

DAISHI HOKUETSU **INTEGRATED REPORT 2025**



DAISHI HOKUETSU
Financial Group

Management Philosophy

As a trusted financial group,

we will continue to provide services that live up to the expectations of customers and contribute to the development of regional society.

We will boldly take on challenge to create new value.

Action Principles

Mission

Vision and Approach

Ideal Form

We establish ourselves as a financial and information services group that receives overwhelming support by creating new value through our financial intermediary function and information intermediary function, increasing the efficiency of management, and continuing to contribute to the growth of regional society.

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Photo: Mt. Myoko (One of the 100 Famous Japanese Mountains)

Editorial Policy

Daishi Hokuetsu Financial Group has prepared this "DAISHI HOKUETSU INTEGRATED REPORT 2025" in order to help all stakeholders gain a better understanding of the Company's initiatives aimed at sustainable value creation. When compiling this report, we have referred to the "International Integrated Reporting Framework" advocated by the IFRS Foundation (formerly the IIRC), the Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation," and other resources. For detailed financial data, etc., please refer to "Disclosure Magazine 2025" (the Company's website: <https://www.dhfg.co.jp/financial/ir/disclo/>).

This report contains forward-looking statements, but these are not guarantees of future performance and may differ materially from actual results owing to changes in the business environment and other factors.

Reporting period and scope

Reporting period: April 2024–March 2025 (including certain information up to July 2025)

Reporting scope: The Daishi Hokuetsu Financial Group, Inc. and its Group companies



[Presentation of figures]

On January 1, 2021, the Company's wholly owned subsidiaries, Daishi Bank and Hokuetsu Bank, merged, with Daishi Bank as the surviving company and Hokuetsu Bank as the dissolving company, with the Company name changing to Daishi Hokuetsu Bank.

The figures for Daishi Hokuetsu Bank in this document are calculated in accordance with the following rules from the perspective of making appropriate period comparisons for each item.

● Fiscal year ended March 2021: Simple sum of the figures for Daishi Bank and Hokuetsu Bank for April–December 2020 and the figures for Daishi Hokuetsu Bank from January 2021 onwards

*As a general rule, the figures in this document have been rounded down to the nearest unit. "Daishi Hokuetsu Financial Group Inc. may be referred to below as "Daishi Hokuetsu FG," "FG," or the "Company." Daishi Hokuetsu Financial Group Inc. and its subsidiaries and affiliates may be referred to below as the "Group" in this document. "QR Code," which is referenced in this document, is a registered trademark of DENSO WAVE INCORPORATED.

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TOP MESSAGE

Building an ecosystem to support a sustainable virtuous cycle in the region

President and Representative Director

Michiro Ueguri



Foreword

We sincerely appreciate your continued support and loyalty. The Group's business environment has become increasingly challenging. We face accelerating population decline and a rapidly aging society, alongside intensifying competition as companies from other industries and startups enter the financial services sector, driven by rapid digital innovation. The rise of transformative technologies such as generative AI and AI agents is reshaping the industry landscape even further. In addition, the normalization of interest rates has heightened competition for deposits. Additionally, unprecedented risk events—such as increasing global economic uncertainty driven by major countries' policy shifts and the frequent occurrence of large-scale disasters in recent years—are becoming more complex and volatile, intertwining and evolving in ways we have never

seen before. On the other hand, as Japan moves beyond years of deflation, the government has launched new initiatives such as a "New Form of Capitalism" and "Regional Revitalization 2.0." These efforts signal a shift away from a cost-cutting economy toward one that emphasizes value creation.

We see these changes not only as new business opportunities for the Group, but also as a growing responsibility to support the development of our regional society. With this in mind, we are committed to building an ecosystem to support a sustainable virtuous cycle* in Niigata Prefecture, our main business base.

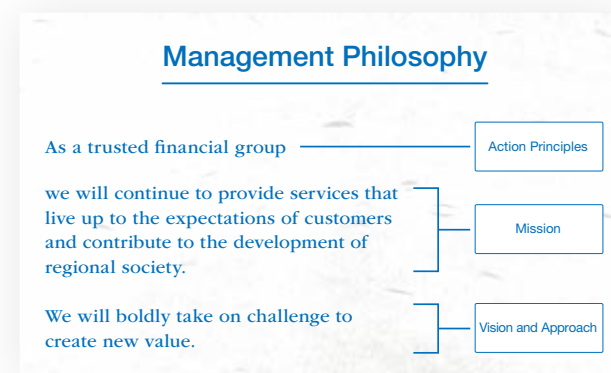
* The transition to a decarbonized society, regional revitalization to support population growth in the area, digital adoption to boost productivity, business succession and M&A, asset management and succession, etc.

Putting Our Sustainable Value Creation Story into Practice

The Group's Management Philosophy serves as the guiding principle of our sustainable value creation story. We are committed to acting in accordance with this philosophy under any circumstances.

For more than 150 years, the Group has responded flexibly to an ever-changing environment, while fulfilling our role and mission as a regional financial institution. In doing so, we have built and deepened relationships of trust with the local community and grown together with the region.

The advantage imbued by these relationships of trust, built up over a long history, is the Group's core competence, the most important asset. To strengthen this trust further, we will continue to embrace change boldly, create new value, and meet the expectations of our stakeholders.



Toward Enhancement of Corporate Value

As president, I am responsible for driving the Group's value creation story. As we noted in last year's integrated report, after a period of preparation, we have now entered a phase where we can fully realize our potential and strive for even higher goals. At this crucial stage, I will personally take command and lead our entire organization as we continue to take on new challenges together.

Fiscal 2024 was the first year of our 3rd Medium-Term Management Plan, which we have positioned as a "stage for a leap forward." As I will explain in detail, we achieved our management targets—including consolidated net income—and were able to revise these targets upward.

In terms of capital policy, to further enhance the appeal of investing in our shares, we revised our policy on shareholder returns in fiscal 2024. We adopted a progressive dividend per share in principle, targeting a dividend payout ratio of approximately 40%. We also carried out a two-for-one stock split and reviewed our reduction target for cross-shareholdings to further improve capital efficiency and strengthen our financial foundation.

As a result, our price-to-book ratio (PBR) reached 0.56 at the end of fiscal 2024, finally surpassing 0.5. We will continue working to improve its underlying components—return on equity (ROE) and price-to-earnings ratio (PER)—with the goal of raising our price-to-book ratio above 1.0.

For ROE, our primary focus is on increasing consolidated net income, while also ensuring that our risk-taking remains appropriate relative to our earnings. To this end, we are working to improve return on risk assets (RORA) and to establish a robust risk appetite framework (RAF). Our ROE for fiscal 2024 was 5.9%, surpassing our medium- to long-term target of 5%.

Looking ahead, we have set goals to raise ROE to over 7.5% and consolidated net income to 40.0 billion yen by fiscal 2026. We have achieved our profit targets every fiscal year since our establishment. We will continue to put our Management Philosophy into practice and maintain stable earnings to achieve sustainability for both the region and the Group. At the same time, we aim to deliver returns to our stakeholders and take on new challenges as we strive for even greater success.

Regarding PER, we have strengthened disclosures and maintained proactive investor and shareholder relations to clarify our value creation story. We have also led the creation of a collaborative framework among regional revitalization stakeholders, including government and funds, to enhance the appeal of Niigata Prefecture's economy, our business base. Acting as a behind-the-scenes driver of ecosystem creation, we are driving overarching regional revitalization.

We create projects based on careful preparation to deepen existing operations ("Deepening") and explore monetization in new areas ("Exploration"). At the same time, we remain alert to seize emerging opportunities during our activities and develop them into significant gains.

Through these activities, we will secure and stabilize growth expectations for the Company and reduce our cost of capital. (Details P.11)

TOP MESSAGE

The 3rd Medium-Term Management Plan (Fiscal 2024–2026)—the “Stage for a Leap Forward”

Achieving Sustainable Growth for the Region and the Group: Deepening Sustainability Management

The 3rd Medium-Term Management Plan (the “Current Medium-Term Plan”), which began in April 2024, builds on the organizational structure developed and earnings power achieved through the realization of synergies by the management integration and merger of the top two regional banks in the prefecture, as well as the consolidation of systems and operations under the 1st and 2nd Medium-Term Management Plans. This phase is positioned as “a stage where all officers and employees of the Group unite in a shared purpose (Management Philosophy) embracing challenges with strong determination, and leap forward with courage.” Under the slogan Isshi Yuyaku (“taking a brave leap under united spirits”), we are moving forward to reach even greater heights.

In the Current Medium-Term Plan, we are deepening sustainability management to create a virtuous cycle for the sustainable growth of both the region and the Group.

The Group has identified priority business challenges by adopting a double materiality perspective—an integrated approach that addresses not only traditional financial issues, but also the environmental and social issues facing regional society. To tackle these challenges in tandem, we will make full use of

the TSUBASA Alliance—the largest wide-range regional bank partnership in Japan—and the Gunma-Daishi Hokuetsu Alliance. Uniting as one Group, we will focus on our four basic strategies: “I Demonstration of Group Comprehensive Capabilities,” “II Pursuit of Productivity Improvement,” “III Enhancement of Human Capital Value,” and “IV Deepening Risk Management.” Through these concerted efforts, we aim to create sustainable corporate value. We monitor and assess the progress of these initiatives using key performance indicators (KPIs) and disclose the results regularly.

We believe our strengths lie in the expertise and know-how we have built up through numerous complex post-merger integration (PMI)* projects related to management integration and bank mergers, the enhanced solution capabilities the Group has gained through synergies, and our unwavering commitment to achieving our goals.

The solid results we have achieved so far give us pride and confidence. United in a shared purpose, we will continue to leap forward with courage, boldly taking on new challenges for the future of both our region and the Group. (Details P.29)

* An integration process designed to maximize the effects of management integration. Successful management integration requires achieving the three pillars of PMI: 1) management integration, 2) operational integration, and 3) cultural integration.

● Materiality (priority business challenges)

Environmental and social challenges			Financial challenges	
E	Environment	Active efforts to address global environmental issues	Growth potential	Strengthening profitability
S	Society	Revitalize regional economy and society by solving community and customer issues	Efficiency	Productivity improvement
G	Governance	Strengthen trusted relationships with stakeholders through improved governance, including ensuring diversity	Soundness of business	Maintain and improve financial soundness

Slogan



Reviewing the First Year of the 3rd Medium-Term Management Plan (Fiscal 2024)

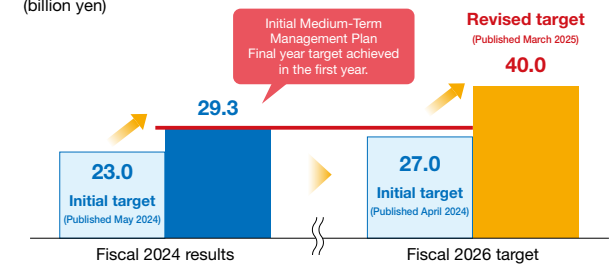
Fiscal 2024, the first year of the Current Medium-Term Plan, was truly a fitting start to a new stage for a leap forward. We got off to a strong start and made it a meaningful year.

In our KPIs for financial issues, consolidated net income reached 29.3 billion yen, surpassing our initial earnings forecast of 23.0 billion yen announced in May 2024, the upward revision to 25.0 billion yen in November, and the further revision to 28.0 billion yen in March 2025. This strong performance was supported by our consulting capabilities as well as other factors such as rising domestic market interest rates. As a result, we achieved our originally planned final-year target of 27.0 billion yen in just the first year.

In our KPIs for environmental and social issues, we raised our sustainable finance target up to fiscal 2030 from 1.5 trillion yen to 3 trillion yen. We also moved up the Group’s carbon neutrality deadline (Scope 1 and 2) from fiscal 2050 to fiscal 2030. In addition, we set a new goal to achieve carbon neutrality by fiscal 2050 for CO2 emissions (Scope 3, Category 15) from our investment and loan recipients. These initiatives are also making steady progress.

In addition to steady progress under the Current Medium-Term Plan, we have also factored in higher-than-expected domestic market interest rates and the revenue benefits from asset accumulation under our upgraded risk management system following the shift from the fiscal year ended March 2025 to the foundation internal ratings based approach for credit risk measurement. As a result, in March 2025 we raised our consolidated net income target for the final year of the plan (fiscal 2026) to 40.0 billion yen.

● FG consolidated net income (billion yen)



Fully Committed to Creating New Value for Regional Revitalization

We believe that Niigata Prefecture’s tourism sector has strong content capabilities and significant untapped potential to attract both visitors and investment from within Japan and abroad.

Recent highlights in the region include the registration of the “Sado Island Gold Mine” as Niigata Prefecture’s first UNESCO World Cultural Heritage Site in July 2024, and the “traditional knowledge and skills of sake-making with koji mold in Japan” on the UNESCO Intangible Cultural Heritage in December of the same year. In addition, multiple large-scale development projects are progressing within Niigata Prefecture, including a major resort development in the Myoko Kogen area.

The Group has established cross-functional project teams to drive regional revitalization projects that deliver significant impact and positive ripple effects throughout the local economy. To further strengthen these capabilities, in June 2025, we renamed FG’s Regional Revitalization Promotion Division and Regional Revitalization Division as the Regional Revitalization Strategy Headquarters and Regional Revitalization Strategy Division, respectively. At Daishi Hokuetsu Bank, we have also established the Regional Revitalization Business Headquarters and the Regional Strategy Division. These divisions will focus on planning, proposing, and executing new businesses for regional revitalization. They will also work to strengthen collaboration with a wide range of stakeholders—including customers, government agencies, major corporations, and external experts—and concentrate on regional revitalization projects that require advanced expertise and consulting capabilities, especially those expected to have a significant positive impact on the region.

We also established the Regional Design Company Preparation Office within the Regional Strategy Division. While design details are yet to be determined, the concept for this regional design company is to develop solutions and designs that address local issues and promote revitalization. The company will

also be involved in planning and managing projects to bring these ideas to life, with the aim of actively contributing to regional economic development and tourism.

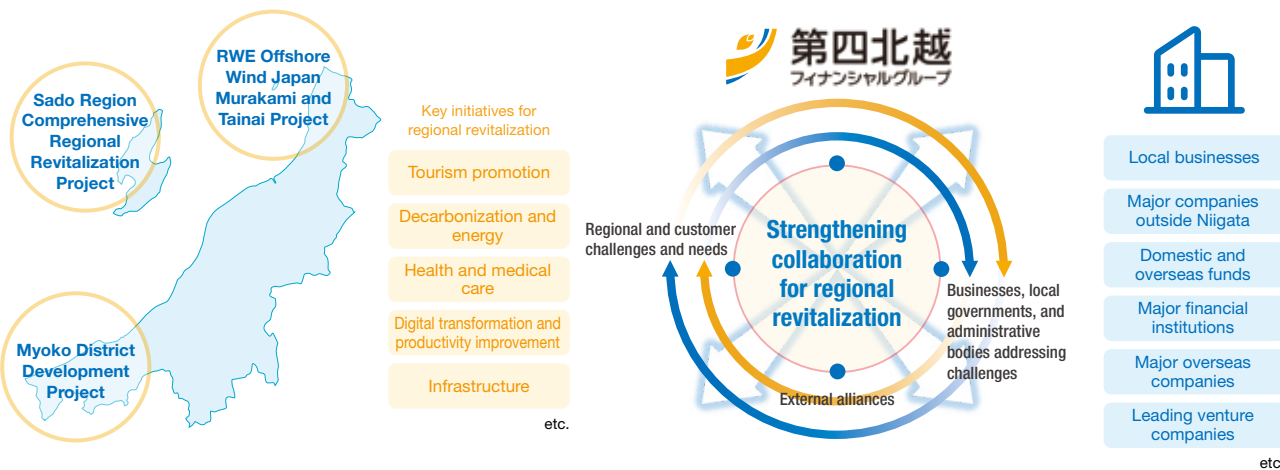
In addition, the regional trading company “Bridge Niigata” took its first step in exporting Niigata-made products to a Singaporean food trading company in March 2025. In May of that year, it launched its own brand, “Utsukushiki,” to enhance the branding of local specialties and agricultural products. Through these and other initiatives, Bridge Niigata is stepping up efforts to promote the appeal of Niigata both outside the prefecture and overseas.

Today, unlike during the period of rapid economic growth, it is up to financial institutions themselves to create new demand for capital and generate added value. Since the 2018 management integration, we have been transitioning from a bank-centered corporate group to a group management structure focused on financial and information services. In addition, through this organizational reform, we are moving beyond our traditional consulting-based sales to actively pursue a sales approach where the Group takes the lead in generating value-added projects for regional revitalization. This approach will help address the double materiality issues set out in the Current Medium-Term Plan.

I believe that by steadily advancing these initiatives, we can push back against population decline, enrich and revitalize the entire region, and achieve shared prosperity. In doing so, we will further solidify the Group’s important mission and reason for existence, namely our purpose—continuing to provide services that live up to the expectations of customers and contribute to the development of local community—as stated in our Management Philosophy.

Strengthening Initiatives for Regional Revitalization

—Deepening Our Engagement in the Niigata Prefecture Market—





TOP MESSAGE

Further Strengthening the Group's Consulting Functions: Deepening and Exploring Group Management

We have strengthened the Group's consulting capabilities by integrating our financial and information intermediary functions with our broad domestic and international network and accumulated expertise.

In July 2024, we assigned about 30 staff to the newly established Tokyo Business HQ within Daishi Hokuetsu Bank's Business HQ, marking a bold shift in management resource allocation. In addition, we have established the Global Business Strategy Office and have begun collaborating with leading consulting firms and other partners to help our customers expand overseas sales channels and attract overseas capital and investment. Our aim is to contribute to the sustainable growth of Niigata Prefecture's economy. By applying the knowledge, know-how, and networks we have gained from our activities in external markets—centered on the Tokyo metropolitan area and overseas—back to Niigata Prefecture, we will help revitalize the region and support our customers.

Initiatives Targeting DX

As part of our digital transformation initiatives, we are actively working to improve customer satisfaction and support productivity by strengthening the integration and connectivity between face-to-face and non-face-to-face channels through the use of digital technologies.

In addition, recognizing the growing importance of maintaining and increasing deposit volumes in today's higher interest rate environment, we are working in an integrated way to enhance both customer convenience and operational efficiency. We continue to improve and upgrade our face-to-face channels, centered on branch locations, as well as our non-face-to-face channels, such as smartphone apps and corporate portal sites.

Enhancing Human Capital Value, the Source of Value Creation

The coming era is often described as one of intangible assets such as brands, software, intellectual property, and customer networks. However, as I see it, the true source of all value creation and competitive advantage is people. We refer to our employees as "human assets," using the Japanese character for "asset" to emphasize their value. Our efforts include developing this human capital, creating an environment where all staff can fully utilize their abilities, and enhancing employee well-being.

In December 2024, we established the "Human Capital Management Policy" to accelerate our efforts in enhancing human capital value. This policy is built around five fundamental principles: 1) our ideal form, 2) the human assets we seek, 3) securing and developing diverse talent, 4) achieving well-being and enhancing engagement, and 5) maximizing the Group's human capital value. This policy codifies our ongoing commitment to annually increase investments aimed at enhancing human capital value by more than 5%.

From the perspective of diversity, we have continued initia-

In addition, we remain committed to a "double-track" collaboration model, where Group companies work closely together to fully leverage the Group's capabilities and provide the best solutions for our customers' diverse needs. As a result, the total number of the Group's business partners—the foundation of our business—continues to grow.

In a Group-wide restructuring to demonstrate the Group's comprehensive strengths, we reorganized the Group's systems, productivity improvement business, credit-guarantee business, and card business.

As Niigata Prefecture's leading banking group, we will continue to vigorously support the growth of our clients and the region. We will leverage not only our financial services but also our strengths in human resources and IT-enabled productivity improvements, as well as the various capabilities, rich information, and broad network the Group possesses. (Details P.31)

The number of customers who primarily use our non-face-to-face channels continues to grow steadily. In addition, by enhancing the value of our services offered through face-to-face channels, we are further integrating the Group's services into the daily lives of both corporate and individual clients, making ourselves an indispensable presence. This approach helps us increase the volume of stable, long-term deposits.

We have also launched discussions on implementing drastically evolving technologies such as generative AI and AI agents in our operations, led by the dedicated AI team we established in April. (Details P.35)

tives such as the Empowerment Program for Women (since fiscal 2021) and the Female Director Development Program (since fiscal 2023), with more than 100 individuals taking part in total. Through these initiatives, a female internal director was appointed in June 2024, who also serves concurrently as a director of Daishi Hokuetsu Bank. As of now, the Board's female representation, including one external director, is 14.2%. Additionally, Daishi Hokuetsu Bank has appointed a new female executive officer, and women have assumed leadership roles as presidents of Group companies and branch managers of flagship bank branches, significantly broadening the pool of potential female director candidates for the future.

Since our establishment, we have viewed our steady progress as a testament to the consistent growth of our human assets. We will continue to develop human assets that boldly tackle environmental changes and create new value, building a strong talent foundation that underpins the Group's sustainable growth. (Details P.38)

Regarding the Basic Agreement on Management Integration with The Gunma Bank

We and The Gunma Bank (together, the "Companies," and including each of their group companies, the "Groups") signed a basic agreement on April 24, 2025, to pursue a management integration (the "Management Integration") and have begun discussions.

Following The Gunma Bank's entry into the TSUBASA Alliance in December 2020, the Companies strengthened their cooperation. A year later, in December 2021, leveraging their geographically adjacent operating areas, they launched the Gunma-Daishi Hokuetsu Alliance aimed at enhancing regional contribution and sustaining corporate value, thereby deepening their collaborative relationship. The alliance mainly collaborates in areas such as regional revitalization and tourism promotion, corporate and individual solutions, and human resource development. The Groups have steadily produced results by sharing their expertise to boost top-line growth, conducting joint employee training sessions, facilitating personnel exchanges, and sharing branch facilities. As a result, the cumulative revenue impact from fiscal 2022 to fiscal 2024 amounted to 10.5 billion yen, exceeding the initial five-year target of 8.0 billion yen in just three years, showing significantly better results than expected.

On April 24, the Groups, the leading financial and information services groups in Niigata and Gunma, agreed that combining our strengths and collaborating is the best way to deliver lasting regional contributions, meet stakeholder expectations, and realize their management philosophies and purposes. We reached a basic agreement on a management integration.

I see the agreement as a culmination of various factors converging at an opportune moment: the alliance's history, changes in the environment surrounding regional financial institutions, progress in the merger and system integration at Daishi Hokuetsu Bank, and the trust between me and The Gunma Bank's President and Representative Director, Fukai.

As of the end of March 2025, the estimated combined total assets of the Companies will reach 21 trillion yen, with deposits totaling 17 trillion yen. This positions us among the top regional

banks in terms of scale. The Management Integration aims to elevate us to a new level as a leading regional financial group, enhancing both the scale and quality of our operations by leveraging the strong financial foundations and robust earnings of the Companies. The Company has accumulated expertise in post-merger integration (PMI) through the management integration of Daishi Bank and Hokuetsu Bank, as well as their merger and system operations integration. We will leverage this knowledge to maximize synergies in the Management Integration, enabling us to achieve profit levels beyond what each company could reach independently.

Since immediately after announcing the basic agreement on the Management Integration, we—myself, directors, and branch managers—have actively engaged with customers, shareholders, and local governments to explain the plan. During this time, we received numerous messages of support and high expectations for the Management Integration, including hopes for synergies by leveraging the Companies' strengths, confidence in becoming a larger top regional bank, and requests to enhance our information intermediary functions through stronger networks both overseas and in the Kanto region. Among the Group's staff, the prevailing sentiment is positive, with many expressing that they see this as an opportunity for personal growth and for further expanding talent exchanges with The Gunma Bank, through which they can acquire new skills and know-how to deliver higher-quality service.

As someone responsible for shaping the future of the Group, I am determined to fully commit myself to the development of local communities and the maximization of corporate value. In a rapidly changing environment, we will embrace challenges without fear and continue to practice forward-looking management, striving to achieve results that exceed stakeholder expectations.

We would greatly appreciate your continued and enhanced support.



Message from Officer in Charge of Finance



We will keep creating new value and contributing to the development of regional society through a financial strategy aimed at improving corporate value

Representative Director and Managing Director

Ken Shibata

FY2024 Results: Off to a Smooth Start in the First Year of the 3rd Medium-Term Management Plan

The Group's consolidated net income for fiscal 2024, the first year of the 3rd Medium-Term Management Plan ("Medium-Term Plan") increased by 8.1 billion yen year-on-year to 29.3 billion yen. This increase was primarily due to an increase in interest income on loans, as well as interest and dividends on securities, mainly due to rising domestic market interest rates, and increase in non-interest income from the Group's consulting function, and a decrease in net credit costs, which resulted in non-consolidated net income reaching a new record high since the Company's founding. On an actual basis, excluding the gains from negative goodwill incurred from management integration recorded in fiscal 2018 when the Company was established, the Group's consolidated net income also reached a record high, making for an extremely smooth start in the first year of the Medium-Term Plan.

In an environment with negative interest rates so far, we have worked to increase interest income on loans and non-interest income in the 1st and 2nd Medium-Term Plans as part of our "transformation of the business portfolio," which aims to create a robust income structure that is not reliant on securities management. In particular, with regard to non-interest income, our income from corporate services from M&A and foreign exchange derivatives is one of the highest levels among regional banks. In addition, our life-insurance fee income was the highest among regional banks from the second half of fiscal 2022 to the second half of fiscal 2024 (Source: Nikkin Report), making it one of the Group's greatest strengths.

Additionally, with the return to a higher interest rate environment, we are focused on increasing loans, which are expected to improve return on risk assets (RORA) in the future. In July 2024, we established the "Tokyo Business HQ," and strengthened collaboration between organizations inside and outside the prefecture, thereby increasing the balance of business loans outside the prefecture as of the end of March 2025 by approximately 240.0 billion yen, or 16% year-on-year, leading to an increase in interest income on loans. From the fiscal year

ended March 31, 2025, we have transitioned to the foundation internal ratings based approach for credit risk measurement, and our policy is to contribute to the region and achieve sustainable growth for the Company by taking optimal risks based on this new approach.

In the Group company divisions, profit increased by 90 million yen year-on-year to 3.7 billion yen, mainly due to increased profits in the securities, leases, and card businesses, which we have positioned as core businesses. Each Group company is making steady progress toward independent growth, but given the bank's market share in Niigata Prefecture, we think that there is room to make further growth.

Group consolidated (billion yen)	Fiscal 2024 Results	YoY
Ordinary profit	41.1	10.2
Net income ^{*1}	29.3	8.1

^{*1} Net income reverting to parent company shareholders

Non-consolidated (billion yen)	Fiscal 2024 Results	YoY
Core business gross profit	98.3	7.3
Interest income on loans	54.8	5.6
Interest and dividends on securities	46.0	7.0
Non-interest income ^{*2}	29.4	0.7
Expenses (loss)	58.5	0.8
Core business net profit	39.7	6.5
Excluding gain (loss) on cancellation of investment trusts	37.7	5.6
Net credit costs (loss)	3.5	(2.2)
Gain (loss) related to securities	(4.5)	(1.6)
Ordinary profit	35.1	9.7
Net income	25.2	9.1

^{*2} Total amount of other business income, etc., excluding income from fees and commissions and gains or losses on bonds (excluding foreign currency funding costs and income from the Capital Markets Division, etc., but including gains or losses from funds)

Group company division (billion yen)	Fiscal 2024 Results	YoY
Group company income ^{*3}	3.7	0

^{*3} After deducting one-off extraordinary losses (impairment losses) related to intra-group transactions

Upward Revision of Management Targets in the "3rd Medium-Term Management Plan": Aiming to Reach Even Greater Heights

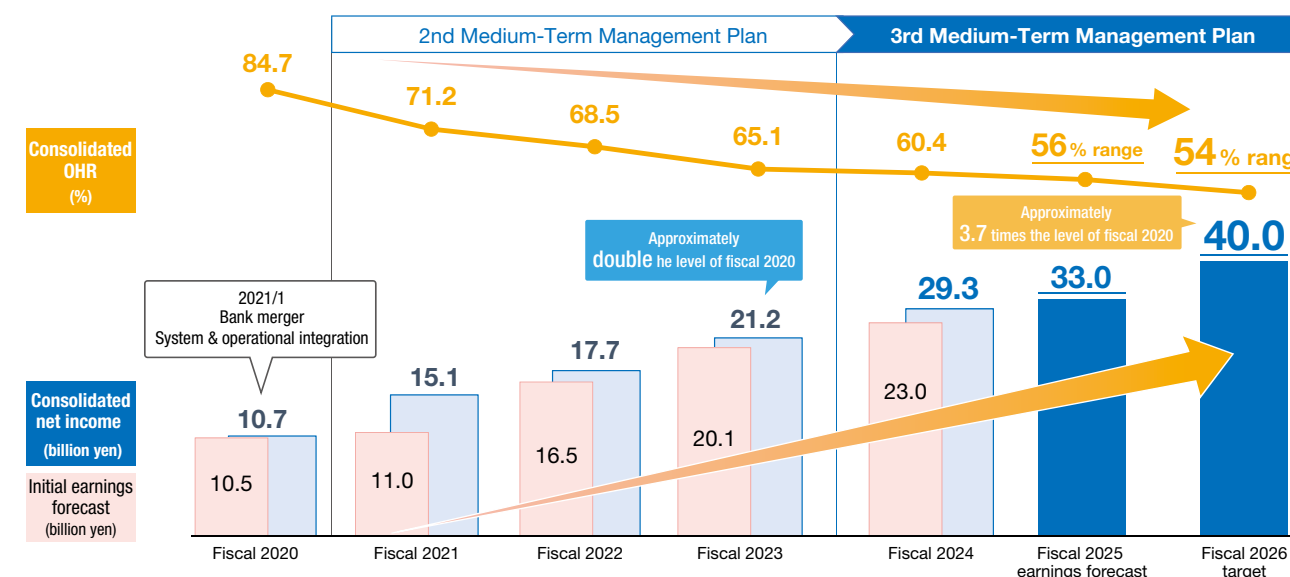
We launched the 3rd Medium-Term Plan based on the interest rate level before the lifting of negative interest rates, with a policy of revising the plan as necessary in light of subsequent changes in monetary policy, the market environment, and so on.

In March 2025, we revised upward our management targets for the final year of the plan (fiscal 2026), taking into account the steady progress of our performance, domestic market interest rates exceeding assumptions made when formulating our plan, the sale of shares based on our policy to reduce cross-shareholdings, and the income benefits of asset accumulation such as loans following the transition to the foundation internal ratings based approach. Specifically, our aim is to achieve even higher targets, namely a consolidated net income of 40.0 billion yen, consolidated OHR in the 54% range,

and consolidated ROE of 7.5% or higher.

The Company has a record of steadily achieving targets set in the 1st and 2nd Medium-Term Plans. We will further explore the Company's strengths, which are explained on the previous page, and actively allocate management resources to areas that have potential for growth, thereby increasing the corporate value of the Company. At the same time, in our group management, we will undertake the challenge of going deeper with our existing businesses and exploring new business domains.

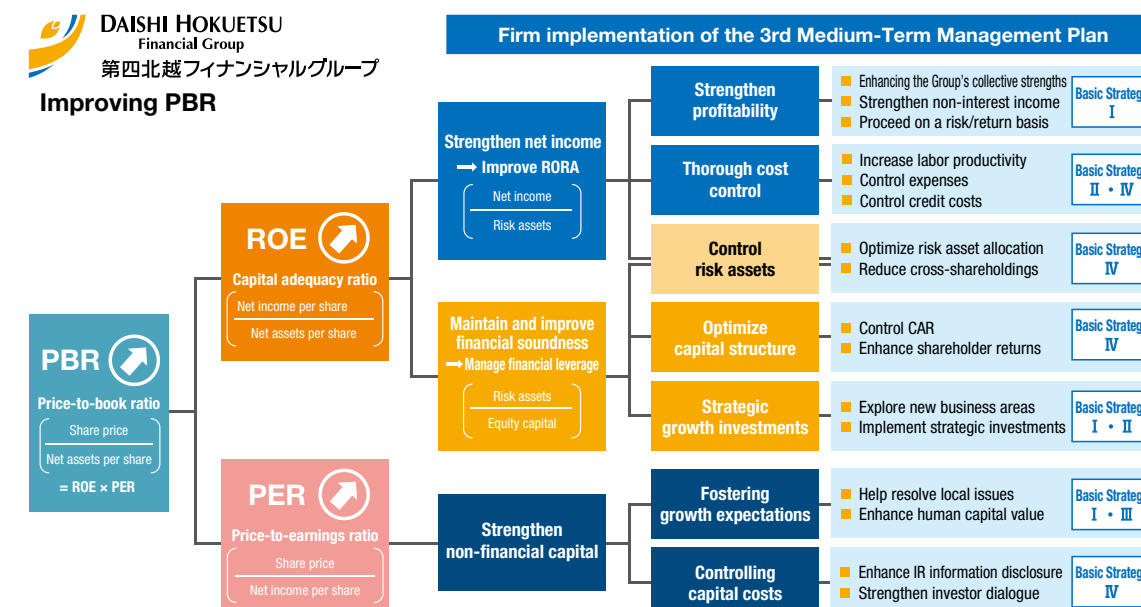
For fiscal 2025, which is an important step toward achieving the targets for the final year of the plan, we forecast consolidated net income of 33.0 billion yen, consolidated OHR in the 56% range, and consolidated ROE of 6.4%.



Enhancing Corporate Value

Since the Company was established in 2018, we have aimed to increase our corporate value by putting our Management Philosophy into practice. Our corporate value is assessed based on factors such as future profitability, asset value, and growth potential, and these factors are reflected in stock price

and market capitalization through the market. Therefore, we practice management with awareness of improving price-to-book ratio (PBR), a key performance indicator. To improve PBR, we consider it important to increase both return on equity (ROE) and price-to-earnings ratio (PER).



Message from Officer in Charge of Finance

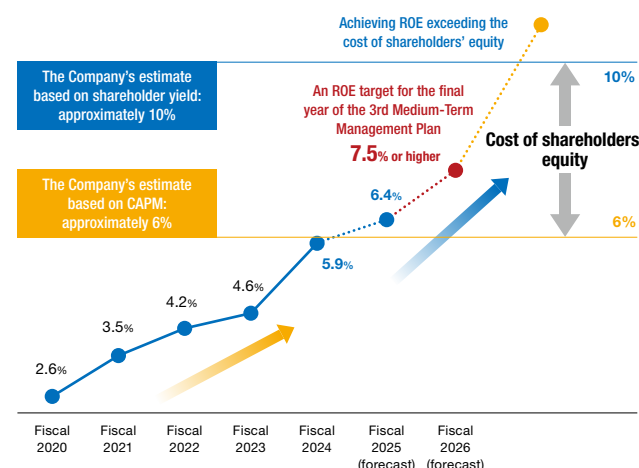
Efforts to Further Improve ROE

To improve PBR, we need to achieve an ROE that exceeds our cost of shareholders' equity. We estimate our cost of shareholders' equity to be about 6% based on the Capital Asset Pricing Model (CAPM: calculated by DHFG using risk-free rates, expected TOPIX returns, and other market data), and about 1.0% based on the shareholder yield calculated based on the current stock price level.

Our previous policy for consolidated ROE was to achieve 5% or higher early on and aim for even higher levels. However, because we achieved a consolidated ROE of 5.9% in fiscal 2024, which is a level above 5%, in March 2025 we revised our target for the final year of our 3rd Medium-Term Plan upward to 7.5% or higher for the plan's final year. However, we recognize that this target is just a milestone. We plan to implement our next Medium-Term Plan after management integration with The Gunma Bank, which has already committed to achieving an ROE of 10% or higher. Our target is to achieve an ROE that exceeds our cost of shareholders' equity.

Specifically, as we show in the logic tree on the previous page, in addition to enhancing profitability by primarily strength-

ening the Group's collective strengths, we will improve RORA by controlling costs through improving labor productivity and reducing credit costs, etc., while also working on financial leverage management through means such as strategic investments in growth fields and appropriate capital adequacy ratio control.



Implementing Cost Control and Strategic Investments

In the 3rd Medium-Term Plan, through the "Productivity Improvement and DX Promotion Committee," which has the President as chairman and myself as vice chairman, we are optimizing allocation of management resources to maximize our top line and implementing strategic investments based on appropriate cost control.

With the management integration and merger of banks, we recognize that our consolidated OHR is higher than that of other regional banks with similar size of total assets, posing a challenge for us. Since the bank merger in January 2021, we have reduced our consolidated OHR by 24 percentage points to 60.4%. We did this by realizing cost synergy such as branch consolidation (a reduction of 62 branches, or approximately 30%, from January 2021 to March 2025) and personnel optimization (a reduction of approximately 800 employees, or approximately 16% from the same period), in addition to strengthening our top line.

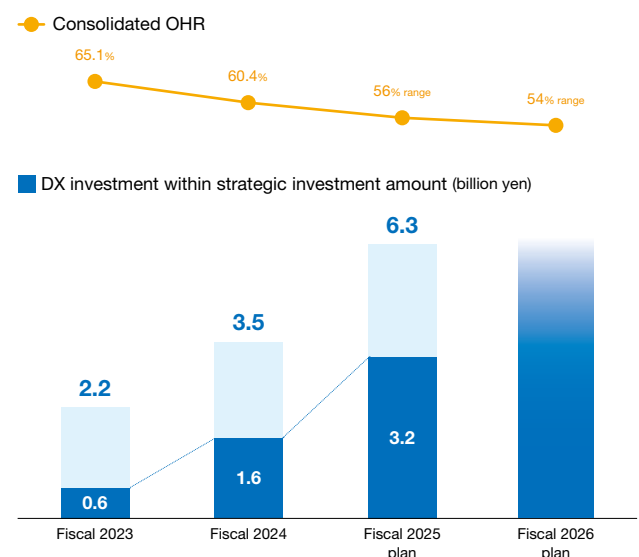
Our policy is to further improve our management efficiency from now on, but given the current business environment, which includes advances in digital technology, the expansion of non-face-to-face transactions, and the need to respond to increasingly sophisticated and diversifying needs of the region and individual customers, we must not only improve efficiency but also actively implement strategic investments in order to continue creating new added value.

From the perspective of improving efficiency, we will further optimize our branch network by expanding its coverage area and changing branch functions, and will further optimize the number of employees, which we have reduced since the merger, as this number is still high compared to other banks

of similar size. At the same time, we will make strategic investments such as digital investments to strengthen our consulting functions and improve customer convenience, as well as investments in human assets, the source of added value (+5% or more each fiscal year compared to the previous year).

By doing this, we plan to allocate our investment capacity created on both the top line and costs, including synergies from the management integration of Daishi Bank and Hokuetsu Bank, to strategic investments aimed at creating added value, and reduce consolidated OHR to the low 50% range in the final year of our 3rd Medium-Term Plan.

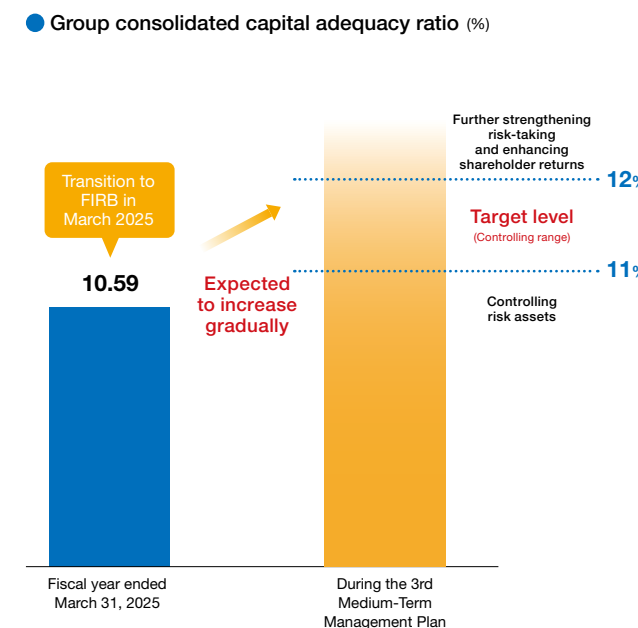
Amount of strategic investments (based on PL) and consolidated OHR



Controlling Capital Adequacy Ratio

With approval from the Financial Services Agency, the Company and Daishi Hokuetsu Bank have changed the method for measuring credit risk in the calculation of the capital adequacy ratio from the standardised approach (SA) to the foundation internal ratings based approach (FIRB) from the fiscal year ended March 31, 2025. By doing this, we have been able to calculate our capital adequacy ratio by measuring risk amounts more precisely, and as a result, our consolidated capital adequacy ratio for the fiscal year ended March 31, 2025 increased by 0.56 percentage points from the previous year to 10.59%, which we believe is an adequate level from the perspective of financial soundness.

Going forward, as we accumulate profits and lower the FIRB capital floor (the minimum limit for risk asset amounts), our capital adequacy ratio will gradually increase, and if the risk amount remains the same as in the fiscal year ended March 31, 2025, then our capital adequacy ratio is expected to be in the 12% range by the fiscal year ending March 31, 2027. We will balance the effective use of capital through risk-taking with maintaining and improving financial soundness, and will appropriately control our consolidated capital adequacy ratio, with a target range of 11% to 12%.



Strengthening Profitability Through Use of RORA

In order to achieve an ROE that exceeds the cost of shareholders' equity, we must further enhance our RAF^{*1}, and use and improve our RORA^{*2}.

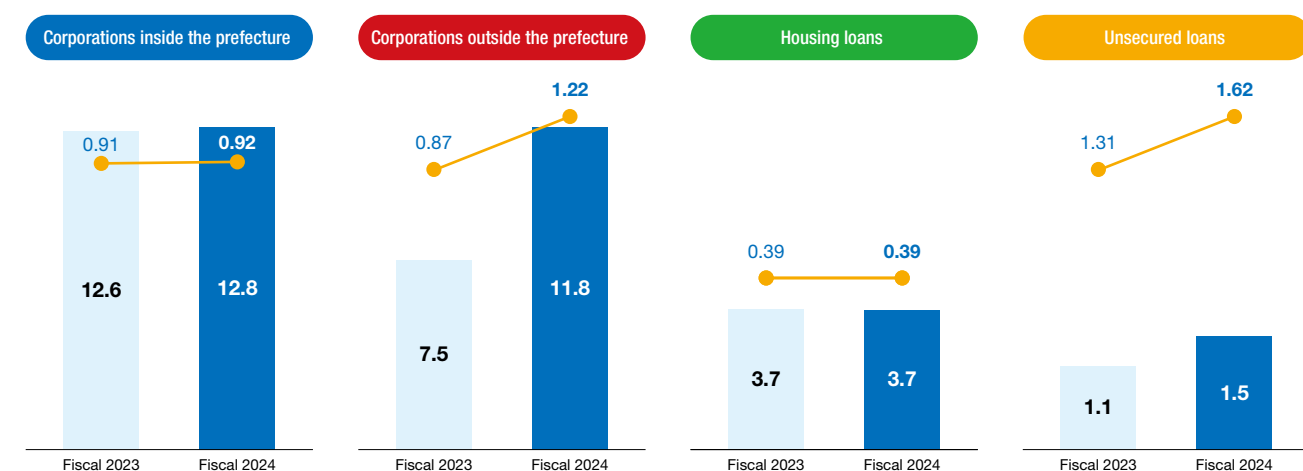
As shown in the diagram below, in fiscal 2024, we improved our RORA by investing management resources particularly into strengthening business with corporations outside the prefecture and increasing unsecured loans. For corporations outside the prefecture, we established a Tokyo Business HQ in July 2024 and concentrated our human assets there. This has mainly led to growth in high-quality loans outside the prefecture and struc-

tured finance, and expanded non-interest income including from derivative transactions. We also worked to increase profit from unsecured loans by strengthening non-face-to-face channels, online advertising, and more.

Going forward, we will use our risk-taking capacity clarified by the transition to FIRB to continue allocating capital primarily to high RORA loans outside the prefecture and structured finance. We will also strengthen profitability and improve ROE by implementing consulting sales that maximize the Group's collective strengths.

^{*1} RAF (Risk Appetite Framework)
A management strategy framework for formulating and executing risk-taking plans by clarifying the type and level of risk to be taken based on profit and risk characteristics.
^{*2} RORA (Return on Risk Assets)
An indicator that shows whether profit earned from investment and lending is being generated efficiently relative to the risk of the assets.

RORA by category Bar graph: Revenue (billion yen), Broken line graph: RORA (%)



Message from Officer in Charge of Finance

Reducing Cross-Shareholdings

Reducing cross-shareholdings is also an important issue from the perspective of risk asset control.

Daishi Hokuetsu FG holds limited cross-shareholdings that are considered to help maintain and enhance the medium- to long-term corporate value of our business partners and the Group. The Board of Directors verifies the significance of continuing each individual holding each year, conducting a quantitative assessment of the holding to ascertain whether the income from dividends, deposits and loans is commensurate with the Company's cost of capital as well as a qualitative assessment of the growth potential and future prospects of business partners, their relationship with the regional economy, and other pertinent factors. Cross-shareholdings with no recognized significance are being sold following ample dialogue with the relevant business partners on improving transaction conditions.

In May 2023, we set a target to reduce our cross-shareholdings (reducing book value by 10.0 billion yen over the five years from the end of March 2021 to the end of March 2026), and then revised that target upward in the next year on May 2024 (reducing book value by 20.0 billion yen over the six years from the end of March 2021 to the end of March 2027). Based on dialogue with institutional investors and other stakeholders, we have set a new target to reduce the proportion of cross-shareholdings on a market value basis to less than 20%

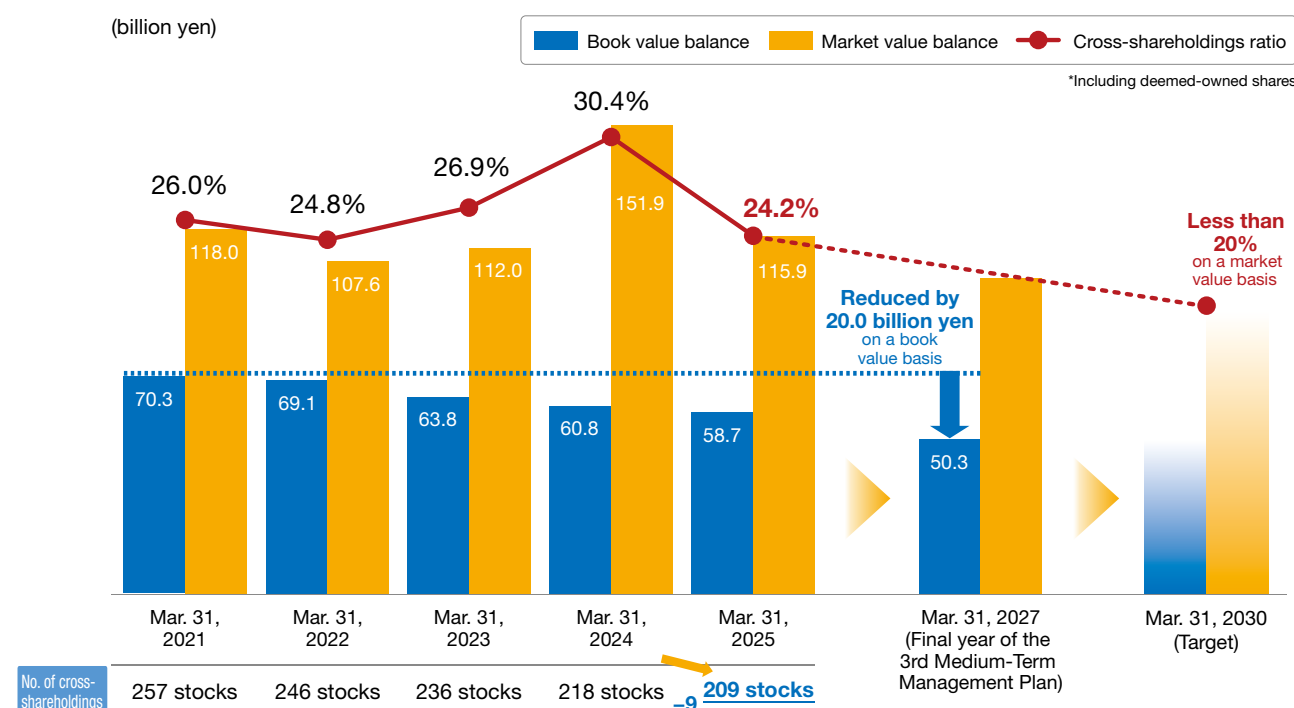
of our consolidated net assets by March 2025, further reducing our cross-shareholdings so that we can work to further improve capital efficiency and strengthen our financial position.

Since fiscal 2022, we have transferred 24 stocks of cross-shareholdings into the pure investment category. We did this based on the belief that Daishi Hokuetsu Bank's Market Investment Division can maximize investment returns and ultimately shareholder returns by determining the timing of purchases and sales from the perspective of securities portfolio management, which includes other pure investment category stocks, yen-denominated bonds, and foreign currency-denominated bonds. There are no restrictions on the sale of all stocks transferred to the pure investment category, by agreement with the issuing company. Of these, nine stocks had already been sold by the end of March 2025 at the discretion of the Market Investment Division, and several more have been sold this fiscal year.

Our policy is to use capital generated by the reduction of cross-shareholdings to invest in growth fields that contribute to improving our medium- to long-term corporate value and sustainable regional development, specifically investment in funds aimed at regional revitalization, as well as strategic investments such as DX investments to improve productivity and investments in human assets to utilize human capital.

● Targets and results for reduction of cross-shareholdings

From fiscal 2020 (the year Daishi Hokuetsu Bank was formed through a merger) through the final year of the 3rd Medium-Term Management Plan (from the end of March 2021 to the end of March 2027), Daishi Hokuetsu Bank will reduce its cross-shareholdings by 20.0 billion yen (book value).
By fiscal 2029 (until the end of March 2030), we will aim to reduce the proportion of cross-shareholdings (market value), including deemed-owned shares, to less than 20% of consolidated net assets.



Enhance Shareholder Returns

Shareholder returns are another important theme as part of financial leverage management aimed at improving ROE.

In November 2024, we revised our policy on shareholder returns to progressive dividend per share in principle, a dividend payout ratio in the region of 40%, and share buybacks to be implemented flexibly with comprehensive consideration for factors such as our business performance and the market environment.

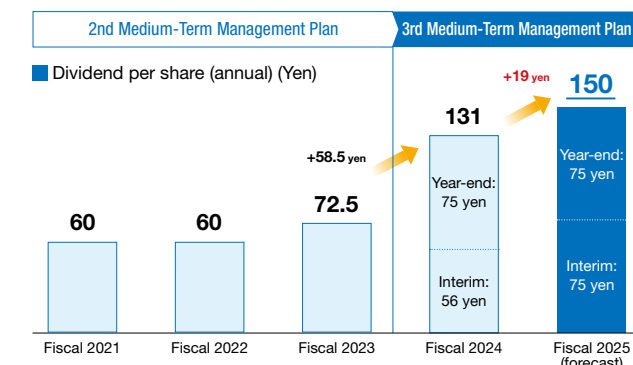
Because our business performance exceeded our initial

● Policy on shareholder returns and actual returns

In consideration of the public nature of the financial group and in order to reward every one of our shareholders moving forward, our basic policy is to continue offering stable returns to shareholders while also taking into account the need to enhance internal reserves to strengthen our earnings base.

Specifically, we aim to offer a **progressive dividend per share in principle** and a **dividend payout ratio of roughly 40%**. We will flexibly implement share buybacks, taking into consideration factors such as our business performance and the market environment. Furthermore, we will work to improve ROE by basically increasing net income and aim to achieve 7.5% or higher by the fiscal year ending March 31, 2027.

forecast, we have followed this shareholder return policy and increased the year-end dividend for fiscal 2024 by 5 yen from the 70 yen per share announced in March 2025. This brings the annual dividend to 131 yen per share (after accounting for the stock split implemented on October 1, 2024), an increase of 58.5 yen from the previous fiscal year. We will keep striving to enhance shareholder returns while making consideration for the balance between internal reserves and growth investments.



Improving PER

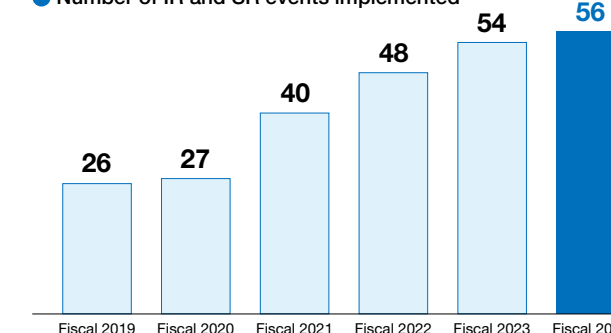
With the aim of improving our PER by controlling capital costs, we are actively working to eliminate information asymmetry through timely and appropriate disclosure and IR and SR activities with institutional investors and other shareholders.

In fiscal 2024, the President and I, an officer in charge of the Corporate Planning Division, along with our IR and SR staff, conducted 56 IR and SR events throughout the year, including large IR and individual briefings, while increasing the number of dialogues year on year. In dialogue with institutional investors, we engage in a broad exchange of opinions on topics including our policies and efforts regarding ROE, which is relevant to each company's standards for the exercise of voting rights, cross-shareholding ratios, and the appointment of female directors, as well as sustainability efforts.

I believe it is important to raise expectations for the future potential of Niigata Prefecture, where we are based. Leveraging the Group's functions, information, and networks, we

are supporting projects such as the comprehensive regional revitalization in the Sado Region and large-scale resort development in the Myoko District. While deepening our ties with Niigata Prefecture in this way, we are actively working to increase the number of people connected to and interacting with the prefecture.

● Number of IR and SR events implemented



Conclusion

In April of this year, we announced a basic agreement regarding management integration with The Gunma Bank. Following our basic policy of "mutual trust and equal integration," we will achieve integration that is not simply "additive" but "multiplicative" in order to maximize top-line synergies.

As we experience drastic changes in our business environment, the challenges faced by the region and our customers are becoming more diverse and sophisticated, and I feel that the expectations people have of us are growing ever greater. Going forward, the Daishi Hokuetsu Financial Group will further enhance the Group's collective strengths and work towards realizing our Management Philosophy of perpetually contributing to the region.



Message from Outside Directors

Aiming to Leap to a New Stage Together with the Region



The outside directors of the Company have deep insight and considerable experience in various fields of expertise, and contribute to improving the corporate governance of the Company. As we further enhance the effectiveness of corporate governance by appointing Miki Kuwahara as the Company's first female outside director, we are asking the opinions of outside directors on how they rate the efforts undertaken in the 3rd Medium-Term Management Plan, which we have positioned as a stage for a leap forward, as well as the basic agreement regarding management integration with The Gunma Bank.

