

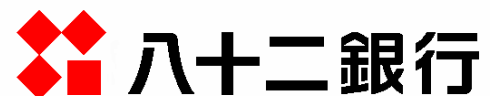
The 33rd Information Meeting

Development of Customers, Our Own Revolution,
Evolution of Infrastructure

~ 3 Challenges ~

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

May 29, 2014



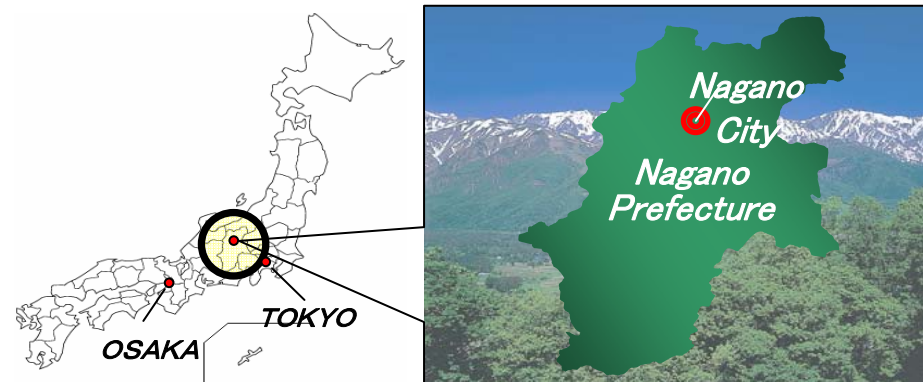
**This report includes the descriptions relating to the future business performance
but these descriptions would not assure the future business results.
Please note that the actual business results will be substantially changed
due to variable economic conditions.**

<For inquiry>

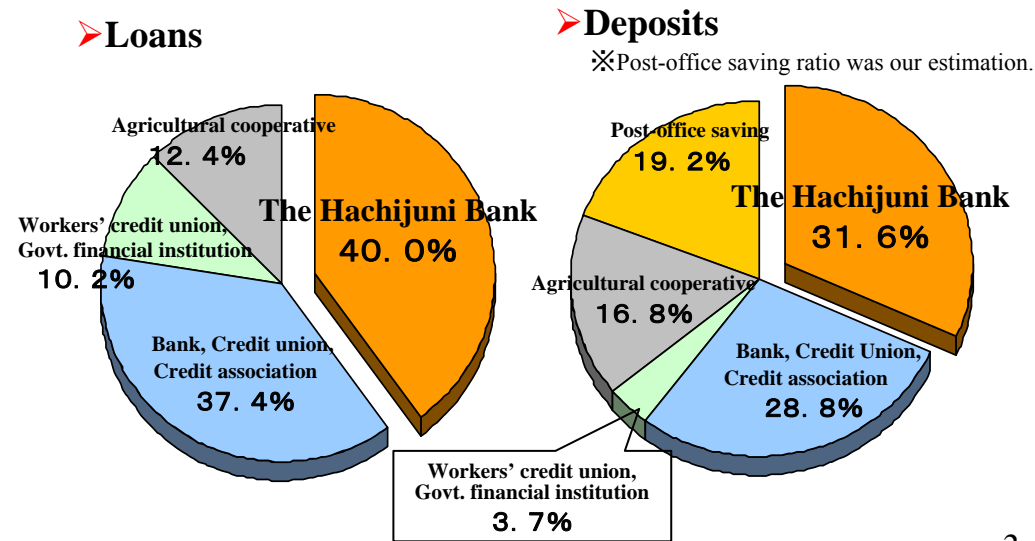
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Hachijuni Bank's Profile

Company overview	
Company name	THE HACHIJUNI BANK, LTD.
Head office	Nagano City, Nagano Prefecture
Date of Establishment	August 1st, 1931
Network	Domestic 154 branches (In Nagano: 134, outside Nagano: 20) ATMs out of store: 204 Overseas 1 branch (Hong Kong) 4 representative offices (Dalian, Shanghai, Bangkok, Singapore)
No. of employees	3,223
Capital stock	¥52.2bn
Issued shares	521,103 thousand shares
Total assets	¥7,534.3bn
Net assets	¥555.4bn
Deposits	¥6,001.3bn
Loans	¥4,442.4bn
Total capital ratio (Basel III)	Consolidated: 18.86% (preliminary) Non-consolidated: 18.03% (preliminary)
Rating	S&P: A R&I: A+



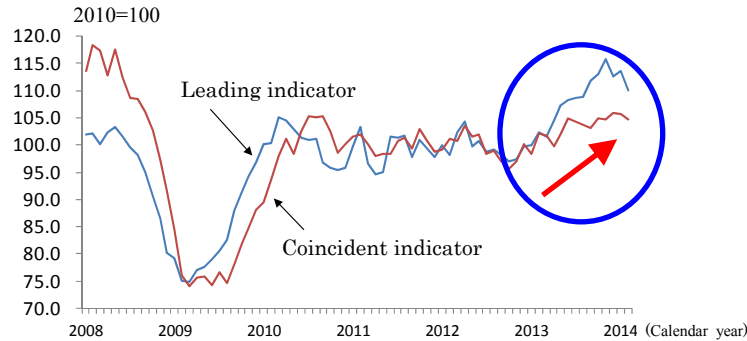
Share in Nagano (outstanding balance of Mar 31, 2014)



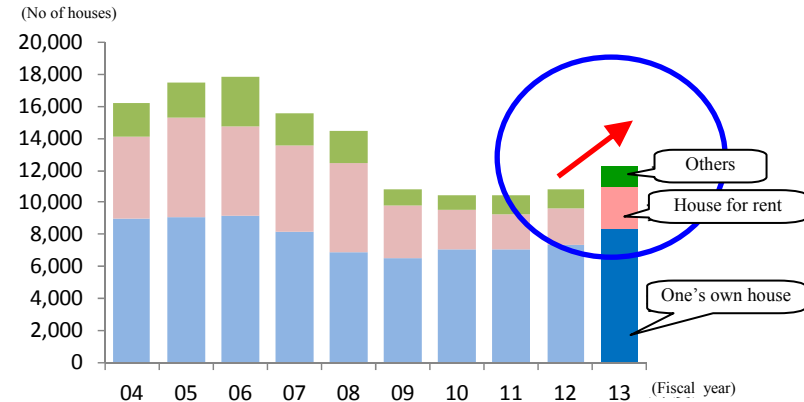
(as of Mar 31, 2014)

The State of Economy of Nagano Prefecture

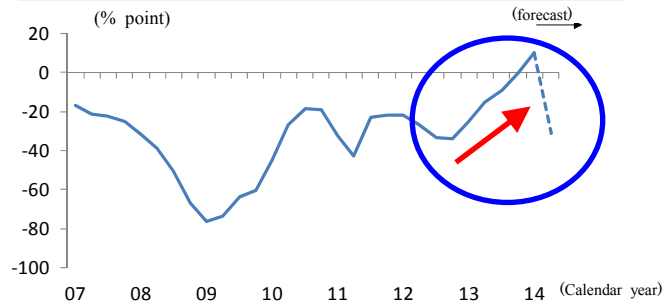
Composite index (NCI)



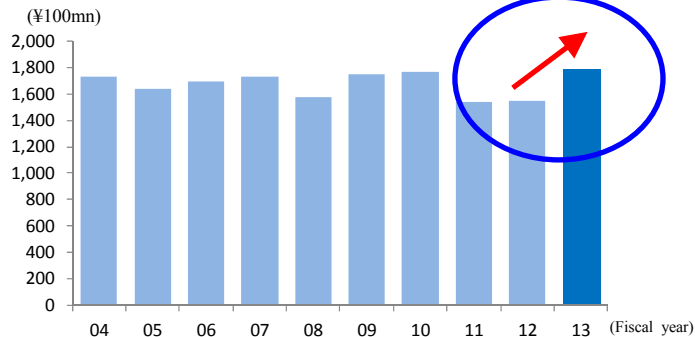
The change in increase-decrease ratio of new housing starts (YoY)



