

# FY2019 Financial Results Presentation (Materials)

June 5, 2020



**DAISHI HOKUETSU**  
Financial Group

第四北越フィナンシャルグループ

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# Outline of Daishi Hokuetsu Financial Group



**DAISHI HOKUETSU**  
Financial Group  
第四北越フィナンシャルグループ

**[Profile]** (as of the end of March 2020)

- Location of head office 2-14 Ote-dori 2-chome, Nagaoka-shi
- Location of principal head office functions 1071-1 Higashiborimae dori 7-bancho, Chuo-ku, Niigata
- Established October 1, 2018
- Share capital 30 billion yen
- Listed exchange Tokyo Stock Exchange (Securities Code: 7327)

April 2019  
The Company was established (14.3% invested by FG)  
October 2019  
A directly managed office opened in Nihonbashi, Tokyo.



Location of head office:  
Niigata City

Regional trading company

May 2019  
It was established as FG's wholly owned subsidiary  
October 2019  
It started operations

Staffing agency

October 2019  
It changed the trade name to "Daishi Hokuetsu Securities" and became FG's wholly owned subsidiary



Location of head office:  
Nagaoka City



Location of head office:  
Niigata City



Location of head office:  
Nagaoka City



Location of head office:  
Niigata City

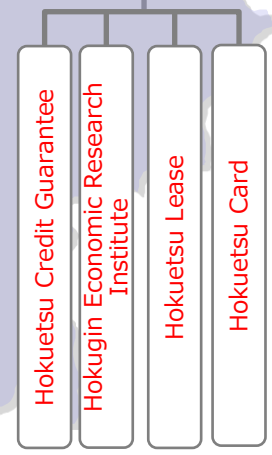
## [Profile of Daishi Bank] (as of the end of March 2020)

- Location of head office 1071-1 Higashiborimae-dori 7-bancho, Chuo-ku, Niigata
- Established November 2, 1873
- Total assets 5,947.0 billion yen
- Share capital 32.7 billion yen
- Number of employees 2,095 (2,160 employees including assigned employees)
- Number of offices 122 offices and 1 representative office (Shanghai)  
Inside Niigata Prefecture 113 offices (including 5 satellite offices and 3 virtual offices)  
Outside Niigata Prefecture 9 offices



## [Profile of Hokuetsu Bank] (as of the end of March 2020)

- Location of head office 2-14 Ote-dori 2-chome, Nagaoka-shi
- Establishment December 20, 1878
- Total assets 2,977.4 billion yen
- Share capital 24.5 billion yen
- Number of employees 1,302 (1,352 employees including assigned employees)
- Number of offices 84 offices  
Inside Niigata Prefecture 79 offices  
Outside Niigata Prefecture 5 offices



# Niigata Prefectural Data

Item		Year/fiscal year	Unit	Niigata Prefecture	Country-wide	Rank of Niigata Prefecture
Land	Total area	October 1, 2019	km <sup>2</sup>	12,584.24	377,974.24	5
	Rate of habitable land area	October 1, 2018	%	36.0	32.9	18
Population	Total population	October 1, 2019	1,000 people	2,223	126,167	15
	Number of household members	January 1, 2019	persons/household	2.51	2.17	4
	Rate of elderly population	October 1, 2019	%	32.4	28.4	13
	Number of employees aged 15+	October 1, 2015	1,000 people	1,141	58,919	14
Agriculture	Number of farm households	February 1, 2015	1,000 houses	78	2,155	4
	Agricultural workers (commercial farms)	February 1, 2015	1,000 people	79	2,096	4
	Farming output	2018	JPY 100 MM	2,462	90,558	13
	Yield of wet rice	2019	1,000 t	646	7,762	1
Manufacturing	Number of business establishments	June 1, 2019	Business establishment	5,227	184,839	9
	Number of employees	June 1, 2019	1,000 people	187	7,763	17
	Shipment value of manufactured goods, etc.	2018	JPY 100 MM	50,771	3,313,547	23
	Number of plant locations (excluding research institutes)	2019	Location	38	990	7
Commerce	Number of business establishments	June 1, 2016	Business establishment	29,006	1,355,060	14
	Number of employees	June 1, 2016	1,000 people	207	11,596	15
	Annual sales of merchandise	2015	JPY 100 MM	70,157	5,816,263	16
Income	Gross prefectural production (nominal)	FY2016	JPY 100 MM	88,840	5,392,543	16
	Income of the prefecture residents	FY2016	JPY 100 MM	64,596	3,917,156	16
	Per capita income of the prefecture residents	FY2016	1,000 yen	2,826	3,087	27
Finance	Balance of deposits and savings at financial institutions	March 31, 2019	JPY 100 MM	163,383	11,456,723	16
	Balance of loans at financial institutions	March 31, 2019	JPY 100 MM	73,803	6,391,942	16
Education	Rate of advancement to high school	Graduated in March 2019	%	99.6	98.8	1
	Rate of advancement to vocational school (specialist course)	Graduated in March 2019	%	26.0	16.3	1
	Rate of advancement to university, etc.	Graduated in March 2019	%	46.8	54.6	32
Others	Home owner ratio	October 1, 2018	%	74.0	61.2	7
	Number of hospitals per 100,000 people	October 1, 2018	Facility	5.7	6.6	37
	Number of cars owned	March 31, 2019	1,000 units	1,845	81,789	13

Source: Niigata Prefecture "Key Indicators of Niigata Prefecture"

# Listed Companies in Niigata Prefecture

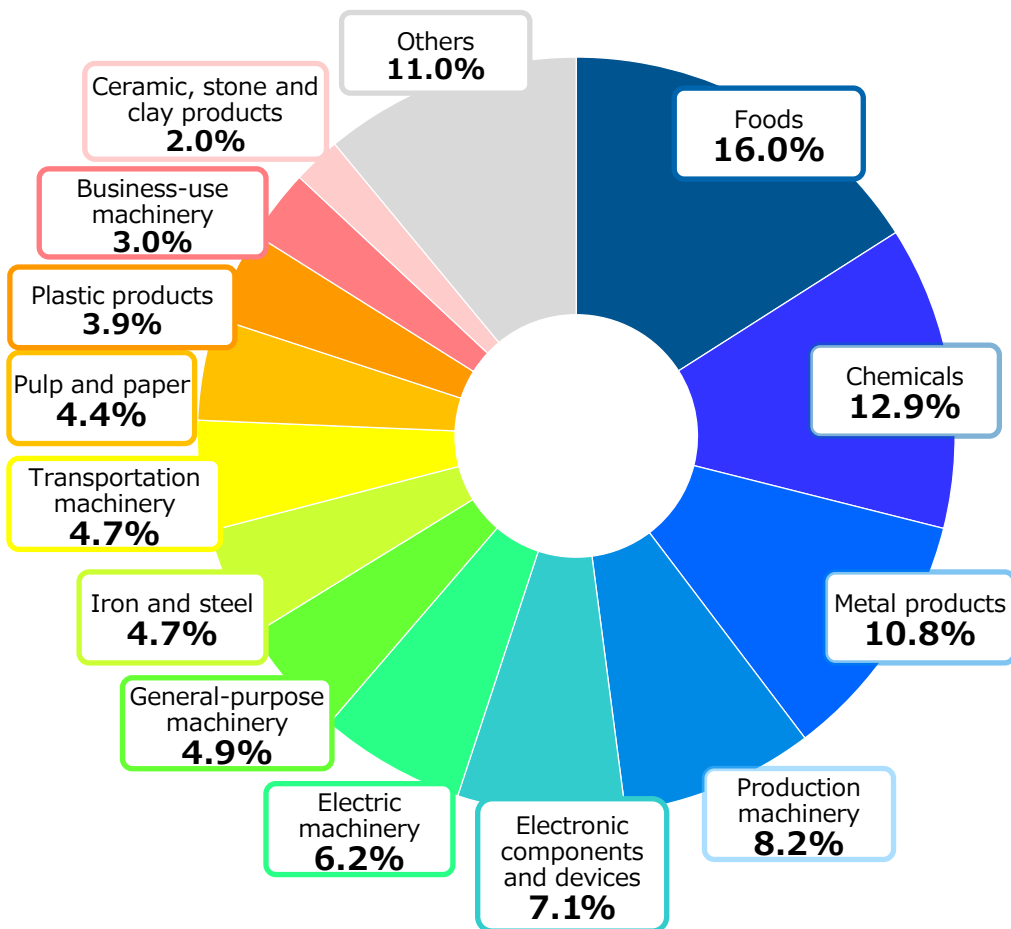
## 37 listed companies headquartered in Niigata Prefecture

TSE Section 1 (18 companies)		TSE Section 2 (11 companies)		JASDAQ (8 companies)	
Ueki Corporation	Construction	Tanabe Engineering	Construction	Daiichi Kensetsu	Construction
Fukuda Corporation	Construction	Bourbon	Foods	Iwatsuka Confectionery	Foods
Kameda Seika	Foods	Seihyo	Foods	Taiyo Koki	Machinery
Ichimasa Kamaboko	Foods	Sato Foods	Foods	Endo Manufacturing	Other products
Hokuetsu Corporation	Pulp and paper	Hokuetsu Metal	Iron and steel	Ocean System	Retail
Arisawa Manufacturing	Chemicals	Twinbird	Electronic equipment	Sado Steam Ship	Marine transportation
Corona	Metal products	Nippon Seiki	Transportation equipment	Broadcasting System of Niigata	Information & communications
Dainichi	Metal products	Niigata Kotsu	Land transportation	Kitac	Services
Hokuetsu Industries	Machinery	Rinko Corporation	Warehousing and transportation		
Snow Peak	Other products	Hokuriku Gas	Electric power and gas		
Hard Off Corporation	Retail	Secom Joshinetsu	Services		
Top Culture	Retail				
Komeri	Retail				
Axial Retailing	Retail				
Arcland Sakamoto	Retail				
Sprix	Services				
Daishi Hokuetsu Financial Group	Bank				
Taiko Bank	Bank				

As of May 31, 2020

# Current Manufacturing Industries in Niigata Prefecture

## Composition ratio of manufactured goods shipment value by industry



Source: Ministry of Economy, Trade and Industry  
"2019 Statistical Charts on Industry  
(Preliminary Report)"

## Local industries characterizing Niigata

### Food industry: rice-made snacks, fishery paste products, refined sake, etc.

- Food industry thrives based on rice and other abundant agricultural and fishery resources.
- The shipment value of rice snacks, cut rice cakes, packaged rice cakes, and fishery paste products is the highest in Japan.
- Shipment values of sake, biscuits, and dried confectionery are ranked 3rd in Japan
- In recent years, many companies have established R&D centers and made other efforts focusing on new product development. As a result, numerous hit products have been launched in rice snacks and fishery paste products.