How do you rate the Company's efforts during fiscal 2024, which is the first year of the 3rd Medium-Term Management Plan (fiscal 2024-2026)?

Matsumoto: In the incredibly important first year of the 3rd Medium-Term Management Plan, we undertook various efforts based on our basic strategy as a group in a bold and speedy manner, and we achieved the profit target set as the target for the final year of the Medium-Term Plan in the first year of the plan. I rate this as a fine starting dash befitting the stage for a leap forward.

Fiscal 2024 was another year of dramatic changes in the business environment, what with changes in monetary policy made by the Bank of Japan. We have responded astutely to changes in the business environment and immediately revised upward the targets of our 3rd Medium-Term Management Plan. In addition, we have revised our shareholder return policy to set a progressive dividend

per share and a dividend payout ratio of about 40%. We have also set a new target for reducing cross-shareholdings based on their market value. As an outside director, I have supported proactive and swift implementation of many measures aimed at increasing corporate value, and I think that our efforts made thus far have received a certain level of recognition from the stock market.

Our greatest strengths are our ability to make quick decisions and execute them effectively in our business environment which changes quickly from day to day. I will keep using my expert knowledge as an outside director to offer clear opinions aimed at sustainable management, taking into account the perspectives of customers, shareholders, and various other stakeholders.

A basic agreement has been made for management integration with The Gunma Bank. Please tell us about discussions held by the Board of Directors and our future prospects.

Matsumoto: When President Ueguri first explained management integration with The Gunma Bank to us, all of the outside directors including myself were surprised. A few years had passed since the management integration and merger of Daishi Bank and Hokuetsu Bank, and it was a time when the new structure was on track and a solid foundation was in place for us as a regional financial institution.

Meanwhile, the business environment is experiencing drastic changes, including population decline, which is a serious issue for Niigata Prefecture, the rapid development of digital technologies such as generative AI, and the entry into the financial sector of new companies from other industries. Environmental awareness is an extremely important element in management, and we held in-depth discussions on this topic when formulating the 3rd Medium-Term Management Plan. As a result, the Board of Directors shared the view that maintaining the status quo means being in

decline. Therefore, when it came to management integration with The Gunma Bank, we were able to immediately understand the background and objectives, and all of us supported the Company's policy. I think that the basic agreement to integrate management with The Gunma Bank is a management decision that will lead both companies to new stages in their efforts to further contributing to the region.

Shirai: At meetings of the Board of Directors, discussions were focused on matters such as the purpose of management integration, reason for choosing The Gunma Bank as our management integration partner, and what strategies we envision after management integration and what synergies we can realize. The directors offered various opinions, but I am convinced that we made this management decision with an eye to the future at exactly the right time.

Kikuchi: We are about to begin the real work towards a final agreement on the management integration with The Gunma Bank. I expect that some customers and shareholders in the region, as well as some of our employees, will have concerns about this management integration. I think that carefully explaining the purpose of this management integration to those stakeholders and gaining their understanding will be an important key to ensuring the success of management integration. As an outside director, I intend to make sure that all possible measures are taken in order to do this.

Sato: The Company can count among its past achievements the

successful management integration and merger of Daishi Bank and Hokuetsu Bank. For this reason, I am confident that management integration with The Gunma Bank will be a success, and I believe that by combining the strengths of both banks to create synergies and new value, we can expect to make a significant economic impact on both Niigata Prefecture and Gunma Prefecture. As the Company has deep roots in the region, our most important mission is to keep contributing to the region, just as we have said we will do in our Management Philosophy, so I would like to examine this issue and express my opinion at meetings of the Board of Directors.

Are there any issues or areas for improvement with regard to the Company's corporate governance?

Kikuchi: In a survey conducted in March 2025 to evaluate the effectiveness of the Board of Directors, almost all directors, including the internal directors, recognized the need to further ensure diversity.

Kuwahara: Last year, the Company appointed its first female director from inside the company. Now, as the first female outside director, I believe it is my mission to further improve our corporate governance by bringing in the unprecedented perspective as a woman from outside the company. In particular, with the recent succession of harassment scandals occurred in companies, I intend to thoroughly ensure that we provide a workplace environ-

ment where employees can work with peace of mind and achieve their full potential.

Sato: The Company has a set a goal to increase the ratio of female directors to 30% or more by 2030, and we are currently on the way to achieving that goal. Going forward, we must accelerate efforts towards women's empowerment, such as further strengthening our support system for female employees as they build their careers and become directors. It is necessary for us to further develop systems that support diverse work styles, such as enhancing programs to develop female directors.

How do you rate the Company's efforts to improve its corporate value?

Shirai: Stock Exchange published its request to take "action to implement management that is conscious of cost of capital and stock price" and communication with the market has become increasingly important for us to further enhance our corporate value. We actively engage in dialogue with institutional investors and other shareholders, and many of the opinions we receive during these discussions are reported to the Board of Directors, which then holds active discussions on areas for improvement. I think this process of improving corporate value, starting with communication with the market, is working well.

Matsumoto: Our current PBR is still not at a sufficient level. One possible reason for this is that we have not adequately conveyed

the appeal of the Company. In order to convey the appeal of the Company to more stakeholders, it is important for us to communicate in an easily understood manner our story of growing in tandem with the region. I would like to offer my opinions so that we can put more effort into improving IR, SR, and various information disclosures, actively promote the appeal of our home prefecture Niigata, and ultimately create a virtuous cycle which raises expectations for the Company. With the new Nippon ISA (NISA) among other factors, the number of individual shareholders is increasing, so I consider it important to communicate appropriately not only with institutional investors but with a wide range of shareholders.

Tell us your thoughts on future efforts by the Company.

Matsumoto: First, it is important for us to make preparations so that we are completely ready to reach a final agreement on management integration with The Gunma Bank. While ensuring that we achieve the targets of our 3rd Medium-Term Management Plan and building a foundation for realizing the synergy resulting from management integration with The Gunma Bank, it is also crucial that we work to enhance corporate value by emphasizing dialogue with the market. I hope to provide executive directors and senior management with new insights by examining whether the Company's Management Philosophy and policies are actually producing results, and whether the causal relationships are clear, asking questions, and making suggestions.

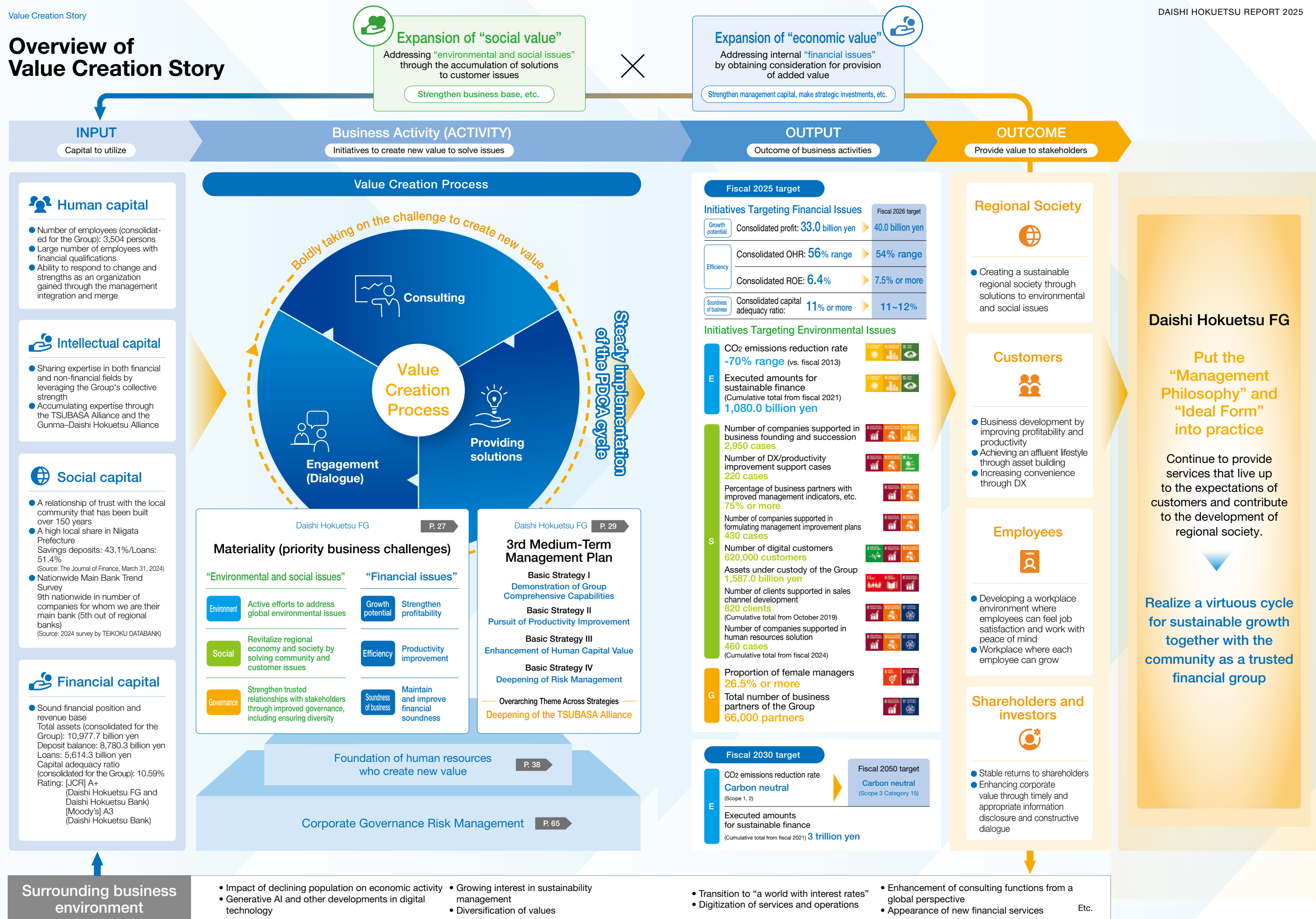
Shirai: In March 2025, we switched to the foundation internal ratings based approach (FIRB) as our method for measuring credit risk in calculating our capital adequacy ratio. Going forward, we will be able to take more risks with more sophisticated risk management, so I think it is important to ensure soundness while also increasing capital efficiency as well as profitability in order to contribute to the region. I hope to contribute the Company's sustainable growth by constantly monitoring the status of other banks, trends among institutional investors, and more, and by actively sharing my knowledge.

Kikuchi: As the foundation of management, it is important that we further raise compliance awareness among all officers and employees of the Group and keep working to strengthen corporate governance. As an outside director, I will provide appropriate advice from the perspectives of fairness, transparency, and objectivity.

Sato: As population decline becomes a more serious issue, I expect the Company to further strengthen its ties with the regional society while pursuing corporate value, so that we can increase the value created by the region. As an outside director, I intend to monitor and support the Company's efforts to ensure that it makes lasting contributions to the region, as we have stated our intent to do in our Management Philosophy.

Kuwahara: I believe it is one of our important missions to provide the Board of Directors with diverse perspectives from outside the company. I will contribute to the development of the Company by providing flexible and innovative advice not confined to existing frameworks. As work styles become more diverse, we must further enhance the value of human capital. Creating a work environment that fosters job satisfaction and improving the value of human capital are challenges shared by every industry, so I intend to offer advice based on my experience and knowledge.

Overview of Value Creation Story



History of the Daishi Hokuetsu Financial Group

Since the founding of the Fourth National Bank of Japan in 1873, we have quickly and accurately identified the issues facing our customers and society as they have changed with the times, and we have continued to provide financial and information services aimed at solving these issues. This has enabled us to earn the trust of stakeholders while achieving sustainable growth and increasing our corporate value.



1st Medium-Term Management Plan

(Fiscal 2018 to 2020)

Build a foundation to maximize merger synergies

2nd Medium-Term Management Plan

(Fiscal 2021 to 2023)

Leverage three major synergies (merger, Group, TSUBASA)

3rd Medium-Term Management Plan

(Fiscal 2024 to 2026)

Deepening and exploring group management

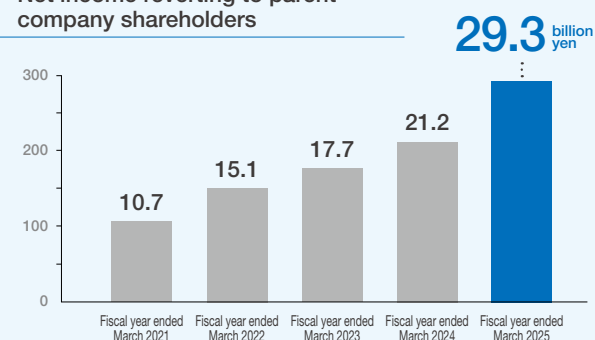
Developments in Niigata Prefecture

1869 Opening of Niigata Port (one of five ports opened)	1876 Building of Chosei Bridge (Nagaoka City)	1945 Bombing of Nagaoka City	1973 Niigata Airport became an international airport	1997 The entire Hokuetsu Line on the Ban-etsu Expressway was opened	2007 Chuetsu offshore earthquake Niigata City became a city designated by government ordinance	2011 Great East Japan Earthquake The temperature exceeded 40 degrees Celsius for the first time in the prefecture's history	2024 Noto peninsula earthquake "Sado Island Gold Mine" registered as a UNESCO World Cultural Heritage Site "Traditional knowledge and skills of sake-making with koji mold in Japan" registered as a UNESCO Intangible Cultural Heritage
1871 Creation of Niigata Prefecture as part of the abolishment of feudal domains and establishment of prefectures	1880 Great fire of Niigata	1964 National Sports Festival in Niigata Niigata earthquake	1982 Opening of Joetsu Shinkansen	2004 July 13th flood Chuetsu earthquake	2009 National Sports Festival in Niigata	2020 COVID-19 pandemic State of emergency declared nationwide	
	1886 Building of Bandai Bridge (Niigata City)		1988 The entire Hokuriku Expressway was opened				

Financial Highlights

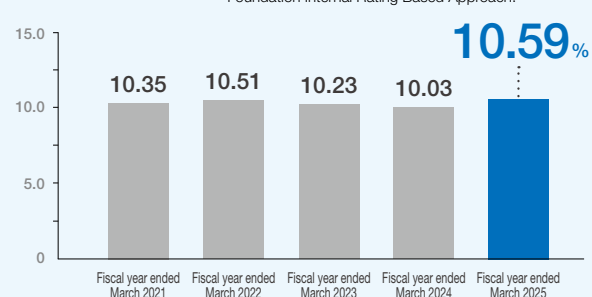
Daishi Hokuetsu FG (Consolidated)

Net income reverting to parent company shareholders

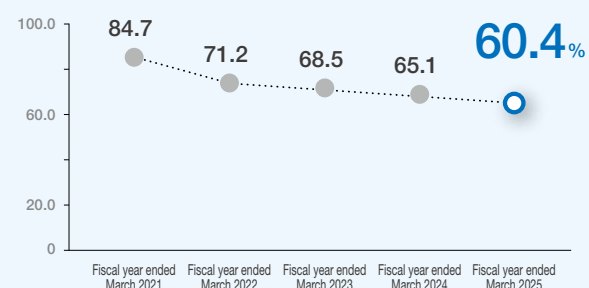


Capital adequacy ratio

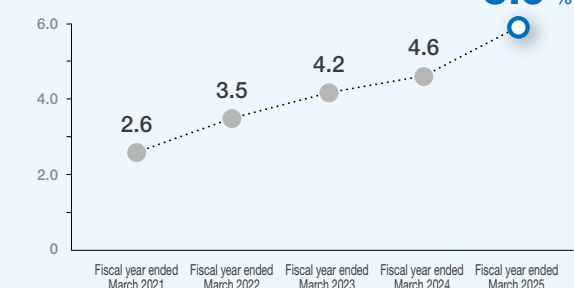
*From the end of March 2025, the method for measuring credit risk in the calculation of the capital adequacy ratio has been changed from the standardised approach to the Foundation Internal Rating Based Approach.



OHR (expense ratio)

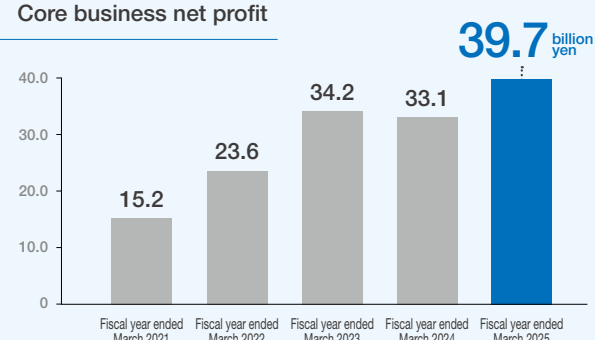


ROE

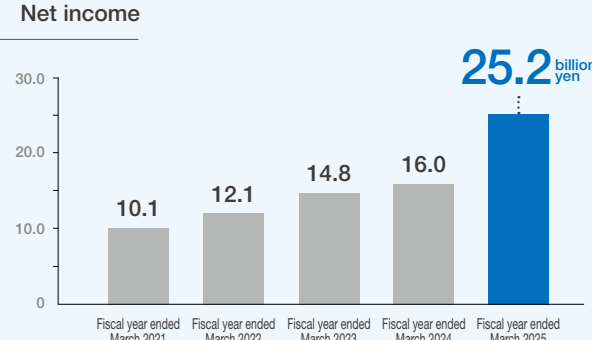


Daishi Hokuetsu Bank (Non-Consolidated)

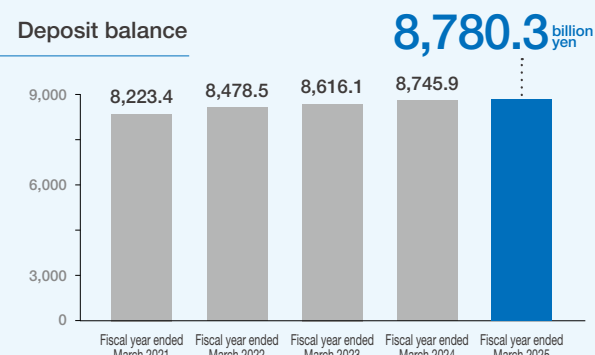
Core business net profit



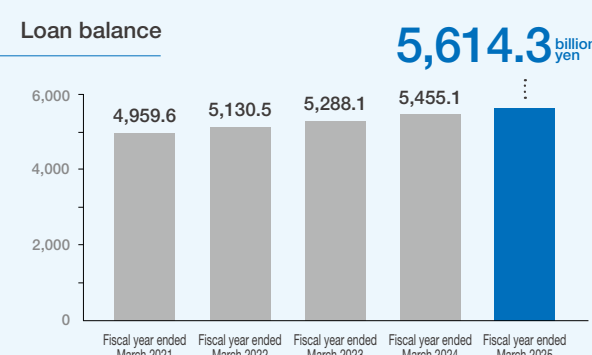
Net income



Deposit balance



Loan balance



Non-Financial Highlights (Fiscal Year Ended 2025)

Environment

CO2 emissions reduction rate (vs. fiscal 2013; preliminary figures)

-67.3 %



Executed amounts for sustainable finance (from fiscal 2021; cumulative)

(including environmental sector)

769.6 billion yen
(330.0 billion yen)



Social

Employee Engagement Total Score

77.8



Total participants in financial education activities (from fiscal 2013)

16,642 people



Number of companies supported in business founding and succession

2,917 cases



Number of DX/productivity improvement support cases

136 cases



Number of cases of support for sales channel development (from October 2019; cumulative)

730 clients



Number of companies supported in human resources solution

246 cases



Governance

Proportion of female directors

14.2 %



(As of July 31, 2025)

Proportion of outside directors

35.7 %



(As of July 31, 2025)

Business Area

The Company operates in Niigata Prefecture as its main business base. Niigata Prefecture is located on the Sea of Japan side of Honshu, and has long had an active agriculture industry thanks to its geography and climate. In addition, it is widely recognized for its production of rice confectionery, processed seafood products, and other food products that utilize its abundant agricultural and fishery resources, such as rice.

In addition, the area has high potential, including substantial transportation infrastructure, the area in the middle of the prefecture around Sanjo City and Tsubame City, which are known for their metal goods, the "Sado Island Gold Mine," which has been registered as a World Cultural Heritage Site, and tourism resources such as fireworks displays and hot spring resorts.

On the other hand, the rate of population decline has been faster than the national average, and the total population has been declining for 27 consecutive years since peaking in 1997.

Based on these characteristics of Niigata Prefecture and the issues it faces, the Company will demonstrate its group synergies to create new value and continue to contribute to the development of local communities by providing various services.

Key Data on Niigata Prefecture

Population

2.12 million
15th nationwide



(Fiscal 2023)

Nominal gross prefectural product

8,857.5 billion yen
16th nationwide



(Fiscal 2020)

Prefectural capital

Niigata City
Largest city on the Sea of Japan side of Honshu
(only government-designated city)



Source: "Niigata Prefecture through Data: a Handbook of Indicators (Fiscal 2024)" on Niigata Prefecture website

Industry

Amount of rice produced

125.5 billion yen
No. 1 in Japan



(Fiscal 2023)

Amount of rice confectionery shipped

159.2 billion yen
No. 1 in Japan



(Fiscal 2022)

Amount of seafood paste products shipped

34.2 billion yen
No. 1 in Japan



(Fiscal 2022)

Amount of Western metal tableware shipped

13.1 billion yen
No. 1 in Japan



(Fiscal 2022)

Natural capital

Total prefectural land area

12,584km²
5th nationwide



(Fiscal 2024)

Longest river (Shinano River)

367 km
No. 1 in Japan



(Fiscal 2023)

Total area of natural parks

317,406ha
No. 2 in Japan



(Fiscal 2024)

Source: "Niigata Prefecture's Japan Top 5 Features" on Niigata Prefecture website

Transportation infrastructure



Potential of Niigata Prefecture

Industrial Competitiveness that Leverages Natural Resources

In addition to being ranked first nationwide in the amount of rice produced, Niigata also has a potent rice confectionery, Japanese sake, processed marine product and other food manufacturing industries that rank among Japan's highest. In December 2024, "traditional knowledge and skills of sake-making with koji mold in Japan" was registered as a UNESCO Intangible Cultural Heritage. As one of the nation's leading centers of sake production, Niigata became the target of elevated expectations for the further development of industry. Moreover, Niigata possesses a wealth of resources brought forth by its numerous rivers, including the two major Shinano and Agano Rivers, and its many mountains. The prefecture is ranked fifth in Japan in the number of ski slopes (22 locations as of 2021) by virtue of being a heavy snowfall area, an example of its healthy industry that takes advantage of the abundance of resources present.



Development of Large-Scale Resort in Myoko Highlands Area

In the Myoko Highlands area, the development of a large-scale resort is currently underway. While cooperating with business operators, the government, external alliances, and other partners, the Group is actively working as one on support for this project with a view to revitalizing the regional economy.

Abundant Tourism Resources

There are 137 hot spring resorts with accommodation facilities in Niigata Prefecture, meaning the prefecture ranks third in Japan on this metric (as of 2024). In addition, the fireworks festivals held in Nagaoka, Katakai, and Kashiwazaki are known as the "three great fireworks festivals of Echigo." Among them, the Nagaoka fireworks festival is especially famous, attracting over one million visitors over the two days.



Sado Island Gold Mine

Sado is Japan's largest remote island, attracting approximately 500,000 tourists every year. The Sado Island Gold Mine was registered as a World Cultural Heritage Site in July 2024. We cooperate with the Sado Municipal Government, business operators on Sado Island, and other partners to carry out projects that provide Sado with comprehensive support and further elevate its appeal. These include the creation of new tourists spots centered on the Sado Island Gold Mine, which link to the development of tourism on Sado; the development of accommodation facilities providing services that tourists find highly satisfactory; and the development of various events that have synergy with the foregoing.

Logistics and Energy Centers

Niigata Prefecture offers superior access to various areas, including the Kanto, Kansai, and Tohoku regions, through expressways that spread out in each direction, the Joetsu Shinkansen bullet train line connecting the greater Tokyo area, the Hokuriku Shinkansen bullet train line linking to Tsuruga, and more. With a total of ten ports, starting with the international hub of Niigata Port, it is also one of Japan's key centers of maritime transport. Niigata Port and Naoetsu Port also play valuable roles as energy centers, as exhibited by their designation as Sea of Japan-side hub ports.



Assistance with Expansion of Renewable Energy

An area off the coast of Murakami City and Tainai City has been selected as a promotion area for offshore wind power generation. In this area, a large-scale offshore wind power generation project is currently underway. The Group is actively working as one on this project, which will lead to the revitalization of the regional economy in the form of the development of industry and the securing of employment.

Source: "Niigata Prefecture's Japan Top 5 Features" on Niigata Prefecture website

Challenges in Niigata Prefecture

Declining population	Declining birthrate and aging population	Increased productivity
Digital Transformation (DX)	Tourism development	Decarbonization
Medical and nursing care	Education	Natural disaster countermeasures

Initiatives of the Daishi Hokuetsu FG

Value Creation Story	P.17~
Growth Strategy for Ideal Form	P.29~
Sustainability Management	P.51~

Realizing a virtuous cycle for sustainable growth together with the community

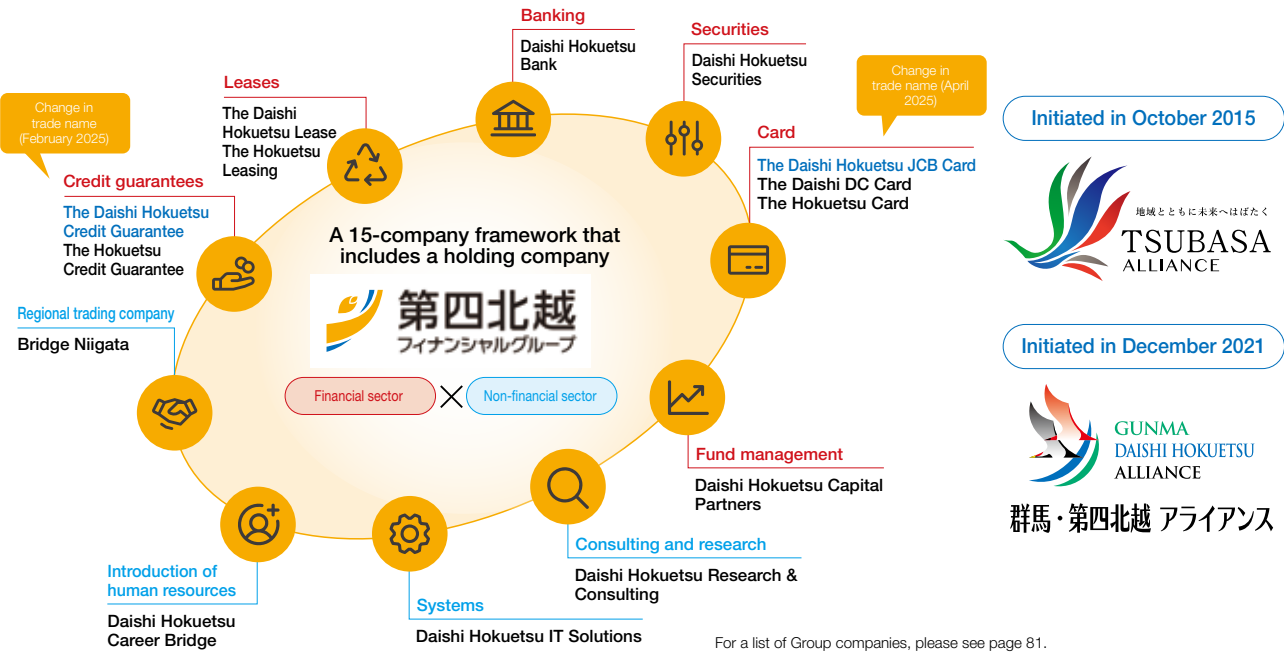
Strengths of the Daishi Hokuetsu Financial Group

The Group's Collective Strength and Alliances

Intellectual capital

The Group consists of 15 companies in total, comprising the Company and 14 consolidated subsidiaries including the Daishi Hokuetsu Bank. The Group provides a wide range of financial products and services to customers in the region, mainly through the banking business but also in other areas such as the leasing business, securities business, credit card business, system-related business, and staffing business. We are strengthening a “double-track” collaboration approach, in which group companies make full use of their respective functions to address the diverse needs of local communities and customers, while working closely together to provide the most effective solutions.

Moreover, the Group endeavors to create new value through a pair of alliances: the TSUBASA Alliance, a framework of widespread cooperation by ten regional banks that include Daishi Hokuetsu Bank, and the “Gunma–Daishi Hokuetsu Alliance,” a collaborative agreement between Daishi Hokuetsu Bank and The Gunma Bank.



Diverse, abundant human resources

Human capital

The Group endeavors to develop human resources with a high level of expertise and practical capabilities who can meet increasingly diverse and sophisticated local and customer needs. In addition to acquiring expertise in finance, the Group is making wide-ranging efforts to enhance employees' capabilities, including acquiring literacy in DX and SX, which are important management issues in the region. It is also striving to strengthen its human resources base through the recruitment of mid-career human resources with a myriad of specialized skills and intra-Group collaboration utilizing expertise.

Also, in July 2024, the Group newly established its “Human Capital Value Enhancement Committee” chaired by the President. The result is a system that deliberates and executes various measures on a cross-organizational basis that serve to enhance the value of human capital across the Group.

Also, in the Human Capital Management Policy, which it established in December 2024, the Company has clarified its intention to increase investment contributing to the enhancement in value of human capital to at least 5% per annum, thereby actively backing the further growth of diverse human resources. (Details P. 43)

● Establishment of the “Human Capital Value Enhancement Committee”

The chart shows the Board of Directors at the top, followed by the Executive Committee. The Executive Committee oversees three committees: Sustainability Promotion Committee, Human Capital Value Enhancement Committee, and Regional Revitalization Promotion Committee. The Human Capital Value Enhancement Committee is the central focus, with coordination links to the other two committees.

● Number of holders of specialized qualifications, etc. (Daishi Hokuetsu FG)

Specialized qualifications	Fiscal year ended 2025
FP Grade 1	205
Small and Medium Enterprises Management Consultant	52
Securities Analyst	52
Information Security Management	165
IT Coordinator	34
IT Passport	1,323
Basic-Level Decarbonization Advisor*	1,456
TOEIC score of 800 or above	26

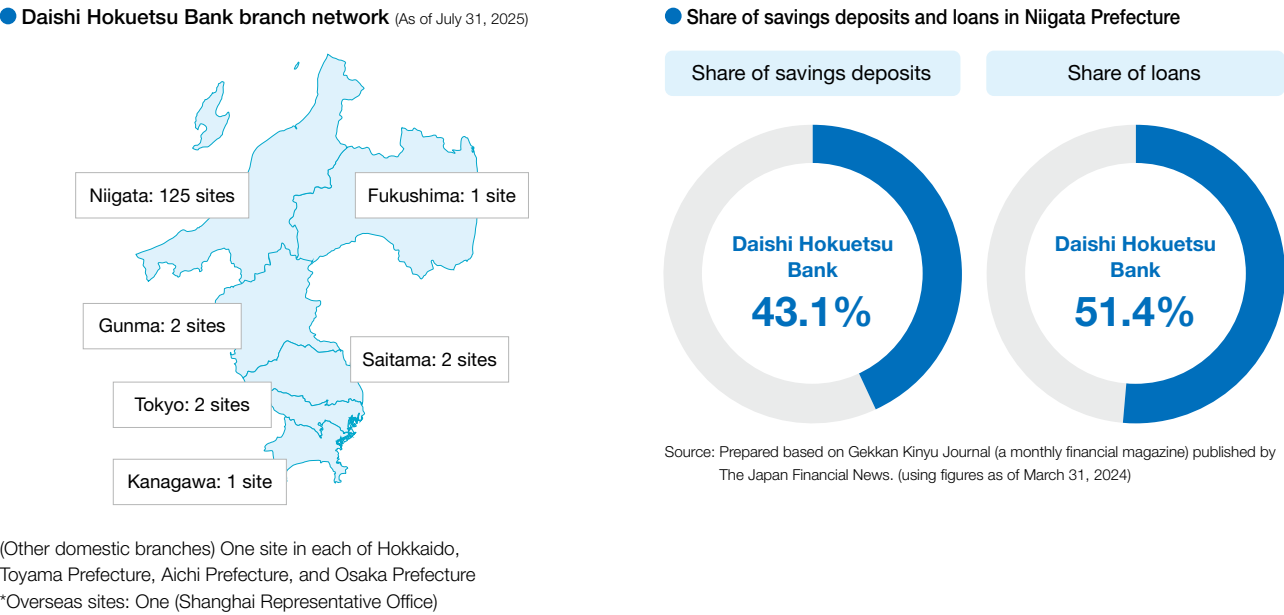
*Holders of multiple qualifications have been tallied as one person.

Widespread Network/Trust from the Local Community

Social capital

The Group has a wide-ranging network with Niigata Prefecture as its center. Daishi Hokuetsu Bank has established a branch network that meets the increasingly diverse needs of its local customers. Additionally, the bank has established a Shanghai Representative Office as an overseas base through which it provides support related to customers' overseas business.

Moreover, as the prefecture's top bank, Daishi Hokuetsu Bank has a high share of both savings deposits and loans in Niigata Prefecture, at 43.1% and 51.4%, respectively. In addition, according to the “Nationwide Main Bank Trend Survey of Companies (2024)” (source: TEIKOKU DATABANK), it was the main bank for approximately 17,900 companies, which placed it ninth in Japan after mega-banks and fifth among regional banks. The bank with the longest history among those currently existing in Japan, Daishi Hokuetsu Bank marked its 150th anniversary in November 2023. Based on the relationship of trust that it has forged with local customers over its long history, the Group continues to benefit from the patronage of numerous customers.



Stable Financial Base

Financial capital

As of the fiscal year ended March 2025, the Company has total assets (consolidated) of approx. 11 trillion yen and net income on a consolidated basis (net income reverting to parent company shareholders) of 29.3 billion yen. This gives it an asset base that ranks among the top of regional banks and commensurate earnings power. Moreover, at 10.59%, the Company's capital adequacy ratio exceeds both the domestic standard of 4% and the international standard of 8% based on the Basel Accord, thus ensuring a sufficient level from the viewpoint of soundness. Additionally, with approval from the Financial Services Agency, the Company and Daishi Hokuetsu Bank have changed the method for measuring credit risk in the calculation of the capital adequacy ratio from the standardised approach to the Foundation Internal Rating Based Approach from the fiscal year ended March 31, 2025. In addition to working to sophisticate its internal management framework based on the Foundation Internal Ratings Based Approach, building a sound credit portfolio with an accumulation of assets through careful risk management and optimal risk-taking, and endeavoring to enhance the soundness of its business and its profitability, the Company will continue to do its part for the revitalization of the regional economy by actively demonstrating financial and information intermediation functions in local communities.

The Company's external rating by rating agencies is “A+” from the Japan Credit Rating Agency (JCR), and Daishi Hokuetsu Bank has received ratings of “A+” from JCR and “A3” from Moody's.

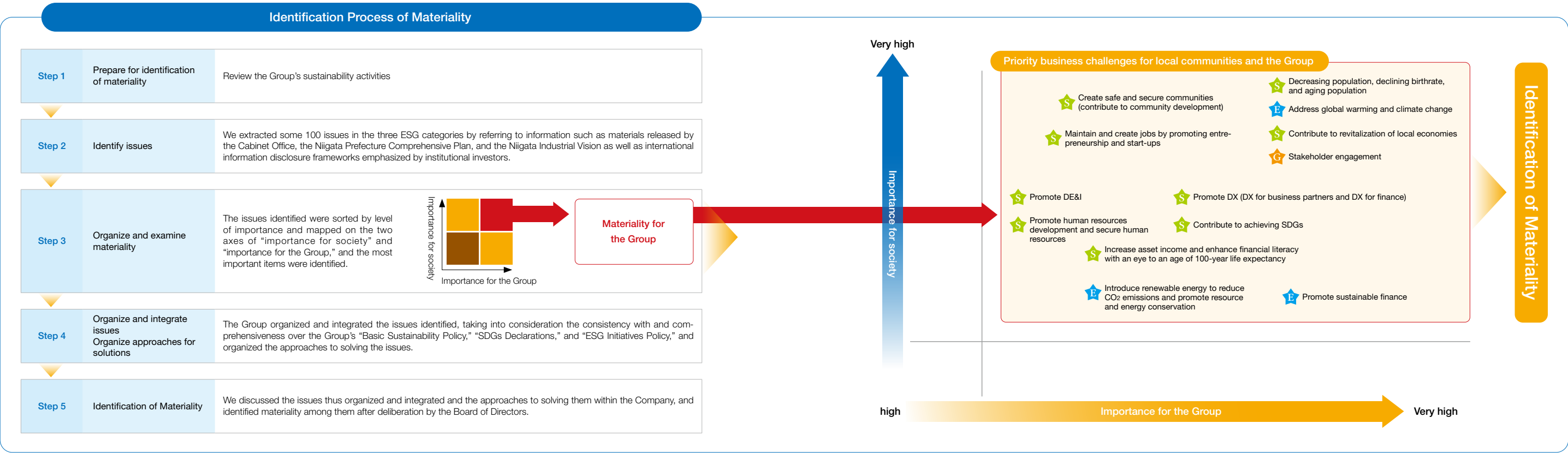
● External ratings

	Japan Credit Rating Agency (JCR)	Moody's
	A+	—
	A+	A3

(As of March 31, 2025)

Materiality (priority business challenges)

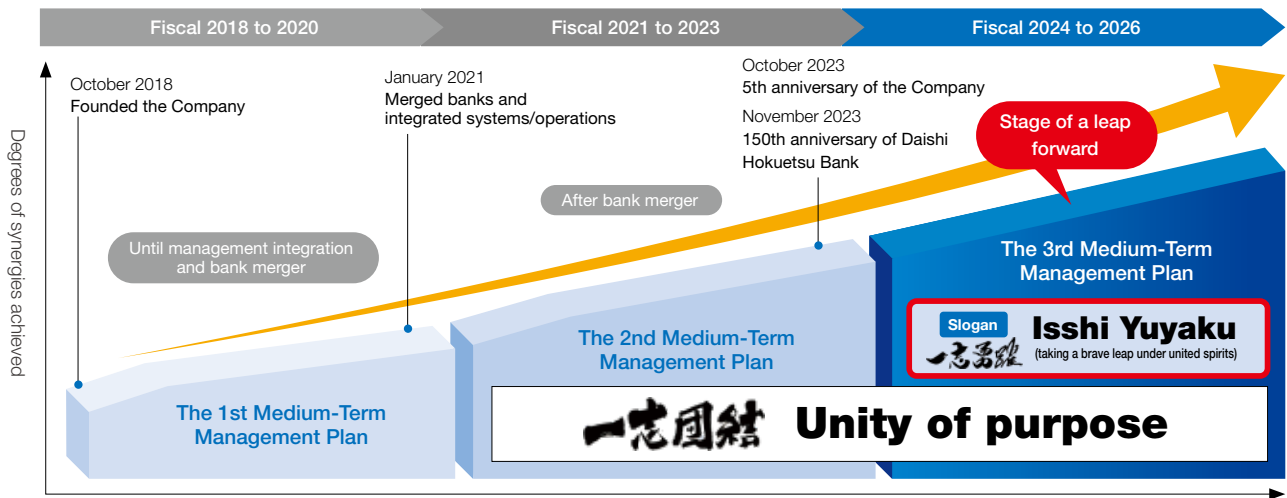
The Group has extracted priority issues for both itself and local communities from the perspective of “E (environment), S (society), and G (governance)” with the aim of transforming itself and local communities toward sustainable development and growth. It has identified items that are of importance to both the Group and local communities as priority business challenges, or materiality.



Overview of the 3rd Medium-Term Management Plan (Plan Period: April 2024 to March 2027)

Positioning of the 3rd Medium-Term Management Plan

In the 3rd Medium-Term Management Plan, which began in April 2024, the Group, as one of the leading financial and information services groups in Niigata Prefecture, has positioned the Plan as “a stage where all the officers and employees of the Group will boldly take on the challenge of change and take a leap, united by their aspirations,” and is taking initiatives for “deepening and exploring Group management” under the slogan “Isshi Yuyaku” (taking a brave leap under united spirits) for all officers and employees.



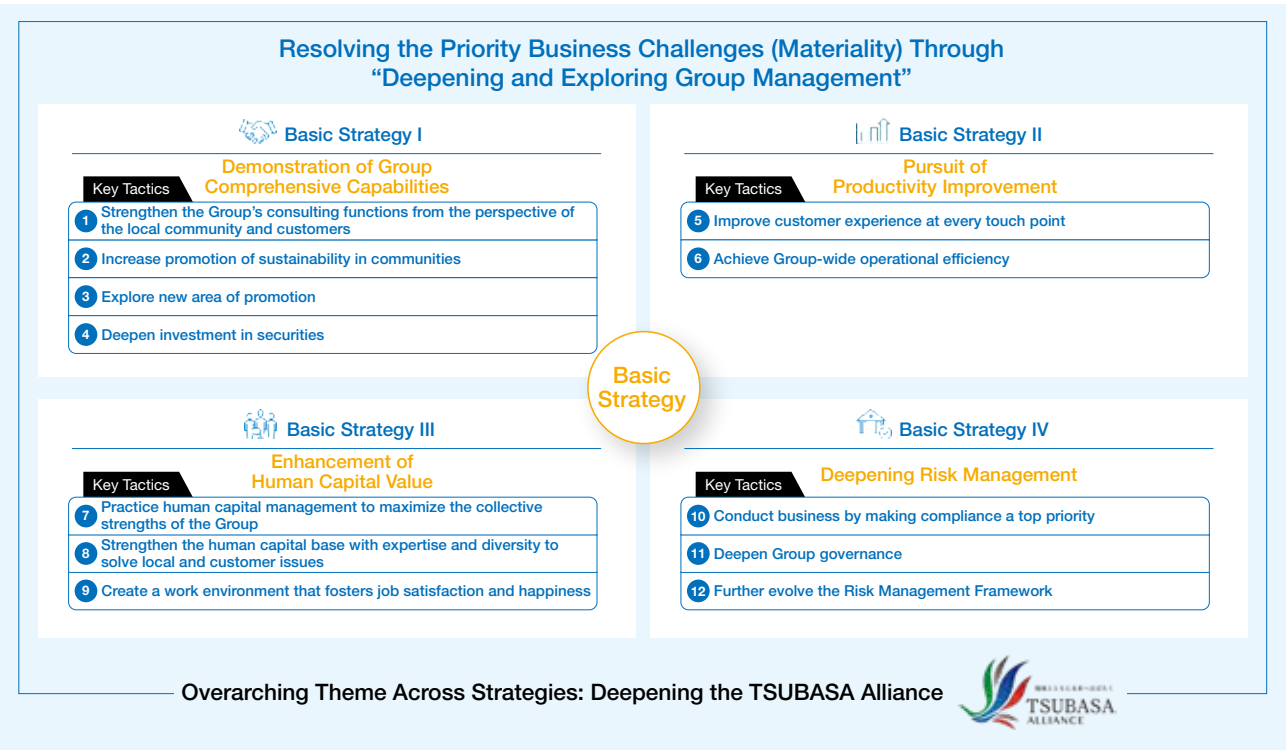
Basic stance for each plan period



Basic Strategies and Key Tactics

In the 3rd Medium-Term Management Plan, the Group aims to solve the two priority business challenges “environmental and social issues” and “financial issues” (materiality, page 27) based on the business environment surrounding the Company, sets four basic strategies and a goal of “Deepening the TSUBASA Alliance,” which is a theme common to all strategies, and is working together to implement 12 key tactics to realize these basic strategies.

Through deepening and exploring group management, the Group will solve double materiality at the same time and further deepen sustainability management aimed at creating a virtuous cycle of sustainable growth for local communities and the Company.

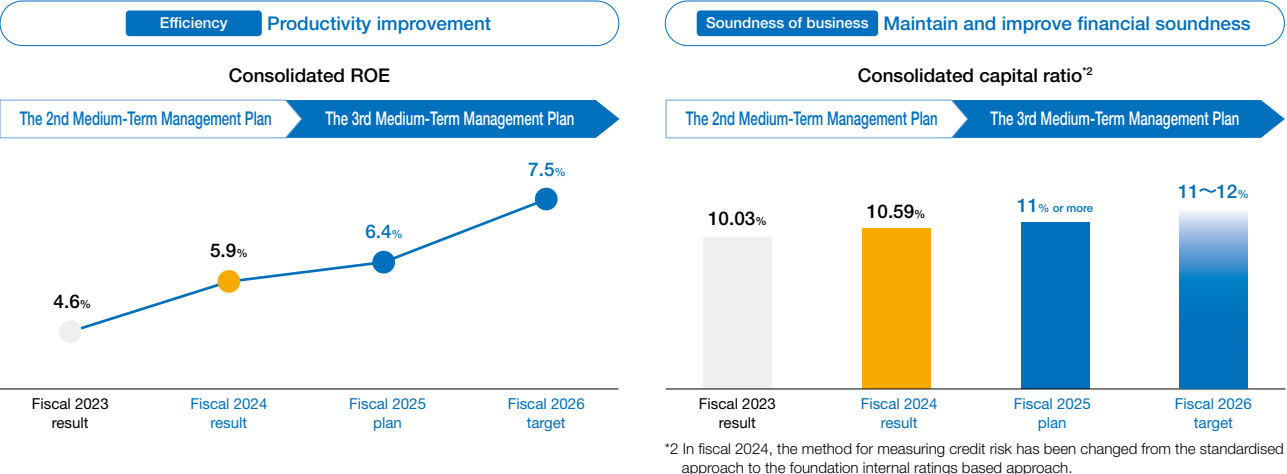
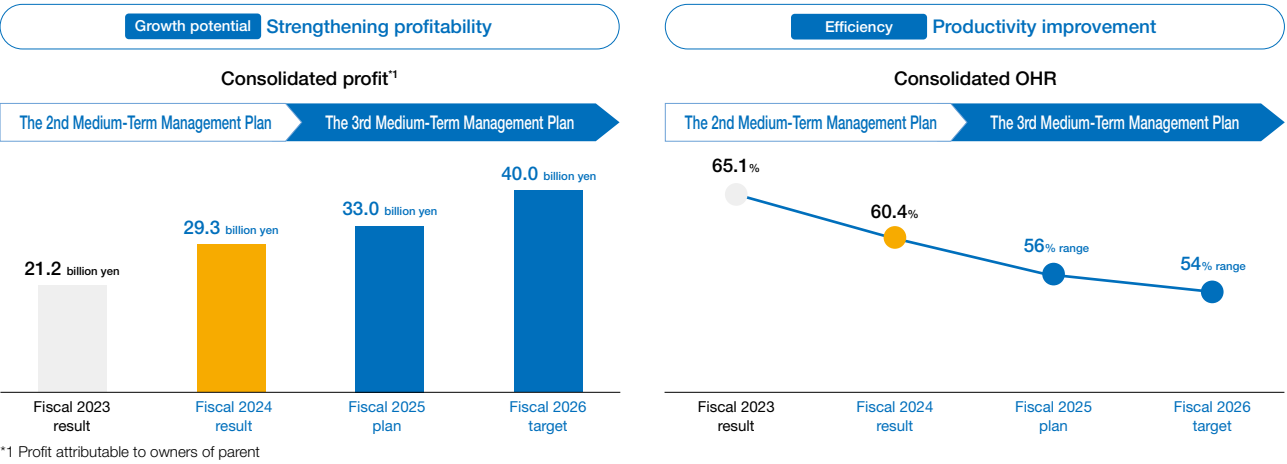


Management Indicators (KPIs)

In the 3rd Medium-Term Management Plan, we set KPIs for “financial issues” and “environmental and social issues” as indicators of the performance of basic strategies for solving priority business challenges. The KPIs related to “financial issues” are set for each of the three priority business challenges, and the KPIs related to “environmental and social issues” consist of 12 indicators categorized by ESG field. With these KPIs, we are working to solve local and customer issues.

In March 2025, we revised upward KPIs for “financial issues” for the final year of the plan (fiscal 2026) and set a consolidated net income of 40.0 billion yen, a consolidated OHR in the 54% range, and a consolidated ROE of 7.5% or higher. We will continue to work together Group-wide to achieve the targets of the 3rd Medium-Term Management Plan.

Management Indicators (KPIs) Related to “Financial Issues”



“Environmental and Social Issues” Key Performance Indicators (KPI)

Environmental and social issues		Management indicators (KPIs)	Fiscal 2023 result	Fiscal 2024 result	Fiscal 2025 target
E	Active efforts to address global environmental issues	CO2 emissions reduction rate (vs. fiscal 2013)	(55.8%)	(Preliminary) (67.3%)	(70%) range
		Executed amounts for sustainable finance ³	434.6 billion yen	769.6 billion yen	1,080.0 billion yen
S	Revitalize regional economy and society by solving community and customer issues	Number of companies supported in business founding and succession	2,863 cases	2,917 cases	2,950 cases
		Number of DX/productivity improvement support ⁴	90 cases	136 cases	220 cases
		Percentage of business partners with improved management indicators, etc.	75.2%	73.5%	75% or more
		Number of companies supported in formulating management improvement plans	531 cases	425 cases	430 cases
		Number of digital customers ⁵	350,000 cases	440,000 cases	620,000 cases
		Assets under custody of the Group	1,453.3 billion yen	1,522.8 billion yen	1,587.0 billion yen
		Number of clients supported in sales channel development ⁶	638 cases	730 cases	820 cases
		Number of companies supported in human resources solution ⁴	160 cases	246 cases	460 cases
G	Strengthen relationships of trust with stakeholders by enhancing governance, such as ensuring diversity	Proportion of female managers ⁷	26.0%	26.3%	26.5% or more
		Total number of business partners of the Group ⁸	61,512 cases	62,990 cases	66,000 cases

³ Cumulative total from fiscal 2021 ⁴ The fiscal 2025 target is the cumulative total from fiscal 2024. ⁵ Number of Daishi Hokuetsu ID holders (e.g. Little Bank, My Page users) and individual e-net banking users ⁶ Cumulative total since October 2019 ⁷ Ratio of female managers (deputy level and above) (Non-consolidated) ⁸ Number of corporate clients with recurring business with the Group companies (total number)

Basic Strategy I Demonstration of Group Comprehensive Capabilities

Key Tactics

- 1

Strengthen the Group's consulting functions from the perspective of the local community and customers
- 2

Increase promotion of sustainability in communities
- 3

Explore new area of promotion
- 4

Deepen investment in securities

Strengthen the Group's Consulting Functions - Regional Revitalization -

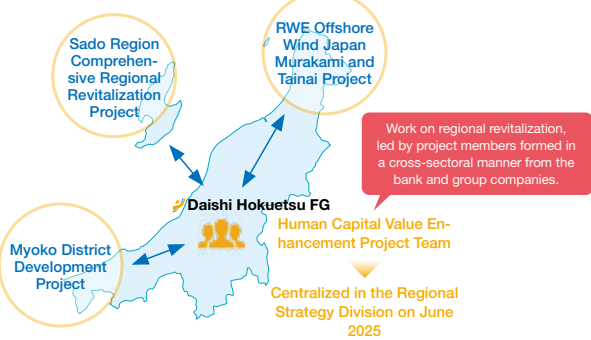
Initiatives for Comprehensive Regional Revitalization

The Group is aggressively promoting initiatives for comprehensive regional revitalization in cooperation with the government and large companies in the metropolitan area and foreign countries. In Niigata Prefecture, projects having a big impact on local areas are proceeding, including an offshore wind power generation project in the Murakami and Tainai area and large-scale resort development in the Myoko area. We launched the cross-sectoral project team "Human Capital Value Enhancement Project," which is supporting projects while making use of functions, information, and networks of the Group.

In June 2025, we renamed the Regional Revitalization Promotion Division and Regional Revitalization Division of the FG to the Regional Revitalization Strategy Headquarters and the Regional Revitalization Strategy Division, respectively, and newly established the Regional Revitalization Business Headquarters and the Regional Strategy Division in our bank, as sections that plan, propose, and implement new projects for regional revitalization, strengthen cooperation with various parties concerned, and focus on regional revitalization projects, etc. In addition, we set up the Regional Design Company Preparation Office within the Regional Strategy Division.

Strengthen initiatives for regional revitalization

● Exploring ("deepening") markets in Niigata Prefecture



● Revise HQ Organizations (June 2025)



- Regional Revitalization Promotion Division

● Regional Revitalization Division
- Regional Revitalization Strategy Headquarters

● Regional Revitalization Strategy Division

● Establish a New HQ Organization (June 2025)



- Regional Revitalization Business Headquarters
- Regional Strategy Division
- Regional Design Company Preparation Office (within the Regional Strategy Division)

Establishment of a Regional Initiatives Fund for Regional Development

On July 2025, Daishi Hokuetsu Bank established the Niigata Sustainable Regional Revitalization Investment Limited Partnership, a public-private fund for regional revitalization, in partnership with Daishi Hokuetsu Capital Partners Co., Ltd., Tryfunds Investment No.1 Limited Liability Partnership, Niigata Prefecture, Development Bank of Japan Inc., and The Taiko Bank, Ltd. This fund will support sustainable economic growth and comprehensive regional revitalization of Niigata Prefecture through investment in businesses related to tourism, decarbonization and energy, health and medical care, infrastructure, and agriculture that are indispensable for Niigata Prefecture to solve problems and promote regional development. We plan to collect additional investment by about the end of December 2025 from investors who can approve of the aim of this fund, which is expected to eventually total around 4.0 billion yen.

Name	Niigata Sustainable Regional Revitalization Investment Limited Partnership
Total value of fund	2,626.00 million yen
General Partner ^{*1} (GP)	Daishi Hokuetsu Capital Partners Co., Ltd. Tryfunds Investment No.1 Limited Liability Partnership
Limited Partner ^{*2} (LP)	The Daishi Hokuetsu Bank, Ltd., Niigata Prefecture, Development Bank of Japan Inc., and The Taiko Bank, Ltd.
Investment target	<div><div>● Fields of tourism, decarbonization and energy, health and medical care, infrastructure, and agriculture that are indispensable for Niigata Prefecture to solve problems and promote regional development</div><div>● Business contributing to sustainable economic growth and comprehensive regional revitalization of Niigata Prefecture</div></div>

*1 Manages the fund and is liable irrespective of the amount of investment.

*2 Liable to the extent of the amount of investment.

