

# Company Briefings

## For the Fiscal Year Ended March 2022

June 3, 2022



DAISHI HOKUETSU  
Financial Group

第四北越フィナンシャルグループ

### [Method of calculating figures]

As of January 1, 2021, our wholly owned subsidiaries, Daishi Bank and Hokuetsu Bank, merged, with Daishi Bank as the surviving company and Hokuetsu Bank as the dissolving company, and the trade name was changed to Daishi Hokuetsu Bank. Figures for Daishi Hokuetsu Bank in this document are calculated in accordance with the following rules from the perspective of making appropriate period-to-period comparisons for each item.

- Figures for Fiscal Year ended March 2022, March 31, 2022 and March 31 2021  
Figures for Daishi Hokuetsu Bank
- Figures for Fiscal Year Ended March 2021  
Figures for Daishi Bank and Hokuetsu Bank for the period from April to December 2020 and the figures for Daishi Hokuetsu Bank from January 2021 onwards are simply combined
- Figures before Fiscal Year Ended March 2020  
Figures for Daishi Bank and Hokuetsu Bank are simply combined

\* Daishi Hokuetsu Financial Group is referred to as  
"Daishi Hokuetsu FG" or "FG"

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A fresh stage of achieving merger results  
after bank merger and birth of new bank

April  
2021

March  
2024

FYE March 2022

-  FG's Consolidated Profit significantly exceeded both the initial and the upwardly revised forecasts
-  Through “DasH!!120,” which was positioned as the most important activity period during the first four months of the fiscal year, and “Structural Reform” initiatives such as Streamlining of HQ, Office Integration, and Operation Reform of Sales Offices, dynamic reallocation of management resources took place (reallocated approximately 280 employees to Sales and Group Company Divisions)
-  Steady progress in organizational harmony through our slogan of the Second Medium-Term Management Plan—“We Are One!”—with increased volume of activities and consulting sales by leveraging the Group's collective strengths



# **Financial Results for the Fiscal Year Ended March 2022**

FG's  
Consolidated

(JPY 100MM)

**151**

Year on Year

**+4.3** billion yen  
**(+40.2%)**

**Vs. Initial  
Forecast**

**+4.1** billion yen  
**(+37.6%)**

**Vs. Revised  
Forecast**

**+1.1** billion yen  
**(+8.1%)**

107



FYE2021/3

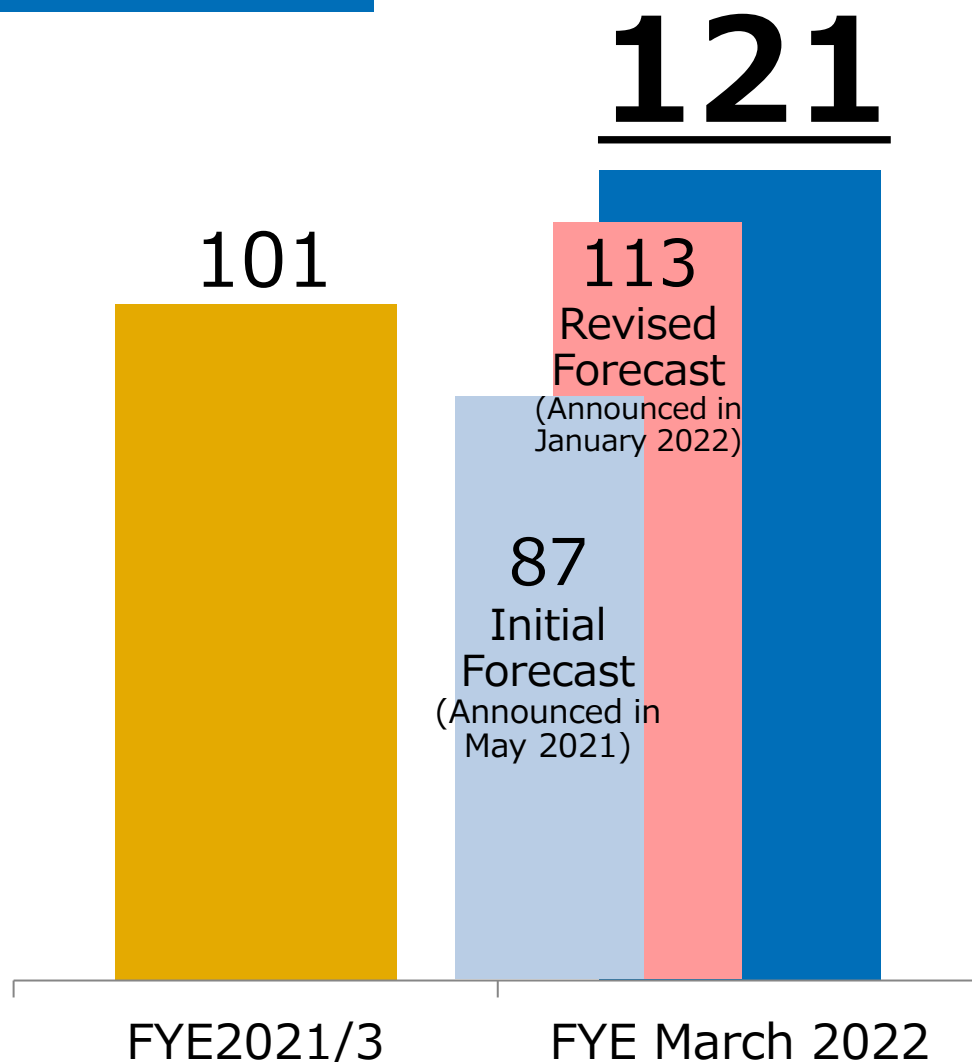
140  
Revised  
Forecast  
(Announced in  
January 2022)

110  
Initial  
Forecast  
(Announced in  
May 2021)

FYE March 2022

Bank Non-  
consolidated

(JPY 100MM)



## Year on Year

**+1.9** billion yen  
**(+19.6%)**

**Initial Performance Vs. Forecast** **+3.4** billion yen  
**(+39.5%)**

**Revised Performance Vs. Forecast** **+0.8** billion yen  
**(+7.4%)**

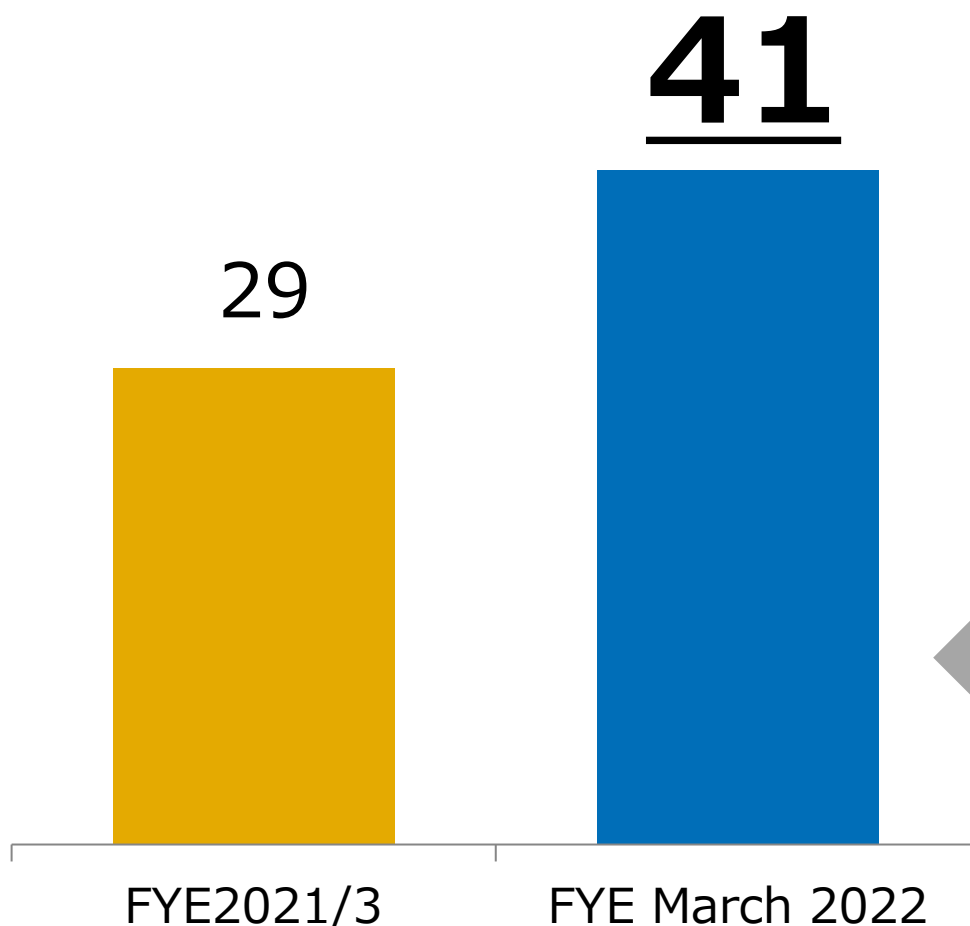
## Group Company Division

(JPY 100MM)

\* Total Profit of Group companies attributable to owners of parent  
(excluding the holding company and the Bank)

## Year on Year

**+1.2 billion yen**  
**(+42.1%)**



### Securities

**+0.6 billion yen (+50.8%) year on year**

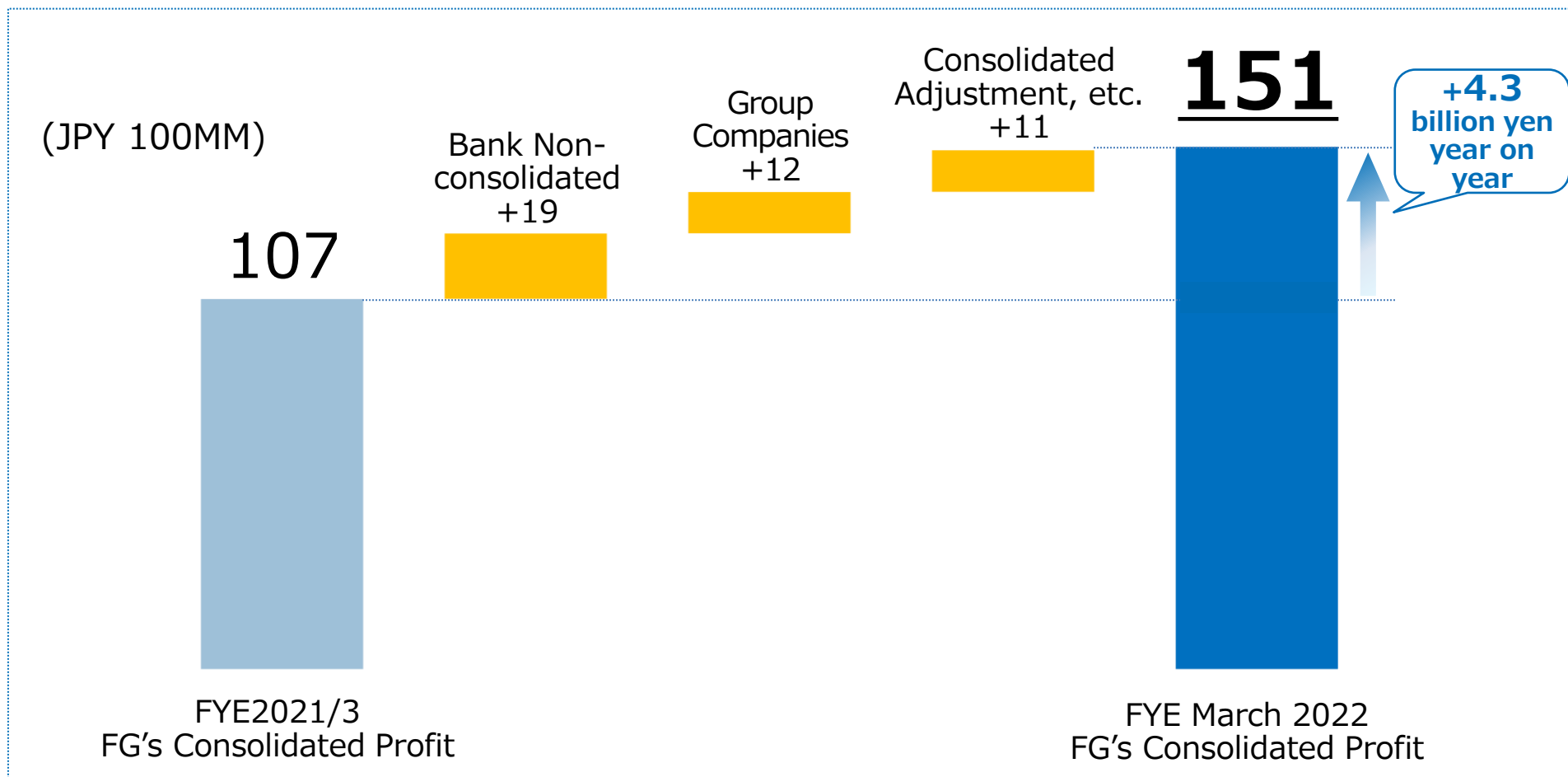
- Securities brokerage income with Bank increased, while expenses decreased due to reassessment of the income ratio with Bank

### Leasing

**+0.15 billion yen (+76.5%) year on year**

- Increase in profit attributable to owners of parent due to FG making a wholly owned subsidiary and Group reorganization

Due to synergy effects, FG's Consolidated Profit increased as a result of a profit increase by both Bank Non-consolidated and Group Company Divisions





FG's  
Consolidated (%)

10.35

International  
standard  
8%

**10.51**

Domestic  
standard  
4%

FYE2021/3

FYE March 2022

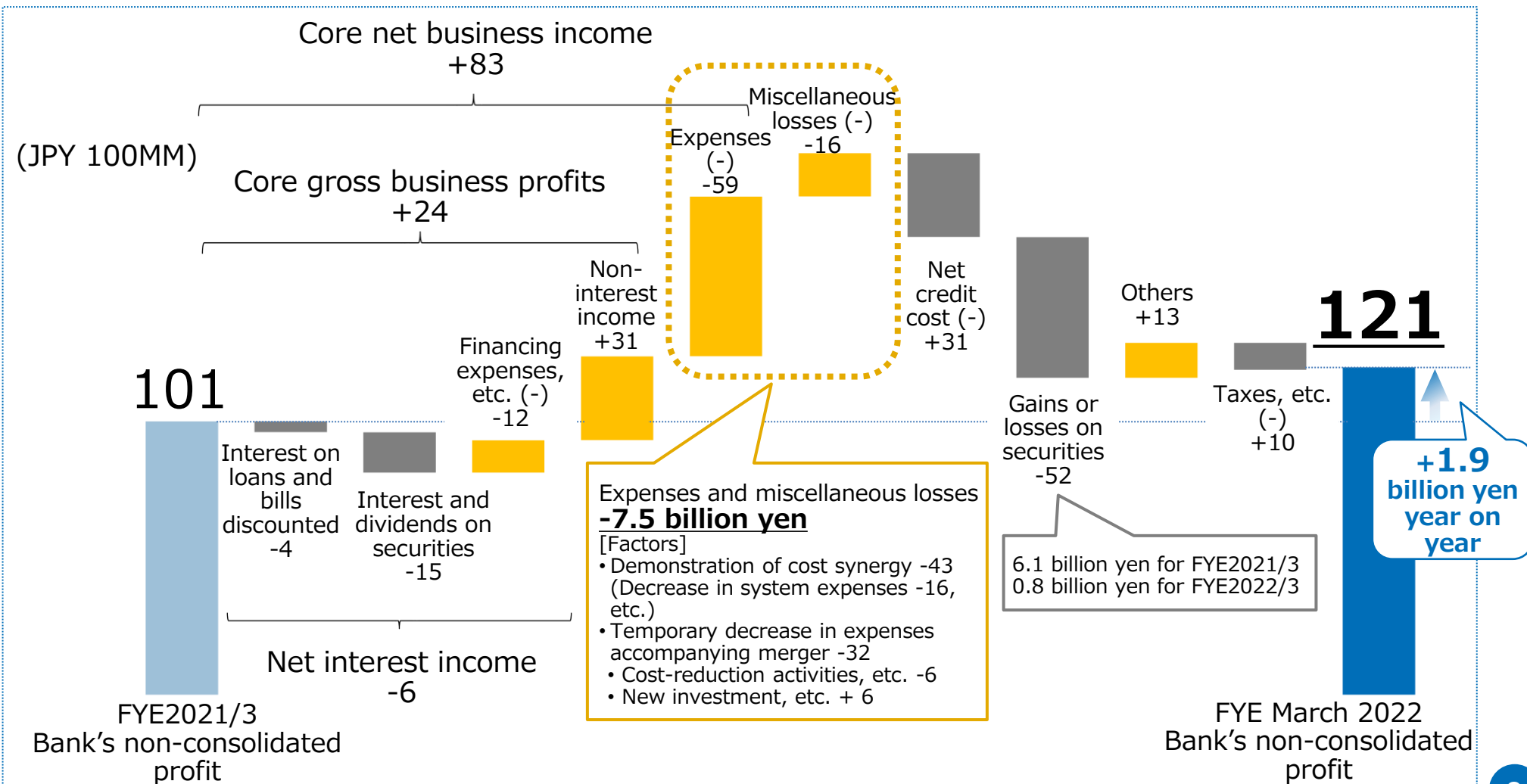
Year on Year

**+0.16pt**

- FG's consolidated capital ratio was maintained at a sufficient level, exceeding the national standard of 4% and the international standard of 8%

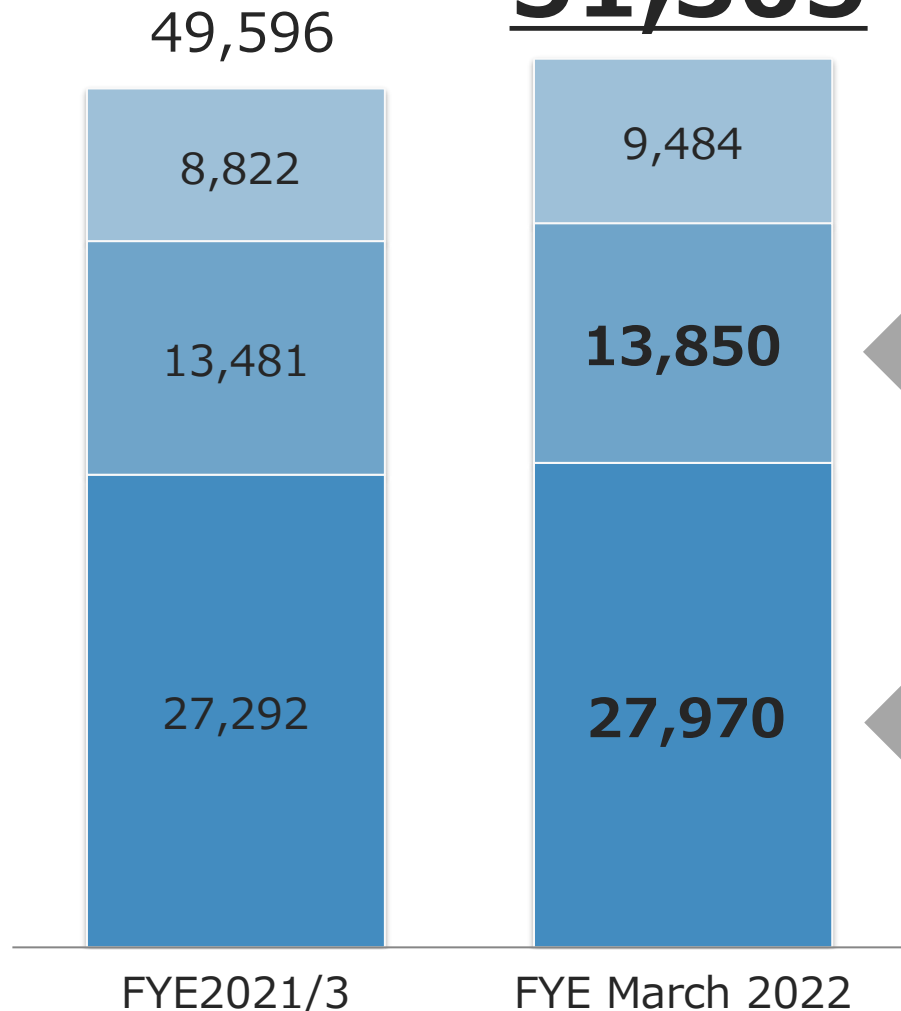
# Bank Non-consolidated: Change Factors

Due to synergy effects, the Bank's non-consolidated profit increased, realizing a significant increase in non-interest income and cost reductions



■ Business ■ Consumer ■ Public money

(JPY 100MM)



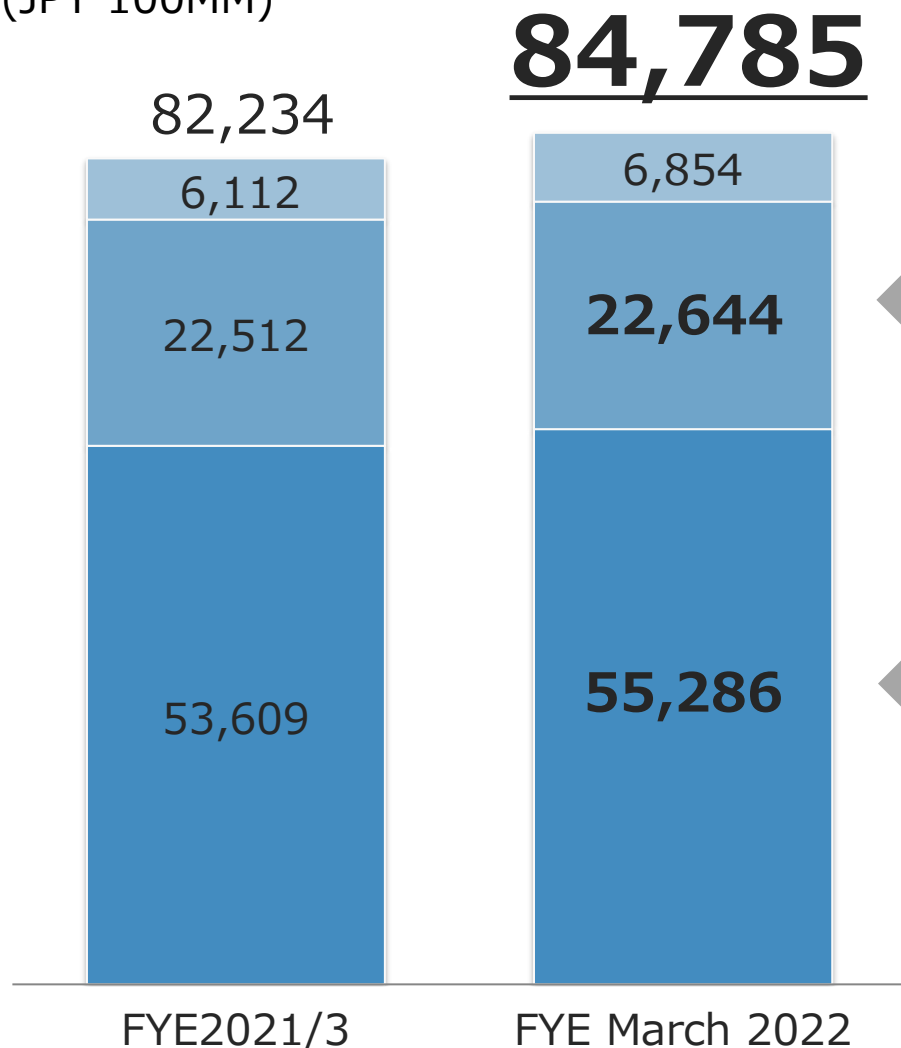
**Year on Year** +170.9 billion yen (+3.4%)

**Consumer**  
 +36.9 billion yen (+2.7%) year on year  
 - Increase in both mortgage and unsecured loans

**Business**  
 +67.8 billion yen (+2.4%) year on year  
 - Decrease due to reaction to proactive support for COVID-19 measures in the previous year in prefecture  
 - Increase in loans for large companies outside prefecture

■ Individuals ■ Corporate ■ Others

(JPY 100MM)



**Year on Year** +255.0 billion yen (+3.1%)

**Corporate**

+13.1 billion yen (+0.5%) year on year

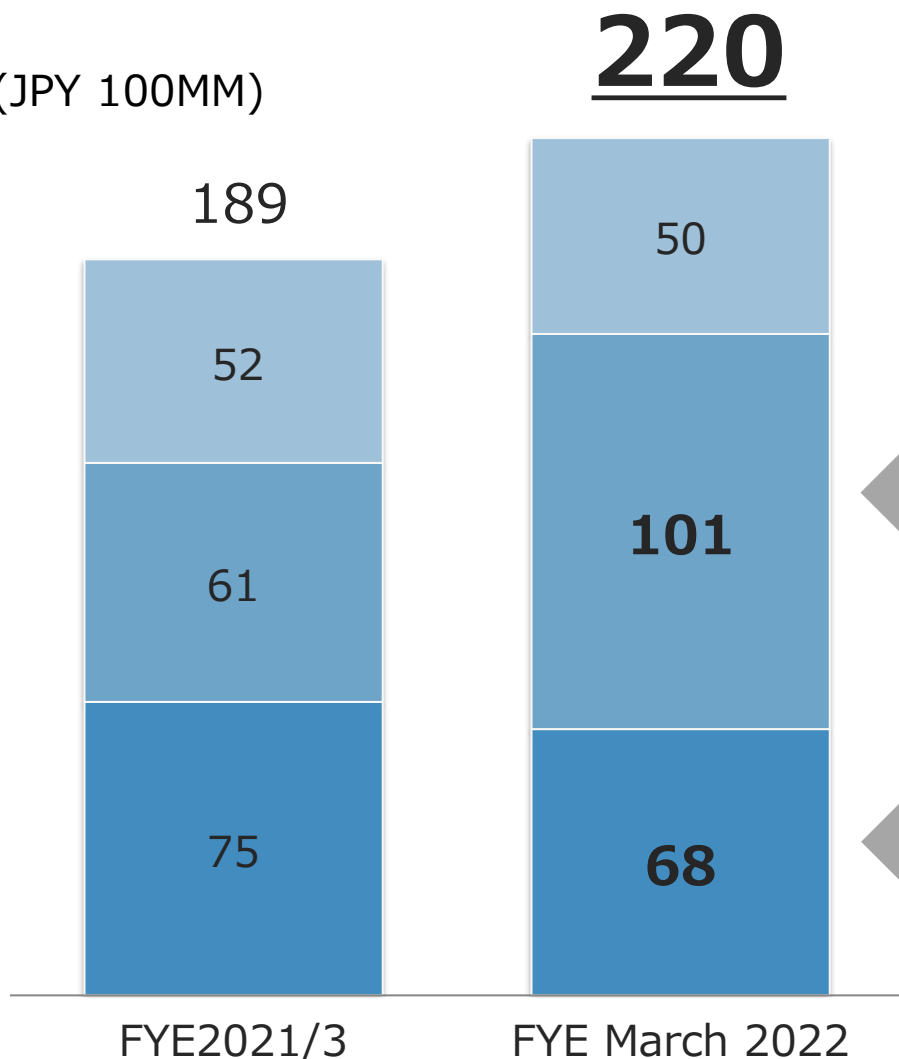
**Individuals** (including sole proprietors)

+167.6 billion yen (+3.1%) year on year

- Increase in both Corporate and Individuals mainly due to accumulated increase in liquidity on hand through financing under the impact of the COVID-19 crisis and weak consumer spending

■ Others ■ Financial Solutions ■ Asset management advice

(JPY 100MM)



