

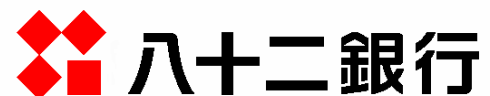
# The 30th Information Meeting

Development of Customers, Our Own Revolution,  
Evolution of Infrastructure  
~ 3 Challenges ~

The 29th Long-Term Management Plan (Apr 2012 ~ Mar 2015)

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November 29, 2012



**Financial Results for the 1st Half of FY2012  
(non-consolidated)**

# Outline of Financial Results

## 【Characteristic of 1H12 financial results】

- ◆ Core net business profit decreased by ¥0.4bn from 1H11 to ¥15.4bn mainly due to the decrease in profit on interest.
- ◆ Credit costs increased by ¥2.4bn from 1H11 to a negative ¥0.8bn due to the decrease in reversal of allowance for loan losses.
- ◆ Profit/losses related to securities decreased by ¥2.3bn from 1H11 to ¥0.1bn due to the increase in write-down of stocks.
- ◆ Net income decreased by ¥4.5bn from 1H11 to ¥8.7bn.
- ◆ Interim dividend was ¥3.5 per share.

## 【Key points FY12 full year forecast】

- ◆ Core net business profit will decrease by ¥2.3bn from FY11 to ¥30.3bn due to the decrease in profit on interest caused by the decline in interest margin despite the increase in profit on fees and commissions.
- ◆ Credit costs will decrease by ¥4.9bn from FY11 to ¥2.6bn.
- ◆ Profit/losses related securities will decrease by ¥1.4bn from FY11 to ¥1.9bn due to the increase in write-down of stocks.
- ◆ Net income will increase by ¥0.3bn to ¥17.0bn.
- ◆ Dividends for full year will be ¥7.0 per share.

## Details of Income (Top Line)

(¥100mn)

	1H11 results	FY11 results	1H12 results	FY12		
				From 1H11	full year forecast	From FY11
Gross business profit	494	969	482	△11	947	△22
Profit on interest	405	815	400	△5	780	△35
Profit on fees and commissions	50	99	50	△0	106	7
Other business profit	35	50	31	△3	55	5
Gains/losses related to bonds	30	42	27	△2	44	2
G&A expenses	304	600	300	△4	600	0
Personnel expenses	152	303	150	△2	299	△4
Non personnel expenses	135	271	134	△1	275	4
Core net business profit	158	326	154	△4	303	△23

### ◆ FY12 Profit on interest (full year)

➤ Domestic ▲¥2.7bn from FY11

	FY12	From FY11
Yield on loans	1.42%	▲0.11
Yield on sec.	1.22%	▲0.12
Yield on deposits	0.04%	▲0.01

➤ Overseas ▲¥0.7bn from FY11

### ◆ 1H12 Profit on interest

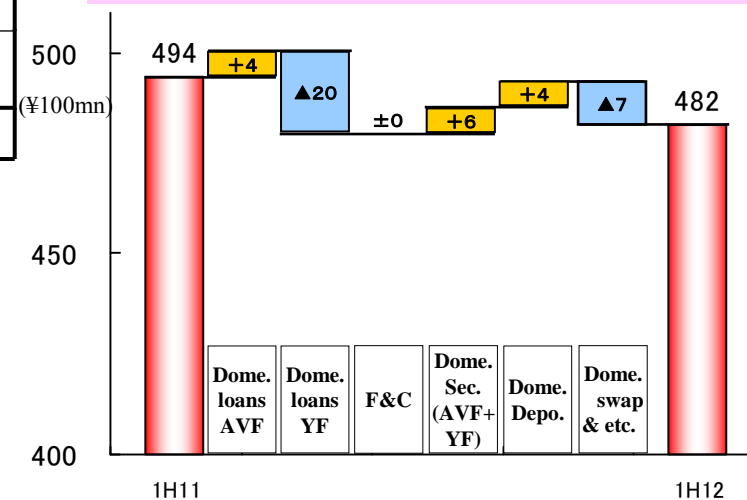
➤ Domestic ▲¥0.7bn from 1H11

(¥100mn, %)

	From 1H11	Average balance factor (AVF)	Yield factor (YF)	Yield (from 1H11)
Interest on loans	▲16	+4	▲20	1.44 (▲0.10)
Int. and dividends on sec.	+6	+10	▲4	1.30 (▲0.05)
Interest on deposits	▲4	+0	▲5	0.04 (▲0.01)
Int. payment for int. rate swap	+2	-	-	-

➤ Overseas +¥0.1bn from 1H11

### Factors for the change of gross business profit



## Details of Income (Bottom Line)

(¥100mn)

		1H11 results	FY11 results	1H12 results	FY12		
					From 1H11	full year forecast	From FY11
Actual net business profit		189	369	182	△7	347	△22
Transfer to general reserve for possible loan losses		—	▲32	—	—	▲23	9
Net business profit		189	401	182	△7	370	△31
Temporary profit/losses	Reversal of allowance for loan losses	32	—	14	△17	—	—
	Gains/losses related to stocks	▲5	▲9	▲26	△20	▲24	△15
	Disposal of NPL	3	111	5	2	49	△62
Operating profit		215	284	146	△69	272	△12
Extraordinary gains/losses		▲1	▲3	▲5	△3	▲7	△4
Net income		133	167	87	△45	170	3
Credit costs		▲33	75	▲8	24	26	△49
Profit/losses related to securities		24	33	1	△23	19	△14

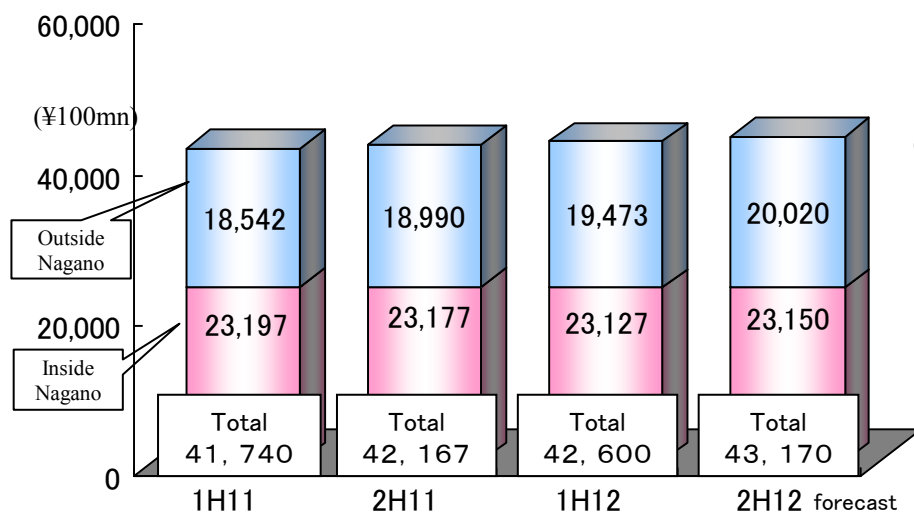
### 【Dividends per share】

- ◆ **FY09** ¥6.0
- ◆ **FY10** ¥8.0
- ◆ **FY11** ¥7.0
- ◆ **FY12** ¥7.0 (interim dividends: ¥3.5)

