

# Company Briefings for the First Half of the Fiscal Year Ending March 2025

November 2024



**DAISHI HOKUETSU**  
Financial Group

第四北越フィナンシャルグループ

Securities  
Code 7327

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

# Table of Contents

## Highlights

.....	2
<b>Financial Results for the First Half of the Fiscal Year Ending March 2025</b>	
FG's Consolidated Interim Profit .....	4
Interim Profit by Division .....	5
FG Consolidated Change Factors .....	7
Bank Division	
Bank Non-consolidated Change Factors .....	8
Balance of Loans and Bills Discounted .....	9
Balance of Deposits, etc. ....	11
Non-interest Income Area .....	12
Securities .....	13
Expenses .....	15
Non-performing Loan Ratio & Net Credit Cost .....	16
FG's Consolidated Capital Ratio .....	17
Synergies from Management Integration .....	18
Earnings Forecast for Fiscal Year Ending March 2025 .....	20

## Medium-Term Management Plan III

Sustainable Growth Initiatives	
by Daishi Hokuetsu Financial Group .....	22
Change in KPI Targets .....	23
Basic Strategy I Demonstration of Group	
Comprehensive Capabilities .....	26
Basic Strategy II Pursuit of Productivity Improvement .....	32
Basic Strategy III Enhancement of Human Capital Value .....	35
Basic Strategy IV Deepening Risk Management .....	38
Overarching Theme Across Strategies:	39
Deepening the TSUBASA Alliance .....	39

<b>Sustainability Initiatives</b> .....	41
Daishi Hokuetsu FG Sustainability Initiatives .....	42
Daishi Hokuetsu FG Initiatives .....	43
Addressing Issues faced by Regions and Customers .....	44
<b>Capital Policy</b> .....	46
Implementation of Stock Split .....	47
Changes in Shareholder Return Policy .....	48

## Appendix

Medium-Term Management Plan III .....	50
Key Performance Indicators .....	53
Summary of Financial Results for the First Half	
of the Fiscal Year Ending March 2025 .....	55
Changes in interest and yield on loans	
and bills discounted .....	57
Balance of deposits, etc., and assets in custody .....	58
Non-Interest Income/Expenses .....	60
Securities Sector .....	61
Non-performing Loan Ratio & Net Credit Cost .....	63
Capital Allocation .....	64
Capital Ratio .....	65
Training Program for Enhancement of	
Human Capital Value .....	66
Governance Structure supporting Sustainable Growth .....	67
Initiatives to Reduce Cross-shareholdings .....	68
Financial Position of Group Companies .....	69

# Highlights of First Half of the Fiscal Year Ending March 2025



**DAISHI HOKUETSU**  
Financial Group

第四北越フィナンシャルグループ

“Stage for a leap forward”

## Medium-Term Management Plan III

(3rd Stage : FY2024–FY2026)

**1H of  
FYE2025/3**

**Smoothly started as the first year of Medium-Term Management Plan III, which is positioned as a “Stage for a leap forward”**  
<Consolidated Interim Profit recorded the highest since the establishment of FG>



**FG consolidated interim profit exceeded both the initial and the upwardly revised forecasts and also increased year on year**

- ✓ Interim profit was the highest since the establishment of FG



**FG consolidated profit for the fiscal year ending March 2025 was revised upward to 25 billion yen (up 2 billion yen from the initial forecast)**  
**In addition, the target in the final year of Medium-Term Management Plan III was revised upward to 35 billion yen (up 8 billion yen from the initial target)**

- ✓ Incorporated new projections based on the steady progress of Medium-Term Management Plan III and the impact of monetary policy changes (removal of negative interest rates, policy rate hikes, etc.)



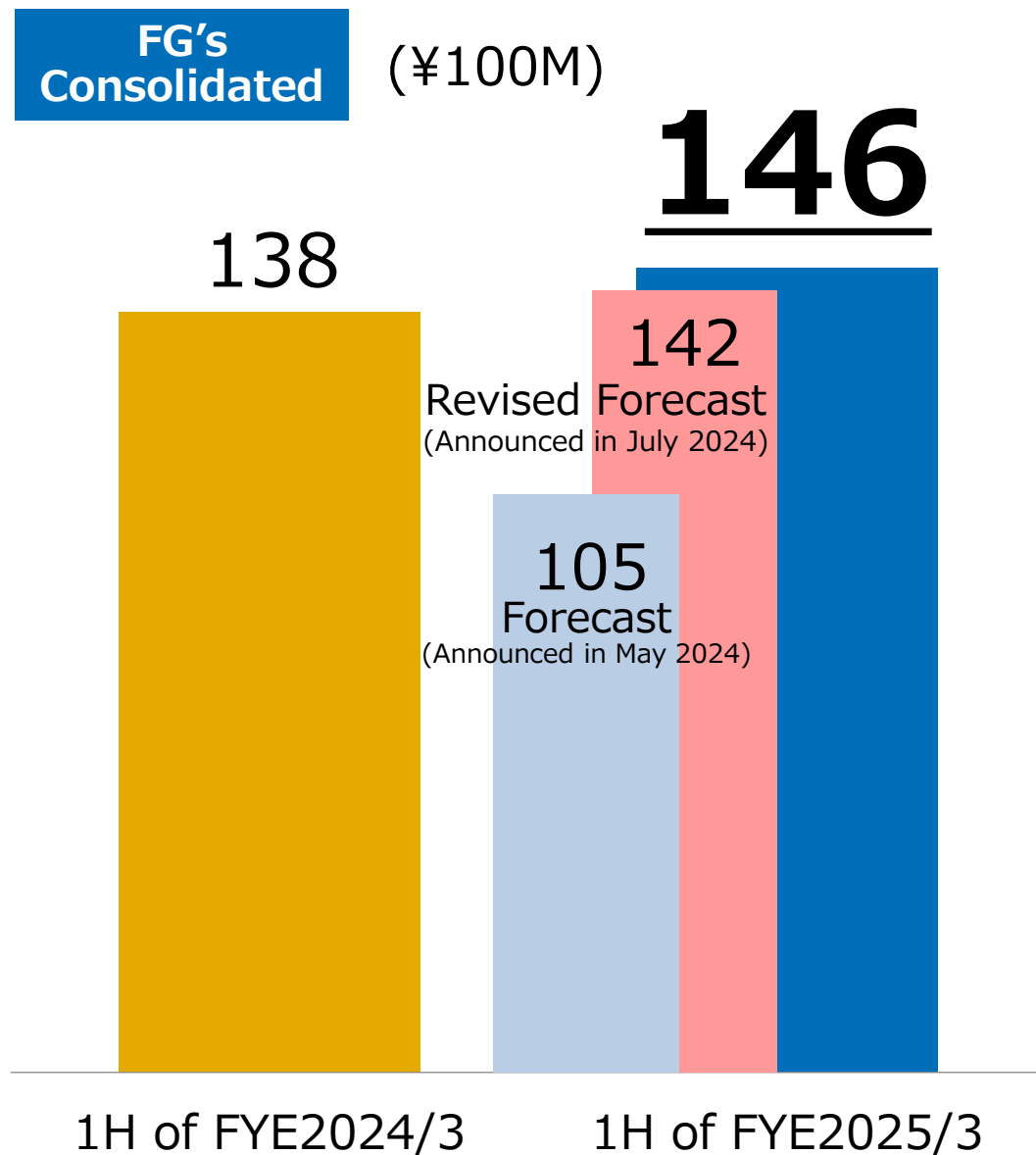
**Increased interim dividend and revised upward year-end dividend forecast for the fiscal year ending March 2025**

- ✓ Revised shareholder return policy and raised dividend payout ratio to around 40% from around 35%

# **Financial Results for the First Half of the Fiscal Year Ending March 2025**

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# FG's Consolidated Interim Profit



## Year on Year

**+¥0.8B**  
**(+6.0%)**

**Vs. Initial Forecast** **+¥4.1B**  
**(+39.5%)**

**Vs. Revised Forecast** **+¥0.4B**  
**(+3.1%)**

# Interim Profit by Division

Bank Non-  
consolidated

(¥100M)

**130**

104

123

Revised Forecast  
(Announced in July 2024)

86

Forecast  
(Announced in May 2024)

1H of FYE2024/3

1H of FYE2025/3

Year on Year

**+¥2.5B**  
**(+24.6%)**

**Vs. Initial  
Forecast**

**+¥4.4B**  
**(+51.9%)**

**Vs. Revised  
Forecast**

**+¥0.7B**  
**(+6.2%)**

# Interim Profit by Division

## Group Company Division

(¥100M)

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

18



1H of FYE2024/3

16

1H of FYE2025/3

## Year on Year

**-¥0.1B**  
**(- 8.5%)**

### Securities

**+¥0.08B (+13.2%) yoy**

- Increased profits by implementing consulting proposals that capture market trends and cost reduction

### Credit guarantee

**-¥0.18B (-38.1%) yoy**

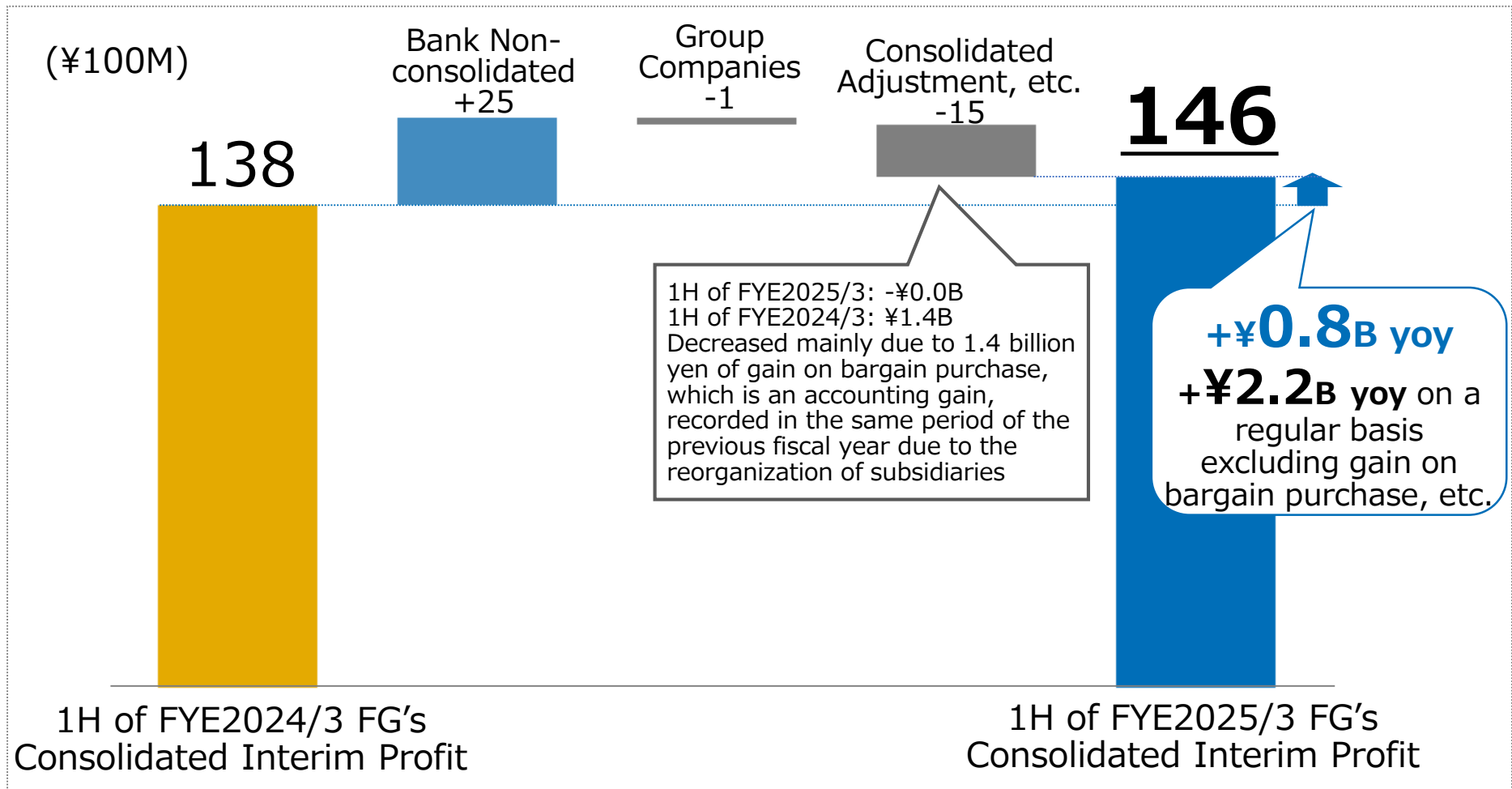
- Lower than the previous year due to increase in credit costs, etc.

### System

**-¥0.18B (-) yoy**

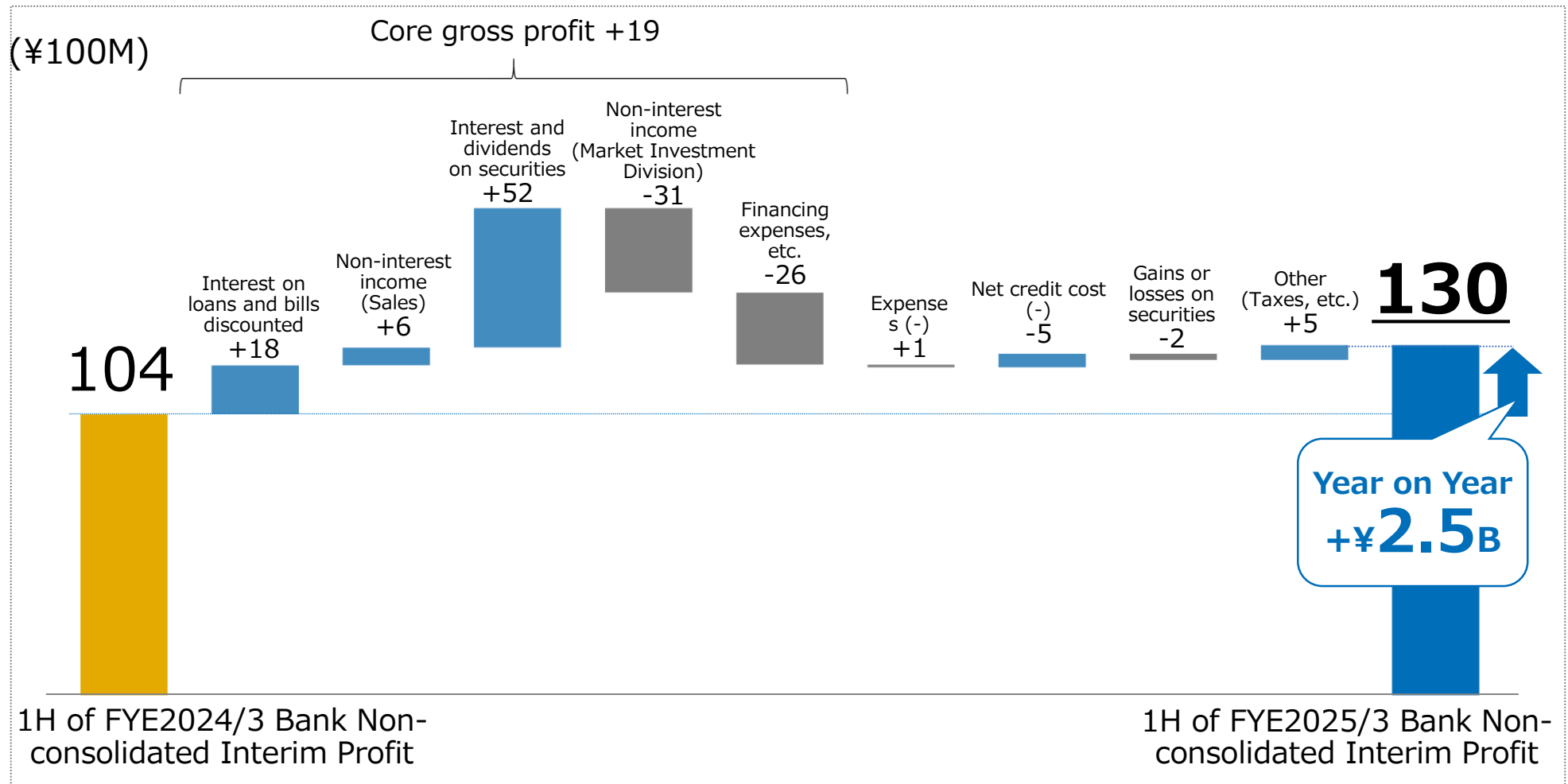
- Down from the previous year due to a reactionary decline in large-scale projects recorded in the previous year

## FG's consolidated interim profit increased due to an increase in the bank's non-consolidated profit

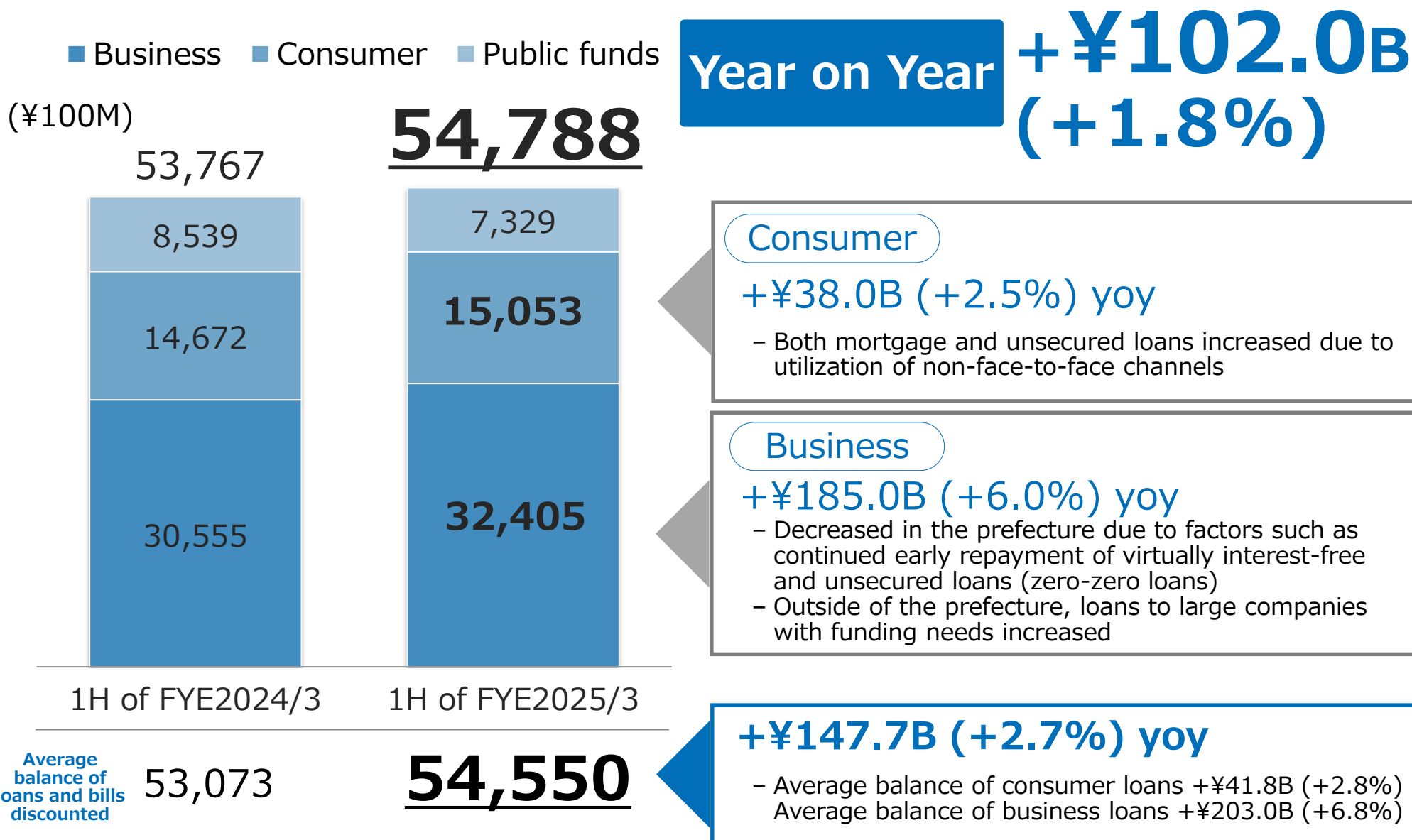




# Reinforce **Top Line (Core gross profit)** with **Enhanced Consulting Functions**

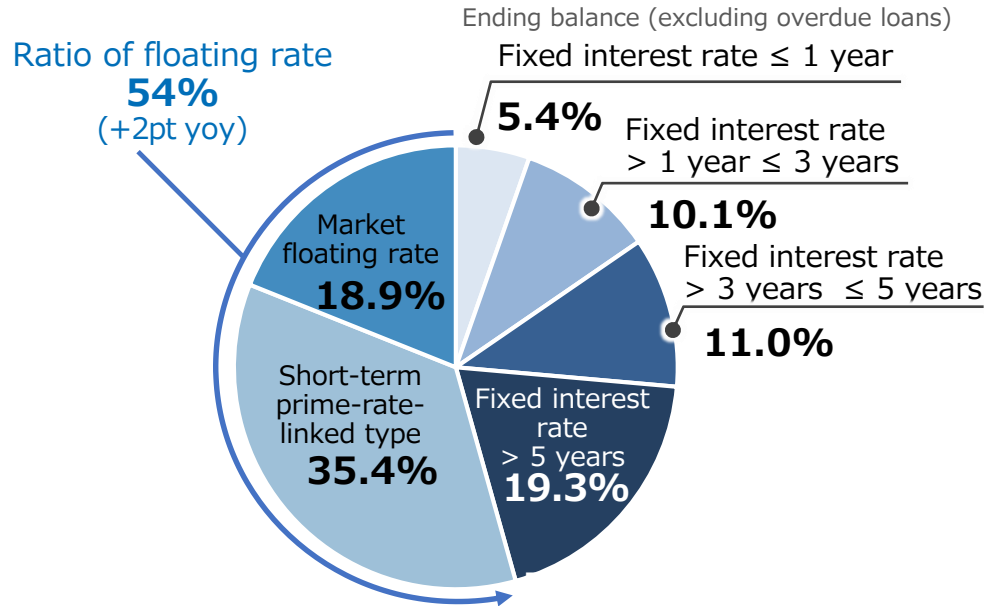


## End-Balance of Loans and Bills iscounted

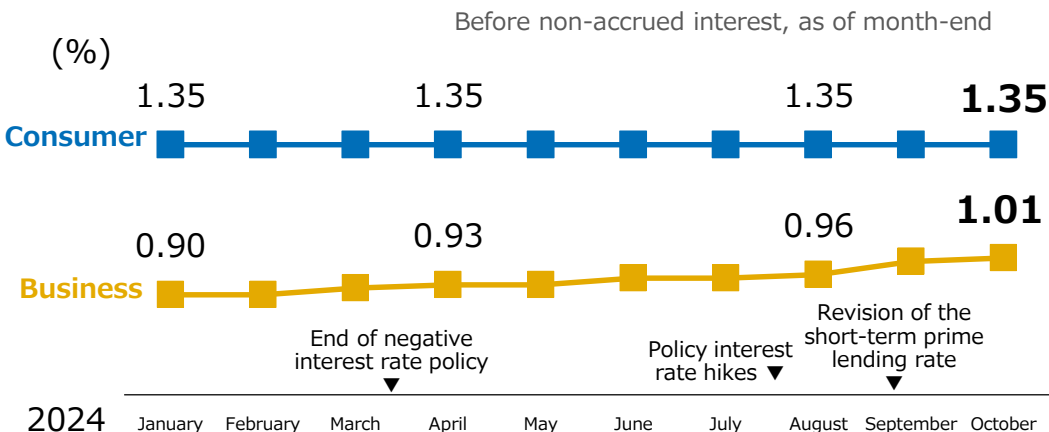


# Status of Loans and Bills Discounted

## Composition of overall loans and bills discounted (2024/9 End)



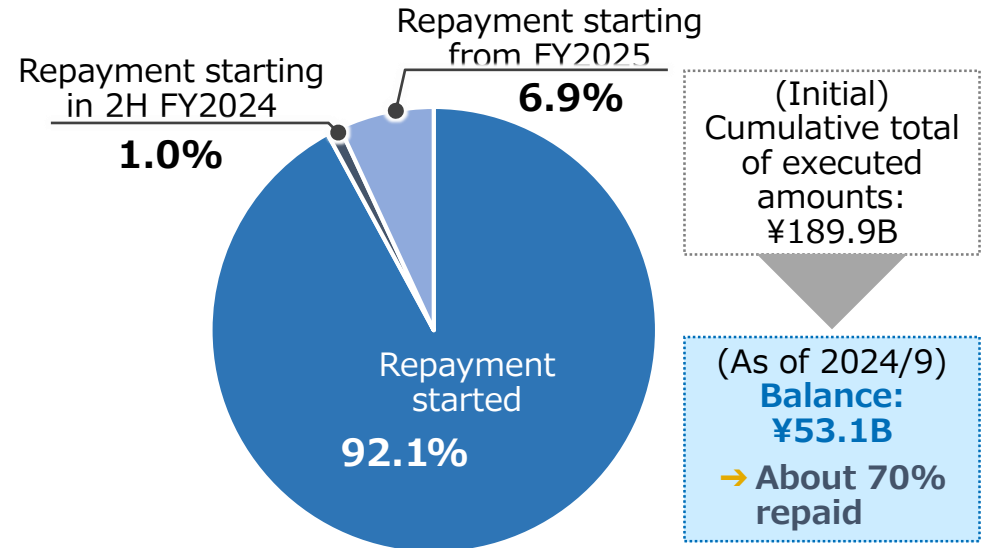
## Changes in yield on loans and bills discounted (monthly)



