

The share transfer described in this notice involves securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial information included in this document, if any, was excerpted from financial statements prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the issuer is located in a foreign country and all of its officers and directors are residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the share transfer, such as in the open market or through privately negotiated purchases.

This document has been translated from the Japanese-language original for reference purposes only. While this English translation is believed to be generally accurate, it is subject to, and qualified by, in its entirety, the Japanese-language original. Such Japanese-language original shall be the controlling document for all purposes.

[Translation]

(Stock Exchange Code 8324)
May 31, 2018

To Shareholders with Voting Rights:

Fujio Namiki
President
The Daishi Bank, Ltd.
1071-1, Higashiborimae-dori, 7-
bancho, Chuo-ku, Niigata, Japan

NOTICE OF CONVOCATION OF THE 207TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 207th Annual General Meeting of Shareholders of The Daishi Bank, Ltd. (the "Bank"). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights **by 5:45 p.m. on**

Monday, June 25, 2018, Japan time.

1. Date and Time: Tuesday, June 26, 2018, at 10 a.m. Japan time
(The reception begins at 9 a.m.)

2. Place: Daishi Hall on the second floor of the Bank's head office located at 1071-1, Higashiborimae-dori, 7-bancho, Chuo-ku, Niigata, Japan

3. Agenda:

Matters to be reported: 1. The Business Report and the Non-consolidated Financial Statements for the Bank's 207th Fiscal Year (April 1, 2017-March 31, 2018)

2. The Consolidated Financial Statements for the Bank's 207th Fiscal Year (April 1, 2017-March 31, 2018) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements

Proposals to be resolved: **Proposal 1:** Approval of the Share Transfer Plan with The Hokuetsu Bank, Ltd.

Proposal 2: Election of Eight (8) Directors Not Serving as Audit and Supervisory Committee Members

Proposal 3: Election of Six (6) Directors Serving as Audit and Supervisory Committee Members

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- When attending the meeting, please submit the Voting Rights Exercise Form at the reception desk.
For the purpose of conserving paper resources, please bring this notice with you.
 - If the above-stated place of meeting is full, you will be guided to a secondary or third meeting site.

4. Instructions for the Exercise of Voting Rights

(1) Methods for the exercise of voting rights

You can exercise your voting rights by three methods: attending the meeting in person, mailing the Voting Rights Exercise Form or via the Internet. For details, please see page 4.

(2) Handling of duplicate votes

If you have exercised your voting rights both by the Voting Rights Exercise Form and via the Internet, the vote exercised via the Internet shall be deemed effective.

If you have exercised your voting rights more than once via the Internet, only the last vote shall be deemed effective.

(3) Exercise of voting rights by proxy

If you are unable to attend the meeting, you may exercise your voting rights by proxy. Such proxy must be a shareholder of the Bank who holds voting rights and will be required to submit a document certifying the authority as proxy.

(4) Disclosure via the Internet

Among the documents to be attached to this notice of convocation, the information listed in 1) to 4) below is disclosed on our website (<http://www.daishi-bank.co.jp/>) and not included in the attached documents, pursuant to the relevant laws and regulations and the provision of Article 15 of the Bank's Articles of Incorporation.

- 1) "Note Concerning Share Options, etc." in the Business Report
- 2) Non-consolidated Statement of Shareholders' Equity and Notes to the Non-consolidated Financial Statements
- 3) Consolidated Statement of Shareholders' Equity and Notes to the Consolidated Financial Statements
- 4) Of the matters to be stated in Approval of the Share Transfer Plan with The Hokuetsu Bank, Ltd. in Proposal 1, Reference Documents for the General Meeting of Shareholders, the information listed in 1) to 3) above of the other wholly owned subsidiary company resulting from the share transfer (The Hokuetsu Bank, Ltd.) for the most recent business year

The Business Report and the Non-consolidated and Consolidated Financial Statements that were audited by the Audit and Supervisory Committee include the above 1) to 3) provided on our website, as well as those attached to this notice of convocation. The Non-consolidated and Consolidated Financial Statements that were audited by the Accounting Auditors include the above 2) and 3) provided on our website, as well as those attached to this notice of convocation.

End

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- Should any amendments be made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements, they will be posted on the Bank's website (<http://www.daishi-bank.co.jp/>) (Japanese only).
 - Matters disclosed via the Internet are available in a printed version (Japanese only). If you wish to receive the documents by mail, please call the head office at 025-222-4111. These documents are also available at the reception desk on the day of the meeting, so please let us know if you need the documents.

Guidance for the Exercise of Voting Rights

Upon reading the Reference Documents for the General Meeting of Shareholders on pages 6 to 60, exercise your voting rights using any of the three methods detailed below.

Voting by attending the General Meeting of Shareholders

Time of the meeting: Tuesday, June 26, 2018
10 a.m. Japan time (The reception begins at 9 a.m.)
Please present the Voting Rights Exercise Form at the reception.
Please bring “Notice of Convocation of the 207th Annual General Meeting of Shareholders” (this notice), “207th Annual General Meeting of Shareholders Reference Documents for the General Meeting of Shareholders (Separate Volume)” and “207th Annual General Meeting of Shareholders Supplementary Materials regarding Business Integration with The Hokuetsu Bank, Ltd.” with you.

Voting via mail

Voting deadline: No later than 5:45 p.m. Japan time, Monday, June 25, 2018
Please indicate your approval or disapproval of each proposal listed on the Voting Rights Exercise Form, and return it by mail so that it reaches us by the voting deadline.

Voting via the Internet

Voting deadline: No later than 5:45 p.m. Japan time, Monday, June 25, 2018
When voting via the Internet, please refer to the “Detailed Procedure for Exercising Voting Rights via the Internet” below, and cast your vote by the voting deadline.

For any system-related inquiries, call:

Stock Transfer Agency (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Toll free number: 0120-173-027 (from 9 a.m. to 9 p.m.)

The “Electronic Voting Platform” is available for institutional investors.

Detailed Procedure for Exercising Voting Rights via the Internet

On the voting website (<https://evote.tr.mufg.jp/>), enter the “Login ID” and “Temporary Password,” which are shown on the Voting Rights Exercise Form, and vote for or against each proposal in accordance with the on-screen instructions.

1. Access the voting website.	1. Click “Next.”
2. Log in.	2. Enter the “Login ID” and “Temporary Password,” which are shown on the bottom right corner of the Voting Rights Exercise Form. 3. Click “Log in.”
3. Register the password.	4. Enter your current password in the Current Password field and a new password both in the New Password and the New Password (for confirmation) fields. Do not forget your password. 5. Click “Send.”
4. Follow the on-screen instructions to indicate your approval or disapproval.	

Cautions

Any expenses arising from accessing the voting site

Any expenses arising from accessing the voting site, including the Internet connection charge, shall be the responsibility of the respective shareholders. If voting via a cell phone or a smartphone, any packet communications and other fees for using the cell phone or smartphone shall be the responsibility of the respective shareholders.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Documents

Proposal No. 1: Approval of the Share Transfer Plan with The Hokuetsu Bank, Ltd.

The Bank and The Hokuetsu Bank, Ltd. (“Hokuetsu Bank,” and the Bank and Hokuetsu Bank are hereinafter collectively referred to as the “Banks”) have agreed to establish Daishi Hokuetsu Financial Group, Inc. (the “Joint Holding Company”) that will become the wholly-owning parent company of the Banks as of October 1, 2018 (the “Effective Date”) through a joint share transfer (the “Share Transfer”), and at the meetings of the boards of directors of the Banks held on March 23, 2018 the Banks’ boards of directors adopted a resolution for, and executed, a Business Integration Agreement (the “Business Integration Agreement”) as of March 23, 2018. In addition, the meetings of the boards of directors of the Banks held on May 11, 2018 adopted a resolution for, and jointly prepared, a Share Transfer Plan.

We therefore request the approval of our shareholders for the share transfer plan with respect to the Share Transfer (the “Share Transfer Plan”).

The reasons for conducting a share transfer, an outline of the details of the Share Transfer Plan, and other matters with respect to this agenda proposal are as set forth below.

1. Reasons for Conducting a Share Transfer

From the early Meiji period (i.e., 1870’s) to today, the Banks have long established solid management bases as regional banks whose head offices are both located in Niigata Prefecture, by playing roles and accomplishing their missions as regional banks with support from local communities.

However, due to the effect of such factors as the declining population, it is expected that the size of bank deposits and lending will shrink in the future, and profit margins on lending and gains on investments in securities will further decrease due to Japan’s prolonged monetary easing policy. As described above, the business environment surrounding the Banks is expected to become much harsher, and establishing more solid management bases is now a common business challenge for the Banks.

In addition to the above, with the developments in the integration of finance and IT technology typified by FinTech and digitalization, flexible responses to new customer needs, such as the introduction of IT technology to financial services, and creating further additional value are part of the important challenges. Moreover, now that Niigata companies are increasingly entering overseas markets and dealing with foreign companies, the Banks are also expected to expand and improve their consulting function with a global perspective, including providing know-how for business development in overseas markets.

The Banks have cooperated with each other to achieve their common goal of regional development by executing a comprehensive partnership agreement concerning regional revitalization with Niigata Prefecture, forming syndicated loans and other approaches, as well as promoting operational efficiency partnerships, such as jointly operating cash transportation cars. However, in light of changes in the business environment in which

the Banks are operating, diversified customer needs and a host of other developments, the Banks, which have long fostered a relationship of trust, have concluded that if they integrate their businesses and address their common challenges by using their respective strengths, then they will be able to continue to play their roles and accomplish their missions as regional banks on a permanent basis, and also contribute significantly to the Banks' shareholders, customers and local communities, and have therefore entered into a Business Integration Agreement and jointly prepared the Share Transfer Plan.

The Share Transfer will allow the Banks to achieve financial brokerage functions and information brokerage functions with even higher added value, and by improving management efficiency, the Banks will aim to further serve local communities and set as our goal becoming a financial group that has the overwhelming support of our customers and the local community.

2. Outline of the Details of the Share Transfer Plan

The details of the Share Transfer Plan are as outlined in the Share Transfer Plan (copy) below.

Moreover, Exhibit 2-①-1 and Exhibit 3-⑦-2 (Details of Share Options) are as provided in "Annual General Meeting of Shareholders – Reference Documents for the Annual General Meeting of Shareholders <separate volume> (p. 31 to p. 243)."

Share Transfer Plan (copy)

The Daishi Bank, Ltd. (“Daishi Bank”) and The Hokuetsu Bank, Ltd. (“Hokuetsu Bank”) have agreed to conduct a share transfer by means of joint share transfer, and have therefore jointly entered into a share transfer plan (this “Share Transfer Plan”) as follows.

Article 1 The Share Transfer

In accordance with the provisions of this Share Transfer Plan, Daishi Bank and Hokuetsu Bank shall conduct a joint share transfer (the “Share Transfer”) where they cause the newly established wholly-owning parent company incorporated in a share transfer (the “Holding Company”) to acquire all of the issued and outstanding shares of Daishi Bank and Hokuetsu Bank on the Incorporation Date (defined in Article 7; same hereinafter), and through which Daishi Bank and Hokuetsu Bank each become wholly-owned subsidiaries of the Holding Company.

Article 2 Purpose, Trade Name, Location of Head Office, Total Number of Authorized Shares, and Other Matters Set Forth in the Articles of Incorporation of the Holding Company

1. The purpose, trade name, location of head office, and total number of authorized shares of the Holding Company shall be as follows.

- (1) Purpose

- The purpose of the Holding Company shall be as set forth in Article 2 of Exhibit 1 Articles of Incorporation.

- (2) Trade Name

- The trade name of the Holding Company shall be Daishi Hokuetsu Financial Group, Inc.

- (3) Location of Head Office

- The head office of the Holding Company shall be located in Nagaoka-shi, Niigata, and its address shall be 2-14 Otedori 2-chome, Nagaoka-shi, Niigata.

- (4) Total Number of Authorized Shares

- The total number of authorized shares to be issued by the Company shall be 100,000,000 shares of stock.

2. Matters set forth in the Holding Company’s Articles of Incorporation in addition to the matters set forth in Article 2.1 above are as stated in Exhibit 1 Articles of Incorporation.

Article 3 Names of Directors upon Incorporation of the Holding Company and Name of the Accounting Auditor Upon Incorporation

1. The names of directors upon incorporation of the Holding Company (excluding directors upon incorporation who are Audit & Supervisory Committee members upon incorporation) shall be as follows.

Director (to be appointed as Representative Director and Chairman):	Katsuya Sato
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Director (to be appointed as Representative Director and President):	Fujio Namiki
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Director:	Satoshi Hasegawa
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Director:	Kazuyoshi Hirokawa
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Director:	Takuya Watanabe
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Director:	Kiyofumi Obara
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Director:	Makoto Takahashi
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Director:	Michiro Ueguri
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2. The names of the members of the Audit & Supervisory Committee upon incorporation of the Holding Company shall be as follows.

- | | |
|---|-------------------|
| Director (Audit & Supervisory Committee Member) | Shinjiro Kawai |
| Outside Director (Audit & Supervisory Committee Member) | Koichi Masuda |
| Outside Director (Audit & Supervisory Committee Member) | Hiroshi Fukuhara |
| Outside Director (Audit & Supervisory Committee Member) | Toshizo Oda |
| Outside Director (Audit & Supervisory Committee Member) | Kazuaki Matsumoto |
3. The name of the Accounting Auditor upon incorporation of the Holding Company shall be as follows.
KPMG AZSA LLC

Article 4 Shares to be Delivered in the Share Transfer and their Allotment

1. When conducting the Share Transfer, the Holding Company shall deliver to the shareholders of Daishi Bank and Hokuetsu Bank as of the time immediately before the Holding Company acquires all issued and outstanding shares of Daishi Bank and Hokuetsu Bank (the "Record Time") common shares of the Holding Company in a number equal to the total of (i) the number calculated by multiplying the number of issued and outstanding common shares of Daishi Bank as of the Record Time by 1 and (ii) the number calculated by multiplying the number of issued and outstanding common shares of Hokuetsu as of the Record Time by 0.5, in place of the common shares of Daishi Bank and Hokuetsu Bank respectively held thereby ("Delivered Shares").
2. The Holding Company shall allot Delivered Shares delivered in accordance with the provisions of Article 4.1 to the shareholders of Daishi Bank and Hokuetsu Bank in the following ratios (the "Share Transfer Ratio"):
 - (1) One common share of the Holding Company will be delivered for each common share of Daishi Bank held by its shareholders; and
 - (2) 0.5 common shares of the Holding Company will be delivered for each common share of Hokuetsu Bank held by its shareholders.
3. Any fraction less than one whole share that is generated in the calculations of the number of common shares of the Holding Company to be delivered to shareholders of Daishi Bank or Hokuetsu Bank in the calculations provided in Article 4.1 and 4.2 will be processed in accordance with the provisions of Article 234 of the Companies Act (Act No. 86 as of July 26, 2005, as amended; same hereinafter) and any other relevant laws and regulations.

Article 5 Amount of Capital and Reserves of the Holding Company

The amounts of capital and reserves of the Holding Company on the Incorporation Date (defined in Article 7) shall be as follows:

- (1) Stated capital: 30,000,000,000 yen
- (2) Capital reserves: 7,500,000,000 yen
- (3) Retained earnings reserves: 0 yen
- (4) Capital surplus: the amount calculated by deducting the total of (1) + (2) above from the amount of change in shareholder equity provided in Article 52(1) of the Rules of Corporate Accounting.

Article 6 Share Options to be Delivered in the Share Transfer and their Allotment

1. Delivery of Share Options
 - (1) In the Share Transfer, the Holding Company shall deliver the share options listed in Column 2 of the following table in place of the share options issued by Daishi Bank to each of the holders of the share options listed in (i) through (viii) of Column 1 of the following table, in a number equal to the number of share options issued by Daishi Bank as of the Record Time.

	Column 1		Column 2	
	Name	Details	Name	Details
(i)	The Daishi Bank, Ltd. Series 1 Share Options	See Exhibit 2-①-1	Daishi Hokuetsu Financial Group, Inc. Series 1 Share Options	See Exhibit 2-①-2
(ii)	The Daishi Bank, Ltd. Series 2 Share Options	See Exhibit 2-②-1	Daishi Hokuetsu Financial Group, Inc. Series 2 Share Options	See Exhibit 2-②-2
(iii)	The Daishi Bank, Ltd. Series 3 Share Options	See Exhibit 2-③-1	Daishi Hokuetsu Financial Group, Inc. Series 3 Share Options	See Exhibit 2-③-2
(iv)	The Daishi Bank, Ltd. Series 4 Share Options	See Exhibit 2-④-1	Daishi Hokuetsu Financial Group, Inc. Series 4 Share Options	See Exhibit 2-④-2
(v)	The Daishi Bank, Ltd. Series 5 Share Options	See Exhibit 2-⑤-1	Daishi Hokuetsu Financial Group, Inc. Series 5 Share Options	See Exhibit 2-⑤-2
(vi)	The Daishi Bank, Ltd. Series 6 Share Options	See Exhibit 2-⑥-1	Daishi Hokuetsu Financial Group, Inc. Series 6 Share Options	See Exhibit 2-⑥-2
(vii)	The Daishi Bank, Ltd. Series 7 Share Options	See Exhibit 2-⑦-1	Daishi Hokuetsu Financial Group, Inc. Series 7 Share Options	See Exhibit 2-⑦-2
(viii)	The Daishi Bank, Ltd. Series 8 Share Options	See Exhibit 2-⑧-1	Daishi Hokuetsu Financial Group, Inc. Series 8 Share Options	See Exhibit 2-⑧-2

- (2) In the Share Transfer, the Holding Company shall deliver the share options listed in Column 2 of the following table in place of the share options issued by Hokuetsu to each of the holders of the corresponding share options listed in (i) through (vii) of Column 1 of the following table, in a number equal to the number of share options issued by Hokuetsu Bank as of the Record Time.

	Column 1		Column 2	
	Name	Details	Name	Details
(i)	The Hokuetsu Bank, Ltd. Series 1 Share-Based Compensation Share Options	See Exhibit 3-①-1	Daishi Hokuetsu Financial Group, Inc. Series 9 Share Options	See Exhibit 3-①-2
(ii)	The Hokuetsu Bank, Ltd. Series 2 Share-Based Compensation Share Options	See Exhibit 3-②-1	Daishi Hokuetsu Financial Group, Inc. Series 10 Share Options	See Exhibit 3-②-2
(iii)	The Hokuetsu Bank, Ltd. Series 3 Share-Based Compensation Share Options	See Exhibit 3-③-1	Daishi Hokuetsu Financial Group, Inc. Series 11 Share Options	See Exhibit 3-③-2

(iv)	The Hokuetsu Bank, Ltd. Series 4 Share-Based Compensation Share Options	See Exhibit 3-④-1	Daishi Hokuetsu Financial Group, Inc. Series 12 Share Options	See Exhibit 3-④-2
(v)	The Hokuetsu Bank, Ltd. Series 5 Share-Based Compensation Share Options	See Exhibit 3-⑤-1	Daishi Hokuetsu Financial Group, Inc. Series 13 Share Options	See Exhibit 3-⑤-2
(vi)	The Hokuetsu Bank, Ltd. Series 6 Share-Based Compensation Share Options	See Exhibit 3-⑥-1	Daishi Hokuetsu Financial Group, Inc. Series 14 Share Options	See Exhibit 3-⑥-2
(vii)	The Hokuetsu Bank, Ltd. Series 7 Share-Based Compensation Share Options	See Exhibit 3-⑦-1	Daishi Hokuetsu Financial Group, Inc. Series 15 Share Options	See Exhibit 3-⑦-2

2. Allotment of Share Options

- (1) In the Share Transfer, for each share option in (i) through (viii) of Column 1 of the table above in Subparagraph (1), the Holding Company will allot one of the corresponding share options in Column 2 to holders of Daishi Bank's share options as of the Record Time.
- (2) In the Share Transfer, for each share option in (i) through (viii) of Column 1 of the table above in Subparagraph (1), the Holding Company will allot one of the corresponding share options in Column 2 to holders of Hokuetsu Bank's share options as of the Record Time.

