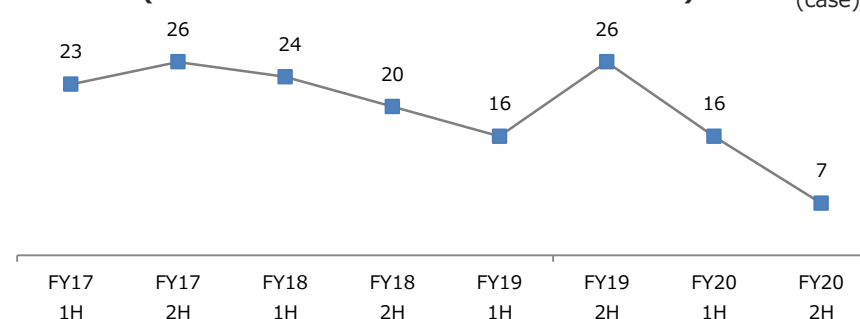
In the table to the left, reversal of allowance for loan losses are split into net provision to general loan loss reserve and net provision to specific loan loss reserve to facilitate comparisons with prior periods.

### Credit-related costs



### Number of bankruptcies of companies in Yamanashi Pref.

(Total liabilities of ¥10 million or more)



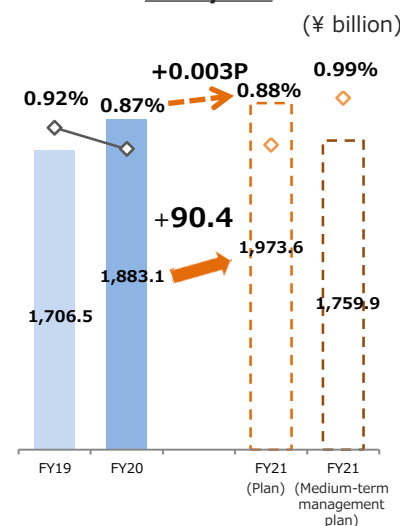
Source: TOKYO SHOKO RESERCH, LTD.

# Earnings Forecasts for the Current Term (FY21)

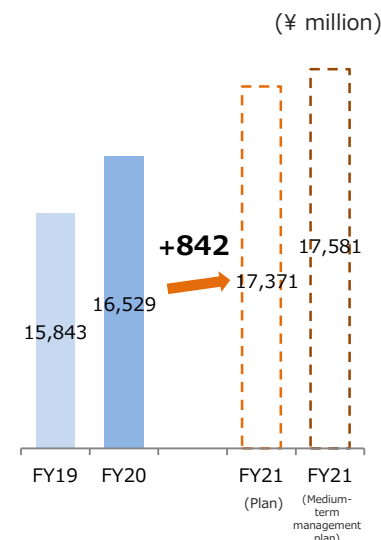
Non-consolidated	(¥ billion, %)	FY20	FY21 (Plan)	YoY
Gross business profit		31.5	30.5	(1.0)
Interest income		27.9	25.4	(2.5)
Interest on loans		16.5	17.3	0.8
Interest on securities		11.6	7.9	(3.6)
Fees and commissions		5.6	5.7	0.0
Other operating income		(0.0)	(0.2)	(0.1)
Core gross business profit		33.5	30.9	(2.5)
JGBs and other bond transactions		(2.0)	(0.4)	1.5
Expenses		25.0	25.1	0.0
General provision to loan loss reserve		(0.5)	0.1	0.6
Net business profit		6.9	5.2	(1.7)
Core net business profit		8.4	5.8	(2.6)
(Excluding gain on cancellation of investment trusts)		8.4	5.8	(2.6)
Non-operating losses		(1.5)	(1.2)	0.3
Reversal of loan loss reserve		1.4	1.4	(0.0)
Equity share and similar transactions		0.5	0.5	(0.0)
Ordinary profits		5.3	4.0	(1.3)
Net income		2.6	2.7	0.0

Consolidated	(¥ billion, %)	FY20	FY21 (Plan)	YoY
Consolidated ordinary profits		6.2	4.7	(1.5)
Profit attribute to shareholders of the parent		3.0	3.1	0.0

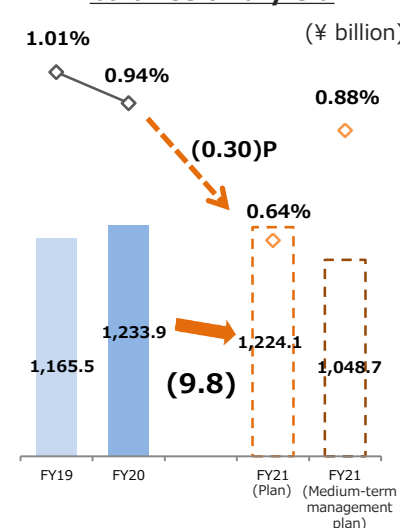
## Average loan balance and yield



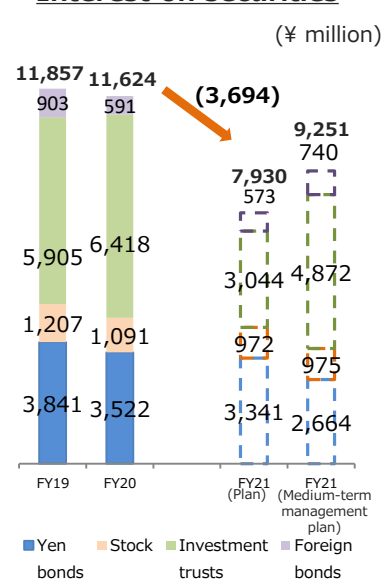
## Interest on loans



## Average security balance and yield



## Interest on securities



## 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	2,700
Annual dividend	1,211	1,712	1,521	1,172	1,162	1,114	1,116	1,116
Dividend pay out ratio	14.83%	19.70%	22.73%	26.34%	25.97%	32.99%	42.02%	41.36%
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	1,116
Shareholder return ratio	24.94%	29.88%	41.08%	37.17%	37.48%	65.38%	42.02%	41.36%

