
The 49th Information Meeting

May 12, 2022



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Hachijuni Bank's Profile

| | |
|---------------------------------|---|
| Company name | THE HACHIJUNI BANK, LTD. |
| Head office | Nagano City, Nagano Prefecture |
| Date of establishment | 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 | 3,067 (▲92 from FY2020) |
| Capital stocks | ¥52.2bn |
| Issued shares | 511,103 thousand shares |
| Total assets | ¥13,265.2bn (+¥1,190.1bn from FY2020) |
| Net assets | ¥834.0bn (+¥1.1bn) |
| Loans | ¥8,066.6bn (+¥395.8bn) |
| Deposits | ¥5,974.0bn (+¥386.5bn) |
| Total capital ratio (Basel III) | Consolidated: 19.06% (▲1.63%) Non-Consolidated: 17.62% (▲1.68%) |
| Ratings | S&P Global Ratings : A- R&I : A+ JCR : AA |

The Hachijuni Bank's share was selected by "FTSE Blossom Japan Sector Relative Index"

FTSE Russell selected the Hachijuni Bank's share as a component stock of FTSE Blossom Japan Sector Relative Index. This new index was made for the purpose of evaluating the size of environmental burden, the shift to decarbonization, and efforts in climate change. It consists of Japanese companies shares, reflecting ESG performance in each sector.

The Bank will make utmost efforts to raise its corporate value as the reliable company which can meet the expectation of all stakeholders.



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products.



As of Mar 31, 2022

Head Office

Main Volume P.4~29

1. Outlines of FY2021 Financial Results
2. Management Policy

Topics

"Profit from services to customers" turned profitable.

【Profit from services to customers】 = 【Outstanding balance of loans × interest margin + profit on fees & commissions】
 – 【Operating expenses】

| Unit: ¥1mn | 3/2016 | 3/2017 | 3/2018 | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|--|--------|--------|--------|--------|--------|--------|---------------|
| Outstanding balance of loans × interest margin + profit on f&c | 59,258 | 53,693 | 53,207 | 52,923 | 52,782 | 50,516 | 51,454 |
| Operating expenses | 56,399 | 60,488 | 57,655 | 54,712 | 53,269 | 52,596 | 48,510 |
| Profit from services to customers | 2,859 | ▲6,795 | ▲4,448 | ▲1,789 | ▲487 | ▲2,080 | 2,944 |

Outline of FY2021 Financial Results

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| Consolidated | | | | Non-Consolidated | | | | |
|---|--------|--------|--------|--|--------|--------|--------------|-----|
| | 3/2021 | 3/2022 | Change | 3/2021 | 3/2022 | Change | Initial Plan | |
| (¥100mn) | | | | | | | | |
| Consolidated gross business profit | 961 | 938 | ▲22 | Gross business profit (A) | 832 | 817 | ▲15 | 780 |
| Profit on interest | 709 | 684 | ▲24 | Profit on interest | 708 | 684 | ▲24 | 661 |
| Profit on fees & commissions | 152 | 164 | 11 | Profit on f&c | 92 | 99 | 7 | 102 |
| Trading profit | 33 | 20 | ▲12 | Profit from obt | 29 | 31 | 1 | 15 |
| Profit from other business transactions | 66 | 69 | 2 | Gains/losses related to bonds (B) | 24 | 19 | ▲4 | - |
| General & administrative expenses | 590 | 540 | ▲49 | G&A expenses (C) | 523 | 508 | ▲15 | 532 |
| Credit related expenses | 93 | 19 | ▲74 | Actual net business profit (A-C) | 308 | 309 | 0 | 250 |
| Gains/losses related to stocks | 66 | 21 | ▲44 | Core net business profit (A-B-C) | 284 | 289 | 4 | 250 |
| Gains/losses on money held in trust | ▲7 | 5 | 12 | excl. gains/losses on cancellation of investment trusts | 282 | 339 | 57 | - |
| Ordinary profit | 321 | 380 | 58 | Transfer to general reserve for possible loan losses (D) | 5 | ▲19 | ▲24 | 4 |
| Profit attributable to owners of the parent | 223 | 266 | 42 | Net business profit (A-C-D) | 303 | 328 | 24 | 245 |
| Ratio of consolidated profits to parent company's profits (times) | 1.208 | 1.190 | ▲0.018 | Gains/losses related to stocks (E) | 64 | 21 | ▲42 | 41 |
| | | | | Gains/losses on money held in trust | ▲7 | 5 | 12 | - |
| | | | | Disposal of NPL | 82 | 39 | ▲43 | 24 |
| | | | | Reversal of allowance for loan losses | - | - | - | - |
| | | | | Reversal of general reserve | - | - | - | - |
| | | | | Reversal of specific reserve | - | - | - | - |
| | | | | Ordinary profit | 261 | 313 | 52 | 290 |
| | | | | Extraordinary gains/losses | ▲2 | 0 | 3 | - |
| | | | | Profit | 185 | 223 | 38 | 200 |
| | | | | Profit/losses related to securities (B+E) | 88 | 41 | ▲46 | 41 |
| | | | | Credit related expenses | 86 | 19 | ▲67 | 29 |
| | | | | | | | | |

| ◆ FY2022 Forecasts (consolidated) | |
|---|---------|
| Ordinary profit | ¥33.0bn |
| Profit attributable to owners of the parent | ¥23.0bn |

(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 3/2021 were also revised reflecting this change.

Review of FY2021 Financial Results

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■ Non-Consolidated

- Core net business profit was ¥28.9bn (+¥0.4bn from FY2020) due to the increase in profit on fees & commissions (sales commissions of investment trusts, consulting fees) and the decrease in G&A expenses (personnel expenses, non personnel expenses) despite the decrease in profit on interest.
- Ordinary profit was ¥31.3bn (+¥5.2bn) due to the decrease in credit related expenses despite the decrease in gains/losses related to stocks.
- Profit was ¥22.3bn (+¥3.8bn) due to the increase in ordinary profit despite the increase in corporate tax.

■ Consolidated

- Ordinary profit was ¥38.0bn (+¥5.8bn) due mainly to the increase in non-consolidated profit.
- Profit attributable to owners of the parent was ¥26.6bn (+¥4.2bn).
- Ratio of consolidated profits to parent company's profits was 1.19 times (cf. 1.20 times of FY2020).

Future Forecasts (additional information)

- Economic impact of COVID-19 pandemic will continue for some time, and it will have a certain impact on credit risk, mainly on loans and the creditworthiness of some borrowers will deteriorate. But we expect the increase in credit related expenses will not be significant.

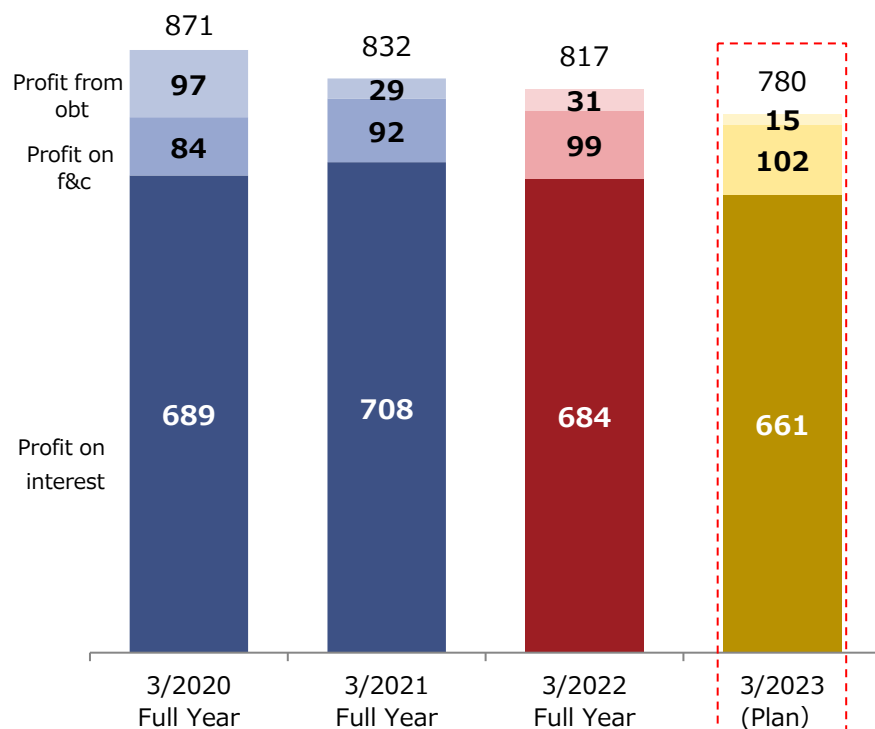
Assumptions are uncertain, and changes in the infection situation and its impact on the economy could affect future results.

Gross Business Profit (Non-Consolidated)

- Gross business profit decreased by ¥1.5bn from FY2020 because the decrease in profit on interest exceeded the increase in profit on fees & commissions.

Gross Business Profit

(¥100mn)



| (¥100mn) | 3/2020 | 3/2021 | 3/2022 |
|---|--------|--------|--------|
| Profit on interest | 689 | 708 | 684 |
| Gains/losses on cancellation of investment trusts | ▲4 | 2 | ▲50 |

3/2022 Increase/Decrease Factors

| (¥100mn) | 3/2021 | 3/2022 | Change | For reference |
|---|--------|--------|--------|--|
| Profit on interest | 708 | 684 | ▲24 | See page 7 Profit on Interest |
| Profit on fees & commissions | 92 | 99 | +7 | See page 11 Profit on Fees & Commissions |
| Profit from other business transactions | 29 | 31 | +1 | See page 13 Profit/Losses Related to Securities |

3/2023 Initial plan at the beginning of the fiscal year

- Gross business profit: ¥78.0bn (▲¥3.7bn from 3/2022)
- Profit on interest: ¥66.1bn (▲¥2.3bn)
- Profit on f&c: ¥10.2bn (+¥0.3bn)
- Profit from obt: ¥1.5bn (▲¥1.6bn)

Profit on Interest (Non-Consolidated)

- Interest on loans was ¥41.9bn (▲¥1.3bn from FY2020).
- Profit on interest of 3/2023 will decrease by ¥2.3bn from 3/2022.

