

DAISHI HOKUETSU INTEGRATED REPORT 2026



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.

Site of Kitazawa Flotation Plant: A Heritage of Industrial Modernization in the Aikawa area of western Sado Island, where ore from the Sado Gold and Silver Mines was sorted and processed.

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【 Editorial Policy 】

Daishi Hokuetsu Financial Group has prepared this "DAISHI HOKUETSU INTEGRATED REPORT 2026" 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 2026" (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 2025–March 2026 (including certain information up to August 2026)

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

● Fiscal year ended March 2019, fiscal year ended March 2020: Simple sum of the figures for Daishi Bank and Hokuetsu Bank

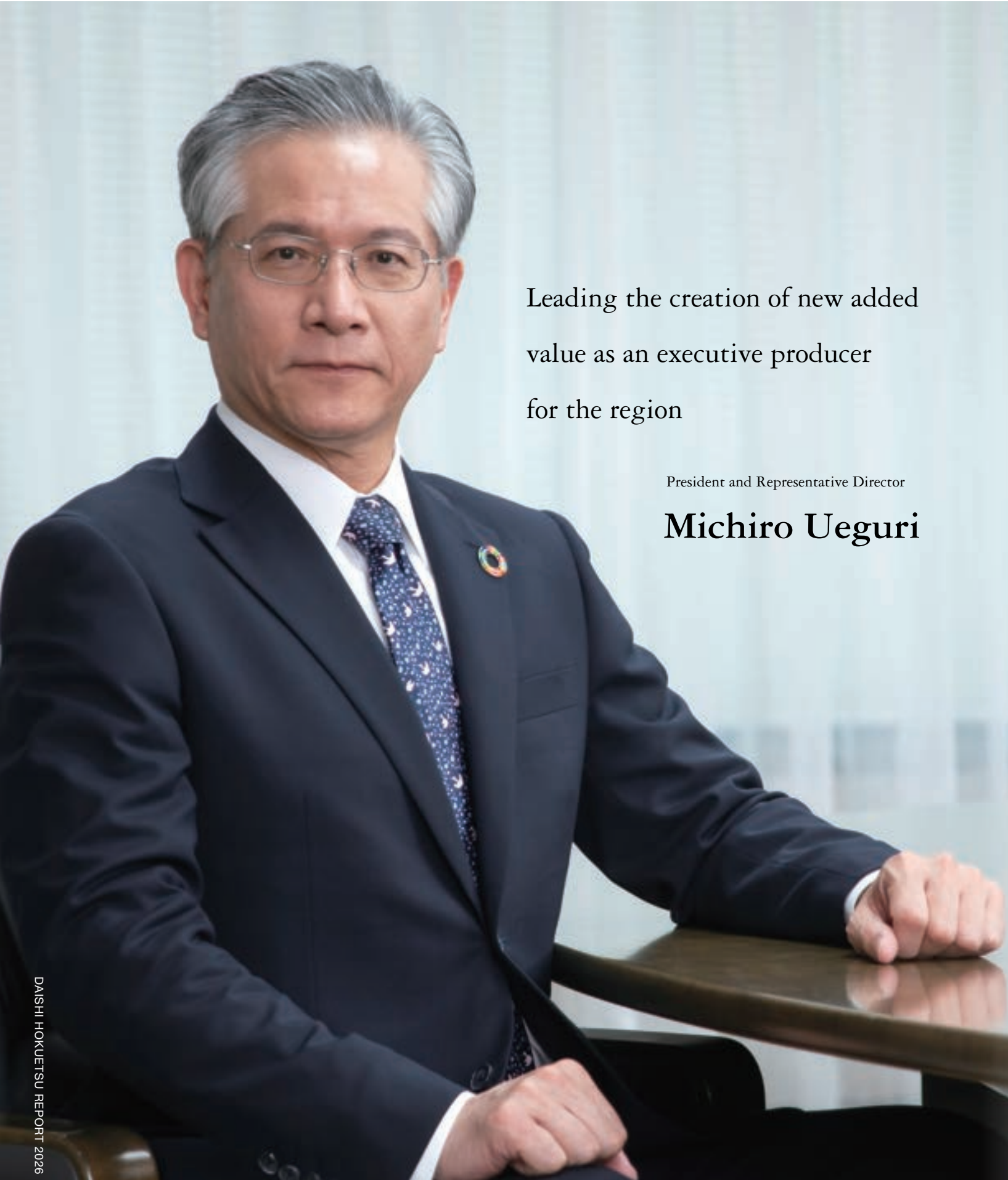
* As a general rule, the figures in this document have been rounded down to the nearest unit.

* 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



Leading the creation of new added value as an executive producer for the region

President and Representative Director

Michiro Ueguri

Foreword

We sincerely appreciate your continued support and loyalty.

The business environment surrounding the Group (Daishi Hokuetsu FG and its Group companies) has seen faster-than-expected population decline, driven by the shrinking birthrate and aging population, while there is also growing uncertainty in financial and economic environments in both Japan and overseas due to factors including rising geopolitical risks, increases in energy and commodity prices accompanying these risks, and the frequent occurrence of extreme weather caused by global warming. As a result, the outlook remains unclear.

Meanwhile, the development of AI technology continues to accelerate, leading to improvements in productivity and work process efficiency that are transcending previous limitations and changing the very nature of competition. In this way, we are truly seeing the beginning of a new industrial revolution.

Furthermore, Japan has emerged from a long period of low interest rates into a world with interest rates. This is greatly transforming the competitive environment, including by enabling entities to expand into new business areas, and competition over deposits, a key revenue base for financial institutions, is growing even fiercer.

At the same time, as efforts to escape deflation and achieve sustainable financial growth gain momentum, the shift toward

an economy that emphasizes value creation is accelerating due to actions such as the Japanese government's plan to realize a strong economy by focusing investment in 17 strategic sectors. These changes will generate new demand for capital and needs for various financial services. Therefore, we think they present considerable possibilities for expanding revenue opportunities and realizing medium- to long-term growth, as well as an unparalleled chance to revitalize the region.

However, in a society where the population is declining, we cannot expect to see demand for capital to increase like it did during the period of Japan's high economic growth. So, if we pursue a business model that just creates credit in line with capital demand, then our business will steadily diminish together with the region.

We recognize that as a regional financial institution, we have an important role and mission to lead the creation of added value as an 'executive producer' for the region. Therefore, we will shift to a business model in which we generate new capital demand and create added value.

Going forward, we will boldly face the challenges of the changing times as a pioneer of the region's future. We will fulfill this responsibility firmly by taking the initiative for our own transformation and realizing a virtuous cycle in which the sustainable growth of the region enhances our corporate value and vice versa.

The Source of the Sustainable Value Creation Story of Our Group and the Region: Putting Our Management Philosophy into Practice

Since my appointment as president, I have considered the Group's Management Philosophy to be the driving force behind the creation of value for stakeholders and, as part of my leadership activities, I have consistently urged the executive management team to focus on ensuring that all employees and officers are conscious of this philosophy. As a result, all employees now understand that they should act in accordance with our Management Philosophy under any circumstances.

For more than 150 years, we have built and deepened relationships of trust with the local community and grown together with the region. These relationships of trust are the Group's core competence and our most important asset. To further develop and strengthen this trust, we will fulfill our mission of "continuing to provide services that live up to the expectations of customers and contribute to the development of regional society" by boldly embracing change and tenaciously pursuing new value creation.

Management Philosophy

As a trusted financial group we will continue to provide services that live up to the expectations of customers

Action Principles

and contribute to the development of regional society.

Mission

We will boldly take on challenge to create new value.

Vision and Approach

TOP MESSAGE

Management Strategies for Sustainable Growth of the Region and the Group: Management Integration and Group Management, and Alliances

In order to realize a virtuous cycle conducive to sustainable growth, we are advancing two management strategies: 1) Management Integration and Group Management, and 2) Alliances.

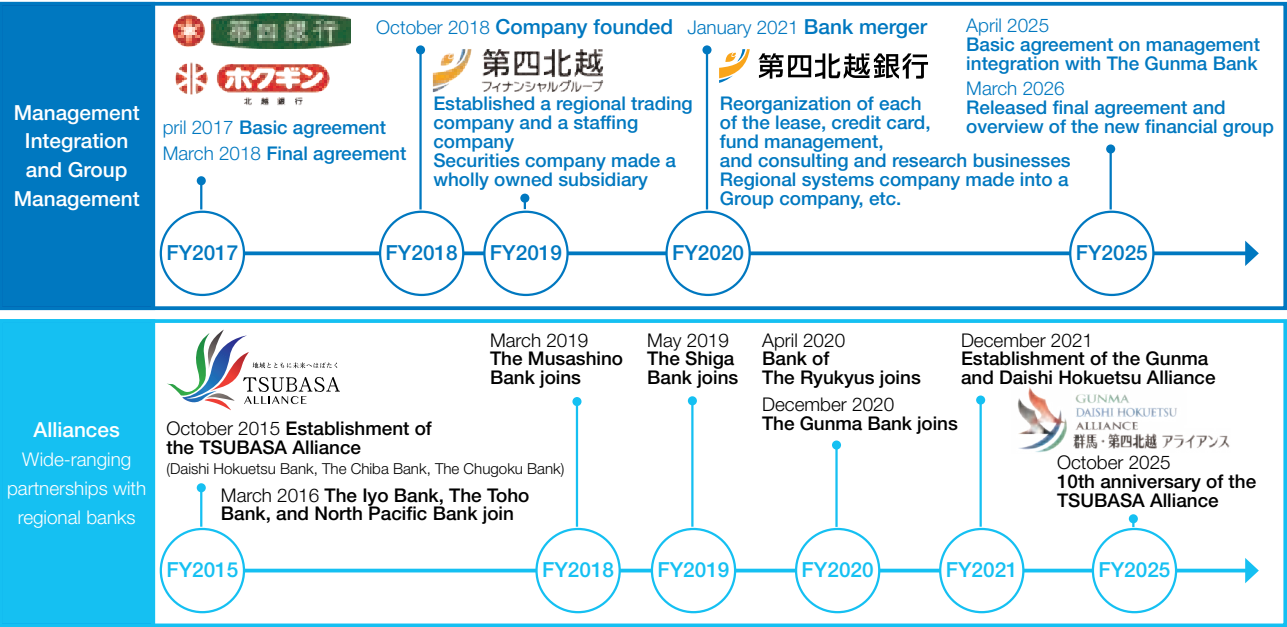
In regard to 1) Management Integration and Group Management, in October 2018 we integrated the management of Dai-shi Bank and Hokuetsu Bank to create the Daishi Hokuetsu Financial Group and the banks were then merged in January 2021. The synergies created by this management integration led to business results that exceeded our initial forecasts and an improvement in service levels far beyond which either bank alone could have achieved before the merger, as well as an increase in profitability in line with this improvement. The overall employee engagement scores and customer ratings of our consulting functions, which underpinned this performance, have been steadily improving and I feel we are making real progress. We plan to leverage this successful experience to create synergies in our management integration with The Gunma Bank, Ltd., which I'll talk about later in this message.

Based on our recognition of the business environment outlined at the start of this message, we think that in order to diversify the areas in which we do business and grow the entire regional economy, we need to transition from a group of companies centered on a bank into a financial and information ser-

vices group. At present, we are developing our businesses in both the financial sector and non-financial sectors, while simultaneously deepening existing operations and exploring new business areas.

Regarding 2) Alliances, in October 2015 we established the TSUBASA Alliance together with The Chiba Bank and The Chugoku Bank and it is now the largest alliance of regional banks in Japan, with 10 of the most influential regional banks as members. We are using the advantages of scale and superior information networks that this provides to not only coordinate in administrative and systems fields, but also advance cooperation in a wide range of areas, including sales promotion, risk management, and human capital enhancement. It has been more than 10 years since we launched this alliance and we have built a trusting relationship where the leaders of the member banks can exchange opinions freely at all times. I also see that the smooth and dynamic communication between the employees is continuously creating new values. Going forward, we intend to further deepen these relationships so we can make full use of the alliance.

Our simultaneous advancement of these two management strategies is one of the Group's biggest strengths and it is bolstering our business base in a way that will be key to steadily advancing future growth strategies.



Aiming for Greater Heights: The 3rd Medium-Term Management Plan's Stage for a Leap Forward

Following the 1st Medium-Term Management Plan implemented from October 2018 with the establishment of the Company and the 2nd Medium-Term Management Plan formulated based on the bank merger in 2021, we are currently implementing our 3rd Medium-Term Management Plan ("3rd MTMP") as a stage for us to leap forward to even greater heights. Under Isshi Yuyaku ("taking a brave leap under united

spirits"), which I advocated as a slogan for all officers and employees, we are deepening sustainability management to create a virtuous cycle for the sustainable growth of both the region and the Group. In this way, we are taking a double materiality approach in which we work to simultaneously solve both financial issues facing the Group and environmental and social issues facing regional society. (For details, see p. 35)

Slogan



Materiality (priority business challenges)

Financial issues		Environmental and social issues	
Growth potential	Strengthening profitability	Environment	Active efforts to address global environmental issues
Efficiency	Productivity improvement	Society	Revitalize regional economy and society by solving community and customer issues
Soundness of business	Maintain and improve financial soundness	Governance	Strengthen relationships of trust with stakeholders by enhancing governance, such as ensuring diversity

Basic Strategies

Basic Strategy I	Demonstration of Group Comprehensive Capabilities
Basic Strategy II	Pursuit of Productivity Improvement
Basic Strategy III	Enhancement of Human Capital Value
Basic Strategy IV	Deepening Risk Management
Overarching Theme Across Strategies	Deepening the TSUBASA Alliance

Evaluation of the Second Year of Our Stage for a Leap Forward: Realized MTMP Target Ahead of Schedule. Target for Fiscal 2026, the Final Year, Revised Upward Again

In fiscal 2025, which was the second year of the 3rd MTMP, consolidated net income reached 42.1 billion yen, surpassing our initial earnings forecast by 9.1 billion yen and clearing the plan's final year target, which had been revised upward to 40.0 billion yen in March 2025, a year ahead of schedule. While the sustained higher interest rate environment has provided a tailwind, these results are the culmination of our efforts to date, which include coming together as a Group to deepen our consulting functions, and practicing flexible securities management that is responsive to the market. This, therefore, is a fitting achievement for our stage for a leap forward.

Looking at our KPIs, we have achieved our targets for all four indicators addressing financial issues and we have also produced solid results in regard to non-financial challenges, which include surpassing our targets for 10 of the 12 indicators addressing environmental and social issues such as reducing CO₂ emission rates. (For details, see p. 36)

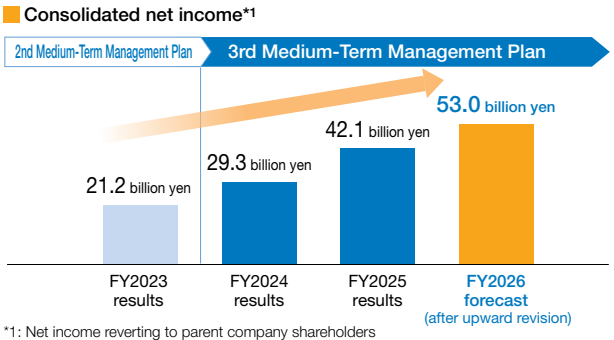
ROE also improved by 2.0 points year on year (YoY) to 8.0% and, in addition to achieving positive results, we have actively pursued a capital policy which has increased our price-to-book (P/B) ratio by 0.38 points YoY to 0.94. Our market capitalization at the end of March had also increased by approximately 220 billion yen compared to the end of the previous fiscal year (+77% YoY) to around 510 billion yen.

Incidentally, in July 2026, our P/B ratio surpassed 1.0 and our market capitalization was over 600 billion yen. However, these results are just a waypoint and we will continue working to raise P/B ratio by increasing ROE and price-to-earnings (P/

E) ratio, its constituent elements.

Taking into consideration the market environment and our smooth progress on the MTMP, we are aiming for even greater heights by revising our targets upward in July 2026. In fiscal 2026, the final year of the 3rd MTMP, we are targeting consolidated net income of 53.0 billion yen and ROE of 8.9%. (For details, see p. 36)

Over the three years of the plan, we have taken a leap forward in terms of profitability and our business base, enabling us to return profits to stakeholders while steadily raising corporate value. However, I think we can still achieve more. Fiscal 2026 will be the culmination of our MTMP. It will also be an important year to prepare for the management integration with The Gunma Bank, which is scheduled for next fiscal year. I intend to lead from the front as we complete the 3rd MTMP and ascend to the next stage.



Strengthening Our Revenue Management Approach to Raise Corporate Value (For details, see p. 15)

We are developing a more sophisticated approach to revenue management focused on return on risk assets (RORA) to raise capital efficiency and corporate value.

Up to now, we have been setting gradually increasing targets for net income RORA and using standard and minimum profit margins, and since April 2026, all branches of Daishi Hokuetsu Bank have switched to a profitability management approach focused on RORA. This has been designed based on the RORA management approach used by The Gunma Bank, which is one of its strengths.

Although we have only just started our RORA management efforts, we are strengthening the profitability management of each individual company and project. After the management integration scheduled for April next year, we will build an approach to ensure appropriate control of asset allocation on a Group-wide basis.



TOP MESSAGE

Further Enhancing Human Capital Value, the Source of Our Value Creation and Competitive Edge

Our people are the source of all our value creation and generate our competitive edge. We refer to our employees as “human assets,” using the Japanese character for “asset” to emphasize their value, and in addition to actively investing in our human assets and human resources development, we work to improve employee wellbeing through initiatives such as empowering women, ensuring diversity, practicing health management, and establishing positive environments.

We have completed the management integration of Daishi Bank and Hokuetsu Bank, including merging the banks and integrating their systems and administration, and during this process, we brought the awareness of employees from both banks into alignment so they take a unified approach to work and also made the roles of sales personnel more diverse. This has enabled us to significantly strengthen the ability of each individual to provide consulting proposals. The integration has

also expanded the scale of our business and considerably extended our external networks, including governmental contacts. As a result, we have been able to learn from the knowledge and values of people at the forefront of various fields, leading to greater opportunities to create value for the region and raising our ability to contribute to regional revitalization.

It has been a case study that demonstrates the synergies that can be created through management integration and merger of regional financial institutions in Japan and I believe that our talent pool, who have experienced this rare and outstanding success story, is one of our greatest strengths. The ‘leap forward’ that we have achieved is proof of the steady growth of our human assets. Going forward, we will further develop the initiatives I have talked about to build a strong foundation of human assets and increase the value of the Group. (For details, see p. 47)

Fully Committed to Regional Revitalization Targeting Sustainable Virtuous Cycles: Aiming to Be an Executive Producer for the Region

The sustainable value creation story that I intend to realize is one in which we energize and grow the economy of Niigata Prefecture, which is the heartland of our business, even within a society where the population is declining. We will achieve this by promoting local appeal to raise expectations regarding the Group’s growth, in order to raise our P/E ratio and enable the Group and the region to thrive together.

Niigata Prefecture has advantages in areas that are essential to economic development, including abundant tourism resources such as natural, food, historic, and cultural assets across the entire prefecture, industrial capabilities that leverage natural resources and technologies, including energy-related ones, and accessibility from both within Japan and overseas. This means that the prefecture has great potential, but we have yet to see brand strategy or storytelling that takes full advantage of its wealth of appealing resources, nor sufficient investment in growth.

We recognize that the key to solving this challenge is lateral cooperation between administration and industries. Various organizational bodies that have been operating individually up to now need to work together on initiatives such as creating experience value and regional branding.

As I mentioned earlier, management integration expanded the Group’s network and we are taking full advantage of this network to create partnerships with various parties, including customers, government agencies, major companies in Japan and overseas, and external specialists. In this way, we are taking on the role of a coordinator for the local economic ecosystem to advance activities that create sustainable virtuous cycles in the region.

In November 2025, we opened the Tokyo Head Office as a strategic base for regional revitalization that connects Niigata Prefecture to outside the prefecture and this spring, the regional trading company Bridge Niigata entered into the travel and environmental business sectors. In addition to this, in June 2026 we established Regional Shift Co., Ltd., a new regional

design company that will contribute to building a larger local ecosystem. The establishment of a regional design company marks a shift in the way we are tackling regional revitalization from a conventional support approach to an approach in which we lead entire processes, from conceptualization through to design and implementation, in order to take the region to the next level. (For details, see p. 38)

Also, up to now we have been working to raise productivity by applying DX internally and to support the DX initiatives of our clients through services such as our business process outsourcing (BPO) service, which I will touch on later, but as AI technology rapidly evolves, we need to find effective ways to utilize AI that go beyond conventional DX frameworks. Therefore, in June 2026, we established the AI Transformation Strategy Division in Daishi Hokuetsu Bank. This division will explore ways of using AI on a Group-wide basis to create new business opportunities and to fundamentally transform business processes, from both short-term and medium- to long-term perspectives. (For details, see p. 46)

As I mentioned at the start of this message, we believe that the Group needs to function as a hub, coordinator, and orchestrator of customers and information. In other words, we need to be an executive producer for the region. As a group that has a multi-faceted overview of the region, which includes its history, infrastructure, economy, and industry, we will practice management that visualizes a future for and actively invests in the region. In this way, we will find solutions to regional issues in which we play a leading role and create new markets.

Naturally, advancing new initiatives and innovation can be painful and involves risk, but I am confident that if we make full use of the mentality we have developed through the management integration and merger, which is supported by our Management Philosophy, as well as the knowledge gained from the external networks we have built, and continue to take on challenges, then we will definitely raise the sustainable potential of both the Group and the region.

Management Integration with The Gunma Bank: Realizing Further Contribution to the Region and the Sustainable Enhancement of Corporate Value

The Company and The Gunma Bank (together, the “Companies,” and including each of their group companies, the “Groups”) concluded a basic agreement on April 24, 2025, to carry out a business integration based on the basic policy of mutual trust and an equal integration, followed by the conclusion of a share exchange agreement and a business integration agreement on March 26, 2026, (the management integration with The Gunma Bank hereafter to be referred to as the “Management Integration”). From April 2027 (scheduled), we shall embark on a fresh start as the Gunma Niigata Financial Group, Inc. (For details, see p. 9–12)

The aim of the Management Integration is to step up to become a new financial group that constitutes one of the top regional banks in terms of both scale and quality of management by combining the Companies. As the business environment changes in unprecedented ways, we believe that the Management Integration is the best solution for advancing the development of Niigata and Gunma Prefectures (“home prefectures”), which represent the main business bases of the Groups, and sustainably enhancing the corporate value of the new financial group.

The role required of the Companies is to be the best partner for co-creating the future of the region by generating virtuous cycles of social and economic value as essential presences in solving regional issues. We believe the way to achieve this is to demonstrate the functions of an executive producer for the region, as I explained earlier.

Our idea for demonstrating this function is to realize virtuous cycles in the region by using Regional Shift Co., Ltd. to build a bigger regional ecosystem, as I mentioned before. Additionally, in April 2026, Daishi Hokuetsu Bank launched Payroll Complete Outsource, a Daishi Hokuetsu BPO service that addresses local worker shortages and helps customers to increase productivity (for details, see p. 45) and we plan to increase the area in which this service is available through cooperation with The Gunma Bank.

Furthermore, The Gunma Bank has overseas locations in New York, Shanghai, Bangkok, and Ho Chi Minh, so we think that the Management Integration will enable us to fulfill our customers’ overseas development needs to an even greater extent.

Considering the transportation infrastructure and tourism resources of our home prefectures and the potential these offer, we believe there is room to grow regional revitalization efforts in both prefectures, so we will continue to make active contributions as an executive producer for the region.

The various discussions and preparations needed for the Management Integration have progressed according to plan so far.

In order to demonstrate synergies as fully as possible after the Management Integration, in the second half of fiscal 2025 we started pre-merger integration activities under the name Pre-Action 180. We have worked to realize cultural integration through team-building events, like watching volleyball matches together, and personnel exchange activities, as well as operational integration through initiatives such as joint research on generative AI. These efforts are already fostering an affinity between the Companies.

This fiscal year is an extremely important period in terms of getting a flying start toward a new stage of our development. In regard to accelerating and deepening cultural integration and operational integration efforts, the Groups will engage in initiatives for realizing the aforementioned aim of the Management Integration, with themes including maximizing top-line synergies, further sophisticating management and governance, and building smooth operational infrastructure. Activities in the first half of fiscal 2026 will be carried out under the name Run Up 180, while activities in the second half will be under Fly Up 180.

Also, when pursuing the Management Integration, we intend to fully leverage the management integration, bank merger, and systems operational integration knowledge we built up while successfully leading the management integration of Daishi Bank and Hokuetsu Bank, as well as our expertise in holding company structures.

The mission of the new Gunma Niigata Financial Group will be “Creating the Future of Our Communities with Two Wings.” This expresses the new group’s purpose and its ambition. While there may be differences in regard to history, culture, regional characteristics, and customs, our two companies are in alignment in how we view new ideas and value creation opportunities and we will further deepen our relationship. Our management and workers are united and fully committed to the sustainable development of regional society and enhancement of corporate value. We would greatly appreciate your continued support.



Feature

Process for Integration Aimed at New Value Creation

In April 2027 (scheduled), Daishi Hokuetsu Financial Group and The Gunma Bank will carry out management integration based on the basic policy of mutual trust and an equal integration. The aim is to create a regional financial group that meets the expectations of all stakeholders by continuously contributing to the development and growth of customers and the region while also realizing sustainable growth and the enhancement of corporate value.

Overview of the Integrated Holding Company

Trade name

Gunma Niigata Financial Group, Inc.

English

Gunma Niigata Financial Group, Inc.

Abbreviation

GNFG

Chairman and Representative Director Michiro Ueguri

(currently President and Representative Director of Daishi Hokuetsu Financial Group)

Representative (planned)

President and Representative Director (Group CEO) Akihiko Fukai

(currently President and Representative Director of The Gunma Bank)

Location of principal office

1-8-2 Marunouchi, Chiyoda-ku, Tokyo (Tekko Building)

Corporate mark

The logo design depicts the two symbols of the regions — the crane, evoked by the shape of Gunma prefecture, and the crested ibis that flies across the skies of Niigata — meeting in the open sky and setting out together on a new journey. It expresses our commitment to crossing prefectural boundaries, connecting our regions to the future, and delivering value that goes beyond the traditional scope of finance.

Timeline to Present and Roadmap Going Forward



December Conclusion of the Gunma and Daishi Hokuetsu Alliance



群馬・第四北越 アライアンス

Gunma and Daishi Hokuetsu Alliance
▶ P.59

April Basic agreement on management integration



March Final agreement and name confirmed as Gunma Niigata Financial Group



March 26 Board resolutions by the two companies
Conclusion of the share exchange agreement and business integration agreement

September 30 (scheduled) Record date for the extraordinary shareholders meetings of the two companies

December 23 (scheduled) Extraordinary shareholders meetings of the two companies

April Management integration

- March 29 (scheduled) Last trading day of The Gunma Bank's shares
- March 30 (scheduled) Delisting of The Gunma Bank
- April 1 (scheduled) Effective date of the share exchange
Start of the 1st Medium-Term Management Plan

群馬新潟 フィナンシャルグループ
(Trade name of the Daishi Hokuetsu Financial Group will change)

群馬銀行

第四北越銀行

Following the final agreement, we have set Run Up 180 and Fly Up 180 as periods in which we will aim to realize synergies quickly by accelerating efforts to consider the details of operational integration and implement practical tests. This continues the activities of the completed Pre-Action 180 period.

Implementing pre-merger integration

	Timing	Details
Pre-Action 180	October 2025–March 2026 (completed)	Deepen mutual understanding
Run Up 180	April 2026–September 2026	Consider integration details and implement practical tests
Fly Up 180	October 2026–March 2027	Finalize post-integration organizations and operations

Initiatives turning the basic agreement into a final agreement

Discussions were held at various levels of both companies to reach a final agreement and create synergies from the integration.

Integration Preparatory Committee

Held discussions on important matters, primarily between leaders of both companies.



Specialist subcommittees

Employees were divided into 10 subcommittees (with focuses such as corporate planning, sales, systems administration, and risk management) to carry out fit & gap analysis and consider ways to integrate business operations.

From October 2025 to March 2026, considerations regarding the **cultural integration** of both companies' officers and employees and **operational integration** that sophisticates business operations were carried out under the name **Pre-Action 180**.

• Cultural integration
Carried out joint training and held joint events.



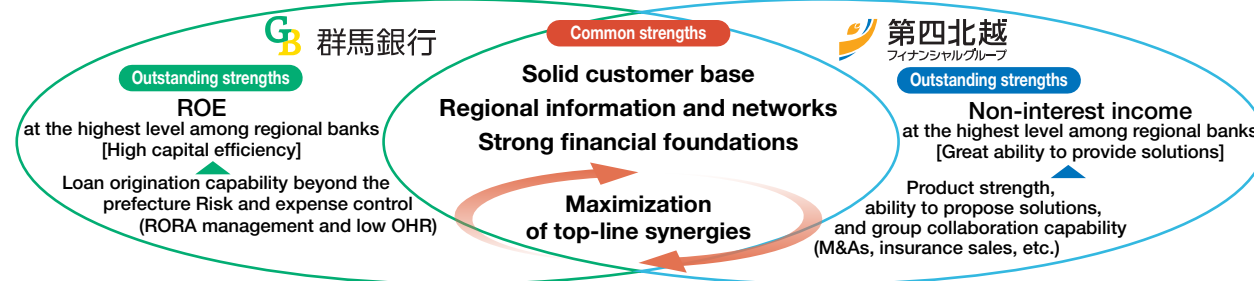
Watching the GUNMA Green Wings game together

• Operational integration
Considerations started on standardizing operational processes such as risk management, revenue management, and auditing, and joint research was launched in the generative AI field.

Feature Process for Integration Aimed at New Value Creation

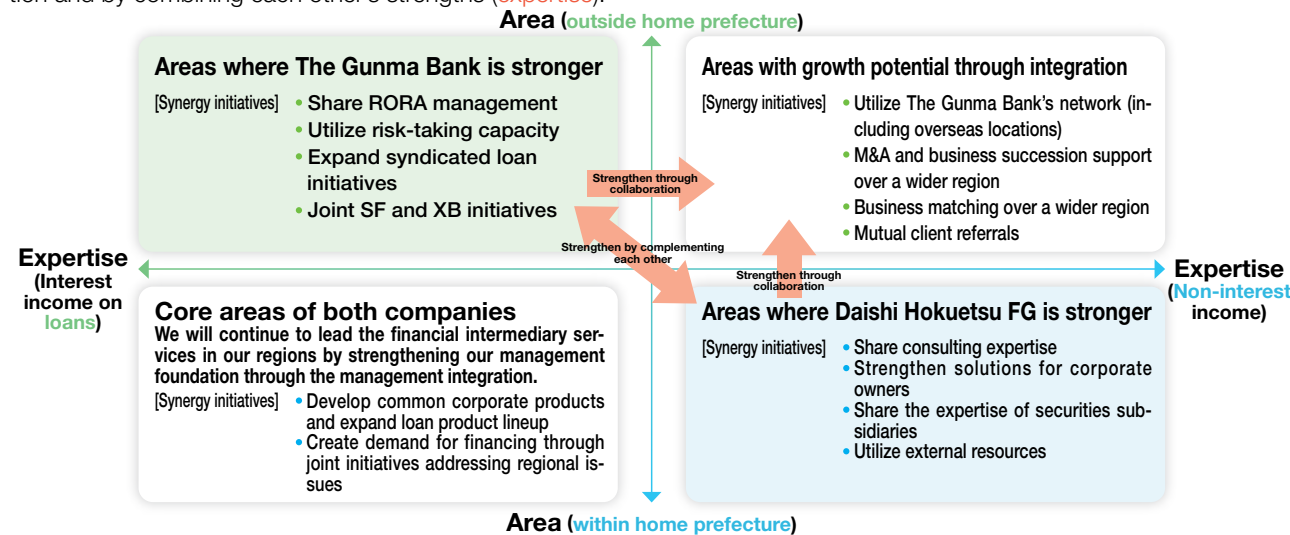
Objectives of the Management Integration

Stepping up to become a financial group that constitutes one of the top regional banks in terms of both scale and quality of management by building on the common strengths of both companies and complementing them with each company's outstanding strengths to realize top-line synergies and further sophisticate management and governance.



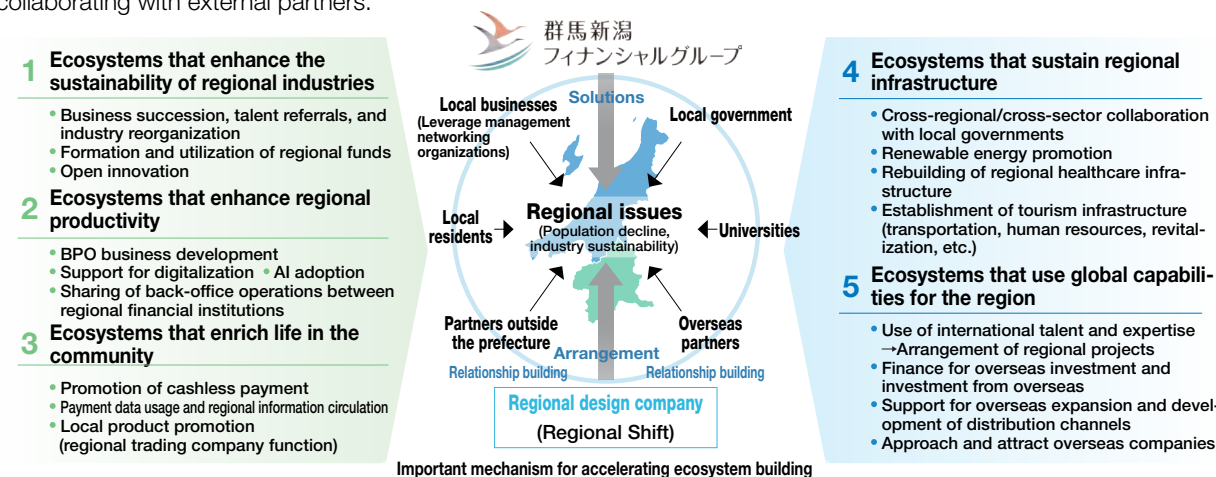
Synergies(I) Scale x Expertise

We aim to increase net interest income and non-interest business profits (realize top-line synergies) by expanding in scale (including our service area, total assets, risk-taking capacity, and human capital) through the management integration and by combining each other's strengths (expertise).



Synergies(II) Region x Challenges

Build regional ecosystems: Create virtuous cycles in our communities, with the new financial group serving as a hub for collaborating with external partners.



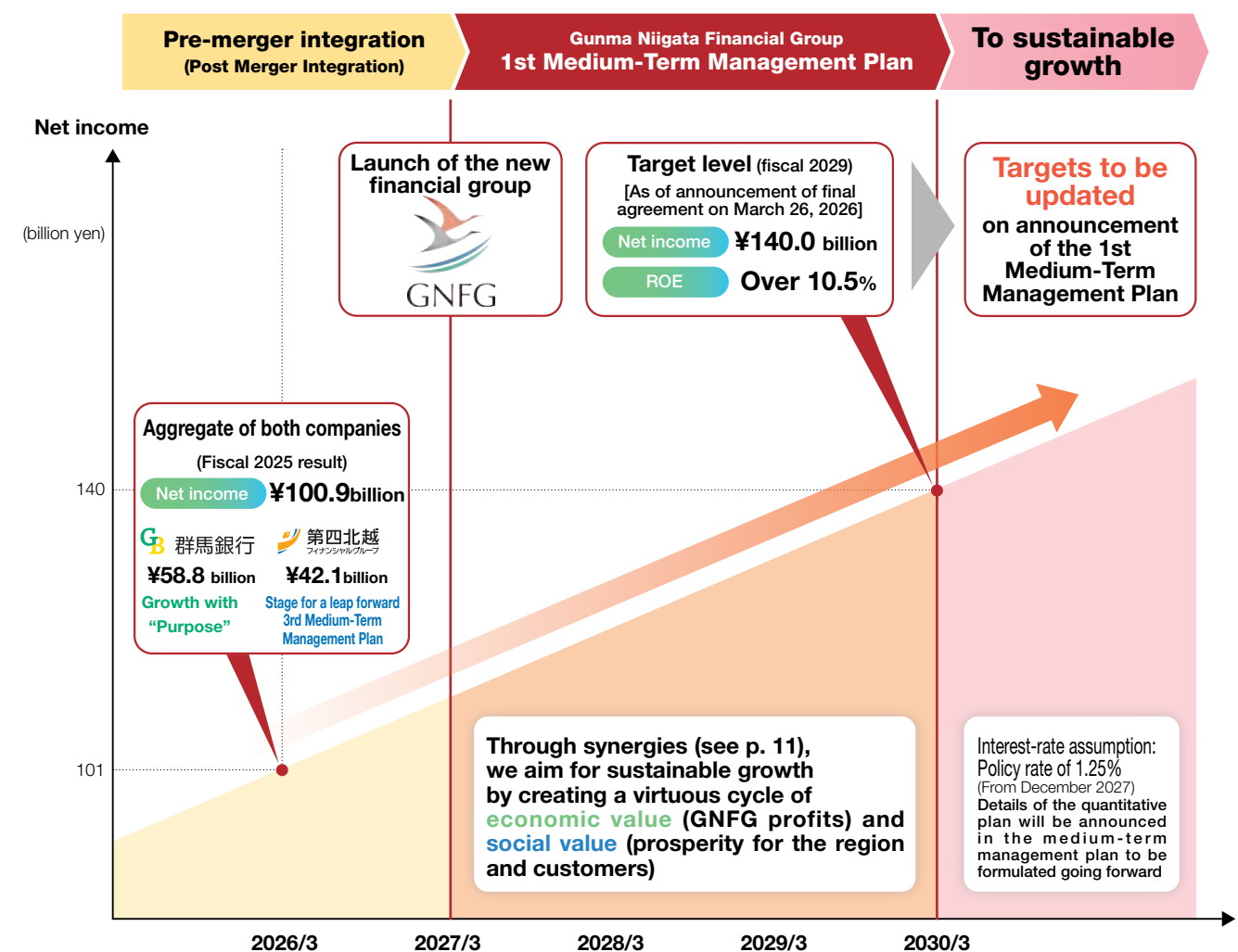
Ideal Form Address regional challenges through early-stage collaboration with external partners. Create new demand and revenue opportunities while enhancing regional sustainability.

Become a Financial Group That Constitutes One of the Top Regional Banks



*As of March 31, 2026 (Figures for total assets, market capitalization, banking locations, and group companies are simple aggregates. Shares represent the share of each individual bank in their respective prefectures)
* Share in each prefecture: (Source) Financial Journal "Financial Map 2026" (as of March 31, 2025)

Quantitative Plan of the New Financial Group



Message from Officer in Charge of Finance



We will enhance corporate value sustainably by balancing the soundness and profitability of the Group while making an even greater contribution to the region

Representative Director and Managing Director

Ken Shibata

Fiscal 2025 Results: Achieved the 3rd Medium-Term Management Plan Final Year Target a Year Early

Fiscal 2025 was the second year of our 3rd Medium-Term Management Plan (“MTMP”), which we have positioned as the “stage for a leap forward.” Factors such as rising interest rates in Japan led to an increase in interest income on loans, as well as interest and dividends on securities, while there was also smooth growth in non-interest income from our Group-wide consulting function, which is one of our strengths. As a result, non-consolidated net income reached its highest level since the Company’s founding. Looking at group companies other than the bank, revenue growth, particularly in the securities and leasing businesses, resulted in FG consolidated net income increasing 12.7 billion yen year on year to 42.1 billion yen. This represents record high profits on an actual basis, excluding the gains from negative goodwill incurred from management integration recorded in fiscal 2018 when the Company was established, and we have achieved the final year (fiscal 2026) target of the MTMP, which was announced as 40.0 billion yen in March 2025, a year ahead of schedule. The management integration of Daishi Bank and Hokuetsu Bank in October 2018 has produced substantial synergies in terms of both top-line growth and cost reductions, and we are feeling the effects in ways that are boosting the comprehensive capabilities of the entire Group. Also, as of March 31, 2026, our market capitalization had risen by 225.3 billion yen (+77%) compared to the end of the previous fiscal year to 515.2 billion yen. This shows that we have achieved a certain level of recognition in the markets and there is now considerable expectation regarding the Group’s future.

In fiscal 2024, we transitioned to the foundation internal ratings based approach for credit risk measurement so that we can accelerate risk taking in growth fields based on a sophisticated risk management approach. Also, in June 2025 we established the Regional Revitalization Strategy Division within the Company and the Regional Strategy Division in Daishi Hokuetsu Bank, and in November 2025 we opened the Tokyo Head Office. These are part of our efforts to use networks and information in both Japan and overseas to provide more advanced consulting and as a result, at the end of March 2026,

our loan balance had increased by 300.7 billion yen, a 5.3% rise, compared to the previous fiscal year.

Our plan going forward is to further increase non-interest income while accumulating risk assets. By establishing a profit management approach aimed at enhancing return on risk assets (RORA), we will construct a balance sheet that achieves both business soundness with profitability in a world with interest rates.

Group consolidated (billion yen)	Fiscal 2025	
	Results	YoY
Ordinary profit	61.1	20.0
Net income*1	42.1	12.7

*1 Net income reverting to parent company shareholders

Non-consolidated (billion yen)		Fiscal 2025	
		Results	YoY
Core business gross profit		120.9	22.6
Main items	Interest income on loans	69.7	14.9
	Interest and dividends on securities	52.8	6.7
	Non-interest income*2	31.7	1.9
Expenses (loss)		61.3	2.7
Core business net profit		59.6	19.8
Excluding gain (loss) on cancellation of investment trusts		59.6	21.9
Net credit costs (loss)		6.9	3.4
Gain (loss) related to securities		1.6	6.1
Ordinary profit		56.7	21.5
Net income		38.5	13.3

*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 capital markets divisions, etc., but including gains or losses from funds)

Group company division (billion yen)		Fiscal 2025	
		Results	YoY
Group company income*3		4.0	0.3

*3 Net income reverting to parent company shareholders (excluding losses attributable to special circumstances) from Group companies other than Daishi Hokuetsu Bank

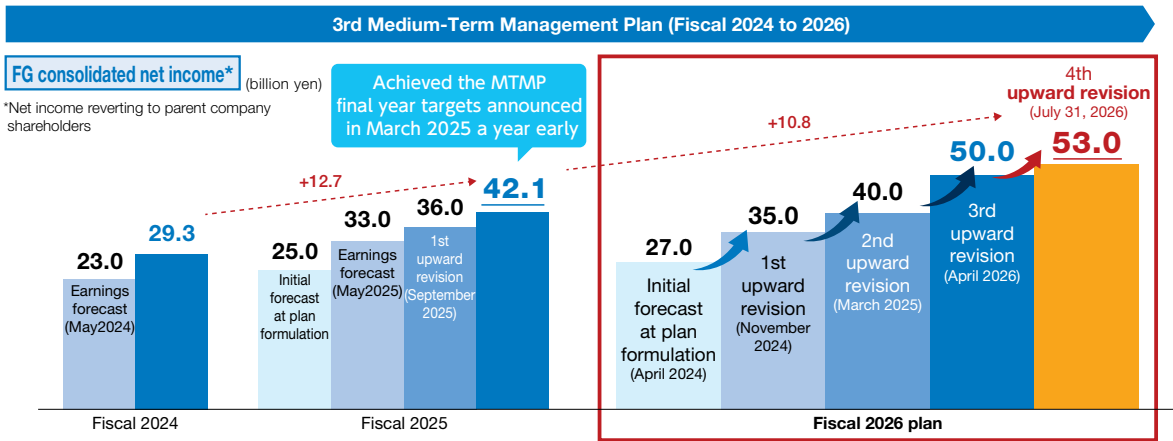
Aiming for the Next Stage of Growth: Culmination of the 3rd Medium-Term Management Plan

As the final year of the 3rd MTMP, fiscal 2026 represents the plan’s culmination and it will also be an extremely important preparatory period toward reaching the next stage of growth when we embark on a fresh start as the Gunma Niigata Financial Group in April 2027.

