

これからも、地域と共に

150th

Company Briefings for the Fiscal Year Ended March 2023

June 2023



DAISHI HOKUETSU
Financial Group

第四北越フィナンシャルグループ

*Daishi Hokuetsu Financial Group is referred to as “Daishi Hokuetsu FG” or “FG”



Daishi Hokuetsu Financial Group celebrates its **5th** anniversary

Daishi Hokuetsu Bank, a subsidiary, celebrates its **150th** anniversary

October 1, 2023



The **5th** anniversary

November 2, 2023



The **150th** anniversary

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150th

— Main plans for FYE 2024/3 —

Various anniversary events

Establishment of financial exhibition space

Provision of commemorative dividends

See p. 23 for details of the dividend forecast

Compilation of our 150-year history

⋮

Topics: History of Daishi Hokuetsu FG

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Summary of Fiscal Year Ended March 2023

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DAISHI HOKUETSU
Financial Group

第四北越フィナンシャルグループ

After bank merger and birth of new bank
A New Stage of Achieving Merger Results

FYE2023/3
Medium-term Management
Plan Year 2

April 2021

March 2024

Second Medium-term Management Plan

FYE2023/3



FG Consolidated Profit exceeded the earnings forecast and also increased year on year



Further evolution of management framework to realize synergy

- ✓ Office integration in 50 bases completed in November 2022 for demonstration of merger synergy
- ✓ Continue Group restructuring to realize Group synergy
- ✓ Further expansion of collaboration areas through TSUBASA Partnership Synergy

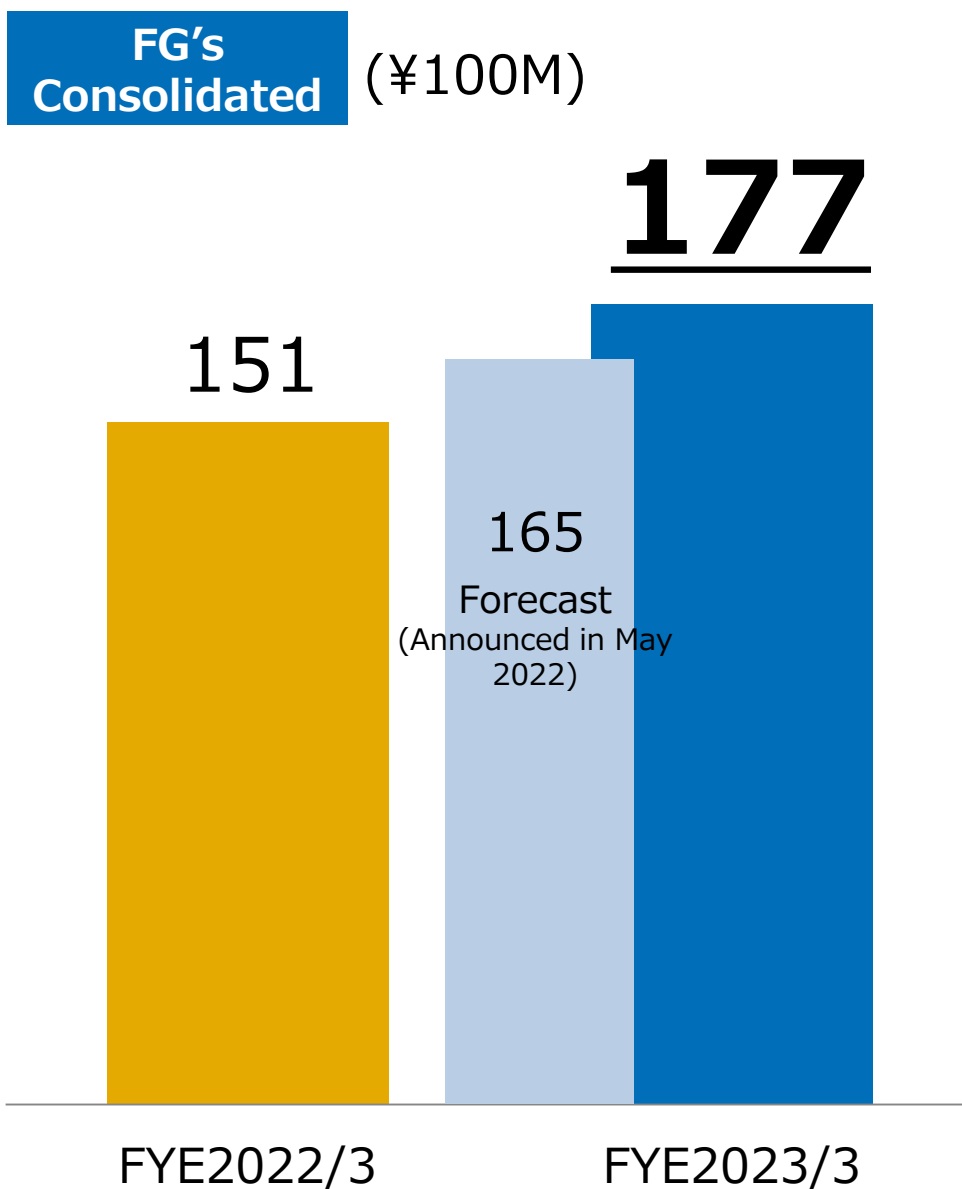


Demonstrate consulting sales capabilities leveraging Group's comprehensive strengths

- ✓ As the largest financial and information services Group in Niigata Prefecture, all officers and employees practiced consulting business in a concerted effort to address sustainability, SDGs and other customer issues



Financial Results For the Fiscal Year Ended March 2023



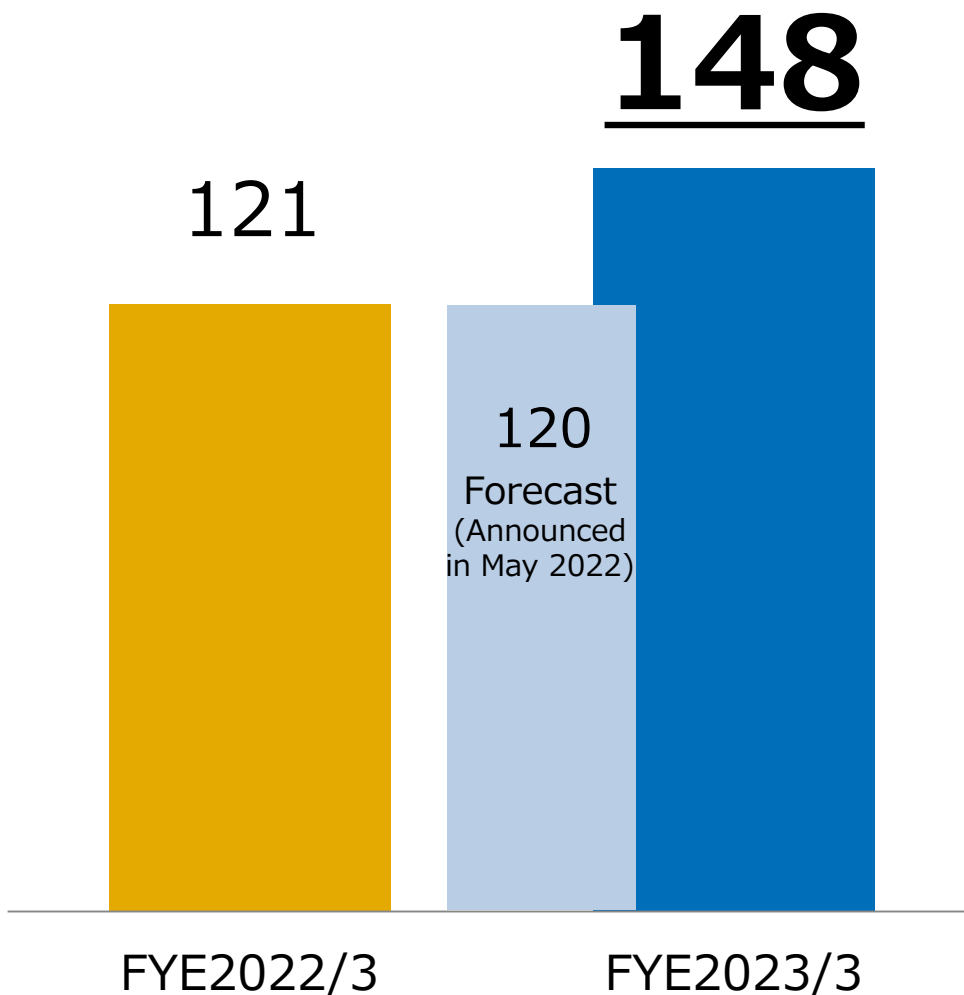
Year on Year

+¥2.6B
(+17.3%)

Vs. Forecast

+¥1.2B
(+7.6%)

Bank Non-
consolidated (¥100M)



Year on Year

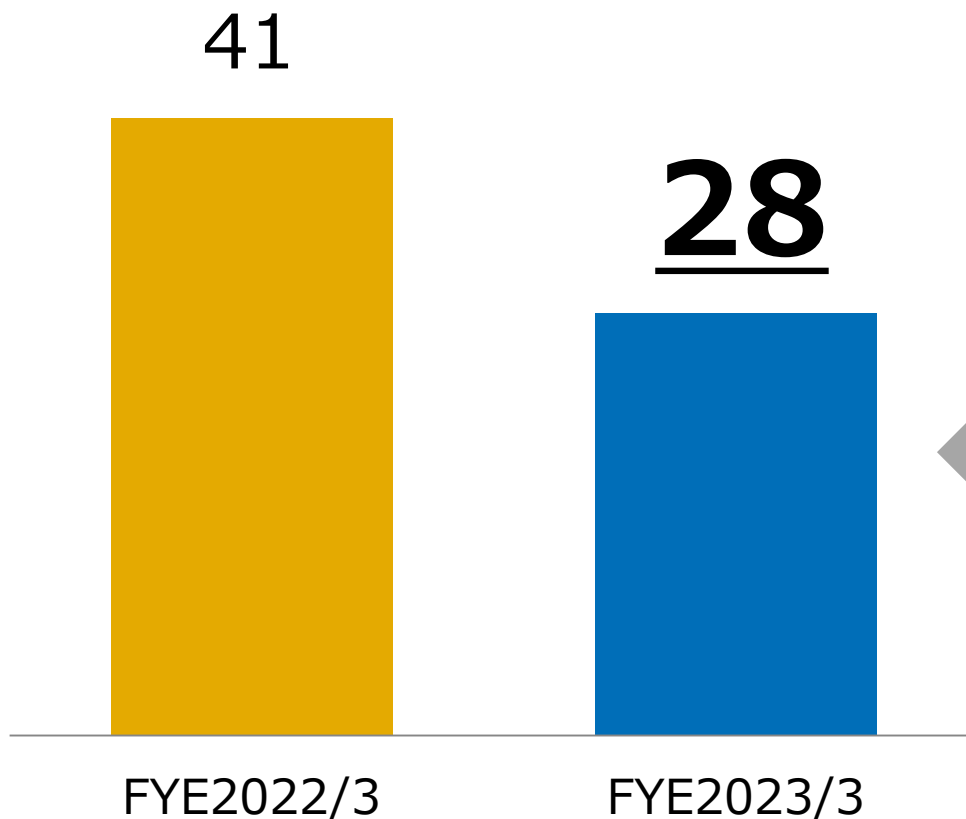
+¥2.7B
(+22.2%)

Vs. Forecast

+¥2.8B
(+23.7%)

Group Company Division (¥100M)

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



Year on Year

-¥1.3B
(-31.5%)

Securities

-¥1.2B (-65.7%) yoy

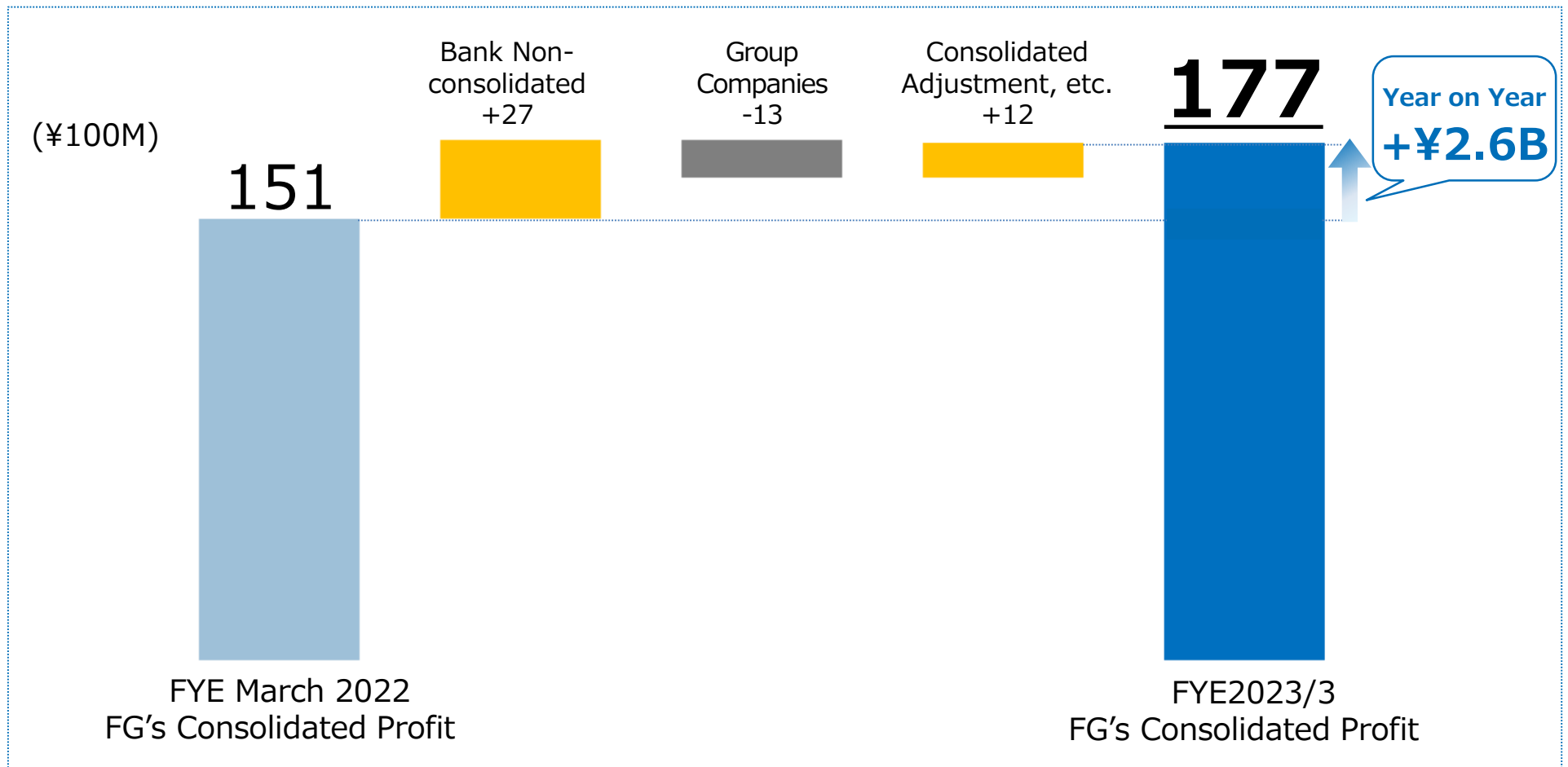
Lower than the previous year due to increased risk avoidance in an uncertain market environment and a temporary suspension of sales of structured bonds

Leasing

-¥0.09B (-25.6%) yoy

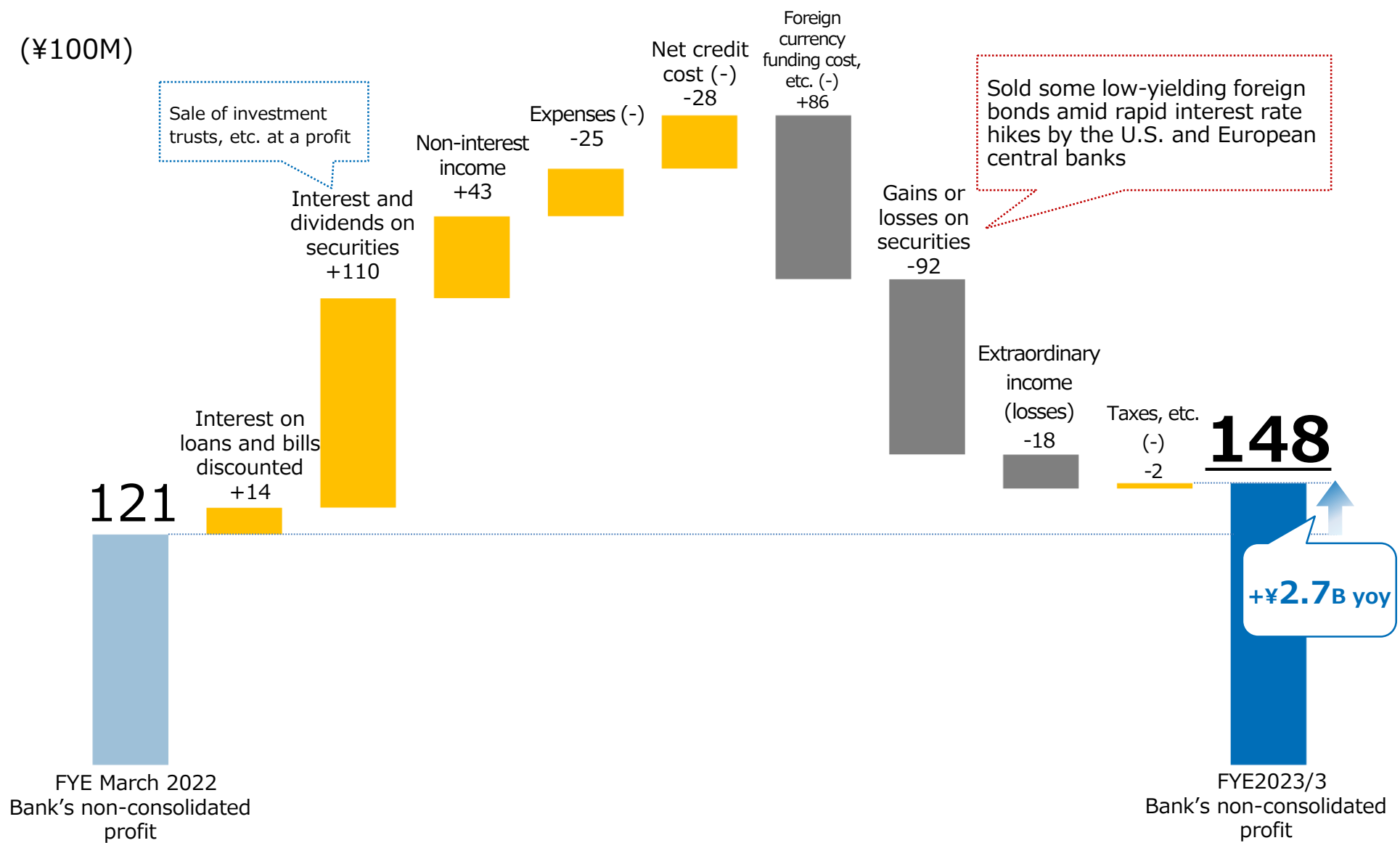
Despite an increase in bank referral cases, credit costs increased due to the downgrading of large business partners, resulting in a decline from the previous year

Increase in non-consolidated profit of the Bank covered the decrease in profit of the Group Company Division
FG Consolidated Profit increased



Bank Non-consolidated: Change Factors

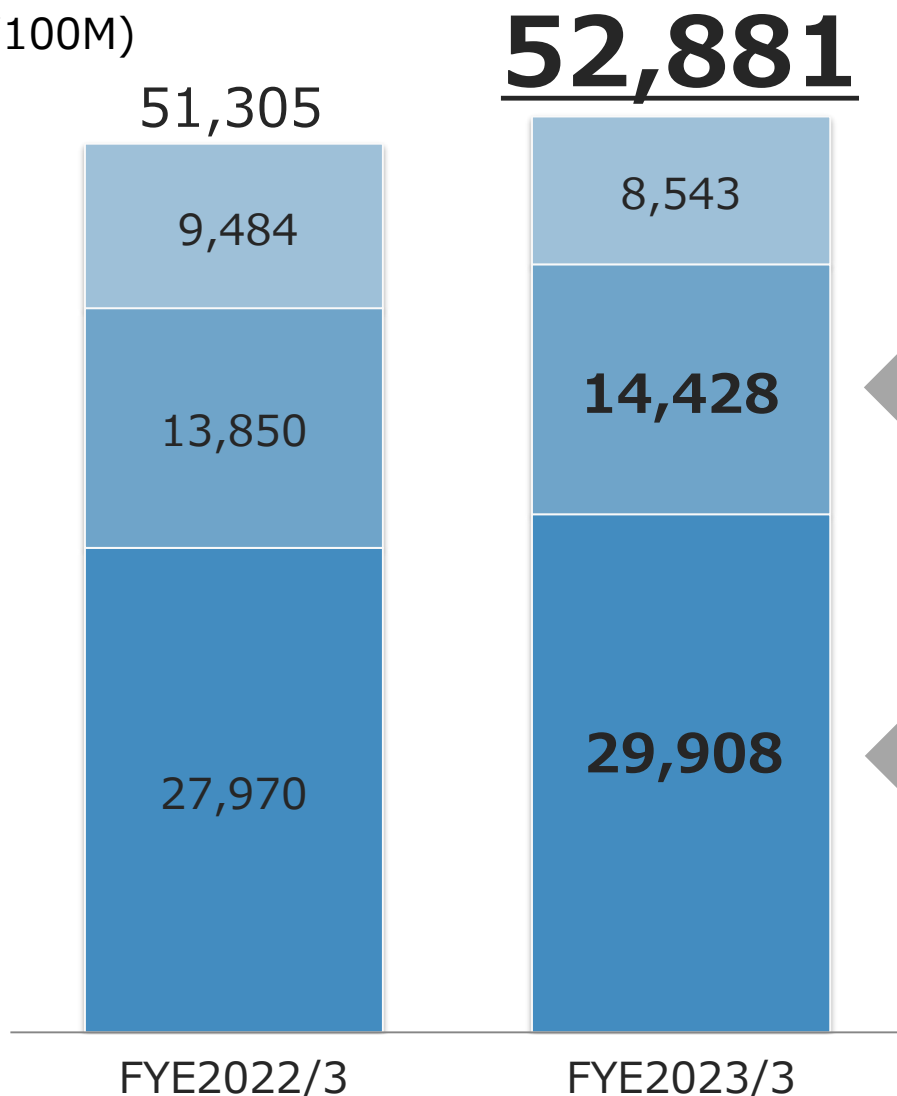
(¥100M)



End-balance of Loans and Bills Discounted

■ Business ■ Consumer ■ Public money

(¥100M)



Year on Year

+¥157.5B
(+3.0%)

Consumer

+¥57.7B (+4.1%) yoy

Increased both mortgage and unsecured loans due to expansion of products and services and utilization of non-face-to-face channels

Business

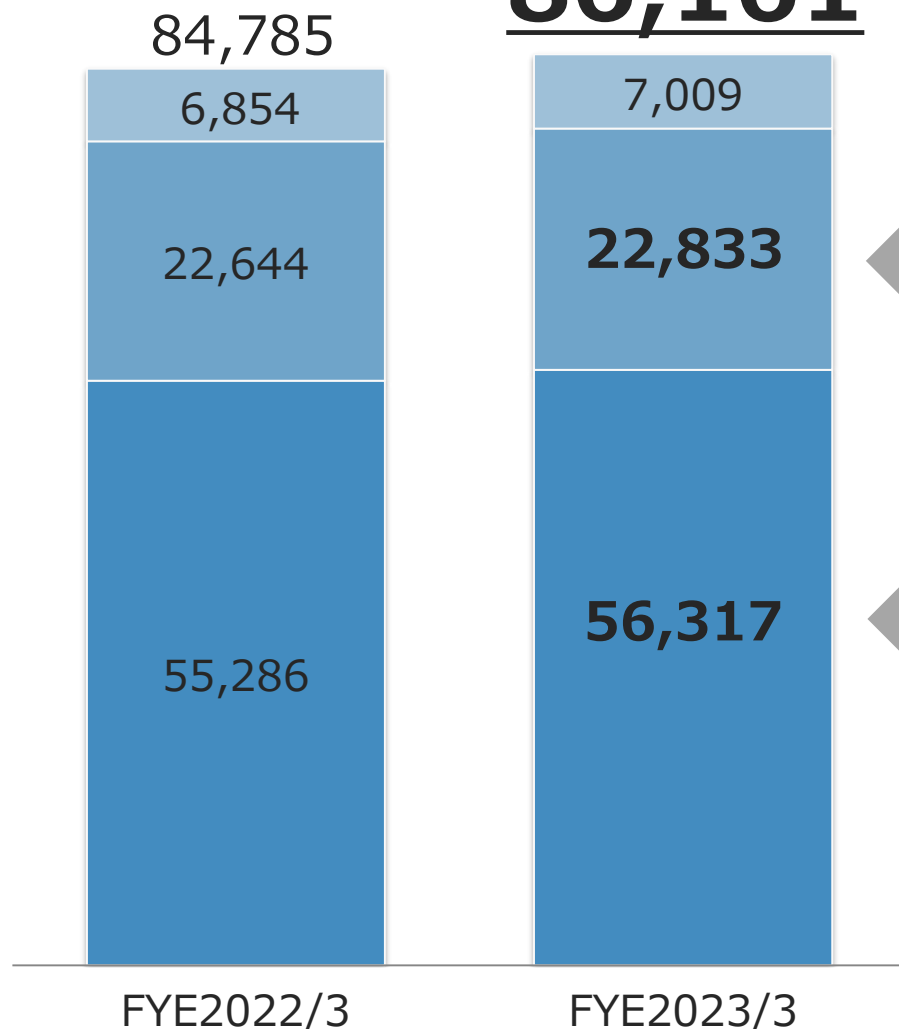
+¥193.8B (+6.9%) yoy

Enhanced sustainable finance in Niigata Prefecture; Increased working capital demand both inside and outside the prefecture due to economic normalization and rising material prices

End-balance of Deposits, etc.

