

# The 48th Information Meeting

November 11, 2021



August 1st 2021:  
90th anniversary



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- This document includes statements concerning future business results. These statements do not guarantee future business results, but contain risks and uncertainties. Please note that future business results may differ from projections for reasons such as changes in the business environment.
- Information contained herein may be changed or revised without prior notice.

<For inquiry>

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## Hachijuni Bank's Profile

Company name	THE HACHIJUNI BANK, LTD.
Head office	Nagano City, Nagano Prefecture
Date of establishments	August 1st, 1931
Network	Domestic 151 (In Nagano: 131, outside Nagano: 20) Overseas branch: 1 (Hong Kong) Representative Offices: 3 (Shanghai, Bangkok, Singapore)
No. of employees	3,158
Capital stock	¥52.2bn
Issued shares	511,103 thousand shares
Total assets	¥13,147.1bn (+¥1,878.3bn YoY)
Net assets	¥850.1bn (+¥99.3bn YoY)
Loans	¥7,765.2bn (+¥459.7bn YoY)
Deposits	¥5,759.4bn (+¥194.2bn YoY)
Total capital ratio (Basel III)	Consolidated: 20.39% Non-consolidated: 19.05%
Ratings	S&P Global Ratings : A- R&I : A+ JCR : AA

### Tokyo Stock Exchange New market segments "Prime"

The Hachijuni Bank chose the new market segments "Prime" and confirmed that the Bank met the new market criteria at the base date of Jun 30, 2021.



Head Office

As of Sep 30, 2021

## Main Volume P.4~25

1. Outlines of the 1H FY2021 Financial Results/Issues to be addressed
2. Management Policy

**Topics**

Outstanding balance of loans in Nagano hit the highest since Mar 2000.

(Unit: 100mn)	3/1989	3/1993	3/1997	3/1998 Nagano Olympic	3/1999	3/2000	3/2005	3/2010	3/2015	3/2020	3/2021	9/2021
<b>Total loans</b>	28,769	35,435	37,508	39,357	39,188	37,347	37,559	41,042	45,585	54,440	55,875	<b>57,594</b>
<b>Domestic</b>	28,422	34,992	37,334	39,196	39,046	37,292	37,486	40,985	45,320	54,240	55,708	<b>57,376</b>
<b>Nagano</b>	16,913	23,314	27,775	28,574	29,008	<b>27,327</b>	25,904	23,768	24,252	27,301	28,333	<b>28,482</b>

## Outline of the 1H FY2021 Financial Results

■ Consolidated				■ Non-Consolidated			
	9/2020	9/2021	Change	9/2020	9/2021	Change	3/2022 Initial Plan
(¥100mn)							
Consolidated gross business profit	486	474	▲11	Gross business profit (A)	427	411	▲15
Profit on interest	357	351	▲6	Profit on interest	357	350	▲6
Profit on fees & commissions	75	83	7	Profit on f&c	46	51	4
Trading profit	12	12	▲0	Profit from obt	22	9	▲12
Profit from other business transactions	39	27	▲12	Gains/losses related to bonds (B)	20	6	▲14
General & administrative expenses	296	273	▲22	G&A expenses (C)	263	257	▲5
Credit related expenses	63	▲18	▲82	Actual net business profit (A-C)	164	154	▲9
Gains/losses related to stocks	5	13	8	Core net business profit (A-B-C)	143	147	4
Gains/losses on money held in trust	▲9	4	14	Excl. gains/losses on cancellation of investment trusts	135	150	15
Ordinary profit	116	221	105	Transfer to general reserve for possible loan losses (D)	10	-	▲10
Profit attributable to owners of the parent	81	154	72	Net business profit (A-C-D)	154	154	0
Ratio of consolidated profits to parent company's profits (times)	1.215	1.175	▲0.040	Gains/losses related to stocks (E)	5	13	8
				Gains/losses on money held in trust	▲9	4	14
				Disposal of NPL	50	▲0	▲50
				Reversal of allowance for loan losses	-	17	17
				Reversal of general reserve	-	5	5
				Reversal of specific reserve	-	12	12
				Ordinary profit	93	185	91
				Extraordinary gains/losses	▲2	▲1	0
				Profit	67	131	64
				Profit/losses related to securities (B+E)	25	19	▲6
				Credit related expenses	59	▲17	▲77
							56

◆ **FY2021 Forecasts (consolidated)**

Ordinary profit	¥31.0bn
Profit attributable to owners of the parent	¥22.5bn

(Note) The classification of dividends on group credit life insurance was changed from other income to the decrease in fees & commissions payment in this period. The above figures of FY2020 were also revised reflecting this change.

## Review of the 1H FY2021 Financial Results

### ■ Non-Consolidated

- Core net business profit was ¥14.7bn (+¥0.4bn from 1H FY2020) due to the increase in profit on fees & commissions such as sales commissions of investment trusts and the decrease in G&A expenses such as personnel expenses, despite the decrease in profit on interest.  
Actual net business profit was ¥15.4bn (▲¥0.9bn) due to the decrease in gains/losses related to bonds despite the increase in core net business profit.
- Ordinary profit was ¥18.5bn (+¥9.1bn) due to the decrease in credit related expenses and increases in gains/losses on money held in trust and gains/losses related to stocks.
- Profit was ¥13.1bn (+¥6.4bn) due to the increase in ordinary profit.

### ■ Consolidated

- Ordinary profit was ¥22.1bn (+¥10.5bn) due to increases in non-consolidated profit of the Bank and operating income of Hachijuni Securities Co., Ltd.
- Profit attributable to owners of the parent was ¥15.4bn (+¥7.2bn). Ratio of consolidated profits to parent company's profits was 1.17 times (cf. 1.21 times of 1H FY2020).

### Future forecasts

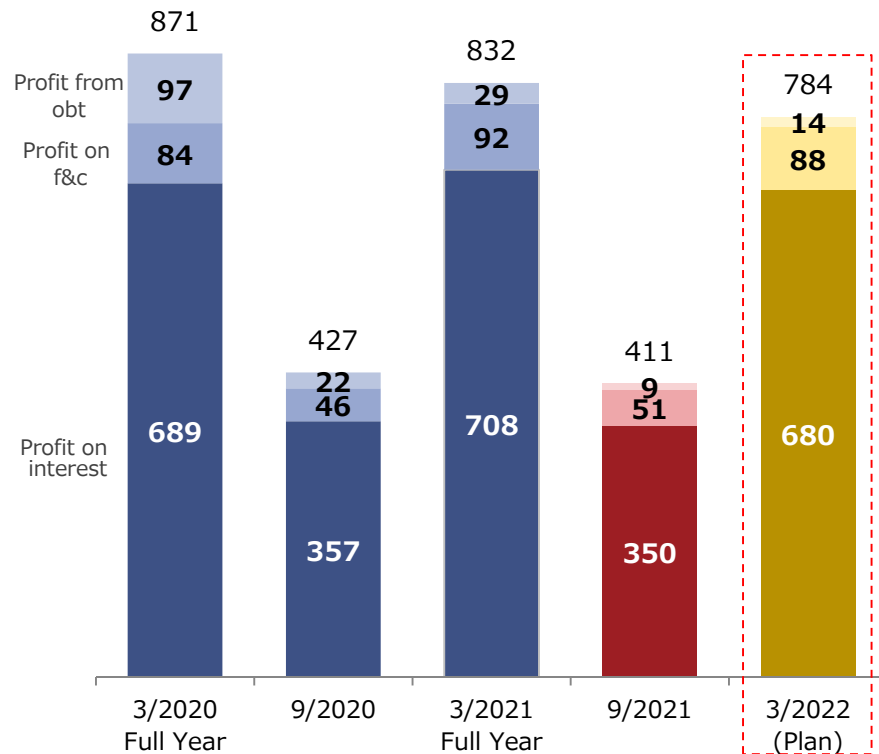
- The forecasts of 1H FY2021 was revised upward in Oct 22, 2021 as the business performance exceeded the forecasts disclosed in Apr 30, 2021. But full year forecasts of FY2021 was unchanged because of uncertainties over future financial markets and economic conditions.

## Gross Business Profit (Non-Consolidated)

- Profit on interest decreased by ¥0.6bn from 1H FY2020 due to the decrease in interest & dividends on securities of domestic and the decline in yield on loans of domestic and international.