### Metal product industry: Western tableware, heating appliances, work tools, etc.

- Products are roughly divided into Tsubame's Western tableware and metal houseware; Sanjo's work tools; and Sanjo's and Yoita's sharp-edged craftsmen's tools.
- The shipment value of oil stoves and Western metal tableware is the highest in Japan.
- The shipment value of work tools and builder's hardware is the second highest in Japan.
- While some companies are enhancing their brand power through traditional monozukuri (manufacturing), more companies are focusing on exports to Asia and new areas leveraging their technological capabilities.

### Textile industry: knitting and other textiles

- Products are roughly divided into knitting fabrics of Gosen and Mitsuke, synthetic fabrics of Tochio and Mitsuke, and silk fabrics of Tokamachi.
- The shipment value of knitted sweaters is the highest in Japan.
- In addition to clothes, some companies are exploring the manufacture of high-value-added products made from functional materials, and of miscellaneous goods and interiors.

# Potential of Transportation Infrastructure in Niigata Prefecture

## Political and economic ties with Northeast Asia

- Air routes to Northeast China and South Korea
- Three consulates (South Korean, Chinese and Russian) in Niigata City
- Utilization of natural energy and development of energy resources in Russia

## Advantages of transportation network

↔ Expressways extending in 5 directions  
(Kan-etsu, Hokuriku, Joshin-etsu, Ban-etsu, and Nihonkai-Tohoku)

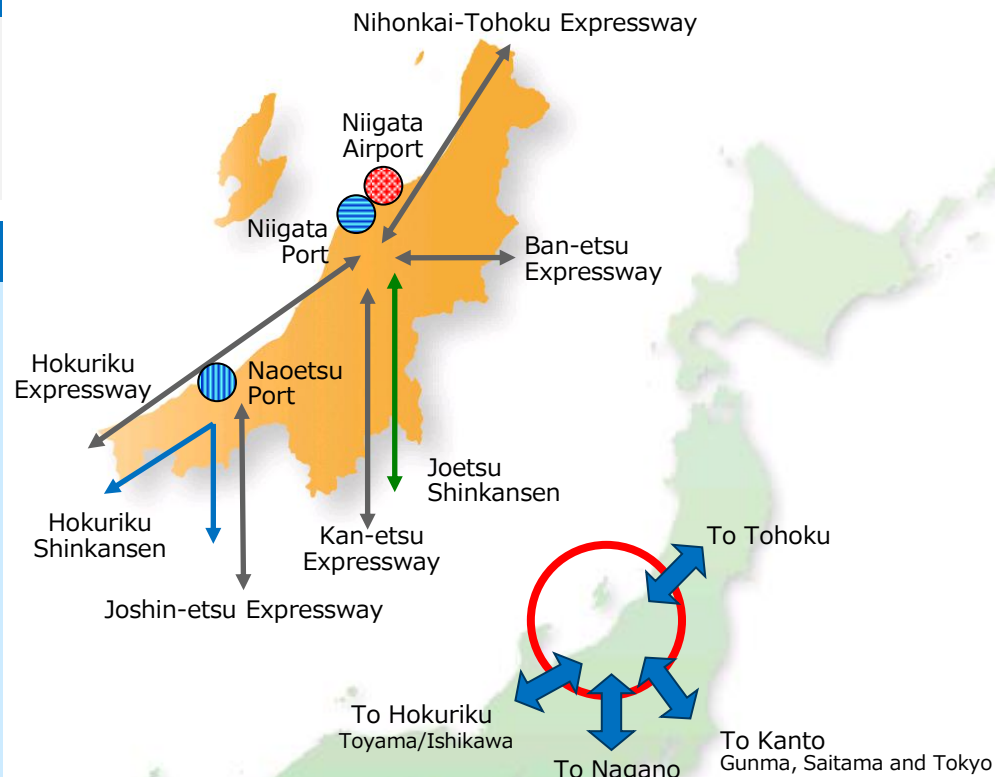
↔ Joetsu Shinkansen

↔ Hokuriku Shinkansen  
Conventional railway lines include the Shinetsu Line, Hokuriku Line, and Uetsu Line.

● Niigata Airport  
Domestic : 8 routes (New Chitose, Narita, Chubu International, Komaki, Itami, Kansai International, Fukuoka, and Okinawa)  
International : 6 routes (Seoul, Shanghai, Harbin, Khabarovsk, Vladivostok and Taipei)

● Niigata Port  
General/functional port:  
Certified as the international marine container division and the LNG (liquefied natural gas) division

● Naoetsu Port  
Functional port:  
Certified as the LNG (liquefied natural gas) division



2020年5月31日現在

## Status of deposits (year-end balance)

(JPY 100 MM)

	FY2016		FY2017		FY2018		FY2019	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Deposits	44,893	95.2%	46,413	95.8%	46,847	96.1%	48,360	96.5%
Inside prefecture	43,931	93.1%	45,428	93.8%	45,809	93.9%	47,343	94.5%
Outside prefecture	962	2.0%	984	2.0%	1,037	2.1%	1,016	2.0%
Individuals	30,691	65.1%	31,308	64.6%	31,708	65.0%	32,623	65.1%
Corporations	11,584	24.5%	12,382	25.5%	12,482	25.6%	12,903	25.7%
Local public bodies, etc.	1,949	4.1%	2,096	4.3%	1,960	4.0%	2,196	4.3%
Finance	668	1.4%	625	1.2%	696	1.4%	636	1.2%
Negotiable certificates of deposit	2,247	4.7%	1,988	4.1%	1,887	3.8%	1,710	3.4%
Total of deposits, etc. (1)	47,140	100.0%	48,401	100.0%	48,735	100.0%	50,070	100.0%

## Status of assets under custody (year-end balance)

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
Assets under custody (2)	5,398	5,520	5,699	5,228
Investment trust	1,052	1,216	1,220	912
Public bonds	1,269	1,181	1,048	849
Whole life and annuity insurance, etc.	3,076	3,123	3,430	3,467
Deposits + assets under custody, (1) + (2)	52,539	53,922	54,434	55,298



## Status of deposits (year-end balance)

(JPY 100 MM)

	FY2016		FY2017		FY2018		FY2019	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Deposits	23,628	95.4%	24,633	95.7%	25,102	96.0%	25,560	96.4%
Inside prefecture	22,992	92.9%	23,972	93.2%	24,435	93.4%	24,903	93.9%
Outside prefecture	636	2.5%	661	2.5%	666	2.5%	656	2.4%
Individuals	16,754	67.7%	17,225	66.9%	17,460	66.7%	17,727	66.8%
Corporations	5,714	23.0%	6,219	24.1%	6,368	24.3%	6,483	24.4%
Local public bodies, etc.	1,025	4.1%	1,068	4.1%	1,151	4.4%	1,221	4.6%
Finance	133	0.5%	119	0.4%	121	0.4%	127	0.4%
Negotiable certificates of deposit	1,115	4.5%	1,087	4.2%	1,043	3.9%	949	3.5%
Total of deposits, etc. (1)	24,743	100.0%	25,721	100.0%	26,145	100.0%	26,509	100.0%

## Status of assets under custody (year-end balance)

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
Assets under custody (2)	3,218	3,088	3,098	2,925
Investment trust	873	884	893	692
Public bonds	158	127	106	84
Whole life and annuity insurance, etc.	2,186	2,076	2,098	2,148
Deposits + assets under custody, (1) + (2)	27,962	28,809	29,244	29,435

## Status of loans and bills discounted in and outside Niigata (year-end balance)

(JPY 100 MM)

	FY2016		FY2017		FY2018		FY2019	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Loans and Bills Discounted	31,551	100.0%	32,461	100.0%	33,867	100.0%	33,999	100.0%
Inside prefecture	22,972	72.8%	23,614	72.7%	24,579	72.5%	24,923	73.3%
Outside prefecture	8,579	27.1%	8,847	27.2%	9,288	27.4%	9,076	26.6%

## Status of loans and bills discounted by industry (year-end balance)

(JPY 100 MM)

	FY2016		FY2017		FY2018		FY2019	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Manufacturing	3,433	10.8%	3,320	10.2%	3,484	10.2%	3,584	10.5%
Agriculture and forestry	53	0.1%	60	0.1%	68	0.2%	73	0.2%
Fishery	9	0.0%	10	0.0%	15	0.0%	24	0.0%
Mining, quarrying, and gravel collection	60	0.1%	64	0.1%	54	0.1%	47	0.1%
Construction	906	2.8%	974	3.0%	969	2.8%	918	2.7%
Electric power, gas, heat supply, and water supply	534	1.6%	670	2.0%	857	2.5%	948	2.7%
Information & communications	163	0.5%	209	0.6%	148	0.4%	164	0.4%
Transportation and postal service	1,146	3.6%	1,054	3.2%	1,044	3.0%	995	2.9%
Wholesale and retail trades	3,243	10.2%	3,250	10.0%	3,197	9.4%	2,985	8.7%
Financial and insurance	3,040	9.6%	3,037	9.3%	2,765	8.1%	2,608	7.6%
Real estate, rental and leasing	4,531	14.3%	4,979	15.3%	5,514	16.2%	5,306	15.6%
Of which, real estate	(2,897)	(9.1%)	(3,336)	(10.2%)	(3,883)	(11.4%)	(3,809)	(11.2%)
Various services	2,092	6.6%	2,198	6.7%	2,150	6.3%	2,105	6.1%
National and local governments	5,137	16.2%	4,933	15.1%	5,131	15.1%	5,295	15.5%
Others	7,197	22.8%	7,696	23.7%	8,462	24.9%	8,940	26.2%
Total	31,551	100.0%	32,461	100.0%	33,867	100.0%	33,999	100.0%

## Status of loans and bills discounted in and outside Niigata (year-end balance)

(JPY 100 MM)

