

# FY2020/1H Financial Results Briefing (Materials)

December 7, 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.



**ブリッジにいがた**  
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

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



**第四北越証券**  
Location of head office:  
Nagaoka City



**第四銀行**  
Location of head office:  
Niigata City



**ホクギン**  
北越銀行  
Location of head office:  
Nagaoka City



**第四北越キャリアブリッジ**  
Location of head office:  
Niigata City

Staffing agency

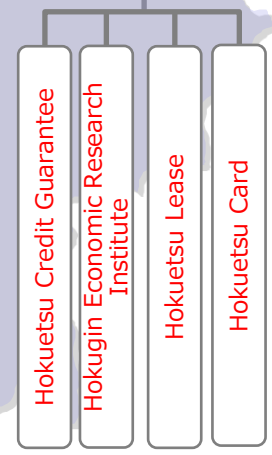
## [Profile of Daishi Bank] (as of the end of September 2020)

- Location of head office 1071-1 Higashiborimae-dori 7-bancho, Chuo-ku, Niigata
- Established November 2, 1873
- Total assets 6,215.5 billion yen
- Share capital 32.7 billion yen
- Number of employees 2,164 (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 September 2020)

- Location of head office 2-14 Ote-dori 2-chome, Nagaoka-shi
- Establishment December 20, 1878
- Total assets 3,156.9 billion yen
- Share capital 24.5 billion yen
- Number of employees 1,260 (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	377,975.24	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, 2020	persons/household	2,474	2,152	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	5,229	185,116	9
	Number of employees	June 1, 2019	1,000 people	189	7,778	17
	Shipment value of manufactured goods, etc.	2018	JPY 100 MM	50,674	3,318,093	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, 2020	JPY 100 MM	166,448	11,736,440	16
	Balance of loans at financial institutions	March 31, 2020	JPY 100 MM	74,833	6,520,397	16
Education	Rate of advancement to high school	Graduated in March 2019	%	99.63	98.81	1
	Rate of advancement to vocational school (specialist course)	Graduated in March 2019	%	26.00	16.38	1
	Rate of advancement to university, etc.	Graduated in March 2019	%	46.86	54.67	32
Others	Home owner ratio	October 1, 2018	%	74.0	61.2	7
	Number of hospitals per 100,000 people	October 1, 2019	Facility	5.7	6.6	37
	Number of cars owned	March 31, 2018	1,000 units	1,845	81,563	14

Source: Niigata Prefecture "Key Indicators of Niigata Prefecture"

# Listed Companies in Niigata Prefecture

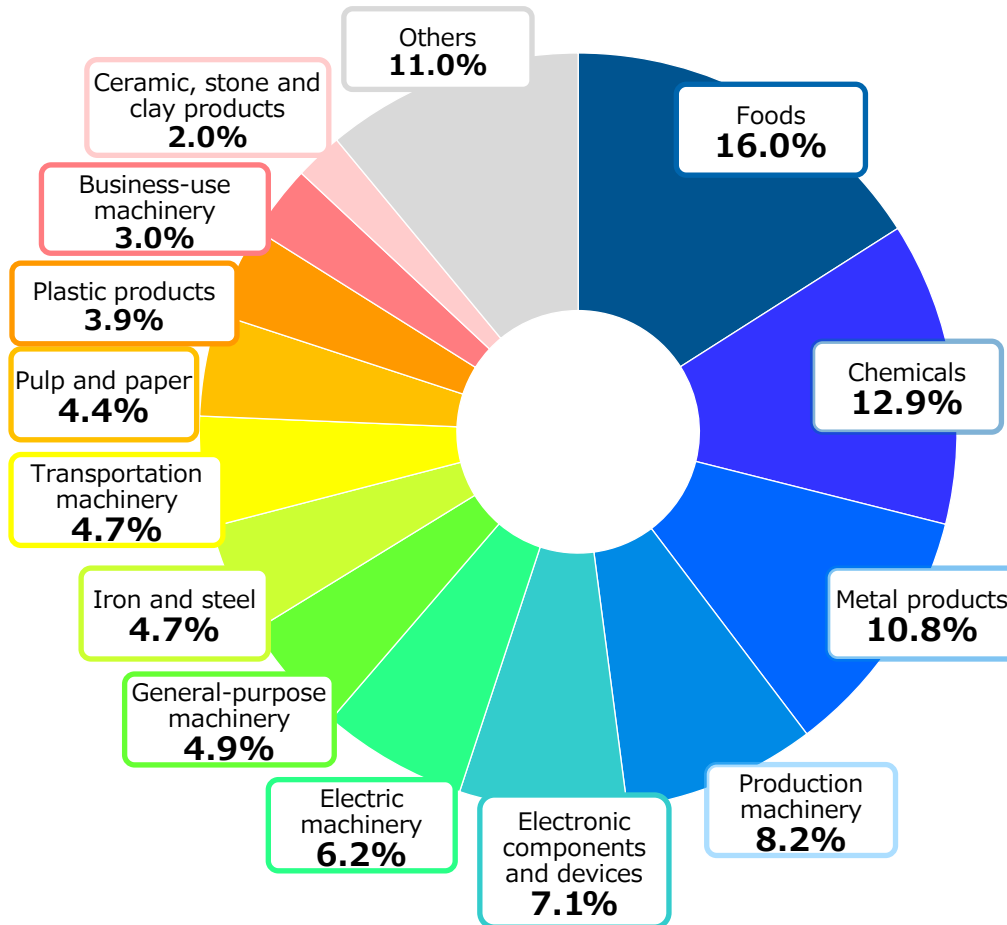
## 38 listed companies headquartered in Niigata Prefecture

TSE Section 1 (19 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				
Yukiguni Maitake	Fishery, agriculture, and forestry				

As of November 30, 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)

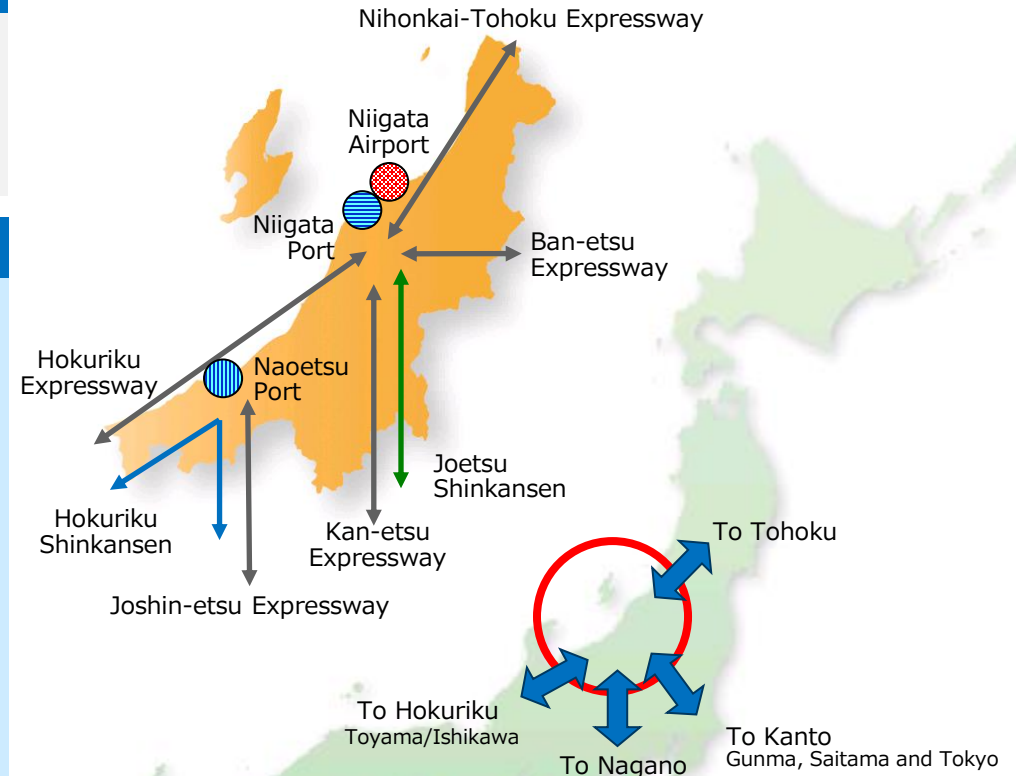
↔ Joetsu Shinkansen

↔ 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 : 4 routes (ソウル、上海、ハルビン、台北、ハバロフスク、ウラジオストク)

● 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



As of November 30, 2020



## Status of deposits (year-end balance)

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

(JPY 100 MM)

FY2019/1H		FY2020/1H	
Balance	Composition rate	Balance	Composition rate
46,886	96.7%	50,619	97.1%
45,879	94.6%	49,567	95.1%
1,007	2.0%	1,052	2.0%
32,095	66.2%	34,027	65.3%
12,934	26.6%	14,189	27.2%
1,368	2.8%	1,945	3.7%
487	1.0%	456	0.8%
1,582	3.2%	1,468	2.8%
48,469	100.0%	52,088	100.0%

