

Annual Report 2025

Management philosophy

“To contribute to regional development by committing to sound banking principles”

Foundations of sound management at Hachijuni Bank

Financial stability

Sensible risk-aware profitability

Sustainability through ESG management

By consistently observing sound management principles and comprehensively consulting with the community, we remain leaders in realizing a sustainable society.

Hachijuni Bank has grown alongside the Nagano community as a financial institution supporting its rich nature, culture, and diversity. To revitalize the local economy and community and drive qualitative prosperity, we aim to keep growing together as we tackle various challenges facing the region, such as population decline, the aging of society, and climate change.

Myojinike, Matsumoto, Nagano Prefecture

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Editorial policy

The Hachijuni Bank presents this integrated report to clearly communicate to stakeholders our efforts to enhance its sustainability. Content presented herein includes our management philosophy and policies, financial data, and nonfinancial information on such matters as ESG and the UN Sustainable Development Goals.

In preparing this report, we referenced the International Integrated Reporting Framework of the IFRS Foundation and the publication Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry.

This integrated report is a disclosure document as defined under Article 21 of the Banking Act. Statements presented herein regarding future performance do not guarantee future performance and may differ from actual results due to changes in the business environment or other factors.



History

In 1931, amid the chronic economic malaise that followed World War I leading up to the Great Depression, the Nagano Prefecture economy struggled. To ensure access to financial functions needed to sustain the economy and stabilize the local community, The Hachijuni Bank was established.

In keeping with its founding, Hachijuni Bank has consistently held that it cannot fulfill its mission of supporting the local community unless the Bank itself rests upon a sound and stable management foundation. This remains fundamental policy to this day.

Pre-1931

“From Shinshu to the world” – Financing the silk trade

In the 1870s, the National Banking Act was enacted to fund industrial development and consolidate large volumes of government bonds and irredeemable (fiat) banknotes. Several national banks were established in Nagano Prefecture, including the 14th National Bank (Matsumoto), the 19th National Bank (Ueda), the 24th National Bank (Iiyama), the 63rd National Bank (Matsushiro), and the 117th National Bank (Iida).



Head office of the 19th National Bank



Head office of the 63rd National Bank
(Became Hachijuni Bank's head office in 1931)

The Bank continues to build trust by providing individually tailored financial services, enhancing competitiveness by focusing on meeting diverse needs, and helping to develop local communities and economies.

1971

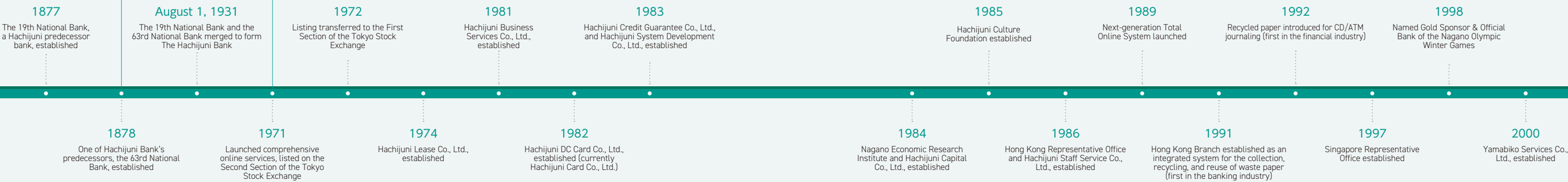
Banking entered a new chapter with the launch by Hachijuni Bank of its Total Online System.

In November 1965, amid expanding foreign exchange business, the Bank launched the first online foreign exchange service in the regional banking sector.

In April 1971, the Total Online System commenced services at its initial pilot locations, the Nagano and Omachi branches.



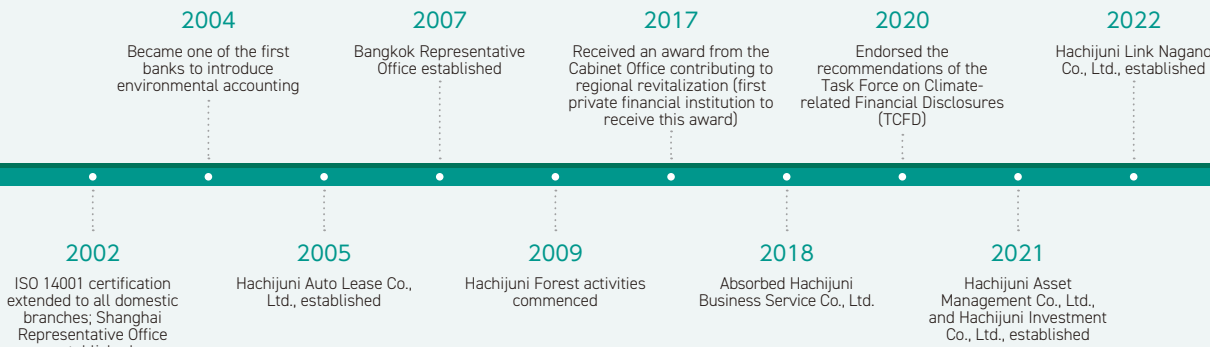
Omachi Branch staff cheer the Total Online System's launch



2001

Development of the Judankai common transaction system begins

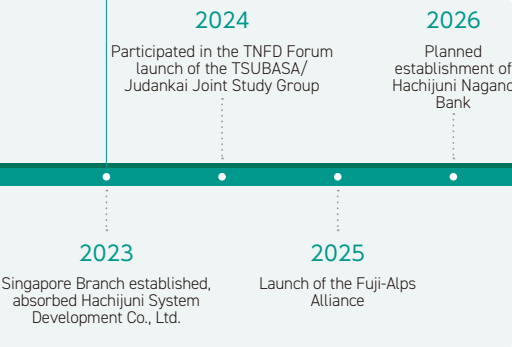
In April 2001, the Bank commenced development of a joint system based on its proprietary platform that incorporated the common needs of regional banks. This accelerated business operations while standardizing product and service offerings and streamlining administrative procedures, with the aim of reducing system costs and improving efficiency through collaboration. The name Judankai derives from the idea of “comrades spanning the Japanese archipelago,” representing the alliance’s seven banks: Yamagata Bank, Tsukuba Bank, Musashino Bank, Awa Bank, Miyazaki Bank, Bank of the Ryukyus, and Hachijuni.



2023

Maximizing group synergy – merger with Nagano Bank

With the goal of upgrading services and convenience, in June 2023 Hachijuni Bank and Nagano Bank implemented an equity tie-up through an exchange of stock, with Hachijuni Bank becoming the parent company and Nagano Bank a wholly owned subsidiary. Subject to obtaining the necessary approvals from relevant authorities, the two banks are scheduled to fully merge on January 1, 2026.



Message from the President

President and Representative Director
Executive President

Masaki Matsushita



Heading into the final phase of rebuilding our business platform, we are moving to a new stage value creation as a customer-focused regional financial institution.

With the development leadership of the Nagano prefectural government, we are applying our value creation process to further the state of qualitative prosperity.

In January 2025, the Bank of Japan raised its policy rate to 0.5% as it continued backing away from its negative interest rate stance. This marked a major shift for the Japanese economy from a prolonged "interest free" environment to one with positive interest rates.

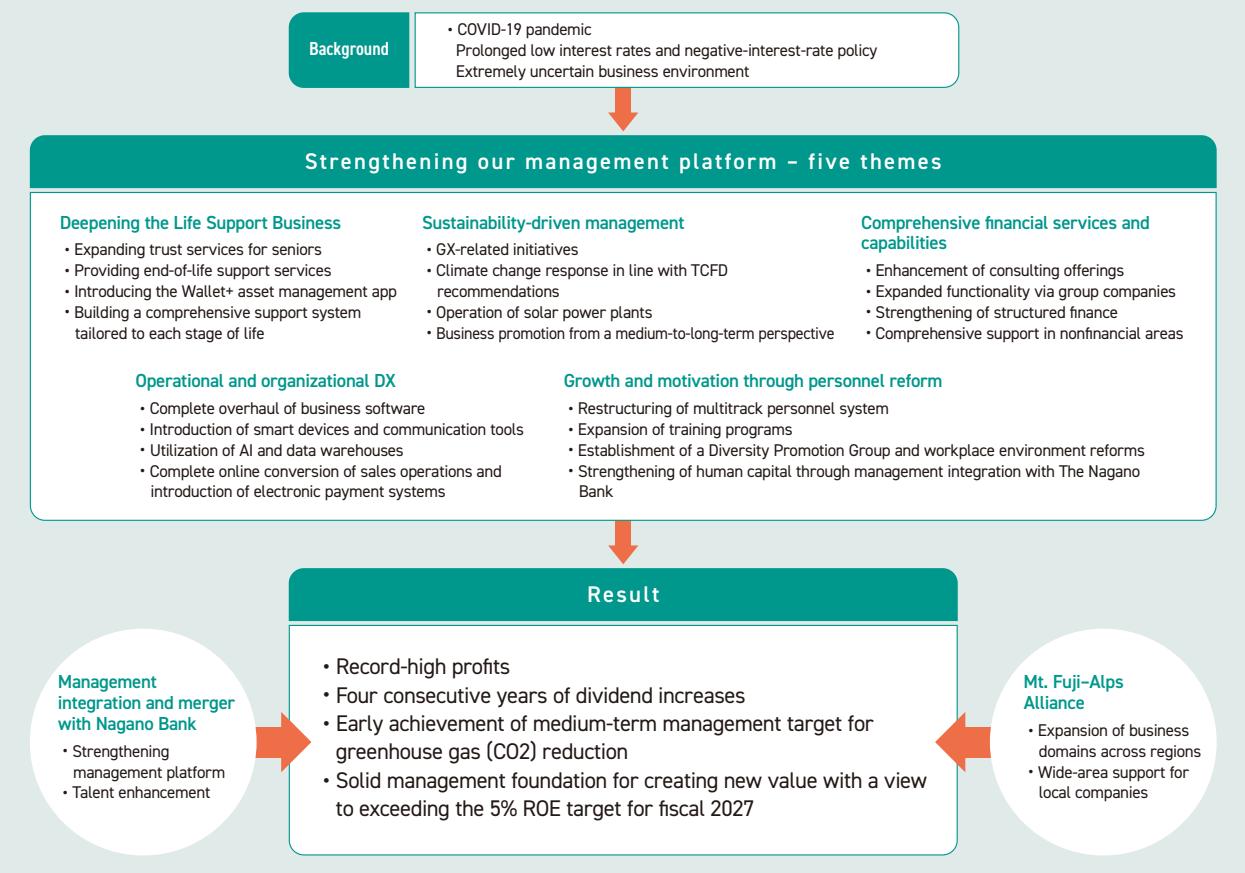
The Bank has operated in an extremely challenging earnings environment but, thanks to enhancements to its management foundation under Medium-Term Management Vision 2021 ("Vision 21" hereinafter), it has structured itself such that it can respond flexibly to changing business conditions. Currently, as interest rates normalize, the Bank has achieved steady improvement in profitability and entered a new stage toward sustainable growth.

Regarding fiscal 2025 (ending March 31, 2026) earnings forecasts, we are budgeted for approximately ¥10 billion in nonrecurring expenses associated with the Nagano Bank merger, but we

nevertheless expect to achieve record profits for the second year running. This is strong evidence that our business innovation initiatives are producing results and that our efforts at building up our management platform are bearing fruit. In addition, based on the current progress of our business, we are confident that we can raise the 2027 target 5% return on equity (ROE) set out in Vision 21. We will continue to manage the Bank in a way that balances sustainable profitability advances with capital efficiency optimization.

Amid this changing economic environment, we announced our formal Value Creation Process in May 2024. The Process clarifies our mission as a Nagano-based regional bank and defines our target outcome: revitalization of local economies and communities and promotion of qualitative prosperity while addressing the challenges of a declining and aging population. The Process conceptualizes the value

■ Medium-term Management Vision 2021 – initiatives and results



Message from the President

that our business provides the community and clarifies our contribution to a sustainable society. We strive to be a financial institution that grows together with the community by balancing the resolution of local issues and the creation of economic value.

Our Value Creation Process stipulates revitalization of local communities as an objective vital to our growth as a regional bank. It also emphasizes the goal of qualitative prosperity as a goal, a concept that extends beyond economic growth to include improving the quality of life and cultural and social richness of the people in the region. I can proudly say that Nagano Prefecture is a region that offers a high level of adaptability and flexibility in responding to change and the ability to attract people with a strong desire to improve themselves.

Despite its limited arable land, the region was able to supplement its economy through sericulture. The abundance of water and skilled laborers led to the development of silk production, which grew into one of Japan's leading export industries. Although the advent of synthetic fibers prompted the silk industry to decline, the existing facilities and workforce served as a base for companies that evacuated from urban centers during the war, and the region became a manufacturing hub for aircraft parts.

After the war, these businesses inherited the

technology from the evacuate companies, which resulted in the region becoming a major manufacturing center for precision parts for such applications as watches and cameras. In response to the demands of the times, the industrial base shifted toward electronic components and automotive products and has since expanded its scope to include semiconductors. The presence of many such companies in Nagano Prefecture has made it an important industrial base that continues to support the regional economy.

Nagano Prefecture has thus demonstrated unique characteristics that set it apart from other regions have allowed it to develop by flexibly changing its industrial structure in response to the needs of the moment. We believe that it is our important mission as a regional bank to strengthen and sustainably develop the local economy by recognizing and maximally leveraging the prefecture's competitive advantages. Starting January 1, 2026, the new Hachijuni Nagano Bank will fully deploy the management resources it has amassed under the ongoing Medium-term Management Vision 2021 ("Vision 21") plan to further revitalize the local community and regional economy and to promote qualitative prosperity.

Medium-Term Management Vision 2021 background

This fiscal year marks my fifth year as President, and Vision 21, which the Bank formulated around the time I took office, is entering its final year.

At the moment of my appointment, we were faced with the unprecedented COVID-19 pandemic and, at the same time, we were operating in an extremely uncertain business environment due to prolonged low interest rates and negative interest rate policies. As we put together our business plan amid these circumstances, we were highly concerned that the traditional financial model centered on deposits and loans alone would impede our sustainable growth.

We recognized the importance of becoming more deeply involved in the development of local communities and economies and collaboratively creating value and, accordingly, launched Vision 21 with the tag line "Combining finance, nonfinance, and relationships to support customers and communities." Unlike our previous management plans, which ran for periods of three years, Vision 21 follows a medium-to-long-term schedule of five years to focus on business innovation. Here, I would like to recap our efforts and achievements to date.

Business innovation – five supporting themes

In advancing Vision 21, we have identified five themes that define the overarching direction for the Bank's business activities and have worked to implement them.

Sustainability-driven management

Among the five themes articulated in Vision 21, sustainability serves as the cornerstone of our management effort. We have always positioned sustainability centrally to our business, not only via our traditionally solid green transformation (GX) initiatives that include environmental conservation and CO2 reduction, but also through a broader concept of sustainability that supports the ongoing development of local communities. Based on this approach, we promote sustainability in all of our businesses on a medium-to-long-term timeline rather than through piecemeal solutions. For example, to combat climate change, we are applying certain recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have already exceeded our initial targets, which included the use of solar power generation within the Hachijuni Group. These initiatives have instilled a high level of sustainability awareness within the

bank, and this mindset is becoming deeply ingrained in our management and business activities.

Deepening the lifecycle support business

Traditional personal financial services have focused on developing and proposing customized services that meet customer needs, such as expanding mortgage and investment trust products. However, we recognized that it was challenging to differentiate our services from those of other banks and to maximize our unique strengths. Therefore, we have been building a "lifecycle support business" that consistently serves our customers from their youth and into their golden years and fosters relationships that can last throughout their lives. In particular, in Nagano Prefecture, where the population is aging and birth rates are declining, we have identified this as both a chance to benefit society and a business opportunity. We have expanded senior-oriented trust options and end-of-life support services within the Bank. For younger customers, we have introduced an information app, Wallet+, that provides financial services covering such areas as asset formation, mortgages, and mutual funds, as well as information services tailored to life events, including retirement



Message from the President

and end-of-life planning. Through these efforts, the foundation for our lifecycle support business is steadily being fortified, and we expect further evolution and growth.

Comprehensive financial services and capabilities

One initiative we have taken to support customers and communities through finance, nonfinance, and relationships as set forth in our Medium-term Management Vision 2021 ("Vision 21") is the provision of comprehensive financial services and related functions. Via this strategy we aim to innovate in the corporate banking domain by enhancing our consulting functions in such areas as business succession, M&A, business restructuring, and subsidy application support while remaining active in traditional financial intermediation functions like deposits and loans. Thus, we can offer solutions to customers' management challenges and help sustain their growth. Moreover, to maximize synergies across the entire Hachijuni Group, we have established a new company, Hachijuni Investment Co., Ltd., that, along with traditional lending, offers investment services such as capital funding and growth-oriented investment. Furthermore, Hachijuni Link Nagano Co., Ltd., provides services that leverage the Group's business network in such areas as overseas business support (matching with local partners and sales channel development) and electric power (regional power supply utilizing renewable sources). These companies are already open for business activities and are supporting the growth of local companies in various ways. The Bank itself is also building out its structured finance capabilities and establishing a framework to provide flexible and sophisticated financial solutions to meet an expanding range of increasingly complex business requirements. Furthermore, in the nonfinancial domain, we provide comprehensive support to local companies in dealing with management issues of by combining solutions such as human resource development and referral services, support for local sourcing, and IT consulting (guidance on operational efficiency and digital transformation).

Operational and organizational DX

The promulgation of Vision 21 will require advanced execution that far exceeds the quality and operational scale expected of a traditional bank and is expected to entail enormous costs. The essence of the Medium-term Management Vision 2021 is to achieve the seemingly conflicting goals of raising profitability while spending heavily. To achieve this, it is essential that we ensure the efficient operational and organizational digital transformation (DX). We are, therefore, completely revamping our business software to centralize information and, on the frontlines level, introducing smartphones for chat and video conferencing to support operational efficiency and flexible work styles. In addition, we are promoting information transmission and sharing using AI to operate more efficiently as we expand the scope and size of our business processes.

As a leading bank in Nagano Prefecture, we have accumulated a long history of customer, industry, and macroeconomic information in a data warehouse. By processing this using AI, we are able to perform advanced insights into such areas as prospect extraction, forecasting of customers' business conditions, and credit assessment. In addition, we are promoting the introduction of electronic contracts and electronic payments with customers in our sales operations and are working to revolutionize operational efficiency through the use of enhanced business promotion tools throughout the Bank.

Growth and motivation through personnel reform

In the course of implementing the measures outlined in Vision 21, we were challenged by a structural labor shortage. To address this, we redesigned our personnel system in July 2022 to create a multitrack system that offers varied career paths suited to the characteristics and aspirations of each employee. At the same time, we have been expanding our training program to help employees enhance their expertise and develop their careers independently. Moreover, we established a Diversity Promotion Group in July 2021 to promote the Bank as a workplace where diverse staff can actively contribute. Based on our Basic Policy on Diversity

and Inclusion, we promote workstyle reforms are seeing steady results, with the percentage of positive responses in employee engagement surveys exceeding 75%.

The management integration with Nagano Bank announced in June 2023 was an extremely important executive decision from the perspective of addressing the challenge of labor shortages. As the two banks, which had been rivals, become one, it is important not simply to increase the number of employees, but to create an environment where employees could work together as a unified entity. We have, therefore,

prioritized mutual respect and encouraged relationships that promote mutual learning regardless of each partner's scale. We believe this attitude has gradually harmonized our merging organizations and strengthened our talent pool. In January 2026, the final year of Vision 21, the two banks will merge to form Hachijuni Nagano Bank. We are confident that the merger will broaden the employment base and promote diversity within the organization, further enhancing our human capital stock and building a solid foundation for the sustainable growth of Hachijuni Nagano Bank.

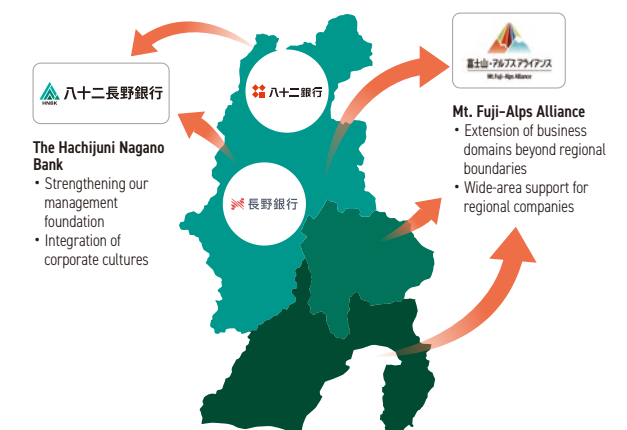
Hachijuni Nagano Bank and the Mt. Fuji-Alps Alliance

As the business integration with Nagano Bank progresses, it is necessary to clarify the direction of future business operations in order to formulate a new management plan for the fiscal years ahead. While we have to some degree strengthened our operational foundation in Nagano Prefecture by following the guidance of Vision 21, the merger process has clarified the differences in corporate culture between the two banks and the distinct strengths of each: Hachijuni Bank excels in systematic business promotion, while Nagano Bank is strong in the speed and flexibility of its staff at the front lines. Alongside cost management, overcoming differences in corporate culture and employee attitudes through business consolidation has been a top-priority objective of the management integration. By recognizing differences early on and clearly demonstrating mutual respect, we have been able to raise awareness of integration issues within the organization and are beginning to see tangible results.

In March 2025, we announced the Mt. Fuji-Alps Alliance, a wide-area alliance that extends beyond Nagano Prefecture. It is a key business strategy for the future of Hachijuni Nagano Bank and is intended to provide more extensive support for our customers' growth-oriented activities—including business succession and M&A—through the expansion of our business territory beyond regional boundaries. Given

a declining birthrate and aging population, it is essential to strengthen the competitiveness of local companies in order to sustainably grow the regional economy. Therefore, we believe that it is an important mission for regional banks to promote efficiency by facilitating business alliances and mergers among companies. Against this backdrop, we believe it is extremely meaningful for local financial institutions that support local customer to collaborate with each other, and we consider expanding the number of participating companies an effective strategy. Furthermore, Nagano Prefecture is known as a potential destination for people moving away from the Tokyo metropolitan area, and regional banks'

Strengthening our management foundation through mergers Expanding our business domain beyond Nagano Prefecture through wide-area collaboration



Message from the President

wide-area cooperation and alliance strategies are the best means of achieving population growth. We believe that the Mt. Fuji–Alps Alliance, a collaboration among the three banks, is a concrete initiative toward revitalizing the regional economy and community and contributing to qualitative prosperity as set forth in our Value Creation Process document. Although we are a regional bank, we value our global perspective and look beyond the domestic market. As a bank that meets international standards, we maintain multiple overseas bases and place management priority on discovering ways to expose the Nagano Prefecture region to overseas economic growth. We are also focusing on overseas strategies in our next business plan. As a regional bank connected to the world, we will further strengthen our management support

functions by working closely with customers who are connected to the outside world and supporting their specific needs. We currently devoting management resources to this endeavor on a five-to-ten-year timeline and are steadily advancing initiatives for future growth, such as the three-bank Mt. Fuji–Alps Alliance, qualitative and geographical expansion of our business areas, and development of a foundation for overseas business. While not all initiatives may proceed as planned due to regulatory approval status and other factors, we are steadily making strategic preparations for sustainable growth, with the establishment of Hachijuni Nagano Bank scheduled for January 2026 as a major milestone.

investment are daunting challenges, but the Bank has established a unique competitive advantage through its promotion of a digital transformation agenda that combine AI and a dedicated data warehouse.

We will continue to promote management precepts dedicated to sustainable growth and further strengthen communication with our employees with a focus on expanding the value of our talent pool and updating the mindset of our people.

Message to our stakeholders

Under our sound governance system and through active discussions at meetings of the Board of Directors, we manage the Bank with a focus on sustainable growth. I always ask myself whether my thinking is correct and place great importance on listening to diverse opinions. We have five outside directors who contribute significantly to improving our governance framework. In addition to participating in discussions at Board meetings, the outside directors also participate in the Nominating and Compensation Committee and actively participate in important business promotion activities such as meetings of branch managers and branch managers. This enhances management transparency and objectivity, enabling more effective decision-making. As President, I am ultimately responsible for the management of the Bank, but I feel that I am able to make high-quality decisions with the support of talented people both inside and the Bank and out. In addition, our long-term HR policy goals of building strengths, adopting a pioneering spirit, and thinking and acting independently guide our employees as they grow autonomously and create value—even in this age of rapid change. Even as AI and other technological innovations advance, I want our employees to reaffirm our philosophy, hone their strengths, and actively accept new challenges. We hope that our policies help employees clarify what they can do through obtaining qualifications and other means and strive for self-improvement. With the launch of Hachijuni Nagano Bank approaching, we are steadily building on our management foundation and looking forward to record profits for a second consecutive year. In connection with this, we are actively returning profits to our stakeholders through such measures as dividend increases (fourth consecutive period) and revising employee salaries.

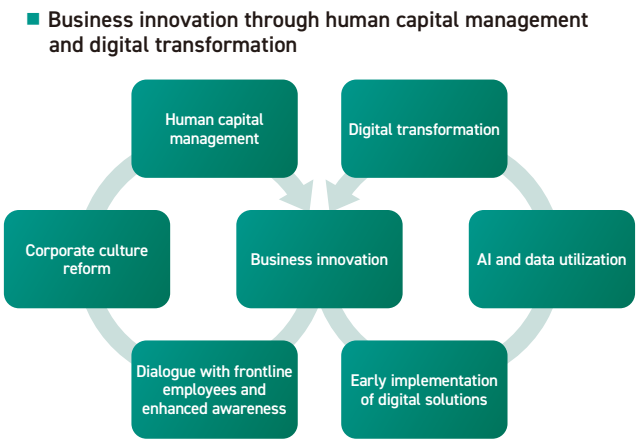


In addition, we are expanding our already broad range of social contribution activities in areas such as the natural environment, human rights, child support, and poverty alleviation for our stakeholders, customers, employees, and—given that we are a bank and also member of the regional community—our important stakeholders in the neighborhood. The active participation of all our employees is essential for the Bank to achieve sustainable growth together with our customers, shareholders, and the local community, and we will continue to make further brisk progress as we walk hand in hand with them. We sincerely ask for your continued support in the future.

Business innovation hinges on talent management and DX

For a long-established regional bank to innovate, it is essential to fundamentally reform its conservative culture. Among the five themes that support business innovation, we will aim to expand our business domains and raise profitability by enhancing human capital and promoting digitalization. To promote change led from the front lines, I visit each branch and repeatedly ask the local staff to consider whether their traditional work styles and values are hindering customer satisfaction. While management sets the direction, it is the frontline staff who are responsible for implementation. If they resist change, the organization will fail to grow or deliver customer satisfaction. Enhancement of human capital is also critical to promoting digitalization, and we have positioned talent management, including inspiring a fresh mindset among our employees, as a key plank in our management platform. In fact, the benefits of effective human resource management are steadily emerging, and with regard to our Medium-term Management Plan Vision 2021, we have completed all planned initiatives ahead of schedule by concentrating the implementation of measures originally slated for the first five years into the first three. For example, we have developed new career paths that enable employees to aim for

management and executive positions regardless of current role and have prioritized staff development and management structure optimization. We are currently further deepening these initiatives and embedding throughout the organization. Going forward, we will verify our results and formulate our next business plan to leap forward into the next era of growth. Digital transformation, including the use of generative AI, is a key element of human capital management amid a declining population, as it contributes to the efficiency of management decisions and business processes. Human resource development and capital



Message from the Chief Finance Officer



**As Hachijuni Nagano Bank, we will
continue to add value for the community
and raise our corporate value.**

Director and Senior Managing Executive Officer

Nakamura Makoto

1 Review of fiscal 2024

As fiscal year 2024, ended March 31, 2025, began amid concerns of an economic slowdown in Europe, the US, and China as well as caution regarding the upcoming US presidential election, the Bank of Japan, having ended its negative interest rate policy, faced the difficult decision of whether to raise rates further. However, overseas economies were more resilient than expected, and the BoJ ultimately raised its policy rate to 0.5%, marking a

return to a world of interest rates.

Given these circumstances, we actively worked to improve the earnings and ROE of the entire Hachijuni Group, an effort that included the early realization of synergies with Nagano Bank, with which we are scheduled to merge. As a result, consolidated net income reached a record high of ¥47.9 billion, while ROE climbed to 4.6%, nearing our current fiscal 2026 target of 5%.

2 Consolidated financial results

Against the backdrop of rising interest rates, consolidated gross income rose ¥12.7 year-on-year, to ¥113.2 billion, driven by net interest income.

Ordinary profit advanced up ¥28.6 billion, to ¥63.8 billion, in reflection of the topline increase and expanded gains on the sale of investment securities.

Net income attributable to owners of parent rose ¥10.9 billion year on year to, ¥47.9 billion, due to the absence of ¥17.3 billion in negative goodwill recorded last year in connection with the management integration with Nagano Bank.

3 Hachijuni Bank, Ltd. (nonconsolidated)

Net core business income (excluding gains on redemption of investment trusts), a profitability indicator for our core business, increased ¥7.2 billion, to ¥48.1 billion. Net operating profit improved by ¥1.5 billion, to ¥34.8 billion, despite losses of ¥11.9 billion on holdings of JGBs and other bonds. We actively worked to improve our bond

portfolio in response to rising interest rates.

Ordinary profit increased ¥23.6 billion, to ¥59.9 billion, mainly due to expanded dissolution of cross-shareholdings, and net income rose ¥18.8 billion, to ¥45.9 billion.

Consolidated (¥ billion)	FY2023	FY2024	YoY
Gross income	100.4	113.2	+12.7
Ordinary income	35.2	63.8	+28.6
Net income attributable to owners of parent	37.0	47.9	+10.9

Nonconsolidated (¥ billion)	FY2023	FY2024	YoY
Core operating profit (excluding gains and losses on redemption of investment trusts)	40.8	48.1	+7.2
Ordinary income	36.2	59.9	+23.6
Net income	27.1	45.9	+18.8

4 Medium-term Management Vision 2021

Currently, the Hachijuni Group, as a leading Nagano Prefecture corporation, is contributing to the sustainability of the local community to enable it to adapt to change. This effort is steered by our Medium-term Management Vision 2021 ("Vision 21") with the mission of supporting customers and the community through finance, nonfinance, and relationships. (Details on page 43.)

Against the backdrop of social and economic uncertainty caused by the COVID-19 pandemic, Vision 21 was compiled in June 2021 in recognition that we must respond flexibly to achieve our goals and that we must

evolve in line with changes related to our customers and the times. We are promoting a shared vision that is not based on specific figures or implementation plans and are responding flexibly with plans designed and executed during each fiscal year.

Currently, we are assembling a business plan for the merger with Nagano Bank and intend to announce it during the current fiscal year. Therefore, Vision 21 will remain in effect through fiscal 2025. In the new plan, we hope to introduce specific initiatives related to the value creation process, as well as measures to improve ROE, shareholder returns, and capital management.

5 Short-term Management Plan for Fiscal 2025

We have set a policy statement for fiscal 2025 of, "Dedicated to our customers, as always, and giving our utmost for the merger and the future beyond." Although this requires that various issues be addressed, we have set this policy in this historic year when Hachijuni Bank and Nagano Bank will finally merge.

We understand that the economic outlook for fiscal 2025 remains highly unclear and that even more advanced and resilient management will be required. In particular, we must closely monitor the impact of US tariff policies. The current market is highly volatile, and we are carefully assessing the impact on our finances from the perspectives of market risk and ALM. We are also thoroughly preparing for the possibility of expanded credit risk in the future.

Amid these circumstances, for fiscal 2025 we have budgeted ordinary profit of ¥75 billion (up ¥11.2 billion year-on-year) and net income attributable to owners of

parent of ¥50 billion (up ¥2.1 billion).

Keeping economic uncertainty in mind, we have not factored any additional interest rate hikes by the BoJ into our base scenario. If credit risk and market risk remain stable and additional interest rate hikes are implemented, consolidated net income could expand by up to around ¥10 billion, depending on the timing, but even under our base scenario, we believe it is possible to mark a second straight year of record profits.

As for initiatives, we will prioritize the successful merger with Nagano Bank as the top priority for the entire group. At the same time, we will ensure that the effects of various measures implemented under the Medium-term Management Vision 2021 are fully realized to further enhance corporate value.

Consolidated (¥ billion)	FY2023	FY2024	YoY
Ordinary income	63.8	75.0	+11.2
Net income attributable to owners of parent	47.9	50.0	+2.1

Nonconsolidated (¥ billion)	FY2023	FY2024	YoY
Ordinary income	59.9	72.5	+12.6
Net income	45.9	49.0	+3.1

Message from the Chief Finance Officer

6 Improvement in PBR/ROE

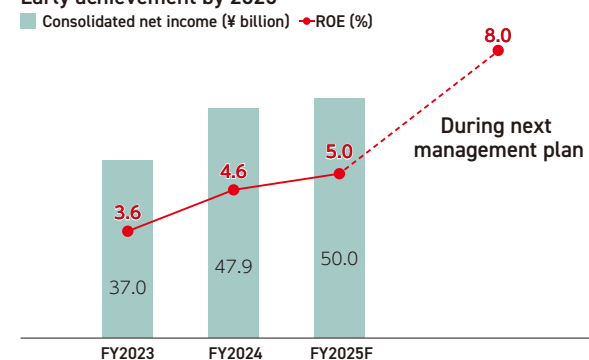
Since its founding in 1931, the Bank has adapted to social and economic changes and focused on the development of Nagano Prefecture's economy and its own staff. As elucidated in our Value Creation Process, we believe our efforts to leverage the financial and nonfinancial capital we have cultivated over the years via various business activities are responsible for the valuable outcomes we create, namely the revitalization of the regional economy and society and the realization of qualitative prosperity. This ultimately leads to the actualization of our management philosophy, which calls us to uphold sound management principles and contribute to the development of the regional community.

As of March 2025, the Bank's PBR stood at approximately 0.5x—an improvement from the recent low of approximately 0.3x. However, it has remained below 1x for an extended period, creating a negative equity spread situation. While PBR is related to both ROE and PER, we recognize that the key to achieving a PBR of 1x is to break out of the current low ROE range. We are striving to enhance shareholder value with ROE as the main driver so we are able to meet the market's expectations. To escape from low ROE, we are working to strengthen our profitability with the initial target of achieving a

benchmark of 5% by fiscal 2027. In fiscal 2024, we raised ROE to 4.6%, bringing us within reach of our near-term target. Although net assets are subject to stock market volatility, we believe that our ROE target of 5% for fiscal 2025 is reasonably achievable in the context of our ¥50 billion net income target for fiscal 2025.

Based on this, we are adding numerous policy upgrades to the business plan currently being developed for the new merged bank, with the aim of improving ROE to 8% and bringing PBR within the target range of around 1x.

Early achievement by 2025



7 Improving profitability

By focusing on the three key themes described below, we aim to enhance profitability and improve ROE and PBR.

Theme 1 Early realization of merger synergies

► Details on the merger are provided on page 55

We aim to realize the top-line and cost synergies outlined in the Basic Service Maintenance Plan (May 2023) ahead of schedule, targeting total synergistic effects amounting to ¥7.4 billion by fiscal 2028. Employees of the two banks are already collaborating to help clients with their business challenges, and we will continue to provide the combined expertise and consulting capabilities of both banks. Regarding cost synergy, we aim to streamline operations and optimize staff allocation through system integration and branch consolidation. The merger will impose significant costs, which will be a major expense until around fiscal 2026. However, we expect combined synergies to improve our financial position thereafter. We are assessing all facets of the business, including sales, human resources, administration, and systems, and working to ensure that these synergies are realized as soon as possible.

Theme 2

Strengthening profitability through post-merger talent reallocation

Also, in line with our Basic Service Maintenance Plan, we expect that progress with branch rationalization and operational efficiency gains will enable us to redeploy approximately 200 employees to consulting and strategy assignments. We are promoting measures as part of our staffing and human capital strategy that relate to specific job placements, areas of focus, and expected earnings. As of April 2025, a total of 33 employees have been reassigned, and we plan to gradually accelerate this process as the merger progresses.

We have selected four main areas for reallocation: (1) face-to-face sales requiring advanced specialized knowledge and meticulous customer service, (2) remote sales via digital channels, (3) market operations, which we consider one of our strengths, and (4) sustainability, which attends to social missions such as regional sustainable development and the global environment. We will implement training and external secondments for the 200 employees allocated to these functions and will work to gradually increase profits.

Face-to-face sales targeted for enhancement include consulting sales for corporate customers in such areas as business succession, M&A, overseas expansion

support, and corporate revitalization, as well as structured finance covering LBOs, MBOs, and other transactions. For individual customers, we will strengthen our comprehensive consulting functions in areas such as asset management, insurance, inheritance, and trust.

Among remote functions, we push for stable and balanced growth by promoting online lending and make it more convenient by employing AI analysis and utilizing digital channels for consumer loans. In addition, a remote sales organization (customer contact team) established within the head office is tasked with providing support to sales branches where the proportion of face-to-face sales is increasing and reduce their workloads via the use of digital channels and the telephone, thereby supplementing our revenue by better serving our customers.

We will build a medium-to-long-term portfolio for our market operations effort by working with our subsidiary Hachijuni Asset Management and leveraging unrealized gains on securities, while also bolstering the stability and flexibility of our operations through diversified investments that include alternative investments and derivatives. We will also redouble our efforts in nondomestic loans and structured finance at our Singapore branch.

With regard to sustainability, we will more intensively support our clients' decarbonization and sustainable finance efforts. Through the Sustainability Fund No. 1, a ¥30 billion fund established in collaboration with our subsidiary, Hachijuni Investment, we will strengthen financing focused on regional companies.

Theme 3 Expanding margins amid rising interest rates

Having returned to a world of rising interest rates, earnings from traditional banking operations (deposits and loans) have begun to improve. For fiscal 2024, consolidated net interest income increased by ¥16.5 billion from the previous year, with loan interest income rising ¥8.0 billion quarter-on-quarter, to ¥72.7 billion and deposit interest income climbing ¥4.9 billion, to ¥9.5 billion, resulting in an improvement of ¥3.1 billion in the net loan balance. Additionally, interest income from marketable securities and deposits with the Bank of Japan increased significantly, further improving overall results. Approximately 80% of yen-denominated loans are subject to interest rate adjustments or maturity dates within three years, so we expect to be able to improve rates on our loan portfolio in response to interest rate fluctuations.

8 Shareholder returns

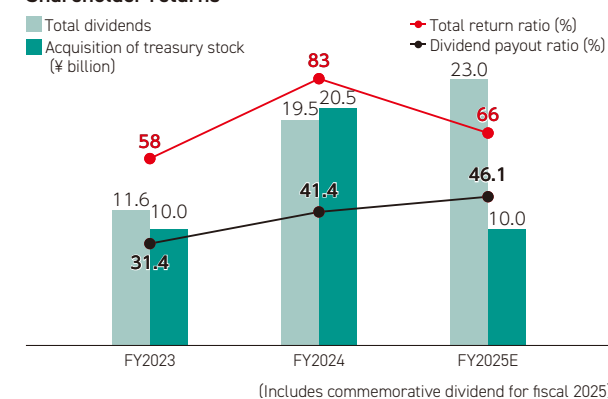
The Bank's dividend policy sets the minimum dividend per share ¥5 and mandates the pursuit of stable dividends and active shareholder returns through share buybacks. This policy represents the minimum level we commit to under any circumstances. Currently, based on our medium-term management target of an annual dividend of ¥20 or more by fiscal 2025, we have set the annual dividend for fiscal 2024 at ¥42—an increase of ¥18 from a year earlier. In addition, we plan to distribute a dividend of ¥50 (including a commemorative dividend of ¥5) in fiscal 2025 as we steadily strengthen our dividend payout.

To supplement this target, we originally set a

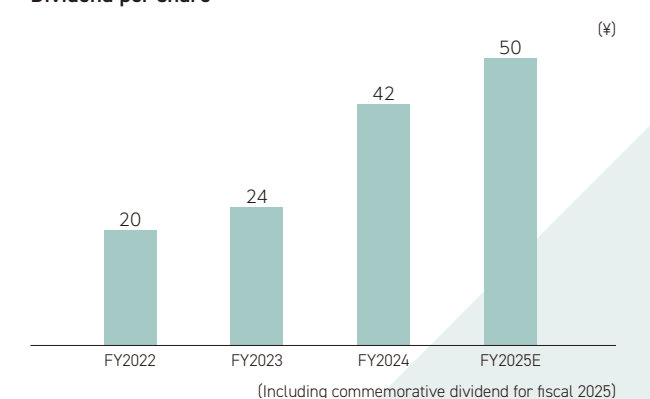
consolidated dividend payout ratio of 40% at the commencement of Medium-Term Management Vision 2021 but, to alleviate concerns about a temporary earnings decline due to extra costs associated with the management integration with Nagano Bank, we set the minimum target level with the record high annual dividend per share distributed in fiscal 2022.

We have been steadily repurchasing treasury stock at a rate of about ¥10 billion per year since fiscal 2022 and bought back a total of ¥20.5 billion in treasury stock in fiscal year 2024. We will continue to return profits to shareholders through a combination of dividends and flexible stock buybacks.

Shareholder returns



Dividend per share

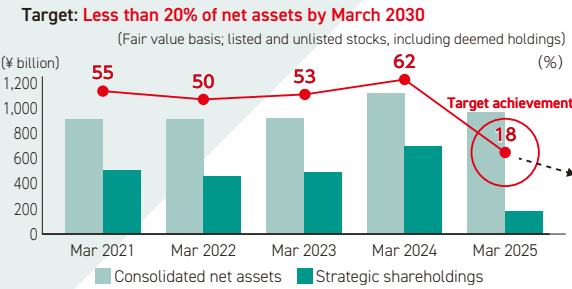


Message from the Chief Finance Officer

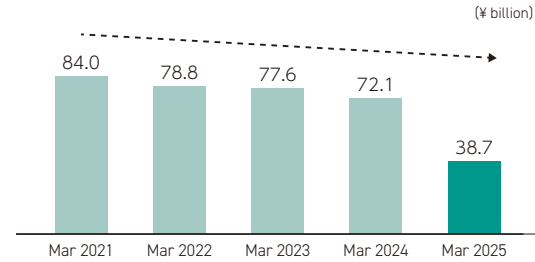
9 Strategic shareholdings

- In accordance with the Bank's Corporate Governance Code, we have established a policy on strategic shareholdings and are working toward numerical targets for their reduction.
- We achieved our target by end-March 2025 but will continue to pursue further reductions.

Progress toward strategic shareholding reduction targets



Book value of listed strategic shareholdings



Strategic shareholding policy

- The Bank's core policy is to reduce strategic shareholdings after sufficient dialogue with the issuers. However, we may hold shares on a limited basis in cases where we determine that doing so is reasonable from a business strategy perspective, such as when it is needed to cement our relationship with an investee company through policy-driven investment that contributes to the resolution of the target company's management issues and enhances its corporate value. This, in turn, fuels local economic growth.
- For all stocks held as of a particular reference date, the Bank reviews the logic of holding each stock from the perspective of whether the risks of holding the shares and the benefits obtained from the investee are commensurate with indicators that take into account capital costs and other factors.
- The Board of Directors annually reviews the reasonableness of holding each individual stock and appropriately discloses the details of the review.
- **Approach to reduction**
 - When reducing strategic shareholdings, in cases where we are able to reach an agreement with the issuer that each party is free to sell the other party's shares it holds at its sole discretion, we will change the purpose of those holdings to pure investment and change the department responsible for managing those holdings to the department responsible solely for investment.
 - After changing the purpose to pure investment, we will aim for returns (gains on sales and dividends) that exceed the capital costs for the relevant portfolio.

Operational Guidelines Following a Change in Purpose

- In the event of a change in purpose to pure investment, we will conduct operations in accordance with the guidelines.

Points for consideration regarding holdings and transactions

Trading discretion	Operate on the principle that transactions can be conducted freely, unconstrained by such restrictions on trading or timing are imposed by the issuer. Unless there is an agreement with the issuer regarding discretionary sales, no change of investment purpose will occur.
Independence from the pure investment function	When making investment decisions, the Bank will ensure the independence of its pure investing function and establish the organization necessary for reaching appropriate conclusions.
Operational discipline and reporting to management	The Bank will establish plans and policies, including revenue targets, and report them to management, and regularly evaluate progress and results, reporting them to management, as well.
Appropriate exercise of voting rights	When exercising voting rights, the Bank will do so wisely and from a pure investment perspective to enhance the corporate value of investee companies.

Voting standards for pure investment stocks (excerpt)

Purpose: The Bank has established standards for exercising voting rights attached to shares held as pure investments, with the aim of exercising such voting rights appropriately from the perspective of the asset owner. Voting rights are exercised with a view to how each vote will contribute to the medium-to-long-term corporate value of the investee companies.

Voting criteria	Key determinations
Distribution of surplus profits	Whether shareholder returns are appropriately weighed against performance and financial condition.
Appointment of directors	Whether the appointment is appropriate in terms of performance and governance.
Appointment of the Audit & Supervisory Board members	Whether the appointment is appropriate in terms of compliance and governance.
Compensation of directors	Whether the allocation of compensation to directors is appropriate from the perspective of performance and other factors.

- Note: In addition to the above items, the Bank has established voting criteria regarding matters such as remuneration for outside directors and auditors, amendments to the articles of incorporation, takeover defense measures, appointment of accounting auditors, and shareholder proposals.

After the change in purpose to pure investment, the Financial Markets Department, which is a specialized department, manages the portfolio to achieve sustainable stable returns (dividends and gains on sales) that exceed

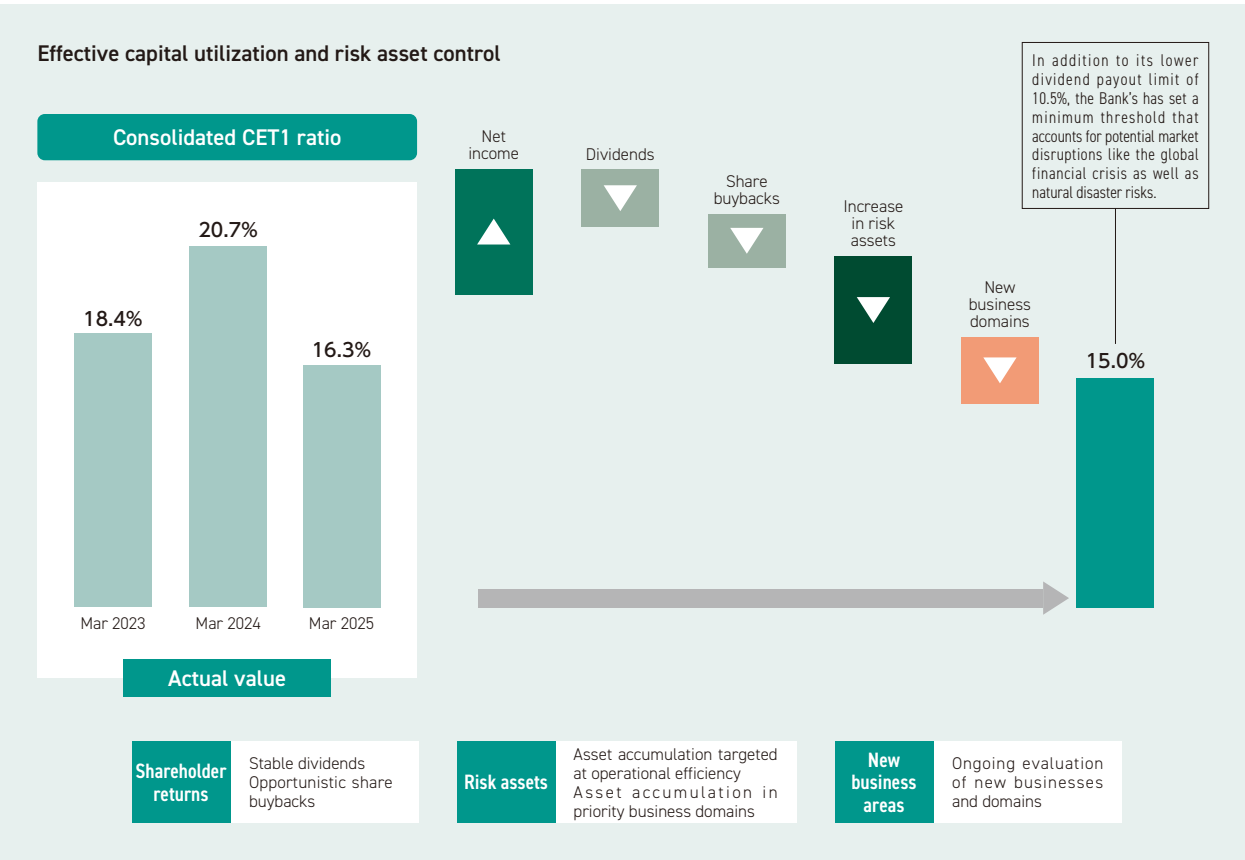
the cost of capital. In fiscal year 2024, the total amount of shares sold, including shares for policy purposes and shares for pure investment, was approximately 32.3 billion yen.