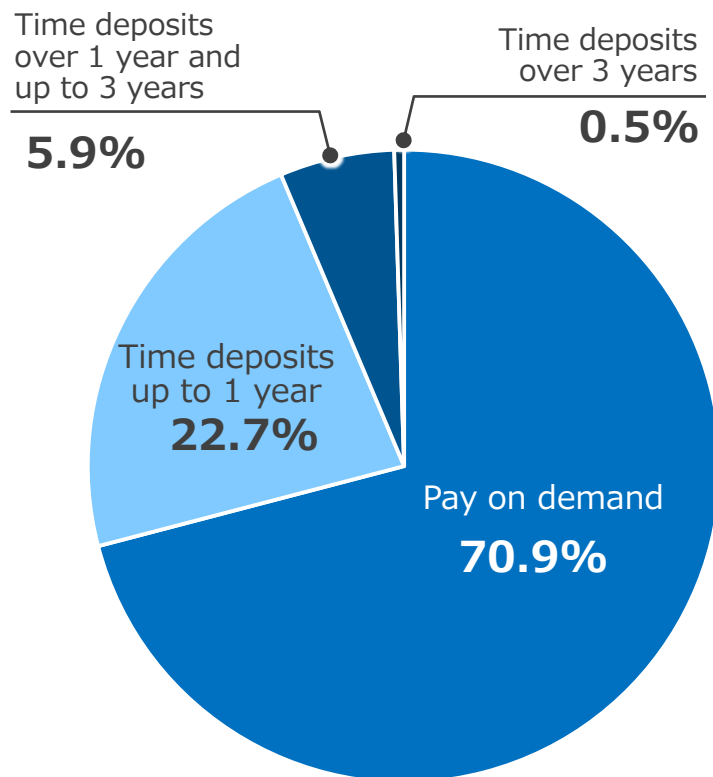
	FY2016		FY2017		FY2018		FY2019	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Loans and Bills Discounted	15,459	100.0%	16,981	100.0%	17,047	100.0%	17,095	100.0%
Inside prefecture	12,417	80.3%	12,900	75.9%	13,285	77.9%	13,697	80.1%
Outside prefecture	3,042	19.6%	4,081	24.0%	3,762	22.0%	3,397	19.8%

## Status of loans and bills discounted by industry (year-end balance)

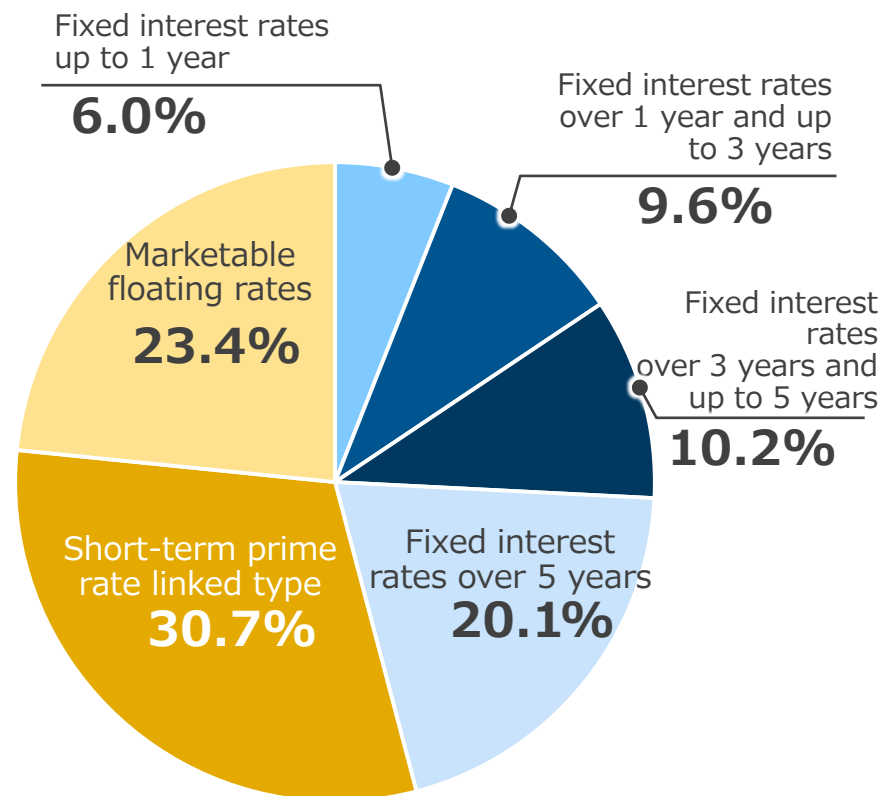
(JPY 100 MM)

	FY2016		FY2017		FY2018		FY2019	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Manufacturing	1,469	9.5%	1,493	8.7%	1,498	8.7%	1,517	8.8%
Agriculture and forestry	15	0.0%	16	0.0%	14	0.0%	12	0.0%
Fishery	0	0.0%	1	0.0%	1	0.0%	1	0.0%
Mining, quarrying, and gravel collection	13	0.0%	10	0.0%	9	0.0%	15	0.0%
Construction	717	4.6%	717	4.2%	749	4.3%	773	4.5%
Electric power, gas, heat supply, and water supply	178	1.1%	238	1.4%	285	1.6%	297	1.7%
Information & communications	62	0.4%	47	0.2%	48	0.2%	52	0.3%
Transportation and postal service	500	3.2%	482	2.8%	422	2.4%	394	2.3%
Wholesale and retail trades	1,295	8.3%	1,264	7.4%	1,213	7.1%	1,204	7.0%
Financial and insurance	744	4.8%	1,098	6.4%	1,090	6.3%	917	5.3%
Real estate, rental and leasing	1,953	12.6%	2,060	12.1%	2,040	11.9%	2,077	12.1%
Of which, real estate	(1,583)	(10.2%)	(1,705)	(10.0%)	(1,719)	(10.0%)	(1,778)	(10.4%)
Various services	1,183	7.6%	1,203	7.0%	1,176	6.8%	1,135	6.6%
National and local governments	3,411	22.0%	4,312	25.3%	4,286	25.1%	4,428	25.9%
Others	3,914	25.3%	4,035	23.7%	4,210	24.6%	4,266	24.9%
Total	15,459	100.0%	16,981	100.0%	17,047	100.0%	17,095	100.0%

### Composition of deposits (as of March 31, 2020)



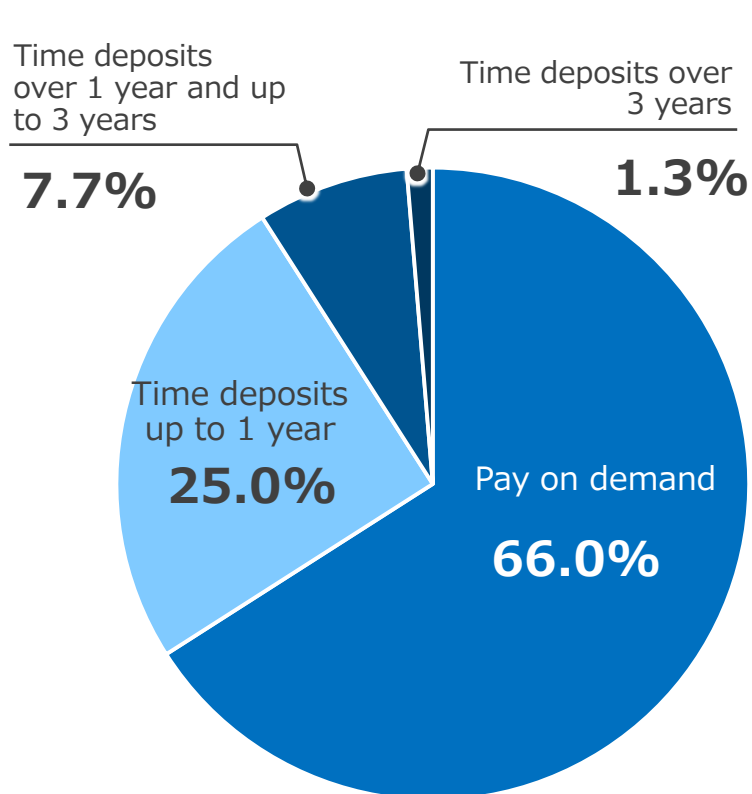
### Composition of loans and bills discounted (as of March 31, 2020)



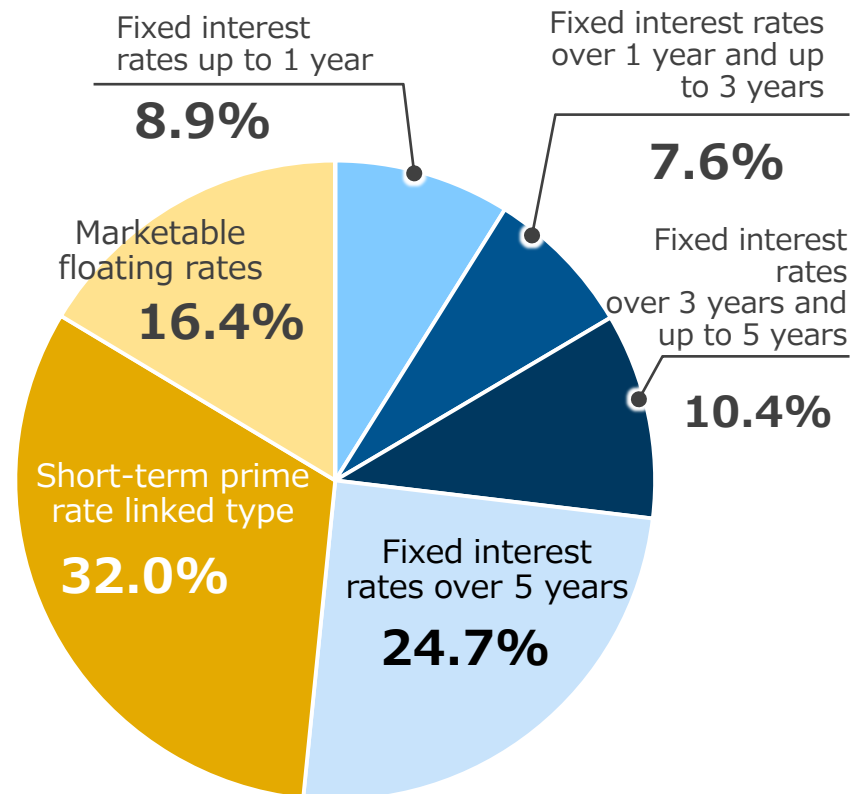
Note: Overdue loans are excluded

# Composition of Deposits and Loans and Bills Discounted

Composition of deposits  
(as of September 31, 2019)