### Dividend policy

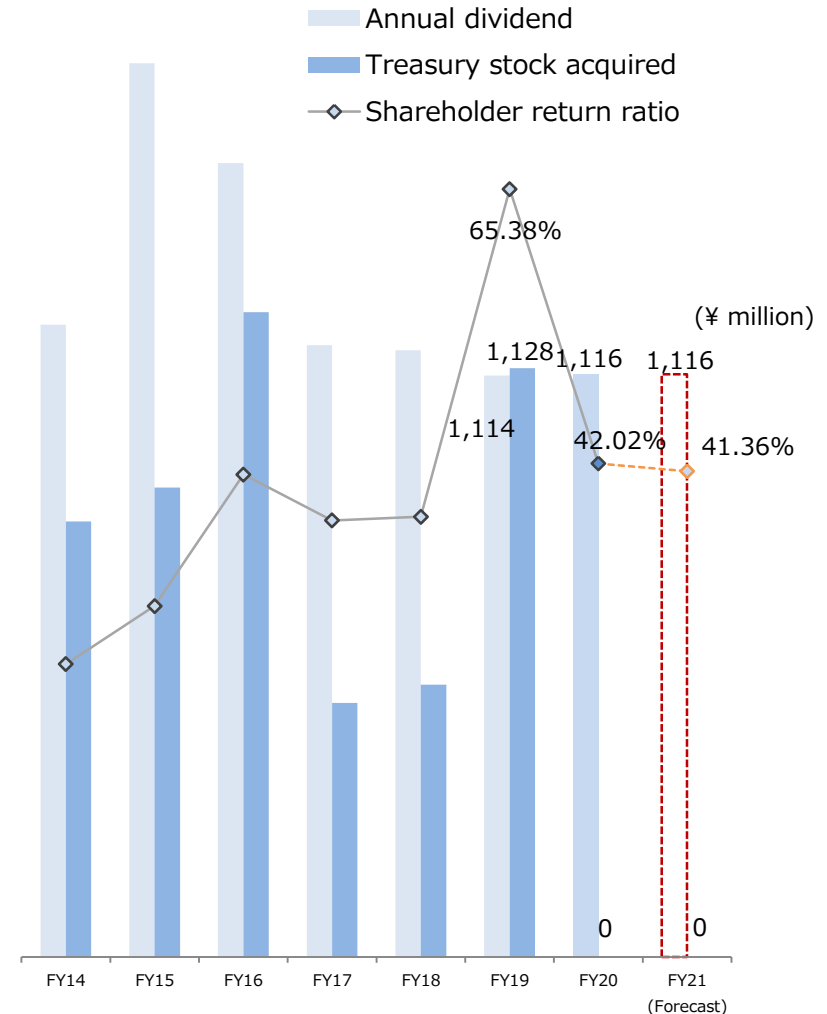
#### ◆ Performance-linked dividends

**Stable dividend: ¥35**

**Standard of shareholder return ratio: 20~30% annually**

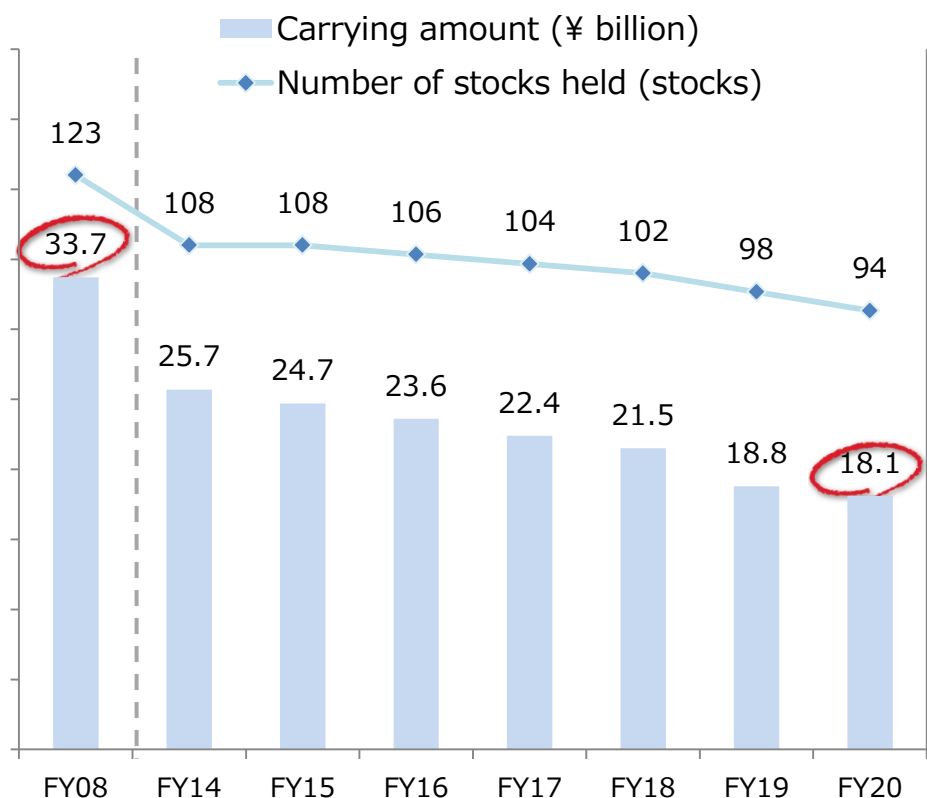
Return to shareholders (dividends paid + treasury stock acquired, etc.)

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



## Successively reduced cross-shareholdings.

- ✓ The Bank will strive to reduce the balance of cross-shareholdings further, following full discussions with counterpart companies and other entities, based on perspectives such as capital efficiency and curtailing stock holding risk.
- ✓ The balance of cross-shareholdings (carrying amount) has been reduced by approximately ¥15.6 billion since FY08.
- ✓ Steady progress has been made on reducing the balance of cross-shareholdings, with sales of cross-shareholdings amounting to approximately about ¥6.0 billion over the past 5 fiscal years.



(Reference)

Sales of cross-shareholdings over the past 5 years (¥ million)

	Sales amount (carrying amount)
FY16	1,085
FY17	1,142
FY18	1,004
FY19	2,218
FY20	611
Total	6,060



# 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

Full-year forecast for FY21

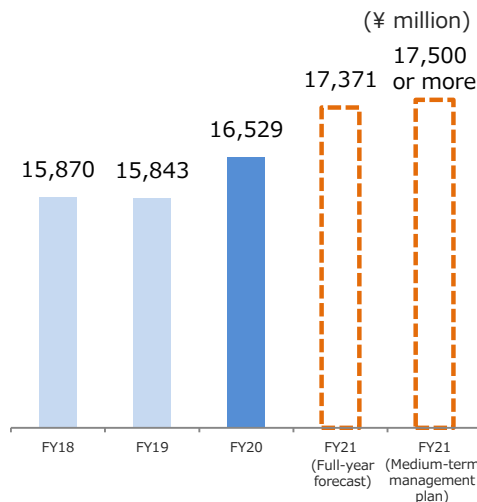
Interest on loans  
¥17.3 billion

Non-interest revenue  
¥8.4 billion

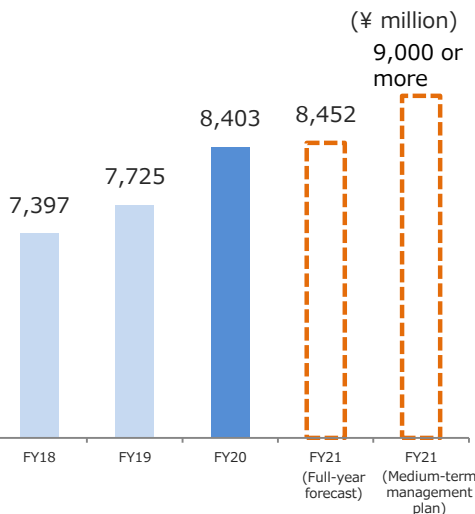
OHR  
(Operating expenses/Core gross business profit)  
81.1%

Net income  
¥2.7 billion

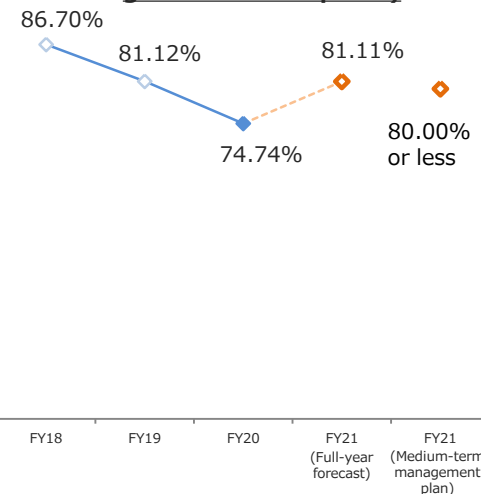
### Interest on loans



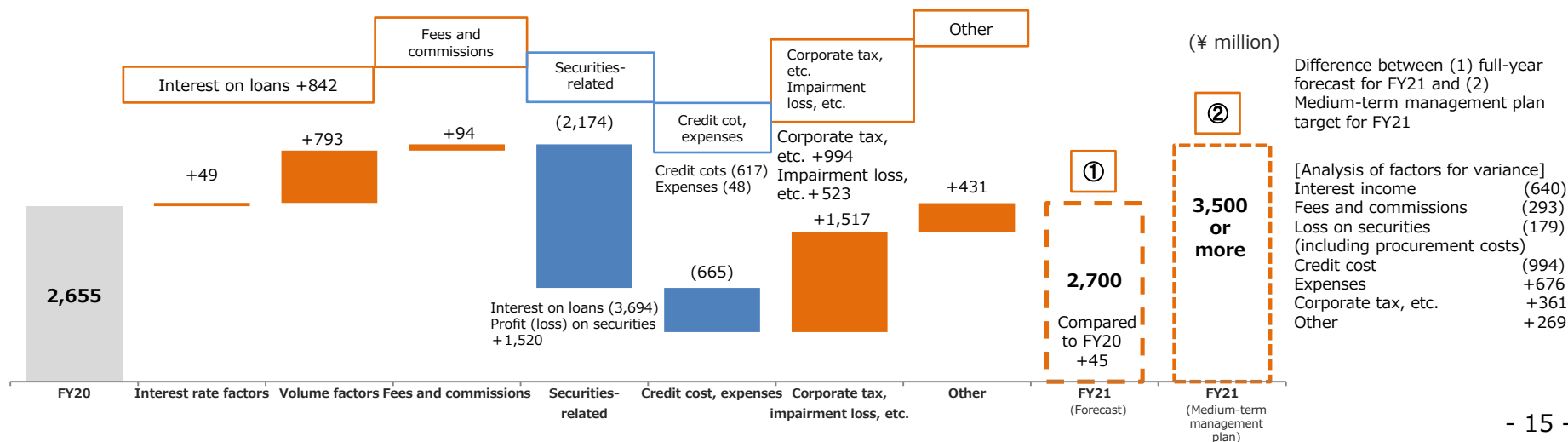
### Non-interest revenue



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



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



## Comprehensive business alliance with Shizuoka Bank. [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”.

### Corporate needs

- ✓ Sharing of information on M&A (conclusion a collaborative agreement)
- ✓ Sharing of information on business matching
- ✓ Utilization of Shizuoka Bank's overseas networks and the dispatching of personnel to its overseas bases

### Need for life planning

- ✓ Establishment of a new scheme for securities intermediary through Shizugin TM Securities
- ✓ Establishment of a scheme for securities intermediary in the online field through Monex
- ✓ Development of funds dedicated to alliance through Commons Asset Management

### Banking needs

- ✓ Joint study of structured finance
- ✓ Joint creation of syndicate loans
- ✓ Dispatching bank staff to the structured finance department
- ✓ Joint investment in PE funds

### Vitalizing local economy

- ✓ Holding of joint events to promote economic exchange between Shizuoka and Yamanashi Prefectures
- ✓ Support of entrepreneurs in the regions through holding TECH BEAT jointly
- ✓ Conclusion of collaborative arrangement in case of disaster (mutual use of mobile branch vehicles, etc.)