10 Capital management

The Bank aims to maintain a consolidated CET1 ratio of at least 15%. It has historically maintained a relatively high level of equity and recognizes this as a key strength. To ensure sustainability in accordance with its core management precepts, the Bank emphasizes the need to preserve this strength by maintaining the high level of capital required to provide stability to the financial system, the business activities and livelihoods of its customers, and the community. In addition to managing interest rate risk in the face of market convulsions akin to the global financial crisis and amid interest rate volatility, the Bank has set a minimum required buffer of 15% to prepare for natural disasters and other unforeseen

events.

The consolidated CET1 ratio for the fiscal 2024 (ended March 2025) was 16.29%, which was lower than in the previous year. We analyze two major factors to understand why. The first is a decrease in gains and losses on the valuation of securities, and the second is the phased implementation of Basel III standards. Gains and losses on valuation of securities mainly reflect fluctuations in equity valuations, but we plan to gradually reduce exposure to share price risk by systematically selling off holdings. In response to the finalization of Basel III, we will keep managing risk assets with a focus on operational efficiency.



11 Stakeholder communication

We actively seek opportunities for dialogue with shareholders and overseas institutional investors. We place great importance on providing relevant information directly to our stakeholders while explaining our initiatives and vision and will continue to strengthen our

financial and nonfinancial disclosure practices. The opinions and suggestions of our stakeholders are invaluable in enhancing our corporate and shareholder value. We look forward to ongoing in-depth exchanges via our IR and SR channels.

Overview of value creation story

The Bank has continuously worked to resolve regional issues while leveraging various external and internal capital with the aim of revitalizing regional economies and communities and realizing qualitative affluence. The business activities that form the foundation of our management, including our management philosophy and medium-term process.

revitalizing regional economies and communities and realizing qualitative affluence.

The business activities that form the foundation of our management, including our management philosophy and medium-term process.

Value Creation Process ...P23~

External and internal capital sources
(Capital targeted at value creation)...P27~

Social capital	Natural capital
Human capital	Intellectual capital
Financial capital	Physical capital

Outcome Hachijuni Bank – value creation

Local socioeconomic revitalization & qualitative prosperity
Contending with an aging and shrinking population

Communities & customers

- **Revitalizing local economies**
 - Driving growth in per capita GDP, assets for Nagano Prefecture residents
 - Growing core local companies and nurturing of new businesses
- **Decarbonization**
 - Leading prefecture in green energy from the region's natural environment
- **Biodiversity**
 - Preserving the natural environment for future generations

- **Further growing corporate value**
 - Improving ROE & PB
 - Efficiently utilizing ample equity assets
 - Utilizing in growth areas • Maintaining equity for the ongoing support of the local economy
- **Enhancing shareholder returns via stable dividends, etc.**

Shareholders

- **Further growing corporate value**
 - Improving ROE & PB
 - Efficiently utilizing ample equity assets
 - Utilizing in growth areas • Maintaining equity for the ongoing support of the local economy
- **Enhancing shareholder returns via stable dividends, etc.**

Employees

- **Enhancing job satisfaction with diverse opportunities for engagement and growth**
- **Ensuring compensation is commensurate corporate value growth**

ESG materiality...P21~

- E**
 - Climate change countermeasures
 - Decarbonization
 - Conservation of environmental resources
- S**
 - Founding new industries
 - Promoting core industries
 - Responding to declining birthrates, aging population, and depopulation
 - Digitalization
 - Diversity and inclusion
 - Human resource development
- G**
 - Strengthening data security
 - Enhancing information disclosure
 - Ensuring thorough compliance

External environment

Declining birthrate & aging population	Climate change
Aging business owners	Persistently low interest rates

Medium-term Management Vision 2021...P43~

Supporting customers and communities via alliances and mergers based on our “finance, nonfinance, and relationships” catchphrase.

- Theme 1 Sustainability as the foundation of management
- Theme 2 Deepening the Lifestyle Support Business
- Theme 3 Comprehensive financial services and functions
- Theme 4 Operational & organizational DX
- Theme 5 Human resources reform to support growth and fulfillment

Further accelerating the enhancement of corporate value

Effects of alliances and mergers

Improvement of management efficiency

Strategic allocation of human resources

Strengthening of earning power

March 2025
Mt. Fuji-Alps Alliance
... P62



January 2026
Merger with Nagano Bank (scheduled)
... P55~



ROE 2.9%

FY2021

ROE 4.6%

FY2024

ROE 5%

FY2025

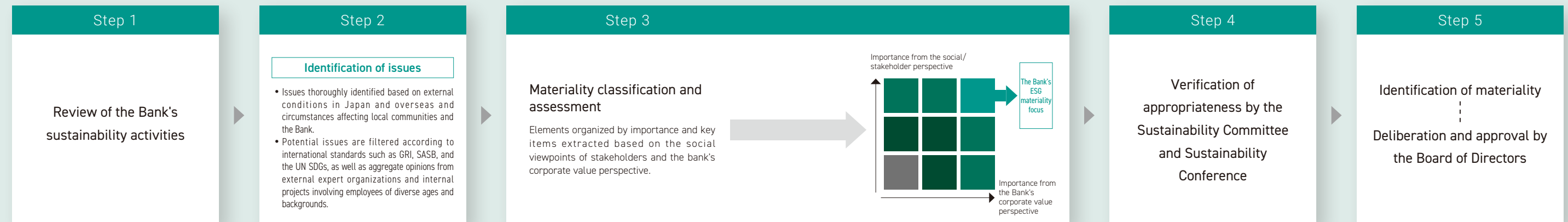
Fiscal 2027 ROE target of 5%: Ahead of schedule

Aiming for 8% ROE or better. Fiscal year

FY2028

ESG materiality(key issues)

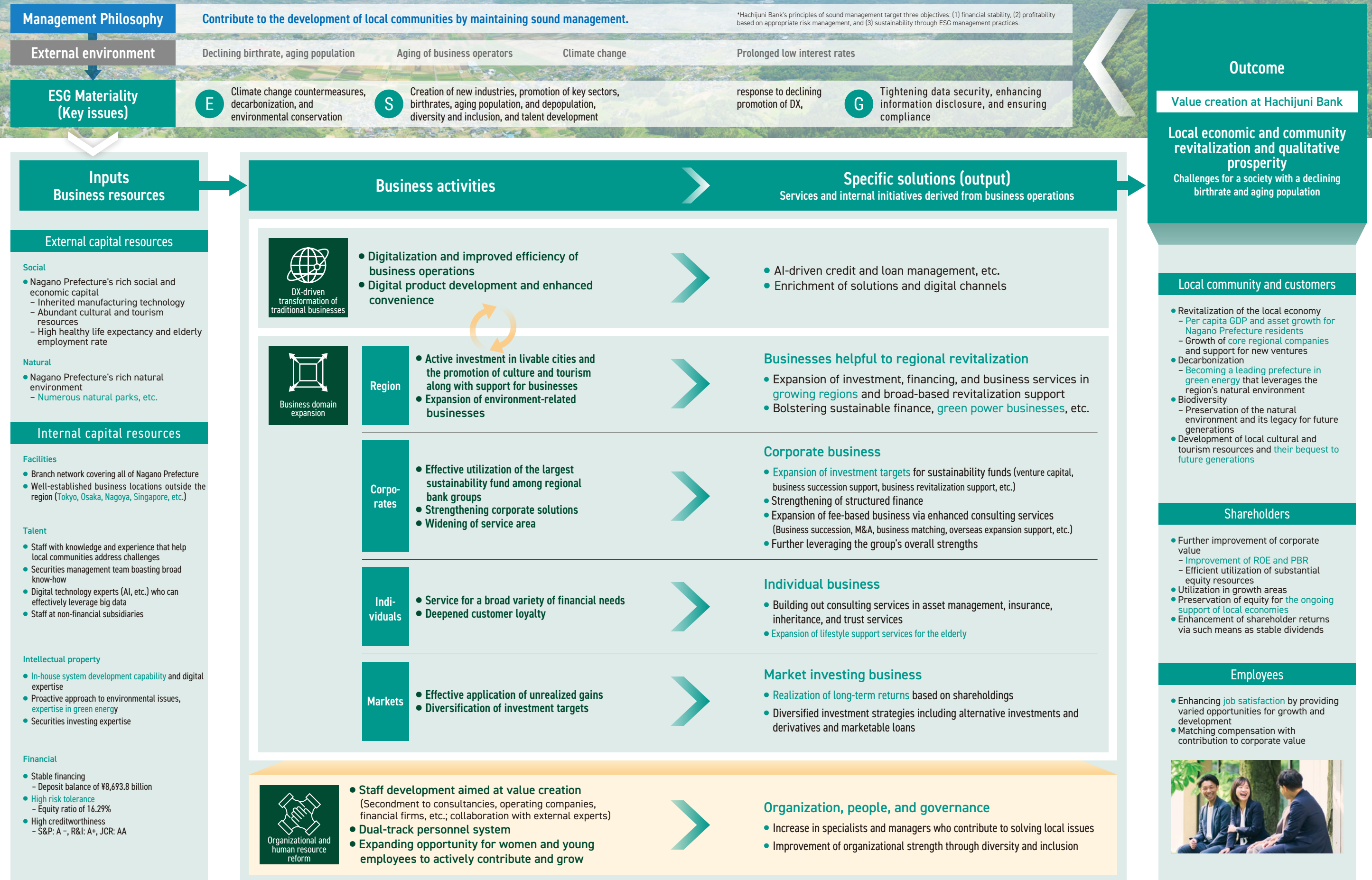
> Proprietary process



> ESG materiality at Hachijuni Bank

Materiality strategy	Medium-term Management Vision 2021	Vision	Main Initiatives for fiscal 2024	Long-term KPIs
E - Climate change - Decarbonization - Environmental conservation	Theme 1 Sustainability as a foundation of management Theme 3 Providing comprehensive financial services and capabilities	- Support for sustainable development of local communities - Customer solution-driven support for the sustainable growth of companies and local communities	- Establishment and updating of environmental goals (medium-term management targets) - Agreement with Nagano Prefecture on achieving net-zero carbon emissions by 2050 - Launch of the "Hachijuni private placement bonds supporting regional revitalization and SDGs (decarbonization type)" - Dialogue with 500 Nagano- and Niigata-based customers on decarbonization - Dedicated solar generation facilities (offsite PPA) "A" rating (highest) in CDP 2024 (Climate Change) for a second year running (a first among domestic banks) - Response measure enhancement based on TCFD recommendations - Initiated analysis based on the TNFD recommendations (interfaces with nature, dependencies, impact, risk, and opportunity, etc.)	Greenhouse gas (CO₂) emissions (Scope 1, 2) Hachijuni Group FY2025 Net zero FY2030 80% reduction versus FY2019 Promotion of greenhouse gas emissions calculation by borrowers FY2025 Companies for which the Bank possesses emissions data: 450 * The bank has data for 450 companies, which is equivalent to 40% of the Scope 3, Category 15 (as of March 31, 2024) Renewable energy FY2024 through FY2030 Sustainable financing (cumulative) for commercial-use renewable energy generation ¥90 billion Number of mortgage and renovation loans executed (cumulative) with ZEH-level and solar power generation facilities 10,000 Sustainable finance executed (value) FY2021 to FY2030 ¥1.5 trillion (of which ¥1 trillion slated for environmental activities)
S - Creation of new industries - Promotion of core industries - Addressing demographic changes - Advancing digitalization - Promoting diversity and inclusion - Staff development	Theme 1 Sustainability as a foundation of management Theme 2 Strengthening the Lifestyle Support Business Theme 3 Providing comprehensive financial services and capabilities Theme 4 Operational and organizational DX Theme 5 Human Resources Reform to Support Growth and Job Satisfaction	- Support for the sustainable development of local communities - Consulting services to ensure a prosperous life for people of all ages - Customer solution-driven support for the sustainable growth of companies and local communities - Sustainable development of local communities through the effective use of digitalization and data - Enhancement of organizational strength through the growth and fulfillment of diverse employees	- Launch of the "Mt. Fuji-Alps Alliance" (comprehensive business partnership with Shizuoka Bank and Yamanashi Chuo Bank) - Providing information to customers based on our house view (GMAP) - Expanding product, service, and distribution functions targeted at individual customers - Implementation of the "Shinshu New Business Creation Program 2024" - Collaboration agreement with the Nagano Medical Association on medical practice succession - Enhancing productivity through the use of generative AI - Talent development program for digital transformation within the company and support for customers' DX - Launch of new program to develop the next generation of female leaders - Job skills training upgrade to develop and retain highly specialized talent - Introduction of "Alumni Community"	
G - Fortifying data security - Enhancing information disclosure - Deepening compliance	Theme 1 Sustainability as a foundation of management	Support for the sustainable development of local communities	- Establishment of the "Hachijuni Group AI Policy" - Conducting company information sessions - Calculation of financed emissions and improvement of data quality scores	

Hachijuni Bank's Value Creation Process



Formulation of the Value Creation Process

Value Creation Process: How we got here

We discussed initiatives to expand our business domains based on the following framework.

1. Discussions at management strategy meetings

- Establishment of a Management Strategy Committee comprising the management teams of both banks, led by the presidents of Nagano Bank and Hachijuni Bank (held 17 times between July 2023 and May 2024)
- Wide-ranging discussions on management issues based on the Bank's philosophy and position on ESG materiality, taking into consideration conditions in Japan, overseas, and in local communities, as well as other topics including business strategies, capital measures, and initiatives to improve PBR

Hachijuni Bank and Nagano Bank

Discussions began at a meeting of the management teams of both banks established to discuss the management strategy of the new bank. Individual members were interviewed about their values, perceived future challenges, and goals.

2. Discussions at Management Committee and Board of Directors meetings

- Based on discussions held over approximately one year at the Management Strategy Committee, discussions were further deepened at multiple Management Committee and Board of Directors meetings
- Diverse opinions from outside directors and outside members of the Auditor & Supervisory Board were also reflected

Hachijuni Bank

Several discussions among the Bank's Management Committee and Board of Directors yielded easy-to-understand explanatory materials, such as storyboards. Opinions from outside directors were concurrently incorporated, and new agenda items were included.

3. Formulation of a "value creation process" leading to the new bank's management plan

- The management team's thinking was gathered and presented at a Board of Directors meeting as a compass for the Bank's direction.

Hachijuni Bank and Nagano Bank

The outcome of these discussions framed the management teams' vision for social value that the Bank should strive to create. This marks the first time that the leadership teams of both banks have had the opportunity to articulate their philosophy from a management perspective.

Key elements of the Value Creation Process

- First top-down communication of philosophy by both banks
- Wide-ranging discussions on improving PBR and capital efficiency

4. Disclosure

- Disclosure at an information meeting held in May 2024, followed by sharing with stakeholders on various occasions
- Multiple video messages from management to all employees, dissemination within the Bank through meetings of branch managers in the banks' service areas, etc.

Hachijuni Bank and Nagano Bank

In May 2024, the formal Value Creation Process was disclosed.

- Management is currently formulating a business plan for the new bank, using the Value Creation Process as our compass.

Value Creation Process



Scheme for expanding the business domain

Leadership discussed how to expand the Bank's business domain based on the framework below

Solutions: regional domain

- Expanding investment, financing, and business support in growing regions; comprehensive revitalization support
- Strengthening sustainable finance and green power businesses

Sustainable growth of businesses

Increased employment
Better incomes

Solutions: corporate domain

- Expanding investment targets for sustainability funds
- Enhancing structured finance
- Building out the consulting business
- Further leveraging the Group's comprehensive strengths

Invigorating regional economies and achieving societies qualitative prosperity

Fighting poverty and
Improving childcare

championing human rights
and welfare

Invigorating regional

economies and societies

Increase in local

resident populations

Solutions: market domain

- Long-term returns based on shareholdings
- Diversified investment strategies including alternative investments, derivatives, and marketable loans

Creating livable communities/Development and
preservation of abundant natural and tourism resources

Qualitatively enriched lifestyle

Solutions: individual domain

- Building comprehensive consulting operations covering asset management, insurance, succession, and trust services
- Expansion of lifestyle support services for the elderly

Capital support for value creation

Intellectual capital

Knowledge and expertise that serve regional needs

In-house system development capabilities and digital expertise

In addition to leveraging—as we have done for some time—the combination of data warehouse and predictive AI for targeting, the Bank is actively incorporating generative AI tools to improve the efficiency and sophistication of banking operations

Generative AI initiatives	Details
Introduction of standard AI chatbots that can be used within the Bank's environment	- Introduced, in October 2023, a properly secured ChatGPT-based chatbot system in all branches - Monthly user numbers exceed 1,000, and the system is becoming operationally established
Introduction of AI chatbots specially tuned for the Bank's operations	Functions to support such operations as lending and business matching to launch in the first half of fiscal 2025 powered by information stored in DWH

Image of AI chatbot use specialized for operations

What kind of management issues does this customer have?

It can be inferred that they care about high costs prompted by brisk inflation

Customer information
Business materials
DWH

Advanced environmental solutions, green energy expertise

ESG assessment

CDP 2024 (Climate Change)

A

Achieving net-zero greenhouse gas emissions and reduction targets (Scope 1 and 2)

- Hachijuni Bank has achieved, ahead of schedule, its targets of net zero by fiscal 2023 and a 60% reduction from fiscal 2013 levels by fiscal 2030. Having met these targets, the Bank has expanded the scope of its targets to encompass the entire Group in fiscal 2024, setting even more stringent targets of net zero by fiscal 2025 and an 80% reduction from fiscal 2019 levels by fiscal 2030.
- The Bank has commenced operations at dedicated solar power generation facilities (off-site PPA) at three locations in Nagano Prefecture. Estimated renewable energy output is 1,589,000 kWh/year, which is equivalent to approximately 750 tons of CO2 emissions per year, or the consumption of approximately 250 households.



Sustainable finance support

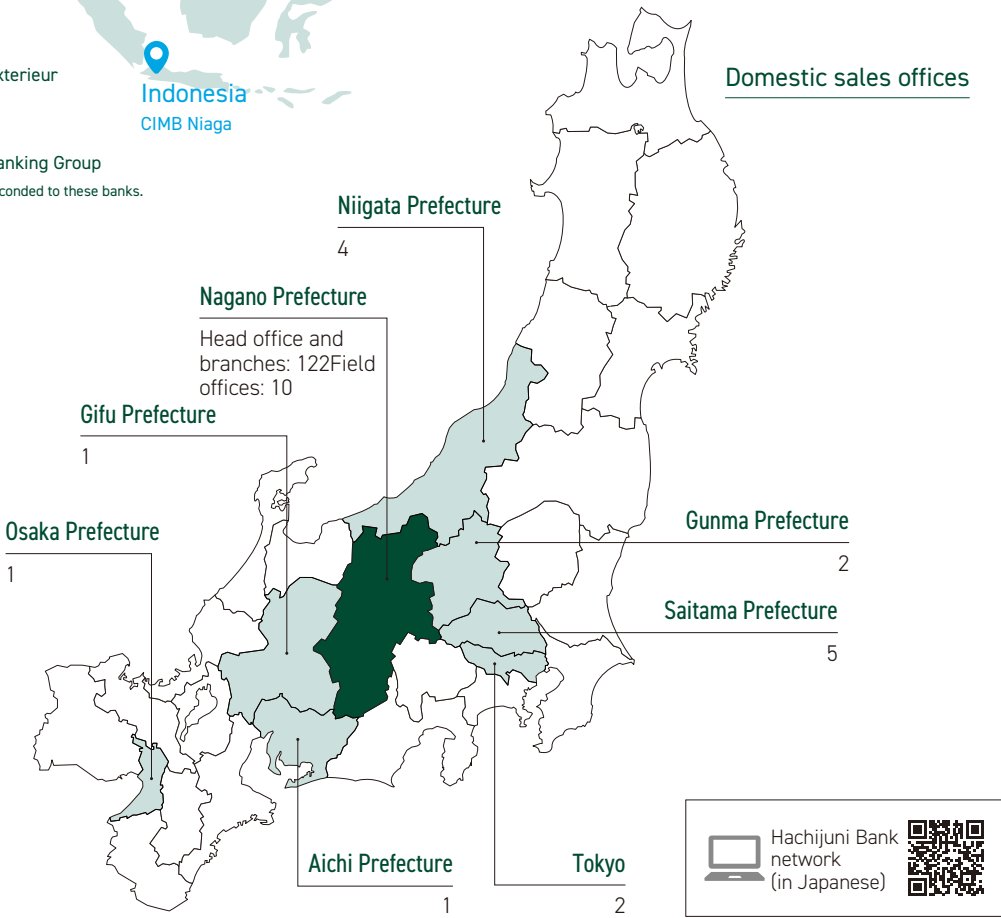
Details	Period	Target	Actual
Sustainable finance for commercial renewable energy generation facilities	Fiscal years 2024 through 2030.	Cumulative amount: ¥90 billion	Cumulative funding: ¥35.4 billion

Infrastructure capital

Firm business foundation

Expansive domestic and international network

As the leading bank in Nagano Prefecture, the Bank operates 152 branches, primarily in Nagano. Moreover, through three overseas locations (Singapore Branch, Shanghai and Bangkok representative offices) and the posting of staff to Hong Kong, Vietnam, India, and other countries, the Bank proactively supports the development of overseas business for customers, ranking among the top regional banks in terms of export trade volume



Capital support for value creation

Human capital

Specialized staff who perform general consulting functions

Value-driven human resource development

We are promoting human resource development initiatives for value creation based on business activities in the Value Creation Process, namely organizational and HR reforms.

In particular, we focus on employing highly specialized staff who can transform existing businesses through the use of DX and expand the Bank's business domains by supporting the development of existing employees' expertise and recruiting experienced professionals.

Number staff with professional certifications (as of March 31, 2025)

Transformation of traditional businesses through DX			Expansion of business domains		
Information Technology Engineers Examination certification holders	IT Coordinator	G Certification	Small and medium enterprise diagnostic consultants	FP Level 1/CFP	Securities analysts
128	68	58	128	152	52

Financial capital

Stable management foundation

Sound capital structure

The Bank maintains one of the highest equity ratios among Japanese banks, ensuring solid financial strength as a financial institution. By contributing to the development of regional economies, we have earned the trust of local communities and stabilized our customer base.

Total assets	Deposits	Loans
¥13,515.3 billion	¥8,693.8 billion	¥6,026.0 billion
Profit attributable to owners of parent	Equity ratio (international standards)	Credit ratings
¥47.9 billion	16.29%	S&P: A- R&I: A+ JCR: AA

Natural and social capital

Nagano Prefecture's potential

Industries and businesses that make the most of natural capital

Nagano Prefecture, where the Bank's business is centered, is blessed with abundant natural resources, including clean air and clear water. Additionally, it is strategically located in central Japan, within a 200-kilometer radius of Tokyo and Nagoya, and serves as a transportation hub with easy access to major cities via a well-developed highway network. The economy has developed primarily around manufacturing and assembly industries. Furthermore, the region boasts a wealth of natural resources and diverse tourist attractions, including agricultural products that leverage its abundant natural environment and proximity to consumer markets.

Nature		Tourism	
Number of Japan's 100 most famous mountains: 1st in Japan *According to the Mountain and Highland Tourism Division of the Nagano Prefecture Tourism Department	Forest area: 3rd in Japan *Primeval and artificial forest coverage by prefecture in 2022 (Forestry Agency)	Number of hot spring resorts: 2nd in Japan *Hot spring usage in 2022 (Ministry of the Environment)	Number of ski resorts: 82 *According to the Mountain and Highland Tourism Division, Nagano Prefecture Tourism and Sports Department
Industry		Agricultural products	
Crystal oscillators (excluding those for watches): 1st in Japan by shipment value * 2023 Basic Survey of Japanese Business Structure and Activities	3rd place in Japan for shipments of electronic components, devices, and electronic circuits * 2023 Basic Survey of Japanese Business Structure and Activities	Top wine grape producer in Japan * 2022 Regional Fruit Production Trends Survey (Ministry of Agriculture, Forestry and Fisheries)	Second in Japan for number of wineries * Nagano Prefecture Department of Industry and Labor, Sake and Wine Promotion Office

Economic scale and balanced industrial structure

Population (as of June 1, 2025)

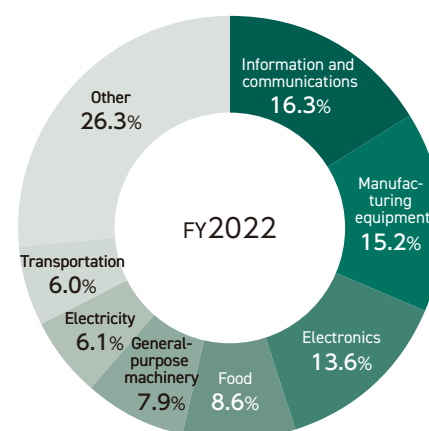
1,975,000

Prefectural gross production (nominal) (FY2021)

¥**8,624.3** billion

Shipments of manufactured goods (2022)

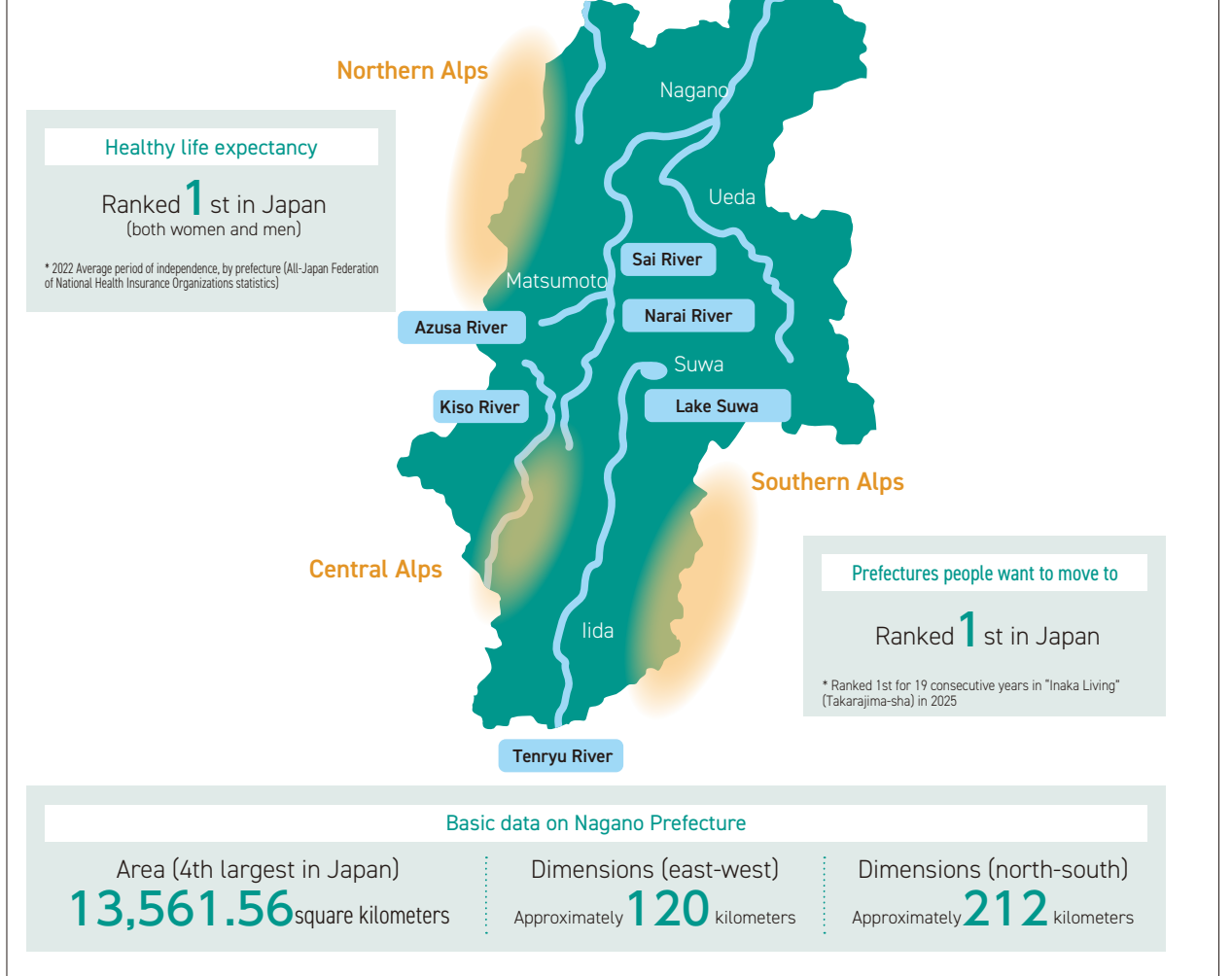
¥**7,139.1** billion



Shipments of manufactured goods (2022)

¥**7,139.1** billion

Rich natural resources



Enhancing corporate value: Improving PBR and ROE

Improving ROE

Current situation

The Bank's share price at end-March 2025 stood at ¥1,056—approximately 2.7 times the ¥391 mark recorded five years earlier at end-March 2020. (Figure 1).

While our shares outperformed TOPIX, they underperformed the Banking Sector Index, which reflects the stock prices in the banking sector as defined by Tokyo Stock Exchange's 33-industry taxonomy (Figure 2).

In addition, the Bank's PBR is 0.5x, which is far from 1x and also lower than the average for regional banks with large market capitalization.

The Bank recognizes that improving ROE is a key driver for escaping low PBR (Figure 3).

Figure 1: Share price trends

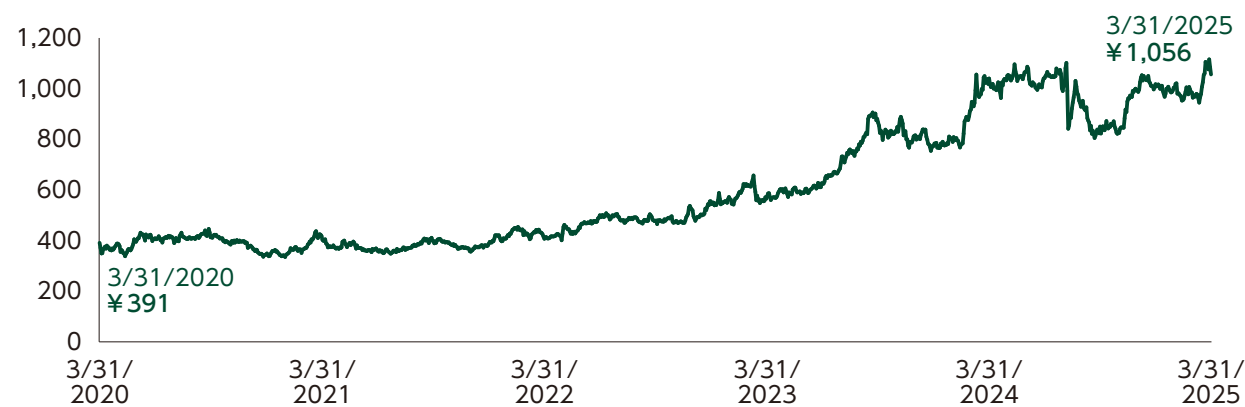


Figure 2: Hachijuni Bank vs indices (March 31, 2020 = 100)

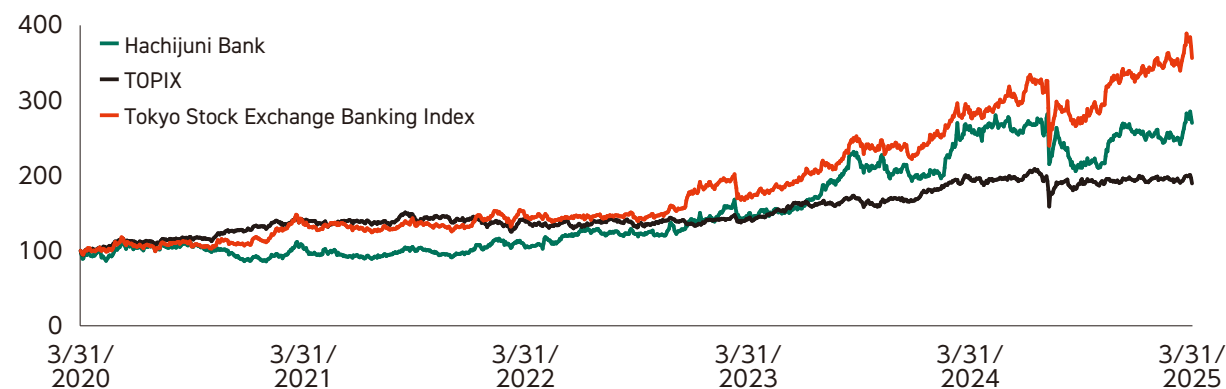
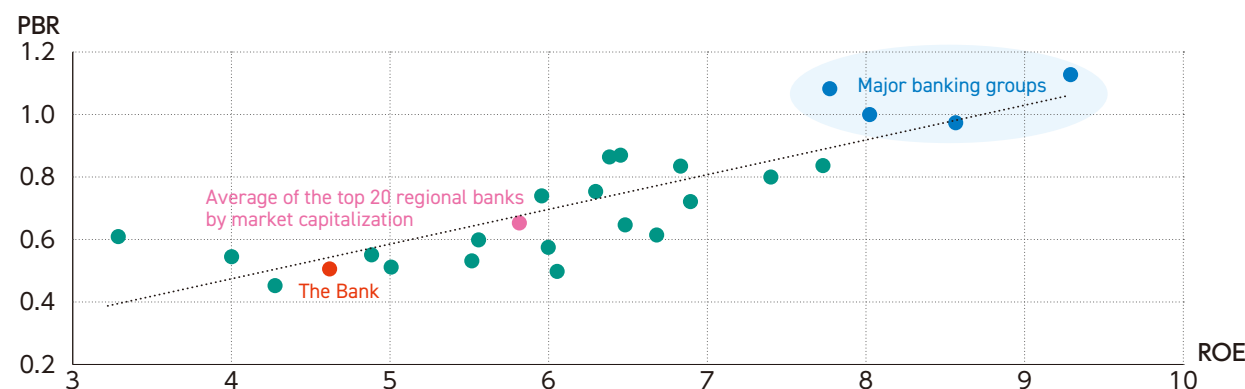


Figure 3: Hachijuni Bank's positioning: PBR and ROE vs peers (March 31, 2025, top-20 regional banks by market capitalization)



Key initiatives

Improvement of equity spread

Generally, when comparing ROE and capital costs, it is considered desirable for ROE to be higher.

The Bank's ROE was 4.6% at end-March 2025 and has improved to the point where 5% is within reach for fiscal 2025. However, we recognize that we are still in a negative equity spread where we are unable to cover our capital costs based on the cost of shareholders' equity.

We recognize that ROE is the remedy for correcting the negative equity spread and that it must rise to 7%–8%. We recognize that only at this level will we finally be within striking distance of 1x PBR.

We also believe that creating equity spread at the Bank is closely related to the realization of the outcomes of the value creation process (page 23) and, ultimately, our management philosophy.

We will balance and control both profitability enhancement and capital efficiency, and implement initiatives that take into account capital costs and stock prices (Figures 5 and 6).

Figure 4: ROE trend [Consolidated net income (¥ billion) ROE (%)]

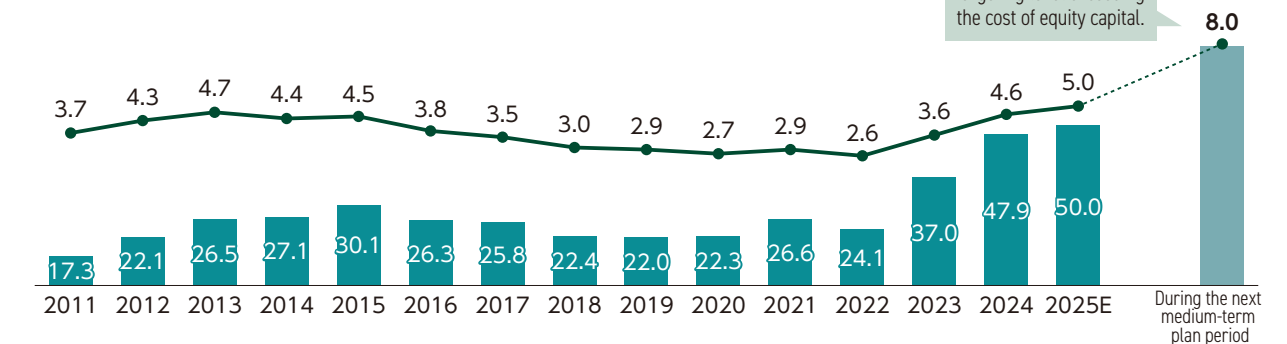


Figure 5: Trends in risk assets and RORA [Risk assets (¥ billion) RORA (%)]

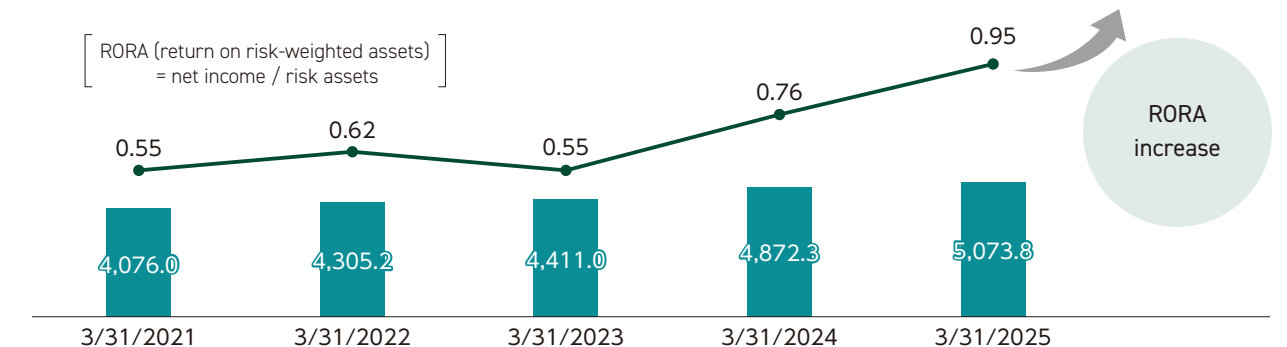
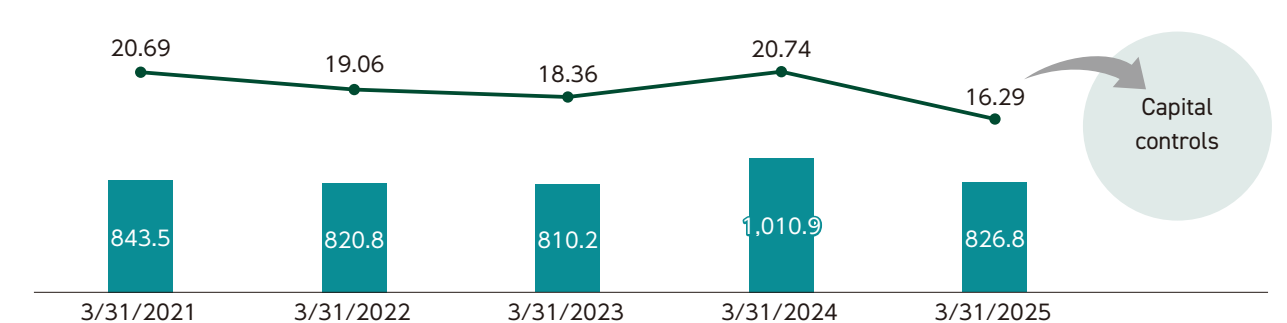


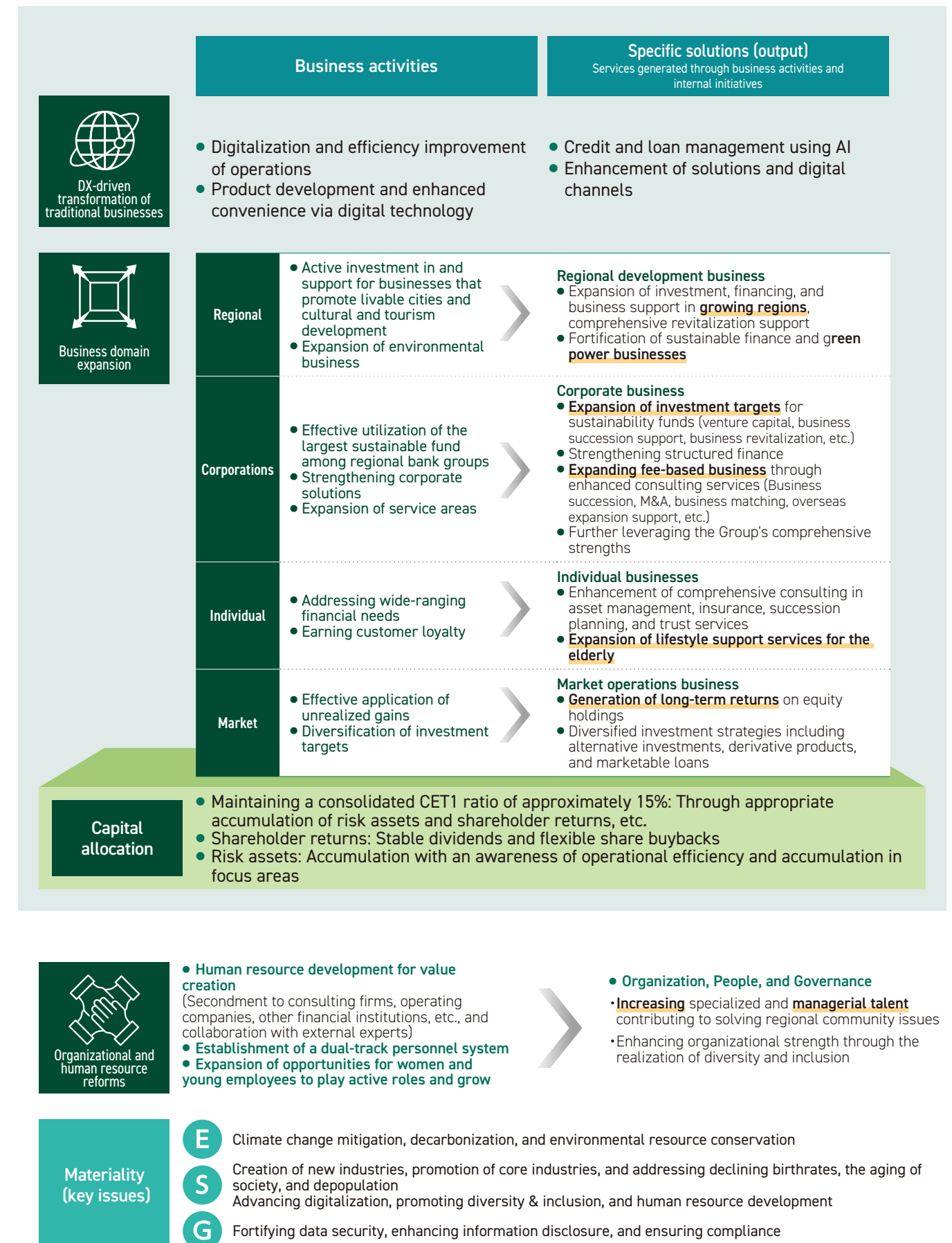
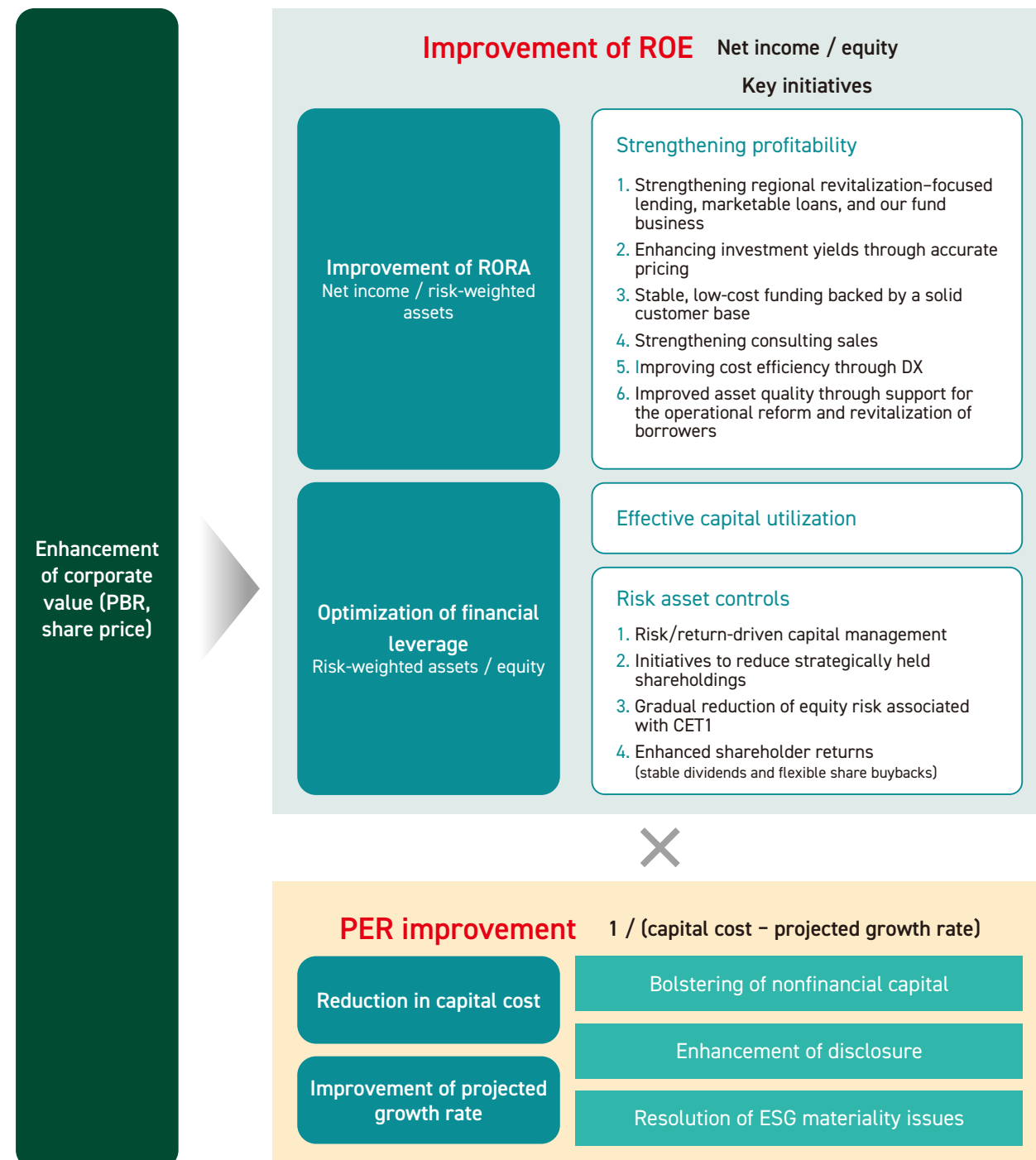
Figure 6: Changes in equity ratio and equity capital [Equity capital (¥ billion) Equity ratio (%)]



Enhancing Corporate Value: Improving PBR and ROE

Relationship with the Value Creation Process

The Bank shares its capital market valuations, such as PBR and stock price, at meetings of the Board of Directors, and strives to enhance corporate value through business activities based on the value creation process. In order to achieve a well-balanced enhancement of both financial and non-financial aspects, we are working to further improve ROE, which is expected to improve autonomously, with a focus on strengthening profitability. We will strengthen communication with the capital markets so that we can convey our vision and initiatives to a wide range of investors and reflect their opinions in our business activities.



Roundtable with outside directors



Outside Director

Takayuki Kanai

Outside Director

Kayo Tashita

Outside Director

Miyako Hamano

Outside Director

Eiji Kanzawa

Roundtable: The Future of the Hachijuni Group

The Bank's outside directors met to discuss a broad range of topics, including management strategy, value creation, human capital, and business integration and mergers. They shared their vision for and commitment to sustainable growth, centering on collaborative value creation with local communities, bold future-facing reforms, and the power of human resources.

1. Management strategy and future outlook

First, we would like to hear about management strategy. Please share your thoughts on the strengths of the current direction and your vision for the future.

