
The 50th Information Meeting

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<For inquiry>

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1 . Outlines of the 1H FY2022 Financial Results

Outlines of the 1H FY2022 Financial Results

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Non-Consolidated (¥100mn)		9/2021	9/2022	Change	3/2023 plan
Gross business profit (A)		411	422	10	824
	Profit on interest	350	376	26	692
	Profit on fees & commissions	51	52	1	106
	Profit from other business transactions	9	▲8	▲18	21
	Gains/losses related to bonds (B)	6	▲17	▲23	-
G&A expenses (C)		257	263	5	527
Actual net business profit (A-C)		154	158	4	295
Core net business profit (A-B-C)		147	176	28	290
	Excl. G/L on cancellation of investment trusts	150	197	47	-
Transfer to general reserve for possible loan losses (D)		-	4	4	0
Net business profit (A-C-D)		154	154	0	295
Temporary profit/losses	G/L related to stocks (E)	13	58	45	58
	G/L on money held in trust	4	▲13	▲18	-
	Disposal of NPL	▲0	12	12	38
	Reversal of allowance for loan losses	17	-	▲17	-
	Reversal of general reserve	5	-	▲5	-
	Reversal of specific reserve	12	-	▲12	-
Ordinary profit		185	179	▲5	290
Extraordinary gains/losses		▲1	▲11	▲10	-
	Impairment losses	-	▲13	▲13	-
Profit		131	117	▲14	200
P/L related to securities (B+E)		19	41	21	62
Credit related expenses		▲17	17	34	38

- Core net business profit increased by ¥2.8bn from 1H FY2021, mainly due to the improvement of loan yield in the international operations and an increase in interest and dividends on securities.
- Profit decreased from 1H FY2021 due to losses on bond sales to reduce the risk of future interest rate hikes, impairment losses by a change in the valuation method of real estate owned, and an increase in credit related expenses.

Consolidated and Subsidiaries			
Consolidated (¥100mn)	9/2021	9/2022	Change
Ordinary profit	221	204	▲17
Profit attributable to owners of the parent	154	131	▲23
Ratio of consolidated profit to parent company's profits (times)	1.17	1.12	▲0.05
Main consolidated subsidiaries (¥1mn)	Net profit		
	9/2021	9/2022	Change
Hachijuni Credit Guarantee Co., Ltd.	869	772	▲97
Hachijuni Securities Co., Ltd.	521	▲189	▲710
Hachijuni Lease Co., Ltd. (incl. Hachijuni Auto Lease Co., Ltd.)	661	738	77
Hachijuni Card Co., Ltd.	60	39	▲21

Profit on Interest (Non-Consolidated)

- Profit on interest increased by ¥2.6bn from 1H FY2021 due to the expansion of interest margin in international operations and the increase in interest & dividends on securities.

(¥100mn)	9/2020	9/2021	9/2022
Profit on interest	357	350	376
Interest on loans	219	209	231
Domestic	203	198	197
International	15	10	34
Interest & dividends on securities	165	152	179
Domestic	126	112	110
International	38	39	69
Interest on deposits	▲5	▲2	▲10
Domestic	▲1	▲1	▲1
International	▲3	▲1	▲9
Interest payment on interest rate swaps	▲16	▲15	▲16
Domestic	▲12	▲9	▲8
International	▲3	▲5	▲7

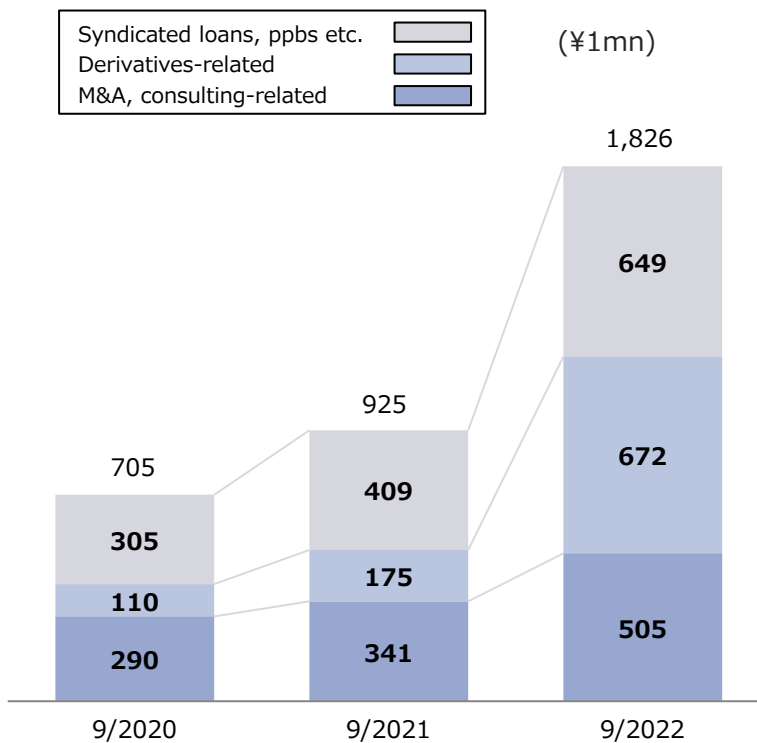
Yield (%)	9/2020	9/2021	9/2022
Yield on loan	0.78	0.73	0.76
Domestic	0.75	0.73	0.68
<u>Excl. loans to the Japanese govt.</u>	<u>0.82</u>	<u>0.77</u>	<u>0.83</u>
International	1.54	0.86	2.26
Yield on securities	1.19	1.07	1.55
Domestic	1.11	0.96	1.18
International	1.54	1.58	3.14
Funding costs	0.08	0.03	0.09
Domestic	0.02	0.01	0.01
International	0.77	0.29	1.30

International operations	9/2021	9/2022	Change
Interest margin on loans	0.57%	0.96%	+0.39pt
Interest margin on securities	1.29%	1.84%	+0.55pt