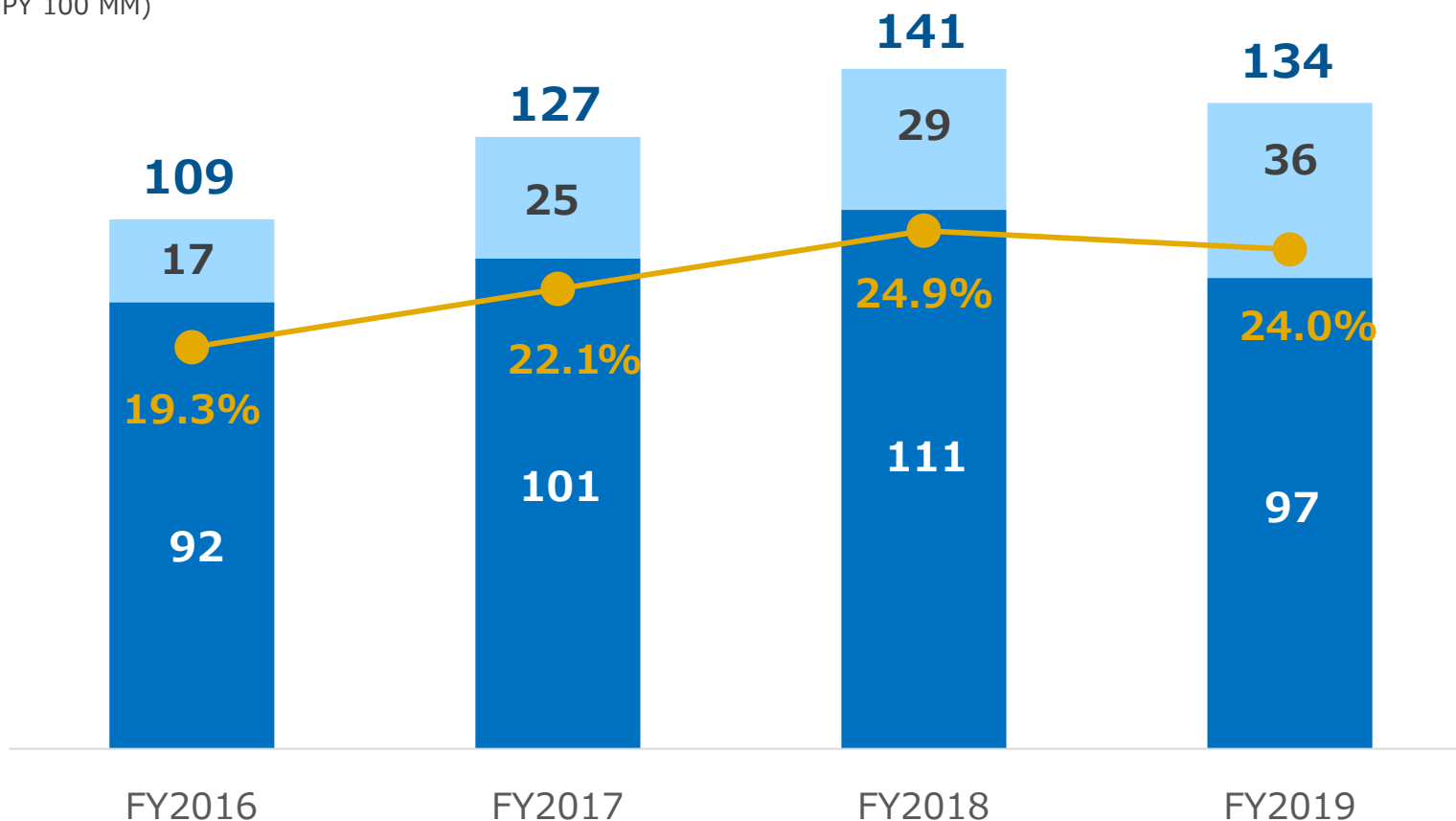


Composition of loans and bills discounted  
(as of September 31, 2019)



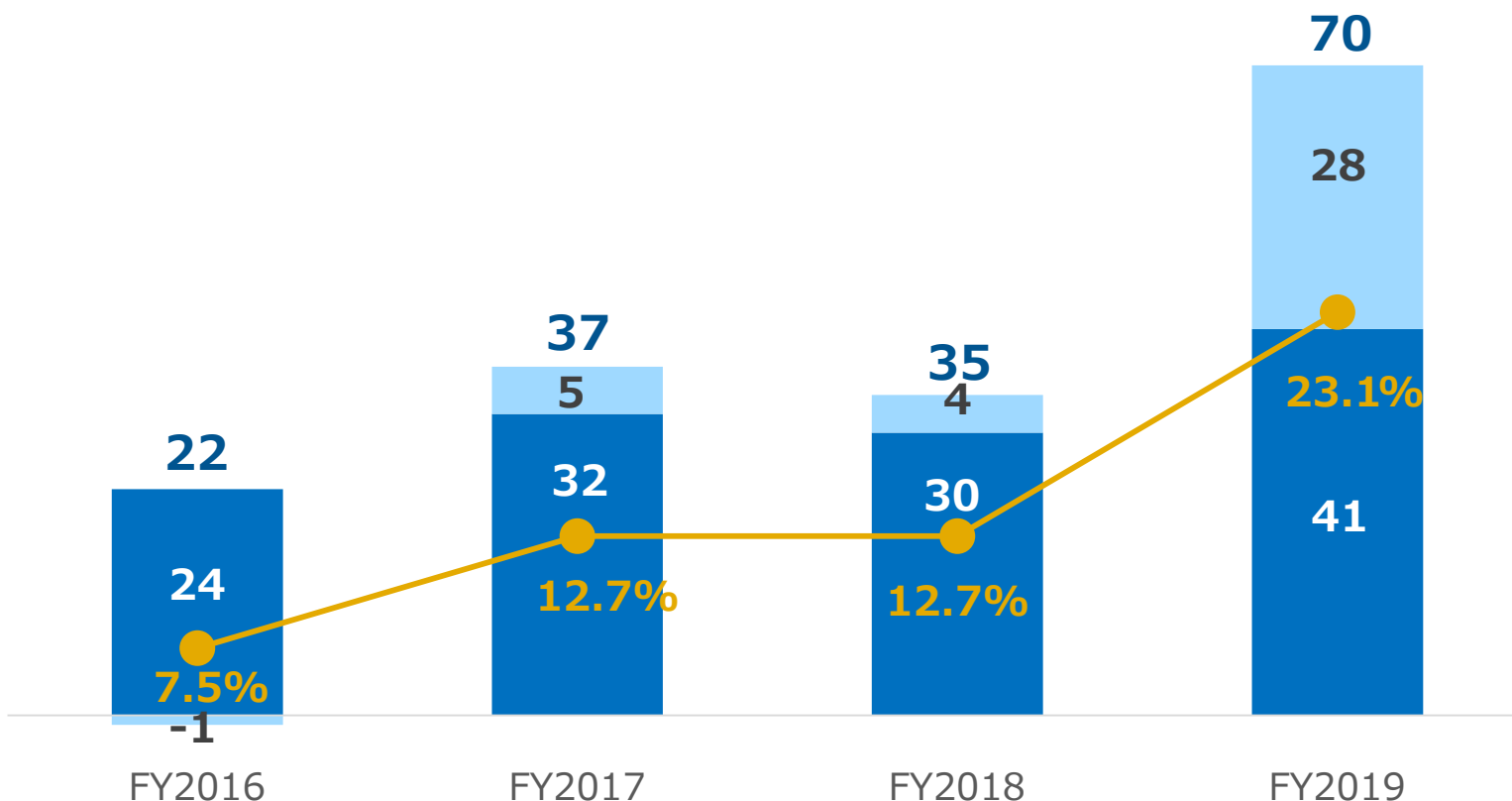
Note: Overdue loans are excluded

■ Net fees and commissions income    
 ■ Other operating profits, excluding gains / ...    
 ● Non-interest rate of return  
 (JPY 100 MM)



Note: Non-interest income = Net fees and commissions income  
 + Other operating profits, excluding gains/losses related to debentures  
 (Government bonds, etc.)  
 Non-interest rate of return = Non-interest income ÷ Core gross business profits

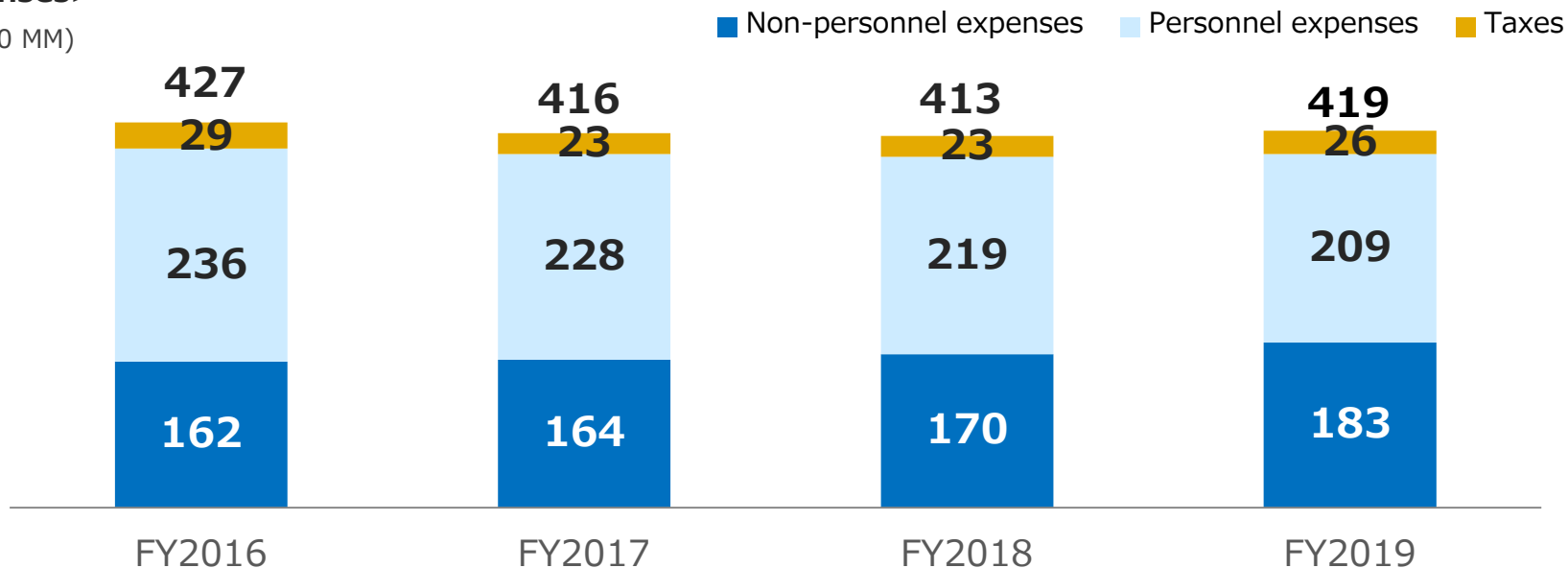
■ Net fees and commissions income   
 ■ Other operating profits, excluding gains / losses related to debentures (Government bonds, etc.)   
 ● Non-interest rate of return  
 (JPY 100 MM)



