Hachijuni Nagano Bank

Published by: Hachijuni Nagano Bank, Ltd.
178-8 Okada, Nakagosho, Nagano City 380-8682, JAPAN
TEL: 026-227-1182
URL: https://bank.82group.jp/

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Integrated Report (Disclosure Document) 2026 Hachijuni Nagano Bank, Ltd.

HNBK
Hachijuni
Nagano Bank

INTEGRATED REPORT 2026

Annual Report (Disclosure Document)



Masaki Matsushita
Chairman and Executive Chairman

Shohei Hidai
Representative Director and President, Executive President

Opening a NEW ERA

We will advance together with you toward a prosperous future.

We would like to express our sincere gratitude for your continued understanding and support of the Hachijuni Group's management.

This fiscal year, marking the completion of the merger with Nagano Bank in January 2026, was a milestone year in which the Hachijuni Group, with "Hachijuni Nagano Bank" at its core, embarked on a new chapter. The Group's executives and employees will work together as one to deliver new value to you, further deepening our contribution to the local community.

At this milestone, we have formulated the Hachijuni Group Management Philosophy (Purpose), which inherits the DNA and aspirations cultivated by both banks and clarifies our mission and raison d'être. As a leading company in the region, we will tackle local challenges head-on and contribute to sustainable growth, thereby working to enhance our corporate value.

The Hachijuni Group has established its Long-term Vision 2035, "Building a Prosperous Future Together with the Region," and is managing its operations with an eye on the local community 10 years from now. Based on the First Medium-term Management Plan, which covers the period up to fiscal 2028, we will work to establish a comprehensive consulting support system to resolve the various challenges faced by the region.

In June 2026, a new management structure was launched, with Masaki Matsushita assuming the role of Chairman and Executive Chairman, and Shohei Hidai assuming the role of Representative Director and President, Executive President. Based on our Purpose and Long-term Vision, we will strive to balance management continuity and transformation.

We hope this integrated report will deepen your understanding of our thinking and the direction we are aiming for.

We will continue to work to sustainably enhance our corporate value in order to meet your expectations. We sincerely ask for your continued support.

Hachijuni Group
Management Philosophy Framework



Our management systematizes the philosophy is a "foundation of thought" that concepts underlying our purpose, vision, and actions.

Our Raison d'être and Corporate Mission
PURPOSE/MISSION
Management Philosophy

Desired State
VISION
Long-term Vision 2035

Values and Code of Conduct
VALUE
Long-term Human Resources Policy: Optimal talent profile

Compliance Declaration

Contribute to the development of local communities by maintaining sound management

As a leading company in the region, the Hachijuni Group addresses local challenges head-on and serves as a bridge between the local community and the world to achieve the region's sustainable growth.
Furthermore, by securing profitability underpinned by appropriate risk management, and maintaining and developing a firm financial foundation, the Group contributes to well-being and prosperity for the regional community, customers, shareholders, and employees.

Building a Prosperous Future Together with the Region

"Establishing Strengths" "Spirit of Initiative"
"Thinking and Acting Independently"
"Management and Operations Worthy of Trust"
"Conduct as Responsible Corporate Citizen"

Hachijuni Nagano Bank Integrated Report 2026 Reader Guidance

"Sound management," which has built one of the strongest financial foundations among Japanese banks, and the "Spirit of Initiative," which has opened up one first in the regional banking industry after another.
We trace the history of how this DNA of defense and offense came into being, how the two merged, and how they have supported the region.

The President expresses his firm resolve to make a leap toward a "comprehensive consulting firm" in response to challenges such as population decline.
We present the value creation process for realizing Long-term Vision 2035, together with our path toward sustainably enhancing corporate value through disciplined capital allocation.

We show the concrete measures and the development of the structures that allow us both to address regional challenges and to expand profitability, covering the corporate, individual, region, and market operations businesses, strategic investments, and human resource allocation linked to the management plan.

We explain in detail the Bank's approach to ensuring transparency and soundness in management through highly effective corporate governance and risk management systems and through sustainability initiatives in such areas as climate change and human rights.

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3 Reader Guidance
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Editorial policy
With reference to the "International Integrated Reporting Framework" of the IFRS Foundation, this report presents financial data together with nonfinancial data such as our management philosophy, management plan, and ESG (environmental, social, and governance) information in an integrated manner.

● Reporting coverage
Period: April 2025 to March 2026
(Some information from April 2026 onward is also included.)
Scope: Hachijuni Nagano Bank and its subsidiaries and affiliates

● Date of publication
July 2026

Cautionary Note Regarding Forward-Looking Statements
This report contains statements regarding future performance; these statements do not guarantee future performance and involve risks and uncertainties. Please note that future performance may differ due to changes in the business environment or other factors.

Supplementary Information
We have prepared a supplement regarding information required to be disclosed, including indicators set out in Article 19-2, Paragraph (1) and Article 19-3 of the Regulation for Enforcement of the Banking Act ("the Act" hereinafter), the status of capital adequacy defined in Financial Services Agency Notice No. 7 of 2014 pursuant to Article 19-2, Paragraph (1), item (v) (d) of the Act, and the compensation set out in Financial Services Agency Notice No. 21 of 2012 pursuant to Article 19-2, paragraph (1), item (vi) of the Act. The supplement is available in Japanese on the Hachijuni Nagano Bank website.
● Numerical values in this document are typically truncated to the nearest whole unit.
● "Domestic operations" refers to yen-denominated transactions occurring at domestic branches, while "international operations" refers to foreign currency–denominated transactions at domestic branches and any transactions at overseas branches. However, yen-denominated transactions with non-residents and other specified international financial transactions are regarded as "international."

Hachijuni Group Profile

(As of March 31, 2026)

In business for

148 years Hachijuni Bank
Founded in 1877

75 years Nagano Bank
Founded in 1950

Number of employees



4,128

Number of locations

156 Domestic locations (including 136 in Nagano Prefecture)

3 Overseas locations (of which 1 is a branch)

Market capitalization



¥875.8 billion

Total assets	Deposits	Loans
¥13,554.4 billion	¥9,552.0 billion	¥6,711.9 billion
Profit attributable to owners of parent	**Equity ratio (international standards)**	**Credit ratings**
¥64.5 billion	16.72%	S&P: A- R&I: A+ JCR: AA

Group companies

		Share capital	The Bank's investment ratio
Hachijuni Group	Banking	Hachijuni Nagano Bank, Ltd.	¥52,243 million	—
	Leasing	Hachijuni Lease Co., Ltd.	¥200 million	100%
		The Nagagin Lease Co., Ltd.	¥34 million	87%
		Hachijuni Auto Lease Co., Ltd.	¥100 million	0% (100% owned by Hachijuni Lease)
	Card	Hachijuni Card Co., Ltd.	¥30 million	100%
		Nagano Card Co., Ltd.	¥30 million	100%
	Investment	Hachijuni Capital Co., Ltd.	¥200 million	10%
		Hachijuni Asset Management Co., Ltd.	¥200 million	100%
		Hachijuni Investment Co., Ltd.	¥30 million	100%
	Other financial	Hachijuni Securities Co., Ltd.	¥3,000 million	100%
		Hachijuni Credit Guarantee Co., Ltd.	¥30 million	100%
		Yamabiko Services Co., Ltd.	¥510 million	99%
	Other nonfinancial	Hachijuni Staff Service Co., Ltd.	¥20 million	100%
		Hachijuni Link Nagano Co., Ltd.	¥100 million	100%

Affiliated institutions





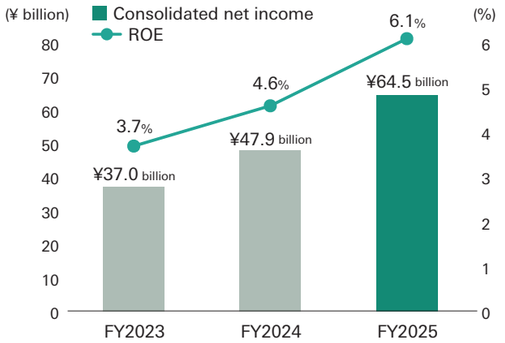


Institution	Nagano Economic Research Institute	Hachijuni Culture Foundation	Hachijuni Mirai Foundation
Address	178-13 Okada, Nakagosho, Nagano City	178-13 Okada, Nakagosho, Nagano City	178-13 Okada, Nakagosho, Nagano City
Principal activities	Established as a think tank contributing to the promotion and development of the local community. Conducts research and study activities, management consultation and training programs, information provision services, and other activities.	Established with the aim of contributing to the local community in the fields of art and culture. Conducts research and study activities related to regional culture.	Established with the aim of contributing to the realization of prosperity in a society with a declining birthrate, an aging population, and a shrinking population. Conducts projects related to enhancing the education and social welfare environment in Nagano Prefecture.
Establishment	March 1984	March 1985	December 2025

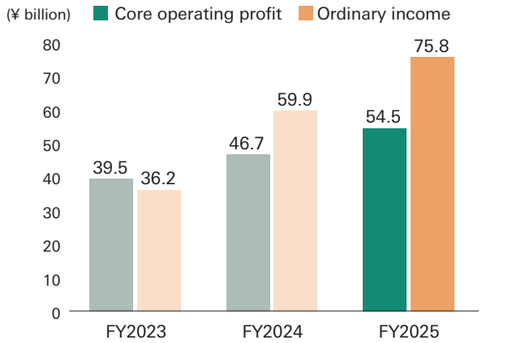
At a Glance: Hachijuni Nagano Bank in Numbers

Financial Data

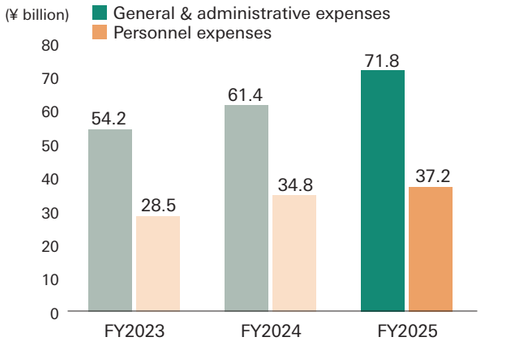
Consolidated Net Income / ROE



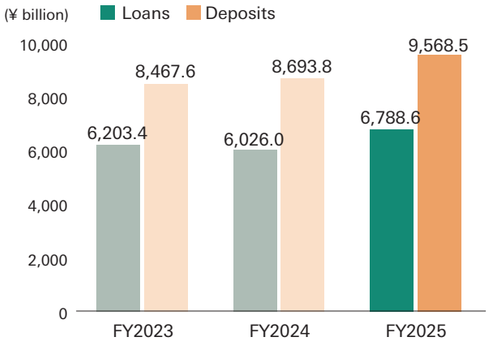
Core Operating Profit / Ordinary Income



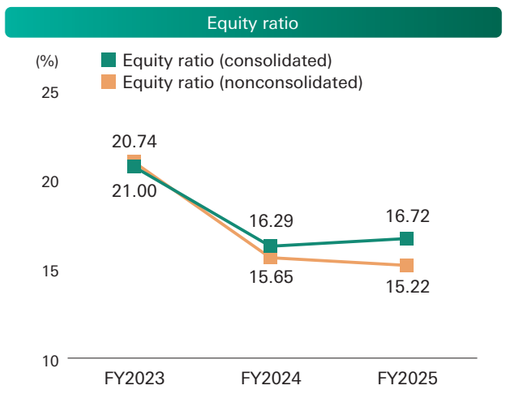
General & Administrative Expenses / Personnel Expenses



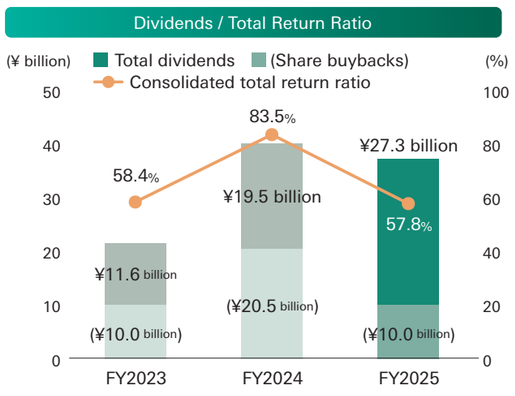
Loans / Deposits



Equity ratio

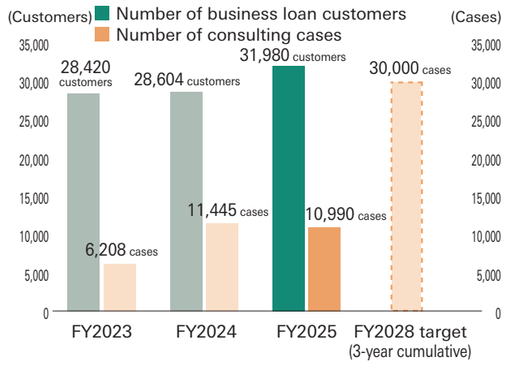


Dividends / Total Return Ratio

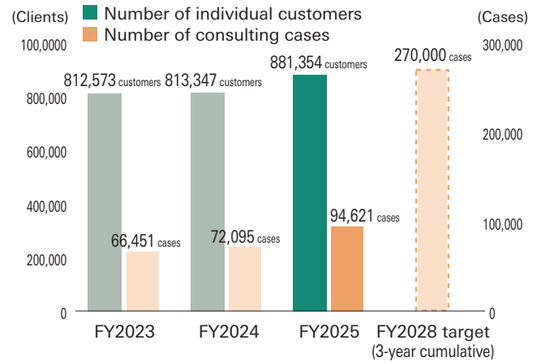


Nonfinancial Data

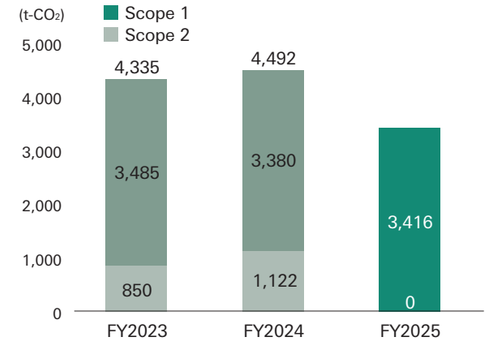
Numbers of Business Loan Customers / Consulting Cases



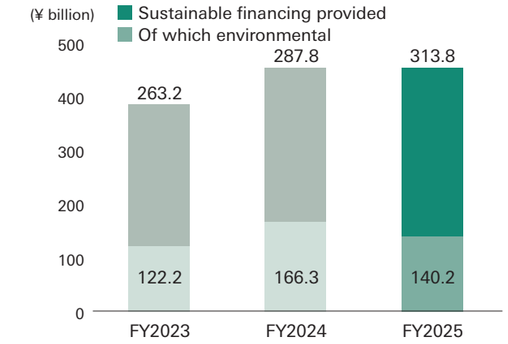
No. of Individual Customers (Salary and Pensions [Aged 60 or Over] Direct Deposit) & No. of Consulting Cases



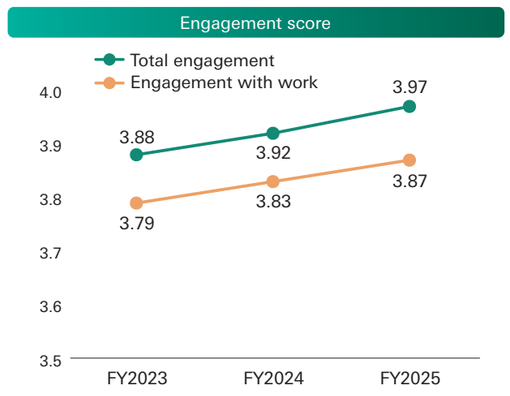
Scope 1 and 2 (entire Hachijuni Group)



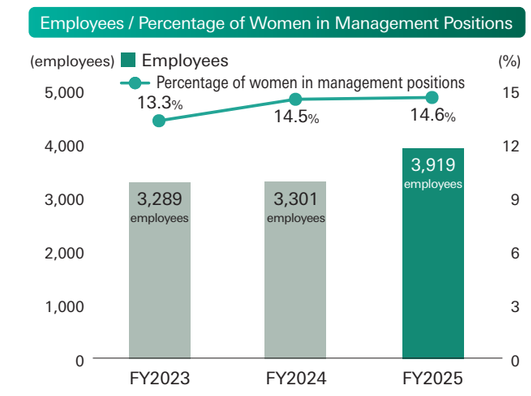
Sustainable financing provided



Engagement score



Employees / Percentage of Women in Management Positions



The DNA of Hachijuni Nagano Bank

Soundness

Soundness

An unwavering management foundation that demonstrates its true worth precisely in uncertain times

= Execution capability that "the power to protect" and

The DNA of Hachijuni Nagano Bank is formed by "Soundness," which steadfastly maintains financial and management soundness as an unwavering premise, and "Initiative," which continues to change itself in response to changes in the times and the environment. Through the maintenance of a stable management foundation and the continuation of transformation, our ability to respond to changes in the environment has increased, supporting sustainable management. By combining Soundness and Initiative, we are demonstrating the ability to steadily execute our strategy.

Enterprising

A stance of taking on transformation in order to preserve tradition

Initiative

combines both "the power to change"

Our raison d'être, with "sound management" as its starting point

Amid an economy under strain from the chronic malaise that followed World War I and the Great Depression, banks in Nagano Prefecture suspended operations one after another. Recognizing that calming credit concerns and reliably maintaining financial functions were indispensable to the stability of the local community, Hachijuni Bank was established in 1931 through the merger of the 19th National Bank and the 63rd National Bank. The stance that the Bank has practiced since its founding, that "unless we ourselves possess a sound and solid management foundation, we cannot fulfill our mission of supporting the local community," was codified, in conjunction with the formulation of the long-term management plan for 1968–1970, as the Management Philosophy "Contribute to the development of local communities by maintaining sound management." The Bank positions sound management and contribution to the development of the local community as its mission and raison d'être.

The concepts that constitute "sound management"

Hachijuni Nagano Bank defines the "sound management" it aims for as management that combines three elements: "(1) financial stability," "(2) profitability based on appropriate risk management," and "(3) sustainability through ESG management practices." We believe that sound management equipped with these three elements, built on a sufficient financial foundation, appropriately manages the balance of risk and return, enables management that takes into account medium- to long-term relationships with the regional economy, the environment, and society, and supports the stability of the local community. Even in the current phase in which the social and economic environment and financial conditions are changing significantly, the high risk tolerance brought about by sound management functions as a foundation that supports management decisions from a medium- to long-term perspective without being biased toward short-term judgment.

Value creation originating from our financial foundation

Through business activities that combine the robust financial capital we have cultivated to date with nonfinancial capital such as diverse human resources and networks, we are working to realize the outcome in our value creation process: "the revitalization of the regional economy and society and qualitative prosperity." Through a virtuous cycle of value creation originating from our financial foundation, we are contributing not only to the revitalization of the regional economy but also to building a sustainable local community, including through the preservation of the natural environment and the development and inheritance of cultural and tourism resources. For our shareholders, we are striving to further enhance ROE and corporate value by efficiently utilizing our equity capital, and we aim to enhance shareholder returns based primarily on stable dividends.

A philosophy of continually choosing to keep changing

We will maintain "sound management" and continue to support the region into the future. What serves as the driving force behind this is the "Spirit of Initiative" that has been handed down within the Bank over many years. Within the Hachijuni Group, this spirit is a value that all executives and employees should share, and it is clearly positioned as a code of conduct. Without being bound by existing methods or customs, we emphasize constantly taking on the creation of new ideas and, where necessary, taking action to embark on transformation ourselves. At the same time, we insist on achieving the pioneering quality symbolized by "first in the industry," "first among regional banks," and "first in the prefecture," and we call for a stance in which each individual continues to take on challenges with high aspirations. These values have become firmly established as an organizational culture that recognizes transformation and challenge.

An accumulation of challenges undertaken ahead of the industry

Since its founding, the Bank has emphasized medium- to long-term social significance and sustainability and has undertaken transformation that anticipates changes in the times. A representative example is our initiatives in the systems field, and in 1971 we became the first regional bank to put a total online system into operation. Today we still have approximately 300 systems personnel, and we maintain an advantage in advanced AI and digital knowledge and technical capabilities.

In the environmental field as well, the Bank has led the industry as a top runner in environmental management. Since building an integrated system for the collection, recycling, and reuse of waste paper in 1991, which was a first in the banking industry, we have consistently accumulated advanced initiatives, including the use of recycled paper for CD/ATM journal paper in 1992 (a first in the financial industry), the acquisition of ISO 14001 certification in 1999 (a first among regional banks), and the publication of environmental accounting in 2005 (a first in the banking industry).

A foundation that accelerates transformation

The in-house development of AI models based on the data warehouse (DWH) that went into operation in 2019 is an initiative that has established a competitive advantage not found at other banks by handling core areas such as data accumulation and the analytics platform ourselves while flexibly incorporating external expertise. Furthermore, with regard to the use of generative AI, which has been promoted bank-wide since 2023, under the First Medium-term Management Plan we will execute ¥20.0 billion in systems investment, including the development of AI and data infrastructure, to further strengthen our competitiveness. In addition, in order to accelerate challenges that are not confined to the conventional framework of a bank, during the same plan period we will dispatch a cumulative total of more than 500 employees to diverse opportunities for experience, such as external secondments, training outside the Bank, and overseas study visits, and by supporting their acquisition of advanced knowledge and expertise, we will promote an improvement in the transformation capability of the entire organization.

The Market of Hachijuni Nagano Bank

Deepening

Deepening

A foundation for value creation supported by trust and information rooted in the region

= A virtuous cycle of value creation spreading out from Nagano Prefecture

Expansion

New growth opportunities brought about by a wide-area network and strategic alliances

Expansion

The market of Hachijuni Nagano Bank is formed by "Deepening," which is rooted deeply in the region and refines our foundation, and "Expansion," which takes in external vitality and opportunities.
By connecting regional challenges with external resources, opportunities for value creation are expanding, and new flows of value are being created.
By combining Deepening with Expansion, a market structure that circulates value both inside and outside the region is being formed, leading to a virtuous cycle of value creation.

Relationships originating from the regional economy

The 19th National Bank, the origin of the Bank, took on the role of supporting the region's industry as a whole for the silk industry, which was a core industry of Nagano Prefecture, not only through lending but also through the establishment of cocoon warehouses and management support. This track record of direct involvement in the development of local industry through financial functions is the origin of the Bank's growth together with the regional economy. During the financial panic, we contributed to the stability of the regional economy by calming credit concerns and maintaining financial functions, and at the 1998 Nagano Olympic Winter Games we supported the success of the Games as the official bank, beginning with infrastructure development for hosting the international event. By fulfilling our mission as the leading bank at times of change and at milestones in the regional economy, we have further strengthened our relationships with the region.

Points of contact extended across the entire region

As the leading bank in Nagano Prefecture, the Bank holds the top share in both deposits and loans and serves as the core of the regional economy. In addition, more than half of the residents of Nagano Prefecture use the Bank for their salary deposit accounts, and we function as financial infrastructure closely tied to daily life.

In addition, since 2009 we have engaged in "Hachijuni Forest" activities, carrying out underbrush clearing, thinning, and other work at locations throughout the prefecture, and through terrace farm preservation activities and similar efforts we are also working to maintain the region's natural capital, deepening our engagement with the region beyond the framework of finance.

By extending our points of contact beyond business locations such as branches into diverse domains, beginning with natural capital, we take a comprehensive view of the entire region and work to resolve issues by identifying changes in the local community and among our customers at the earliest possible stage.

Engagement with an eye on the region's future

With an eye on the region's future, the Bank faces the next generation and changes in social structure head-on and works to resolve regional challenges and the priority issues set out in our materiality. Through the Hachijuni Culture Foundation, established in 1985, we provide grants for activity funding aimed at passing on traditional performing arts, local cuisine, and the like, thereby contributing to the promotion of regional culture. Through the Hachijuni Mirai Foundation, established in 2025 as part of our initiatives to commemorate the merger, we support children who will shape the future of our region by means such as a "scholarship grant program with no repayment obligation."

In the First Medium-term Management Plan, we have set the continuation of "social population growth in Nagano Prefecture" as a management target, clarifying our policy of engaging with the very structure of the local community. Our initiatives to grasp the region's nature, industry, and daily life as a single whole deepen our relationships with the region and are building a foundation for continuing to accumulate "primary information."

Capturing opportunities through connections outside Nagano Prefecture

The Bank's predecessor banks devoted themselves to promoting the silk industry (sericulture and raw silk), which supported Japan's exports and acquisition of foreign currency during the Meiji era, and by supporting market distribution through strengthened collaboration with raw silk merchants and shipment guarantees, they encouraged the industry's expansion into overseas markets. Against the backdrop of a history of supporting our nation's economy through the development of local industry, the concept of taking in vitality from outside the region and channeling it into regional development has taken root at the Bank. Today, the Bank has established locations outside the prefecture in major cities such as Tokyo, Nagoya, and Osaka, building a network connecting Nagano Prefecture with these areas. By channeling business opportunities, human resources, information, and the like from outside the prefecture back into Nagano Prefecture, we are working to create growth opportunities that leverage resources from outside the prefecture.

Market expansion through overseas connections

Going beyond supporting the overseas expansion of companies in the prefecture and their foreign currency transactions, we are strengthening our function of connecting the regional economy to overseas markets. In 1984 we established the New York Representative Office, the Bank's first overseas location, and expanded step by step to Hong Kong in 1986 and London in 1989. Today we focus on the rapidly growing Asian region, maintaining a three-location structure consisting of the Singapore Branch and the Shanghai and Bangkok Representative Offices. Furthermore, we secure points of contact overseas through business alliances and personnel exchanges with financial institutions in major Asian countries. At Hachijuni Link Nagano, a subsidiary established in 2022, we support the overseas expansion of local companies and the enhancement of their corporate value from both financial and nonfinancial angles, serving as a regional trading company function.

Creating growth opportunities through strategic alliances

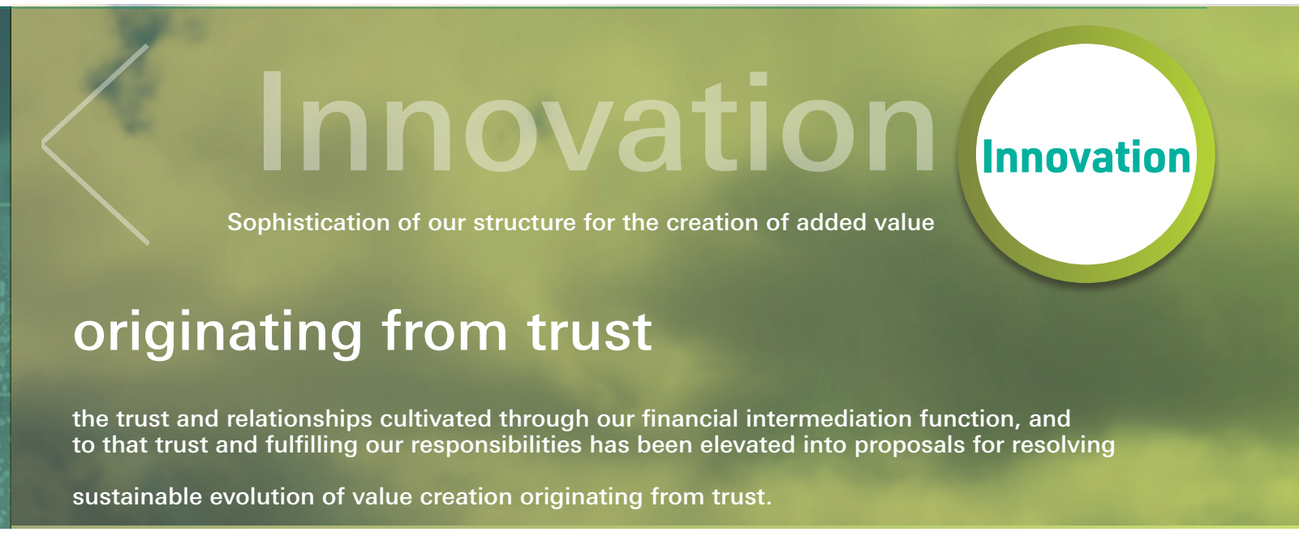
By collaborating with external partners, we are also taking on value creation that the Hachijuni Group could not achieve on its own. At "Judankai," under which seven regional banks jointly use the core system developed by the Bank, in addition to reducing costs and improving operational efficiency, we are also working to create business opportunities for our customers through business matching that leverages our wide-area network.

In 2025, together with Shizuoka Bank and Yamanashi Chuo Bank, we launched the "Mt. Fuji–Alps Alliance," and we are promoting initiatives aimed at the sustainable development of the regional economy, including increasing the number of people with ties to the region, attracting overseas capital and human resources, M&A and business succession, and collaboration in the venture and growth fields.

These alliances go beyond complementing the functions of the Hachijuni Group; they take in external resources and create new growth opportunities for the regional economy.

The Business of Hachijuni Nagano Bank





= Sustainable value creation originating from trust

The business of Hachijuni Nagano Bank is formed by "Tradition," which is founded on "Innovation," which advances the expansion of our areas of support. The work of living up issues, broadening the scope of value creation.
By combining tradition with innovation, we are forming a structure that supports the trust and relationships cultivated through our financial intermediation function, and to that trust and fulfilling our responsibilities has been elevated into proposals for resolving sustainable evolution of value creation originating from trust.

The responsibility of fulfilling our financial intermediation function

For a regional financial institution that provides the financial infrastructure supporting corporate activities and people's daily lives, maintaining that infrastructure is a duty in itself. The Bank, which accurately grasps the region's actual circumstances on the basis of long-standing business relationships, has reliably delivered the necessary financial services to the region. During the Typhoon Hagibis disaster of 2019, even under circumstances in which the Bank's own branches were affected, we established a special consultation desk and supported the continuity of our customers' lives and businesses by maintaining the functioning of financial infrastructure. During the COVID-19 pandemic, we responded swiftly to the rapidly increasing demand for funds, including by simplifying screening procedures so that loans could be disbursed on the same day as the application. Even as the region is struck by critical situations, we continue to fulfill our responsibility as a financial institution that supports the local community.

Our ability to understand customers, honed through dialogue

In fulfilling our financial intermediation function, the Bank has accumulated dialogue with customers and deepened our understanding of their businesses and daily lives. For our business customers, we practice "business feasibility assessment," which looks beyond quantitative information such as financial information and past results to grasp their business content, competitiveness, growth strategies, and challenges from multiple angles; we have deepened this into proposals that engage with their core business through support for formulating management plans and other means; and we provide support that leads to medium-to-long-term business growth. In addition, for our individual customers, we use Life Plan Simulation (LPS) to visualize future funding needs and life planning, and we make proposals aligned with their needs and intentions. Through this accumulation of understanding originating in dialogue, we help our customers realize their dreams.

The role entrusted to us by the region

The Bank has fulfilled its duty of continuing to maintain its financial intermediation function even in times of crisis, while also deepening its understanding of customers' businesses and daily lives through dialogue. This progress has borne fruit as trust in the Bank and has become the foundation on which the region entrusts us with our role. The comprehensive consulting support for which we have set a three-year cumulative target of 300,000 cases under the First Medium-term Management Plan is an initiative to live up to this trust and to further enhance its value. For our corporate customers, we will provide support that contributes to business growth and productivity improvement; for our individual customers, we will make proposals to grow, protect, and make use of their assets. Building on the deep understanding of our customers that we have cultivated to date, we will steadily fulfill the responsibility of finance to continue facing the region going forward.

Awareness of issues with the conventional model

Against the backdrop of a declining birthrate and aging population, population decline, and changes in industrial structure, the challenges facing the region and our customers are becoming more challenging and more complex. Among individual customers, anxieties are spreading with regard to asset succession, asset formation, and daily life, while business customers are also required to address new management challenges such as digitalization and carbon neutrality in addition to labor shortages and productivity improvement. In light of these changes in the environment, the Bank has reviewed its materiality. Recognizing that it would be difficult to deliver sufficient value simply by extending our conventional business model, we formulated the First Medium-term Management Plan in order to bring about a structural shift toward the creation of added value beyond that framework, while still building on our financial intermediation function.

Expansion into a solution-oriented business

With the sophistication of our financial intermediation function as the central axis, the Bank has advanced step by step into a solution-oriented business that goes beyond the supply of funds. Under the Medium-term Management Vision 2021, whose plan period ended in fiscal 2025, we expanded support that engages directly with customers' challenges, including M&A, business succession support, IT consulting, and human resources placement, and at the same time strengthened our group functions through the establishment of new subsidiaries, such as the supply of risk money by Hachijuni Investment and support for overseas expansion by Hachijuni Link Nagano. Under the First Medium-term Management Plan, we are elevating this accumulated experience into the strengthening of our consulting functions and pursuing an evolution toward a business model that provides issue resolution itself as value.

Establishment of a comprehensive consulting system

Our comprehensive consulting system is the foundation for responding to increasingly complex management challenges and creating added value. The Bank is advancing the development of this system as the core for sustainably executing its solution-oriented business. In addition to developing specialist personnel such as Small and Medium Enterprise Management Consultants, IT Coordinators, and FPs, we are working to advance our expertise through secondments to external organizations and midcareer recruitment. In addition, leveraging the deeper talent pool gained through the merger with Nagano Bank, we are proceeding with the reassignment of approximately 250 employees to strategic areas such as consulting and digital. Furthermore, we will strengthen our consulting functions through ¥150.0 billion in growth strategy investment and ¥20.0 billion in AI and systems investment, and through the integrated sophistication of human capital and systems we will advance the sophistication of our structure for the creation of added value.

Capital support for value creation

What supports the Bank's value creation is the diverse capital that we have cultivated over many years. Along with changes in social and economic structures and the advance of technological innovation, the nature of the capital required for value creation is also changing.

Through the strengthening of each form of capital, we are improving our value creation capabilities and aiming for medium-to-long-term enhancement of corporate value and the sustainable development of the local community.

Financial capital Stable management foundation

Sound capital structure

The Bank maintains one of the highest equity ratios among Japanese banks, ensuring solid financial strength as a financial institution.

By contributing to the development of regional economies, we have earned the trust of local communities and stabilized our customer base.

Total assets
¥13,432.7 billion

Deposits
¥9,568.5 billion

Loans
¥6,788.6 billion

Profit attributable to owners of parent
¥64.5 billion

Equity ratio (international standards)
16.72%

Credit ratings
S&P: A- R&I: A+ JCR: AA

Infrastructure capital Firm business foundation

Expansive domestic and international network

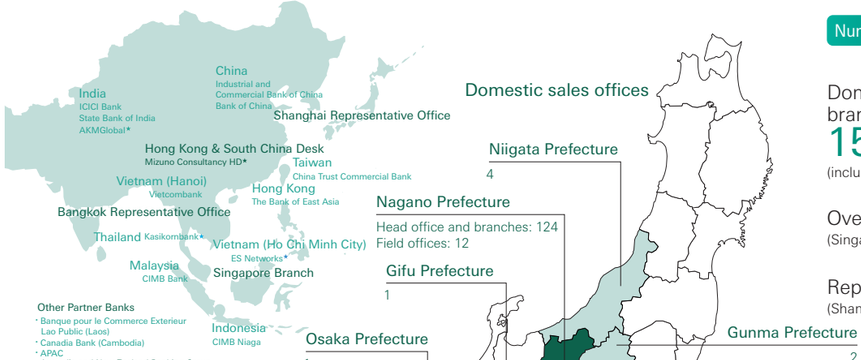
As the leading bank in Nagano Prefecture, the Bank operates 156 branches, primarily in Nagano Prefecture. Moreover, through three overseas locations (Singapore Branch, Shanghai and Bangkok representative offices) and the posting of staff to Hong Kong, Vietnam, India, and other countries, the Bank proactively supports the development of overseas business for customers, ranking among the top regional banks in terms of export trade volume.

Capital that falls short

In light of population decline and changes in customer behavior, we recognize that, in addition to the fusion of the physical and the digital, the optimization of branch functions in accordance with regional characteristics is necessary.

Toward strengthening our capital

In addition to advancing the sophistication of our face-to-face consulting functions, we will make effective use of the branch assets created by the merger and aim to enhance the value of those branch assets as bases that support local communities.



Number of offices and branches

Domestic head office, branches and field offices: 156
(including 136 in Nagano Prefecture)

Overseas branches: 1
(Singapore)

Representative offices: 2
(Shanghai, Bangkok)

Hachijuni Nagano Bank network (in Japanese)

Human capital Specialized staff who perform comprehensive consulting functions

Human resource development for value creation

Through support for capability development aimed at improving employees' expertise and through midcareer recruitment, we are working to enhance our complement of highly specialized staff who will drive the use of DX and AI and the expansion of our business areas. In addition, leveraging the deeper talent pool gained through the merger with Nagano Bank, we are advancing initiatives toward the deployment of 250 employees to growth areas.

Capital that falls short

The deployment of personnel to growth areas was approximately 60% complete as of July 2026, but in order to support the completion of the deployment and the subsequent performance of those deployed, we need to further deepen our pool of highly specialized staff.

Toward strengthening our capital

In addition to securing specialist personnel through midcareer recruitment, we will advance the development of personnel with advanced expertise by providing diverse learning opportunities.

Number of employees with professional certifications (As of March 31, 2026)

DX-driven transformation of traditional businesses

Advanced systems engineers	IT Coordinators	JDLA Deep Learning For GENERAL
157	71	94

Business domain expansion

Small and Medium Enterprise Management Consultants	1st-Grade FPs / CFPs	Securities analysts
75	154	53

Intellectual capital Knowledge and expertise that serve regional needs

In-house system development capabilities and digital expertise

Through the use of generative AI, we are advancing the efficiency and sophistication of our banking operations. In addition, with the high in-house development capabilities of approximately 300 systems personnel as a strength, we are promoting the use of digital technology that reflects frontline needs.

Capital that falls short

There is room to connect the effects of the infrastructure development for AI and data utilization to bank-wide productivity improvement and the creation of added value. We need to further raise the human resources and organizational capabilities that support this utilization.

Toward strengthening our capital

By leveraging our high in-house development capabilities and advancing ¥20.0 billion in systems investment, including the development of AI and data infrastructure, together with BPR (business process reform) originating at the front lines, we will connect these efforts to productivity improvement and the creation of added value.

Systems investment of ¥20.0 billion (3-year cumulative)

AI and data infrastructure	New sales support system	Paperless in-store operations
Approx. ¥3.0 billion	Approx. ¥0.9 billion	Approx. ¥7.0 billion

Pioneering initiatives on environmental issues, decarbonization expertise

Since the 1990s, we have taken a pioneering approach to environmental management and have accumulated knowledge and expertise in decarbonization. Through such means as the use of renewable energy under off-site PPAs, we have achieved net zero greenhouse gas emissions (Scope 1 and 2), and we have been selected for the "A List" in CDP (Climate Change) for three consecutive years, a first among domestic banks. Going forward, we will apply the knowledge we have cultivated to supporting our customers and aim for a 27% reduction in borrowers' emissions compared with fiscal 2021 (fiscal 2028 target).

- ESG assessment: CDP 2025 (Climate Change) "A List" for three consecutive years (a first in the domestic banking industry)
- Hachijuni Group greenhouse gas emissions (Scope 1 and 2) Net zero achieved
- Hachijuni Group's dedicated solar power generation facilities (off-site PPA) 4 locations (estimated output of approximately 4,063,000 kWh/year)

Support for greenhouse gas emissions reduction by borrowers	<NEW> Borrowers' emissions reduction targets
Companies for which the Bank possesses emissions data (FY2025): 554	Fiscal 2028: 27% reduction from fiscal 2021 * Includes fluctuations arising from the update of emissions from estimated figures to actual figures

Message from the President



Shohei Hidai
President
(Representative Director)

Driven by our desire “to be of service,” the Hachijuni Group will make a leap toward becoming a comprehensive consulting firm

On June 26, 2026, I assumed the position of Representative Director and President of Hachijuni Nagano Bank, Ltd.

Amid major changes in the economic environment, I take seriously the responsibility entrusted to me of steering a financial institution that supports the local community. For the region, for our customers, and for all our stakeholders, I will devote my full efforts to the sustainable development of the local community and to medium- to long-term enhancement of corporate value.

Message from the President

Setting out toward “the most successful merger in Japan”

On January 1, 2026, we overcame the high hurdle of simultaneously integrating systems, branches, and human resources, and were able to make a strong start without trouble as the “new Hachijuni Nagano Bank.”

Our Group has previously declared that it would “achieve the most successful merger in Japan.” Even looking at precedents, where the theory is that the integration of systems and branches should be carried out in stages, there is a clear reason why we deliberately insisted on the difficult path of “simultaneous integration.” It was in order to deliver greater value than before the merger to the local community and our customers as quickly as possible, and it arose from a strong sense of mission on the part of both management and frontline employees that it would be unacceptable to prolong the integration process and force inconvenience on our customers.

As the person responsible for the integration project, what I took the greatest pains over and placed at the highest priority was the harmonization of our people. I visited the meetings of branch managers of the former Nagano Bank many times, listened directly to questions and voices of concern from the front lines, and accumulated dialogue. At first there were voices of bewilderment, but as we accumulated dialogue we confirmed together that we shared the underlying desire to “be of service to the region and our customers,” and in the end, in the sight of employees who set out powerfully toward the same goal, I became convinced of the great potential of the new Hachijuni Group and the strength of the organization.

Moreover, the true power of this merger does not stop at the mere fact that our management foundation has been put in place. One of the strengths of a regional bank lies in the fact that it can obtain raw “primary information” directly from deep points of contact with customers, rather than the secondary information that abounds in society. We believe that, now that this primary information, which the two banks had previously held separately, has been integrated, the precision of business matching between customers and of solutions to complex management challenges will rise further.

We cannot decide whether this has become “the most successful merger in Japan.” How much value will our customers feel through our activities from here on? The challenge of elevating 1+1 into not merely 2 but into value beyond that starts in earnest from here.



The starting point: the desire to “be of service”

What I have always held in my heart as the starting point of my career as a banker to date, and as my principle of action, is the pure desire to “be of service” to our customers and to my colleagues in the workplace.

In my days as a new employee, having just joined the Bank and accumulating learning with the aim of becoming a full-fledged banker, there were times when customers consulted me in earnest about money and management. That was not due to my own individual ability, but because there was the “Hachijuni Bank” name; that is, the accumulation of trust and expertise (assets) built up by our “predecessors” through repeated successes and failures. Realizing that, so long as I myself studied and acted desperately, I could without fail be of service to customers by making use of this solid foundation, was my point of departure as a banker.

One example of putting that desire to “be of service” into action is the “Credit Rating and Self-Assessment System,” the development of which I led approximately 20 years ago. At that time, employees at the sales front lines were swamped for many months each year with self-assessment work involving enormous volumes of paper documents. What I felt was the greatest problem was that the “time to visit customers and face their challenges,” on which the most time should have been spent, was being taken away. To reduce the time spent on internal work as much as possible and, by creating time, to restore an environment in which we could stay firmly close to our customers. That was the true objective.

At first I was met with skeptical eyes from those around me: “Is it written in the Financial Inspection Manual?” and “There is no precedent.” However, I pressed ahead with the conviction that it was not a matter of being unable to do something because it did “not exist,” but rather that precisely because it was necessary for my colleagues and our customers, we would create a new way of doing things ourselves. Without fearing evaluation or failure, and by bringing those around me on board, we were ultimately able to complete a system that obtained a patent as expertise unique to the Bank.

What will be required in the era ahead, which will change dramatically and in which conventional wisdom will no longer hold, is the Spirit of Initiative and the capacity for action to take on new challenges without being bound by precedent. Leveraging my experience of confronting numerous difficult situations, I will support the further growth of the new Hachijuni Group.

In addition, so that every employee shares the starting point of wanting to be of service to our customers and the region and connects it to their own actions, we have set out a code of conduct for employees, “Act, learn, and challenge yourself with a customer-focused mindset,” as a medium-term priority theme in our Long-term Human Resources Policy. As a practitioner of it myself, I will work to root this principle of action throughout the entire organization.

The Bank’s answer to population decline in future: A leap toward a consulting firm

The Hachijuni Group has set its vision for 10 years from now as Long-term Vision 2035, “Building a Prosperous Future Together with the Region.” This vision embodies a strong desire, with an eye on the local community 10 years from now, not merely to provide financial services but to create the future together with the companies and people connected to the region, with “a proactive approach to collaboration based on trust and empathy.”

What lies at the point of departure for this vision is a severe forecast of the future based on the statistics of population decline. In light of the fact that the current population composition broadly matches past estimate data, the pace of population decline going forward may accelerate further. Based on a severe scenario, we need to consider that in Nagano Prefecture going forward, the rapid progress of a declining birthrate, an aging population, and population decline may cause the contraction of the regional economy, a serious shortage of human resources, and a decline in the competitiveness of local companies to advance simultaneously. If we remain on an extension of our conventional business model, we will be unable to maintain the vitality of the regional economy, and the Bank’s raison d’être will also be called into question. Faced with this reality, it was necessary to think seriously about “what we should do in order to continue being of service to this region and our customers.”

On the other hand, Nagano Prefecture, which is our principal business base, has high potential. It has rich natural environment, tourism resources, and high-quality

Message from the President

agricultural products, and world-class manufacturing industries supported by “a serious prefectural character that thinks things through logically” are clustered in various locations within the prefecture. Amid unavoidable population decline and labor shortages, what is the optimal solution for preserving this region’s excellent technologies and activities and continuing to accompany our customers deeply in addressing their challenges? The answer we derived in this way is precisely “A Leap Toward a Comprehensive Consulting Firm,” which we set out in the First Medium-term Management Plan.

The “comprehensive consulting firm” we aim to become is not simply a matter of conducting consulting operations alongside conventional banking operations in order to diversify revenue. It is a major step forward taken by the newly created Hachijuni Nagano Bank, having once again reexamined its raison d’être as a financial institution that lives in the region. In the era ahead, in which population decline will accelerate, we need to evolve into a presence that proactively reaches out from the Bank’s side and brings together its expertise with customers regarding latent challenges and business dreams that the customers themselves are not aware of.

What we aim for is to become “someone whose face first comes to mind when customers are in trouble or uncertain, and who is the very first to be consulted.” And the greatest strength of the consulting the Bank provides is that we can accompany customers over the long term, not only in achieving resolution of their challenges but through to its subsequent embedding. A resolve to continue contributing to this region across generations while leveraging our financial functions, beginning with lending. This is precisely the true form of the comprehensive consulting that the Hachijuni Group embodies.

The “300,000 cases” of activity that give concrete form to our leap

So that this vision of ours, to be “the very first to be consulted, and to accompany customers through to embedding,” does not end as a high-minded slogan, we have set out a KPI of aiming for a cumulative total of 300,000 comprehensive consulting support cases over three years.



This figure of 300,000 is not merely a target for the number of consulting cases. It indicates the volume of activity through which we will deliver value across the entire region by means of dialogue with customers, on the basis of the enormous body of “primary information” accumulated by the two banks that were integrated through the merger. We will connect regional challenges with technology and capital, and people with people, and link this to the resolution of challenges and the creation of new value. To that end, we believe that what matters most is the accumulation of daily activities in which we steadily visit customers and listen to their voices.