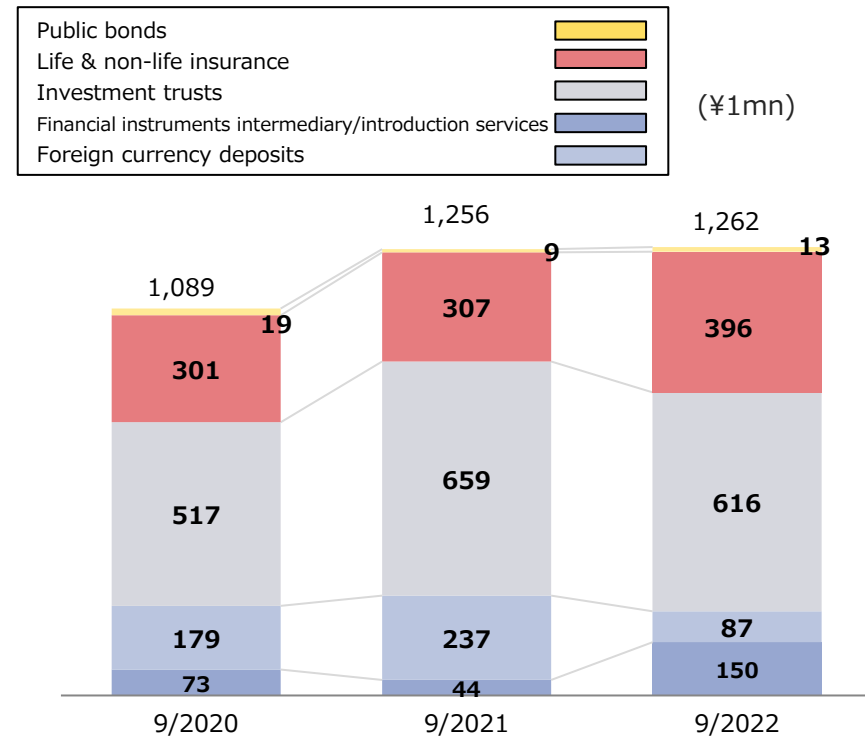
Fees-Related Income

- **Corporate banking:** Syndicated loans and public placement bonds increased. Proposals of derivatives products capturing rising interest rates and yen depreciation well performed. Contract unit price of M&A and business succession increased due to promotion to large clients. Business matching hit a record high of 289 cases, mainly in JOL products.
- **Personal banking:** Under unstable market conditions, income maintained the same level as the 1H FY2021 by proposing products in line with interest rate and foreign exchange trends.

◆ Corporate Banking (main items)



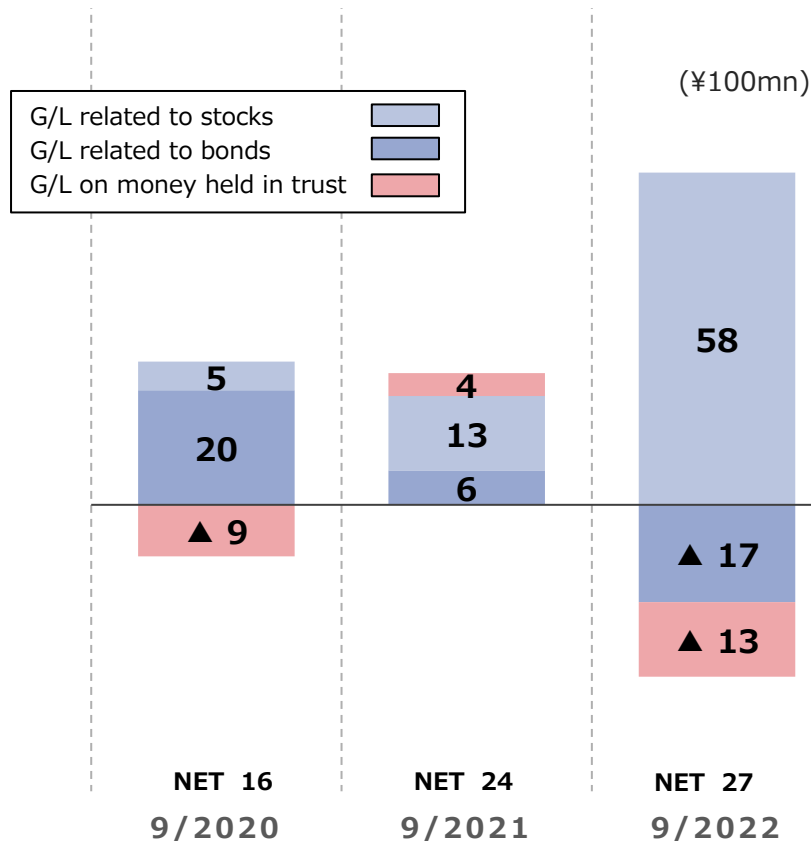
◆ Personal Banking (investment-type products)



Profit/Losses Related to Securities (Non-Consolidated)

- Net P/L related to securities was ¥2.7bn (+12% from 1H FY2021) as losses related to bonds were offset by gains related to stocks.
- Valuation losses on bonds widened due to rising interest rates and valuation gains on stocks tended to decline due to falling stock prices.

◆ P/L Related to Securities



◆ Valuation Gains/Losses on Securities

(¥100mn)

	3/2019	3/2020	3/2021	3/2022	9/2022
Stocks	2,355	2,276	3,900	3,915	3,308
Cross-holding stocks	2,266	2,215	3,800	3,405	2,810
Bonds	440	224	120	▲55	▲320
Others	136	148	171	▲32	▲266
Total	2,932	2,649	4,193	3,826	2,721
Valuation G/L on interest rate swap with hedge	▲137	▲276	55	255	534
NET	2,795	2,373	4,248	4,081	3,255