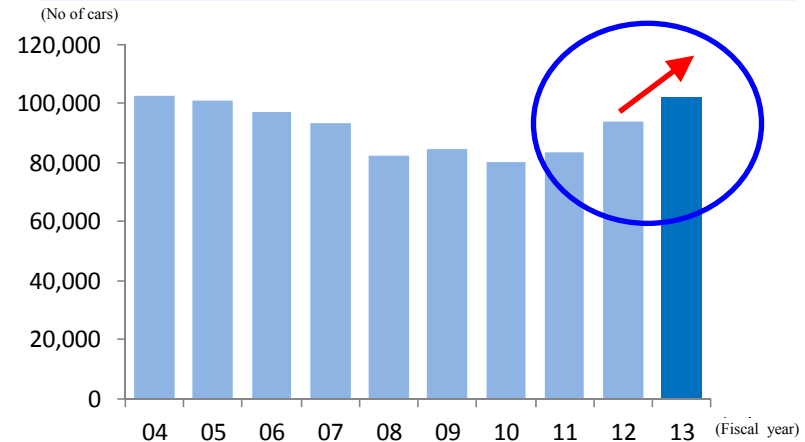
Diffusion index



Contract amount of public works projects



The change in car sales



(Source)

The left (upper and middle): Nagano Economic Research Institute

The left (lower): East Japan Construction Survey Co., Ltd. Nagano Branch

The right (upper): Nagano Prefecture

The right (lower): Ministry of Land, Infrastructure, Transport and Tourism
Hokuriku-Shinetsu District Transport Bureau

Outline of FY2013 Financial Results (non-consolidated)

Measures Based on the 29th Long-Term
Management Plan

Main Financial Figures

Outline of Financial Results

【Characteristic of FY2013 financial results】

- ◆ Core net business profit was ¥33.0bn (+ ¥1.2bn from FY2012) due to the increase in profit on interest.
- ◆ Credit costs was ¥0.8bn (+ ¥0.3bn from FY2012) due to the change of reserve amount calculation for loans to customers likely become bankrupt.
- ◆ Profit/losses related securities was ¥8.2bn (+ ¥3.2bn from FY2012) due to the increase in profit on sales of government bonds.
- ◆ Net income was ¥24.7bn (+ ¥4.1bn from FY2012).
- ◆ Dividend for full year was ¥11.0 per share (+ ¥1.0 from FY2012).

【Key points of FY2014 full year forecast】

- ◆ Core net business profit will decrease by ¥11.0bn from FY2013 to ¥22.0bn due mainly to the decrease in profit on interest.
- ◆ Credit costs will decrease ¥1.0bn from FY2013 to a negative ¥0.2bn, stabilizing at low level.
- ◆ Net income will decrease ¥3.7bn from FY2013 to ¥21.0bn.
- ◆ Dividend for full year will be ¥9.0 per share.

Details of Income

	FY12 results	FY13 results	(From FY12)	FY14 full year forecast	(1H14 forecast)	(From FY13)
Gross business profit	959	981	22	881	442	▲100
Profit on interest	796	806	10	701	353	▲105
Profit on fees & commissions	100	103	3	100	50	▲3
Other business profit	59	68	9	72	35	4
Gains/losses related to bonds	54	64	9	59	29	▲5
G&A expenses	586	587	0	601	307	14
Personnel expense	299	297	▲1	296	150	▲1
Non personnel expense	261	264	2	273	137	9
Core net business profit	317	330	12	220	105	▲110
Actual net business profit	372	394	21	280	135	▲114
Transfer to general reserve for possible loan losses	—	▲59	▲59	—	—	59
Net business profit	372	453	80	280	135	▲173
Temporary profit/losses						
Reversal of allowance for loan losses	2	—	▲2	6	7	6
Gains/losses related to stocks	▲5	18	23	30	20	12
Disposal of NPL	8	67	59	4	2	▲63
Operating profit	334	404	70	320	170	▲84
Extraordinary gains/losses	▲5	▲3	2	—	—	—
Net income	205	247	41	210	110	▲37
Credit costs	5	8	3	▲2	▲5	▲10
Profit/losses related to securities	49	82	32	89	49	7

(¥100mn)

- Increase factors from the projection figure (¥76.8bn)
 - ✓ Union-type of funds: +¥2.7bn
 - ✓ Hedge funds: +¥1.0bn

- Decrease factors from FY13
 - ✓ Interest on loans: ▲¥2.8bn
 - ✓ Interest and dividends on securities: ▲¥6.7bn

- In FY14, refund of deposit insurance premiums will not be scheduled.

- Decrease in the balance of loans under close observation (decline of credit rank of debtors whose reserve amount calculated individually, collection of loans)

- Decline of credit rank of big borrowers
- The reserve amount calculation of loans to customers near bankruptcy was made more correctly

- Other increase/decrease factors from FY13
 - ✓ Loss on securities investment: ▲¥1.6bn
 - ✓ Temporary retirement benefit costs: +¥0.8bn

Progress of the Long-Term Management Plan

Items	The end of FY2014 target	Results of the end of FY2013	The end of FY2014 forecast
Actual net business profit	¥40.0bn	¥39.4bn	¥28.0bn
Net income	¥20.0bn	¥24.7bn	¥21.0bn
NPL ratio based on the financial Revitalization law	3.5%	3.11%	The first half of 3% level
Tier 1 Capital Ratio (Basel III)	16%	15.63% (preliminary)	The first half of 16% level
OHR	50% level	59.8%	68.2%

Decrease from FY13 result due to the decrease in profit on interest related to securities (please refer to the above page)

Returns to Shareholders

◆ Achieving stable shareholder returns by flexible capital policy while maintaining steady management

(¥100mn)

	FY11	FY12	FY13	FY14 forecast
Annual dividends①	35	50	55	45
Dividend per share (full year)	¥7.0	¥10.0	¥11.0	¥9.0
Interim dividend	¥3.0	¥3.5	¥5.0	¥4.0
Purchase of own stocks②	0	20	0	30
Shareholder returns③=①+②	36	70	55	75
Net income④	167	205	247	210
Payout ratio①÷④	21.3%	24.6%	22.2%	21.4%
Ratio of shareholder returns ③÷④	21.6%	34.4%	22.2%	35.7%

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

※The amount of purchase of own stocks for FY14 was the upper limit in schedule disclosed on May 16, 2014.

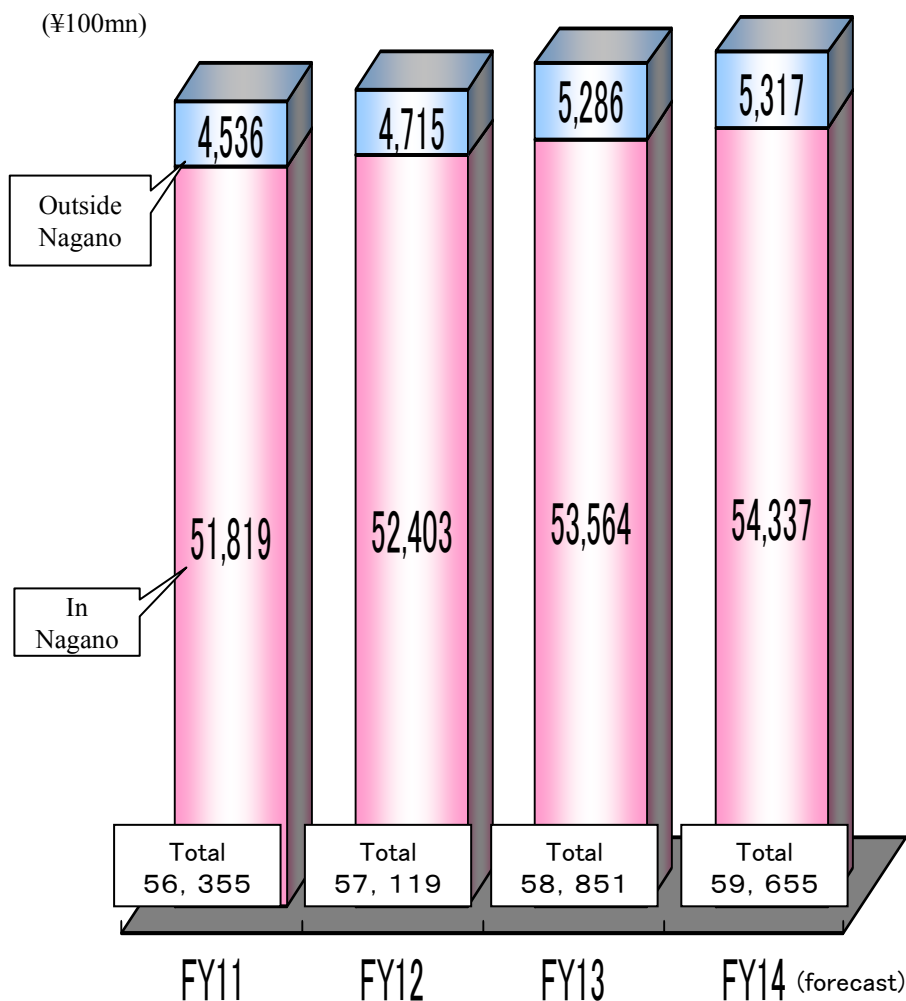
【Dividend policy】

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

Major Accounts (Deposits/Loans)