As concrete initiatives, in our corporate business we will firmly exercise our financial functions such as lending and then focus on support to “achieve business growth,” including business succession, M&A, and overseas expansion (10,000 cases), and support to “raise productivity,” including the rationalization of indirect operations (20,000 cases). In addition to this, we will vigorously promote support for the development of a world-class resort area that leverages the potential of Nagano Prefecture, as well as the “‘Connecting’ Project,” which bridges local companies to solution capabilities outside the prefecture and overseas.

In our individual business, we will begin by accumulating dialogue in order to understand our customers’ outlook on life and values. We will engage in support to “grow and protect assets” (100,000 cases), including asset formation to enrich life events, and, through expanding our lineup of inheritance and trust products, support to “make use of assets” (10,000 cases), staying close to our customers’ life stages.

The comprehensive consulting we envisage does not refer only to sophisticated M&A and asset management. Sincerely responding to small everyday troubles, such as pruning garden trees, is also important consulting for the Bank, which walks together with the region. There is no change in our stance of staying close to our customers and working together with them to resolve their challenges.

We believe that it is precisely the accumulation of daily activities, thinking with the customer as our starting point and working to resolve challenges while accumulating sincere dialogue, that constitutes the Bank’s value of existence and that leads to the sustainable growth of the region and the enhancement of its value.

Challenges and strategic investment for achieving the Medium-term Management Plan

In order to continue responding to the expectations of our customers and the region, and in order to realize the growth set out in the Medium-term Management Plan, there are challenges we must overcome.

The first is “further strengthening our profitability.” In order to sustainably deliver value to the region and our customers in the traditional financial field and in the wide-ranging nonfinancial fields, we need to maintain a robust financial foundation while also strengthening our profitability and diversifying our revenue base. Under the Medium-term Management Plan, we aim to increase the balance in the structured finance field by approximately ¥200.0 billion. By strengthening our initiatives in this field, firmly accumulating expertise, and becoming a player that is recognized by the market, we intend to take in high-quality deals. In addition, we need to place greater emphasis than before on “deposits,” which are the source of our revenue.

Turning to the environment surrounding deposits, the presence of internet banks, which are expanding their user bases with the convenience of digital services as a strength, is growing, and the competitive environment surrounding regional financial institutions is also changing significantly. Against this backdrop, the Bank will strengthen the functions of its digital channels and, through activities rooted in the region, leverage its strength of being able to provide services at the closest distance to customers, aiming to be a bank that customers continue to choose.

Being able to face each individual customer’s specific concerns, such as “I want to live this kind of life in this place” or “I want to run this kind of business,” in person and to support their resolution is a great strength of ours. By providing nonfinancial services as infrastructure that supports daily life and business, we will nurture relationships with customers and link this to building a robust transaction base.

The second is “transforming our corporate culture.” In order to steadily advance our strategy, we need to build a corporate culture that responds swiftly and flexibly to change and takes on new challenges positively, while still valuing the soundness and reliability that the Bank has cultivated to date. With “Act, learn, and take on challenges from a customer-centric viewpoint” as our basic stance, we will root throughout the entire organization a culture of acting first, accumulating learning from that process, and continuing to take on challenges while bringing those around us on board.

The other day, I received an inquiry from a customer whom I used to have business with, one that would have been difficult to handle in the conventional way. The relevant departments collaborated across divisions,

Message from the President

examined the matter from the perspective of "how can we make this happen," and were able to find a path toward resolution at a considerably fast pace. The Bank already has the groundwork for bringing together expertise across divisions and positions and responding flexibly and swiftly to change. Going forward, we will further extend these strengths and meet the expectations of our customers and the region.

The third is putting into practice an "overwhelming volume of activity." As I accumulate dialogue with employees, I sometimes hear voices of concern: "Will I be able to do comprehensive consulting, which requires sophisticated proposals?" The comprehensive consulting we aim for begins with visiting customers and listening to their voices. By overwhelmingly increasing our points of contact with customers, we will discover challenges and possibilities and accompany them toward resolution. We believe that this accumulation will generate new value for our customers and the region and will lead to proposals and support that are truly of service.

In order to support such transformation, the development and securing of the personnel who will carry it out are indispensable. We will advance a review of our personnel system to support the challenges and growth of each individual employee and, in conjunction with the Medium-term Management Plan, reassign approximately 250 employees to priority fields, beginning with Headquarters Solutions Sales (120 employees), strategic planning (70 employees), and market investment business and growth region sales (60 employees). We have already carried out nearly half of the deployment, but we will further raise our expertise while strengthening our organizational capabilities, and put in place a structure that can be of greater service than ever in resolving the challenges of our customers and the region.

The realization of a sustainable local community is also an important theme. In fiscal 2025, the Group achieved net zero greenhouse gas emissions. Furthermore, through promoting sustainable finance that supports the decarbonization management of companies (with a cumulative target of ¥1.5 trillion), and through contributing to attractive town development, including childcare support and the enhancement of the social welfare environment, we will work to realize a sustainable local community so that we can pass on a better region to the next generation.

In order to overcome these challenges and to support the enhancement of our consulting functions and our challenge into new business areas, we will also advance strategic investment. In systems investment (¥20.0 billion), we will advance the development of AI and data infrastructure, paperless in-store operations, and the introduction of a new sales support system. We will advance greater operational efficiency and further raise both the amount of time employees spend facing customers and its quality. In addition, the M&A strategic investment framework (¥150.0 billion) is intended to further enhance our consulting functions, including challenges into new businesses, and to broaden the range of functions and value we can provide to customers. We will engage in proactive investment in order to be of service to our customers and the region and to link this to the realization of the Medium-term Management Plan.

Our commitment to our stakeholders

Looking toward the final fiscal year of the First Medium-term Management Plan (fiscal 2028), the Hachijuni Group has set out management targets of "consolidated ROE of at least 8.0%" and "consolidated net income of at least ¥85.0 billion." In addition, with regard to returns to shareholders, we aim to maintain or increase dividends, with a target consolidated dividend payout ratio of at least 40%, and we will also conduct share buybacks in a flexible manner.

In order to conduct stable capital management, we have set an internal management level of approximately 12.5% as a guideline for the CET1 ratio (excluding valuation differences on securities, etc.). This level was calculated by adding a buffer for strategic investments such as M&A and for unforeseen risks such as natural disasters (approximately 2.0%) to 10.5%, the minimum line required for dividends plus, and it is the standard for capital management that supports growth while maintaining soundness. We will allocate the revenue we generate in a well-balanced manner between returns to our shareholders and investors and strategic investment for the next stage of growth, and we will aim for sustainable enhancement of corporate value.

The Bank's sound financial foundation is a major strength. On the other hand, I recognize that it has also been a challenge for the Bank that we have not adequately conveyed to the market how we will link the strength of our sound financial foundation to future growth and value creation. Accordingly, in this Medium-term Management Plan, we have for the first time set out our long-term vision and management targets using backcasting thinking, and we have clarified our approach to capital management. While maintaining soundness, we will appropriately control risk and strive to realize growth and enhancement of corporate value.

We believe that the trust we have built with our customers and the region over many years is also a foundation that supports the Bank's growth. The fact that our recent performance has continued to set record profits is not due solely to changes in the interest rate environment. In the long-continuing "world without interest rates," we placed being of service to the region and our customers first and worked to resolve challenges through repeated trial and error. The asset of trust with our customers, built through that accumulation, has led to our present robust business base. We believe that the impact of changes in the interest rate environment, too, has borne fruit as revenue precisely because such a foundation exists. Continuing to fulfill our role as a regional financial institution sometimes has aspects that cannot be fully measured by short-term evaluation alone. We believe that it is precisely by facing our customers and the region sincerely and accumulating trust that we will lead to long-term enhancement of corporate value.

While further polishing the two foundations of sound finances and trust with our customers, we will steadily work toward the realization of the Medium-term Management Plan.

In closing

I believe that in the era ahead, which will change dramatically, it is important to continue taking on new challenges. Through this merger, our employees have shown themselves moving powerfully forward while responding flexibly to changes in the environment. I believe that drawing out this strength to the maximum is precisely my important role.

We have not yet achieved "the most successful merger in Japan." That evaluation is something to be judged by our customers, the local community, and our shareholders and investors. What kind of value will we be able to deliver to our customers and the region through our activities from here on? Through that accumulation, we will live up to the trust and expectations placed in us by all of you.

Driven by our desire to "be of service," we will continue to walk forward with the aim of becoming someone that customers consult first. Going forward, we will continue to create value together with the region and our customers, and we will work toward sustainable growth.



The Hachijuni Group's Value Creation Process

Management Philosophy: Contribute to the development of local communities by maintaining sound management.

*Hachijuni Nagano Bank's principles of sound management target three objectives: (1) financial stability, (2) profitability based on appropriate risk management, and (3) sustainability through ESG management practices.

External environment: Declining birthrate & aging population | Aging business operators | Climate change | Advances in digital technology

Materiality (key issues): Value creation through digitalization and use of AI | Development of regional industries and businesses, and creation of communities with vitality | Realization of enriched lifestyles | Practice human capital management | Climate change countermeasures and environmental preservation | Strengthening cybersecurity | Fair and transparent management

Long-term Vision 2035: "Building a Prosperous Future Together with the Region"

First Medium-term Management Plan: A Leap Toward a Comprehensive Consulting Firm

Our vision: Fully committing ourselves to serving the community head-on

Principle of action: Deep Understanding of Our Customers ▶ Proposing Solutions ▶ Accompanying Support

Inputs
Business resources

External capital resources

Social
- Nagano Prefecture's rich social and economic capital
  - — Inherited manufacturing technology
  - — Abundant cultural and tourism resources
  - — High healthy life expectancy and elderly employment rate

Natural
- Nagano Prefecture's rich natural environment
  - — Numerous natural parks, etc.

Internal capital resources

Infrastructure capital
- Branch network covering all of Nagano Prefecture
- Well-established business locations outside the region (Tokyo, Osaka, Nagoya, Singapore, etc.)

Human capital
- Staff with knowledge and experience that help local communities address challenges
- Securities management team boasting broad know-how
- Digital technology experts (AI, etc.) who can effectively leverage big data
- Staff at non-financial subsidiaries

Intellectual capital
- In-house system development capabilities and digital expertise
- Proactive approach to environmental issues, expertise in green energy
- Securities investing expertise

Financial capital
- Stable financing
  - — Deposit balance of ¥9,552.0 billion
- High risk tolerance
  - — Equity ratio of 16.72%
- High creditworthiness
  - — S&P: A-, R&I: A+, JCR: AA

Core Theme

Addressing regional challenges by enhancing and expanding profitability

1
- **Corporate**: Supporting corporate growth and productivity improvements, Enhancing tourism appeal, and generating spillover effects for the regional economy
- **Retail**: Supporting customers at every life stage for a richer quality of life
- **Region**: Contributing to the development of sustainable communities that support a high quality of life
- **Market Operations**: Generating stable revenues through market operations and actively investing in growth areas

Transformation and Growth Themes

2 Developing and recruiting personnel who will drive transformation

3 Securing competitive advantage through investments in DX and AI

4 Expanding business domains to raise corporate value

Foundational Theme

5 Strengthening the management foundation as the cornerstone of trust and confidence

Specific solutions (output)
Services generated through business activities and internal initiatives

Consulting support to drive business growth	Business succession, M&A and IT, sustainability and overseas, etc.
Consulting support to enhance productivity	Streamlining digital channels and accounting, etc.
Consulting support to grow and protect assets	Asset formation/protection, financial education, etc.
Consulting support for asset management	Inheritance and trust services, life support services, etc.
Consulting support to build digital connections	Digital channels, etc.

- Contribution to creating attractive communities
- Realizing a green community
- Bolstering structured finance

- Developing and recruiting personnel who will drive transformation
- Realizing diversity, equity, and inclusion
- Reforming the personnel system and operations
- Expansion of the infrastructure for AI use
- Transition to the "Bank-Securities One-Stop Support Model"
- Sales reforms to enhance quality and speed
- Productivity improvement through business process reengineering
- Enhancement of existing businesses
- Expansion of business areas
- New business ventures
- Enhancement of risk management
- Strengthening of cybersecurity
- Response to climate change
- Response to biodiversity

Outcome

Value creation at Hachijuni Nagano Bank

Invigorating regional economies and societies and achieving qualitative prosperity

Challenges for a society with a declining birthrate and aging population

Local communities and customers
- Revitalization of the local economy
  - — Per capita GDP and asset growth for Nagano Prefecture residents
  - — Growth of core regional companies and support for new ventures
- Decarbonization
  - — Becoming a leading prefecture in green energy that leverages the region's natural environment
- Biodiversity
  - — Preservation of the natural environment and its legacy for future generations
- Development of local cultural and tourism resources and their bequest to future generations

Shareholders
- Further improvement of corporate value
  - — Improvement of ROE and PBR
  - — Efficient utilization of substantial equity resources
    - • Utilization in growth areas
    - • Preservation of equity for the ongoing support of local economies
- Enhancement of shareholder returns via such means as stable dividends

Employees
- Enhancing job satisfaction by providing varied opportunities for growth and development
- Matching compensation with contribution to corporate value

Positioning of Hachijuni Group's "Long-term Vision 2035" and "First Medium-term Management Plan"

We have established the "Long-term Vision 2035" as our desired state in 10 years, and we are committed to a future in which we create value together with the region.
To realize our Long-term Vision 2035, we will pursue phased growth and transformation through our First through Third Medium-term Management Plans.

Long-term Vision 2035

"Building a Prosperous Future Together with the Region"

- **Appeal** — The power that attracts people and generates value and potential, inspiring hope and pride
- **Future** — A symbol and direction representing hope and challenge for forging a better society
- **Community** — Not merely referring to a geographical location but an existence as a community, encompassing people, culture, industry, history, and connections
- **Together** — A proactive approach to collaboration based on trust and empathy, sharing values on an equal footing
- **Create** — An active and determined will to create new value and mechanisms

Third Medium-term Management Plan FY2032–FY2035

Aiming to become a group with a strong, outward-looking presence that expands business fields beyond finance and comprehensively supports local infrastructure—including the environment, industry, and daily life—while jointly creating the region's future

Second Medium-term Management Plan FY2029–FY2031

Expanding the Group's scope of activities further, contributing to regional economic growth by supporting corporate growth—including overseas expansion—and enhancing the lifestyles of individual customers

First Medium-term Management Plan FY2026–FY2028 A Leap Toward a Comprehensive Consulting Firm

Evolving into a comprehensive consulting firm and offering high-quality services to customers

- Supporting the success of local companies and the realization of enhanced living through high value-added consulting proposals
- Accelerating sustained employee development and organizational evolution through the utilization of DX and AI
- Expanding business domains through strategic investments and establishing and building extensive and advanced group capabilities

Core Theme

1 Addressing regional challenges by enhancing and expanding profitability

- **Corporate** — Supporting corporate growth and productivity improvements, enhancing tourism appeal, and generating spillover effects for the regional economy
- **Retail** — Supporting customers at every life stage for a richer quality of life
- **Region** — Contributing to the development of sustainable communities that support a high quality of life
- **Market Operations** — Generating stable revenues through market operations and actively investing in growth areas

Transformation and Growth Themes

2 Developing and recruiting personnel who will drive transformation

3 Securing competitive advantage through investments in DX and AI

4 Expanding business domains to raise corporate value

Foundational Theme

5 Strengthening the management foundation as the cornerstone of trust and confidence

Management Targets

		FY2028	Reference: FY2025
Finance	Consolidated ROE	At least 8.0%	6.1%
Environment	Greenhouse gas (CO_2) emissions	80% reduction compared to FY2019	74.1% reduction compared to FY2019
	Sustainable Financing Provided (value)	Accumulated total of ¥1.5 trillion since FY2021 (of which ¥1 trillion slated for environmental activities)	¥1,275.9 billion (¥640.6 billion)
Social	Social population growth in region (Nagano Prefecture)	Continued "social population growth"	Four-year consecutive social population growth

Fiscal Plan

	FY2028	Reference: FY2025
Consolidated Net Income	At least ¥85.0 billion	¥64.5 billion
Average Deposit and NCD Balance	¥10,000.0 billion	¥9,136.3 billion
Average Loan Balance	¥7,100.0 billion	¥6,291.2 billion
Services-Related Profit	¥21.0 billion	¥17.1 billion

Comprehensive Consulting KPIs (Cumulative No. of Consulting Cases for Three Years: 300,000)

		FY2028	Reference: FY2025
Corporate	**Consulting support to drive business growth** (business succession, M&A and IT, sustainability and overseas, etc.)	10,000 cases	2,402 cases
	Consulting support to enhance productivity (streamlining digital channels and accounting, etc.)	20,000 cases	8,588 cases
Retail	**Consulting support to grow and protect assets** (asset formation/protection, financial education, etc.)	100,000 cases	30,213 cases
	Consulting support for asset management (inheritance and trust services, life support services, etc.)	10,000 cases	3,838 cases
	Consulting support to build digital connections (digital channels, etc.)	160,000 cases	60,570 cases

First Medium-term Management Plan (FY2026–FY2028)
A Leap Toward a Comprehensive Consulting Firm

Our Vision of a Comprehensive Consulting Firm

As local challenges grow increasingly complex, Hachijuni Group is expected to offer a range of solutions that go beyond financial boundaries. By increasing our activities and interactions with customers further, we aim to deeply understand their aspirations and circumstances, bring together our expertise to help realize their aspirations and solve challenges, and accompany them through to completion. By steadily building upon these sincere efforts, we can meet the expectations of the community and build unwavering trust.

"Fully committing ourselves to serving the community head-on"—that is the vision we pursue.

Deep Understanding of Our Customers
Through engagements and dialogue with the Hachijuni Group, we gain a deep understanding of our customers' dreams and challenges.

Proposing Solutions
We design and propose methods and measures aimed at realizing dreams or overcoming challenges.

Accompanying Support
We stand by customers in execution, working together and providing comprehensive support.

Core Theme 1

Addressing regional challenges by enhancing and expanding profitability (Corporate Business)

We provide financial support to the management of local companies through our lending relationships, and also deliver solutions that go beyond conventional financial services to help realize our clients' aspirations and ambitions, which we have come to share through these relationships, enabling us to provide more in-depth consulting support. In addition, we promote the growth of companies that serve as regional pillars and improve the productivity of small and medium-sized enterprises to enhance their resilience. By promoting the tourism industry and linking external solution capabilities to local companies, we also contribute to regional revitalization.

Enhancing the resilience of local companies	— Growth into regional core enterprises (Support for Future Co-creation Companies*1)	・Support for the formulation of management and business plans, and assistance with M&A and business succession ・Support for overseas expansion, diversification, and the expansion of trade transactions
Enhancing the resilience of local companies	— Improvement in productivity — Strengthening the management foundation	・Strengthening transactions through digital channels ・Support for streamlining indirect operations and recruiting/retaining talent ・Support for cybersecurity measures and risk management
Support for the development of world-class resort areas		・Support for development of areas utilizing their natural assets ・Support for capital investment through funding, etc.
"Connecting" Project		・Expansion of networks for introducing companies from outside the prefecture and overseas to local businesses ・Leveraging external solutions from outside the prefecture and overseas to strengthen regional competitiveness

Addressing regional challenges by enhancing and expanding profitability (Retail Business)

Through dialogue with our customers, we gain a deep understanding of their values and outlook on life. Based on the trust we cultivate, we provide proposals that support asset formation for enriched life events and help address the diverse needs of the senior population, and support their decision-making. In addition, we improve convenience by enhancing digital channel functionalities and provide financial services tailored to our customers' daily lives.

Increase in customers' financial assets	・Enhanced convenience through Hachijuni Securities' "Bank-Securities One-Stop Support Model*2" ・Improved proposal capabilities of sales personnel through the introduction of a new development program ・Support for improving financial literacy in workplaces and educational settings
Support for secure and safe living among the senior population	・Expansion of life support services ・Enhancement of the inheritance services framework and expansion of the trust product lineup
Improving the convenience of financial services	・Expansion of digital channel functionalities ・Implementation of a loyalty program

Addressing regional challenges by enhancing and expanding profitability (Urban Development and Market Operation)

Sustainable Urban Development In collaboration with local stakeholders and related organizations, we envision the future of the region and play an active role in addressing regional challenges such as attractive urban environment development and social welfare.
Furthermore, we support companies' decarbonization efforts, contributing to both environmental conservation and economic growth.

Market Operations By strengthening structured finance and enhancing securities management, we will achieve diversification and stabilization of our revenue base.

Contribution to creating attractive communities	・Establishing a relocation support platform ・Strengthening support for child-rearing and enhancing social welfare environments ・Issuing digital local currency
Realizing a green community	・Development of decarbonization consulting services ・Enhancing the promotion of sustainable finance
Bolstering structured finance	・Expansion of specialized departments and talent development ・Expansion of credit balances accompanied by diversification of products (e.g., ship finance) ・Strengthening the financial arrangement function to address regional challenges

Transformation and Growth Theme 2

Developing and recruiting personnel who will drive transformation

Toward the development and recruitment of personnel who will drive transformation, we will reform our human resources system to place greater value on employees' initiatives and on their achievements and to reward their contributions, and foster workplace environment that enables every employee to perform at their full potential with high engagement. In addition, we will promote continuous self-development and deepen diversity management by enabling employees with diverse insights and experiences to learn from and strengthen one another.

Developing and recruiting personnel who will drive transformation	・Optimal allocation of transformative, management, and specialist talent ・Strengthening development through increased diverse experiential opportunities such as external learning
Realizing diversity, equity, and inclusion	・Creating a workplace where diverse employees can thrive ・Promoting respect for workforce diversity and well-being
Reforming the personnel system and operations	・Revising the personnel system ・Operating in a manner that rewards a willingness to drive transformation

Transformation and Growth Theme 3

Securing competitive advantage through investments in DX and AI

By fostering an organizational culture in which all employees can effectively leverage AI and enhance productivity and creativity, we will strengthen the competitiveness of the Hachijuni Group. In addition, through streamlining operations, we will create an environment that enables our employees to focus on high value-added tasks and further deepen our engagement, proposals, and collaborative support with customers.
We will build an "AI and data platform" to enable more sophisticated use of AI in order to provide high-quality support to our customers. Furthermore, we will enhance convenience by the transition to the "Bank-Securities One-Stop Support Model" and modernize our operations and reduce administrative burdens by the introduction of a new sales support system and transition toward paperless in-branch operations.

Expansion of the infrastructure for AI use	・Construction of an "AI and data platform" ・Establishment of data management and AI governance	・Full-scale development of an AI agent and its implementation ・Development of human resources for AI use
Transition to the "Bank-Securities One-Stop Support Model"	・Streamlining the sales structure by consolidating sales windows ・Leveraging aggregated customer data	・Integration of Bank-Securities systems and account consolidation
Sales reforms to enhance quality and speed	・Introduction of a new sales support system ・Integration of the new Bank-Securities system with the "AI and Data Infrastructure"	
Productivity improvement through business process reengineering	・Transition to paperless in-branch operations ・Expansion of ATM and online electronic banking functions	

Transformation and Growth Theme 4

Expanding business domains to raise corporate value

While optimizing overall group management, we will realign our business areas and strengthen our system and capabilities to provide optimal solutions that go beyond the confines of finance. In addition, through supporting our customers' core businesses, we will generate new revenue opportunities, thereby enhancing corporate value.
Furthermore, moving beyond traditional fields like business succession and M&A, we will support customers' growth and help achieve their goals in areas such as overseas business expansion and human resources by providing one-stop solutions that leverage group-wide information and strategic alliances. Moreover, we will create even greater value by taking on new business ventures.

Enhancement of existing businesses	・Provision of payment functionality (Hachijuni Card) ・M&A and succession support (Hachijuni Capital, Hachijuni Investment)	・Digital technology and AI implementation support ・Optimal funding through expanded guarantee coverage for personal loans (Hachijuni Credit Guarantee)
Expansion of business areas	・Expansion of the network through partnerships with overseas institutions and the establishment of bases ・Provision of comprehensive human resource services from recruitment to retention (Hachijuni Staff Service) ・Expansion into adjacent fields related to leasing (Hachijuni Lease, Hachijuni Auto Lease)	・Outsourcing of receivables management and collection services in the retail sector (Yamabiko Services) ・Promotion of electricity retailing and hydroelectric power generation (Hachijuni Link Nagano)
New business ventures	・Branding and marketing support (Hachijuni Link Nagano) ・System development and enhanced collaboration with other financial institutions (JUUDANKAI and others) ・Outsourcing of back-office operations and efficiency support for local companies	・Support for relocators through platform provision (Mt. Fuji-Alps Alliance) ・Proposals for real estate utilization and support for fundraising in urban development

Foundational Theme 5

Strengthening the management foundation as the cornerstone of trust and confidence

In response to increasingly diverse and complex risks, including cyber risks and other digital-age threats, we will build a robust security framework as a strong safeguard, strengthen our business continuity capabilities, and further enhance the trust of our stakeholders.

Enhancement of risk management	・Implementation of a comprehensive growth strategy through strengthened business planning and integrated risk management ・Enhancement of risk management systems
Strengthening cybersecurity	・Strengthening cybersecurity systems ・Reinforcement and expansion of system infrastructure

We will promote the decarbonization of the Hachijuni Group, advance initiatives in collaboration with local communities to realize a nature-positive region by addressing climate change and conserving biodiversity, and contribute to the realization of a sustainable society.

Response to climate change	・Reduction of greenhouse gas emissions (Scope 1, 2) ・Support for the decarbonization of the supply chain (Scope 3)
Response to biodiversity	・Evaluation of "dependence and impact" on natural capital in business activities ・Support for customer initiatives in biodiversity conservation and nature-positive efforts ・Expansion of efforts for waste reduction and resource circulation toward creating a circular society

*1 Future Co-creation Companies: Companies such as those in the "10 Billion Declaration" that aspire to grow into core regional players
*2 A model in which banking and securities are integrated to provide one-stop, accompanying support from asset formation to asset management and succession

Business Base and Materiality

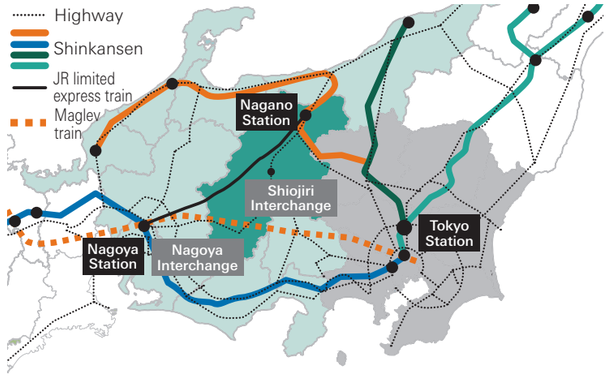
Review of materiality

In 2022, we identified 12 materiality issues and have since been implementing initiatives to address each of them. Following the launch of the new bank, we reviewed our material issues to further strengthen group management, taking into account changes in the environment and social structure surrounding our local communities.

Our understanding of local communities that we have cultivated through years of close engagement with them forms the foundation for identifying material issues and advancing our value creation efforts.

Geographical characteristics of Nagano Prefecture

Nagano Prefecture is located in central Japan, within a 200-kilometer radius of Tokyo and Nagoya, and has been developed as a transportation hub with easy access to major cities via a well-developed highway network.



Access from Tokyo

JR Tokyo Station - Nagano Station (Hokuriku Shinkansen)
Travel time: Approx. 1 hour 40 minutes

Highway Nerima Interchange - Shiojiri Interchange (Kanetsu Expressway - Nagano Expressway)
Travel time: Approx. 2 hours 50 minutes

Access from Nagoya

JR Nagoya Station - Matsumoto Station (Limited Express Shinano)
Travel time: Approx. 2 hours

Highway Nagoya Interchange - Shiojiri Interchange (Tomei Expressway - Chuo Expressway)
Travel time: Approx. 2 hours 5 minutes

Market potential and regional challenges

Nagano Prefecture benefits from its abundant natural resources and geographical advantage of being in close proximity to the Tokyo and Chukyo metropolitan areas. It has a diverse industrial base, including agricultural products and tourism, and a strong manufacturing cluster centered on precision machinery, and offers significant growth potential.

However, there are growing concerns about issues such as a declining population driven by low birthrate and the movement people to urban areas, and declining birthrate and aging population, which will affect the sustainability of local communities and the regional economy.

Market potential

Lifestyle
- Prefectures people want to move to: Ranked 1st in Japan
  *Ranked 1st for 20 consecutive years in "Inaka Living" (Takarajima-sha) in 2026
- Healthy life expectancy: Ranked 1st in Japan (women) and 1st in Japan (men)
  *2023 Average period of independence, by prefecture (All-Japan Federation of National Health Insurance Organizations statistics)

Nature
- Number of Japan's 100 most famous mountains: Ranked 1st in Japan
  *According to the Mountain and Highland Tourism Division, Nagano Prefecture Tourism and Sports Department
- Forest area: 3rd in Japan
  *Primeval and artificial forest coverage by prefecture in 2022 (Forestry Agency)

Tourism
- Number of hot spring resorts: 2nd in Japan
  *Hot spring usage in 2023 (Ministry of the Environment)
- Number of ski resorts: 2nd in Japan
  *According to the Mountain and Highland Tourism Division, Nagano Prefecture Tourism and Sports Department

Industry
- Shipment value of printing equipment: 1st in Japan
  *2024 Basic Survey of Japanese Business Structure and Activities
- Shipment value of microscopes and magnifying glasses: 1st in Japan
  *2024 Basic Survey of Japanese Business Structure and Activities

Agricultural products
- Amount of wine grape produced: 2nd in Japan
  *2022 Regional Fruit Production Trends Survey (Ministry of Agriculture, Forestry and Fisheries)
- Production volume of mushrooms (Eringi, Enokitake, Bunashimeji): 1st in Japan
  *2024 Special Forest Products Production Statistics (Forestry Agency)

Market risks

Declining birthrate
Movement of people to urban areas
Declining population
Declining birthrate & aging population
etc.



Group Materiality

Taking the launch of the new bank as an opportunity, we reassessed the importance of material issues from the perspectives of corporate value and society and stakeholders, and identified key issues that the entire Hachijuni Group should address as 'Group Materiality.'

Previous materiality	Climate change Decarbonization Environmental conservation Creation of new industries Promotion of core industries Addressing demographic changes Advancing digitalization Promotion of diversity and inclusion Human resource development Fortifying data security Enhancing information disclosure Deepening compliance

Process for identifying materiality

Step 1 Reassessment of risks and opportunities arising from changes in the internal and external environment

Step 2 Assessment of the risks and opportunities for the previous materiality issues (12 items) Consideration of new items and two-dimensional assessment of each item

Step 3 Review of the need to consolidate or revise materiality issues

Step 4 Validation of the appropriateness of the priority issues Review of alignment with external standards

Step 5 Identification of priority issues for the Hachijuni Group and its stakeholders

Group Materiality after the review

- Value creation through digitalization and use of AI
- Development of regional industries and businesses, and creation of communities with vitality
- Realization of enriched lifestyles
- Practice human capital management
- Climate change countermeasures and environmental preservation
- Strengthening cybersecurity
- Fair and transparent management

With the formulation of the First Medium-term Management Plan, developed through backcasting from the Long-term Vision 2035, "Building a Prosperous Future Together with the Region," we reviewed our materiality issues. This review was positioned not merely as a review of current issues, but also as the foundation for defining the "desired state under our 10-year long-term vision."

In identifying the Group Materiality, we reviewed the appropriateness of the previous materiality issues, assessed the risks and opportunities arising from changes in the internal and external environment, and considered the need to consolidate or revise the materiality issues. In addition, we confirmed the alignment of the Group Materiality with external standards, including the SASB Standards.

Based on the results of these assessments, the Sustainability Committee, the Management Committee, and the Board of Directors held extensive discussions from the perspectives of the alignment with the Long-term Vision and medium- to long-term significance, and identified the key issues.

The identified key issues have been incorporated into the strategic themes of the new Medium-term Management Plan and will be advanced in alignment with our management strategy. Through initiatives to address material issues, identified by backcasting from our Long-term Vision, we aim to contribute to sustainability of the region and enhance the Group's medium- to long-term corporate value.

Long-term Vision 2035
"Building a Prosperous Future Together with the Region"
Represents the desired state in 10 years achieved through progress in addressing the selected materiality issues
P27

First Medium-term Management Plan (FY2026–FY2028)
A Leap Toward a Comprehensive Consulting Firm
Defines five strategic themes, and through initiatives for each theme, it steadily progresses toward realizing the long-term vision.
P29

Enhancing Corporate Value: Improving PBR and ROE

The Bank shares its capital market valuations, such as PBR and stock price, at meetings of the Board of Directors, and strives to enhance corporate value through business activities based on the value creation process. By achieving a well-balanced enhancement of both financial and non-financial aspects, we are working to further improve ROE, which is expected to improve over the medium to long term, with a focus on strengthening profitability.

We will strengthen communication with the capital markets so that we can convey our vision and initiatives to a wide range of investors and reflect their opinions in our business activities.

Enhancement of corporate value (PBR, Share price)

Improvement of ROE Net income/equity

Key initiatives

Improvement of RORA
Net income/risk-weighted assets

Strengthening profitability

1. Strengthening regional revitalization–focused lending, marketable loans, and our fund business
2. Enhancing investment yields through accurate pricing
3. Stable, low-cost funding backed by a solid customer base
4. Strengthening consulting sales
5. Improving cost efficiency through DX
6. Improved asset quality through support for the operational reform and revitalization of borrowers

Optimization of financial leverage
Risk-weighted assets/equity

Effective capital utilization

Risk-weighted asset controls

1. Risk/return-driven capital management
2. Initiatives to reduce strategically held shareholdings
3. Gradual reduction of equity risk associated with CET1
4. Enhanced shareholder returns (stable dividends and flexible share buybacks)

PER improvement 1 / (capital cost – projected growth rate)

Reduction in capital cost

Bolstering of nonfinancial capital

Enhancement of disclosure

Improvement of projected growth rate

Resolution of ESG materiality issues

Core Theme

1 Addressing regional challenges by enhancing and expanding profitability

		Specific solutions (output) Services generated through business activities and internal initiatives	
Corporate	Supporting corporate growth and productivity improvements Enhancing tourism appeal Generating spillover effects for the regional economy	Consulting support to drive business growth	Business succession, M&A and IT, sustainability and overseas, etc.
		Consulting support to enhance productivity	Streamlining digital channels and accounting, etc.
Retail	Supporting customers at every life stage for a richer quality of life	Consulting support to grow and protect assets	Asset formation/protection, financial education, etc.
		Consulting support for asset management	Inheritance and trust services, life support services, etc.
		Consulting support to build digital connections	Digital channels, etc.
Region	Contributing to the development of sustainable communities that support a high quality of life	Contribution to creating attractive communities	
		Realizing a green community	
Market Operations	Generating stable revenues through market operations and actively investing in growth areas	Bolstering structured finance	

Capital allocation

- Practice capital management based on a CET1 ratio (excluding valuation differences on securities, etc.) that targets approximately 12.5%
- Preparations for “offense” and “defense,” including M&A strategic investment funds of 150.0 billion yen and preparedness for natural disaster
- Aiming to maintain or increase dividends, with a target consolidated dividend payout ratio of at least 40% Repurchasing shares of the Bank in a flexible manner, taking into consideration market conditions and other factors

Transformation and Growth Themes	2 Developing and recruiting personnel who will drive transformation	Developing and recruiting personnel who will drive transformation	Realizing diversity, equity, and inclusion	Reforming the personnel system and operations	
	3 Securing competitive advantage through investments in DX and AI	Expansion of the infrastructure for AI use	Transition to the “Bank-Securities One-Stop Support Model”	Sales reforms to enhance quality and speed	Productivity improvement through business process reengineering
	4 Expanding business domains to raise corporate value	Enhancement of existing businesses	Expansion of business areas	New business ventures	
Foundational Theme	5 Strengthening the management foundation as the cornerstone of trust and confidence	Enhancement of risk management	Strengthening of cybersecurity	Response to climate change	Response to biodiversity

Materiality (key issues)

- Value creation through digitalization and use of AI
- Development of regional industries and businesses, and creation of communities with vitality
- Realization of enriched lifestyles
- Practice human capital management
- Climate change countermeasures and environmental preservation
- Strengthening cybersecurity
- Fair and transparent management

Message from the Chief Finance Officer



We will further raise corporate value by strengthening sustainable profitability and enhancing capital efficiency.

Takehiko Kimura
Managing Executive Officer

1. Review of fiscal 2025

Fiscal 2025, which ended March 31, 2026, began with the Bank of Japan carefully assessing the impact of further interest rate hikes against the backdrop of policy developments following the inauguration of the new US administration and concerns over economic slowdowns in the US, Europe, and China. In the second half of the fiscal year, heightened geopolitical risks stemming from the deterioration of the situation in the Middle East at times raised uncertainty over the outlook; however, overseas economies remained more resilient than expected. Given these circumstances, the Bank of Japan gradually raised its policy interest rate to 0.75%, marking a year in which a positive interest rate environment became firmly established.

In light of these changes in the business environment, the Group worked as one to improve profitability and ROE. As a result, consolidated net income reached a record high of ¥64.5 billion, while consolidated ROE was 6.1%. We believe that these results are, in part, the outcome of our continued efforts in a low interest rate environment to address customer challenges through initiatives such as business succession and M&A support and digitalization support, while strengthening the human resources and organizational capabilities that underpin these initiatives. We believe that the expansion of non-financial services pursued under the "Medium-term Management Vision 2021," together with the improvement in net interest income resulting from changes in the interest rate environment, contributed to the earnings growth.

We will continue to build a stable earnings structure while steadily implementing multiple measures toward achieving consolidated ROE of 8.0% or higher (fiscal 2028), as set forth in the First Medium-term Management Plan.

2. Consolidated financial results

Consolidated gross income rose ¥14.7 billion year-on-year to ¥128.0 billion, driven by an improvement in net interest income due to increases in loan interest income and interest and dividends on securities against the backdrop of improved yields.

Driven by expanded gains on sales of equity securities in addition to the increase in consolidated gross income, ordinary income rose ¥17.6 billion year-on-year to ¥81.5 billion, and net income attributable to owners of parent rose ¥16.5 billion year-on-year to ¥64.5 billion, both reaching record highs.

Consolidated (¥ billion)	FY2024	FY2025	YoY
Gross income	113.2	128.0	14.7
Ordinary income	63.8	81.5	17.6
Net income attributable to owners of parent	47.9	64.5	16.5

3. Hachijuni Nagano Bank, Ltd. (nonconsolidated)

Net core business income (excluding gains on redemption of investment trusts), a profitability indicator for our core business, increased ¥6.3 billion to ¥54.4 billion, mainly due to increases in loan interest income and interest and dividends on securities. Net operating profit increased ¥3.2 billion to ¥38.1 billion.

Ordinary income increased ¥15.8 billion to ¥75.8 billion, mainly due to progress in reducing cross-shareholdings, and net income rose ¥20.5 billion to ¥66.5 billion.

Nonconsolidated (¥ billion)	FY2024	FY2025	YoY
Core operating profit (excluding gains and losses on redemption of investment trusts)	48.1	54.4	6.3
Ordinary income	59.9	75.8	15.8
Net income	45.9	66.5	20.5

4. Hachijuni Group First Medium-term Management Plan

As a leading company in Nagano Prefecture, the Hachijuni Group addresses local challenges head-on and serves as a bridge between the local community and the world, thereby contributing to the region's sustainable growth. To achieve this goal, we formulated our First Medium-term Management Plan, titled "A Leap Toward a Comprehensive Consulting Firm." This plan covers the first three-year period based on backcasting from the Long-term Vision 2035, "Building a Prosperous Future Together with the Region."

As regional challenges become increasingly complex due to population decline and changes in the industrial structure, the Group is expected to provide effective support that extends beyond the scope of financial services. Based on this recognition, as a financial institution that has grown together with the region for approximately 100 years, we established the Comprehensive Consulting KPIs as indicators to accurately identify customer needs and circumstances through our extensive customer network and visualize the Group-wide support we provide in resolving customer challenges.

We will provide consulting support to drive business growth and to enhance productivity for business customers, and provide consulting support to grow and protect assets and manage assets as well as consulting support to build digital connections for retail customers. We aim to achieve a cumulative total of 300,000 service and capability deliveries over the three-year period, thereby contributing to the sustainable growth of the region while enhancing the Group's profitability.

Message from the Chief Finance Officer

5. Short-term Management Plan for Fiscal 2026

The economic environment in fiscal 2026 is expected to remain highly uncertain. Multiple risk factors remain, including developments in trade policies surrounding new tariff measures, rising energy prices due to geopolitical risks, and supply chain disruptions caused by higher transportation costs and supply constraints. In addition, the market remains highly volatile, requiring even more careful assessment of the outlook.

Amid these circumstances, fiscal 2026 will be an important year toward achieving the goals of the First Medium-term Management Plan, "A Leap Toward a Comprehensive Consulting Firm." We have established our policy for fiscal 2026 as "Turning Our Aspirations into Action—Strengthening Customer Touchpoints and Delivering Results." Toward achieving the Comprehensive Consulting KPIs, we will increase our activities in each area and steadily advance initiatives that support the sustainable growth of the region.

On a nonconsolidated basis, we project ordinary income of ¥101.0 billion (up ¥25.2 billion year-on-year) and net income of ¥70.0 billion (up ¥3.5 billion). Under the base scenario, we assume that the Bank of Japan will raise its policy interest rate twice during the fiscal year, once in the first half and once in the second half, and that market risk will remain stable. Based on the Bank's estimates, a 0.25 percentage point increase in the policy interest rate is expected to increase net interest income by approximately ¥10.0 billion to ¥15.0 billion. Taking this impact into account, we project net income attributable to owners of parent of ¥73.0 billion, which would mark a record high for the fourth consecutive fiscal year.

Meanwhile, uncertainty remains regarding market conditions and interest rate trends. Through agile ALM management that enables us to respond appropriately to changes in the environment, we will steadily improve profitability and capital efficiency. To appropriately link corporate value with market valuation, we will focus on how the quality and outcomes of each initiative are reflected in financial indicators and use this understanding to drive sustainable value creation.

Consolidated (¥ billion)	FY2025	FY2026 (plan)	YoY
Ordinary income	81.5	106.0	24.5
Net income attributable to owners of parent	64.5	73.0	8.5

<Assumption: policy interest rate of 1.25% as of fiscal year-end>

Nonconsolidated (¥ billion)	FY2025	FY2026 (plan)	YoY
Ordinary income	75.8	101.0	25.2
Net income	66.5	70.0	3.5

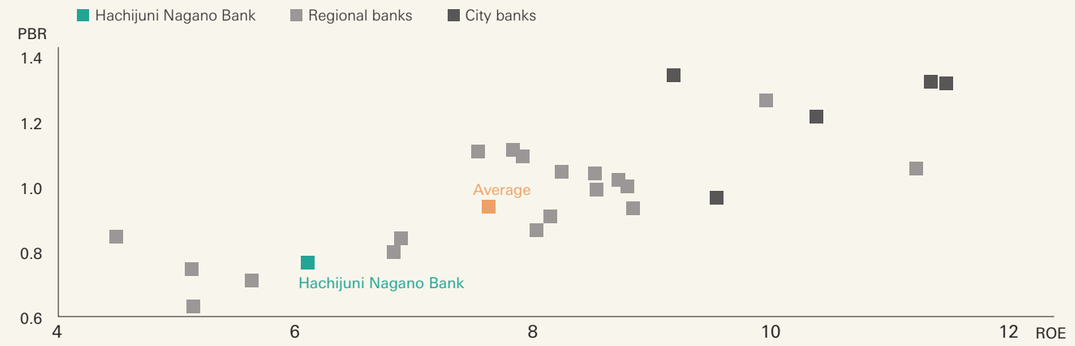
<Assumption: policy interest rate of 1.25% as of fiscal year-end>

6. Our view of market valuation (PBR)

We recognize that market valuation is not only an outcome but also an important indicator that reflects the Bank's financial management and ability to execute its strategies. In particular, PBR is a key indicator that clearly reflects the market's assessment of our profitability and capital efficiency, and one that we must continue to focus on to ensure that the corporate value we seek to achieve is consistently reflected in our market valuation. What we emphasize is creating a virtuous cycle in which we consistently deliver improvements in profitability and capital efficiency and, based on the resulting market valuation, sustainably expand the services we provide to customers and our contributions to the region.

PBR is obtained by multiplying ROE by PER, but we believe that the key to improving PBR for the Bank lies in the level and sustainability of ROE. Under the First Medium-term Management Plan, we have set a target of consolidated ROE of at least 8.0% and positioned the improvement of ROE through enhanced profitability and capital efficiency at the core of our financial management. At the same time, we will work to improve PER by enhancing growth expectations through initiatives to strengthen non-financial capital, including human capital, and address materiality issues.

Comparison of PBR and ROE (as of March 31, 2026; top 20 regional banks by market capitalization)



7. Initiatives to improve ROE

ROE is an indicator that reflects the overall outcomes of our financial management, including profitability, capital allocation, and shareholder returns, and is an important measure of the quality of the Bank's management. What we emphasize is not a temporary increase in ROE, but the establishment of a virtuous cycle in which enhanced profitability and improved capital efficiency lead to greater corporate value. To this end, we will pursue enhanced profitability, optimized capital allocation, and disciplined shareholder returns not as separate initiatives, but as an integrated framework underpinning our financial management, thereby achieving sustainable improvement in ROE.

8. Improving profitability

We believe that the key to improving ROE lies in enhancing the quality of our earnings. As a positive interest rate environment becomes firmly established, we are further strengthening our initiatives in areas where we can provide high-value-added financial functions, in addition to our traditional deposit and lending business.

As part of these efforts, we established the Structured Finance Department in June 2026. By strengthening our human resource base while enhancing our credit assessment and risk management frameworks, we aim to diversify our revenue sources and improve profitability. In addition, we will further strengthen our earnings base by reallocating the expanded pool of human resources resulting from the merger to strategic areas and deploying them in tandem with the enhancement of our consulting functions.

9. Enhancing growth expectations

Under the negative interest rate environment, improving ROE through a lower OHR and stronger service profit was a major priority and a key focus in enhancing corporate value. Meanwhile, as interest rates continue to normalize, we believe that the market is assessing companies from an increasingly diverse range of perspectives. The market is evaluating not only current profitability, but also its sustainability and potential for long-term growth. From this perspective, improving PBR requires higher ROE as well as steady progress in initiatives related to human capital, governance, and sustainability that help sustain ROE. We also believe that it is essential to proactively disclose information on these initiatives and strategic investments to deepen the market's understanding of our future profitability and growth potential.

Through the merger, the Bank has further strengthened its management foundation in terms of both financial and non-financial capital. By leveraging these forms of capital in an integrated manner and maximizing their value, we will work to enhance corporate value over the medium to long term.