Strengthen the Group's Consulting Functions - Corporations -

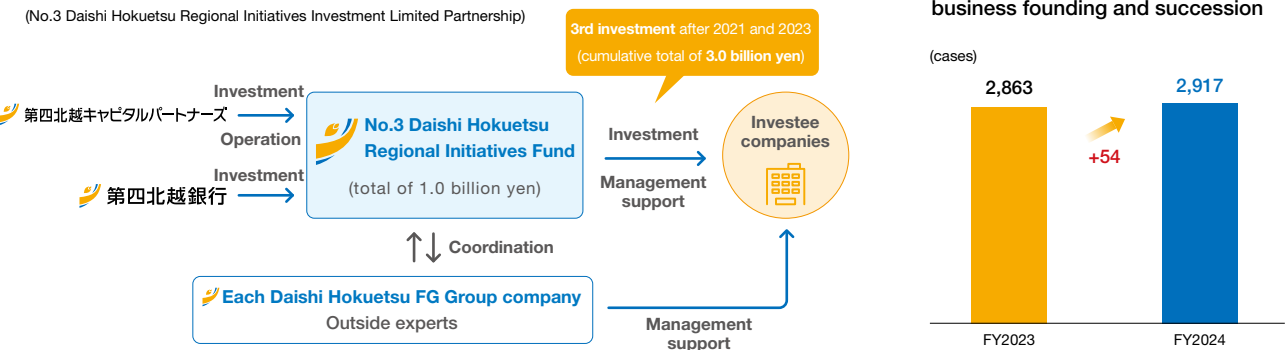
Initiatives for Business Startups and Re-startups, and Business Succession

The Company is making concerted efforts as the entire Group to maintain and create employment opportunities in local communities, as part of efforts to address the issues of population decline and an aging society with a declining birthrate faced by Niigata Prefecture. At the "Niigata Power Up Salon," hosted by Daishi Hokuetsu Bank and Daishi Hokuetsu Research & Consulting, we provide a wide range of consultation services, from business ideas to specific earnings plans and action plans, for business operators who are considering a business startup or re-startup, those who have just founded a business, and clients who have various management issues.

To maintain employment in the local community and achieve sustainable economic growth, it is essential for us as a local financial institution to support business succession through M&A and other means, in addition to curbing business closures. Daishi Hokuetsu Bank strengthens support for customers in the areas of business succession and M&A by utilizing our business base and external networks.

Furthermore, Daishi Hokuetsu Capital Partners, a specialist investment subsidiary of the Company, established the "No.3 Daishi Hokuetsu Regional Initiatives Investment Limited Partnership" (March 2025) in partnership with Daishi Hokuetsu Bank, with the objective of supporting business succession, startups, and new business development, which are pressing issues for local companies. Through efforts to further promote coordination between Daishi Hokuetsu Bank and Daishi Hokuetsu Capital Partners, we will provide capital funds and management support with hands-on participation in management, thereby contributing to the sustainable growth of the regional economy and the enhancement of the corporate value of investee companies.

● Composition of No.3 Daishi Hokuetsu Regional Initiatives Fund (March 2025)



Intra- and extra-prefectural cooperation contributing to the growth of regional economies, promotion of overseas business, and expansion of new areas of promotion

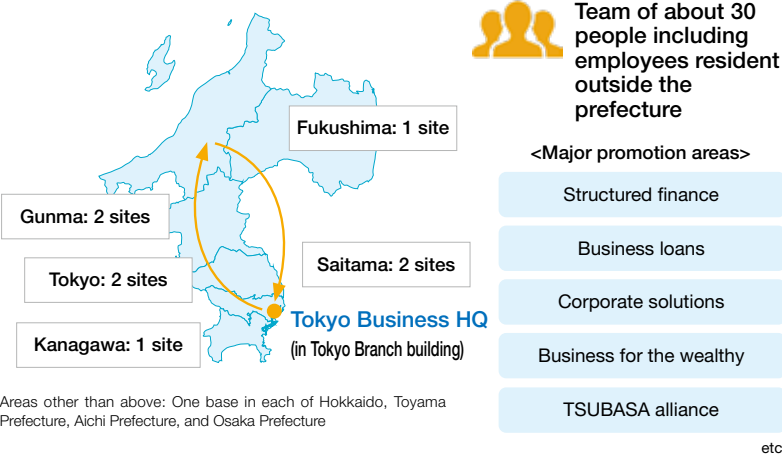
In July 2024, Daishi Hokuetsu Bank established the Tokyo Business HQ, which promotes and manages consulting sales in bases outside the prefecture. It passes on know-how and networks developed outside the prefecture to within Niigata Prefecture so that they will lead to continued growth of companies within the prefecture.

In addition, we newly established the Global Business Strategy Office, which conducts activities to support the expansion of overseas sales channels and attract investment from overseas to within the prefecture. The Company also established the New Business Planning Office, which is exploring the possibility of entry into new business fields.

Going forward, we will continue to make the best use of knowledge and networks gained outside the prefecture and from overseas markets and new business fields, and work together as a group to help the growth of regional economies.

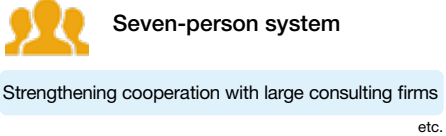
Strengthening our extra-prefectural sales promotion system

● Establishment of the Tokyo Business HQ (July 2024)



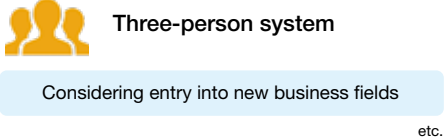
Strengthening our overseas business promotion system

● Establishment of the Global Business Strategy Office (July 2024)



Strengthening our new-business promotion system

● "Establishment of the New Business Planning Office (July 2024)

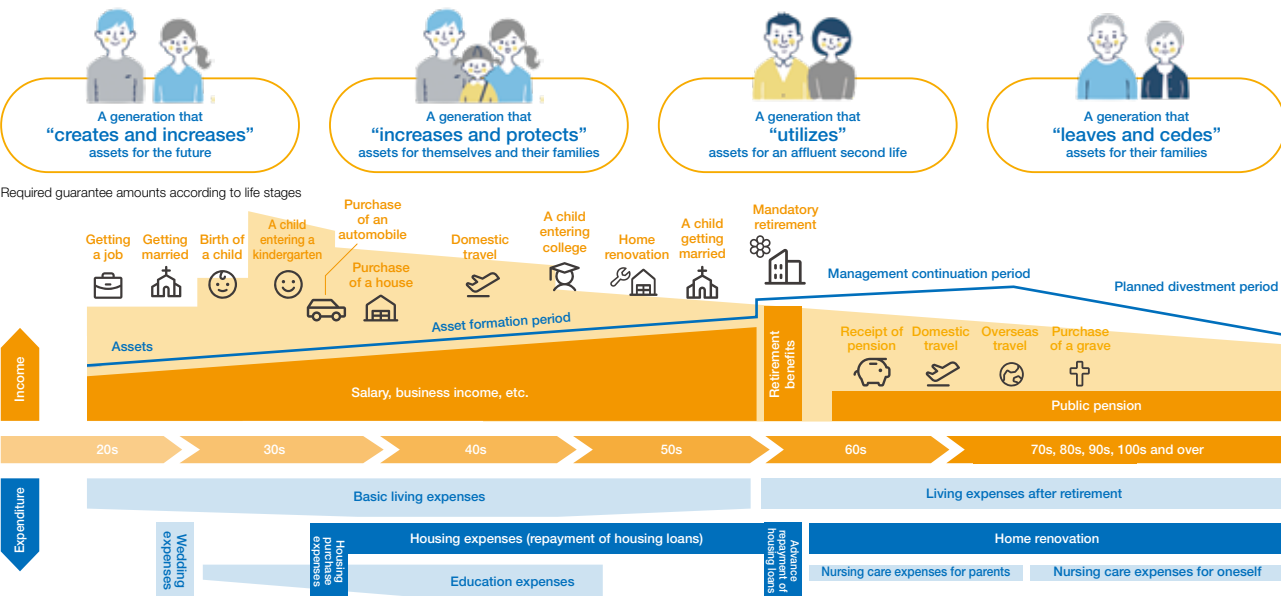


Basic Strategy I Demonstration of Group Comprehensive Capabilities

Strengthen the Group's Consulting Functions - Individuals -

Fulfill Consulting Functions According to the Customer's Life Stage

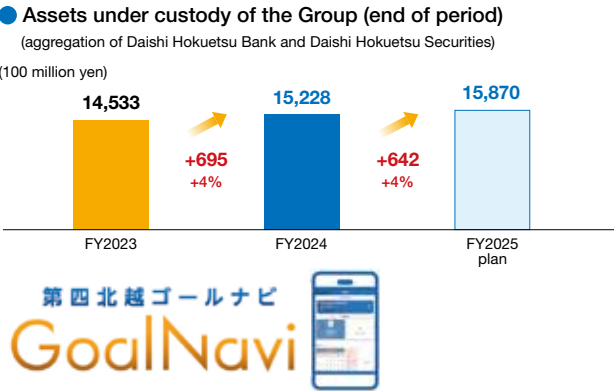
The Group is working together to deepen relationships with customers as their life planner and promote asset management businesses that grasp their needs accurately and pay attention to their life plan. The Group is working to improve consulting functions by, for example, strengthening the personal sales promotion system with Consulting Plaza as the core (details on page 35).



Initiatives for Asset Management and Succession Consulting

The Group runs customer-first business operations and practices consulting for responding to diverse needs related to the assets management and succession of customers. The Group has also worked on the expansion of products and services; for example, it has actively held various seminars aimed at improving financial literacy in local communities; and in January 2025, Daishi Hokuetsu Bank started Daishi Hokuetsu Goal Navi, a discretionary investment service that performs asset management fully automatically on behalf of individual customers, on a smartphone app. As a result of these efforts, assets under custody of the Group for fiscal 2024 increased by 69.5 billion yen year on year to 1,522.8 billion yen.

We will continue to strive to make best proposals suited to customer needs and provide easy-to-understand information.



Initiatives for Expanding Personal Loan Products

Daishi Hokuetsu Bank is expanding personal loan products that meet green needs and life plans of customers. To satisfy increasingly diversifying needs, it has expanded products and services as described below.

April 2024	Started offering the ZEH Housing Support Plan, which offers a preferential charge or interest rate on a housing loan for ZEH*.
December	Added additional coverage on dementia and depression to "group credit life insurance with coverage for all diseases" of housing loans.
April 2025	Started offering housing loans (fixed-rate charge).
July	Extended the borrowing period of housing loans, etc. to a maximum of 50 years.

* ZEH (net Zero Energy House)
A house that has a net balance of annual primary energy consumption of zero, which is achieved by making major improvements to insulation performance, etc. of the house's outer walls and installing high-efficiency equipment and systems to realize major energy savings while maintaining the quality of the indoor environment, then adopting renewable energy.

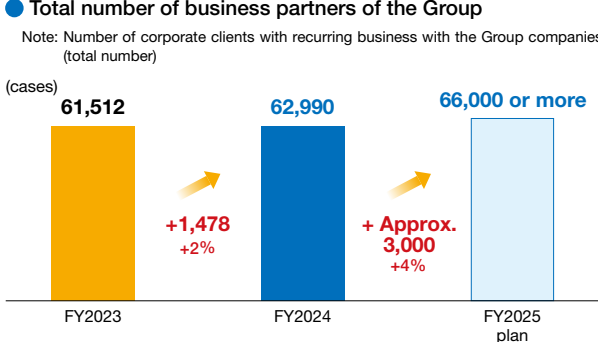


Strengthen the Group's Consulting Functions - Deepen and Explore the FG Group's Functions -

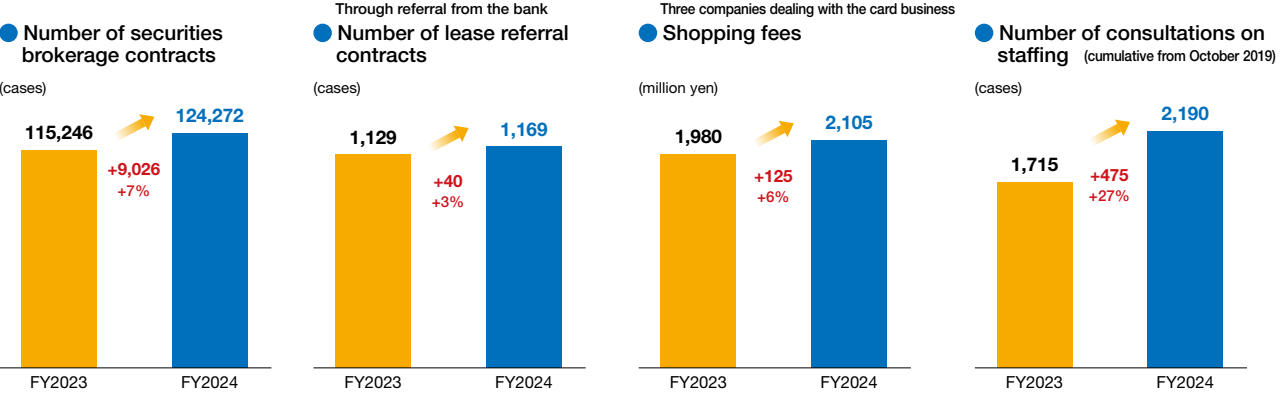
Strengthen the Group's consulting from the perspective of the local community and customers

The Group combines the Group's financial/information intermediary functions, broad networks at home and abroad, and know-how and is actively working to help find solutions to diverse needs and problems of local communities and customers. As a result of offering best solutions based on the Group's combined efforts, the total number of business partners of the Group, which serves as the foundation for the Group's business, has reached 63,000.

In order to demonstrate the Group's comprehensive capabilities, the Group was reorganized as described below.



January 2025	Transferred and consolidated the productivity improvement business of the regional trading company "Bridge Niigata Co., Ltd." into Daishi Hokuetsu Bank and Daishi Hokuetsu IT Solutions.
February	Changed the corporate name of The Daishi Guaranty Co., Ltd. to The Daishi Hokuetsu Credit Guarantee Co., Ltd.
April	Made The Hokuetsu Credit Guarantee Co., Ltd. a wholly owned subsidiary, and consolidated the credit guarantee business of The Hokuetsu Card Co., Ltd. into this company. Renamed The Daishi JCB Card Co., Ltd. to The Daishi Hokuetsu JCB Card Co., Ltd., and consolidated the JCB card business of The Hokuetsu Card Co., Ltd. into this company.



Initiatives for Conveying the Attractiveness of Niigata

The regional trading company Bridge Niigata holds a regional PR fair as appropriate at its permanent antenna shop "Bridge Niigata," located in Ni-honbashi, Tokyo, in cooperation with municipalities of Niigata Prefecture in order to convey the attractiveness of Niigata through sales of specialties in the prefecture, such as rice, sake, and other foodstuffs, and folk crafts and industrial arts. The range of goods offered has reached approximately 600 products, with approximately 200 products available on its own e-commerce website. It is actively working to expand the sales channels of companies in the prefecture.

In March 2025, it exported Niigata-made products to a food trading company in Singapore for the first time. In May 2025, it launched the private brand "Utsukushiki" and started producing the private brand rice "Utsukushiki Yahiko-produced Koshihikari" as the first private product.

* The antenna shop "Bridge Niigata" will close on November 3, 2025. However, Bridge Niigata will continue to focus on the sales and PR of Niigata-made products through its distribution development business and various events.



A scene of planting private brand rice

Basic Strategy II Pursuit of Productivity Improvement

Key Tactics

5 Improve customer experience at every touch point

6 Achieve Group-wide operational efficiency

UX improvement by means of face-to-face/non-face-to-face channel

Optimization and enhancement of operational efficiency in store network

The Group are working on UX (user experience)^{*1} improvement by means of face-to-face/non-face-to-face channels.

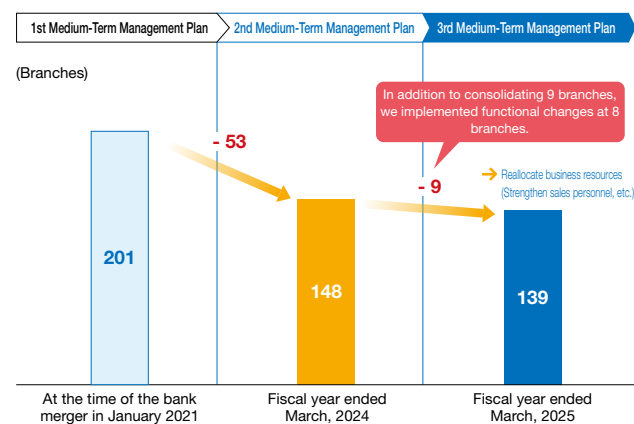
Regarding the optimization of the store network for the Daishi Hokuetsu Bank, 9 branches were consolidated in fiscal 2024. At the same time, the functions of 8 branches were changed, including renovating some of them into a "Smart Station" semi-self-service branch mainly for retail customers.

Since April 2024, the Group has implemented the "ECRS-Wide All Store Campaign," which incorporates the "ECRS Principles"^{*2}, with an aim of significantly improving productivity through the unified efforts of the operations and sales divisions. We will proactively strive to improve inefficient administrative processes and promote digitalization to achieve win-win benefits for both our customers and the Group. We will work to increase labor productivity by halving the volume of administrative processes and promoting the digitalization, consolidation, and restructuring of operations in departments where administrative work is concentrated.

^{*1} Abbreviation for User Experience In Japanese, the term is translated as "customer experience," referring to the experience customers gain through products and services.

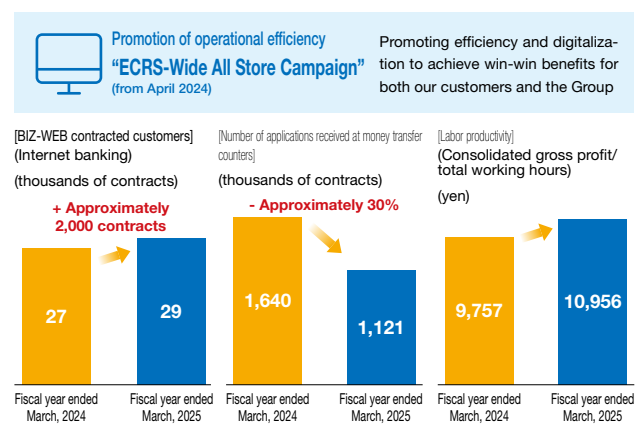
^{*2} An acronym of four terms "Eliminate," "Combine," "Rearrange," and "Simplify," which represents the order and perspective for implementing business improvement.

● <Banking Division> Number of branches^{*3}



^{*3} Number of brick-and-mortar branches (excluding branches in branches, Internet branches, etc.)

● "ECRS-Wide All Store Campaign"



Expansion of a multifaceted sales promotion system

The Daishi Hokuetsu Bank is working to establish a system for a multifaceted sales promotion such as consolidating sales personnel of neighboring branches into the Consulting Plaza (hereinafter referred to as CP) in three districts in Niigata Prefecture (Niigata, Nagaoka and Kashiwazaki) and making them a base for comprehensive consulting for individuals that provides one-stop retail services.

Additionally, in February 2025, we established the "Money Plan Lab," an asset management consulting booth in Nagaoka CP as the third location following Niigata CP and Kashiwazaki CP staffed by specialists in asset management.

● Strengthen the personal sales promotion system with the Consulting Plaza as the core

(Consultation center for retail customers)



Consolidate sales personnel of neighboring branches into the Consulting Plaza in three districts, Niigata, Nagaoka and Kashiwazaki

Establish a system for a multifaceted sales promotion as a base for comprehensive consulting for individuals

- Provide services tailored to life plan
- Address increasingly diverse needs
- Human resources development and skill enhancement



Niigata Consulting Plaza

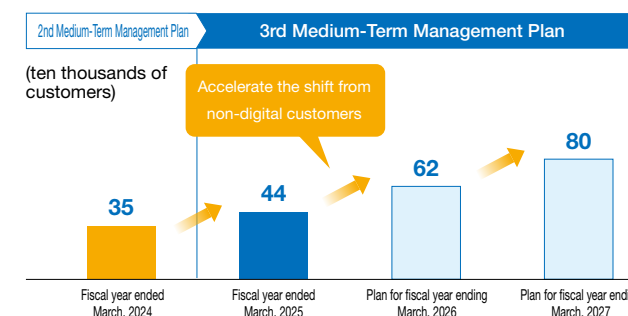
Strengthen Non-Face-to-Face Channels by DX

As part of its initiatives targeting DX, the Group actively promotes supporting increased customer convenience and productivity through customer-centric group consulting sales. As a result of ongoing efforts to increase the convenience of the non-face-to-face channel, the number of digital customers^{*} reached approximately 440,000.

We will continue to work to expand our services by utilizing continuously-evolving digital technology.

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

● Number of digital customers



● Main initiatives

July 2024	Establishment of the "Productivity Improvement and DX Promotion Committee" chaired by President of FG
December	Launch of the "Web Account Opening Service" for ordinary savings account
	Adding functions to the "Daishi Hokuetsu Little Bank" smartphone application, such as that of opening investment trust and NISA accounts, as well as that of purchasing and canceling investment trusts
	Adding functions to "My Page," a web service for individuals such as that of changing address/telephone number and application/viewing of electronic delivery service of investment trust-related forms
February 2025	Addition functions to "CONNECT-BIZ," a portal site for business operators, such as that of application and that of electronic delivery of salary statements

Main non-face-to-face channels

● Portal site for business operators "CONNECT-BIZ"



- Internal bulletin board
- Group message
- Safety confirmation
- Video streaming
- Providing specialty goods
- Fund management function, etc.

● Smartphone application "Daishi Hokuetsu Little Bank"

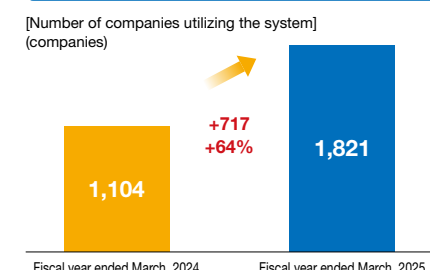


- Balance inquiry
- Money transfer
- Tax payment
- Card loans, etc.

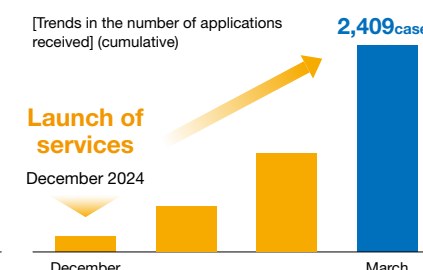
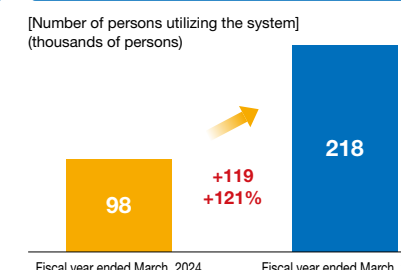
● "Web account opening service" (From December 2024)



Mobile application
Function for electronic delivery of salary statements
Service launch (February 2025)



Opening investment trust account and NISA account
Functions for purchasing, canceling, and accumulating investment trusts
Service launch (December 2024)



Initiatives for generative AI utilization

The Group has begun trials on the utilization of generative AI with the aim of dramatically enhancing productivity. In June 2025, we signed a partnership agreement with Niigata Nippo Generative AI Research Institute Co., Ltd. with the aim of utilizing generative AI to respond quickly and appropriately to various local issues and revitalize the region.

● Signing of a partnership agreement (June 2025)

Daishi Hokuetsu FG × Niigata Nippo Generative AI Research Institute

- Main coordination matters -

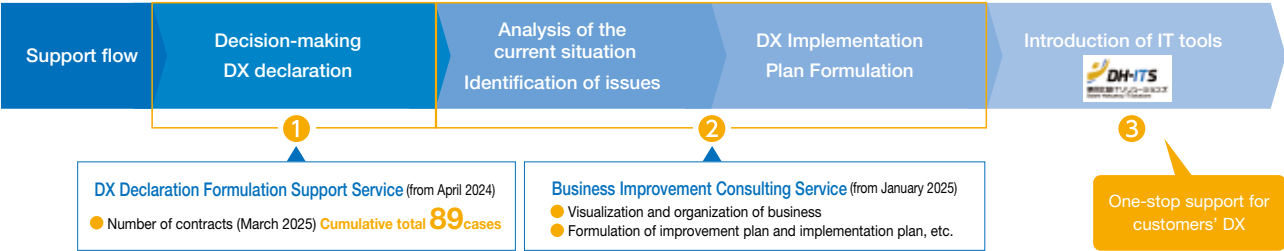
- Revitalization of local economies through the utilization of generative AI
- Dissemination of generative AI in the region
- Creation of new businesses utilizing generative AI etc.

Basic Strategy II Pursuit of Productivity Improvement

Support for DX initiatives toward the enhancement of productivity of business partners

Due to workstyle reforms and labor shortages, the enhancement of productivity has become an urgent issue for corporate managers. To address these challenges, the Group launched the “Daishi Hokuetsu DX Consulting Service” in April 2024 and has established a system to provide one-stop support for customers’ DX in cooperation of Daishi Hokuetsu Bank and Daishi Hokuetsu IT Solutions. In addition, we actively accept various DX-related contract by Niigata Prefectural Government, etc., thereby accelerating initiatives for DX across the region.

● “Daishi Hokuetsu DX Consulting Service” (from April 2024)



● Main commissioned businesses by Niigata Prefectural Government, etc.

May 2024	Fiscal Year 2024 Niigata Prefecture DX Concierge Management Business (Niigata Industrial Creation Organization)
August	Fiscal Year 2024 Support Agency Coordination DX Awareness Reform Business (Niigata Industrial Creation Organization)
April 2025	Fiscal Year 2025 Project to Enhance Corporate Value through DX Management (Niigata Prefecture)

Promotion of the move to cashless payment in the region

The Group actively promotes the move to cashless payment in the region. The Daishi Hokuetsu Bank began offering the “Daishi Hokuetsu JCB Debit” in August 2024, and the “TSUBASA Daishi Hokuetsu Cashless Merchant Service” in October of the same year.

In addition, in October 2024, we launched the “Niigata Prefecture-wide Cashless Payment Promotion Project” together with the Niigata Tax Office and the Niigata Tax Payment Savings Association Federation, and financial institutions in Niigata Prefecture are working together to promote cashless payment of national and local taxes.

Going forward, we will contribute to developing the regional society by enhancing convenience and providing a wide range of products and services to meet the diverse needs of our customers.

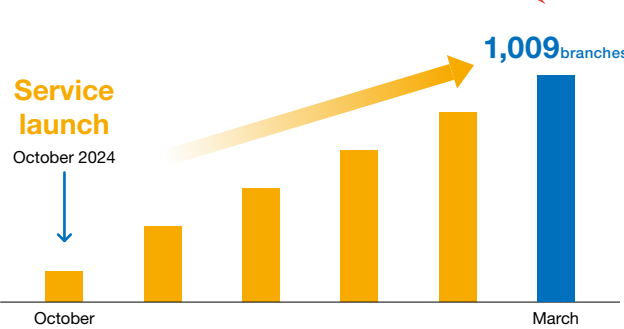


Joint declaration ceremony of Niigata Prefecture-wide Cashless Payment Promotion Project

Promotion of cashless payment in local economy

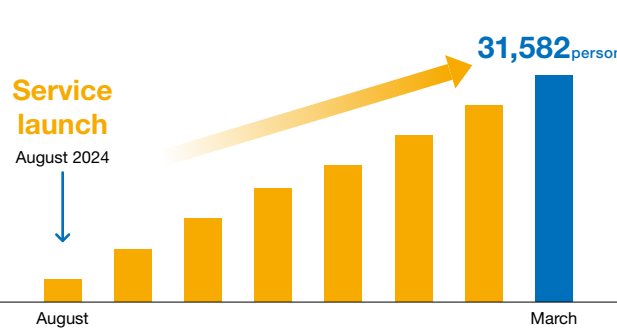
● “TSUBASA Daishi Hokuetsu Cashless Merchant Service”

Trends in the number of member stores acquired (cumulative)



● “Daishi Hokuetsu JCB Debit”

Trends in the number of card members (cumulative)



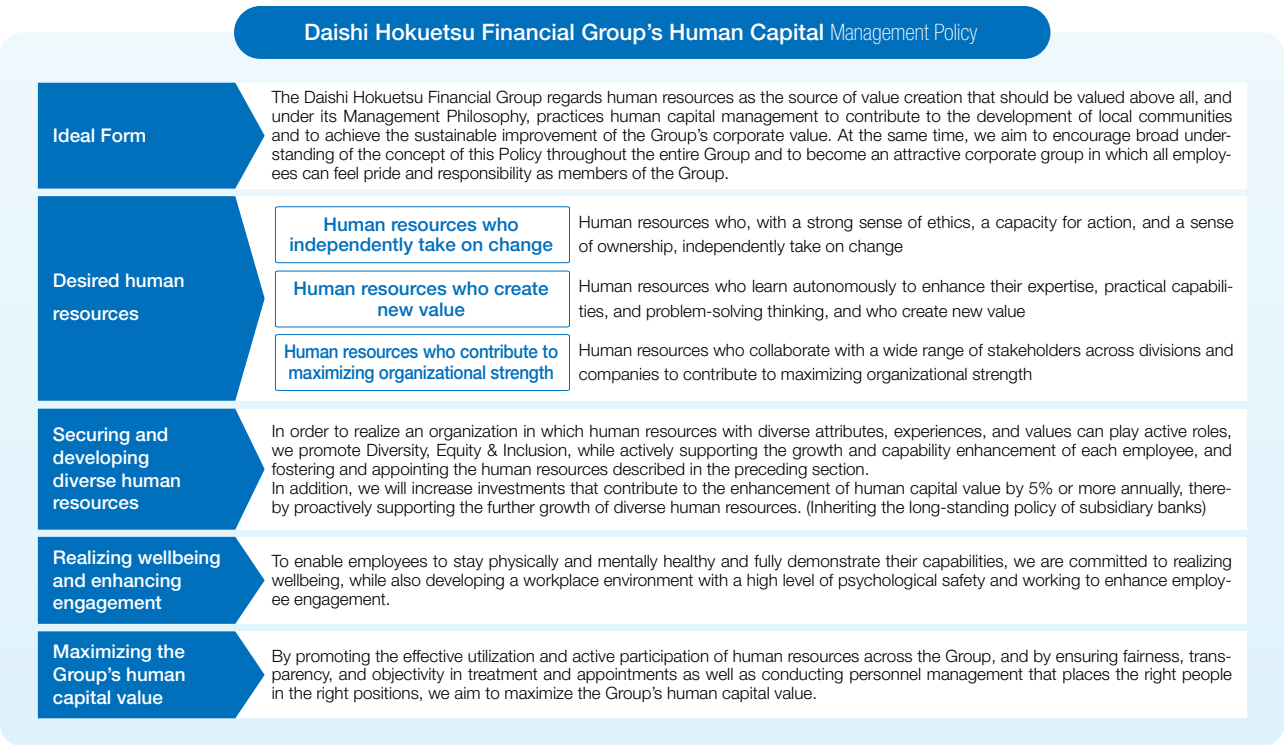
Basic Strategy III Enhancement of Human Capital Value

Key Tactics

- 7 Practice human capital management to maximize the collective strengths of the Group
- 8 Strengthen the human capital base with expertise and diversity to solve local and customer issues
- 9 Create a work environment that fosters job satisfaction and happiness

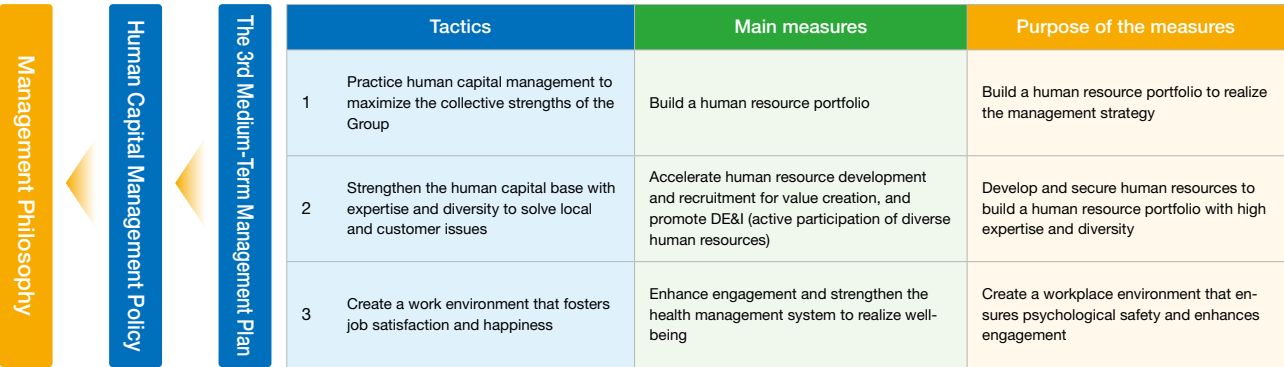
Under an accelerated and multifaceted changing business environment with increasing complexity and uncertainty, in order to meet the expectations of stakeholders and continue to contribute to the development of local communities, our Group regards human resources as the source of competitive advantage, and by practicing human capital management, aims at the enhancement of human capital value, leading to the improvement of corporate value.

To build a framework for practicing human capital management by formulating and implementing human resource strategies in alignment with business strategies, we established the Human Capital Value Enhancement Committee, chaired by the President of the Company, in July 2024. Following deliberations by this committee, we formulated the Human Capital Management Policy in December 2024, which sets forth the basic approach to practicing human capital management, the Ideal Form of the Group, and the desired human resources.



Under the key tactics set forth in the 3rd Medium-Term Management Plan and the above Policy, we are implementing initiatives to build a human resource portfolio aimed at maximizing the collective strengths of the Group, as well as to foster a highly specialized and diverse talent base. At the same time, we are working to create a highly engaging workplace environment to realize wellbeing, which supports the enhancement of human capital value.

Under the slogan “Isshi Yuyaku” (taking a brave leap under united spirits), all officers and employees of the Group will work together to put into practice the Group's Management Philosophy, “Create new value and continue to contribute to the development of regional society.”



Basic Strategy III Enhancement of Human Capital Value

Practice human capital management to maximize the collective strengths of the Group

Role of the Human Capital Value Enhancement Committee

The Human Capital Value Enhancement Committee, chaired by the President of the Company and composed of cross-group members, carries out activities with its main role being to conduct PDCA (Plan, Do, Check, Act), including planning measures and verifying progress and effectiveness, aimed at enhancing the Group's human capital value. Since its establishment in July 2024, the Committee held eight meetings during fiscal 2024, engaging in repeated discussions on themes related to the enhancement of human capital value, including building a human resource portfolio that serves as the foundation for the appropriate allocation of human resources to realize the management strategy, identifying and addressing issues in promoting the active participation of women, and diagnosing organizations through the Employee Engagement Total Score and developing necessary workplace environments. The Committee has reflected the outcomes in various measures.

Initiatives for building a human resource portfolio

In the "building a human resource portfolio (human capital base)," which is the current main theme of the Human Capital Value Enhancement Committee, we aim to build a human resource portfolio that satisfies both the quality and quantity of human resources by visualizing the current state (As is) and the Ideal Form (Will be) based on the definition of the human resource profile required to realize the management strategy, and by developing and securing human resources to bridge the gap between the two.

In building the target human resource portfolio, we plan to define the human resource profiles (hereinafter referred to as "Human Resource Definitions") for each human resource category by analyzing the skills, career histories, characteristics, and qualities, and other relevant factors required in the future management environment, while also utilizing external expertise.

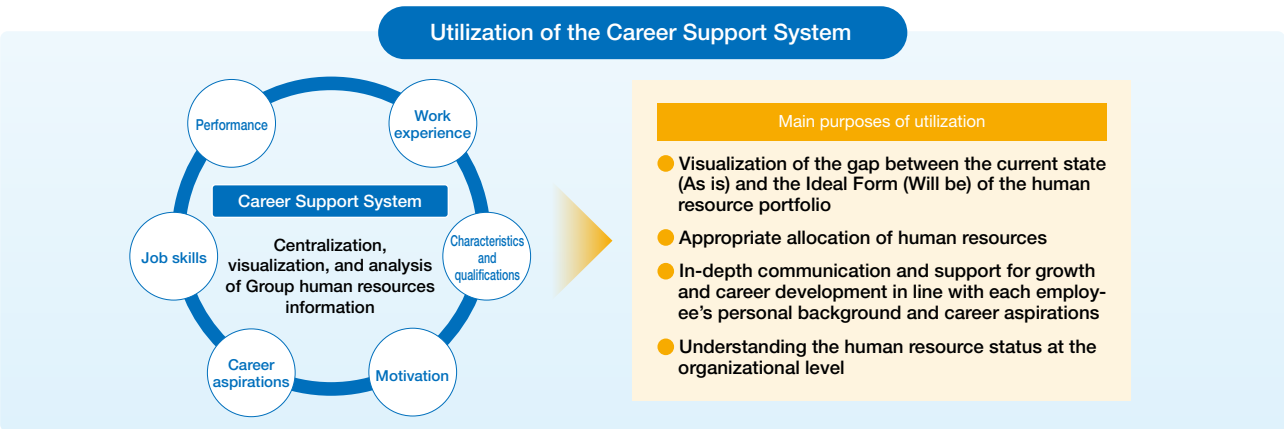
● Overview of the human resource portfolio under consideration

Human resource category		Human resource profile
Management level	Management human resources for corporate management	Human resources who create high added value through medium- to long-term business strategies and practice management of the entire organization, thereby leading the sustainable growth of the Group
	Management human resources for organizational management	Human resources who practice organizational management of sales offices and projects to solve issues faced by local communities and customers
Core level	Core sales human resources	Human resources who possess advanced and broad consulting capabilities as well as rich humanity, build strong relationships with owners while flexibly collaborating and cooperating with a wide range of stakeholders both inside and outside the Group, and lead regional revitalization and the sustainable growth of the Group
	Professional human resources	Human resources who are responsible for planning and promoting initiatives in their respective specialized fields and who lead the sustainable growth of local communities and the Group [Examples of specialized fields] corporate screening, business improvement, risk, market-related, systems, audit, DX, etc.
Base level	Sales base human resources	Human resources who have consulting capabilities and enthusiastically engage in solving issues that local communities and customers face
	Administrative human resources	Human resources who smoothly operate centralized divisions and sales offices and take the lead in improving productivity

Utilize the Career Support System (Human Resources Information Platform System)

With the primary purpose of utilizing it for planning effective human resources measures (such as personnel allocation and human resource development), verifying the effectiveness of such measures, streamlining personnel-related operations, and other related processes, we introduced the Human Resources Information Platform System, referred to within the Group as the "Career Support System," at Daishi Hokuetsu Bank in 2024. This system enables the centralization, visualization, and analysis of human resources information. From April 2025, it has been rolled out to the entire Group.

In addition to its continued utilization for building the human resource portfolio currently under way, making appropriate allocations of human resources based on the portfolio, and verifying whether the Human Resource Definitions are aligned with environmental changes, the system is also being used for improving workplace environments based on actual working conditions, diagnosing organizational engagement, and other related activities. Going forward, we will expand its scope of use as the main infrastructure for realizing the enhancement of human capital value.



Strengthen the human capital base with expertise and diversity to solve local and customer issues

Develop and recruit human resources to build a robust human resource portfolio that creates new value

To respond to the increasingly complex and sophisticated needs of local communities and customers, we are fostering human resources capable of practicing advanced and broad consultative sales, as well as highly specialized human resources. At the same time, by promoting Diversity, Equity & Inclusion (DE&I), including women's empowerment, we are working to build a human resource portfolio (human capital base) with expertise and diversity that is robust in both quality and quantity and capable of creating new value.

Develop highly specialized human resources capable of practicing advanced consultative sales

Improve practical skills and expertise in consultative sales

In line with the start of the 3rd Medium-Term Management Plan, we have systematized a three-level training course (Prime/Standard/Growth) to enable employees to aim for higher levels from their current skill levels, in order to develop human resources who can accurately respond to the needs of local communities and customers. Positioned at the highest level, the Prime Course provides practical, experience-oriented development programs such as external dispatch and assignments to the Headquarters and large branches, as well as participation in the "Human Capital Value Enhancement Project Team" (see page 31), in which the Headquarters and branches collaborate on regional revitalization. Through these broad opportunities and practices, the course aims to enhance the practical skills and expertise of sales staff.

Going forward, we will finalize the Human Resource Definition of "core sales human resources" in the human resource portfolio currently under consideration, and, through the addition and revision of training programs that reflect the skills, knowledge, characteristics, and qualifications required of human resources in line with this definition, as well as trainee assignments to specialized divisions and Group companies, work to help employees acquire advanced specialized skills and expand their job responsibilities.

Prime Course
External trainees and seconded employees **11 persons**
(Daishi Hokuetsu Bank, fiscal 2024)



Voice of a Prime Course Participant: Acquiring New Skills to Solve Regional Issues



Shintaro Nishizawa
Daishi Hokuetsu Bank
Secondment to a major trust bank

I am currently on secondment to a major trust bank, where I am engaged in operations related to the formation of real estate funds. Through operations such as searching for and acquiring investment target properties and attracting investors, I am working to gain practical experience in fund formation as well as to deepen my understanding of the perspectives of various stakeholders and investment policies. In addition, by being involved in real estate brokerage operations that cannot be experienced at a bank, I feel that I am also gaining insights into real estate market trends and awareness of various risks.

Leveraging my secondment experience, I hope to contribute to creating investment opportunities for our bank's customers through the utilization of real estate funds, solving their issues, and revitalizing local communities through redevelopment.

Develop professional human resources

To continue responding to the increasingly complex and sophisticated needs of local communities and customers, in addition to the following initiatives we have undertaken to date in developing human resources with higher-level specialized skills, we have recently been strengthening the acquisition of expertise in specialized fields such as generative AI and decarbonization. This is from the perspective of enhancing the expertise required to address issues that capture changes in the environment, including improving productivity through the use of digital technology and realizing carbon neutrality.

- Appoint human resources specialized in professional duties through the utilization of the Expert System (recruitment system for professional human resources)
- Dispatch employees to external companies for training to acquire and advance IT and DX skills
- Expand preparatory courses, programs, and incentive schemes to promote the acquisition of highly specialized qualifications such as FP Grade 1 and Securities Analyst



Basic Strategy III Enhancement of Human Capital Value

Number of specialized qualification holders (Daishi Hokuetsu Financial Group)

Qualifications	Fiscal 2022	Fiscal 2023	Fiscal 2024	Qualifications	Fiscal 2022	Fiscal 2023	Fiscal 2024
FP Grade 1	197 persons	205 persons	205 persons	IT Coordinator	18 persons	25 persons	34 persons
Small and Medium Enterprises Management Consultant	48 persons	51 persons	52 persons	IT Passport	1,066 persons	1,236 persons	1,323 persons
Securities Analyst	53 persons	54 persons	52 persons	TOEIC score of 800 or above	26 persons	22 persons	26 persons
Information Security Management	104 persons	153 persons	165 persons	Basic-Level Decarbonization Advisor*	—	1,152 persons	1,456 persons

*Although there are multiple types of qualifications, individuals holding more than one qualification are counted only once.

Initiatives to support autonomous growth

We believe that when each employee acts autonomously and seeks personal growth, it enhances their willingness to contribute and to take on challenges, and leads to the creation of an organization with expertise and diversity.

To foster motivation for personal growth and support career development, we have established systems and support measures such as the Career Challenge System to support employees in enhancing their skills and taking on the challenge of developing new job functions.

Career development support measures (excluding training)

Career Challenge System (for banks)	In addition to assignments to management positions such as General Manager of a desired branch or to a specialized division, we implement a system that enables career development through secondments to Group companies, external organizations, and other entities.
Financial Group Career Challenge System	We launched this system in fiscal 2025, which enables training secondments of up to one year between Group companies, with the aim of acquiring new expertise and strengthening collaboration across the Group.
Side Job and Concurrent Employment System	This system is designed to encourage employees, through participation in educational and cultural activities and community contribution activities that make use of their skills, to enhance their self-realization and self-improvement, as well as to develop their careers autonomously and in a double-track manner. In addition to the “side job program,” Daishi Hokuetsu Bank also implements the “external dual employment program,” which enables employees to concurrently work for regional companies in response to their needs, and the “second career business start-up support program,” in which employees who reach statutory retirement age sign business entrustment contracts with banks to support business start-ups.
Support for professional qualification acquisition	We promote the acquisition of various professional qualifications through measures such as holding seminars to prepare for specialized qualifications including FP Grade 1, dispatching employees to training programs at the Small & Medium Enterprises University and external specialized institutions, and providing incentive payments.
Self-development programs	We have upgraded the web-based system for accessing self-development materials to improve the learning environment, while continuously expanding the range of available materials.

Secure professional human resources through mid-career hires

We have long been actively recruiting professional human resources with advanced expertise in areas such as systems and asset management consulting, and many mid-career hire human resources are now playing active roles.

To build a human resource portfolio with expertise, diversity, and robust quality and quantity, Daishi Hokuetsu Bank has been strengthening mid-career hire since fiscal 2025 through new recruitment channels such as referral hiring.*

*A recruitment method in which employees refer acquaintances or friends

Mid-career hire ratio (Daishi Hokuetsu Bank)

Fiscal 2022	Fiscal 2023	Fiscal 2024
12.9%	20.2%	18.1%

Voice of the Mid-Career Hire: Fulfillment in a New Workplace



Ryohei Takahashi
System Planning Division,
Daishi Hokuetsu Bank

After gaining experience at a system development vendor and a consulting firm, I returned to my hometown from the Tokyo metropolitan area in 2024 and joined the System Planning Division of Daishi Hokuetsu Bank. I chose to take on a new challenge at the Bank because I wanted to give back to Niigata, where I was born and raised, by utilizing the knowledge I had cultivated throughout my career. In the System Planning Division, in addition to operating and maintaining systems so that customers and employees can use various systems securely and stably, I am also engaged in formulating IT strategies and examining solutions to realize new business strategies. Through projects, when I achieve shared goals with team members and provide value to customers and related divisions, I not only feel a strong sense of accomplishment, but also find my work truly rewarding.

Accelerate DE&I (Diversity, Equity & Inclusion) initiatives

In July 2024, we established the DE&I* (Diversity, Equity & Inclusion) Promotion Office, and since then have been accelerating DE&I initiatives that enable diverse human resources to thrive, such as creating innovations that leverage diverse perspectives, values, and expertise, in order to achieve the Company's sustainable growth.

*DE&I is an acronym for Diversity, Equity, and Inclusion, which represents the concept of “embracing and including diversity” and providing “equitable” opportunities for all, enabling individuals to grow while respecting and recognizing one another.

Women's Empowerment

In order to ensure diversity on the Board of Directors and to achieve a 30% ratio of female Directors by 2030, in July 2024 the Group adopted as a new KPI the ratio of women in positions equivalent to general manager, which constitute the top-level talent pool for female director candidates, in addition to the conventional ratio of women in management positions. We have systematized development programs aimed at achieving each KPI and are implementing a PDCA cycle to verify the effectiveness of these programs and the progress of development.

Framework of development programs to promote women's empowerment

The Group's development programs set KPIs for each job level and, to achieve them, establish development menus inside and outside the Group that are tailored to each job level as well as to the job history and experience of individual employees, thereby promoting the development of new job functions and the expansion of job responsibilities.

Target	Program name	Main development menu	Achievements and targets		
Management level	Female Director Development Program	Selection	KPI	<Latest results>	
				As of March 31, 2025	As of June 30, 2025
Base level / Core level	Empowerment Program for Women Executive development course Manager development course	Call for applications	Ratio of female Directors	6.6%	14.2%
			Ratio of female general manager	8.1%	10.8%
All levels	<Daishi Hokuetsu Bank> Expanding opportunities to gain experience in corporate business and headquarters operations	◆ Corporate sales training, financing training, and headquarters trainee programs ◆ Accelerating job rotation	Ratio of female managers	26.3%	26.5%

◆ indicates programs offered by Daishi Hokuetsu Bank)

Voices of Participants in the Empowerment Program for Women: Leading to Self-Growth



Natsumi Kubota
Auditing and Inspection Division,
Daishi Hokuetsu Bank

Through this program, I was greatly inspired by interacting with participants from diverse backgrounds, while also learning methods of forming hypotheses, addressing issues, and solving problems. This has enabled me to apply logical thinking, structuring ideas and considering matters step by step, in my work. Currently, I am in charge of audit operations related to our capital adequacy ratio and other matters, but I am also drawn to the highly specialized field of headquarters planning. I hope to broaden my perspective, take on my work with greater ambition, and link these efforts to my own self-growth.



Honami Shiota
Daishi Hokuetsu IT Solutions

Participating in this program was a challenge that required me to take a step forward, but it allowed me to reaffirm that the core of my work is to be of help to others. Currently, I am engaged in system help desk operations at Daishi Hokuetsu Bank, and I feel that my perspective has shifted toward thinking from the customer's point of view. Going forward, I would like to actively take on new fields such as AI utilization, link these efforts to my own self-growth, and become someone who can also have a positive impact on those around me.



Kick-off training for the Empowerment Program for Women



Members of the 4th class of the Empowerment Program for Women



Scene from the panel discussion of the Empowerment Program for Women

Basic Strategy III Enhancement of Human Capital Value

● Status of disparity in wages between men and women

The Group does not set any differences in treatment, appointment, and other matters based on gender. In fiscal 2024, the disparity in wages between men and women improved by 1.8 percentage points year on year to 63.7% at Daishi Hokuetsu Bank, a major subsidiary, for regular employees, reflecting the results of our initiatives to promote women's empowerment (see table below). The main factors behind this disparity are the relatively high proportion of men in managerial and supervisory positions, which generally carry higher wages, and the higher percentage of women choosing a region limitation system,* which supports diverse work styles tailored to individual lifestyles.

Based on the current situation in which 13% of male bank employees and 69% of female bank employees choose this system, we are implementing development programs (see above) that establish curricula providing opportunities for new job function development and broader job experience, thereby stimulating motivation for career development toward higher positions and promoting active participation.

The disparity in wages between men and women for all employees is 49.1%, which indicates a wider gap than that for regular employees at 63.7%. The main reason for this difference is the higher percentage of women among part-time employees, whose wages are lower than those of regular employees. We are promoting the utilization of human resources through the regular employment appointment system (a system that converts employees to regular employment) to help reduce the disparity in wages between men and women.

*This is a system that allows employees to limit their workplace to a commutable area and does not require transfers involving relocation. The salaries of employees who choose this system are about 85% to 90% of what they were before opting for it; however, there are no restrictions on promotions or advancement, and employees remain eligible for appointment to all positions.

● Composition of employees and disparity in wages between men and women at Daishi Hokuetsu Bank (FY2024)

Employment category / position	Employee composition ratio (percentage of all employees)			Disparity in wages between men and women	
	Total		Men		YoY
		Women			
All employees	100.0%	53.0%	46.9%	49.1%	+1.5pt
Regular employees	71.3%	29.0%	42.3%	63.7%	+1.8pt
Managerial positions	37.8%	9.2%	28.6%	78.2%	+0.5pt
Others	33.5%	19.8%	13.7%	85.9%	+3.9pt
Part-time/fixed-term workers	28.6%	23.9%	4.6%	69.2%	+0.3pt
Part-time workers	22.0%	21.4%	0.5%	107.8%	-4.6pt

*Disparity in wages between men and women = Average annual wages of women / Average annual wages of men
This table includes only employees whose employment category or position did not change during fiscal 2024. Because figures are truncated, the totals may not match the sum of individual items.

| Active efforts to employ people with disabilities

The Company is developing a work environment that enables employees with disabilities to make use of their individual aptitudes and abilities and to continue working with peace of mind. For example, for employees with hearing impairments, smartphones with speech recognition applications are provided to facilitate communication with employees without hearing impairments, and other measures, such as these, are taken according to the type of disability so that they can engage widely in business operations. As of March 31, 2025, Daishi Hokuetsu Bank achieved a rate of employment of people with disabilities that met the statutory requirement of 2.5%.

We will continue to proactively engage in the employment of people with disabilities by further promoting recruitment in cooperation with regional specialized institutions such as Hello Work (Public Employment Security Office) and employment support organizations, as well as by developing a workplace environment in both tangible and intangible aspects to support job retention.

| Initiatives for respecting human rights and promoting understanding of LGBTQ

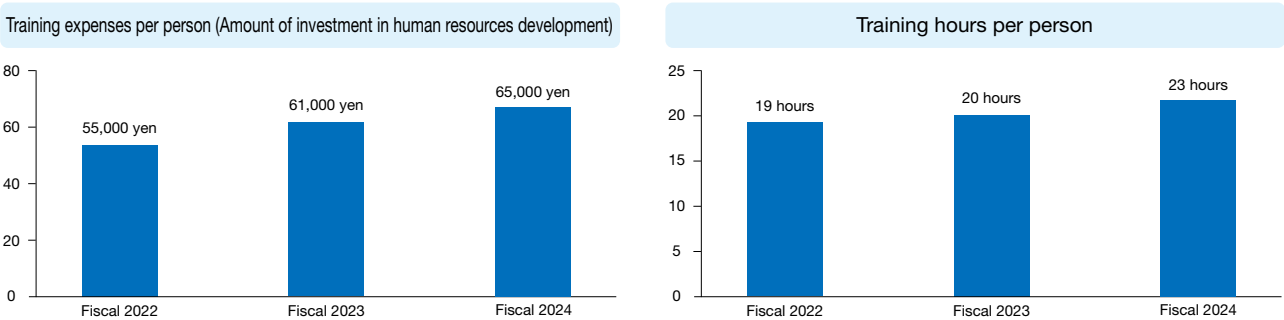
In line with "Establishing relationships of trust with society," one of the principles of the Basic Sustainability Policy (see page 51), the Group has declared its commitment to respecting human rights in all business activities and has been advancing initiatives to promote respect for human rights, with stakeholders at the center.

In fiscal 2024, in response to the introduction in Niigata Prefecture, the Group's business base, of a "partnership system" that recognizes same-sex couples as equivalent to marriage, we conducted training for managers and sales staff on specific methods and points of attention in dealing with sexual minority customers and subordinates. In addition, from the perspective of strengthening harassment prevention as part of our commitment to respecting the human rights of employees, we announced a policy on countermeasures against customer harassment and developed a response manual.

Investment for enhancing human capital value

Under the Human Capital Management Policy, which sets forth the goal of increasing investments that contribute to the enhancement of human capital value by 5% or more annually, the Group has continued to expand its annual investments in initiatives such as enhancing the training framework and dispatching employees to external training programs, thereby strengthening the development of human resources, the source of our competitive advantage.

