
The 54th Information Meeting

November 28, 2024



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Overview of The Hachijuni Bank

Name	The Hachijuni Bank, Ltd.
Head office	Nagano City, Nagano Prefecture
Established	August 1, 1931
Branch network	Domestic: 151 branches (131 in prefecture, 20 outside) Overseas: 1 branch (Singapore) 2 representative offices (Shanghai, Bangkok) *Hong Kong branch closed Mar. 31, 2024
Employees	3,352 (+63 from Mar. 2024)
Capital stock	¥52.2bn
Issued shares	513,767,000
Total assets	¥12,795.7bn (–¥915.6bn from Mar. 31, 2024)
Net assets	¥979.7bn (–¥31.9bn from Mar. 31, 2024)
Deposits	¥8,521.8bn (+¥54.1bn from Mar. 31, 2024)
Loans	¥6,020.1bn (–¥183.2bn from Mar. 31, 2024)
Capital adequacy ratio (Basel III)	Consolidated: 20.28% (–0.46% from Mar. 31, 2024) Non-consolidated: 20.11% (–0.89% from Mar. 31, 2024)
Ratings	S&P Global Ratings: A– R&I: A+ JCR: AA

As of Sep. 30, 2024

Topics

- ◆ Established three new organizations at our head office in June 2024:
 - Structured Finance Team (in the Financial Market Dept.)
 - Solutions Finance Group (in the Business Promotion Dept.)
 - AI Promotion Team (in the Computer Systems Dept.)
- ◆ Signed a “Cooperation Agreement for Medical Practice Successions” with the Nagano Medical Association in October 2024
- ◆ Signed an “Agreement on Achieving Zero Carbon in 2050” with Nagano Prefecture in November 2024

Reference: Overview of The Nagano Bank

Name	The Nagano Bank, Ltd.
Head office	Matsumoto City, Nagano Prefecture
Branch network	Domestic: 52 branches (51 in prefecture, 1 outside)
Employees	618
Total assets	¥987.3bn
Net assets	¥20.2bn
Deposits	¥953.4bn
Loans	¥574.7bn

As of Sep. 30, 2024

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Summary of 1H FY2024 Financial Results

Summary of 1H FY2024 Financial Results (Consolidated)

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◆ Consolidated	(¥100mn)	9/2023	9/2024	YoY
Consolidated gross business profit		524	591	66
Profit on interest		413	503	90
Profit on fees & commissions		92	86	(5)
Trading profit		1	1	(0)
Profit from other business transactions		16	(0)	(16)
General & administrative expenses		316	343	27
Credit related expenses		10	(4)	(15)
Gains/losses related to stocks		16	49	33
Gains/losses on money held in trust		(6)	2	8
Ordinary profit		170	267	96
Extraordinary gains/losses		168	3	(164)
Gain on negative goodwill		173	—	(173)
Profit attributable to owners of parent		264	195	(69)

• Ordinary profit

Ordinary profit grew ¥9.6bn year-on-year due to factors such as the profit on interest of The Hachijuni Bank (non-consolidated) increasing ¥6.5bn year-on-year and gains related to stocks increasing ¥2.4bn year-on-year.

• Profit attributable to owners of parent

Ordinary profit grew, but due to recording extraordinary gains of ¥17.3bn in gains on negative goodwill due to the business merger in the previous year, profit attributable to owners of parent decreased ¥6.9bn.

*The consolidated financial results for 1H FY2023 do not include the gains and losses of The Nagano Bank, Nagagin Lease, and Nagano Card from April to June 2023.

Summary of 1H FY2024 Financial Results (The Hachijuni Bank, Non-consolidated)

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◆ The Hachijuni Bank	(¥100mn)	9/2023	9/2024	YoY
Gross business profit (A)		434	489	54
Profit on interest		385	450	65
Profit on fees & commissions		51	50	(1)
Profit from other business transactions		(3)	(12)	(8)
Gains/losses related to bonds (B)		(14)	(21)	(6)
General & administrative expenses (C)		269	282	13
Actual net business profit (A-C)		165	206	41
Core net business profit (A-B-C)		180	228	48
Excl. gains/losses on cancellation of investment trusts		191	240	49
Transfer to general allowance for credit losses (D)		(1)	—	1
Net business profit (A-C-D)		166	206	39
Special profit/losses	Gains/losses related to stocks (E)	16	41	24
	Gains/losses on money held in trust (F)	(5)	2	8
	Disposal of NPLs	4	1	(3)
	Gains on reversal of allowance for credit losses	—	0	0
Ordinary profit		148	232	83
Extraordinary gains/losses		0	4	4
Gains/losses on disposal of non-current assets		0	4	4
Profit		109	170	60
Profit/losses related to securities (B+E+F)		(4)	21	26
Credit related expenses		3	1	(2)

• Profit on interest

Profit on interest grew ¥6.5bn year-on-year due mainly to increases in interest and dividends on securities and interest on loans in the domestic sector.

• Core net business profit

Despite increases in general and administrative expenses (such as labor expenses), core net business profit grew ¥4.8bn year-on-year due to factors such as increased profit on interest.

• Ordinary profit

Ordinary profit grew ¥8.3bn year-on-year due mainly to increases in core net business profit and gains related to stocks.

• Profit

Profit grew ¥6.0bn year-on-year to ¥17.0 bn.

Summary of 1H FY2024 Financial Results (The Nagano Bank, Non-consolidated)

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◆ The Nagano Bank	(¥100mn)	9/2023	9/2024	YoY
Gross business profit (A)		48	35	(12)
Profit on interest		52	46	(6)
Profit on fees & commissions		1	(0)	(2)
Profit from other business transactions		(5)	(9)	(4)
Gains/losses related to bonds (B)		(6)	(9)	(2)
General & administrative expenses (C)		48	46	(2)
Actual net business profit (A-C)		(0)	(10)	(9)
Core net business profit (A-B-C)		6	(0)	(7)
Excl. gains/losses on cancellation of investment trusts		6	(3)	(10)
Transfer to general allowance for credit losses (D)		5	—	(5)
Net business profit (A-C-D)		(6)	(10)	(4)
Special profit/losses	Gains/losses related to stocks (E)	7	13	6
	Gains/losses on money held in trust (F)	(0)	(0)	(0)
	Disposal of NPLs	37	0	(36)
	Gains on reversal of allowance for credit losses	—	5	5
Ordinary profit		(36)	8	45
Extraordinary gains/losses		(64)	(0)	63
Profit		(113)	7	121
Profit/losses related to securities (B+E+F)		0	3	3
Credit related expenses		43	(4)	(47)

• Core net business profit

Core net business profit decreased ¥700mn year-on-year due to factors such as decreases in interest on loans and interest and dividends on securities.

• Ordinary profit

Despite the decrease in core net business profit, ordinary profit grew by ¥4.5bn year-on-year due to a decrease in credit related expenses caused by factors such as the integration of financing transactions with The Hachijuni Bank.

• Extraordinary gains/losses

Extraordinary gains grew ¥6.3bn year-on-year due to impairment losses on fixed assets from the unification of accounting standards following the business merger and the recording of reserves in preparation for integration in the previous year.

• Profit

Profit grew ¥12.1bn year-on-year to ¥700mn.

Profit on Interest

- Domestic sector: Increase of ¥5.3bn year-on-year mainly due to improved yields on loans and securities and an increase in the balance of securities.
- International sector: Increase of ¥1.1bn year-on-year mainly due to an increase in the balance of loans and securities.

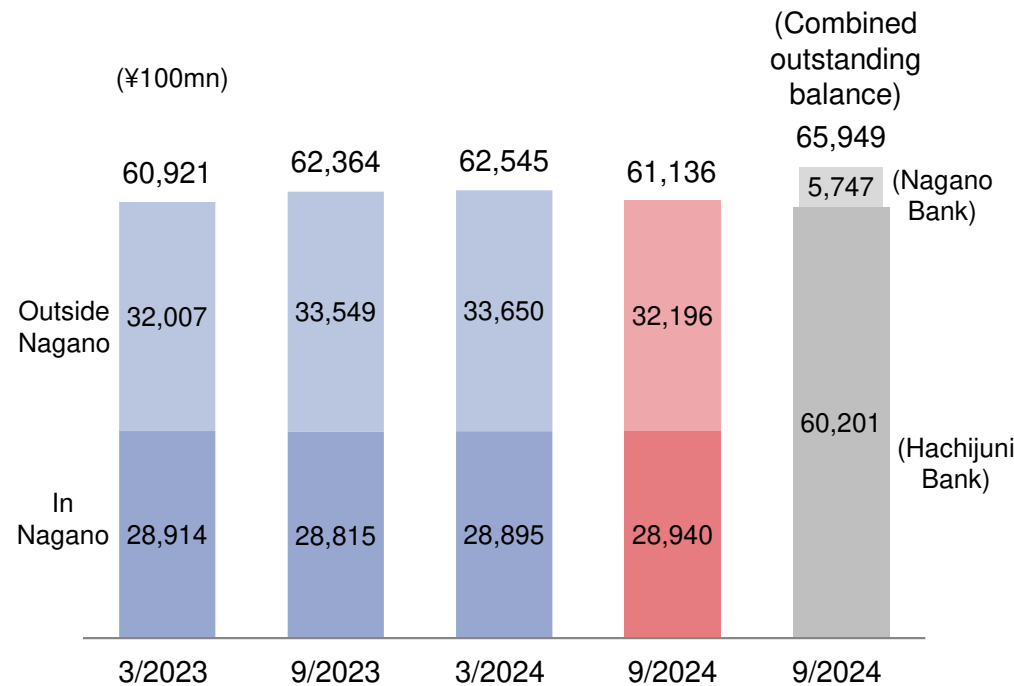
◆ Profit on interest (¥100mn)	9/2023	9/2024	YoY
Domestic sector	342	396	53
Interest income	351	425	73
Interest on loans	201	218	17
Interest and dividends on securities	135	171	35
Funding costs	8	29	20
Interest on deposits	0	10	9
International sector	42	54	11
Interest income	203	237	33
Interest on loans	90	98	7
Interest and dividends on securities	106	131	25
Funding costs	161	183	22
Interest on deposits	21	18	(3)

◆ Yield (%)	9/2023	9/2024	YoY
Domestic sector			
Yield	0.59	0.72	0.13
Yield on loans	0.67	0.75	0.07
Yield on securities	1.33	1.48	0.14
Funding yield	0.01	0.05	0.03
Yield on deposits	0.00	0.02	0.02
International sector			
Yield	4.85	4.80	(0.05)
Yield on loans	5.62	5.47	(0.14)
Yield on securities	4.44	4.41	(0.02)
Funding yield	3.93	3.76	(0.16)
Yield on deposits	3.87	3.62	(0.25)

Loans and Deposits

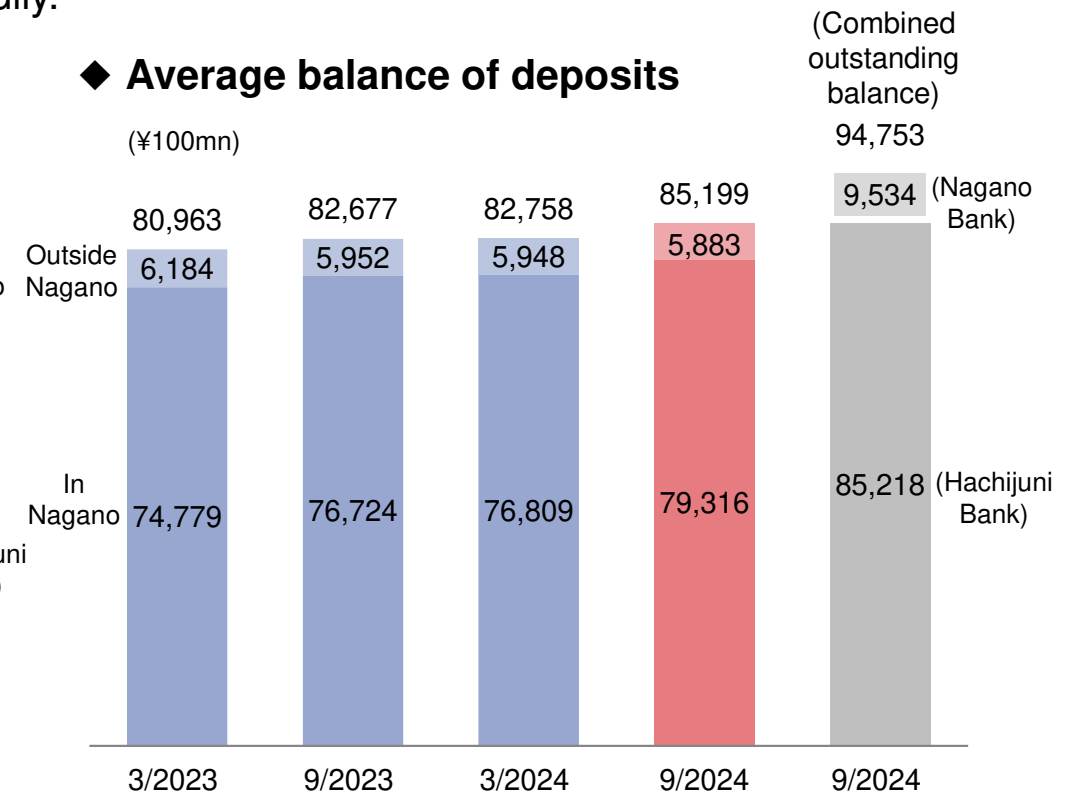
- Although the balance of business and consumer loans increased, the total balance of loans decreased due to a decrease in loans to the central government.
- The balance of deposits continued increasing steadily.