## Status of virtually interest-free and unsecured loans (2024/9 End)

### Status of start of repayment

Based on the number of claims

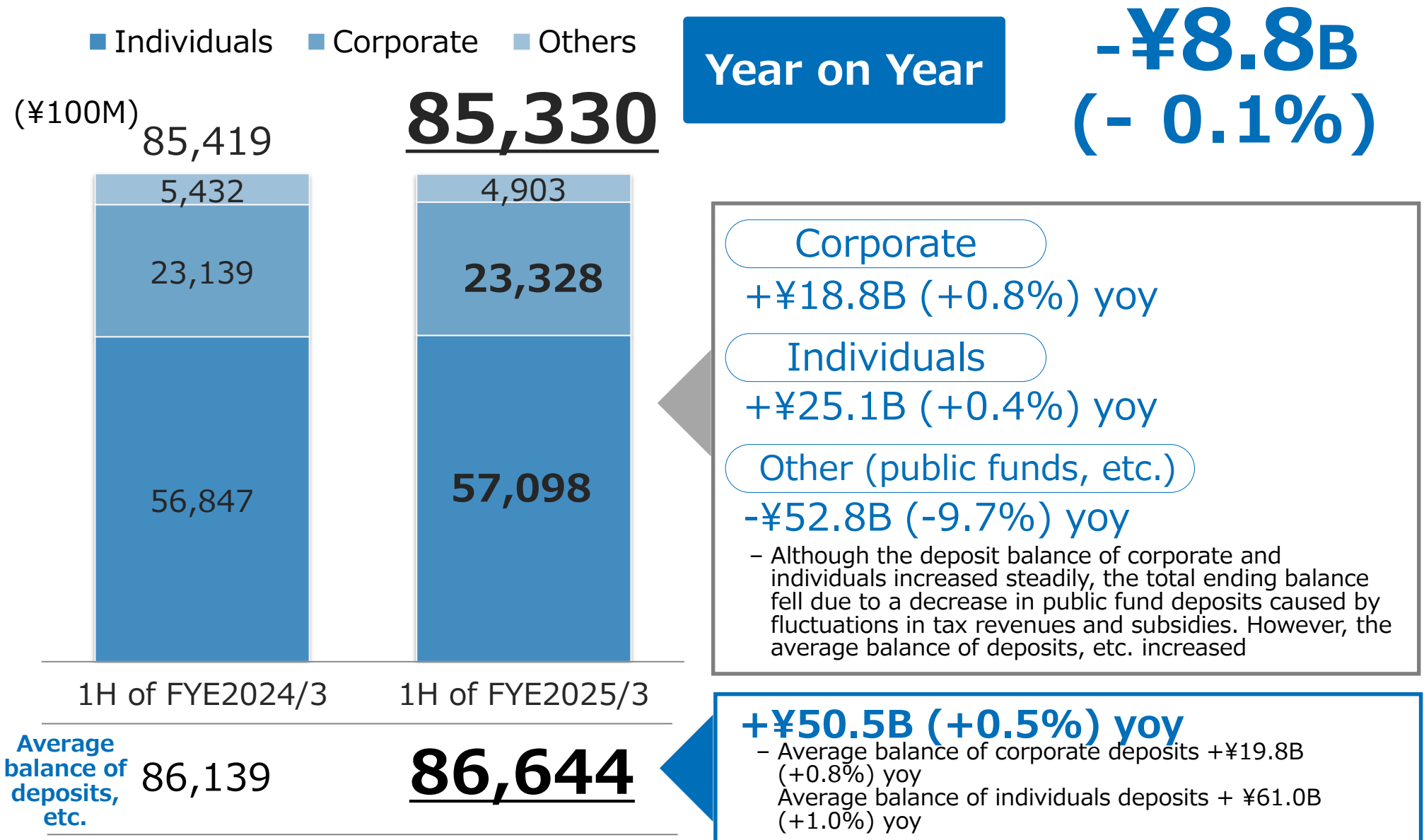


### Balance and Delinquency Ratio

→ The delinquency rate remained low

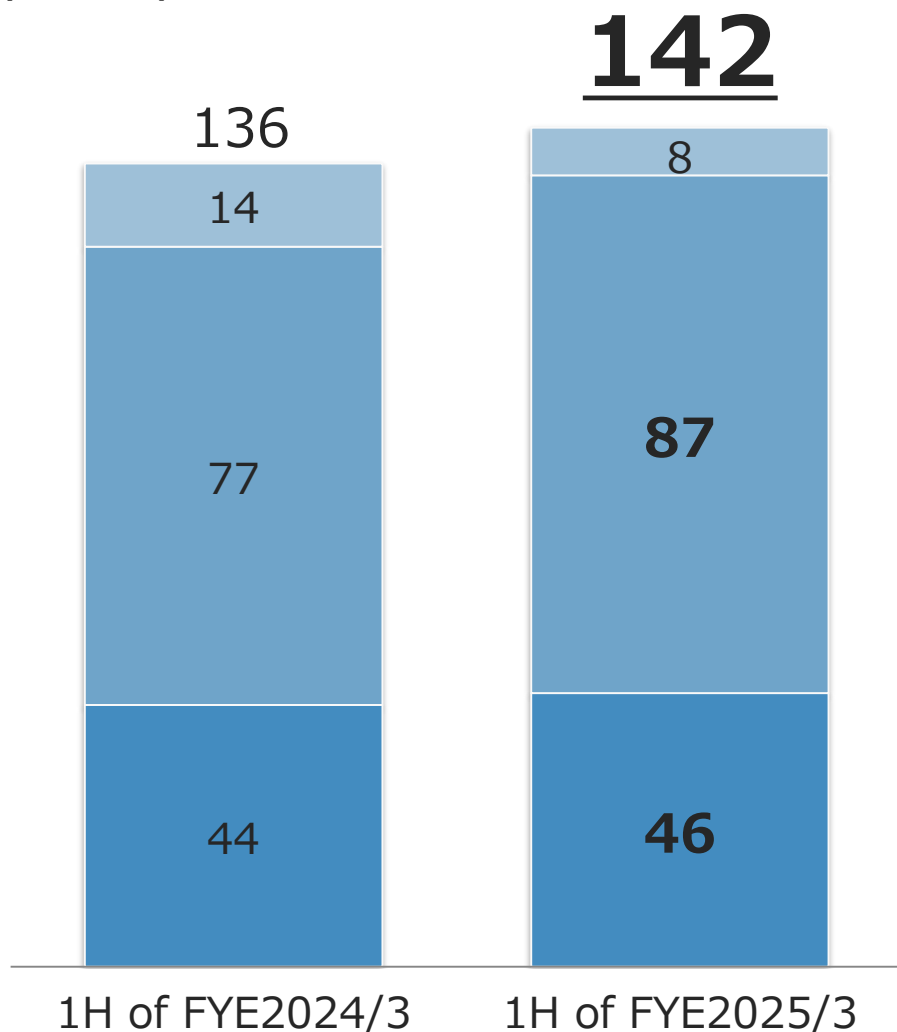
Type of claims	Number of claims	Ratio	Out-standing loans (¥100M)	
			Out-standing loans	Ratio
All	4,570	-	531	-
Normal claims	4,480	98.0%	524	98.7%
Delinquent loans	90	2.0%	6	1.3%

## End-Balance of Deposits, etc.



■ Others ■ Financial Solutions ■ Asset management advice

(¥100M)



Year on Year

**+¥0.6B**  
**(+4.8%)**

Income from financial solutions

**+¥1.0B (+14.0%) yoy**

– Foreign currency derivatives increased

Income from asset management advice

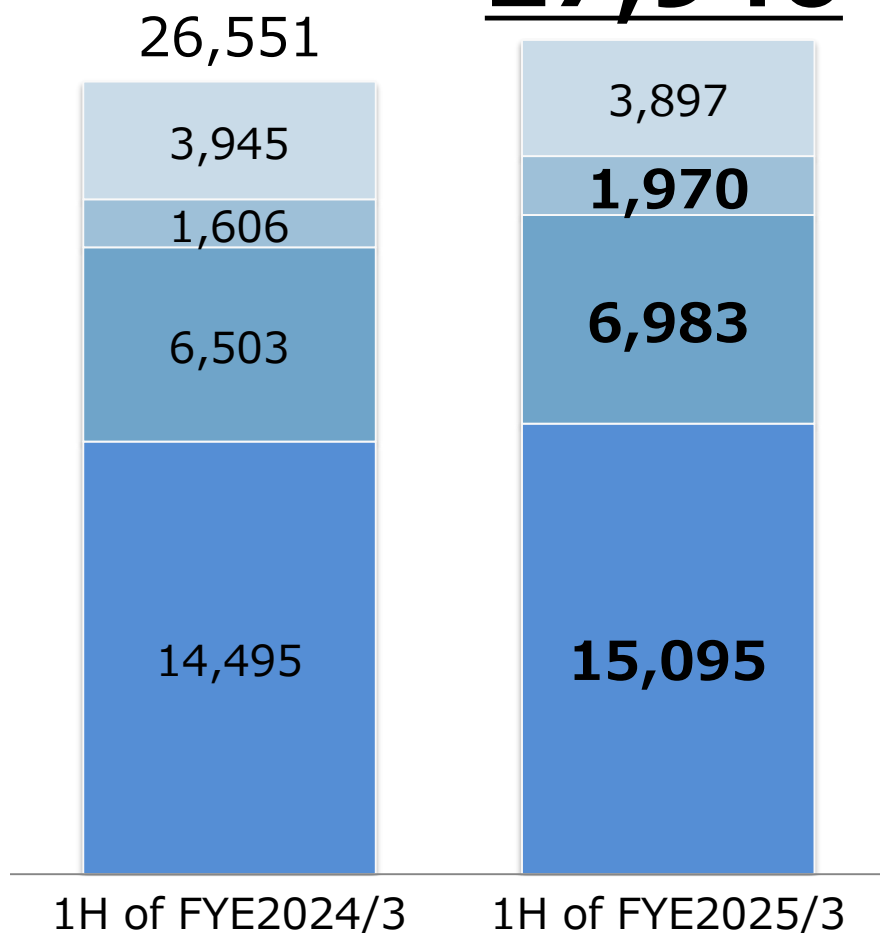
**+¥0.2B (+5.1%) yoy**– Sales of insurance and investment trusts  
increased

## End-Balance of Securities

\*Excluding trading securities

■ Domestic bonds  
■ Stocks  
(¥100M)

■ Foreign securities  
■ Other securities

**27,946**

Year on Year

**+¥139.4B**  
**(+5.2%)**

## Stocks

**+¥36.3B (+22.6%) yoy**

– Increased due to addition in response to market trends

## Foreign securities

**+¥47.9B (+7.3%) yoy**

– Increased due to asset swap transactions, which combine bond purchases and interest rate swaps to earn revenue while controlling interest rate risk, and the addition of Government National Mortgage Association (GNMA) bonds

## Domestic bonds

**+¥60.0B (+4.1%) yoy**

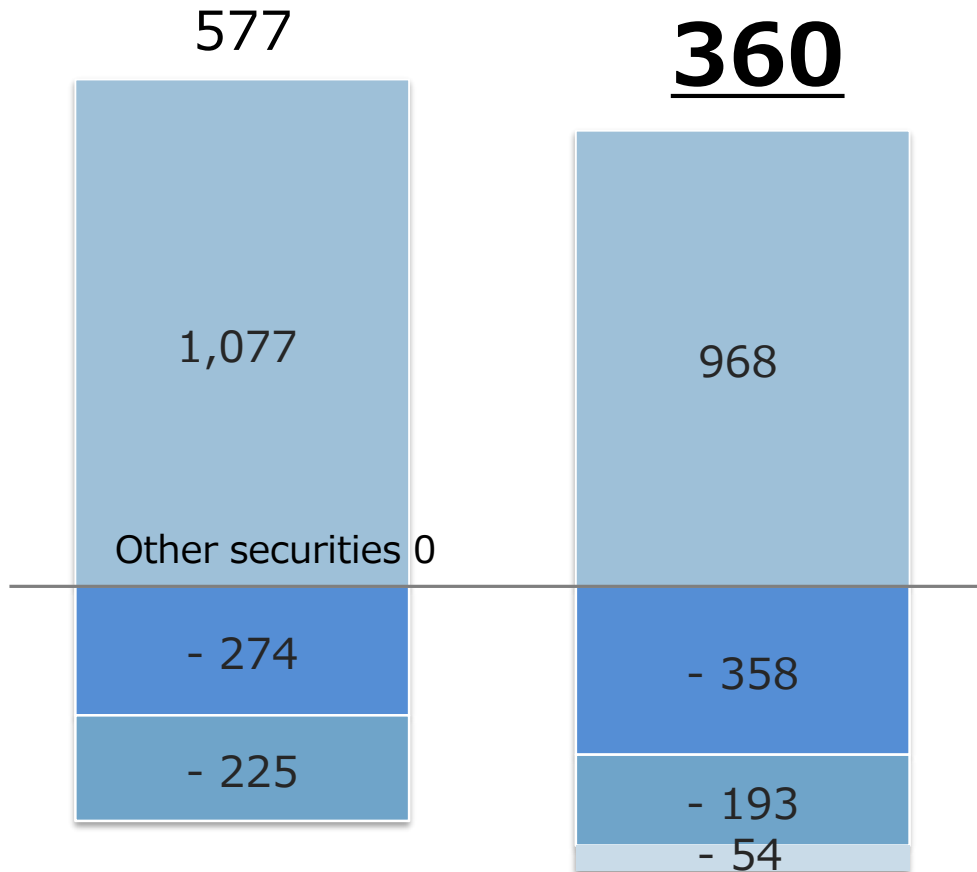
– Increased mainly due to an increase in government bonds and asset swaps

# Valuation Gains or Losses on Securities

\* Valuation gains/losses on domestic bonds and foreign securities are after taking into account deferred hedging by interest rate swap

■ Domestic bonds  
■ Stocks  
(¥100M)

■ Foreign securities  
■ Other securities



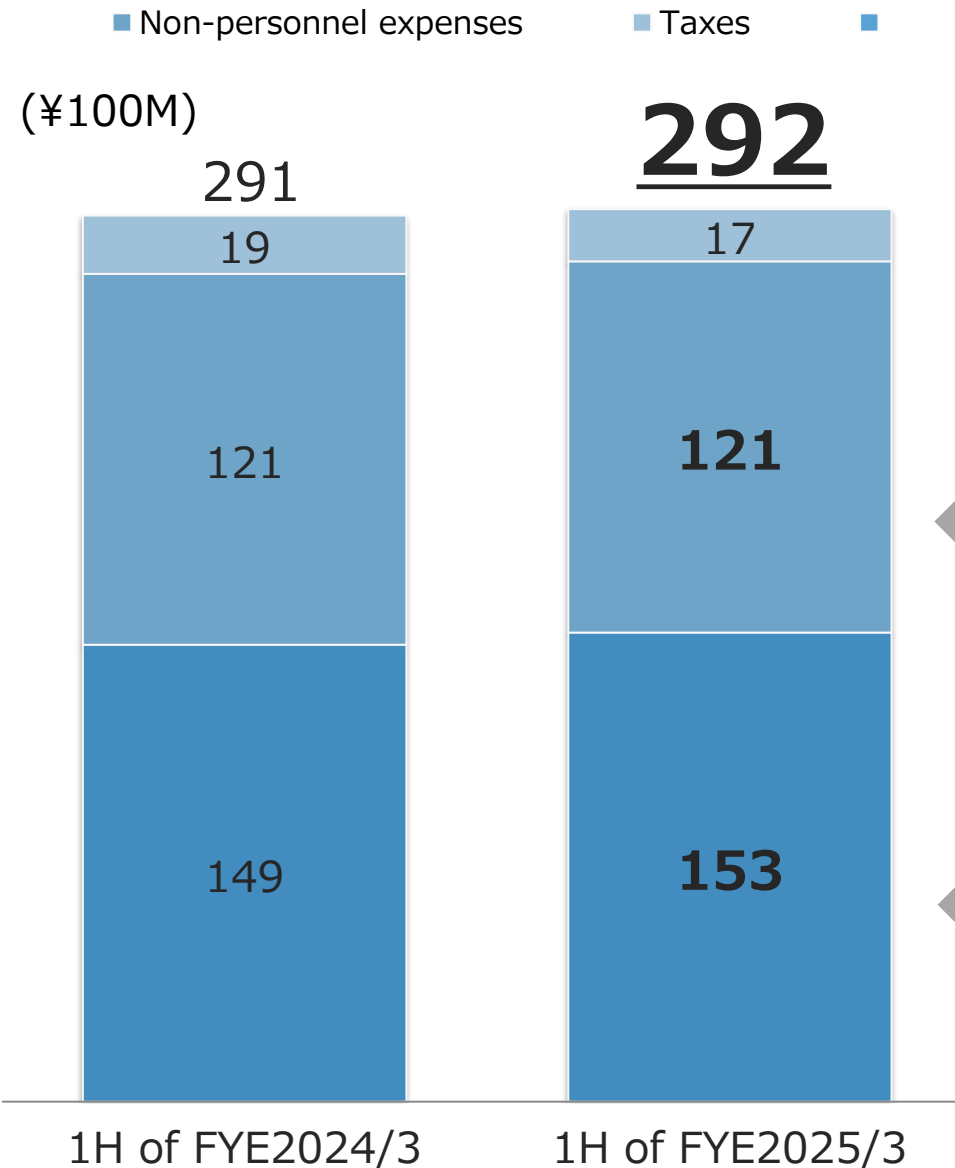
## Valuation Gains or Losses on Securities

Vs. FYE2024/3 -¥21.6B

- Gain (loss) on the valuation of foreign securities improved due to sale of securities to improve portfolios
- On the other hand, gain (loss) on the valuation of domestic bonds and stocks decreased due to rising domestic interest rates and falling stock prices

FYE2024/3

1H of FYE2025/3



**Year on Year** **+¥0.1B**  
**(+0.3%)**

**Non-personnel expenses**

**-¥0.0B (-0.3%) yoy**

- Executed strategic investments to strengthen consulting functions and improve customer convenience while continuing strict cost control

**Personnel expenses**

**+¥0.3B (+2.5%) yoy**

- Investing in wage increases and personnel development to enhance human capital value



■ Non-performing loan ratio ■ Net credit cost

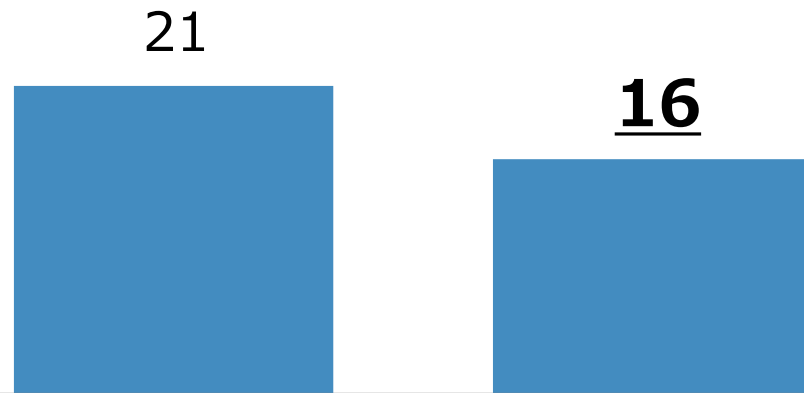
(%)



Non-performing loan ratio

-0.05pt yoy

(¥100M)



Net credit cost

-¥0.5B yoy

- Net credit costs were reduced by supporting management improvement and business revitalization in an accompanying manner through collaboration between Sales and Credit divisions, among other measures
- Continue to focus on providing support for well-planned financing, management improvement, business revitalization, etc. by leveraging group functions

1H of FYE2024/3

1H of FYE2025/3

# FG's Consolidated Capital Ratio

FG's  
Consolidated (%)

10.21

10.08

International  
standard  
8%

Domestic  
standard  
4%

1H of FYE2024/3

1H of FYE2025/3

Year on Year

- **0.13pt**

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

# Management Integration Synergy (Single FY)

**Synergies from management integration in a single fiscal year are progressing faster than the initial plan** (formulated in October 2018)

**Synergy effect**  
(Vs. FYE 2018/3 before Management Integration)

**1H of FYE2025/3**  
(single FY)

**Result**

**+¥4.5B**  
(+¥0.2B vs. Plan)

Breakdown (¥100M)		Result	Vs. Plan
		+45	+2
	Top-line Synergy	+19	- 5
	Cost Synergy	+38	+3
	Negative Synergy	- 12	+4

<Details of Each Synergy>

Top-line Synergy

- Loans and bills discounted and financial solutions
- Asset management advice
- Commissions, etc.

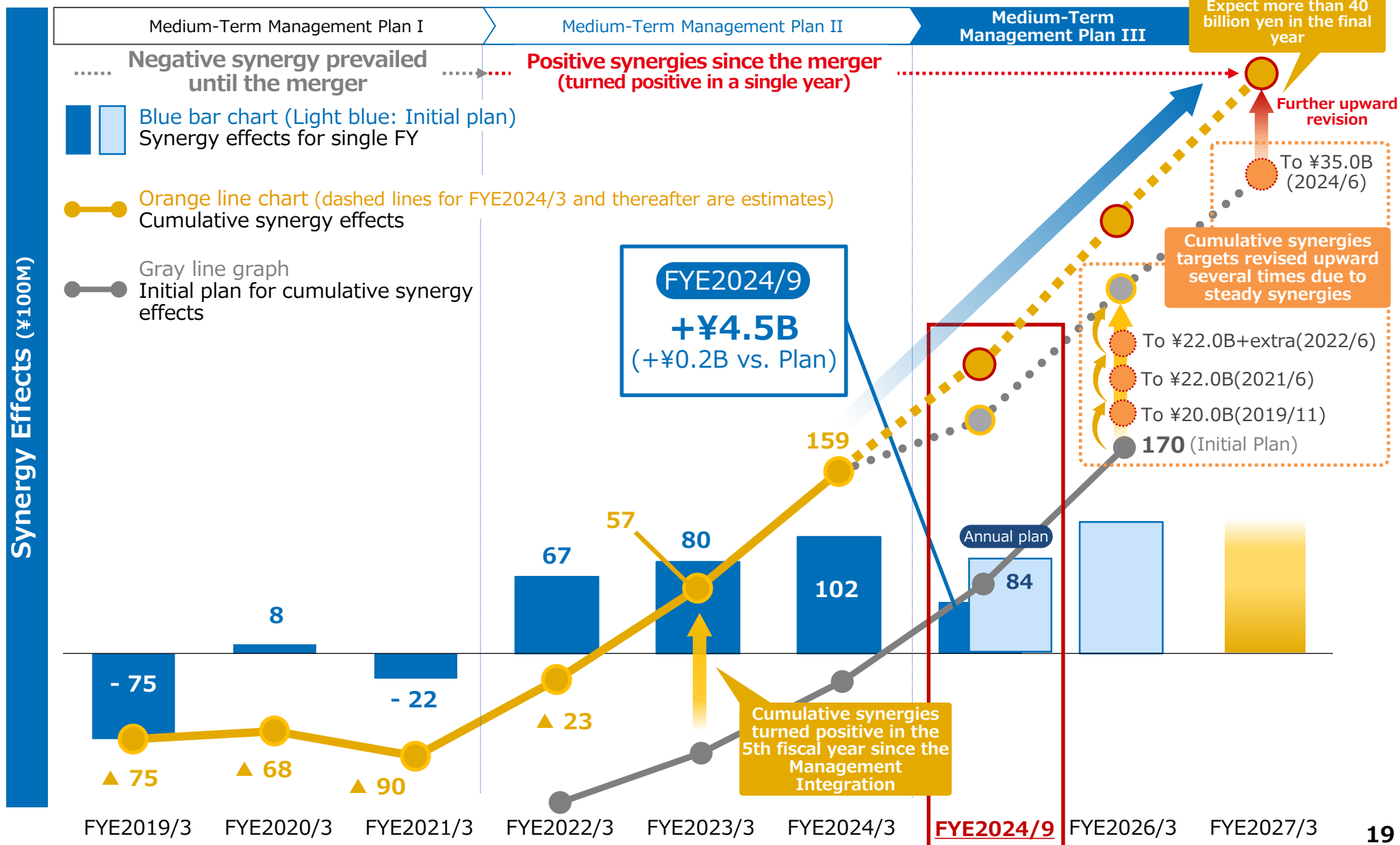
Cost Synergy

- Decrease in personnel expenses
- Decrease in system administration costs
- Decrease in outsourcing expenses, etc.

Negative Synergy

- Management Integration expenses

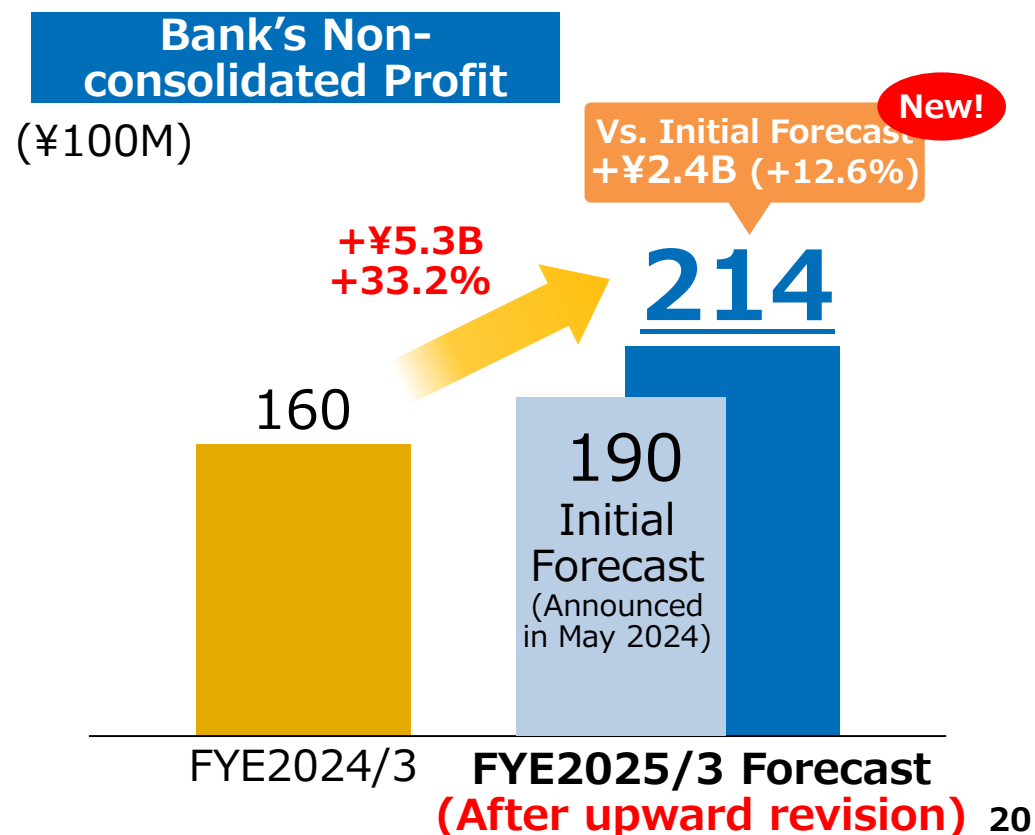
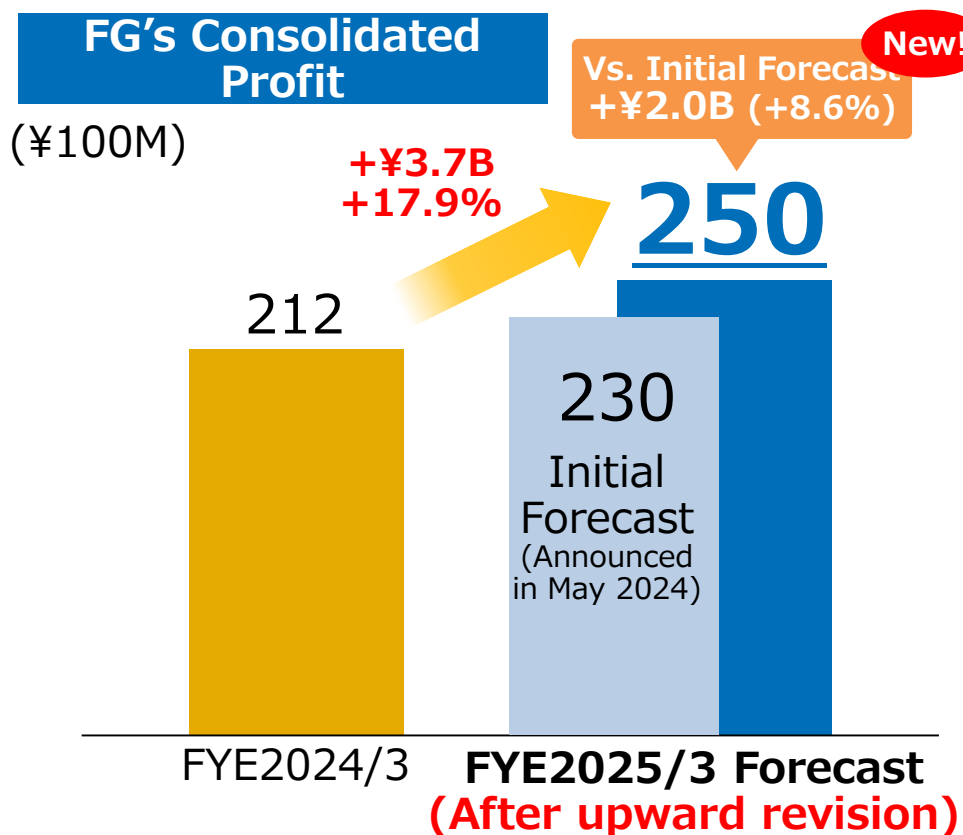
# Management Integration Synergy (Cumulative Total)



# Earnings Forecast for Fiscal Year Ending March 2025

Upward  
revision

- FG consolidated profit is expected to increase by 3.7 billion yen (+ 17.9%) year on year to 25 billion yen, upward by 2 billion yen (+8.6%) from the initial forecast of 23 billion yen (announced in 2024/5)**
  - Revise upward the full-year forecast for the fiscal year ending March 2025 as the top line (net interest income, non-interest income, etc.) exceeded the initial forecast and expenses and credit costs fell short of the initial forecast, thanks to the demonstration of the group consulting function through the “Deepening and Exploring Group Management” under Medium-Term Management Plan III and the rise in market interest rates, etc.
  - We intend to revise the plan as necessary, keeping an eye on the future business environment and market conditions



Plan period: 2024/4 – 2027/3

# **Medium-Term Management Plan III**

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# Sustainable Growth Initiatives by Daishi Hokuetsu Financial Group

## Medium-Term Management Plan I FY2018–2020

### 1. Management Integration

Created through the Management Integration of Daishi Bank and Hokuetsu Bank

October 2018

Management integration by the regional banks with top two market shares in the same prefecture, ahead of any other bank in the country



January 2021

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



Relationship of trust with customers built over 140 years



### 2. TSUBASA Alliance

Regional Banks' Collaboration Framework

from October 2015



## Medium-Term Management Plan II FY2021–2023

### Top-priority Themes Demonstration of Three Major Synergies

#### 1 Merger Synergy

Slogan

一志同結

- Office integration
- Operation reform
- Streamlining of HQ
- Sharing of know-how

➔ Reassigning personnel to strategic areas

➔ Cost reduction and investment in strategic areas

Strengthen consulting functions

Productivity improvement

#### 2 Group Synergy

Use of Group functions

Exploration of new business

Deepening existing businesses

Strengthen consulting functions

Strengthen Group Management Framework

#### 3 TSUBASA Partnership Synergy

➔ Main engine to accelerate innovation

Pursuit of top line and cost synergy



## Medium-Term Management Plan III FY2024–2026

### Deepening and Exploring Group Management

Slogan

Stage for a leap forward

一志勇躍

“Environmental and Social Challenges”

“Financial Challenges”



Deepening Sustainability Management  
Solving double-materiality



Basic Strategy I

Basic Strategy II

Basic Strategy III

Basic Strategy IV

Demonstration of Group Comprehensive Capabilities  
Pursuit of Productivity Improvement

Enhancement of Human Capital Value

Deepening Risk Management

(Common theme for all strategies)