Kanzawa: I strongly feel that we are properly implementing our current management strategy from the perspective of sustainable growth and corporate value enhancement. The Medium-term Management Vision, with its focus on supporting customers and the community through finance, nonfinance, and relationships, aligns well with the regional characteristics of Nagano Prefecture, and I am confident that each KPI is steadily proceeding toward achievement. What is particularly impressive is the strong degree of employee engagement. I find it highly commendable that the growth and motivation of each employee tightly parallel the progress of our management strategy. The entire organization's cohesion in its pursuit of goals is one of the Bank's greatest strengths.

Hamano: I concur. I believe that strategies are being implemented appropriately and on schedule, covering such objectives as the achievement of sustainability, the expansion of financial and nonfinancial functions via lifestyle support services, the improvement of consulting, DX, and personnel reform.

When I attend meetings of the Board of Directors, branch managers, and study groups, I feel everyone's passionate desire to serve the community and grow together as one of the region's leading businesses.

This desire motivates our employees and is one thing that sets us apart from the megabanks. A major challenge we face is how to draw in outside energy as the local population declines. I greatly appreciate the Bank's comprehensive business alliance with Shizuoka Bank and Yamanashi Chuo Bank, which addresses such issues as attracting talent and capital, supporting venture companies, and expanding overseas operations.

Tashita: I feel that it is increasingly important for the management team to approach the rapidly changing business environment with a sense of crisis. We are living in an era of great uncertainty and unpredictability due to external factors such as population decline, climate change, changes in the international situation, and technological advances. The Bank has tremendous potential, based on our solid financial foundation, the trust and credibility we have built in the community over many years, and our wealth of information and talented staff. These are strengths that are unique to our Bank and cannot be found at our rivals. Very high expectations are placed on us by the citizens of Nagano Prefecture, and we recognize that fulfilling these expectations through the merger with Nagano Bank is an important mission as we grow along with the community and create new value. Implementing the strategies necessary to achieve this is of utmost importance.

2. Regional value creation and competitive advantage

What do you consider critically important in terms of community relations and competitive advantage?

Kanai: The Bank sits atop a solid financial footing, which we believe puts us in a very advantageous position among the regional banks. This firm foundation enables us to respond flexibly and calmly to major management challenges that may arise,

such as unexpected economic volatility and the imposition of new regulations. This is one of the Bank's distinctive strengths. Moreover, Nagano Prefecture's rich natural environment is contributing significantly to the expansion of tourism, and we believe that the diversity of local industries, including not only tourism but also agriculture, precision

Roundtable with outside directors

machinery, and IT, provides critical support for the Bank's competitiveness. We recognize these management resources as valuable assets that should be built upon further through sustainable growth and contributions to the local community. A deep understanding of the region's characteristics and the maximal use of their potential are the keys to enhancing our competitive advantage.

Kanzawa: The Bank's longstanding commitment to environmental management is something we are truly proud of, and I believe it gives us a clear advantage over rivals. By expanding on this track record, I believe we can cover the entire range of sustainability activities. We should continue develop this aspect of our value creation capability as a way to differentiate ourselves from other banks. For example, I believe that the Bank can uniquely contribute through investments and loans related to renewable energy and support for environmentally

friendly local businesses.

Furthermore, if local industrial growth stagnates, the broader regional economy could lose its vitality. Therefore, we believe that it is necessary to provide businesses with not only financial backing, but also more comprehensive support, including assistance with digitization and labor-saving measures to improve productivity, along with job placement services and management consulting. For individual customers, we will need to provide flexible services rooted in the community that counter such social factors as the declining birthrate and aging population and the digital divide. Examples include reconfiguring mobile financial services in mountainous and rural areas and expanding asset formation options for multiple generations from young to elderly. I feel that the development of highly specialized staff is essential to meet these objectives.



3. Business integration and merger: significance and outlook

What are your specific thoughts on the current status and future prospects of the business integration and merger with Nagano Bank?

Kanzawa: In the process leading up to the merger in 2026, following the business integration in 2023, I believe that efforts such as streamlining operations

through the consolidation of branches and standardization of products and services, strategic personnel allocation, and the promotion of co-creation projects that respond to the needs of local customers are progressing steadily. My impression is that this is progressing very smoothly. Furthermore, the development of non-financial comprehensive services that provide solutions to regional issues is a concrete implementation of the sustainability management advocated by President Matsushita and is one of the Bank's important strategies. For example, while the use of AI is essential for non-face-to-face services, I believe that the nature of face-to-face services for elderly customers must also be considered an important issue in sustainability management. I think it will be important to strike a balance between digitalization and analog attention to detail.

Kanai: I view the business integration and merger as symbolic initiatives that embody the Bank's proactive stance.

Although the merger will involve many challenges, the path toward the January 2026 merger has been clearly laid out.

I believe we are entering a phase now where we need

to actively consider how to achieve growth as our new chapter opens after the merger. It is important to clearly define our vision for how we can maximize synergy and create new value rather than simply scale up. We believe we need to consider expanding outside the prefecture and even Japan in order to capture greater growth opportunities. On the systems front, we feel we will have to balance the efficiency of external resources, such as cloud computing, with the stability of our on-premises systems. Ensuring stable operation while flexibly incorporating the latest technologies will be a key driver of our future competitiveness.

Tashita: For the merged bank, I feel it is critical to gain a deep understanding of the local situation in order to address regional issues. In order to promote this sort of community-based business, I believe executives and employees must visit the community, engage in dialogue with residents, and frequently be onsite so they may develop effective strategies. Even the highlands, which used to be cool in summer, are now experiencing rising temperatures, and the alpine environment is being degraded. By experiencing this situation firsthand, we can reaffirm the importance of climate change countermeasures and sustainable

Roundtable with outside directors

regional development.

We believe that theoretical discussions alone are insufficient and that practical experience and ongoing interaction are essential for devising effective solutions.

Hamano: President Matsushita has declared that this will be the most successful business integration in Japan. While some customers in the region may feel uneasy, we must ensure that, after the merger, Hachijuni Nagano Bank will be an even more indispensable presence in the region as it continues to deliver results that advance collaborative value creation with local communities. While merging two disparate banks is a major undertaking, it also opens

opportunities for transformation. We can pool diverse talent and reassign staff to strategic areas. At the same time, we are progressing with the consolidation of branches, review of systems and operations, and advancement of digital transformation—all of which will help us operate more efficiently. It is true that the changes facing us are swift, but isn't this merger also an opportunity?

We look forward to visiting our customers once again to understand their needs and determine how the combined strengths of both banks enhance our consulting capabilities and what initiatives to take to improve profitability.

4. Facing the future with bold reforms

Please tell us about your strategies and reforms for the future, and how you plan to respond to the changes ahead.

Kanai: I feel that discussions regarding our current business strategy are progressing smoothly, with a focus on themes that extend our traditional banking business. The Board of Directors is also engaged in substantive discussions within the existing framework, which I believe is contributing to the stable growth of the Bank. On the other hand, considering the rapid changes ahead for the operating environment, such as the evolution of technologies like AI and blockchain, I believe that it will become even more important to maintain a forward-looking posture and to incorporate into our discussions fresh ideas that are not bound by conventional frameworks. In ten years, the banking industry itself may undergo significant changes, and it is conceivable that technological advances will render payment functions obsolete. In order to prepare for such a future, we believe that it will be necessary to construct new business models that do more than extend existing ones, to take bold initiatives, and to invest in progress that transcends organizational boundaries. I believe that forward-looking, flexible, and innovative initiatives are essential to sustain the Bank's growth.

Kanzawa: Yes, I feel that the very framework of the financial services industry may be redefined in the future. In the IT solutions industry, a system of so-called information banks is gaining attention. This system involves appropriately managing and leveraging personal and corporate information, with the consent of the data owners, and providing that information to third parties to create new value. This approach to data use is likely to birth new business models for financial institutions, propelling a shift from such traditional financial functions as payment services and lending to other modes of value delivery centered on information and people. In particular, when considering a business model for regional banks, it is essential to strengthen their function as a hub connecting regional information and users' needs. Banks may be uniquely positioned to help discover latent value that lies dormant in local regions and making it available to companies and individuals whom it can benefit. In addition to enhancing consulting functions, we believe the development of schemes to visualize and apply of regional labor resources is strategically important for sustainably develop regional societies and help companies grow.

5. Human capital management and HR strategy

What kind of initiatives do you think are important for optimizing human capital and HR strategy?

Kanzawa: There are natural limitations to staff development over the short term, so we believe it is important to hire people who can contribute immediately and to promote the exchange of workers within the Group and outside it. To maximize the value of human capital, I believe it is essential to respect the diversity of our employees and to create a system that helps them with their individual challenges. The Bank's ongoing promotion of diversity and inclusion (D&I) and career development create significant growth opportunities for employees, by such means as executive training and encouraging the development of highly qualified specialists. We believe that enhancing the value of our entire team through groupwide HR initiatives will sustainably reinforce our organizational capabilities. In recent years, I have felt strongly that tolerance for failure has decreased both within enterprises and outside of them. Society is demonstrating a generally low tolerance for failure at just the time when we need corporate culture to encourage company

employees to take on challenges. Even where certain behaviors are tolerated within a company, it nevertheless remains distinctly possible that external criticisms or reactions could lead to litigation risk.

If we can create new value or otherwise produce results after some initial failures, this should be evaluated as a successful effort. However, in order to popularize this way of thinking, I believe it is necessary to modify an organization's attitude by, among other things, reviewing compliance guidelines and thoroughly enforcing governance rules. I recognize that striking a balance between social responsibility and a culture that supports risk-taking will be an important topic for human capital management in the future.

In addition, value creation process resonates strongly with the younger generation as something that leads to regional prosperity, and many employees want to contribute to the community.

We believe it is essential to respect the thoughts and aspirations of individuals while accessing the best talent by maintaining an appropriate balance among factors such as salary, treatment, working



Roundtable with outside directors



environment, and work-life balance. To this end, it is important to actively automate tasks that can be performed by AI and other systems and to create an environment where employees can concentrate on more creative and high-value-added work. The use of technology and the integration of human capital are required to contribute to local communities and drive the sustainable growth of the organization.

Hamano: Through the branch consolidation and operational streamlining that accompanies business integration, we expect to earmark approximately 200 personnel for reassignment to consulting and strategy work. In addition to reallocating these people, it will be essential to promote midcareer recruitment and personnel exchanges with other banks and nonbank companies to drive profitability and ensure medium-to-long-term growth. It will, therefore, be important to create an environment that motivates employees and encourages them to take on new challenges, and to develop our staff.

be able to provide various forms of support to local communities, such as advice on environmental management for local companies, based on the expertise we have cultivated at the Bank. In addition, in a society where pressure to conform is growing, it is important to foster an organizational culture where diverse team members can actively contribute and where people are encouraged to approach challenging

assignments without fear of failure.

In line with this philosophy, the Bank is rapidly promoting the appointment of women to management positions. I recently participated in the final session of the Bank's new program to develop the next generation of female leaders, and I was impressed by how each participant, under a mentor's guidance, presented their plans to contribute to the community by performing specific tasks at the Bank. We plan to collaborate with the Chamber of Commerce and Industry to develop initiatives that involve the entire community. I believe an organization where people feel they have colleagues who understand them and an environment that encourages the acceptance of challenges can stimulate employees' initiative and creativity, leading to greater vitality for the entire organization.

Tashita: I believe that sharing the benefits of experience and forming a common understanding of issues are important to fostering a sense of unity within an organization. The Bank has accumulated a wealth of intellectual know-how over many years, and bequeathing this to the next generation is one of the main challenges we face. I believe that passing on our accumulated experience, sharing a common awareness of issues among employees, and engaging in lively dialog based on a common understanding will improve productivity. We believe that sharing

goals, direction, and values throughout the organization and reflecting them in our daily work and decision-making processes is critical to realizing the Bank's vision.

Kanai: In order to remain an attractive company, it is essential to secure consistently stable profits.

Without profits, it will be difficult to craft the strategies we need or to pursue sustainable growth. In this sense, we believe that numerical indicators related to profits are extremely important for

managing human capital.

In order to continue investing in our people, it is essential to stabilize our business foundation and shore up profitability. We believe that achieving both financial soundness and effective human capital policy will increase our attractiveness as a company and engender the trust of local communities and stakeholders.

6. Sustainable growth and shareholder returns

Finally, please tell us about sustainable growth and returns to stakeholders.

Kanai: The Bank posted record profits in fiscal 2024 and expects to earn approximately ¥50 billion in fiscal 2025. Against this backdrop of strong performance, we are actively pursuing forward-looking initiatives, such as reassigning approximately 200 employees to strategic areas. In addition, we consider returning profits to our internal and external stakeholders to be an extremely important theme.

Along with investing in human capital, we aim to achieve sustainable growth and build trust by returning value to local communities, our business partners, and above all, our employees who support us on a daily basis. The perspective of returning profits to society as a whole will continue to be important in the future.

Kanzawa: The Bank is steadily increasing its dividend and believes that the current dividend level is appropriate. We believe that a high dividend payout ratio is not necessarily a good thing, and that decisions on dividends must be made based on a balance between sustainable growth and financial

soundness. We believe that stable and appropriate profit distribution will maintain the trust of our shareholders and other stakeholders while securing investment resources for the future, which will serve as the foundation for sound management. Growth investments cover a wide range of areas, including human resources, business models, corporate alliances, and systems. It is important to clarify the priorities for each investment target and allocate limited management resources efficiently. Through such strategic investment decisions, we will be able to return profits to our stakeholders more effectively, which will lead to the sustainable enhancement of corporate value.

Hamano: I think the balance between growth investment and shareholder returns is good. We are actively engaged in shareholder returns and communication, and we will strive to enhance our corporate value over the medium to long term through diversified strategic investments, such as investing in human resources, building new business models, and introducing the latest systems, in order to meet the expectations of all our stakeholders.

This roundtable discussion featured a multifaceted discussion on the Hachijuni Group's response to the changing environment, the reforms accompanying the merger with The Nagano Bank, regional contributions through the value creation process, and strategic initiatives for the future centered on human capital. Based on the opinions expressed, all of our employees will work together to fulfill the expectations of the local community.

Progress of Medium-term Management Vision 2021

The company's Medium-term Management Vision 2021 ("Vision 21" hereinafter), which kicked off in fiscal 2021, has reached its final year fiscal 2025. In light of the plan's mission to support customers and communities through finance, nonfinance, and relationships, we look back on the achievements and challenges of the past four years, during which we have collaborated with local communities on five priority themes. We also present our vision and fundamental strategy for the final year. In these times of change, the Bank aims to be an indispensable presence in the community by leveraging its flexibility and relationships.

Medium-term Management Vision 2021

Supporting our customers and communities through finance, nonfinance, and relationships

Medium-term Management Vision 2021: background and purpose

Amid major structural changes affecting society and the economy, including prolonged low interest rates, the falling birthrate and aging population, the COVID-19 pandemic, and the ongoing transition to a digital and decarbonized society, the Bank must continuously transform itself. This is the environment in which we have formulated Vision 21, which lays out flexible responses centered on the three pillars of our business: finance, nonfinance, and relationships. We pursue initiatives based on five key themes with the aim of becoming truly indispensable to our customers and the communities we serve.

Medium-term Management Vision 2021: five priority themes

	Vision	Fundamental strategy for realizing our vision
■ Theme 1 Sustainability-driven management	◆ Supporting the sustainable development of local communities	◆ Actively supporting customers' initiatives to solve environmental and social issues through sustainable finance ◆ Supporting customers with capital and consulting services offered by our investment subsidiary ◆ Promoting widespread use of green power by leveraging the region's rich natural environment
■ Theme 2 Deepening the Lifestyle Support Business	◆ Enriching lifestyles for all generations via enhanced consulting services	◆ Broadening face-to-face, remote, and hybrid points of contact and adopting a data-driven approach ◆ Offering personalized solutions through hypothesis-based selling and by using "life design collaboration surveys" and technology to understand customer needs ◆ Stock-type business models centered on New NISA standards and long-term, diversified asset-building ◆ Strengthening asset succession consulting ◆ Nonfinancial service expansion and integration with financial services
■ Theme 3 Comprehensive financial services and capabilities	◆ Supporting the sustainable growth of enterprises and regions by solving customer's problems	◆ Deepening relationships by responding to diversified and sophisticated customer needs and providing guidance ◆ Enhancing business awareness and consulting capabilities of branch staff by cooperating on case handling with head office staff and external experts ◆ Ensuring steady contact with customers through combined use of face-to-face and remote sales channels
■ Theme 4 Operational and organizational DX	◆ Sustaining development of local communities through the use of digital technology and data	◆ Investing continuously in digital technology and the use of AI and data to maintain and enhance our competitive advantage ◆ Implementing productivity initiatives through employee-focused workstyle reform by digitalizing customer-facing financial functions, including administrative procedures, and going paperless internally ◆ Staff training to enable all employees to use digital tools, AI, and data ◆ Open innovation through collaborative value creation with local communities and corporate partners
■ Theme 5 Growth and motivation through personnel reform	◆ Increasing organizational power by fostering growth and job satisfaction among our diverse staff	◆ Developing capabilities on multiple fronts that leverage individual values and strengths ◆ Strengthening problem-solving abilities based on knowledge of the customer ◆ Fostering a sense of security and stability in support of a flexible and outward-looking organizational culture

Medium-term management targets

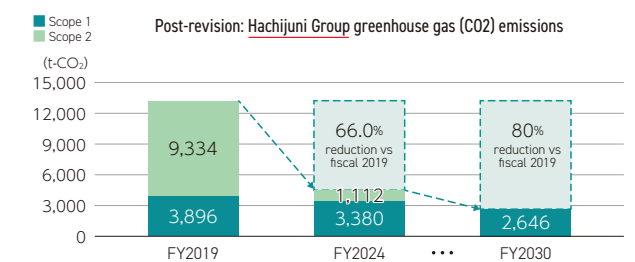
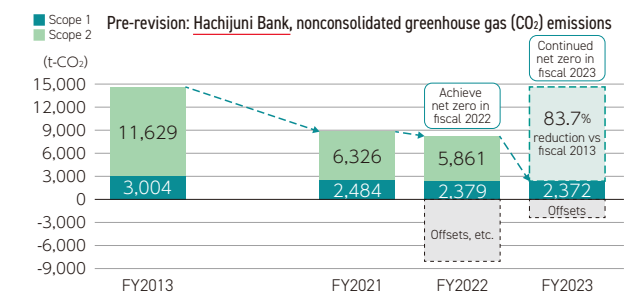
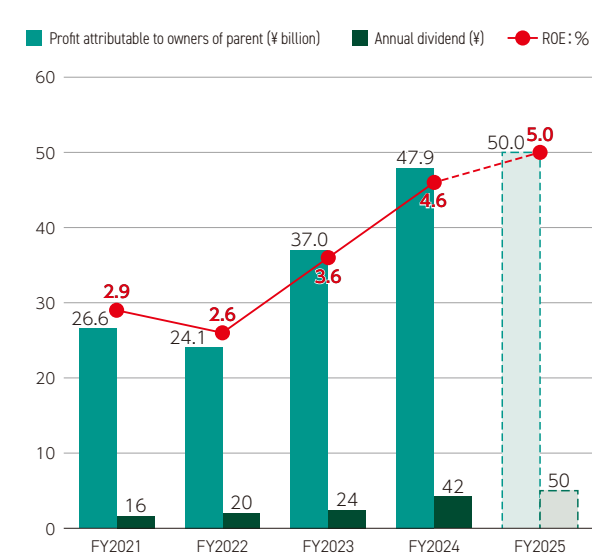
We achieved our greenhouse gas emissions target of net zero in fiscal 2023 during fiscal 2022 and our target of a 60% reduction from fiscal 2013 levels by fiscal 2030 in fiscal 2023. Having done this, we revised our medium-term management targets in October 2024 to further promote decarbonization, which is one of the Bank's ESG materiality priorities.

Medium-term Management Targets	Target	FY2021	FY2022	FY2023	FY2024
Annual dividend target	Annual dividend per share of ¥20 or more for each fiscal year from 2023 through 2025	—	—	¥24	¥42
Greenhouse gas emissions (Scopes 1 and 2)	Hachijuni Bank, nonconsolidated (1) Fiscal 2023: Net zero (2) Fiscal 2030: 60% reduction compared to fiscal year 2013	(1) Not achieved (2) 39.7% reduction compared to fiscal 2013	(1) Achieved (2) 43.6% reduction compared to fiscal 2013	(1) Achieved (2) 83.7% reduction compared to fiscal 2013 (achieved)	—
	Hachijuni Group (1) Fiscal 2025: Net zero (2) Fiscal 2030: 80% reduction compared to fiscal 2019	—	—	—	(1) Not achieved (only Hachijuni Bank parent consistently net zero) (2) 66.0% reduction compared to fiscal 2019
Encourages borrowers to track greenhouse gas emissions (Scope 3, Category 15)	Fiscal 2025: 450 companies for which the Bank has emissions data * Calculated based on the emissions of 450 companies, equivalent to 40% of Scope 3, Category 15 (at end-March 2024)	—	—	—	381 companies for which the Bank has emissions data
Creation of renewable energy	Fiscal 2024 through fiscal 2030 (1) Sustainable finance for commercial renewable energy generation facilities Cumulative amount executed: ¥90 billion (2) ZEH-level and solar-equipped mortgages and renovation loans Implementation: 10,000 units (cumulative)	—	—	—	(1) Implementation value: ¥35.4 billion (cumulative) (2) Implementations: 1,602 units (cumulative)

Reference indicators

Reference indicators	Target values	FY2021	FY2021	FY2023	FY2024
ROE * Based on consolidated net income	FY2027 ROE: 5% or more	2.9%	2.6%	3.6%	4.6%

Summary of progress toward medium-term management targets and reference indicators



Medium-Term Management Vision 2021

Theme 1

Sustainability as a foundation of management

Our vision

Supporting the sustainable development of local communities

Message

To support resilient local communities and enhance sustainable corporate value, each employee and officer of the Bank must consider what is needed by the community and our customers, act with sturdy conviction, and create solutions by expanding environment-related businesses and effectively applying sustainable funds throughout the value creation process.

In fiscal 2024, we set new targets for cutting customers' greenhouse gas emissions and worked to increase the level of dialogue. We also made steady progress in focusing on promoting sustainability funds to address customers' diverse challenges in such areas as new business support and business succession.

These efforts contribute to the outcomes outlined in our Value Creation Process, such as making Nagano a leading prefecture in green energy that leverages the region's natural environment and growing core companies in the region and developing new entrants.

The Bank's most critical objective is to be useful and needed by our customers in the region by executing on these initiative. We continually identify with a high degree of accuracy the changing social and regional issues. Thus, we achieve consistent corporate value by ensuring the sustainability of local communities and our customers by addressing ESG materiality issues.



Executive Officer, Planning and
Coordination Department Manager
Takehiko Kimura

Current awareness and issues

As with other rural areas, Nagano Prefecture harbors a sense of crisis amid its declining birthrate and aging population. However, we recognize the Prefecture's potential to solve these problems thanks to the geographical advantage of proximity to a major metropolitan area and its natural and social capital, such as its rich and inviting natural environment, tourist attractions, and living environment. It is the role of the Hachijuni Bank Group to add vitality to the region by encouraging all our employees to think about ways to link these assets to the sustainable development of the local community and to take action.

Main initiatives

Example 1

New environmental goals (medium-term management targets) define the challenge of decarbonizing the region

The Bank was early achieving its greenhouse gas (CO₂) reduction targets (medium-term management targets) set in fiscal 2021 (Scope 1 and 2) of net zero in fiscal 2023 and a 60% reduction from fiscal 2013 levels in fiscal 2030. Because of this, in October 2024, we revised our targets upward by expanding the scope to include our entire Group and added two new targets: promotion of greenhouse gas emissions tracking by borrowers (Scope 3, Category 15)" and production of renewable energy.

These newly established targets will help our customers reduce emissions and demonstrate our Group's commitment to leading in the decarbonization of local communities.

Based on these targets, we are working to achieve sustainability with our customers and local communities through dialog designed to demonstrate the need for decarbonization and present the opportunities that can be gained by taking action.

Example 2

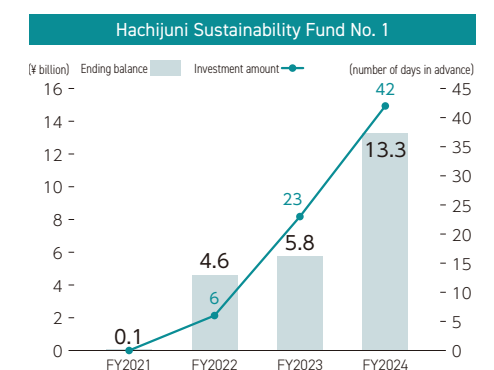
Creating a sustainable future for our customers and communities
Strengthening sustainable finance

Sustainable finance contributes to the realization of a sustainable society.

One example is the Hachijuni Sustainability Fund No. 1, which provides financial support for business succession, the creation of new businesses and technologies, and regional revitalization projects.

Since the fund's inception, we have expanded its scale while remaining attentive to the diverse needs of our customers, helping to ensure sustainability for many of them.

In fiscal 2024, the investment balance more than doubled year-on-year, demonstrating that our steady efforts are bearing fruit. We will continue to work with our customers and strengthen our efforts to secure a sustainable future for local communities.



Roadmap to 2026 (fiscal 2025 objectives)

- ◆ Strengthen dialogue with customers on decarbonization of local communities
- ◆ Support renewable energy through sustainable finance
- ◆ Enhance support for resolving issues regarding effective sustainable management by our customers
- ◆ Strengthen initiatives in such socially high-profile areas as biodiversity and respect for human rights and collaborate with customers

Fundamental strategy for achieving our vision

- ◆ Actively support customers' initiatives to solve environmental and social issues through sustainable finance
- ◆ Support customers through the provision of capital funds and consulting services by our investment subsidiary
- ◆ Promote the spread of green electricity by utilizing the rich natural environment

Strengths of the Bank Group in this field

- ◆ Having the leading share and scale in Nagano Prefecture, the Bank enjoys the advantage of extensive knowledge of the characteristics of the region and an ability to propose a wide range of solutions based on longstanding relationships with customers. Following our long-standing spirit of initiative, we will contribute to the sustainability efforts of local communities and our customers by leveraging the human and intellectual capital we have accumulated through our proactive attention environmental issues and other challenges.

Fiscal 2024 accomplishments

	Plan	Progress
Sustainable finance	Total execution target for fiscal 2021–2030: ¥1.5 trillion (of which ¥1 trillion is slated for environmental measures)	Results for fiscal 2021–2024: ¥962.1 billion
Hachijuni Group greenhouse gas (CO ₂) emissions (Scopes 1 and 2)	Fiscal 2030: 80% reduction vs fiscal 2019	Fiscal 2024: 66.0% reduction vs fiscal 2019
Sustainability-related statistics Employees who have obtained qualifications or taken correspondence courses	Fiscal 2021–2024: 2,000 (cumulative)	Fiscal 2021–2024: 2,250 (cumulative)

Medium-Term Management Vision 2021

Theme 2 Deepening the Lifestyle Support Business

Our vision Realizing a prosperous life for people of all ages through enhanced consulting services

Message

As the birthrate declines and the population ages and shrinks, the Bank strives to enhance customer loyalty by servicing a wide range of financial needs, including stable asset formation, asset management, testamentary services, and insurance. We also help customers with concerns related to housing and lifestyle. All of the Bank's employees work together as one to ensure our customer-facing operations are dedicated to the best interests of our clients and to achieving the unique objectives of each and every individual.

To expand customer touchpoints, we are strengthening the Customer Contact Team, a head office-based remote sales organization, and implementing data-driven approaches via face-to-face, remote, and hybrid channels. We are also working to offer personalized information, products, and services. We consistently contribute to the sustainable development of local communities by improving our customers' financial well-being.



Executive Officer, General Manager,
Sales Planning Department
Tatsuya Akaba

Current awareness and issues

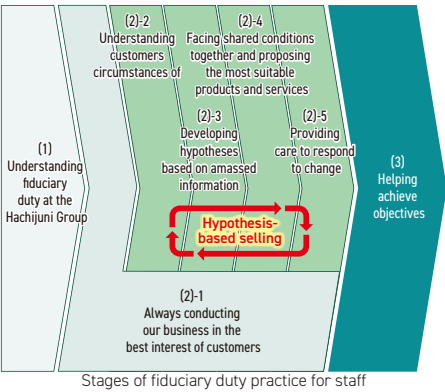
Given the aging population and declining birthrate, asset formation requirements and lifestyle concerns are intensifying. The transition to a plan to double asset-driven income and a world of nonzero interest rates should encourage customers to improve their financial literacy while necessitating that the Bank thoroughly implement customer-oriented business initiatives and shift toward a recurring-revenue-based businesses model. In addition, amid tightening competition for deposits, we recognize that we must improve convenience and offer personalized services through digital channels and the leveraging of data.

Key initiatives

Example 1

As we perform our fiduciary duty to our customers, we will pursue the optimal outcomes (goals) for them and help grow their assets.

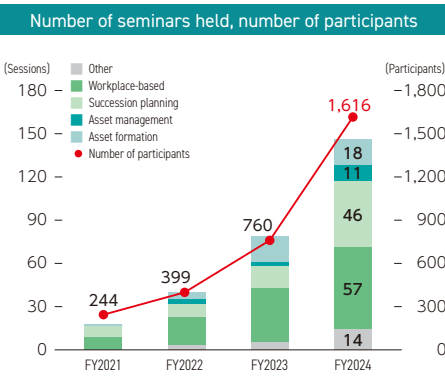
We provide appropriate information and engage in hypothesis-based selling in order to realize the best interests of our customers and contribute to the growth of their assets as we fulfill our fiduciary duty. We have introduced a house view (GMAP) to support the appropriate portfolios creation and long-term asset formation and have begun delivering information services. Furthermore, we gain a vision of our customers' situations and issues using tools such as life design co-creation sheets and life plan simulations. We then consider the necessary measures and make the most appropriate suggestions. In order to put this strategy into practice, we offer training to convey the significance of hypothesis-based selling and to research the use of various tools. We will continue bolstering our sales capabilities in order to deliver on our customers' best interests and ensure the growth of their assets.



Example 2

By broadening product, service, and channel functions to address a wide range of needs, we help customers achieve qualitative prosperity.

We are expanding our products and services to meet the diverse needs of our customers. To address asset formation needs associated with the launch of the new NISA specifications, we are providing information not only on products but also on investment mechanisms and methods through seminars co-hosted by Hachijuni Bank, Nagano Bank, and Hachijuni Securities, as well as through webinars. Additionally, in response to societal aging, we have started offering end-of-life support services to address concerns about inheritance for those living alone or without close relatives. Furthermore, we have begun introducing elderly care facilities and customized travel options for high-net-worth individuals, and we are striving to provide our many customers with diverse nonfinancial services that meet varied needs.



Roadmap to 2026 (fiscal 2025 objectives)

- ◆ Broaden customer contact opportunities through measures to improve the capabilities of sales representatives and expanding the functions of the customer contact team
- ◆ Maximize contact with the working population through the expansion of Insurance Plaza stores
- ◆ Capture more business from elderly customers by expanding lifestyle support and end-of-life services

Basic strategy for achieving our vision

- ◆ Expanding face-to-face, remote, and hybrid points of contact and adopting a data-driven approach
- ◆ Providing personalized solutions through activities to understand customers using life design co-creation sheets and technology, and hypothesis-based sales
- ◆ Recurring-revenue-based business centered on new NISA specifications and long-term, diversified asset building
- ◆ Strengthening testamentary consulting
- ◆ Expanding nonfinancial services and offering in combination with financial services

Strengths of the Bank Group in this field

- ◆ Providing products and services tailored to the life stage of each customer based on household information, etc., under main-bank model that prevails in Nagano Prefecture
- ◆ Collaboration with Hachijuni Securities and Hachijuni Card to offer a wide range of products and services
- ◆ Diverse approach channels including customer contact teams, Hachijuni Insurance Plaza, Hachijuni Inheritance Consultation Plaza, and Hachijuni Bank Loan Plaza
- ◆ Personalized offerings leveraging data assets and technologies such as AI

Fiscal 2024 accomplishments

	Targets and results at end-FY2023	Progress
Number of life design co-creation sheets created	At end-FY2023: 6,250	At end-FY2024: 9,557
Balance of investment trusts	(Target) End-FY2024 balance: ¥249.5 billion	Balance at end-FY2024: ¥253.8 billion
End-of-life support service results	Opened in April 2024	Number of contracts in FY2024: 27

Medium-Term Management Vision 2021

Theme 3 Comprehensive financial services and capabilities

Our vision Supporting the sustainable growth of companies and communities by helping customers

Message

Amid a declining birthrate, aging society, and shrinking population, the Bank supports the management challenges and sustainable growth of its customers from both financial and nonfinancial angles so as to contribute to the sustainable development of local economies. We contribute enhancing our corporate customers' value through highly specialized consulting services, mainly delivered by our staff in relevant departments, and optimal solutions geared toward an increasingly complex range of management issues, such as M&A, business succession, overseas expansion, and adoption of IT solutions. In addition, we are launching an advertising business to meet customers' nonfinancial needs

and support local businesses in expanding their sales channels. Furthermore, through the regional initiative, Shinshu New Business Creation Program 2024, we have supported regional companies in developing new businesses and nurturing talent. In the environmental field, following the signing of the 2050 Zero Carbon Agreement with Nagano Prefecture in November 2024, we have expanded our range of financial products and solutions to support decarbonization. As a unified banking group, we will keep vigorously supporting our customers' sustainable growth and contributing to the revitalization of the regional economy.



Director of Sales and External Affairs
Akinari Ito

Current awareness and issues

Sustaining and revitalizing markets within the prefecture is an important issue in a difficult environment where the population and number of businesses are in decline. To satisfy diversifying customer needs, it is essential to combine the expertise of headquarters staff, external sources of knowledge, and nonfinancial solutions to solve customers' problems. Another challenge is the declining number of employees at the Bank. We will contribute to the development of the local economy by strengthening face-to-face and remote collaboration, allocating appropriate resources to sales offices and headquarters, accurately identifying customer needs, and providing optimized solutions.

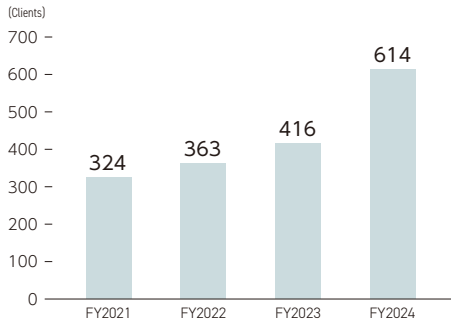
Main initiatives

Example 1

Providing appropriate solutions for customers, thereby revitalizing local economies and communities

Due to the aging of business owners and a shortage of successors, there is a growing need for M&A and business succession advice. The medical industry is no exception, with an increasing number of clinics closing due to a lack of successors, while many new doctors seeking to minimize initial investment are consulting us about purchasing existing practices. In response to this situation, we signed a Collaboration Agreement on Medical Practice Succession with the Nagano Prefectural Medical Association in October 2024. This agreement will promote the smooth succession of medical institutions within the prefecture and contribute to a sustainable regional medical system. In addition, as part of our efforts to meet a wide range of non-financial needs, we have launched an advertising business. We distribute advertisements for customers via digital signage installed in our branches, apps, and internet banking. Leveraging the trust and customer base we have cultivated over many years, we will continue to support our customers in expanding their sales channels and revitalizing local economies.

M&A and business succession: number of clients by fiscal year



Example 2

Supporting our customers' businesses and promoting sustainable corporate growth

We launched the Shinshu New Business Creation Program 2024 to support our customers' sustainable growth. With the aim of creating new businesses through open innovation, we worked with an external consulting firm to support the development of new businesses at four companies in the prefecture over a nine-month period. We will continue to build out our support system so we can better contribute to the growth of our customers' businesses and the revitalization of the regional economy. Additionally, in response to the global need to reduce greenhouse gas (GHG) emissions as part of efforts to address climate change, we signed an agreement with Nagano Prefecture in November 2024 on achieving zero carbon by 2050. To support our customers' decarbonization initiatives, we are expanding our range of financial products and services and contributing to the realization of a sustainable, decarbonized society.



Shinshu New Business Creation Program

Roadmap to 2026 (fiscal 2025 objectives)

- ◆ Increase the number of headquarters staff and strengthen consulting capabilities to respond to diversifying regional and customer needs
- ◆ Expand external partnerships and enhance consulting services to solve customer issues
- ◆ Deepen support from both financial and nonfinancial perspectives to support the sustainable growth of companies

Basic strategy for achieving our vision

- ◆ Deepening relationships with customers by responding to their increasingly diverse and sophisticated needs and providing end-to-end support
- ◆ Improving the analytical and consulting capabilities of our sales team's project execution in collaboration with head office staff and external experts
- ◆ Securing steady contact with customers through coordination between face-to-face and remote sales channels

Strengths of the Bank Group in this field

- ◆ Extensive problem-solving capabilities that can involve Group companies and external business partners that can respond to a wide range of financial and nonfinancial business requirements
- ◆ Strong consulting capabilities of head office staff who can respond to specialized and diverse challenges
- ◆ Hybrid sales structure with face-to-face and remote sales channels

Fiscal 2024 accomplishments

	Target	Actual
Number of M&A and business succession transactions	—	Results for fiscal 2021–2024: 1,717
Number of interviews on decarbonization initiatives	Fiscal 2024: 500	Fiscal 2024 actual: 495 (*) * The remaining five companies are not included due to acquisitions.
Number of new users for SDGs support services	Second half of FY2024: 2,500	Second half of FY2024 results: 2,833

Medium-Term Management Vision 2021

Theme 4

Operational and organizational DX

Our vision

Contribute to the sustainable development of local communities through the application of digital data and digitalization

Message

As part of its Value Creation Process, the Bank is promoting the digital transformation of its operations and organization via activities that update existing businesses through digital transformation.

In fiscal 2024, we will complete 71 of 77 measures introduced in support of the digitalization of customer services, administrative procedures, and internal operations, while promoting the use and popularization of the new services. This is targeted at improving customer convenience, boosting local economic activity,

and raising job satisfaction among our employees. Thus, we can help revitalize local economies and communities and deliver qualitative prosperity.

In fiscal 2025 and beyond, we will continue to expand the base of customers who use the services we have introduced and experience new value, while making continuous investments in AI and data utilization and promoting company-wide digital transformation to continue creating value that exceeds the expectations of our customers and the communities in which we operate.



General Manager, Digital Transformation Department (currently General Manager, Komoro Branch)
Ichiro Yagisawa

Current awareness and issues

As digital technology advances, players from other industries are entering the financial sector, and payment methods are diversifying. In response, we must continue to transform to remain the financial services provider of choice by providing attentive, face-to-face services and convenient remote options. We will also assess the risks and opportunities presented by evolving generative AI technology, respond to population decline, and strive to raise the quality and speed of our support for solving problems local communities and customers.

Key initiatives

Example 1

Initiatives to improve productivity with generative AI

In 2023, we introduced our AI-powered "82Copilot," a GenAI application that can be used by all employees in a secure internal environment. Through regularly scheduled training and demonstrations, we are working to raise productivity through workstyle reform by sharing examples of prompts not only for general use cases, such as writing and summarizing, but also for tasks specific to each specialization and position.

Internal training produced 98 new ideas, of which three were selected for trial implementation across the Bank. Additionally, we combined and refining seven similar ideas into one, which was subsequently implemented. Furthermore, we achieved solutions for four problems through prompting and otherwise made significant progress with AI adoption. Going forward, under the motto "No AI, No Work," we will accelerate our firmwide efforts to develop, pilot, and integrate AI agents into individual business processes to enhance productivity and create new value with generative AI.

Example 2

Human resource development program for digital transformation within the Bank and support for customer DX

Human resource development program for digital transformation within the Bank and support for customer DX To enable each and every employee of the Bank to use digital technology, data, and AI to achieve digital transformation within the organization and support customer DX, we continuously implement literacy training to ensure a basic understanding of these technologies, as well as initiatives to develop advanced specialized knowledge and skills appropriate to each job.

Following on from IT and data literacy training held in fiscal 2023, all Bank employees will complete AI literacy training in fiscal 2024. Following the completion of the training, volunteer employees participated in a data analysis competition sponsored by the Financial Data Utilizing Association, and the Bank has produced winners in the regional financial institution category for three consecutive years. We will continue to update our literacy levels by challenging ourselves to obtain various qualifications and certifications.

Additionally, we will advance the acquisition of more advanced specialized knowledge and skills tailored to specific business needs, such as planning training utilizing data and AI for head office staff leading digital transformation, and IT consulting proposal enhancement training for corporate account managers at branch offices.

Qualification/certification name	Number of holders (March 2023)	Number of holders (March 2024)	Number of holders (March 2025)	Year-on-year change
IT Passport	302	553	703	+150
IT Coordinator	35	63	68	+5
Information Security Management	32	60	84	+24
JDLA Deep Learning For GENERAL	19	43	58	+15

Roadmap to 2026 (fiscal 2025 objectives)

- ◆ Enhancing customer experience value through improved convenience enabled by digital technology, and contributing to regional revitalization and qualitative enrichment
- ◆ Company-wide digital and AI reform targeting all traditional business operations, including deposit and foreign exchange services, lending operations, and sales activities
- ◆ Continuous investment in the development of a data accumulation infrastructure optimized for AI utilization and the establishment of an environment supporting multiple large language models (LLMs)
- ◆ Continuous enhancement of AI risk governance in alignment with the expansion of AI utilization opportunities

Fundamental strategy for achieving our vision

- ◆ Continuous investment in digital technology as well as the use of AI and leveraging of data to maintain and build our competitive advantage
- ◆ Initiatives to raise productivity through the digitization of customer-facing financial services and also including administrative procedures and workstyle reform for employees through digitization of paper-based internal operations
- ◆ Human resource development aimed at enabling all employees to use digital technology, AI, and data
- ◆ Open innovation through collaborative value creation with local communities and external partners

Strengths of the Bank Group in this field

- ◆ Robust data accumulation based on the trust and confidence built up with local customers over many years
- ◆ In-house development capabilities for systems and AI models that leverage internal data assets and external big data sources
- ◆ High-quality and timely problem-solving support that maximizes use of these data and system and AI model development capabilities

Fiscal 2024 accomplishments

Results and impact		
Introduction of digital tools and services and current status	Plans laid out in Medium-term Management Vision 2021 (77 measures)	71 measures completed (92.2% progress)
Sales results through the use of data science and AI	• Web-based personal loan card Hachinino Kantakun Card (balance at end-FY2024) • AI-screened business loans Hachinino Business Net Loan (balance in fiscal year 2024)	+11.2% year-on-year +70.6% year-on-year
Use of internally developed GenAI "82Copilot"	Cumulative users – October 2023 through fiscal 2024	3,713 (89.9% of full- and part-time staff)

Medium-Term Management Vision 2021

Theme 5 Human resource reforms that support growth and job satisfaction

Our vision Improve organizational strength by fostering growth and job satisfaction among our diverse workforce.

Message

As a part of our Value Creation Process, the Bank promotes human resource development to create value based on organizational and personnel reform. In fiscal 2024, we launched a new program to develop the next generation of female leaders. The active participation of women, who account for half of the Bank's workforce, is a top-priority issue for improving organizational strength through diversity and inclusion. We aim to add value and improve organizational robustness by ensuring that women participate in decision-

making at all levels as a matter of course. In fiscal 2025, the merger with Nagano Bank will further diversify our organization. By accelerating the creation of a workplace environment where employees with diverse knowledge and experience can play an active role at various stages, we will enhance the growth and motivation of our employees and lead to new ideas and values that will solve the diverse issues faced by local communities and our customers.



Human Resources Department Manager
Hiroyasu Iwabuchi

Current awareness and issues

As regional issues and customer needs become increasingly sophisticated and diverse, it is necessary to strengthen our ability to solve problems by improving the expertise of our employees and realizing diversity and inclusion that connects diverse values and ideas to new value. We will continue to support the autonomous career development and improvement of expertise of our employees and build a workplace environment where diverse employees can maximize their abilities.

Main initiatives

Example 1 Launch of program to develop the next generation of female leaders

The Bank active participation by women with an eye to creating new value and improving organizational strength by ensuring that women participate in decision-making at all levels as a matter of course. In fiscal 2024, we launched a new program to develop the next generation of female leaders to bring along female management personnel and prepare the next generation of women in management. To create opportunities for qualified personnel to gain experience and build networks that are often underdeveloped owing to traditional unconscious gender role expectations, we are enrolling them in external training programs and offering mentoring by executives and department leaders. In this way, we will encourage women to pursue higher-level positions and support their elevation to managerial and executive roles. This, we believe, will enhance the strength of our organizational through concrete diversity and inclusion solutions described in the Value Creation Process.

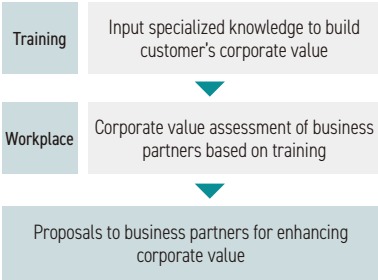


Training program event: roundtable discussion with the deputy president

Example 2 Enhancing skills training to cultivate and retain highly specialized talent

To increase our number of specialized staff who contribute to solving local community issues—a specific objective of the Value Creation Process—we enhanced our job skills training effort in fiscal 2024 by offering selective training focused on specialized skills. As part of our selective corporate trainee program, participants analyzed the value of actual business partners based on specialized knowledge gained via the training and proposed initiatives to improve corporate value based on their studies. The practical training content is explicitly designed to strengthen our ability to solve problems by understanding our customers and supports the development of our employees' expertise.

Outline of corporate training



Roadmap to 2026 (fiscal 2025 objectives)

- ◆ Reform of the personnel system to promote active participation by a diverse range of employees
- ◆ Development and retention of highly specialized staff through continued support for employee's acquisition of expertise
- ◆ Ongoing support for self-directed career development to raise engagement
- ◆ Strategic personnel allocation through training, external secondment, etc.

Basic strategy for realizing our vision

- ◆ Acquisition of multifaceted capabilities that leverage individual values and strengths
- ◆ Development of problem-solving capabilities by understanding the customer
- ◆ Improvement of psychological security to foster a flexible and outward-looking organizational culture

Strengths of the Bank Group in this field

- ◆ Encouragement of diverse views within the organization through the merger with Nagano Bank
- ◆ Establishment of an organizational culture that fosters growth through mutual support and friendly competition among peers
- ◆ Development of systems and mechanisms for employees to independently model their careers and develop their abilities

Fiscal 2024 accomplishments

	Targets	Progress
Proportion of women in management positions	FY2026: 18%	FY2021: 11.5% ▶ FY2024 results: 14.5%
Average training hours per employee	—	FY2021: 18.0 hours ▶ Fiscal year 2024 results: 26.4 hours
Total engagement score	FY2024: 3.88	FY2023: 3.88 ▶ FY2024 results: 3.92

Countdown to merger The birth of Hachijuni Nagano Bank



Hachijuni Bank and Nagano Bank integrated their businesses in June 2023 and are scheduled to merge on January 1, 2026.

We are thoroughly preparing for a new start as Hachijuni Nagano Bank with the goal of executing the most successful business integration and merger of regional financial institutions in Japan.

Meaning and circumstances of the business integration

Nagano Prefecture is surrounded by 3,000-meter-high mountains and crisscrossed by clear streams, and its economy is propelled by precision machinery manufacturing. Nagano offers abundant tourist resources and a distinct regional culture and leads Japan in healthy longevity. Both banks, headquartered in this stunning prefecture, have shared their journeys with the local community.

In the wake of the COVID-19 pandemic and amid advancements in digital technology and climate change initiatives, the regional community has entered an era of profound transformation. Meanwhile, the two banks, operating in a challenging low-interest-rate business environment, understand the growing role they are expected to play and have decided that the best way to meet the expectations of our stakeholders is to join hands to build a more solid management foundation, strengthen financial intermediary functions, and ensure a sustainable business model. To achieve these goals, the banks integrated their businesses on June 1, 2023.