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

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

(JPY 100 MM)

FY2019/1H	FY2020/1H
5,497	5,286
1,118	952
928	818
3,451	3,515
53,966	57,374



## Status of deposits (year-end balance)

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

(JPY 100 MM)

FY2019/1H		FY2020/1H	
Balance	Composition rate	Balance	Composition rate
24,992	96.4%	26,798	96.8%
24,278	93.6%	26,102	94.3%
713	2.7%	695	2.5%
17,498	67.5%	18,543	67.0%
6,308	24.3%	6,915	24.9%
1,009	3.8%	1,212	4.3%
175	0.6%	126	0.4%
923	3.5%	871	3.1%
25,915	100.0%	27,670	100.0%

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

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

(JPY 100 MM)

FY2019/1H	FY2020/1H
3,134	3,026
863	735
98	80
2,172	2,210
29,050	30,697

# Loans and Bills Discounted

Daishi Bank

DAISHI HOKUETSU  
Financial Group

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

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

(JPY 100 MM)

FY2019/1H		FY2020/1H	
Balance	Composition rate	Balance	Composition rate
33,829	100.0%	33,424	100.0%
24,449	72.2%	25,067	74.9%
9,380	27.7%	8,356	25.0%

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

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

(JPY 100 MM)

FY2019/1H		FY2020/1H	
Balance	Composition rate	Balance	Composition rate
3,627	10.7%	3,573	10.6%
77	0.2%	71	0.2%
18	0.0%	24	0.0%
52	0.1%	45	0.1%
946	2.8%	1,008	3.0%
920	2.7%	982	2.9%
156	0.4%	147	0.4%
1,069	3.1%	988	2.9%
3,015	8.9%	2,774	8.2%
2,715	8.0%	2,449	7.3%
5,424	16.0%	5,020	15.0%
(3,829)	(11.3%)	(3,642)	(10.8%)
2,104	6.2%	2,210	6.6%
4,998	14.7%	4,963	14.8%
8,702	25.7%	9,163	27.4%
33,829	100.0%	33,424	100.0%

# Loans and Bills Discounted

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

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

(JPY 100 MM)

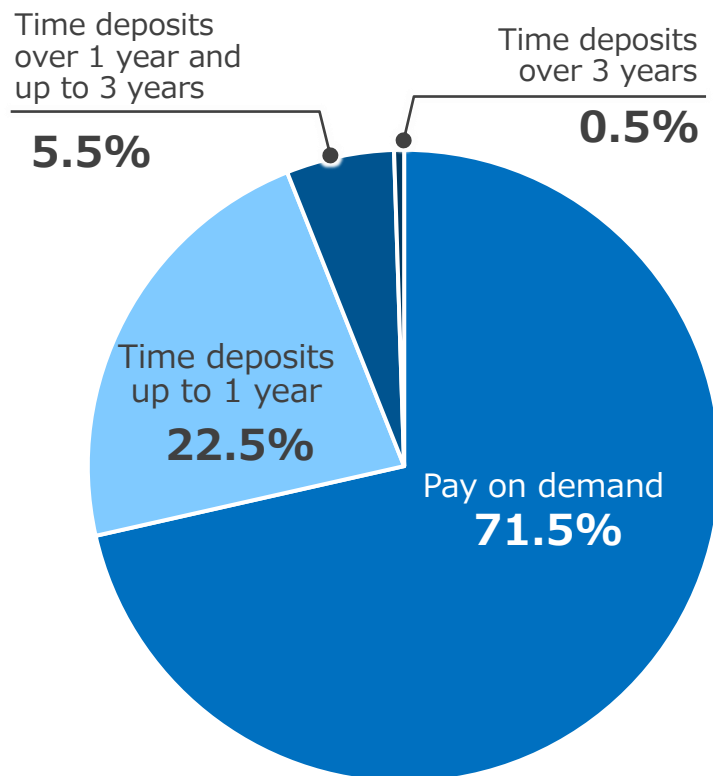
	FY2017		FY2018		FY2019		FY2019/1H		FY2020/1H	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Loans and Bills Discounted	16,981	100.0%	17,047	100.0%	17,095	100.0%	16,534	100.0%	16,551	100.0%
Inside prefecture	12,900	75.9%	13,285	77.9%	13,697	80.1%	13,192	79.7%	13,634	82.3%
Outside prefecture	4,081	24.0%	3,762	22.0%	3,397	19.8%	3,342	20.2%	2,917	17.6%

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

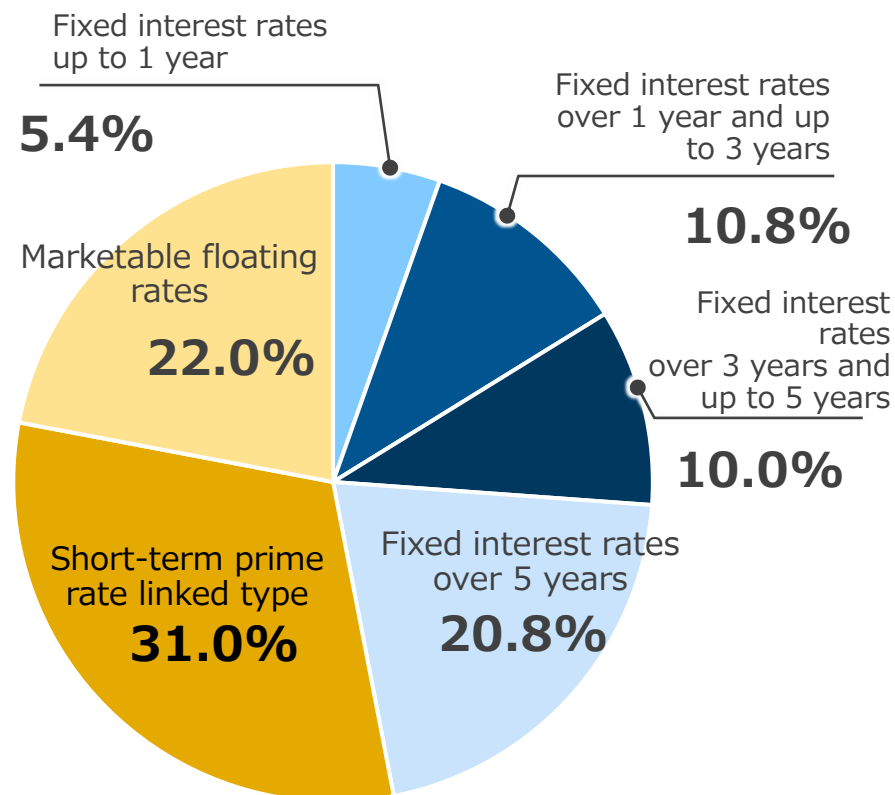
(JPY 100 MM)

	FY2017		FY2018		FY2019		FY2019/1H		FY2020/1H	
	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate	Balance	Composition rate
Manufacturing	1,493	8.7%	1,498	8.7%	1,517	8.8%	1,474	8.9%	1,525	9.2%
Agriculture and forestry	16	0.0%	14	0.0%	12	0.0%	14	0.0%	14	0.0%
Fishery	1	0.0%	1	0.0%	1	0.0%	1	0.0%	0	0.0%
Mining, quarrying, and gravel collection	10	0.0%	9	0.0%	15	0.0%	8	0.0%	15	0.0%
Construction	717	4.2%	749	4.3%	773	4.5%	713	4.3%	783	4.7%
Electric power, gas, heat supply, and water supply	238	1.4%	285	1.6%	297	1.7%	282	1.7%	295	1.7%
Information & communications	47	0.2%	48	0.2%	52	0.3%	56	0.3%	53	0.3%
Transportation and postal service	482	2.8%	422	2.4%	394	2.3%	401	2.4%	404	2.4%
Wholesale and retail trades	1,264	7.4%	1,213	7.1%	1,204	7.0%	1,157	6.9%	1,157	7.0%
Financial and insurance	1,098	6.4%	1,090	6.3%	917	5.3%	921	5.5%	789	4.7%
Real estate, rental and leasing	2,060	12.1%	2,040	11.9%	2,077	12.1%	2,052	12.4%	2,029	12.2%
Of which, real estate	(1,705)	(10.0%)	(1,719)	(10.0%)	(1,778)	(10.4%)	(1,729)	(10.4%)	(1,744)	(10.5%)
Various services	1,203	7.0%	1,176	6.8%	1,135	6.6%	1,170	7.0%	1,222	7.3%
National and local governments	4,312	25.3%	4,286	25.1%	4,428	25.9%	4,015	24.2%	4,049	24.4%
Others	4,035	23.7%	4,210	24.6%	4,266	24.9%	4,266	25.8%	4,210	25.4%
Total	16,981	100.0%	17,047	100.0%	17,095	100.0%	16,534	100.0%	16,551	100.0%