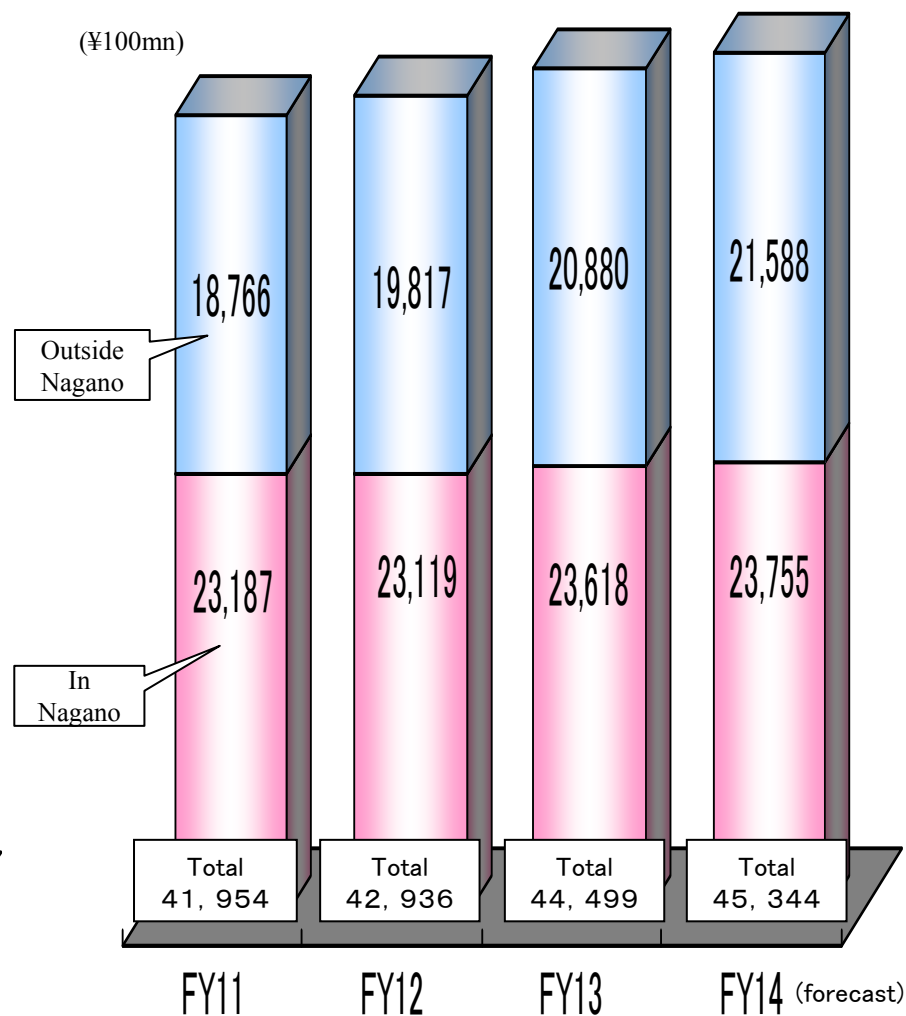
Deposits (full year average balance)

- FY13 average balance: +¥173.2bn from FY12 (+3.0% YoY)



Loans (full year average balance)

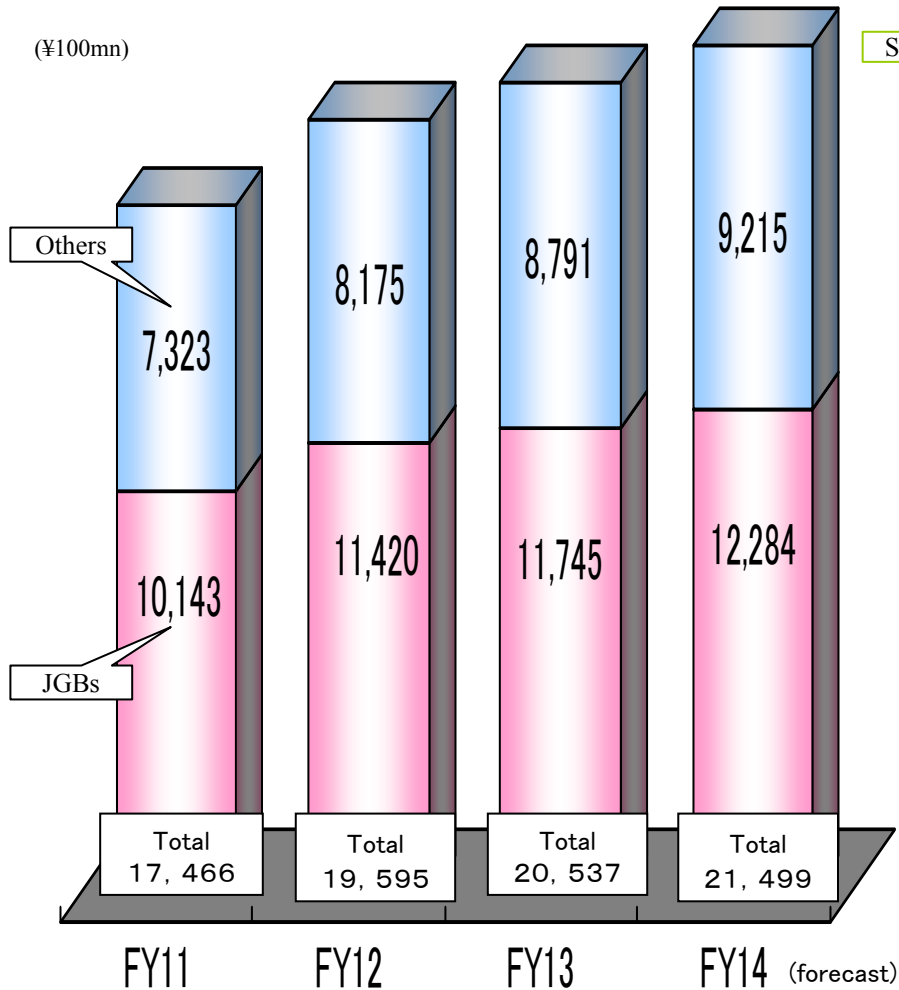
- FY13 average balance: +¥156.2bn from FY12 (+3.6% YoY)



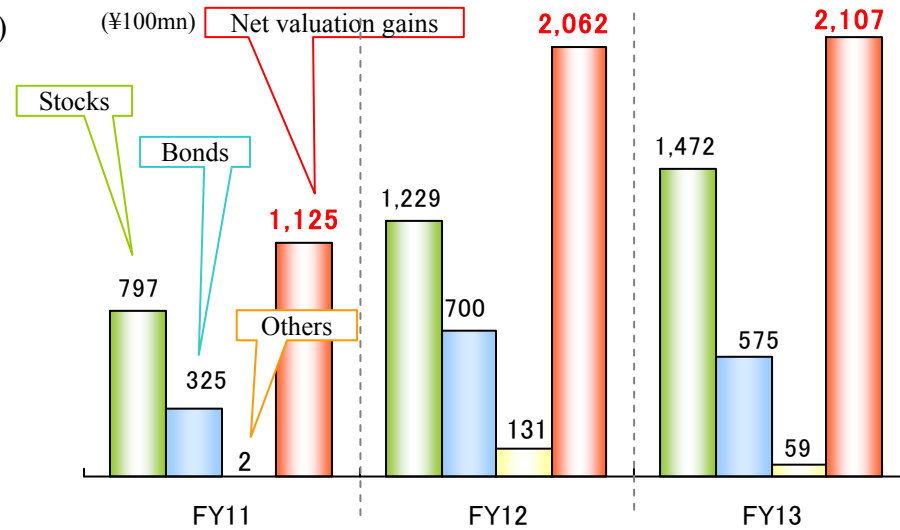
Major Accounts (Securities)