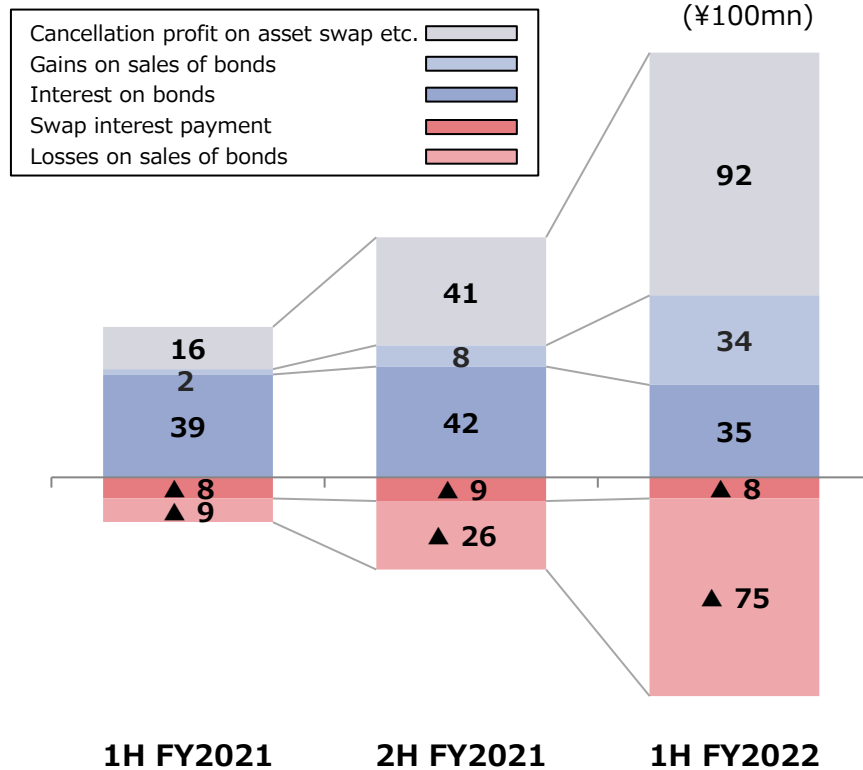
Market Investment (Yen-Denominated Bonds)

- Total realized P/L was ¥7.8bn by the sale of bonds to secure profits and to reduce the risk of interest rate hikes in the future.

◆ Profit/Losses

(Outstanding balance, market price)

Total realized P/L	39	55	78
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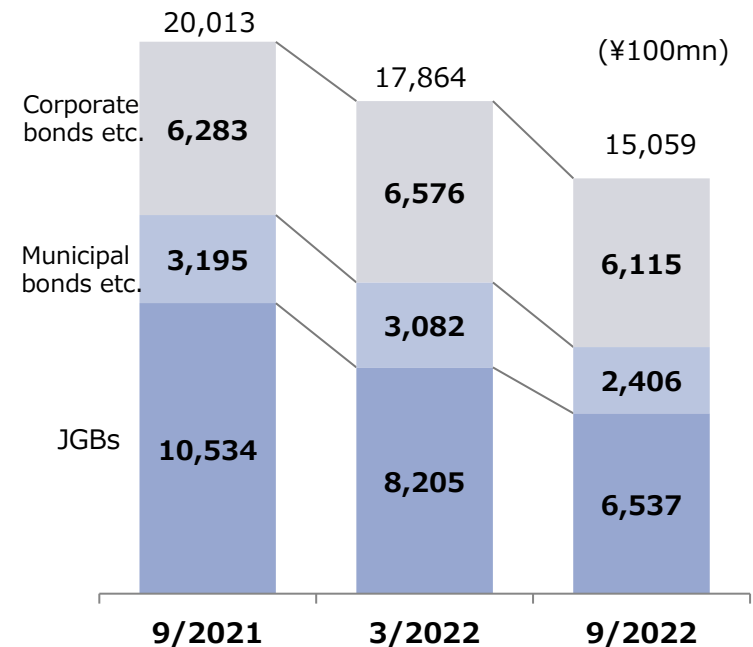


◆ Holding Amounts

(Outstanding balance, market price)

Valuation G/L before hedge	204	▲ 57	▲ 329
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Valuation G/L after hedge	135	114	16
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※ The above figures were based on ALM accounting, so they were different from the figures on Financial Statements.

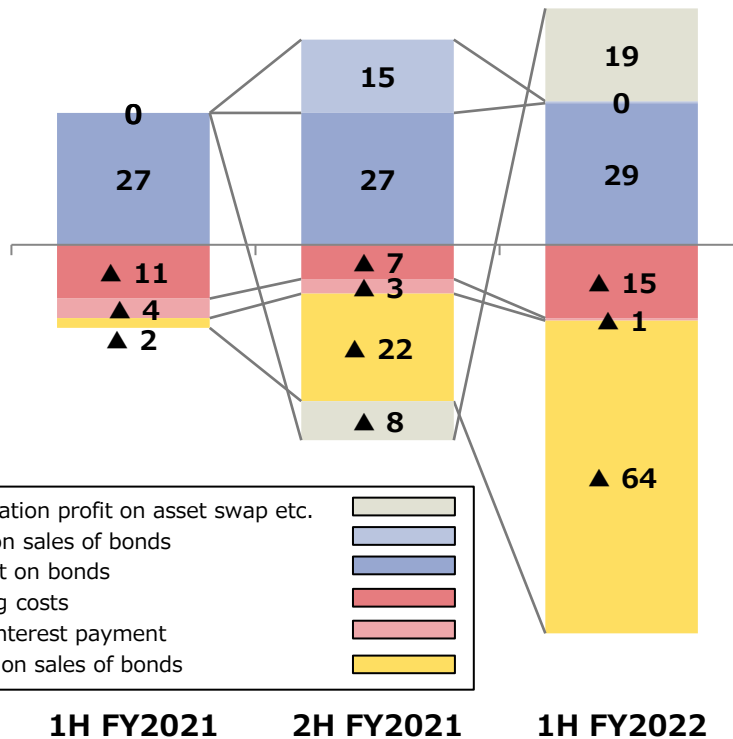
Market Investment (Foreign Currency-Denominated Bonds)

- Total realized P/L was ▲¥3.1bn as a result of continued efforts to sell fixed-income bonds to curb future negative spread risk.