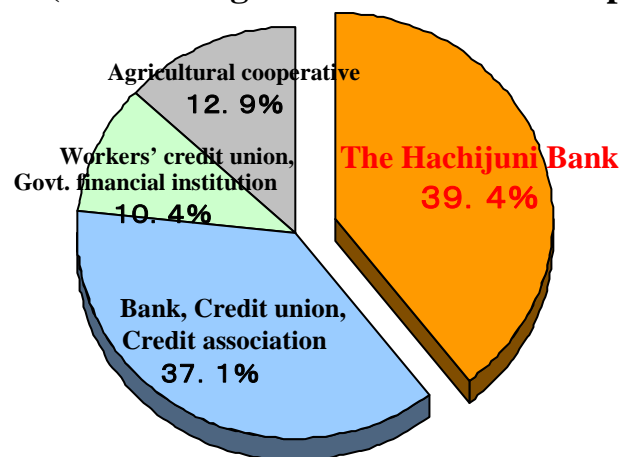
# Major Accounts (Loans/Deposits)

## Loans (half-year average balance)

- 1H12 average balance: + ¥86.0bn (+2.0%) from 1H11  
Loans to consumers was ¥966.1bn, +¥41.7bn from 1H11

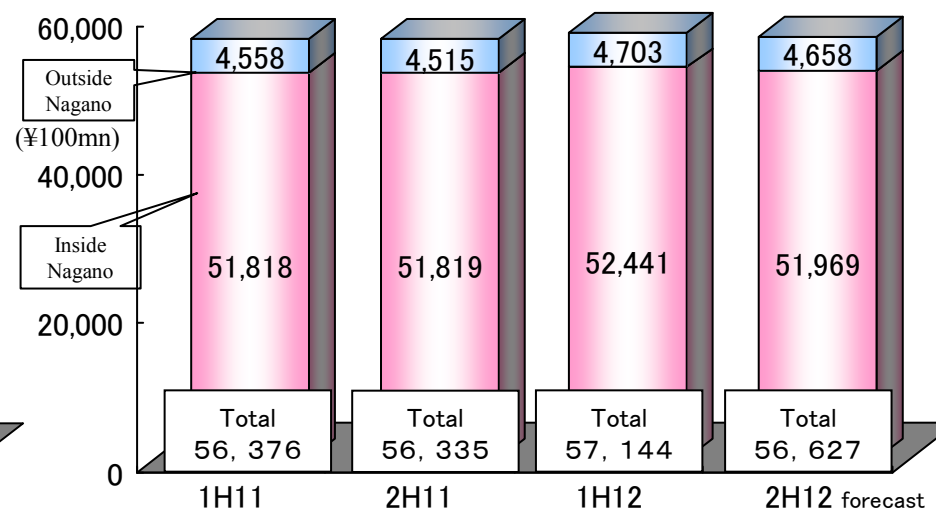


### ➤ Loan share in Nagano (outstanding balance: the end of Sep 12)

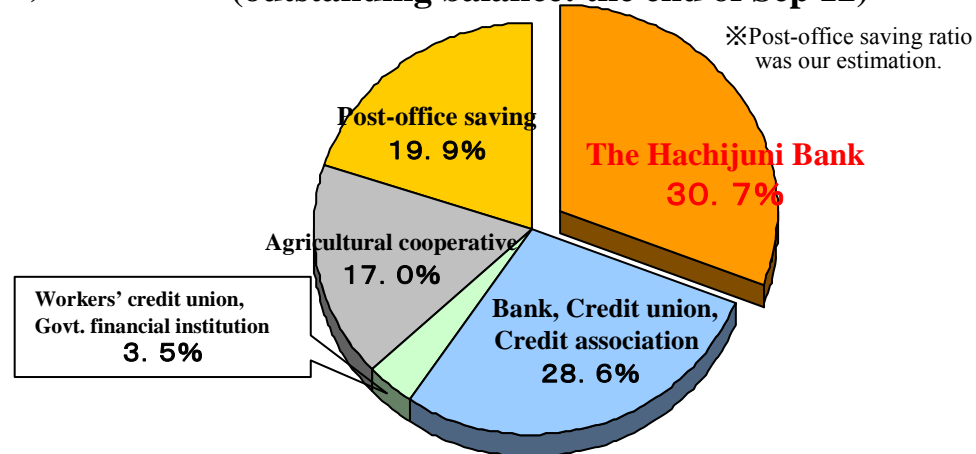


## Deposits (half-year average balance)

- 1H12 average balance: + ¥76.7bn (+1.3%) from 1H11  
Deposit from individual customers was ¥3,988.3bn, +¥85.4bn from 1H11



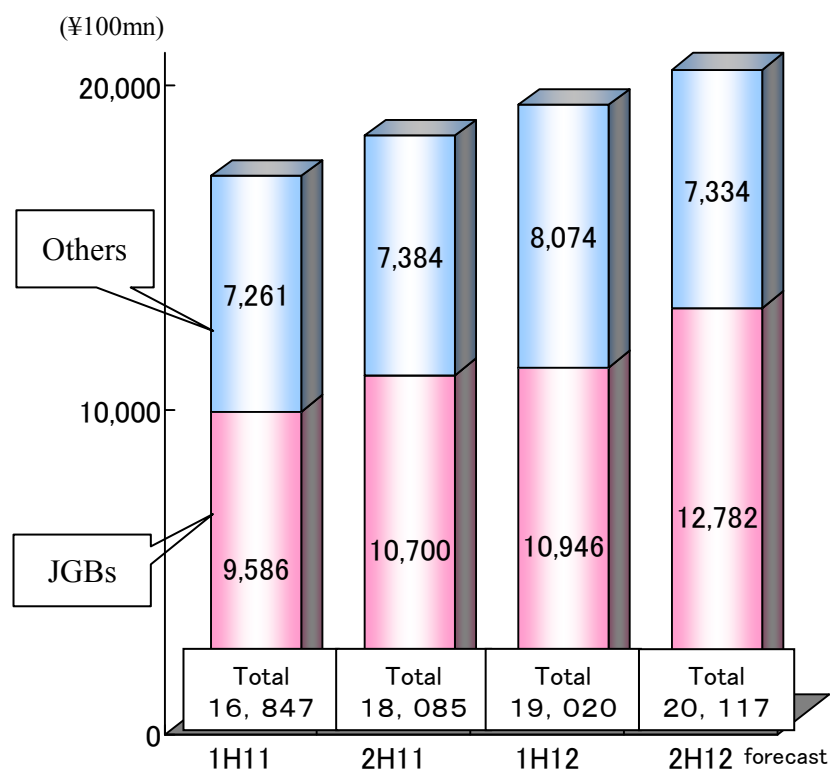
### ➤ Deposit share in Nagano (outstanding balance: the end of Sep 12)



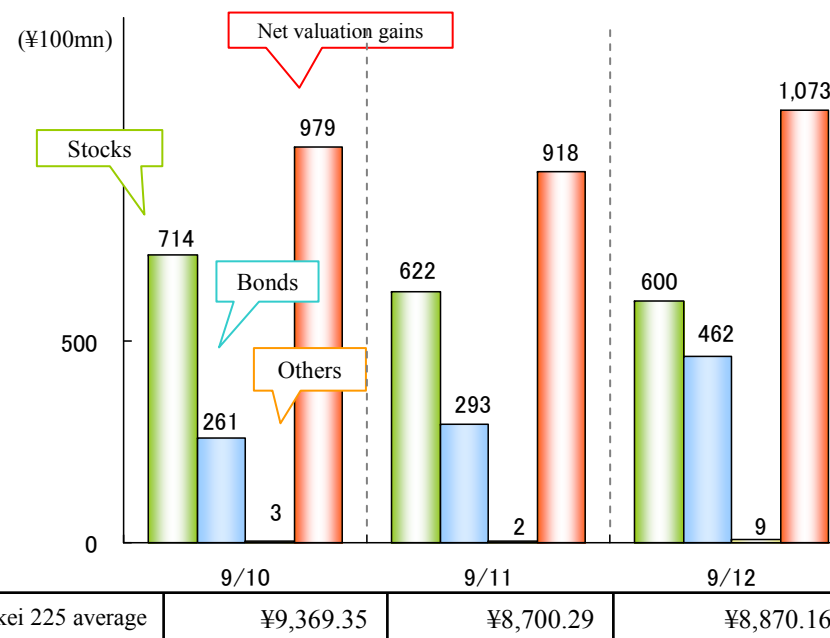
# Major Accounts (Securities)