Article 7 Incorporation Date of the Holding Company

The date for registering incorporation of the Holding Company (the "Incorporation Date") shall be October 1, 2018; provided, however, that if necessary in order to proceed with the procedures for the Share Transfer or if necessary for some other reason, Daishi Bank and Hokuetsu Bank may change the Incorporation Date upon mutual discussions between them.

Article 8 General Meetings of Shareholders to Obtain Approval for this Share Transfer Plan

1. Daishi Bank shall convene its Annual General Meeting of Shareholders on June 26, 2018, and seek adoption of a resolution for the approval of, and other matters with respect to, this Share Transfer Plan.
2. Hokuetsu Bank shall convene its Annual General Meeting of Shareholders on June 26, 2018, and seek adoption of resolution for the approval of, and other matters with respect to, this Share Transfer Plan.
3. If necessary in order to proceed with the procedures for the Share Transfer or necessary for some other reason, Daishi Bank and Hokuetsu Bank may hold mutual discussions and agree to change the date that annual general meetings are held to seek adoption of a resolution for the approval of, and other matters with respect to, this Share Transfer Plan.

Article 9 Listing of Shares and Administrator of the Shareholder Register

1. Daishi Bank and Hokuetsu Bank shall hold discussions in good faith and mutually cooperate to carry out all procedures whatsoever necessary to have the common shares issued by the Holding Company listed on the First Section of the Tokyo Stock Exchange on the Incorporation Date.
2. The administrator of the shareholder register upon incorporation of the Holding Company shall be Mitsubishi UFJ Trust and Banking Corporation.

Article 10 Dividends

1. Daishi Bank may pay dividends in the maximum amount of (i) 45 yen per common share to shareholders or registered pledgees of shares that hold common stock of Daishi Bank and that are stated or recorded in the final shareholder register on March 31, 2018, and (ii) 45 yen per common share to shareholders or registered pledgees of shares that hold common stock of Daishi Bank and that are stated or recorded in the final shareholder register on September 30, 2018.
2. Hokuetsu may pay dividends in the maximum amount of (i) 30 yen per common share to shareholders or registered pledgees of shares that hold common stock of Hokuetsu Bank and that are stated or recorded in the final shareholder register on March 31, 2018, and (ii) 30 yen per common share to shareholders or registered pledgees of shares that hold common stock of Hokuetsu Bank and that are stated or recorded in the final shareholder register on September 30, 2018.
3. Except in the cases provided in Article 10.1 and 10.2, Daishi Bank and Hokuetsu Bank shall not pass a resolution to pay a dividend during the period from the execution of this Share Transfer Plan until the Incorporation date that has a record date preceding the Incorporation Date, unless agreed by Daishi Bank and Hokuetsu Bank through discussions in good faith.

Article 11 Cancellation of Treasury Shares

Daishi Bank and Hokuetsu Bank shall cancel all treasury shares (including treasury shares acquired in response to the exercise of appraisal rights by shareholders who dissent to the Share Transfer, but excluding treasury shares owned by Daishi Bank that are the trust assets of the exclusive trust of the Daishi Bank Employee Stock Ownership Plan pertaining to all of Daishi Bank's trust-type employee stock ownership incentive plan (E-Ship) (owner name: "The Nomura Trust and Banking Co., Ltd. (Daishi Bank Employee Stock Ownership Plan Exclusive Trust Account)) held thereby as of the Record Time by resolutions adopted at meetings of their respective Boards of Directors held before the Incorporation Date.

Article 12 Management of Operations, etc.

1. During the period from the execution of this Share Transfer Plan until the Incorporation Date, Daishi Bank and Hokuetsu Bank shall both execute their own business and manage and invest their own assets with the due care of a prudent manager, and cause their respective subsidiaries (meaning subsidiaries as provided in Article 8(3) of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963, as amended; same hereinafter)) to execute their business and manage and invest their assets with the due care of a prudent manager.
2. If Daishi or Hokuetsu discover an event or circumstances during the period from the execution of this Share Transfer Plan until the Incorporation Date that is likely to have a material adverse effect on implementation of the Share Transfer or on the rationality of the Share Transfer Ratio, Daishi Bank or Hokuetsu Bank shall promptly notify the other party of such event or circumstances in writing, and Daishi Bank and Hokuetsu Bank shall mutually consult in good faith regarding how to handle such circumstances.

Article 13 Loss of Effect of this Share Transfer Plan

This Share Transfer Plan shall be null and void if (i) a resolution for the approval of, and other matters with respect to, this Share Transfer Plan is not adopted at either the annual general meeting of shareholders Daishi Bank or the annual general meeting of shareholders of Hokuetsu Bank provided in Article 8, (ii) the parties are unable to obtain by the Incorporation Date the regulatory approvals, etc. (including authorization from the Prime Minister under Article 52-17(1) of the Banking Act (Act No. 59 of 1981, as amended; same hereinafter)) from the competent authorities, etc. required to carry out the Share Transfer, or (iii) the Share Transfer is cancelled pursuant to Article 14.

Article 14 Amendment of Terms for the Share Transfer and Cancellation of the Share Transfer

If during the period from the execution of this Share Transfer Plan until the incorporation of the Holding Company, (i) facts or an event reasonably determined to be likely to have a material adverse effect on the financial standing, operations, or cash flow of Daishi Bank or Hokuetsu Bank arise, (ii) an event or circumstances that have a material adverse effect on the implementation of the Share Transfer or the rationality of the Share Transfer Ratio arise, or such event or circumstances are discovered (including cases where circumstances had already come to light when this Share Transfer Plan was executed and are discovered to be material after execution of this Share Transfer Plan), or (iii) the achievement of the purpose of the Share Transfer otherwise becomes significantly difficult, Daishi Bank and Hokuetsu Bank may agree to amend the terms and other details of this Share Transfer Plan, or cancel the Share Transfer.

Article 15 Matters for Discussion

In addition to the matters provided in this Share Transfer Plan, matters not provided for herein and other matters necessary for the Share Transfer shall be determined through discussions in good faith between Daishi Bank and Hokuetsu Bank, in accordance with the intent of this Share Transfer Plan.

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IN WITNESS WHEREOF, this Share Transfer Plan has been executed in duplicate by Daishi Bank and Hokuetsu Bank, and each has retained one original copy hereof.

May 11, 2018

Daishi Bank: Fujio Namiki, President
The Daishi Bank, Ltd.
1071-1 Higashiborimae-dori 7-bancho, Chuo-ku,
Niigata-shi, Niigata

Hokuetsu Bank: Katsuya Sato, President
The Hokuetsu Bank, Ltd.
2-14 Ote-dori 2-chome, Nagaoka-shi, Niigata

Daishi Hokuetsu Financial Group, Inc.

Articles of Incorporation

Chapter 1 General Provisions

Article 1 Trade Name

The trade name of the company shall be Daishi Hokuetsu Financial Group, Inc. (the “Company”).

Article 2 Purpose

The Company, as a bank holding company, shall engage in the following businesses as its purpose:

- (1) Operation and management of banks and companies that are permitted to be subsidiaries under the Banking Act;
- (2) All businesses incidental to, and associated with, the provisions of Subparagraph (1) above; and
- (3) Other businesses, in addition to the businesses set forth in Subparagraphs (1) and (2) above, that bank holding companies are permitted to engage in under the Banking Act.

Article 3 Location of Head Office

The Company’s head office shall be located in Nagaoka-shi, Niigata.

Article 4 Corporate Organs

In addition to a general meeting of shareholders and directors, the Company shall have the following corporate organs:

- (1) Board of Directors;
- (2) Audit & Supervisory Committee; and
- (3) Accounting Auditor.

Article 5 Method of Public Notice

The Company shall issue public notices electronically; provided, however, that if it is impossible to issue a notice by means of electronic public notice due to an accident or other unavoidable cause, notices shall be published in the Niigata Nippo and the Nihon Keizai Shimbun.

Chapter 2 Shares

Article 6 Total Number of Authorized Shares

The total number of authorized shares to be issued by the Company shall be 100,000,000 shares of stock.

Article 7 Share Trading Unit

Share units of the Company will comprise 100 shares of stock.

Article 8 Rights With Respect to Shares Constituting Less than One Unit

Shareholders of the Company may not exercise rights with respect shares constituting less than one unit held thereby, except for the following rights:

- (1) Rights set forth in each item of Article 189(2) of the Companies Act;
- (2) The right to make demands pursuant to the provisions of Article 166(1) of the Companies Act;
- (3) The right to receive allocation of shares for subscription and share options for subscription` in accordance with the number of shares held by the shareholder; and

- (4) Right to request the sale of shares constituting less than one unit.

Article 9 Purchase of Additional Shares Constituting Less than One Unit

In accordance with the provisions of the Share Handling Rules, shareholders of the Company may request the Company to sell them shares in a number that will constitute one trading unit when combined with the shares constituting less than one unit held by the shareholder.

Article 10 Share Handling Rules

1. The handling of shares of the Company, and fees and procedures, etc. when shareholders exercise their rights, shall be in accordance with laws and regulations, these Articles of Incorporation, and the Share Handling Rules set forth by the Board of Directors.
2. The same applies with regard to various notifications filed by shareholders, etc.

Article 11 Administrator of the Shareholder Register

1. The Company shall have an administrator of the shareholder register.
2. The administrator of the shareholder register, and where the administration shall be conducted, shall be determined by resolution of the Board of Directors, and public notice thereof will be issued.
3. Preparation and provision of the shareholder register and share option register of the Company, and other administrative work for the shareholder register and share option register, shall be delegated to the administrator of the shareholder register, and shall not be performed by the Company.

Chapter 3 General Meeting of Shareholders

Article 12 Convocation

Ordinary general meetings of shareholders of the Company shall be convened within three months after the end of each business year, and extraordinary general meetings of shareholders shall be convened as necessary.

Article 13 Record Date for Ordinary General Meetings of Shareholders

The record date for voting rights for the Company's ordinary general meeting of shareholders shall be March 31 of each year.

Article 14 Convener and Chair

1. Except where otherwise provided by laws and regulations, general meetings of shareholders shall be convened by the President pursuant to a resolution of the Board of Directors, and shall be chaired by the President.
2. If the President is unable to fulfill these duties due to an accident, these duties shall be performed by another director, in accordance with the order of precedence determined in advance by the Board of Directors.

Article 15 Disclosure of Reference Documents, etc. for General Meetings of Shareholders on the Internet and Deemed Provision

If the Company discloses on the Internet, in accordance with provisions set forth by ordinance of the Ministry of Justice, information regarding matters that must be stated or displayed in reference documents for general meetings of shareholders, the business report, financial statements, and consolidated financial statements when convening a general meeting of shareholders, the Company may deem such information to have been provided to shareholders.

Article 16 Resolutions

1. Unless otherwise provided by laws and regulations or these Articles of Incorporation, resolutions of general meetings of shareholders shall be passed by a majority of votes of the shareholders in attendance who can exercise voting rights.
2. Resolutions provided in Article 309(2) of the Companies Act require the attendance of at least one-third of shareholders who can exercise voting rights, and shall be passed with a two-thirds majority.

Article 17 Proxy Voting

1. Shareholders may exercise their voting rights by appointing one other shareholder as their proxy.
2. In the case provided in Article 17.1 above, the shareholder or their proxy must submit a document evidencing the proxy right to the Company for each general meeting of shareholders.

Chapter 4 Directors and the Board of Directors

Article 18 Number of Directors

1. The Company shall have no more than ten directors (excluding directors who are members of the Audit & Supervisory Committee (“Audit & Supervisory Committee Members”)).
2. The Company shall have no more than eight Audit & Supervisory Committee Members.

Article 19 Appointment of Directors

1. Directors shall be appointed at general meetings of shareholders, with Audit & Supervisory Committee Members and other directors being appointed separately. Resolutions for the appointment thereof require the attendance of at least one-third of shareholders who can exercise voting rights, and shall be passed with a majority of such votes.
2. Resolutions for the appointment of directors shall not be by cumulative voting.

Article 20 Term of Office of Directors

1. The term of office of directors of the Company other than Audit & Supervisory Committee Members shall be until the conclusion of the ordinary general meeting of shareholders for the last business year finishing within one year after their appointment.
2. The term of office for Audit & Supervisory Committee Members shall be until the conclusion of the ordinary general meeting of shareholders for the last business year finishing within two years after their appointment.
3. If a replacement Audit & Supervisory Committee Member is appointed to take the place of an Audit & Supervisory Committee Member who resigned before the end of their term, the term of office for such Audit & Supervisory Committee Member appointed as a replacement shall be until the end of the term of office for the Audit & Supervisory Committee Member that resigned.
4. If a resolution is passed to appoint a replacement Audit & Supervisory Committee Member, such resolution shall continue to have effect until the start of the ordinary general meeting of shareholders for the last business year ending within two years after such appointment.

Article 21 Directors with Titles

The Board of Directors may pass resolutions to appoint from among the directors (excluding Audit & Supervisory Committee Members) one Chairperson and one President, and several Vice Presidents, Senior Executive Managing Directors, and Executive Managing Directors.

Article 22 Representative Director

The Board of Directors shall pass a resolution appointing a representative director from among the directors (excluding Audit & Supervisory Committee Members).

Article 23 Director Compensation, etc.

Compensation, bonuses, and other financial benefits received by directors as consideration for the execution of their duties (“Compensation, etc.”) shall be determined by resolution of the general meeting of shareholders, differentiating between Audit & Supervisory Committee Members and other directors.

Article 24 Exemption from Liability for Directors

1. Pursuant to the provisions of Article 426(1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt outside directors (including those who formerly served as outside directors) from liability for damages due to neglect of duties, to the extent permitted by laws and regulations.
2. Pursuant to Article 427(1) of the Companies Act, the Company may enter into an agreement with a director (excluding directors who are executive directors, etc.) to limit liability for damages due to neglect of duties; provided, however, that the limit of liability pursuant to such agreement shall be the minimum liability amount permitted by laws and regulations.

Article 25 Authority of Directors

The Board of Directors shall determine the execution of important operations of the Company, in addition to the matters set forth by laws, regulations, and these Articles of Incorporation.

Article 26 Convocation of Meetings of the Board of Directors

1. Except where otherwise provided by laws and regulations, meetings of the Board of Directors shall be convened by the President, who shall chair the meetings. If the President is unable to fulfill these duties due to an accident, these duties shall be performed by another director, in accordance with the order determined in advance by the Board of Directors.
2. Convocation notices for meetings of the Board of Directors shall be issued to each director five days before the date of the meeting; provided, however, that this period may be shortened if necessary due to an emergency.
3. With the consent of all directors, a meeting of the Board of Directors may be held without going through the convocation procedure.

Article 27 Resolutions of the Board of Directors

1. Except where otherwise provided by laws and regulations, resolutions of the Board of Directors require the attendance of the majority of directors who may vote, and are passed by a majority of those directors in attendance.
2. The Company shall deem a resolution of the Board of Directors to have been passed if the conditions provided in Article 370 of the Companies Act have been satisfied.

Article 28 Delegation of Decisions for the Execution of Operations to Directors

Pursuant to the provisions of Article 399-13(6) of the Companies Act, the Company may delegate all or part of the decision-making for the execution of important operations (excluding those matters set forth in each item of Article 399-13(5) of the Companies Act) to directors, by resolution of the Board of Directors.

Article 29 Operation of the Board of Directors

Operation of the Board of Directors shall be in accordance with the provisions of the Board of Directors Regulations set forth by the Board of Directors.

Chapter 5 Audit & Supervisory Committee

Article 30 Full-Time Audit & Supervisory Committee Members

The Audit & Supervisory Committee may, by resolution thereof, appoint full-time Audit & Supervisory Committee Members from among the Audit & Supervisory Committee Members.

Article 31 Convocation of Meetings of the Audit & Supervisory Committee

1. Convocation notices for meetings of the Audit & Supervisory Committee shall be issued to each Audit & Supervisory Committee Member five days before the date of the meeting; provided, however, that this period may be shortened if necessary due to an emergency.
2. With the consent of all Audit & Supervisory Committee Members, a meeting of the Audit & Supervisory Committee may be held without going through the convocation process.

Article 32 Resolutions of the Audit & Supervisory Committee

Except where otherwise provided by laws and regulations, resolutions of the Audit & Supervisory Committee require the attendance of the majority of the Audit & Supervisory Committee Members who may vote and are passed by a majority of those Audit & Supervisory Committee Members in attendance.

Article 33 Operation of the Audit & Supervisory Committee

Operation of the Audit & Supervisory Committee shall be in accordance with the provisions of the Audit & Supervisory Committee Regulations set forth by the Audit & Supervisory Committee.

Chapter 6 Accounting Auditor

Article 34 Appointment of an Accounting Auditor

The Accounting Auditor shall be appointed by resolution of the general meeting of shareholders.

Article 35 Term of Office of the Accounting Auditor

1. The term of office of the Accounting Auditor shall be until the conclusion of the ordinary general meeting of shareholders for the last business year finishing within one year after their appointment.
2. Unless otherwise resolved at the ordinary general meeting of shareholders provided in Article 35.1, the Accounting Auditor shall be deemed to have been reappointed at such general meeting of shareholders.

Chapter 7 Calculations

Article 36 Business Year

The Company's business year shall be from April 1 of each year until March 31 of the following year.

Article 37 Decision-Making Body for Dividends, etc.

Except where otherwise provided by laws and regulations, the Company may determine matters set forth in each item of Article 459(1) of the Companies Act by resolution of the Board of Directors.

Article 38 Record Date for Dividends, etc.

1. The record date for the Company's year-end dividend shall be March 31 of each year.
2. The record date for the Company's interim dividend shall be September 30 of each year.
3. The Company may set a record date and pay other dividends in addition to those provided in Article 38.1 and 38.2

Article 39 Period of Exclusion

If the dividends are paid in cash, the Company shall be released from the duty to pay once five years have elapsed since the date of commencement of payment.

Supplementary Provisions

Article 1 First Business Year

Notwithstanding the provisions of Article 36, the first business year of the Company shall be from the date of incorporation of the Company until March 31, 2019.

Article 2 Initial Director Compensation, etc.