◆ Profit/Losses

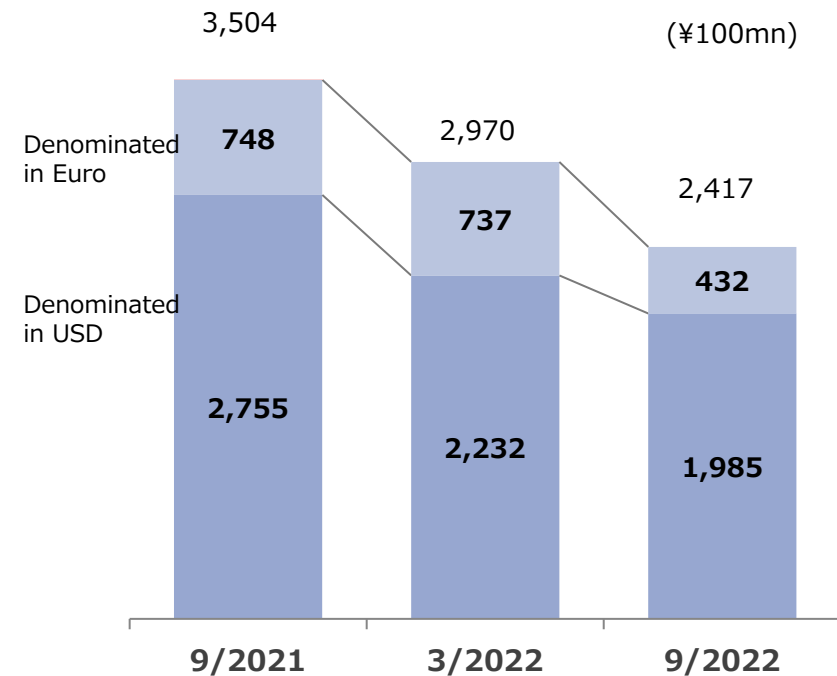
Total realized P/L	8	1	▲31
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(¥100mn)



◆ Holding Amounts (Outstanding balance)

Valuation G/L before hedge	30	▲127	▲295
Valuation G/L after hedge	13	▲41	▲106



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

The Change in Outstanding Balance of Securities

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- Amid the continued uncertainty of the market environment, the Bank aims to secure income gain and create unrealized profit over the medium to long term by deepening diversified investments, and to secure profits through flexible trading in response to the market environment.

(Cost basis, ¥100mn)	3/2021	9/2021	3/2022	9/2022	Projections
Domestic bonds	21,333	19,806	17,920	15,386	↗
JGBs	11,718	10,366	8,256	6,820	
Municipal bonds	3,505	3,177	3,076	2,409	
Public bonds, corporate bonds, etc.	5,601	5,694	5,953	5,527	
Beneficiary interest in trust	509	568	635	630	
Domestic stocks	1,012	1,048	1,016	1,001	→
Domestic investment trusts etc.	2,995	2,918	2,315	2,684	→
Foreign bonds	3,886	3,475	3,098	2,713	↗
Foreign stocks	35	55	44	14	→
Foreign investment trusts etc.	249	307	366	440	→
Total	29,511	27,608	24,758	22,238	
Domestic bonds duration (years)	4.27	4.28	3.09	3.58	

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

	<1H FY2022>	<2H 2022 plan>
Bonds	[Domestic bonds: DB] Profit secured by sale [Foreign bonds: FB] Continued to sell fixed-income bonds for risk reduction and strived to curb negative spread risk in the future. Latest yield of USD-denominated bonds is 2.09%, Euro-denominated bonds is 0.53%, duration is shortened to approx. 1.4 years (after hedge).	[DB] Securing profit by sales of JGBs and purchases of JGBs and corporate bonds [FB] Securing profit by sales of fixed-income bonds and purchases of floating-rate bonds that have a spread advantage, eliminating the portfolio's negative spread Taking interest rate risk again in case that the negative spread risk decreases, or the pace of inflation decelerates associated with economic downturn.
Stocks	•Domestic stock balance remained unchanged, while foreign stock balance decreased due to sales for risk reduction.	•Securing profit by flexible buy/sell mainly in domestic stocks
Investment trusts etc.	•While interest rate-related investment trusts were sold to reduce risk, the balance of limited partnership investments etc. increased.	•Expanding diversification into other asset classes while continuing to reduce risk in interest rate-related investment trusts

Credit Related Expenses

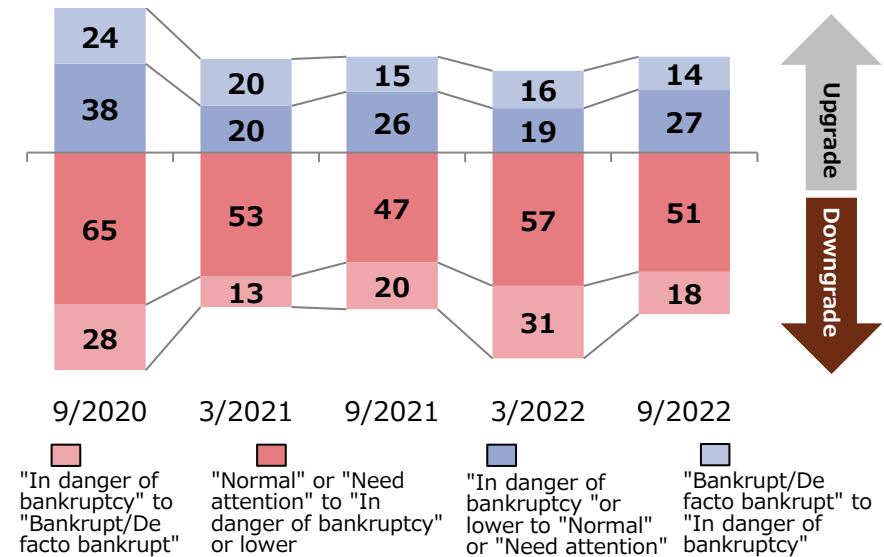
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◆ Credit Related Expenses