## Securities (half-year average balance)

- 1H12 average balance: + ¥217.3bn (+12.8%) from 1H11

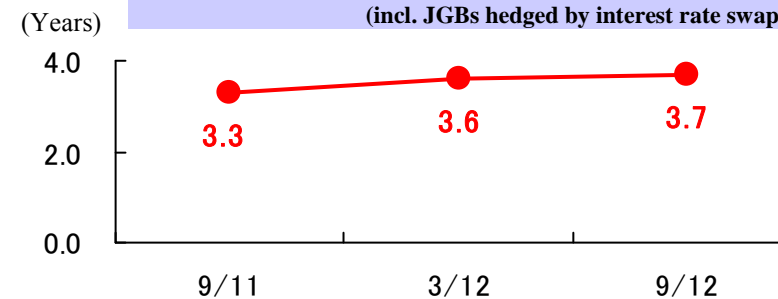


## Valuation gains/losses on securities



## Changes in bond durations

(incl. JGBs hedged by interest rate swaps)

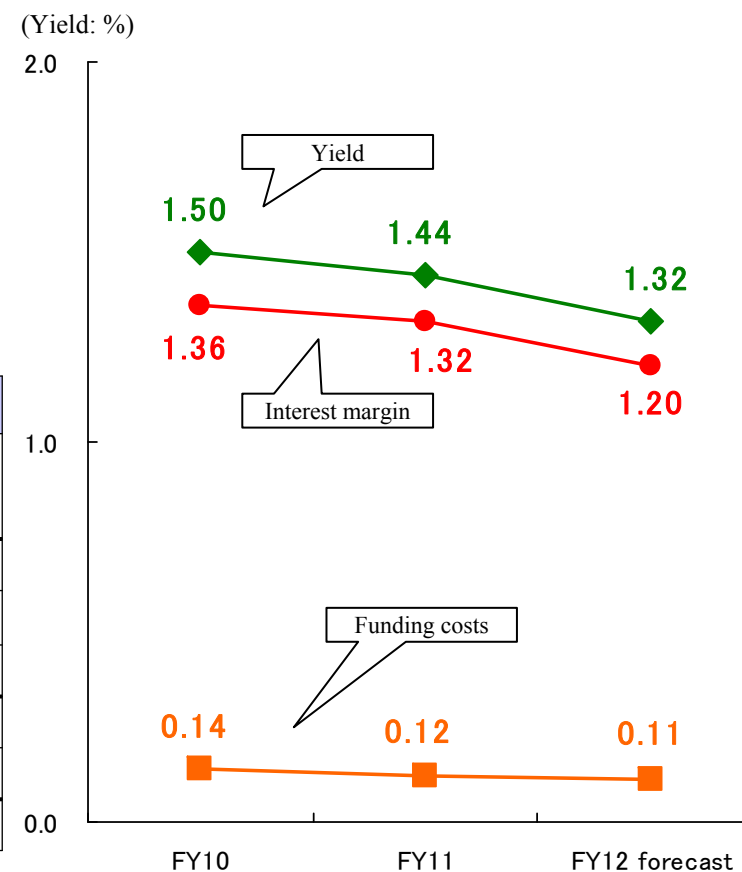


# Yield, Interest Margin

Yield and margin (all offices)							(%)
	1H	FY10	1H	FY11	1H	FY12 forecast	From FY11
	Yield	1.55	1.53	1.48	1.47	1.39	
Funding costs	0.15	0.15	0.14	0.14	0.12	0.12	Δ0.01
Interest margin	1.39	1.38	1.33	1.33	1.26	1.22	Δ0.11

Yield and margin (domestic)							(%)
	1H	FY10	1H	FY11	1H	FY12 forecast	From FY11
	Yield	1.52	1.50	1.45	1.44	1.35	
Yield on loans	1.68	1.64	1.54	1.53	1.44	1.42	Δ0.11
Yield on sec.	1.39	1.35	1.36	1.34	1.30	1.22	Δ0.12
Funding costs	0.15	0.14	0.13	0.12	0.11	0.11	Δ0.01
Yield on depo.	0.11	0.09	0.06	0.05	0.04	0.04	Δ0.01
Interest margin	1.37	1.36	1.32	1.32	1.24	1.20	Δ0.11

## Changes in yield and margin (domestic)



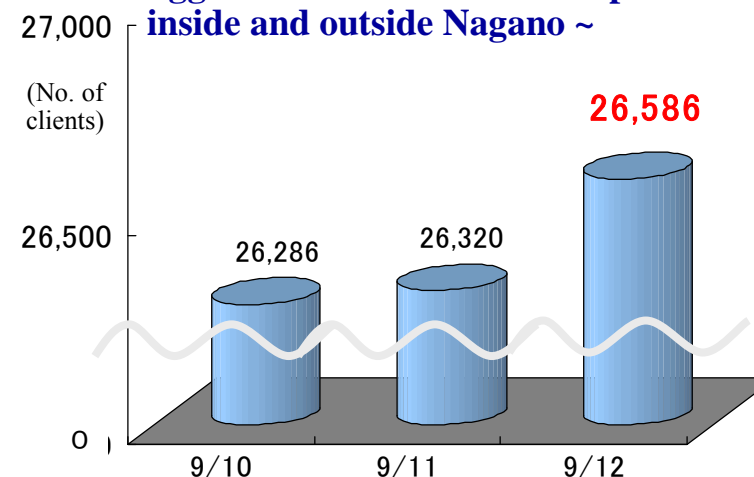


# Main figures in Corporate Banking

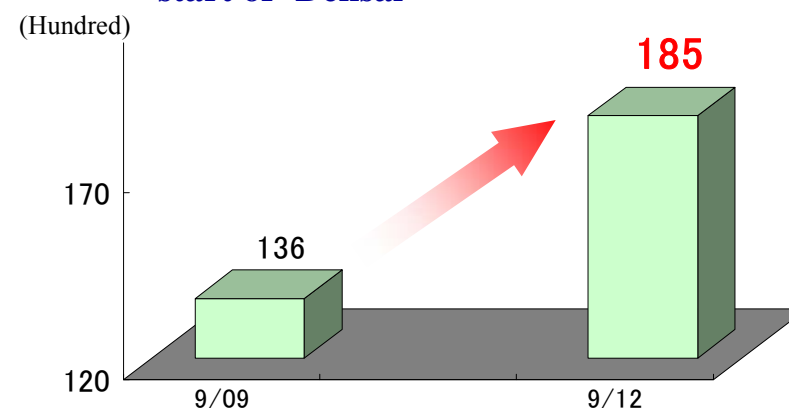
Business loans (Half-year average balance: ¥100mn)				
	1H11	2H11	1H12	2H12 forecast
Neighboring Nagano (Nagano, Niigata and Gifu)	12,216	12,184	11,737	11,737
For SMEs	9,626	9,503	9,360	9,400
Outside Nagano (Tokyo, Saitama, Gunma, Aichi and Osaka)	15,987	16,231	16,448	16,873
Loans guaranteed by CGC (outstanding balance)	3,187	3,200	3,112	3,120
Profit on fees and commissions (¥mn)				
	1H11	2H11	1H12	2H12 forecast
Derivatives	184	138	100	80
Syndicated loans, private placement bonds, factoring	543	545	681	581
M&A, business matching etc.	213	151	161	203
Total	942	833	943	864
401K plan (No. of companies, ¥mn)				
	9/11	3/12	9/12	3/13 forecast
No. of companies introduced 401K plan	381	391	396	401
Financial assets (outstanding balance)	33,276	34,251	34,043	34,068
Investment type products	5,629	6,443	6,220	6,230
Deposits	27,646	27,807	27,822	27,837