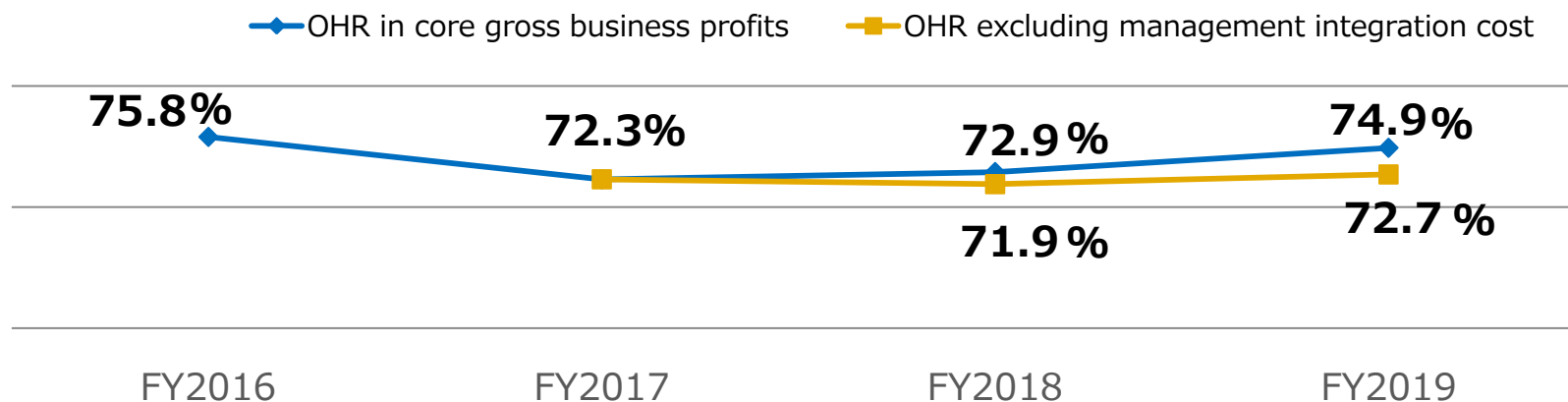
Note: Non-interest income = Net fees and commissions income  
 + Other operating profits, excluding gains/losses related to debentures  
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 Non-interest rate of return = Non-interest income ÷ Core gross business profits

## <Expenses>

(JPY 100 MM)



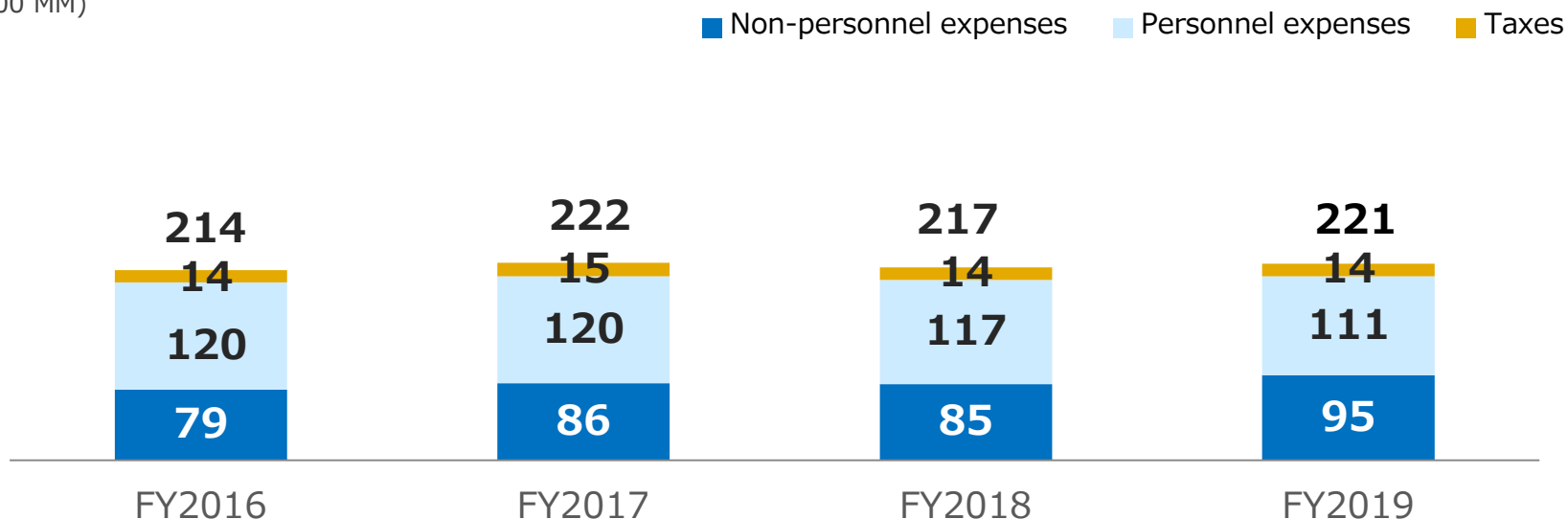
## <OHR in core gross business profits>



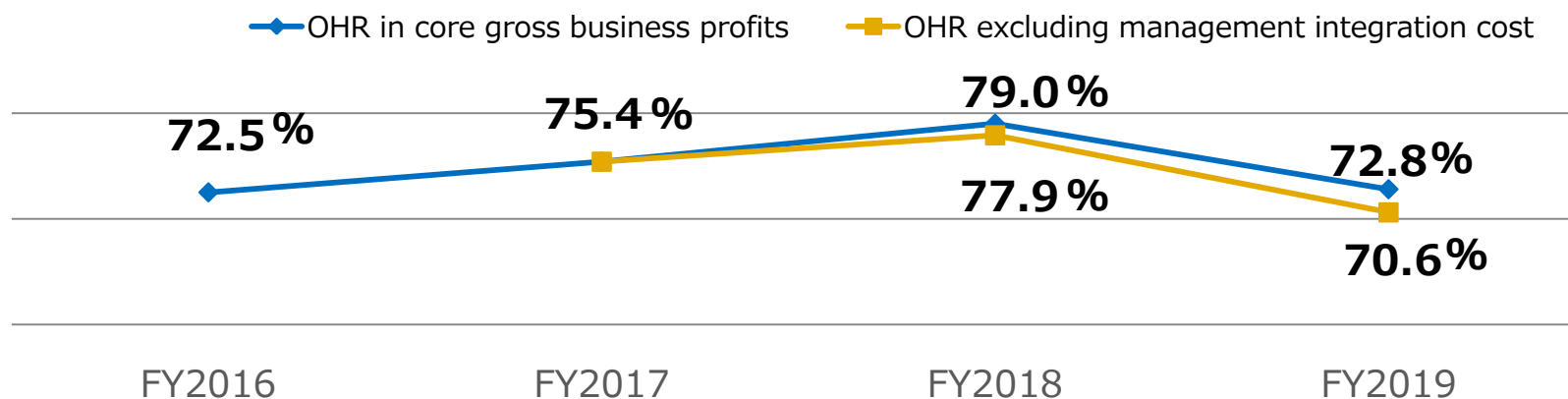


## <Expenses>

(JPY 100 MM)



## <OHR in core gross business profits>



# Loans based on the Financial Reconstruction Act (Non-consolidated)

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

Category	FY2016	FY2017	FY2018	FY2019
Bankrupt, etc. and substantially bankrupt claims	42 (0.13%)	39 (0.11%)	36 (0.10%)	37 (0.10%)
Loans to bankrupt borrowers	10 (0.03%)	10 (0.03%)	11 (0.03%)	17 (0.04%)
Loans to effectively bankrupt borrowers	32 (0.09%)	28 (0.08%)	25 (0.07%)	20 (0.05%)
Doubtful claims	430 (1.32%)	344 (1.03%)	333 (0.95%)	404 (1.16%)
Substandard claims	50 (0.15%)	48 (0.14%)	37 (0.10%)	25 (0.07%)
Subtotal	523 (1.61%)	432 (1.29%)	407 (1.16%)	468 (1.34%)
Normal claims	31,897 (98.38%)	32,921 (98.70%)	34,389 (98.83%)	34,422 (98.65%)
Total claim amount	32,420	33,354	34,796	34,890

Note: Figure in parentheses is the ratio against the total claim amount

# Loans based on the Financial Reconstruction Act (Non-consolidated)

(JPY 100 MM)

Category	FY2016	FY2017	FY2018	FY2019
Bankrupt, etc. and substantially bankrupt claims	50	42	45	44
	(0.31%)	(0.24%)	(0.25%)	(0.24%)
Loans to bankrupt borrowers	5	4	7	6
	(0.03%)	(0.02%)	(0.04%)	(0.03%)
Loans to effectively bankrupt borrowers	44	38	37	38
	(0.27%)	(0.21%)	(0.21%)	(0.21%)
Doubtful claims	228	219	210	220
	(1.43%)	(1.24%)	(1.18%)	(1.23%)
Substandard claims	15	21	13	16
	(0.09%)	(0.12%)	(0.07%)	(0.09%)
Subtotal	294	284	268	281
	(1.84%)	(1.61%)	(1.51%)	(1.58%)
Normal claims	15,707	17,353	17,505	17,550
	(98.15%)	(98.38%)	(98.48%)	(98.41%)
Total claim amount	16,001	17,638	17,774	17,832

Note: Figure in parentheses is the ratio against the total claim amount

# Status of Self-assessment and Coverage, and Disclosed Claims (Non-consolidated)

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

		Status of self-assessment and coverage				Loans based on the Financial Reconstruction Act		Risk-monitored claims		
		Balance	Coverage amount	Provisions	Coverage ratio	Category	Balance	Category	Balance	
Bankrupt debtors		17	33	3	100.0%	Claims in bankruptcy and reorganization, etc	37	Loans to bankrupt borrowers	15	
Effectively bankrupt debtors		20						Delinquent loans	424	
Potentially bankrupt debtors		404	276	52	81.2%	Doubtful claims	404			
Debtors requiring caution	Of which, substandard claims	25	(7)	(1)	(35.2%)	Substandard claims	25	Loans past due 3 months or more	5	
								Restructured loans	20	
	Debtors requiring monitoring		36	10	2	34.6%	Subtotal	468	Total	465
	Other debtors requiring caution		2,157				Normal claims	34,422		
Normal debtors		32,254								
Total		34,890				Total	34,890			