## Composition of deposits



## Composition of loans and bills discounted

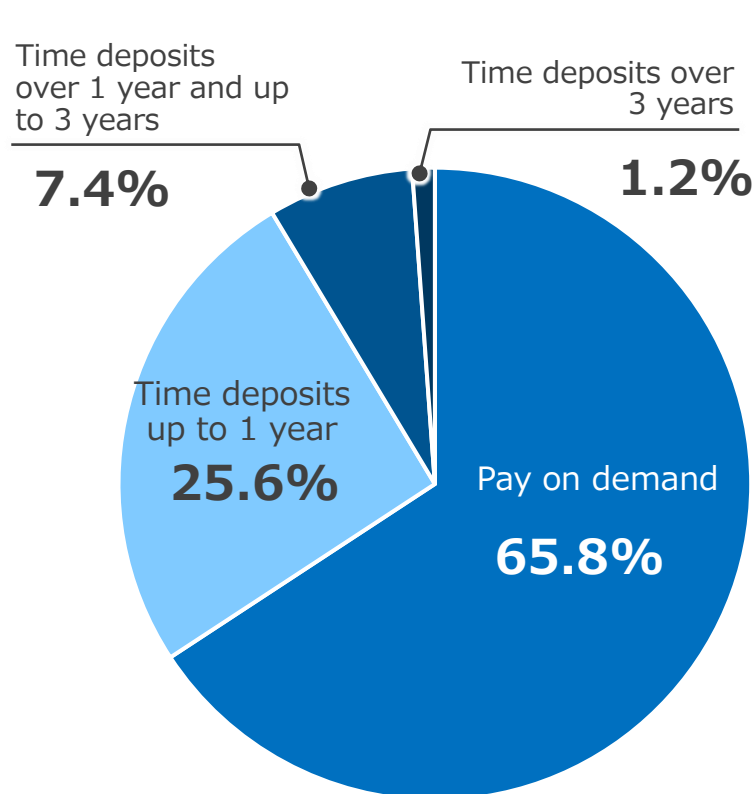


Note: Overdue loans are excluded

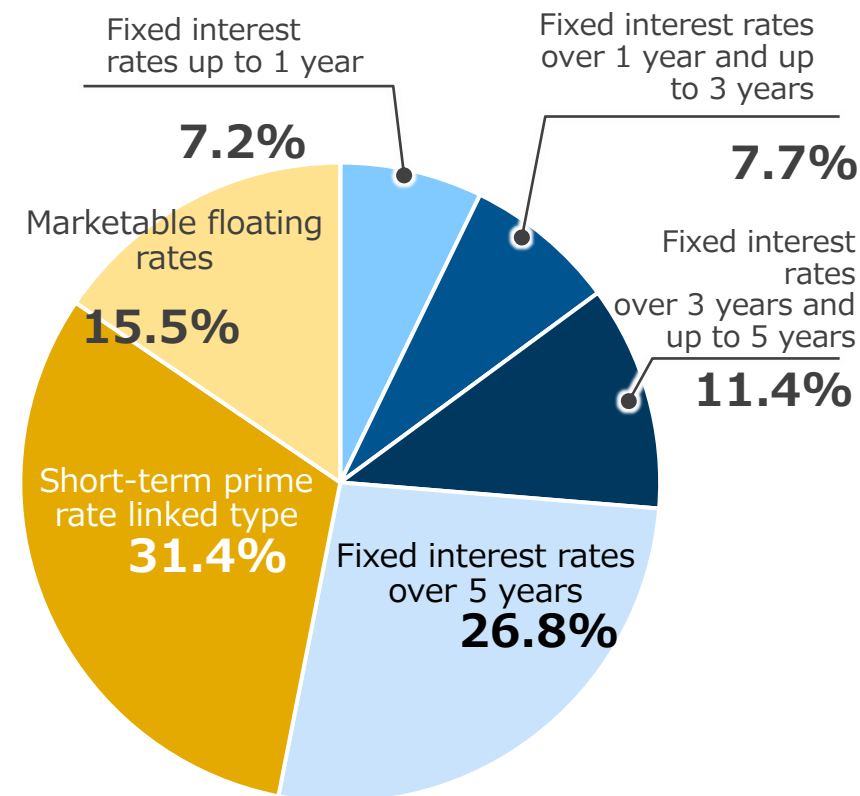
As of September 30, 2020

# Composition of Deposits and Loans and Bills Discounted

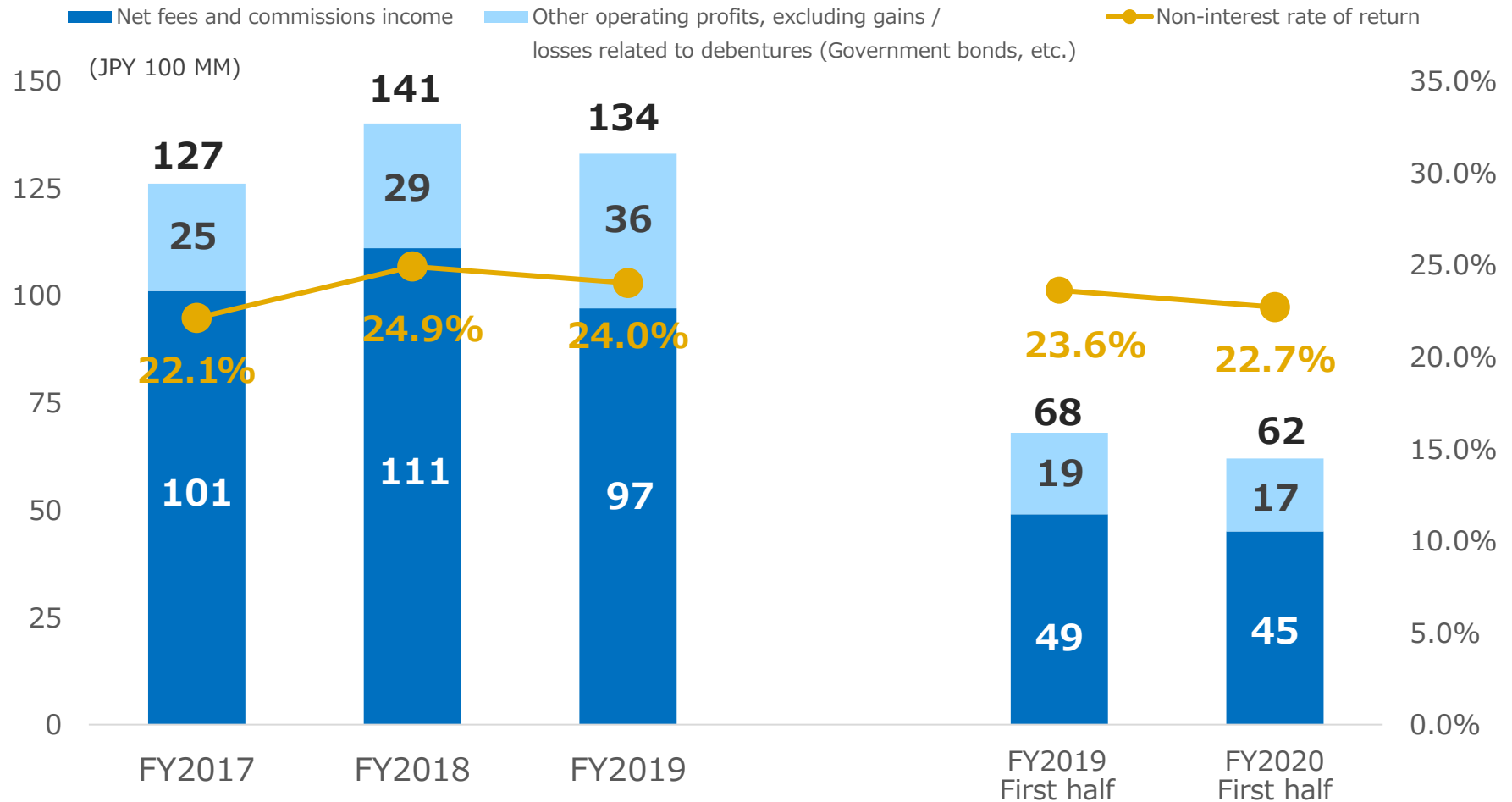
## Composition of deposits



## Composition of loans and bills discounted

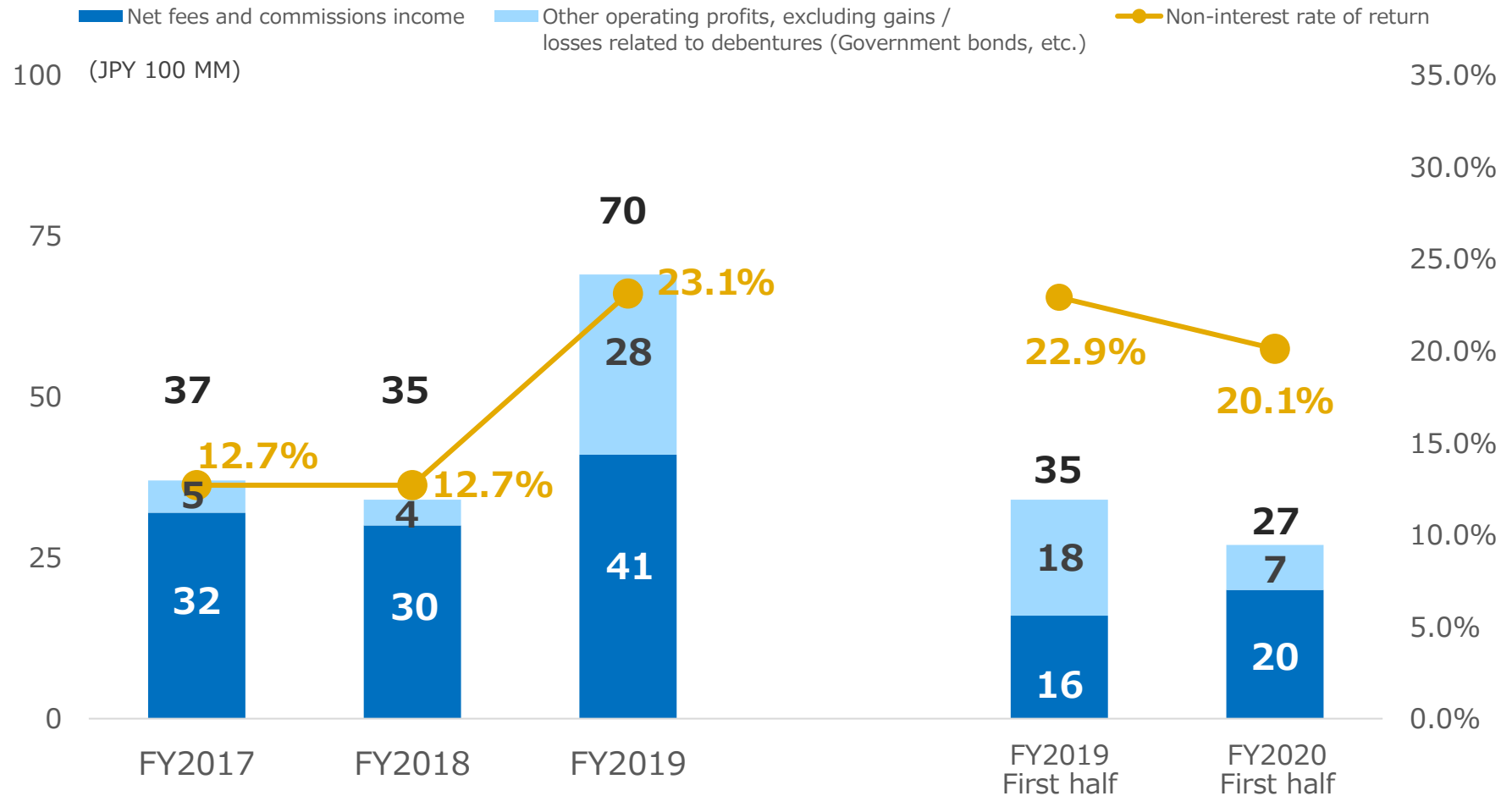