### Shared activity/BPO

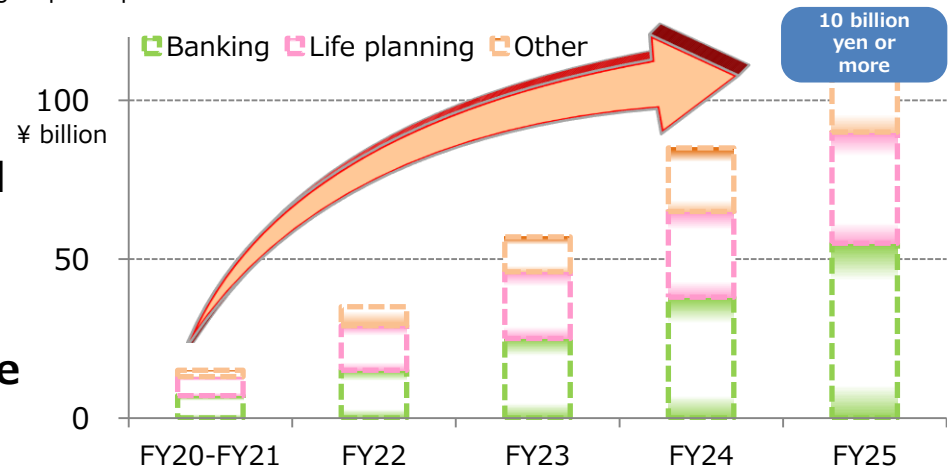
- ✓ Opening of joint stores by utilizing unoccupied space of branches in the strategic areas of both banks
- ✓ Examination for standardization and sharing of various IT systems
- ✓ Examination on the sharing of clerical work and BPO that utilizes Shizuoka Bank group companies

### DX/Shift to cashless operations

- ✓ Joint research in utilization of new digital technology such as AI and RPA
- ✓ Dispatching of bank staff to the Innovation Promotion Office of Shizuoka Bank (Tokyo) and research on new business

### [Image of synergy effects]

- ✓ **10 billion yen or more if the 5-year totals for the 2 banks are combined**
- ✓ **Synergy effects are favorable, at 50:50**
- ✓ **Effects worth approximately 1.1 billion yen were achieved during the term to Mar. 2021.**



- ✓ Set up a project team headed by the presidents of both banks and materialize individual collaborative projects at an early stage with the aim of materializing alliance measures (on the 3 levels of president, officer and divisional manager).
- ✓ The 10 Technical Subcommittees, consisting of members of general manager level, held a total of 80 sessions or more during the period up to the end of Mar. 2021.

Ranks	Names of a project team and subcommittees	Contents to examine
President-level	Top management regular meeting	<ul style="list-style-type: none"> <li>•To be held about semi-annually</li> <li>•Report on the status of examination made by management regular meetings and subcommittee meetings</li> </ul>
Officer-level	Management regular meeting	<ul style="list-style-type: none"> <li>•To be held about every 3 months</li> <li>•Report on the status of examination made by subcommittee meetings</li> </ul>
Divisional manager-level	Vitalizing local economy	Collaboration related to vitalizing local economy through measures, such as joint opening of TECH BEAT
	DX and innovation	Collaboration in the DX and innovation fields
	Market finance	Collaboration, personnel exchange, etc. in the field of structured finance
	Corporate strategy	Joint creation of joint business matching and syndicate loans, etc.
	Life plan strategy	Securities intermediary, smartphone apps, card business, etc.
	Sharing of clerical work	Standardization and sharing of clerical work and cost reduction
	System	Integration and sharing of various systems
	Branch strategy	Opening branches by leveraging existing branches and joint operation in overlapping areas
	Global strategy	Various solutions by utilizing overseas network
	HR Strategy	Personnel exchange, holding training jointly, etc.



## [Progress in alliances]

### ● Start of collaboration with Shizugin TM Securities in financial instruments agency services [Life plan strategy]

- ✓ Opening of Shizugin TM Securities' Yamanashi Head-Office Branch on the second floor of Yamanashi Chuo Bank's Head Office (Apr. 2021)
- ✓ In order to strengthen cooperation in this collaboration project, Shizuoka Bank sent 1 employee to Yamanashi Chuo Bank, and the latter sent 7 personnel to Shizugin TM Securities. In addition, Shizugin TM Securities transferred 8 personnel to the Yamanashi Head Office.



### ● Collaboration in structured finance and corporate finance [Market finance] [Corporate strategy]

- ✓ Yamanashi Chuo Bank sent 1 employee each to Shizuoka Bank's Treasury Department and Solutions Business Department (Jan. 2021)
- ✓ Start of collaborations in structured finance (loans and investments) (from Mar. 2021)
- ✓ Organization of collaboration in syndicated loans: 2 cases/5.2 billion yen (from Feb. 2021 to Mar. 2021)

### ● Cooperation in the area of consulting [Corporate strategy]

- ✓ Conclusion of the Agreement on M&A Operations (Jan. 2021)
- ✓ Short-term personnel exchange in M&A and business succession (Feb. 2021)
- ✓ Online business succession seminars for medical institutions (Mar. 2021)



- Hosting of various seminars and meetings for business negotiations [Vitalizing local economy]

- ✓ Shizuoka-Yamanashi “workation (work+vacation) seminar (Jan. 2021)
- ✓ Business negotiations with Central Nippon Expressway’s SAs and PAs (Feb. 2021)  
⇒127 business negotiations with 73 companies
- ✓ Individual business negotiations with Ogino, a Yamanashi-based supermarket operator (Mar. 2021)⇒Participation by 13 suppliers

- DX- and innovation-related

- ✓ Yamanashi Chuo Bank sent 1 employee to Shizuoka Bank’s Innovation Promotion Office (Feb. 2021)
- ✓ Start of consideration of joint investments in venture funds

- Implementation of various exchange plans [HR strategy]

- ✓ Members of the club for Yamanashi Chuo Bank managers and employees of the Bank participated in the forum hosted by Shizuginship, the next-generation management school run by Shizuoka Bank (Feb. 2021, online)
- ✓ Exchange between employees from the 2 banks (Feb. 2021)  
⇒(1) Exchange meeting of young bank employees  
(2) Exchange meeting of those who have been unofficially promised a job  
(3) Exchange meeting for club activities



- Other

- ✓ Establishment of an alliance logo  
⇒The logo, which consists of the corporate color(s) and an illustration of Mt. Fuji, uses a colorful triangle to represent the diversity of employees of the 2 banks as well as the purpose of the alliance, which aims at growth while maintaining the independence of the 2 banks.



静岡・山梨アライアンス

Shizuoka・Yamanashi Alliance

## 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

Promote corporate reconstruction and ensuing regrowth by responding with 3S's (**S**mile, **S**peed, **S**imple) with Will and Skills

### Hearings, loan consultation and executions

(As of May 21, 2021(Changes to conditions are as of the end of Apr.))

Number of hearings	Number of loan consultations	New loans Number executed	Changing conditions Number executed
7,650 cases	4,184 cases	5,003 cases/¥124.2 billion	1,951 cases/¥52.9 billion

### Developing readiness Working to solve problems together with managers through closer communication

- Conduct impact investigation (from Jan. 2020)
- Set up consultation desk (Feb. 2020)
- Established a COVID-19 Management Support Team (Apr. 2020)
  - 16 bank employees from Head Office, allocated to each bloc
- Concluded a collaborative agreement with the Yamanashi Social Insurance and Labor Consultant Association (May 2020)
  - Strengthened response to consultations related to labor affairs and various types of subsidies
- Added 4 members to the Corporation Support Section in the Loan Screening Department to prepare an individual support system to pandemic-related borrowers (to Aug. 2020)
- Conclusion of a cooperation agreement with the Yamanashi-Ken District Committee of the Japan Association of Travel Agents' Kanto Chapter to support accommodation facilities (Dec. 2020)
- Conclusion of a memorandum on mutual cooperation with the Yamanashi Prefectural Small and Medium Enterprise Management Consultant Association to support small, medium and other enterprises (Mar. 2021)
- Newly established loan programs, etc.
  - Newly established a special loan for natural disasters, etc. (Feb. 2020)
  - Supported effectively interest-free loans in Yamanashi Pref., Tokyo and Kanagawa Pref. (from May 2020)
    - One-stop response for applications to municipalities, credit guarantee corporations
  - Support low-interest Life Support Loan (from May 2020)
  - Start of handling of Privately Placed Bonds to Support Health Workers with a donation option (to Mar. 2021)
  - Creation of new Capital Loans (20) (longest loan period: 20 years) (Feb. 2021)
  - Establishment of new housing loans dedicated to relocation and second-house loans (Feb. 2021)
- Response to changing conditions
  - Waive handling fees on changing conditions for business loans (from May 2020)
  - Flexible and prompt support, such as a new injection of money to borrowers with changed conditions
  - Respond to changing conditions for unsecured individual loans (from May 2020)

### Continuation of services and response to the COVID-19 pandemic at the Bank

#### Branches

- Introduced a midday break (Currently institutionalized at 37 branches in the prefecture)
- Installed screens on teller's booths to prevent airborne transmission
- Arranged for social distancing in lobbies and ATM areas
- Rigorously enforced prior reservations for visit etc.

#### Branches and Head Office

- Implementation of split operations and staggered working hours
- Institutionalized teleworking (Jul. 2020)
- Institutionalized online meetings (Sep. 2020)

# Medium-Term Management Plan Measures

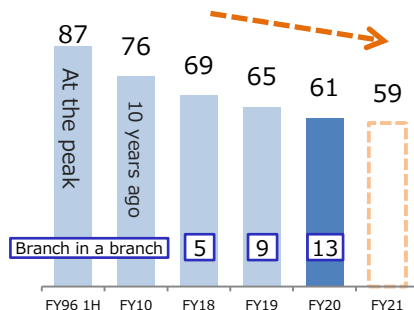
## Develop a new customer base by harnessing digital channels, while optimizing the branch network and other aspects of real channels.

### Real channels

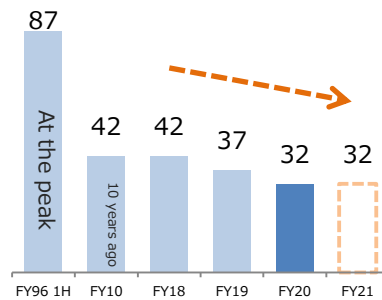
Reconstruction of a branch network suitable to the market scale of regions

#### Optimize branch network in Yamanashi Pref.

Number of location in Yamanashi Pref.