Securities (full year average balance)

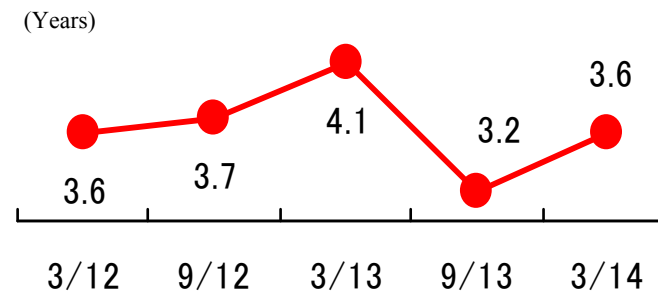
- FY13 average balance: +¥94.2bn from FY12 (+4.8% YoY)



Valuation gains/losses on securities



Bond duration (incl. JGBs hedged by swap)



Outline of FY2013 Financial Results
(non-consolidated)

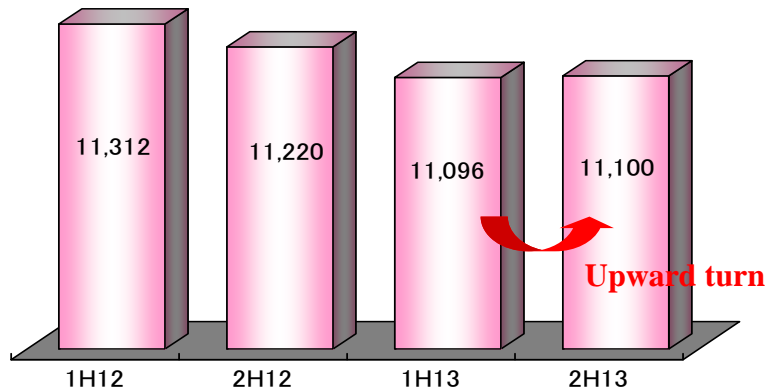
**Measures based on the 29th Long-Term
Management Plan**

Main Financial Figures

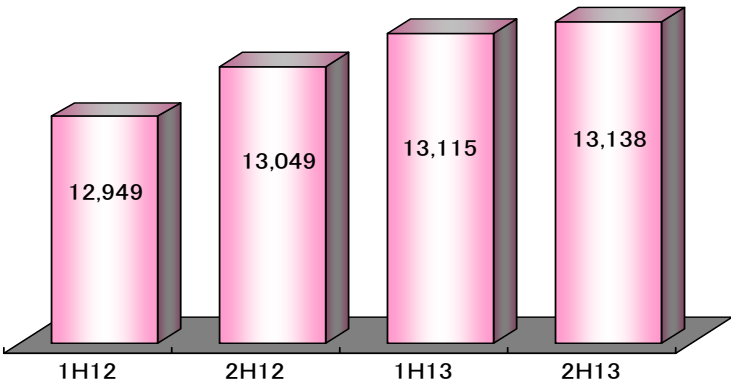
Corporate Banking (1)

◆ Increase in business loans

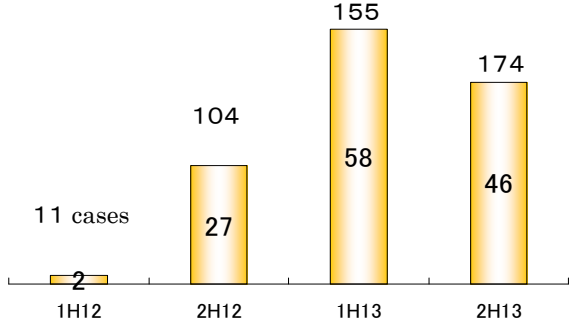
General loans in Nagano Prefecture
(average balance: ¥100mn)



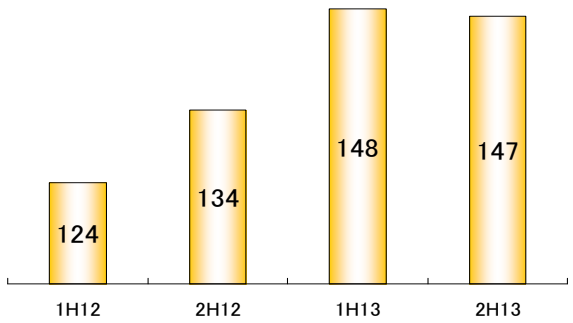
Loans to SMEs
(outstanding balance: ¥100mn)



Renewable energy-related loans
(new increase: ¥100mn)



Medical/nursing care-related loans
(new increase: ¥100mn)



Support for customers' business improvements and growth

- New product "Tag" for small-sized enterprises, supporting customers' business conditions ⇒ 38 cases from Sep 2013
- Shinshu Future Support Fund ⇒ 1 case in 2H13 (total 2 cases)



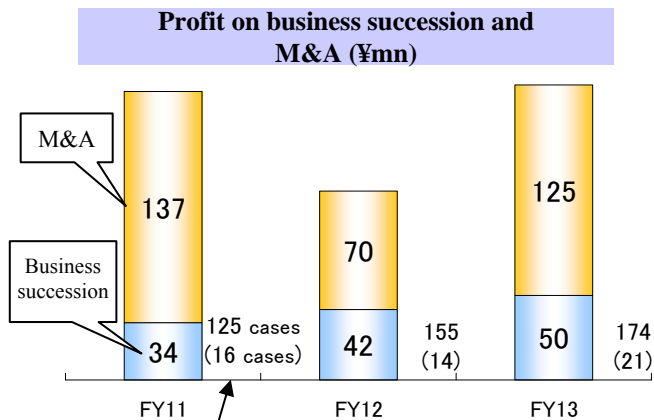
In Nagano: Share-up
 Choosing 10,000 customers broadly from credit categories and providing them new loans
 ※The potential size of share-up market: about ¥300bn

Outside Nagano: keeping positive growth rate
 Continuing cultivation of SMEs and medical/nursing care-related companies in Kanto area

Corporate Banking (2)

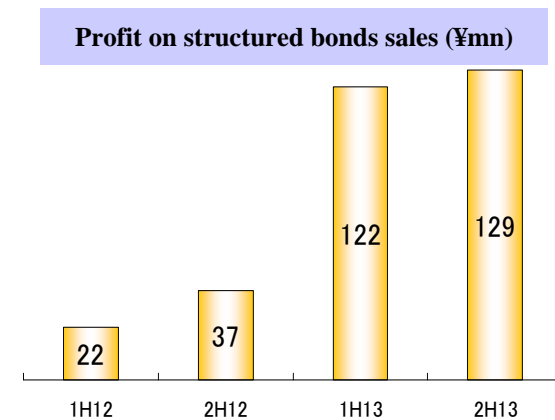
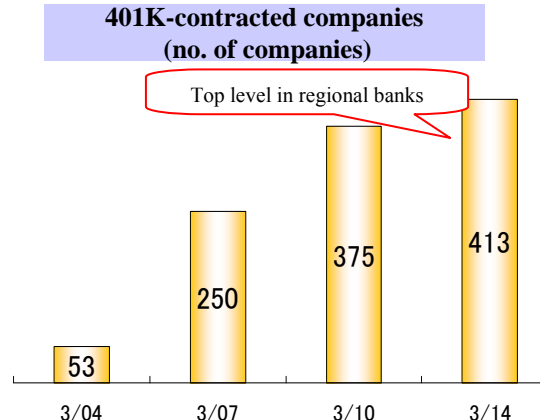
◆ Reinforcement of solution-providing businesses

● Maximizing the profit by collaboration between corporate banking and personal banking, alliance with group companies



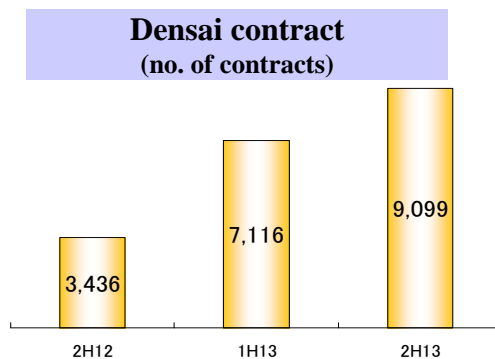
(Business succession: no. of cases)
The upper: informal consulting
The lower () : for a fee