※Financial assets: a part of fund assets of participant companies deposited with the Hachijuni Bank

➤ **Loan clients with business funds**  
 ~ Aggressive cultivation of companies both inside and outside Nagano ~



➤ **No. of Internet-EB contracts**  
 ~ Reinforcement of business base for the start of 'Densai' ~



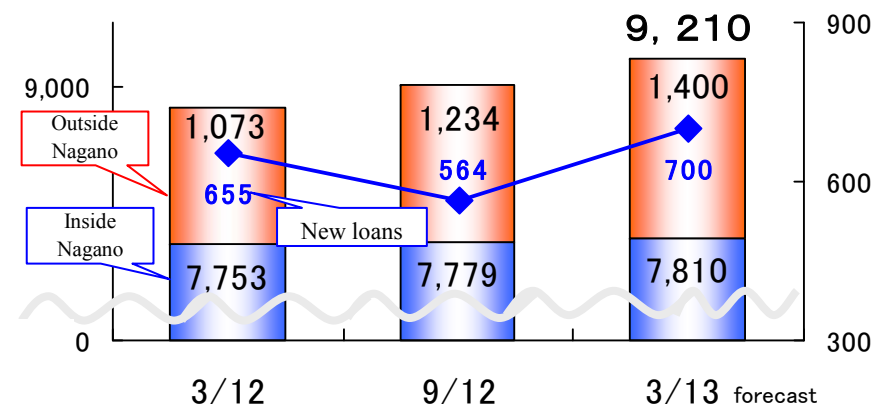
# Main Figures in Personal Banking

<b>Loans to individual customers</b> (Outstanding balance: ¥100mn)				
	1H11	2H11	1H12	2H12 forecast
Consumer loans	9,371	9,608	9,794	10,000
Housing related loans	8,570	8,827	9,014	9,210
<b>Investment type products</b> (Outstanding balance: ¥100mn)				
Public bonds	3,831	3,525	3,236	2,985
(New increase)	(136)	(168)	(81)	(100)
Investment trusts	1,648	1,663	1,503	1,500
(New increase)	(162)	(90)	(134)	(172)
Foreign currency deposits	285	293	267	299
Life insurance (market price basis)	1,952	2,226	2,386	2,657
(New increase)	(196)	(230)	(233)	(271)
Financial instruments intermediary service	24	76	135	236
(New increase)	(26)	(64)	(72)	(101)
<b>Profit on investment type products</b> (¥mn)				
Public bonds	53	69	29	37
Investment trusts	665	529	562	624
Trust fees	457	392	371	340
Foreign currency deposits	299	329	249	329
Life & non-life insurance	684	830	749	1,027
Financial instruments intermediary service	29	68	90	115
<b>Total</b>	<b>1,730</b>	<b>1,825</b>	<b>1,679</b>	<b>2,132</b>

## ➤ Housing related loans

(Outstanding balance: ¥100mn)

(New loans: ¥100mn)



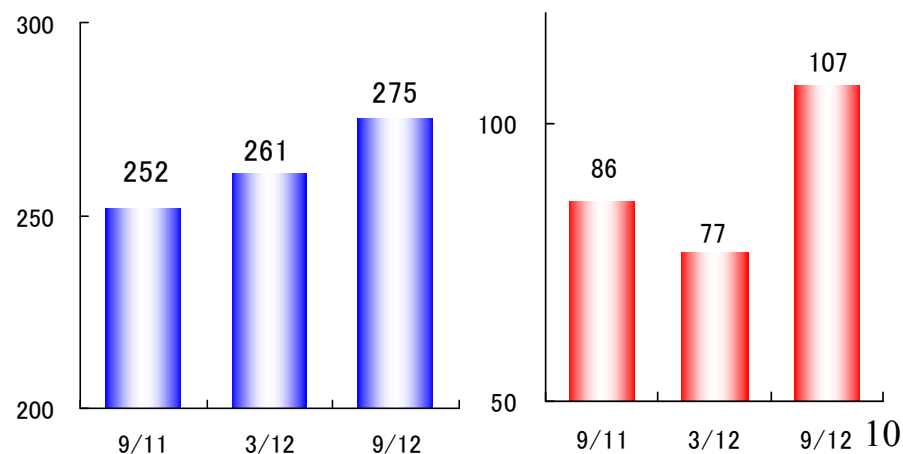
## ➤ Reinforcement of personal banking base

### Flat-payment insurance

No. of contracts (balance: hundred)

### Investment trusts accumulation funds

No. of contracts (balance: hundred)



# Credit costs, Nonperforming Loans

Credit costs (¥100mn, %)				
	FY10	FY11	FY12 forecast	
			1H	
Transfer to general reserve for possible loan losses	▲51	▲32	▲37	▲23
Disposal of NPL	46	111	28	49
Recoveries of written-off claims	—	4	0	0
Credit costs	▲5	75	▲8	26
Credit costs ratio※	—	0.17	—	0.06

※Credit costs ratio: credit costs/average balance of total loans

※The above figures of FY10 and FY12 were the revised figures if the item of reversal of allowance for loan losses was not used.

NPL (based on the Financial Revitalization Law) (¥100mn, %)				
	FY10	FY11	FY12 forecast	
			1H	
Bankrupt assets	341	292	248	253
Doubtful assets	904	1,013	1,019	1,029
Substandard assets	253	344	317	328
Total	1,499	1,649	1,585	1,611
NPL ratio	3.52	3.82	3.65	3.70
After partial direct charge-off	3.08	3.40	3.30	3.34

※Partial direct charge-off was not executed.

The affect will be slight.  
For debtors having a large non-protected amount, the Bank has already reserved large amount by DCF method etc. so additional reserve will be a small.

## ➤ Reserve status for debtors under close observation (as of the end of Sep 12)

Debtors classification	No. of debtors	Credit status		General reserve for possible loan losses
		Total credit	Non-protected amount	
Under close observation (Excl. substandard)	1,705	¥304.2bn	¥164.3bn	¥15.8bn
HR plan applied(※) thereof	108	¥41.5bn	¥29.0bn	¥6.0bn
Substandard	238	¥47.2bn	¥33.4bn	¥6.7bn
Close observation total	1,943	¥351.5bn	¥197.8bn	¥22.6bn

In case all HR plan debtors will be classified in substandard	Debtors classification
General reserve	Under close observation (excl. substandard)
¥9.8bn	
¥6.9bn	Substandard
¥6.7bn	
¥23.5bn	

※HR plan debtors: debtors whose loan conditions were already modified but remain classified in under close observation by applying thorough and highly realizable business rehabilitation plans (HR plan).