### ■ Gross Business Profit

(¥100mn)



(Unit: ¥100mn)	3/2020 Full Year	9/2020	3/2021 Full Year	9/2021
Profit on interest	689	357	708	350
Gains/losses on cancellation of investment trusts	▲4	8	2	▲2

### ◆ 9/2021 Increase/Decrease Factors

(¥100mn)	9/2020	9/2021	Change	For reference
Profit on interest	357	350	▲6	See Page 7
Profit on fees & commissions	46	51	+4	See page 13
Profit from other business transactions	22	9	▲12	See page 17

### ◆ 3/2022 Initial plan at the beginning of the fiscal year

- Gross business profit: ¥78.4bn (▲¥4.8bn from FY2020)
- Profit on interest: ¥68.0bn (▲¥2.8bn)
- Profit on f&c: ¥8.8bn (▲¥0.4bn)
- Profit from obt: ¥1.4bn (▲¥1.5bn)

## Profit on Interest① (Non-Consolidated)

- Interest on loans was ¥20.9bn (▲¥1.0bn from 1H FY2020).
- Profit on interest of 3/2022 will decrease by ¥2.8bn from 3/2021.

(¥100mn)	3/2020 Full Year	9/2020	3/2021 Full Year	9/2021	3/2022 Initial Plan
<b>Profit on interest</b>	<b>689</b>	<b>357</b>	<b>708</b>	<b>350</b>	<b>680</b>
Interest on loans	469	219	433	209	423
Domestic	418	203	406	198	—
International	51	15	26	10	—
Interest & dividends on securities	316	165	323	152	294
Domestic	226	126	241	112	—
International	89	38	81	39	—
Interest on deposits	▲35	▲5	▲9	▲2	▲7
Domestic	▲4	▲1	▲3	▲1	—
International	▲30	▲3	▲5	▲1	—
Interest payment on interest rate swaps	▲28	▲16	▲33	▲15	▲38
Domestic	▲17	▲12	▲23	▲9	—
International	▲10	▲3	▲10	▲5	—
Loans to the Japanese government (average balance)	2,859	3,031	3,133	3,180	4,666

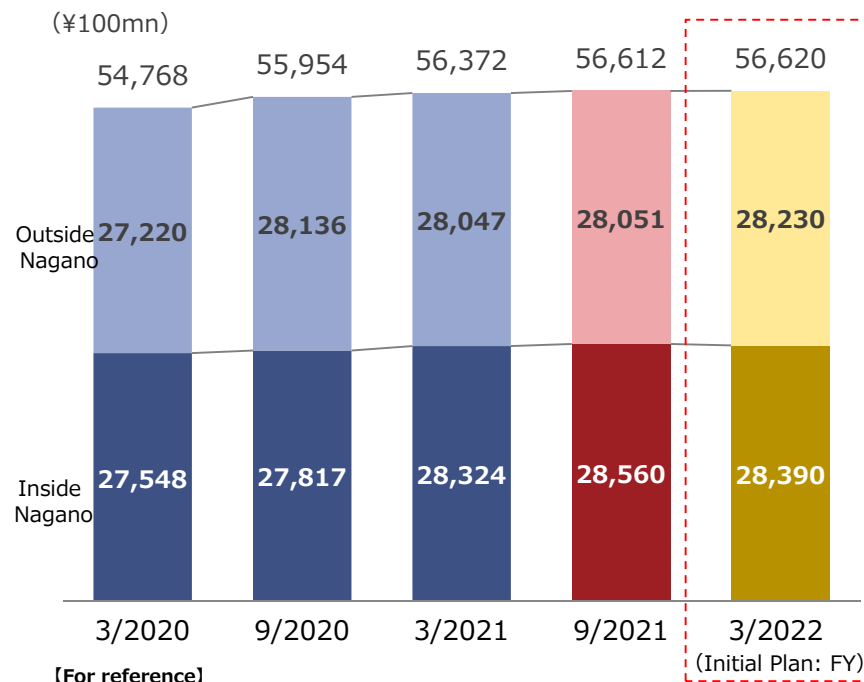
  

■ Yield (%)		3/2020	9/2020	3/2021	9/2021
<b>Yield on loans</b>		<b>0.86</b>	<b>0.78</b>	<b>0.77</b>	<b>0.73</b>
Domestic		0.79	0.75	0.75	0.73
Excl. loans to the Japanese govt.		<u>0.84</u>	<u>0.82</u>	<u>0.81</u>	<u>0.77</u>
International		2.70	1.54	1.25	0.86
<b>Yield on securities</b>		<b>1.22</b>	<b>1.19</b>	<b>1.15</b>	<b>1.07</b>
Domestic		1.04	1.12	1.05	0.96
International		2.14	1.54	1.66	1.58
<b>Funding costs</b>		<b>0.13</b>	<b>0.08</b>	<b>0.06</b>	<b>0.03</b>
Domestic		0.02	0.02	0.02	0.01
International		1.64	0.77	0.57	0.29
Yield on deposits		0.05	0.02	0.01	0.00
Domestic		0.00	0.00	0.00	0.00
International		1.94	0.62	0.44	0.19

## Major Accounts (Loans/Deposits)

- 6-month average balance of loans and deposits marked new record highs respectively.
- Loans inside and outside Nagano Prefecture increased firmly and the increasing trend will continue.

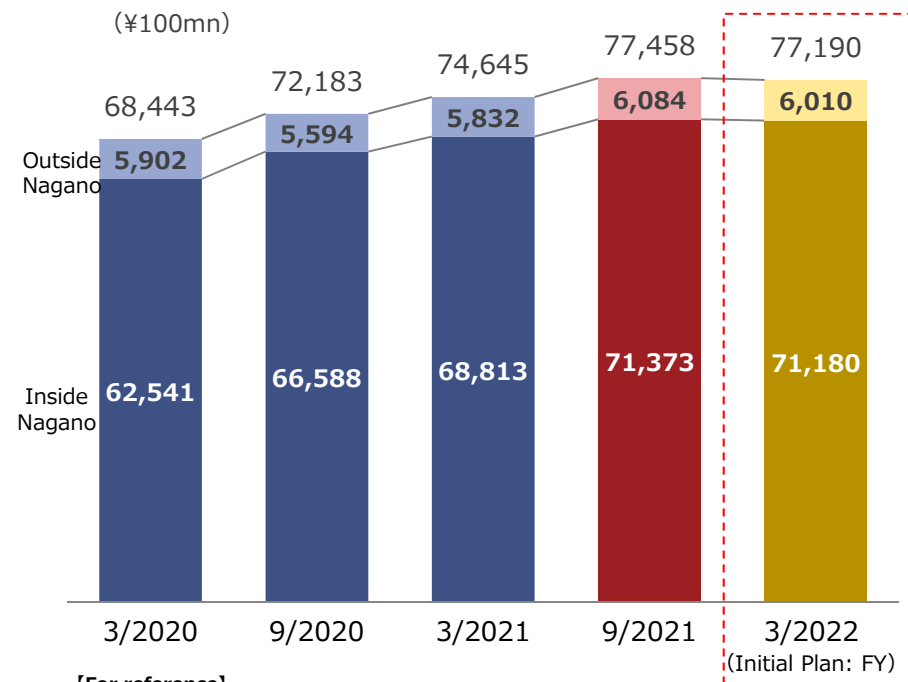
### ■ Average Balance of Loans (6-month)



【For reference】

Inc/Dec ratio (Annual : %)	3/2020	9/2020	3/2021	9/2021	3/2022 (Initial Plan)
All offices	3.00	3.88	2.92	1.17	0.63
Outside Nagano	4.55	6.59	3.03	▲0.30	0.49
Inside Nagano	1.52	1.27	2.81	2.67	1.14

### ■ Average Balance of Deposits (6-month)



【For reference】

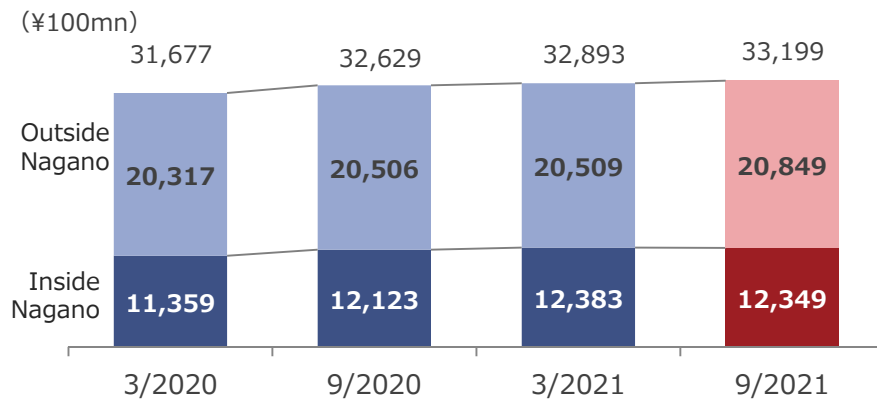
Inc/Dec ratio (Annual : %)	3/2020	9/2020	3/2021	9/2021	3/2022 (Initial Plan)
All offices	3.14	6.71	9.06	7.30	5.14
Outside Nagano	2.97	▲3.61	▲1.18	8.75	5.19
Inside Nagano	3.16	7.67	10.02	7.18	5.14