1. Notwithstanding the provisions of Article 23, the total amount of director (not including Audit & Supervisory Committee Members) Compensation, etc. for the period from the date of incorporation of the Company until the first ordinary general meeting of shareholders concludes shall be no more than 300 million yen.
2. Notwithstanding the provisions of Article 23, the total amount of Audit & Supervisory Committee Member Compensation, etc. for the period from the date of incorporation of the Company until the first ordinary general meeting of shareholders concludes shall be no more than 85 million yen.
3. Notwithstanding the provisions of Article 23 and Paragraph 1 of this Article, the share-option based compensation of the Compensation, etc. for the period from the date of incorporation of the Company until the first ordinary general meeting of shareholders concludes shall be no more than 130 million yen, and the details of such share options shall be as follows.

(1) Type and number of shares underlying share options

The type of shares underlying share options shall be common stock of the Company, and the number of shares underlying share options (“Number of Shares to be Issued”) shall be 10 shares of stock.

The Number of Shares to be Issued shall be adjusted in accordance with the following formula if the Company conducts a share split (including the allotment without contribution of the Company’s common shares; same hereinafter) or share consolidation; provided, however, that such adjustment shall be carried out for the Number of Shares to be Issued for share options that have not been exercised at that time, and fractions of a whole share resulting from such adjustment shall be rounded down.

Number of Shares to be Issued after adjustment = the Number of Shares to be Issued before adjustment × the split or consolidation ratio

The Number of Shares to be Issued after adjustment shall apply on and after the day immediately following the record date for such share split and on and after the effective date in the case of share consolidation.

If it is necessary to adjust the Number of Shares to be Issued in addition to the foregoing, the Number of Shares to be Issued shall be adjusted within a reasonable scope.

(2) Total number of share options

The total number of share options allotted to directors during the period from the date of incorporation of the Company until the conclusion of the first ordinary general meeting of shareholders shall be a maximum of 65,000 share options.

(3) Amount to be paid in for share options

The amount to be paid in for each share option shall be the amount determined by the board of directors based on the fair market value of the share options, calculated using a method such as the Black-Scholes model, when the share options are allotted.

(4) Value of property to be contributed when share options are exercised

The value of property to be contributed when each share option is exercised shall be the one yen amount to be paid in per share in order to be issued shares by exercising the share options multiplied by the Number of Shares to be Issued.

- (5) Period when share options may be exercised
The period when share options may be exercised shall be determined by the Board of Directors, with a maximum possible period of 30 years from the date immediately following the share option allotment date.
- (6) Restrictions on acquisition of share options by assignment
Acquisition of share options by assignment requires the approval of the Board of Directors.
- (7) Conditions for exercise of share options
Parties allotted share options may exercise the share options from the date immediately following the date that they lose their status as a director or executive officer of the Company, The Daishi Bank, Ltd., or The Hokuetsu Bank, Ltd., and other conditions to the exercise thereof shall be set by the Board of Directors.
- (8) Other details of share options
The Board of Directors shall determine the details of matters set forth in Subparagraphs (1) through (7) above and other matters regarding share options.

Article 3 Acquisition of Own Shares

The Company may acquire its own shares, such as through market transactions, pursuant to the provisions of Article 165(2) of the Companies Act.

Article 4 Deletion of these Supplementary Provisions

These supplementary provisions shall be deleted upon the conclusion of the first ordinary general meeting of shareholders held after the incorporation of the Company.

3. Adequacies of Provisions Regarding Matters Set Forth in Article 773(1)(v) and (vi) of the Companies Act

(1) Shares of the Joint Holding Company delivered to shareholders of the Banks and allotment of shares of the Joint Holding Company in the Share Transfer

The Banks determined that the allocation ratio of the common shares of the Joint Holding Company to be allotted and delivered to shareholders of the Banks, respectively (the “Share Transfer Ratio”), when the Joint Holding Company is incorporated through the Share Transfer shall be as follows.

(i) Details of allotment in the Share Transfer (Share Transfer Ratio)

Company Name	The Bank	Hokuetsu Bank
Share Transfer Ratio	1	0.5

(Note 1) Share allotment ratio

One share of common stock of the Joint Holding Company will be allocated and delivered for each share of common stock of the Bank and 0.5 share(s) of common stock of the Joint Holding Company will be allocated and delivered for each share of common stock of Hokuetsu Bank. One unit of shares of common stock of the Joint Holding Company is planned to comprise 100 shares.

If the number of Joint Holding Company shares which will be delivered to a shareholder of the Banks through the Share Transfer includes a fraction of less than one share, the Joint Holding Company will, pursuant to Article 234 of the Companies Act of Japan, and other relevant laws and regulations, pay the relevant shareholder a cash amount corresponding to such fractional share.

Changes to the above Share Transfer Ratio may be made during the period after the execution of the Business Integration Agreement and until the effective date of the Share Transfer upon consultation between the Banks in the event that matters that cause a material effect to the Share Transfer Ratio are newly found to exist or have occurred.

(Note 2) Number of newly issued Joint Holding Company shares to be delivered through the Share Transfer (scheduled)

Common stock: 45,876,355 shares

The above number has been calculated based on the total number of issued and outstanding shares of the Bank (34,625,347 shares) and Hokuetsu Bank (24,514,280 shares) as of March 31, 2018. However, the Banks plan to cancel their treasury shares (however, excluding treasury shares owned by the Bank that are the trust assets of the exclusive trust of the Daishi Bank Employee Stock Ownership Plan pertaining to all of the Bank’s trust-type employee stock ownership incentive plan (E-Ship) (owner name: “The Nomura Trust and Banking Co., Ltd. (Daishi Bank Employee Stock Ownership Plan Exclusive Trust Account)”); the same hereinafter) immediately before the Joint Holding Company acquires all of the Banks’ issued and outstanding shares (“Record Time”). Accordingly, treasury shares held by the Bank (742,205 shares) as of March 31, 2018 and treasury shares held by Hokuetsu Bank (527,854 shares) as of March 31, 2018 have not been included in the scope of the new share delivery in calculating the above number. The number of newly issued Joint Holding Company shares to be delivered through the Share Transfer may change if the number of the Banks’ treasury shares as of March 31, 2018 changes before the Record Time due to reasons such as exercise of the right to

request purchase of shares by a shareholder of Hokuetsu Bank or the Bank.

(Note 3) Handling of shares constituting less than one unit

The Banks' shareholders who receive an allocation of shares constituting less than one unit (100 shares) of the common shares of the Joint Holding Company ("Shares Constituting Less than One Unit") through the Share Transfer may not sell Shares Constituting Less than One Unit on the Tokyo Stock Exchange or any other securities exchange. Shareholders who own Shares Constituting Less than One Unit may request the Joint Holding Company to purchase their Shares Constituting Less than One Unit pursuant to Article 192(1) of the Companies Act. It is planned that such shareholders may also request the Joint Holding Company to sell the number of shares needed, together with the number of Shares Constituting Less than One Unit owned by such shareholder, to constitute one unit pursuant to Article 194(1) of the Companies Act and provisions planned to be stipulated in the Articles of Incorporation of the Joint Holding Company.

(ii) Basis and reasons for the details of allotment

Based on the basic agreement concerning proceeding with discussions and considerations toward the Business Integration of the Banks (the "Business Integration") dated April 5, 2017, the Banks established the Preparatory Integration Committee and have been discussing and considering consummating the Business Integration with the effective date of the Share Transfer as October 1, 2018 (scheduled).

As described in "(iv) Measures to ensure fairness" below, the Bank respectively appointed Nomura Securities Co. Ltd. ("Nomura Securities") as an independent third-party financial advisor for the analysis of the Share Transfer Ratio and Nishimura & Asahi as a legal advisor in order to ensure the fairness to the Bank's shareholder from a financial point of view of the Share Transfer Ratio and other aspects of the Share Transfer, and commenced deliberations with respect to the transaction. After careful discussions and negotiations with reference to the analysis prepared by Nomura Securities on March 22, 2018 and the legal advice provided by Nishimura & Asahi, the Bank concluded that it is appropriate to implement the Share Transfer based on the Share Transfer Ratio indicated in "(i) Details of allotment in the Share Transfer (Share Transfer Ratio)" above.

On the other hand, as described in "(iv) Measures to ensure fairness" below, Hokuetsu Bank respectively appointed Mizuho Securities Co., Ltd. ("Mizuho Securities") as an independent third-party financial advisor for the analysis of the Share Transfer Ratio and Mori Hamada & Matsumoto as a legal advisor to ensure the fairness to Hokuetsu Bank's shareholder from a financial point of view of the Share Transfer Ratio and other aspects of the Share Transfer, and commenced a deliberate review process and discussions with respect to the transaction. After careful discussions and negotiations with reference to the analysis prepared by Mizuho Securities on March 22, 2018 and the legal advice provided by Mori Hamada & Matsumoto, Hokuetsu Bank concluded that it is appropriate to implement the Share Transfer based on the Share Transfer Ratio described in "(i) Details of allotment in the Share Transfer (Share Transfer Ratio)" above.

As such, the Banks carefully negotiated and discussed the Share Transfer Ratio, comprehensively taking into account factors such as the market price, financial position, and future prospects of each party, based on the due diligence conducted by each Bank concerning the other, with each Bank making reference to the financial analysis of its financial advisor and the legal advice of its legal advisor. As a result of such negotiations and

discussions, each of the Banks concluded in a meeting of its board of directors held on March 23, 2018 that the Share Transfer Ratio for the Share Transfer set forth in “(i) Details of allotment in the Share Transfer (Share Transfer Ratio)” above is appropriate. Upon the decision thereof, the Banks have agreed to the Share Transfer Ratio for the Share Transfer.

(iii) Calculation

A. Names of the financial advisors and the relationship with the Banks

Nomura Securities, financial advisor (independent third-party financial advisor) of the Bank, and Mizuho Securities, financial advisor (independent third-party financial advisor) of Hokuetsu Bank, are not related parties of either the Bank or Hokuetsu Bank, and have no material interests requiring disclosure in regards to the Share Transfer.

B. Outline of the calculation

In order to ensure fairness from a financial point of view of the Share Transfer Ratio to their respective shareholders, the Bank retained Nomura Securities and Hokuetsu Bank retained Mizuho Securities as their respective independent third-party financial advisors for calculating and analyzing the Share Transfer Ratio.

In its analyses of the Share Transfer Ratio, Nomura Securities conducted a market share price analysis because each Bank’s shares are listed on the First Section of the TSE and market prices are available for each Bank’s shares, as well as a comparable companies analysis because there are multiple companies that are comparable to each Bank and Nomura Securities could estimate each Bank’s share value by comparing the comparable companies. In addition, in order to additionally reflect future business activities, Nomura Securities conducted a DDM Analysis, which is a method used to analyze the share value by discounting, using cost of capital, the value attributable to the shareholders after taking into account retained earnings and other factors necessary to maintain certain capital structure, which method is used generally for the analysis of financial institutions. The result of each analysis is indicated below. The respective ranges for the Share Transfer Ratio represent the number of shares of the Joint Holding Company to be allotted for one common share of Hokuetsu Bank, assuming that one common share of the Joint Holding Company is allotted for one common share of the Bank.

	Analysis	Range of Share Transfer Ratio
1	Market Share Price Analysis	0.49-0.50
2	Comparable Companies Analysis	0.48-0.53
3	DDM Analysis	0.36-0.53

In the market share price analysis, Nomura Securities used March 22, 2018 (the “Reference Date”) as the reference, and used the closing price on the Reference Date, the simple average closing price for the five business days from March 15, 2018 until the Reference Date, the simple average closing price for the one-month period from February 23, 2018 until the Reference Date, the simple average closing price for the three-month period from December 25, 2017 until the Reference Date, and the simple average closing price for the six-month period from September 25, 2017 until the Reference Date.

For the analysis of the Share Transfer Ratio, Nomura Securities has used information provided by the Banks and public information. Nomura Securities has assumed the accuracy and completeness of all materials and information, and has not independently verified the accuracy or completeness of such information. Also, Nomura Securities has

not undertaken an independent evaluation, appraisal or assessment of the assets or liabilities (including contingent liabilities), on an aggregate or individual basis, of the Banks or any of their respective affiliates, nor did it make any request to a third party for an appraisal or assessment. Nomura Securities' analysis of the Share Transfer Ratio reflects information and economic conditions as of March 22, 2018, and it assumes that the individual financial forecasts of the Banks (including profit plans and other information) were reasonably prepared based on the best currently available estimates and judgment of the management of the individual Banks. The future profit plans for the Banks that was the basis for the DDM Analysis did not anticipate a significant increase or decrease in profit.

In its analyses of the Share Transfer Ratio, Mizuho Securities conducted a historical reference share price analysis because each of Bank's shares are listed on the First Section of the Tokyo Stock Exchange and market prices are available for each of Bank's shares, as well as a comparable companies analysis because there are multiple companies that are comparable to each of the Banks and Mizuho Securities could estimate each Bank's share value by comparing the comparable companies. Furthermore, in order to reflect future business activities, Mizuho Securities conducted a dividend discount model analysis ("DDM Analysis"), which is a method used to analyze the share value by discounting, using cost of capital, the value attributable to the shareholders after taking into account retained earnings and other factors necessary to maintain certain capital structure, which method is used generally for the analysis of financial institutions. The result of each analysis is indicated below. The respective ranges for the Share Transfer Ratio represent the number of common shares of the Joint Holding Company to be allotted for one common share of Hokuetsu Bank, assuming that one common share of the Joint Holding Company is allotted for one common share of the Bank.

	Analysis	Range of Share Transfer Ratio
1	Historical Reference Share Price Analysis	0.49-0.50
2	Comparable Companies Analysis	0.46-0.59
3	DDM Analysis	0.41-0.59

Furthermore, in the historical reference share price analysis, Mizuho Securities used the closing price on March 22, 2018 (the "Reference Date"), and the simple average closing prices for the week until the Reference Date, the one-month period until the Reference Date, the three-month period until the Reference Date, and the six-month period until the Reference Date.

For the analysis of the Share Transfer Ratio, Mizuho Securities has used information provided by the Banks and public information. Mizuho Securities has assumed the accuracy and completeness of all materials and information, and has not independently verified the accuracy or completeness of such information. Also, Mizuho Securities has not undertaken an independent evaluation, appraisal or assessment of the assets or liabilities (including contingent liabilities), on an aggregate or individual basis, of the Banks or any of their respective affiliates, nor did it make any such request to a third party. Mizuho Securities' analysis of the Share Transfer Ratio reflects information and economic conditions until March 22, 2018, and it assumes that the financial forecasts of the Banks (including profit plans and other information) were reasonably prepared based on the best-available estimates and judgment of the management of the Banks. The future profit plans

for the Banks that was the basis for the DDM Analysis did not anticipate a significant increase or decrease in profit.

(iv) Measures to ensure fairness

In order to ensure fairness of the Share Transfer, the Bank has taken the following measures.

A. Obtaining a share transfer ratio analysis report from an independent third-party financial advisor

In order to ensure the fairness to its shareholders from a financial point of view of the Share Transfer Ratio, the Bank selected Nomura Securities as a third-party financial advisor as described in “(ii) Basis and reasons for the details of allotment” above, and obtained its share transfer ratio analysis report in order to use it as a basis for the agreement of the Share Transfer Ratio for the Share Transfer. The Bank conducted negotiations and discussions with Hokuetsu Bank with reference to the analyses and advice of Nomura Securities, its third-party financial advisor, and the board of directors resolved on March 23, 2018 that the Bank will implement the Share Transfer based on the Share Transfer Ratio as described in “(i) Details of allotment in the Share Transfer (Share Transfer Ratio)” above.

The Bank also received a written opinion (a so-called “fairness opinion”) dated March 22, 2018 from Nomura Securities to the effect that the Share Transfer Ratio in the Share Transfer is appropriate for the Bank from a financial point of view.

B. Advice from an independent law firm

In order to ensure the fairness and adequacy of decision making of the board of directors, the Bank obtained legal advice on method and process of its decision-making and other procedures relating to the Share Transfer from Nishimura & Asahi as a legal advisor independent of the Banks.

On the other hand, Hokuetsu Bank has taken the following measures to ensure fairness.

A. Obtaining a Share Transfer Ratio analysis report from an independent third-party financial advisor

In order to ensure the fairness to its shareholders from a financial point of view of the Share Transfer Ratio, Hokuetsu Bank selected Mizuho Securities as a third-party financial advisor as described in “3.(ii) Basis and reasons for the details of allotment” above, and obtained its Share Transfer Ratio analysis report in order to use it as a basis for the agreement of the Share Transfer Ratio for the Share Transfer. Hokuetsu Bank conducted negotiations and discussions with the Bank with reference to the analyses and advice of Mizuho Securities, its third-party financial advisor, and the board of directors resolved on March 23, 2018 that Hokuetsu Bank will implement the Share Transfer based on the agreed Share Transfer Ratio as described in “3. (i) Details of allotment in the Share Transfer (Share Transfer Ratio)” above. Hokuetsu Bank also received a written opinion (a so-called “fairness opinion”) dated March 22, 2018 from Mizuho Securities to the effect that the Share Transfer Ratio in the Share Transfer is appropriate for Hokuetsu Bank’s shareholders from a financial point of view. Mizuho Securities’ material assumptions and the like regarding its fairness opinion are described in the Exhibit.

B. Advice from an independent law firm

In order to ensure the fairness and adequacy of decision making of the board of directors, Hokuetsu Bank obtained legal advice on the method and process of its decision making and

other procedures relating to the Share Transfer from Mori Hamada & Matsumoto as a legal advisor independent of the Banks.

Exhibit : Assumptions, etc. of Mizuho Securities' Fairness Opinion

Mizuho Securities issued a written opinion (the "Opinion") on March 22, 2018 to the effect that the Share Transfer Ratio is appropriate for Hokuetsu Bank's shareholders from a financial point of view, and it assumed the following points upon that issuance.

For the purpose of the expression of its opinion in the Opinion, Mizuho Securities has relied on and assumed the accuracy and completeness of all public information reviewed by Mizuho Securities and all financial information and other information that the Banks provided to Mizuho Securities or that Mizuho Securities discussed with the Banks, and that formed the substantial basis of the analysis in this Opinion. Furthermore, Mizuho Securities has not independently verified the accuracy or completeness of such information and does not bear a responsibility or duty to make such an independent verification. If there was a matter that would render materially inaccurate the information that was provided to Mizuho Securities or that Mizuho Securities discussed with the Banks, or there was a fact or situation that was not disclosed at the time of the delivery of the Opinion or that occurred after the delivery of the Opinion (including facts that potentially existed at the time of the delivery of the Opinion and later became clear), it is possible that the conclusion expressed in the Opinion would be different. Mizuho Securities has assumed that the management of the Banks is not aware of any facts that would render incomplete or invite misunderstanding of the information that was provided to Mizuho Securities or that Mizuho Securities discussed with the Banks. Furthermore, Mizuho Securities has not undertaken an independent evaluation or assessment of the assets or liabilities (including derivatives transactions, off-balance-sheet assets and liabilities or other contingent liabilities) or the reserves of the Banks or their respective affiliates, it has not analyzed the appropriateness of valuations for accounting or taxation purposes or the suitability of accounting treatments or taxation treatments, and it has not been provided with any such evaluations, assessments, or analyses by a third party or requested them from a third party. Mizuho Securities does not bear a duty to assess the assets or facilities of the Banks or their respective affiliates, and it has not evaluated the shareholders' equity, solvency, or fair price of the Banks or their respective affiliates based on laws regarding insolvency or bankruptcy, etc.