Note: Overdue loans are excluded  
As of September 30, 2020



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

# Non-interest Income



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



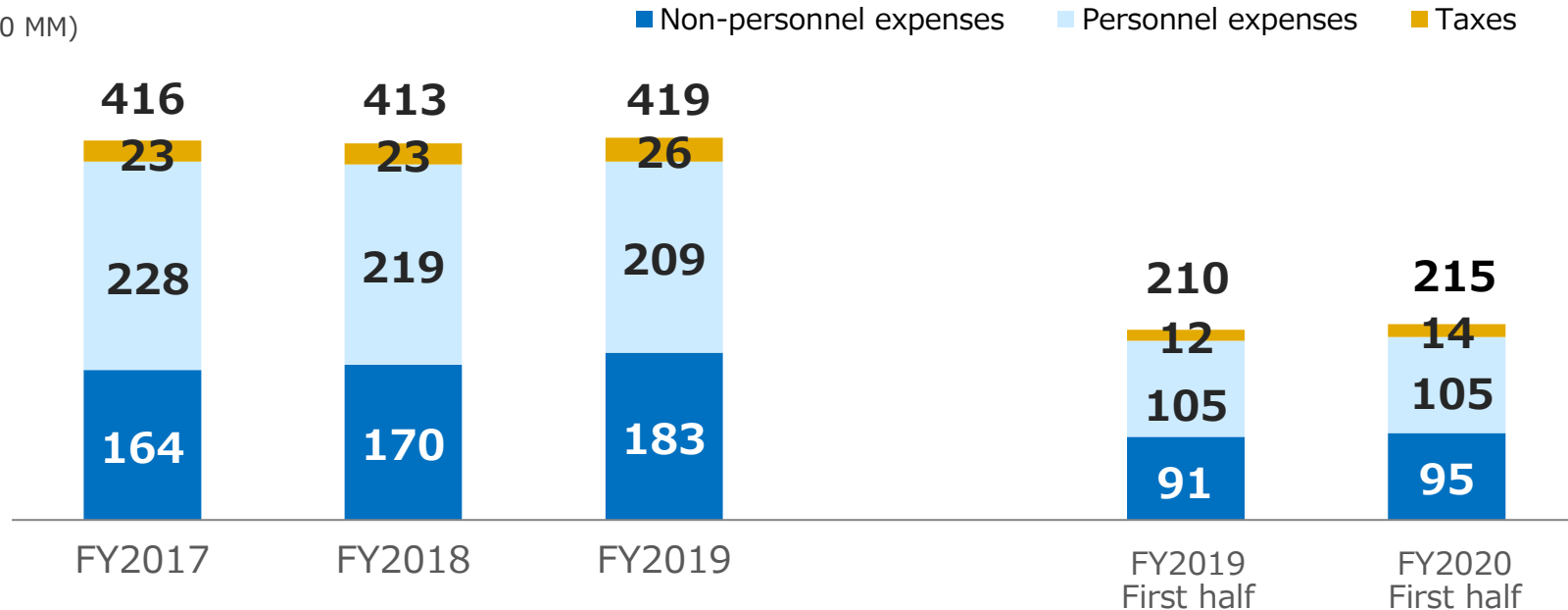
# Expenses and OHR in Core Gross Business Profits

Daishi Bank

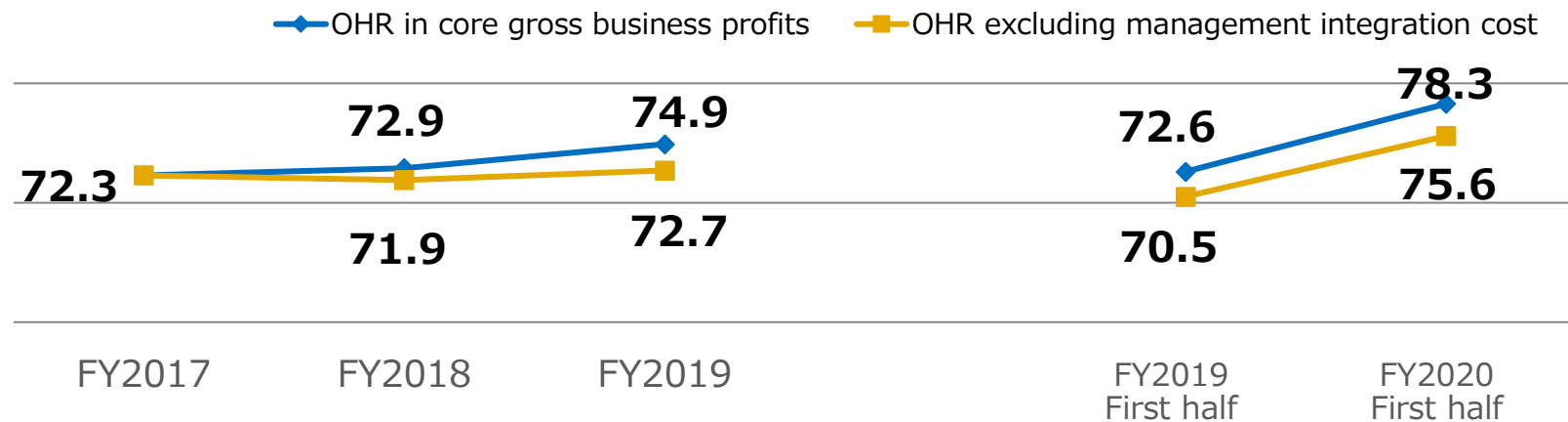
DAISHI HOKUETSU  
Financial Group

## <Expenses>

(JPY 100 MM)