Our aim is to deliver greater value to our customers and the region through the enhancement of corporate value. We will pursue sustainable value creation under the banner of "Enhancing Corporate Value for the Benefit of Our Customers."

Message from the Chief Finance Officer

10. Capital allocation

To continuously implement capital management that is less susceptible to market price fluctuations, including stock price fluctuations, we use the CET1 ratio excluding valuation differences on securities, etc. as an internal management indicator.

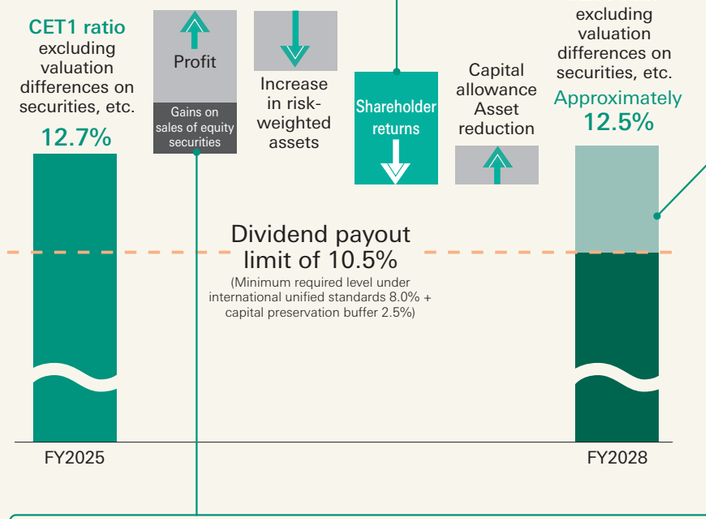
We have set a target level of approximately 12.5%, comprising 10.5% as the minimum level required to maintain dividend capacity, plus approximately 2.0% for strategic investments such as M&A and contingencies such as natural disasters, and will pursue optimal capital management while maintaining financial soundness.

Improving ROE: effective use of capital

We will manage capital with a target level of approximately 12.5%, comprising 10.5% as the minimum level required to maintain dividend capacity, plus approximately 2.0% for strategic investments such as M&A and contingencies such as natural disasters.

Reference Shareholder Return Policy

We aim to maintain or increase dividends, with a target consolidated dividend payout ratio of at least 40%.
We will also acquire treasury stock in a flexible manner, taking into consideration market conditions and other factors.



Preparations for "offense" and "defense"

Approximately **2.0%**

M&A and strategic investments
Approximately ¥150.0 billion

Natural disaster risks

Approach to management and operation

To conduct capital management that is less affected by market fluctuations, we will leverage the CET1 ratio (excluding valuation differences on securities, etc.) for internal management.

Reference Gains on sales of equity securities (Management of the portfolio of shares reclassified as pure investments)

For the portfolio of shares reclassified as pure investments (shares reclassified from strategic shareholdings to pure investments), we aim to generate stable realized gains toward achieving the ROE target (target return: 7%-8% based on the portfolio's market value) and to manage the portfolio sustainably over the medium to long term.

Target return

Targeting a level above the cost of equity capital
Approximately **7-8%**

(1) Reducing strategic shareholdings

In accordance with the Bank's Policy on Strategic Shareholdings, we are steadily reducing strategic shareholdings. As a result of our planned efforts, we achieved our target of "reducing strategic shareholdings to less than 20% of net assets by March 2030" ahead of schedule in fiscal 2024.

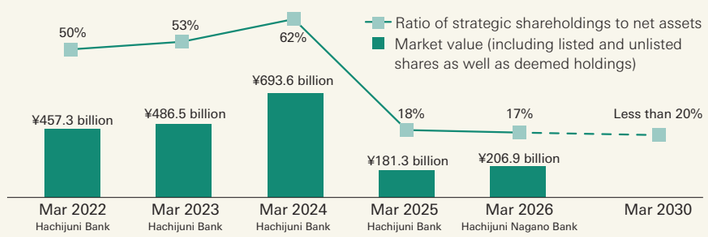
Going forward, we will continue to reduce strategic shareholdings from the perspective of improving capital efficiency, while taking into account the nature of our business relationships and economic rationale.

In addition, strategic shareholdings reclassified as pure investments are centrally managed by the Financial Market Department, a specialized department, with the aim of generating stable and sustainable returns (dividends and gains on sales) that exceed the cost of capital.

In fiscal 2025, the total amount of shares sold, including shares reclassified as pure investments and strategic shareholdings, was approximately ¥39.6 billion.

Target

Less than 20% of net assets by March 2030
Market value (including listed and unlisted shares as well as deemed holdings)



(Reference)
The total amount of shares sold comprising strategic shareholdings and those reclassified as pure investments in fiscal 2025Approximately ¥39.6 billion (market value)

(Reference: listed and unlisted shares including deemed holdings)		Mar 2022	Mar 2023	Mar 2024	Mar 2025	Mar 2026
Number of stocks	Hachijuni Bank	229	221	205	177	183
	Nagano Bank*	64 (25)	65 (26)	60 (23)	54 (23)	
Acquisition cost (book value)	Hachijuni Bank	95.1	93.9	88.6	49.1	¥43.8 billion
	Nagano Bank	5.2	5.3	2.6	1.9	

*Figures in parentheses represent the number of stocks that do not overlap with those of Hachijuni Bank.

Policy on Strategic Shareholdings (Corporate Governance Code Principle 1-4)

- The Bank's core policy is to reduce strategic shareholdings after sufficient dialogue with the issuers.
- For all stocks held as of the record date (excluding unlisted shares with a book value of less than ¥10 million), the Board of Directors reviews the logic of holding each stock from the perspective of whether the risks of holding the shares and the benefits obtained from the investee are commensurate with indicators that take into account capital costs and other factors. In addition, we may hold shares on a limited basis in cases where we determine that doing so is reasonable from a business strategy perspective, such as when it is needed to cement our relationship with an investee company through policy-driven investment that contributes to the resolution of the target company's management issues and enhances its corporate value. This, in turn, fuels local economic growth.
- The Board of Directors discloses details of its verification about the rationale of shareholdings every year in an appropriate manner.

Strategic shareholdings reduction targets

- Based on the Bank's Policy on Strategic Shareholdings, we have set a reduction target of "reducing strategic shareholdings to under 20% of net assets by March 2030," and as a result of working toward this goal, we have achieved this reduction target in fiscal 2024. We will continue exploring possibilities for further reductions.

Approach to reduction

- 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 change the purpose of those holdings to pure investment and change the department responsible for managing those holdings to the Financial Market Department, which serves as the department responsible solely for investment.
- After changing the purpose to pure investment, we manage the portfolio in a disciplined manner according to established guidelines, aiming for returns (gains on sales and dividends) that exceed the capital costs for the relevant portfolio.

Message from the Chief Finance Officer

(2) Strategic investments

To improve future profitability and competitiveness, the Group is strategically pursuing M&A and system investments.

For strategic investments in M&A, under an investment framework of ¥150.0 billion, we will strengthen our business foundation by broadening our consulting functions and filling gaps in the Group's capabilities. In addition, we have positioned system investments totaling ¥20.0 billion as a foundation for improving operational efficiency and enhancing our proposal capabilities, and will implement these investments in a planned manner by the end of fiscal 2028. For both types of investment, we will carefully assess risks and returns and maintain disciplined management, thereby strengthening our support framework as a comprehensive consulting group.

Strategic investments aimed at expanding business domains

M&A strategic investments

Investment framework ¥150.0 billion

Purpose Broadening our consulting capabilities to enhance corporate value

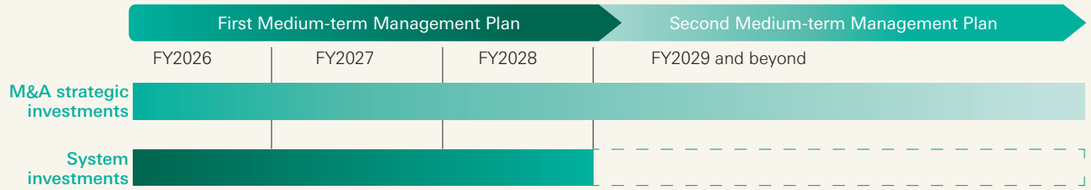
A strategic investment framework aimed at complementing the Group's lacking functions and achieving growth. We will make timely and flexible investments nationally and internationally to secure appropriate returns.

System investments

Three-year cumulative total ¥20.0 billion

Purpose Enhancing consulting quality

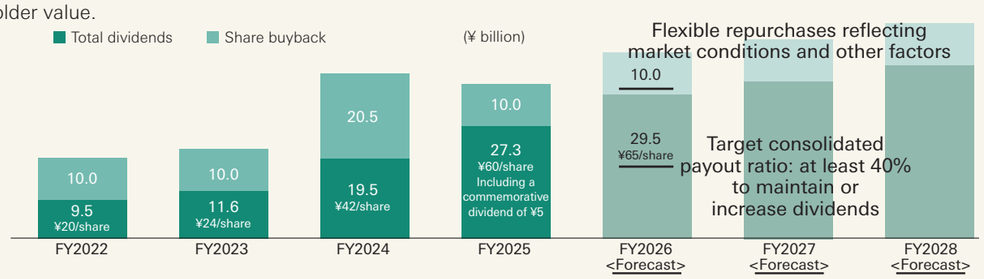
We will streamline business processes by investing in AI and data infrastructure, new sales support systems, and paperless in-store operations. We build an operational framework that reinforces our consulting capabilities to achieve a competitive advantage.



11. Shareholder returns

We recognize the importance of improving ROE by strengthening profitability and optimizing capital allocation, and appropriately returning the value created to our shareholders. With regard to the shareholder returns for the period of the First Medium-term Management Plan, we aim to maintain or increase dividends, with a target consolidated dividend payout ratio of at least 40%, based on a policy of stable dividends. We will also repurchase shares of the Bank stock in a flexible manner as a measure to improve capital efficiency, taking into consideration market conditions and our capital position.

Through these initiatives, we will seek to both enhance corporate value through improved ROE and maximize shareholder value.



Consolidated payout ratio	40%	31%	41%	42%	40% or higher
Total consolidated payout ratio	80%	58%	83%	57%	

12. Stakeholder communication

Steady implementation of various initiatives is essential to ensure that market-related indicators, such as PBR and ROE, appropriately reflect the actual value of the Hachijuni Group. At the same time, it is important to ensure timely and appropriate disclosure that supports sound and transparent management and to enhance the quality of dialogue with shareholders and investors.

In particular, through our ongoing dialogue with many investors, we have become increasingly aware of the importance of deepening their understanding of the sustainability of our ROE. We will enhance both financial and non-financial disclosures and continue to communicate a consistent narrative encompassing our approach to earnings structure, capital allocation, and risk management, as well as our medium- to long-term vision.

To ensure that the corporate value the Hachijuni Group seeks to create is appropriately reflected in its market valuation, we will continue to engage in constructive dialogue with shareholders and investors, with the aim of achieving sustainable improvement in PBR.

Information Disclosure Policy

(This disclosure document has been disclosed after being reviewed by the Bank, including our management team, in accordance with our Information Disclosure Policy.)

Management of insider information

We have established internal rules to prevent insider trading and have developed appropriate information management systems.

Dialogue with shareholders and investors

The President and CEO and the finance officer are leading our efforts to expand dialogue with shareholders and investors.

In addition to the information disclosure required by laws and regulations, we hold regular briefings for shareholders and investors.

Internal framework for promoting constructive dialogue

The Planning and Coordination Department is responsible for investor relations and, as the point of contact for dialogue, it cooperates with connected departments to explain matters to shareholders and investors.

Feedback from shareholders and investors

Opinions obtained through constructive dialogue with shareholders and investors are reported to management and utilized in management decisions.

Activities

Shareholders' meeting	Financial results briefing (for analysts and institutional investors)	Number of individual meetings with analysts and institutional investors
Number of participants: 161	Number of briefings: 2 Number of participants: 179	Number of meetings: 78

Dialog with shareholders and investors <Key representatives and activities>

Representatives	Activities
Representative directors	Annual General Meeting, financial results briefing (3 times), SR (1 time)
Finance officers	Annual General Meeting, SR (27 times)
Planning and Coordination Department	SR (51 times), individual meetings (27 times)

Number of dialogues with analysts and institutional investors

FY2023	FY2024	FY2025
27 times	36 times	78 times

Opinions from shareholders and investors and responses

- Show the investment status of shares reclassified as pure investments ⇒ Disclose the information in the information meeting materials
- Show the voting status of shares reclassified as pure investments ⇒ Disclose the information in the information meeting materials
- Show the management strategy for utilizing capital ⇒ Disclosed "M&A strategic investments" and "system investments" in the First Medium-term Management Plan

Corporate business

Supporting sustainable growth of local companies and the regional economy

The Bank's corporate business supports customers in improving productivity and achieving business growth through a combination of deposit, lending, and payment services (financial services) and solution services (non-financial services).

By providing fundamental financial functions that support business operations together with problem-solving consulting capabilities, we provide ongoing support for customers' sustainable growth and contribute to the development of the regional economy.



Deposit, lending, and payment services — Infrastructure functions supporting the circulation of the regional economy

As the factors affecting corporate management become increasingly diverse amid changes in the interest rate environment, rising raw materials and labor costs, and fluctuations in foreign exchange rates and market conditions, the issues that companies need to address in their management are becoming increasingly sophisticated and complex, including responses to decarbonization and digital transformation (DX). Amid growing labor shortages, there is increasing demand for greater efficiency in accounting and finance functions. In addition to financial services that support streamlining and greater efficiency, expectations are growing for high-value-added financial services that contribute to resolving management challenges.

Customers' needs

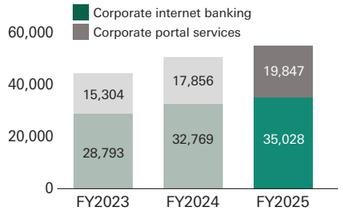
- A desire to streamline and improve the efficiency of accounting and finance operations
- A desire to gain an integrated view of cash on hand and borrowings and forecast future cash flows
- A desire to explore funding options through a variety of financing schemes

Services and capabilities offered by the Hachijuni Group

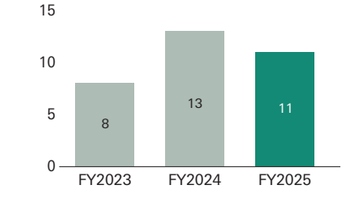
- Corporate internet banking/corporate portal services (billing management + cash management + business operations management)
- Loans based on business viability assessment and enterprise value charge
- Sustainability-linked financing to support customers' sustainability initiatives

Through traditional banking services such as deposits, lending, and payment, we provide stable support for the flow of funds necessary for business activities and underpin the circulation of the regional economy.

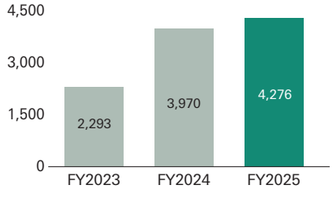
Number of corporate internet banking contracts (cumulative)
Number of corporate portal service contracts (cumulative)



Number of syndicated loans arranged



Number of sustainability-related product transactions (including SSLs)



Solution services — Consulting capabilities to support greater resilience of local companies

As the owners of SMEs continue to age, the proportion of companies without identified successors remains high, making business continuity a critical issue directly linked to sustaining the regional economy. In addition, when developing plans for renewed growth following a deterioration in business performance or formulating business growth strategies, companies are required to consider a broad range of perspectives beyond financial improvement and cost structure reviews, including business portfolio restructuring and the utilization of human capital and DX. Against this backdrop, the importance of consulting capabilities that provide comprehensive support is increasing.

Customers' needs

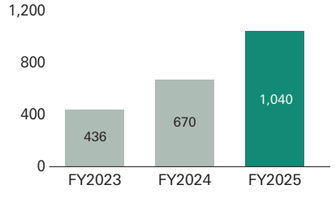
- A desire to alleviate concerns about the lack of a successor and explore alternatives to business closure (such as M&A)
- A desire to grow and develop the business
- A desire to obtain advice on labor shortages and emerging management challenges
- A desire to return to a growth trajectory following a deterioration in business performance

Services and capabilities offered by the Hachijuni Group

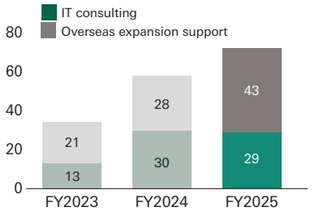
- Business succession and M&A
- IT/sustainability/HR/overseas expansion consulting
- Support for formulating medium- to long-term vision and management plans/support for business improvement and revitalization

By engaging deeply with management challenges such as business succession, growth strategies (human capital and DX), and business revitalization and restructuring, we support the growth and greater resilience of local companies.

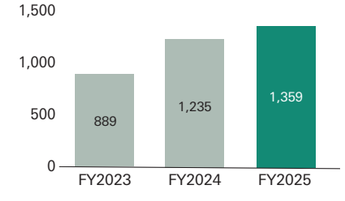
Number of Business succession, M&A, and business transition and closure support contracts



Number of IT consulting/overseas expansion support contracts



Number of business matching contracts



INTERVIEW



Shinichi Uchikune
Executive Officer, General Manager, Business Planning Department

The Bank's mission in the corporate business is not limited to providing financial functions that support business activities of local companies, but extends to supporting customers' decision-making and sustainable growth through comprehensive support that encompasses non-financial areas. The environment surrounding companies is becoming more complex due to factors such as interest rate fluctuations, labor shortages, and advances in digitalization, and support that goes beyond financing to help resolve business challenges is becoming increasingly important.

In fiscal 2025, based on this recognition, we maintained lending as the foundation of our corporate business and expanded our initiatives in business succession and M&A, as well as structured finance, thereby providing support tailored to companies' growth, revitalization, and business transformation.

In addition, we are working to provide solutions tailored to management challenges by leveraging collaboration with external experts and the Group's capabilities. We believe that these initiatives contribute to enhancing added value and ensuring the sustainability of local companies, while leading to enhanced corporate value of the Bank.

Under the First Medium-term Management Plan, with the creation of regional core enterprises and productivity improvement among SMEs as key priorities, we are working to establish a framework for providing growth support, productivity improvement support, and financial functions in an integrated manner. Furthermore, in addition to supporting the introduction of digital channels and the streamlining of indirect operations, we will leverage AI and data platforms and sales support systems to enhance our proposal capabilities and improve efficiency, thereby increasing the number of support cases.

Going forward, we will continue to support greater resilience of local companies through high-value-added support tailored to customers' management challenges, thereby contributing to the sustainable development of the regional economy.

Retail business (individuals)

Supporting “richer quality of life”

The Bank’s retail business supports customers in achieving a “richer quality of life” by addressing their concerns about the future and everyday challenges and helping each customer achieve their individual “goals (objectives).”

By combining fundamental financial functions such as deposits, payment services, and loans with support tailored to each stage of life, we help customers build a secure foundation for their lives from financial matters to everyday living, throughout their lives.



Working-age customers (asset formation)

Life planning-based support integrating financial and real assets

Against the backdrop of rising prices and concerns about the future of the social security system, the importance of asset formation for households is increasing. At the same time, given the varying levels of investment experience and financial knowledge, working-age customers need an environment in which they can confidently begin building assets based on the principles of “long-term, regular, and diversified investment.” Furthermore, as the acquisition of real assets, such as housing, is closely related to households’ medium- to long-term financial planning, life planning-based support that integrates financial and real assets is becoming increasingly important.

Customers’ needs

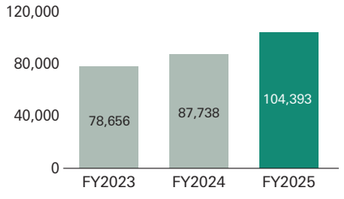
- A desire to build assets in line with life stages (home purchase, child-rearing, retirement preparation, etc.)
- A desire to build assets over the long term in a stable manner
- A desire to alleviate concerns about investment and a lack of investment knowledge
- A desire to consider options beyond deposits and savings

Services and capabilities offered by the Hachijuni Group

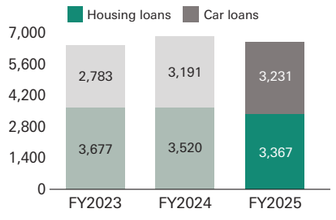
- Asset formation consultation based on LPS (life plan simulation)
- Individual-type defined contribution pension plan (iDeCo)/New NISA (regular investment frame/growth investment frame)
- Financial and economic education (seminars, individual consultations, etc.)
- Provision of various loan products, including housing and car loans (support for real asset building)

To help customers build a financial foundation (assets) for the future, we provide functions and services for the management and acquisition of financial assets and real assets (housing, automobiles, etc.), with an emphasis on continuity and ease of understanding.

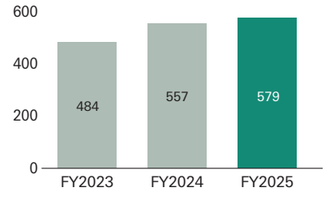
Number of NISA accounts



Number of housing and car loans executed



Number of financial seminars and consultation sessions held



INTERVIEW



Tomokazu Usuda
Deputy General Manager,
Business Planning Department

In the Bank’s retail business, we are shifting from simply safeguarding customers’ valuable assets to providing “life planning-based consulting” that supports each customer throughout their life.

Against the backdrop of an aging population, an increase in inherited assets, recent price increases, and changes in the interest rate environment, interest is growing not only in “protecting assets,” but also in “growing assets,” “making effective use of assets,” and “passing assets on to the next generation.” In response, the Bank and the securities company will integrate various functions, including sales channels and account management, and further enhance both the quality and quantity of customer interactions by realizing a “Bank-Securities One-Stop Support Model” that provides seamless support from asset building to asset management and succession.

Senior customers (asset management and succession)

Supporting all aspects of everyday life in addition to asset management

The concentration of a large proportion of household financial assets among older generations is becoming more evident. In addition to growing interest in inheritance, concerns related to “protecting, utilizing, and passing on” assets are becoming more diverse, including asset management and investment in preparation for later life, and asset management in the event of diminished decision-making capacity. Furthermore, with the increase in single-person households, demand for support extending beyond asset management to include everyday life is also increasingly apparent, and there is a growing need for support that integrates financial services with assistance for daily living.

Customers’ needs

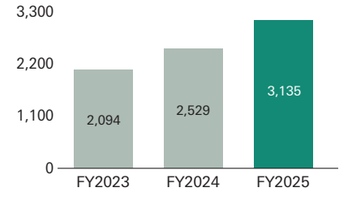
- A desire to manage assets safely
- A desire to pass on assets without placing a burden on family members
- A desire to make arrangements in preparation for diminished decision-making capacity and other circumstances
- A desire to receive support with daily living and housing (garden maintenance, cleaning, meal preparation, etc.)

Services and capabilities offered by the Hachijuni Group

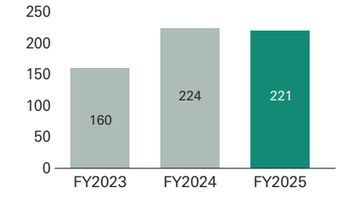
- Consultations on inheritance, wills, and gifts
- Asset management and succession support utilizing trust functions
- Lifestyle support business (Examples: Referrals to the Bank’s business partners (specialist service providers) for garden maintenance, house cleaning, meal preparation, etc.)

In addition to asset protection and succession support that contributes to household financial security and the sustainability of local communities, we provide a broad range of services with consideration for safety and peace of mind, including support for everyday living and housing.

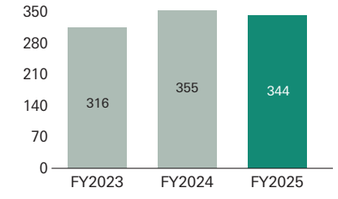
Number of life support service consultations



Number of personal trust product and service contracts concluded



Number of real estate agent referrals and intermediations



Under the Medium-term Management Plan, we aim to become a comprehensive consulting group that supports customers throughout their life stages. We will provide optimal proposals tailored to each customer’s life stage and values, while focusing on promoting long-term, regular, and diversified investment among customers in the asset-formation stage, strengthening asset management and succession support for senior customers, and expanding everyday customer touchpoints through housing loans and various payment services. In addition, we will work to expand opportunities for consultation through human resource development and the enhancement of digital channels.

As a regional financial institution, our goal is not to sell financial products, but to understand our customers’ aspirations and challenges and support them in making the best choices at various stages of their lives. We will continue to contribute to enriching the lives of our customers and the sustainable development of the regional economy.

Regional business

Contributing to sustainable growth through regional value creation

The Bank's regional business contributes to the sustainable growth of the region by revitalizing the regional economy through regional value creation and enhancing the financial functions that continue to support this revitalization.

By addressing regional challenges while strengthening financial functions and infrastructure, we continuously create value and support the self-sustaining development of the regional economy.

Economic revitalization through regional value creation × **Enhancement of functions supporting value creation**

Addressing regional challenges — Revitalizing the regional economy through regional value creation

As the population declines and the birthrate falls while the population ages, the decline in the working-age population and labor shortages are becoming more severe. In particular, in regional areas, there are concerns about declining regional vitality, including the ability to maintain essential services and community functions. Under these circumstances, for regional industries to achieve sustainable growth, it is important to shift toward growth sectors and create value by leveraging regional resources. There is a growing need for local governments and regional companies to take the lead in working together to create value across the region.

Needs of the region and stakeholders

- A desire to enhance the sustainability of regional industries
- A desire to create new added value by leveraging regional resources
- A desire to address regional challenges through collaboration among local governments, businesses, and related organizations
- A desire to achieve a sustainable regional community, including decarbonization and environmental initiatives

The Bank's initiatives and framework (Hachijuni Group)

- Establishment of a tourism team to provide comprehensive support for the tourism industry
- Startup support (including collaboration with universities and local communities)
- Support for establishing PPP/PFI platforms
- Decarbonization support (the use of J-Credit, etc.)
- Promotion of sustainable finance

By leveraging regional resources, we seek to enhance the sustainability of regional industries and create added value, while supporting the region's self-sustaining and sustainable revitalization by addressing challenges in collaboration with local governments and businesses.

Accomplishments

- Launch of "Tourism Support Financing," a loan product for tourism businesses
- Conclusion of a syndicated loan agreement for a new gondola lift at a ski resort in Hakuba Village
- Venture and startup support through initiatives such as the Shinshu Venture Summit and engagement with Shinshu University
- Identification and development of the Chikuma City Togura Gymnasium Project (PPP/PFI)
- Launch of J-Credit referral services with the NAGANO Public Corporation of Forestry
- Agreement with Nagano Prefecture on achieving net-zero carbon emissions by 2050

INTERVIEW



Takefumi Koyama
General Manager of Business Promotion Department

As population decline and other factors result in shortages of people who sustain local communities and declining regional vitality, creating value by leveraging regional resources and region-wide initiatives undertaken in collaboration with local governments and regional businesses are becoming more important than ever. The Bank is working to address a wide range of regional challenges. For example, we have entered into the Cooperation Agreement on Medical Practice Succession and Related Matters with the Nagano Medical Association to help maintain medical infrastructure by matching medical practice succession needs, and the Agreement on Achieving Net-zero Carbon Emissions by 2050 with Nagano Prefecture to promote the use of renewable energy. Going forward, by further enhancing our financial functions, we will contribute to regional value creation and the self-sustaining development of the regional economy.

Strengthening regional financial capabilities — Building a foundation to sustain regional value creation

As expectations for financial services become more sophisticated, financial institutions are expected to provide a diverse range of functions, including business investment, consulting, and the use of digital technologies, in addition to the provision of financing. At the same time, the range of areas that are difficult for banks to address through their own capabilities alone is expanding, creating a need to leverage external expertise and capital to enhance the capabilities they provide. It is essential to strengthen management resources such as human resources, digital capabilities, and investment in an integrated manner and build a foundation that enables the continuous provision of such capabilities.

Direction the Hachijuni Group aims to take (Hachijuni Group)

- Sustainability/framework development
  Establish a framework for continuously supporting the resolution of regional challenges
- Expanded functionality/use of external resources
  Incorporate financial capabilities and external expertise to broaden the range of solutions offered
- Resource utilization/value enhancement
  Leverage capital and capabilities from inside and outside the region to improve the value we provide
- DX promotion/foundation enhancement
  Strengthen stable regional financial capabilities through the use of digital technologies and enhanced risk management

Through strategic investments, we will supplement and expand capabilities and business areas that are lacking across the Group, enhance the value we provide, and strengthen our responsiveness and delivery capabilities to sustainably support regional value creation.

Strategic Investment Project Team

This is a dedicated team that promotes the entire process in an integrated manner, from formulating investment policies and developing investment opportunities to making decisions, in order to accelerate the implementation of strategic investments. Through intensive cross-functional discussions, we will select investment areas, develop investment opportunities, and accelerate decision-making.

- Role: Integrated management of strategic investments (investment allocation: ¥150.0 billion) from evaluation through execution
  - Function 1: Design of investment strategies, criteria, and evaluation frameworks
  - Function 2: Development and selection of investment opportunities (top-down + bottom-up)
  - Function 3: Prompt cross-functional decision-making

INTERVIEW



Takeshi Mukaiyama
General Manager Dedicated to Strategic Investment, Planning and Coordination Department

The challenges facing the region are becoming more complex each year, and addressing these challenges is becoming increasingly difficult. In this environment, for the Hachijuni Group to continue contributing to addressing regional challenges and supporting value creation, it is essential to strengthen its management capabilities and expertise as a regional financial institution. Under the First Medium-term Management Plan, we will strengthen our strategic investment framework and manage the entire process from strategy formulation through the management of individual projects to investment execution in an integrated manner, enabling us to flexibly enhance the Group's capabilities and expand its business areas. We will build a foundation that enables us to sustainably leverage our regional financial capabilities and continue supporting the improvement of regional value over the long term.

Market operations business

Financial functions supporting stable and sustainable revenue growth

The Bank's market operations business supports the enhancement of corporate value by combining core revenues from securities investments with value-added revenues from structured finance, serving as a function that contributes to the stability and growth of the revenue base.

By combining the stable generation of revenues from market operations with the diversification of revenues through the provision of funds to the real economy, we are working to strengthen our revenue structure and sustainably enhance our profitability.

Core operations underpinning stable revenues × **Financial functions supporting the real economy**

Securities management — Core operations generating market-based revenues

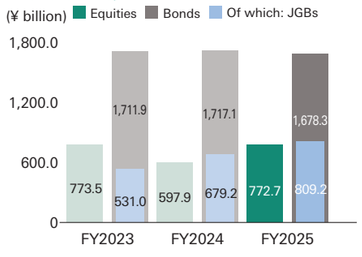
As the interest rate environment normalizes and market volatility is driven by increasingly diverse factors, the importance of managing risk and return in investment operations is becoming greater. In addition, while interest revenue, which had declined under the low interest rate environment, is recovering, the importance of flexible portfolio management is further increasing from the perspective of enhancing resilience to market volatility. To generate sustainable revenues, it is essential to establish a flexible management framework that responds to changes in market conditions.

Direction the Hachijuni Group aims to take

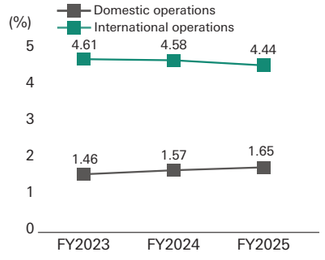
- Response to market conditions/flexible operations
  Strengthening flexible response capabilities through agile portfolio management
- Stable revenues/core revenues
  Strengthening the revenue base through stable and repeatable revenues
- Risk management/ensuring stability
  Mitigating revenue volatility through risk management considering capital and liquidity
- Enhancement/profitability improvement
  Continuously improving profitability through the accumulation and enhancement of investment expertise

Through agile portfolio management and appropriate risk management, we will secure stable revenues on a repeatable basis, while working to mitigate revenue volatility and continuously improve our profitability.

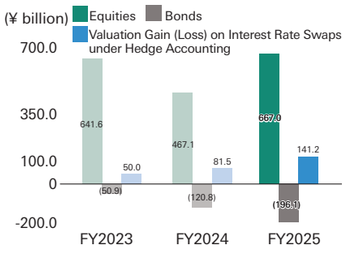
Securities investment balance (equities and bonds)



Securities investment yield



Gains and losses on valuation of securities



INTERVIEW



Masafumi Miyazawa
General Manager, Financial Market Department

With the return of a positive interest rate environment, securities investment is once again gaining prominence as an important pillar supporting the Bank's revenues. In addition to interest revenue from core bond investments, we are promoting diversified investments in equities and alternative assets to transition to a portfolio that is more resilient to changes in market conditions. Going forward, we will continue to enhance our investment capabilities through the development of specialized talent and the enhancement of investment methods. Under the First Medium-term Management Plan, we will also build a revenue base with repeatability and sustainability while maintaining financial soundness, thereby supporting the Group's stable growth.

Structured finance — Advanced financial functions generating value-added revenues

As customers' financing needs become increasingly diverse, there is a growing need to develop advanced financing schemes that, in addition to traditional lending structures, focus on business viability and cash flows and can accommodate large-scale, long-term transactions.

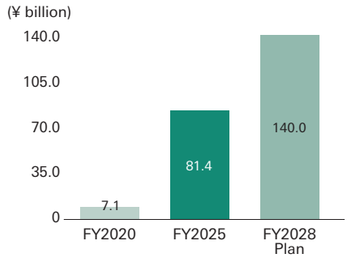
In addition, with increasing importance of providing financing for projects with social significance, such as renewable energy and regional infrastructure, there is also a need for more flexible responses through risk sharing in collaboration with external experts.

Direction the Hachijuni Group aims to take

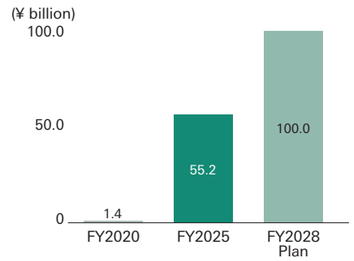
- Scheme development/transaction execution capabilities
  Developing flexible financing schemes tailored to individual transactions
- Growth investment/revenue generation
  Generating revenue opportunities through growth investments and engagement in infrastructure sectors
- External collaboration/risk sharing
  Enhancing risk sharing and financing through collaboration with external partners
- Financing/business viability assessment
  Realizing diverse financing based on business viability and cash flow

By developing flexible schemes and sharing risks through collaboration with external partners, we aim to create revenue opportunities in growth investments and infrastructure sectors and deliver high-value-added financial functions.

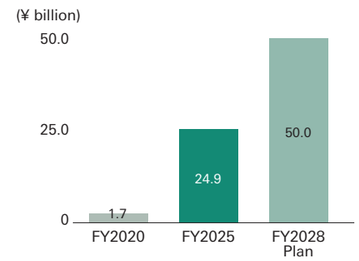
Project finance (domestic and overseas)



LBO loans



Non-recourse real estate loans



INTERVIEW



Takehiko Kuroiwa
General Manager, Structured Finance Department

Against the backdrop of increasingly diverse financing needs, we are expected to deliver flexible financing schemes tailored to the characteristics of individual transactions and provide advanced financial functions in areas with social significance. To strengthen these initiatives, we established the Structured Finance Department in June 2026. By consolidating highly specialized financial functions and establishing a financing framework that goes beyond traditional boundaries, we are working to enhance our ability to create value for the real economy. We will strengthen our initiatives in areas such as project finance, LBOs, and non-recourse real estate loans, thereby further enhancing the value we provide to customers and the regional economy and expanding our revenue opportunities.

Strategy for enhancing corporate value

Sustainable enhancement of corporate value through future readiness and an enhanced management foundation

The Bank's strategy for enhancing corporate value combines strengthening future readiness through collaboration and alliances among regional financial institutions with enhancing the management foundation through DX and AI investments, thereby pursuing sustainable value creation.

By supplementing functions and expanding business areas through external collaboration while enhancing our data infrastructure and business processes in an integrated manner, we are building a management foundation that enables us to respond flexibly to changes in the environment.



Collaboration and alliances — Ensuring future readiness through collaboration among regional financial institutions

Against the backdrop of structural change in regional communities and rising costs associated with system investments and securing specialized talent, the business environment surrounding regional financial institutions is increasingly complex. As digitalization advances and financial functions become more sophisticated, the scale of investment and level of expertise required are increasing, making it difficult for individual institutions to secure sufficient capabilities on their own. Furthermore, as social issues become increasingly complex and multifaceted, the functions required of financial institutions are becoming more diverse, and strengthening the capabilities needed to support sustainable value creation has become essential.

Direction the Hachijuni Group aims to take

- Wide-area cooperation/value provision
  Aim to provide more sophisticated and diverse value to regional communities through wide-area cooperation
- Sharing/complementary functions
  Aim to share management resources and expertise among financial institutions and effectively complement each other's capabilities
- Expansion of business area/enhancement of capabilities
  Aim to expand the scope of our initiatives in areas that are difficult to address independently
- Sustainability/future readiness
  Aim to strengthen our ability to respond to changes in the environment so that we can continue to provide value with stability

Through collaboration with regional financial institutions, we will share and complement management resources and expertise, expand the scope of our initiatives, and strengthen our ability to respond to changes in the environment and provide value consistently.

JUUDANKAI

It consists of seven regional banks that use the common transaction system developed by the Bank: Yamagata Bank, Tsukuba Bank, Musashino Bank, Awa Bank, Miyazaki Bank, Bank of The Ryukyus, and Hachijuni Nagano Bank.

Mt. Fuji–Alps Alliance

Together with Shizuoka Bank and Yamanashi Chuo Bank, we are working to enhance social and corporate value, with population growth (social population change) across the three prefectures as a KPI.

Tsubasa and JUDANKAI Joint Research Society

We launched this initiative to enable the two banking groups to share their knowledge and expertise in pursuit of efficient system operations and business processes.

- System Task Force
- Business Efficiency Task Force
- Cybersecurity Task Force

INTERVIEW



Yutaka Hori
General Manager, Planning and Coordination Department

Amid significant changes in the environment surrounding regional financial institutions, establishing a framework that enables flexible responses to future changes in the operating environment has become an important priority. The Bank has distinct cross-regional collaboration frameworks, including JUUDANKAI and Mt. Fuji–Alps Alliance, and is strengthening its capabilities and enhancing the value it provides through the sharing and complementary use of expertise and management resources.

Going forward, we will continue to build a robust management foundation that supports the enhancement of corporate value, with the aim of contributing to the sustainable development of regional communities.

Investment in DX and AI (data infrastructure) — Enhancing the quality and sustainability of the management foundation

Advances in digital technology have significantly transformed operations and the competitive landscape of financial institutions. As operations become more sophisticated and risk management more rigorous, traditional business processes pose challenges to the rapid delivery of high-value-added services. As data-driven decision-making and value delivery take on greater importance, developing data infrastructure and enhancing AI-powered operational support are essential. Investment in DX and AI is playing an increasingly important role in enhancing the quality and sustainability of management.

Direction the Hachijuni Group aims to take

- Operational efficiency/automation
  Aim to streamline and automate business processes to improve operational productivity
- Data utilization/decision-making
  Aim to improve the quality of management through more sophisticated data-driven decision-making
- AI utilization/operational enhancement
  Aim to strengthen our response and proposal capabilities through AI-powered operational support
- Risk management/foundation enhancement
  Aim to establish a sustainable management foundation by enhancing risk management and internal controls

In addition to improving operational efficiency and enhancing operations, we will enhance the quality of management and build a sustainable management foundation through AI-powered operational support, more sophisticated data-driven decision-making, and stronger risk management and internal controls.

Accomplishments

- ◆ Digitalization of customer touchpoints
  Hachinino Business Net Loan (business loans screened using AI; no branch visit required; same-day financing) ⇒ Outstanding balance: approximately ¥1.0 billion
- ◆ Business process transformation
  Generative AI　Rollout of Microsoft 365 Copilot for business operations ⇒ Daily usage rate: over 50%
  Headquarters Inquiry Channel (digitalization of inquiries from branches to head office) ⇒ 30,000 inquiries in the first nine months since rollout
- ◆ Strategic investment
  First Medium-term Management Plan: system investment allocation ⇒ ¥20.0 billion (three-year cumulative)

INTERVIEW



Satoshi Takai
General Manager, Digital Transformation Department

DX and AI investment under the Mid-term Management Plan is positioned as a key initiative to enhance the quality and sustainability of the management foundation. In light of advances in digital technologies and AI, the Bank is working to enhance the quality of management through greater operational sophistication and efficiency, as well as more effective data-driven decision-making and more precise risk management. Going forward, with the development of data infrastructure and more sophisticated use of data as the core of our efforts, we will seek to achieve both stable business operations and stronger governance while aiming to build a sustainable management foundation that supports the enhancement of corporate value over the medium to long term.

Message from the General Manager of the Personnel Department



Through the transformation of our people and organization, we will realize our goal of "A Leap Toward a Comprehensive Consulting Firm" and contribute to the qualitative prosperity of the regional economy and local communities.

Akira Ikeda
Executive Officer and General Manager of the Personnel Department

Human capital management to support the resolution of regional challenges

Amid population decline and changes in the industrial structure, the challenges facing customers and local communities are growing more complex and sophisticated. The role expected of regional financial institutions is also expanding beyond the provision of financial services to include delivering value that helps address a wide range of challenges.

In response to these changes in the operating environment, the Hachijuni Group has set forth "A Leap Toward a Comprehensive Consulting Firm" under its First Medium-term Management Plan and is implementing a range of initiatives. To achieve this goal, we position human capital as the source of all value creation and have made development and recruitment of personnel who will drive transformation a key theme of our human capital strategy. To develop and secure transformative, managing, and specialist talent, we will provide diverse experiential opportunities and promote talent deployment aligned with our management strategy, thereby supporting the growth of each employee and strengthening our organizational capabilities to achieve a leap toward a comprehensive consulting firm.

As a basic policy for human resource management in advancing our human capital strategy, our Long-term Human Resource Policy aims to achieve self-actualization through autonomous career development and to realize our corporate objectives by executing management strategies. Under this policy, we have also established "Act, learn, and take on challenges from a customer-centric viewpoint" as a medium-term priority theme, clarifying the behavioral guidelines expected of employees in achieving a leap toward a comprehensive consulting firm. We believe that each employee's continued proactive efforts to deeply understand customers, learn independently, and take on challenges without fear of change will strengthen our organizational capabilities and enhance the value we provide to customers.

In addition, rebuilding the human resources portfolio that underpins this transformation is essential to achieve "A Leap Toward a Comprehensive Consulting Firm." To make the most of the expanded human capital resulting from the merger, we have reallocated approximately 250 employees to strategic areas, including headquarters solutions sales, growth region sales, and strategic planning. Through the effective utilization of human capital and optimization of our human resources portfolio, we are strengthening our consulting capabilities and enhancing the value we provide to customers.

Developing and recruiting personnel who will drive transformation

We do not believe that transformation should be driven only by specific individuals or parts of the organization. As the environment surrounding our customers and the challenges facing local communities continue to change, transformation is something that every employee should pursue through their day-to-day work.

To achieve transformation, it is important for each employee to proactively learn and continue to grow while building on their individual strengths. We promote continuous self-development, such as professional qualification attainment, as well as a wide range of experiential opportunities, such as external training and secondments outside the Bank, to develop specialist and management talent in various fields. In addition, we are focusing on hiring experienced professionals with advanced expertise and experience in specialized fields. By bringing in external knowledge and perspectives, we aim to encourage new ideas and challenges and foster an organizational culture that supports transformation.

Furthermore, under the Medium-term Management Plan, we aim to revamp our human resources system to place greater value on employees' initiative and achievements, and to appropriately reward their contributions to the organization and our customers. We have continuously revised our human resources system in line with changing times, including the introduction of multiple career tracks. However, achieving a leap toward a comprehensive consulting firm requires a framework that further encourages employees to take on challenges and act with greater speed.

In response to these challenges, we established the Human Resources System and Operations Reform Project Team (HR Reform PT) in February 2026. The HR Reform PT is working to shift to a system that evaluates not only the outcomes of challenges, but also the process of taking proactive action from the customer's perspective, the learning gained through such efforts, and the act of taking on challenges that can lead to new value creation. By creating an environment in which employees who take on challenges are appropriately recognized, we will foster a corporate culture that supports transformation.

Realizing diversity, equity, and inclusion

In 2021, the Bank established the Diversity Promotion Group as a dedicated department and has since been promoting diversity, equity, and inclusion as part of its management strategy. Our efforts to expand flexible work arrangements and support career development for diverse talent have yielded tangible results, including a decline in the employee turnover rate. At the same time, continued efforts are needed to address challenges such as increasing the percentage of women in management positions and expanding employment opportunities for people with disabilities. We will continue to create an environment where diverse employees can maximize their capabilities through initiatives such as the program to develop the next generation of female leaders.

In particular, following the merger, diversity within our organization has increased further. In this environment, it is particularly important to foster an organizational culture that respects diverse values, experiences, and perspectives and encourages employees to learn from and inspire one another. We believe that an organization in which diverse talent can thrive will generate new ideas and innovation, leading to the creation of new value that helps address the challenges facing our customers and local communities.

In addition, for diverse talent to fully demonstrate their capabilities, it is important to create an environment in which each employee can find fulfillment in their work and experience a sense of personal growth. The Bank uses engagement surveys to continuously gather employee feedback and works to address organizational challenges through dialogue. By deepening mutual understanding and trust between employees and the organization, we will foster an organizational culture that encourages employees to take on challenges, supporting individual growth and the creation of value.

Turning the growth of our people and organization into value creation for the region

Through the initiatives set out in the Medium-term Management Plan—developing and recruiting personnel who will drive transformation, realizing diversity, equity, and inclusion, and reforming the personnel system and operations—we will enable each employee to fully demonstrate their capabilities and enhance the value we provide to customers. Our approach to human capital management is to build on these efforts and translate them into the contribution to the development of local communities and the enhancement of corporate value.

Going forward, we will continue to support the growth of each employee who acts, learns, and takes on challenges from a customer-centric viewpoint, while building an organization in which diverse talent can thrive. Through investment in human capital, we will strengthen our organizational capabilities and achieve "A Leap Toward a Comprehensive Consulting Firm," thereby creating a virtuous cycle between addressing regional challenges and enhancing corporate value and contributing to the sustainable development of local communities.

Human capital strategy

Human capital is the source of new value for the Hachijuni Group, and promoting human capital management is essential to continuing to embody our Management Philosophy: "Contribute to the development of local communities by maintaining sound management." We will develop talent capable of providing high-value-added services that exceed the expectations of local communities and our customers by achieving self-actualization for each employee through autonomous career development and realizing our corporate objectives through the execution of our management strategy, as set out in the Long-term Human Resources Policy. Furthermore, by growing sustainably alongside developing local communities, we aim to enhance our corporate value for our customers and other diverse stakeholders.

Long-term Human Resources Policy

To realize our Management Philosophy, we have established our Long-term Human Resources Policy, which sets out our long-term approach to human resource development and the creation of an environment that supports such development. Under our Long-term Human Resources Policy, we clearly define the optimal talent profile as a set of behavioral guidelines for employees, encouraging each employee to proactively develop their capabilities and take on challenges.