■ Individuals ■ Corporate ■ Others

(¥100M)



Year on Year

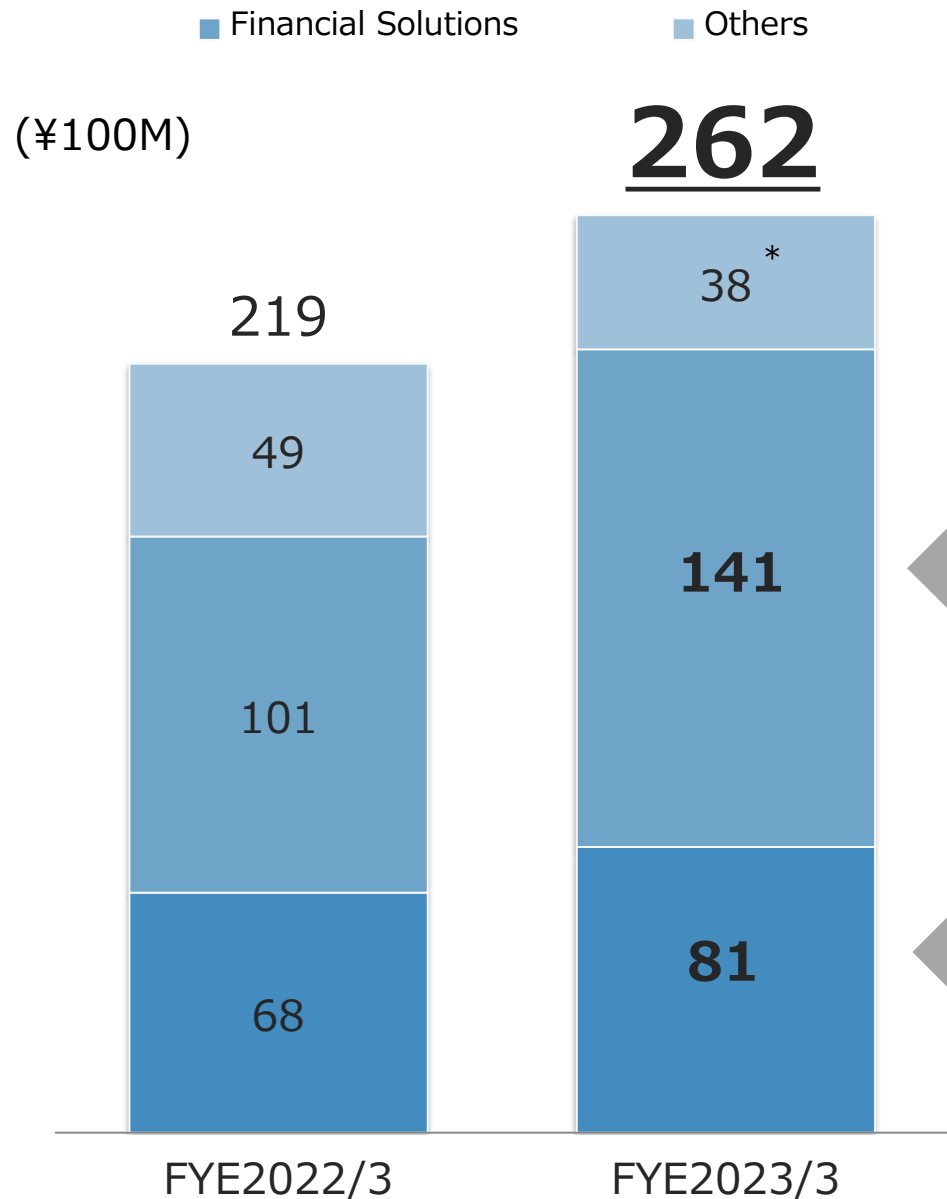
+¥137.5B
(+1.6%)

Corporate
+¥18.9B (+0.8%) yoy

Individuals (including sole proprietors)
+¥103.1B (+1.8%) yoy

The balance of deposits, including negotiable certificates of deposit, increased steadily for both companies and individuals

Non-interest Income Area



Year on Year

+¥4.3B
(+19.6%)

Income from financial solutions
+¥4B (+40.5%) yoy
 Mainly due to an increase in foreign exchange derivative transactions for customers

Income from asset management advice
+¥1.3B (+19.3%) yoy
 Largely due to an increase in insurance and will trusts

*Derivatives income in the Market Management Division: -1.0 billion yen year on year

End-balance of Securities

- Domestic bonds
- Foreign securities
- Stocks
- Other securities

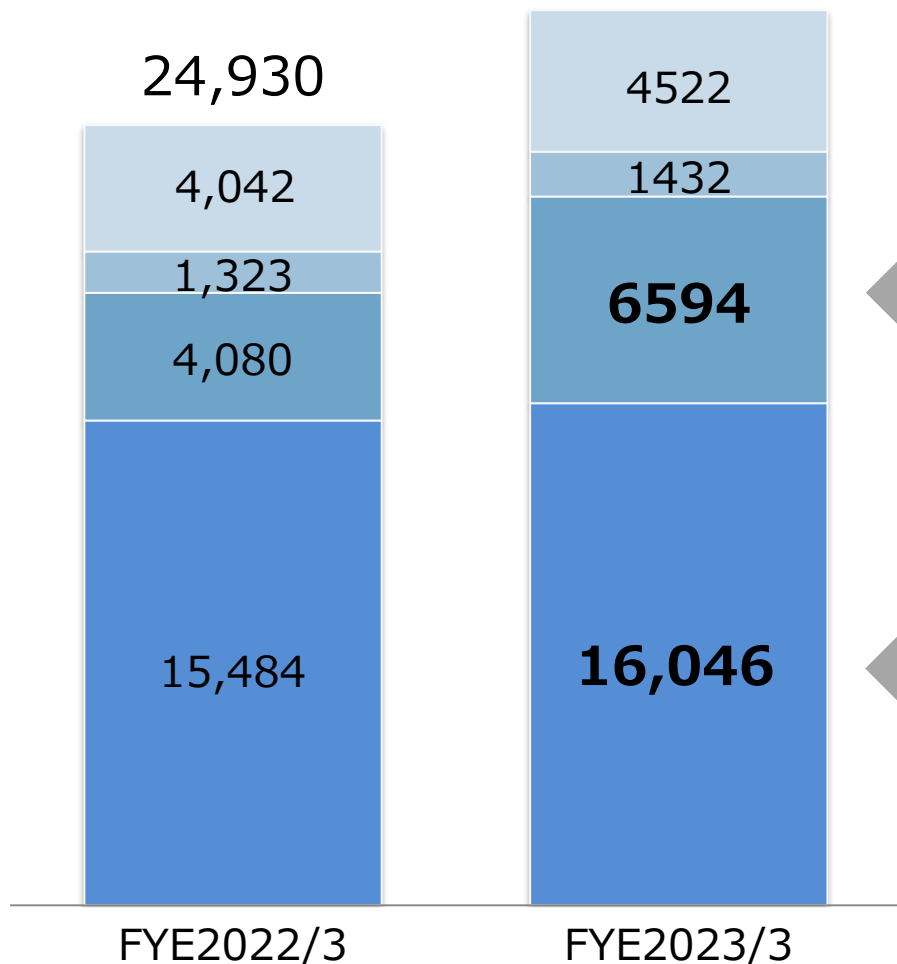
(¥100M)

*Excluding trading securities

28,595

Year on Year

**+¥366.5B
(+14.7%)**



Foreign securities

+¥251.4B (+61.6%) yoy

- Increased due to asset swap transactions, which combine bond purchases with interest rate swaps to earn revenue while controlling interest rate risk

Domestic bonds

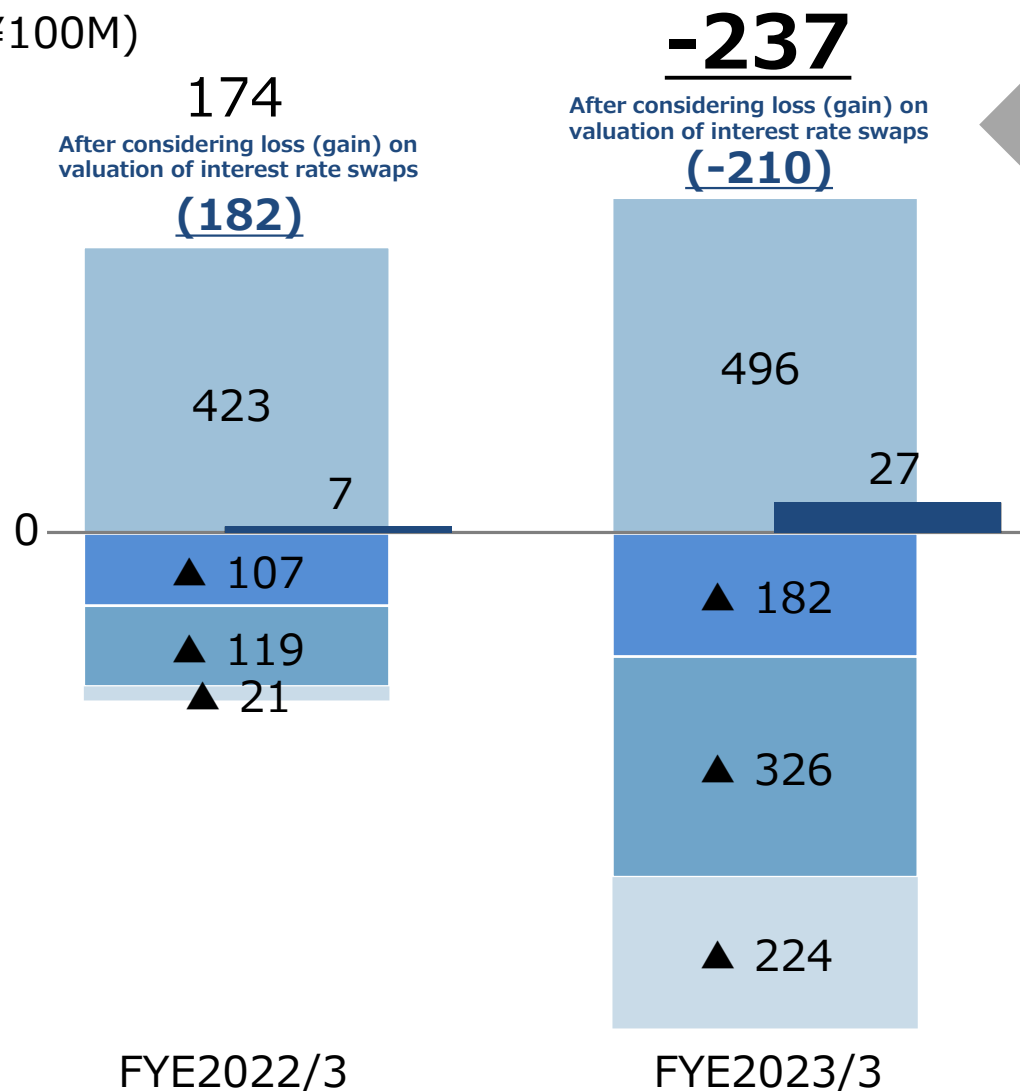
+¥56.2B (+3.6%) yoy

- Increased due to purchases of government and municipal bonds, taking advantage of rising domestic interest rates

Valuation Gains or Losses on Securities

■ Domestic bonds
 ■ Foreign securities
 ■ Stocks
 ■ Other securities
 ■ Valuation gains or losses of interest rate swaps on securities

(¥100M)



Valuation Gains or Losses on Securities

-¥41.2B vs. FYE 2022/3

(After considering loss (gain) on valuation of interest rate swaps)
-¥39.2B vs. FYE 2022/3

- A majority of the bond investments are in highly rated government bonds of developed countries with no redemption concerns, such as Japanese/U.S./German government bonds, etc. If held to maturity, they will be redeemed at par and no valuation loss will be realized unless they are sold.

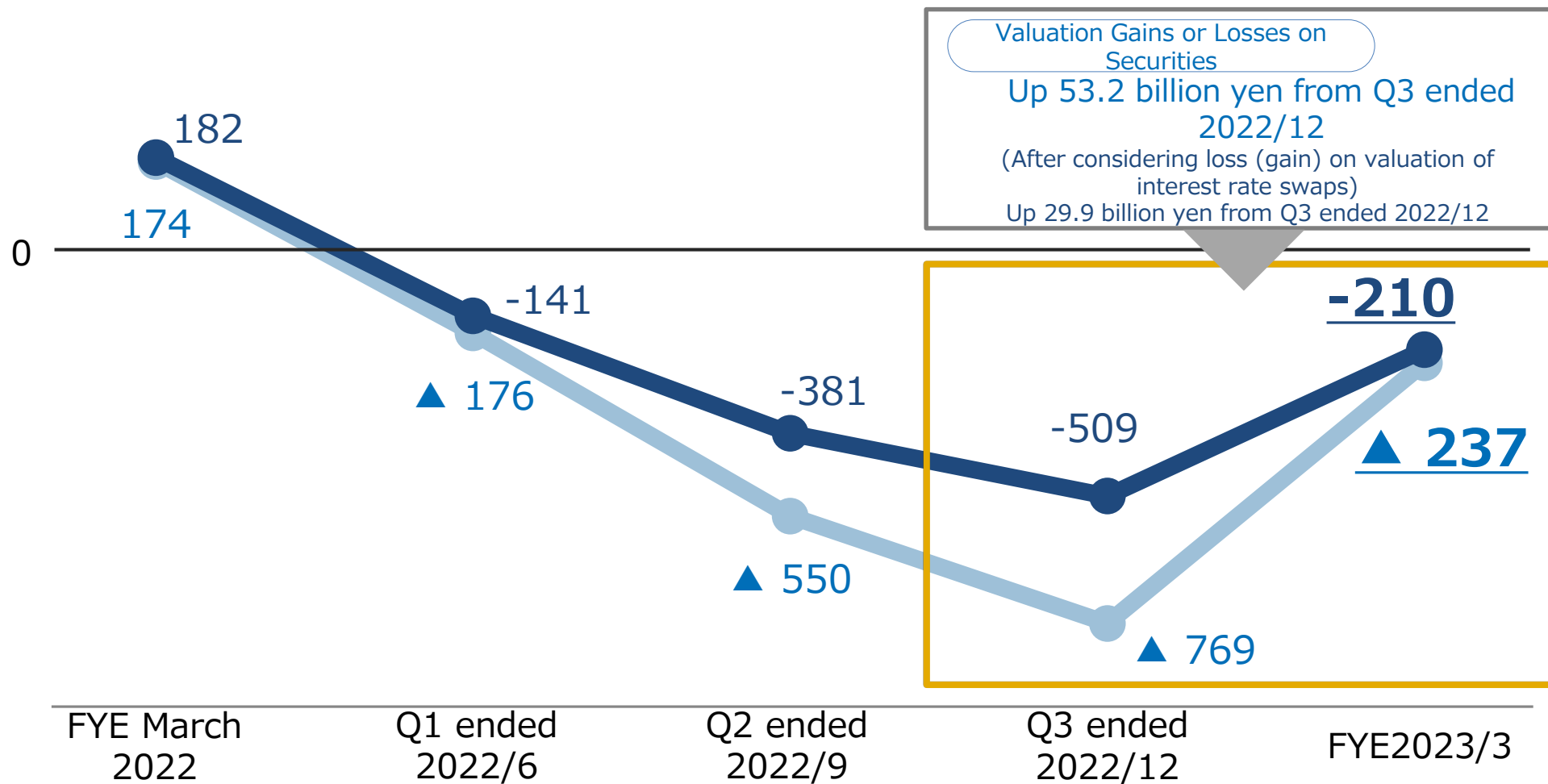
Valuation Gains or Losses on Securities

Changes in Valuation Gains or Losses on Securities

(FYE 2022/3 to FYE 2023/3)

(¥100M)

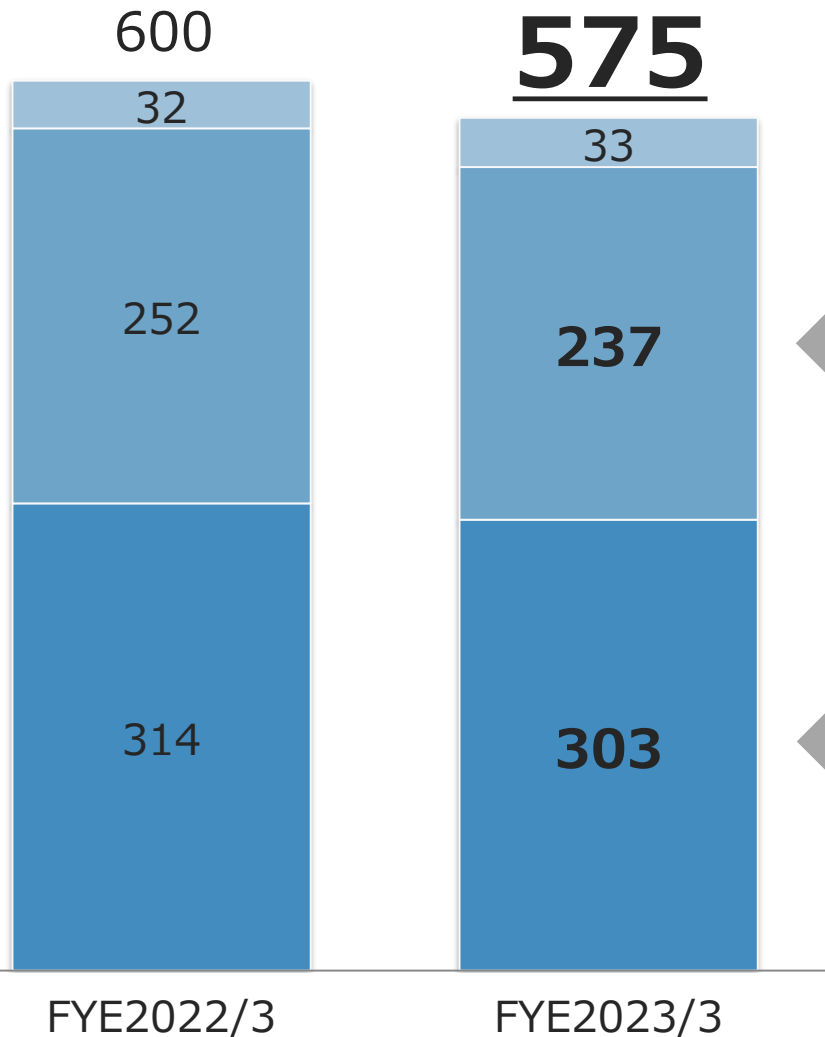
▲ Valuation Gains or Losses on Securities
 ● After considering loss (gain) on valuation of interest rate swaps



Expenses

- Taxes
- Non-personnel expenses
- Personnel expenses

(¥100M)



Year on Year

-¥2.5B
(-4.2%)

Non-personnel expenses

-¥1.4B (-5.9%) yoy

- Decreased in deposit insurance premiums, system depreciation, etc.;
- Strict cost control by Structural Reform & DX Promotion Committee chaired by the President

Personnel expenses

-¥1.1B (-3.5%) yoy

- Optimized headcounts accompanying reduced operations due to office integration and operational reforms
(Natural decrease due to mandatory retirement, optimization of hiring, etc.)

Non-performing Loan Ratio & Net Credit Cost

● Non-performing loan ratio ■ Net credit cost

(%)

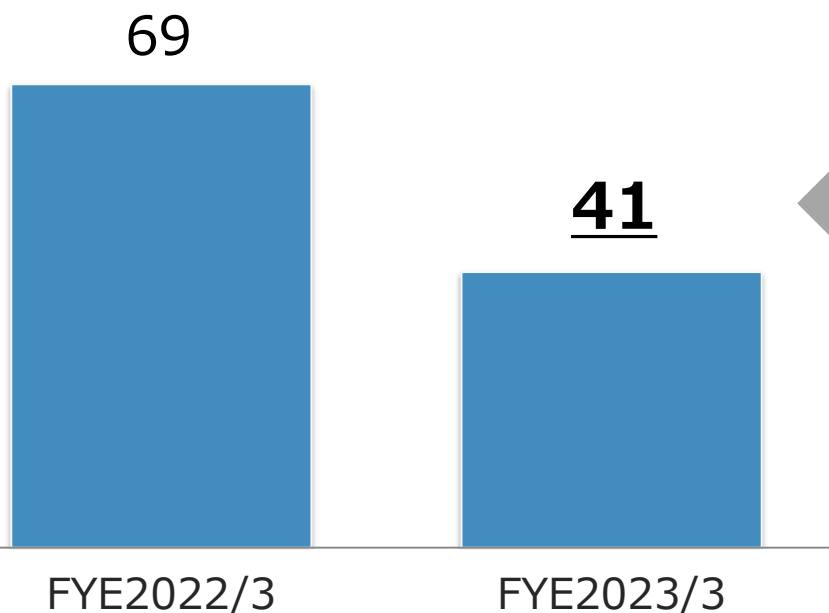


Non-performing loan ratio

+0.12 pt yoy

Increased due to downgrades in the ranks of companies, etc. caused by prolonged weak performance

(¥100M)



Net credit cost

-¥2.8B yoy

Decreased mainly due to a focus on supporting business improvement and revitalization for business partners;
Continued to focus on supporting business partners while closely monitoring the impact of COVID-19, high prices, yen's depreciation, and other factors

FG's
Consolidated (%)

10.51

10.23

International
standard
8%

Domestic
standard
4%

FYE2022/3

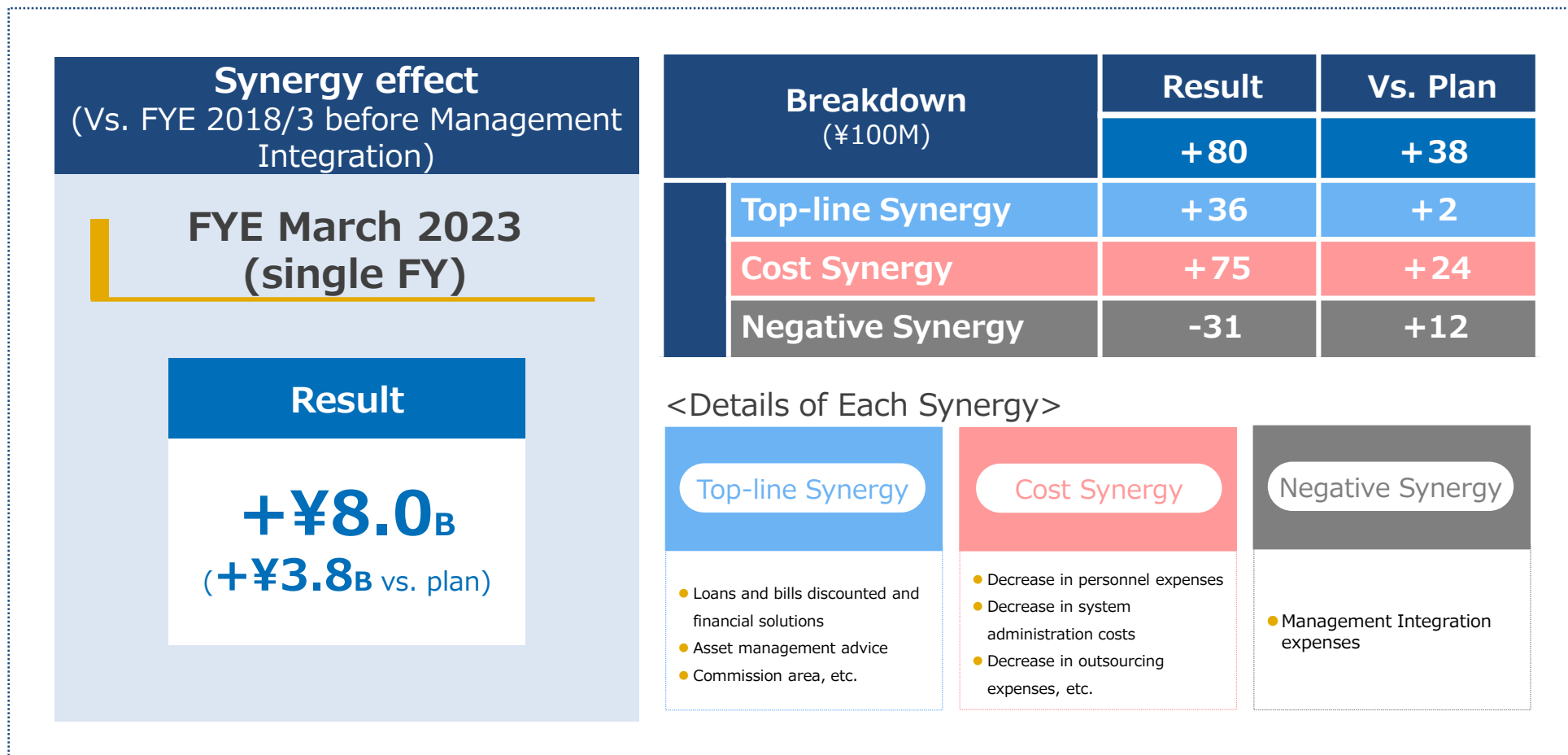
FYE2023/3

Year on
Year

-0.28pt

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

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

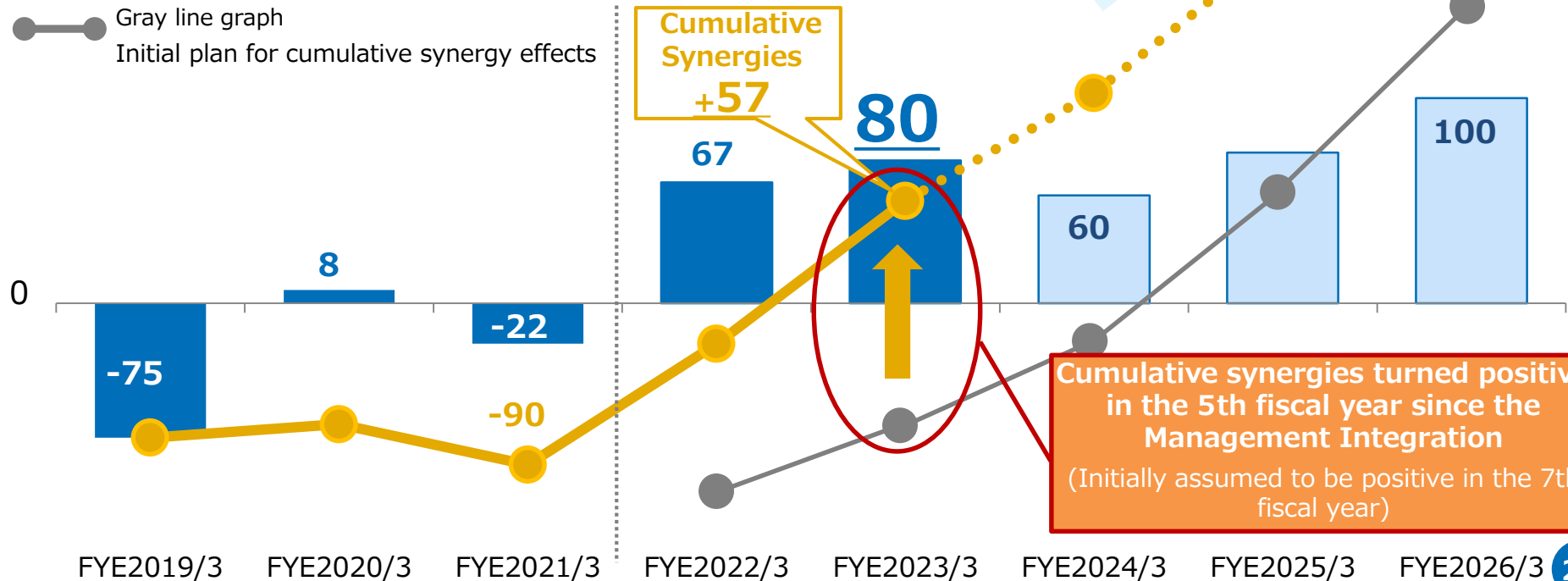
Negative Synergy prevailed until Bank Merger

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

Synergy Effects (¥100M)



¥22B+a bit more expected

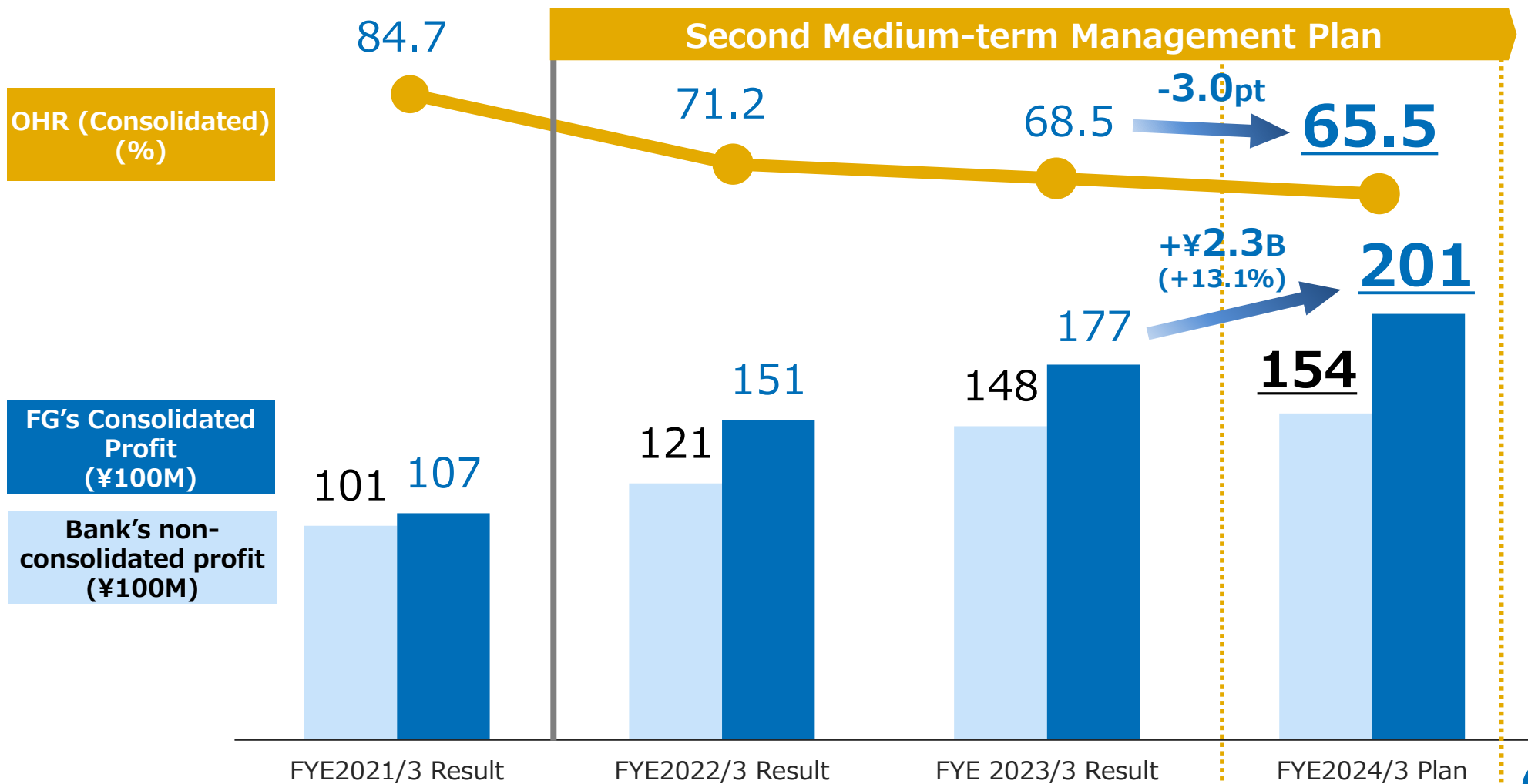
¥5.0B+a bit more

Cumulative synergies turned positive in the 5th fiscal year since the Management Integration
(Initially assumed to be positive in the 7th fiscal year)