Our target for the final year of the MTMP has been revised upward three times to date due to factors such as the effects of market interest rate changes and the accumulation of risk assets on revenues as well as steady progress in non-interest fields through our consulting operations. In May this year, the full-year forecast for FG consolidated net income was 50.0 billion yen. However, in June 2026 the Bank of Japan raised its policy rate to 1%, further improving the outlook for net interest

income, so in July 2026, we revised our targets upward again to FG consolidated net income of 53.0 billion yen, consolidated OHR in the 48% range, and consolidated ROE of 8.9% or higher. Please note that the revised targets are based on the assumption that the policy rate will continue at 1% and we may have to revise these targets due to market fluctuations or other factors.

We are aiming to achieve these final year targets by not only strengthening in terms of income, but also by optimizing the allocation of business resources, including continuing to invest in human capital and actively investing in strategic areas such as AI.



Providing Returns to Stakeholders

(Shareholders returns)

Our policy on shareholder returns is to pay a progressive dividend per share in principle with a dividend payout ratio in the region of 40%, and to flexibly implement share buybacks based on comprehensive consideration of factors such as our business performance and the market environment.

In fiscal 2025, business performance considerably exceeded our initial forecasts, so we increased the year-end dividend per share by nine yen from 27 to 36 yen. This brings the annual dividend to 63 yen, an increase of 19.33 yen from the previous fiscal year. For fiscal 2026, considering that FG consolidated net income target was revised upward to 53.0 billion yen in July, we plan to raise the annual dividend to 80 yen (interim and year-end dividends of 40 yen each) in line with our shareholder returns policy.

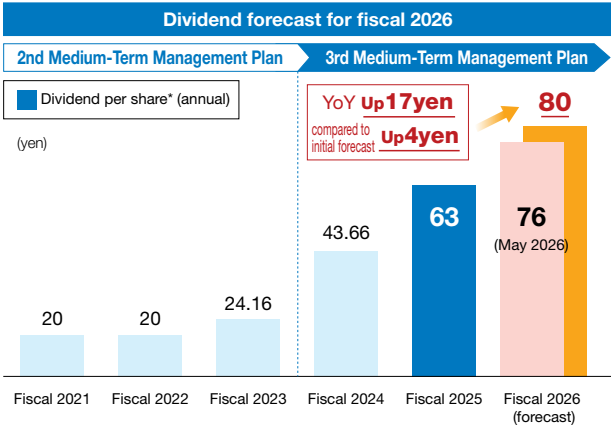
(Returns to the community)

We are giving back to the community by continuously donating to government bodies and other organizations working to promote sport, culture, and the arts and to revitalize the region. In fiscal 2025, we partnered with The Gunma Bank to donate 30 million yen each on projects supporting Niigata and Gunma prefectures, including initiatives to create employment for young people and to develop human resources who can participate in regional industries. We are also actively contributing to educational institutions and in the environmental busi-

ness sector in Niigata Prefecture through donation-linked private placement bond products. As of March 31, 2026, we had donated a cumulative total of 225 million yen to 1,102 organizations.

(Returns to employees)

In fiscal 2025, the real wage growth rate, including bonuses, was 7.4% at the Daishi Hokuetsu Bank. We are also working to enhance the value of human capital by continuously increasing investment in our human assets, each year raising the amount of investment by 5% year on year.



* Based on the stock splits implemented in October 2024 and October 2025, dividends are retroactively converted to post-split dividends

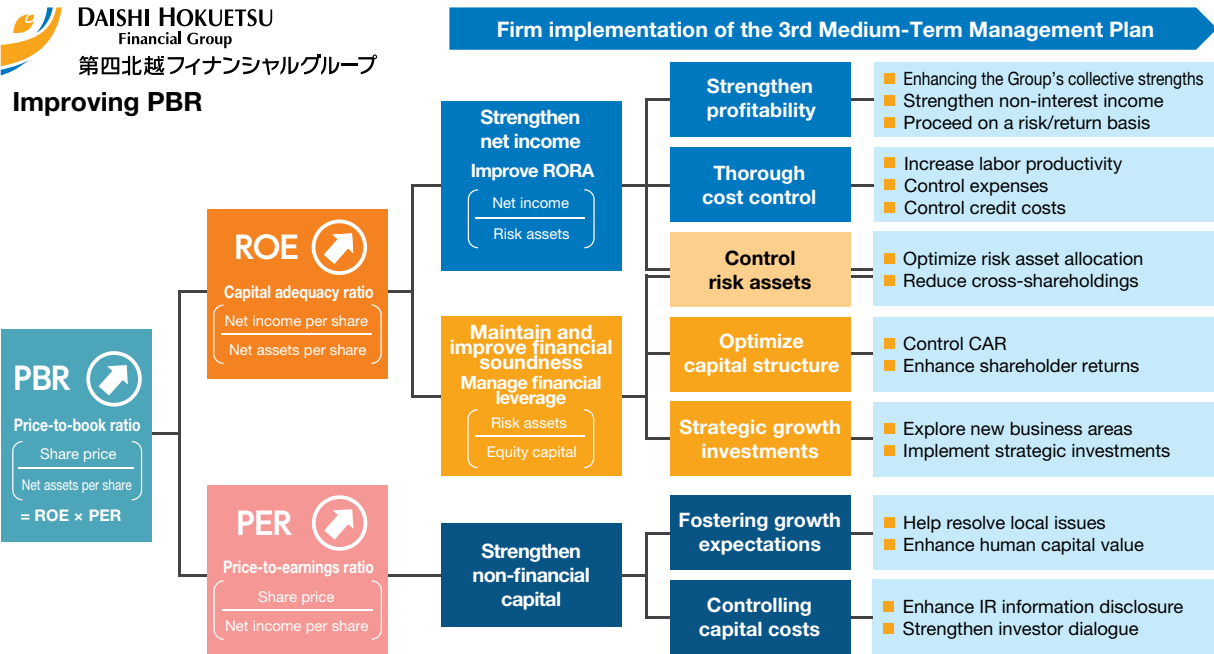
Message from Officer in Charge of Finance

Aiming to Further Enhance Corporate Value

Since establishing our financial group, we have created various synergies through the management integration and merger, Group collaboration, and the TSUBASA Alliance, among other means, enabling us to steadily improve business performance while implementing stock splits to enhance shareholder returns and broaden our pool of investors, as well as actively deepen our engagement with investors. As a result of these endeavors, in July 2026, our price-to-book (P/B) ratio rose above 1.0. Additionally, in fiscal 2025, total shareholder return

(TSR) reached a cumulative 468.9% based on results from fiscal 2018, due to share price growth and consecutive dividend increases.

We will continue working to improve the P/B ratio by achieving greater capital efficiency and raising investor expectations regarding the growth of the Company. As the diagram below shows, we will also continue activities to increase both return on equity (ROE) and the price-to-earnings (P/E) ratio.



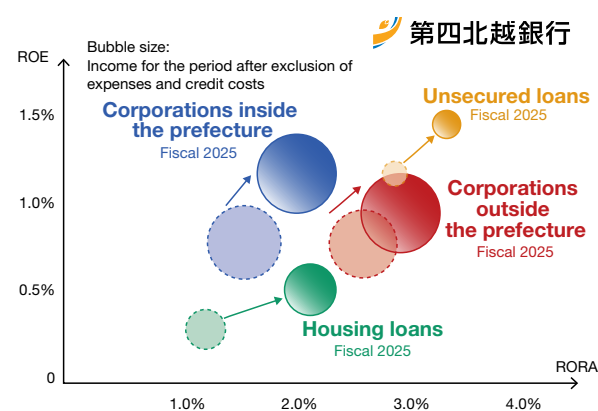
Establishing a New Profit Management Approach Focused on RORA

To achieve our ROE target, we will build a highly profitable balance sheet through the integrated management of profits, risk, and business soundness. Therefore, we are working to make our profit management approach more sophisticated by basing it on return on risk assets (RORA).

In fiscal 2025, we were conscious of improving RORA in our sales practices and we were able to improve RORA in every category, as show in the diagram below.

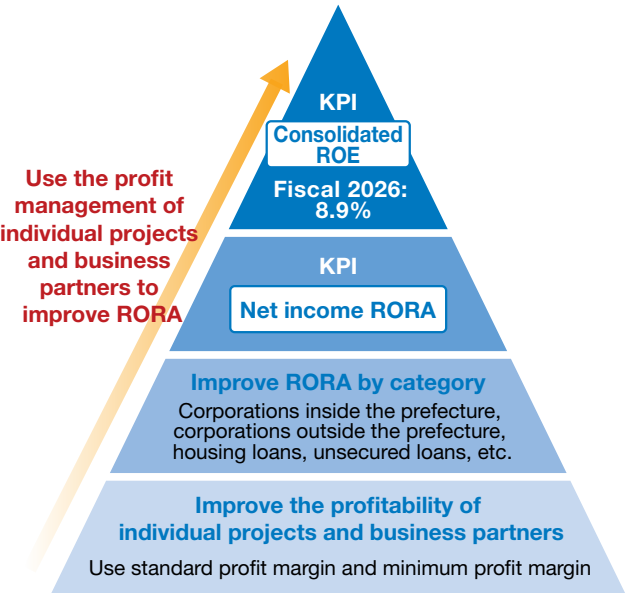
In April 2026, using The Gunma Bank's revenue management approach as a reference, we started using an RO-RA-based approach to practice comprehensive profit management of individual projects and business partners at all branches of Daishi Hokuetsu Bank. Under this approach, a standard profit margin and minimum profit margin are used as new profit management indicators.

RORA by category (Fiscal 2025 compared to fiscal 2024)



The guidelines for setting profit levels are based on the spread approach to banking. The standard profit margin represents the level of profit we should aim for to achieve our RORA target on a net income basis. The minimum profit margin represents the lowest level of profit we should maintain in line with standards such as ROE levels and the capital adequacy ratio.

Under these guidelines, we will use the profit management of each individual project and business partner as an opportunity to raise capital efficiency and strengthen profitability with the aim of improving ROE.

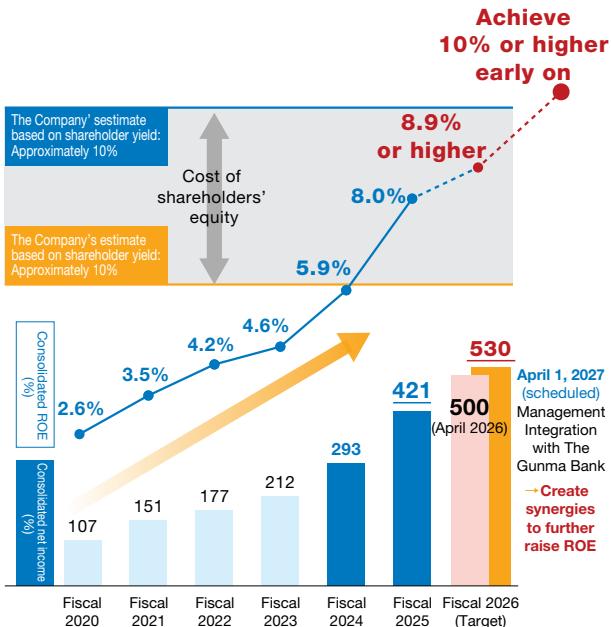


Initiatives for Achieving ROE Targets

To improve the P/B ratio, we are aiming to achieve 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 10% based on the shareholder yield calculated using the current stock price level.

The ROE target for the final year of the 3rd Medium-Term Management Plan was 8.7% or higher, but in line with the upward revisions to income targets made in July 2026, we have revised the ROE target upward to 8.9% or higher, bringing it closer to the upper limit of cost of shareholders' equity. However, we do not consider this level to be high enough, and we will continue to pursue our policy of achieving ROE of 10% or higher early on and then aiming for even higher levels.



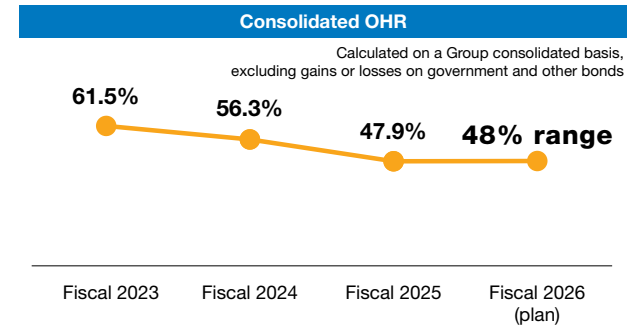
Controlling Costs and Improving Labor Productivity Through Digitalization

In addition to strengthening profitability, we are also raising ROE by practicing appropriate cost control. DX initiative promotion and efforts to reform cost structures, such as reorganizing branches, resulted in OHR improving considerably in fiscal 2025 to 47.9% (a decrease of 8.4 points year on year).

In regard to DX promotion, we strengthened digital customer efforts, which are the foundation of our non-face-to-face transactions, by adding new functions to the Little Bank smartphone app, including a function for opening time deposit accounts (for details, see p. 43). Expanding non-face-to-face transactions by allowing various bank procedures to be completed through the app is enabling us to meet diversifying customer needs and is also making administrative procedures more efficient and productive.

In the branch reorganization, we optimized our branch network by widening the area covered and reviewing branch functions as part of continuous efforts to make branch management more efficient. We have kept the number of branches the same but by actively adopting digitalization, we have been able to reallocate the manpower freed up into sales divisions, strengthening initiatives such as regional revitalization projects.

We have also been practicing appropriate cost control while actively making strategic investments for the future. For example, AI development has taken a dramatic leap forward so we established the AI Transformation Strategy Division in order to utilize AI strategically throughout the Group and evolve from DX to AX (for details, see p. 46). By actively adopting and promoting AI within the organization, we are transforming entire business processes and accelerating efforts to enhance labor productivity and convenience for customers.



Message from Officer in Charge of Finance

Reducing Cross-Shareholdings to Improve Capital Efficiency

We are accelerating efforts to reduce cross-shareholdings to build a highly profitable balance sheet.

We have been working to shrink cross-shareholdings with the target of reducing book value by 20.0 billion yen compared to fiscal 2020 by the end of March 2027 and bringing the proportion of cross-shareholdings (market value), including deemed-owned shares, down to less than 20% of consolidated net assets by the end of March 2030 (achieving a cross-shareholdings ratio of less than 20%).

In fiscal 2025, we reduced the book value of cross-shareholdings by 3.6 billion yen, bringing the cumulative reduction to 15.2 billion yen, and we were closing in on our 20.0-billion-yen target. However, to further accelerate efforts, we revised our reduction target upward in May 2026, and our plan is to now bring the cross-shareholdings ratio down to less than 20% two years earlier, by the end of March 2028, and then work quickly to decrease it further to less than 10%. This extra reduction in cross-shareholdings will lead to a greater improvement in capital efficiency and strengthen our financial condition, thereby raising ROE.

We plan to use the funds gained from selling cross-shareholdings in areas such as investment in sustainable growth. Specifically, we will make strategic investments including strengthening structured finance initiatives, investing in digitalization to increase productivity, and investing in human assets in order to leverage human capital.

Changes in the policy on the reduction of cross-shareholdings (May 2026)

Cross-shareholdings reduction targets

From fiscal 2020 (the year Daishi Hokuetsu Bank was formed through a merger) through to 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).

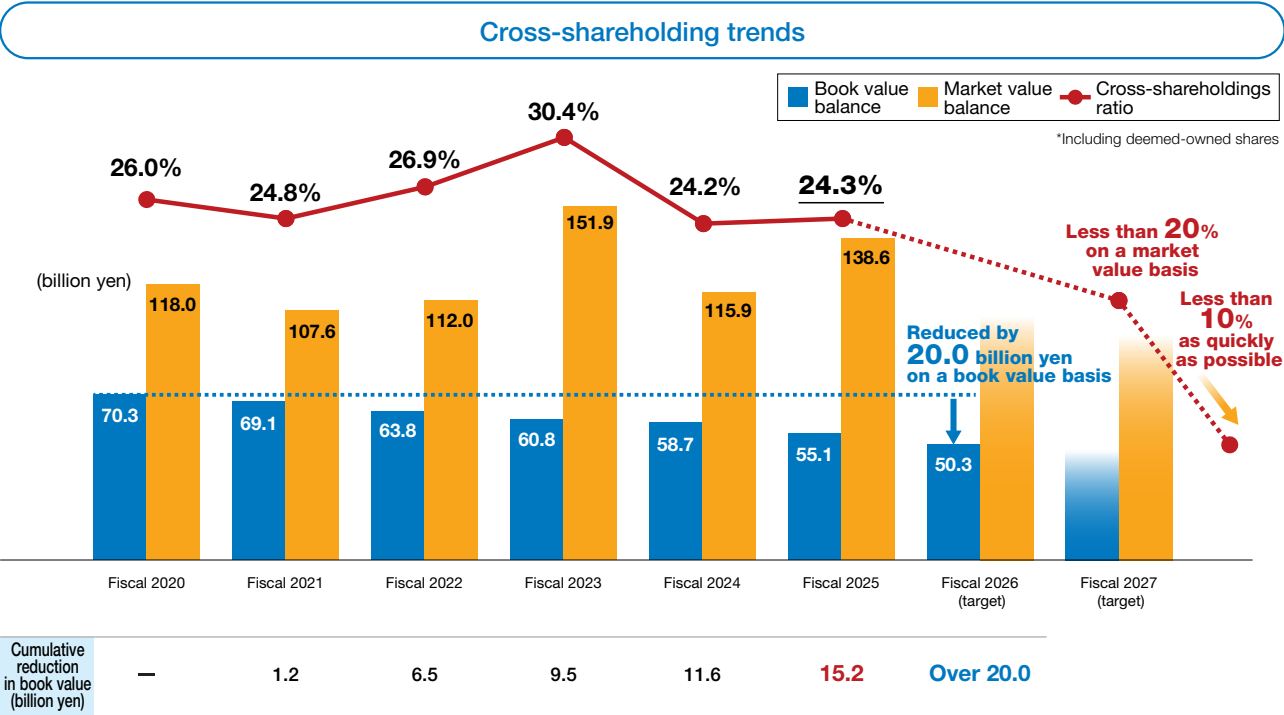
Before the change

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.

Move target completion date two years ahead and quickly aim for less than 10%

After the change

By fiscal 2027 (until the end of March 2028), we will aim to reduce the proportion of cross-shareholdings (market value), including deemed-owned shares, to less than, **we will aim to reduce the proportion of cross-shareholdings (market value), including deemed-owned shares, to less than**

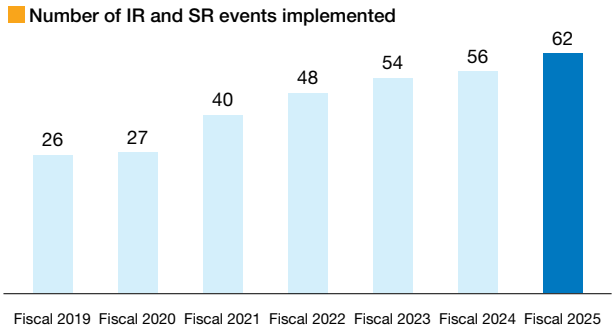


Initiatives for Improving the P/E Ratio

To improve the P/E ratio, it is important that we raise the expectations held by investors and other stakeholders regarding the Company's growth. This means eliminating information asymmetry by disclosing information on our initiatives in a timely and appropriate manner, as well as deepening dialogue with investors and shareholders through IR and SR activities. In fiscal 2025, we implemented IR and SR events 62 times throughout the year. In addition to large IR meetings and briefing sessions for individual investors, we increased the number of IR activities for specific investors and in our SR efforts, we deepened dialogue with shareholders more than ever before. Our SR activities involved 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. We also discussed management strategy, our initiatives, including those in non-financial areas such as sustainability, and the management integration with The Gunma Bank.

In addition to the above, improving our P/E ratio is important in terms of raising expectations regarding the growth of Niigata Prefecture, the Group's home prefecture. We believe we have

an important role to play in raising Niigata's appeal by including various pieces of information concerning the region's revitalization, such as the establishment of the regional design company Regional Shift Co., Ltd. in June 2026, when telling our growth story. As an executive producer for the region, we will raise expectations concerning the growth of both the Group and Niigata Prefecture by accelerating regional revitalization initiatives, including creating connections with local government and companies inside and outside the prefecture, and actively disclosing a wide range of information on regional revitalization activities.



Conclusion

The establishment of the Gunma Niigata Financial Group is planned for April 2027. In addition to growing in scale, this integration will enable us to combine both banks' complementary strengths to maximize top-line synergies so that we can considerably sharpen our competitive edge as a wider-region financial group. By expanding our networks beyond regional boundaries and making functions more sophisticated, we will provide even greater value to customers and communities and increase earning opportunities. We will continue to enhance corporate value sustainably by balancing the soundness and profitability of the Group while making an even greater contribution to the region.



Outside Directors' Roundtable



Heading for the Next Stage of Growth Together With the Region

As the business environment changes with increasing speed, the Company is steadily working toward the management integration with The Gunma Bank.

Our five outside directors —Kazuaki Matsumoto, Tadashi Shirai, Hiroyuki Kikuchi, Akira Sato, and Miki Kuwahara— participated in a discussion to evaluate topics such as management plan progress, the handling of the management integration, and regional revitalization initiatives from an independent perspective, and offered their advice for the future.

Fiscal 2025 was the second year of the 3rd Medium-Term Management Plan. What is your assessment of its implementation so far?

Matsumoto Consolidated net income for fiscal 2025 was 42.1 billion yen, achieving the fiscal 2026 (final year of the 3rd Medium-Term Management Plan) target, which had already been revised upward to 40.0 billion yen in March 2025, a year ahead of schedule.



As a result of the initiatives carried out to date, it is extremely impressive. Regarding the background to this achievement, the Management Philosophy and “Isshi Yuyaku” slogan have been instilled in all officers and

employees of the Group, and I think this has raised the Group's ability to take action as an organization. Additionally, the Company's strong business performance is not solely due to the external environment, namely the good fortune of rising interest rates. Strengthening solution-based businesses through customer-oriented Group collaboration has raised the Company's non-interest income, making its income structure more robust and less susceptible to the external environment. I think this is its greatest strength.

On the other hand, profitability seems to vary between Group companies. I think the key to realizing sustainable growth in the future will be to get each Group company on the growth trajectory so the Group as a whole can demonstrate even greater collective capabilities.

Kikuchi Recent business performance has been extremely smooth. Additionally, while the normalization of interest rates is providing a tailwind for financial institutions, the external environment remains highly unpredictable due to the international situation and other factors, so it is certainly not a business environment in which we should feel secure. We should not be satis-

fied with the results achieved so far. From here on, establishing a medium- to long-term perspective is essential. I think that leveraging the Group's collective capabilities and steadily building up initiatives that take regional industry structure and demographic trends into account will be vital to maintaining a competitive edge.

What do you think about the Company's handling of the changes in the business environment?

Kuwahara Business that provides solutions, such as support for M&As and business succession, is one of the Company's strengths and it is steadily diversifying its revenue drivers. This shows that it is reading the changes in the business environment and customer needs and shifting away from conventional interest-dependent business models toward value-adding businesses focused on solving customer issues. I think this is an extremely important undertaking.

As the business environment continues to change dramatically in the future, we need to continuously evolve business models in order to make lasting contributions to the region.

One example is the handling of changes in the natural environment. Industries such as tourism and food in Niigata Prefecture offer great potential, but they are

also considerably affected by the natural environment.

As a financial institution, the Company needs to consider more than ever before how it will address the natural environment, which is fundamental to economic activity, through initiatives such as decarbonization.

Personally, I intend to provide the executive team with concrete advice in this area, based on my experience of business management in the private sector.



Shirai The Company can be commended for acting appropriately to ensure resources are allocated to growth fields, such as increasing the provision of business loans in pre-



fectures other than Niigata. In particular, expanding sales outside of the prefecture in a way that overcomes geographic limitations is leading to new earnings opportunities and there is still

room for further growth. On the other hand, the flipside to this growth is new risks. We don't know how the emergence of frontier AI will impact the finance industry, so I think there is a need to monitor trends and maintain a sense of urgency when dealing with situations. Additionally, we are witnessing structural changes in the financial infrastructure due to the rapid development of IT, and if customers start turning away from conventional banking, there is a risk that the Company's revenue base will weaken. Therefore, we cannot be complacent about the current situation. We must strategically invest in areas such as AI and develop diverse services through the appropriate allocation of business resources.

Kikuchi I think that the key to further enhancing corporate value will be to make management more sophisticated through an approach that considers earnings, risks, and capital together.

It is also becoming increasingly important to address

risks that might have a considerable impact on business, such as cyber risks and operational risks. The challenge will be to manage the trade-off between the convenience provided by the development of AI and the new risks it generates.

What is your assessment of the Company's regional revitalization initiatives?

Sato Population decline is the biggest structural risk for the region and its effects are being felt in business activities and across the entire regional economy. Against this backdrop, the Company is taking on the challenge of developing new business domains, including establishing a regional design company in June this year, and I think this will be significant in terms of enhancing regional sustainability.

The idea is that creating new activity in the region will generate a virtuous cycle in the local economy. If this is achieved, it will naturally draw young people to Niigata who want to contribute to the area, serving as a catalyst for regional revitalization.

I am also impressed by the Company's active participation in large-scale projects that will have a major impact on the region in areas such as tourism, agriculture, and infrastructure, as well as the way in which it is helping to develop local product brands and cultivate sales channels through its regional trading company.

However, these initiatives also come with a lot of issues to be addressed, such as the time it will take to make them profitable, so the challenge going forward is to establish sustainable business models. I will work with the Company to deepen collaboration with governmental and private sector partners and to build frameworks for monetization.

Outside Directors' Roundtable

Kuwahara In terms of structure, I have high regard for how the Company has built a foundation for advancing regional revitalization across the entire Group by establishing the Regional Revitalization Strategy Headquarters and Regional Strategy Division, as well as opening the Tokyo Head Office.

In particular, the Tokyo Head Office provides a focal point for using networks both in Japan and overseas

to expand relationship-building businesses in which it connects companies and projects in Niigata Prefecture to external partners. This is a new value creation model that goes beyond the conventional intermediary function of a financial institution and I expect it will generate new value creation stories in regard to regional revitalization.

Shirai The important point regarding the Company's regional revitalization efforts is to what extent it is creating sustainable virtuous cycles. A financial institution can play a role beyond just providing finance. It can support the autonomous growth of the region by identifying regional issues, suggesting solutions, and bringing the relevant parties together.

In this sense, the Company's initiatives show its as-

piration to be an executive producer for the regional economy, and I expect it to develop and deepen this function in the future. By finding ways to provide the region with added value and then schematize these as businesses, the Company can build a relationship with the region that enables them to grow sustainably together.

How do you evaluate the Company's sustainability management initiatives, including efforts to raise the value of human capital?

Matsumoto I think the defining characteristic of the Company's sustainability management is that instead of implementing individual measures targeting a specific environmental or social issue, it has positioned the achievement of both sustainable development for the region and enhancement of corporate value as management strategy. Under the Management Philosophy and Basic Sustainability Policy, it is working to create organic connections between its initiatives to solve regional issues, reduce environmental impact, build relationships of trust with society, and support the growth of human assets. I evaluate these efforts highly.

The most striking element within this is how it views people as the source of value creation and is pursuing a Group-wide unified human resource strategy, led by

the Human Capital Value Enhancement Committee, chaired by the President. I recognize that initiatives such as the dispatch of trainees both within and outside the Group, the participation of trainees in Group-wide projects, and the next-generation leader development program, as well as the Human Capital Value Enhancement Project 2030, in which young employees take the lead, are significant for developing talent that can see beyond the boundaries of the finance industry and strive for solutions to regional issues. I expect that the diverse perspectives and expertise these kind of initiatives cultivate will lead to the further advancement of regional revitalization and deepening of the Group's relationship-building businesses.

Sato I also think that sustainability is not just about environmental efforts and social contribution, but also involves building a foundation that enables regional society and a company to sustainably develop together.

From that perspective, it looks like the Company is actively encouraging customers to take action on the environment through initiatives like sustainable finance for regional decarbonization, GX consulting, and support for carbon credit creation. In addition to this, it is fully disclosing information on its natural capital and biodiversity conservation initiatives and it is deepening its role as a financial institution by going beyond just providing finance to become a presence that supports the transformation of the entire region. I feel this is very meaningful.

On the other hand, I think an important theme to be

tackled going forward is how it will connect these activities to the enhancement of corporate value and vitalization of the regional economy. As an outside director, I will monitor the progress of each initiative and strive to ensure that they are effective.



What is your outlook regarding the management integration with The Gunma Bank?

Matsumoto I think the Company's experience from the management integration of Daishi Bank and Hokuetsu Bank, which created synergies that surpassed initial expectations, will be an extremely important factor in the management integration with The Gunma Bank.

On the other hand, the new financial group created

through this management integration will also be one of the biggest regional banks in terms of scale, which will certainly increase the difficulty of integrated management. Therefore, I recognize the need for more advanced decision-making and organizational management capabilities as a crucial factor.

Kikuchi The new financial group will provide opportunities for growth that considerably enhance corporate value, but it will also be an important test of management capabilities. A key point will be to what extent it realizes effects that go beyond the advantages of scale by strengthening the substance of the revenue base and improving capital efficiency.

It will be important to clearly show what direction the growth strategies will take after the integration and which fields are going to be targeted for earnings

growth. The Company will have to demonstrate an even greater ability to explain to investors about matters such as its roadmap for enhancing ROE and its thoughts regarding capital allocation.



Kuwahara I think the essence of this management integration is a blending of cultures. Initiatives under the Gunma and Daishi Hokuetsu Alliance have demonstrated synergistic effects amounting to a cumulative 16.6 billion yen by March 2026, and I think the groundwork has already been laid for a blending of cultures through the management integration. From here on, the focus will be on making further progress on the use of human capital and cultivation of a sense of or-

ganizational unity.

Also, in regard to governance, there needs to be a steady effort to build a more sophisticated governance framework, which includes establishing a nomination and compensation committee and ensuring a certain ratio of outside directors. Strengthening the oversight function in this way will play an important role in ensuring organizational transparency and fairness after the management integration.

Shirai I expect the management integration to bring together the differing strengths of both companies, resulting in a significant leap forward as a new financial group. However, from a sterner perspective, the external environment is forecast to become even harsher due to population decline and structural changes in finance, and management integration is not going to

provide a solution to all of this. We will still be in the eye of the storm. Therefore, management integration itself is not the goal. The important thing is what action will be taken after the integration. I think it is essential that preparations to launch the new financial group are undertaken with an awareness that we are still within a difficult business environment.

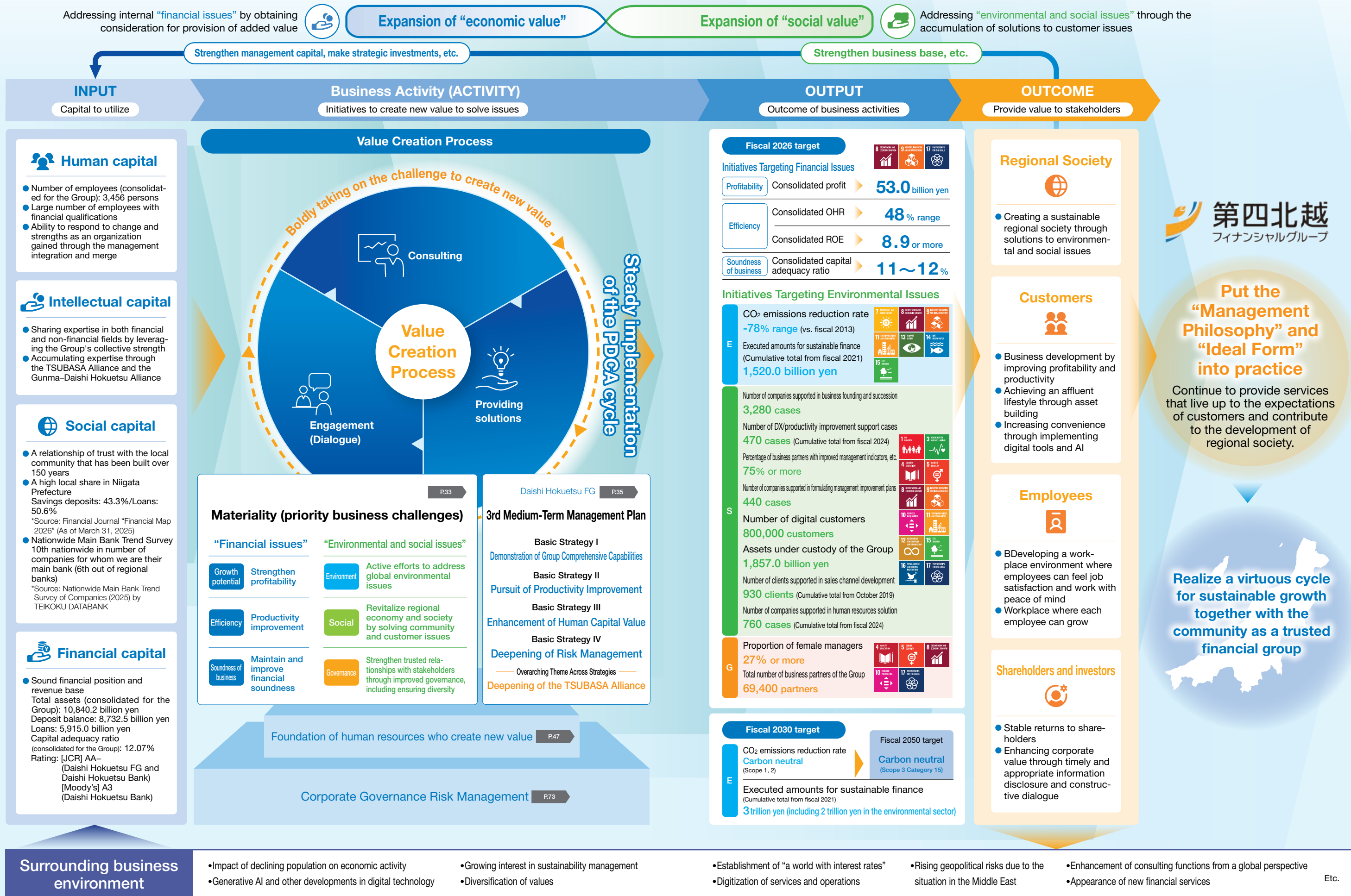
Sato I have great expectations regarding the potential for the new financial group to evolve into a regional platform. If it can utilize the networks that will be broadened by the management integration and connect people, information, and distribution channels in both financial and non-financial sectors, then it will be able to simultaneously generate revenue and social value.

The important step to achieving this will be to expand relationship-building businesses by deepening collaboration within the Group while also strengthening partnerships with external companies and

governmental organizations. As an outside director, I will also strive to use the knowledge and experience I have cultivated to boost the Company's efforts.



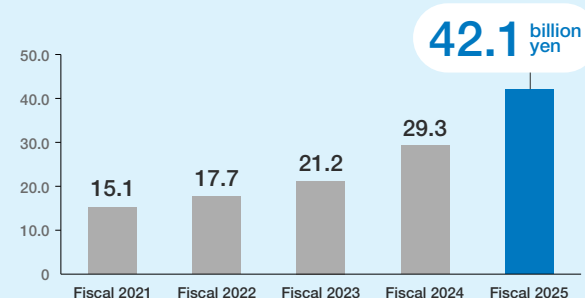
Overview of Value Creation Story



Financial Highlights

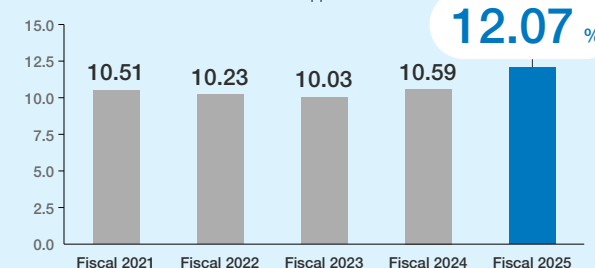
Daishi Hokuetsu FG (Consolidated)

Net income reverting to parent company shareholders



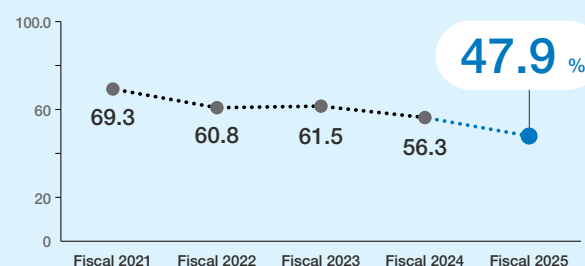
Capital adequacy ratio

* 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 standardized approach to the Foundation Internal Rating Based Approach.

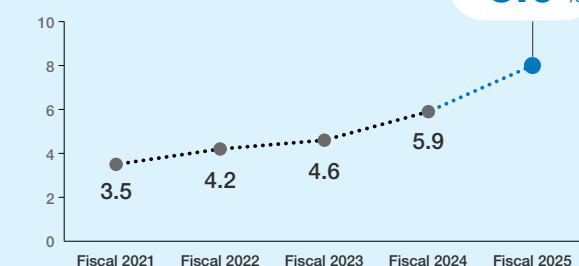


OHR (expense ratio)

* % of consolidated operating expenses in consolidated gross profit (excl. gains or losses on bonds)

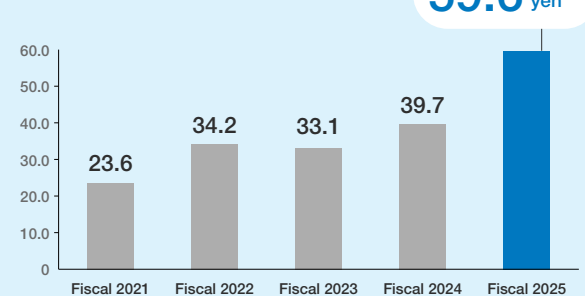


ROE

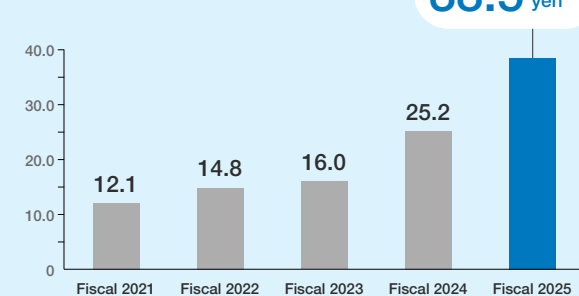


Daishi Hokuetsu Bank (Non-Consolidated)

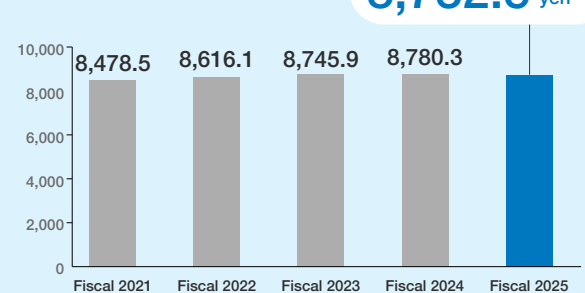
Core business net profit



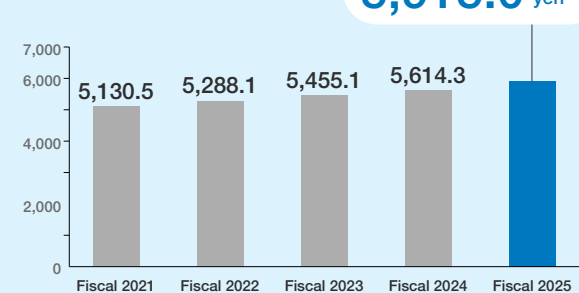
Net income



Deposit balance



Loan balance



Non-Financial Highlights

Environment

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



-74.3%

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

1,180.5 billion yen
(586.8 billion yen)



Social

Employee Engagement Total Score



78.4

Total participants in financial education activities (from fiscal 2013)

17,724 people



Number of companies supported in business founding and succession



3,478 cases

Number of DX/productivity improvement support cases (from fiscal 2024; cumulative)

319 cases



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



842 clients

Number of companies supported in human resources solution (from fiscal 2024; cumulative)

517 cases



Governance

Proportion of female directors (as of July 31, 2026)



16.6%

Proportion of outside directors (as of July 31, 2026)

41.6%



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.

★ 第四銀行



1873

Founded with the name **The Fourth National Bank of Japan** in current-day Niigata City as Japan's third national bank.