**Year on Year**

**+3.1 billion yen (+16.4%)**

### Income from financial solutions

**+3.9 billion yen (+63.8%) year on year**  
 - Increase in derivatives, M&A and business succession

### Income from asset management advice

**-0.6 billion yen (-8.8%) year on year**  
 - Increase in investment trusts and insurance  
 - Securities brokerage decreased due to the impact of a review of income ratio between Bank and Securities subsidiaries

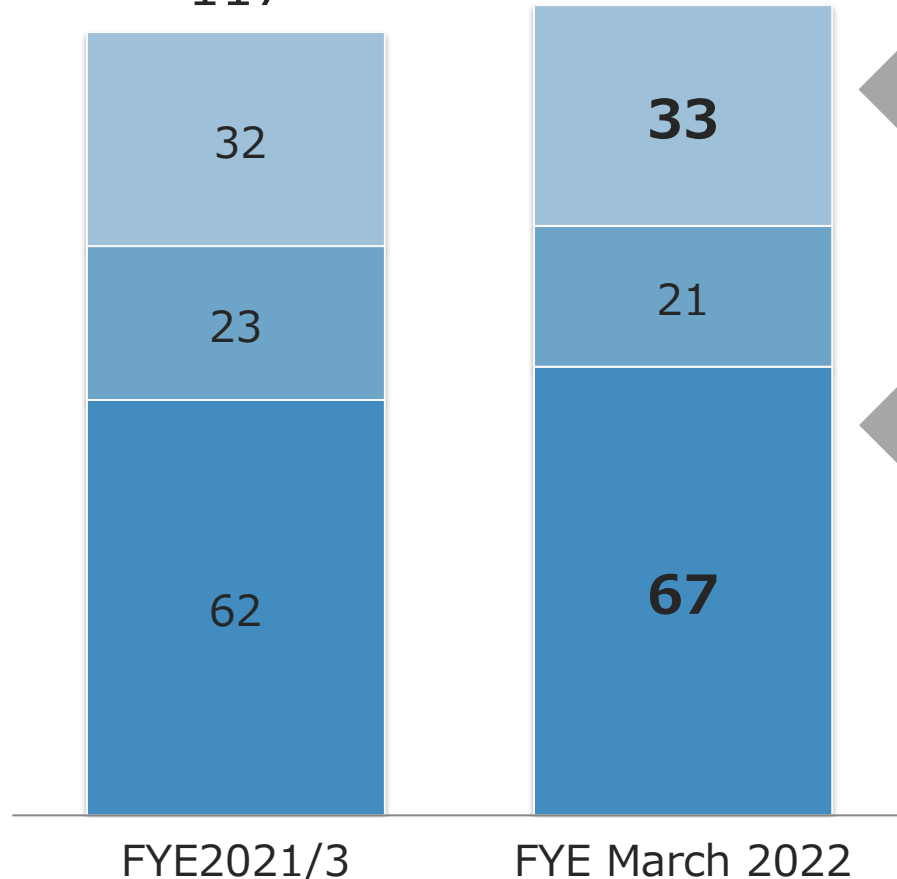
# Reference: Income from Group Asset Management Advice in Non-interest Income Area

(Asset management advice income of Bank Non-consolidated, excluding Group securities brokerage income + Securities Non-consolidated Operating income, excluding the same + Group securities brokerage income)

- Group securities brokerage income (total income of Bank and Securities)
- Operating income of Securities Division (excluding securities brokerage)
- Income from asset management advice in Bank Division (excluding securities brokerage)

(JPY 100MM)  
117

**122**



**Year on Year** +0.4 billion yen (+3.9%)

Group securities brokerage income  
\* Total income of Bank and Securities

+0.1 billion yen (+3.2%) year on year

- Group securities brokerage income increased with demonstration of Synergies

Income from asset management advice in Bank Division

+0.5 billion yen (+8.2%) year on year

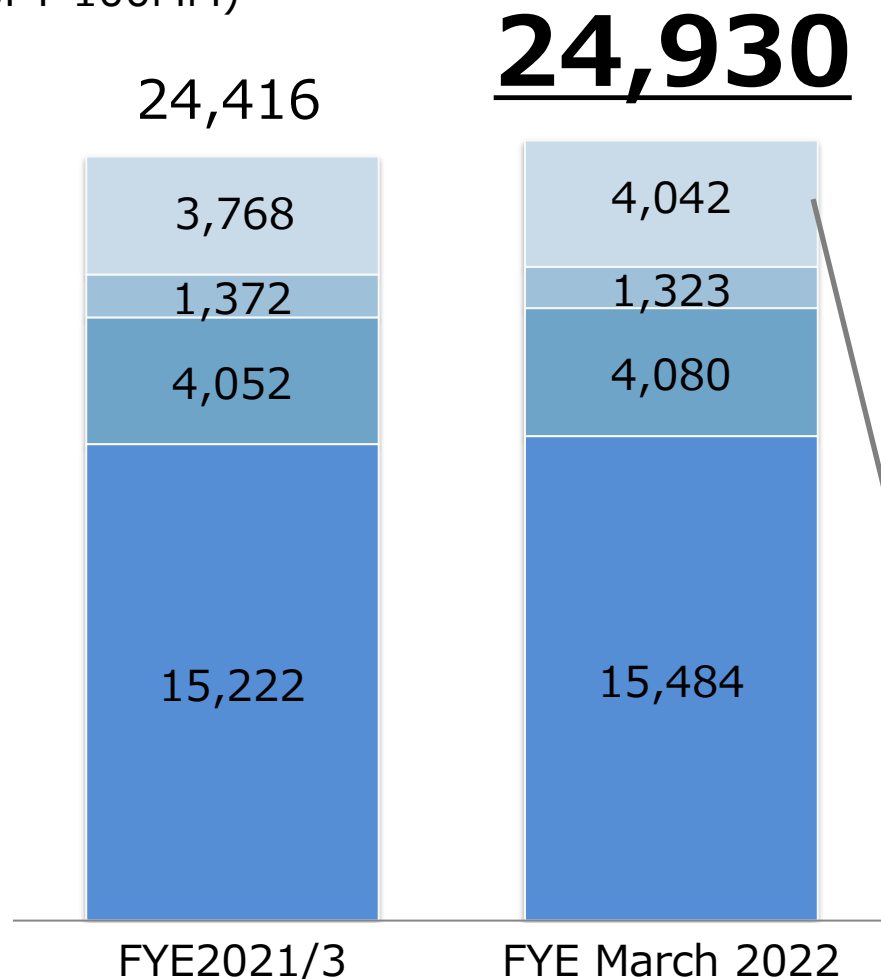
- Insurance income increased 0.5 billion yen year on year by demonstration of Synergies such as sharing of know-how
- Income from asset management advice for the Group as a whole decreased slightly in Securities Division (excluding securities brokerage) but increased overall due to increases in Bank Division and Group securities brokerage income

# End-balance of Securities

- Domestic bonds
- Foreign securities
- Stocks
- Other securities

\* Excluding trading securities

(JPY 100MM)



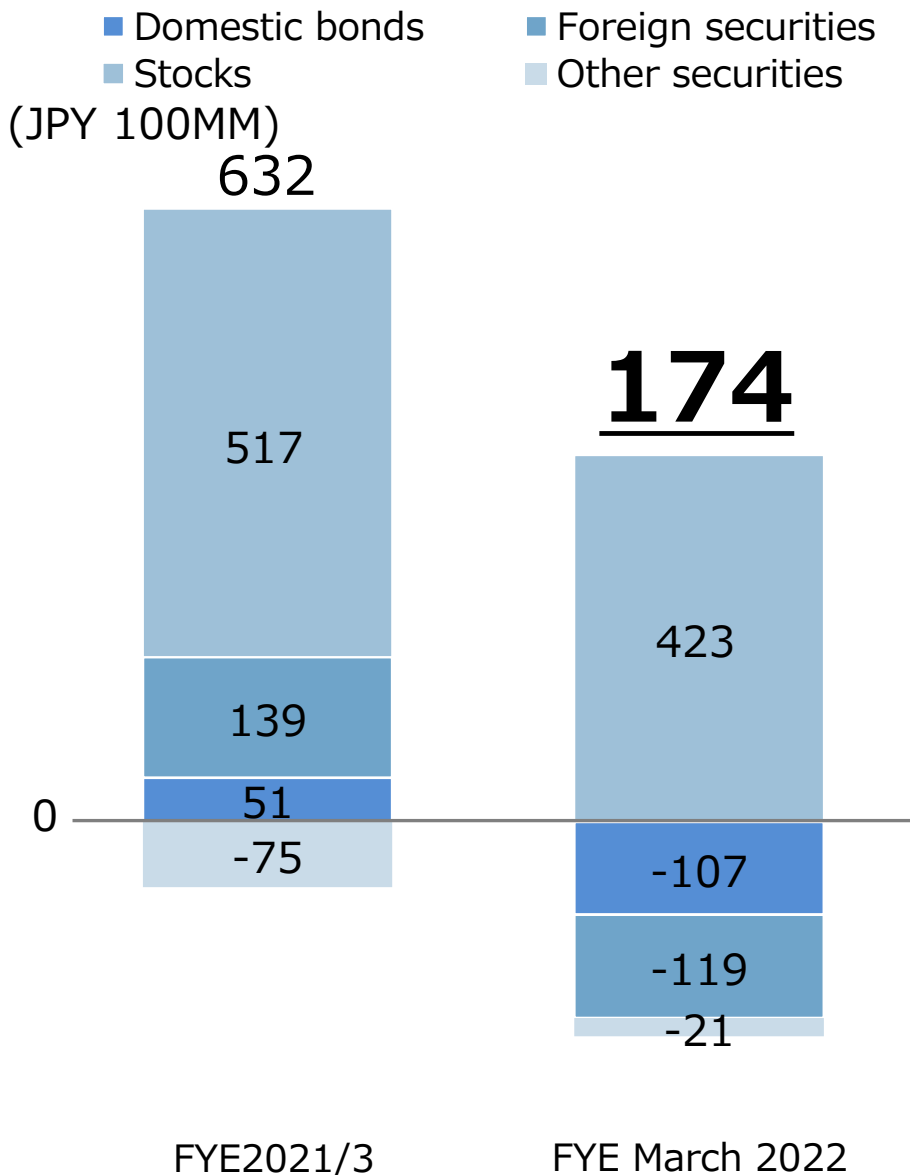
**Year on Year** **+51.3 billion yen**  
**(+2.1%)**

- Increased due to continued diversified investments in domestic and foreign stocks, bonds, etc.
- Policy to systematically accumulate multi-asset investment trusts, J-REITs, etc. in light of securing income through diversified investments

**Other securities** +27.4 billion yen year on year

[Breakdown] Domestic and overseas stock-investment trusts:  
61 billion yen (+3.8 billion yen year on year)  
Multi-asset type investment trusts:  
87.2 billion yen (+59.3 billion yen year on year)  
Foreign bond investment trust (without currency hedge)  
85.2 billion yen (+10.2 billion yen year on year)  
J-REIT 25.4 billion yen (+7.7 billion yen year on year)

# Valuation Gains or Losses on Securities



## Valuation Gains or Losses on Securities

-45.7 billion yen (-72.3%) year on year

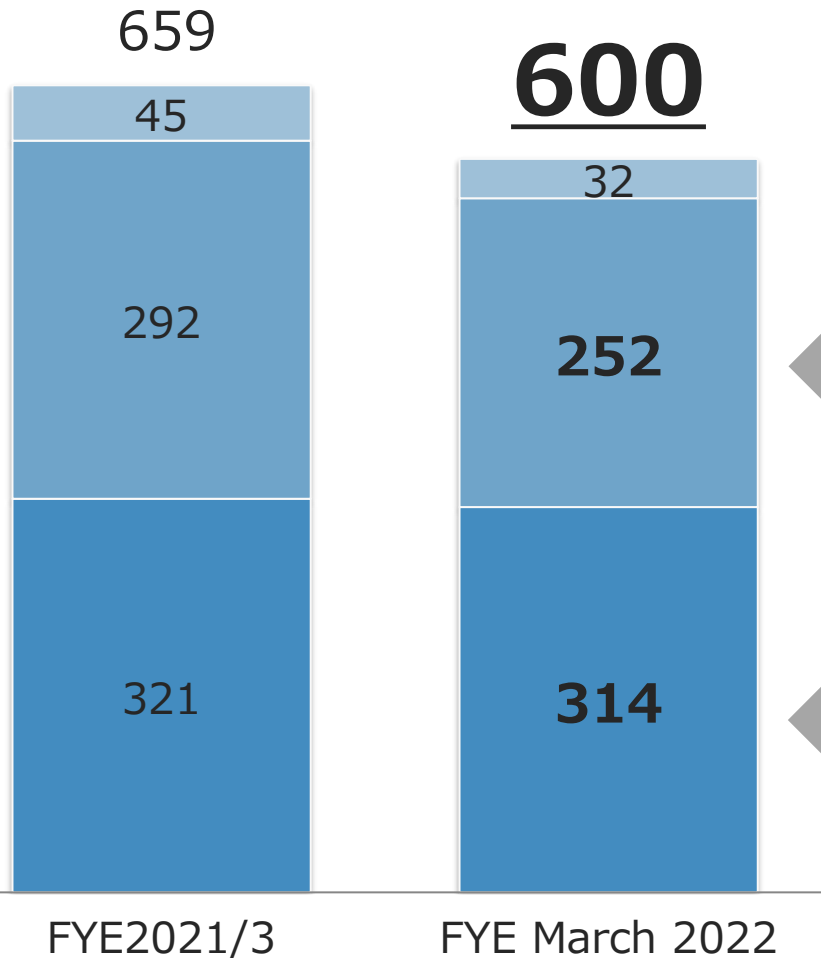
- Valuation gains or losses on securities declined due to rising interest rates and falling stock prices in Japan and overseas
- For foreign securities, suspended purchases and sold low-yielding bonds. In addition to utilizing asset swap transactions and other investments sensitive to interest rate risks, continued to sell and replace brands to improve the portfolio



# Bank Division Expenses

■ Taxes ■ Non-personnel expenses ■ Personnel expenses

(JPY 100MM)



**Year on Year**

**-5.9 billion yen  
(-8.9%)**



## Non-personnel expenses

**-4.0 billion yen (-13.6%) year on year**

- System-related expenses decreased due to Merger
- Strict cost control by "Structural Reform Committee" chaired by the President

## Personnel expenses

**-0.6 billion yen (-2.0%) year on year**

- Decrease in overtime pay due to completion of Merger and Office System Integration, in addition to a decrease in headcount due to mandatory retirement, optimization of hiring, etc.

FG's  
Consolidated (%)

OHR (consolidated)\* -13.5pt year on year

- Regarding the Bank of Japan's "Special Deposit Facility to Enhance the Resilience of the Regional Financial System," we had expected to meet the standard in FYE March 2023, but we now expect to meet the standard one year ahead of schedule due to a significant decrease in expenses as a result of Cost Synergy from the Merger

\* FG's Consolidated General and administrative expenses ÷ FG's Consolidated Gross Profit (ratio of expenses to gross profit)  
The lower the ratio on the efficiency indicator, the more the gross profit generated with less expenses

84.7



FYE2021/3

71.2



FYE March 2022

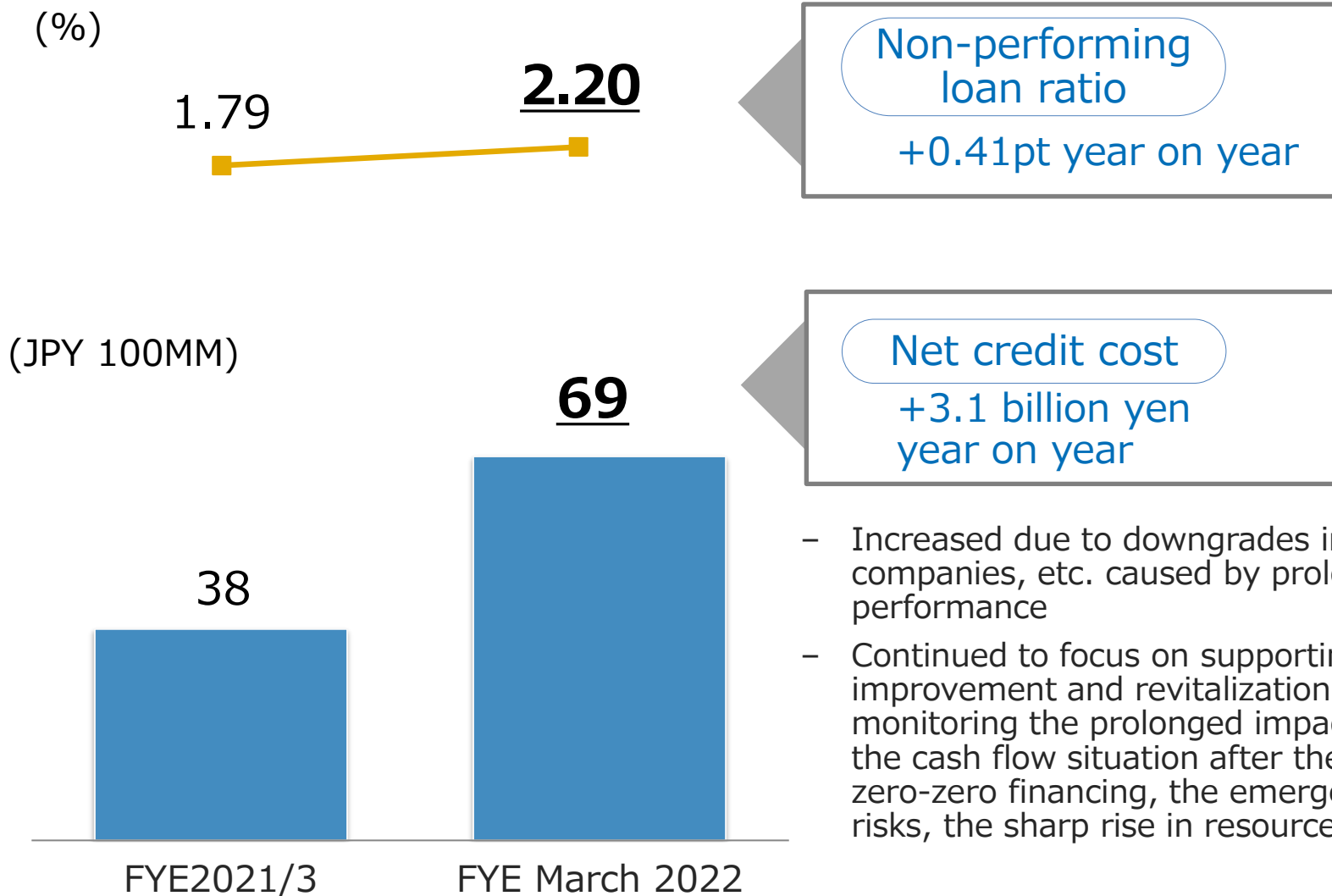
68.3



FYE2023/3 Forecast

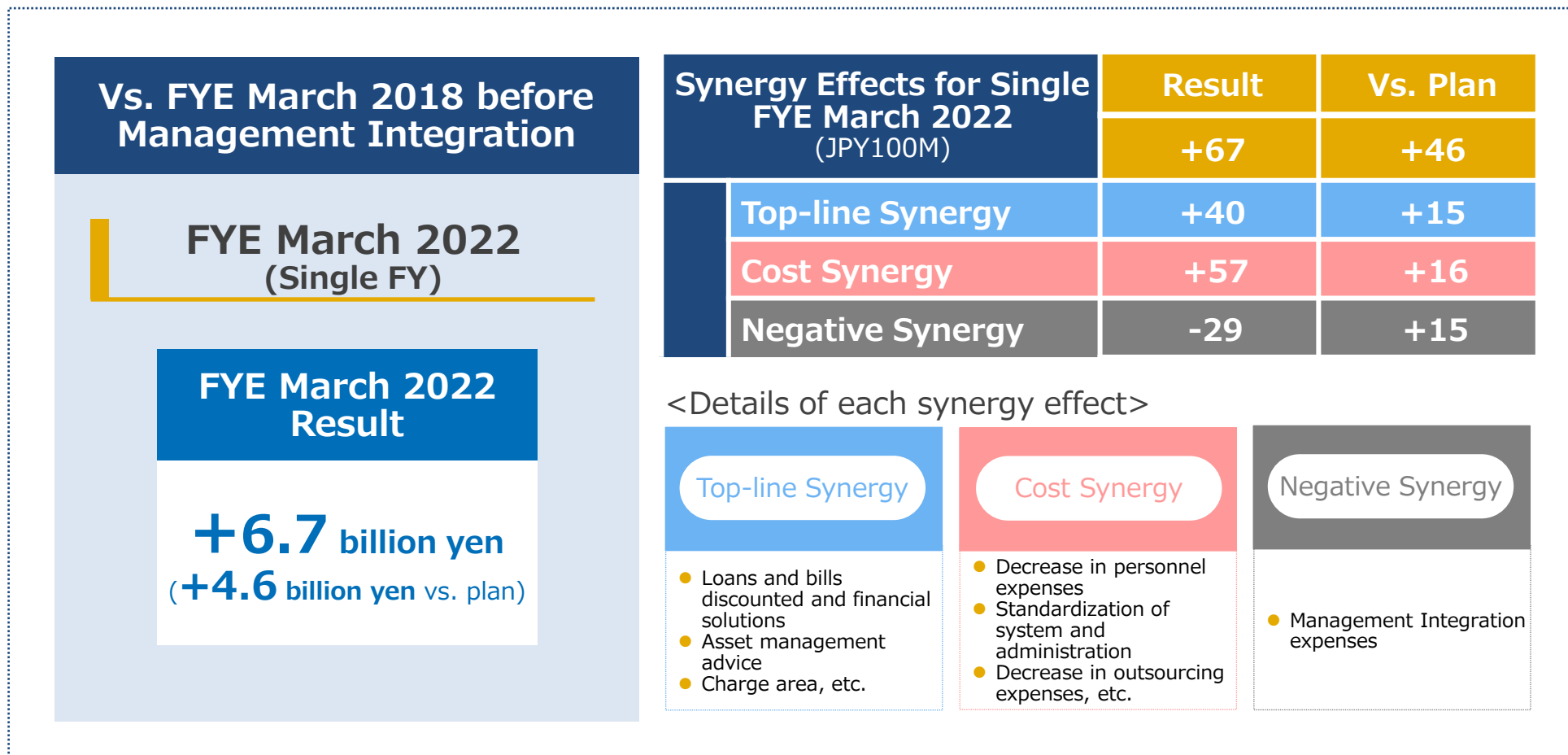
# Non-performing Loan Ratio & Net Credit Cost

■ Non-performing loan ratio    ■ Net credit cost



## Synergies from Management Integration in a single fiscal year are progressing faster than the initial plan

(formulated in October 2018)



# Management Integration Synergy

Vs. FYE2018/3 before Management Integration

3 years after establishment of FG

**First Medium-term Management Plan**  
October 2018 – March 2021

5 years after Bank Merger

**Second Medium-term Management Plan**  
April 2021 – March 2024

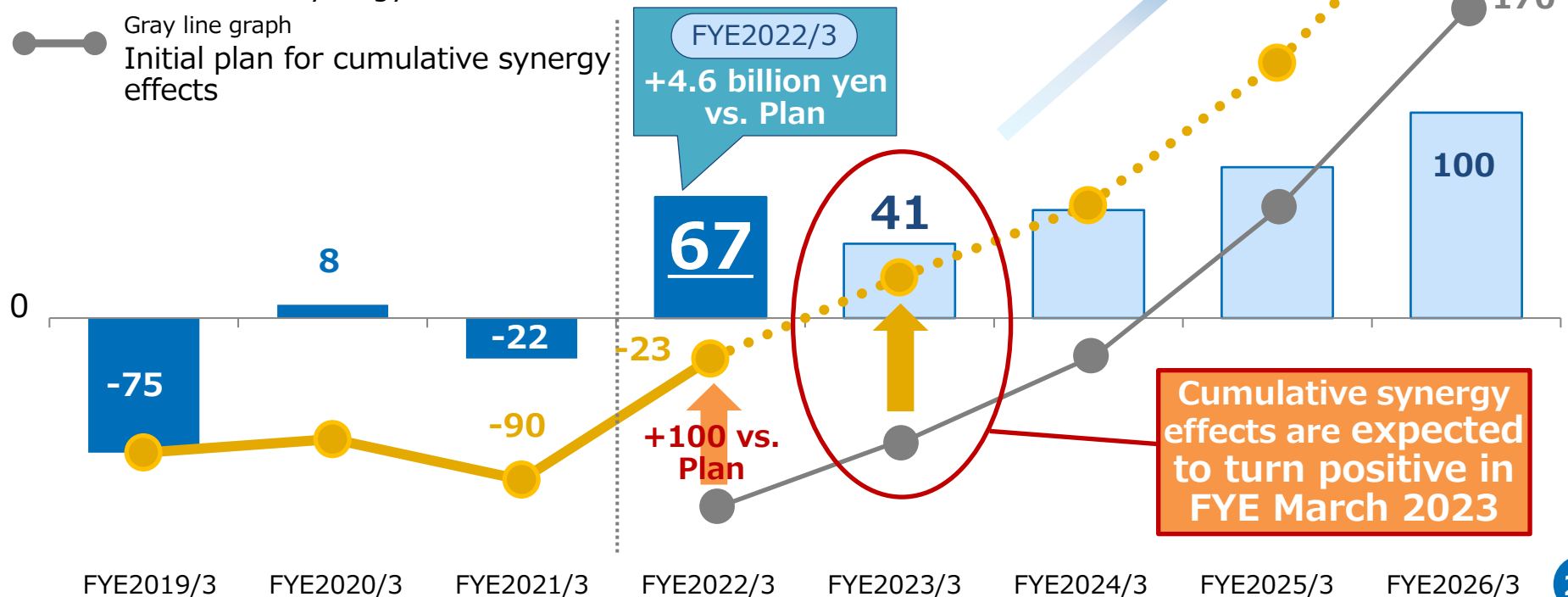
– March 2026

Negative Synergy prevailed until Bank Merger

**22 billion yen+ something extra expected**

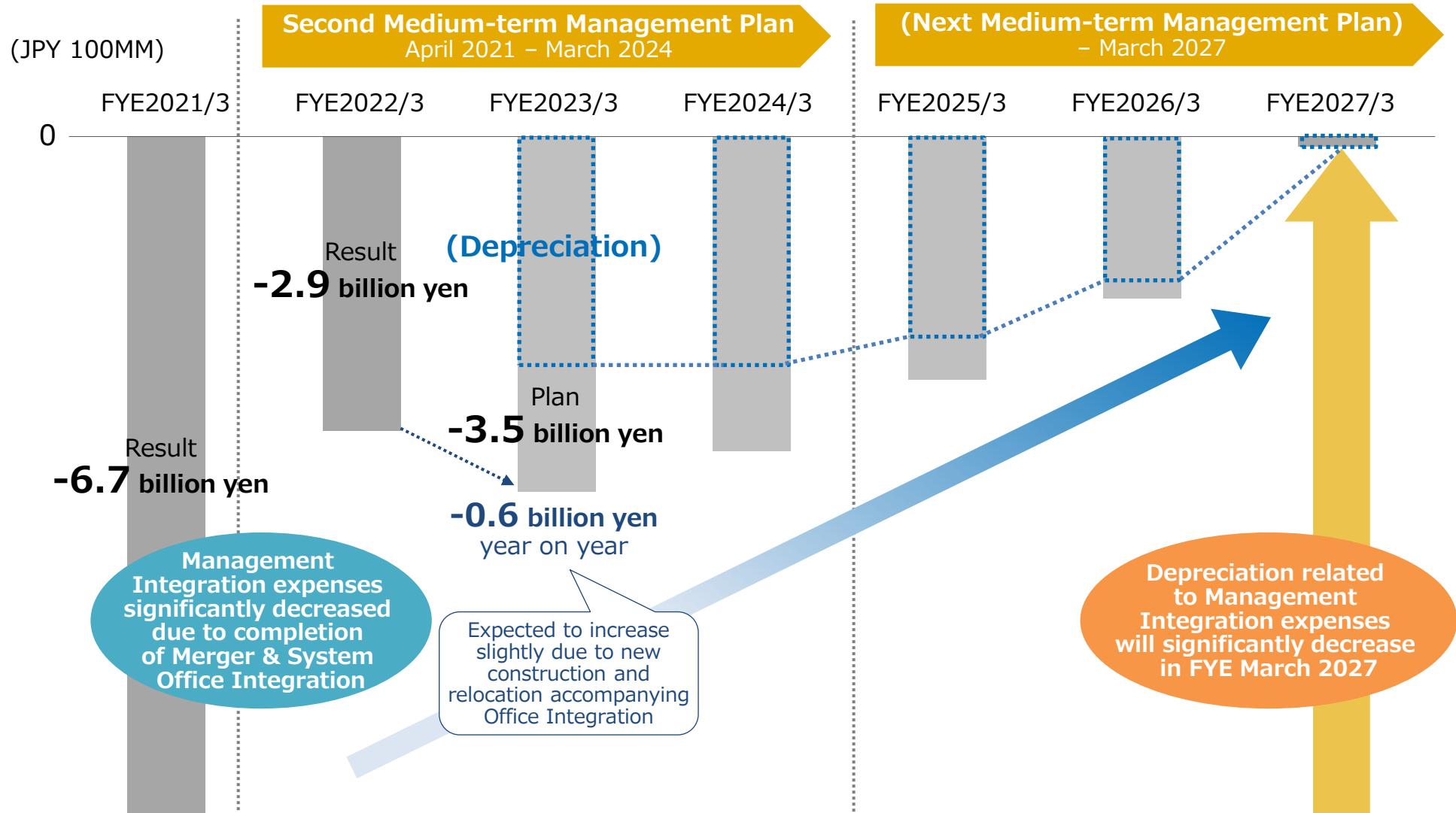
Synergy Effects (JPY 100MM)