## <OHR in core gross business profits>

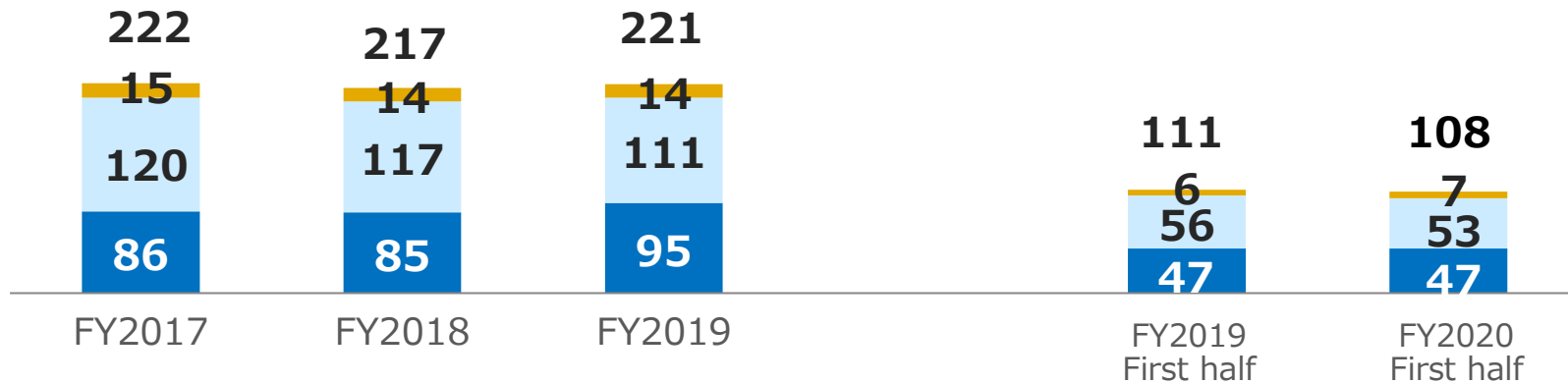


# Expenses and OHR in Core Gross Business Profits

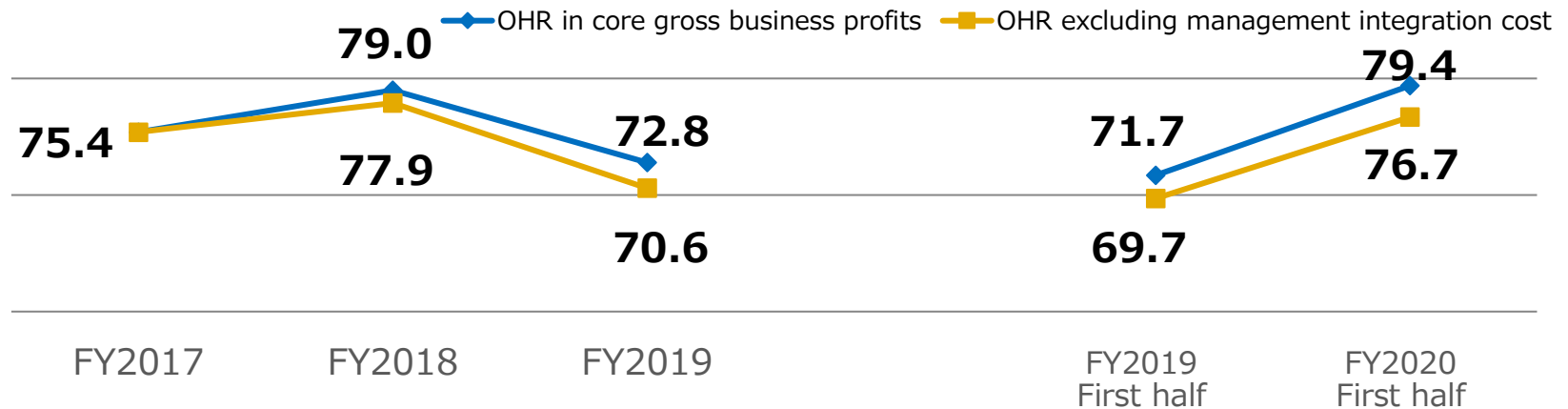
## <Expenses>

(JPY 100 MM)

■ Non-personnel expenses ■ Personnel expenses ■ Taxes



## <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	FY2017	FY2018	FY2019	FY2019/1H	FY2020/1H
Bankrupt, etc. and substantially bankrupt claims	39 (0.11%)	36 (0.10%)	37 (0.10%)	32 (0.09%)	35 (0.10%)
Loans to bankrupt borrowers	10 (0.03%)	11 (0.03%)	17 (0.04%)	13 (0.03%)	15 (0.04%)
Loans to effectively bankrupt borrowers	28 (0.08%)	25 (0.07%)	20 (0.05%)	18 (0.05%)	19 (0.05%)
Doubtful claims	344 (1.03%)	333 (0.95%)	404 (1.16%)	387 (1.11%)	520 (1.51%)
Substandard claims	48 (0.14%)	37 (0.10%)	25 (0.07%)	79 (0.23%)	28 (0.08%)
Subtotal	432 (1.29%)	407 (1.16%)	468 (1.34%)	500 (1.44%)	583 (1.70%)
Normal claims	32,921 (98.70%)	34,389 (98.83%)	34,422 (98.65%)	34,225 (98.55%)	33,757 (98.29%)
Total claim amount	33,354	34,796	34,890	34,725	34,341

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

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

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

Category	FY2017	FY2018	FY2019	FY2019/1H	FY2020/1H
Bankrupt, etc. and substantially bankrupt claims	42 (0.24%)	45 (0.25%)	44 (0.24%)	37 (0.21%)	32 (0.19%)
Loans to bankrupt borrowers	4 (0.02%)	7 (0.04%)	6 (0.03%)	4 (0.02%)	4 (0.02%)
Loans to effectively bankrupt borrowers	38 (0.21%)	37 (0.21%)	38 (0.21%)	33 (0.19%)	28 (0.16%)
Doubtful claims	219 (1.24%)	210 (1.18%)	220 (1.23%)	215 (1.24%)	261 (1.51%)
Substandard claims	21 (0.12%)	13 (0.07%)	16 (0.09%)	20 (0.11%)	15 (0.08%)
Subtotal	284 (1.61%)	268 (1.51%)	281 (1.58%)	273 (1.58%)	309 (1.79%)
Normal claims	17,353 (98.38%)	17,505 (98.48%)	17,550 (98.41%)	16,989 (98.41%)	16,956 (98.20%)
Total claim amount	17,638	17,774	17,832	17,263	17,266

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		15	27	7	100.0%	Claims in bankruptcy and reorganization, etc	35	Loans to bankrupt borrowers	13
Effectively bankrupt debtors		19						Delinquent loans	534
Potentially bankrupt debtors		520	357	77	83.5%			Doubtful claims	520
Debtors requiring caution	Of which, substandard claims	(28)	(7)	(1)	(34.8%)	Substandard claims	28	Loans past due 3 months or more	1
	Debtors requiring monitoring	42	11	2	34.3%	Subtotal	583	Restructured loans	26
	Other debtors requiring caution	2,455							
Normal debtors		31,287				Normal claims	33,757		
Total		34,341				Total	34,341		

As of September 30, 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		4	28	4	100.0%	Claims in bankruptcy and reorganization, etc	32	Loans to bankrupt borrowers	4
Effectively bankrupt debtors		28						Delinquent loans	287
Potentially bankrupt debtors		261	187	41	87.4%		Doubtful claims	261	
Debtors requiring caution	Of which, substandard claims	(15)	(7)	(2)	(67.1%)	Substandard claims	15	Loans past due 3 months or more	1
	Debtors requiring monitoring	21	10	3	65.3%			Restructured loans	13
	Other debtors requiring caution	1,383				Subtotal	309	Total	307
Normal debtors		15,567				Normal claims	16,956		
Total		17,266						Total	17,266

As of September 30, 2020

# Net Credit Cost (Non-consolidated)

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

	FY2016	FY2017	FY2018	FY2019/1H	FY2020/1H
General provision of allowance for loan losses (1)	-	-	-	4	2
Non-performing loan amount processed (2)	14	23	44	28	30
Written-off of loans	11	12	16	11	2
Individual provision of allowance for loan losses	-	8	25	15	27
Loss on sale of delinquent loans, etc.	1	-	-	-	-
Others	2	1	2	1	-
Loan charge-off and reserve expenses (1) + (2)	14	23	44	32	32
Reversal of allowance for loan losses (3)	10	-	-	-	-
Recoveries of written off claims (4)	7	3	2	1	1
Reversal of provision for contingent loss (5)*	-	-	-	-	-
Net credit cost (1) + (2) - (3) - (4) - (5)	-3	19	42	31	30