1917

Corporate name changed to **The Daishi Bank, Ltd.**



★ ホクエツ 北越銀行

1878

Founded with the name **The Sixty-Ninth National Bank of Japan** in current-day Nagaoka City



1942

Established as The Nagaoka Sixty-Ninth Bank via a merger with The Nagaoka Bank

1948

Corporate name changed to **The Hokuetsu Bank**



2017

Executed a Basic Agreement on Management Integration with The Daishi Bank, Ltd. and Hokuetsu Bank



2018

Daishi Hokuetsu FG established

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



2021

Birth of the Daishi Hokuetsu Bank



2021

Establishment of the Gunma and Daishi Hokuetsu Alliance



2023

150 years since the foundation of the Daishi Hokuetsu Bank 5 years since the establishment of Daishi Hokuetsu FG



2026

Executed a Final Agreement on Management Integration with the Gunma Bank



Development of regional society
New value creation

1st Medium-Term Management Plan (Fiscal 2018 to 2020)

Build a foundation to maximize merger synergies

- First in Japan to conduct management integration between the No. 1 and No. 2 regional banks within the same prefecture
- January 2021: Established a new bank through the merger of The Daishi Bank, Ltd. and Hokuetsu Bank, and integrated their systems and operations
- 2019: Established "Career Bridge," a recruitment company, and "Bridge Niigata," a regional trading company
- Strengthened collaboration with the TSUBASA Alliance

2nd Medium-Term Management Plan (Fiscal 2021 to 2023)

Leverage three major synergies (merger, Group, TSUBASA)

- Reallocation of personnel to strategic areas through branch consolidation and operational reforms, as well as cost reductions and investment in strategic areas, to realize merger synergies
- Utilization of the Group's functions, exploration of new business domains, and deepening of existing businesses to realize Group synergies
- Realization of TSUBASA coordination synergies, 2021: Launched the Gunma and Daishi Hokuetsu Alliance

3rd Medium-Term Management Plan (Fiscal 2024 to 2026)

Deepening and exploring group management

- 2026: Executed a Final Agreement on Management Integration with the Gunma Bank
- 2026: Established a regional design company Regional Shift
- Deepening and exploring group management
- Deepening sustainability management

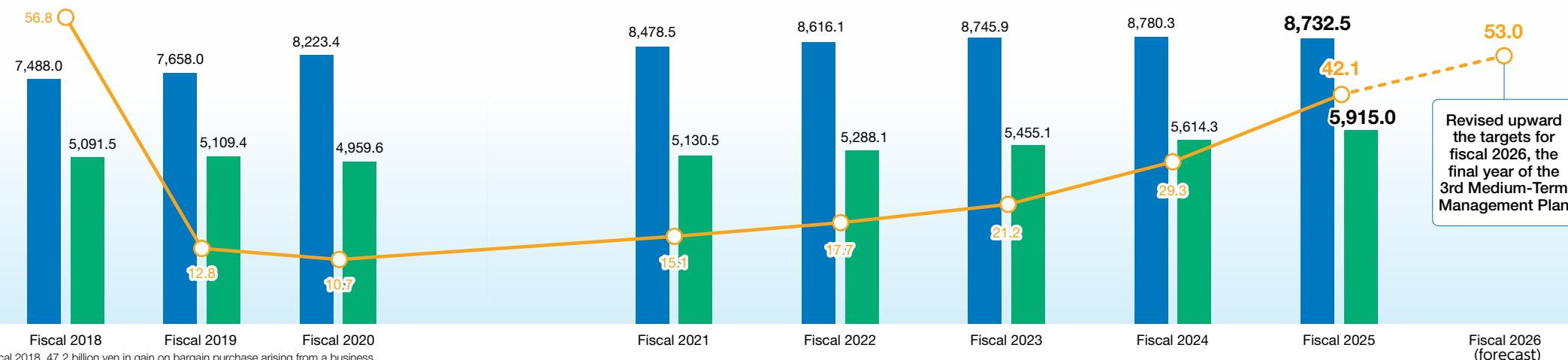
Slogan

一志勇躍 Isshi Yuyaku
(taking a brave leap under united spirits)

Slogan

一志團結 Unity of purpose

■ Deposit balance
(billion yen, non-consolidated)
■ Loan balance
(billion yen, non-consolidated)
○ Net income
(billion yen, consolidated)



* In fiscal 2018, 47.2 billion yen in gain on bargain purchase arising from a business combination was recorded as extraordinary income.

Developments in Niigata Prefecture

- 1869 Developments in Niigata Prefecture (one of five ports opened)
- 1871 Creation of Niigata Prefecture as part of the abolishment of feudal domains and establishment of prefectures

- 1876 Building of Chosei Bridge (Nagaoka City)
- 1880 Great fire of Niigata
- 1886 Building of Bandai Bridge (Niigata City)
- 1945 Bombing of Nagaoka City

- 1964 National Sports Festival in Niigata Niigata earthquake
- 1973 Niigata Airport became an international airport
- 1982 Opening of Joetsu Shinkansen

- 1988 The entire Hokuetsu Expressway was opened
- 1997 The entire Hokuetsu Line on the Ban-etsu Expressway was opened

- 2004 July 13th flood Chuetsu Earthquake
- 2007 Chuetsu Offshore Earthquake Niigata City became a city designated by government ordinance

- 2009 National Sports Festival in Niigata
- 2011 Great East Japan Earthquake
- 2018 The temperature exceeded 40 degrees Celsius for the first time in the prefecture's history
- 2020 COVID-19 pandemic State of emergency declared nationwide

- 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

- 2025 Restart of Kashiwazaki-Kariwa Nuclear Power Station Bear sightings reached a record high

Market of the Daishi Hokuetsu Financial Group

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 28 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	Nominal gross prefectural product	Prefectural capital
2.09million 15th nationwide	9,042.9billion yen 15th nationwide	Niigata City Largest city on the Sea of Japan side of Honshu (only government-designated city)
 (Fiscal 2024)	 (Fiscal 2022)	

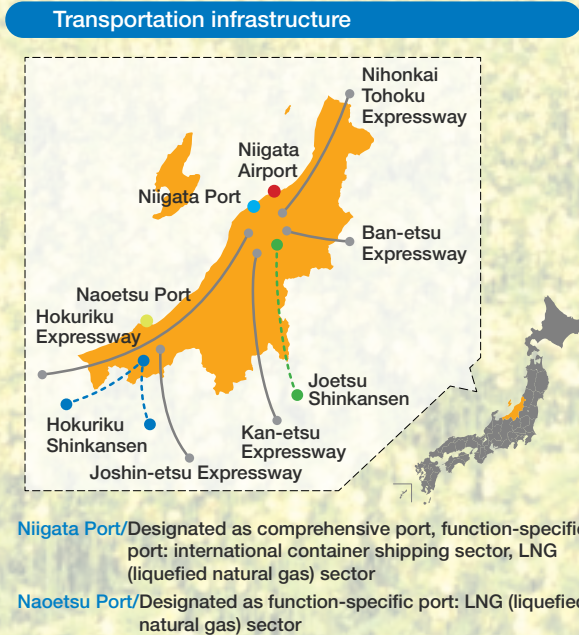
Source: “Key Indicators of Niigata Prefecture” on Niigata Prefecture website

Industry			
Amount of rice produced	Amount of rice confectionary shipped	Amount of seafood paste products shipped	Amount of Western metal tableware shipped
206.9billion yen No.1 in Japan	179.7billion yen No.1 in Japan	34.5billion yen No.1 in Japan	13.2billion yen No.1 in Japan
 (Fiscal 2024)	 (Fiscal 2023)	 (Fiscal 2023)	 (Fiscal 2023)

Natural capital	
Total prefectural land area	Longest river (Shinano River)
12,584km ² 5th nationwide	367 km No.1 in Japan
 (Fiscal 2025)	 (Fiscal 2024)

Total area of natural parks
317,406ha No.2 in Japan
 (Fiscal 2025)

Source: “Niigata Prefecture’s Japan Top 5 Features” on Niigata Prefecture website



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 confectionary, 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 Prefecture is undertaking initiatives to pass on and further develop its regional sake-making culture, as well as to revitalize related industries. 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 (18 locations as of 2024) by virtue of being a heavy snowfall area, an example of its healthy industry that takes advantage of the abundance of resources present.

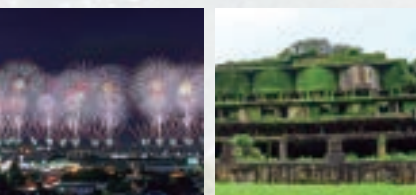


Development of Large-Scale Resort in Myoko Highlands Area

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 135 hot spring resorts with accommodation facilities in Niigata Prefecture, meaning the prefecture ranks third in Japan on this metric (as of 2025). 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 tourist 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

In Niigata Prefecture, as population decline and the progression of declining birthrates and an aging population continue, there are concerns about a decline in regional vitality. In addition, multifaceted challenges have emerged in the creation of a sustainable local community, including productivity improvement and promotion of digital transformation at local companies, expansion of the visitor population through tourism development, efforts to address decarbonization, enhancement of medical and nursing care systems, and preparations for natural disasters.

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.23–

Growth Strategy for Ideal Form P.35–

Sustainability Management P.60–

Realizing a virtuous cycle for sustainable growth together with the community

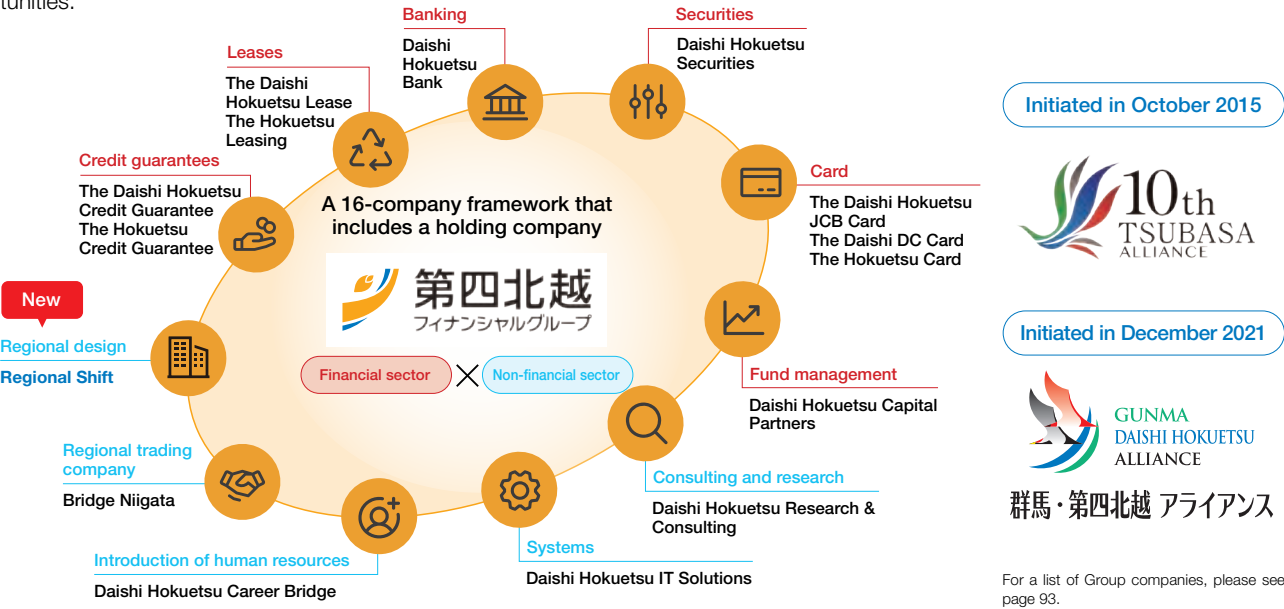
Strengths of the Daishi Hokuetsu Financial Group

The Group’s Collective Strength and Alliances Intellectual capital

The Group consists of 16 companies in total, comprising the Company and 15 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 wide-spread cooperation by ten regional banks that include Daishi Hokuetsu Bank, which celebrated its 10th anniversary, and the “Gunma–Daishi Hokuetsu Alliance,” a collaborative agreement between Daishi Hokuetsu Bank and The Gunma Bank.

In June 2026, the Group established Regional Shift Co., Ltd., which engages in activities such as planning and providing operational support for businesses related to regional revitalization. We will develop businesses that go beyond the traditional scope of financial services and create added value in the region by solving issues faced by regional society and creating new business opportunities.

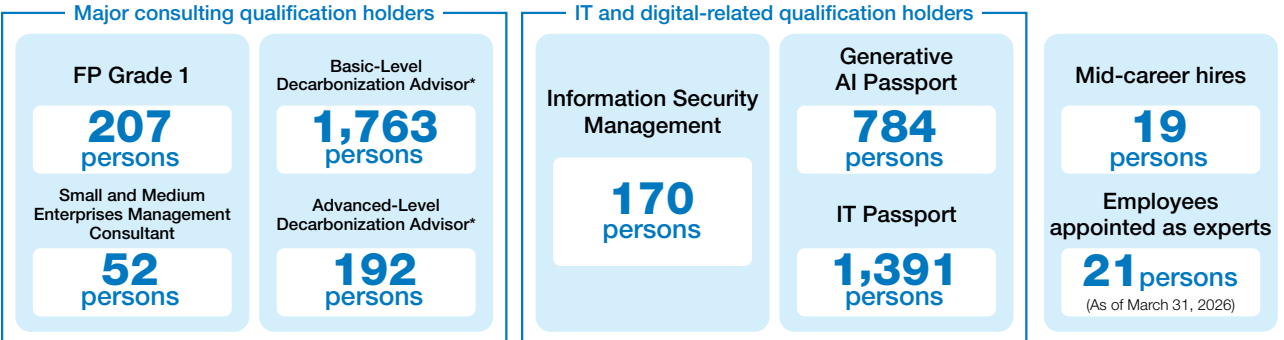


Diverse, abundant human resources Human capital

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, the Group has established the “Human Capital Value Enhancement Committee” as a system that deliberates and executes various measures on a cross-organizational basis to enhance the value of human capital across the Group. Also, in the Human Capital Management Policy, 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.

Status of specialized qualifications / Development and utilization of professional human resources (fiscal 2025)



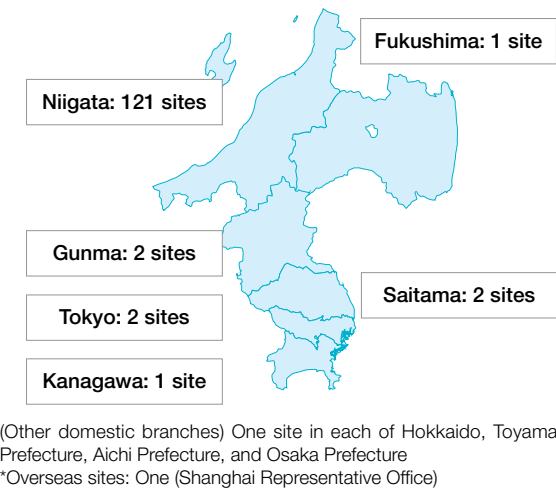
*Although there are multiple types of qualifications, individuals holding more than one qualification are counted only once.

Widespread Network / Strong Customer Base 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. In November 2025, we opened the Tokyo Head Office as a strategic base for regional revitalization that connects customers in Niigata Prefecture with domestic and international information and networks. We will further strengthen our sales promotion structure in the Tokyo metropolitan area to contribute to the revitalization of Niigata's economy.

Moreover, as the prefecture's top bank, Daishi Hokuetsu Bank has a high share of both savings deposits and loans in Niigata Prefecture, at 43.3% and 50.6%, respectively. In addition, according to the “Nationwide Main Bank Trend Survey of Companies (2025)” (source: TEIKOKU DATABANK), it was the main bank for 17,796 companies, which placed it tenth in Japan after mega-banks and sixth among regional banks. Daishi Hokuetsu Bank is the bank with the longest history among those currently existing in Japan, spanning more than 150 years. 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.

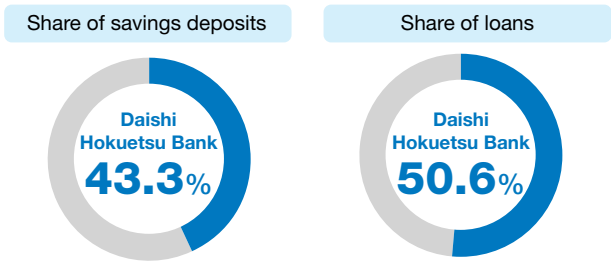
Daishi Hokuetsu Bank branch network (As of July 31, 2026)



Number of companies for whom we are their main bank (2025)



Share of savings deposits and loans in Niigata Prefecture



Stable Financial Base Financial capital

As of the fiscal 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 42.1 billion yen. This gives it an asset base that ranks among the top of regional banks and commensurate earnings power. Moreover, at 12.07%, 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 standardized approach to the Foundation Internal Rating Based Approach from the end of March 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 “AA–” from the Japan Credit Rating Agency (JCR), and Daishi Hokuetsu Bank has received ratings of “AA–” from JCR and “A3” from Moody's.

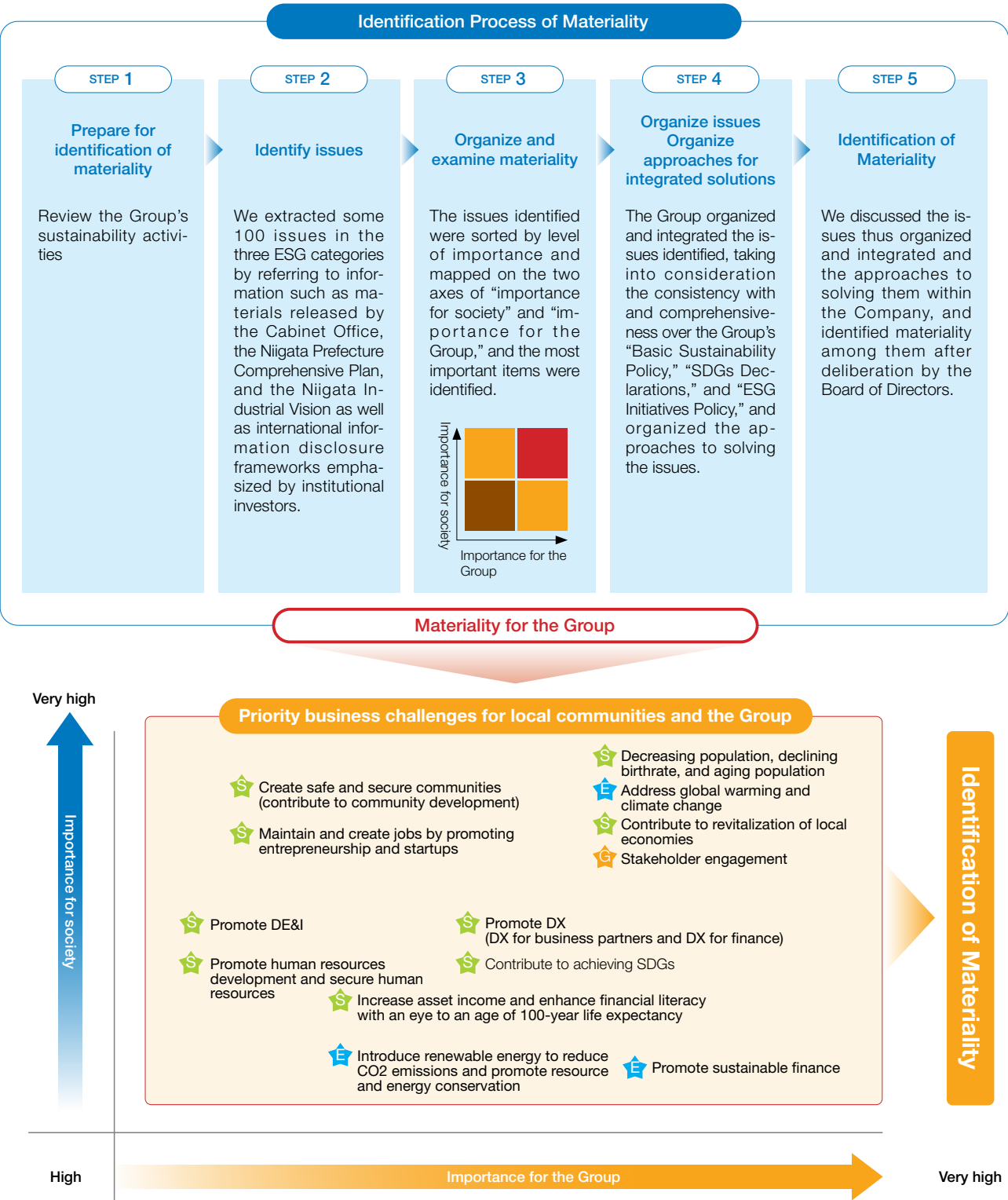
External ratings	Japan Credit Rating Agency (JCR)		Moody's	
	Daishi Hokuetsu Financial Group	Daishi Hokuetsu Bank	Daishi Hokuetsu Bank	Daishi Hokuetsu Bank
	AA –	AA –	–	A3

(As of August 2026)

Materiality (priority business challenges)

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

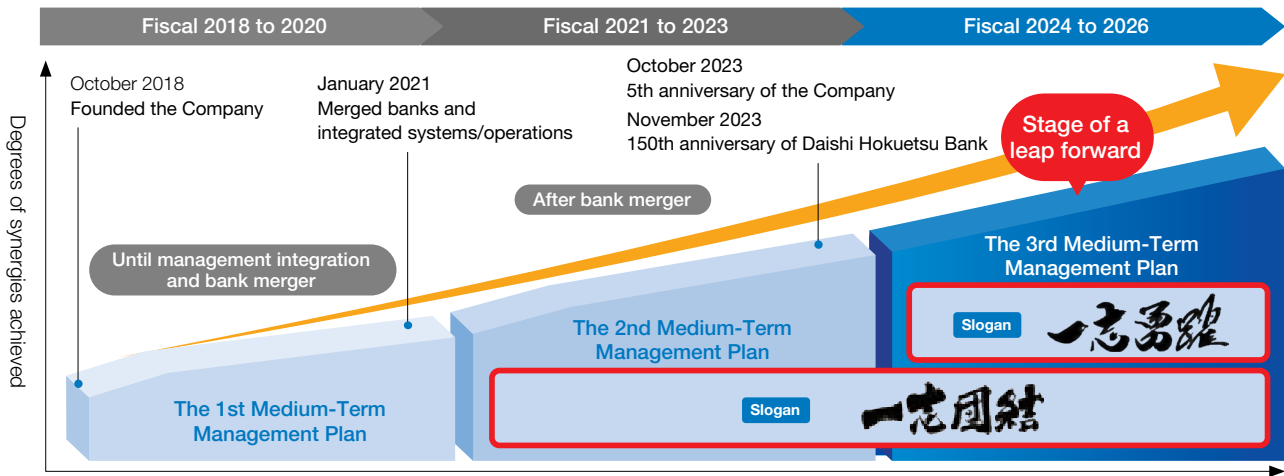
In addition, recognizing the importance of continuously reviewing materiality in light of developments in international sustainability disclosure standards, changes in the external environment, regulatory trends, growing expectations from stakeholders, and changes in social issues and the business environment; we have established a framework to review (and update) our materiality each time we formulate a medium-term management plan.



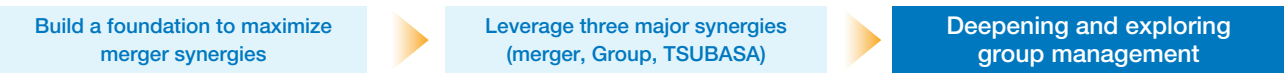
Overview of the 3rd Medium-Term Management Plan (Plan Period: April 2024 to March 2027)

Positioning of the 3rd Medium-Term Management Plan

In the 3rd Medium-Term Management Plan, which began in April 2024, based on the 1st and 2nd Medium-Term Management Plans, 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.



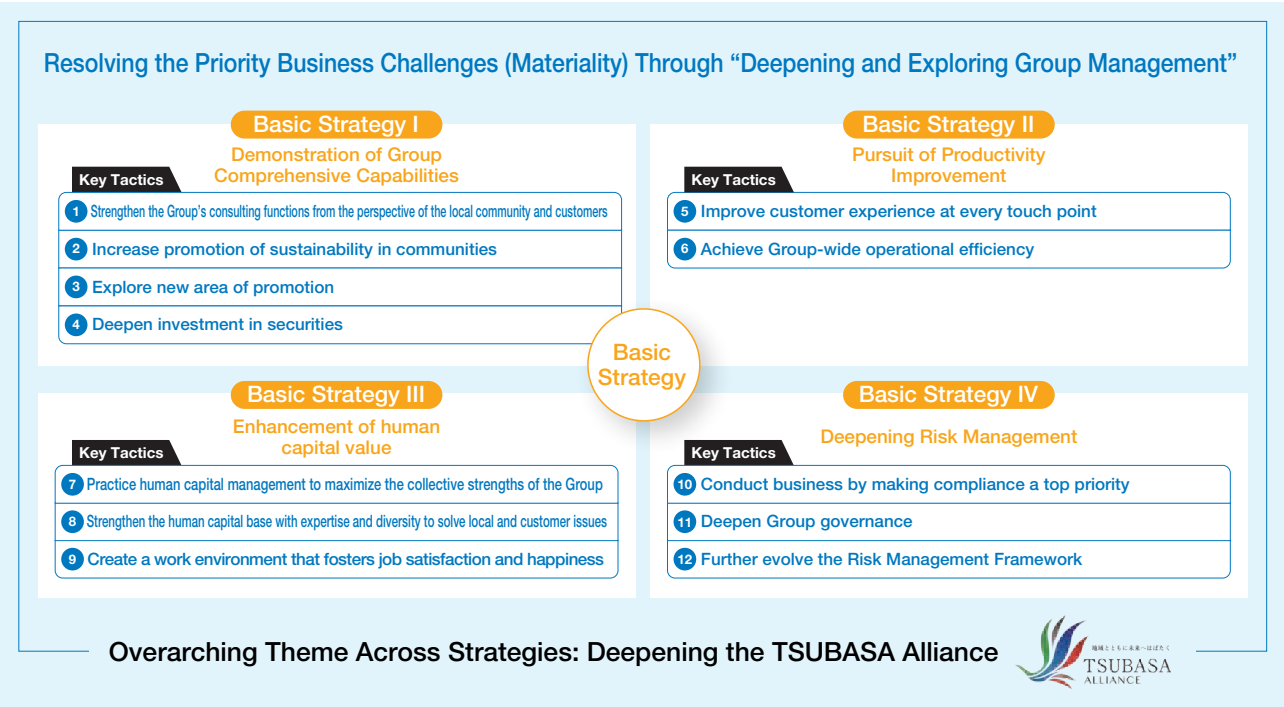
Basic stance for each plan period



Basic Strategies and Key Tactics

In the 3rd Medium-Term Management Plan, the Group aims to solve the two priority business challenges “financial issues” and “environmental and social issues” (materiality, page 33) 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.



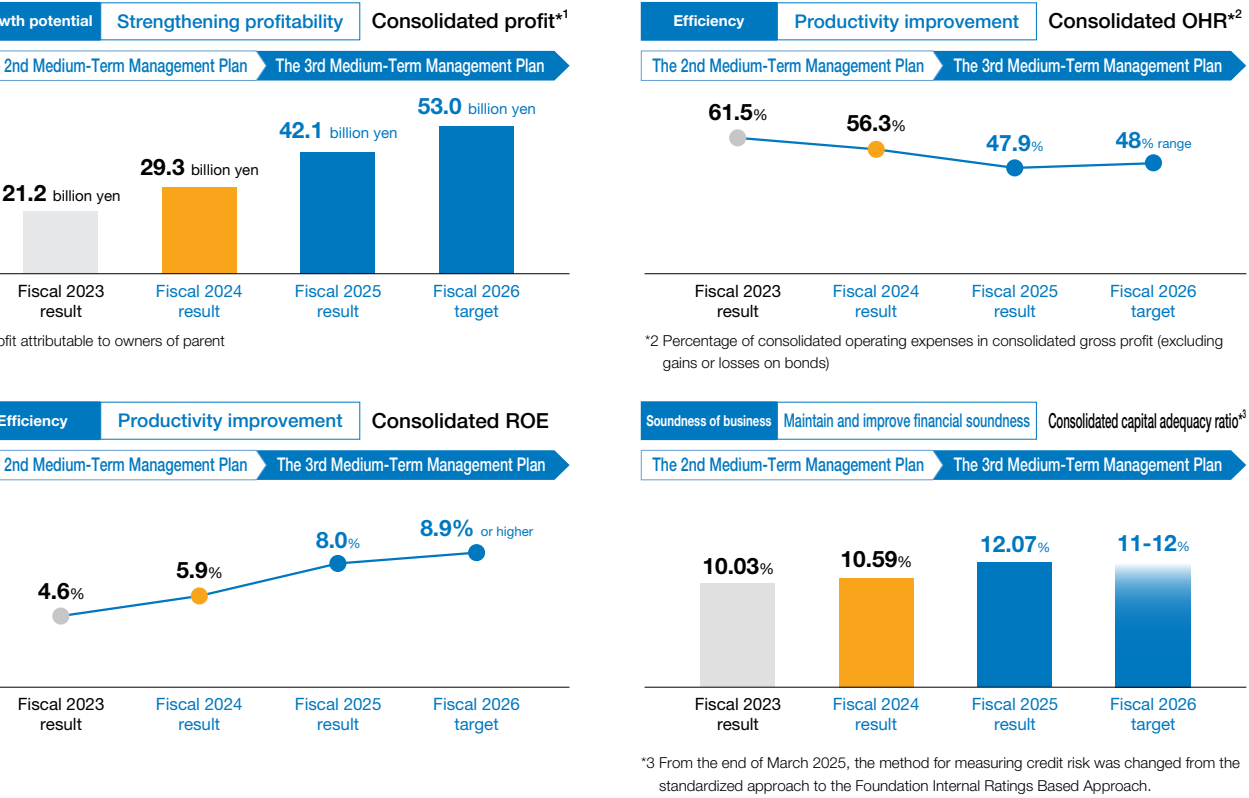
Management indicators (KPIs)

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.

Fiscal 2026 marks the final year of the 3rd Medium-Term Management Plan, bringing it to its culmination. With a view to further contributing to the region and further enhancing corporate value, officers and employees across the Group are working together as one to achieve their targets.

In July 2026, we revised upward KPIs for “financial issues” for the final year of the plan (fiscal 2026) and set a target consolidated profit of 53.0 billion yen, a consolidated OHR in the 48% range, and a consolidated ROE of 8.9% or higher.

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 result	Fiscal 2026 target
Active efforts to address environmental issues	CO2 emissions reduction rate (vs. fiscal 2013)	-55.8%	-67.2%	(Preliminary) -74.3%	-78% range
	Executed amounts for sustainable finance ⁴	434.6 billion yen	769.6 billion yen	1,180.5 billion yen	1,520.0 billion yen
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	3,478 cases	3,280 cases
	Number of DX/productivity improvement support ⁵	90 cases	136 cases	319 cases	470 cases
	Percentage of business partners with improved management indicators, etc.	75.2%	73.5%	73.4%	75% or more
	Number of companies supported in formulating management improvement plans	531 cases	425 cases	436 cases	440 cases
	Number of digital customers ⁶	350,000 customers	440,000 customers	540,000 customers	800,000 customers
	Assets under custody of the Group ⁷	1,453.3 billion yen	1,522.8 billion yen	1,856.9 billion yen	1,857.0 billion yen
	Number of clients supported in sales channel development (regional trading companies) ⁸	638 clients	730 clients	842 clients	930 clients
	Number of companies supported in human resources solution ⁵	160 cases	246 cases	517 cases	760 cases
Strengthen relationships of trust with stakeholders by enhancing governance, such as ensuring diversity	Proportion of female managers ⁹	26.0%	26.3%	26.8%	27.0% or more
	Total number of business partners of the Group ¹⁰	61,512 partners	62,990 partners	66,206 partners	69,400 partners

⁴ Cumulative total from fiscal 2021 ⁵ The fiscal 2025 results and the fiscal 2026 targets are the cumulative total from fiscal 2024.
⁶ Total number of Daishi Hokuetsu ID holders (e.g. Little Bank, My Page users) and individual e-net banking users
⁷ Total amount of assets under custody of the Daishi Hokuetsu Bank (investment trusts, public bonds, and insurance) and assets under custody of the Daishi Hokuetsu Securities (stocks, bonds, and investment trusts excluding MRF, etc.)
⁸ Cumulative total from October 2019 ⁹ Ratio of female managers (deputy level and above) (Daishi Hokuetsu Bank, non-consolidated)
¹⁰ Number of corporate clients with recurring business with the Group companies (total number)

Basic Strategy I Demonstration of Group Comprehensive Capabilities



Demonstration of Group Comprehensive Capabilities

Group's consulting from the perspective of the local community and customers - Strengthen the holding company structure -

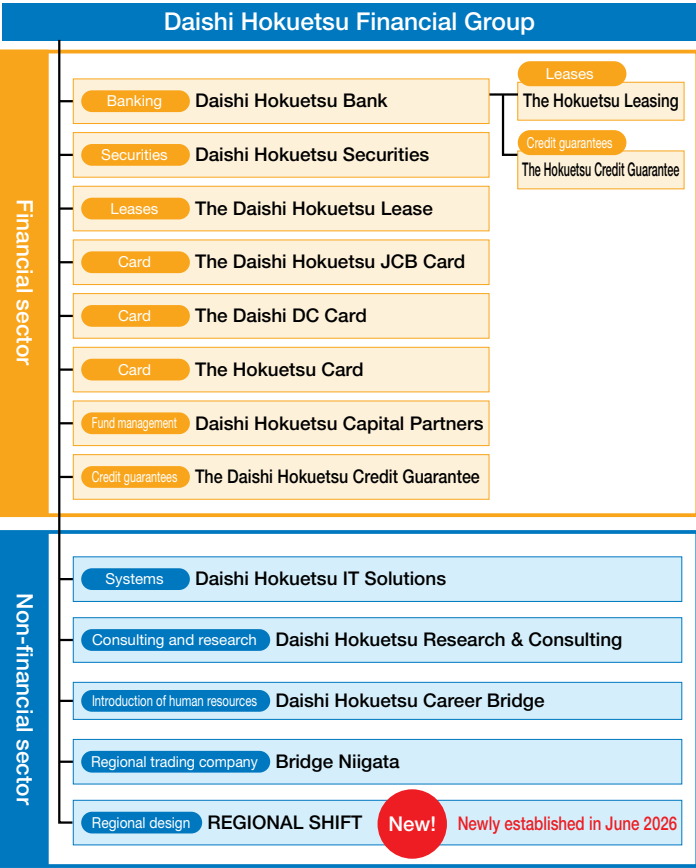
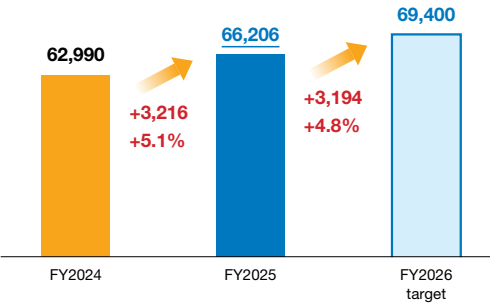
The Group combines the Group's financial/information intermediary functions, broad networks at home and abroad, and know-how and is actively working to help find solutions to diverse needs and problems of local communities and customers.

As a result of offering the best solutions based on the Group's combined efforts, the total number of business partners of the Group, which serve as the foundation for the Group's business, has reached 66,000.

Starting from the diverse needs and challenges of local communities and customers, we will contribute to the sustainable development of regional society by practicing consulting sales that leverage optimal FG functions.

Total number of business partners of the Group

* Number of corporate clients with recurring business with the FG Group companies (total number) (cases)



Demonstrating financial intermediary functions, including smooth provision of funds

Establishment of Special Consultation Desk due to escalating tensions in the Middle East

Daishi Hokuetsu Bank is providing detailed support, such as financing assistance and management consultation, to support business operators affected by changes in social and economic conditions.

In March 2026, to support business operators whose business has been directly or indirectly affected by escalating tensions in the Middle East, we established "Middle East Situation-Related Special Consultation Desks" at all branches and began handling "Middle East Situation-Related Special Loans." We will continue to respond to consultations regarding funds necessary for business continuity and the review of repayment terms for various loans.

Extension of loans utilizing the Enterprise Value Charge

Since May 2026, Daishi Hokuetsu Bank has been extending loans utilizing the "Enterprise Value Charge" based on the Act on Promotion of Cash Flow-Based Lending. This charge is a new collateral system that focuses on the strengths and future potential of customers' businesses, without excessive reliance on collateral or guarantees. To realize customers' growth, Daishi Hokuetsu Bank will continue to provide effective, hands-on support based on business plans even after the establishment of this charge, thereby supporting the further enhancement of corporate value.

Strengthen the Group's Consulting Functions - Regional Revitalization -

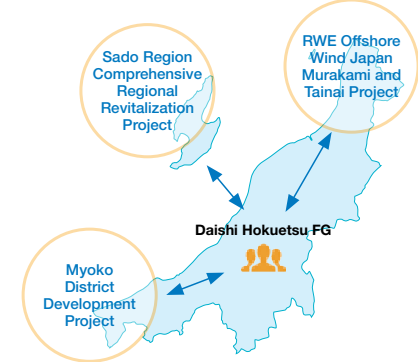
Strengthening domestic and international collaboration for regional revitalization

We are taking full advantage of the Group's network to create partnerships with various parties, including customers, government agencies, major companies in Japan and overseas, and external specialists. As such, we are taking on the role of a general producer for the local economic ecosystem to promote activities that foster sustainable virtuous cycles in the region.

In Niigata Prefecture, we are supporting projects that have a big impact on local areas, including an offshore wind power generation project in the Murakami and Tainai area and large-scale resort development in the Myoko area, by making use of the Group's functions, information, and networks.

In addition, by attracting concerts by symphony orchestras of overseas conglomerate groups to Niigata, we are challenging ourselves as a unified Group to realize regional revitalization that goes beyond the boundaries of finance.

Exploring markets in Niigata Prefecture



Strengthen the Group promotion structure for regional revitalization

In June 2025, to strengthen the structure for further promoting regional revitalization, we established the Regional Revitalization Strategy Headquarters and Regional Revitalization Strategy Division at our company, and the Regional Revitalization Business Headquarters and the Regional Strategy Division at Daishi Hokuetsu Bank, as departments dedicated to regional revitalization.

In November 2025, we opened the Tokyo Head Office within the building of the Tokyo Main Office of the Daishi Hokuetsu Bank as a strategic base for regional revitalization that connects customers in Niigata Prefecture with domestic and international information and networks. By collaborating across the organization among business offices, headquarters, and Group companies with this base at the center, we are aiming to further strengthen our consulting functions and maximize group synergies.

Number of staff at Tokyo Head Office

Approximately **80** staff in total (including staff concurrently serving other roles within the HQ)
*As of March 2026



Inside the Tokyo Head Office

Establishment of a regional design company

"REGIONAL SHIFT"

In June 2026, we established REGIONAL SHIFT Co., Ltd., a regional design company that promotes the resolution of regional issues and sustainable development, as a wholly owned subsidiary of our company.

As a company responsible for planning and supporting the operation of businesses that contribute to solving regional issues, REGIONAL SHIFT will work with diverse stakeholders in Japan and abroad to create new value by generating exchange and relationship populations through tourism, food, culture, sports, and other areas that go beyond conventional financial functions, and by supporting the commercialization of regional projects.

Company name	 株式会社 REGIONAL SHIFT
Date of establishment	June 18, 2026
Location of head office	4-12 Kyobashi 2-chome, Chuo-ku, Tokyo (located within Daishi Hokuetsu Bank Tokyo Head Office)
Representative	President and Representative Director Nobuaki Takahashi
Capital stock	90 million yen
Composition of shareholders	Daishi Hokuetsu Financial Group 100%
Main business activities	• Planning and operational support for businesses related to regional revitalization • Planning and development of products and services utilizing regional resources, etc.

VOICE



The name of the new company, "REGIONAL SHIFT," embodies our aspiration for the "region" itself to transform and "shift" toward a new era. Going forward, we will further develop our regional revitalization initiatives and create new value by enhancing the appeal of regional resources beyond the scope of financial functions, as well as through the planning and operational support of projects aimed at resolving regional issues.

Nobuaki Takahashi President and Representative Director, REGIONAL SHIFT Co., Ltd.

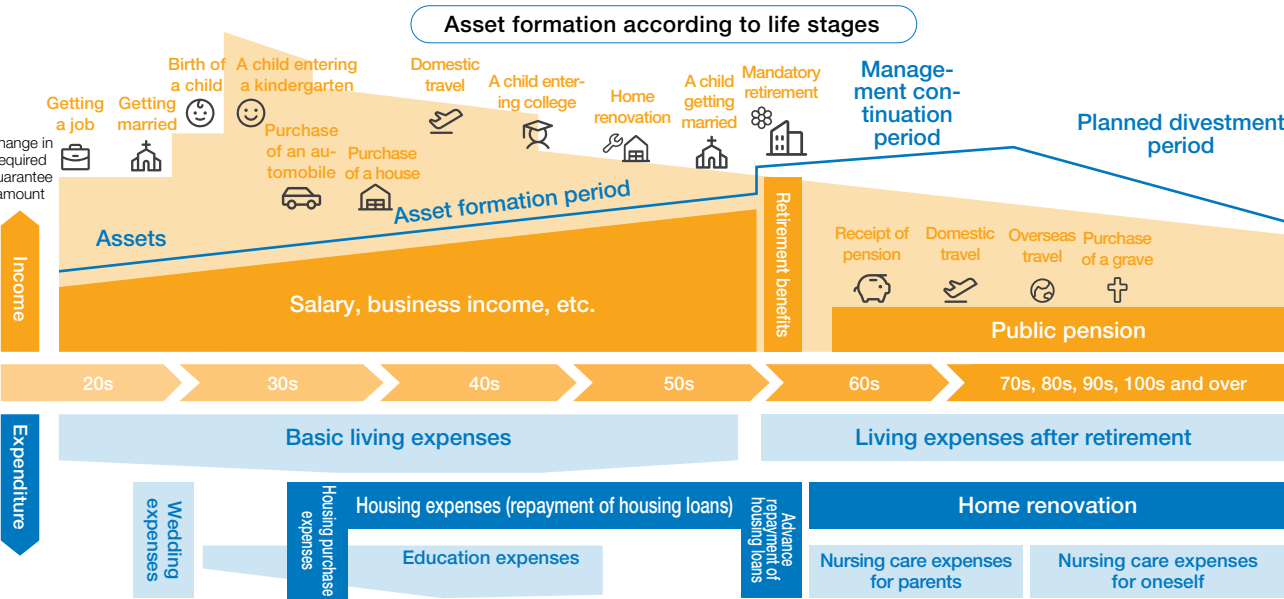
DAISHI HOKUJETSU REPORT 2026

Basic Strategy I Demonstration of Group Comprehensive Capabilities

Strengthen the Group's Consulting Functions - Individuals -

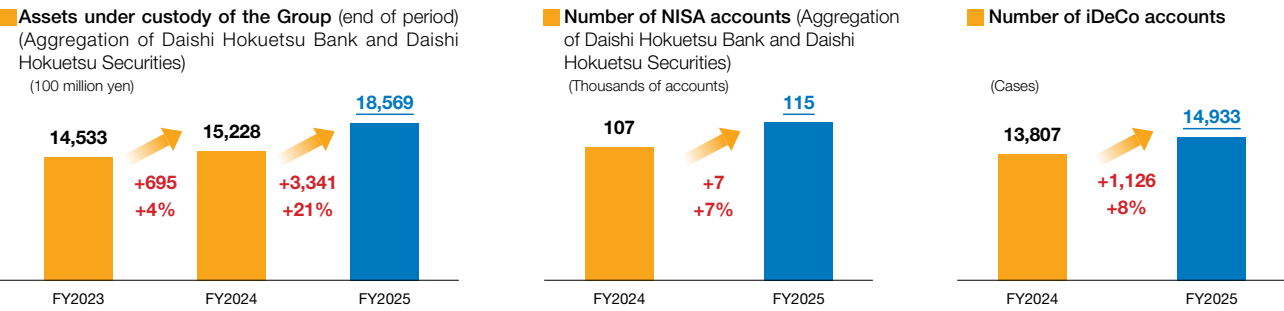
Fulfill Consulting Functions According to the Customer's Life Stage

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 (details on page 42) with Consulting Plaza as the core.