With the consent of Hokuetsu Bank, Mizuho Securities has used assumptions that it considers reasonable and appropriate regarding information that was requested by Mizuho Securities during the preparation of the Opinion (i) that was not provided or disclosed by the Banks, (ii) that although provided or disclosed has an uncertain effect on the corporate value of the Banks at the present time, or (iii) that Mizuho Securities was unable to use as the basis of its evaluation even by other methods. Mizuho Securities has not verified what type of effect there will be on the future finances of the Banks in the event it becomes clear that such assumptions by Mizuho Securities differ from the facts in material respects.

Furthermore, Mizuho Securities has assumed that financial forecasts and other information regarding the future provided to Mizuho Securities (including forecasts regarding future profits and expenses, expectations of expenses reductions, and the Banks' business plans) have been reasonably prepared by the Banks' management based on the best currently available forecasts and judgments of the future business results and financial status of the Banks and their respective affiliates. Mizuho Securities has relied on those financial forecasts and business plans without conducting any independent verifications of the feasibility of those financial forecasts and business plans, and

Mizuho Securities is not expressing any judgment on the analyses or forecasts that are referenced in the Opinion, or on the assumptions that are the basis for those analyses or forecasts. In regard to synergy effects from the integration of the Banks through this transaction, at the time of the delivery of the Opinion, Mizuho Securities is not aware of any matters that allow the qualitative evaluation of the possibility of a material effect on the expression of its opinion, and they have not been incorporated into the review under the Opinion. In addition, Mizuho Securities has not expressed any opinion on the future outlook, plans, or survivability of the Banks, whether as independent companies or after their integration. Mizuho Securities is not an expert in relation to law, regulation, or taxation, and it has relied on the evaluations carried out by the Banks' outside experts regarding such matters. Furthermore, Mizuho Securities has assumed that this transaction is not taxable with respect to the Banks under the Corporation Tax Act of Japan, and that other tax relationships regarding this transaction will not affect the Share Transfer Ratio.

Mizuho Securities has assumed, without conducting an independent verification, that this transaction will be completed in a timely fashion and that all consents and approvals of governmental and regulatory authorities or otherwise (regardless of whether legal or contractual) that are required to complete this transaction can be obtained without having any adverse effect on the Banks or the benefit that is expected from this transaction, that the content of such consents and approvals will not affect the Share Transfer Ratio, and furthermore that any orders, measures, or dispositions that are issued or imposed on the Banks by a regulatory authority, etc. will, except for those disclosed by the Banks, either not have an effect on the Banks' future results or will not occur in the future. It has also assumed that the Banks and their respective affiliates have not in the past executed contracts, agreements, or any other documents that will have a material effect on the Share Transfer Ratio and have not made such decisions, and will not execute such documents or make such decisions in the future, and that in the future the execution of this transaction will not breach a material agreement that is binding on the Banks or their respective affiliates, and will not give rise to a right to cancel such a material agreement or a right to declare non-performance or exercise a remedy pursuant to such an agreement. Mizuho Securities has assumed that there are no contingent liabilities regarding lawsuits or disputes, etc., or off-balance-sheet liabilities regarding the environment, taxation, or intellectual property rights, etc. on the part of the Banks and their respective affiliates, except for those stated in the information that was disclosed by the Banks that formed the foundation of the analysis in the Opinion.

The Opinion is necessarily premised on the financial conditions, economic conditions, market conditions, and other conditions that existed and could be evaluated as of the date of the Opinion, and it relies on the information that Mizuho Securities had obtained as of the date of the Opinion. In addition, information that Mizuho Securities had obtained as of the date of the Opinion, and facts that are potentially included in such information, whose effect on the corporate value of the Banks were not necessarily clear as of the date of the Opinion were not subject to the review by Mizuho Securities. Consequently, it is possible that the opinion of Mizuho Securities will be affected if the facts that were assumed in the review under the Opinion have changed or had an effect on or after the date of the Opinion, or an effect on corporate value due to the discovery of potential facts such as those described above has become clear, but Mizuho Securities will not be responsible for amending, updating, supplementing, or reconfirming the Opinion.

Mizuho Securities plans to receive a fee (including incentive remuneration on the condition that this transaction is completed) from Hokuetsu Bank as consideration for its services as a financial advisor of Hokuetsu Bank in relation to this transaction. Hokuetsu Bank has agreed to compensate Mizuho Securities for certain obligations that arise on the part of Mizuho Securities due to its participation,

including in relation to the submission of the Opinion. Furthermore, in the ordinary course of business or in relation to this transaction, Mizuho Securities or companies in the Mizuho Financial Group of which Mizuho Securities is a member may, on their own accounts or on customers' accounts, underwrite, hold, or sell various financial instruments including certain shares, bonds or other securities issued by either of the Banks or their respective affiliates, and they may possibly hold positions in such financial instruments at any time, and may possibly carry out derivatives transactions pertaining to either of the Banks or their respective affiliates, or to various financial instruments issued by those companies. In addition, it is possible that Mizuho Securities or companies in the Mizuho Financial Group of which Mizuho Securities is a member may, in the course of ordinary business or in relation to this transaction, have financing or other transactional relationships with either of the Banks or their respective affiliates and receive consideration regarding such acts.

Mizuho Securities was not required to submit an opinion on proceeding with this transaction or on the business decision-making at Hokuetsu Bank that is the premise for executing this transaction, and Mizuho Securities' opinion does not cover such matters in any respect. In addition, Mizuho Securities was not requested to submit an opinion on transactions other than this transaction or on the comparative merits and demerits of this transaction and other transactions, and such opinions are not represented in the Opinion. Mizuho Securities does not bear a duty to encourage Hokuetsu Bank or the board of directors of Hokuetsu Bank to gather the concerns of third parties related to this transaction, and it has not carried out such encouragement.

Mizuho Securities' opinion is limited to whether the Share Transfer Ratio is appropriate for the common shareholders of Hokuetsu Bank from a financial point of view as of the date of the Opinion, and Mizuho Securities has not represented an opinion regarding the appropriateness of the Share Transfer Ratio for holders of other types of securities, creditors, or other related parties of Hokuetsu Bank. Furthermore, Mizuho Securities has not represented an opinion regarding the amount or quality of remuneration related to this transaction, or the appropriateness of such remuneration, for any directors, executive officers, employees, or equivalent persons of the Banks.

(2) The Joint Holding Company's capital and reserves

The Bank and Hokuetsu Bank have determined that the capital and reserves of the Joint Holding Company upon incorporation shall be as follows.

(i) Capital	30,000,000,000 yen
(ii) Capital reserves	7,500,000,000 yen
(iii) Retained earnings reserves	0 yen

The amounts of stated capital and reserves were determined through consultation between the Bank and Hokuetsu Bank, and set within the scope of the provisions of Article 52 of the Rules of Corporate Accounting, based on comprehensive consideration and examination of the size of the Joint Holding Company and various other factors.

4. Adequacies of Provisions Regarding Matters Set Forth in Article 773(1)(ix) and (x) of the Companies Act

Upon the Share Transfer, the Joint Holding Company shall allot and deliver, to all holders of share options listed in (i) through (xv) of Column 1 below as of the Record Time, in exchange for the

share options listed in (i) through (xv) of Column 2 in a number that is equal to the total number of share options of the Bank and Hokuetsu Bank as of the Record Time, subject to the terms of the share options and the Share Transfer Ratio.

	Column 1		Column 2	
	Share options issued by the Banks		Share options of the Joint Holding Company to be delivered	
	Name	Details	Name	Details
(i)	The Daishi Bank, Ltd. Series 1 Share Options	See Exhibit 2-①-1	Daishi Hokuetsu Financial Group, Inc. Series 1 Share Options	See Exhibit 2-①-2
(ii)	The Daishi Bank, Ltd. Series 2 Share Options	See Exhibit 2-②-1	Daishi Hokuetsu Financial Group, Inc. Series 2 Share Options	See Exhibit 2-②-2
(iii)	The Daishi Bank, Ltd. Series 3 Share Options	See Exhibit 2-③-1	Daishi Hokuetsu Financial Group, Inc. Series 3 Share Options	See Exhibit 2-③-2
(iv)	The Daishi Bank, Ltd. Series 4 Share Options	See Exhibit 2-④-1	Daishi Hokuetsu Financial Group, Inc. Series 4 Share Options	See Exhibit 2-④-2
(v)	The Daishi Bank, Ltd. Series 5 Share Options	See Exhibit 2-⑤-1	Daishi Hokuetsu Financial Group, Inc. Series 5 Share Options	See Exhibit 2-⑤-2
(vi)	The Daishi Bank, Ltd. Series 6 Share Options	See Exhibit 2-⑥-1	Daishi Hokuetsu Financial Group, Inc. Series 6 Share Options	See Exhibit 2-⑥-2
(vii)	The Daishi Bank, Ltd. Series 7 Share Options	See Exhibit 2-⑦-1	Daishi Hokuetsu Financial Group, Inc. Series 7 Share Options	See Exhibit 2-⑦-2
(viii)	The Daishi Bank, Ltd. Series 8 Share Options	See Exhibit 2-⑧-1	Daishi Hokuetsu Financial Group, Inc. Series 8 Share Options	See Exhibit 2-⑧-2
(ix)	The Hokuetsu Bank, Ltd. Series 1 Share-Based Compensation Share Options	See Exhibit 3-①-1	Daishi Hokuetsu Financial Group, Inc. Series 9 Share Options	See Exhibit 3-①-2
(x)	The Hokuetsu Bank, Ltd. Series 2 Share-Based Compensation Share Options	See Exhibit 3-②-1	Daishi Hokuetsu Financial Group, Inc. Series 10 Share Options	See Exhibit 3-②-2
(xi)	The Hokuetsu Bank, Ltd. Series 3 Share-Based Compensation	See Exhibit 3-③-1	Daishi Hokuetsu Financial Group, Inc. Series 11 Share Options	See Exhibit 3-③-2

	Column 1		Column 2	
	Share options issued by the Banks		Share options of the Joint Holding Company to be delivered	
	Name	Details	Name	Details
	Share Options			
(xii)	The Hokuetsu Bank, Ltd. Series 4 Share-Based Compensation Share Options	See Exhibit 3-④-1	Daishi Hokuetsu Financial Group, Inc. Series 12 Share Options	See Exhibit 3-④-2
(xiii)	The Hokuetsu Bank, Ltd. Series 5 Share-Based Compensation Share Options	See Exhibit 3-⑤-1	Daishi Hokuetsu Financial Group, Inc. Series 13 Share Options	See Exhibit 3-⑤-2
(xiv)	The Hokuetsu Bank, Ltd. Series 6 Share-Based Compensation Share Options	See Exhibit 3-⑥-1	Daishi Hokuetsu Financial Group, Inc. Series 14 Share Options	See Exhibit 3-⑥-2
(xv)	The Hokuetsu Bank, Ltd. Series 7 Share-Based Compensation Share Options	See Exhibit 3-⑦-1	Daishi Hokuetsu Financial Group, Inc. Series 15 Share Options	See Exhibit 3-⑦-2

(Note) Each Exhibit specified in the details column refers to Exhibit to the Share Transfer Plan (copy) and is described in the “Annual General Meeting of Shareholders – Reference Documents for the Annual General Meeting of Shareholders <separate volume> (p. 31 to p. 243).”

5. Matters Concerning Hokuetsu Bank

- (1) Details of the Financial Statements regarding the Most Recent Fiscal Year (ended March 31, 2018)

The financial statements of Hokuetsu Bank for the fiscal year ended March 31, 2018 are as described in the “Annual General Meeting of Shareholders – Reference Documents for the Annual General Meeting of Shareholders <separate volume> (p. 1 to p. 30). Pursuant to laws and regulations and Article 15 of the Articles of Incorporation of the Bank, the information relating to the following items are posted on the Bank’s website (<http://www.daishi-bank.co.jp/>– Japanese only), and are not included in the Reference Documents for the Annual General Meeting of Shareholders.

- (i) “Information on the Share Options, etc.” to the Business Report
 - (ii) “Statement of Shareholders’ Equity” and “Notes” to the Non-consolidated Financial Statements in the Non-consolidated Financial Statements
 - (iii) “Consolidated Statement of Shareholders’ Equity” and “Notes” to the Consolidated Financial Statements in the Consolidated Financial Statements
- (2) Matters That May Cause Significant Effect To The Status Of Company Property Which Occurred After The Ending Date Of The Most Recent Fiscal Year

None.

6. Details of the Matters that May Cause Significant Effect to the Status of Company Property which Occurred after the Ending Date of the Most Recent Fiscal Year
None.

7. Matters Stipulated in Article 74 of the Ordinance for Enforcement of the Companies Act with respect to the Director Candidates (Excluding Audit and Supervisory Committee Members) of the Joint Holding Company (Name, Date of Birth, Experience and Other Matters with respect to the Director Candidates)

The Director (excluding Audit and Supervisory Committee Member) candidates of the Joint Holding Company are as follows.

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held Number of (2) Hokuetsu Bank Shares Held Number of Joint (3) Holding Company Shares Allotted
Katsuya Sato (July 8, 1955)	April 1978 Joined Hokuetsu Bank April 2001 General Manager, Koyo Branch April 2003 Deputy General Manager, Planning Division April 2006 General Manager, Aramachi Branch, General Manager, Nagaoka-kita Branch June 2008 General Manager, Human Resources Division April 2010 General Manager, Loan Division June 2012 Director and General Manager, Loan Division June 2013 Managing Director in charge of operations of Operation Supervision Division, Market and Capital Division April 2014 Managing Director in charge of operations of Operation Supervision Division, Operation Support Division, Market and Capital Division June 2015 Senior Managing Director in charge of operations of Niigata Office June 2016 Senior Managing Director in charge of operations of General Planning Division, Human Resources Division, Secretarial Office, Tokyo Office, Supervision of affiliates June 2017 President (to present)	(1) — (2) 4,400 (3) 2,200
<p>[Reason for nomination as Director] Since assuming the position of Director of Hokuetsu Bank in June 2012, Mr. Katsuya Sato has abundant experience and broad knowledge, including supervising the Loan Division, operation divisions, Market and Capital Division, business planning divisions, and Human Resources Division. In June 2015 he assumed the position of Representative Director of Hokuetsu Bank, and in June 2017 he began to serve as the President of Hokuetsu Bank. In these roles he has appropriately fulfilled his duties and responsibilities. The Banks judge Mr. Sato to cable of contributing to the management of the newly established Joint Holding Company as a Director who is not an Audit and Supervisory Committee Member, and therefore nominate him as a candidate director.</p>		

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held Number of (2) Hokuetsu Bank Shares Held Number of Joint (3) Holding Company Shares Allotted
Fujio Namiki (June 20, 1951)	<p>April 1975 Joined Daishi Bank</p> <p>August 1998 General Manager, Kashiwazaki Minami Office</p> <p>February 2000 General Manager, Business Development Division</p> <p>February 2002 General Manager, Tsubame Office</p> <p>June 2004 General Manager, Sanjo Office and General Manager, Sanjo Minami Office</p> <p>June 2005 Director; General Manager, Sanjo Office</p> <p>June 2006 Director stationed in Joetsu/General Manager, Takada Office</p> <p>April 2007 Director and Executive Officer stationed in Joetsu/General Manager, Takada Office</p> <p>April 2008 Managing Director; General Manager in charge of Business Promotion Division/Retail Business Division/Financial Service Division/Customer Consulting Office</p> <p>June 2009 Managing Director in charge of Business Promotion Division/Retail Business Division/Financial Service Division/Customer Consulting Office</p> <p>July 2009 Managing Director in charge of Business Promotion Division/Retail Business Division/Financial Service Division</p> <p>June 2010 Managing Director in charge of Credit Supervision Division/Loan Examination Division/Loan Administration Division</p> <p>June 2011 Senior Managing Director in charge of Planning Coordination Division/Credit Supervision Division/Loan Examination Division/Loan Administration Division/Tokyo Representative Office</p> <p>June 2012 President, Chairman of Board of Directors in charge of Supervision/Secretariat (to present)</p>	<p>(1) 5,200</p> <p>(2) —</p> <p>(3) 5,200</p>
<p>[Reason for nomination as Director]</p> <p>Since he assumed the office of Director of Daishi Bank in June 2005, Mr. Fujio Namiki has supervised the divisions of business promotion, credit/loans and management planning, thereby accumulating considerable experience and broad knowledge. Having assumed the office of Daishi Bank's Representative Director in June 2011 and President in June 2012, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the newly established Joint Holding Company.</p>		

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held (2) Number of Hokuetsu Bank Shares Held (3) Number of Joint Holding Company Shares Allotted
Satoshi Hasegawa (July 7, 1953)	<p>April 1977 Joined Daishi Bank</p> <p>February 1998 General Manager, Shibata Nishi Office</p> <p>February 2000 Acting General Manager, Business Development Division</p> <p>June 2002 General Manager, Itoigawa Office</p> <p>June 2004 General Manager, Kameda Office</p> <p>June 2005 General Manager, Nagaoka Office</p> <p>April 2007 Executive Officer and General Manager, Sanjo Office</p> <p>April 2008 Executive Officer; General Manager, Head Office Business Division, and Manager, Niigata Airport Sub-office</p> <p>June 2008 Director and Executive Officer; General Manager, Head Office Business Division and Manager, Niigata Airport Sub-office</p> <p>June 2011 Managing Director; Head of Nagaoka Area in charge of General Affairs Division</p> <p>June 2012 Managing Director in charge of Credit Supervision Division/Loan Examination Division/Loan Administration Division</p> <p>June 2015 Senior Managing Director in charge of Planning Coordination Division/Personnel Division/Tokyo Representative Office</p> <p>April 2017 Senior Managing Director in charge of Group Strategy Planning Division/Planning Coordination Division/Personnel Division/Tokyo Representative Office (to present)</p> <p>June 2017 Senior Managing Director in charge of Group Strategy Planning Division/Planning Coordination Division/Tokyo Representative Office (to present)</p>	<p>(1) 2,200</p> <p>(2) —</p> <p>(3) 2,200</p>

[Reason for nomination as Director]

Since he assumed the office of Director of Daishi Bank in June 2008, Mr. Satoshi Hasegawa has supervised the divisions of general affairs, credit/loans, management planning and personnel affairs, thereby accumulating considerable experience and broad knowledge. Having assumed the office of Daishi Bank's Representative Director in June 2015, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the newly established Joint Holding Company.

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held Number of (2) Hokuetsu Bank Shares Held Number of Joint (3) Holding Company Shares Allotted	
Kazuyoshi Hirokawa (August 19, 1961)	April 1985	Joined Hokuetsu Bank	
	July 2008	Deputy General Manager, Human Resources Division	
	July 2010	General Manager, Miyauchi Branch	
	June 2012	General Manager, Operation Supervision Division	(1) —
	June 2015	Director and General Manager, General Planning Division	(2) 1,200
	June 2017	Senior Managing Director in charge of General Planning Division, Human Resources Division, Secretarial Office, all operations of the Tokyo Office, and supervision of affiliated companies (to present)	(3) 600

[Reason for nomination as Director]

Since assuming the position of Director of Hokuetsu Bank in June 2015, Mr. Kazuyoshi Hirokawa has abundant experience and broad knowledge, including supervision of business planning and human resources divisions. Mr. Hirokawa has served as a Representative Director of Hokuetsu Bank since June 2017, and has appropriately fulfilled his duties and responsibilities. The Banks judge Mr. Hirokawa to be capable of contributing to the management of the newly established Joint Holding Company as a Director who is not an Audit and Supervisory Committee Member, and therefore nominate him as a candidate director.