- Blue bar graph (light blue: initial plan) Synergy effects for single FY
- Orange line graph (dashed lines for FYE2023/3 and thereafter are estimates) Cumulative synergy effects
- Gray line graph Initial plan for cumulative synergy effects



# Outlook for Management Integration Expenses

[Single year] Management Integration expenses (Negative Synergy)



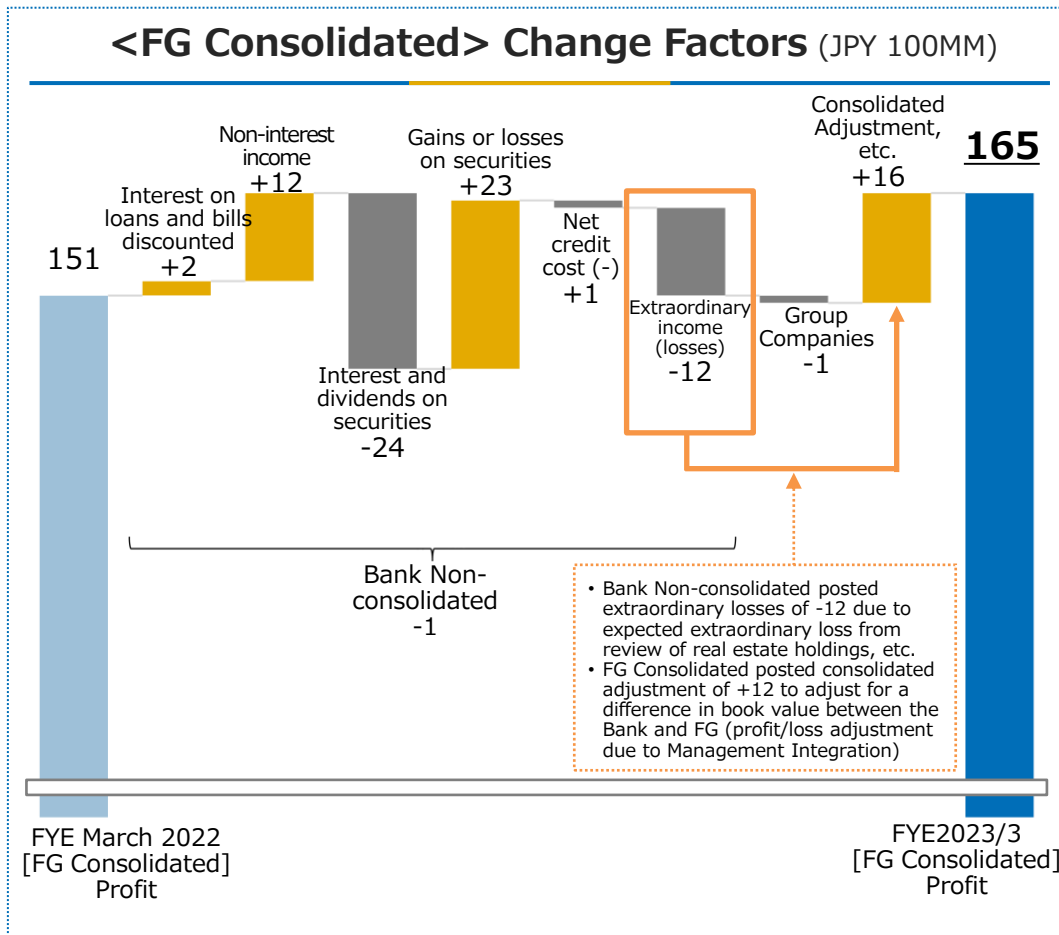
# Forecast for FYE March 2023: 1

- **FG's Consolidated Profit is expected to increase 1.3 billion yen (+8.9%) year on year to 16.5 billion yen**
- Conservatively factor in net credit costs in light of a decrease in interest and dividends on securities due to the prolonged ultra-low interest rate environment, the prolonged impact of COVID-19, the emergence of geopolitical risks, the sharp rise in resource prices and other factors
- Meanwhile, we expect to increase profit by further accelerating the reallocation of management resources through Office Integration and Operation Reform of Sales Offices, and by strengthening the top line through the implementation of consulting sales by leveraging the Group's comprehensive strengths

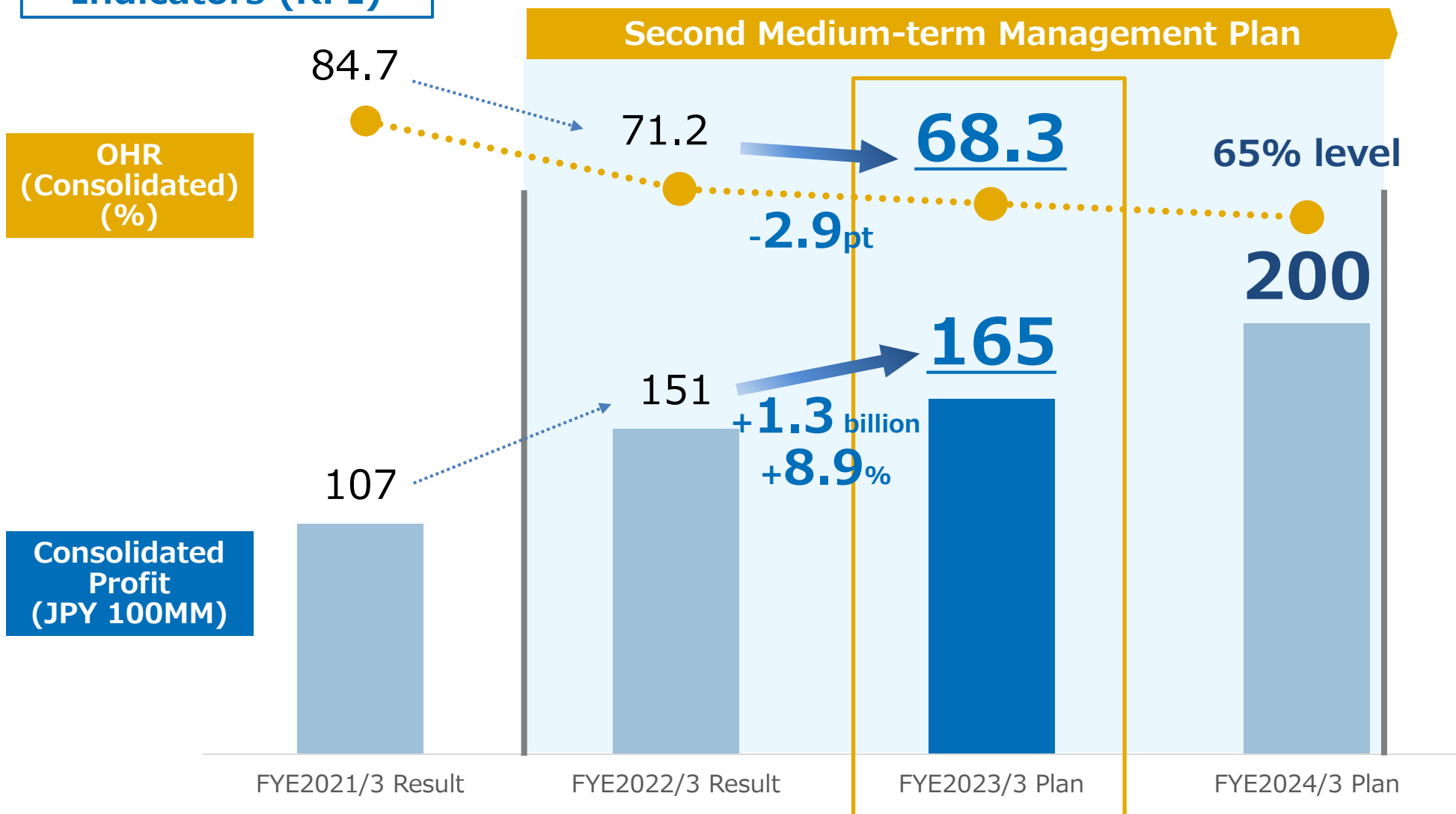
FG's (JPY 100MM) Consolidated	FYE2023/3 Forecast	Year on Year
1 Ordinary profit	249	13
2 Profit*1	165	13

\*1 Profit attributable to owners of parent

Bank (JPY 100MM) Non-consolidated	FYE2023/3 Forecast	Year on Year
3 Core gross business profits	822	- 13
4 Net interest income	590	- 26
5 Net fees and commissions income and profits from other businesses, etc., excluding gains (losses) from	232	12
6 Expenses	600	0
7 Core business profit	222	- 14
8 Ordinary profit	192	9
9 Profit	120	- 1
10 <Net credit cost>	71	1
11 <Gains or losses on securities>	32	23
12 <Management Integration expenses>	35	6



## Key Performance Indicators (KPI)





Medium-term Management Plan (2021/4 – 2024/3)

# Second Medium-term Management Plan

A fresh stage of achieving merger results  
after bank merger and birth of new bank

April  
2021

March  
2024

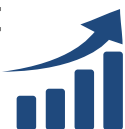


**Top-priority Themes**

# Demonstration of Synergy Effects

## Maximization of Merger Synergy

Sharing of know-how  
Consolidation of  
overlapping functions  
Reallocation of  
management  
resources



## Maximization of Group Synergy

Maximizing the use of  
FG's company functions



## Maximization of TSUBASA Partnership Synergy

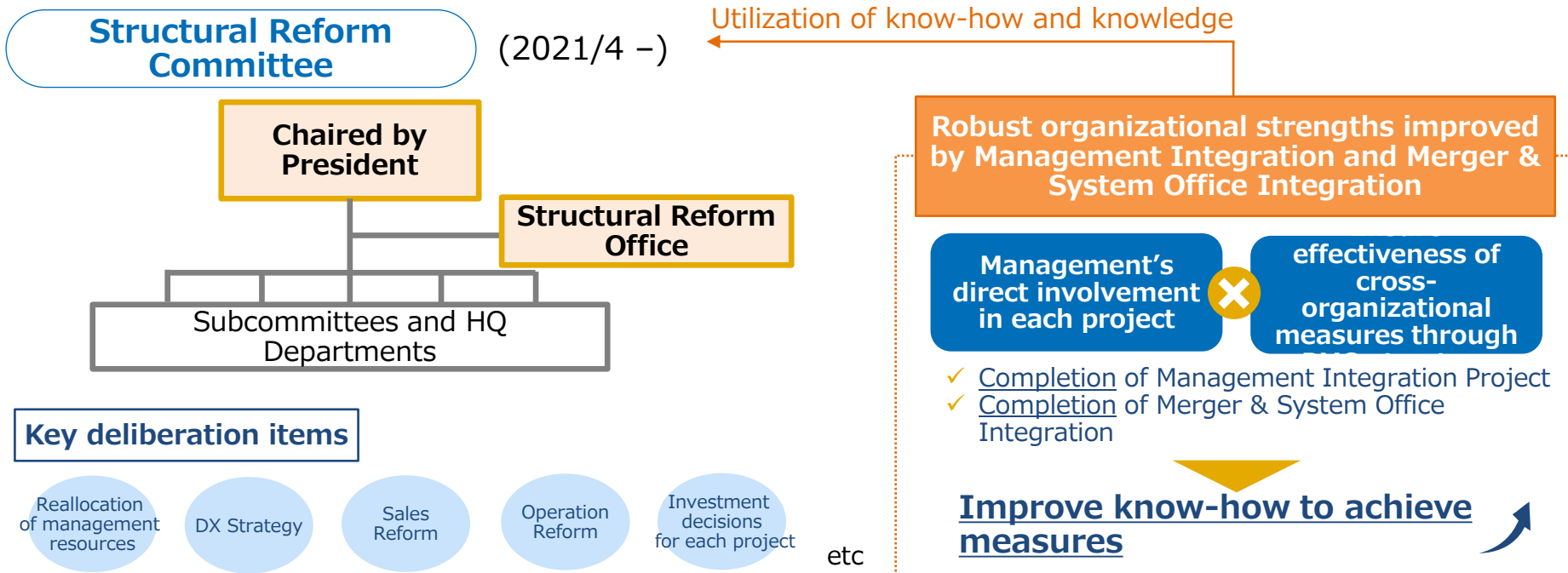
Leveraging the largest  
economies of scale of  
regional banks



## Cross-organizational efforts by Structural Reform Committee to realize Merger Synergy



PDCA through Structural Reform Committee

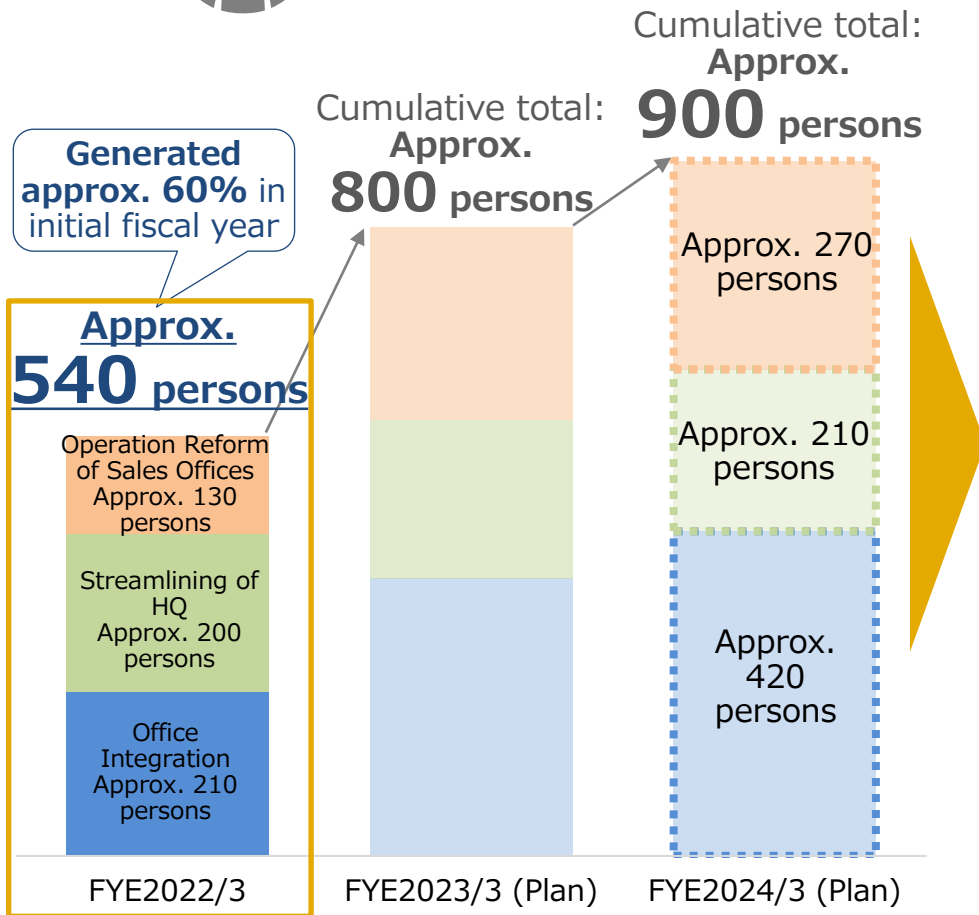




## Reallocation of Group management resources

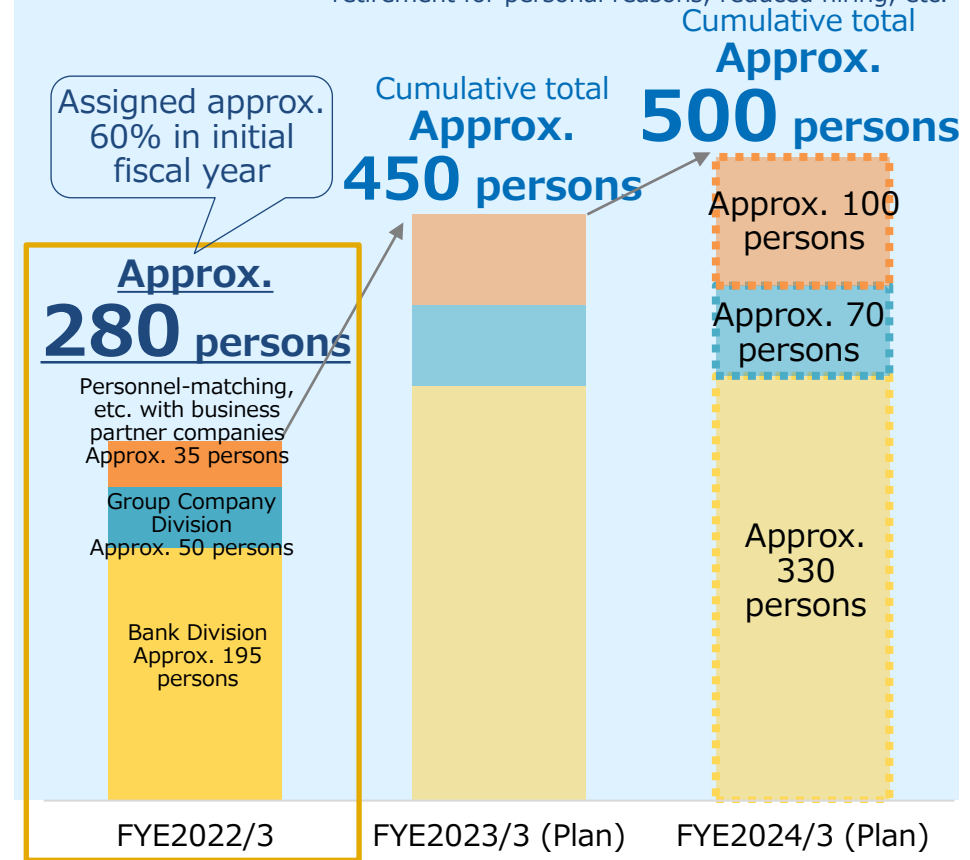


### Generation of workforce



### Number of reassigned personnel

Number of reassigned personnel after considering natural attrition due to statutory retirement, retirement for personal reasons, reduced hiring, etc.



■ Office Integration ■ Streamlining of HQ ■ Operation Reform of Sales Offices

■ Bank Division ■ Group Company Division ■ Personnel-matching, etc. with business partner companies

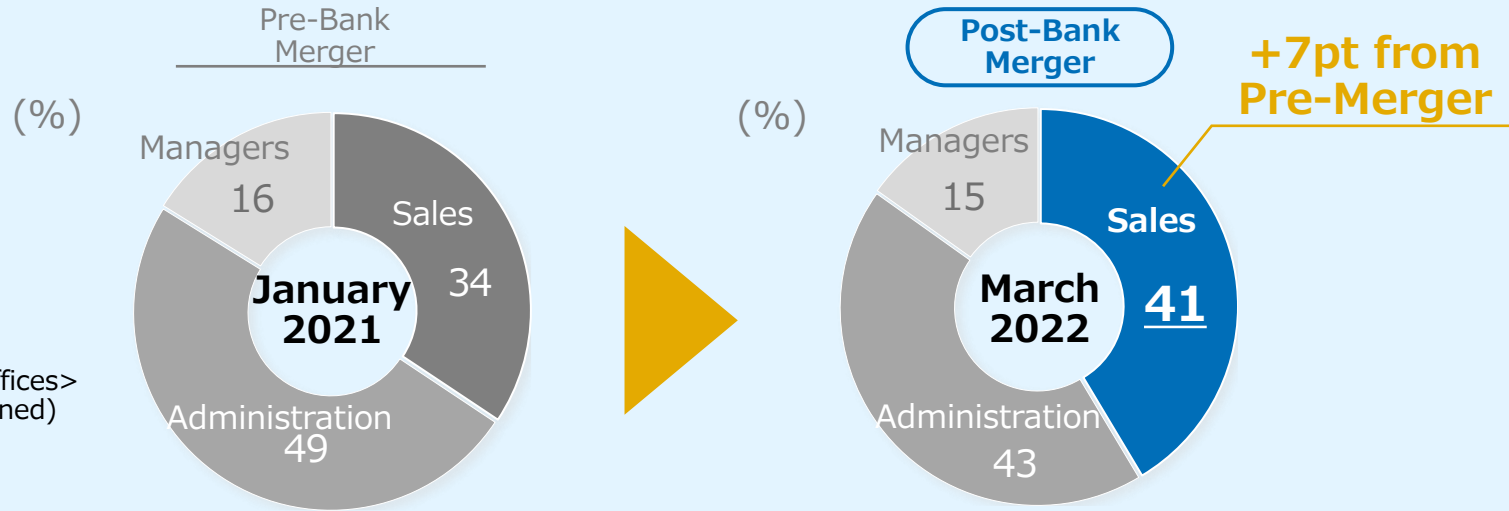


**Enhance consulting functions by re-allocating management resources**

**Shift personnel to Sales Division**

Office Integration p. 34  
 Operation Reform p. 35

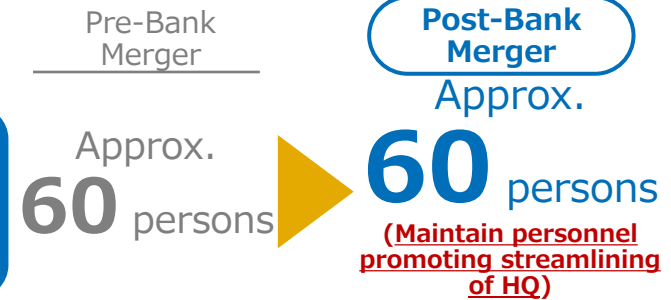
<% of sales positions at sales offices>  
 (Including HQ personnel stationed)



**HQ specialists stationed at sales offices**



Strengthen support for business partners in view of prolonged COVID-19 (Screening Division staff)



Assigned to all main block offices in prefecture



Senior Consultant



Corporate CM



Individual CM

CM: Consultant Manager

Expedite and improve effectiveness of comprehensive support activities to improve business partners' performance

Screening Dept.