# Outstanding Balance of Securities

Outstanding balance of securities (cost basis) (¥100mn)					Direction of 2H12
		9/11	3/12	9/12	
Bonds	Interest-bearing JGBs	7,660	8,065	8,711	↗
	Floating-rate JGBs	2,036	1,889	1,808	→
	Inflation-protected JGBs	800	834	740	→
	Other domestic bonds	3,103	3,452	3,640	↗
	Yen-denominated securitized products	34	33	0	→
	Structured bonds etc.	142	122	147	↗
Domestic securities	Domestic stocks	1,151	1,176	1,105	→
	Domestic ETF	15	25	28	→
	J-REIT	198	183	171	→
	Other investment trusts	90	91	99	→
	Union-type of funds etc.	86	113	108	↗
	Hedge funds	164	173	169	→
Foreign securities	Hedge funds	44	47	44	→
	Yen-denominated foreign bonds	1,113	1,030	887	→
	Foreign stocks, ETF etc.	27	33	24	→
	Foreign currency-denominated bonds	1,022	1,410	1,688	↗
	Foreign currency-denominated securitized products	0	0	0	→
Total		17,693	18,684	19,375	↗

## ◆ Basic policy

- Stable profit from yen-denominated bonds portfolio
- Implementation of alternative investment, reflecting the decline in yields of yen-denominated bonds
- **Yen-denominated bonds**  
~Securing interest income by increasing balances~
- **Alternative investment (structured bonds etc.)**  
~Securing interest income by investing into credit-linked bonds~
- **Union-type of funds etc.**  
~Raising yields by investing into non-listed REIT and real estate funds~
- **Foreign currency-denominated bonds**  
~Securing both interest income and sales profit by investing into US and German government bonds~

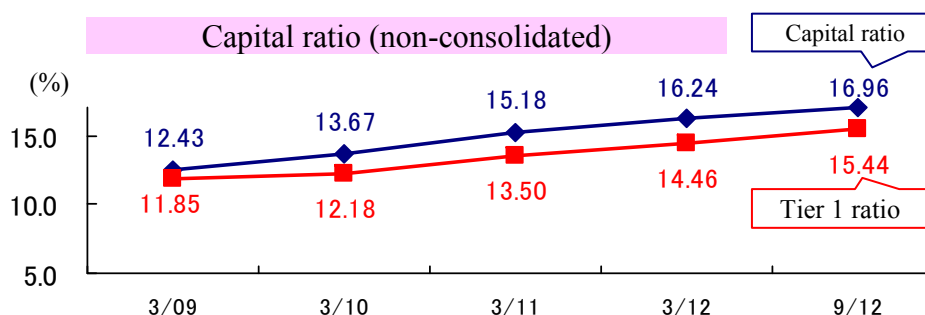
# Capital (non-consolidated)

(¥100mn, %)	FIRB basis 3/12	FIRB basis 9/12	Inc/Dec
Capital ratio	16.24%	16.96%	+0.72
Tier 1 ratio	14.46%	15.44%	+0.98
Total capital	4,409	4,360	△49
Tier I	3,926	3,968	+41
Tier II	511	418	△92
Deduction	28	26	△1
Risk-adjusted assets	27,137	25,700	△1,437
Credit risk	25,300	23,878	△1,422
Operational risk	1,836	1,821	△14

◆ **Basel III**  
**Non-consolidated**  
**Common Equity Capital Ratio (CET1 ratio): 16.04%**  
 ※our estimation (transitional measure was not included.)

➤ **Capital ratio rose mainly due to the decrease in risk-adjusted asset and the increase in Tier 1**

- Risk-adjusted asset factor +0.91 point
- Tier 1 factor +0.16 point
- Tier 2 factor △0.36 point
- Deduction factor 0.01 point



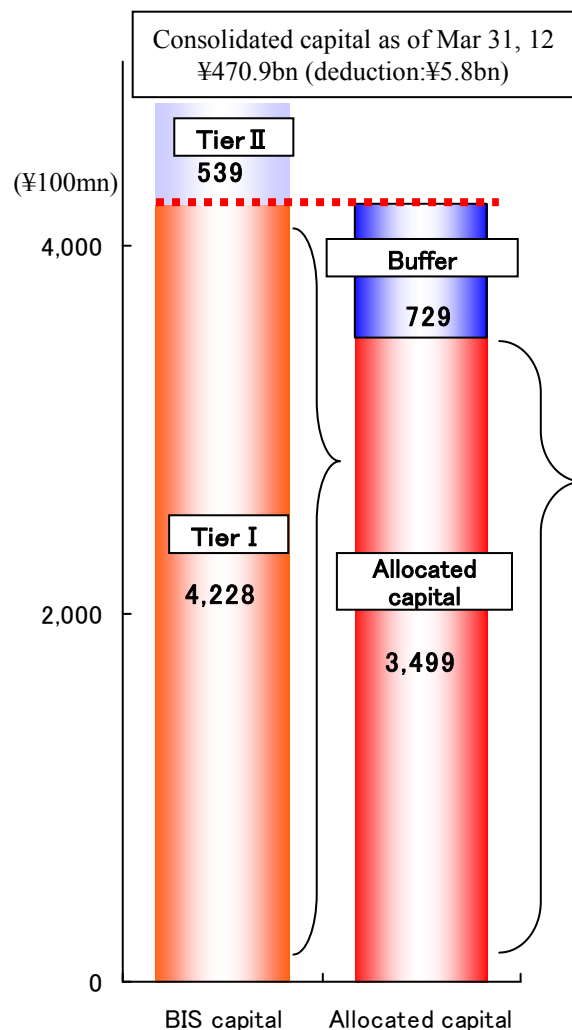
## ➤ Changes in body risk

~ Grasp of impact on term's profit by VaR measurement using shorter confidence interval than comprehensive risk management (trial calculation started in Apr 2009) ~

	Objectives	Target risk	VaR					
			Confidence interval	Holding period				
Body risk measurement	Grasp of impact on term's profit	Body risk: the risk that potential losses having impact on net business profit will happen.	85%	Half year				
(Units: ¥100mn)			4/12	5/12	6/12	7/12	8/12	9/12
Domestic loans (credit risk)			33.9	33.3	31.8	31.6	30.6	42.0
Cross-shareholdings stock (write-down risk)			18.2	43.2	52.6	56.9	63.7	59.7
Total			52.1	76.5	84.4	88.5	94.3	101.6

※ "An upside risk in credit costs" and "a write-down risk in cross-shareholdings" were targeted because these two items have large impact on term's profit.

# 2H12 Implementation of Capital Allocation (consolidated)



## 【Grounds of capital allocation】

### ➤ Domestic loans

The same level as 1H12, expecting that loan amounts will increase modestly

### ➤ Market-related business, cross-shareholdings business

- Market-related: The same level as 1H12, focusing on yen-denominated bonds

- Cross-shareholdings: The same level as 1H12, expecting that the fluctuation risk of stock market will be the same as 1H12

(Risk amount is cross-shareholdings: “VaR – valuation gains/losses”, the smallest amount is zero.)

The expected lower price of stock market is around ¥7,000 by considering the lowest price in the past year.)