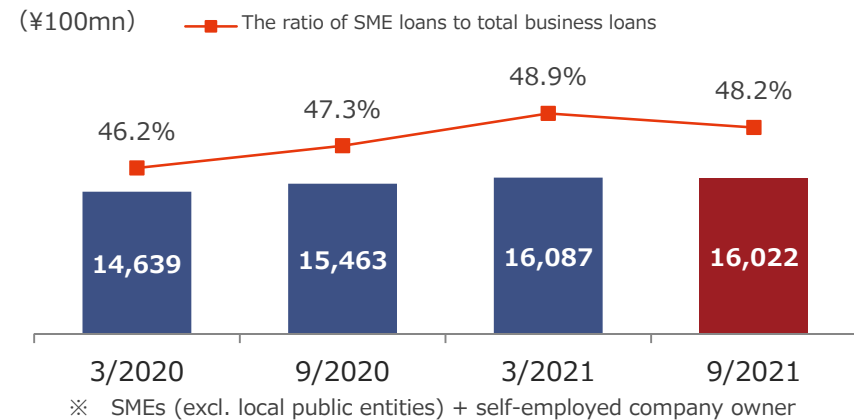
## Main Figures (Business Loans)

- Business loans increased by ¥57.0bn from 1H FY2020 due to the increase in fund raising support for customers affected by COVID-19.

### ■ Business Loans by District (Outstanding Balance)



### ■ Business Loans for SMEs\* (Outstanding Balance)



### ■ Business Loans for Real Estate Sector (Outstanding Balance)

(100mn)

	3/2020	9/2020	3/2021	9/2021
Inside Nagano	1,699	1,673	1,803	1,718
<b>Total</b>	<b>4,159</b>	<b>4,137</b>	<b>4,293</b>	<b>4,288</b>
Loans to large companies	1,520	1,496	1,493	1,490

\* Large companies: ¥1bn or more capital with 300 or over employees

### COVID-19 Dedicated Loans

(as of Sep 30, 2021)

<17,140 cases/¥259.7bn>

#### Regular loans

\*incl. loans with guarantee by the Associations

**1,678 cases**  
**¥18.6bn**

#### Special Financing System

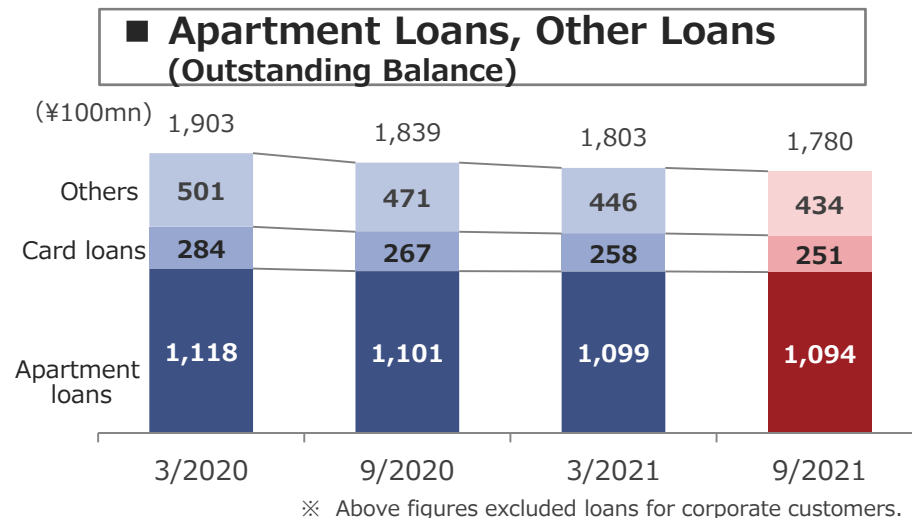
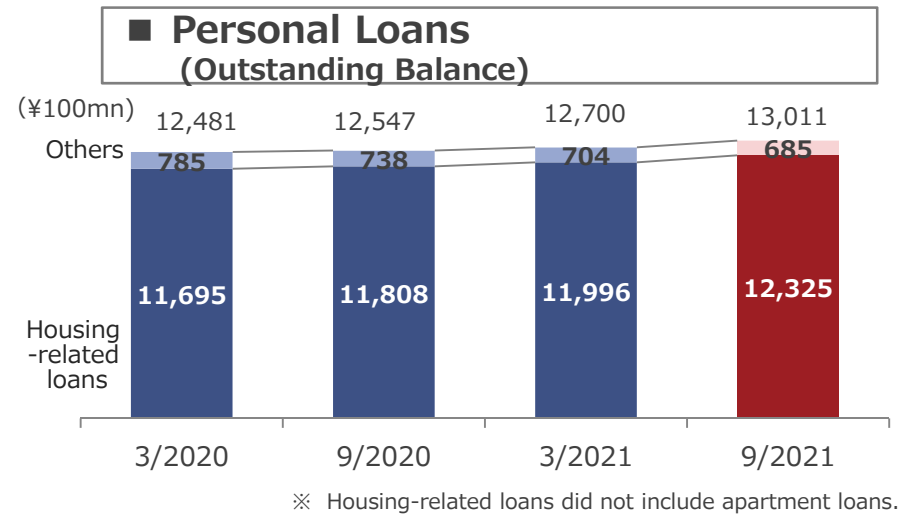
(with guarantee by the Associations)

**15,462 cases**  
**¥241.0bn**

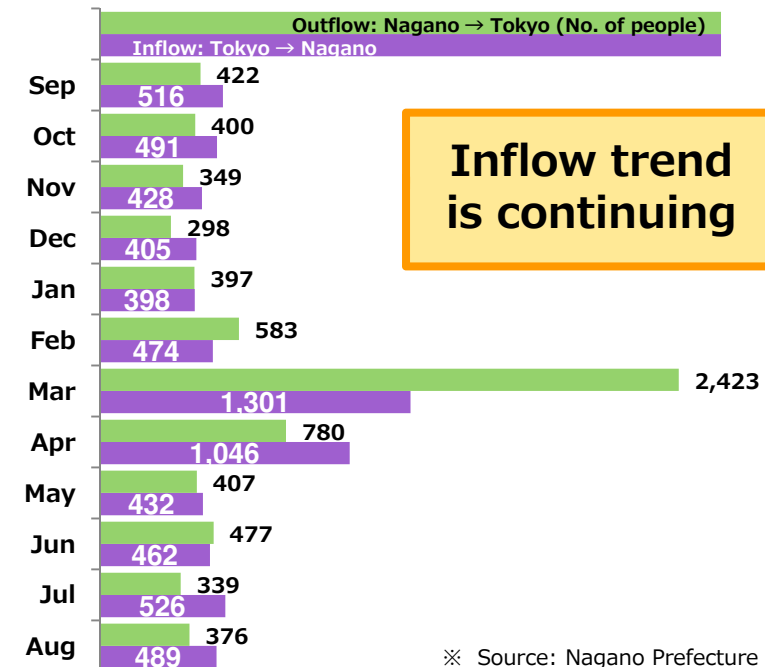
\*Loan total until Sep 30, 2021

## Main Figures (Personal Loans)

- Personal loans increased by ¥46.4bn from 1H FY2020, hitting new record high.
- Housing-related loans also increased by ¥51.7bn due to the increase in loans for newly-built houses, hitting new record high.



### ● Responding to migration/settlement needs



### Migration/settlement loans (For houses or second houses)

(Upper row: cases  
Lower row: ¥1mn)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 1H
Cases	86	93	118	75	94	57
¥1mn	1,771	2,394	3,294	1,862	2,678	1,898

## Profit on Interest② (By Category)

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		3/2017	3/2018	3/2019	3/2020	3/2021	9/2021	Change from 3/2017
<b>Loans (Yen)</b>	Monthly average (¥100mn)	47,912	49,649	51,679	53,074	54,299	55,370	+7,458 【 +15.5% 】
	Yield (%)	0.956	0.893	0.837	0.782	0.748	0.719	▲0.237 【 ▲24.7% 】
<b>Corporate customers</b>	Monthly average (¥100mn)	27,315	28,015	28,578	28,708	29,868	29,925	+2,610 【 +9.5% 】
	Yield (%)	0.715	0.673	0.645	0.620	0.611	0.603	▲0.112 【 ▲15.6% 】
<b>Personal customers</b>	Monthly average (¥100mn)	11,336	11,659	12,083	12,442	12,646	12,951	+1,615 【 +14.2% 】
	Yield (%)	1.876	1.784	1.691	1.604	1.512	1.456	▲0.420 【 ▲22.3% 】
<b>Housing -related</b>	Monthly average (¥100mn)	9,633	9,989	10,450	10,883	11,216	11,616	+1,983 【 +20.5% 】
	Yield (%)	1.539	1.449	1.363	1.284	1.214	1.170	▲0.369 【 ▲23.9% 】
<b>Local public entities etc.</b>	Monthly average (¥100mn)	7,475	8,227	9,160	9,627	9,910	10,719	+3,244 【 +43.3% 】
	Yield (%)	0.558	0.487	0.419	0.347	0.285	0.224	▲0.334 【 ▲59.8% 】
<b>Japanese government</b>	Monthly average (¥100mn)	1,453	1,913	2,544	2,935	3,232	4,004	+2,551 【 +175.5% 】

Note: The above figures were based on ALM accounting so they were different from the figures on Financial Statements.