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



# Net Credit Cost (Non-consolidated)

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

	FY2017	FY2018	FY2019	FY2019/1H	FY2020/1H
General provision of allowance for loan losses (1)	-3	-	5	5	1
Non-performing loan amount processed (2)	9	30	12	6	4
Written-off of loans	4	8	3	1	-
Individual provision of allowance for loan losses	4	18	8	4	2
Loss on sale of delinquent loans, etc.	-	-	-	-	-
Others	1	3	1	-	-
Loan charge-off and reserve expenses (1) + (2)	6	31	18	12	6
Reversal of allowance for loan losses (3)	-	-	-	-	-
Recoveries of written off claims (4)	4	5	2	1	3
Reversal of provision for contingent loss (5)*	-	1	-	-	-
Net credit cost (1) + (2) - (3) - (4) - (5)	2	24	15	10	2

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

## Changes in year-end balance of securities

(JPY 100 MM)

	FY2017	FY2018	FY2019	FY2020/1H
Government bonds	5,785	4,416	3,014	2,939
Local government bonds	2,457	2,813	3,364	4,181
Public corporation bonds	763	532	364	339
Bank bonds	242	179	92	72
Industrial bonds	1,398	1,533	1,562	1,622
Stocks	1,392	1,185	891	1,030
Foreign securities	2,366	1,879	1,897	2,482
Other securities	3,179	2,823	1,695	2,281
<b>Total</b>	<b>17,586</b>	<b>15,363</b>	<b>12,883</b>	<b>14,949</b>

## Breakdown of increase/decrease in the balance of securities (comparison at the end of March 2020)

(JPY 100 MM)

<b>Domestic debentures (Yield: 0.41%)</b>	<b>757</b>
Purchase	2,321
Sale	-753
Others (redemption and market value factors, etc.)	-811
<b>Stocks (Yield: 5.63%)</b>	<b>138</b>
Purchase	230
Sale	-161
Others (redemption and market value factors, etc.)	68
<b>Foreign securities (Yield: 1.13%)</b>	<b>584</b>
Purchase	1,680
Sale	-855
Others (redemption and market value factors, etc.)	-239
<b>Other securities (Yield: 1.70%)</b>	<b>585</b>
Purchase	2,565
Sale	-2,007
Others (redemption and market value factors, etc.)	28

## Changes in year-end balance of securities

(JPY 100 MM)

	FY2017	FY2018	FY2019	FY2020/1H
Government bonds	3,771	3,259	3,152	3,053
Local government bonds	335	1,122	1,889	1,852
Public corporation bonds	455	413	521	449
Bank bonds	-	-	-	-
Industrial bonds	691	700	669	670
Stocks	394	286	227	240
Foreign securities	1,199	2,301	1,972	1,923
Other securities	1,470	1,495	1,873	1,881
Total	8,317	9,578	10,306	10,071

## Breakdown of increase/decrease in the balance of securities (comparison at the end of March 2020)

(JPY 100 MM)

Domestic debentures (Yield: 0.41%)	-206
Purchase	76
Sale	-
Others (redemption and market value factors, etc.)	-282
Stocks (Yield: 5.73%)	12
Purchase	5
Sale	-8
Others (redemption and market value factors, etc.)	15
Foreign securities (Yield: 1.48%)	-49
Purchase	-
Sale	-40
Others (redemption and market value factors, etc.)	-9
Other securities (Yield: 0.78%)	7
Purchase	-
Sale	-41
Others (redemption and market value factors, etc.)	49

# Investment Status by Securities Risk Category

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

FY2020/1H	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	9,129	29	-22	19	-	-2
Government bonds	2,934	9	-19	12	-0	-7
Local government bonds	4,163	17	-1	3	1	4
Corporate bonds	2,031	2	-1	2	-	-
Stocks	732	297	73	18	45	137
Foreign securities	2,406	76	17	14	10	42
Yen-denominated foreign debentures	4	-0	-	-	-	-
Foreign currency debentures	2,401	76	17	14	10	42
Other securities	2,377	-95	34	17	-9	41
Stock investment trusts (ETF included)	497	-21	4	10	12	27
Investment trusts (excluding stock investment trusts)	1,862	-74	29	6	-21	13
Others	17	-	-	-	-	-
<b>Total</b>	<b>14,645</b>	<b>308</b>	<b>103</b>	<b>68</b>	<b>47</b>	<b>219</b>

Note: Excluding monetary claims bought

(JPY 100 MM)

(JPY 100 MM)

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

	FY2019/1H	FY2020/1H
Loss on cancellation of investment trust	2	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)

FY2020/1H	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	5,944	82	-26	12	-	-13
Government bonds	2,981	72	-25	8	-	-16
Local government bonds	1,845	7	1	1	-	3
Corporate bonds	1,117	2	-3	2	-	-0
Stocks	171	68	15	4	15	36
Foreign securities	1,722	200	-	12	2	16
Yen-denominated foreign debentures	44	1	-0	-	-	-
Foreign currency debentures	1,678	198	1	12	2	16
Other securities	1,993	-112	53	7	-5	55
Stock investment trusts (ETF included)	85	-1	11	-	-	12
Investment trusts (excluding stock investment trusts)	1,884	-110	42	6	-5	43
Others	24	-0	-	-	-	-
<b>Total</b>	<b>9,832</b>	<b>239</b>	<b>43</b>	<b>38</b>	<b>12</b>	<b>94</b>

Note: Excluding monetary claims bought

(JPY 100 MM)

(JPY 100 MM)

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

	FY2019/1H	FY2020/1H
Loss on cancellation of investment trust	0	0

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

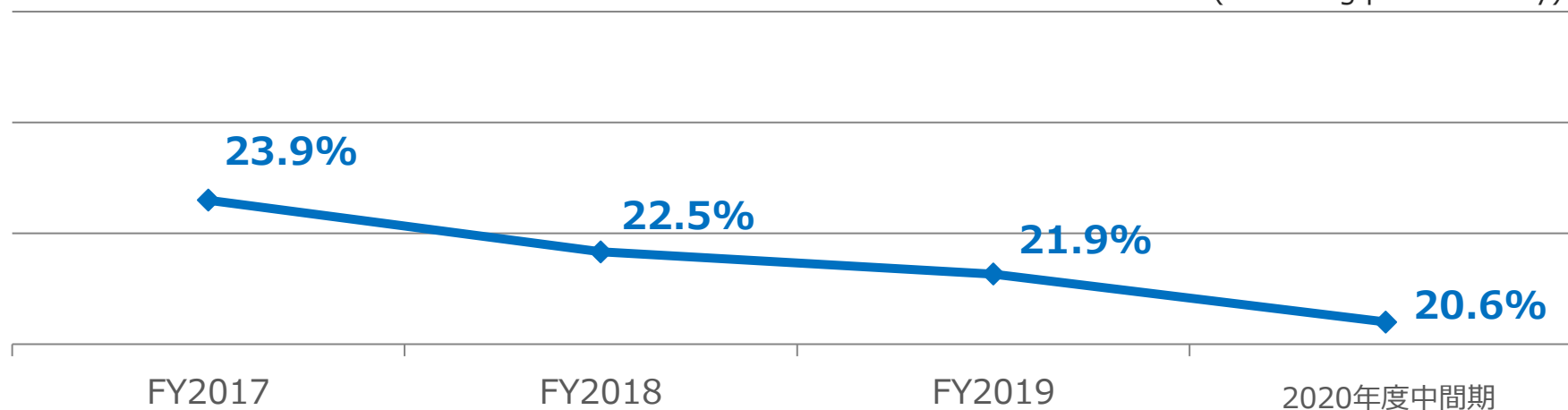
# Concentration of Large Loans and Quantity of Interest Rate Risks