### ➤ Buffer

Preparation for providing loans to local companies in case of unexpected change of conditions

	2H12 allocated capital	1H12 allocated capital	Inc/Dec	Risk amount results (9/12)
Total (¥100mn)	3,499	3,485	+14	1,970
Domestic loans (credit risk)	860	860	0	561
ALM (interest rate risk)	280	280	0	215
Market-related	1,510	1,510	0	714
Cross-shareholdings	400	400	0	43
Operational risk	147	149	▲2	149
Consolidated subsidiaries	302	286	+16	286

Credit risk	Interest rate risk	Price risk
<input type="checkbox"/> Holding period: 1 year <input type="checkbox"/> Confidence interval: 99.9%	<input type="checkbox"/> Holding period: 6 months (note) <input type="checkbox"/> Confidence interval: 99.9%	<input type="checkbox"/> Holding period: 6 months (note) <input type="checkbox"/> Confidence interval: 99.9%

Note: Transaction for trading etc.: 10 business days, cross-shareholdings: 1 year

## Progress Status of the 29th Long-Term Management Plan

Development of Customers, Our Own Revolution,  
Evolution of Infrastructure  
~ 3 Challenges ~

# Corporate Banking Business

## ◆ Expansion of business opportunities based on area strategy

### ● Promotion strategies by each area

Area	Promotion strategies	Promotion style
In Nagano	<ul style="list-style-type: none"> <li>• Acquiring business with all companies</li> <li>• Support for restructuring</li> <li>• More expansion in growth areas</li> </ul>	<ul style="list-style-type: none"> <li>• Thoroughgoing promotion</li> </ul>
Kanto	<ul style="list-style-type: none"> <li>• Cultivation of medium-sized companies</li> <li>• Focus on credit risk</li> <li>• Focus on linkage to Nagano</li> </ul>	<ul style="list-style-type: none"> <li>• Selective cultivation</li> </ul>
Metro-city	<ul style="list-style-type: none"> <li>• Keeping close customers and cultivating new customers</li> <li>• Capturing idle funds (focus on funds volume)</li> <li>• Focus on credit risk</li> <li>• Focus on linkage to Nagano</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion for each customer</li> </ul>

### ◆ Expansion of business area in Kanto

#### ➢ Feb 2013 Opening of Mitaka Br.

- ✓ New Mitaka Branch (formerly Kunitachi branch office) offers full-banking services.



### ◆ Reinforcement of solution-providing abilities

- M&A [1H consulting: 91 cases \(3 cases completion\)](#)
- Business matching [1H results: 483 cases](#)
- Loans based on growth-supporting funding facility  
[New loans \(1H\): ¥12.2bn](#)

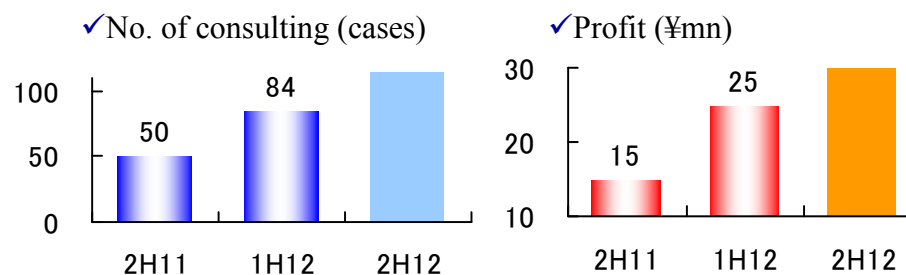
### ● Renewable energy business

#### Created a special team in Head Office

Potential projects: [¥18.5bn/257 cases](#) (as of the end of Sep 12)

### ● Business succession

#### Jul 12 1 staff increase (total: 3 staff)



### ● Expansion of loan product lineup

#### ✓ 3 strategic products ⇒ [reinforcement of general loans, loans with guarantee](#)

“Strategic funds for finance” “Financing facilitation funds”  
“Quick 10”

~Applying flexible interest rates based on compounded transactions~

#### ✓ New loan product ⇒ [reinforcement of loans with guarantee](#)

Oct 12 Started offering new loans guaranteed by Credit Guarantee Corporation: “Assist”

~Capturing funding needs in Nagano by thoroughgoing promotion~16



# Personal Banking Business

## ◆ Progress in lifetime transactions by applying life stage strategy

## ◆ Expansion of Internet Banking function

~ Aiming at full-banking services ~

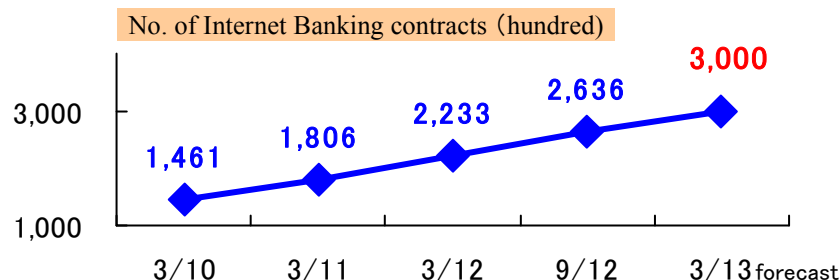


4/12 Started exclusive site for smart-phone

4/12 Upgraded services for investment trusts accumulation funds (adding functions: account open, change, cancel)

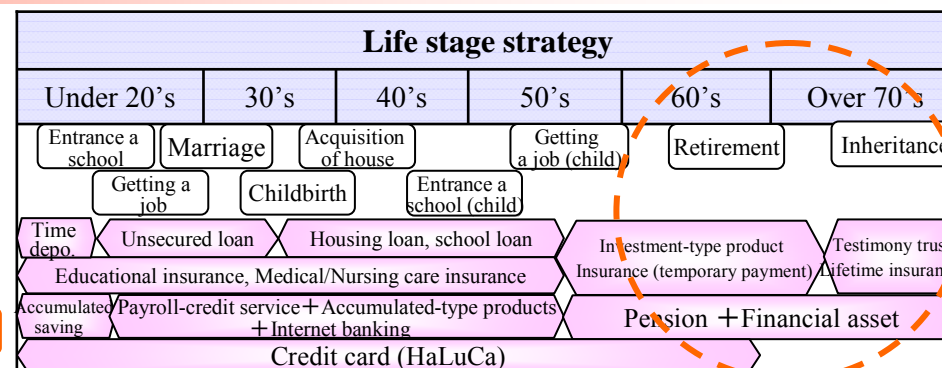
4/12 Upgraded services for personal loans (adding functions: partial advanced repayment, rates change, inquiry)

9/12 Started documents delivery of investment trusts through Internet Banking



## ◆ Reinforcement of product lineup

- May Reduced application unit of investment trusts accumulation funds (¥10 thousand ⇒ ¥5 thousand)
- Jun Started offering renminbi-denominated ordinary deposits for individual customers (as the first in regional banks)
- Sep Started offering Internet Banking-only automobile insurance
- Oct Started offering foreign currency-accumulation services



## ~ More stepping in senior market (over 60's) ~

Senior market has: 35% of individual customers  
40% of personal banking profit

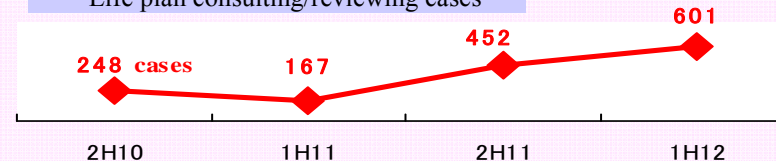
### ● Raise the share of pension designation

- ✓ Pension corner: 10 places in Nagano (allocation of 13 licensed social insurance consultants)
- ✓ Promotion for designation on weekend in 82 plazas

### ● Reinforcement of consulting function

- ✓ Expansion of products (investment trusts, one-premium life insurances, structured bonds)
- ✓ Gradual start of 'Investment trust navigation'

