



Promoting Regional Revitalization and SDGs-related Finance  
~Generating an Autonomous Virtuous Circle by Financial Framework~

# Hachijuni Bank's Efforts Towards Regional Revitalization

Report as of January 2020



## Company Profile (as of Sept 30, 2019)

<b>Company Name</b>	The Hachijuni Bank, LTD.
<b>Head Office</b>	Nagano City, Nagano Prefecture
<b>Date of Establishment</b>	August 1st, 1931
<b>Management Philosophy</b>	"Stick firmly to the sound banking principles, thereby contributing to the development of the regional community"



THE HACHIJUNI BANK, LTD.

Head Office

<b>Network</b>	Domestic : 151 (in Nagano:131, outside Nagano:20) Overseas : Branch 1 (Hong Kong) Representative Offices 4 (Dalian, Shanghai, Bangkok, Singapore)			<b>Total assets</b>	¥10,672.6bn	
	<b>No. of employees</b>	3,217	<b>Capital stock</b>	¥52.2bn	<b>Net assets</b>	¥736.6bn
<b>Consolidated subsidiaries</b>		Hachijuni Staff Service Co., Ltd.	Hachijuni Securities Co., Ltd.	Hachijuni Credit Guarantee Co., Ltd.	<b>Deposits</b>	¥6,738.6
	Yamabiko Services Co., Ltd.	Hachijuni Lease Co., Ltd.	Hachijuni Card Co., Ltd.	<b>Loans</b>	¥5,372.5	
	Hachijuni System Development Co., Ltd.	Hachijuni Capital Co., Ltd.	Hachijuni Auto Lease Co., Ltd.	<b>Total capital ratio (Basel III)</b>	Consolidated: 20.71% Non-consolidated: 19.85%	
				<b>Ratings</b>	S&P Global Ratings : A R&I : A+ JCR : AA	

# Environmental Management (Environmental Conservation Activities)

## Overview of Environmental Management and Activities

<b>1991</b>	Established "used paper recycling system" (the first case in the Japanese banking sector)
<b>1992</b>	Started the use of recycled paper for "CD/ATM journal" (the first case in the Japanese financial industry)
<b>1999</b>	Received ISO14001 certification (Head Office) (the first case in the Japanese regional banks)
<b>2005</b>	Disclosed "Environmental Accounting" (FY2004) (the first case in the Japanese banking sector)
<b>2006</b>	Introduced "Solar power generation system" into Koumi Branch (the first case in the banking sector in Nagano Prefecture)
<b>2009</b>	Started "Hachijuni-no-Mori Activities (The Forests of 82) "
<b>2014</b>	Started biodiversity volunteer "extermination of bur cucumber"
<b>2017</b>	Started the reuse of used uniform "Chemical Recycle" (the first case in the Japanese financial industry)

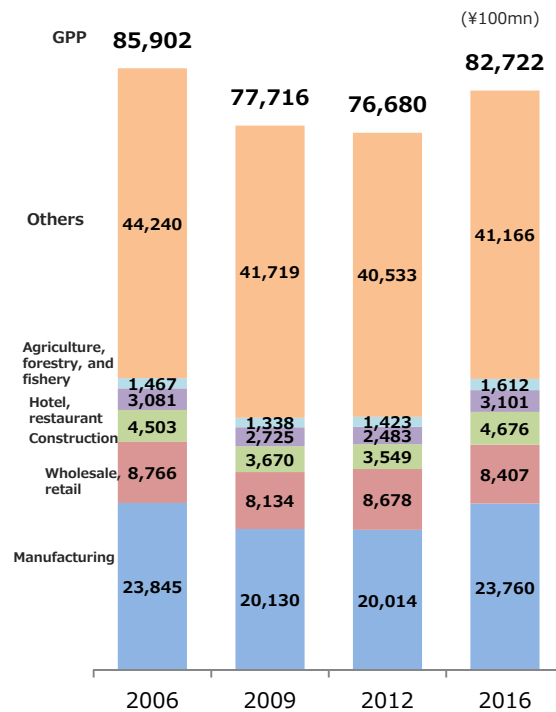
## Awards/External Evaluation

<b>2005</b>	Awarded the prize of the Minister of the Environment for global warming prevention activities (the first case in the Japanese banking sector)
<b>2009</b>	Received "eco-commuting office" certification at Ministry of Land, Infrastructure, Transport and Tourism (the first case in the Japanese financial industry)
<b>2010</b>	Awarded the prize of the Minister of Land, Infrastructure, Transport and Tourism for the Traffic-Related Environmental Preservation Excellence Company (the first case in the Japanese financial industry)
<b>2017</b>	Awarded Excellent Prize of "Human Resources Development Corporation Award for the Environment 2016" by Ministry of Environment
<b>2018</b>	Received "Eco-first company" certification of the Ministry of the Environment
<b>2019</b>	Received rating "B (management)" in CDP 2018 (climate change) (the first rank in the Japanese banking sector for three consecutive years)
<b>2019</b>	Ranked first in the Japanese banking sector in the Environmental Management Survey ranking of the Nihon Keizai Shimbun (Ranked first in the Japanese regional banks for five consecutive years)