Earnings Forecast for Fiscal Year Ending March 2024: Profit and OHR

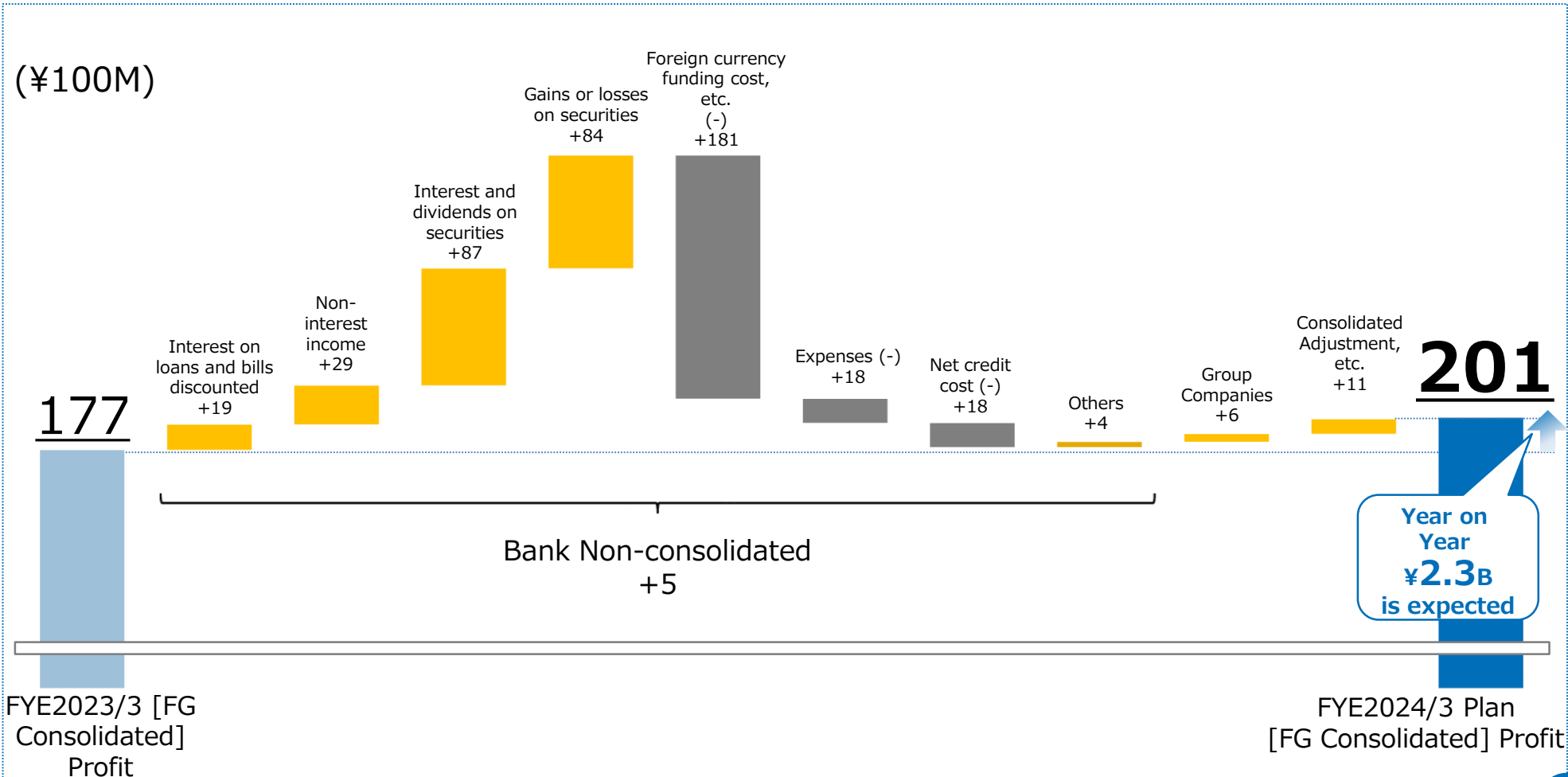
FG Consolidated profit: +¥2.3B year on year to **¥20.1B**

OHR is expected to fall to the **65% range**



Earnings Forecast for Fiscal Year Ending March 2024: FG Consolidated Change Factors

Expect an increase in profit for both the Bank and the Group Company Division through the practice of consulting sales by leveraging the Group's comprehensive strengths



Dividend Forecast for Fiscal Year Ending March 2024

The total annual dividend per share of the ordinary and commemorative dividends is expected to be **140 yen (+20 yen yoy)**

Ordinary
dividend

Increase in annual dividend by 10 yen based on the earnings forecast, etc. in accordance with shareholder return policy

Commemorative
dividend

Annual dividend of 10 yen considering the 5th anniversary of FG and 150th anniversary of the Bank

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Details of Dividends	Annual dividend per share		
	interim dividend	Year-end dividend	Total
FYE 2024/3 (forecast)	70.00 yen	70.00 yen	140.00 yen
(Ordinary dividend)	(65.00 yen)	(65.00 yen)	(130.00 yen)
(Commemorative dividend)	(5.00 yen)	(5.00 yen)	(10.00 yen)
FYE 2023/3	60.00 yen	60.00 yen	120.00 yen

Plan period: 2021/4 to 2024/3

Second Medium-term Management Plan

**Demonstration of Three
Major Synergies**

First Medium-term Management Plan
— Building a Foundation for Maximum Synergy

Second Medium-term Management Plan
— A New Stage of Achieving Merger Results

Toward Sustainable Growth

1 Management Integration

→ Created through the Management Integration of Daishi Bank and Hokuetsu Bank
October 2018 January 2021

Management integration by the regional banks with No. 1 and No. 2 market shares in the same prefecture, ahead of any other bank in the country

Bank merger, birth of a new bank, integration of system administration



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



第四北越銀行
DAISHI HOKUETSU BANK

Relationship of trust with customers built over 140 years



2 TSUBASA Alliance

→ Regional Banks' Collaboration Framework
October 2015-

October 2015-



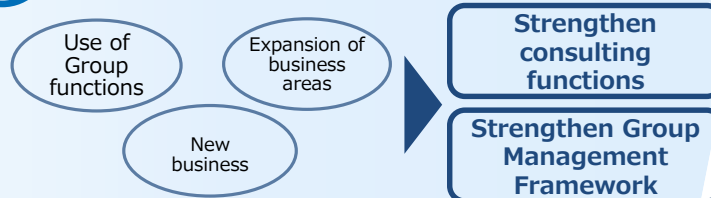
Top-priority Themes

Demonstration of Synergy Effects

1 Merger Synergy



2 Group Synergy



3 TSUBASA Partnership Synergy



Vision of Daishi Hokuetsu FG

Overwhelmingly popular financial and information services Group

Creation of new value through financial and information intermediary functions

Improvement of management efficiency

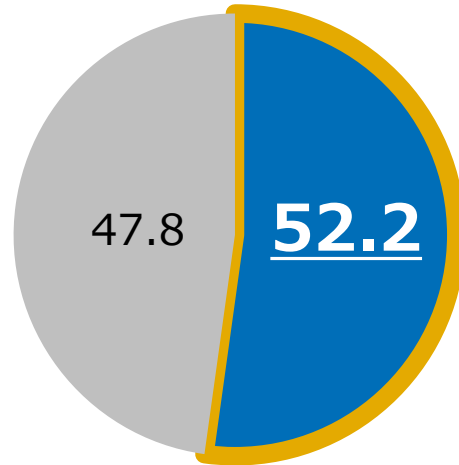
A lasting contribution to the regional development

Transaction share in Niigata Prefecture

Loans and bills discounted
(March 2023)

(%)

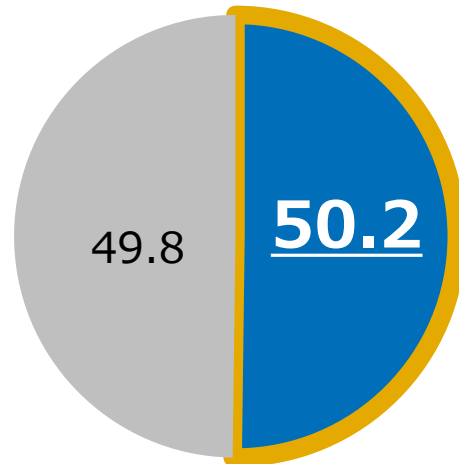
- Daishi Hokuetsu
- Regional banks, shinkin banks, credit unions, etc.



Deposits, etc.
(March 2023)

(%)

- Daishi Hokuetsu
- Regional banks, shinkin banks, credit unions, etc.
(Excluding Japan Post Bank)



Source: Calculated by our company based on the Nikkin data, etc. (as of 3/31/2023)

Survey of Corporate Main Banks

Ranked 9th

in Japan after megabanks, etc.

Ranked 5th
among regional banks

Rank	Financial institution	No. of companies	Share
1	Mitsubishi UFJ	95,718	6.53%
2	Sumitomo Mitsui	76,880	5.25%
3	Mizuho	61,831	4.22%
4	Resona	30,753	2.10%
5	North Pacific	23,965	1.64%
6	Fukuoka	22,096	1.51%
7	Chiba	21,422	1.46%
8	Nishi-Nippon City	20,777	1.42%
9	Daishi Hokuetsu	18,068	1.23%
10	Saitama Resona	17,593	1.20%

Source: Teikoku Databank, Survey of Corporate Main Banks (2022)

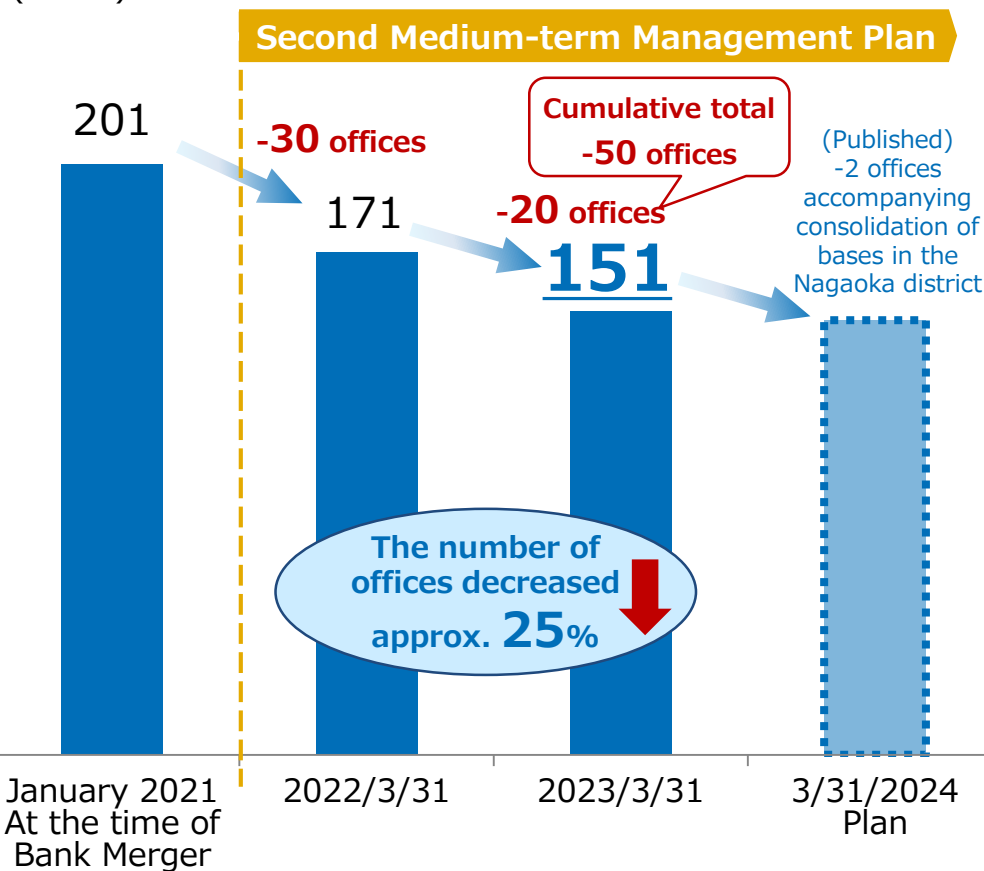
Strengthen management structure by eliminating redundant functions and optimizing headcount

Office Integration

Bank Division Changes in number of offices

*No. of real offices (excluding in-office offices and Internet branches, etc.)

(Office)

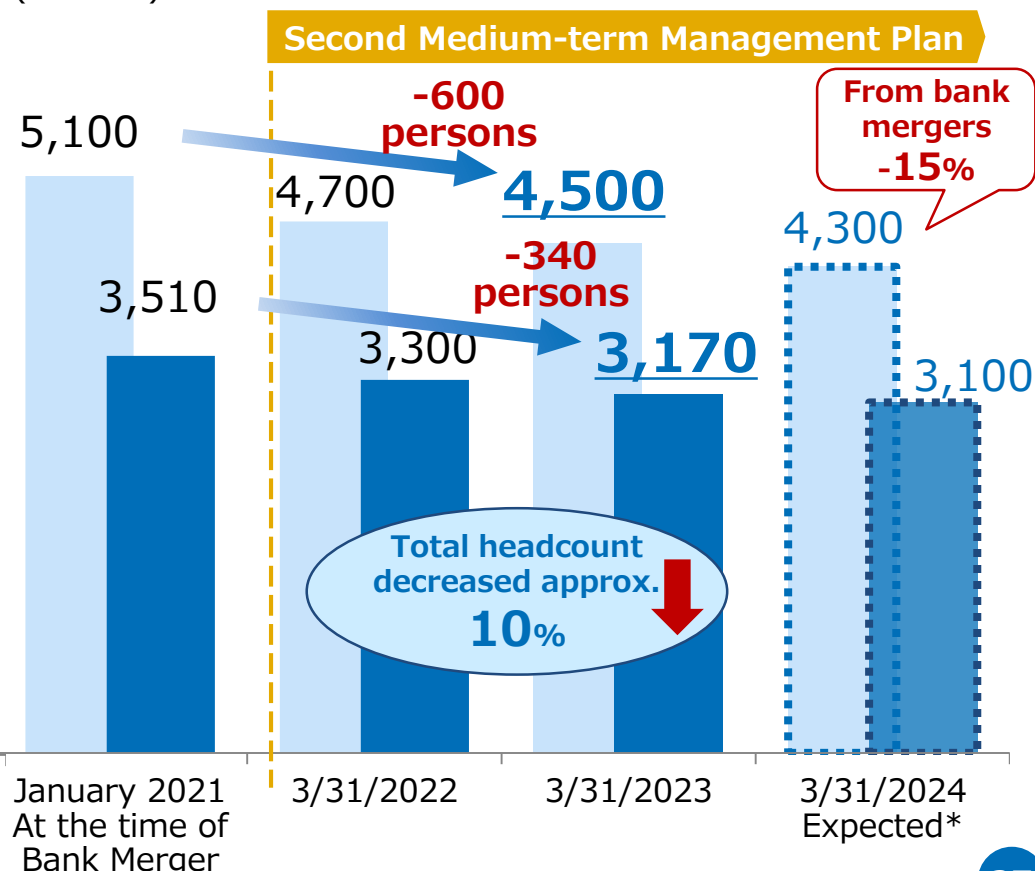


Headcount optimization

Bank Division Changes in headcount (approximate numbers)

■ Total no. of personnel (including staff, etc.) ■ Bank staff

(Persons)

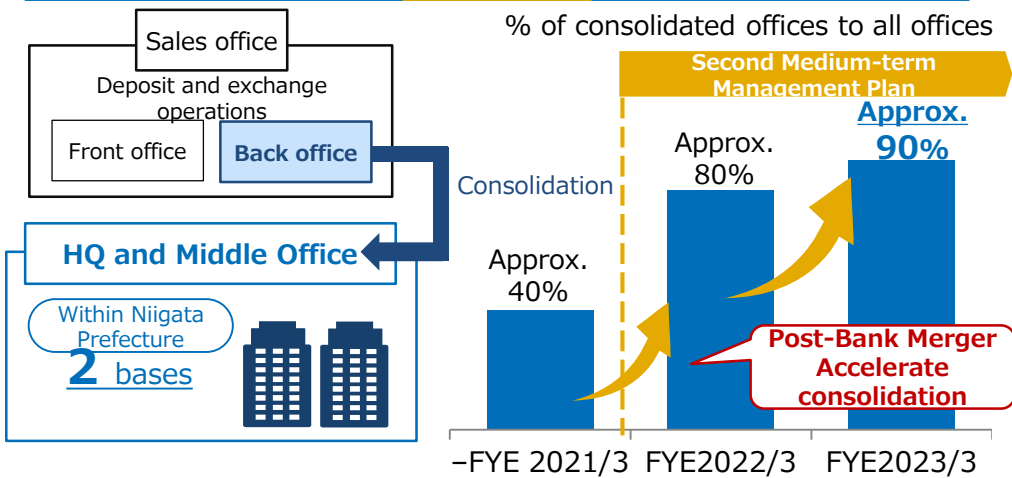


*Excluding the impact of integrating Daishi Computer Service into Daishi Hokuetsu Bank (scheduled for 2023/10)

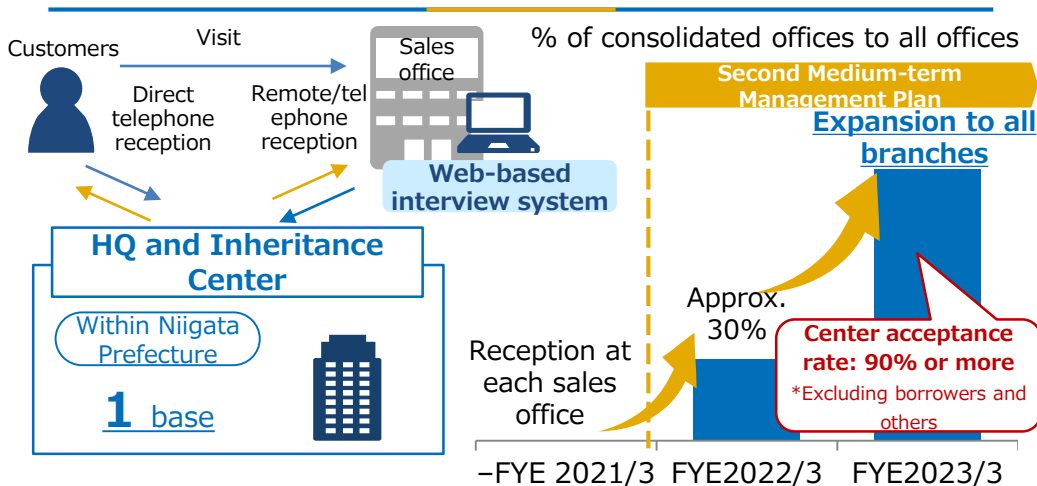
Pursue greater operational efficiency and customer convenience through "New Structural Reform"

Efficiency improvement through concentration of resources

Consolidation of back-office operations at sales offices



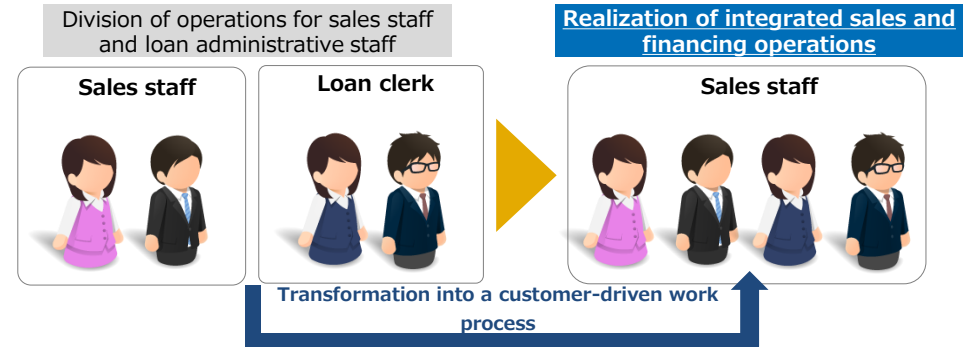
Consolidation of inheritance support services



Efficiency and quality improvement through DX

Operation of "LiNK" sales/loan support system (November 2022)

→ Fundamental reform of administrative processes by unifying the workflow into a framework in which all employees practice consulting sales



Topics

Standardize inheritance procedures with financial institutions in Niigata Prefecture (April 2023)

- Conducted at all banks, shinkin banks, credit unions, and labor banks with head offices in Niigata Prefecture
- Standardize documents among financial institutions

Inheritance Procedure Request Form

Confirmation documents to be submitted

Realization of standard process within the prefecture

Improved convenience

Responding to an aging society

New!

Strengthen sales capabilities through reallocation of Group management resources

Second Medium-term Management Plan, Year 2 Cumulative Results

(Cumulative total from the time of bank merger in January 2021 to FYE 2023/3)



Cumulative total
Approx. 740 people

Operation Reform of Sales Offices
Approx. 190 people

Streamlining of HQ
Approx. 200 people

Office Integration
Approx. 350 people

Optimization of workforce
Approx. 340 people

Reassignment to strategic areas



Progress rate
93%

Cumulative total
Approx. 400 people

Personnel-matching, etc. with business partner companies
Approx. 60 people

Group Company Division
Approx. 60 people

Bank Division
Approx. 280 people

Workforce generated

FYE2023/3

No. of reassigned personnel



Cumulative total
Approx. 880 people

Operation Reform of Sales Offices
Approx. 240 people

Streamlining of HQ
Approx. 270 people

Office Integration
Approx. 370 people

Workforce generated

Current three-year cumulative plan

(Cumulative total from the time of bank merger in January 2021 to FYE 2024/3)

Optimization of workforce
Approx. 450 people



Revised from the original plan of 500 in light of progress in optimizing the workforce

Cumulative total
Approx. 430 people

Personnel-matching, etc. with business partner companies
Approx. 100

Group Company Division
Approx. 60 people

Bank Division
Approx. 280 people

Considering business reform initiatives, etc., optimization of headcounts is expected to be positive compared with the original plan

Vs. Initial Plan + Approx. 70 people

FYE 2024/3 Plan*

No. of reassigned personnel

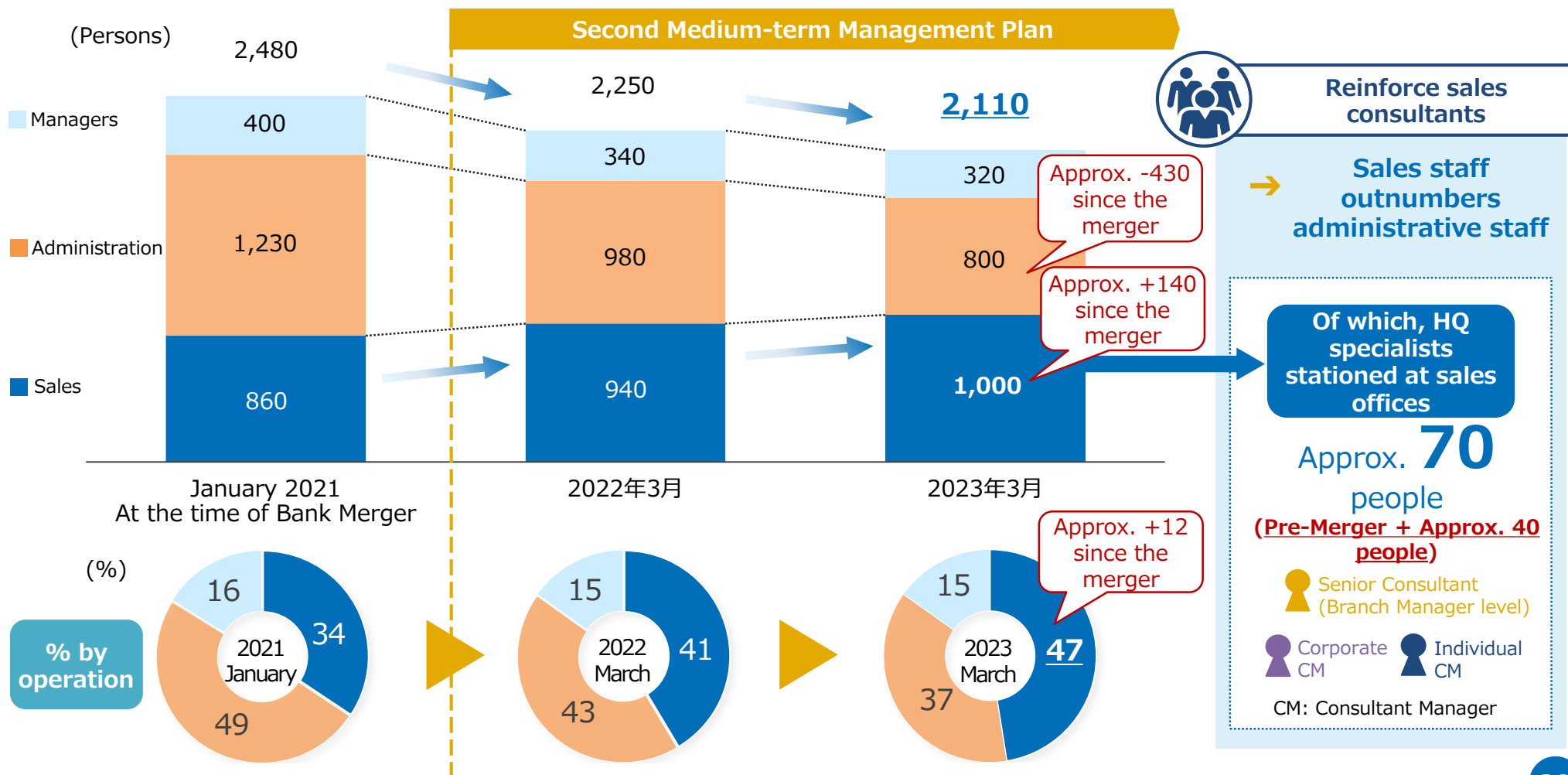
*Due to fractions, the accumulation of each area does not equal the total (cumulative total).

Demonstration of Three Major Synergies

Shift of Personnel to Sales Division to Fulfill Consulting Function

Bank Division

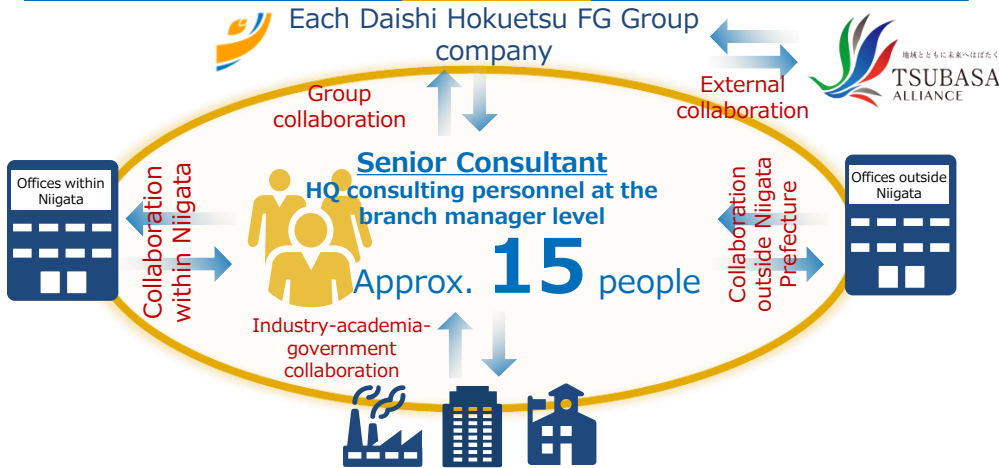
Changes in the number of employees at sales offices (approximate numbers)
(Including personnel stationed at sales offices affiliated with HQ)



Initiative Aimed at Maximizing Consulting Function-1

Exert consulting functions by strengthening collaboration

Support for value-added creation through collaboration led by senior consultants



Strengthen cooperation within the prefecture by consolidating Group sales bases

Establishment of "a new sales base in the Nagaoka area"

FY2023

[Nagaoka City, Niigata Prefecture]
 Relocate and consolidate sales bases of Group companies

➔ **Further reinforcement of consulting functions through inter-Group cooperation**

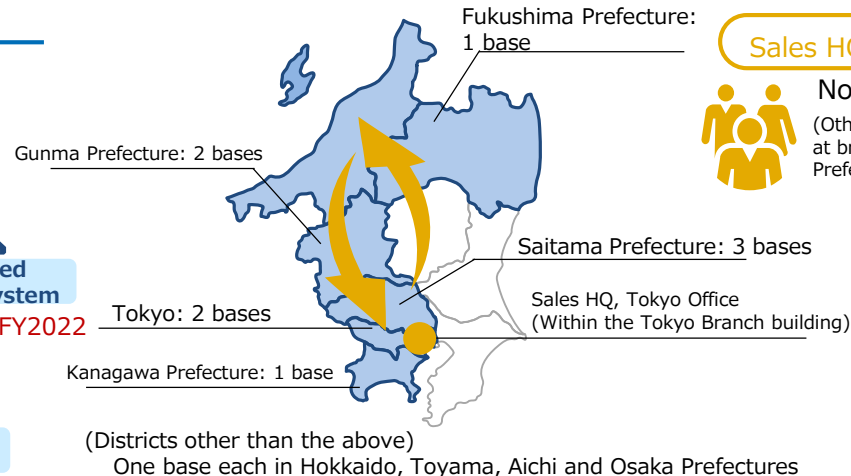
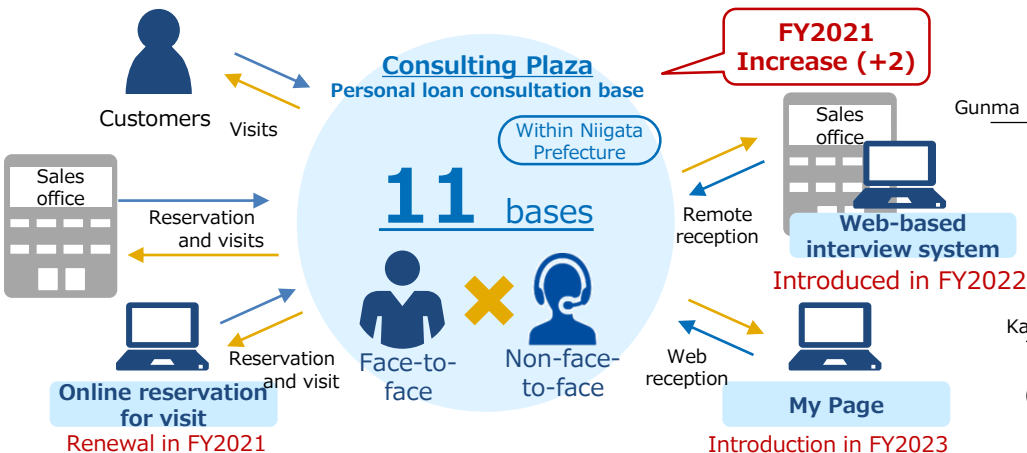
- Bank
- Securities
- Leasing