Initiatives to Support Asset Building

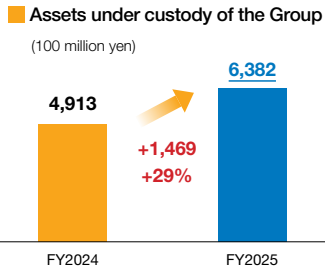
The Group runs customer-first business operations, and practices consulting that responds to customers' diverse needs related to assets management and succession. In terms of expanding products and services, in July 2025, we started handling the "Niigata Future Support Asia Pacific Equity Fund (Oriental Niigata)," an investment trust exclusively for Daishi Hokuetsu Securities, and in November 2025, Daishi Hokuetsu Bank started handling the discretionary investment service "Daishi Hokuetsu Fund Wrap." Assets under custody of the Group for fiscal 2025 increased by more than 330.0 billion yen from the previous year to 1,856.9 billion yen.



As changes in the social environment increase the importance of asset formation, we are working to enhance the sophistication of our services and strengthen our consulting capabilities in order to respond to our customers' diverse needs.

Building on the relationships of trust with regional customers that we have cultivated over the years, we will continue to provide securities services that combine the value of unique to face-to-face interaction with the use of digital technology.

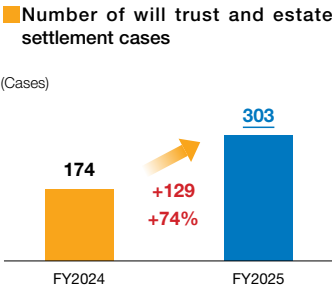
Hiroshi Imamura President and Representative Director, Daishi Hokuetsu Securities Co., Ltd.



Initiatives to Support Asset Succession (Inheritance-related Services)

To respond to the needs of customers concerned about the management of their assets going forward, Daishi Hokuetsu Bank obtained a trust business license in 2019 and has been supporting customers' asset succession through the proposal of will trusts, estate settlement services, testamentary substitute trusts, family trust intermediary services, family trust accounts, and other offerings.

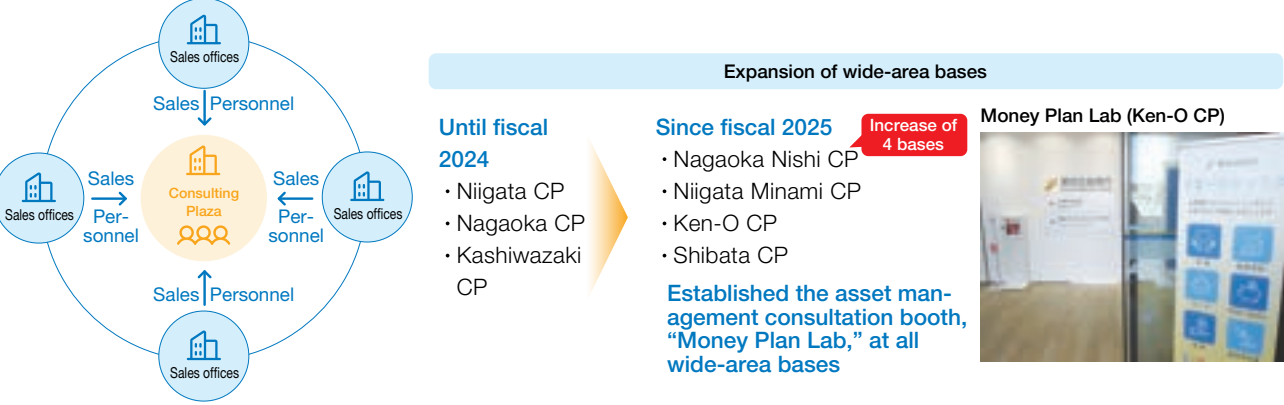
In April 2026, we entered into an agreement with Sanjo City University and the Niigata Prefecture Community Chest regarding cooperation in will trust operations, in order to respond to diversifying asset succession needs.



Utilization of Comprehensive Consulting Bases for Individuals

To meet the diversifying needs of its customers, the Daishi Hokuetsu Bank is expanding a broader area-based sales promotion structure by consolidating personnel of neighboring branches into the seven Consulting Plazas (hereinafter referred to as CP) in Niigata Prefecture and increasing the number of comprehensive consulting bases for individuals across a wider area. Additionally, by establishing the "Money Plan Lab," an asset management consulting booth staffed with specialists in asset management, at each CP, we have built a system that provides retail services on a one-stop basis.

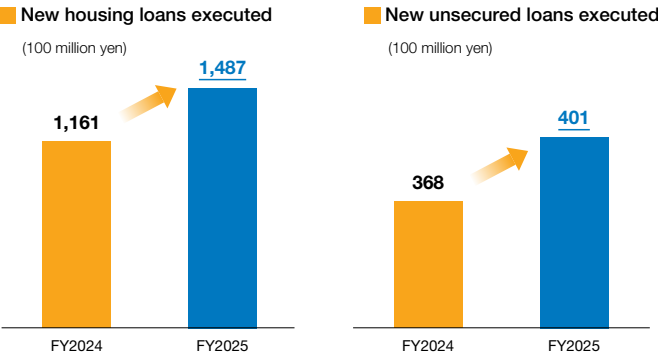
Strengthen the personal sales promotion system with the Consulting Plaza as the core



Initiatives for Expanding Personal Loan Products

Daishi Hokuetsu Bank is expanding personal loan products that meet green needs and life plans of customers. For "auto loans," "education loans," "multipurpose loans," and "card loans," we have introduced a web-based application system that allows the entire process from application to contract to be completed online, improving convenience for customers. In addition, for housing loans, we are expanding our products and services while providing a range of complex services centered on loan transactions.

April 2025	Started offering housing loans (fixed-rate charge).
July	Extended the borrowing period of housing loans, etc. to a maximum of 50 years.

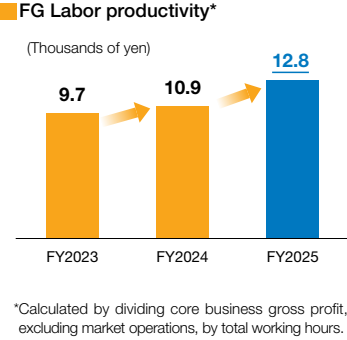
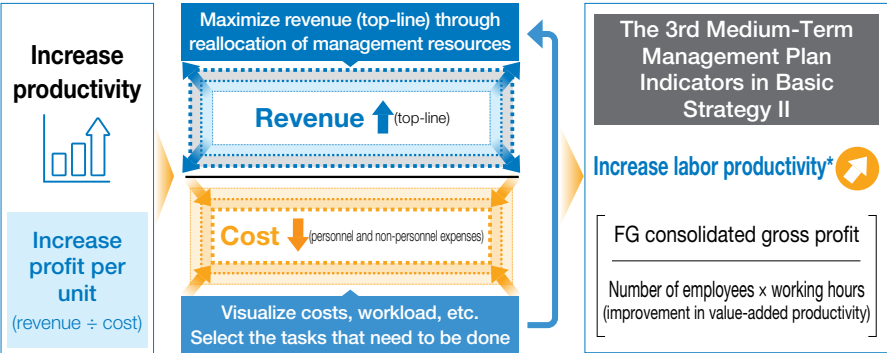


Basic Strategy II Pursuit of Productivity Improvement



Increase labor productivity

The Group is steadily improving labor productivity per person through the maximization of revenue (top-line) via the effective allocation of management resources, as well as through cost reduction initiatives.



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

Optimization and enhancement of operational efficiency in store network

The Group is working on UX (user experience) improvement through the integration of face-to-face/non-face-to-face channels, as well as the achievement of greater Group-wide operational efficiency.

Regarding the optimization of the branch network for the Daishi Hokuetsu Bank, in fiscal 2025 we continued to consolidate branches, and have also been reviewing the functions of branches toward labor-saving operations, including converting some branches into the “Smart Station” semi-self-service branch format mainly for retail customers. In addition, since fiscal 2024 we have been implementing the “ECRS Group-wide and All-branch Campaign,” actively working to improve inefficient administrative processes and to promote digitalization. By reducing administrative volume and digitalizing operations in departments where administrative work is concentrated, we are working to raise labor productivity.

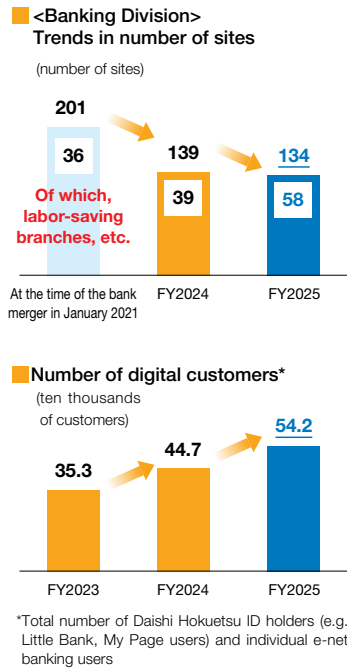
Strengthening initiatives targeting digital transformation (DX)

As part of its initiatives targeting DX, the Group promotes measures to increase customer convenience and productivity through customer-centric group consulting sales, and the number of digital customers of the Group has exceeded 540,000.

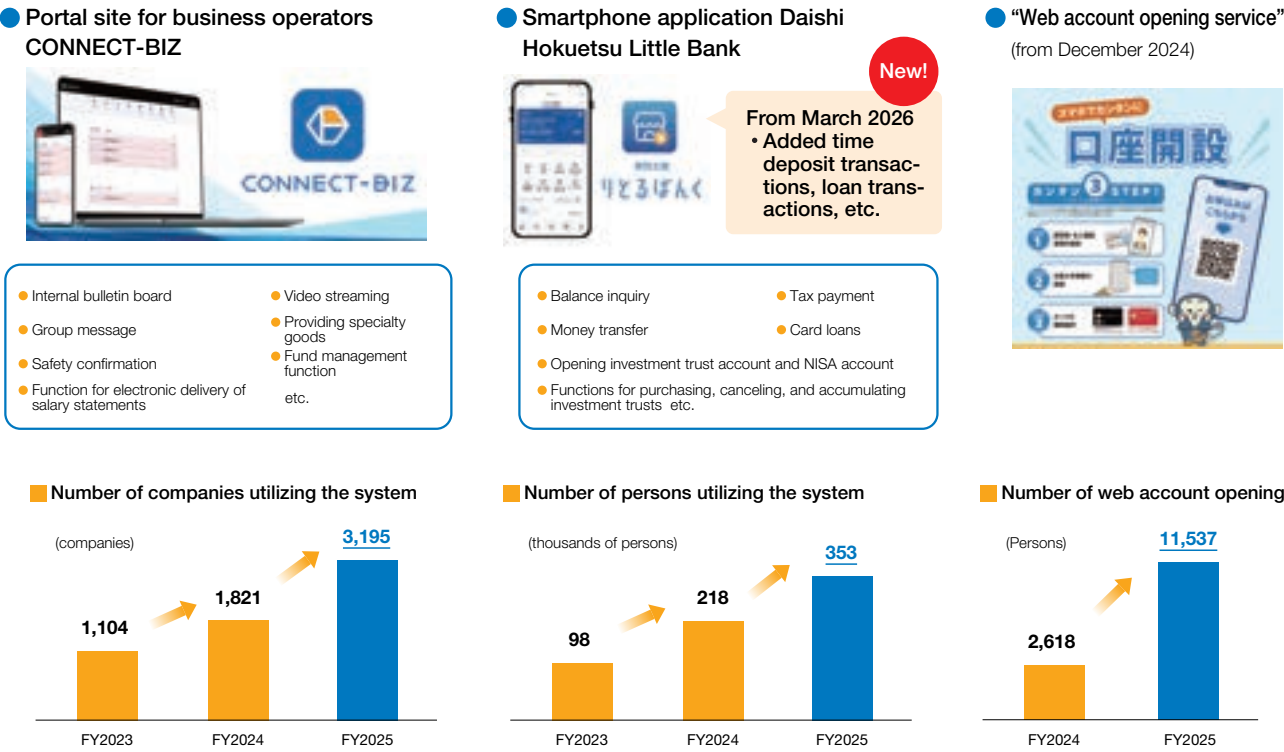
We will continue to strive to provide high value-added products and services while accurately grasping the advancement of digital technology and changes in the social environment.

Main initiatives

March 2026	Expanded functions to the smartphone application “Daishi Hokuetsu Little Bank,” such as “opening, depositing into, and canceling time deposit accounts” and “partial prepayment and re-selection of fixed interest rates for housing loans.”
April 2026	Started handling the “Electronic Contract Service,” which completes the contract procedure for new contracts for business deed loans by affixing electronic signatures to digitized contracts instead of filling out and stamping paper contracts.



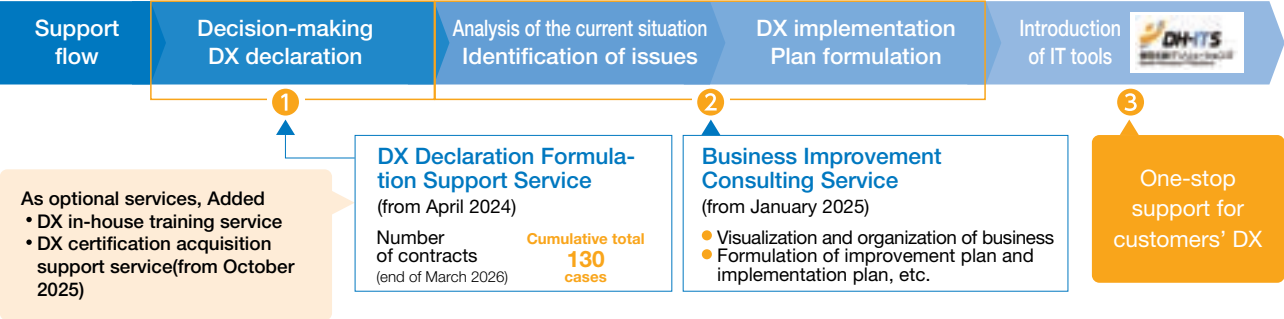
Main non-face-to-face channels



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

To help resolve issues related to enhancing the productivity of our business partners, such as workstyle reforms and labor shortages, the Group has been offering the “Daishi Hokuetsu DX Consulting Service” since April 2024. We have established a system to provide one-stop support for customers’ DX in cooperation with Daishi Hokuetsu Bank and Daishi Hokuetsu IT Solutions. In addition, we are actively undertaking various DX-related work commissioned by Niigata Prefectural Government, etc., thereby accelerating initiatives for DX across the region.

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



Initiatives in coordination with local governments

We are accelerating region-wide DX initiatives by undertaking various DX-related work commissioned by Niigata Prefecture and other entities, and by providing services specialized for local governments.

October 2025	Began offering the “Web Account Transfer Acceptance Service (batch contract),” which enables collecting agencies such as local governments to consolidate the account transfer agreements they individually conclude with financial institutions into a single agreement with Daishi Hokuetsu Bank
May 2026	Commissioned for the “Fiscal Year 2026 Project to Enhance Corporate Value through DX Management (Niigata Prefecture) (Daishi Hokuetsu Bank)”

Basic Strategy II Pursuit of Productivity Improvement

● Launch of a trial “BPO Service” centered on payroll calculation

From April 2026, Daishi Hokuetsu Bank has been trialing a new BPO*¹ service centered on payroll calculation, named the “Daishi Hokuetsu BPO service (‘Payroll Complete Outsource’),” in order to address the labor shortage in the region and support the operational efficiency and productivity improvement of customers.

This service is a “BPaaS*²”-type service that outsources back-office operations using cloud-based software (SaaS*³). By standardizing customers’ operations to align with the use of SaaS while outsourcing them, the service serves as a mechanism that leads to improved operational efficiency and DX for both customers and the Bank.

Going forward, we will roll out this service widely to customers in the region, promoting region-wide DX as a unified Group, and contributing to the sustainable development of regional society.

Furthermore, following the management integration between the Company and The Gunma Bank scheduled for April 2027, we will work with The Gunma Bank to expand the area in which this service is offered.

*1 BPO (Business Process Outsourcing): Outsourcing a part of a company's business processes to an external company

*2 BPaaS (Business Process as a Service): A service that combines cloud services (SaaS) with the outsourcing of operations (BPO)

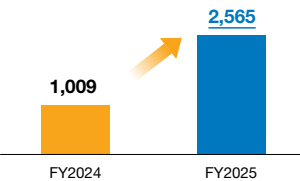
*3 SaaS (Software as a Service): A service that provides software via the internet

Service name	Daishi Hokuetsu BPO service “Payroll Complete Outsource”
Contractor	 第四北越銀行
Scope of outsourcing	① Payroll calculation operations (salary and bonus calculation, salary and bonus transfer, social insurance premium calculation, preparation of salary statements, etc.) ② Year-end tax adjustment operations (confirmation and calculation of year-end tax adjustment details) ③ HR and labor affairs operations (procedures for joining and leaving the company, changes in personal status, etc.)

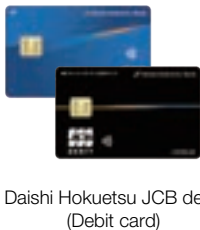
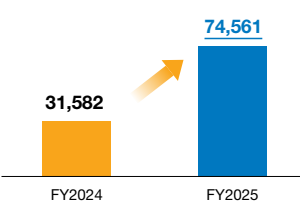
Promotion of the move to cashless payment in the region

The Group actively promotes the move to cashless payment in the region. The “TSUBASA Daishi Hokuetsu Cashless Merchant Service” and the “Daishi Hokuetsu JCB Debit” offered by the Daishi Hokuetsu Bank are both seeing steady increases in the number of cases handled.

■ TSUBASA Daishi Hokuetsu Cashless Merchant Service
(Number of member stores; cumulative)



■ Daishi Hokuetsu JCB debit
(Number of members; cumulative)



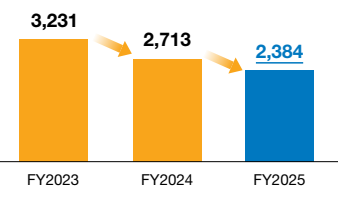
● Promotion of the “Niigata Prefecture-wide Cashless Payment Promotion Project”

Daishi Hokuetsu Bank is working to popularize the cashless payment of national taxes, etc., based on the “Joint Declaration of Niigata Prefecture-wide Cashless Payment Promotion” issued jointly in October 2024 with related organizations and financial institutions, including the Niigata Tax Office and the Niigata Tax Payment Savings Association Federation.

Financial institutions in Niigata Prefecture have collaborated to deploy digitalization supporters at each financial institution and promote the distribution of leaflets, etc. regarding direct payment. In addition, from September 2025, the 10th of every month has been designated as “Cashless Payment Promotion Strengthening Day” to further strengthen promotional activities.

We will continue to deepen cooperation in areas where joint initiatives with financial institutions in the prefecture are possible, and strive to provide services aimed at improving customer convenience and productivity.

■ Cases of acceptance of payment slips for taxes and public fees
(Daishi Hokuetsu Bank)
(Thousands of cases)



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



Cashless payment promotional event

Initiatives to Transform and Advance Operations Using Generative AI

Initiatives for generative AI utilization - Newly Establishment of the “AI Transformation* Strategy Division” -

The Group is working to improve the efficiency of internal operations and enhance the sophistication of financial services through the use of AI.

In June 2026, Daishi Hokuetsu Bank established the “AI Transformation Strategy Division” to strategically utilize AI across the organization, and is working to advance AI utilization within the Group through a fundamental review of business processes based on customer needs and experience value.

* AI Transformation: Fundamentally transforming business processes, business model structures, and organizational forms through the use of AI (artificial intelligence).

● Building an AI governance structure

In April 2026, the Company formulated the “Daishi Hokuetsu Financial Group AI Policy,” a basic policy on the utilization of AI. This policy sets forth the basic approach of working to realize inclusive finance under governance based on rationality, fairness, and transparency, while being conscious of our social responsibility and public nature, and taking into account the risks associated with the use of AI.

In addition to this policy, we have also established AI management regulations, and have developed a management structure and risk management framework for the appropriate and safe utilization of AI.

Responsibility to people and society	Ensuring a foundation of trust	Contribution to regional society
1. Human-centered	4. Privacy protection	8. Education and literacy
2. Safety	5. Ensuring security	9. Ensuring fair competition and contributing to innovation
3. Fairness	6. Transparency	
	7. Accountability	

● Holding a joint generative AI study session with The Gunma Bank

Since October 2025, Daishi Hokuetsu Bank has been conducting joint research and planning in the field of AI together with The Gunma Bank. In April 2026, the two banks held a joint study session attended by approximately 1,400 employees combined, among other initiatives to improve AI literacy among employees of both banks.



A scene from the workshop

● Coordination with Niigata Nippo Generative AI Research Institute

In June 2025, the Company 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. In June 2026, we held a workshop attended by 10 university students and young professionals from within the prefecture.

● Conclusion of a tripartite partnership agreement with Niigata Prefecture and IBM Japan, Ltd.

In June 2026, the Company entered into a partnership agreement with Niigata Prefecture and IBM Japan, Ltd. regarding regional DX promotion, digital talent development, job creation, and the utilization of AI, among other matters, with the aim of achieving the sustainable development of Niigata Prefecture.

Through this agreement, we will leverage the respective strengths, networks, and know-how of the Company, Niigata Prefecture, and IBM Japan, Ltd., and accelerate initiatives to promote DX in the region through the use of AI and digital technology.



A scene from the partnership agreement signing ceremony

■ AI promotion measures from fiscal2026 onward (scheduled)

- | | |
|---|---|
| (fiscal 2026) | (fiscal 2027) |
| ● Introduction of an internal business inquiry system utilizing generative AI | ● Building internal knowledge to improve the efficiency and sophistication of loan structuring operations |
| ● Automation of minutes creation for internal meetings, etc. | ● Support for creating interview records using voice data and other information |
| ● Support for developing sales staff through AI role-playing | |

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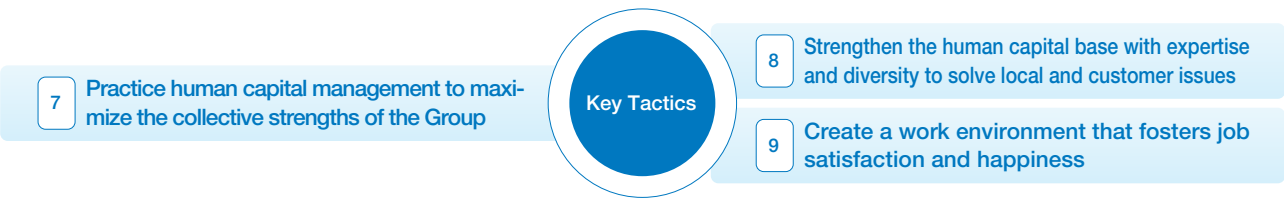


AX (AI Transformation) is an initiative that, premised on the use of AI, redesigns the tasks handled by people, those handled by AI, and those in which people and AI collaborate, thereby transforming the very nature of the Bank.

As the core driver of this initiative, AI Transformation Strategy Division aims not merely to use AI for efficiency gains, but to transform operations, the organization, and customer touchpoints, thereby pursuing both the creation of new value and the improvement of productivity.

Takahisa Nakagami Executive Officer, General Manager, AI Transformation Strategy Division, Daishi Hokuetsu Bank, Ltd.

Basic Strategy III Enhancement of Human Capital Value



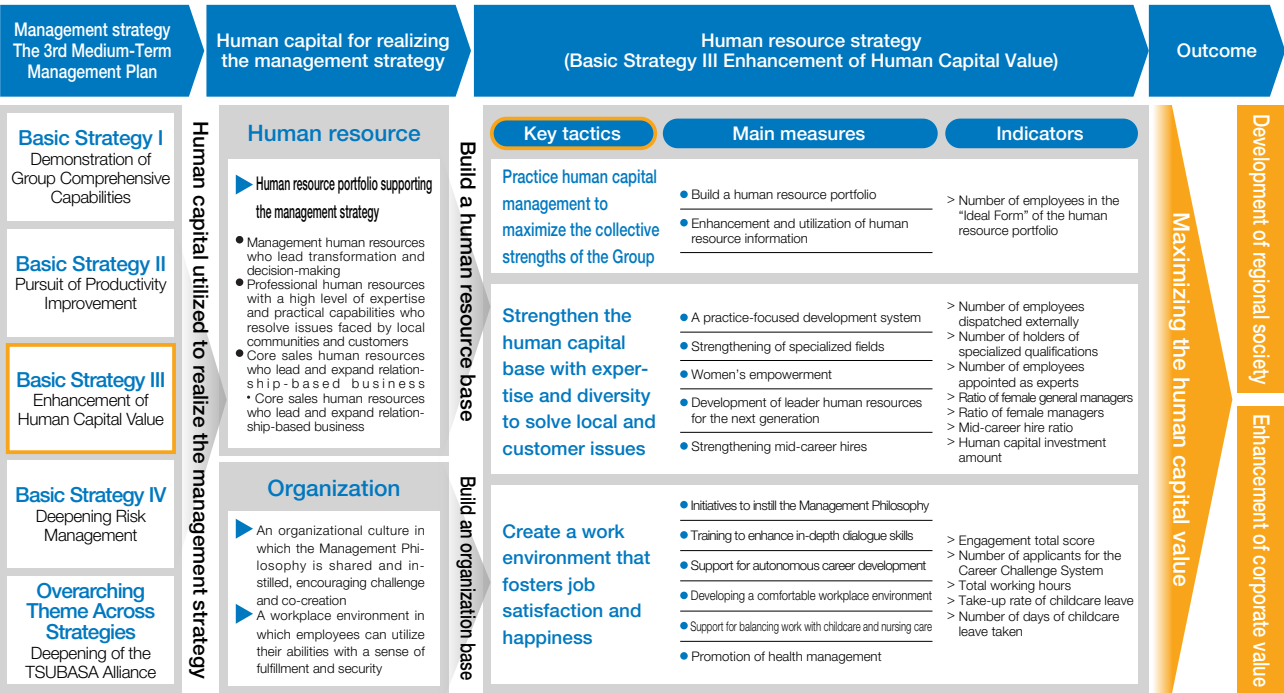
Human resource strategy for realizing the Management Philosophy

Under the “Human Capital Management Policy,” the Group regards human resources as the source of value creation and is working to maximize human capital value in order to realize its Management Philosophy.



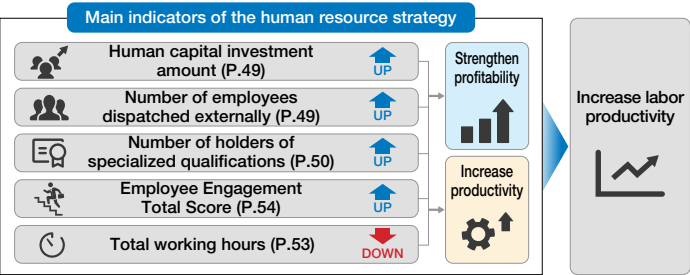
In the 3rd Medium-Term Management Plan, we have positioned human resource strategy as one of our four basic strategies, and are advancing three key tactics aimed at building a “human resource portfolio” (details on P.48) that satisfies both the quality and quantity of human resources required to realize our management strategy, and developing an “organization” that helps human resources to fully utilize their abilities (see the “Value creation process of human resource strategy” table below). Through these tactics, we aim to maximize human capital value and link the results to the creation of added value and productivity improvement, thereby aiming for the development of regional society and the enhancement of corporate value. In promoting our human resource strategy, the Human Capital Value Enhancement Committee, chaired by the President of the Company and comprising the presidents of Group companies and other key members, plans measures and verifies their progress and effectiveness.

Value creation process of human resource strategy



As a result of these efforts, profitability and productivity have improved through the improvement of various indicators under our human resource strategy and the reduction of total working hours, and “labor productivity*” has been steadily increasing every fiscal year (details on P.43).

*Calculated by dividing core business gross profit, excluding market operations, by total working hours.



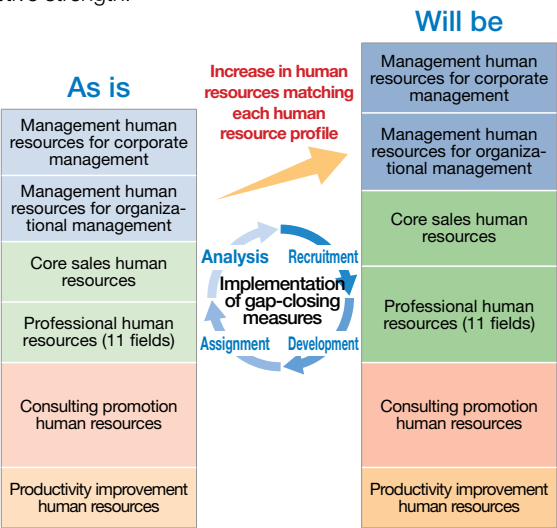
Human capital management to maximize the collective strengths of the Group

we are promoting, as a group, human capital management in line with our management and sales strategies, and are working to maximize both the strength of our human resources and the Group’s collective strength.

Build a “human resource portfolio”

We are working to build a “human resource portfolio” that serves as a human resource base with the quality and quantity necessary to realize our management strategy. To date, we have measured and analyzed the work experience, skills, and characteristics, etc., of all Group employees, and have visualized the current state (As is) and Ideal Form (Will be) based on the definitions of the human resources required to realize our management strategy, while identifying the gap between the two.

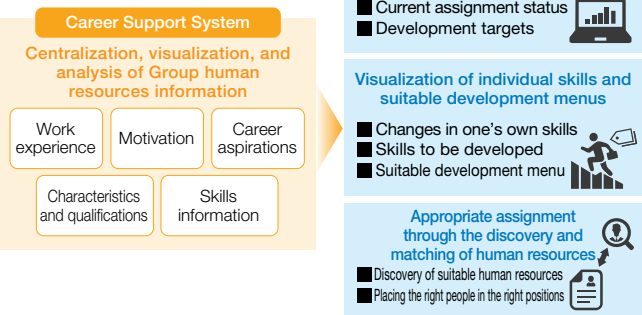
We are currently promoting measures (recruitment, development, assignment, etc.) to close the As is/Will be gap in order to realize our “Ideal Form.” Going forward, we will continue to explore capabilities and qualities that are becoming increasingly important amid a changing environment, such as the leadership required for transformation and creation, and will enhance our human resource base while flexibly reviewing our “Ideal Form” in response to changes in the management environment and management strategy.



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 (11 fields)	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] ①Company screening ②Business improvement and business revitalization ③SX ④DX ⑤System development ⑥Market-related ⑦Risk Management (ALM) ⑧Risk Management (facility) ⑨R/SR ⑩Audit ⑪Innovation planning
Base level	Consulting promotion human resources	Human resources who have consulting capabilities and enthusiastically engage in solving issues that customers and local communities face
	Productivity improvement human resources	Human resources who smoothly operate centralized divisions and sales offices and take the lead in improving productivity

Visualization and strategic utilization of human resource information

We introduced the Human Resources Information Platform System, referred to within the Group as the “Career Support System,” which enables the centralization, visualization, and analysis of human resources information, first at Daishi Hokuetsu Bank in 2024, and rolled it out to the entire Group from April 2025. By analyzing and visualizing the accumulated information, we grasp the current status and issues of our human resource portfolio, and through the sophistication of development and appropriate assignment tailored to individual aptitudes and career aspirations, we will work toward realizing our targeted human resource portfolio.



Basic Strategy II Enhancement of Human Capital Value

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

The Group’s management strategy is centered on value creation through resolving the issues of local communities and customers, and since strengthening a human resource base equipped with expertise and diverse perspectives is essential to realizing this, we will analyze and understand the characteristics of high-performing employees through the construction of our human resource portfolio and reflect these insights in our development measures. We will also promote the early acquisition of skills that will be needed in the future, such as those related to business transformation and innovation through the use of AI.

Investment and training system 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 promoting and strengthening initiatives that contribute to enhancing expertise and practical skills.

Training system

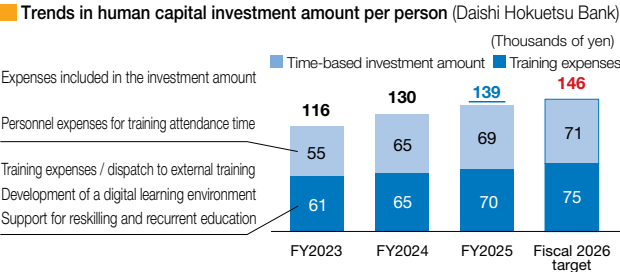
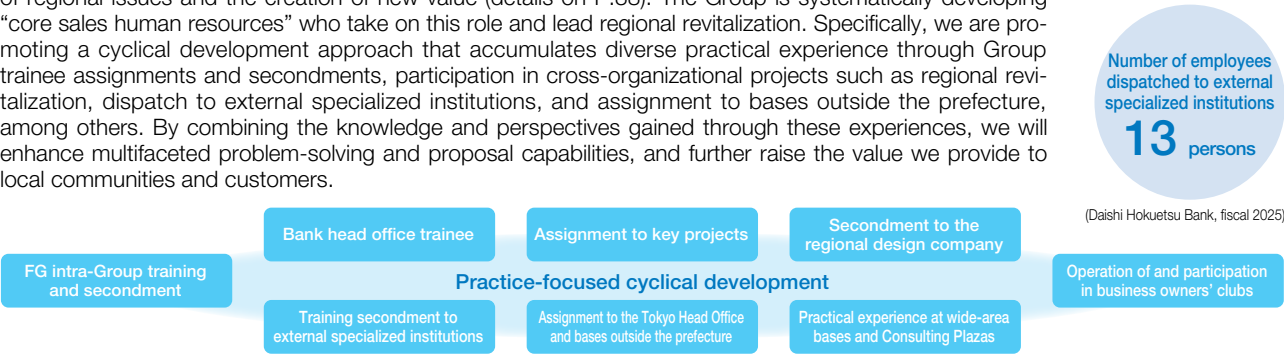
To realize our “target human resource portfolio,” we are developing training curricula by human resource category that reflect content contributing not only to the required job skills but also to the enhancement of the characteristics and qualities (leadership, innovation, etc.) that form the foundation for high performance. In addition, we combine these with common curricula that contribute to improving literacy in AI, environmental issues, and other areas, thereby developing human resources systematically.

Target human resource category	Training curricula by human resource category		Main common curricula
	Purpose	Main training programs and trainees, etc.	
Management level Management human resources for corporate management Management human resources for organizational management	Development of executive human resources	● Development of executive candidates ◆ Business School	Common training programs Sustainability AI DE&I Compliance at Dept./Branch Career
	Development of female management human resources and expansion of the talent pool	● Female Director Development Program ● Empowerment Program for Women	
	Development of leader human resources for the next generation	● Next Generation Leader Development Program	
	Strengthening management communication	● Branch manager/management ● Branch manager training ● Enhancement of in-depth dialogue skills	
Core level Core sales human resources Professional human resources	Development of core sales human resources who lead regional revitalization	◆ Dispatch to mega-banks, securities companies, and other companies ■ In-house trainees (Group companies, various divisions of the Bank's head office) ★ Human Capital Value Enhancement Project	AI DE&I
	Strengthening expertise in priority fields	● External training by Regional Banks Association of Japan, etc. ◆ Trainee to banks participating in TSUBASA Alliance ◆ External trainees in IT, DX, AI, and other fields ■ In-house trainees (Group companies, various divisions of the Bank's head office)	
Base level Consulting promotion human resources Productivity improvement human resources	Skill acquisition by consulting business	● Corporate consulting (corporate consulting leader, corporate owner, derivatives, corporate sales basics, business improvement support) ● Individual consulting (pension, inheritance, and insurance; asset management advice) ● External training by Regional Banks Association of Japan, etc. ■ In-house trainees (Group companies, various divisions of the Bank's head office) ★ Human Capital Value Enhancement Project 2030	Compliance at Dept./Branch Career
	Expansion of women's job scope	● Basic lending training for women	
	Improving operational quality and strengthening customer response capabilities	● Strengthening over-the-counter sales ● Improvement of administration capabilities ● Manager position	

● Training (internal and external) ■ In-house trainee ◆ External dispatch and external trainee ★ Project

Development of core sales human resources who lead regional revitalization

As the issues surrounding local communities and customers become more complex, we are required to play a role that goes beyond simply providing conventional financial services, building relationships with government bodies, companies in Japan and overseas, and external experts, and, through collaboration and cooperation with them, connecting these relationships to the resolution of regional issues and the creation of new value (details on P.38). The Group is systematically developing “core sales human resources” who take on this role and lead regional revitalization. Specifically, we are promoting a cyclical development approach that accumulates diverse practical experience through Group trainee assignments and secondments, participation in cross-organizational projects such as regional revitalization, dispatch to external specialized institutions, and assignment to bases outside the prefecture, among others. By combining the knowledge and perspectives gained through these experiences, we will enhance multifaceted problem-solving and proposal capabilities, and further raise the value we provide to local communities and customers.



VOICE



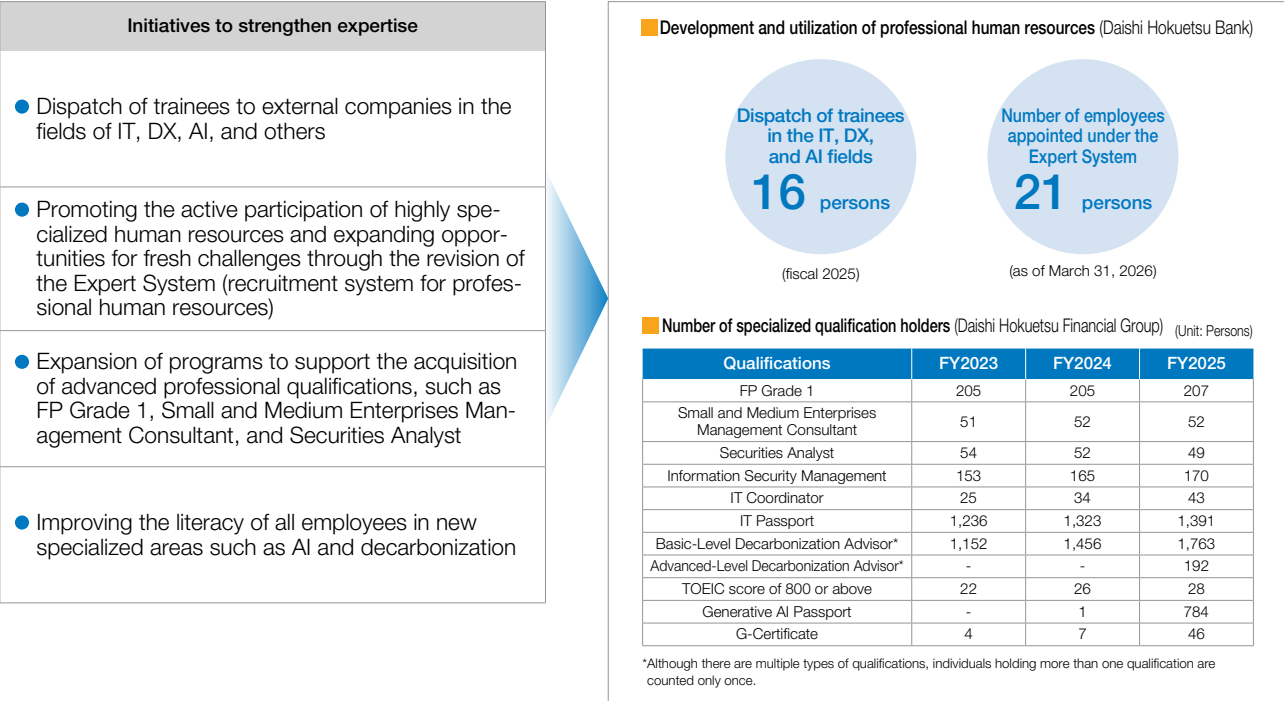
Deepening expertise through practical experience and contributing to the region

In fiscal 2025, I was seconded to a megabank, where I was involved in project finance deals. In addition to the fundamentals of finance, I deepened my understanding of the business environment surrounding renewable energy, its social significance, and the role of financial institutions through practical experience. Going forward, I hope to leverage the knowledge gained during my secondment to work on various projects directly linked to regional revitalization, and contribute to the sustainable development of the region.

Ryo Yamaguchi Consulting Division, The Daishi Hokuetsu Bank, Ltd.

Strengthening expertise in priority fields

As the management environment changes, the fields requiring expertise, such as DX, AI, and decarbonization, are expanding further. The Group is working to develop human resources who can demonstrate expertise across a wide range of fields, and to enhance expertise across the organization as a whole, through measures such as dispatching trainees to external companies, revising the expert system, and supporting the acquisition of professional qualifications. In addition, for senior human resources, we are working to create opportunities for them to demonstrate their knowledge and experience, such as supporting entrepreneurship after retirement age and assignments that make use of their expertise, thereby promoting the continued demonstration of their expertise.



Diversification of mid-career hiring Methods

Amid intensifying competition for talent, in addition to recruitment through Daishi Hokuetsu Career Bridge Co., Ltd., the Group’s recruitment agency, Daishi Hokuetsu Bank is diversifying its recruitment methods, including “referral hiring” through introductions from employees’ acquaintances and friends, and “alumni hiring,” which continuously builds relationships with former employees to create recruitment opportunities. Through these initiatives, we are securing human resources with advanced expertise and experience cultivated externally, as well as diverse values and ideas, and are strengthening our consulting functions.