# Business/Market Environment

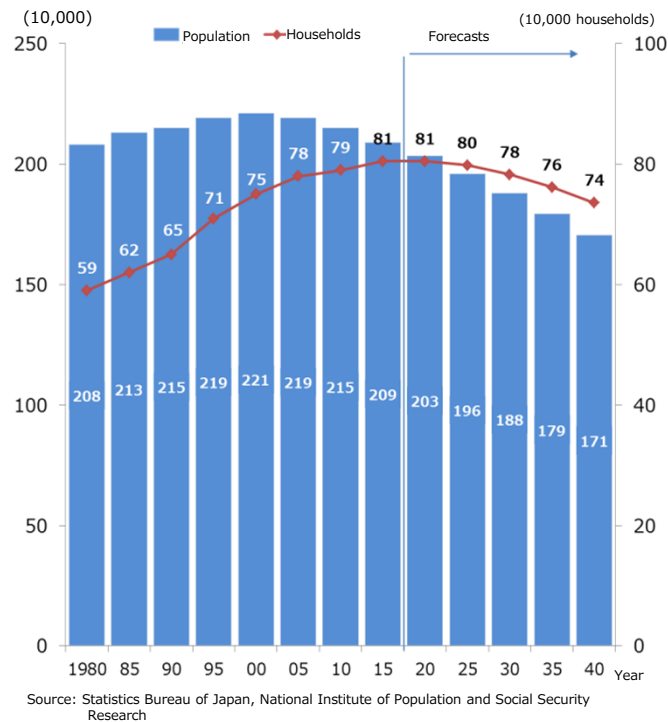
## Industry

Gross Prefecture Production in Nagano by Industries (nominal)



## Population

Population and No. of Households in Nagano



## The Bank's Share in Nagano

Loan share	42.7%
Deposit share	33.4%
Depositors	1,790,641
Ratio to total population	87.3%
Payroll-credit service contractors	592,517
Ratio to over 20 years old population	35.1%
Customers receiving pension	252,997
Ratio to over 65 years old population	39.0%
<b>For reference</b>	
Population in Nagano Pref. (as of Oct 1, 2019)	2,049,653
Over 20 years old	1,684,066
Over 65 years old	647,787

(as of Sep 30, 2019)

# Charm of Nagano Prefecture

Nature/Environment		
No. of 3,000m mountains	No. of top 100 mountains	<b><u>Worldwide Mountain Resort</u></b> Nagano Prefecture is called as a Japan's roof, surrounded by 3,000 meter mountains and famous for mountain resort.
1st	1st	
Life		
Popular prefecture for migration	Average longevity	<b><u>Culture full of Individuality</u></b> 77 cities, towns, and villages have original culture and character, the lifestyle leading to health and longevity attracts attention.
1st (13 consecutive years)	1st (Woman) 2nd (Man)	
Tourism		
No. of hot springs	No. of camping ground	<b><u>Abundant Tourist Attractions</u></b> Nagano Prefecture has a lot of tourist attractions such as clear water, clean air and beautiful nature. The number of tourists of 2018 was about 40 times of the population of Nagano prefecture.
2nd	2nd	

(Ranking in Japan)