◆ Average balance of loans



YoY (%)	3/2023	9/2023	3/2024	9/2024
All branches	4.83	2.86	2.66	(1.96)
Outside Nagano	8.71	5.74	5.13	(4.03)
In Nagano	0.84	(0.29)	(0.06)	0.43

◆ Average balance of deposits

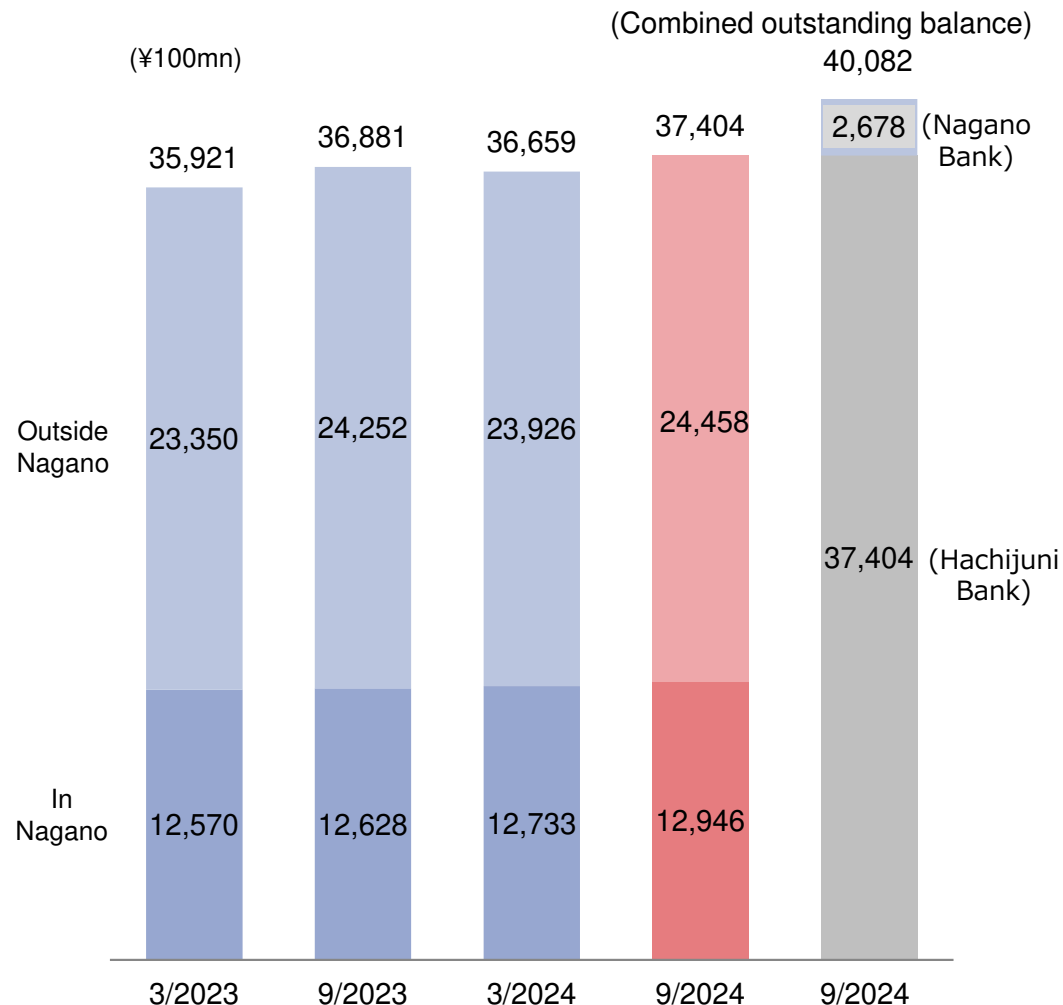


YoY (%)	3/2023	9/2023	3/2024	9/2024
All branches	3.90	2.01	2.21	3.05
Outside Nagano	0.37	(6.41)	(3.80)	(1.15)
In Nagano	4.20	2.72	2.71	3.37

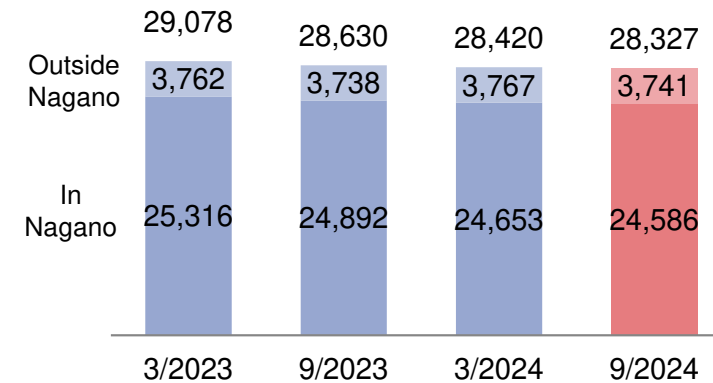
Business Loans

- The balance of both business loans and SME loans grew due to steady demand for capital investment and working capital. However, the number of borrowers decreased as interest-free, unsecured loans were repaid upon the expiration of their deferment periods.

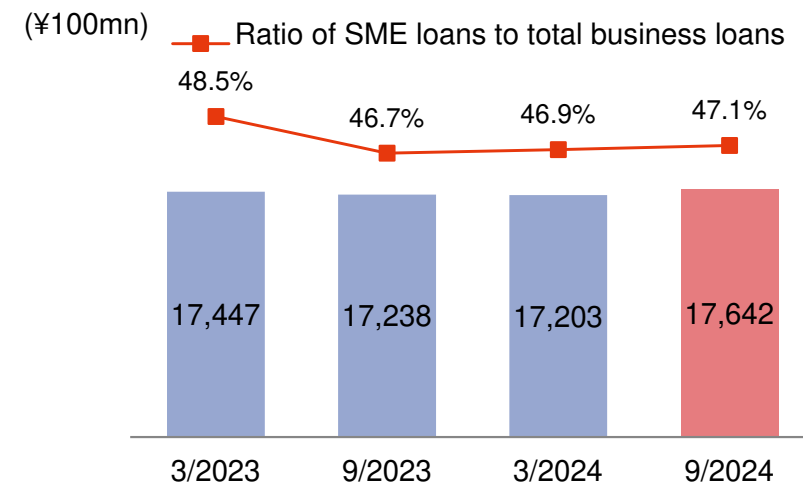
◆ Outstanding balance of business loans



◆ Number of borrowers



◆ Outstanding balance of business loans for SMEs*



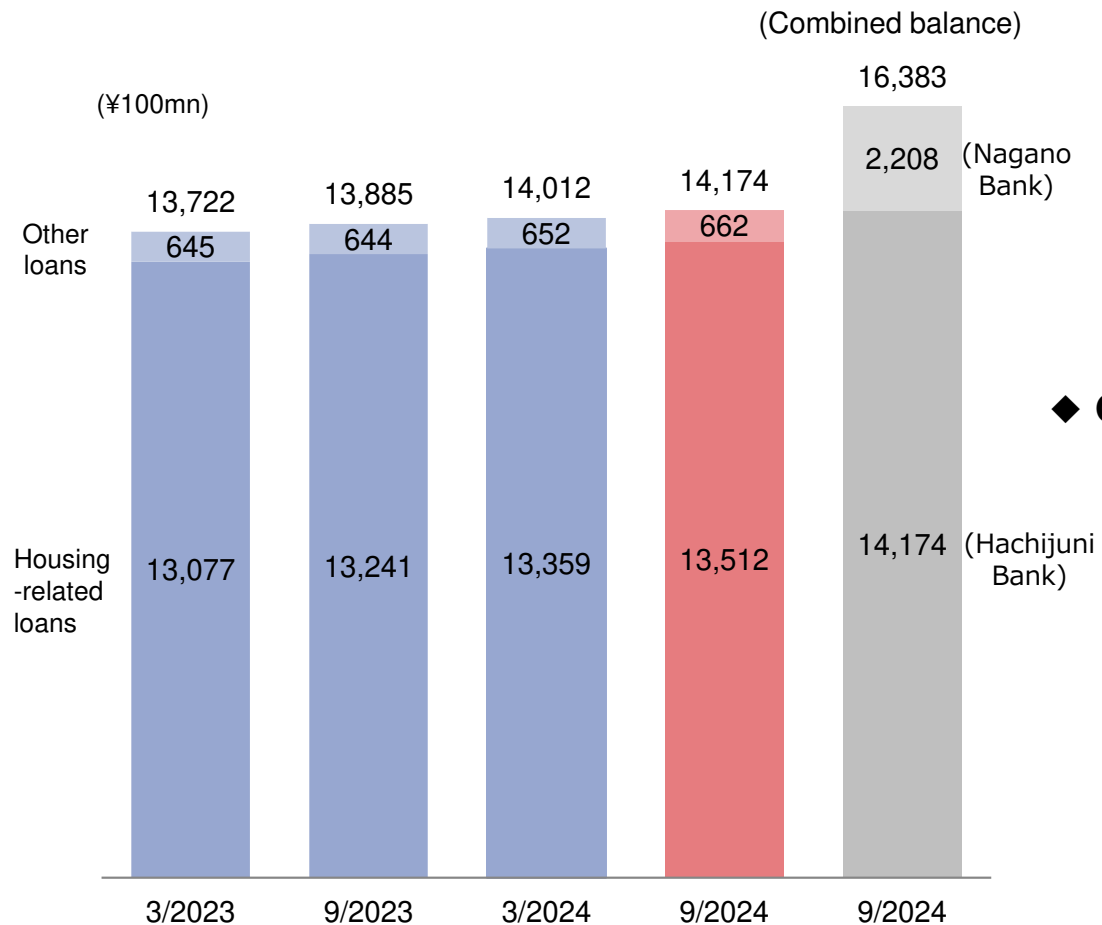
*Small and medium enterprises (excluding local governments and public corporations) and sole proprietorships

Personal Loans

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- The balance of personal loans reached a record high. However, the amount of new home loans decreased due to a decline in housing demand caused by high building material prices and other factors.

◆ Outstanding balance of personal loans



◆ New home loan amounts

(¥100mn)	9/2023	9/2024	YoY
New loan amounts	606	584	(22)
Floating (% of total)	584 (96.4%)	577 (98.8%)	(7)
10-year fixed (% of total)	17 (2.9%)	3 (0.6%)	(14)

◆ Outstanding balance of home loans by interest rate

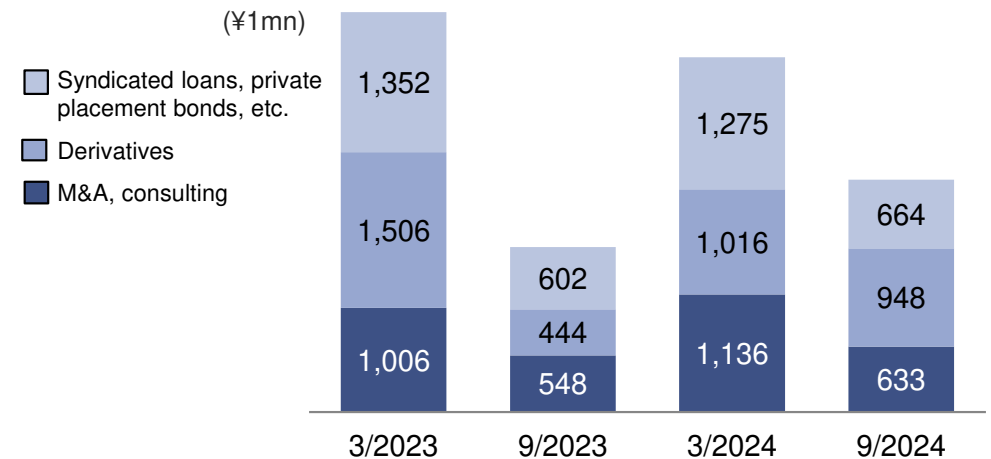
(¥100mn)	3/2023	9/2023	3/2024	9/2024
Outstanding balance	12,557	12,733	12,886	13,028
Floating (% of total)	6,386 (50.9%)	6,935 (54.5%)	7,429 (52.2%)	7,997 (61.4%)
10-year fixed (% of total)	5,332 (42.6%)	5,013 (39.4%)	4,658 (36.3%)	4,362 (33.5%)

Profit on Fees and Commissions

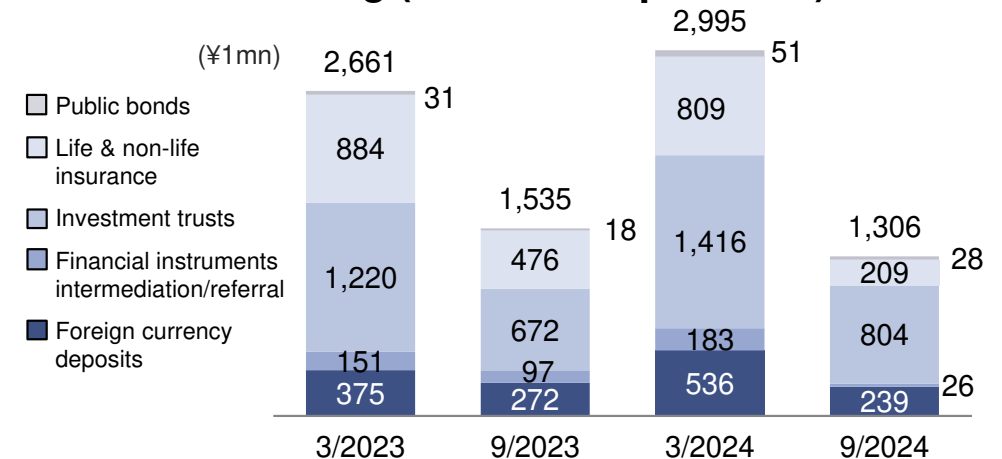
- Although consulting commissions and investment trust commissions increased, profit on fees and commissions decreased ¥100mn year-on-year to ¥5.0bn due to a decrease in life insurance agency commissions and other factors.

(¥100mn)		3/2023 (Full year)	9/2023	3/2024 (Full year)	9/2024
Profit on fees & commissions		106	51	103	50
Fees & commission income		182	93	186	93
Major items	Deposit/loan services	89	45	92	48
	Exchange services	51	25	51	25
	Securities-related services	17	10	20	10
	Agency services	12	5	10	3
	Fee & commission payments	76	41	83	42
Major items	Fees related to payment of loans	57	32	62	32
	Exchange services	9	3	6	3

◆ Corporate banking (major items)*



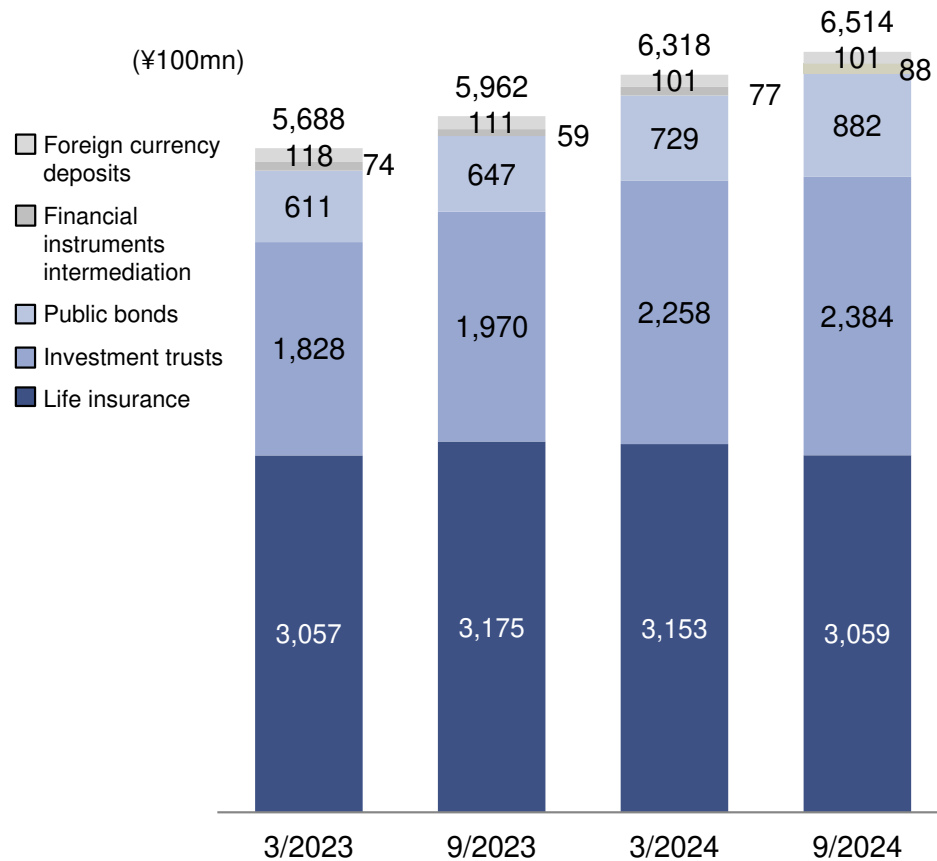
◆ Personal banking (investment products)*



* The above figures show income from consulting services in each area and also include amounts other than profit on fees and commissions, such as profit from other business transactions.