Life plan consulting/reviewing cases



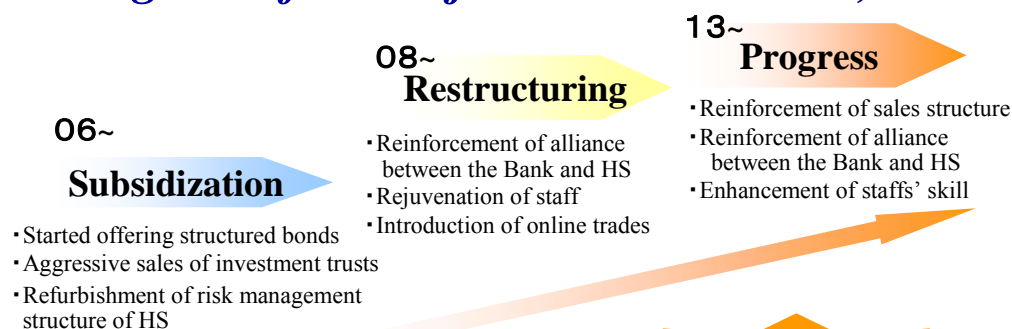
### ● Reinforcement of inheritance consulting

- ✓ Testamentary trust, inheritance arrangement support
- ✓ Inheritance Support Center offers one-stop services
- ✓ Connecting support to guardian of adult (under consideration)

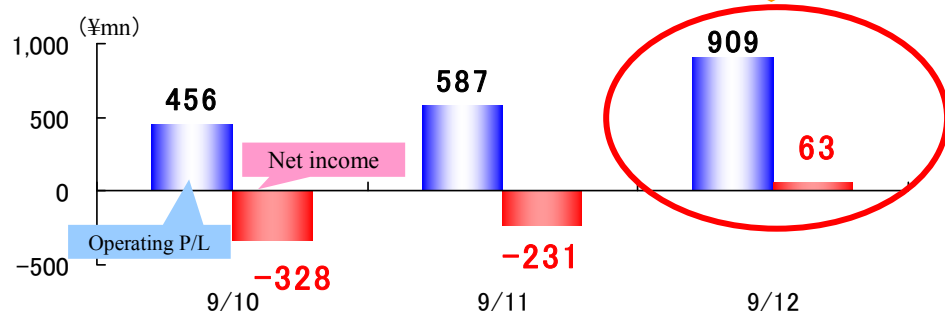
No. of consulting accepted by Inheritance Support Office (cases)	1H11	2H11	1H12
	5,568	6,805	6,778

# Bank-Securities Company Alliance Business

## ~ Progress of Hachijuni Securities Co., Ltd. ~



### ➤ Operating profit (loss), Net income **Turned profitable**



### ● Details of operating P/L ~ Change of profit structure ~ (¥mn)

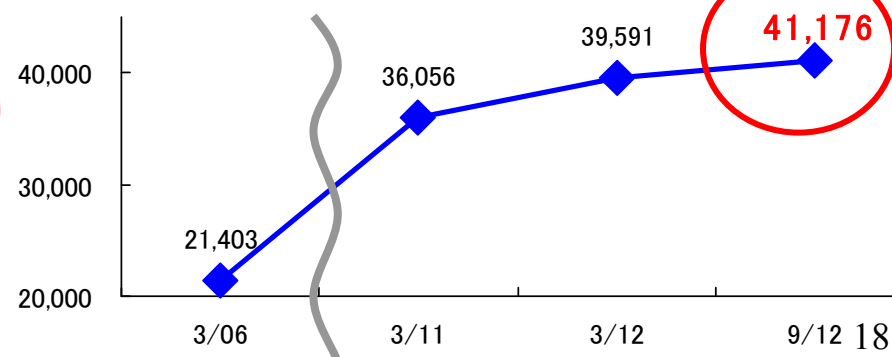
	9/10		9/11		9/12		Ratio
Brokerage fees	279	61%	252	43%	256	28%	↘
Profit on sale of bonds	183	45%	112	61%	379	61%	↗
Trust fees	24		247		181		
Others (valuation P/L etc.)	▲30	▲6%	▲24	▲4%	93	11%	
Total	456	100%	587	100%	909	100%	

### ● Refurbishment of Hachijuni Securities (HS)

- **Revolution of profit structure**
  - ✓ Profit resources was changed from brokerage fees to profit on sale of bonds, investment trusts
- **Reinforcement of human resources**
  - ✓ Rejuvenation by employing new graduates (**40% of staff: 5 years or less business experience**)
  - ✓ Reinforcement of staff training
- **Reinforcement of alliance**
  - ✓ Reinforcement of sales power through the Bank channel
    - HS's staff were dispatched to the Bank. (Corporate banking: 2 staff, Personal banking: 19 staff)
  - ✓ Expansion of the Bank's intermediary services

### ➤ No. of customer accounts (Direct and intermediary accounts)

~ More than 40,000 accounts ~



# International Business

## ◆ Expansion of businesses focusing on Hong Kong Branch, as an Asian control center



### 【Hachijuni Bank's Asian network】

- No. of bases : 5 sites (1 Branch and 4 Rep. Offices)
- Tie-up banks : 7 banks (covering whole Asia area)
- No. of Asian bases of our customers : more than 1,200

### ● Cities dispatching trainees (1 trainee in each city)

City	Institution
Dalian	Bank of Tokyo-Mitsubishi UFJ
Mumbai	JETRO
Singapore	Mizuho Corporate Bank
Bangkok	KASHIKORNBANK
Düsseldorf	Bank of Tokyo-Mitsubishi UFJ

### ● Mar 12

Tie-up was concluded with PT Bank CIMB Niaga Tbk (Indonesia)



### ~ Mission of overseas offices ~

#### ● Hong Kong Branch

Supporting settlement of fund, customers' financing  
Supervising whole Asian businesses as a control center

➤ Hong Kong Br. Started cross-border loan (1H12)  
Results: \$80mn/5 cases

#### ● Representative Offices

Providing information relating to laws and Regulations  
Reinforcing customer support by utilizing tie-up banks  
Research for business opportunities in neighboring countries  
Holding business fair and business matching

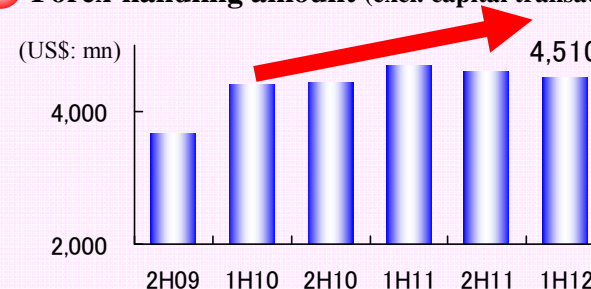
【Japan-China 'Mono-zukuri' Fair in Shanghai】

#### ➤ 1H12 Foreign Business Fair/Meeting

- May • Nagano Companies Exchange Meeting in Shanghai
- Jul • Indonesia Business Matching
- Dalian Business Exchange Meeting organized by 5 regional banks
- Aug • Chinese Major City Business Seminar (Dalian, Qingdao, Shanghai)
- Singapore Food Fair
- Sep • Japan-China 'Mono-zukuri' Fair in Shanghai
- Nagano Prefecture 'Mono-zukuri' Business Exchange Meeting in Shanghai