Deepening TSUBASA Alliance



# Change in Key Performance Indicators (KPI)

Upward  
revision

- Revise upward the KPI in Medium-Term Management Plan III, which is positioned as a “Stage for a leap forward”
- Raise FG’s consolidated profit target for the final year of the Medium-Term Management Plan to 35 billion yen (up 8 billion yen from the initial target)
  - As Medium-Term Management Plan III was formulated based on the interest rate before the removal of the negative interest rate, the impact of the current policy interest rate and other factors were factored in, and the KPI targets were revised upward in light of recent favorable business performance
  - We intend to revise the plan as necessary, keeping an eye on the future business environment and market conditions

Key Performance Indicators (KPI) — Financial Challenge for Daishi Hokuetsu FG	Medium-Term Management Plan II	Final Year of Medium-Term Management Plan III (FY2024–FY2026)		
	FYE2024/3 (FY2023)	FYE2027/3 (FY2026)		
		Initial target	Target after upward revision <b>New!</b>	Vs. Initial target
Consolidated Profit	¥21.2B	¥27.0B	<b>¥35.0B</b>	<b>+¥8.0B</b>
Consolidated OHR	65.1%	61% level	<b>57% level</b>	<b>- 4pt</b>
Consolidated ROE	4.6%	≥ 5%	<b>≥ 6.5%</b>	<b>+1.5pt</b>
Consolidated Capital Ratio	10.03%	≥ 10%	-	-

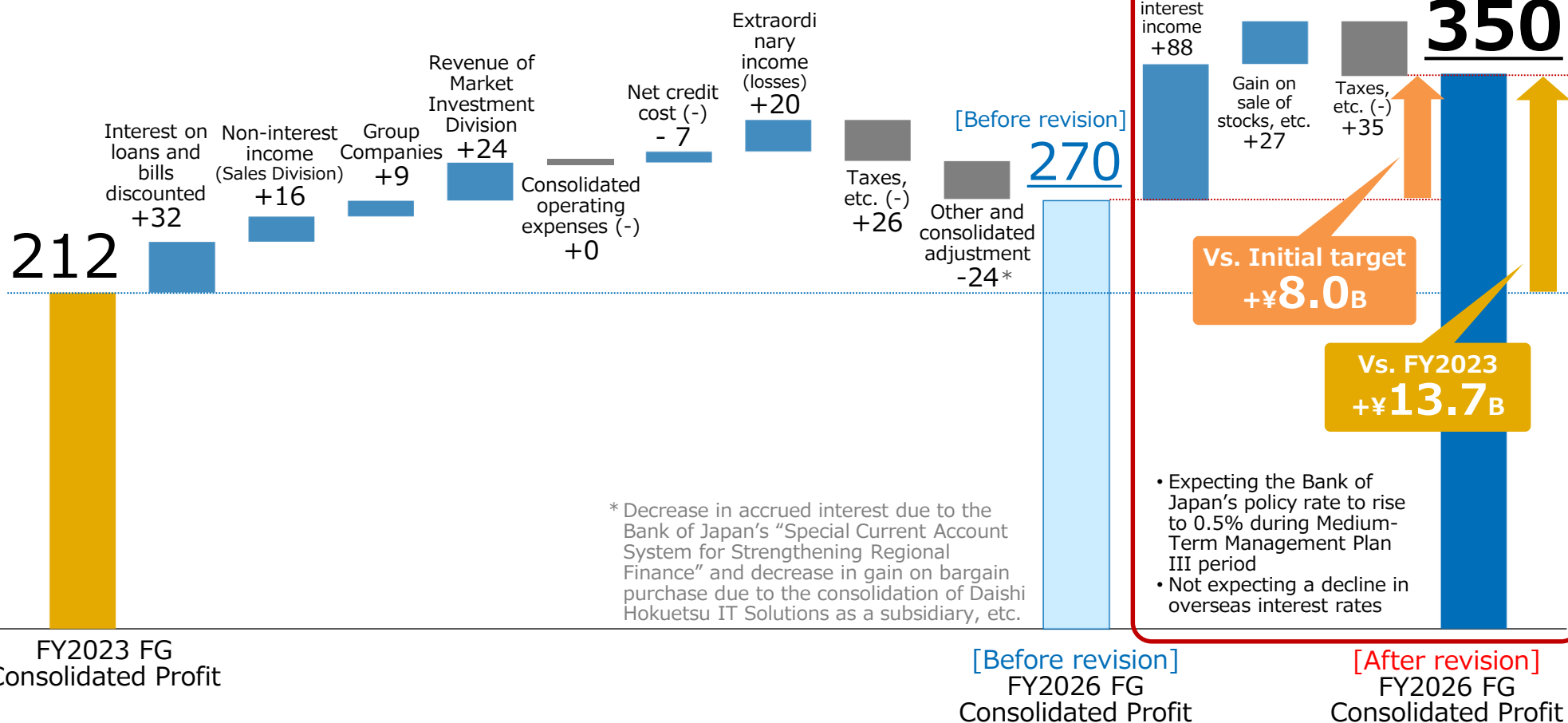


# Medium-Term Management Plan III: Factors Contributing to Changes in FG Consolidated Profit Target

## Revised upward FG's consolidated profit target for the final year

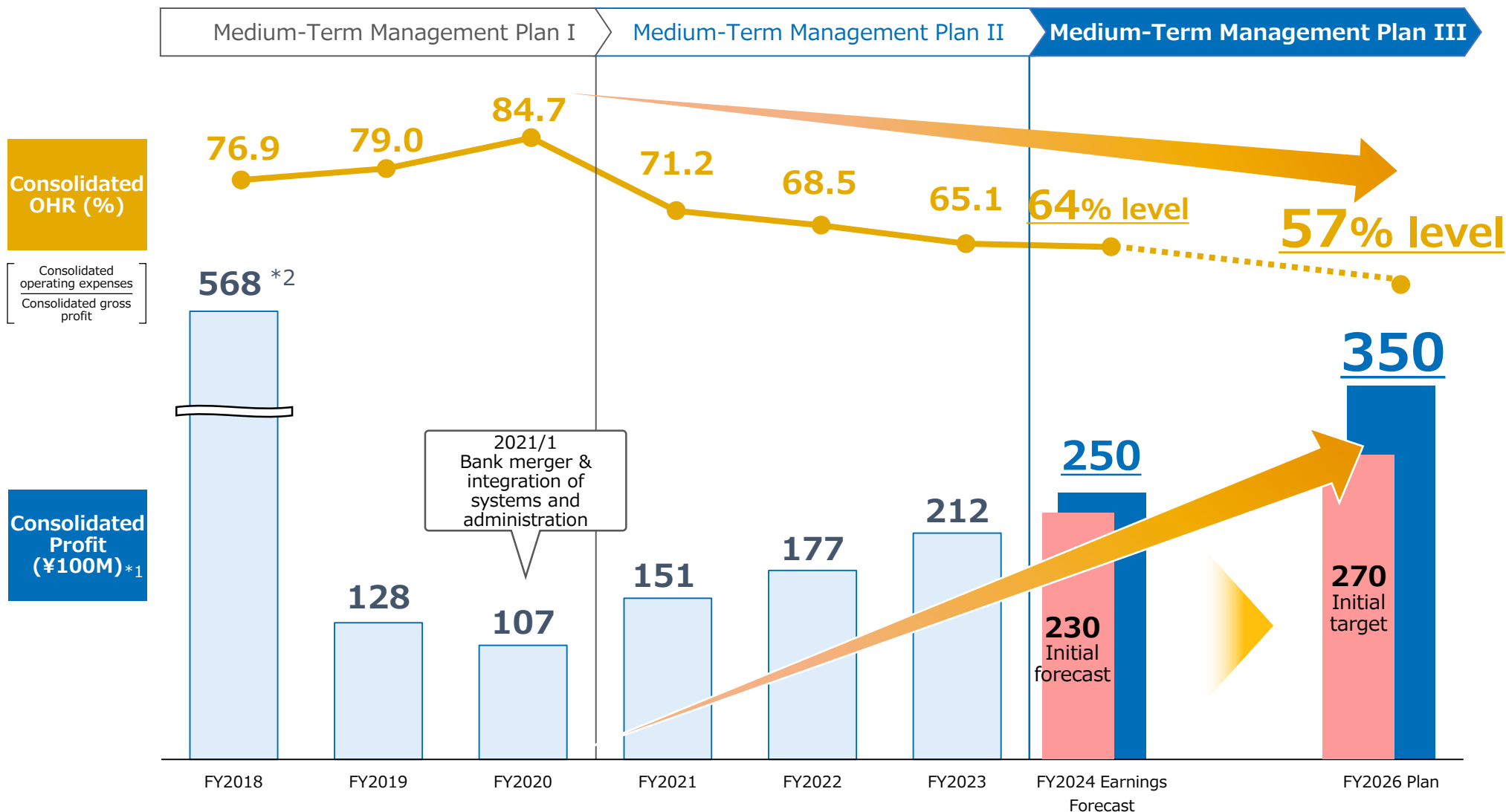
Medium-Term  
Management Plan  
II

## Medium-Term Management Plan III FY2024-2026



# Medium-Term Management Plan III: Key Performance Indicators (KPI)

- Steadily improved profitability through management integration and bank mergers



\*1: Profit attributable to owners of parent

\*2: In FY2018, we recorded a gain on bargain purchase of ¥47.2 billion

## ■ Strengthen Group's Consulting Functions: Regional Revitalization ■ Sector

### Strengthen regional revitalization

"Deepening": Developing markets in Niigata

#### Topics

(2024/7)

**New!**



→ Handling of "Donation-Type Loans for Businesses" and "Donation-Type Private Placement Bonds" commemorating registration of World Cultural Heritage Site (2024/8 to 2025/3)

Led by the members of the cross-organizational project of the Bank and Group companies

### Comprehensive Revitalization Project in the Sado Region

### RWE Offshore Wind Japan Murakami and Tainai Project

**New!**

Organizing "Niigata Innovation Program 2024" (2024/7 to 2024/12)

→ Support for new start-ups and business diversification

Creation and donation of the Niigata City Tourism Promotion Videos **using privately placed bonds** for supporting "Minatomachi Niigata" (2024/3)

Tsubame Sanjo Region "ESG Regional Finance Initiatives" by the Ministry of the Environment (2022/7)

(Support for decarbonization)

Conclusion of the "Comprehensive Partnership Agreement" in Sanjo Region through a collaboration by industry, academia, government and financial sectors (2023/6)

Regional Development through the Nagaoka Urban Area Redevelopment Project (2023/7)

(Newly established "Daishi Hokuetsu Museum," in Financial Data Office, Sales Division, Nagaoka Head Office)

### Myoko District Development Project

Project Team for Human Capital Value Enhancement  
Approx. 20 members  
Full-time HQ specialists assigned to the bank's sales branches  
Approx. 70 staff  
(Including those stationed outside Niigata Prefecture)

Participation in the "Niigata PPP/PFI Research Forum" (2024/1)

Conclusion of "Partnership agreement for the promotion of regional sustainability" with Nippon Life Insurance Company (2024/5)

Results of Client Questionnaire Survey

Future Capital Investment Plan

(Planned capital investment for FYE2025/3)

Total amount in Niigata Prefecture  
**Approx. ¥250B yen**

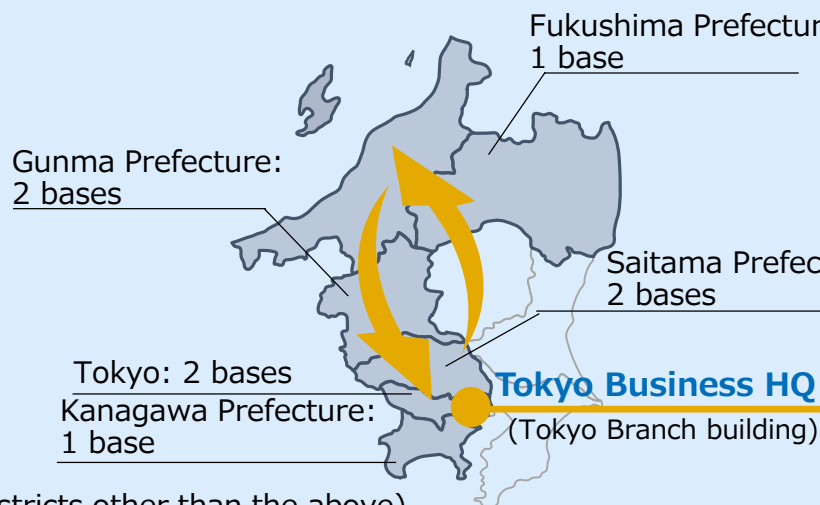
# Basic Strategy I

## Demonstration of Group Comprehensive Capabilities

### Strengthen Group's Consulting Functions: Corporate Sector

#### Strengthen sales promotion framework outside Niigata

"Exploration": Cultivating markets outside Niigata



Previous Mid-Term Plan

第四北越銀行



19-employee organization

New Mid-Term Plan

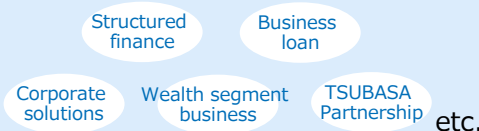
New!



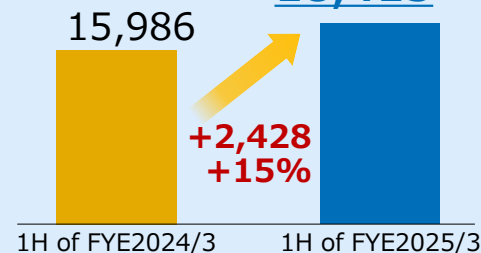
Upgrade to "Tokyo Sales HQ" (July 2024)

Organization of **28 people** (+9)  
→ Manage sales promotion framework outside Niigata

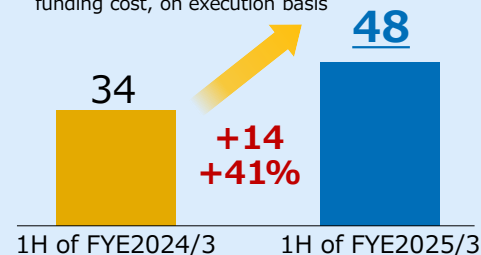
- Main promotion areas -



Average balance of loans and bills discounted outside Niigata Prefecture (¥100M)



Interest on business loans outside Niigata Prefecture (¥100M) After considering foreign currency funding cost, on execution basis



#### Support for business expansion and continuation

##### Establishment of Private Bank Office (April 2024)

- Comprehensive consulting in areas ranging from business succession and asset management advice to non-financial services

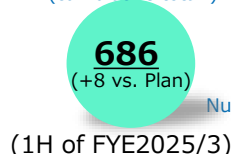
New!

##### Establishment of Global Business Strategy Office (July 2024)

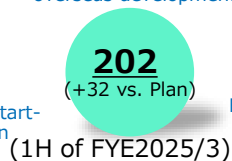
- Started cooperation with a major consulting firm to strengthen support for overseas business development (August 2024)

New!

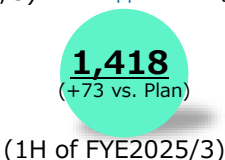
No. of clients supported in sales channel development (cumulative total\*)



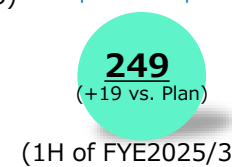
No. of clients supported in overseas development



Number of business start-ups and succession support



Number of cases supported to develop a business improvement plan



Investment subsidiary

Daishi Hokuetsu Capital Partners

Utilization of "Daishi Hokuetsu Regional Revitalization Initiatives Fund" (No. 1 & 2)

→ Utilized for venture and business succession

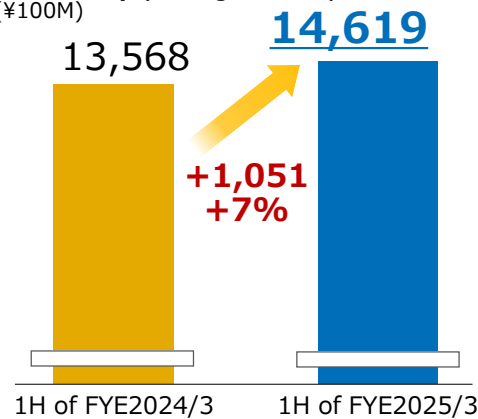
\* Cumulative total since the opening of the Nihonbashi branch of regional trading company (2019/10)

# Basic Strategy I Demonstration of Group Comprehensive Capabilities

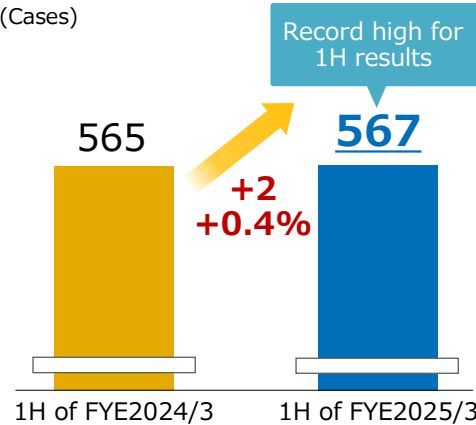
## Strengthen the Group's Consulting Functions: Individual Sector

### Strengthen asset management and business succession consulting

Combined total of Daishi Hokuetsu Bank and Daishi Hokuetsu Securities  
**Balance of Group assets under custody** (ending balance)  
(¥100M)

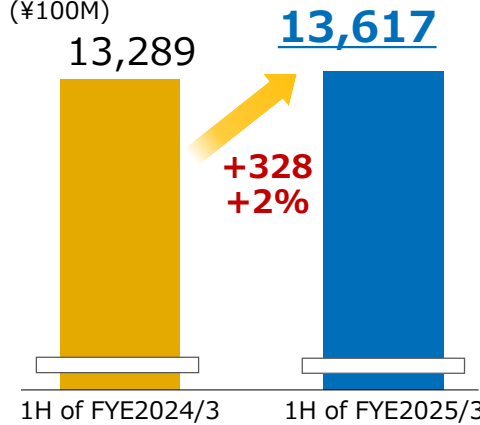


**Number of inheritance-related cases handled**  
Will trust, legacy services, living trust, etc.  
(Cases)

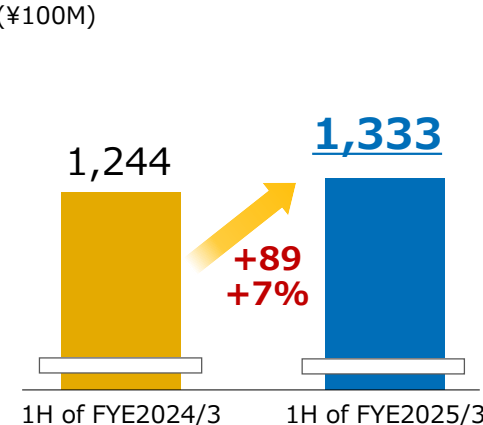


### Promotion of individuals' loans based on life plans

**Average balance of mortgage loans**  
(¥100M)



**Average balance of unsecured loans for individuals**  
(¥100M)



### Conclusion of business alliance agreements in asset management advisory

(August 2024)

- Started a comprehensive business alliance with Sumitomo Mitsui Trust Bank, Limited
- Developed a partnership in expansion of products and services, development of human resources, improvement of internal control systems, and financial and economic education

Number of NISA accounts  
Regional banks

**Ranked 8th**

As of the end of June 2024  
Source: Nikkin Investment Trust Information  
(As of August 26, 2024)

Life insurance fee income  
Regional banks

**Ranked 1st**

1H of FYE2025/3  
Source: Nikkin Report  
(As of November 11, 2024)

Ranked first in 1H continuing from the previous year

### Expansion of product and service lineup

- Started handling a housing loan "ZEH Housing Support Plan" (April 2024)

→ Preferential fees or interest rates for ZEH homes

- "Diversity Initiatives" in mortgage loans (September 2024)

→ Added same-sex partners and common-law spouses to those eligible for loans under joint-debt-type mortgage loans and those eligible for income consolidation at the loan screening

### Started offering "Mortgage Loan Assistance"

(Web Services for Housing Companies)

(August 2024)

- Housing companies can check the status of mortgage application and upload documents on Web site
- Dramatically reduce the administrative burden of both customers and housing companies



**New!**

**New!**

# Basic Strategy I Demonstration of Group Comprehensive Capabilities

- Strengthen Group's Consulting Functions: Deepen and Explore FG
- Group Functions

"Deepening" Group Functions by strengthening  
"double-track" cooperation



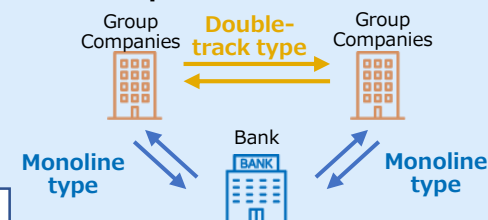
## Financial area

Bank	第四北越銀行	Leasing	Hokuetsu Lease
Securities	第四北越証券	Credit guarantee	Daishi Guaranty Hokuetsu Credit Guarantee
Leasing	第四北越リース		
Fund Management	第四北越キャピタルパートナーズ		
Card	Daishi JCB Card / Hokuetsu Card Daishi DC Card		

## Non-financial area

System	DH-ITS 第四北越ITソリューションズ
Staffing	第四北越キャリアブリッジ
Consulting and research	第四北越リサーチ & コンサルティング
Regional trading company	ブリッジにいがた

## Strengthen "double-track" cooperation

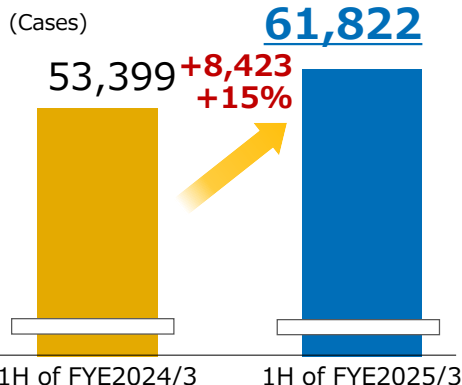


## Total no. of Group business clients

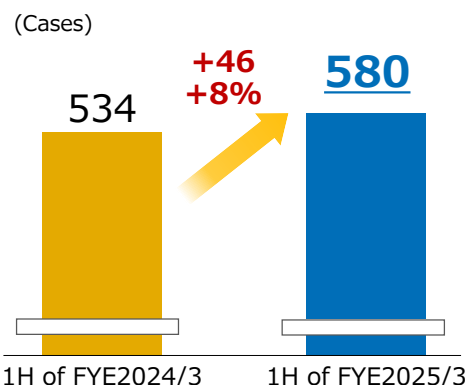
\* Number of corporate clients with recurring business with FG Group companies (total)

**61,607 clients**  
(+340 vs. Plan)  
(1H of FYE2025/3)

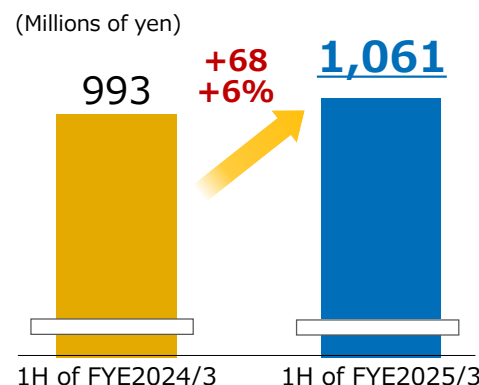
## Number of brokerage contracts



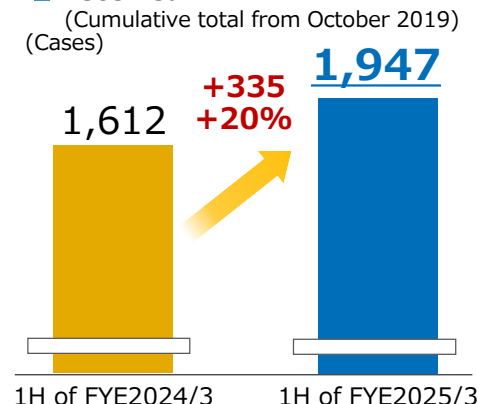
## Number of lease contracts signed through bank referrals



## 3 card companies Shopping commission



## Number of staffing requests received





# Basic Strategy I Demonstration of Group Comprehensive Capabilities

## ■ Strengthen Group's Consulting Functions: Deepen and Explore FG ■ Group Functions

### Reorganization of subsidiaries to leverage the Group's comprehensive strengths

#### ■ Consolidation of credit card business and change of corporate name (announced in July 2024)

**New!**

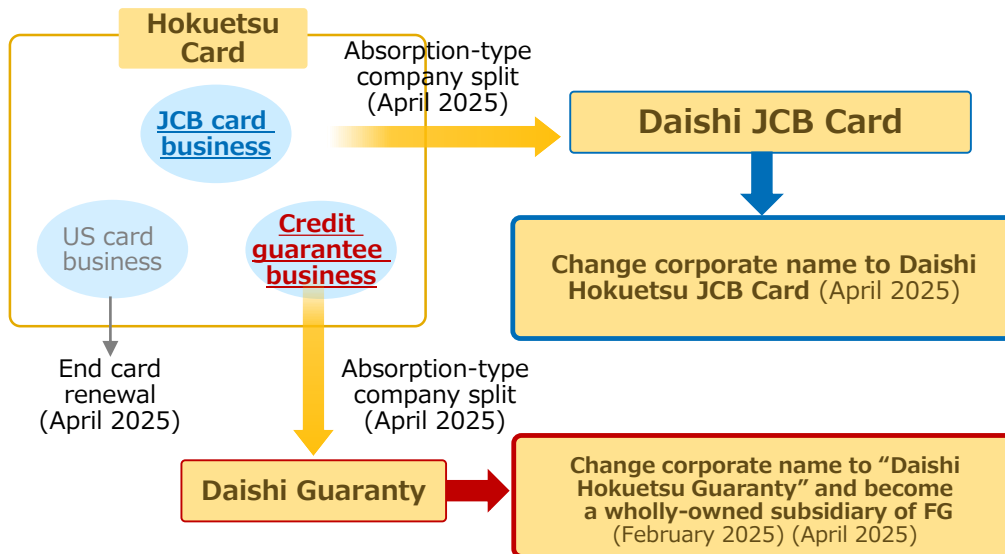
- Succession of Hokuetsu Card's JCB card business (card members and franchisees business) to Daishi JCB Card Co., Ltd., and change the corporate name of Daishi JCB Card to "Daishi Hokuetsu JCB Card" (scheduled for April 2025)

#### ■ Reorganization of credit guarantee business (announced in November 2024)

**New!**

- Daishi Guaranty will change its corporate name to Daishi Hokuetsu Guaranty (scheduled for February 2025) and become a wholly-owned subsidiary of FG to take over the credit guarantee business of Hokuetsu Card (scheduled for April 2025)

→ Achieving brand unification through efficient and effective business operations and corporate name changes



**New!**

#### ■ Business restructuring in Bridge Niigata, a regional trading company (announced in September 2024)

- Within the productivity improvement business, the supporting business of sales and introduction of IT tools will be integrated into Daishi Hokuetsu IT Solutions, and the consulting business for improving operational efficiency will be integrated into Daishi Hokuetsu Bank, to reorganize the productivity improvement business within FG (scheduled for January 2025)
- Establish an efficient and effective system to implement promoting DX in the region
- Further improve the expertise of Group companies
- Regional trading company focus on "sales channel development" and "tourism promotion"



Topics

**New!**

Shop renewal of directly managed antenna shop (Nihonbashi, Tokyo) (July 2024)

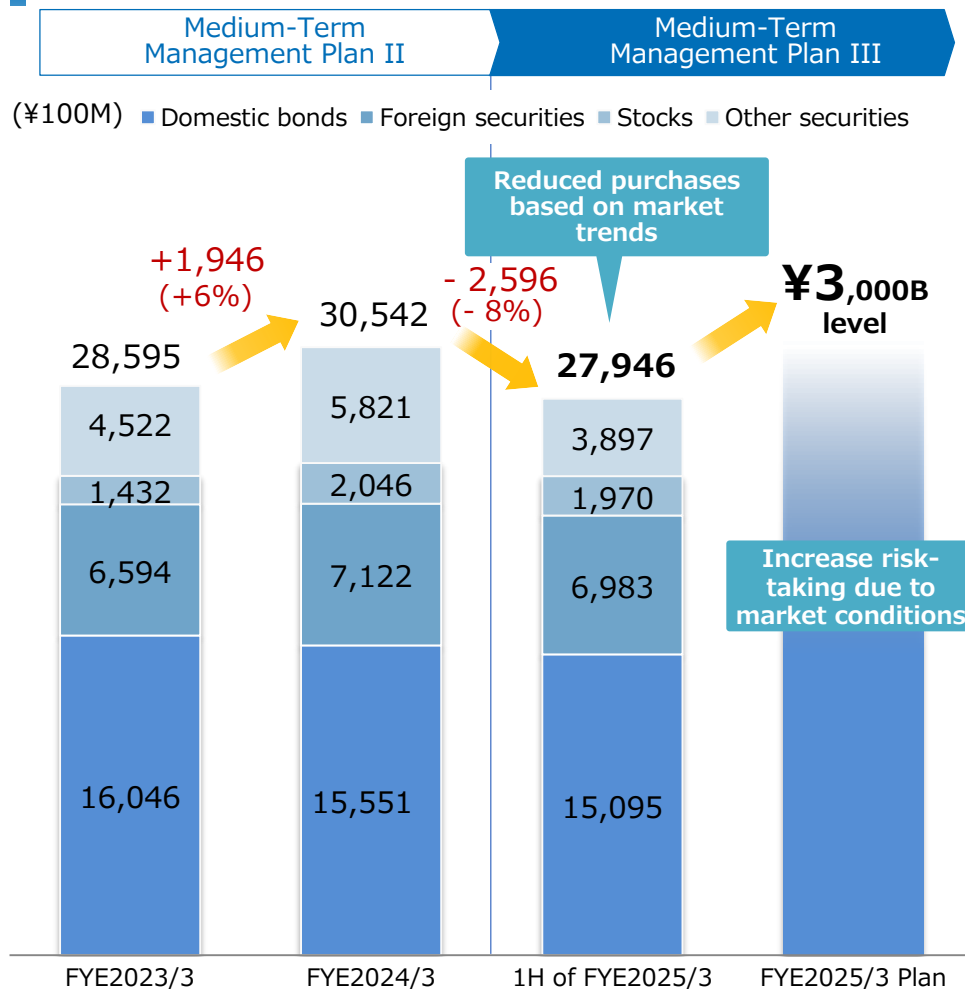
→ Almost doubled the event space  
Support expansion of sales channels for products from Niigata Prefecture