**Web Contract of Unsecured Loans [Oct 2021~]**

Several unsecured loans started the web contract.  
 Group credit life insurance with special contract of cancer became available for unsecured loans.  
 The web contract will be applied to housing loans.

Loans	Web contract	Ratio of web contract (Oct 2021)	Group credit life insurance with scc
Hachini-no free loan	Already started	<u>77.1%</u>	Available
Car loan	Started in Oct 2021	<u>71.6%</u>	
Remodeling/exterior loan		<u>29.1%</u>	
Education card loan		<u>83.3%</u>	
Card loan <New mighty>		<u>2.7%</u>	—

**Smartphone-Dedicated Apps “Wallet+” [scheduled in Jul 2022]**

Grasping customer needs correctly by analyzing savings purposes and reference histories, providing brand-new financial services  
 Planning to introduce the Bank’s business partners to users by advertisements and coupon delivery

**Preparing to Mass-Marketing in Head Office [Jun 2021~]**

Strengthening organizational structure to increase operational efficiency through DX and to develop new services

Digital Promotion Group in Planning & Coordination Dept.	Cross-organizational group to respond quickly to measures for digital transformation
Digital Transformation Dept.	DX-dedicated dept. in charge of long-term business model reform and development of human resources <b>[staff dispatching to external institutions: 5 as of Oct 30, 2021]</b>

**Branches/Group Company (Hachijuni Credit Guarantee Co., Ltd.)**

Branches: promoting the relocation of main career track staff by changing the person in charge of loan sales  
 Group company: Hachijuni Credit Guarantee Co., Ltd. raised operational efficiency and decreased staff headcount.

Staff for loan sales				Decrease in headcount		
Ratio of sales assistant staff in loan plazas	Feb 2020	Feb 2021	Feb 2022	Hachijuni Credit Guarantee Co., Ltd. (No. of staff)	Apr 2017	Apr 2021
	3.7%	11.6%	Plan : approx.15%		39	34

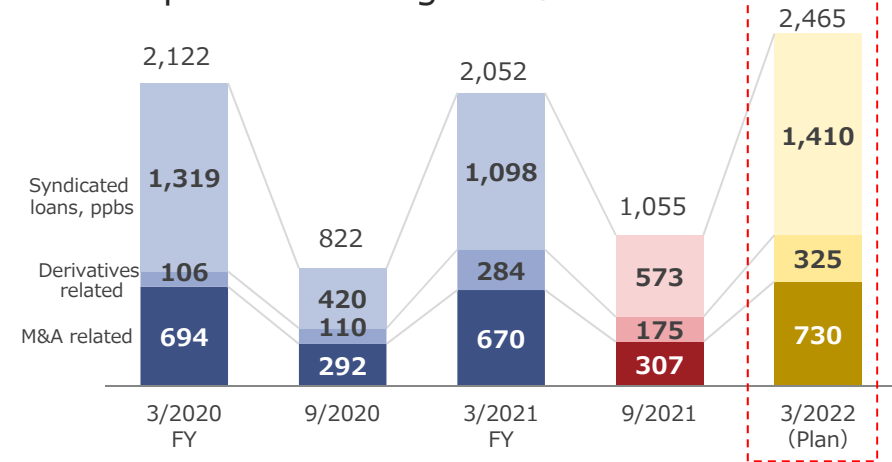
## Profit on Fees & Commissions① (Non-Consolidated)

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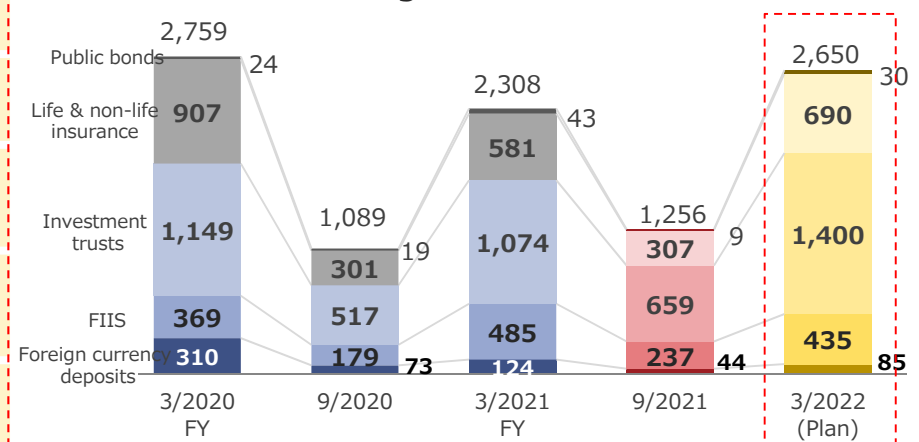
- Profit on f&c was ¥5.1bn (+¥0.4bn from 1H FY2020) due to increases in consulting-related income of corporate banking and personal banking.

		3/2020 Full Year	9/2020	3/2021 Full Year	9/2021	3/2022 Initial Plan
(¥100mn)						
<b>Profit on f&amp;c</b>		<b>84</b>	<b>46</b>	<b>92</b>	<b>51</b>	<b>88</b>
<b>Fees &amp; commissions</b>		<b>180</b>	<b>84</b>	<b>175</b>	<b>90</b>	<b>183</b>
(Major items)	Deposit/loan business	76	35	74	38	—
	Exchange business	60	29	59	29	—
	Securities-related business	21	9	21	11	—
	Agency business	11	4	8	4	—
<b>Fees &amp; commissions payment</b>		<b>96</b>	<b>38</b>	<b>82</b>	<b>38</b>	<b>94</b>
(Major items)	Fees related to payment loans	69	26	57	26	—
	Exchange business	11	5	11	5	—

### ◆ Corporate Banking (¥1mn)



### ◆ Personal Banking (¥1mn)



- ※ Incomes from consulting business in each segment were expressed by the above figures.
- ※ Incomes other than "fees & commissions" were also included in these figures.
- ※ FIIS: Financial instruments intermediary/introduction services

### Head Office: Business Promotion Dept.

Business Promotion Dept., established in Jun 2020, reinforces functions/menu/structure.

Business Promotion Dept.	Jun 2020	Apr 2021	Oct 2021
No. of staff	42	47	51

#### Business details

- Supporting branches
  - IT consulting
  - Subsidy application etc.
  - M&A/Business succession
- Business finance
  - Structured finance etc.
  - Life insurance for corporations etc.
  - Trust group [Jun 2021~]

### Branches: the Right Person is Assigned to the Right Position

#### Proposing derivative products by branches

- Branches can propose independently derivatives products in Nov 2021.
  - Interest rate swap
  - Currency option

Relocation of staff (No. of staff)	End of Mar, 2021	End of Jul, 2021	Plan : End of Mar, 2022
Corporate +area	519	531	650
Personal (MA)	377	335	210
Personal (loan)	182	162	170

### Supporting the Development of Management Plan of Customers [Feb 2021~]

#### Fee-charging support for subsidy application

- Manufacturing subsidy ● Business restructuring subsidy

Business restructuring subsidy  
No. of support in 1H FY2021: 388 cases  
[fee-charging support: 169 cases]

### Personnel Consulting/IT Consulting [Apr 2021~]

Personnel consulting (Nagano Economic Research Institute)	IT consulting (Hachijuni System Development Co., Ltd.)
Securing human resources, enhancing motivation	Solving IT related problems

### Subsidy Diagnosis System [Oct 2021~]

Adding new functions in tablet terminals

Information regarding grants/subsidies/supporting menu of the Bank are displayed by inputting answers to the questions.