**Protecting wonderful nature, aiming at sustainable development of regional economy through tourist industry**

# Efforts to Regional Revitalization [Tourism]

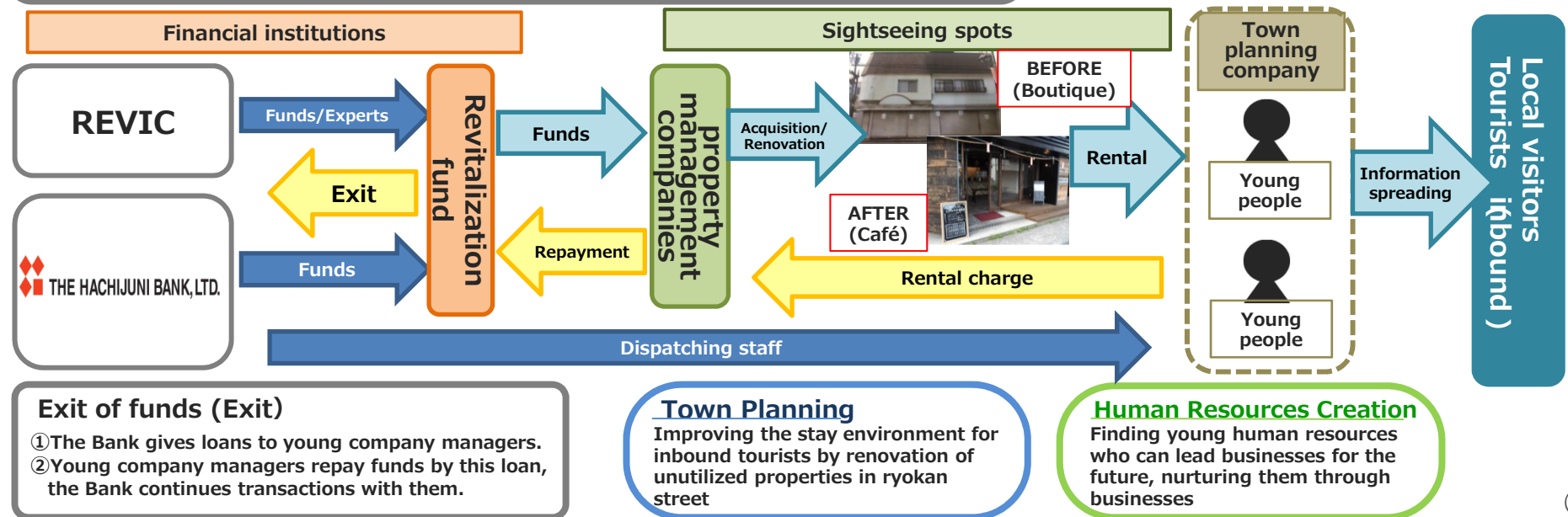
## An Example of Horizontal Revival of Sightseeing Spot

**Background/Problems**

- ① Main industry=Tourism: No. of tourist of 2016 decreased by 55% from 1990  
(Change of tour style: change from group tour to individual tour)
- ② Declining ryokan street: Increase of non-operation facilities in central area due to manpower shortage
- ③ Growing inbound tourists: No. of foreign overnight guests of 2016 was 46 times of 1999

### Vision/Direction

Arranging comfort stays for inbound tourists through support for startup  
(Town planning/human resources creation)



# Efforts to Regional Revitalization [Forestry]

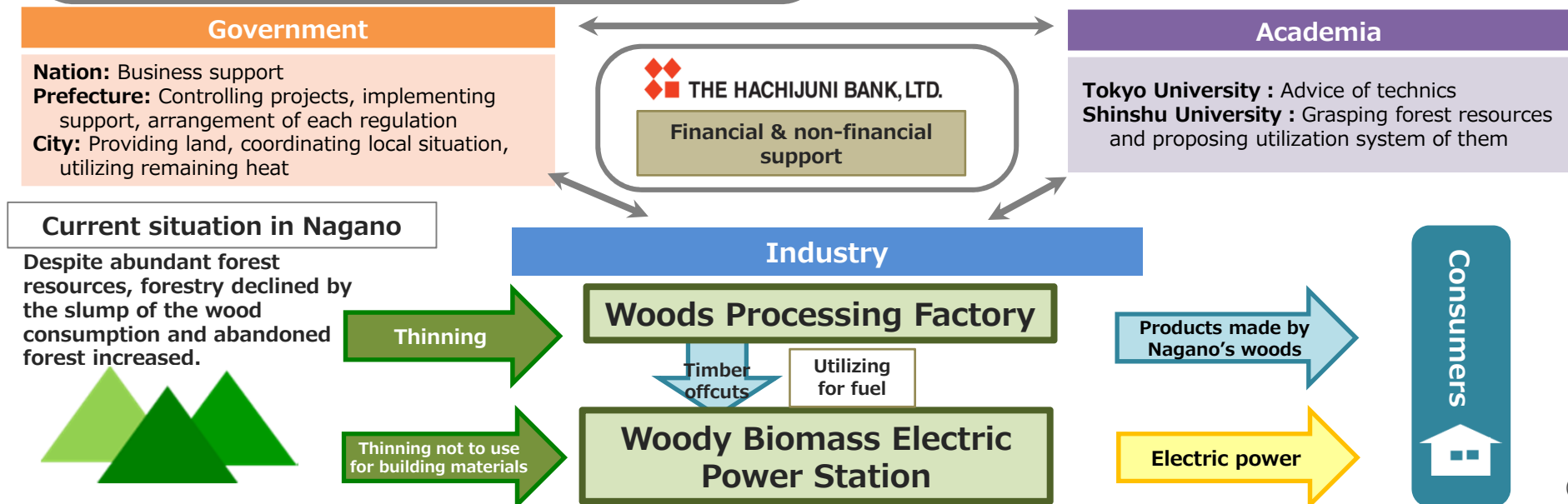
## Advanced Model of Forestry Revitalization and Renewable Energy