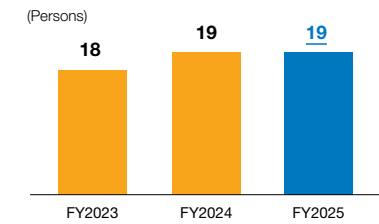
*See the Group Employee Roundtable (P.55–P.57)

Promoting the active participation of diverse human resources

To connect diverse perspectives and experiences to the creation of new value, the Group is promoting DE&I* through a wide range of initiatives, including the development of next generation leaders and young employees and the employment of people with disabilities, in addition to promoting women’s empowerment, so that each individual can play an active role by making use of their abilities and strengths.

*Diversity, Equity, and Inclusion

Trends in the number of mid-career hires (Daishi Hokuetsu Bank)



Basic Strategy III Enhancement of Human capital value

Women’s empowerment

We regard the promotion of women’s empowerment as an important issue from the perspective of incorporating diverse perspectives into management decision-making and linking this to the Company’s sustainable growth. With the aim of achieving a 30% ratio of female directors by 2030, we are working to increase the ratio of female managers and those in positions equivalent to general manager through strategic development and assignment tailored to each position, while also expanding the talent pool, including younger employees.

<Implementation of Strategic Development Programs>

In addition to lectures and discussions by the Company’s management and female corporate managers from outside the Company, external mentoring, and cross-industry training with companies within the prefecture, we have also incorporated aptitude assessments based on behavioral characteristics, and have enhanced our development programs to make use of each individual’s strengths and aptitudes. We aim to build a system that continuously produces next generation leaders by linking autonomous career development with strategic assignment to higher positions and unfamiliar fields, among others.

Program name		Issues	Main development menu Improving diversity in decision-making / Strengthening customer response capabilities / Achieving sustainable growth	KPI	Fiscal 2025 result	Target
Female Director Development Program	Selection	Lack of external perspective and management decision-making experience	● Lectures by the management of the Company and discussions	Ratio of female directors (Appointment to decision-making positions)	14.2%	2030 30% ratio of female Directors
			● Lectures by female corporate managers from outside the Company			
			● Strategic appointment to positions such as branch/general managers based on development plans			
Empowerment Program for Women	Call for applications	Lack of experience in the head office and specialized fields (screening, risk, etc.)	● Long-term trainee assignments to corporate sales, the credit division, and other head office departments	Ratio of female general managers (development of candidates for management)	8.0%	Fiscal 2026 10% ratio of female general managers
			● Development assignment to core branches			
			◆ TSUBASA Cross-Mentor System and external mentoring			
Expanding opportunities to gain experience in corporate business and headquarters operations	Call for applications	Lack of management experience	● Career training and individual career consulting	Ratio of female managers (building the talent pool)	26.8%	27% ratio of women in management positions
			● Cross-industry training			
			● Online business school courses			
	Manager development course	Lack of corporate sales experience	◆ Corporate sales training, financing training, and headquarters trainee programs	Ratio of female corporate sales representatives (expanding job opportunities for women)	15.1%	20% ratio of female corporate sales representatives
			◆ Accelerating job rotation			

◆ indicates programs offered only by Daishi Hokuetsu Bank

VOICE

Applying a management perspective to practice and strengthening the organization

Through participating in the “Female Director Development Program,” I deepened my understanding of corporate governance and decision-making from a management perspective. The perspective I gained from the program was put to use in making management decisions in my previous position as president of Daishi Hokuetsu Career Bridge. It continues to be useful in my current role as General Manager, in supporting the growth of local customers and in team management. Going forward, I will continue to share these lessons and experiences with the organization, and contribute to enhancing the Company’s corporate value and the sustainable growth of the region.

Miho Iwashashi, General Manager of sales office, The Daishi Hokuetsu Bank, Ltd.



<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. The disparity in wages between men and women primarily arises from workforce composition and the selection of work styles according to lifestyle, and it is steadily improving through initiatives to enhance human capital value, including the promotion of women’s empowerment described above. Going forward, we will continue to work on the following measures to promote the active participation of diverse human resources, and further reduce the disparity.

Disparity in wages between men and women at Daishi Hokuetsu Bank

Employment category / position	Employee composition ratio (percentage of all employees)			Disparity in wages between men and women	
	Total	Women	Men		YoY
All employees	100.0%	53.1%	46.8%	50.6%	+1.5pt
Regular employees	71.6%	29.4%	42.2%	65.7%	+2.0pt
Managerial positions	38.2%	9.7%	28.5%	79.3%	+1.1pt
Others	33.3%	19.6%	13.7%	88.2%	+2.3pt
Part-time/fixed-term workers	28.3%	23.7%	4.5%	67.8%	-1.4pt
Part-time workers	21.6%	21.1%	0.5%	110.0%	+2.2pt

*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 2 0 2 5.
Because figures are truncated, the totals may not match the sum of individual items.

Main factors	Measures
① The proportion of men is high among managerial and supervisory positions, which carry relatively high wages	Promoting appointment to higher positions through support for women’s career development and the planned development and strategic assignment of candidates for higher positions
② The proportion of women is high among part-time workers, who receive relatively low wages	Promoting the active participation of human resources through the regular employment appointment system (a system that converts employees to regular employment)
③ The proportion of women who choose the region limitation system* is high	Developing flexible work styles and environments and strengthening support for balancing work with other responsibilities

*This is a system that allows employees to limit their workplace to a commutable area. 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.

Developing and securing leader human resources for the next generation

Since fiscal 2025, we have established the “Next-Generation Leader Development Program,” and are expanding the pool of human resources who will lead future transformation through practical development aimed at strategic planning and its execution, in addition to the acquisition of the transformative capabilities required of management leaders and broad knowledge, including management fundamentals and the liberal arts.

VOICE

Deepening leadership for driving transformation

Through this program, I recognized the importance of shifting from a conventional, administration-focused perspective to a management perspective premised on transformation. In particular, I have come to realize that practicing the cycle of thinking and taking on challenges for oneself, and forming one’s own views through reflection, is essential for a leader. Going forward, I hope to draw out the full strength of the organization and lead transformation without fear of taking on challenges.

Yuta Shirakawa, Sales office, The Daishi Hokuetsu Bank, Ltd.



Human Capital Value Enhancement Project 2030,” in which young employees design the future through the fresh perspectives

The “Human Capital Value Enhancement Project 2030,” in which young Group employees participate, is an initiative that defines the ideal future form of the region and the Group from a future-oriented perspective, and considers new businesses that lead to its realization. Through workshops and group work, we are deepening our understanding of the value the Company provides, thereby fostering human resources with flexible thinking and new perspectives, while also advancing consideration of commercializing ideas generated through this project.



VOICE

Applying new perspectives to enhance the added value of work

Through the Project 2030, I learned the perspective of considering the value we provide based on the future ideal form of the region and the Group, the process of bringing ideas to life from the customer’s perspective, and the skill of building consensus through discussion with diverse members. In my current data aggregation and analysis work at Daishi Hokuetsu Bank, where I am on secondment, I am working with an awareness of enhancing the added value of data from the perspective of its users.

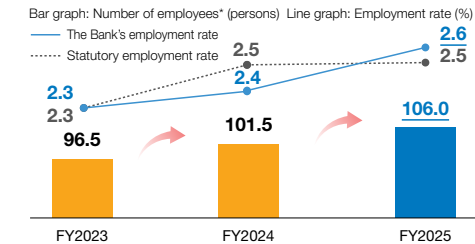
Honoka Kibe, Daishi Hokuetsu IT Solutions Co., Ltd.



Active efforts to employ people with disabilities

To promote the employment of people with disabilities, we are working to expand points of contact with prospective employees by participating in events hosted by employment transition support facilities. In addition, we are expanding the scope of duties in which individual abilities and characteristics can be utilized, and are developing our support system and workplace environment, including training job coaches to support workplace adaptation, introducing assistive devices for visually impaired employees, and adding wheelchair-accessible restrooms. Such activities are conducted with the aim of realizing an organization in which diverse human resources can utilize their abilities and play an active role with peace of mind.

Trends in the rate and number of employment of people with disabilities (Daishi Hokuetsu Bank)



*As the number used to calculate the employment rate of people with disabilities is a converted figure, fractions of less than one person may occur.

Initiatives for respecting human rights and promoting understanding of LGBTQ

Based on the “Basic Sustainability Policy” (details on P.60), we have been advancing initiatives to respect human rights in all corporate activities; conducting training on the appropriate response to sexual minority customers and employees; and, from the perspective of respecting employees’ human rights and preventing harassment, publishing our policy on countermeasures against customer harassment and developing a response manual.

Create a work environment that fosters job satisfaction and happiness

To develop a workplace environment where employees can take on challenges and grow with confidence enabling each individual to fully demonstrate their abilities, we are promoting a wide range of measures, including improving job satisfaction, supporting autonomous career development, and maintaining and promoting physical and mental health, thereby working to realize wellbeing.

Enhance engagement

By having all officers and employees share the Management Philosophy as a common “purpose” and working to put it into practice, we are fostering a sense of unity within the organization and driving the enhancement of employee job satisfaction and engagement. Through two-way communication, such as exchange meetings where officers and employees engage in direct dialogue (details on P.86), we are deepening understanding of the Management Philosophy and management strategy. In addition, we conduct training-based communication training for managers (in-depth dialogue skills enhancement training) to improve the quality of dialogue with subordinates, thereby fostering a sense of unity and self-efficacy within the organization, and working to build an organizational culture that ensures psychological safety and supports proactive challenge-taking.

Basic Strategy III Enhancement of Human Capital Value

Initiatives to support autonomous career development

We are promoting the use of the “Career Challenge System” as an opportunity to take on new job roles. Through human resource assignments based on individual preferences, we provide opportunities for each employee to proactively carve out their own career path and advance in their career. Realizing one’s desired career leads to a sense of contribution and growth through the improvement of specialized skills, the promotion of reskilling, and the practice of creating added value.



(Daishi Hokuetsu Financial Group, fiscal 2025)

Open recruitment systems that support autonomous career development	
Career Challenge System (for banks)	● Enables transfer to one’s desired career (department, job role, external company, etc.)
Financial Group Career Challenge System	● Enables training secondment to a Group company (up to one year)
FG Job Trial System	● A system that allows employees to gain short-term experience working at a Group company, and encourages them to take on new challenges through a better understanding of their own aptitudes

VOICE

New career paths opened up by taking on challenges

Through my experience in handling derivative transactions to manage foreign exchange and interest rate risk in the Ken-O area, where I was first assigned as a new employee, I set out to enhance my expertise in financial markets and applied through the Career Challenge System, and was assigned to the Treasury and Capital Markets Division. I am currently on a trainee assignment at The Gunma Bank’s New York Branch, learning at the center of the world’s financial markets. I will apply the knowledge gained here to future securities management and derivatives operations, and work to create earnings opportunities for the Group.



Kanako Kobayashi, Treasury and Capital Markets Division, The Daishi Hokuetsu Bank, Ltd. (on secondment to The Gunma Bank, Ltd.)

Developing a comfortable workplace environment

To realize an environment in which diverse human resources can continue to play an active role, we are supporting work styles tailored to individual lifestyles and values, and expanding welfare systems, including leave systems. These initiatives are also contributing to improved productivity and reduced total working hours.

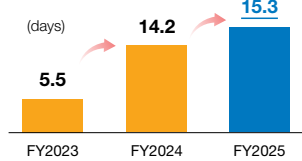
To support the balance between work and childcare or nursing care, in addition to maintaining a 100% take-up rate of childcare leave among men and promoting longer periods of leave, and introducing a nursing care leave system that exceeds statutory requirements and an external consultation desk, we have created a “Nursing Care Handbook” that includes a message from top management. This aims to prevent employees from leaving their jobs due to nursing care responsibilities. In addition, to promote flexible working styles, Daishi Hokuetsu Bank has been among the first within the Group to introduce telework and flextime systems.

These initiatives have been recognized, and Daishi Hokuetsu Bank has received “Platinum Kurumin Plus,” a certification related to parenting support and other matters, and the “Governor’s Prize under the Niigata Prefecture Certification System for Companies that Practice Diverse and Flexible Workstyles and Women’s Empowerment (Ni-ful).”

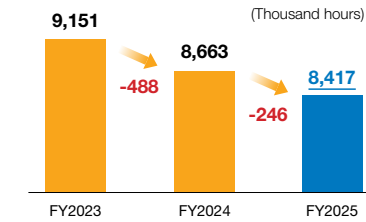
Take-up rate of childcare leave(Daishi Hokuetsu Financial Group)

Indicators	FY2023	FY2024	FY2025
Take-up rate of child-care leave	102.4%	103.7%	101.5%
Take-up rate of child-care leave (men only)	105.8%	106.6%	106.2%

Number of days of childcare leave taken (men only) (Daishi Hokuetsu Bank)



Trends in total working hours (Daishi Hokuetsu Financial Group)



Nursing Care Handbook



VOICE

Changes in work style and behavior brought about by taking childcare leave



While working in corporate sales, with support from my team and supervisor, I took postnatal paternity leave when my second child was born. During my leave, I realized that both work and childcare are made possible by the support of those around me, and I also became more conscious of determining priorities within limited time. I also feel that, since returning to work, I have been able to provide a service that pays even closer attention to our customers’ circumstances than ever before.

Hironori Hokura, Sales office, The Daishi Hokuetsu Bank, Ltd.

Improvement of financial security

In addition to improvements in working conditions through the review of our compensation system and structure^{*1}, such as base salary increases (for four consecutive years) and starting salary increases (for three consecutive years), we are working to improve employees’ economic security by expanding the Employee Shareholding Association system^{*2} to support asset formation, raising awareness of the retirement allowance and pension systems to prepare for life after retirement, and providing training on future life planning, among other measures.

^{*1} As of July 31, 2026

^{*2} We have introduced the “Trust-Type Employee Stock Ownership Incentive Plan (E-Ship),” which allows members of the Group Employee Shareholding Association to receive distributions based on increases in the stock price.

Maintaining and improving physical and mental health

Recognizing that physical and mental health form the foundation of wellbeing, we are promoting initiatives to support employees’ work through health management. Through these efforts, we are starting to see results, such as an improvement in the rate of abnormal findings in regular health checkups.

Main initiatives	Overview
Enhancement of the health checkup system	● Early detection and response to illness through enhanced health checkups and strengthened follow-up care after check-ups in collaboration with clinics
Promotion of Collaboration Health	● Comprehensive health support in collaboration with health insurance societies (gynecological checkups, smoking cessation support, and free dental checkups, etc.)
Improving health literacy	● Promoting the improvement of exercise and lifestyle habits and greater understanding of health issues specific to women (e-learning, information dissemination, etc.)
Providing opportunities for health promotion and exercise	● Holding various exercise events to help establish exercise habits
Timely Initiatives	● Measures to prevent heat strokes in response to climate change (simple health checks, distribution of heatstroke prevention items, etc.) and measures against infectious diseases, among others
Consultation and support system	● Enhancement of the consultation system for medical care, child-care, nursing care, etc., provided by external experts



Maintaining and improving the physical and mental health of employees

Rate of abnormal findings (Daishi Hokuetsu Bank)

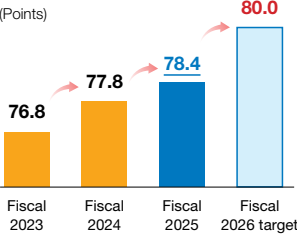


Engagement Total Score

To verify the effectiveness of various initiatives aimed at realizing wellbeing and to enhance the effectiveness of our measures, we track the “Engagement Total Score*,” based on our employee awareness survey. This score is calculated based on the three elements of employees’ “job satisfaction,” “willingness to contribute,” and “self-efficacy” and “motivation to grow.” Through initiatives such as opportunities for dialogue to instill the Management Philosophy and support for career development, all three elements improved in fiscal 2025, and the total score rose to a “good” level of 78.4 pt (up 0.6 pt year on year). As there is still room for improvement to reach our target “excellent” level, we will further enhance each of our improvement measures based on the analysis results, and work to improve engagement.

*Calculated by scoring the results of the employee awareness survey, which has been conducted annually since fiscal 2023, based on analysis and advice from an external organization (Mizuho Investor Relations Co., Ltd.)

Trends in the Engagement Total Score



		Fiscal 2025	YoY
Employee Engagement Total Score (Average of the three element scores I-III)		78.4	+0.6
Element	Details	Score by element	
I	Job satisfaction	Job satisfaction, sense of contribution and growth	76.4 +0.8
II	Willingness to contribute	Willingness to contribute to the community, customers, and the Company	82.7 +0.4
III	Self-efficacy Motivation to grow	Confidence in performance and willingness for self-development	76.0 +0.5

*Guide to score levels
Excellent: 80 points or above Good: 70 points or above Caution: 60 points or above
Needs improvement: Below 60 points

Matters identified as particular challenges	Measures currently being implemented to resolve issues
Fluctuations in engagement due to changes in life stage and role	● Clarifying medium- to long-term career paths ● Support for active participation, including for senior employees ● Providing opportunities to take on challenges regardless of age or position
Differences in engagement by attribute and job role	● Providing opportunities for active participation through support for balancing work with other responsibilities and the development of work styles ● Building a system that allows employees to feel a sense of growth through the visualization of expertise and growth

External evaluation of various initiatives

As a result of our initiatives to promote DE&I, support the balance between work and childcare or nursing care, and advance health management, we have continuously received various certifications from national and prefectural authorities related to women’s empowerment and health management. These demonstrate that our comprehensive initiatives to enhance human capital value are steadily progressing.



Daishi Hokuetsu FG certified for 4 consecutive years

Daishi Hokuetsu Bank certified for 9 consecutive years



First company in Niigata Prefecture (Daishi Hokuetsu Bank)

Highest-level certification for promoting women’s empowerment



First company in Niigata Prefecture (Daishi Hokuetsu Bank)

Parenting support Balancing fertility treatment and work



Daishi Hokuetsu Bank certified for 4 consecutive years

Support for improving employees’ health awareness



Daishi Hokuetsu Bank and Daishi Hokuetsu Securities obtained

Daishi Hokuetsu Bank was awarded the “Governor’s Prize,” the highest rank.

Feature

Group Employee Roundtable

— Changes Made from a Wide Variety of Experiences and What They Bring to the Region —



Baba Daishi Hokuetsu Financial Group (hereinafter called the “Group”) regards strengthening the human resource base that supports sustainable value creation through solving the issues faced by local communities and customers as an important issue toward realizing its Management Philosophy.

The Group is working to increase opportunities for temporary transfer to outside organizations to gain new experience and knowledge, and make use of mid-career employees and expert employees so that human resources with various backgrounds and expertise can play an active role in a cross-sectional manner within the Group. Today, we’d like to take an in-depth look at how five employees, each having experienced different environments, have gained new awareness and shifted their perspectives, and how such awareness and shifts are translating into proposals and solutions for our customers and the region.

Chapter 1: Awareness brought about from experience in different environments

Omomo After I joined the former The Daishi Computer Service Co., Ltd., the company was integrated into Daishi Hokuetsu Bank (hereinafter called the “Bank”), where I experienced the system department of the Bank. Now, I am temporarily transferred to an external AI-related company. Security and accuracy are given top priority in the Bank, but the company to which I am assigned attaches importance to repeating trial and error while incorporating AI into business. As I consider how to utilize AI while actually trying it out, I fully realize the importance of working with a sense of speed. In this environ-

ment, I have become strongly aware of what I am required to do in this environment and what I can bring back as a person who came from a bank. I tried to incorporate a sense of speed and an attitude of repeating trial and error, both of which are required in the company to which I am assigned, into the accuracy and prudence cultivated through banking operations so far. A big change is that I have come to think deeply about how to define my role and how to display my ability.

Yoshida I was in charge of corporate sales at Daishi Hokuetsu

Securities and used the Financial Group Career Challenge System. I am now engaged in solving problems of companies at Bridge Niigata, a regional trading company of the Group. What I first noticed while working in a different environment was that I need to increase my choices. At Daishi Hokuetsu Securities, I proposed appropriate financial instruments according to customer needs. At Bridge Niigata, however, I am required to think of solutions for customers’ problems from scratch, and I need to collect information by myself and build solutions in cooperation with the persons concerned. Bridge Niigata is an organization with a small number of staff, and so I am required to see my work through to the end by myself. I need to think of solutions and realize them by myself, instead of making proposals within a framework prepared by someone. Through such experience, my way of thinking has changed from “starting with products” to “starting with problems.” I have become more aware of how I can contribute to solving customers’ problems.

Hanamizu In terms of new experience, when I was assigned to the Sustainability Promotion Office which was newly established in 2021, I was once involved in work where I could not find answers from my past experience alone. For example, there is a process called mid-summer drainage of rice paddies. As water of rice paddies is drained and dried as it is, the amount of methane gas generated from the rice paddies decreases, which contributes to prevention of global warming. I thought that this was a practice that would bring about significant advantages to the entire region of Niigata Prefecture where rice farming is flourishing. In cooperation with group companies, I considered how to spread it. As I tackled challenges in a new field called sustainability, my mindset began to change. I feel that I am now able to think about things without being limited to the traditional mindset.



Kawahara I joined The Daishi Hokuetsu Lease through mid-career recruitment. Although my previous job was also in the leasing industry, my approach to work is very different now compared to my previous role, where I deepened my expertise within a division-of-labor system, versus my current environment, where a sales representative is involved in every step. Previously, I was strong in a particular area, but in other areas, it was sometimes difficult to make an in-depth proposal. Currently, I am involved in a wide range of areas such as subsidies and capital investment. This has improved the quality and depth of my dialogues with customers. In this environment, I have not only expanded the scope of what I can handle but have also become aware of what value I should provide in what area, and I have come to think about my work in terms of both my expertise and a broader perspective.



Endo As in the talk by Mr. Kawahara, it is important to be aware of what value to provide. After experiencing the branch operations of the Bank, I am currently working at the Capital Markets Division. I have experience of working in New York as a trainee for about one year, but the biggest reason for the changes in my way of thinking was due to being transferred to the Capital Markets Division. Before that, I was required more to deal with business accurately, but in my current work, my decisions are linked directly with results in the uncertain environment of the financial market. As such, there are more situations in which I need to clarify not only what is right but also what I think and how I make a decision. Accumulating such experience has changed not only my way of working but also how to face my work, such as, for example, decision-making and a sense of responsibility.

Baba What is very impressive about your stories is that new awareness gained by experiencing an environment different from before turned into an opportunity to think about what value you can provide. Then, such changes in individual employees’ thinking are shared with those around them, and ideas based on a fresh perspective will begin to grow in their organization too.

Feature

Group Employee Roundtable: Changes Made from a Wide Variety of Experiences and What They Bring to the Region

Chapter 2: Organization’s strength improved by combinations of a wide variety of knowledge

Baba Next, I want to ask how awareness and knowledge gained through experience in different environments are shared and leveraged in workplaces.

Kawahara In the current workplace, there are members with various backgrounds, such as those dispatched from banks, those from other leasing companies, and mid-career employees from different industries. With each member bringing knowledge cultivated through different experience, I feel that viewpoints different from before emerge in internal discussions. As a result, I have been able to review how to proceed with business without being limited by previous approaches. I have also been able to continuously deepen relationships with customers. For example, I increased opportunities to face customers thanks to time freed up by increasing business efficiency; and starting with one contract, I made the next proposal based on the whole business of the customer.



Yoshida Since I was at Daishi Hokuetsu Securities, I have been aware of the need to go into specifics on essential themes, such as problems that cannot be solved with financial instruments alone, business and personnel, and succession. Currently, when I am asked for advice on the development of distribution channels and new business, I think from the viewpoint of which company within the Group we should work together with to make better proposals, instead of thinking

about solutions by Bridge Niigata alone. There is a growing number of situations that lead to the creation of new business opportunities, and we have been able to contribute to customers in a way different from before. Through such experiences, I feel that combining different knowledge leads to new proposals and business opportunities. As this feeling is shared on-site, not only the value of proposals from individuals but also the value that the Group as a whole can provide will expand. As a result, it will become a reason for many customers to select us.

Hanamizu As discussed now, I feel that combining diverse knowledge will change how we proceed with work as an organization as well as ideas themselves. Currently, I belong to the Integration Promotion Office which aims for management integration with The Gunma Bank. I place importance on the viewpoint of how to combine the advantages of both banks after sharing differences in business processes and decision-making processes that both banks have cultivated. I feel that as a result, the quality and speed of decision-making have improved and led to reforms of the organization as a whole. After the completion of management integration, there will be more human resources who have different experiences and views. I think that moves to turn its diversity into our strength will become more important. Continuing to search for better ways while combining their knowledge will be a driving force in expanding the value we provide for the region and customers.

Baba From the talks so far, I have found that changes in the way of thinking based on awareness gained through experience in different environments will lead to the growth of individual employees and the organization. The Group’s great strength lies in its ability to create new value extending beyond finance by bringing together diverse insights beyond the boundaries of group companies and organizations and by working in cooperation with a wide variety of persons concerned such as customers, the administration, and outside experts. We will continue to further enhance such strength through investment in human capital and a focus on solving problems of the region and customers.



Basic Strategy IV Deepening Risk Management



Internal audit system

We are working to improve the function and effectiveness of internal auditing in order to solve the problems of regional society and help the continued growth of the Group. To perform objective and effective internal auditing, the Audit and Inspection Division is put under the direct control of the Board of Directors so that internal check works independently of the department being audited.

The Audit and Inspection Division conducts an internal audit on the effectiveness of governance, risk management, and internal control under an internal audit program approved by the Board of Directors. The division reports the internal audit results to the Board of Directors and the Audit and Supervisory Committee, proposes improvements for problems and issues found, and subsequently follows them up. Through periodic exchanges of views with directors including outside directors, audit and supervisory committee members, and operating departments and risk management and compliance departments of group companies, the division shares group-wide risks and problems, and also supports efforts toward solving problems.

Efforts for the deepening of the internal auditing system

The Company is making various efforts to improve the quality of internal auditing. The Company conducts internal evaluation based on the Global Internal Audit Standards (GIAS), international standards for internal auditing. It also periodically receives evaluation from an external institution and addresses improvements based on the evaluation results. In human resource development, the Company encourages employees to acquire professional qualifications for internal auditing and participate in external training, and has introduced a human resource development program that strategically assigns young employees and managers to the Audit and Inspection Division. This enables them to accumulate experience for a certain period and return back to an operating department. In this way, the Company is working on medium- to long-term development as well.

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

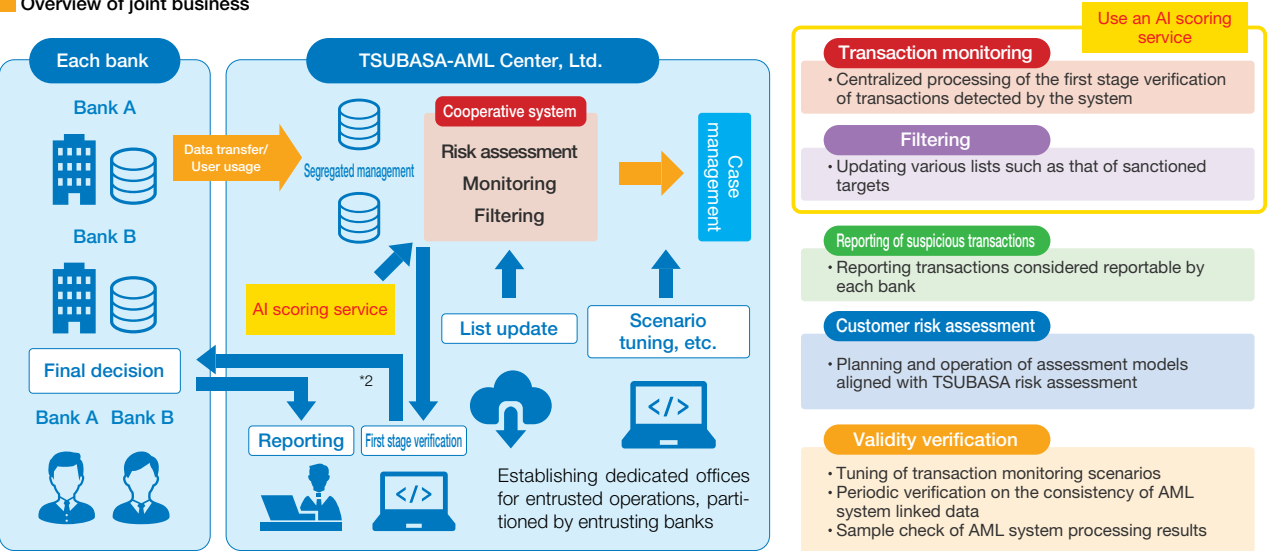
Since May 2025, the Daishi Hokuetsu Bank has entered into a business outsourcing contract with TSUBASA-AML Center, Ltd., which takes measures for anti-money laundering and combating the financing of terrorism (hereinafter referred to as AML/CFT), and has been collaborating with the company on AML/ CFT 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.

In June 2026, the Bank started to use an AI scoring service provided by the Cooperation agency for Anti-Money Laundering*1 in order to increase the sophistication and efficiency of anti-money laundering operations. Using the AI-based scoring function allows the Bank to reduce visual inspection time and expand the range of detection. Using AI technology, we will work to increase the sophistication and efficiency of AML/CFT countermeasures.

*1 Established in January 2023 as a company wholly owned by the Japanese Bankers Association through funding from all member banks of the Japanese Bankers Association.

Overview of joint business



*2 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

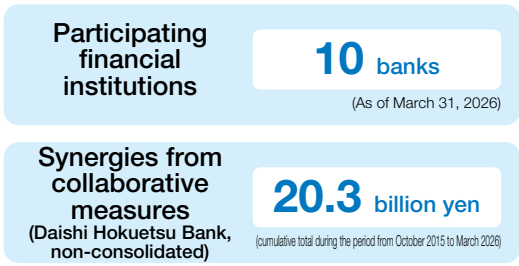
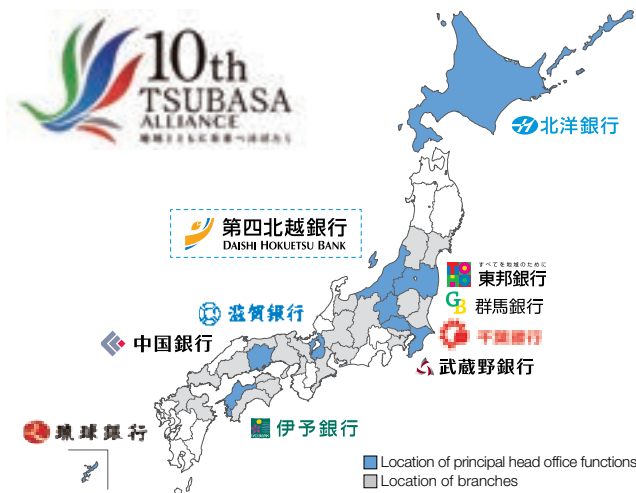
TSUBASA Alliance Initiative

TSUBASA Alliance, a wide-area partnership framework in which 10 regional banks including Daishi Hokuetsu Bank participate, celebrated its 10th anniversary in October 2025. Under the common slogan “Fly with the region into the future,” we are utilizing the largest network and economies of scale among regional banks to deepen cooperation in diverse fields such as top-line improvement, cost reduction, utilization of digital technologies like AI, human capital, and risk management.

The Alliance is currently reviewing the TSUBASA Joint Operations Center Plan, which aims to consolidate back-office operations such as account transfers, remittances, and inheritance procedures. In July 2026, a new company that takes charge of its operation was jointly established. It plans to start operations in April 2027, and the system for inheritance procedures plans to be released during the first half of 2027.

This initiative is an important effort that can be a solution to an increasingly severe shortage of personnel, and we are also aiming to develop it beyond the framework of the TSUBASA Alliance in the future.

The amount of synergy effects in this alliance at Daishi Hokuetsu Bank has exceeded 20.0 billion yen cumulatively from October 2015 to March 2026, reaching 20.3 billion yen. We will continue to make maximum use of this alliance as the “main engine for accelerating innovation.”



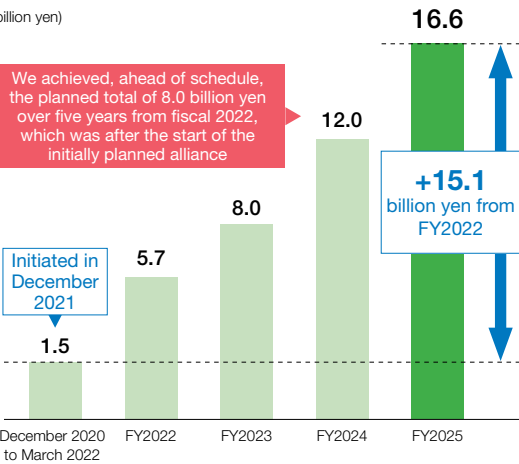
Gunma and Daishi Hokuetsu Alliance Initiative

Since December 2021, we have entered into the Gunma and Daishi Hokuetsu Alliance with The Gunma Bank, Ltd. Leveraging the geographical proximity of business areas, we are implementing cooperative measures in various areas to further contribute to the region and improve corporate value continuously. The total amount of both bank’s synergy effects by this alliance during the period up to the end of March 2026 reached 16.6 billion yen, far above its planned target.

(For details of the management integration of the Daishi Hokuetsu Financial Group and The Gunma Bank, see P.9 to 12.)



Aggregation of Daishi Hokuetsu Bank and The Gunma Bank Synergies from collaborative measures (cumulative total during the period from December 2020 to March 2026)



- Major coordination
- Business succession, M&A, and business matching taking advantage of the customer bases of both banks
 - Utilization and coordination of both groups’ know-how
 - Shared use of both banks’ offices, etc.
 - Coordination, etc. for tourism and products promotion and regional vitalization for the two prefectures

● Jointly planned donation-linked private placement bonds and loans

For regional revitalization private placement bonds and the regional decarbonization contribution loan “Biz-Ecology,” we started to offer the local industry assistance type. (from April 2026)



Sustainability Initiatives

Basic Sustainability Policy

With a sustainability response to climate change, natural capital, human capital, etc., 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 proactively and independently addressing environmental and social issues surrounding the region from a medium- to long-term perspective.

Initiatives	Targeting Regional Issues
Initiatives Targeting Environmental Problems	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.
Establishing relationships of trust with society	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.
Practicing human capital management	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.
	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 personal values of individual employees and develop a personnel system and working environments where diverse human resources can play an active role in a healthy way under fair and appropriate treatment, thereby realizing the wellbeing of employees.

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, typhoons, 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 the dependence and impact of customers and the Group on natural capital and biodiversity in order to appropriately manage risks and capture new business opportunities.

Furthermore, taking measures to address various risks that will impact the business continuity of the Group is a matter of urgency. These risks include large-scale disasters such as the Noto Peninsula Earthquake of January 2024 and increasing geopolitical risks arising from the situation in the Middle East.

Against this backdrop, the Group is proactively putting sustainability management into practice to maintain and improve the environment and society while simultaneously achieving continued economic and sustainable 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. We have also been working on information disclosure based on TNFD*2 (Task Force on Nature-related Financial Disclosures) recommendations, starting from the integrated report published in August 2025.

*1 TCFD (Task Force on Climate-related Financial Disclosure): A private-sector-led task force that encourages the corporate disclosure of climate-related information, established by the Financial Stability 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 information disclosure based on the sustainability disclosure standards of 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 environmental NGO, Global Canopy, and the World Wide Fund for Nature (WWF).

Sustainability Initiatives

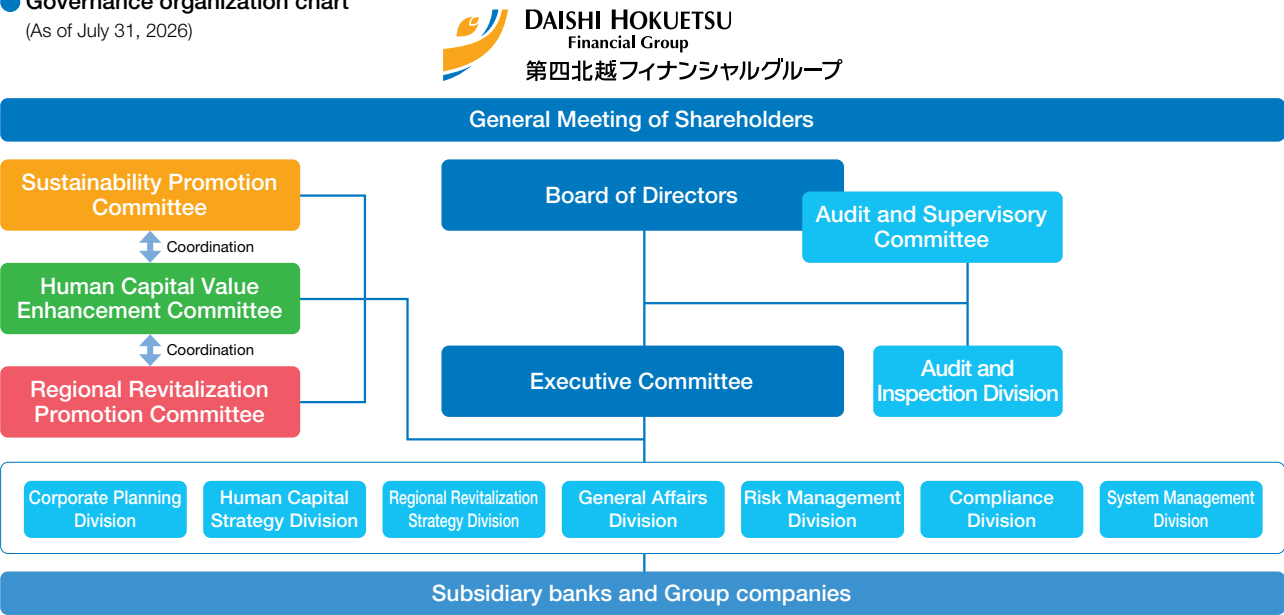
1 Governance

We have established a Sustainability Promotion Committee, which is chaired by the President of the Company, and whose key members include an officer responsible for operations, the Presidents of Group companies, managers of Daishi Hokuetsu Bank, and others, as well as Internal Audit and Supervisory Committee Members and General Manager of the Audit and Inspection Division 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 2025). In addition to implementing the PDCA cycle for sustainability initiatives, we have also deliberated the contents of these initiatives at meetings of the Board of Directors. In such ways, we have established a system that ensures the Board of Directors is actively involved in decision-making and supervision related to sustainability promotion.

In July 2024, the Company established a Human Capital Value Enhancement Committee, which is chaired by the President of the Company, creating a framework to promote group-wide efforts to improve human capital value in cooperation with the Sustainability Promotion Committee and the Regional Revitalization Promotion Committee.

Governance organization chart
(As of July 31, 2026)

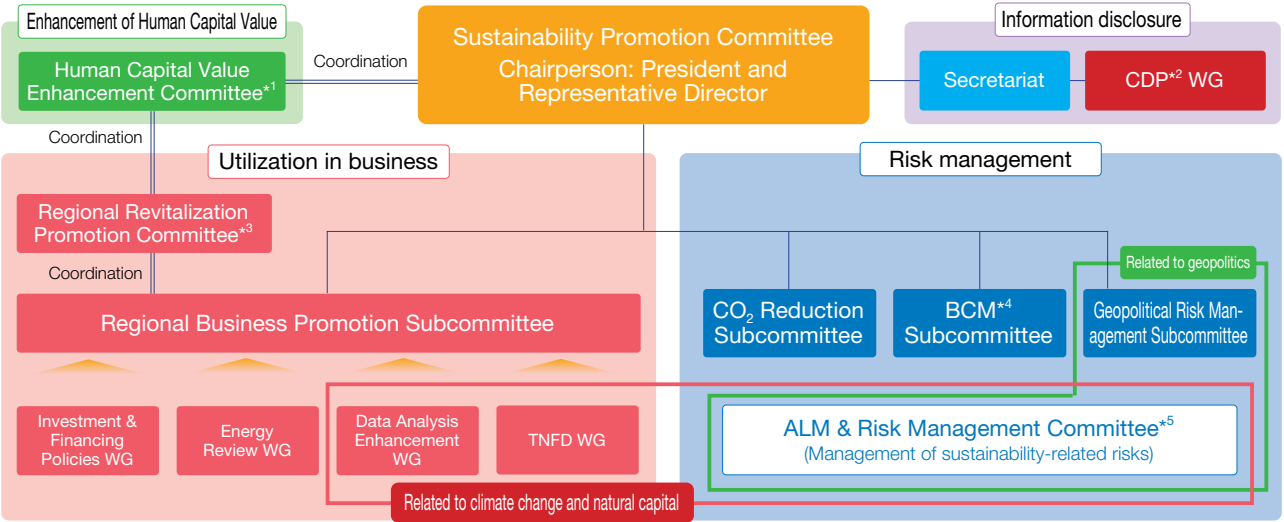


Role of Each Committee, etc.

Committee, etc.	Roles related to sustainability
Board of Directors (Chairperson: President and Representative Director)	Receiving regular reports on initiatives related to sustainability and independently participating in decision-making and supervision
Executive Committee (Chairperson: President and Representative Director)	Deliberation of policies, plans, indicators, and target-setting related to sustainability Periodic reports to the Board of Directors on the status of the Company's initiatives, etc., based on the Basic Sustainability Policy, and directions to the Sustainability Promotion Committee on matters decided by the Board of Directors and other matters
Sustainability Promotion Committee (Chairperson: President and Representative Director)	Deliberation of sustainability (analysis of risks and opportunities, strategy based on analysis results, etc.)
Chairperson: President of the Company Members: Officer in Charge of Sustainability of the Company, Presidents of Group Companies, General Managers (excluding the General Manager of the Audit and Inspection Division) of the Company and Daishi Hokuetsu Bank Observers: Internal Audit and Supervisory Committee Members of the Company, Internal Audit and Supervisory Committee Members of Daishi Hokuetsu Bank, General Manager of the Audit and Inspection Division of the Company, General Manager of the Audit and Inspection Division of Daishi Hokuetsu Bank	
Main Reports and Deliberations at Meetings of the Board of Directors	
May 2025	Performance report on activities to promote sustainability for fiscal 2024 and policies on sustainability initiatives in fiscal 2025
November 2025	Performance report on activities to promote sustainability for the first half of fiscal 2025
【Main Sustainability Initiatives】	
Initiatives for achieving the CO ₂ emission reduction target	
Initiatives for improving information disclosure	
Initiatives for achieving the sustainable finance target	
Response to the sustainability disclosure standards of the SSBJ, and others	

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, natural capital, and biodiversity, we have established subcommittees and working groups serving as subordinate bodies 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 Human Capital Value Enhancement Committee: A deliberative body that is chaired by the President of the Company and aims to promote group-wide efforts to improve human capital value in order to achieve the continued growth of the Group.

*2 CDP: Formerly known as the Carbon Disclosure Project. An international non-profit organization that encourages companies, local governments, and other entities to disclose information related to environmental efforts.