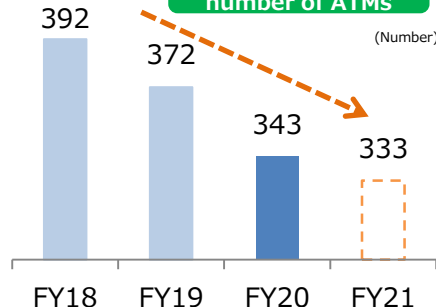
Full banking branches in Yamanashi Pref.



- (1) Reduced the number of branch locations in Yamanashi Pref. by approximately 15% (10 branches) (compared to FY18)
- (2) Reduced the number of full banking branches by approximately 20% (10 branches) (compared to FY18)
- (3) Making the branches leaner by relocating 2 of them to facilities of other business types
- (4) Introduction of a lunch break at 37 branches

#### Rebuild the ATM network

Changes in the number of ATMs

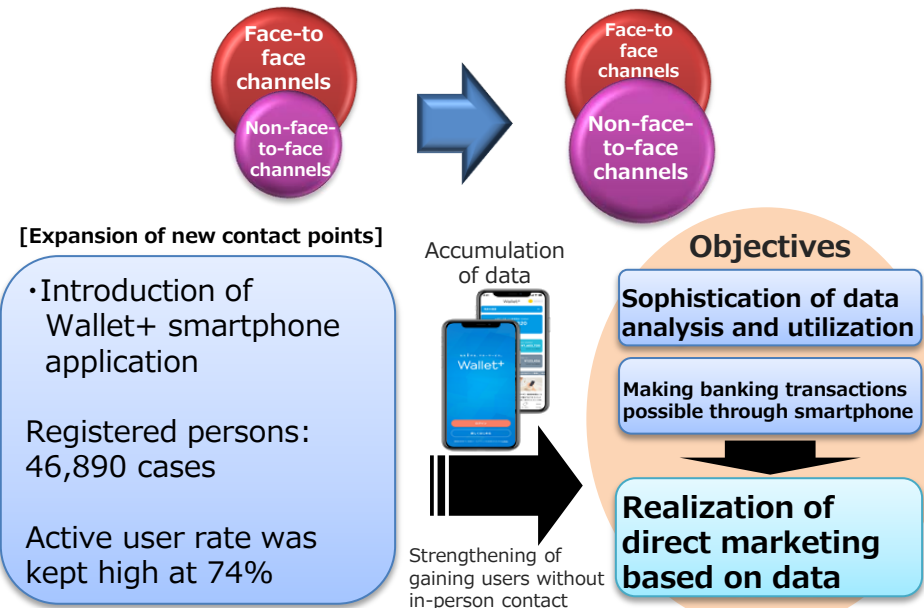


- (1) Reduce the number of ATMs by 10% during the current medium-term management plan period
- (2) Install joint ATMs with convenience store-affiliated banks
- (3) Form partnerships with financial institutions in Yamanashi Pref. (explore opportunities for mutual access to ATMs)

### Digital Channels

Strengthening of points of contact with customers utilizing digital channels

#### Digital shift strategy



#### [Expansion of new contact points]

- Introduction of Wallet+ smartphone application

Registered persons:  
46,890 cases

Active user rate was  
kept high at 74%

#### [Shift to cashless transactions]

- Introduction of Debit Card (13,137 cases)
- Integration between smartphone payment service and bank accounts (36,215 cases)
- Development of &Pay establishment (600 outlets)

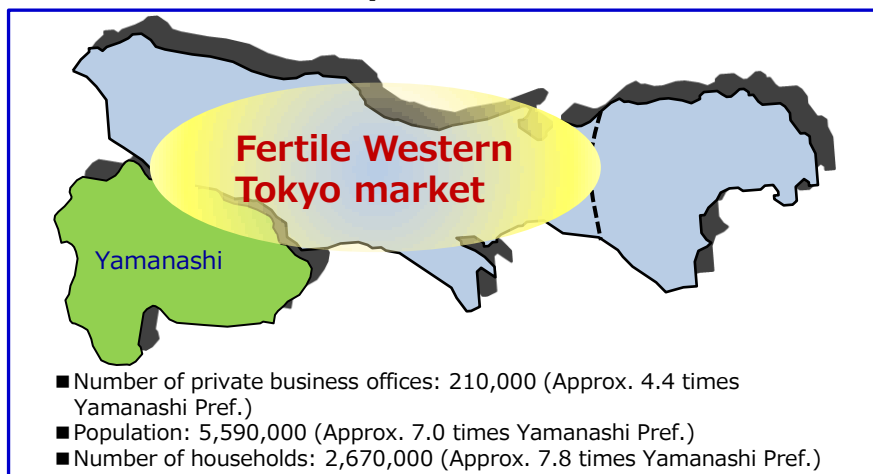
#### [Paperless operations]

- Introduction of bankbook-less transactions and app-based bankbooks (Application registrants: 18,613 cases)
- Expansion of Web-based loans, etc.

\* All results are based on data as of the end of Mar. 2021.



## Western Tokyo Area market size



\* 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)
- Strengthening of activities by Western Tokyo Consulting Sales Department



### Develop business that "Starts with customers"

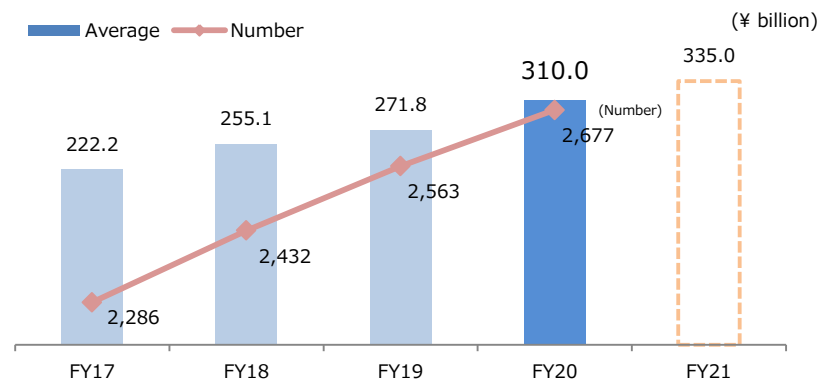
- Implementation of high value-added consulting sales activities centered on fields, such as the medical field and business succession

### Reinforcement of Head Office support platform

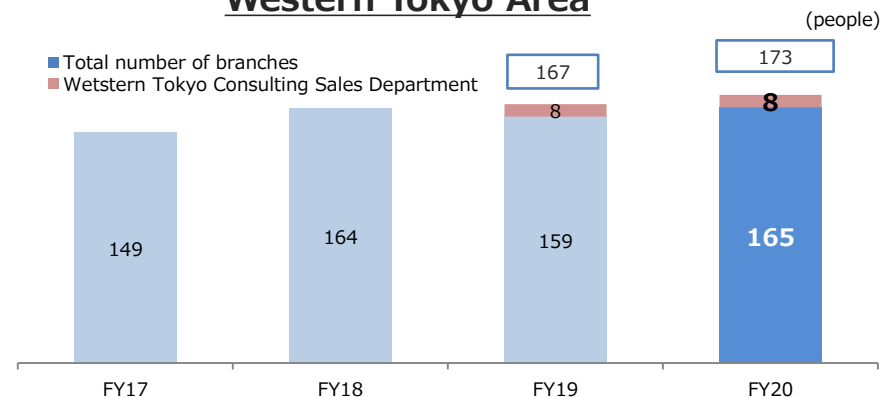
- Strengthening of customer support and branch assistance