Daishi Bank

DAISHI HOKUETSU  
Financial Group

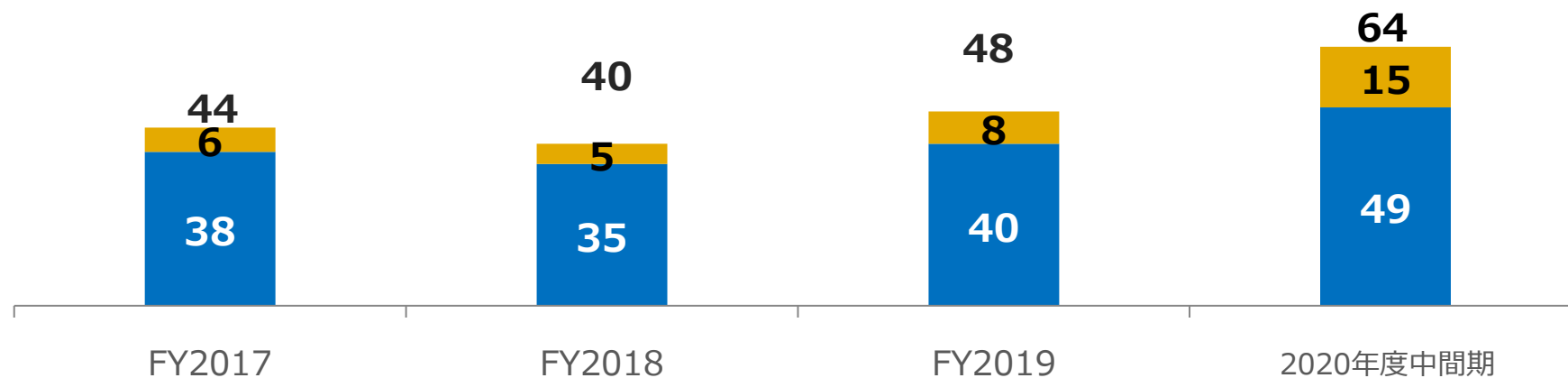
## Changes in concentration of large loans

\* 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)

■ Foreign debentures ■ Yen debentures



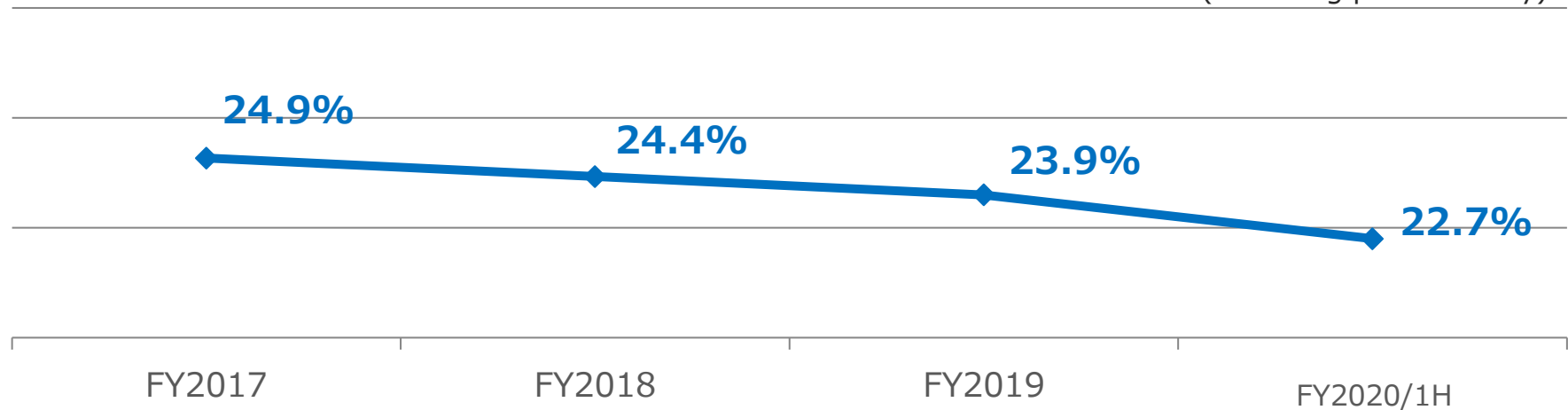
# Concentration of Large Loans and Quantity of Interest Rate Risks

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

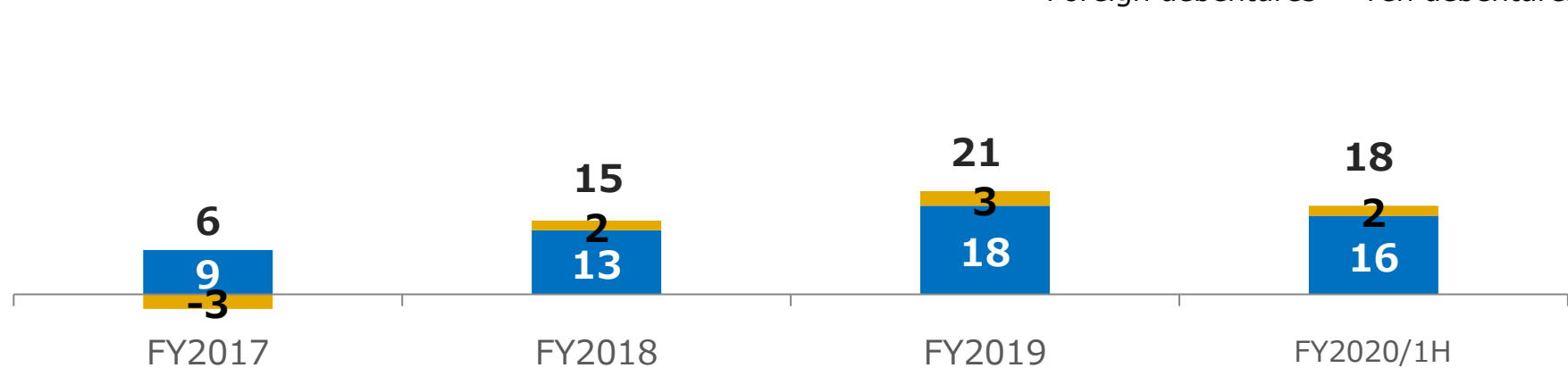
## Changes in concentration of large loans

\* 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)

■ Foreign debentures ■ Yen debentures





# Capital Adequacy Ratio

Daishi Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

## Consolidated

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

FYE September 2019		FYE September 2020	
After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
2,765	2,661	2,759	2,673
2,635	2,635	2,654	2,654
73	73	70	70
104	–	85	–
-47	-47	-50	-50
95	95	103	103
2,670	2,566	2,656	2,570
28,276	28,290	26,854	26,868
27,151	27,151	25,771	25,771
1,139	1,139	1,097	1,097
-14	–	-14	–
9.44%	9.07%	9.89%	9.56%

## Non-consolidated

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

FYE September 2019		FYE September 2020	
After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
2,631	2,605	2,669	2,648
2,536	2,536	2,581	2,581
69	69	66	66
26	–	20	–
106	106	114	114
2,524	2,498	2,554	2,533
27,808	27,823	26,417	26,431
26,766	26,766	25,391	25,391
1,057	1,057	1,039	1,039
-14	–	-14	–
9.07%	8.98%	9.67%	9.58%

# Capital Adequacy Ratio

Hokuetsu  
Bank

DAISHI HOKUETSU  
Financial Group

(JPY 100 MM)

## Consolidated

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

FYE September 2019		FYE September 2020	
After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
1,049	1,034	1,065	1,053
1,027	1,027	1,047	1,047
27	27	29	29
14	-	11	-
-20	-20	-24	-24
33	33	29	29
1,016	1,001	1,035	1,023
11,026	11,035	10,776	10,784
10,445	10,445	10,202	10,202
589	589	582	582
-8	-	-8	-
9.21%	9.07%	9.61%	9.49%

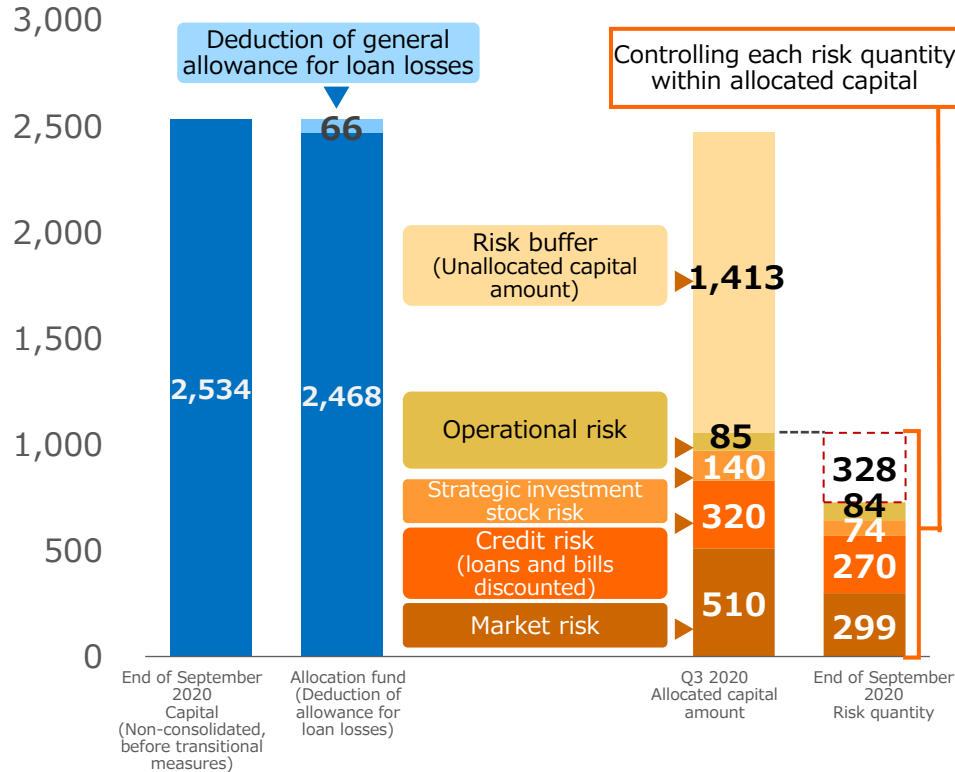
## Non-consolidated

	FYE March 2019		FYE March 2020	
	After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
Amount of basic items related to core capital (1)	982	968	1,016	1,005
Of which, shareholders' equity	947	947	979	979
Of which, general allowance for loan losses	20	20	26	26
Of which, amount included related to transitional measures	14	-	11	-
Amount of adjustment items related to core capital (2)	48	48	44	44
Capital amount (1) - (2)	934	920	972	960
Risk assets, etc.	11,030	11,083	11,177	11,185
Of which, credit risk assets	10,516	10,516	10,618	10,618
Of which, operational risk	567	567	567	567
Of which, those related to transitional measures	-53	-	-8	-
Non-consolidated capital adequacy ratio	8.47%	8.30%	8.69%	8.58%