*3 Regional Revitalization Promotion Committee: A deliberative body that is chaired by the General Manager of the Regional Revitalization Strategy Headquarters of the Company and aims to promote group-wide efforts for all aspects of regional revitalization in order to achieve the continued growth of the region and the Group.

*4 BCM: Business Continuity Management

*5 ALM & Risk Management Committee: A deliberative body that is chaired by the officer in charge of the Risk Management Division of the Company and aims 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 considering and implementing appropriate response measures, etc.

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 its risk management systems and provide customers with information and various solutions such as consulting services. Through these efforts, the Group will support responses to physical risks and transition risks in the region and contribute to decarbonization in the region.

		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		

Sustainability Initiatives

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 Dai-shi 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 business borrowers of Daishi Hokuetsu Bank (excluding large corporations and public funds)
Results of analysis	Credit costs are expected to increase by around 0.7 billion yen	Credit costs are expected to increase by around 8.8 billion yen
	Credit costs are expected to increase by around 9.6 billion yen in total	

[Transition risks]

For transition risks, we added the sectors “track services” and “metal and mining” to the sectors for analysis in fiscal 2025, in addition to the sectors “energy (electric power, oil, gas)”, “food”, “property management and development”, and “automotive,” 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)”

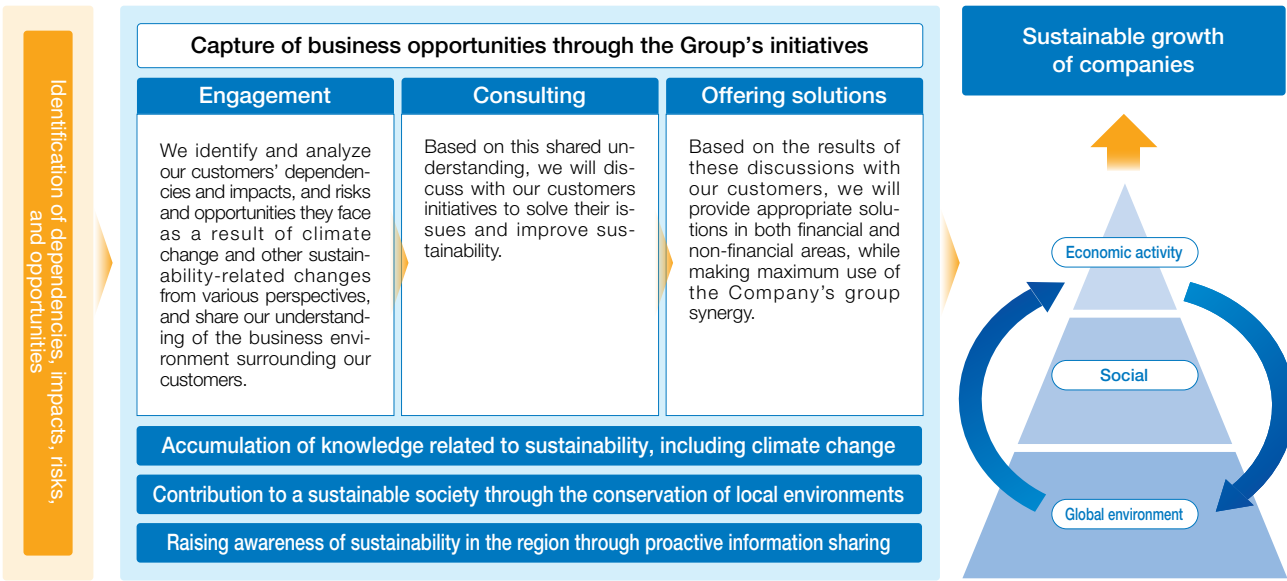
Method of analysis	Under the scenarios, forecast the balance sheets and profit and loss statements of sample companies (for 2021 to 2050) in particular sectors and assess business continuity for all companies in those sectors Estimate the increase in credit costs with simulations for different debtor categories in particular sectors based on the costs associated with transition
Scope of analysis	Energy (electric power, oil, gas), food, property management and development, automotive, track services, metal and mining
Results of analysis	Credit costs are expected to increase by around 3.7 billion yen in total

Our Understanding of the Opportunities Associated with Climate Change

We recognize that climate change is a material issue that significantly affects the business environments of customers and the Group, and at the same time is also an opportunity that leads to new business development.

To contribute to profitability improvement of customers and the Group and sustainability improvement of the entire region, the Group is supporting customers’ efforts for decarbonization and environmental conservation by starting with engagement with customers and then providing various solutions and sharing management issues.

In addition, the Group has set a goal of achieving carbon neutrality in scopes including Scope 3 Category 15 by fiscal 2050, and created a roadmap for the achievement (P.70 for details). Based on the roadmap, the Group will continue to work to reduce CO2 emissions of customers and the Group.

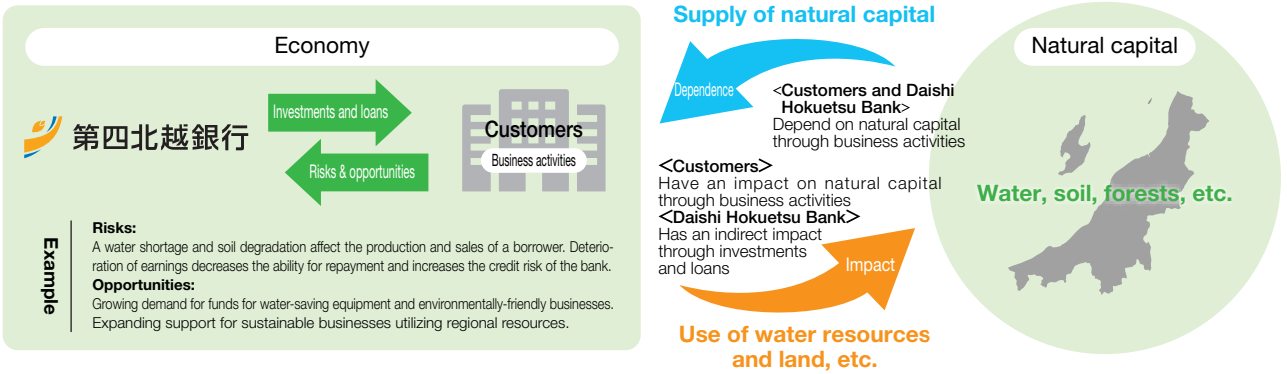


Natural Capital and Biodiversity

Relation with natural capital and biodiversity, and the scope of analysis

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 recognizes that it receives various benefits from natural capital through its business activities, and investments and loans, and at the same time influences natural capital.

With this understanding, the Group has set the scope of analysis to direct operations (business activities of Daishi Hokuetsu Bank) and recipients of investments and loans (business activities of customers) in order to appropriately grasp and evaluate the risks and opportunities of natural capital.



Evaluation process for the business activities (direct operations) of Daishi Hokuetsu Bank, and its results

Focusing on the operational bases of Daishi Hokuetsu Bank, we evaluated and analyzed dependence and impacts related to natural capital and identified bases with high priority for analysis (high priority areas). In identifying them, we analyzed proximity to protected areas, etc., biodiversity risks, and water risks, using a natural capital evaluation tool. As we have many operational bases in the Echigo Plain where key biodiversity areas (KBA) are spread, many bases are in close proximity to KBA, and there are a large number of high priority areas, according to the analysis. However, we evaluated the impacts of direct operations on natural capital as being limited because our operational bases are facilities (general offices) that mainly provide financial services.

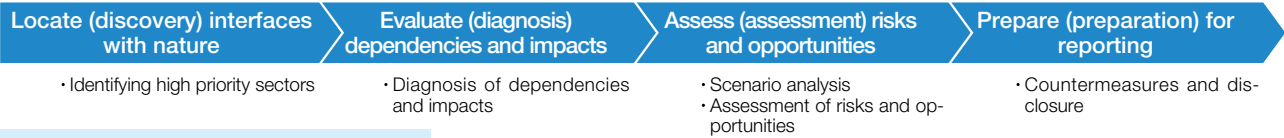


Sustainability Initiatives

● Evaluation process for recipients of investments and loans, and its results

Based on the LEAP Approach* recommended by the TNFD, we grasped and evaluated nature-related risks and opportunities in the following process.

* 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



Locate (identifying high priority sectors)

1. Focusing on corporate recipients of investments and loans, we selected borrowers' and investees' sectors (high priority sectors) that should be analyzed preferentially as a process that identifies points of contact with nature.
2. In selecting high priority sectors, we considered sectors whose dependence and impacts on nature are relatively large, and financial importance at recipients of investments and loans from Daishi Hokuetsu Bank. As a result, we selected (1) construction, and (2) transportation. In addition, we selected (3) food and beverages, (4) metal products (processing, etc.), and (5) automobile manufacturing, as sectors that are of high importance in terms of the revitalization of the regional economy.
3. For these five high priority sectors, we created a heat map using the ENCORE tool* and identified items whose dependence and impacts on nature are M (moderate) or greater.

* A tool that evaluates and visualizes how economy depends on nature and can influence nature and how environmental changes lead to business risks.

	Dependencies (ecosystem services)											Impacts (pressure factors)									
	Provisioning services			Regulating and supporting services							Cultural services										
	Animal-derived energy	Genetic material	Supply of water	Purification of solid waste	Soil and sediment retention	Purification of water	Mitigation of floods	Global-scale climate regulation	Mitigation of rainstorms	Water regulation	Rainfall pattern regulation	Visual amenity service	Disturbance (noise, light, etc.)	Areas of fresh-water use	GHG emissions	Areas of seabed use	Emissions of noxious pollutants to water and soil	Emissions of eutrophication substances to water and soil	Generation and release of solid waste	Areas of land use	Water use
Construction	VL		M	VL	H	M	H	M	H	M	VH		VH	VH	H	M	H		M	L	L
Transportation	M		VL		L		M	M	M	L	M	VH	M		M		L	M	VL	M	L
Food & beverages		VH	H	M	L	VH	M	VL	M	H			M		L		M	M	M	L	M
Metal products			M	M	L	M	M	VL	M	M			M		L		VH		M	L	M
Automobile manufacturing			L	L	M	M	M	VL	M	M	VL		VH		VL		M		L	L	L

Magnitude of dependencies and impacts: **VH** (Very high), **H** (High), **M** (Medium), **L** (Low), **VL** (Very low)

Note: This table shows items for which the severity of dependence or impacts is rated as moderate or greater on high priority sectors among the data extracted from the ENCORE tool.

Evaluate (diagnosis of dependencies and impacts)

To analyze the details of nature-related dependence and impacts of the high priority sectors specified, we identified cities, towns, and villages in which recipients of investments and loans are located. Then, we assigned weights based on the balance of investments and loans to each sector, and selected bases with high priority for analysis (high priority areas). Based on the latitude and longitude information of these high priority areas, we performed a detailed analysis of the dependence and impacts of the business activities of investment and loan recipients on natural capital, using a natural capital evaluation tool. As a result, we identified nature-related risks and opportunities for the high priority sectors and high priority areas.

Assess (assessment of risks and opportunities)

We classified the identified nature-related risks into the risk categories (credit risk, market risk, liquidity risk, operational risk, liability risk) for financial institutions, and qualitatively evaluated the direction of impacts (no change, increase, decrease) under the 1.5°C and 4°C scenarios*1 with respect to the status in fiscal 2025. In evaluating risks and opportunities, we used the High Impact Commodity List (HICL: A list of raw materials with great impacts) created based on scientific knowledge of the TNFD and the Science Based Targets Network (SBTN)*2 in order to grasp the dependence and impacts of the direct operations and whole value chain of investment and loan recipients on natural capital. We determined nature-related risks that can affect Daishi Hokuetsu Bank through investment and loan recipients on a sector-by-sector basis.

*1 For the 1.5°C and 4°C scenarios, please see P.66.

*2 An international framework for companies and financial institutions to set and manage targets on natural capital (biodiversity, water, soil, etc.) on the basis of scientific evidence.

[Scenario analysis results]

We performed scenario analysis on nature-related physical risks and transition risks in the following steps:

Step 1) Identify risks and opportunities of high priority sectors.

Step 2) Classify them into risk categories for financial institutions (credit risk, market risk, liquidity risk, operational risk, liability risk).

Step 3) Perform qualitative analysis under the as-is scenario, the 1.5°C scenario, and the 4°C scenario.*1

Step 4) Quantify the evaluation results and organize risks by sector. For opportunities, consider measures individually.

High priority sector	Trends under the 1.5°C scenario	Trends under the 4.0°C scenario	Major impacts on Daishi Hokuetsu Bank, and measures to consider
Construction	Transition to low-carbon construction materials and environmentally-friendly construction accelerates, and constraints on procurement of lumber, cement, and other materials and constraints on construction emerge.	Working environments deteriorate due to floods, abnormal weather, etc., and frequent delay in time for completion increases response costs. Disaster risks such as extreme snowfall peculiar to a heavy snowfall area also emerge.	Transition risks are inherent in all stages including the procurement stage (lumber, cement, etc.). Consider supporting the acquisition of certifications under various environmental certification systems, helping prepare a business continuity plan, and providing finance that contributes to the reduction of environmental loads.
Transportation	Transition risks due to decarbonization investments and fuel shifts emerge.	Damage to physical distribution infrastructure due to floods, abnormal weather, etc. becomes common. A shutdown, a route change, etc. occurs frequently, increasing response costs.	A delay in decarbonization and fuel shifts can lead to an increase in costs and a decrease in profitability in the future, which may increase credit risks. Consider providing decarbonization consulting and helping prepare a business continuity plan, including providing finance for the development of distribution bases.
Food & beverages	Requests for procurement of sustainable raw materials and for supply chain responses will grow.	Procurement of raw materials becomes unstable, increasing procurement costs. Ecosystem dependence risks such as water risks emerge. Risks on key industries of the prefecture including rice, sake, etc. increase.	Dependence on natural capital is high, and rises in procurement costs cause a deterioration in profitability, which may increase credit risks. Consider supporting the procurement of sustainable raw materials (such as diversification of suppliers and securing of alternative products) and providing finance that contributes to the reduction of environmental loads.
Metal products (processing, etc.)	Transition risks, such as tightening of regulations for environmental conservation, emerge.	Risks increase including intrusion of water into factories and suspension of operations due to floods, abnormal weather, etc., restrictions on water intake and a shortage of cooling water due to high temperatures, and a spill of toxic materials. Risks of concentrated locations at the industrial center in the prefecture (such as Tsubamesanjo) emerge.	Credit and liquidity risks in the event of a disaster are high because industrial locations are concentrated in a particular area. Consider conducting awareness-raising activities related to decarbonization and natural capital, helping prepare a business continuity plan (such as diversification of manufacturing bases), and providing finance that contributes to the reduction of environmental loads.
Automobile manufacturing	Transition risks emerge, including transition to decarbonization investment, growing requests for responding to the shift to EVs, and tightening of regulations for environmental conservation.	Risks increase including parts supply chain disruptions due to floods, abnormal weather, etc., suspension of operations, and a spill of toxic materials.	A delay in decarbonization and the shift to EVs can lead to a fall in competitiveness, which may increase credit risks. Consider supporting the acquisition of certifications under various environmental certification systems, helping prepare a business continuity plan (such as diversification of manufacturing bases), providing finance that contributes to the reduction of environmental loads, and supporting the diversification of business areas (such as entry into other sectors).

*1 Preconditions for scenario analysis

This analysis evaluates nature-related risks using two future scenarios as of 2050 with respect to the status in fiscal 2025.

1.5°C scenario (TNFD #1: Ahead of the game, a nature-positive world): A world where the international community has worked in a coordinated manner to pursue decarbonization and nature conservation, market transition has progressed, and conservation and recovery of natural environments have been realized (IEA NZE2050 was mainly referenced²⁾).

4.0°C scenario (TNFD #3: Sand in the gears, a world indifferent to nature): A world where economy-first approaches have continued, policy responses and market adjustments have not advanced, and natural environments have deteriorated greatly. (Higher temperature rise scenarios by the Intergovernmental Panel on Climate Change (IPCC) were referenced)

*2 In this analysis, the sustainable development scenario (SDS) published by the International Energy Agency (IEA) was also referenced as a case close to the 1.5°C target.

Prepare (countermeasures)

[Measures against risks]

Considering the results of evaluation (including scenario analysis) based on the LEAP Approach and the regional characteristics of Niigata Prefecture, the Group will grasp early the dependence and impacts of customers on natural capital and try to ensure appropriate management.

The Group will work to increase the sophistication of consulting functions starting with engagement with customers, and support efforts toward conservation and recovery of natural capital and reduction of nature-related risks. In addition, the Group will try to prevent nature-related risks of customers and the Group from emerging and improve business resilience.

[Measures for opportunities]

Through the results of evaluation (including scenario analysis) based on the LEAP Approach, the Group will work to expand customers' business and increase the sophistication of consulting functions that help create new business. By supporting environmentally-friendly business, etc. through engagement with customers, including responses to nature-related issues, the Group will try to contribute to the conservation of natural capital and the biodiversity of the whole region and to the revitalization of the economy, and aim to expand business opportunities for the Group.

Sustainability Initiatives

3 Risk Management

In its risk management framework, the Group recognizes that climate change risk and nature-related risk have a significant impact on the global environment and the regional economy. Accordingly, the Group is upgrading its risk management system to take climate change risk and nature-related 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



Held once a month, in principle

- <Role>
- Promote and manage overall regional revitalization initiatives aimed at achieving sustainable growth of both the region and the Group through contribution to the community
 - Transform sustainability-related risks into opportunities

Held once a month, in principle

- <Role>
- Manage sustainability-related risks over the short to long term
 - Capture sustainability-related opportunities
 - Implement the PDCA cycle for various initiatives

Held once a month, in principle

- <Role>
- Comprehensively identify and manage risks within the Group, including sustainability-related risks
 - Maintain the Group's soundness and enhance profitability through consideration and implementation of countermeasures

Investment & Financial Policies that Consider Environment and Society

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.

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.

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 2026, carbon-related assets* accounted for 21.5% 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. CO2 emissions for fiscal 2025 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 the Group's website as soon as they are confirmed.

(t-CO2)

Matter for Accounting	Scope of Accounting	Fiscal 2025 Emissions	Matter for Accounting	Scope of Accounting	Fiscal 2025 Emissions
Scope1	Group-wide	2,843	Category 1: Purchased goods and services	Group-wide	29,014
			Category 2: Capital goods		74,838
			Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)		1,590
Category 4: Upstream transportation and distribution		3,323			
Scope2		1,473	Category 5: Waste generated in operations	Daishi Hokuetsu Bank (Non-Consolidated)	569
Category 6: Business travel			Group-wide	434	
Category 7: Employee commuting				995	
Scope 1 & 2 total	4,316	Category 15: Investments*2	Daishi Hokuetsu Bank (Non-Consolidated, Business loans only)	6,442,409	

^{*1} For calculation methods, emission factors, and other details, see the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.8 (March 2026, 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. 3.6 (April 2026, Ministry of the Environment), and Policy on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain, Ver. 3.6 (April 2026, 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 PCAF³ standard.
^{*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

Breakdown of Scope 3 Category 15

Industry	Emissions ^{*4} (t-CO2)	Carbon intensity ^{*5}	Industry	Emissions ^{*4} (t-CO2)	Carbon intensity ^{*5}
Agriculture	96,131	8.84	Automobiles and parts	100,756	2.26
Paper and forestry	127,551	34.22	Power utilities	561,210	17.64
Beverages	15,977	3.50	Real estate management and development	126,141	0.86
Processed foods and meats	563,577	4.61	Railway transportation	23,845	3.51
Metals and mining	251,881	53.71	Truck services	282,338	5.23
Chemicals	359,147	35.75	Maritime transportation	179,705	14.73
Oil and gas	92,789	4.03	Air freight	694	0.38
Coal	-	-	Passenger transport	-	-
Building materials	157,406	15.58	Other	2,085,374	1.87
Capital goods	1,417,880	2.84	Total	6,442,409	

^{*4} The emissions of each industry are based on the total emissions of borrowers calculated based on the following definitions for each industry. Listed on the Tokyo Stock Exchange (Prime, Standard, and Growth markets) Recipients of SDGs-linked loans (Daishi Hokuetsu Bank) Customers who adopted the GHG emissions calculation tool (Daishi Hokuetsu Bank) (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 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. 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). Carbon intensity = $\sum [\text{borrower's carbon intensity} \times \text{outstanding loan balance of the borrower}] / \text{total outstanding loan balance by industry}$

Acquisition of third-party assurance of greenhouse gas (GHG) emissions

The Group obtained third-party assurance of its GHG emissions for fiscal 2024 from SOCOTEC 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.

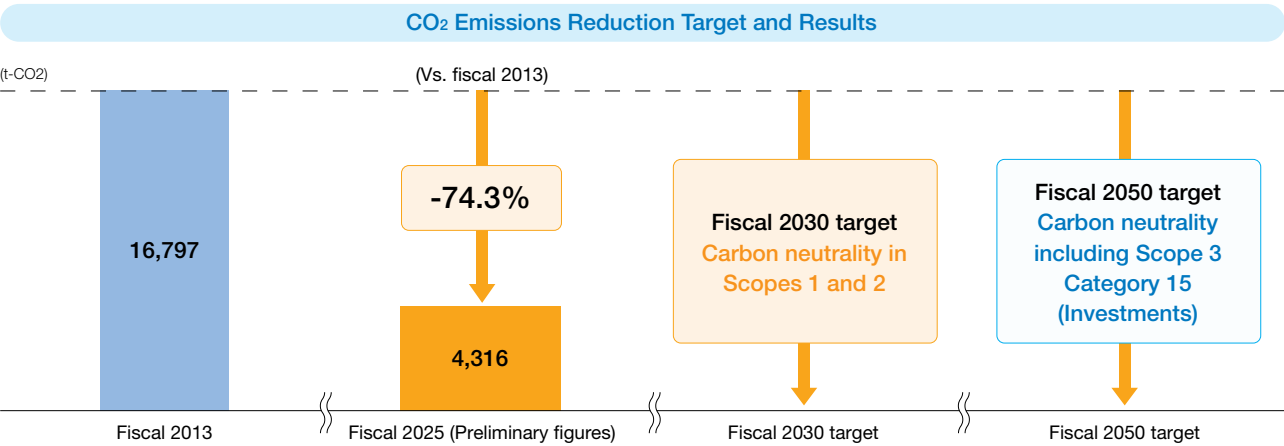


Sustainability Initiatives

CO2 Emissions Reduction Target

To contribute to the realization of a decarbonized society, the Group has set its CO2 Emissions Reduction Target and is working to reduce CO2 emissions from customers and the Group.

The amount of CO2 emissions (preliminary figure) for fiscal 2025 was 4,316 t-CO2, down 74.3% compared to fiscal 2013. We will continue to advance various initiatives in order to achieve the fiscal 2030 target (carbon neutrality on Scope 1 and 2) and the fiscal 2050 target (carbon neutrality on the scopes including Scope 3 Category 15, which represents CO2 emissions from recipients of our investments and loans).



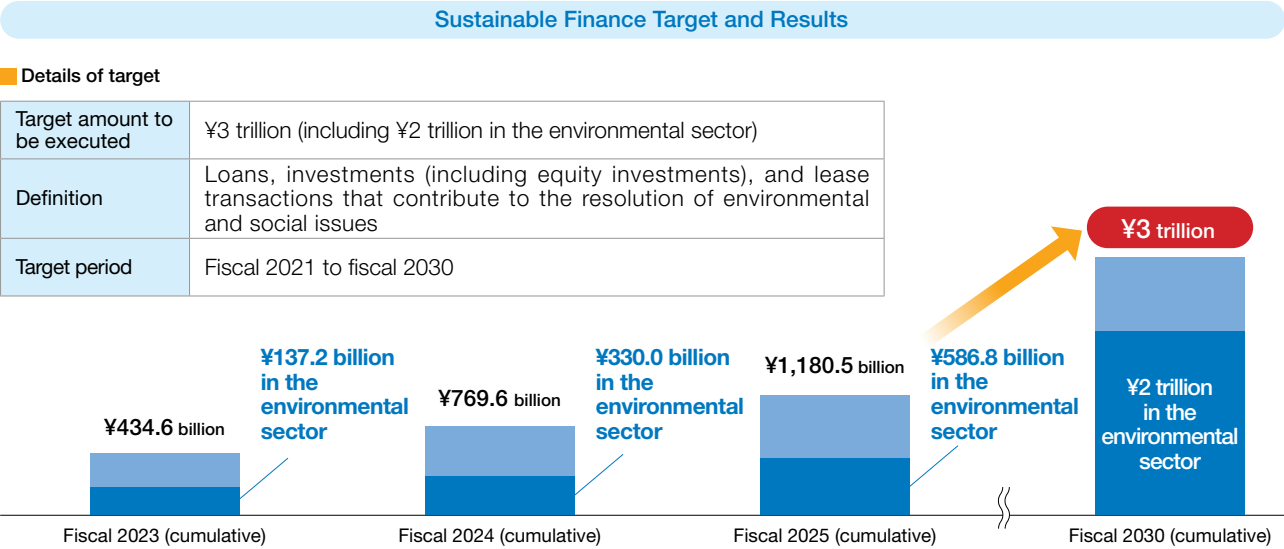
Trends in CO2 Emissions* by Scope

	Fiscal 2013	FY2023 (★)	FY2024 (★)	Fiscal 2025 (Preliminary figures)	Vs. fiscal 2013
Scope1	4,826	3,109	2,905	2,843	-41.1%
Scope2	11,971	4,320	2,607	1,473	-87.7%
Total	16,797	7,429	5,512	4,316	-74.3%

* 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. For the CO2 emissions for the fiscal years that are followed by ★, the Group obtained third-party assurance from SOCOTEC Certification Japan. (For details, see P.68)

Sustainable Finance Target

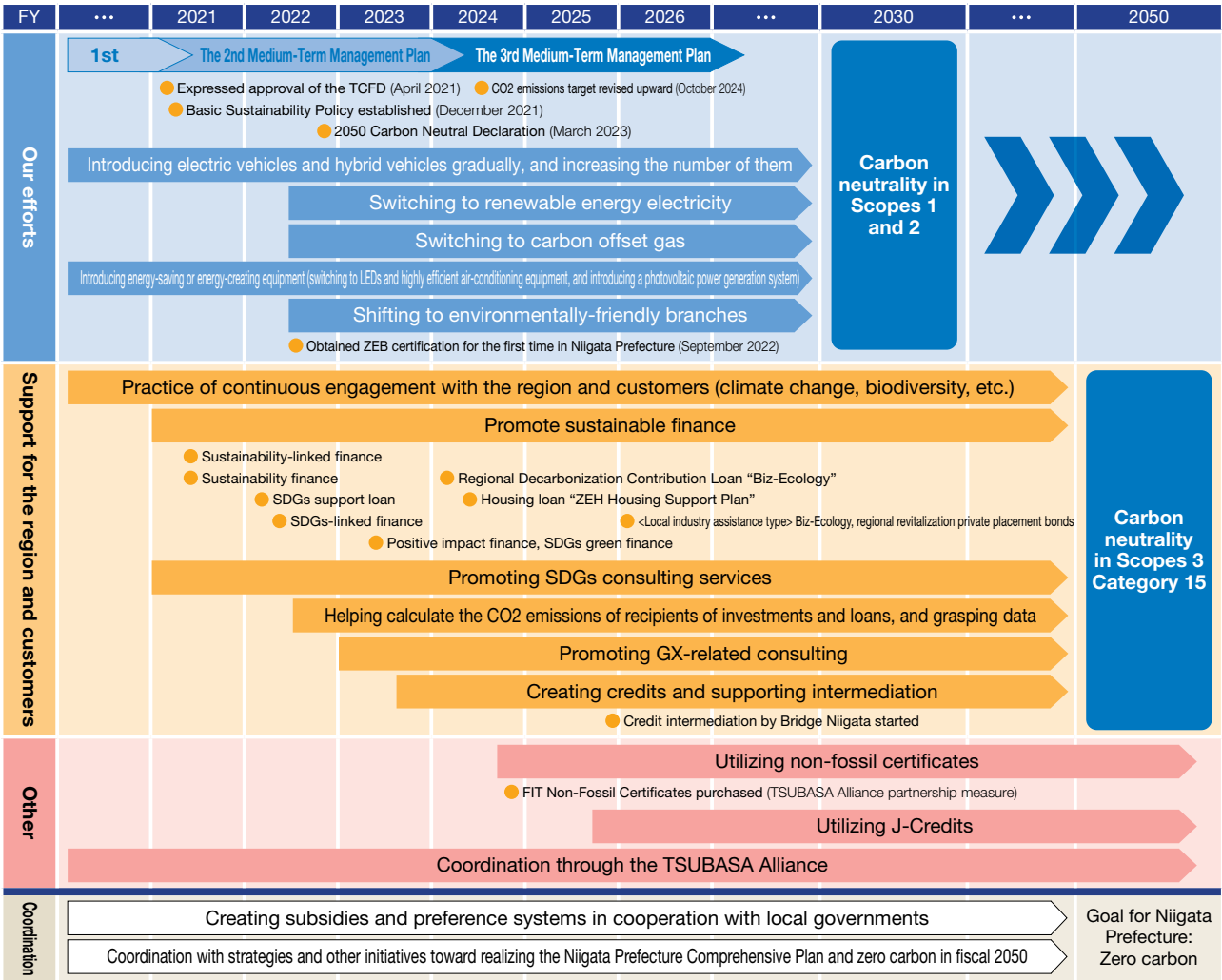
The Group has set its Sustainable Finance Target (cumulative execution amount of 3 trillion yen from fiscal 2021 to fiscal 2030, including 2 trillion yen for the environmental sector) and is working toward its achievement. The cumulative execution amount from fiscal 2021 to fiscal 2025 was 1,180.5 billion yen. The entire Group will continue to work together to achieve this target in pursuit of realizing a decarbonized society in our region.



The Group's Efforts

Roadmap for Carbon Neutrality in Fiscal 2050

To contribute to the realization of carbon neutrality in 2050 as set by the Japanese Government and Niigata Prefecture, on the basis of sustainability-related risks and opportunities recognized, the Group itself is working to reduce CO2 emissions and is trying to realize a zero-carbon society through continuous engagement with the region and customers.



Coordination with Various Initiatives

Toward realizing a sustainable regional society, the Company is participating in related initiatives. Going forward, the Company will work proactively on activities of initiatives and return knowledge and know-how obtained through the activities to the region.



Sustainability Initiatives

Received the top rating of A-list in the Climate Change Survey 2025 by the CDP

In the climate change survey conducted in 2025 by the CDP, an international non-profit organization for environmental information disclosure, the Company was recognized for its efforts to respond to climate change and the transparency of information disclosure, and received the top rating of an A-list company for the first time. This recognition as an A-list company was the first of its kind among financial institutions in Niigata Prefecture.



The Group's Carbon Neutrality Initiatives

Toward realizing carbon neutrality on Scope 1 and 2, the Group is promoting the transformation of its operational bases into net-zero energy buildings (ZEB)*.

Most recently, Daishi Hokuetsu Bank Niitsu Branch, which was relocated and newly constructed in March 2026, obtained ZEB certification. In addition, the Group has been introducing renewable energy-derived electric power and carbon offset gas at its operational bases.



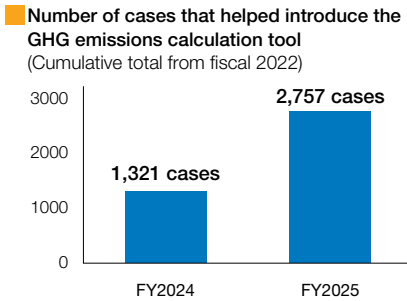
Niitsu Branch of Daishi Hokuetsu Bank

* It stands for Net Zero Energy Building and refers to a building designed to achieve zero energy consumption through introduction of energy-saving equipment and renewable energy while realizing a comfortable indoor environment.

Initiatives for Carbon Neutrality for the Region and Customers



The Group is helping introduce a GHG emissions calculation tool. The cumulative total of supported cases from fiscal 2022 to fiscal 2025 was 2,757. Starting with visualization of customers' CO2 emissions, the Group will support customers' decarbonization management and eventually contribute to the realization of carbon neutrality throughout the region.



Recognized as a good practice-certified operator in ESG leasing by the Ministry of the Environment

In June 2025, The Daishi Hokuetsu Lease was selected for the fifth consecutive year as a designated leasing operator for the Program for Promoting ESG Leasing for Building a Carbon-free Society (hereinafter the "Program") promoted by the Ministry of the Environment. The Daishi Hokuetsu Lease was also recognized as a good practice-certified operator in the fiscal year ended March 31, 2026.

In cases where decarbonization equipment that meets the standards specified by the Ministry of the Environment is introduced through leasing, the Program applies a subsidy, which is calculated by applying a fixed subsidy rate to total lease payments, to lease payments as a way of passing the subsidy on to customers.

A good practice-certified operator refers to an operator, among designated operators under the Program, who has been recognized by the Minister of the Environment as an operator who has shown outstanding performance and efforts.



Supporting customers through the GX Consulting Service and the Sustainability Management Policy Formulation 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.

In addition, the company started to offer the Sustainability Management Policy Formulation Service in April 2026.

Through environmental recognition, value chain analysis, identification of materiality, and setting of KPIs appropriate to materiality, this service supports the formulation of sustainability management policy and helps develop value creation processes and sustainability visions based on the characteristics of customers.



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

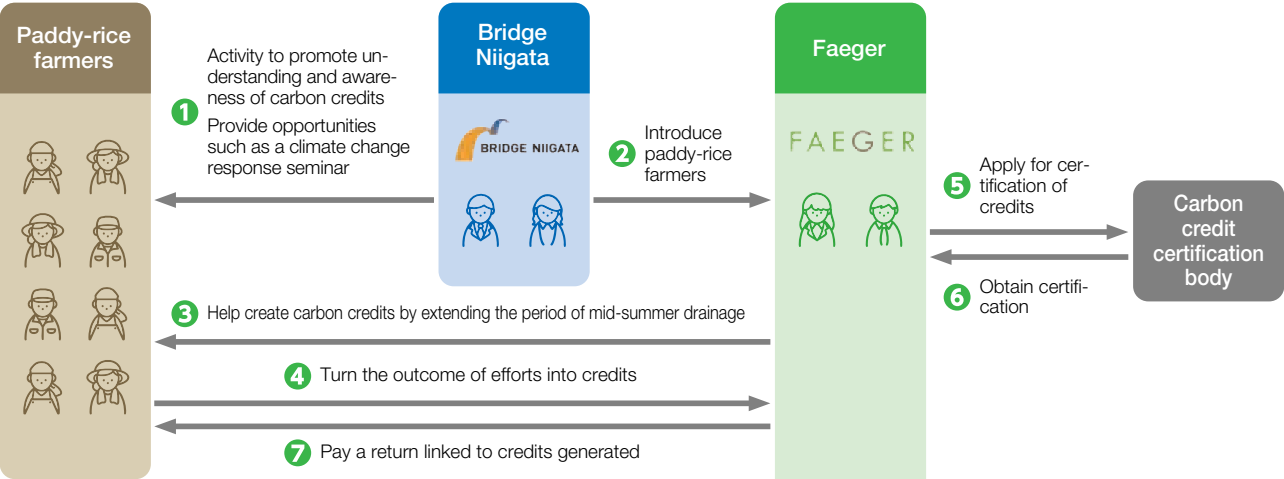
Contributing to agricultural promotion through environmental value-related products and services



In March 2026, Bridge Niigata started to offer environmental value-related products and services (hereinafter the "Program") including sale of carbon credits.*

Through the Program, we will develop a supply structure for customers in Niigata Prefecture who have needs to purchase carbon credits. In addition, we will help paddy-rice farmers in Niigata Prefecture create carbon credits and provide new profit opportunities in cooperation with Faeger Co. Ltd., which offers services that create agriculture-derived carbon credits. As such, we will promote the continued growth of agriculture in the region and decarbonization throughout the region.

* Greenhouse gas (such as CO2) cuts and removals made by companies, local governments, etc. through energy saving, forest conservation, and other efforts are recognized by the government as credits so that they can be sold to or purchased from other parties.



Initiatives for biodiversity conservation

Daishi Hokuetsu Magokoro Association, a voluntary fundraising organization established by officers and employees of Daishi Hokuetsu Bank, 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.



TSUBASA Alliance partnership measure: A food drive approach

In February 2026, Daishi Hokuetsu Bank conducted food drives* that ask employees for extra food at home, together with the TSUBASA Alliance participating banks as part of its efforts to support needy persons and reduce food loss.

The amount of food collected by all 10 banks amounted to 1,458 kg, which was donated to food banks and social welfare councils across the country through each bank.

* An activity that asks for and collects excess food in each home, etc. as well as food and ingredients that are still edible but will be thrown away for various reasons, and donates them to local welfare facilities, etc.



SDGs QUEST Mirai Koshien

In order to help make high school students more aware of sustainability and support concrete actions, Daishi Hokuetsu Bank participated for the first time as a co-host company in SDGs QUEST Mirai Koshien Joetsu Area Convention (focusing on Niigata Prefecture, Gunma Prefecture, and Tochigi Prefecture in fiscal 2025), a contest in which high school students think of and present ideas for SDGs action that becomes solutions to various social issues.

The bank runs the contest jointly with The Gunma Bank, Ltd., which provided special support as part of the Gunma and Daishi Hokuetsu Alliance.

Through support activities for the next generation, we will continue to support the growth of children who will lead the future of Niigata.



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.

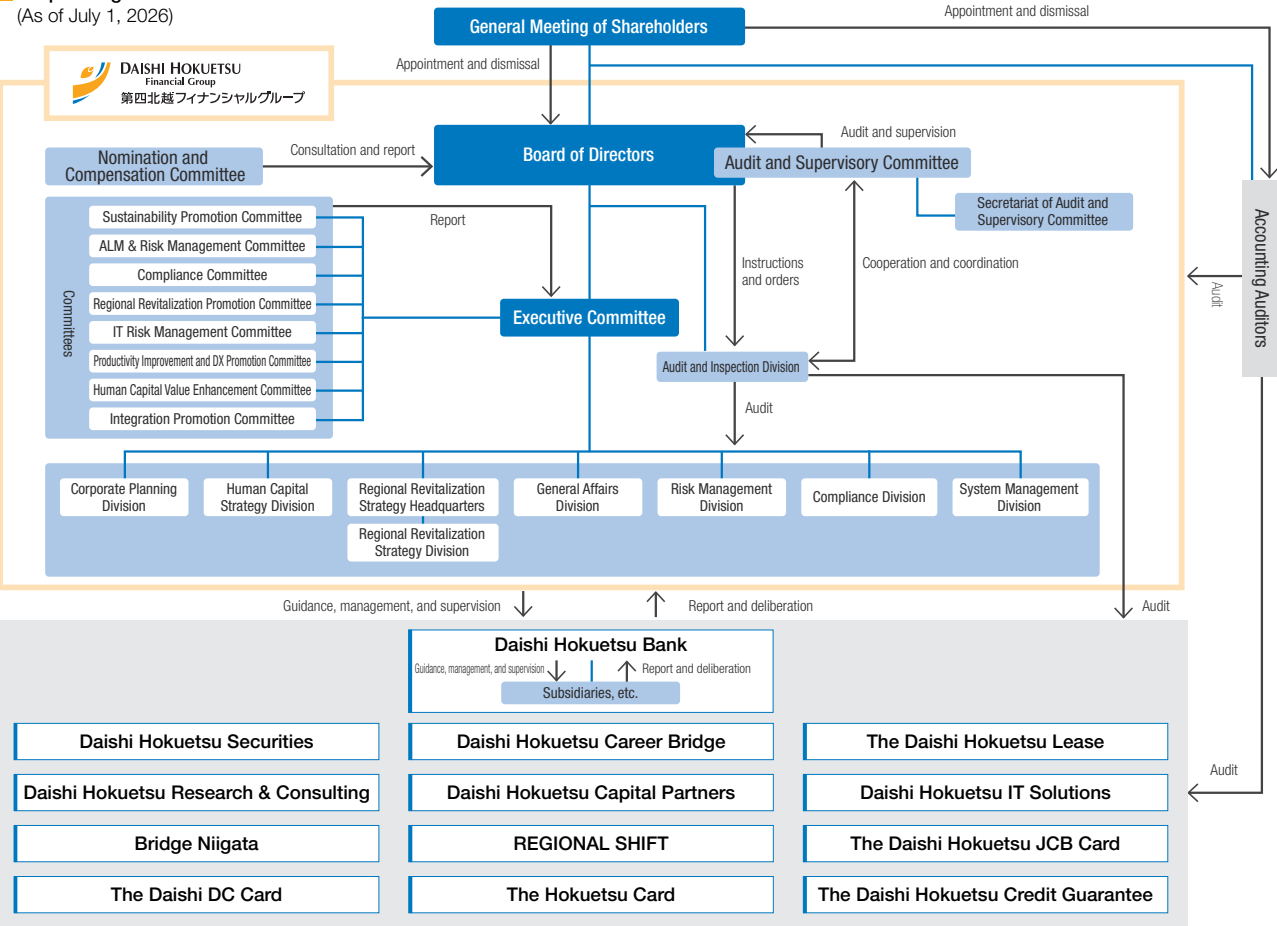
Overview of Corporate Governance Structure

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, Human Capital Value Enhancement Committee and Integration Promotion 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 (As of July 1, 2026)



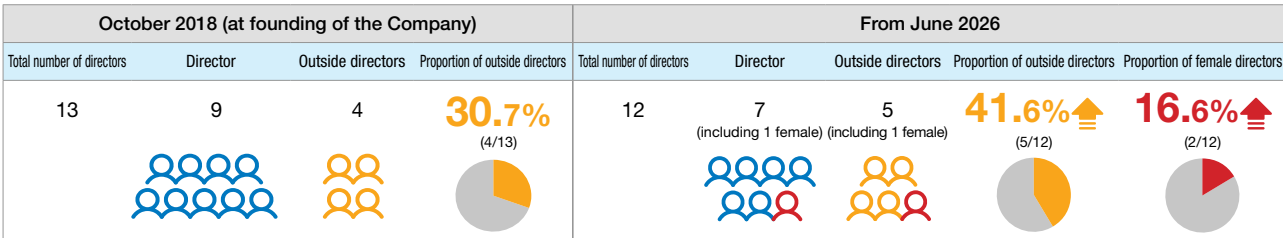
Board of Directors

Chair	President and Representative Director
Composition	Proportion of outside directors 41.6% (5 out of 12)
Number of meetings held in fiscal 2025	12 (once a month, in principle)

* In addition to the number of meetings of the Board of Directors shown on the left, there were three written resolutions 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

Director Outside directors Female 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 2025	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 83.3% (5 out of 6)
Number of meetings held in fiscal 2025	Two 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 Setting of bonus payment table (performance-linked coefficient)

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.