#### Examples of supporting menu

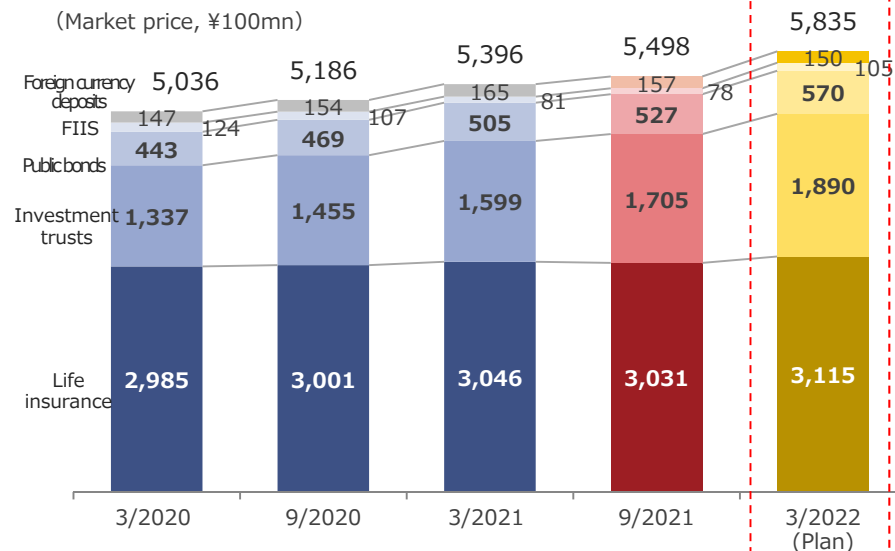
- Human resources development subsidy
- Career advancement subsidy
- Business restructuring subsidy
- Manufacturing subsidy etc.

## Investment Type Products (Personal Banking) ①

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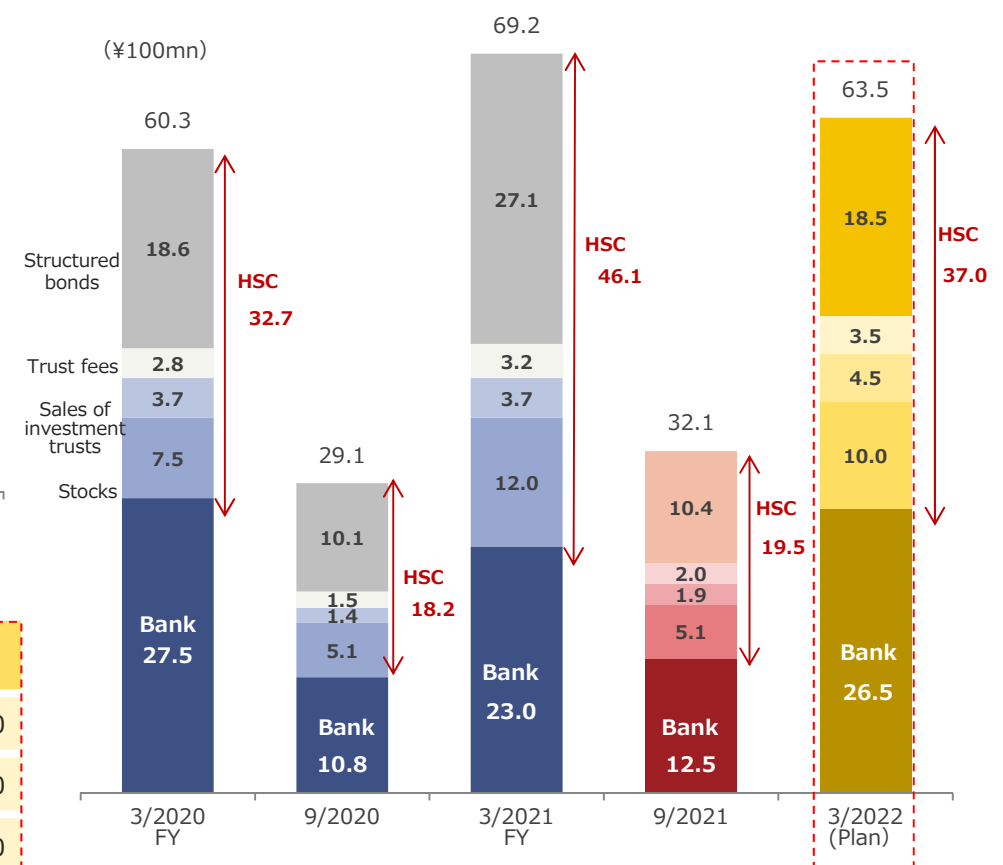
- Outstanding balance (market price) of investment type products in personal banking increased by ¥31.2bn from 1H FY2020 due to an increase of sales, reflecting robust market conditions. Monthly installments of 3/2022 will increase by ¥0.4bn from 3/2021.
- Income from investment type products increased by ¥0.3bn due to an increase in sales of the Bank.

### ■ Investment Type Products (Outstanding Balance)



### ■ Income from ITP

(Bank + HSC) ※after deduction of the Bank's intermediary fee



### ◆ Installment-type Investment Trusts (IIT)

	3/2020	9/2020	3/2021	9/2021	3/2022 (Plan)
No. of IIT accounts	32,787	36,899	40,701	45,473	49,470
Installment NISA	10,278	13,150	16,549	20,089	22,380
Monthly installments (¥1mn)	907	1,075	1,170	1,349	1,640

Structure

**Financial Advisors (FA) [Oct 2021~]**

Promoting the assignment of financial advisors who are specialized in provision of consulting services for wealthy individuals such as corporate owners/doctors and other specialists/real estate owners

Reinforcing human resources development in personal banking, reforming corporate culture and awareness

**Staff Dispatching to Hachijuni Securities Co., Ltd.**

Reinforcing bank-securities cooperation and nurturing staff who gained securities business skills

No. of dispatching staff	2015 (started)	End of Mar, 2021	End of Sep, 2021
	5	28	34

**Club for the Acquisition of a Qualification [Oct 2021~]**

Creating an internal club aiming at the acquisition of the qualification of Financial Planner 1st level and CFP, supporting ability development of the staff

No. of participants as of the end of Sep, 2021: approx. 200 (from the younger staff to manager)

No. of qualified staff	End of FY2017	End of FY2018	End of FY2019
FP 1st level	59	62	66
CFP	33	32	32

**"Hachini-no Life Support Services"**

Launch of "Hachini-no Life Support Services" to solve personal customers' problems by introducing tie-up companies

**「シニア」**

- 手すり・バリアフリー工事
- 高齢者の見守り
- 仏壇・仏具のお墓購入
- お墓・仏壇の清掃
- 墓じまい
- 永代供養

**「<SU>**

- 粗大ごみ・不用品の処分
- 空き家解体
- 家事代行 (掃除・洗濯など)
- 庭木の剪定・庭の除草
- 旅行
- 引越し

**「住まい」**

- ハウスクリーニング (キッチン・レンジフード・エアコン・浴室/トイレ など)
- 空き家管理
- ホームセキュリティ
- 防犯・防災機器
- リフォーム・外構工事
- 屋根・外壁修理
- シロアリなどの害虫駆除

Functions/Services

**Launch of Trust Business Products for Personal Customers [Oct 2021]**

4 products: supporting property management to prepare to dementia risk, responding to bequests for benefactors or municipalities, etc.