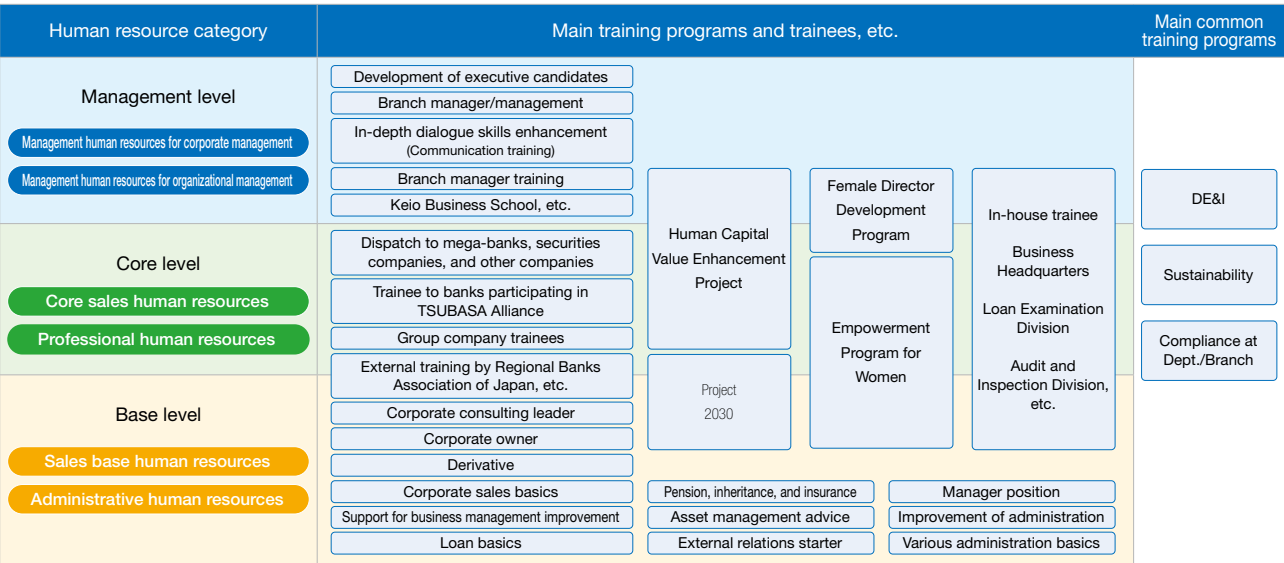
● Trends in investments for the enhancement of human capital value (Daishi Hokuetsu Bank)



*Training expenses do not include facility-related costs and personnel expenses incurred during training.

● Training system of Daishi Hokuetsu Bank

While promoting human resources development based on the current training system, we will, in the future, clarify the definition of each human resource category, incorporate programs that contribute to enhancing the required skills, characteristics, and qualifications into the training system, and build a targeted human resource portfolio that ensures greater expertise and diversity.



Create a work environment that fosters job satisfaction and happiness

Initiatives to achieve wellbeing

Under sound communication in which psychological safety is ensured, we are widely promoting initiatives to improve employee engagement and to achieve psychological and physical wellbeing, within a workplace environment where each employee can feel happiness and fulfillment.



Strengthen Initiatives to Improve Engagement

| Employee Engagement Total Score

Based on the employee awareness surveys that we have continuously conducted since the establishment of our company in 2018, we began identifying the "Employee Engagement Total Score" in fiscal 2023 and have taken the current status and changes of the score into account in our initiatives to improve engagement.

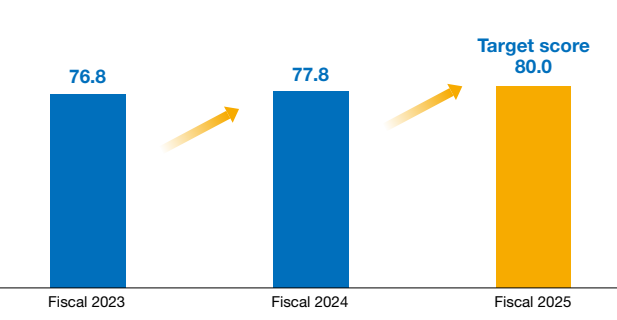
The "Employee Engagement Total Score" is based on the results of responses to the three elements of "willingness to contribute," "self-efficacy," and "motivation to grow," which are the driving forces behind the implementation of the Group's Management Philosophy, and to "job satisfaction," which is a basic element of engagement. These elements are included in the questions in the employee awareness survey. The score is calculated after also receiving analysis and advice from an external organization.*

The Group's "Employee Engagement Total Score" has been evaluated to be at a satisfactory level by the external organization.

To further improve engagement, we have set a target score of 80 starting in fiscal 2025. In addition to fostering a sense of unity within the Group and enhancing job satisfaction, we will accelerate initiatives for career development and for achieving employee wellbeing.

*External organization: Mizuho Investor Relations Co., Ltd.

● Engagement Total Score



● Employee Engagement Total Score by element

			Fiscal 2024	YoY
Employee Engagement Total Score (Average of the three element scores I-III)			77.8	+1.0
	Element	Details	Score by element	
I	Job satisfaction	Job satisfaction, sense of contribution and growth	75.6	+0.9
II	Willingness to contribute	Willingness to contribute to the community, customers, and the Company	82.3	+1.0
III	Self-efficacy Motivation to grow	Confidence in performance and willingness for self-development	75.5	+0.9

Basic Strategy III Enhancement of Human Capital Value

Initiatives to Improve Engagement

The Management Philosophy is the “purpose” of all our officers and employees, and sharing this “purpose” among all officers and employees to foster a sense of unity, and for everyone in the Group to work together to put it into practice, supports the job satisfaction of employees and drives their engagement.

● Hold exchange meetings on an ongoing basis where officers and employees of the Group engage in direct dialogue to spread the Management Philosophy

The “Briefing session on Medium-Term Management Plan,” the “Dialogue exchange meetings with officers,” the President’s briefing for managers “Isshi Koryukai,” and the President’s briefing for young employees “Isshi Koryukai Next,” which have been continuously implemented as opportunities for direct dialogue between officers and employees of the Group, have contributed to fostering a sense of unity within the Group through the dissemination of the Management Philosophy.

● “Human Capital Value Enhancement Project 2030,” in which young employees design the future of the Group

The “Human Capital Value Enhancement Project 2030,” which has been continuously implemented since fiscal 2021, is an initiative in which young employees across different industries within the Group cultivate flexible thinking and leadership skills through collaboration in workshops and group work, with the aim of realizing the “Vision for the Group in 2030.” In fiscal 2024, the project was implemented under the theme of “Solving Local Issues in collaboration with New Business of the Group.” In this approximately six month long project, participants applied design thinking and other methods they had practiced and acquired to plan new businesses, and presented the results at a final presentation held in March 2025.



Project group work

Voice of the Project Member: Increased Willingness to Take on Challenges



Marika Takahashi Addressing the major theme of “solving local issues” was difficult, but precisely because of that, it became a significant challenge for me as well as an opportunity for growth. Going forward, I would like to take on a career path that can generate greater social value, such as participating in regional revitalization projects.

● Initiatives to ensure psychological safety and practice in-depth communication

We provide training for a wide range of generations, mainly management levels, to enhance in-depth dialogue skills and ensure psychological safety, which leads to the practice of in-depth communication.

Strengthening the health management system

We are strengthening the health management system and actively working to enhance the mental and physical health management system and to create a flexible and comfortable workplace environment.

Enhancing the mental and physical health management system

To maintain and improve the physical and mental health of employees, we have been continuously and broadly implementing various initiatives. As a result, the proportion of employees at risk of lifestyle-related diseases and medical expenses at the Daishi Hokuetsu Bank Health Insurance Society remain at a favorable level compared to the national average of health insurance societies and the industry average for banks.

Maintaining and improving physical and mental health of each employee

Key initiatives	Outline initiatives
Health checkup system	Since fiscal 2023, the range of ages eligible for comprehensive medical checkups has been expanded to 35 and above, helping to prevent the aggravation of diseases through early detection and early treatment.
Collaboration Health	We are promoting Collaboration Health with health insurance societies through initiatives such as gynecological check-ups, smoking cessation support, and free dental checkups.
Health-related events	Various initiatives for promoting exercise and improving lifestyle habits are implemented, including exercise events.
Timely Initiatives	We are broadly working on measures such as prevention of heat strokes during the summer in response to recent climate change, as well as countermeasures against infectious diseases.
Consultation and support system	We have enhanced the support system for consultation by providing access to external counselors as well as in-house industrial counselors and career consultants.

Developing a comfortable workplace environment

We have been working to curb long working hours and promote flexible working styles such as telework and flextime. In addition, we have been enhancing various systems that employees can utilize in line with their career development and individual life events and styles, including a leave system that can be used for diverse purposes such as obtaining professional qualifications and maintaining health, a leave of absence system to support employees dealing with serious illnesses in their families or undergoing fertility treatment, and systems that support balancing work with childcare, nursing care, and other family responsibilities.

Furthermore, from the perspective of improving men’s engagement through participation in childcare and promoting women’s empowerment, we are encouraging male employees to take childcare leave and supporting them in taking longer periods of leave. At the same time, to ensure that such initiatives can coexist with smooth operations in each workplace, we have established a “Support Team” that dispatches necessary personnel to workplaces as needed.

● Indicators related to health and childcare leave (Daishi Hokuetsu Bank)

Indicators	Fiscal 2022	Fiscal 2023	Fiscal 2024
Rate of regular health checkups	100.0%	100.0%	100.0%
Rate of abnormal findings	26.0%	27.6%	27.0%
Take-up rate of childcare leave (men and women combined)	103.7%	104.0%	105.3%
Take-up rate of childcare leave (men only)	106.0%	108.8%	110.4%

Evaluation of initiatives

Our initiatives to promote DE&I and enhance systems to support a balance between work and family life have been accorded recognition, and in May 2023, Daishi Hokuetsu Bank received “Platinum Eruboshi,” the highest-level certification for promoting women’s careers, and “Platinum Kurumin Plus,” a certification for parenting support and balancing fertility treatment and work.

Our initiatives for health management have also been highly evaluated, and the Company and Daishi Hokuetsu Bank have been certified as a “Health & Productivity Management Outstanding Organization for 2025” (“White 500” in the large enterprise category) under the “Certified Health & Productivity Management Outstanding Organizations Recognition Program” sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. The Company was certified for the third consecutive year, and Daishi Hokuetsu Bank was certified for the eighth consecutive year, including the period before the merger.

Daishi Hokuetsu Bank was also recognized as a “Sports Yell Company 2025” by the Japan Sports Agency for its efforts to help employees establish exercise habits and promote health, such as organizing walking campaigns and lending wearable devices free of charge.



Daishi Hokuetsu Financial Group certified for 3 consecutive years

Daishi Hokuetsu Bank certified for 8 consecutive years



Daishi Hokuetsu Bank certified for 3 consecutive years

Support for improving employees’ health awareness



Parenting support Balancing fertility treatment and work

First company in Niigata Prefecture



Highest-level certification for promoting women's empowerment

First company in Niigata Prefecture

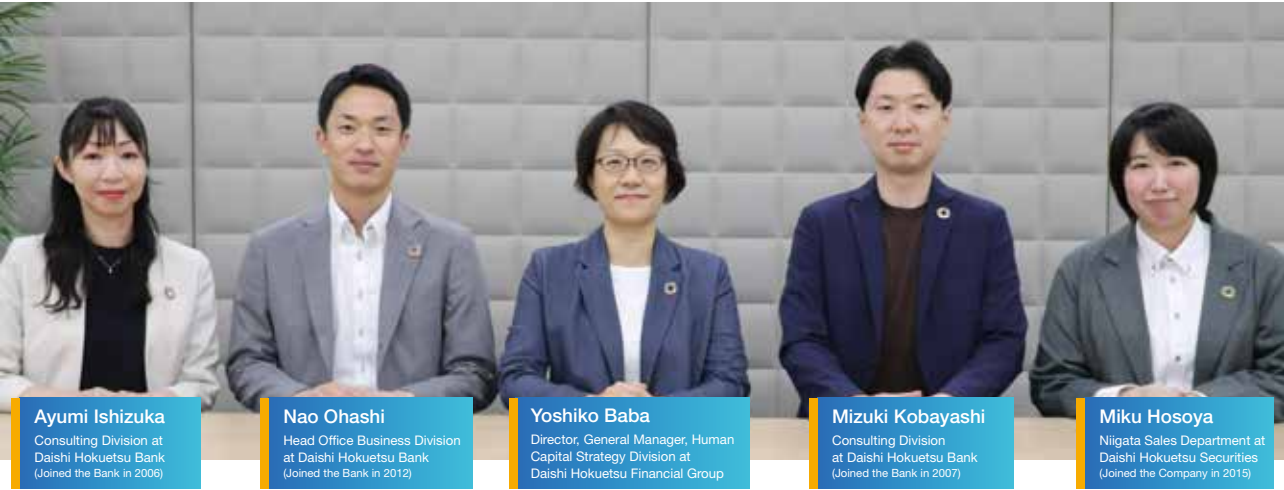
Fostering financial security (Financial wellness)

Through the establishment of compensation and welfare systems (such as a shareholding association and a defined contribution pension plan), as well as training programs, the Group promotes financial security for employees and raises their awareness of company performance and share price. The main initiatives are as follows.

- Compensation system: Efforts to raise base salaries for all employees of the Group, and a bonus system linked to the performance of the Company (Daishi Hokuetsu Bank and others)
- Welfare system: “Trust-Type Employee Stock Ownership Incentive Plan (E-Ship)”* (for members of the Group Employee Shareholding Association)
*A system under which members can receive dividends in proportion to the increase in the Company’s share price
- Training: financial literacy training aimed at raising awareness of the retirement allowance and pension systems and supporting asset formation, among others



Group Employee Roundtable : Becoming Reliable Human Capital for the Community



Ayumi Ishizuka
Consulting Division at
Daishi Hokuetsu Bank
(Joined the Bank in 2006)

Nao Ohashi
Head Office Business Division
at Daishi Hokuetsu Bank
(Joined the Bank in 2012)

Yoshiko Baba
Director, General Manager, Human
Capital Strategy Division at
Daishi Hokuetsu Financial Group

Mizuki Kobayashi
Consulting Division
at Daishi Hokuetsu Bank
(Joined the Bank in 2007)

Miku Hosoya
Niigata Sales Department at
Daishi Hokuetsu Securities
(Joined the Company in 2015)

To be the first point of contact for customer inquiries

Baba As General Manager of Human Capital Strategy Division, I have communicated with many employees, and in recent years I have increasingly heard voices expressing their desire to “contribute to the local community” regardless of age or gender. The Daishi Hokuetsu Financial Group (hereinafter referred to as “the Group”) aims to be the first point of contact for local communities and customers, and is working to provide consulting sales services that communities can rely on. In my own experience as branch manager, I found great fulfillment and confident when business owners came to me first, saying, “I want to consult with you before anyone else.” Could you share with us what you keep in mind in your daily activities in order to put into practice our management philosophy of “continue to contribute to the development of regional society”?

Kobayashi I belong to the headquarters of the Daishi Hokuetsu Bank (hereinafter referred to as “the Bank”), where I am engaged in M&A and business succession. In my activities, I focus not only on addressing individual issues of each customer but also on revitalizing the community as a whole, since I believe that supporting the community contributes to solving the local customers’ issues. Within the Group, there is a “Human Capital Value Enhancement Project Team” dedicated to the revitalization of overall community. I have been actively involved in the team’s initiatives such as the snow resort revitalization project, where I am utilizing the specialized knowledge and experience I have developed throughout my career.

Ohashi Until last year, I was in charge of large corporate customers at Tokyo Branch, and worked in coordination with headquarters to propose various financing methods, including structured finance. When working with large corporations, I realized that competition is fierce, including from other business categories, and that the coordination both inside and outside the Group is necessary. After returning



to Niigata, the Group’s home location, I have been leveraging the skills I developed at the Tokyo Branch to provide more advanced proposals, and I feel that this has enabled me to become a good consulting partner to our customers. I act on the belief that we can further contribute to the development of local community by leveraging coordination inside and outside the Group.

Hosoya In terms of being a good consulting partner, when I work as securities sales, I often receive questions beyond asset management and investment, and this made me feel the importance of having wider knowledge. At that time, I had the opportunity to join the group-wide Empowerment Program for Women, which helped me realize the strength of Group coordination and actually lead me to make proposals, such as introducing equipment leasing cases from corporate customers to The Daishi Hokuetsu Lease.

Ishizuka I joined the Bank in 2006 as a mid-career employee, after having worked at other banks and a life insurance company. Initially, my work focused on providing asset management advice to individual customers. However, at the branch where I previously worked, I made an effort to acquire new knowledge in order to meet the expectations of corporate owners so that I could respond to a wide range of needs, including those related to treasury shares, real estate for business, business succession, and inheritance. Recognizing the comprehensive consulting knowledge, etc. I had gained as one of my strengths, I decided four years ago to take on the position of “Expert,” a role in the Bank that allows me to utilize my specialized capacity. I have been in this role ever since. After that, I took part in launching the private banking office in the Consulting Division. Now, as a person in charge of corporate owners, I focus on building long-term relationships that last five, ten years or more, including involvement with their successors.



Necessary qualities for reliable human capital for the community

Baba From your own experience, what kinds of learning or experiences do you think are necessary to increase human capital who can follow in your footsteps as you practice “reliable sales for the community”?

Ohashi When I was at the Tokyo Branch, a branch manager told me, “If you want to do a quality job, it’s important to have first class experiences.” In my personal life, I make it a point to experience the finest art at museums and first-class hospitality at restaurants. On the work side, I actively take part in online MBA seminars, etc. to learn company’s management strategies. I have been mindful of applying insights and experiences gained outside of financial and using them to deepen relationships with customers. I believe this has contributed to gaining their trust.

Kobayashi I believe that I can become a reliable human capital ca-



pable of responding to a wide range of needs by leveraging networks such as external experts and TSUBASA Alliance banks to address customers’ issues. I have concentrated on my studies of specialized knowledge all at once in order to build relationships that enable coordination with external experts. I think that the expertise and the relationships I gained are useful in various situations.

Hosoya I think that the speed of response to customers is key in securities sales. That is because when the stock market is open, prices change by the second, and the market may fluctuate dramatically. By responding promptly, I have been receiving more appreciation from customers. To become a person they can rely on even more, I keep studying and aim to acquire at least one qualification every six months.



Continuing to learn with passion toward the person I want to become

Baba Your commitment to continuous learning to address issues in your respective positions is very reassuring. For further growth, what mindset do you have?

Kobayashi I believe that it is important to develop expertise based on a solid understanding of the direction the Group is aiming for. While we have a required role and area in division, actual projects often require us to work across various areas. This makes it necessary to continuously enhance our expertise in a wide range of fields. I consider that in order to respond accurately to the increasingly diverse needs of our customers, it is important to be flexible and keep developing oneself.

Ishizuka Since obtaining FP Grade 1, I have gained confidence in responding to any questions or consultation regarding issues from customers, and I feel that they trust me. I would like many employees to realize that they can put their advanced knowledge into practice.



In addition to my own experiences, I am sharing the importance of knowledge and how advanced qualifications can be useful in practice with my colleagues.

Hosoya The reason I can continue learning is the strong influence of seniors I respect. Inspired by them, I wanted to become a role model, which led me to participate in the Group’s Empowerment Program for Women. Looking ahead, I will value the accumulation of daily efforts and engage with customers and the market sincerely, along with maintaining a commitment to self-improvement so that I can become a positive influence on my colleagues and younger employees.

Baba It is really important that such wonderful encounters with customers and supervisors, and further self-development have led to behavior change. Various characteristics, qualities, skills, and abilities are required to become the reliable human capital for the community. In order to meet customers’ expectations like you do, it is important to consider what is needed and to continue to learn and grow with enthusiasm toward becoming the person you want to be. The Group will promote the creation of a workplace where employees can continuously learn and grow, and where diverse personnel can play an active role in order to build the human capital base* with expertise and diversity to solve local and customer issues. I believe that these efforts will increase the engagement of all employees of the Group, including their job satisfaction and willingness to contribute, which led to the steady enhancement of the human capital value. Let’s unite our aspirations and work together toward the sustainable development of the community.

* Please see page 39, “Initiatives for building a human resource portfolio.”

Basic Strategy IV Deepening Risk Management

Key Tactics

10

Conduct business by making compliance a top priority

11

Deepen Group governance

12

Further evolve the Risk Management Framework

Partial revision of the headquarters organization aimed at further strengthening risk management and compliance system

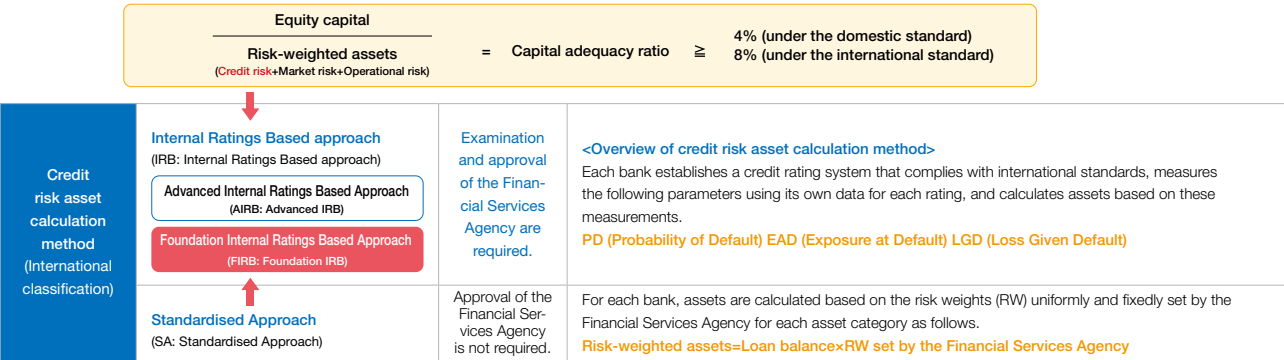
The Company and the Daishi Hokuetsu Bank have divided the risk management division into two department structure, "Risk Management Division" and "Compliance Division" since February 2025 in order to advance the sophistication of our risk management system that supports the implementation of our management philosophy. In addition, the Daishi Hokuetsu Bank transferred the "Customer Service Office" of the Business Development Planning Department to the Compliance Division in order to further strengthen the compliance system and enhance the quality of customer service.

Enhancement of internal control system

With approval from the Financial Services Agency, the Company and Daishi Hokuetsu Bank have changed the method for measuring credit risk in the calculation of the capital adequacy ratio from the standardised approach to the Foundation Internal Rating Based Approach* from the fiscal year ended March 31, 2025. We will contribute to the revitalization of the regional economy by committing to enhancing the internal control system based on the Foundation Internal Rating Based Approach.

* The Foundation Internal Rating Based Approach is a method that enables more appropriate reflection of risk in the capital adequacy ratio by measuring credit risk on loan assets, etc. with using a bank's internal credit ratings.

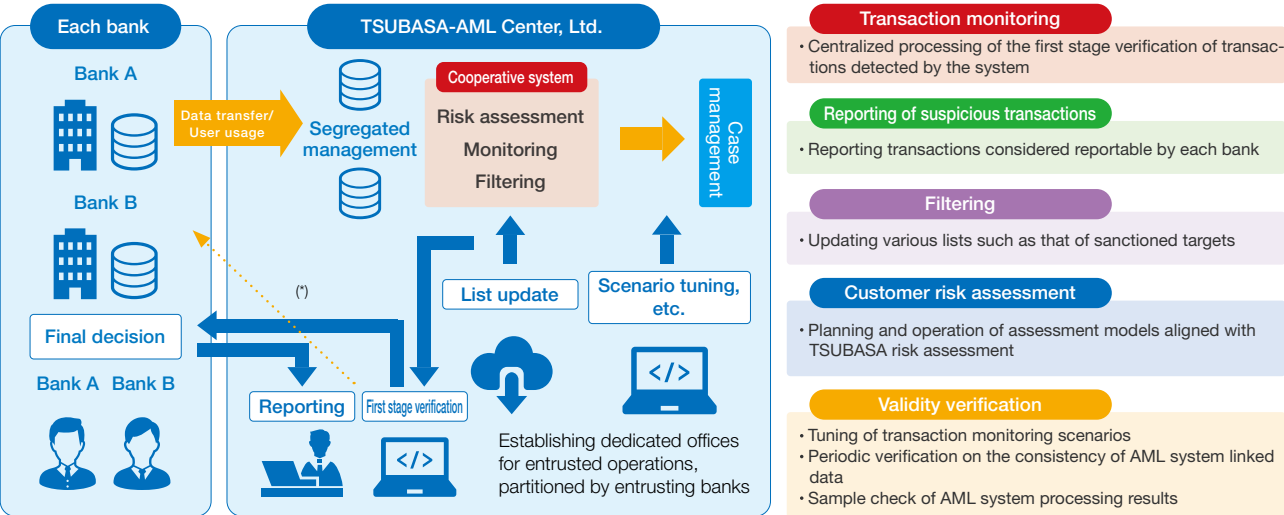
● Method for measuring credit risk in the calculation of a bank's capital adequacy ratio



Enhancement of measures for anti-money laundering and combating the financing of terrorism through outsourcing to TSUBASA-AML Center

Since May 2025, the Daishi Hokuetsu Bank has entered into a business outsourcing contract with TSUBASA-AML Center, Ltd., which takes measures for anti-money laundering and combating the financing of terrorism (hereinafter referred to as AML/CFT), and has been collaborating with the company on AML/CFT countermeasures, including transaction monitoring and reporting of suspicious transactions. Experts of AML/CFT countermeasures from each TSUBASA Alliance bank accurately and promptly detect and respond to transactions suspected of being used for criminal purposes through centralized processing of various measures, including transaction monitoring by utilizing the advanced financial IT solutions of Nomura Research Institute, Ltd. By jointly implementing this initiative among multiple financial institutions, we aim to advance and improve the efficiency of AML/CFT countermeasures.

● Overview of joint business



* Terminals are installed at each bank to perform verification while reviewing records within the bank's system.

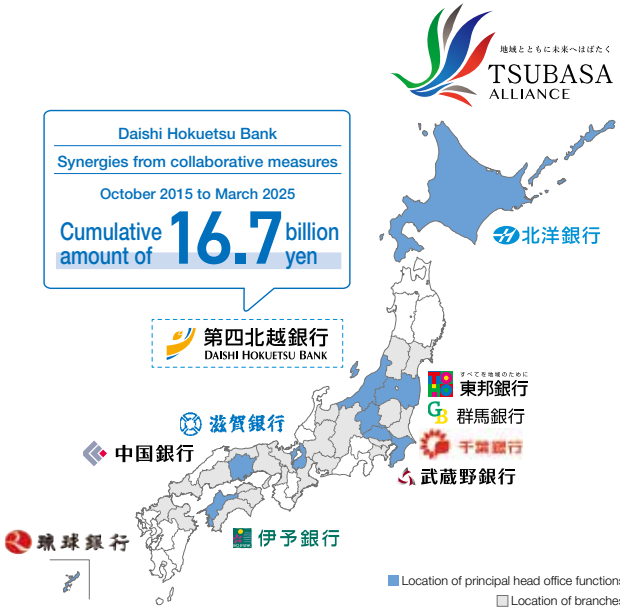
Overarching Theme Across Strategies: Deepening the TSUBASA Alliance

TSUBASA Alliance

Under the "TSUBASA Alliance," a framework for wide-range regional partnerships among 10 regional banks including Daishi Hokuetsu Bank are promoting collaboration in all areas, not only in the systems and administrative fields, but also in sales promotion, risk management, and initiatives to strengthen human capital.

In the fiscal year ended March 31, 2025, we launched the affiliated store business (details on page 37) utilizing the "TSUBASA Cashless Payment Platform" in October 2024. We have promoted cashless transactions in the region, and also worked on introducing systems for local governments through collaboration between group companies of banks participating in the TSUBASA Alliance. Additionally, the TSUBASA-AML Center, Ltd. (established in November 2023), dedicated to strengthening and enhancing measures for anti-money laundering and combating the financing of terrorism, went into full-scale operation in April 2025. The Daishi Hokuetsu Bank has committed to enhancing sophistication and efficiency through outsourcing a part of major operations for anti-money laundering, etc., including transaction monitoring (details on page 49).

The Alliance has generated a cumulative total of 16.7 billion yen in synergies for the Daishi Hokuetsu Bank, and we will make maximum use of the Alliance as the "main engine for accelerating innovation" in the 3rd Medium-Term Management Plan.



The Gunma and Daishi Hokuetsu Alliance

Since December 2021, we have entered into the Gunma and Daishi Hokuetsu Alliance with The Gunma Bank, Ltd. The goal of this alliance is to leverage the geographical proximity of our business areas to further contribute to the local community and sustainably enhance the corporate value of both banks.



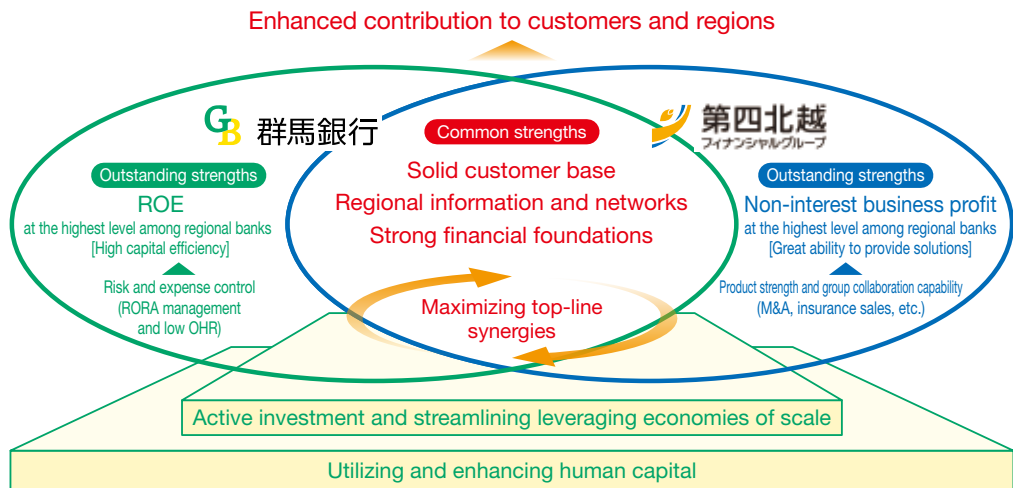
● Basic agreement for the business integration with The Gunma Bank

We concluded a memorandum of understanding for business integration with The Gunma Bank in April 2025 and launched discussions and studies toward the execution of business integration, which is scheduled for April 2027. This is based on our recognition that, given the benefits that our alliance has brought up to now, in order to make sustainable contributions to local communities, we need to advance toward becoming a new financial group that ranks among the top regional banks in terms of both management scale and quality.

群馬・第四北越 アライアンス

The Daishi Hokuetsu Financial Group and Gunma Bank Group will work together by bringing together the strengths we have in common and the unique strengths we each have and strive to maximize top-line synergies by leveraging economies of scale and the advantages of our wide networks and information connectivity.

● Synergistic effects of the two groups



Sustainability Initiatives

Basic Sustainability Policy

With developments related to sustainability, including a response to climate change, natural capital, and human capital, gaining momentum both in Japan and overseas, the Group formulated the “Daishi Hokuetsu Financial Group’s Basic Sustainability Policy” (the “Basic Sustainability Policy”) in order to clarify our stance and initiatives, and the Group is working as a whole to promote sustainability initiatives aimed at solving environmental and social issues facing the region.

Daishi Hokuetsu Financial Group Management Philosophy

Daishi Hokuetsu Financial Group’s Basic Sustainability Policy (Revised in December 2024)

Based on our Management Philosophy, the Daishi Hokuetsu Financial Group contributes to the creation of a sustainable local community by pro-actively and independently addressing environmental and social issues surrounding the region from a medium- to long-term perspective.

Initiatives Targeting Regional Issues	In order to solve environmental and other issues facing regional society, the Group will use our collective strength to maximize our financial intermediary functions and information intermediary functions in both risk management and opportunity creation, and pursue sustainable regional growth while also increasing the corporate value of the Daishi Hokuetsu Financial Group.
Initiatives Targeting Environmental Problems	Aiming to contribute to mitigating environmental risks such as climate change, we will actively support customers who are tackling environmental issues, such as the creation of a decarbonized society and the conservation of biodiversity. We will also work to reduce the environmental impact of the corporate activities of the Daishi Hokuetsu Financial Group.
Establishing relationships of trust with society	We will respect human rights in all corporate activities. We will comply with laws, regulations, and social norms, conduct fair and appropriate transactions with our customers in good faith, and establish solid relationships of trust with our stakeholders through appropriate information disclosure and dialogue. We will prioritize a stance of being close to and maintaining dialogue with regional society, and we will contribute to raising awareness of sustainability within the region.
Practicing human capital management	To address various issues related to the sustainability of regional society and the Company, our officers and employees will act with initiative and a sense of ownership. At the same time, we will work to strengthen our foundation of human resources with both expertise and practical skills. We will respect the values of each and every employee. To promote their well-being, we will develop human resource systems and a healthy working environment where diverse personnel can remain healthy and actively participate, based on fair and appropriate treatment.

Policy on ESG Initiatives

SDGs Declarations

Human Capital Management Policy

Initiatives and Disclosure on Climate Change and Natural Capital

In recent years, damage from extreme weather events and large-scale natural disasters around the world has increased in scale. In Japan, heavy rain, ty- phoons, and other events have caused significant damage, contributing to the growing impact of climate change on corporate business activities.

Along with climate change, the conservation of biodiversity and the management of natural capital are also recognized as critical initiatives for companies. The Group acknowledges the need to understand both our own and our business partners’ dependence on, and impact upon, natural capital, in order to ap- propriately manage risks and capture new business opportunities.

Furthermore, taking measures to address various risks that will impact the business continuity of the Group and our business partners is a matter of urgen- cy. These risks include large-scale earthquakes such as the Noto Peninsula Earthquake of January 2024 and increasing geopolitical risks.

Against this backdrop, the Group is proactively putting sustainability management into practice to maintain and improve the environment and society while simultaneously achieving economic and corporate growth.

Since the fiscal year ended March 31, 2022, we have been working to enhance information disclosure, based on the framework of the TCFD*1 (Task Force on Climate-related Financial Disclosures) recommendations. In addition, we endorsed the TNFD Recommendations published by TNFD*2 (Task Force on Nature-related Financial Disclosures) in February 2024, and became a TNFD Adopter*3 in September 2024. Looking forward, we will continue to disclose informa- tion in line with the TNFD Recommendations.

*1 TCFD (Task Force on Climate-related Financial Disclosures): A private-sector-led task force that encourages the corporate disclose of climate-related information, established by the Financial Sta- bility Board (FSB) in December 2015. The TCFD was disbanded in October 2023, and the supervision of corporate disclosure of information has been transferred to the International Sustainability Standards Board (ISSB). Going forward, the Company will proceed with preparations for the enhancement of information disclosure, based on the sustainability disclosure standards of the ISSB and the Sustainability Standards Board of Japan (SSBJ).

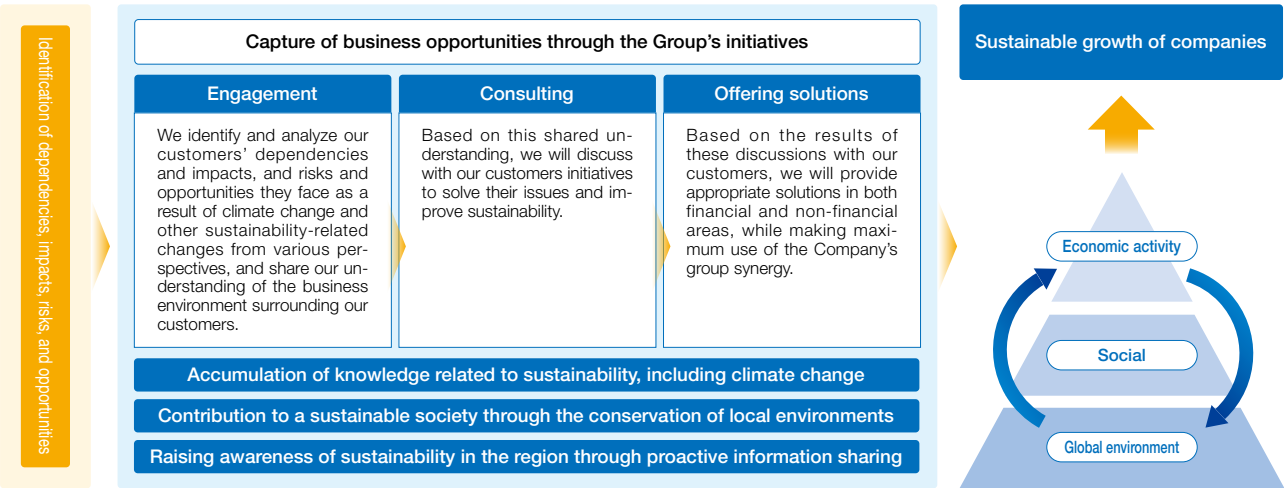
*2 TNFD (Task Force on Nature-related Financial Disclosures): An initiative for the development and provision of frameworks for the disclosure of a wide range of information related to national capital and biodiversity, officially launched in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), British environ- mental NGO, Global Canopy, and the World Wide Fund for Nature (WWF).

*3 TNFD Adopter: An entity that has registered on the TNFD website its intention to disclose information in line with the TNFD Recommendations. Registered entities are required to make such dis- closures in either fiscal year 2024 or 2025.

Participation in Various Initiatives



The Role of the Daishi Hokuetsu Financial Group



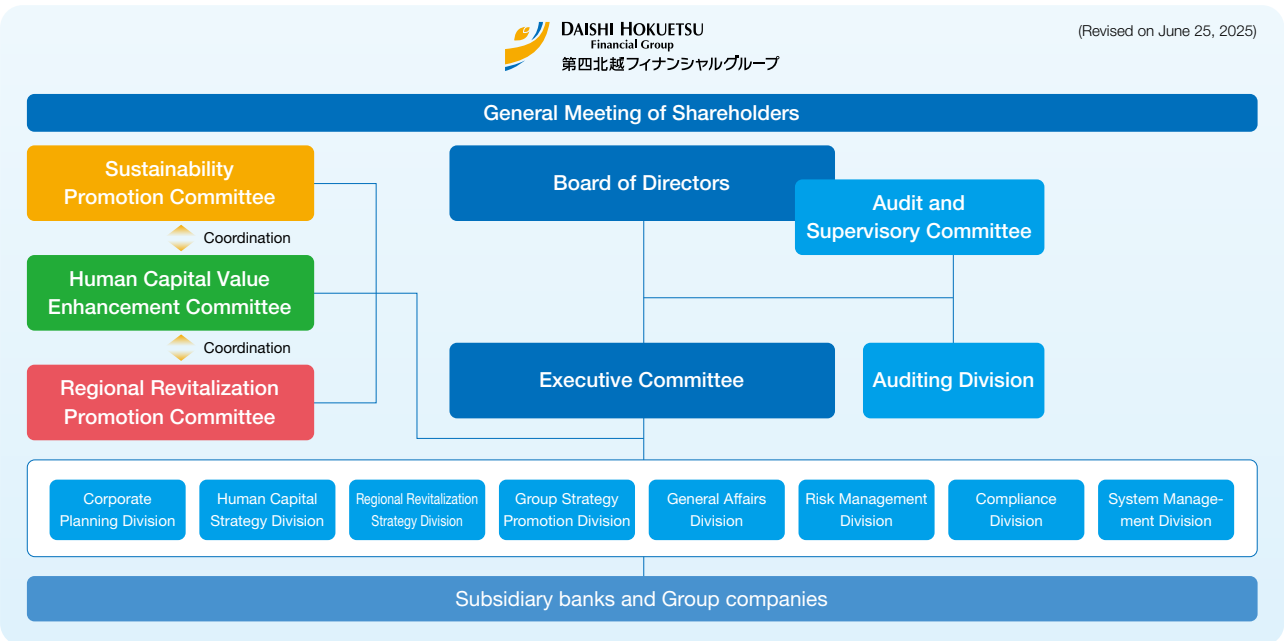
1 Governance

We have established a Sustainability Promotion Committee, which is chaired by the President, and whose key members include an officer responsible for opera- tions, the Presidents of Group companies, managers of Daishi Hokuetsu Bank, and others, as well as Internal Audit and Supervisory Committee Members from the Company and Daishi Hokuetsu Bank as observers. The committee analyzes risks and opportunities related to sustainability and deliberates strategies based on the analysis results, etc.

Meetings of the committee are held every month (12 meetings were held in fiscal 2024). In addition to implementing the PDCA cycle for sustainability initiatives, we have also established a system for deliberating the contents of these initiatives at meetings of the Board of Directors. In such ways, we have created a frame- work that ensures the Board of Directors participates in decision-making and supervision related to sustainability.

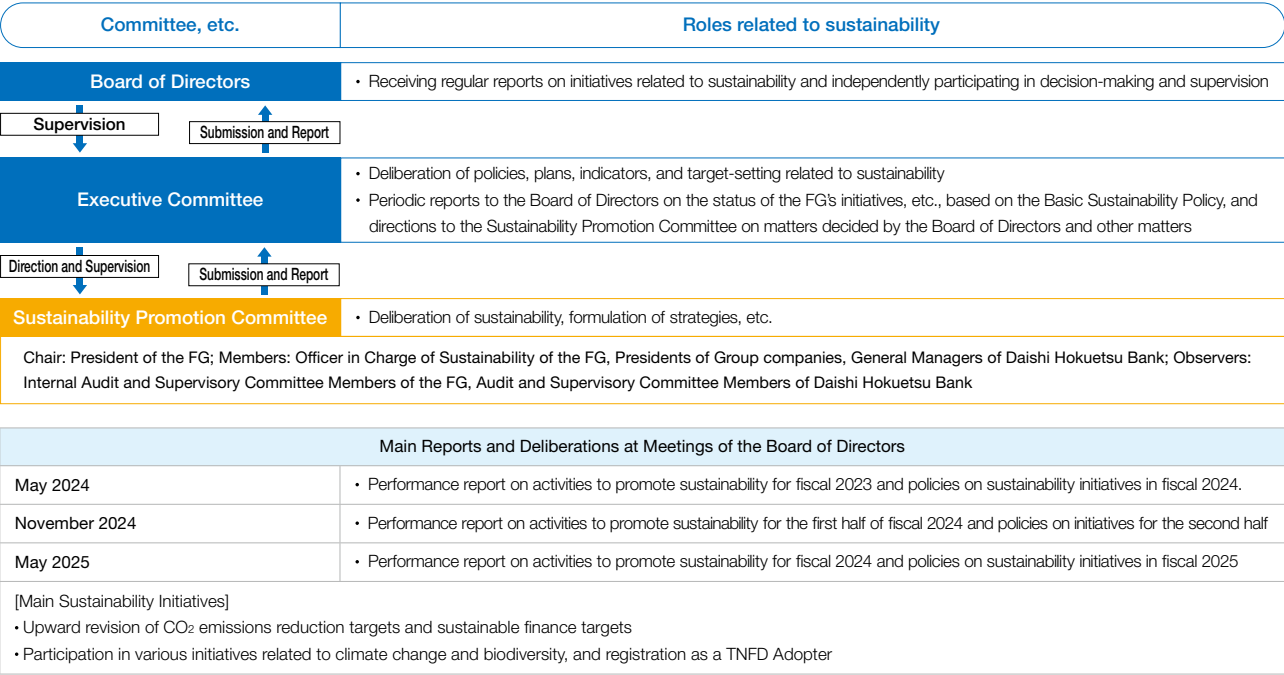
In July 2024, the Company established a Human Capital Value Enhancement Committee, which is chaired by the President of the Company, creating a frame- work for formulating and implementing human resources strategy linked to sales strategies in cooperation with the Sustainability Promotion Committee and the Regional Revitalization Promotion Committee.

Governance Organization



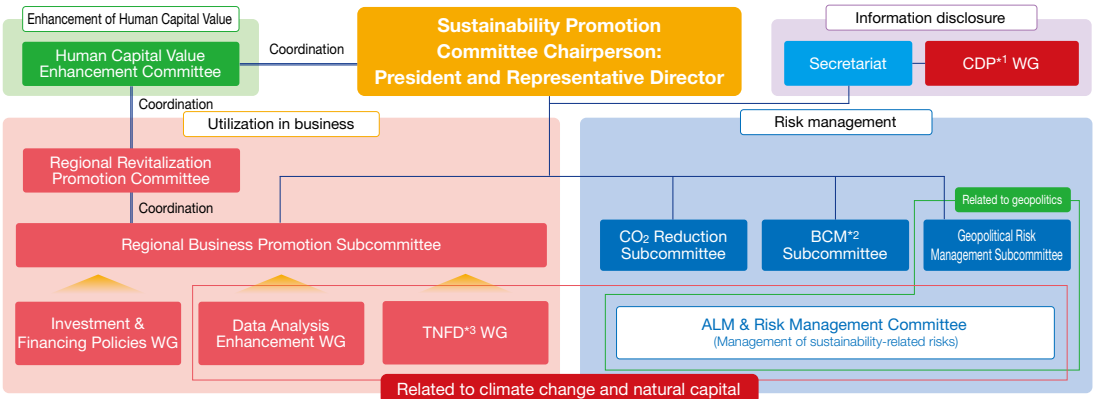
Sustainability Initiatives

● Role of Each Committee, etc.



● Structure of the Sustainability Promotion Committee

In order to deepen our initiatives toward risk management for business continuity in the event of a large-scale disaster and to enhance human capital value, in addition to our responses to climate change, we have established subcommittees and working groups under the Sustainability Promotion Committee for each of the four categories of “utilization in business,” “risk management,” “enhancement of human capital value,” and “information disclosure.” We implement the PDCA cycle for activities planned and implemented by each subcommittee and working group.



*1 CDP: International environmental non-profit organization (NPO) based in the United Kingdom, formerly known as the ‘Carbon Disclosure Project’
*2 BCM: Business Continuity Management
*3 TNFD: Taskforce on Nature-related Financial Disclosures (Details P.51)

Subcommittee/WG		Role
Utilization in business	Regional Business Promotion Subcommittee	• Utilize the results of analysis and reviews by each WG in consulting with business partners
	Investment & Financing Policies WG	• Continuous verification of sustainable finance • Monitoring the status of investment & financing policies • Reviews of specified businesses
	Data Analysis Enhancement WG	• Conduct scenario analysis and review analysis sectors • Calculation of credit in carbon-related sectors • Conduct portfolio carbon analysis • Development of engagement with business partners
	TNFD WG	• Consideration of initiatives for biodiversity conservation and natural capital • Initiatives for information disclosure based on the TNFD Recommendations
Risk management	CO ₂ Reduction Subcommittee	• Planning of overall measures for CO ₂ reduction • Planning of overall measures to reduce energy consumption • Planning of overall measures to reduce paper consumption
	BCM Subcommittee	• Planning and implementing measures to achieve business continuity
	Geopolitical Risk Management Subcommittee	• Identification of events affecting the Group caused by geopolitical risks and consideration of countermeasures
Enhancement of human capital value	Human Capital Value Enhancement Committee	• Consideration of measures to enhance human capital value • Review of disclosure of information related to human capital • Consideration of measures to promote DE&I • Consideration of measures to realize wellbeing
Information disclosure	Secretariat	• Overall operation of the Sustainability Promotion Committee • Formulation of measures for information disclosure • Collection of information related to sustainability
	CDP WG	• Review of responses to CDP questionnaires

2 Strategy

Climate change

| Our Understanding of the Risks Associated with Climate Change

The Group recognizes physical risks, transition risks, and opportunities related to climate change risks on short-term (5 years), medium-term (10 years), and long-term (30 years) time horizons, and we analyze their impact on the Group in both qualitative and quantitative terms. Based on the results of these analyses, the Group works to strengthen our risk management systems and enhance our provision of information, consulting services, and solutions for customers.

		Short term (5 years)	Medium term (10 years)	Long term (30 years)
Examples of physical risks	Credit risk	Damage to customers' assets owing to floods, typhoons, etc.		
	Market risk	Market turmoil owing to the effects of extreme weather events and resulting fluctuations in the value of financial instruments, etc.		
	Liquidity risk	Withdrawal of deposits and other actions by customers affected by floods, typhoons, etc.		
	Operational risk	Suspension of business operations owing to damage from floods, typhoons, etc.		
Examples of transition risks	Credit risk		Negative impact on customers' businesses and financial positions from their inability to respond to regulations and social changes	
	Market risk		Fluctuations in the value of financial instruments affected by the transition to a decarbonized society, etc.	
	Liquidity risk		Lowering of external ratings owing to delays to our transition to a decarbonized society and limited methods of raising funds	
	Operational risk		Reputational risk from our delayed transition to a decarbonized society	

| Scenario Analysis Related to Climate Change

We have analyzed physical and transition risks, utilizing analysis expertise gained from the “Pilot Program Support Project for Scenario Analysis of Climate Risks and Opportunities in Line with TCFD Recommendations (Ministry of the Environment),” in which Daishi Hokuetsu Bank participated in fiscal 2021. The results of the analysis are as follows.

[Physical risks]

We have analyzed the potential impact of large-scale floods caused by climate change on our corporate customers, including damage to collateral and business disruption that could lead to weaker performance. With regard to the amount of decrease in sales due to the stagnation of customers' business activities, our analysis covered the locations of customers' headquarters and important bases, such as factories and stores.

Scenario	Based on the 4°C scenario*, we have estimated flood damage based on the assumption that large-scale flooding caused by climate change occurs once every 100 years * One of the scenarios set by the Intergovernmental Panel on Climate Change (IPCC)	
	①	②
Method of analysis	Estimate the amount of collateral damage due to flood damage to buildings and estimate credit costs based on the results	Estimate the amount of sales lost owing to the stagnation of borrowers' business activities as a result of floods, and estimate credit costs based on the results
Scope of analysis	Real estate collateral categorized as “buildings” that Daishi Hokuetsu Bank has accepted	Headquarters and important bases (factories, stores, etc.) of borrowers of Daishi Hokuetsu Bank (excluding large corporations and public funds)
Results of analysis	Credit costs are expected to increase by around 0.8 billion yen	Credit costs are expected to increase by around 8.5 billion yen
	Credit costs are expected to increase by around 9.2 billion yen in total	

[Transition risks]

We have analyzed transition risks, covering the electric power, food, property management and development, and automotive sectors, which are highly exposed to climate change risks in the loan portfolio of Daishi Hokuetsu Bank.

Scenario	The International Energy Agency (IEA)'s “Sustainable Development Scenario (SDS)” and “Net Zero Emissions Scenario (NZE)”	
Method of analysis	• Under these scenarios, forecast the balance sheets and profit and loss statements of sample companies (for 2021 to 2050) in particular sectors (as listed in the scope of analysis below) and assess business continuity for all companies in those sectors • Estimate the increase in credit costs with simulations for different debtor categories in those sectors based on the costs associated with transition	
Scope of analysis	Electric power, food, property management and development, and automotive sectors	
Results of analysis	Credit costs are expected to increase by around 2.7 billion yen in total	

Sustainability Initiatives

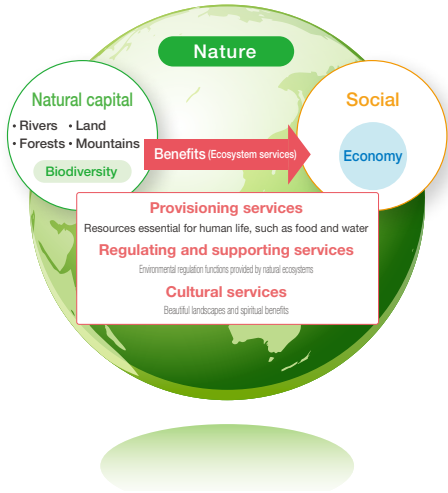
Natural Capital and Biodiversity

The Group's Relationship with Natural Capital

Natural capital refers to the entirety of capital formed by nature, including forests, soil, water, air, the atmosphere, and biodiversity. Our lives, economy, and society are sustained by the various benefits we receive from natural capital—known as ecosystem services.

Niigata Prefecture, which is the main business base of the Group, is surrounded by many mountains and rivers, including Japan's longest river, the Shinano River. It is blessed with rich natural surroundings where one can closely feel the changing of the seasons and is home to many different varieties of flora and fauna. The Group considers natural capital and biodiversity to be a major premise for the realization of a sustainable society, and has declared "initiatives targeting environmental problems" as part of the Daishi Hokuetsu Financial Group's Basic Sustainability Policy.

Based on this recognition, the Group joined the TNFD Forum in February 2024, a stakeholder organization working to shift global financial flows toward nature-positive outcomes by promoting corporate disclosure of nature-related financial information. The Group also became a TNFD Adopter in September 2024. In addition, the Group has joined various initiatives related to biodiversity and is actively promoting natural capital-related efforts (Please see page 52 for details on our participation in initiatives).



Implementation of the LEAP Approach

To understand how the Group's business activities depend on and impact natural capital, we partially implemented the LEAP Approach*, with reference to the TNFD Recommendations. An overview of the Group's LEAP Approach is provided below.

* A comprehensive framework that enables companies to identify the dependencies and impacts of their business activities on natural capital, and to address risk management and information disclosure

	Phase	Details	Status
1	Locate	Identify the interfaces with nature. Clarify the regions where the company's business activities depend on, or impact, nature.	Implemented
2	Evaluate	Analyze which ecosystem services the company's activities depend on, and how those activities impact nature.	Implemented
3	Assess	Assess Identify nature-related risks and opportunities based on the above analysis in Phase 2. This step identifies potential risks the company may face, as well as opportunities to leverage natural capital.	Not implemented
4	Prepare	Develop measures to address the identified risks and opportunities, and formulate specific strategies and resource allocation plans. Report on the overall process and ensure transparent disclosure.	Partly implemented (Planned not yet carried out)

Locate (Identify the interfaces with nature)

Identification of Dependencies and Impacts on Natural Capital

Reflecting the characteristics of the financial sector, the Group recognize that dependencies and impacts on nature arise less from our own business activities than from those of recipients of our investments and loans. On this basis, we first focused on corporate lending and conducted analyses of Phase 1 (Locate) and Phase 2 (Evaluate) of the LEAP Approach, using ENCORE^{*1}, a tool designed to visualize the relationship between natural capital and economic activities.