Long-term Human Resources Policy

Human resource development

To achieve self-actualization through autonomous career development and to realize our corporate objectives by executing management strategies, we are leveraging diverse values and strengths of all our employees to foster development of effective abilities along multiple trajectories.

Improving the environment for human resource development

As a foundation for cultivating the desired talent, we will foster an organizational culture rich in diverse ideas and customer-oriented thinking.

Optimal talent profile

Establishing strengths | Spirit of Initiative | Thinking and acting independently

Medium-term priority themes

Under the First Medium-term Management Plan, we have set developing and recruiting personnel who will drive transformation as one of the strategic themes for achieving "A Leap Toward a Comprehensive Consulting Firm."

Based on the belief that personnel who will drive transformation are not a select group of individuals, but all employees who act from the customer's perspective and continue to learn and take on challenges in their daily work, we have established a medium-term priority theme under the Long-term Human Resources Policy as a set of behavioral guidelines for the period of the Mid-term Management Plan.

"Act, Learn, and Take on Challenges from a Customer-centric Viewpoint"

Act — Enhancing the volume and quality of actions

- Increase the level of activity and create more customer touchpoints to **deepen our understanding of customers**
- Drive **behavioral change** by developing solutions to help customers realize their aspirations and **address challenges beyond the boundaries of finance**, and by working alongside them to put those solutions into action

Learn — Acquiring qualifications and specialized skills

- Pursue the **acquisition of qualifications and specialized skills** regardless of age to develop expertise that builds on individual strengths, while maintaining a solid foundation of basic financial knowledge
- Continue to learn to drive transformation and enhance expertise for comprehensive consulting support, while adapting to changes in the environment and drawing on experiences outside the Bank and leveraging AI

Take on challenges — Fostering willingness to take on challenges

- Envision a career path based on past experience, **starting with the value we aim to provide customers**, and proactively take on challenges to realize it
- Foster **a culture that encourages and values taking on challenges**, enabling people with diverse knowledge and experience to thrive

Human resources strategy linked to the First Medium-term Management Plan

Strategy

To achieve "A Leap Toward a Comprehensive Consulting Firm" under the Management Plan, we are developing and recruiting specialized talent capable of delivering high-value-added consulting proposals, as well as talent capable of driving transformation beyond existing frameworks. Through these efforts, we will seek to address regional challenges by enhancing and expanding profitability, while achieving "A Leap Toward a Comprehensive Consulting Firm," with the ultimate goal of attaining consolidated ROE of 8.0% or higher.

A Leap Toward a Comprehensive Consulting Firm

↑

Addressing regional challenges by enhancing and expanding profitability

↑

Developing and recruiting personnel who will drive transformation

- Optimal allocation of transformative, management, and specialist talent
- Strengthening development through increased diverse experiential opportunities such as external learning → Page 57

Realizing diversity, equity, and inclusion

- Creating a workplace where diverse employees can thrive → Page 59
- Promoting respect for workforce diversity and well-being → Page 61

Reforming the personnel system and operations

- Revising the personnel system
- Operating in a manner that rewards a willingness to drive transformation

Human resource allocation linked to the Management Plan

To achieve the goals of the Management Plan, we are promoting the optimal allocation of personnel, primarily in priority areas such as headquarters solutions sales and strategic planning, while developing talent to support these areas through OJT in specialized departments and external secondments.

Management Targets	Consolidated ROE At least 8.0%	
	Corporate and retail business/loans	Market operations business/securities
(Compared with FY2025)	Services-related profit +¥4.0 billion	Structured finance (average balance) +¥180.0 billion
	Loans (average balance) +¥270.0 billion	Securities (additional investments) +¥300.0 billion
KPI	No. of consulting cases Three-year cumulative total 300,000	

Human resource allocation linked to the Management Plan +250 employees

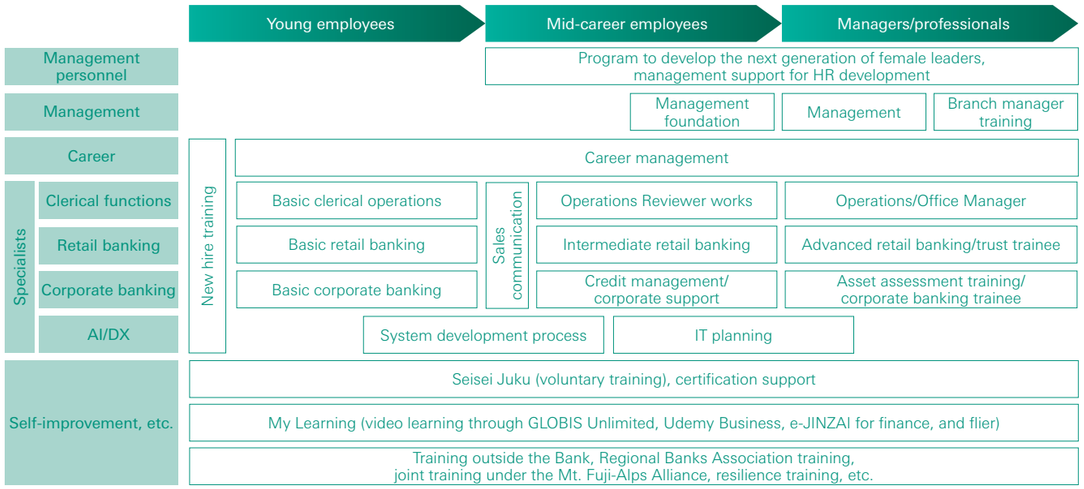
- **Headquarters solutions sales** +120 employees
  Financial trust, medical services, IT consulting, corporate restructuring, corporate research, among others
- **Growth region sales** +10 employees
  Local tourism areas, among others
- **Market sector** +50 employees
  Corporate finance, structured finance, credit review, net investments, among others
- **Strategic planning** +70 employees
  Group strategy, DX strategy, corporate strategy, personal strategy, among others

Human capital strategy

Developing and recruiting personnel who will drive transformation

To achieve “A Leap Toward a Comprehensive Consulting Firm” as set out in the Mid-term Management Plan and offer high-quality services to customers, it is essential to secure and develop highly specialized talent capable of delivering high-value-added consulting proposals. In addition, as the challenges facing local communities grow more complex, providing solutions from diverse perspectives beyond the boundaries of finance requires developing personnel capable of driving transformation beyond existing frameworks, as well as management personnel capable of taking a broad view of the organization and making strategic decisions. To develop such talent, we will strengthen talent development by expanding opportunities to gain diverse experiences, including training outside the Bank and secondments.

● Training system chart



*Only selected major training programs are shown.

Development of personnel who will drive transformation

Strengthening development through increased diverse experiential opportunities such as external learning

To achieve “A Leap Toward a Comprehensive Consulting Firm,” we are developing personnel capable of taking on the challenge of creating new value beyond existing frameworks. Through diverse experiential opportunities such as external secondments, training outside the Bank, and overseas visits, we will promote the acquisition of advanced knowledge and expertise and provide off-the-job learning opportunities for at least 500 employees on a cumulative basis by fiscal 2028, with the aim of strengthening the organization’s overall capacity for transformation.

Introduction of the Career Design Sheet

The Bank does not believe that transformation should be driven only by specific individuals; rather, it is something that every employee should pursue through their day-to-day work.

In May 2026, we introduced the “Career Design Sheet” to encourage each employee to proactively shape their career and foster a transformation-oriented mindset by reflecting on their experience, strengths, and values and defining their desired future state and the actions needed to achieve it.

The sheet organizes the strengths and experience to be leveraged in achieving each employee’s desired future state, the capabilities to be further developed, and specific actions to be taken, while also visualizing how each initiative contributes to transformation at the individual, operational, team, organizational, and regional levels. Through this approach, we link individual growth to more sophisticated operations, stronger organizational capabilities, and greater value provided to customers and local communities, and strengthen the alignment between employee actions and the execution of our management strategy.

Developing specialists

To secure and develop specialists capable of delivering high-value-added consulting proposals, we are implementing initiatives such as internal recruitment for specialized department positions, OJT, and external training and secondments aimed at acquiring specialized knowledge and expertise.

In addition, to support employees’ self-development, we offer Seisei Juku, a voluntary training program open to all employees, including part-time employees, as well as My Learning, a digital learning platform that provides external video-based learning services and other content to employees who wish to use them. Additionally, we provide incentive bonuses of up to 500,000 yen to employees who have passed specific public qualifications, thereby promoting the enhancement of their expertise.

● Number of qualification holders at the end of fiscal 2025

Small and Medium Enterprise Management Consultant	1st-Grade FPs/CFPs	Securities analysts	Advanced systems engineers	IT Coordinators
75	154	53	157	71

Development of management personnel

The Bank is systematically developing the next generation of executive candidates with a view to succession planning. Specifically, through measures such as sending employees to business schools to pursue MBA degrees, conducting assessments across all job levels, and accumulating management experience through secondments to Group companies, we are expanding our pool of candidates and enhancing their qualities as management talent.

In addition, under the management support for HR development launched in fiscal 2024, we send employees at the pre-managerial level and above to external training programs to further expand the pool of candidates. In fiscal 2025, 75 eligible employees participated in the support program, and we continued to send employees to external training programs in fiscal 2026. Through external training, we aim to develop transferable skills and deepen understanding of the latest trends, while gaining new perspectives and ideas through interaction and exchange with professionals outside the Bank.

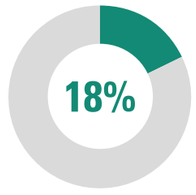
Recruitment

Promotion of career recruitment and alumni recruitment

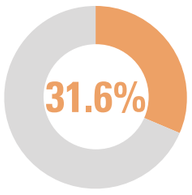
To achieve “A Leap Toward a Comprehensive Consulting Firm,” we are focusing our career recruitment efforts on individuals with advanced expertise and those with a strong interest in developing specialized careers. We are concurrently fostering an environment in which these employees can maximize their abilities through promotion to management.

In addition, the alumni community, established in 2024, is intended to maintain long-term connections with former employees (alumni) and facilitate the rehiring of alumni who have gained diverse experience outside the Bank. As of May 2026, the alumni community had 122 registered members, and three alumni were re-employed over the approximately two years since its launch.

Proportion of experienced hires among permanent employees



Proportion of experienced hires in management positions



Increases in starting salaries

To attract talented individuals who will play a key role in the Bank’s future, we increased starting salaries in April 2026.

Education level	Work location restrictions	Pre-revision:	Post-revision:
Four-year university graduate	Work location restricted	230,000 yen	280,000 yen
	Work location not restricted	223,100 yen	271,600 yen

Human capital strategy

Creating a workplace where diverse employees can thrive

As our workforce becomes more diverse, we will continue to place a strong emphasis on promoting diversity and inclusion.

We will continue to create a workplace environment in which all employees can fully apply their abilities, regardless of gender, age, disability, or other attributes.

Basic Policy on Diversity and Inclusion

Slogan: Combining our diverse strengths to grow together

By fostering an organizational culture where our employees bring their diversity of strengths to supports in mutual understanding

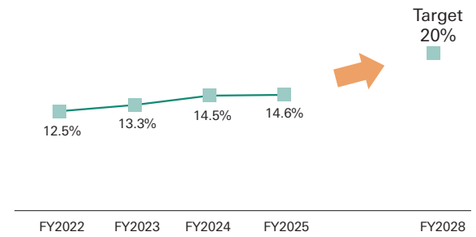
① We cultivate an organizational culture where everyone can fully apply their abilities.
② We are creating a workplace environment where employees can express their opinions freely and encourage positive behavior.
③ We are enhancing job satisfaction and motivating our staff to grow, thereby allowing new ideas and value to proliferate.

Promoting women's participation

Women account for about half of the Bank's workforce, and we are promoting their participation with the aim of creating new value and improving organizational strength by establishing a system that allows them to demonstrate their abilities at various stages and ensuring that they participate in all decision-making levels as a matter of course.

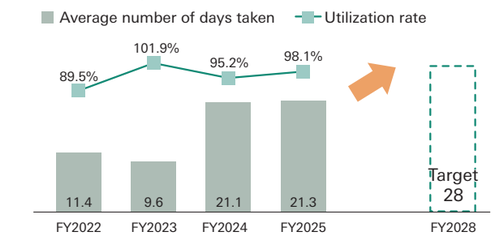
Numerical targets and results

● Percentage of women in management positions



*Results for FY2024 and earlier are those of the former Hachijuni Bank.

● Male employees' childcare leave utilization rate and average number of days taken



*Results for FY2024 and earlier are those of the former Hachijuni Bank.
*Childcare leave includes the Bank's own childcare leave plan.

Program to develop the next generation of female leaders

Women account for 14.6% of managers at the Bank. We recognize that the tendency for the proportion of women to decline at higher job levels reflects factors such as the impact of the previous career track-based human resources system and unconscious expectations regarding gender roles.

To address this issue, since fiscal 2024, we have been implementing a program to develop the next generation of female leaders on an ongoing basis to develop female management personnel and managers. Under this program, to provide opportunities for qualified personnel to gain experience and build networks that are often underdeveloped, we are enrolling them in external training programs and offering mentoring by executives and department leaders.

The second cohort of the program, launched in September 2025, was attended by 26 female employees. In a post-program survey, more than 80% of participants reported a positive change in their willingness to pursue higher-level positions.



Closing session of the second cohort of the program

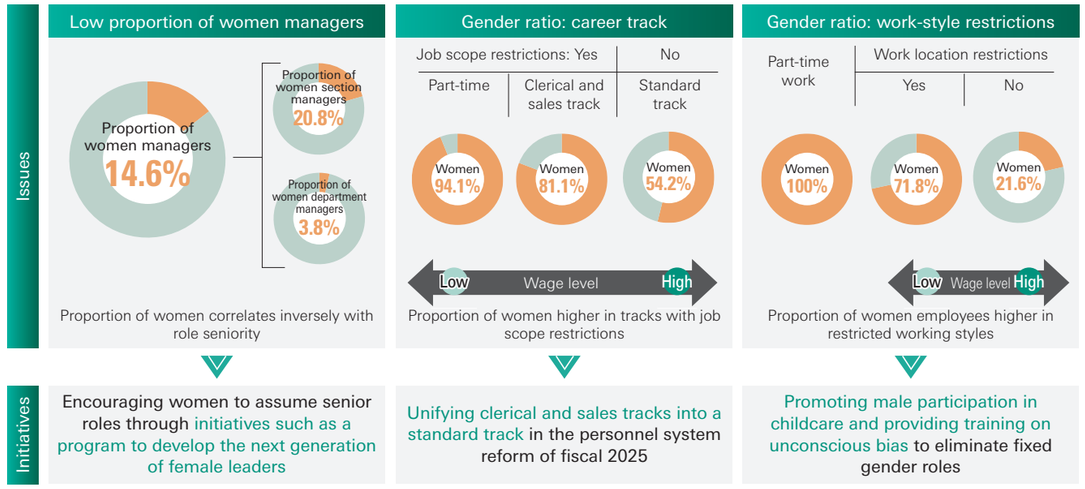
Initiatives for eliminating gender pay gaps

We attribute gender pay gaps at the Bank primarily to the low percentage of women in management positions, gender differences in career paths, and gender-related restrictions on work styles. We are promoting initiatives to eliminate the gender pay gap.

● Fiscal 2025 – Gender wage gap*

All employees	Regular employees	Part-time and temporary workers
50.1%	58.2%	53.8%

*Ratio of women's to men's wages

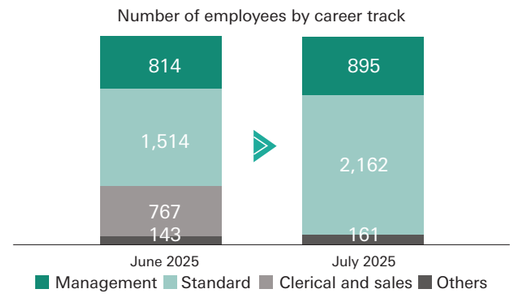


*The "Gender ratio: career track" data are as of June 2025; all other data are as of March 2026.

Integration of the clerical and sales track into the standard/management tracks

In July 2025, we merged the clerical and sales track, which is mainly limited to administrative work, into two tracks: the standard track, which imposes no restrictions on job responsibilities, and the management track, which is primarily designed for employees in managerial positions. By transitioning to a human resources system that enables employees to take on roles and develop their careers in line with their capabilities and aspirations, we will promote women's participation and reduce the gender pay gap.

Number of employees by career track



Promoting the participation of persons with disabilities

Persons with disabilities account for 2.32% of the employees of the Bank, which is below the statutory employment rate. We recognize that the main factors are the difficulty of securing suitable talent in the recruitment market, as well as insufficient progress in designing appropriate roles and establishing a framework to accommodate employees with disabilities.

In response to these challenges, we have positioned the employment of persons with disabilities as a key priority in our human capital management and are working to identify suitable roles through a review of existing operations, create new employment opportunities, and promote awareness and understanding among all employees, including managers. By steadily implementing these initiatives, we aim to achieve the statutory employment rate as soon as possible, while continuing to improve the workplace environment and human resources systems to create an inclusive organization in which diverse talent can fully apply their abilities.

Human capital strategy

Promoting respect for workforce diversity and well-being

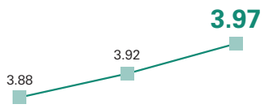
We believe that meeting the expectations of our customers and local communities requires an environment where employees can work with a sense of fulfillment and enthusiasm, and we are taking steps to enhance employee engagement.

At the same time, recognizing that maintaining and improving the physical and mental well-being of each employee is essential for employees to fully demonstrate their capabilities, we will continue to promote employee health management. We will work to enhance employee well-being by promoting regular exercise, enhancing mental health care, and creating a supportive work environment.

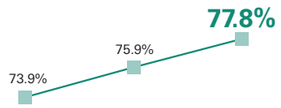
Engagement score

Since fiscal 2023, we have been conducting annual engagement surveys with the aim of strengthening the relationship between employees and the organization so that they work toward the same goals and contribute to each other's growth. Our 2025 engagement survey (3,748 respondents; response rate: 95.5%) showed a total engagement score of 3.97 out of 5 and a positive response rate of 77.8%, both exceeding the benchmark averages for other companies.

● Total engagement score (*1)



● Positive response rate (*2)



*1 An indicator of which each individual finds meaning in their current job, workplace, and company and works with the intention of contributing. Average score on a five-point scale.

*2 Percentage of employees who selected "4" or "5," representing positive responses, on a five-point scale from 1 to 5.

Support for autonomous career development

The results of the engagement survey showed that employees who take a more autonomous approach to developing their own careers tend to have higher total engagement scores. Based on these results, we are placing greater emphasis on supporting employees in their autonomous career development.

Career management training

We conduct regular career management training for specific generations and age groups to encourage employees to clarify their career vision and systematically develop their capabilities, thereby supporting them in developing their careers according to their own plans.

Your Time (1-on-1 meetings)

We hold regular meetings between supervisors and subordinates called "Your Time," whose aim is to promote the self-directed progress of our employees and create opportunities for communication amid diversifying work styles. With the goal of strengthening organizational capabilities through the development of employees' capabilities, supervisors coach their subordinates to build on their strengths, while subordinates take the initiative in honing their abilities using the career design sheet.

Open internal recruitment

As part of a system that enables employees to proactively take on challenges toward realizing their career vision, we regularly conduct open internal recruitment.

In fiscal 2025, 71 employees applied for a total of 34 internally advertised positions, including positions in management consulting and corporate planning, leading to concrete action toward realizing their career aspirations.

Examples of internally advertised positions	
Management consulting (Business Promotion Department)	Corporate Planning Division (Planning and Coordination Department)
Fund manager (Financial Market Department)	Branch corporate banking officer (Karuizawa, Hakuba, Niigata)
Overseas assignment/ overseas representative (including secondments to overseas partner banks)	Business school assignment (MBA)

Promotion of health management

Basic Policy on Health Management

The Hachijuni Group recognizes that maintaining and promoting the physical and mental health of all employees and their families is essential for the sustainable growth of the organization. We actively pursue health management and support the well-being of employees and their families.

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Numerical targets and results

● KGI (final targets to be achieved by fiscal 2028)

Indicator	Target	Fiscal 2025 results
Total engagement score	4.00	3.97

● KPI (annual target to be achieved by fiscal 2028)

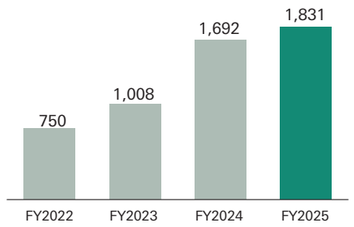
Indicator		Targets	Fiscal 2025 results
Physical health	Proportion of employees receiving specific health guidance offered	70%	65.6%
	Proportion of employees undergoing recommended follow-up tests	90%	84.1%
	Proportion of employees who exercise regularly	27%	23.4%
Mental health	Proportion of employees getting sufficient sleep	Year-on-year improvement	69.1%
	Average days of paid leave taken	16	15.3

Walking campaign

The Bank identifies the relatively low proportion of employees who exercise regularly—defined as exercising at least twice a week for 30 minutes or more per session—at 23.4%, compared with the national average, as an issue and is taking steps to help employees establish regular exercise habits.

In fiscal 2025, we held an annual walking campaign which aimed to promote regular exercise habits, jointly with our partner banks in the Mt. Fuji–Alps Alliance. By introducing team awards, with winning teams receiving local specialties from the other participating regions, the campaign not only creates opportunities for exercise but also promotes communication across the participating banks.

● Walking campaign: number of participants

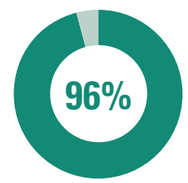


Promotion of financial well-being

From the perspective of supporting employees' medium- to long-term financial stability and self-directed asset building, the Bank offers an employee stock ownership plan, an employee savings plan, and a defined benefit corporate pension plan, among other programs, to promote financial well-being.

In April 2026, we introduced a Restricted Stock Incentive Plan for the Group Employee Shareholding Association. Under this plan, members of the Hachijuni Group Employee Shareholding Association receive shares of the Bank's common stock with transfer restrictions free of charge, based on the extent of their contributions to the Bank to date. Through this plan, we aim to foster a greater sense of participation in management among employees, strengthen engagement by enhancing their sense of financial well-being, and bring Group officers and employees together in working to enhance corporate value.

● Participation rate in the employee stock ownership plan



● Incentive for the employee stock ownership plan

10%

(¥100 per ¥1,000 contribution)

Roundtable Discussion

Roundtable with outside directors



Takayuki Kanai
Outside Director

Maiko Onoda
Outside Director

Eiji Kanzawa
Outside Director

Miyako Hamano
Outside Director

Kayo Tashita
Outside Director

In January 2026, the Bank made a new start as Hachijuni Nagano Bank.
As the only regional bank in the prefecture, how will we contribute to revitalizing the regional economy and advancing regional revitalization, and how will we translate this into the enhancement of corporate value? Five outside directors exchanged views from their respective perspectives.

Expecting the prefecture's only regional bank to revitalize the regional economy and advance regional revitalization

Tashita: When I first heard about the merger with Nagano Bank, I was very surprised. What impressed me at Board of Directors meetings was that former President Matsushita consistently said, "We will make this the most successful merger in Japan." As a resident of Nagano Prefecture, I also had high expectations. I understand that the merger process was carefully planned and proceeded very smoothly, supported by effective governance. At Board of Directors meetings, we discussed very carefully how we should avoid causing disadvantages to prefectural residents and customers, or how to prevent unfair disadvantages to customers.

The true value of the merger will be tested from this point onward. The impact on the region of combining Nagano Prefecture's regional banks into one is significant, and it will be necessary to actively communicate its significance to prefectural residents.

Hamano: There have been active discussions, not only at Board of Directors meetings but also at various levels, about what it means to "make this the most successful merger in Japan." In Nagano Prefecture, issues such as the declining birthrate and aging population, labor shortages, and a decrease in the number of business operators have become apparent. In addition, broader issues have emerged, including increases in inbound visitors and tourists, changes in geopolitics and the international business environment, and climate change, making it necessary for the entire region to work together to address them. Meanwhile, for regional banks, deregulation and digitalization have diversified both the areas of competition and the competitors. A merger in this environment is intended to strengthen the foundation that serves as the "defense" of sound management and, as an "offensive" management approach, enable the Bank to become a comprehensive consulting group rooted in the region and lead the realization of a sustainable society.

I also participate in branch visits and self-development seminars for bank employees, and I sometimes feel deeply moved when I see employees earnestly exploring "what customers want and what we can do." The Bank is expected to take on the challenge of understanding customer needs, strengthening collaboration with external parties in areas where it lacks capabilities, and generating as many synergies as possible.



Kanzawa: From my perspective as someone who has been involved in regional finance and corporate management, the environment surrounding regional banks has been challenging, and moves toward restructuring has also been noticeable, so the merger itself did not come as a big surprise. However, when it came to merging with Nagano Bank, which had been a rival, I believe that the commitment of both banks' management teams must have been considerable. In addition, the efforts required of both banks' employees to achieve integration, including system integration, must also have been extraordinary.

From a medium- to long-term perspective, taking into account changes in the region's demographics and industrial structure, I believe that the merger of the two regional banks in the prefecture will lead to greater soundness and sustainability. Customers are also likely to have high expectations that the merger will enhance the Bank's reliability and enable them to receive more advanced services. As the only regional bank in the prefecture, I hope the Bank will revitalize the regional economy and advance regional revitalization.

Making each employee the central figure is the key to organizational integration

Kanai: Organizational restructuring and personnel reallocation are important for making a merger successful. However, the premise that must not be forgotten is that people are a bank's most important asset. Each employee is the central figure and is connected to their family, friends, community, and

Roundtable with outside directors

Nagano Prefecture. Ultimately, everything comes down to the individual, and we cannot discuss personnel or the organization without taking the individual into account.

There is a saying that "people should bloom where they are planted," but I do not think it is right to tell people to "bloom" while leaving their own wishes behind. First, it is important to listen to what concerns and requests each employee has. Personnel decisions and assignments become meaningful only when the Bank's commitment to valuing people is combined with the individual's motivation, and an explanation that the individual can accept is provided.

In particular, Hachijuni Bank and Nagano Bank differ in scale. The employees on the smaller side are likely to bear the greater burden. Given that some systems will also be aligned with Hachijuni Bank's systems, we must consider which side will face greater difficulties. Considering personnel decisions and assignments with that awareness is essential to making the merger successful.

Onoda: I became involved with the Bank only during the final stage of the merger, but as I listened to everyone, I could sense the accumulation of tremendous efforts made by both banks.

In my experience, the moment people think, "Things will not change anymore" or "It will be difficult to go any further," they become unable to take even one step forward. But if they think, "There are still things we can do" or "We may be able to do a little more," they will always take the next step. The same should apply not only to people but also to communities and companies. There are many issues amid population decline and changes in the industrial structure, but believing that "this region still has potential" inspires people to take on new challenges.

A bank is not simply a place that handles money. It is important to support communities, people, and companies, and to encourage people to feel that



they can keep going. I would also like to apply my perspective, which is close to that of people in their everyday lives, and my experience in different fields to management.

Kanzawa: What has left the strongest impression on me over the past three years is speaking directly with employees of Nagano Bank before the merger. It was highly significant that outside directors had the opportunity to visit Nagano Bank and listen to voices from the front line. I could sense that employees of both Nagano Bank and Hachijuni Bank viewed the merger positively and were determined to do everything they could to make the merger successful.

To achieve "A Leap Toward a Comprehensive Consulting Firm"

Tashita: In presenting a new direction after the merger, I believe that "A Leap Toward a Comprehensive Consulting Firm," as set forth in the Medium-term Management Plan, is an excellent goal that symbolizes the present era. Society is in turmoil, and communities face many issues, including population outflow, the decline of hilly and mountainous areas, securing and developing human resources, and climate change. Financial institutions are also being asked what they can do to resolve these social issues.

A bank has many stakeholders. It is important for all employees to look beyond the short term and consider what direction we should pursue as a financial institution in Nagano Prefecture and what we can do for the community.

The Bank has great potential in the form of the networks and expertise it has cultivated over its long history. I hope that our employees will not be distant figures to local people, but familiar figures whom they can rely on. Identifying regional issues through those relationships and considering how to resolve them may be what leads to a leap toward a comprehensive consulting firm.

Kanai: What is important in a medium-term management plan is, first, that the vision is easy to understand and acceptable to everyone. Unless all employees are moving in the same direction, even the most excellent plan cannot be put into action. Beyond that, quantitative targets are indispensable for implementing the plan that has been developed.

Without them, we cannot specifically encourage people to take on challenges.

Embedding throughout the organization the idea that we should do what needs to be done without becoming overly cautious is also an important prerequisite for implementing the medium-term management plan. It goes without saying that we must observe what must be observed, but if we become overly cautious out of fear of failure, we will no longer be able to conduct necessary negotiations with customers or make necessary proposals to them. Work also requires a degree of leeway, like the "play" in a car's steering wheel.

Onoda: When it comes to taking on the challenge of transformation, it is very important to feel excited. Times are changing, and technological changes, including advances in AI, are also accelerating. Amid these changes, I believe that the value that only people can create arises from interest and excitement. This is cultivated through the people one has met and the experiences one has had.

The long-term vision of "Building a Prosperous Future Together with the Region" should not simply mean increasing the number of services. What matters is whether we can become an organization that builds the future together with people and companies in the region. I believe that we will increasingly be expected to consider the future from the same perspective as everyone in the region, while drawing on our past experience and values without being bound by them.

Kanai: I believe that what also matters for the medium-term management plan is whether it can create such a sense of excitement. Even the addition of a single word can change how the plan is perceived. Creating a plan that employees can approach positively may also lead to stronger execution. The plan also needs to include elements that are a little overly ambitious. I believe that leaving room for challenges is what gives an organization the power to move forward.

Supporting local companies' overseas expansion and taking on DX and AI are also major challenges going forward

Hamano: The key to regional revitalization is "how to bring vitality from outside into the region." Networks with government agencies, external organizations, and other banks have become more indispensable than ever in resolving customers' issues, including labor shortages, M&A, business succession, startups, exports, and overseas business. The wide-area alliance with Shizuoka Bank and Yamanashi Chuo Bank through the Mt. Fuji–Alps Alliance is precisely part of this effort, and I expect the alliance to expand the Bank's business domain.

I also believe that overseas expansion will be an issue going forward for regional banks. Bringing overseas vitality into the region is not easy, but we cannot move forward by taking only safe measures. I hope the Bank will take on challenges without fearing small failures. The Bank has bases in Singapore, Shanghai, and Bangkok, posts staff to locations including Hong Kong, India, and Vietnam, and also has several partner banks. The Bank mainly supports customers expanding overseas with services such as import and export settlement services, but I would like the Bank's employees to gain practical experience overseas and expand their networks so that they can serve customers. To achieve this, I hope they will not merely travel overseas on business, but live there, expand their networks through their daily lives, and turn them into substantial results. I also hope the Bank will take on the challenge of investing in rapidly growing Southeast Asia and in countries such as India, which forms part of the Global South.

Kanai: Business partners expand overseas because they are targeting overseas markets in order to achieve further growth. If a bank is to support them, it must have at least as much local knowledge and information as its business partners. This requires initiatives such as



entering local markets earlier and dispatching personnel there.

At the same time, overseas expansion is not only about supporting business partners. Another objective is for the Bank itself to capture the benefits of growth. With Japan's population declining, it is becoming difficult, particularly in regional areas, to sense the dynamism of economic activity through the domestic market alone. That is why the Bank needs a proactive mindset of capturing the benefits of Asia's growth for its own future. In this respect, it is important to adopt an investment

Roundtable with outside directors

perspective as well as a lending perspective. I believe the Bank is expected not only to support its business partners but also to engage in growth sectors itself.

Kanzawa: Promoting DX and AI, which form the foundation for service delivery, is also very important. IT is particularly well suited to banking operations, and the two will become increasingly inseparable going forward. DX and AI can achieve many things, including addressing labor shortages, improving productivity, streamlining administrative operations, reducing labor requirements, and providing new remote services. They can also improve convenience by reducing customer waiting times and enabling applications and procedures to be completed from remote locations or from home.

Furthermore, if personnel made available through efficiency improvements can be redirected to face-to-face and on-site services for elderly customers and customers who visit branches for consultations, this will provide a significant boost to the realization of the medium- to long-term business strategy.

At the same time, advances in the digital environment also entail serious business continuity risks, including ransomware and AI risks. Alongside the promotion of DX and AI, it is essential to establish measures against cyberattacks and digital governance, as well as to invest in preparing for risks.

Enhancing the effectiveness of governance and improving the communication of information to stakeholders

Hamano: To turn various challenges into sustainable results, it is also essential to improve the quality of governance. The trust that the Bank has earned to date is the result of its efforts, but the most important factor in earning trust is human resource development. Customers sometimes make decisions based on trust, thinking, “If that person says so...” It is each individual employee who bears that trust. The Bank is expected to develop employees who understand its purpose and grow while feeling a sense of fulfillment in their work.

I feel that the merger has increased diversity within the organization. I believe that enhancing the sense of fulfillment of these diverse employees and helping them grow will provide clues to resolving diverse issues faced by customers and lead to contributions to the region. The Bank is also advancing the recruitment of mid-career hires, foreign nationals, and people with disabilities. Female employees account for half of the Bank’s workforce. From the perspective of diversity and inclusion, I truly feel that employee awareness has changed significantly through initiatives such as training programs to develop the next generation of female leaders. Because vice presidents and other executives, general managers of departments and section managers, branch managers, and others have also participated as mentors for female employees and enthusiastically supported their development, individual employees have begun to set and present a variety of goals, such as “I want to develop my expertise and serve customers,” “I want to undertake training overseas and contribute to the region,” and “I want to advance into management.” The merger has also broadened the pool of people aspiring to management and specialist positions, which should lead to improved organizational strength.

The current medium-term management plan was discussed many times with outside directors at advance briefings, Board of Directors meetings, and other occasions. In financial terms, the Bank has announced targets of consolidated net income of at least ¥85.0 billion and ROE of 8% or more by the end of March



2029. Stakeholders may feel that the plan as a whole is somewhat conservative, but I believe that the Bank is steadily working toward achieving these targets.

Tashita: At the time the Nominating and Compensation Committee was established, there was some uncertainty about how to ensure its effectiveness. A major turning point was the interviews with executive candidates. When we actually conduct interviews, we can gain a good understanding of their character and what they are thinking.

What is required of those responsible for management in order to improve governance is that all executives share a common understanding of management issues. It is not enough simply to talk about past successful experiences, and they need to have a perspective on what they will do to address the issues ahead. I believe that interviews conducted by the Nominating and Compensation Committee play an important role in appointing such candidates.

It is also important for outside directors and internally promoted directors to engage in substantive dialogue and discuss what the problems are and how they should be resolved. I believe that the accumulation of such dialogue will enhance the effectiveness of governance.

Kanzawa: External communications and IR activities tend to focus on explaining financial information to shareholders and investors. However, I believe that the link between the strategic nature of the medium- to long-term management plan and the process for achieving the established KPIs could be presented a little more clearly.

Explanations need to be understandable not only to investors, who are the main audience for IR, but also to other stakeholders, such as customers and business partners, given that the Bank is a regional financial institution. Increasing opportunities for direct dialogue, such as holding briefings in the region, is also effective in building trust. In addition to financial indicators such as ROE, non-financial information, including medium- to long-term strategies, ESG, environmental considerations, and regional contributions, must be presented through easy-to-understand materials and explanations.

If improvement measures are taken in response to opinions raised at the General Meeting of Shareholders, it is also necessary to devise ways to communicate them to stakeholders. The Bank is expected to communicate its corporate value and growth strategy clearly and thereby build trust.

Tashita: The medium-term management plan is written in a way that institutional investors can understand, but I believe there is still room for improvement in terms of whether it is easy to understand for people who are not specialists. We need to examine more carefully what information should be communicated to whom, and what words should be used for that purpose. Simply presenting information in a flat manner will not communicate it effectively to people who are not specialists. We tend to use difficult wording, which is why consideration is required about how to communicate the information.

Aiming to build an organization that turns diversity into strength and supports challenges

Onoda: In terms of turning diversity into organizational strength, I believe that having people with completely different ways of thinking and experiences creates new insights and perspectives. The same applies to us, Board members. It is very important to have diverse perspectives, not only in terms of gender differences, but also from people with backgrounds in banking, people with corporate management experience, and people with experience in different fields.

I think it is very important that there is an atmosphere in which even someone like me, who comes from a completely different field, can express views, and that such views are taken seriously. I believe that such an environment enables different experiences and ideas to bring new insights to management. If we can expand this kind of forum for dialogue within the Bank as well, it should strengthen the organization as a whole.

To achieve this, it is important to decide that we “will do” something rather than say that we “want to do” it. If we only say that we “want to do” something, it will never be realized. Will we do it or not? I believe that clearly making that decision, setting a deadline, and taking action will lead to building a better organization.

Hamano: In terms of flexibility in considering proposals from outside directors and putting them into action, the Bank is very proactive. I believe that the Bank had already been considering these matters and that my proposals served as a catalyst, but the appointment of female executives, human resource development training for women, increased recruitment of foreign employees, self-development seminars for employees on international affairs, and business briefings for outside directors were all implemented quickly.



Onoda: To enable diverse talent, including women, to step forward with confidence, those making decisions to appoint diverse talent also need to have strong determination. If we become an organization that can say, “If it fails, the responsibility is ours, so let’s try it first,” diverse talent should be able to further demonstrate their abilities.

*Ms. Kayo Tashita retired at the 143rd Annual General Meeting of Shareholders held on June 26, 2026.

Corporate governance

Message from the Chair of the Board of Directors



Our intentions behind the transition to the new management structure (objectives of personnel decisions in light of the management integration process)

As planned, we performed the management integration process, including systems, branches, and personnel, and successfully completed the merger of Hachijuni Bank and Nagano Bank in January 2026. This integration was an important milestone for the Bank Group, because it was an initiative to establish a management foundation for growing together with the local community with an eye toward the future. We also completed the consolidation and integration of our business operation structure and decision-making processes, thereby establishing a foundation for future growth.

In the First Medium-term Management Plan, which we launched as a new bank, we declared our commitment to "A Leap Toward a Comprehensive Consulting Firm" and clearly defined the Bank Group's vision and the direction toward realizing it. We have now entered the stage of turning each activity under the plan into concrete results. In light of these circumstances, the Board of Directors has established a structure for the next phase of growth.

The transition to the new management structure is a planned and strategic decision based on our current position following the completion of the merger and the launch of the new Medium-term Management Plan. As the Board of Directors, we believe that passing the management baton at the appropriate time will lead to the sustainable growth and enhancement of corporate value of the Bank Group.

Responsibilities as Chair of the Board of Directors (policy for the operation of the Board of Directors)

I serve as Chair of the Board of Directors in a position without representative authority. While the executive team, led by the President, is responsible for day-to-day business execution and management decisions, the Board of Directors is responsible for reviewing the direction of management and the appropriateness of strategies from a medium- to long-term perspective and providing necessary advice. Following the completion of the merger and the launch of the new Medium-term Management Plan, I recognize that the matters requiring discussion by the Board of Directors have also changed. Until now, we have focused on the steady execution of the integration process, but going forward, it will be important to deepen discussions on growth strategies and risks associated with their implementation from a longer-term perspective. I believe that an important role of the Chair of the Board of Directors is to create an environment in which highly effective discussions can be held on balancing challenges aimed at growth with sound risk management, while making use of the perspectives of each director with diverse experience and expertise.

Governance has no fixed final form, and it is necessary to continuously review our approach to governance in response to changes in the business environment and the organization. As Chair of the Board of Directors, I will take responsibility for the operation of the Board of Directors so that it continues to function as a forum for highly effective discussion.

My role in strengthening the supervisory function (positioning and objectives of the internal audit function)

For the Bank Group to achieve sustainable growth, it is essential not only to expand its businesses and pursue new initiatives, but also to ensure that the governance function supporting sound management operates effectively. As we aim to further expand our business domains following the organizational restructuring resulting from the management integration, the Board of Directors strongly recognizes the need to further enhance the effectiveness of its supervisory function.

Based on this recognition, the Bank has adopted a structure in which the internal audit function operates under the supervision of the Board of Directors, thereby establishing a mechanism that enables objective monitoring while maintaining a certain distance from business execution. The objective is for internal audits to identify issues from an overall management perspective and prompt corrective actions, without being influenced by short-term performance or the circumstances of individual departments.

As Chair of the Board of Directors, I am responsible for verifying whether the internal audit function is operating appropriately, while utilizing reports and recommendations from internal audits in discussions by the Board of Directors and advice to the executive team, thereby supporting a multifaceted supervisory function.

Based on my past experience with the Bank's operations and risk characteristics, I appropriately assess the issues and risks identified through internal audits. This enables monitoring that goes beyond formal confirmation. This is a practical initiative to improve the quality of management decisions under a healthy degree of tension with the executive team and to prevent organizational rigidity and an inward-looking orientation.

I believe that maintaining and strengthening, in a manner suited to the current business environment, the concept of "sound management" that the Bank has valued for many years is an important responsibility and role of both the Board of Directors and its Chair.

As a guardian of the long-term vision (a commitment to sustainable enhancement of corporate value)

As set forth in Long-term Vision 2035, the Bank Group aims to become a corporate group that develops sustainably together with the local community. The role of the Board of Directors and myself as its Chair is to ensure that this long-term direction is steadily maintained without being influenced by short-term performance or temporary changes in the environment.

The Board of Directors will continuously confirm whether the initiatives set forth in the First Medium-term Management Plan are being implemented without deviating from their original objectives, and whether measures aimed at management conscious of capital cost and at improving profitability are leading to the enhancement of corporate value over the medium to long term.

Share prices and various indicators are important elements that demonstrate the results of management. However, rather than making them objectives in themselves, it is important to support the evolution into an organization capable of sustainably creating value, based on relationships of trust with the local community, shareholders and investors, and each employee.

Under the new management structure, the executive team led by the President will work to implement the Medium-term Management Plan. As Chair of the Board of Directors, I will contribute to the sustainable growth and enhancement of corporate value of the Hachijuni Group by supporting these initiatives from a medium- to long-term perspective and providing necessary advice and supervision.

Key corporate governance improvement initiatives

(As of June 26, 2026)

February 2017	February 2021	June 2021	June 2022	June 2024	June 2025
Established Nominating and Compensation Committee	Established Policy on Determination of Compensation of Individual Directors	Added two Outside Directors (for a total of four)	Expanded executive officer system Expanded executive officers to include directors, strengthening business execution	Revised director compensation program Introduced a restricted stock incentive plan	Added one Outside Director (for a total of five)

Basic stance

Guided by our management philosophy, "To contribute to regional development by committing to sound banking principles," we have published our Corporate Governance Principles to govern our corporate affairs and maintain the Hachijuni Group as a going concern, enhance corporate value, and fulfill our societal responsibilities.

The Corporate Governance Principles define our basic stance toward each class of stakeholder—customers, shareholders, the local community, and employees—as well as our core position on corporate governance, compliance with laws and regulations, corporate ethics, and information disclosure.

Additionally, to ensure that business is properly conducted within the Group comprising the Bank and its subsidiaries and is appropriately managed, we have established a Basic Policy on the Development of Internal Control Systems (Systems to Ensure Proper Operations) to establish and appropriately operate the necessary systems.

Corporate Governance Principles

Basic Policy on the Development of Internal Control Systems (Systems to Ensure Proper Operations)

Governance structure overview

Organizational structure

Company with Board of Company Auditors

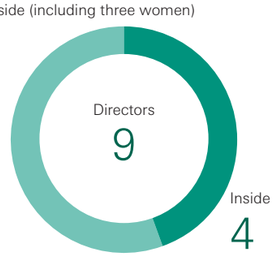
Composition of executive compensation

Fixed compensation
Performance-based compensation
Restricted stock compensation

Board of Directors

- Number of Directors under Articles of Incorporation: 12 or fewer
- Term of office under Articles of Incorporation: 2 years
- Chair of Board of Directors: Chairman

Outside (including three women)



Ratio of outside directors: 55.5%
Ratio of female directors: 33.3%

Board of Company Auditors

- Number of Company Auditors under Articles of Incorporation: 6 or fewer
- Term of office under Articles of Incorporation: 4 years

Outside (including one woman)



Ratio of female executives
35.7%

(As of June 26, 2026)

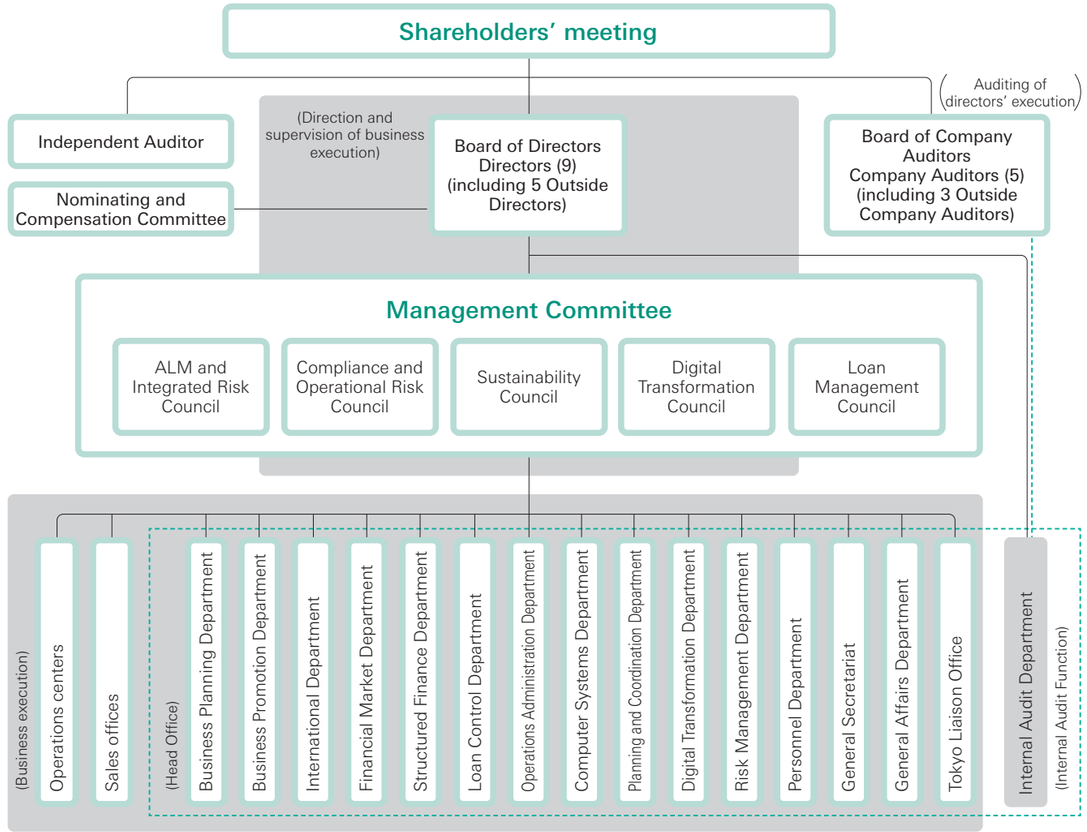
Board of Directors action items

At Board of Directors meetings held during 2025, the following major agenda items were discussed.