Issues to be addressed



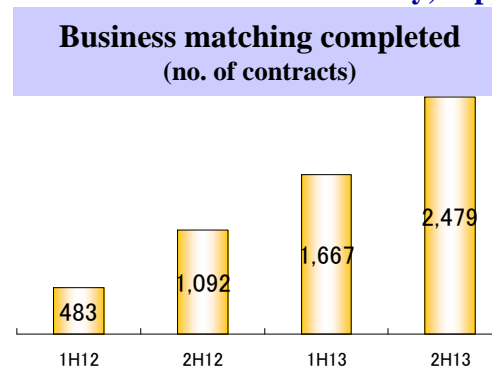
Business succession: reinforcement of the approach by expanding target
401K: making approach according to the revision of Employees' Pension Insurance Law
Companies' fund investment: reinforcement of product lineup, cooperation with securities firms

● Settlement business



⇒ Densai transactions: 5,490 cases (share in Nagano: 75%)

● Revitalization of local economy, support for the creation of new businesses



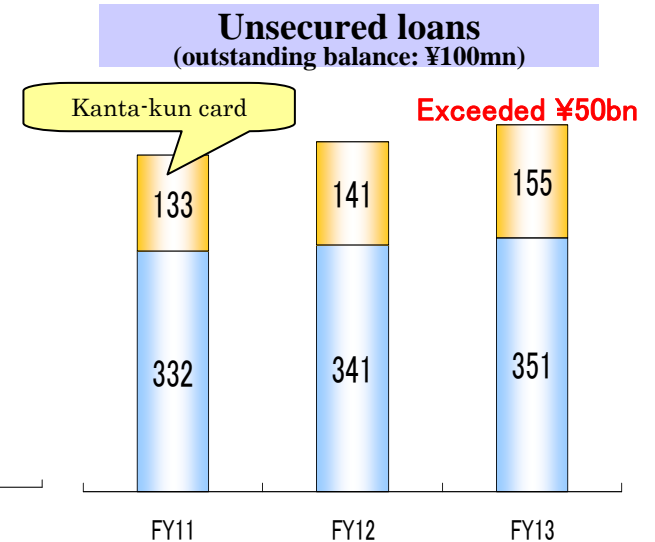
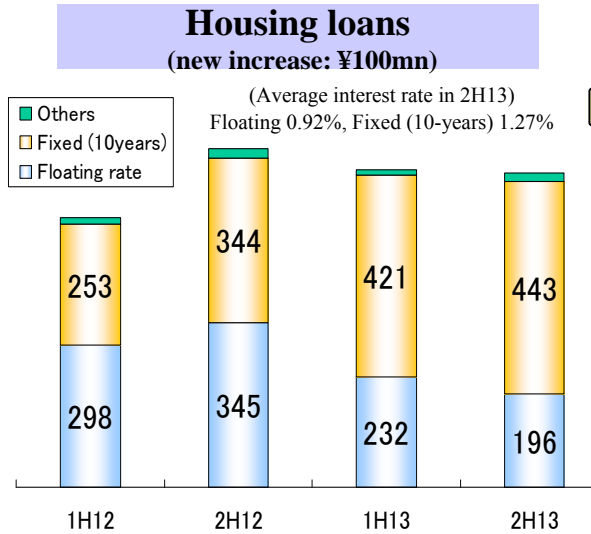
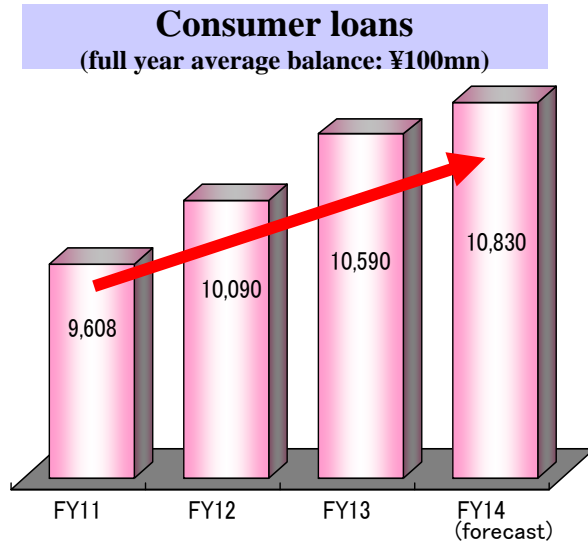
⇒ Expansion of the business area by extending the Hokuriku Shinkansen and the authorization of aero space special zones

Support for the sixth sector industrialization

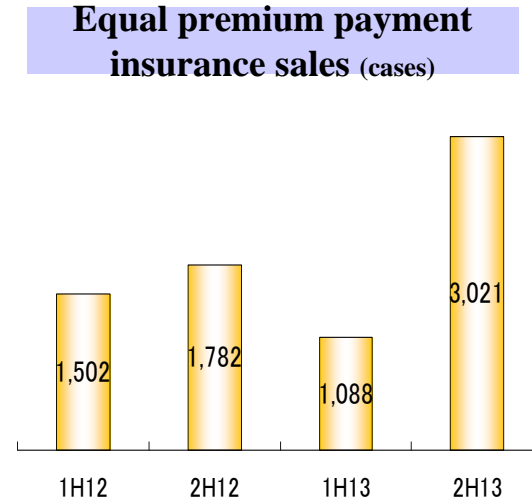
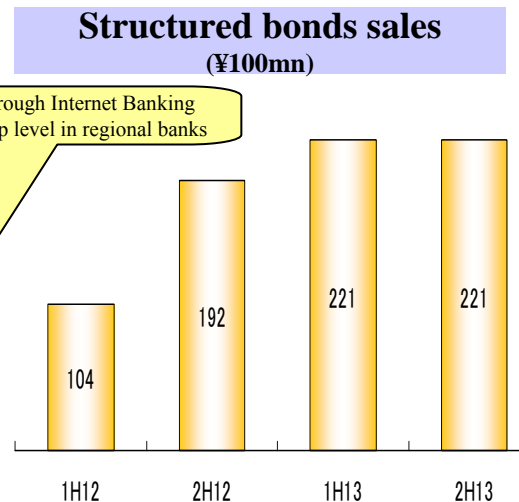
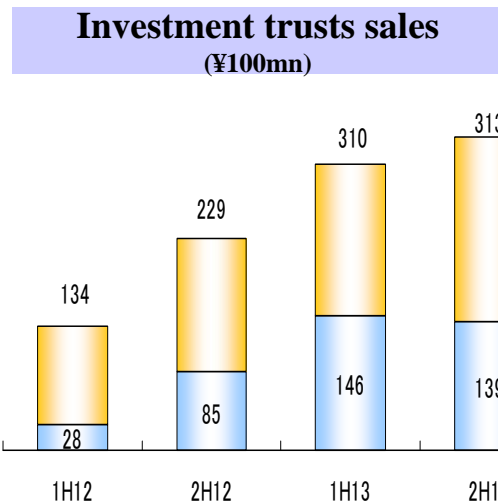
Shinshu Agricultural Innovation Fund
 ⇒ proposing business plans to 60 groups
 ⇒ 2 cases: embodying the plans
 1 case: deciding fund provision

Personal Banking (1)