As of March 31, 2020

# Status of Self-assessment and Coverage, and Disclosed Claims (Non-consolidated)

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

		Status of self-assessment and coverage				Loans based on the Financial Reconstruction Act		Risk-monitored claims	
		Balance	Coverage amount	Provisions	Coverage ratio	Category	Balance	Category	Balance
Bankrupt debtors		6	39	5	100.0%	Claims in bankruptcy and reorganization, etc	44	Loans to bankrupt borrowers	6
Effectively bankrupt debtors		38						255	
Potentially bankrupt debtors		220	156	38	87.9%	Doubtful claims	220		Delinquent loans
Debtors requiring caution	Of which, substandard claims	16	(6)	(2)	(54.1%)	Substandard claims	16	Loans past due 3 months or more	1
	Debtors requiring monitoring	26	10	3	54.5%			Restructured loans	14
	Other debtors requiring caution	1,202				Subtotal	281	Total	279
Normal debtors		16,338				Normal claims	17,550		
Total		17,832				Total	17,832		

As of March 31, 2020

# Net Credit Cost (Non-consolidated)

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
General provision of allowance for loan losses (1)	–	–	0	0
Non-performing loan amount processed (2)	16	14	23	44
Written-off of loans	12	11	12	16
Individual provision of allowance for loan losses	–	–	8	25
Loss on sale of delinquent loans, etc.	2	1	0	–
Others	1	2	1	2
Loan charge-off and reserve expenses (1) + (2)	16	14	23	44
Reversal of allowance for loan losses (3)	3	10	–	–
Recoveries of written off claims (4)	9	7	3	2
Reversal of provision for contingent loss (5)*	1	0	–	–
Net credit cost (1) + (2) – (3) – (4) – (5)	1	-3	19	42

\* Recorded amount equivalent to claim-related credit cost only

# Net Credit Cost (Non-consolidated)

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
General provision of allowance for loan losses (1)	–	-3	0	5
Non-performing loan amount processed (2)	14	9	30	12
Written-off of loans	11	4	8	3
Individual provision of allowance for loan losses	–	4	18	8
Loss on sale of delinquent loans, etc.	–	0	–	–
Others	2	1	3	1
Loan charge-off and reserve expenses (1) + (2)	14	6	31	18
Reversal of allowance for loan losses (3)	2	–	–	–
Recoveries of written off claims (4)	5	4	5	2
Reversal of provision for contingent loss (5)*	–	–	1	–
Net credit cost (1) + (2) – (3) – (4) – (5)	6	2	24	15

\* Recorded amount equivalent to claim-related credit cost only

## Changes in year-end balance of securities

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
Government bonds	6,922	5,785	4,416	3,014
Local government bonds	2,098	2,457	2,813	3,364
Public corporation bonds	734	763	532	364
Bank bonds	288	242	179	92
Industrial bonds	1,044	1,398	1,533	1,562
Stocks	1,308	1,392	1,185	891
Foreign securities	3,192	2,366	1,879	1,897
Other securities	2,039	3,179	2,823	1,695
Total	17,628	17,586	15,363	12,883

## Breakdown of increase/decrease in the balance of securities (comparison at the end of March 2019)

(JPY 100 MM)

Domestic debentures (Yield: 0.53%)	-1,077
Purchase	2,486
Sale	-1,130
Others (redemption and market value factors, etc.)	-2,433
Stocks (Yield: 7.06%)	-293
Purchase	201
Sale	-214
Others (redemption and market value factors, etc.)	-280
Foreign securities (Yield: 1.39%)	18
Purchase	1,262
Sale	-1,005
Others (redemption and market value factors, etc.)	-238
Other securities (Yield: 1.21%)	-1,127
Purchase	2,316
Sale	-3,368
Others (redemption and market value factors, etc.)	-74



## Changes in year-end balance of securities

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
Government bonds	5,257	3,771	3,259	3,152
Local government bonds	410	335	1,122	1,889
Public corporation bonds	503	455	413	521
Bank bonds	–	–	–	–
Industrial bonds	617	691	700	669
Stocks	357	394	286	227
Foreign securities	1,361	1,199	2,301	1,972
Other securities	1,441	1,470	1,495	1,873
Total	9,949	8,317	9,578	10,306

## Breakdown of increase/decrease in the balance of securities (comparison at the end of March 2019)

(JPY 100 MM)

Domestic debentures (Yield: 0.57%)	738
Purchase	2,377
Sale	-1,156
Others (redemption and market value factors, etc.)	-483
Stocks (Yield: 8.62%)	-59
Purchase	16
Sale	-35
Others (redemption and market value factors, etc.)	-40
Foreign securities (Yield: 1.57%)	-328
Purchase	422
Sale	-687
Others (redemption and market value factors, etc.)	-63
Other securities (Yield: 0.89%)	378
Purchase	887
Sale	-232
Others (redemption and market value factors, etc.)	-277

# Investment Status by Securities Risk Category

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

	Balance in book value	Gains/losses on valuation	Increase/decrease in gains/losses on valuation (Compared to the end of the previous year) (1)	Interest and dividends (2)	Sales and gain/loss on write-offs (3)	Overall profit/loss (1) + (2) + (3)
Domestic debentures	8,352	52	-81	47	11	-23
Government bonds	2,992	28	-56	33	10	-12
Local government bonds	3,345	18	-17	8	4	-4
Corporate bonds	2,014	4	-7	5	-3	-6
Stocks	667	223	-200	46	60	-93
Foreign securities	1,839	58	35	27	38	101
Yen-denominated foreign debentures	4	-0	0	0	0	0
Foreign currency debentures	1,834	58	35	27	38	101
Other securities	1,825	-129	-59	26	-67	-100
Stock investment trusts (ETF included)	346	-26	-92	14	41	-36
Investment trusts (excluding stock investment trusts)	1,460	-103	32	12	-109	-64
Others	19	0	0	0	0	0
<b>Total</b>	<b>12,685</b>	<b>204</b>	<b>-306</b>	<b>148</b>	<b>42</b>	<b>-115</b>

Note: Excluding monetary claims bought  
As of March 31, 2020

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
Loss on cancellation of investment trust	20	27	12	0

\* Gains/losses on cancellation of investment trusts included in interest and dividends on securities

# Investment Status by Securities Risk Category

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

	Balance in book value	Gains/losses on valuation	Increase/decrease in gains/losses on valuation (Compared to the end of the previous year) (1)	Interest and dividends (2)	Sales and gain/loss on write-offs (3)	Overall profit/loss (1) + (2) + (3)
Domestic debentures	6,123	109	-43	29	3	-11
Government bonds	3,054	97	-28	18	3	-6
Local government bonds	1,883	5	-8	3	1	-3
Corporate bonds	1,184	6	-6	6	-1	-0
Stocks	175	52	-34	15	12	-7
Foreign securities	1,773	199	103	34	15	153
Yen-denominated foreign debentures	44	1	-0	0	0	0
Foreign currency debentures	1,729	197	104	34	15	153
Other securities	2,039	-165	-47	13	-23	-57
Stock investment trusts (ETF included)	85	-13	-13	2	3	-7
Investment trusts (excluding stock investment trusts)	1,926	-152	-33	10	-27	-49
Others	27	-0	-0	0	-0	0
<b>Total</b>	<b>10,111</b>	<b>195</b>	<b>-21</b>	<b>93</b>	<b>6</b>	<b>78</b>

Note: Excluding monetary claims bought  
As of March 31, 2020

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019
Loss on cancellation of investment trust	21	11	0	0

\* Gains/losses on cancellation of investment trusts included in interest and dividends on securities

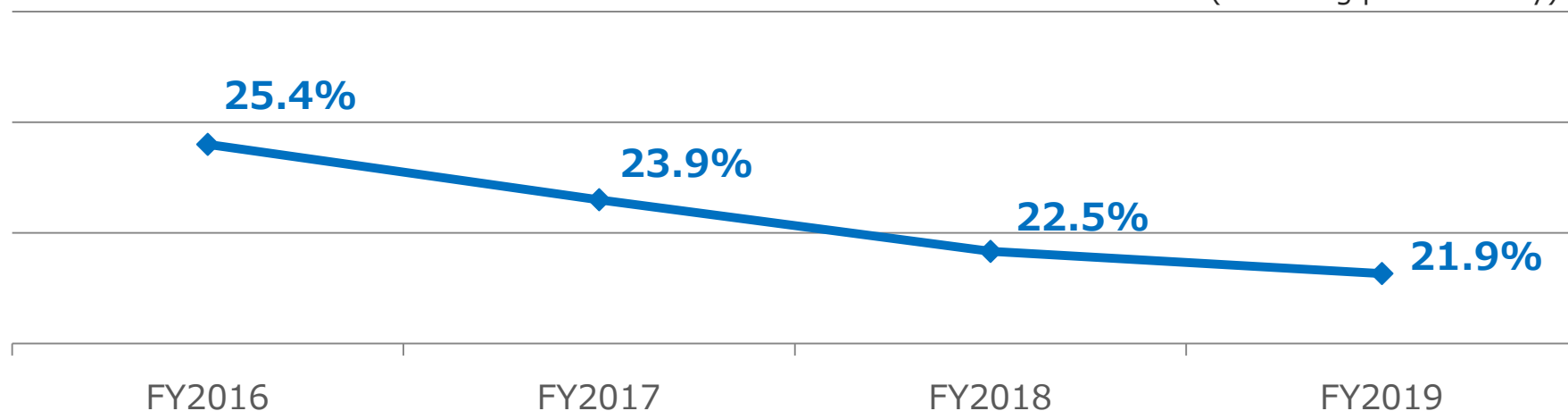
# Concentration of Large Loans and Quantity of Interest Rate Risks