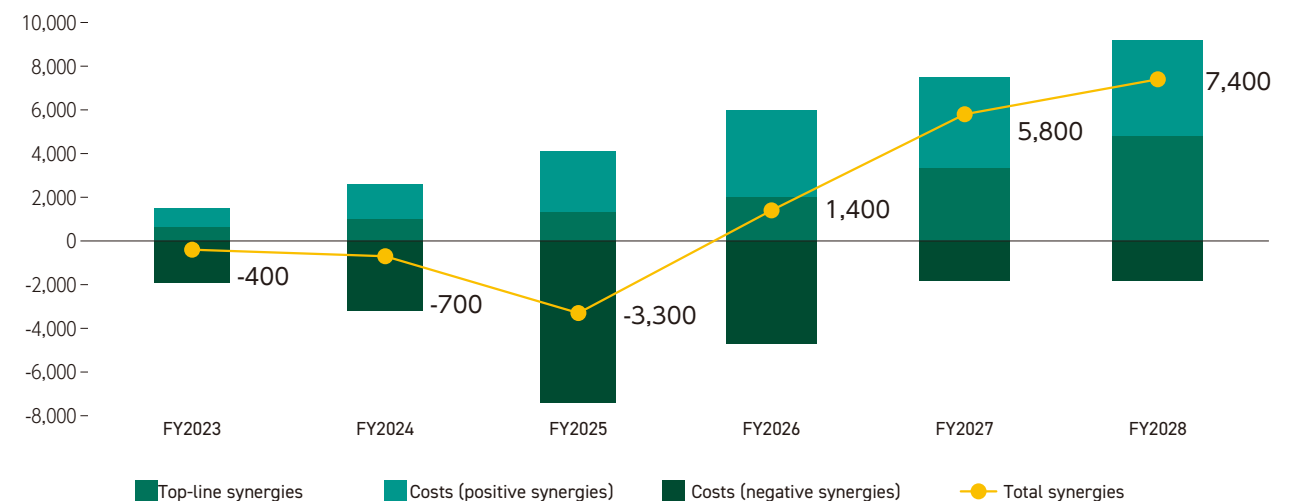
Three integration objectives

- Improving management efficiency**
 - Integration of systems and administrative procedures
 - Consolidation of branches
 - Promotes management efficiency, frees up human resources, and reduces costs
 - Strategic staff allocation**
 - Reassignment of personnel to strategic areas
 - Strengthens profitability and achieves medium-to-long-term growth by allocating talent to strategic areas
 - Strengthen profitability**
 - Knowledge transfer between the banks
 - Adapts to the needs of local customers
 - Reinforces growth areas (consulting, digital, etc.)
- ▶ Through the business integration and merger of the two banks, we are improving management efficiency, freeing up human resources, and reducing costs through such measures as standardizing administrative and IT systems and consolidating geographically overlapping branches.
- ▶ We are strengthening our profitability and optimizing our human capital base over the medium-to-long term by reassigning staff freed up by management efficiency improvement to training programs and external partners to ensure the development of strategic areas and new businesses.

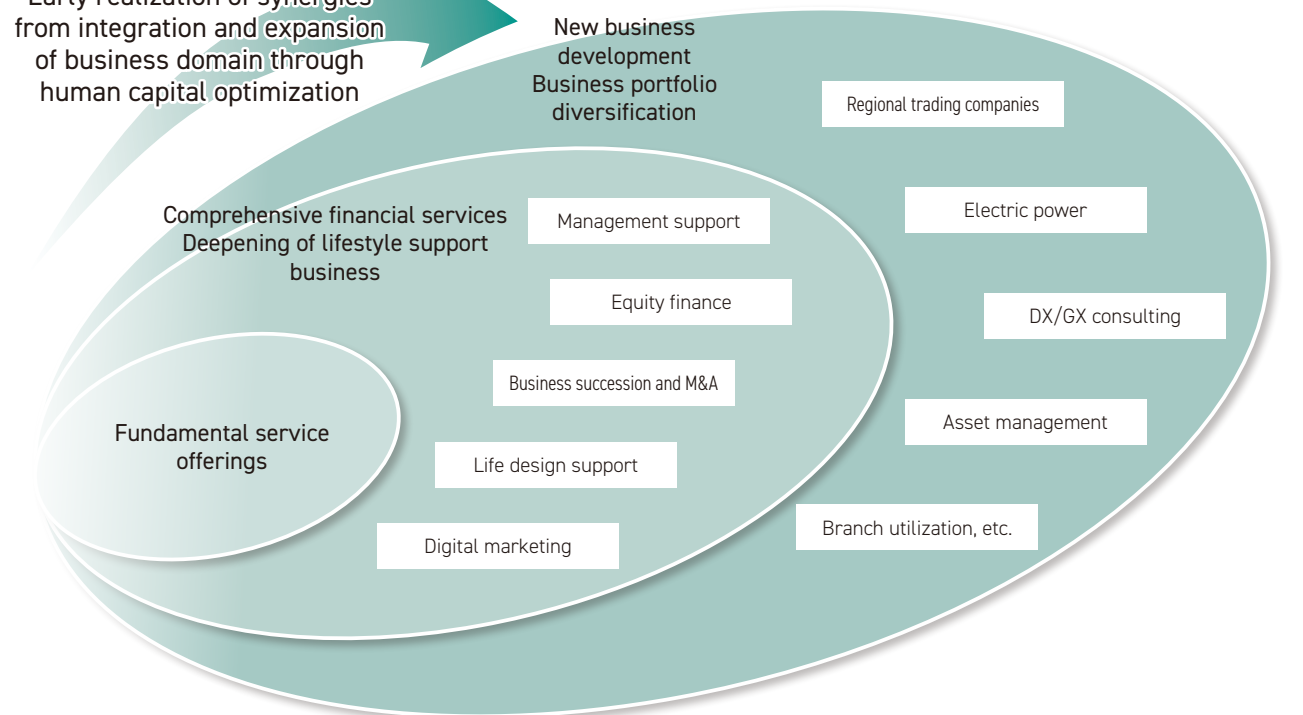
Business integration plan

- ▶ Prior to the merger, negative synergies will impose costs due to factors such as increased expenses for system integration. However, after the merger in fiscal 2026, we expect to enjoy positive synergies at the top-line and in terms of costs, and we expect our combined resources to yield greater profits.
- ▶ Over the six years following the business integration, we are set to respond to a significant natural decline in personnel through branch consolidation and operational efficiency improvements and the reassignment of staff to strategic areas like consulting and digital.

Projected overall synergy impact (¥ million)



Early realization of synergies
from integration and expansion
of business domain through
human capital optimization



Establishment of Hachijuni Nagano Bank

Progress of Synergy Initiatives

(1) Operational efficiency

► Consolidation of mortgage loan counters

November 2023 Transfer Nagano Bank's mortgage loan staff to Hachijuni Bank's Loan Plaza outlets and integrate the banks' formats

► Start of joint branch operations

February 2024 Opened a joint branch combining Hachijuni Bank's Tokyo Sales Department and Nagano Bank's Tokyo Branch

May 2024 Opened a joint branch combining Hachijuni Bank's Shinshu University Mae Branch and Nagano Bank's Matsumoto North Branch

► Launched agent bank services and expanded staff secondments

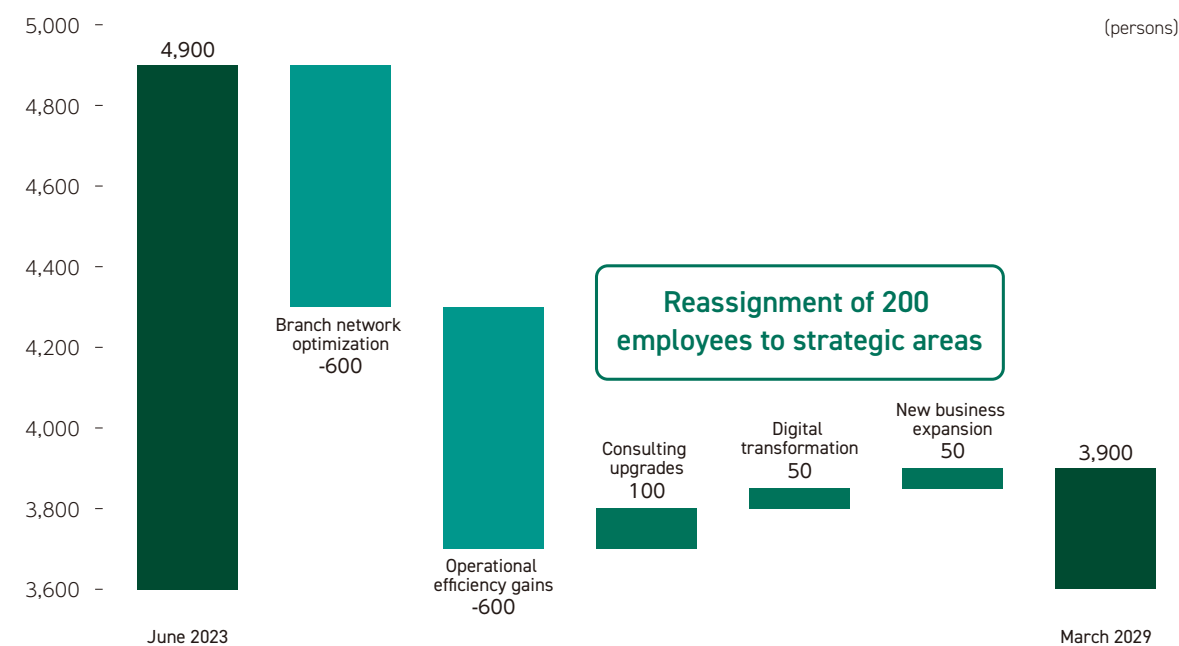
September 2024 To provide customers with an early glimpse of the post-merger structure and help them feel reassured and excited about the merger synergies, both banks will launch agent bank services and expand secondments in support of the consolidation of sales windows and service offerings.

► Loan Plaza relocation

October 2024 Relocated from Hachijuni Bank Toyoshina Branch to Nagano Bank Toyoshina Branch

April 2025 Relocated from Hachijuni Bank Minami-Matsumoto Branch to Nagano Bank Takamiya Branch

(2) Strategic staff reallocation

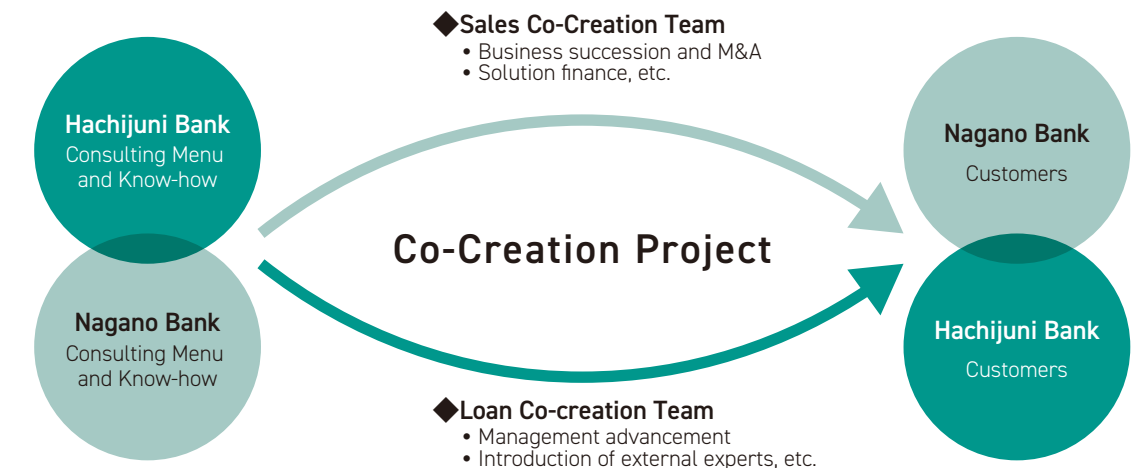


► As we address significant natural attrition, we will reassign 200 employees to strategic areas such as consulting and digital strategy through branch consolidation and operational efficiency gains.

► As of March 31, 2025, we had reallocated five employees to consulting-related roles, four to digital-related roles, and 11 to new businesses, leveraging the effects of branch consolidation and other measures

(3) Strengthening profitability

Starting in June 2023, we launched the Co-Creation Project, which features the two banks' mutual consulting service delivery as a means to enhance customer support. We have formed a Sales Co-Creation Team to support business succession services, M&A, and financing solutions, and a Loan Co-Creation Team to drive management advances and the introduction of external experts, thereby strengthening customer support by combining the strengths of both banks.



► Sales Co-creation Team: fiscal 2024 initiatives

The merger is progressing from the harmonization stage to the cooperation phase, and we are promoting the practical integration Nagano Bank's Solution Sales Division and Hachijuni Bank's Business Promotion Department. Under head office leadership, we strengthened relationships with clients where Nagano Bank serves as the main bank and expanded cross-assignment assignments.

〈Key initiatives〉

Business domain	Breakdown	FY2023	FY2024	Total
Solution finance	Number of cases	17	24	41
	Of which concluded	12	13	25
Business succession, M&A	Number of cases	7	44	51
	Of which concluded	1	11	12
Foreign derivatives	Number of cases	43	98	141
	Of which concluded	23	57	80

► Loan Co-Creation Team: fiscal 2024 initiatives

We are cooperating on implementing measures to support large borrowers and provide management improvement and business revitalization services to our customers. We have devised a policy for streamlining headquarters functions and operations and are promoting activities to achieve this.

〈Key initiatives〉

Domain	FY2023	FY2024	Total
Business improvement consulting	8	16	24
Introduction of external experts	4	12	16
Use of revitalization funds	1	1	2

Birth of Hachijuni Nagano Bank

Specific merger initiatives

Building an integrated sales structure

To move merger preparations forward ahead of schedule and ensure everything is in place by January 2026, we are building an integrated sales structure through such measures as consolidating sales offices and services and maximizing agent bank services, with the aim of reassuring customers and enabling them to quickly benefit from the business integration.

► Consolidation of sales channels and services

Joint business development activities have already begun in advance of the merger. With the understanding of our customers, we are eliminating redundant sales relationships and shifting staff to consulting roles in an effort to enhance the cross-pollination of expertise and solution quality across both banks.

► Launch of banking agency services and expansion of staff secondment

- To unburden our customers of procedures such as contract signing that are necessitated by the consolidation of sales channels and service, each bank has become an agent for the other. This enables smooth and efficient implementation of measures required for the merger while promoting staff integration and the acquisition of business knowledge.
- To further accelerate tasks in advance of the merger, we are expanding dual assignment of staff at both headquarters and branches. To maximize synergies prior to the merger, starting in April 2025 we began reorganizing branch staff with corporate or individual responsibilities.

	Dual assignment	Full transfer
Headquarters	112	14
Branches	178	32
Total	290	46

Joint initiatives of the two banks

► Joint seminars

- We run joint seminars for customers covering a wide range of topics and domains, such as start-up support, business succession, and testamentary services, with lectures by experts and practical workshops tailored to the interests and needs of our customers. We strive to provide useful information so that we can become a trusted partner for our customers.
- We actively elicit feedback from customers to enhance our products, functions, and services.



► Jointly hosting various training programs

- Since August 2023, we have jointly hosted business and career development training as well as voluntary participation-based learning programs such as Seisei Juku. By ensuring knowledge transfer between the banks, we are enhancing employees' professional skills and strengthening synergistic effects across the Group.
- Our training programs enhance the expertise and overall capableness of our staff to improve quality of services our customers enjoy. Furthermore, by strengthening collaboration across the Group and maximizing synergy, we will accelerate our contributions to the local community.

► Joint Participation in Local Events

- Since summer 2023, we have participated jointly in festivals held in various regions. This joint participation served as an opportunity to inform local customers about the merger, while also fostering harmony among staff and laying the groundwork for synergistic effects.
- In addition, we are participating jointly in various internal events, such as sports competitions, art exhibitions, and volunteer activities, in an effort to contribute to the local community and promote interaction among employees.

New bank name, logo, and symbol

With the merger in January 2026, the bank's formal name will change from The Hachijuni Bank, Ltd., to The Hachijuni Nagano Bank, Ltd. At the same time, we will also renew our wordmark and logo. These changes to our firm's name and branding symbolize our fresh start as a new bank and aim to further cement our ties and trust with local communities. With the new bank's expectations and mission in mind, we will strive to become a familiar presence in the community.

► New bank name and



The name of the merged bank was carefully considered after receiving numerous opinions and requests from customers, shareholders, and employees of both banks. Considering the familiarity of the names of both banks with customers who have supported them for many years, we decided to combine the names of both banks to form Hachijuni Nagano Bank. In this way, we are encouraging harmony among employees and ensuring we inherit the strengths and brands of both banks.

► Logo

Our new logo features a rounded triangle, evoking stability and familiarity, and represents the lush natural environment of Nagano Prefecture and the bank's commitment to serving the local community with integrity. The overlapping triangles incorporate the initials "H" and "N" of both banks, symbolizing the layered mountain landscape of Nagano Prefecture and the merger of the two banks to create a new entity.



Merger promotion

To enhance awareness of the new bank, "Hachijuni Nagano Bank Co., Ltd.," we have launched a merger promotion campaign.

We are working to raise awareness of the new bank among our stakeholders through various media, including TV commercials and newspaper advertisements, and to generate interest and expectations. We will contribute to the development of local communities more than ever before by providing high-quality financial services and leveraging our advanced consulting capabilities.



TV commercial
(in Japanese)

► The future of the region starts here

The catchphrase, "The future of the region starts here", was used in the design of the posters and TV commercials. The image of children symbolizing Hachijuni Bank and Nagano Bank holding hands and walking forward together was imagined to express the of the new bank's expectations for the future as it ventures forward together with the community.

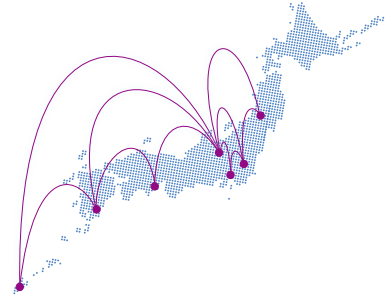
Cooperation with other financial institutions

JUUDANKAI



JUUDANKAI is an alliance of seven banks that have agreed to share systems: Yamagata Bank, Tsukuba Bank, Musashino Bank, Hachijuni Bank, Awa Bank, Miyazaki Bank, and The Bank of the Ryukyus.

The JUUDANKAI aims to achieve efficient system development and operation by jointly developing and operating not only core systems but also as many systems as possible, and to further enhance the benefits of system integration by standardizing products, services, and operational procedures.



Sharing scheme

- Based on its existing systems, Hachijuni Bank developed a shared system that incorporates the requirements for a communal system and the needs of the participating banks. Each bank has gradually migrated to the shared system.
- Hachijuni Bank has licensed the use of its software to IBM Japan and Kindryl Japan, and the participating banks rely on these two companies for the delivery the software to their respective systems.
- A System Council has been established as a forum for discussing system development projects, and Hachijuni Bank is responsible for developing the systems.

Advantages of system sharing

Expansion and acceleration of system development capabilities

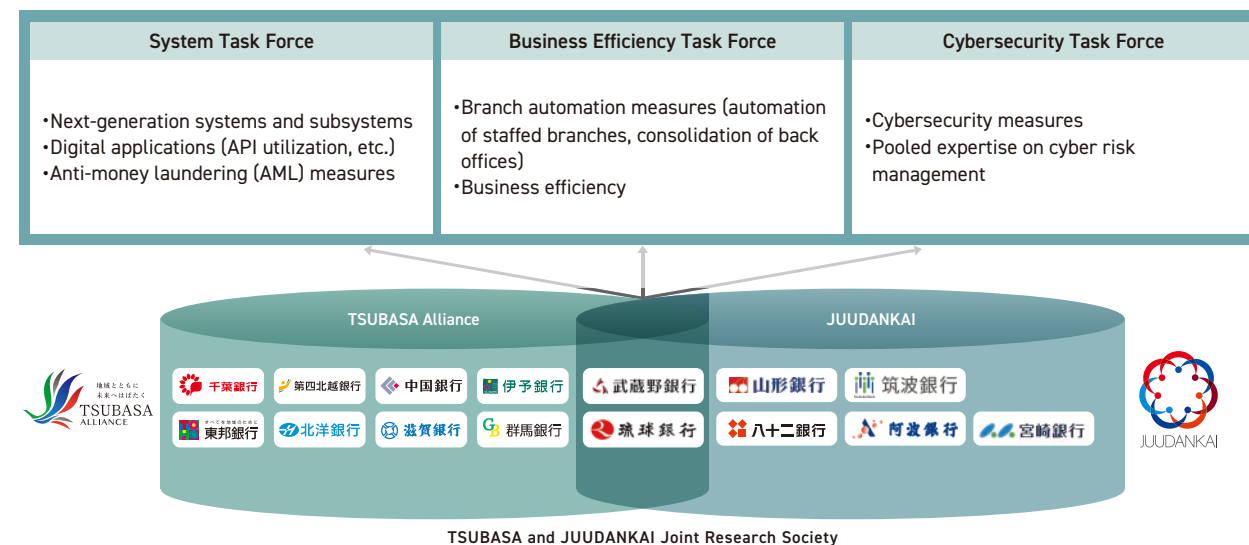
Reduction of system costs through sharing

Strategic allocation of human resources

Tsubasa and JUUDANKAI Joint Research Society

In March 2024, we launched the "Tsubasa and JUUDANKAI Joint Research Society" in collaboration with the TSUBASA Alliance. The two banking groups, which maintain complementary system-related capabilities, pool their knowledge and expertise in pursuit of efficient system operation and business processes.

Overview of the Joint Research Group



Mt. Fuji-Alps Alliance



On March 27, 2025, Shizuoka Bank and Yamanashi Chuo Bank entered into a comprehensive business alliance and launched the Mt. Fuji-Alps Alliance. While maintaining the customer bases and brands each bank has built, the Alliance strives to expand and enhance its society-oriented solutions, focusing on efforts to both create social value and enhance corporate value, thereby contributing to the sustainable growth of regional communities.



Mt. Fuji-Alps Alliance vision

The three banks, which have collectivized the potential of their regions, collaborate to create new value and communicate about the future of the three prefectures to the world.

Characteristics of Shizuoka, Yamanashi, and Nagano

- Commonalities** : Abundant natural resources, attractive industrial structure, proximity to the Tokyo metropolitan area, etc.
- Common challenges** : Labor shortages and succession issues due to population decline and societal aging, etc.



KPIs and key initiatives

Social population growth in the three prefectures

Three-bank total
Cumulative revenue impact of ¥20 billion
over five years

Key initiatives

- Increasing the number of people with ties to the region to address population decline and labor shortages
- Developing new businesses that can attract foreign capital and talent
- Contributing to the sustainable development of regional economies
Expanding partnerships in the venture and growth sectors, and strengthening M&A and succession planning

A project team has been formed among the three banks to jointly establish a framework for "resettlement promotion projects."

Message from the Human Resources Department Manager

Hiroyasu Iwabuchi



Value creation through merger-driven human capital expansion

Basic approach to human capital management

The Bank regards its people as not only a resource, but the wellspring of all value creation. Given this fundamental understanding, under our Value Creation Process we position organizational and human resource reforms at the center of all business activity. As the Human Resources Department Manager, I am currently working earnestly to maximize the potential of the people at the core of our organization so that we can consistently execute our management strategy. Our Long-Term Human Resources Policy (P65) formulated in 2023 is the lynchpin of our program to maximize human

capital. The Long-term Human Resources Policy clearly outlines the Bank's basic approach to human resource development, which underlies the measures we are implementing as part of our Medium-term Management Vision 2021 objective, "Human resources reform to support growth and job satisfaction." Based on the Long-term Human Resources Policy, we are currently promoting initiatives to help our employees achieve self-fulfillment while meeting the Bank's corporate objectives.

Human resource development for value creation

One of the keys to promoting employee fulfillment and achieving corporate goals is building employee expertise. As regional issues and customer requirements become more sophisticated and diverse, the level of skill required of Bank employees is rising. In response, we are focusing on skills development for existing employees through external learning opportunities and business skills training and also recruiting highly specialized personnel. Moreover, we are emphasizing support for independent career developing for employees to help them take the initiative in defining their own career paths and develop their skill sets in a self-directed way. Based on our Long-term Human Resources Policy, we are investing in our employees more than ever before. However, employees who passively accept training opportunities will not achieve their full potential. It is important that our people actively avail themselves of the opportunities provided by the Bank and grow as members of a firm that contributes to the community. We believe that human resource development is most effective when both the Bank and its employees

are actively engaged.

We are focusing on developing next-generation managers, who are essential to the Bank's sustainable growth. In fiscal 2024, we expanded external training programs for employees at the assistant general manager level and higher, primarily involving exchanges with personnel from outside the Bank. Thus, we aim to increase the number of specialized and management personnel who can contribute to solving problems for local communities, as stipulated in our Value Creation Process. We are also working to create opportunities for the next generation of executive candidates to accumulate management experience by appointment to representative director roles at group companies.

In promoting human resource development with an eye to creating value, we must improve operational efficiency by using digital tools such as AI and thus enable employees to fully apply their abilities. It is critical to foster an environment where employees work at things only human beings can do. Unless our personnel focus on areas where

they can leverage their strengths, they will have trouble improving their skills and advancing their careers, which could undermine the bank's value.

While AI implementation is progressing, it is currently difficult to say that it is being fully utilized. This is partly due to a lack of proper understanding of AI's characteristics. AI provides accurate answers to accurate questions but returns incorrect answers to incorrect questions. Therefore, it is essential to cultivate employees'

ability to understand AI's characteristics and use it effectively with a clear purpose.

At the same time, no matter how much technology advances, it is still extremely important for our employees to exhibit good social skills. Being honest and solid members of society will make our customers appreciate us and enable us to be useful to the community. It will also earn the trust of our coworkers.

Promoting diversity and inclusion

To maximize the value of our talent, it's essential to create an environment where all our employees can use their abilities to the fullest—a goal that can only be met by respecting diversity and inclusion.

One related challenge is to expand opportunities for women to play active roles. Although women account for approximately half of the Bank's employees, the percentage of women in management positions is low, at 14.5%. Furthermore, while women account for 20.0% of section chiefs, they occupy only 3.4% of department manager roles, the general trend being that the percentage of women is inversely correlated with the seniority of the position. Of course, the active participation of women is not necessarily limited to management positions, but we believe that a lack of diversity at the decision-making level hinders innovation and exposes the Bank to such risks as organizational rigidity.

In fiscal 2024, we launched a program to develop the next generation of female leaders to encourage women to take on senior positions. As part of the program, we conduct mentoring sessions where executive and department manager mentors hold regular one-on-one meetings with participants. Among our participants were some

employees who initially had low motivation to push themselves. However, through the program, the Bank communicated its expectations and, thanks to dialogue with mentors, we observed a shift to a mindset more receptive toward taking on challenges. Regardless of gender, the first step toward progress is to accept the challenge. Bank management believes it is important to provide opportunities for our diverse talent pool to move beyond the comfort zone.

In July 2025, we are revising our personnel system to dispense with the traditional multitrack course and integrate the clerical track, which is mainly limited to administrative work, into the standard/management track, which imposes no restrictions on job responsibilities. This change reflects the increasing demand for more specialized skills in branch operations, such as asset management and testamentary services. The previous job classification system has become unwieldy, and the unification of courses will enable employees to respond flexibly to a wide range of tasks. Through this initiative, we aim to respond to the increasing sophistication of counter services and expand growth opportunities and the scope of activity for each employee.

Realizing the Value Creation Process

Amid a declining birthrate and aging population, the Bank's growth cannot be achieved without the growth of the local community. For this reason, we have set revitalization of the local economy and community and the realization of qualitative abundance as a key outcome of our Value Creation Process.

In fiscal 2025, the merger with Nagano Bank will boost diversification within our organization. Despite differences in corporate culture, we will not focus on them more than necessary. Rather, we will steadily promote natural harmony among our staff and further promote diversity

and inclusion and ensure diverse values are recognized and emphasized. In this way, we will devise new ideas and create value that can resolve issues faced by our customers and the community.

What we value most is nurturing honest and responsible members of society who are driven to contribute to the welfare of others.

We encourage such individuals to become agents of change who can create new value as they sincerely work with customers and the community in an increasingly diverse and complex society.

Human capital management initiatives



Human capital is the source of new value for the Hachijuni Group, and promoting human capital management is essential to revitalizing and qualitatively enriching local economies and communities as directed by our Value Creation Process.

By growing sustainably alongside developing local communities, we aim to enhance our corporate value for our customers and stakeholders.

The Bank has put together a Long-term Human Resources Policy to implement the Value Creation Process. The Policy defines the ideal employee in terms of values and standards for thought and action, and we are promoting various initiatives with these standards in mind.

Long-term Human Resources Policy

► Human resource development

To achieve self-actualization through autonomous career development and to realize our corporate objectives by executing management strategies, we are leveraging diverse values and strengths of all our employees to foster development of effective abilities along multiple trajectories.

► Human resource development environment

As a foundation for cultivating the desired talent, we will foster an organizational culture rich in diverse ideas and customer-oriented thinking.

Optimal talent profile

Establishing strengths

Spirit of Initiative

Thinking and acting independently

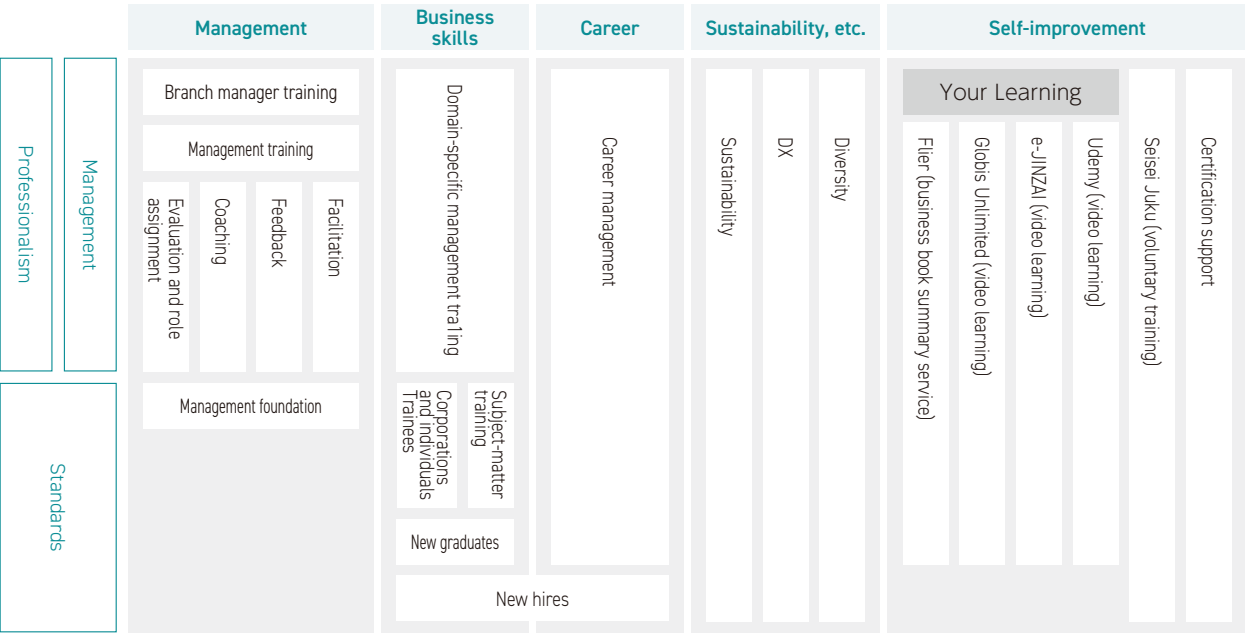
Key initiatives based on Long-term Human Resources Policy		Core KPIs		
		Indicators	Targets	Practical results
Human resource development	Support for self-directed career development ► Page 67	Total annual training hours *Excluding voluntary training	—	FY2024 87,038 hours
	Human resource development and allocation based on management strategy ► Page 68	Total annual training expenses *Excluding personnel expenses	—	Fiscal year ¥278.205mn
	Promotion of diversity and inclusion ► Page 69	Proportion of women managers	18% or more by September 2026	FY2024 14.5%
Improving the environment for staff development	Improved engagement ► Page 71	Total engagement score	FY2024 3.88	FY2024 3.92
	Health management ► Page 72	Annual paid leave: average days taken	FY2024 13 or more	FY2024 16.0



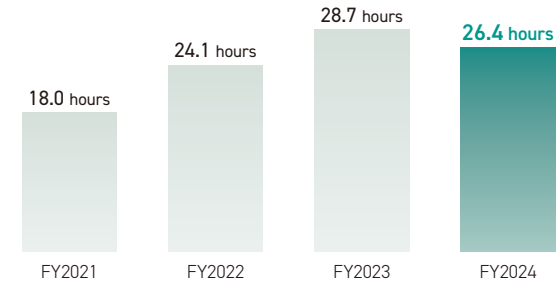
► Human resource development

Our Long-term Human Resource Policy aims to achieve both self-actualization for each employee through independent career development and meet our corporate targets through the execution of management directives. To realize both of these goals, we support employees' self-directed career development and promote strategic staff development and allocation.

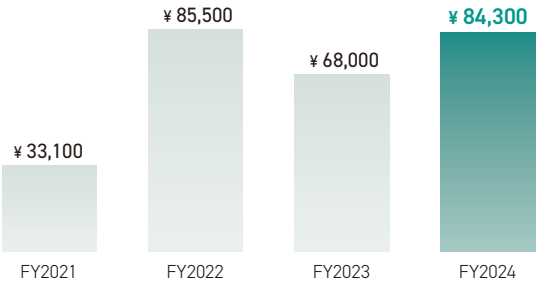
Fiscal 2024 training system chart



Average training hours per employee
*Excludes self-study



Average training cost per employee
*Excludes employee personnel costs



TOPICS

Expanded management support for HR development

We promote the development of next-generation management to increase the number of specialists and management personnel who can contribute to addressing issues in local communities—a key objective of our Value Creation Process.

In fiscal 2024, we expanded external training programs for employees at the deputy director level and above, focusing on instruction by people outside the Bank. As part of our efforts to develop female management personnel in conjunction with our new program designed to achieve this aim, we offered 16 wide-ranging courses covering management theory, business planning, liberal arts, and other subjects, which were attended by 138 participants.

Examples of courses offered by external organizations

- Management theory
- Business planning
- Strategy formulation
- Marketing
- Liberal arts

Human capital management initiatives

Support for autonomous career development

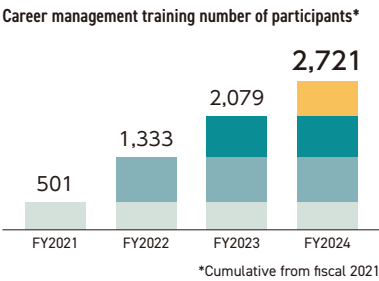
Encouraging employees to think proactively about their careers and develop the skills necessary to achieve their goals promotes self-actualization, which is a key objective of our long-term human resources policy, and ultimately leads to an increase in the value of our human capital. The Bank supports each employee in enhancing their expertise and establishing their unique strengths by creating an environment that encourages autonomous career development. Through this, we will achieve sustainable growth for both individuals and the company.

Main initiatives

Career management training

We conduct regular career management training for specific generations and age groups to support employees in developing their careers according to their own plans. This training encourages employees to clarify their career proactively and systematically developing the skills necessary to achieve them.

In addition, career counseling with human resources personnel is incorporated into the training curriculum to provide individual career development support tailored to the diverse abilities and values of each employee.



Your Time (1-on-1 meetings)

We hold regular 1-on-1 meetings between supervisors and subordinates called "Your Time," whose aim is to promote the self-directed progress of our employees and create opportunities for communication amid diversifying work styles. With the goal of organizational revitalization through employee progress, supervisors coach their subordinates to develop their strengths, and subordinates take the initiative in honing their abilities.

Correlation between Your Time and engagement

In the Bank's 2024 engagement survey, employees who responded positively to the question "I am comfortable having open conversations during Your Time" showed higher overall engagement scores.

Responses to "I feel comfortable having open and free discussions during Your Time" and engagement status

Response	Does not apply	Does not fully apply	Neither applies	Somewhat applies	Applies
Number of respondents	165	234	762	1,533	782
Average total engagement score of respondents	3.38	3.55	3.74	3.94	4.30

Initiatives for voluntary skill development

Through voluntary training programs such as "Seisei Juku" and external learning content for self-improvement called "Your Learning," we support the creation of a culture of self-learning and the development of employee skills. Additionally, we provide incentive bonuses of up to 500,000 yen to employees who pass specific public qualifications, thereby promoting the enhancement of their expertise.

Number of employees who passed qualifications at the end of fiscal year 2024	Small and Medium Enterprise Management Consultant	FP Level 1/CFP	FP Level 2/AFP	Securities analyst	Advanced systems engineer
	62	152	1,430	52	128

Strategic human resource development and allocation

By linking management strategy and human resource policy, we promote staff allocation and development based on management's strategy in order to achieve the corporate objectives set forth in our long-term human resource policy, which is to convert management strategy into realized corporate objectives. This enables us to develop personnel who can directly contribute to the Value Creation Process, thereby enhancing corporate value and achieving sustainable development in the local community.

Main initiatives

Strategic personnel allocation

To realize the value creation process, we have identified four strategic areas: face-to-face sales, remote sales, market operations, and sustainability. We are advancing the development and allocation of personnel to these areas.

We aim to expand the scope of our business and increase our earning power by strategically developing and reallocating around 200 employees freed up by the merger with Nagano Bank and the ensuing branch consolidation and operational efficiency improvements achieved through classroom and on-the-job training and external postings.



* The decrease in personnel is mainly due to natural attrition due to retirement—including mandatory retirement—exceeding the number of new hires and is not the result of intentional layoffs.

Development of management personnel

We are promoting the development of the next generation of managers in order to increase the number of specialists and management personnel who can contribute to addressing issues in local communities, as is stipulated in our Value Creation Process.

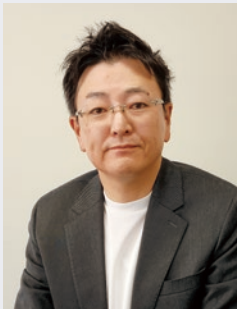
Through measures such as sending employees to pursue MBA degrees through open internal recruitment, conducting assessments across all job levels, and accumulating management experience through a system that offers many paths—including through Group companies—we are expanding our pool of candidates and enhancing their managerial qualifications.

INTERVIEW

As a member of the executive team, I aim to enhance the overall power of the Hachijuni Group.

My experience is in marketing and credit screening and managing branches both inside and outside the prefecture. I currently serve as representative director of a Group company. Our company provides various forms of support to address regional issues, such as succession support for local companies and incubating start-ups through investing activities conducted by multiple operating funds. Every day, I feel the weight of my responsibility as a manager to investors, investees, and employees and other stakeholders. However, since all of our work is carried out by people, I am particularly committed to ongoing human resource development to ensure we can provide the most advanced offerings and to creating a comfortable working environment that facilitates the full optimization of our talent pool and the retention of our staff.

I joined banking through a career change from another industry and have consistently accepted new challenges without being constrained by traditional banking norms. At the Hachijuni Group, I feel there is a corporate culture that values diverse perspectives and supports innovation. Moving forward, I intend to leverage my experience to contribute to the Group's goal of remaining a strong, comprehensive financial services provider that customers can rely on.



Hachijuni Capital Co., Ltd., Representative Director and Hachijuni Investment Co., Ltd., Representative Director
Shinichi Uchikune

Human capital management initiatives

Promoting diversity and inclusion

To improve the Bank's organizational capabilities through diversity and inclusion, as specifically stipulated in our Value Creation Process, we are focused on fomenting a workplace ethos in which all kinds of people can maximize their abilities.

We respect diversity of gender, age, job experience, and values, and we believe that this leads to improved organizational strength. In accordance with our basic policy on diversity and inclusion, we are advancing various initiatives.

Basic policy on diversity and inclusion

Slogan: Combining our diverse strengths to grow together

By fostering an organizational culture where our employees bring their diversity of strengths to supports in mutual understanding

(1) We cultivate an organizational culture where everyone can fully apply their abilities.

(2) We are creating a workplace environment where employees can express their opinions freely and encourage positive behavior.

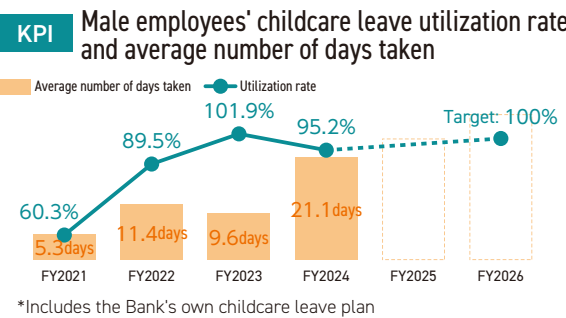
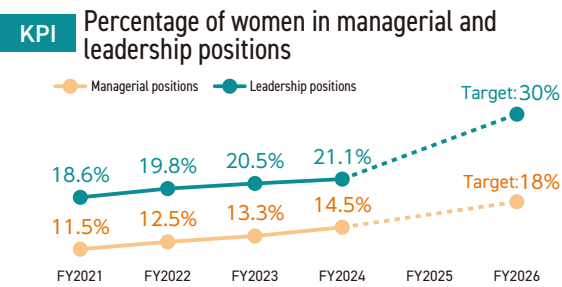
(3) We are enhancing job satisfaction and motivating our staff to grow, thereby allowing new ideas and value to proliferate.

Key initiatives

Promoting women's participation

Women account for about half of the Bank's workforce, and we are promoting their participation with the aim of creating new value and improving organizational strength by establishing a system that allows them to demonstrate their abilities at various stages and ensuring that they participate in all decision-making levels as a matter of course.

In fiscal 2024, we launched a new program to develop the next generation of female leader and are currently focusing on its directives. In addition, at the subcommittee meetings of the Branch Managers' Meeting in the second half of fiscal year 2024, we will discuss ways to increase the motivation of female employees and improve management practices to expand opportunities for women to play an active role, and we will strive to develop management skills that will support women's challenges by applying the results to branch and department operations.



INTERVIEW

I want to be a leader who can spread the joy of working

I have a five-year-old child and am working hard to balance work and childcare. I have had an increasing number of opportunities to advise junior colleagues on their careers, and I have wanted to acquire the perspective and skills necessary for a leader so that I could give them broader advice.

My mentor has always been a supportive advisor, helping me, through one-on-one discussions, recognize strengths I didn't realize I possessed. Additionally, while working part-time, I was challenged by the limited time I had to dedicate to junior colleagues. However, by improving my work process and task management skills based on my mentor's advice, I have been able to open up more time to spend with them.

Having been promoted to deputy branch manager in April this year, I want to be a leader who can spread the joy of work to my team by showing them that I can enjoy my job while balancing it with child care.



Iwamura Branch
Deputy Branch Manager
Tomomi Amari

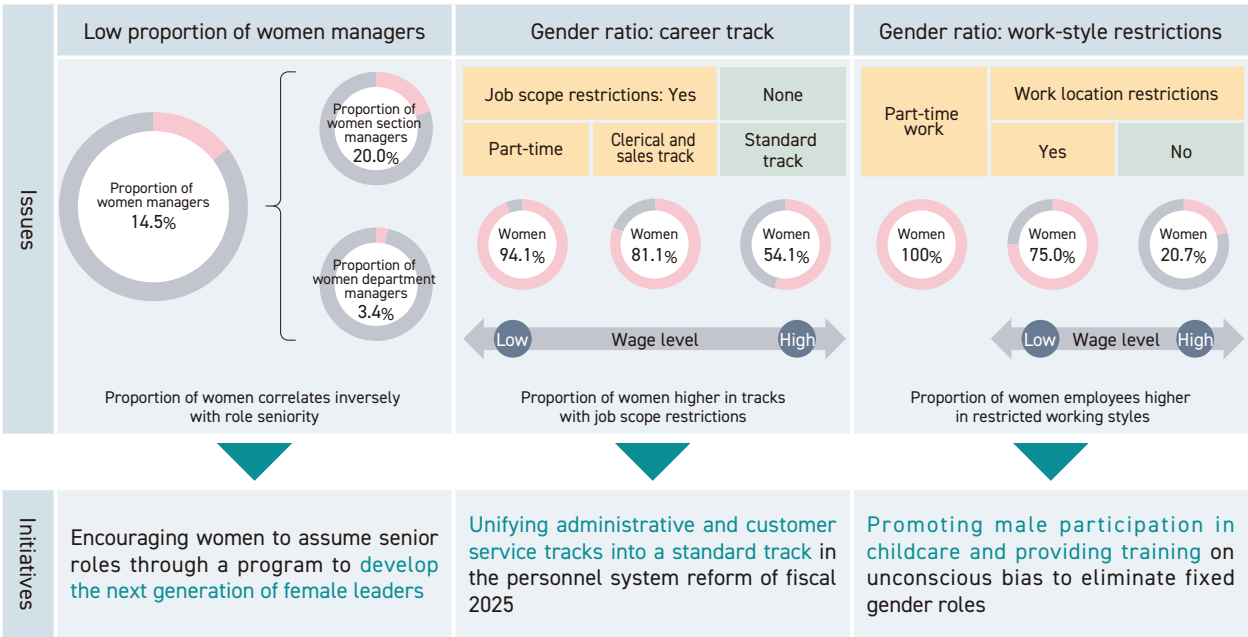
Initiatives for eliminating gender pay gaps

We attribute gender pay gaps at the Bank primarily to the low percentage of women in management positions, gender differences in career paths, and gender-related restrictions on work styles. We are promoting initiatives to eliminate the gender pay gap.

Fiscal 2024 – Gender wage gap*

All employees	Regular employees	Part-time and temporary workers
47.3%	56.7%	49.6%

*Ratio of women's to men's wages



Promotion of career recruitment and alumni recruitment

In addition to encouraging diversity according to such immutable attributes as gender and age, we are actively recruiting a wide variety of talent to ensure diversity of thought based on experience and values. In particular, as part of our midcareer recruiting effort, we are focusing on highly specialized and professionally oriented candidates to increase our roster of specialists who can help address local community issues as stipulated in our Value Creation Process. We are concurrently fostering an environment in which these employees can maximize their abilities through promotion to management.

In April 2024, we established an alumni community with the aim of re-employing former employees (alumni) by maintaining contact with them from a long-term perspective. By promoting alumni hiring, we aim to support employees with diverse perspectives gained from external experiences in providing even more value-added services, while also fostering an organizational culture where diverse experiences and ideas are shared and enhanced.

TOPICS

Platinum Kurumin Plus certification.

To create a workplace where all kinds of people can thrive, we are always laboring to establish systems and provide training programs to support our employees in balancing work with child care, nursing care, fertility treatment, and other personal responsibilities. These efforts have been recognized, and in June 2024, we received Platinum Kurumin Plus certification from the Minister of Health, Labour and Welfare as a company that provides a high level of support for child-rearing and fertility treatment. We will continue to strive toward a workplace where all employees can perform comfortably, find fulfillment, and thrive.



Human capital management initiatives

▶ Improving the environment for human resource development

Improving engagement

We believe that to meet the expectations of our customers and local communities, we must create an environment where employees can work with fulfillment and enthusiasm. Our 2024 engagement survey showed a total engagement score of 3.92 out of 5 (up 0.04 year-on-year) and a positive response rate of 75.9% (up 2.0 points year-on-year), as we continued to exceed the average for other companies.

KPI Engagement score

Number of respondents: 3,696 (response rate: 94.5%)

	Target (FY2024)	Actual (FY2024)	Year-on-year
Total engagement*	3.88 or higher	3.92	+0.04
Engagement with work†	3.80 or higher	3.83	+0.04
Workplace engagement‡	—	4.06	+0.03
Company engagement§	—	3.87	+0.05

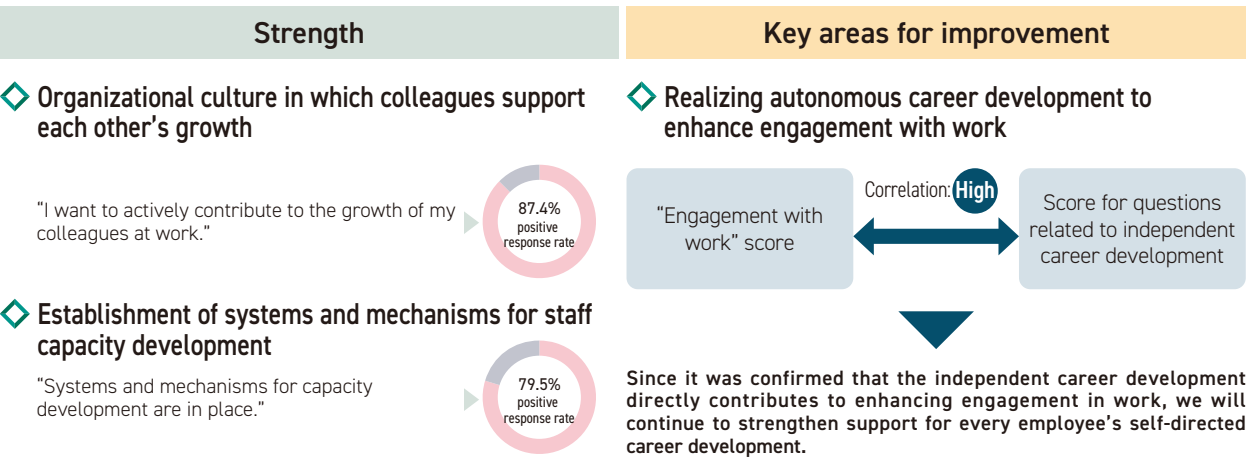
* Total engagement: Each individual finds meaning in their current job, workplace, and company and works with the intention of contributing.