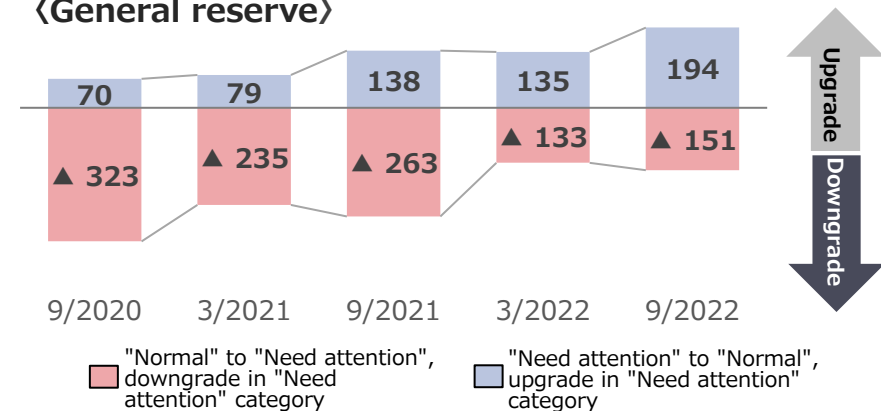
(¥100mn)	3/2021 Full year	9/2021	3/2022 Full year	9/2022	3/2023 Projection
Transfer to general reserve for possible loan losses	5	▲5	▲19	4	0
Disposal of NPL	82	▲0	39	12	37
Credit related expenses	86	▲17	19	17	38
Factors of large borrowers (More than ±¥1.0bn impact)	44	▲11	12	21	44

◆ No. of Upgrade/Downgrade

〈Disposal of NPL (specific reserve)〉



〈General reserve〉

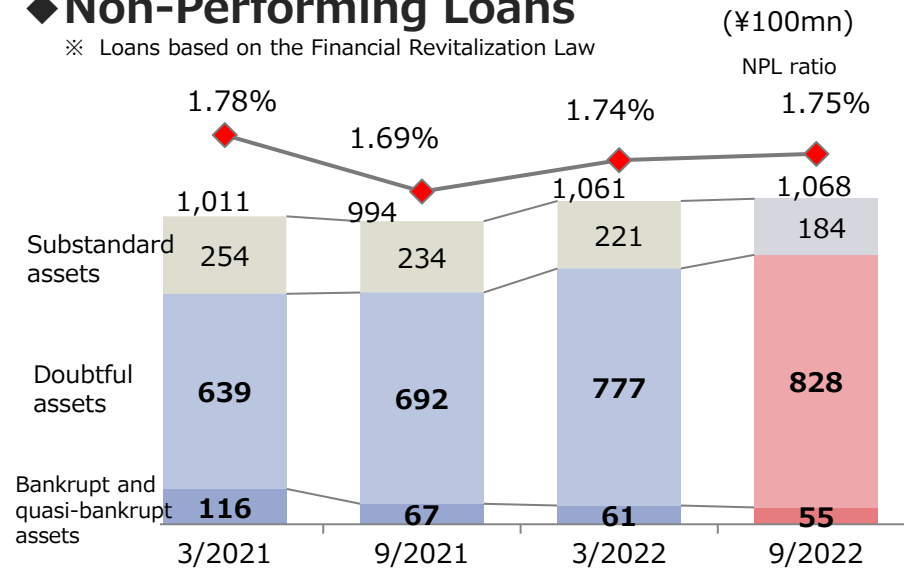


Non-Performing Loans, Reserve for Loan Losses

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◆ Non-Performing Loans

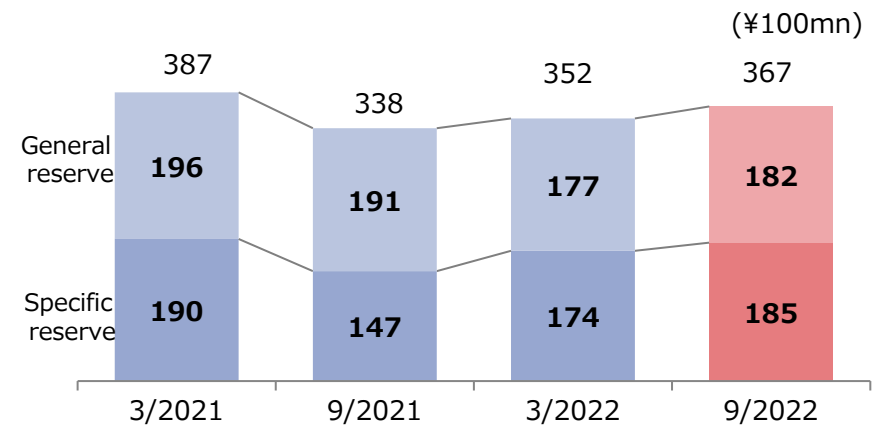
※ Loans based on the Financial Revitalization Law



(¥100mn)	3/2021	9/2021	3/2022	9/2022
Substandard assets	254	234	221	184
Doubtful assets	639	692	777	828
Bankrupt and quasi-bankrupt assets	116	67	61	55
Total	1,011	994	1,061	1,068
NPL ratio	1.78%	1.69%	1.74%	1.75%
After partial direct charge-off (※)	1.64%	1.63%	1.71%	1.72%

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

◆ Reserve for Loan Losses



(¥100mn)	3/2021	9/2021	3/2022	9/2022
General reserve	196	191	177	182
Normal	64	64	65	68
Need attention	72	75	67	62
Special attention	59	51	44	50
Specific reserve	190	147	174	185
In danger of bankrupt	107	108	154	167
Bankrupt/De facto bankrupt	82	37	19	17
Total	387	338	352	367

2. Medium-Term Management Vision Initiatives

Medium-Term
Management Vision
2021

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

Sustainability as a core element of business management ...P23

Committing to solve regional issues from both financial and non-financial perspectives

Deepening life support business

Supporting customers throughout their lives by enhancing non-financial services, upgrading financial services, and expanding non-face-to-face transactions

...P15

Providing comprehensive financial services and functions

Expanding our consulting menu and group functions, providing one-stop support for a wide range of consultations for business customers

...P17

Digital reform of business operations and organization

Building new business models through the improvement of operational efficiency and the development of new services by using digital technology and data

...P19

Personnel system reform to support growth and job satisfaction

Aiming to create an organization where people can experience growth and fulfillment by promoting reform of our personnel system and work style

...P21

Medium-Term Management Targets

Profit attributable to owners of the parent	FY2025: ¥25.0bn or more	
Ratio of consolidated profits to parent company's profits	FY2025: 1.25 times or more	
Consolidated dividend payout ratio	FY2022 ~ FY2025: 40% or higher, annually	
Greenhouse gas (CO2) emissions	FY2023: Net zero FY2030: 60% reduction compared to FY2013	«FY2022 projection» 46% reduction

Deepening Life Support Business

Life Support Services/Real Estate Agent Introduction Services

Introducing by no charge professional partner companies that can be trusted to solve various "problems" related to customers' daily lives - waste disposal, garden pruning, and house cleaning including air conditioner cleaning, etc. Expanding the number of partner companies to further improve our services.