Daishi Bank

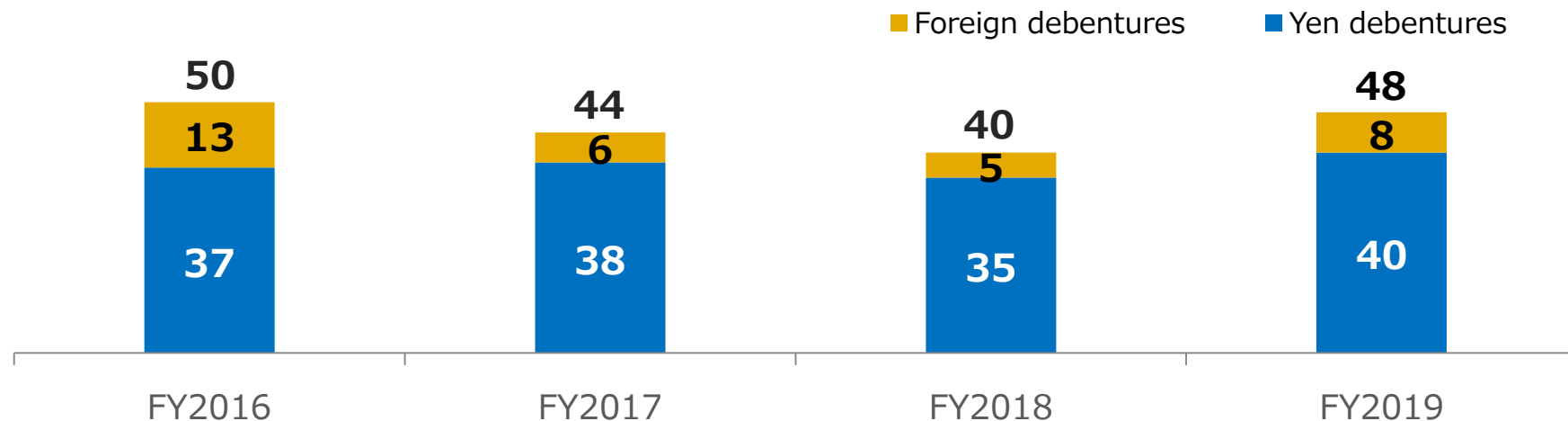
DAISHI HOKUETSU  
Financial Group

## Changes in concentration of large loans

\* Ratio of loans to the top 100 large borrowers in the whole loans (excluding public money)



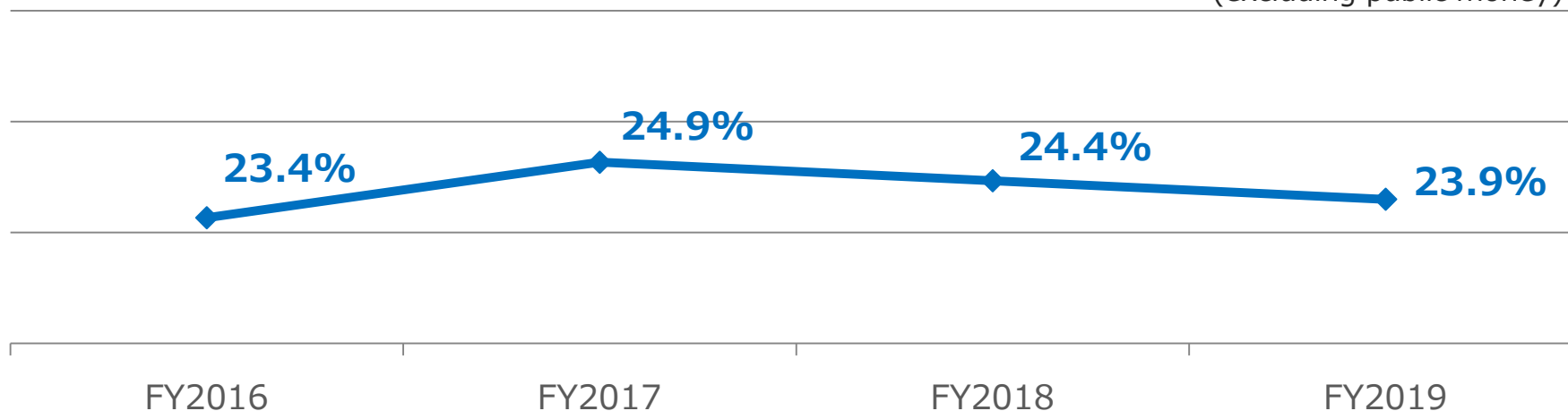
## Changes in interest rate risk quantity <Yen and foreign debentures (10 BPV)> (JPY 100 MM)



# Concentration of Large Loans and Quantity of Interest Rate Risks

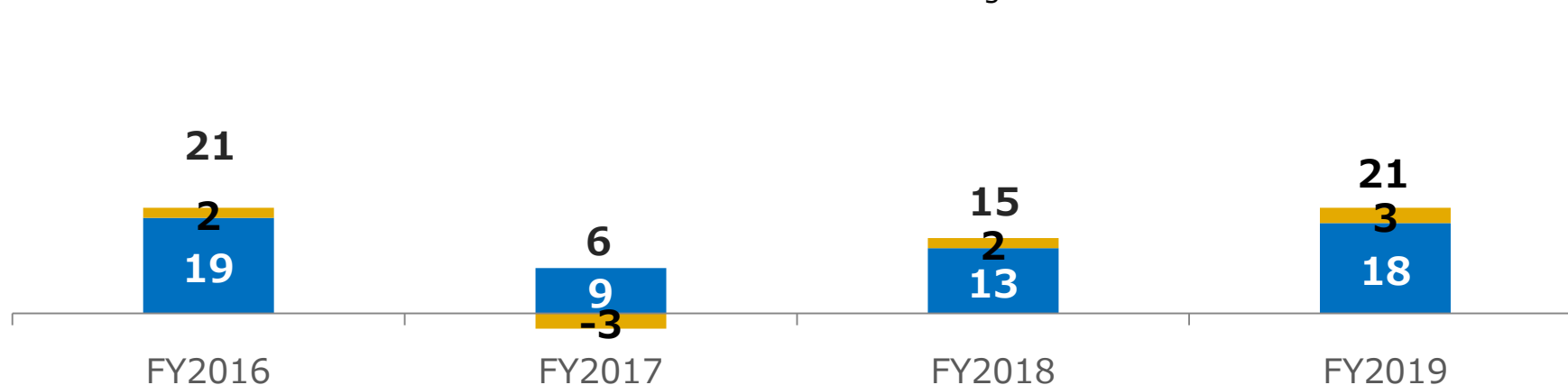
## Changes in concentration of large loans

\* Ratio of loans to the top 100 large borrowers in the whole loans (excluding public money)



## Changes in interest rate risk quantity <Yen and foreign debentures (10 BPV)> (JPY 100 MM)

■ Foreign debentures ■ Yen debentures



# Capital Adequacy Ratio

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

## Consolidated

	FYE March 2018		FYE March 2019		FYE March 2020	
	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
Amount of basic items related to core capital (1)	2,796	2,674	2,778	2,676	2,724	2,640
Of which, shareholders' equity	2,607	2,607	2,657	2,657	2,625	2,625
Of which, general allowance for loan losses	68	68	68	68	68	68
Of which, amount included related to transitional measures	120	-	102	-	84	-
Of which, accumulated amount of other comprehensive income	-5	-6	-49	-49	-54	-54
Amount of adjustment items related to core capital (2)	69	86	88	88	106	106
Capital amount (1) - (2)	2,727	2,588	2,690	2,588	2,617	2,533
Risk assets, etc.	26,606	26,602	27,936	27,951	27,752	27,767
Of which, credit risk assets	25,432	25,432	26,808	26,808	26,660	26,660
Of which, operational risk	1,169	1,169	1,143	1,143	1,106	1,106
Of which, those related to transitional measures	4	-	-14	-	-14	-
Consolidated capital adequacy ratio	10.25%	9.72%	9.63%	9.25%	9.43%	9.12%

## Non-consolidated

	FYE March 2018		FYE March 2019		FYE March 2020	
	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
Amount of basic items related to core capital (1)	2,608	2,574	2,644	2,618	2,639	2,618
Of which, shareholders' equity	2,504	2,504	2,553	2,553	2,554	2,554
Of which, general allowance for loan losses	64	64	64	64	64	64
Of which, amount included related to transitional measures	33	-	26	-	20	-
Amount of adjustment items related to core capital (2)	77	96	99	99	118	118
Capital amount (1) - (2)	2,531	2,478	2,544	2,518	2,520	2,499
Risk assets, etc.	26,214	26,208	27,490	27,504	27,299	27,313
Of which, credit risk assets	25,118	25,118	26,440	26,440	26,261	26,261
Of which, operational risk	1,089	1,089	1,064	1,064	1,051	1,051
Of which, those related to transitional measures	6	-	-14	-	-14	-
Non-consolidated capital adequacy ratio	9.65%	9.45%	9.25%	9.15%	9.23%	9.15%

# Capital Adequacy Ratio

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

## Consolidated

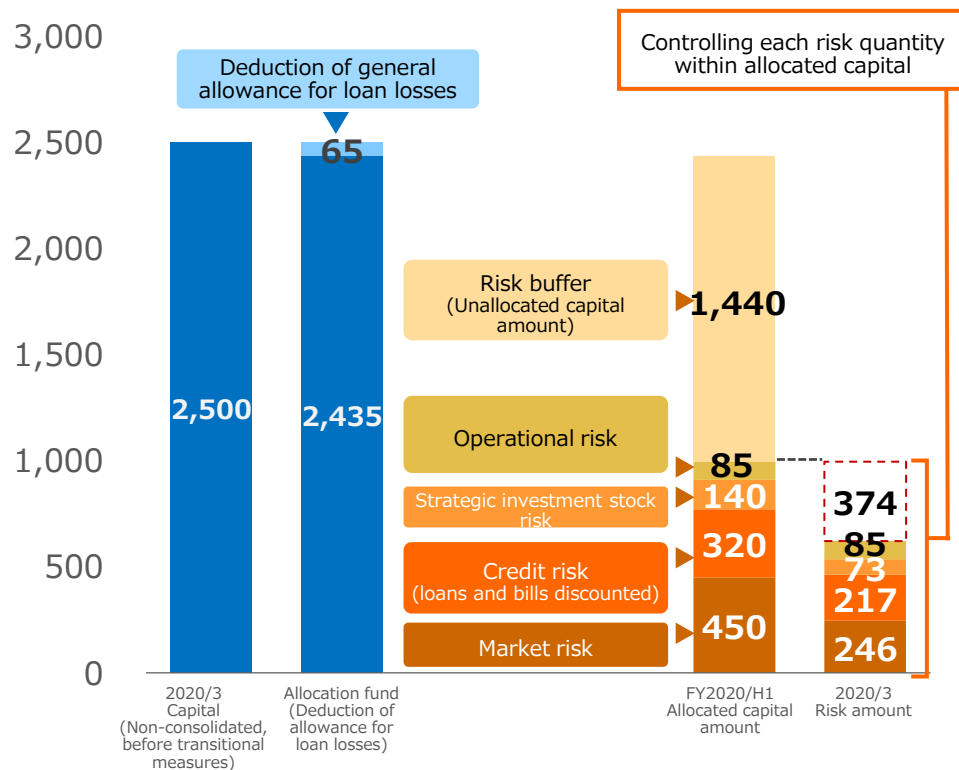
	FYE March 2018		FYE March 2019		FYE March 2020	
	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
Amount of basic items related to core capital (1)	1,026	1,006	1,020	1,005	1,043	1,031
Of which, shareholders' equity	1,004	1,004	1,005	1,005	1,029	1,029
Of which, general allowance for loan losses	23	23	22	22	27	27
Of which, amount included related to transitional measures	15	-	14	-	11	-
Of which, accumulated amount of other comprehensive income	-17	-22	-23	-23	-26	-26
Amount of adjustment items related to core capital (2)	25	31	33	33	31	31
Capital amount (1) - (2)	1,001	975	986	971	1,012	1,000
Risk assets, etc.	11,045	11,288	11,107	11,161	11,240	11,248
Of which, credit risk assets	10,620	10,620	10,570	10,570	10,664	10,664
Of which, operational risk	667	667	590	590	584	584
Of which, those related to transitional measures	-242	-	-53	-	-8	-
Consolidated capital adequacy ratio	9.06%	8.63%	8.87%	8.70%	9.00%	8.89%