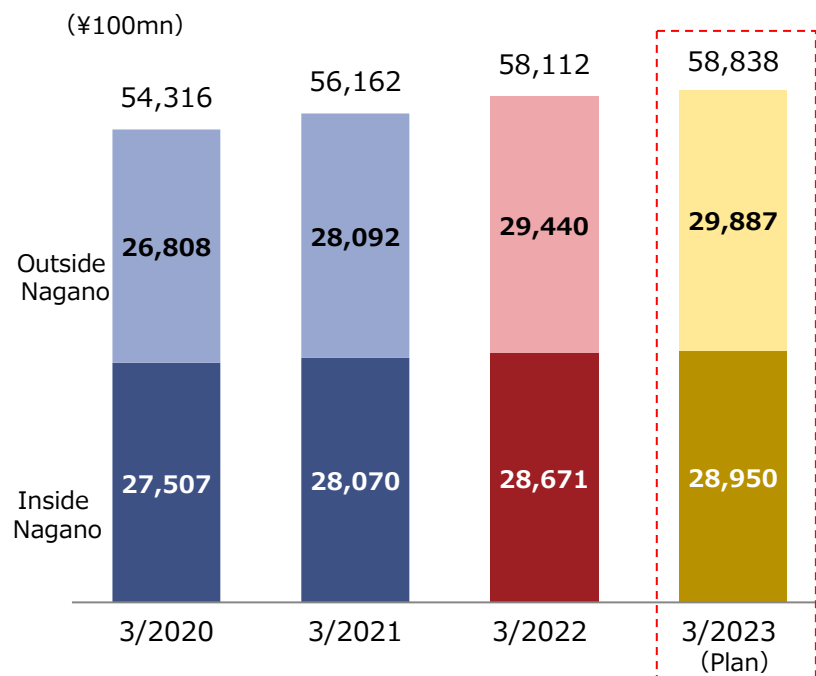
| (¥100mn) | 3/2020 | 3/2021 | 3/2022 | 3/2023 Plan |
|--|------------|------------|------------|-------------|
| Profit on interest | 689 | 708 | 684 | 661 |
| Interest on loans | 469 | 433 | 419 | 432 |
| Domestic | 418 | 406 | 396 | — |
| International | 51 | 26 | 22 | — |
| Interest & dividends on securities | 316 | 323 | 268 | 280 |
| Domestic | 226 | 241 | 182 | — |
| International | 89 | 81 | 86 | — |
| <u>excl. gains/losses on cancellation of investment trusts</u> | <u>321</u> | <u>320</u> | <u>319</u> | — |
| Interest on deposits | ▲35 | ▲9 | ▲5 | ▲10 |
| Domestic | ▲4 | ▲3 | ▲2 | — |
| International | ▲30 | ▲5 | ▲3 | — |
| Interest payment on interest rate swaps | ▲28 | ▲33 | ▲31 | ▲29 |
| Domestic | ▲17 | ▲23 | ▲19 | — |
| International | ▲10 | ▲10 | ▲12 | — |
| (¥100mn) | 3/2020 | 3/2021 | 3/2022 | 9/2022 Plan |
| Loans to the Japanese government (average balance) | 2,859 | 3,133 | 4,211 | 4,452 |

| ■ Yield (%) | 3/2020 | 3/2021 | 3/2022 | 3/2023 |
|--|-------------|-------------|-------------|-------------|
| Yield on loans | 0.86 | 0.77 | 0.72 | 0.73 |
| Domestic | 0.79 | 0.75 | 0.71 | — |
| <u>excl. loans to the Japanese govt.</u> | <u>0.84</u> | <u>0.81</u> | <u>0.77</u> | — |
| International | 2.70 | 1.25 | 0.88 | — |
| Yield on securities | 1.22 | 1.15 | 0.99 | 1.14 |
| Domestic | 1.04 | 1.05 | 0.81 | — |
| International | 2.14 | 1.66 | 1.79 | — |
| Funding costs | 0.13 | 0.06 | 0.03 | 0.07 |
| Domestic | 0.02 | 0.02 | 0.01 | — |
| International | 1.64 | 0.57 | 0.31 | — |
| Yield on deposits | 0.05 | 0.01 | 0.00 | — |
| Domestic | 0.00 | 0.00 | 0.00 | — |
| International | 1.94 | 0.44 | 0.22 | — |

Major Accounts (Loans/Deposits)

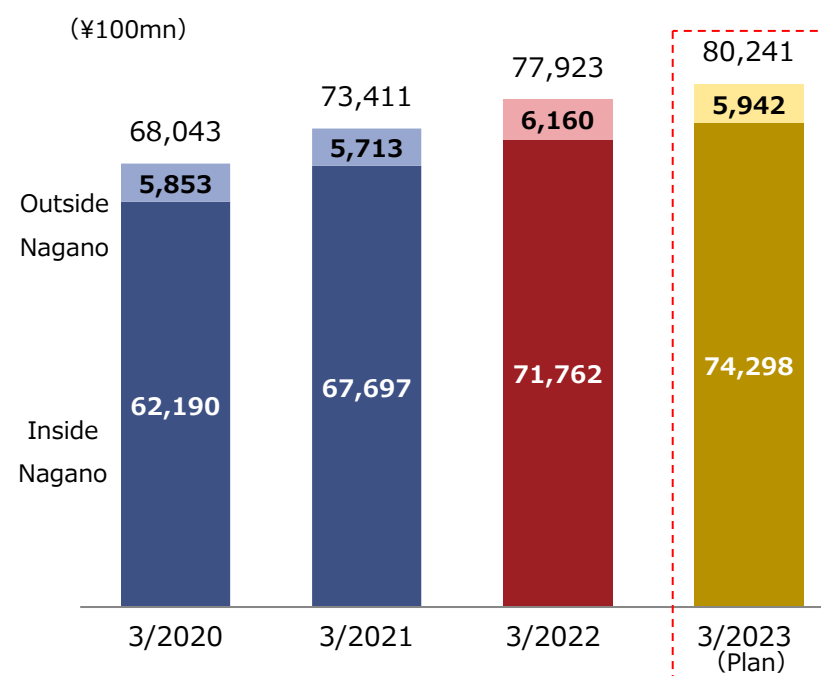
- Average balance of loans and that of deposits both marked new records.
- Loans inside and outside Nagano Prefecture increased firmly, and the increasing trend will continue.

■ Average Balance of Loans



| Inc/Dec ratio (Annual : %) | 3/2020 | 3/2021 | 3/2022 | 3/2023 (Plan) |
|----------------------------|--------|--------|--------|---------------|
| All offices | 3.51 | 3.39 | 3.47 | 1.24 |
| Outside Nagano | 5.20 | 4.78 | 4.79 | 1.51 |
| Inside Nagano | 1.91 | 2.04 | 2.14 | 0.97 |

■ Average Balance of Deposits

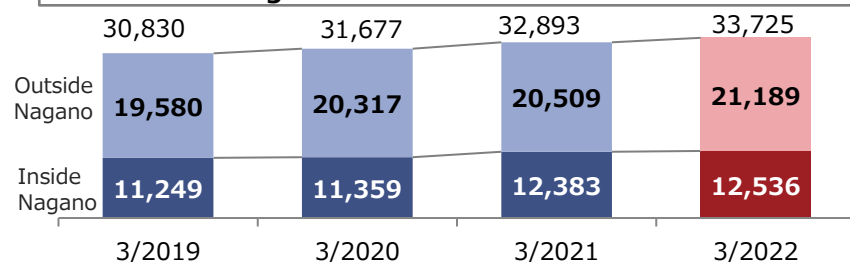


| Inc/Dec ratio (Annual : %) | 3/2020 | 3/2021 | 3/2022 | 3/2023 (Plan) |
|----------------------------|--------|--------|--------|---------------|
| All offices | 2.83 | 7.88 | 6.14 | 2.97 |
| Outside Nagano | 1.75 | ▲2.39 | 7.82 | ▲3.53 |
| Inside Nagano | 2.93 | 8.85 | 6.00 | 3.53 |

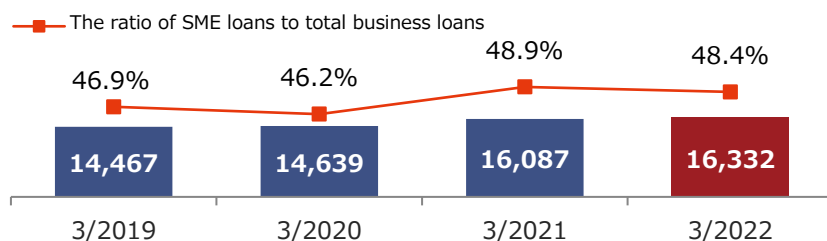
Main Figures (Business Loans)

- Business loans increased by ¥83.2bn from FY2020 due to the increase in fund raising support for customers affected by COVID-19.

■ Business Loans by District (Outstanding Balance) (¥100mn)

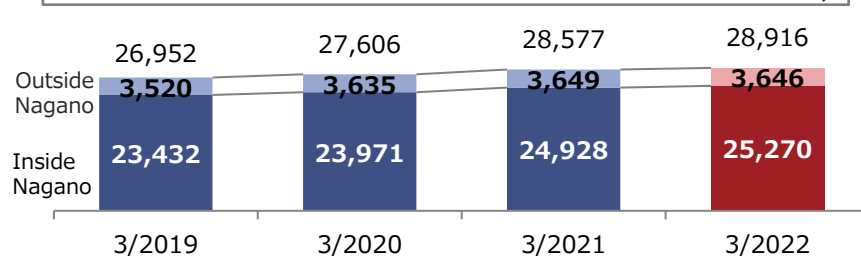


■ Business Loans for SMEs※ (Outstanding Balance) (¥100mn)



※ SMEs (ex. local public entities) + self-employed company owner

■ No. of Customers by District (No. of customers)