# Basic Strategy I Demonstration of Group Comprehensive Capabilities

## Strengthen Group's Consulting Functions: Securities Investment

### End-Balance of Securities



### Basic Policy on Securities Investment

- Strive to ensure stable earnings and improve valuation gains/losses by recognizing changes in the market environment and reviewing our portfolio with agility and decisiveness, as well as paying attention to liquidity and transparency
- Enhance the value of human capital by developing human resources capable of responding to a volatile, uncertain and complex market environment, and strengthen the management capabilities of the organization to create a framework capable of responding quickly to market fluctuations

### Strengthen organizational capabilities and human capital development related to securities investment management

- Increase the number of securities investment personnel in order to deepen investment in securities and strengthen organizational investment capabilities in response to a highly uncertain market environment
- Promote diversity by appointing women employees, and promote strengthening practical skills and utilizing outside knowledge by sending employees to external training programs

#### [Staffing of Securities Investment Personnel]

Asset class	2024/9 End	Vs. 2024/3 end	2027/3 end (Plan)	Vs. 2024/3 end
Management Supervisor	2	±0	2	±0
Domestic bonds and foreign securities	3	±0	6	+3
Stocks	2	±0	3	+1
Investment trust, etc.	5	+1	4	±0
Dispatch to external training	2	+1	2	+1
Total	14	+2	17	+5



# Basic Strategy II

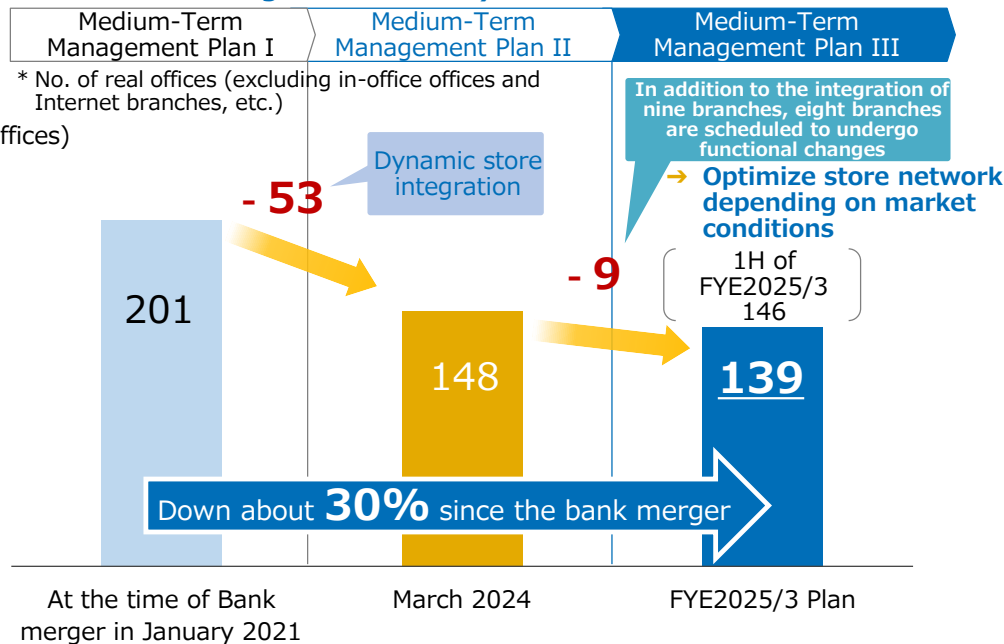
## Pursuit of Productivity Improvement

- Improve UX by linking face-to-face and non-face-to-face channels

Strengthening face-to-face channels in light of changes in the environment

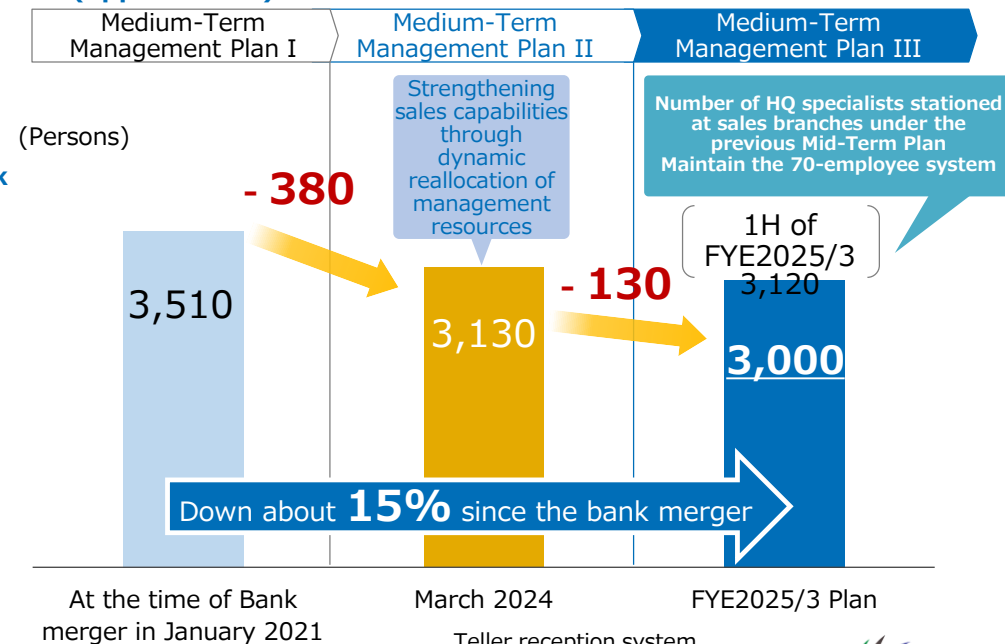
### Optimize branch network

- <Bank Division> Number of branches (deepening sales structure in Niigata Prefecture)



### Optimize headcount

- <Bank Division> Changes in the number of employees (approximate)

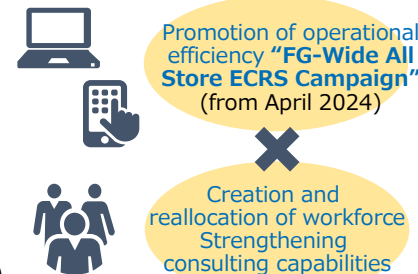


### Semi-self-service branch

スマートステーション (July 2024)

New!

- A new type of store where customers make use of ATMs and tablets to conduct transactions on their own with the support of bank staff
- Introduced by 4 branches (As of November 2024)



Teller reception system

Promotion of operational efficiency by an introduction of "TSUBASA Smile"

- Reducing workload by utilizing "TSUBASA Smile," a teller reception system, and "TSUBASA general purpose paperless system" that mainly handles post-reception processing

→ Gradually expanding target business



▲ TSUBASA Smile

# Basic Strategy II Pursuit of Productivity Improvement

- Improve UX by linking face-to-face and non-face-to-face channels

Strengthen non-face-to-face channel through DX (1)

Strengthen the number of “digital customers” as the basis for non-face-to-face transactions

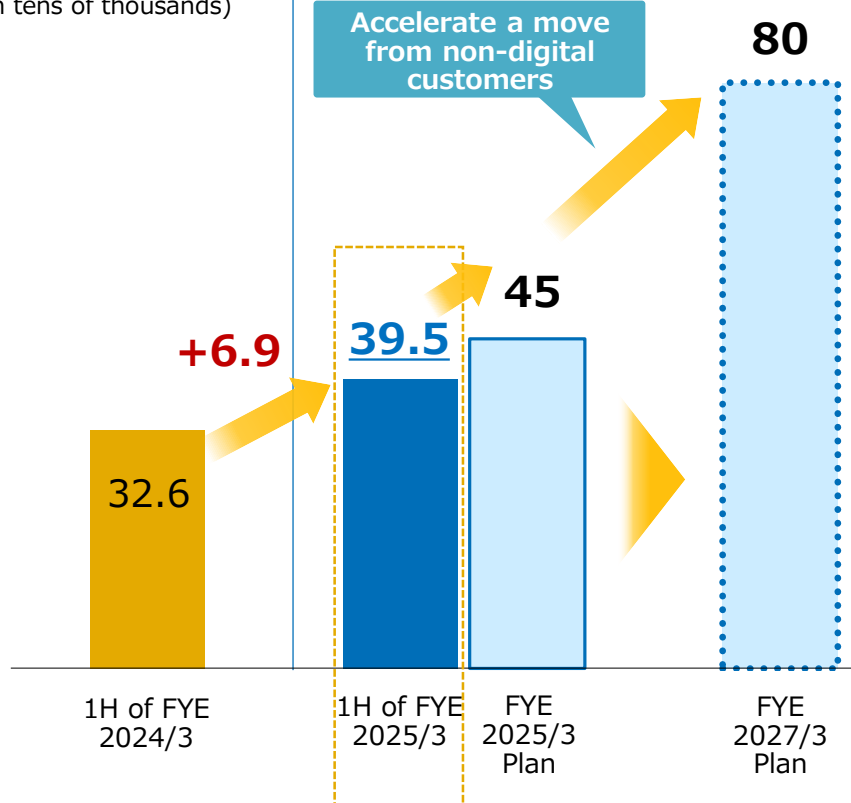
Number of digital customers\*

\* Number of Daishi Hokuetsu ID holders (e.g. Little Bank and My Page users) and individual e-net banking users

Medium-Term Management Plan II

Medium-Term Management Plan III

(in tens of thousands)

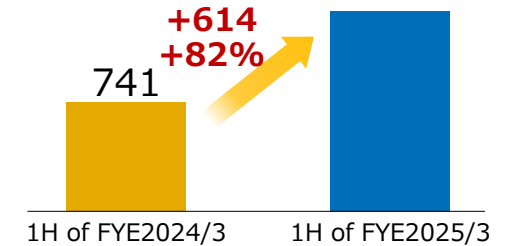


“CONNECT-BIZ” portal for businesses



- Internal bulletin board
- Group messages
- Safety confirmation
- Video streaming
- Provision of exclusive products
- Fund management function etc.

[Number of user companies]  
(Number of companies)



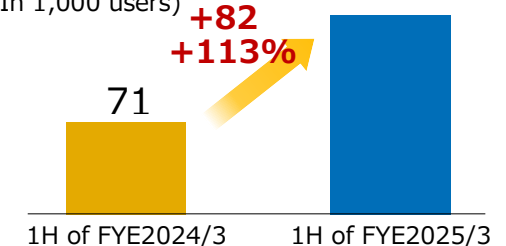
Number of users  
Cumulative total of more than 16,000

Smartphone application “Daishi Hokuetsu Little Bank”



- Balance inquiry
- Funds transfer
- Tax payment
- Card loan etc.

[Number of users]  
(In 1,000 users)

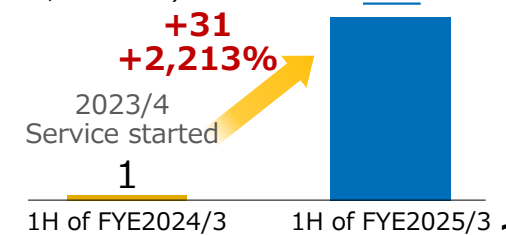


Personal Web Service “My Page”



- Mortgage loan procedures
- Group credit life insurance procedures
- Document verification etc.

[Number of users]  
(In 1,000 users)



# Basic Strategy II

## Pursuit of Productivity Improvement

- Improve UX by linking face-to-face and non-face-to-face channels

Strengthen non-face-to-face channel through DX (2)

### Promotion of cashless in regional economy

- Launched TSUBASA Daishi Hokuetsu Cashless Franchise Service (October 2024)

Number of franchisees acquired

Over **260** customers

→ Bank's entry into the franchise business  
Explore new areas of promotion

New!

第四北越銀行



(As of November 2024)

- Started handling "Daishi Hokuetsu JCB Debit" (August 2024)

Number of cardholders

More than **12,000**

New!



(As of November 2024)

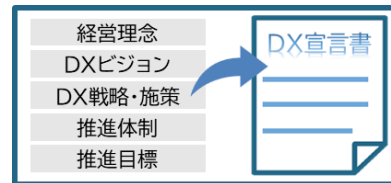
### Support for DX of customers

- Daishi Hokuetsu DX Consulting Service "DX Declaration Formulation Support Service" (April 2024)

Number of contracts

**58** cases

- Creation of DX Declaration & Plan
- Creation of DX Declaration movie etc.



(As of the end of October 2024)



### "System Consulting Service"

- Analyzing our clients' business, management strategies and issues, and supporting the construction of optimal IT systems

### Support for DX throughout the region

- Consignment of "DX related business" in Niigata Prefecture



Niigata Pref. (FY2024)

- Consignment of "Niigata Prefecture DX concierge operation" (May 2024)

- Consultation on DX for companies in the prefecture
- Matching support with IT companies to solve DX issues etc.

Niigata Pref. (FY2024)

- Consigned to work on "Operations for DX awareness reform in cooperation with support institutions" (August 2024)

New!

- Seminars and training for staff of financial institutions and commercial and industrial organizations, provision of support etc.

- Initiatives to promote DX in the region

- Received a letter of appreciation for expanding the use of direct payment of national tax (May 2024)

- FG's efforts to promote direct payment of national tax were highly evaluated and received a letter of appreciation from the Kanto Shinetsu Regional Taxation Bureau



- Launched the "Project to Promote Simultaneous Cashless Payment in Niigata Prefecture" (October 2024)

New!

- Established in cooperation with the Niigata Tax Office, the Niigata Prefectural Federation of Tax Payment and Savings Associations, etc. (Secretariat: Daishi Hokuetsu Bank, etc.)
- "Joint Declaration for the Promotion of Cashless Payment" was implemented to promote cashless payment in the prefecture



# Basic Strategy III Enhancement of Human Capital Value

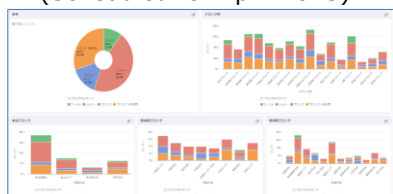
## ■ Enhancement of Human Capital Value for Sustainable Value ■ Creation

### Implementation of human capital measures to realize management strategies

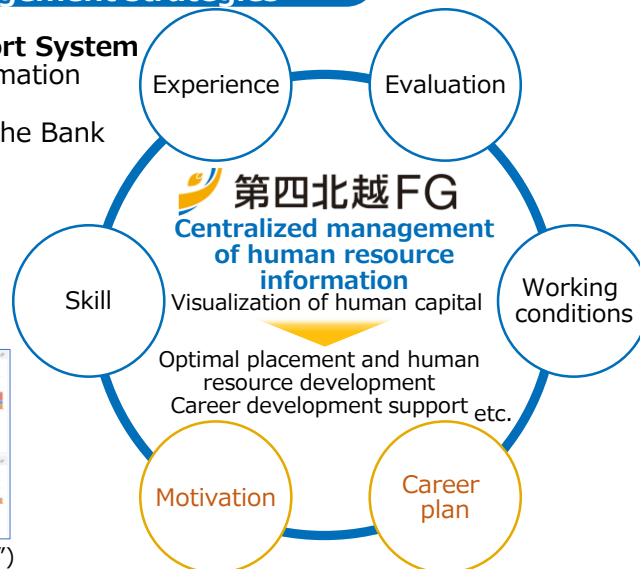
- **Leverage Career Support System**  
(Human Resources Information Infrastructure System)  
→ First implemented at the Bank  
(April 2024)

Next!

**Extend to FG Group companies**  
(Scheduled for April 2025)

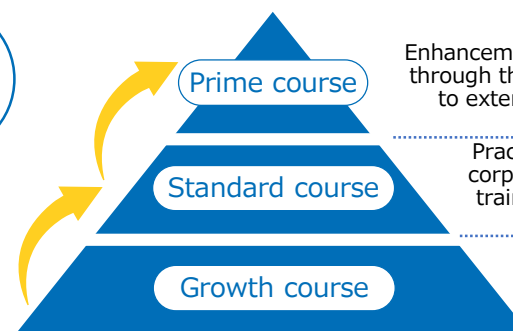


(Service Name: "Kaonavi")



- **Strengthen the human capital base with expertise to solve local and customer issues**
- **Development program for improving consulting capabilities**  
(from April 2024)

Implementation in the "Human Capital Value Enhancement Project" for regional revitalization projects



Enhancement of specialized skills through the dispatch of trainees to external specialists, etc.

Practical training including corporate sales training for trainees at HQ and group companies

Basic training for consulting skills

Number of participants  
(1H of FYE2025/3)

Dispatch to major consulting firms and mega banks, etc.

**5 people**  
(as planned)

**111 people**  
(+61 vs. Plan)

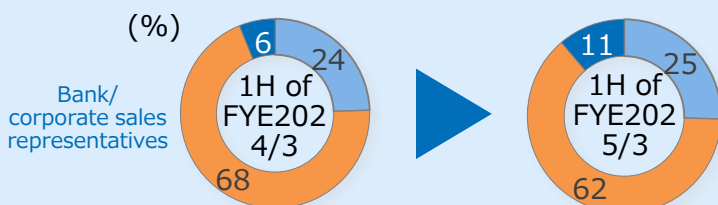
**79 people**  
(+19 vs. Plan)

## ■ Develop and strengthen "Human Capital for Group Collaboration"

(Corresponding skills)

- Skill Rank**
- Skill Level 1 (Sufficient understanding of the products and services of each Group company)
  - Skill Level 2 (Ability to appropriately match Group functions to emerging needs)
  - Skill Level 3 (Ability to appropriately match Group functions to latent needs)

(%)



Skill Level 3 Holders  
**70 people**  
(+22 vs. 1H FYE2024/3)

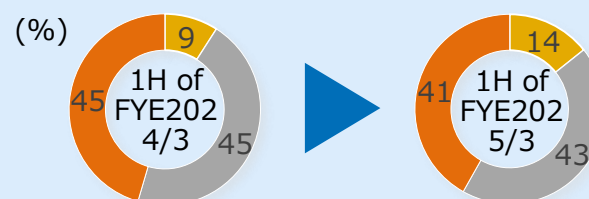
## ■ Cultivate and strengthen "asset management advisory human capital"

(Major corresponding segments)

- Skill Rank**
- Gold (Corporate owners/Wealth segment)
  - Silver (Semi-wealth segment)
  - Bronze (Asset formation segment)

✕ Support is also provided by HQ specialists

(%)

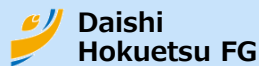


Gold Qualification Holders  
**194 people**  
(+53 vs. 1H FYE2024/3)

# Basic Strategy III

## Enhancement of Human Capital Value

### Strengthen the promotion of DE&I (Diversity, Equity & Inclusion)



**New!**

Established the DE&I Promotion Office as a department dedicated to planning and formulating measures to promote the activities of diverse human capital (July 2024)

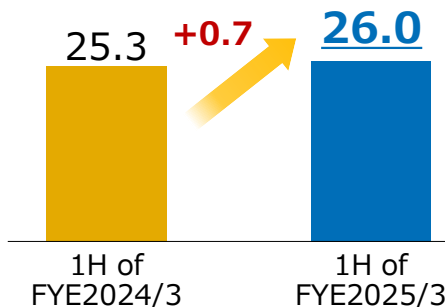
Daishi Hokuetsu Bank

Ratio of women in management positions (deputy level and above)

(%)

**New!**

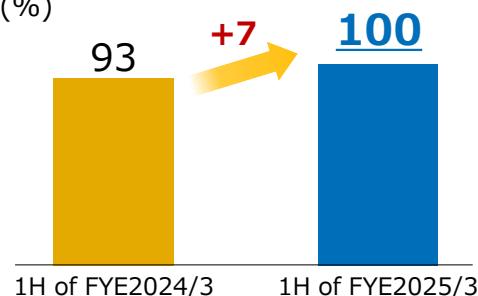
- Strengthening support for balancing childcare and work (July 2024)
- Revised to extend the maximum period formulated in the "Reduced Working Hours System for Childcare" and the "Restriction of Overtime Work for Childcare" from "until the child enters elementary school" to "until the child reaches the beginning of the fourth grade of elementary school"



Daishi Hokuetsu Bank

% of male employees taking childcare leave

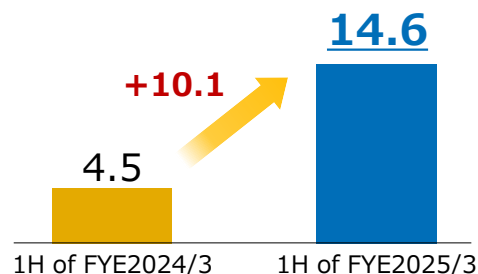
(%)



Daishi Hokuetsu Bank

Number of days of childcare leave taken by male employees

(days)

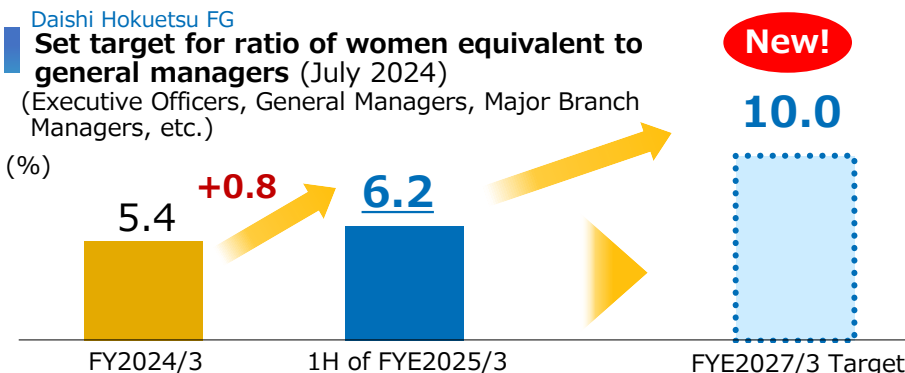


Daishi Hokuetsu FG

Set target for ratio of women equivalent to general managers (July 2024)

(Executive Officers, General Managers, Major Branch Managers, etc.)

(%)



### [Career Development Program for Female Employees]

Target to support	Managers	Long-term	Selection	Corporate sales and financing training
	Female Director Development Program		<ul style="list-style-type: none"> <li>Executive's lectures and discussions</li> <li>Lectures by female executives outside the company</li> <li>Strategic assignment to key positions</li> </ul>	
	Women's Empowerment Program	Executive development course Manager development course	Mid-term Offering	
Assistant General Manager and Officer			<ul style="list-style-type: none"> <li>Career training</li> <li>External training (TSUBASA, other industries)</li> <li>Attend online business school</li> <li>Career consulting interview</li> </ul>	
Common	Holding business colleges and offering online learning tools, such as "Basic financing training for female employees"			DE&I Training

- Increase the proportion of female corporate sales representatives

Daishi Hokuetsu Bank





# Basic Strategy III

## Enhancement of Human Capital Value

- Create a work environment that fosters job satisfaction and happiness

### Conducted dialogue between management and staff

#### Briefing of Medium-Term Management Plan

Attended by  
**approx. 8,500 people**  
(Medium-Term Management Plan II and III)

#### President's briefing for managers "Isshi Koryukai"

**31 times** Attended by approx.  
**1,500 people**  
(Cumulative total from FY2021)



▲ "Isshi Koryukai Next"

#### Dialogue and exchange meetings with officers

Approx. **700 venues**  
Attended by approx.  
**18,000 people**

(Cumulative total from FY2021)

#### President's briefing for young employees "Isshi Koryukai Next"

**3 times**  
Attended by approx.  
**100 people**

(Cumulative total from FY2021)

**FG employees**  
**Engagement score**  
(Survey conducted in  
December 2023)  
**76.8points**  
(Good: 70 points or  
higher)

### Create workplace environments and strengthen health management framework

#### Achieved the "White 500" certification for the Excellent Corporations for Health Management 2024 (March 2024)



第四北越FG  
第四北越銀行  
The Bank received  
the certification  
for seven  
consecutive years



第四北越銀行  
First certification  
in Niigata  
Prefecture

#### Certified as "Platinum Eruboshi" or "Platinum L Star" (May 2023)



第四北越銀行  
First certification  
in Niigata  
Prefecture



第四北越銀行  
Certified for two  
consecutive  
years

### Cross-organizational project by young employees

- "Project 2030" to consider a vision of FG in 2030, mainly by young employees (from FY2021)

Attended by cumulative total  
of **90 people** for **4 terms**  
(from FY2021)



▲ "Project 2030"

### Increases of wage and starting salary

- Wage increase rate: **Average 6.8%** (real wage increase rate for wage increases including base pay and salary)  
Effective date: July 1, 2024
- Starting salary for a university graduate: **250,000 yen (+30,000 yen)**  
Scheduled for: April 1, 2025

For two  
consecutive  
years

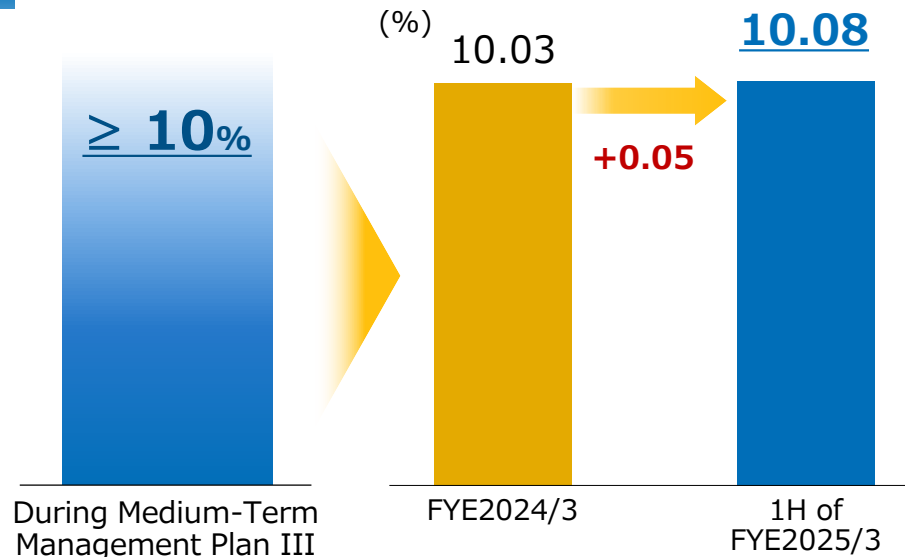
For two  
consecutive  
years

# Basic Strategy IV Deepening Risk Management

- Risk management practices in response to changes in the business environment

## Maintain and improve business health

### FG's Consolidated Capital Ratio



Basic Strategies I & II  
Strengthening profitability



Basic Strategy IV  
Risk asset control

→ Implement appropriate control of FG's consolidated capital ratio with a target of 10% or more

Expand risk-taking for regional contribution

→ Initiative to Transition to FIRB

Investment Toward Sustainable Growth

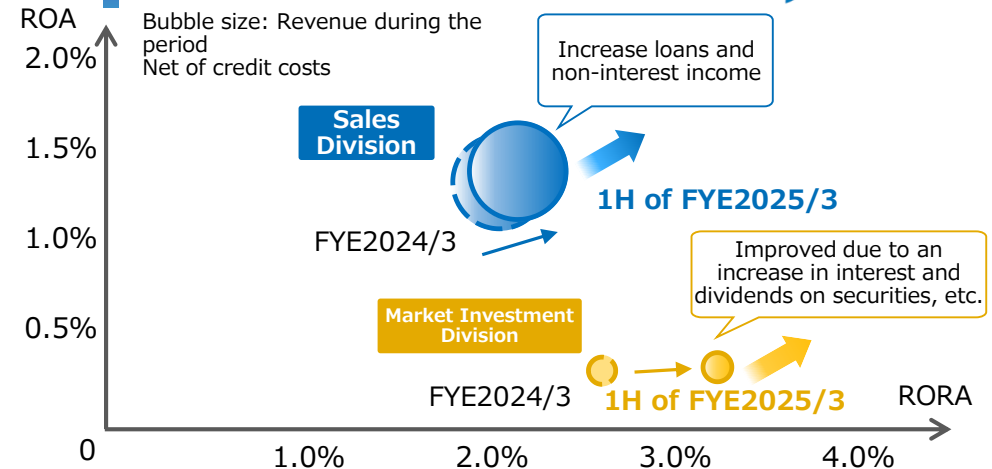
→ Execution of strategic investments

Enhancement of shareholder returns  
(See p. 48 for details)