Approx. 30 persons

General Support Office (Support for Management Improvement and Business Revitalization)



## Expansion of services through improvement of bases, etc.

### Personal loan consultation base: Expansion of Consulting Plaza

Pre-Bank Merger

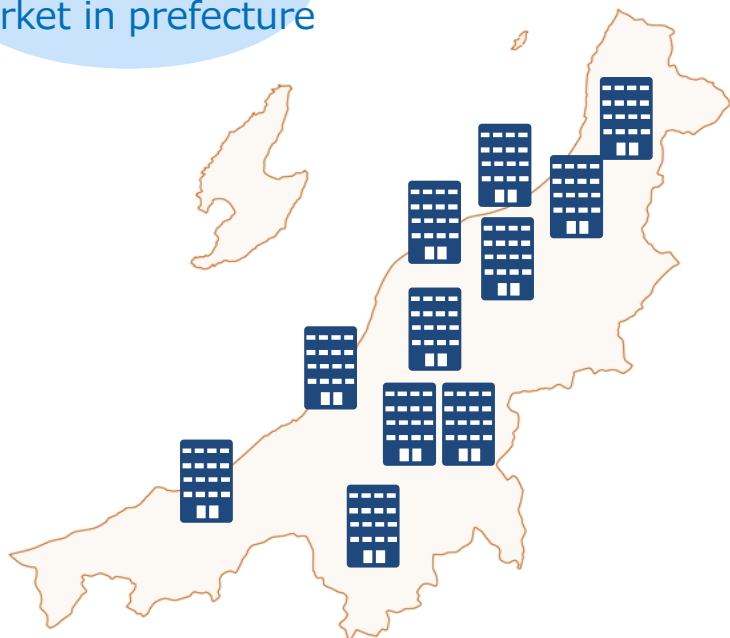
9 bases



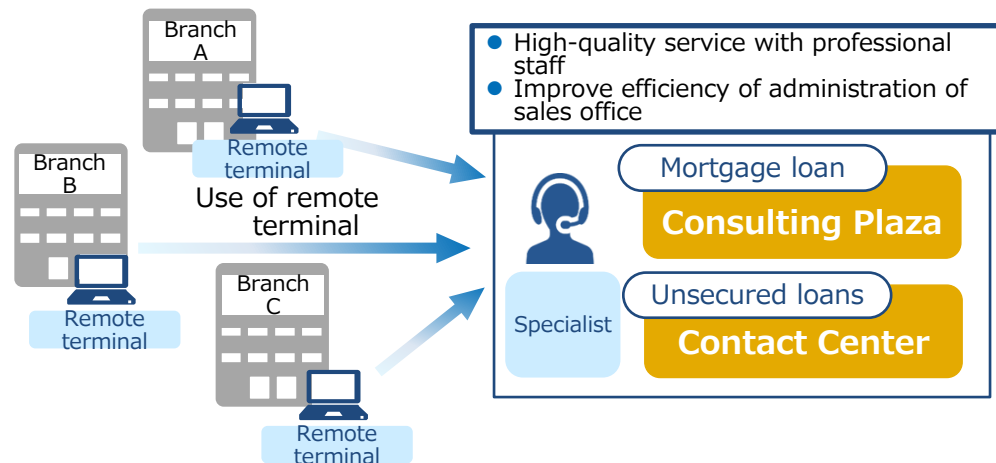
Post-Bank Merger

11 bases

Covering 90% of new mortgage market in prefecture



### Consolidation of new consultation and application services for personal loans, etc.



### Strengthen face-to-face channel utilizing vacant offices

New communication space

“Daishi Hokuetsu **Icotto** Prefectural Office”  
 (opened in 2021/11)

Number of visitors over **5,000**



- Digital experience space
- Remote consultation booth
- Interview space
- Co-working space
- Free space

# Improvement of customer convenience and sales efficiency through DX

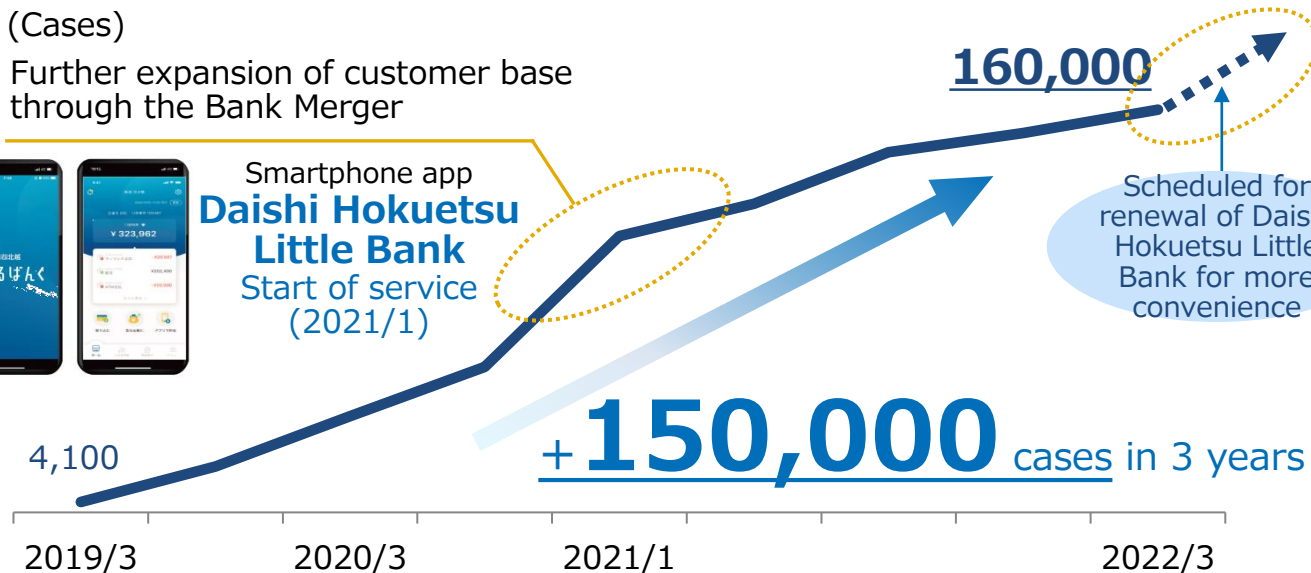
Changes in the number of Daishi Hokuetsu IDs (Individuals) (estimate)

(Cases)

Further expansion of customer base through the Bank Merger



Smartphone app  
**Daishi Hokuetsu Little Bank**  
 Start of service (2021/1)



Initiatives to improve customer convenience (rough number)

Consultations, interviews, and seminar reservations via the Web

September 2021 – Introduction and renewal



Number of consultations & interviews

**1,200**

2022/3

Number of seminars reserved

**300**

2022/3

Web-based application scheme for medical insurance

Launched in August 2021



Number of cases

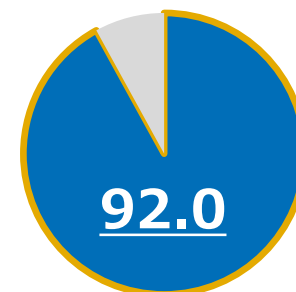
**240**

2022/3

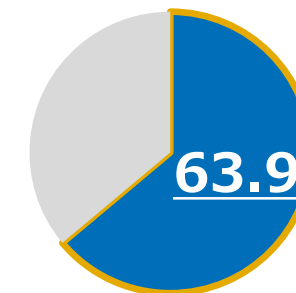
% of non-face-to-face applications (FYE2022/3)

(%) ■ Non-face-to-face ■ Face-to-face

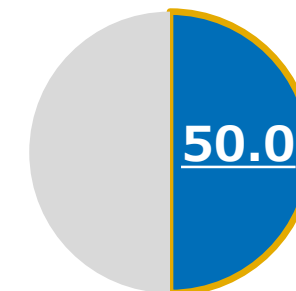
Unsecured loan (Individual)



Investment trust



Mortgage loan



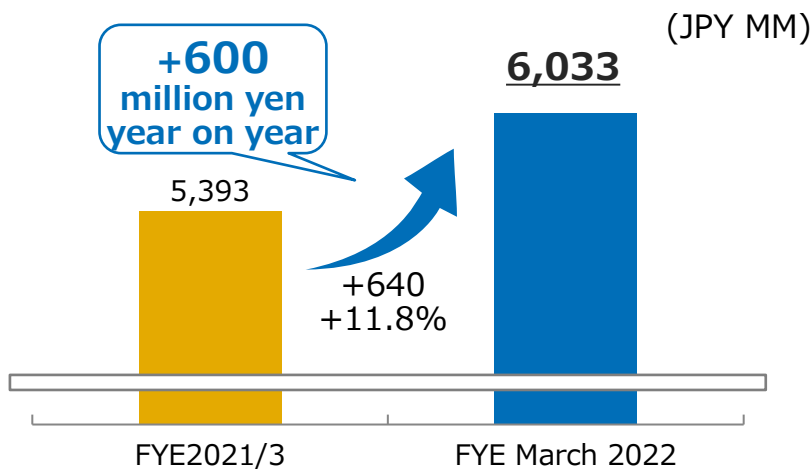


# Maximize utilization of Daishi Hokuetsu FG's know-how and network expanded through Management Integration

Practice high-value-added consulting by sharing know-how

Enhance asset management and succession consulting

Income from investment trust & insurance



Share know-how and improve skills through Management Integration

Strengthen HR Development

Expand products

Strengthen support for sales offices

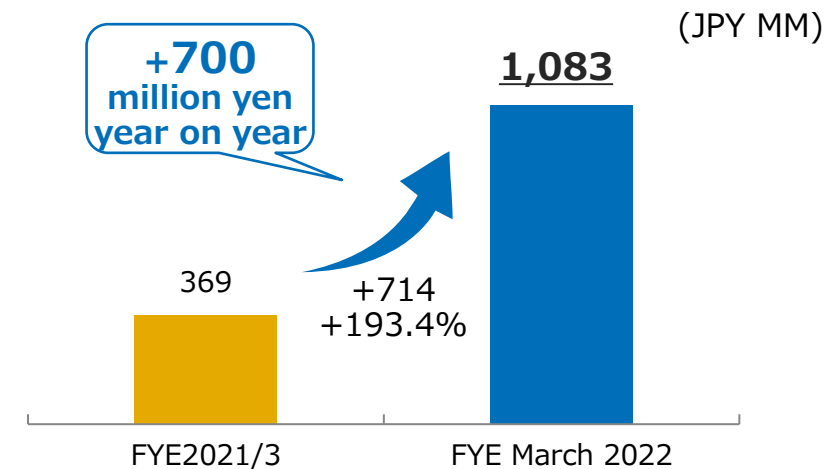
Respond to increasingly sophisticated and diverse customer needs

Life and non-life insurance commission income in FY2021/2H  
**Ranked 2nd** in 62 regional banks  
 (Source: Nikkin Report)

Improve consulting functions through expansion of sales and customer base

Increase M&A matching in neighboring areas

M&A income



Leverage expanded customer and sales bases resulting from Management Integration

Utilization of network

Deepen area sales and know-how

Strengthen support for sales offices

Improve corporate value of business partners  
 Maintain local employment, etc.  
 Contribute to economic development

Of contracts signed in FYE March 2022, the number of employees at companies with transfer needs, "lack of successor," totaled around **1,000**

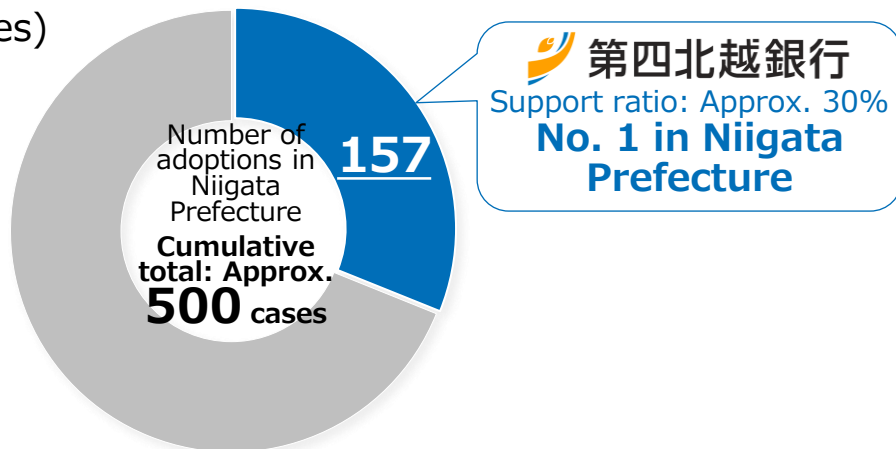


## Initiative aimed at deepening consulting functions: 1

Meet the needs of business partners in With & Post COVID-19 eras  
 Support for improving corporate value by utilizing business restructuring subsidies

<Adoption results up to 4th Public Call>

(Cases)



Practice multifaceted Group-wide consulting for capital investment needs

<Questionnaire results of our business partners>  
 Future capital investment plan  
 (Planned capital investment for FYE2023/3)

Total Number of cases **Exceeding 1,500**  
 Total amount **Exceeding 200 billion yen**  
 (Excluding special factors)

**第四北越FG**

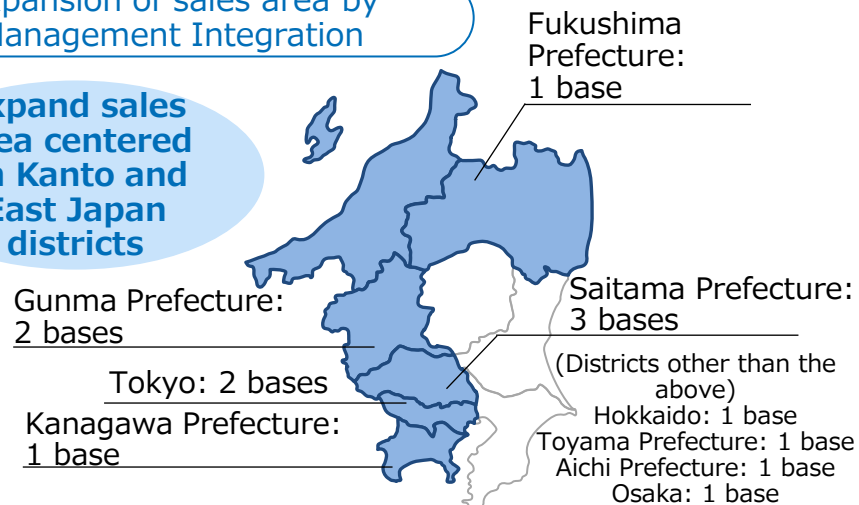
Strengthen support to solve issues arising from capital investment

- ☞ Group collaboration p. 41- (Leasing, productivity improvement, etc.)
- ☞ Sustainability p. 51-

Deepen consulting functions by strengthening country-wide collaboration

Expansion of sales area by Management Integration

Expand sales area centered on Kanto and East Japan districts



Strengthen functions of Sales HQ and Tokyo Office

Stationed in Tokyo



Number of personnel: **8**

Main Promotion Area

Country-wide collaboration

TSUBASA Partnership

External collaboration

Business loan

Structured Finance

Asset management advice

etc



## Initiative aimed at deepening consulting functions: 2

Expansion of products and services in line with changes in customers' life plan

**Major renewal of mortgage loans**  
 (2022/2)

第四北越銀行  
**住宅ローン**  
 簡単・便利なWeb申込の6つのポイント!!

- 1 新築計画の前でも申込可能!
- 2 口番が無くても申込可能!
- 3 申込は最短5分の簡単入力!
- 4 審査結果は最短即日回答!
- 5 審査結果はスマホで受け取り!
- 6 団信もWebで簡単!

**住宅ローンがご利用しやすく大幅リニューアル**

- NEW 借入期間が最大40年
- NEW 共働き世帯に安心の夫婦連生団信プラン
- NEW 住宅資金と併せて、マイカー資金等を、まとめてお借入れ可能!

Extension of borrowing period

Maximum of 35 years → **Maximum of 40 years**

→ Meeting the homeownership needs of younger generation

Expansion of coverage

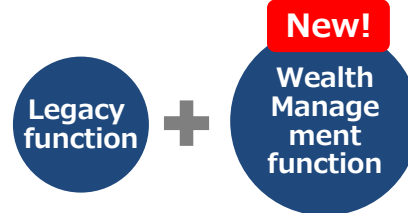
Addition of **Married Couple Life Plan to Group Credit Life Insurance**

→ Meeting needs of dual-income households

**Product revision of living trust**  
 (2021/12)

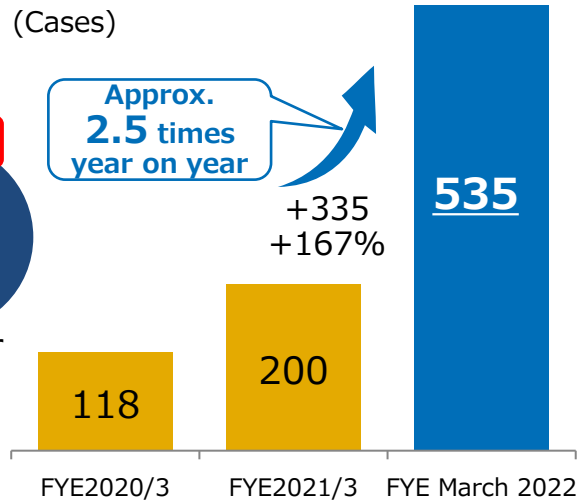
<Number of trust business handled>  
 Will trust, legacy services, living trust, etc.

(Cases)



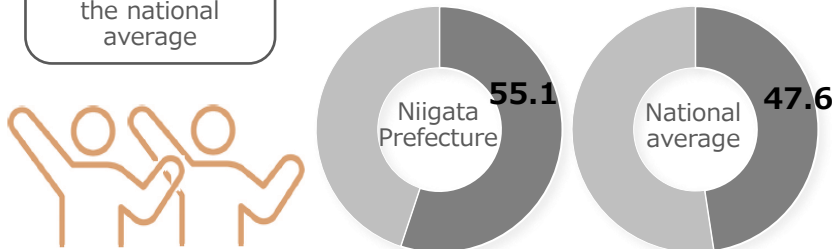
→ Meeting needs for long-term care

Approx. **2.5 times** year on year



Niigata Prefecture's dual-income rate is 7.5 pt higher than the national average

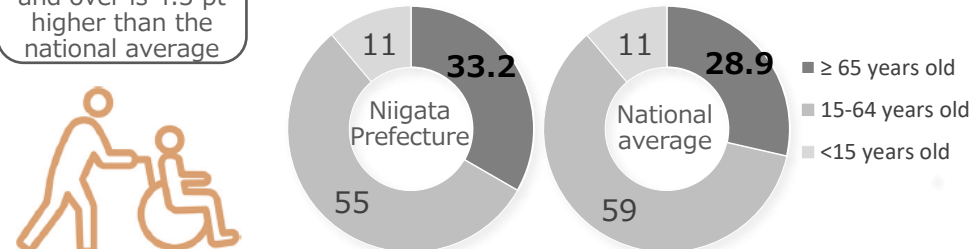
Dual-income rate (%)



Source: Niigata Prefecture website (FY2015)

% of Niigata Prefecture's population aged 65 and over is 4.3 pt higher than the national average

% of population by three age groups to total population



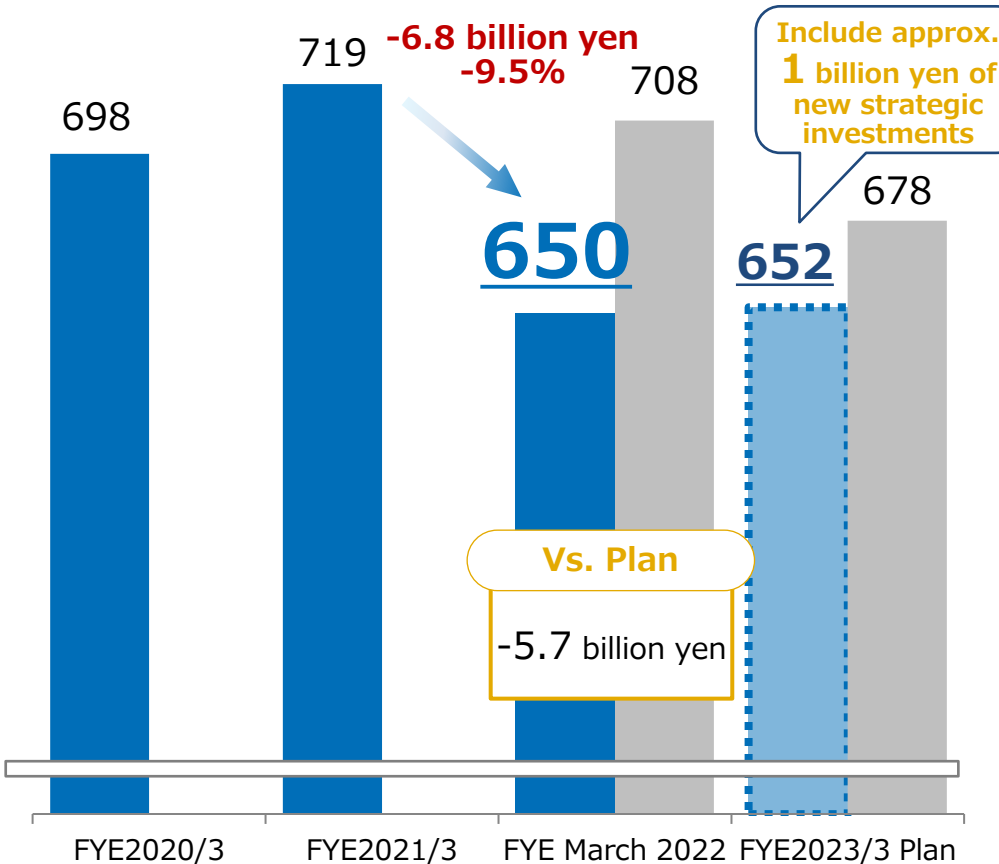
Source: Ministry of Internal Affairs and Communications (as of October 1, 2021)



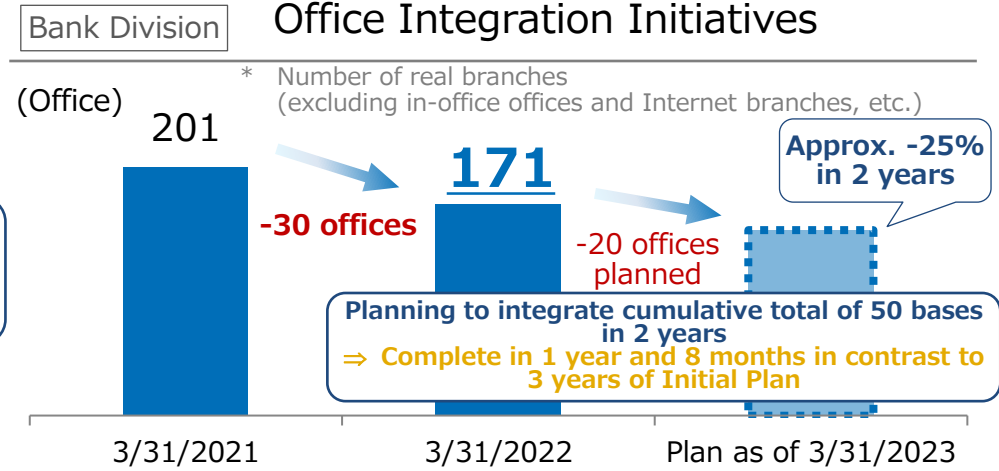
# Maximize Merger Synergy to enhance profitability and improve management efficiency

FG's Consolidated General and administrative expenses

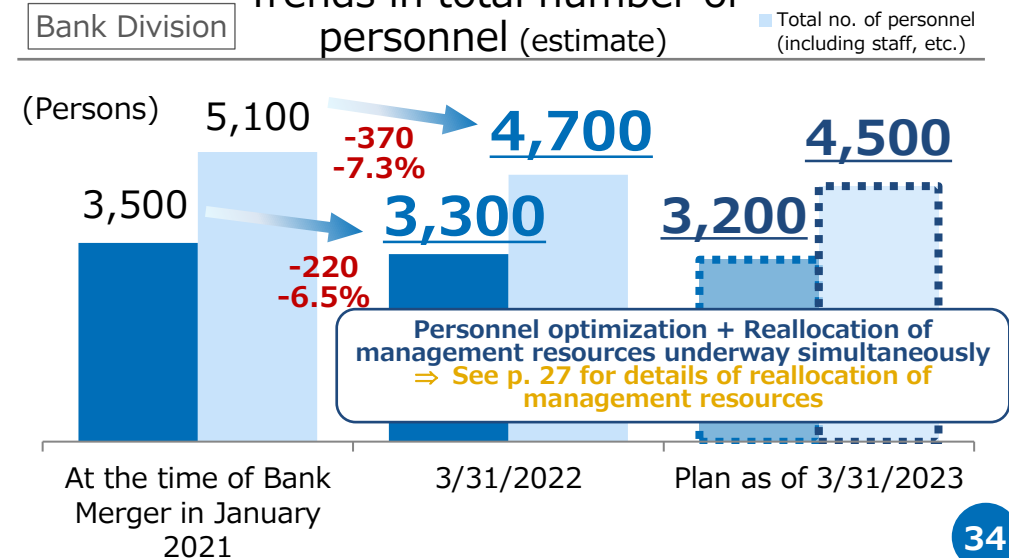
(JPY 100MM) ■ Result and Revised Plan ■ Initial Plan



- Demonstration of Top-line & Cost Synergies -  
**Office Integration Initiatives**



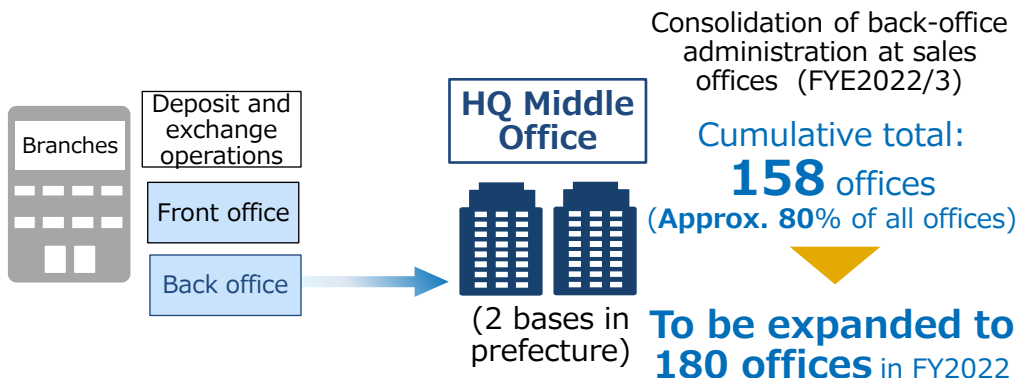
- Optimization of Staffing -  
**Trends in total number of personnel (estimate)**



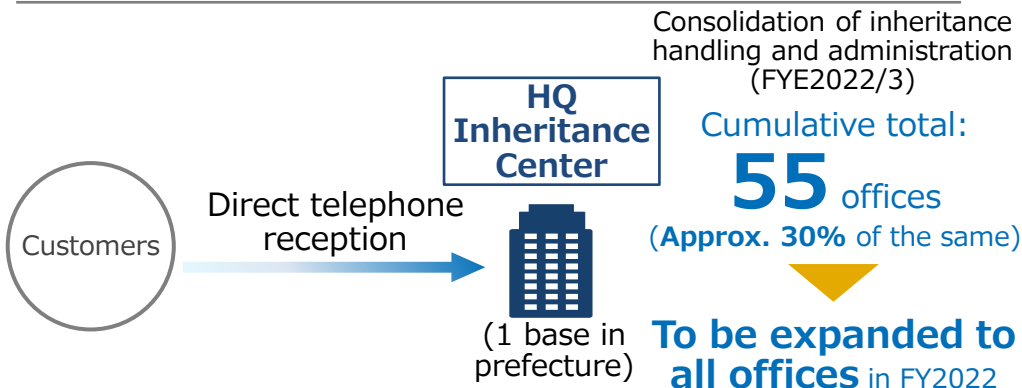
# Strict productivity enhancement with "New Structural Reform"

## Efficiency improvement through concentration of resources

Consolidation of operations into middle office



Addressing growing needs of inheritance market  
Consolidation of inheritance operations (2021/11 -)



## Efficiency and quality improvement through DX

Full operation of sales loan support system (scheduled for FY2022/2H) New!

### Main Features of New System

- ✓ Integrated office process in the same system
- ✓ Centralized management of customer information
- ✓ Review of various work flows

Sophistication

Enhance efficiency

Automation

Creation of business hours

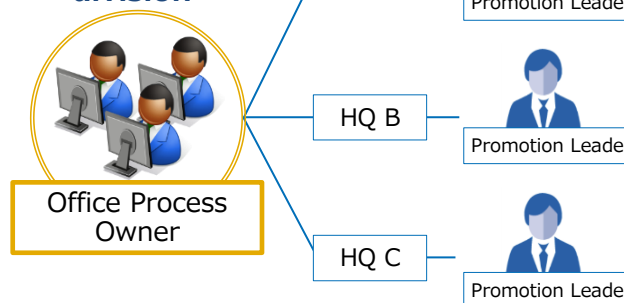
Maintain and improve screening and feasibility assessment skills

Deepen consulting functions

## Introduction of Office Process Owner System

to improve quality and efficiency of HQ office operations through the use of digital technology (2022/4 -) New!

### HQ administration management division



Improve efficiency of Sales Office operations

Improve HQ office efficiency

Review of administration flow Utilization of RPA, etc.

## Initiatives to integrate mindsets

### Integration of mindsets & unifying vectors

Dialogue & exchange between management and staff

Briefing sessions to disseminate Management Philosophy and Medium-term Management Plan

Approx. **4,700** persons participated

Dialogue and exchange meetings with officers

Total of **200** venues  
Approx. **4,600** persons participated

Briefing by President for managers

Approx. **300** persons participated

Building a foundation for demonstration of synergies



<Employee dialogue meeting with FG President>

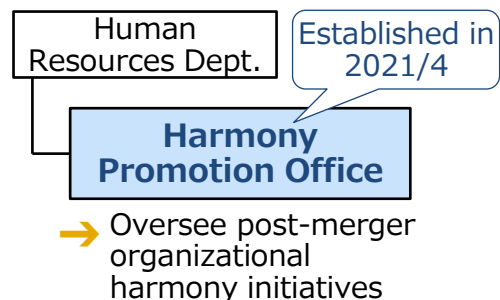


<Employee dialogue meeting with officers>

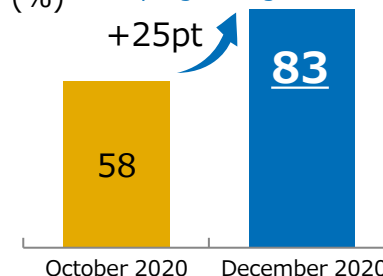
## Initiatives to promote harmony

### Steady progress towards organizational harmony

Establishment of Harmony Promotion Office



<Questionnaire results on organizational harmony>  
% of respondents who answered, "Bank-wide harmonization is progressing" (%)



Realizing the Management Philosophy

Second Medium-term Management Plan Slogan for all officers and employees of the Group

→ The slogan, "We Are One," implies that all officers and employees are committed to making a lasting contribution to the communities by uniting their "**aspirations**," a strong desire to realize our Management Philosophy.