Komehyakudawara Place West Building for the new sales base



Reinforce country-wide collaboration by strengthening functions of Sales Division and Tokyo Office

Enhancing the functions of Consulting Plaza



Sales HQ, Tokyo Office
 No. of personnel: 10
 (Other HQ personnel stationed at branch offices outside Niigata Prefecture: 5)

- TSUBASA Partnership
- Structured Finance
- Business loan financing solutions

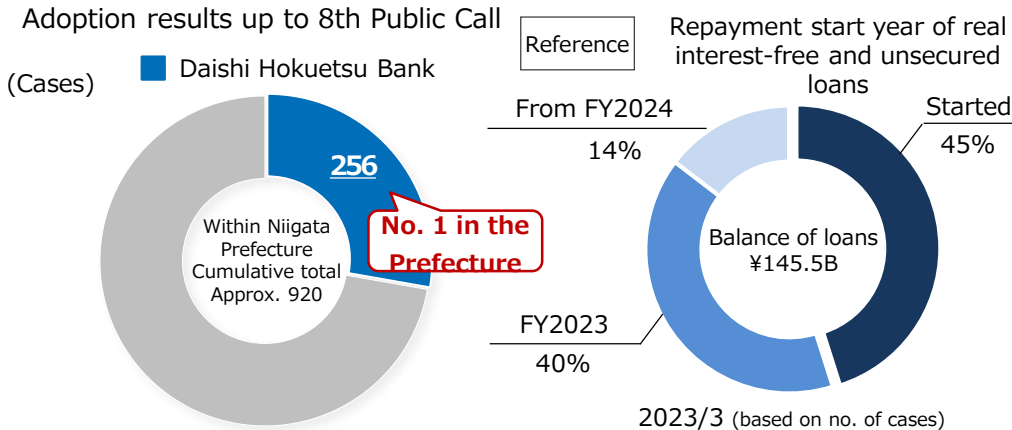
Initiative Aimed at Maximizing Consulting Function-2

Launch of the "Niigata Regional Finance M&A Alliance" (August 2022)

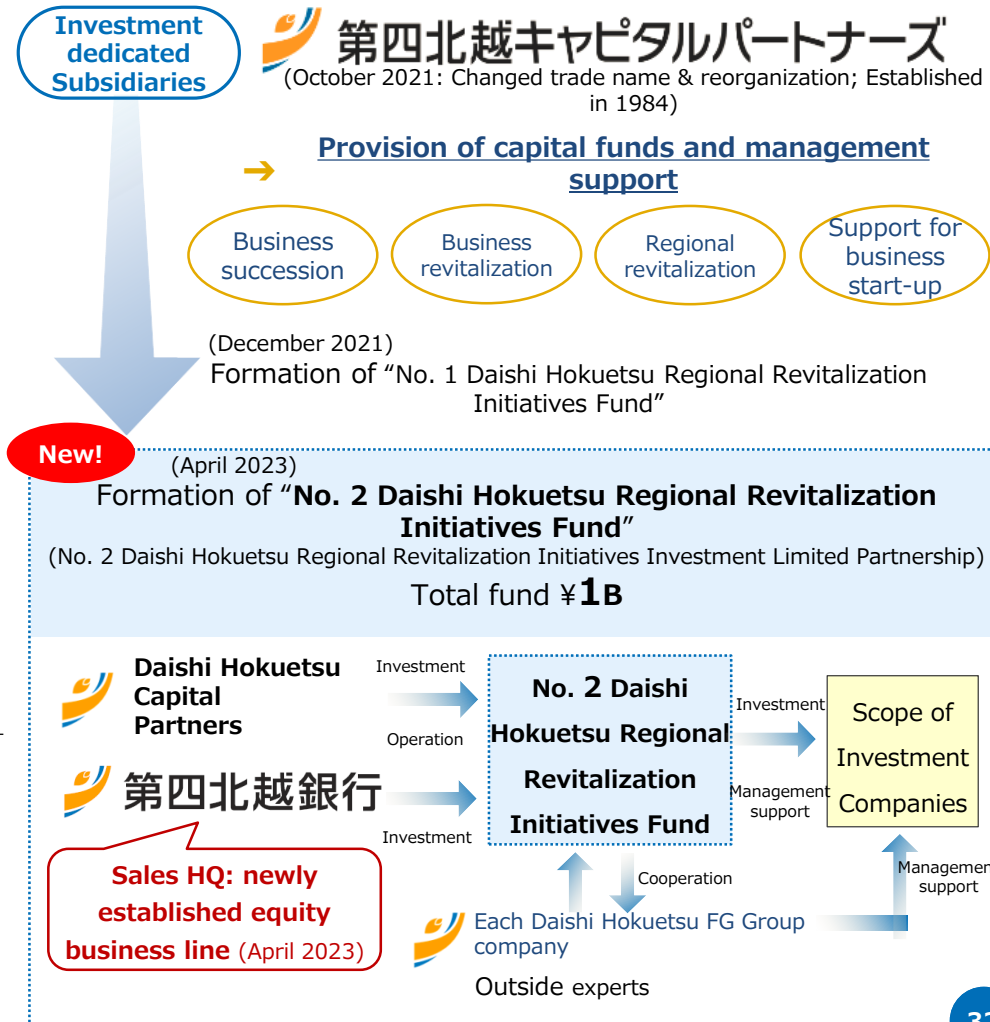


Meet the needs of business partners aimed at Post-COVID-19

Support for improving corporate value by utilizing business restructuring subsidiaries



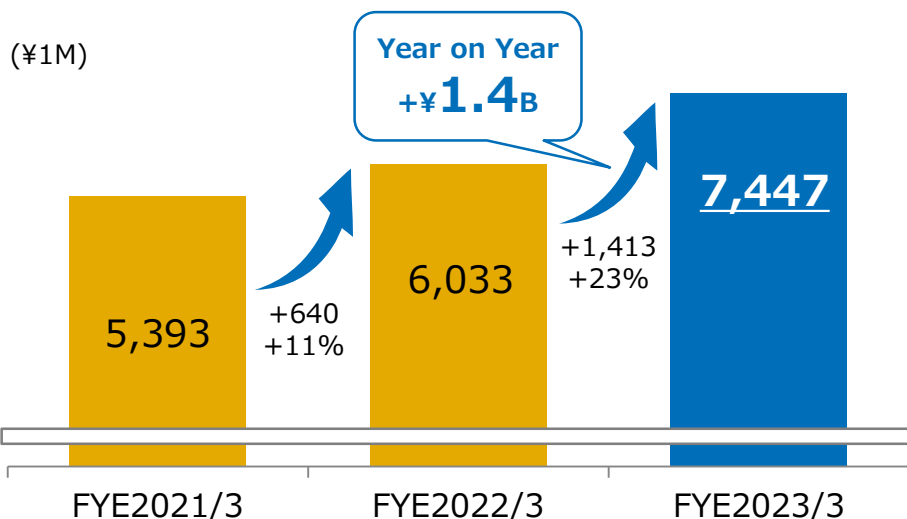
Strengthen equity business



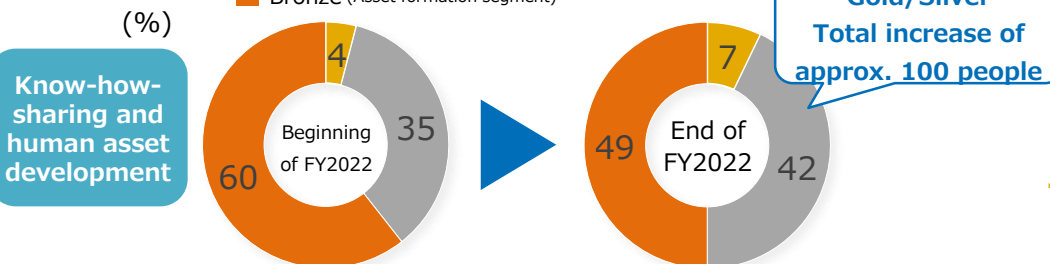
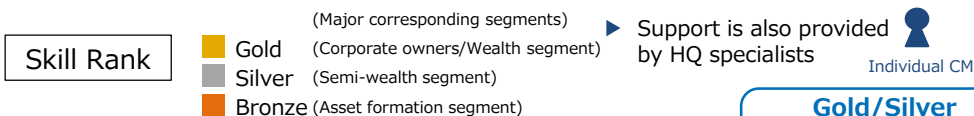
Initiative Aimed at Maximizing Consulting Function-3

Enhance asset management and succession consulting

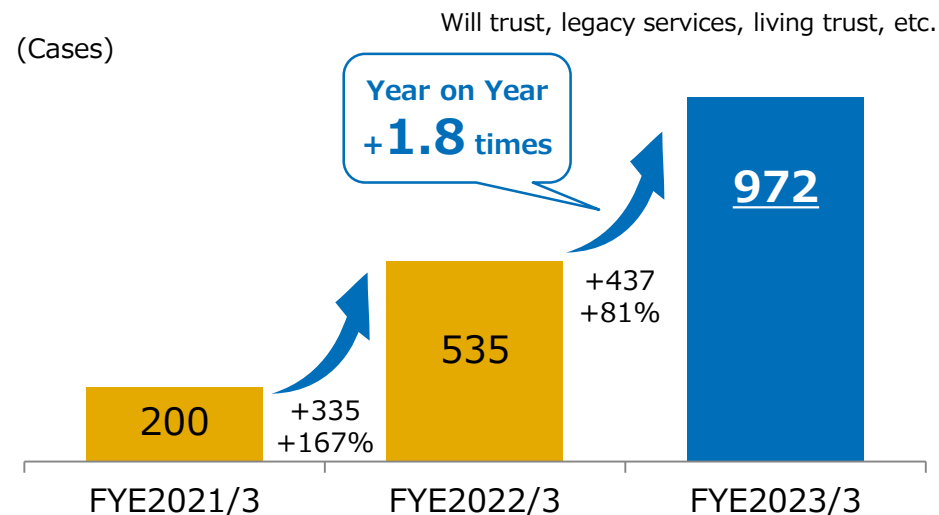
Income from investment trust & insurance



Enhance consulting capabilities by improving skill ranks
 (% of skill ranks in sales staff)



Number of cases of trust business handled



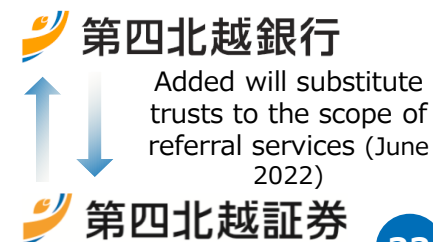
Respond to increasingly sophisticated and diverse customer needs
 (Expansion of products and services)

Expansion of products



Enhanced proposals for plans supporting seniors' property management

Strengthen collaboration in the Group



Enhancing Customer Convenience and Consulting through DX

Portal site for businesses **New!**
Launch of CONNECT-BIZ (April 2023)

Services to enhance information-sharing within the company and provide employee benefits



Key Features

Internal bulletin board



Group messages



Safety confirmation



Video streaming



→ Use of tie-up services enabling fund management, invoice management, etc.

Web Services for individuals **New!**
Launch of My Page (April 2023)

Build web pages dedicated to each customer

Web-based acceptance of formal mortgage loan applications available



- 24-hour web acceptance
- Interaction available with our staff
- Web-based document submission

→ Planning expansion of functions to enable electronic delivery of mailings and acceptance of various procedures

Introduction of Web Interview System, "Live On" **New!**
(Introduced in March 2023)

High-quality response by specialists using the Web-based interview system



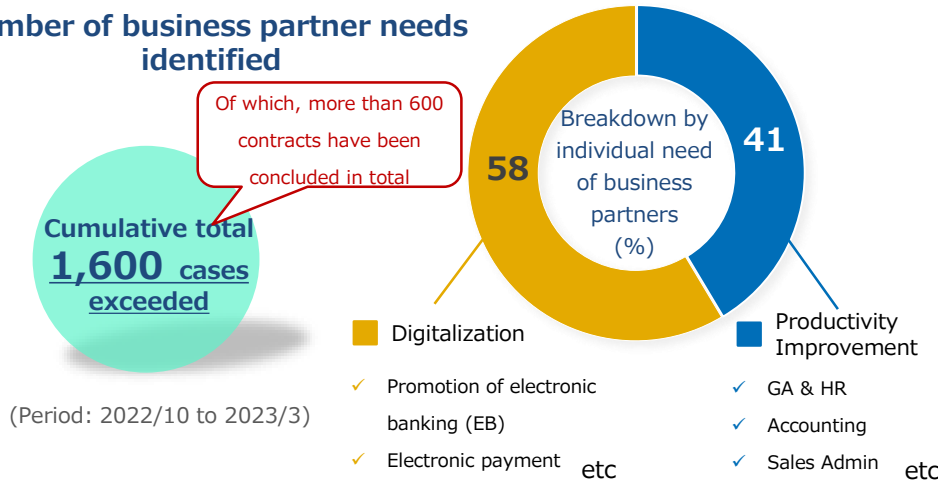
Accelerate DX support initiatives to “increase productivity” in the regional economy

Also strengthen collaboration with administration

Conducting “DX All Branch Campaign” to promote DX of business partners starting from their feasibility studies

(October 2022–)

Number of business partner needs identified



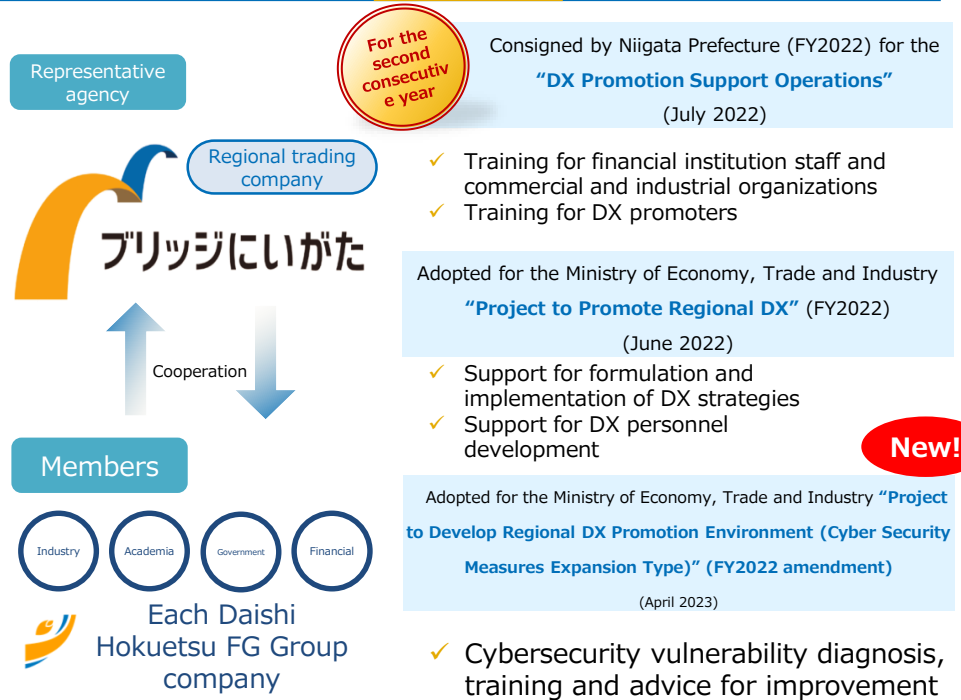
Digitalization initiatives for school operations New!

(March 2023–)

- Internet account transfer service
Site dedicated to schools Trial launch
(March 2023–)
- Utilization of our Internet Banking for account transfer and other operations in elementary and junior high schools
(April 2023–)

- Improvement of efficiency in school administration
- Improve convenience for parents
- Promote efficiency of banking operations

Strengthen efforts to promote DX across the region



Strengthen framework to promote DX

Structuring of Group organizations (October 2022)

Obtained the Ministry of Economy, Trade and Industry “Certified DX Operator” (November 2022)

- ✓ Formation of DX promotion project
 - ✓ Establish UX and Productivity Promotion Office
- See pp. 36–37 for the reorganization of Group companies

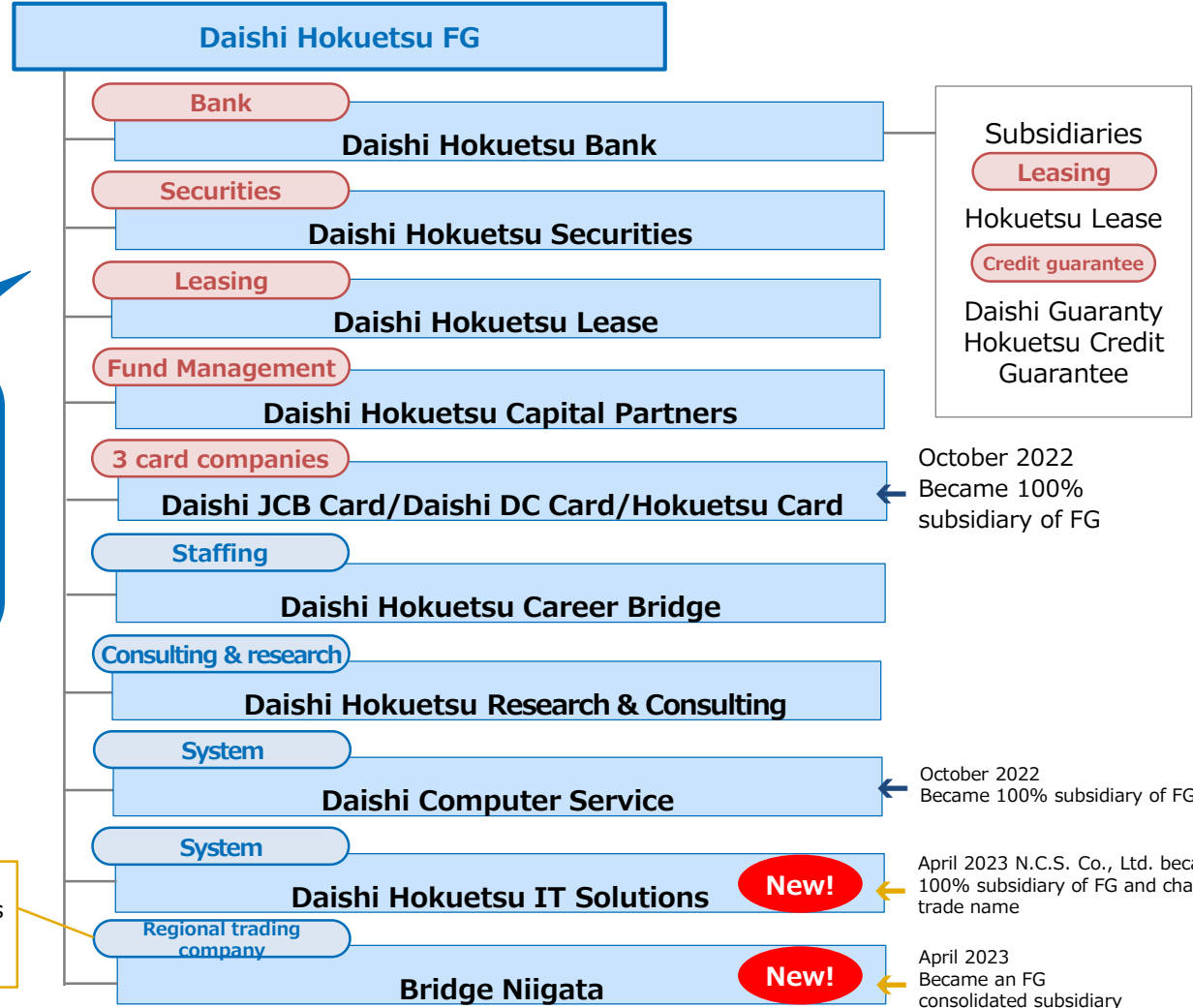
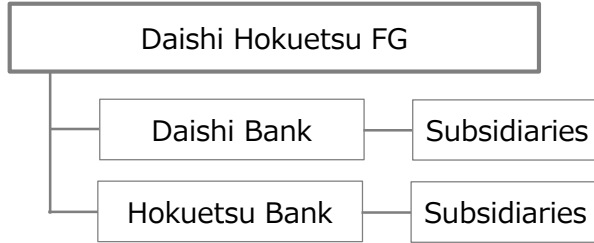




Group Reorganization and Business Domain Expansion Initiatives

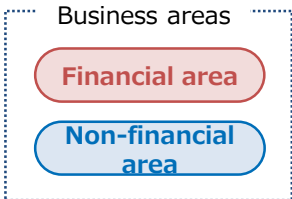
October 2018 (when FG was established)

April 2023 to



New!
Business restructuring and domain expansion since the establishment of FG (April 2023)
Consolidated subsidiaries, including bank subsidiaries
15-company framework

New!
Certified as a company for advanced banking business in other industries (March 2023)





Strengthen Group Structure to Promote DX

Support companies and local governments in Niigata Prefecture to promote DX

- Establish a structure that allows the Group to complete the entire process **from needs assessment and identifying issues to IT introduction**
- Actively support productivity improvement at business partners and local governments in Niigata Prefecture

Promoting Financial DX in our Group

- Integration (succession) of Daishi Computer Service into the System Division, etc. of the Bank (**scheduled for October 2023**)
- **Strengthen people with IT skills and further enhance the Group's in-house manufacturing capabilities**
- Continuing to provide products and services using digital technology and improve business processes

System

DH-ITS
第四北越ITソリューションズ

Join the Group as a new player

Old trade name : N.C.S. Co., Ltd.
 Location of Head Office : Chuo-ku, Niigata-shi, Niigata Prefecture
 Business Profile : Computer-related services
 Establishment : March 1970
 Number of employees : Approx. 230
 Net sales : ¥3.1B (FYE 2023/3)

- There are transactions with companies in a wide range of industries inside and outside Niigata Prefecture
- **Strengths in system development for regional companies and administration**

Regional trading company

ブリッジにいがた

- **Strengths in consulting to enhance productivity**

Business Profile

- Sales channel development business
- Tourism promotion business

enhancement

See p. 40 for regional trading company initiatives

Continue to focus on supporting introduction of RPA and cooperation with local governments

Growing importance of DX

Rapid progress of IT technology

Declining population, low birthrate and aging population

Response to changes in environment due to COVID-19

System

DCS 第四コンピュータサービス

Location of Head Office : Chuo-ku, Niigata-shi, Niigata Prefecture
 Business Profile : Computer-related services
 Establishment : May 1976
 Number of employees : Approx. 80
 Net sales : ¥1.0B (FYE 2023/3)

- Focusing on system development for banks, also undertaking system administration for regional companies
- **Strengths in banking system development**

Next!

(Scheduled for October 2023)

第四北越銀行

Continue to focus on supporting and utilizing DX

Integration (succession)



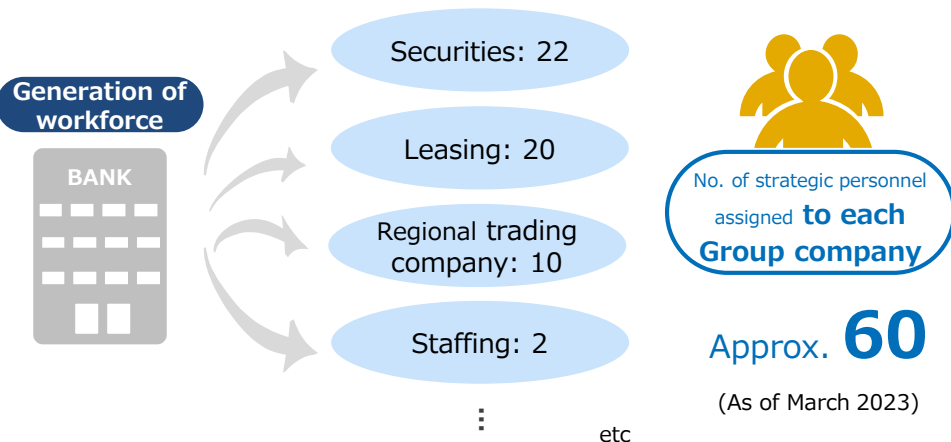
Reinforce people with IT skills

Strengthen in-house manufacturing etc

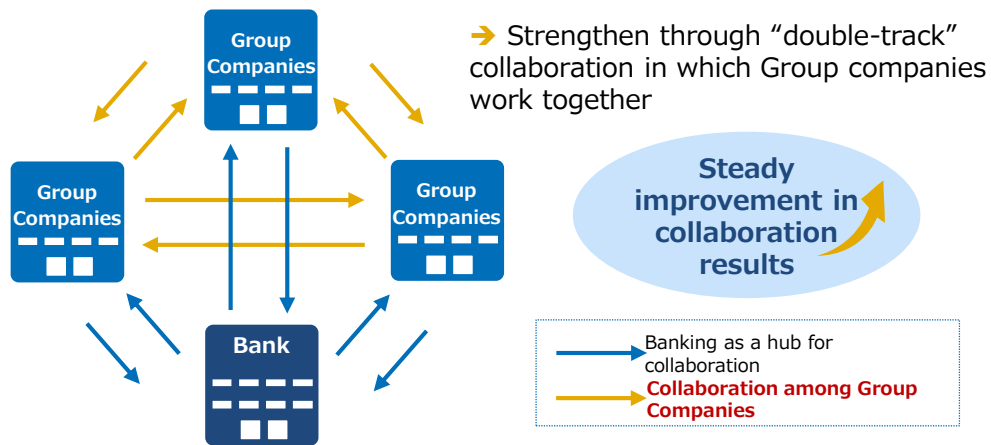


Strengthen collaboration to exert Consulting Functions

Enhance consulting functions by increasing number of strategic personnel



“Double-track” collaboration for full utilization of Group functions



Develop human resources to strengthen Group collaboration

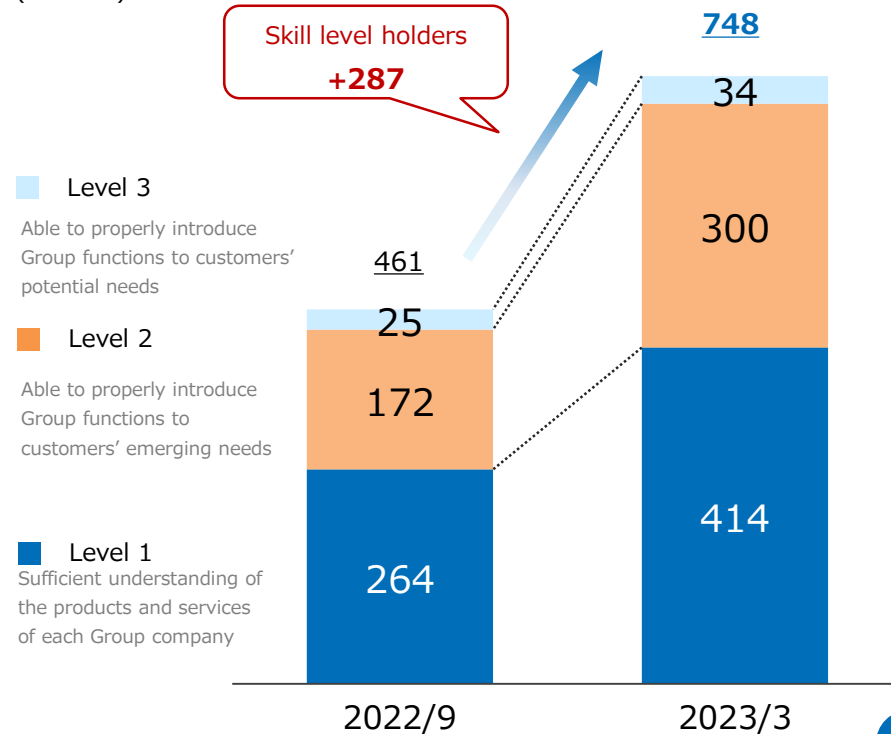
Personnel for Group collaboration

→ Human resource development and enhancement of personnel capable of fully utilizing Group functions to make complex proposals (started in FY2022)