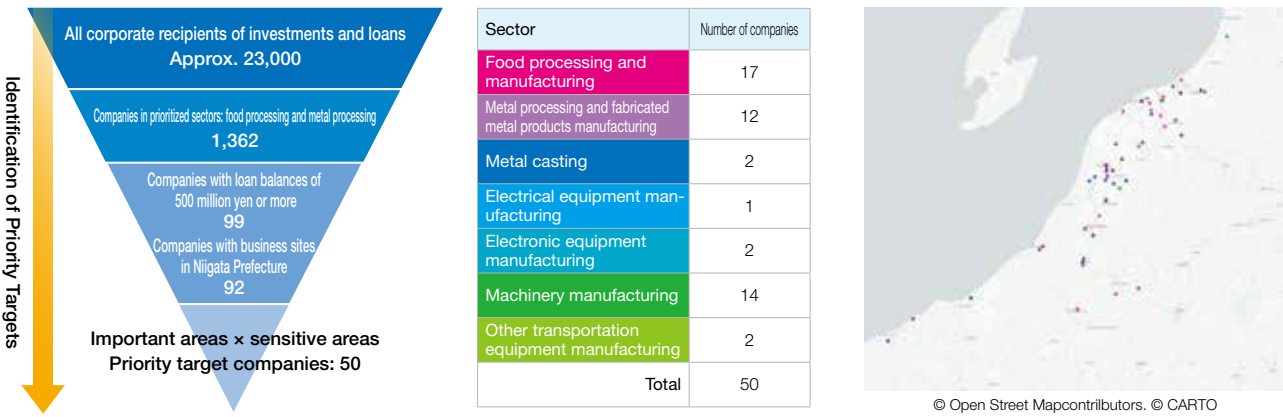
^{*1} ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool developed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and others to visualize the relationship between natural capital and economic activities. It is widely used as a reference for companies in assessing their dependencies and impacts on natural capital, enabling both quantitative and qualitative identification of sector-specific interfaces with natural capital.

Identification of Priority Targets

Based on the scale of impact on the Group—as determined mainly by industry sectors and loan balances—and the degree of dependency and impact on natural capital, we conducted screening^{*2} according to the following steps.

- ① Among corporate borrowers, and taking into account the Group's regional characteristics, we identified the food processing and metal processing sectors, which are core industries in Niigata Prefecture.
- ② From among the identified companies, we narrowed the scope to borrowers with loan balances of 500 million yen or more and business sites located within Niigata Prefecture.
- ③ We then identified 50 companies whose business sites are located in important or sensitive areas, such as regions highly susceptible to water or soil impacts or critical habitats for biodiversity.

^{*2} The process of analyzing in detail the dependencies and impacts on natural capital in order to identify and assess nature-related risks and opportunities, and to determine priority items and locations for action.



Evaluate (Assess dependencies and impacts on nature)

Using ENCORE, we analyzed the 50 companies identified in the Locate phase by sector, focusing on their "dependencies on ecosystem services" and their "impacts on natural capital," and created a heatmap.

The analysis showed that, in the food processing sector, there were high levels of dependency on the ecosystem services of "Water supply," "Water purification," and "Water flow maintenance." In the metal processing sector, the analysis found high impacts from "Emissions of pollutants to soil and water."

Legend: Very high: L: Low High: VL: Very low M: Medium —: Not detected / Not applicable		Dependencies on ecosystem services								Impacts on natural capital						
		Water supply	Water purification	Flood and water flow regulation (flood control)	Storm protection	Water flow maintenance	Solid waste treatment	Soil and sediment retention	Rainfall pattern regulation	Disturbance (noise, light, etc.)	Greenhouse gas emissions	Non-greenhouse gas air pollutant emissions	Emissions of pollutants to soil and water	Emissions of nutrients to soil and water	Generation and release of solid waste	Water use
Food processing	Processing and preserving of fish, crustaceans, and mollusks	H	VH	M	M	H	M	L	—	M	L	L	M	VH	M	M
	Processing and preserving of fruits and vegetables	H	VH	M	M	H	M	L	—	M	L	L	—	—	M	M
	Manufacture of other food products	H	VH	M	M	H	M	L	—	M	L	L	M	—	M	M
Metal processing	Casting of metals	M	M	M	M	M	—	M	M	H	M	M	H	M	L	L
	Manufacture of other fabricated metal products	M	M	M	M	M	M	L	—	M	L	L	VH	—	L	M
	Metalworking service activities															
	Manufacture of electronic components and boards	M	M	M	M	M	L	L	VL	M	VL	L	H	—	L	L
	Manufacture of electric lighting equipment	M	M	M	M	M	M	L	M	M	VL	L	H	—	L	L
	Manufacture of general-purpose machinery	M	M	M	M	M	L	L	VL	M	L	M	M	—	L	M
	Manufacture of special-purpose machinery	M	M	M	M	M	L	L	VL	M	L	L	M	—	L	M
	Manufacture of other transport equipment	L	M	M	M	M	L	L	VL	M	VL	L	M	—	L	L

Evaluation of Dependencies and Impacts on Nature

Based on the heatmap above, we analyzed and organized the potential changes to business activities and the social environment that could arise if natural conditions change, in particular dependencies on ecosystem services and impacts on natural capital that were assessed as Medium or higher on the heatmap. The results, limited to items rated as high in both likelihood of occurrence and importance, are summarized below.

Going forward, we will further advance our analysis under the LEAP Approach and utilize the results to enhance engagement with our business partners in addressing issues related to natural capital.

Sector	Changes in natural conditions	Potential impacts on business activities and the social environment (assumed risks)
Food processing	Water scarcity	• Greater need for efficient management of water resources, securing alternative water sources, and strengthening environmental measures • Rising water utility costs • Decline in yields of raw materials such as fish, rice, and vegetables
	Land subsidence	• Restrictions on operational sites or loss of operational viability
	Intensification of floods, storms, and other natural disasters	• Flood damage to factories and equipment, with suspension of operations and disruption of supply chains • Decline in yields of raw materials such as fish, rice, and vegetables
	Soil erosion	• Restrictions on operational sites and suspension or interruption of operations due to landslides triggered by prolonged rainfall or advancing soil erosion
Metal processing	Water scarcity	• Greater need for efficient management of water resources, securing alternative water sources, and strengthening environmental measures • Rising water utility costs • Reduced sales due to deterioration in product quality • Increased risk of environmental pollution from difficulties in wastewater treatment • Capital expenditures for upgrading plant facilities due to stricter environmental regulations or requests from business partners for enhanced environmental measures
	Land subsidence	• Restrictions on operational sites or loss of operational viability
	Intensification of floods, storms, and other natural disasters	• Flood damage to factories and equipment, with suspension of operations and disruption of supply chains

Sustainability Initiatives

3 Risk Management

The Group has established the “Investment & Financing Policies that consider environment and society,” thereby clarifying our commitment to contributing to the creation of a sustainable regional society through investment and financing. While actively supporting customers who are working to solve environmental and social issues in local communities, we also identify businesses, etc., expected to have a negative impact on the environment and society, recognize them as risks to local communities and the Group, and make prudent investment and loan decisions accordingly.

In our risk management framework, we recognize that climate change risk has a significant impact on the global environment and the regional economy. Accordingly, we are upgrading our risk management system to take climate change risk into account in the management of credit risk, market risk, liquidity risk, and operational risk. In addition, the Sustainability Promotion Committee, the ALM & Risk Management Committee, and the Regional Revitalization Promotion Committee work together to manage sustainability-related risks and opportunities, and report to the Board of Directors as appropriate, thereby ensuring proper management and oversight.

Sustainability Governance Structure



Daishi Hokuetsu Financial Group Investment & Financial Policies that Consider Environment and Society (established May 2022)

Through investments and loans, Daishi Hokuetsu Financial Group will actively support a range of activities that contribute to solving various environmental and social problems affecting local communities.

In addition, with regard to investments and loans in the following specified businesses, etc., expected to impact the sustainability of society, the Company will endeavor to mitigate or avoid the impact of such businesses, etc., according to the stated policy.

Business	Policy
Coal-fired thermal power plants	As a general rule, we will not invest in or finance the construction of new coal-fired power plants. When considering exceptional measures, however, in light of conditions related to electric power, resources, and other factors in countries and regions that have no choice but to rely on coal-fired thermal power, we will carefully consider what measures to take, comprehensively taking into consideration international guidelines such as the OECD Arrangement on Officially Supported Export Credits, power generation efficiency, impact on the environment and local communities, and other factors.
Deforestation projects	When considering investments and loans for deforestation projects, we will make decisions based on careful consideration of the status of acquisition of any internationally recognized certifications (FSC ^{*1} and PEFC ^{*2}), consideration for the environment, the occurrence of any issues with local communities, and other factors.
Palm oil plantation development projects	With a view to protecting the environment and human rights, when considering investments and loans for palm oil plantation development projects, we will make decisions based on careful consideration of the status of acquisition of any international certifications (RSPO ^{*3}), consideration for the environment, human rights violations, the occurrence of any issues with local communities, and other factors.
Arms manufacturing businesses	We will not invest in or provide loans to companies that manufacture inhumane weapons, such as cluster munitions.

^{*1} Forest Stewardship Council An international organization that endorses "appropriate forest stewardship"

^{*2} Programme for the Endorsement of Forest Certification
"Forest stewardship endorsement," in which a third party certifies that forestry is conducted in accordance with international standards (intergovernmental process standards) established for sustainable forest stewardship

^{*3} Roundtable on Sustainable Palm Oil
A nonprofit organization operating in seven sectors related to palm oil (palm oil production, oil extraction and trade, consumer product manufacturing, retail, banking and investment companies, environmental NGOs, and social and development NGOs)

Ratio of Carbon-related Assets* to Total Credit Outstanding

As of the end of March 2025, carbon-related assets* accounted for 21.1% of loans, etc., (including private placement bonds) at Daishi Hokuetsu Bank.

* Carbon-related assets are defined as the following four sectors: "energy (excluding water supply and renewable energy power generation)," "transportation," "materials and buildings," and "agriculture, food, and forest products." The total credit outstanding to customers whose main businesses are in these four sectors is aggregated.

4 Indicators and Targets

CO2 Emissions Results

The Group calculates CO₂ emissions as follows, based on the TCFD Recommendations and other factors. Starting this year, we have expanded the calculation categories for Scope 3 to calculate emissions for Categories 1 through 7 and Category 15.

CO₂ emissions for fiscal 2024 will undergo third-party verification to ensure the transparency and accuracy of the disclosed information. The emissions calculated in this report are preliminary figures. Final figures, verified by a third party, will be disclosed on our website as soon as they are confirmed.

Matter for Accounting	Scope of Accounting	Fiscal 2024 Emissions	Matter for Accounting	Scope of Accounting	Fiscal 2024 Emissions
Scope 1	Group-wide	2,895	Category 1: Purchased goods and services	Group-wide	25,122
			Category 2: Capital goods		7,336
Scope2	Group-wide	2,591	Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)		1,667
			Category 4: Upstream transportation and distribution	Daishi Hokuetsu Bank (Non-Consolidated)	3,193
Scope 1 & 2 total	Group-wide	5,486	Category 5: Waste generated in operations		450
			Category 6: Business travel	Group-wide	456
			Category 7: Employee commuting		1,008
			Category 15: Investments* ²	Daishi Hokuetsu Bank (Non-Consolidated, Business loans only)	6,589,030

^{*1} For calculation methods, emission factors, and other details, see the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.7 (March 2025, Ministry of the Environment and Ministry of Economy, Trade and Industry), Emissions Unit Value Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver. 3.5 (March 2025, Ministry of the Environment), and Policy on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain, Ver. 3.5 (March 2025, Ministry of the Environment).

^{*2} Breakdown of Scope 3 Category 15
Scope 3 Category 15 emissions, which refers to greenhouse gas emissions emitted by recipients of investments and loans, accounts for a large portion of Scope 3 emissions for financial institutions. Accordingly, we have calculated these emissions for all domestic business loans provided by Daishi Hokuetsu Bank to domestic corporations (excluding project finance), with reference to the measurement method of the PCAF^{*3} standard. In this calculation, we expanded the scope to include recipients of investments and loans listed on the Tokyo Stock Exchange (Prime, Standard, and Growth markets), and calculated their emissions using the figures they have disclosed.

^{*3} Partnership for Carbon Accounting Financials: An international initiative to develop methods for measuring and disclosing greenhouse gas emissions in financial institutions' investment and loan portfolios

Industry	Emissions* ⁴ (t-CO ₂)	Carbon intensity* ⁵	Industry	Emissions* ⁴ (t-CO ₂)	Carbon intensity* ⁵
Agriculture	76,778	8.38	Automobiles and parts	110,429	2.48
Paper and forestry	118,088	35.32	Power utilities	593,729	17.87
Beverages	19,875	3.14	Real estate management and development	114,399	0.92
Processed foods and meats	580,947	4.75	Railway transportation	17,580	5.02
Metals and mining	281,054	68.56	Truck services	294,396	5.82
Chemicals	285,867	29.31	Maritime transportation	151,420	17.40
Oil and gas	92,025	4.74	Air freight	1,719	4.54
Coal	-	-	Passenger transport	-	-
Building materials	168,854	16.89	Other	2,075,969	2.02
Capital goods	1,605,893	3.14	Total	6,589,030	

^{*4} Emission : The emissions of each industry are based on the total emissions of borrowers calculated based on the following definitions for each industry.
① : Public figures for approximately 220 borrower companies listed on the Tokyo Stock Exchange (Prime, Standard, and Growth markets)
② : For borrowers other than (1), the figure obtained by multiplying the estimated value calculated on the basis of emission intensity for each industry by the share of financing attributable to Daishi Hokuetsu Bank (outstanding loan balance of Daishi Hokuetsu Bank/total funds procured by the borrower)

^{*5} Carbon intensity : Carbon intensity refers to the amount of CO₂ emissions (tCO₂) per unit of sales (1 million yen) of the borrower, and is used to determine the amount of CO₂ emissions according to the sales of the borrower. The higher the carbon intensity, the more CO₂ is emitted relative to sales.
The "carbon intensity" above was calculated using the following formula for each industry, and we calculated the carbon intensity for each industry using the weighted average of the outstanding loan balance of Daishi Hokuetsu Bank (outstanding loan balance in the formula = outstanding loan balance of Daishi Hokuetsu Bank) (outstanding loan balance in the formula = outstanding loan balance of Daishi Hokuetsu Bank).
Carbon intensity = Σ [borrower's carbon intensity × outstanding loan balance of the borrower] / total outstanding loan balance by industry

Sustainability Initiatives

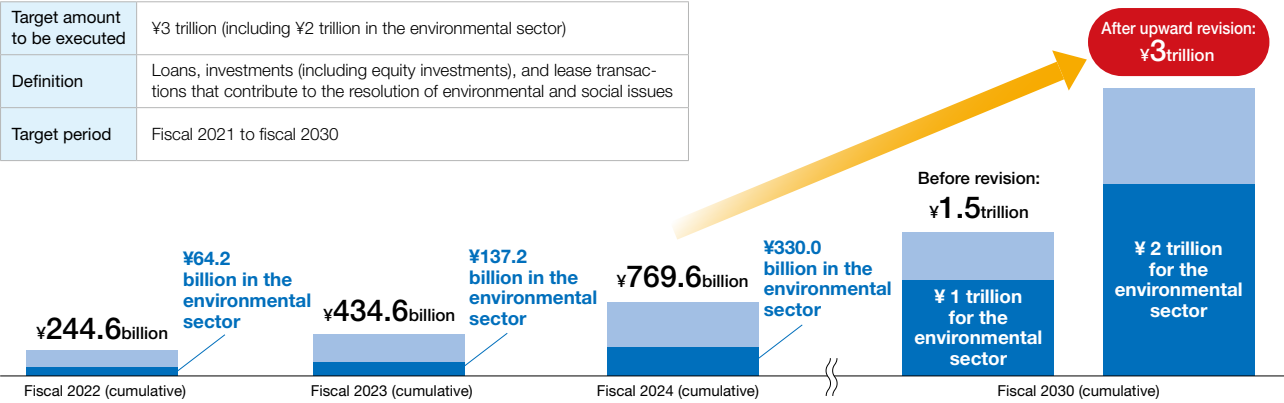
Sustainable Finance Target

In March 2025, the Group revised upward its Sustainable Finance Target (cumulative execution amount of 1.5 trillion yen from fiscal 2021 to fiscal 2030, including 1 trillion yen for the environmental sector), raising the cumulative execution target to 3 trillion yen, including 2 trillion yen for the environmental sector. The entire Group will work together to achieve this target in pursuit of realizing a decarbonized society in our region.

Sustainable Finance Target and Results

Details of target

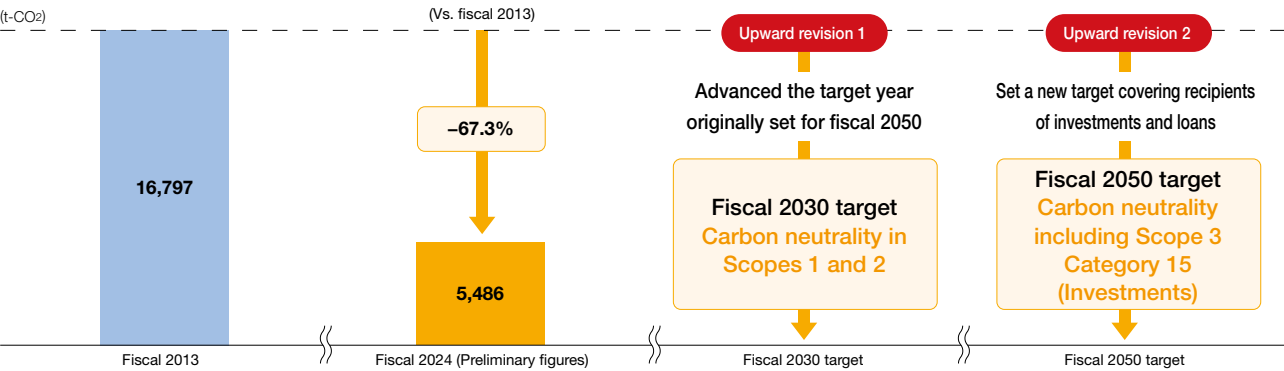
Target amount to be executed	¥3 trillion (including ¥2 trillion in the environmental sector)
Definition	Loans, investments (including equity investments), and lease transactions that contribute to the resolution of environmental and social issues
Target period	Fiscal 2021 to fiscal 2030



CO2 Emissions Reduction Target

In October 2024, the Group revised upward its CO2 Emissions Reduction Target (65% reduction by fiscal 2030 compared to fiscal 2013) and its 2050 Carbon Neutral Declaration, and brought forward the deadline for achieving carbon neutrality (Scopes 1 and 2) within the Group from fiscal 2050 to fiscal 2030. Furthermore, as part of our efforts to actively lead initiatives to realize a decarbonized society across Niigata Prefecture, we also established a new target for achieving carbon neutrality in Scope 3 Category 15 (CO2 emissions from recipients of our investments and loans) by fiscal 2050.

CO2 Emissions Reduction Target and Results



Trends in CO2 Emissions* by Scope

	Fiscal 2013	Fiscal 2022	Fiscal 2023	Fiscal 2024 (Preliminary figures)	Vs. fiscal 2013
Scope1	4,826	3,478	3,109	2,895	-40.0%
Scope2	11,971	7,455	4,320	2,591	-78.3%
Total	16,797	10,933	7,429	5,486	-67.3%

* CO2 emissions by Scope are calculated based on the amount of each type of energy used (electricity, gas, etc.) and CO2 emissions factors (for each fiscal year and company) at each Group company. Scope 2 CO2 emissions are affected by the CO2 conversion factor of electric power (which varies annually depending on the amount of CO2 emitted by electric power companies during power generation). Therefore, even if the amount of electricity used is the same, the amount of CO2 emissions by users varies for each electric power company and fiscal year.

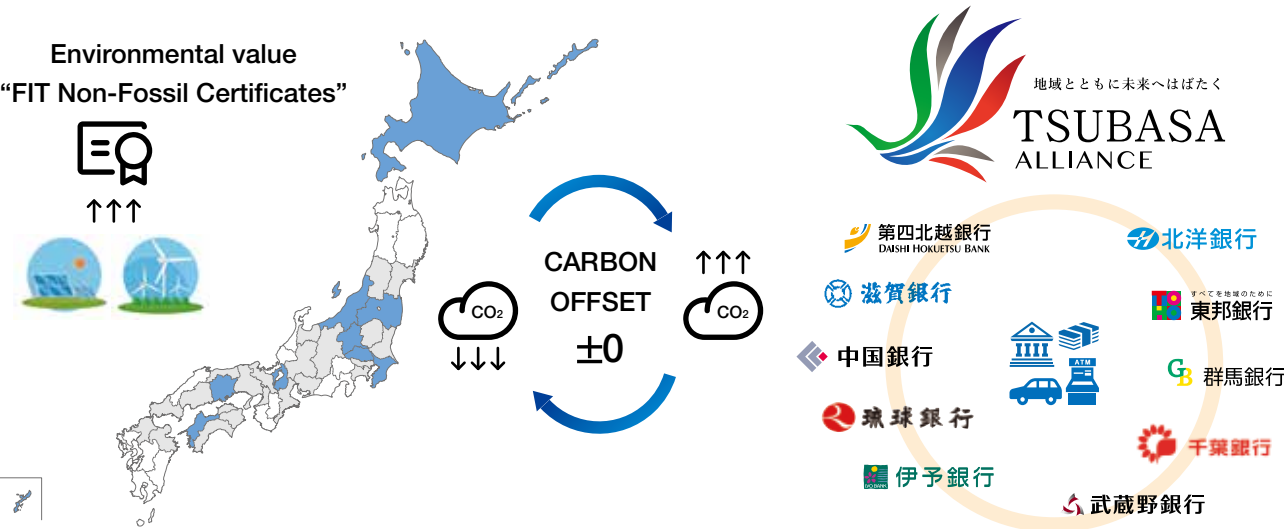
The Group's Sustainability Initiatives

Joint Purchase of FIT Non-Fossil Certificates by TSUBASA Alliance Member Banks

In March 2025, Daishi Hokuetsu Bank, together with other participating banks of the TSUBASA Alliance, purchased FIT Non-Fossil Certificates* generated within each bank's business area.

This initiative was carried out as a collaborative measure among the TSUBASA Alliance participating banks, with the aims of promoting the local production and consumption of environmental value generated within each business area, revitalizing the renewable energy value trading market, and encouraging the broader use of FIT Non-Fossil Certificates.

We purchased 250,000 kWh of FIT Non-Fossil Certificates generated in Niigata Prefecture and used them to offset CO2 emissions from electricity consumption.



* The FIT Non-Fossil Certificate represents the environmental value of electricity generated from non-fossil power sources eligible under the FIT scheme (the Feed-in Tariff program for renewable energy). These sources, such as solar, wind, and biomass, generate electricity without emitting CO2. The certificates can be used to reduce CO2 emissions associated with electricity consumption.

Received “B” score in CDP’s “Climate Change Report 2024”

The Group received a “B” score, the third highest score on the scale under the Climate Change Questionnaire by CDP, a UK-based international environmental non-profit organization.

One of the world's leading ESG evaluation organizations, CDP was established by investors and others that use environmental initiatives as the basis for their investment decisions. Every year, CDP sends out questionnaires to the world's major companies regarding their environmental initiatives, disclosures, and other topics, and, based on their answers, evaluates the respondents using an eight-point scale (A, A-, B, B-, C, C-, D, D-).

A score of “B” is considered to be “management level” and indicates a company that is aware of its environmental risks and their impacts and is taking action.



Obtained Third-Party Assurance of Greenhouse Gas (GHG) Emissions

The Group obtained third-party assurance of its GHG emissions for fiscal 2023 from SCOTEC Certification Japan.

In line with the CO2 emissions reduction target revised upward in October 2024, the Group has been working to reduce the environmental impact arising from its business activities. Looking ahead, we will expand the scope of assurance and, based on the reliable and transparent data ensured through third-party assurance, further strengthen engagement with our customers and contribute to the realization of a decarbonized society.





Sustainability Initiatives

Supporting Corporate Decarbonization Management – GX Consulting Service –

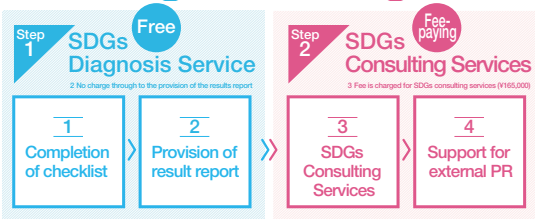
Daishi Hokuetsu Research & Consulting, in collaboration with Sustech Inc., provides the GX Consulting Service, which offers comprehensive support to customers in promoting and realizing corporate decarbonization management. This service utilizes the decarbonization support platform CARBONIX* to provide end-to-end assistance in customers' efforts to realize corporate decarbonization management, from setting GHG (greenhouse gas) emissions reduction targets and developing reduction roadmaps to calculating and reporting GHG emissions on behalf of customers.

* CARBONIX is a calculation tool provided by Sustech Inc. that measures and visualizes customers' GHG emissions.



Assessing Progress Toward Achieving the SDGs – Daishi Hokuetsu SDGs Consulting Service –

Daishi Hokuetsu Bank and Daishi Hokuetsu Research & Consulting offer the "Daishi Hokuetsu SDGs Consulting Service," in order to support efforts to achieve the SDGs in the region. In this service, we diagnose corporate customers' efforts to achieve the SDGs and provide consulting based on the results. We also support customers creating their own SDGs declarations. As of the end of March 2025, we have provided support in a cumulative total of over 4,300 cases since the launch of the service in September 2021.



Held the S-1 Grand Prix (Sustainability No. 1 Grand Prix)

Daishi Hokuetsu Financial Group organized an in-house event, the "S-1 Grand Prix (Sustainability No. 1 Grand Prix)," designed to enhance knowledge and raise awareness of sustainability through a quiz-based competition, while encouraging all employees to work together on sustainability initiatives. Twenty-four teams that advanced from the preliminary rounds competed in the final round held at the Daishi Hokuetsu Hall, demonstrating the results of their daily learning.



Initiatives for biodiversity conservation

Since 2009, the Group has been implementing the "Daishi Hokuetsu's Forest Creation" initiative as part of its environmental conservation efforts through tree planting. This initiative has been carried out in Aga Town, Higashikambara District and Araiama Forest Park, Tainai City, where approximately 4,600 trees have been planted to date. In addition, Daishi Hokuetsu Magokoro Association, a voluntary fundraising organization established by our officers and employees, actively promotes biodiversity conservation as volunteer activities, including the protection of habitats for Japanese Crested Ibis (Nipponia nippon), a nationally designated Special Natural Monument, and habitat surveys of Togeso (Pungitius sinensis)*, an endangered species.

* A freshwater fish about 4–6 cm in length that lives in spring water. Its population has declined drastically with the modernization of agriculture, and it is classified as "Critically Endangered I" in Niigata Prefecture.



Providing Products and Services that Contribute to Local Communities

Contributing to Local Communities through Donation-linked Private Placement Bonds and Loans

Daishi Hokuetsu Bank is focusing on donation-linked private placement bonds, in which a portion of the private placement bond issuance fees received from customers are donated to local governments, educational institutions, etc. In September 2013, Daishi Hokuetsu Bank became the first bank in Japan to begin handling donation-linked private placement bonds, and as of the end of March 2025 donations had been made to 1,075 organizations, bringing the total amount of donations to 220 million yen. In fiscal 2024, we handled various private placement bonds, including one commemorating the inscription of the "Sado Island Gold Mine" as a UNESCO World Cultural Heritage Site and another jointly arranged under the Gunma–Daishi Hokuetsu Alliance. Through these instruments, a total of 6.23 million yen was donated to municipalities and organizations in Niigata Prefecture to support regional revitalization and initiatives for the SDGs.

In addition, through loan products such as Biz-Ecology, under which an amount equivalent to 0.05% of the executed loan amount is donated to municipalities for use in decarbonization projects and other initiatives, we are meeting our customers' funding needs while also supporting regional efforts toward decarbonization.



<SDGs Private Placement Bonds> Donation ceremony of Green & Food Support Private Placement Bonds 3

● Donations through major donation-linked private placement bonds and loans

Name	Donation recipient	Details of donation
Green & Food Support Private Placement Bonds 3 (SDGs Private Placement Bonds)	Niigata Prefecture	1.147 million yen equivalent (food and donations)
Regional Decarbonization Contribution Loan "Biz-Ecology"	Niigata Prefecture	4,056,621 yen (donation)
Sado Island Gold Mine Private Placement Bonds Commemorating World Cultural Heritage Inscription (SDGs Private Placement Bonds)	Sado City	1,025,200 yen (donation)
Regional Decarbonization Contribution Loan "Biz-Ecology"		
Regional Revitalization Personal Loan "Future support loan for employees"	Niigata Prefecture Food Bank Liaison Council and others	2,554,000 yen (donation)

Contributing to Local Communities through Donation-type Investment Trusts

Daishi Hokuetsu Securities offers donation-type investment trusts designed to support the future of Niigata Prefecture, including the Niigata Future Fund (nicknamed Niigata no Kakehashi (Bridge to Niigata), launched in May 2019) and the Niigata Future Global Stock Fund (nicknamed Glocal Niigata, launched in July 2023).

These investment trusts support companies contributing to Niigata's economy by investing part of the funds in Niigata'-related equities, which include listed companies headquartered in Niigata Prefecture. In addition, a portion of the management fees (trust fees) received from customers has been donated jointly with the asset management company to Niigata Prefecture and local welfare organizations to support initiatives for building a sustainable future in Niigata. As of the end of March 2025, the cumulative donation amount from Daishi Hokuetsu Securities and the asset management company totaled approximately 112 million yen.



Donation ceremony to Niigata Prefecture

Donated a Food Loss Reduction Box

In December 2024, as part of its 50th anniversary establishment commemorative project, The Daishi Hokuetsu Lease donated a Food Loss Reduction Box*¹ and its contents to Ronald McDonald House Charities Japan, utilizing a portion of the proceeds from sustainable finance.

The Food Loss Reduction Box was installed at Ronald McDonald House Niigata*², where facility users can receive snacks, packaged meals, and other food items inside the box free of charge.

*¹ self-service box provided by ZERO Co., Ltd. for food items that cannot be distributed through normal channels due to packaging changes and other reasons.

*² A residential facility operated by Ronald McDonald House Charities Japan for children undergoing hospitalization or outpatient treatment and their families. Niigata House opened in October 2022 as the 12th facility in Japan and the first on the Sea of Japan coast.



Donation ceremony to Ronald McDonald House Charities Japan

Corporate Governance Risk Management

Basic Approach to Corporate Governance

In order to achieve sustainable growth and increase corporate value over the medium to long term based on the Group's contributions to the local community through the achievement of our Management Philosophy, the Company has established and disclosed the "Corporate Governance Guidelines" in which its basic approach to corporate governance and related basic policies, etc. are specified.

Basic Policy

In order to obtain high recognition and establish unshakeable trust from stakeholders including customers, local residents, and shareholders, the Group endeavors to improve financial health and profitability, while also striving to augment auditing and supervisory functions for corporate management, as well as to increase the transparency of management activities, based on our recognition that strengthening and enhancing corporate governance is an important management issue.

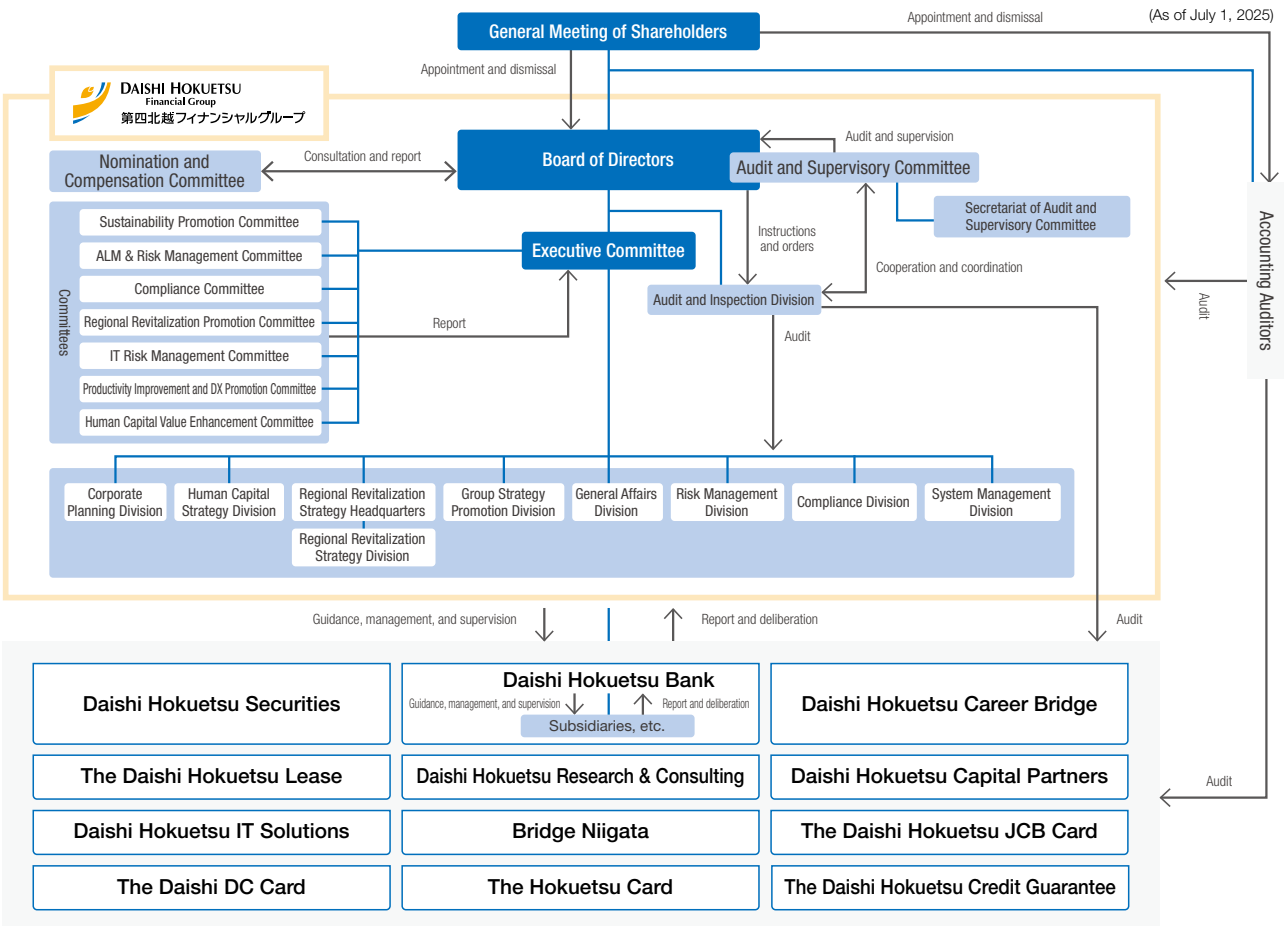
Overview of Corporate Governance Structure

The Board of Directors of the Company is responsible for achieving the Group's sustainable growth and medium- to long-term enhancement of corporate value, in order to obtain high recognition and establish unshakeable trust from stakeholders including customers, local residents, and shareholders. In order to fulfill this responsibility, the Board of Directors makes decisions on basic management matters and important business execution for the Group as a whole, and supervises the status of each Director's execution of their operations.

In addition, the Company has established the Audit and Supervisory Committee, which has a supervisory function, like the Board of Directors, and also audits the execution of operations by directors, and the Executive Committee, which determines matters related to the execution of operations based on the policies of the Board of Directors, manages the execution status of Group management plans and strategies, and resolves and discusses matters delegated by the Board of Directors, as well as the Sustainability Promotion Committee, ALM & Risk Management Committee, Compliance Committee, Regional Revitalization Promotion Committee, IT Risk Management Committee, Productivity Improvement and DX Promotion Committee and Human Capital Value Enhancement Committee.

In addition, the Nomination and Compensation Committee has been established as an advisory body to the Board of Directors, in order to enhance fairness, transparency, and objectivity when considering important matters related to the appointment and dismissal of directors and compensation as well as succession planning, by securing opportunities for outside directors to appropriately participate and provide advice. The important matters described above are determined by the Board of Directors after deliberation and the receipt of a report from the Nomination and Compensation Committee. In the event that the Nomination and Compensation Committee does not reach a unanimous agreement in a resolution on the content of this report, it shall include all arguments in the report to the Board of Directors.

Corporate governance organization chart

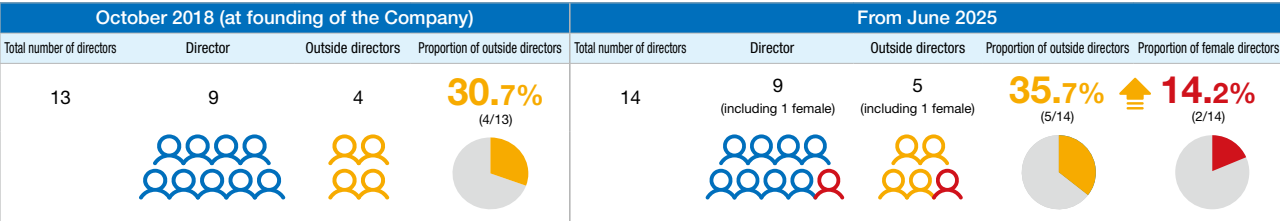


Board of Directors

Chair	President and Representative Director
Composition	Proportion of outside directors 35.7% (5 out of 14)
Number of meetings held in fiscal 2024	12 (once a month, in principle)

*In addition to the above number of meetings of the Board of Directors, there was one written resolution deemed to be a resolution of the Board of Directors pursuant to the provisions of Article 370 of the Companies Act and Article 27, Paragraph 2 of the Articles of Incorporation of the Company.

Proportion of outside directors



Audit and Supervisory Committee

Chair	Full-time Audit and Supervisory Committee Member
Composition	Proportion of outside directors 83.3% (5 out of 6)
Number of meetings held in fiscal 2024	12 (once a month, in principle)

Executive Committee

Chair	President and Representative Director
Composition	Directors (excluding Audit and Supervisory Committee Members)
Frequency of meetings	Three times a month, in principle

Nomination and Compensation Committee

Chair	President and Representative Director
Composition	Proportion of outside directors 71.4% (5 out of 7)
Number of meetings held in fiscal 2024	Three times
Main items deliberated	① Appointment and dismissal of directors ② Selection and dismissal of representative directors ③ Selection and dismissal of directors with special duties ④ Compensation, etc., for directors (excluding Audit and Supervisory Committee Members) (maximum amount of compensation and individual compensation amounts) ⑤ Compensation, etc., for directors (Audit and Supervisory Committee Members) (excluding matters related to allocation of individual compensation amounts) ⑥ Succession Planning ⑦ Extension of the term of the share-based payment plan ⑧ Revision of performance indicators for the performance-linked compensation

Knowledge, Experience, and Ability That the Board of Directors Needs to Be Equipped With

The Company has identified 12 items as knowledge, experience and ability the Board of Directors need to be equipped with, consisting of nine items common to ordinary corporations and three items special to the Company as a regional financial group.

Knowledge, experience, and abilities to be equipped with	
Common to ordinary companies	(1) Corporate management, (2) Management strategy and sustainability, (3) Risk management, (4) HR management, (5) Sales, (6) Management theory, (7) Finance and accounting, (8) Legal affairs, (9) IT systems
Special to a regional financial group	(10) Corporate audit, (11) Market operations, and (12) System administration

The fields in which the internal directors have experience, and the fields in which outside directors are particularly expected to contribute, are shown below. The Board of Directors as a whole has secured necessary skills for the Company to practice management theory and realize the Medium-Term Management Plan.

Name		Fields in which the internal candidates for director have experience (as a corporate officer or general manager in charge, or President of a Group company)							Fields in which the Company's outside directors are particularly expected to contribute				
		②	③	④	⑤	⑩	⑪	⑫	①	⑥	⑦	⑧	⑨
		Management strategy and sustainability	Risk Management	Human resources management	Sales	Company screening	Market operations	Systems and operations	Corporate management	Management theory	Financial accounting	Law	IT and systems
Directors who are not Audit and Supervisory Committee Members	Fujio Namiki	●	●		●	●							
	Michiro Ueguri	●		●	●			●					
	Makoto Takahashi	●	●		●	●		●					
	Ken Shibata	●	●				●						
	Toshiyuki Maki				●								
	Takayoshi Tanaka			●									
	Takashi Ishizaka				●								
Yoshiko Baba			●										
Directors who are Audit and Supervisory Committee Members	Naruhito Hosaka				●								
	Kazuaki Matsumoto	Outside								●			
	Tadashi Shirai	Outside									●		●
	Hiroyuki Kikuchi	Outside										●	
	Akira Sato	Outside							●				
	Miki Kuwahara	Outside							●				

Corporate Governance Risk Management

Evaluation of the Effectiveness of the Board of Directors in Fiscal 2024

The Board of Directors of the Company analyzes and evaluates the effectiveness of the Board of Directors on an annual basis, including the composition and operation of the Board of Directors and the status of the activities of Directors, and works to improve the effectiveness of the Board of Directors by using the PDCA cycle to implement measures to address issues that have been identified.

The effectiveness evaluation in fiscal 2024 was conducted with the aim of ensuring objectivity, with consulting provided by an external organization. In addition to the effectiveness evaluation of the Board of Directors, individual evaluations of each director and effectiveness evaluation by the Nomination and Compensation Committee were also implemented.

The Board of Directors analyzed and evaluated its effectiveness based on a questionnaire developed in consultation with an external organization, in which all directors conducted self-evaluations, and the results of analysis and evaluation by the external organization of such self-evaluations. In the assessment of the Board of Directors, the effectiveness of the Board of Directors as a whole has been ensured, for reasons provided in the following table under <Results of analysis and evaluation in fiscal 2024>.

In fiscal 2025, we consider and implement measures based on the evaluation of effectiveness in fiscal 2024 as part of efforts to further improve the effectiveness of the Board of Directors. Specific policies for these measures are described in the table in the following page <Status of initiatives in fiscal 2024 and policies for initiatives in fiscal 2025>.

Results of analysis and evaluation in fiscal 2024

Details

- Internal directors appropriately fulfill their duties and responsibilities as executive directors or Audit and Supervisory Committee Members by utilizing their extensive experience in each specialized field.
- As Audit and Supervisory Committee Members, outside directors actively speak at meetings of the Board of Directors and provide appropriate advice and supervision based on their own expert knowledge.
- As the business environment surrounding the Company is changing at an accelerated pace and from multiple perspectives, with further increasing complexity and uncertainty, we have taken measures under the supervision of the Board of Directors, with the slogan "Isshi Yuyaku (taking a brave leap under united spirits)" adopted in the 3rd Medium-Term Management Plan started in fiscal 2024, which is positioned as a stage for a leap forward. As a result, we have largely exceeded our consolidated net profit target for fiscal 2024.
- We have also promoted measures for sustainability to overcome our financial issues and environmental and social issues (double materiality) and achieved targets for both sustainable finance execution amount (335.1 billion yen for fiscal 2024) and CO₂ emissions reduction result (-67.3% compared with fiscal 2013) in fiscal 2024. The Group as a whole is steadily promoting measures for sustainability based on the "Basic Sustainability Policy" (established in December 2021), obtaining third-party assurance for our CO₂ emissions as part of our efforts to disclose appropriate information.
- With regard to initiatives related to human capital management, we have established a group-wide human resource management system aimed at putting our management philosophy into practice, identifying "Enhancement of Human Capital Value" as one of our basic strategies in our 3rd Medium-Term Management Plan. We also have positively made efforts to improve the workplace environment and have obtained "Health & Productivity Management Outstanding Organization for 2025" ("White 500" in the large enterprise category), "Sports Yell Company 2025," "Platinum Kurumin Plus Certification," and "Platinum Eruboshi Certification," receiving certain recognition from the government and other organizations for our proactive implementation of health management. "White 500" is a certification that the Company has received for three consecutive years and our subsidiary, Daishi Hokuetsu Bank, has received for eight consecutive years.

TOPICS

Information Exchange Meetings between Outside Directors and the Presidents of Group Companies

The Company is implementing measures to enhance outside directors' understanding of the Group, with the aim of further exercising the functions of outside directors on the Board of Directors and the Nomination and Compensation Committee.

We conducted information exchange meetings between outside directors and the Presidents of Group companies in fiscal 2024.

In the future, we will continue to provide information on the Company's activities and conduct training, etc., to enhance outside directors' understanding of the Group, and thereby strengthen governance by further exercising the functions of outside directors.



Information exchange meeting between outside directors and the Presidents of Group companies

Status of initiatives in fiscal 2024 and policies for initiatives in fiscal 2025

Matter	Fiscal 2024		Fiscal 2025
	Policies for initiatives	Main initiatives	Policies for initiatives
Ensuring the diversity of the Board of Director	<ul style="list-style-type: none">Systematic development of human resources and search for external candidates toward the appointment of women to Directors and management levels; for example, the ongoing implementation of development programs for female employees	<ul style="list-style-type: none">The Company's first female director was elected from within the Company at the 6th Annual General Meeting of Shareholders.Implemented the TSUBASA Cross-Mentor System to train candidates within the Company and the "Empowerment Program for Women" to include employees of Group companies.Implemented Management Training for Female Managers by the Chairman and the President of the Company and the Female Director Development Program, which is the top-level program.	<ul style="list-style-type: none">Developing systematically human resources and search for external candidates toward the appointment of women to Directors and management levels; for example, the ongoing implementation of development programs for female employees, with the goal of achieving a ratio of 30% or more of female directors by 2030."In June 2024, the first female director was selected from within the Company. In addition to the female director within the Company, in June 2025, a female director was selected from outside the Company (the Company's first female outside director).
Continued development of successors	<ul style="list-style-type: none">Development of successor candidates through the implementation of a range of development initiatives that combine the "utilization of internal resources" such as the passing on of knowledge to personnel such as directors by representative directors and the "utilization of external resources," such as the TSUBASA Alliance, external experts, and industry associations, based on "successor development plans"	<ul style="list-style-type: none">Held a training session for Directors and Full-time Audit and Supervisory Committee Members of the Company and Daishi Hokuetsu Bank by the President and Representative Director, following the training session conducted by the Chairman and Representative Director.Held individual meetings to exchange views with outside directors for Directors of the Company.Held study meetings and lectures on topics such as LGBTQ, hostile takeovers, generative AI, and cybersecurity by outside lecturers.	<ul style="list-style-type: none">Continuously developing successor candidates through the implementation of a range of development initiatives that combine the "utilization of internal resources" such as the passing on of knowledge to senior management, including Directors, by the Chairman and President and study sessions among directors, as well as the "utilization of external resources," such as the TSUBASA Alliance, external experts, and industry associations, based on "successor development plans"
Response to issues surrounding sustainability	<ul style="list-style-type: none">Further enhancing the quality of discussions related to sustainabilityPromotion of awareness of sustainability in the FG and local communities led by the Board of DirectorsExpansion and enhancement of sustainability disclosure, including disclosure of information related to climate change and biodiversity as well as human capital information, and improved accuracy of climate change-related figures such as CO₂ emissions	<ul style="list-style-type: none">The Board of Directors received reports on matters discussed by the Sustainability Promotion Committee, such as the status of measures taken for sustainable finance, CO₂ reduction, efforts for enhancement of human capital value, and issues identified and measures taken through such efforts.Based on progress in CO₂ emissions reduction results, moved up the target date for achieving carbon neutrality and revised our goal to achieve carbon neutrality by fiscal 2050, including Scope 3 Category 15.Identified double materiality and included messages from the officer in charge of finance in the integrated report.	<ul style="list-style-type: none">Further enhancing the quality of discussions related to sustainabilityWorking to disclose information in line with the TNFD Recommendations, which we have already endorsed, and actively engaging in the conservation of natural capital and biodiversity, in addition to expanding and enhancing sustainability disclosures, including climate change related information and human capital information based on the TCFD recommendation frame work
Support system for Directors	<ul style="list-style-type: none">Providing timely and appropriate information for appropriately responding to changes in the business environment; for example, hold seminars by external experts on corporate governance focusing on themes such as sustainability, human capital value (including the promotion of women's careers), stock value (e.g., PBR), and capital efficiency (e.g., ROE)	<ul style="list-style-type: none">Held information exchange meetings between outside directors and the Presidents of Group companies to explain the business policies of each Group company for fiscal 2024, as well as provided a lecture by an external lecturer on cybersecurity for outside directors at an information exchange meeting of Audit and Supervisory Committee Members.Explained efforts such as "productivity improvement and DX initiatives" by the General Manager of Business Planning Division at a meeting of the Audit and Supervisory Committee.Outside directors participated in general meetings attended by the Company's officers, the Presidents of Group companies, and managers of Daishi Hokuetsu Bank.	<ul style="list-style-type: none">Enhancing discussions on capital costs and PBR with a view to flexible capital policies and proactive dialogue with shareholders and investorsImproving quality to enhance corporate value through deepening discussions on RORA, RAF, and other issues that contribute to appropriate investment decisions after the transition to FIRB "From the end of March 2025, the method for measuring credit risk in the calculation of the capital adequacy ratio has been shifted from the standardised approach to the Foundation Internal Rating Based Approach.As support for outside directors, expanding the input of peripheral information related to deliberation topics and information on the external environment etc.
Revision of the implementation method of effectiveness evaluation	<ul style="list-style-type: none">Consideration of the use of external organizations (third parties) in the evaluation of the effectiveness of the Board of Directors	<ul style="list-style-type: none">Decided the introduction of consulting provided by an external organization from the effectiveness evaluation in fiscal 2024.All directors conducted self-evaluations based on a questionnaire developed in accordance with the opinions of the external organization.	-
Efforts to further revitalize deliberations	-	-	<ul style="list-style-type: none">With the goal of achieving sustainable growth and enhancing corporate value, systematically setting agenda items for the Board of Directors meetings throughout the year, including the optimization of our business portfolio, allocation of management resources (including human capital), and capital costs to further enhance the quality of discussions at the Board of Directors meetingsEnhancing discussions at the Executive Committee meetings and the Board of Directors meetings to deepen understanding of corporate culture

Corporate Governance Risk Management

Officer Compensation

Outline of Policy for Determining Compensation, etc., for Directors

The amount of officer compensation for each Director of the Company shall be determined each fiscal year based on the following policy, by resolution of the Board of Directors following deliberations and a report by the Nomination and Remuneration Committee for the amount of individual compensation for Directors who are not Audit and Supervisory Committee Members, and by discussion among Directors who are Audit and Supervisory Committee Members for the amount of individual compensation for Directors who are Audit and Supervisory Committee Members.

- Compensation shall be fair and highly reasonable, to ensure accountability to shareholders and other stakeholders.
- Levels of compensation, etc., shall take into consideration levels at other companies, etc., and shall be appropriate to reward the roles and responsibilities of the Group's officers in aiming to become a financial group that contributes to the regional economy and society by achieving sustainable and stable growth through the sincere execution of business operations, etc.
- Compensation for Directors who are not Audit and Supervisory Committee Members shall consist of compensation able to ensure that excellent human resources are retained for the Group's senior management, and that also increases incentives to performance in each fiscal year and increase corporate value over the medium to long term.
- Specifically, compensation for Directors who are not Audit and Supervisory Committee Members shall consist of basic compensation paid according to their roles and responsibilities, and for Directors who are not outside directors, bonuses linked to the degree of achievement of performance indicators for a single fiscal year, and trust-type stock compensation to increase incentives to increase corporate value over the medium to long term.
- Compensation for Directors who are Audit and Supervisory Committee Members shall be limited to basic compensation in consideration of the independence audit and supervisory functions and independence of Directors who are Audit and Supervisory Committee Members.

The Company and the subsidiary banks have the same compensation system. In principle, the amount of compensation for directors who serve concurrently as Directors of the Company and a subsidiary bank, and who are not Audit and Supervisory Committee Members, is the amount obtained by multiplying the amount of compensation of the subsidiary bank where they concurrently serve by a certain percentage.

Officer Compensation System

● Basic Compensation

Classification	Details
Directors who are not Audit and Supervisory Committee Members	It shall consist of fixed monthly compensation. The amount of basic compensation determined for each position shall be determined by the Board of Directors after deliberation and a report by the Nomination and Compensation Committee.
Directors who are Audit and Supervisory Committee Members	It shall consist of fixed monthly compensation. The amount of basic remuneration shall be determined according to whether the director is a full-time or part-time member of the Audit and Supervisory Committee, and shall be determined by discussion among the Directors who are Audit and Supervisory Committee Members.

● Performance-linked Compensation

Bonuses are performance-linked compensation based on business performance in each fiscal year. Payment tables in accordance with target levels of profit and the degree of achievement of those targets are determined each fiscal year by the Board of Directors after deliberation and a report by the Nomination and Compensation Committee. The indicator target amounts and payment tables for fiscal 2025 are as follows.

	Details
Performance Indicators and Reasons for Selecting the Performance Indicators	We adopted indicators related to financial issues and environmental and social issues to overcome double materiality, which will be addressed in the 3rd Medium-Term Management Plan. <Financial issues> Performance indicators consist of consolidated net income attributable to shareholders of the parent company, which is the basis for calculating the shareholder return rate, and core business net profit, which indicates the level of profits from the main businesses of the subsidiary banks, which are our major subsidiaries. <Environmental and social issues> Performance indicators consist of KPIs related to environmental and social issues.
Formula	Bonus = Standard amount of bonus for each position × Performance-linked coefficient
Performance-linked coefficient	Applicability ratio of consolidated net income attributable to shareholders of the consolidated parent company × 0.4 + Applicability ratio of the core business net profit for the subsidiary banks × 0.4 + Achievement ratio of KPIs related to environmental and social issues × 0.2
Application rate	The application rate fluctuates within a range of 70% to 130%, in accordance with the level of achievement of targets for consolidated net income attributable to shareholders of the parent company for the Company and core business net profit for the subsidiary banks. If consolidated net income attributable to shareholders of the parent company for the Company or core business net profit of the subsidiary banks falls below 50% of the target, or the dividend is reduced, the application ratio will be deliberated by the Nomination and Compensation Committee. In addition, the Nomination and Remuneration Committee may deliberate the applicable ratio if it is deemed appropriate to evaluate performance, etc., after eliminating the impact of any factors that occur that should be considered as temporary special factors that could not be expected when the payment table was set, etc.