«1H FY2022 results»

Life Support Services	Introduction of our partner companies that can solve "problems" in daily life such as pruning of garden trees, housekeeping, etc.	177 cases
Real Estate Agent Introduction Services	Responding to various needs of real estate transaction, including the need to dispose of underutilized real estate from heirs, etc.	164 cases

Smartphone App. "Wallet+"

"Wallet+" service started in Jul 2022.

"Wallet+" is a money management application that allows you to see how far you are from your dreams and offers as following functions;

- Checking the balance and statements
- Managing monthly income and expenditure
- Segregating deposits through a dedicated account
- Providing non-financial services such as point services and coupon distribution for use in the community

«1H FY2022 results (Jul ~ Sep)»
21,180 cases



Deepening Life Support Business

Enhancement of Inheritance-Related Products and Services

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

Products and Services		Characteristics	«Total results»	
			Cases	Income
Trust services for individuals Started in Oct 2021	Relay of hearts	Jointly managed designated money trust with a special clause (with a special clause for testamentary substitute and bequest and donation)	50	¥50mn
	Longevity and peace of mind	Jointly managed designated money trust with a special clause (with a special clause for beneficiary's agent)	22	
	Testamentary trusts	Providing comprehensive support for the preparation, safekeeping of notarized wills and execution of wills	43	
	Estate arrangement services	Handling complicated inheritance procedures such as cancellation and redemption of deposits and savings, and name change of real estate on behalf of the heirs	3	
Real estate small-lot products		Realizing simultaneously "inheritance measures" and "stable cash flow" through rental income by utilizing real estate ※"Trust beneficiary right type" launched in Jan 2019 ※"Voluntary partnership type" launched in Apr 2022	191	¥84mn

Providing Comprehensive Financial Services and Functions

Strengthening Consulting Functions

Supporting business growth and restructuring through the use of subsidies such as the "Business Restructuring Subsidy," M&A, and syndicated loans. Supporting the formulation of business strategies for the With Corona era.

«Supporting Business Restructuring Subsidy»

	1st period	2nd	3rd	4th	5th	6th	Total
No. of application	150	104	139	129	133	75	730
No. of adoption	68	46	69	76	75	50	384

◆ **Adoption rate: 53%**
 ◆ **Adoption amount: ¥5.8bn**

By assigning a dedicated support staff, the Bank have achieved one of the highest adoption rates among regional banks in Japan.

«1H FY2022 results»

Origination of syndicated loans	Business matching	M&A	Support for business startups
¥53.3bn	289 cases	10 cases	74 cases

Corporate Portal Service

In Sep 2022, the "Mikatano Series" was launched in cooperation with Money Forward, Inc. as a service to support customers' business digitalization. In addition, the Bank became the first financial institution in Nagano Prefecture to be registered as an "IT Support Business Operator." Packaging the Mikatano series and other products and registering them as eligible tools for IT subsidies, utilizing the IT subsidies to support further our customers' business digitalization.

Corporate Portal Service		
Cash Management Service	Business Digitalization Support Service	Billing Management Service
Mikatano Cash Management Visualize funding by centrally managing various data from multiple financial institutions	Mikatano Works Streamlining internal operations and making operations digital and paperless	Mikatano Invoice Management Converts issued and received invoices into data for batch management

«Sep ~ Oct 2022 results»
515 cases

Providing Comprehensive Financial Services and Functions

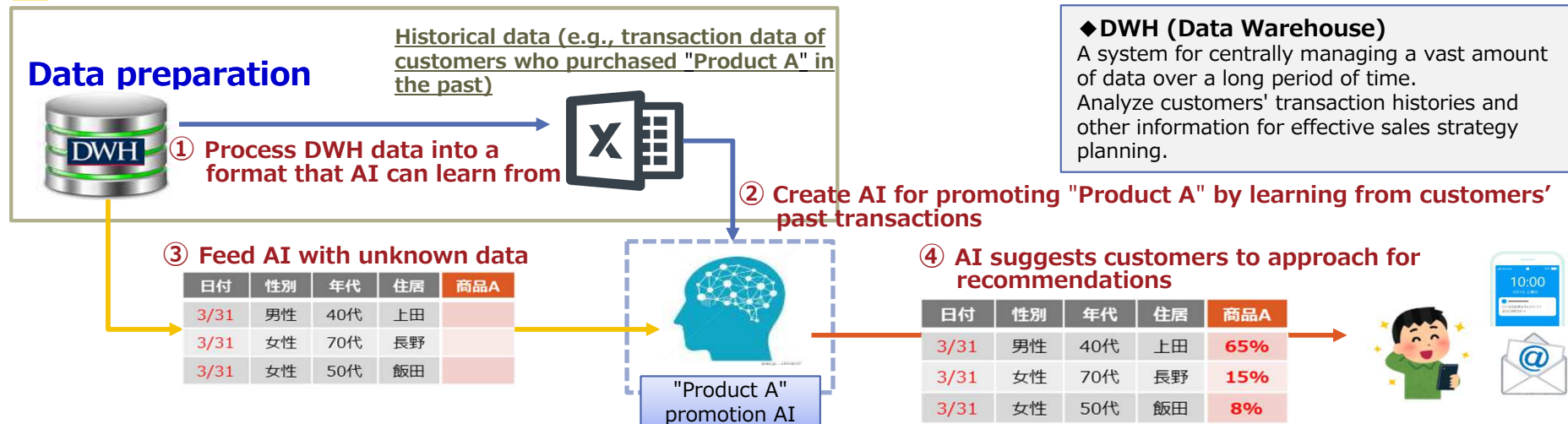
Enhancing Group Functions

The Bank Group works as one to provide a wide range of consulting services related to corporate management.