Resolutions: Conclusion of an absorption-type merger agreement with The Nagano Bank, Ltd., establishment of a group corporation for the purpose of social contribution activities, formulation of the Hachijuni Group's First Medium-term Management Plan, updating of share buyback guidelines, formulation of risk management policies, etc.

Reported items: Status of initiatives related to TCFD and TNFD and future actions, status of initiatives related to the Mt. Fuji–Alps Alliance, current status and future direction of human capital management, implementation status of the short-term management plan, status of compliance and anti-money laundering programs, measures supporting a customer-first operational approach, matters relevant to evaluating the effectiveness of the Board of Directors, etc.

Corporate governance structure



(As of June 26, 2026)

Board of Directors meetings

(Held 15 times in FY2025)

Meetings are held at least once a month, in principle. In addition to practical business discussions, the board is tasked with supervising business execution and ensuring the maintenance of appropriate procedures for execution.

Management Committee meetings

(Held 54 times in FY2025)

Management Committee meetings are held to direct and supervise day-to-day business operations. In principle, these meetings are held weekly to discuss important management issues and determine appropriate actions, which are subsequently submitted for approval by the Board of Directors. Depending on the nature of the issue discussed, the matter may be brought before the ALM and Integrated Risk Council, the Compliance and Operational Risk Council, the Sustainability Council, the Loan Management Council, or the Digital Transformation Council.

Board of Company Auditors meetings

(Held 15 times in FY2025)

The Board of Company Auditors meets once a month in principle. Each Company Auditor independently audits, in collaboration with the Independent Auditor and the internal audit function, the execution of responsibilities by directors.

Nominating and Compensation Committee meetings

(Held 6 times in FY2025)

As an advisory body to the Board of Directors, the Committee deliberates on the appointment and dismissal of directors and Company Auditors, their compensation, and succession planning. To ensure independence, the majority of the Committee's members and its chair are independent outside directors.

Internal Audit Department

The Internal Audit Department, which directs the internal audit function, consists of approximately 30 employees and reports directly to the Board of Directors. It carries out internal audits based on internal audit policy resolved by the Board of Directors each fiscal year.

Independent Auditor

We maintain an audit agreement with Deloitte Touche Tohmatsu LLC who is responsible for our accounting audits.

Evaluating the effectiveness of the Board of Directors

Every year, we analyze and evaluate the effectiveness of the Board of Directors based on self-assessments by each director and Company Auditor, taking into account the Board's size, composition, operational methodology, status of deliberations, support systems, and other matters deemed critical to the Board's ability to fulfill its roles and responsibilities. Efforts were made to appropriately share information regarding any issues identified.

Conducting surveys → **Evaluating effectiveness based on survey results** → **Sharing discussions and evaluation results** → **Operating the Board of Directors with current issues in mind**

In fiscal 2025, we implemented the following initiatives to address the issues identified in the effectiveness evaluation conducted in the previous fiscal year: "efficient meeting procedures and effective document preparation to enhance discussions" and "further enhancement of pre-meeting study sessions and briefings."

Main Initiatives

(1) "Efficient meeting procedures and effective document preparation to enhance discussions"
In August 2025, the distribution of materials to outside directors was fully digitalized, and all materials, including meeting minutes for review, were handled electronically. As a result, materials became available for review earlier than before, and materials could be added or revised flexibly. In addition, by reviewing the criteria for Board of Directors agenda items and delegating certain approval authority to the Management Committee, we enhanced deliberations related to long-term strategies, including the formulation of the First Medium-term Management Plan.

(2) "Further enhancement of pre-meeting study sessions and briefings"
To enhance the quality of discussion, we continued to provide outside directors with access to information via briefings, site visits, and meetings to exchange opinions with employees.

As in the past, directors and Company Auditors engaged in self-evaluations based on a survey measuring the Board's effectiveness. Results were reviewed at the Board meeting of February 2026. In addition, we arranged meetings between representative directors, etc. and outside directors to exchange opinions on enhancing the effectiveness of the Board of Directors. These efforts concluded that the Board of Directors was functioning effectively overall but also recognized the continued need for efficient meeting procedures and effective document preparation. Based on these results, we plan to take measures to enhance the effectiveness of the Board of Directors.

Skill matrix of Directors and Company Auditors

In order for the Board of Directors to fulfill its roles and duties effectively, the Bank needs a certain number of internal individuals who have a thorough knowledge of the Bank's operations and its issues as members of the Board. In addition, the Bank also believes that it is important that the diversity of knowledge, experiences and skills of the Board members is maintained.

Because of such viewpoint, the Bank maintains a basic policy of appointing Directors and Company Auditors from among individuals who have diverse knowledge and backgrounds.

The skill matrix of the Directors and Company Auditors is shown on the following page.

Name	Position	Gender	Area in which the person is especially expected to display his/her expertise							
			Corporate management/ organizational operation	Global	Finance/ market	Business strategy/ corporate support	Legal affairs/risk management	DX/IT technology	Human resources/ diversity	Environment/ society
Masaki Matsushita	Chairman	Male	●			●	●			
Shohei Hidai	President	Male				●	●	●		
Makoto Nakamura	Director	Male		●	●	●				
Hitoshi Nishizawa	Director	Male	●		●			●		
Miyako Hamano	Outside Director	Female	●	●					●	
Eiji Kanzawa	Outside Director	Male	●					●		●
Takayuki Kanai	Outside Director	Male	●	●	●					
Maiko Onoda	Outside Director	Female						●	●	●
Ihoko Kurokawa	Outside Director	Female	●					●	●	
Chishu Minemura	Fulltime Company Auditor	Male		●		●	●			
Kiyomi Ito	Fulltime Company Auditor	Female				●	●		●	
Takayuki Tanaka	Outside Company Auditor	Male		●	●					●
Hiroshi Hori	Outside Company Auditor	Male	●		●	●				
Mika Godo	Outside Company Auditor	Female					●		●	●

(Note) This matrix does not represent all of the knowledge and experience possessed by each individual but, rather, describes three areas in which particular expertise is expected to be demonstrated based on experience and other factors.

Key knowledge and experience required for each area

Corporate management/ organizational operation	◦ Management and organizational operation of companies ◦ Management strategy planning from a corporate-wide and mid-/long-term perspective	Legal affairs/risk management	◦ Expert knowledge of legal system and various regulations ◦ Risk management of corporate activities in general
Global	◦ Management of overseas offices and business units related to international finance and trade ◦ Strategy planning from a global perspective	DX/IT technology	◦ Expert knowledge of IT, digital transformation and technology ◦ System planning, operation and management
Finance/market	◦ Knowledge of financial market in general, securities operation, etc. ◦ Trends of financial industry and financial administration	Human resources/ diversity	◦ Human resources affairs in general such as personnel management, human resource development, remuneration/salary and employee benefits ◦ Promotion of diversity and inclusion
Business strategy/ corporate support	◦ Sales planning, marketing, new business development ◦ Corporate screening, business matching, business revitalization support, business succession and M&A	Environment/ society	◦ Knowledge of history, culture, economy, etc. in local society ◦ Initiatives for environmental issues and environmental management

Outside directors: Rationale for appointment

Name	Rationale	Board meeting attendance (2025)
Miyako Hamano	Ms. Hamano is the first female executive vice president of the Japan External Trade Organization (JETRO), an independent administrative agency. She offers a wealth of experience and broad knowledge based on many years of supporting companies' overseas market development and regional revitalization. She also brings experience as an outside director of an operating company. We have appointed her as outside director to further enhance management oversight.	15/15
Eiji Kanzawa	As the representative director of Kissei Comtec Co., Ltd., Mr. Kanzawa brings extensive expertise in digitalization. Based on his experience as a corporate executive and his advanced insights, we expect him to provide diverse perspectives and opinions. We have, therefore, appointed him as an outside director.	15/15
Takayuki Kanai	Mr. Kanai offers an extensive range of knowledge, having served as an executive officer at Aozora Bank, Ltd., and as president and COO of Nishimoto Wismettac Holdings Co., Ltd. Based on his experience as a company executive and his advanced insight, we expect him to provide diverse perspectives, and we have, accordingly, appointed him as an outside director.	15/15
Maiko Onoda	Ms. Onoda offers deep experience in the entertainment industry and specialized knowledge as a researcher in preventive medicine and robotics. She is highly regarded for her social contributions, particularly in the development of the robot "Loco-Pyon," which helps the elderly maintain their health. Based on her experience as a company executive and her advanced insight, we have appointed her as an outside director in the expectation that she will provide diverse perspectives.	11/11*
Ihoko Kurokawa	Ms. Ihoko Kurokawa has extensive experience in the field of Human Sensory Analysis in Brain Cybernetics, which is grounded in artificial intelligence research, neuroscience, and communication science. She also possesses an extensive achievement in consulting on corporate naming and communications and has insight on facing organizational issues from various viewpoints. Based on these expertise and experience, we expect her to provide diverse perspectives and opinions. We have, therefore, appointed her as an outside director.	—

* The number of Board meetings attended by Ms. Maiko Onoda includes only those held after her appointment as a Director of the Bank on June 20, 2025.

Support system for outside directors



Support for outside directors is provided by the Planning and Coordination Department. Support for outside Company Auditors is provided by a dedicated assistant assigned to the Audit Committee Secretariat.

To help outside directors to understand matters specific to banking operations and the management of a financial institution and to better comprehend matters to be deliberated on at Board meetings, we hold operational briefings, conduct tours of the bank, and lead discussions with employees as needed.

Succession plan

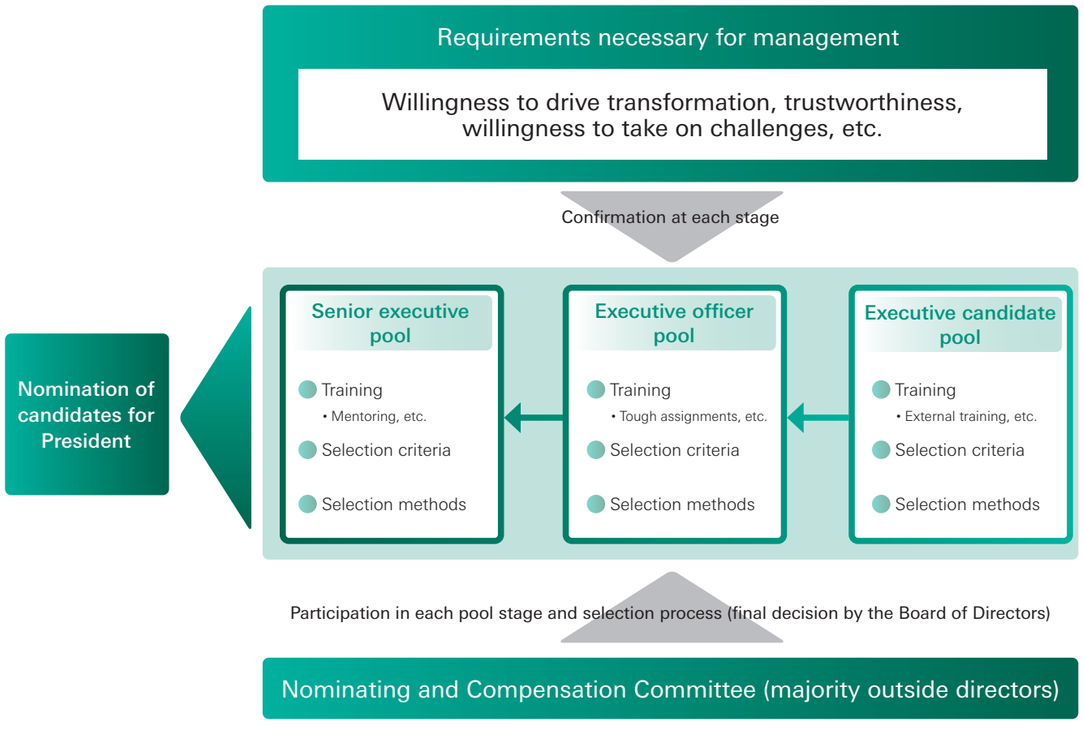
By systematically developing and selecting successors, the Bank aims to ensure management stability and continuity and achieve sustainable growth while responding flexibly to market fluctuations.

In addition, the Bank has formulated a successor development plan with the aim of establishing a mechanism to further enhance the objectivity and transparency of the selection process, thereby leading to the Bank's sustainable growth and enhancement of corporate value over the medium to long term.

Under this plan, the Bank clarifies the requirements expected of management personnel, establishes talent pools corresponding to each stage of executive selection, and defines the training content as well as the selection criteria and methods for each pool.

The status of each pool is reported regularly to the Nominating and Compensation Committee, which is chaired by an independent outside director and a majority of whose members are independent outside directors.

In selecting candidates for advancement between talent pools, representative directors propose candidates based on the selection criteria, independent outside directors who are members of the Nominating and Compensation Committee participate through interviews, etc., and the Board of Directors makes the final decision.



Executive compensation

Director

The Bank has adopted a policy for determining individual director compensation that was resolved by the Board of Directors. The policy is based on consultations with and recommendations from the Nominating and Compensation Committee, an advisory body to the Board of Directors that consists of three or more directors, including independent outside directors. The content of this policy is as follows.

1. Basic policy

Compensation of the Bank's directors shall be structured to incentivize them to manage the Bank with a strong motivation to improve business performance and corporate value and to adopt a shareholder-oriented mindset. The basic policy is to set the compensation for each director at an appropriate level, taking into account the responsibilities and achievements of each individual. Specifically, compensation shall consist of a fixed salary, a performance-based variable award, and noncash compensation. Note that for outside directors, only a fixed salary will be paid in keeping with the nature of their role.

2. Rules determining the type and calculation method for each class of compensation

Compensation type		Calculation method for remuneration amount	Remuneration limit (aggregate)	Payment timing
Fixed compensation	Cash	Determined based on rank, responsibilities, years of service, and broad-based consideration of the Bank's performance and industry standards	Up to ¥25 million per month	Monthly
Performance-based compensation (short-term performance incentive)	Cash	Calculated using profit attributable to owners of parent (consolidated net income) as a key performance indicator	Zero to ¥90 million depending on consolidated net income	Fixed annual schedule
Noncash compensation (restricted stock)	Stock	Calculated based on standards and responsibilities determined by rank	Up to ¥100 million per year (up to 150,000 shares)	Fixed annual schedule

3. The determination of individual compensation amounts and other details shall be based on a resolution of the Board of Directors, and the President shall be delegated the authority to determine the specific details, which shall include the fixed salary amounts and performance-based compensation amounts for each director, as well as the number of shares subject to transfer restrictions. The Nominating and Compensation Committee shall review the determinants of directors' compensation and advise and present recommendations to the Board of Directors. The President shall determine the amount of fixed salary, performance-based compensation, and restricted stock allocations for each director based on such advice and recommendations.

Company Auditor

Compensation for Company Auditors shall consist solely of a fixed salary with a monthly limit of ¥8 million, as resolved by the shareholders' meeting. Allocation of this sum among individual Company Auditors is entrusted to the Board of Company Auditors.

Nominating and Compensation Committee

Miyako Hamano Outside Director and Chair of the Nominating and Compensation Committee



The Nominating and Compensation Committee, primarily led by independent outside directors, is actively involved in the nomination and compensation of the Bank's management team and strives to ensure the quality and transparency of discussions.

The Committee recognizes that one of the most important factors in achieving the Bank's sustainable growth and enhancement of corporate value is the type of personnel who will be responsible for management. As changes in the business environment become increasingly intense, succession planning is not merely a human resources measure but an important initiative that shapes the future direction of the organization. The Bank seeks to establish a framework that combines continuity and flexibility by clearly defining the profile sought in management personnel and systematically developing and selecting personnel through phased talent pools.

With regard to the compensation system, the Bank places emphasis not only on short-term performance but also on the enhancement of corporate value over the medium to long term, and has established a system that takes into account value sharing with shareholders. In carrying out these initiatives, the Committee will continue to fulfill its role as the core of governance that supports both sound management and growth.

Directors and Company Auditors

Director



Chairman/Executive Chairman

Masaki Matsushita

April 1982: Joined the Bank
February 2004: General Manager, Nagano Minami Branch
February 2006: General Manager, Sakaki Branch
June 2008: General Manager, Planning and Coordination Department
June 2011: Executive Officer and General Manager, Suwa Area, Suwa Branch
June 2013: Managing Executive Officer and General Manager, Tokyo Sales Department
June 2014: Managing Executive Officer and General Manager, Head Office Business Department
June 2015: Managing Director and General Manager, Matsumoto Sales Department
June 2017: Vice President
June 2021: President
June 2022: President and Executive President
June 2026: Chairman and Executive Chairman (current position)



President (Representative Director)/ Executive President

Shohei Hidai

April 1988: Joined the Bank
March 2010: Deputy General Manager, Risk Management Department
February 2013: Manager, Tokyo Liaison Office
June 2015: General Manager, Minami Matsumoto Area, Minami Matsumoto Branch
June 2017: General Manager, Planning and Coordination Department
June 2018: Executive Officer and General Manager, Planning and Coordination Department
June 2019: Managing Executive Officer and General Manager, Head Office Business Department
June 2021: Managing Director
June 2022: Senior Managing Director and Senior Managing Executive Officer
June 2023: Vice President and Executive Vice President
June 2026: President and Executive President (current position)



Director (Representative Director)/ Executive Vice President

Makoto Nakamura

April 1990: Joined the Bank
June 2007: Deputy General Manager, Planning and Coordination Department
June 2009: General Manager, Hong Kong Branch
June 2013: General Manager, Ueda Higashi Branch
June 2016: General Manager, Omachi Branch
June 2018: General Manager, Financial Market Department
June 2019: Executive Officer and General Manager, Financial Market Department
June 2020: Executive Officer and General Manager, Operations Administration Department
June 2021: Managing Executive Officer and General Manager, Head Office Business Department
June 2023: Director and Managing Executive Officer
June 2025: Director, Senior Managing Executive Officer
June 2026: Director and Executive Vice President (current position)



Director/Executive Vice President

Hitoshi Nishizawa

April 1985: Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
July 2013: Assistant General Manager, Internal Audit Department, Mizuho Bank, Ltd.
April 2014: Deputy General Manager, Securities & International Department, The Nagano Bank, Ltd.
June 2015: Director and General Manager, Securities & International Department, The Nagano Bank, Ltd.
July 2016: Managing Director and General Manager, Securities & International Department, The Nagano Bank, Ltd.
June 2017: Managing Director, The Nagano Bank, Ltd.
June 2019: President and Representative Director, The Nagano Bank, Ltd. (resigned in December 2025)
June 2023: Director of the Bank
January 2026: Director and Executive Vice President of the Bank (current position)



Director*

Miyako Hamano

April 1979: Joined Japan External Trade Organization (JETRO)
July 2013: Executive Vice President, JETRO
October 2015: Advisor, JETRO
April 2016: Councilor, JETRO (resigned in September 2025)
Policy Advisor, Secretariat of Intellectual Property Strategy Headquarters, the Cabinet Office (resigned in September 2019)
Member of the board of trustees, Shinshu University (current position)
June 2020: Outside Director, Glosel Co., Ltd. (resigned in June 2024)
June 2021: Outside Director of the Bank (current position)
June 2025: Outside Director, SAKSA Co. (current position)



Director*

Eiji Kanzawa

April 1980: Joined the Bank (resigned January 1986)
March 1986: Joined Kissei Comtec Co., Ltd.
May 1988: Director, Kissei Comtec Co., Ltd.
May 1990: Managing Director, Kissei Comtec Co., Ltd.
May 1992: Executive Vice President, Kissei Comtec Co., Ltd.
May 1994: President and CEO, Kissei Comtec Co., Ltd.
May 2018: Chairman, Nagano Prefecture Information Service Association (current position)
June 2018: President, Nagano Techno Foundation (resigned in March 2022)
June 2021: Outside Director of the Bank (current position)
June 2022: Chairman, Representative Director and CEO, Kissei Comtec Co., Ltd. (current position)



Director*

Takayuki Kanai

April 1982: Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
October 2008: Executive Officer, The Nippon Credit Bank, Ltd. (resigned in September 2010)
October 2010: Joined Nishimoto Trading Co., Ltd.; Senior Managing Director
March 2012: President, Nishimoto Trading Co., Ltd. (resigned in January 2019)
March 2017: President & COO, Nishimoto Wismettac Holdings Co., Ltd. (resigned in March 2020)
June 2020: Outside Director, Kameda Seika Co., Ltd. (current position)
June 2022: Outside Director of the Bank (current position)



Director*

Maiko Onoda

February 1983: Started entertainment career
June 2017: Light Staff Co., Ltd. Representative Director (current position)
January 2019: ExaWizards Inc. Fellow (current position)
October 2021: My Company K.K. Representative Director (current position)
December 2021: Tasuki Co., Ltd. Outside Director (resigned in March 2024)
May 2022: Outside Director, Riso Kyoiku Co., Ltd. (current position)
April 2024: Outside Director, Tasuki Holdings Co., Ltd. (current position)
April 2025: Graduate Student, Graduate School of Science, The University of Tokyo
Professor, Professional University of Information and Management for Innovation (current position)
Visiting Professor, Senzoku Gakuen College of Music (current position)
June 2025: Outside Director of the Bank (current position)



Director*

Ihoko Kurokawa

April 1983: Joined Fujitsu Social Science Laboratory Ltd. (currently Fujitsu Limited) (resigned in February 1996)
September 1996: Managing Director, CAI Co., Ltd. (resigned in January 1998)
January 1999: Visiting Researcher, Onso System Institute LLC (resigned in August 2003)
August 2003: Representative Director, Kansei Research Inc. (current position)
April 2008: Part-time lecturer, Kurashiki University of Science and the Arts (resigned in March 2011)
April 2015: Councilor, Japan Society of Kansei Engineering (resigned in March 2017)
November 2018: Director, Japan Naming Association
April 2025: Chairperson, Japan Naming Association (current position)
June 2026: Outside Director of the Bank (current position)

(*): Outside Director as defined in Article 2, Item 15 of the Companies Act

Company Auditor



Fulltime Company Auditor

Chishu Minemura

April 1988: Joined the Bank
February 2009: Deputy General Manager, Komoro Branch
April 2009: Deputy General Manager, Komoro Area, Komoro Branch
June 2012: General Manager, Iida Ekimae Branch
June 2015: General Manager, Market & International Division
June 2017: General Manager, Risk Management Division
June 2020: Fulltime Company Auditor (current position)



Fulltime Company Auditor

Kiyomi Ito

April 1992: Joined the Bank
October 2015: General Manager of Higashiwada Area, Asahi Branch
June 2018: General Manager, Nagano Minami Branch
June 2020: General Manager, Omachi Branch
June 2022: General Manager, Personnel Department
June 2023: Executive Officer and General Manager, Internal Audit Department
June 2026: Fulltime Company Auditor (current position)



Company Auditor*

Takayuki Tanaka

April 1981: Joined the Long-Term Credit Bank of Japan (currently SBI Shinsei Bank, Limited)
October 1998: Deputy Counsellor, Investigation Department, the Long-Term Credit Bank of Japan (resigned in March 1999)
April 1999: Full-time lecturer, School of Economics, Senshu University
April 2001: Professor, School of Economics, Senshu University
April 2002: Part-time lecturer, Faculty of Contemporary Society, Kyoto Women's University (resigned in March 2009)
April 2012: Visiting fellow, University of London (resigned in March 2013)
September 2022: Director, Incorporated Education Institution Senshu University
Dean and Professor of School of Economics, Senshu University (current position)
June 2023: Outside Company Auditor of the Bank (current position)



Company Auditor*

Hiroshi Hori

April 1986: Joined The Japan Development Bank (currently The Development Bank of Japan Inc.)
June 2011: Asset Management Group Head, The Development of Bank of Japan Inc.
June 2013: Representative and Senior Executive Director, DBJ Asset Management Co., Ltd.
April 2016: President, DBJ Asset Management Co., Ltd. (resigned in June 2017)
June 2017: Director and General Manager, General Administration and Accounting Department, Marubeni Financial Service Corporation (resigned in June 2021)
June 2021: Full-time Audit and Supervisory Board Member, Sagami Railway Co., Ltd. (resigned in June 2025)
June 2023: Outside Company Auditor of the Bank (current position)
June 2025: Managing Director, Tokyo City Development Co., Ltd. (current position)



Company Auditor*

Mika Godo

April 1990: Joined Taisho Marine & Fire Insurance Co., Ltd. (currently Mitsui Sumitomo Insurance Company, Limited) (resigned in August 1997)
October 2004: Registered as an attorney at law (Nagano Bar Association)
Joined Kubota Law Office (resigned in March 2008)
April 2008: Director of the Godo Law Office (current position)
June 2011: Outside Auditor, The Nagano Bank, Ltd. (resigned in December 2025)
June 2023: Outside Director, Member of Audit and Supervisory Committee, Yamaura Corp. (current position)
October 2023: Member of Personnel Committee of Nagano Prefecture (current position)
June 2026: Outside Company Auditor of the Bank (current position)

(*): Outside company auditor as defined in Article 2, Item 16 of the Companies Act

Executive Officers

Title	Name
Chairman Executive Chairman	Masaki Matsushita
President Executive President	Shohei Hidai
Director Executive Vice President	Makoto Nakamura
Director Executive Vice President	Hitoshi Nishizawa
Managing Executive Officer	Hideki Yoshida
Managing Executive Officer	Tomoyoshi Baba
Managing Executive Officer	Tatsuya Akaba
Managing Executive Officer	Takehiko Kimura
Managing Executive Officer	Ryoichi Kitayama
Managing Executive Officer	Keigo Ito
Managing Executive Officer	Satoshi Masuda
Executive Officer	Hidenori Dezawa
Executive Officer	Katsuya Nakamura
Executive Officer	Atsushi Shikano
Executive Officer	Kenji Nishizawa
Executive Officer	Akira Ikeda
Executive Officer	Ken Nishizawa
Executive Officer	Koichi Miyazawa
Executive Officer	Sota Miyamoto
Executive Officer	Shinichi Uchikune

(As of June 26, 2026)

Risk management system

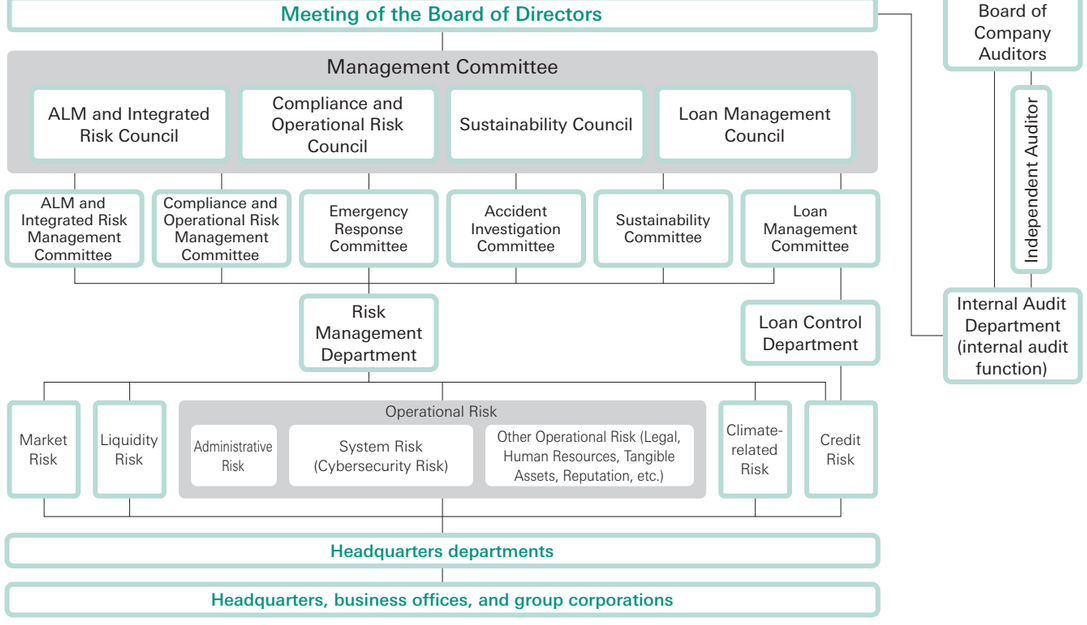
Basic stance

The Management Committee has established a Basic Policy on Integrated Risk Management to ensure the Bank's sound management and proper operation. The major classes of risk to be managed are market risk, liquidity risk, operational risk, climate risk, and credit risk, as shown in the figure below. In addition, an ALM and Integrated Risk Council has been established as a special purpose unit of the Management Committee. The Council accurately assesses market risks (such factors as interest rates, prices, and forex) based on interest rate and economic forecasts. The Council quantitatively assesses credit risk and discusses appropriate mitigation strategies. In addition, we have established a Compliance and Operational Risk Council, a Sustainability Council, and a Loan Management Council to ensure that our risk control regime is appropriate for our strength as a business and that earnings and management resources are allocated according to the risk situation.

ALM and Integrated Risk Council	Compliance and Operational Risk Council	Sustainability Council	Loan Management Council
Market Risk Liquidity Risk	Operational Risk	Climate-related Risk	Credit Risk

● Organization

(As of June 26, 2026)



Business continuity system

Given the public nature of banking, the Bank has formulated a business continuity plan (BCP) so that deposit withdrawals, fund settlements, and other important services can be continued or promptly restored in the event of a natural disaster such as an earthquake or storm, a cyberattack, or a financial crisis. Furthermore, to enhance the business continuity plan, the Bank systematically carries out improvement measures based on risk assessments each fiscal year and holds regular emergency response drills to improve the effectiveness of the plan.

Market risk management

To appropriately balance risk and return and to manage risk-taking to an appropriate level, the Bank updates its market risk management policies every six months, taking into account the market environment and the Bank's financial position. The market risk management policy determines the maximum risk that can be assumed for each transaction type and business partner and sets loss limits. Business units conducting transactions operate within these limits, while reporting daily to the responsible executives on risk status, and take prompt and appropriate measures. In managing its operations, the Bank clearly separates the execution transactions by the front office, the administrative back-office functions such as transaction processing, and risk control and management department activities handled by the middle office, thereby establishing a system in which mutual checks and balances function.

Liquidity risk management

The Bank has established liquidity risk management policies for each fiscal year with the aim of mitigating exposure to risks, taking into account changes in the business environment and based on the identification, analysis, and evaluation of factors that affect liquidity risk. The liquidity risk management policy establishes management limits, while the Risk Management Department, which is responsible for overall liquidity risk management, is active daily in ensuring that market funding obligations do not become excessive. We maintain a balance of assets that can be quickly converted to cash to ensure uninterrupted cash flow even under unexpected circumstances such as sudden financial market shifts.

Operational risk management

The Bank has established a Basic Policy on Operational Risk Management and controls risk by classifying it into administrative, system, and other operational categories (e.g., legal, personal, tangible asset, reputation, etc.). Accurate identification and evaluation of operational risks to be addressed are assured by regular risk assessments every fiscal year, which enables each business unit to implement measures to control risks. The Risk Management Department, which is responsible for the overall handling of operational risk, oversees the management status of each business unit and strives to ensure the effectiveness of risk management and maintain a system of internal checks and balances.

Climate risk management

The Bank ranks climate risk as a top priority and manages the impact of climate change on its customers within its credit risk framework. In addition, the Bank has laid out policies for sectors that are likely to have a negative impact on climate change based on its Hachijuni Bank Group Sustainable Investment and Lending Policy.

Credit risk management

The Bank operates a system to identify and manage credit risk in Japan, overseas, and across the entire Group in order to maintain and improve the soundness of assets with exposure to credit risk. The Credit Risk Management Group within the Risk Management Department is specifically responsible for planning and designing an internal rating system for borrowers and other concerns, monitoring its operation, and managing the Bank's portfolio with a focus on avoiding excessive credit concentration. In addition, the Loan Planning and Assessment Group within the Loan Control Department is responsible for running the internal rating system, while the Screening Group and other relevant departments are responsible for appropriate credit management at the individual client level. The Internal Audit Department verifies the suitability of credit risk management through audits of the operations of each department.

Debtor Rating System	Credit portfolio management	Individual credit management
Based on data such as financial condition and cash flow, we classify credit counterparties into 13 rating categories and periodically review them.	We strive to avert excessive risk by quantitatively monitoring the concentration of credit exposure among large customers and specific industries on a monthly basis and reporting the status to the Management Committee every six months.	We have separated the credit screening and sales promotion functions and established a system in which mutual checks and balances function properly. Furthermore, we strive to avoid the deterioration of receivables by thoroughly managing the creditworthiness of our counterparties.

Cybersecurity initiatives

Governance system

In light of the increasing sophistication and complexity of cyberattacks, the Bank has established basic policies based on relevant laws and regulations and is continuously improving its cybersecurity management framework.

Through regular status reporting to the Management Committee, the management team confirms and assesses risk trends and the status of countermeasures, and makes necessary policy decisions. At the same time, we ensure the effectiveness of governance by overseeing important matters through reporting to the Board of Directors.

Incident response framework

Based on the Financial Services Agency's "Guidelines on Cybersecurity for the Financial Sector" and "Cybersecurity Self-Assessment (CSSA)," vulnerability assessments conducted by external experts, we continue our initiatives to enhance cybersecurity measures.

Through 24-hour, 365-day monitoring by the Security Operation Center (SOC), we detect signs of cyberattacks early and respond promptly. At the same time, we strive to provide safe and secure financial services by developing measures based on multi-layered defense, continuously verifying and improving them, and strengthening measures through risk assessments covering all systems.

Education and drills for employees

To improve the cybersecurity literacy of all employees, we have established an education framework tailored to their positions and duties through training for the management team, specialized training for system-related departments, and training for new hires.

In addition to education and awareness-raising activities such as training and suspicious email drills, we collaborate with external organizations by participating in various drills and exercises organized by the National Cybersecurity Office (NCO) and Financials ISAC Japan. By strengthening practical response capabilities, we strive to enhance the cybersecurity response capabilities of the organization as a whole.

Basic Policy on Cybersecurity Management

1. Commitment by the management team
   (1) We position cybersecurity risk as one of our important management issues.
   (2) The management team itself exercises leadership and establishes a management framework.
   (3) We continuously review our policies and management framework to make improvements.
2. Identification of cybersecurity risks and formulation of response plans
   (1) Taking into account changes in the internal and external environments surrounding the Hachijuni Group, we strive to comprehensively identify cybersecurity risks.
   (2) We appropriately assess the impact of cybersecurity risks and residual risks, and formulate specific plans incorporating necessary measures.
3. Securing of management resources necessary to strengthen the cybersecurity management framework
   (1) To strengthen the cybersecurity management framework, we secure sufficient resources, including the necessary budget and personnel.
   (2) We systematically develop personnel with expertise and assign them appropriately.
   (3) We utilize advanced technologies in measures for defense, detection, and recovery to maintain and enhance the safety and reliability of our services.
4. Verification of the effectiveness of cybersecurity measures and continuous improvement
   (1) We regularly conduct cybersecurity education, drills, and exercises to ensure the effectiveness of emergency response and recovery procedures.
   (2) In addition to internal audits, we continuously undergo assessments by external experts to ensure objectivity.
   (3) Based on the assessment results, we improve our rules, standards, manuals, and technical measures.
5. Response to stakeholders and fulfillment of social responsibility
   (1) By ensuring cybersecurity, we strive to provide customers with safe and secure services and to maintain and improve the trust of stakeholders, including shareholders.
   (2) As an institution responsible for financial infrastructure, we actively contribute to improving cybersecurity in the region.
   (3) We collaborate with relevant authorities, organizations, groups, and other entities to share information on cybersecurity and appropriately respond to requests.

Development of data infrastructure and the use of AI

(1) DWH × AI

In March 2019, the Bank began operating a "Data Warehouse (DWH)" that centrally manages all the Bank's long-term data and continuously amasses accurate data.

Through the use of data stored in the DWH, which serves as the core of data analysis, we have prepared a system that enables the rapid and efficient operation of AI.

(2) AI and data infrastructure

We have built "AI and data infrastructure" to safely and rapidly deploy AI technologies across all of the Bank's operations. By centralizing data management and security and governance functions, we aim to establish a sustainable AI development and operations environment that can flexibly respond to changes.

AI governance

Given that ethical considerations are essential in the use of AI, we formulated and distributed the Hachijuni Group's AI Policy in May 2024, based on domestic and international regulatory trends and our values, and ensure that each theme is operated in accordance with this policy.

As generative AI continues to advance, we will continue to enhance our governance system in order to appropriately address newly emerging risks.

AI Policy

1. Sustainable regional communities
   While ensuring the primacy of human dignity and diversity, the Group actively employs AI to enhance corporate value and the well-being of our customers and contribute to the realization of sustainable regional communities.
2. Fairness
   The Group is mindful AI can produce biased results and takes care that no individual or group is unfairly discriminated against.
3. Transparency and accountability
   The Group will ensure transparency in AI decision-making processes and responsibly explain the impact of AI adoption.
4. Safety, privacy, and security
   The Group will duly consider the preservation of stakeholders' assets and privacy and strive to ensure AI security.
5. Human resource development
   The Group will continue to develop staff with the knowledge and ethics needed to correctly understand AI and apply it appropriately for society's benefit.

Sustainability ■ Environmental initiatives: TCFD and TNFD recommendation and response

The Bank endorsed the TCFD recommendations in March 2020 and has accordingly been promoting climate change countermeasures and disclosures since fiscal 2021. In addition, we endorsed the TNFD recommendations in March 2024 and commenced actions supportive of natural capital and biodiversity from fiscal 2024.

By repeating a cycle of accurately identifying risks and opportunities related to climate change, natural capital, and biodiversity and reflecting them in our management strategy, we will fulfill our social responsibility toward the transition to a decarbonized society and the conservation of natural capital and biodiversity, while enhancing our resilience as a company.

Response to climate change (initiatives in response to the TCFD recommendations)

Transition plan (overview of initiatives)

The Bank has identified climate change measures and environmental conservation as priority ESG materiality issues and is working to reduce its own greenhouse gas emissions (Scope 1 and 2) as well as emissions in its supply chain, including its customers (Scope 3).

Foundation

Hachijuni Group environmental policy

Implementation strategy

Groupwide decarbonization
- Electrification of vehicles and air conditioning
- ZEB conversion of branch offices
- Utilization of renewable energy electricity

Products and services
- Sustainable finance
- Development of climate change solution menus

Policies
- Hachijuni Bank Group Sustainable Investment and Lending Policy
- Hachijuni Bank Group Sustainable Procurement Policy
- Hachijuni Group SDG Declaration
- Priority Themes

Engagement strategy

Customers
- Engagement with top 500 companies ranked by financed emissions
- GHG emission calculation services and diversified consulting

Regions, industries, and government
- Engagement with local communities via partnership agreements (e.g., the Agreement on Achieving Zero Carbon in 2050 we signed with Nagano Prefecture)
- Participation in industry groups (e.g., PCAF, GX Future League)

Indicators and targets

Greenhouse gas emissions of the Bank Group
Hachijuni Group, Scope 1 and 2
FY2028 80% reduction compared to FY2019 (achievement brought forward from FY2030)

Greenhouse gas emissions of borrowers
Greenhouse gas emissions reduction target for borrowers
FY2028
27% reduction compared to FY2021

Sustainable finance, etc.
Sustainable finance
FY2021–FY2028 (achievement brought forward from FY2030)
Cumulative loan value: ¥1.5 trillion (of which ¥1 trillion slated for environmental activities)
Renewable energy creation
FY2021–FY2030
Sustainable finance for renewable energy power generation ¥90 billion
ZEH-level and solar-equipped mortgages and renovation loans: 10,000 loans

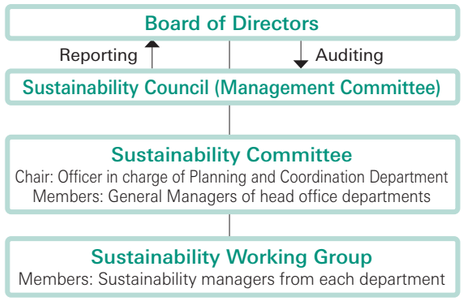
Governance

Supervision by the Board of Directors
Under our system for promoting sustainability management, the Board of Directors oversees the response to discussion elements reported by the executive team.

Corporate culture and skills
Implementation of various training programs and promotion of qualification acquisition for the development of sustainability specialists

Governance

Sustainability management promotion



Three organizations, the Sustainability Council, the Sustainability Committee, and the Sustainability Working Group, have been established within the headquarters to discuss sustainability initiatives, including responses to climate change. The deliberations of the Sustainability Council are reported at meetings of the Board of Directors, which oversees sustainability initiatives. We promote sustainability management via a combination of diligent discussion among the executives and supervision by the Board of Directors.

Main topics discussed in fiscal 2025

"Status of TCFD initiatives and future response policy"
"Establishment of emissions reduction targets for Scope 3, Category 15"

Strategy

As climate change becomes more severe, the impact of natural disasters and abnormal weather patterns on business activities is increasing. In addition, in pursuit of carbon neutrality, there have been tighter policies and regulations, technological advancements, and changes in consumer and investor awareness. The Bank accurately captures these changes, identifies the risks and opportunities that climate change poses to its business, reflects them in its management strategy, and advances its initiatives accordingly.

Identification of risks and opportunities

Carbon-related assets (as of the end of March 2026)	Energy	Transportation	Materials and construction	Agriculture, food, and forest products	Other
Percentage of the Bank's loan balance	2.44%	4.31%	24.26%	3.31%	65.68%
Composition of financed emissions	5.65%	7.14%	46.11%	11.73%	29.37%

Scenario analysis

Recognizing that climate change affects a wide range of industries, with the nature, extent, and timing of its impacts varying by industry, we annually select industries that are susceptible to the impacts of climate change as key sectors and conduct scenario analysis. In fiscal 2025, based on opportunities and transition risks as well as the Bank's loan balances, we conducted analysis of the "energy" and "transportation (automobiles and auto parts, trucking services)" sectors.

● Analysis results

Due to changes in customers' business performance and other factors, credit-related expenses increased by approximately ¥17.6 billion for transition risk and approximately ¥1.7 billion for physical risk compared with the analysis conducted in the previous fiscal year. However, the overall impact remains limited. As this analysis was conducted within a limited scope and based on certain assumptions, it does not assess the Bank's overall risk. We will continue to further refine our analysis.

Transition risk	Description
Scenario	Scenario: +1.5°C (based on IEA Net-Zero Emissions by 2050 Scenario and NGFS Net Zero 2050)
Sectors analyzed	Energy Transportation (automobiles and auto parts, trucking services)
Analysis results	Cumulative rise in credit-related expenses of up to around ¥46.5 billion by 2050

Physical risk	Description
Scenario	Scenario: +4°C (based on IPCC RCP8.5)
Subject region	Nagano, Niigata, Gunma prefectures
Target	Business loan customers
Analysis results	Cumulative increase of around ¥4.8 billion in credit-related expenses by 2050 (Business performance deterioration due to stagnating customer business, collateral impairment, etc.)

Risks and opportunities identified

Based on scenario analysis, we review climate-related risks and opportunities annually.

Type		Business impact	Timeframe
Transition risk	Policies, regulations, and market conditions	Increase in the Bank's credit-related expenses amid deterioration in business performance of investees and borrowers due to changes in commercial activities and market conditions brought about by broadening climate change countermeasures	Medium-to-long term
		Decline in the value of stocks, bonds, and other assets held by the Bank due to changes in commercial activities and market conditions brought about by broadening climate change countermeasures	
	Reputation	Damage to the Bank's reputation and a loss of business opportunities due to the Bank's climate change initiatives falling behind rising stakeholder expectations	Short-to-medium term
Physical risk	Acute risk	Increase in credit-related expenses incurred by the Bank due to the deterioration of the business performance of borrowers and investees resulting from an increase in natural disasters (floods, etc.) caused by climate change	Short-to-long term
		Increase in natural disasters (floods, etc.) caused by climate change, resulting in damage to the Bank's assets (branches, etc.), suspension of operations, impairment of asset values, etc.	
	Chronic risk	Increase in infectious diseases and heat stroke caused by climate change undermining the business performance of borrowers and investees, etc., resulting in an increase in the Bank's credit-related expenses	Short-to-long term
Opportunity	Policies, regulations, and market conditions	Expansion of climate change measures affects business activities and markets, driving in a proliferation of new and diverse businesses and business models in response to market demand	Short-to-long term
	Technology, products, and services	Increased funding demands related to capital investment and product development in response to climate change measures	Short-to-long term
	Reputation	Increased business opportunities associated with enhanced corporate value owing to recognition as a financial institution that contributes to regional decarbonization through climate measures	Medium-to-long term

Sustainability ■ Environmental initiatives: TCFD and TNFD recommendation and response

Managing risks and opportunities

Decarbonization of the Hachijuni Group (Scope 1 and 2)

The Hachijuni Group has set targets for Scope 1 and 2 emissions of net zero by fiscal 2025 and an 80% reduction from fiscal 2019 levels by fiscal 2030, and has been advancing initiatives to achieve these targets.

Fiscal 2025 Initiatives: Achievement of the "net zero by fiscal 2025" target

● **Start of operations at a solar power plant dedicated to the Hachijuni Group**
The power plant, installed on the former site of an athletic field owned by the Bank (in Omi-mura, Higashichikuma-gun, Nagano Prefecture), was established and is operated for power generation by Hachijuni Link Nagano, a Group company.
This has enabled the Group to secure a stable, long-term supply of renewable electricity.

● **New construction and relocation of Inakita Branch**
Inakita Branch, which opened in September, was developed as a wooden ZEB branch using timber produced in Nagano Prefecture and the latest energy-saving technologies.



Solar power plant dedicated to the Hachijuni Group installed at Omi Athletic Field



Interior of Inakita Branch, Hachijuni Nagano Bank

Under the First Medium-term Management Plan, we set a target of achieving an 80% reduction from fiscal 2019 levels in fiscal 2028. This target was originally set to be achieved in fiscal 2030. We will work on further reductions toward achieving the target.