<Fiscal 2025 target>

Consolidated net income attributable to shareholders of the parent company for the Company of 33.0 billion yen and core business net profit for the subsidiary banks of 41.4 billion yen

Ratio	Consolidated net income attributable to shareholders of the parent company of the Company	Core business net profit for the subsidiary banks	Achievement of KPIs related to environmental and social challenges
130%	42.9 billion yen or more	53.82 billion yen or more	
120%	39.6 billion yen or more and less than 42.9 billion yen	49.68 billion yen or more and less than 53.82 billion yen	To be decided as necessary based on achievement status
110%	36.3 billion yen or more and less than 39.6 billion yen	45.54 billion yen or more and less than 49.68 billion yen	To be decided as necessary based on achievement status
100%	33.0 billion yen or more and less than 36.3 billion yen	41.4 billion yen or more and less than 45.54 billion yen	All 12 KPI indicators achieved
90%	29.7 billion yen or more and less than 33.0 billion yen	37.26 billion yen or more and less than 41.4 billion yen	10 KPI indicators achieved
80%	26.4 billion yen or more and less than 29.7 billion yen	33.12 billion yen or more and less than 37.26 billion yen	9 KPI indicators achieved
70%	Less than 26.4 billion yen	Less than 33.12 billion yen	

KPIs related to environmental and social issues

Environmental and social issues		KPIs	Fiscal 2025 target
E	Active efforts to address environmental issues	CO ₂ emissions reduction rate (vs. fiscal 2013)	(70%) range
		Executed amounts for sustainable finance	1,080.0 billion yen
S	Revitalize regional economy and society by solving community and customer issues	Number of companies supported in business founding and succession	2,950 cases
		Number of DX/productivity improvement support cases	220 cases
		Percentage of business partners with improved management indicators, etc.	75% or more
		Number of companies supported in formulating management improvement plans	430 cases
		Number of digital customers*	620,000 customers
		Assets under custody of the Group	1,587.0 billion yen
		Number of clients supported in sales channel development	820 clients
G	Strengthen relationships of trust with stakeholders by enhancing governance, such as ensuring diversity	Number of companies supported in human resources solution	460 cases
		Proportion of female managers	26.5% or more
		Total number of business partners of the Group	66,000 partners

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

● Non-monetary Compensation

Non-monetary compensation consists of trust-type stock compensation, and the standard amount of compensation is determined for each position by the Board of Directors after deliberation and a report by the Nomination and Compensation Committee.

Points corresponding to the amount of compensation are granted once a year, and shares of the Company and money equivalent to the conversion value of the Company's shares equivalent to the accumulated points is delivered or paid through the trust when both directors (including Directors who are Audit and Supervisory Committee Members) or executive officers of the Company and our subsidiary banks retire.

● Composition Ratios of Compensation

Compensation for Directors who are not Audit and Supervisory Committee Members consists of basic compensation, bonuses, and trust-type stock compensation, which is non-monetary compensation, and standard amounts for each position have been set for each type of compensation. In terms of the composition ratios of compensation, a benchmark of 50:25:25 is generally used for the ratio of basic compensation to bonuses to trust-type stock compensation when the performance-linked coefficient for bonuses is 100%.

Corporate Governance Risk Management

Succession Planning

In order to achieve sustainable growth and increase corporate value over the medium to long term, the Company has formulated a succession plan consisting of “(1) Successor Selection Plan” and “(2) Successor Development Plan” to ensure that the optimal person succeeds to the position of President of the Company.

“(1) Successor Selection Plan” sets forth matters such as a process for selecting candidates for the President and directors of the Company through deliberation by the Nomination and Compensation Committee pursuant to the “ideal profile of the President (directors)” and “qualifications and abilities required of the President (directors)” determined by the committee for the purpose of selecting an optimal person by ensuring fairness, transparency, and objectivity when selecting such candidates.

“(2) Successor Development Plan” sets forth matters such as development policies for acquiring the qualifications and abilities required of the President (directors), development programs utilizing internal and external resources, and methods for evaluating the development status of each candidate.

① Main initiatives based on the “Successor Selection Plan”

- Development evaluation by the President and Representative Director
The President and Representative Director conducts development evaluations to assess the degree of improvement in the qualifications and abilities of future President and director candidates (current directors and executive officers) and identify future challenges, based on the standards of the qualifications and abilities required of the President (directors) established by the Nomination and Compensation Committee, and provides feedback on the evaluation results and development points to each candidate.
- Regular meetings between directors and outside directors
In order to increase opportunities for directors who are candidates for future President to gain insight from outside directors, and to enable outside directors to select an appropriate successor to the President, all directors and outside directors hold regular meetings.
- Meetings between candidates for the President and directors and outside directors
In the process of selecting candidates for the President and directors by the Nomination and Compensation Committee, meetings between such candidates and all outside directors are held to assess the qualifications and abilities of each candidate.

② Main initiatives based on the “Successor Development Plan”

- Development utilizing internal resources**
- Knowledge transfer from former Presidents to future President candidates
Holding monthly training sessions provided by former Presidents with the aim of passing on knowledge to future President candidates.
 - Knowledge transfer from former Presidents to future director candidates
Regularly holding training sessions provided by former Presidents for female managers and general managers, etc. with the aim of passing on knowledge to human resources who will lead the Company in the future.
 - Study sessions among directors who are future President candidates
A monthly study session is held for future President candidates to discuss general management topics such as management theory.
- Development utilizing external resources**
- Holding various training sessions conducted by external lecturers
Various training sessions are held for management by external lecturers on topics such as DE&I and cybersecurity.
- Development through appointment to management positions**
- Appointing executive officers and female managers of subsidiary banks as the Presidents of Group companies
Appointing executive officers and female managers of subsidiary banks who have the potential to become future director candidates as the Presidents of Group companies.
To date, five executive officers of subsidiary banks and five managers of subsidiary banks (including three women), for a total of 10 individuals, have been appointed as the Presidents of Group companies.

Risk Management

Risk Management System

The Group’s basic policy of risk management is to stably secure profits corresponding to risk and plan the appropriate distribution of management resources, as well as to construct a system of mutual checks and balances for the various risks faced by the Group. This is possible by accurately recognizing and ascertaining various risks, engaging in appropriate management and supervision of risks, and auditing these processes related to risks.

Outline of Risk Management System

Based on the above basic policy, the Group has established a Risk Management Division as a supervisory organization that understands and manages risk comprehensively, cutting across organizational boundaries. Furthermore, the Group has established the ALM & Risk Management Committee to comprehensively ascertain and manage the status of ALM and risks throughout the Group, and to contribute to maintaining a healthy Group and increasing profitability by reviewing appropriate response measures, etc. Meetings of the ALM & Risk Management Committee are held regularly and as necessary. Audit and Supervisory Committee Members also attend meetings of the committee. Minutes from meetings of the ALM & Risk Management Committee are reported to the Board of Directors and other entities as appropriate in an to resolve and reform problems related to risk.

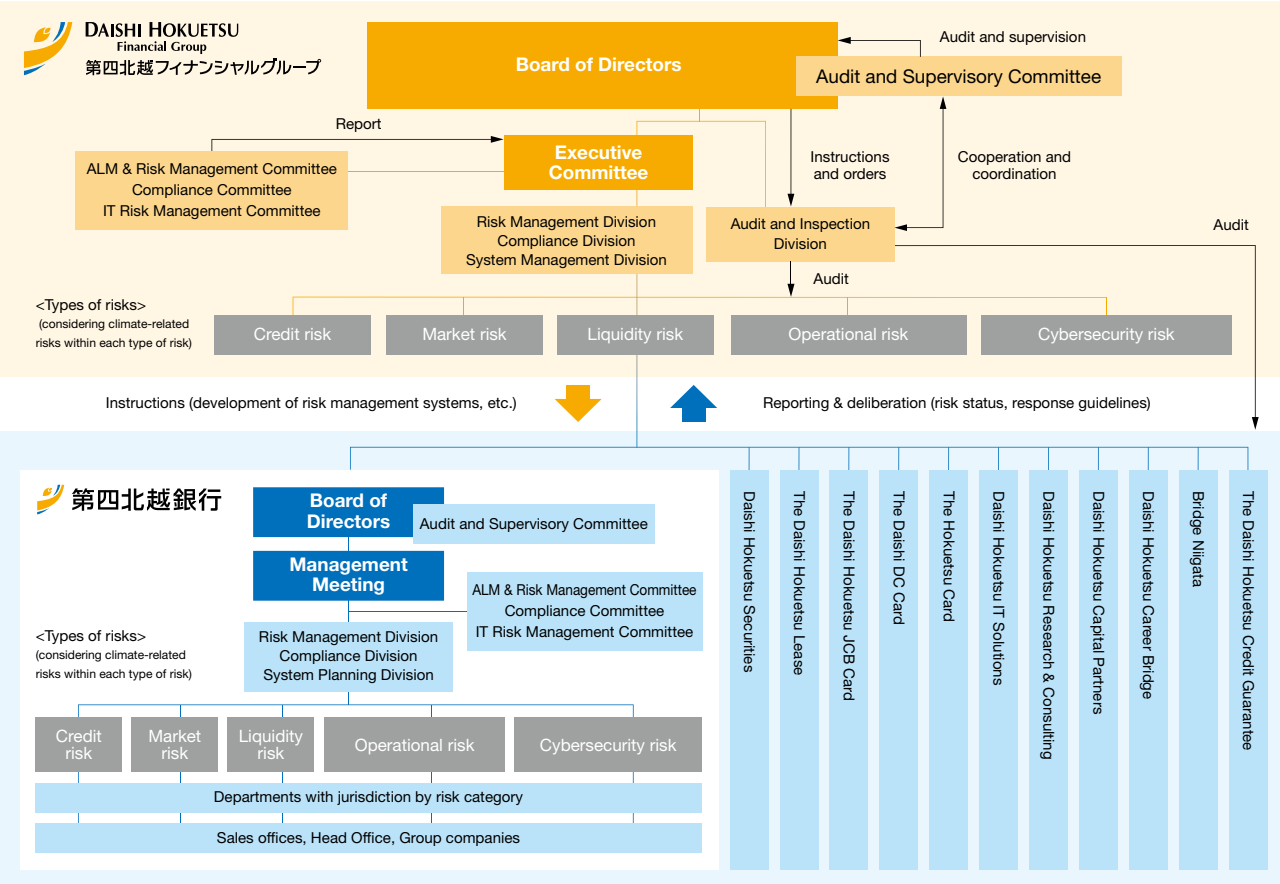
Additionally, the Audit and Inspection Division (Internal Audit Department) is under direct supervision of the Board of Directors and is ensured independence from the department being audited. The Audit and Inspection Division conducts strict audits for overall business, and verifies the appropriateness and effectiveness of internal controls systems.

Under this risk management system, the Group implements risk capital allocation at subsidiary banks in order to maintain healthy business and achieve efficient utilization of capital.

Additionally, the Group anticipates the interruption of business due to unexpected emergencies such as earthquakes and other large-scale disasters, and defines priority business operations, etc., for continuity at Daishi Hokuetsu Bank. The Group has established the Basic Rules for Business Continuity to define timely and accurate management and instructions for the bank, and through such measures, has constructed a risk management system.

● Diagram of risk management system

As of July 1, 2025



Definition of Each Type of Risk and Related Management Systems

● Credit risk

Credit risk is the risk that the value of principal or interest of a loan will decrease or disappear due to bankruptcy, deterioration of credit, etc., at a business partner to whom a bank has lent money, thus resulting in a loss incurred by the bank.

The Group operates and manages credit risk in an appropriate matter based on various rules concerning credit risk management.

At Daishi Hokuetsu Bank, credit divisions, completely detached from sales promoting divisions, conduct strict screening and manage problematic loans appropriately. It also aims for sound management of assets through management improvement support activities to customers, etc., the approach being promoted fully across both banks. Credit rating and self-assessment of loans, etc., is strictly enforced through a two-stage assessment system, one by the sales office and the other by the head office. In addition, the appropriateness and validity of credit rating and self-assessment is verified in the audit conducted by the Audit and Inspection Division.

Regarding the credit portfolio, credit concentration management for specific areas, industries, companies, groups, etc., are conducted in an appropriate manner. Furthermore, credit risk quantification* is being conducted and credit risk limits in line with total equity are being set.

*Credit risk quantification is to digitize and estimate the amount of credit risk involved in the credit portfolio, using statistical methods.

● Market risk

Market risk is the risk that assets and obligations may fluctuate in value due to changes in market factors, thus resulting in a loss incurred by the Group. Such market factors include domestic and foreign interest rates, valuations on securities, and foreign exchange rates.

The Group has established an operation policy for ALM to adjust market risks to an appropriate magnitude and to secure stable income, and determines the risk limits and loss limits in securities operation in line with the policy.

Furthermore, important matters concerning risk management are reviewed in the ALM & Risk Management Committee, and it is prepared to promptly report any important situation that may occur in securities operations to the management.

● Liquidity risk

Liquidity risk is the risk of the Group incurring a loss due to difficulty of securing required funds during financing or being forced to procure funds at an interest rate which is much higher than normal (financing risk). It is also the risk of incurring a loss due to being forced to engage in market transactions at significantly disadvantageous conditions or prices (market liquidity risk).

In the Group, “Liquidity risk management rules” have been established at Daishi Hokuetsu Bank to grasp and analyze the status of financing by the administration division responsible for financing to raise funds from the market as necessary.

In addition, response measures and a reporting and communicating structure have been established in order to respond promptly under various situations, in accordance with the degree to which funds are required in unforeseen circumstances.

Corporate Governance Risk Management

● Operational risk

Operational risks occur when the Group's business procedures, actions of directors or employees, or systems operations are inappropriate or fail to function, or when other external factors occur resulting in a loss incurred by the bank. Based on risk factors, the Group categorizes and manages the following types of risk: administrative risk, systems risk, information-security risk, compliance risk, human-error risk, tangible-asset risk, outsourcing risk, reputation risk, and other risks.

In the Group, in order to manage operational risk appropriately, the Compliance Division (a management supervisory organization) conducts activities such as making proposals on important matters related to operational risk management, accepting reports on operational risks from subsidiary banks and monitoring those risks, and verifying/improving the efficacy of management systems for operational risks.

● Cybersecurity risk

Cybersecurity risk is the risk that the Group will incur a loss as the result of threats on the Group's cybersecurity from cyberattacks. In order to strengthen our response to cybersecurity risk, the Group has established "Cybersecurity Management Regulations" and has implemented measures based on the Basic Policy for Cybersecurity Management, and has formulated response manuals for different types of cyberattacks. We also take measures such as the advance prevention and predictive management of cybersecurity incidents.

Under the system for cybersecurity management, the Board of Directors formulates a policy and plan for cybersecurity management, and the Board of Directors and the Executive Committee receive reports from the departments in charge and give instructions as necessary.

Also, the IT Risk Management Committee deliberates on the consideration and implementation of specific countermeasures against cyberattacks. In the event of a cyber security incident or any other such incident, the "In-house CSIRT," which is composed of members of the IT Risk Management Committee and other persons deemed necessary by the Cybersecurity Management Officer, investigates the impact and causes, and considers and implements recovery measures, with the entire Group taking emergency measures.

<Other major risks>

● Risks related to external factors (conflicts, international disputes, tariff policies, etc.)

The escalation and prolongation of conflicts in the Middle East and Ukraine, the introduction of mutual tariffs by the Trump administration in the United States, and other factors may lead to a deterioration in corporate earnings and turmoil in financial markets. These factors could result in an increase in credit-related expenses, appraisal loss or impairment loss on assets held, and a decline in liquidity for the Group. We have a system in place where any important situations will be promptly reported by the ALM & Risk Management Committee to the management.

● Sustainability-related risks

The concept of sustainability, which aims to achieve economic and corporate growth while maintaining or improving the environment and society, has become widely accepted throughout society, and the importance of initiatives in this area is rapidly increasing both in Japan and overseas. If these efforts are insufficient, there is a possibility that the Group's business results and financial position may be adversely affected by a loss of trust from customers and the market, etc. In fiscal 2021, the Group formulated the "Basic Sustainability Policy" under the Sustainability Promotion Committee and is working as a whole to promote sustainability initiatives aimed at solving environmental and social issues facing the region.

● Risks related to financial crimes

The Group takes measures to strengthen security in order to prevent damage caused by financial crimes such as wire transfer fraud and cash card forgery or theft. In addition, we have positioned anti-money laundering and combating the financing of terrorism as important management issues and are working to strengthen our group-wide management systems.

Business Continuity

In the event of a crisis, such as a disaster (natural disaster, epidemic, etc.) or an accident (power failure, system failure, etc.), the Company's basic policy, based on our role as a regional financial institution group, is to prioritize ensuring the safety of customers, officers and employees of the Group, their families, and others above all else. At the same time, by continuing our business operations, we will endeavor to avoid any impact on the settlement system, and to protect the assets and management resources of customers and the Group.

In addition, we have established standards of conduct, organizational systems, etc., for officers and employees of the Group in the event of a crisis. In order to ensure the effectiveness of these measures, we conduct regular drills during peacetime and report the results to the Board of Directors, thereby verifying any issues and points for improvement in the business continuity system.

Compliance

● Basic Policy on Compliance

The basic policy of the Company is that we work to develop and establish a compliance system for maintaining trust in the Group, and for ensuring the health and appropriateness of our business. At the same time, all directors and employees in the Group always act in accordance with our Management Philosophy, and recognize the social responsibility and public mission that must be fulfilled by our Group. Furthermore, all directors and employees understand and follow the code of conduct regulated by the Japanese Bankers Association.

● Compliance System

The Group has established the Compliance Division as a department for overseeing compliance. The division engages in activities such as formulating compliance-related measures and monitoring the status of compliance in the Group. In addition, the Group holds meetings of a Compliance Committee, which is connected directly with management, once a month, in principle. The Committee deliberates matters such as the status of compliance management in the Group, and works to develop and establish compliance systems for the Group as a whole.

Furthermore, as a plan for practicing business operations that place the utmost priority on compliance, based on the Company's Management Philosophy, we formulate a "Compliance Program" for each fiscal year, by resolution of the Board of Directors, and the Board of Directors regularly manages and evaluates the progress of the program.

● Initiatives to Instill and Establish Compliance Awareness

Within the Group, the President and other officers utilize various opportunities to provide explanations of the Management Philosophy and business operations that place the utmost priority on compliance, including meetings to exchange dialogue with employees. In addition, we also implement initiatives aimed at instilling and establishing an awareness of compliance through various group training programs, e-learning, compliance seminars held at each department and branch, and other measures. In addition, we are taking steps to identify the status of the instillation of compliance at each Group company and enhance initiatives aimed at strengthening the early discovery and control of issues, while also endeavoring to ensure the effectiveness of compliance systems through monitoring by the Company's Compliance Division and verification by the Audit and Inspection Division.

● Internal Reporting System (Opinion Box)

The Company has established an internal reporting system (Opinion Box) that enables officers and employees of the Group to receive opinions, proposals, and requests that contribute to management, as well as reports of violations of laws and regulations, etc. The contact points for reports are the Compliance Division and the Audit and Supervisory Committee of the Company. In order to protect whistleblowers, information is thoroughly managed, and a system has been developed to ensure that whistleblowers are not treated disadvantageously for the reason of having submitted a report.

Matters such as the content of reports submitted via this system and the results of responses are reported to the Board of Directors on a regular basis.

● Cutting Relations with Organized Crime

The Group has established the "Basic Policy on Organized Crime" to block any relationship with organized crime, i.e., groups and individuals who pursue economic interests using violence, force, and fraud.

We will work in closer cooperation with external organizations with professional expertise, such as the police and lawyers, and will not engage in backroom deals with these elements nor provide them with inappropriate favors or funds.

Furthermore, we have established a system through which the organization as a whole will deal with elements that pose a threat to social order and safety. This involves taking a decisive stance of cutting off all relations and using both civil and criminal legal measures to deal appropriately with any unreasonable demands.

● System for Preventing Money Laundering, etc.

The Group recognizes that the prevention of money laundering and terrorist financing, proliferation finance that provides funds for weapons of mass destruction, etc., and transactions that violate economic sanctions (hereinafter "money laundering, etc.") are some of the most important responsibilities for a financial institution to perform. Accordingly, we deem them important in terms of business strategy, and we are implementing systematic measures in line with the "Basic Policy on Countermeasures against Money Laundering and Terrorist Financing, Etc."

In the Company, the officer in charge of the Compliance Division is responsible for overseeing measures to combat money laundering, and the Compliance Division oversees these efforts. The Group has a system in place to centrally manage measures against money laundering, etc. throughout the Group as a whole, and the status of the management of these measures is regularly reported to the Compliance Committee, the Board of Directors, etc.

In addition, at Group companies, including Daishi Hokuetsu Bank, we have appointed persons responsible for these efforts from among their respective officers, and have also established departments to oversee these efforts. In order to prevent money laundering, etc. as well as to protect customers' assets from various financial crimes, such as specialized fraud, the Group is mainly implementing the following measures.

- Identification and assessment of risks associated with the use of goods, services, etc., for money laundering, etc., and the implementation of risk-mitigation measures in accordance with the nature of these risks
- Introduction of various IT systems to properly manage risks associated with money laundering, etc.
- Regular confirmation and updating of customer information in accordance with the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" formulated by the Financial Services Agency
- Proactive appeals to customers to protect their assets from financial crimes, such as specialized fraud
- Ongoing education and training for all Group officers and employees

In November 2023, amid growing international demand, we established the "TSUBASA-AML Center, Ltd.," a joint venture with The Chiba Bank, The Chugoku Bank, and Nomura Research Institute, Ltd., which are among the banks participating in the TSUBASA Alliance.

The company jointly conducts planning and research operations to enhance measures against money laundering and terrorist financing. At the same time, starting in fiscal 2025, it has introduced, and started joint operations of, a joint system that combines the extensive knowledge and experience of Daishi Hokuetsu Bank, The Chiba Bank, The Chugoku Bank, and North Pacific Bank with the advanced financial IT solutions of Nomura Research Institute, Ltd.

● Customer-Oriented Business Operations (Fiduciary Duty)

Daishi Hokuetsu Bank and Daishi Hokuetsu Securities have been conducting customer-oriented initiatives in the asset management advice business in accordance with our "Basic Policy on Customer-oriented Business Operations" and "Action Plan," which the Company announced in June 2019. All our officers and employees will continue to work for the best interests of our customers, contributing to their stable asset building by proposing appropriate products and services that meet their investment objectives and life cycles, and by providing easy-to-understand information.

In addition, we will periodically announce the status of our initiatives, and review our basic policies and action plans as needed to achieve better business operations.

Status of Initiatives and Key Performance Indicators (KPIs) under the Basic Policy

The "Basic Policy on Customer-oriented Business Operations," "Action Plan," and the status of initiatives and key performance indicators (KPIs) for fiscal 2024 are posted on the Company's website.
<https://www.dhfg.co.jp/other/fiduciary/>



● Matters Related to the Internal Control System

The Company has established the "Basic Policy on Internal Controls" by resolution of the Board of Directors and we are working to enhance its effectiveness, in order to develop a "systems to ensure the properness of operations" at the Company and Group companies. Going forward, in order to respond appropriately to changes in the business environment, we will continue to strengthen and enhance our internal control systems by continuously reviewing these systems.

Corporate Governance Report

For details of the Company's basic approach to internal control systems and the status of their development, please refer to the "Corporate Governance Report" posted on the Company's website.
[https://www.dhfg.co.jp/esg/governance/\(in Japanese only\)](https://www.dhfg.co.jp/esg/governance/(in Japanese only))



Communication with Stakeholders

The Company builds relationships of trust through frequent communication with many stakeholders, including local communities, customers, employees, shareholders, and investors. In addition, in order to ensure the soundness and transparency of our management, we actively engage in disclosure activities to create an understanding of the status of the Company's management, sustainability initiatives, and other matters.

Communication with Regional Society

Initiatives for Next Generation Development

Daishi Hokuetsu Bank has been actively engaged in financial education activities to support the healthy development of children in the community. In addition to offering on-site classes tailored to the needs of local schools, the Bank launched the "Daishi Hokuetsu Academy" in the fiscal year ended March 2014, providing opportunities for children to interact with professionals and experts from various fields.

In addition, since 1962, Daishi Hokuetsu Bank has granted non-repayable scholarships to young people with outstanding academic records who are unable to attend university for financial reasons.



Activities at the Daishi Hokuetsu Academy

Total participants in the financial education activities (cumulative) **16,642 people** FY2024

Number of students granted scholarships **1,336 people** As of July 31, 2025

Donations for Community Contribution

The Company makes a variety of donations to contribute to the local community. In September 2024, following the designation of the "Sado Island Gold Mine" as a UNESCO World Cultural Heritage Site, the Company donated 5 million yen to Niigata Prefecture to support the promotion of tourism in Sado and contribute to the prefecture's economic development. In December 2024, the Company donated 5 million yen to the Hokuriku Four Prefectures (Niigata, Fukui, Ishikawa, and Toyama) Joint Project "Ashinaga Santa 2024—Not Alone—" to support single-parent households facing economic hardship, as well as child-rearing families living under difficult conditions due to earthquakes and heavy rains.



Presentation Ceremony for "Ashinaga Santa 2024—Not Alone—"

Initiatives to Promote Sports and Culture

Daishi Hokuetsu Bank is actively involved in the promotion of local sports, and has sponsored the "Healthy Daishi Hokuetsu Bank Cup Volleyball Tournament for Niigata Prefecture Elementary School Students" since 1989, and the "Daishi Hokuetsu Bank Battle of the Flags Youth Baseball Tournament" since 1999, while also providing support for local sports clubs.

In order to promote music and artistic culture, Daishi Hokuetsu Bank also holds events such as the Daishi Life-Up Concert and solo Rakugo performances to provide high-quality music, traditional performing arts.



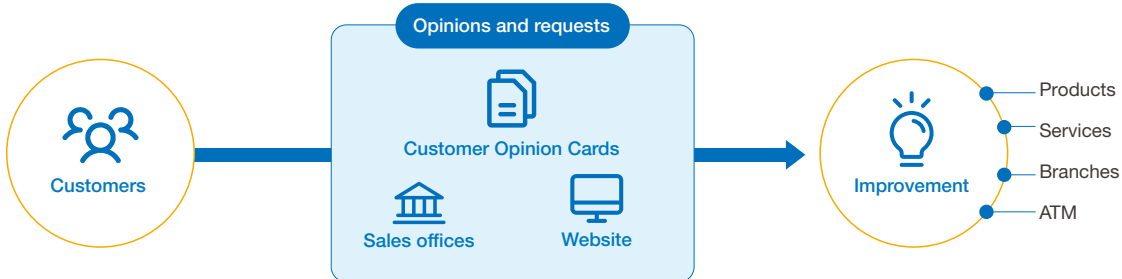
Scene from the "Chokaroh Momoka Solo Performance"

Volunteer activities by the Daishi Hokuetsu Magokoro Association

Daishi Hokuetsu Bank engages in volunteer environmental protection activities and donates to environmental protection and social welfare groups in Niigata Prefecture through the Daishi Hokuetsu Magokoro Association, an organization operated through voluntary participation and donations from executives and employees. (For details of volunteer activities, see P.61)

Communication with Customers

Daishi Hokuetsu Bank works to improve services by sharing opinions and requests received from customers through dialogue at counters, etc., in the head office and branches, "Customer Opinion Cards" placed on counters at sales offices, the website, call centers, etc.



Communication with Employees

The Group regularly holds briefing sessions conducted by the President for managers and younger employees, as well as dialogue sessions between executives and employees, in order to further promote understanding of the management philosophy and the Medium-Term Management Plan. The Group also regularly conducts employee awareness surveys, through which its "Employee Engagement Total Score" improved from the previous year and was evaluated by external organizations as being at a favorable level. (Details P.44)



President's briefing session for young employees

Communication with Shareholders and Investors

In order to contribute to sustainable growth and the improvement of medium- to long-term corporate value, the Company continuously carries out various investor relations (IR) activities and shareholder relations (SR) activities, and promotes constructive dialogue with shareholders and investors by striving to disclose information in an easy-to-understand manner through the Company's website and the Integrated Report. Please refer to videos of company briefing sessions and related materials on the Company's website.

Company Briefing Materials

<https://www.dhfg.co.jp/financial/ir/session/>



Results of Main Activities (Fiscal 2024)

Activity	Number of times	Participants	Parties for dialogue
Annual General Meeting of Shareholders	1	President, Directors, and Audit and Supervisory Committee Members	Individual and corporate shareholders, etc.
Company briefing session for institutional investors (Large IR)	2	President, Managing and Representative Director (in charge of Finance), and Directors	Institutional investors, etc.
Company briefing session for institutional investors (Small IR)	2	President	Analysts, etc.
Company briefing session for individual investors (IR)	1	Managing and Representative Director (in charge of Finance)	Individual shareholders
Individual meetings with analysts and institutional investors (IR)	10	Managing and Representative Director (in charge of Finance) and Corporate Planning Division	Analysts, etc.
Individual meetings with institutional investors (SR)	40	Managing and Representative Director (in charge of Finance) and Corporate Planning Division	Institutional investors, etc.

Opinions and other information obtained through dialogue with shareholders and investors are appropriately fed back to the management team and the Board of Directors, and are reflected in various initiatives aimed at improving the Company's corporate value.

Major Initiatives Reflecting the Opinions of Shareholders and Investors

Details	Timing of determination and publication	Overview
Review of the shareholder return policy	November 2024	Increase in dividend payout ratio and dividend growth
Review of the 3rd Medium-Term Management Plan	March 2025	Upward revision of the 3rd Medium-Term Management Plan
Reduction of cross-shareholdings	March 2025	Formulation of market value-based reduction targets
Ensuring diversity	June 2025	Appointment of female Directors from outside the Company
Enhancement of the content of the Integrated Report	August 2025	Enhancement of sustainability-related disclosures and inclusion of target values for the Employee Engagement Total Score

Shareholder Benefits System

As part of its shareholder return policy, the Company has introduced a shareholder benefits system since its establishment in 2018. On the occasion of the stock split on October 1, 2024, the Company presents shareholders holding 100 shares or more but less than 200 shares with a gift of local Niigata products (an assortment of rice crackers). In addition, shareholders holding 200 shares or more may choose their preferred item from either a catalog featuring Niigata specialty products and various donation courses, or a catalog, jointly prepared under the Tsubasa Alliance, featuring specialty products from the prefectures where the Alliance banks are located. The Company will continue striving to enhance the program so that shareholders can enjoy it in the years to come.

Applicable Shareholders	Shareholders who have continuously owned at least 100 shares (1 unit) for at least one year (the same shareholder number is listed continuously at least 3 times in the shareholder registry as of March 31 and September 30 of each year), with March 31 as the date of record shall be applicable.
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Amount of Gift

Number of Shares Owned	Amount
100 shares to less than 200 shares	Equivalent to 1,000 yen
200 shares to less than 2,000 shares	Equivalent to 2,500 yen
2,000 shares or more	Equivalent to 6,000 yen





List of Executives

Directors (As of June 25, 2025)



Chairman
Fujio Namiki

Brief career summary, positions and responsibilities

April 1975	Joined The Daishi Bank, Ltd.
August 1998	General Manager, Kashiwazaki Minami Office
February 2000	General Manager, Business Development Division
February 2002	General Manager, Tsubame Office
June 2004	General Manager, Sanjo Office and General Manager, Sanjo Minami Office
June 2005	Director, General Manager, Sanjo Office
June 2006	Director stationed in Joetsu/General Manager, Takada Office
April 2007	Director and Executive Officer stationed in Joetsu/General Manager, Takada Office

April 2008	Managing Director, General Manager, Business Headquarters
June 2011	Senior Managing Director (Representative Director)
June 2012	President (Representative Director)
October 2018	President and Representative Director, the Company
January 2021	President (Representative Director), Daishi Hokuetsu Bank, Ltd.
April 2021	Chairman and Representative Director, the Company
June 2024	Chairman, Supervision (current position)



President and Representative Director
Michiro Ueguri

Brief career summary, positions and responsibilities

April 1986	Joined The Daishi Bank, Ltd.
April 2008	General Manager, Kashiwazaki Minami Office
June 2012	General Manager, Planning Coordination Division
June 2015	General Manager, Tokyo Office, and Chief Representative, Tokyo Representative Office
June 2016	Executive Officer, General Manager, Tokyo Office, and Chief Representative, Tokyo Representative Office
April 2017	Executive Officer and General Manager, Group Strategy Planning Division
June 2017	Director, Executive Officer and General Manager, Group Strategy Planning Division
June 2018	Managing Director

October 2018	Director, the Company
April 2021	President and Representative Director, the Company
	President (Representative Director), Daishi Hokuetsu Bank, Ltd.
June 2024	President and Representative Director, Chairman of Board of Directors, in charge of Supervision/Audit and Inspection Division, the Company (current position)
	President (Representative Director), Chairman of Board of Directors, in charge of Supervision/Secretariat Division/Audit and Inspection Division, Daishi Hokuetsu Bank, Ltd. (current position)



Senior Managing and Representative Director
Makoto Takahashi

Brief career summary, positions and responsibilities

April 1985	Joined The Hokuetsu Bank, Ltd.
July 2009	General Manager, Gosen Office
June 2013	General Manager, Loan Division
June 2015	General Manager, Business Supervision Division
June 2017	Director, General Manager, General Planning Division
June 2018	Managing Director, General Manager, General Planning Division
October 2018	Director, the Company
January 2021	Managing Director, General Manager, Operation Headquarters, Daishi Hokuetsu Bank, Ltd.

June 2023	Representative Director and Senior Managing Director in charge of Risk Management Division (currently Risk Management Division and Compliance Division)/Systems Operation Administration Division (currently Systems Management Division and Administration Division), the Company (current position)
	Senior Managing Director (Representative Director), General Manager, Operation Headquarters, in charge of Administration Management Division/System Planning Division/Operation Centralization Division/Operation Support Division/Risk Control Division (currently Risk Management Division and Compliance Division), Daishi Hokuetsu Bank, Ltd. (current position)



Managing and Representative Director
Ken Shibata

Brief career summary, positions and responsibilities

April 1989	Joined The Daishi Bank, Ltd.
February 2011	General Manager, Tsubame Minami Office
June 2015	General Manager, Planning Coordination Division
June 2018	Director and Executive Officer, General Manager, Planning Coordination Division
October 2018	General Manager, Business Planning Division, the Company
June 2020	Director, General Manager, Corporate Planning Division, the Company
	Managing Director, General Manager, Planning Coordination Division, The Daishi Bank, Ltd.

January 2021	Director, the Company
	Managing Director, Daishi Hokuetsu Bank, Ltd.
June 2023	Senior Managing Director (Representative Director), in charge of Planning Coordination Division/Tokyo Representative Office and Treasury and Capital Markets Division, Daishi Hokuetsu Bank, Ltd. (current position)
June 2024	Representative Managing Director, in charge of Corporate Planning Division/Group Strategy Promotion Division and Treasury and Capital Markets Division, the Company (current position)

Directors (As of June 25, 2025)



Director
Toshiyuki Maki

Brief career summary, positions and responsibilities

April 1990	Joined The Daishi Bank, Ltd.
June 2015	General Manager, Kameda Office
June 2017	General Manager, Sanjo Office and General Manager, Sanjo Higashi Office
June 2018	Executive Officer and General Manager, Consulting Promotion Division
October 2018	General Manager, Business Planning Division, the Company
June 2019	Director, Executive Officer and General Manager, Consulting Promotion Division, The Daishi Bank, Ltd.
June 2019	Director, Executive Officer and General Manager, Business Headquarters
June 2020	Managing Director, General Manager, Business and Regional Revitalization Headquarters
January 2021	Senior Managing Executive Officer and General Manager, Business and Regional Revitalization Headquarters, Daishi Hokuetsu Bank, Ltd.
April 2021	General Manager, Regional Revitalization Division, the Company

June 2021	Director, General Manager, Regional Revitalization Headquarters and General Manager, Regional Revitalization Division
	Managing Director and General Manager, Business Headquarters, Daishi Hokuetsu Bank, Ltd.
June 2023	Director, General Manager, Regional Revitalization Headquarters, the Company
June 2024	Senior Managing Director (Representative Director), General Manager, Business Headquarters, Daishi Hokuetsu Bank, Ltd.
July 2024	Senior Managing Director (Representative Director), General Manager, Business Headquarters, and General Manager, Tokyo Business Headquarters, in charge of Consulting Division and Business Development and Planning Division, Daishi Hokuetsu Bank, Ltd.
June 2025	Director, General Manager, Regional Revitalization Strategy Headquarters, in charge of Regional Revitalization Strategy Division, the Company (current position)
	General Manager, Regional Revitalization Business Headquarters, General Manager, Business Headquarters, and General Manager, Tokyo Business Headquarters, in charge of Regional Strategy Division, Daishi Hokuetsu Bank, Ltd. (current position)



Director
Takayoshi Tanaka

Brief career summary, positions and responsibilities

April 1987	Joined The Daishi Bank, Ltd.
February 2009	General Manager, Nagaoka Shiyakushomae Office
February 2011	General Manager, Gosen Office
June 2013	General Manager, Tokamachi Office
June 2015	General Manager, Human Resources Division
June 2017	Executive Officer, General Manager, Human Resources Division
October 2018	General Manager in charge of Personnel Planning Division, the Company
June 2019	Director and Executive Officer, General Manager, Human Resources Division, The Daishi Bank, Ltd.
June 2020	Managing Director, General Manager, Head Office Business Division, and Manager, Niigata Airport Sub-office, The Daishi Bank, Ltd.

January 2021	Senior Managing Executive Officer, General Manager, Head Office Business Division and Manager, Niigata Airport Sub-office, Daishi Hokuetsu Bank, Ltd.
June 2021	Director, the Company
	Managing Director, General Manager, Head Office Business Division, and Manager, Niigata Airport Sub-office, Daishi Hokuetsu Bank, Ltd.
June 2023	Director in charge of Personnel Planning Division (currently Human Capital Strategy Division) and General Affairs Division, the Company (current position)
	Managing Director, in charge of General Affairs Division and Deputy in charge of Personnel Division, Daishi Hokuetsu Bank, Ltd. (current position)



Director
Takashi Ishizaka

Brief career summary, positions and responsibilities

April 1986	Joined The Hokuetsu Bank, Ltd.
October 2007	General Manager, Yoshida Office
June 2009	General Manager, Ichinokido Office
April 2014	General Manager, Niitsu Office
April 2017	General Manager, Solution Business Division
October 2018	General Manager in charge of Business Planning Division, the Company
April 2019	General Manager, Business Supervision Division, The Hokuetsu Bank, Ltd.
June 2019	Executive Officer, General Manager, Business Supervision Division
January 2021	Executive Officer, Deputy General Manager, Business Headquarters, Daishi Hokuetsu Bank, Ltd.
June 2021	Deputy General Manager, Regional Revitalization Headquarters, and General Manager in charge of Regional Revitalization Division, the Company
	Executive Officer, Deputy General Manager, Business Headquarters, and General Manager, Business Headquarters, and General Manager, Business Development and Planning Division, Daishi Hokuetsu Bank, Ltd.

October 2021	President and Representative Director, Daishi Hokuetsu Capital Partners, Co., Ltd.
June 2023	Director, Deputy General Manager, Regional Revitalization Headquarters, and General Manager, Regional Revitalization Division, the Company
	Managing Director, Deputy General Manager, Business Headquarters, and General Manager, Business Development and Planning Division, Daishi Hokuetsu Bank, Ltd.
June 2024	Managing Director, Deputy General Manager, Business Headquarters, Deputy in charge of Consulting Division and Business Development and Planning Division
June 2025	Director, Deputy General Manager, Regional Revitalization Strategy Headquarters, Deputy in charge of Regional Revitalization Strategy Division, the Company (current position)
	Managing Director, Daishi Hokuetsu Bank, Ltd.
	Deputy General Manager, Business Headquarters, and Deputy General Manager, Tokyo Business Headquarters, in charge of Consulting Division and Business Development and Planning Division (current position)



List of Executives

Directors (As of June 25, 2025)



Director
Yoshiko Baba

Brief career summary, positions and responsibilities

April 1991	Joined The Daishi Bank, Ltd.
February 2016	General Manager, Inada Office
May 2019	President and Representative Director, Daishi Hokuetsu Career Bridge Co., Ltd.
June 2022	Executive Officer, Daishi Hokuetsu Bank, Ltd.
June 2023	Director, General Manager, Minami Niigata Office, Daishi Hokuetsu Bank, Ltd.
June 2024	Director, the Company
June 2025	General Manager, Human Capital Strategy Division, the Company (current position) Director, General Manager, Personnel Division, The Daishi Bank, Ltd. (current position)



Director (Audit and Supervisory Committee Member)
Naruhito Hosaka

Newly appointed

Brief career summary, positions and responsibilities

April 1986	Joined The Daishi Bank, Ltd.	January 2021	Executive Officer, General Manager, Tokyo Branch, Daishi Hokuetsu Bank, Ltd.
June 2006	General Manager, Ubagayama Office	June 2021	Executive Officer, General Manager, Takada Main Office, General Manager, Takada Chuo Branch, and Manager, Honmachi Sub-office
April 2008	General Manager, Inada Office	June 2023	Director (Audit and Supervisory Committee Member)
June 2013	General Manager, Naoetsu Office	June 2025	Director (Audit and Supervisory Committee Member), the Company (current position)
February 2016	General Manager, Shibata Office		
June 2017	Executive Officer, General Manager, Nagaoka Main Office		
June 2019	Executive Officer, General Manager, Tokyo Office		

Outside directors (As of June 25, 2025)



Director (outside) Audit and Supervisory Committee Member
Kazuaki Matsumoto

Brief career summary, positions and responsibilities

April 2011	Part-time Lecturer, Graduate School of Business Administration, Meiji University (current position)
April 2012	Professor, Department of Management, Faculty of Economy and Management, Nagaoka University
April 2017	Professor, Department of Economy and Management, Faculty of Economy and Management, Nagaoka University
October 2018	Outside Director (Audit & Supervisory Committee Member), the Company (current position)
April 2019	Professor, Department of Management, Faculty of Business Administration, Kyoto Sangyo University (current position)



Director (outside) Audit and Supervisory Committee Member
Tadashi Shirai

Brief career summary, positions and responsibilities

September 1981	Joined Deloitte Haskins & Sells LLP Accountant Office (currently Deloitte Touche Tohmatsu LLC)
April 1984	Registered as a Certified Public Accountant
June 1993	Partner, Deloitte Touche Tohmatsu LLC
October 2015	Board Member and Chairman of Audit Committee Deloitte Touche Tohmatsu LLC
October 2020	Supervisor, Kanade Partnership
June 2022	Outside Director (Audit & Supervisory Committee Member), the Company (current position)
October 2024	Partner, Kanade Partnership (current position)

Outside directors (As of June 25, 2025)



Director (outside) Audit and Supervisory Committee Member
Hiroyuki Kikuchi

Brief career summary, positions and responsibilities

April 1996	Registered as an attorney (Member of Niigata Bar Association)
June 2004	Principal, Masayakoji Law & Patent Office (current position)
April 2005	Registered as a patent attorney
April 2006	Registered as a tax accountant
August 2016	President, Niigata Bar Association Executive Governor, Kanto Federation of Bar Associations
June 2022	Outside Director (Audit & Supervisory Committee Member), the Company (current position)



Director (outside) Audit and Supervisory Committee Member
Akira Sato

Brief career summary, positions and responsibilities

April 1981	Joined The Niigata Nippo, Inc
March 2016	Director
March 2018	Managing Director
March 2020	Senior Managing Director
March 2022	President and Representative Director (current position)
June 2022	Outside Director, Broadcasting System of Niigata Inc. (currently BSN Media Holdings, Inc.) (current position)
June 2024	Outside Director (Audit & Supervisory Committee Member), the Company (current position)



Director (outside) Audit and Supervisory Committee Member
Miki Kuwahara

Newly appointed

Brief career summary, positions and responsibilities

April 1979	Joined TV Asahi Corporation
June 2013	Director and General Manager, Tokyo Branch, The Niigata Television Network 21, Inc.
June 2015	Managing Director and General Manager, Tokyo Branch
March 2016	Managing Director and General Manager, Sales Division
June 2017	President and CEO (current position)
June 2025	Outside Director (Audit & Supervisory Committee Member), the Company (current position)



Financial Data

Consolidated Financial Results (Millions of yen)

	Fiscal year ended March, 2021	Fiscal year ended March, 2022	Fiscal year ended March, 2023	Fiscal year ended March, 2024	Fiscal year ended March, 2025
Ordinary income	143,132	135,711	148,759	182,058	194,646
Consolidated gross profit	84,918	91,349	91,239	97,189	103,586
Net interest income	60,516	60,396	67,919	64,268	73,584
Fees and commissions	19,914	21,065	22,821	25,407	25,258
Profit from other businesses	4,486	9,887	498	7,514	4,743
Operating expenses	71,960	65,070	62,556	63,338	62,661
Provision for bad debts written-offs	5,044	7,600	5,395	7,246	5,560
Recoveries of written off receivables	996	501	482	752	835
Gains (losses) on stocks	9,768	3,667	534	2,502	3,260
Other	(1,177)	698	744	1,010	1,651
Ordinary profit	17,500	23,545	25,048	30,868	41,112
Extraordinary income	1,039	418	1,046	1,512	393
Extraordinary losses	818	622	1,144	2,622	330
Profit before income taxes	17,721	23,342	24,949	29,758	41,176
Income taxes - current	5,951	8,281	6,699	9,198	10,524
Income taxes - deferred	327	(469)	366	(644)	1,300
Net income	11,441	15,530	17,883	21,204	29,350
Profit attributable to non-controlling interests	646	385	115	1	0
Net income reverting to parent company shareholders	10,795	15,144	17,768	21,203	29,349

Consolidated Balance Sheet Summary (Millions of yen)

	Fiscal year ended March, 2021	Fiscal year ended March, 2022	Fiscal year ended March, 2023	Fiscal year ended March, 2024	Fiscal year ended March, 2025
Total assets* ¹	9,706,729	10,670,473	10,518,089	11,138,009	10,977,796
Securities	2,451,146	2,501,271	2,871,378	3,072,041	2,904,886
Loans and bills discounted	4,937,462	5,114,102	5,265,963	5,430,402	5,580,589
Total liabilities* ¹	9,252,357	10,236,442	10,102,139	10,638,106	10,498,925
Deposits	8,113,424	8,207,503	8,367,554	8,498,683	8,522,003
Negotiable certificates of deposit	76,876	233,401	213,228	206,769	212,011
Total net assets* ¹	454,371	434,031	415,949	499,902	478,870
Total shareholders' equity* ¹	389,011	408,999	424,413	435,315	455,399
Retained earnings* ¹	272,154	281,700	294,499	309,972	331,103
Total accumulated other comprehensive income	46,188	19,987	(8,463)	64,568	23,464
Non-controlling interests	18,479	5,044	—	19	6

*1. The "Implementation Guidance on Accounting Standard for Tax Effect Accounting" has been applied from the beginning of the fiscal year ended March 31, 2025. The changes in accounting policies have been applied retrospectively, and accordingly, the figures for the fiscal years prior to the fiscal year ended March 31, 2024 reflect retrospective application.

Financial Indicators (Consolidated)

	Fiscal year ended March, 2021	Fiscal year ended March, 2022	Fiscal year ended March, 2023	Fiscal year ended March, 2024	Fiscal year ended March, 2025
Capital adequacy ratio (%)* ²	10.35	10.51	10.23	10.03	10.59
Net assets per share (yen)* ^{3, 4}	4,760.75	4,724.15	4,628.60	5,706.68	5,487.84
Net income per share (yen)* ⁴	118.14	166.20	195.89	237.35	335.91
Dividend per share (yen)* ⁴	60	60	60	72.5	131
Dividend payout ratio (%)	50.7	36.1	30.7	30.8	39.8
Return on equity (ROE) (%)	2.6	3.5	4.2	4.6	5.9

*2. From the end of March 2025, the method for measuring credit risk in the calculation of the capital adequacy ratio has been changed from the standardised approach to the Foundation Internal Rating Based Approach.

*3. The "Implementation Guidance on Accounting Standard for Tax Effect Accounting" has been applied from the beginning of the fiscal year ended March 31, 2025. The changes in accounting policies have been applied retrospectively, and accordingly, the figures for the fiscal years prior to the fiscal year ended March 31, 2024 reflect retrospective application.

*4. The Company conducted a 2-for-1 stock split of its common shares effective October 1, 2024. In the above table, the calculations are made on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2021.

Non-Financial Data

Human capital

Environment

	Unit	Fiscal year ended March, 2023	Fiscal year ended March, 2024	Fiscal year ended March, 2025
CO ₂ emissions (Total of Scopes 1 and Scope 2)	t-CO ₂	10,933	7,429	(Preliminary figure) 5,486
Sustainable finance results (Cumulative amount executed from fiscal 2021 onward)	Billion yen	244.6	434.6	769.6
Results of Daishi Hokuetsu SDGs Consulting Service (cumulative)	Cases	1,913	3,242	4,368

Social

Daishi Hokuetsu Financial Group

	Unit	Fiscal year ended March, 2023	Fiscal year ended March, 2024	Fiscal year ended March, 2025
Number of employees	Persons	3,463	3,549	3,504
Ratio of female Directors	%	—	5.4	8.1
Ratio of women in management positions (deputy level and above)* ¹	%	23.8	23.8	23.9
Take-up rate of childcare leave	%	—	102.4	103.7
(Male)	%	—	105.8	106.6
(Female)	%	—	98.5	101.1
Disparity in wages between men and women	%	46.8	49.8	51.1
(Regular employees)	%	61.6	63.1	65.0
(Part-time/fixed-term workers)	%	66.0	68.1	66.8
Employee Engagement Total Score	Points	—	76.8	77.8

Daishi Hokuetsu Bank

	Unit	Fiscal year ended March, 2023	Fiscal year ended March, 2024	Fiscal year ended March, 2025
Number of employees	Persons	3,035	2,979	2,935
Ratio of women in management positions (deputy level and above)* ¹	%	25.8	26.0	26.3
Take-up rate of childcare leave	%	103.7	104.0	105.3
(Male)	%	106.0	108.8	110.4
(Female)	%	101.3	98.5	101.2
Disparity in wages between men and women	%	45.8	47.7	48.7
(Regular employees)	%	61.2	61.9	63.2
(Part-time/fixed-term workers)	%	66.5	69.0	68.5
Annual paid leave take-up rate	%	64.1	67.3	66.7
Proportion women among new graduate hires	%	47.3	35.8	40.7
Mid-career hire ratio	%	12.9	20.2	18.1
Rate of employment of people with disabilities	%	2.3	2.3	2.4
Training expenses per person	Thousands of yen	55	61	65

*1. Management positions are determined, based on job responsibilities and authority, as those held by employees at the deputy level and above. As of the fiscal year ended March 31, 2025, the proportion of female employees in management positions as defined under the Labor Standards Act was 12.3% at Daishi Hokuetsu Financial Group and 13.9% at Daishi Hokuetsu Bank.

Governance

	Unit	Fiscal year ended March, 2023	Fiscal year ended March, 2024	Fiscal year ended March, 2025
Number of directors* ²	Persons	14	14	15
Number of female directors* ²	Persons	0	0	1
Number of outside directors* ²	Persons	5	5	5

*2. As of June 25, 2025, the Board of Directors consisted of 14 members, including 2 female directors and 5 outside directors.

External Evaluation

CDP

The Company received a "B" score in the "Climate Change Report 2024" by CDP.



A DX-Certified Operator

The Company was certified as a "DX-Certified Operator" under the DX certification established by the Ministry of Economy, Trade and Industry.



Smart SME Supporter

Daishi Hokuetsu Bank and Daishi Hokuetsu IT Solutions were certified as "Information Processing Support Institutions (Smart SME Supporters)" under the "Smart SME Supporter" system established by the Ministry of Economy, Trade and Industry.



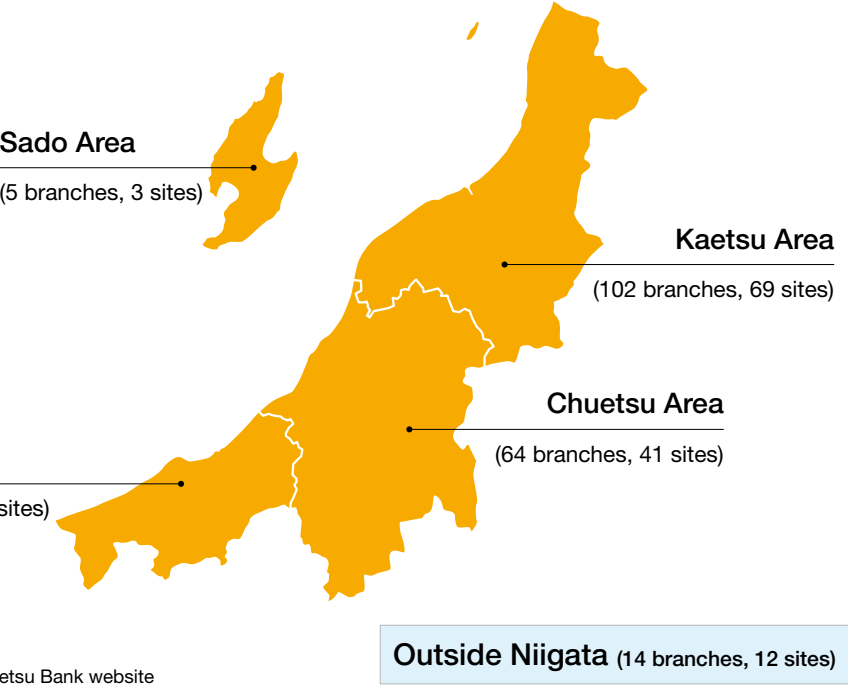
List of Group Companies

Status of Each Group Company			
(As of July 31, 2025)			
Company names	Main business activities	Date of establishment	Capital stock
The Daishi Hokuetsu Bank, Ltd. 1071-1 Higashiborimae-dori 7-bancho, Chuo-ku, Niigata-shi	Banking	November 2, 1873	¥32,776.99 million
Daishi Hokuetsu Securities Co., Ltd. Komehyakudawara Place West Building, 6th Floor 3-10 Ote-dori 2-chome, Nagaoka-shi	Securities	August 8, 1952	¥600 million
The Daishi Hokuetsu Lease Co., Ltd. 2-10 Akashi 2-chome, Chuo-ku, Niigata-shi	Leasing	November 11, 1974	¥100 million
The Hokuetsu Leasing Co., Ltd. Komehyakudawara Place West Building, 7th Floor 3-10 Ote-dori 2-chome, Nagaoka-shi	Leasing	November 1, 1982	¥100 million
The Daishi Hokuetsu JCB Card Co., Ltd. Daishi Kaijo Bldg., 1-18 Higashiodori 2-chome, Chuo-ku, Niigata-shi	Credit cards and credit guarantees	November 12, 1982	¥30.00 million
The Daishi DC Card Co., Ltd. Daishi Kaijo Bldg., 1-18 Higashiodori 2-chome, Chuo-ku, Niigata-shi	Credit cards	March 1, 1990	¥30.00 million
The Hokuetsu Card Co., Ltd. Hokuetsu Higashi Bldg., 4th Floor 9-20 Kesajiro 1-chome, Nagaoka-shi	Credit cards	June 1, 1983	¥20.45 million
Daishi Hokuetsu IT Solutions Co., Ltd. 11-21 Nuttari-Higashi 2-chome, Chuo-ku, Niigata-shi	System-related business	March 20, 1970	¥100 million
Daishi Hokuetsu Research & Consulting, Ltd. Daishi Kaijo Bldg., 1-18 Higashiodori 2-chome, Chuo-ku, Niigata-shi	Consulting services and survey, research, and information provision services related to the economy and society	July 1, 1997	¥30.00 million
Daishi Hokuetsu Capital Partners Co., Ltd. Daishi Kaijo Bldg., 1-18 Higashiodori 2-chome, Chuo-ku, Niigata-shi	Operations related to the composition and management of funds	June 8, 1984	¥20.00 million
Daishi Hokuetsu Career Bridge, Co., Ltd. Hokuetsu Daiichi Bldg., 2nd Floor 2-25 Higashi-odori 1-chome, Chuo-ku, Niigata-shi	HR recruitment services and consulting services related to corporate HR	May 24, 2019	¥30.00 million
Bridge Niigata Co., Ltd. 1071-1 Higashiborimae-dori 7-bancho, Chuo-ku, Niigata-shi	Sales channel development and tourism promotion businesses	April 1, 2019	¥70.00 million
The Daishi Hokuetsu Credit Guarantee Co., Ltd. Hokuetsu Daiichi Bldg., 3rd Floor 2-25 Higashi-odori 1-chome, Chuo-ku, Niigata-shi	Credit guarantees	October 27, 1978	¥50.00 million
The Hokuetsu Credit Guarantee Co., Ltd. Hokuetsu Daiichi Bldg., 3rd Floor 2-25 Higashi-odori 1-chome, Chuo-ku, Niigata-shi	Credit guarantees	August 20, 1986	¥210.00 million

Information About The Daishi Hokuetsu Bank’s Branch Network (as of July 31, 2025)

Number of branches	203 189 branches within Niigata Prefecture (including 5 field offices) 14 branches outside of Niigata Prefecture
Number of sites	137

* The number of sites shows the number of sales sites after the integration of branches using the branch-in-branch method.
* The number of branches does not include two virtual branches.