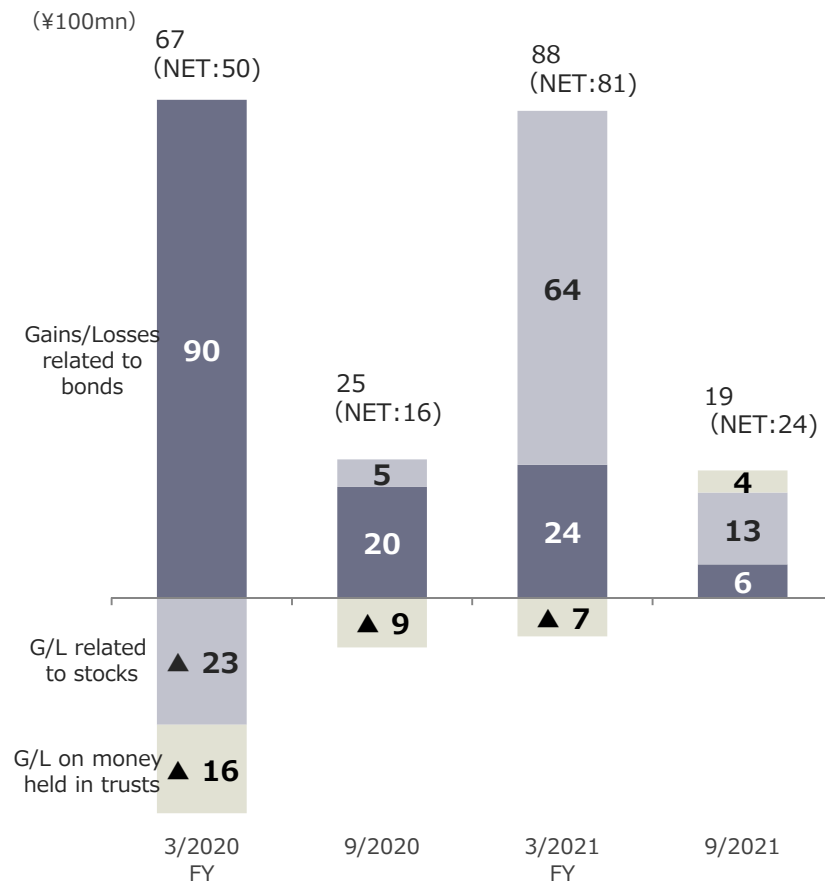


## Profit/Losses Related to Securities (Non-Consolidated)

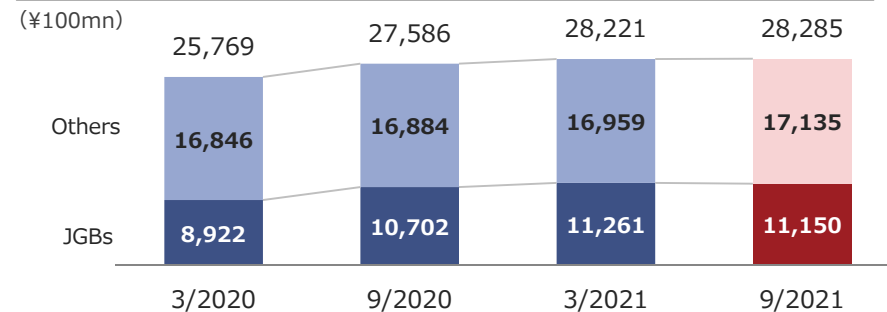
17

- Profit/losses related to securities was ¥1.9bn (▲¥0.6bn from 1H FY2020).
- Net P/L including gains/losses on money held in trusts was ¥2.4bn (+¥0.8bn).

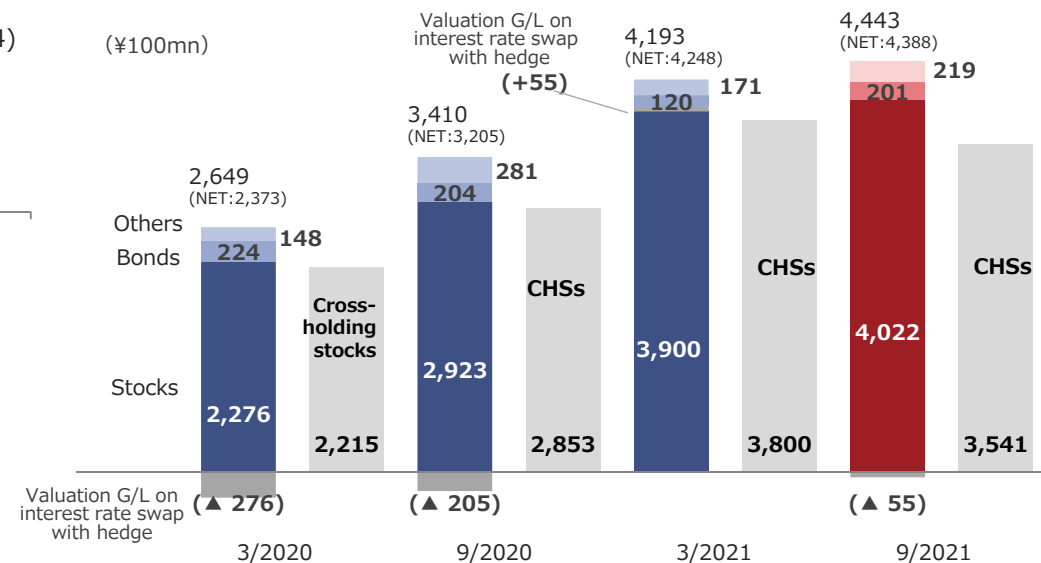
### ■ P/L Related to Securities



### ■ Average Balance of Securities (6-month)



### ■ Valuation Gains/Losses on Securities



## The Change in Outstanding Balance of Securities

- Increasing profitability by diversified investment mainly in yen-denominated securities investment

(Cost basis, ¥100mn)		3/2020	9/2020	3/2021	9/2021	Valuation G/L	Direction
Bonds	Interest bearing JGBs	8,869	9,800	11,314	10,090	166	→
	Floating-rate JGBs	730	346	161	110	1	→
	Inflation-protected JGBs	217	242	242	165	0	→
	Other domestic bonds	7,070	7,016	7,105	6,836	16	↑
	Yen-denominated securitized products	656	681	716	747	13	→
	Structured bonds, Beneficial interests	802	940	1,153	1,201	3	→
	CLO	93	79	81	80	▲0	→
Stocks	Domestic stocks	1,137	1,143	1,157	1,193	4,022	→
Yen-denominated investment trusts	Domestic ETF	208	87	120	109	9	→
	J-REIT	266	263	289	329	95	→
	Other investment trusts	2,288	2,217	2,189	2,080	51	→
	Union-type of funds etc.	214	216	221	225	0	↑
	Hedge funds	225	184	169	170	0	↑
Foreign securities	Hedge funds	47	46	48	49	9	↑
	Yen-denominated foreign bonds	443	623	642	657	3	→
	Yen-denominated foreign bonds	150	138	235	312	18	→
	Foreign currency- denominated bonds	2,759	2,828	3,217	2,911	28	→
	Foreign currency- denominated securitized products	750	604	668	563	1	→
	Foreign currency-denominated CLO	0	0	0	0	0	→
Total		26,840	27,379	29,656	27,753	4,443	
Bond duration (years)		3.77	3.60	4.27	4.28		

### Topics

#### Establishment of Hachijuni Asset Management Co., Ltd.

##### 1. Purposes of establishment

- (1) Further reinforcement of investment sector
- (2) Making future profit base by utilizing functions of the asset management company

##### 2. Date of establishment

**Oct 1st, 2021**

※ Business operation is scheduled to start by the end of FY2021.

##### 3. Business details

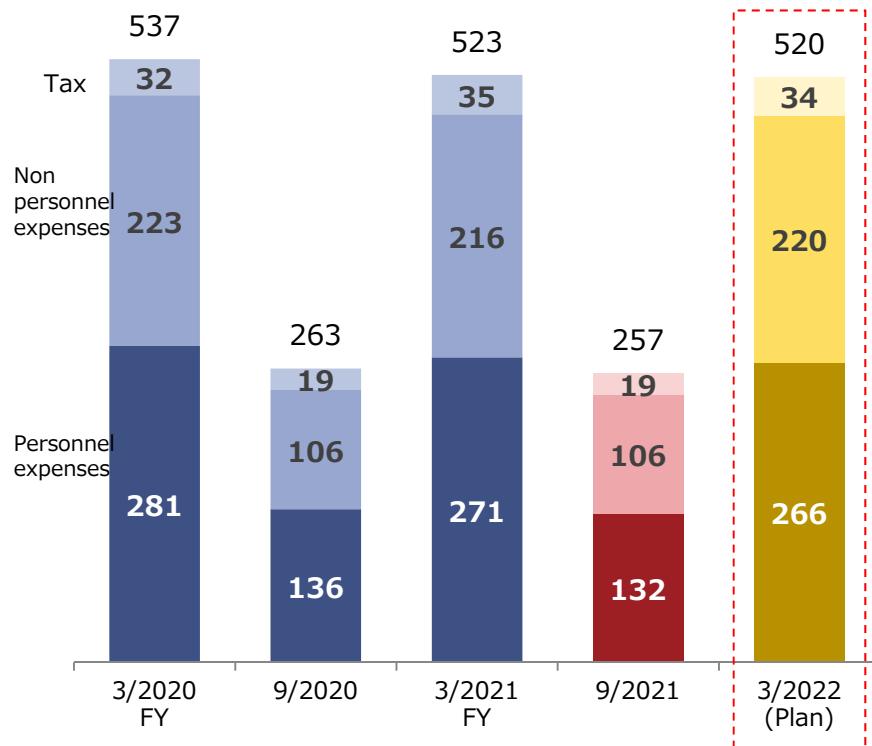
- Discretionary Investment Business
- Investment Trust Management Business
- Investment Advisory Business
- Type II Financial Instruments Business
- Other related business

## General & Administrative Expenses (Non-Consolidated)

- Personnel expenses was ¥13.2bn (▲¥0.4bn from 1H FY2020), non personnel expenses was ¥10.6bn (▲¥0bn).
- Main factors of the decrease in personnel expenses were the change of the staff composition and a decrease in expenses of retirement benefits.