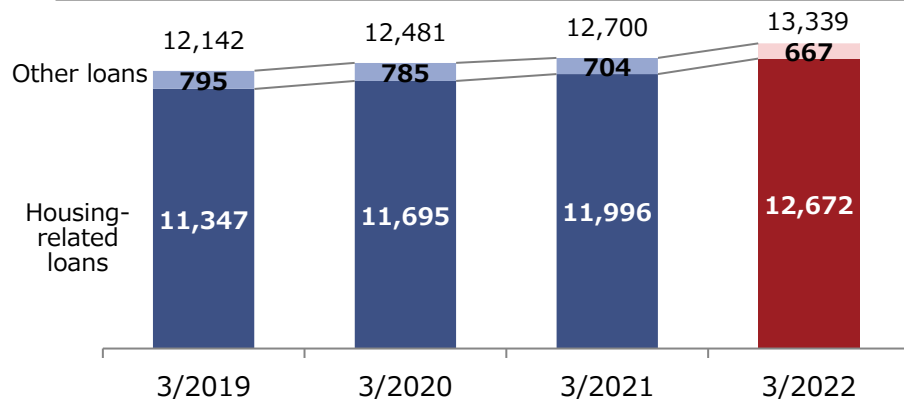
■ Business Loans by Sector (Outstanding Balance)

| Sector | Outbreak of Covid-19 «Dec 2019» | | | | |
|--|---------------------------------|--------|--------|--------|--------------------|
| | (¥100mn) | 3/2019 | 3/2020 | 3/2022 | Change from 3/2019 |
| Manufacturing | | 7,039 | 7,281 | 7,782 | +743(+10.5%) |
| Agriculture/Forestry | | 231 | 212 | 246 | +15(+6.4%) |
| Fishery | | 64 | 1 | 1 | ▲63(▲98.4%) |
| Mining/Quarrying/ Gravel collecting | | 93 | 53 | 199 | +106(+113.9%) |
| Construction | | 975 | 1,001 | 1,347 | +372(+38.1%) |
| Electricity/Gas/ Heat supply/Water | | 422 | 458 | 547 | +125(+29.6%) |
| Information & telecommunications | | 360 | 308 | 507 | +147(+40.8%) |
| Transportation | | 1,989 | 1,706 | 1,644 | ▲345(▲17.3%) |
| Wholesale/Retail | | 6,204 | 6,347 | 6,811 | +607(+9.7%) |
| Finance/Insurance | | 3,620 | 3,776 | 3,678 | +58(+1.6%) |
| Real estate/Rental & leasing | | 6,847 | 7,120 | 7,415 | +568(+8.2%) |
| Other services | | 2,966 | 3,207 | 3,142 | +176(+5.9%) |
| Local public entity | | 7,255 | 7,059 | 6,672 | ▲583(▲8.0%) |

Main Figures (Personal Loans)

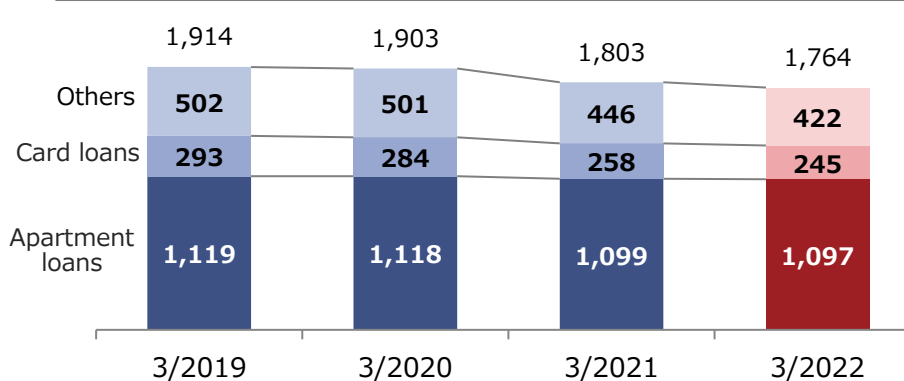
- Personal loans increased by ¥63.8bn from FY2020, hitting new record high.
- Housing-related loans increased by ¥67.6bn due to the increase in loans for newly-build houses, hitting new record high.

■ **Personal Loans (Outstanding Balance)** (¥100mn)



※ Housing-related loans did not include apartment loans.

■ **Apartment Loans, Other Loans (Outstanding Balance)** (¥100mn)



※ Above figures excluded loans for corporate customers.

■ **New Increase in Housing-Related Loans**

| (¥100mn) | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|----------------------------|-------------|-------------|-------------|---------------|
| New increase | 1,228 | 1,194 | 1,127 | 1,617 |
| Floating rate (ratio) | 556 (45.2%) | 672 (56.2%) | 723 (64.1%) | 1,227 (75.8%) |
| 10-year fixed rate (ratio) | 625 (50.8%) | 497 (41.6%) | 382 (33.8%) | 354 (21.8%) |

For reference : Migration/Settlement Loans

| | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|--------------|--------|--------|--------|--------|
| New increase | 32.9 | 18.6 | 26.7 | 36.6 |

■ **Unsecured Loans "WEB Contracts" (New increase from 10/2021~ 3/2022)**

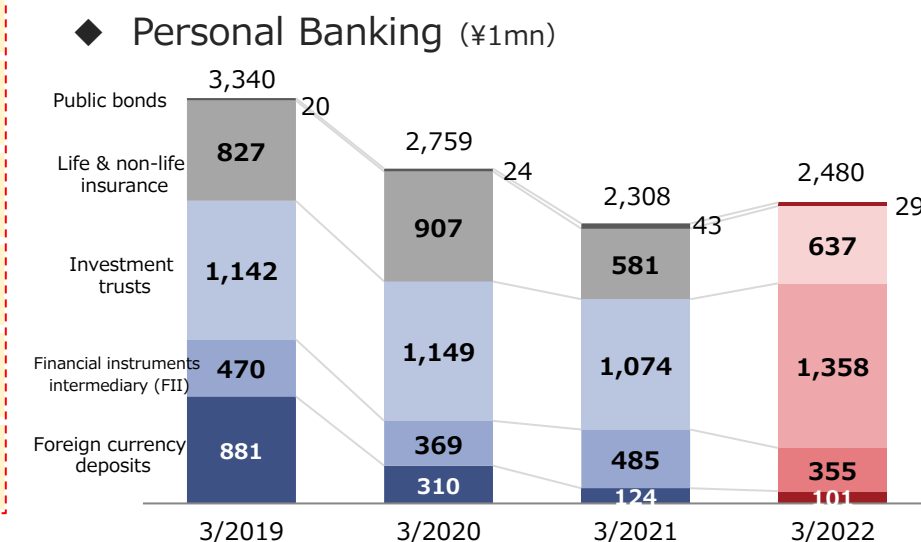
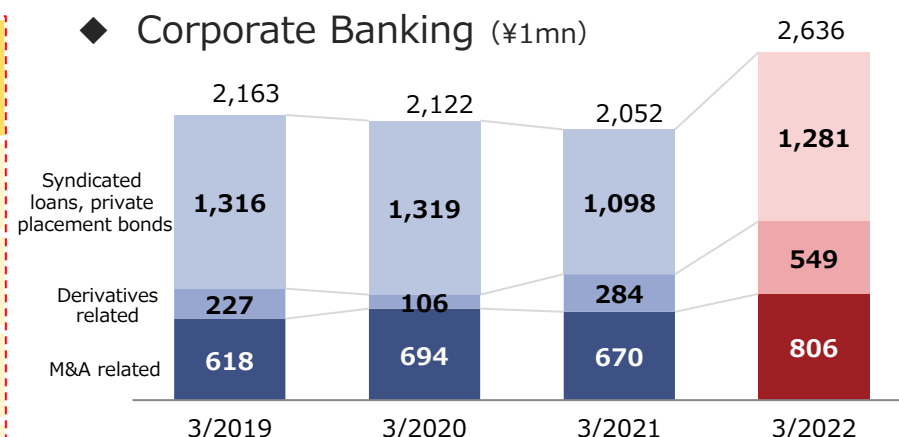
| | | |
|---------------------------------|----------------|----------------|
| Free loan | 693 cases | ¥640mn |
| WEB contract ratio | (83.1%) | (80.1%) |
| Car loan | 1,300 cases | ¥2,340mn |
| WEB contract ratio | (85.3%) | (83.8%) |
| Renovation/Exterior loan | 94 cases | ¥190mn |
| WEB contract ratio | (55.3%) | (53.1%) |
| Education card loan | 383 cases | ¥1,180mn |
| WEB contract ratio | (88.5%) | (88.4%) |

Profit on Fees & Commissions (Non-Consolidated)

- Profit on fees & commissions was ¥9.9bn (+¥0.7bn from FY2020) due to increases in consulting-related income of corporate banking and personal banking.

| | | 3/2020 Full Year | 3/2021 Full Year | 3/2022 Full Year | 3/2023 Plan |
|---------------------------------------|-------------------------------|------------------------|------------------------|------------------------|----------------|
| | | (¥100mn) | | | |
| Profit on f&c | | 84 | 92 | 99 | 102 |
| Fees & commissions | | 180 | 175 | 178 | 180 |
| Major items | Deposit/loan business | 76 | 74 | 80 | — |
| | Exchange business | 60 | 59 | 55 | — |
| | Securities-related business | 21 | 21 | 22 | — |
| | Agency business | 11 | 8 | 9 | — |
| Fees & commissions payment | | 96 | 82 | 78 | 78 |
| Major items | Fees related to payment loans | 69 | 57 | 57 | — |
| | Exchange business | 11 | 11 | 9 | — |

(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 3/2021 were also revised reflecting this change.



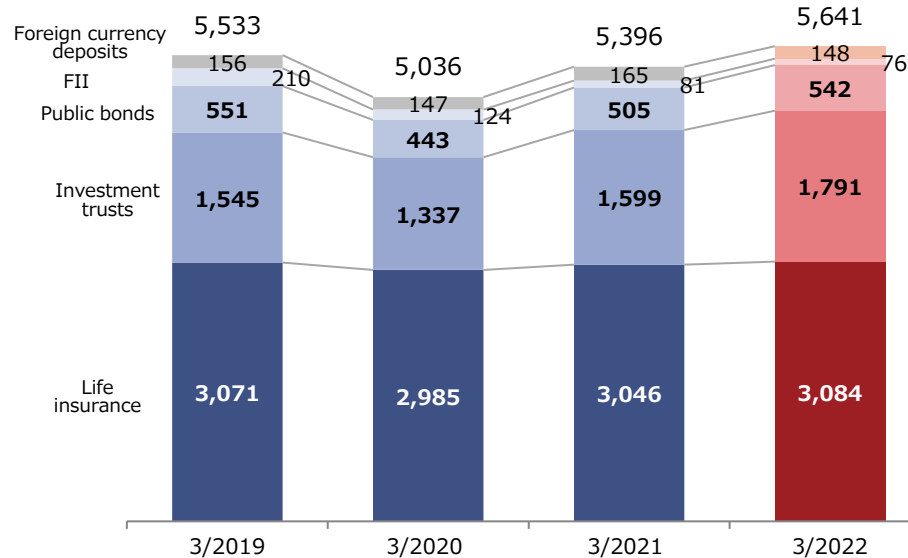
※ Incomes from consulting business in each segment were expressed by the above figures.
 ※ Incomes other than “fees & commissions” were also included in these figures.