- New personnel system launched in conjunction with Bank Merger -

## Introduction of a new personnel system to promote employee capacity-building

### Perspectives for improving consulting capabilities



### Daishi Hokuetsu Bank Concept of the new personnel system

#### Basic policy of the system

- (1) Fair evaluation
- (2) Clarify evaluation criteria and support for growth
- (3) Build a diverse human resource base
- (4) Promote organizational harmony
- (5) Optimize personnel expenses

Demonstrate consulting capabilities

Diverse career development and remote work

Emphasis on results and development

Respect for diversity

### Establishment of expert (professional position) system

Started appointment in 2021/10

Individual sales staff: 4;  
 Corporate sales staff: 1  
 Strategy and management: 1; Total: 6



#### Scope of specialized areas

Individual sales

Wealthy segment consulting

Corporate sales

Financial Solutions & Finance  
 Business succession & M&A, business revitalization

Strategy & management

Market operations, IT & systems  
 Data analysis, marketing  
 Risk management

## HR development aimed at demonstration of consulting functions

Support for taking risks and self-driven career development by officers and employees

Development of training management system

Creating an environment that encourages self-education

Provision of digital learning tools

Enhancement of open job offer system

Promotion of active participation by senior employees

etc

### Human Asset Cycle aimed at by Daishi Hokuetsu FG



- A project to consider the ideal vision for 2030, focusing on young employees -  
 Implementation of New Structural Reform 2030 Project

(November 2021 - March 2022)



Young employees participated

Total

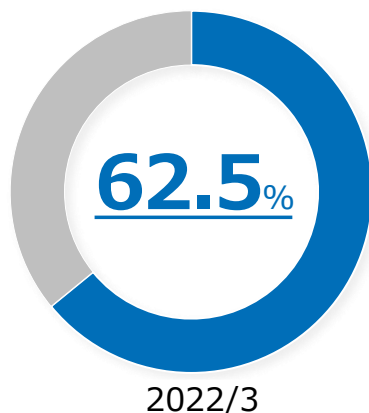
**30 persons**

Accredited as "Excellent Health and Productive Management Corporation 2022" (White 500)

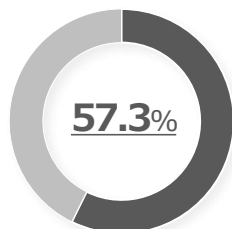


Total from Pre-Merger  
**Accredited for 5 years in a row**  
 → Only our bank in Niigata Prefecture

Acquisition rate of Annual Paid Leave



Average acquisition rate of Annual Paid Leave in Financial & Insurance Sectors

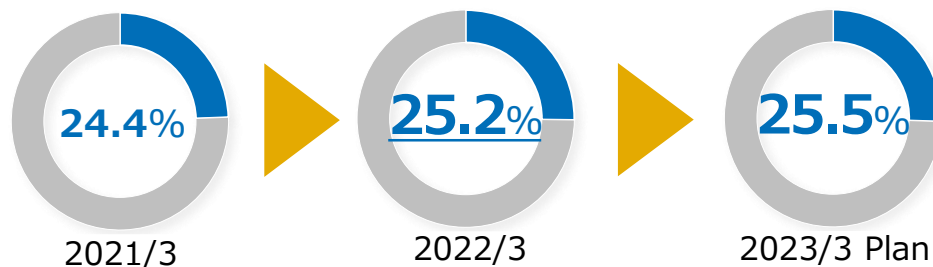


Ministry of Health, Labour and Welfare  
 2021  
 Comprehensive Survey of Working Conditions

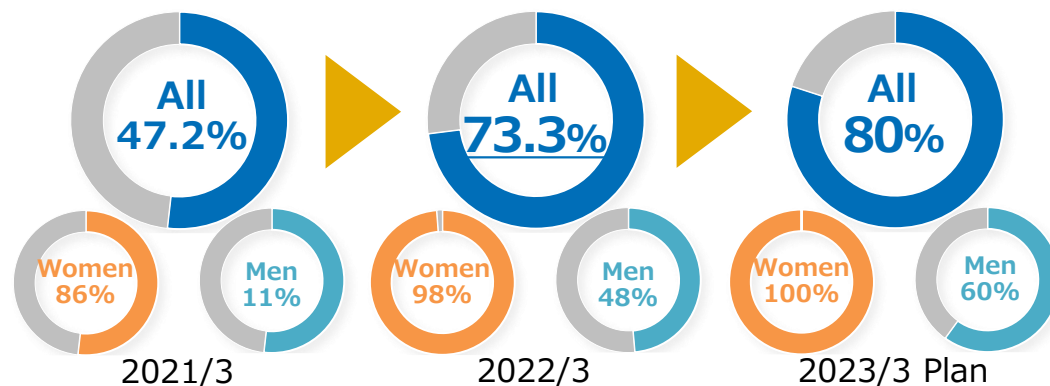
- Diversity Initiatives -  
**Initiatives to promote advancement of women**



Increase the ratio of women in management positions (deputy level and above)



Improvement in the acquisition rate of Childcare Leave

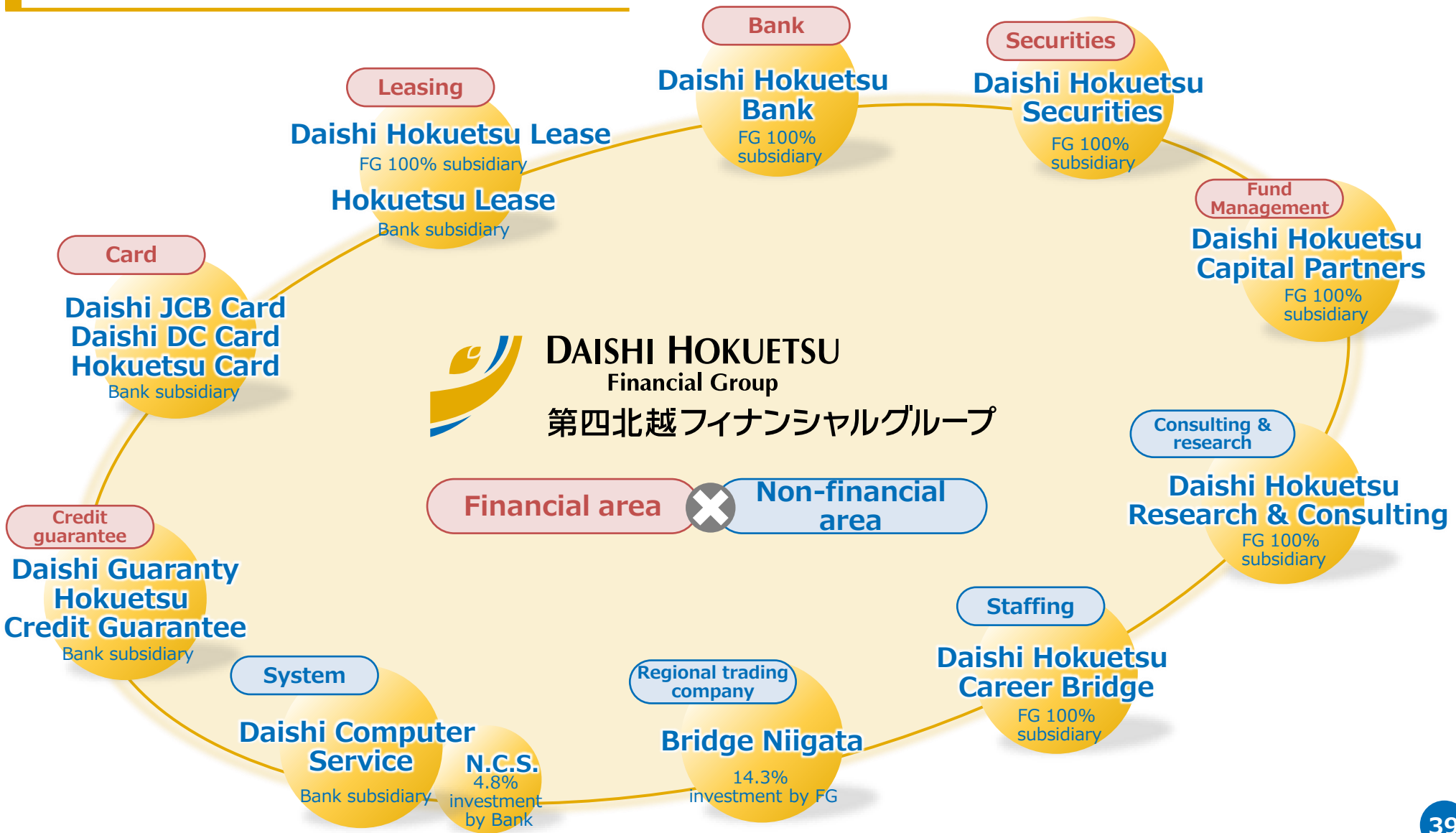


Double-acquisition of "Platinum Kurumin" and "L-Boshi III"

**Double acquisition**  
 → Only our bank in Niigata Prefecture



## Maximum use of Group functions

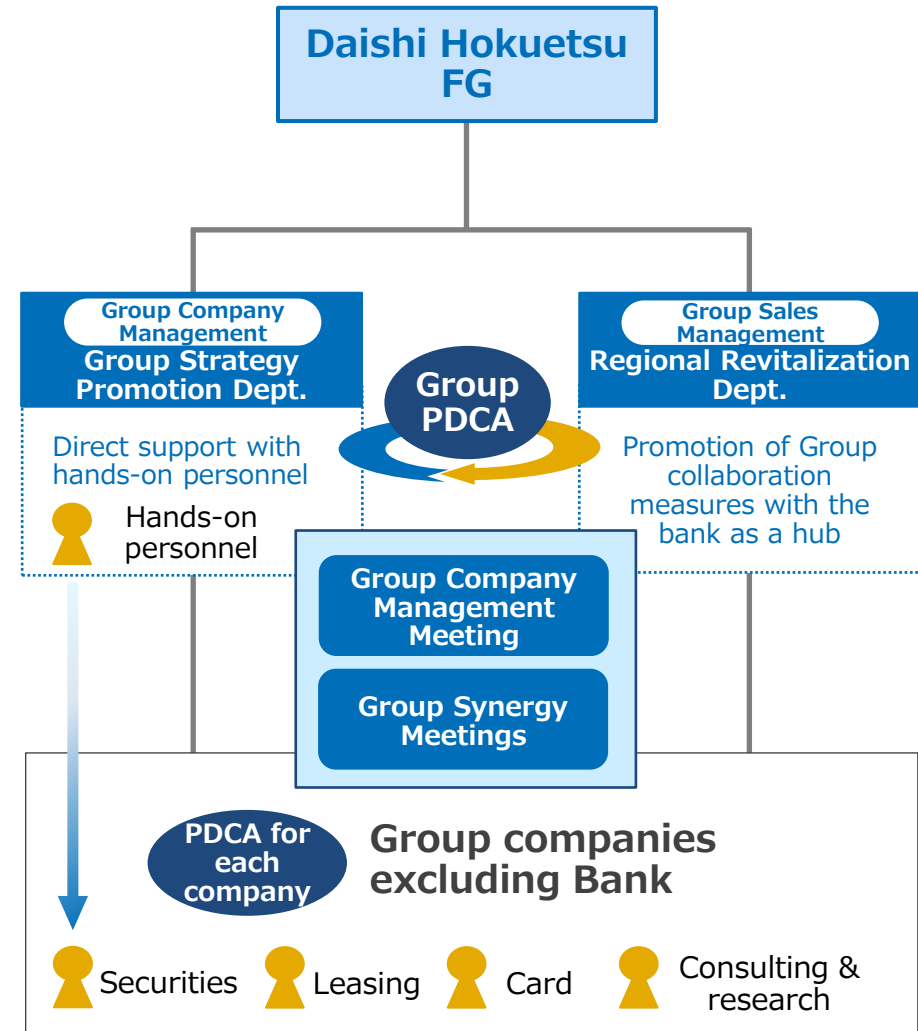
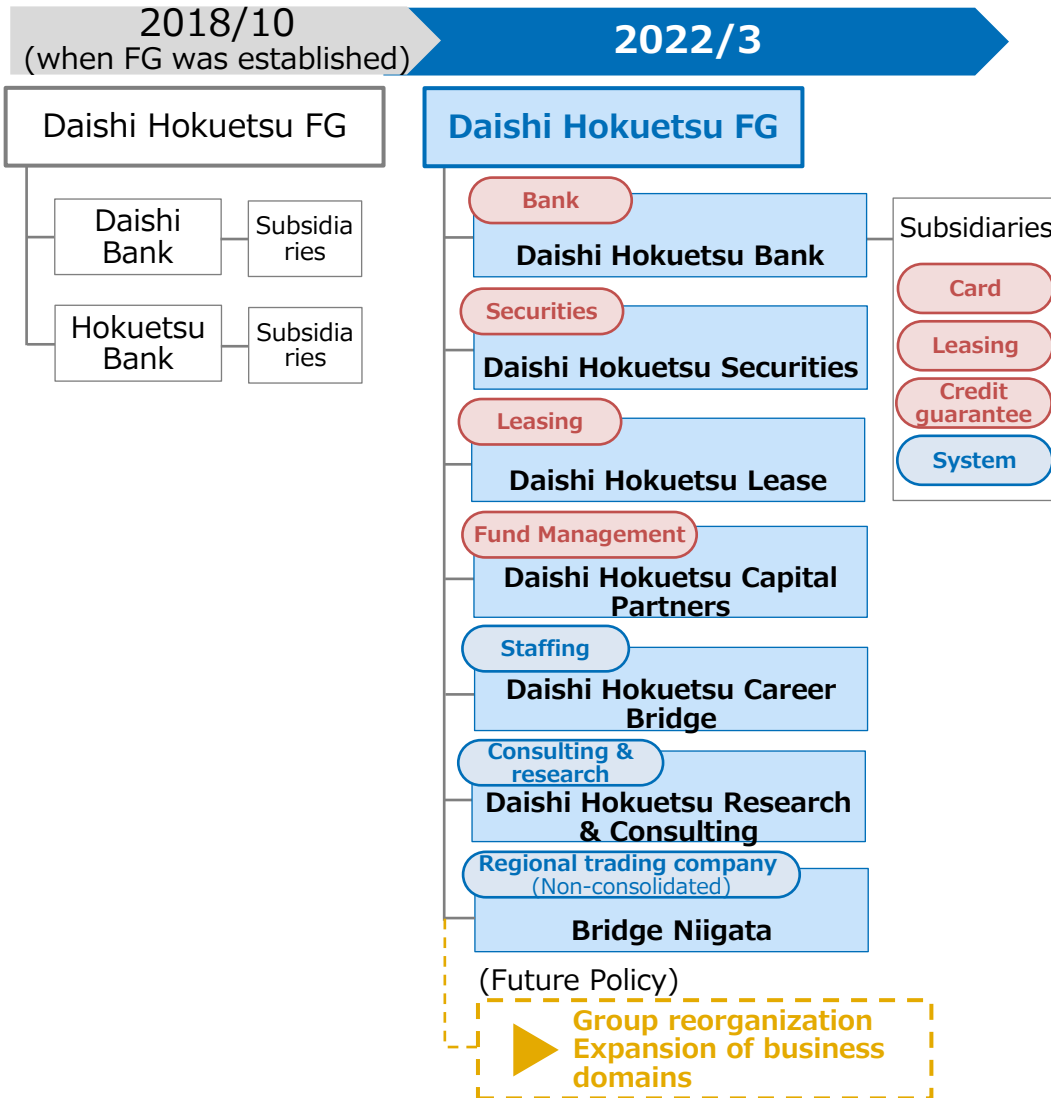






## Initiatives on reorganization of the Group and expansion of business domains to demonstrate consulting function

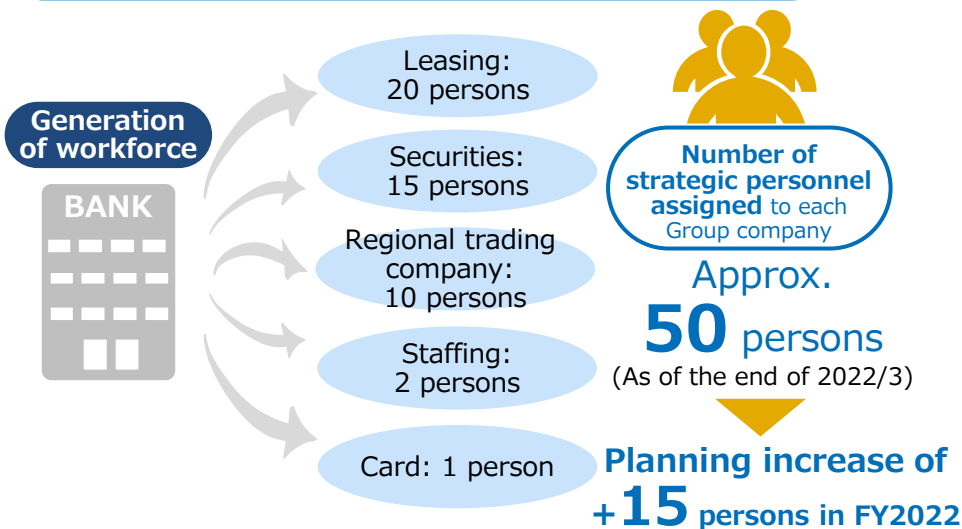
## Group-wide PDCA (Plan-Do-Check-Act) by establishing a multi-layered governance framework





## Strengthen coordination through reallocation of Group management resources, etc.

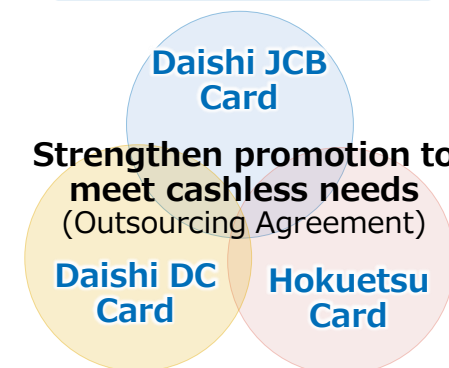
Enhance consulting functions by increasing number of strategic personnel



Strengthen promotion structure for demonstration of Synergies

- Leasing business - Assign specialists to main block offices of Bank

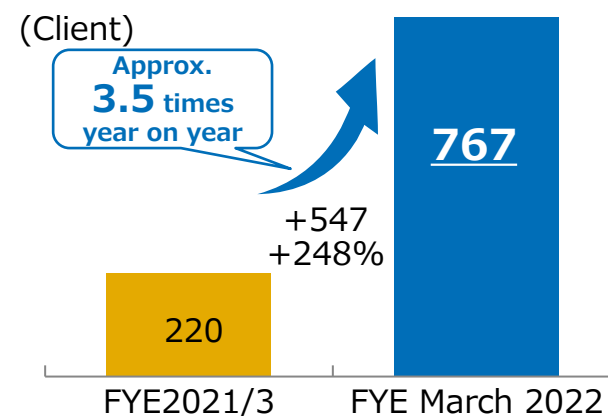
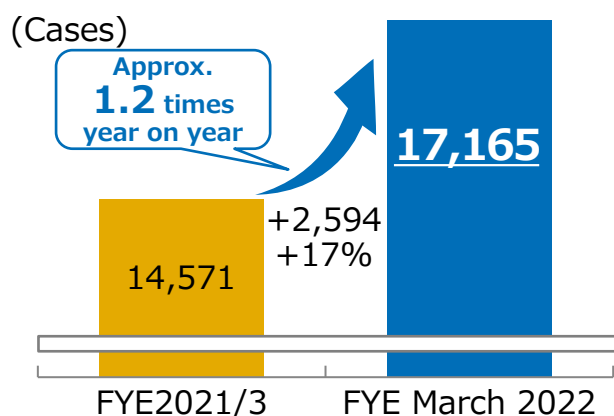
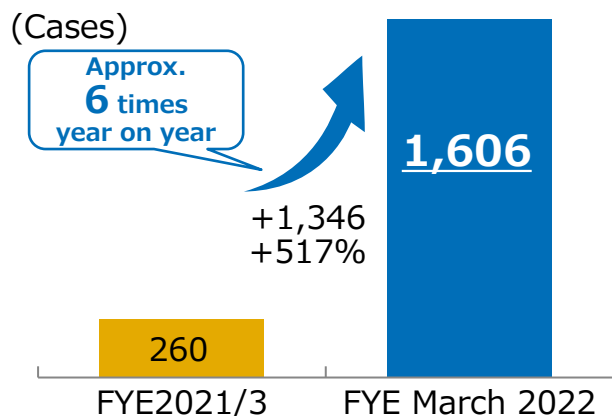
- Three card companies - Sales collaboration in Corporate Division



Number of referrals to Daishi Hokuetsu Leasing

Number of securities brokerage contracts with Hokuetsu Securities

<Card Business> Number of Member companies acquired





Regional trading company

## Bridge Niigata

(Established in 2019)

### Sales channel development business

Antenna Shop Bridge Niigata

- Expanded pieces of merchandise handled at stores to **approx. 700**
- Full-scale operation of in-house EC site



▲ 1-6-5 Nihonbashi-Muromachi, Chuo-ku, Tokyo Daishi Tokyo, 1st Floor

- Expanded merchandise listed on **EC site** to **approx. 200 items**

### Productivity enhancement business

Support for business efficiency consulting and IT tool introduction

- RPA implementation support
- Payment entering system
- Support for going paperless
- Support for introduction of attendance management systems, etc.

**New!**

### Topics

Adopted as the Ministry of Economy, Trade and Industry "Project to Promote Regional DX" (May 2022)

- ✓ Support for formulation and implementation of DX strategies
- Industry-academia-government-finance collaboration to promote DX for regional companies
- ✓ Support for introduction/promotion of DX etc

### Tourism promotion business

- Provision of multilingual translation tools
- Proposal and joint implementation of tourism promotion measures for various organizations, etc.

Staffing

## Daishi Hokuetsu Career Bridge

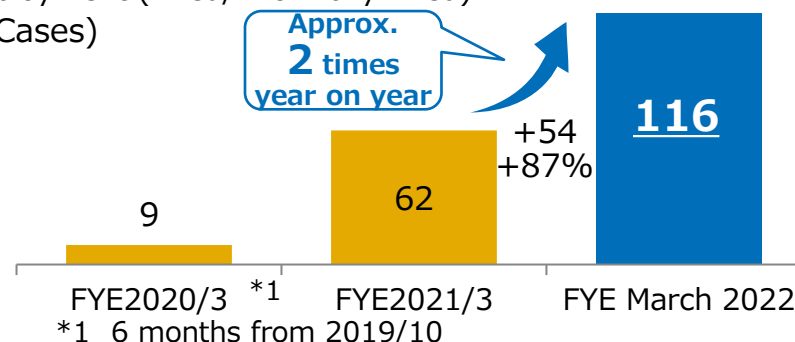
(Established in 2019)

### Personnel-matching business

- Staffing agency business
  - Personnel-matching support
  - Personnel-matching support for dual/side jobs
- <Changes in Number of cases of employment (hired/informally hired)> (Cases)



Number of consultations Cumulative total over **1,000 cases**



### Personnel development solution business

- Seminar on personnel development for companies in the prefecture held jointly with FG Group companies
- Held various online seminars under New Normal

2022年度  
『人財』育成 サポートプログラムのご案内

組織力強化のための

階層別8講座  
目的別14講座 をご用意

各階層・役割に必要な  
ビジネスマインド  
ビジネススキルの上を目指します



**Fund Management**

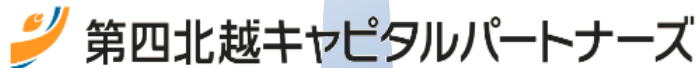
## Daishi Hokuetsu Capital Partners

(Established in 1984; Changed Company name & reorganized in October 2021)

### Fund formation & management



**Subsidiary specialized in investment**



### Provision of capital funds and management support

Business succession

Business revitalization

Regional revitalization

Support for business start-up

→ **Contribute to sustainable growth of regional economy and enhance corporate value of investee companies**

**New!** (December 2021)

Formation of **“No. 1 Daishi Hokuetsu Regional Initiatives Fund”**

(No. 1 Daishi Hokuetsu Regional Initiatives Investment Limited Partnership)

Total fund **1** billion yen

**Consulting & research**

## Daishi Hokuetsu Research & Consulting

(Established in 1997; Changed Company name & reorganized in October 2021)

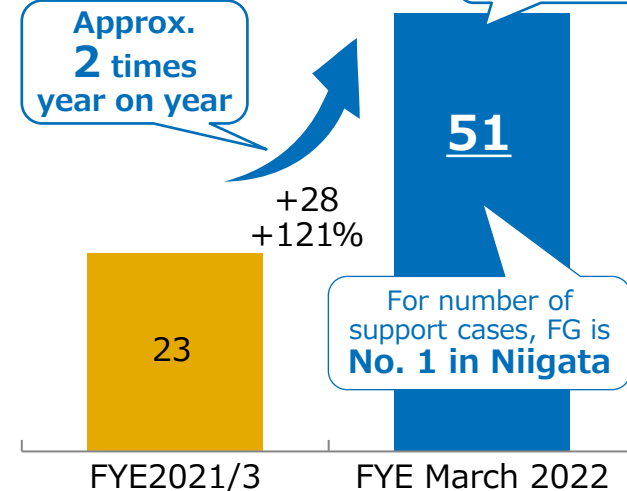
### Management consulting

Number of cases of support in Project for formulation of management improvement plans (known as 405 Project)

- Business Consultation
- Support for formulating management strategies and business plans
- Support for applying for various subsidies
- Support for re-construction of personnel system
- etc

(Cases)

Approx. **2 times** year on year



For nationwide use of service, Niigata is No. 1

For number of support cases, FG is **No. 1 in Niigata**

### Economic Survey & Research Project

- Strengthen research and analysis in areas such as sustainability and DX that have increasing needs

### Human Resource Development Project

- Organize seminars and training, etc. with Daishi Hokuetsu Career Bridge

### Member Businesses

- Publication of journal for members

## Regional Banks' Collaboration Framework



TSUBASA ALLIANCE

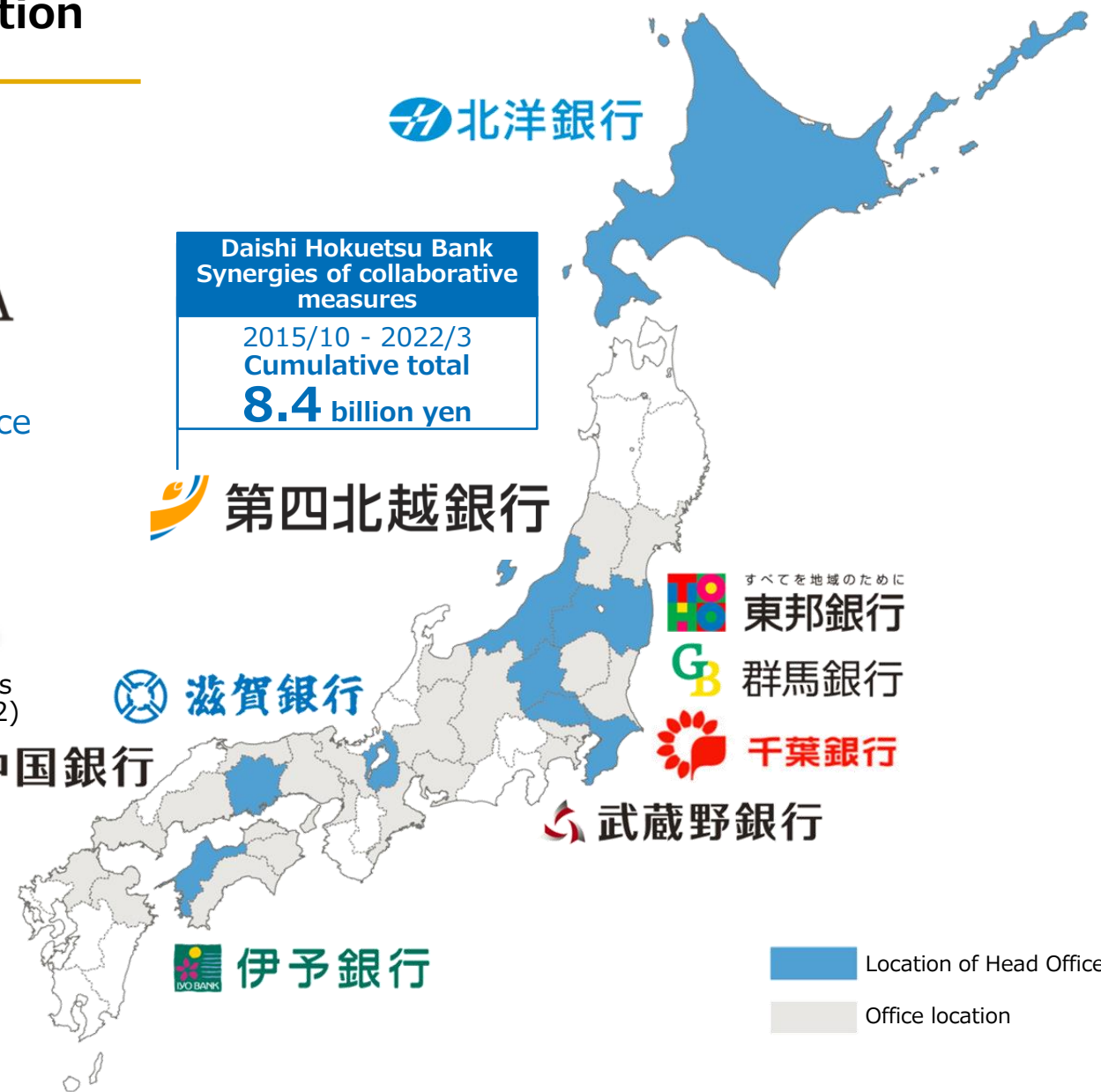
Number of participating banks  
**10 banks**