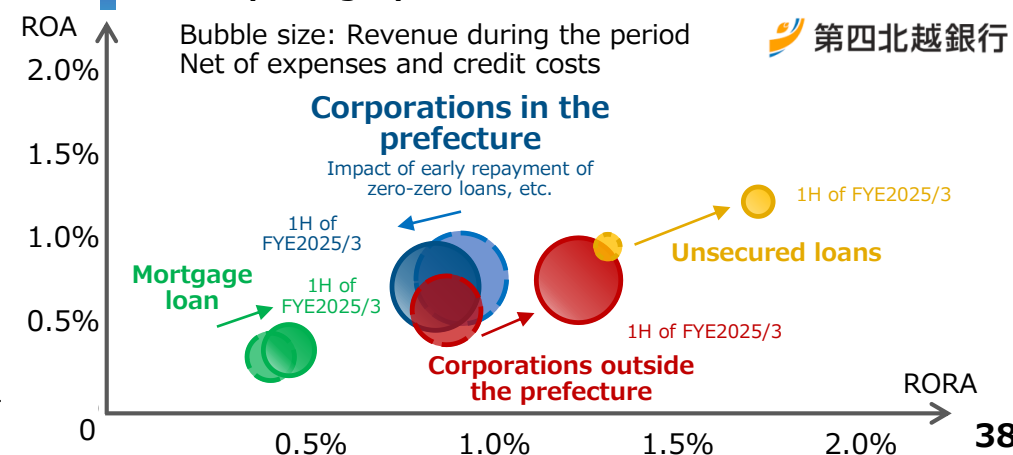
→ Revise the shareholder return policy

## Initiatives to Utilize RORA

### RORA by division (1H of FYE2025/3 (Vs. FYE2024/3)) 第四北越銀行

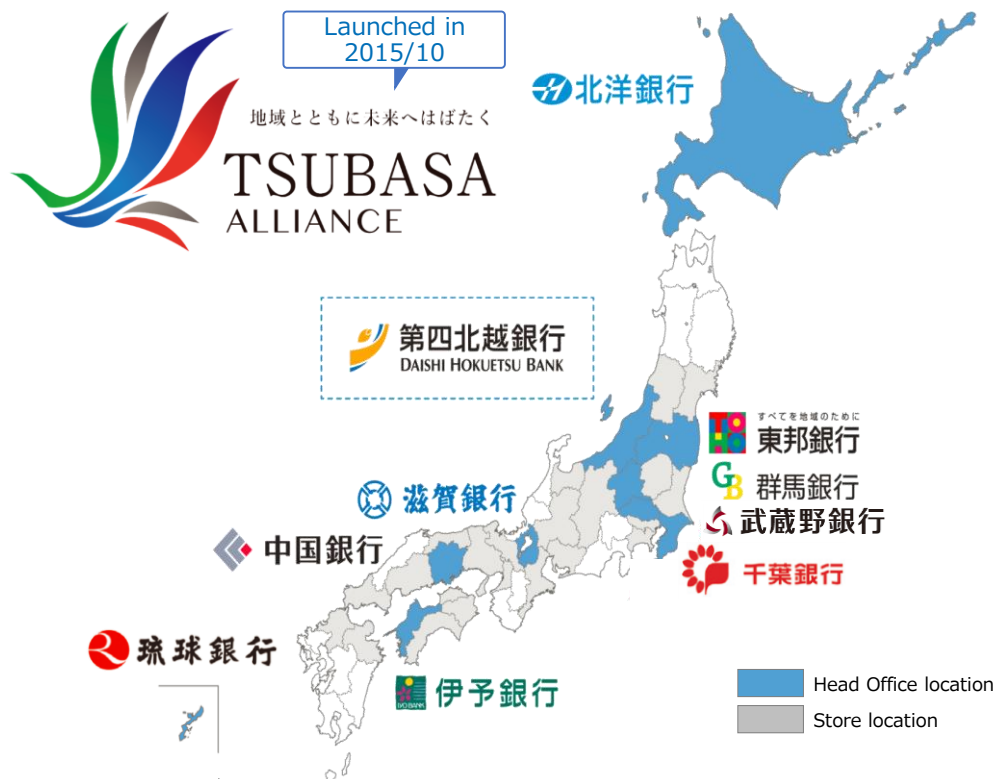


### RORA by category (1H of FYE2025/3 (Vs. FYE2024/3)) 第四北越銀行



# Common Theme Across Strategies: Deepening the TSUBASA Alliance

- **TSUBASA Alliance, the largest regional banking framework for wide-area collaboration**



## Leverage economies of scale and the benefits of information collaboration

2015

### Launch of TSUBASA Alliance (October 2015)

Launched by three banks

- Establishment of T&I Innovation Center (2016)
- Alliance in inheritance-related business (2016)
- Sharing of enterprise systems (2017)
- Business matching through the Mutual Customer Referral Service (2017)
- Agreement to share administrative divisions (Daishi Hokuetsu, Chiba) (2018)
- Launch of TSUBASA FinTech common platform (2018)
- Introduction of TSUBASA Smile (2018)
- SDGs Declaration (2019)
- M&A wide-area collaboration (2019)



2020

- Business alliance in foreign exchange derivatives business (Daishi Hokuetsu, Toho) (2020)
- Established TSUBASA Alliance Co., Ltd. (2020)
- Established ONAD Co., Ltd. (Daishi Hokuetsu, Chiba, Chugoku) (2022)
- Formulated Diversity & Inclusion Declaration (2022)
- Started TSUBASA Cross-Mentor Program (2022)
- Established TSUBASA-AML Center, Ltd. (2023) (Daishi Hokuetsu, Chiba, Chugoku and Nomura Research Institute)
- Introduction of TSUBASA general-purpose paperless system (2023)



▲ TSUBASA Alliance Co., Ltd. Website

2024

- Sharing of enterprise systems expanded to five banks (Daishi Hokuetsu, Chiba, Chugoku, Toho, and Hokuyo)
- Participation in TSUBASA-Jyudankai joint study group
- Sponsorship of Expo 2025 Osaka-Kansai (Japan International Exposition 2025)
- Mutual use of the BOJ-NET in times of disaster and failure (Daishi Hokuetsu, Chiba)
- Launched TSUBASA Daishi Hokuetsu Cashless Franchise Service

### Daishi Hokuetsu Bank on a non-consolidated basis Synergies from cooperation measures

(2015/10 – 2024/9 cumulative total)



Top-line  
Synergy



Cost  
Synergy

Cumulative  
total  
**¥14.7B**

### Participating financial institutions

(As of September 30, 2024)

**10**  
banks

### - Key Partnership Areas -

Sales  
promotion  
Regional  
revitalization

Administration  
efficiency  
Promotion  
of joint efforts

System  
standardization

Market  
investment

Risk  
management

Information-  
sharing

Enhancement  
of human  
capital value

etc.

### Total asset balance of participating banks

(1H FYE2025/3 on consolidated basis)

**¥98**  
trillion

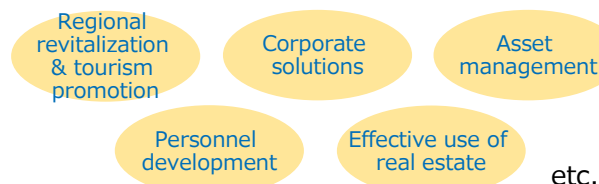


# Common Theme Across Strategies: Deepening the TSUBASA Alliance

## “Gunma-Daishi Hokuetsu Alliance” 第四北越銀行 × 群馬銀行

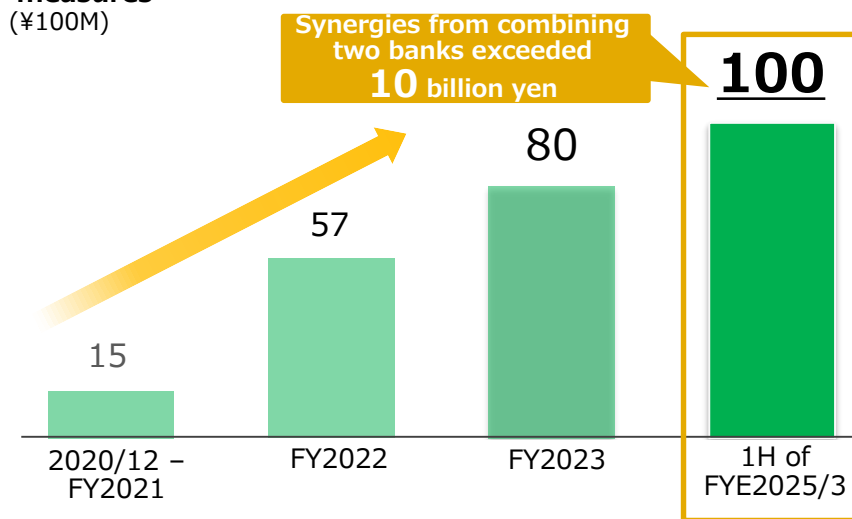


- Key Partnership Areas -



Total of Daishi Hokuetsu Bank and Gunma Bank

**Synergies from cooperation measures** (2020/12 – 2024/9 cumulative total)  
(¥100M)



### Joint planning of products and services

- **SDGs Private Placement Bond “Green & Food Support Private Placement Bond-3”**  
(Scheduled for August 2024 – March 2025)

Financially support private placement issuers



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



Third time

New!

### Regional revitalization & tourism promotion

- **Implementation of practical training for regional revitalization**  
(Scheduled for November 2024 – December 2024)
- Joint seminars for regional revitalization held by both banks (online and face-to-face)
  - The theme was for Gunma last year and Niigata this year

New!

Second time



▲ The First Web workshop

### Personnel development

- **Development of human resources through mutual acceptance of trainees, etc.**

第四北越銀行 Personnel exchange 群馬銀行

- Daishi Hokuetsu Bank sends two people, one to each of Gunma Bank's overseas offices (New York branch and Ho Chi Minh City Office). Sharing know-how and skills

An abstract graphic consisting of several overlapping, flowing blue ribbons that create a sense of movement and depth. A thin, solid yellow horizontal line is positioned below the blue ribbons, adding a sharp contrast to the design.

Medium-Term Management Plan III

# **Sustainability Initiatives**

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# Daishi Hokuetsu FG Sustainability Initiatives


**DAISHI HOKUETSU**

Financial Group

第四北越フィナンシャルグループ

## Daishi Hokuetsu FG Basic Sustainability Policy: Key Action Areas

- 1 | Address Regional Issues
- 2 | Address Environmental Issues
- 3 | Build Trust of Society
- 4 | Practice of Human Capital Management

### - Key Initiatives to Date -

#### FY2021

- Endorsement of TCFD Recommendations
- Formulation of the "Basic Sustainability Policy"
- Establishment of "Sustainability Promotion Committee"
- Initiatives on the Ministry of the Environment "FY2021 ESG Community Finance Promotion Project"
- Initiatives on the Ministry of the Environment "Support Project for Scenario Analysis Pilot Program on Climate Risks and Opportunities in line with TCFD Recommendations"

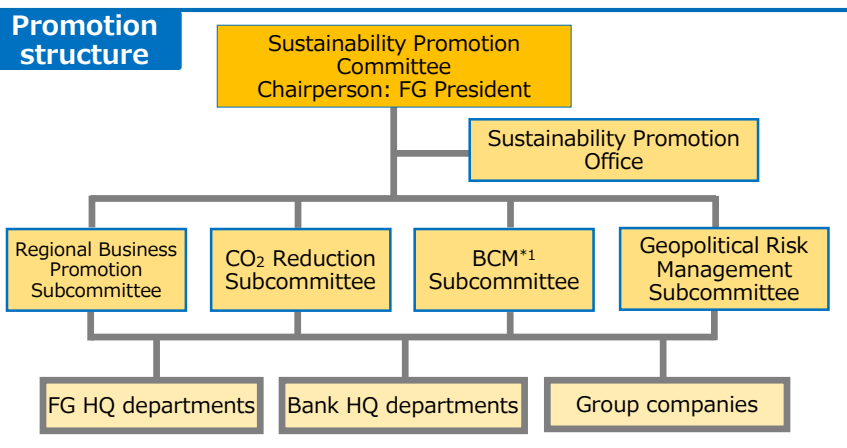
#### FY2022

- Formulation of "Investment & Financing Policies that consider Environment and Society"
- Establishment of "Sustainable Finance Targets" and "CO2 Emissions Reduction Target"
- Announcement of the "2050 Carbon Neutral Declaration"
- "Declaration on Building Partnerships" announced
- President appointed to the Board of "SDGs Niigata"
- Initiatives on the Ministry of the Environment "FY2022 ESG Community Finance Promotion Project"
- Introduction of environmentally friendly offices

#### FY2023

- Participation in the "GX League"
- Participation in the "TNFD Forum"
- Participation in the Tokyo Stock Exchange Carbon Credit Market
- Participation in the "Niigata City J-Credit Promotion Council"
- Initiatives on the Ministry of the Environment "FY2023 TCFD Disclosure-based Practical Engagement Program for Regional Financial Institutions"
- Introduction of renewable-energy-derived CO2-free electricity

#### Promotion structure



### - Various initiatives in which Daishi Hokuetsu FG participates -


 GX League  
 (May 2023)

 TNFD Forum  
 (February 2024)

 Sustainability Data  
 Standardization  
 Consortium  
 (August 2023)

 Energy  
 conservation  
 regional  
 partnership  
 (July 2024)

**New!**

 TNFD  
 Adopter  
 (September 2024)

 Climate change  
 initiatives  
 (October 2024)

 30by30  
 Alliance for  
 Biodiversity  
 (October 2024)

 Keidanren  
 Initiative for  
 Biodiversity  
 Conservation  
 (November 2024)

\*1: Business Continuity Management

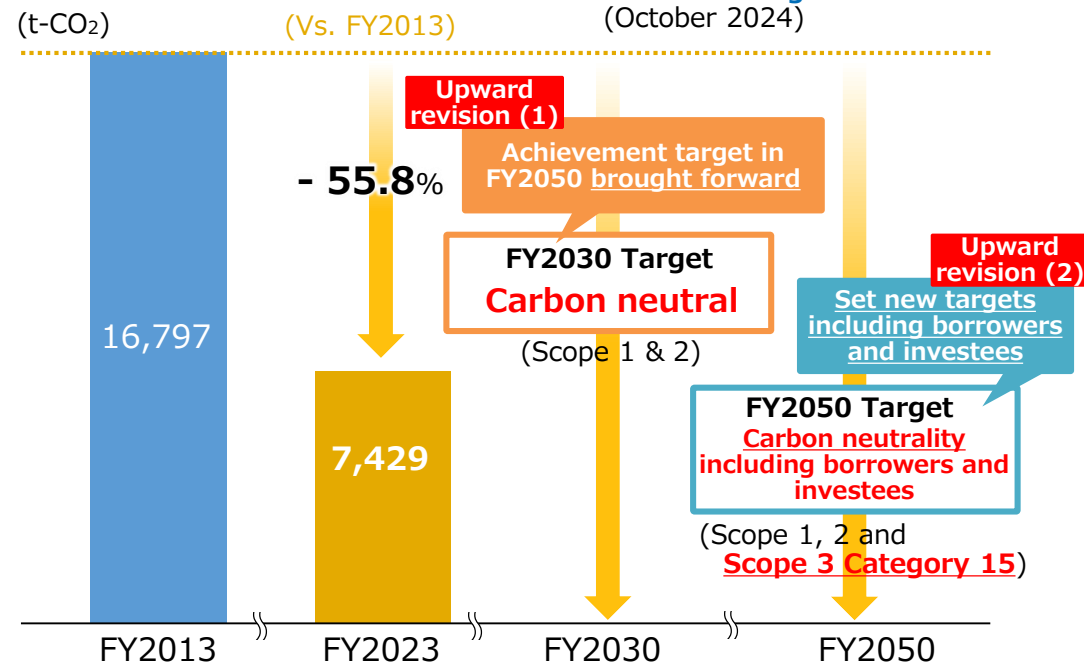
# Daishi Hokuetsu FG Initiatives

## ■ Daishi Hokuetsu FG's own initiatives to achieve sustainability

### ■ CO<sub>2</sub> emission reduction target and results

### ■ Upward revision of reduction targets (October 2024)

**New!**



Establishment of environmentally friendly offices

### ■ Construction and relocation of Ojiya Branch (September 2024)

**New!**

- Acquisition of "ZEB Ready" certification
- Introduction of "wall solar power generation system" and "snow melting system using geothermal heat"



▲ Appearance of Ojiya Branch

ZEB-certified branches  
4th branch

## Efforts to enhance information disclosure

### ■ Enhancement of information disclosure related to climate change

**New!**

- In addition to Category 15 (investments and loans) already disclosed with regard to the Scope 3 GHG emissions, Category 6 (employees' business trips) and Category 7 (employees' commuting) have been added to the disclosure (Annual Securities Report for the fiscal year ended March 2024 (June), etc.)

### ■ Efforts to improve the accuracy of disclosed data

**New!**

- A third-party guarantee has been obtained for the actual GHG emissions (Scope 1, Scope 2, Scope 3 Category 6, 7, 15) disclosed in the fiscal year ended March 2024 (September, SOCOTEC Certification Japan)
  - Promoting engagement with customers based on highly reliable and transparent data and contributing to the realization of a decarbonized society

## FG's initiatives to absorb knowledge and expertise

**New!**



### ■ Participation in the Tokyo Stock Exchange Carbon Credit Market (March 2024)

- Collect information on and study utilization of carbon credits



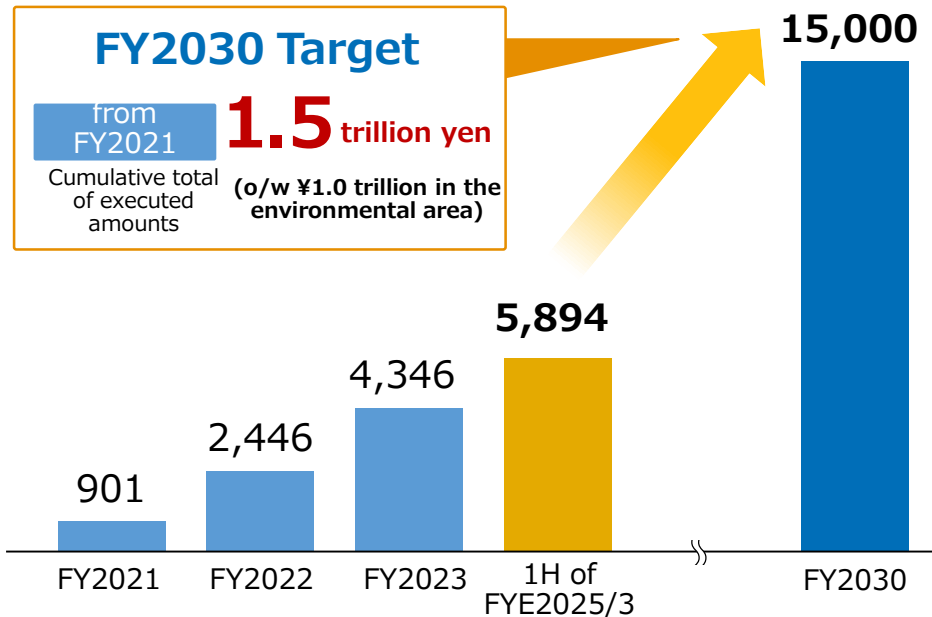
### ■ Obtained "B" score in the CDP Climate Change Report 2023

- Strengthening efforts toward higher levels

# Addressing Issues faced by Regions and Customers

## Initiatives to promote sustainability and SDGs

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



### Expansion of products and services

#### Expansion of sustainable finance product range

- Positive Impact Finance
- Sustainability Linked Finance
- SDGs-linked Finance
- SDGs Support Loan
- Sustainability Finance
- SDGs Green Finance
- "Biz-Ecology" Regional Decarbonization Contribution Loan
- Housing loan "ZEH Housing Support Plan"



### Support for decarbonization

#### 第四北越リース

Selected for the fourth consecutive year

- Initiatives on the Ministry of Environment "FY2024 ESG Lease Promotion Project" Selected as a designated lease business operator (June 2024)

- Customers can reduce lease fees by introducing decarbonized equipment that meets standards through the company

Transaction results (cumulative)  
**154 cases**  
**¥1.9B**

(June 2021 – September 2024)

#### 第四北越リサーチ&コンサルティング

##### Daishi Hokuetsu SDGs Consulting Service

(September 2021 – September 2024)

##### Support services for introducing decarbonization management

Diagnostic service  
(Diagnosing status of efforts)

**Cumulative total**  
**3,733 cases**

Consulting Service  
(Support for formulation of SDGs Declaration, etc.)

**Cumulative total**  
**231 cases**

～ 2050 年カーボンニュートラルに向けて ～

**脱炭素経営**  
導入支援サービス  
のご案内



### Support for solving social issues

#### 第四北越銀行

- "Supporting Community! SDGs Private Placement Bonds"

(June 2024 – September 2024)

Total amount issued  
**¥2.7B**





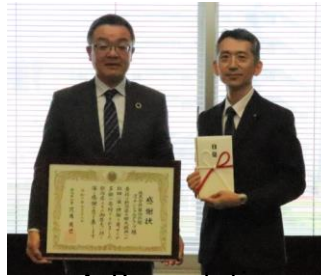
# Addressing Issues faced by Regions and Customers

## ■ Communication with local communities for social contribution

### ■ Donation to Niigata Prefecture to Support Tourism Promotion

(September 2024)

■ 第四北越FG



▲ Presentation ceremony

- Donated 5 million yen to Niigata Prefecture to promote tourism on Sado Island and contribute to the development of the prefecture's economy in the wake of the registration of the Sado Gold Mine as a World Cultural Heritage Site

### ■ Awarded the Medal with Dark Blue Ribbon

(May 2024)

■ 第四北越銀行



- Received the award certificate from the Cabinet Office for the donation made to Niigata Prefecture (September 2023) in response to severe drought damage last summer

### ■ Granting scholarships through the "Daishi Hokuetsu Scholarship Society"

(from 1962)

Number of scholarship recipients  
(cumulative total)

(Period: FY1963/3 – 1H  
FYE2025/3)

**1,306** people

■ 第四北越銀行



▲ Scholarship recipients' exchange meeting (August 2024)

### ■ "Daishi Hokuetsu Academy" financial education activities

(from 2013)

■ 第四北越銀行

Number of children participated  
(cumulative total)

(Period: FY2014/3 – 1H FYE2025/3)

**15,773** people



### ■ Forestation activities

(from 2009)

■ 第四北越FG

- Conducting forest conservation activities to preserve local lush forests for the future



### ■ Volunteer activities of "Daishi Hokuetsu Magokoro no Kai"

(Fundraising organization with voluntary participation by officers and employees) (from 1993)

■ 第四北越銀行

- Participated in volunteer activities for nature conservation in Niigata Prefecture. Continuing donations to local government and environmental protection and social welfare organizations



▲ Donation of banners with traffic safety slogans (April 2024)



▲ Volunteer for Sado crested ibis conservation (September 2024)

An abstract graphic on the right side of the slide, featuring a thick blue ribbon that loops and curves, with a thinner yellow line intersecting it.

## Medium-Term Management Plan III

# Capital Policy

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# Implementation of Stock Split

- Implementation of stock splits to expand investor base
- (lowering minimum investment amount)

## Implementation of Stock Split

Effective date: October 1, 2024

**New!**

### ■ Two-for-one stock split

- Reduce the minimum investment amount per investment unit of FG's share to create a more investment-friendly environment, expand the investor base, and further increase the number of shareholders

<Increase in number of shares due to stock split>

Total number of shares issued before stock split	45,942,978
Number of shares to be increased by stock split	45,942,978
Total number of shares issued after stock split	91,885,956
Total number of authorized shares after stock split	200,000,000

## Expansion of Shareholder Benefit Program

Effective date: October 1, 2024

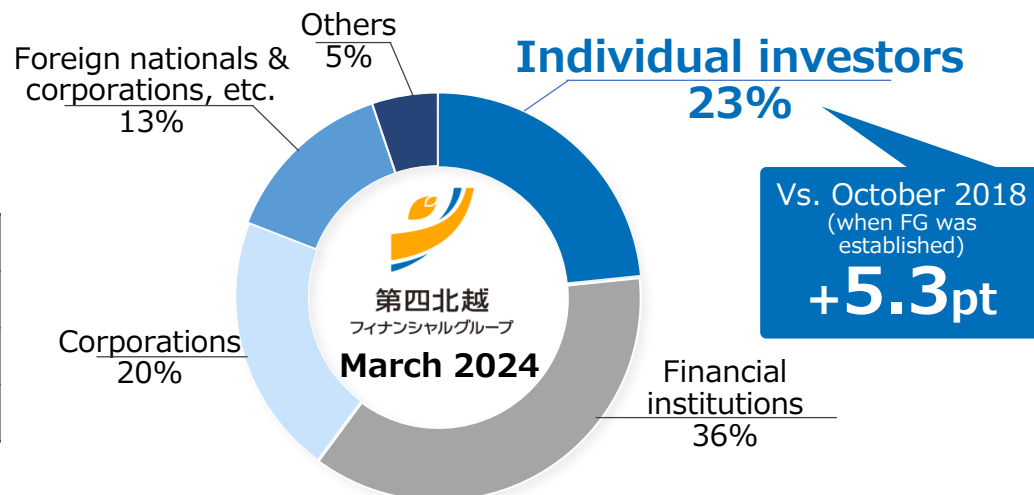
**New!**

- Newly created shareholder benefits for the minimum investment unit (100 shares) after stock split

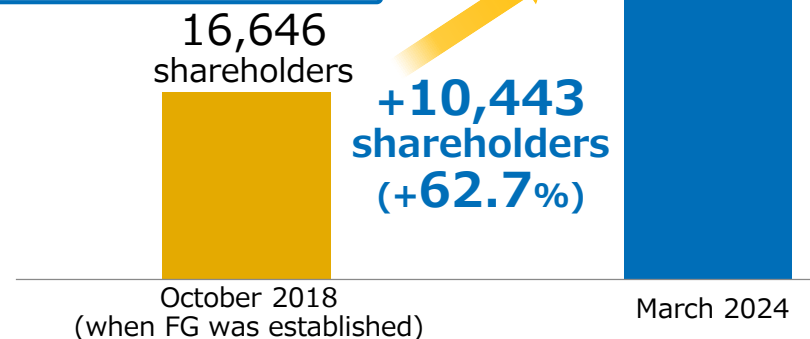
Before change		After change	
-		100 to less than 200 shares	Niigata products worth 1,000 yen
100 to less than 1,000 shares	Catalog gift worth 2,500 yen	200 to less than 2,000 shares	Catalog gift worth 2,500 yen
1,000 shares or more	Catalog gift worth 6,000 yen	2,000 shares or more	Catalog gift worth 6,000 yen

## Composition of shareholders (% of the number of shares held)

- Total number of shares issued: 45,942,978
- Total number of shareholders as of the end of March 2024: 28,975



## Change in the number of individual shareholders





# Changes in Shareholder Return Policy

## ■ Changes in Shareholder Return Policy

■ (November 2024)

### The Daishi Hokuetsu Financial Group Shareholder Return Policy

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

**Specifically, dividends per share will be progressive in principle and the payout ratio will be around 40%. The Company will flexibly repurchase its own shares in light of overall business performance and market conditions.**

Our policy is to work to improve ROE based on the increase in profit, with the goal of achieving 5% or more as soon as possible, and then increasing ROE to an even higher level.