Takuya Watanabe (September 7, 1956)	April 1980	Joined Daishi Bank	
	February 2002	General Manager, Horinouchi Office	
	June 2003	Acting General Manager, Planning Coordination Division	
	June 2006	Personnel Officer	
	April 2008	General Manager, Treasury and Capital Markets Division	(1) 2,500
	June 2010	Executive Officer; General Manager, Treasury and Capital Markets Division	(2) —
	June 2014	Managing Director in charge of Treasury and Capital Markets Division and International Division/General Affairs Division	(3) 2,500
	June 2016	Managing Director in charge of Treasury and Capital Markets Division and International Division	
	March 2017	Managing Director in charge of Treasury and Capital Markets Division (to present)	

[Reason for nomination as Director]

Mr. Takuya Watanabe assumed the office of Director of Daishi Bank in June 2014 and has supervised the divisions of securities operation, international business and general affairs, adequately fulfilling his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the newly established Joint Holding Company.

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held (2) Hokuetsu Bank Shares Held (3) Number of Joint Holding Company Shares Allotted
Kiyofumi Obara (September 28, 1958)	April 1982 Joined Daishi Bank March 2005 General Manager, Sanjo Kita Office June 2006 Acting General Manager, Planning Coordination Division June 2009 General Manager, Planning Coordination Division June 2012 Executive Officer; General Manager, Tokyo Office, and Chief Representative, Tokyo Representative Office June 2015 Executive Officer; General Manager, Consulting Promotion Division June 2016 Managing Director; General Manager, Business and Regional Revitalization Headquarters, General Manager, Consulting Promotion Division, and in charge of Business Promotion Division June 2017 Managing Director; General Manager, Business and Regional Revitalization Headquarters in charge of Business Promotion Division, Consulting Promotion Division and System Planning Division (to present)	(1) 1,700 (2) — (3) 1,700
<p>[Reason for nomination as Director] Since he assumed the office of Director of Daishi Bank in June 2016, Mr. Kiyofumi Obara has supervised the divisions of business promotion and system planning, adequately fulfilling his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the newly established Joint Holding Company.</p>		
Makoto Takahashi (February 23, 1962)	April 1984 Joined Hokuetsu Bank July 2008 Senior Manager, General Planning Division July 2009 General Manager, Gosen Branch June 2011 Deputy General Manager and Business Promotion Manager, Business Supervision Division July 2012 Senior Manager, Loan Division June 2013 General Manager, Loan Division June 2015 General Manager, Business Supervision Division June 2017 Director, General Manager, General Planning Division (to present)	(1) — (2) 1,900 (3) 950
<p>[Reason for nomination as Director] Since assuming the position of Director of Hokuetsu Bank in June 2017, Mr. Makoto Takahashi has served as General Manager of the General Planning Division which covers the business related to the business integration with The Daishi Bank, Ltd. In this role he has appropriately fulfilled his duties and responsibilities. The Banks judge Mr. Takahashi to be cable of contributing to the management of the newly established Joint Holding Company, and therefore nominate him as a candidate director.</p>		

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held Number of (2) Hokuetsu Bank Shares Held Number of Joint (3) Holding Company Shares Allotted
Michiro Ueguri (December 24, 1962)	April 1986 Joined Daishi Bank April 2008 General Manager, Kashiwazaki Minami Office June 2009 Acting General Manager, Planning Coordination Division 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 (to present)	(1) 1,400 (2) — (3) 1,400
<p>[Reason for nomination as Director]</p> <p>Since he assumed the office of Director of Daishi Bank in June 2017, Mr. Michiro Ueguri has served as General Manager of the Group Strategy Planning Division which covers the business related to the business integration with The Hokuetsu Bank, Ltd. He has adequately fulfilled his duties and responsibilities, and therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the newly established Joint Holding Company.</p>		

Notes:

1. The number of the Bank shares held is based on the status of ownership as of March 31, 2018. The number of Joint Holding Company shares allotted is based on such status of ownership, taking into the share transfer ratio into consideration. Please note that the number of Joint Holding Company shares actually allotted may change according to the number of shares held until immediately before the establishment date of the Joint Holding Company.
2. None of the candidates have a special interest with either of the Banks, nor is expected to have a special interest with the Joint Holding Company.

8. Matters stipulated in Article 74-3 of the Ordinance for Enforcement of the Companies Act with respect to the Audit and Supervisory Committee Member Candidates of the Joint Holding Company (Name, Date of Birth, Experience and Other Matters with respect to the candidate Directors who are Audit and Supervisory Committee Members)

The Audit and Supervisory Committee Member candidates of the Joint Holding Company are as follows.

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions		(1) Number of the Bank Shares Held Number of (2) Hokuetsu Bank Shares Held Number of Joint (3) Holding Company Shares Allotted
Shinjiro Kawai (May 19, 1959)	April 1982 June 2006 April 2008 March 2011 February 2014 June 2014 February 2016 June 2017	Joined Daishi Bank General Manager, Nagaoka Nishi Office Acting General Manager, Credit Supervision Division General Manager, Credit Supervision Division General Manager, General Affairs Division Executive Officer and General Manager, Shibata Office Executive Officer and General Manager, Audit and Inspection Division Director (Full-time Audit and Supervisory Committee Member) (to present)	(1) 4,700 (2) — (3) 4,700
<p>[Reason for nomination as Director]</p> <p>Since he assumed the office of Director serving as Audit and Supervisory Committee Member of Daishi Bank in June 2017, Mr. Shinjiro Kawai has adequately fulfilled his duties and responsibilities by utilizing his ample experience and broad knowledge that he has accumulated to date. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the newly established Joint Holding Company's auditing function and the decision-making and supervisory functions of its Board of Directors.</p>			

<div style="text-align: center;">Name</div> <div style="text-align: center;">(Date of Birth)</div>	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held Number of Hokuetsu Bank Shares Held Number of Joint Holding Company Shares Allotted (2) (3)
<div style="text-align: center;">Outside</div> <div style="text-align: center;">Koichi Masuda (January 23, 1944)</div>	November 1969 Registered as a Certified Public Accountant September 1978 Partner, Shinwa Audit Corporation July 1992 Representative Partner, Asahi Shinwa Audit Corporation (currently KPMG AZSA LLC) July 2007 Chairman and President, The Japanese Institute of Certified Public Accountants October 2009 Auditor, Enterprise Turnaround Initiative Corporation of Japan July 2010 Advisor, The Japanese Institute of Certified Public Accountants June 2011 Outside Corporate Auditor, Daishi Bank June 2016 Outside Director (Audit and Supervisory Committee Member) of Daishi Bank (to present)	(1) — (2) — (3) —
<p>[Reason for nomination as Outside Director] Since he assumed the offices of Outside Corporate Auditor of Daishi Bank in June 2011 and Director serving as Audit and Supervisory Committee Member in June 2016, Mr. Koichi Masuda has adequately fulfilled his duties and responsibilities by utilizing his expertise in financial and accounting matters as a Certified Public Accountant. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the newly established Joint Holding Company's auditing function as well as decision-making and supervisory functions through its Board of Directors.</p> <p>[Independence of Mr. Koichi Masuda] Mr. Masuda was once employed by KPMG AZSA LLC, which is responsible for the audit of Daishi Bank, but resigned therefrom in 2007. He is therefore sufficiently independent. If this proposal is approved and the Joint Holding Company is established and listed, he will be registered with the Tokyo Stock Exchange as an independent officer who has no risk of a conflict of interest with general shareholders.</p>		

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held (2) Number of Hokuetsu Bank Shares Held (3) Number of Joint Holding Company Shares Allotted
<p style="text-align: center;">Outside</p> <p style="text-align: center;">Hiroshi Fukuhara (January 1, 1946)</p>	<p>April 1975 Registered as an attorney (Member of Tokyo Bar Association)</p> <p>April 1978 Established law office Head of Toranomon College Law Office (current position)</p> <p>June 2005 Outside Corporate Auditor, MARUSHO HOTTA CO., LTD.</p> <p>June 2007 Outside Corporate Auditor, Yamano Holdings Corporation (current position)</p> <p>June 2012 Outside Corporate Auditor of Hokuetsu Bank</p> <p>July 2012 Outside Corporate Auditor, SYSTEM INFORMATION CO., LTD.</p> <p>June 2014 Outside Director of Hokuetsu Bank</p> <p>June 2016 Retired as Outside Corporate Auditor, MARUSHO HOTTA CO., LTD.</p> <p>December 2016 Retired as Outside Corporate Auditor, SYSTEM INFORMATION CO., LTD. To present.</p>	<p>(1) —</p> <p>(2) 3,700</p> <p>(3) 1,850</p>
<p>[Reason for nomination as Outside Director] Since he assumed the offices of Outside Corporate Auditor of Hokuetsu Bank in June 2012 and Outside Director in June 2014, Mr. Hiroshi Fukuhara has adequately fulfilled his duties and responsibilities by utilizing his expertise in law as an attorney-at-law. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the newly established Joint Holding Company's auditing function as well as decision-making and supervisory functions through the Board of Directors.</p> <p>[Independence of Mr. Hiroshi Fukuhara] The Banks have no business relationship with Toranomon College Law Office, for which Mr. Hiroshi Fukuhara serves as Head. If this proposal is approved and the Joint Holding Company is established and listed, he will be registered with the Tokyo Stock Exchange as an independent officer who has no risk of a conflict of interest with general shareholders.</p>		

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held (2) Number of Hokuetsu Bank Shares Held (3) Number of Joint Holding Company Shares Allotted
<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Toshizo Oda (June 8, 1950)	April 1974 Joined The Niigata Nippo Co., Ltd. (“Niigata Nippo”) March 2008 Director, Niigata Nippo March 2010 Managing Director, Niigata Nippo March 2013 Senior Managing Director, Niigata Nippo March 2014 Representative Director and President, Niigata Nippo (current post) June 2015 Outside Corporate Auditor of Daishi Bank June 2016 Outside Director (Audit and Supervisory Committee Member) of Daishi Bank (to present)	 (1) — (2) — (3) —
<p>[Reason for nomination as Outside Director] Since he assumed the offices of Outside Corporate Auditor of Daishi Bank in June 2015 and Outside Director serving as Audit and Supervisory Committee Member in June 2016, Mr. Toshizo Oda has adequately fulfilled his duties and responsibilities by utilizing his ample experience and broad knowledge as a manager of a news medium of a highly public and ethical nature. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the newly established Joint Holding Company’s auditing function as well as decision-making and supervisory functions through its Board of Directors.</p> <p>[Independence of Mr. Toshizo Oda] The Banks have business transactions with The Niigata Nippo Co., Ltd., for which Mr. Oda serves as Representative Director. However, since the value of such business transaction in the fiscal year ended in March 31, 2018 was less than 1% of the company’s consolidated net sales and the Banks’ gross operating income, Mr. Toshizo Oda is sufficiently independent. If this proposal is approved and the Joint Holding Company is established and listed, he will be registered with the Tokyo Stock Exchange as an independent officer who has no risk of a conflict of interest with general shareholders.</p>		

Name (Date of Birth)	Experience, positions, responsibilities, and significant concurrent positions	(1) Number of the Bank Shares Held Number of (2) Hokuetsu Bank Shares Held Number of Joint (3) Holding Company Shares Allotted
<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Kazuaki Matsumoto (November 4, 1970)	Apr. 1999 Full-time Lecturer, Department of Management and Information, Nagaoka Junior College	
	Apr. 2005 Assistant Professor, Department of Industry and Management, Faculty of Industry and Management, Nagaoka University	
	Apr. 2006 Part-time Lecturer, National Institute of Technology, Nagaoka College (current position)	
	Apr. 2007 Associate Professor, Department of Management, Faculty of Economy and Management, Nagaoka University	
	Apr. 2011 Part-time Lecturer, Graduate School of Business Administration, Meiji University (current position)	(1) —
	Apr. 2012 Professor, Department of Management, Faculty of Economy and Management, Nagaoka University	(2) —
	Apr. 2015 Part-time Lecturer, School of Engineering, Nagaoka University of Technology (current position)	(3) —
	Apr. 2016 Part-time Lecturer, Faculty of International Studies, Niigata University of International and Information Studies (current position)	
	Apr. 2017 Professor, Department of Economy and Management, Faculty of Economy and Management, Nagaoka University (current position) (to present)	

[Reason for nomination as Outside Director]

Mr. Kazuaki Matsumoto has been nominated as Outside Director in the judgment that he will be able to contribute to the enhancement of the effectiveness of the newly established Joint Holding Company's auditing function as well as decision-making and supervisory functions through its Board of Directors by utilizing his knowledge and expertise in the study of economy and management that he has accumulated through his experience such as teaching as a professor at Faculty of Economy and Management, Nagaoka University, even though he has never been directly involved in corporate management.

[Independence of Mr. Kazuaki Matsumoto]

If this proposal is approved and the Joint Holding Company is established and listed, Mr. Kazuaki Matsumoto will be registered with the Tokyo Stock Exchange as an independent officer who has no risk of a conflict of interest with general shareholders.

Notes:

1. The number of the Bank shares held is based on the status of ownership as of March 31, 2018. The number of Joint Holding Company shares allotted is based on such status of ownership, taking the share transfer ratio into consideration. Please note that the number of Joint Holding Company shares actually allotted may change according to the number of shares held until immediately before the establishment date of the Joint Holding Company.
2. None of the candidates have a special interest with either of the Banks, nor is expected to have a special interest

with the Joint Holding Company.

3. Mr. Koichi Masuda, Mr. Hiroshi Fukuhara, Mr. Toshizo Oda and Mr. Kazuaki Matsumoto are the candidates for Outside Directors serving as Audit and Supervisory Committee Members.
4. Limited liability agreement with Outside Directors serving as Audit and Supervisory Committee Members
If Mr. Koichi Masuda, Mr. Hiroshi Fukuhara, Mr. Toshizo Oda and Mr. Kazuaki Matsumoto are elected as Outside Directors serving as Audit and Supervisory Committee Members, the Joint Holding Company will, pursuant to Article 427, Paragraph 1, of the Companies Act, enter into a limited liability agreement with each of them to limit the liability for damages under Article 423, Paragraph 1, of said Act. The maximum amount of liability in accordance with said agreement shall be the minimum amount of liability stipulated in Article 425, Paragraph 1, of said Act.
5. Mr. Shinjiro Kawai, Mr. Koichi Masuda, and Mr. Toshizo Oda (collectively, the “Three Candidates”) have been nominated as Director (Audit and Supervisory Committee Member) candidates of Daishi Bank at this Annual General Meeting of Shareholders, but if Proposal 1 is approved and the Three Candidates are elected as Directors (Audit and Supervisory Committee Members) of Daishi Bank pursuant to Proposal 3, the Three Candidates plan to resign as Directors of Daishi Bank effective as of September 30, 2018, the day before the effective date of the Share Transfer (scheduled), and be appointed as Directors (Audit and Supervisory Committee Members) of the Joint Holding Company as of the effective date of the Share Transfer (scheduled date: October 1, 2018).
6. Mr. Hiroshi Fukuhara is currently an Outside Director of Hokuetsu Bank, but plans to resign as Outside Director of Hokuetsu Bank effective as of September 30, 2018, the day before the effective date of the Share Transfer (scheduled), and be appointed as an Outside Director (Audit and Supervisory Committee Member) of the Joint Holding Company as of the effective date of the Share Transfer (scheduled date: October 1, 2018).

9. Matters Stipulated in Article 77 of the Ordinance for Enforcement of the Companies Act with respect to the Accounting Auditor Candidate of the Joint Holding Company
The Accounting Auditor candidate of the Joint Holding Company is as follows.

Name	KPMG AZSA LLC								
Offices	Principal office: 1-2 Tsukudo-cho, Shinjuku-ku, Tokyo Number of offices: 12								
History	July 1985 Asahi Shinwa & Co. was established October 1993 Asahi Shinwa & Co. merged with Inoue Saito Eiwa Audit Corporation (established in April 1978) and changed its name to Asahi & Co. January 2004 Asahi & Co. merged with AZSA & Co. (established in February 2003) and changed its name to KPMG AZSA & Co. July 2010 KPMG AZSA & Co. became a limited liability audit corporation and changed its name to KPMG AZSA LLC								
Profile	Capital 3,000 million yen Personnel <table style="margin-left: 20px;"> <tr> <td>Certified Public Accountants</td> <td>3,239</td> </tr> <tr> <td>Other audit personnel</td> <td>2,091</td> </tr> <tr> <td>Other employees</td> <td>687</td> </tr> <tr> <td>Total</td> <td>6,017</td> </tr> </table> Number of clients (to which audit certification services are provided): 3,581 companies	Certified Public Accountants	3,239	Other audit personnel	2,091	Other employees	687	Total	6,017
Certified Public Accountants	3,239								
Other audit personnel	2,091								
Other employees	687								
Total	6,017								

Proposal 2: Election of Eight (8) Directors Not Serving as Audit and Supervisory Committee Members

The term of office of all of the eight (8) current Directors (excluding Directors serving as Audit and Supervisory Committee Members; hereinafter the same applies within this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Given the scheduled business integration with The Hokuetsu Bank, Ltd., in order for the strategic and agile decision-making as a subsidiary bank of the Joint Holding Company, the Bank proposes to have the total number of Directors reduced by one (1) and elect eight (8) Directors.

Although this proposal was discussed by the Audit and Supervisory Committee, there were no special points to note.