Click here for our website

Please refer to the Daishi Hokuetsu Bank website for specific store locations, business hours, etc.

Corporate Logo and Corporate Color of the Daishi Hokuetsu FG

Corporate Logo




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

Based on the motif of geography in Niigata Prefecture, the corporate logo uses a **golden color** representing bountiful harvests of rice to express the expansive land, and uses the corporate color **azure** to express the rivers which moisten that land and the vast Sea of Japan connecting with the rest of the world.

The elliptical shape in the center of the logo was designed in the image of islands and rice in Niigata Prefecture.

The two lines rising upwards depict how Daishi Bank and Hokuetsu Bank form a single massive surge, boldly challenging changes for the future and continuing to contribute to regional society.

Corporate Color



Azure

Blue colors create positive images such as trust, sincerity, and future orientation.

Among blue colors, azure is a particularly rich and beautiful shade.

In our logo, the color azure represents the vast Sea of Japan which borders Niigata Prefecture; the Shinano River, Agano River, and other rivers which flow into the Sea of Japan after moistening the fertile land; and the clear expanse of blue skies.

This color represents how our new financial group will continuously grow in the future while earning the trust of regional society.

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Consolidated Balance Sheet

Years ended March 31, 2025

Note: The translations of the Japanese yen amounts into US dollars are using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to US \$1.

Assets	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Cash and due from banks	¥2,230,849	¥2,147,289	\$14,361,216
Monetary claims bought	17,106	14,121	94,443
Trading account securities	2,452	2,243	15,005
Money trusts	4,966	4,947	33,091
Securities	3,072,041	2,904,886	19,428,080
Loans and bills discounted	5,430,402	5,580,589	37,323,362
Foreign exchanges	29,802	26,461	176,977
Other assets	256,040	206,444	1,380,712
Tangible fixed assets	55,948	54,179	362,354
Intangible fixed assets	8,893	6,741	45,084
Assets related to retirement benefits	35,779	32,977	220,554
Deferred tax assets	2,216	8,348	55,832
Customers’ liabilities for acceptances and guarantees	21,078	19,352	129,428
Allowance for loan losses	(29,569)	(30,784)	(205,889)
Total assets	¥11,138,009	¥10,977,796	\$73,420,254

Liabilities	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Deposits	¥8,498,683	¥8,522,003	\$56,995,740
Negotiable certificates of deposit	206,769	212,011	1,417,948
Securities sold under repurchase agreements	202,184	166,011	1,110,299
Payables under securities lending transaction	375,528	367,662	2,458,954
Borrowed money	1,167,666	965,660	6,458,403
Foreign exchanges	385	749	5,013
Borrowed money from trust account	14,813	20,198	135,091
Other Liabilities	124,318	208,763	1,396,225
Provision for bonuses	2,565	2,581	17,267
Provision for directors’ bonuses	148	171	1,145
Provision for share-based payment	774	931	6,226
Retirement benefit related liabilities	760	745	4,984
Provision for directors’ retirement benefits	47	53	360
Provision for reimbursement of deposits	1,058	814	5,448
Provision for contingent loss	1,935	1,726	11,550
Allowance for loss on debt guarantees	2	—	—
Provision for loss on dismantling of fixed assets	1,026	1,012	6,774
Reserves under the special laws	24	28	191
Deferred tax liabilities	13,534	3,566	23,850
Deferred tax liabilities for land revaluation	4,800	4,878	32,628
Acceptances and guarantees	21,078	19,352	129,428
Total Liabilities	¥10,638,106	¥10,498,925	\$70,217,532

Net Assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Capital stock	¥30,000	¥30,000	\$200,642
Capital surplus	102,980	102,987	688,785
Retained earnings	309,972	331,103	2,214,445
Treasury stocks	(7,638)	(8,692)	(58,132)
Shareholders' equity	435,315	455,399	3,045,740
Valuation difference on available-for-sale securities	12,026	(16,967)	(113,477)
Deferred gains or losses on hedges	29,163	22,085	147,708
Revaluation reserve for land	5,562	5,281	35,326
Remeasurements of defined benefit plans	17,815	13,064	87,377
Total accumulated other comprehensive income	64,568	23,464	156,934
Non-controlling interests	19	6	46
Total net assets	499,902	478,870	3,202,721
Total Liabilities and Net assets	¥11,138,009	¥10,977,796	\$73,420,254

Consolidated Statements of Income Years ended March 31, 2025

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Ordinary income	¥182,058	¥194,646	\$1,301,808
Financing income	99,006	115,106	769,838
Interest on loans and discounts	49,460	55,033	368,069
Interest and dividends on securities	39,065	46,816	313,112
Interest on call loans and bills bought	(15)	83	558
Interest on deposits with banks	1,466	5,057	33,825
Other interest income	9,030	8,114	54,273
Trust fees	146	145	970
Fees and commissions	36,033	36,090	241,375
Other ordinary income	37,910	36,800	246,123
Other income	8,961	6,504	43,500
Ordinary expenses	151,190	153,534	1,026,846
Financing expenses	34,738	41,524	277,720
Interest on deposits	560	4,910	32,843
Interest on negotiable certificates of deposit	11	98	660
Interest on call money and bills sold	(6)	—	—
Interest on bills sold	9,650	9,291	62,144
Interest on payables under securities lending transactions	16,683	19,274	128,909
Interest on borrowings and rediscounts	27	50	338
Other interest expenses	7,812	7,898	52,824
Fees and commissions payments	10,772	10,976	73,413
Other ordinary expenses	30,395	32,056	214,397
General and administrative expenses	63,338	62,661	419,081
Other expenses	11,943	6,314	42,233
Ordinary profit	30,868	41,112	274,962
Extraordinary income	1,512	393	2,634
Gain on disposal of noncurrent assets	60	379	2,541
Gain on step acquisitions	109	—	—
Gain on reversal of provision for dismantling of fixed assets	—	13	93
Gain on bargain purchase	1,343	—	—
Extraordinary loss	2,622	330	2,208
Loss on disposal of noncurrent assets	362	233	1,559
Impairment loss	1,039	92	618
Transfer to reserve for financial products transaction liabilities	7	4	29
Retirement benefit costs	187	—	—
Provision for loss on dismantling of fixed assets	1,026	—	—
Income before income taxes	29,758	41,176	275,388
Income taxes-current	9,198	10,524	70,390
Income taxes-deferred	(644)	1,300	8,700
Net Income	21,204	29,350	196,297
Profit attributable to non-controlling interests	1	0	6
Profit attributable to owners of parent	¥21,203	¥29,349	\$196,290

Consolidated Statements of Comprehensive Income Years ended March 31, 2025

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Net Income	¥21,204	¥29,350	\$196,297
Other Comprehensive Income	73,194	(40,962)	(273,962)
Valuation difference on available-for-sale securities	31,913	(28,994)	(193,914)
Deferred gains or losses on hedges	28,875	(7,078)	(47,339)
Revaluation reserve for land	—	(139)	(935)
Retirement benefit adjustment amount	12,406	(4,750)	(31,773)
Comprehensive income	94,399	(11,612)	(77,665)
(Comprehensive income attributable to)			
Comprehensive income attributable to equities of parent	94,398	(11,613)	(77,671)
Comprehensive income attributable to non-controlling interests	¥1	¥0	\$6

Consolidated Statements of Shareholders' Equity

Year ended March 31, 2024

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Shareholders' equity
Balance at March 31, 2023	¥30,000	¥102,980	¥294,499	¥(3,066)	¥424,413
Changes of items during the period					
Dividends from surplus			(5,892)		(5,892)
Net income reverting to parent company shareholders			21,203		21,203
Purchase of treasury stock				(4,728)	(4,728)
Disposal of treasury stock		0		157	157
Reversal of revaluation reserve for land			162		162
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	15,472	(4,571)	10,901
Balance at March 31, 2024	¥30,000	¥102,980	¥309,972	¥(7,638)	¥435,315

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2023	¥(19,886)	¥288	¥5,724	¥5,409	¥(8,463)	—	¥415,949
Changes of items during the period							
Dividends from surplus							(5,892)
Net income reverting to parent company shareholders							21,203
Purchase of treasury stock							(4,728)
Disposal of treasury stock							157
Reversal of revaluation reserve for land							162
Net changes of items other than shareholders' equity	31,913	28,875	(162)	12,406	73,032	19	73,051
Total changes of items during period	31,913	28,875	(162)	12,406	73,032	19	83,952
Balance at March 31, 2024	¥12,026	¥29,163	¥5,562	¥17,815	¥64,568	¥19	¥499,902

Year ended March 31, 2025

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Shareholders' equity
Balance at March 31, 2024	¥30,000	¥102,980	¥309,972	¥(7,638)	¥435,315
Changes of items during the period					
Dividends from surplus			(8,358)		(8,358)
Net income reverting to parent company shareholders			29,349		29,349
Purchase of treasury stock				(1,517)	(1,517)
Disposal of treasury stock		0		464	464
Reversal of revaluation reserve for land			140		140
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Net changes of items other than shareholders' equity					
Total changes of items during period		6	21,131	(1,053)	20,083
Balance at March 31, 2025	¥30,000	¥102,987	¥331,103	¥(8,692)	¥455,399

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2024	¥12,026	¥29,163	¥5,562	¥17,815	¥64,568	¥19	¥499,902
Changes of items during the period							
Dividends from surplus							(8,358)
Net income reverting to parent company shareholders							29,349
Purchase of treasury stock							(1,517)
Disposal of treasury stock							464
Reversal of revaluation reserve for land							140
Change in ownership interest of parent due to transactions with non-controlling interests							5
Net changes of items other than shareholders' equity	(28,994)	(7,078)	(280)	(4,750)	(41,103)	(12)	(41,115)
Total changes of items during period	(28,994)	(7,078)	(280)	(4,750)	(41,103)	(12)	(21,031)
Balance at March 31, 2025	¥(16,967)	¥22,085	¥5,281	¥13,064	¥23,464	¥6	¥478,870

Year ended March 31, 2025

(Thousands of U.S.Dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Shareholders' equity
Balance at March 31, 2024	\$200,642	\$688,743	\$2,073,118	\$(51,085)	\$2,911,417
Changes of items during the period					
Dividends from surplus			(55,904)		(55,904)
Net income reverting to parent company shareholders			196,290		196,290
Purchase of treasury stock				(10,152)	(10,152)
Disposal of treasury stock		3		3,105	3,109
Reversal of revaluation reserve for land			940		940
Change in ownership interest of parent due to transactions with non-controlling interests		38			38
Net changes of items other than shareholders' equity					
Total changes of items during period		42	141,326	(7,046)	134,322
Balance at March 31, 2025	\$200,642	\$688,785	\$2,214,445	\$(58,132)	\$3,045,740

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2024	\$80,437	\$195,047	\$37,201	\$119,151	\$431,837	\$127	\$3,343,383
Changes of items during the period							
Dividends from surplus							(55,904)
Net income reverting to parent company shareholders							196,290
Purchase of treasury stock							(10,152)
Disposal of treasury stock							3,109
Reversal of revaluation reserve for land							940
Change in ownership interest of parent due to transactions with non-controlling interests							38
Net changes of items other than shareholders' equity	(193,914)	(47,339)	(1,875)	(31,773)	(274,903)	(80)	(274,983)
Total changes of items during period	(193,914)	(47,339)	(1,875)	(31,773)	(274,903)	(80)	(140,661)
Balance at March 31, 2025	\$(113,477)	\$147,708	\$35,326	\$87,377	\$156,934	\$46	\$3,202,721

Consolidated Statement of Cash Flows

Years ended March 31, 2025

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Cash flows from operating activities			
Income before income taxes	¥29,758	¥41,176	\$275,388
Depreciation costs	7,081	7,021	46,959
Impairment loss	1,039	92	618
Loss (gain) on step acquisitions	(109)	—	—
Gains from Negative Goodwill	(1,343)	—	—
Increase (decrease) in allowance for loan losses	514	1,214	8,124
Increase (decrease) in provision for contingent loss	24	(208)	(1,391)
Increase (decrease) in provision for bonuses	89	16	111
Increase (decrease) in provision for directors' bonuses	28	22	149
Increase (decrease) in provision for share-based payment	76	156	1,048
Decrease (increase) in retirement benefit asset	(19,257)	2,802	18,741
Increase (decrease) in retirement benefit liability	(304)	(14)	(99)
Increase (decrease) in provision for directors' retirement benefits	(4)	6	44
Increase (decrease) in provision for reimbursement of deposits	(130)	(243)	(1,629)
Increase (decrease) in allowance for loss on guarantees	2	(2)	(19)
Increase (decrease) in provision for loss on dismantling of fixed assets	1,026	(13)	(93)
Financing income	(99,006)	(115,106)	(769,838)
Financing expenses	34,738	41,524	277,720
Loss (gain) related to securities	3,276	4,326	28,935
Loss (gain) on investments in money trusts	30	15	106
Foreign exchange losses (gains)	0	0	1
Loss (gain) on disposal of noncurrent assets	302	(146)	(981)
Net decrease (increase) in trading account securities	105	209	1,400
Net decrease (increase) in loans and bills discounted	(164,439)	(150,187)	(1,004,461)
Net increase (decrease) in deposits	131,128	23,319	155,962
Net increase (decrease) in negotiable certificates of deposit	(6,458)	5,242	35,060
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	264,869	(202,005)	(1,351,027)
Net decrease (increase) in deposits (excluding deposit paid to Bank of Japan)	(5,137)	4,894	32,733
Net decrease (increase) in call loans	(1,497)	2,985	19,967
Net increase (decrease) in call money	26,608	(36,172)	(241,926)
Net increase (decrease) in payables under securities lending transactions	67,481	(7,865)	(52,603)
Net decrease (increase) in foreign exchange-assets	(10,235)	3,340	22,344
Net increase (decrease) in foreign exchange-liabilities	(78)	364	2,435
Net increase (decrease) in borrowed money from trust account	6,426	5,385	36,017
Revenue for finance	95,233	113,572	759,583
Payments for finance	(34,495)	(41,160)	(275,281)
Other	(27,482)	50,475	337,584
Subtotal	299,863	(244,960)	(1,638,313)
Income taxes paid	(5,444)	(10,828)	(72,418)
Net cash provided by (used in) operating activities	294,419	(255,788)	(1,710,731)
Cash flows from investing activities			
Purchase of securities	(1,103,982)	(1,046,506)	(6,999,106)
Proceeds from sales of securities	879,052	1,071,706	7,167,646
Proceeds from redemption of securities	144,672	164,301	1,098,858
Purchase of increase in money trusts	(4,997)	—	—
Purchase of property, plant and equipment	(3,545)	(2,084)	(13,940)
Proceeds from sale of property, plant and equipment	336	1,030	6,890
Purchase of intangible assets	(1,579)	(1,892)	(12,658)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(127)	—	—
Net cash provided by (used in) investment activities	(90,170)	186,554	1,247,690
Cash flows from financing activities			
Cash dividends paid	(5,892)	(8,358)	(55,904)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(7)	(48)
Purchase of treasury stock	(4,728)	(1,517)	(10,152)
Proceeds from sales of treasury stock	111	452	3,023
Net cash provided by (used in) financing activities	(10,509)	(9,431)	(63,081)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)	(1)
Net increase (decrease) in cash and cash equivalents	193,739	(78,666)	(526,124)
Cash and cash equivalents at beginning of the year	2,029,972	2,223,711	14,872,334
Cash and cash equivalents at the end of the year	¥2,223,711	¥2,145,045	\$14,346,209

Notes (From April 1, 2024, to March 31, 2025)

(Basic items that form the foundation for preparation of consolidated financial results)

1. Matters regarding the scope of consolidation

- (1) Consolidated subsidiaries: 14 companies
Company names:
The Daishi Hokuetsu Bank, Ltd., Daishi Hokuetsu Securities Co., Ltd., The Daishi Hokuetsu Lease Co., Ltd., The Hokuetsu Leasing Co., Ltd., The Daishi JCB Card Co., Ltd., The Daishi DC Card Co., Ltd., The Hokuetsu Card Co., Ltd., Daishi Hokuetsu IT Solutions Co., Ltd., Daishi Hokuetsu Research & Consulting Ltd., Daishi Hokuetsu Capital Partners Co., Ltd., The Daishi Hokuetsu Career Bridge Co., Ltd., Bridge Niigata Co., Ltd., The Daishi Hokuetsu Credit Guarantee Co., Ltd., The Hokuetsu Credit Guarantee, Co., Ltd.
- (2) Non-consolidated subsidiaries: 5 companies
Company names:
No.1 Daishi Hokuetsu Regional Creation Investment Limited Partnership
Non-consolidated subsidiaries are excluded from the scope of consolidation because they are considered immaterial. Judged from the standpoint of their assets, ordinary income, profit or loss (in proportion to the Company's equity interest), retained earnings (in proportion to the Company's equity interest), and accumulated other comprehensive income (in proportion to the Company's equity interest), excluding them from consolidation does not impair a reasonable assessment of the financial position and operating results of the corporate group.
- (3) Other companies, etc. in which the Company owns, at its own account, a majority of the voting rights (or rights to control business execution), but which are not treated as subsidiaries: 1 company
A certain non-consolidated subsidiary engaged in investment business hold shares and other securities as part of business transactions for the purpose of fostering and developing investments and earning capital gains. Since such holdings are not intended to place the investee company under the Company's control, the entity is not treated as a subsidiary.

2. Matters related to the application of equity method

- (1) Nonconsolidated subsidiaries subject to application of equity method
There are no applicable items
- (2) Affiliated companies subject to application of equity method
There are no applicable items
- (3) Non-consolidated subsidiaries not subject to application of equity method: 5 companies
Company names:
No.1 Daishi Hokuetsu Regional Creation Investment Limited Partnership
Non-consolidated subsidiaries not subject to application of equity method are excluded from the scope of the equity method because their impact is immaterial. Judged from the standpoint of profit or loss (in proportion to the Company's equity interest), retained earnings (in proportion to the Company's equity interest), and accumulated other comprehensive income (in proportion to the Company's equity interest), excluding them does not have a material effect on the consolidated financial statements.
- (4) Affiliated companies not subject to application of equity method
Not applicable.
- (5) Other companies, etc. in which the Company owns, on its own account, 20% or more but 50% or less of the voting rights, but which are not treated as associates: 10 companies
Certain non-consolidated subsidiaries not accounted for using the equity method engaged in investment business hold shares and other securities as part of business transactions for the purpose of fostering and developing investments and earning capital gains. Since such holdings are not intended to place the investee company under the Company's control, the entities are not treated as associates.

3. Matters related to the fiscal year, etc., of consolidated subsidiaries

The closing date for consolidated subsidiaries is as follows:
Last day of March: 14 companies

4. Matters related to accounting policies

- (1) Valuation criterion and valuation method for trading account securities
Valuation of trading account securities is made using the market value method (cost of securities sold is calculated mainly by the moving average method).
- (2) Valuation criterion and valuation method for securities
(i) The amortized cost method (straight-line method) using the moving average method is used for securities held for ownership until maturity. For other securities, the market value method (cost of sale to be calculated using the moving average method) is used. However, the prime cost principle using the moving average method is used for shares without market value.
The valuation difference for other securities is all processed by the net asset direct entry method.
- (ii) Valuation of securities invested as trust asset in individually-operated money trusts managed mainly for the purpose of securities management is made using the market value method.
- (3) Valuation criterion and valuation method for derivative transaction
Valuation of derivative transactions is conducted using the market value method.
- (4) Depreciation method for fixed assets
(i) Tangible fixed assets (excluding leased assets)
The straight-line method is mainly used for tangible fixed assets.
Major service life is as follows:

Buildings	10 to 50 years
Other	2 to 20 years
- (ii) Intangible fixed assets (excluding leased assets)
The straight-line method is used for intangible fixed assets. Software used by the Company is amortized based on the usage period (5 to 9 years) determined by the Company and its consolidated subsidiaries.
- (iii) Leased assets
"Tangible fixed assets" and "Intangible fixed assets" included in leased assets related to finance leases exempt from passage of title are depreciated by the straight-line method with the lease period set to the statutory service life. As for residual value, the guaranteed residual value shall be used in cases in which a residual value clause is included in the lease agreement and zero for all other leases.
- (5) Criteria for recording allowances for loan losses
Allowances for loan losses of consolidated subsidiaries in the banking business are recorded as per the depreciation and allowance criteria set in advance, as follows: Claims related to debtors who are legally insolvent, such as those facing bankruptcy or special liquidation ("Bankrupt debtors") or debtors under equivalent situations ("Effectively bankrupt debtors") are recorded as follows: The recorded amount is the remaining balance after deduction from the book value after direct reduction as stated in the proviso, from the possible marketable collateral amount and recoverable amount from guarantees.
For claims against debtors not currently insolvent but with a high risk of future insolvency ("Potentially bankrupt debtors"), anticipated losses over the next three years on the amount of balance, after deduction of the possible marketable collateral amount and recoverable amount from guarantees from the claim amount, are recorded. Amounts of anticipated losses are calculated by the loss rate based on

- average values of bad debt ratio over a set period of time in the past (three calculation periods), according to actual bad debt over the past three years. If the loss rate based on average values over a longer period of time taking the past business cycle into account is higher, then the difference is added to this calculation as necessary corrections for future predictions and other factors. For debtors from whom losses are anticipated to exceed the loss ratio, the amount deemed necessary is recorded after comprehensive judgment of the possible recoverable amount.
For claims against one classification of normal debtors, amounts of anticipated losses over the next year are mainly recorded. Furthermore, for debtors requiring attention, after they are classified into three based on whether business improvement plans and payables requiring special attention are present, the amount of anticipated loss over the next three years is mainly recorded for claims against the two classifications, which include debtors requiring special attention, and the amount of anticipated loss over the next one year for claims against the other classification for debtors requiring attention. Amounts of anticipated losses were calculated by the loss rate based on average values of bad debt ratio over a set period of time in the past (three calculation periods), according to actual bad debt over the past one or three years. If the loss rate based on average values over a longer period of time taking the past business cycle into account was higher, then the difference was added to this calculation as the necessary corrections for future predictions and other factors.
Sales-related divisions have conducted asset audits on all claims based on asset self-assessment criteria and the assessment results have been audited by the asset auditing division independent of the division being audited.
Provided, however, that for collateral and claims with guarantees against Bankrupt debtors and Effectively bankrupt debtors, the balance after deduction of the validated amount of collateral and the amount expected to be recoverable from the guarantee are deducted directly from the amount of the claim as the estimated uncollectable amount, and this stands at 9,413 million yen.
An amount acknowledged to be necessary, in consideration of the past loan loss rate for general claims and estimated uncollectable amount in consideration of individual recovery possibilities for specific claims, such as those with default possibilities, are recorded as allowances for loan losses of other consolidated subsidiaries.
- (6) Criteria for recording provision for bonuses
In preparation for an expected bonus payment to employees, the amount of the expected bonus payment pertaining to the relevant consolidated fiscal year has been recorded as a provision for bonuses.
- (7) Criteria for recording provision for directors' bonuses
In preparation for expected bonus payments to directors, the amount of the expected bonus payment pertaining to the relevant consolidated fiscal year has been recorded as provision for directors' bonuses.
- (8) Criteria for recording provision for share-based payment
In preparation for payment of compensation to directors of the Company and some consolidated subsidiaries under the share-based payment plan, the amount of anticipated compensation to directors acknowledged to have occurred before the closing of the current consolidated fiscal year has been recorded as provisions for share-based payment.
- (9) Criteria for recording provision for loss on guarantees
In preparation for losses on guarantees to the Daishi Hokuetsu Financial Group Employee Shareholding Association Dedicated Trust, the amount of anticipated loss has been recorded as provision for loss on guarantees.
- (10) Criteria for recording provision for loss on dismantling of fixed assets
In preparation for expenditures associated with the dismantling of buildings, etc., the anticipated amount has been recorded as loss on dismantling of fixed assets.
- (11) Criteria for recording provision for director's retirement benefits
In preparation for payment of retirement benefits to directors of consolidated subsidiaries, the amount of expected retirement benefits for directors acknowledged to have occurred before the closing of the current fiscal year has been recorded as provisions for director's retirement benefits.
- (12) Criteria for recording provision for reimbursement of deposits
In preparation for reimbursement of deposits from depositors for deposits in which recording as a liability has been suspended, a loss occurring from future reimbursement claims has been estimated, and the amount deemed necessary has been recorded as a provision for reimbursement of deposits.
- (13) Criteria for recording provision for contingent loss
Provisions for contingent loss are recorded by estimating the loss and recording the amount judged to be necessary, for possible loss occurring in the future for contingent events other than events provided under other provisions.
- (14) Criteria for recording reserves under special laws
Reserves under special laws are reserves for financial product transaction liabilities for consolidated subsidiaries conducting the securities business. The amount calculated under the provisions of Article 46-5 of the Financial Instruments and Exchange Act is set aside to compensate for loss in incidents occurring related to securities future transactions, etc.
- (15) Accounting method related to retirement benefits
In the calculation of retirement benefit liabilities, the benefit formula standard is adopted as the method of attributing the expected amount of retirement benefits within the current consolidated fiscal year. Furthermore, the methods of processing profit and loss for prior service costs and actuarial gain or loss are as follows:
Prior service cost : Profit and loss processing using the straight-line method for a certain number of years (10 years) within the average employee residual term of service at the time of occurrence
Actuarial gain or loss : Profit and loss processing of the amount pro-rated by the straight-line method for a certain number of years (10 to 12 years) within the average employee residual term of service at the time of occurrence, will be treated as profit or loss from the following fiscal year
It must be noted that some consolidated subsidiaries have adopted a simplified method in the calculation of retirement benefit, in which the amount to be paid for voluntary retirement at the end of the term is taken as the retirement benefit liability in the calculation of retirement benefit liability and retirement benefit cost.
- (16) Criteria for recording of important profits and expenses
Criteria for recording profits and expenses related to finance lease transactions are conducted by recording sales and cost of sales, when lease fees are received.
- (17) Criteria for conversion of foreign currency-denominated assets and liabilities into Japanese yen
Foreign currency-denominated assets and liabilities are converted into Japanese yen using the rate of exchange on the consolidated closing date.
- (18) Important risk hedging methods
(i) Interest risk hedge
As a method of hedge accounting of interest risk occurring from financial assets and liabilities of consolidated subsidiaries in the banking industry, certain assets and liabilities are accounted for by deferred hedging by applying "individual hedging," which directly corresponds to the hedging target and the hedging instrument. The effectiveness of the hedge is evaluated by verification of whether the interest risk subject to hedging has been diminished by the hedging method.
In addition, exceptional processing for interest swaps are made, and judgment regarding the requirements for exception processing is used in lieu of the judgment of hedge effectiveness.
- (ii) Exchange fluctuation risk hedging
A deferred hedge is adopted as the hedge accounting method for foreign exchange fluctuation risk arising from financial assets and liabilities denominated in foreign currencies of consolidated subsidiaries engaged in the banking business, as provided in "Handling in accounting and audit of foreign currency-denominated transactions, etc., in the processing of accounts in the banking industry" (The Japanese Institute of Certified Public Accountants (JICPA) Industry-specific

Committee Practical Guideline No. 25, October 8, 2020, hereinafter referred to as "Industry-specific Committee Practical Guideline No. 25." The effectiveness of the hedge is evaluated with currency swap transactions and exchange swap transactions, etc., conducted with the aim of diminishing exchange fluctuation risks of foreign currency-denominated monetary debts and credits and the effectiveness of the hedge is evaluated by confirming the existence of a foreign currency position equivalent amount that matches the foreign currency-denominated debts and credits, which are the targets of the hedge.

(19) Scope of funds in consolidated statement of cash flows

The scope of funds in the consolidated statement of cash flows is cash and deposits with the Bank of Japan listed in "Cash and deposits" in the consolidated balance sheet.

(Significant accounting estimates)

Items whose amount was recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, are given below.

(Allowance for loan losses)

The Company has judged that the allowance for loan losses is important in accounting estimates because the ratio of loans, etc. of consolidated subsidiaries engaged in the banking business to the consolidated balance sheet of the Company group is relatively high and the recording of the allowance for loan losses significantly affects the management performance and financial status.

1. Amount recorded in the consolidated financial statements for the current consolidated fiscal year
Allowance for loan losses ¥30,784 million
Of this amount, the allowance for loan losses of consolidated subsidiaries engaged in the banking business was 26,179 million yen, and corporate customers made up the majority of the allowance for loan losses.
2. Information that contributes to understanding the nature of the significant accounting estimates for the identified items
(1) Method of calculation
Estimated allowances for loan losses for consolidated subsidiaries engaged in the banking business are calculated by conducting asset assessments under the asset self-assessment criteria to determine "debtor classifications" (normal debtors, debtors requiring attention, debtors requiring special attention, potentially bankrupt debtors, effectively bankrupt debtors, and bankrupt debtors). Depreciations and allowances are then made in accordance with the determined debtor classifications under the depreciation and allowance criteria. These estimates include judgments and assumptions, the key details of which are as given below. Moreover, the method of calculation, including assumptions for depreciation and allowances, is described in "(5) Criteria for recording allowances for loan losses" in "4. Matters related to accounting policies."
In order to assess the estimated recorded amount of the allowance for loan losses, consolidated subsidiaries engaged in the banking business perform verification by considering various factors to determine whether the assumptions used in estimating the allowance for loan losses are reasonable and whether the balance of the allowance for loan losses is sufficient to cover potential future losses.
- (2) Key assumptions
A key assumption is the "outlook on the borrower's future performance when determining debtor classifications." This key assumption is the same as that determined by the Company at the end of the previous consolidated fiscal year, and has been determined as important again by the Company since any material difference between the assumption and the actual results may have a material impact on the Company's business results.
The "outlook on the borrower's future performance when determining debtor classifications" is set based on individual assessments of each borrower's ability to earn income.
Each time a borrower discloses financial results or events that affect their creditworthiness, we evaluate their financial position, cash flow, ability to repay based on profitability, loan terms and conditions and their fulfillment, characteristics of their industry, etc., business continuity and profitability outlook, and ability to repay debts based on cash flow, determining the debtor classification by synthesizing these factors. Furthermore, in determining the debtor classification, we consider both qualitative and quantitative information about a borrower. Qualitative information includes assumptions about the borrower's technical capabilities, growth potential, and future performance outlook. In addition, in cases where the borrower has drawn up a radical business restructuring plan that is highly feasible or a business improvement plan that is reasonable and feasible, the debtor classification will be determined by taking into consideration the future business outlook in light of said plan.
Necessary corrections have been made to the depreciation and allowance in accordance with "(5) Criteria for recording allowances for loan losses" in "4. Matters related to accounting policies." All of these measures are designed to prepare for future loan losses and include assumptions about the outlook for the economic environment and the collectability of receivables.
Meanwhile, there are growing concerns over a deterioration of Japan's economy due to persistently high energy and raw material prices, monetary tightening resulting from the Bank of Japan's policy rate hikes, and growing uncertainty about the outlook for the global economy triggered by the U.S. government's tariff policies.
We experienced credit losses related to certain customers, as they suffered from a deterioration in business performance and cash flow due to prolonged stagnation of economic activity. However, after reviewing the actual and expected occurrence of credit losses directly attributable to these issues, as well as their impact, we have confirmed that the allowances for loan losses of the Group has been adequately secured. We assume that there will be no significant impact on debtor classifications or other related categories, as we also endeavor to promptly identify changes in customers' business conditions and continue group-wide efforts to support their management improvement and business revitalization. Furthermore, we have established a framework to reflect the current deterioration in customers' business performance into debtor classification assessments as promptly as possible; therefore, we have not changed estimation method of the allowances for loan losses as of March 31, 2025.
- (3) Effect on the consolidated financial statements for the following fiscal year
If the assumptions used for the initial estimate change, such as a significant change in the economic environment, the debtor classification and the estimated amount of collateral available for disposal may change. This may have a significant impact on the allowance for loan losses in the consolidated financial statements for the following fiscal year.

(Changes in accounting policies)

(Application of implementation guidance on accounting standard for tax effect accounting)

The "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022) has been applied since the beginning of the current fiscal year.

In conjunction with this, for the accounting treatment of tax effects in cases where losses or gains arising from inter-company sales of shares of subsidiaries, etc. are deferred for tax purposes, whereas under the previous method deferred tax assets or deferred tax liabilities were not adjusted on consolidation for the temporary differences associated with such losses or gains if the selling corporations' financial statements recognized deferred tax assets or deferred tax liabilities for the temporary differences, the new method requires

reversal of such deferred tax assets or liabilities.

The changes in accounting policies have been applied retrospectively, and accordingly, the consolidated financial statements for the previous fiscal year have been restated retrospectively. As a result, compared to the amounts before retrospective application of this accounting standard, deferred tax assets have increased by 155 million yen, deferred tax liabilities have decreased by 370 million yen, and retained earnings have increased by 526 million yen in the consolidated financial statements for the previous fiscal year. The effect on per share information is described in the relevant section.

(Accounting standard issued but not yet adopted)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
 - Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)
 - and other relevant Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance, which were revised by the issuance of the Accounting Standard for Leases, etc.
- (1) Overview
The accounting standards and implementation guidance stipulate that lessees must recognize assets and liabilities for all leases, consistent with international accounting standards.
- (2) Scheduled application date
We are planning to apply them from the beginning of the fiscal year ending March 31, 2028.
- (3) Effect of the application of those accounting standards and others
The impact was under evaluation at the time of preparing these consolidated financial statements.

(Additional information)

(Share-based payment plan using trusts)

1. Overview of transactions
The Company is implementing a trust-type, share-based payment plan (hereinafter referred to as the "Plan") that delivers shares of the Company to directors of the Company who are not Audit and Supervisory Committee Members (excluding outside directors and those who are not residents in Japan) and directors who are not Audit and Supervisory Committee Members (excluding outside directors and those who are not residents in Japan) and executive officers (excluding those who are not residents in Japan) of The Daishi Hokuetsu Bank, Ltd., which is a consolidated subsidiary of the Company (directors of the Company who are not Audit and Supervisory Committee Members, directors of The Daishi Hokuetsu Bank, Ltd. who are not Audit and Supervisory Committee Members, and executive officers of The Daishi Hokuetsu Bank, Ltd. are hereinafter collectively referred to as "Eligible Directors, etc.).
The Plan establishes a trust by combining the amount of money within the range approved by the resolution of the general meeting of shareholders of the Company and the amount of money contributed by The Daishi Hokuetsu Bank, Ltd. after the approval of the general meeting of shareholders of the Bank with the Eligible Directors, etc. who meet certain requirements as beneficiaries. The trust acquires the Company's shares from the stock market using the money in the trust as the source of funds.
During the trust period, in accordance with the predetermined provisions for the delivery of shares, beneficiaries shall receive, after receiving a certain number of points, the number of the Company's shares equivalent to 50% of the number of points at the time of retirement (shares less than one unit shall be rounded up), and shall receive money equivalent to the amount converted into cash within the trust for the remaining shares.
2. The Company's shares held by the trust
The Company's shares remaining in the trust were recorded at its carrying amount as treasury shares under net assets. The carrying amount and number of shares of the Company held by the trust were 1,277 million yen and 844 thousand shares at the end of the current fiscal year.
The Company conducted a 2-for-1 stock split of its common shares effective October 1, 2024.

(Transactions to deliver the Company's shares to employees, etc. through trusts)

1. Overview of transactions
The Company introduced the "Trust-Type Employee Stock Ownership Incentive Plan (E-Ship)" (hereinafter the "Plan") with the aim of providing the Group's employees with an incentive to enhance the corporate value over the medium to long term and enhancing welfare benefits.
The Plan is an incentive plan for all employees who belong to the "Daishi Hokuetsu Financial Group Employee Shareholding Association" (hereinafter, the "Shareholding Association"). Under the Plan, the Company establishes the "Daishi Hokuetsu Financial Group Employee Shareholding Association Dedicated Trust" (hereinafter, the "E-Ship Trust") with a trust bank, and the E-Ship Trust shall acquire the Company's shares in advance in the number expected to be acquired by the Shareholding Association for approximately five years after the establishment of the E-Ship Trust. Thereafter, the Company's shares will continue to be sold from the E-Ship Trust to the Shareholding Association, and if an amount equivalent to the gain on sale of shares is accumulated in the E-Ship Trust at the time of termination of the trust, the said amount equivalent to the gain on sale of shares will be distributed as residual assets to those who meet the beneficiary eligibility requirements. Furthermore, as the Company guarantees the borrowings to be used by the E-Ship Trust to acquire the Company's shares, if an amount equivalent to a loss on sale of shares is accumulated in the E-Ship Trust due to a decline in the Company's share price, and there are remaining borrowings equivalent to the loss on sale of shares in the E-Ship Trust at the time of termination of the trust, the Company shall repay the remaining borrowings.
2. The Company's shares held by the trust
The Company's shares remaining in the trust were recorded at its carrying amount as treasury shares under net assets. The carrying amount and number of shares of the Company held by the trust were 2,219 million yen and 1,117 thousand shares at the end of the current fiscal year.
The Company conducted a 2-for-1 stock split of its common shares effective October 1, 2024.
3. Carrying amount of borrowings recorded on a gross basis
1,975 million yen at the end of the current fiscal year

(Consolidated Balance Sheet related)

1. Total amount of shares or contribution in non-consolidated subsidiaries and affiliates
Contribution ¥1,467 million
2. Claims based on the Banking Act and the Act Concerning Emergency Measures for the Revitalization of the Financial Functions are as follows. Claims are recorded in the accounts of corporate bonds in "Securities" on the consolidated balance sheets (only corporate bonds for which all or part of the redemption of the principal and the payment of interest is guaranteed, and which were issued through the private placement of securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act)), loans, foreign exchange, interest receivable and suspense payments in "other assets," and customers' liabilities for acceptances and guarantees.
- | | |
|---|------------------|
| Bankrupt/substantially bankrupt claims and similar claims | ¥7,444 million |
| Doubtful claims | ¥107,768 million |
| Loans overdue for three (3) months or longer | ¥978 million |
| Loans with relieved loan conditions | ¥3,351 million |
| Total amount | ¥119,543 million |
- "Bankrupt/substantially bankrupt claims and similar claims" refers to loans of debtors with a bankrupt business due to reasons such as the start of bankruptcy procedures, the start of reorganization procedures, or declaration for the start of reorganization procedures, or loans to which these conditions apply.

“Doubtful claims” refers to loans for which the debtor has not entered business bankruptcy, but is experiencing worsened financial status and economic performance, and there is a high possibility that it may not be possible to recover capital or receive interest on the loan according to the contract, and which do not fall under bankrupt/substantially bankrupt claims and similar claims.

“Loans overdue for three (3) months or longer” refers to loans where payment of interest or repayment of capital has been delayed for three (3) months or longer, from the day following the contract due dates, and which do not fall under bankrupt/substantially bankrupt claims and similar claims and doubtful claims.

“Loans with relieved loan conditions” refers to loans for which a reduction in interest, a grace period for interest payment, a grace period for repayment of capital, debt forgiveness, or other agreements favorable to the debtor have been made for the purpose of assisting the debtor with management reorganization or support, and which do not fall under bankrupt/substantially bankrupt claims and similar claims, doubtful claims, and loans overdue for three (3) months or longer.

Note that the amount of loans above is the amount prior to deduction of allowance for loan loss.

3. Discounting of bills is processed as a financial transaction, based on “Handling in accounting and audit regarding the application of financial instruments accounting standards in the banking industry” (JICPA Industry-specific Committee Practical Guideline No. 24, March 17, 2022). The Bank retains the right to freely dispose of bank acceptance bills, commercial bills, documentary bills, and foreign bills bought, etc., and thus received in the form of sales or (re) mortgaging and their face value is as follows:

¥10,274 million

4. Assets provided as security are as follows:
Assets provided as security

Securities	¥1,557,131 million
Loans and bills discounted	¥90,687 million
Other assets	¥2 million
Total	¥1,647,821 million

Liabilities corresponding to security assets

Deposits	¥55,046 million
Securities sold under repurchase agreements	¥166,011 million
Payables under securities lending transaction	¥367,662 million
Borrowed money	¥954,037 million

In addition to the above, the followings have been tendered as a substitute for security for foreign currency settlement, short-term financial transactions, or futures market transaction deposits, etc.

Trading account securities	¥22 million
Securities	¥68,575 million

Furthermore, financial instruments security deposits, central clearing organization security deposits, and guarantees are included in other assets and their amount is as follows:

Financial instruments security deposits	¥29,744 million
Guarantees	¥1,367 million

5. Overdraft agreements and commitment line agreements for loans are agreements to provide loans up to a prescribed limit, when application for a loan has been made by customers, in the event that there is no breach of the terms as provided for in the agreement. Unexecuted loan balances related to these agreements are as follows:

Unexecuted loan balance	¥1,747,033 million
Of which, those where the original term of loan is within 1 year	¥1,641,672 million
(or those that can be cancelled unconditionally at any time)	

Since many of these agreements terminate without the loan being executed, the unexecuted loan balance itself does not necessarily impact the future cashflow of the consolidated subsidiaries engaged in the banking business or of some of the consolidated subsidiaries. Many of these agreements contain a clause that the consolidated subsidiaries engaged in the banking business or some of the consolidated subsidiaries may refuse the loan applied for execution or decrease the limit amount of the agreement, in the event that there have been changes in the financial situation, securing of loans, and other reasonable reasons. In addition, guarantees, such as real estate or securities, are secured at the time of agreement as necessary. The business conditions of the customers are grasped regularly even after the agreement is concluded in accordance with the internal regulations set in advance. A review of the agreement and measures to secure credit, etc. are conducted as necessary.

6. Based on the Act on Revaluation of Land (Act No. 34, March 31, 1998), revaluation of business-use land owned by The Daishi Hokuetsu Bank, Ltd. was conducted. For the valuation difference, the amount equivalent to tax related to the subject valuation difference has been recorded in Liabilities, as “Deferred tax liability related to revaluation” and the amount after deduction of this amount is recorded in net assets under “Land revaluation difference.”

Date of revaluation	March 31, 1998
Method of revaluation as provided in Article 3, paragraph 3 of said Act.	

Calculated based on the method provided and published by the Director General of the National Tax Administration Agency to calculate the value of land on which the taxable value for the land tax, as provided in Article 16 of the Land-holding Tax Act (Act No. 69 of 1991) and established in the Order for Enforcement of Act on Revaluation of Land (Order No. 119 dated March 31, 1998) Article 2, item 4, with reasonable adjustments (rate of value correction by depth, etc.) made.

The difference between the total amount of market value of the business-use land revaluated as provided for in Article 10 of said Act as of the end of the term and the total amount of book value after revaluation of said business-use land:

¥11,015 million

7. Aggregate amount of depreciation of tangible fixed assets
Aggregate amount of depreciation ¥76,042 million
8. Amount of compressed entry of tangible fixed assets
Amount of compressed entry ¥9,512 million
(Amount of compressed entry in current consolidated fiscal year) (¥— million)
9. Amount of guarantee obligation for privately placed bonds (under Article 2, paragraph 3 of the Financial Instrument and Exchange Act) in bonds included in “Securities.”
¥75,565 million
10. Trust principal with principal compensation agreement
Money trusts ¥20,184 million

(Consolidated Statements of Income Related)

1. The following is included in other ordinary income.

Gain on sales of stocks and other securities	¥3,878 million
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2. The following are included in general and administrative expenses.

Salaries and allowances	¥30,378 million
Retirement benefit costs	(¥1,717 million)
Depreciation	¥6,779 million

3. The following are included in other expenses.

Written-off of loans	¥894 million
Loss on sales of stocks and other securities	¥618 million
Loss on devaluation of stocks and other securities	¥0 million

4. Impairment loss
They are not presented due to immateriality.

(Consolidated Statements of Comprehensive Income Related)

1. Recycling and amount of tax effects related to Other comprehensive income (¥ million)

Valuation difference on available-for-sale securities	
Incurred cost for this term	(51,391)
Recycling	9,461
Before income taxes and tax effects	(41,929)
Income taxes and tax effects	12,935
Valuation difference on available-for-sale securities	(28,994)

Deferred gains or losses on hedges

Incurred cost for this term	(6,213)
Recycling	(3,571)
Before income taxes and tax effects	(9,784)
Income taxes and tax effects	2,706
Deferred gains or losses on hedges	(7,078)

Revaluation reserve for land

Amount incurred during the period	—
Reclassification adjustments	—
Before income taxes and tax effects	—
Income taxes and tax effects	(139)
Revaluation reserve for land	(139)

Remeasurements of defined benefit plans

Incurred cost for this term	(4,201)
Recycling	(2,388)
Before income taxes and tax effects	(6,589)
Income taxes and tax effects	1,838
Retirement benefit adjustment amount	(4,750)
Total other comprehensive income	(40,962)

(Consolidated Statements of Shareholders Equity Related)

1. Matters related to the type and total number of issued shares, and type and number of treasury stocks (1,000 shares)

	Current consolidated fiscal year Number of shares at the beginning of the term	Current consolidated fiscal year Increase in number of shares	Current consolidated fiscal year Decrease in number of shares	Current consolidated fiscal year Number of shares at the end of the term	Remarks
Number of shares					
Ordinary shares	45,942	45,942	—	91,885	(Note1)
Total	45,942	45,942	—	91,885	
Treasury stocks					
Ordinary shares	2,144	2,656	174	4,626	(Note2)
Total	2,144	2,656	174	4,626	

(Note) 1. The Company conducted a 2-for-1 stock split effective October 1, 2024.

The increase of 45,942 thousand common shares was due to the stock split.

2. The breakdown of increase in the number of ordinary treasury shares is as follows.

(Before stock split)

Increase due to acquisition of treasury shares based on the resolution of the Board of Directors	220 thousand shares
Increase due to acquisition of ordinary shares under the share-based payment plan	66 thousand shares
Increase due to request to purchase fractional unit shares	1 thousand shares

(Upon and after stock split)

Increase due to the stock split	2,367 thousand shares
Increase due to request to purchase fractional unit shares	1 thousand shares

The breakdown of decrease in the number of ordinary treasury shares is as follows.

(Before stock split)

Decrease due to request to purchase fractional unit shares	0 thousand shares
Decrease due to granting of ordinary shares under the share-based payment plan	9 thousand shares
Decrease due to sale of the Company's shares by the E-Ship Trust	55 thousand shares

(After stock split)

Decrease due to request to purchase fractional unit shares	0 thousand shares
Decrease due to sale of the Company's shares by the E-Ship Trust	109 thousand shares

Number of treasury shares as of March 31, 2025 includes 844 thousand shares of the Company's stock held by the trust for the share-based payment plan and 1,117 thousand shares of the Company's shares held by the E-Ship Trust.

2. Matters related to right to subscribe to new shares and right to subscribe to new treasury stocks
There are no applicable items

3. Matters related to dividends

- (1) Amount of dividends paid out during the current consolidated fiscal year

(Resolution)	Type of shares	Total amount of dividends (¥ million) (Note)	Dividend per share (¥)	Reference date	Effective date
Board of Directors, May 10, 2024	Ordinary shares	3,362	75.00	March 31, 2024	June 3, 2024
Board of Directors, November 8, 2024	Ordinary shares	4,996	112.00	September 30, 2024	December 1, 2024

(Note) 1. The total amount of dividends includes dividends on the Company's shares held by the trust for the share-based payment plan (27 million yen, the Board of Directors, May 10, 2024 / 47 million yen, the Board of Directors, November 8, 2024) and dividends on the Company's shares held by the E-Ship Trust (50 million yen, the Board of Directors, May 10, 2024 / 68 million yen, the Board of Directors, November 8, 2024).

2. The dividend per share resolved at the Board of Directors held on May 10, 2024 includes a commemorative dividend of 5 yen.

3. The Company conducted a 2-for-1 stock split of its common shares effective October 1, 2024. The above dividend per share represents the actual dividend amount before the stock split.

- (2) Dividends for which the reference date falls within the current consolidated fiscal year with the effective date occurring after the last day of the current consolidated fiscal year

(Resolution)	Type of shares	Total amount of dividends (¥ million) (Note)	Source of funds	Dividend per share (¥)	Reference date	Effective date
Board of Directors, May 9, 2025	Ordinary shares	6,691	Retained earnings	75.00	March 31, 2025	June 2, 2025

(Note) The total amount of dividends includes 63 million yen of dividends on the Company's shares held by the trust for the share-based payment plan and 83 million yen of dividends on the Company's shares held by the E-Ship Trust.

(Consolidated Statement of Cash Flows Related)

1. Relationship between the end of term cash and cash equivalents and the amount indicated in the account titles in the consolidated balance sheet

Cash and deposit account	¥2,147,289 million
Deposits (excluding Bank of Japan deposits)	(¥2,243 million)
Cash and cash equivalents	¥2,145,045 million

(Lease transaction related)

Operating lease transactions

<Borrower side>

Unearned lease fees concerning irrevocable operating lease transactions

	(¥ million)
One (1) year or less	15
Exceeding one (1) year	12
Total	27

<Lender side>

Unearned lease fees concerning irrevocable operating lease transactions

	(¥ million)
One (1) year or less	75
Exceeding one (1) year	53
Total	128

(Financial instruments related)

1. Matters concerning the status of financial instruments

- (1) Policy regarding approach towards financial instruments

The Company group is engaged, with a focus on the banking business together with financial services covering lease operations, securities operations, credit guarantee operations, credit card operations, and others. Funds raised by deposits and negotiable certificates of deposits are mainly managed through loans and securities.

As the Company has financial assets and liabilities that are accompanied by interest rate fluctuations, risks relating to assets and liabilities for the entire group are comprehensively grasped and controlled to avoid any disadvantageous impact from interest rate fluctuations. Comprehensive asset and liability management (ALM) is implemented to improve profits as well as stability. Derivative transactions are conducted as part of the activities.

- (2) Contents of financial instruments and their risks

Financial assets held by the Company group are mainly loans made to domestic companies and individuals, and are exposed to credit risk in which recovery of capital and interest on loans could be made difficult by bankruptcy of the customers or deterioration of financial status.

Securities are mainly stocks, bonds, investment trusts, and investment in capital of partnerships. In addition to securities held for ownership until maturity, pure investment, and for business promotion purposes, trading account securities are bonds and are held for trading. These are exposed to market risks in which the asset value held by the Company group may be reduced and incur a loss from the change in credit risks of issuing entities and fluctuation of market factors, including domestic and overseas interest rates, price of securities, etc., and foreign exchange rates.

Of the financial liabilities of the Company group, deposits, etc., and marketable fundraising are exposed to liquidity risk. In addition to the possibility of an outflow of deposits or inability to raise the necessary funds due to the deterioration of the Company group's credibility, a loss may be incurred by being forced to conclude transactions under unfavorable conditions.

Derivative transactions conducted by the Company group include interest rate swaps, forward exchange contracts, currency options, etc., to respond to needs to hedge risks related to interest rates and foreign currency of the customers. Furthermore, as a part of ALM, interest rate swap transactions, currency swap transactions, etc., are being conducted to control interest rate risk in banking operations, as well as to adjust a fund surplus or deficit in banking operations and to stabilize fund liquidity.

In addition, subsidiary banks and some consolidated subsidiaries are conducting credit futures transactions, etc., to pursue trading profits within the extent of earning power and corporate strength.

Risks generated from these derivative transactions include credit risks incurred when the counterpart of the transaction defaults and market risks in which a loss can be incurred by fluctuation of interest rates and currency exchange. “Hedge accounting” is adopted for derivative transactions aimed at hedging risks. Evaluation of hedging effectiveness is verified quarterly as to whether the amount of derivative transaction risk, as a hedge method, is within the range of allowable risk amount, as provided in the operating criteria concerning hedge transaction management, and whether the risk subject to the hedge is reduced.

- (3) Risk management structure related to financial instruments

- (i) Credit risk management

The Company group operates and manages credit risk in an appropriate manner based on various rules concerning credit risk management.

In terms of structure, the Risk Management Department is responsible for controlling credit risks and establishes various rules concerning credit risk management. It plans and runs analysis, evaluation, and improvement activities as well. At The Daishi Hokuetsu Bank, Ltd., credit divisions, completely detached from sales promoting divisions, conduct strict screening and manage problematic loans appropriately. It also aims for sound management of assets through management improvement support activities for customers, etc., and the approach is promoted bank-wide. Credit rating and self-assessment of loans, etc., is strictly enforced through a two-stage assessment system, one by the sales office and the other by the head office division. In addition, the appropriateness and validity of credit rating and self-assessment are verified in the audit conducted by the Audit Division. Regarding the credit portfolio, credit concentration management for specific areas, industries, companies, groups, etc., is conducted in an appropriate manner. Furthermore, credit risk quantification (Note) is being conducted and credit risk limits are corresponding to equity.