Profit on Fees & Commissions (Personal Banking/Investment Type Related)

- Outstanding balance (market price) of investment type products in personal banking increased by ¥24.5bn from FY2020 due to the steady increase of sales, reflecting stable market conditions.
- Income from investment type products decreased by ¥1.0bn due to the sluggish growth in sales of Hachijuni Securities Co., Ltd.

Investment Type Products (Outstanding Balance)

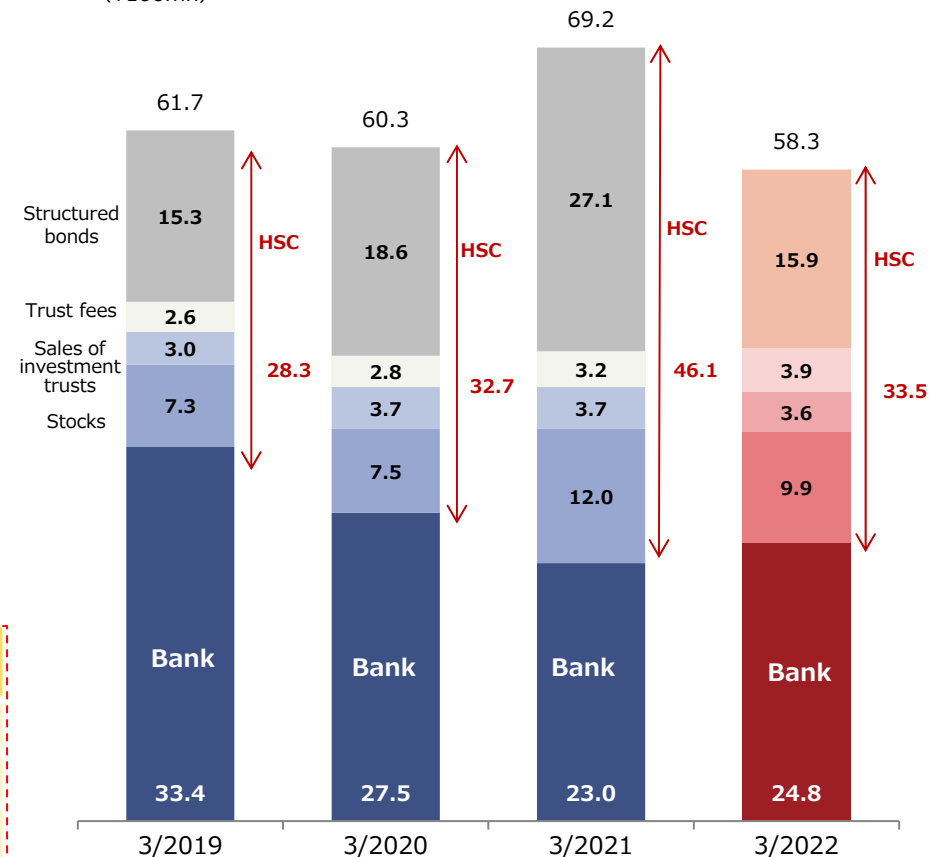
(¥100mn)



Income from Investment Type Products

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

(¥100mn)



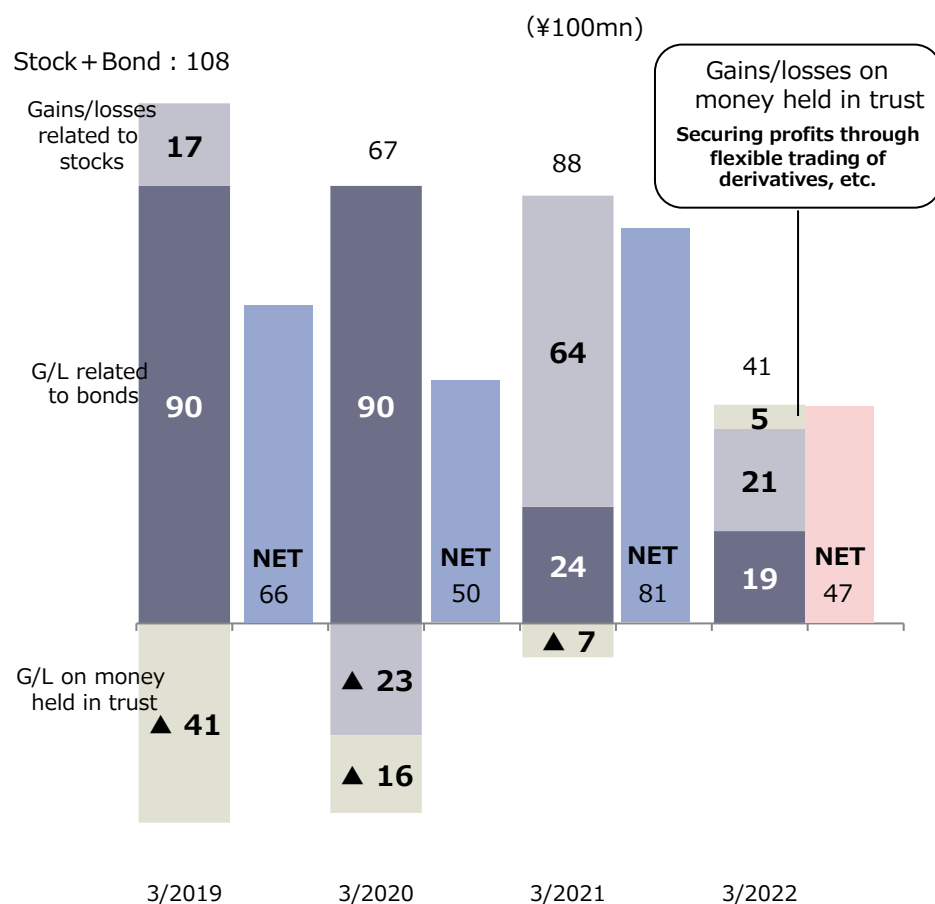
Installment-type Investment Trusts (IIT)

| | 3/2019 | 3/2020 | 3/2021 | 3/2022 | 3/2023 (Plan) |
|-----------------------------|--------|--------|--------|--------|---------------|
| No. of IIT accounts | 25,676 | 32,787 | 40,701 | 48,785 | 51,000 |
| Tsumitate NISA | 5,460 | 10,278 | 16,549 | 23,132 | 25,000 |
| Monthly installments (¥1mn) | 480 | 907 | 1,170 | 1,478 | 1,678 |

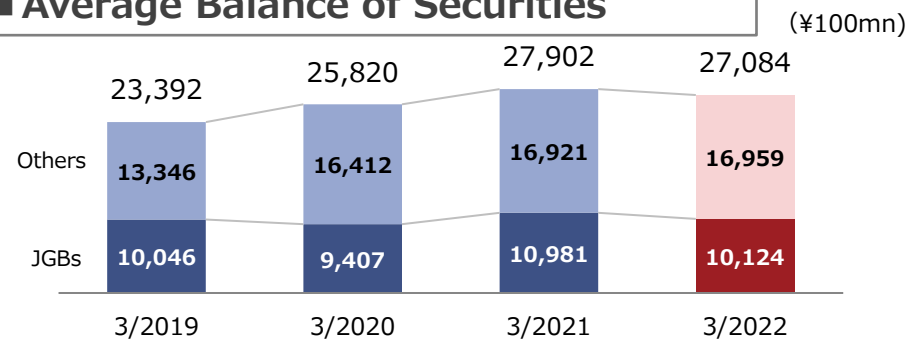
Profit/Losses Related to Securities (Non-Consolidated)

- Profit/losses related to securities was ¥4.1bn (▲¥4.6bn from FY2020).
- Net P/L including gains/losses on money held in trust was ¥4.7bn (▲¥3.3bn).

■ P/L Related to Securities



■ Average Balance of Securities



■ Valuation Gains/Losses on Securities

(¥100mn)

| | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|--|--------------|--------------|--------------|--------------|
| Stocks | 2,355 | 2,276 | 3,900 | 3,915 |
| Cross-holding stocks | 2,266 | 2,215 | 3,800 | 3,405 |
| Bonds | 440 | 224 | 120 | ▲55 |
| Others | 136 | 148 | 171 | ▲32 |
| Total | 2,932 | 2,649 | 4,193 | 3,826 |
| Valuation G/L on interest rate swap with hedge | ▲137 | ▲276 | 55 | 257 |
| Net | 2,795 | 2,373 | 4,248 | 4,083 |