**Change**

Before change

Dividend payout ratio of approximately 35%

Targeting a total shareholder return ratio of 40%

(Total of dividends and share repurchases)

**New!**

After change

**Dividend payout ratio of approximately 40%**

**Flexibly repurchase shares**

## ■ FYE2025/3 Dividend Forecast

Dividend increase forecast

**New!**

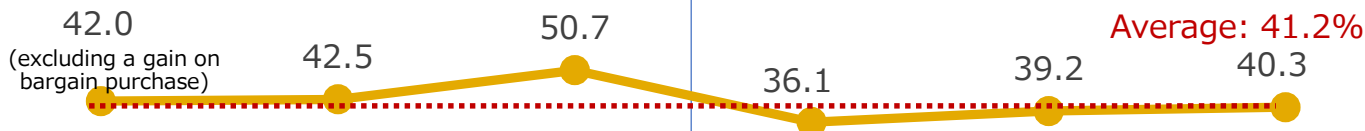
\* Dividend per share (annual amount): Converted retroactively to the dividend amount after the stock split, based on the stock split implemented on October 1, 2024

### Medium-Term Management Plan I

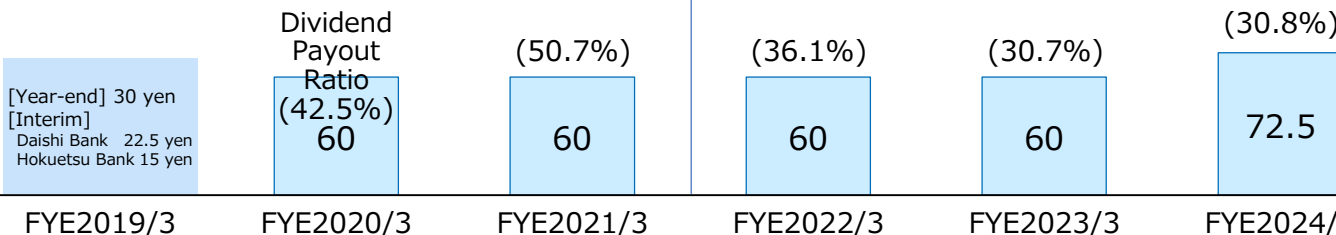
### Medium-Term Management Plan II

### Medium-Term Management Plan III

Shareholder return ratio (%)



Dividends per share (annual amount) (Yen)

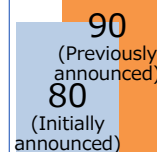


Shareholder return ratio (forecast) **44%**  
Dividend payout ratio (forecast) **40%**

**112**

**New!**

Repurchase of shares completed Approx. ¥1.2B (August 2024)



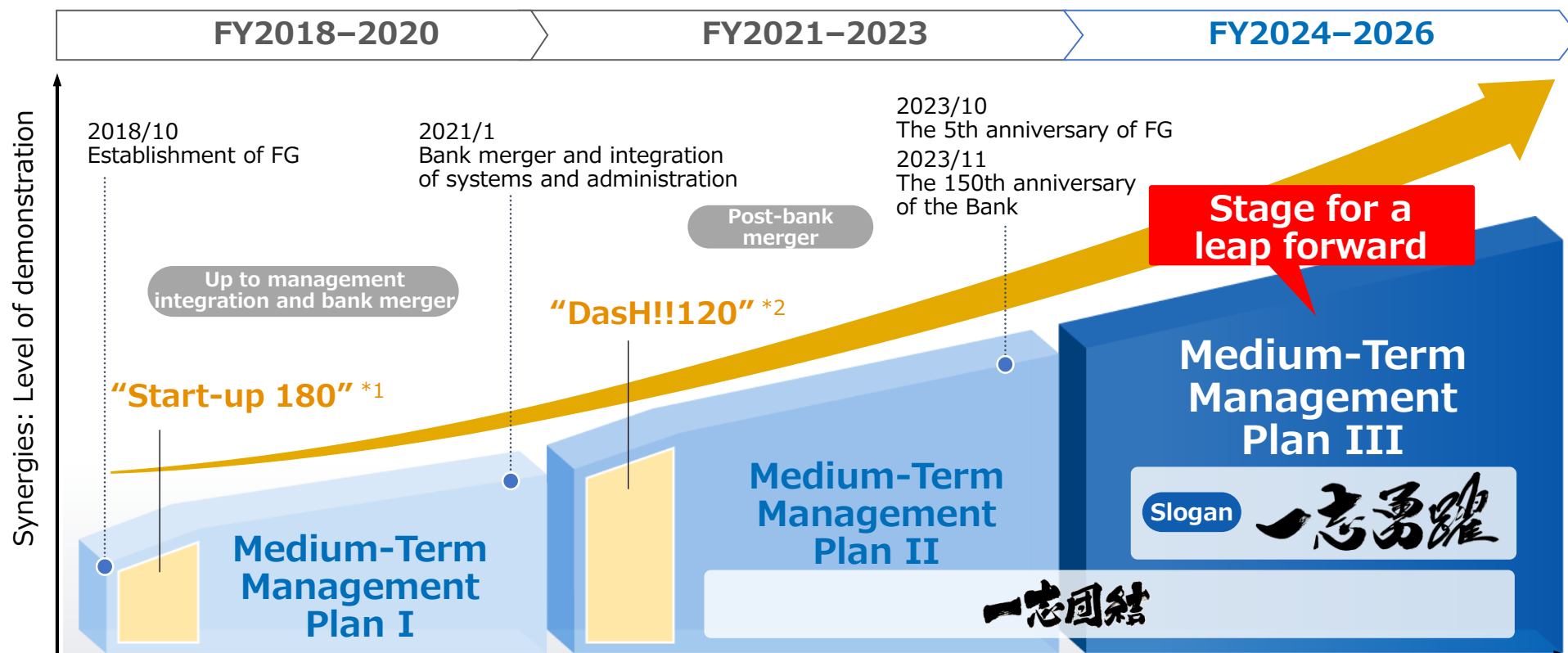
FYE2025/3 (Forecast)

# ***Appendix***

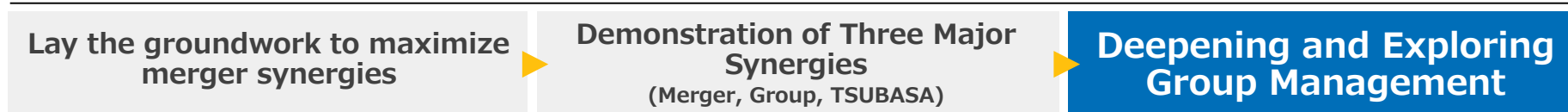
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# New Medium-Term Management Plan: Medium-Term Management Plan III

- Medium-Term Management Plan III, defined as
- “Stage for a leap forward”



## [Basic Approach During Each Plan Period]



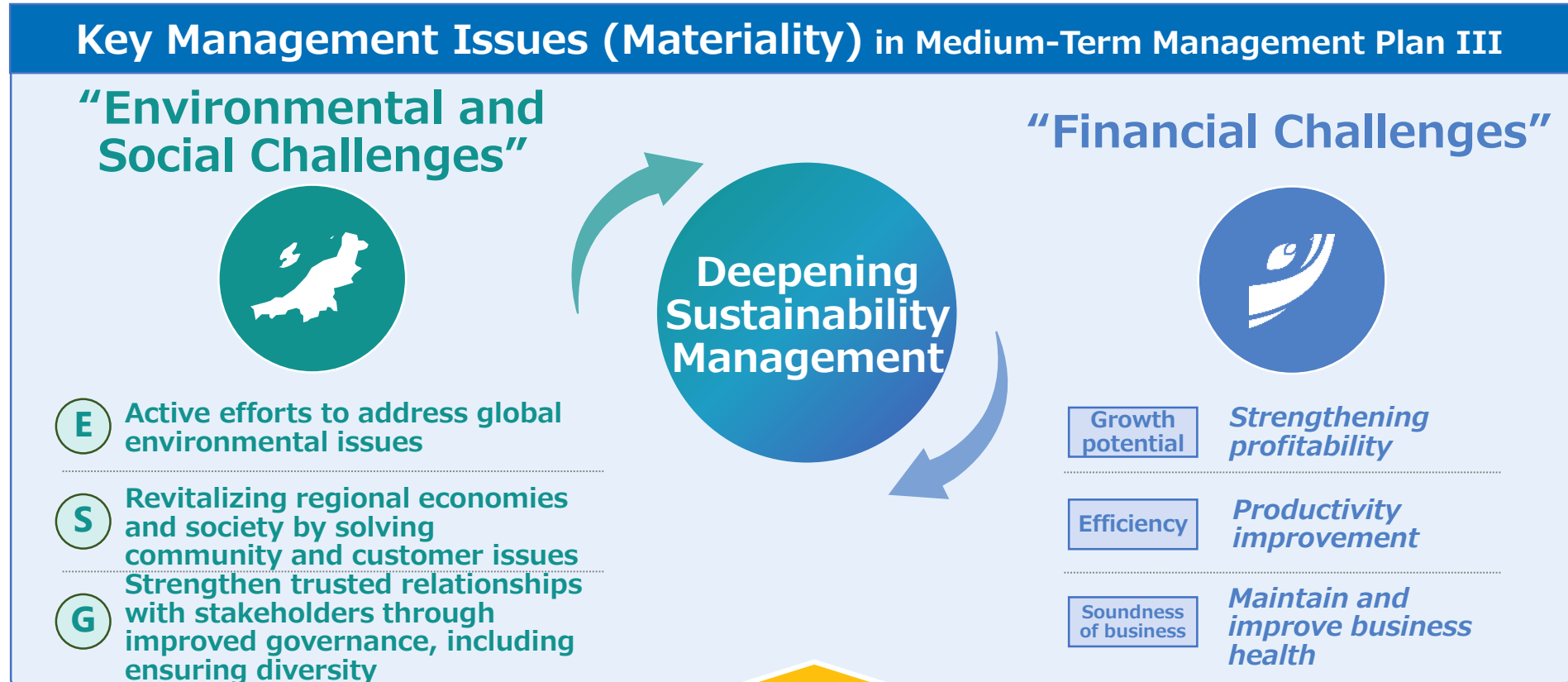
\*1: Period of rapid and intensive implementation of various measures to realize synergies from management integration (180 days)

\*2: Period during which various measures were implemented quickly and intensively as the main activity period for the early realization of synergies from the bank merger (120 days)

# Key Management Issues (Materiality) in Medium-Term Management Plan III

## ■ Resolving key management issues to achieve sustainable growth

- Sustainability management that aims to create a virtuous circle of sustainable growth for society and the Company by addressing both “Environmental and Social Challenges” and “Financial Challenges”

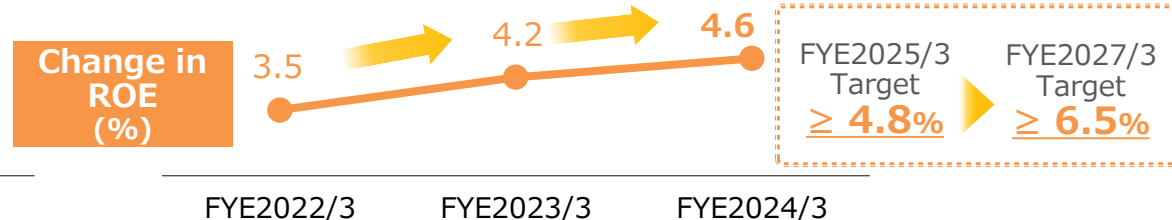
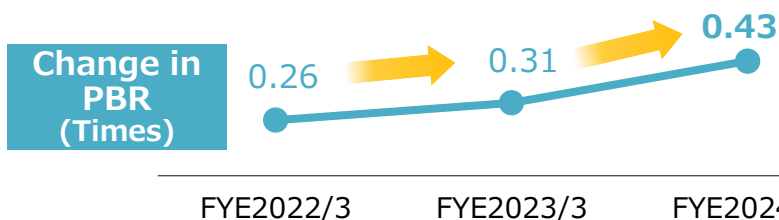
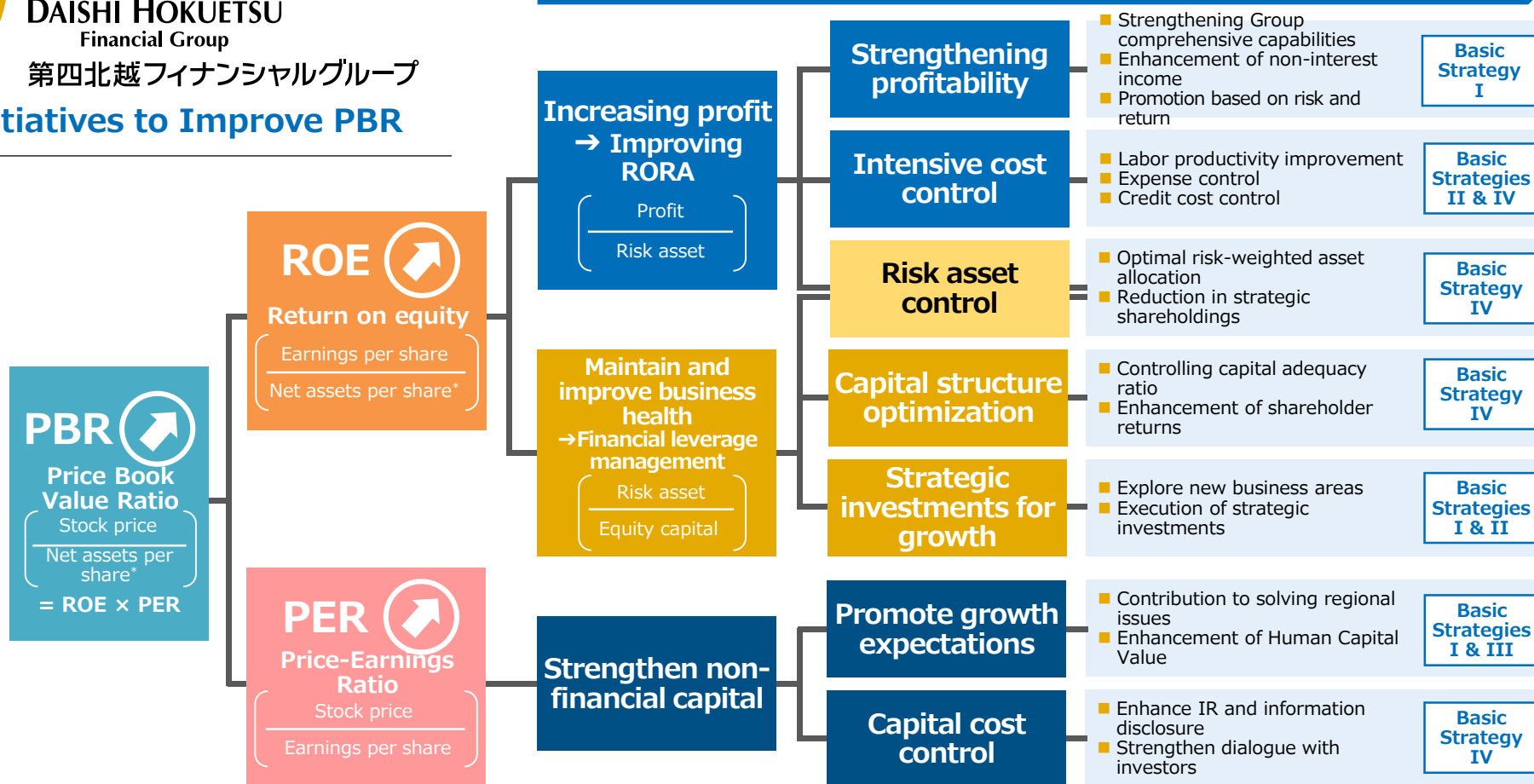


Changes in the business environment	Significant change with increasing complexity and uncertainty	
<ul style="list-style-type: none"> <li>Progress of declining population, low birth rate, and aging population</li> <li>Changes in social and industrial structure through DX</li> <li>Advances in web, online, and cashless transactions</li> <li>Changes in people's lifestyles and consumption behaviors</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of globalization</li> <li>Deregulation</li> <li>Entry of other industries into the financial sector</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of carbon neutrality</li> <li>Growing importance of sustainability management</li> <li>Further rise in geopolitical risk</li> <li>Shifts in monetary policy between Japan, the U.S. and Europe</li> <li>etc.</li> </ul>

# Enhancing corporate value by implementation of Medium-Term Management Plan III



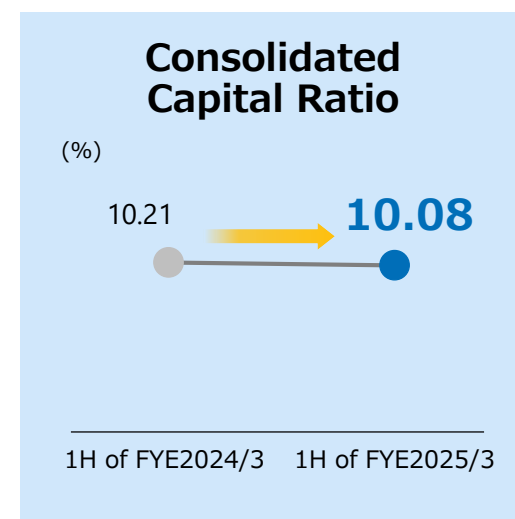
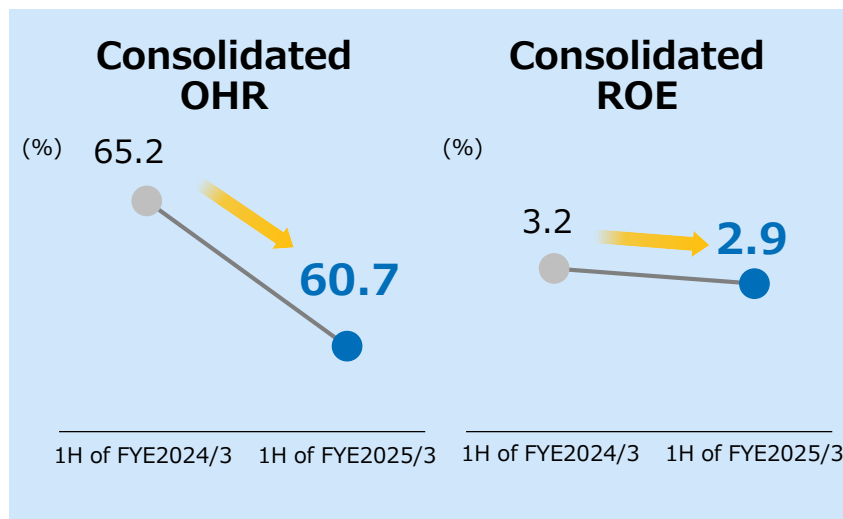
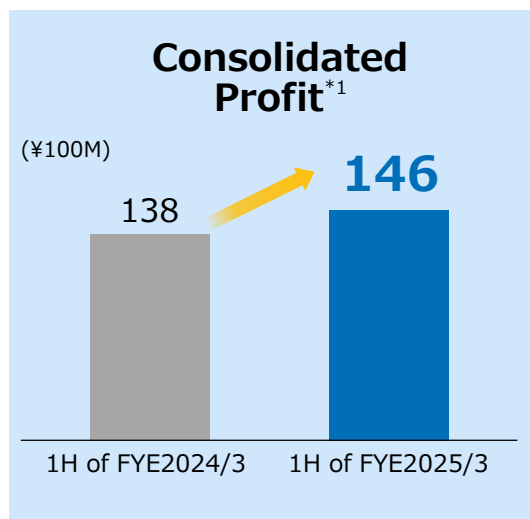
## Ensuring implementation of Medium-Term Management Plan III



\* Net assets (Average of beginning and end of period, excluding non-controlling interests)

# Medium-Term Management Plan III: Key Performance Indicators

“Financial Challenges” KPI		1H of FYE2024/3 Result	1H of FYE2025/3 Result	Year on Year	FYE2025/3 Annual Plan
Strengthening profitability	Consolidated (Interim) Profit*1	¥13.8B	<b>¥14.6B</b>	¥0.8B	¥25.0B
Productivity improvement	Consolidated OHR	65.2%	<b>60.7%</b>	- 4.5pt	64% level
	Consolidated ROE	3.2%	<b>2.9%</b>	- 0.3pt	≥ 4.8%
Maintain and improve business health	Consolidated Capital Ratio	10.21%	<b>10.08%</b>	- 0.13pt	≥ 10%



\*1: (Interim) Profit attributable to owners of parent

# Medium-Term Management Plan III: Key Performance Indicators

“Environmental and Social Challenge” KPI	1H of FYE2025/3 Result	Vs. Target		FYE2025/3 Target
E Active efforts to address global environmental issues				
CO2 emissions reduction rate (vs. FY2013, annual forecast)	65.8%	6.6%	59% level	
Executed amounts for Sustainable Finance (Cumulative total since FY2021)	¥589.4B	¥58.5B	¥650.0B	
S Revitalizing regional economies and society by solving community and customer issues				
Number of business start-ups and succession support	1,418 cases	73 cases	2,850 cases	
Number of DX and Productivity Improvement Support	70 cases	35 cases	75 cases	
Ratio of business clients with improved indicators, etc.	74.6%	- 0.4%	≥ 75%	
Number of cases supported to develop a business improvement plan	249 cases	19 cases	420 cases	
Number of digital customers*1	395,000 clients	1,000 clients	450,000 clients	
Balance of Group assets under custody	¥1,461.9B	¥30.4B	¥1,479.0B	
No. of clients supported in sales channel development (Regional trading company)*2	686 clients	8 clients	720 clients	
Number of HR solutions supported	133 cases	40 cases	190 cases	
G Strengthen trusted relationships with stakeholders through improved governance, including ensuring diversity				
% of women managers*3	26.06%	0.06%	≥ 26%	
Total no. of Group business clients*4	61,267 clients	340 clients	62,700 clients	

\*1: Number of Daishi Hokuetsu ID holders (e.g. Little Bank and My Page users) and individual e-net banking users

\*2: Cumulative total since the opening of the Nihonbashi Branch in October 2019

\*3: The ratio of women managers (deputy level and above) (Bank alone) \*4: Number of corporate clients with recurring business with FG Group companies (total)

# Summary of Financial Results for the First Half of the Fiscal Year Ending March 2025 (Profit/Loss)

FG's Consolidated (¥100M)	Financial Results for the First Half of the Fiscal Year Ending March 2025	Year on Year	Earnings Forecast (Announced in May 2024)	Vs. Forecast
1 Ordinary profit	204	27	150 (200 <sup>*1</sup> )	54 (4 <sup>*1</sup> )
2 Interim Profit <sup>*2</sup>	146	8	105 (142 <sup>*1</sup> )	41 (4 <sup>*1</sup> )

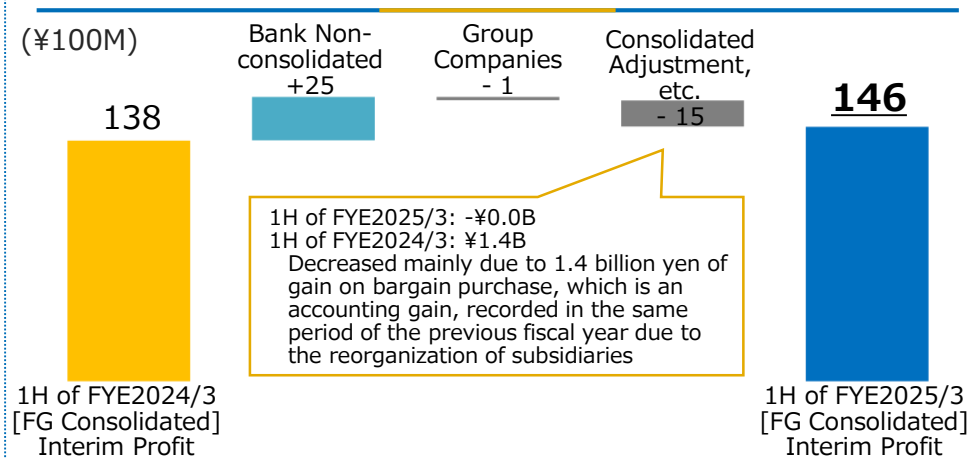
\*1 Compared with the forecast revised upward announced in July 2024

\*2 Interim profit attributable to owners of parent

Group Companies (¥100M)	Financial Results for the First Half of the Fiscal Year Ending March 2025	Year on Year	1H of FYE2024/3 Financial Results
3 Interim Profit <sup>*3</sup>	16	- 1	18

\*3 Total interim profit attributable to owners of parent of the Group companies excluding the Bank

## <FG Consolidated> Change Factors

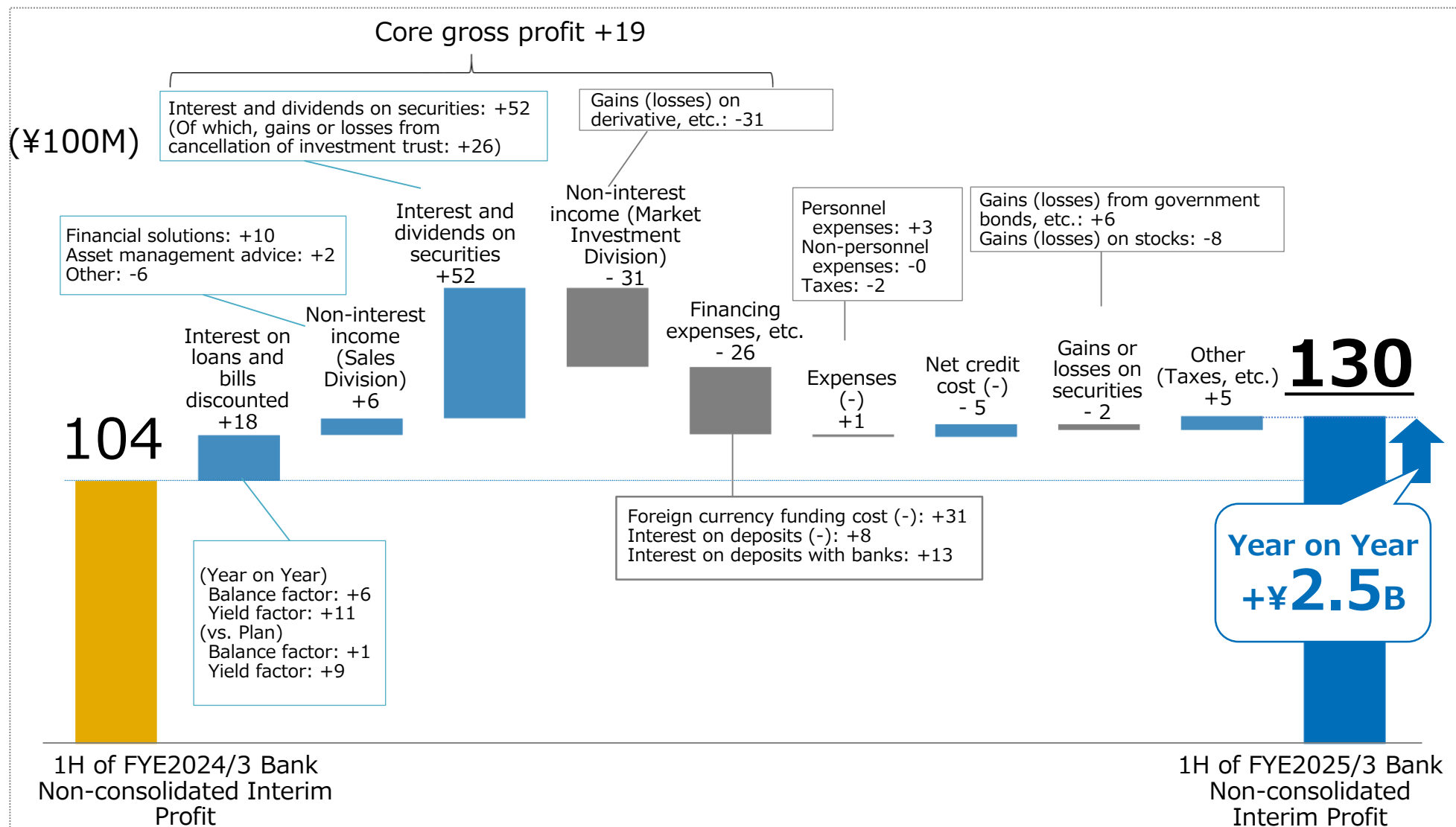


Bank Non-consolidated (¥100M)	1H of FYE2025/3 Financial Results	Year on Year	1H of FYE2024/3 Financial Results
4 Gross profit	454	25	428
5 (Core gross profit)	479	19	460
6 Net interest income	360	43	316
7 (Of which, interest on loans and bills discounts)	260	18	242
8 (Of which, interest and dividends on securities)	237	52	185
9 (Of which, financing expenses) (-)	207	45	161
10 Fees and commissions	73	- 0	74
11 Profit from other businesses	19	- 17	36
12 (Excluding gains (losses) from government bonds and other bonds)	45	- 23	68
13 (Of which, Gains (losses) from government bonds and other bonds)	- 25	6	- 31
14 Expenses (-)	292	1	291
15 Substantial business profit	161	24	137
16 Core business profit	187	18	169
17 (Excluding gains (losses) from cancellation of investment trust)	161	- 8	169
18 Business profit	163	24	138
19 Temporary income (losses)	17	6	10
20 Ordinary profit	180	31	149
21 Extraordinary income (losses)	2	2	- 0
22 Interim Profit	130	25	104
23 <Net credit cost> (-)	16	- 5	21
24 <Gains or losses on securities>	- 12	- 2	- 9