(As of March 31, 2022)

Total asset balance of participating banks  
**96 Trillion Yen**

(Consolidated basis for FYE March 2022)

Daishi Hokuetsu Bank Synergies of collaborative measures  
2015/10 - 2022/3  
Cumulative total  
**8.4 billion yen**



中国銀行

琉球銀行

伊予銀行

武蔵野銀行

千葉銀行

群馬銀行

東邦銀行

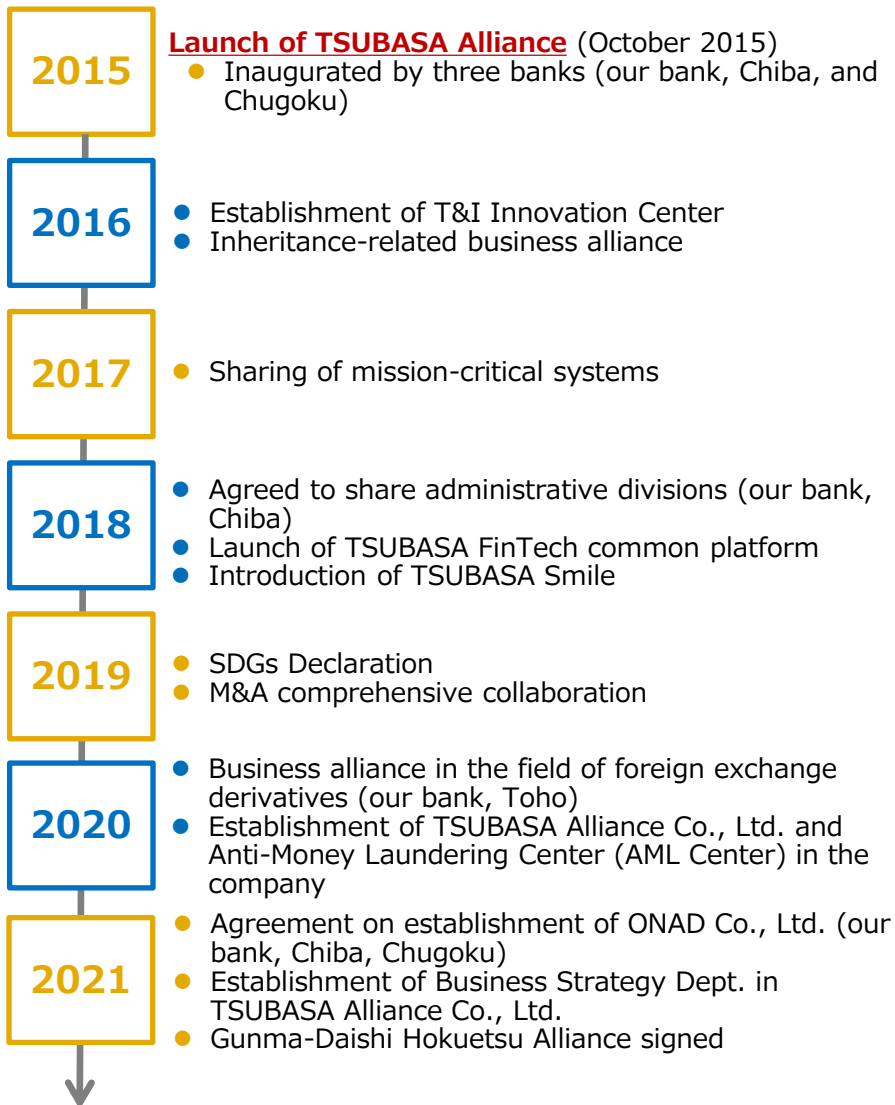
北洋銀行

第四北越銀行

滋賀銀行

■ Location of Head Office  
■ Office location

## Expansion of new business domains



### Start operation of ONAD Co., Ltd.

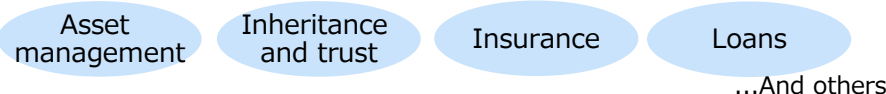


Providing remote financial consulting services

**Features: "Neutrality," "Remote completion," and "Specialized in advice"**  
 Provision of advice through remote interviews  
 Dedicated advisors are available



### Paid advice through life plan simulation



Incorporation

**January 2022**

Start of business

**April 2022**

### Establishment of "Diversity & Inclusion Declaration"

**New!**

(April 2022)

**Proactively address diversity and inclusion as a source of competitiveness to achieve sustainable growth in the region**

1. We will overcome unconscious bias, recognize diverse personalities and values, and deepen mutual understanding.
2. We will promote creation of a highly fair organization and workplace that maximizes potential and motivation of individuals.
3. We will aim for innovation and sustainable growth by bringing together diverse strengths and mutually enhancing capabilities.
4. We will take the lead in promoting Diversity and Inclusion based on mutual recognition and collaboration among banks and contribute to creating affluent communities.

## Collaborative Measures for "Regional Contribution" and "Enhancement of Corporate Value"

### Collaboration effect (Synergies) New!



**GUNMA DAISHI HOKUETSU ALLIANCE**  
**群馬・第四北越 アライアンス**

Approx. **9.5 billion yen**

Cumulative 5-year total **+8.0 billion yen**

Approx. **1.5 billion yen**

Cumulative results from 2020/12 to the end of 2022/3

Cumulative total expected by end of March 2027

**Key Partnership Areas**

Regional revitalization & Tourism promotion

Corporate solutions

Asset management

Personnel development

Effective use of real estate

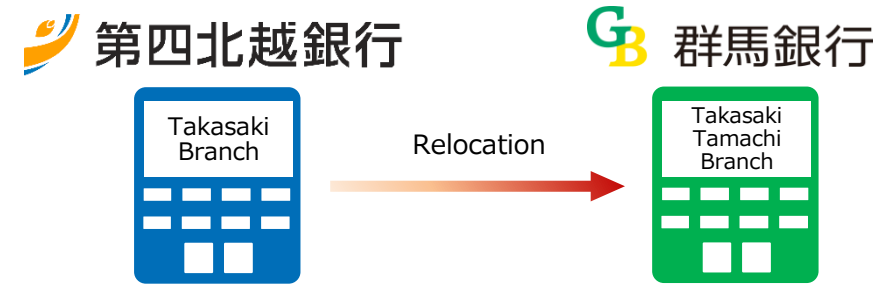
etc

#### Collaboration in HR development

- Started dispatching and accepting trainees (1 from Gunma to Daishi Hokuetsu) (2022/5)

### Joint use of offices New!

Transfer the Daishi Hokuetsu Bank offices to Gunma Bank offices (planned for 2023)



"Personal Consultation Plaza Takasaki," located in the Gunma Bank Takasaki's Tamachi Branch building, is scheduled to be relocated in early December 2022, and our bank's Takasaki Branch will move to the plaza space after the move

<Exterior view of Takasaki Tamachi Branch of Gunma Bank>



Our relocation site



# **Sustainability Initiatives**



# Daishi Hokuetsu FG Sustainability Initiative Policy

- Based on Daishi Hokuetsu FG's "Basic Sustainability Policy," we will aggressively and proactively tackle Four Priority Tasks and contribute to the realization of a sustainable society

FG Management Philosophy

Continue to contribute to the development of regional society

Direction is the same as Management Philosophy

## "Daishi Hokuetsu Financial Group's Basic Sustainability Policy"

Four Priority Tasks

1

Address Regional Issues

2

Address Environmental Issues

3

Build Trust of Society

4

Develop Talented People and Improve Workplace Environment

Support for resolving regional and customers' challenges

Maximize financial and information intermediary functions leveraging Group's comprehensive strengths

Further promote initiatives across regions by returning know-how and expertise gained through our own initiatives to local communities

Aggressive and proactive Group-wide initiatives

FG's own Sustainability Initiatives, including CO<sub>2</sub> reduction

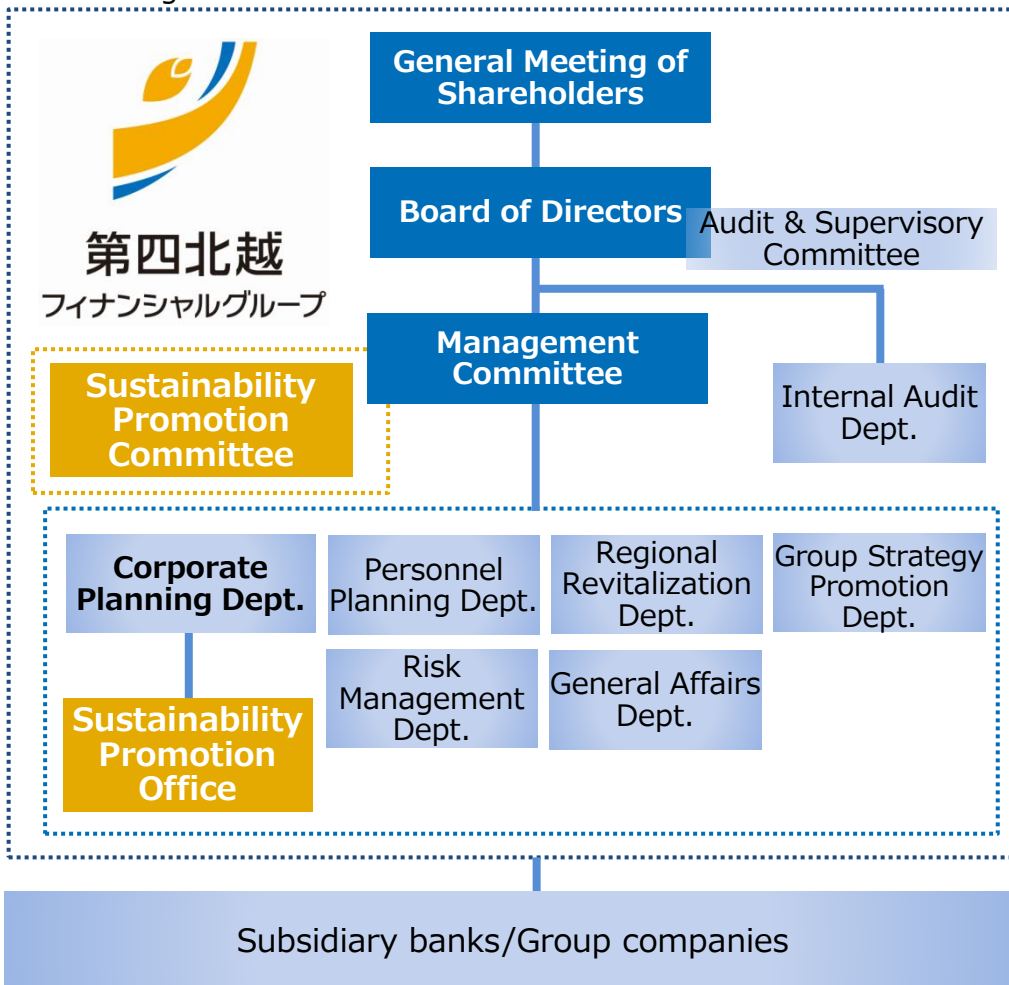
Practicing Sustainability Management

Maintain and improve environment and society as basis of our business

Economic and sustainable growth of corporate activities

## Strengthen governance for Group-wide promotion

- Establishment of "Sustainability Promotion Committee" chaired by FG President
- Establishment of "Sustainability Promotion Office" to oversee cross-organizational efforts



## Endorsement of TCFD Recommendations

(Task Force on Climate-Related Financial Disclosures)



Endorsed on

April 15, 2021

Significance of endorsement

Advance risk management framework

Support for sustainable growth in the region

Enhance corporate value

→ Gradual improvement of initiatives and disclosures in line with TCFD Recommendations framework (governance, strategy, risk management, indicators and targets)

## FG's three projects adopted by Ministry of the Environment (FYE 2022/3)



### 第四北越銀行

- Selected as a participating financial institution in the Ministry of the Environment's "Pilot Program Support Project for Scenario Analysis of Climate Risks and Opportunities in Line with TCFD Recommendations"

### 第四北越銀行 × TSUBASA ALLIANCE

- Our bank, Chiba Bank and Hokuyo Bank jointly adopted as supporting institutions for Ministry of the Environment "FY2021 Project for Promotion of ESG Regional Finance"

第四北越フィナンシャルグループ

### 第四北越リース

- Adopted as a designated leasing company for Ministry of the Environment "Project for Promotion of ESG Leasing"

## Added to Basic Strategies of Medium-term Management Plan (April 2022)

**New!**



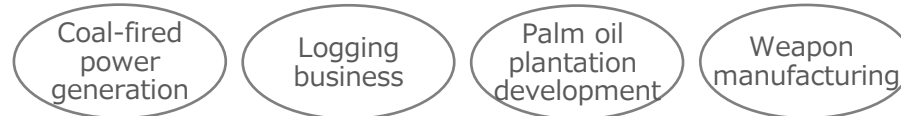
## Formulation of Investment & Financing Policies that consider environment and society (May 2022)

**New!**

Aggressively support activities that contribute to solving various environmental and societal issues surrounding regions through investment and financing

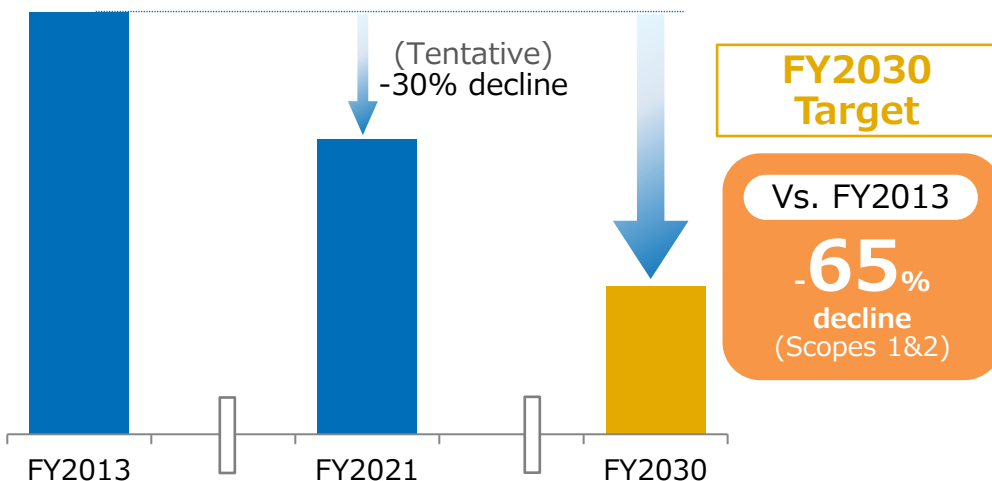


<Specified projects, etc. that are considered to impact sustainability of society>



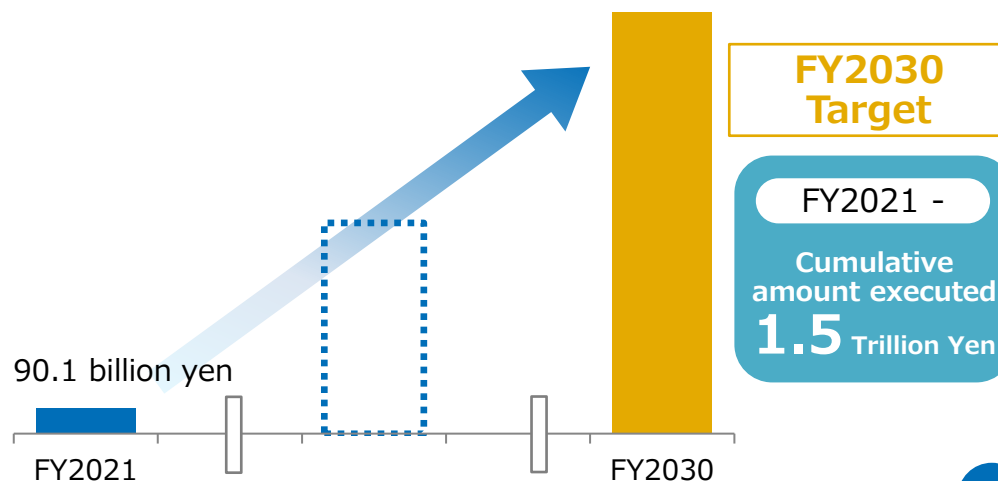
## Target setting for reduction of CO<sub>2</sub> emissions (May 2022)

**New!**



## Target setting for Sustainable Finance (May 2022)

**New!**



# Initiatives to Resolve Challenges of Regions and Customers: 1

Expansion of product lineup to promote sustainability and SDGs initiatives



Start of "Daishi Hokuetsu SDGs Consulting Service" (September 2021)



For large companies

"Sustainability Linked Finance" Start of "Sustainability Linked Finance" services (August 2021)



Customers



SDGs Consulting services

Number of companies that applied

75

Paid services Support for formulation of SDG Declaration

(As of March 31, 2022)

Free diagnosis Diagnosis on SDGs initiative status

Step1

Step2

<Voice of Customers>

Consulting helped with progress in the efforts

<Identification of customers' challenges>

Not sure where to start

We came to consult on SDGs management

We would like to organize our SDG initiatives

etc

Customers

We have been able to organize our strengths and challenges

We act where possible, not just in the announcement of SDGs Declaration

Continuous support to meet customers' challenges

For SMEs

Start of "SDGs Support Loan" (March 2022)

Foster and promote awareness of SDG initiatives

Loan amount up to 50 million yen



# Initiatives to Resolve Challenges of Regions and Customers: 2

## Project Finance initiative for renewable energy business



### Project Finance initiative for biomass power generation business (August 2021)

#### <Overview of Project Finance>

Arranger	Daishi Hokuetsu Bank Sumitomo Mitsui Trust Bank
Lender	Daishi Hokuetsu Bank Sumitomo Mitsui Trust Bank Chiba Bank Chugoku Bank Iyo Bank Toho Bank North Pacific Bank Musashino Bank Shiga Bank, etc.

Total amount  
**28**  
billion yen

Eight banks under  
TSUBASA Alliance  
participated



Biomass Power Generation Project in Seiro-machi, Kitakanbara-gun, Niigata Prefecture

→ October 2024  
Plan to start commercial operation of one of the largest power generation facilities in Niigata Prefecture

## Initiatives to reduce carbon dioxide emissions in the region through the use of renewable energy, etc.

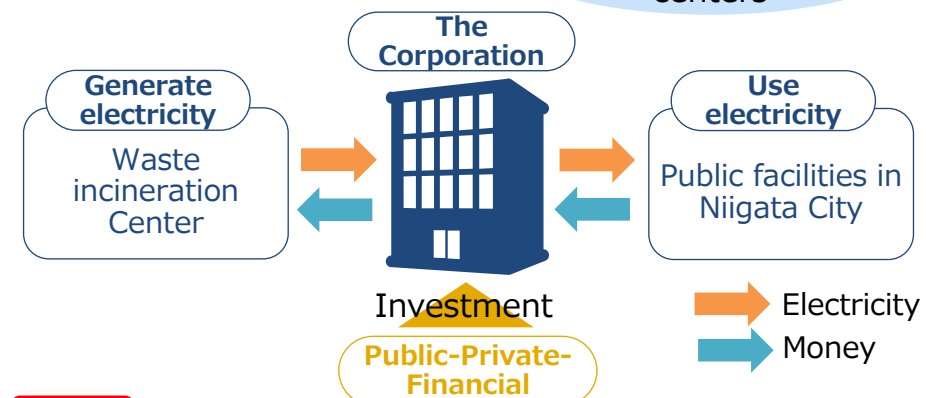


### Joint investment in new regional electric power company through Public-Private-Financial partnership

Niigata City, Niigata  
Niigata Swan Energy Corporation  
(Established in July 2019)

November 2019  
Started electric power sales business

Power generation using heat from burning waste at waste incineration centers



**New!**  
Kashiwazaki City, Niigata  
Kashiwazaki IR Energy Corporation  
(Established in March 2022)

Plan to create an environment that uses low-carbon energy

→ Plan to start electric power sales business in FY2022

# Initiatives to Resolve Challenges of Regions and Customers: 3



**DAISHI HOKUETSU**  
Financial Group  
第四北越フィナンシャルグループ  
*Shoku no Kizuna* (Food Relationship)  
in Niigata Project

The project launched by the Company and our Group companies to support households in need of food amid the prolonged impact of COVID-19

## Phase 1

- Supporting organizations affected by COVID-19 -
- Handling of charitable private placement bond “SDGs Private Placement Bond”

## Phase 2

Food donation initiative to households affected by COVID-19

### Private Securities Supporting “Food Relationship”

(November 2020 – June 2021)

Number of issuing companies: **116**



FY2013 - FY2021

Amount donated through charitable private placement bonds

**0.17 billion yen**  
(Cumulative total)

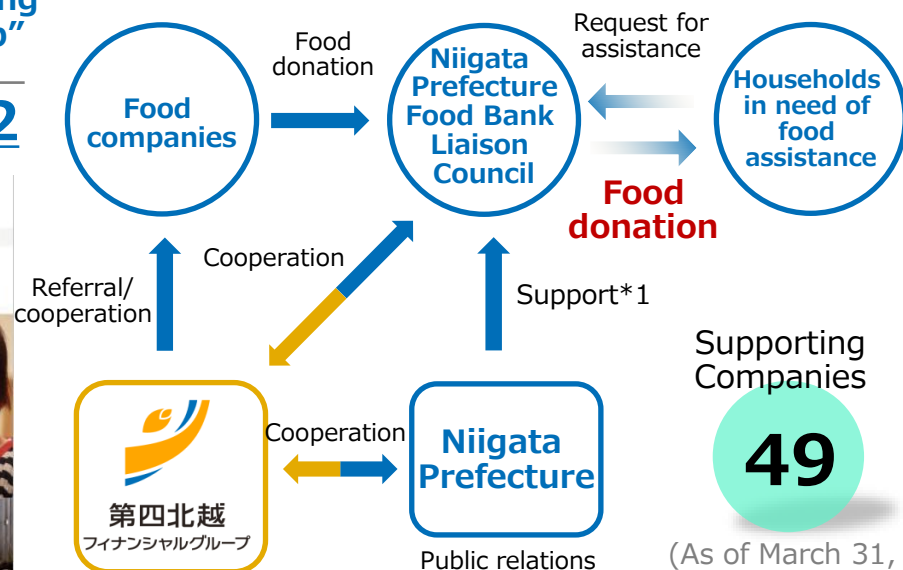
### Private Securities Supporting “Food and Job Relationship”

(July 2021 – June 2022)

Number of issuing companies: **62**



Currently available



Supporting Companies

**49**

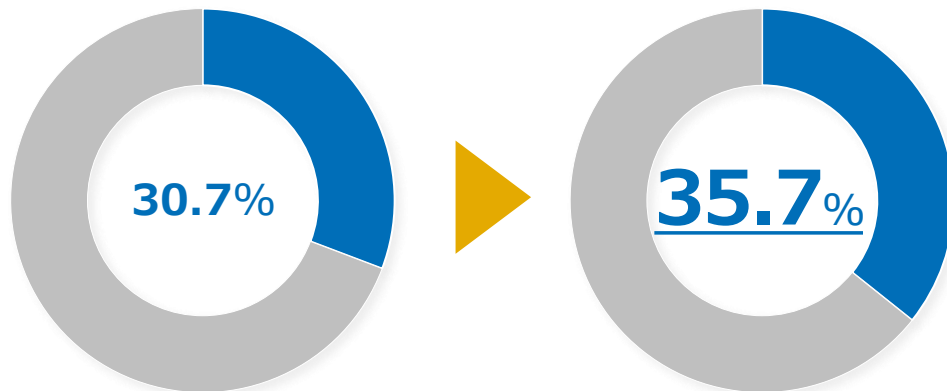
(As of March 31, 2022)

\*1: Cooperation with Food Drive and activity PR



# **Governance & Capital Policy**

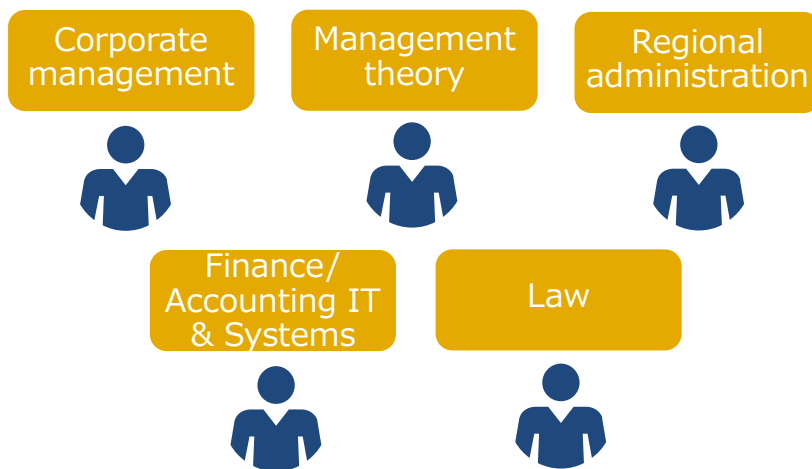
## Percentage of Outside Officers on the Board of Directors



2018/10 (when FG was established)

2021/6

## Expertise of independent Outside Directors



## Diversity Initiatives

**New!**

Appointment of women officers

 第四北越銀行

→ Scheduled to **appoint the Group's first woman Executive Officer** as of June 16, 2022

→ 14 women Branch Managers as of March 31, 2022

Training programs for women to be promoted to management positions

- Since FY2021, "Empowerment Program for Women" has promoted women employees to officer and manager positions



▲ "Empowerment Program for Women" training

\* Assuming that election will be made at the Company's 4th Ordinary General Meeting of Shareholders scheduled on June 24, 2022