## Effects of concentrated investments

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

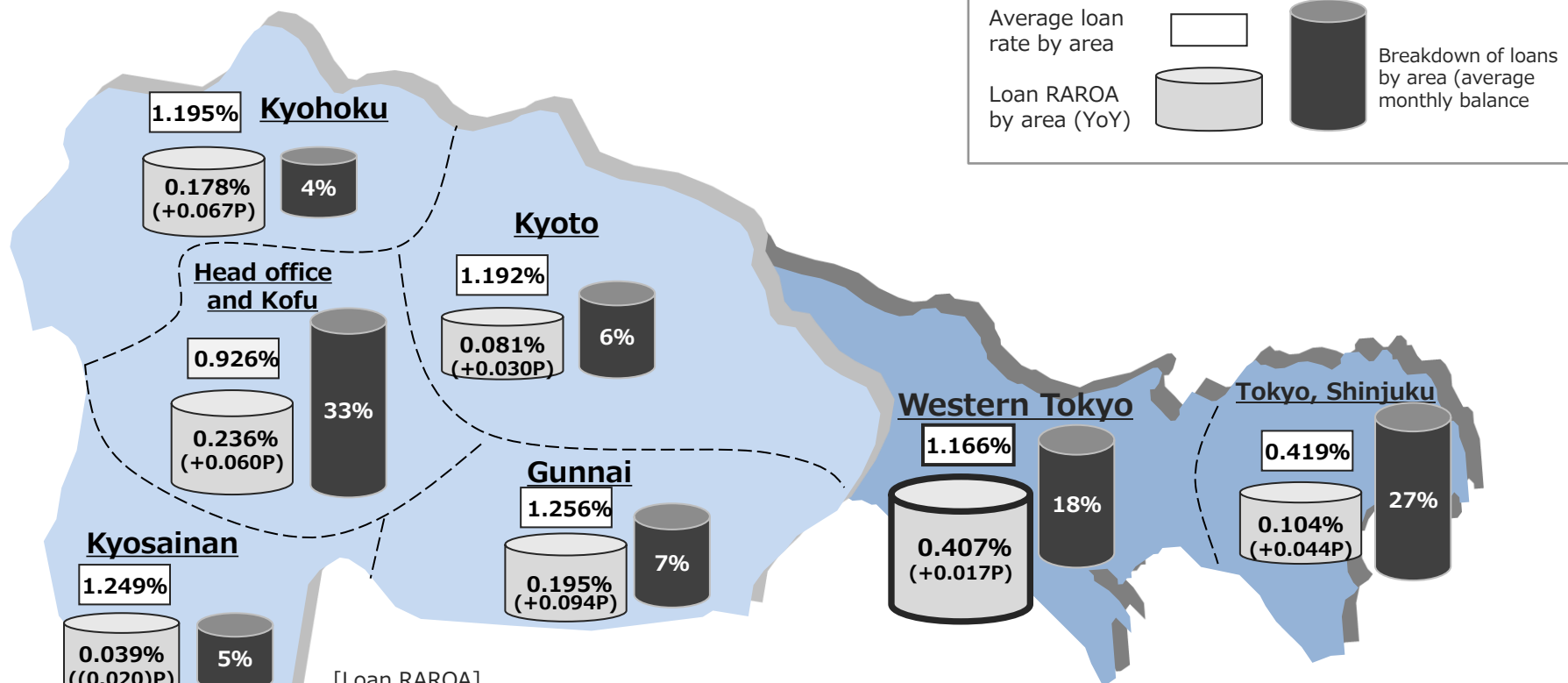


### Trends in number of sales staff in Western Tokyo Area



Loan RAROA for all areas: 0.206% (YoY +0.046P)

One-month results (Mar. 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

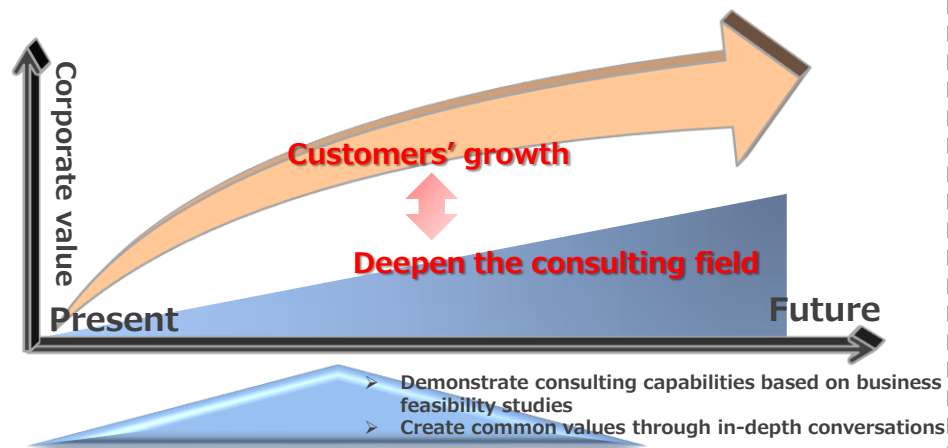
[Long-term trends in the Western Tokyo Area]

(%)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 1H	FY20	Versus 10 years ago	YoY	Versus 6 months ago
Average loan rate by area	2.056	2.037	1.908	1.781	1.692	1.589	1.426	1.285	1.233	1.217	1.192	1.166	(0.890)P	(0.051)P	(0.026)P
Loan RAROA by area	0.488	0.530	0.602	0.474	0.461	0.496	0.444	0.352	0.358	0.390	0.368	0.407	(0.081)P	+0.017	+0.039
breakdown of loans by area	11	11	12	13	13	14	15	17	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



#### Management support and fund procurement support

Support for developing business plans

Support for business succession and estate planning

M&A

Support for use of public assistance

Support for building a personnel evaluation system

Support for formulating BCPs

Support for introducing ICT

- 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

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.

### Expand new finance techniques

Sep.  
2019

Added dedicated staff at Head Office (2 people) and formed a structured finance team

Nov.  
2019

1 employee was sent to a major financial institution as a trainee

Oct.  
2020

Conclusion of contract for comprehensive business alliance [Shizuoka-Yamanashi Alliance]. 2 employees were sent to Shizuoka Bank (Jan. 2021).

Dec.  
2020

The headquarters was reorganized to establish the new Structured Finance Office

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.

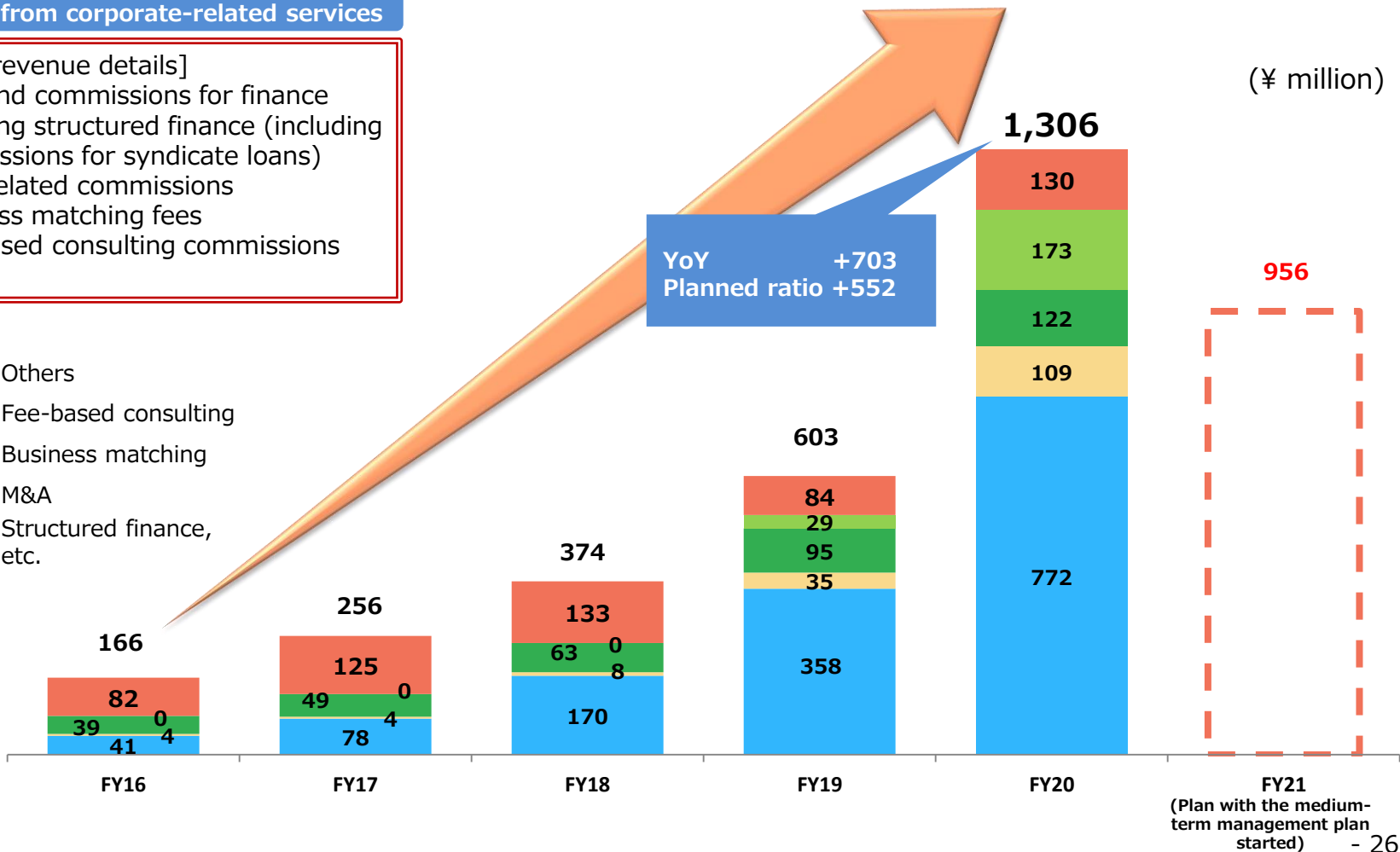
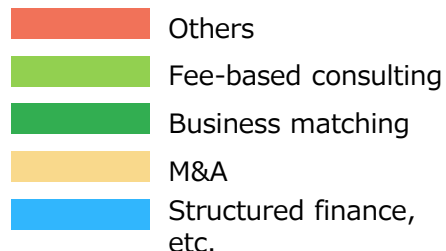
## Revenue from corporate-related services achieved goals, making steady progress.

- Corporate-related services revenue is trending upward, centered mainly on structured finance, M&A and fee-based consulting business operations.