† Engagement in work: Each individual understands the meaning of their work, finds their daily work rewarding and a source of pride, and works with a sense of growth and contribution.

‡ Engagement in the workplace: Each individual willingly contributes to achieving workplace goals and producing results.

§ Engagement with the company: The company's philosophy and products and services resonate with employees, who harbor affection for the company and expectations for its future.

Strengths and areas for improvement as identified in engagement survey results



Main initiatives

◆ HR system briefings for the Hachijuni Nagano Bank launch

In the previous fiscal year's engagement survey, many employees at sales offices requested stronger communication from headquarters, so we are bolstering information exchanges between headquarters and our sales offices. As we move forward with the development of a new personnel system for the launch of Hachijuni Nagano Bank, the head of Human Resources and other HR staff visited each region a total of 60 times to brief employees on the new system to ensure that the opinions of employees at sales offices are considered. The briefings included a question-and-answer session, and the design of the new personnel system for Hachijuni Nagano Bank reflects the opinions and questions raised.

Health Management

Recognizing that promoting and maintaining the physical and mental health of our employees and their families is critical to maximizing employee capabilities, we have established a Basic Policy on Health Management to guide our fundamental approach and are implementing numerous health initiatives.



Basic Policy on Health Management

The Hachijuni Group recognizes that maintaining and promoting the physical and mental health of all employees and their families is essential for the sustainable growth of the organization. We actively pursue health management and support the well-being of employees and their families.

KPI Priority Health Issues

We have set numerical targets for health management, identifying the following as priority health issues: early detection of diseases and prevention of lifestyle-related diseases, mental health care, and creation of a comfortable working environment.

* Preliminary figures

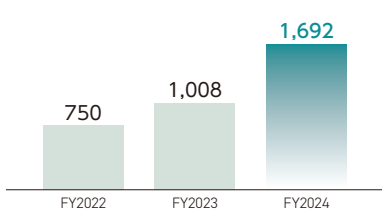
Priority health issues	Item	Target (FY2024)	Actual (FY2024)
Early detection of diseases and prevention of lifestyle-related diseases	Precise medical examination rate	90%	84.7%*
	Proportion of employees receiving specific health guidance	70%	60.3%
	Proportion of employees with a BMI of 25 or higher (obese)	Less than 19%	18.8%
	Smoking rate	Less than 11%	11.5%
Mental health care	Proportion of employees taking stress checks	100%	99.0%
Creating a comfortable work environment	Annual paid leave (average days)	13+	16.0

Main initiatives

◆ Hachinino Health Challenge

In order to prevent lifestyle-related diseases, we are working with the Hachijuni Bank Health Insurance Society to promote lifestyle improvements through diet and exercise management. Our annual walking campaign, which includes department and team awards, promotes health and communication among employees. In fiscal year 2024, we held the campaign jointly with The Nagano Bank, Ltd., with a total of 1,692 employees participating.

Walking campaign: number of participants



◆ Initiatives for financial well-being

We promote financial well-being for our employees to allow them to work with peace of mind. Thus, we are enhancing our benefits system to help in case of illness and providing support for asset building by such means as incentive payments under our employee stock ownership plan. In fiscal 2024, we plan to raise these payments from 6% to 10% as we foster a sense of participation in management among our employees.

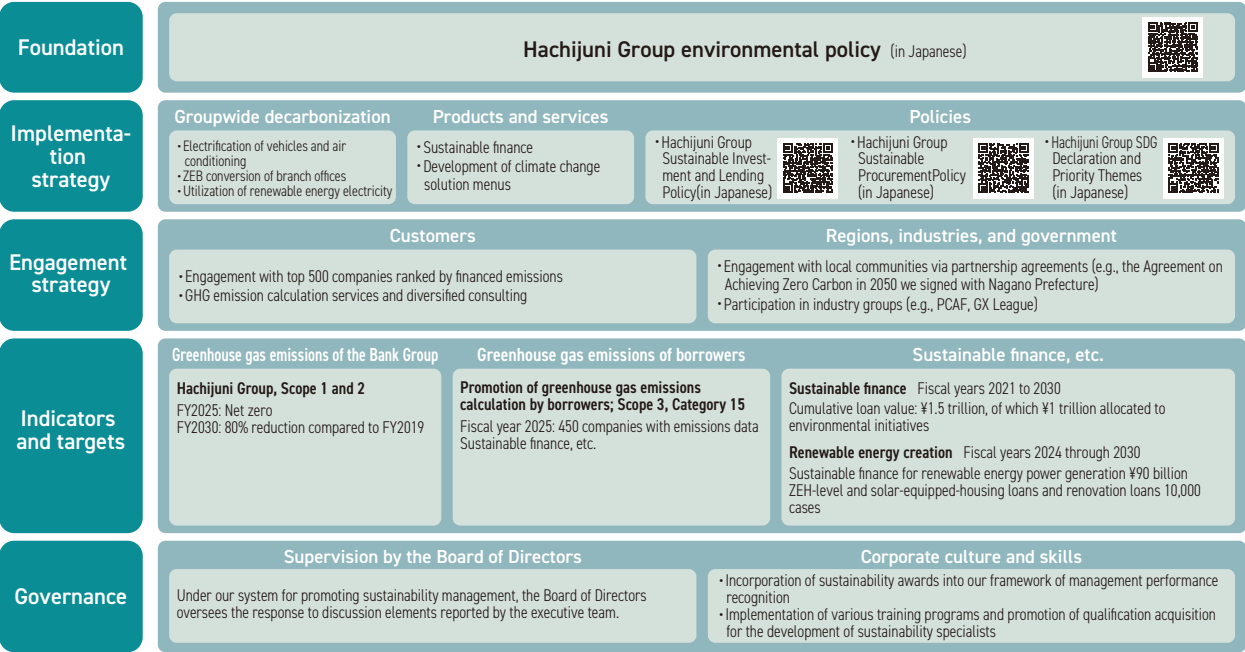
Environmental initiatives TCFD and TNFD recommendation and response

The Bank endorsed the TCFD recommendations in March 2020 and has accordingly been promoting climate change countermeasures and disclosures since fiscal 2021. In addition, we endorsed the TNFD recommendations in March 2024 and commenced actions supportive of natural capital and biodiversity from fiscal 2024. By repeating a cycle of accurately identifying risks and opportunities related to climate change, natural capital, and biodiversity and reflecting them in our management strategy, we will fulfill our social responsibility toward climate change and the transition to a decarbonized society, while enhancing our resilience as a company.

▶ Response to climate change (initiatives in response to the TCFD recommendations)

The Bank has identified climate change measures and decarbonization as priority ESG materiality issues and is working to reduce its own greenhouse gas emissions (Scope 1 and 2) as well as emissions in its supply chain, including its customers (Scope 3).

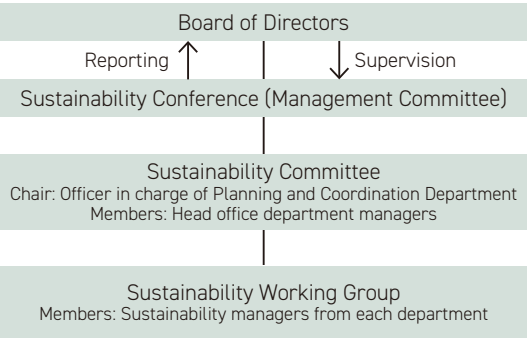
Transition plan (overview)



Governance

Three organizations, the Sustainability Conference, the Sustainability Committee, and the Sustainability Working Group, have been established within the headquarters to discuss responses to climate change. The deliberations of the Sustainability Conference are reported at meetings of the Board of Directors, which oversees sustainability initiatives. We promote sustainability management via a combination of diligent discussion among the executives in the context of these organizations and supervision by the Board of Directors.

Sustainability management promotion



Main topics discussed

Sustainability Conference (held seven times in fiscal 2024)	- Establishment and revision of environmental targets (medium-term management targets) - Response to TCFD and TNFD recommendations - Climate change transition plan - Hachijuni Group Sustainable Procurement Policy
Sustainability Committee (convened eight times in fiscal 2024)	- Status of Sustainability Working Group initiatives - Establishment and revision of environmental targets (medium-term management targets) - Response to TCFD and TNFD recommendations - Establishment of the Hachijuni Group Sustainable Procurement Policy
Sustainability Working Group (convened eight times in fiscal 2024)	- Priority initiative setting for fiscal 2024 - Information sharing and discussion on progress of each subcommittee's key initiatives

Strategy

The impacts of climate change, such as abnormal weather patterns and intensifying natural disasters, are increasingly affecting business activities. Amid this backdrop, global efforts to achieve carbon neutrality are accelerating, driven by tighter policies and regulations, technological advancements, and changes in consumer and investor awareness. To effectively counter these changes, we are advancing our climate change response through the following initiatives.

Scenario Analysis

We recognize that climate change affects a wide range of industries, with the nature, extent, and timing of its impacts varying by sector. Based on this understanding, we annually identify key sectors by assessing the risks and opportunities associated with climate change, and conduct scenario analysis.

Selection of key sectors

Based on opportunities and transition risks as well as the Bank's loan balances, we have selected as key sectors energy and transportation (automobiles and auto parts, trucking services).

Selection process

1	Mapped TCFD high-risk sectors to the Bank's industry taxonomy.
2	Assessed transition risks and opportunities for TCFD high-risk sectors.
3	Identified important sectors based on a broad assessment of previous evaluation.

Results of transition risk and opportunity assessment

	Target sector	Transition risk score	Opportunity score		
Energy	Oil and gas	8	2		
	Coal	9	1	High	7 to 9
	Electric Power Utilities	8	3	Medium	4 to 6
Transport	Automobiles and auto parts	6	3	Low	1 to 3
	Trucking services		2		
	Rail transportation				
	Marine transportation				
	Passenger air transportation				
	Air cargo				
Materials and construction	Metals and mining	4	2		
	Chemicals	5			
	Construction materials				
	Capital goods				
	Real estate management and development			3	
Agriculture, food, and forest products	Agriculture	5	2		
	Beverages				
	Processed foods and processed meat				
	Paper and forest products				

	Transition risk
High	7 to 9
Medium	4 to 6
Low	1 to 3

	Opportunity
High	3
Medium	2
Low	1

Percentage of the Bank's loan balance by carbon-related asset

Energy	Transportation	Materials and construction	Agriculture, food, and forest products
2.28%	4.31%	22.20%	3.27%

Transition risk analysis methodology

After conducting qualitative analysis for each important sector, we analyze using the following methods.

Energy	Run scenario analysis on representative companies' carbon taxes, capital expenditures, and changes in sales composition. Based on the results, we produce financial projections for each borrower.
Transportation (automobiles and auto parts, trucking services)	Based on the results of qualitative analysis, estimate the expected financials of each borrower using scenarios involving carbon taxes and EV adoption rates.



Responses to TCFD and TNFD recommendations

Analysis results

Although the impact of transition risks and physical risks on credit-related expenses appears minor, the scope of the analysis is limited, and certain assumptions were used to define the scenarios. Accordingly, we do not believe that this analysis necessarily predicts the Bank's overall risk, and we will continue to refine our methodology.

Transition risk element	Description
Scenario	Scenario: +1.5°C (based on the IEA Net Zero by 2050 roadmap, NGFS Net Zero 2050)
Sectors analyzed	Energy, transportation (automotive and auto parts, trucking services)
Indicator	Credit-related expenses
Analysis results	Cumulative rise in credit expenses of up to around ¥28.9 billion by 2050

Physical risks	Description
Scenario	Scenario: +4°C (based on IPCC RCP8.5)
Subject region	Nagano, Niigata, Gunma prefectures
Target	Business loan customers
Indicators	Credit-related expenses Business performance deterioration due to stagnating customer business, collateral impairment, etc.
Analysis	Cumulative increase of around ¥3.1 billion in credit-related expenses by 2050

Risks and opportunities identified

Based on scenario analysis, we review climate-related risks and opportunities annually.

Type	Business impact		Timeframe*
Transition risk	Policies, regulations, and market conditions	Increase in the Bank's credit-related expenses amid deterioration in business performance of investees and borrowers due to changes in commercial activities and market conditions brought about by broadening climate change countermeasures	Medium-to-long term
		Decline in the value of stocks, bonds, and other assets held by the Bank due to changes in commercial activities and market conditions brought about by broadening climate change countermeasures	
	Reputational risk	Damage to the Bank's reputation and a loss of business opportunities due to the Bank's climate change initiatives falling behind rising stakeholder expectations	Short-to-medium term
Physical risks	Acute	Increase in credit-related expenses incurred by the Bank due to the deterioration of the business performance of borrowers and investees resulting from an increase in natural disasters (floods, etc.) caused by climate change	Short-to-long term
		Increase in natural disasters (floods, etc.) caused by climate change, resulting in damage to the Bank's assets (branches, etc.), suspension of operations, impairment of asset values, etc.	
	Chronic	Increase in infectious diseases and heat stroke caused by climate change undermining the business performance of borrowers and investees, etc., resulting in an increase in the Bank's credit-related expenses	Short-to-long term
Opportunity	Policies, regulations, and market conditions	Expansion of climate change measures affects business activities and markets, driving in a proliferation of new and diverse businesses and business models in response to market demand	Short-to-long term
	Technology, products, and services	Increased funding demands related to capital investment and product development in response to climate change measures	Short-to-long term
	Reputation	Increased business opportunities associated with enhanced corporate value owing to recognition as a financial institution that contributes to regional decarbonization through climate measures	Medium-to-long term

*Timeframe – short: up to five years, medium: five to 10 years, long: 10 years or more

Managing risks and opportunities

To mitigate climate-related risks and realize sustainability in local communities while taking advantage of opportunities, we recognize that it is essential to implement initiatives not only within the Hachijuni Group but also in collaboration with our customers in the region, and we are implementing measures as a group.

Decarbonization of the Hachijuni Group (Scope 1 and 2)

Greenhouse gas (CO2) emission targets (medium-term management targets) established in 2021: “The Bank will reduce emissions by 60% at the nonconsolidated level by fiscal 2030 compared to fiscal 2013 volumes. Based on the early achievement of net zero emissions in fiscal 2023, we have expanded the scope of the targets to include the entire Hachijuni Group and revised the targets upward to an 80% reduction in fiscal 2030 versus fiscal 2019 and net zero emissions in fiscal 2025. Based on these objectives, the Group is accelerating its efforts.

Main initiatives for fiscal 2024	Related targets	Goals
Operation of dedicated solar power generation facilities (off-site PPA) Procurement of Shinshu Green Denki (CO2-free electricity) Procurement of carbon-neutral gas Offsetting with J-credits Renewable energy for electricity consumption through the use of non-fossil certificates	Greenhouse gas emissions (Scope 1 and 2) Hachijuni Group (1) FY2025: Net zero (2) FY2030 80% reduction compared to FY2019	Decarbonization of the Hachijuni Group

Decarbonization of the supply chain (Scope 3)

Many of our corporate customers are aware that their inability to calculate their own greenhouse gas output prevents them from reducing emissions and hinders decarbonization in the region. Based on this recognition, in October 2024, we established the new goal of promoting the measurement of emissions by our financing customers (a medium-term management target). In fiscal 2024, we strengthened our engagement with the top 500 of our loan customers headquartered in Nagano and Niigata Prefectures as ranked by financed emissions. Although more than 80% of these customers feel that action is necessary, more than half are unable to calculate their emissions. We will continue our dialogue with our customers and encourage ongoing effort.

Main initiatives for fiscal 2024	Related targets	Goals
Understanding the current situation Calculation of GHG emissions Supporting reduction	Hearings (top 500 companies ranked by financed emissions) GHG calculation services Sustainable finance promotion Introduction of solar power systems (PPA) Introducing J-Credits	Promoting GHG emission calculations by borrowers (Scope 3, Category 15) FY2025 Companies producing emissions data 450
		Decarbonization of the region through GHG reduction by loan recipients

To advance decarbonization of the regional community, including at the individual customer level, in October 2024 we established a new medium-term business goal for renewable energy generation and are working to promote ZEH-level homes, solar power generation systems, and renewable power sources aimed at businesses.

Group company, Hachijuni Link Nagano is working to increase renewable energy through PPA schemes (to date, seven PPAs totaling 2,956 kW are in operation within Nagano Prefecture).

Additionally, in March 2025 we established the Hachijuni Bank Group Sustainable Procurement Policy, which clearly outlines our commitment to encouraging suppliers to reduce greenhouse gas emissions. We are proceeding with supplier engagement.

Initiatives to seize opportunities

To help customers seize climate-related opportunities and achieve sustainable growth, we are expanding our menu of solutions.

Furthermore, we are participating in the Suwa Area Consortium to Promote Decarbonization Projects established under the Project for Regional Decarbonization Investment and Financing Promotion through Regional Consortium Formation, which was initiated by the Ministry of the Environment in the Suwa region of Nagano Prefecture. We are collaborating with local governments and regional businesses to create commercial opportunities.



Mimaki Engineering's Kazawa Factory, which has introduced a solar power generation system (on-site PPA).

Responses to TCFD and TNFD recommendations

Risk Management

The Bank manages identified climate-related risks within its credit risk framework. Additionally, under the Hachijuni Bank Group Sustainable Investment and Lending Policy, we have established a policy to actively invest in and finance businesses that have a positive impact on the environment, society, and the economy. Regarding investments and financing in specific sectors with a high potential for negative environmental or social impacts, we strive to reduce or avoid such impacts by appropriately addressing them in accordance with this policy. Note that since the establishment of this policy, we have not made any new investments or financing for coal-fired power plants.

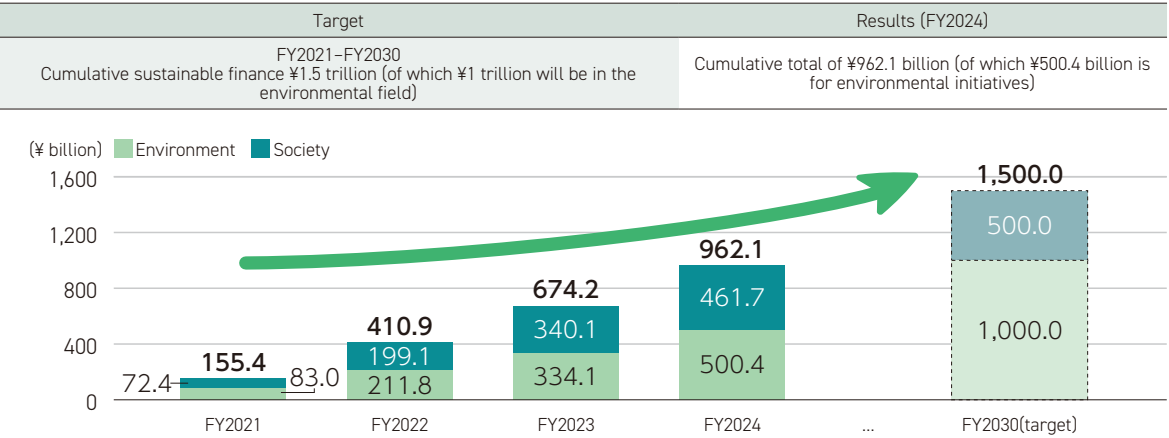


Sustainable Investment and Lending Policy (in Japanese)

Indicators and targets

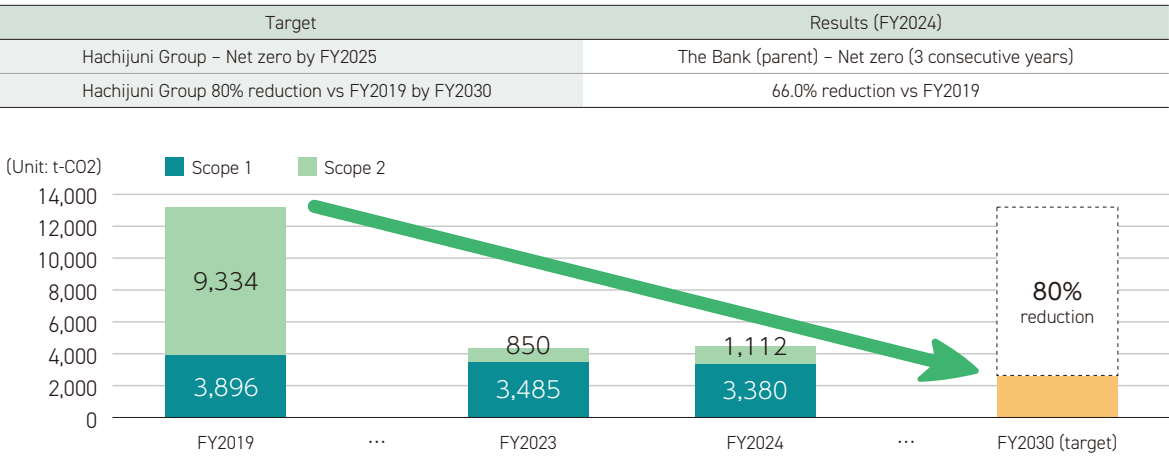
Sustainable finance

We have set targets for sustainable finance that will contribute to the resolution of environmental and social issues and the realization of a sustainable society.



Greenhouse gas (CO₂) emissions (Scope 1 and 2)

The Bank's nonconsolidated greenhouse gas (CO₂) emissions target (a medium-term management target) for fiscal 2021, of net zero by fiscal 2023, was achieved in fiscal 2022, and the target of a 60% reduction from fiscal 2013 levels by fiscal 2030 was reached in fiscal 2023. In response, in October 2024, the Bank expanded the scope of the target to cover the entire Group and revised the targets as follows.



Reduction of GHG emissions among borrowers (Scope 3, Category 15)

In order to encourage borrowers to reduce their greenhouse gas emissions, in October 2024, we established new medium-term management targets for promoting the measurement of emissions to establish a basis for reduction.

Target	Results (FY2024)
Companies with emissions data (FY2025): 450	381
Companies with emissions equivalent to 40% of Scope 3, Category 15, (as of March 31, 2024): 450	

Renewable energy promotion

In October 2024, we established a target for new renewable energy capacity (a medium-term management target) to promote the decarbonization of local communities down to the individual customer level.

Target	Results (FY2024)
FY2024–FY2030	
Sustainable finance for renewable energy generation facilities for businesses: Total amount executed: ¥90 billion	¥35.4 billion
ZEH-level and solar power generation equipment-equipped housing loans and renovation loans Total number of loans executed: 10,000	1,602

Emissions by industry of the Bank's borrowers

Industry	Emissions (unit: t-CO ₂)	Measurement coverage
Energy	Oil and gas	209,915
	Coal	—
	Electric power utilities	218,680
Transportation	Automobiles and auto parts	355,964
	Trucking services	216,946
	Rail transportation	58,665
	Marine transportation	56,522
	Passenger air transportation	19,831
	Air cargo	—
Materials and construction	Metals and mining	989,986
	Chemicals	356,319
	Construction materials	171,192
	Capital goods	1,897,489
	Real estate management and development	64,150
Agriculture, food, and forest products	Agriculture	88,779
	Beverages	56,022
	Processed foods and processed meat	682,986
	Paper and forest products	173,115
Other		2,120,326
Total	7,736,888	97.4%

*These emissions have been verified by a third party.

➡ Please refer to page 106 for calculation methods.

Data quality score

We are working to improve data quality scores by promoting the calculation and understanding of actual emissions through stronger engagement with our borrowers.

	FY2022	FY2023	FY2024
	Approximately 3.38	Approximately 2.84	Approximately 2.79
Reliability	Level	Method of calculating emissions	
High	Score 1	Emissions reported by companies	1a Third-party-certified emissions data for companies
	Score 2		1b Uncertified emissions data for companies
	Score 3	Emissions from business activities	2a Estimates based on corporate energy consumption and emission factors plus relevant process emissions
			2b Estimates based on manufacturing output and emission factors
	Score 4	Emissions from economic activities	3a Estimates based on company revenue and sector-specific revenue-linked emission factors
			3b Estimates based on company investment and loan balances and sector-specific asset-linked emission factors
Low	Score 5		3c Estimates based on company investment and loan balances, sector-specific, revenue-linked carbon intensity, and sector-specific asset turnover benchmarks

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Respect for human rights

▶ Respect for human rights

Recognizing that respect for human rights is a critical prerequisite for sustainable local communities, we have established the Hachijuni Bank Group Basic Policy on Human Rights and are implementing various related initiatives. Our observance of the human rights to which our employees are entitled is reinforced by regular Policy-based training for all employees—managers included—to ensure a workplace where everyone can work comfortably. We also strive to create an environment in which diversity is respected and people of all genders, ages, and values can maximize their abilities. In addition, the behavior of companies themselves can negatively impact human rights directly or via transactions with customers and suppliers. With this in mind, we are promoting respect for human rights in regional society by engaging in dialogue and outreach with our customers and suppliers. Thus, we are contributing to our Value Creation Process target: revitalization and qualitative enrichment of regional economies and communities.

Type of negative impact	Specific example
Direct cause	• Subjection of employees to hazardous working conditions • Discriminatory treatment in dealings with customers
Facilitation	Enforcement of unrealistic deadlines that provoke labor standards violations at subcontractors
Direct connection through business relationships	Engagement by financial companies or suppliers in business activities involving human rights violations

Hachijuni Bank Group Human

In April 2022, we established the Hachijuni Bank Group Basic Policy on Human Rights as a guideline for our efforts to respect human rights among our employees, with the aim of realizing a sustainable local community. Furthermore, to reflect a shift in awareness and attention toward human rights both domestically and internationally, we have revised the Policy in March 2025 to expand its scope beyond the Group's employees to include customers and suppliers as well. This allows us, as a socially responsible company, to advance human rights initiatives not only within the Group but also in collaboration with our customers and suppliers.

Hachijuni Bank Group Basic Policy on Human Rights (revised March 2025)

1. Scope of application (Employees of the Hachijuni Group, customers, and suppliers)

2. Respect for international human rights standards

3. Prohibition of discrimination

4. Prohibition of harassment

5. Respect for freedom of association and the right to collective bargaining

6. Reduction of excessive working hours

7. Elimination of forced labor and child labor

8. Provision of appropriate treatment

9. Education on respect for human rights

10. Engagement with customers

11. Engagement with suppliers

12. Remedies

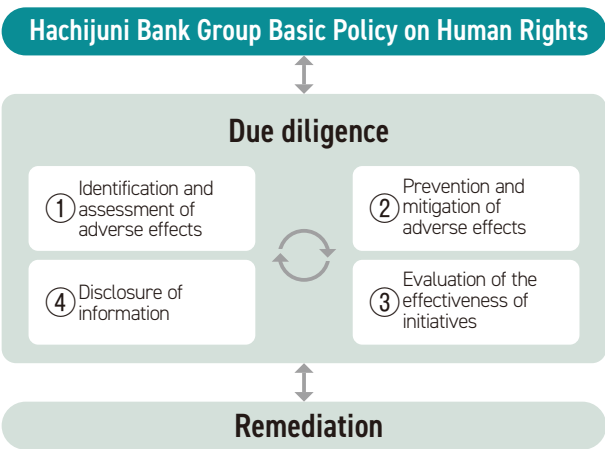
13. Management system

14. Information disclosure and dialogue

Hachijuni Bank Group Basic Policy on Human Rights (in Japanese)

Key initiatives

Based on the Hachijuni Group Human Rights Policy, we will work with our customers and suppliers to identify and assess negative impacts on human rights and take measures to prevent and mitigate them. We will also ensure due diligence regarding human rights, managing it as a process that includes evaluating our initiatives for effectiveness and disclosing information. As part of our relief efforts, we are working to establish a system to respond appropriately in cases where it becomes clear that our employees or the products and services we provide have caused or been involved in human rights violations.



Human rights of employees

To ensure a safe and comfortable work environment where employees all respect each other and discrimination and harassment do not exist, we run a variety of training programs for all employees and managers based on the Policy. In addition, we promote diversity and inclusion to encourage our employees, with their diverse strengths, to recognize and build on each other's abilities as we serve our customers and the community.

Number of participants (number of people)	
General training	3,596 people
Management training	102 people

➡ For details on the promotion of diversity and inclusion, please refer to page 69.

Collaboration with customers

Through investment and financing for customers, we have established the Hachijuni Bank Group Sustainable Investment and Lending Policy as a template for promoting sustainable local communities while striving to reduce and avoid negative effects on the environment and society. Under this policy, we neither invest in nor finance businesses that violate human rights by engaging in such practices as child labor or forced labor that are contrary to international human rights standards. We constantly labor to reduce and prevent human rights abuse. In addition, we will deepen dialogue with our customers through surveys on human rights initiatives and work with them to promote respect for human rights.

Collaboration with suppliers

In order to implement responsible procurement activities that recognize ESG considerations, we established the Hachijuni Bank Group Sustainable Procurement Policy in March 2025. This policy aims to contribute to the sustainability of the local community and mutual development of the Hachijuni Group and its suppliers. We ask our suppliers to cooperate on compliance with regulations, consideration for the environment, information management, and respect for human rights. We conduct surveys of our suppliers to understand their efforts on the human rights and ESG fronts and collaborate with them to encourage procurement practices that prioritize human rights and other considerations.

Hachijuni Group Sustainable Procurement Policy (established in March 2025)

Request for cooperation from suppliers

■ Compliance

■ Respect for human rights

■ Consideration for the environment

■ Information management

• Avoidance of human rights violations

• Prevention of discrimination and harassment

• Respect for freedom of association and collective bargaining

• Appropriate work environment and proper treatment of employees

• Hotline for employee concerns, appropriate remedial solutions

Hachijuni Bank Group Sustainable Procurement Policy (in Japanese)

Management organization

Human rights initiatives and their results are discussed at meetings of the Sustainability Committee and Sustainability Conference, which have been established within the head office, and are regularly reported to the Board of Directors for supervision and evaluation. Through ample discussion among our executives and proper supervision and evaluation by the Board of Directors, we improve and enhance our human rights efforts.

➡ For details on each deliberative body related to sustainability management, please refer to page 73.

Stakeholder engagement



We recognize that stronger stakeholder engagement drives sustainable growth and enhances corporate value. Through active communication, we will apply the valuable advice and requests we receive from everyone for use in managing the Bank.



Local communities and customers

Collaboration with local communities on decarbonization

Partnership with Nagano Prefecture to achieve zero carbon by 2050

In order to create a sustainable local community, we signed an agreement with Nagano Prefecture in November 2024 to achieve zero carbon by 2050. We promote the use of renewable energy, sustainable finance, and new financial products and solutions that contribute to decarbonization.



Agreement signing ceremony
Hachijuni Bank President Masaki Matsushita and Nagano
Prefectural Governor Shuichi Abe (November 2024)

Suwa Area Consortium to Promote Decarbonization Projects

Through collaboration with local residents, the Suwa Area Consortium to Promote Decarbonization Projects was established in April 2025 under the Ministry of the Environment's "Promotion of Regional Decarbonization Investment and Financing through Regional Consortium Formation" program. We are working with local governments and residents to advance regional decarbonization efforts.



Consortium inaugural meeting (April 2025)

Environmental conservation activities

Hachijuni Forest activities

At five locations in Nagano Prefecture, employees are performing forest maintenance activities, such as underbrush clearing and thinning (143 participants in fiscal 2024). Launched in 2009, this activity enhances the natural functions of forests, such as CO2 capture, while providing employees with a valuable opportunity to directly experience the value of natural capital and biodiversity.



Activities in forestlands around Misuzu Lake, Matsumoto, Nagano
Prefecture (July 2024)

Terrace Farm Preservation Activities

To preserve terrace farms that evoke traditional culture and create beautiful landscapes, public officials and their families farm rice at two locations in Nagano Prefecture (139 participants in fiscal 2024). The harvested rice was donated to the Children's Cafeterias operated by the NPO Hotline Shinshu.



Terrace Farm Preservation Activities in Inakura, Ueda, Nagano
Prefecture (June 2024)

Hachijuni Mori-no-Manabiya, ecologyBank82 Togakushi Forest Botanical Park

In our quest to harmonize with nature while keeping the environment in mind and advancing together with the local community, we have held the naming rights to the Mori-no-Manabiya within the Togakushi Forest Botanical Park in Nagano since 2012. It is well-loved by many as a learning hub for deepening people's understanding of the forest environment.



Togakushi Forest Museum

Forest-derived J-Credits

To promote forest management within Nagano Prefecture, we purchase J-Credits created through the Nagano Prefectural Forest J-Credit Creation Project and utilize them for carbon offsetting.

We also introduce J-Credits derived from forests in Nagano Prefecture to our customers.



Larch trees in the Koumi Prefectural Forest (administered
by Nagano Prefecture)

Social contribution activities

All Japan High School Economics Quiz Tournament "Economics Koshien" Nagano Tournament

We hold the Economics Koshien Nagano Tournament, where high school students pit their knowledge of economics and finance against each other. (In 2024, 10 teams and 20 students from high schools in Nagano Prefecture participated.)



SDGs QUEST Mirai Koshien Kanto-Chubu-Shikoku Area Tournament

High school students explore the Sustainable Development Goals (SDGs) and compete with ideas for solving social issues in the "SDGs QUEST Mirai Koshien" Kanto-Chubu-Shikoku Area Tournament, which was held for the first time in March 2025 with the Bank's sponsorship (35 teams and 121 participants from Nagano, Niigata, and Yamanashi prefectures entered).



Winners of the Hachijuni Bank Award: Students
from Yashiro High School in Nagano Prefecture
(March 2025)

Financial and Economic Education

We are working to improve financial literacy in local communities through financial and economic education.

Fiscal 2024 record of events

		Number of events	Number of participants
For students	Outreach lectures	31 sessions	2,282 participants
	Work experience placements	19 sessions	103 participants
Seminars for working adults	Financial literacy instruction	254 sessions	3,033 participants



Outreach program for local elementary schools

Career support for women in the community

We share, through seminars and workshops, knowledge and experience gained through our diversity initiatives with local governments and companies.

In fiscal 2024, we launched a project named NagaHaLo in collaboration with the Nagano Chamber of Commerce and Industry to support women's career development. The NagaHaLo project brings together women from various companies who aspire to leadership. Through joint training and cross-company mentoring, it champions a society where the women of Nagano Prefecture can play a more forward role and contribute to regional development. As the initiator of this project, the Bank is granting insights gained through its mentoring programs and other initiatives.



NagaHaLo project seminar for women in
management (April 2025)

Stakeholder engagement

Product-linked donations

Through our products, we contribute to local communities in cooperation with our customers.

Start date	Product name	Details
August 2018	Car loan (eco type)	Car loans dedicated to the purchase of eco-friendly cars. Of the average first-year loan balance, 0.1% is donated to the Nagano Association for Conserving Environment.
November 2019	Hachijuni private placement bonds supporting regional revitalization and SDGs (regional revitalization type)	The Bank donates 0.2% of the private placement bond issuance fee to schools, medical corporations, and other organizations selected by the issuing company.
April 2021	Hachinino Smile Bond (structured bond with donation scheme)	A portion of the proceeds from the bond is donated to organizations working on SDGs (in fiscal 2024, Nagano City and Nagano Children's Hospital, and others).
December 2021	SDG foreign currency deposits	A portion of the profits will be donated to organizations related to SDGs (in fiscal 2024, donations will be made to Nagano Prefecture and the Japanese Red Cross Society, among others).
July 2024	Hachijuni private placement bonds supporting regional revitalization and SDGs (decarbonization type)	The Bank donates 0.2% of the private placement bond issuance amount to Nagano Prefecture to be used for decarbonization of prefectural cultural facilities in the prefecture.

Volunteer activities

Each employee has opportunities to participate in volunteer activities such as environmental conservation activities, local events, and welfare-related activities. The bank supports its employees' efforts by establishing a special leave system to encourage volunteer activities.

Number of employee volunteers

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
4,262	※1,299	※2,650	4,580	4,450	3,477

*In fiscal 2020 and 2021, the number of participants fell as volunteer activities diminished during the COVID-19 pandemic.

Food drive

To contribute to addressing child and youth poverty, the head office spearheaded a companywide food drive, and employees donated goods collected to children's cafeterias and other organizations.

In addition, each regional sales office is implementing similar activities with the cooperation of customers, working together with the local community to solve the problem of poverty.



Cleanup activities in Tatsuno Town, Kamiina District



Food donations to Matsumoto City

Promotion of local culture

The Hachijuni Culture Foundation, a public interest incorporated foundation, is working to promote regional culture through various events, publications, and research.

In fiscal 2024 year, the foundation provided funding to 10 projects aimed at passing on traditional performing arts and local cuisine to the next generation.



Publication of the newsletter "Regional Culture"

We plan special features introducing the customs, history, and culture of local communities and contemplating the future of regional culture. These are to be published quarterly with about 10,000 copies each time.



Cultural lectures and exhibitions

In the 2024 fiscal year, we held 37 cultural lectures, 47 exhibitions, and seven lobby concerts.

Hachijuni Culture Foundation
<https://www.82bunka.or.jp/>
(in Japanese)



Shareholders and investors

To ensure sound and transparent management worthy of shareholders' and investors' trust, we disclose information in a timely and appropriate manner and engage in constructive dialogue.

(This disclosure document has been disclosed after being reviewed by the Bank, including our management team, in accordance with our Information Disclosure Policy.)



Information
Disclosure
Policy
(in Japanese)



Management of insider information

We have established internal rules to prevent insider trading and have developed appropriate information management systems.

Dialogue with shareholders and investors

The President and CEO and the finance officer are leading our efforts to expand dialogue with shareholders and investors. In addition to the information disclosure required by laws and regulations, we hold regular briefings for shareholders and investors.

Internal framework for promoting constructive dialogue

The Planning and Coordination Department is responsible for investor relations and, as the point of contact for dialogue, it cooperates with connected departments to explain matters to shareholders and investors.

Feedback from shareholders and investors

Opinions obtained through constructive dialogue with shareholders and investors are reported to management and utilized in management decisions.

Activity outcome

Shareholders' meeting	Financial results briefing (for analysts and institutional investors)	Number of individual meetings with analysts and institutional investors	Briefings for individual investors
Number of participants: 161	Number of briefings: 2 Number of participants: 172	Number of companies: 36	Number of briefings: 4 Number of participants: approx. 545(including online attendees)

Key representatives' dialog with shareholders and investors and the results of their activities

Representatives	Activities
Representative directors	Shareholders' meeting, financial results briefing (2 times), briefing for individual investors (3 times)
Finance officers	Annual General Meeting, SR (15 times), briefing for individual investors (1 time)
Planning Department	SR (15 times), individual meetings (21 times)

Number of dialogues with analysts and institutional investors

FY2022	FY2023	FY2024
23 times	27 times	36 times

Opinions from shareholders and investors and responses

Key opinions	Responses
The target for reducing strategic shareholdings should be revised.	Change the reduction benchmark from book value to market value and set it at less than 20% of net assets by March 2030.
Disclose data on the sale of strategic shareholdings, etc.	Disclose the amount of the sale in the information meeting materials and the notice of convocation.
Show a commitment to act appropriately even after the transition from strategic to pure investment.	Disclose voting rights exercise criteria for pure investment shares (excerpt).
The projected timing for achieving ROE that exceeds the cost of capital should be clarified.	Under review in conjunction with the next business plan scheduled to kick off in fiscal 2026.



Employees

We are strengthening investment in human capital—the source of value creation—and promoting the growth and fulfillment of each employee by supporting their independent career development efforts and creating a workplace environment where diverse teams can maximize their strengths.

Employee engagement surveys

We regularly conduct engagement surveys of our entire workforce, including part-time workers, with the aim of ensuring a work environment in which employees are fulfilled in their work and can thrive.

Supporting work-life balance

Amid Japan's aging population and declining birthrate, we are helping employees balance work with childcare, elder care, and infertility treatments ensure our employees can maximize their abilities regardless of their circumstances. In fiscal 2024, we received the Platinum Kurumin Plus certification from the Ministry of Health, Labour, and Welfare.

Corporate governance

Basic stance

Under the guidance of our philosophy of maintaining sound management practices and contributing to the development of local communities, we have published our Corporate Governance Principles to govern our corporate affairs and maintain the Hachijuni Group as a going concern, enhance corporate value, and fulfill our societal responsibilities.

The Corporate Governance Principles define our basic stance toward each class of stakeholder—customers, shareholders, the local community, and employees—as well as our core position on corporate governance, compliance with laws and regulations, corporate ethics, and information disclosure.

Additionally, to ensure that business is properly conducted within the Group comprising the Bank and its subsidiaries and is appropriately managed, we have established a Basic Policy on the Development of Internal Control Systems (Systems to Ensure Proper Operations) to establish and appropriately operate the necessary systems.



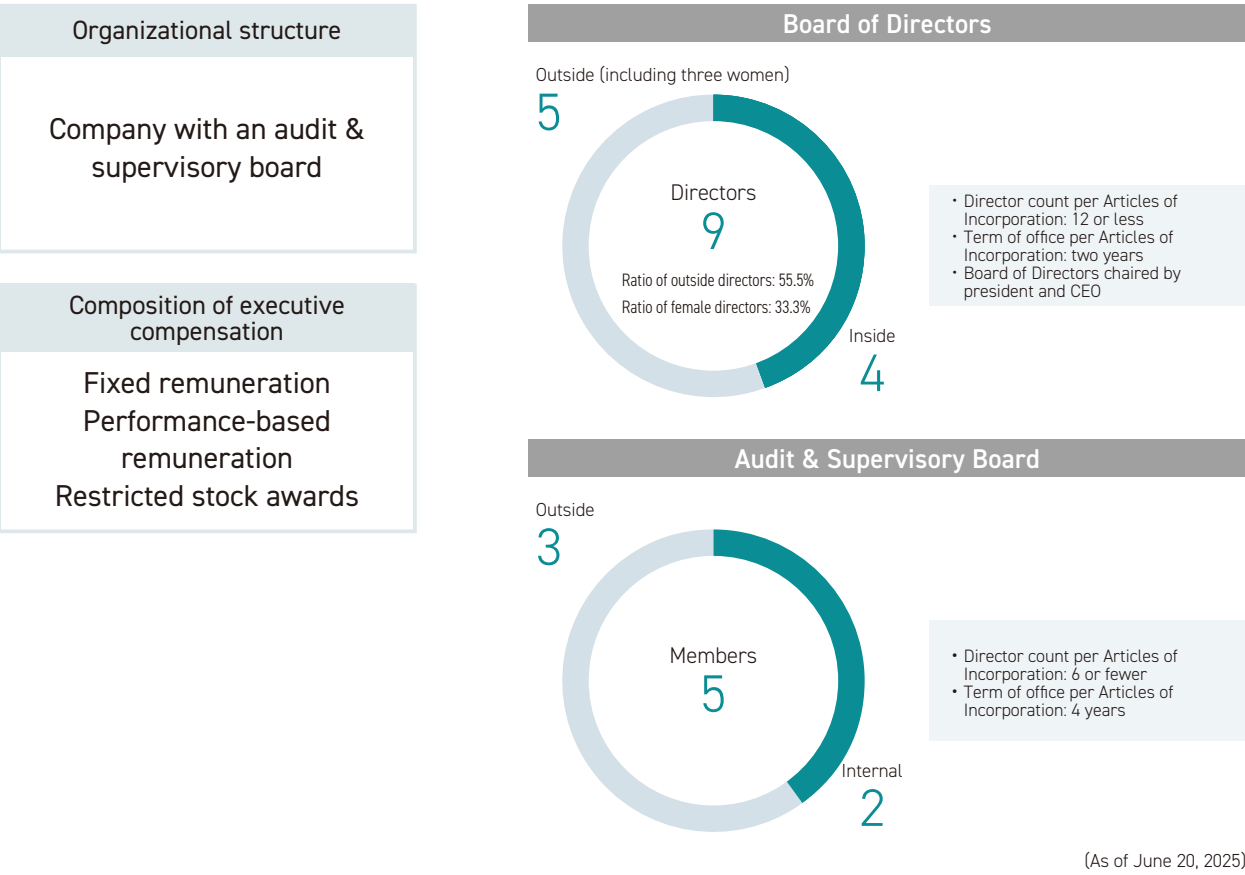
Corporate Governance Principles
(in Japanese)



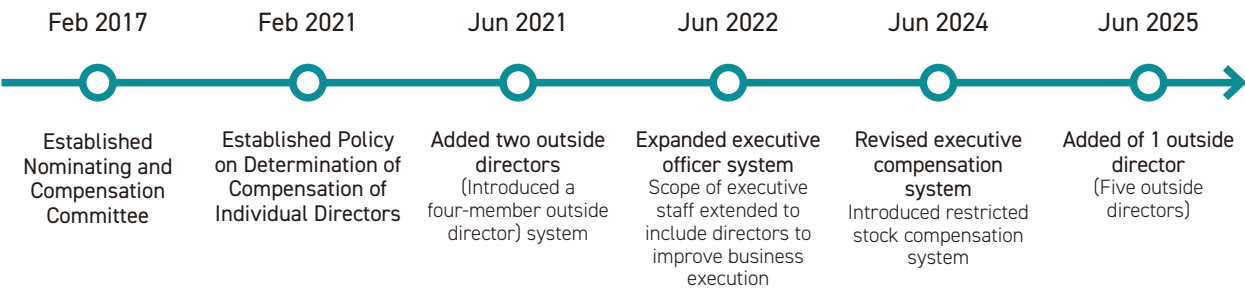
Basic Policy on the Development of Internal
Control Systems
(Systems to Ensure Proper Operations)
(in Japanese)



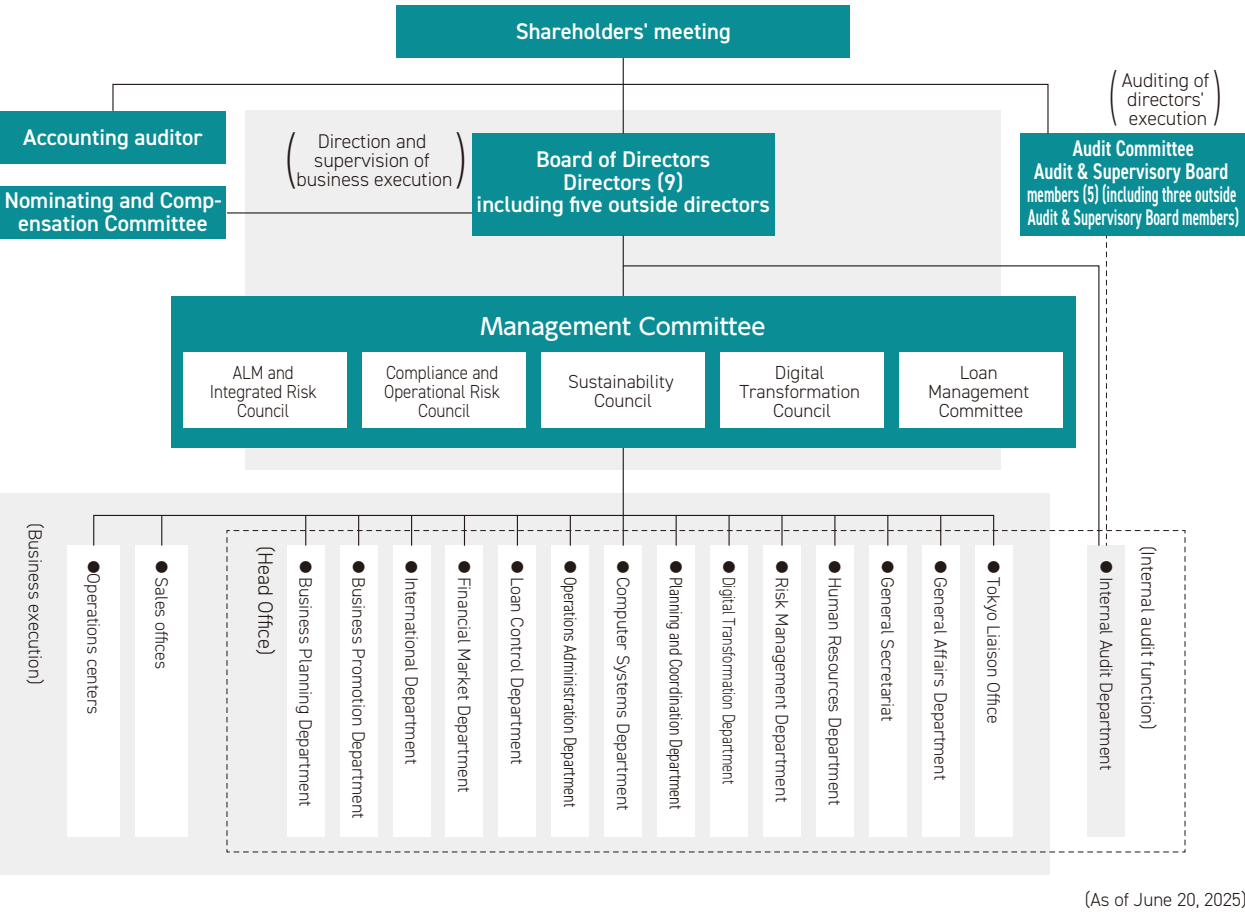
System overview



Key corporate governance improvement initiatives



Corporate governance system



(As of June 20, 2025)

Corporate governance

Board of Directors meetings

(Held **14 times** in FY2024)

Meetings are held at least once a month, in principle. In addition to practical business discussions, the board is tasked with supervising business execution and ensuring the maintenance of appropriate procedures for execution.