The candidates for Director are as follows:

No.		Name	Current position in the Bank
1	Renomination	Fujio Namiki	President (Representative Director)
2	Renomination	Satoshi Hasegawa	Senior Managing Director (Representative Director)
3	Renomination	Takuya Watanabe	Managing Director
4	Renomination	Kiyofumi Obara	Managing Director
5	Renomination	Jumatsu Eizuka	Managing Director
6	Renomination	Michiro Ueguri	Director and Executive Officer
7	New nomination	Hiroshi Shindo	Executive Officer
8	New nomination	Ken Shibata	General Manager, Planning Coordination Division

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
1	Fujio Namiki (June 20, 1951)	<p>April 1975 Joined the Bank</p> <p>August 1998 General Manager, Kashiwazaki Minami Office</p> <p>February 2000 General Manager, Business Development Division</p> <p>February 2002 General Manager, Tsubame Office</p> <p>June 2004 General Manager, Sanjo Office and General Manager, Sanjo Minami Office</p> <p>June 2005 Director; General Manager, Sanjo Office</p> <p>June 2006 Director stationed in Joetsu/General Manager, Takada Office</p> <p>April 2007 Director and Executive Officer stationed in Joetsu/General Manager, Takada Office</p> <p>April 2008 Managing Director; General Manager in charge of Business Promotion Division/Retail Business Division/Financial Service Division/Customer Consulting Office</p> <p>June 2009 Managing Director in charge of Business Promotion Division/Retail Business Division/Financial Service Division/Customer Consulting Office</p> <p>July 2009 Managing Director in charge of Business Promotion Division/Retail Business Division/Financial Service Division</p> <p>June 2010 Managing Director in charge of Credit Supervision Division/Loan Examination Division/Loan Administration Division</p> <p>June 2011 Senior Managing Director in charge of Planning Coordination Division/Credit Supervision Division/Loan Examination Division/Loan Administration Division/Tokyo Representative Office</p> <p>June 2012 President, Chairman of Board of Directors in charge of Supervision/Secretariat (to present)</p>	5200
<p>[Reason for nomination as Director]</p> <p>Since he assumed the office of Director in June 2005, Mr. Fujio Namiki has supervised the divisions of business promotion, credit/loans and management planning, thereby accumulating considerable experience and broad knowledge. Having assumed the office of the Bank's Representative Director in June 2011 and President of the Bank in June 2012, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
2	Satoshi Hasegawa (July 7, 1953)	<p>April 1977 Joined the Bank</p> <p>February 1998 General Manager, Shibata Nishi Office</p> <p>February 2000 Acting General Manager, Business Development Division</p> <p>June 2002 General Manager, Itoigawa Office</p> <p>June 2004 General Manager, Kameda Office</p> <p>June 2005 General Manager, Nagaoka Office</p> <p>April 2007 Executive Officer and General Manager, Sanjo Office</p> <p>April 2008 Executive Officer; General Manager, Head Office Business Division, and Manager, Niigata Airport Sub-office</p> <p>June 2008 Director and Executive Officer; General Manager, Head Office Business Division and Manager, Niigata Airport Sub-office</p> <p>June 2011 Managing Director; Head of Nagaoka Area in charge of General Affairs Division</p> <p>June 2012 Managing Director in charge of Credit Supervision Division/Loan Examination Division/Loan Administration Division</p> <p>June 2015 Senior Managing Director in charge of Planning Coordination Division/Personnel Division/Tokyo Representative Office</p> <p>April 2017 Senior Managing Director in charge of Group Strategy Planning Division/Planning Coordination Division/Personnel Division/Tokyo Representative Office</p> <p>June 2017 Senior Managing Director in charge of Group Strategy Planning Division/Planning Coordination Division/Tokyo Representative Office (to present)</p>	2,200
<p>[Reason for nomination as Director]</p> <p>Since he assumed the office of Director in June 2008, Mr. Satoshi Hasegawa has supervised the divisions of general affairs, credit/loans, management planning and personnel affairs, thereby accumulating considerable experience and broad knowledge. Having assumed the office of the Bank's Representative Director in June 2015, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
3	Takuya Watanabe (September 7, 1956)	April 1980 Joined the Bank February 2002 General Manager, Horinouchi Office June 2003 Acting General Manager, Planning Coordination Division June 2006 Personnel Officer April 2008 General Manager, Treasury and Capital Markets Division June 2010 Executive Officer; General Manager, Treasury and Capital Markets Division June 2014 Managing Director in charge of Treasury and Capital Markets Division and International Division/General Affairs Division June 2016 Managing Director in charge of Treasury and Capital Markets Division and International Division March 2017 Managing Director in charge of Treasury and Capital Markets Division (to present)	2,500
<p>[Reason for nomination as Director] Mr. Takuya Watanabe assumed the office of Director in June 2014 and has supervised the divisions of securities operation, international business and general affairs, adequately fulfilling his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
4	Kiyofumi Obara (September 28, 1958)	<p>April 1982 Joined the Bank</p> <p>March 2005 General Manager, Sanjo Kita Office</p> <p>June 2006 Acting General Manager, Planning Coordination Division</p> <p>June 2009 General Manager, Planning Coordination Division</p> <p>June 2012 Executive Officer; General Manager, Tokyo Office, and Chief Representative, Tokyo Representative Office</p> <p>June 2015 Executive Officer; General Manager, Consulting Promotion Division</p> <p>June 2016 Managing Director; General Manager, Business and Regional Revitalization Headquarters, General Manager, Consulting Promotion Division, and in charge of Business Promotion Division</p> <p>June 2017 Managing Director; General Manager, Business and Regional Revitalization Headquarters, in charge of Business Promotion Division, Consulting Promotion Division and System Planning Division (to present)</p>	1,700
<p>[Reason for nomination as Director]</p> <p>Since he assumed the office of Director in June 2016, Mr. Kiyofumi Obara has supervised the divisions of business promotion and system planning, adequately fulfilling his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
5	Jumatsu Eizuka (April 2, 1958)	April 1981 Joined the Bank February 2004 General Manager, Meike Office June 2005 Acting General Manager, Business Promotion Division June 2006 Acting General Manager, Financial Service Division August 2008 General Manager, Muikamachi Office February 2010 General Manager, Retail Business Division June 2010 General Manager, Consumer Business Support Division June 2012 General Manager, Shibata Office June 2013 Executive Officer and General Manager, Personnel Division June 2015 Executive Officer and General Manager, Nagaoka Main Office June 2016 Director and Executive Officer; Head of Nagaoka Area General Manager, Nagaoka Main Office June 2017 Managing Director; General Manager, Operation Headquarters in charge of Operation Administration Division, Operation Centralization Division, Operation Support Division, and Personnel Division (to present)	1,100
<p>[Reason for nomination as Director] Mr. Jumatsu Eizuka assumed the office of Director in June 2016 and has served as Head of Nagaoka Area and General Manager of Nagaoka Main Office and supervised the divisions of operation and personnel, adequately fulfilling his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
6	Michiro Ueguri (December 24, 1962)	April 1986 Joined the Bank April 2008 General Manager, Kashiwazaki Minami Office June 2009 Acting General Manager, Planning Coordination Division 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 (to present)	1,400
<p>[Reason for nomination as Director] Since he assumed the office of Director in June 2017, Mr. Michiro Ueguri has served as General Manager of the Group Strategy Planning Division which covers, among others, the business related to the business integration with The Hokuetsu Bank, Ltd. He has adequately fulfilled his duties and responsibilities, and therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
7	Hiroshi Shindo (September 24, 1958) <input type="text" value="New nomination"/>	April 1981 Joined the Bank March 2005 General Manager, Minami Sado Office June 2006 General Manager, Sanjo Kita Office April 2008 General Manager, Uchino Office June 2010 General Manager, Kameda Office June 2012 General Manager, Business Promotion Division June 2014 Executive Officer and General Manager, Minami Niigata Office June 2016 Executive Officer, Head of Joetsu Area, General Manager, Takada Main Office and Manager, Honcho Office (to present)	1,000
<p>[Reason for nomination as Director] Mr. Hiroshi Shindo has considerable experience primarily in the business division. Since he assumed the office of Executive Officer in June 2014, he has served as General Manager of offices and divisions of business, adequately fulfilling his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
8	Ken Shibata (January 19, 1967)	April 1989 Joined the Bank February 2011 General Manager, Tsubame Minami Office June 2012 Acting General Manager, Planning Coordination Division	823
	<u>New nomination</u>	June 2015 General Manager, Planning Coordination Division (to present)	
	[Reason for nomination as Director] Mr. Ken Shibata has considerable experience primarily in the divisions of planning coordination and business. Since he assumed the office of General Manager of the Planning Coordination Division in June 2015, he has adequately fulfilled his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the management of the Bank.		

- (Notes) 1. There are no special interests between any of the candidates and the Bank.
2. The number of shares of the Bank held by each candidate represents the number of shares held as of March 31, 2018. The number of shares of the Bank held by Mr. Ken Shibata, a director candidate, represents the shares held through the Daishi Bank Employee Stock Ownership Plan.

Proposal 3: Election of Six (6) Directors Serving as Audit and Supervisory Committee Members

The term of office of all of the six (6) current Directors serving as Audit and Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the election of six (6) Directors serving as Audit and Supervisory Committee Members are proposed.

This proposal has already received the consent of the Audit and Supervisory Committee.

The candidates for Director serving as Audit and Supervisory Committee Member are as follows:

No.	Name		Current position in the Bank
1	Renomination	Shinjiro Kawai	Director (Full-time Audit and Supervisory Committee Member)
2	New nomination	Nobuaki Miyamoto	Executive Officer
3	Renomination	Eiichi Tsurui	Outside Director (Audit and Supervisory Committee Member)
4	Renomination	Koichi Masuda	Outside Director (Audit and Supervisory Committee Member)
5	Renomination	Toshizo Oda	Outside Director (Audit and Supervisory Committee Member)
6	New nomination	Katsuaki Fujikura	—

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
1	Shinjiro Kawai (May 19, 1959)	<p>April 1982 Joined the Bank</p> <p>June 2006 General Manager, Nagaoka Nishi Office</p> <p>April 2008 Acting General Manager, Credit Supervision Division</p> <p>March 2011 General Manager, Credit Supervision Division</p> <p>February 2014 General Manager, General Affairs Division</p> <p>June 2014 Executive Officer and General Manager, Shibata Office</p> <p>February 2016 Executive Officer and General Manager, Audit and Inspection Division</p> <p>June 2017 Director (Full-time Audit and Supervisory Committee Member) (to present)</p>	4,700
<p>[Reason for nomination as Director]</p> <p>Since he assumed the office of Director serving as Audit and Supervisory Committee Member in June 2017, Mr. Shinjiro Kawai has adequately fulfilled his duties and responsibilities by utilizing his ample experience and broad knowledge that he has accumulated to date. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the Bank's auditing function and the decision-making and supervisory functions of the Bank's Board of Directors.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
2	Nobuaki Miyamoto (November 10, 1960) <div style="border: 1px solid black; padding: 2px;">New nomination</div>	April 1983 Joined the Bank February 2006 General Manager, Kashiwazaki Minami Office April 2008 Acting General Manager, Sanjo Business Headquarters June 2009 Acting Head of Sanjo Area April 2010 Acting Head of Kenou East Area July 2010 General Manager, Niigata Ekimae Office June 2012 General Manager, Tsubame Office June 2014 General Manager, Sanjo Office June 2015 Executive Officer; General Manager, Sanjo Office April 2017 Executive Officer; General Manager, Sanjo Office; General Manager, Sanjo Higashi Office June 2017 Executive Officer; General Manager, Consulting Promotion Division (to present)	1,600
<p>[Reason for nomination as Director]</p> <p>Mr. Nobuaki Miyamoto has considerable experience primarily in the division of business. Since he assumed the office of Executive Officer in June 2015, he has served as General Manager of certain offices and a division of the business headquarters, adequately fulfilling his duties and responsibilities. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the Bank's auditing function and the decision-making and supervisory functions of the Bank's Board of Directors.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Eiichi Tsurui (December 22, 1942)	June 1983 Director, HOKURIKU GAS Co., Ltd. June 1985 President and Director, TSURUI SANGYO CORPORATION June 1988 Executive Vice-President, HOKURIKU GAS Co., Ltd. June 1994 President and Director of the same company (to present) June 2011 Chairman, TSURUI SANGYO CORPORATION (current position) June 2014 Outside Director of the Bank June 2016 Outside Director (Audit and Supervisory Committee Member) of the Bank April 2017 Representative Director and Chairman, HOKURIKU GAS Co., Ltd. (current position) (to present)	—
3	<p>[Reason for nomination as Outside Director] Since assumed the offices of Outside Director of the Bank in June 2014 and Director Serving as Audit and Supervisory Committee Member in June 2016, Mr. Eiichi Tsurui has adequately fulfilled his duties and responsibilities by utilizing his ample experience and broad knowledge as a manager of a listed company engaging in the regional infrastructure business of a highly public nature. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the Bank's auditing function as well as decision-making and supervisory functions through the Board of Directors.</p> <p>[Independence of Mr. Eiichi Tsurui] The Bank has business transactions with HOKURIKU GAS Co., Ltd., and TSURUI SANGYO CORPORATION, for both of which Mr. Tsurui serves as Representative Director. However, since the value of such business transactions in the fiscal year ended in March 31, 2018 was less than 1% of those companies' respective consolidated net sales and the Bank's gross operating income, Mr. Eiichi Tsurui satisfies the Bank's Standards of Independence (please refer to <Reference> on page 73). If he is appointed as Outside Director, he will continue to be an independent officer as prescribed by the Tokyo Stock Exchange.</p>		

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Koichi Masuda (January 23, 1944)	November 1969 Registered as a Certified Public Accountant September 1978 Partner, Shinwa Audit Corporation July 1992 Representative Partner, Asahi Shinwa Audit Corporation (currently KPMG AZSA LLC) July 2007 Chairman and President, The Japanese Institute of Certified Public Accountants October 2009 Auditor, Enterprise Turnaround Initiative Corporation of Japan July 2010 Advisor, The Japanese Institute of Certified Public Accountants June 2011 Outside Corporate Auditor, the Bank June 2016 Outside Director (Audit and Supervisory Committee Member) of the Bank (to present)	—
4	<p>[Reason for nomination as Outside Director] Since he assumed the offices of Outside Corporate Auditor of the Bank in June 2011 and Director Serving as Audit and Supervisory Committee Member in June 2016, Mr. Koichi Masuda has adequately fulfilled his duties and responsibilities by utilizing his expertise in financial and accounting matters as a Certified Public Accountant. He has therefore been nominated as Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the Bank's auditing function as well as decision-making and supervisory functions through the Board of Directors.</p> <p>[Independence of Mr. Koichi Masuda] Mr. Masuda was once employed by KPMG AZSA LLC, which is responsible for the audit of the Bank, but resigned therefrom in 2007. He therefore satisfies the Bank's Standards of Independence (please refer to <Reference> on page 73). If he is appointed as Outside Director, he will continue to be an Independent Director as prescribed by the Tokyo Stock Exchange.</p>		

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
5	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> Toshizo Oda (June 8, 1950)	April 1974 Joined The Niigata Nippo Co., Ltd. (“Niigata Nippo”) March 2008 Director, Niigata Nippo March 2010 Managing Director, Niigata Nippo March 2013 Senior Managing Director, Niigata Nippo March 2014 Representative Director and President, Niigata Nippo (current post) June 2015 Outside Corporate Auditor of the Bank June 2016 Outside Director (Audit and Supervisory Committee Member) of the Bank (to present)	—
	<p>[Reason for nomination as Outside Director] Since he assumed the offices of Outside Corporate Auditor of the Bank in June 2015 and Outside Director serving as Audit and Supervisory Committee Member in June 2016, Mr. Toshizo Oda has adequately fulfilled his duties and responsibilities by utilizing his ample experience and broad knowledge as a manager of a news medium of a highly public and ethical nature. He has therefore been nominated as Outside Director in the judgment that he will continue to be able to contribute to the enhancement of the effectiveness of the Bank’s auditing function as well as decision-making and supervisory functions through the Board of Directors.</p> <p>[Independence of Mr. Toshizo Oda] The Bank has a business relationship with The Niigata Nippo Co., Ltd., for which Mr. Oda serves as Representative Director. However, since the value of such business transaction in the fiscal year ended in March 31, 2018 was less than 1% of the company’s consolidated net sales and the Bank’s gross operating income, Mr. Toshizo Oda satisfies the Bank’s Standards of Independence (please refer to <Reference> on page 73). If he is elected as Outside Director, he will continue to be an Independent Director as prescribed by the Tokyo Stock Exchange.</p>		

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Bank held
	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> Katsuaki Fujikura (December 9, 1958) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New nomination</div>	April 1982 Tohoku Electric Power Co., Inc. June 2009 Deputy General Manager, Group Business Department, Tohoku Electric Power Co., Inc. June 2011 Deputy General Manager, Fuel Department, Thermal and Nuclear Power Division; Deputy General Manager, Thermal and Nuclear Power Division June 2013 General Manager, Office of Secretaries June 2015 Executive Officer; General Manager, Fuel Department, Thermal and Nuclear Power Division (to present)	—
6	<p>[Reason for nomination as Outside Director] Mr. Katsuaki Fujikura has been nominated as Outside Director in the judgment that he will be able to contribute to the enhancement of the effectiveness of the Bank's auditing function as well as decision-making and supervisory functions through the Board of Directors by utilizing his ample experience and broad knowledge.</p> <p>[Independence of Mr. Katsuaki Fujikura] The Bank has a business relationship with Tohoku Electric Power Co., Inc., for which Mr. Fujikura serves as Executive Officer. However, since the value of such business transaction in the fiscal year ended in March 31, 2018 was less than 1% of the company's consolidated net sales and the Bank's gross operating income, Mr. Katsuaki Fujikura satisfies the Bank's Standards of Independence (please refer to <Reference> on page 73). If he is elected as Outside Director, he will be an Independent Director as prescribed by the Tokyo Stock Exchange.</p>		

Notes:

1. There are no special interests between any of the candidates and the Bank.
2. Limited liability agreement
 Pursuant to Article 427, Paragraph 1, of the Companies Act, the Bank concludes a limited liability agreement with its Outside Directors to limit the liability for damages under Article 423, Paragraph 1, of said Act. The maximum amount of liability in accordance with said agreement shall be the minimum amount of liability stipulated in Article 425, Paragraph 1, of said Act. If the election of Mr. Eiichi Tsurui, Mr. Koichi Masuda, Mr. Toshizo Oda and Mr. Katsuaki Fujikura as Outside Director serving as Audit and Supervisory Committee Member is approved, the Bank will enter into a limited liability agreement with each of them.
3. Mr. Eiichi Tsurui, Mr. Koichi Masuda and Mr. Toshizo Oda are currently Outside Directors of the Bank, and the period of service as Outside Director will be four (4) years for Mr. Eiichi Tsurui and two (2) years for Mr. Koichi Masuda and Mr. Toshizo Oda, at the conclusion of this Annual General Meeting of Shareholders.
4. If Mr. Shinjiro Kawai, Mr. Koichi Masuda and Mr. Toshizo Oda are elected as Directors serving as Audit and Supervisory Committee Members based on this proposal, and Proposal 1 is approved as original proposed, they will resign as Directors serving as Audit and Supervisory Committee Members of the Bank on the day immediately preceding the effective date (scheduled on September 30, 2018) of the Share Transfer pursuant to Proposal 1 and assume the office as Directors serving as Audit and Supervisory Committee Members of the Joint Holding Company on the effective date (scheduled on October 1, 2018) of the Share Transfer.

End

(Attachment)

Business Report for the 207th Fiscal Term (from April 1, 2017 to March 31, 2018)

1. Matters Regarding the Current Situation of the Bank

(1) Business Results and Progress

Main business operations

The Bank primarily carries out deposits and lending businesses, domestic and foreign exchange transactions, and sales of government bonds, mutual funds, and insurance through its head office and domestic branches, by providing a wide arrange of financial products and services to its regional customers.

Environment surrounding finance and economics

(Domestic economy)

Looking back at the domestic economy for the fiscal year ended March 31, 2018, exports and manufacturing activities of companies generally remained strong, while private consumption appeared to be regaining due to better employment and income situation, and the overall economy appeared to be on a moderate recovery.

(Regional economy)

The economy in Niigata Prefecture, which is the Bank's major business operational base, also recovered moderately as corporate earnings improved, capital investments increased, and private consumption regained as result of improvements in employment and income.

(Financial situation)

In the beginning of the fiscal year, the foreign exchange rate was USD 1 = JPY 111, and generally shifted between JPY 108 to JPY 114. However, due to a growing sense of caution for the US trade policies, the Japanese yen surged to JPY 104 and subsequently remained at JPY 106 at the end of the fiscal year.