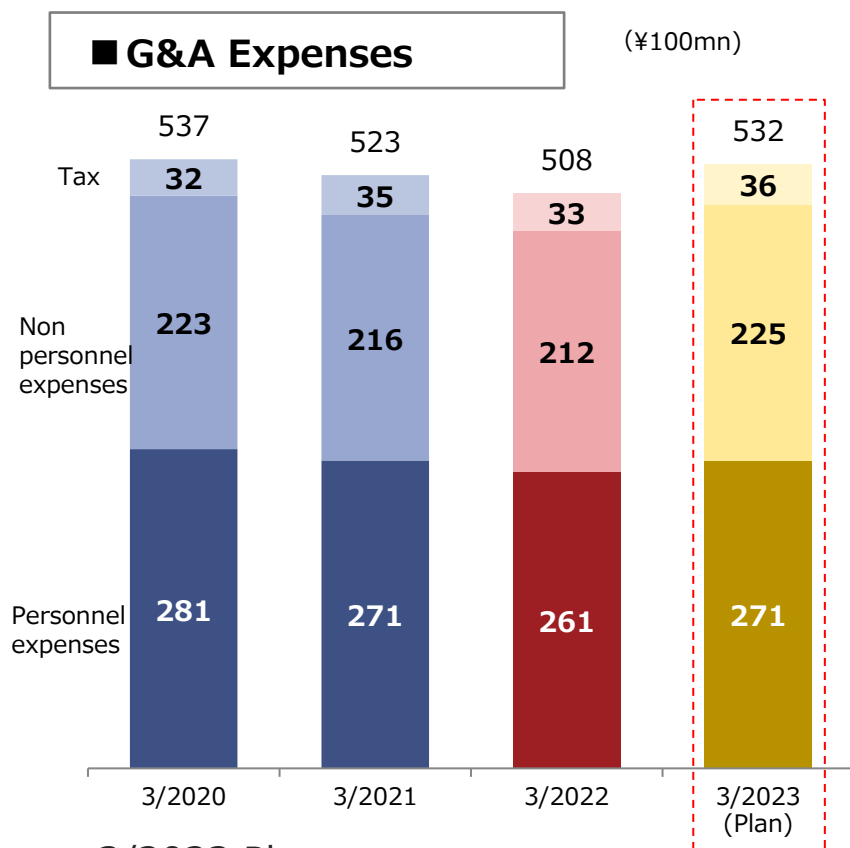
The Change in Outstanding Balance of Securities

| (Cost basis, ¥100mn) | | 9/2020 | 3/2021 | 9/2021 | 3/2022 | Change from 9/2021 | Valuation G/L | Direction |
|-----------------------------------|---|--------|--------|--------|--------|--------------------|---------------|-----------|
| Bonds | JGBs | 10,388 | 11,718 | 10,366 | 8,275 | ▲2,091 | ▲50 | → |
| | Other domestic bonds | 7,016 | 7,105 | 6,836 | 7,121 | 285 | ▲6 | → |
| | Yen-denominated securitized products | 681 | 716 | 747 | 746 | ▲0 | 2 | → |
| | Structured bonds, beneficial interests etc. | 940 | 1,153 | 1,201 | 1,113 | ▲88 | 0 | → |
| | CLO | 79 | 81 | 80 | 68 | ▲11 | ▲0 | → |
| Stocks | Domestic stocks | 1,143 | 1,157 | 1,193 | 1,163 | ▲29 | 3,915 | → |
| Yen-denominated investment trusts | Domestic ETF | 87 | 120 | 109 | 61 | ▲48 | 2 | → |
| | J-REIT | 263 | 289 | 329 | 309 | ▲19 | 73 | → |
| | Other investment trusts | 2,217 | 2,189 | 2,080 | 1,526 | ▲553 | ▲17 | → |
| | Union-type of funds etc. | 216 | 221 | 225 | 253 | 28 | 0 | ↑ |
| | Hedge funds | 184 | 169 | 170 | 160 | ▲10 | 0 | ↑ |
| Foreign securities | Hedge funds | 46 | 48 | 49 | 75 | 26 | 10 | ↑ |
| | Yen-denominated foreign bonds | 623 | 642 | 657 | 695 | 37 | 1 | → |
| | Foreign stocks, ETF etc. | 138 | 235 | 312 | 335 | 22 | 16 | → |
| | Foreign currency-denominated bonds | 2,828 | 3,217 | 2,911 | 2,679 | ▲232 | ▲104 | → |
| | Foreign currency-denominated securitized products | 604 | 668 | 563 | 472 | ▲90 | ▲23 | → |
| | Foreign currency-denominated CLO | 0 | 0 | 0 | 0 | 0 | 0 | → |
| Total | | 27,379 | 29,656 | 27,753 | 24,990 | ▲2,763 | 3,826 | |
| Bond duration (years) | | 3.60 | 4.27 | 4.28 | 3.09 | ▲1.20 | | |

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

General & Administrative Expenses (Non-Consolidated)

- Personnel expenses was ¥26.1bn (▲¥1.0bn from FY2020), non personnel expenses was ¥21.2bn (▲¥0.4bn).
- Main factors of the decrease in personnel expenses were the change of the staff composition and a decrease in expenses of retirement benefits.



◆ 3/2023 Plan

- Personnel expenses: +¥1.0 from 3/2022
- Non personnel expenses: +¥1.3bn from 3/2022

■ Depreciation and Investment Amounts (¥100mn)

| | 3/2021 | 3/2022 | 3/2023 (Full year plan) |
|--------------------|---|--|--|
| Depreciation | 37 | 34 | 36 |
| Investment amounts | (Initial plan : 39) 33 | (Initial plan : 40) 43 | (Initial plan : 47) — |
| Main investments | *Reconstruction of branches *Renewal of centralized clerical systems *Renewal of PC/ATM | *Reconstruction of branches/welfare facilities *Wallet + connecting basis *Renewal of ATM/adding functions | *Systems related investment *Reconstruction of branches *Rationalization of loan business *Renewal of ATM |

◆ 3/2022 Increase/Decrease Factors

| (¥100mn) | 3/2021 | 3/2022 | Change | Main factors |
|------------------------|--------|--------|--------|--|
| Personnel expenses | 271 | 261 | ▲ 10 | •Change of the staff composition •Decrease in expenses of retirement benefits |
| Non personnel expenses | 216 | 212 | ▲ 4 | •Decreases in depreciation and maintenance costs |
| Tax | 35 | 33 | ▲ 1 | — |

Credit Related Expenses (Non-Consolidated)

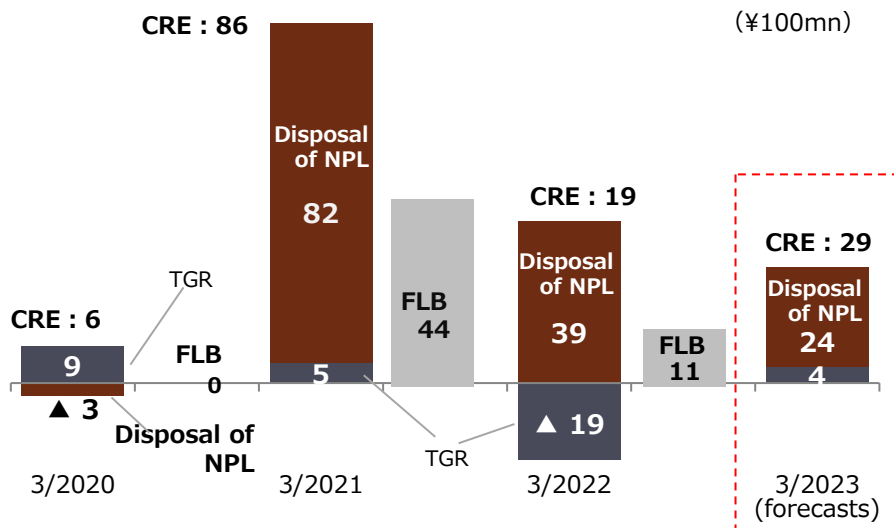
- Credit related expenses was ¥1.9bn (▲¥6.7bn from FY2020) due to the decrease in downgrades of large borrowers despite worsening business results in some sectors reflecting the prolonged COVID-19 impact.

■ Credit Related Expenses

| (¥100mn) | 3/2020 | 3/2021 | 3/2022 | 3/2023 (forecasts) |
|---|--------|--------|--------|--------------------|
| Transfer to general reserve for possible loans losses (TGR) | 9 | 5 | ▲19 | 4 |
| Disposal of NPL | ▲3 | 82 | 39 | 24 |
| Credit related expenses (CRE) | 6 | 86 | 19 | 29 |

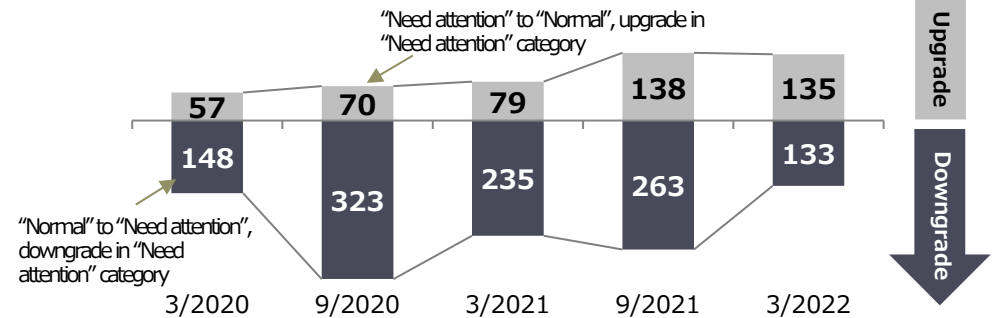
◆ Factors of Large Borrowers (FLB)

※ Large Borrowers : More than ±¥1.0bn impact by 1 borrower

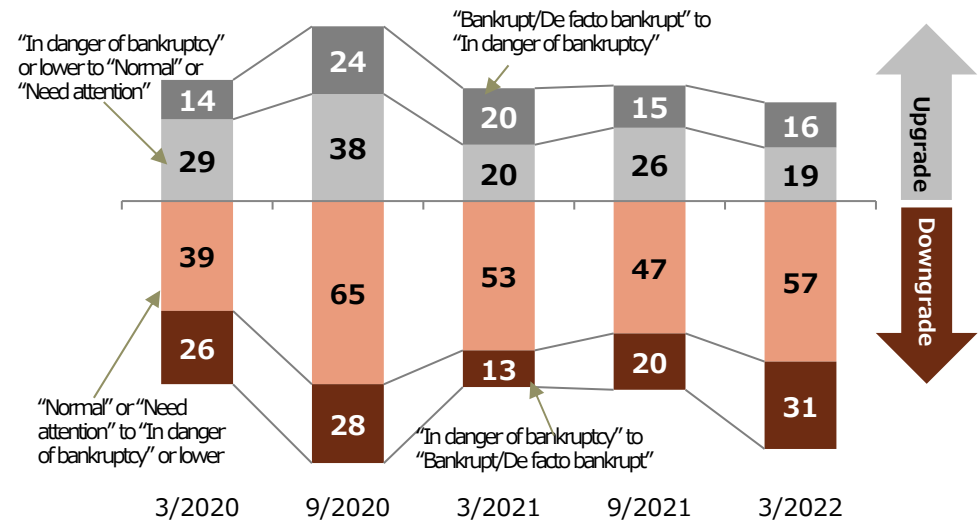


◆ No. of Upgrade/Downgrade

【General reserve】



【Disposal of NPL (Specific reserve)】

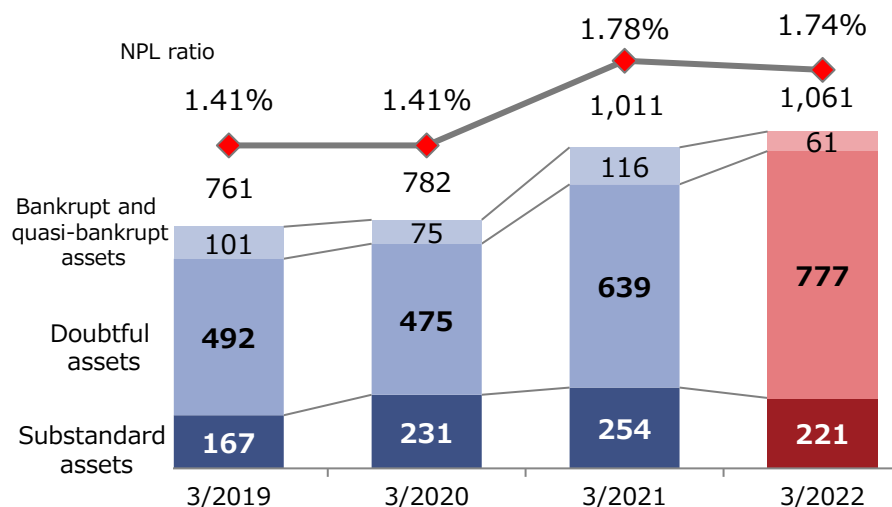


Major Accounts (Non-Performing Loans, Reserve for Loan Losses)