Management Committee meetings

(Held **46 times** in FY2024)

Management meetings are held to direct and supervise day-to-day business operations. In principle, these meetings are held weekly to discuss important management issues and determine appropriate actions, which are subsequently submitted for approval by the Board of Directors. Depending on the nature of the issue discussed, the matter may be brought before the ALM and Integrated Risk Council, the Compliance and Operational Risk Council, the Sustainability Council, the Loan Management Committee, or the Digital Transformation Council.

Audit & Supervisory Board meetings

(Held **14 times** in FY2024)

The Audit & Supervisory Board meets once a month in principle. Each auditor independently audits, in collaboration with accounting auditors and the internal audit department, the execution of responsibilities by directors.

Nominating and Compensation Committee meetings

(Held **6 times** in FY2024)

As an advisory body to the Board of Directors, the Committee deliberates on the appointment and dismissal of directors and Audit & Supervisory Board members, their compensation, and succession planning. To ensure independence, the majority of the Committee's members and its chair are independent outside directors.

Internal Audit Department

The Audit Department, which directs the internal audit function, consists of approximately 30 employees and reports directly to the Board of Directors. It carries out internal audits based on internal audit policy resolved by the Board of Directors each fiscal year.

Accounting Auditor

We maintain an audit agreement with Deloitte Touche Tohmatsu LLC who is responsible for our accounting audits.

Board of Directors action items

At Board of Directors meetings held during 2024, the following major agenda items were discussed.

- Resolutions**

Establishment of a formal Value Creation Process, revision of the Bank's basic policy and holding criteria for strategic shareholdings, conclusion of a comprehensive business alliance agreement with Shizuoka Bank and Yamanashi Chuo Bank, updating of share buyback guidelines, and the formulation of risk management policies, etc.
- Reported items**

Efforts to improve PBR, progress of the Nagano Bank management integration, progress with the strategic review of projects under review for the post-merger Bank, implementation status of the short-term management plan, status of compliance and anti-money laundering programs, measures supporting a customer-first operational approach, matters relevant to evaluating the effectiveness of the Board of Directors, etc.

Evaluating the effectiveness of the Board of Directors

Every year, we analyze and evaluate the effectiveness of the Board of Directors based on self-assessments by each director and Audit & Supervisory Board member, taking into account the Board's size, composition, operational methodology, status of deliberations, support systems, and other matters deemed critical to the Board's ability to fulfill its roles and responsibilities. Efforts were made to appropriately share information regarding any issues identified.



In fiscal 2024, we implemented the following initiatives to address the issues identified in the previous year's evaluation and analysis: enhancing discussions on medium-to-long-term management strategies and the need for improvements to ensure the efficient operation of the Board of Directors.

Main Initiatives

(1) Enhancing discussions on medium-to-long-term management strategies

We increased the quality of dialog regarding management strategies aimed at reducing strategic shareholdings and improving PBR. In so doing, we covered proposals for the merger with Nagano Bank in January 2026 and the Tokyo Stock Exchange's request for measures to focus management's attention on capital costs and stock prices.

(2) The Need for improvements to ensure the efficient operation of the Board of Directors

The Bank modified the Board's operating methodology and criteria for agenda items and, to enhance the quality of discussion, continued to provide outside directors with access to information via briefings, site visits, and meetings to exchange opinions with employees.

As in the past, directors and Audit & Supervisory Board members engaged in self-evaluations based on a survey measuring the Board's effectiveness. Results were reviewed at the Board meeting of February 2025. Additionally, outside directors were interviewed to gather opinions and suggestions for improving the effectiveness of the Board of Directors. These efforts concluded that the Board of Directors was functioning effectively overall but also recognized the need for improvement in regard to efficient meeting procedures, effective document preparation, and discussion-enhancing pre-meeting study sessions and briefings. Based on these results, we plan to take measures to enhance the effectiveness of the Board of Directors.

Support system for outside directors

Support for outside directors is provided by the Planning and Coordination Department. Support for outside members of the Audit & Supervisory Board is provided by a dedicated assistant assigned to the Audit Committee Secretariat. To help outside directors to understand matters specific to banking operations and the management of a financial institution and to better comprehend matters to be deliberated on at Board meetings, we hold operational briefings, conduct tours of the bank, and lead discussions with employees as needed.



Outside directors exchanging opinions with employees on the vision for the new Bank

Director compensation

Directors

The Bank has adopted a policy for determining individual director compensation that was resolved by the Board of Directors. The policy is based on consultations with and recommendations from the Nominating and Compensation Committee, an advisory body to the Board of Directors that consists of three or more directors, including independent outside directors. The content of this policy is as follows.

1. Basic policy
- Compensation of the Bank's directors shall be structured to incentivize them to manage the Bank with a strong motivation to improve business performance and corporate value and to adopt a shareholder-oriented mindset. The basic policy is to set the compensation for each director at an appropriate level, taking into account the responsibilities and achievements of each individual. Specifically, compensation shall consist of a fixed salary, a performance-based variable award, and noncash compensation. Note that for outside directors, only a fixed salary will be paid in keeping with the nature of their role.



Corporate governance

2. Rules determining the type and calculation method for each class of compensation

Compensation type		Calculation method for remuneration amount	Remuneration limit (aggregate)	Payment timing
Fixed remuneration	Cash	Determined based on rank, responsibilities, years of service, and broad-based consideration of the Bank's performance and industry standards	Up to ¥25 million per month	Monthly
Performance-based compensation (short-term performance incentive)	Cash	Calculated using consolidated net income attributable to owners of the parent as a key performance indicator	Zero to ¥90 million depending on consolidated net income	Fixed annual schedule
Noncash compensation (restricted stock)	Stock	Calculated based on standards and responsibilities determined by rank	Up to ¥100 million per year (up to 150,000 shares)	Fixed annual schedule

3. The determination of individual compensation amounts and other details shall be based on a resolution of the Board of Directors, and the President shall be delegated the authority to determine the specific details, which shall include the fixed salary amounts and performance-based remuneration amounts for each director, as well as the number of shares subject to transfer restrictions. The Nominating and Compensation Committee shall review the determinants of directors' compensation and advise and present recommendations to the Board of Directors. The President shall determine the amount of fixed salary, performance-based compensation, and restricted stock allocations for each director based on such advice and recommendations.

Audit & Supervisory Board members

Compensation for Audit & Supervisory Board members shall consist solely of a fixed salary with a monthly limit of ¥8 million, as resolved by the shareholders' meeting. Allocation of this sum among individual members is entrusted to the Audit Committee.

Outside directors: Rationale for appointment

Name	Rationale	Board meeting attendance (2024)
Kayo Tashita	Ms. Tashita was appointed as an outside director with the expectation that she will further enhance management oversight based on her advanced legal and risk management knowledge as a lawyer and her experience as a non-executive director of Yamabiko Services Co., Ltd., which operates a debt collection business.	11/14
Miyako Hamano	Ms. Hamano is the first female executive vice president of the Japan External Trade Organization (JETRO), an independent administrative agency. She offers a wealth of experience and broad knowledge based on many years of supporting companies' overseas market development and regional revitalization. She also brings experience as an outside director of an operating company. We have appointed her as outside director to further enhance management oversight.	14th/14th
Eiji Kanzawa	As the representative director of Kissei Comtec Co., Ltd., Mr. Kanzawa brings extensive expertise in digitalization. Based on his experience as a corporate executive and his advanced insights, we expect him to provide diverse perspectives and opinions. We have, therefore, appointed him as an outside director.	14/14
Takayuki Kanai	Mr. Kanai offers an extensive range of knowledge, having served as an executive officer at Aozora Bank, Ltd., and as president and COO of Nishimoto Wismettac Holdings Co., Ltd. Based on his experience as a company executive and his advanced insight, we expect him to provide diverse perspectives, and we have, accordingly, appointed him as an outside director.	14/14
Maiko Onoda	Ms. Onoda offers deep experience in the entertainment industry and specialized knowledge as a researcher in preventive medicine and robotics. She is highly regarded for her social contributions, particularly in the development of the robot "Loco-Pyon," which helps the elderly maintain their health. Based on her experience as a company executive and her advanced insight, we have appointed her as an outside director in the expectation that she will provide diverse perspectives.	—

Skills matrix for directors and Audit & Supervisory Board members

The Bank believes that for the Board of Directors to effectively fulfill its role and responsibilities, it must contain a certain number of members from inside the organization who are familiar with the Bank's operations and issues while also ensuring a diverse range of knowledge, experience, and abilities among its membership. From this perspective, the Bank has established a basic policy of appointing personnel with diverse knowledge and backgrounds as directors and auditors.

The skills matrix for directors and Audit & Supervisory Board members is as follows.

Note: This matrix does not represent all of the knowledge and experience possessed by each individual but, rather, describes three areas in which particular expertise is expected to be demonstrated based on experience and other factors.

Name	Position	Areas in which particular expertise is expected							
		Corporate/organizational management	Global business	Financial markets	Sales strategy / corporate support	Legal affairs / risk management	DX/IT	HR / diversity	Community, environment
Masaki Matsushita	President & Representative Director	●			●	●			
Shohei Hidai	Vice President & Representative Director				●	●	●		
Makoto Nakamura	Director		●	●	●				
Hitoshi Nishizawa	Director	●		●			●		
Kayo Tashita	Outside Director	●				●		●	
Miyako Hamano	Outside Director	●	●					●	
Eiji Kanzawa	Outside Director	●					●		●
Takayuki Kanai	Outside Director	●	●	●					
Maiko Onoda	Outside Director						●	●	●
Chishu Minemura	Full-time Audit & Supervisory Board Member		●		●	●			
Akihiro Kasahara	Full-time Audit & Supervisory Board Member				●	●		●	
Kiyohito Yamasawa	Audit & Supervisory Board Member	●					●		●
Takayuki Tanaka	Audit & Supervisory Board Member		●	●					●
Hiroshi Hori	Audit & Supervisory Board Member	●		●	●				

Core knowledge and experience required in each skill domain

Corporate/organizational management	• Management of companies and organizations • Management strategies with a companywide, medium-to-long-term perspective	Legal affairs / risk management	• Expert knowledge of the legal and regulatory environment • Corporate risk management
Global business	• Management of overseas offices and business divisions related to international finance and trade • Global strategy planning	DX/IT	• Advanced knowledge of IT, digital transformation, and science and engineering • Systems planning, operation, and management
Financial markets	• Broad knowledge of financial markets, securities investment, etc. • Deep awareness of trends in the financial industry and financial administration	HR / diversity	• HR management, staff development, compensation and benefits, welfare, and other general HR matters • Promotion of diversity and inclusion
Sales strategy / corporate support	• Sales planning, marketing, new business development • Corporate screening, business matching, business revitalization, business succession and M&A	Community / environment	• Knowledge of local community history, culture, and economy • Policy expertise related to environmental issues and management

Compliance with laws and regulations, and customer protection structure

Compliance initiatives

The Bank ranks establishing strong compliance awareness as a top management priority and aims to ensure sound and transparent management practices in accordance with our Basic Compliance Policy established by the Board of Directors. The Compliance Manual has been approved by the Board of Directors and consists of two sections: a general explanation of the Bank's basic compliance policy and system, and specific approaches and internal procedures for particular situations. All employees are required to read and understand the Compliance Manual to ensure that it forms the basis of their daily decisions and actions.



Basic Compliance Policy
(in Japanese)



System

We have established a Compliance and Operational Risk Council as a special-purpose unit of the Management Committee to ensure thorough compliance through discussion of the development and improvement of our compliance regime.

Combating organized crime

We comply with the Basic Policy on Organized Crime Groups formulated by the Board of Directors to maintain trust in the Bank and ensure the appropriateness and soundness of our business operations. We are also promoting the same initiatives at our group companies.



Basic Policy on Organized Crime Groups
(in Japanese)



Initiatives for customer protection

We comply with the Bank's Policy on Protecting Customers, Declaration on Personal Information Protection, and Policy on Managing Conflicts of Interest, all of which were established by the Board of Directors. The Bank has established a Compliance and Operational Risk Council as a special purpose unit of the Management Committee to ensure thorough customer protection through discussions on the development and improvement of customer protection schemes. In particular, for products such as investment trusts, foreign currency deposits, and individual annuities that involve risks such as loss of principal, we have identified product features that customers must comprehend and are committed to explaining them in an easily understood way.

Handling of customer complaints, consultations, and requests

We take customer complaints, consultations, and requests seriously and work to keep unfortunate incidents from recurring and make improvements. We compile information on these complaints, share it among our staff, and implement employee training and education to ensure we provide satisfying financial services to our customers. In addition, depending on the customer's wishes, we have introduced alternative dispute resolution system (Financial ADR System) involving a neutral and impartial third party to resolve conflict out of court and are working to resolve complaints and disputes through this system.

Designated banking dispute resolution organizations contracted by the Bank

Contact: Japan Bankers Association, Consultation Office

Contact: Trust Companies Association of Japan, Trust Consultation Center

Tel: 0570-017109 or 03-5252-3772

Tel: 0120-817335 or +81-3-6206-3988
(Japanese language only)

Prevention of financial crimes

Prevention of money laundering

The risks of money laundering and terrorist financing are increasing as financial transactions become more complex and criminal strategies gain sophistication. The Bank is committed to preventing such risks. In addition to requesting information from new customers during account openings and other initial transactions, we are increasingly asking existing customers to provide regular confirmation of customer information and transaction purposes. Furthermore, depending on the nature and circumstances of transactions such as overseas transfers, we may request confirmation of the purpose of the transaction and the submission of relevant documents.



Basic Policy on Measures against Money Laundering and Terrorist
Financing (in Japanese)



Prevention of unauthorized internet banking transactions

Tokens

A token is a device used to authenticate users during important transactions, such as transfers and payment of fees, thereby preventing unauthorized transactions. We offer card-style physical tokens for corporate and individual customers, and smartphone app tokens for individual customers.

One-time passcode

A temporary rotating passcode is displayed on the token that prevents unauthorized transactions due to password leakage.

Transaction authentication

Transactions are executed after confirming the transaction details, such as the payee and amount, displayed on the smartphone app-type token. This prevents unauthorized transactions caused by third parties or computer viruses altering transaction details.

Implementation of certain transaction restrictions

To protect our customers' assets, we have implemented the following measures.

- Restrictions on transfers and fee payments in response to fraudulent transactions
- Requests for additional authentication or transaction restrictions in cases where fraudulent transactions are suspected

Specialized antivirus software

We offer Rapport, a free antivirus program designed specifically for internet banking, that prevents unauthorized transactions caused by computer viruses.

Preventing transaction fraud

The Bank is implementing various measures to protect customers' assets from transaction fraud.

Endorsement of the Joint Declaration to Eliminate Bank Transfer Fraud

The Nagano Prefectural Police and financial institutions headquartered in Nagano Prefecture have issued a Joint Declaration to Eliminate Bank Transfer Fraud to protect customers' assets from this class of crime. The Bank endorses this declaration.

Partial restrictions on ATM transactions

We have implemented partial restrictions on certain ATM transactions for elderly customers, including transfers and cash payments.

ATM safety alerts

When customers transfer funds at an ATM, we display safety alerts onscreen and provide audible notifications.

Counter service

When elderly customers request large transfers or cash withdrawals, we work to prevent fraud by asking them about the purpose of the transaction and checking relevant documentation. We take various measures against financial crime and ensure that our customers can transact with peace of mind.

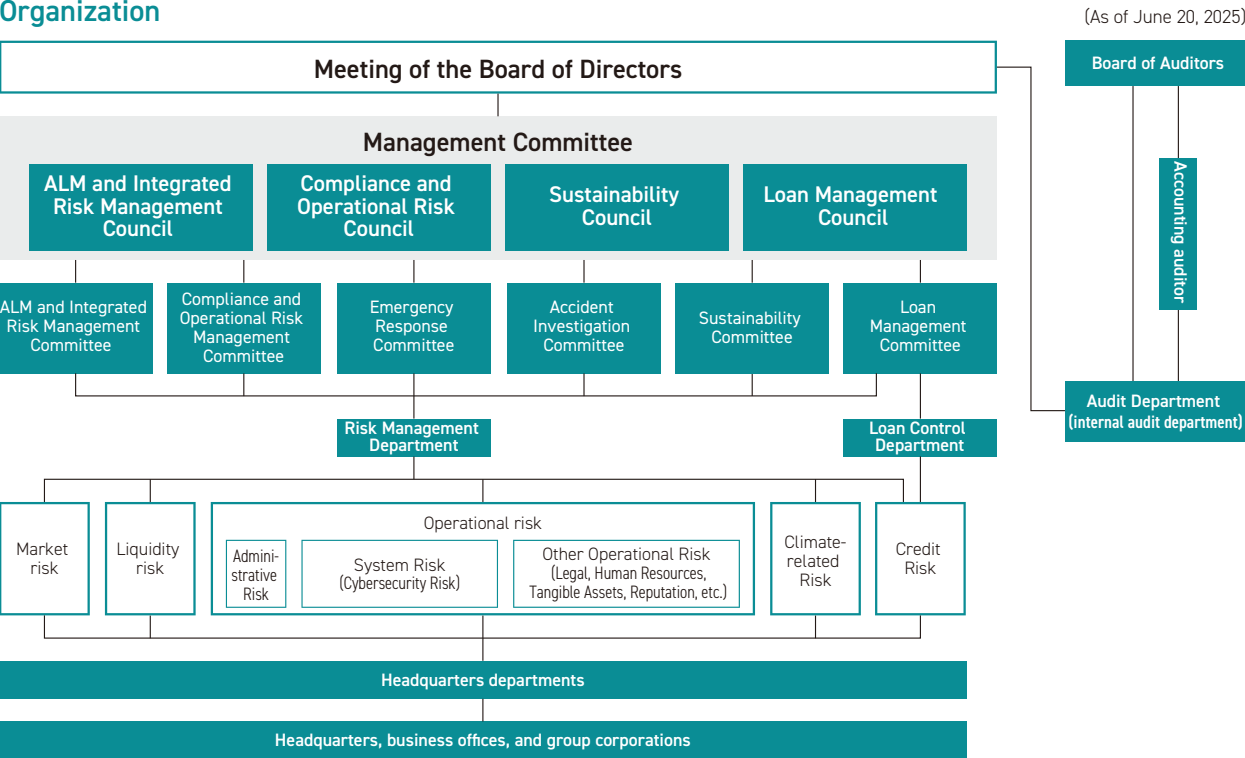
Risk management system

Basic stance

The Management Committee has established a Basic Policy on Integrated Risk Management with the aim of ensuring the Bank's sound management and proper operation. The Bank has identified the following major classes of risk to be managed: market risk, liquidity risk, operational risk, climate risk, and credit risk. In addition, an ALM and Integrated Risk Management Council has been established as a special purpose unit of the Management Committee. Specifically, the Council accurately assesses the Bank's market risks based on interest rate and economic forecasts, focusing on such factors as interest rates, prices, and forex. The Council quantitatively assesses credit risk and discusses appropriate mitigation strategies. We have also established a Compliance and Operational Risk Council and a Sustainability Council to ensure that our risk control regime is appropriate for our strength as a business and that earnings and management resources are allocated in line with the risk situation.

ALM and Integrated Risk Management Council	Compliance and Operational Risk Council	Sustainability Council	Loan Management Committee
• Market risk • Liquidity risk	• Operational risk	• Climate risk	• Credit risk

Organization



Business continuity system

Given the public nature of banking, the Bank has established a business continuity plan (BCP) to ensure the continuation or prompt restoration of deposit withdrawals, fund settlements, and other important services in the event of a natural disaster such as an earthquake or storm or during a financial crisis. To enhance the business continuity plan, the Bank systematically implements improvement measures based on risk assessments for each fiscal year and holds regular emergency response drills to improve the effectiveness of the plan.

Market risk management

To appropriately balance risk and return and to adjust risk-taking to an appropriate level, the Bank updates its market risk management policies every six months, taking into account the market environment and the Bank's financial position. Market risk management policy determines the maximum risk that can be assumed for each transaction type and business partner and sets loss limits. Business units conducting transactions operate within these limits, report each day to the responsible executives on risks status, and take prompt and appropriate measures. In managing its operations, the Bank employs a system of checks and balances that clearly separates the execution transactions by the front office, the administrative back-office functions such as transaction processing, and risk control and management department activities handled by the middle office.

Liquidity risk management

The Bank has established liquidity risk management policies for each fiscal year to mitigate exposure to risks by identifying, analyzing, and evaluating factors that affect liquidity risk, including changes in the business environment. Liquidity risk management policy establishes limits used in controlling liquidity risk, and the Risk Management Department, which is responsible for overall liquidity risk management, is active daily in ensuring that future market funding obligations do not become excessive. We maintain a balance of assets that can be quickly converted to cash to ensure uninterrupted cash flow even under unexpected circumstances such as sudden financial market shifts.

Operational risk management

The Bank has established a Basic Policy on Operational Risk Management and controls risk by classifying it into administrative, system, and other operational categories (e.g., legal, personal, tangible asset, reputation, etc.). Accurate identification and evaluation of operational risks to be addressed is assured by regular risk assessments every fiscal year, which enable head office business functions to implement measures to control operational risk. The Risk Management Department, which is responsible for the overall handling of operational risk, oversees the risk management status of each business unit to ensure the effectiveness of risk management and internal checks and balances.

Climate risk management

The Bank ranks climate risk as a top priority and manages the impact of climate change on its customers within its credit risk framework. The Bank has laid out policies for sectors that are likely to have a negative impact on climate change in its Hachijuni Bank Group Sustainable Investment and Lending Policy.

Credit Risk Management

The Bank operates a system to identify and manage credit risk in Japan, overseas, and across the entire Group in order to maintain and improve the soundness of assets with exposure to credit risk. The Credit Risk Management Group within the Risk Management Department is specifically responsible for planning and designing an internal rating system for borrowers and other concerns, monitoring its operation, and managing the Bank's portfolio with a focus on avoiding excessive credit concentration. In addition, the Loan Planning and Assessment Group within the Loan Control Department is responsible for running the internal rating system, while the Screening Group and other relevant departments are responsible for appropriate credit management at the individual client level. Furthermore, the Internal Audit Department audits the operations of each department to ensure the suitability of credit risk management.

Debtor Rating System	Credit portfolio management	Individual credit management
Based on data such as the financial condition and cash flow, we classify credit counterparties into 13 rating categories and review them annually.	We avert excessive risk by quantifying and understanding the concentration of credit exposure among large customers and specific industries.	We have separated the credit screening and sales promotion functions to ensure that mutual checks and balances function properly. In addition, we avoid the deterioration of receivables by thoroughly managing the creditworthiness of our loan customers.

Risk management system

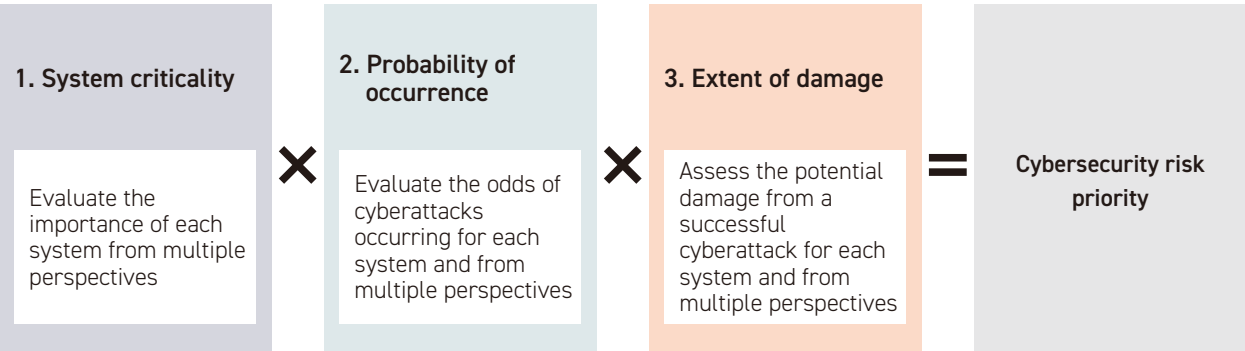
Cybersecurity risk management

In order to respond effectively to increasingly sophisticated and ingenious cyberattacks, the Bank has established standards for cybersecurity risk management and cybersecurity risk countermeasures and implements such multilayered defenses as prevention of unauthorized access to systems and virus detection.

Initiatives for assessing cybersecurity risk and enhancing protection

Guided by security standards maintained by the Financial Information Systems Center (FISC), we conduct risk assessments of all new systems developed by the Bank along with annual inspections of existing systems. Measures are then taken to fortify our security apparatus based on the results of these assessments. Specifically, we classify systems by criticality, assess the probability of cyberattacks occurring and the impact should they transpire, determine the extent of the cybersecurity risks, identify the status of technical countermeasures, evaluate residual risks, and consider the need for additional countermeasures.

Cybersecurity risk assessment framework



In addition, we engage external security vendors (white hat hackers) to conduct threat assessments and vulnerability evaluations (TLPT*) to identify issues and strengthen countermeasures.
(*Threat-Led Penetration Testing)

Participation in cybersecurity mutual assistance activities in the region

We will contribute to cybersecurity initiatives in Nagano Prefecture by participating in the Nagano Prefecture Anti-Cyberterrorism Council, which aims to raise awareness of threats, avert cyberterrorism, and prevent the spread of damage by sharing information among operators of mutually important infrastructure. In addition, we are a member of Financial ISAC Japan, an organization of approximately 450 financial institutions that contributes to improving cybersecurity throughout the financial industry. We promote activities to ensure the ongoing safety and security of financial services customers by sharing and analyzing cybersecurity information and collaborating on activities to improve security in the industry.

Development of data infrastructure and the use of AI

In March 2019, we launched a data warehouse (DWH) that serves as the hub of our data analysis effort. The DWH centrally manages all the Bank's long-term data and continuously amasses accurate data. By utilizing the ample data stored in the DWH, we have prepared a system that is ready to make rapid and efficient use of AI. Moreover, we have created a secure environment where employees can safely use AI, and we are constantly raising operational efficiency.

AI governance

Given the ethical considerations involved in the use of AI, in May 2024, we wrote and distributed the Hachijuni Group's own AI Policy based on domestic and international regulatory trends and our values. Based on this overarching framework, the Bank thoroughly implements policies for each theme related to the use of AI. In addition, we upgrade our operational framework on an ongoing basis by adding new items for confirmation that are related to ethical considerations specific to generative AI.

AI Policy

1. Sustainable regional communities

While ensuring the primacy of human dignity and diversity, the Group actively employs AI to enhance corporate value and the well-being of our customers and contribute to the realization of sustainable regional communities.

2. Fairness

The Group is mindful AI can produce biased results and takes care that no individual or group is unfairly discriminated against.

3. Transparency and accountability

The Group will ensure transparency in AI decision-making processes and responsibly explain the impact of AI adoption.

4. Safety, privacy, and security

The Group will duly consider the preservation of stakeholders' assets and privacy and strive to ensure AI security.

5. Human resource development

The Group will continue to develop staff with the knowledge and ethics needed to correctly understand AI and apply it appropriately for society's benefit.

Directors and Audit & Supervisory Board Members

Director



Masaki Matsushita Shohei Hidai Makoto Nakamura Hitoshi Nishizawa Kayo Tashita Miyako Hamano Eiji Kanzawa

Director, President (Representative Director) / President and Chief Executive Officer

1 Masaki Matsushita

April 1982: Joined The Hachijuni Bank
February 2004: Nagano Minami Branch Manager
February 2006: Sakaki Branch Manager
June 2008: Planning and Coordination Department Manager
June 2011: Executive Officer and Suwa Area/Branch Manager
June 2013: Managing Executive Officer and Tokyo Sales Department Manager
June 2014: Managing Executive Officer and Head Office Sales Department Manager
June 2015: Managing Director and Matsumoto Sales Department Manager
June 2017: Vice President
June 2021: President
June 2022: President and Executive President (current position)

Director*

6 Miyako Hamano

April 1979: Joined Japan External Trade Organization (JETRO)
July 2013: Executive Vice President, JETRO
October 2015: Advisor, JETRO
April 2016: Councilor, JETRO (current position)
Policy Advisor, Secretariat of Intellectual Property Strategy Headquarters, the Cabinet Office (left position September 2019)
Member of the board of trustees, Shinshu University (current position)
June 2020: Outside Director, Glosel Co., Ltd. (current position)
June 2021: Outside Director of The Hachijuni Bank (current position)
June 2025: Outside Director, SAKSA Co.

Director, Deputy President (Representative Director) / Deputy President and Executive Officer

2 Shohei Hidai

April 1988: Joined The Hachijuni Bank
March 2010: Risk Management Department Deputy Manager
February 2013: Tokyo Liaison Office Manager
June 2015: Minami Matsumoto Area/Branch Manager
June 2017: Planning and Coordination Department Manager
June 2018: Executive Officer and Planning and Coordination Department Manager
June 2019: Managing Executive Officer and Head Office Sales Department Manager
June 2021: Managing Director
June 2022: Senior Managing Director and Senior Managing Executive Officer
June 2023: Vice President and Executive Vice President (current position)

Director*

7 Eiji Kanzawa

April 1980: Joined The Hachijuni Bank (resigned January 1986)
March 1986: Joined Kissei Comtec Co., Ltd.
May 1988: Director, Kissei Comtec Co., Ltd.
May 1990: Managing Director, Kissei Comtec Co., Ltd.
May 1992: Executive Vice President, Kissei Comtec Co., Ltd.
May 1994: President and CEO, Kissei Comtec Co., Ltd.
May 2018: Chairman, Nagano Prefecture Information Service Association (current position)
June 2018: President, Nagano Techno Foundation (left position March 2022)
June 2021: Outside Director of The Hachijuni Bank (current position)
June 2022: Chairman, Representative Director and CEO, Kissei Comtec Co., Ltd. (current position)
Representative Director, Chairman and Chief Executive Officer (CEO) (current position)

Director/Senior Managing Executive Officer

3 Makoto Nakamura

April 1990: Joined The Hachijuni Bank
June 2007: Planning and Coordination Department Deputy Manager
June 2009: Hong Kong Branch Manager
June 2013: Ueda Higashi Branch Manager
June 2016: Omachi Branch Manager
June 2018: Financial Market Department Manager
June 2019: Executive Officer and Financial Market Department Manager
June 2020: Executive Officer and Operations Administration Department Manager
June 2021: Managing Executive Officer and Head Office Sales Department Manager
June 2023: Director and Managing Executive Officer (current position)
June 2025: Director, Senior Managing Executive Officer (current position)
Director, Nagano Bank, Ltd. (current position)

Director*

8 Takayuki Kanai

April 1982: Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
October 2008: Executive Officer, The Nippon Credit Bank, Ltd. (left position September 2010)
October 2010: Joined Nishimoto Trading Co., Ltd.; Senior Managing Director
March 2012: President, Nishimoto Trading Co., Ltd. (left position January 2019)
March 2017: Nishimoto Wisnietac Holdings Co., Ltd. President & COO, (left position March 2020)
June 2020: Outside Director, Kameda Seika Co., Ltd. (current position)
June 2022: Outside Director of The Hachijuni Bank (current position)



Takayuki Kanai Maiko Onoda

Director

4 Hitoshi Nishizawa

April 1985: Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
July 2013: Assistant General Manager, Internal Audit Department, Mizuho Bank, Ltd.
April 2014: Deputy General Manager, Securities & International Department, The Nagano Bank, Ltd.
June 2015: Director and General Manager, Securities & International Department, The Nagano Bank, Ltd.
July 2016: Managing Director and General Manager, Securities & International Department, The Nagano Bank, Ltd.
June 2017: Managing Director, The Nagano Bank, Ltd.
June 2019: President and Representative Director, The Nagano Bank, Ltd. current position
June 2023: Director of The Hachijuni Bank (current position)

Director*

9 Maiko Onoda

February 1983: Started entertainment career
June 2017: Light Staff Co., Ltd. Representative Director (current position)
January 2019: ExaWizards Inc. Fellow (current position)
October 2021: My Company K.K. Representative Director (current position)
December 2021: Tasuki Co., Ltd. Outside Director (to resign in March 2024)
May 2022: Outside Director, Riso Kyoiku Co., Ltd. (current position)
April 2024: Outside Director, Tasuki Holdings Co., Ltd. (current position)
April 2025: Graduate Student, Graduate School of Science, The University of Tokyo
Professor, Professional University of Information and Management for Innovation (current position)
Visiting Professor, Senzoku Gakuen College of Music (current position)
June 2025: Outside Director, the Hachijuni Bank (current position)

(*): Outside Director as defined in Article 2, Item 15 of the Companies Act

Full-time Auditor

10 Chishu Minemura

April 1988: Joined the Bank
February 2009: Deputy Branch Manager, Komoro Branch
April 2009: Deputy Branch Manager, Komoro Area Komoro Branch
June 2012: Branch Manager, Iida Ekimae Branch
June 2015: General Manager, Market & International Division
June 2017: General Manager, Risk Management Division
June 2020: Full-time Auditor (current position)

Full-time Auditor

11 Akihiro Kasahara

April 1989: Joined The Hachijuni Bank
June 2009: Azusagawa Branch Manager
June 2011: Assigned to Loan Control Department
June 2013: Matsushiro Branch Manager
June 2016: General Affairs Department Manager
June 2019: Executive Officer and Planning and Coordination Department Manager
June 2021: Executive Officer and Internal Audit Department Manager
June 2022: Full-time Audit & Supervisory Board Member (current position)

Audit & Supervisory Board Member *

12 Kiyoto Yamazawa

April 1980: Assistant Professor, Faculty of Engineering, Shinshu University
October 1993: Professor, Faculty of Engineering, Shinshu University
October 2009: President of Shinshu University (left position September 2015)
June 2016: Outside Audit & Supervisory Board Member of The Hachijuni Bank (current position)

Auditor



Chishu Minemura Akihiro Kasahara Kiyohito Yamasawa Takayuki Tanaka Hiroshi Hori

Director*

5 Kayo Tashita

April 1990: Registered as an attorney (Nagano Bar Association)
April 1991: Joined Miyazawa Law Office
April 1996: Established Tashita Law Office
October 2007: Committee Member, Nagano Prefecture Personnel Committee (left position October 2023)
April 2014: Chairperson, Nagano Bar Association (left position March 2015)
June 2016: Outside Director of The Hachijuni Bank (current position)
April 2024: Vice President, Japan Federation of Bar Associations (current position)

Executive Officers

Title	Name
Executive Chair, President and Chief Executive Officer	Masaki Matsushita
Vice Chair, Executive Vice President	Shohei Hidai
Director, Senior Managing Executive Officer	Makoto Nakamura
Managing Executive Officer	Kenko Takano
Managing Executive Officer	Hideki Yoshida
Managing Executive Officer	Tomoyoshi Baba
Managing Executive Officer	Ryoichi Kitayama
Managing Executive Officer	Keigo Ito
Managing Executive Officer	Satoshi Masuda
Executive Officer	Atsushi Kono
Executive Officer	Hidehiko Dezawa
Executive Officer	Kiyomi Ito
Executive Officer	Tatsuya Akaba
Executive Officer	Takahiko Kimura
Executive Officer	Katsuya Nakamura
Executive Officer	Atsushi Shikano
Executive Officer	Kenji Nishizawa
Executive Officer	Ryo Ikeda
Executive Officer	Ken Nishizawa
Executive Officer	Koichi Miyazawa

(As of June 20, 2025)

(*): Outside Audit & Supervisory Board member as defined in Article 2, Item 16 of the Companies Act

External evaluations and participation in initiatives

External evaluations

CDP

In the 2024 Climate Change Survey conducted by CDP, one of the leading global ESG rating agencies, we received the highest rating of "A" for the second year running, following our initial top rating in 2023 (a first among domestic banks).



FTSE Russell ESG Ratings

In June 2025, we received a score of 3.4 (out of 5) in the FTSE Russell ESG Ratings, which evaluates companies' efforts to address potential environmental, social, and governance (ESG) risks based on their business characteristics.



Platinum Kurumin Plus Certification

Based on the Act Promoting Measures to Support the Raising of the Next Generation, we have been certified as a Platinum Kurumin Plus company for our high level of childcare support and fostering of a workplace environment that helps balance fertility treatment and work.



Outstanding Employer in Corporate Health

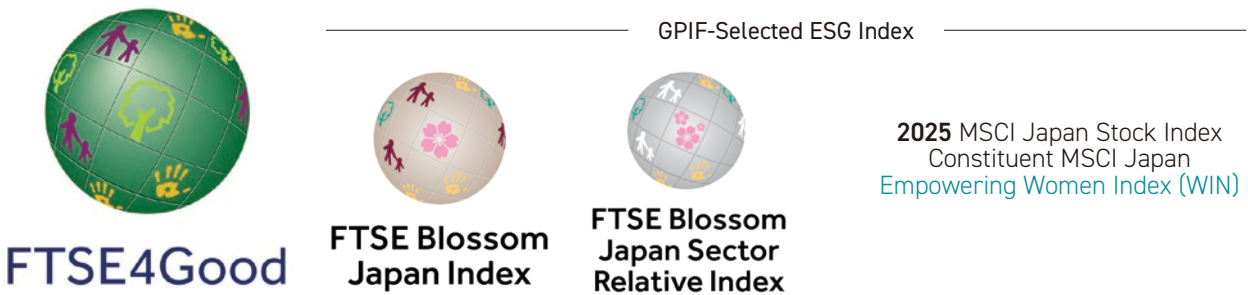
We have been certified as an Outstanding Employer in Corporate Health (Large Corporation category) for nine straight years by the Ministry of Economy, Trade and Industry and the Japan Health Council in recognition of our excellent health management practices.



Green, social, and sustainability bond framework

In October 2022, we established the green, social, and sustainability bond framework. This framework has received the highest rating, SU1 (F), under the JCR Sustainability Bond Framework Rating evaluation conducted by the Japan Credit Rating Agency, Ltd. (JCR).

ESG Index inclusion status (as of July 2025)



Participation in Initiatives

We participate in and support various initiatives that contribute to realizing a sustainable society.

TCFD

In March 2020, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to disclosing climate-related risks and opportunities.



TNFD

In March 2024, we endorsed the Taskforce on Nature-related Financial Disclosures (TNFD) and are working to disclose risks and opportunities connected with the natural environment.



GX League

In October 2022, we endorsed the GX League, an initiative aimed at achieving carbon neutrality by 2050, and joined the league in April 2023. We will collaborate with government and academia to contribute to green transformation.



PCAF

In March 2023, we joined the Partnership for Carbon Accounting Financials (PCAF), an international initiative aimed at calculating and disclosing greenhouse gas emissions associated with financial institutions' lending and investment activities. We are calculating and disclosing financed emissions in accordance with PCAF's measurement methodology.



Twenty-first century finance principles (Financial Action Principles to Create a Sustainable Society)

In December 2011, we signed on to the Financial Action Principles to Create a Sustainable Society led by the Ministry of the Environment. The Bank was involved in the drafting of these principles and has served as a member of the steering committee since their adoption.



Deco-Katsu – National Movement to Create a New and Enriched Lifestyle Leading to Decarbonization

In October 2022, we joined Deco-Katsu (a national movement to create a new, carbon-neutral lifestyle), which was established by the Ministry of the Environment with the aim of creating new carbon-neutral products and services through public-private partnerships in order to encourage behavioral changes among consumers with regard to decarbonization. We are contributing to the achievement of carbon neutrality by 2050 through public-private partnerships.



Eco-First Program

In August 2018, we became the second bank to be certified by the Minister of the Environment as an Eco-First Company, which recognizes companies that are environmental conservation leaders. We will continue to demonstrate our presence through our strength in environmental management.



Impact Consortium

In March 2024, we joined the Impact Consortium, which was established to support diverse economic and financial initiatives that produce a social and environmental impact and to establish effective impact investing and lending as effective methods and markets. We remain actively engaged in its activities.

Data summary (10 years of key financial data)

Consolidated financial results summary

(¥ million)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Consolidated gross income	101,916	100,194	99,235	98,390	99,070	94,791	93,892	91,557	100,455	113,239
Interest income	75,295	74,073	70,219	69,004	69,018	70,954	68,497	72,737	87,773	104,321
Fees and commissions	14,994	13,359	13,828	13,472	14,347	13,859	16,418	17,211	18,462	17,759
Trust fees	2	2	2	2	2	2	7	10	12	11
Trading income	1,832	1,735	2,978	2,099	2,315	3,360	2,063	961	299	270
Other operating income	9,793	11,026	12,208	13,814	13,388	6,616	6,913	647	△6,080	△9,112
General and administrative expenses	60,869	66,081	62,909	60,940	59,455	59,021	54,038	56,631	66,251	72,578
Credit-related expenses	△5,001	△2,297	277	1,868	1,462	9,370	1,920	4,222	1,685	1,580
Gains (losses) on stocks	1,973	2,672	3,936	1,896	△1,840	6,632	2,199	8,708	10,956	30,577
Gains (losses) on cash in trust	161	1,033	972	△4,146	△1,637	△717	549	△338	△953	△285
Other accounts	926	352	577	1,042	△1,208	△146	△2,620	△4,164	△7,277	△5,464
Ordinary income	49,023	40,421	41,507	34,354	33,447	32,147	38,047	34,893	35,217	63,838
Extraordinary gains (losses)	△387	△798	△2,181	△485	△739	△332	7	△145	15,612	1,025
Income before income taxes	48,635	39,622	39,326	33,868	32,707	31,815	38,055	34,747	50,829	64,863
Total income taxes	16,656	11,827	12,199	10,058	9,483	9,290	11,204	10,533	13,791	16,764
Net income	31,979	27,794	27,127	23,810	23,224	22,524	26,850	24,214	37,038	48,099
Net income (loss) attributable to noncontrolling interests	1,807	1,482	1,286	1,317	1,146	140	182	79	△33	117
Net income attributable to owners of parent	30,171	26,312	25,840	22,492	22,077	22,384	26,667	24,135	37,071	47,982

Note 1: From FY2021, we stopped including dividends received from group credit life insurance, etc. under the category of other ordinary earnings and began reflecting those dividends as a reduction to fee and commission expenses.

Note 2: From FY2023, we have changed our method of indicating gains (losses) on money in trust due to The Nagano Bank Group becoming consolidated subsidiaries of our bank.

Consolidated balance sheet summary

(¥ million)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total assets	8,172,508	8,703,848	9,309,043	10,451,533	10,470,547	12,160,638	13,343,796	12,963,799	14,827,752	13,515,316
Loans and bills discounted	4,635,402	4,864,144	5,040,098	5,261,946	5,395,246	5,541,154	5,931,315	6,113,178	6,781,218	6,461,544
Securities	2,680,298	2,459,732	2,510,142	2,766,017	2,911,132	3,326,241	2,801,655	2,676,695	3,643,073	3,406,740
Total liabilities	7,486,350	7,960,293	8,531,974	9,686,024	9,722,115	11,250,943	12,431,097	12,047,845	13,709,476	12,547,657
Deposits	6,229,088	6,390,778	6,586,969	6,734,847	6,975,504	7,654,318	8,049,875	8,168,035	9,437,959	9,549,428
Negotiable certificates of deposit	536,769	502,283	503,652	512,915	257,674	139,665	132,507	79,133	55,194	218,447
Total equity	686,158	743,555	777,068	765,509	748,432	909,694	912,698	915,953	1,118,275	967,658
Shareholders' equity	492,344	511,056	528,061	540,069	571,964	592,665	612,246	617,409	649,099	663,715
Retained earnings	408,739	427,451	446,197	462,187	477,336	492,869	512,403	519,053	546,496	579,909
Total accumulated other comprehensive income	169,307	205,758	220,370	196,313	168,023	313,354	296,680	295,427	464,797	299,645
Noncontrolling interests	24,231	26,396	28,324	28,767	8,078	3,402	3,499	2,828	4,236	4,147

Consolidated financial indicators

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Tier 1 ratio of common stock, etc. (Basel III, %)	18.40	19.91	20.51	19.82	18.94	20.69	19.06	18.36	20.74	16.29
Tier 1 ratio (Basel III, %)	18.55	20.08	20.51	19.82	18.94	20.69	19.06	18.36	20.74	16.29
Capital adequacy ratio (Basel III, %)	19.99	20.62	20.51	19.82	18.94	20.69	19.06	18.36	20.74	16.29
Equity per share (¥)	1,305.83	1,414.70	1,485.34	1,484.90	1,512.45	1,850.68	1,856.25	1,936.29	2,309.80	2,087.32
Net income per share (¥)	59.85	51.92	51.00	45.18	44.80	45.73	54.46	49.90	76.37	101.23

Data (Nonfinancial)

Human capital

Diversity	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees	3,138	3,159	3,067	3,041	3,289	3,301
Number of female employees	1,419	1,461	1,437	1,446	1,562	1,594
Ratio of female employees	45.2%	46.2%	46.9%	47.6%	47.5%	48.3%
Average age	41.6	41.3	42.4	42.3	42.5	42.8
Average years of service	15.1	15.8	16.2	15.8	14.8	14.9
Average years of service of men	17.8	17.6	18.0	17.5	16.2	16.3
Average years of service of women	13.5	13.8	14.0	14.1	13.3	13.4
Ratio of women in management positions (Note 1)	9.4%	10.8%	11.5%	12.5%	13.3%	14.5%
Ratio of women in leadership positions (Note 2)	17.4%	18.4%	18.6%	19.8%	20.5%	21.1%
Gender pay gap: all employees (note 3)	—	—	—	43.7%	46.2%	47.3%
Gender pay gap: regular employees (note 3)	—	—	—	53.5%	54.7%	56.7%
Gender pay gap: part-time and contract employees (note 3)	—	—	—	70.9%	56.8%	49.6%
Proportion of experienced hires in management positions (all employees hired with previous work experience)	53.8%	53.4%	56.0%	51.2%	45.1%	37.3%
Proportion of experienced hires among permanent employees	5%	6%	14%	11%	15%	14%
Proportion of employees with disabilities	1.96%	2.03%	2.25%	2.38%	2.39%	2.38%
Voluntary separation rate	3.2%	2.2%	3.8%	2.7%	2.6%	2.8%

Note 1: Calculated using the total number of employees who hold the rank of section manager or higher (excluding directors and executive officers).
Note 2: Calculated using the total number of employees who hold the rank of deputy manager (sub-section manager) or who are in management positions.
Note 3: Calculated as the ratio of female employee pay to male employee pay.

Work-Life Balance	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Ratio of leave used	69.4%	72.0%	74.1%	81.5%	83.0%	82.9%
Average days of paid leave taken	13.3	13.9	14.3	15.9	16.0	16.0
Ratio of men taking childcare leave, etc. (Note 4)	30.4%	35.9%	60.3%	89.5%	101.9%	95.2%
Average days of childcare leave, etc. taken by men	2.1	3.1	5.3	11.4	9.6	21.1
Average statutory overtime hours (per month)	10.1	8.9	10.6	10.8	11.7	12.5

Note 4: Ratios calculated include both childcare leave under the Childcare and Family Care Leave Act and our bank’s own system of childcare leave.

Employee health management	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Proportion of employees undergoing recommended follow-up tests	78.4%	85.7%	84.7%	84.1%	82.6%	84.7% (注5)
Proportion of employees receiving special health guidance offered	62.7%	49.4%	86.4%	78.0%	76.7%	60.3%
Proportion of employees with BMI of 25 or more (indicating obesity)	20.2%	20.5%	19.8%	18.6%	17.7%	18.8%
Proportion of employees who smoke	13.0%	11.9%	12.1%	11.9%	11.8%	11.5%
Proportion of employees completing stress survey	98.5%	97.9%	98.6%	99.2%	99.3%	99.0%

(Note 5) Provisional figures.