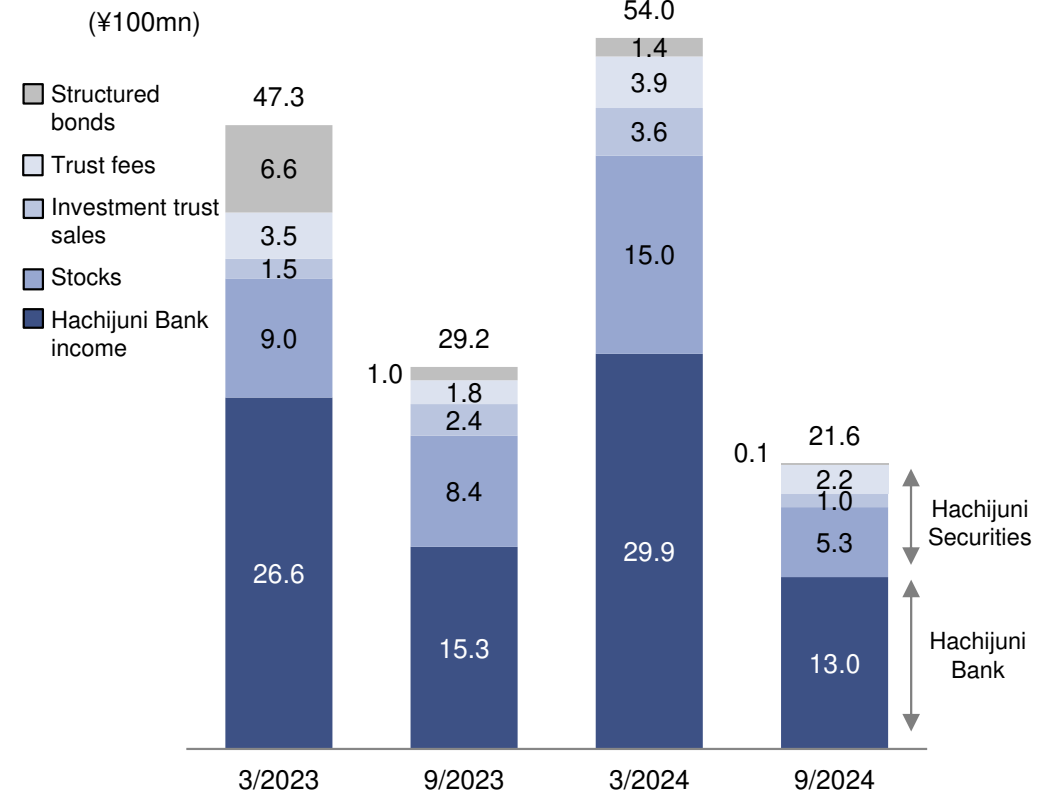
Investment Income

◆ Personal investments balance (market value)



◆ Investment income

(The Hachijuni Bank and Hachijuni Securities;
excluding intermediary fees to The Hachijuni Bank)



◆ Investment trust savings accounts

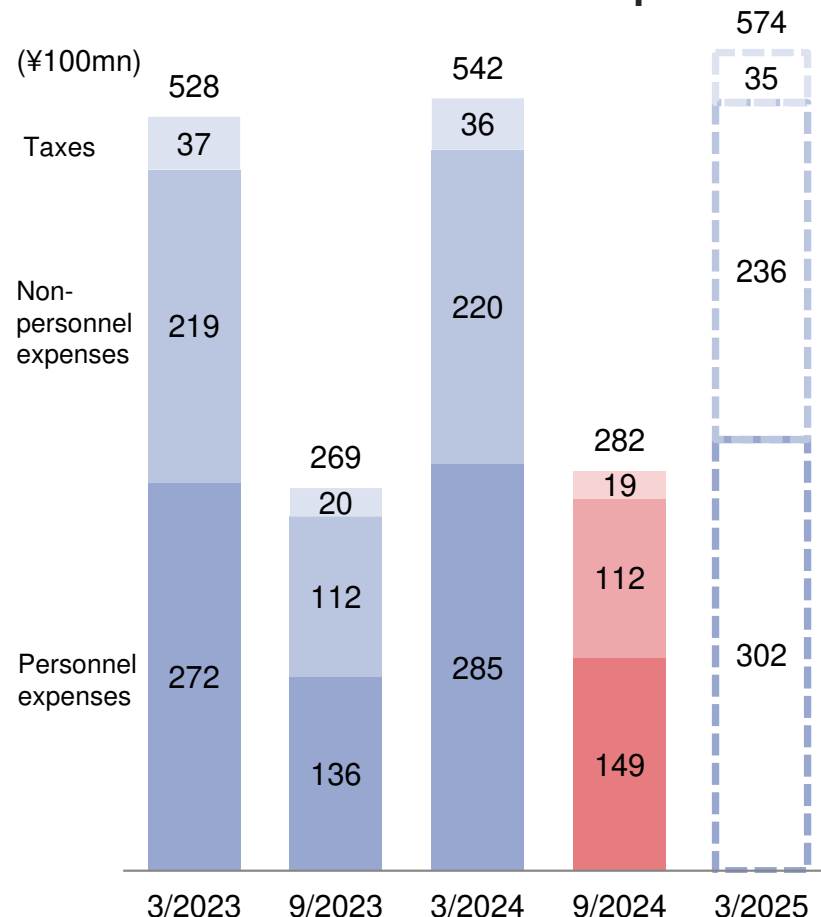
	3/2023	9/2023	3/2024	9/2024	3/2025 (Planned)
No. of accounts	54,599	57,752	60,673	66,196	71,196
Tsumitate NISA accounts	28,822	32,083	40,803	48,732	52,412
Monthly investment amount (¥1mn)	1,597	1,716	2,092	2,440	2,850

- We offer investment trust savings accounts to many customers as an effective way to build assets.
- We continue to be one of the leading regional banks in terms of number of investment trust savings accounts, Tsumitate NISA accounts, and monthly investment amount.

General and Administrative Expenses

- Although contracting expenses decreased due to the absorption of Hachijuni System Development, non-personnel expenses remained nearly the same year-on-year due to factors such as increased depreciation from system investments and measures to handle the new bills and increased outsourcing expenses relating to the business merger.
- Personnel expenses increased ¥1.3bn year-on-year due to factors such as increased staff following the absorption of Hachijuni System Development and increased wages from higher base pay, etc.

◆ General and administrative expenses



◆ Main causes of expense increases

(¥100mn)	9/2023	9/2024	Main causes
Non-personnel expenses	112	112	<ul style="list-style-type: none"> • Depreciation (+¥200mn YoY) • Outsourcing expenses (+¥500mn YoY) • Contracting expenses (-¥700mn YoY)
Personnel expenses	136	149	<ul style="list-style-type: none"> • Staff increased due to absorption of Hachijuni System Development (+¥900mn YoY) • Wages increased due to higher base pay, etc. (+¥300mn YoY)

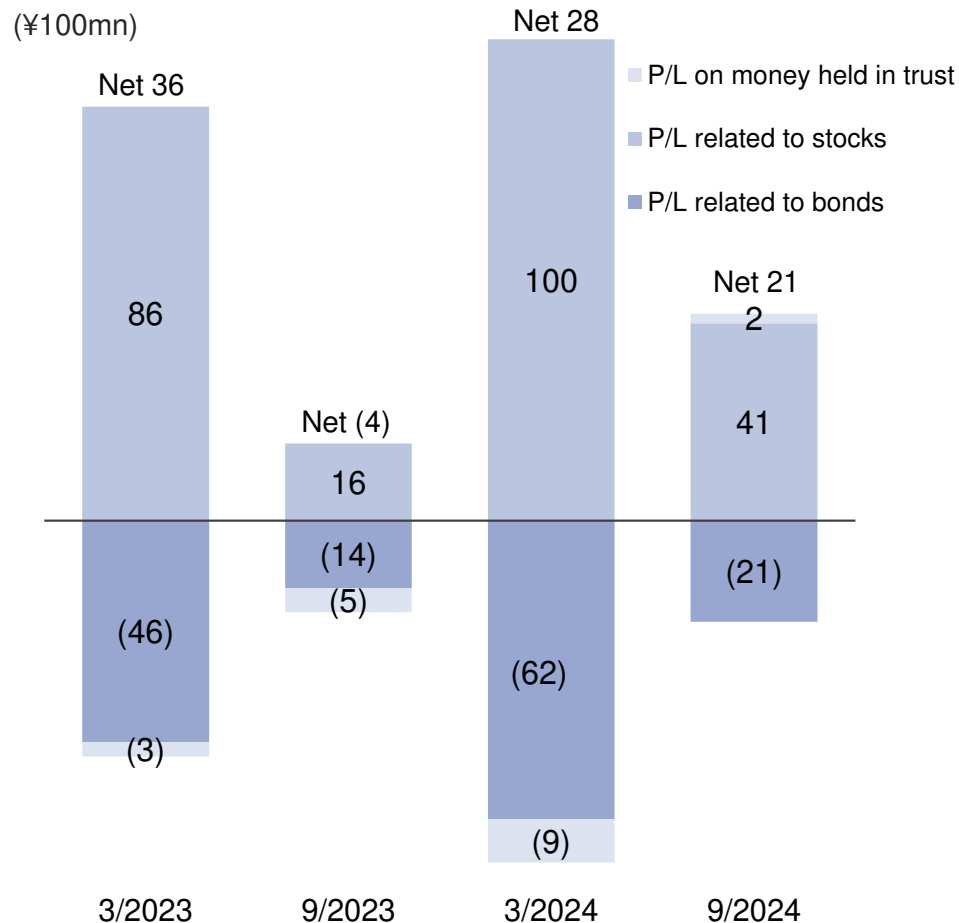
◆ Investment amount

(¥100mn)	9/2023	9/2024	Main investments
Investment amount	23	22	<ul style="list-style-type: none"> • Merger-related items (branch renovations, system revisions) • Head office renovations

Profit/Losses Related to Securities

- Despite recording a loss related to bonds due to the sale of ultra long-term (10+ year) bonds and other factors, profit/losses related to securities (trading) grew ¥2.6bn year-on-year due to an increase in profit related to stocks.
- Valuation profit/losses on securities decreased compared to the end of the previous year due to a rise in domestic interest rates and fall in domestic stock prices.

◆ Profit/losses related to securities (trading)



◆ Valuation profit/losses on securities

(¥100mn)

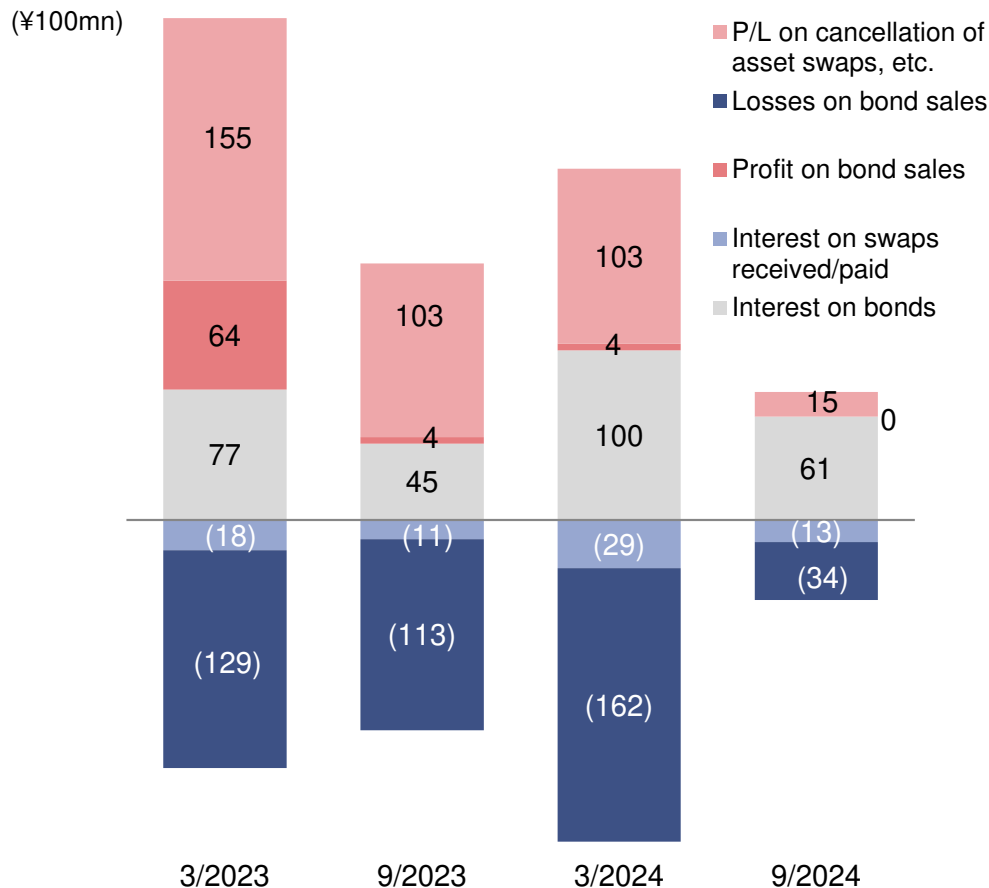
	3/2023	9/2023	3/2024	9/2024
Stocks	4,165	4,632	6,416	5,966
Strategic holdings	3,698	4,103	5,666	4,787
Bonds	(280)	(564)	(509)	(690)
Others	(73)	(186)	(28)	14
Total	3,811	3,881	5,878	5,291
Valuation P/L on hedged interest rate swaps	322	660	500	458
Net	4,133	4,541	6,378	5,749

Market Investment (Yen-Denominated Bonds)

- Total realized profit was ¥2.8bn due to reinvesting returns in medium to long-term bonds and efforts to reduce risks for ultra long-term (10+ year) bonds, etc. with low yields.