### Background/Problems

- ① Abundant forest resource: 3rd-ranked in Japan
- ② Stagnant wood prices due to the competition with imported wood
- ③ Deteriorating profitability of forestry
- ④ Devastating mountainous areas due to declining forestry

### Vision/Direction

- ✓ Forest maintenance by tree thinning  
(Maintenance of "multifunctional roles of forest" such as cultivation of various ecosystem, preventing a landslide disaster)
- ✓ "Promoting forestry" "Establishment of a recycling-based society" through woody biomass electric power generation



## Efforts to “Regional Revitalization and Activation”

Startup/Entry	Growing Period	Management Improvement/Business Revitalization	Business Succession/M&A	Hachijuni Bank Group Support
Supporting customers who are interested in startup by speedy and one-stop manner	Through business matching and business fair, supporting customers for the sales channels development, new business entry, increase of business efficiency	Supporting customers tackling management issues to draw up management improvement plan and to implement the plan	By cooperating with group companies and external experts, responding to growing needs of business succession/growth of company	Nagano Economic Research Institute, a Hachijuni Bank group company, provides consulting services for ISO14001 certification

### The 31st Long-Term Management Plan “Dare to Change; Create the Next Generation” April 2018 ~ March 2021

Regional Vitality Targets (Excerpt)			Environmental Targets (Excerpt)		
No. of new business launches: companies	1,000 (over 3 years)	374 (FY2018)	Amount of greenhouse gas emissions reduced (compared to FY2013)	15% (FY2020)	14.4% (FY2018)
No. of cases through business matching (sales channel development etc.)	6,000 (over 3 years)	2,064 (FY2018)	No. of new contracts for and renewals to e-livret: cases (e-livret: ordinary deposit without passbook)	100,000 (over 3 years)	44,876 (FY2018)
No. of business successions, M&As and change/discontinuation of businesses	1,000 (over 3 years)	435 (FY2018)	No. of environmental investments and loans: cases	3,000 (over 3 years)	982 (FY2018)



**Tackling and solving regional issues to achieve the “sustainable society” of the SDGs target**



# Efforts to “Regional Revitalization and SDGs-related Finance”

## Hachijuni “Regional Revitalization and SDGs Support PPBs”

- In 2019, Hachijuni Regional Revitalization Support PPBs (private placement bonds) were renewed as SDGs-related factors were added.

### Regional Revitalization Support PPBs

✓ Issuers donated school equipment or teaching materials to local schools etc. by utilizing discounted amount of underwriting fees.

Result from 2016 to Oct 2019

507 cases / ¥34.01bn (※approx. ¥68mn for donation)

### “Regional Revitalization and SDGs Support PPBs”

Type	Regional revitalization type	Company support type
Characteristic	Supporting <b>SDGs-related “businesses and activities”</b>	Supporting financing of <b>“companies” to contribute to SDGs</b>
Requirements	Companies contributing to regional revitalization	<b>Registration to “SDGs Promotion Company Registration System”</b> Acquisition of ISO14001 certification etc.
Guarantee fees Underwriting fees	<ul style="list-style-type: none"> <li>•The Bank discounted underwriting fees by “bond issuance amount ×0.2%” and this discounted amount is donated to the following destination.</li> </ul> 【Donation to】 <ol style="list-style-type: none"> <li>①Education: schools (elementary school, junior high school etc.), educational and cultural facilities etc.</li> <li>②Welfare: designated public-service promotion corporations etc.</li> <li>③Sports: designated public-service promotion corporations etc.</li> </ol>	<ul style="list-style-type: none"> <li>•Guarantee fee is discounted by 0.05% per year.</li> <li>•Underwriting fee is discounted by “bond issuance amount ×0.25%.”</li> </ul>

# To Promote “Regional Revitalization and SDGs-related Finance”

## Nurturing Young Company Mangers/Successors

- The Hachijuni Bank has organized membership club for young company managers/successors from 1987. By holding seminars to instruct management know-how which is element vital to operate companies, the Bank has nurtured next generation business leaders.
- New curriculums, which started in Oct 2019, include new seminars to facilitate the understanding of “SDGs.”



## Promoting the Understanding of “SDGs” of SMEs

- Nagano Economic Research Institute, a Hachijuni Bank group company, issues “Economic Monthly Report” to support the improvement of SDGs awareness of 7,000 member companies.
- Presenting examples in which SMEs utilize SDGs as a management tool, NERI promotes the registration to “SDGs Promotion Company Registration System of Nagano.”



Promoting “Regional Revitalization and SDGs-related Finance” by collaborating with “SDGs Promotion Company Registration System of Nagano”