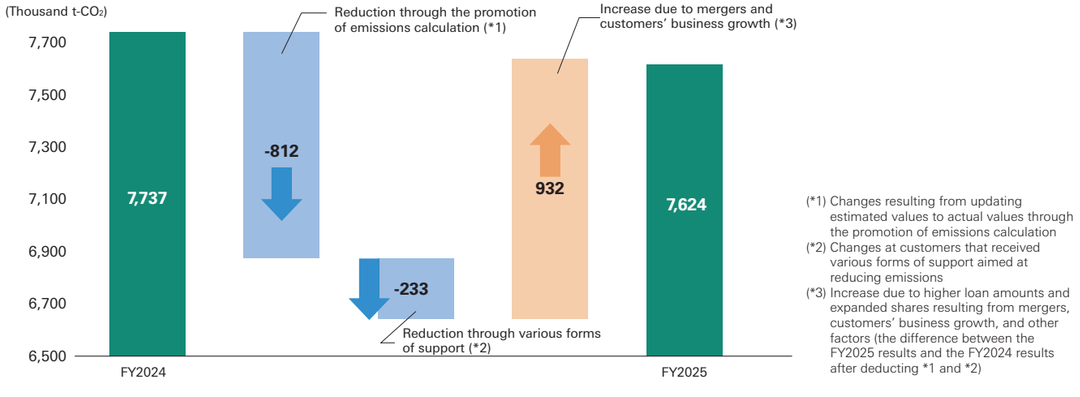
Decarbonization of the supply chain (Scope 3)

● **Customer decarbonization**

<Promotion of greenhouse gas emissions calculation>

Many of our corporate customers have not been able to ascertain their own greenhouse gas emissions, which is a prerequisite for reducing emissions. We regard this as an important issue in promoting regional decarbonization. To address this issue, we set a target of obtaining emissions data for 450 companies in fiscal 2025 for promoting the calculation of greenhouse gas emissions by borrowers. At the same time, we have strengthened our engagement with the top 500 of our loan customers headquartered in Nagano and Niigata Prefectures as ranked by financed emissions. As a result, in fiscal 2025, we ascertained the emissions of 554 companies and achieved our target. At the same time, the "data quality score," which indicates the reliability and accuracy of emissions data as defined by PCAF, also improved (approximately 2.79 in fiscal 2024 and approximately 2.69 in fiscal 2025). We will continue to support customers' efforts to calculate and reduce their emissions and contribute to regional decarbonization.

● Factors for reductions in financed emissions



(*1) Changes resulting from updating estimated values to actual values through the promotion of emissions calculation
(*2) Changes at customers that received various forms of support aimed at reducing emissions
(*3) Increase due to higher loan amounts and expanded shares resulting from mergers, customers' business growth, and other factors (the difference between the FY2025 results and the FY2024 results after deducting *1 and *2)

<Support for greenhouse gas emissions reduction>

To help customers reduce their emissions, we provide a variety of solutions, including the promotion of sustainable finance and the wider adoption of commercial renewable energy generation facilities, ZEH-level homes, and solar-equipped homes. Hachijuni Link Nagano, a Group company, is working to encourage the introduction of renewable energy through the use of PPA schemes. In addition, in anticipation of moves by the government and Nagano Prefecture to make ZEH standards mandatory, we started offering the Sustainable Housing Support Loan, which applies a special interest rate for customers purchasing environmentally friendly homes.

To further strengthen support for customers' decarbonization, we are working to ascertain emissions and have newly established a greenhouse gas emissions reduction target for borrowers of a 27% reduction from fiscal 2021 levels by fiscal 2028.

Products and services		Overview
Promotion of calculation	Greenhouse gas emissions visualization service	A service that automatically calculates greenhouse gas emissions based on information such as invoices registered by customers and visualizes the emissions on the cloud
Reduction support	Sustainability-linked loan	A product under which loan terms, such as interest rates, vary depending on the achievement status of ambitious sustainability-related targets set by customers themselves
	Hachijuni sustainability-linked loan for the future	A product under which customers select targets that contribute to achieving sustainability management, and incentives such as interest rate reductions are provided depending on the achievement status of the selected SPTs
	Positive impact finance	A loan product that analyzes the impacts of customers' business activities on the environment, society, and economy and provides financial support for initiatives to increase or reduce the identified impacts
	SDGs loan	A product under which interest rates vary depending on the achievement status of SDGs-related targets set by customers themselves
	PPA	A service under which a power generation company (Hachijuni Link Nagano) installs solar power generation systems and supplies customers with green electricity generated by solar power
	J-Credit referral service	A service that introduces customers to J-Credits generated by NAGANO Public Corporation of Forestry

● **Supplier decarbonization**

Based on the Hachijuni Bank Group Sustainable Procurement Policy, we conducted dialogue through surveys, including ascertaining the status of decarbonization initiatives. By continuing and strengthening dialogue with suppliers, we will advance initiatives toward regional decarbonization.

● **Regional decarbonization**

<Suwa Area Consortium to Promote Decarbonization Projects>

We are participating in the Suwa Area Consortium to Promote Decarbonization Projects established under the Project for Regional Decarbonization Investment and Financing Promotion through Regional Consortium Formation, which was initiated by the Ministry of the Environment in the Suwa region of Nagano Prefecture. We worked collaboratively with local governments and regional businesses to create commercial opportunities.

<Partnership to achieve zero carbon by 2050>

We have entered into the 2050 Zero Carbon Agreement with Nagano Prefecture and promote the use of renewable energy, sustainable finance, and new financial products and solutions that contribute to decarbonization. In fiscal 2025, to promote sustainability initiatives among mid-sized and small and medium-sized corporate customers, we began handling the Hachijuni sustainability-linked loan for the future, a financial product structured in cooperation with Nagano Prefecture.

<Forest-derived J-Credits>

To promote forest management within Nagano Prefecture, we purchase J-Credits generated through the Nagano Prefectural Forest J-Credit Creation Project and utilize it for carbon offsetting. We also introduce J-Credits derived from forests in Nagano Prefecture to our customers.

Sustainability ■ Environmental initiatives: TCFD and TNFD recommendation and response

Risk Management

The Bank assesses identified climate-related risks within its credit risk framework. Since fiscal 2025, the Bank has also taken into account the impact of climate change risks within its integrated risk management framework.

Additionally, under the Hachijuni Bank Group Sustainable Investment and Lending Policy, we have established a policy to actively invest in and finance businesses that have a positive impact on the environment, society, and the economy. Regarding investments and financing in specific sectors with a high potential for negative environmental or social impacts, we strive to reduce or avoid such impacts by appropriately addressing them in accordance with this policy. Note that since the establishment of this policy, we have not made any investments or financing for coal-fired power plants.

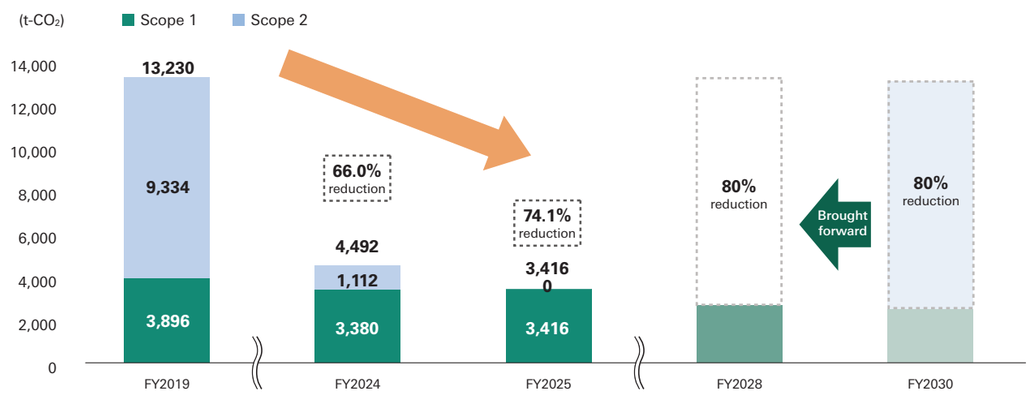
Indicators and targets

Decarbonization of the Hachijuni Group (Scope 1 and 2)

The Bank's fiscal 2021 greenhouse gas (CO_2) emissions target of net zero by fiscal 2023 (nonconsolidated) was achieved in fiscal 2022, and the target of a 60% reduction from fiscal 2013 levels by fiscal 2030 (nonconsolidated) was reached in fiscal 2023. In response, in fiscal 2024, the Bank expanded the scope of the target to cover the entire Group and revised the targets upward to net zero by fiscal 2025 and an 80% reduction from fiscal 2019 levels by fiscal 2030.

Furthermore, under the First Medium-term Management Plan formulated in February 2026, we set a target of an 80% reduction from fiscal 2019 levels by fiscal 2028, bringing forward the achievement of the target from fiscal 2030, and are advancing initiatives to achieve the target. The target of net zero by fiscal 2025 has been achieved.

Hachijuni Group targets	Results (FY2025)
① Net zero by FY2025 ② FY2028 80% reduction compared to FY2019 (achievement brought forward from FY2030)	① Achieve net zero ② 74.1% reduction compared to FY2019



Decarbonization of the supply chain (Scope 3)

Promotion of greenhouse gas emissions calculation by borrowers

We set a target for ascertaining greenhouse gas emissions in order to reduce greenhouse gas emissions from borrowers and achieved the target in fiscal 2025.

Target	Results (FY2025)
FY2025: 450 companies* for which the Bank has emissions data *Equivalent to 40% of Scope 3, Category 15 (at end-March 2024)	554 companies

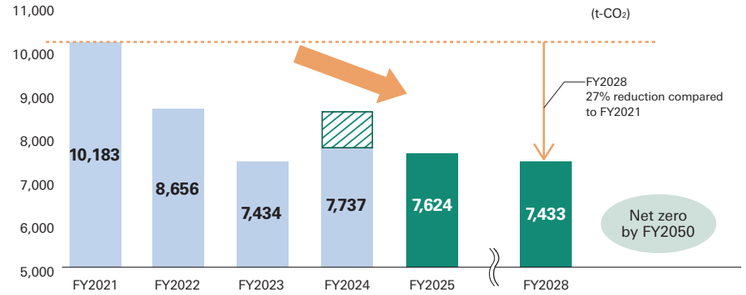
Support for greenhouse gas emissions reduction by borrowers

Following the achievement of the target of obtaining emissions data for 450 companies in fiscal 2025 for promoting the calculation of greenhouse gas emissions by borrowers, the Bank has newly established an emissions reduction target for borrowers in order to more strongly support customers' efforts to reduce their emissions.

Target

FY2028
27% reduction compared to FY2021
*Including changes resulting from updating estimated values to actual values

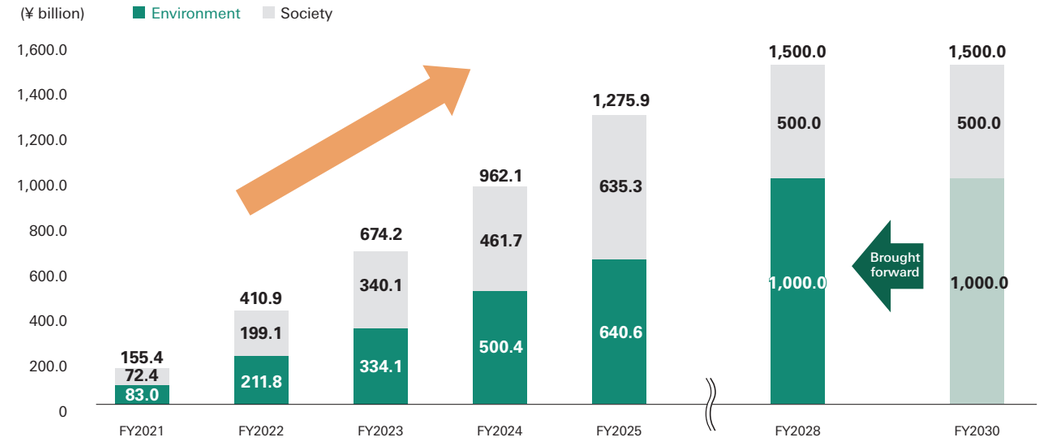
■: Hachijuni Bank's emissions (excluding those of Nagano Bank)
▨: Amount equivalent to Nagano Bank's emissions
■: Hachijuni Nagano Bank's emissions



Sustainable finance

We have set targets for sustainable finance that will contribute to the resolution of environmental and social issues and the realization of a sustainable society. For the period of the First Medium-term Management Plan, we have set a target of a cumulative total of ¥1.5 trillion between fiscal 2021 and fiscal 2028 (of which ¥1 trillion is slated for environmental activities), bringing forward the achievement of the target from fiscal 2030, and are accelerating our initiatives.

Target from FY2021 to FY2028	Results (FY2025)
Cumulative total of ¥1.5 trillion (of which ¥1 trillion slated for environmental activities) (Revised from the target for achievement by FY2030)	Cumulative total of ¥1,275.9 billion (of which ¥640.6 billion slated for environmental activities)



Renewable energy creation

To promote the decarbonization of local communities down to the individual customer level, we have established the following targets and are advancing initiatives.

Target from FY2024 to FY2030	Results (FY2025)
① Sustainable finance for commercial renewable energy generation facilities: Cumulative amount executed: ¥90.0 billion	① ¥52.2 billion
② ZEH-level and solar-equipped mortgages and renovation loans: 10,000 loans (cumulative)	② 3,075 transactions

Sustainability ■ Environmental initiatives: TCFD and TNFD recommendation and response

Measures related to natural capital and biodiversity (driven by TNFD recommendations)

The Bank, based as it is in Nagano Prefecture amid its rich natural environment, has hastened to address environmental issues in its journey to develop alongside the local community while remaining mindful of the environment and our coexistence with nature. In response to rapidly escalating global crises affecting natural capital and biodiversity, we have established the Hachijuni Bank Group Environmental Policy, the Hachijuni Bank Group Basic Stance on Biodiversity Conservation, and the Hachijuni Bank Group Sustainable Investment and Lending Policy under the Group Environmental Policy, and we will pursue these issues with increasing vigor.

Basic stance on biodiversity conservation

Governance

With regard to our response to natural capital and biodiversity, we have established a system in which the Sustainability Committee and the Sustainability Council discuss pertinent issues and are supervised by the Board of Directors via regular reporting at its meetings. In fiscal 2025, the analysis results and future response policy based on our response to the TNFD recommendations were reported to the Board of Directors for its supervision.

Strategy

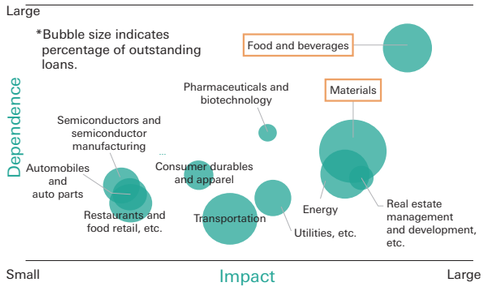
In advancing our response to natural capital and biodiversity, we recognize that it is important to appropriately identify related risks and opportunities and link them to various measures. As it is difficult to quantitatively assess risks and opportunities related to natural capital, we conducted an analysis using the LEAP (Locate, Evaluate, Assess, and Prepare) approach of the TNFD recommendations.

LEAP-based identification of risks and opportunities

Loan portfolio analysis (Locate)

Much of financial institutions' dependence on and impacts on natural capital arise through investment and lending. Reflecting this, we analyzed the Bank's loan portfolio based on the ENCORE* methodology. As a result, in addition to "food and beverages," we newly added "materials" in fiscal 2025 as a sector with a particularly strong relationship with natural capital.

*A tool for quantifying dependence and impact on nature based on sector and geographic information.



Representative companies in the food and beverages/materials sectors and their connection to nature (Evaluate)

Based on the results of the portfolio analysis (Locate), we focused on the "food and beverages" and "materials" sectors, which have strong relationships with natural capital, and selected representative companies, taking into account factors such as loan balances and location information. In fiscal 2025, to capture regional characteristics that could not be sufficiently identified based on broad-area data such as Aqueduct, we newly conducted detailed analysis using IBAT and WWF. As a result of the analysis, characteristics such as "a high number of species" and "adjacency to protected areas" were identified at some locations of representative companies, and regional differences in relationships with natural capital are becoming apparent.

Location	IBAT			WWF					
	Biodiversity importance			Biodiversity risk			Water risk		
	Number of species	Number of endangered species	Number of protected areas	Physical	Reputation	Protected areas		Physical	Reputation
A	729	29	134	3.8	2.8	1.5	1.0	2.6	2.3
B	1,180	86	120	3.8	2.8	1.5	1.0	2.6	2.3
C	750	29	151	3.9	3.4	3.5	5.0	2.3	2.8
D	730	29	130	3.3	2.5	1.5	1.0	2.5	2.3
E	1,183	81	134	3.3	2.4	1.5	1.0	2.0	2.3

Identification of natural risks and opportunities in the food and beverages/materials sectors (Assess)

The analysis revealed that the business activities of the Bank's borrowers may be affected by the characteristics of the natural environment and changes in natural capital in each region. Based on this, we have identified the following natural risks and opportunities.

Type		Impact on business
Transition risk	Policy risk	Increased costs due to stricter regulations and mandatory requirements governing water withdrawal restrictions, GHG emissions, waste management, etc.
		Loss of operating permits in markets with regulatory requirements
	Market risk	Loss of market share due to consumer preference for products and materials with smaller environmental footprint
	Technology risk	Failure of environmentally friendly technological innovations (reduction in water use/reuse, use of specific chemicals, sustainable packaging, renewable energy) and loss of market share
	Reputational risk	Reputational decline and rumor-driven damage due to failure to meet standards related to groundwater contamination, eutrophication, plastic pollutants, deforestation, GHG emissions, etc.
Physical risk	Acute risk	Increased risk of equipment failure or business interruption due to floods and other natural disasters
		Increased production and procurement costs due to instability in agricultural markets
	Chronic risk	Increased costs associated with the relocation of farming activity and agricultural product suppliers due to decreased farmland productivity
		Deterioration of water quality for irrigation
Opportunity	Market	Improved ESG ratings through responses to transition risks
		Collaborating on the development of new markets with companies that offer environmentally friendly technologies
	Reputation capital	Positioning a brand as environmentally responsible to attract loyal customers
	Protection, restoration, and benefit of ecosystems	Investment in initiatives to conserve and restore areas rich in biodiversity that are key to stable business conditions and improved water supply ecosystem services
		Initiatives to protect watersheds and replenish water resources to support sustainable water use

Managing risks and opportunities

Dialogue with customers

Based on the results of the analysis of representative companies and their connection to nature (Evaluate), we began dialogue with customers for whom certain characteristics were identified, shared risks that could affect their businesses, and exchanged views on the potential for business development that leverages the value of natural capital.

For customers working to conserve natural capital and biodiversity, we support the realization of nature positive through the provision of services and support measures. Going forward, we will continue to aim to achieve both the maintenance and utilization of natural capital and business growth together with our customers.

Environmental conservation activities of the Hachijuni Group

Based on the risks and opportunities identified, we position natural capital, including water resources and biodiversity, as an important foundation supporting sustainable business activities. Through Hachijuni Forest Activities and Terrace Farm Preservation Activities, in which Hachijuni Group employees participate, we work to secure habitats and maintain water source recharge functions, thereby contributing to the conservation of natural capital.

The terrace farms in Inakura (Ueda, Nagano Prefecture), for which the Bank has entered into a terraced farm partnership agreement, were certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment in June 2026.



Hachijuni Forest Activities
To conserve and further enhance the inherent functions of forests, at five locations in Nagano Prefecture, employees are performing forest maintenance activities, such as underbrush clearing and thinning (61 participants in fiscal 2025).



Terrace Farm Preservation Activities
To preserve terrace farms that evoke traditional culture and create beautiful landscapes, employees and their families farm rice at two locations in Nagano Prefecture (119 participants in fiscal 2025).

Sustainability ■ Respect for human rights

Hachijuni Bank Group Basic Policy on Human Rights

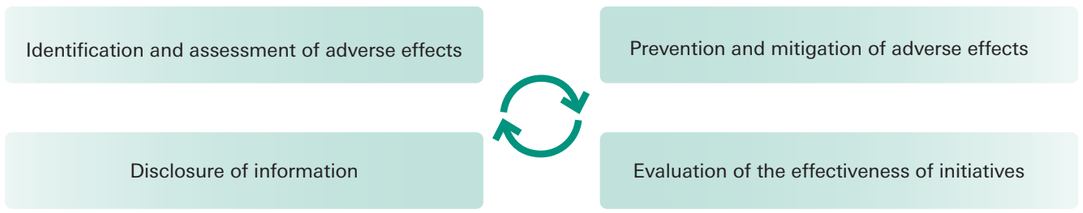
Recognizing that respect for human rights is a critical prerequisite for sustainable local communities, we are implementing various related initiatives based on the Hachijuni Bank Group Basic Policy on Human Rights.

The Bank recognizes that the behavior of companies themselves can negatively impact human rights directly or via transactions with customers and suppliers. Based on this recognition, the Hachijuni Bank Group Basic Policy on Human Rights states that initiatives to respect human rights should be promoted not only by Hachijuni Group employees but also together with customers and suppliers. With the aim of realizing a sustainable local community that respects human rights, we will continue our initiatives for employees, as well as dialogue with customers and suppliers.

Type of negative impact	Specific example
Direct cause	• Subjection of employees to hazardous working conditions • Discriminatory treatment in dealings with customers
Facilitation	Enforcement of unrealistic deadlines that provoke labor standards violations at subcontractors
Direct connection through business relationships	Engagement by financial companies or suppliers in business activities involving human rights violations

Human rights due diligence

The Bank conducts human rights due diligence through a series of processes that includes working with its customers and suppliers to identify and assess negative impacts on human rights and take measures to prevent and mitigate them, assessing the effectiveness of these measures, and disclosing information.



Initiatives for employees

We provide various training programs based on the Hachijuni Bank Group Basic Policy on Human Rights for all employees, including managers.

In training for all employees, participants discuss points to keep in mind and other matters through case studies in order to translate initiatives to respect human rights, including the prevention of harassment, into actions by each employee. We also communicate information on the internal reporting system and the protection of whistleblowers when using the system. In fiscal 2025, we added content to deepen understanding of the Hachijuni Bank Group Basic Policy on Human Rights and sought to raise awareness of engagement with customers and suppliers.

In training for managers, we thoroughly communicate organizational management to prevent harassment, as well as rules for reporting and responding when harassment or events that may constitute harassment occur.

Number of participants (number of people)	General training: 4,555 people	Management training: 137 people

Engagement with customers and suppliers

Based on the Hachijuni Bank Group Basic Policy on Human Rights, the Hachijuni Bank Group Sustainable Investment and Lending Policy, and the Hachijuni Bank Group Sustainable Procurement Policy, we expect customers and suppliers to implement initiatives to respect human rights and engage with them accordingly.

Engagement with customers

We have established the Hachijuni Bank Group Sustainable Investment and Lending Policy as a template for promoting sustainable local communities through investment and financing. We neither invest in nor finance businesses that violate human rights by engaging in such practices as child labor or forced labor that are contrary to international human rights standards, thereby helping to reduce and prevent human rights abuse.

Engagement with suppliers

Based on the Hachijuni Bank Group Sustainable Procurement Policy, which was established to implement responsible procurement activities that recognize ESG considerations, we ask our suppliers to cooperate on compliance with regulations, consideration for the environment, information management, and respect for human rights, with the aim of contributing to the sustainability of the local community and mutual development of the Hachijuni Group and its suppliers.

Dialogue through surveys

Based on a hypothesis regarding adverse effects on human rights through the value chain, in fiscal 2025, we conducted dialogue through surveys with 82 customers and suppliers to identify and assess adverse effects with a high degree of severity and to prevent and mitigate such effects. Going forward, we will continue our dialogue with customers and suppliers while expanding the scope of companies covered, and further enhance our initiatives to respect human rights.

Overview of surveys		
Target	Customers	Customers with locations in countries with a high risk of child labor
	Suppliers	Suppliers with a significant impact on local communities through their business relationships with the Hachijuni Group
Details	Each company's status of initiatives to respect human rights and its human rights issues	
Results	Confirmed that the adverse effects on human rights through the value chain with a high degree of severity are harassment and excessive working hours	

Remedy and grievance handling

Initiatives for employees

We have established hotlines (internal reporting channels), including those provided by external organizations, and accept anonymous reports concerning rule violations and other matters, including human rights issues. We also stipulate that no one will be treated disadvantageously for making a report and that confidentiality will be strictly maintained, and operate the hotlines appropriately.

Initiatives to address human rights violations occurring across the value chain

To receive reports from a wide range of stakeholders regarding human rights violations occurring across the value chain, including those involving customers and suppliers, respond appropriately, and work to provide remedy for such violations, we use the Engagement and Remedy Platform operated and provided by the Japan Center for Engagement and Remedy on Business and Human Rights* and operate a neutral and fair grievance-handling mechanism.

We also accept concerns and complaints regarding the Bank and work to prevent recurrence and make improvements.

*The Japan Center for Engagement and Remedy on Business and Human Rights is an organization that provides a grievance-handling platform in accordance with the UN Guiding Principles on Business and Human Rights and aims to support and promote grievance handling by member companies from a professional standpoint.

Governance system

Human rights initiatives are discussed at meetings of the Sustainability Committee and the Sustainability Council, and are reported to the Board of Directors for its supervision. The status of initiatives in fiscal 2025 was reported to the Board of Directors.

Engagement with local communities and customers

The sustainable growth of local communities requires a variety of initiatives, including a foundation that supports people's growth and challenges, the expansion of connections, and the transmission of value. As a leading company in the region, the Bank is engaged in a wide range of activities, leveraging the experience and connections it has cultivated to date, in order to fulfill its role of continuously contributing to the development of the region.

Social contribution activities

All Japan High School Economics Quiz Tournament "Economics Koshien" Nagano Tournament

We hold the Economics Koshien Nagano Tournament, where high school students pit their knowledge of economics and finance against each other. (In 2025, nine teams and 18 students from high schools in Nagano Prefecture participated.)



SDGs QUEST Mirai Koshien Alps Area Tournament

High school students explore the Sustainable Development Goals (SDGs) and compete with ideas for solving social issues in the "SDGs QUEST Mirai Koshien" Alps Area Tournament, which was held in March 2026 with the Bank's sponsorship (96 teams and 434 participants from Nagano, Shizuoka, and Yamanashi prefectures entered).



Winners of the Hachijuni Nagano Bank Award: Students from Shizuoka Municipal Shimizu Sakuragaoka High School in Shizuoka Prefecture (March 2026)

Financial and Economic Education

We contribute to improving financial literacy in local communities through financial and economic education.

Fiscal 2025 record of events

		Number of events	Number of participants
For students	Outreach lectures	15 sessions	1,169 participants
	Work experience placements	11 sessions	41 participants
Seminars for customers	Financial literacy instruction	604 sessions	6,230 participants

Outreach program for local elementary schools

Career support for women in the community

In response to requests from local governments and others, we widely share, through seminars and workshops, knowledge and experience accumulated through our initiatives to promote diversity.

In the NagaHaLo project to support women's career development, which was launched in fiscal 2024 in collaboration with the Nagano Chamber of Commerce and Industry, we are participating as the initiator and working to develop human resources together with the local community, leveraging insights gained through our internal mentoring programs and other initiatives. Through joint training and cross-company mentoring, we support the further advancement of leadership candidates participating from each company and contribute to promoting the active participation of diverse human resources throughout the region.



NagaHaLo project seminar for women in management (December 2025)

Product-linked donations

Through products with a donation function based on usage, the Bank contributes to building a sustainable society together with people in the region. In addition to environmental conservation, we support activities that support the foundations of local communities, including healthcare, welfare, and education.

Start date	Product name	Details
August 2018	Car loan (eco type)	Car loans dedicated to the purchase of eco-friendly cars. Of the average first-year loan balance, 0.1% is donated to the Nagano Association for Conserving Environment.
November 2019	Hachijuni private placement bonds supporting regional revitalization and SDGs (regional revitalization type)	The Bank donates 0.2% of the private placement bond issuance fee to schools, medical corporations, and other organizations selected by the issuing company.
April 2021	Hachinino Smile Bond (structured bond with donation scheme)	A portion of the proceeds from the bond is donated to organizations working on SDGs. (Donation recipients for fiscal 2025: Nagano City, Nagano Children's Hospital, and others)
December 2021	SDGs foreign currency deposits	A portion of the profits will be donated to organizations related to SDGs. (Donation recipients for fiscal 2025: Nagano Prefecture and the Japanese Red Cross Society, among others)
July 2024	Hachijuni private placement bonds supporting regional revitalization and SDGs (decarbonization type)	The Bank donates 0.2% of the private placement bond issuance amount to Nagano Prefecture to be used for decarbonization of prefectural cultural facilities in the prefecture.

Volunteer activities

The Bank supports each employee's participation in environmental conservation, welfare-related volunteer activities, and local events by establishing a special leave system to encourage volunteer activities.

Number of employee volunteers

FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
*1,299	*2,650	4,580	4,450	3,477	4,573

*In fiscal 2020 and 2021, the number of participants fell as volunteer activities diminished during the COVID-19 pandemic.



Cleanup activities in Tatsuno Town, Kamiina District

Food drive

To contribute to addressing the social issue of child and youth poverty, we conducted a companywide food drive, and employees donated the goods collected to children's cafeterias and other organizations. Sales offices are working together with the local community to solve the issue, with the cooperation of customers as well.



Food donations to Nagano City

Promotion of local culture

The Hachijuni Culture Foundation, a public interest incorporated foundation, is working to promote regional culture through various events, publications, and research.

In fiscal 2025, the foundation provided funding to 10 projects aimed at passing on traditional performing arts and local cuisine to the next generation.



Publication of the newsletter "Regional Culture"

We plan special features introducing the customs, history, and culture of local communities and contemplating the future of regional culture. These are to be published quarterly with about 10,000 copies each time.



Cultural talks, cultural lectures, and exhibitions

In fiscal 2025, we held four cultural talks, 36 cultural lectures, 33 exhibitions, and seven lobby concerts.

Hachijuni Culture Foundation
https://www.82bunka.or.jp/english/

Compliance with laws and regulations, and customer protection structure

Compliance initiatives

The Bank ranks establishing strong compliance awareness as a top management priority and has established the Basic Compliance Policy, aiming to ensure sound and transparent management practices.

The Compliance Manual established by the Bank consists of two sections: a general explanation of the basic compliance policy and system, and specific approaches and internal procedures for particular situations. All employees are required to read and understand the Compliance Manual to ensure that they apply it as the standard for their daily decisions and actions.

Basic Compliance Policy

System

The Bank has established a Compliance and Operational Risk Council as a special-purpose unit of the Management Committee to ensure thorough compliance through discussion of the development and improvement of its compliance regime.

Combating organized crime

The Bank complies with the Basic Policy on Organized Crime Groups to maintain trust in the Bank and ensure the appropriateness and soundness of its business operations.

We are also promoting the same initiatives at our group companies.

Basic Policy on Organized Crime Groups

Initiatives for customer protection

In accordance with the Policy on Protecting Customers, the Declaration on Personal Information Protection, and the Policy on Managing Conflicts of Interest, the Bank strives to respond appropriately.

We have established a Compliance and Operational Risk Council as a special-purpose unit of the Management Committee and, through discussions at the Council, work to establish and strengthen the framework for customer protection and ensure its thorough implementation. In particular, for products such as investment trusts, foreign currency deposits, and individual annuities that involve the risk of loss of principal, we have clearly identified product features that customers need to understand and strive to ensure that explanations are easy to understand.

Handling of customer complaints, consultations, and requests

We take customer complaints, consultations, and requests seriously and work to prevent unfortunate incidents from recurring and make operational improvements. We compile information on these complaints, share it among our staff, and conduct employee training and education to ensure we provide satisfying financial services to our customers.

In addition, depending on the customer's wishes, we have been providing information on the alternative dispute resolution system (Financial ADR System), involving a neutral and impartial third party, and are working to resolve complaints and disputes through this system.

Designated banking dispute resolution organizations contracted by the Bank

Contact: Japan Bankers Association, Consultation Office
Tel: 0570-017109 or 03-5252-3772

Contact: Trust Companies Association of Japan, Trust Consultation Center
Tel: 0120-817335 or +81-3-6206-3988

Prevention of financial crimes

Prevention of money laundering

The risks of money laundering and terrorist financing are increasing as financial transactions become more complex and criminal strategies gain sophistication. The Bank is committed to preventing such risks.

In addition to requesting information from new customers during account openings and other initial transactions, we are increasingly asking existing customers to provide regular confirmation of customer information and transaction purposes.

Furthermore, depending on the nature and circumstances of transactions such as overseas transfers, we may request confirmation of the purpose of the transaction and the submission of relevant documents.

Basic Policy on Measures against Money Laundering, Terrorist Financing, etc.

Prevention of unauthorized internet banking transactions

Tokens

For important transactions, such as transfers and fee payments, we use a device (token) to authenticate users with the aim of preventing unauthorized transactions.

We offer card-style physical tokens (for corporate and individual customers) and smartphone app tokens (for individual customers).

One-time passcode

We work to prevent unauthorized transactions due to password leakage by using a temporary rotating passcode displayed on the token.

Transaction authentication

Transactions are executed after confirming the transaction details, such as the payee and amount, displayed on the smartphone app-type token.

We work to prevent unauthorized transactions resulting from the alteration of transaction details by third parties or computer viruses.

Implementation of certain transaction restrictions

To protect customers' assets, we impose restrictions on transfers and fee payments in response to fraudulent transactions, and conduct additional authentication and impose transaction restrictions when fraudulent transactions are suspected.

Specialized antivirus software

We offer Rapport, a free antivirus program designed specifically for internet banking, and work to prevent unauthorized transactions caused by computer viruses.

Preventing transaction fraud

We are implementing various measures to protect customers' assets from transaction fraud and other scams.

Conclusion of the Information Sharing Agreement on the Prevention of Damage from Telephone-based Financial Fraud (Special Fraud)

Together with other financial institutions headquartered in the prefecture, we have concluded the Information Sharing Agreement on the Prevention of Damage from Telephone-based Financial Fraud (Special Fraud) with the Nagano Prefectural Police and are implementing various initiatives to curb the increasing damage.

Partial restrictions on ATM transactions

We have established partial restrictions on certain ATM transactions by elderly customers, including transfers and cash payments.

ATM safety alerts

When customers transfer funds at an ATM, we display safety alerts onscreen and provide audible notifications.

Counter service

When elderly customers request large transfers or cash withdrawals, we work to prevent fraud by checking relevant documentation and taking other measures.

At the same time, we take thorough measures to prevent financial crime and work to create an environment in which customers can transact with peace of mind.

External evaluations and participation in initiatives

External evaluations

CDP

In the 2025 Climate Change Survey conducted by CDP, one of the leading global ESG rating agencies, we were selected for the "A List" for the third consecutive year, becoming the first domestic bank to achieve this.

FTSE Russell ESG Ratings

In June 2026, we received a score of 4.1 (out of 5) in the FTSE Russell ESG Ratings, which evaluates companies' efforts to address potential environmental, social, and governance (ESG) risks based on their business characteristics.

Platinum Kurumin Plus Certification

Based on the Act Promoting Measures to Support the Raising of the Next Generation, we have been certified as a Platinum Kurumin Plus company for our high level of childcare support and fostering of a workplace environment that helps balance fertility treatment and work.

Outstanding Employer in Corporate Health

We have been certified as an Outstanding Employer in Corporate Health (Large Corporation category) for ten straight years by the Ministry of Economy, Trade and Industry and the Japan Health Council in recognition of our excellent health management practices.

Green, social, and sustainability bond framework

In October 2022, we established the green, social, and sustainability bond framework. This framework has received the highest rating, SU1 (F), under the JCR Sustainability Bond Framework Rating evaluation conducted by the Japan Credit Rating Agency, Ltd. (JCR).

ESG Index inclusion status

(As of March 2026)

FTSE4Good

GPIF-Selected ESG Index

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

2025 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

Participation in Initiatives

We participate in and support various initiatives that contribute to realizing a sustainable society.

TCFD

In March 2020, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to disclosing climate-related risks and opportunities.

TNFD

In March 2024, we endorsed the Taskforce on Nature-related Financial Disclosures (TNFD) and are working to disclose risks and opportunities connected with the natural environment.

GX Future Consortium

In April 2026, we joined the GX Future Consortium, which aims to achieve a virtuous cycle of decarbonization and economic growth. By engaging in rulemaking and other efforts aimed at creating new demand and facilitating the provision of funds, we will contribute to green transformation.

PCAF

In March 2023, we joined the Partnership for Carbon Accounting Financials (PCAF), an international initiative aimed at calculating and disclosing greenhouse gas emissions associated with financial institutions' lending and investment activities. We are calculating and disclosing financed emissions in accordance with PCAF's measurement methodology.

Twenty-first century finance principles (Financial Action Principles to Create a Sustainable Society)

In December 2011, we signed on to the Financial Action Principles to Create a Sustainable Society led by the Ministry of the Environment. The Bank was involved in the drafting of these principles and has served as a member of the steering committee since their adoption.

Deco-Katsu – National Movement to Create a New and Enriched Lifestyle Leading to Decarbonization

In October 2022, we joined Deco-Katsu (a national movement to create a new, carbon-neutral lifestyle), which was established by the Ministry of the Environment with the aim of creating new carbon-neutral products and services through public-private partnerships in order to encourage behavioral changes among consumers with regard to decarbonization. We are contributing to the achievement of carbon neutrality by 2050 through public-private partnerships.

Eco-First Program

In August 2018, we became the second bank to be certified by the Minister of the Environment as an Eco-First Company, which recognizes companies that are environmental conservation leaders. We will continue to demonstrate our presence through our strength in environmental management.

Impact Consortium

In March 2024, we joined the Impact Consortium, which was established to support diverse economic and financial initiatives that produce a social and environmental impact and to establish effective impact investing and lending as effective methods and markets. We remain actively engaged in its activities.

Data summary (10 years of key financial data)

Consolidated financial results summary

(¥ million)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Consolidated gross income	100,194	99,235	98,390	99,070	94,791	93,892	91,557	100,455	113,239	128,027
Interest income	74,073	70,219	69,004	69,018	70,954	68,497	72,737	87,773	104,321	116,781
Fees and commissions	13,359	13,828	13,472	14,347	13,859	16,418	17,211	18,462	17,759	20,322
Trust fees	2	2	2	2	2	7	10	12	11	8
Trading income	1,735	2,978	2,099	2,315	3,360	2,063	961	299	270	497
Other operating income	11,026	12,208	13,814	13,388	6,616	6,913	647	(6,080)	(9,112)	(9,573)
General and administrative expenses	66,081	62,909	60,940	59,455	59,021	54,038	56,631	66,251	72,578	81,145
Credit-related expenses	(2,297)	277	1,868	1,462	9,370	1,920	4,222	1,685	1,580	343
Gains (losses) on stocks	2,672	3,936	1,896	(1,840)	6,632	2,199	8,708	10,956	30,577	35,040
Gains (losses) on cash in trust	1,033	972	(4,146)	(1,637)	(717)	549	(338)	(953)	(285)	(382)
Other accounts	352	577	1,042	(1,208)	(146)	(2,620)	(4,164)	(7,277)	(5,464)	484
Ordinary income	40,421	41,507	34,354	33,447	32,147	38,047	34,893	35,217	63,838	81,533
Extraordinary gains (losses)	(798)	(2,181)	(485)	(739)	(332)	7	(145)	15,612	1,025	(1,656)
Income before income taxes	39,622	39,326	33,868	32,707	31,815	38,055	34,747	50,829	64,863	79,876
Total income taxes	11,827	12,199	10,058	9,483	9,290	11,204	10,533	13,791	16,764	15,152
Net income	27,794	27,127	23,810	23,224	22,524	26,850	24,214	37,038	48,099	64,724
Net income (loss) attributable to noncontrolling interests	1,482	1,286	1,317	1,146	140	182	79	(33)	117	151
Profit attributable to owners of parent	26,312	25,840	22,492	22,077	22,384	26,667	24,135	37,071	47,982	64,572

Note 1: From FY2021, we stopped including dividends received from group credit life insurance, etc. under the category of other ordinary earnings and began reflecting those dividends as a reduction to fee and commission expenses.
Note 2: From FY2023, we have changed our method of indicating gains (losses) on money in trust due to The Nagano Bank Group becoming consolidated subsidiaries of our bank.

Consolidated balance sheet summary

(¥ million)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total assets	8,703,848	9,309,043	10,451,533	10,470,547	12,160,638	13,343,796	12,963,799	14,827,752	13,515,316	13,554,489
Loans and bills discounted	4,864,144	5,040,098	5,261,946	5,395,246	5,541,154	5,931,315	6,113,178	6,781,218	6,461,544	6,711,935
Securities	2,459,732	2,510,142	2,766,017	2,911,132	3,326,241	2,801,655	2,676,695	3,643,073	3,406,740	3,365,253
Total liabilities	7,960,293	8,531,974	9,686,024	9,722,115	11,250,943	12,431,097	12,047,845	13,709,476	12,547,657	12,398,324
Deposits	6,390,778	6,586,969	6,734,847	6,975,504	7,654,318	8,049,875	8,168,035	9,437,959	9,549,428	9,552,050
Negotiable certificates of deposit	502,283	503,652	512,915	257,674	139,665	132,507	79,133	55,194	218,447	57,208
Total equity	743,555	777,068	765,509	748,432	909,694	912,698	915,953	1,118,275	967,658	1,156,165
Shareholders' equity	511,056	528,061	540,069	571,964	592,665	612,246	617,409	649,099	663,715	696,201
Retained earnings	427,451	446,197	462,187	477,336	492,869	512,403	519,053	546,496	579,909	621,952
Total accumulated other comprehensive income	205,758	220,370	196,313	168,023	313,354	296,680	295,427	464,797	299,645	455,750
Noncontrolling interests	26,396	28,324	28,767	8,078	3,402	3,499	2,828	4,236	4,147	4,099

Consolidated financial indicators

		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Tier 1 ratio of common stock, etc. (Basel III)	<%>	19.91	20.51	19.82	18.94	20.69	19.06	18.36	20.74	16.29	16.72
Tier 1 ratio (Basel III)	<%>	20.08	20.51	19.82	18.94	20.69	19.06	18.36	20.74	16.29	16.72
Capital adequacy ratio (Basel III)	<%>	20.62	20.51	19.82	18.94	20.69	19.06	18.36	20.74	16.29	16.72
Equity per share	(¥)	1,414.70	1,485.34	1,484.90	1,512.45	1,850.68	1,856.25	1,936.29	2,309.80	2,087.32	2,534.41
Net income per share	(¥)	51.92	51.00	45.18	44.80	45.73	54.46	49.90	76.37	101.23	141.18

Data (Nonfinancial)

Human capital

Diversity	FY2021	FY2022	FY2023	FY2024	FY2025
Number of employees	3,067	3,041	3,289	3,301	3,919
Number of female employees	1,437	1,446	1,562	1,594	1,885
Ratio of female employees	46.9%	47.6%	47.5%	48.3%	48.1%
Average age	42.4	42.3	42.5	42.8	42.6
Average years of service	16.2	15.8	14.8	14.9	15.9
Average years of service of men	18.0	17.5	16.2	16.3	17.8
Average years of service of women	14.0	14.1	13.3	13.4	14
Ratio of women in management positions (Note 1)	11.5%	12.5%	13.3%	14.5%	14.6%
Ratio of women in leadership positions (Note 2)	18.6%	19.8%	20.5%	21.1%	21.3%
Gender pay gap: all employees (Note 3)	—	43.7%	46.2%	47.3%	50.1%
Gender pay gap: regular employees (Note 3)	—	53.5%	54.7%	56.7%	58.2%
Gender pay gap: part-time and contract employees (Note 3)	—	70.9%	56.8%	49.6%	53.8%
Proportion of experienced hires in management positions (all employees hired with previous work experience)	56.0%	51.2%	45.1%	37.3%	31.6%
Proportion of experienced hires among permanent employees	14%	11%	15%	14%	18%
Proportion of employees with disabilities	2.25%	2.38%	2.39%	2.38%	2.32%
Voluntary separation rate	3.8%	2.7%	2.6%	2.8%	2.0%

Note 1: Calculated using the total number of employees who hold the rank of section manager or higher (excluding directors and executive officers).
Note 2: Calculated using the total number of employees who hold the rank of deputy manager (sub-section manager)or who are in management positions.
Note 3: Calculated as the ratio of female employee pay to male employee pay.

Work-Life Balance	FY2021	FY2022	FY2023	FY2024	FY2025
Ratio of leave used	74.1%	81.5%	83.0%	82.9%	79.6%
Average days of paid leave taken	14.3	15.9	16.0	16.0	15.3
Ratio of men taking childcare leave, etc. (Note 4)	60.3%	89.5%	101.9%	95.2%	98.1%
Average days of childcare leave, etc. taken by men (Note 4)	5.3	11.4	9.6	21.1	21.3
Average statutory overtime hours (per month)	10.6	10.8	11.7	12.5	13.5

Note 4: Ratios and days calculated include both childcare leave under the Childcare and Family Care Leave Act and our bank's own system of childcare leave.

Employee health management	FY2021	FY2022	FY2023	FY2024	FY2025
Proportion of employees undergoing recommended follow-up tests	84.7%	84.1%	82.6%	84.7%	84.1%
Proportion of employees receiving special health guidance offered	86.4%	78.0%	76.7%	60.3%	65.6%
Proportion of employees with BMI of 25 or more (indicating obesity)	19.8%	18.6%	17.7%	18.8%	18.6%
Proportion of employees who smoke	12.1%	11.9%	11.8%	11.5%	11.4%
Proportion of employees completing stress survey	98.6%	99.2%	99.3%	99.0%	99.0%

Human resource development	FY2021	FY2022	FY2023	FY2024	FY2025
Total annual training hours (Note 5)	55,216	73,247	94,521	87,038	61,572
Average training hours per employee (Note 5)	18.0	24.1	28.7	26.4	15.7
Total annual training costs	101,402,000	259,937,000	223,770,000	278,205,000	249,996,000
Average training costs per employee	33,100	85,500	68,000	84,300	63,800
Employees with small and medium business consultant certification	53	57	59	62	75
Employees with grade 1 financial planner/ certified financial planner certification	101	129	143	152	154
Employees with IT Coordinator certification	—	35	63	68	71
Employees with Carbon Accounting Advisor certification	—	—	316	544	787

Note 5: Excluding hours of voluntary training.

Environment

*Figures in parentheses indicate Group results, while figures without parentheses indicate parent company results.