◆ Realized profit/losses

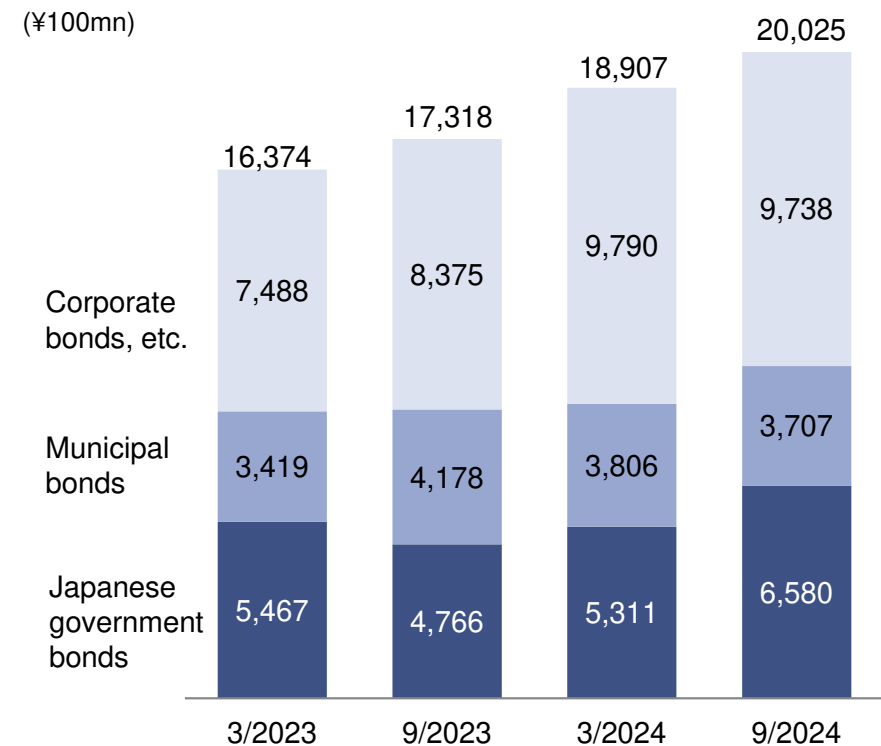
Total realized P/L	150	27	17	28
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◆ Valuation profit/losses and outstanding balance

Valuation P/L excluding hedging	(290)	(584)	(524)	(707)
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Valuation P/L including hedging	(42)	(123)	(135)	(288)
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*March figures: Realized P/L for full year; September figures: Realized P/L for half year

*Figures are based on ALM accounting for market investments and differ from the figures published in financial statements.

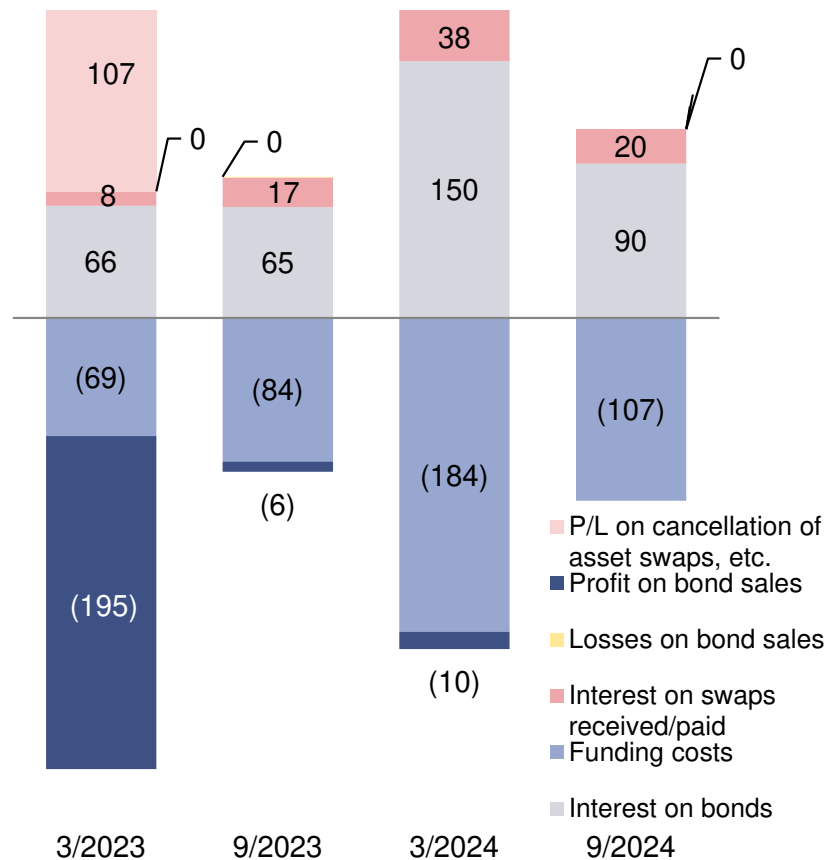
Market Investment (Foreign Currency Denominated Bonds)

- Total realized profit was ¥300mn due to expanding investment mainly in floating-rate bonds with limited interest risks and efforts to limit the risk of portfolio valuation losses and negative yields.

◆ Realized profit/losses

Total realized P/L	(82)	(6)	(5)	3
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(¥100mn)

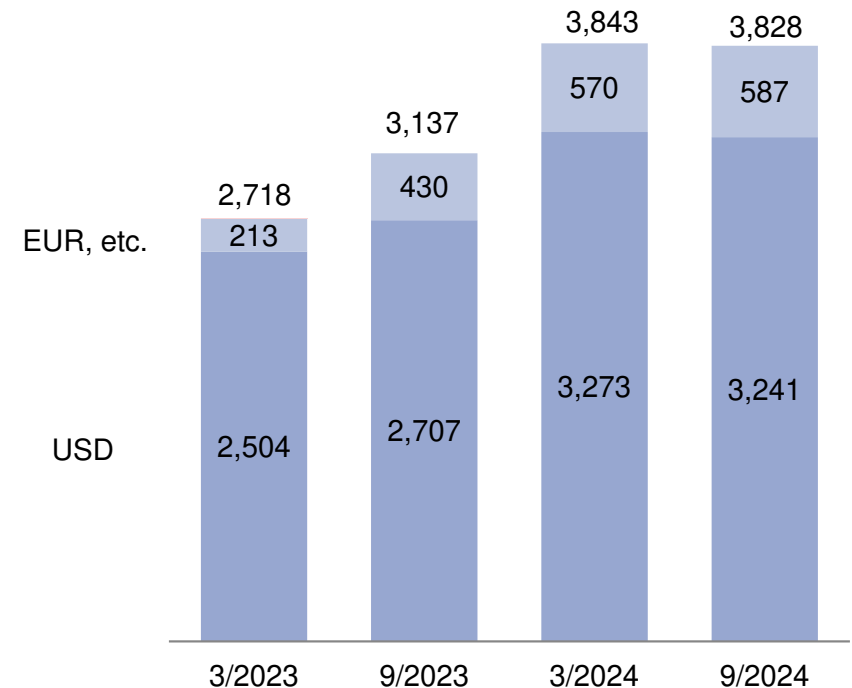


◆ Valuation profit/losses and outstanding balance

Valuation P/L excluding hedging	(123)	(274)	(162)	(94)
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Valuation P/L including hedging	(48)	(74)	(51)	(48)
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(¥100mn)



*March figures: Realized P/L for full year; September figures: Realized P/L for half year

*Figures are based on ALM accounting for market investments and differ from the figures published in financial statements.

Outstanding Balance of Securities

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- We aim to steadily expand investments in domestic bonds, alternative investments, and other areas in order to improve medium to long-term portfolio profitability while securing stable interest and dividends and income from flexible trading.

*Figures are based on ALM accounting for market investments and differ from the figures published in financial statements.

(Based on acquisition cost (¥100mn))	3/2023	9/2023	3/2024	9/2024	Investment policy
Domestic bonds	16,663	17,903	19,429	20,730	↗
Japanese government bonds	5,703	5,218	5,725	7,129	
Municipal bonds	3,417	4,199	3,822	3,738	
Public bonds, corporate bonds, etc.	6,783	7,745	9,023	9,054	
Beneficial interests in trusts	760	741	859	810	
Domestic stocks	985	1,013	983	980	→
Domestic investment trusts, etc.	2,791	2,952	3,185	3,444	→
Foreign bonds	2,842	3,412	4,006	3,922	→
Foreign stocks	12	17	20	13	→
Foreign investment trusts, etc.	351	438	471	441	↗
Total	23,645	25,735	28,095	29,493	—
Domestic bond duration (including swap hedging)	3.79 years	3.61 years	3.32 years	3.15 years	—

1H FY2024 initiatives

Planned initiatives for 2H FY2024

Bonds	<ul style="list-style-type: none"> ◇ Domestic bonds <ul style="list-style-type: none"> • Reinvested returns in long-term Japanese government bonds (JGBs), corporate bonds, etc. and expanded investments in asset swaps ◇ Foreign bonds <ul style="list-style-type: none"> • Invested in floating-rate bonds with attractive spreads such as CLOs and CMO floaters 	<ul style="list-style-type: none"> ◇ Domestic bonds <ul style="list-style-type: none"> • Take basic stance of reinvesting returns, monitor monetary policy trends, and expand purchases of JGBs, etc. when interest rates are rising • Expand investment in asset swaps when spreads are widening. ◇ Foreign bonds <ul style="list-style-type: none"> • Expand investment in floating-rate bonds with attractive spreads such as CLOs
Stocks	◇ Secured income by flexibly trading mainly domestic individual stocks and ETFs	◇ Secure income by flexibly trading mainly domestic individual stocks and ETFs
Investment trusts, etc.	<ul style="list-style-type: none"> ◇ Reduced risks by selling interest-related investment trusts ◇ Diversified investments into alternative areas (such as private equity) 	◇ Expand investment in alternative areas (such as private equity)

Credit Related Expenses

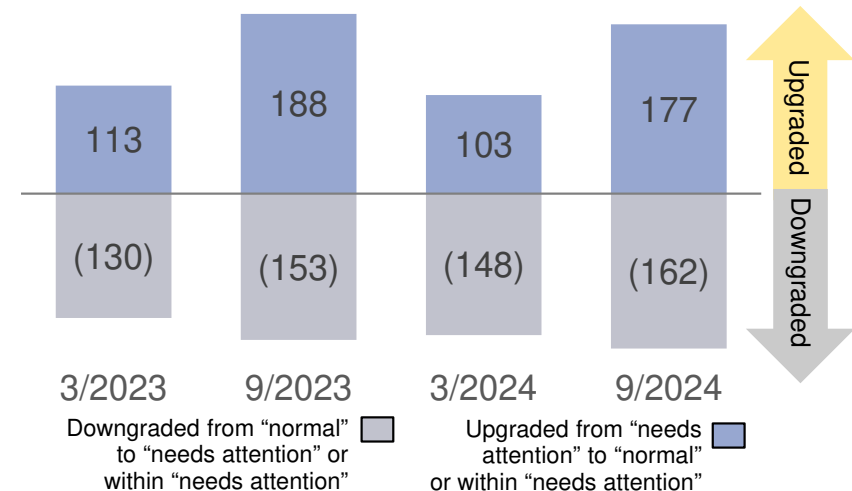
- The number of downgraded borrowers is increasing mainly due to reduced profitability from higher supply prices and labor expenses.
- However, there are also borrowers that have been upgraded due to recoveries in performance, and credit related expenses fell ¥200mn year-on-year.

◆ Credit related expenses

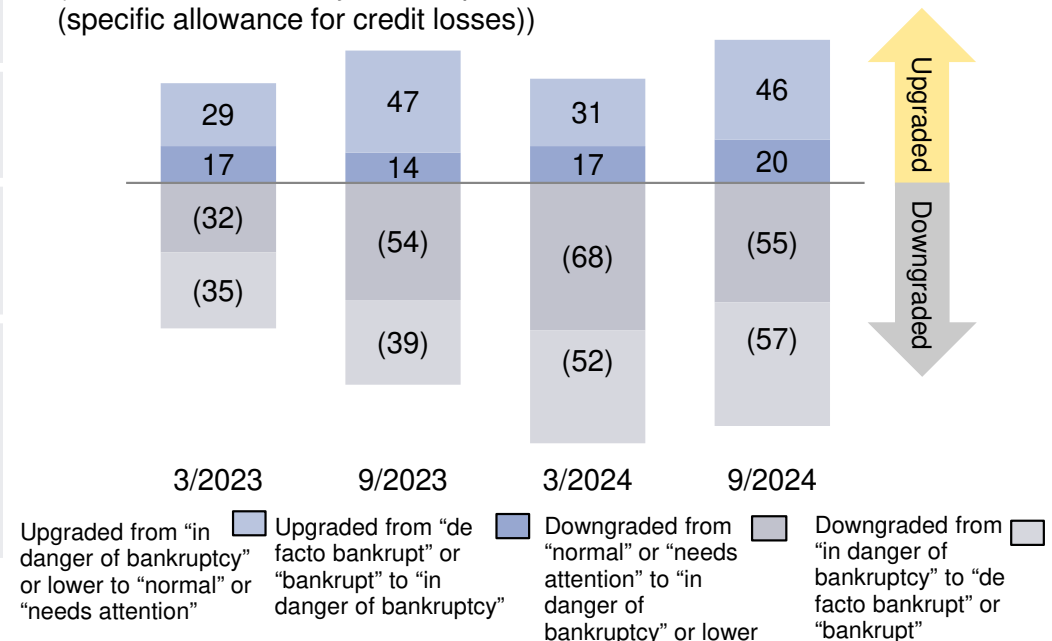
(¥100mn)	3/2023	9/2023	3/2024	9/2024	3/2025 (forecast)
Transfer to general allowance for credit losses	9	(1)	2	(2)	(6)
Disposal of non-performing loans	32	4	11	4	14
Total credit related expenses	41	3	13	1	7
Impact from large borrowers (with changes of ±¥1.0bn or more)	31	—	(12)	—	—

◆ Number of upgraded/downgraded borrowers

(No. of borrowers subject to general allowance for credit losses)



(No. of borrowers subject to disposal of NPLs (specific allowance for credit losses))