FYE September 2019		FYE September 2020	
After transitional measures	Before transitional measures	After transitional measures	Before transitional measures
1,014	999	1,035	1,023
973	973	995	995
25	25	28	28
14	-	11	-
44	44	41	41
969	954	994	982
10,949	10,958	10,719	10,728
10,388	10,388	10,164	10,164
569	569	563	563
-8	-	-8	-
8.85%	8.71%	9.27%	9.15%

## Daishi Bank

(JPY 100 MM)

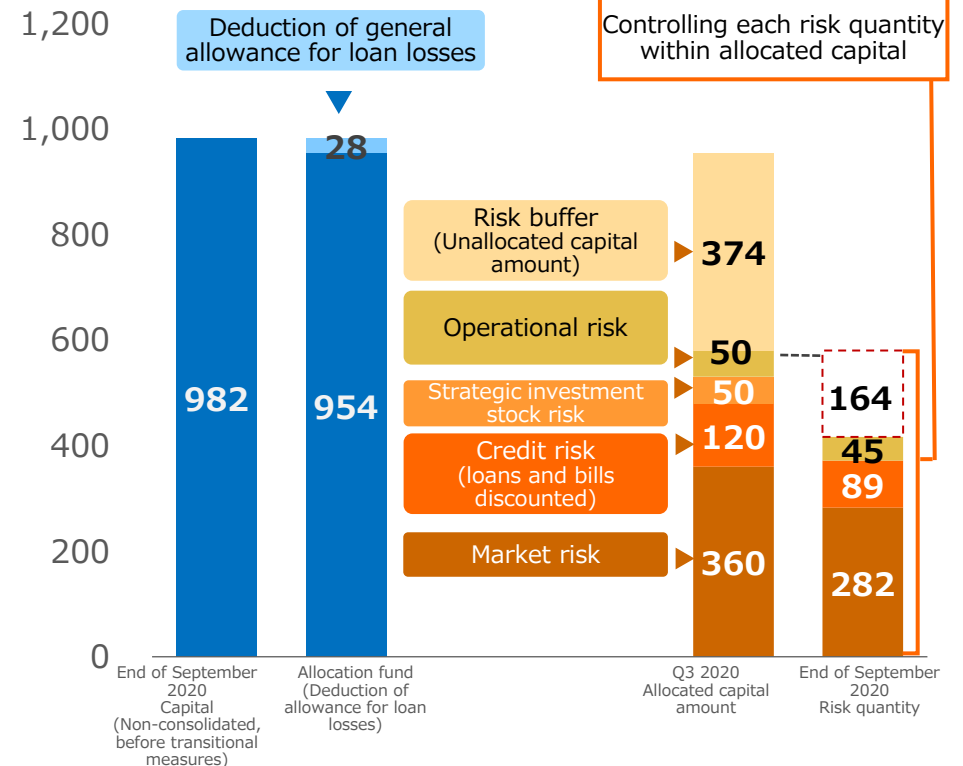


### Method of calculating risk quantity

- 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 shares	14,583 million yen	All stocks retired
	FY2013	4,200 shares	1,471 million yen	All stocks retired
	FY2014	2,474 shares	999 million yen	All stocks retired
	FY2015	5,805 shares	2,634 million yen	All stocks retired
	FY2016	3,062 shares	1,499 million yen	All stocks retired
	FY2017	3,645 shares	1,799 million yen	All stocks retired
	Total	58,305 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 shares	1,671 million yen	All stocks retired
	FY2013	2,953 shares	607 million yen	All stocks retired
	FY2014	1,678 shares	414 million yen	All stocks retired
	FY2015	2,690 shares	704 million yen	All stocks retired
	FY2016	-	-	-
	FY2017	-	-	-
	Total	16,224 shares	3,397 million yen	

FG	Year of implementation	Number of shares bought	Buying price	Remarks
	FY2018	294 shares	999 million yen	-
	FY2019	-	-	-
	FY2020	-	-	-
	Total	294 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		
			FY2019		FY2020	FY2019		FY2020	FY2019		FY2020
			First half	Full-year	First half	First half	Full-year	First half	First half	Full-year	First half
The Daishi Bank, Ltd.	Banking	32,776	42,593	89,553	41,615	9,463	14,690	7,127	6,960	10,763	4,820
The Hokuetsu Bank, Ltd.	Banking	24,538	21,985	43,033	18,974	4,554	6,151	3,395	3,314	4,587	2,352
Daishi Hokuetsu Career Bridge Co., Ltd.	General human resources consulting services	30	-	10	23	-7	-5	4	-7	-6	4
Daishi Hokuetsu Securities Co., Ltd.	Securities trading	600	1,878	4,171	2,139	441	1,169	565	317	829	402
The Daishi Guaranty Co., Ltd.	Guaranty services	50	787	1,573	812	452	968	534	297	636	351
The Hokuetsu Credit Guarantee Co., Ltd.	Guaranty services	210	356	711	354	135	284	334	74	161	237
The Daishi Management Consulting Co., Ltd.	Consulting services and venture capital	20	58	117	58	11	22	10	8	15	7
The Hokugin Economic Research Institute, Ltd.	Research on economy and society and provision of information	30	71	144	68	8	20	11	6	14	7
The Daishi Lease Co., Ltd.	General leasing	100	7,992	16,303	8,281	378	765	359	250	506	238
The Hokuetsu Leasing Co., Ltd.	General leasing	100	2,708	5,432	2,788	-2	74	92	-1	48	60
The Daishi Computer Service Co., Ltd.	Computer-related business	15	543	1,060	543	55	85	17	37	56	11
The Daishi JCB Card Co., Ltd.	Credit card and guaranty services	30	737	1,471	704	205	345	195	137	230	130
The Daishi DC Card Co., Ltd.	Credit card services	30	397	818	391	18	44	34	12	30	22
The Hokuetsu Card, Ltd.	Credit card and guaranty services	20	470	930	440	34	71	62	20	45	40

# Status of Shareholders

## Composition of shareholders

Owner	End of September 2020		
	Number of shareholders	Number of shares	Composition rate (%)
	(persons)	(1000 shares)	
National and local governments	4	0	0.00
Financial institutions	67	17,476	38.03
Of which, trust banks	20	8,482	18.46
Of which, other than trust banks	47	8,993	19.57
Financial instruments business operators	34	706	1.53
Other corporations	1,515	11,404	24.82
Foreign corporations, etc.	159	5,243	11.41
Individuals and others	18,218	10,863	23.64
Shares held under own name	1	247	0.53
<b>Total</b>	<b>19,998</b>	<b>45,942</b>	<b>100.00</b>

## Major shareholders (Top 10)

	Name of shareholders	End of September 2020	
		Number of shares held (1000 shares)	Stockholding ratio (%)
1	Custody Bank of Japan, Ltd. (trust account)	2,810	6.14
2	The Master Trust Bank of Japan, Ltd. (trust account)	2,165	4.73
3	Meiji Yasuda Life Insurance Company	1,624	3.55
4	Nippon Life Insurance Company	1,156	2.53
5	Tohoku Electric Power Co., Inc.	852	1.86
6	DFA INTL SMALL CAP VALUE PORTFOLIO	842	1.84
7	The Daishi Bank Employees' Stockholdings	822	1.79
8	Sompo Japan Insurance Inc.	763	1.67
9	Custody Bank of Japan, Ltd. (trust account 5)	712	1.55
10	Daido Life Insurance Company	705	1.54
	<b>Total of top 10 companies</b>	<b>12,455</b>	<b>27.25</b>

**Contact for inquiries**

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