Due to robust economic performance overseas and the expectation of a growth in business results, the Nikkei Stock Average increased from a level around JPY 18,900 to JPY 24,100 in January, a 26-year high since the burst of the economic bubble. However, the Nikkei decreased to JPY 21,400 due to an increase in long-term interest rates in the US.

The index for interest rates for 10-year government bonds yield decreased from 0.07% at the beginning of the year to 0.01% due to an increase in geopolitical risks due to the North Korean situation. However, as the uncertainties of the situation lessened, the yield increased to 0.04% by the fiscal year ended March 31, 2018.

Business results and achievements

Under such financial economic environment, the Bank regarded "strengthening profit-making" and "relevant risk controls" as important issues to address in the "Step-up Second Stage" Medium-Term Business Plan (from fiscal year ended March 31, 2016 to fiscal year ended March 31, 2018) and

aimed to address the three basic principles, “Top-line (core operational gross profits) revolution,” “Human resource, financial and organizational capacity,” and “Risk management” in order to promote the improvement and strengthen business results and management culture.

The Bank worked on the following primary measures:

(Products and services for individual customers)

Based on the “Basic policy to carry out business operations from the standpoint of customers” as devised and announced on June 2017, the Bank aimed to assist asset management of private customers in medium- to long-term by increasing the line-up mutual funds for a balanced-based funds. In addition, among other efforts, as one of the joint efforts as part of “TSUBASA Alliance (*1),” the Bank handled “Green Bonds,” which are issued by the World Bank to assist developing countries, in collaboration with Daishi Securities Co., Ltd., in order to meet the demands of diversifying needs of customers.

In addition, from January 2018, in order to improve convenience for customers, the Bank introduced paperless services and eliminated the need for a seal on documents through the use of tablet devices during the application processes in the purchase of mutual funds and insurance products.

With respect to consumer loans, the Bank improved its products by increasing the credit line for unsecured home loans specifically to up to 20 million yen. The Bank also endeavored to further enhance its products and services through the introduction of systems that enable customers to complete the applications for a free loan through the internet or smartphones.

(*1) TSUBASA Alliance

In collaboration with The Chiba Bank, Ltd. and The Chugoku Bank, the Bank formed a “TSUBASA Alliance enhancing Financial System” on October 2017, which is a framework for regional cooperation among the three banks. By March 2016, The Iyo Bank, Ltd., The Toho Bank, Ltd., and North Pacific Bank, Ltd. joined the alliance. Additionally, the Hokuetsu Bank, Ltd. joined the alliance by April 2018 and is currently formed by 7 banks. As the alliance is steadily expanding, the alliance officially changed its name to “TSUBASA Alliance” in April 2018.

(Products and services for corporate customers)

In the corporate banking business, the Bank worked to strengthen initiatives aimed at facilitating regional finance through its evaluation of business performance of corporate customers by also responding to various financing needs of such customers through offering services including various institutional loans, syndicated loans, and private notes.

In addition, in collaboration with The Daishi Management Consulting Co., Ltd., the Bank worked to provide consulting functions according to each life stage of its customers. For example, the Bank provided services to new businesses aimed at supporting a company from its establishment to ensuring sustainable growth through the “New Business One-stop Support Program.” The Bank also worked to support companies interested in developing overseas markets through the “Global Market Development Challenge Program,” and also established “Business Continuation Support Program” aimed at solving issues on succeeding businesses and M&A schemes.

In the area aimed at expanding business opportunities, the Bank sponsored the “Niigata Prefecture Product Export Strategy Challenge Consultation Meeting,” “Meeting for Business Exchange in China,” and also established a consultation area in highway service areas, such as “Advanced-reservation-type Individual Business Consultation Sessions,” all in an effort to provide value-added measures for business opportunities to its customers both domestically and internationally.

(Branches)

In the area of branch networks, in April 2017, the Bank established a structure for the coexistence of two different branches, which are the Sanjo Branch and the Sanjo Higashi Branch, into one new branch office building. The new branch facility accommodates elderly customers and customers with disabilities as well as all other customers and ensures their safety and pleasant experience. As a result, Niigata Prefecture presented the Bank with the “Fiscal Year 2017 ‘People-Friendly Community-Making Award (Facility department).’” The Bank will continue to endeavor for a better branch-visiting experience for its customers in the future.

In addition, in order to improve convenience of customers, the Bank opened an “Internet Branch” in April 2018 and also began services for smartphone users by providing “Daishi Bank Account Opening App.”

The Bank will continue to work to improve services in the future by enhancing convenience for its customers.

(“Regional Revitalization” Initiatives)

In order to realize “Regional Revitalization” through the creation of flow of “people” in regional areas and availability of “work,” the regional banks are tasked to fulfill a growing number of roles.

In this connection, the Bank collaborates with the Niigata Prefecture and all of its municipalities in an effort to revitalize the regional “workforce” by sponsoring awards such as the “Daishi Award for Business Start-ups 2017.” The bank also hosted “The 2nd Niigata Business Idea Contest” which aims to award ideas to develop a new brand from the region from business operators and students.

The Bank will continue to address initiatives that aim to realize “Regional Revitalization” initiatives with the Daishi Bank Group member companies.

(“Digitalization” Initiatives)

The Bank established a “Digital Banking Promotion Office” in October 2017 and a “Business Revolution Office” in February 2018 in an effort to accelerate its initiatives on streamlining business operations and creating new financial services through digitalization that utilizes IT technologies.

In addition to the list of banking transactions available from April 2018, the Bank began providing services on a smartphone application known as “Niigata Town Information App.” For smartphones, the Bank also proactively utilizes RPA (*2) in order to streamline its business operations.

Through innovations based on flexible ideas that are not bound by established concepts, the Bank will continue to work for initiatives in the provision of advanced and convenient financial services.

(*2) RPA

RPA is an acronym for robotic process automation. RPAs are intended for automating routine tasks by personal computers which were previously undertaken by people through the utilization of software robots.

(Initiatives for “Working-style Reforms”)

In an effort to establish an organization that enables a diverse group of people to actively contribute in workplace settings, the Bank actively promotes “Working-style Reforms.” In this connection, the Bank was the first among the financial institutions within the prefecture to execute a Comprehensive Collaborative Agreement with the Niigata Labor Bureau in respect to working-style reforms in September 2017.

In addition, the Bank’s initiatives on promotion of women and management of the health of its employees were recognized as good practices and received an “L-star recognition,” which is the country’s accreditation system underpinned by the Act on Promotion of Women’s Participation and Advancement in the Workplace. In addition, the Bank is recognized as the “2018 Certified Health and Productivity Management Organization (White 500),” which is a joint certification program by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

The Bank will continue to work to provide a working environment where employees can work safely and achieve their full potential.

(Measures for ESG (Economy, Social, and Governance))

In order to fulfill its corporate responsibilities as a company that endeavors for a society that is socially sustainable, the Bank established an “ESG Promotion Office” in February 2018 with an aim to strengthen ESG initiatives. The Bank officially issued the “Daishi Bank Group ESG Action Policies” in May 2018.

The Bank continues to strive for sustainable growth in the region through its proactive involvement in resolving issues in the environment and in regional communities.

(Deposits)

Deposits including negotiable deposits increased 126.1 billion yen during the fiscal year and resulted in 4,840.1 billion yen at the end of fiscal year ended March 31, 2018.

(Loans)

Loans increased 91 billion yen to 3,246.1 billion yen for the fiscal year ended March 31, 2018. Personal loans were 769.6 billion yen and loans to medium- and small-sized businesses were 1,189.5 billion yen for the fiscal year ended March 31, 2018.

(Securities)

The values of securities held by the Bank decreased 4.2 billion yen to 1,758.6 billion yen for the fiscal year ended March 31, 2018.

(Income and loss)

Ordinary income increased 3.427 billion yen from the fiscal year ended March 31, 2017 to 18.658 billion yen, and net income increased 2 billion yen from the fiscal year ended March 31, 2017 to

13.489 billion yen due to decrease in interests from loans, increase in profits from business dealings by directors, while expenses were minimized.

Consolidated ordinary income increased 3.695 billion yen from the fiscal year ended March 31, 2017 to 20.651 billion yen, and net income attributable to parent increased 2.248 billion yen to 13.776 billion yen from the fiscal year ended March 31, 2017.

*For reference, please refer to pages 11 – 12 of the Information on the Financial Reports for the fiscal year ended March 31, 2018—DAISHI REPORT mini—Daishi Bank Mini Disclosure Magazine (Japanese only). Shifts in Deposits, Loans, and Income and Loss are indicated in graphs.

Issues to be handled by the Bank

On April 2018, the Bank started a new Medium-Term Business Plan entitled, “Step-up New Stage—Transformation and Leap Forward—”.

The environment that surrounds the financial community, including a rapid population decline at a faster rate than anticipated from the decline of birthrates and an aging population, the prolonging of a lax monetary policy and negative interest rates, an increased competition from new competitors who were not traditionally from the banking business, has rapidly increased the changing pace of the business, and has further added to the multi-faceted nature and complexity to the business that has brought about a revolutionary period of unprecedented proportions.

Under these circumstances, “Step-Up New Stage” maintains the three basic strategies of the previous Medium-Term Business Plan, and continues with the “Topline Reforms” through the establishment of the most important strategies and identified three branches of major “structural reforms” by utilizing digitalization on “Operational Reforms,” “Branch Reforms,” and “Channel Reforms.”

Through the efforts involved in “Step-Up New Stage,” the Bank accomplishes its mission, and also performs its role as a regional bank that “contributes to regional economics and assists in the contribution of growth in regional communities and customers,” in order to continue its sustainable growth with the local region.

In addition, in order to achieve solid confidence from customers, the Bank continued its efforts in strengthening its compliance system which is at the basis of its management. In addition, in order to further achieve higher sense of ethics as well as a higher quality of governance, the Bank aims to pursue a better “corporate value” taken from the perspectives of shareholders, customers and regional communities.

Furthermore, in order to address environmental issues and provide assistance to next generations, the Bank aims to fulfill its corporate responsibilities by reflecting ideas focused on ESG (Environment, Social and Government) in its management.

After the basic agreement was reached on April 5, 2017, both Banks consulted and deliberated on the business combination, and as a result, reached a definitive agreement on March 23, 2018 and drafted a share transfer plan on May 11, 2018.

On the precondition that an approval from this general meeting of shareholders and relevant authorities may be reached, the “Daishi Hokuetsu Financial Group, Inc.,” a sole parent company to both the Bank and The Hokuetsu Bank, Ltd., is scheduled to be established on October 1, 2018.

Based on the relationship of mutual trust with customers over a long period of time and the regional networks, the directors and employees of the Bank aim to demonstrate a value-added financial intermediary function and information intermediary function more than ever, and also intend to swiftly realize the objective of the business combination, which is to achieve “regional contribution.”

We seek your continued patronage more than ever before.

(2) Assets and Income Statement

(Billions of yen)

For the fiscal years ended March 31,	2015	2016	2017	2018
Deposits	4,293.7	4,357.8	4,489.3	4,641.3
Savings Account	1,536.4	1,520.8	1,480.6	1,463.1
Others	2,757.3	2,837.0	3,008.7	3,178.2
Loans	2,825.9	2,961.2	3,155.1	3,246.1
Private Individuals	634.0	673.6	719.7	769.6
Medium- and Small-sized Businesses	963.0	1,020.6	1,109.2	1,189.5
Others	1,228.9	1,267.0	1,326.0	1,286.9
Trading Securities	2.3	2.2	1.8	1.6
Securities	1,862.0	1,781.1	1,762.8	1,758.6
Government Bonds	984.8	887.1	692.2	578.5
Others	877.1	893.9	1,070.6	1,180.0
Total Assets	5,145.3	5,304.5	5,635.2	5,916.2
Domestic Transactions	23,007.7	23,974.2	23,365.2	24,606.1
FX Transactions	(USD Millions) 2,436	(USD Millions) 2,246	(USD Millions) 2,706	2,370
Ordinary Profit	(JPY Millions) 22,918	(JPY Millions) 21,711	(JPY Millions) 15,231	18,658
Net Profit	(JPY Millions) 13,818	(JPY Millions) 14,228	(JPY Millions) 11,489	13,489
Net Profit per Share	JPY 39.46	JPY 41.34	JPY 335.52	398.74

Notes:

- (1) Figures above are round down off to the nearest tenths place.
- (2) Net Income per Share is calculated based on the average volume of shares of the financial period. The average volume of shares during the period excludes treasury shares held by the Bank.
- (3) In connection with the stock split effective October 1, 2017, the ratio of ordinary shares became 1: 10, and the Net Income per Share for the fiscal year ended March 31, 2018 is calculated on the basis that the stock split was carried out at the beginning of the fiscal year ended March 31, 2017.

(Reference) Assets and Profit and Losses of the Corporate Group

(Billions of yen)

For the fiscal years ended March 31,	2016	2017	2018	2019
Ordinary Income	98.0	98.3	94.8	99.4
Ordinary Profit	26.2	24.3	16.9	20.6
Net Profit Attributable to Parent	14.2	14.4	11.5	13.7
Net Assets	331.8	319.6	326.1	336.1
Total Assets	5,193.7	5,342.2	5,673.7	5,957.5

(3) Employees

For the fiscal years ended March 31,	2018	2017
Number of employees	2,328	2,335
Average age of employees	39 years and 6 months	39 years and 7 months
Average length of service	16 years and 11 months	17 years and 0 months
Average monthly base salary	431,000 yen	446,000 yen

Notes:

- (1) Figures for average age of employees, average length of service and average monthly base salary are rounded off to the nearest unit.
- (2) Figures for the number of employees excludes fixed-term and part-time employees.
- (3) The average monthly salary includes overtime allowances, among others, but excludes bonuses and is an average up to March 2018.

(4) Branch locations

a. Number of Branches

(Number of branches, of which figures in () indicate mini branches)

For the fiscal years ended March 31,	2018	2017
Niigata	112 (5)	112 (5)

Tokyo	2 (—)	2 (—)
Hokkaido	1 (—)	1 (—)
Fukushima	1 (—)	1 (—)
Toyama	1 (—)	1 (—)
Saitama	1 (—)	1 (—)
Kanagawa	1 (—)	1 (—)
Aichi	1 (—)	1 (—)
Osaka	1 (—)	1 (—)
Total	121 (5)	121 (5)

Note:

In addition to the above figures, the Bank established one branch office (as compared to one branch office in the previous fiscal year) and 91 ATM booths outside branch offices (as compared to 94 booths as of the end of the previous fiscal year). The Bank also offers ATM services through Lawson ATM Networks, Inc., Seven Bank, Ltd., and E-Net Co., Ltd.

(As of March 31, 2018)

	Nationwide	Of which is in Niigata
Lawson ATM	12,783 locations; 12,813 ATM devices	163 locations; 163 ATM devices
Seven Bank ATM	22,688 locations; 24,392 ATM devices	450 locations; 617 ATM devices
E-Net ATM	12,894 locations; 12,980 ATM devices	96 locations; 96 ATM devices

b. New Branches

None

Notes: The following operations of ATM booths outside branch offices were established/discontinued as follows:

(i) New ATM booths outside branches were established as follows:

- Uoroku Uonuma Branch

(ii) The following operations of ATM booths outside branches were discontinued.

- Muramatsu Shopping Center, Uoroku Sakuragi Store, Miyuchi Shopping Center, Nishi-Nagaoka Shopping Center

c. List of Bank Agents

None

- d. List of Engagements that the Bank Acts as a Banking Agent
None

(5) Capital Investment

- a. Total Capital Investment

(Millions of yen)	
Total Capital Investment	1,404

- b. Material New Investment

(Millions of yen)	
Details	Amount
Software	787

Note: The figure for software includes temporary accounts for software.

(6) Material Information on Parent Company and Subsidiaries

- a. Parent Company

None

- b. Material Subsidiaries as of the fiscal year ended March 31, 2018

(Millions of yen, except Shareholding Ratio)

Name	Address	Primary Business	Date Incorporated	Capital	Ratio of shareholder voting rights held by Daishi Bank	Others
Daishi Securities Co., Ltd.	8-26, Jonaicho 3-chome, Nagaoka 940-0061	Securities industry	August 8, 1952	600	100.00%	—
The Daishi Guaranty Co., Ltd.	224-1, Honcho-dori 5-bancho chuo-ku, Niigata 951-8067	Credit guarantee business for housing and other loans	October 27, 1978	50	100.00%	—
The Daishi Management Consulting Co., Ltd.	224-1, Honcho-dori 5-bancho chuo-ku, Niigata 951-8067	Investment and financing toward venture capital businesses, among others, and consulting business	June 8, 1984	20	50.00%	—
The Daishi Lease Co., Ltd.	2-10, Akashi 2-chome chuo-ku, Niigata 950-0084	General leasing business for IT devices, industrial equipment facilities, medical equipment, commercial facilities, automobiles,	November 11, 1974	100	5.00%	—

		purchase and management of accounts receivable, loans and guarantee businesses.				
The Daishi Computer Service Co., Ltd.	1-17, Abumi 1-chome chuo-ku, Niigata 950-0913	Computer-related services	May 10, 1976	15	5.00%	—
The Daishi JCB Card Co., Ltd.	1245, Kamiokawamae-dori 8-bancho chuo-ku, Niigata 950-8068	Credit card and credit guaranty businesses	November 12, 1982	30	5.00%	—
The Daishi DC Card Co., Ltd.	1245, Kamiokawamae-dori 8-bancho chuo-ku, Niigata 950-8068	Issuing DC credit cards, shopping services provided for by DC Card, cashing services and other consumer loan services	March 1, 1990	30	5.00%	—

Notes:

- (1) Figures for Capital and Ratio of shareholder voting rights held by Daishi Bank are each rounded down to the unit and to the hundredth, respectively.
- (2) The Bank's consolidate subsidiaries and subsidiary corporations are the seven (7) companies listed above. The Bank has four (4) other non-consolidated subsidiaries where the equity method does not apply.
- (3) Consolidated ordinary income for the fiscal year ended March 31, 2018 was 99,441 million yen and net income attributable to parent was 13,776 million yen.

Material business alliances:

1. Through its allied financial institutions of 64 regional banks, the Bank offers inter-banking ATM services (ACS) for cash withdrawals, among other services.
2. Through its allied financial institutions of 64 regional banks, city banks, trust banks, member banks of the Second Association of Regional Banks, credit unions, credit associations, Agricultural Cooperative Foundations, JF Marine Banks (including the Norinchukin Bank and other Credit Unions), Worker's Credit Unions, the Bank offers inter-banking ATM services for cash withdrawals, among other services (MICS).
3. Through Chigin Network Service Co., Ltd. (CNS), a company jointly owned by 64 regional banks, an electronic data transmission method capable of transmitting data for services such as general fund transfers, account-to-account transfers, deposits and withdrawals among other services are available.
4. Through the alliance of regional banks which are headquartered in Niigata, the Second Association of Regional Banks, credit unions, credit associations, JA Bank Niigata, the agricultural cooperative, and the Worker's Credit Union, the Bank provides services for collection of accounts receivable through account-to-account transfers by the mutual access to Niigata Prefecture Banking Service Center (NB Center).
5. Through its allied financial institutions of Japan Post Bank and Aeon Bank, the Bank offers inter-banking ATM services for cash withdrawals, among other services.
6. Through its allied financial institutions of Lawson ATM Networks, Seven Bank, and E-Net Co., Ltd., the Bank offers cash withdrawals, among other services, from the jointly-installed cash dispensing machines at convenient stores.