### ■ G&A Expenses

(¥100mn)



### ◆ 3/2022 Plan

- Personnel expenses: ▲¥0.5bn from 3/2021
- Non personnel expenses: +¥0.4bn from 3/2021

### ■ Depreciation and Investment Amounts

(¥100mn)	3/2021 Full Year	9/2021	3/2022 (Full Year Plan)
Depreciation	37	17	35
Investment amounts	(Original plan : 39) 33	21	(Original plan : 40) 43
Main investments	*Reconstruction of branches *Renewal of centralized clerical systems *Renewal of PC/ATM	*Reconstruction of branches *Maintenance /renewal of ATM	*Reconstruction of branches/welfare facilities *Wallet+ connecting basis *Renewal of ATM, adding functions

### ◆ 9/2021 Increase/Decrease Factors

(¥100mn)	9/2020	9/2021	Change	Main factors
Personnel expenses	136	132	▲4	• Change in the staff composition • Decrease in expenses of retirement benefits
Non personnel expenses	106	106	▲0	• Decreases in depreciation and maintenance costs
Tax	19	19	▲0	—

## Credit Related Expenses (Non-Consolidated)

20

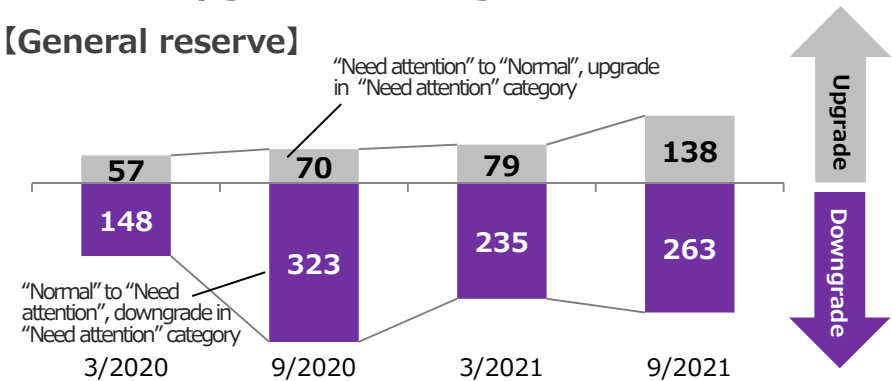
- Credit related expenses was ▲¥1.7bn (▲¥7.7bn from 1H FY2020) due to reversals of general reserve and specific reserve by declining bankruptcy probability and collecting reserves posted in past fiscal years.

### ■ Credit Related Expenses

(¥100mn)	3/2020 Full Year	9/2020	3/2021 Full Year	9/2021	3/2022 (Initial Plan)
Transfer to general reserve for possible loan losses (TGR)	9	10	5	▲5	8
Disposal of NPL	▲3	49	82	▲12	48
Credit related expenses (CRE)	6	59	86	▲17	56

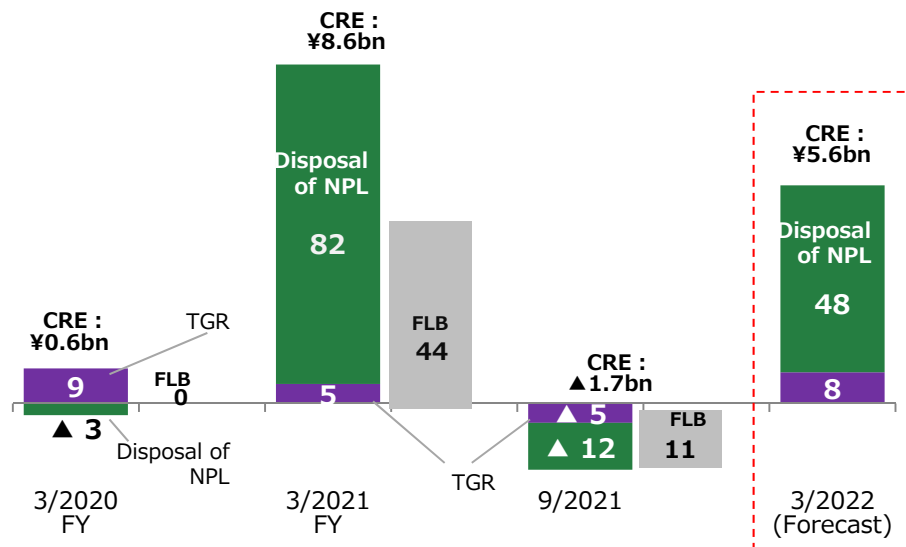
### ◆ No. of Upgrade/Downgrade

#### 【General reserve】

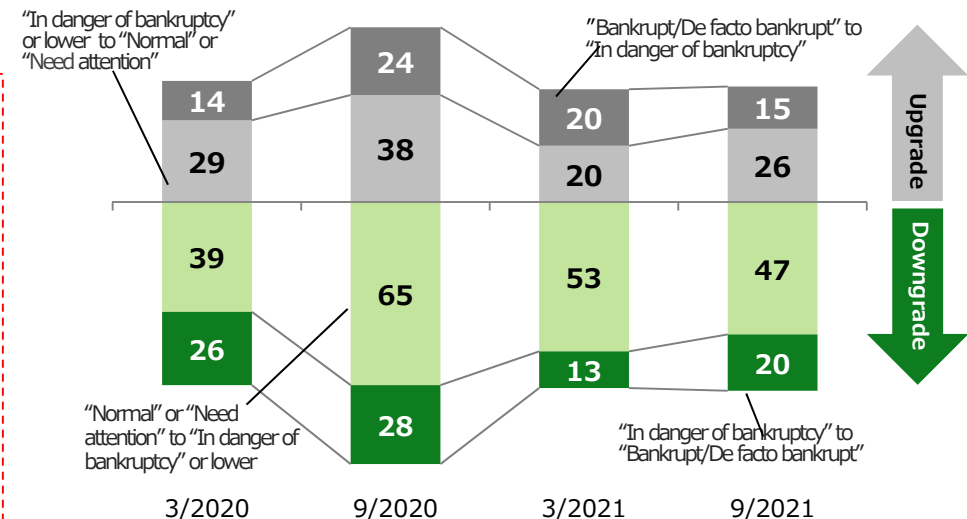


### ◆ Factors of Large Borrowers (FLB)

※ More than ±¥1.0 impact by 1 borrower

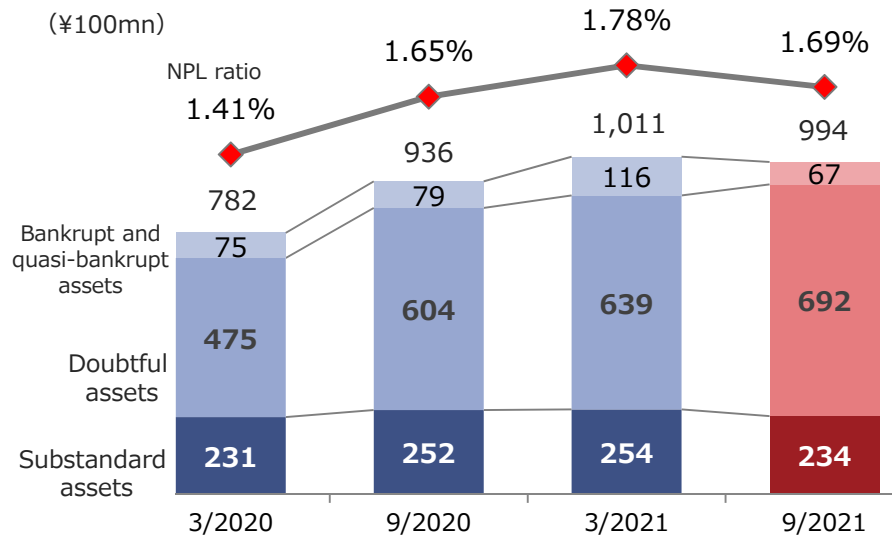


#### 【Disposal of NPL (specific reserve)】



# Major Accounts (Non Performing Loans, Reserve for Loan Losses)

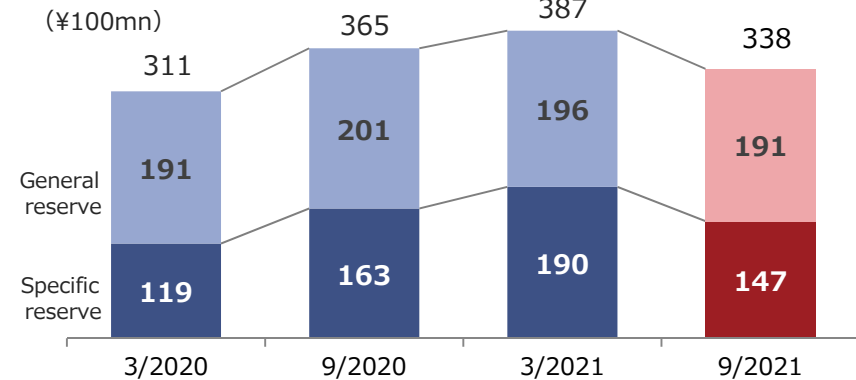
## ■ Non Performing Loans



(¥100mn)	3/2020	9/2020	3/2021	9/2021
Bankrupt and quasi-bankrupt assets	75	79	116	67
Doubtful assets	475	604	639	692
Substandard assets	231	252	254	234
<b>Total</b>	<b>782</b>	<b>936</b>	<b>1,011</b>	<b>994</b>
<b>NPL ratio</b>	<b>1.41%</b>	<b>1.65%</b>	<b>1.78%</b>	<b>1.69%</b>
After partial direct charge-off (※)	1.34%	1.57%	1.64%	1.63%

※ Partial direct charge-off was not executed. The above figures were disclosed only for reference.