■ Non-Performing Loans

※ Loans based on the Financial Revitalization Law

(¥100mn)

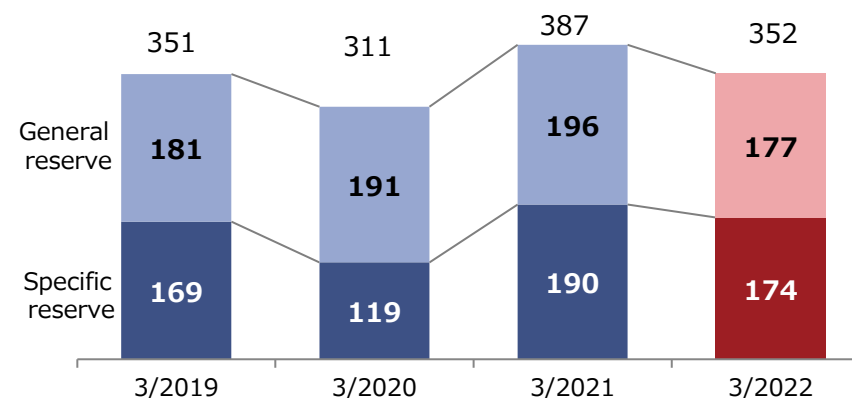


| (¥100mn) | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Bankrupt and quasi-bankrupt assets | 101 | 75 | 116 | 61 |
| Doubtful assets | 492 | 475 | 639 | 777 |
| Substandard assets | 167 | 231 | 254 | 221 |
| Total | 761 | 782 | 1,011 | 1,061 |
| NPL ratio | 1.41% | 1.41% | 1.78% | 1.74% |
| After partial direct charge-off (※) | 1.30% | 1.34% | 1.64% | 1.71% |

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

■ Reserve for Loan Losses

(¥100mn)



| (¥100mn) | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|----------------------------|------------|------------|------------|------------|
| General reserve | 181 | 191 | 196 | 177 |
| Normal | 64 | 65 | 64 | 65 |
| Need attention | 69 | 67 | 72 | 67 |
| Special attention | 47 | 58 | 59 | 44 |
| Specific reserve | 169 | 119 | 190 | 174 |
| In danger of bankrupt | 106 | 77 | 107 | 154 |
| Bankrupt/De facto bankrupt | 63 | 41 | 82 | 19 |
| Total | 351 | 311 | 387 | 352 |

Return to Shareholders

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| (C): Consolidated (¥100mn) | 3/2019 | 3/2020 | 3/2021 | 3/2022 | 3/2023 (forecasts) |
|---------------------------------------|--------|--------|--------|--------|--------------------|
| Annual dividends ① | 69 | 68 | 68 | 78 | 93 |
| Dividend per share (full year) | ¥14.0 | ¥14.0 | ¥14.0 | ¥16.0 | ¥20.0 |
| Interim dividend | ¥6.0 | ¥6.0 | ¥6.0 | ¥6.0 | ¥10.0 |
| Purchase of own stocks ② | 28 | 29 | — | — | 100 |
| Shareholder return ③ = ① + ② | 98 | 98 | 68 | 78 | 193 |
| Profit (C) ④ | 224 | 220 | 223 | 266 | 230 |
| Dividend payout ratio (C) ① ÷ ④ | 30.9% | 31.1% | 30.6% | 29.3% | 40.8% |
| Ratio of shareholder return (C) ③ ÷ ④ | 43.7% | 44.7% | 30.6% | 29.3% | 84.3% |

Topics ①**[Release on Apr 28, 2022] Notice regarding purchase and cancellation of own stocks****1. Purchase of own stocks**

| | |
|--------------------------|---|
| Type of stocks | Common stocks |
| Total number of stocks | Up to 20,000,000 |
| Total amount of purchase | Up to ¥10,000mn |
| Scheduled period | May 2, 2022 ~ Mar 31, 2023 |
| The method of purchase | Market purchase, including Off-Auction Own Share Repurchase Trading |

2. Cancellation of own stocks

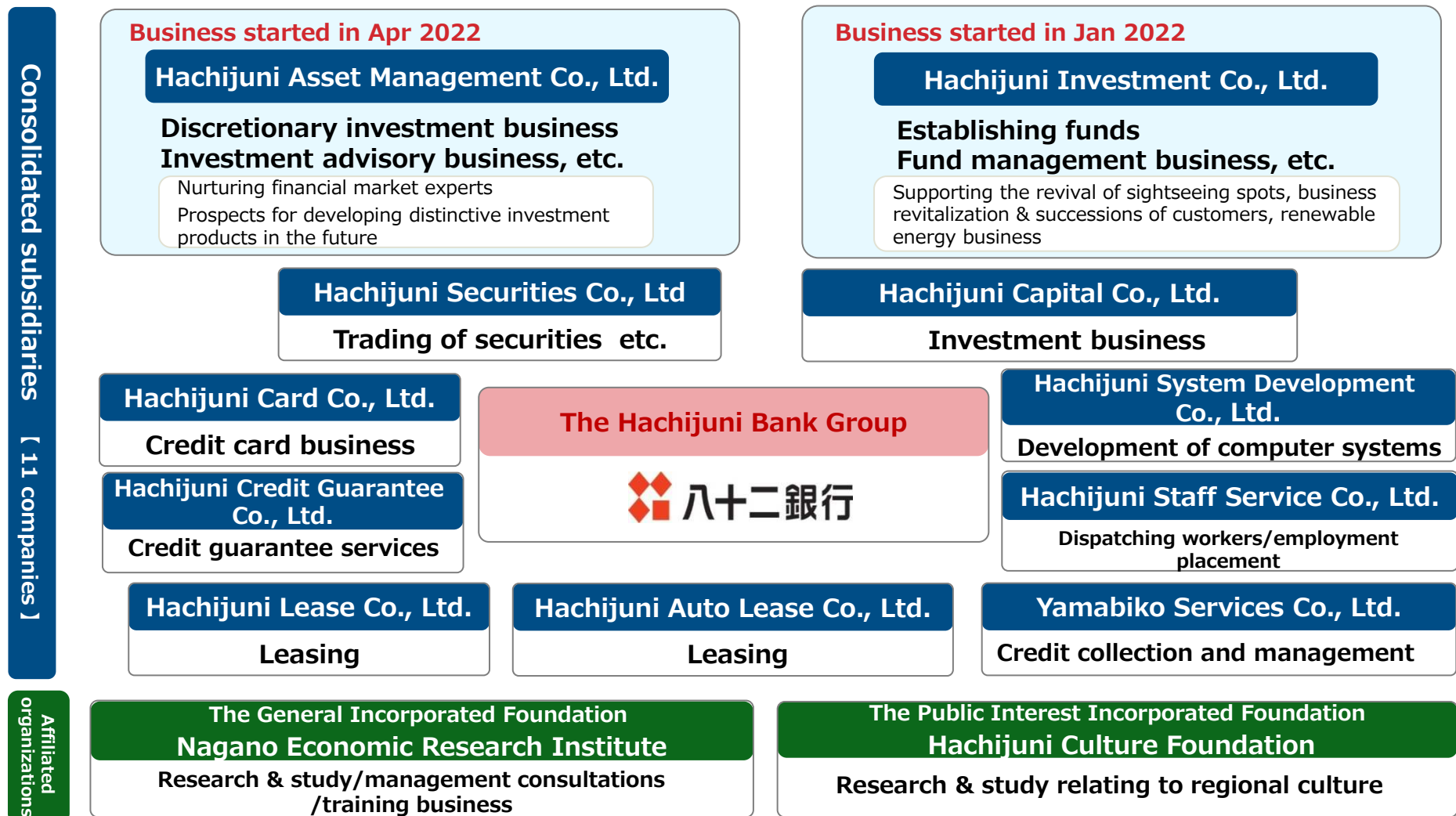
| | |
|------------------------|------------------|
| Type of stocks | Common stocks |
| Total number of stocks | Up to 20,000,000 |
| Scheduled date | May 20, 2022 |

Topics ②**[Release on Apr 28, 2022] Adding dividend target to Medium-Term Management Targets**

| Profit attributable to owners of the parent | Ratio of consolidated profits to parent company's profits | [New!] Consolidated dividend payout ratio | Greenhouse gas emissions |
|---|---|--|--|
| FY2025: ¥25 billion or more | FY2025: 1.25 times or more | FY2022 ~ FY2025: 40% or higher, annually | FY2023: Net zero FY2030: 60% reduction compared to FY2013 |

Outline of the Group Companies

- Establishment of new subsidiaries in Oct 2021: Hachijuni Asset Management Co., Ltd, and Hachijuni Investment Co., Ltd.