Corporate Sales Staff

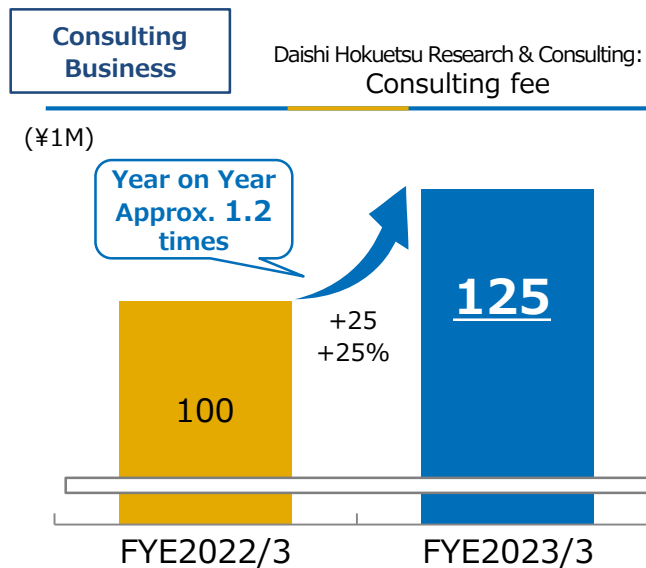
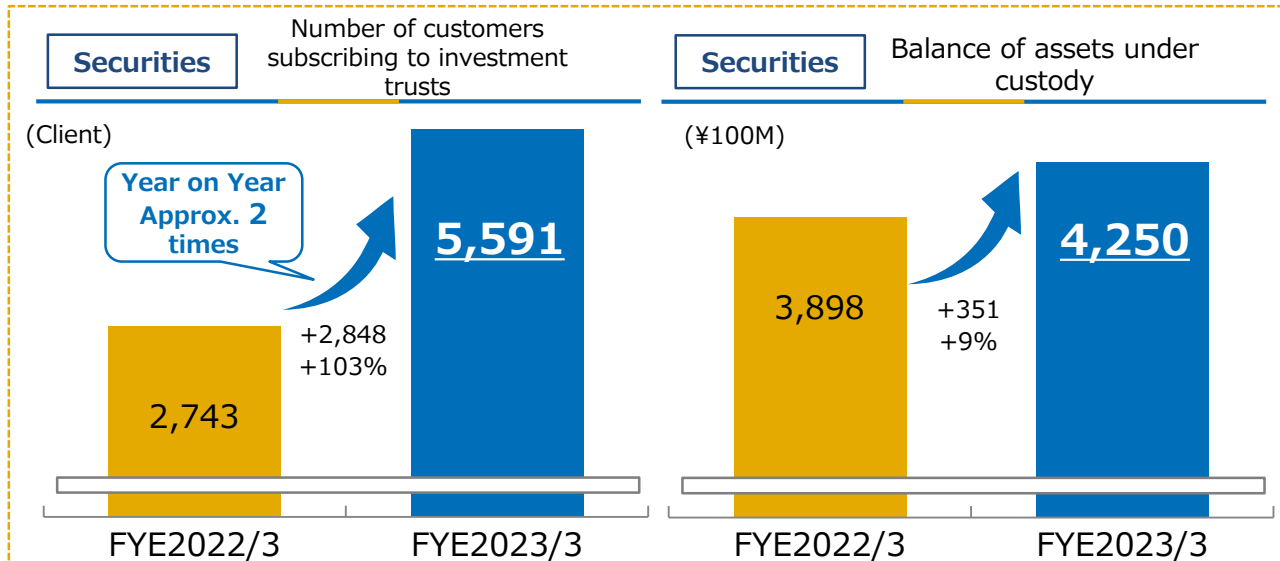
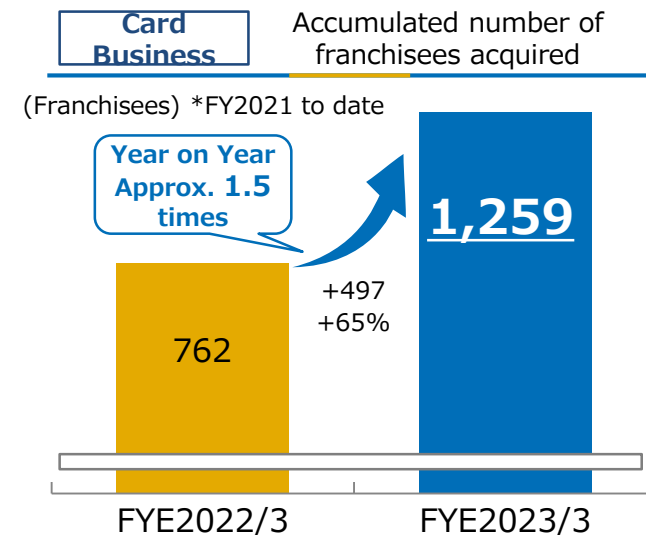
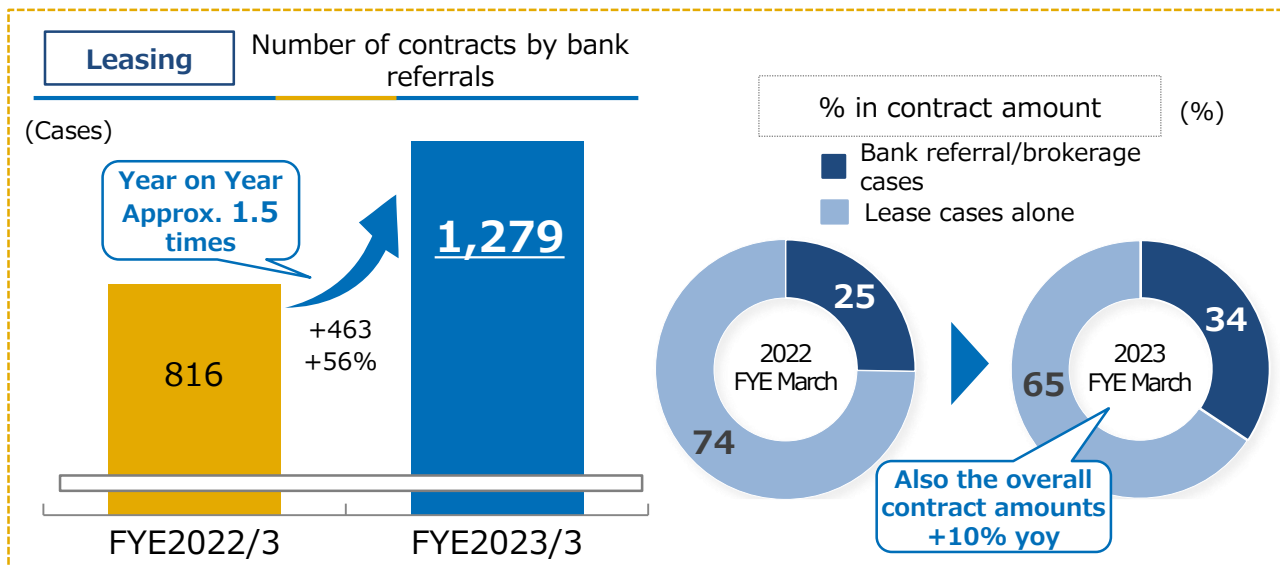
Changes in the number of skill level holders

(Persons)





Initiatives to exert Group Synergy





Regional trading company **Bridge Niigata**
(Established in 2019)

Sales channel development business

Antenna Shop
Bridge Niigata

Own EC site
Online Shopping



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

- Cumulative total number of companies offering products: 560 (+63 yoy)
- Sales of Antenna Shop **set new record** (FYE 2023/3)
 - Consigned by Niigata Prefecture for the "Support Operations for Prefectural Product Marketing Channel Development in Vietnam" (July 2022)
 - Organized sales channel development seminars, promoted regional brands and supported individual online business meetings

Tourism promotion business

- Provision of multilingual translation tools
- Proposal and joint implementation of tourism promotion measures for various organizations, etc.
- Consigned by Niigata Prefecture for the "Niigata Tourism Fan Building Project: Membership Registration and other Promotion Services" (September 2022)
 - Development of new membership and excursion campaigns

Productivity enhancement business

See p. 35 for details
(Described in Productivity improvement and DX support)

Staffing

Daishi Hokuetsu Career Bridge
(Established in 2019)

Personnel-matching business

- Staffing agency business
- Personnel-matching support
- Personnel-matching support for dual/side jobs



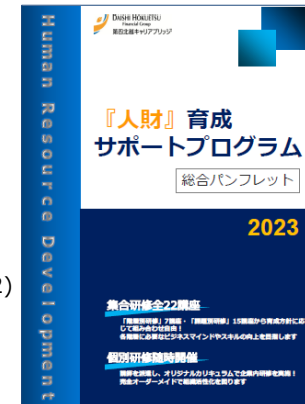
No. of consultations
Cumulative total **1,429**

No. of decisions
Cumulative total **315**

(Period: October 2019 to March 2023)

Personnel development solution business

- Seminar on personnel development for companies in the prefecture held jointly with FG Group companies
- Consigned by Niigata Prefecture for the "Project for Development of Women and Next Generation General Managers" (September 2022)
 - Corporate management and women who are active in promoting women's careers
 - Organized manager training



Total number of participants in HR development support program

Exceeded **1,400** people

FYE2023/3

Number of individual training sessions tailored to issues unique to each company

Exceeded **50** sessions

FYE2023/3

Regional Banks' Collaboration Framework



(September 2022)
Established a common slogan

地域とともに未来へはばたく

TSUBASA ALLIANCE

Number of participating banks

10 banks

Total asset balance of participating banks

Exceeded 90 trillion yen

(As of the end of March 2023) (Consolidated basis for FYE 2023/3)

珠球銀行



In 7.5 years after the launch of Alliance and participation
Surpassed 10 billion yen

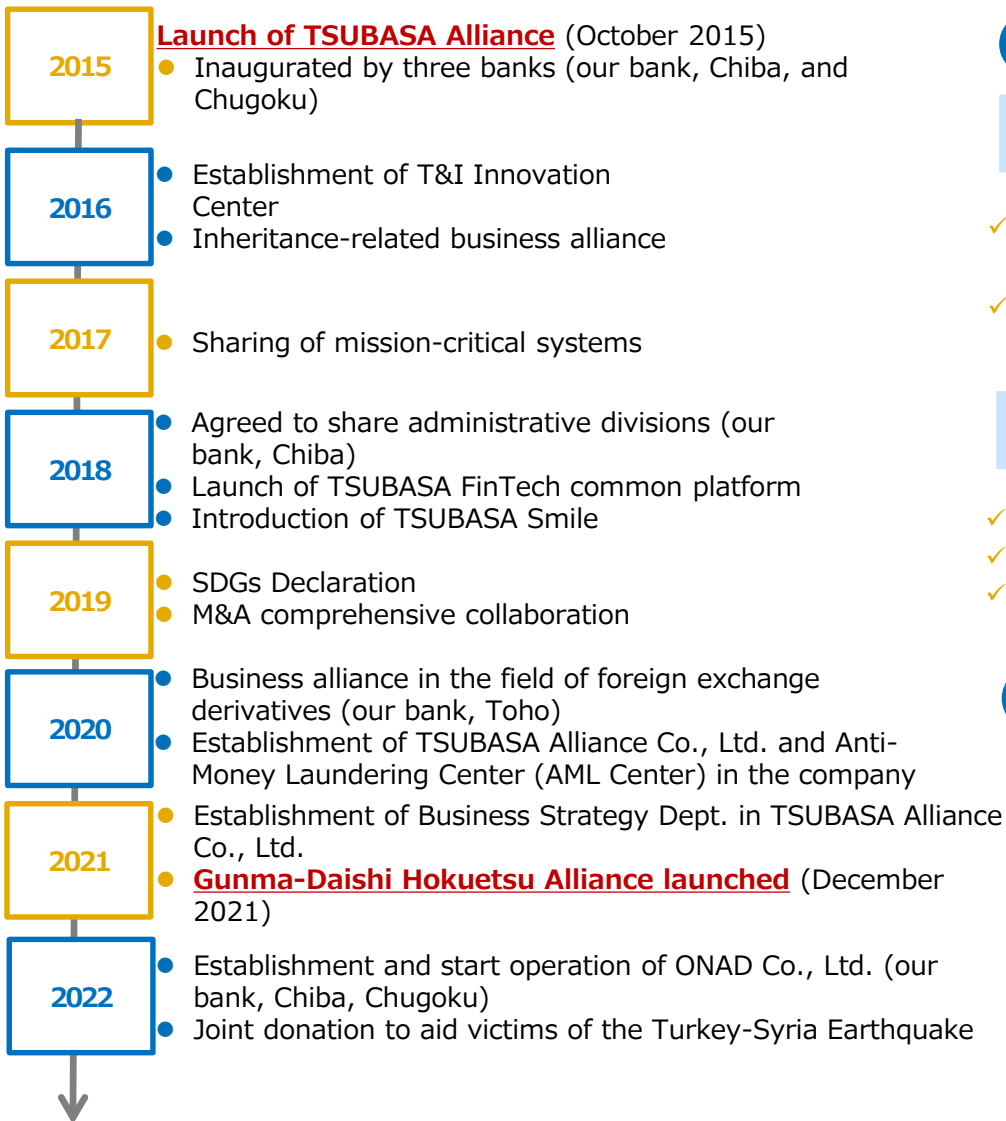
Synergies from Daishi Hokuetsu Bank Collaboration
2015/10 to 2023/3
Cumulative total ¥10.6B



Leveraging the **strengths in economies of scale and information-sharing** through the largest wide-area alliance of regional banks



Expansion of new business domains



Joint implementation of important themes common to each bank

New!

Sustainability

- ✓ Initiatives for Portfolio Carbon Analysis (our bank, Chugoku, Musashino, Gunma) (December 2022 to February 2023)
- ✓ Joint structuring of Sustainability-linked Loan (leader: our bank) (March 2023)

Strengthen human capital

- ✓ Joint establishment of Diversity & Inclusion Declaration (April 2022)
- ✓ Management School for General Manager Level (February 2023)
- ✓ Dispatch of trainees and holding of various training sessions

Introduction of TSUBASA general-purpose paperless system (planned)

Next!

- ➔ Realization of digitalized, paperless processing after receiving on the counter reception system "TSUBASA Smile"



- ◀ TSUBASA Smile-dedicated terminals allow for **seal-less and paperless** procedures
 - ✓ Reduction of over-the-counter reception time by 56% compared with the past
 - ✓ Reduction of back-office processing time after reception at OTC by 85% compared with the past

Collaboration leveraging geographical characteristics of adjacent business areas



GUNMA DAISHI HOKUETSU ALLIANCE

群馬・第四北越 アライアンス

Key Partnership Areas

Regional revitalization & tourism promotion

Corporate solutions

Asset management

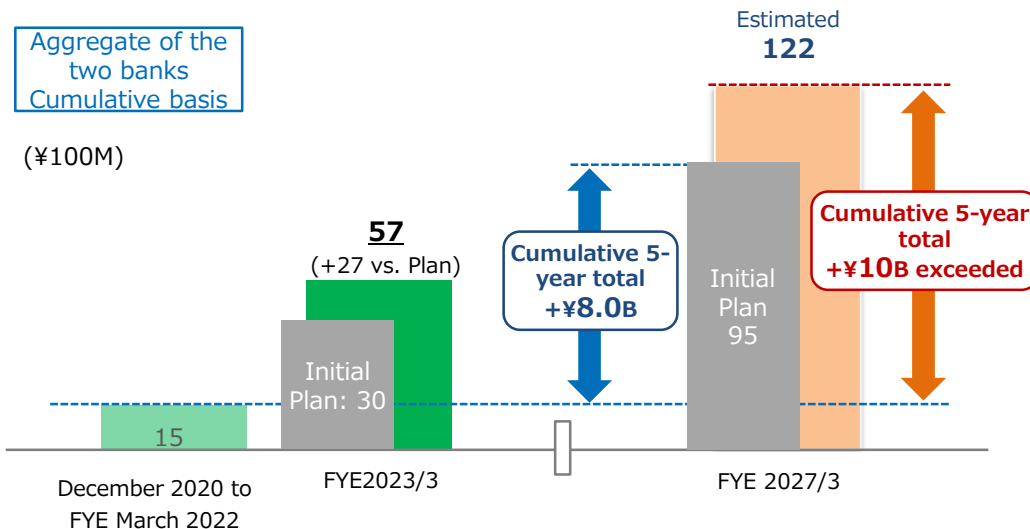
Personnel development

Effective use of real estate etc

Collaboration effect (Synergies)

Aggregate of the two banks
Cumulative basis

(¥100M)



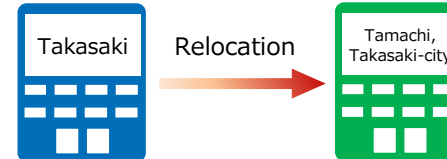
Joint use of offices

New!

Relocation of Daishi Hokuetsu Bank offices to Gunma Bank offices

→ 2023.3.13 Relocated and opened

Our Branch office >



第四北越銀行 群馬銀行



→ Start of ATM partnership (January 2023-) No ATM fees on weekdays (during the daytime) between the two banks

Regional trading company
ブリッジにいがた

Commemorative opening of "Niigata Products Fair"

Joint planning of products and services

SDGs Private Placement Bond "Green & Food Support Private Placement Bond"
(July 2022 to March 2023)

Financially support private placement issuers



Provided food and monetary donations to Niigata and Gunma prefectures using a portion of commission received from the issuing companies

→ Our bank transaction results: Issued amount of 10.9 billion yen



Plan period: 2021/4 to 2024/3

Second Medium-term Management Plan

**Enhancement of
Human Capital Value**



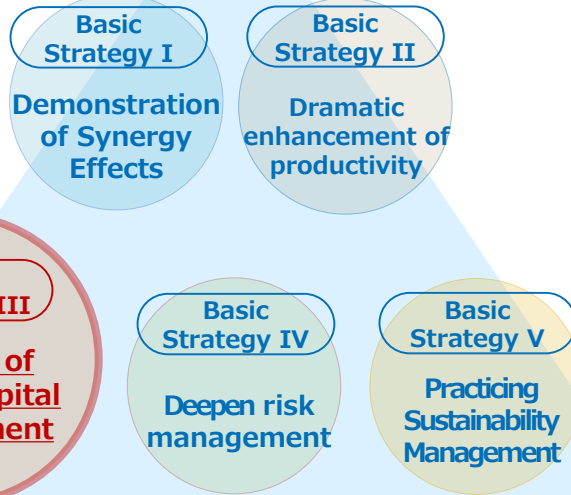
Further strengthen framework for Enhancement of Human Capital Value

Second Medium-term
Management Plan

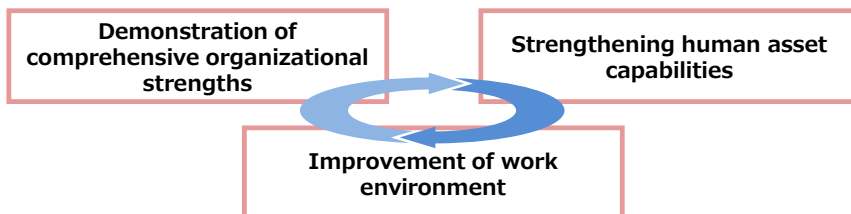
Change in basic strategy

Daishi Hokuetsu FG Management
Philosophy

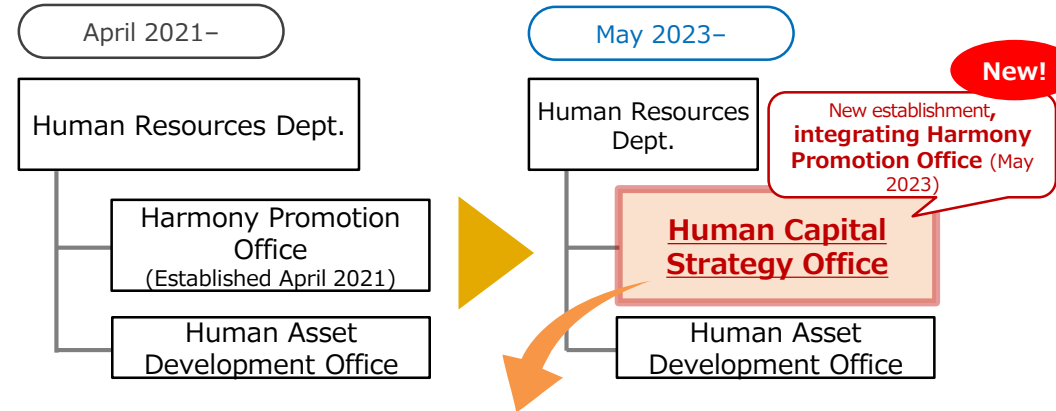
Second Medium-term Management Plan : 5 Pillars



→ Enhancement of Human Capital Value Initiatives



Establishment of the Office of Human Capital Strategy



Major Initiatives

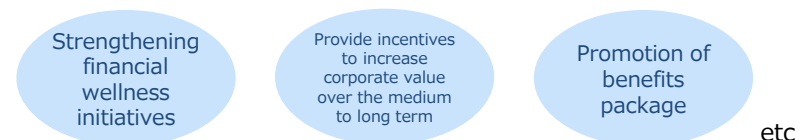


Introduction of E-Ship^(R) (Trust-type Employee Shareholding Incentive Plan)

→ Expansion of membership for Employee Shareholding Association from the Bank to all FG Group companies

New!
Decision of introduction in May 2023

Purpose of introduction



Steady progress in organizational harmony by unifying mindset and vectors

Dialogue & exchange between management and staff

Briefing session on Medium-Term Management Plan

Approx. **4,700** people participated



▲ Briefing by the President of FG

Briefing for managers by the President "Isshi Koryukai"

Approx. **600** people participated in a total of **10** sessions



▲ Isshi Koryukai

Held at each workplace every six months

Dialogue and exchange meetings with officers

Participated in by approx. **9,600** people at a total of approx. **400** venues



▲ Dialogue and exchange meetings with officers

Briefing for young employees by the President "Isshi Koryukai Next"

New! Approx. **60** people participated in a total of **2** sessions

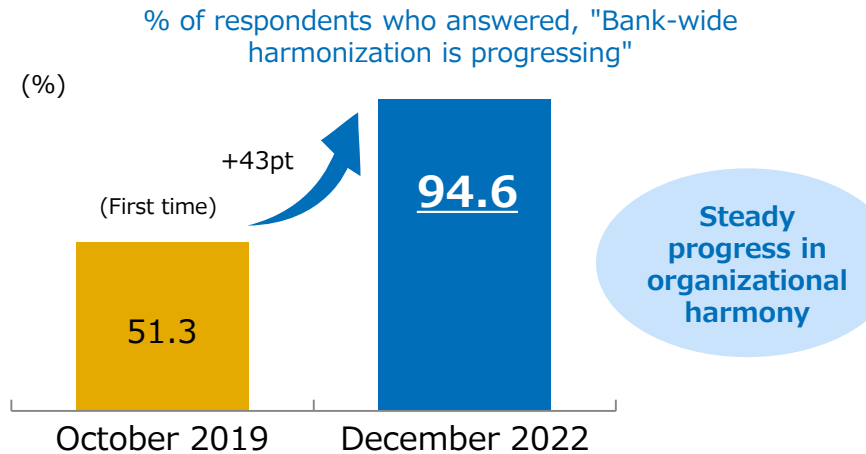
Held in January 2023



▲ Isshi Koryukai Next

Conducting employee questionnaire

Results of the 7th Employee Awareness Survey



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.





Actively promoting the creation of a work environment that enables employees to exert their full potential

New!

Certified for "Health and
productivity Management
Outstanding Organization 2023"
(March 2023)



Daishi Hokuetsu FG
Daishi Hokuetsu
Bank

New!

Certified for "Platinum Kurumin
Plus"
(May 2023)



Daishi Hokuetsu
Bank



2023
健康経営優良法人
Health and productivity
ホワイト500

Daishi Hokuetsu Bank
Six consecutive years of
accreditation

Our bank is the only such
company in Niigata
Prefecture for the 6th
consecutive year



Parenting support
Balancing fertility treatment
and work

First acquisition by a
company in Niigata
Prefecture

Number of certified
companies nationwide
19
(As of April 2023)

New!

Certified for "Sports Yell Company
2023"(February 2023)



Daishi Hokuetsu
Bank

New!

Certified for "Platinum L-boshi"
(May 2023)



Daishi Hokuetsu
Bank



Providing athletic
opportunities to employees

Health awareness-raising
support for employees



Highest recognition for
promoting women's careers

First acquisition by a
company in Niigata
Prefecture

Number of certified
companies nationwide:
38
(As of April 2023)

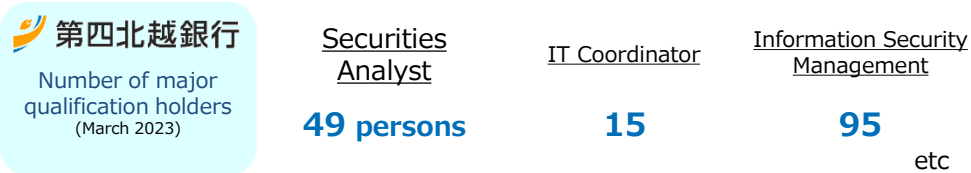
HR development aimed at demonstration of consulting functions

Three priority areas for improving consulting capabilities

1 Strengthen development of core sales personnel → Enhance corporate and personal consulting skills



2 Strengthen development of expert human resources → Enhance development of DX and HQ expert human resources



3 Enhancement of support for autonomous career development → Realization of Human Asset Growth Cycle aimed at by Daishi Hokuetsu FG

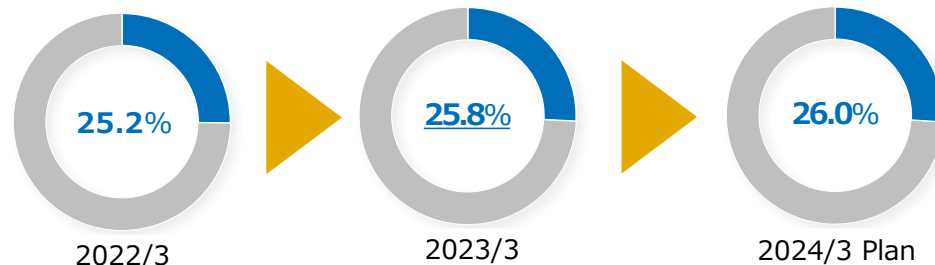


From the "New Structural Reform 2030 Project," in which young employees are leading the study of what the company will look like in 2030



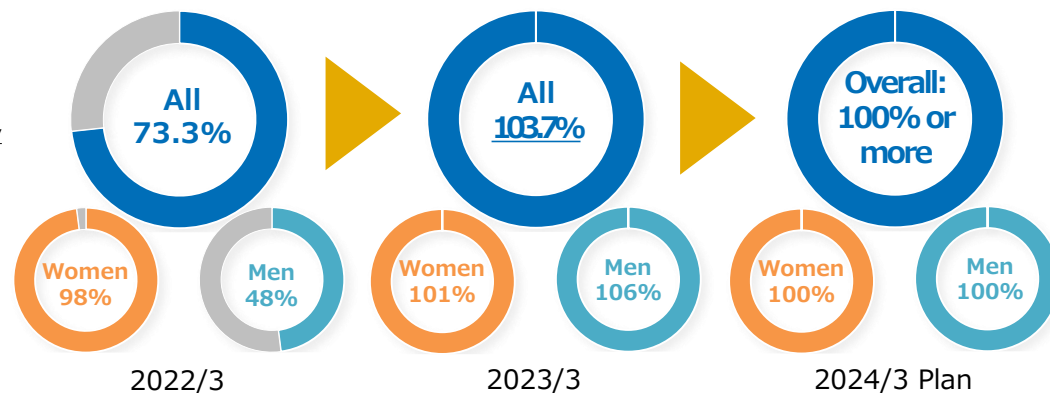
Diversity Initiatives

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



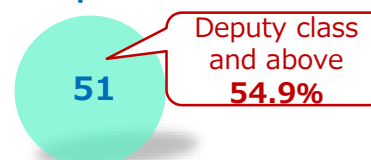
Improvement in the acquisition rate of Childcare Leave

*Proportion of the "Number of employees who took childcare leave" to the "Number of employees who gave birth and their spouses" in each fiscal year



Promotion of active roles played by diverse human resources

Number of experienced hires



(As of the end of March 2023)