# Summary of Financial Results for the First Half of the Fiscal Year Ending March 2025 (Profit/Loss)

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



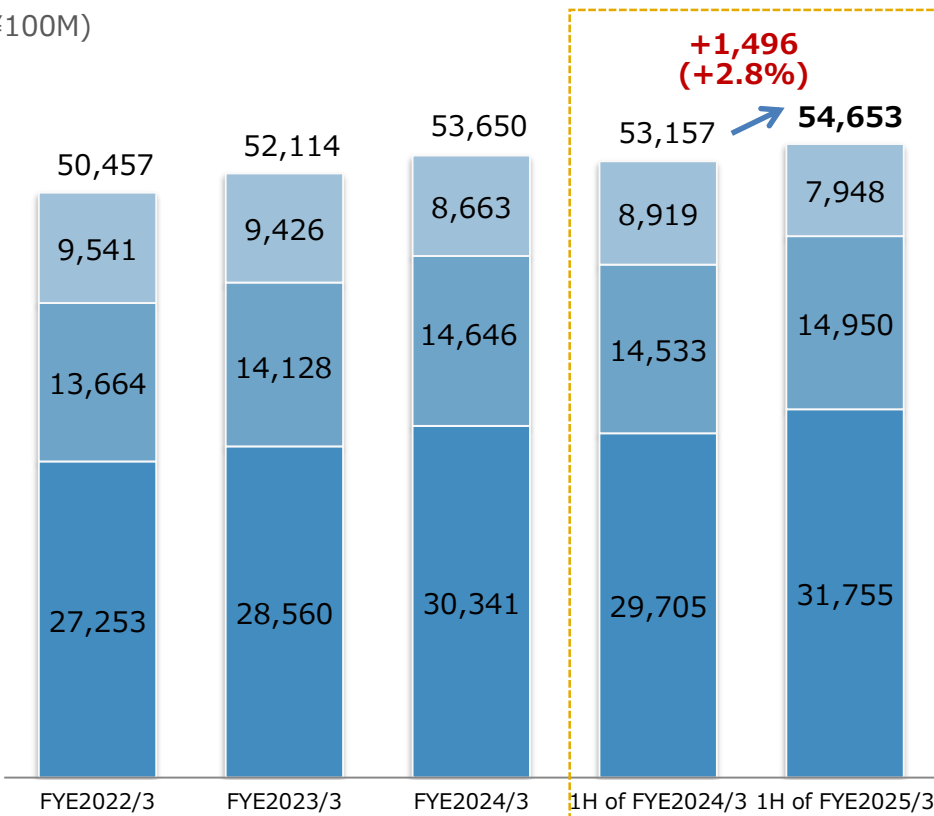
# Changes in interest and yield on loans and bills discounted

## Average balance of loans and bills discounted

\* Before partial direct write-offs

■ Business ■ Consumer ■ Public Money and Finance

(¥100M)



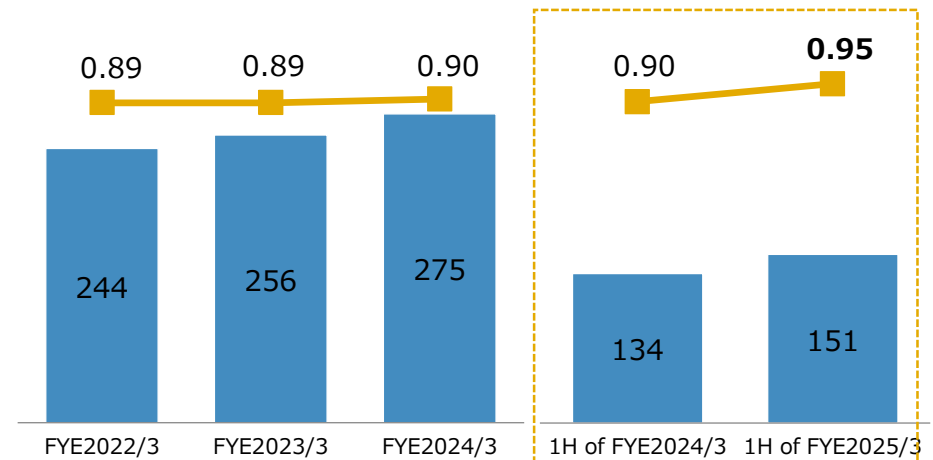
Yield on loans and bills discounted (Execution basis)

0.91%      0.91%      0.92%      0.92% → 0.96% (0.04pt)

## Interest and yield on business loans and bills discounted

\* Before non-accrued interest

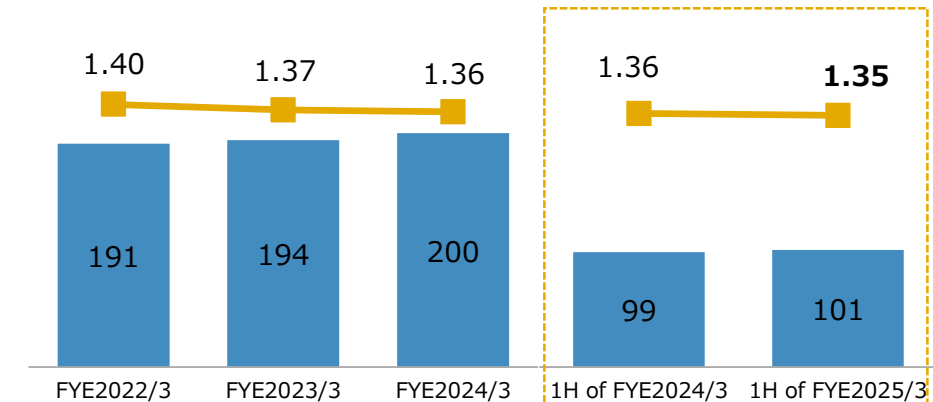
■ Interest (¥100M) ■ Yield (%)



## Interest and yield on consumer loans and bills discounted

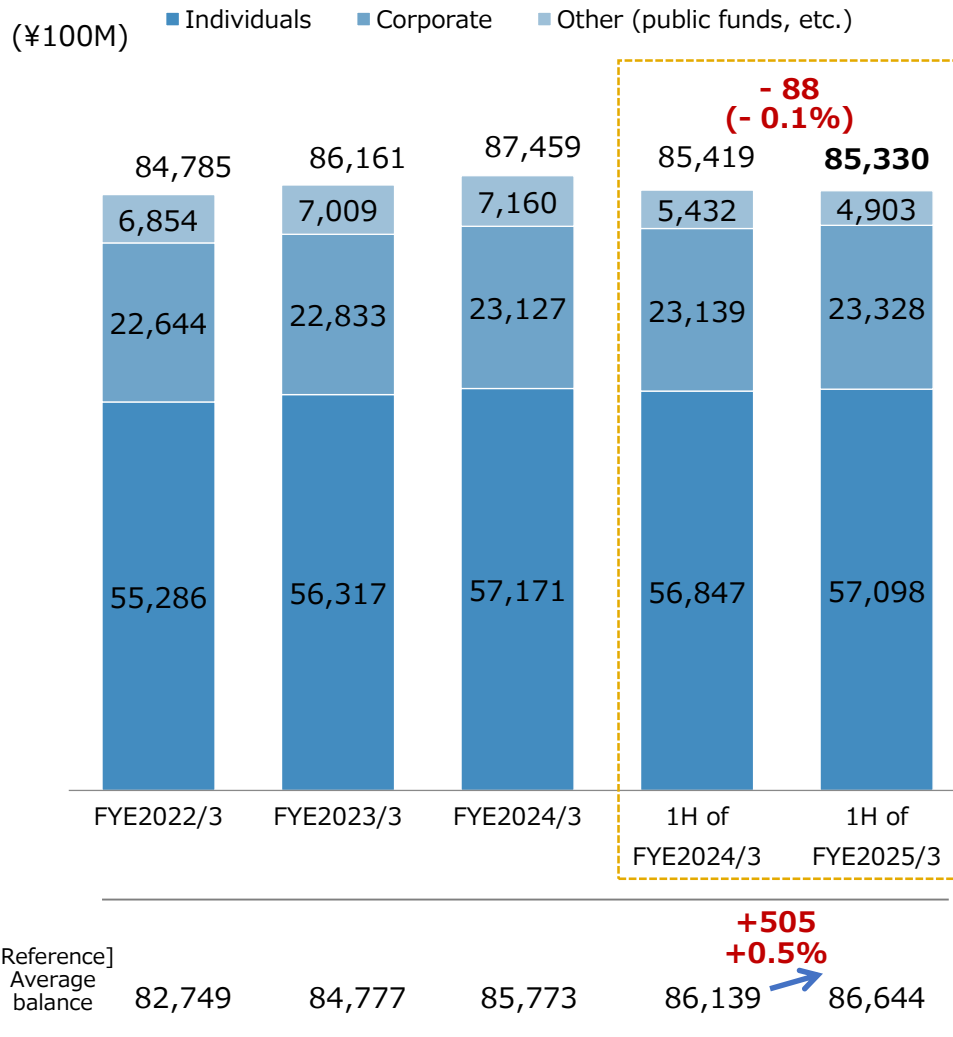
\* Before non-accrued interest

■ Interest (¥100M) ■ Yield (%)

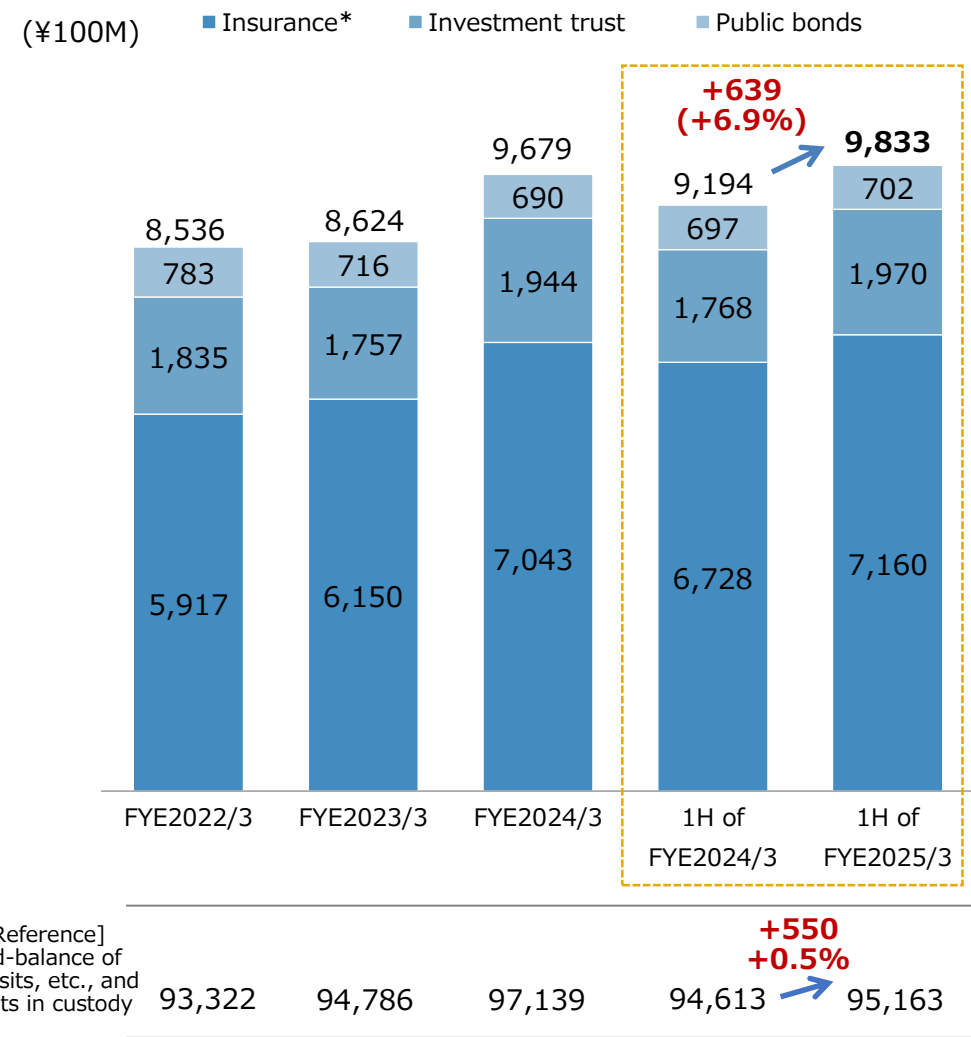


# Balance of deposits, etc., and assets in custody

## Ending balance of deposits, etc. (including negotiable certificates of deposit)

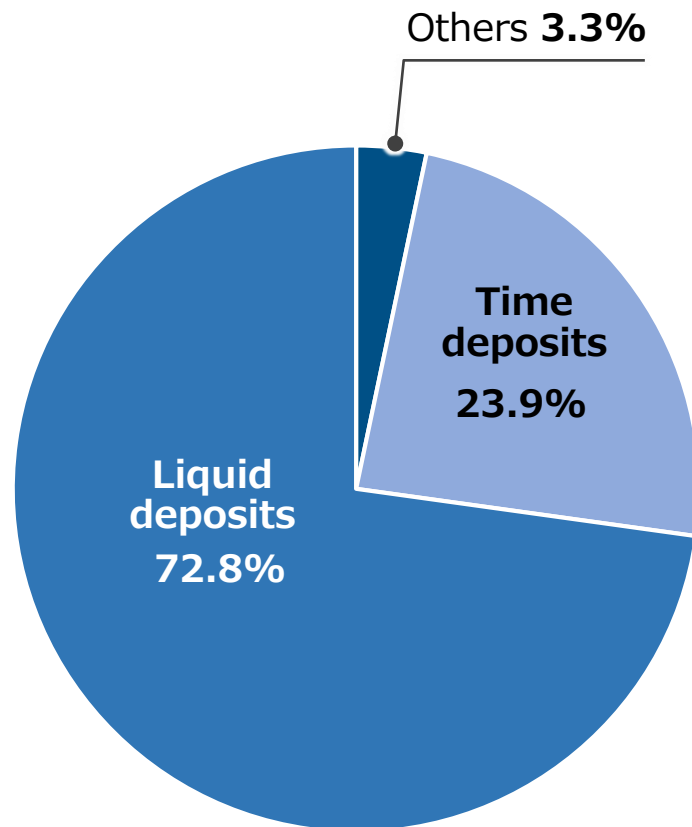


## Ending balance of assets in custody



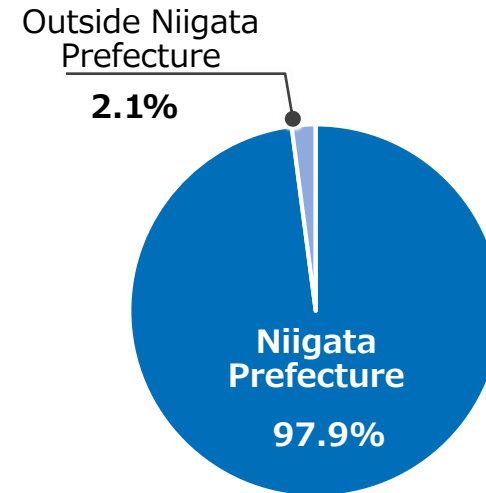
# Composition of deposits, etc.

## Composition of deposits, etc. (2024/9 End)

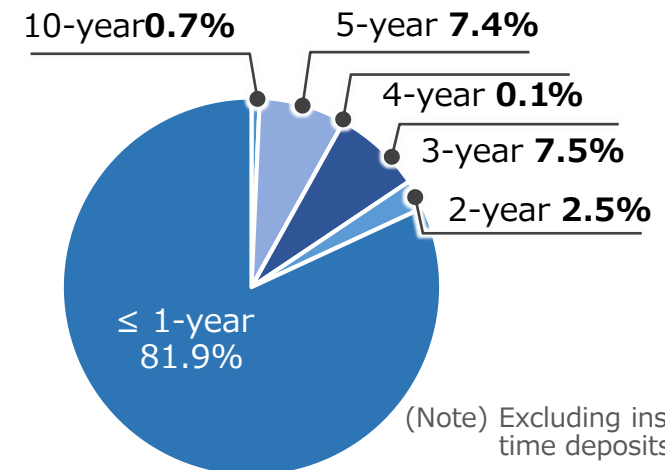


(Note) Excluding foreign currency deposit

## Percentage of balance of deposits, etc. by Region (2024/9 End)



## Composition of time deposits (2024/9 End)

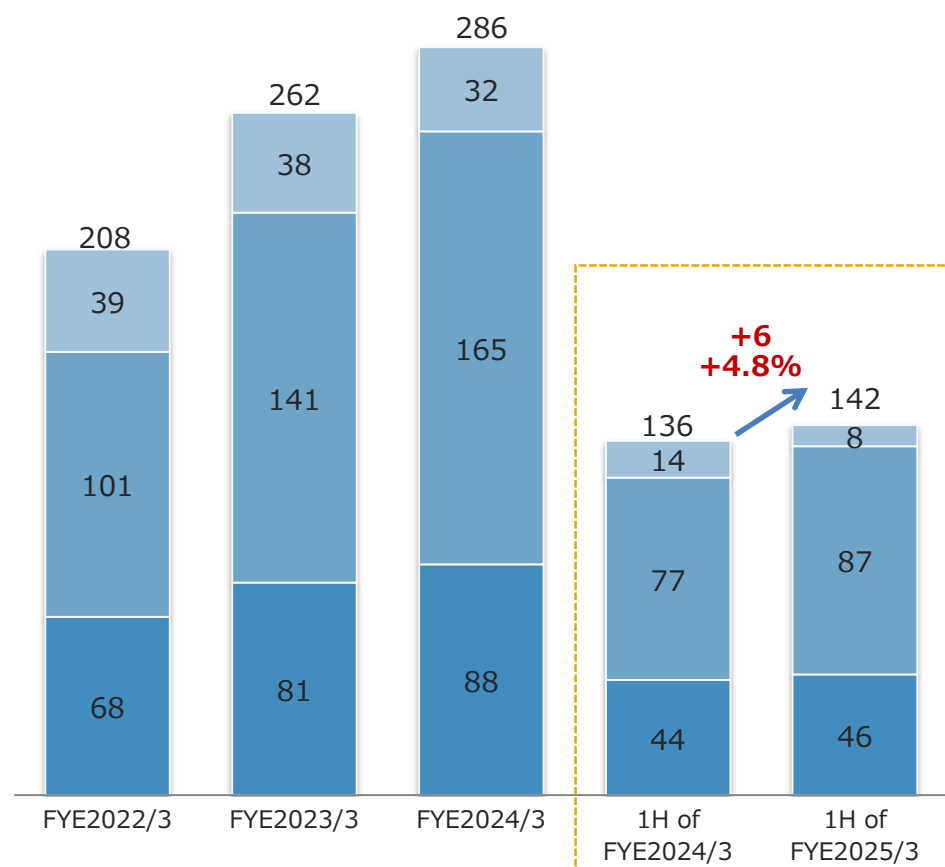


(Note) Excluding installment time deposits, etc.

## Non-interest income\*

(¥100M)

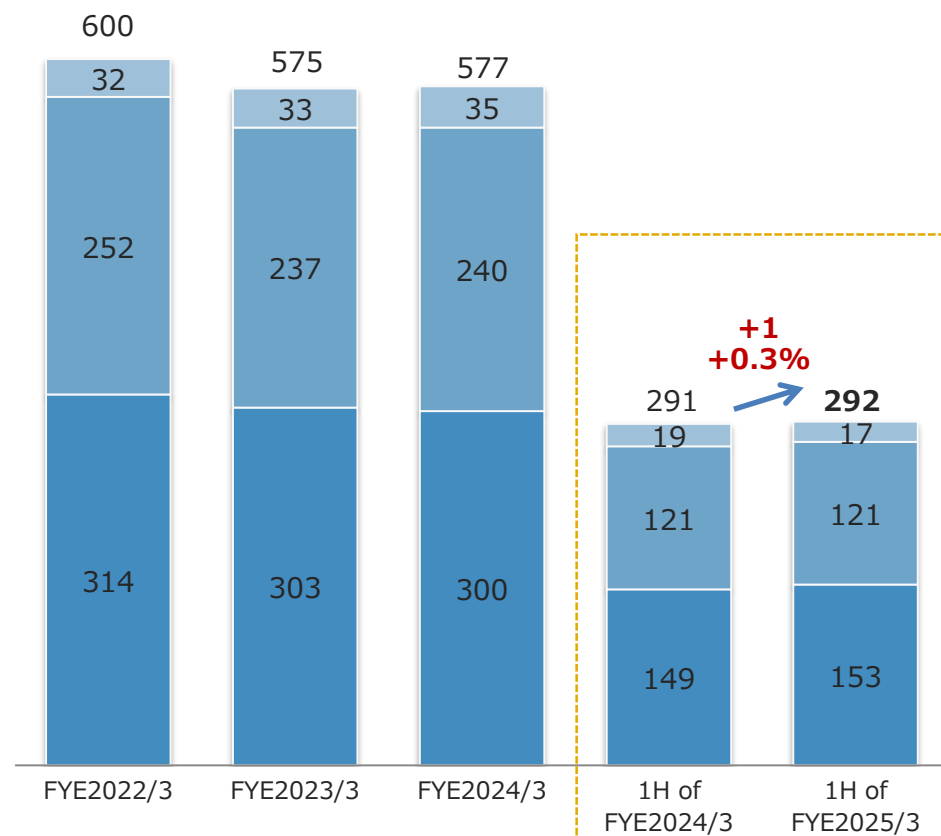
■ Asset management advice ■ Financial Solutions ■ Others



## Expenses

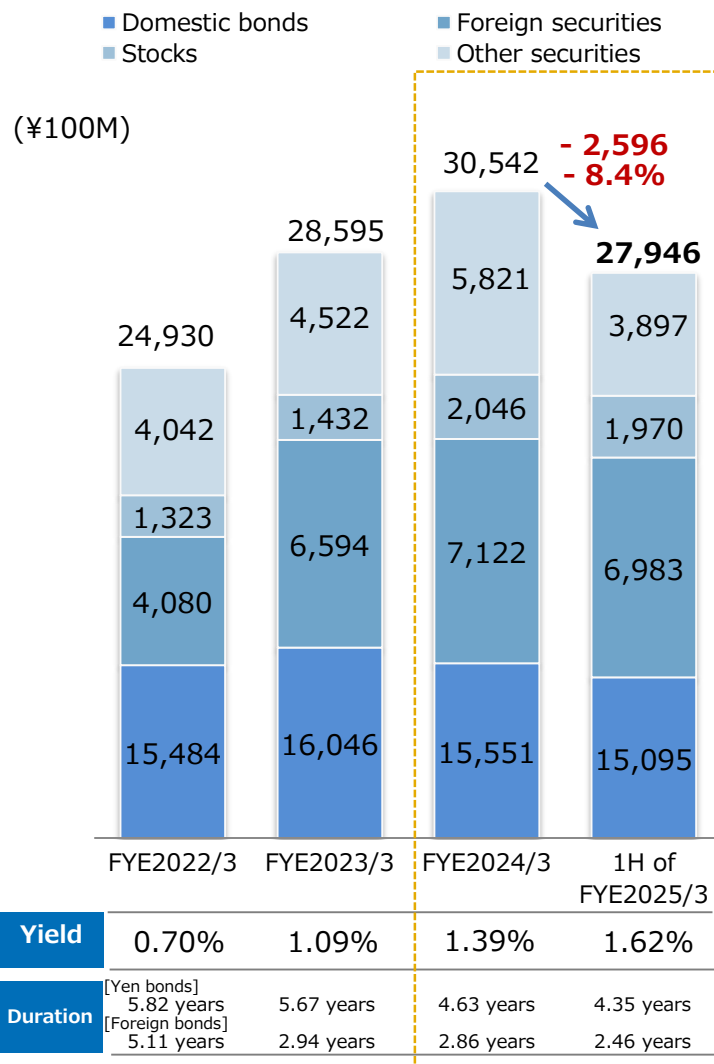
(¥100M)

■ Personnel expenses ■ Non-personnel expenses ■ Taxes

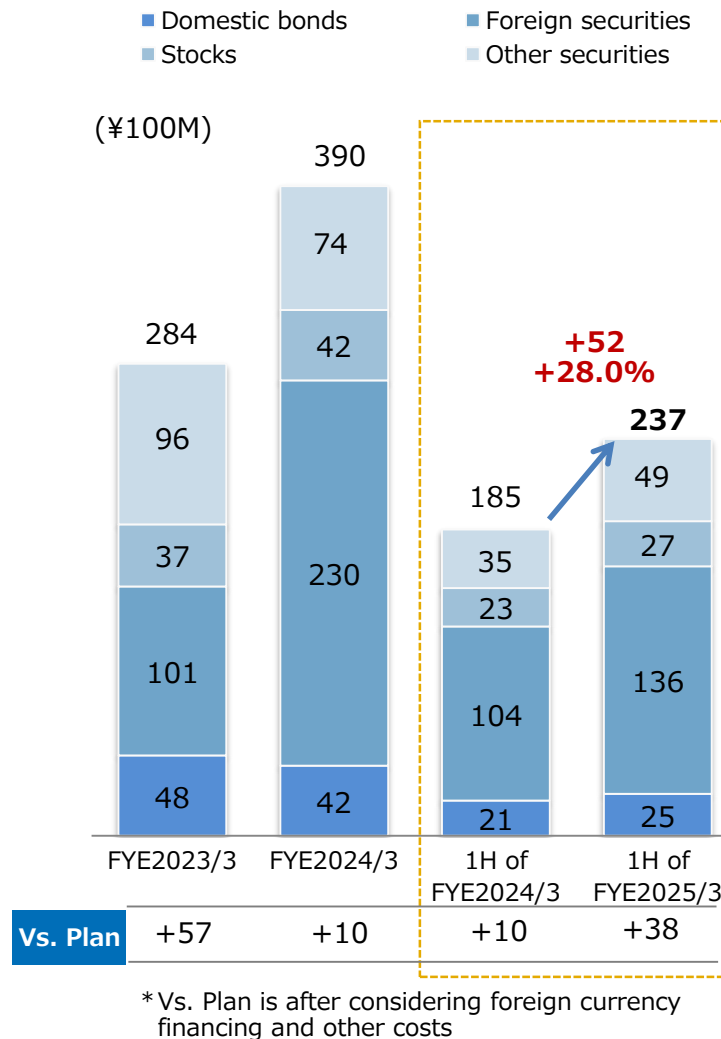


\* The total amount of profit from other businesses, etc., excluding fees and commissions and other profit, and gains and losses on government bonds (excluding foreign currency funding costs and revenue of Market Investment Division)

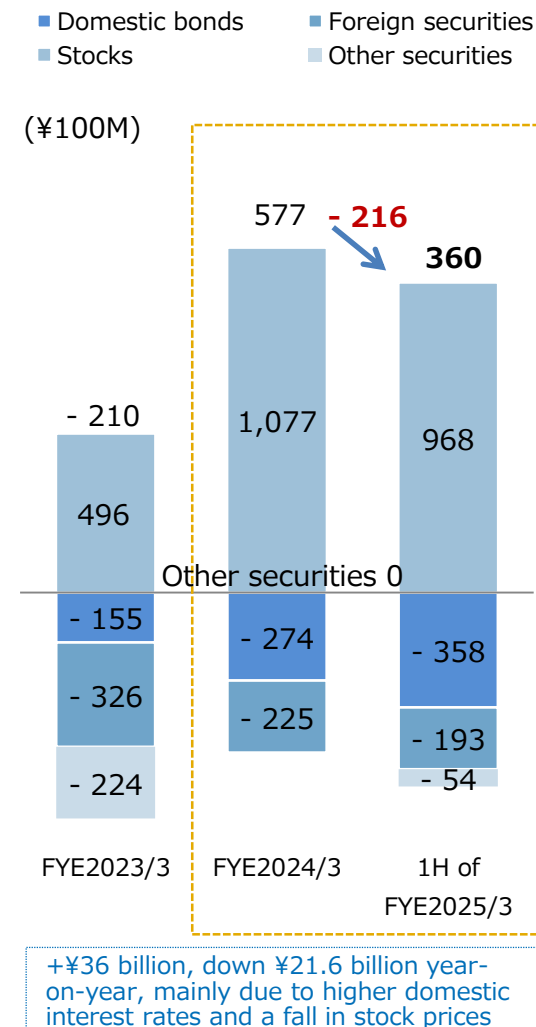
## End-Balance of Securities



## Interest and dividends on securities



## Valuation gains or losses



\* Valuation gains/losses on domestic bonds and foreign securities are after taking into account deferred hedging by interest rate swaps

## Trends in end-balance of securities

(¥100M)