### 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

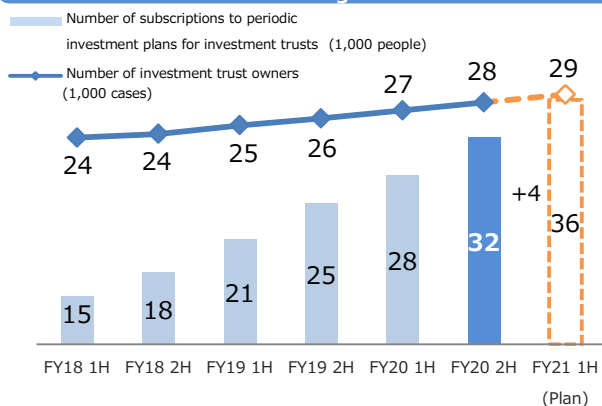


# Steadily build a customer-oriented business operation system.

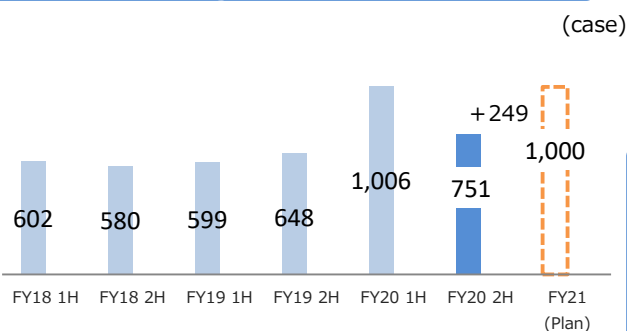
## Asset formation

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



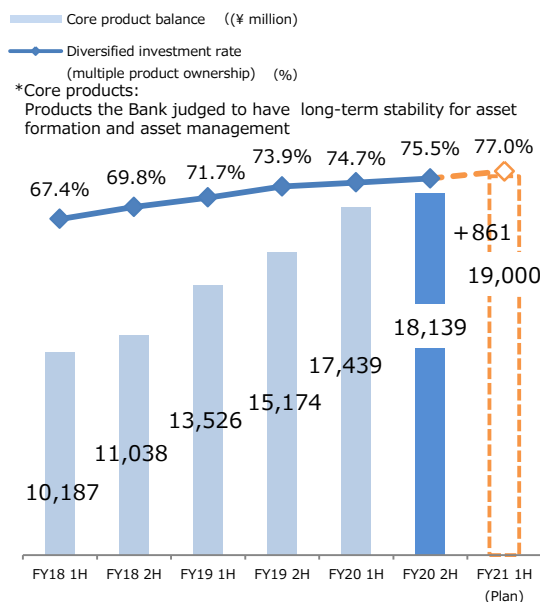
The number of level premium insurance policies has been increasing



## Asset management

Investment trusts, life insurance  
Foreign currency deposits, bonds

Core product balance and diversified investment rate rising due to medium-to long-term asset formation and management proposals



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



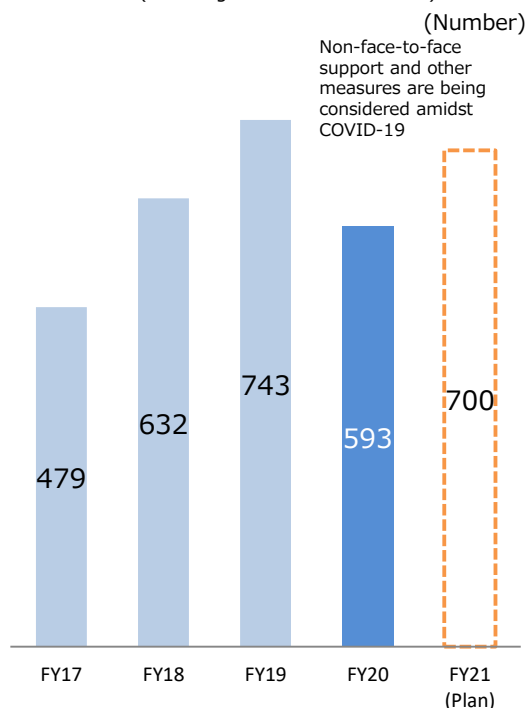
静岡・山梨アライアンス  
Shizuoka-Yamanashi Alliance

## Asset succession

Proposals for successful inheritance measures  
Testamentary trusts

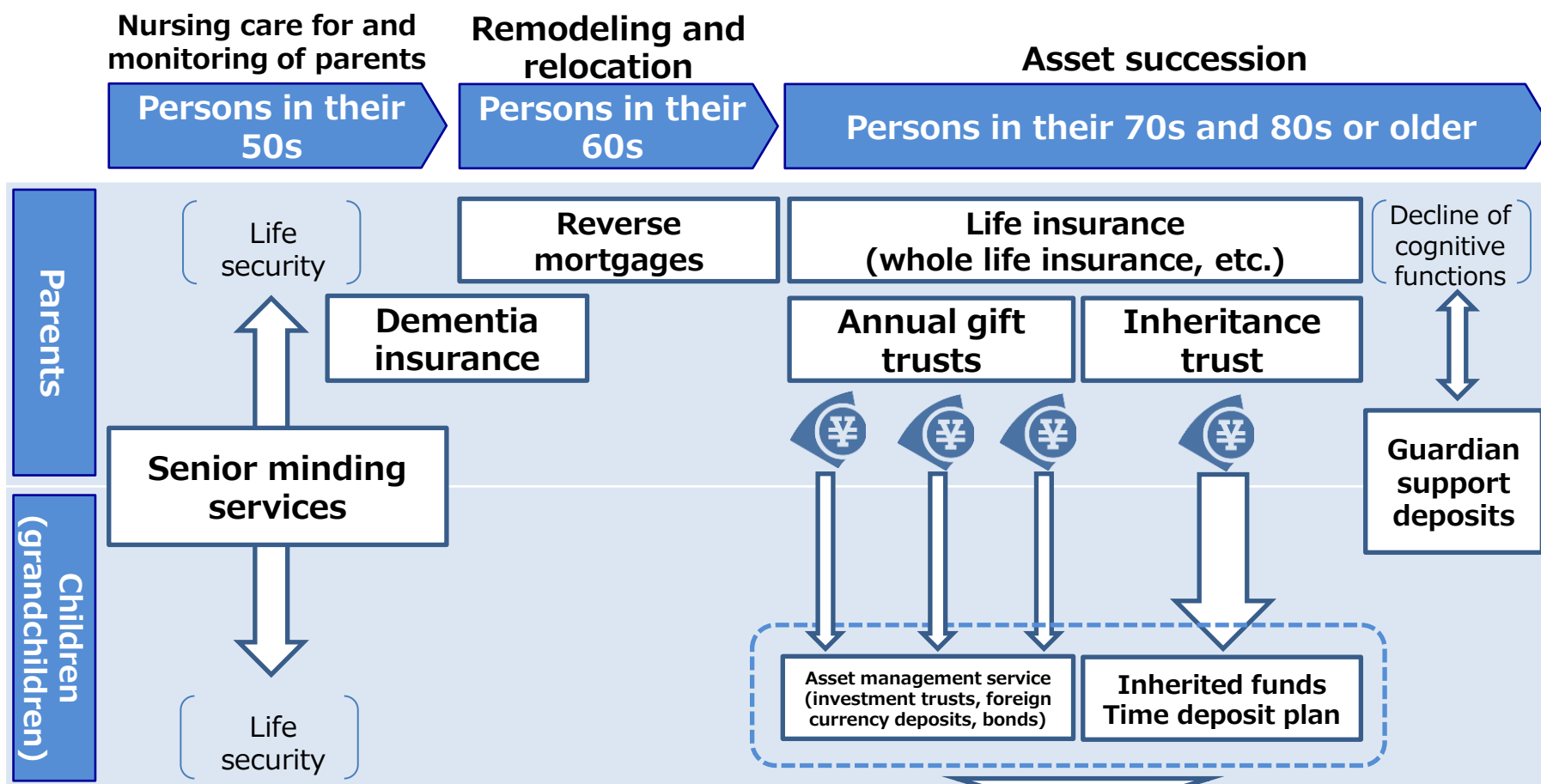
The number of customers provided with asset succession support increased steadily

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





## Provision of a consulting service menu to elderly customers and their family.

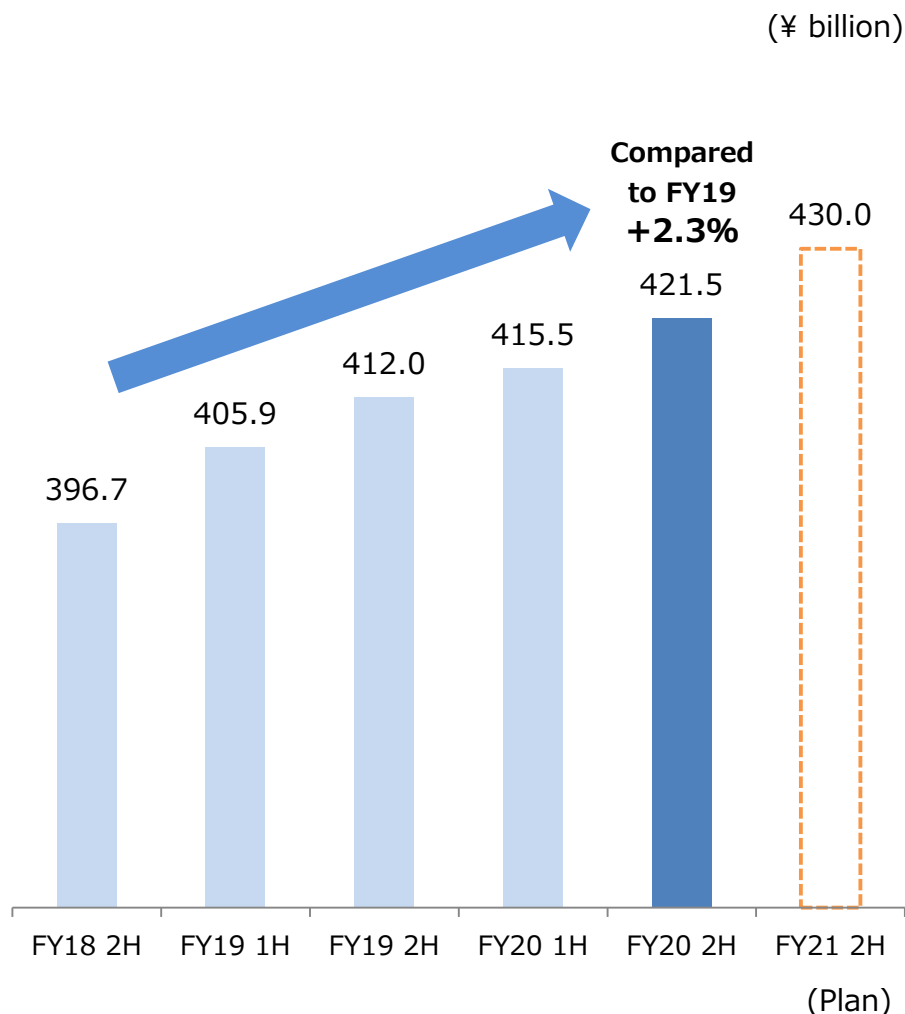


- Securing the foundation of transactions across the generations by meeting the needs of parents and their children (grandchildren)

- Amid a generation of children that can be seen flowing into urban centers, the Bank effectively uses its network of branches in Western Tokyo to receive over 70% of inherited funds through accounts at its branches.