Human resource development	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total annual training hours (Note 6)	49,651	39,431	55,216	73,247	94,521	87,038
Average training hours per employee (Note 6)	16.6	12.5	18.0	24.1	28.7	26.4
Total annual training costs	65,049,000	63,493,000	101,402,000	259,937,000	223,770,000	278,205,000
Average training costs per employee	20.7,000	20.1,000	33.1,000	85.5,000	68.0,000	84.3,000
Employees with small and medium business consultant certification	53	51	53	57	59	62
Employees with grade 1 financial planner/certified financial planner certification	98	96	101	129	143	152
IT Coordinators	—	—	—	35	63	68
Carbon Accounting Advisor	—	—	—	—	316	544

Note 6: Excluding hours of voluntary training.

Environment

(t-CO2)

Greenhouse gas emissions (Note 7)			FY2019 parent	FY2020 parent	FY2021 parent	FY2022 parent	FY2023 parent (Group)	FY2024 parent (Group)
Scope 1 (Note 8)	Direct energy consumption	Heavy oil, kerosene, city gas, gasoline, propane gas	2,661	2,689	2,484	2,379	2,372 (3,485)	2,460 (3,380)
Scope 2 (Note 8)	Indirect energy consumption	Electricity	7,894	7,352	6,326	5,681	0 (850)	0 (1,112)
Scope 3 (Note 9)	1 Purchased products and services	Stationery, copy paper, water supply, sewage, etc.	2,600	2,238	5,680	6,102	18,175 (20,753)	18,516 (21,361)
	2 Capital goods	All bank buildings, suspense accounts for buildings, other tangible fixed assets	6,985	5,426	7,987	8,209	6,622 (14,751)	2,138 (10,787)
	3 Fuel and energy-related activities not included in Scope 1 and 2	Fuel oil, kerosene, town gas, gasoline, propane, electricity	1,549	1,724	1,629	1,537	1,513 (1,882)	1,441 (1,892)
	4 Shipping and delivery (upstream)	Postage, shipping	1,526	1,849	1,949	2,631	315 (1,459)	328 (1,206)
	5 Waste generated from operations	All waste	41	123	71	92	204 (265)	251 (329)
	6 Energy consumption from employee travel	Business travel	522	511	481	498	710 (810)	899 (1,010)
	7 Employees commuting	Commuting	1,478	1,444	1,352	1,350	510 (792)	1,139 (1,417)
	9 Shipping and delivery (downstream; Note 10)	Solar power sales	—	—	—	—	—	— (576)
	11 Use of products sold (Note 10)	Lease sales	—	—	—	—	—	— (34,490)
	15 Investments (Note 11)	Loans to domestic corporate customers	—	—	10,182,924	8,656,029	7,433,531 (7,433,531)	7,736,888 (7,736,888)

(Note 7) Emissions totals are third-party verified.
(Note 8) For scope 2, we have stated our market-based emissions. Location-based scope 2 emissions for The Hachijuni Bank Group in FY2024 were 7,711 tons CO₂.
(Note 9) We used the scope 3 emission calculation methods and emission factors set out in version 2.7 of the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (released by the Ministry of the Environment and the Ministry of Economy, Trade and Industry in March 2024) and version 3.5 of the Emission Intensity Database for Calculating an Organization's Greenhouse Gas Emissions through the Supply Chain (released by the Ministry of the Environment in March 2025).
(Note 10) Scope 3 categories 9 and 11 for Group companies will be calculated beginning from fiscal 2024.
(Note 11) Scope 3 category 15 will be calculated from fiscal 2021 for the parent Bank’s loans to domestic corporate customers (Scope 1 and 2).

Energy consumption	FY2019 parent	FY2020 parent	FY2021 parent	FY2022 parent	FY2023 parent (Group)	FY2024 parent (Group)
Electricity (kWh)	17,311,864	16,683,586	15,610,813	13,892,438	15,372,123 (17,269,325)	15,402,466 (18,231,835)
Town gas (thousand Nm3)	254	260	249	252	234 (310)	243 (390)
Class A fuel oil (kl)	235	261	233	229	231 (240)	249 (260)
Kerosene (kl)	132	148	151	157	155 (159)	165 (168)
Liquefied petroleum gas (LPG) (t)	88	85	83	70	63 (143)	69 (149)
Gasoline (kl)	384	302	274	264	270 (488)	273 (468)
Diesel (kl)	0	0	0	0	0 (1)	1 (1)

Note 12: Energy consumption volumes are third-party verified.

(¥ billion)

Sustainable financing provided	FY2021	FY2022	FY2023	FY2024	Total
Results	155.4	255.5	263.2	287.8	962.1
(Pertaining to environmental concerns)	83.0	128.8	122.2	166.3	500.4

Financial Section

Consolidated Balance Sheet March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
ASSETS:			
Cash and due from banks (Note 4)	¥ 3,027,055	¥ 3,717,670	\$ 20,250,571
Call loans and bills bought	11,958	7,569	80,000
Monetary claims bought	105,003	127,461	702,459
Trading assets (Notes 5, 12 and 27)	38,602	45,596	258,242
Money held in trust (Notes 6 and 12)	78,761	79,993	526,905
Securities (Notes 7, 12 and 26)	3,406,740	3,643,073	22,790,613
Loans and bills discounted (Notes 8, 12, 26 and 28)	6,461,544	6,781,218	43,226,819
Foreign exchanges (Note 9)	18,482	26,812	123,646
Lease receivables and investments in leases (Note 25)	96,629	89,110	646,435
Other assets (Note 12)	156,648	196,387	1,047,953
Property, plant, and equipment—net (Note 10)	38,628	37,329	258,422
Intangible assets—net (Note 10)	4,076	4,458	27,273
Asset for employees' retirement benefits (Note 15)	64,335	70,388	430,398
Deferred tax assets (Note 24)	1,698	1,652	11,363
Customers' liabilities for acceptances and guarantees (Note 11)	60,149	53,936	402,392
Allowance for credit losses	(55,000)	(54,905)	(367,948)
TOTAL	¥ 13,515,316	¥ 14,827,752	\$ 90,415,550
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 12, 13 and 26)	¥ 9,549,428	¥ 9,437,959	\$ 63,884,319
Negotiable certificates of deposit (Note 26)	218,447	55,194	1,461,383
Call money and bills sold	593,483	1,179,536	3,970,320
Payables under repurchase agreements	127,391	174,836	852,231
Payables under securities lending transactions (Note 12)	97,492	323,201	652,208
Trading liabilities (Notes 5 and 27)	6,945	5,873	46,463
Borrowed money (Notes 12, 14 and 26)	1,581,461	2,105,286	10,579,749
Foreign exchanges (Note 9)	2,431	2,379	16,268
Borrowed money from trust account	1,499	1,181	10,033
Other liabilities	167,558	164,464	1,120,941
Provision for share awards for directors	90	97	606
Liability for employees' retirement benefits (Note 15)	11,233	12,142	75,147
Provision for reimbursement of deposits	351	274	2,351
Provision for contingent losses	1,719	1,738	11,505
Reserve under special laws	15	15	104
Provision for loss on cancellation of system contracts	2,058	2,287	13,771
Deferred tax liabilities (Note 24)	125,899	189,069	842,250
Acceptances and guarantees (Note 11)	60,149	53,936	402,392
Total liabilities	12,547,657	13,709,476	83,942,051
EQUITY (Notes 16 and 32):			
Common stock—authorized, 2,000,000 thousand shares; issued, 493,767 thousand shares in 2025 and 513,767 thousand shares in 2024	52,243	52,243	349,499
Capital surplus	56,960	71,074	381,059
Stock acquisition rights (Note 17)	150	141	1,005
Retained earnings	579,909	546,496	3,879,510
Treasury stock—at cost, 31,423 thousand shares in 2025 and 32,166 thousand shares in 2024	(25,397)	(20,713)	(169,907)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	229,750	411,889	1,537,001
Deferred gain on hedges	51,676	27,116	345,709
Defined retirement benefit plans	18,218	25,792	121,876
Total	963,511	1,114,039	6,445,755
Noncontrolling interests	4,147	4,236	27,743
Total equity	967,658	1,118,275	6,473,498
TOTAL	¥ 13,515,316	¥ 14,827,752	\$ 90,415,550

See notes to consolidated financial statements.

Consolidated Statement of Income Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
INCOME (Note 18):			
Interest income:			
Interest on loans and discounts	¥ 72,700	¥ 64,732	\$ 486,357
Interest and dividends on securities	65,671	55,430	439,332
Other interest income	10,590	4,598	70,849
Fees and commissions	25,774	25,707	172,430
Trading income	270	302	1,812
Other operating income (Note 19)	42,428	47,471	283,840
Other income (Note 20)	38,448	31,482	257,216
Total income	255,885	229,725	1,711,838
EXPENSES:			
Interest expenses:			
Interest on deposits	9,738	4,644	65,150
Interest on borrowings and rediscounts	18,208	19,691	121,812
Other interest expenses	16,764	12,678	112,149
Fees and commission payments	8,015	7,245	53,624
Trading expense		2	
Other operating expenses (Note 21)	51,540	53,551	344,799
General and administrative expenses (Note 22)	72,578	66,251	485,540
Provision for credit losses	1,120	1,130	7,495
Other expenses (Note 23)	13,055	13,700	87,338
Total expenses	191,021	178,895	1,277,910
INCOME BEFORE INCOME TAXES	64,863	50,829	433,928
INCOME TAXES (Note 24):			
Current	16,407	10,940	109,766
Deferred	356	2,851	2,383
Total income taxes	16,764	13,791	112,150
NET INCOME	48,099	37,038	321,777
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	117	(33)	784
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 47,982	¥ 37,071	\$ 320,993
		Yen	U.S. Dollars
PER SHARE OF COMMON STOCK (Note 30):			
Basic net income	¥ 101.23	¥ 76.37	\$ 0.67
Diluted net income	101.16	76.31	0.67
Cash dividends applicable to the year	42.00	24.00	0.28

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
NET INCOME	¥ 48,099	¥ 37,038	\$ 321,777
OTHER COMPREHENSIVE INCOME (LOSS) (Note 29):			
Unrealized gain (loss) on available-for-sale securities	(182,335)	145,229	(1,219,796)
Deferred gain on derivatives under hedge accounting	24,560	10,810	164,306
Defined retirement benefit plans	(7,578)	14,314	(50,695)
Total other comprehensive income (loss)	(165,352)	170,353	(1,106,185)
COMPREHENSIVE INCOME (LOSS)	¥ (117,253)	¥ 207,392	\$ (784,407)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ (117,170)	¥ 206,441	\$ (783,851)
Noncontrolling interests	(83)	950	(556)

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars (Note 1)	
	2025	2024	2025	
OPERATING ACTIVITIES:				
Income before income taxes	¥ 64,863	¥ 50,829	\$ 433,928	
Adjustments for:				
Income taxes—paid	(12,631)	(12,602)	(84,501)	
Depreciation and amortization	6,186	5,965	41,386	
Impairment losses	521	1,646	3,490	
Gain on bargain purchase		(17,322)		
Increase (decrease) in allowance for credit losses	95	96	635	
Interest income	(148,962)	(124,761)	(996,539)	
Interest expense	44,711	37,014	299,112	
Interest received	143,530	120,976	960,198	
Interest paid	(46,666)	(32,356)	(312,189)	
Net (increase) decrease in trading assets	6,994	(26,823)	46,791	
Net increase (decrease) in trading liabilities	1,072	(799)	7,173	
Net (increase) decrease in loans and bills discounted	319,673	22,908	2,138,567	
Net increase (decrease) in borrowed money	(523,825)	532,980	(3,504,319)	
Net increase (decrease) in deposits	111,468	206,693	745,710	
Net increase (decrease) in negotiable certificates of deposit	163,253	(23,939)	1,092,139	
Net (increase) decrease in call loans and bills bought	18,068	6,159	120,876	
Net increase (decrease) in call money and bills sold	(633,498)	(240,073)	(4,238,014)	
Net (increase) decrease in due from banks, excluding due from the Bank of Japan	10,194	6,297	68,200	
Net increase (decrease) in payables under securities lending transactions	(225,709)	(8,829)	(1,509,963)	
Other—net	61,176	(49,087)	409,264	
Total adjustments	(704,346)	404,143	(4,711,979)	
Net cash provided by (used in) operating activities	(639,483)	454,973	(4,278,051)	
INVESTING ACTIVITIES:				
Purchases of investment securities	(734,783)	(1,151,097)	(4,915,594)	
Proceeds from sales of investment securities	414,634	512,384	2,773,843	
Proceeds from maturities of investment securities	318,013	266,285	2,127,462	
Payments for increase in money held in trust	(1,561)	(4,246)	(10,445)	
Proceeds from decrease in money held in trust	2,502	3,133	16,738	
Purchases of fixed assets	(9,517)	(8,547)	(63,669)	
Proceeds from sales of fixed assets	3,167	1,754	21,193	
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation		45,013		
Net cash provided by (used in) investing activities	(7,544)	(335,319)	(50,471)	
FINANCING ACTIVITIES:				
Payments to acquire treasury stock	(20,520)	(10,003)	(137,281)	
Proceeds from sales of treasury stock	89		598	
Dividends paid	(12,954)	(9,628)	(86,662)	
Dividends paid to noncontrolling interests	(5)	(5)	(39)	
Net cash used in financing activities	(33,391)	(19,637)	(223,384)	
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1)	12	(10)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(680,420)	100,029	(4,551,917)	
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	3,680,144	3,580,115	24,619,644	
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR (Note 4)	¥ 2,999,723	¥ 3,680,144	\$ 20,067,727	

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity Year Ended March 31, 2025

	Thousands	Millions of Yen											
		Accumulated Other Comprehensive Income											
		Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gain on Hedges	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2023		491,103	¥ 52,243	¥ 56,960	¥ 288	¥ 519,053	¥ (10,848)	¥ 267,636	¥ 16,305	¥ 11,485	¥ 913,124	¥ 2,828	¥ 915,953
Net income attributable to owners of the parent						37,071					37,071		37,071
Cash dividends, ¥20.00 per share						(9,628)					(9,628)		(9,628)
Increase by share exchanges							(77)				14,064		14,064
Purchases of treasury stock		22,664		14,142			(10,003)				(10,003)		(10,003)
Disposals of treasury stock				(29)			215				186		186
Net change during the period					(146)			144,253	10,810	14,306	169,223	1,407	170,630
BALANCE, MARCH 31, 2024		513,767	52,243	71,074	141	546,496	(20,713)	411,889	27,116	25,792	1,114,039	4,236	1,118,275
Net income attributable to owners of the parent						47,982					47,982		47,982
Cash dividends, ¥27.00 per share						(12,954)					(12,954)		(12,954)
Purchases of treasury stock							(20,520)				(20,520)		(20,520)
Disposals of treasury stock				28			80				108		108
Cancellation of treasury stock		(20,000)		(14,141)		(1,615)							
Net change during the period					8		15,756	(182,138)	24,560	(7,573)	(165,143)	(89)	(165,232)
BALANCE, MARCH 31, 2025		493,767	¥ 52,243	¥ 56,960	¥ 150	¥ 579,909	¥ (25,397)	¥ 229,750	¥ 51,676	¥ 18,218	¥ 963,511	¥ 4,147	¥ 967,658

	Accumulated Other Comprehensive Income										
	Valuation					Noncon-					
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Difference on Available-for-Sale Securities	Deferred Gain on Hedges	Defined Retirement Benefit Plans	Total	trolling Interests	Total Equity
BALANCE, MARCH 31, 2024	\$ 349,499	\$ 475,475	\$ 946	\$ 3,655,984	\$ (138,573)	\$ 2,755,483	\$ 181,403	\$ 172,545	\$ 7,452,765	\$ 28,339	\$ 7,481,104
Net income attributable to owners of the parent				320,993					320,993		320,993
Cash dividends, \$0.18 per share				(86,662)					(86,662)		(86,662)
Purchases of treasury stock					(137,281)				(137,281)		(137,281)
Disposals of treasury stock		190			535				725		725
Cancellation of treasury stock		(94,605)		(10,805)	105,411						
Net change during the period			58			(1,218,482)	164,306	(50,668)	(1,104,785)	(596)	(1,105,381)
BALANCE, MARCH 31, 2025	\$ 349,499	\$ 381,059	\$ 1,005	\$ 3,879,510	\$ (169,907)	\$ 1,537,001	\$ 345,709	\$ 121,876	\$ 6,445,755	\$ 27,743	\$ 6,473,498

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements Year Ended March 31, 2025

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law, and in accordance with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2024 consolidated financial statements to conform to the classifications used in 2025.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Hachijuni Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.48 to \$1, the rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2025, include the accounts of the Bank and its 16 (15 in 2024) significant subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over their operations are fully consolidated.

Investments in 9 (6 in 2024) unconsolidated subsidiaries and in 2 (1 in 2024) associated company are stated at cost, and are included in securities in the consolidated financial statements. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

The following company, which the Group holds voting rights of between 20% and 50%, is not an affiliate accounted for by the equity method because the capital contribution was made for the purpose of including their investees or earning capital gains, and not for the purpose of owing these investees under its control through operational, personnel, capital or other form of transactions:

As of March 2025
Rubicon holdings Co., Ltd.

b. Cash Equivalents—For the purpose of reporting of cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."

c. Trading Assets and Liabilities—Transactions for trading purposes (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims bought for trading purposes are stated at fair value at the consolidated balance sheet date. Trading-related financial derivatives, such as swaps, futures, and options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the consolidated balance sheet date.

Trading income includes interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims bought, and derivatives between the consolidated balance sheet dates.

For financial derivatives, the fair value of each group of financial assets and financial liabilities is calculated based on the net assets or liabilities of financial assets and financial liabilities offset with respect to specific market risks or specific credit risks.

d. Securities—Securities other than investments in unconsolidated subsidiaries and associated company are classified into three categories, based principally on the Group's intent, as follows: (a) trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers and are carried at fair value with corresponding unrealized gains and losses recorded in income; (b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using straight-line method; and (c) available-for-sale securities, which are not classified as either of the aforementioned securities. Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Effective April 1, 2021, the Group applied Accounting Standards Board of Japan ("ASBJ") Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the previous accounting standards, nonmarketable available-for-sale securities are stated at cost.

In addition, investments in unconsolidated subsidiaries and associated company that are not accounted for by the equity method are carried at cost determined by the moving-average method.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

e. Securities in Money Held in Trust—Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at fair value.

f. Property, Plant, and Equipment—Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Group is computed under the declining-balance method at rates based on the estimated useful lives, which are principally from 1 to 50 years for buildings and from 2 to 20 years for

equipment. Depreciation for buildings (excluding facilities attached to buildings) acquired by THE NAGANO BANK, LTD. (a consolidated subsidiary of the Bank, hereinafter "Nagano Bank") on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016, is computed under the straight-line method. Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed under the straight-line method over the respective lease periods. The residual value of leased assets is determined using the guaranteed residual value if provided in the lease contract; otherwise, the residual value is zero. Depreciation of leased assets related to finance leases that are deemed to transfer ownership of the leased property to the lessee is computed under the same method as applied to those owned by Nagano Bank.

g. Software—Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (principally five years). Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed using the straight-line method over the respective lease periods.

h. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. Allowance for Credit Losses—The allowance for credit losses is recorded as follows in accordance with predetermined amortization and allowance standards.

- Bankrupt:
Borrowers in which facts of legal or formal management failure have occurred, such as bankruptcy, corporate rehabilitation, and transaction suspension at a clearing house
- De facto Bankrupt:
Borrowers who are unable to meet their obligations
- In danger of bankruptcy:
Borrowers who are not currently in a state of bankruptcy but are likely to fall into bankruptcy in the future
- Need Special Attention:
Borrowers who need to manage all or part of the loans requiring attention (loan conditions relaxed loans and loans overdue for three months or more)
- Need Attention:
Borrowers who have problems with lending conditions or repayment performance, business conditions are sluggish or unstable, and need to be managed in the future
- Normal:
Borrowers with good performance and no financial problems

- (a) Loans to "Bankrupt" and "De facto Bankrupt," Loans in excess of collateral are recorded for any amounts that may not be recovered.
- (b) Loans to "In danger of bankruptcy," the expected amount of collateral disposal and the expected amount of recovery by guarantee are deducted from the amount of the loan. Of the remaining balance (hereinafter referred to as "non-conservation amount"), the amount deemed necessary is recorded.

For large borrowers with a certain amount of credit or more, the Bank estimates the allowance for loan losses by the method below.

- (1) The Bank comprehensively judges a borrower's situation and estimates a recoverable amount by cash flow ("the cash flow deduction method").
- (2) The allowance for loan losses is the balance of non-conservation amounts less the recoverable amounts estimated step 1.

For debtors of debtors other than those mentioned above, an allowance for loan losses is provided by multiplying the non-conservation amount by the expected loss rate calculated from the probability of default from past periods.

- (c) For loans to "Need Special Attention" and "Need Attention," the difference between the cash flow "the discounted cash flow method" discounted at the original contracted interest rate and the carrying amount of the receivable would be recorded as the allowance for loan losses.
- (d) For loans to "Need Special Attention" and "Need Attention" other than (c), and "Normal," the allowance for loan losses is recorded based on the expected loss rate calculated from the probability of default in the past certain period.

(Note 1) Grouping in calculating the probability of default
The probability of default is allocated to six categories, including one normal division, three "Need Attention" divisions and two bankruptcy concerns.
"Need Attention" divisions are classified according to the comprehensive judgment of the creditworthiness of the borrowers and the existence of loans with relaxed loan terms.

(Note 2) A certain period in which the expected loss rate will be estimated in the future
Allowance for credit losses is determined based on the expected loss rate for normal loans over the next one year, for loans requiring attention over the period corresponding to the average remaining life of the loans, and for loans in danger of bankruptcy over the next three years. The average remaining period for the Bank is 41 months for top level of "Need Attention," 45 months for lower level of "Need Attention" and 36 months for "Need Special Attention." The average remaining period for Nagano Bank is 60 months for top level of "Need Attention," 52 months for lower level of "Need Attention" and 36 months for "Need Special Attention."

(Note 3) Method of revising and determining the probability of default based on future projections, etc.
The probability of default used to calculate the allowance is determined by comparing the average value of the last three determination periods with the long-term average value, considering the entity's business cycle. The average value for the three most recent determination periods is calculated by including necessary revisions such as the current circumstances and future projections.

For specific foreign receivables, expected credit losses arising from political and economic conditions in the respective countries are recorded as an allowance for credit losses on specific foreign receivables.

Based on the self-assessment standard of assets, all receivables are assessed by the asset assessment department, which is independent from the sales department, and the internal audit department provides an assessment of these results.

j. **Asset and Liability for Employees' Retirement Benefits**—The Group has a contributory funded pension plan and noncontributory unfunded retirement benefit plans, together covering substantially all of their employees.

The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees.

k. **Provision for Share Awards for Directors**—A provision for share awards for directors is recorded based on the estimated amount of stock benefit obligations in order to prepare for the issuance of the Bank's stock through a trust to directors of Nagano Bank.

l. **Provision for Reimbursement of Deposits**—A provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

m. **Provision for Contingent Losses**—A provision for contingent losses is provided for the contribution to the National Federation of Credit Guarantee Corporations' liability sharing program and is recorded in the amount of estimated future contributions based on subrogate performance, etc.

n. **Reserve under Special Laws**—A reserve under special laws is provided for contingent liabilities from brokering of securities or derivative transactions in accordance with Article 46-5 of the Financial Instruments and Exchange Act.

o. **Provision for Loss on Cancellation of System Contracts**—A provision for loss on cancellation of system contracts is recorded at an amount deemed necessary by reasonably estimating the amount of loss associated with the mid-term termination of the system currently in use in preparation for the merger with Nagano Bank.

p. **Stock Options**—The cost of employee stock options is measured based on the fair value at the date of grant and recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised.

q. **Revenue Recognition**—The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers.

r. **Leases**—Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.

s. **Income Taxes**—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

t. **Foreign Currency Transactions**—Assets and liabilities denominated in foreign currencies held domestically and the accounts of the Bank's overseas branch are translated

into Japanese yen generally at the exchange rates prevailing on the consolidated balance sheet date.

u. **Derivatives and Hedging Activities**—Derivatives are stated at fair value. Derivative transactions that meet hedge accounting criteria are primarily accounted for under the deferral method whereby unrealized gains and losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity. The market value of financial derivatives reflects specific market risk or specific credit risk on the basis of net assets or liabilities after offsetting the relevant financial assets and liabilities.

The hedging derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the risk being hedged.

The Group adopted portfolio hedging in accordance with Industry Committee Practical Guidelines No. 24 issued by the Japanese Institute of Certified Public Accountants ("JICPA"). Under portfolio hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedge is accessed by each group.

Currency swap and foreign exchange swap transactions are accounted for using deferral hedge accounting by fully applying Industry Committee Practical Guidelines No. 25 issued by the JICPA. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts, the Bank manages interest rate swap and currency swap transactions designated as hedging instruments in accordance with the strict hedging criteria for external mirror transactions stipulated in the Industry Committee Practical Guidelines No. 24 and No. 25. Therefore, the Bank accounts for the gains and losses on these swap transactions in its earnings or defers until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value but the net payments or receipts under the swap agreements are recognized and included in interest expense or income.

v. **Per Share Information**—Basic net income per share ("EPS") is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year.

w. **Significant Income and Expenses**—The Group applies "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and recognizes revenue at the time in exchange for transferring promised goods or services to a customer, and the amount expected to be received in exchange for goods or services.

x. New Accounting Pronouncements

- (1) *"Accounting Standard for Leases"* (ASBJ Statement No. 34, September 13, 2024), *"Implementation Guidance on Accounting Standard for Leases"* (ASBJ Guidance No. 33, September 13, 2024), and related revisions to accounting standards, implementation guidance, practical solutions, and transferred guidance
 - (a) Overview
Similar to IFRS, the accounting standard and related implementation guidance stipulate the treatment of recognizing assets and liabilities for all leases by lessees.
 - (b) Expected application date
The Group will apply the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.
 - (c) Impact of application of the accounting standard
The Bank is currently evaluating the effects of applying the accounting standard and related implementation guidance on its consolidated financial statements.
- (2) *"Practical Guidelines on the Accounting for Financial Instruments"* (ASBJ Transferred Guidance No. 9, March 11, 2025)
 - (a) Overview
For partnerships and similar entities, which are major investment vehicles of venture capital funds, assuming that equity securities without market price included in the constituent assets of such partnerships and similar entities are measured at fair value, an entity is allowed to record its proportionate share of valuation difference, which is determined based on the financial statements of venture capital funds measured at fair value, in "valuation difference on available-for-sale securities" in the equity section.
 - (b) Expected application date
The Group will apply the practical guidelines from the beginning of the fiscal year ending March 31, 2027.
 - (c) Impact of application of the accounting standard
The Bank is currently evaluating the effects of applying the practical guidelines on its consolidated financial statements.

y. Changes in Accounting Policies

- (1) *Application of "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules"*
The Group has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ASBJ Practical Solution No. 46, March 22, 2024) from the beginning of the fiscal year ended March 31, 2025. This change in accounting policy has no impact on the consolidated financial statements.
- (2) *Application of "Accounting Standard for Current Income Taxes"*
The Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter the "Revised 2022 Accounting Standard") from the beginning of the fiscal year ended March 31, 2025. Revisions to categories for recording income taxes (taxation on other comprehensive income) conform to the transitional treatment set forth in the proviso of Paragraph 20-3 of the Revised 2022 Accounting Standard and the proviso of Paragraph 65-2 (2) of the "Implementation Guidance on Accounting

Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy has no impact on the consolidated financial statements.

z. Additional Information

Introduction of Restricted Stock Compensation Plan—At the meeting of the Board of Directors held on May 10, 2024, the Bank resolved to introduce a restricted stock compensation plan (hereinafter the "Plan") as a new compensation plan for the Bank's directors (excluding outside directors; hereinafter "Eligible Director(s)") and executive officers who do not concurrently serve as directors (hereinafter collectively referred to as "Eligible Director(s), etc.") The aim of this introduction is to raise the motivation and morale of the Eligible Directors, etc. to enhance business performance in the medium to long term and improve corporate value by sharing not only the benefits from an increase in the Bank's stock prices but also the risks associated with a drop in stock prices with shareholders. Furthermore, in accordance with the Plan, at the 141st Annual General Meeting of Shareholders held on June 21, 2024, approval was obtained to pay monetary receivables not exceeding ¥100 million per annum to Eligible Directors as compensation to be used as properties contributed for the acquisition of restricted stock (hereinafter the "Restricted Stock Compensation"), as well as to issue or dispose of the Bank's common stock to an amount not exceeding 150,000 shares per annum, and to set the transfer restriction period for such Restricted Stock Compensation at thirty (30) years.

- (a) Overview of the Plan
Eligible Directors, etc. shall pay all monetary receivables paid to them by the Bank in accordance with the Plan as property contributed in kind and shall receive shares of common stock of the Bank through an issuance or disposal. In addition, when common shares of the Bank are issued or disposed of under the Plan, a restricted stock allotment agreement shall be concluded between the Bank and the Eligible Directors, etc. Conditions of this agreement include the following and other matters: (1) Eligible Directors, etc. shall be prohibited for a set period from transferring to a third party, use as collateral, or otherwise dispose of the shares of common stock of the Bank received under the restricted stock allotment agreement; (2) When certain circumstances have occurred, the Bank shall acquire the said common stock without compensation.
- (b) Overview of the disposal
At the meeting of the Board of Directors held on June 21, 2024, the Bank resolved to dispose of its treasury stock as noted below, and the payment was completed on July 19, 2024.
 - (1) Date of disposal
July 19, 2024
 - (2) Type and number of shares to be disposed of
88,854 shares of the Bank's common stock
 - (3) Disposal price
¥1,006 per share
 - (4) Total disposal value
¥89,387,124
 - (5) Disposal recipients, their number, and the number of shares to be disposed of
—30,614 shares for 4 directors (excluding outside directors) of the Bank
—58,240 shares for 15 executive officers who do not concurrently serve as directors of the Bank

Stock Benefit Trust for Directors—Nagano Bank, a consolidated subsidiary of the Bank, has implemented a performance-based stock compensation plan for its directors, known as the "Stock Benefit Trust" (the "Plan").

- (a) Transaction overview
The Plan is designed to provide stock-based compensation to directors based on their position, performance, and achievement of the medium-term

management plan. The Bank's shares are acquired through a trust funded by Nagano Bank, and directors receive the Bank's shares or the equivalent market value in cash through the trust, in accordance with the Officer Stock Benefit Regulations. In principle, directors receive these benefits upon retirement.

(b) Bank shares held in trust

The Bank's shares that remain in the trust are classified as "treasury stock" in the equity section. As of March 31, 2025 and 2024, the carrying amount of these treasury shares is ¥55 million (\$372,353 thousand) and ¥74 million, respectively, and the number of shares held is 72,000 shares and 96,000 shares, respectively.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Allowance for Credit Losses

- (a) Allowance for credit losses was ¥55,000 million (\$367,948 thousand) and ¥54,905 million as of March 31, 2025 and 2024, respectively.
Allowance for credit losses by the cash flow deduction method was ¥20,778 million (\$139,004 thousand) and ¥21,397 million as of March 31, 2025 and 2024, respectively.
Allowance for credit losses by "the discounted cash flow method" was ¥2,954 million (\$19,763 thousand) and ¥3,633 million as of March 31, 2025 and 2024, respectively.

- (b) Information that contributes to understanding the content of significant accounting estimates for the identified item
- (1) Determination method
The allowance for credit losses is recorded in accordance with predetermined amortization and allowance standards.
- (2) Key assumptions
The business plan used to determine debtor classification and used to estimate future cash flow by the cash flow deduction method and the discounted cash flow method
Assumptions used as a basis for sales forecast, production forecast, expense forecast and future outlook for debt repayment plan in the business plan include the following:
- Demand trends in the borrower's industry or sector
 - Trends in sales prices and the outlook for cost of goods sold and selling, general and administrative expenses in the borrower's industry or sector
- Based on these assumptions, the Bank reviews the debtor classification for certain debtors considering their current operating performance and forecasts of their future operating performance, and also the recoverable amounts are estimated under the cash flow deduction method and the discounted cash flow method based on the business plan that reflects the borrower's business environment, to calculate the allowance for credit losses.

4. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statement of cash flows and "Cash and due from banks" in the consolidated balance sheet as of March 31, 2025 and 2024, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Cash and due from banks	¥ 3,027,055	¥ 3,717,670	\$ 20,250,571
Due from banks, excluding amounts due from the Bank of Japan	(27,331)	(37,526)	(182,844)
Cash and cash equivalents	¥ 2,999,723	¥ 3,680,144	\$ 20,067,727

5. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Trading assets:			
Trading securities	¥ 330	¥ 357	\$ 2,212
Financial derivatives	7,312	6,253	48,917
Other trading assets	30,959	38,985	207,112
Total	¥ 38,602	¥ 45,596	\$ 258,242
Trading liabilities—			
Financial derivatives	¥ 6,945	¥ 5,873	\$ 46,463

6. MONEY HELD IN TRUST

The aggregate fair value of money held in trust that is listed on stock exchanges or over-the-counter markets as of March 31, 2025 and 2024, is as follows:

	Fair Value	
	Millions of Yen	Thousands of U.S. Dollars
	2025	2024
Money held in trust—Trading	¥ 78,761	¥ 79,993

7. SECURITIES

Securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Securities:			
National government bonds	¥ 805,369	¥ 660,184	\$ 5,387,805
Local government bonds	403,377	490,696	2,698,538
Corporate bonds	727,058	837,977	4,863,916
Equity securities	586,510	769,410	3,923,670
Other securities	884,425	884,803	5,916,683
Total	¥ 3,406,740	¥ 3,643,073	\$22,790,613

The securities placed under unsecured lending agreements are included in the above national government bonds in the amount of ¥85,085 million (\$569,206 thousand) and ¥86,661 million as of March 31, 2025 and 2024, respectively.

Guarantee obligations for bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in securities were ¥50,876 million (\$340,353 thousand) and ¥55,898 million as of March 31, 2025 and 2024, respectively.

In the following description, in addition to "Securities" in the consolidated balance sheet, beneficial interests in trust investments are also presented within the item "Monetary claims bought."

The carrying amounts and aggregate fair value of the securities as of March 31, 2025 and 2024, are as follows:

March 31, 2025	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 97,160	¥ 474,201	¥ 523	¥ 570,838
Debt securities	2,063,166	298	127,660	1,935,804
Other securities	895,226	17,409	24,425	888,210

March 31, 2024				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 106,290	¥ 651,195	¥ 329	¥ 757,156
Debt securities	2,043,523	3,738	58,402	1,988,858
Other securities	912,252	21,442	23,687	910,007

March 31, 2025	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 649,987	\$3,172,341	\$ 3,502	\$3,818,826
Debt securities	13,802,290	1,998	854,029	12,950,260
Other securities	5,988,939	116,465	163,402	5,942,001

Proceeds from sales of available-for-sale securities for the years ended March 31, 2025 and 2024, were ¥362,803 million (\$2,427,103 thousand) and ¥396,211 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥35,006 million (\$234,186 thousand) and ¥21,880 million (\$146,378 thousand), respectively, for the year ended March 31, 2025, and ¥13,015 million and ¥21,566 million, respectively, for the year ended March 31, 2024.

8. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Bills discounted	¥ 9,985	¥ 15,666	\$ 66,799
Loans on bills	60,228	88,118	402,917
Loans on deeds	5,618,923	5,892,773	37,589,800
Overdrafts	772,408	784,659	5,167,302
Total	¥ 6,461,544	¥ 6,781,218	\$43,226,819

Of total loans, loans to customers in bankruptcy, which represent nonaccrual loans and which were included in loans and bills discounted, amounted to ¥14,357 million (\$96,048 thousand) and ¥14,419 million as of March 31, 2025 and 2024, respectively; past due loans, which represent nonaccrual loans other than loans to customers in bankruptcy, amounted to ¥105,761 million (\$707,528 thousand) and ¥109,557 million as of March 31, 2025 and 2024, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥1,525 million (\$10,202 thousand) and ¥1,350 million as of March 31, 2025 and 2024, respectively.

Of total loans, restructured loans amounted to ¥18,863 million (\$126,195 thousand) and ¥22,791 million as of March 31, 2025 and 2024, respectively. Restructured loans, designed to assist in the recovery of the financial health of debtors, were loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more were excluded from restructured loans.

9. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets:			
Due from foreign banks	¥ 16,415	¥ 24,525	\$ 109,817
Foreign exchange bills bought	1,826	1,979	12,218
Foreign exchange bills receivable	240	307	1,610
Total	¥ 18,482	¥ 26,812	\$ 123,646
Liabilities:			
Foreign exchange bills sold	¥ 106	¥ 318	\$ 713
Foreign exchange bills payable	2,325	2,060	15,555
Total	¥ 2,431	¥ 2,379	\$ 16,268

10. PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, and equipment as of March 31, 2025 and 2024, net of accumulated depreciation of ¥86,778 million (\$580,535 thousand) and ¥85,733 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Land	¥ 11,913	¥ 11,493	\$ 79,702
Buildings	12,260	13,015	82,020
Construction in progress	1,155	45	7,731
Other tangible fixed assets	13,298	12,774	88,967
Software	3,428	3,791	22,937
Other intangible fixed assets	648	666	4,335
Total	¥ 42,705	¥ 41,787	\$ 285,695

As of March 31, 2025 and 2024, deferred gains for tax purposes of ¥8,132 million (\$54,403 thousand) and ¥8,254 million, respectively, on property, plant, and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired property, plant, and equipment.

The Group reviewed its long-lived assets for impairment as of March 31, 2025. As a result, the Group recognized an impairment loss of ¥521 million (\$3,490 thousand) as other expenses for long-lived assets related to sales branches and idle assets located mainly in Nagano prefecture due to factors such as declines in operating cash flows, declines in land prices and decision to discontinue operations. The carrying amount of these long-lived assets was written down to their recoverable amount which was measured at their net selling price at disposition. The impairment loss recognized for the year ended March 31, 2024, was ¥1,646 million.

11. ACCEPTANCES AND GUARANTEES

Acceptances and guarantees include all contingent liabilities associated with the issuance of letters of credit, acceptances of bills, and issuances of guarantees. The contra account included in the assets side of the consolidated balance sheet represents the Bank's potential claim against applicants.

12.ASSETS PLEDGED

Assets pledged as collateral as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets pledged:			
Due from banks	¥ 2	¥ 2	\$ 13
Trading assets		5,999	
Cash (other assets)	409	409	2,737
Securities	1,250,355	1,496,976	8,364,702
Loans and bills discounted	1,212,062	1,717,444	8,108,526
Total	¥ 2,462,829	¥ 3,220,832	\$16,475,979
Related liabilities:			
Deposits	¥ 73,438	¥ 18,241	\$ 491,294
Payables under repurchase agreements	127,391	174,836	852,231
Payables under securities lending transactions	97,492	323,201	652,208
Borrowed money	1,568,289	2,092,784	10,491,633
Other liabilities	237	266	1,587
Total	¥ 1,866,848	¥ 2,609,330	\$12,488,954

In addition to the above, assets pledged as collateral for transactions, such as exchange settlement transactions, or as substitute securities for initial margin on futures transactions and others were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due from banks	¥ 250	¥ 250	\$ 1,672
Securities	64,030	8,144	428,352
Cash (other assets)	5,025	5,025	33,616
Cash collateral received for financial instrument liabilities (other assets)	8,277	22,700	55,378
Deposits to central counterparty (other assets)		50,000	

Additionally, initial margin of futures markets and guarantee deposits on office space included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Guarantee deposits on office space	¥ 624	¥ 686	\$ 4,181

13.DEPOSITS

Deposits as of March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Current deposits	¥ 402,748	¥ 445,382	\$ 2,694,332
Ordinary deposits	6,106,505	5,982,436	40,851,654
Savings deposits	68,472	70,486	458,070
Time deposits	2,765,277	2,821,194	18,499,315
Other deposits	206,424	118,458	1,380,947
Total	¥ 9,549,428	¥ 9,437,959	\$63,884,319

14.BORROWED MONEY

As of March 31, 2025 and 2024, the weighted-average annual interest rates applicable to borrowed money were 0.18% and 0.31%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. Annual maturities of borrowed money as of March 31, 2025, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥ 1,387,423	\$ 9,281,667
2027	1,195	7,996
2028	189,279	1,266,254
2029	342	2,289
2030	194	1,300
2031 and thereafter	3,025	20,240
Total	¥ 1,581,461	\$ 10,579,749

15.RETIREMENT AND PENSION PLANS

The Bank and its domestic consolidated subsidiaries have a contributory funded pension plan and noncontributory unfunded retirement benefit plans.

In the contributory funded pension plan, the Group adopted a cash balance plan that each employee has a "hypothetical account balance," which accumulates pay credits based on each salary level, interest credits based on the trend of market interest rate, and pay retirement lump-sum grants or pension, based on their salary and length of service. Some funded pension plan contributed to employee pension trust.

In the noncontributory unfunded plan, the Group pays retirement lump-sum grants based on salary and length of service.

Employees whose service with the Bank or its domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service, and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or death, the employee is typically entitled to a larger payment than in the case of voluntary termination.

In addition, some consolidated subsidiaries adopt the simplified method to calculate their liability for employees' retirement benefit and retirement benefit costs.

(1) The changes in defined benefit obligation, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 51,887	¥ 48,426	\$ 347,120
Current service cost	1,857	1,860	12,424
Interest cost	494	344	3,308
Actuarial gains (losses)	(4,644)	661	(31,068)
Benefits paid	(2,603)	(2,892)	(17,414)
Effects of transition from the simplified method to the principle method due to merger		547	
Increase due to new consolidation		2,820	
Others	121	118	812
Balance at end of year	¥ 47,113	¥ 51,887	\$ 315,182

(2) The changes in plan assets, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ 110,020	¥ 82,556	\$ 736,018
Expected return on plan assets	1,622	1,303	10,853
Actuarial gains (losses)	(10,602)	23,745	(70,929)
Contributions from the employer	898	851	6,010
Benefits paid	(2,175)	(1,789)	(14,551)
Increase due to new consolidation		3,234	
Others	121	118	812
Balance at end of year	¥ 99,884	¥ 110,020	\$ 668,214

(3) The changes in liability for employees' retirement benefits calculated by the simplified method for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥ (113)	¥ (20)	\$ (756)
Net periodic benefit cost	(44)	723	(294)
Benefits paid	(169)	(249)	(1,137)
Effects of transition from the simplified method to the principle method due to merger		(547)	
Increase due to new consolidation	(4)	(29)	(30)
Others		9	
Balance at end of year	¥ (331)	¥ (113)	\$ (2,218)

(4) Reconciliation between the asset and liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets, including that calculated by the simplified method (3) above is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥ 37,847	¥ 42,106	\$ 253,195
Plan assets	(102,231)	(112,159)	(683,913)
Total	(64,383)	(70,053)	(430,718)
Unfunded defined benefit obligation	11,280	11,807	75,466
Net asset arising from defined benefit obligation	¥ (53,102)	¥ (58,245)	\$ (355,251)
Liability for employees' retirement benefits	¥ 11,233	¥ 12,142	\$ 75,147
Asset for employees' retirement benefits	(64,335)	(70,388)	(430,398)
Net asset arising from defined benefit obligation	¥ (53,102)	¥ (58,245)	\$ (355,251)

(5) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service cost	¥ 1,857	¥ 1,860	\$ 12,424
Interest cost	494	344	3,308
Expected return on plan assets	(1,622)	(1,303)	(10,853)
Recognized actuarial gains	(4,551)	(2,551)	(30,446)
Net periodic benefit costs calculated by the simplified method	(44)	723	(294)
Others	103	114	690
Net periodic benefit costs (gains)	¥ (3,762)	¥ (812)	\$ (25,172)

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Actuarial gains (losses)	¥ (10,557)	¥ 20,532	\$ (70,630)

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans, before adjusting for tax effects, as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized actuarial gains	¥ (26,417)	¥ (36,975)	\$ (176,727)

(8) Plan assets

a. *Components of plan assets*

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	2025	2024
Debt investments	14.35%	13.01%
Equity investments	59.18	65.11
General account assets of life insurance companies	13.80	12.82
Cash and cash equivalents	4.56	3.85
Others	8.11	5.21
Total	100.00%	100.00%

Employee pension trusts for the years ended March 31, 2025 and 2024, are 48.69% and 52.53%, respectively, and are included in the total above.

b. *Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined considering the long-term rates of return which that are expected currently and in the future from the various components of the plan assets.

(9) Assumptions used for the years ended March 31, 2025 and 2024, were set forth as follows:

	2025	2024
Discount rates	1.2%–1.9%	0.5%–1.1%
Expected rates of return on plan assets	1.0%–2.0%	1.0%–2.0%
Salary increase rates	9.0%–12.0%	9.0%

16.EQUITY

The significant provisions in the Banking Law and the Companies Act of Japan (the "Companies Act") that affect financial and accounting matters are summarized below:

a. **Dividends**

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. **Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus**

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the

accounts within equity under certain conditions upon resolution by the shareholders.

c. **Treasury Stock and Treasury Stock Acquisition Rights**

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

The Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until the total of such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of common stock may be available for dividends upon resolution by the shareholders. In addition, the Companies Act permits the transfer of a portion of additional paid-in capital and legal reserves to common stock upon resolution by the Board of Directors.

17. STOCK ACQUISITION RIGHTS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective periods. Stock-based compensation expenses were ¥8 million (\$58 thousand) and ¥36 million for the years ended March 31, 2025 and 2024, respectively.

The stock options outstanding as of March 31, 2025, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2015 Stock Option	8 directors	78,900 shares	July 27, 2015	¥1 (\$0.01)	From July 28, 2015, to July 27, 2040
2016 Stock Option	8 directors	150,000 shares	July 25, 2016	¥1 (\$0.01)	From July 26, 2016, to July 25, 2041
2017 Stock Option	7 directors	109,600 shares	July 24, 2017	¥1 (\$0.01)	From July 25, 2017, to July 24, 2042
2018 Stock Option	8 directors	150,000 shares	July 23, 2018	¥1 (\$0.01)	From July 24, 2018, to July 23, 2043
2019 Stock Option	8 directors	150,000 shares	July 22, 2019	¥1 (\$0.01)	From July 23, 2019, to July 22, 2044
2020 Stock Option	7 directors	150,000 shares	July 20, 2020	¥1 (\$0.01)	From July 21, 2020, to July 20, 2045
2021 Stock Option	7 directors	130,700 shares	July 19, 2021	¥1 (\$0.01)	From July 20, 2021, to July 19, 2046
2022 Stock Option	5 directors	83,700 shares	July 19, 2022	¥1 (\$0.01)	From July 20, 2022, to July 19, 2047
2023 Stock Option	4 directors	54,800 shares	July 18, 2023	¥1 (\$0.01)	From July 19, 2023, to July 18, 2048

The stock option activity is as follows:

	Stock Option				
	2015	2016	2017	2018	2019
	(Shares)				
<u>Year Ended March 31, 2024</u>					
<u>Nonvested</u>					
March 31, 2023—Outstanding	23,500	44,600	42,000	51,800	82,500
Granted					
Canceled					
Vested	15,800	30,000	24,400	30,100	45,600
March 31, 2024—Outstanding	7,700	14,600	17,600	21,700	36,900
<u>Vested</u>					
March 31, 2023—Outstanding					
Vested	15,800	30,000	24,400	30,100	45,600
Exercised	15,800	30,000	24,400	30,100	45,600
Canceled					
March 31, 2024—Outstanding					
<u>Year Ended March 31, 2025</u>					
<u>Nonvested</u>					
March 31, 2024—Outstanding	7,700	14,600	17,600	21,700	36,900
Granted					
Canceled					
Vested					
March 31, 2025—Outstanding	7,700	14,600	17,600	21,700	36,900
<u>Vested</u>					
March 31, 2024—Outstanding					
Vested					
Exercised					
Canceled					
March 31, 2025—Outstanding					
Exercise price	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)
Average stock price at exercise					
Fair value price at grant date	¥927 (\$6.20)	¥455 (\$3.04)	¥689 (\$4.60)	¥443 (\$2.96)	¥413 (\$2.76)

	2020	2021	2022	2023
	(Shares)			
<u>Year Ended March 31, 2024</u>				
<u>Nonvested</u>				
March 31, 2023—Outstanding	115,000	116,600	83,700	
Granted				54,800
Canceled				
Vested	71,300	52,500	29,400	
March 31, 2024—Outstanding	43,700	64,100	54,300	54,800
<u>Vested</u>				
March 31, 2023—Outstanding				
Vested	71,300	52,500	29,400	
Exercised	71,300	52,500	29,400	
Canceled				
March 31, 2024—Outstanding				
<u>Year Ended March 31, 2025</u>				
<u>Nonvested</u>				
March 31, 2024—Outstanding	43,700	64,100	54,300	54,800
Granted				
Canceled				
Vested				
March 31, 2025—Outstanding	43,700	64,100	54,300	54,800
<u>Vested</u>				
March 31, 2024—Outstanding				
Vested				
Exercised				
Canceled				
March 31, 2025—Outstanding				
Exercise price	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)	¥1 (\$0.01)
Average stock price at exercise				
Fair value price at grant date	¥391 (\$2.61)	¥336 (\$2.24)	¥474 (\$3.17)	¥643 (\$4.30)

18. REVENUE RECOGNITION

Information about disaggregation is as described in Note 33, "Segment Information."

19. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gains on foreign exchange transactions	¥ 1,720	¥ 2,131	\$ 11,507
Gains on sales of bonds	3,703	10,986	24,774
Income on lease transaction and installment receivables	36,485	33,599	244,080
Other	520	754	3,479
Total	¥ 42,428	¥ 47,471	\$ 283,840

20. OTHER INCOME

Other income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gains on sales of equity securities	¥ 34,610	¥ 12,328	\$ 231,538
Gains on money held in trust		127	
Gain on bargain purchase		17,322	
Other	3,838	1,704	25,677
Total	¥ 38,448	¥ 31,482	\$ 257,216

21. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Loss on redemption of bonds		¥ 136	
Loss on sales of bonds	¥ 18,830	20,388	\$ 125,970
Cost of lease transaction and installment receivables	32,663	30,094	218,515
Other	46	2,932	313
Total	¥ 51,540	¥ 53,551	\$ 344,799

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Salaries and related expenses	¥ 33,940	¥ 28,750	\$ 227,054
Other	38,638	37,500	258,485
Total	¥ 72,578	¥ 66,251	\$ 485,540

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Charge-off of loans	¥ 7	¥ 80	\$ 52
Losses on sales of equity securities	3,837	1,162	25,670
Valuation losses on equity securities	195	210	1,307
Losses on money held in trust	285	1,081	1,910
Losses on sales of real estate	145	261	971
Impairment losses	521	1,646	3,490
Other	8,062	9,256	53,935
Total	¥ 13,055	¥ 13,700	\$ 87,338

24. INCOME TAXES

The Bank and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in normal effective statutory tax rates of 30.36% and 30.35% for the years ended March 31, 2025 and 2024, respectively.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2025 and 2024, are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2025	2024	2025	
Deferred tax assets:				
Valuation difference on available-for-sale securities	¥ 45,699	¥ 23,721	\$ 305,721	
Allowance for credit losses	16,175	15,697	108,210	
Liability for employees' retirement benefits	13,658	9,993	91,374	
Tax loss carryforwards	5,378	4,115	35,978	
Depreciation	3,671	3,746	24,561	
Deferred losses on hedges	2,329	3,815	15,586	
Impairment losses	2,142	3,349	14,333	
Valuation losses on equity securities	1,027	1,166	6,872	
Accrued enterprise tax	692	375	4,633	
Provision for loss on cancellation of system contracts	645	696	4,317	
Other	6,221	4,537	41,623	
Total of tax loss carryforwards and temporary differences	97,642	71,216	653,214	
Less valuation allowance for tax loss carryforwards	(5,378)	(4,113)	(35,978)	
Less valuation allowance for temporary differences	(8,794)	(9,313)	(58,833)	
Total valuation allowance	(14,172)	(13,426)	(94,811)	
Total deferred tax assets	83,470	57,789	558,402	
Deferred tax liabilities:				
Valuation difference on available-for-sale securities	153,053	203,341	1,023,904	
Asset for employees' retirement benefits	24,097	21,968	161,208	
Deferred losses on hedges	25,819	15,631	172,727	
Gain on contribution of securities to employee retirement benefit trust	1,714	1,665	11,472	
Other	2,985	2,599	19,975	
Total deferred tax liabilities	207,670	245,206	1,389,289	
Net deferred tax liabilities	¥ (124,200)	¥ (187,416)	\$ (830,886)	

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2025 and 2024, were as follows:

	Millions of Yen						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
March 31, 2025							
Deferred tax assets relating to tax loss carryforwards						¥ 5,378	¥ 5,378
Less valuation allowances for tax loss carryforwards						(5,378)	(5,378)
Net deferred tax assets relating to tax loss carryforwards							
March 31, 2024							
Deferred tax assets relating to tax loss carryforwards	¥ 1					¥ 4,113	¥ 4,115
Less valuation allowances for tax loss carryforwards						(4,113)	(4,113)
Net deferred tax assets relating to tax loss carryforwards	1						2
	Thousands of U.S. Dollars						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
March 31, 2025							
Deferred tax assets relating to tax loss carryforwards						\$35,978	\$35,978
Less valuation allowances for tax loss carryforwards						(35,978)	(35,978)
Net deferred tax assets relating to tax loss carryforwards							

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2025, with the corresponding figures for 2024, is as follows:

	2025	2024
Normal effective statutory tax rate	30.36%	30.35%
Special tax credit	(2.50)	(0.30)
Income not taxable for income tax purposes	(2.35)	(2.86)
Change in valuation allowance	1.02	12.71
Prior-year income taxes	0.79	0.52
Change in effective tax rate	(0.32)	
Consolidation adjustments for assets measured at fair value	(0.21)	(4.23)
Gain on bargain purchase		(10.34)
Other	(0.95)	1.29
Actual effective tax rate	25.84%	27.13%

(Revision of Deferred Tax Assets and Deferred Tax Liabilities Due to Change in Income Tax Rate)

Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)" on March 31, 2025, the "Special Defense Corporation Tax" will be imposed from the fiscal years beginning on or after April 1, 2026. Consequently, deferred tax assets and deferred tax liabilities related to temporary differences, etc. that are expected to reverse in the fiscal years beginning on or after April 1, 2026, are calculated using the statutory effective tax rate of 31.25% compared to the previous rate of 30.36%. As a result of this tax rate change, deferred tax assets increased by ¥30 million (\$202 thousand), deferred tax liabilities increased by ¥3,739 million (\$25,019 thousand), valuation difference on available-for-sale securities decreased by ¥2,859 million (\$19,129 thousand), deferred gain on hedges decreased by ¥668 million (\$4,475 thousand), defined retirement benefit plans decreased by ¥230 million (\$1,541 thousand), and income taxes—deferred decreased by ¥207 million (\$1,390 thousand) for the year ended March 31, 2025.

25. LEASES

Lessee

Leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee consist of buildings, movable properties and software. Depreciation method of leased assets is described in "f. Property, plant, and equipment" and "g. Software" in Note 2, "Summary of Significant Accounting Policies."

Lessor

The net investments in leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gross lease receivables	¥ 82,958	¥ 76,467	\$ 554,982
Estimated residual values	9,484	8,430	63,451
Estimated maintenance cost	(1,913)	(1,720)	(12,797)
Unearned interest income	(6,013)	(5,541)	(40,226)
Investments in leases	¥ 84,517	¥ 77,635	\$ 565,409

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
March 31			
Due in 1 year or less	¥ 3,891	¥ 3,694	\$ 26,031
Due from 1 to 2 years	2,932	2,987	19,616
Due from 2 to 3 years	2,086	2,017	13,961
Due from 3 to 4 years	1,470	1,252	9,835
Due from 4 to 5 years	832	687	5,567
Due after 5 years	1,201	1,022	8,039
Total	¥ 12,414	¥ 11,662	\$ 83,052

Maturities of investments in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
March 31			
Due in 1 year or less	¥ 24,014	¥ 22,507	\$ 160,655
Due from 1 to 2 years	19,619	18,296	131,251
Due from 2 to 3 years	15,571	13,940	104,173
Due from 3 to 4 years	11,254	10,007	75,292
Due from 4 to 5 years	6,793	5,994	45,444
Due after 5 years	5,704	5,720	38,164
Total	¥ 82,958	¥ 76,467	\$ 554,982

The minimum rental commitments under noncancelable operating leases as of March 31, 2025 and 2024, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due within 1 year	¥ 3,641	¥ 3,514	\$ 24,363
Due after 1 year	4,604	4,171	30,805
Total	¥ 8,246	¥ 7,685	\$ 55,168

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group offers financial services such as providing loans and sales of investment products to customers. In performing these operations, the Bank uses funds received as deposits from customers or by borrowing money from the market in consideration of market conditions and the balance in funding periods between the short term and the long term.

As the Bank holds financial assets and liabilities affected by interest rate movements, it carries out Asset Liability Management ("ALM") to avoid negative effects of interest movements. In managing interest rate movements, the Bank utilizes derivatives.

The Bank and certain consolidated subsidiaries also hold securities for sale to customers.

(2) Nature and Extent of Risks Arising from Financial Instruments

(a) Loans

The Bank provides loans mainly to domestic customers but does not focus on specific groups of companies. These loans are exposed to credit risk in the case of the customers' breach of the contract. In all domestic loans, the percentage of loans in Nagano Prefecture, the Bank's main business area, exceeds approximately 50%. As such, the Bank's credit risk is likely to deteriorate if there are negative changes in the economy in Nagano Prefecture.

(b) Securities

Securities are mainly bonds, stocks, investment trusts, and corporate investment funds. These securities are classified into categories, such as securities available for sale and securities for trading purposes to sell to customers. All securities are exposed to the credit risk of the securities' issuers or interest rate risk, market price risk, foreign exchange risk, and liquidity risk.

(c) Deposits

The Bank receives deposits from customers. These deposits are exposed to interest rate risk, foreign exchange risk, and liquidity risk.

(d) Derivatives

The purpose of using derivatives is to provide customers various hedging instruments to hedge the Bank's portfolio under ALM and to enhance the Bank's profit. Derivatives include interest rate swaps, interest cap transactions, and currency exchange swaps. Using these derivatives as hedging instruments for loans and securities, the Bank applies hedge accounting to derivative transactions and assesses the effectiveness between the hedged items and hedging instruments from the start of hedging. These derivative transactions are exposed to market risk and credit risk.

Derivative transactions used for hedging purposes are carried out in accordance with the Bank's annual hedging policy.

(3) Risk Management for Financial Instruments

(a) Credit risk management

In accordance with internal rules of credit risk management, the Bank examines every loan, manages loans according to credit lines for each debtor, addresses troubled loans, reviews each debtor's credit rating, and manages the Bank's loan portfolio. Regarding the loan examination structure, the loan promotion section is separated from the loan examination section in the head office. These two sections monitor and check each other. Every loan from the business branches is examined in many stages from loan application to the Bank's final decision. The Bank reviews each debtor's credit rating on a regular basis to identify troubled loans in a timely manner. In addition, the Bank uses examination results in order to reduce credit risk and to manage the Bank's loan portfolio.

To address the credit risk of securities' issuers, the Bank carries out its business under credit line limits for each debtor. Such limits are defined by the Risk Management Department on a semiannual basis.

(b) Market risk management (interest rate risk, foreign exchange risk, and market price risk)

The Group stipulates internal rules of market risk management and controls market risk so as to maintain management soundness and profitability.

Considering the market and the Bank's conditions, the Bank updates its Market Risk Management Policy on a semiannual basis to maintain an appropriate balance between risk and return and to adjust the volume of risk. Furthermore, the management committee confirms the risk limit and loss limit by each transaction type for each customer according to the Market Risk Management Policy. The Bank defines the limit of investment, limit of holding, and limit of valuation losses, as necessary. It also defines the threshold that should limit market risk and losses to certain amounts. Each section should carry out its business within risk limits, as well as report the risk status to an executive officer on a daily basis.

Regarding management of business operations, the front office is separated from the back office. The middle office which controls and manages risk is also separated from these two offices. These three offices monitor and check each other.

Management of Interest Rate Risk

To manage risk caused by interest rate fluctuations, the Bank uses Value at Risk ("VaR") for the change of economic value and uses ALM for the change of interest rate in gap analysis. The "ALM and Integrated Risk Conference" monitors the Group's risk status and discusses various measures corresponding to risks. As stated above, the Bank uses some derivative transactions under ALM.

Management of Foreign Exchange Risk

The Bank manages the change of economic value arising from fluctuations in foreign exchange rates by VaR. To avoid excessive foreign exchange risk, the Bank defines the upper holding limit in its Market Risk Management Policy.

Management of Market Price Risk

The Bank manages the change of economic value arising from fluctuations in market prices by VaR. The Board of Directors define the upper limit of risk on a semiannual basis by taking into account the Bank's capital status and market conditions. Certain consolidated subsidiaries report market values of holding securities to the Bank's Board of Directors on a regular basis.

The Principles of Derivative Transactions

The Bank establishes internal rules for derivative

transactions and manages the Group's risk in an integrated fashion, including derivative transactions made by consolidated subsidiaries. Regarding derivatives, the Risk Management Department reports the total positions, market values, and market risk amounts to both executive officers and the "ALM and Integrated Risk Conference" on a regular basis.

To manage risk arising from derivative transactions, the middle office, which checks and controls risk, is separated from the front office so as to monitor the front office's transactions.

Quantitative Information on Market Risk

The Bank principally uses VaR for quantitative analysis of the market risk of all financial instruments. For calculating VaR, the historical simulation method (confidence interval of 99.9%; observation period of 4,000 days; and holding period of 120 days both for financial instruments held for trading purpose (the Bank's trading business) and for those held for other than trading purpose (the Bank's banking business)) has been adopted.

The VaRs are ¥447,119 million (\$2,991,162 thousand) and ¥508,460 million as of March 31, 2025 and 2024, respectively.

The Bank conducts back testing to compare the VaR calculated using the model with actual loss amounts. According to the back testing results, it is believed that the measurement model that the Bank uses is adequate to capture market risk. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations, and therefore, there may be cases where market risk cannot be captured in situations when market conditions change dramatically beyond what has been experienced historically.

(c) Liquidity risk management

The Bank manages liquidity risk through diversification of funding and adjustment of funding periods between long term and short term under ALM.

(4) Fair Value of Financial Instruments

Fair values of financial instruments are as follows:

Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of "Cash and due from banks," "Call loans and bills bought," "Foreign exchange," "Call money and bills sole," "Payables under repurchased agreements," and "Payables under securities lending transactions" are not disclosed because their maturities are short and the carrying amounts approximate fair value. Also, please see Note 27 for details of the fair values of derivatives.

(a) Fair value of financial instruments

March 31, 2025	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Securities:			
Available for sale	¥ 3,323,311	¥ 3,323,311	
Loans and bills discounted	6,461,544		
Allowance for credit losses	(48,440)		
Loans after deduction of allowance for credit losses	6,413,104	6,385,577	¥ (27,527)
Total	¥ 9,736,416	¥ 9,708,889	¥ (27,527)
Deposits	¥ 9,549,428	¥ 9,543,814	¥ (5,613)
Negotiable certificates of deposit	218,447	218,447	
Borrowed money	1,581,461	1,572,651	(8,809)
Total	¥ 11,349,336	¥ 11,334,913	¥ (14,423)
Derivative transactions:			
Hedge accounting not applied	¥ 156	¥ 156	
Hedge accounting applied	74,291	74,291	
Total	¥ 74,447	¥ 74,447	

March 31, 2024			
Securities:			
Available for sale	¥ 3,571,107	¥ 3,571,107	
Loans and bills discounted	6,781,218		
Allowance for credit losses	(47,614)		
Loans after deduction of allowance for credit losses	6,733,603	6,735,390	¥ 1,787
Total	¥ 10,304,710	¥ 10,306,498	¥ 1,787
Deposits	¥ 9,437,959	¥ 9,437,082	¥ (876)
Negotiable certificates of deposit	55,194	55,194	
Borrowed money	2,105,286	2,092,995	(12,290)
Total	¥ 11,598,440	¥ 11,585,273	¥ (13,167)
Derivative transactions:			
Hedge accounting not applied	¥ (59)	¥ (59)	
Hedge accounting applied	38,457	38,457	
Total	¥ 38,397	¥ 38,397	

March 31, 2025	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Securities:			
Available for sale	\$ 22,232,485	\$ 22,232,485	
Loans and bills discounted	43,226,819		
Allowance for credit losses	(324,061)		
Loans after deduction of allowance for credit losses	42,902,758	42,718,604	\$ (184,153)
Total	\$ 65,135,243	\$ 64,951,090	\$ (184,153)
Deposits	\$ 63,884,319	\$ 63,846,765	\$ (37,554)
Negotiable certificates of deposit	1,461,383	1,461,383	
Borrowed money	10,579,749	10,520,814	(58,935)
Total	\$ 75,925,453	\$ 75,828,962	\$ (96,490)
Derivative transactions:			
Hedge accounting not applied	\$ 1,044	\$ 1,044	
Hedge accounting applied	496,996	496,996	
Total	\$ 498,041	\$ 498,041	

(b) Financial instruments whose fair value cannot be reliably determined

March 31	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Investments in equity instruments that do not have a quoted market price in an active market	¥ 82,123	¥ 70,745	\$ 549,396

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

Millions of Yen						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
March 31, 2025						
Securities	¥ 416,450	¥ 518,653	¥ 339,695	¥ 33,109	¥ 165,284	¥ 1,076,306
Available for sale	416,450	518,653	339,695	33,109	165,284	1,076,306
National government bonds	131,200	1,000	74,000	15,000	108,000	575,500
Local government bonds	96,903	167,071	77,238	1,954	31,202	39,695
Corporate bonds	143,147	264,686	138,871	12,165	17,981	165,343
Loans and bills discounted	1,048,359	1,200,804	1,014,267	560,914	627,535	1,146,357
Total	¥ 1,464,809	¥ 1,719,457	¥ 1,353,963	¥ 594,023	¥ 792,820	¥ 2,222,663
March 31, 2024						
Securities	¥ 188,375	¥ 642,405	¥ 459,073	¥ 124,296	¥ 110,879	¥ 1,039,735
Available for sale	188,375	642,405	459,073	124,296	110,879	1,039,735
National government bonds	9,500	131,200	4,000	16,000	31,000	521,500
Local government bonds	28,888	181,326	143,626	25,203	30,493	86,826
Corporate bonds	102,159	239,140	248,386	63,538	23,841	160,411
Loans and bills discounted	1,426,383	1,292,014	967,646	582,810	545,030	1,112,077
Total	¥ 1,614,758	¥ 1,934,419	¥ 1,426,720	¥ 707,107	¥ 655,909	¥ 2,151,813
Thousands of U.S. Dollars						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
March 31, 2025						
Securities	\$ 2,785,992	\$ 3,469,720	\$ 2,272,516	\$ 221,497	\$ 1,105,732	\$ 7,200,335
Available for sale	2,785,992	3,469,720	2,272,516	221,497	1,105,732	7,200,335
National government bonds	877,709	6,689	495,049	100,347	722,504	3,850,013
Local government bonds	648,273	1,117,682	516,711	13,078	208,740	265,556
Corporate bonds	957,638	1,770,715	929,027	81,382	120,293	1,106,126
Loans and bills discounted	7,013,378	8,033,208	6,785,304	3,752,436	4,198,125	7,668,967
Total	\$ 9,799,371	\$ 11,502,929	\$ 9,057,820	\$ 3,973,934	\$ 5,303,858	\$ 14,869,303

(6) Scheduled Repayment Amount after the Consolidated Balance Sheet Date for Borrowed Money and Other Interest-Bearing Liabilities

Millions of Yen						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
March 31, 2025						
Deposits	¥ 8,579,568	¥ 837,177	¥ 83,913	¥ 10,462	¥ 27,123	¥ 11,182
Negotiable certificates of deposit	218,447					
Borrowed money	1,387,423	190,475	536	3,020	5	
Total	¥ 10,185,439	¥ 1,027,652	¥ 84,449	¥ 13,483	¥ 27,129	¥ 11,182
March 31, 2024						
Deposits	¥ 8,504,380	¥ 834,422	¥ 54,638	¥ 10,861	¥ 22,074	¥ 11,582
Negotiable certificates of deposit	55,194					
Borrowed money	773,078	920,773	408,393	3,034	7	
Total	¥ 9,332,653	¥ 1,755,195	¥ 463,031	¥ 13,896	¥ 22,082	¥ 11,582
Thousands of U.S. Dollars						
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
March 31, 2025						
Deposits	\$ 57,396,095	\$ 5,600,598	\$ 561,366	\$ 69,995	\$ 181,455	\$ 74,808
Negotiable certificates of deposit	1,461,383					
Borrowed money	9,281,667	1,274,251	3,589	20,206	34	
Total	\$ 68,139,147	\$ 6,874,850	\$ 564,956	\$ 90,201	\$ 181,489	\$ 74,808

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

Millions of Yen				
March 31, 2025	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	¥ 804,215	¥ 1,153		¥ 805,369
Local government bonds		403,377		403,377
Corporate bonds		676,214	¥ 50,843	727,058
Equity securities	570,283	554		570,838
Other	144,167	617,868		762,035
Total assets	¥1,518,666	¥1,699,168	¥ 50,843	¥3,268,678
Derivative transactions:				
Interest rate swaps		¥ 82,235		¥ 82,235
Currency derivatives		(7,788)		(7,788)
Total derivative transactions		¥ 74,447		¥ 74,447
March 31, 2024	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	¥ 659,050	¥ 1,133		¥ 660,184
Local government bonds		490,696		490,696
Corporate bonds		781,766	¥ 56,210	837,977
Equity securities	757,156			757,156
Other	160,864	614,357	40	775,262
Total assets	¥1,577,072	¥1,887,954	¥ 56,250	¥3,521,277
Derivative transactions:				
Interest rate swaps		¥ 50,961		¥ 50,961
Currency derivatives		(12,563)		(12,563)
Total derivative transactions		¥ 38,397		¥ 38,397

Thousands of U.S. Dollars				
March 31, 2025	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	\$ 5,380,085	\$ 7,719		\$ 5,387,805
Local government bonds		2,698,538		2,698,538
Corporate bonds		4,523,779	\$ 340,136	4,863,916
Equity securities	3,815,117	3,708		3,818,826
Other	964,462	4,133,449		5,097,911
Total assets	\$10,159,665	\$11,367,195	\$ 340,136	\$21,866,998
Derivative transactions:				
Interest rate swaps		\$ 550,143		\$ 550,143
Currency derivatives		(52,101)		(52,101)
Total derivative transactions		\$ 498,041		\$ 498,041

(2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

Millions of Yen				
March 31, 2025	Level 1	Level 2	Level 3	Total
Loans and bills discounted			¥ 6,385,577	¥ 6,385,577
Total assets			¥ 6,385,577	¥ 6,385,577
Deposits		¥ 9,543,814		¥ 9,543,814
Negotiable certificates of deposit		218,447		218,447
Borrowed money		1,565,203	¥ 7,447	1,572,651
Total liabilities		¥11,327,465	¥ 7,447	¥11,334,913
March 31, 2024	Level 1	Level 2	Level 3	Total
Securities:				
Loans and bills discounted			¥ 6,735,390	¥ 6,735,390
Total assets			¥ 6,735,390	¥ 6,735,390
Deposits		¥ 9,437,082		¥ 9,437,082
Negotiable certificates of deposit		55,194		55,194
Borrowed money		2,086,239	¥ 6,756	2,092,995
Total liabilities		¥11,578,516	¥ 6,756	¥11,585,273

Thousands of U.S. Dollars				
March 31, 2025	Level 1	Level 2	Level 3	Total
Loans and bills discounted			\$42,718,604	\$42,718,604
Total assets			\$42,718,604	\$42,718,604
Deposits		\$63,846,765		\$63,846,765
Negotiable certificates of deposit		1,461,383		1,461,383
Borrowed money		10,470,989	\$ 49,825	10,520,814
Total liabilities		\$75,779,137	\$ 49,825	\$75,828,962

(Note 1) Explanation of valuation techniques and valuation inputs used in fair value measurements

Securities

Securities for which unadjusted quoted prices in an active market can be used are categorized into Level 1 fair value and mainly include listed equity securities and Japanese government bonds. Securities for which publicly announced quoted prices are used but the market is not active are categorized into Level 2 fair value and mainly include municipal bonds, corporate bonds and mortgage-backed securities.

Investment trusts that do not have trading prices in an active market with no restrictions on redemption are classified as Level 2, and are valued using Net Asset Value method ("NAV").

Fair values of private placement bonds are measured by discounting the total amount of principal and interest and others at interest rates based on the discount rate reflecting expected loss and various risk factors by categories based on the internal ratings and terms and are mainly categorized as Level 3 since the discount rate is unobservable.

Information relating to securities for holding purpose is included in Note 7.

Loans and Bills Discounted

Because floating-rate loans are immediately affected by the movement of interest rates, the carrying amounts of these loans are equivalent to fair values in cases where the credit risk of debtors has not totally changed from the execution of the loans. For fixed-rate loans used to fund business, fair values are determined by discounting the total amounts of the principal and interest at market rates plus spreads. The spreads are defined in internal guidelines. For fixed-rate loans other than business funds, fair values are determined by discounting the total amounts of the principal and interest at expected rates if the Bank newly executes similar loans to customers. Such expected rates are determined according to the loans' type and

period. The carrying amounts of fixed-rate loans other than business funds with short maturity (less than one year) approximate equivalent to the fair values.
For loans to "Bankrupt," "De facto Bankrupt" and "In danger of bankruptcy," a reserve for possible loan losses calculated from the current value of expected future cash flows or from the expected amount to be collected through disposal of collateral or execution of guarantees is provided. Therefore, the carrying amounts at the consolidated balance sheet date, net of reserve amounts, approximate fair values.
Specific loans in which the loan amount can be increased or decreased within the collateral amount have no maturity dates. The carrying amounts of such loans approximate fair values because of the loans' period and conditions.
Fair value of these transactions is categorized as Level 3.

Deposits and Negotiable Certificates of Deposit
Fair values of demand deposits are measured at the expected amount to be paid to depositors from the Bank at the consolidated balance sheet date (book values). For time deposits and negotiable certificates of deposit, according to each period, fair values are measured at the total amount of the principal and interest discounted at the rate that the Bank applies to new deposits. The carrying amounts of time deposits and negotiable certificates of deposit with short maturities (less than one year) approximate fair value.
Fair value of these transactions is categorized as Level 2.

Borrowed Money
Because floating-rate borrowed money is immediately affected by the movement of interest rates, the carrying amount of this borrowed money is equivalent to fair value in cases where the credit risk of consolidated subsidiaries has not totally changed from when the money was borrowed. The fair value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered to similar borrowings. The carrying amount of borrowed money whose term is short (within one year) approximates the fair value and is therefore deemed equal to the fair value.
Fair value of these transactions is mainly categorized as Level 2.

Derivative Transactions
Derivative transactions that can be measured at unadjusted quoted prices in active markets are categorized as Level 1, which includes such transactions as bonds futures and interest rate futures.
However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, market values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques are interest rate, currency rate, volatility and others. In addition, price adjustments based on credit risk of counterparty and credit risk of ourselves and price adjustments are made.
When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are categorized as Level 2. When material unobservable inputs are used, transactions are categorized as Level 3.

(Note 2) Information relating to fair values of Level 3 among the financial instruments recorded at fair value in the consolidated balance sheet

(1) Quantitative information of significant unobservable valuation inputs

March 31, 2025	Principal Valuation Technique	Significant Unobservable Valuation Input	Range of Valuation Input	Weighted Average
Securities— Available-for-sale— bonds	Discounted cash flow method	Probability of default Loss given default	0.0%–7.7% 35.8%–100.0%	0.3% 78.7%
March 31, 2024	Principal Valuation Technique	Significant Unobservable Valuation Input	Range of Valuation Input	Weighted Average
Securities— Available-for-sale— bonds	Discounted cash flow method	Probability of default Loss given default	0.0%–7.8% 30.2%–100.0%	0.3% 78.1%

(2) Adjustment sheet from beginning balance to ending balance as of period and realized gains (losses) recognized as gains (losses) for the period

	Securities Available-for-Sale Private Placement Bonds		
	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	¥ 56,210	¥ 53,417	\$ 376,042
Recorded to gains for the period			
Recorded to other comprehensive income	(371)	(56)	(2,485)
Net amount of purchase, sale and settlement	(4,995)	2,849	(33,420)
Transfer to fair values of Level 3			
Transfer from fair values of Level 3			
Ending balance as of period	¥ 50,843	¥ 56,210	\$ 340,136
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ (614)	¥ (309)	\$ (4,109)

(3) Explanation of the process of fair value measurement
In the Bank, middle-offices have established policies and procedures related to the measurement of fair values, and according to these, back-offices measure the fair values. For the fair values, the validity of the valuation techniques and valuation inputs used in fair value measurement are verified by back-offices and front-offices. The results of the verification are reported to middle-offices every fiscal year, and the appropriateness of policies and procedures are ensured that related to the measurement of fair values.
In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used.
In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of valuation techniques and used valuation inputs and comparison with the fair values of similar financial instruments.

(4) Explanation of the impact on fair values in the case where significant unobservable inputs are varied
Significant unobservable inputs used in calculating the fair value of private bonds are the probability of default and the loss given default. Each significant increase (decrease) in the probability of default and the loss given default would be accompanied by a decrease (increase) of the fair values. The changes of the probability of default are generally accompanied by changes in the same direction as the assumptions of the loss given default.

(Note 3) Information relating to treatment of investment trust base price as fair value
Paragraph 24-3 and paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31,

June 17, 2021) allow investment trusts without fair market value to consider the base price as fair market value.
Available-for-sale securities are not included these investment trusts.
Adjustment sheet from beginning balance to ending balance as of period and realized gains (losses) recognized as gains (losses) for the period

	Investment Trusts Paragraph 24-3 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	¥ 24,474	¥ 24,959	\$ 163,732
Recorded to gains for the period	(101)	755	(676)
Recorded to other comprehensive income	423	1,302	2,831
Net amount of purchase, sale and settlement	4,042	(2,543)	27,046
Ending balance as of period	¥ 28,839	¥ 24,474	\$ 192,933
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ 1,486	¥ 1,033	\$ 9,947

	Investment Trusts Paragraph 24-9 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Beginning balance	¥ 25,355	¥ 24,877	\$ 169,622
Recorded to gains for the period			
Recorded to other comprehensive income	438	477	2,932
Net amount of purchase, sale and settlement			
Ending balance as of period	¥ 25,793	¥ 25,355	\$ 172,554
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ 6,301	¥ 5,863	\$ 42,156

27. DERIVATIVES

Derivatives that the Bank and certain consolidated subsidiaries use are as follows:

Interest rate-related transactions:	Interest rate swaps and interest rate options
Currency-related transactions:	Currency swaps, currency options, and forward foreign exchange contracts
Stock-related transactions:	Stock index futures and stock index future options
Bond-related transactions:	Bond futures and bond future options
Other transactions:	Earthquake derivatives

The Bank and certain subsidiaries use derivatives primarily to hedge risks for customers to maximize the profit of their own trading account and to manage the potential risks in their own portfolio as a part of ALM.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates, foreign exchange rates, or prices of bonds. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

The Bank comprehensively controls derivative risks of the Bank and certain consolidated subsidiaries in accordance with its Risk Management Regulations and Market Risk Management Regulations. The position amounts, market values, and market risks are reported periodically to the responsible executive officers and the ALM Committee, where evaluations and analyses of derivatives are made.

Risk control of derivatives is the responsibility of the Risk Management Department independent from the front office. The Risk Management Department is in charge of controlling market risks in order to make the risk control system work effectively.

On the other hand, concerning credit risk management, the Bank sets up credit limits of customers according to their credit standings and manages it strictly not to exceed each credit ceiling of customers.

It should be noted that the nominal contract value or notional principal amount is used in determining the value of receipts or payments of interest and as an indicator representative of the volume of transactions, but those values do not necessarily reflect such things as market risk or credit risk.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2025

	Millions of Yen				Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
Interest Rate-Related Transactions								
Listed—interest-rate futures: Selling								
Over the counter—interest rate swaps: Receipt fixed—payments floating								
	¥ 59,864	¥ 57,469	¥ (1,524)	¥ (1,524)	\$ 400,482	\$ 384,463	\$ (10,196)	\$ (10,196)
Receipt floating—payments fixed								
	67,396	65,136	1,746	1,746	450,873	435,752	11,681	11,681
Receipt floating—payments floating								
Over the counter—interest rate options: Selling								
Buying								
Currency-Related Transactions								
Over the counter—currency swaps								
Over the counter—currency futures: Selling								
	64,888	349	749	749	434,094	2,337	5,011	5,011
Buying								
	63,483	233	(748)	(748)	424,696	1,559	(5,004)	(5,004)
Over the counter—currency options: Selling								
	196,503	158,026	(2,171)	3,185	1,314,580	1,057,173	(14,526)	21,307
Buying								
	196,503	158,026	2,104	(1,218)	1,314,580	1,057,173	14,079	(8,153)
Foreign exchange swaps								
Stock-Related Transactions								
Listed—stock index futures: Selling								
Buying								
Listed—stock index options: Selling								
Buying								
Bond-Related Transactions								
Listed—bond futures: Selling								
Buying								
Listed—bond futures options: Selling								
Buying								
Other Transactions								
Over the counter—earthquake derivatives								
Selling								
	740		(7)	(7)	4,950		(51)	(51)
Buying								
	740		7	7	4,950		51	51

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2025

		Millions of Yen			Thousands of U.S. Dollars		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Hedged Item							
Interest Rate-Related Transactions							
Interest rate swaps: Receipt fixed—payments floating	Loans and bills discounted, available-for-sale securities, and other financial assets	¥ 522,000	¥ 233,400	¥ (2,967)	\$ 3,492,105	\$ 1,561,412	\$ (19,851)
Receipt floating—payments fixed		819,941	780,390	84,942	5,485,294	5,220,698	568,250
Receipt floating—payments floating		3,737	3,737	38	25,000	25,000	259
Currency-Related Transactions							
Deferral hedge method: Currency swaps	Foreign currency loans and deposits	104,785	59,792	(4,593)	701,000	400,000	(30,731)
Foreign exchange swaps		122			819		5
Fair value hedge method—Currency swaps	Foreign currency securities	58,297	43,349	(3,129)	390,000	290,000	(20,934)
Bond-Related Transactions							
Listed—bond futures—selling	Available-for-sale securities						
Over the counter—bond options: Selling	Available-for-sale securities						
Buying							

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions							
Interest rate swaps—Receipt fixed—payments floating	Loans and deposits	¥ 102,219	¥ 101,419		\$ 683,832	\$ 678,480	
Interest rate swaps—Receipt floating—payments fixed	Borrowed money	14,144	14,144		94,626	94,626	
Interest rate swaps—Receipt floating—payments floating							

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2024

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
Interest Rate-Related Transactions				
Listed—interest-rate futures: Selling Buying				
Over the counter—interest rate swaps: Receipt fixed—payments floating	¥ 68,697	¥ 61,546	¥ (573)	¥ (573)
Receipt floating—payments fixed	78,980	71,843	596	596
Receipt floating—payments floating				
Over the counter—interest rate options: Selling Buying				
Currency-Related Transactions				
Over the counter—currency swaps				
Over the counter—currency futures: Selling Buying	68,007 73,329	437 278	(1,913) 1,852	(1,913) 1,852
Over the counter—currency options: Selling Buying	164,115 164,115	118,419 118,419	(1,902) 1,881	2,492 (1,176)
Foreign exchange swaps				
Stock-Related Transactions				
Listed—stock index futures: Selling Buying				
Listed—stock index options: Selling Buying				
Bond-Related Transactions				
Listed—bond futures: Selling Buying				
Listed—bond futures options: Selling Buying				
Other Transactions				
Over the counter—earthquake derivatives				
Selling Buying	1,590 1,590		(13) 13	(13) 13

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2024

	Hedged Item	Millions of Yen		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps: Receipt fixed—payments floating	Loans and bills discounted, available-for-sale securities, and other financial assets	¥301,600	¥301,600	¥ 371
Receipt floating—payments fixed		756,111	735,442	50,567
Receipt floating—payments floating				
Currency-Related Transactions				
Deferral hedge method: Currency swaps	Foreign currency loans and deposits	68,137 1,291	22,707	(9,006) (98)
Foreign exchange swaps				
Fair value hedge method—Currency swaps	Foreign currency securities	27,248	27,248	(3,376)
Bond-Related Transactions				
Listed—bond futures—selling	Available-for-sale securities			
Over the counter—bond options: Selling Buying	Available-for-sale securities			

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

	Hedged Item	Millions of Yen		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps—Receipt fixed—payments floating	Loans and deposits	¥ 78,832	¥ 78,832	
Interest rate swaps—Receipt floating—payments fixed	Borrowed money	11,668	11,276	
Interest rate swaps—Receipt floating—payments floating				

28. LOAN COMMITMENTS

The Group issues commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers. Unfunded amounts relating to these contracts totaled ¥1,807,274 million (\$12,090,413 thousand) and ¥1,738,339 million as of March 31, 2025 and 2024, respectively.

As a large majority of these commitments expire without being drawn down upon, the unfunded amounts do not necessarily represent future cash requirements. Many of these agreements include conditions granting the Bank the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

29. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ (243,068)	¥ 197,781	\$ (1,626,096)
Reclassification adjustments to profit or loss	(11,531)	10,958	(77,147)
Amount before income tax effect	(254,600)	208,740	(1,703,243)
Income tax effect	72,265	(63,511)	483,447
Subtotal	(182,335)	145,229	(1,219,796)
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	33,663	22,839	225,205
Reclassification adjustments to profit or loss	2,531	(7,318)	16,936
Amount before income tax effect	36,195	15,520	242,141
Income tax effect	(11,634)	(4,710)	(77,834)
Subtotal	24,560	10,810	164,306
Defined retirement benefit plans:			
Adjustments arising during the year	(5,958)	23,084	(39,860)
Reclassification adjustments to profit or loss	(4,599)	(2,551)	(30,770)
Amount before income tax effect	(10,557)	20,532	(70,630)
Income tax effect	2,979	(6,217)	19,934
Subtotal	(7,578)	14,314	(50,695)
Total other comprehensive income (loss)	¥ (165,352)	¥ 170,353	\$ (1,106,185)

30. PER SHARE DATA

(1) Basic EPS for the years ended March 31, 2025 and 2024, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Year Ended March 31, 2025				
Basic EPS—net income available to common shareholders	¥47,982	473,974	¥101.23	\$ 0.67
Effect of dilutive—stock acquisition rights		315		
Diluted EPS—net income for computation	¥47,982	474,289	¥101.16	\$ 0.67
Year Ended March 31, 2024				
Basic EPS—net income available to common shareholders	¥37,071	485,390	¥ 76.37	
Effect of dilutive—stock acquisition rights		395		
Diluted EPS—net income for computation	¥37,071	485,785	¥ 76.31	

31. RELATED PARTY TRANSACTIONS

Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2025, were as follows:

Type	Name	Nature of Transaction	Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen	Thousands of U.S. Dollars
			Transaction Amount			Year-End Balance	
			(Average Balance)				
Director of the Bank	Makoto Nakamura	Lending of funds	¥10	\$66	Loans and bills discounted	¥9	\$61

Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2025, were as follows:

Type	Name	Nature of Transaction	Millions of Yen	Thousands of U.S. Dollars	Account	Millions of Yen	Thousands of U.S. Dollars
			Transaction Amount			Year-End Balance	
(Average Balance)							
Director of Nagano Bank	Kenji Tahara	Lending of funds	¥18	\$120	Loans and bills discounted	¥15	\$104
Close relative of Director of Nagano Bank	Junji Tahara	Lending of funds	¥19	\$130	Loans and bills discounted	¥20	\$138
Audit & Supervisory Board member of Nagano Bank	Shinji Horikawa	Lending of funds	¥13	\$ 88	Loans and bills discounted	¥10	\$ 71

Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2024, were as follows:

(2) Net assets per share for the years ended March 31, 2025 and 2024, were as follows:

	Yen		U.S. Dollars
	2025	2024	2025
Net assets per share	¥ 2,087.32	¥ 2,309.80	\$ 13.96

The net assets per share figure is calculated on the basis of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Net assets	¥ 967,658	¥1,118,275	\$ 6,473,498
Less stock acquisition rights	150	141	1,005
Less noncontrolling interests	4,147	4,236	27,743
Net assets attributable to common shareholders	¥ 963,361	¥1,113,897	\$ 6,444,749
			Thousands of Number of Shares
			2025 2024
Number of common stock at fiscal year-end used for calculation of net assets per share	461,528	482,247	

Type	Name	Nature of Transaction	Millions of Yen	Account	Millions of Yen
			Transaction Amount (Average Balance)		Year-End Balance
Director of the Bank	Makoto Nakamura	Lending of funds	¥16	Loans and bills discounted	¥16
Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2024, were as follows:					

Type	Name	Nature of Transaction	Millions of Yen	Account	Millions of Yen
			Transaction Amount (Average Balance)		Year-End Balance
Audit & Supervisory Board member of Nagano Bank	Shinji Horikawa	Lending of funds	¥18	Loans and bills discounted	¥15

32. SUBSEQUENT EVENTS

a. Dividends

The following appropriations of retained earnings at March 31, 2025, were approved at the Bank's shareholders' meeting held on June 20, 2025:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥29.00 (\$0.19) per share	¥ 13,386	\$ 89,553

b. Acquisition of Treasury Stock

At the meeting of the Board of Directors held on May 9, 2025, the Bank resolved to repurchase its own shares in accordance with Article 156 of the Companies Act, as applied pursuant to Paragraph 3 of Article 165 of the Companies Act.

(a) Reason for acquisition

The purpose of the Bank's repurchase of its own shares is to implement a capital policy that responds to changes in the business environment and to improve shareholder returns.

(b) Details of acquisition

- (1) Type of shares to be repurchased
Common stock
- (2) Total number of shares to be repurchased
Up to 10,000,000 shares
- (3) Total repurchase amount
Up to ¥10,000 million (\$66 million)
- (4) Acquisition period
From May 12, 2025 to December 30, 2025

33. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Bank's management is performed in order to decide how resources are allocated among the Group. The Group consists of the banking and leasing segments. Banking consists of the banking and credit card businesses. Leasing consists of the leasing business.

(2) Methods of Measurement for Sales, Profit (Loss), Assets, Liabilities, and Other Items

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Ordinary Income, Profit, Assets, Liabilities, and Other Items, and Information about Disaggregation of Revenue

	Millions of Yen						
	2025						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Revenue from contracts with customers	¥ 23,926	¥ 36,593	¥ 23,926	¥ 2,090	¥ 26,017		¥ 26,017
Other revenue	191,187		227,780	395	228,176		228,176
Outside customers Intersegment	215,114	36,593	251,707	2,485	254,193	¥ (916)	254,193
	513	356	869	46	916		
Total	¥ 215,627	¥ 36,949	¥ 252,577	¥ 2,532	¥ 255,109	¥ (916)	¥ 254,193
Segment profit (loss)	¥ 61,685	¥ 2,323	¥ 64,009	¥ (199)	¥ 63,809	¥ 28	¥ 63,838
Segment assets	13,436,811	132,276	13,569,088	28,789	13,597,877	(82,560)	13,515,316
Segment liabilities	12,526,603	86,427	12,613,030	13,710	12,626,740	(79,082)	12,547,657
Other:							
Depreciation	3,980	2,181	6,161	24	6,186		6,186
Interest income	148,979	56	149,035	268	149,304	(341)	148,962
Interest expense	44,657	391	45,048	6	45,054	(343)	44,711
Gain on disposal of assets	1,435		1,435	28	1,463		1,463
Loss on disposal of assets	143		143	1	145		145
Impairment losses of assets	282		282	238	521		521
Income taxes	15,929	723	16,652	97	16,750	13	16,764
Increase in property, plant, and equipment and intangible assets	5,125	4,121	9,247	270	9,517		9,517

	Millions of Yen						
	2024						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Revenue from contracts with customers	¥ 23,222		¥ 23,222	¥ 2,794	¥ 26,016		¥ 26,016
Other revenue	151,972	¥ 33,689	185,661	522	186,184		186,184
Outside customers Intersegment	175,194	33,689	208,884	3,316	212,201	¥ (983)	212,201
	602	351	953	30	983		
Total	¥ 175,796	¥ 34,040	¥ 209,837	¥ 3,347	¥ 213,184	¥ (983)	¥ 212,201
Segment profit (loss)	¥ 33,392	¥ 1,621	¥ 35,014	¥ 201	¥ 35,215	¥ 1	¥ 35,217
Segment assets	14,746,434	121,014	14,867,449	34,757	14,902,206	(74,454)	14,827,752
Segment liabilities	13,684,813	76,757	13,761,571	18,862	13,780,433	(70,956)	13,709,476
Other:							
Depreciation	3,813	2,097	5,911	53	5,965		5,965
Interest income	124,727	49	124,777	199	124,976	(215)	124,761
Interest expense	36,971	246	37,217	14	37,231	(217)	37,014
Gain on bargain purchase	17,322		17,322		17,322		17,322
Gain on disposal of assets	131		132		132		132
Loss on disposal of assets	261		261		261		261
Impairment losses of assets	1,646		1,646		1,646		1,646
Income taxes	13,188	503	13,691	96	13,787	4	13,791
Increase in property, plant, and equipment and intangible assets	4,785	3,855	8,641	137	8,778		8,778

Thousands of U.S. Dollars

	2025						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking	Leasing	Total				
Ordinary income:							
Revenue from contracts with customers	\$ 160,068		\$ 160,068	\$ 13,984	\$ 174,052		\$ 174,052
Other revenue	1,279,019	\$ 244,802	1,523,821	2,644	1,526,466		1,526,466
Outside customers	1,439,087	244,802	1,683,889	16,628	1,700,518		1,700,518
Intersegment	3,433	2,386	5,819	310	6,130	\$ (6,130)	
Total	\$ 1,442,520	\$ 247,189	\$ 1,689,709	\$ 16,939	\$ 1,706,648	\$ (6,130)	\$ 1,700,518
Segment profit (loss)	\$ 412,668	\$ 15,543	\$ 428,212	\$ (1,336)	\$ 426,875	\$ 193	\$ 427,069
Segment assets	89,890,362	884,912	90,775,275	192,594	90,967,869	(552,319)	90,415,550
Segment liabilities	83,801,199	578,185	84,379,385	91,719	84,471,105	(529,053)	83,942,051
Other:							
Depreciation	26,629	14,592	41,222	164	41,386		41,386
Interest income	996,649	379	997,029	1,793	998,823	(2,283)	996,539
Interest expense	298,749	2,615	301,365	43	301,408	(2,296)	299,112
Gain on disposal of assets	9,599		9,599	190	9,790		9,790
Loss on disposal of assets	962		962	8	971		971
Impairment losses of assets	1,892		1,892	1,597	3,490		3,490
Income taxes	106,564	4,840	111,404	654	112,059	91	112,150
Increase in property, plant, and equipment and intangible assets	34,291	27,571	61,862	1,806	63,669		63,669

(4) Information about Services

	Millions of Yen				
	2025				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	¥ 72,700	¥108,393	¥ 36,593	¥ 36,505	¥ 254,193
	Millions of Yen				
	2024				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	¥ 64,732	¥ 83,932	¥ 33,689	¥ 29,846	¥ 212,201
	Thousands of U.S. Dollars				
	2025				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	\$ 486,357	\$ 725,140	\$ 244,802	\$ 244,218	\$1,700,518

(5) Information about Geographical Areas

a. Ordinary income

This information is not disclosed as the domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income.

b. Tangible fixed assets

This information is not disclosed as the domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet.

(6) Information about Major Customers

This information is not disclosed as ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statement of income.

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Supplementary Information

We have prepared a supplement regarding information required to be disclosed, including indicators set out in Article 19-2, Paragraph (1) and Article 19-3 of the Regulation for Enforcement of the Banking Act ("the Act" hereinafter), the status of capital adequacy defined in Financial Services Agency Notice No. 7 of 2014 pursuant to Article 19-2, Paragraph (1), item (v) (d) of the Act, and the compensation set out in Financial Services Agency Notice No. 21 of 2012 pursuant to Article 19-2, paragraph (1), item (vi) of the Act. The supplement is available in Japanese on our website.

- Numerical values in this document are typically truncated to the nearest whole unit.
- "Domestic operations" refers to yen-denominated transactions occurring at domestic branches, while "international operations" refers to foreign currency-denominated transactions at domestic branches and any transactions at overseas branches. However, yen-denominated transactions with non-residents and other specified international financial transactions are regarded as "international".



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