◆ Consumer loans



◆ Investment type products

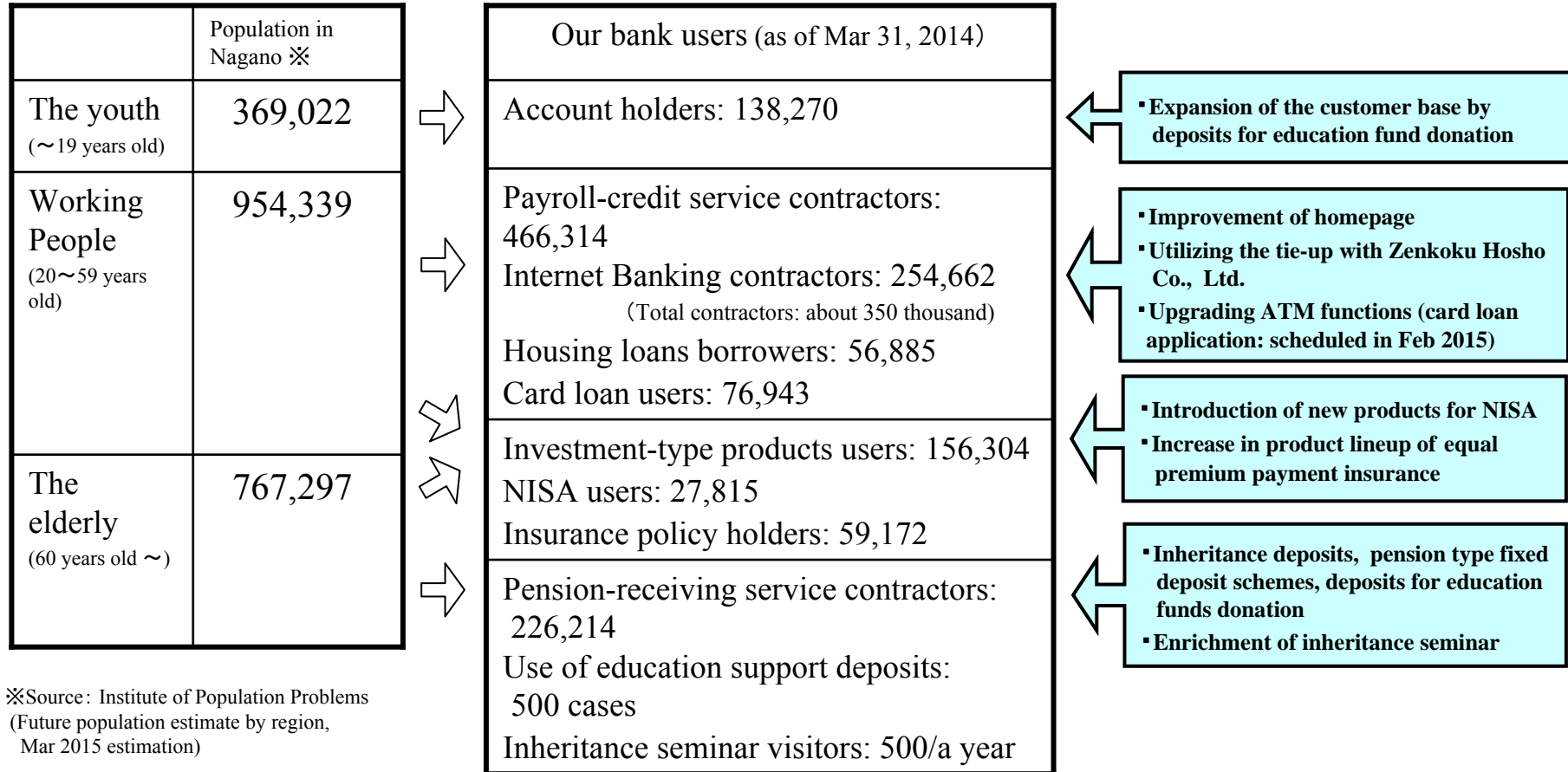


● NISA 29,012 accounts (the rate of utilization: 21.7%, average balance per 1 account: ¥630 thousand)

Personal Banking (2)

◆ Issues to be addressed

Providing products/services suited to each target



※Source: Institute of Population Problems
(Future population estimate by region,
Mar 2015 estimation)

Creation of local vitality

Agreement relating to “Cooperation for promoting emigration and personal exchange” concluded with Nagano Prefecture in Mar 2014

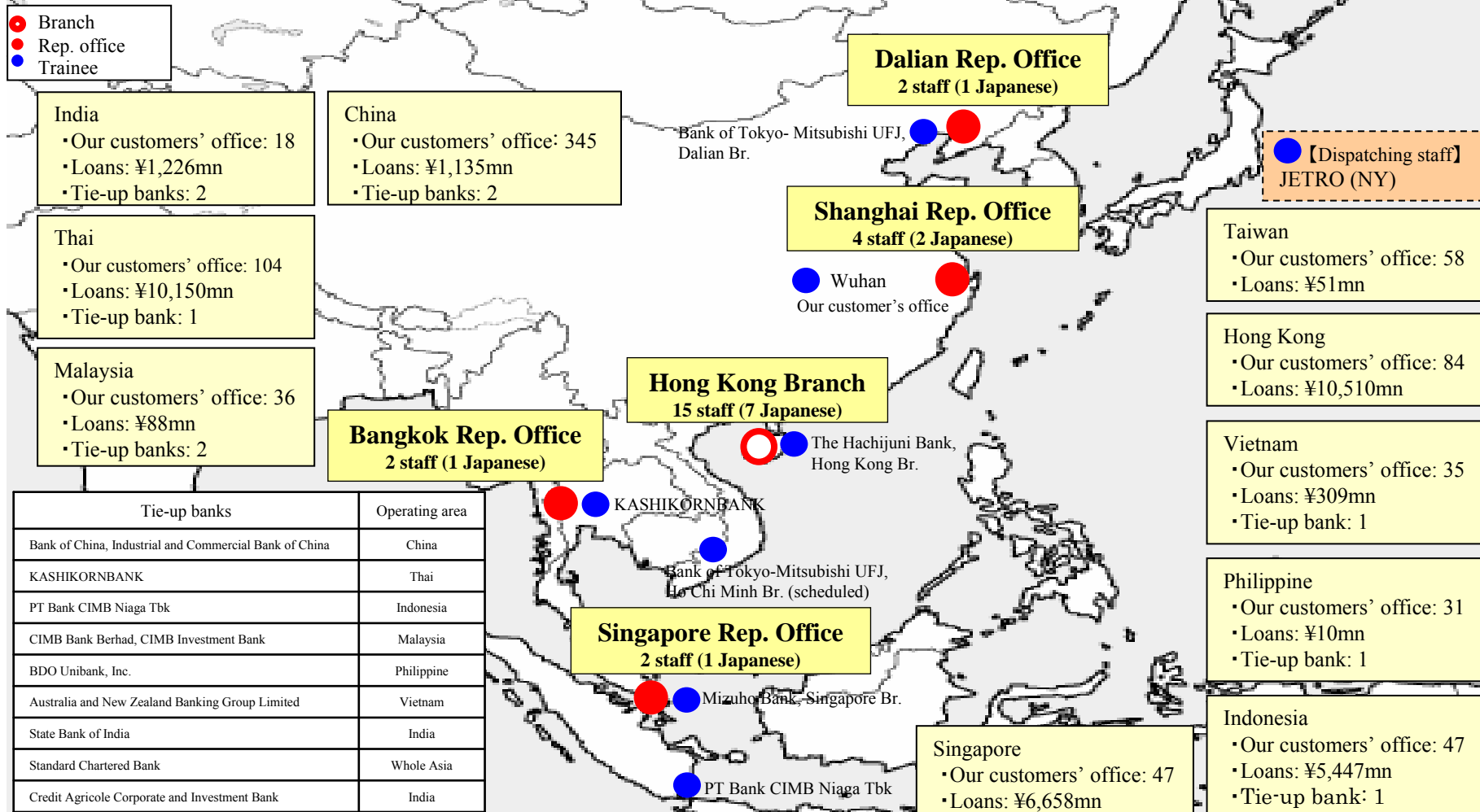
Reinforcement of infrastructure

- Introduction of mobile tablets (350 tablets in Jul 2014)
- Reinforcement of alliance with Hachijuni Securities Co., Ltd.
- Expansion of branches opening on Saturdays and Sundays

International Business

◆ Upgrading the ability to respond promptly to global needs

- Total loans in international business: ¥55.9bn (in Asia: ¥37.0bn) ● Tie-up banks: 11 banks (adding 4 banks)
- Overseas trainees: 20 staff



※Our customers' office: Nagano Prefecture Census of Manufactures dated Dec 31, 2012

※Loans: outstanding balance of loans as of Mar. 31, 2014 provided from domestic branches and Hong Kong Branch to foreign companies/domestic companies