(Note) Credit risk quantification is to digitize and estimate the amount of credit risk involved in the credit portfolio, using statistical methods.

- (ii) Market risk management

The Company group has established an operation policy for ALM to adjust market risks to an appropriate magnitude and to secure stable income, and determines the risk limits and loss limits in managing securities in line with the policy. Furthermore, important matters concerning risk management are reviewed at the ALM & Risk Management Committee. The Committee is established to promptly report to the management if any critical situation occurs in managing securities.

As a rule, the Company group conducts quantitative analysis concerning market risks for all financial instruments. The risks are calculated and managed by The Daishi Hokuetsu Bank, Ltd. mainly using Value at Risk (VaR). Quantitative analysis is not conducted on some of the financial instruments when there is little impact on their

amount, etc., and some of the financial instruments of some group companies.

The Daishi Hokuetsu Bank, Ltd. mainly adopts VaR calculated by the historical method (holding period: 120 days, confidence interval: 99%, observation period: 1,250 days). The amount of market risk as of the end of the current consolidated fiscal year (excluding market risk of financial instruments without market prices such as non-listed stock) was 47,099 million yen. Interest risks associated with deposits and loans are recognized by defining liquid deposits remaining in banks for a long time as core deposits and allocating those deposits to maturities of up to 10 years based on an internal model.

A back test that compares the computed VaR with the theoretical profit and loss (profit and loss assumed to have been generated when the portfolio is fixed as of the timing of risk amount measuring) is conducted to confirm that the measurement model captures market risks with sufficient accuracy.

However, as the VaR indicates the amount of risk under a fixed certainty statistically computed from past market fluctuations, it may not be able to capture risks that could occur if the market environment should change inconceivably. This being the case, the approach is supplemented by separate stress tests, etc.

- (iii) Liquidity risk management

In the Company group, The Daishi Hokuetsu Bank, Ltd. has established “Liquidity risk management rules” under which the division managing financing ascertains, analyzes the financing status, and appropriately funds from the market as necessary.

In addition, response measures and a reporting and communicating structure has been established to be able to respond promptly under various situations according to the financing urgency for preparing for unforeseeable circumstances.

- (4) Supplementary explanation regarding matters concerning the market value of financial instruments, etc.
In calculating the market value of financial instruments, certain presumptions are adopted, and said price may differ if it is calculated based on different presumptions.

2. Matters concerning the market value of financial instruments, etc.

The amount recorded in the consolidated balance sheet, their market value, and the differences are as follows: Shares without market prices and investment in capital of partnerships, etc. are not included in the following table (see Note 1). The notes to cash and due from banks, receivables under resale agreements, and payables under securities lending transactions are omitted because they are settled in a short period of time and their market value approximates their book value. In addition, notes to accounting titles with little relevance to the amounts recorded in the consolidated balance sheet have been omitted.

	Amount recorded on consolidated balance sheet	Market value	Difference
(1) Securities			
Trading securities	1	1	—
Bonds to be held to maturity	139,266	135,341	(3,924)
Other securities	2,748,274	2,748,274	—
(2) Loans and bills discounted	5,580,589		
Allowance for loan losses (*1)	(29,376)		
	5,551,212	5,510,961	(40,251)
Total Assets	8,438,755	8,394,578	(44,176)
(1) Deposits	8,522,003	8,518,898	(3,104)
(2) Negotiable certificates of deposit	212,011	212,010	(0)
(3) Borrowed money	965,660	957,215	(8,445)
Total Liabilities	9,699,675	9,688,124	(11,550)
Derivative transactions (*2)			
Hedge accounting not applied	(891)	(891)	—
Hedge accounting applied	18,252	18,252	—
Total derivative transactions	17,361	17,361	—

(*1) General and individual allowances for loan losses corresponding to loans and bills discounted have been deducted.

(*2) Derivative transactions recorded in other assets and liabilities are indicated together as a batch.

Net debts and credits generated from derivative transactions are indicated in net amount and items in which the total will be a net debt are indicated in parentheses. Provisions for contingent loss corresponding to derivatives have been directly reduced in the consolidated balance sheet amounts as they have little relevance. Transactions subject to exceptional interest swap processing are included in the market value of loans to be hedged.

(Note 1) The amounts of shares without market prices and investment in capital of partnerships recorded in the consolidated balance sheet are as follows. These are not included in “Other securities.”

Classification	March 31, 2024
Non-listed stock (*1) (*2)	11,421
Investment in capital of partnerships, etc. (*3)	6,539

(*1) The market value of non-listed stocks is not disclosed in accordance with paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBI Guidance No. 19, March 31, 2020).

(*2) In the current consolidated fiscal year, no impairment (0 million yen) has been made for non-listed stocks.

(*3) The market value of investment in capital of partnerships, etc. is not disclosed in accordance with paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBI Guidance No. 31, June 17, 2021). Some of “other assets” are included in investment in capital of partnership, etc.

(Note 2) Expected amount of redemption of monetary claims and securities with maturity after consolidated closing date

	Within 1 year	Exceeding 1 year but within 3 years	Exceeding 3 years but within 5 years	Exceeding 5 years but within 7 years	Exceeding 7 years but within 10 years	Exceeding 10 years
Deposits	2,075,666	—	—	—	—	—
Securities	180,459	382,734	442,555	377,657	293,931	930,519
Bonds to be held to maturity	20,000	11,600	58,739	15,961	33,672	—
Government bonds	20,000	10,000	10,000	—	—	—
Local government bonds	—	1,600	46,439	15,661	32,912	—
Corporate bonds	—	—	2,300	300	760	—
Other securities with maturity	160,459	371,134	383,816	361,695	260,259	930,519
Government bonds	24,000	139,500	2,000	95,900	157,100	289,500
Local government bonds	73,273	102,000	225,189	90,480	33,102	28,294
Corporate bonds	36,219	49,614	31,631	5,475	12,688	3,565
Loans and bills discounted*	601,173	1,001,293	1,037,017	638,894	443,056	1,216,233
Total	2,857,300	1,384,028	1,479,573	1,016,551	736,988	2,146,752

Loans and bills discounted do not include 114,537 million yen in cases in which the scheduled amount of redemption cannot be foreseen nor 527,909 million yen without an agreed due date, against bankrupt debtors, effectively bankrupt debtors, and potentially bankrupt debtors.

(Note 3) The amount of scheduled repayment of borrowed money and other interest-bearing debts after the consolidated closing date

	(¥ million)					
	Within 1 year	Exceeding 1 year but within 3 years	Exceeding 3 years but within 5 years	Exceeding 5 years but within 7 years	Exceeding 7 years but within 10 years	Exceeding 10 years
Deposits*	8,003,857	445,324	55,296	3,794	13,730	—
Negotiable certificates of deposit	212,011	—	—	—	—	—
Securities sold under repurchase agreements	166,011	—	—	—	—	—
Payables under securities lending transaction	367,662	—	—	—	—	—
Borrowed money	183,564	779,386	2,354	355	—	—
Total	8,933,108	1,224,710	57,651	4,149	13,730	—

* Demand deposits in Deposits are included in “Within 1 year.”

3. Matters concerning the breakdown of the market values of financial instruments by level, etc. The market value of financial instruments is classified into the following three levels according to the observability and relevance of the inputs used to calculate the market value.

Level 1 market value : Market values calculated based on market prices of assets or liabilities under calculation of the market value formed in an active market among observable inputs for the calculation of market value

Level 2 market value : Market values calculated using inputs for calculation of market value other than Level 1 inputs out of observable inputs for market value

Level 3 market value : Market values calculated using unobservable inputs for calculation of market value

If multiple inputs that have a significant impact on the calculation of market value are used, the market value is classified as the level with the lowest priority in the calculation of the market value among the levels to which those inputs belong.

(1) Financial instruments recorded on the consolidated balance sheet at market value

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Securities				
Trading securities				
Stocks	1	0	—	1
Other securities				
Stocks	177,210	25,422	—	202,632
Government bonds	659,906	—	—	659,906
Local government bonds	—	532,292	—	532,292
Corporate bonds	—	53,320	83,881	137,202
Foreign government bonds	516,587	236,800	1,460	754,848
Other	178,465	282,926	—	461,391
Derivative transactions				
Interest-rate-related	—	42,351	—	42,351
Currency related	—	21,303	—	21,303
Other	—	—	29	29
Total Assets	1,532,170	1,194,417	85,372	2,811,960
Derivative transactions				
Interest-rate-related	—	5,664	—	5,664
Currency related	—	40,629	—	40,629
Other	—	—	29	29
Total Liabilities	—	46,293	29	46,323

(2) Financial instruments other than those recorded on the consolidated balance sheet at market value

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Securities				
Bonds to be held to maturity				
Government bonds	39,666	—	—	39,666
Local government bonds	—	92,446	—	92,446
Corporate bonds	—	3,229	—	3,229
Loans and bills discounted	—	—	5,510,961	5,510,961
Total Assets	39,666	95,675	5,510,961	5,646,303
Deposits	—	8,518,898	—	8,518,898
Negotiable certificates of deposit	—	212,010	—	212,010
Borrowed money	—	957,215	—	957,215
Total Liabilities	—	9,688,124	—	9,688,124

(Note 1) Explanation of evaluation techniques used in the calculation of market value and inputs for the calculation of market value

Assets

Securities

Securities whose unadjusted market prices in active markets are available are classified as Level 1 market value. They mainly include shares, exchange-traded funds, and government bonds. In the case of using published market prices, if the market is not active, they are classified as Level 2 market value. They mainly include local government bonds and corporate bonds.

In addition, investment trusts with no market transaction price are classified as Level 2 market value, provided that no significant restrictions exist that may cause market participants to request compensation for the risks relating to the cancellation or repurchase. Of privately placed bonds guaranteed by the issuing bank, those with floating interest rates are short term, reflecting market interest rates. Since the market value is approximate to the book value unless the credit status of the issuing body has not differed significantly after its execution, the said book value is taken as the market value, and classified as Level 3 market value. The market value of privately placed bonds with a fixed interest rate is calculated by adding guarantee fees for the accrued portion (unearned guarantee fees) to the total sum of capital and interest discounted by the interest rate that combines the swap interest rate or other appropriate indices and credit spreads, for each classification based on type,

internal rating, and period. Since the credit spreads and the unearned guarantee fees are unobservable, they are classified as Level 3 market value.

For securitized products (including some bonds), prices obtained from external business operators (e.g., brokers) are recognized as market value based on periodic status checks, such as a price comparison between similar products, time-series price comparison of a single product, and analysis of consistency with published market indicators, and classified as Level 3.

Loans and bills discounted

Loans and bills discounted with fixed interest rates are calculated by adding guarantee fees to the amount discounted by the interest rate added with a credit spread on appropriate indices, such as a swap interest rate, on the total sum of capital and interest, for each classification based on type, internal rating, and period. Those with a floating interest rate are short term and will reflect the market interest rate and are approximate to their book value, unless the credit status of the borrower has not differed significantly after its execution, and therefore said book value is taken to be the market value.

Since the estimated loan loss is calculated on claims, etc., for bankrupt debtors, effectively bankrupt debtors, and potentially bankrupt debtors based on the present value of estimated future cashflow or the expected recovery value from mortgages and guarantees, its market value is approximate to the amount of recorded amount of claims in the consolidated balance sheet after deducting the recorded amount of allowance for loan losses, this amount is taken as the market value.

For loans and bills discounted with no due date for repayment set, for special characteristics, such as restricting said loan within the extent of security assets, its market value, from the estimated repayment period and interest rate conditions, etc., is assumed to be approximate to the book value, and this is taken as the market value.

Since the market value of those with a short agreed period (within one (1) year) is approximate to the book value, this is taken as the market value.

These are classified as Level 3 market value.

Liabilities

Deposits and negotiable certificates of deposit

For call deposits, the payment amount (book value) when a payment request is made on the consolidated closing date is deemed to be the market value. Furthermore, the market value of time and savings deposits and negotiable certificates of deposit is segmented by a fixed period and their present value is calculated by discounting the future cash flow. The discount rate used is the interest rate used when accepting new deposits. Since the market value and book value is approximate to those with a short-term deposit period (within one (1) year), said book value is taken as the market value. These are classified as Level 2 market value.

Borrowed money

Of borrowed money, those with floating interest rates are short term, reflecting market interest rates. Furthermore, since the credit status of the Company and its consolidated subsidiaries has not differed much after their execution, the market value is considered to be approximate to the book value, and the book value is taken as the market value. For those with fixed interest rates, the present value is calculated by segmenting the total amount of capital and interest of the borrowed money into a fixed period, and discounting it with an interest rate expected to be applied in a similar borrowing. Since the market value of those with a short agreed period (within one (1) year) is approximate to the book value, this is taken as the market value. These are classified as Level 2 market value.

Derivative transactions

Derivative transactions whose unadjusted market prices in active markets are available are classified as Level 1 market value. They mainly include bond futures and share futures that are exchange transactions.

However, since most derivative transactions are over-the-counter transactions without published market prices, the market value is calculated using evaluation techniques such as the present value technique and the Black-Scholes model according to the type of transaction and the period until maturity. Major inputs used in these evaluation techniques include interest rates, exchange rates, and volatility. Price adjustment is also made based on the credit risk of the counterparty and the credit risk of the consolidated subsidiaries themselves. If unobservable inputs are not used or their effect is not significant, the market value is classified as Level 2. This includes interest-related transactions (e.g., interest rate swaps, interest rate options) and currency-related transactions (e.g., foreign exchange contracts, currency options, currency swaps). If important unobservable inputs are used or the market value is calculated based on the amount currently required to refinance the asset's service capacity, the market value is classified as Level 3. This includes earthquake derivatives.

(Note 2) Information on the Level 3 market value of financial instruments recorded on the consolidated balance sheet at market value

(1) Quantitative information on important unobserved inputs

Classification	Evaluation technique	Important unobservable inputs	Range of input	Weighted average of inputs
Securities				
Other securities				
Corporate bonds				
Private-placed bonds	Present value technique	Credit spread Unearned guarantee fee	0.4%–7.6% 0.0%–1.4%	1.0% 0.2%

* Quantitative information for earthquake derivatives is not provided, since the market value of earthquake derivatives is calculated based on the amount currently required to refinance the asset's service capacity without any inputs.

(2) Adjustment table of beginning to ending balances and valuation profit and loss recognized in profit and loss for the current term

	Beginning balance	Profit and loss for the current term or other comprehensive income		Net amount of purchases, sales, issuance and settlements	Transfer to Level 3 market value	Transfer from Level 3 market value	Ending balance	Valuation profit and loss on financial assets and financial liabilities held as of the date of the consolidated balance sheet in the amount recorded in profit and loss for the current term (*1)
		Recorded in profit or loss (*1)	Recorded in other comprehensive income (*2)					
Securities								
Other securities								
Corporate bonds	103,227	66	(282)	(19,129)	—	—	83,881	—
Foreign government bonds	3,407	(11)	76	(2,012)	—	—	1,460	—
Derivative transactions								
Other								
Short commitment	(50)	89	—	(68)	—	—	(29)	38
Long commitment	50	(89)	—	68	—	—	29	(38)

(*1) Included in “Financing income,” “Other ordinary income,” and “Other ordinary expenses” in the Consolidated Statements of Income.

(*2) Included in “Other securities valuation difference” of “Other comprehensive income” in the Consolidated Statements of Comprehensive Income.

(3) Explanation of the valuation process for market value

The Company group has established policies/procedures for the calculation of market value and procedures for the use of market value valuation models in the Middle and Back Office departments. For calculated market values and the classification of their levels, the appropriateness of evaluation techniques and inputs used for the calculation of market value is verified. The calculation of market value uses evaluation models that best reflect the nature, characteristics, and risks of individual assets. Even when using market prices obtained from third parties, the appropriateness of those prices is verified through appropriate methods such as the confirmation of evaluation techniques and inputs used and the comparison with market value of similar financial instruments.

(4) Explanation of the effect of changes in important unobserved inputs on market value

Credit spread
Credit spreads are calculated based on the expected default rate by rating, the period spread by rating, and the exposure at default.
In general, a significant increase (decrease) in credit spreads results in a significant decrease (increase) in market value.

Unearned guarantee fee

Guarantee fees are calculated based on credit ratings. Unearned guarantee fees, which constitute market value, are the accrued portion of guarantee fees. In general, unearned guarantee fees decrease over time, causing a decline in market value.

(Securities related)

*1 “Trading securities” are included in addition to “Securities” in the consolidated balance sheet.

*2 “Shares of subsidiaries and associates” are disclosed in the notes to the consolidated financial statements.

1. Trading securities
Valuation difference included in profit and loss of the consolidated fiscal year (¥48 million)

	Type	Amount recorded in consolidated balance sheet (¥ - million)	Market value (¥ - million)	Difference (¥ - million)
Market value exceeds the amount recorded in the consolidated balance sheet	Government bonds	—	—	—
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Subtotal	—	—	—
Market value does not exceed the amount recorded in the consolidated balance sheet	Government bonds	40,005	39,666	(339)
	Local government bonds	95,903	92,446	(3,457)
	Corporate bonds	3,357	3,229	(127)
	Subtotal	139,266	135,341	(3,924)
Total		139,266	135,341	(3,924)

3. Other securities

	Type	Amount recorded in consolidated balance sheet (¥ - million)	Acquisition cost (¥ - million)	Difference (¥ - million)
Amount recorded in consolidated balance sheet exceeds cost of acquisition	Stocks	184,351	88,685	95,665
	Bonds	149,820	149,751	69
	Government bonds	139,521	139,482	38
	Local government bonds	2,500	2,500	0
	Corporate bonds	7,798	7,769	29
	Other	472,507	446,627	25,880
	Foreign government bonds	240,209	235,344	4,864
	Subtotal	806,680	685,064	121,615
	Stocks	18,281	19,512	(1,231)
	Bonds	1,179,580	1,255,395	(75,814)
Amount recorded in consolidated balance sheet does not exceed cost of acquisition	Government bonds	520,385	573,571	(53,186)
	Local government bonds	529,791	550,484	(20,692)
	Corporate bonds	129,403	131,339	(1,935)
	Other	743,732	813,456	(69,724)
	Foreign government bonds	514,639	561,522	(46,882)
	Subtotal	1,941,594	2,088,364	(146,770)
	Total	2,748,274	2,773,429	(25,155)

4. Bonds to be held till maturity sold during the current consolidated fiscal year
There are no applicable items

5. Other securities sold during the current consolidated fiscal year

Type	Amount of sale (¥ - million)	Total gain on sale (¥ - million)	Total loss on sale (¥ - million)
Stocks	12,766	3,233	603
Bonds	373,646	871	5,763
Government bonds	207,026	871	3,378
Local government bonds	159,246	—	2,319
Corporate bonds	7,374	0	64
Other	294,662	3,825	6,133
Foreign government bonds	170,286	2,246	4,742
Total	681,075	7,930	12,500

6. Securities with changes to the purpose of ownership
There are no applicable items

7. Securities written-down

For securities other than trading securities (excluding shares without market prices and investment in capital of partnerships) in cases in which the market value has fallen significantly from the acquisition price and the market price is not expected to return to the acquisition price, said market price is recorded in the consolidated balance sheet and the valuation difference is processed as a loss for the applicable consolidated fiscal year (“Write-down”). The amount of Write-down in the current consolidated fiscal year is ¥28 million (of which, ¥28 million is in bonds).

The criterion of judging the market value to have “fallen significantly” is provided in the self-assessment criteria. For bonds, Write-down is conducted in the event that the market value has fallen by 30% or more from its acquisition price or in consideration of the financial conditions, etc., of the issuing company. For stocks and investment trusts, Write-down for the full amount is made in the case of stocks for which the market price as of the end of the term has fallen by 50% or more from the acquisition price, and for stocks whose market price has fallen by 30% or more but not exceeding 50%. Write-down is made, judged by the possibility of recovery of the market price, taking into account trends in the market price for a fixed period prior to the reference date and the financial conditions, etc., of the issuing company.

(Money trusts related)

1. Money trusts for investment purposes

	Amount on the consolidated balance sheet (¥ -million)	Valuation difference included in profit or loss for the consolidated fiscal year (¥ - million)
Money trusts for investment purposes	4,947	—

2. Money trusts held to maturity
There are no applicable items

3. Other money trusts (other than those for investment purposes and held-to-maturity purposes)
There are no applicable items

(Valuation difference on available-for-sale securities)

The breakdown of valuation difference on available-for-sale securities recorded in the consolidated balance sheet is as follows:

	Amount (¥ million)
Valuation difference	(25,148)
Other securities	(25,148)
Other money trusts	—
(+) Deferred tax assets	8,181
Valuation difference on available-for-sale securities (before adjustment for equity)	(16,967)
Non-controlling interests equivalent to be deducted	—
Valuation difference on available-for-sale securities	(16,967)

(Note) Valuation difference includes valuation difference on other securities that constitute assets of partnerships, etc.

(Derivative transactions related)

1. Derivative transactions where hedge accounting has not been applied

The contract amount on the consolidated closing date or the amount equivalent to capital in contract, and their market value and valuation profit and loss, for each transaction subject type for derivative transactions where hedge accounting has not been applied are as follows. It must be noted that the amount of contract itself does not indicate the market risk related to the derivative transaction.

(1) Interest-rate-related transactions

Classification	Type	Contract amount, etc. (¥ - million)	Of which, exceeding 1 year (¥ - million)	Market value (¥ - million)	Valuation profit and loss (¥ - million)
Store	Interest swap				
	Fixed receipt, floating payment	94,815	90,252	(2,625)	(2,625)
	Floating receipt, fixed payment	94,815	90,252	3,831	3,831
	Interest options				
	Short commitment	142	142	(0)	(0)
	Long commitment	142	142	0	(0)
Total		—	—	1,206	1,206

(Note) Market valuation is made for the above-mentioned transactions and the valuation profit or loss is recorded in the consolidated statement of income.

(2) Currency-related transactions

Classification	Type	Contract amount, etc. (¥ - million)	Of which, exceeding 1 year (¥ - million)	Market value (¥ - million)	Valuation profit and loss (¥ - million)
Store	Currency swap	24,124	23,378	81	81
	Forward exchange contract				
	Short commitment	162,487	18,161	(7,041)	(7,041)
	Long commitment	24,815	17,514	5,650	5,650
	Currency option				
	Short commitment	930,907	797,718	13,296	43,268
	Long commitment	930,907	797,718	(14,085)	(29,420)
Total		—	—	(2,097)	12,539

(Note) Market valuation is made for the above-mentioned transactions and the valuation profit or loss is recorded in the consolidated statement of income.

(3) Stock-related transactions
There are no applicable items

(4) Bond-related transactions
There are no applicable items

(5) Commodity-related transactions
There are no applicable items

(6) Credit and derivative transactions
There are no applicable items

(7) Other

Classification	Contract amount, etc. (¥ - million)	Of which, exceeding 1 year (¥ - million)	Market value (¥ - million)	Valuation profit and loss (¥ - million)
Store	Earthquake derivative			
	Short commitment	4,250	—	(29)
	Long commitment	4,250	—	29
Total		—	—	—

(Note) Market valuation is made for the above-mentioned transactions and the valuation profit or loss is recorded in the consolidated statement of income.

2. Derivative transactions where hedge accounting has been applied

The contract amount on the consolidated closing date or the amount equivalent to capital in contract, and their market value, for each transaction subject type and for each hedge accounting method for derivative transactions where hedge accounting has been applied are as follows. It must be noted that the amount of contract itself does not indicate the market risk related to the derivative transaction.

(1) Interest-rate-related transactions

Method of hedge accounting	Type	Major hedge subjects	Contract amount, etc. (¥ - million)	Of which, exceeding 1 year (¥ -million)	Market value (¥ - million)
Generally applied processing method	Interest swap Floating receipt, fixed payment	Other securities	622,656	622,656	35,481
Exceptional interest swap processing	Interest swap Fixed receipt, floating payment Floating receipt, fixed payment	Loans and bills discounted	3,000	3,000	(Note 2)
Total			—	—	35,481

(Notes) 1. A deferred hedge was adopted as the method of hedge accounting for interest risks occurring from financial assets and liabilities.

2. Transactions subject to exceptional interest swap processing are processed together with loans and bills discounted to be hedged. Therefore, their market value is included in the market value of the applicable loans and bills discounted in “(Financial instruments related).”

(2) Currency-related transactions

Method of hedge accounting	Type	Major hedge subjects	Contract amount, etc. (¥ - million)	Of which, exceeding 1 year (¥ -million)	Market value (¥ - million)
Generally applied processing method	Currency swap	Foreign currency denominated securities, and loans and bills discounted	147,058	146,310	(17,228)
Total			—	—	(17,228)

(Note) Conducted primarily by deferred hedge in accordance with Industry-specific Committee Practical Guideline No. 25.

(3) Stock-related transactions
There are no applicable items

(4) Bond-related transactions
There are no applicable items

(Retirement benefit related)

1. Summary of the adopted retirement benefits scheme

The consolidated subsidiaries engaged in the banking business have established a defined contribution pension plan as a defined benefit plan, in addition to the corporate pension fund scheme and lump-sum retirement allowance scheme.

In addition, extra retirement payments may be paid upon employees’ retirement, etc. In other consolidated subsidiaries, in addition to a lump-sum retirement allowance scheme being established, some of the consolidated subsidiaries have also established a defined contribution pension plan.

Furthermore, liabilities related to retirement benefits and retirement benefit costs of a lump-sum retirement allowance scheme held by some of the consolidated subsidiaries are calculated using the simplified method.

In addition, consolidated subsidiaries engaged in the banking business have set up a retirement benefit trust.

2. Defined benefit plan

(1) Adjustment table of retirement benefit liabilities, as of the beginning and end of the term (excluding schemes adopting the simplified method)

Beginning of term retirement benefit liability balance	¥58,130 million
Service costs	¥1,149 million
Interest costs	¥694 million
Actuarial gain or loss amount generated	(¥3,198 million)
Amount of retirement benefits paid	(¥3,778 million)
Increase due to business combination	¥— million
Other	¥0 million
End-of-term retirement benefit liability balance	¥52,998 million

(2) Adjustment table of pension assets, as of the beginning and end of the term (excluding schemes adopting the simplified method)

Beginning-of-term pension assets balance	¥93,910 million
Expected operational earnings	¥1,783 million
Actuarial gain or loss amount generated	(¥7,399 million)
Contribution from employers	¥382 million
Amount of retirement benefits paid	(¥2,700 million)
Other	¥0 million
End-of-term pension assets balance	¥85,976 million

(3) Adjustment table for debts related to retirement benefit liabilities as of the beginning and end of the term for schemes adopting the simplified method

Beginning-of-term retirement benefit-related debts	¥760 million
Retirement benefit costs	¥55 million
Amount of retirement benefits paid	(¥70 million)
Increase (decrease) due to the effect of business combination	¥— million
End-of-term retirement benefit-related debts	¥745 million

(4) Adjustment table for end of term balance of retirement benefit liabilities and pension assets, and debts and assets related to retirement benefits recorded in the consolidated balance sheet

Retirement benefit liability of savings-type scheme	¥52,998 million
Pension assets	(¥85,976 million)
	(¥32,977 million)
Retirement benefit liability of non-savings-type scheme	¥745 million
Net amount of liabilities and assets recorded in the consolidated balance sheet	(¥32,232 million)

(Note) Includes schemes where the simplified method is adopted.

Retirement benefit-related liabilities	¥745 million
Assets related to retirement benefits	(¥32,977 million)
Net amount of liabilities and assets recorded in the consolidated balance sheet	(¥32,232 million)

(5) Retirement benefit costs and its itemized breakdown

Service costs	¥1,149 million
Interest costs	¥694 million
Expected operational earnings	(¥1,783 million)
Actuarial gain or loss processing amount	(¥2,176 million)
Prior service cost processing amount	(¥211 million)
Retirement benefit costs calculated by the simplified method	¥55 million
Amount recorded as expenses due to the effect of business combination	¥— million
Other	¥127 million
Retirement benefit costs related to the defined benefit plan	(¥2,143 million)

(6) Retirement benefit adjustment amount

The breakdown of items recorded in remeasurements of defined benefit plans, net of tax (before income taxes and tax effects) is as follows:

Prior service cost	(¥211 million)
Actuarial gain or loss	(¥6,378 million)
Total	(¥6,589 million)

(7) Aggregate amount of adjustment related to retirement benefits

The breakdown of items recorded in the remeasurements of defined benefit plans (before income taxes and tax effects) is as follows:

Unrecognized prior service cost	(¥1,160 million)
Unrecognized actuarial gain or loss	(¥17,884 million)
Total	(¥19,044 million)

(8) Matters related to pension assets

(i) Ratio for each major classification in total pension assets is as follows:

Bonds	29%
Stocks	52%
General life insurance account	15%
Cash and deposits	0%
Other	1%
Total	100%

(Note) Total pension assets include 15% from retirement benefit trust established on the corporate pension plan and 26% from retirement benefit trust established on the lump-sum retirement allowance scheme, respectively, for the current consolidated fiscal year.

(ii) Method to set long-term expected rate-of-return (“ROR”)

To determine the expected long-term ROR for pension assets, consideration is given to the distribution of current and expected pension assets and the current and expected long-term ROR on diverse assets that comprise the pension assets.

(9) Matters regarding the basis of actuarial calculation

Major actuarial calculation basis	
Discount rate	1.9%
Long-term expected ROR	
Corporate pension fund	2.5%
Retirement benefit trust	2.2% to 2.5%
Expected salary increase rate	2.4%

* The expected rate of salary increase is shown as a weighted average.

3. Defined contribution scheme

Amount of required contribution to defined contribution schemes of consolidated subsidiaries for the current consolidated fiscal year is ¥425 million.

(Stock option related)

There are no applicable items

(Tax effect accounting related)

1. Breakdown of major causes generating deferred tax assets and deferred tax liabilities

Deferred tax assets	
Allowance for loan losses	¥10,304 million
Depreciation costs	¥2,169 million
Valuable securities amortization	¥1,632 million
Book value correction for fair market valuation	¥2,035 million
Valuation difference on available-for-sale securities	¥8,181 million
Other	¥5,641 million
Subtotal deferred tax assets	¥29,964 million
Valuation reserve related to total future subtracted temporary difference, etc.	(¥5,036 million)
Subtotal valuation reserve	(¥5,036 million)
Total deferred tax assets	¥24,928 million
Deferred tax liabilities	
Retirement benefit asset	(¥1,594 million)
Retirement benefit trust establishment benefit	(¥3,064 million)
Deferred gains or losses on hedges	(¥10,108 million)
Book value correction for fair market valuation	(¥4,866 million)
Other	(¥511 million)
Total deferred tax liabilities	(¥20,146 million)
Net deferred tax assets (liabilities)	¥4,781 million

2. Breakdown of major items that caused significant difference between the statutory effective tax rate and the income tax burden rate after the application of tax effect accounting of the company submitting consolidated financial statements

Statutory effective tax rate	30.5%
(Adjusted)	
Items including entertainment expenses permanently excluded from deductible expenses	0.3%
Items including dividends income permanently excluded from gross revenue	(1.5%)
Inhabitant tax on per capita basis	0.1%
Increase/decrease in valuation allowance	(0.2%)
Reduction adjustment of year-end deferred tax assets due to changes in tax rates	(0.4%)
Other	(0.0%)
Income tax burden rate after the application of tax effect accounting	28.7%

3. Adjustment to deferred tax assets and liabilities due to changes in corporate income tax rates

Following the enactment of the “Act for Partial Amending to the Income Tax Act, etc.” (Act No. 13 of 2025) in the Diet session on March 31, 2025, the “Special Defense Corporate Tax” will be imposed from the fiscal year starting on or after April 1, 2026. Accordingly, for deferred tax assets and liabilities for temporary differences expected to be eliminated in or after the fiscal year starting on or after April 1, 2026, the effective statutory tax rate has been changed from 30.5% to 31.4%. As a result of this tax rate change, for the current fiscal year, deferred tax assets increased by 393 million yen (while deferred tax liabilities increased by 129 million yen), valuation difference on available-for-sale securities increased by 188 million yen, and remeasurements of defined benefit plans increased by 164 million yen. In contrast, deferred gains or losses on hedges decreased by 289 million yen and income taxes—deferred decreased by 199 million yen. Deferred tax liabilities for land revaluation increased by 139 million yen while revaluation reserve for land decreased by the same amount.

(Real estate for lease, etc.)

Some consolidated subsidiary companies own real estate for lease. However, the information has been omitted as it lacks materiality.

(Segment information, etc.)

[Segment information]

1. Outline of reporting segments

The Company group consists of the Company, which is the bank holding company, and 14 consolidated subsidiaries, including The Daishi Hokuetsu Bank, Ltd. The Group provides a wide range of financial instruments and services to local customers, mainly through the banking business, together with leasing, securities, credit guarantees, credit card businesses, etc. Financial information by Group companies is reported regularly to the Company's Board of Directors.

Therefore, while the Company group is formed by segments of the Company and each of the consolidated subsidiaries, we have established "Banking," which accounts for the majority of all segments, "Leasing," and "Securities," in view of their importance as the three reporting segments.

"Banking" focuses on deposit and loan businesses, and carries out securities investment, domestic exchange, and foreign exchange businesses, serving as the contact point for the sales of public bonds, investment trusts, insurance policies, etc. It is positioned as the Group core.

Furthermore, "Leasing" conducts the integrated leasing business, while "Securities" conducts the securities business.

The method of calculation for ordinary income, profit or loss, assets, liabilities, and other items of each reporting segment

The accounting method adopted for each reporting segment is identical to the preparation policy for consolidated financial statements. Internal transactions between the segments are based on the actual amount of transaction.

3. Information regarding the amount of ordinary income, profit or loss, assets, liabilities, and other items of each reporting segment

Fiscal 2024 (April 1, 2023, through March 31, 2024)

	Reportable segment				Other	Total	Adjustments	(¥ million) Carrying amount on the consolidated financial statements
	Banking business	Leasing business	Securities business	Total				
Ordinary income								
Ordinary income from external customers	148,394	20,349	5,170	173,913	8,488	182,401	(343)	182,058
Inter-segment ordinary income	633	379	48	1,061	10,500	11,562	(11,562)	—
Total	149,027	20,728	5,219	174,975	18,989	193,964	(11,905)	182,058
Segment profit	25,417	923	2,039	28,380	10,245	38,625	(7,757)	30,868
Segment assets	11,040,998	76,780	35,682	11,153,461	375,499	11,528,961	(390,951)	11,138,009
Segment liabilities	10,611,103	56,443	15,836	10,683,382	31,403	10,714,785	(76,679)	10,638,106
Other items								
Depreciation	6,699	206	21	6,926	178	7,105	(24)	7,081
Interest income	98,719	333	188	99,242	7,627	106,870	(7,863)	99,006
Financing expenses	34,708	161	3	34,873	9	34,883	(144)	34,738
Increase in property, plant and equipment, and intangible assets	4,621	184	41	4,847	208	5,056	68	5,124

(Notes) 1. Ordinary income is indicated instead of the amount of sales used generally for corporations. "Adjustment difference" refers to the difference between ordinary income and the recorded amount of ordinary income in the consolidated statement of income.

2. "Other" refers to the business segments not included in the reportable segments, and includes the credit guarantee business and credit card business.

3. As stated in the "Changes of accounting policies" of the Notes to consolidated financial statements, the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" has been applied since the beginning of the current fiscal year. Accordingly, the retrospective figures are presented.

4. Adjustments are as follows:

(1) Adjustments to ordinary income from external customers of negative ¥343 million include adjustments to ordinary income associated with the purchase method of negative ¥353 million.

(2) Adjustments to segment profit of negative ¥7,757 million represent eliminations of inter-segment transactions, etc.

(3) Adjustments to segment assets of negative ¥390,951 million represent eliminations of inter-segment transactions, etc.

(4) Adjustments to segment liabilities of negative ¥76,679 million represent eliminations of inter-segment transactions, etc.

(5) Adjustments to depreciation of negative ¥24 million represent adjustments to depreciation associated with the purchase method, etc.

(6) Adjustments to interest income of negative ¥7,863 million represent eliminations of inter-segment transactions, etc.

(7) Adjustments to financing expenses of negative ¥144 million represent eliminations of inter-segment transactions, etc.

(8) An adjustment of ¥68 million to the increase in property, plant and equipment, and intangible as-sets mainly represents the acquisition cost of lease assets obtained by non-lease business segments under agreements with the lease business segment.

5. Segment profit has been reconciled to ordinary profit of the consolidated statement of income.

Fiscal 2025 (April 1, 2024, through March 31, 2025)

	Reportable segment				Other	Total	Adjustments	(¥ million) Carrying amount on the consolidated financial statements
	Banking business	Leasing business	Securities business	Total				
Ordinary income								
Ordinary income from external customers	160,032	21,289	5,143	186,465	8,208	194,673	(27)	194,646
Inter-segment ordinary income	802	368	30	1,201	11,370	12,572	(12,572)	—
Total	160,834	21,657	5,174	187,666	19,579	207,246	(12,599)	194,646
Segment profit	35,127	1,060	1,948	38,136	10,935	49,071	(7,959)	41,112
Segment assets	10,902,564	89,673	30,502	11,022,740	376,430	11,399,171	(421,374)	10,977,796
Segment liabilities	10,490,425	68,774	10,982	10,570,181	31,896	10,602,078	(103,152)	10,498,925
Other items								
Depreciation	6,684	176	15	6,876	182	7,058	(37)	7,021
Interest income	114,149	455	250	114,854	8,626	123,480	(8,374)	115,106
Financing expenses	41,493	356	0	41,850	6	41,856	(331)	41,524
Increase in property, plant and equipment, and intangible assets	3,472	192	34	3,700	265	3,965	12	3,977

(Notes) 1. Ordinary income is indicated instead of the amount of sales used generally for corporations. "Adjustment difference" refers to the difference between ordinary income and the recorded amount of ordinary income in the consolidated statement of income.

2. "Other" refers to the business segments not included in the reportable segments, and includes the credit guarantee business and credit card business.

3. Adjustments are as follows:

(1) Adjustments to ordinary income from external customers of negative ¥27 million include adjustments to ordinary income associated with the purchase method of ¥160 million.

(2) Adjustments to segment profit of negative ¥7,959 million represent eliminations of inter-segment transactions, etc.

(3) Adjustments to segment assets of negative ¥421,374 million represent eliminations of inter-segment transactions, etc.

(4) Adjustments to segment liabilities of negative ¥103,152 million represent eliminations of inter-segment transactions, etc.

(5) Adjustments to depreciation of negative ¥37 million represent adjustments to depreciation associated with the purchase method, etc.

(6) Adjustments to interest income of negative ¥8,374 million represent eliminations of inter-segment transactions, etc.

(7) Adjustments to financing expenses of negative ¥331 million represent eliminations of inter-segment transactions, etc.

(8) An adjustment of ¥12 million to the increase in property, plant and equipment, and intangible assets mainly represents the acquisition cost of lease assets obtained by non-lease business segments under agreements with the lease business segment.

4. Segment profit has been reconciled to ordinary profit of the consolidated statement of income.

[Related information]

Fiscal 2024 (April 1, 2023, through March 31, 2024)

1. Information by each service

	Loan operations	Securities investment operations	Lease operations	Other	Total
Ordinary income from outside customers	55,306	55,063	20,055	51,633	182,058

(Note) Ordinary income is indicated instead of amount of sales for corporations.

2. Information for each region

(1) Ordinary income
Listing has been omitted since the amount of ordinary income of the Company group, segmented into external customers in Japan, accounts for over 90% of the ordinary income in the consolidated statements of income.

(2) Tangible fixed assets
Listing has been omitted since the amount of tangible fixed assets of the Company group existing inside Japan accounts for over 90% of the tangible fixed assets of the consolidated balance sheet.

3. Information by each major customer

Listing has been omitted since there are no specific customers from which ordinary income accounts for 10% or more of the ordinary income in the consolidated statements of income.

Fiscal 2025 (April 1, 2024, through March 31, 2025)

1. Information by each service

	Loan operations	Securities investment operations	Lease operations	Other	Total
Ordinary income from outside customers	61,275	55,992	20,837	56,541	194,646

(Note) Ordinary income is indicated instead of amount of sales for corporations.

2. Information for each region

(1) Ordinary income
Listing has been omitted since the amount of ordinary income of the Company group, segmented into external customers in Japan, accounts for over 90% of the ordinary income in the consolidated statements of income.

(2) Tangible fixed assets
Listing has been omitted since the amount of tangible fixed assets of the Company group existing inside Japan accounts for over 90% of the tangible fixed assets of the consolidated balance sheet.

3. Information by each major customer

Listing has been omitted since there are no specific customers from which ordinary income accounts for 10% or more of the ordinary income in the consolidated statements of income.

[Information regarding impairment loss of fixed assets for each reporting segment]

Fiscal 2024 (April 1, 2023, through March 31, 2024)

	Reporting segment				Other	Total
	Banking	Leasing	Securities	Total		
Impairment loss	933	—	105	1,039	—	1,039

Fiscal 2025 (April 1, 2024, through March 31, 2025)

They are not presented due to immateriality.

[Information concerning amortization of goodwill and unamortized balance by reporting segment]

There are no applicable items

[Information concerning negative goodwill generation profit by each reporting segment]

There are no applicable items

Fiscal 2024 (April 1, 2023, through March 31, 2024)

In the "Other" segment, negative goodwill generation profit was recorded as a result of making Daishi Hokuetsu IT Solutions Co., Ltd. (the trade name of which was changed from N.C.S. Co., Ltd. on April 3, 2023) a consolidated subsidiary as of April 3, 2023. The amount of negative goodwill generation profit as a result of this event was 1,343 million yen in the current consolidated fiscal year.

Fiscal 2025 (April 1, 2024, through March 31, 2025)

There are no applicable items

(Related party information)

There are no material matters to be stated regarding transactions with related parties.

(Per share information)

Net assets per share ¥5,487.84

Basic earnings per share ¥335.91

(Note) 1.The Company conducted a 2-for-1 stock split of its common shares effective October 1, 2024. Net assets per share and basic earnings per share is calculated on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

2.As stated in the "Changes of accounting policies" of the Notes to consolidated financial statements, the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" has been applied since the beginning of the current fiscal year. The figures for the fiscal year ended March 31, 2024 reflect retrospective application due to changes in accounting policies. As a result, net assets per share increased by ¥6.00 on the assumption that the stock split was carried out at the beginning of the previous fiscal year. There was no impact on basic earnings per share.

3.Diluted earnings per share is not presented as there are no potential shares.

4.Net assets per share is calculated based on the following:

Total net assets	¥478, 870 million
Amount deducted from total net assets	¥6 million
(Non-controlling interests)	¥6 million
Net asset amount attributable to common shares	
at the fiscal year-end	¥478,864 million

Number of common shares at the fiscal year-end used

for the calculation of net assets per share 87,259 thousand shares

(Note) The shares of the Company remaining in the trust and recorded as treasury shares under shareholders' equity is included in treasury shares deducted from the total number of shares at fiscal year-end for the purpose of calculating net assets per share.

Number of treasury shares at fiscal-end deducted in the calculation of net assets per share

Current fiscal year 1,961 thousand shares

5.Basic earnings per share is calculated based on the following:

Basic earnings per share	
Profit attributable to owners of parent	¥29,349 million
Amount not attributable to common shareholders	¥— million
Profit attributable to common shareholders of parent relating to common shares	¥29,349 million
Average number of common shares during the fiscal year	87,370 thousand shares

(Note) The shares of the Company remaining in the trust and recorded as treasury shares under shareholders' equity is included in the treasury shares deducted from the average number of shares during the fiscal year for the purpose of calculating basic earnings per share.

Average number of treasury shares during the fiscal year deducted in the calculation of basic earnings per share

Current fiscal year 2,026 thousand shares

(Significant subsequent events)

(Memorandum of understanding regarding business integration between the Company and The Gunma Bank, Ltd.)

At the Board of Directors meeting held on April 24, 2025, The Company resolved to aim for the realization of business integration (hereinafter the "Business Integration" or "this case") with The Gunma Bank, Ltd. (hereinafter "Gunma Bank", and together with The Company, hereinafter the "Two Companies") based on the basic policy of mutual trust and equal integration, and have entered into a memorandum of understanding between the Two Companies.

1. Philosophy and objectives of the business integration

The aim of the Business Integration is to facilitate the creation of a new financial group that constitutes one of the top regional banks, in terms of both the scale and quality of its management, by integrating the Two Companies, which already possess solid customer bases in their respective business areas and demonstrate strong profitability and solid financial foundations.

Based on a basic policy of mutual trust and an equal integration, the Two Companies will work to further contribute to their respective regions and continuously improve corporate value by consolidating their relationships of trust with customers and their understanding of their regions that they have cultivated in their respective business areas and by expanding and enhancing their consulting functions.

In addition, the Two Companies will build a sustainable business model for the future by maximizing the benefits of rationalization and efficiency through economies of scale and by providing added value to customers by leveraging their respective strengths.

Furthermore, the Two Companies will aim to become a valuable regional financial group that is able to fulfill customer, regional, and stakeholder expectations by developing a strong group management structure to maximize the potential of the Two Companies' management resources and by steadily achieving sustainable growth and enhancing corporate value.

2. Form of integration

The Business Integration will be based on a holding company structure, and from the viewpoint of accelerating the process of business integration, it is planned that commonly used methods will be adopted and that The Company, which already employs a holding company structure, will be utilized as the holding company of the new financial group. Specifically, it is planned that Gunma Bank will, on or around April 1, 2027, conduct a share exchange with the Integrated Holding Company (defined below) and execute a business integration after the trade name of The Company has been changed (the specific trade name is scheduled to be determined in a definitive agreement regarding the Business Integration (the "Definitive Agreement"; the holding company after the change in trade name is hereinafter the "Integrated Holding Company"), on the condition that approval of the necessary matters for the Business Integration is obtained at the Two Companies' respective shareholders meetings and that permission and approvals for execution of the Business Integration is obtained from the relevant authorities. Since Gunma Bank will become a wholly owned subsidiary of the Integrated Holding Company, together with Daishi Hokuetsu bank, through the share exchange, the shares of Gunma Bank will be delisted from the Tokyo Stock Exchange prior to the effective date of the share exchange.

It is also planned that the location of the head office of the Integrated Holding Company at the time of the Business Integration will be determined in the Definitive Agreement upon consultation between the Two Companies. The locations of the respective head offices of Gunma Bank and Daishi Hokuetsu Bank, which will become subsidiaries, will not change. It is anticipated that the initial organizational structure adopted will be that of a company

with an audit and supervisory committee, and it is planned that the details of this arrangement will be determined in the Definitive Agreement upon consultation between the Two Companies.
The form of the Business Integration may be changed in the future through ongoing consultations and deliberations between the Two Companies.

3. Share exchange ratio

The share exchange ratio will be announced as soon as it is decided, based on, among other factors, the results of due diligence to be conducted in the future and the results of the calculation of the share exchange ratio by the third-party appraisers appointed by the Two Companies, respectively, using methods deemed appropriate by those third-party appraisers.

4. Establishment of an integration preparatory committee

In order to facilitate execution of the Business Integration, the Two Companies will establish an integration preparatory committee to hold focused discussions regarding the Business Integration.

5. Upcoming schedule

Mar. 2026 (Scheduled)	Execution of the Definitive Agreement
Dec. 2026 (Scheduled)	Extraordinary general shareholders meetings held by the Two Companies
Apr 1. 2027 (Scheduled)	Effective date of share exchange

(Note) The details above constitute the current plan and are subject to change depending on future discussions between the Two Companies. In addition, execution of the Business Integration is subject to obtainment of the authorization or approvals from the relevant authorities (including the filing of a Form F-4 registration statement with the U.S. Securities and Exchange Commission (the “SEC”) and having the registration statement be declared effective), and if any event occurs that delays the schedule of the Business Integration due to the status of obtainment of such authorization or approvals and the like, then an announcement will be promptly made to that effect.

6. Overview of the Two Companies (as of March 31, 2025)

Name	Daishi Hokuetsu Financial Group	Gunma Bank
Location	1071-1 Higashiborimae-dori 7-bancho, Chuo-ku, Niigata-shi, Niigata	194 Motosojamachi, Maebashi-shi, Gunma
Representative's name and title	Michiro Ueguri, President and Representative Director	Akihiko Fukai, President and Representative Director
Business details	Management and operation of banks and other companies that Daishi Hokuetsu Financial Group may have as subsidiaries under the Banking Act and any and all businesses incidental or related thereto	Banking
Stated stock	30.0 billion yen	48.6 billion yen
Date of establishment	October 1, 2018 (Date of Establishment of Daishi Hokuetsu Bank November 2, 1873)	September 12, 1932
Number of issued shares	91,885,956 shares	405,888,177 shares
Market capitalization	275.3 billion yen	470.9 billion yen
Fiscal year end	March 31	March 31
Total assets (consolidated)	10,977.7 billion yen	10,557.1 billion yen
Net assets (consolidated)	478.8 billion yen	562.9 billion yen
Deposits (non-consolidated)	8,780.3 billion yen (Daishi Hokuetsu Bank non-consolidated)	8,672.4 billion yen
Loan balance (non-consolidated)	5,614.3 billion yen (Daishi Hokuetsu Bank non-consolidated)	6,845.1 billion yen
No. of employees (consolidated)	3,504 persons	2,927 persons
No. of locations (including branch offices)	203 domestic branches (139 locations) and 1 overseas branch office	160 domestic branches (106 locations), 1 overseas branch and 3 overseas branch offices

7. Others

In the event the Business Integration is carried out, the shareholders of Gunma Bank will be issued shares of the Integrated Holding Company. In accordance with the U.S. Securities Act of 1933, it is planned that The Company will file a Form F-4 registration statement with the SEC regarding the Business Integration.

Non –Consolidated Balance Sheet

Years ended March 31, 2024 and 2025

Note: The translations of the Japanese yen amounts into US dollars are using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to US \$1.

■ Assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
Item	2024	2025	2025
Cash and due from banks	¥2,229,928	¥2,146,625	\$14,356,779
Monetary claims bought	17,106	14,121	94,443
Trading account securities	2,399	2,197	14,699
Money trusts	4,966	4,947	33,091
Securities	3,054,248	2,889,267	19,323,619
Loans and bills discounted	5,455,166	5,614,300	37,548,827
Foreign exchanges	29,802	26,461	176,977
Other assets	170,691	118,395	791,839
Tangible fixed assets	61,494	59,631	398,820
Intangible fixed assets	8,717	6,567	43,921
Prepaid pension cost	10,697	14,309	95,705
Deferred tax assets	–	12,564	84,032
Customers' liabilities for acceptances and guarantees	21,078	19,352	129,428
Allowance for loan losses	(25,298)	(26,179)	(175,090)
Total assets	¥11,040,998	¥10,902,564	\$72,917,096

■ Liabilities

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Deposits	¥8,524,198	¥8,549,373	\$57,178,792
Negotiable certificates of deposit	221,769	231,011	1,545,022
Securities sold under repurchase agreements	202,184	166,011	1,110,299
Payables under securities lending transaction	375,528	367,662	2,458,954
Borrowed money	1,155,400	954,000	6,380,417
Foreign exchanges	385	749	5,013
Borrowed money from trust account	14,813	20,198	135,091
Other Liabilities	81,307	168,941	1,129,891
Provision for bonuses	2,100	2,141	14,323
Provision for directors’ bonuses	95	116	776
Provision for share-based payment	595	731	4,891
Provision for reimbursement of deposits	1,058	814	5,448
Provision for contingent loss	1,935	1,726	11,550
Provision for loss on dismantling of fixed assets	890	876	5,861
Deferred tax liability	1,177	–	–
Deferred tax liabilities for land revaluation	6,586	6,716	44,917
Acceptances and guarantees	21,078	19,352	129,428
Total Liabilities	¥10,611,103	¥10,490,425	\$70,160,681

■ Net Assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
Capital stock	¥32,776	¥32,776	\$219,214
Capital surplus	60,138	60,138	402,208
Retained earnings	289,324	306,292	2,048,508
Shareholders’ equity	382,239	399,208	2,669,931
Valuation difference on available-for-sale securities	10,568	(16,743)	(111,981)
Deferred gains or losses on hedges	29,163	22,085	147,708
Revaluation reserve for land	7,924	7,589	50,757
Total valuation and translation adjustments	47,656	12,931	86,483
Total net assets	429,895	412,139	2,756,414
Total Liabilities and Net assets	¥11,040,998	¥10,902,564	\$72,917,096

Non-Consolidated Statement of Income

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2024	2025	2025
Ordinary income	¥149,027	¥160,834	\$1,075,671
Financing income	98,719	114,149	763,438
Interest on loans and discounts	49,226	54,880	367,044
Interest and dividends on securities	39,019	46,021	307,797
Interest on call loans	(15)	83	558
Interest on deposits with banks	1,463	5,055	33,809
Interest on interest swaps	8,532	7,573	50,649
Other interest income	494	535	3,579
Trust fees	146	145	970
Fees and commissions	24,938	25,260	168,944
Other ordinary income	16,531	15,057	100,703
Other income	8,691	6,222	41,614
Ordinary expenses	123,610	125,706	840,735
Financing expenses	34,708	41,493	277,510
Interest on deposits	560	4,920	32,907
Interest on negotiable certificates of deposit	11	108	728
Interest on call money	(6)	–	–
Interest on bills sold	9,650	9,291	62,144
Interest on payables under securities lending transactions	16,683	19,274	128,909
Interest on borrowings and rediscounts	0	0	0
Interest on interest swaps	7,819	7,768	51,959
Other interest expenses	(9)	129	862
Fees and commissions payments	9,431	9,927	66,396
Other ordinary expenses	10,944	12,349	82,593
General and administrative expenses	57,718	56,686	379,120
Other expenses	10,806	5,250	35,114
Ordinary profit	25,417	35,127	234,936
Extraordinary income	60	391	2,620
Gain on disposal of noncurrent assets	60	377	2,527
Other extra ordinary gain	–	13	93
Extraordinary loss	2,694	324	2,168
Loss on disposal of noncurrent assets	355	233	1,559
Impairment loss	1,262	90	608
Retirement benefit costs	187	–	–
Provision for loss on dismantling of fixed assets	890	–	–
Income before income taxes	22,783	35,195	235,388
Income taxes-current	7,260	8,803	58,875
Income taxes-deferred	(539)	1,149	7,687
Total income taxes	6,720	9,952	66,562
Net Income	¥16,062	¥25,242	\$168,825

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Daishi Hokuetsu FG and the TSUBASA Alliance have set SDGs Declarations.



Daishi Hokuetsu Bank has signed the Principles for Financial Action for the 21st Century.