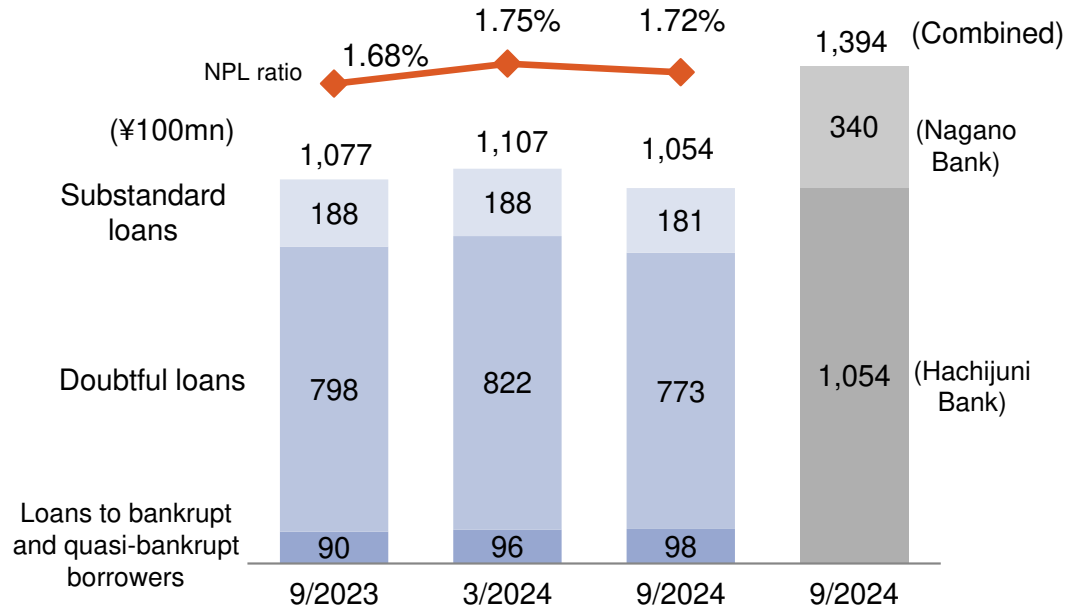


Non-performing Loans and Allowance for Credit Losses

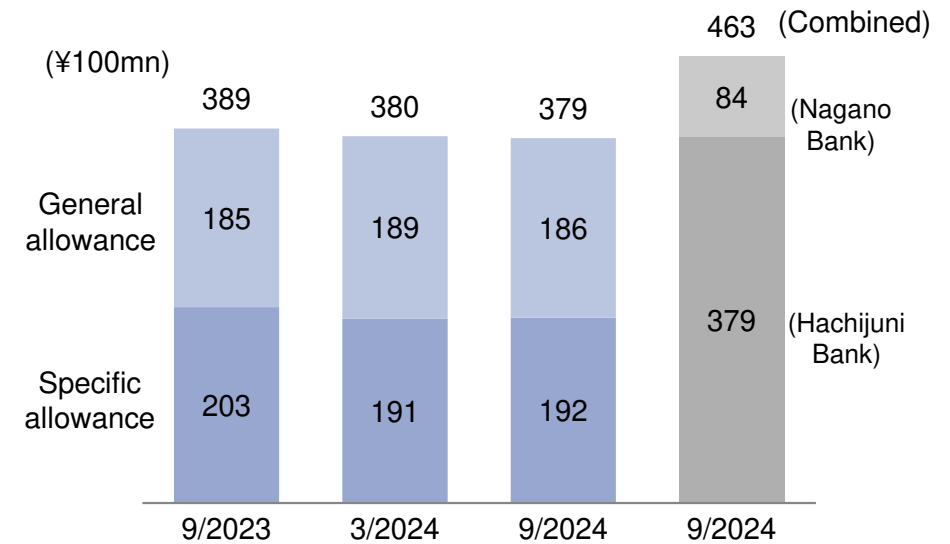
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◆ Non-performing loans

*Loans requiring disclosure under the Financial Revitalization Act



◆ Allowance for credit losses



(¥100mn)	3/2023	9/2023	3/2024	9/2024
Substandard loans	194	188	188	181
Doubtful loans	826	798	822	773
Loans to bankrupt and quasi-bankrupt borrowers	53	90	96	98
Total	1,074	1,077	1,107	1,054
Non-performing loan ratio	1.71%	1.68%	1.75%	1.72%

(¥100mn)	3/2023	9/2023	3/2024	9/2024
General allowance for credit losses	187	185	189	186
Normal	70	73	72	74
Other needing attention	61	55	54	60
Needing special attention	54	57	61	51
Specific allowance for credit losses	201	203	191	192
In danger of bankruptcy	185	160	165	156
Bankrupt and de facto bankrupt	15	43	25	36
Total	388	389	380	379

Capital Adequacy Status (Non-consolidated)

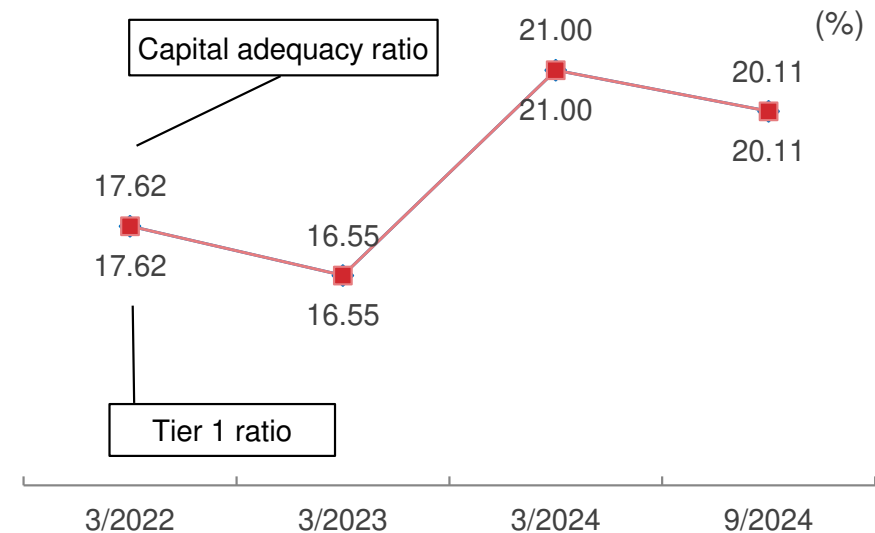
21

- Under Basel III standards, our capital adequacy ratio, tier 1 ratio, and common equity tier 1 ratio are all 20.11%.
- These three ratios are the same because we have not procured funds through means such as subordinated debt.

◆ Basel III standards

	3/2024	9/2024	Change
Capital adequacy ratio	21.00%	20.11%	(0.89%)
Tier 1 ratio	21.00%	20.11%	(0.89%)
Common equity tier 1 ratio	21.00%	20.11%	(0.89%)
Total capital (¥100mn)	9,220	8,827	(393)
Tier 1	9,220	8,827	(393)
Common equity tier 1	9,220	8,827	(393)
Tier 2	—	—	—
Risk assets (¥100mn)	43,892	43,892	(0)
Credit risk	42,175	41,948	(226)
Operational risk	1,717	1,943	226

◆ Capital adequacy ratio (non-consolidated)



Reference: Consolidated capital adequacy ratio

	3/2022	3/2023	3/2024	9/2024
Capital adequacy ratio	19.06%	18.36%	20.74%	20.28%
Tier 1 ratio	19.06%	18.36%	20.74%	20.28%

Summary of Group Company Financial Results

22

Group company name	Total investment ratio (The Hachijuni Bank and subsidiaries, etc.)	9/2023 (¥1mn)		9/2024 (¥1mn)		Notes
		Ordinary profit	Net profit	Ordinary profit	Net profit	
Hachijuni Securities	100.0%	171	127	(82)	(79)	Deficit due to suspension of structured bond sales and decreased stock and investment trust fees
Hachijuni Lease	100.0%	309	214	578	415	Increased profit through reduced credit related expenses, etc.
Hachijuni Card	100.0%	62	37	45	28	Increased amount of payments processed, but profit decreased due to decline in fee rates
Hachijuni Credit Guarantee	100.0%	962	634	1,045	687	Guarantee fee income decreased, but profit increased due to reduced credit related expenses, etc.
Hachijuni Capital	41.0%	78	62	159	124	Increased profit through increased gains on sales of shares and dividends received
Hachijuni Staff Service	100.0%	7	3	24	16	Increased profit through increased income of staff referral business
Yamabiko Services	99.0%	(31)	(41)	34	25	Increased profit through increased claims collected and reduced credit related expenses, etc.
Hachijuni Auto Lease	100.0%	450	296	516	344	Increased profit due to increased vehicle numbers
Hachijuni Asset Management	100.0%	58	39	56	37	Trust fees, etc. increased, but profit decreased due to increased labor expenses
Hachijuni Investment	100.0%	23	15	13	8	Sales remained steady, but profit decreased due to increased labor and other expenses
Hachijuni Link Nagano	100.0%	(10)	(11)	(3)	(3)	Deficit due to being recently established in Oct. 2022
The Nagano Bank	100.0%	(3,651)	(11,341)	886	786	Increased profit through increased gains on sale of securities, reduced credit related expenses, etc.
Nagagin Lease	88.1%	(51)	(84)	106	60	Increased profit through reduced credit related expenses
Nagano Card	95.0%	(20)	(63)	(18)	(24)	Reduced losses through reduced credit related expenses, etc.

FY2024 Forecasts

23

◆ Consolidated (¥100mn)	FY2023	FY2024 revised annual forecast	Year-on-year
Ordinary profit	352	565	213
Profit attributable to owners of parent	370	400	30
◆ Non-consolidated (¥100mn)	FY2023	FY2024 revised annual forecast	Year-on-year
Gross business profit (A)	875	1,035	160
Profit on interest	809	914	105
Profit on fees & commissions	103	117	14
Profit from other business transactions	(38)	4	42
Gains/losses related to bonds (B)	(62)	(19)	43
General & administrative expenses (C)	542	574	31
Actual net business profit (A-C)	333	460	127
Core net business profit (A-B-C)	395	480	85
Transfer to general allowance for credit losses (D)	2	(6)	(8)
Net business profit (A-C-D)	331	465	134
Special profit/losses	Gains/losses related to stocks (E)	77	(23)
	Gains/losses on money held in trust (F)	2	11
	Disposal of NPLs	14	3
Ordinary profit	362	530	168
Profit	271	380	109
Profit/losses related to securities (B+E+F)	28	59	31
Credit related expenses	13	7	(6)

Strengthening Shareholder Returns

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- On May 10, we decided to conduct a **stock buyback (up to ¥10.0bn, 9 million shares)** and are currently in the process of repurchasing shares.
- Our planned annual dividend amount for FY2024 is **¥34, our highest ever**.

	3/2023	3/2024	9/2024 (Reference)	3/2025 (Plan)
Annual dividend amount (A)	¥9.5bn	¥11.6bn	¥6.2bn (Interim dividend amount)	¥16.1bn
Annual dividends per share	¥20.0	¥24.0	—	¥34.0
Interim dividends per share	¥10.0	¥10.0	¥13.0	¥13.0
Amount of shares repurchased (B)	¥10.0bn	¥10.0bn	¥5.3bn	¥10.0bn
Shareholder returns (C = A + B)	¥19.5bn	¥21.6bn	¥11.5bn	¥26.1bn
Consolidated profit (D)	¥24.1bn	¥37.0bn	¥19.5bn (Interim profit)	¥40.0bn
Consolidated dividend payout ratio (A / D)	40.0%	31.4% (40.9%)*	31.7%	40.2%
Consolidated shareholder return ratio (C / D)	80.9%	58.4% (76.3%)*	58.9%	65.2%

* Figures in parentheses exclude the effects of the business merger

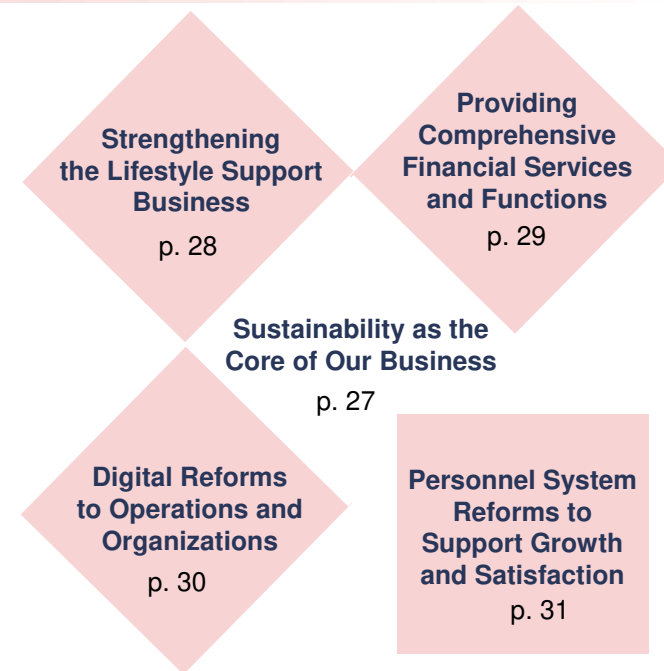
Status of Medium-Term Management Vision 2021 Initiatives

Status of Medium-Term Management Vision 2021 Initiatives

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Medium-Term Management Vision 2021

**Supporting our customers and regions
through the combination of financial services,
non-financial services, and relationships**



Medium-term management targets	Previous	Revised
Annual dividend target	Annual dividends of ¥20 or more per share each year from FY2023 to FY2025	No change
Revised: Greenhouse gas emissions (scope 1 and 2)	The Hachijuni Bank, non-consolidated (1) FY2023: Net zero (2) FY2030: 60% reduction compared to FY2013	The Hachijuni Bank Group: (1) FY2025: Net zero (2) FY2030: 80% reduction compared to FY2019
New: Improving calculation of greenhouse gas emissions by borrowers (scope 3, category 15)	—	FY2025: Identify emissions by 450 borrowers *450 borrowers is equivalent to 40% of our scope 3, category 15 emissions (as of March 31, 2024)
New: Renewable energy generation	—	FY2024 to FY2030: • Provide ¥90.0bn total in sustainable finance for commercial renewable energy generation facilities • Provide 10,000 total loans for purchasing or improving homes that have solar panels and meet ZEH standards

Status of Medium-Term Management Vision 2021 Initiatives

27

Sustainability as the Core of Our Business

Off-site PPA using dedicated solar power plants

- We will use renewable energy produced by solar power plants to be established for our exclusive use at three locations in Nagano Prefecture to further promote decarbonization.

Establishment of solar plant by Hachijuni Link Nagano

- Hachijuni Link Nagano will establish a solar power plant on land owned by The Hachijuni Bank in Omi Village, Nagano Prefecture and provide renewable energy to the bank group through an off-site PPA. (Planned start: Sep. 2025)

“Cooperation Agreement for Medical Practice Successions” signed with the Nagano Medical Association

- The Hachijuni Bank and the Nagano Medical Association will work together to contribute to the creation of a sustainable regional medical system by promoting smooth business successions for clinics, etc. and avoiding closures due to the absence of successors.
- Main areas of cooperation
 - (1) Sharing information on needs relating to succeeding and opening medical practices
 - (2) Advisory services relating to medical practice successions
 - (3) Providing various functions for operating medical practices



“Agreement on Achieving Zero Carbon in 2050” signed with Nagano Prefecture

- By achieving zero carbon in 2050, we will contribute to achieving societal reforms, economic development, and a sustainable decarbonized society in Nagano Prefecture.
- Main areas of cooperation
 - (1) Promoting use of renewable energy
 - (2) Promoting spread of sustainable finance

*Moving forward, Hachijuni and Nagano Prefecture will examine systems to support the expansion of renewable energy for homes and businesses, etc.

Hachijuni private placement bonds supporting regional revitalization and SDGs (via decarbonization)

- Offered from July 2024. Part of the underwriting fees we collect are donated to Nagano Prefecture.
- Donations are used for various initiatives by the prefecture to achieve a decarbonized society.
- First donation to the prefecture made in in Nov. 2024.



Status of Medium-Term Management Vision 2021 Initiatives

28

Strengthening the Lifestyle Support Business

Enhancing remote transaction services

• Online applications for preapproval for home loans (started Jan. 2024)

*Applications received by Hachijuni Credit Guarantee

	1/2024	2/2024	3/2024	4/2024	5/2024	6/2024	7/2024	8/2024	9/2024
Number of applications	300	767	766	799	820	777	774	674	731
Percentage made online	28.3%	30.4%	38.0%	43.3%	42.7%	46.3%	50.6%	56.4%	57.3%

Enhancing consulting services for individual customers

In order to satisfy a wide range of needs based on the financial life plan of each customer, we offer specialized plazas for inheritance and insurance and provide trust products and services for individual customers.