Market Investment Business

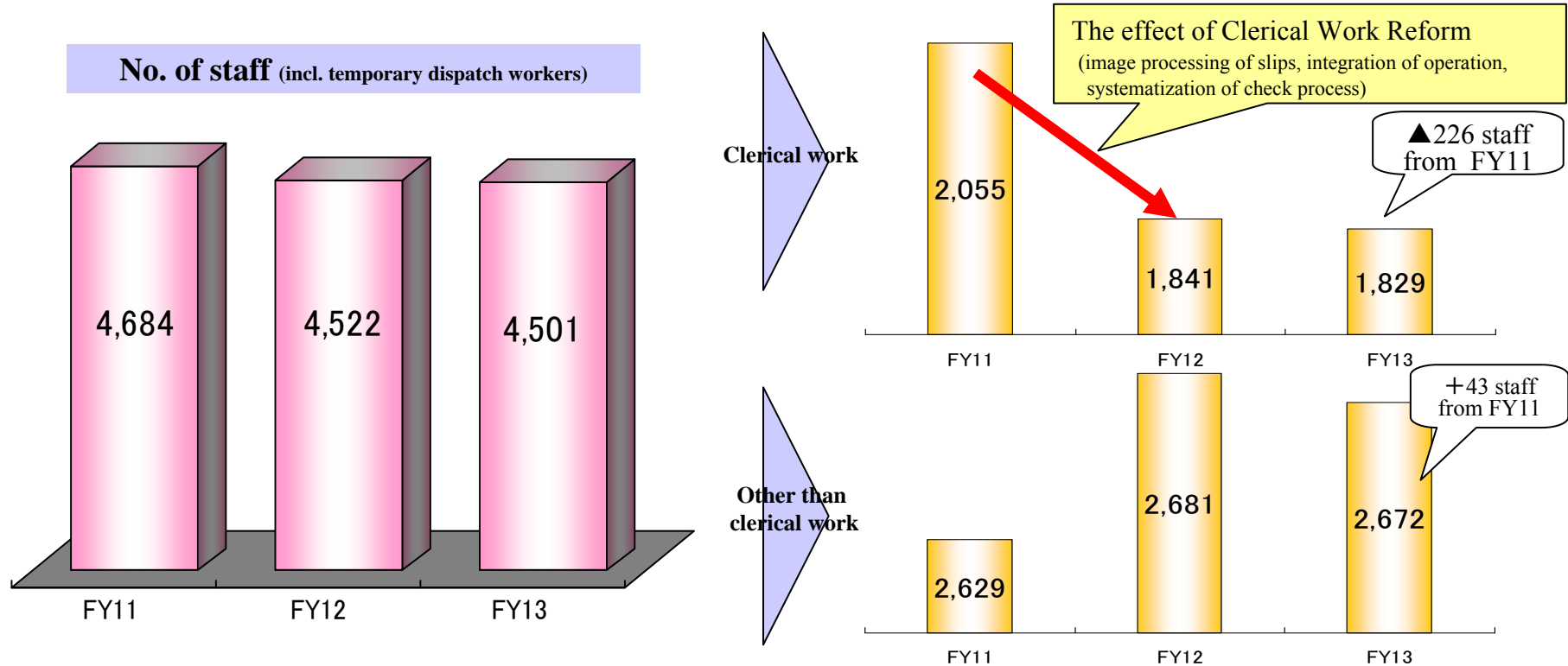
◆ Well-balanced portfolio construction, reflecting low interest rates

(¥100mn)

		Outstanding balance of securities (cost basis)					Direction of 1H14
		3/12	9/12	3/13	9/13	3/14	
Bonds	Interest-bearing JGBs	8,065	8,711	9,685	8,850	9,627	→
	Floating-rate JGBs	1,889	1,808	1,927	1,878	1,879	→
	Inflation-protected JGBs	834	740	706	638	622	→
	Other domestic bonds	3,452	3,640	3,268	3,345	3,400	→
	Yen-denominated securitized products	33	0	0	0	89	↗
	Structured bonds etc.	122	147	67	34	29	→
Domestic securities	Domestic stocks	1,176	1,105	1,118	1,113	1,129	↗
	Domestic ETF	25	28	42	49	53	↗
	J-REIT	183	171	163	149	152	↗
	Other investment trusts	91	99	119	236	410	↗
	Union-type of funds etc.	113	108	119	157	184	↗
	Hedge funds	173	169	139	118	121	↗
Foreign securities	Hedge funds	47	44	53	55	61	→
	Yen-denominated foreign bonds	1,030	887	733	582	495	↘
	Foreign stocks, ETF etc.	33	24	25	26	33	↗
	Foreign currency-denominated bonds	1,410	1,688	2,424	2,562	3,343	→
	Foreign currency-denominated securitized products	0	0	0	0	0	→
Total		18,684	19,375	20,593	19,798	21,635	↗

Clerical Work Improvement

◆ Enhancement of clerical work efficiency based on the systematization



- **Further slimming deposit/remittance/transfer operation**
 - Realizing “paper-less”, “process-less”, “manual less” operation by the renewal of branch operational machine (scheduled in Sep 2015, total cost ¥3.0bn)
 - Progressing in centralization of many kinds/small volume operation
- **Zero-operation in clerical work of loan operation in branches**
 - Centralization of clerical work (continuing from Oct 2013), introduction of Loan Agreement Support System

Outline of FY2013 Financial Results
(non-consolidated)

Measures Based on the 29th Long-Term
Management Plan

Main Financial Figures

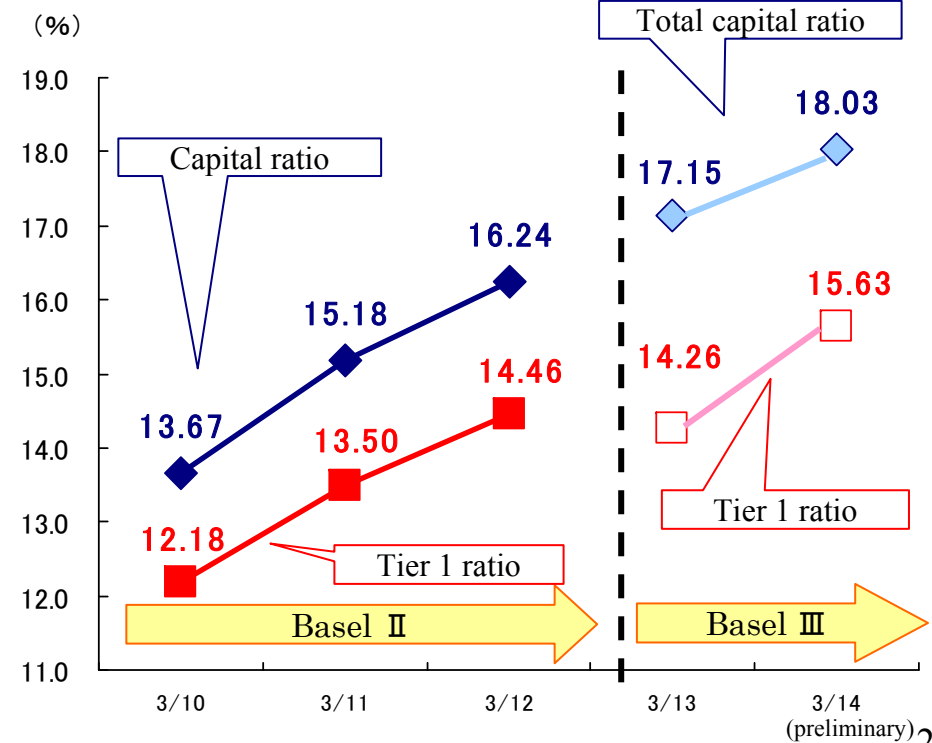
Capital (non-consolidated)

- From the end of FY12, the Bank's capital ratio was based on new Basel III standards as a bank subject to international standards.
- Total capital ratio (non-consolidated) by Basel III standards was 18.03%, Tier 1 ratio was 15.63%, CET1 ratio (Common Equity Tier 1 Capital Ratio) was 15.63%. (preliminary basis)

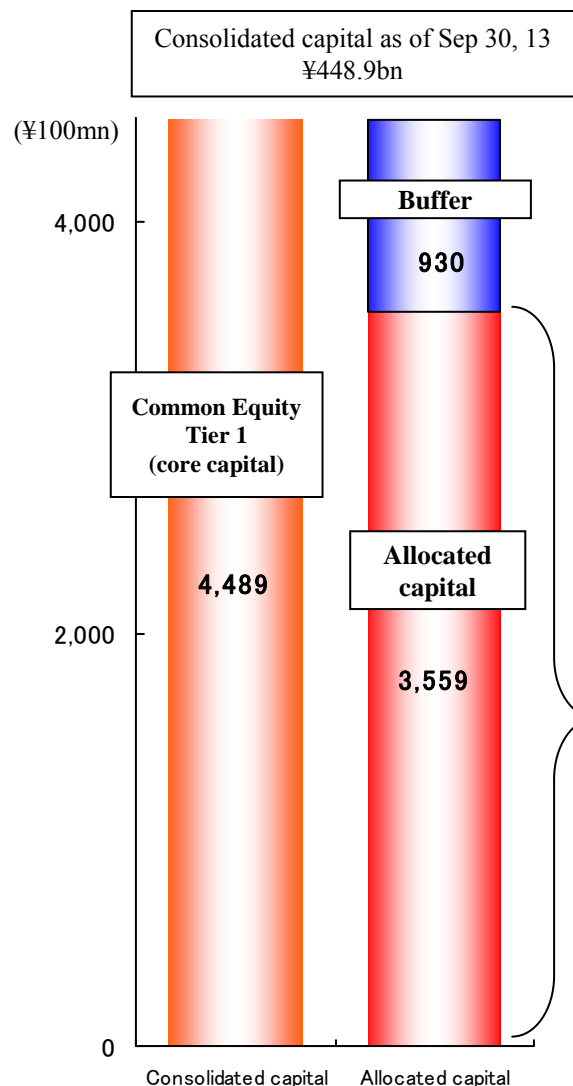
(¥100mn, %)