#### ● Forex-handling amount (excl. capital transactions)



# Internal Revolution

## ◆ Challenge for the change of “internal structure” and “individual thoughts”

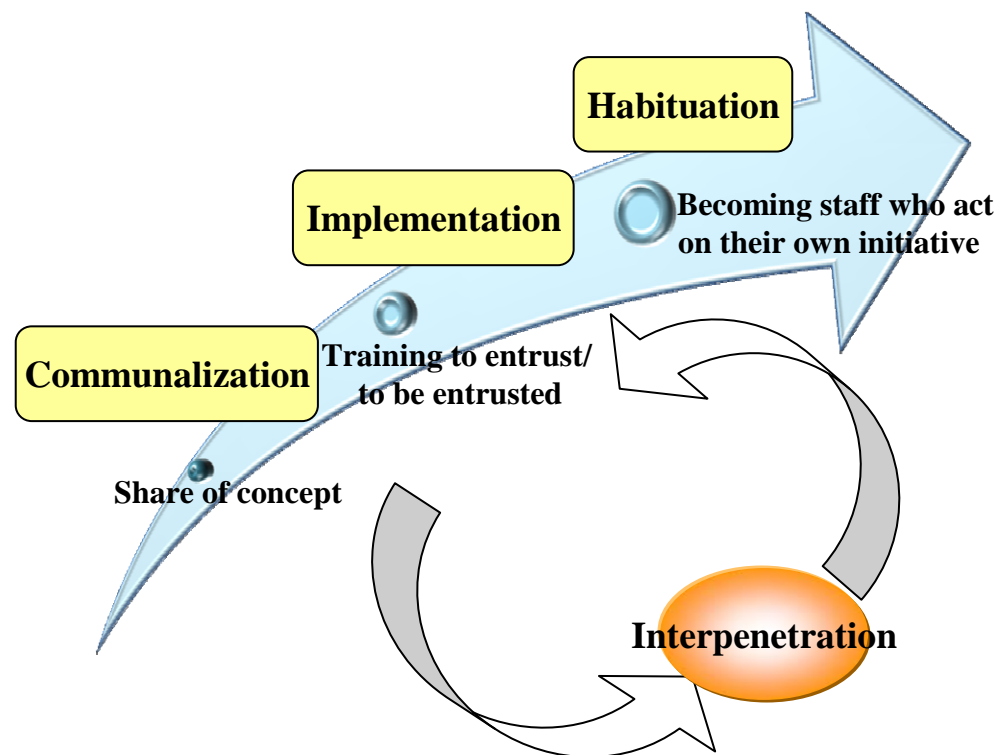
### ● Addresses to Head Office revolution

Becoming a ‘small numbers-exceptional talent group with high productivity’ by slimming HO staff through further improvement of efficiency and work speed

- 20% reduction of overtime work
- 20% reduction of internal notification
- 50% reduction of meeting time  
(FY11 important meeting: 300 hours)
- 50% reduction of paper consumption  
(FY11: 8,450 thousand pieces)

### ● Addresses to “autonomous action”

Created a project team (Apr 12)  
Becoming a strong organization by changing corporate culture to ‘entrust and ask a result’ culture

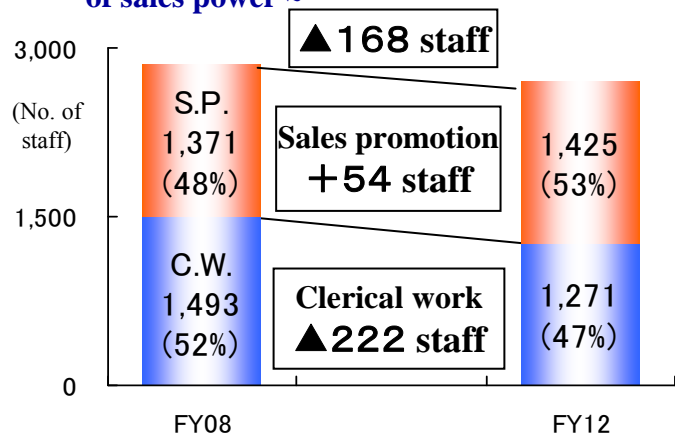


# Evolution of Infrastructure

## ◆ Steady progress in the comprehensive reform of infrastructure

### ➢ Changes in branches staff allocation

~ Steady progress in rationalization and reinforcement of sales power ~



● 2H12

Trial of mobile tablet by personal banking staff

● 1H13

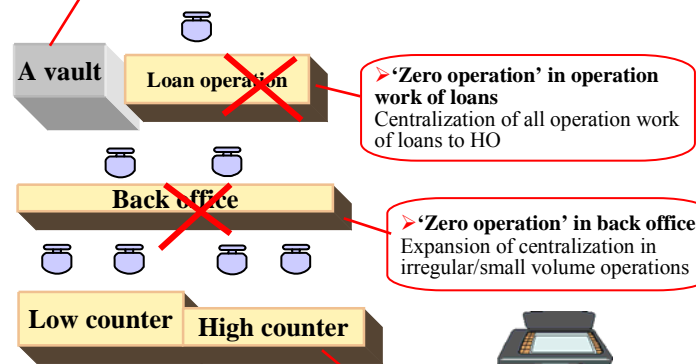
Start of branches' management systems of archived documents

● 2H13

Gradual implementation of centralization in operation work of loans

### [Evolution image]

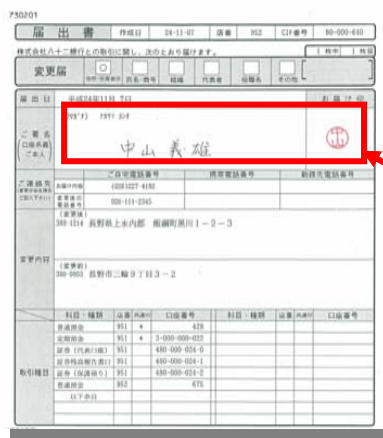
➢ Reduction of archived documents and introduction of documents management systems



➢ Upgrading marketing function by utilizing IT  
➢ Introduction of mobile tablet applicable to accounting

### Increase of interactive operation in registration (change of name/address)

~ 60% of annual registrations (160 thousands cases) was changing to the interactive way ~



● Staff

Printing out the registration form after filling in necessary columns

● Customer

Signing and sealing only

The time required for the registration

Reduction by half or more

## Returns to Shareholders

- ◆ Achieving stable shareholder returns by capital policy with high mobility while maintaining steady management

Jun 12 ~ Sep 12

4, 815 thousand shares = ¥1, 998mn purchase

	FY09	FY10	FY11	FY12 forecast
Annual dividends①	31	41	35	35
Dividend per share (full year)	¥ 6. 0	¥ 8. 0	¥ 7. 0	¥ 7. 0
Purchase of own stocks②	1	66	0	20
Shareholder returns ③=①+②	33	107	36	55
Net income ④	155	192	167	170
Payout ratio①÷④	20. 2%	21. 3%	21. 3%	20. 5%
Ratio of shareholder returns ③÷④	21. 3%	55. 8%	21. 6%	32. 3%

(¥100mn)

※Payout ratio and the ratio of shareholder returns were calculated using the above calculation formula.

### 【Dividend policy】

Distribution ratio will be approximately 20% against net income of ¥20bn or lower.  
And if net income exceeds ¥20bn, add 30% of a portion of net income in excess of ¥20bn.  
(lower limit of dividend per share: ¥5.0 a year)

**This report includes the descriptions relating to the future business performance  
but these descriptions would not assure the future business results.  
Please note that the actual business results will be substantially changed  
due to variable economic conditions.**

**< For inquiry >**

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