Enhancing Functions	Hachijuni Staff Service Co., Ltd.	<p>[Jun 2022 Obtained a license as an Advanced Banking Company for Other Businesses] First subsidiary in Japan engaging in temporary staffing services, etc. to obtain approval after the implementation of the revised Banking Act. Meeting a wide range of local human resource-related needs, which are becoming increasingly diverse and sophisticated. «1H FY2022 External referral fees : ¥30mn/46 staff»</p>
	Hachijuni Card Co., Ltd.	<p>[Jul 2022 Started handling JCB brand credit card] Started handling JCB branded credit card following debit card, the lineup has been expanded to include cards for younger customers and premium cards in addition to a variety of campaigns to meet the needs of a wide range of customers. Also, touch payment, smartphone payment, and the MyJCB app are available for enhanced convenience. «Jul ~ Sep 2022 achievement results : 761 cases »</p>
	Hachijuni Asset Management Co., Ltd	<p>[Apr 2022 Started fund management] Improving the Hachijuni Group's investment performance by strengthening and developing market investment capabilities. In the mid- to long-term, develop investment products for institutional investors to diversify the Group's earnings. «2 new funds were established since Apr 2022. (Total asset: approx. ¥53.0bn) »</p>
	Hachijuni Investment Co., Ltd.	<p>[Jan 2022 Established "Hachijuni Sustainability No.1 Fund"] Providing capital support for renewable energy projects and decarbonization, as well as for companies that are starting new businesses or facing business succession challenges. «Jan ~ Oct 2022 results : Fund origination amount ¥30.0bn» (Investment amount: ¥4.5bn, 60 cases/¥5.7bn: under consideration)</p>
Newly established	Hachijuni Link Nagano Co., Ltd. [Established in Oct 2022]	<p>◆Regional trading business: Sales of local products and development of sales channels targeting overseas markets ◆Electric power business: Promoting local decarbonization through the generation and supply of renewable energy</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Regional trading business</p> </div> <div style="text-align: center;">  <p>Sustainable development of regional economy</p> </div> <div style="text-align: center;">  <p>Electric power business</p> </div> </div>

Digital Reform of Business Operations and Organization

DWH × AI Examples of Utilization



DWH × AI Approach to Business Reform

Themes	Status	Outline of implementation
Forecasts of business conditions change	Jul 2022 Start of operation	<ul style="list-style-type: none"> 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. <p>«Status of operation» Since implementation, alarms have been detected in approximately 7% of all business loan clients. Headquarters and sales branches cooperated to provide support through visits, etc.</p>
Product promotion (Marketing)	Currently being carried out	<ul style="list-style-type: none"> By predicting the products that match the needs of customers, the Bank proposes appropriate products that customers seek.
Fraud detection	Under consideration	<ul style="list-style-type: none"> Early detection of suspicious or fraudulent transactions to prevent the occurrence or expansion of damage.

Digital Reform of Business Operations and Organization

Electronic Contracting Service

In Jun 2022, electronic contracting service was introduced in all stores to promote customer convenience and digitalization of loan businesses. Now proceeding preparations for acceptance of web-based housing loan application.

Electronic Contracting Service	
Electronic Contracting Service	Overdraft Borrowing Request Service
Loan procedures can be completed on the web using electronic signatures.	Borrowing application procedures of overdraft agreement 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.

Visit Reservation System

In Aug 2022, visit reservation system was introduced in all stores, allowing customers to reserve the purpose and date of their visit via our website. Aiming to improve customer convenience and equalize operations through smooth procedures.

«Aug ~ Oct 2022 results»	Aug	Sep	Oct
No. of visit reservation	3,159	3,048	3,123
<For reference> percentage of visit reservation for new account openings	15.4%	16.2%	17.2%



Personnel System Reform to Support Growth and Job Satisfaction

Multiple-Track Course System

Unlike the conventional human resource development system (single-line course), which is based on the uniform development of management skills as a generalist, the multiple-track course system aims to develop diverse careers by utilizing the strengths and aptitudes of employees.

There are five courses: "Management," "Professional," "Headquarters Staff," "Standard," and "OTC Administrative."

In response to the increasing sophistication and diversity of work, the personnel system has been revised to allow each employee to choose the course that best suits his or her aptitude and work style.

Human Resource Development

Encouraging employees to acquire specialized knowledge and skills, launching a new training program to support the acquisition of "IT coordinator" certification, as well as a new circle for the acquisition of "FP 1st grade" and "CFP" certifications.

No. of employees with qualification as of the end of 1H FY2022	Small and Medium sized Enterprise Consultant	FP 1st grade	Securities analyst	TOEIC (850 points or higher)
	52	81	56	46

Support for Career Development When Taking Childcare Leave

The Personnel Department "Diversity Promotion Office" promotes the maintenance of motivation during childcare leave and positive career development in the future through individual interviews with prospective employees taking childcare leave and training to support their return to work.



	Timing	Contents
Individual interviews with employees planning to take childcare leave	Before maternity leave	<ul style="list-style-type: none"> Resolving concerns and uncertainties about taking childcare leave Creating a career vision focusing on the growth of the child
Return-to-work support training	Within approx. 3 months prior to return to work	<ul style="list-style-type: none"> Communicate the Bank's latest topics and key points on balancing work and childcare

Personnel System Reform to Support Growth and Job Satisfaction

Promoting Participation of Male Employees in Childcare

Setting a target of 100% utilization of childcare leave and leave for childcare purposes by male employees, promoting their utilization.

In Oct 2022, the Bank's original leave system for childcare was revised, expanding both the period and the number of days that leave can be taken.

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	1H FY2022
	28.8%	31.9%	35.9%	60.3%	91.7%



Diversity Management Training

In order to practice "diversity management" that draws out, accepts, and utilizes the strengths of each one of our diverse subordinates, training is provided for managerial-level employees; in 1H FY2022, all store managers received this training.



Establishment and Start of Dress Code

In Nov 2022, the Bank established and started a dress code for working hours. In addition to the conventional business suits and professional attire (uniforms), we started wearing business casual and office casual, including no neckties, throughout the year.

The purpose is to enhance the autonomy and diversity of employees and revitalize the organization, leading to further improvement of customer service.