## ■ Reserve for Loan Losses



(¥100mn)	3/2020	9/2020	3/2021	9/2021
<b>General reserve</b>	191	201	196	191
Normal	65	65	64	64
Need attention	67	75	72	75
Special attention	58	60	59	51
<b>Specific reserve</b>	119	163	190	147
In danger of bankrupt	77	116	107	108
Bankrupt/De facto bankrupt	41	47	82	37
<b>Total</b>	<b>311</b>	<b>365</b>	<b>387</b>	<b>338</b>

## Return to Shareholders

22

- Dividend payout ratio of 3/2022 will be 30.4%.

(¥100mn)	3/2018	3/2019	3/2020	3/2021	3/2022 (forecast)
Annual dividends ①	65	69	68	68	—
Dividend per share (full year)	¥13.0	¥14.0	¥14.0	¥14.0	¥14.0
Interim dividend	¥6.0	¥6.0	¥6.0	¥6.0	¥6.0
Purchase of own stocks ②	Note 1 29	28	29	—	Undecided
Shareholder returns ③ = ① + ②	95	98	98	68	—
Profit (net income) (consolidated) ④	227 ※Non-consolidated	224	220	223	225
Dividend payout ratio (consolidated) ① ÷ ④	28.9% ※Non-consolidated	30.9%	31.1%	30.6%	30.4%
Ratio of shareholder returns (consolidated) ③ ÷ ④	41.9% ※Non-consolidated	43.7%	44.7%	30.6%	—

Note 1: Based on the resolution of Feb 2018

## Management Philosophy

“Stick firmly to the sound banking principles, thereby contributing to the development of the regional community”

## Medium-Term Management Vision 2021

Supporting Customers and the Region by “Finance × Non-finance × Relations”

Deepening life support business

Providing comprehensive financial services and functions

Sustainability as a core element of business management

Digital reform of business operations and organization

Personnel system reform to support growth and job satisfaction

Release on Apr 30, 2021

### Medium-Term Management Targets

Profit attributable to owners of the parent	FY2025	¥25 billion or more
Ratio of consolidated profits to parent company's profits	FY2025	1.25 times or more
Greenhouse gas (CO2) emissions	FY2023	Net zero
	FY2030	60% reduction compared to FY2013

## The Image of Desired Human Resources

‘Establishment of strengths’ ‘Progressive spirits’ ‘Thinking and acting on their own initiatives’

### Topics

#### Reinforcing promotion structure

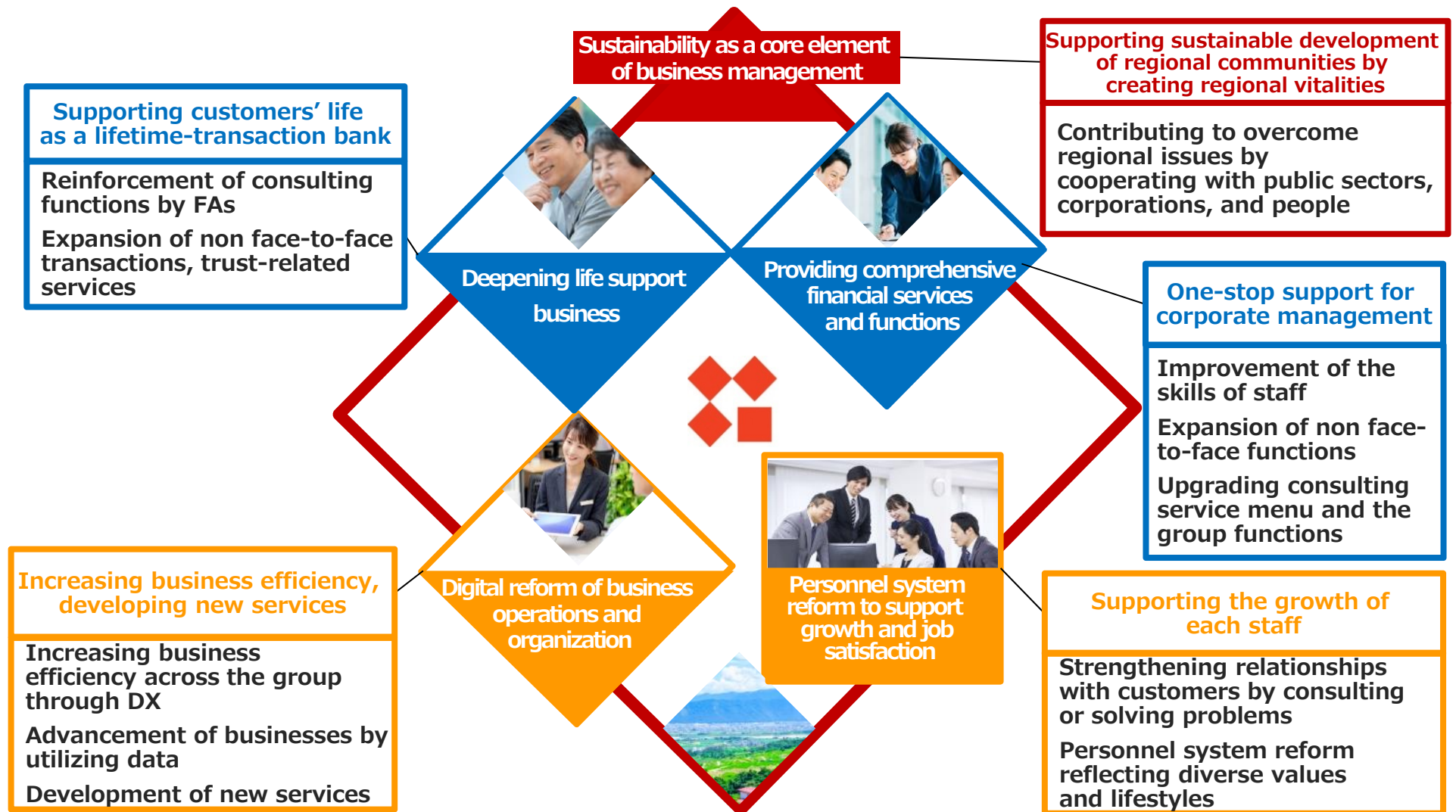
#### Organizational reform in Head Office [Jun 2021]

Digital Transformation Dept.  
 Planning & Coordination Dept. (Sustainability Office)  
 Personnel Dept. (Diversity Promotion Office)  
 Business Promotion Dept. (Trust Groups)

#### Establishment of subsidiaries [Oct 2021]

Hachijuni Asset Management Co., Ltd.  
 (Discretionary Investment Business/investment advisory business etc.)  
 Hachijuni Investment Co., Ltd.  
 (Creation of funds/fund administration etc.)

**Supporting Customers and the Region by  
“Finance × Non-finance × Relations”**





**Management Philosophy: "Stick firmly to the sound banking principles, thereby contributing to the development of the regional community"**



## SDGs Declaration



**The Hachijuni Bank Group is committed to solving regional issues proactively by all officers and employees, achieving a sustainable society together with the regional people**



## SDGs Key Themes



### **[Environment]**

- Protecting beautiful nature in Nagano
- Taking actions to prevent global warming
- Taking initiatives in the environmental management

### **[Economy]**

- Contributing to the sustainable development of the regional economy
- Supporting innovations in regional industries

### **[Society]**

- Contributing to safe, secure and convenient life
- Creating a workplace that enables diverse personnel to play an active role



## Sustainable Investment and Lending Policy



- In May 2021, the Group formulated "Sustainable Investment and Lending Policy" to solve environmental and social problems, committing to the realization of a sustainable society.
- The Group has contributed to the achievement of a sustainable society until now based on the management philosophy, it will promote investment/lending more powerfully according to this policy.

### **<Key points of this policy>**

- The Group aggressively supports sectors having "positive impacts on environment, society, and economy."
- New loans totaling ¥1.5tn of sustainable finance (¥1.0tn of environmental finance) will be implemented until FY2030.
- The Group should respond carefully to sectors having "negative impacts on environment, society, and economy."