Outside directors are appointed in the expectation that they will leverage their respective extensive experience, broad knowledge, insight, and expertise to contribute to improving the effectiveness of the Group's auditing function and the decision-making and supervisory functions of the Board of Directors. (For details such as the career summaries of the outside directors, see P. 89–90.)

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 Management strategy and sustainability	③ Risk Management	④ Human resources management	⑤ Sales	⑩ Company screening	⑪ Market operations	⑫ Systems and operations	① Corporate management	⑥ Management theory	⑦ Financial accounting	⑧ Law	⑨ IT and systems
Michiro Ueguri	●		●	●			●					
Makoto Takahashi	●	●		●	●		●					
Ken Shibata	●	●				●						
Toshiyuki Maki				●								
Takashi Ishizaka				●								
Yoshiko Baba			●									
Naruhito Hosaka				●								
Kazuaki Matsumoto	●								●			
Tadashi Shirai	●									●		●
Hiroyuki Kikuchi	●										●	
Akira Sato	●							●				
Miki Kuwahara	●							●				

Corporate Governance Risk Management

Evaluation of the Effectiveness of the Board of Directors in Fiscal 2025

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 2025 was conducted based on the results of consulting provided by an external organization in the previous fiscal year. 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, in which all directors conducted 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 <Results of analysis and evaluation in fiscal 2025> below.

In fiscal 2026, we consider and implement measures based on the evaluation of effectiveness in fiscal 2025 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 2025 and policies for initiatives in fiscal 2026>.

Results of analysis and evaluation in fiscal 2025

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, including strengthening our consulting function and exercising the Group's comprehensive strength, with the slogan "Isshi Yuyaku (taking a brave leap under united spirits)" adopted in the 3rd Medium-Term Management Plan started in fiscal 2024. Our consolidated profit for fiscal 2025 achieved, one year ahead of schedule, the target for fiscal 2026 (the final year of the 3rd Medium-Term Management Plan) as revised upward in March 2025. - 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 (410.9 billion yen for fiscal 2025) and CO2 emissions reduction result (-74.3% compared with fiscal 2013) in fiscal 2025. With regard to CO2 emissions reduction, we were recognized in the highest rank "A List" in the 2025 climate change survey by CDP, an international environmental non-profit organization. The Group as a whole is steadily promoting measures for sustainability based on the "Basic Sustainability Policy" (established in December 2021), including the disclosure, starting with the fiscal 2025 integrated report, of information on natural capital and biodiversity based on the TNFD Recommendations. - With regard 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, and we are working toward a policy of increasing investment that contributes to the enhancement of human capital value by 5% or more year on year (fiscal 2025 result: investment of ¥70 thousand per employee*, +7.4% year on year). We also have positively made efforts to improve the workplace environment and have obtained "Health & Productivity Management Outstanding Organization for 2026" ("White 500" in the large enterprise category), "Sports Yell Company 2026," "Platinum Kurumin Plus Certification," "Platinum Eruboshi Certification," and "Gold Certification under the Niigata Prefecture Certification System for Companies that Practice Diverse and Flexible Workstyles and Women's Empowerment (Ni-ful)," receiving certain recognition from the government, Niigata Prefecture, and other organizations for our proactive implementation of health management. "White 500" is a certification that the Company has received for four consecutive years and our subsidiary, Daishi Hokuetsu Bank, has received for nine consecutive years.

*Excludes personnel expenses incurred during training.

Evolution of corporate governance enhancement

The 1st Medium-Term Management Plan (Fiscal 2018 to Fiscal 2020)	The 2nd Medium-Term Management Plan (Fiscal 2021 to Fiscal 2023)	The 3rd Medium-Term Management Plan (Fiscal 2024 to Fiscal 2026)
- Introduced the Nomination and Compensation Committee (from March 2019) - Moved forward the distribution date of Board of Directors materials (from June 2019) - Utilized video conferencing for prior briefings for outside directors (from July 2020)	- Began holding training sessions for directors provided by former Presidents (from April 2021) - Began holding individual meetings between FG directors and outside directors (from October 2022) - Began holding information exchange meetings between outside directors and Presidents of Group companies (from January 2023) - Appointed the first female director at a subsidiary bank (from June 2023)	- Appointed the Company's first female director (June 2024) - Utilized an external third-party organization for the effectiveness evaluation (February 2025) - Appointed the Company's first female outside director (June 2025) - Conducted an audit of corporate culture (February 2026)

Status of initiatives in fiscal 2025 and policies for initiatives in fiscal 2026

Matter	Fiscal 2025		Fiscal 2026
	Policies for initiatives	Main initiatives	Policies for initiatives
Ensuring the diversityof the Board of Directors	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.	- The Company's first female outside director was elected at the 7th Annual General Meeting of Shareholders (bringing the total number of female directors, including the internal female director, to two (a female director ratio of 14.2%). - 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.	- Strengthening the development of human resources toward the further appointment of women to directors and management levels, and the ongoing search for external candidates, with the goal of achieving a ratio of 30% or more of female directors by 2030. * In June 2026, the composition of the Board of Directors was reviewed; of the 12 directors, two are female directors (one internal, one external), representing a female director ratio of 16.6%.
Continued development of successors	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"	- Held a training session for the Directors and Fulltime Audit and Supervisory Committee Members of the Company and Daishi Hokuetsu Bank by the Chairman and President, and training sessions for female managers and branch/general managers by former top management - Held individual meetings to exchange views with outside directors for Directors of the Company. - Held study sessions on "generative AI" and "cyber-security," and a lecture on "regional development measures," by outside lecturers.	Improving the qualities and abilities of successor candidates on an ongoing basis through the implementation of a range of development initiatives that combine the "utilization of internal resources," which includes the passing on of knowledge to senior management, including directors, by former top management, and study sessions among directors, with the "utilization of external resources," such as the TSUBASA Alliance, external experts, prominent figures active in various fields, and industry associations, based on "successor development plans"
Response to issues surrounding sustainability	- Further enhancing the quality of discussions related to sustainability - Working 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 framework	- The Board of Directors held discussions on matters within the Sustainability Promotion Committee, such as the status of measures taken for sustainable finance, CO2 reduction, and efforts for enhancement of human capital value, as well as issues identified and measures taken through such efforts. - Recognized as the highest "A List" rank by CDP, an international environmental non-profit organization, in the 2025 climate change survey. - Disclosed information related to natural capital and biodiversity based on the TNFD Recommendations.	- In addition to our response to climate change and natural capital, further strengthening of sustainability initiatives that take into account perspectives such as regional initiatives and enhancement of human capital - Further enhancing information disclosure related to sustainability - Preparing for information disclosure based on the sustainability disclosure standards of the Sustainability Standards Board of Japan (SSBJ)
Strengthening the support system to enhance directors' capabilities	- Enhancing discussions on capital costs and PBR with a view to flexible capital policies and proactive dialogue with shareholders and investors - Improving 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 - As support for outside directors, expanding the input of peripheral information related to deliberation topics and information on the external environment etc.	- Held study sessions on the theme of "capital cost management," led by a person with experience in top management. - 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 standardized approach to the Foundation Internal Ratings Based Approach (FIRB). - Held information exchange meetings between outside directors and the Presidents of Group companies, explained the status of the Company's various initiatives at meetings of the Audit and Supervisory Committee, and provided information to deepen understanding of the Company through participation in general meetings and the young employees' final presentation. - Introduced a paperless system for the Executive Committee to ensure that they are not affected by the office environment.	- Providing continuous information to deepen discussions on capital costs and PBR, with a view to flexible capital policies and proactive dialogue with shareholders and investors - Establishing a continuous training system according to years of experience, including setting up training for newly appointed directors, both internal and external - Recommending books and introducing seminars that contribute to self-development, expanding opportunities for contact with external experts, and systematically implementing training and lectures on timely themes. - As support for outside directors, expanding the input of peripheral information and information on the external environment utilizing the Group's think tank, etc., and conducting site visits, etc.
Efforts to further revitalize deliberations	- 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 meetings - Enhancing discussions at the Executive Committee meetings and the Board of Directors meetings to deepen understanding of corporate culture	- Set Board of Directors agenda items in advance and, with a view to further invigorating discussions, distributed agenda materials early and provided advance explanations to outside directors. - Conducted a corporate culture audit through a survey of all employees in collaboration with external experts, and held discussions at the Executive Committee meetings and the Board of Directors meetings.	- Setting agenda items on the allocation of management resources such as the business portfolio and human capital, and on further understanding of capital costs and their alignment with management strategy, with a view to sustainable growth and enhancement of corporate value. - Qualitatively improving the ability to analyze and manage key risks related to large-scale regional revitalization projects - Holding discussions to realize an "organization with a more desirable culture" based on the results of the corporate culture analysis
Deepening discussions toward the strategic use of AI	-	-	Further accelerating the specific implementation of AI utilization by increasing opportunities for regular reports to the Board of Directors on the recognition of challenges and progress toward the strategic use of AI, as well as for discussions on this topic

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 Compensation 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 2026 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 profit attributable to owners of the parent for the Company and core business net profit for the subsidiary banks, and the level of achievement of KPIs related to environmental and social challenges. If consolidated profit attributable to owners of the parent 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 Compensation 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.
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<Fiscal 2026 target>

Consolidated profit attributable to owners of the parent for the Company of 50.0 billion yen and core business net profit for the subsidiary banks of 56.9 billion yen (as of June 24, 2026)

Ratio	Consolidated profit attributable to owners of the parent for the Company	Core business net profit for the subsidiary banks	Achievement of KPIs related to environmental and social challenges
130%	65.0 billion yen or more	73.97 billion yen or more	
120%	60.0 billion yen or more and less than 65.0 billion yen	68.28 billion yen or more and less than 73.97 billion yen	To be decided as necessary based on achievement status
110%	55.0 billion yen or more and less than 60.0 billion yen	65.29 billion yen or more and less than 68.28 billion yen	To be decided as necessary based on achievement status
100%	50.0 billion yen or more and less than 55.0 billion yen	56.9 billion yen or more and less than 65.29 billion yen	All 12 KPI indicators achieved
90%	45.0 billion yen or more and less than 50.0 billion yen	51.21 billion yen or more and less than 56.9 billion yen	10 or more KPI indicators achieved
80%	40.0 billion yen or more and less than 45.0 billion yen	45.52 billion yen or more and less than 51.21 billion yen	9 or less KPI indicators achieved
70%	Less than 40.0 billion yen	Less than 45.52 billion yen	

KPIs related to environmental and social issues

Environmental and social issues		KPIs	Fiscal 2026 target
E	Active efforts to address environmental issues	CO2 emissions reduction rate (vs. fiscal 2013)	-78% range
		Executed amounts for sustainable finance*1	1,520.0 billion yen
S	Revitalize regional economy and society by solving community and customer issues	Number of companies supported in business founding and succession	3,280 cases
		Number of DX/productivity improvement support*2	470 cases
		Percentage of business partners with improved management indicators, etc.	75% or more
		Number of companies supported in formulating management improvement plans	440 cases
		Number of digital customers*3	800,000 customers
		Assets under custody of the Group*4	1,857.0 billion yen
		Number of clients supported in sales channel development (regional trading companies)*5	930 clients
G	Strengthen relationships of trust with stakeholders by enhancing governance, such as ensuring diversity	Number of companies supported in human resources solution*2	760 cases
		Proportion of female managers*6	27.0% or more
		Total number of business partners of the Group*7	69,400 partners

*1 Cumulative total from fiscal 2021 *2 Cumulative total from fiscal 2024 *3 Total number of Daishi Hokuetsu ID holders (e.g. Little Bank, My Page users) and individual e-net banking users
*4 Total amount of assets under custody of the Daishi Hokuetsu Bank (investment trusts, public bonds, and insurance) and assets under custody of the Daishi Hokuetsu Securities (stocks, bonds, and investment trusts excluding MRF, etc.) *5 Cumulative total from October 2019 *6 Ratio of female managers (deputy level and above) (Daishi Hokuetsu Bank, non-consolidated)
*7 Number of corporate clients with recurring business with the Group companies (total number)

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 top management to future President candidates**
Holding monthly training sessions provided by former top management with the aim of passing on knowledge to future President candidates.
 - **Knowledge transfer from former top management to director candidates**
Regularly holding training sessions provided by former top management for female managers and general managers 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 and lectures conducted by external lecturers**
Various training sessions and lectures are held for management by external lecturers on topics such as generative AI 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 managers, including women, 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 six managers of subsidiary banks (including three women), making a total of 11 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

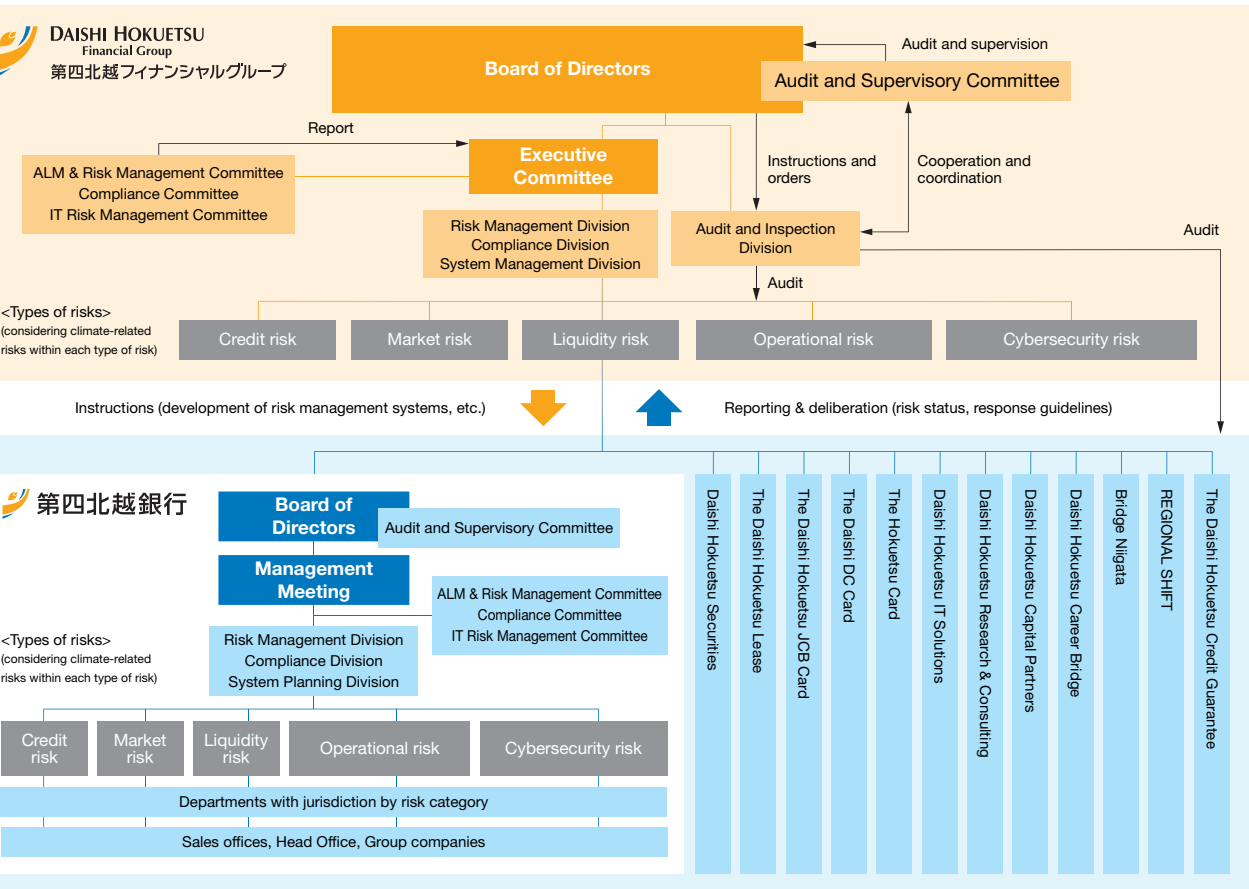
Based on the above basic policy, the Group has established a Risk Management Division as a supervisory organization that understands and manages risk comprehensively, cutting across organizational boundaries. Furthermore, the Group has established the ALM & Risk Management Committee to comprehensively 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 allocates risk capital to Daishi Hokuetsu Bank 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, 2026)



Corporate Governance Risk Management

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 develops various rules concerning credit risk management, and plans and implements activities to analyze, evaluate, and improve its credit risk management, based on these rules.

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.

● 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, including reviewing 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 and responding to early warnings.

Other Major Risks

● Risks related to external factors (conflicts, international disputes, fluctuations in resource prices, etc.)

The global economy continues to face a high degree of uncertainty, due to geopolitical conflicts among major countries and fluctuations in trade policies, in addition to continuation of tensions in the Middle East. Furthermore, trends in monetary policy, inflation, the slowdown of overseas economies, fluctuations in resource prices, and other factors may affect the real economy and financial markets.

If these external factors lead to a deterioration in corporate earnings or instability in financial markets, there is a possibility that the Group's business results and financial position may be adversely affected by an increase in credit-related expenses, the occurrence of appraisal loss or impairment loss on assets held, and other factors. We have a system in place where any important situations will be promptly reported by the ALM & Risk Management Committee to 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.

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, and unauthorized money transfers via internet banking. 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.

Corporate Governance Risk Management

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 Risk Management 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 is one of the most important responsibilities for a financial institution to perform. Accordingly, we deem this an important issue in terms of business strategy, and we are implementing systematic measures based on the "Basic Policy on Countermeasures against Money Laundering and Terrorist Financing."

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 and terrorist financing 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 and terrorist financing, 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 and terrorist financing, 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 and terrorist financing
- 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

Furthermore, "TSUBASA ALLIANCE Co., Ltd.," which was established through joint investment by Daishi Hokuetsu Bank and other banks participating in the TSUBASA Alliance, has opened an "Anti-Money Laundering Center (AML Center)" within the company and, in collaboration with the participating banks, has been advancing the sophistication of its risk management framework for the prevention of money laundering and terrorist financing. Amid growing international demand, in November 2023, TSUBASA ALLIANCE Co., Ltd. and Nomura Research Institute, Ltd. jointly established "TSUBASA-AML Center, Ltd.," a joint venture that operates measures against money laundering and terrorist financing.

In order to achieve collaboration extending to the operational level, the company will not only conduct planning and research operations related to measures against money laundering and terrorist financing, but will also jointly operate core operations related to such measures, by combining the extensive knowledge and experience of the banks participating in the TSUBASA Alliance with the advanced financial IT solutions of Nomura Research Institute, Ltd.

Daishi Hokuetsu Bank will continue to work on advancing the sophistication of measures against money laundering and terrorist financing, an international demand, while making use of the insight and know-how of each of the banks participating in the TSUBASA Alliance.

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.

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.

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 2025 are posted on the Company's website.

<https://www.dhfg.co.jp/other/fiduciary/>
(in Japanese only)



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)



Communication with Stakeholders

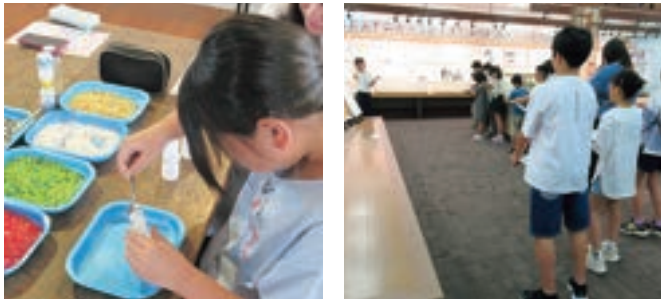
The Company builds relationships of trust through frequent communication with many stakeholders, including local communities, customers, employees, shareholders, and investors. In addition, in order to ensure the soundness and transparency of our management, we engage in disclosure activities to create 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 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 fiscal 2013, 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)

17,724 people

As of March 31, 2026



Number of students granted scholarships

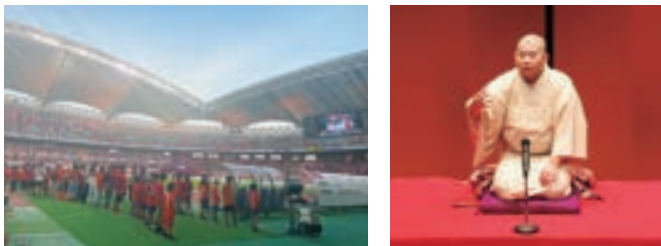
1,371 people

As of July 31, 2026

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 LifeUp Concert and solo Rakugo performances to provide high-quality music, traditional performing arts.



Support for a local sports club

Scene from the "Solo Rakugo Performance"

Volunteer activities by the Daishi Hokuetsu Magokoro Association

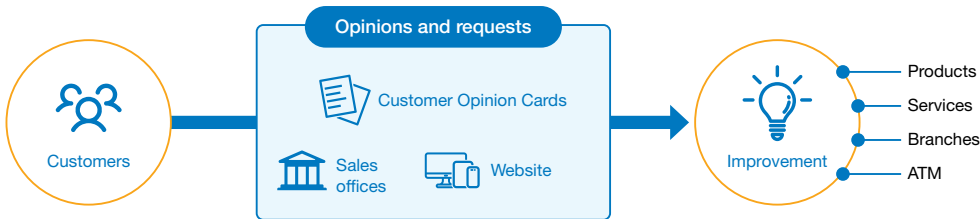
Daishi Hokuetsu Bank engages in volunteer environmental protection activities and donates to environmental protection and social welfare groups in Niigata Prefecture through the Daishi Hokuetsu Magokoro Association, an organization operated through voluntary participation and donations from executives and employees (Details P.72).



Donation to the Sado Japanese Crested Ibis Conservation Center

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.54).



Dialogue session

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/>
(in Japanese only)



Results of Main Activities (Fiscal 2025)

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)	1	Managing and Representative Director (in charge of Finance)	Analysts, etc.
Company briefing session for individual investors	2	President and Managing and Representative Director (in charge of Finance)	Individual shareholders
Individual meetings with analysts and institutional investors (IR)	22	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 3rd Medium-Term Management Plan	April and July, 2026	Upward revision of the 3rd Medium-Term Management Plan
Review of the policy on the reduction of cross-shareholdings	May 2026	Upward revision of market value-based reduction targets
Enhancement of the content of the Integrated Report	August 2026	Enhancement of content such as the Outside Directors Roundtable and messages from presidents of Group companies

Shareholder Benefits System

As part of its shareholder return policy, the Company has introduced a shareholder benefits system since its establishment in 2018. The Company presents shareholders holding 300 shares or more but less than 600 shares with a gift of local Niigata products. In addition, shareholders holding 600 shares or more may choose their preferred item from either the option featuring Niigata specialty products and various donation options, or the option featuring specialty products from other prefectures prepared under the TSUBASA Alliance. 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 the Company's shares 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.

Amount of Gift

Number of Shares Owned	Amount
300 shares to less than 600 shares	Equivalent to 1,000 yen
600 shares to less than 6,000 shares	Equivalent to 2,500 yen
6,000 shares or more	Equivalent to 6,000 yen



List of Executives

Directors (As of June 24, 2026)

President and Representative Director
Michiro Ueguri

Years in service as Director	7 years and 9 months
Number of Board of Directors meetings attended	12/12
Number of Audit and Supervisory Committee meetings attended	—
Number of Nomination and Compensation Committee meetings attended	2/2
Number of shares of the Company held	38,100



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

Years in service as Director	7 years and 9 months
Number of Board of Directors meetings attended	12/12
Number of Audit and Supervisory Committee meetings attended	—
Number of Nomination and Compensation Committee meetings attended	—
Number of shares of the Company held	40,400



Managing and Representative Director
Ken Shibata

Years in service as Director	6 years
Number of Board of Directors meetings attended	12/12
Number of Audit and Supervisory Committee meetings attended	—
Number of Nomination and Compensation Committee meetings attended	—
Number of shares of the Company held	28,900



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.
June 2026	Chairman (Representative Director), General Manager, Operation Headquarters, in charge of Administration Management Division/System Planning Division/Operation Centralization Division/Operation Support Division/Risk Management Division/Compliance Division, Daishi Hokuetsu Bank, Ltd. (current position)

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
June 2024	Representative Managing Director, in charge of Corporate Planning Division/Group Strategy Promotion Division and Treasury and Capital Markets Division, the Company
June 2026	Representative Managing Director, in charge of Corporate Planning Division/Human Capital Strategy Division/General Affairs Division and Treasury and Capital Markets Division, the Company (current position) Deputy President (Representative Director), in charge of Planning Coordination Division/Treasury and Capital Markets Division and Tokyo Representative Office, Daishi Hokuetsu Bank, Ltd. (current position)

Directors (As of June 24, 2026)

Director
Toshiyuki Maki

Years in service as Director	5 years
Number of Board of Directors meetings attended	12/12
Number of Audit and Supervisory Committee meetings attended	—
Number of Nomination and Compensation Committee meetings attended	—
Number of shares of the Company held	11,800



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, the Company Managing Director, 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) Senior Managing Director (Representative Director), 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.
February 2026	Senior Managing Director (Representative Director), General Manager, Regional Revitalization Business Headquarters, in charge of Regional Strategy Division, Daishi Hokuetsu Bank, Ltd.
June 2026	Deputy President (Representative Director) in charge of Regional Strategy Division and AI Transformation Strategy Division, Daishi Hokuetsu Bank, Ltd. (current position)

Director
Takashi Ishizaka

Years in service as Director	3 years
Number of Board of Directors meetings attended	11/12
Number of Audit and Supervisory Committee meetings attended	—
Number of Nomination and Compensation Committee meetings attended	—
Number of shares of the Company held	10,400



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 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, Daishi Hokuetsu Bank, Ltd.
June 2025	Director, Deputy General Manager, Regional Revitalization Strategy Headquarters, Deputy in charge of Regional Revitalization Strategy Division, the Company (current position) Managing Director, Deputy General Manager, Business Headquarters, and Deputy General Manager, Tokyo Business Headquarters, in charge of Consulting Division and Business Development and Planning Division, Daishi Hokuetsu Bank, Ltd.
February 2026	Managing Director, Deputy General Manager, Regional Revitalization Business Headquarters, in charge of Consulting Division and Business Development and Planning Division, Daishi Hokuetsu Bank, Ltd.
June 2026	Managing Director in charge of Consulting Division and Business Development and Planning Division, Daishi Hokuetsu Bank, Ltd. (current position)

List of Executives

Directors (As of June 24, 2026)

Director Yoshiko Baba			Director (Audit and Supervisory Committee Member) Naruhito Hosaka		
Years in service as Director	2 years		Years in service as Director	1 year	
Number of Board of Directors meetings attended	12/12		Number of Board of Directors meetings attended	12/12	
Number of Audit and Supervisory Committee meetings attended	—		Number of Audit and Supervisory Committee meetings attended	12/12	
Number of Nomination and Compensation Committee meetings attended	—		Number of Nomination and Compensation Committee meetings attended	2/2	
Number of shares of the Company held	4,884		Number of shares of the Company held	23,700	
Brief career summary, positions and responsibilities			Brief career summary, positions and responsibilities		
April 1991	Joined The Daishi Bank, Ltd.		April 1986	Joined The Daishi Bank, Ltd.	
February 2016	General Manager, Inada Office		June 2006	General Manager, Ubagayama Office	
May 2019	President and Representative Director, Daishi Hokuetsu Career Bridge Co., Ltd.		April 2008	General Manager, Inada Office	
June 2022	Executive Officer, Daishi Hokuetsu Bank, Ltd.		June 2013	General Manager, Naoetsu Office	
June 2023	Director, General Manager, Minami Niigata Office, Daishi Hokuetsu Bank, Ltd.		February 2016	General Manager, Shibata Office	
June 2024	Director, the Company		June 2017	Executive Officer, General Manager, Nagaoka Main Office	
June 2025	General Manager, Human Capital Strategy Division, the Company Director, General Manager, Personnel Division, Daishi Hokuetsu Bank, Ltd.		June 2019	Executive Officer, General Manager, Tokyo Office	
March 2026	Director, General Manager, Human Capital Strategy Division, and General Manager of Diversity, Equity & Inclusion Promotion Office, the Company		January 2021	Executive Officer, General Manager, Tokyo Branch, Daishi Hokuetsu Bank, Ltd.	
June 2026	Director, the Company (current position) Director, General Manager, Takada Main Office, General Manager, Takada Chuo Branch, and General Manager, Minami Takada Branch, Daishi Hokuetsu Bank, Ltd. (current position)		June 2021	Executive Officer, General Manager, Takada Main Office, General Manager, Takada Chuo Branch, and Manager, Honmachi Sub-office	
			June 2023	Director (Audit and Supervisory Committee Member)	
			June 2025	Director (Audit and Supervisory Committee Member), the Company (current position)	

Outside directors (As of June 24, 2026)

Director (outside) Audit and Supervisory Committee Member Kazuaki Matsumoto			Director (outside) Audit and Supervisory Committee Member Tadashi Shirai		
Years in service as Director	7 years and 9 months		Years in service as Director	4 years	
Number of Board of Directors meetings attended	12/12		Number of Board of Directors meetings attended	12/12	
Number of Audit and Supervisory Committee meetings attended	12/12		Number of Audit and Supervisory Committee meetings attended	12/12	
Number of Nomination and Compensation Committee meetings attended	2/2		Number of Nomination and Compensation Committee meetings attended	2/2	
Number of shares of the Company held	1,600		Number of shares of the Company held	6,000	
Brief career summary, positions and responsibilities			Brief career summary, positions and responsibilities		
April 2011	Part-time Lecturer, Graduate School of Business Administration, Meiji University (current position)		September 1981	Joined Deloitte Haskins & Sells LLP Accountant Office (currently Deloitte Touche Tohmatsu LLC)	
April 2012	Professor, Department of Management, Faculty of Economy and Management, Nagaoka University		April 1984	Registered as a Certified Public Accountant	
April 2017	Professor, Department of Economy and Management, Faculty of Economy and Management, Nagaoka University		June 1993	Partner, Deloitte Touche Tohmatsu LLC	
October 2018	Outside Director (Audit and Supervisory Committee Member), the Company (current position)		October 2015	Board Member and Chairman of Audit Committee Deloitte Touche Tohmatsu LLC	
April 2019	Professor, Department of Management, Faculty of Business Administration, Kyoto Sangyo University (current position)		October 2020	Supervisor, Kanade Partnership	
			June 2022	Outside Director (Audit and Supervisory Committee Member), the Company (current position)	
			October 2024	Partner, Kanade Partnership (current position)	

Outside directors (As of June 24, 2026)

Director (outside) Audit and Supervisory Committee Member Hiroyuki Kikuchi			Director (outside) Audit and Supervisory Committee Member Akira Sato		
Years in service as Director	4 years		Years in service as Director	2 years	
Number of Board of Directors meetings attended	12/12		Number of Board of Directors meetings attended	11/12	
Number of Audit and Supervisory Committee meetings attended	12/12		Number of Audit and Supervisory Committee meetings attended	11/12	
Number of Nomination and Compensation Committee meetings attended	2/2		Number of Nomination and Compensation Committee meetings attended	2/2	
Number of shares of the Company held	800		Number of shares of the Company held	0	
Brief career summary, positions and responsibilities			Brief career summary, positions and responsibilities		
April 1996	Registered as an attorney (Member of Niigata Bar Association)		April 1981	Joined The Niigata Nippo, Inc	
June 2004	Principal, Masayakoji Law & Patent Office (current position)		March 2016	Director	
April 2005	Registered as a patent attorney		March 2018	Managing Director	
April 2006	Registered as a tax accountant		March 2020	Senior Managing Director	
August 2016	President, Niigata Bar Association Executive Governor, Kanto Federation of Bar Associations		March 2022	President and Representative Director (current position)	
June 2022	Outside Director (Audit and Supervisory Committee Member), the Company (current position)		June 2022	Outside Director, Broadcasting System of Niigata Inc. (currently BSN Media Holdings, Inc.) (current position)	
			June 2024	Outside Director (Audit and Supervisory Committee Member), the Company (current position)	

Director (outside) Audit and Supervisory Committee Member Miki Kuwahara			Brief career summary, positions and responsibilities		
Years in service as Director	1 year		April 1979	Joined TV Asahi Corporation	
Number of Board of Directors meetings attended	11/12		June 2013	Director and General Manager, Tokyo Branch, The Niigata Television Network 21, Inc.	
Number of Audit and Supervisory Committee meetings attended	11/12		June 2015	Managing Director and General Manager, Tokyo Branch	
Number of Nomination and Compensation Committee meetings attended	2/2		March 2016	Managing Director and General Manager, Sales Division	
Number of shares of the Company held	200		June 2017	President and CEO (current position)	
			June 2025	Outside Director (Audit and Supervisory Committee Member), the Company (current position)	

Financial Data

Consolidated Financial Results (Millions of yen)

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Ordinary income	135,711	148,759	182,058	194,646	260,253
Consolidated gross profit	91,349	91,239	97,189	103,586	97,207
Net interest income	60,396	67,919	64,268	73,584	90,088
Fees and commissions	21,065	22,821	25,407	25,258	29,393
Profit from other businesses	9,887	498	7,514	4,743	(22,274)
Operating expenses	65,070	62,556	63,338	62,661	64,595
Provision for bad debts written-offs	7,600	5,395	7,246	5,560	10,301
Recoveries of written off receivables	501	482	752	835	737
Gains (losses) on stocks	3,667	534	2,502	3,260	38,735
Other	698	744	1,010	1,651	(667)
Ordinary profit	23,545	25,048	30,868	41,112	61,115
Extraordinary income	418	1,046	1,512	393	288
Extraordinary losses	622	1,144	2,622	330	1,657
Profit before income taxes	23,342	24,949	29,758	41,176	59,746
Income taxes - current	8,281	6,699	9,198	10,524	20,190
Income taxes - deferred	(469)	366	(644)	1,300	(2,550)
Net income	15,530	17,883	21,204	29,350	42,106
Profit attributable to non-controlling interests	385	115	1	0	2
Profit attributable to owners of parent	15,144	17,768	21,203	29,349	42,103

Consolidated Balance Sheet Summary (Millions of yen)

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Total assets*1	10,670,473	10,518,089	11,138,009	10,977,796	10,840,284
Securities	2,501,271	2,871,378	3,072,041	2,904,886	2,513,197
Loans and bills discounted	5,114,102	5,265,963	5,430,402	5,580,589	5,872,093
Total liabilities*1	10,236,442	10,102,139	10,638,106	10,498,925	10,270,833
Deposits	8,207,503	8,367,554	8,498,683	8,522,003	8,513,335
Negotiable certificates of deposit	233,401	213,228	206,769	212,011	169,685
Total net assets*1	434,031	415,949	499,902	478,870	569,451
Total shareholders' equity*1	408,999	424,413	435,315	455,399	480,854
Retained earnings*1	281,700	294,499	309,972	331,103	356,138
Total accumulated other comprehensive income	19,987	(8,463)	64,568	23,464	88,586
Non-controlling interests	5,044	—	19	6	9

*1. The "Implementation Guidance on Accounting Standard for Tax Effect Accounting" has been applied from the beginning of fiscal 2024. The changes in accounting policies have been applied retrospectively, and accordingly, the figures for the fiscal years prior to fiscal 2023 reflect retrospective application.

Financial Indicators (Consolidated)

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Capital adequacy ratio (%)*2	10.51	10.23	10.03	10.59	12.07
Net assets per share (yen)*3,4	1,574.71	1,542.86	1,902.22	1,829.28	2,169.74
Net income per share (yen)*4	55.40	65.29	79.11	111.97	160.59
Dividend per share (yen)*4	20	20	24.16	43.66	63
Dividend payout ratio (%)	36.1	30.7	30.8	39.8	40.0
Return on equity (ROE) (%)	3.5	4.2	4.6	5.9	8.0

*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 standardized approach to the Foundation Internal Ratings Based Approach.

*3. The "Implementation Guidance on Accounting Standard for Tax Effect Accounting" has been applied from the beginning of fiscal 2024. The changes in accounting policies have been applied retrospectively, and accordingly, the figures for the fiscal years prior to fiscal 2023 reflect retrospective application.

*4. The Company conducted a 2-for-1 stock split of its common shares effective October 1, 2024, and a 3-for-1 stock split of its common shares effective October 1, 2025. In the above table, the calculations are made on the assumption that these stock splits were conducted at the beginning of fiscal 2021.

Non-Financial Data

Environment

	Unit	Fiscal 2023	Fiscal 2024	Fiscal 2025
CO2 emissions (Total of Scopes 1 and Scope 2)	t-CO2	7,429	5,512	(Preliminary figure) 4,316
Sustainable finance results (Cumulative amount executed from fiscal 2021 onward)	Billion yen	434.6	769.6	11,805
Results of Daishi Hokuetsu SDGs Consulting Service (cumulative)	Cases	3,242	4,368	1,180.5

Social

Daishi Hokuetsu Financial Group	Unit	Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of employees	Persons	3,549	3,504	3,456
Ratio of female general managers	%	5.4	8.1	8.0
Ratio of women in management positions (deputy level and above)*1	%	23.8	23.9	24.8
Take-up rate of childcare leave	%	102.4	103.7	101.5
Take-up rate of childcare leave (male workers only)	%	105.8	106.6	106.2
Take-up rate of childcare leave (female workers only)	%	98.5	101.1	96.9
Disparity in wages between men and women	%	49.8	51.1	53.0
Regular employees (corporate and bank employees)	%	63.1	65.0	67.0
Fixed-term/part-time workers	%	68.1	66.8	66.6
Employee Engagement Total Score	Points	76.8	77.8	78.4

Daishi Hokuetsu Bank	Unit	Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of employees	Persons	2,979	2,935	2,893
Ratio of women in management positions (deputy level and above)*1	%	26.0	26.3	26.8
Take-up rate of childcare leave	%	104.0	105.3	102.6
Take-up rate of childcare leave (male workers only)	%	108.8	110.4	107.4
Take-up rate of childcare leave (female workers only)	%	98.5	101.2	98.2
Disparity in wages between men and women	%	47.7	48.7	50.0
Regular employees (corporate and bank employees)	%	61.9	63.2	64.7
Fixed-term/part-time workers	%	69.0	68.5	67.1
Annual paid leave take-up rate	%	67.3	66.7	67.4
Proportion women among new graduate hires	%	35.8	40.7	34.9
Mid-career hire ratio	%	20.2	18.1	15.5
Rate of employment of people with disabilities	%	2.3	2.4	2.6
Training expenses per person (Amount of human capital investment)	Excluding the value of time invested*2 Thousands of yen	61	65	70
	Including the value of time invested*2 Thousands of yen	116	130	139

*1. Management positions are defined as employees at the deputy level and above based on their job responsibilities and authority, such as authority to make operational decisions and approve important administrative matters, as well as responsibilities for overseeing operations and instructing and developing subordinates. As of March 31, 2026, the proportion of female employees in management positions as defined under the Labor Standards Act was 13.9% at Daishi Hokuetsu Financial Group and 15.9% at Daishi Hokuetsu Bank.

*2. Personnel expenses incurred during training

Governance

	Unit	Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of directors*3	Persons	14	15	14
Number of female directors*3	Persons	0	1	2
Number of outside directors*3	Persons	5	5	5

*3. As of June 24, 2026, the Board of Directors consisted of 12 members, including 2 female directors and 5 outside directors.

External Evaluation

CDP

The Company received an "A" score in the "Climate Change Report 2025" 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

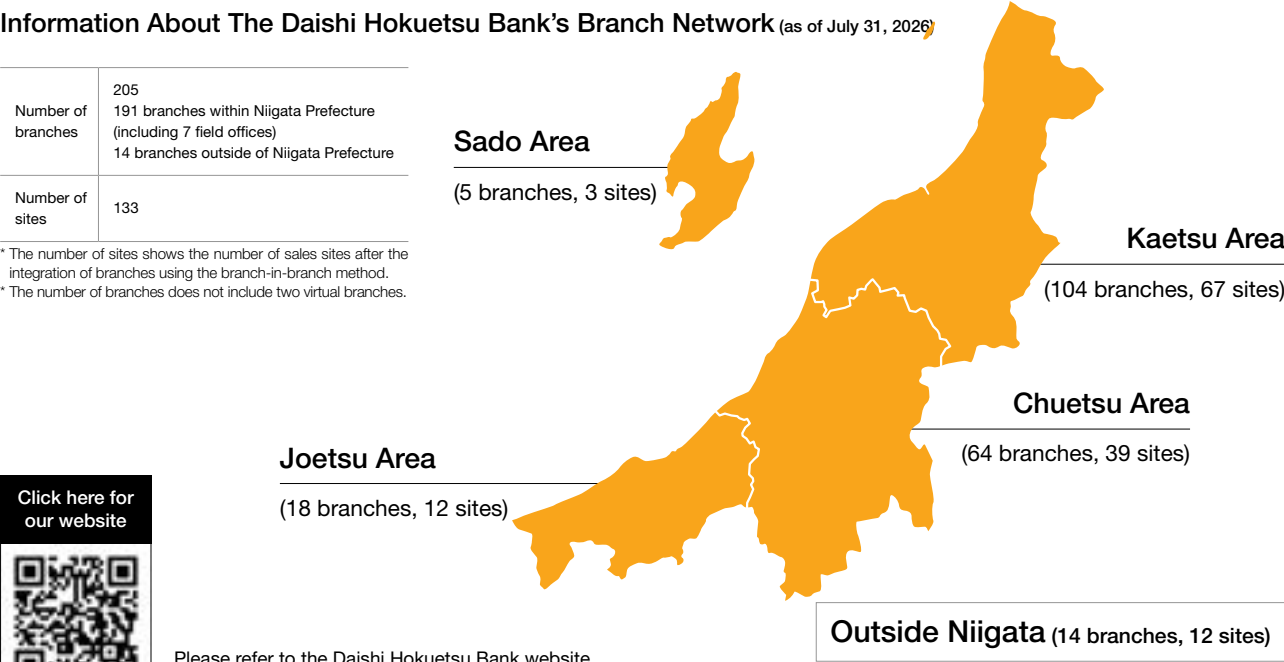
Status of Each Group Company

(As of July 31, 2026)			
Company name	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. 2-1 Minami-sasaguchi 1-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
REGIONAL SHIFT Co., Ltd. 4-12 Kyobashi 2-chome, Chuo-ku, Tokyo	Consulting services	June 18, 2026	¥90.00 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, 2026)

Number of branches	205 191 branches within Niigata Prefecture (including 7 field offices) 14 branches outside of Niigata Prefecture
Number of sites	133

* 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

Corporate Logo and Corporate Color of the Daishi Hokuetsu FG

Corporate Logo



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, 2026

Note: The translations of the Japanese yen amounts into US dollars are using the prevailing exchange rate at March 31, 2026, which was ¥159.88 to US \$1.