Specialized plazas		Trust products and services for individual customers		Total (income shown in millions of yen)					
				No.	Income	1H FY2024			
				No.	Income	No.	Income		
Hachijuni Insurance Plaza (est. Aug. 2022)	Aug. 2022 to Sep. 2024: Received 2,021 requests for consultation (1,027 of which resulted in the purchase of products/services)	Individual trust services (started Oct. 2021)	Inheritance trusts	132	12	18	1		
			Old age trusts	85	13	15	2		
Testamentary trusts	203		183	60	56				
Estate planning services	47		87	14	26				
Hachijuni Inheritance Consultation Plaza (est. Dec. 2022)		Dec. 2022 to Sep. 2024: 64 seminars held; 279 individual consultations provided		Real estate interests*		617	381	167	94

End of life planning support services

*Benefit interest products offered from Oct. 2018, voluntary partnership products from Apr. 2022

In April 2024, we began offering end of life planning support services for elderly customers, including services for monitoring their safety, acting as a personal guarantor, and handling administrative procedures after death. We are expanding our products and services and enhancing our consultation capabilities to address needs such as for monetary trusts to manage money when a customer's cognitive functions have declined and asset successions for elderly customers living alone.

Apr. to Sep. 2024: 61 service applications

Status of Medium-Term Management Vision 2021 Initiatives

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Providing Comprehensive Financial Services and Functions

Advertising business commenced

- In October 2024, we began displaying customer advertisements on the digital signage in our branches and through our other media. We will use the assets, channels, and information we possess to enhance income while supporting the marketing and sales efforts of our customers and bringing vitality to the region.

Supporting efforts to resolve customer issues through specialized products

Product name	Features	Financing provided (¥100mn)			
		3/2023	9/2023	3/2024	9/2024
Sustainability Link Loans (Started July 2021)	Loan conditions such as interest rates vary based on the achievement status of ambitious sustainability targets that conform to international principles.	62	(37)	127	90
Positive Impact Finance (Started Feb. 2022)	We and the Nagano Economic Research Institute analyze customer impacts on the environment, society, and the economy and financially support the increase or reduction of identified impacts.	133	(1)	83	114

Initiatives by new company

- In order to meet increasingly sophisticated and diverse customer needs, we have established a new company and expanded our operations to broaden the consulting services we provide.




Name	Summary of initiatives	Results
Hachijuni Link Nagano	<u>Regional trade business</u> <ul style="list-style-type: none"> • Promoting sales to new buyers, countries, and regions by participating in overseas exhibitions (Export Expo, Taipei International Wine & Spirits Festival) • Maintaining and expanding exports of sake, fruit, etc. by promoting sales to existing buyers 	<u>Regional trade business</u> <ul style="list-style-type: none"> • 19 overseas buyers (total) • 62 transactions with businesses leading to exports (total) • Participated in two overseas exhibitions (1H 2024)
	<u>Electric power business</u> <ul style="list-style-type: none"> • Supplying green power through on-site PPAs • Developing off-site PPA power source for Hachijuni Bank • Began referrals for non-fossil certificates 	<u>Electric power business</u> <ul style="list-style-type: none"> • Selected as PPA operator for Minowa Town program (total: 532kW, 3 projects) • Second on-site PPA project began supplying power in Aug. 2024 • Began construction of solar power plant for Hachijuni Bank (planned start: Sep. 2025) • Began non-fossil certificate referrals. Aug. 2024: Bid for/provided 1,717 MWh in certificates • 33 consultations (176 total), 0.3MW power plant capacity (1.4MW total)

Status of Medium-Term Management Vision 2021 Initiatives

30

Digital Reforms to Operations and Organizations

Initiatives combining predictive AI, data warehouses (DWH), and generative AI

Tools	Details	Results
 	Developing our own AI using our accumulated data to support existing operations	<ul style="list-style-type: none"> • Kanta-kun card loan balance: ¥20.3bn (+¥1.9bn YoY) • Online business loan balance: ¥700mn (+¥500mn YoY) <small>*As of Sep. 30, 2024</small>
	Implementing ChatGPT in secure internal systems to create an environment where all employees can utilize AI	Over 50% of employees have utilized AI, resulting in greater efficiency in day-to-day operations

Tsubasa and Judan-kai Joint Research Society

- In March 2024, we launched a research society between the Tsubasa Alliance and the Judan-kai, which use similar systems, in order for both groups to share knowledge and expertise, work to achieve efficient system operations and business processes, enhance services offered to customers, and contribute to the sustainable growth of regional economies.

Taskforce	Research topic examples
Systems	Joint research on next-generation systems and subsystems
Operational efficiency	Joint research on measures to reduce labor at branches (such as sharing back offices)
Cybersecurity	Sharing expertise on cyber risk management

Adopting new joint platform for regional banks

- We and the other member banks of the Judan-kai will adopt a new joint platform for regional banks announced by IBM Japan, Ltd. under a strategic partnership with MUFG Bank, Ltd. and Internet Initiative Japan Inc., through which we will maintain stable system operations and work to increase the sustainability of system infrastructure over the long term.
- Moving forward, we will create a system structure with even higher economic benefit and excellent investment efficiency and shift focus to investment in strategic areas to enhance services offered to customers and contribute to the sustainable growth of regional economies.

Status of Medium-Term Management Vision 2021 Initiatives

31

Personnel System Reforms to Support Growth and Satisfaction

Management personnel development support and program for developing next generation of female leaders

- We provide systematic support to develop future senior management candidates. In FY2024, we increased participation in outside training to accelerate the development of management personnel who can help resolve regional society issues, and a total of 133 employees are planned to participate in a variety of training.
- Additionally, we launched a program for developing the next generation of female leaders in order to develop female senior management candidates. A total of 22 employees who are in management positions or are planned to take on management positions next year participated in outside training and received mentoring from executive directors and department and branch managers.



Creating a comfortable working environment for all employees

- In order to create a comfortable working environment, we encourage employees to use their paid leave and have developed systems to support employees in balancing work with various responsibilities such as childcare, family care, and infertility treatment.
- In recognition of these initiatives, on June 21, 2024, the Minister of Health, Labour and Welfare awarded our bank Platinum Kurumin Plus certification as a corporation that provides a high level of support for working parents and supports employees in balancing work and infertility treatment.

Platinum Kurumin Plus certification



Corporations with Platinum Kurumin Plus certification

Nationwide	63
Nagano Pref.	2

(As of Sep. 30, 2024)

Support for independent career development

- We offer subsidies and incentives to employees who obtain government-recognized certifications and other certifications to encourage employees to develop specialist knowledge and skills.

Certification holders (total as of Sep. 30, 2024)	Small and medium business consultants	Grade 1 financial planners / Certified financial planners	Grade 2 financial planners / Affiliated financial planners	Securities analysts	Real estate notaries	IT coordinators	Total
The Hachijuni Bank	60	146	1,380	52	314	66	2,018
New holders in FY2024	1	4	46	2	0	3	56
The Nagano Bank	17	4	421	1	22	4	469
New holders in FY2024	0	0	15	0	0	1	16

Business Merger

Business Merger

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Initiatives following business merger

- In June 2023, we launched the Co-Creation Project through which The Hachijuni Bank and The Nagano Bank provide their consulting capabilities to each other to support our customers. We are further strengthening support for customers by combining the strengths of both banks.

◆ Business Co-Creation Team

June 2023 to Sep. 30, 2024 results: Formed 418 projects for solutions financing, etc.

Area	Details	3/2024	9/2024	Total
Solutions financing	Projects	17	17	34
	Sales*	12	9	21
Foreign exchange / derivatives	Projects	43	51	94
	Sales	23	24	47
Branch support	Projects	34	45	79
	Sales	2	6	8
Business successions, M&A	Projects	7	27	34
	Sales	1	6	7
Using external or group companies	Projects	31	70	101
	Sales	1	0	1
International / corporate life insurance	Projects	39	37	76
	Sales	3	9	12
Total	Projects	171	247	418
	Sales	42	54	96

◆ Financing Co-Creation Team

June 2023 to Sep. 30, 2024 results: Provided support for formulating management reform plans, developed environments for financing, and provided monitoring support to customers who received joint support from both banks

Area	3/2024	9/2024	Total
Management reform plan support	8	11	19
Projects conducted through monitoring	7	9	16
Referrals to external specialists	4	6	10
Management personnel referrals	1	0	1
Business restructuring support	1	0	1
Implementing subordinate loans	0	0	0
Using revitalization funds	1	0	1
Supporting (re)vitalization of entire region	0	1	1
Total	22	27	49

From April 2024, this team has worked to expand business so that more customers can experience the benefits of the merger, and it is formulating business plans and using external organizations and specialists. It has provided support to 231 customers (202 Hachijuni Bank customers, 29 Nagano Bank customers).

* "Sales" indicates the number of projects that resulted in selling products or services to customers.

Business Merger

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Initiatives following business merger

- Both banks are undertaking a variety of both top-down and bottom-up initiatives to fuse our organizational cultures and achieve harmony among our employees as the foundation for integration.

◆ Post-integration bank strategy project team

In July 2024, we established a team led by each bank's corporate planning officer, through which employees from both banks are working together across organizational boundaries to consider the management plan of the post-integration bank.

◆ Active integration of employees

Joint welcome ceremony: In October 2024, we held a joint welcome ceremony for college students planning to join our banks in April 2025. This year, both banks conducted hiring activities together, and we plan to hire 128 new employees.

Increased employee loaning between banks: We are increasing the number employees who are loaned between banks or who have dual assignment to both banks so that customers can further enjoy the benefits of the business merger and integration before the integration is completed and so that we are firmly prepared for January 2026 ahead of schedule.



Project team and support members at work retreat



Joint welcome ceremony for planned hires

	3/2024	9/2024		3/2024	9/2024	*As of Oct. 31, 2024: 156 with dual assignment, 52 on full loan
Employees with dual assignment	9	63	Employees on full loan	12	21	

- We are engaged in a variety of initiatives to smoothly progress with the business merger.

◆ Integration of bank counters and transactions (expanded nation-wide)

We are integrating customer bank counters and transactions to alleviate overlapping sales staff duties and ensure time to handle transition procedures before the integration. This will reduce system transition risks, distribute the burden of administrative procedures, and enable us to assign sales staff to consulting duties or growth areas, thereby increasing the efficiency and sales expertise of the entire group.

◆ Bank agency services

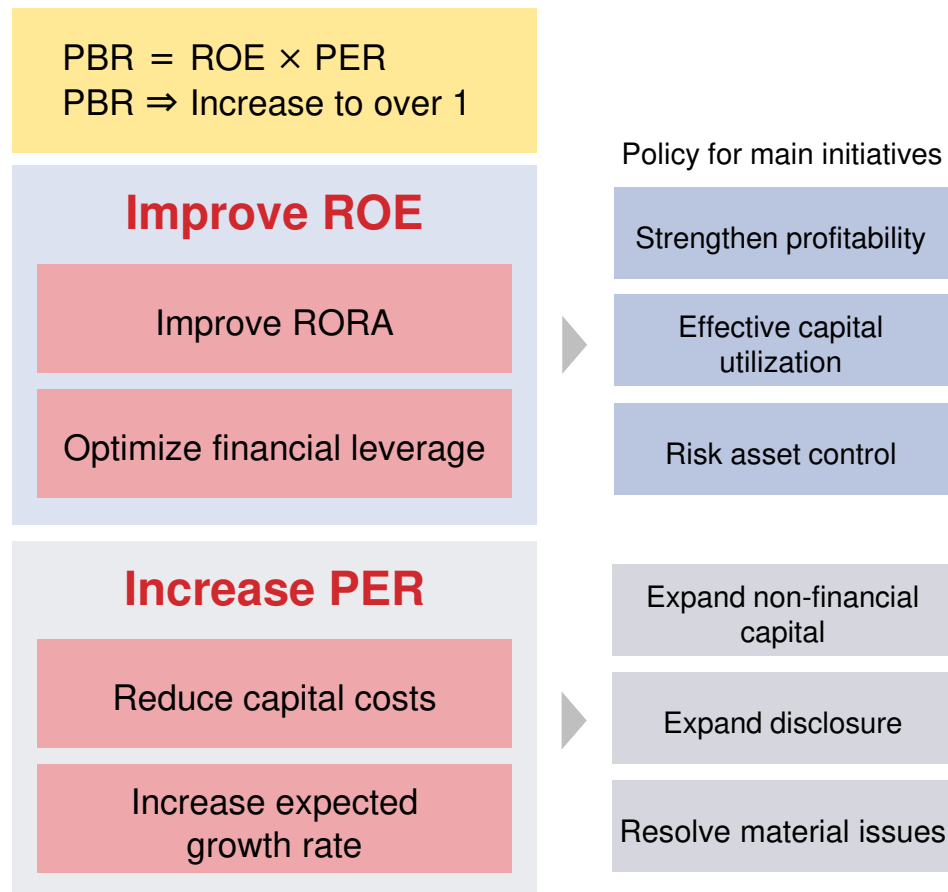
In September 2024, we began bank agency services in order to ensure the smooth handling of various procedures for customers due to the integration. The bank agency services that the banks conduct involve providing agency services for contracts regarding deposits, loans, foreign exchange, and other transactions. Specifically, The Hachijuni Bank provides agency services for contracts with The Nagano Bank, and The Nagano Bank provides agency services for contracts with The Hachijuni Bank.

Efforts to Increase PBR and Improve ROE

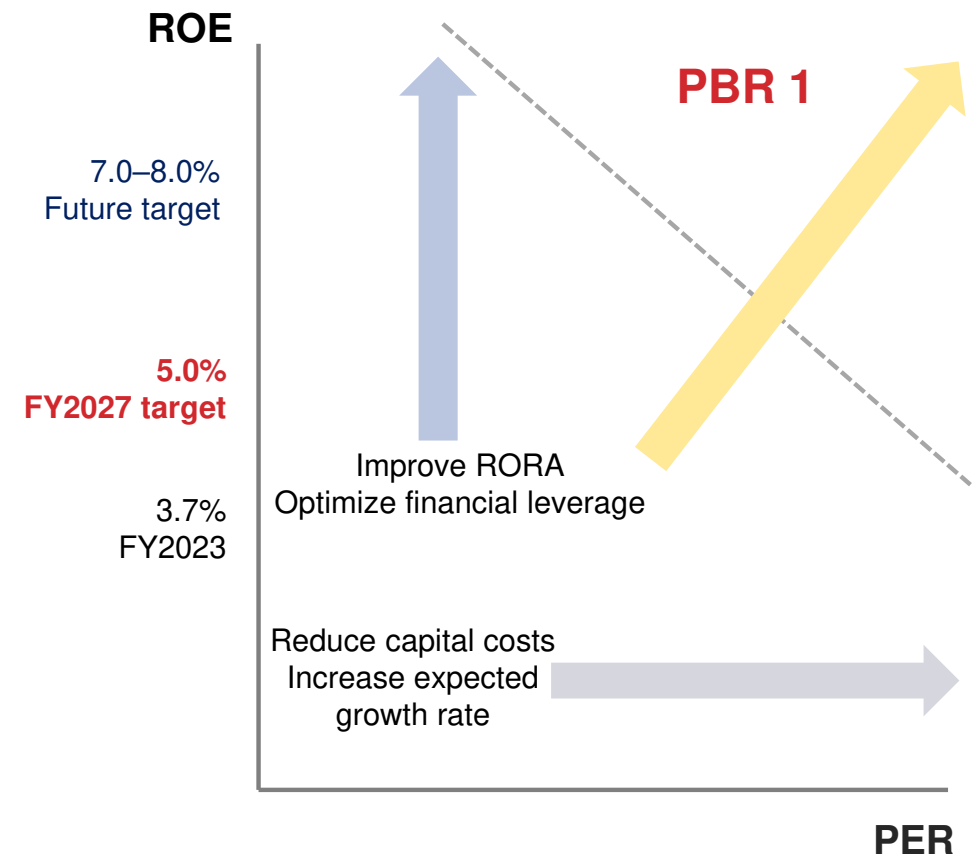
Efforts to Increase PBR

- We are working to improve ROE to increase PBR to over 1 while maintaining a balance between soundness, profitability, and shareholder returns.
- We are also taking initiatives to expand non-financial information disclosure to increase corporate value.