## 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

- Introduction of products that meet the financial needs of customers who consider relocating to Yamanashi Pref. or living in 2 locations, including Yamanashi
  - Housing loans dedicated to relocation
  - Second-house loans
- Results of the above-mentioned loans applied for from Feb. 15, when their handling began, to the end of Apr.
  - Housing loans dedicated to relocation 29 cases/¥788 million
  - Second-house loans 9 cases/¥225 million

Improve convenience

- Reducing burden on customers by adopting electronic contract services and rationalizing and streaming clerical work (scheduled to be deployed during FY21 1H)

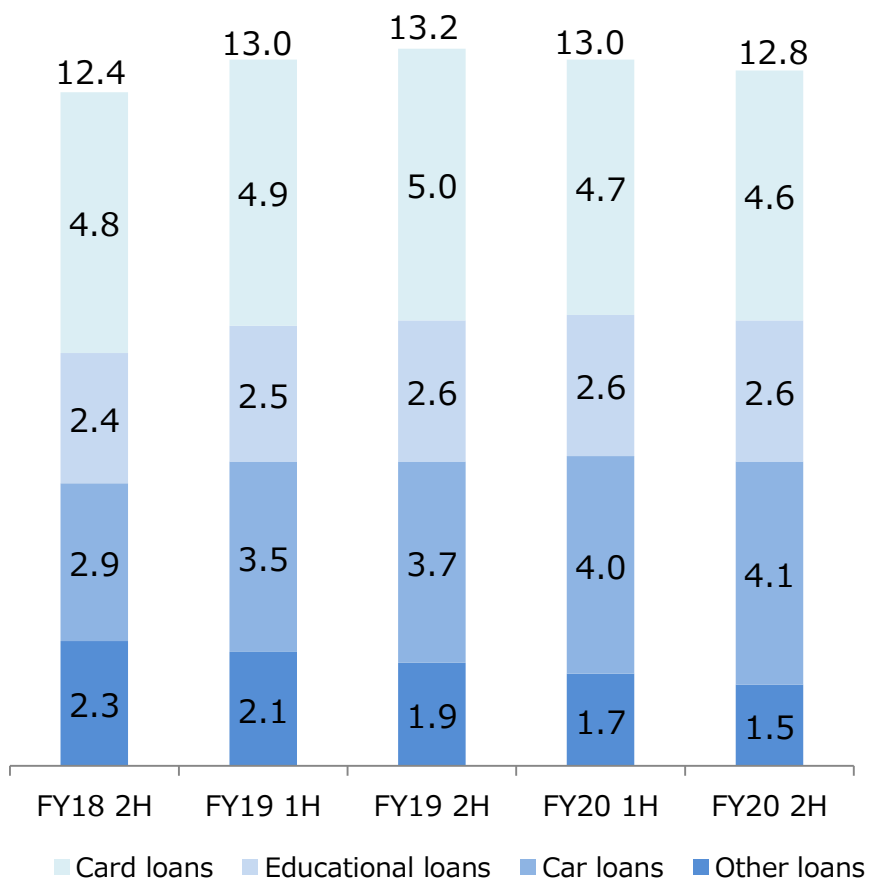
Differentiation from other banks

- Offered to customers for 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%

**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

(¥ billion)



## 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)  
⇒ Over 80% 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)

## Reduction of work hours by measures, such as digitization and consolidation of clerical work

### Branch operations

#### Rationalize and streamline reception operations

- Simplified receipt seals when issuing a variety of certificates (May 2020)
- Abolished "Confirmation notes" concerning explanation at the time of concluding loan contracts (from Jun. 2020)
- Digitized procedures for applying for financial products, etc. (from Aug. 2020)
- Addition of work that enables persons lower than particular position levels to affix inspection seals by proxy (from Dec. 2020)
- Abolishment of inheritance reports for loan users (from Jan. 2021) etc.

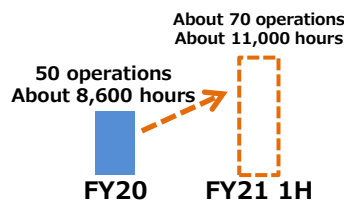
#### Drastically centralize back office operations

- Rationalized authorization procedures concerning the use of syndicate loan written contracts (from May 2020)
- Automatic reading of data on financial results utilizing AI-OCR (from Jan. 2021) etc.

### Head Office operations

#### Automate operations using RPA

- Developed RPA robots for 50 types of operations, mainly data aggregation and data entry work by Mar. 2021. Forecast to cut about 8,600 labor hours annually.



#### Streamline operations

- Digitalized various types of internal documents and revise operational processes and simplify operations
- Moved forward on revising various types of internal documents and eliminated about 100 ledgers by Mar. 2021 etc.

### Common Platform

#### Develop systems and paperless operations

- Started automatic seal registration by using seal scanners (turned seal sheets into paperless work) (from Aug. 2020)
- Shift to paperless operations through digitization of certificates of receipt (from Nov. 2020)
- Expansion of the line-up of Web-based personal loan products (from Jan. 2021)
- Expanded paperless operations through digitalization of various types of internal documents by using groupware etc.