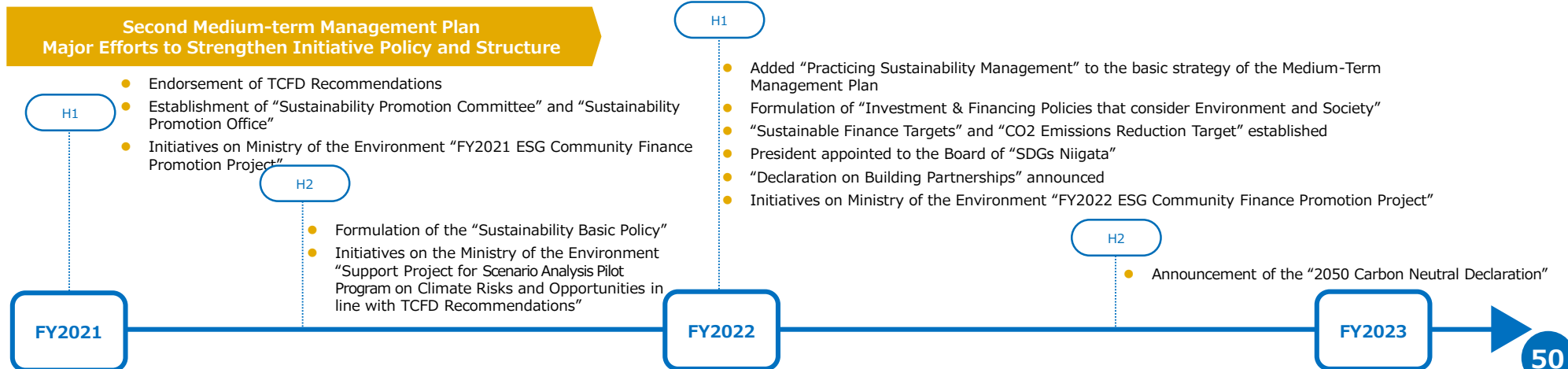
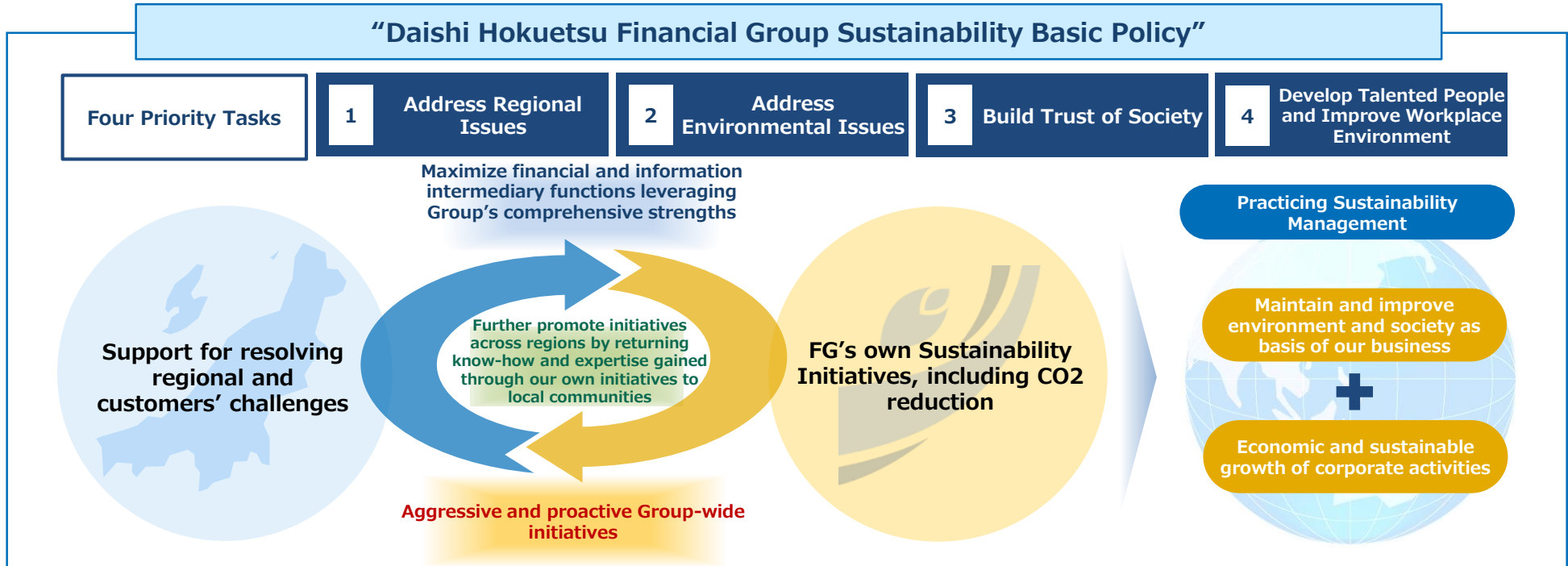
New! Introduced a "Side job/Dual-employment Program" to enhance diverse work styles (March 2023)

Plan period: 2021/4 to 2024/3

Second Medium-term Management Plan

Sustainability Initiatives

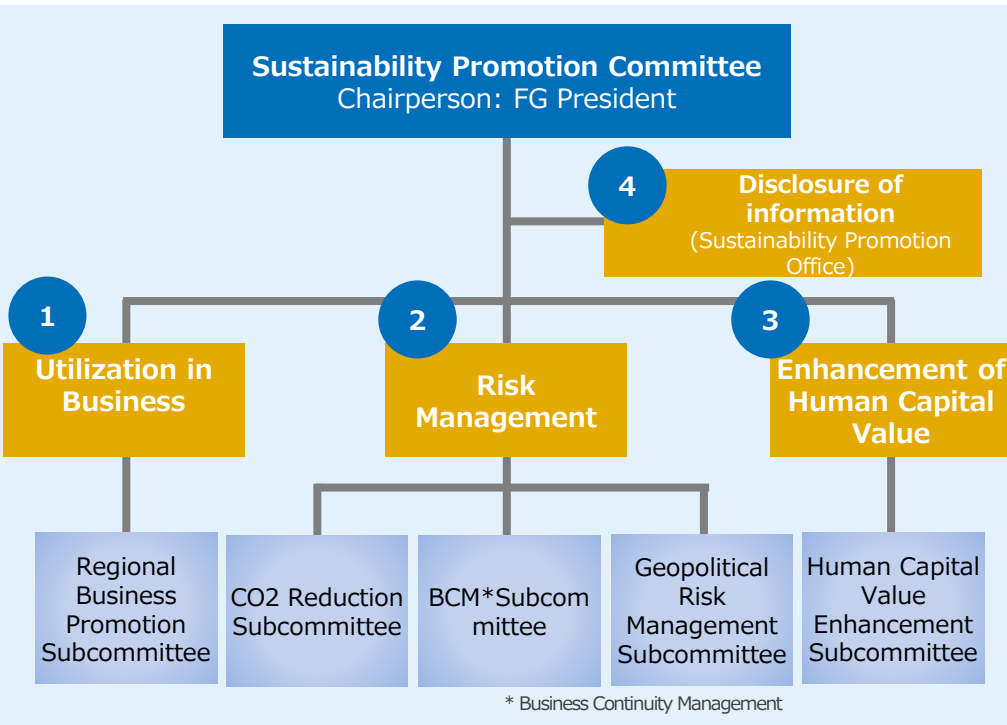
- Based on Sustainability Basic Policy, we will aggressively and proactively tackle Four Priority Tasks and contribute to the realization of a sustainable society



Strengthen framework to promote sustainability

Governance

→ To further promote sustainability, committees and working groups have been established under the Sustainability Promotion Committee for each of the four categories (Table (1) to (4) below), and PDCA is being implemented



Enhancing full disclosure for FYE 2023/3

Information scheduled for future disclosure in securities reports, integrated reports, etc.

GHG emissions of borrowers

Human capital information

Expansion of transition risk coverage

Expansion of physical risk coverage

etc

Announcement of the 2050 Carbon Neutral Declaration (March 2023)

New!

Strategy (Risk)

→ To realize a decarbonized society, **declared to achieve carbon neutrality by FY2050**

Further accelerate efforts to reduce CO2 emissions

FYE 2023/3 Construction of 3 new offices

New establishment of environmentally friendly offices

Reduction of environmental load



Barrier-free design

Install energy-saving equipment and solar power generators

Certified for "ZEB"

Acquired "Nearly ZEB" certification

Acquired "Nearly ZEB" certification



First time in Niigata Prefecture!

▲ Sekiya Branch Office (2022/9)



▲ Shirone Branch Office (2022/11)



▲ Kamo Branch Office (2023/1)

Participation in the GX League (May 2023)

New!

Strategy (Opportunities)

→ Joining the "GX League," which aims to transform the entire socioeconomic system to achieve carbon neutrality



Sustainable Finance/CO2 Emissions Reduction Targets

Indicators and Targets

Target for Sustainable Finance

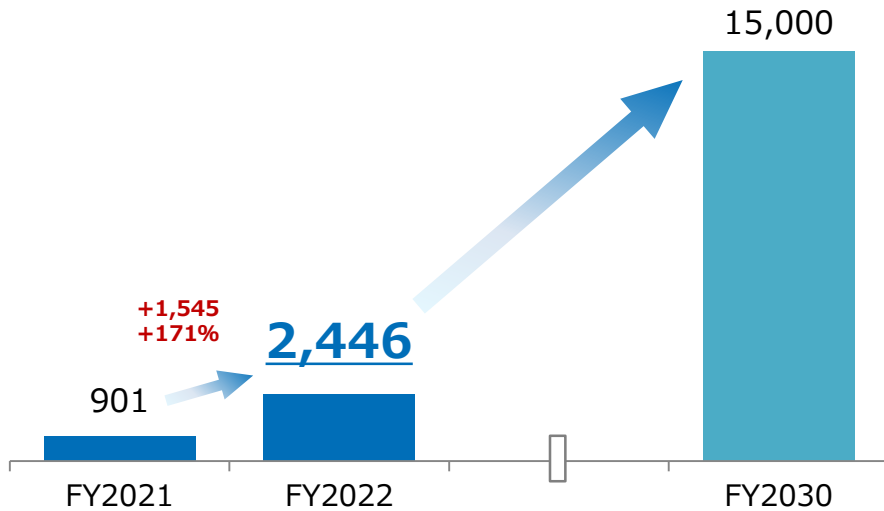
Cumulative total of executed amounts for Sustainable Finance
(¥100M)

Strategy
(Opportunities)

FY2030 Target

FY2021 -

Cumulative total of executed amounts
¥1.5 Trillion



Strengthen collaboration inside and outside the Group to promote Sustainable Finance

FG Group collaboration



Alliance collaboration



Project Finance for renewable energy business

Joint structuring of Sustainability-linked Loan

etc

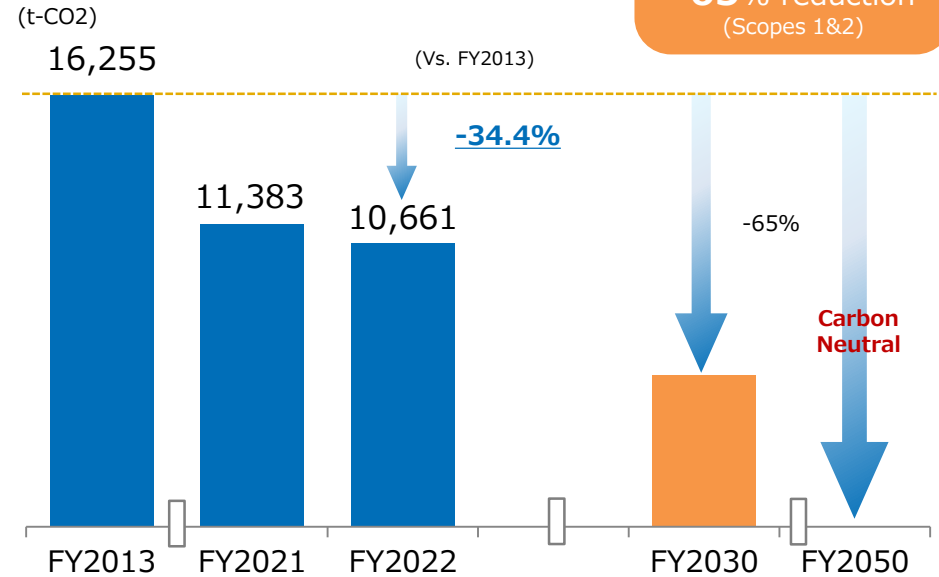
CO2 emissions reduction target

CO2 emissions

FY2030 Target

Vs. FY2013

65% reduction
(Scopes 1&2)



Strengthen efforts to achieve reduction targets

New environmentally friendly offices

See p. 51 for details

Introduction of electric vehicles

Introduction of carbon-neutral city gas

Group-wide energy-saving activities

Introduction of renewable-energy-derived CO2-free electricity

etc

Expansion of product lineup to promote sustainability and SDGs initiatives

Strategy
(Opportunities)

Support for promoting SDGs initiatives

For all companies

第四北越 SDGsコンサルティングサービス

(September 2021-)

**SDG Initiatives
Situation diagnosis** (free of charge)

**SDGs Declaration
Planning support** (fee charged)



Number of free diagnostic services handled

Cumulative total **1,722**

Number of paid services handled

Cumulative total **191**

(Period: September 2021 to March 2023)

Development of sustainable finance framework

For listed and large to mid-sized companies



Evaluation by external organization

(August 2021-)

“Sustainability Linked Finance”
“Sustainability Finance”

(March 2023-)

New!

“Positive Impact Finance”
“SDGs Green Finance”

(June 2022 -)

“SDGs-linked Finance”

Rated by Daishi
Hokuetsu
Research &
Consulting

For SMEs

(March 2022-)

“SDGs Support Loan”

External rating
not required

Loan amount
up to 100
million yen

Foster and
promote
awareness of
SDG
initiatives

Expansion of product lineup to promote sustainability and SDGs initiatives

Strategy
(Opportunities)

Handling of the Ministry of the Environment ESG Lease Promotion Project



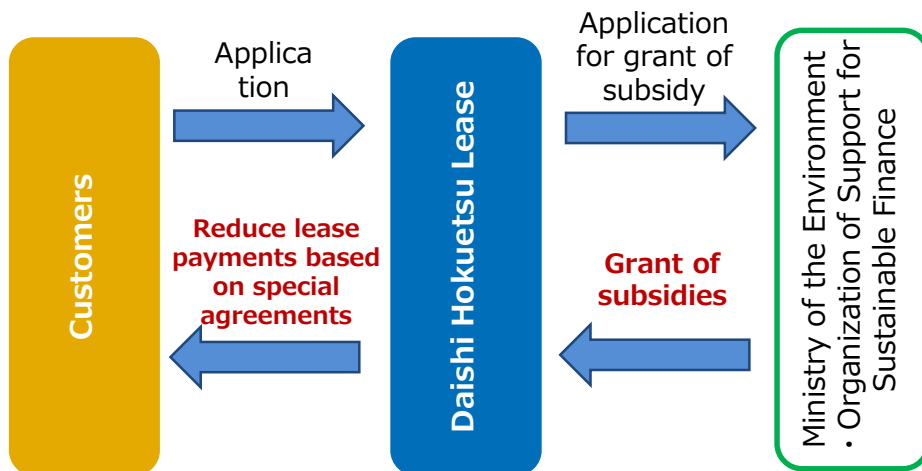
Adopted as a designated leasing company for Ministry of the Environment "FY2022 ESG Lease Promotion Project" (June 2022)

Also applying for FY2023

第四北越リース

Our company is the only leasing company headquartered in Niigata Prefecture!

→ Through the company, customers can reduce lease payments by installing equipment for decarbonization that meets the criteria



Business matching to support decarbonization

Support initiatives for regional decarbonization
Strengthen business matching operations

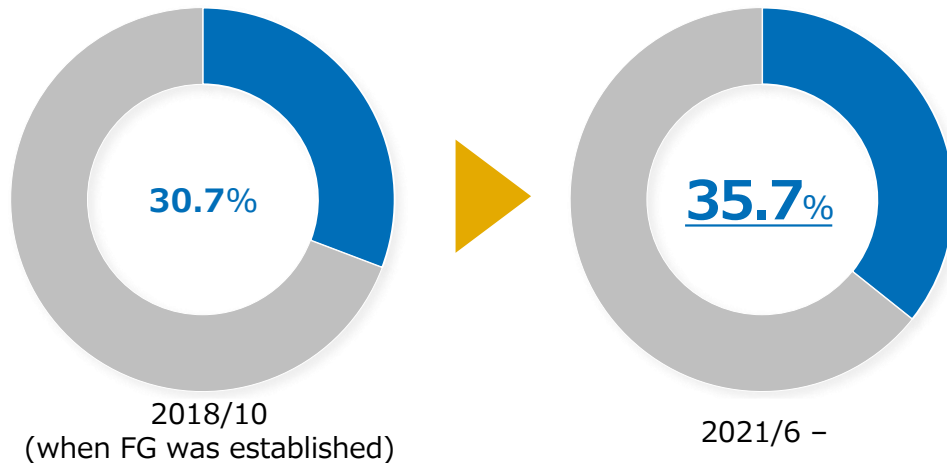


Plan period: 2021/4 to 2024/3

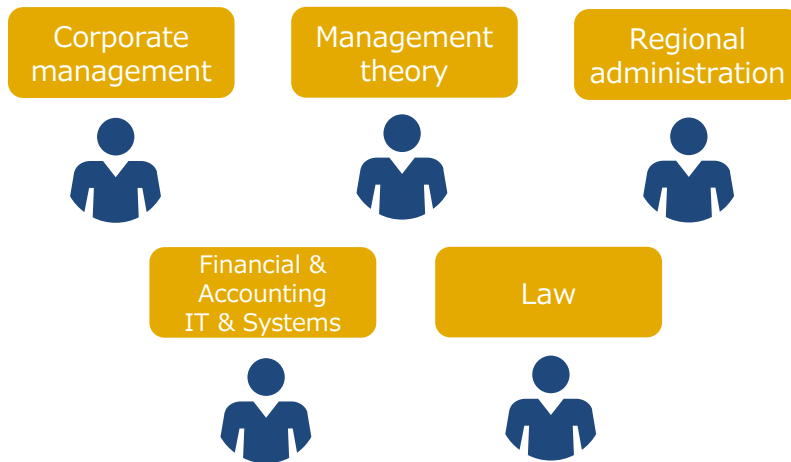
Second Medium-term Management Plan

Governance & Capital Policy

Percentage of Outside Officers on the Board of Directors



Expertise of independent Outside Directors



Diversity Initiatives

Appointment of women officers



→ June 2023

First woman Director to be appointed in our Group

→ 13 women Branch Managers as of March 31, 2023

New!

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

FYE2023/3
14 new participants
in year 2

Number of participants
(Cumulative total)

27

(As of March 31, 2023)

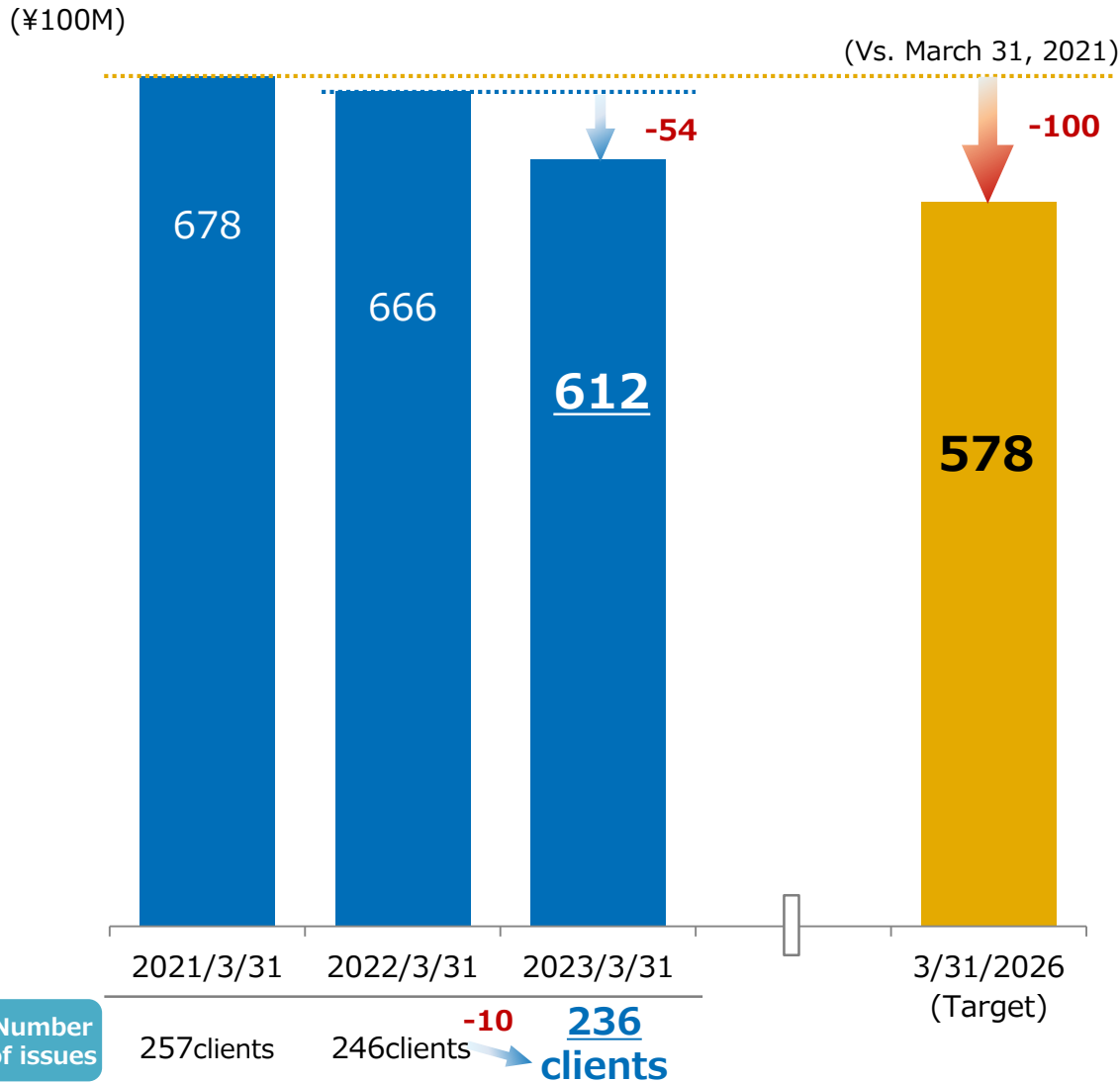
Introduction of a cross-mentor system to develop women executive candidates

New!



- Cross-bank mentoring program aimed at career development and leadership building for women bankers (started in August 2022)
- Support the development of women employees through one-on-one dialogue between mentors (advice from the officer class) from other banks and own mentees (women employees who are department/branch managers and deputy general manager class)

Changes in carrying amount of cross-shareholdings



New!
Setting reduction targets for cross-shareholdings (May 2023)

- Reduce cross-shareholdings by **10 billion yen** (carrying amount of cross-shareholdings held by Daishi Hokuetsu Bank) over **5 years** from the end of March 2021 (the year Daishi Hokuetsu Bank was born)
- Reduced by 5.4 billion yen at the end of March 2023 compared with the end of previous fiscal year (-10 issues) reduced

Reference: Cross-shareholdings 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.
- For individual cross-shareholdings, the "Basic Policy, etc. related to Owning of Cross-shareholdings" is formulated. And the Board of Directors will periodically review the appropriateness of individual cross-shareholdings from the perspectives of medium- to long-term economic rationality. It will do this 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.

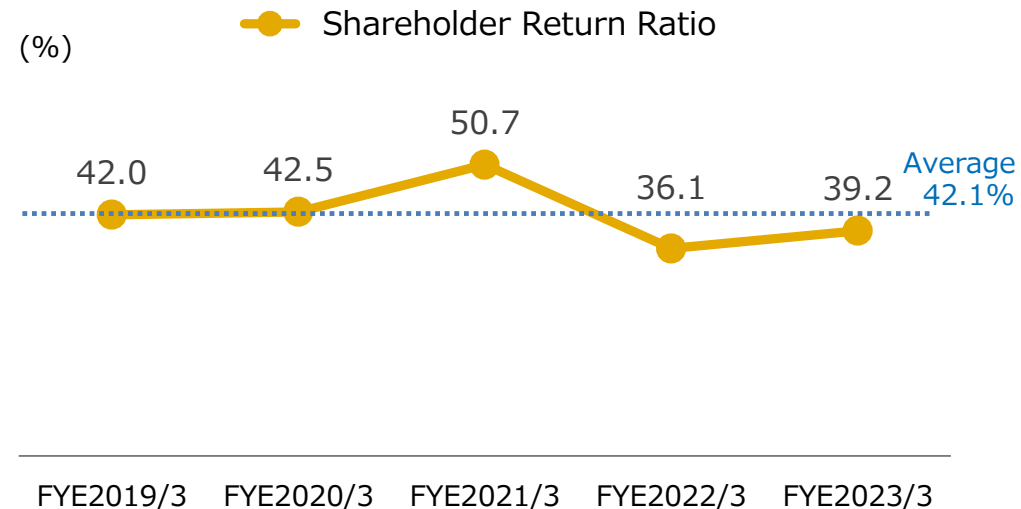
Shareholder Return Policy

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.

Past result of shareholder return

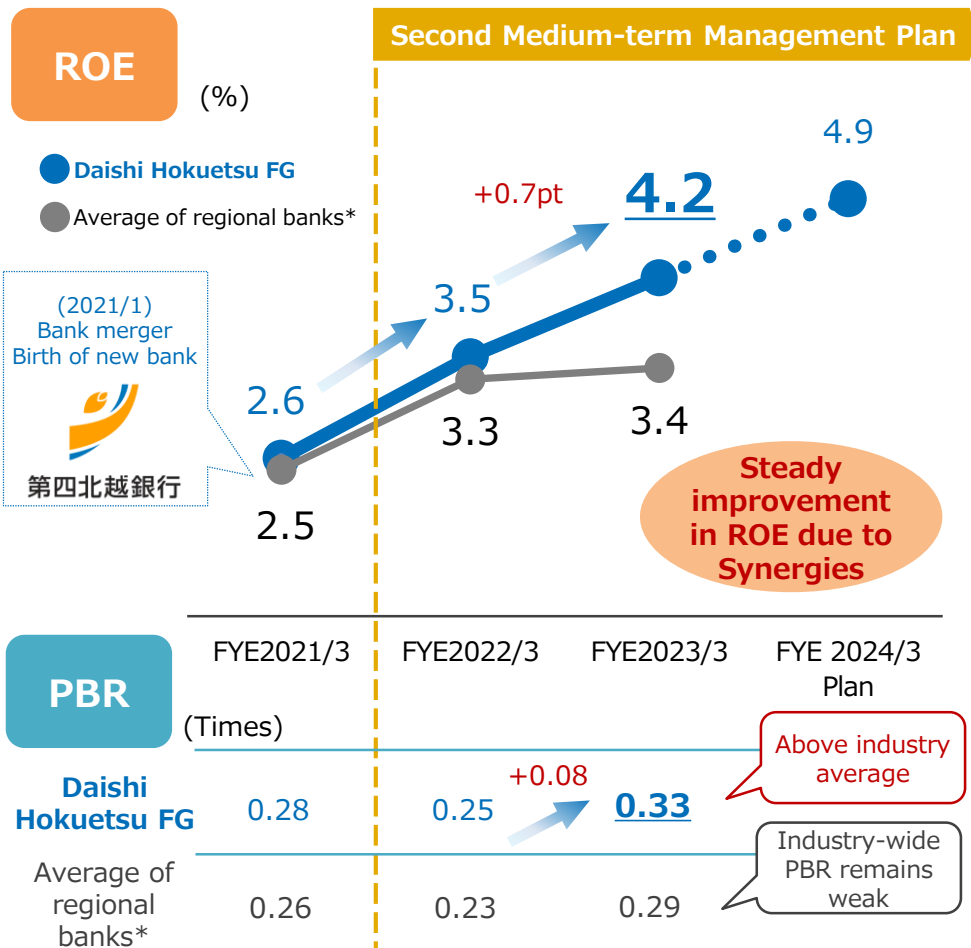
Fiscal term	Cash Dividends per Share (annual amount)	Dividend Payout Ratio	Shareholder Return Ratio
FYE2019/3	Year-end: 60 yen Interim Daishi Bank: 45 yen Hokuetsu Bank: 30 yen	35.0%	*1 42.0%
FYE2020/3	120 yen	42.5%	42.5%
FYE2021/3	120 yen	50.7%	50.7%
FYE March 2022	120 yen	36.1%	36.1%
FYE2023/3	120 yen	30.6%	*2 39.2%
FYE 2024/3 (forecast)	140 yen	31.2%	-



*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)

*2 Completed acquiring treasury shares from February to March 2023 (acquisition cost: 1,499,887,200 yen)

Changes in ROE and PBR



[Reference] ROE-PBR relation

$$\text{PBR} = 1 + \frac{(\text{ROE} - \text{cost of capital})}{\text{Cost of capital}}$$

*Average of regional banks: Average of regional banks listed on the Tokyo Stock Exchange (estimated by our company)

Toward realization of sustainable growth

ROE Aiming for further improvement

→ Strengthen earnings power and improve capital efficiency

→ Steady execution of the plan

Second Medium-term Management Plan

Top-priority Themes

- Merger Synergy
- Group Synergy
- Demonstration of Synergy Effects
- TSUBASA Partnership Synergy

FYE2024/3 Plan

Consolidated Profit ¥20.1B	OHR 65.5%	ROE 4.9%
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Lower cost of capital

→ Enhancing information disclosure

→ Strengthen engagement with shareholders and investors

Further enhance corporate value through Third Medium-Term Management Plan under development

Appendix

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

After bank merger and birth of new bank
A fresh stage of harvesting results

FYE2023/3
Medium-term
Management Plan Year 2

April 2021

March 2024

Second Medium-term Management Plan

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



Management Indicators

Management Indicators		FYE March 2022 Result	FYE2023/3 Result	Year on Year	FYE 2024/3 Plan
Strengthening profitability	Consolidated Profit* ¹	¥15.1B	¥17.7B	¥2.6B	¥20.1B
Growth of the Group	Growth rate for average balance of SME loans* ²	-1.8%	1.9%	-	5.0%
	Average balance of SME loans	¥1,904.4B	¥1,942.0B	¥37.6B	¥2,038.4B
	Growth rate for average balance of consumer loans* ²	2.5%	3.3%	-	3.6%
	Average balance of consumer loans	¥1,366.4B	¥1,412.8B	¥46.4B	¥1,463.9B
	Growth rate of non-interest income* ³	23.6%	19.6%	-	11.1%
	Non-interest income	¥21.9B	¥26.2B	¥4.3B	¥29.1B
	Growth rate of Group company income* ⁴	42.1%	-31.5%	-	24.2%
	Group company income	¥4.1B	¥2.8B	-¥1.3B	¥3.5B
Improvement of management efficiency	OHR (consolidated)	71.2%	68.5%	-2.7pt	65.5%
	ROE (consolidated)	3.5%	4.2%	0.7pt	4.9%
Maintenance & improvement of business health	Consolidated capital ratio	10.51%	10.23%	-0.28pt	9.8%

*1: Profit attributable to owners of parent; *2: Average annual balance before partial/direct write-offs; *3: Total amount of profit from other businesses, etc., excluding fees and commissions and other profit, and gains and losses on government bonds (excluding foreign currency funding costs) (accompanying the change in calculation method, figures are compared with the retroactively changed counts in light of comparison with previous years)