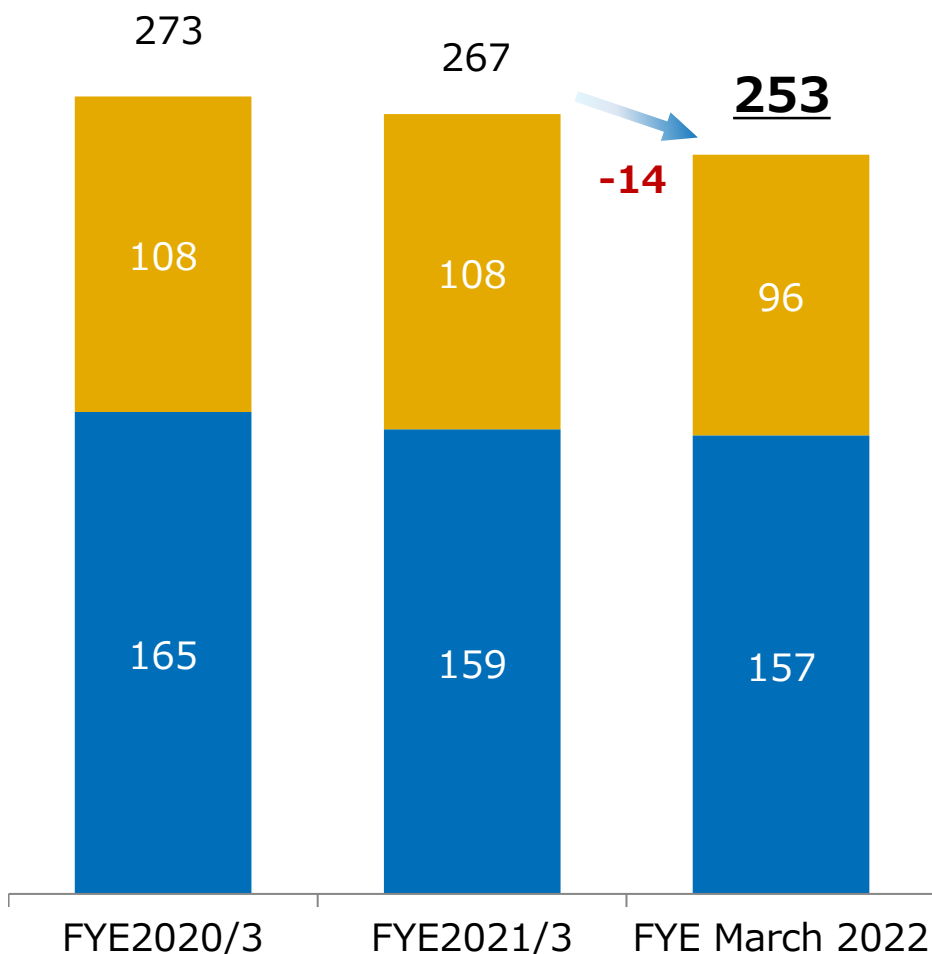


# Initiatives to Reduce Cross-shareholdings

## Number of cross-shareholding brands

(Client)

- Listed companies
- Unlisted companies (including stocks of subsidiaries and associates)



Cross-shareholding brands

-14 clients  
year on year

- Continue to take action in line with Cross-shareholding Basic Policy

### Reference: Cross-shareholding Basic Policy

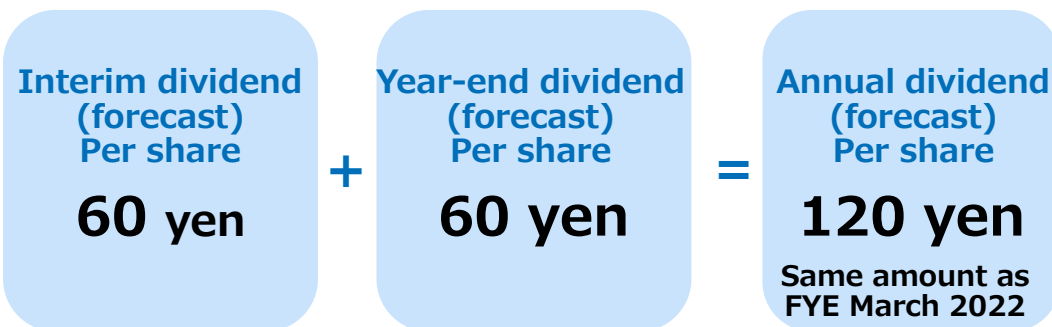
- Our company and Daishi Hokuetsu Bank will hold only a limited number of cross-shareholdings when it is judged that such holdings will contribute to the maintenance and improvement of the medium- to long-term corporate value of the Company's business partners and the Group, and will reduce cross-shareholdings after sufficient dialogue with business partners to control shareholding risks, capital efficiency, and other factors.
- The Board of Directors will periodically review the appropriateness of individual cross-shareholdings from the perspectives of medium- to long-term economic rationality based on return and risk, growth potential, future outlook, or revitalization of business partners, relevance of business partners to the regional economy, and business alliances and other strategies, and will make a comprehensive judgment on the suitability of shareholdings.

## Shareholder Return Policy

Considering the public nature of the financial group, our basic policy shall be to continue providing stable returns to shareholders while enhancing retained earnings to strengthen our base. Our aim is to continue meeting the expectations of shareholders in the future.

- We aim to return 40% in total as dividends and treasury shares to shareholders.
- Focusing on boosting Profit, our basic policy is to improve ROE as we aim to achieve at least 5% over the medium to long term.

### Dividend forecast for FYE March 2023



### Past result of shareholder return

	Cash Dividends per Share (annual amount)	Dividend Payout Ratio	Shareholder Return Ratio
FYE2019/3	Year-end: 60 yen Interim for Daishi Bank: 45 yen Hokuetsu Bank: 30 yen	35.0%	* 42.0%
FYE2020/3	120 yen	42.5%	42.5%
FYE2021/3	120 yen	50.7%	50.7%
FYE2022/3	120 yen	36.1%	36.1%

\*: Calculated using Consolidated Profit of two banks as a denominator. Completed acquiring treasury shares between February and March 2019 (acquisition cost: 999,689,000 yen)

# ***Appendix***



# Management Indicators

Management Indicators		FYE2021/3 Result	FYE2022/3 Result		FYE2023/3 Plan
				Year on Year	
Strengthening profitability	Consolidated Profit*1	10.7 billion yen	<b>15.1</b> billion yen	4.3 billion yen	<b>16.5</b> billion yen
	Growth rate of average balance of SME loans*2	1.4%	<b>-1.8%</b>	-	<b>4.4%</b>
Growth of the Group	Average balance of SME loans	1,939.8 billion yen	<b>1,904.4</b> billion yen	-35.4 billion yen	<b>1,988.9</b> billion yen
	Growth rate of average balance of consumer loans*2	3.0%	<b>2.5%</b>	-	<b>2.9%</b>
	Average balance of consumer loans	1,332.6 billion yen	<b>1,366.4</b> billion yen	33.8 billion yen	<b>1,406.2</b> billion yen
	Growth rate of non-interest income*3	-7.5%	<b>23.8%</b>	-	<b>5.6%</b>
	Non-interest income	18.9 billion yen	<b>22</b> billion yen	3.1 billion yen	<b>23.2</b> billion yen
	Growth rate of Group company income*4	53.4%	<b>42.1%</b>	-	<b>-3.1%</b>
	Group company income	2.9 billion yen	<b>4.1</b> billion yen	1.2 billion yen	<b>3.9</b> billion yen
Improvement of management efficiency	OHR (consolidated)	84.7%	<b>71.2%</b>	-13.5pt	<b>68.3%</b>
	ROE (consolidated)	2.6%	<b>3.5%</b>	0.9pt	<b>3.4%</b>
Maintenance & improvement of business health	Consolidated capital ratio	10.35%	<b>10.51%</b>	0.16pt	<b>10% level</b>

\*1: Profit attributable to owners of parent

\*2: Average annual balance before partial direct write-offs

\*3: Total of Net fees and commissions income and Profit from other businesses, etc., excluding gains (losses) from Government bonds and other bonds) (accompanying the change in the calculation method, and from the viewpoint of comparison with previous fiscal years, the figures compared with retrospectively changed counts)

\*4: Total Profit of Group companies attributable to owners of parent, excluding the holding company and the bank

# Six Indicators for Deepening Transformation of Portfolios

<Bank Division>  
Raise the ratio of “interest on loans and bills discounted” and “non-interest income” in core gross business profits



<Group Company Division>  
Raise the ratio of “Group company income” in Consolidated Profit

Six Indicators for Deepening Transformation of Portfolios	FYE2021/3 Result	FYE2022/3 Result	Year on Year	FYE2023/3 Target
(1) Ratio of SME loans in total loans	38.9%	<b>37.7%</b>	-1.2%	<b>38.2%</b>
(2) Ratio of Consumer loans in total loans	26.7%	<b>27.1%</b>	0.4%	<b>27.0%</b>
(3) Ratio of Unsecured loans in consumer loans	8.4%	<b>8.5%</b>	0.1%	<b>8.5%</b>
(4) Income Ratio of Asset Management Advice in Core gross business profits	9.2%	<b>8.2%</b>	-1.0%	<b>10.9%</b>
(5) Income ratio of Financial Solution in Core gross business profits	7.6%	<b>12.1%</b>	4.5%	<b>13.2%</b>
(6) Consolidated / Non-consolidated Ratio (FG Consolidated Profit ÷ Bank Non-consolidated Profit)	1.0 time	<b>1.2 times</b>	0.1 times	<b>1.3 times</b>

# Indicators for Contribution to Communities

Indicators for Contribution to Communities		FYE2022/3 Result	Vs. Target	FYE2023/3 Target
Top-priority target to measure our contribution to the region	Number of companies with Daishi Hokuetsu Bank as their main bank	15,286	86	15,300
Maintain and increase drivers of regional economy	Number of startups and secondary startups involved	1,704	54	1,750
	Number of clients supporting business succession	1,628	8	1,680
Support for enhancement of corporate value	Number of borrowers based on feasibility assessment	5,767	367	5,900
	Loan balance based on feasibility assessment	1,280.1 billion yen	0.1 billion yen	1,440 billion yen
	Number of clients using Guidelines for Management Guarantee	7,428	-272	8,600
	Number of clients with improved business indicators, etc.	10,140	8,640	12,200
	Number of cases of business support	2,941	307	2,750
	Number of cases of support for formulation of management improvement plan	369	19	450
Providing new value through expansion of business domains	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">Activities through a regional trading company</div> Number of clients supported in sales channel development (cumulative total)	497	17	540
	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">Activities through a regional trading company</div> Number of FG collaboration activities to support productivity improvement (cumulative total)	65	5	165
	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">Activities through a staffing agency</div> Number of personnel-matching cases that lead to solutions to corporate issues (cumulative total)	68	8	135

# Summary of Financial Results for the Fiscal Year Ended March 2022 (Profit/Loss)

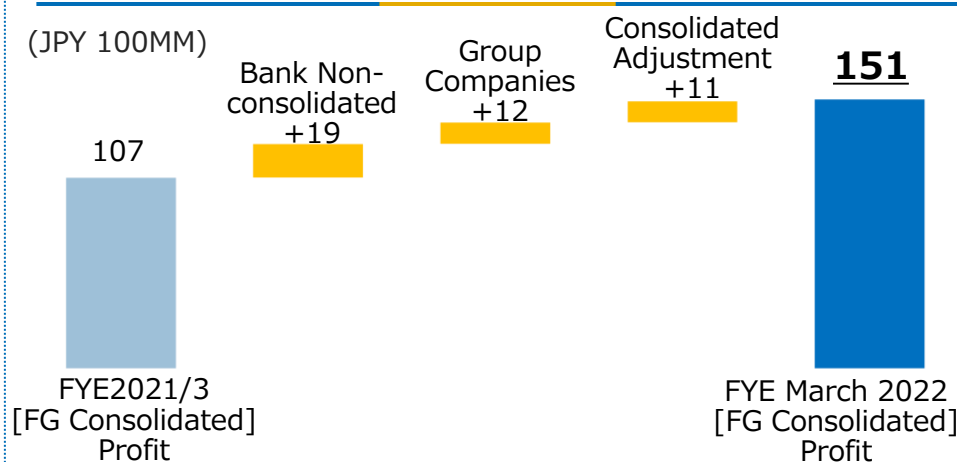
FG's Consolidated (JPY 100MM)	Financial Results for the Fiscal Year Ended March 2022		Forecast (2022/1 upward revision)	Vs. Forecast
	Year on Year			
1 Ordinary profit	235	60	216	19
2 Profit*1	151	43	140	11

\*1 Profit attributable to owners of parent

Group Companies (JPY 100MM)	Financial Results for the Fiscal Year Ended March 2022		Financial Results for FYE2021/3
	Year on Year		
3 Profit*2	41	12	29

\*2 Total Profit of Group companies attributable to owners of parent (excluding the holding company and the Bank)

## <FG Consolidated> Change Factors

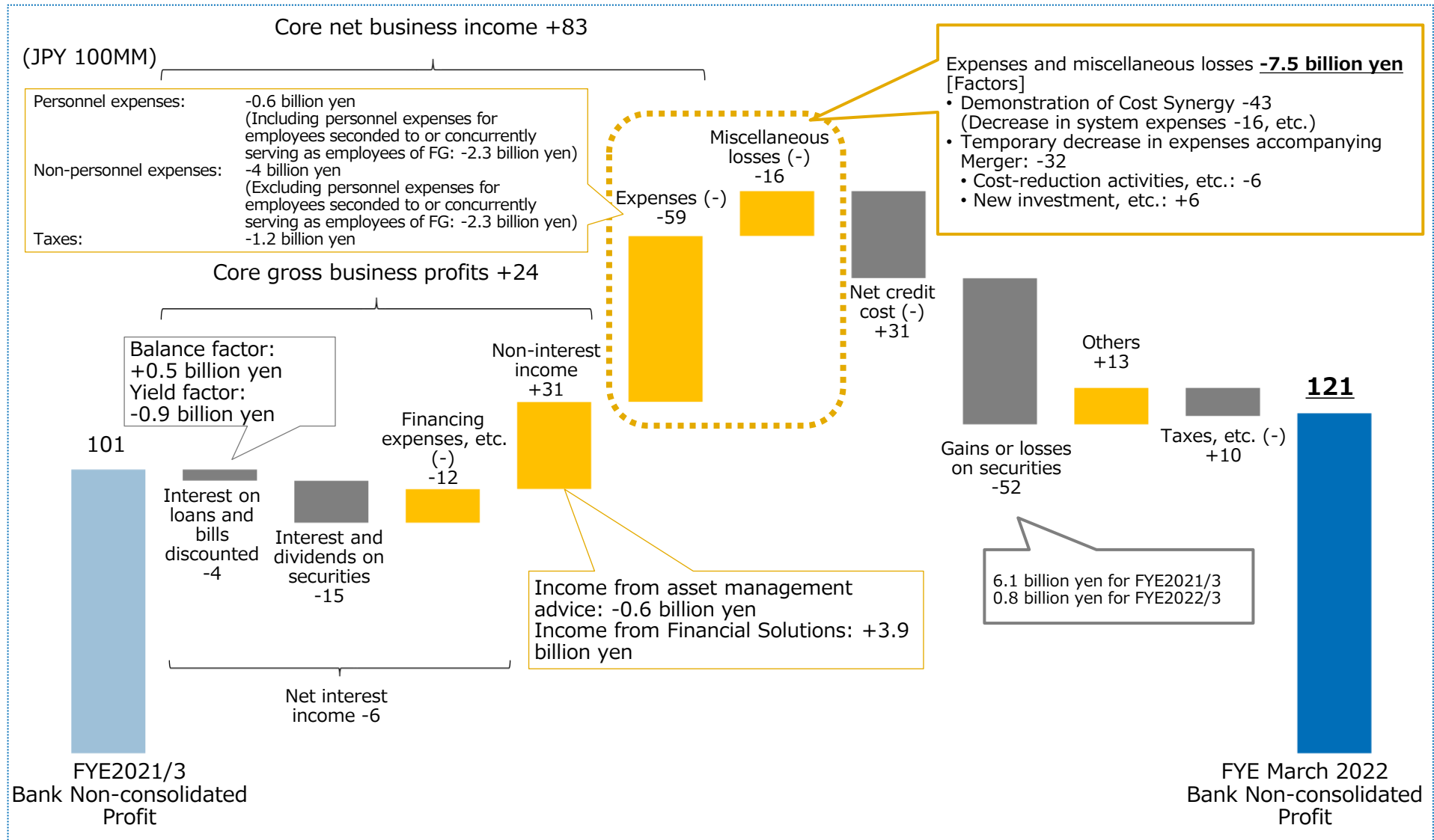


Bank Non-consolidated (JPY 100MM)	Financial Results for the Fiscal Year Ended March 2022		Financial Results for FYE2021/3
	Year on Year		
4 Gross business profits	807	42	764
5 (Core gross business income)	836	24	812
6 Net interest income	616	- 6	623
7 (Interest on loans and bills discounted)	454	- 4	458
8 (Interest and dividends on securities)	173	- 15	189
9 (Financing expenses)	22	- 8	30
10 Net fees and commissions income	143	- 1	145
11 Profit from other businesses	47	51	- 3
12 (Excluding gains (losses) from Government bonds and other bonds)	76	32	44
13 (Gains (losses) from Government bonds and other bonds)	- 28	18	- 47
14 Expenses	600	- 59	659
15 Substantial net business income	207	102	105
16 Core business profit	236	83	152
17 (Excluding gains (losses) from cancellation of investment trust)	234	82	152
18 Net business income	204	110	93
19 Non-recurrent income (losses)	- 21	- 76	54
20 Ordinary profit	182	34	147
21 Extraordinary income (losses)	- 2	- 4	2
22 Profit	121	19	101
23 <Net credit cost>	69	31	38
24 <Gains or losses on securities>	8	- 52	61
25 <Management Integration expenses (overall)>*3	29	- 38	67

\*3 Management Integration expenses recorded in "Expenses" and "Non-recurrent income and losses"

# Summary of Financial Results for the Fiscal Year Ended March 2022 (Profit/Loss)

## <Bank Non-consolidated> Change Factors 第四北越銀行



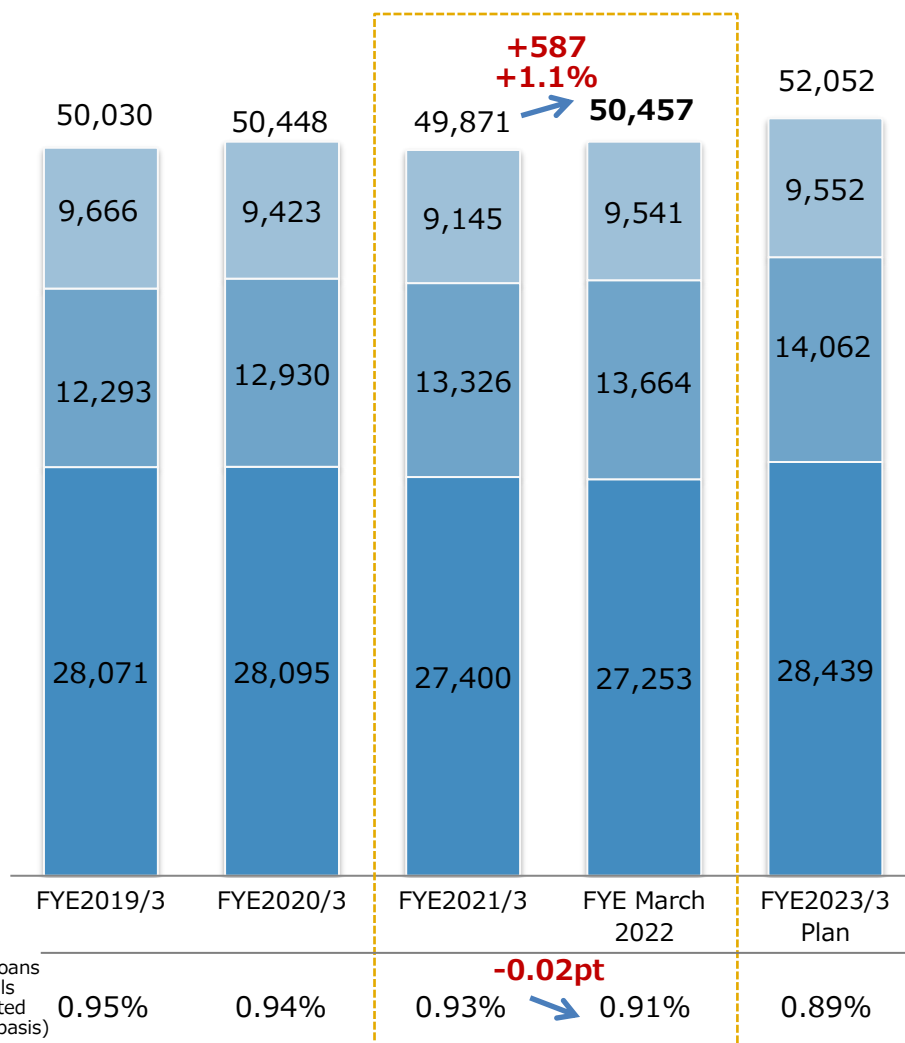


# Loans and Bills Discounted Area

## Average balance of Loans and Bills Discounted

\* Before partial direct write-offs

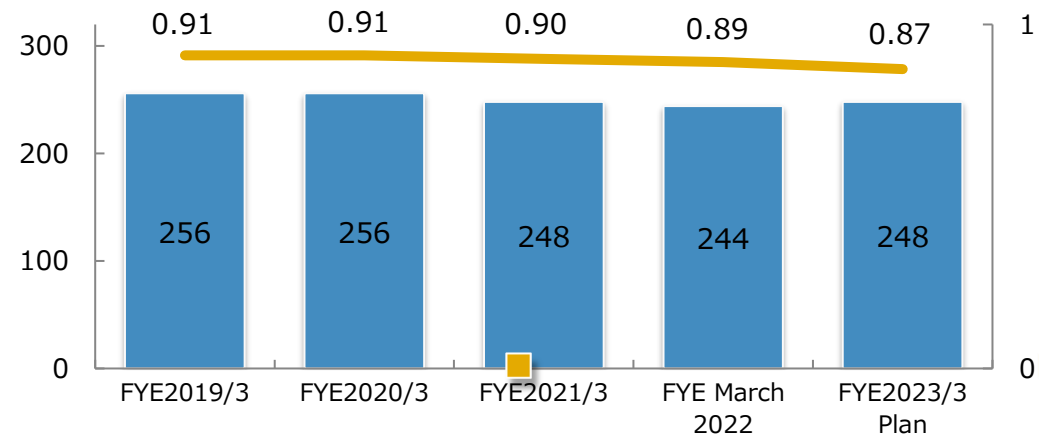
(JPY 100MM) ■ Business ■ Consumer ■ Public Money & Finance



## Interest on business loans and bills discounted & yield

\* Before non-accrued interest

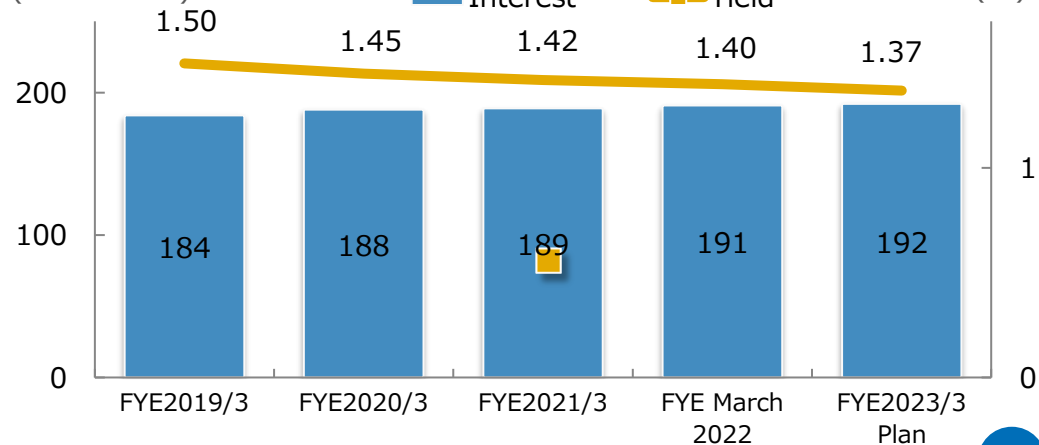
(JPY 100MM) ■ Interest ■ Yield (%)



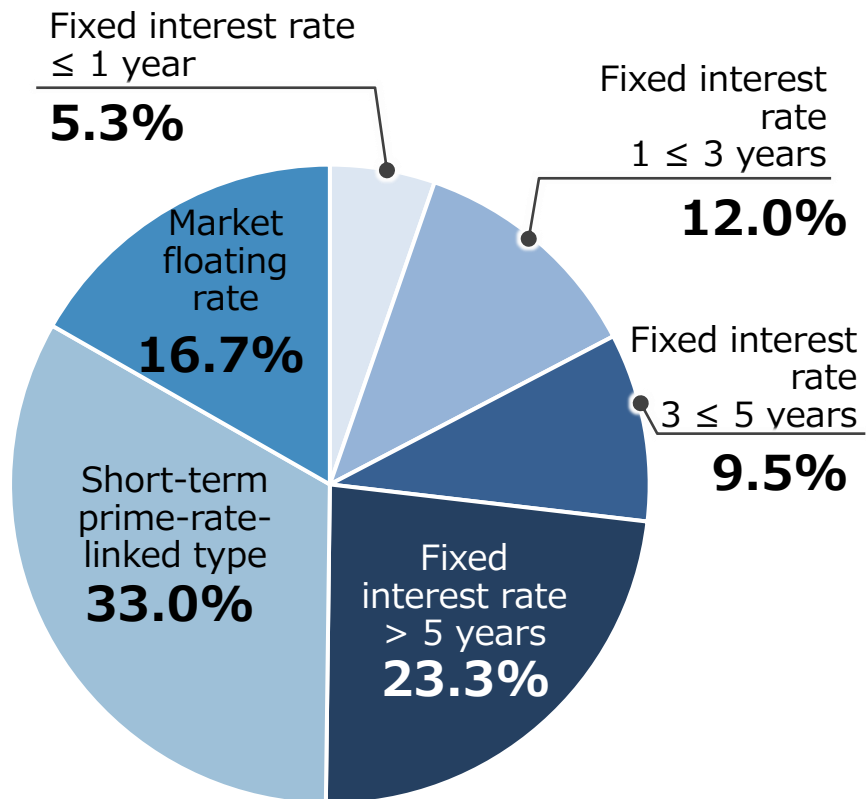
## Interest on consumer loans and bills discounted & yield

\* Before non-accrued interest

(JPY 100MM) ■ Interest ■ Yield (%)

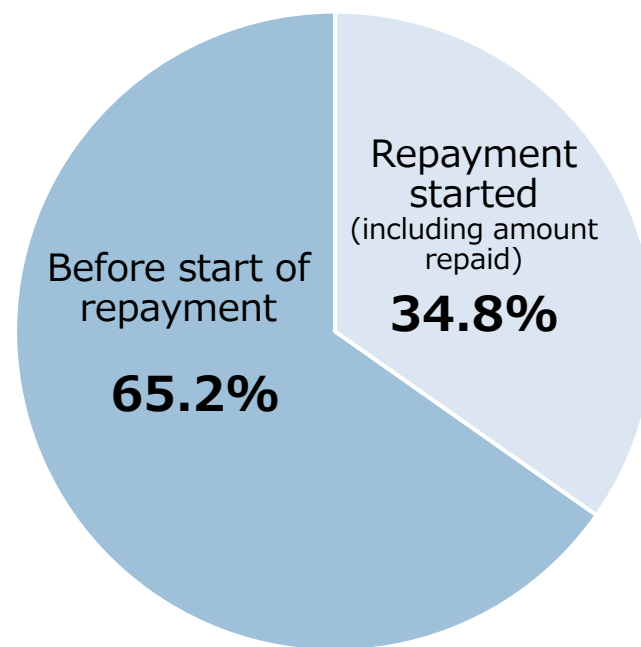


## Composition of overall Loans and bills discounted (FYE2022/3)



Note: Excluding non-performing loans

## Real interest-free and unsecured loans (zero-zero loans) Status of Business Partner (FYE2022/3)



Amount of real interest-free and unsecured loans (zero-zero loans) executed  
Cumulative total 189.9 billion yen