Financial Results of Group Companies

| Company name | Investment ratio (the Bank + subsidiaries) | 3/2021 (¥1mn) | | 3/2022 (¥1mn) | | Factors |
|---|---|-----------------|------------|-----------------|------------|---|
| | | Ordinary profit | Net profit | Ordinary profit | Net profit | |
| Hachijuni Securities Co., Ltd. | 100.0% | 2,116 | 1,455 | 912 | 655 | Slower growth in sales of stocks etc. reflecting sluggish market |
| Hachijuni Lease Co., Ltd. | 100.0% | 480 | 346 | 1,046 | 725 | A decrease in lease income, a decrease in credit related expenses |
| Hachijuni Card Co., Ltd. | 100.0% | 147 | 65 | 244 | 158 | An increase in settlement services amounts, a decrease in personnel expenses |
| Hachijuni Credit Guarantee Co., Ltd. | 100.0% | 2,289 | 1,508 | 2,718 | 1,790 | An increase in guarantee charge income, a decrease in credit related expenses |
| Hachijuni System Development Co., Ltd. | 63.7% | 111 | 63 | 202 | 141 | A decrease in outsourcing fees, a decrease in depreciation |
| Hachijuni Capital Co., Ltd. | 41.0% | 263 | 218 | 171 | 129 | A decrease in sales of investment securities |
| Hachijuni Staff Service Co., Ltd. | 100.0% | 12 | 7 | 22 | 14 | An increase in subsidies for human resource matching business, a decrease in income of employment placement |
| Yamabiko Services Co., Ltd. | 99.0% | 152 | 100 | 163 | 96 | An increase in collection of claims, an increase in credit related expenses |
| Hachijuni Auto Lease Co., Ltd. | 100.0% | 647 | 424 | 807 | 531 | An increase in auto lease income, a decrease in credit related expenses |
| Hachijuni Asset Management Co., Ltd. | 100.0% | Since Oct 2021 | | ▲38 | ▲27 | No operating income, only expenses, as the company has not yet started operations. |
| Hachijuni Investment Co., Ltd. | 100.0% | Since Oct 2021 | | 14 | 9 | Management fees from new funds |
| Ratio of consolidated profits to parent company's profits (times) | | 1.208 | | 1.190 | | |

Medium-Term Management Targets

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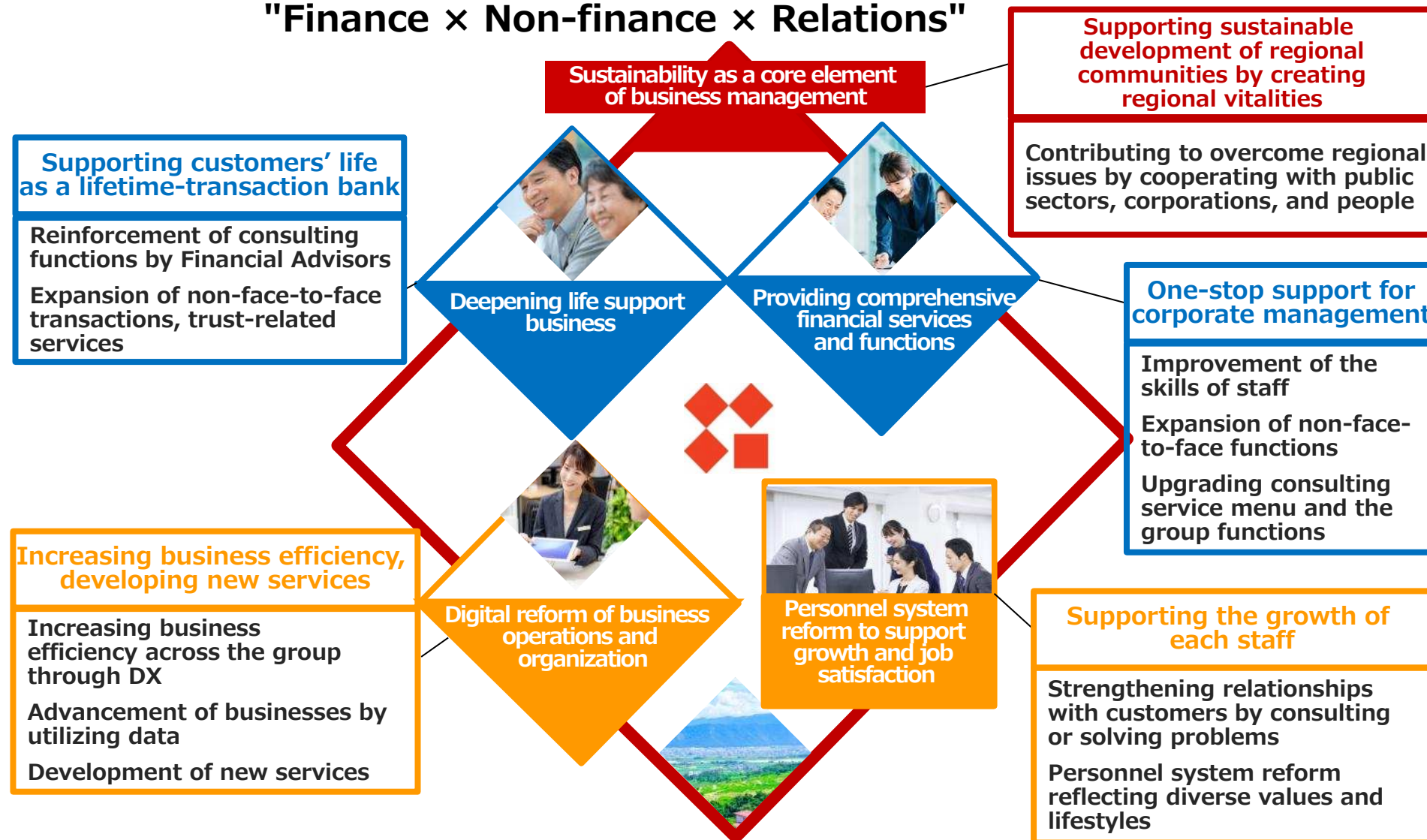
Management Philosophy

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

Medium-Term Management Targets

| Medium-Term Management Targets | | FY2021 results |
|--|--|------------------------|
| Profit attributable to owners of the parent | FY2025: ¥25.0bn or more | ¥26.6bn |
| Ratio of consolidated profits to parent company's profits | FY2025: 1.25 times or more | 1.190 times |
| Consolidated dividend payout ratio | FY2022 ~ FY2025: 40% or higher, annually | New target |
| Greenhouse gas (CO2) emissions | FY2023: Net zero FY2030: 60% reduction compared to FY2013 | 39.7% reduction |

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



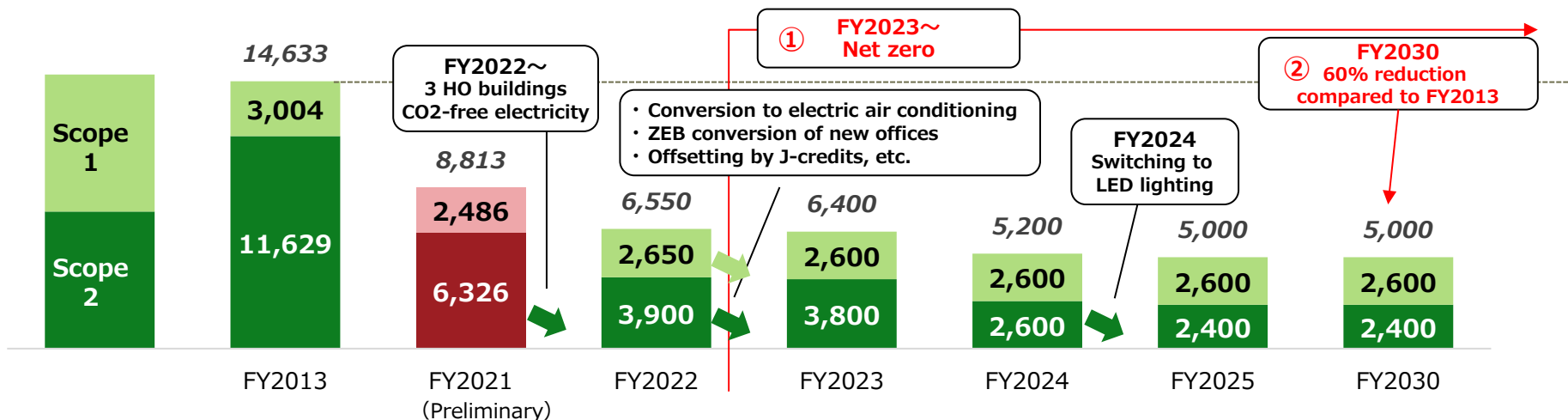
Medium-Term Management Vision 2021 Initiatives

Theme① Sustainability as a Core Element of Business Management

Toward the Achievement of Greenhouse Gas (CO2) Emissions Reduction Targets

| | | |
|-------------------------|---|---|
| Target | ① FY2023: Net zero / ② FY2030: 60% reduction compared to FY2013 | |
| Target scopes | Scope 1 : Heavy oil, kerosene, city gas, LP gas, gasoline ⇒ CO2 emissions generated by the Bank itself Scope 2 : Electricity ⇒ CO2 emissions considered to be emitted from electricity use | |
| Type of measures | 1 Capital investment : Energy-saving equipment, solar panel installation, etc. 2 External procurement : Purchase of CO2-free electricity and J-credits | |
| Basic scenario | Scope 1 | ◆ Conversion of heat source (kerosene or gas) to electricity when updating air conditioning and kitchen equipment |
| | Scope 2 | ◆ Three Head Office buildings, which account for about 40% of total CO2 emissions, switched to CO2-free electricity ◆ Switching to LED lighting in the Operation Center building and Head Office Annex |

Image of CO2 emission reduction based on "Basic scenario" (Unit: t -CO2)



Theme① Sustainability as a Core Element of Business Management

Toward the Achievement of Sustainable Finance

| | | |
|--------------------|---|--|
| Target | FY2021 ~ FY2030 (10 years) Sustainable Finance : Total ¥1.5tn (for environment : ¥1tn) | |
| Target area | Investment and lending for environment, medical care, welfare, education, establishment of businesses, business successions | |
| | New dedicated products in FY2021 | Characteristics |
| Jul 2021~ | Sustainability Link Loan (SLL) | Interest rates and other loan terms fluctuate depending on the achievement of ambitious sustainability challenge targets consistent with international principles. |
| Jan 2022~ | Hachijuni Sustainability No.1 fund | Providing financial support for renewable energy projects and decarbonization, as well as for companies that are creating new businesses and technologies, and for companies facing business succession issues such as the absence of successors |
| Feb 2022~ | SDGs loan | Interest rates fluctuate according to the achievement of goals related to the SDGs set by customers themselves. |
| | Positive Impact Finance (PIF) | The Bank and the Nagano Economic Research Institute analyze the environmental, social, and economic impact of our customers and help them increase and reduce the identified impact. |