Sustainability as a Core Element of Business Management

Toward Achieving Greenhouse Gas Emissions Reduction Targets

Targets	① FY2023 : Net zero / ② FY2030 : 60% reduction compared to FY2013	
Target scopes	「Scope 1」: CO2 emissions generated by the Bank itself 「Scope 2」: CO2 emissions considered to be emitted from electricity use 「Scope 3」: CO2 emissions from the supply chain	
Type of measures	1. Capital investment : Conversion of air conditioning equipment to electric power, conversion of new stores to ZEB 2. External procurement : Utilization of CO2-free electricity produced in Shinshu, purchase of J-credits 3. Supporting customers : Supporting customers' decarbonization	
Basic scenario	Scope 1	◆ The new store will be ZEB in principle, switching heat sources (kerosene and gas) to electricity when updating air conditioning and heating equipment, introducing electric vehicles
	Scope 2	◆ Installation of solar power generation equipment in existing stores
	Scope 3	◆ Supporting customers' reductions of CO2 emissions in accordance with the reduction plans

Toward Achieving Sustainable Finance Targets

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	
Dedicated products	Characteristics	1H FY2022 results
Sustainability Link Loan (SLL)	Interest rates and other loan terms fluctuate depending on the achievement of ambitious sustainability challenge targets consistent with international principles.	¥0.8bn
Hachijuni Sustainability No.1 fund	Support for companies that are creating new businesses and new technologies or facing business succession challenges as well as capital support for decarbonization	¥3.8bn
SDGs loan	Interest rates fluctuate according to the achievement of goals related to the SDGs set by customers themselves.	¥2.0bn
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.	¥4.5bn

Sustainable Finance (preliminary results) : Total ¥256.8bn (FY2021 ~ 1H FY2022) (for environment: ¥130.5bn)

Sustainability as a Core Element of Business Management

Expansion of ZEB Store Network

Expanding ZEB branch network as a part of our efforts to realize a zero-carbon society.

In FY2022, Fujimi, Omachi, and Fukushima branches are "Net Zero Energy Buildings" with net-zero energy consumption.

In addition to reducing energy consumption through highly insulated structures and energy-saving equipment, the energy will be covered by solar power.

A geothermal heat pump system for air conditioning that uses geothermal heat as a new renewable energy source was adopted by Omachi Branch.

【Omachi Branch】

Introduction of geothermal heating and cooling



« Current ZEB Store »

【Fujimi Branch】

Appearance



Iwamurada, Fujimi, Omachi, Fukushima (Scheduled to open on Nov 21)

Contribution to Local Communities

Supporting local SDG efforts through volunteer activities and dedicated products.

Volunteer	90th Anniversary Commemorative Project: Terraced rice field preservation activities	In Jun 2022, rice was planted in terraced rice paddies in Inakura, Ueda City, and in Obaste, Chikuma City. Rice harvested through volunteer activities will be donated to NPOs and other organizations.	Total 90 participants
	82 Forest Activities	Planting trees and other activities to protect the nature of Nagano Prefecture. Although the event has been postponed recently due to the spread of the new coronavirus, it will be resumed in the future.	—
Donation	Smile bonds	A portion of the Bank's proceeds will be donated to NPOs and other organizations through callable bonds with a donation scheme.	«Sep 2022 sales results» 192 cases / ¥2.3bn
	SDGs Foreign currency time deposits	Donating a portion of foreign exchange commissions to organizations related to the SDGs.	«1H FY2022 results» 193 cases / US\$24mn

Sustainability as a Core Element of Business Management

Signing of Basic Agreement on Business Integration with Nagano Bank Sep 28, 2022

The Bank resolved to proceed with discussions and deliberations toward management integration in order to build a sound management foundation, strengthen our financial intermediary function, create a sustainable business model that meets customer needs and social structural changes, and develop and grow together with the community.

THE HACHIJUNI BANK, LTD.

Head Office	Nagano City
Capital stock	¥52.2bn
Total assets (C)	¥13,343.7bn
Net assets (C)	¥912.6bn
Deposits (NC)	¥8,066.6bn
Loans (NC)	¥5,974.0bn
No. of staff (C)	3,569
No. of stores	151

From Competition to Co-Creation



THE NAGANO BANK, LTD.

Head Office	Matsumoto City
Capital stock	¥13.0bn
Total assets (C)	¥1,267.2bn
Net assets (C)	¥50.0bn
Deposits (NC)	¥1,073.8bn
Loans (NC)	¥647.8bn
No. of staff (C)	652
No. of stores	53

C: Consolidated, NC: Non-consolidated

Schedule of business integration	Sep 28, 2022	Signing of Basic Agreement on Business Integration
	Jan 2023 (scheduled)	Signing of Final Contract
	Mar 2023 (scheduled)	Extraordinary shareholders' meeting of Nagano Bank (resolution to approve the share exchange agreement)
	May 30, 2023 (scheduled)	Delisting date of Nagano Bank
	Jun 1st, 2023 (scheduled)	Effective date of share exchange

3 . Capital Policy

Shareholder Returns and the Reduction Plan of Cross-Shareholdings

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- **Basic policy:** Proactively return profits to shareholders through stable dividends and share buybacks.
For the interim period, we will pay a dividend of ¥10 per share as planned.
- Numerical targets for reduction was set based on the Bank's policy of cross-shareholdings in line with the intent of the Corporate Governance Code.
- **Reduction target: 20% reduction from 3/2021 (at the start of Medium-Term Management Vision)**

◆ Shareholder Returns

(¥100mn)	3/2021	3/2023 (Plan)	9/2022 (For reference)
Annual dividends ①	68	93	Interim dividend 48
Dividend per share (full year)	¥14.0	¥20.0	—
Interim dividend	¥6.0	¥10.0	¥10.0
Purchase of own stocks ②	—	100	30
Shareholder returns ③ = ① + ②	68	193	78
Profit (consolidated) ④	223	230	1H profit 131
Dividend payout ratio (consolidated) ① ÷ ④	30.6%	40.8%	36.8%
Ratio of shareholder returns (consolidated) ③ ÷ ④	30.6%	84.3%	59.6%

◆ Plan for Reducing Cross-Shareholdings