*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	FYE March 2022 Result	FYE2023/3 Result	Year on Year	FYE 2024/3 Target
(1) Ratio of SME loans in total loans	37.7%	37.3%	-0.4pt	38.2%
(2) Ratio of consumer loans in total loans	27.1%	27.1%	0.0pt	27.4%
(3) Ratio of unsecured loans in consumer loans	8.5%	8.4%	-0.1pt	8.3%
(4) Ratio of income for asset management advice in core gross business profits	8.2%	8.9%	0.7pt	13.0%
(5) Income ratio of financial solution in core gross business profits	12.1%	15.5%	3.4pt	16.4%
(6) Consolidated/non-consolidated ratio (FG consolidated profit ÷ Bank non-consolidated profit)	1.24 times	1.19 times	- 0.05 times	1.3 times

Indicators for Contribution to Communities

Indicators for Contribution to Communities		FYE2023/3 Result	Vs. FYE 2023/3 Target	FYE 2024/3 Target
		Top-priority target to measure our contribution to the region	No. of companies with Daishi Hokuetsu Bank as their main bank	15,080
Maintain and increase drivers of regional economy	No. of startups and secondary startups involved	1,963	213	1,850
	No. of clients supporting business succession	1,683	3	1,740
Support for enhancement of corporate value	No. of borrowers based on feasibility assessment	6,553	653	6,400
	Loan balance based on feasibility assessment	¥1,440.2B	¥0.2B	¥1,600B
	No. of clients using Guidelines for Management Guarantee	7,690	-910	9,500
	No. of clients with improved business indicators, etc.	10,234	-1,966	7,700
	No. of cases of business support	3,591	841	2,850
	No. of cases of support for formulation of management improvement plan	459	9	480
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> No. of clients supported in sales channel development (cumulative total)	560	20	600
	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">Activities through a regional trading company</div> No. of FG collaboration activities to support productivity improvement (cumulative total)	167	2	270
	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block;">Activities through a staffing agency</div> No. of personnel-matching cases that lead to solutions to corporate issues (cumulative total)	143	8	210

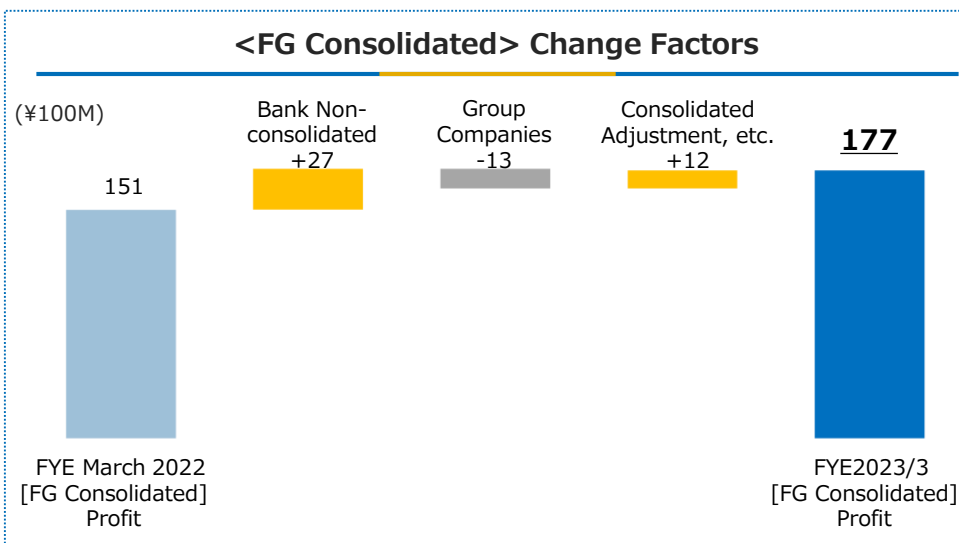
Summary of Financial Results for the Fiscal Year Ended March 2023 (Profit/Loss)

FG's Consolidated (¥100M)	FYE2023/3 Financial Results		Forecast	Vs. Forecast
	Year on Year			
1 Ordinary profit	250	15	249	1
2 Profit*1	177	26	165	12

*1 Profit attributable to owners of parent

Group Companies (¥100M)	FYE2023/3 Financial Results		FYE March 2022 Financial Results
	Year on Year		
3 Profit*2	28	-13	41

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

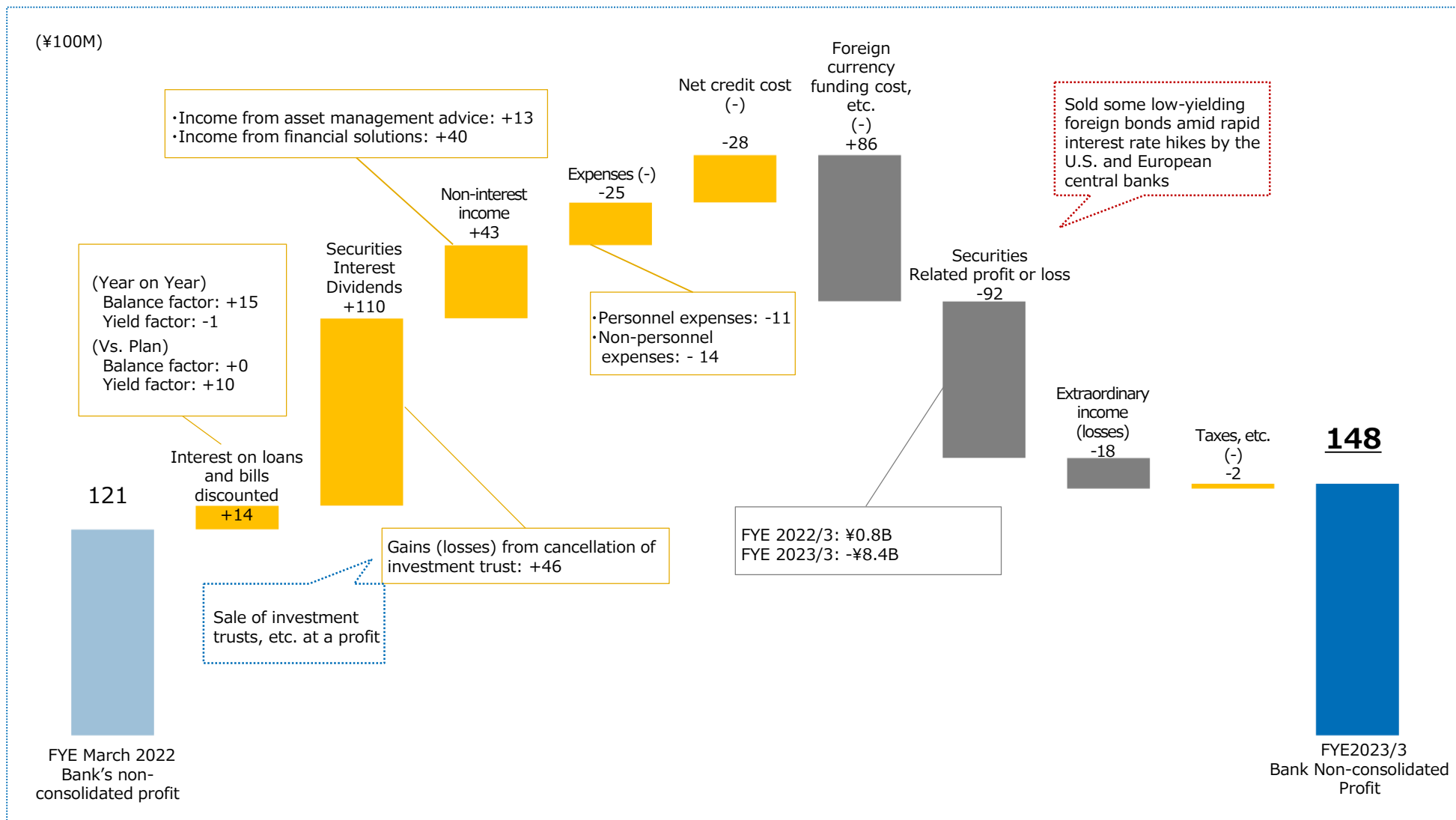


Bank Non-consolidated (¥100M)	FYE 2023/3 Financial Results		FYE 2022/3 Financial Results
	Year on Year		
4 Gross profit	802	▲ 5	807
5 (Core gross profit)	917	81	836
6 Net interest income	673	56	616
7 (Of which, interest on loans and bills discounts)	468	14	454
8 (Of which, interest and dividends on securities)	284	110	173
9 (Of which, financing expenses)	121	98	22
10 Fees and commissions	154	10	143
11 Profit from other businesses	▲ 25	▲ 73	47
12 (Excluding gains (losses) from government bonds and other bonds)	90	13	76
13 (Of which, Gains (losses) from government bonds and other bonds)	▲ 115	▲ 86	▲ 28
14 Expenses	575	▲ 25	600
15 Substantial business profit	227	20	207
16 Core business profit	342	106	236
17 (Excluding gains (losses) from cancellation of investment trust)	295	60	234
18 Business profit	237	33	204
19 Temporary loss (income)	▲ 11	9	▲ 21
20 Ordinary profit	225	43	182
21 Extraordinary loss (income)	▲ 20	▲ 18	▲ 2
22 Profit	148	27	121
23 <Net credit cost>	41	▲ 28	69
24 <Gains or losses on securities>	▲ 84	▲ 92	8
25 <Management Integration expenses (overall)>*3	31	2	29

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

Summary of Financial Results for the Fiscal Year Ended March 2023 (Profit/Loss)

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



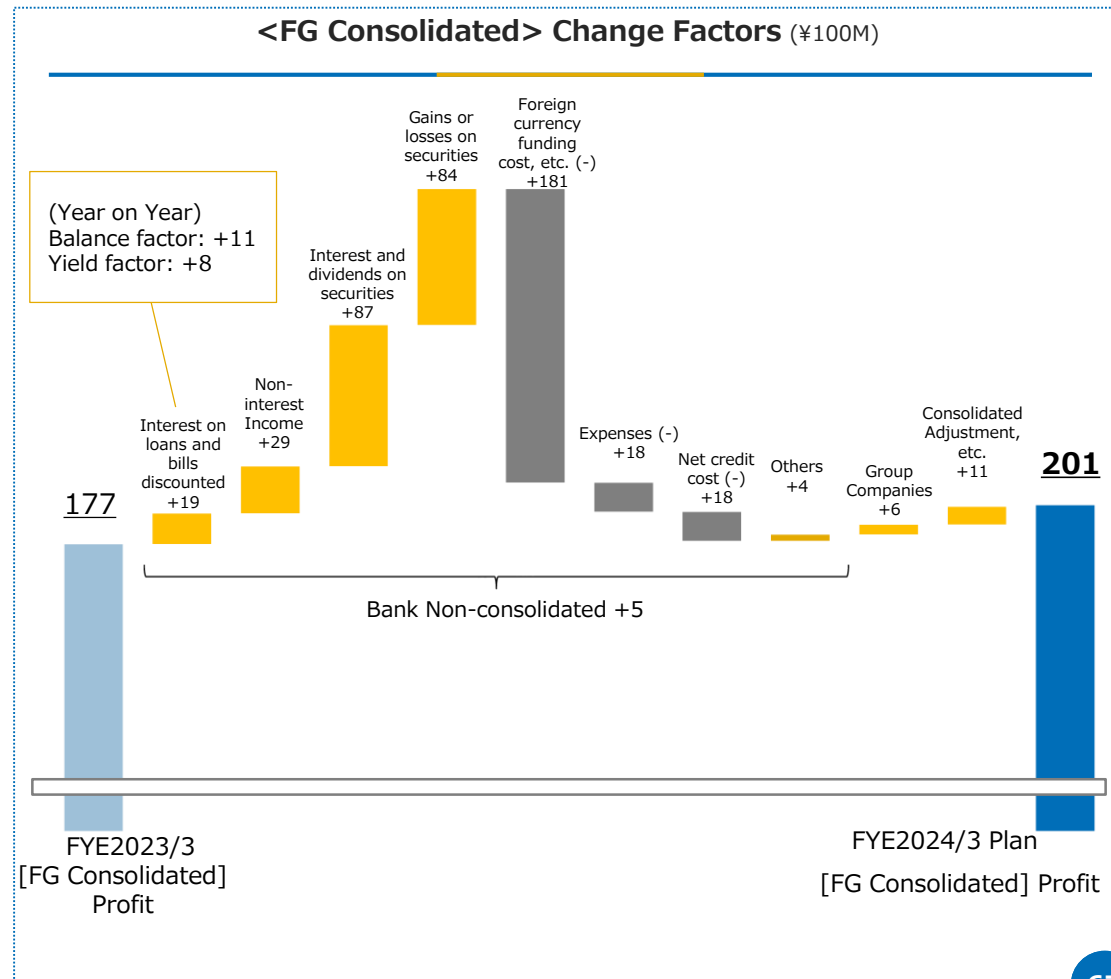
Earnings Forecast for Fiscal Year Ending March 2024

- **FG's Consolidated Profit is expected to increase 2.3 billion yen (+13.1%) year on year to 20.1B yen**
- Expect an increase in profit for both the Bank and the Group Company Division through the practice of consulting sales by leveraging the Group's comprehensive strengths
- Conservatively factor in net credit costs, given that the external environment is changing significantly with increasing complexity and uncertainty, and the outlook remains highly uncertain, including the impact of higher prices on the back of surging resource and energy prices, in addition to the further rise in geopolitical risks

(¥100M)		FYE 2024/3 Forecast	
FG's Consolidated			Year on Year
1	Ordinary profit	275	24
2	Profit*1	201	23

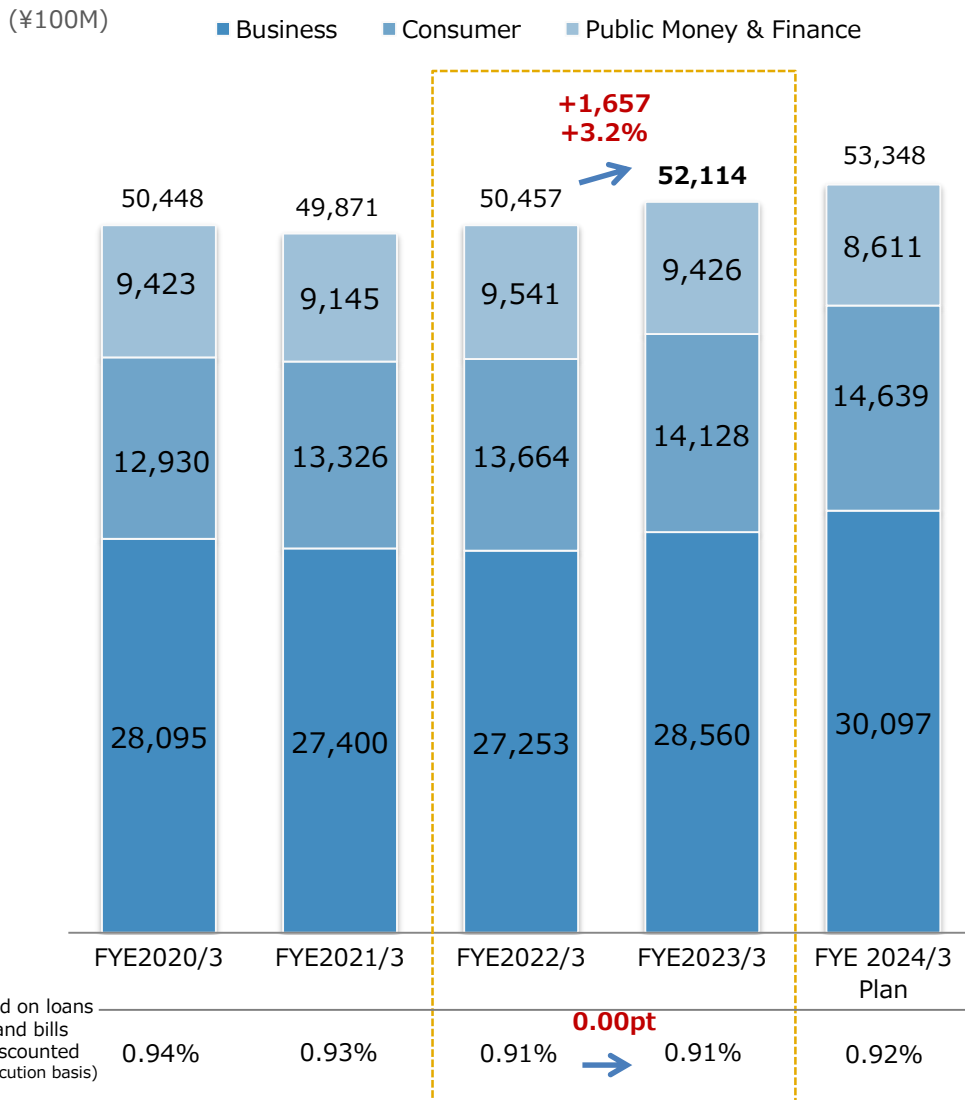
*1 Profit attributable to owners of parent

(¥100M)		FYE 2024/3 Forecast	
Bank Non-consolidated			Year on Year
3	Core gross business profit	871	▲ 45
4	Net interest income	650	▲ 22
5	Net fees and commissions income and profits from other businesses, etc., excluding gains (losses) from government bonds and other bonds	221	▲ 22
6	Expenses	593	18
7	Core business profit	278	▲ 64
8	Ordinary profit	224	▲ 1
9	Profit	154	5
10	<Net credit cost>	60	18
11	<Gains or losses on securities>	0	84
12	<Management Integration expenses>	29	▲ 2



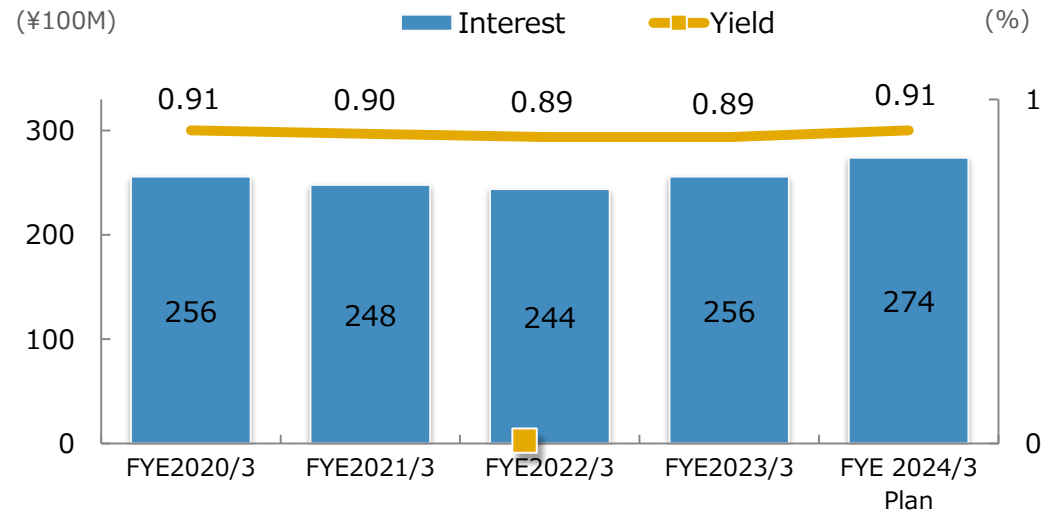
Average balance of Loans and Bills Discounted

*Before partial direct write-offs



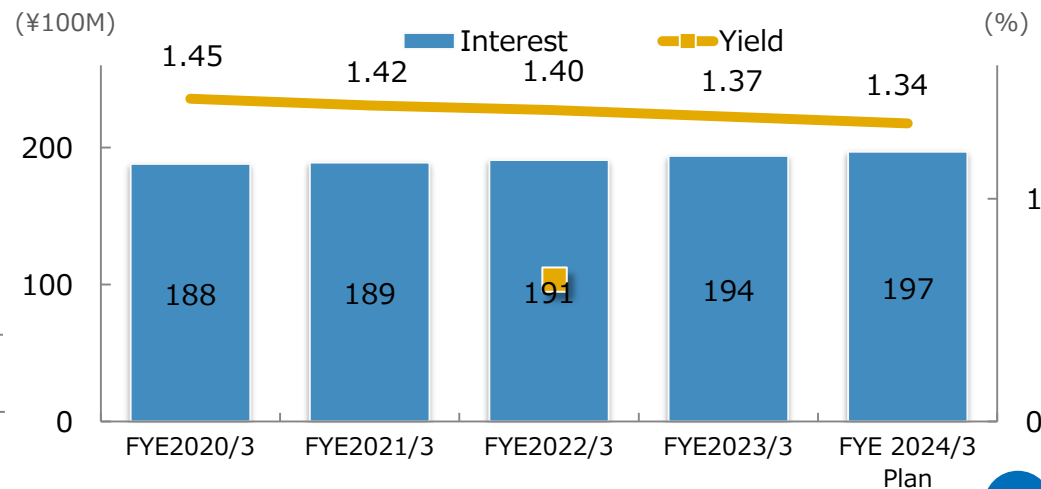
Interest on business loans and bills discounted & yield

*Before non-accrued interest



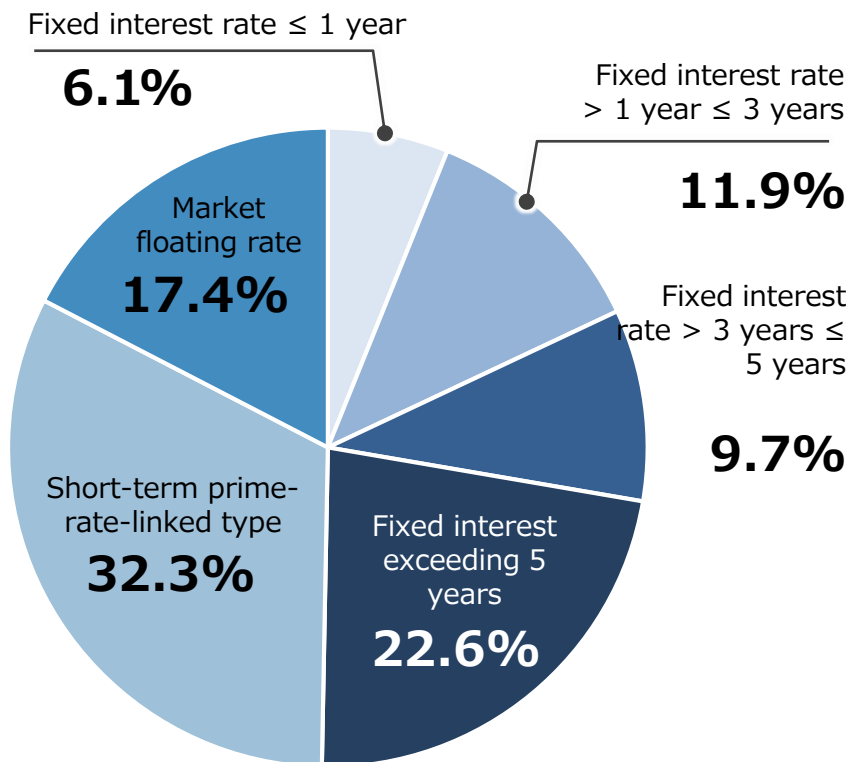
Interest on consumer loans and bills discounted & yield

*Before non-accrued interest



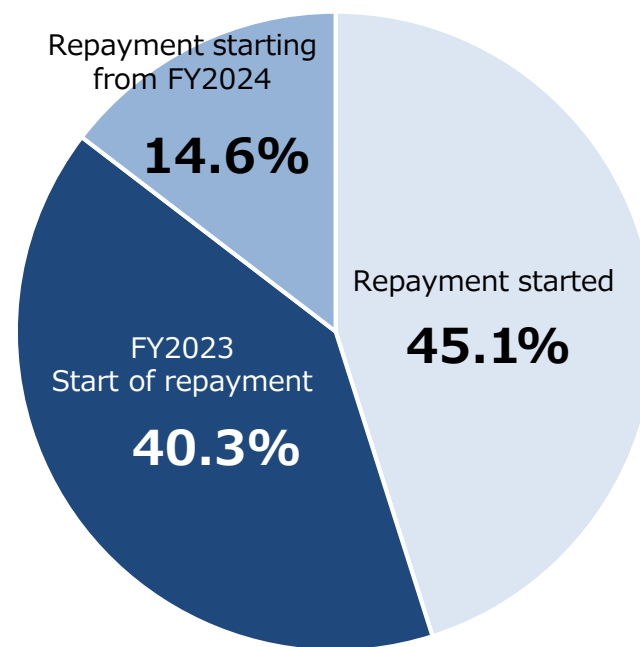
Loans and Bills Discounted Area

Composition of overall Loans and bills discounted
(FYE 2023/3)



Note: Excluding non-performing loans

Status of initiatives on real interest-free and unsecured loans
(zero-zero loans)(FYE 2023/3)



Note: (Based on number of cases)

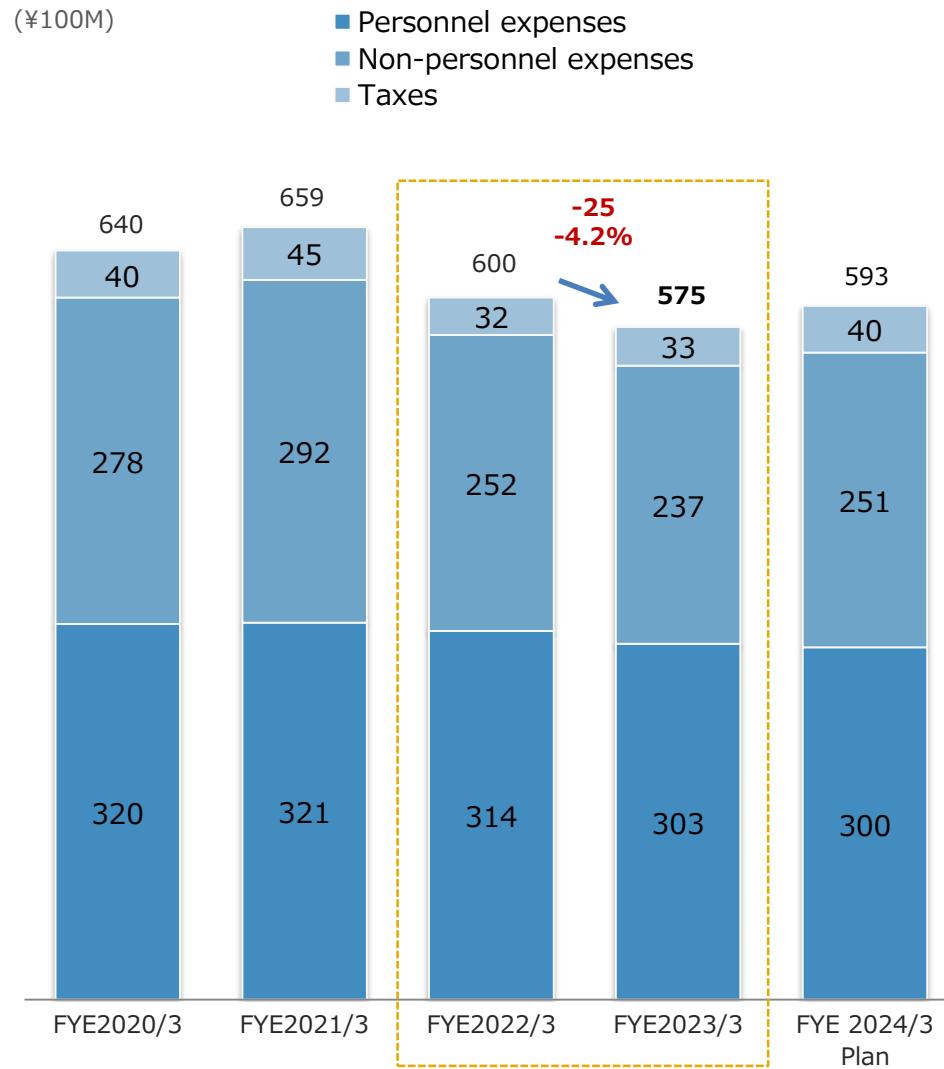
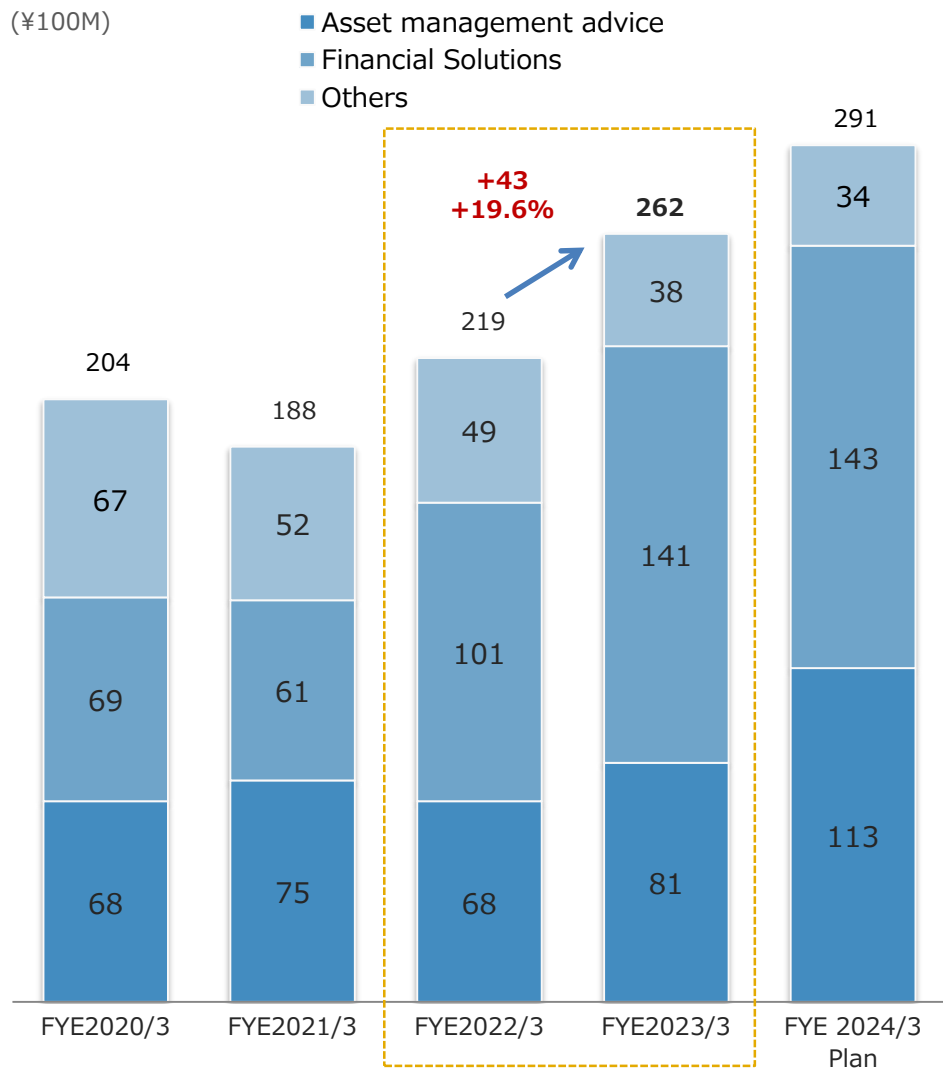
<Reference> Real interest-free and unsecured loans
(zero-zero loans)
Balance: 145.5 billion yen