«FY2021 results» (Preliminary) Execution of Sustainable Finance : ¥167.4bn (for environment : ¥63.0bn)

Supporting local SDG efforts

| | | |
|--|---|---|
| 90th Anniversary commemorative events | Presentation of rice from terraced rice paddies | Donation of rice harvested through volunteer activities to "NPO Hotline Shinshu" |
| | Local culture promotion | Subsidizing the activities of 14 organizations (15 projects) engaged in local cultural inheritance activities |
| New products | Smile bond | Donation of a portion of the Bank's profits to "Food Bank Shinshu", a certified NPO |
| | SDGs foreign currency time deposit | Donation of a portion of the Bank's profits to Nagano Children's Hospital |



Medium-Term Management Vision 2021 Initiatives

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Theme② Deepening Life Support Business

Enhancement of Inheritance-Related Products and Services

Start of trust services for individuals (testamentary substitute money trusts, testamentary trusts, and estate arrangement services) with the Bank as trustee to meet the "asset management needs" of our elderly customers and the "inheritance and asset transfer needs" to the next generation

| Products and Services | | Characteristics | «FY2021 results» | | |
|------------------------------------|--------------------------------|------------------------------|---|-----------|---------------|
| Oct 2021~ | Trust services for individuals | Relay of hearts | Jointly managed designated money trust with a special clause (with a special clause for testamentary substitute and bequest and donation) | 31 cases | Income: ¥21mn |
| | | Longevity and peace of mind | Jointly managed designated money trust with a special clause (with a special clause for beneficiary's agent) | 12 cases | |
| | | testamentary trusts | The Bank provides comprehensive support for the preparation, safekeeping of notarized wills and execution of wills. | 18 cases | |
| | | Estate arrangement services | The Bank handle complicated inheritance procedures such as cancellation and redemption of deposits and savings, and name change of real estate on behalf of the heirs when an inheritance occurs. | 2 cases | |
| Apr 2022~ Expansion of products | Real estate small-lot products | Trust beneficiary right type | These products are expected to simultaneously realize "inheritance measures" and "stable cash flow" through rental income by utilizing real estate. | 146 cases | Income: ¥26mn |
| | | Voluntary partnership type | | Apr 2022~ | |

Hachijuni Life Support Services [Jul 2021~]

Expansion of non-financial services to solve the "problems" of elderly customers

| | | | |
|----------------------------------|---|---|-------------------------------|
| Nov 2021~ All offices started | Life Support Services | Introducing our partner companies that can solve "problems" in customers' daily life, such as garden pruning, housekeeping, etc. | «FY2021 results» 376 cases |
| Jul 2021~ | Real estate agent introduction services | Responding to a variety of real estate transaction needs, including the need to dispose of underutilized real estate from heirs, etc. | «FY2021 results» 24 cases |

Medium-Term Management Vision 2021 Initiatives

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Theme③ Providing Comprehensive Financial Services and Functions
Business Strategy Development Support [Business Restructuring Subsidy]

Supporting business growth and business restructuring by using subsidies such as "Monozukuri subsidy" and "Business restructuring subsidy"

The Bank will support the development of business strategies for the age of With-corona.

This is one of the best results in the nation.

"Business Restructuring Subsidy" Adoption Results (cases)

| 1st period | 2nd | 3rd | 4th | Total |
|------------|-----|-----|-----|-------|
| 68 | 46 | 69 | 76 | 259 |

Of which fee-charging support : 143 cases (profit: ¥317mn)

Support for Startups and New Businesses [General Incorporated Association Nagano Innovation Base]

Participation to Nagano Innovation Base, a general incorporated association established in July 2021 to support entrepreneurs who are motivated to create new businesses and grow their businesses in Nagano

The Bank provides a wide range of support to customers who wish to start or establish new businesses.

«FY2021年 results»
**Support for startups
 and new businesses : 282 customers**
 ※ Achievements of the Bank's own activities

Enhancing Group Functions

Strengthening our comprehensive financial services

Providing a wide range of consulting services related to corporate management by integrating whole power of the Hachijuni Bank Group

| | | |
|--|--------------------------------------|--|
| Enhancing functions | Hachijuni Staff Service Co., Ltd. | Strengthening dispatch of high-level human resources |
| | Hachijuni Card Co., Ltd. | Start of JCB brand handling |
| Establishment of new subsidiaries | Hachijuni Asset Management Co., Ltd. | Making financial services more sophisticated |
| | Hachijuni Investment Co., Ltd. | Supporting business growth through both investment and lending |

| | | |
|-----------------------|--|-------------------------------|
| FY2021 results | Nagano Economic Research Institute «Personnel consulting» | 17 cases / Income ¥7mn |
| | Hachijuni System Development Co., Ltd. «IT consulting» | 6 cases / Income ¥2mn |

Theme④ Digital Reform of Business Operations and Organization

[Precedence introduction at some offices] Electronic Contracting Service

Precedence introduction of electronic contracting service at 8 offices to promote digitalization of loan operations and to enhance customer convenience

| Electronic Contracting Service | |
|---|---|
| Electronic Contracting Service | Overdraft Borrowing Request Service |
| Loan procedures can be completed on the web using electronic signatures | Application procedures of overdraft loans can be completed on the web |
| For corporations, self-employed company owners : Loan transactions as specified by the Bank For individuals : Housing loans, large-amount free loans | Overdraft loan application / Checking transaction status etc. |

[Started trial at some offices] Visit Reservation System

Started a trial "Visit Reservation System" at 9 offices, where customers can reserve the purpose and date of their visit via our website.

Aiming to improve customer convenience and equalize operations through smooth procedures



[Scheduled to be introduced this summer] "Wallet+" Smartphone App.

Jointly developing the smartphone application "Wallet+" operated by iBank Marketing Corporation, a subsidiary of Fukuoka Financial Group, Inc. (to be introduced this summer)

The Bank will provide new financial services (Fin Tech) and non-financial services (Marketing) that have never been offered before.



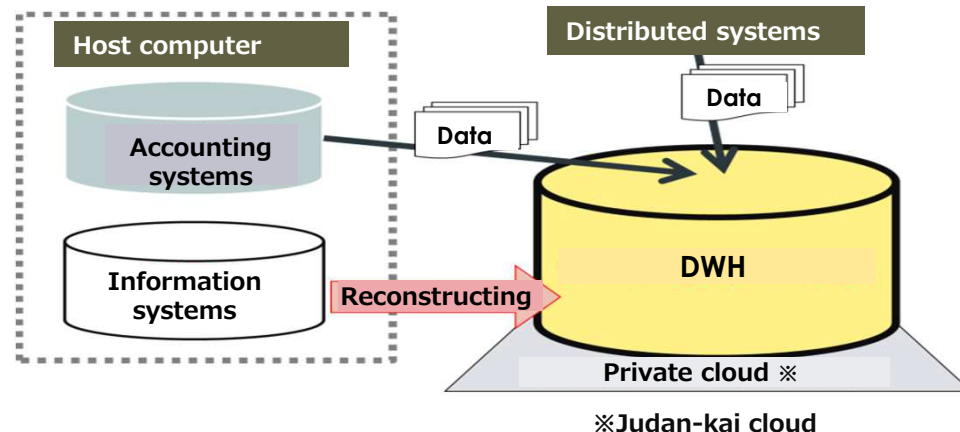
Theme④ Digital Reform of Business Operations and Organization

Sales Model Using DWH (Data Warehouse)

DWH (Data Warehouse)

In April 2019, the Bank built a data warehouse, an information system capable of centrally managing large amounts of data over a long period of time.

Data relating to customers' transaction status and transaction history will be used to develop effective sales strategies.



Business Reform Through « DWH × AI »

| | | |
|--|---|---|
| Currently being carried out | Marketing | Detecting customers who are likely to sign a contract (Examples of use: "installment-type investment trusts", "debit cards", etc.) |
| Scheduled to be introduced this summer | Forecasts of business conditions change | A model is built with data held by the Bank. Capable of identifying signs of performance deterioration from approximately 6 months in advance. By utilizing the "awareness" detected by AI, sales staff can follow up with business customers at the appropriate timing. |
| Scheduled to be introduced this autumn | Online lending | A model is built with data held by the Bank. Loan execution is completed without face-to-face meetings. Available for customers who have no loan transactions. |

Medium-Term Management Vision 2021 Initiatives

Theme⑤ Personnel System Reform to Support Growth and Job Satisfaction

Multiple-Track Personnel System (New Professional Course / Abolished Sales Operations Course)

To respond to the increasing sophistication and diversity of work, the Bank have revised the personnel system to allow each employee to choose a course that suits his or her aptitude and work style by abolishing the sales operation course and establishing a new professional course, etc., which aims to strengthen professionalism.



Human Resource Development

The Bank have launched a new training program for IT coordinators, and a new circle for acquiring FP 1st grade and CFP qualifications, to encourage employees to voluntarily develop their skills.

| No. of employees with qualification as of the end of FY2021 | Small and Medium sized Enterprise Consultant | FP 1st grade | Securities analyst | TOEIC (850 points or higher) |
|---|--|--------------|--------------------|------------------------------|
| | 53 | 71 | 51 | 41 |

Support for Taking Childcare Leave

Diversity Promotion Office promotes the maintenance of motivation and positive future career development after returning to the workplace through individual interviews and support training for employees who are scheduled to take childcare leave.



| Target | General Business Owner's Action Plan for the Law for the Promotion of Women's Activity (Phase 3) (The plan period: Oct 1st, 2021~Sep 30, 2026) | | | |
|---|---|--------|--------|--------|
| | Target 2 : Achieving 100% of male employees who take childcare leave | | | |
| Percentage of male employees taking childcare leave | FY2018 | FY2019 | FY2020 | FY2021 |
| | | 28.8% | 31.9% | 35.9% |