◆ Policy for efforts to increase PBR



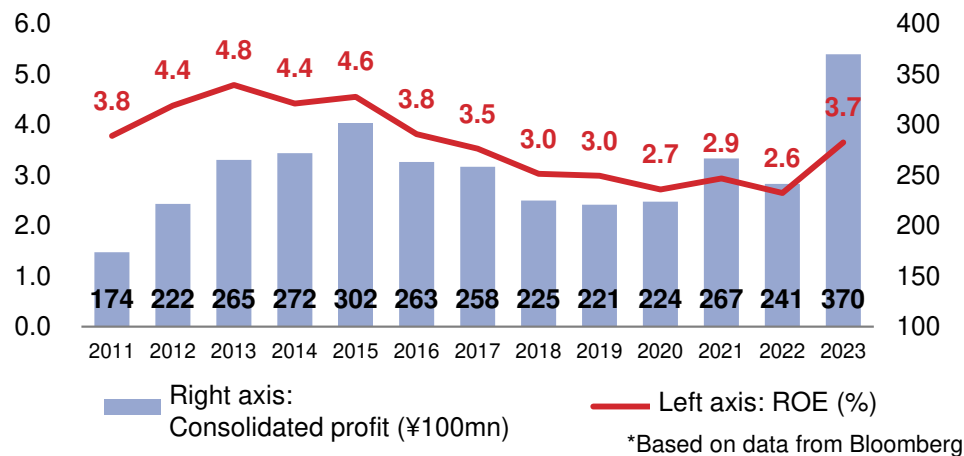
◆ Relationship between capital efficiency and expected growth



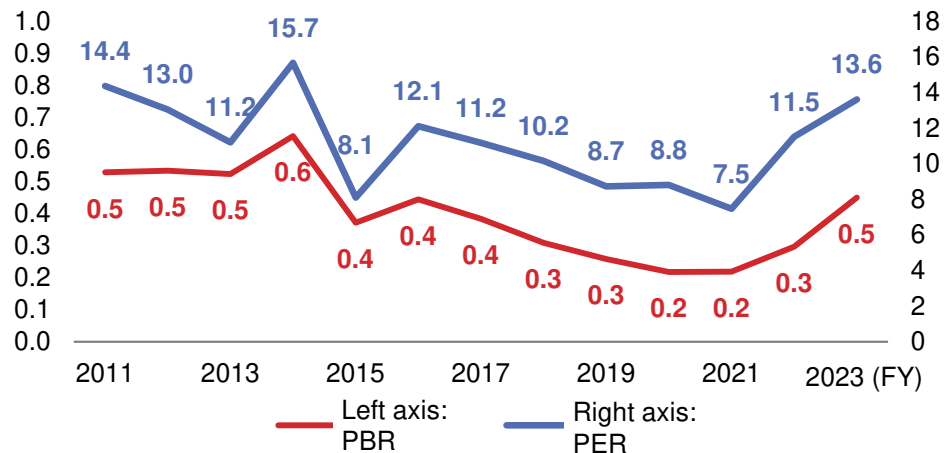
Efforts to Increase PBR

- We recognize that low ROE is the issue causing our low PBR.
- We aim to achieve ROE of 5% or more by FY2027 and an even higher level (7–8%) exceeding capital costs in the future.

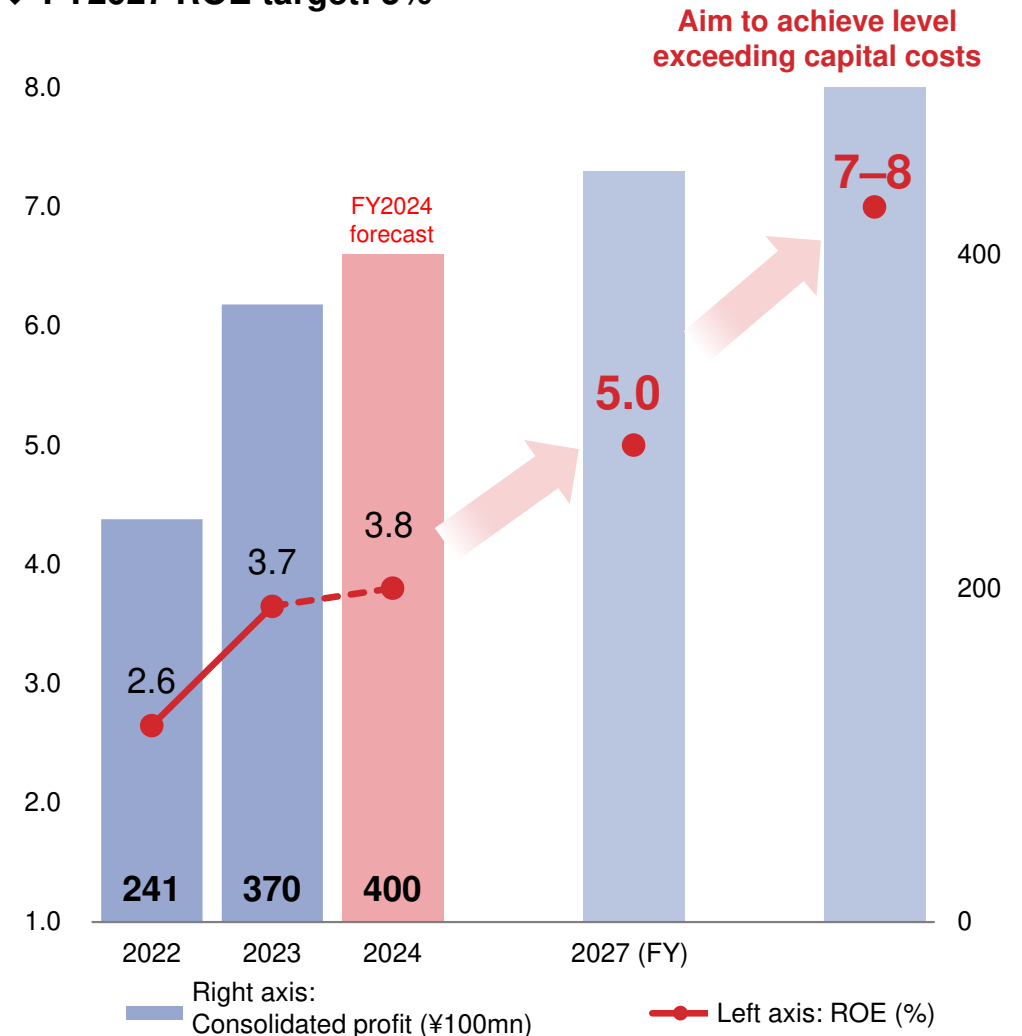
◆ ROE: Consolidated profit performance



◆ PBR and PER performance

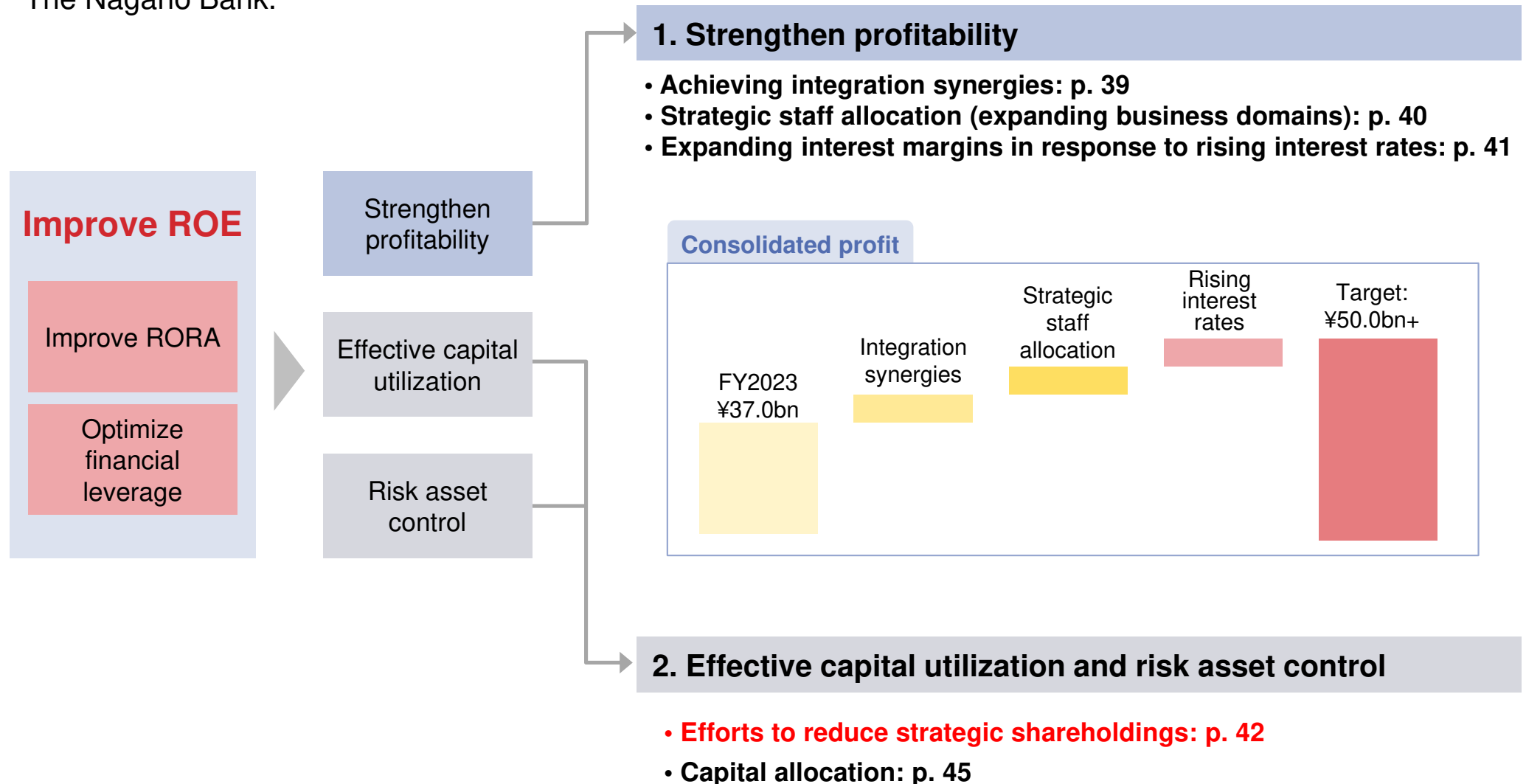


◆ FY2027 ROE target: 5%



Efforts to Improve ROE

- We will focus efforts on improving ROE particularly by strengthening profitability.
- We are considering measures to improve profits while looking ahead beyond our integration with The Nagano Bank.



Efforts to Improve ROE

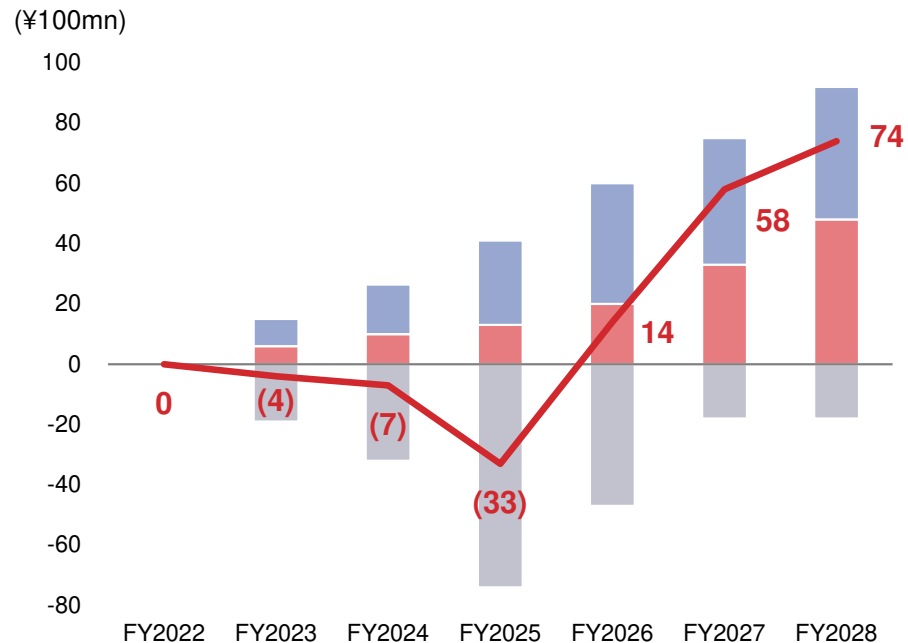
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Strengthening profitability: Achieving integration synergies

Implementation plan (formulated May 2023)

◆ Anticipated overall synergies

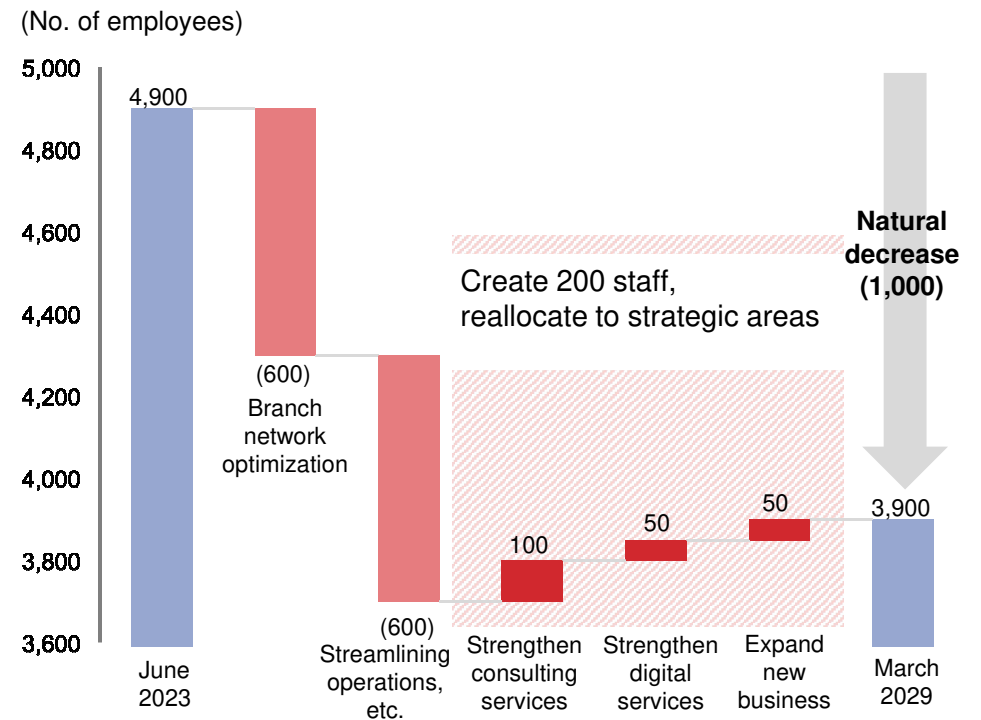
- Topline synergies
Enhance sales expertise by sharing knowledge and strengthening growth business and new business through the creation of human resources
- Cost synergies
Increase efficiency through system integration and branch consolidations, and optimize staff allocation



■ Topline synergies
■ Costs (positive synergies)
■ Costs (negative synergies)
— Overall synergies

◆ Producing and reallocating human resources

- Respond to large, natural decrease in personnel and reallocate 200 staff to strategic areas such as consulting and digital services by consolidating branches and streamlining operations



*The main cause for the expected decline in personnel is a natural decrease due to the number of new hires being lower than the number of employees leaving due to reasons such as reaching the mandatory retirement age, and is not due to any intentional termination of employees.