($t\text{-}CO_2$)

Greenhouse gas emissions (Note 6)					FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1	Direct energy consumption	Heavy oil, kerosene, city gas, gasoline, propane gas			2,484	2,379	2,372 (3,485)	2,460 (3,380)	2,586 (3,416)
Scope 2 (Note 7)	Indirect energy consumption	Electricity			6,326	5,681	0 (850)	0 (1,112)	0 (0)
Scope 3 (Note 8)	1 Purchased products and services	Stationery, copy paper, water supply, sewage, etc.			5,680	6,102	18,175 (20,753)	18,516 (21,361)	27,842 (32,846)
	2 Capital goods	All bank buildings, suspense accounts for buildings, other tangible fixed assets			7,987	8,209	6,622 (14,751)	2,138 (10,787)	11,328 (21,935)
	3 Fuel and energy-related activities not included in Scope 1 and 2	Fuel oil, kerosene, town gas, gasoline, propane, electricity			1,629	1,537	1,513 (1,882)	1,441 (1,892)	1,412 (1,748)
	4 Shipping and delivery (upstream)	Postage, shipping			1,949	2,631	315 (1,459)	328 (1,206)	428 (1,550)
	5 Waste generated from operations	All waste			71	92	204 (265)	251 (329)	417 (530)
	6 Energy consumption from employee travel	Business travel			481	498	710 (810)	899 (1,010)	938 (1,041)
	7 Employees commuting	Commuting			1,352	1,350	510 (792)	1,139 (1,417)	1,298 (1,514)
	9 Shipping and delivery (downstream) (Note 9)	Solar power sales			—	—	—	— (576)	— (1,289)
	11 Use of products sold (Note 9)	Lease sales			—	—	—	— (34,490)	— (33,210)
	15 Investments (Note 10)	Loans to domestic corporate customers			10,182,924	8,656,029	7,433,531 (7,433,531)	7,736,888 (7,736,888)	7,623,960 (7,623,960)
		Energy	Oil and gas		396,615	400,253	210,335	209,915	186,745
			Coal		—	—	—	—	—
			Electric power utilities		1,270,712	138,490	106,617	218,680	243,668
		Transportation	Automobiles and auto parts		532,999	345,029	239,436	355,964	203,060
			Trucking services		249,783	242,837	192,548	216,946	213,449
			Rail transportation				56,401	58,665	48,401
			Marine transportation		55,207	80,544	63,209	56,522	57,964
			Passenger air transportation		11,998	12,206	8,551	19,831	21,196
			Air cargo		—	—	—	—	—
		Materials and construction	Metals and mining		1,133,176	1,300,880	970,109	989,986	997,598
			Chemicals		572,563	563,668	404,429	356,319	406,905
			Construction materials		2,221,629	2,059,354	232,252	171,192	164,119
			Capital goods				2,027,015	1,897,489	1,869,037
			Real estate management and development		92,127	67,183	59,023	64,150	78,053
		Agriculture, food, and forest products	Agriculture		105,006	114,295	89,600	88,779	108,601
			Beverages		549,814	559,193	39,225	56,022	61,386
			Processed foods and processed meat				620,531	682,986	572,690
			Paper and forest products		124,775	173,451	156,342	173,115	151,974
		Other accounts			2,866,522	2,598,646	1,957,910	2,120,326	2,239,112

Note 6: Emissions totals are third-party verified.
Note 7: For scope 2, we have stated our market-based emissions. Location-based scope 2 emissions for the Group in FY2025 were 7,449 tons CO_2.
Note 8: We used the scope 3 emission calculation methods and emission factors set out in version 2.8 of the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (released by the Ministry of the Environment and the Ministry of Economy, Trade and Industry in March 2026) and version 3.6 of the Emission Intensity Database for Calculating an Organization's Greenhouse Gas Emissions through the Supply Chain (released by the Ministry of the Environment in April 2026).
Note 9: Scope 3 categories 9 and 11 for Group companies have been calculated since fiscal 2024.
Note 10: Scope 3 category 15 has been calculated since fiscal 2021 for the parent Bank's loans to domestic corporate customers (Scope 1 and 2).

Energy consumption	FY2021	FY2022	FY2023 (Note 11)	FY2024 (Note 11)	FY2025
Electricity (kWh)	15,610,813	13,892,438	15,372,123 (17,269,325)	15,402,466 (18,231,835)	15,359,682 (17,627,984)
Town gas (thousand Nm3)	249	252	234 (310)	243 (390)	270 (385)
Class A fuel oil (kl)	233	229	231 (240)	249 (260)	261 (272)
Kerosene (kl)	151	157	155 (159)	165 (168)	163 (166)
Liquefied petroleum gas (LPG) (t)	83	70	63 (143)	69 (149)	73 (126)
Gasoline (kl)	274	264	270 (488)	273 (468)	279 (429)
Diesel (kl)	0	0	0 (1)	1 (1)	1 (1)

Note 11: Energy consumption volumes are third-party verified.

Financial Section

Consolidated Balance Sheet March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
ASSETS:			
Cash and due from banks (Note 4)	¥ 2,818,818	¥ 3,027,055	$ 17,629,734
Call loans and bills bought		11,958	
Monetary claims bought	73,397	105,003	459,047
Trading assets (Notes 5, 12 and 27)	56,281	38,602	351,999
Money held in trust (Notes 6 and 12)	39,540	78,761	247,296
Securities (Notes 7, 12 and 26)	3,365,253	3,406,740	21,047,304
Loans and bills discounted (Notes 8, 12, 26 and 28)	6,711,935	6,461,544	41,978,456
Foreign exchanges (Note 9)	16,049	18,482	100,377
Lease receivables and investments in leases (Note 26)	105,308	96,629	658,627
Other assets (Note 12)	231,335	156,648	1,446,843
Property, plant, and equipment—net (Note 10)	38,749	38,628	242,354
Intangible assets—net (Note 10)	4,803	4,076	30,040
Asset for employees' retirement benefits (Note 15)	86,402	64,335	540,387
Deferred tax assets (Note 24)	1,906	1,698	11,921
Customers' liabilities for acceptances and guarantees (Note 11)	58,301	60,149	364,634
Allowance for credit losses	(53,592)	(55,000)	(335,182)
TOTAL	¥ 13,554,489	¥ 13,515,316	$ 84,773,844
LIABILITIES AND EQUITY			
LIABILITIES:			
Deposits (Notes 12, 13 and 26)	¥ 9,552,050	¥ 9,549,428	$ 59,741,387
Negotiable certificates of deposit (Note 26)	57,208	218,447	357,796
Call money and bills sold	918,300	593,483	5,743,326
Payables under repurchase agreements	169,725	127,391	1,061,517
Payables under securities lending transactions (Note 12)	84,245	97,492	526,897
Trading liabilities (Notes 5 and 27)	9,523	6,945	59,561
Borrowed money (Notes 12, 14 and 26)	1,097,909	1,581,461	6,866,655
Foreign exchanges (Note 9)	1,441	2,431	9,018
Borrowed money from trust account	1,628	1,499	10,184
Other liabilities	241,934	167,558	1,513,133
Provision for share awards for directors		90	
Liability for employees' retirement benefits (Note 15)	9,929	11,233	62,099
Provision for reimbursement of deposits	176	351	1,105
Provision for contingent losses	1,606	1,719	10,045
Reserve under special laws	15	15	97
Provision for loss on cancellation of system contracts		2,058	
Deferred tax liabilities (Note 24)	194,326	125,899	1,215,374
Acceptances and guarantees (Note 11)	58,301	60,149	364,634
Total liabilities	12,398,324	12,547,657	77,542,835
EQUITY (Notes 16 and 32):			
Common stock—authorized, 2,000,000 thousand shares; issued, 493,767 thousand shares in 2026 and 2025	52,243	52,243	326,744
Capital surplus	57,221	56,960	357,879
Stock acquisition rights (Note 17)	114	150	716
Retained earnings	621,952	579,909	3,889,879
Treasury stock—at cost, 39,244 thousand shares in 2026 and 32,166 thousand shares in 2025	(35,216)	(25,397)	(220,252)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	328,384	229,750	2,053,814
Deferred gain on hedges	97,208	51,676	607,968
Defined retirement benefit plans	30,158	18,218	188,620
Total	1,152,066	963,511	7,205,370
Noncontrolling interests	4,099	4,147	25,637
Total equity	1,156,165	967,658	7,231,008
TOTAL	¥ 13,554,489	¥ 13,515,316	$ 84,773,844

See notes to consolidated financial statements.

Consolidated Statement of Income Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
INCOME (Note 18):			
Interest income:			
Interest on loans and discounts	¥ 86,838	¥ 72,700	$ 543,116
Interest and dividends on securities	65,806	65,671	411,571
Other interest income	18,190	10,590	113,770
Fees and commissions	28,468	25,774	178,049
Trading income	497	270	3,113
Other operating income (Note 19)	64,462	42,428	403,168
Other income (Note 20)	41,248	38,448	257,977
Total income	305,512	255,885	1,910,768
EXPENSES:			
Interest expenses:			
Interest on deposits	21,556	9,738	134,823
Interest on borrowings and rediscounts	14,004	18,208	87,590
Other interest expenses	18,641	16,764	116,590
Fees and commission payments	8,146	8,015	50,947
Other operating expenses (Note 21)	74,036	51,540	463,043
General and administrative expenses (Note 22)	81,145	72,578	507,507
Provision for credit losses		1,120	
Other expenses (Note 23)	8,105	13,055	50,692
Total expenses	225,635	191,021	1,411,194
INCOME BEFORE INCOME TAXES	79,876	64,863	499,573
INCOME TAXES (Note 24):			
Current	15,475	16,407	96,789
Deferred	(323)	356	(2,020)
Total income taxes	15,152	16,764	94,768
NET INCOME	64,724	48,099	404,805
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	151	117	947
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 64,572	¥ 47,982	$ 403,857

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 30):			
Basic net income	¥ 141.18	¥ 101.23	$ 0.88
Diluted net income	141.10	101.16	0.88
Cash dividends applicable to the year	60.00	42.00	0.37

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
NET INCOME	¥ 64,724	¥ 48,099	$ 404,805
OTHER COMPREHENSIVE INCOME (LOSS) (Note 29):			
Unrealized gain (loss) on available-for-sale securities	98,895	(182,335)	618,520
Deferred gain on derivatives under hedge accounting	45,531	24,560	284,766
Defined retirement benefit plans	11,945	(7,578)	74,708
Total other comprehensive income (loss)	156,371	(165,352)	977,995
COMPREHENSIVE INCOME (LOSS)	¥ 221,096	¥ (117,253)	$ 1,382,801
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ 220,677	¥ (117,170)	$ 1,380,186
Noncontrolling interests	418	(83)	2,615

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
OPERATING ACTIVITIES:			
Income before income taxes	¥ 79,876	¥ 64,863	$ 499,573
Adjustments for:			
Income taxes—paid	(16,238)	(12,631)	(101,561)
Depreciation and amortization	6,088	6,186	38,082
Impairment losses	1,634	521	10,224
Increase (decrease) in allowance for credit losses	(1,408)	95	(8,809)
Interest income	(170,835)	(148,962)	(1,068,458)
Interest expense	54,203	44,711	339,004
Interest received	164,089	143,530	1,026,262
Interest paid	(52,781)	(46,666)	(330,112)
Net (increase) decrease in trading assets	(17,679)	6,994	(110,570)
Net increase (decrease) in trading liabilities	2,577	1,072	16,122
Net (increase) decrease in loans and bills discounted	(250,390)	319,673	(1,566,016)
Net increase (decrease) in borrowed money	(483,551)	(523,825)	(3,024,276)
Net increase (decrease) in deposits	2,622	111,468	16,400
Net increase (decrease) in negotiable certificates of deposit	(161,239)	163,253	(1,008,439)
Net (increase) decrease in call loans and bills bought	43,564	18,068	272,468
Net increase (decrease) in call money and bills sold	367,151	(633,498)	2,296,274
Net (increase) decrease in due from banks, excluding due from the Bank of Japan	11,655	10,194	72,897
Net increase (decrease) in payables under securities lending transactions	(13,246)	(225,709)	(82,847)
Other—net	(6,557)	61,176	(41,013)
Total adjustments	(520,341)	(704,346)	(3,254,368)
Net cash used in operating activities	(440,464)	(639,483)	(2,754,795)
INVESTING ACTIVITIES:			
Purchases of investment securities	(778,370)	(734,783)	(4,868,164)
Proceeds from sales of investment securities	450,177	414,634	2,815,547
Proceeds from maturities of investment securities	575,459	318,013	3,599,094
Payments for increase in money held in trust	(7,955)	(1,561)	(49,755)
Proceeds from decrease in money held in trust	46,794	2,502	292,667
Purchases of fixed assets	(11,824)	(9,517)	(73,955)
Proceeds from sales of fixed assets	2,210	3,167	13,825
Net cash provided by (used in) investing activities	276,491	(7,544)	1,729,259
FINANCING ACTIVITIES:			
Payments to acquire treasury stock	(10,003)	(20,520)	(62,567)
Proceeds from sales of treasury stock	127	89	799
Dividends paid	(22,527)	(12,954)	(140,891)
Dividends paid to noncontrolling interests	(6)	(5)	(40)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(198)		(1,244)
Net cash used in financing activities	(32,608)	(33,391)	(203,944)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(196,581)	(680,420)	(1,229,479)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	2,999,723	3,680,144	18,761,172
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR (Note 4)	¥ 2,803,142	¥ 2,999,723	$ 17,531,692

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity Year Ended March 31, 2026

Millions of Yen

Thousands						Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gain on Hedges	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, APRIL 1, 2024	513,767	¥ 52,243	¥ 71,074	¥ 141	¥ 546,496	¥ (20,713)	¥ 411,889	¥ 27,116	¥ 25,792	¥1,114,039	¥ 4,236	¥1,118,275
Net income attributable to owners of the parent					47,982					47,982		47,982
Cash dividends, ¥27.00 per share					(12,954)					(12,954)		(12,954)
Purchases of treasury stock						(20,520)				(20,520)		(20,520)
Disposals of treasury stock			28			80				108		108
Cancellation of treasury stock	(20,000)		(14,141)			15,756						
Net change during the period				8	(1,615)		(182,138)	24,560	(7,573)	(165,143)	(89)	(165,232)
BALANCE, MARCH 31, 2025	493,767	52,243	56,960	150	579,909	(25,397)	229,750	51,676	18,218	963,511	4,147	967,658
Net income attributable to owners of the parent					64,572					64,572		64,572
Cash dividends, ¥49.00 per share					(22,527)					(22,527)		(22,527)
Purchases of treasury stock						(10,003)				(10,003)		(10,003)
Disposals of treasury stock			260			185				183		183
Purchase of shares of consolidated subsidiaries					(2)					(2)		(2)
Net change during the period				(35)			98,633	45,531	11,940	156,069	(47)	156,021
BALANCE, MARCH 31, 2026	493,767	¥ 52,243	¥ 57,221	¥ 114	¥ 621,952	¥ (35,216)	¥ 328,384	¥ 97,208	¥ 30,158	¥1,152,066	¥ 4,099	¥1,156,165

Thousands of U.S. Dollars (Note 1)

	Accumulated Other Comprehensive Income											
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gain on Hedges	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, MARCH 31, 2025	$ 326,744	$ 356,250	$ 940	$3,626,925	$ (158,845)	$1,436,931	$ 323,201	$ 113,941	$6,026,089	$ 25,937	$6,052,026
Net income attributable to owners of the parent				403,857					403,857		403,857
Cash dividends, $0.30 per share				(140,891)					(140,891)		(140,891)
Purchases of treasury stock					(62,567)				(62,567)		(62,567)
Disposals of treasury stock		1,629			1,160				1,148		1,148
Purchase of shares of consolidated subsidiaries				(12)					1,629		1,629
Net change during the period			(223)			616,883	284,766	74,679	976,105	(299)	975,805
BALANCE, MARCH 31, 2026	$ 326,744	$ 357,879	$ 716	$3,889,879	$ (220,252)	$2,053,814	$ 607,968	$ 188,620	$7,205,370	$ 25,637	$7,231,008

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements Year Ended March 31, 2026

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law, and in accordance with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2025 consolidated financial statements to conform to the classifications used in 2026.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Hachijuni Nagano Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥159.89 to $1, the rate of exchange at March 31, 2026. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Consolidation**—The consolidated financial statements as of March 31, 2026, include the accounts of the Bank and its 15 (16 in 2025) significant subsidiaries (together, the "Group").

THE NAGANO BANK, LTD. (hereinafter "Nagano Bank") was excluded from the scope of consolidation because, effective January 1, 2026, it was merged in an absorption-type merger with The Hachijuni Bank, Ltd. as the surviving company and Nagano Bank as the disappearing company. On the same date, The Hachijuni Bank, Ltd. changed its trade name to Hachijuni Nagano Bank, Ltd.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over their operations are fully consolidated.

Investments in 6 (9 in 2025) unconsolidated subsidiaries and in 2 (2 in 2025) associated companies are stated at cost, and are included in securities in the consolidated financial statements. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Hokuyo Co., Ltd., in which the Group holds a majority of the voting rights, was not treated as a subsidiary because the capital contribution was made by a consolidated subsidiary engaged in the investment business for the purpose of investment development, rather than to control the investee. Similarly, RUBYCON CORPORATION, in which the Group holds between 20% and 50% of the voting rights, was not treated as an affiliate accounted for by the equity method because the capital contribution was made by a consolidated subsidiary engaged in investment business for the purpose of investment development, rather than to exercise significant influence over the investee.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. **Cash Equivalents**—For the purpose of reporting of cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."

c. **Trading Assets and Liabilities**—Transactions for trading purposes (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims bought for trading purposes are stated at fair value at the consolidated balance sheet date. Trading-related financial derivatives, such as swaps, futures, and options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the consolidated balance sheet date.

Trading income includes interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims bought, and derivatives between the consolidated balance sheet dates.

For financial derivatives, the fair value of each group of financial assets and financial liabilities is calculated based on the net assets or liabilities of financial assets and financial liabilities offset with respect to specific market risks or specific credit risks.

d. **Securities**—Securities other than investments in unconsolidated subsidiaries and associated companies are classified into three categories, based principally on the Group's intent, as follows: (a) trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers and are carried at fair value with corresponding unrealized gains and losses recorded in income; (b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using the straight-line method; and (c) available-for-sale securities, which are not classified as either of the aforementioned securities. Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

In addition, investments in unconsolidated subsidiaries and associated companies that are not accounted for by the equity method are carried at cost determined by the moving-average method.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

e. **Securities in Money Held in Trust**—Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at fair value. Other securities in money held in trust are stated using the same method as the available-for-sale securities described in d.(c) above.

f. **Property, Plant, and Equipment**—Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Group is computed under the declining-balance method at rates based on the estimated useful lives, which are principally from 3 to 46 years for buildings and from 3 to 20 years for equipment. Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed under the straight-line method over the respective lease periods. The residual value of leased assets is determined using the guaranteed residual value if provided in the lease contract; otherwise, the residual value is zero.

g. **Software**—Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (principally five years). Depreciation of leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee is computed using the straight-line method over the respective lease periods.

h. **Long-Lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. **Allowance for Credit Losses**—The allowance for credit losses is recorded as follows in accordance with predetermined amortization and allowance standards.

Bankrupt:
Borrowers in which facts of legal or formal management failure have occurred, such as bankruptcy, corporate rehabilitation, and transaction suspension at a clearing house

De facto Bankrupt:
Borrowers who are unable to meet their obligations

In danger of bankruptcy:
Borrowers who are not currently in a state of bankruptcy but are likely to fall into bankruptcy in the future

Need Special Attention:
Borrowers who need to manage all or part of the loans requiring attention (loan conditions relaxed loans and loans overdue for three months or more)

Need Attention:
Borrowers who have problems with lending conditions or repayment performance, business conditions are sluggish or unstable, and need to be managed in the future

Normal:
Borrowers with good performance and no financial problems

(a) Loans to "Bankrupt" and "De facto Bankrupt," Loans in excess of collateral are recorded for any amounts that may not be recovered.

(b) Loans to "In danger of bankruptcy," the expected amount of collateral disposal and the expected amount of recovery by guarantee are deducted from the amount of the loan. Of the remaining balance (hereinafter referred to as "non-conservation amount"), the amount deemed necessary is recorded.
For large borrowers with a certain amount of credit or more, the Bank estimates the allowance for loan losses by the method below.
(1) The Bank comprehensively judges a borrower's situation and estimates a recoverable amount by cash flow ("the cash flow deduction method").
(2) The allowance for loan losses is the balance of non-conservation amounts less the recoverable amounts estimated in step 1.
For loans to borrowers other than those mentioned above, an allowance for loan losses is provided by multiplying the non-conservation amount by the expected loss rate calculated from the probability of default from past periods.

(c) For loans to "Need Special Attention" and "Need Attention," the difference between the cash flow "the discounted cash flow method" discounted at the original contracted interest rate and the carrying amount of the receivable would be recorded as the allowance for loan losses.

(d) For loans to "Need Special Attention" and "Need Attention" other than (c), and "Normal," the allowance for loan losses is recorded based on the expected loss rate calculated from the probability of default in the past certain period.
(Note 1) Grouping in calculating the probability of default
The probability of default is allocated to six categories, including one normal division, three "Need Attention" divisions and two bankruptcy concerns.
"Need Attention" divisions are classified according to the comprehensive judgment of the creditworthiness of the borrowers and the existence of loans with relaxed loan terms.
(Note 2) A certain period in which the expected loss rate will be estimated in the future
Allowance for credit losses is determined based on the expected loss rate for normal loans over the next one year, for loans requiring attention over the period corresponding to the average remaining life of the loans, and for loans in danger of bankruptcy over the next three years. The average remaining period is 40 months for top level of "Need Attention," 42 months for lower level of "Need Attention" and 36 months for "Need Special Attention."
(Note 3) Method of revising and determining the probability of default based on future projections, etc.
The probability of default used to calculate the allowance is determined by comparing the average value of the last three determination periods with the long-term average value, considering the entity's business cycle. The average value for the three most recent determination periods is calculated by including necessary revisions such as the current circumstances and future projections.
Based on the self-assessment standard of assets, all receivables are assessed by the asset assessment department, which is independent from the sales department, and the internal audit department provides an assessment of these results.

j. **Asset and Liability for Employees' Retirement Benefits**—The Group has a contributory funded pension plan and noncontributory unfunded retirement benefit plans, together covering substantially all of their employees.

The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees.

k. **Provision for Reimbursement of Deposits**—A provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

l. **Provision for Contingent Losses**—A provision for contingent losses is provided for the contribution to the National Federation of Credit Guarantee Corporations' liability sharing program and is recorded in the amount of estimated future contributions based on subrogate performance, etc.

m. **Reserve under Special Laws**—A reserve under special laws is provided for contingent liabilities from brokering of securities or derivative transactions in accordance with Article 46-5 of the Financial Instruments and Exchange Act.

n. **Stock Options**—The cost of employee stock options is measured based on the fair value at the date of grant and recognized as compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised.

o. **Revenue Recognition**—The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers.

p. **Leases**—Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.

q. **Income Taxes**—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

r. **Foreign Currency Transactions**—Assets and liabilities denominated in foreign currencies held domestically and the accounts of the Bank's overseas branch are translated into Japanese yen generally at the exchange rates prevailing on the consolidated balance sheet date.

s. **Derivatives and Hedging Activities**—Derivatives are stated at fair value. Derivative transactions that meet hedge accounting criteria are primarily accounted for under the deferral method whereby unrealized gains and losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity. The market value of financial derivatives reflects specific market risk or specific credit risk on the basis of net assets or liabilities after offsetting the relevant financial assets and liabilities.

The hedging derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the risk being hedged.

The Group adopted portfolio hedging in accordance with Industry Committee Practical Guidelines No. 24 issued by the Japanese Institute of Certified Public Accountants ("JICPA"). Under portfolio hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedge is assessed by each group.

Currency swap and foreign exchange swap transactions are accounted for using deferral hedge accounting by fully applying Industry Committee Practical Guidelines No. 25 issued by the JICPA. Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions, such as currency swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts, the Bank manages interest rate swap and currency swap transactions designated as hedging instruments in accordance with the strict hedging criteria for external mirror transactions stipulated in the Industry Committee Practical Guidelines No. 24 and No. 25. Therefore, the Bank accounts for the gains and losses on these swap transactions in its earnings or defers until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value but the net payments or receipts under the swap agreements are recognized and included in interest expense or income.

t. **Per Share Information**—Basic net income per share ("EPS") is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted EPS of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year.

u. **Significant Income and Expenses**—The Group applies "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and recognizes revenue at the time when transferring promised goods or services to a customer, and in an amount expected to be received in exchange for the goods or services.

v. **New Accounting Pronouncements**

(1) ***"Accounting Standard for Leases"*** (ASBJ Statement No. 34, September 13, 2024), ***"Implementation Guidance on Accounting Standard for Leases"*** (ASBJ Guidance No. 33, September 13, 2024), and related revisions to accounting standards, implementation guidance, practical solutions, and transferred guidance

(a) Overview
Similar to IFRS, the accounting standard and related implementation guidance stipulate the treatment of recognizing assets and liabilities for all leases by lessees.

(b) Expected application date
The Group will apply the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(c) Impact of application of the accounting standard
The Bank is currently evaluating the effects of applying the accounting standard and related implementation guidance on its consolidated financial statements.

(2) ***"Practical Guidelines on the Accounting for Financial Instruments"*** (ASBJ Transferred Guidance No. 9, March 11, 2025)

(a) Overview
The guidelines stipulate revisions to the accounting treatment for equity interests in venture capital funds held by listed companies and other entities to provide investors with useful information by measuring nonmarketable equity securities that are included in venture capital funds and similar vehicles at fair value.

(b) Expected application date
The Group will apply the practical guidelines from the beginning of the fiscal year ending March 31, 2027.

(c) Impact of application of the accounting standard
The Bank is currently evaluating the effects of applying the practical guidelines on its consolidated financial statements.

(3) ***"Accounting Standard for Subsequent Events"*** (ASBJ Statement No. 41, January 9, 2026) and ***"Implementation Guidance on Accounting Standard for Subsequent Events"*** (ASBJ Implementation Guidance No. 35, January 9, 2026)

(a) Overview
The accounting standard, etc. were developed with priority placed on establishing a comprehensive accounting standard that addresses, among other matters, the definition of subsequent events and the related accounting treatment and disclosures. As a basic policy, the accounting-related content set out in Auditing Standards Committee Statement No. 560, Practical Guideline No. 1, "Audit Treatment of Subsequent Events" issued by the Auditing and Assurance Standards Committee of the JICPA has in principle been carried over and transferred to the ASBJ. In addition to the revision of certain wording and clarification of the evaluation period for subsequent events, the accounting standard, etc. newly require, among other matters, a note regarding approval for the issuance of financial statements, thereby prescribing the accounting treatment and disclosure of subsequent events.

(b) Expected application date
The Group will apply the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(c) Impact of application of the accounting standard
The Bank is currently evaluating the effects of applying the accounting standard and related implementation guidance on its consolidated financial statements.

w. **Additional Information**

Restricted Stock Compensation Plan—The Bank has introduced a restricted stock compensation plan (hereinafter the "Plan") for the Bank's directors (excluding outside directors) and executive officers who do not concurrently serve as directors (hereinafter collectively referred to as "Eligible Directors, etc.").

(a) Overview of the Plan
Eligible Directors, etc. shall pay all monetary receivables paid to them by the Bank in accordance with the Plan as property contributed in kind and shall receive shares of common stock of the Bank through an issuance or disposal. In addition, when common stock of the Bank is issued or disposed of under the Plan, a restricted stock allotment agreement shall be concluded between the Bank and the Eligible Directors, etc. Conditions of this agreement include the following and other matters: (1) Eligible Directors, etc. shall be prohibited for a set period from transferring to a third party, use as collateral, or otherwise dispose of the shares of common stock of the Bank received under the restricted stock allotment agreement; (2) When certain circumstances have occurred, the Bank shall acquire the said common stock without compensation.

(b) Overview of the disposal
At the meeting of the Board of Directors held on June 20, 2025, the Bank resolved to dispose of its treasury stock as noted below, and the payment was completed on July 18, 2025.
(1) Date of disposal
July 18, 2025
(2) Type and number of shares to be disposed of
77,702 shares of the Bank's common stock
(3) Disposal price
¥1,182.5 per share
(4) Total disposal value
¥91,882,615
(5) Disposal recipients, their number, and the number of shares to be disposed of
—20,971 shares for 3 directors (excluding outside directors) of the Bank
—56,731 shares for 17 executive officers who do not concurrently serve as directors of the Bank

3. SIGNIFICANT ACCOUNTING ESTIMATE

Allowance for Credit Losses

(a) Allowance for credit losses was ¥53,592 million ($335,182 thousand) and ¥55,000 million as of March 31, 2026 and 2025, respectively.
Allowance for credit losses by the cash flow deduction method was ¥19,763 million ($123,609 thousand) and ¥20,778 million as of March 31, 2026 and 2025, respectively.
Allowance for credit losses by the discounted cash flow method was ¥2,643 million ($16,534 thousand) and ¥2,954 million as of March 31, 2026 and 2025, respectively.

(b) Information that contributes to understanding the content of significant accounting estimates for the identified item
(1) Determination method
The allowance for credit losses is recorded in accordance with predetermined amortization and allowance standards.
(2) Key assumptions
The business plan used to determine debtor classification and used to estimate future cash flow by the cash flow deduction method and the discounted cash flow method
Assumptions used as a basis for sales forecast, production forecast, expense forecast and future outlook for debt repayment plan in the business plan include the following:
・Demand trends in the borrower's industry or sector
・Trends in service unit prices and the number of service users, as well as unit selling prices and sales volumes, in the borrower's industry or sector
・Outlook for the rates of increase in raw material prices, personnel costs and other expenses, as well as cost reductions from cost improvement measures
Based on these assumptions, the Bank reviews the debtor classification for certain debtors considering their current operating performance and forecasts of their future operating performance, and also the recoverable amounts are estimated under the cash flow deduction method and the discounted cash flow method based on the business plan that reflects the borrower's business environment, to calculate the allowance for credit losses.

4. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statement of cash flows and "Cash and due from banks" in the consolidated balance sheet as of March 31, 2026 and 2025, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Cash and due from banks	¥ 2,818,818	¥ 3,027,055	$ 17,629,734
Due from banks, excluding amounts due from the Bank of Japan	(15,675)	(27,331)	(98,042)
Cash and cash equivalents	¥ 2,803,142	¥ 2,999,723	$ 17,531,692

5. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Trading assets:			
Trading securities	¥ 419	¥ 330	$ 2,625
Financial derivatives	9,931	7,312	62,113
Other trading assets	45,930	30,959	287,260
Total	¥ 56,281	¥ 38,602	$ 351,999
Trading liabilities— Financial derivatives	¥ 9,523	¥ 6,945	$ 59,561

6. MONEY HELD IN TRUST

The aggregate fair value of money held in trust as of March 31, 2026 and 2025, is as follows:

	Fair Value		
	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Money held in trust—Trading	¥ 32,348	¥ 78,761	$ 202,317
Money held in trust—Other	7,191		44,978
Total	¥ 39,540	¥ 78,761	$ 247,296

7. SECURITIES

Securities as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Securities:			
National government bonds	¥ 809,917	¥ 805,369	$ 5,065,467
Local government bonds	271,524	403,377	1,698,193
Corporate bonds	600,830	727,058	3,757,774
Equity securities	774,291	586,510	4,842,650
Other securities	908,689	884,425	5,683,219
Total	¥ 3,365,253	¥ 3,406,740	$21,047,304

The securities placed under unsecured lending agreements are included in the above national government bonds in the amount of ¥47,645 million ($297,989 thousand) and ¥85,085 million as of March 31, 2026 and 2025, respectively.

Guarantee obligations for corporate bonds in private placement (defined in Article 2 (3) of Financial Instruments and Exchange Act) included in securities were ¥47,479 million ($296,952 thousand) and ¥50,876 million as of March 31, 2026 and 2025, respectively.

In addition to "Securities" in the consolidated balance sheet, the table below also includes beneficial interests in trusts included in "Monetary claims bought," as well as trading securities and other trading assets included in "Trading assets."

The carrying amounts and aggregate fair value of the securities as of March 31, 2026 and 2025, are as follows:

	Millions of Yen			
March 31, 2026	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 84,968	¥ 673,651	¥ 72	¥ 758,548
Debt securities	1,878,608	74	196,410	1,682,272
Other securities	895,344	25,768	22,160	898,953
March 31, 2025				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 97,160	¥ 474,201	¥ 523	¥ 570,838
Debt securities	2,063,166	298	127,660	1,935,804
Other securities	895,226	17,409	24,425	888,210

	Thousands of U.S. Dollars			
March 31, 2026	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 531,418	$4,213,221	$ 452	$4,744,187
Debt securities	11,749,379	468	1,228,413	10,521,434
Other securities	5,599,753	161,164	138,596	5,622,321

Proceeds from sales of available-for-sale securities for the years ended March 31, 2026 and 2025, were ¥432,250 million ($2,703,427 thousand) and ¥386,999 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥39,182 million ($245,061 thousand) and ¥41,723 million ($260,951 thousand), respectively, for the year ended March 31, 2026, and ¥35,006 million and ¥21,880 million, respectively, for the year ended March 31, 2025.

8. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Bills discounted	¥ 7,416	¥ 9,985	$ 46,386
Loans on bills	43,599	60,228	272,686
Loans on deeds	5,812,871	5,618,923	36,355,441
Overdrafts	848,047	772,408	5,303,942
Total	¥ 6,711,935	¥ 6,461,544	$41,978,456

Of total loans, loans to customers in bankruptcy, which represent nonaccrual loans and which were included in loans and bills discounted, amounted to ¥13,212 million ($82,636 thousand) and ¥14,357 million as of March 31, 2026 and 2025, respectively; past due loans, which represent nonaccrual loans other than loans to customers in bankruptcy, amounted to ¥100,509 million ($628,615 thousand) and ¥105,761 million as of March 31, 2026 and 2025, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥1,358 million ($8,498 thousand) and ¥1,525 million as of March 31, 2026 and 2025, respectively.

Of total loans, restructured loans amounted to ¥18,852 million ($117,909 thousand) and ¥18,863 million as of March 31, 2026 and 2025, respectively. Restructured loans, designed to assist in the recovery of the financial health of debtors, were loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more were excluded from restructured loans.

9. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Assets:			
Due from foreign banks	¥ 14,653	¥ 16,415	$ 91,644
Foreign exchange bills bought	1,146	1,826	7,168
Foreign exchange bills receivable	249	240	1,561
Total	¥ 16,049	¥ 18,482	$ 100,377
Liabilities:			
Foreign exchange bills sold	¥ 148	¥ 106	$ 927
Foreign exchange bills payable	1,293	2,325	8,090
Total	¥ 1,441	¥ 2,431	$ 9,018

10. PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, and equipment as of March 31, 2026 and 2025, net of accumulated depreciation of ¥87,426 million ($546,792 thousand) and ¥86,778 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Land	¥ 11,699	¥ 11,913	$ 73,171
Buildings	12,969	12,260	81,114
Construction in progress	408	1,155	2,554
Other tangible fixed assets	13,672	13,298	85,513
Software	4,112	3,428	25,722
Other intangible fixed assets	690	648	4,318
Total	¥ 43,553	¥ 42,705	$ 272,394

As of March 31, 2026 and 2025, deferred gains for tax purposes of ¥8,131 million ($50,859 thousand) and ¥8,132 million, respectively, on property, plant, and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired property, plant, and equipment.

The Group reviewed its long-lived assets for impairment as of March 31, 2026. As a result, the Group recognized an impairment loss of ¥1,634 million ($10,224 thousand) as other expenses for long-lived assets related to sales branches and idle assets located mainly in Nagano Prefecture due to factors such as declines in operating cash flows, declines in land prices and decision to discontinue operations. The carrying amount of these long-lived assets was written down to their recoverable amount which was measured at their net selling price at disposition. The impairment loss recognized for the year ended March 31, 2025, was ¥521 million.

11. ACCEPTANCES AND GUARANTEES

Acceptances and guarantees include all contingent liabilities associated with the issuance of letters of credit, acceptances of bills, and issuances of guarantees. The contra account included in the assets side of the consolidated balance sheet represents the Bank's potential claim against applicants.

12. ASSETS PLEDGED

Assets pledged as collateral as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Assets pledged:			
Due from banks		¥ 2	
Securities	¥ 1,022,767	1,250,355	$ 6,396,693
Loans and bills discounted	1,094,918	1,212,062	6,847,950
Cash (other assets)	403	409	2,520
Total	¥ 2,118,089	¥ 2,462,829	$13,247,165
Related liabilities:			
Deposits	¥ 73,055	¥ 73,438	$ 456,910
Payables under repurchase agreements	169,725	127,391	1,061,517
Payables under securities lending transactions	84,245	97,492	526,897
Borrowed money	1,087,917	1,568,289	6,804,162
Other liabilities		237	
Total	¥ 1,414,944	¥ 1,866,848	$ 8,849,488

In addition to the above, assets pledged as collateral for transactions, such as exchange settlement transactions, or as substitute securities for initial margin on futures transactions and others were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Due from banks		¥ 250	
Securities	¥ 110,492	64,030	$ 691,055
Cash (other assets)	25	5,025	156
Cash collateral received for financial instrument liabilities (other assets)	20,476	8,277	128,068

Additionally, guarantee deposits included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Guarantee deposits	¥ 646	¥ 624	$ 4,040

13. DEPOSITS

Deposits as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Current deposits	¥ 401,343	¥ 402,748	$ 2,510,120
Ordinary deposits	6,116,848	6,106,505	38,256,603
Savings deposits	64,177	68,472	401,382
Time deposits	2,807,937	2,765,277	17,561,683
Other deposits	161,744	206,424	1,011,597
Total	¥ 9,552,050	¥ 9,549,428	$59,741,387

14. BORROWED MONEY

As of March 31, 2026 and 2025, the weighted-average annual interest rates applicable to borrowed money were 0.13% and 0.18%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. Annual maturities of borrowed money as of March 31, 2026, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2027	¥ 906,521	$ 5,669,660
2028	189,288	1,183,867
2029	1,852	11,587
2030	201	1,260
2031	37	231
2032 and thereafter	7	48
Total	¥ 1,097,909	$ 6,866,655

15. RETIREMENT AND PENSION PLANS

The Bank and its domestic consolidated subsidiaries have a contributory funded pension plan and noncontributory unfunded retirement benefit plans.

In the contributory funded pension plan, the Group adopted a cash balance plan that each employee has a "hypothetical account balance," which accumulates pay credits based on each salary level, interest credits based on the trend of market interest rate, and pay retirement lump-sum grants or pension, based on their salary and length of service. Some funded pension plan contributed to employee pension trust.

In the noncontributory unfunded plan, the Group pays retirement lump-sum grants based on salary and length of service.

Employees whose service with the Bank or its domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service, and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or death, the employee is typically entitled to a larger payment than in the case of voluntary termination.

In addition, some consolidated subsidiaries adopt the simplified method to calculate their liability for employees' retirement benefit and retirement benefit costs.

(1) The changes in defined benefit obligation, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥ 47,113	¥ 51,887	$ 294,661
Current service cost	1,810	1,857	11,322
Interest cost	785	494	4,912
Actuarial gains (losses)	(3,446)	(4,644)	(21,557)
Benefits paid	(3,411)	(2,603)	(21,339)
Others	(409)	121	(2,563)
Balance at end of year	¥ 42,440	¥ 47,113	$ 265,434

(2) The changes in plan assets, excluding the ones calculated by the simplified method, (3) below, for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥ 99,884	¥ 110,020	$ 624,708
Expected return on plan assets	2,432	1,622	15,215
Actuarial gains (losses)	17,631	(10,602)	110,270
Contributions from the employer	891	898	5,573
Benefits paid	(2,366)	(2,175)	(14,801)
Others	126	121	793
Balance at end of year	¥ 118,599	¥ 99,884	$ 741,759

(3) The changes in liability for employees' retirement benefits calculated by the simplified method for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of year	¥ (331)	¥ (113)	$ (2,074)
Net periodic benefit cost	211	(44)	1,323
Benefits paid	(189)	(169)	(1,186)
Others	(4)	(4)	(26)
Balance at end of year	¥ (313)	¥ (331)	$ (1,963)

(4) Reconciliation between the asset and liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets, including that calculated by the simplified method (3) above is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Funded defined benefit obligation	¥ 34,504	¥ 37,847	$ 215,800
Plan assets	(120,906)	(102,231)	(756,187)
Total	(86,402)	(64,383)	(540,387)
Unfunded defined benefit obligation	9,929	11,280	62,099
Net asset arising from defined benefit obligation	¥ (76,473)	¥ (53,102)	$ (478,287)
Liability for employees' retirement benefits	¥ 9,929	¥ 11,233	$ 62,099
Asset for employees' retirement benefits	(86,402)	(64,335)	(540,387)
Net asset arising from defined benefit obligation	¥ (76,473)	¥ (53,102)	$ (478,287)

(5) The components of net periodic benefit costs for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Service cost	¥ 1,810	¥ 1,857	$ 11,322
Interest cost	785	494	4,912
Expected return on plan assets	(2,432)	(1,622)	(15,215)
Recognized actuarial gains	(3,388)	(4,551)	(21,194)
Net periodic benefit costs calculated by the simplified method	211	(44)	1,323
Others	98	103	614
Net periodic benefit costs (gains)	¥ (2,915)	¥ (3,762)	$ (18,236)

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Actuarial gains (losses)	¥ 17,333	¥ (10,557)	$ 108,410

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans, before adjusting for tax effects, as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrecognized actuarial gains	¥ (43,750)	¥ (26,417)	$ (273,631)

(8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2026 and 2025, consisted of the following:

	2026	2025
Debt securities	12.23%	14.35%
Equity securities	63.58	59.18
General account assets of life insurance companies	14.09	13.80
Cash and cash equivalents	2.30	4.56
Others	7.80	8.11
Total	100.00%	100.00%

Employee pension trusts for the years ended March 31, 2026 and 2025, are 53.90% and 48.69%, respectively, and are included in the total above.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) Assumptions used for the years ended March 31, 2026 and 2025, were set forth as follows:

	2026	2025
Discount rates	2.1%–2.9%	1.2%–1.9%
Expected rates of return on plan assets	1.8%–3.0%	1.0%–2.0%
Salary increase rates	8.0%–10.0%	9.0%–12.0%

16. EQUITY

The significant provisions in the Banking Law and the Companies Act of Japan (the "Companies Act") that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution by the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

The Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until the total of such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of common stock may be available for dividends upon resolution by the shareholders. In addition, the Companies Act permits the transfer of a portion of additional paid-in capital and legal reserves to common stock upon resolution by the Board of Directors.

17. STOCK ACQUISITION RIGHTS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective periods. Stock-based compensation expense was ¥8 million for the year ended March 31, 2025, and no stock-based compensation expense was recognized for the year ended March 31, 2026.

The stock options outstanding as of March 31, 2026, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2015 Stock Option	8 directors	78,900 shares	July 27, 2015	¥1 ($0.01)	From July 28, 2015, to July 27, 2040
2016 Stock Option	8 directors	150,000 shares	July 25, 2016	¥1 ($0.01)	From July 26, 2016, to July 25, 2041
2017 Stock Option	7 directors	109,600 shares	July 24, 2017	¥1 ($0.01)	From July 25, 2017, to July 24, 2042
2018 Stock Option	8 directors	150,000 shares	July 23, 2018	¥1 ($0.01)	From July 24, 2018, to July 23, 2043
2019 Stock Option	8 directors	150,000 shares	July 22, 2019	¥1 ($0.01)	From July 23, 2019, to July 22, 2044
2020 Stock Option	7 directors	150,000 shares	July 20, 2020	¥1 ($0.01)	From July 21, 2020, to July 20, 2045
2021 Stock Option	7 directors	130,700 shares	July 19, 2021	¥1 ($0.01)	From July 20, 2021, to July 19, 2046
2022 Stock Option	5 directors	83,700 shares	July 19, 2022	¥1 ($0.01)	From July 20, 2022, to July 19, 2047
2023 Stock Option	4 directors	54,800 shares	July 18, 2023	¥1 ($0.01)	From July 19, 2023, to July 18, 2048

The stock option activity is as follows:

	Stock Option				
	2015	2016	2017	2018	2019
	(Shares)				
Year Ended March 31, 2025					
Nonvested					
March 31, 2024—Outstanding	7,700	14,600	17,600	21,700	36,900
Granted					
Canceled					
Vested					
March 31, 2025—Outstanding	7,700	14,600	17,600	21,700	36,900
Vested					
March 31, 2024—Outstanding					
Vested					
Exercised					
Canceled					
March 31, 2025—Outstanding					
Year Ended March 31, 2026					
Nonvested					
March 31, 2025—Outstanding	7,700	14,600	17,600	21,700	36,900
Granted					
Canceled					
Vested					14,800
March 31, 2026—Outstanding	7,700	14,600	17,600	21,700	22,100
Vested					
March 31, 2025—Outstanding					
Vested					14,800
Exercised					14,800
Canceled					
March 31, 2026—Outstanding					
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise					¥1,171.5 ($7.32)
Fair value price at grant date	¥927 ($5.79)	¥455 ($2.84)	¥689 ($4.30)	¥443 ($2.77)	¥413 ($2.58)

	2020	2021	2022	2023
	(Shares)			
Year Ended March 31, 2025				
Nonvested				
March 31, 2024—Outstanding	43,700	64,100	54,300	54,800
Granted				
Canceled				
Vested				
March 31, 2025—Outstanding	43,700	64,100	54,300	54,800
Vested				
March 31, 2024—Outstanding				
Vested				
Exercised				
Canceled				
March 31, 2025—Outstanding				
Year Ended March 31, 2026				
Nonvested				
March 31, 2025—Outstanding	43,700	64,100	54,300	54,800
Granted				
Canceled				
Vested	17,500	20,900	17,000	12,000
March 31, 2026—Outstanding	26,200	43,200	37,300	42,800
Vested				
March 31, 2025—Outstanding				
Vested	17,500	20,900	17,000	12,000
Exercised	17,500	20,900	17,000	12,000
Canceled				
March 31, 2026—Outstanding				
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise	¥1,171.5 ($7.32)	¥1,171.5 ($7.32)	¥1,171.5 ($7.32)	¥1,171.5 ($7.32)
Fair value price at grant date	¥391 ($1.82)	¥336 ($2.10)	¥474 ($2.96)	¥643 ($4.02)

18. REVENUE RECOGNITION

Information about disaggregation is as described in Note 33, "Segment Information."

19. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Gains on foreign exchange transactions	¥ 1,740	¥ 1,720	$ 10,887
Gains on sales of bonds	22,992	3,703	143,803
Income on lease transaction and installment receivables	39,176	36,485	245,024
Other	552	520	3,454
Total	¥ 64,462	¥ 42,428	$ 403,168

20. OTHER INCOME

Other income for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Gains on sales of equity securities	¥ 37,830	¥ 34,610	$ 236,605
Gains on money held in trust	29		185
Other	3,387	3,838	21,187
Total	¥ 41,248	¥ 38,448	$ 257,977

21. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Loss on sales of bonds	¥ 39,374	¥ 18,830	$ 246,262
Cost of lease transaction and installment receivables	34,613	32,663	216,484
Other	47	46	296
Total	¥ 74,036	¥ 51,540	$ 463,043

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Salaries and related expenses	¥ 32,928	¥ 33,940	$ 205,942
Other	48,217	38,638	301,564
Total	¥ 81,145	¥ 72,578	$ 507,507

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Charge-off of loans	¥ 234	¥ 7	$ 1,468
Loss on investments in investment partnerships	2,370	8,203	14,823
Losses on sales of equity securities	2,348	3,837	14,689
Valuation losses on equity securities	441	195	2,760
Impairment losses	1,634	521	10,224
Other	1,078	292	6,728
Total	¥ 8,105	¥ 13,055	$ 50,692

24. INCOME TAXES

The Bank and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in normal effective statutory tax rates of 30.36% for each of the years ended March 31, 2026 and 2025.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2026 and 2025, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Valuation difference on available-for-sale securities	¥ 68,420	¥ 45,699	$ 427,920
Allowance for credit losses	16,139	16,175	100,941
Liability for employees' retirement benefits	11,064	13,658	69,201
Impairment losses	4,125	2,142	25,803
Depreciation	2,896	3,671	18,114
Valuation losses on equity securities	790	1,027	4,945
Deferred losses on hedges	503	2,329	3,147
Accrued enterprise tax	454	692	2,840
Tax loss carryforwards	264	5,378	1,652
Provision for loss on cancellation of system contracts		645	
Other	3,847	6,221	24,060
Total of tax loss carryforwards and temporary differences	108,506	97,642	678,630
Less valuation allowance for tax loss carryforwards	(258)	(5,378)	(1,615)
Less valuation allowance for temporary differences	(5,857)	(8,794)	(36,636)
Total valuation allowance*	(6,116)	(14,172)	(38,252)
Total deferred tax assets	102,390	83,470	640,378
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	218,202	153,053	1,364,701
Deferred gains on hedges	44,688	25,819	279,497
Asset for employees' retirement benefits	28,317	24,097	177,106
Gain on contribution of securities to employee retirement benefit trust	1,714	1,714	10,725
Other	1,886	2,985	11,799
Total deferred tax liabilities	294,810	207,670	1,843,830
Net deferred tax liabilities	¥ (192,420)	¥ (124,200)	$ (1,203,452)

*The valuation allowance decreased by ¥8,056 million ($50,386 thousand). The decrease was mainly attributable to a reassessment of the recoverability of deferred tax assets in connection with the absorption-type merger with Nagano Bank and the utilization of tax loss carryforwards.

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2026 and 2025, were as follows:

	Millions of Yen						
March 31, 2026	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥ 5					¥ 258	¥ 264
Less valuation allowances for tax loss carryforwards						(258)	(258)
Net deferred tax assets relating to tax loss carryforwards	5						5
March 31, 2025							
Deferred tax assets relating to tax loss carryforwards						¥ 5,378	¥ 5,378
Less valuation allowances for tax loss carryforwards						(5,378)	(5,378)
Net deferred tax assets relating to tax loss carryforwards							

	Thousands of U.S. Dollars						
March 31, 2026	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	$ 37					$ 1,615	$ 1,652
Less valuation allowances for tax loss carryforwards						(1,615)	(1,615)
Net deferred tax assets relating to tax loss carryforwards	37						37

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2026, with the corresponding figures for 2025, is as follows:

	2026	2025
Normal effective statutory tax rate	30.36%	30.36%
Change in valuation allowance	(11.35)	1.02
Income not taxable for income tax purposes	(1.30)	(2.35)
Expenses not deductible for income tax purposes, such as entertainment expenses	0.32	0.12
Prior-year income taxes	0.15	0.79
Special tax credit		(2.50)
Change in effective tax rate		(0.32)
Consolidation adjustments for assets measured at fair value		(0.21)
Other	0.79	(1.08)
Actual effective tax rate	18.96%	25.84%

25. LEASES

Lessee

Leased assets related to finance leases that are not deemed to transfer ownership of the leased property to the lessee consist of buildings, movable properties and software.
Depreciation method of leased assets is described in "f. Property, plant, and equipment" and "g. Software" in Note 2, "Summary of Significant Accounting Policies."

Lessor

The net investments in leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Gross lease receivables	¥ 91,772	¥ 82,958	$ 573,970
Estimated residual values	11,054	9,484	69,136
Estimated maintenance cost	(2,093)	(1,913)	(13,091)
Unearned interest income	(7,347)	(6,013)	(45,950)
Investments in leases	¥ 93,386	¥ 84,517	$ 584,064

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	2026	2025	2026
Due in 1 year or less	¥ 3,695	¥ 3,891	$ 23,112
Due from 1 to 2 years	2,853	2,932	17,845
Due from 2 to 3 years	2,202	2,086	13,774
Due from 3 to 4 years	1,537	1,470	9,615
Due from 4 to 5 years	927	832	5,801
Due after 5 years	1,017	1,201	6,361
Total	¥ 12,233	¥ 12,414	$ 76,511

Maturities of investments in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee are as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	2026	2025	2026
Due in 1 year or less	¥ 25,763	¥ 24,014	$ 161,134
Due from 1 to 2 years	21,701	19,619	135,724
Due from 2 to 3 years	17,271	15,571	108,019
Due from 3 to 4 years	12,634	11,254	79,022
Due from 4 to 5 years	7,413	6,793	46,366
Due after 5 years	6,987	5,704	43,702
Total	¥ 91,772	¥ 82,958	$ 573,970

The minimum rental commitments under noncancelable operating leases as of March 31, 2026 and 2025, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Due within 1 year	¥ 3,753	¥ 3,641	$ 23,478
Due after 1 year	4,940	4,604	30,897
Total	¥ 8,694	¥ 8,246	$ 54,376

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group offers financial services such as providing loans and sales of investment products to customers. In performing these operations, the Bank uses funds received as deposits from customers or by borrowing money from the market in consideration of market conditions and the balance in funding periods between the short term and the long term.

As the Bank holds financial assets and liabilities affected by interest rate movements, it carries out Asset Liability Management ("ALM") to avoid negative effects of interest movements. In managing interest rate movements, the Bank utilizes derivatives.

The Bank and certain consolidated subsidiaries also hold securities for sale to customers.

(2) Nature and Extent of Risks Arising from Financial Instruments

(a) Loans

The Bank provides loans mainly to domestic customers but does not focus on specific groups of companies. These loans are exposed to credit risk in the case of the customers' breach of the contract. In all domestic loans, the percentage of loans in Nagano Prefecture, the Bank's main business area, is approximately 50%. As such, the Bank's credit risk is likely to deteriorate if there are negative changes in the economy in Nagano Prefecture.

(b) Securities

Securities are mainly bonds, stocks, investment trusts, and corporate investment funds. These securities are classified into categories, such as securities available for sale and securities for trading purposes to sell to customers. All securities are exposed to the credit risk of the securities' issuers or interest rate risk, market price risk, foreign exchange risk, and liquidity risk.

(c) Deposits

The Bank receives deposits from customers. These deposits are exposed to interest rate risk, foreign exchange risk, and liquidity risk.

(d) Derivatives

The purpose of using derivatives is to provide customers various hedging instruments to hedge the Bank's portfolio under ALM and to enhance the Bank's profit. Derivatives include interest rate swaps, interest cap transactions, and currency exchange swaps. Using these derivatives as hedging instruments for loans and securities, the Bank applies hedge accounting to derivative transactions and assesses the effectiveness between the hedged items and hedging instruments from the start of hedging. These derivative transactions are exposed to market risk and credit risk.

Derivative transactions used for hedging purposes are carried out in accordance with the Bank's hedging policy, which is established on a semiannual or annual basis.

(3) Risk Management for Financial Instruments

(a) Credit risk management

In accordance with internal rules of credit risk management, the Bank examines every loan, manages loans according to credit lines for each debtor, addresses troubled loans, reviews each debtor's credit rating, and manages the Bank's loan portfolio. Regarding the loan examination structure, the loan promotion section is separated from the loan examination section in the head office. These two sections monitor and check each other. Every loan from the business branches is examined in many stages from loan application to the Bank's final decision. The Bank reviews each debtor's credit rating on a regular basis to identify troubled loans in a timely manner. In addition, the Bank uses examination results in order to reduce credit risk and to manage the Bank's loan portfolio.

To address the credit risk of securities' issuers, the Bank carries out its business under credit line limits for each debtor. Such limits are defined by the Risk Management Department on a semiannual basis.

(b) Market risk management (interest rate risk, foreign exchange risk, and market price risk)

The Group stipulates internal rules of market risk management and controls market risk so as to maintain management soundness and profitability.

Considering the market and the Bank's conditions, the Bank updates its Market Risk Management Policy on a semiannual basis to maintain an appropriate balance between risk and return and to adjust the volume of risk. Furthermore, the management committee confirms the risk limit and loss limit by each transaction type for each customer according to the Market Risk Management Policy. The Bank defines the limit of investment, limit of holding, and limit of valuation losses, as necessary. It also defines the threshold that should limit market risk and losses to certain amounts. Each section should carry out its business within risk limits, as well as report the risk status to an executive officer on a daily basis.

Regarding management of business operations, the front office is separated from the back office. The middle office which controls and manages risk is also separated from these two offices. These three offices monitor and check each other.

Management of Interest Rate Risk

To manage risk caused by interest rate fluctuations, the Bank uses Value at Risk ("VaR") for the change of economic value and uses ALM for the change of interest rate in gap analysis. The "ALM and Integrated Risk Conference" monitors the Group's risk status and discusses various measures corresponding to risks. As stated above, the Bank uses some derivative transactions under ALM.

Management of Foreign Exchange Risk

The Bank manages the change of economic value arising from fluctuations in foreign exchange rates by VaR. To avoid excessive foreign exchange risk, the Bank defines the upper holding limit in its Market Risk Management Policy.

Management of Market Price Risk

The Bank manages the change of economic value arising from fluctuations in market prices by VaR. The Board of Directors define the upper limit of risk on a semiannual basis by taking into account the Bank's capital status and market conditions. Certain consolidated subsidiaries report market values of holding securities to the Bank's Board of Directors on a regular basis.

The Principles of Derivative Transactions

The Bank establishes internal rules for derivative transactions and manages the Group's risk in an integrated fashion, including derivative transactions made by consolidated subsidiaries. Regarding derivatives, the Risk Management Department reports the total positions, market values, and market risk amounts to both executive officers and the "ALM and Integrated Risk Conference" on a regular basis.

To manage risk arising from derivative transactions, the middle office, which checks and controls risk, is separated from the front office so as to monitor the front office's transactions.

Quantitative Information on Market Risk

The Bank principally uses VaR for quantitative analysis of the market risk of all financial instruments. For calculating VaR, the historical simulation method (confidence interval of 99.9%; observation period of 4,250 days; and holding period of 120 days both for financial instruments held for trading purpose (the Bank's trading business) and for those held for other than trading purpose (the Bank's banking business)) has been adopted.

The VaRs are ¥464,599 million ($2,905,741 thousand) and ¥447,119 million as of March 31, 2026 and 2025, respectively.

The Bank conducts back testing to compare the VaR calculated using the model with actual loss amounts. According to the back testing results, it is believed that the measurement model that the Bank uses is adequate to capture market risk. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations, and therefore, there may be cases where market risk cannot be captured in situations when market conditions change dramatically beyond what has been experienced historically.

(c) Liquidity risk management

The Bank manages liquidity risk through diversification of funding and adjustment of funding periods between long term and short term under ALM.

(4) Fair Value of Financial Instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of "Cash and due from banks," "Call loans and bills bought," "Foreign exchange," "Call money and bills sold," "Payables under repurchase agreements," and "Payables under securities lending transactions" are not disclosed because their maturities are short and the carrying amounts approximate fair value. Also, please see Note 27 for details of the fair values of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2026	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Securities:			
Available for sale	¥ 3,282,915	¥ 3,282,915	
Loans and bills discounted	6,711,935		
Allowance for credit losses*	(45,051)		
Loans after deduction of allowance for credit losses	6,666,883	6,616,002	¥ (50,881)
Total	¥ 9,949,799	¥ 9,898,917	¥ (50,881)
Deposits	¥ 9,552,050	¥ 9,548,086	¥ (3,963)
Borrowed money	1,097,909	1,089,514	(8,395)
Total	¥ 10,649,959	¥ 10,637,600	¥ (12,359)
Derivative transactions:			
Hedge accounting not applied	¥ 327	¥ 327	
Hedge accounting applied	122,233	122,233	
Total	¥ 122,560	¥ 122,560	

	Millions of Yen		
March 31, 2025	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Securities:			
Available for sale	¥ 3,323,311	¥ 3,323,311	
Loans and bills discounted	6,461,544		
Allowance for credit losses*	(48,440)		
Loans after deduction of allowance for credit losses	6,413,104	6,385,577	¥ (27,527)
Total	¥ 9,736,416	¥ 9,708,889	¥ (27,527)
Deposits	¥ 9,549,428	¥ 9,543,814	¥ (5,613)
Borrowed money	1,581,461	1,572,651	(8,809)
Total	¥ 11,130,889	¥ 11,116,465	¥ (14,423)
Derivative transactions:			
Hedge accounting not applied	¥ 156	¥ 156	
Hedge accounting applied	74,291	74,291	
Total	¥ 74,447	¥ 74,447	

	Thousands of U.S. Dollars		
March 31, 2026	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Securities:			
Available for sale	$ 20,532,339	$ 20,532,339	
Loans and bills discounted	41,978,456		
Allowance for credit losses*	(281,768)		
Loans after deduction of allowance for credit losses	41,696,688	41,378,460	$ (318,227)
Total	$ 62,229,027	$ 61,910,799	$ (318,227)
Deposits	$ 59,741,387	$ 59,716,595	$ (24,791)
Borrowed money	6,866,655	6,814,148	(52,507)
Total	$ 66,608,042	$ 66,530,743	$ (77,299)
Derivative transactions:			
Hedge accounting not applied	$ 2,045	$ 2,045	
Hedge accounting applied	764,483	764,483	
Total	$ 766,529	$ 766,529	

*The amount represents general and specific allowances for credit losses on loans and bills discounted.

(b) Financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
March 31	2026	2025	2026
Investments in equity instruments that do not have a quoted market price in an active market	¥ 81,342	¥ 82,123	$ 508,741

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen					
March 31, 2026	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Securities	¥ 246,553	¥ 475,582	¥ 296,291	¥ 20,065	¥ 248,303	¥ 1,101,729
Available for sale	246,553	475,582	296,291	20,065	248,303	1,101,729
National government bonds	400	37,300	179,000		184,000	574,000
Local government bonds	85,318	98,499	32,460	10,276	40,894	22,722
Corporate bonds	108,722	267,616	59,183	8,789	14,238	175,300
Loans and bills discounted	828,161	1,393,611	1,034,251	718,485	613,935	1,204,636
Total	¥ 1,074,715	¥ 1,869,194	¥ 1,330,543	¥ 738,551	¥ 862,238	¥ 2,306,366

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Securities	¥ 416,450	¥ 518,653	¥ 339,695	¥ 33,109	¥ 165,284	¥ 1,076,306
Available for sale	416,450	518,653	339,695	33,109	165,284	1,076,306
National government bonds	131,200	1,000	74,000	15,000	108,000	575,500
Local government bonds	96,903	167,071	77,238	1,954	31,202	39,695
Corporate bonds	143,147	264,686	138,871	12,165	17,981	165,343
Loans and bills discounted	1,048,359	1,200,804	1,014,267	560,914	627,535	1,146,357
Total	¥ 1,464,809	¥ 1,719,457	¥ 1,353,963	¥ 594,023	¥ 792,820	¥ 2,222,663

	Thousands of U.S. Dollars					
March 31, 2026	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Securities	$ 1,542,020	$ 2,974,434	$ 1,853,097	$ 125,497	$ 1,552,964	$ 6,890,548
Available for sale	1,542,020	2,974,434	1,853,097	125,497	1,552,964	6,890,548
National government bonds	2,501	233,285	1,119,519		1,150,791	3,589,968
Local government bonds	533,604	616,045	203,015	64,270	255,765	142,111
Corporate bonds	679,982	1,673,755	370,151	54,973	89,052	1,096,383
Loans and bills discounted	5,179,569	8,716,065	6,468,517	4,493,624	3,839,735	7,534,157
Total	$ 6,721,589	$ 11,690,500	$ 8,321,615	$ 4,619,122	$ 5,392,699	$ 14,424,705

(6) Scheduled Repayment Amount after the Consolidated Balance Sheet Date for Borrowed Money and Other Interest-Bearing Liabilities

	Millions of Yen					
March 31, 2026	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	¥ 8,473,042	¥ 953,770	¥ 80,756	¥ 12,273	¥ 23,225	¥ 8,982
Borrowed money	906,521	191,141	238	5	2	
Total	¥ 9,379,564	¥ 1,144,911	¥ 80,995	¥ 12,278	¥ 23,228	¥ 8,982

	Millions of Yen					
March 31, 2025	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	¥ 8,579,568	¥ 837,177	¥ 83,913	¥ 10,462	¥ 27,123	¥ 11,182
Borrowed money	1,387,423	190,475	536	3,020	5	
Total	¥ 9,966,992	¥ 1,027,652	¥ 84,449	¥ 13,483	¥ 27,129	¥ 11,182

	Thousands of U.S. Dollars					
March 31, 2026	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	$52,992,945	$ 5,965,164	$ 505,075	$ 76,762	$ 145,260	$ 56,178
Borrowed money	5,669,660	1,195,454	1,492	32	16	
Total	$58,662,606	$ 7,160,619	$ 506,567	$ 76,794	$ 145,276	$ 56,178

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

- Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of Yen			
March 31, 2026	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	¥ 808,776	¥ 1,141		¥ 809,917
Local government bonds		271,524		271,524
Corporate bonds		553,863	¥ 46,967	600,830
Equity securities	758,548			758,548
Other	169,187	607,420		776,608
Total assets	¥1,736,511	¥1,433,949	¥ 46,967	¥3,217,428
Derivative transactions:				
Interest rate-related transactions		¥ 141,280		¥ 141,280
Currency-related transactions		(18,720)		(18,720)
Total derivative transactions		¥ 122,560		¥ 122,560

	Millions of Yen			
March 31, 2025	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	¥ 804,215	¥ 1,153		¥ 805,369
Local government bonds		403,377		403,377
Corporate bonds		676,214	¥ 50,843	727,058
Equity securities	570,283	554		570,838
Other	144,167	617,868		762,035
Total assets	¥1,518,666	¥1,699,168	¥ 50,843	¥3,268,678
Derivative transactions:				
Interest rate-related transactions		¥ 82,235		¥ 82,235
Currency-related transactions		(7,788)		(7,788)
Total derivative transactions		¥ 74,447		¥ 74,447

	Thousands of U.S. Dollars			
March 31, 2026	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities:				
National government bonds	$ 5,058,328	$ 7,138		$ 5,065,467
Local government bonds		1,698,193		1,698,193
Corporate bonds		3,464,028	$ 293,746	3,757,774
Equity securities	4,744,187			4,744,187
Other	1,058,149	3,798,991		4,857,141
Total assets	$10,860,665	$ 8,968,352	$ 293,746	$20,122,763
Derivative transactions:				
Interest rate-related transactions		$ 883,609		$ 883,609
Currency-related transactions		(117,080)		(117,080)
Total derivative transactions		$ 766,528		$ 766,528

(2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

	Millions of Yen			
March 31, 2026	Level 1	Level 2	Level 3	Total
Loans and bills discounted			¥ 6,616,002	¥ 6,616,002
Total assets			¥ 6,616,002	¥ 6,616,002
Deposits		¥ 9,548,086		¥ 9,548,086
Borrowed money		1,079,730	¥ 9,783	1,089,514
Total liabilities		¥10,627,817	¥ 9,783	¥10,637,600

	Millions of Yen			
March 31, 2025	Level 1	Level 2	Level 3	Total
Loans and bills discounted			¥ 6,385,577	¥ 6,385,577
Total assets			¥ 6,385,577	¥ 6,385,577
Deposits		¥ 9,543,814		¥ 9,543,814
Borrowed money		1,565,203	¥ 7,447	1,572,651
Total liabilities		¥11,109,017	¥ 7,447	¥11,116,465

	Thousands of U.S. Dollars			
March 31, 2026	Level 1	Level 2	Level 3	Total
Loans and bills discounted			$41,378,460	$41,378,460
Total assets			$41,378,460	$41,378,460
Deposits		$59,716,595		$59,716,595
Borrowed money		6,752,958	$ 61,189	6,814,148
Total liabilities		$66,469,554	$ 61,189	$66,530,743

(Note 1) Explanation of valuation techniques and valuation inputs used in fair value measurements

Securities
Securities for which unadjusted quoted prices in an active market can be used are categorized into Level 1 fair value and mainly include listed equity securities and Japanese government bonds. Securities for which publicly announced quoted prices are used but the market is not active are categorized into Level 2 fair value and mainly include municipal bonds, corporate bonds and mortgage-backed securities.

Investment trusts that do not have trading prices in an active market with no restrictions on redemption are classified as Level 2, and are valued using Net Asset Value method.

Fair values of private placement bonds are measured by discounting the total amount of principal and interest and others at interest rates based on the discount rate reflecting expected loss and various risk factors by categories based on the internal ratings and terms and are mainly categorized as Level 3 since the discount rate is unobservable.

Information relating to securities for holding purpose is included in Note 7.

Loans and Bills Discounted
Because floating-rate loans are immediately affected by the movement of interest rates, the carrying amounts of these loans are equivalent to fair values in cases where the credit risk of debtors has not totally changed from the execution of the loans. For fixed-rate loans used to fund business, fair values are determined by discounting the total amounts of the principal and interest at market rates plus spreads. The spreads are defined in internal guidelines. For fixed-rate loans other than business funds, fair values are determined by discounting the total amounts of the principal and interest at expected rates if the Bank newly executes similar loans to customers. Such expected rates are determined according to the loans' type and period. The carrying amounts of fixed-rate loans other than business funds with short maturity (less than one year) approximate equivalent to the fair values.

For loans to "Bankrupt," "De facto Bankrupt" and "In danger of bankruptcy," a reserve for possible loan losses calculated from the current value of expected future cash flows or from the expected amount to be collected through disposal of collateral or execution of guarantees is provided. Therefore, the carrying amounts at the consolidated balance sheet date, net of reserve amounts, approximate fair values.

Specific loans in which the loan amount can be increased or decreased within the collateral amount have no maturity dates. The carrying amounts of such loans approximate fair values because of the loans' period and conditions.

Fair value of these transactions is categorized as Level 3.

Deposits
Fair values of demand deposits are measured at the expected amount to be paid to depositors from the Bank at the consolidated balance sheet date (book values). For time deposits, according to each period, fair values are measured at the total amount of the principal and interest discounted at the rate that the Bank applies to new deposits. The carrying amounts of time deposits with short maturities (less than one year) approximate fair value.

Fair value of these transactions is categorized as Level 2.

Borrowed Money
Because floating-rate borrowed money is immediately affected by the movement of interest rates, the carrying amount of this borrowed money is equivalent to fair value in cases where the credit risk of the Group has not totally changed from when the money was borrowed. The fair value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered to similar borrowings. The carrying amount of borrowed money whose term is short (within one year) approximates the fair value and is therefore deemed equal to the fair value.

Fair value of these transactions is mainly categorized as Level 2.

Derivative Transactions
Derivative transactions that can be measured at unadjusted quoted prices in active markets are categorized as Level 1, which includes such transactions as bonds futures and interest rate futures.

However, since most derivative transactions are over-the-counter transactions and there are no quoted market prices, market values are measured using valuation techniques such as the discounted cash flow method and the Black-Scholes model, depending on the type of transaction and the maturity period. The main inputs which are used in those valuation techniques are interest rate, currency rate, volatility and others. In addition, price adjustments based on credit risk of counterparty and credit risk of ourselves and price adjustments are made.

When unobservable inputs are not used or impact of unobservable inputs are not material, transactions are categorized as Level 2. When material unobservable inputs are used, transactions are categorized as Level 3.

(Note 2) Information relating to fair values of Level 3 among the financial instruments recorded at fair value in the consolidated balance sheet

(1) Quantitative information of significant unobservable valuation inputs

March 31, 2026	Principal Valuation Technique	Significant Unobservable Valuation Input	Range of Valuation Input	Weighted Average
Securities—Available-for-sale—Corporate bonds	Discounted cash flow method	Probability of default	0.0%–7.7%	0.3%
		Loss given default	34.9%–100.0%	78.8%

March 31, 2025	Principal Valuation Technique	Significant Unobservable Valuation Input	Range of Valuation Input	Weighted Average
Securities—Available-for-sale—Corporate bonds	Discounted cash flow method	Probability of default	0.0%–7.7%	0.3%
		Loss given default	35.8%–100.0%	78.7%

(2) Reconciliation from beginning balance to ending balance and realized gains (losses) recognized as gains (losses) for the period

	Securities Available-for-Sale Corporate Bonds		
	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	¥ 50,843	¥ 56,210	$ 317,991
Recorded to gains (losses) for the period			
Recorded to other comprehensive income	(220)	(371)	(1,380)
Net amount of purchase, sale and settlement	(3,655)	(4,995)	(22,864)
Transfer to fair values of Level 3			
Transfer from fair values of Level 3			
Ending balance	¥ 46,967	¥ 50,843	$ 293,746
Unrealized gains (losses) on financial assets and liabilities held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ (844)	¥ (614)	$ (5,281)

(3) Explanation of the process of fair value measurement
In the Bank, middle-offices have established policies and procedures related to the measurement of fair values, and according to these, back-offices measure the fair values.
For the fair values, the validity of the valuation techniques and valuation inputs used in fair value measurement are verified by back-offices and front-offices. The results of the verification are reported to middle-offices every fiscal year, and the appropriateness of policies and procedures are ensured that related to the measurement of fair values.
In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used.
In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of valuation techniques and used valuation inputs and comparison with the fair values of similar financial instruments.

(4) Explanation of the impact on fair values in the case where significant unobservable inputs are varied
Significant unobservable inputs used in calculating the fair value of corporate bonds are the probability of default and the loss given default. Each significant increase (decrease) in the probability of default and the loss given default would be accompanied by a decrease (increase) of the fair values. The changes of the probability of default are generally accompanied by changes in the same direction as the assumptions of the loss given default.

(Note 3) Information relating to treatment of investment trust base price as fair value
Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021)

allow investment trusts without fair market value to consider the base price as fair market value. Securities do not include these investment trusts. Reconciliation from beginning balance to ending balance of investment trusts to which the treatment under paragraphs 24-3 and 24-9 has been applied

	Investment Trusts Paragraph 24-3 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	¥ 28,839	¥ 24,474	$ 180,371
Recorded to gains (losses) for the period	1,063	(101)	6,648
Recorded to other comprehensive income	1,181	423	7,388
Net amount of purchase, sale and settlement	8,047	4,042	50,329
Ending balance	¥ 39,131	¥ 28,839	$ 244,738
Unrealized gains (losses) on investment trusts held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ 2,801	¥ 1,486	$ 17,520

	Investment Trusts Paragraph 24-9 Applied		
	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Beginning balance	¥ 25,793	¥ 25,355	$ 161,319
Recorded to gains (losses) for the period			
Recorded to other comprehensive income	562	438	3,517
Net amount of purchase, sale and settlement			
Ending balance	¥ 26,355	¥ 25,793	$ 164,837
Unrealized gains (losses) on investment trusts held as of the consolidated balance sheet date among the amount recorded to gains (losses) for the period	¥ 6,863	¥ 6,301	$ 42,929

27. DERIVATIVES

Derivatives that the Bank and certain consolidated subsidiaries use are as follows:

Interest rate-related transactions:	Interest rate swaps
Currency-related transactions:	Currency swaps, currency options, and forward foreign exchange contracts
Other transactions:	Earthquake derivatives

The Bank and certain subsidiaries use derivatives primarily to hedge risks for customers to maximize the profit of their own trading account and to manage the potential risks in their own portfolio as a part of ALM.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates, foreign exchange rates, or prices of bonds. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

The Bank comprehensively controls derivative risks of the Bank and certain consolidated subsidiaries in accordance with its Risk Management Regulations and Market Risk Management Regulations. The position amounts, market values, and market risks are reported periodically to the responsible executive officers and the ALM Committee, where evaluations and analyses of derivatives are made.

Risk control of derivatives is the responsibility of the Risk Management Department independent from the front office. The Risk Management Department is in charge of controlling market risks in order to make the risk control system work effectively.

On the other hand, concerning credit risk management, the Bank sets up credit limits of customers according to their credit standings and manages it strictly not to exceed each credit ceiling of customers.

It should be noted that the nominal contract value or notional principal amount is used in determining the value of receipts or payments of interest and as an indicator representative of the volume of transactions, but those values do not necessarily reflect such things as market risk or credit risk.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2026

	Millions of Yen				Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
Interest Rate-Related Transactions								
Listed—interest-rate futures:								
Selling								
Buying								
Over the counter—interest rate swaps:								
Receipt fixed—payments floating	¥ 64,066	¥ 61,906	¥ (3,032)	¥ (3,032)	$ 400,691	$ 387,178	$ (18,967)	$ (18,967)
Receipt floating—payments fixed	68,582	66,065	3,393	3,393	428,938	413,191	21,221	21,221
Receipt floating—payments floating								
Over the counter—interest rate options:								
Selling								
Buying								
Currency-Related Transactions								
Over the counter—currency swaps								
Over the counter—currency futures:								
Selling	41,821	307	(800)	(800)	261,561	1,921	(5,006)	(5,006)
Buying	41,144	148	784	784	257,327	929	4,909	4,909
Over the counter—currency options:								
Selling	185,757	156,804	(1,865)	3,262	1,161,785	980,703	(11,665)	20,406
Buying	185,757	156,804	1,828	(1,376)	1,161,785	980,703	11,433	(8,611)
Foreign exchange swaps								
Stock-Related Transactions								
Listed—stock index futures:								
Selling								
Buying								
Listed—stock index options:								
Selling								
Buying								
Bond-Related Transactions								
Listed—bond futures:								
Selling								
Buying								
Listed—bond futures options:								
Selling								
Buying								
Other Transactions								
Over the counter—earthquake derivatives								
Selling	485	(2)	(2)		3,033	(16)	(16)	
Buying	485	2	2		3,033	16	16	

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2026

	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions							
Interest rate swaps:							
Receipt fixed—payments floating	Loans and bills discounted, available-for-sale securities, and other financial assets	¥ 283,400	¥ 256,200	¥ (2,989)	$ 1,772,468	$ 1,602,351	$ (18,698)
Receipt floating—payments fixed		770,348	730,880	143,909	4,817,991	4,571,142	900,053
Receipt floating—payments floating							
Currency-Related Transactions							
Deferral hedge method:							
Currency swaps	Foreign currency loans and deposits	228,802	195,065	(13,833)	1,431,000	1,220,000	(86,517)
Foreign exchange swaps		102		0	643		(1)
Fair value hedge method—Currency swaps	Foreign currency securities	28,780	15,989	(4,833)	180,000	100,000	(30,232)
Bond-Related Transactions							
Listed—bond futures—selling	Available-for-sale securities						
Over the counter—bond options:							
Selling	Available-for-sale securities						
Buying							

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions							
Interest rate swaps—Receipt fixed—payments floating	Loans and bills discounted, deposits, and borrowed money	¥ 121,581	¥ 115,311		$ 760,406	$ 721,191	
Interest rate swaps—Receipt floating—payments fixed		14,110	13,985		88,254	87,468	
Interest rate swaps—Receipt floating—payments floating							

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2025

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains (Losses)
Interest Rate-Related Transactions				
Listed—interest-rate futures:				
Selling				
Buying				
Over the counter—interest rate swaps:				
Receipt fixed—payments floating	¥ 59,864	¥ 57,469	¥ (1,524)	¥ (1,524)
Receipt floating—payments fixed	67,396	65,136	1,746	1,746
Receipt floating—payments floating				
Over the counter—interest rate options:				
Selling				
Buying				
Currency-Related Transactions				
Over the counter—currency swaps				
Over the counter—currency futures:				
Selling	64,888	349	749	749
Buying	63,483	233	(748)	(748)
Over the counter—currency options:				
Selling	196,503	158,026	(2,171)	3,185
Buying	196,503	158,026	2,104	(1,218)
Foreign exchange swaps				
Stock-Related Transactions				
Listed—stock index futures:				
Selling				
Buying				
Listed—stock index options:				
Selling				
Buying				
Bond-Related Transactions				
Listed—bond futures:				
Selling				
Buying				
Listed—bond futures options:				
Selling				
Buying				
Other Transactions				
Over the counter—earthquake derivatives				
Selling	740		(7)	(7)
Buying	740		7	7

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2025

	Hedged Item	Millions of Yen		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps:				
Receipt fixed—payments floating	Loans and bills discounted, available-for-sale securities, and other financial assets	¥522,000	¥233,400	¥ (2,967)
Receipt floating—payments fixed		819,941	780,390	84,942
Receipt floating—payments floating		3,737	3,737	38
Currency-Related Transactions				
Deferral hedge method:				
Currency swaps	Foreign currency loans and deposits	136,176	91,182	(4,536)
Foreign exchange swaps		122		
Fair value hedge method—Currency swaps	Foreign currency securities	26,906	11,958	(3,186)
Bond-Related Transactions				
Listed—bond futures—selling	Available-for-sale securities			
Over the counter—bond options:	Available-for-sale securities			
Selling				
Buying				

The contract or notional amounts of derivatives shown in the table above do not, in themselves, indicate the market risk associated with derivative transactions.

The below interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

	Hedged Item	Millions of Yen		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
Interest Rate-Related Transactions				
Interest rate swaps—Receipt fixed—payments floating	Loans and bills discounted, deposits, and borrowed money	¥102,219	¥101,419	
Interest rate swaps—Receipt floating—payments fixed		14,144	14,144	
Interest rate swaps—Receipt floating—payments floating				

28. LOAN COMMITMENTS

The Group issues commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers. Unfunded amounts relating to these contracts totaled ¥1,797,052 million ($11,239,302 thousand) and ¥1,807,274 million as of March 31, 2026 and 2025, respectively.

As a large majority of these commitments expire without being drawn down upon, the unfunded amounts do not necessarily represent future cash requirements. Many of these agreements include conditions granting the Bank the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

29. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 138,176	¥ (243,068)	$ 864,194
Reclassification adjustments to profit or loss	3,147	(11,531)	19,683
Amount before income tax effect	141,323	(254,600)	883,877
Income tax effect	(42,427)	72,265	(265,356)
Subtotal	98,895	(182,335)	618,520
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	79,299	33,663	495,960
Reclassification adjustments to profit or loss	(13,032)	2,531	(81,511)
Amount before income tax effect	66,266	36,195	414,448
Income tax effect	(20,734)	(11,634)	(129,681)
Subtotal	45,531	24,560	284,766
Defined retirement benefit plans:			
Adjustments arising during the year	20,722	(5,958)	129,604
Reclassification adjustments to profit or loss	(3,388)	(4,599)	(21,194)
Amount before income tax effect	17,333	(10,557)	108,410
Income tax effect	(5,388)	2,979	(33,701)
Subtotal	11,945	(7,578)	74,708
Total other comprehensive income (loss)	¥ 156,371	¥ (165,352)	$ 977,995

30. PER SHARE DATA

(1) Basic EPS for the years ended March 31, 2026 and 2025, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2026	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—net income available to common shareholders	¥64,572	457,355	¥141.18	$ 0.88
Effect of dilutive—stock acquisition rights		251		
Diluted EPS—net income for computation	¥64,572	457,607	¥141.10	$ 0.88
Year Ended March 31, 2025				
Basic EPS—net income available to common shareholders	¥47,982	473,974	¥101.23	
Effect of dilutive—stock acquisition rights		315		
Diluted EPS—net income for computation	¥47,982	474,289	¥101.16	

(2) Net assets per share for the years ended March 31, 2026 and 2025, were as follows:

	Yen		U.S. Dollars
	2026	2025	2026
Net assets per share	¥ 2,534.41	¥ 2,087.32	$ 15.85

The net assets per share figure is calculated on the basis of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Net assets	¥1,156,165	¥ 967,658	$7,231,008
Less stock acquisition rights	114	150	716
Less noncontrolling interests	4,099	4,147	25,637
Net assets attributable to common shareholders	¥1,151,952	¥ 963,361	$7,204,653

	Thousands of Number of Shares	
	2026	2025
Number of common stock at fiscal year-end used for calculation of net assets per share	454,523	461,528

31. RELATED PARTY TRANSACTIONS

Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2026, were as follows:
There were no applicable transactions to be reported.
Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2026, were as follows:
There were no applicable transactions to be reported.
Related party transactions of the Bank with its directors or major individual shareholders for the year ended March 31, 2025, were as follows:

Type	Name	Nature of Transaction	Millions of Yen Transaction Amount (Average Balance)	Account	Millions of Yen Year-End Balance
Director of the Bank	Makoto Nakamura	Lending of funds	¥10	Loans and bills discounted	¥9

Related party transactions of consolidated subsidiaries of the Bank with their directors or major individual shareholders for the year ended March 31, 2025, were as follows:

Type	Name	Nature of Transaction	Millions of Yen Transaction Amount (Average Balance)	Account	Millions of Yen Year-End Balance
Director of Nagano Bank	Kenji Tahara	Lending of funds	¥18	Loans and bills discounted	¥15
Close relative of Director of Nagano Bank	Junji Tahara	Lending of funds	19	Loans and bills discounted	20
Audit & Supervisory Board member of Nagano Bank	Shinji Horikawa	Lending of funds	13	Loans and bills discounted	10

32. SUBSEQUENT EVENTS

a. Dividends
The following appropriations of retained earnings at March 31, 2026, were approved at the Bank's shareholders' meeting held on June 26, 2026:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥40.00 ($0.25) per share	¥ 18,180	$ 113,708

b. Acquisition of Treasury Stock
At the meeting of the Board of Directors held on May 15, 2026, the Bank resolved to repurchase its own shares in accordance with Article 156 of the Companies Act, as applied pursuant to Paragraph 3 of Article 165 of the Companies Act.

(a) Reason for acquisition
The purpose of the Bank's repurchase of its own shares is to implement a capital policy that responds to changes in the business environment and to improve shareholder returns.

(b) Details of acquisition
(1) Type of shares to be repurchased
Common stock
(2) Total number of shares to be repurchased
Up to 4,200,000 shares
(3) Total repurchase amount
Up to ¥10,000 million ($62 million)
(4) Acquisition period
From May 18, 2026 to December 30, 2026

c. Introduction of Restricted Stock Incentive Plan for the Group's Employee Shareholding Association and Disposal of Treasury Stock
At the meeting of the Board of Directors held on November 28, 2025, the Bank resolved to introduce a "Restricted Stock Incentive Plan for the Group's Employee Shareholding Association" (hereinafter the "Plan"), and dispose of treasury stock as restricted stock (hereinafter the "Disposal of Treasury Stock" or "Disposal") in accordance with the Plan, with the Hachijuni Group Employee Shareholding Association (hereinafter the "Shareholding Association") as the intended recipient of the allotment. The payment procedures were completed on April 1, 2026.

(a) Overview of the Plan
Under the Plan, the Bank grants employees of the Bank and its subsidiaries who consent to participate in the Plan (hereinafter the "Eligible Employees") monetary claims as a special incentive payment intended to be granted as restricted stock (hereinafter the "Special Incentive Payment"). The Eligible Employees are to contribute the Special Incentive Payment to the Shareholding Association. The Shareholding Association will then make an in-kind contribution of the Special Incentive Payment to the Bank, thereby receiving an issuance or transfer (disposal) of the Bank's common stock as restricted stock.

(b) Overview of the Disposal
(1) Date of disposal
April 1, 2026
(2) Type and number of shares to be disposed of
1,935,800 shares of the Bank's common stock
(3) Disposal price
¥1,645.5 per share
(4) Total disposal value
¥3,185,358,900
(5) Method of disposal (intended recipient of the allotment)
Through a third-party allotment—1,935,800 shares for the Hachijuni Group Employee Shareholding Association

(c) Purpose and reason for the Disposal
The Bank resolved the Disposal of Treasury Stock in connection with the introduction of the Plan as a measure to enhance benefits and welfare for the Eligible Employees among the members of the Shareholding Association employed by the Bank and its subsidiaries. The Plan aims to create opportunities for the Eligible Employees to acquire the Bank's common stock as restricted stock issued or disposed of by the Bank through the Shareholding Association to help them to build their assets. In addition, the Plan intends to provide them with incentives for achieving sustainable enhancement of the Bank's corporate value and to further promote shared value between the Eligible Employees and the Bank's shareholders.

33. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments
The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Bank's management is performed in order to decide how resources are allocated among the Group. The Group consists of the banking and leasing segments. Banking consists of the banking and credit card businesses. Leasing consists of the leasing business.

(2) Methods of Measurement for Sales, Profit (Loss), Assets, Liabilities, and Other Items
The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Ordinary Income, Profit, Assets, Liabilities, and Other Items, and Information about Disaggregation of Revenue

Millions of Yen

	2026						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	¥ 26,033		¥ 26,033	¥ 2,725	¥ 28,758		¥ 28,758
Other revenue	237,218	¥ 39,065	276,283	401	276,684		276,684
External customers	263,251	39,065	302,316	3,126	305,443		305,443
Intersegment	758	419	1,177	65	1,243	¥ (1,243)	
Total	¥ 264,010	¥ 39,484	¥ 303,494	¥3,191	¥ 306,686	¥ (1,243)	¥ 305,443
Segment profit (loss)	¥ 79,448	¥ 2,277	¥ 81,726	¥ (196)	¥ 81,529	¥ 4	¥ 81,533
Segment assets	13,476,066	140,667	13,616,733	29,590	13,646,323	(91,833)	13,554,489
Segment liabilities	12,379,113	93,921	12,473,034	14,332	12,487,367	(89,043)	12,398,324
Other:							
Depreciation	3,849	2,194	6,043	44	6,088		6,088
Interest income	171,053	62	171,116	334	171,450	(614)	170,835
Interest expense	54,137	655	54,792	21	54,814	(610)	54,203
Gain on disposal of assets	69	0	69		69		69
Loss on disposal of assets	89	0	90		90	1	91
Impairment losses of assets	1,656		1,656	0	1,656	(21)	1,634
Income taxes	14,336	697	15,033	112	15,146	5	15,152
Increase in property, plant, and equipment and intangible assets	6,683	4,391	11,074	749	11,824		11,824

Millions of Yen

	2025						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	¥ 23,926		¥ 23,926	¥ 2,090	¥ 26,017		¥ 26,017
Other revenue	191,187	¥ 36,593	227,780	395	228,176		228,176
External customers	215,114	36,593	251,707	2,485	254,193		254,193
Intersegment	513	356	869	46	916	¥ (916)	
Total	¥ 215,627	¥ 36,949	¥ 252,577	¥v2,532	¥ 255,109	¥ (916)	¥ 254,193
Segment profit (loss)	¥ 61,685	¥ 2,323	¥ 64,009	¥ (199)	¥ 63,809	¥ 28	¥ 63,838
Segment assets	13,436,811	132,276	13,569,088	28,789	13,597,877	(82,560)	13,515,316
Segment liabilities	12,526,603	86,427	12,613,030	13,710	12,626,740	(79,082)	12,547,657
Other:							
Depreciation	3,980	2,181	6,161	24	6,186		6,186
Interest income	148,979	56	149,035	268	149,304	(341)	148,962
Interest expense	44,657	391	45,048	6	45,054	(343)	44,711
Gain on disposal of assets	1,435		1,435	28	1,463		1,463
Loss on disposal of assets	143		143	1	145		145
Impairment losses of assets	282		282	238	521		521
Income taxes	15,929	723	16,652	97	16,750	13	16,764
Increase in property, plant, and equipment and intangible assets	5,125	4,121	9,247	270	9,517		9,517

Thousands of U.S. Dollars

	2026						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Revenue from contracts with customers	$ 162,819		$ 162,819	$ 17,043	$ 179,863		$ 179,863
Other revenue	1,483,637	$ 244,324	1,727,961	2,508	1,730,470		1,730,470
External customers	1,646,456	244,324	1,890,781	19,552	1,910,333		1,910,333
Intersegment	4,746	2,621	7,367	410	7,778	$ (7,778)	
Total	$ 1,651,202	$ 246,945	$ 1,898,148	$ 19,963	$ 1,918,111	$ (7,778)	$ 1,910,333
Segment profit (loss)	$ 496,897	$ 14,242	$ 511,139	$ (1,229)	$ 509,909	$ 25	$ 509,935
Segment assets	84,283,358	879,776	85,163,134	185,065	85,348,200	(574,356)	84,773,844
Segment liabilities	77,422,685	587,413	78,010,099	89,638	78,099,737	(556,901)	77,542,835
Other:							
Depreciation	24,074	13,726	37,800	281	38,082		38,082
Interest income	1,069,818	393	1,070,211	2,092	1,072,304	(3,845)	1,068,458
Interest expense	338,590	4,099	342,690	132	342,823	(3,819)	339,004
Gain on disposal of assets	433	0	434		434		434
Loss on disposal of assets	559	4	563		563	8	572
Impairment losses of assets	10,358		10,358	2	10,361	(136)	10,224
Income taxes	89,662	4,362	94,024	706	94,730	37	94,768
Increase in property, plant, and equipment and intangible assets	41,801	27,465	69,266	4,689	73,955		73,955

(4) Information about Services

Millions of Yen

	2026				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	¥ 86,838	¥ 132,168	¥ 39,065	¥ 47,370	¥ 305,443

Millions of Yen

	2025				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	¥ 72,700	¥ 108,393	¥ 36,593	¥ 36,505	¥ 254,193

Thousands of U.S. Dollars

	2026				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Sales to external customers	$ 543,116	$ 826,621	$ 244,324	$ 296,270	$ 1,910,333

(5) Information about Geographical Areas

a. *Ordinary income*
This information is not disclosed as the domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income.

b. *Tangible fixed assets*
This information is not disclosed as the domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet.

(6) Information about Major Customers
This information is not disclosed as ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statement of income.

34. BUSINESS COMBINATION

(Transactions under Common Control)

The Hachijuni Bank, Ltd. resolved at a meeting of its Board of Directors held on September 26, 2025, to enter into an absorption-type merger agreement in which The Hachijuni Bank, Ltd. would be the surviving company and its wholly owned subsidiary, Nagano Bank (together with the Bank, hereinafter collectively referred to as the "Banks"), would be the disappearing company. Based on the receipt on December 25, 2025, of the approval for the merger of the Banks pursuant to Article 30, Paragraph 1 of the Banking Act, the merger became effective on January 1, 2026, and the trade name of The Hachijuni Bank, Ltd. was changed to Hachijuni Nagano Bank, Ltd.

(a) **Outline of the Business Combination**

(1) Name of the absorbed company and its business description
Name: The Nagano Bank, Ltd.
Business description: Banking

(2) Purpose of the business combination
The purpose of the merger is to achieve the quick integration of the Banks and transform them into a bank that grows together with the local community by combining their expertise, relationships, and human resources, thereby providing better value to customers, local residents, shareholders, employees, etc.

After the merger, the Banks will be even more engaged with their customers, walking alongside them to create value for every single company in the region and achieve well-being for each and every customer.

(3) Date of business combination
January 1, 2026

(4) Legal form of business combination
An absorption-type merger in which The Hachijuni Bank, Ltd. is the surviving company and Nagano Bank is the disappearing company

(5) Name of the company after the combination
Hachijuni Nagano Bank, Ltd.

(b) **Outline of the Accounting Treatment Applied**

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2024), the merger has been accounted for as a transaction under common control.

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