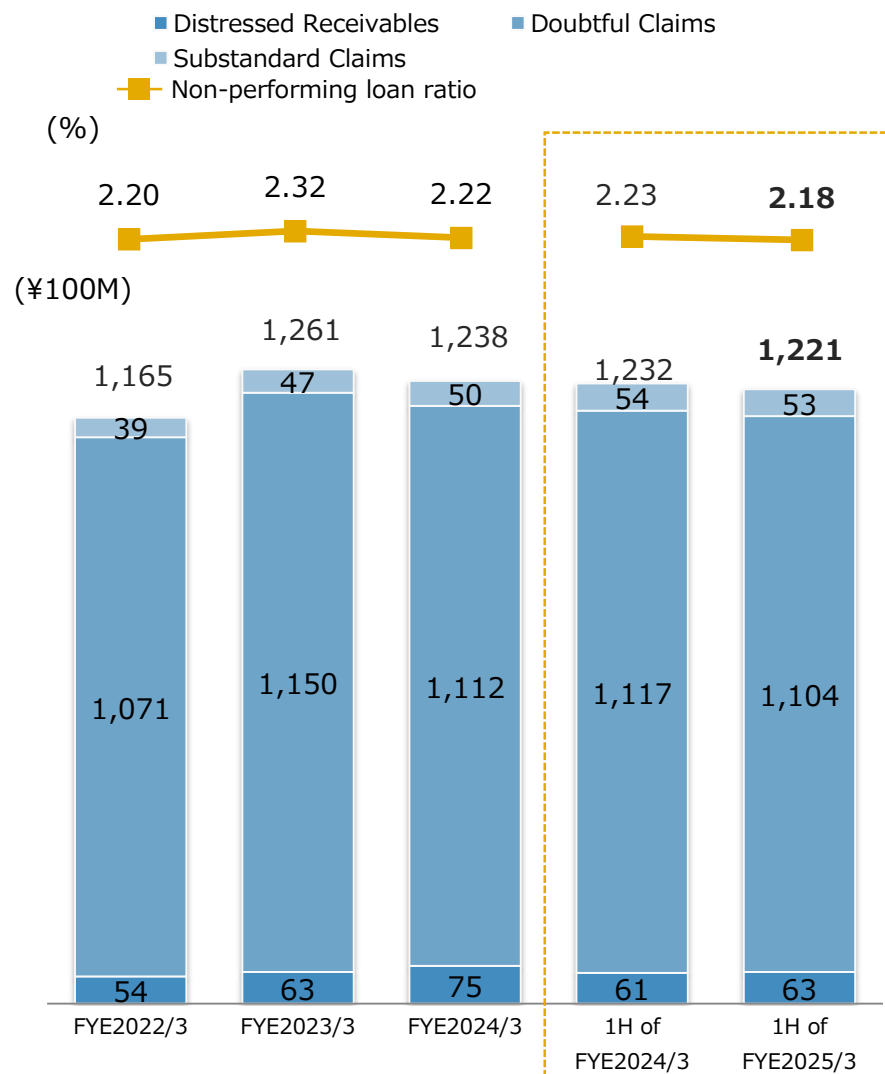
	FYE2022/3	FYE2023/3	FYE2024/3	1H of FYE2025/3
Government bonds	5,536	6,030	5,626	5,422
Local government bonds	7,247	7,682	8,065	8,066
Public corporate bonds	713	654	578	535
Financial bonds	27	20	0	0
Business bonds	1,958	1,658	1,281	1,071
Stocks	1,323	1,432	2,046	1,970
Foreign securities	4,080	6,594	7,122	6,983
Other securities	4,042	4,522	5,821	3,897
Total	24,930	28,595	30,542	27,946

Breakdown of changes in end-balance of  
securities  
(Vs. March 31, 2024)

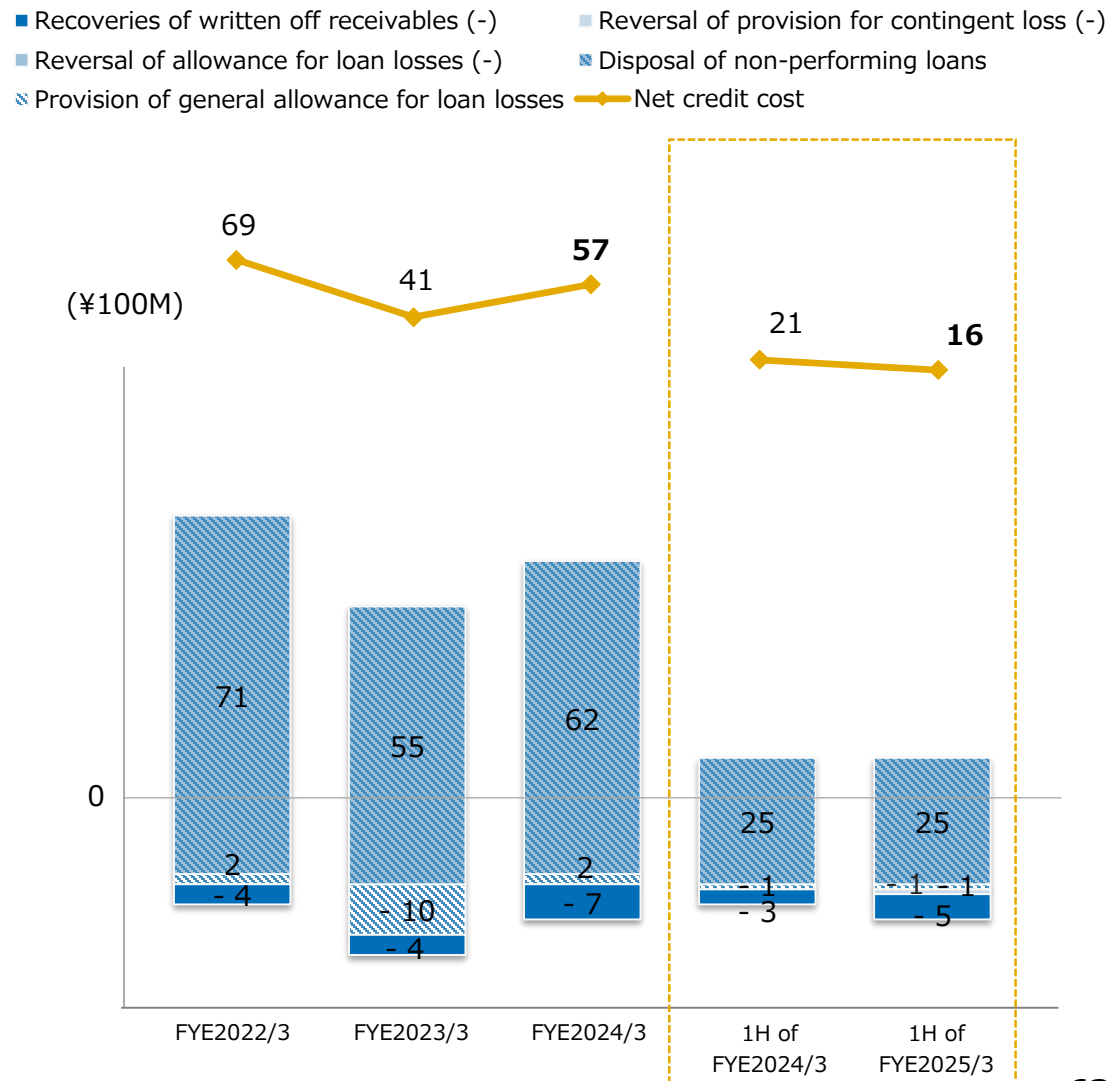
(¥100M)

Domestic bonds (yield: 0.31%)	- 456
Purchase	1,211
Sale	- 1,007
Other (redemption, market value factors, etc.)	- 659
Stocks (yield: 5.42%)	- 76
Purchase	86
Sale	- 53
Other (depreciation, market value factors, etc.)	- 109
Foreign securities (yield: 3.41%)	- 139
Purchase	1,397
Sale	- 1,391
Other (redemption, market value factors, etc.)	- 144
Other securities (yield: 2.35%)	- 1,924
Purchase	1,782
Sale	- 3,644
Other (redemption, market value factors, etc.)	- 62

## Non-performing loan ratio and amount



## Net credit cost





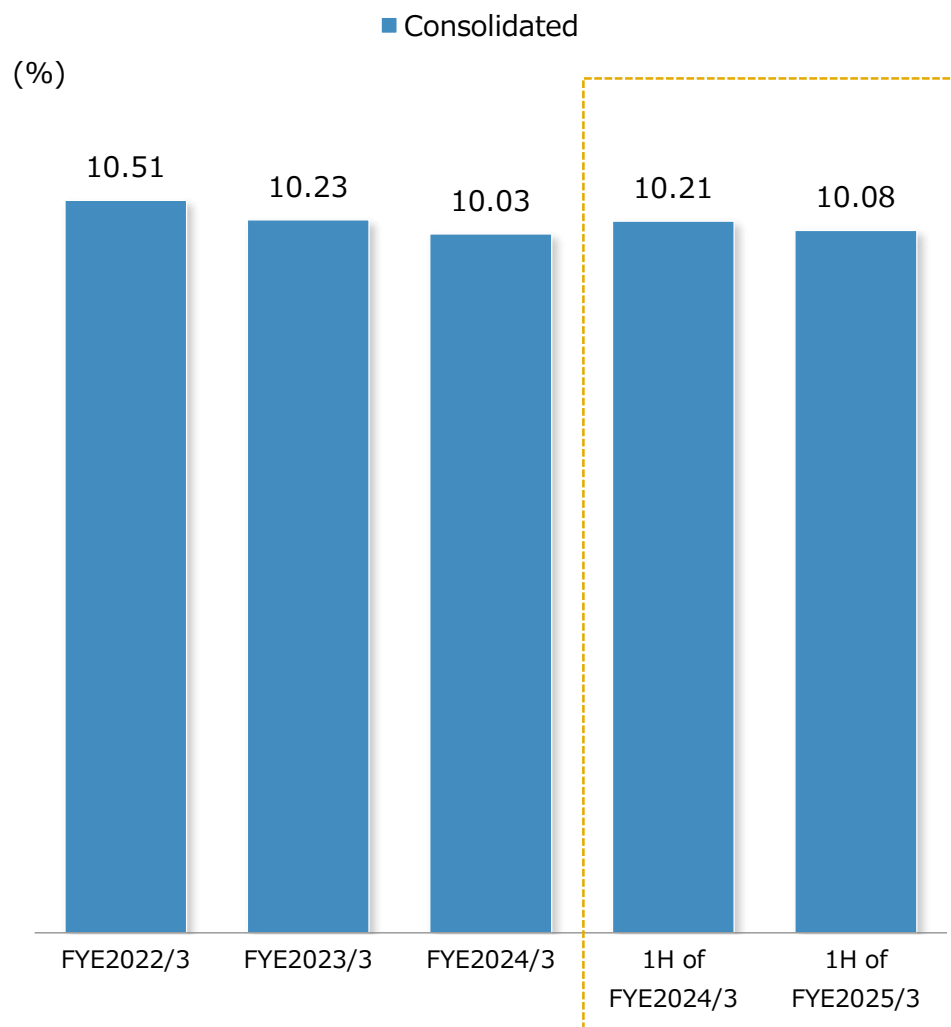
(¥100M)		1H of FYE2025/3			2H of FYE2025/3 (plan)
		Allocated capital amount	Risk Amount (Actual)	Utilization	Allocated capital amount
Allocated capital		3,443	1,157	33.6%	3,450
	Credit risk (loans and bills discounted)	430	249	58.0%	430
	Market risk	2,150	751	34.9%	2,250
	Cross-shareholding risk	45	27	60.3%	45
	Operational risk	130	129	99.7%	135
	Stress-event capital (capital held assuming a sudden change in the environment)	688	0	0.0%	590
Risk buffer (unallocated capital)		210	0	0.0%	278
Allocation resources, net of allowance for doubtful accounts		3,653	-	-	3,728

## Risk calculation method

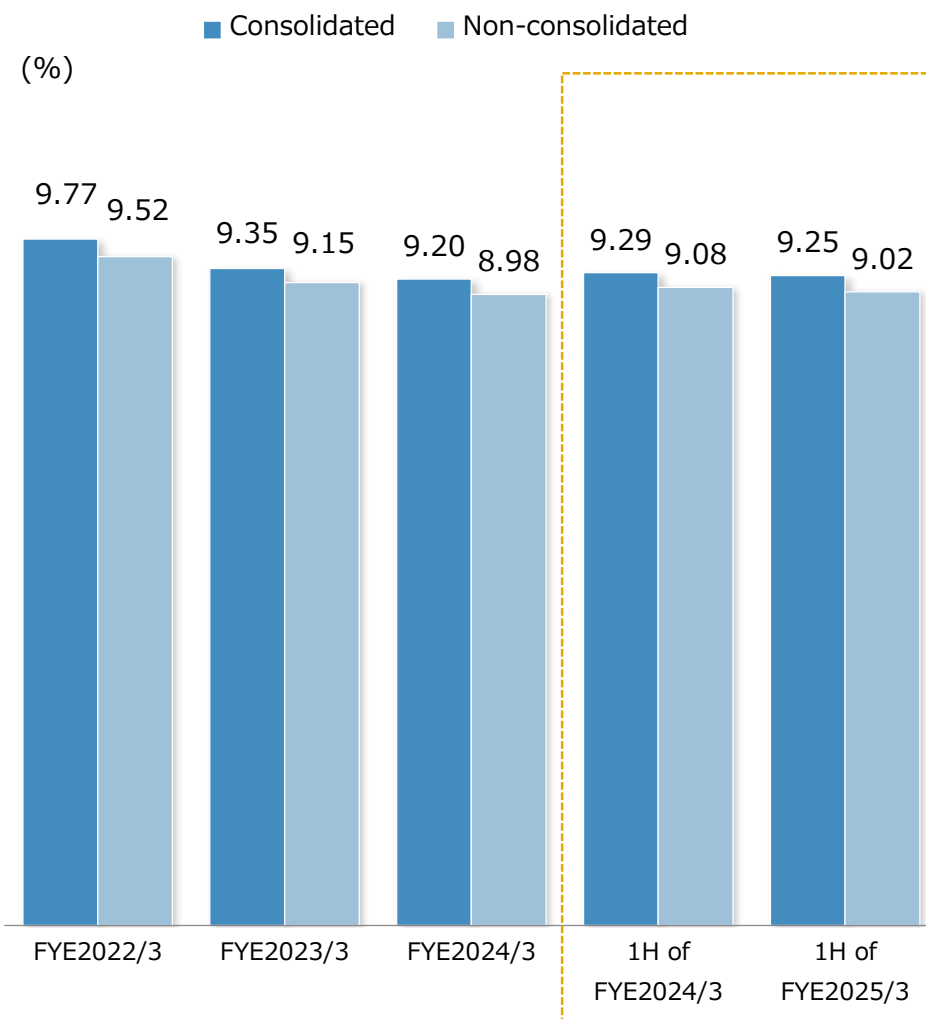
- Market Risk, Credit Risk, Cross-shareholding Risk
  - ▣ Confidence interval: 99% for all
  - ▣ Holding period: 1 year for loans, 6 months for non-loans
- ▣ For cross-holdings, risk amount = (VaR - valuation gains/losses) ≥ 0
- Operational risk  
Gross profit distribution method

# Capital Ratio

## FG's Consolidated



## Daishi Hokuetsu Bank



# Training Program for Enhancement of Human Capital Value

In-house training, Trainee Program/Project, External dispatch							
	Target tier	Entry-level banker (Beginner)	Middle-level banker (Mid-level)	Executive banker (Supervisor) (Executive)	Executive banker (Manager) (Professional, etc.)	Senior level	
Human skills	Motivation Membership	Orientation for new bankers Junior employees	New/Mid-career				
	Management			New/Deputy VP <div>R</div>	Development of executive Development of women executive candidates Branch manager/management Keio Business School, etc.		
	Career design		Mid-career design <div>R</div>	Middle career		<div>R</div> Career design	
	Diversity	DE&I, unconscious bias					
	Communication and problem-solving skills		Project 2030				
	Group comprehensive capabilities		Group company trainee Securities, staffing, trading companies, credit card, IT, etc.				
Technical skills (Implementing the banking business)	Corporate consulting	<div>R</div> Corporate sales basics	Human Capital Value Enhancement Project				
		<div>R</div> Corporate owner (Beginner)	Corporate marketing (Feasibility assessment, sustainability)				
		Derivative		Corporate consulting leader			
		Business insurance master					
		<div>R</div> Basic loan training	<div>R</div>	Corporate Master Plan			
		(External) Dispatch to mega-banks, securities companies, and other companies					
		(External) External training by Regional Banks Association of Japan, etc.					
	Sustainability						
	Personal consulting	<div>R</div> External relations starter					
		Asset management advice	(External) Courses by Regional Banks Association of				
		Pension, nursing care, inheritance, gift, asset					
Screening	<div>R</div> Loan beginner	Support for business improvement					
		<div>R</div> Credit Dept. trainee (short-term)		<div>R</div> Credit Dept. trainee (long-term)			
Administration/operations	Various administration	Improvement of administration level	Manager position				
Risk Management Compliance			Audit Dept. trainee Branch Manager Training				
	Compliance at Dept./Branch						

## Major Reskilling Programs

Sustainability  
ConferenceOnline course  
(Business Breakthrough)

FP Grade 1

Small and Medium  
Enterprises Management  
Consultant

Securities Analyst

External courses for IT  
passport holders

IT Coordinator

etc.

<Number of participants per training program>


\* The individual training programs in the chart are color-coded according to the following participation scale

Attendance scale:  
All employees

Attendance scale ≥ 100

Attendance scale ≥ 10

Attendance scale &lt; 10

 Menu designed for reskilling both men and women

 Menu designed primarily for reskilling women

(External) External dispatch

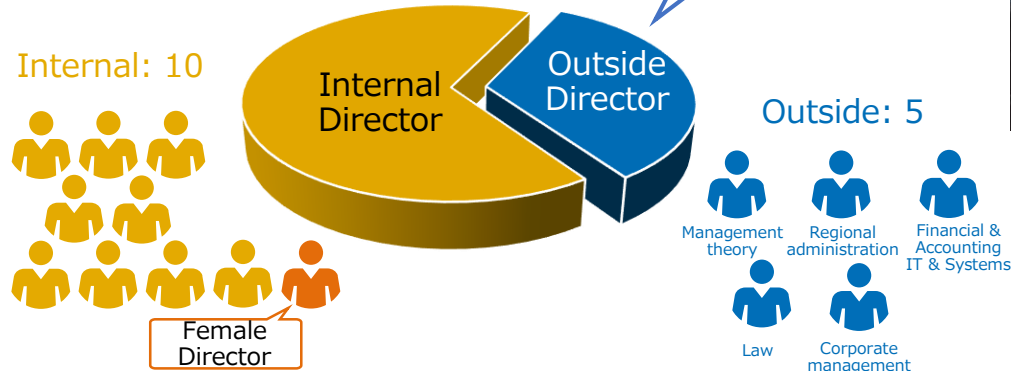
# Governance Structure supporting Sustainable Growth

## Governance System of the Board of Directors

### Percentage of Outside Directors

Composition of the  
Board of Directors

June 2024



## Stakeholder dialog to increase corporate value

Corporate briefings for institutional investors

Corporate briefings for individual investors

Dialogue with shareholders and institutional investors

Company briefings for corporate clients

Company briefings for retired employees etc.

(1H of FY2024)  
Number of stakeholder dialogues  
**30 times or more in total**

## Ensuring diversity, Diversity Initiatives



▲ Training session

Female Director Development Program

Women's Empowerment Program (from FY2021)

Promotion to General Manager and Branch Manager

Appointing more female officers

"TSUBASA Cross Mentoring Program" for the development of women executive candidates (from FY2022)



- **Women in management and executive positions** -  
(As of the end of September 2024)

FG

第四北越FG **First female Director appointed** (June 2024)

Bank Division

Female Director: 1  
(concurrently served by the above FG officer)  
Female General Manager: 2  
Female Branch Manager: 18  
(1 of whom also serves as the above FG officer)

Group Company Division

Female President and Representative Director: 1  
Female Executive Officer: 1

第四北越キャリアブリッジ  
第四北越証券

Daishi Hokuetsu Bank **20.2%**  
Mid-career hiring ratio (FY2023)

→ Vs. FY2022 +7.3%

第四北越証券  
→ The president is from a major securities company

# Initiatives to Reduce Cross-shareholdings

## ■ Reduction of cross-shareholdings

### Reduction targets for cross-shareholdings

→ **Reduction from FY2020 (end of March 2021), when Daishi Hokuetsu Bank was formed by merger**

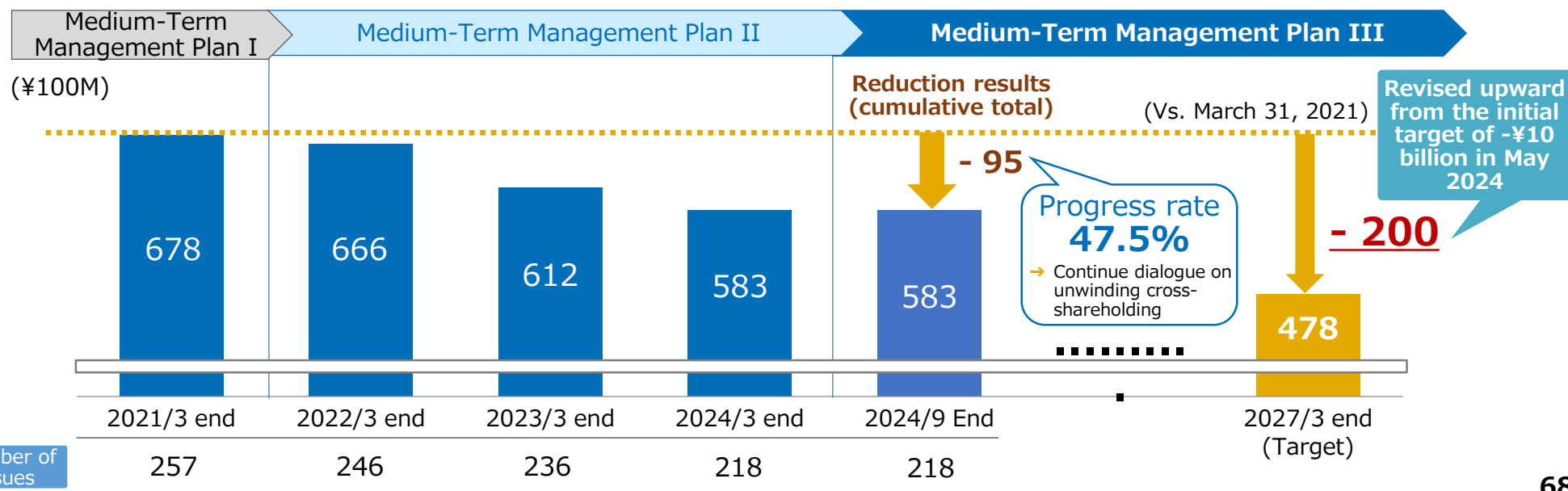
**Reduction of 20 billion yen (in carrying amount) by the end of Medium-Term Management Plan III (end of March 2027)**

(carrying amount of cross-shareholdings held by Daishi Hokuetsu Bank)

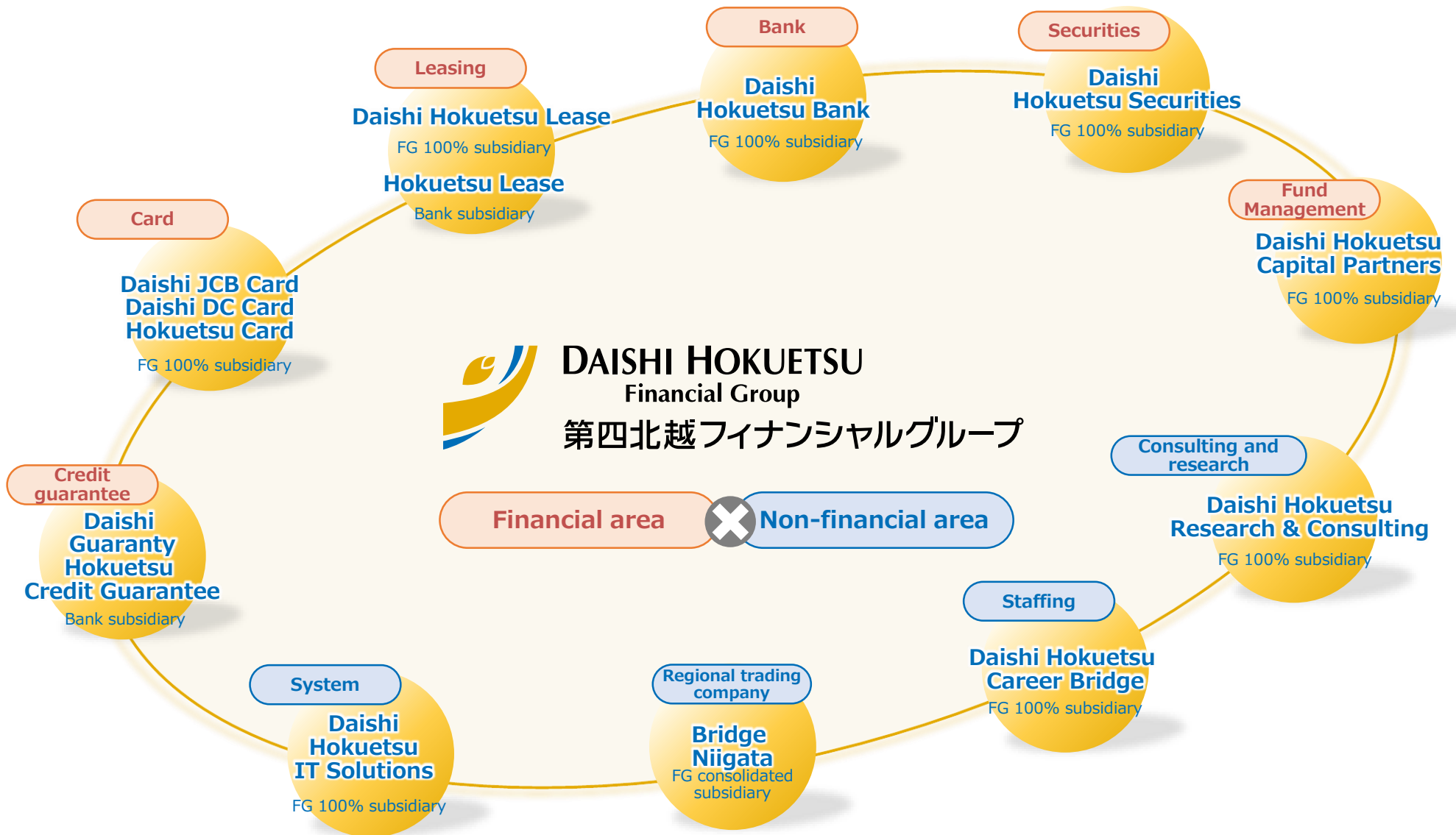
### Reference: Cross-shareholdings Policy

- The 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 Group established the "Basic Policy on the Holding of Cross-Shareholdings, etc." and the Board of Directors shall periodically examine such holdings from the viewpoints of medium- to long-term economic rationality based on returns and risks, the growth potential, future potential, or revitalization of business partners, the relevance of business partners to the local economy, and business strategies such as business alliances, and determine the appropriateness of such holdings in a comprehensive manner.

### Changes in the carrying amount of cross-shareholdings of Daishi Hokuetsu Bank



# Financial Position of Group Companies-1



# Financial Position of Group Companies-2

(Millions of yen)

Company	Core Business	Share capital	Net sales (ordinary revenue)			Ordinary profit			Profit		
			FYE2023/3	FYE2024/3	1H of FYE2025/3	FYE2023/3	FYE2024/3	1H of FYE2025/3	FYE2023/3	FYE2024/3	1H of FYE2025/3
Daishi Hokuetsu Bank, Ltd.	Banking business	32,776	122,639	149,027	80,322	22,568	25,417	18,078	14,847	16,062	13,065
Daishi Hokuetsu Securities Co., Ltd.	Securities business	600	4,183	5,219	2,690	1,268	2,039	1,084	670	1,157	754
Daishi Hokuetsu Leasing Co., Ltd.	Leasing business	100	16,604	17,771	9,526	118	709	399	96	469	265
Hokuetsu Leasing Co., Ltd.	Leasing business	100	3,896	2,956	1,141	248	213	107	164	163	74
Daishi JCB Card Co., Ltd.	Credit card and credit guarantee services	30	1,579	1,648	888	454	532	365	300	349	243
Daishi DC Card Co., Ltd.	Credit card services	30	876	920	503	46	68	29	31	43	18
Hokuetsu Card Co., Ltd.	Credit card and credit guarantee services	20	732	670	322	162	48	45	107	31	30
Daishi Hokuetsu IT Solutions Co., Ltd.	System-related operations	100	3,177	3,260	1,210	240	188	△ 126	152	109	△ 83
Daishi Hokuetsu Research & Consulting Co., Ltd.	Consulting business and research/study, information provision services related to economy and society	30	389	416	245	25	53	59	16	34	39
Daishi Hokuetsu Capital Partners Co., Ltd.	Fund creation and management	20	35	55	30	4	15	8	3	10	5
Daishi Hokuetsu Career Bridge Co., Ltd.	Staffing agency and consulting business related to corporate human resources	30	199	239	111	67	62	25	51	43	16
Bridge Niigata, Ltd.	Sales channel development, tourism promotion, productivity improvement	70	248	292	164	10	15	1	8	10	0
Daishi Guaranty Co., Ltd.	Credit guarantee business	50	1,843	1,906	970	1,538	1,203	328	1,011	791	216
Hokuetsu Credit Guarantee Co., Ltd.	Credit guarantee business	210	655	594	228	588	533	136	421	384	87





**DAISHI HOKUETSU**

Financial Group

**第四北越フィナンシャルグループ**

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