Efforts to Improve ROE

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Strengthening profitability: Strategic staff allocation (expanding business domains)

- About 200 staff will be created due to optimizing our branch network, streamlining operations, and other measures related to the integration.
- The areas in which those staff will work (areas to be strengthened) and the main efforts we are considering to generate income are shown below.

Areas to be strengthened

Main efforts

Enhance income through
creation of 200 staff

In-person sales

- For corporate customers
 - Strengthen sales efforts for consulting services for projects such as business successions, M&A, overseas expansion support, and corporate revitalization
 - Enhance services for structured finance such as LBOs and MBOs
- For individual customers
 - Enhance total consulting capabilities for services including asset management, insurance, inheritance, and trusts
 - Strengthening and reinforcing transactions for the lifestyle support business for elderly customers

Remote sales

- For corporate customers: Mikatano service series, AI analysis of base transaction data
 - Increase online lending balance
 - Reinforce transactions through use of digital channels by head office remote sales department
- For individual customers: Wallet+ app, AI analysis of base transaction data
 - Improve convenience and increase balance of unsecured loans and home loans through online loan procedures
 - Reinforce transactions with customers seeking to build assets through use of digital channels by head office remote sales department

Market investments

- Build portfolio with medium to long-term view using Hachijuni Asset Management and unrealized gains
- Strengthen diversified investments including alternative investments and reinforce stability and flexibility through derivatives
- Step up efforts for non-Japanese loans by Singapore Branch and structured finance

Sustainability

- Strengthen customer decarbonization support and sustainable finance
- Reinforce investments mainly for regional companies through sustainability fund
- Strengthen group functions in new areas such as regional trade and electric power

Efforts to Improve ROE

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Strengthening profitability: Expanding interest margins in response to rising interest rates

Sep. 30, 2024

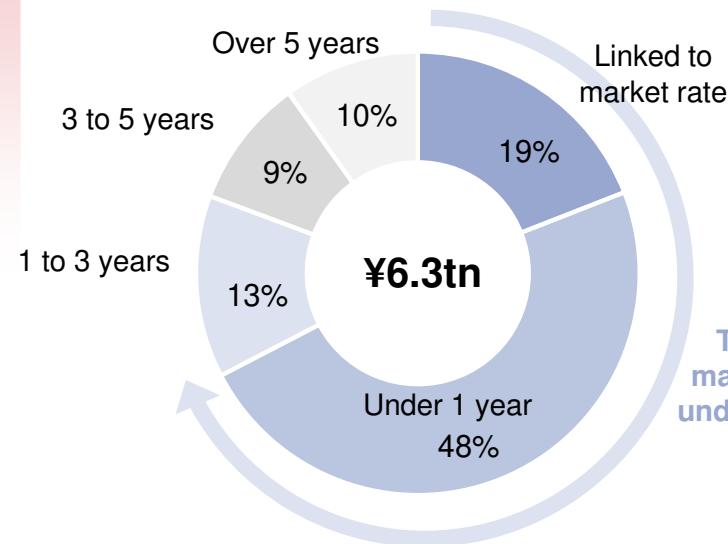
67% loan-to-deposit ratio

(Yen denominated)
The Hachijuni Bank and
The Nagano Bank combined

**Loans
¥6.3tn**

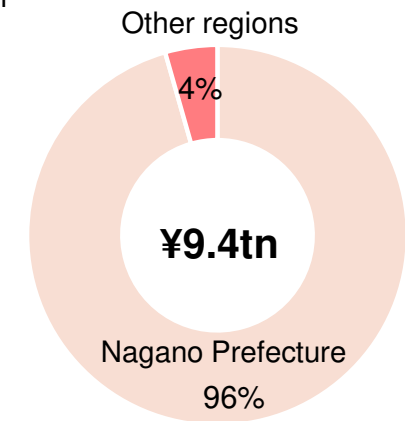
**Deposits
¥9.4tn**

◆ Loans by remaining interest period

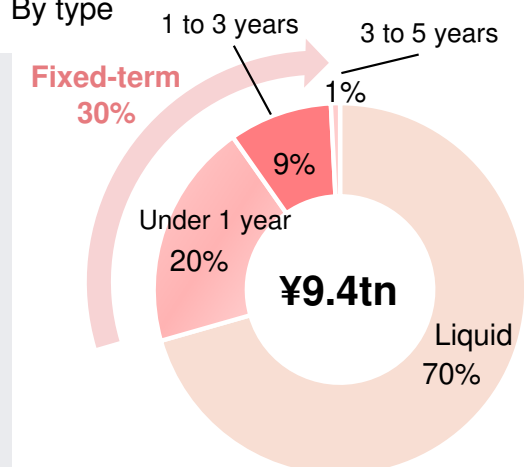


◆ Deposits

By region



By type



• Loans

Short term: 67% of yen-denominated loans are relatively sensitive to interest rates.

→ A 0.25% increase in policy interest rate (and equivalent change in base rate) would result in about ¥10.5bn per year in income.

Medium to long term: A total of 80% of yen-denominated loans will be due for interest rate revision within three years.

→ Improved yields are expected upon rate revision due to an increased base rate.

• Deposits

Deposits are granularly diversified across a large number of customers mainly in Nagano Prefecture.

Liquid deposits, which are sensitive to interest rates, account for 70% of yen-denominated deposits.

→ An increase in financing costs due to an increase in deposit interest rates will be absorbed by interest received from loans.

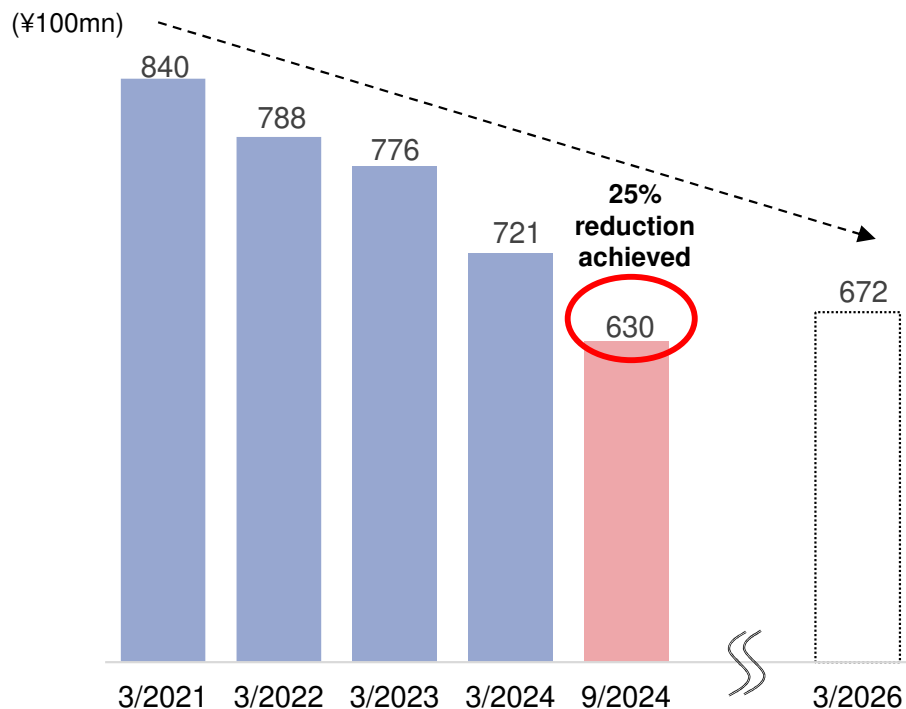
Efforts to Improve ROE: Targets for Strategic Shareholding Reductions

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- Based on our Strategic Shareholding Policy established in accordance with the Corporate Governance Code, we have set numerical targets and are working to reduce our strategic shareholdings.

◆ Strategic shareholding reduction plan and results

Reduction target:
20% reduction compared to March 31, 2021 by March 2026

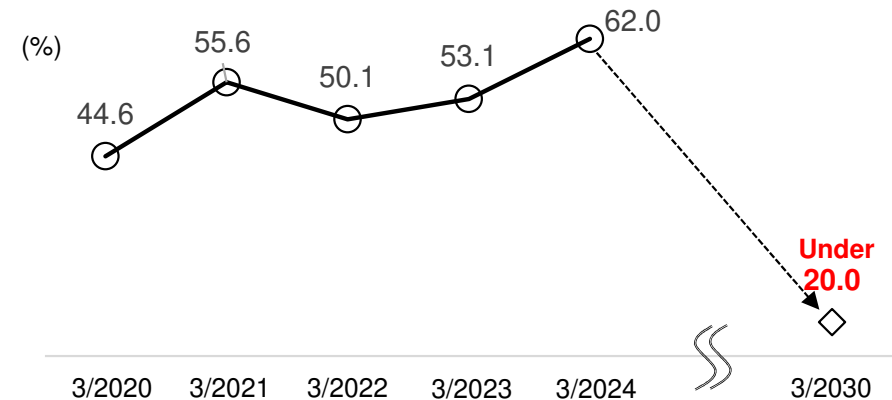


*Based on book value of listed shares; excluding deemed holdings

◆ New target

Under 20% of net assets by March 2030

Based on market price of listed and unlisted shares;
including deemed holdings



◆ Reduction methods and approaches

Strategic Shareholding Policy and Reduction Methods: p. 43

Investment Guidelines Following Change of Purpose: p. 44

Topics

We achieved our reduction target a year and a half ahead of schedule.

We will work to achieve our new target of **reducing strategic shareholdings to under 20% of net assets by March 2030.**

Efforts to Improve ROE: Strategic Shareholding Policy and Reduction Methods

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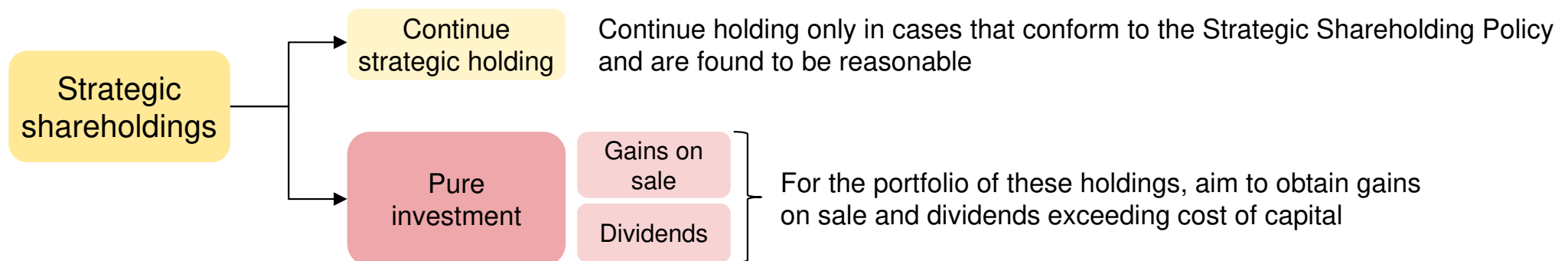
- We will continue reducing strategic holdings based on our Strategic Shareholding Policy.
- In cases where we can reach an agreement with the issuer, we will change the purpose of holdings to pure investment and aim to achieve returns exceeding cost of capital for our portfolio of those holdings.

■ Strategic Shareholding Policy

- Our basic policy is to continue the reduction of our strategic shareholdings following sufficient dialogue with the issuers of those shares. However, we will continue strategic shareholdings in limited cases where our strategic investments will contribute to the growth of regional economies by strengthening relationships to help resolve the management issues and increase the corporate value of the issuers of those shares, or cases where the holdings are found to be reasonable from the perspective of management strategy, such as in cases of business alliances.
- In regard to all shares that we hold as of the reference date, we have verified that our holding of each issuer's shares is reasonable from the perspective of whether the benefits received from the issuer and the risks related thereto are balanced against indices that take into account cost of capital and other factors.
- The board of directors will verify the reasonableness of holding each issuer's shares each year and disclose the details of that verification through an appropriate method.

■ Approach to reductions

- When reducing strategic shareholdings, in cases where we are able to reach an agreement with the issuer that each party is free to sell the other party's shares it holds at its sole discretion, we will change the purpose of those holdings to pure investment and change the department responsible for managing those holdings to the department responsible solely for investment.
- After changing the purpose of holdings to pure investment, we will aim to **obtain returns (gains on sale and dividends) exceeding cost of capital** for our portfolio of those holdings.



Efforts to Improve ROE: Investment Guidelines Following Change of Purpose

- For strategic shareholdings whose purpose has been changed to pure investment, we will conduct disciplined investment in accordance with our guidelines.
- Notes on holding and trading

Trading discretion	<p>We will be able to trade shares freely, and trades or the timing thereof will not be restricted by the will of the issuer.</p> <p>We will not change the purpose of holdings to pure investment unless we have reached an agreement with the issuer regarding our ability to sell the shares at our discretion.</p>
Independence of investment department	<p>When making investment decisions, the independence of the investment department will be ensured, and we will develop an organizational structure necessary for making appropriate investment decisions.</p>
Investment discipline and reports to management	<p>We will establish plans and policies that include profit targets and report them to management. We will also regularly evaluate the status of our efforts and the results thereof and report them to management.</p>
Appropriate exercise of voting rights	<p>We will exercise voting rights appropriately to contribute to increasing the corporate value of the issuer from the perspective of pure investment.</p>

Efforts to Improve ROE

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Effective capital utilization and risk asset control

- ◆ Capital allocation
- We will maintain a consolidated CET1 ratio of about 15% through shareholder returns and appropriate increases in risk assets.
- **By systematically achieving gains on sales of shares, we will gradually limit the risk of share price changes in regard to CET1 and aim to achieve more stable deployment of capital.**