Non-interest Income Area/Expenses

Non-interest income

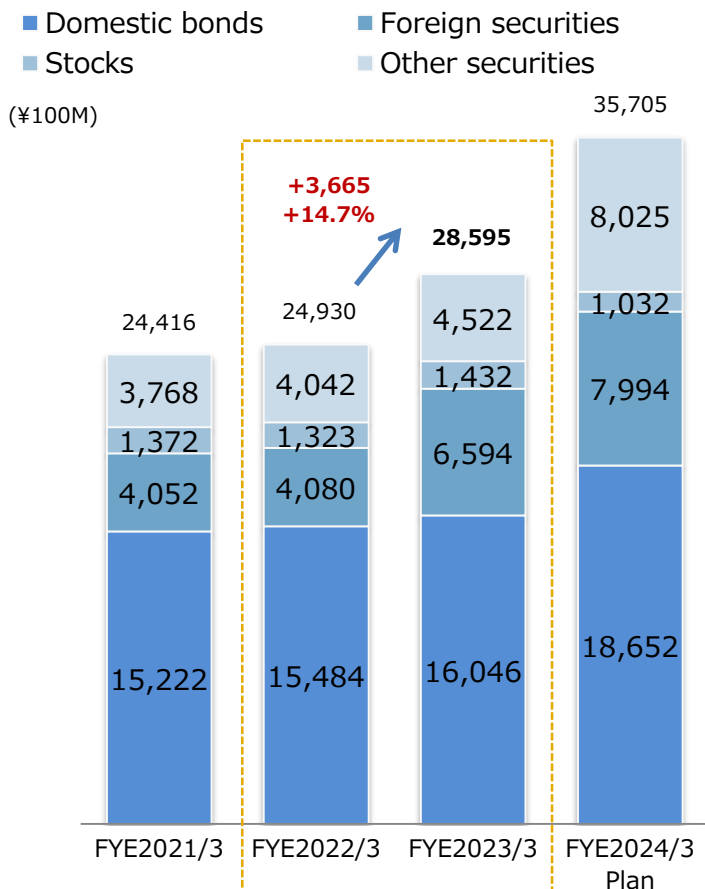
Expenses

(Total amount of profit from other businesses, etc., excluding fees and commissions and other profit, and gains and losses on government bonds, excluding foreign currency funding costs)



*Accompanying the change in calculation method of non-interest income, figures compared with the retroactively changed counts are stated in light of comparison with previous years)

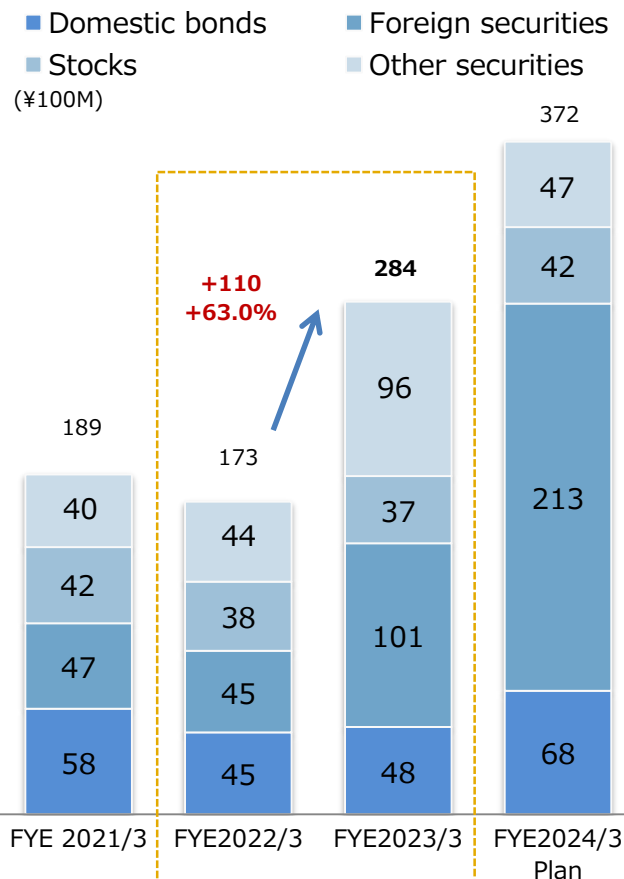
End-balance of Securities



Yield	0.78%	0.70%	1.09%	1.10%
Duration	[Yen bonds] 5.99 years [Foreign bonds] 4.74 years	6.17 years 5.39 years	5.59 years 5.24 years	5.64 years 4.63 years

*Duration is calculated excluding bonds hedged with interest rate swaps

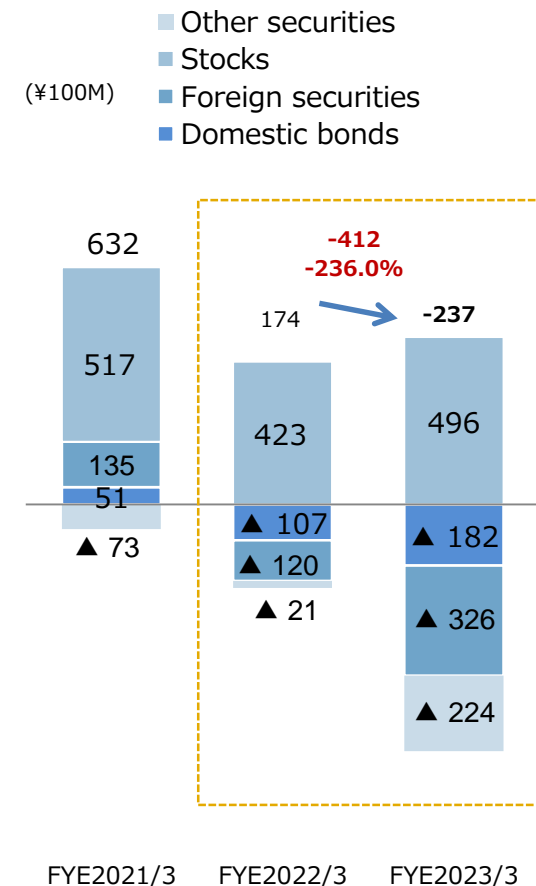
Interest and dividends on securities



Vs. Plan	+7	+10	+57
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*Vs. Plan is after considering foreign currency financing and other costs

Valuation gains or losses



-23.7 billion yen, a decrease of 41.2 billion yen year on year, mainly due to a rise in domestic and overseas interest rates

Trends in end-balance of Securities

(¥100M)

	FYE 2021/3	FYE 2022/3	FYE 2023/3
Government bonds	5,728	5,536	6,030
Local government bonds	6,433	7,247	7,682
Public corporate bonds	769	713	654
Financial bonds	66	27	20
Business bonds	2,225	1,958	1,658
Stocks	1,372	1,323	1,432
Foreign securities	4,052	4,080	6,594
Other securities	3,768	4,042	4,522
Total	24,416	24,930	28,595

Breakdown of changes in end-balance of Securities

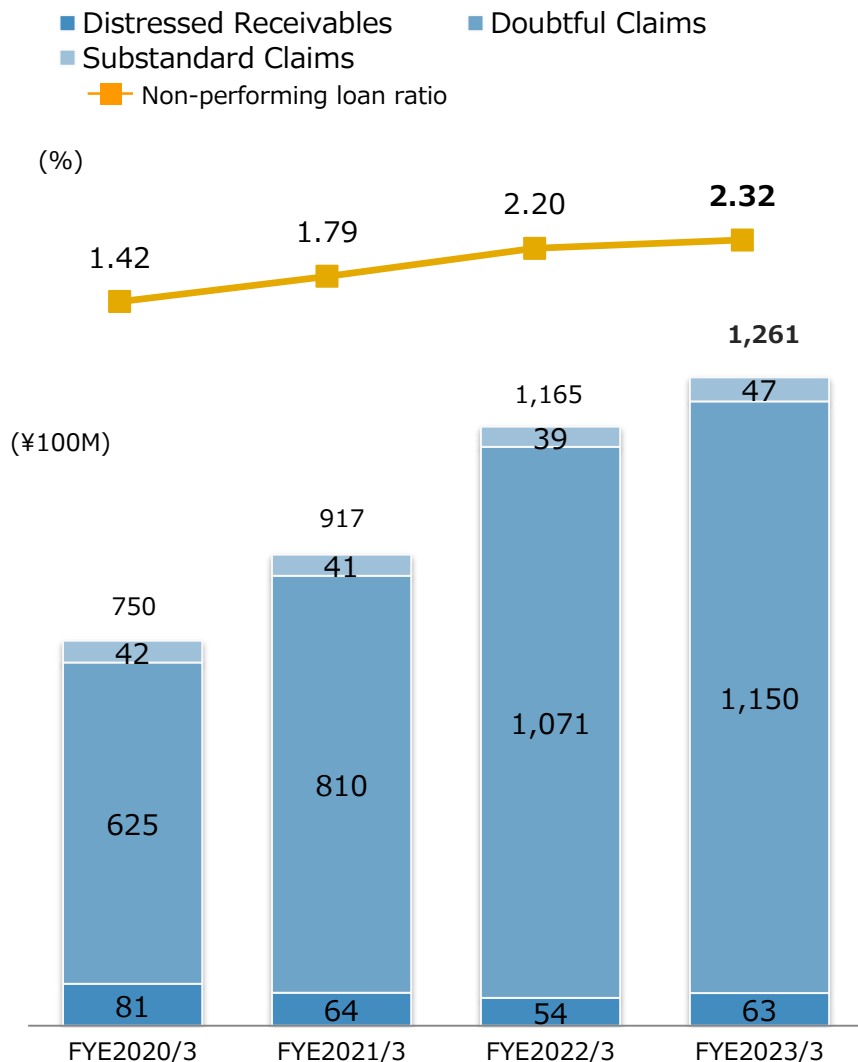
(Vs. March 31, 2022)

(¥100M)

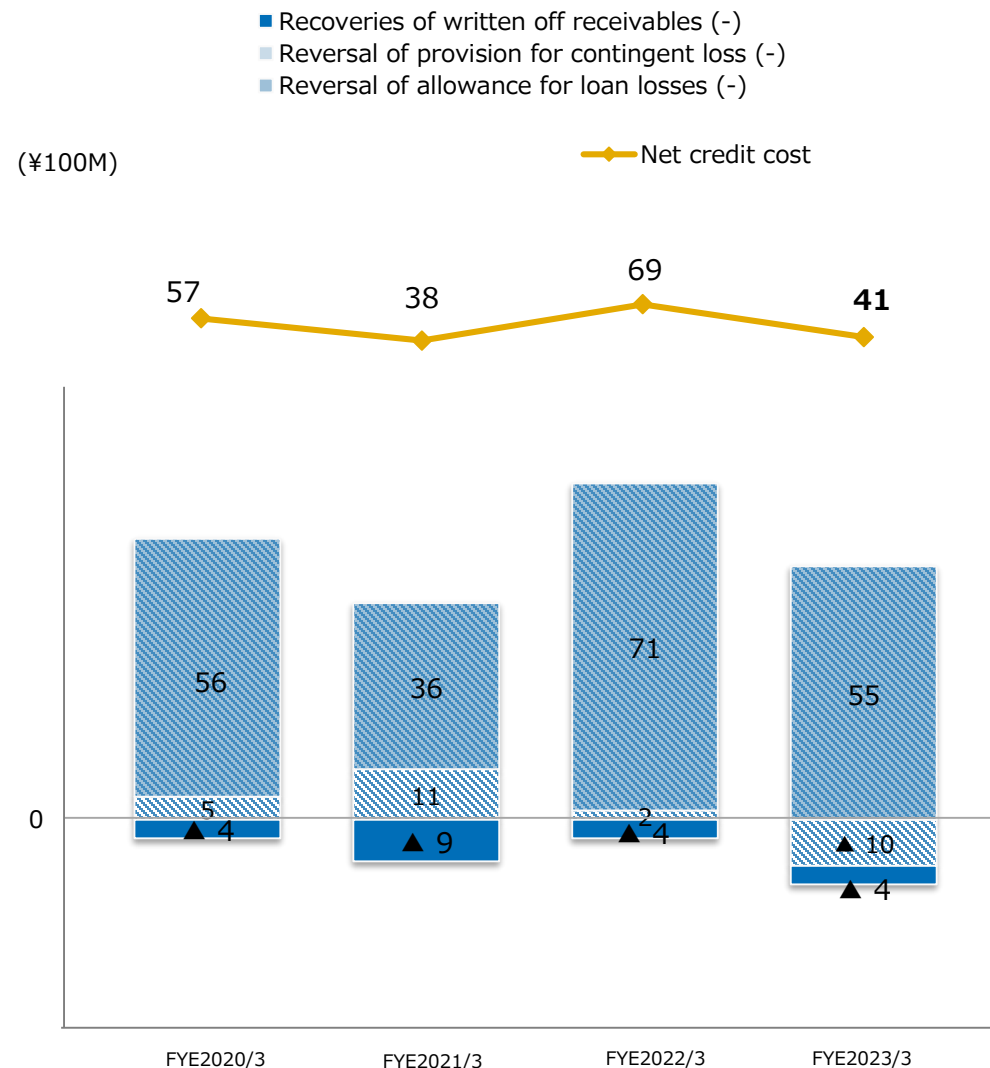
Domestic bonds (yield: 0.31%)	562
Purchase	3,892
Sale	-1,797
Other (redemption, market value factors, etc.)	-1,533
Stocks (yield: 4.26%)	108
Purchase	228
Sale	-184
Other (depreciation, market value factors, etc.)	64
Foreign securities (yield: 1.90%)	2,514
Purchase	4,982
Sale	-1,931
Other (redemption, market value factors, etc.)	-537
Other securities (yield: 2.29%)	479
Purchase	4,708
Sale	-4,424
Other (redemption, market value factors, etc.)	195

Non-performing Loan Ratio & Net Credit Cost

Non-performing loan ratio and amount



Net credit cost



(¥100M)	FYE2023/3			FYE 2024/3 H1 (plan)
	Allocated capital amount	Risk amount (actual)	Utilization	Allocated capital amount
Allocated capital	3,190	1,652	51.8%	3,335
Credit risk (loans and bills discounted)	400	322	80.6%	430
Market risk	1,900	1,088	57.2%	2,200
Cross-shareholding risk	145	117	80.8%	145
Operational risk	125	124	99.8%	130
Stress-event capital (Capital held assuming a sudden change in the environment)	620	0	0.0%	430
Risk buffer (unallocated capital)	354	0	0.0%	226
Allocation resources, net of allowance for doubtful accounts	3,544	-	-	3,561

Risk calculation method

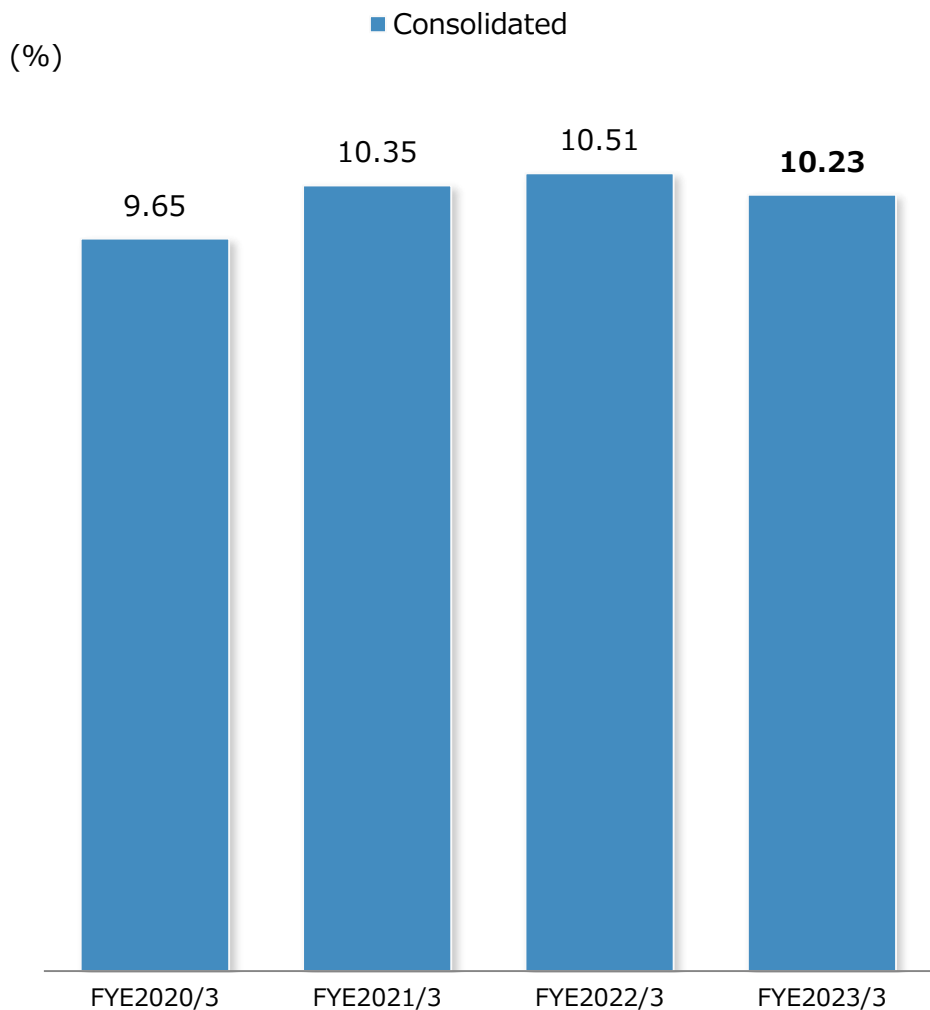
- Market Risk, Credit Risk, Cross-shareholding Risk
 - ▣ Confidence interval: 99% for all
 - ▣ Holding period: 1 year for loans, 6 months for non-loans

- ▣ For Cross-shareholding,
Risk amount = (VaR – Loss (gain) on valuation), but ≥ 0

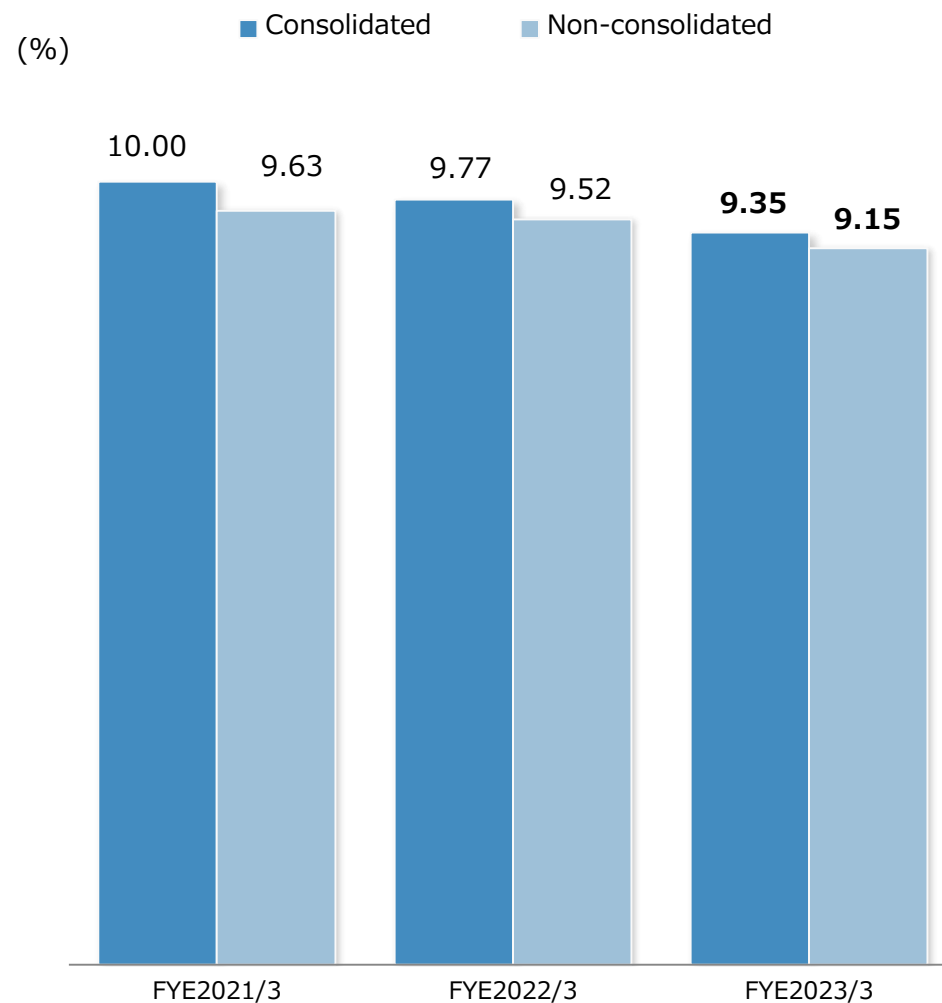
- Operational risk
 - ▣ Gross profit distribution method

Capital Ratio

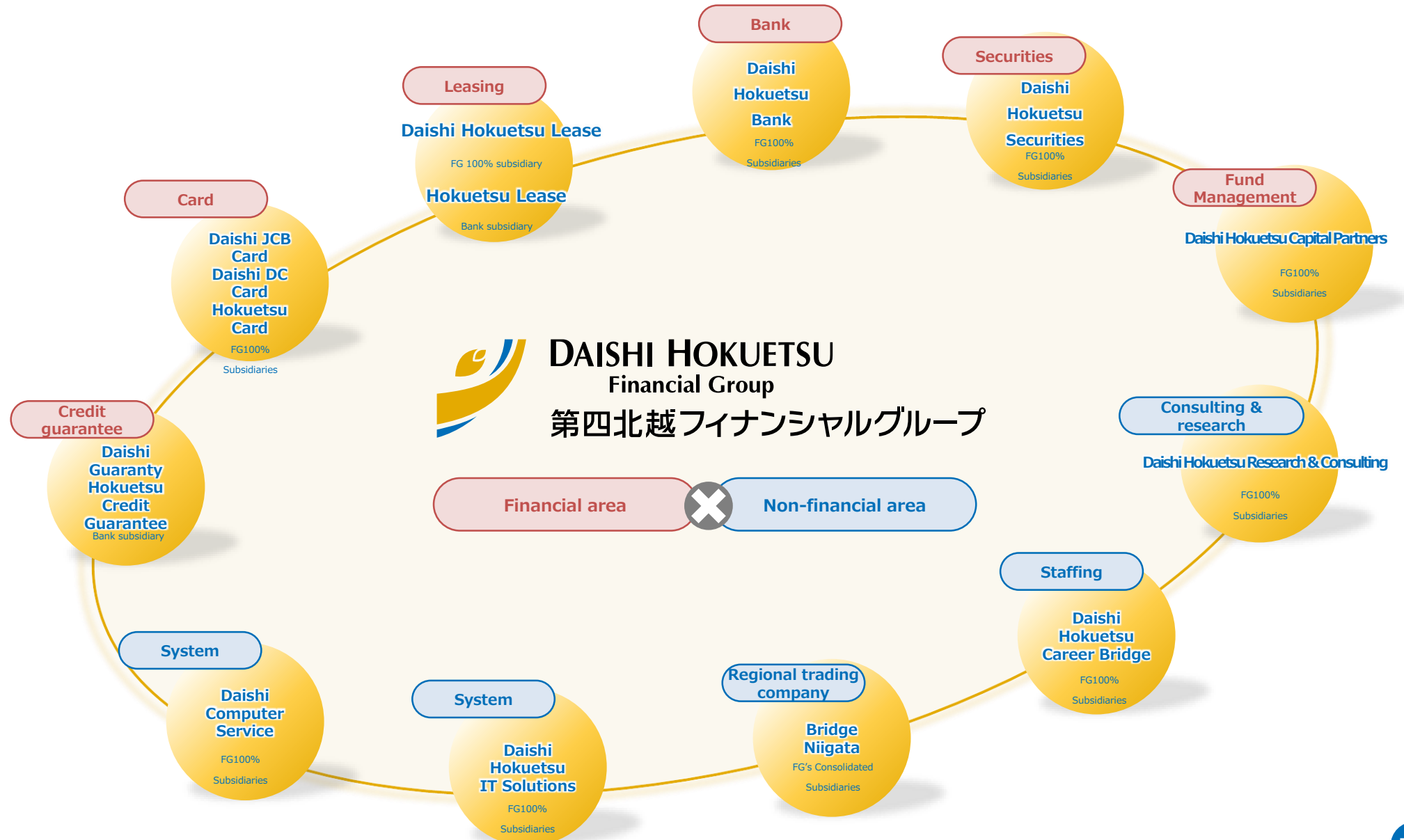
FG's Consolidated



Daishi Hokuetsu Bank



Financial Position of Group Companies



Financial Position of Group Companies

Company	Core Business	Share capital	Net sales (ordinary profit)			Ordinary profit			Profit		
			2021 FYE March	2022 FYE March	2023 FYE March	2021 FYE March	2022 FYE March	2023 FYE March	2021 FYE March	2022 FYE March	2023 FYE March
Daishi Hokuetsu Bank, Ltd.	Banking	32,776	117,475	107,585	122,639	14,791	18,267	22,568	10,150	12,143	14,847
Daishi Hokuetsu Securities Co., Ltd.	Securities	600	5,766	5,665	4,183	1,871	2,811	1,268	1,299	1,959	670
Daishi Hokuetsu Career Bridge Co., Ltd.	Staffing agency business and consulting business related to corporate human resources	30	55	154	199	17	74	67	17	60	51
Daishi Guaranty Co., Ltd.	Credit guarantee business	50	1,639	1,730	1,843	1,219	1,122	1,538	802	738	1,011
Hokuetsu Credit Guarantee Co., Ltd.	Credit guarantee business	210	692	962	655	559	893	588	372	689	421
Daishi Hokuetsu Capital Partners Co., Ltd.	Venture capital business	20	121	96	35	21	11	4	15	8	3
Daishi Hokuetsu Research & Consulting Co., Ltd.	Consulting business and research/study, information provision services related to economy and society	30	134	205	389	18	30	25	12	19	16
Daishi Hokuetsu Leasing Co., Ltd.	Leasing business	100	16,255	16,268	16,604	743	497	118	491	329	96
Hokuetsu Leasing Co., Ltd.	Leasing business	100	5,414	4,721	3,896	170	262	248	111	175	164
Daishi Computer Service Co., Ltd.	Computer-related services	15	1,195	925	1,014	42	59	103	28	39	68
Daishi JCB Card Co., Ltd.	Credit card and credit guarantee services	30	1,381	1,669	1,579	355	592	454	237	393	300
Daishi DC Card Co., Ltd.	Credit card services	30	781	827	876	63	87	46	43	57	31
Hokuetsu Card Co., Ltd.	Credit card and credit guarantee services	20	859	772	732	186	155	162	124	103	107
Daishi Hokuetsu IT Solutions Co., Ltd.	Computer-related services	100	3,181	2,882	3,177	108	161	240	65	101	152
Bridge Niigata, Ltd.	Regional trading company business	70	233	231	248	39	38	10	29	26	8

October 2022: Daishi JCB Card Co., Ltd., Daishi DC Card Co., Ltd., Hokuetsu Card Co., Ltd., and Daishi Computer Service Co., Ltd. became 100% subsidiaries of FG
 April 2023: Daishi Hokuetsu IT Solutions Co., Ltd. became a 100% FG subsidiary and Bridge Niigata Co., Ltd. became a consolidated FG subsidiary



DAISHI HOKUETSU
Financial Group

第四北越フィナンシャルグループ

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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.