## Non-consolidated

	FYE March 2018		FYE March 2019		FYE March 2019	
	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
Amount of basic items related to core capital (1)	980	966	982	968	1,016	1,005
Of which, shareholders' equity	944	944	947	947	979	979
Of which, general allowance for loan losses	20	20	20	20	26	26
Of which, amount included related to transitional measures	14	-	14	-	11	-
Amount of adjustment items related to core capital (2)	39	48	48	48	44	44
Capital amount (1) - (2)	941	917	934	920	972	960
Risk assets, etc.	10,974	11,212	11,030	11,083	11,177	11,185
Of which, credit risk assets	10,572	10,572	10,516	10,516	10,618	10,618
Of which, operational risk	640	640	567	567	567	567
Of which, those related to transitional measures	-238	-	-53	-	-8	-
Non-consolidated capital adequacy ratio	8.58%	8.18%	8.47%	8.30%	8.69%	8.58%

## Daishi Bank

(JPY 100 MM)

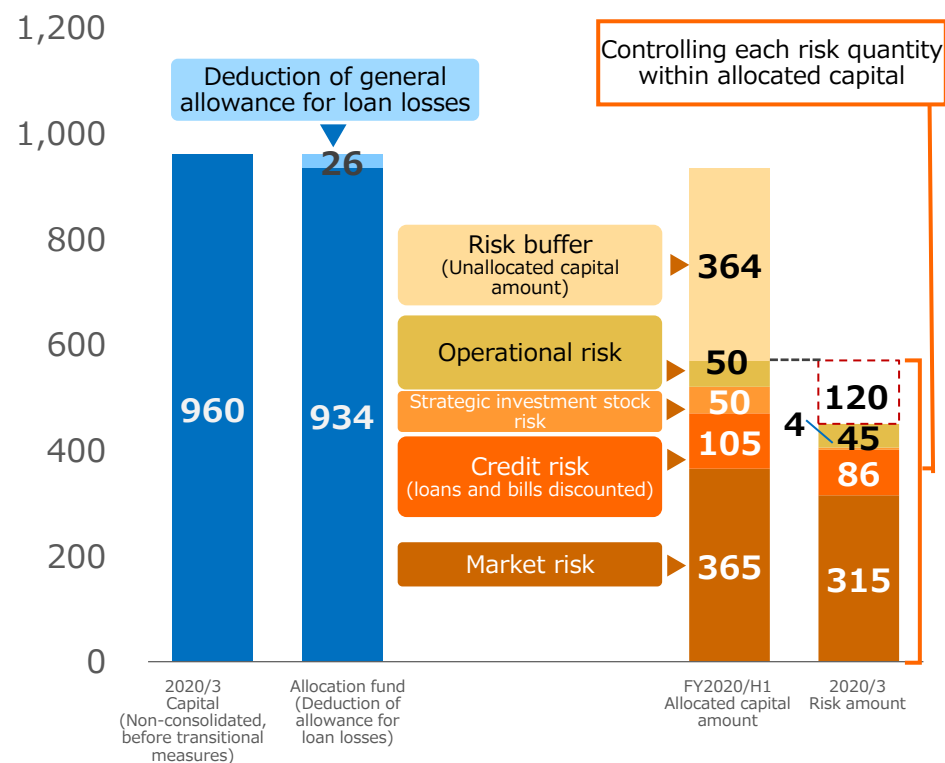


### Method of calculating risk quantity

- Market risk, credit risk, and strategic investment stock risk
  - Confidence interval: 99% for all
  - Holding period: 1 year for loans and bills discounted, otherwise 6 months
  - Strategic investment stock risk: Risk quantity = (VaR – Gains/losses on valuation), provided  $\geq 0$
- Operational risk
  - Gross profit distribution method

## Hokuetsu Bank

(JPY 100 MM)



### Method of calculating risk quantity

- Market risk, credit risk, and strategic investment stock risk
  - Confidence interval: 99% for all
  - Holding period: 1 year for loans and bills discounted, otherwise 6 months
  - Strategic investment stock risk: Risk quantity = (VaR – Gains/losses on valuation), provided  $\geq 0$
- Operational risk
  - Basic approach



# Status of Purchase of Treasury Shares

Daishi Bank	Year of implementation	Number of shares bought	Buying price	Remarks
	FY1998 - FY2012	39,119,000 shares	14,583 million yen	All stocks retired
	FY2013	4,200,000 shares	1,471 million yen	All stocks retired
	FY2014	2,474,000 shares	999 million yen	All stocks retired
	FY2015	5,805,000 shares	2,634 million yen	All stocks retired
	FY2016	3,062,000 shares	1,499 million yen	All stocks retired
	FY2017	3,645,000 shares	1,799 million yen	All stocks retired
	Total	58,305,000 shares	22,988 million yen	

\* On October 1, 2017, stocks were consolidated (10 stocks consolidated into 1 stock).  
 Number of stocks purchased describes those prior to stock consolidation.

Hokuetsu Bank	Year of implementation	Number of shares bought	Buying price	Remarks
	FY1998 - FY2012	8,903,000 shares	1,671 million yen	All stocks retired
	FY2013	2,953,000 shares	607 million yen	All stocks retired
	FY2014	1,678,000 shares	414 million yen	All stocks retired
	FY2015	2,690,000 shares	704 million yen	All stocks retired
	FY2016	-	-	-
	FY2017	-	-	-
	Total	16,224,000 shares	3,397 million yen	

FG	Year of implementation	Number of shares bought	Buying price	Remarks
	FY2018	294,000 shares	999 million yen	-
	FY2019	-	-	-
	Total	294,000 shares	999 million yen	

# Status of Group Companies

(JPY 1 MM)

Name of company	Key business	Share capital	Net sales (Operating revenue)		Ordinary profit		Profit	
			FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
The Daishi Bank, Ltd.	Banking	32,776	76,616	89,553	16,046	14,690	10,339	10,763
The Hokuetsu Bank, Ltd.	Banking	24,538	40,760	43,033	7,524	6,151	4,009	4,587
Daishi Hokuetsu Career Bridge Co., Ltd.	General human resources consulting services	30	—	10	—	-5	—	-6
Daishi Hokuetsu Securities Co., Ltd.	Securities trading	600	4,206	4,171	1,497	1,169	1,053	829
The Daishi Guaranty Co., Ltd.	Guaranty services	50	1,525	1,573	922	968	605	636
The Hokuetsu Credit Guarantee Co., Ltd.	Guaranty services	210	712	711	491	284	311	161
The Daishi Management Consulting Co., Ltd.	Consulting services and venture capital	20	92	117	9	22	7	15
The Hokugin Economic Research Institute, Ltd.	Research on economy and society and provision of information	30	140	144	20	20	14	14
The Daishi Lease Co., Ltd.	General leasing	100	17,132	16,303	823	765	543	506
The Hokuetsu Leasing Co., Ltd.	General leasing	100	5,434	5,432	281	74	181	48
The Daishi Computer Service Co., Ltd.	Computer-related business	15	1,109	1,060	73	85	49	56
The Daishi JCB Card Co., Ltd.	Credit card and guaranty services	30	1,409	1,471	432	345	285	230
The Daishi DC Card Co., Ltd.	Credit card services	30	710	818	43	44	29	30
The Hokuetsu Card, Ltd.	Credit card and guaranty services	20	911	930	84	71	54	45

# Status of Shareholders

## Composition of shareholders

Owner	End of March 2020		
	Number of shareholders (persons)	Number of shares (1000 shares)	Composition rate (%)
National and local governments	4	0	0.00
Financial institutions	67	17,747	38.62
Of which, trust banks	20	8,464	18.42
Of which, other than trust banks	47	9,283	20.20
Financial instruments business operators	35	503	1.09
Other corporations	1,503	11,347	24.69
Foreign corporations, etc.	185	5,560	12.10
Individuals and others	17,660	10,485	22.82
Shares held under own name	1	297	0.64
<b>Total</b>	<b>19,455</b>	<b>45,942</b>	<b>100.00</b>

## Major shareholders (Top 10)

	Name of shareholders	End of March 2020	
		Number of shares held (1000 shares)	Stockholding ratio (%)
1	Japan Trustee Services Bank, Ltd. (trust account)	2,744	6.01
2	The Master Trust Bank of Japan, Ltd. (trust account)	2,204	4.83
3	Meiji Yasuda Life Insurance Company	1,624	3.55
4	Nippon Life Insurance Company	1,156	2.53
5	DFA INTL SMALL CAP VALUE PORTFOLIO	892	1.95
6	Tohoku Electric Power Co., Inc.	852	1.86
7	The Daishi Bank Employees' Stockholdings	808	1.77
8	Sompo Japan Nipponkoa Insurance, Inc.	803	1.76
9	Daido Life Insurance Company	705	1.54
10	Japan Trustee Services Bank, Ltd. (trust account 5)	695	1.52
	<b>Total of top 10 companies</b>	<b>12,489</b>	<b>27.36</b>

**Contact for inquiries**

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