### KPI

FY21 Target

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

FY20 Results

Reduction of 173,000 hours

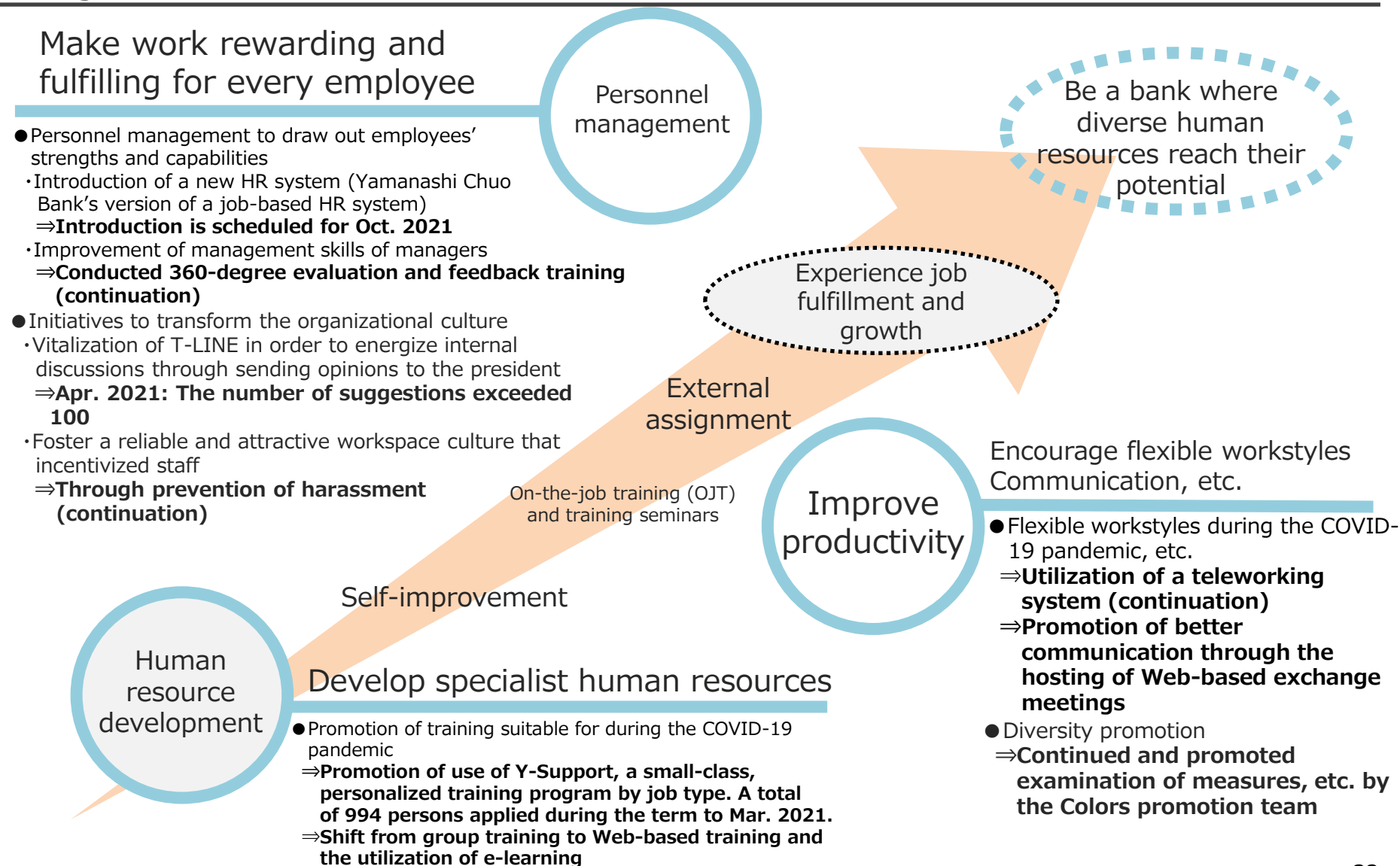
FY21 Target

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

FY20 Results

Reduction of 32%

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



## Contribution to regional DX as 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

Reform of business model

Utilization of data and digital technology

Establishment of superiority in competition

Support in digitization

Support in vitalizing local economy

Support in productivity increase

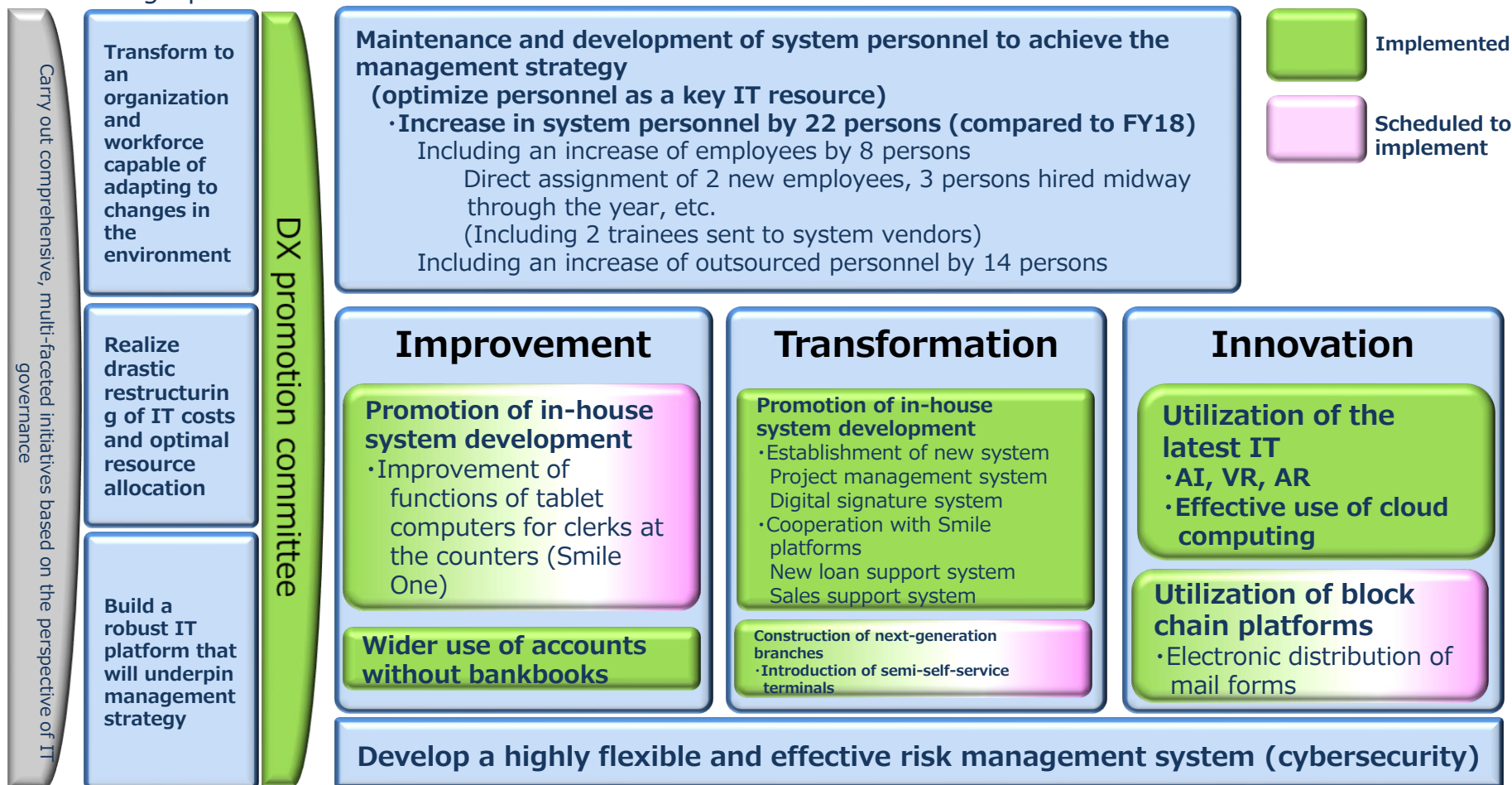
Regional customers

Contribution to DX in the whole of regions

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

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

Strategic priorities





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

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

In order to contribute to achieving the Sustainable Development Goals (SDGs) advocated by the United Nations in accordance with its management philosophy "Keeping Close Ties with the Local Community and Ensuring Sound Management," the Yamanashi Chuo Bank Group will, as a regional financial institution, strive to realize a sustainable society by supporting regional corporate and industrial development, invigorating local communities, and helping people living in those communities to create comfortable and affluent lives.

#### 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.

### 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)**

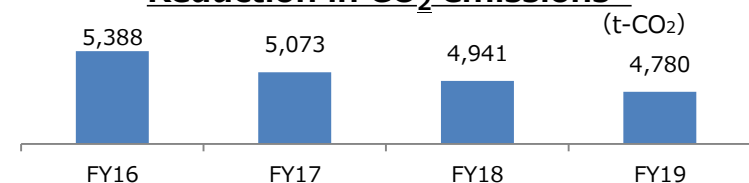
- Initiatives for the project to Create a Brand for CO<sub>2</sub>-free Agricultural Products Using Tomatoes and Other Agricultural Residue, Pruned Fruit Tree Branches, and Other Materials for Fuel

**Honored with the award for distinguished person for regional environmental preservation for 2020 by the Ministry of the Environment**



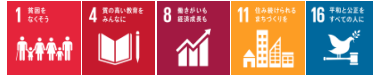
The Bank was presented with a letter of commendation from Minister of the Environment Shinjiro Koizumi via Vice-Governor of Yamanashi Pref. Kazunori Wakabayashi at the Environmental Forum in Yamanashi on Nov. 1, 2020.

#### **Reduction in CO<sub>2</sub> 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



### Started consulting related to SDGs (May 2020)

- Support initiative goals and KPI formulation, etc.

### Introduced business matching website “B-Line” (Sep. 2020)

- Matching in broad areas is possible with financial institutions that have adopted this system across Japan  
Customers themselves can have online access to information on matching

### 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

### Start of handling of Privately Placed Bonds to Support

#### Health Workers with a donation option (Feb. 2020)

- Privately placed bonds for enterprises which satisfy the bond issuance standards and 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.

### Hosting local SDGs/ESG financial seminars (Mar. 2021)

- Co-sponsored by the Ministry of the Environment’s Kanto Region Environment Office and the Yamanashi prefectural government

### 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
- As new lifestyles such as remote working spread, the Bank offers loans for relocation and living at 2 locations in order to provide stronger financial support to customers who wish to relocate to Yamanashi Pref., in order to meet their financial and other needs related to living at 2 locations.

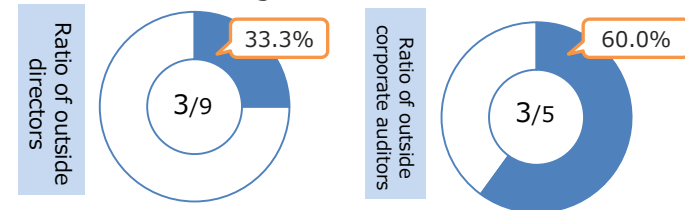
## Key measure 3: Appoint and utilize diverse human resources



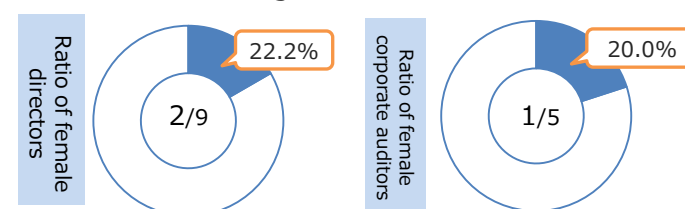
### Appointed a managing executive officer (Jun. 2020)

### Introduced a restricted stock compensation plan for executive officer rank and above (Jun. 2020)

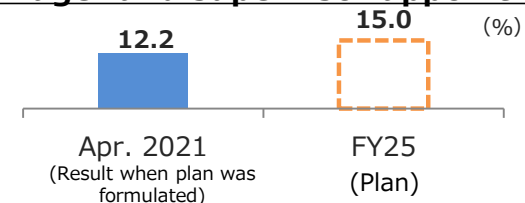
### Raise ratio of outside officers to **42.8%** (After a resolution of the General Meeting of Shareholders on Jun. 25, 2021)



### Raise ratio of female directors to **21.4%** (After a resolution of the General Meeting of Shareholders on Jun. 25, 2021)



### Female manager and supervisor appointment ratio



**Striving to further strengthen governance and ensure diversity, with obtaining a listing in the prime market in mind**

Thank you for attending our analyst meeting.

If you have any further questions, please do not hesitate to contact us at the following telephone number, E-mail address or website.

**Inquires:**

**Corporate Communications CSR Office  
Corporate Planning Division  
The Yamanashi Chuo Bank, Ltd.**

Tel: +81-55-233-2111

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

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

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

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