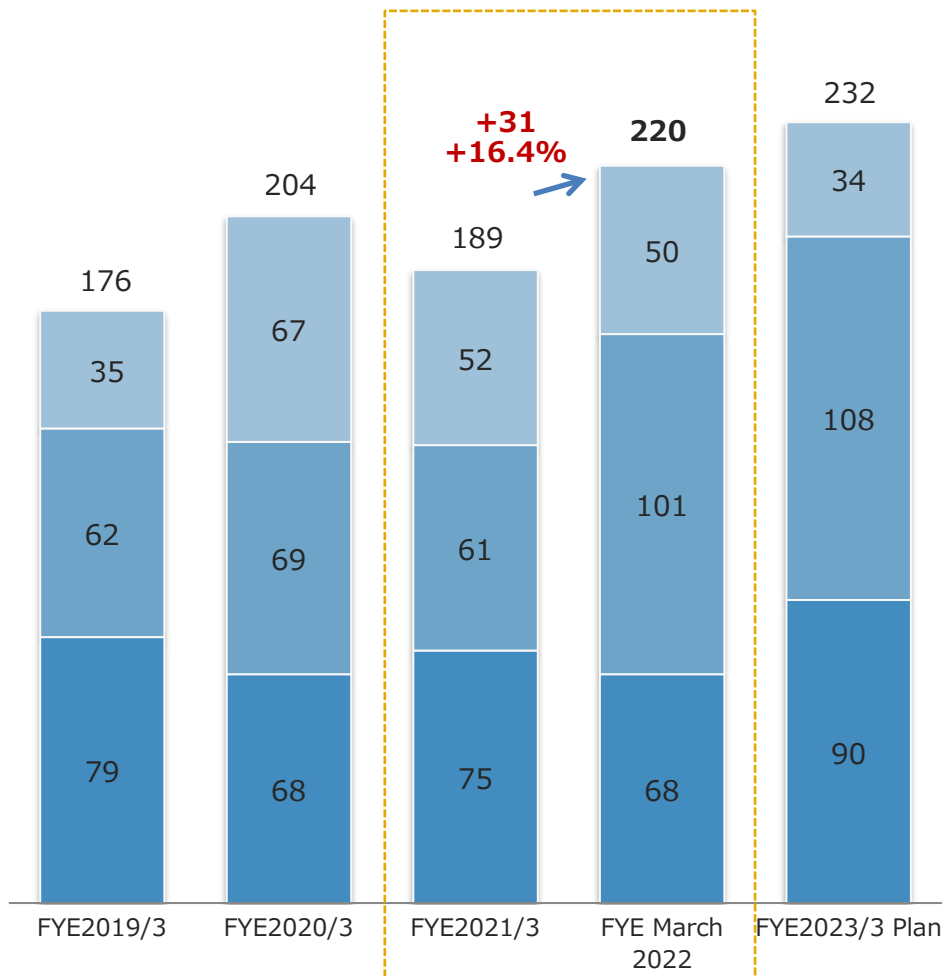
# Non-interest Income Area/Expenses

## Non-interest income

(Total of Net fees and commissions income + Profit from other businesses, etc., excluding gains (losses) from Government bonds and other bonds)

(JPY 100MM)

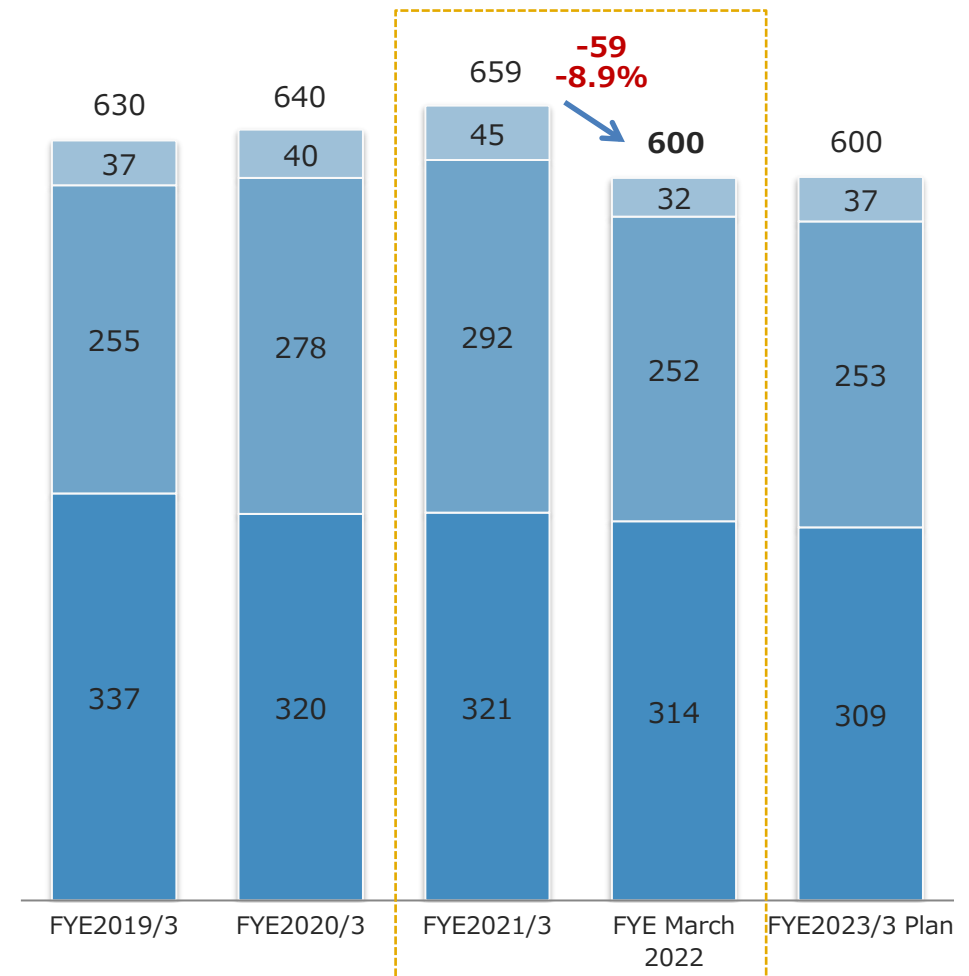
■ Asset management advice ■ Financial Solutions ■ Others



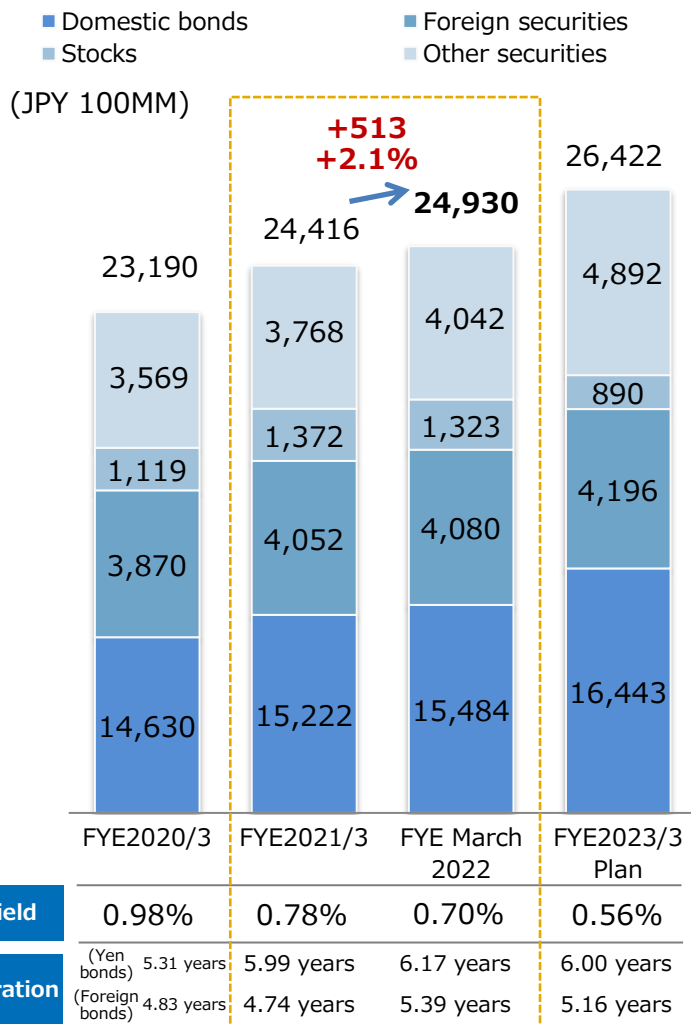
## Expenses

(JPY 100MM)

■ Personnel expenses ■ Non-personnel expenses ■ Taxes

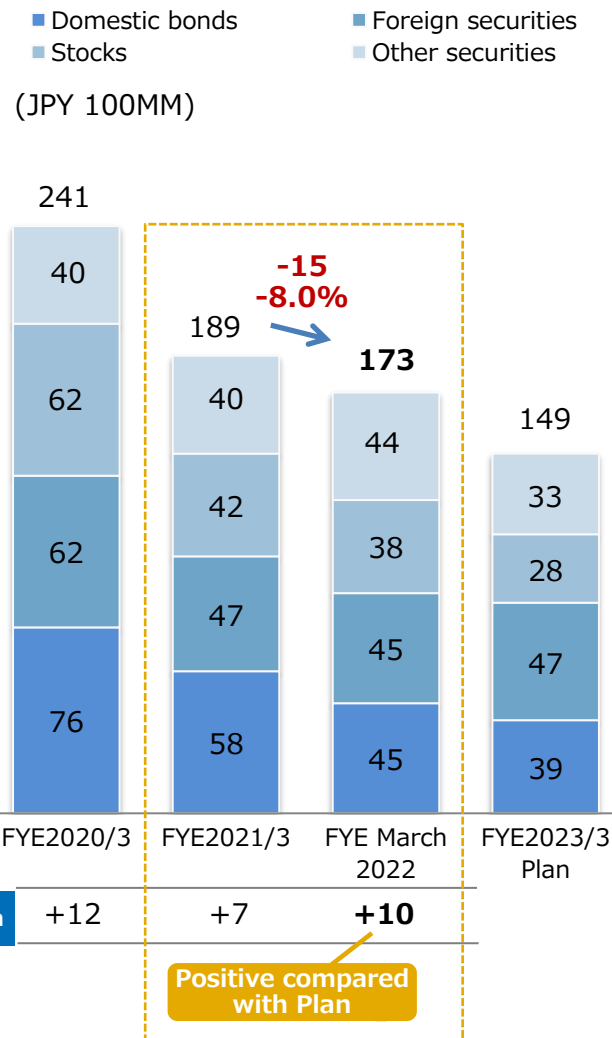


## End-balance of Securities



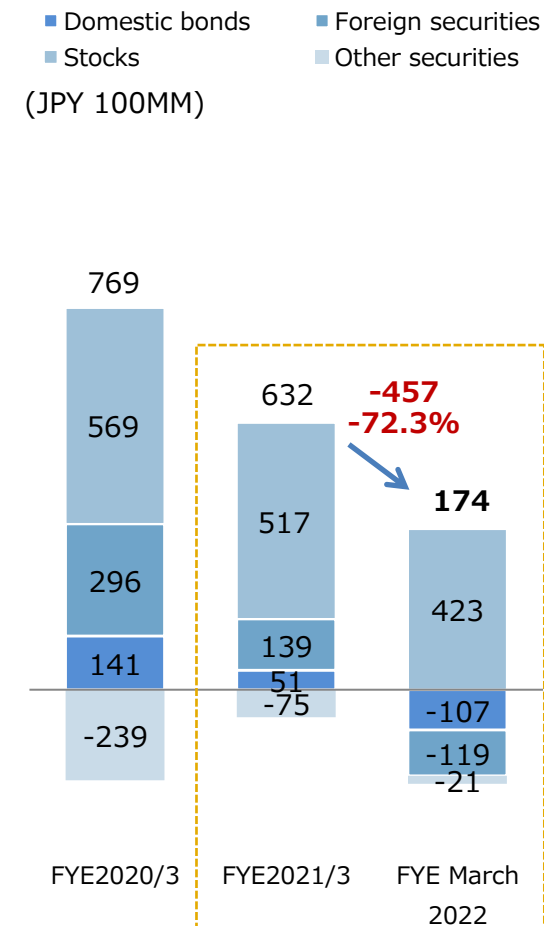
\* Duration is after considering interest rate swaps for hedging purposes

## Interest and dividends on securities



\* Vs. Plan is after considering foreign currency financing and other costs

## Valuation gains or losses



17.4 billion yen, a decrease of 45.7 billion yen year on year, mainly due to higher domestic and overseas interest rates

## Trends in end-balance of Securities

(JPY 100MM)

	FYE2020/3	FYE2021/3	FYE March 2022
Government bonds	6,166	5,728	5,536
Local government bonds	5,254	6,433	7,247
Public corporate bonds	885	769	713
Financial bonds	92	66	27
Business bonds	2,231	2,225	1,958
Stocks	1,119	1,372	1,323
Foreign securities	3,870	4,052	4,080
Other securities	3,569	3,768	4,042
<b>Total</b>	<b>23,190</b>	<b>24,416</b>	<b>24,930</b>

\* Figures for FYE March 2020 are a simple sum of two former banks prior to Merger.

## Breakdown of changes in end-balance of Securities

(Vs. March 31, 2021)

(JPY 100MM)

<b>Domestic bonds (yield: 0.29%)</b>	<b>261</b>
Purchase	4,503
Sale	- 2,320
Other (redemption, market value factors, etc.)	- 1,921
<b>Stocks (yield: 4.50%)</b>	<b>- 49</b>
Purchase	245
Sale	- 183
Other (redemption, market value factors, etc.)	- 111
<b>Foreign securities (yield: 1.13%)</b>	<b>27</b>
Purchase	1,897
Sale	- 1,341
Other (redemption, market value factors, etc.)	- 529
<b>Other securities (yield: 1.03%)</b>	<b>274</b>
Purchase	4,342
Sale	- 4,104
Other (redemption, market value factors, etc.)	36

# Non-performing Loan Ratio & Net Credit Cost

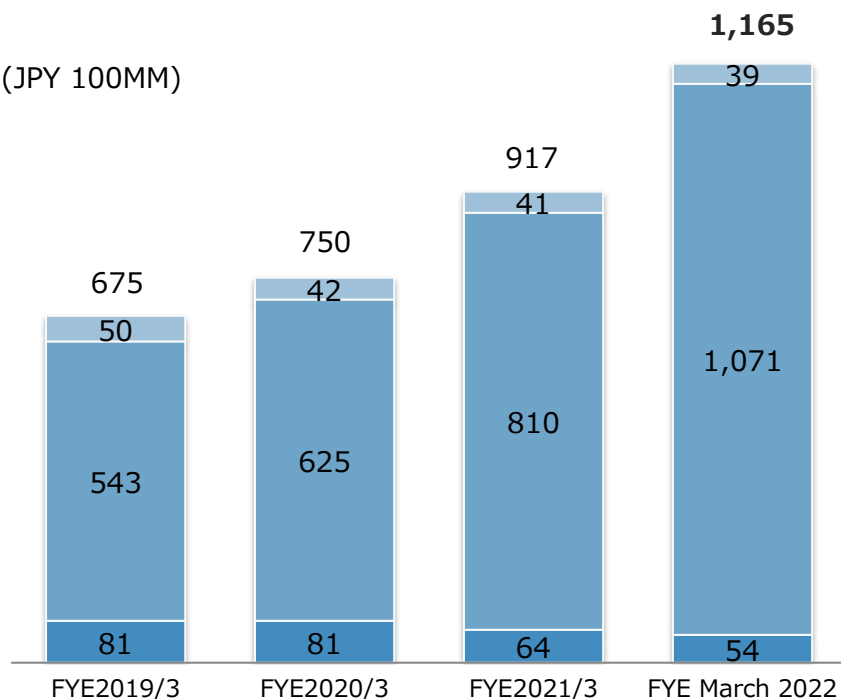
## Non-performing loan ratio and amount

- Distressed Receivables
- Doubtful Claims
- Substandard Claims
- Non-performing loan ratio

(%)



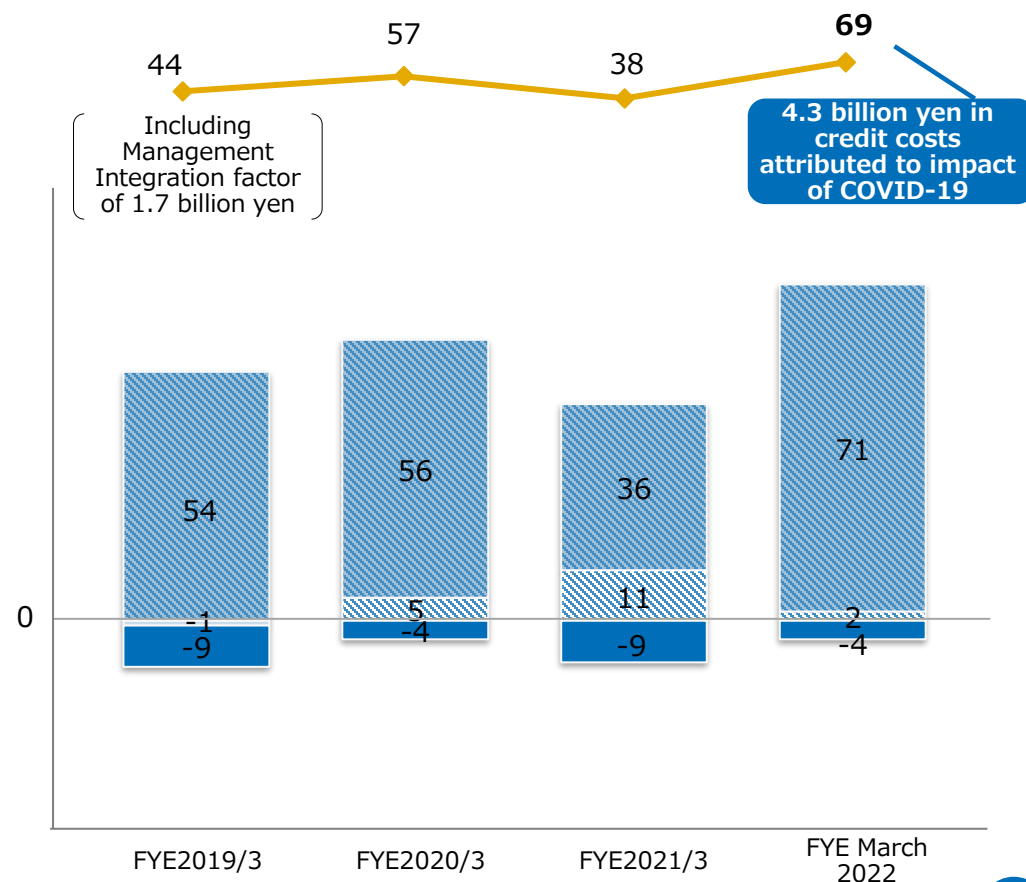
(JPY 100MM)



## Net credit cost

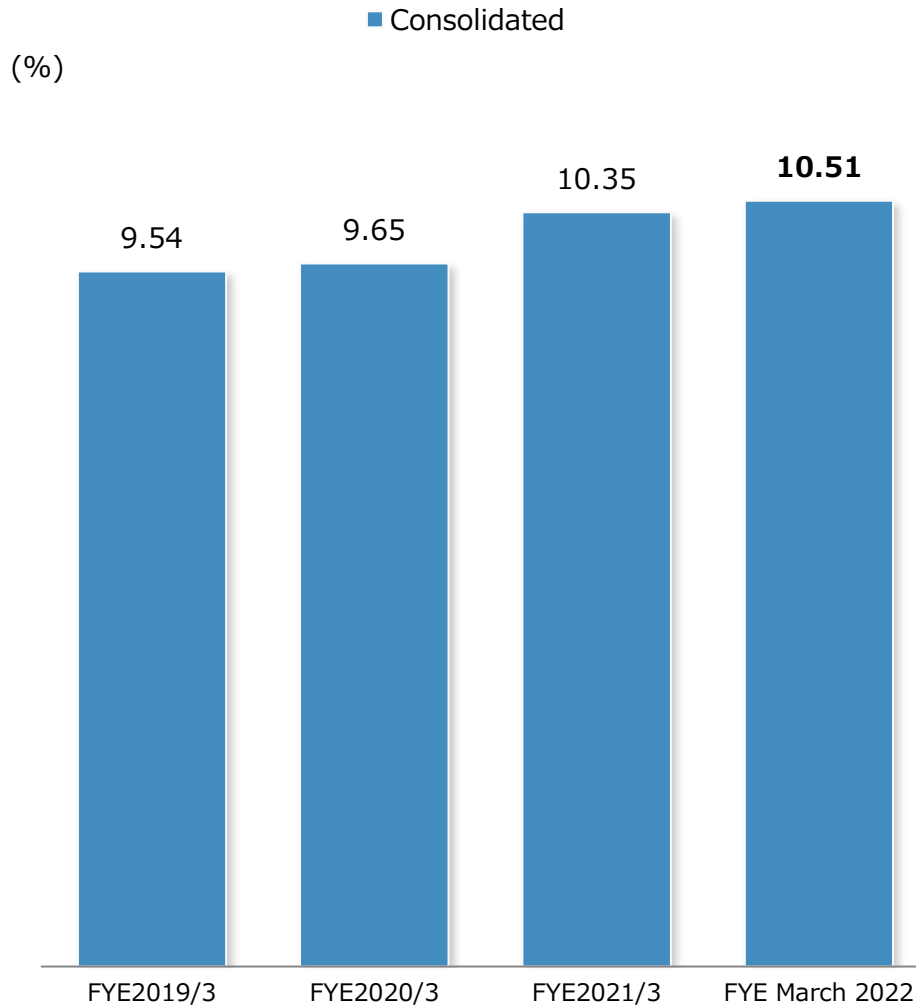
- Provision of general allowance for loan losses
- Disposal of non-performing loans
- Reversal of allowance for loan losses (-)
- Reversal of provision for contingent loss (-)
- Recoveries of written off receivables (-)
- Net credit cost

(JPY 100MM)

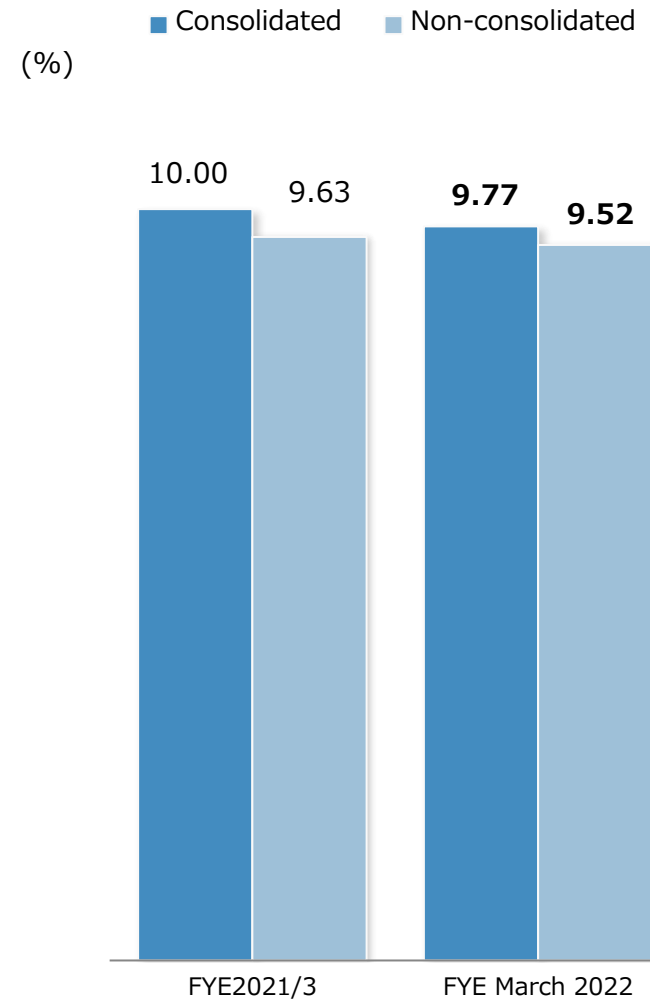


# Capital Ratio

## FG's Consolidated



## Daishi Hokuetsu Bank



# Financial Position of Group Companies

(JPY MM)

Company	Core Business	Capital	Net Sales (Operating)			Ordinary profit			Profit		
			FYE2020/3	FYE2021/3	FYE March 2022	FYE2020/3	FYE2021/3	FYE March 2022	FYE2020/3	FYE2021/3	FYE March 2022
The Daishi Hokuetsu Bank, Ltd.	Banking	32,776	132,586	117,475	107,585	20,841	14,791	18,267	15,350	10,150	12,143
Daishi Hokuetsu Securities Co., Ltd.	Securities	600	4,171	5,766	5,665	1,169	1,871	2,811	829	1,299	1,959
Daishi Hokuetsu Career Bridge Co., Ltd.	Comprehensive HR consulting	30	10	55	154	- 5	17	74	- 6	17	60
The Daishi Guaranty Co., Ltd.	Credit guarantees	50	1,573	1,639	1,730	968	1,219	1,122	636	802	738
The Hokuetsu Credit Guarantee Co., Ltd.	Credit guarantees	210	711	692	962	284	559	893	161	372	689
Daishi Hokuetsu Capital Partners Co., Ltd.	Venture capital business	20	117	121	96	22	21	11	15	15	8
Daishi Hokuetsu Research & Consulting Co., Ltd.	Consulting; Socio-economic research and information provision	30	144	134	205	20	18	30	14	12	19
Daishi Hokuetsu Leasing Co., Ltd.	Leasing	100	16,303	16,255	16,268	765	743	497	506	491	329
The Hokuetsu Leasing Co., Ltd.	Leasing	100	5,432	5,414	4,721	74	170	262	48	111	175
The Daishi Computer Service Co., Ltd.	Computer business	15	1,060	1,195	925	85	42	59	56	28	39
The Daishi JCB Card Co., Ltd.	Credit card and credit guarantee services	30	1,471	1,381	1,669	345	355	592	230	237	393
The Daishi DC Card Co., Ltd.	Credit card services	30	818	781	827	44	63	87	30	43	57
The Hokuetsu Card Co., Ltd.	Credit card and credit guarantee services	20	930	859	772	71	186	155	45	124	103

## Restructuring of Group Companies on October 1, 2021

• Daishi Lease Co., Ltd. changed its trade name to Daishi Hokuetsu Lease Co., Ltd. and became a wholly owned FG subsidiary; Daishi Management Consulting Co., Ltd. changed its trade name to Daishi Hokuetsu Capital Partners Co., Ltd. and became a wholly owned FG subsidiary; The Hokugin Economic Research Institute, Ltd. changed its trade name to Daishi Hokuetsu Research & Consulting Ltd. and became a wholly owned FG subsidiary





**DAISHI HOKUETSU**  
Financial Group

第四北越フィナンシャルグループ

**Contact for Inquiries**

**Daishi Hokuetsu Financial Group**  
**Corporate Planning Dept.**

**TEL 025-224-7111**

**E-mail [g113001@dhbk.co.jp](mailto:g113001@dhbk.co.jp)**

This document contains forward-looking statements. Such statements are not guarantees of future performance and involve risks and uncertainties. Please note that future results may differ from our targets due to changes in the business environment and other factors.