Assets	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Cash and due from banks	¥2,147,289	¥2,026,292	\$12,673,834
Monetary claims bought	14,121	14,158	88,558
Trading account securities	2,243	2,355	14,731
Money trusts	4,947	4,943	30,920
Securities	2,904,886	2,513,197	15,719,274
Loans and bills discounted	5,580,589	5,872,093	36,728,131
Foreign exchanges	26,461	29,129	182,195
Other assets	206,444	280,274	1,753,031
Tangible fixed assets	54,179	53,456	334,352
Intangible fixed assets	6,741	5,142	32,162
Assets related to retirement benefits	32,977	51,784	323,898
Deferred tax assets	8,348	3,024	18,917
Customers' liabilities for acceptances and guarantees	19,352	18,479	115,580
Allowance for loan losses	(30,784)	(34,048)	(212,960)
Total assets	¥10,977,796	¥10,840,284	\$67,802,629

Liabilities	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Deposits	¥8,522,003	¥8,513,335	\$53,248,280
Negotiable certificates of deposit	212,011	169,685	1,061,329
Securities sold under repurchase agreements	166,011	179,628	1,123,523
Payables under securities lending transaction	367,662	355,430	2,223,105
Borrowed money	965,660	784,182	4,904,820
Foreign exchanges	749	503	3,149
Borrowed money from trust account	20,198	24,530	153,433
Other Liabilities	208,763	188,419	1,178,503
Provision for bonuses	2,581	2,797	17,498
Provision for directors' bonuses	171	174	1,091
Provision for share-based payment	931	1,055	6,604
Retirement benefit related liabilities	745	700	4,380
Provision for directors' retirement benefits	53	48	305
Provision for reimbursement of deposits	814	630	3,946
Provision for contingent loss	1,726	1,815	11,354
Provision for loss on dismantling of fixed assets	1,012	650	4,067
Reserves under the special laws	28	31	194
Deferred tax liabilities	3,566	24,196	151,339
Deferred tax liabilities for land revaluation	4,878	4,537	28,379
Acceptances and guarantees	19,352	18,479	115,580
Total Liabilities	¥10,498,925	¥10,270,833	\$64,240,888

Net Assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Capital stock	¥30,000	¥30,000	\$187,640
Capital surplus	102,987	102,988	644,159
Retained earnings	331,103	356,138	2,227,533
Treasury stocks	(8,692)	(8,271)	(51,735)
Shareholders' equity	455,399	480,854	3,007,598
Valuation difference on available-for-sale securities	(16,967)	14,946	93,487
Deferred gains or losses on hedges	22,085	41,496	259,545
Revaluation reserve for land	5,281	8,657	54,148
Remeasurements of defined benefit plans	13,064	23,486	146,899
Total accumulated other comprehensive income	23,464	88,586	554,080
Non-controlling interests	6	9	62
Total net assets	478,870	569,451	3,561,741
Total Liabilities and Net assets	¥10,977,796	¥10,840,284	\$67,802,629

Consolidated Statements of Income Years ended March 31, 2026

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Ordinary income	¥194,646	¥260,253	\$1,627,805
Financing income	115,106	137,566	860,438
Interest on loans and discounts	55,033	69,770	436,391
Interest and dividends on securities	46,816	53,310	333,439
Interest on call loans and bills bought	83	95	594
Interest on deposits with banks	5,057	10,571	66,122
Other interest income	8,114	3,819	23,889
Trust fees	145	134	843
Fees and commissions	36,090	40,390	252,631
Other ordinary income	36,800	38,129	238,486
Other income	6,504	44,031	275,404
Ordinary expenses	153,534	199,138	1,245,546
Financing expenses	41,524	47,486	297,016
Interest on deposits	4,910	15,489	96,880
Interest on negotiable certificates of deposit	98	380	2,382
Interest on bills sold	9,291	7,390	46,222
Interest on payables under securities lending transactions	19,274	14,642	91,587
Interest on borrowings and rediscounts	50	63	395
Other interest expenses	7,898	9,520	59,546
Fees and commissions payments	10,976	11,132	69,631
Other ordinary expenses	32,056	60,403	377,806
General and administrative expenses	62,661	64,595	404,027
Other expenses	6,314	15,518	97,064
Ordinary profit	41,112	61,115	382,258
Extraordinary income	393	288	1,802
Gain on disposal of noncurrent assets	379	102	643
Gain on reversal of provision for dismantling of fixed assets	13	185	1,159
Extraordinary loss	330	1,657	10,367
Loss on disposal of noncurrent assets	233	251	1,575
Impairment loss	92	1,403	8,776
Transfer to reserve for financial products transaction liabilities	4	2	15
Income before income taxes	41,176	59,746	373,694
Income taxes-current	10,524	20,190	126,285
Income taxes-deferred	1,300	(2,550)	(15,952)
Net Income	29,350	42,106	263,361
Profit attributable to non-controlling interests	0	2	18
Profit attributable to owners of parent	¥29,349	¥42,103	\$263,343

Consolidated Statements of Comprehensive Income

Years ended March 31, 2026

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Net Income	¥29,350	¥42,106	\$263,361
Other Comprehensive Income	(40,962)	61,746	386,203
Valuation difference on available-for-sale securities	(28,994)	31,913	199,611
Deferred gains or losses on hedges	(7,078)	19,410	121,408
Revaluation reserve for land	(139)	—	—
Retirement benefit adjustment amount	(4,750)	10,421	65,183
Comprehensive income	(11,612)	103,852	649,565
(Comprehensive income attributable to)			
Comprehensive income attributable to equities of parent	(11,613)	103,849	649,547
Comprehensive income attributable to non-controlling interests	¥0	¥2	\$18

Consolidated Statements of Shareholders' Equity

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, 2026

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Shareholders' equity
Balance at March 31, 2025	¥30,000	¥102,987	¥331,103	¥(8,692)	¥455,399
Changes of items during the period					
Dividends from surplus			(13,918)		(13,918)
Net income reverting to parent company shareholders			42,103		42,103
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		425	426
Reversal of revaluation reserve for land			(3,150)		(3,150)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period		0	25,034	420	25,455
Balance at March 31, 2026	¥30,000	¥102,988	¥356,138	¥(8,271)	¥480,854

	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, 2025	¥(16,967)	¥22,085	¥5,281	¥13,064	¥23,464	¥6	¥478,870
Changes of items during the period							
Dividends from surplus							(13,918)
Net income reverting to parent company shareholders							42,103
Purchase of treasury stock							(4)
Disposal of treasury stock							426
Reversal of revaluation reserve for land							(3,150)
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes of items other than shareholders' equity	31,913	19,410	3,375	10,421	65,121	2	65,124
Total changes of items during period	31,913	19,410	3,375	10,421	65,121	2	90,580
Balance at March 31, 2026	¥14,946	¥41,496	¥8,657	¥23,486	¥88,586	¥9	¥569,451

Year ended March 31, 2026

(Thousands of U.S.Dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Shareholders' equity
Balance at March 31, 2025	\$187,640	\$644,153	\$2,070,952	\$(54,365)	\$2,848,380
Changes of items during the period					
Dividends from surplus			(87,055)		(87,055)
Net income reverting to parent company shareholders			263,343		263,343
Purchase of treasury stock				(28)	(28)
Disposal of treasury stock		6		2,658	2,664
Reversal of revaluation reserve for land			(19,707)		(19,707)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period		6	156,580	2,630	159,217
Balance at March 31, 2026	\$187,640	\$644,159	\$2,227,533	\$(51,735)	\$3,007,598

	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, 2025	\$(106,124)	\$138,136	\$33,037	\$81,715	\$146,765	\$43	\$2,995,190
Changes of items during the period							
Dividends from surplus							(87,055)
Net income reverting to parent company shareholders							263,343
Purchase of treasury stock							(28)
Disposal of treasury stock							2,664
Reversal of revaluation reserve for land							(19,707)
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes of items other than shareholders' equity	199,611	121,408	21,111	65,183	407,314	18	407,333
Total changes of items during period	199,611	121,408	21,111	65,183	407,314	18	566,551
Balance at March 31, 2026	\$93,487	\$259,545	\$54,148	\$146,899	\$554,080	\$62	\$3,561,741

Consolidated Statement of Cash Flows
Years ended March 31, 2026

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Cash flows from operating activities			
Income before income taxes	¥41,176	¥59,746	\$373,694
Depreciation costs	7,021	5,720	35,777
Impairment loss	92	1,403	8,776
Increase (decrease) in allowance for loan losses	1,214	3,263	20,412
Increase (decrease) in provision for contingent loss	(208)	88	552
Increase (decrease) in provision for bonuses	16	215	1,350
Increase (decrease) in provision for directors' bonuses	22	3	20
Increase (decrease) in provision for share-based payment	156	124	781
Decrease (increase) in retirement benefit asset	2,802	(18,807)	(117,635)
Increase (decrease) in retirement benefit liability	(14)	(44)	(280)
Increase (decrease) in provision for directors' retirement benefits	6	(5)	(31)
Increase (decrease) in provision for reimbursement of deposits	(243)	(183)	(1,149)
Increase (decrease) in allowance for loss on guarantees	(2)	—	—
Increase (decrease) in provision for loss on dismantling of fixed assets	(13)	(362)	(2,268)
Financing income	(115,106)	(137,566)	(860,438)
Financing expenses	41,524	47,486	297,016
Loss (gain) related to securities	4,326	(1,276)	(7,982)
Loss (gain) on investments in money trusts	15	5	31
Foreign exchange losses (gains)	0	0	0
Loss (gain) on disposal of noncurrent assets	(146)	149	932
Net decrease (increase) in trading account securities	209	(111)	(698)
Net decrease (increase) in loans and bills discounted	(150,187)	(291,504)	(1,823,270)
Net increase (decrease) in deposits	23,319	(8,667)	(54,215)
Net increase (decrease) in negotiable certificates of deposit	5,242	(42,326)	(264,738)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(202,005)	(181,477)	(1,135,087)
Net decrease (increase) in deposits (excluding deposit paid to Bank of Japan)	4,894	241	1,512
Net decrease (increase) in call loans	2,985	(37)	(234)
Net increase (decrease) in call money	(36,172)	13,616	85,169
Net increase (decrease) in payables under securities lending transactions	(7,865)	(12,232)	(76,511)
Net decrease (increase) in foreign exchange-assets	3,340	(2,667)	(16,686)
Net increase (decrease) in foreign exchange-liabilities	364	(246)	(1,538)
Net increase (decrease) in borrowed money from trust account	5,385	4,332	27,095
Revenue for finance	113,572	133,134	832,714
Payments for finance	(41,160)	(44,774)	(280,048)
Other	50,475	(12,976)	(81,162)
Subtotal	(244,960)	(485,737)	(3,038,141)
Income taxes paid	(10,828)	(10,940)	(68,430)
Net cash provided by (used in) operating activities	(255,788)	(496,678)	(3,106,571)
Cash flows from investing activities			
Purchase of securities	(1,046,506)	(962,954)	(6,022,984)
Proceeds from sales of securities	1,071,706	1,132,509	7,083,499
Proceeds from redemption of securities	164,301	224,733	1,405,636
Purchase of property, plant and equipment	(2,084)	(3,687)	(23,062)
Proceeds from sale of property, plant and equipment	1,030	573	3,589
Purchase of intangible assets	(1,892)	(1,723)	(10,778)
Net cash provided by (used in) investment activities	186,554	389,451	2,435,900
Cash flows from financing activities			
Cash dividends paid	(8,358)	(13,918)	(87,055)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(7)	—	—
Purchase of treasury stock	(1,517)	(4)	(28)
Proceeds from sales of treasury stock	452	395	2,471
Net cash provided by (used in) financing activities	(9,431)	(13,527)	(84,611)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(78,666)	(120,754)	(755,283)
Cash and cash equivalents at beginning of the year	2,223,711	2,145,045	13,416,595
Cash and cash equivalents at the end of the year	¥2,145,045	¥2,024,290	\$12,661,312

Notes (From April 1, 2025, to March 31, 2026)

(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 Hokuetsu 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: 7 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
Company name
Sanritsu Holdings Co., Ltd.
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: 7 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: 5 companies
Names of major companies
Drop's Co., Ltd.
G.F.G.S. Co., Ltd.
HUSE Inc.
Mary Platinue Co., Ltd., and others
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 11,198 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 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.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) 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.
- (14) 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.
- (15) 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.
- (16) 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.
- (17) 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.

- (18) 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 ¥34,048 million

Of this amount, the allowance for loan losses of consolidated subsidiaries engaged in the banking business was 27,496 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.

Although Japan's economy as a whole is on a gradual recovery trend, energy and raw material prices continue to rise against the backdrop of the ongoing depreciation of the yen and other factors, which has put downward pressure on corporate earnings.

In addition, if the current situation in the Middle East is prolonged, rising resource prices could put pressure on corporate earnings and households' real income, potentially increasing the risk of an economic downturn.

Against the backdrop of these changes in the external environment, some business partners have experienced losses, including credit defaults due to the deterioration of their business performance and cash flow conditions. However, after considering factors including the status, outlook, and impact of credit losses directly attributable to these issues, we have confirmed that the Group has secured a sufficient allowance for credit losses. 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.

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.

(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 1,215 million yen and 2,409 thousand shares at the end of the current fiscal year.

The Company conducted a 3-for-1 stock split of its common shares effective October 1, 2025.

(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 1,857 million yen and 2,804 thousand shares at the end of the current fiscal year.

The Company conducted a 3-for-1 stock split of its common shares effective October 1, 2025.

3. Carrying amount of borrowings recorded on a gross basis

1,088 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: ¥2,765 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	¥9,429 million
Doubtful claims	¥105,973 million
Loans overdue for three (3) months or longer	¥763 million
Loans with relieved loan conditions	¥2,706 million
Total amount	¥118,873 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:

¥8,685 million

4. Assets provided as security are as follows:

Assets provided as security

Securities	¥1,370,893 million
Loans and bills discounted	¥80,078 million
Other assets	¥2 million
Total	¥1,450,974 million

Liabilities corresponding to security assets

Deposits	¥54,703 million
Securities sold under repurchase agreements	¥179,628 million
Payables under securities lending transaction	¥355,430 million

Borrowed money ¥779,173 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	¥65,245 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	¥56,554 million
Guarantees	¥1,609 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	¥1,737,181 million
Of which, those where the original term of loan is within 1 year (or those that can be cancelled unconditionally at any time)	¥1,616,743 million

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 Daiishi 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:

¥9,776 million

7. Aggregate amount of depreciation of tangible fixed assets

Aggregate amount of depreciation ¥74,401 million

8. Amount of compressed entry of tangible fixed assets

Amount of compressed entry ¥9,070 million

(Amount of compressed entry in current consolidated fiscal year) (¥55 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."

¥54,844 million

10. Trust principal with principal compensation agreement

Money trusts ¥24,495 million

(Consolidated Statements of Income Related)

1. The following is included in other ordinary income.

Gain on sales of stocks and other securities ¥42,200 million

2. The following are included in general and administrative expenses.

Salaries and allowances ¥31,486 million

Retirement benefit costs (¥1,759 million)

Depreciation ¥5,473 million

3. The following are included in other expenses.

Written-off of loans ¥1,117 million

Loss on sales of stocks and other securities ¥3,358 million

Loss on devaluation of stocks and other securities ¥106 million

4. Impairment loss

For the current fiscal year, we have recorded impairment losses for the following asset groups. Mainly in Niigata Prefecture

Classification Operational

Primary use Operating branches (9 properties)

Type Land and buildings

Impairment loss 1,302 million yen

Classification Owned

Primary use Idle assets (8 properties)

Type Land and buildings

Impairment loss 101 million yen

For these operating branches, the book values were reduced to the recoverable amounts due to decisions to change their use and declines in fair value, and the resulting decrease of 1,403 million yen was recorded as impairment loss under extraordinary loss.

The asset grouping methods for the consolidated subsidiaries engaged in banking business are as follows. Operating branches are grouped by branch, which is the smallest unit used for

management accounting (however, areas comprising branches that operate in coordination with one another are grouped as a single unit). In addition, assets scheduled for disposal and idle assets are grouped by individual assets. Assets related to the bank as a whole, such as the headquarters, operations centers, and employee welfare facilities, are grouped as common assets.

The Company and other consolidated subsidiaries generally group assets by each company as a single unit. However, certain consolidated subsidiaries group assets in the same manner as the consolidated subsidiaries engaged in banking business.

In the fiscal year ended March 31, 2026, the recoverable amounts used to measure impairment losses were net selling prices, which were calculated primarily based on the Japan Real Estate Appraisal Standards.

(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 38,265

Recycling 8,380

Before income taxes and tax effects 46,646

Income taxes and tax effects (14,732)

Valuation difference on available-for-sale securities 31,913

Deferred gains or losses on hedges

Incurred cost for this term 31,913

Recycling (3,617)

Before income taxes and tax effects 28,295

Income taxes and tax effects (8,884)

Deferred gains or losses on hedges 19,410

Remeasurements of defined benefit plans

Incurred cost for this term 17,487

Recycling (2,295)

Before income taxes and tax effects 15,191

Income taxes and tax effects (4,770)

Remeasurements of defined benefit plans 10,421

Total other comprehensive income 61,746

(Consolidated Statements of Shareholders Equity Related)

1. Matters related to the type and total number of issued shares, and type and number of treasury shares

(1,000 shares)

	Number of shares at beginning of period	Increased number of shares during period	Decreased number of shares during period	Number of shares at end of period	Remarks
Issued shares					
Ordinary shares	91,885	183,771	—	275,657	(Note 1)
Total	91,885	183,771	—	275,657	
Treasury shares					
Ordinary shares	4,626	8,965	379	13,212	(Notes 2, 3)
Total	4,626	8,965	379	13,212	

(Notes) 1. The Company conducted a 3-for-1 stock split effective October 1, 2025.

The increase of 183,771 thousand ordinary 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 request to purchase fractional unit shares 1 thousand shares

(Upon and after stock split)

Increase due to the stock split 8,963 thousand shares

Increase due to request to purchase fractional unit shares 0 thousand shares

3. 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 41 thousand shares

Decrease due to sale of the Company's shares by the E-Ship Trust 104 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 233 thousand shares

Number of ordinary treasury shares as of March 31, 2026 includes 2,409 thousand shares of the Company's shares held by the trust for the share-based payment plan and 2,804 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 shares

There are no applicable items.

3. Matters related to dividends

(1) Amount of dividends paid during the fiscal year under review

(Resolution)	Type of shares	Total amount of dividends (¥ million) (Note 1)	Dividend per share (¥) (Note 2)	Record date	Effective date
Board of Directors, May 9, 2025	Ordinary shares	6,691	75.00	March 31, 2025	June 2, 2025
Board of Directors, November 7, 2025	Ordinary shares	7,226	81.00	September 30, 2025	December 1, 2025

(Notes) 1. The total amount of dividends includes dividends on the Company's shares held by the trust for the share-based payment plan (63 million yen, the Board of Directors, May 9, 2025 / 65 million yen, the Board of Directors, November 7, 2025) and dividends on the Company's shares held by the E-Ship Trust (83 million yen, the Board of Directors, May 9, 2025 / 82 million yen, the Board of Directors, November 7, 2025).

2. The Company conducted a 3-for-1 stock split of its ordinary shares effective October 1, 2025. The above dividend per share represents the actual dividend amount before the stock split.

- (2) Dividends for which the record date falls within the fiscal year under review and the effective date is after the end of the fiscal year under review

(Resolution)	Type of shares	Total amount of dividends (¥ million) (Note)	Source of funds	Dividend per share (¥)	Record date	Effective date
Board of Directors, May 15, 2026	Ordinary shares	9,635	Retained earnings	36.00	March 31, 2026	June 1, 2026

(Note) The total amount of dividends includes 86 million yen of dividends on the Company's shares held by the trust for the share-based payment plan and 100 million yen of dividends on the Company's shares held by the E-Ship Trust.

(Consolidated Statement of Cash Flows Related)

1. Relationship between cash and cash equivalents at end of period and the carrying amount of accounts presented in the consolidated balance sheet

Cash and due from banks	¥2,026,292 million
Due from banks (excluding due from Bank of Japan)	¥(2,002 million)
Cash and cash equivalents	¥2,024,290 million

(Lease transaction related)

Operating lease transactions

<Borrower side>

Unearned lease fees concerning irrevocable operating lease transactions

(¥ million)

One (1) year or less	8
Exceeding one (1) year	3
Total	12

<Lender side>

Unearned lease fees concerning irrevocable operating lease transactions

(¥ million)

One (1) year or less	64
Exceeding one (1) year	68
Total	132

(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 Daiishi 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 Daiishi 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 Daiishi 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 19,970 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 Daiishi 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	120,873	114,923	(5,950)
Other securities	2,373,699	2,373,699	—
(2) Loans and bills discounted	5,872,093		
Allowance for loan losses (*1)	(32,762)		
	5,839,330	5,758,845	(80,485)
Total Assets	8,333,905	8,247,469	(86,435)
(1) Deposits	8,513,335	8,510,173	(3,161)
(2) Negotiable certificates of deposit	169,685	169,684	(0)
(3) Borrowed money	784,182	779,238	(4,944)
Total Liabilities	9,467,203	9,459,096	(8,106)
Derivative transactions (*2)			
Hedge accounting not applied	1,268	1,268	—
Hedge accounting applied	33,338	33,338	—
Total derivative transactions	34,606	34,606	—

(*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. 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, 2026
Non-listed stock (*1) (*2)	11,260
Investment in capital of partnerships, etc. (*3)	9,484

(*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 (106 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

		(¥ 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	1,963,504	—	—	—	—	—
Securities	192,389	296,049	304,922	130,225	298,306	1,032,164
Bonds to be held to maturity	10,000	52,239	18,229	22,284	18,720	—
Government bonds	10,000	11,500	—	—	—	—
Local government bonds	—	38,939	17,729	21,224	18,720	—
Corporate bonds	—	1,800	500	1,060	—	—
Other securities with maturity	182,389	243,810	286,693	107,941	279,586	1,032,164
Government bonds	112,500	99,000	70,000	—	201,400	333,000
Local government bonds	35,508	8,175	17,792	4,756	59,840	26,457
Corporate bonds	23,163	74,806	13,442	4,150	12,797	2,828
Loans and bills discounted*	602,324	1,172,299	1,132,559	587,155	458,199	1,261,418
Total	2,758,219	1,468,349	1,437,482	717,381	756,506	2,295,583

(Note 3) The amount of scheduled repayment of borrowed money and other interest-bearing debts after the 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*	8,007,218	433,001	57,206	3,315	12,592	—
Negotiable certificates of deposit	169,185	500	—	—	—	—
Securities sold under repurchase agreements	179,628	—	—	—	—	—
Payables under securities lending transaction	355,430	—	—	—	—	—
Borrowed money	471,370	312,266	372	172	—	—
Total	9,182,833	745,768	57,578	3,488	12,592	—

* 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	—	—	1
Other securities				
Stocks	201,274	32,103	—	233,377
Government bonds	712,248	—	—	712,248
Local government bonds	—	142,437	—	142,437
Corporate bonds	—	65,456	63,123	128,580
Foreign government bonds	397,947	250,689	12	648,649
Other	137,888	370,517	—	508,406
Derivative transactions				
Interest-rate-related	—	70,914	—	70,914
Currency related	—	9,314	—	9,314
Other	—	—	28	28
Total Assets	1,449,360	941,432	63,164	2,453,957
Derivative transactions				
Interest-rate-related	—	6,202	—	6,202
Currency related	—	39,419	—	39,419
Other	—	—	28	28
Total Liabilities	—	45,622	28	45,650

(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	21,198	—	—	21,198
Local government bonds	—	90,541	—	90,541
Corporate bonds	—	3,183	—	3,183
Loans and bills discounted	—	—	5,758,845	5,758,845
Total Assets	21,198	93,724	5,758,845	5,873,768
Deposits	—	8,510,173	—	8,510,173
Negotiable certificates of deposit	—	169,684	—	169,684
Borrowed money	—	779,238	—	779,238
Total Liabilities	—	9,459,096	—	9,459,096

(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	0.8%–7.4% 0.0%–0.9%	1.4% 0.1%

* 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	83,881	47	(84)	(20,720)	—	—	63,123	—
Foreign government bonds	1,460	—	131	(1,579)	—	—	12	—
Derivative transactions								
Other								
Short commitment	(29)	65	—	(63)	—	—	(28)	35
Long commitment	29	(65)	—	63	—	—	28	(35)

(*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 (¥30 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	9,999	10,000	0
	Local government bonds	—	—	—
	Corporate bonds	—	—	—
	Subtotal	9,999	10,000	0
Market value does not exceed the amount recorded in the consolidated balance sheet	Government bonds	11,492	11,198	(294)
	Local government bonds	96,022	90,541	(5,481)
	Corporate bonds	3,358	3,183	(174)
	Subtotal	110,873	104,923	(5,950)
Total		120,873	114,923	(5,950)

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	225,863	95,419	130,443
	Bonds	4,452	4,443	9
	Government bonds	—	—	—
	Local government bonds	—	—	—
	Corporate bonds	4,452	4,443	9
	Other	462,949	421,540	41,409
	Foreign government bonds	117,982	112,661	5,320
	Subtotal	693,266	521,403	171,862
Amount recorded in consolidated balance sheet does not exceed cost of acquisition	Stocks	7,514	8,051	(537)
	Bonds	978,812	1,070,259	(91,446)
	Government bonds	712,248	791,430	(79,182)
	Local government bonds	142,437	152,464	(10,027)
	Corporate bonds	124,127	126,363	(2,236)
	Other	694,106	752,488	(58,382)
	Foreign government bonds	530,667	573,382	(42,714)
	Subtotal	1,680,433	1,830,798	(150,365)
Total		2,373,699	2,352,202	21,496

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	47,249	26,875	687
Bonds	556,486	884	23,025
Government bonds	187,008	884	9,060
Local government bonds	351,981	—	13,364
Corporate bonds	17,496	—	601
Other	373,396	16,702	18,831
Foreign government bonds	215,083	876	15,555
Total	977,132	44,463	42,545

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 ¥20 million (of which, ¥20 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	4,943	—

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	21,497
Other securities	21,497
Other money trusts	—
(Deferred tax liabilities)	6,550
Valuation difference on available-for-sale securities (before adjustment for equity)	14,946
Non-controlling interests equivalent to be deducted	—
Valuation difference on available-for-sale securities	14,946

(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	113,774	109,150	(5,848)	(5,848)
	Floating receipt, fixed payment	113,774	109,150	6,943	6,943
	Interest options				
	Short commitment	127	127	(0)	(0)
	Long commitment	127	127	0	(0)
Total		—	—	1,094	1,094

(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	24,451	23,649	32	32
	Forward exchange contract				
	Short commitment	40,586	17,144	(7,659)	(7,659)
	Long commitment	89,748	16,630	8,228	8,228
	Currency option				
	Short commitment	945,355	809,137	(559)	28,914
	Long commitment	945,355	809,137	131	(14,937)
Total		—	—	173	14,579

(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	3,950	—	(28)
	Long commitment	3,950	—	28
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	700,814	700,814	63,617
Exceptional interest swap processing	Interest swap	Loans and bills discounted	3,000	—	(Note 2)
	Fixed receipt, floating payment				
	Floating receipt, fixed payment				
Total		—	—	—	63,617

(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	218,805	108,487	(30,279)
Total			—	—	(30,279)

(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	¥52,998 million
Service costs	¥1,067 million
Interest costs	¥1,012 million
Actuarial gain or loss amount generated	(¥4,537 million)
Amount of retirement benefits paid	(¥3,604 million)
Other	¥0 million
End-of-term retirement benefit liability balance	¥46,937 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	¥85,976 million
Expected operational earnings	¥2,115 million
Actuarial gain or loss amount generated	¥12,950 million
Contribution from employers	¥347 million
Amount of retirement benefits paid	(¥2,667 million)
Other	¥0 million
End-of-term pension assets balance	¥98,722 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	¥745 million
Retirement benefit costs	¥72 million
Amount of retirement benefits paid	(¥116 million)
End-of-term retirement benefit-related debts	¥700 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	¥46,937 million
Pension assets	(¥98,722 million)
	(¥51,784 million)
Retirement benefit liability of non-savings-type scheme	¥700 million
Net amount of liabilities and assets recorded in the consolidated balance sheet	(¥51,084 million)

(Note) Includes schemes where the simplified method is adopted.

Retirement benefit-related liabilities	¥700 million
Assets related to retirement benefits	(¥51,784 million)
Net amount of liabilities and assets recorded in the consolidated balance sheet	(¥51,084 million)

(5) Retirement benefit costs and its itemized breakdown

Service costs	¥1,067 million
Interest costs	¥1,012 million
Expected operational earnings	(¥2,115 million)
Actuarial gain or loss processing amount	(¥2,084 million)
Prior service cost processing amount	(¥211 million)
Retirement benefit costs calculated by the simplified method	¥72 million
Other	¥59 million
Retirement benefit costs related to the defined benefit plan	(¥2,199 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	¥15,402 million
Total	¥15,191 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	(¥949 million)
Unrecognized actuarial gain or loss	(¥33,286 million)
Total	(¥34,236 million)

(8) Matters related to pension assets

(i) Ratio for each major classification in total pension assets is as follows:

Bonds	26%
Stocks	56%
General life insurance account	14%
Cash and deposits	0%
Other	1%
Total	100%

(Note) Total pension assets include 19% 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	2.9%
Long-term expected ROR	
Corporate pension fund	2.5%
Retirement benefit trust	1.5 to 2.5%
Expected salary increase rate	2.2%

* 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 ¥439 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	¥12,541 million
Depreciation costs	¥2,126 million
Valuable securities amortization	¥1,599 million
Book value correction for fair market valuation	¥1,515 million
Valuation difference on available-for-sale securities	¥— million
Other	¥7,035 million
Subtotal deferred tax assets	¥24,818 million
Valuation reserve related to total future subtracted temporary difference, etc.	(¥4,909 million)
Subtotal valuation reserve	(¥4,909 million)
Total deferred tax assets	¥19,909 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(¥6,550 million)
Retirement benefit asset	(¥6,939 million)
Retirement benefit trust establishment benefit	(¥3,401 million)
Deferred gains or losses on hedges	(¥18,993 million)
Book value correction for fair market valuation	(¥4,637 million)
Other	(¥559 million)
Total deferred tax liabilities	(¥41,080 million)
Net deferred tax assets (liabilities)	¥21,171 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
For the current fiscal year, the difference between the statutory effective tax rate and the income tax burden rate after the application of tax effect accounting is 5% or less of the statutory effective tax rate. Therefore, this information is omitted.

(Business Combination)

Business integration between the Company and The Gunma Bank, Ltd.

The Company and The Gunma Bank, Ltd. (President and Representative Director: Akihiko Fukai, the “The Gunma Bank,” and together with the Company, the “Companies”), based on the basic agreement entered into between the Companies on April 24, 2025, resolved at their respective meetings of the Board of Directors held on March 26, 2026, to carry out a business integration (the “Management Integration”) based on a basic policy of mutual trust and equal integration, subject to approval at the Companies’ respective General Meetings of Shareholders and the receipt of necessary authorization or approvals from the relevant authorities, and entered into a share exchange agreement and a business integration agreement between the Companies.

1. Outline of business combination

(1) Name and business details of the acquired company
Name of the acquired company Daishi Hokuetsu Financial Group
Business details Bank holding company

(2) Main reasons for the business combination

The aim of the Management 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 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 equal integration, the 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 Companies will build a sustainable business model for the future by maximizing the benefits of rationalization and efficiency through economies of scale as well as by providing added value to customers by leveraging their respective strengths. Furthermore, the 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 Companies’ management resources and by steadily achieving sustainable growth and enhancing corporate value.

(3) Date of the business combination

April 1, 2027 (scheduled)

(4) Legal form of the business combination

A share exchange under which the Company will become the wholly-owning parent company and The Gunma Bank will become the wholly-owned subsidiary

(5) Name of entity after the business combination

Daishi Hokuetsu Financial Group (the name will change to Gunma Niigata Financial Group, Inc.)

(6) Percentage of voting rights after the acquisition

100%

(7) Primary basis for determining the acquiring company

This determination is based on the factors for the acquisition under the Accounting Standard for Business Combinations.

2. Share exchange allotment ratio, calculation method, and number of shares to be granted

(1) Allotment ratio of the share exchange

For each ordinary share of The Gunma Bank, 1.125 ordinary shares of the Company will be allotted and granted.

(2) Calculation method

The Gunma Bank selected Nomura Securities Co., Ltd., and the Company selected Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., as their respective third-party valuation institutions. Based on the valuation and analysis results provided by these third-party valuation institutions, the Companies engaged in prudent negotiations and discussions. As a result, the Companies determined and agreed on the share exchange ratio.

(3) Number of shares to be granted

425,812,711 ordinary shares of the Company (scheduled)
The number of new shares above has been calculated based on the total number of issued ordinary shares of The Gunma Bank as of March 31, 2026 (395,888,177 shares). However, since The Gunma Bank plans to cancel all of its treasury shares held by the time immediately prior to the effective date of the share exchange (the “Reference Time”), the number of treasury shares of The Gunma Bank as of March 31, 2026 (17,387,989 shares) has been excluded from the calculation above as new shares eligible to be granted by the Company. In addition, if the number of treasury shares of The Gunma Bank as of March 31, 2026 changes by the Reference Time, such as in the event that shareholders of The Gunma Bank exercise appraisal rights, the number of new shares to be granted by the Company may change.

(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.

2. 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 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.

Fiscal 2026 (April 1, 2025, through March 31, 2026)

	Reportable segment				Other	Total	Adjustments	(¥ millions) Carrying amount on the consolidated financial statements
	Banking business	Leasing business	Securities business	Total				
Ordinary income								
Ordinary income from external customers	224,425	22,354	5,863	252,643	8,633	261,277	(1,023)	260,253
Inter-segment ordinary income	1,081	360	36	1,478	18,612	20,091	(20,091)	—
Total	225,506	22,715	5,899	254,122	27,246	281,368	(21,114)	260,253
Segment profit	56,707	46	2,409	59,163	16,274	75,438	(14,322)	61,115
Segment assets	10,742,705	97,265	36,952	10,876,923	379,884	11,256,807	(416,523)	10,840,284
Segment liabilities	10,257,158	76,565	14,609	10,348,333	32,633	10,380,967	(110,133)	10,270,833
Other items								
Depreciation	5,360	154	41	5,555	215	5,771	(51)	5,720
Financing income	137,062	611	310	137,985	14,293	152,278	(14,712)	137,566
Financing expenses	47,488	672	2	48,163	5	48,168	(681)	47,486
Increase in property, plant and equipment, and intangible assets	5,002	218	99	5,319	264	5,583	(173)	5,410

(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 statements 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 ¥1,023 million include adjustments to ordinary income associated with the purchase method of negative ¥597 million.
- (2) Adjustments to segment profit of negative ¥14,322 million represent eliminations of inter-segment transactions, etc.
- (3) Adjustments to segment assets of negative ¥416,523 million represent eliminations of inter-segment transactions, etc.
- (4) Adjustments to segment liabilities of negative ¥110,133 million represent eliminations of inter-segment transactions, etc.
- (5) Adjustments to depreciation of negative ¥51 million represent adjustments to depreciation associated with the purchase method, etc.
- (6) Adjustments to financing income of negative ¥14,712 million represent eliminations of inter-segment transactions, etc.
- (7) Adjustments to financing expenses of negative ¥681 million represent eliminations of inter-segment transactions, etc.
- (8) Adjustments to increase in property, plant and equipment, and intangible assets of negative ¥173 million represents eliminations of inter-segment transactions, etc.

4. Segment profit has been reconciled to ordinary profit of the consolidated statement of income.

[Related information]

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.

Fiscal 2026 (April 1, 2025, through March 31, 2026)

1. Information by each service

	Loan operations	Securities investment operations	Lease operations	Other	Total
Ordinary income from outside customers	78,931	98,387	21,749	61,185	260,253

(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 2025 (April 1, 2024, through March 31, 2025)

They are not presented due to immateriality.

Fiscal 2026 (April 1, 2025, through March 31, 2026)

	Reporting segment				Other	Total
	Banking	Leasing	Securities	Total		
Impairment loss	1,222	139	38	1,400	2	1,403

[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

(Related party information)

There are no material matters to be stated regarding transactions with related parties.

(Significant subsequent events)

There are no applicable items.

(Per share information)

- Net assets per share ¥2,169.74
- Basic earnings per share ¥160.59
- (Notes) 1. The Company conducted a 3-for-1 stock split of its ordinary shares effective October 1, 2025. Net assets per share and basic earnings per share are calculated on the assumption that the stock split was carried out at the beginning of the current fiscal year.
2. Diluted earnings per share is not presented as there are no potential shares.
3. Net assets per share are calculated based on the following:
- | | |
|---|-------------------------|
| Total net assets | ¥569,451 million |
| Amount deducted from total net assets | ¥9 million |
| (Non-controlling interests) | ¥9 million |
| Net asset amount attributable to ordinary shares | |
| at the fiscal-year end | ¥569,441 million |
| Number of ordinary shares at the fiscal-year end used for the calculation of net assets per share | 262,445 thousand shares |
- (Note) The shares of the Company remaining in the trust and recorded as treasury shares under shareholders' equity are 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-year end deducted in the calculation of net assets per share
- | | |
|---------------------|-----------------------|
| Current fiscal year | 5,213 thousand shares |
|---------------------|-----------------------|
4. Basic earnings per share are calculated based on the following:
- | | |
|---|-------------------------|
| Basic earnings per share | |
| Profit attributable to owners of parent | ¥42,103 million |
| Amount not attributable to common shareholders | ¥— million |
| Profit attributable to owners of parent relating to common shares | ¥42,103 million |
| Average number of ordinary shares outstanding during the period | 262,171 thousand shares |
- (Note) The shares of the Company remaining in the trust and recorded as treasury shares under shareholders' equity are 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 | 5,488 thousand shares |
|---------------------|-----------------------|

Non –Consolidated Balance Sheet

Years ended March 31, 2025 and 2026

Note: The translations of the Japanese yen amounts into US dollars are using the prevailing exchange rate at March 31, 2026, which was ¥159.88 to US \$1.

Assets	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Cash and due from banks	¥2,146,625	¥2,025,376	\$12,668,105
Monetary claims bought	14,121	14,158	88,558
Trading account securities	2,197	2,325	14,546
Money trusts	4,947	4,943	30,920
Securities	2,889,267	2,492,634	15,590,656
Loans and bills discounted	5,614,300	5,915,028	36,996,672
Foreign exchanges	26,461	29,129	182,195
Other assets	118,395	186,795	1,168,345
Tangible fixed assets	59,631	58,510	365,966
Intangible fixed assets	6,567	4,956	30,998
Prepaid pension cost	14,309	17,864	111,737
Deferred tax assets	12,564	—	—
Customers' liabilities for acceptances and guarantees	19,352	18,479	115,580
Allowance for loan losses	(26,179)	(27,496)	(171,979)
Total assets	¥10,902,564	¥10,742,705	\$67,192,305

Liabilities	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Deposits	¥8,549,373	¥8,543,844	\$53,439,106
Negotiable certificates of deposit	231,011	188,685	1,180,168
Securities sold under repurchase agreements	166,011	179,628	1,123,523
Payables under securities lending transaction	367,662	355,430	2,223,105
Borrowed money	954,000	779,000	4,872,404
Foreign exchanges	749	503	3,149
Borrowed money from trust account	20,198	24,530	153,433
Other Liabilities	168,941	146,124	913,962
Provision for bonuses	2,141	2,306	14,423
Provision for directors' bonuses	116	119	750
Provision for share-based payment	731	837	5,240
Provision for reimbursement of deposits	814	630	3,946
Provision for contingent loss	1,726	1,815	11,354
Provision for loss on dismantling of fixed assets	876	650	4,067
Deferred tax liability	—	8,251	51,612
Deferred tax liabilities for land revaluation	6,716	6,319	39,525
Acceptances and guarantees	19,352	18,479	115,580
Total Liabilities	¥10,490,425	¥10,257,158	\$64,155,355

Net Assets	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Capital stock	¥32,776	¥32,776	\$205,009
Capital surplus	60,138	60,138	376,145
Retained earnings	306,292	327,872	2,050,740
Shareholders' equity	399,208	420,787	2,631,896
Valuation difference on available-for-sale securities	(16,743)	12,418	77,671
Deferred gains or losses on hedges	22,085	41,496	259,545
Revaluation reserve for land	7,589	10,845	67,837
Total valuation and translation adjustments	12,931	64,760	405,054
Total net assets	412,139	485,547	3,036,950
Total Liabilities and Net assets	¥10,902,564	¥10,742,705	\$67,192,305

Non-Consolidated Statement of Income

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	2025	2026	2026
Ordinary income	¥160,834	¥225,506	\$1,410,476
Financing income	114,149	137,062	857,284
Interest on loans and discounts	54,880	69,788	436,504
Interest and dividends on securities	46,021	52,815	330,342
Interest on call loans	83	95	594
Interest on deposits with banks	5,055	10,569	66,110
Interest on interest swaps	7,573	3,142	19,655
Other interest income	535	651	4,075
Trust fees	145	134	843
Fees and commissions	25,260	28,791	180,080
Other ordinary income	15,057	15,172	94,900
Other income	6,222	44,345	277,367
Ordinary expenses	125,706	168,799	1,055,785
Financing expenses	41,493	47,488	297,026
Interest on deposits	4,920	15,514	97,040
Interest on negotiable certificates of deposit	108	421	2,638
Interest on bills sold	9,291	7,390	46,222
Interest on payables under securities lending transactions	19,274	14,642	91,587
Interest on borrowings and rediscounts	0	0	0
Interest on interest swaps	7,768	9,179	57,417
Other interest expenses	129	339	2,120
Fees and commissions payments	9,927	10,248	64,099
Other ordinary expenses	12,349	39,920	249,693
General and administrative expenses	56,686	59,398	371,517
Other expenses	5,250	11,743	73,449
Ordinary profit	35,127	56,707	354,690
Extraordinary income	391	115	720
Gain on disposal of noncurrent assets	377	66	414
Other extra ordinary gain	13	48	306
Extraordinary loss	324	2,121	13,267
Loss on disposal of noncurrent assets	233	246	1,543
Impairment loss	90	1,874	11,723
Income before income taxes	35,195	54,701	342,143
Income taxes-current	8,803	17,757	111,067
Income taxes-deferred	1,149	(1,617)	(10,116)
Total income taxes	9,952	16,140	100,950
Net Income	¥25,242	¥38,561	\$241,192

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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.