Basel III standards	3/13	3/14 (preliminary basis)	Inc/Dec
Total capital ratio	17.15%	18.03%	+0.88
Tier 1 ratio	14.26%	15.63%	+1.37
Common equity Tier 1 Capital Ratio	14.26%	15.63%	+1.37
Total capital	4,860	5,116	+256
Tier 1	4,041	4,438	+397
(Common equity Tier 1)	(4,041)	(4,438)	+397
Tier 2	818	678	▲140
Risk weighed assets	28,328	28,378	+50
Credit risk	26,517	26,597	+80
Operational risk	1,811	1,781	▲30

Changes in capital ratio (non-consolidated)



1H14 Implementation of Capital Allocation (consolidated)



➤ Domestic loans

The same level as 2H13, reflecting the recent risk amount results despite expecting a risk amount increase by aggressive loan provision

➤ ALM

▲¥10.0bn from 2H13, reflecting the disappearance of risk increase factor (lengthening of core deposit duration)

➤ Market-related, cross-shareholdings

●Market-related: + ¥14.0bn from 2H13, reflecting the reinforcement of risk take behavior such as lengthening of yen bonds duration

●Cross-shareholdings: ▲¥1.0bn from 2H13, reflecting the decrease in risk amount (Risk amount in cross-shareholdings: “VaR – valuation gains/losses”, the smallest amount is zero. the expected lower price of stock market is around ¥10,000 by considering the lowest price in the past year.)

➤ Buffer

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

	1H14 allocated capital	2H13 allocated capital	Inc/Dec	Risk amount Results (3/14)
Total (¥100mn)	3,559	3,498	61	2,014
Credit risk (credit risk of loans)	860	860	0	587
Interest rate risk (interest rate risk of loans and deposits)	400	500	▲100	204
Market-related	1,650	1,510	140	781
Cross-shareholdings	180	190	▲10	3
Operational risk	144	145	▲1	145
Consolidated subsidiaries	325	293	32	293
Credit risk	Interest rate risk		Price risk	
<input type="checkbox"/> Holding period: 1 year <input type="checkbox"/> Confidence interval: 99.9%	<input type="checkbox"/> Holding period: 6 months (note) <input type="checkbox"/> Confidence interval: 99.9%		<input type="checkbox"/> Holding period: 6 months (note) <input type="checkbox"/> Confidence interval: 99.9%	
Note: transaction for trading etc.: 10 business days, cross shareholdings: 1 year				

Credit Costs, Nonperforming Loans, Body Risk

Credit costs		(¥100mn, %)		
	FY12	FY13	FY14 forecast	
			1H14	
Transfer to general reserve for possible loan losses	▲27	▲59	▲7	▲8
Disposal of NPL	33	67	2	6
Recoveries of written-off claims	0	0	0	0
Credit costs	5	8	▲5	▲2
Credit costs ratio ※	0.01	0.01	▲0.02	0.00

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

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

NPL (based on the Financial Revitalization Law)		(¥100mn, %)		
	FY12	FY13	FY14 forecast	
			1H14	
Bankrupt assets	246	158	151	143
Doubtful assets	969	969	969	969
Substandard assets	334	276	280	285
Total	1,549	1,404	1,400	1,397
NPL ratio	3.48	3.11	3.09	3.07
After partial direct charge-off ※	3.16	2.90		

※Partial direct charge-off was not executed.

➤ Changes in body risk

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

	Objectives	Target risk				VaR	
						Confidence interval	Holding period
Body risk measurement	Grasp of impact on term's profit	"Body Risk": the risk that potential losses having impact on net business profit will happen.				85 %	Half year
(Units: ¥100mn)		10 / 13	11 / 13	12 / 13	1 / 14	2 / 14	3 / 14
Domestic loans (credit risk)		56	56	58	58	58	55
Cross-shareholdings stock (write-down risk)		2	5	4	7	8	3
Total		58	62	62	65	67	58

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

Yield, Interest Margin

Yield and margin (all offices) (%)											
	FY10		FY11		FY12		FY13		FY14 forecast		From FY13
	1H		1H		1H		1H		1H		
Yield	1.55	1.53	1.48	1.47	1.39	1.37	1.32	1.31	1.17	1.16	▲0.15
Funding costs	0.15	0.15	0.14	0.14	0.12	0.13	0.14	0.13	0.14	0.14	+0.01
Interest margin	1.39	1.38	1.33	1.33	1.26	1.24	1.18	1.18	1.03	1.02	▲0.16
Yield and margin (domestic) (%)											
Yield	1.52	1.50	1.45	1.44	1.35	1.33	1.28	1.24	1.15	1.13	▲0.11
Yield on loans	1.68	1.64	1.54	1.53	1.44	1.42	1.33	1.30	1.24	1.23	▲0.07
Yield on securities	1.39	1.35	1.36	1.34	1.30	1.27	1.31	1.38	1.14	1.09	▲0.29
Funding costs	0.15	0.14	0.13	0.12	0.11	0.11	0.12	0.12	0.10	0.10	▲0.02
Yield on deposits	0.11	0.09	0.06	0.05	0.04	0.04	0.04	0.03	0.03	0.03	0.00
Interest margin	1.37	1.36	1.32	1.32	1.24	1.21	1.15	1.12	1.04	1.02	▲0.10

Main Figures in Corporate and Personal Banking

Business loans (Half-year average balance: ¥100mn)				
	2H12	1H13	2H13	1H14 forecast
Neighboring Nagano (Nagano, Niigata and Gifu)	11,634	11,505	11,491	11,095
For SMEs	9,444	9,026	8,783	—
Outside Nagano (Tokyo, Saitama, Gunma, Aichi and Osaka)	16,910	17,159	17,501	17,665
Loans guaranteed by CGC ※ (outstanding balance)	3,111	3,027	3,010	—
Profit on fees and commissions (¥mn)				
Derivatives	125	73	140	110
Syndicated loans, private placement bonds, factoring	528	469	534	407
M&A, business matching etc.	139	321	243	274
Total	793	864	917	791
401K plan (No. of companies, ¥mn)				
401K-contracted companies	401	406	413	418
Financial assets ※ (outstanding balance)	36,279	37,453	38,995	39,495
Investment type products	7,986	8,466	8,815	9,015
Deposits	28,293	28,986	30,179	30,479

※CGC: Credit Guaranty Corporation

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

※FIIS: Financial instruments intermediary service

Personal loans (Outstanding balance: ¥100mn)				
	2H12	1H13	2H13	1H14 forecast
Consumer loans	10,090	10,350	10,590	10,720
Housing related loans	9,319	9,582	9,822	9,950
Investment type products (Outstanding balance: ¥100mn)				
Public bonds	2,918	2,574	2,247	1,947
(new increase)	(76)	(109)	(133)	(120)
Investment trusts	1,753	1,673	1,651	1,756
(new increase)	(229)	(310)	(313)	(370)
Foreign currency deposits	302	274	254	261
Life insurance (market price basis)	2,673	2,856	3,027	3,256
(new increase)	(211)	(229)	(230)	(234)
FIIS ※	172	216	251	291
(new increase)	(155)	(145)	(159)	(179)
Profit on investment type products (¥mn)				
Public bonds	32	46	64	60
Investment trusts	758	804	844	838
Trust fees	392	421	399	432
Foreign currency deposits	328	320	287	320
Life & non-life insurance	824	761	842	861
FIIS ※	193	277	413	380
Total	2,135	2,211	2,450	2,459