7. The Bank formed a business alliance on brokerage services for financial products with Nomura Securities and Daishi Securities for rendering services in opening a brokerage account, and acting as an agent for the purchase and sale of securities.
8. The Bank exchanged a “Master Agreement on a Common Enterprise System” among The Chiba Bank, Ltd., The Chugoku Bank, Ltd., and IBM Japan, Ltd.
9. The Bank exchanged a “Master Agreement on the alliance of the TSUBASA Alliance” with The Chiba Bank, Ltd., The Chugoku Bank, Ltd., The Iyo Bank, Ltd., The Toho Bank, Ltd., and The North Pacific Bank, Ltd., and The Hokuetsu Bank, Ltd.

(7) Business Transfer

None.

(8) Other Material Information of the Bank

Please refer to (1) Business Results and Progress (Issues to be handled by the Bank) in respect to the business combination with The Hokuetsu Bank, Ltd.

2. Company Officers (Directors)

(1) Current Officers

Name	Title and Responsibilities	Primary Concurrent Positions	Other Remarks
Fujio Namiki	President (Representative Director); Chairman of the Board of Directors' Meetings; in charge of the Secretariat	—	—
Kosuke Sasaki	Deputy President (Representative Director); in charge of the Audit and Inspection Division; in charge of Risk Supervision and Coordination Division	—	—
Satoshi Hasegawa	Senior Managing Director (Representative Director), in charge of the Group Strategy Planning Division, Planning Coordination Division, and the Tokyo Representative Office	—	—
Takuya Watanabe	Managing Director; in charge of Treasury and Capital Markets Division	—	—
Keiji Miyazawa	Managing Director; in charge of Loan Examination Division and General Affairs Division	—	—
Kiyofumi Obara	Managing Director; General Manager of Business and Regional Revitalization Headquarters; in charge of Consulting Promotion Division; Business Promotion Division; and Systems Planning Division	—	—
Kiminari Ohnuma	Managing Director, General Manager of Sales Department at the head office, and Head of Niigata Airport Sub-office	—	—

Jumatsu Eizuka	Managing Director, General Manager of Administration; in charge of: Operations Headquarters, Operation Administration Division, Operation Centralization Division, Operation Support Division, and Personnel Division	—	—
Michiro Ueguri	Director and Executive Officer; General Manager of Group Strategy Planning Division	—	—
Nobuya Tanaka	Director (Audit and Supervisory Committee Member)	—	—
Shinjiro Kawai	Director (Audit and Supervisory Committee Member)	—	—
Eiichi Tsurui	Director (Audit and Supervisory Committee Member) (Outside Director)	Representative Director and Chairman of Hokuriku Gas Co., Ltd.	—
Koichi Masuda	Director (Audit and Supervisory Committee Member) (Outside Director)	Certified public accountant	He has wealth of experience in finance and accounting.
Toshizo Oda	Director (Audit and Supervisory Committee Member) (Outside Director)	Representative Director and President of Niigata Nippo Co., Ltd.	—
Takashi Sasaki	Director (Audit and Supervisory Committee Member) (Outside Director)	Full-time Supervisory Committee Member of Tohoku Electric Power Co., Inc.	—

Notes:

- (1) Each of Eiichi Tsurui, Koichi Masuda, Toshizo Oda and Takashi Sasaki, Outside Directors, are registered as Independent Directors with the Tokyo Stock Exchange.
- (2) Changes in the members of the Board of Directors (Audit and Supervisory Committee Members)
Upon the conclusion of the 206th Annual General Meeting of Shareholders held on June 27, 2017, Masamichi Sekizawa resigned from the office of the director (Audit and Supervisory Committee Member).
- (3) Attendance at important meetings such as by those familiar with the internal workings of the Bank, and through sharing information learnt among all of the members of the Audit and Supervisory Committee from closer collaboration with the auditors and the Audit and Inspection Division, the Bank appointed Shinya Tanaka and Shinjiro Kawai as full-time Directors (Audit and Supervisory Committee Members).

<Reference> The Bank adopted the Executive Officer System. The Executive Officers who do not concurrently hold the office of director are as follows.

(As of the fiscal year ended March 31, 2018)

Name	Responsibilities
Hiroshi Shindo	General Manager, Business Division of the Joetsu Area, General Manager, Takada Business Division and Head of Hon-cho Sub-office
Nobuaki Miyamoto	General Manager, Consulting Promotion Division
Masahito Toda	General Manager, Treasury and Capital Markets Division
Keiichi Shibayama	Branch Manager, Minami Niigata Branch
Naruhito Hosaka	General Manager, Business Division of the Nagaoka Area; and General Manager Nagaoka Business Division
Takayoshi Tanaka	General Manager, Personnel Division

(Note) As of June 26, 2018, four (4) individuals are expected to be nominated as director who is not concurrently an executive officer and the names and responsibilities of such individuals (as of the fiscal year ended March 31, 2018) are as follows.

Name	Responsibilities
Takehiko Hori	Hakusan Branch Manager
Katsutoshi Sakai	Tokyo Branch Manager
Toshiyuki Kobayashi	General Manager, Operation Administration Division
Toshiyuki Maki	Sanjo Branch Manager and Sanjo Higashi Branch Manager

<References>

In addition to fulfilling the independence criteria established by the Tokyo Stock Exchange on the appointment of outside directors, the candidates must also satisfy the following “independence criteria.”

<Independence Criteria>

As a general rule, candidates for outside directors must not currently or recently qualify in any of the following requirements listed below.

- (1) Major customers of the Bank or the executive officer of such customers;
- (2) Business operators whose major customer is the Bank, or the executive officer of such business operators;

- (3) Those who are either consultants, financial experts or legal experts who receive large monetary sums or other assets from the Bank other than a director's compensation (where the entity in receipt of such assets are legal entities or any other associations, those who are affiliated to such entities are also included);
- (4) Those who are in receipt of large sums of donations from the Bank or is the executive officer of such entities;
- (5) Major shareholder of the Bank or executive officer of such shareholders; and
- (6) Relatives of the following (excluding those who are considered to be not important)
 - A. Those who qualify under (1) to (5) above;
 - B. A director of the Bank who is not an executive officer or an executive officer of a subsidiary.

Definitions:

-“recent” means a situation that can substantially mean current where, for instance, it would apply in the event of approving the resolutions at the Annual General Meeting of Shareholders where a new outside director was appointed.

-“primary” means recording more than 1% of the consolidated net proceeds (in the case of the Bank, consolidated gross profits) of the most recent fiscal year.

-“large sum” means more than 10 million yen per year for the average of the previous three years.

-“major shareholders” means a shareholding equity of more than 10%.

-“those who are considered to be not important” means those who do not hold positions as “the Bank’s directors or general managers, and for individuals whose affiliations are with accounting or law firms, those individuals who are not qualified as accountants or lawyers.

-“relatives” mean an individual’s spouse and relatives within a second degree of kinship.

(2) Compensation of the Company’s Directors

Directors’ compensation is decided (1) within the annual aggregate amount of directors’ compensation which is resolved at the Annual General Meeting of Shareholders; (2) for directors who are not Audit and Supervisory Committee members, the meetings of the Board of Directors decide on compensation of such directors; and (3) for directors who are Audit and Supervisory Committee members, each individual compensation amount is decided as per the company’s regulations as set out below:

- a. Details of compensation shall be fair and reasonable to the extent that can be held accountable to shareholders and other stakeholders.
- b. Compensation standards give due consideration to the relevant compensation packages of other companies and is appropriate for the directors of the Bank, who are rewarded for performing the roles and duties as officers that aim to carry out business dealings in a sincere manner as “a Bank that aims to contribute to the sustainable and consistent growth of regional economies.”
- c. Compensation of directors, who are not Audit and Supervisory Committee members, are aimed at securing an exceptional management team that is made up of highly qualified

individuals, and the packages are designed to provide incentives for officers to contribute to the increase of corporate value and business results in the medium to long-term.

d. Specifically, the compensation of directors, who are not Audit and Supervisory Committee members, includes a basic salary that is reflective of each roles and duties of a director. For directors other than outside directors, bonuses that reflect the business results of each fiscal year and stock options designed to encourage more incentives to bring about medium to long-term corporate values will be included.

e. Compensation for directors, who are Audit and Supervisory Committee member, will be reviewed taking into consideration the audit and supervisory functions of a director who is an Audit and Supervisory Committee member, and also the degree of independence of a director.

<Details of Compensation>

(Millions of yen)

Title	Number of Payees	Total Compensation				
		Base salary	Bonuses	Stock option	Retirement package	
Directors (who are not Audit and Supervisory Committee members)	10	350	173	88	89	—
Directors (who are Audit and Supervisory Committee member)	7	69	69	—	—	—
Total	17	420	242	88	89	—

Notes:

(1) The upper limits of the compensation as determined at the Annual General Meeting of Shareholders were as follows:

The upper limit of a director's (excluding Audit and Supervisory Committee members) compensation was set at within 300 million yen annually (which did not include an employee compensation portion of figures for those directors who concurrently served as employees) at the Annual General Meeting of Shareholders held on June 24, 2016. In addition, as an alternative to the upper limit amount, stock options for directors (excluding Audit and Supervisory Committee members) was resolved within 130 million yen at the Annual General Meeting of Shareholders.

The upper limit of directors' (Audit and Supervisory Committee members') compensation was resolved at 85 million yen annual at the Annual General Meeting of Shareholders held on June 24, 2016.

(2) The directors' compensation does not include a portion that is considered to be employee compensation. For directors who are also employees, the aggregate total of employee portions of compensation total is 22 million yen, which includes base salaries, bonuses and stock options.

(3) Limited Liability Agreement

Name	Summary of the Limited Liability Agreement

Eiichi Tsurui	The Agreement exchanged includes limitations of the Bank's liabilities by virtue of Article 423(1) of the Companies Act of Japan, and the amount liable that may be incurred by the Bank is set at the minimum liability amount as prescribed in Article 425(1) of the same Act.
Koichi Masuda	Same as above.
Toshizo Oda	Same as above.
Takashi Sasaki	Same as above.

3. Outside Directors

(1) Concurrent positions held by outside directors

Name	Other positions held
Eiichi Tsurui	Chairman and Representative Director, Hokuriku Gas Co., Ltd; the Bank carries out normal banking businesses with the company.
Koichi Masuda	Certified Accountant
Toshizo Oda	President and Representative Director, Niigata Nippo; the Bank carries out normal banking businesses with the company.
Takashi Sasaki	Permanent Auditor, Tohoku Electric Power Company; the Bank carries out normal banking businesses with the company.

(2) Material activities of outside directors

Name	Term of Office	Attendance at Meetings of Directors	Statements delivered at Board of Directors' Meetings, among others
Eiichi Tsurui	3 years 10 months	Attended 13 out of 13 board of directors' meetings and 12 out of 12 meetings of the Audit and Supervisory Committee	Mr. Tsurui holds a wealth of experience as a corporate manager and delivered opinions where necessary
Koichi Masuda	6 years 10 months	Attended 11 out of 13 board of directors' meetings and 11 out of 12 meetings of the Audit and Supervisory Committee	Mr. Masuda delivered opinions where necessary from a perspective of an accountant
Toshizo Oda	2 years 10 months	Attended 13 out of 13 board of directors' meetings and 12 out of 12 meetings of the Audit and Supervisory Committee	Mr. Oda holds a wealth of experience as a corporate manager and delivered opinions where necessary
Takashi Sasaki	1 year 10 months	Attended 13 out of 13 board	Mr. Sasaki delivered

		of directors' meetings and 12 out of 12 meetings of the Audit and Supervisory Committee	opinions from a perspective of a corporate auditor of another company
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(3) Compensation of outside directors

(Millions of yen)

Title	Number of individuals to receive payment	Total Compensation		
		Base salary	Bonuses	Retirement package
Total Compensation	4	24	—	—

(4) Opinions of outside directors

Name	Statements Delivered by Outside Directors
Eiichi Tsurui	No statements delivered.
Koichi Masuda	Same as above.
Toshizo Oda	Same as above.
Takashi Sasaki	Same as above.

4. Shares and Shareholders

(1) Number of shares:

Total number of outstanding shares thousand shares	57,699
Total number of issued shares thousand shares	34,625

(Note): Less than 1,000 shares are omitted in the number of shares held.

(2) Number of shareholders at fiscal year ended March 31, 2018: shareholders	11,523
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(3) Major Shareholders

Shareholders	Investments to the Bank	
	Number of Shares Held (thousands)	Equity Ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1,746	5.15
Nippon Life Insurance Company	1,026	3.02

Meiji Yasuda Life Insurance Company	1,015	2.99
Tohoku Electric Power Company	837	2.47
The Daishi Bank Employee Shareholding Association	827	2.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	764	2.25
Japan Trustee Services Bank, Ltd. (Trust Account 9)	736	2.17
Daido Life Insurance Company	705	2.08
Sompo Japan Nipponkoa Insurance Inc.	688	2.03
DFA INTL SMALL CAP VALUE PORTFOLIO	660	1.94

Notes: (1) Less than 1,000 shares are omitted in the number of shares held.

(2) Less than one thousandths ratio of equity ownership is omitted except for treasury shares.

(3) The Bank owns 742,000 treasury shares but excludes itself from the list of major shareholders.

5. Matters related to principal accountant

(1) Principal accountant

(Millions of yen)

Accountants	Fees for the Fiscal Year ended March 31, 2018	Remarks
KPMG AZSA LLC Yukio Kumaki, Designated Limited Liability Partner Hiroshi Iida, Designated Limited Liability Partner Shuji Okumura, Designated Limited Liability Partner	65	Through reports and hearings from relevant business departments of the Bank, and after further consideration of the “Criteria for Accountants’ Fees” which was based on the “Practical Guidelines on Cooperation with Auditors” published by the Japan Audit & Supervisory Board Members Association, the Bank’s Audit and Supervisory Committee determined that the accountants’ fees were of reasonable standards in order maintain and enhance audit quality and has agreed to the provision in Article 399(3) of the Companies Act of Japan. In addition, as part of non-audit work, the Bank commissions advice on the treatment of accounts due to the business combination

		with The Hokuetsu Bank, Ltd.
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(Note): The accountant's fee listed is an aggregate amount as the audit agreement exchanged between the Bank and the auditors does not and is unable to provide a detailed account of the fees for each of the audits required by the Companies Act of Japan and the Financial Instruments and Exchange Act, respectively.

Fees billed by KPMG for professional services rendered to the Bank and its subsidiaries	83
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(2) Limited Liability Agreement

The Bank and the accountant have not exchanged a Limited Liability Agreement.

(3) Other material information on the Certified Accountant

(a) Policies on the removal or non-reappointment of accountant

Where the Audit and Supervisory Committee determines that an auditors' conduct is deemed to be applicable to any of the subsections of Article 340(1) of the Companies Act of Japan and where it is determined that audits cannot be carried, upon the agreement of all members of the Audit and Supervisory Committee, an auditor may be removed from its post.

In addition, aside from the statutory dismissal, where after a review of an auditors' degree of independence, reliability and efficiency, it is determined that a more appropriate auditor is required for appointment, the removal or reappointment of such auditor may be resolved at the resolution of the Annual General Meeting of Shareholders.

6. General Principles Regarding Decision-Makers on the Company's Finances and Business Operations

None.

7. Corporate Structure that Aims to Achieve Appropriate Business Operations and the Management of such a Structure

(1) A corporate structure that aims to secure relevance of business operations

Through the resolutions at the meetings of the Board of Directors, the Bank established necessary basic guidelines for such a structure in order to achieve relevant business operations. The basic guidelines and the operational summary of such guidelines for the fiscal year ended March 31, 2018 are as follows. In order to appropriately meet the changes in management through the continuous evaluation of such structure, the Bank aims to strengthen and enhance its internal controls.

(i) Legal compliance (a structure to ensure that the responsibilities carried out by both directors and employees are in accordance with the law and the Bank's Articles of Incorporation)

Based on the Bank's corporate philosophy, "to contribute to the region as the best, trusted bank with recognition," the Bank established a basic policy of compliance in order to embark on its mission to secure a solid framework for

compliance.

The Bank introduced a “Compliance Manual” to instill compliance and drafted a “Compliance Program,” which is a detailed practice plan that will be resolved every fiscal year at the Board of the Directors’ meeting.

The Bank established a Risk Management and Compliance Committee in order to deliberate on a bank-wide compliance matters.

In order to manage a bank-wide compliance framework, the Bank established a Compliance Office, which was set up within the Risk Supervision Division in order to formulate measures on compliance, maintain and improve the compliance framework through training and supervision.

A Risk Management and Compliance Committee was also set up in all branch offices with an aim to examine and improve the situation around compliance measures taken.

As part of a reporting mechanism on breach of compliance which was in contravention of the law, an “Opinion Box” structure was set up as part of the point of contact for Risk Supervision Division, which is based on the “Opinion Box Management Rules” and “Whistleblowing Management Rules.”

The Bank also established an Internal Audit Department, which is under the direct control of the Board of the Directors, in order to inspect compliance.

The Bank also aims to tackle antisocial organizations that threaten the order and security of civil life in a resolute manner and will prohibit any relationships with such organizations.

(ii) Archives and records of information (archive and manage records on duties executed by directors)

Material information (including electronic records), such as circulars, reports, meeting minutes, among others, of the duties executed by directors, shall be preserved and managed under the Bank’s policies and its capacity to hold records. In addition, where necessary, the operational status and rules of such policies will also be reviewed.

Directors may review these documents.

(iii) Risk Management Structure (rules and other structures to manage potential losses)

The Bank’s basic policies on risk management include recognizing and understanding appropriate risks, carrying out relevant management and monitoring such risks, and through analyzing and inspecting such processes, ensure consistent return on profits as per the risks involved as well as to plan for the appropriate distribution of financial resources.

The Bank’s basic policies on risks are set out in the “Risk Management Regulations,” and the risks to be managed by the bank include “credit risks,” “market risks,” “liquidity risks,” “operational risks,” “cybersecurity risks” and “other risks that might materially affect the management.”

“Administrative risks,” “systems risks,” and “other operational risks” make up “operational risks.” “Information security risks,” “legal risks,” “personnel risks,” “tangible assets risks,” “outsourcing risks,” “reputational risks,” and “other risks” together form “other operational risks” for the purposes of defining management procedures and the system structures to ensure an effective operational risk management.

In order to oversee bank-wide risk management, the Bank established a “Risk Management and Compliance Committee,” “ALM Committee,” and “Cyber Security Management Committee.”

The Chairperson of each committee is the director in charge of the Risk Supervision Division (the director in charge for the Systems Division is also in charge for the Cyber Security Management Committee), and an administrative office will be established up within the Risk

Supervision Division (the Cyber Security Management Committee shall be established within the Systems Division). In addition, in order to deal with various risks, each risks identified shall be appointed a division responsible for handling such risks in order to appropriately recognize, handle and manage such risks.

In order to secure the continuation of business operations in the event of unexpected occurrences such as natural disasters, the Bank drafted a business continuity plan entitled, the “Basic Policy on Business Continuation,” in order to establish a response system that may respond and react where appropriate.

- (iv) Optimal structure to carry out work responsibilities (a structure to ensure efficient execution of responsibilities by the directors)

Execution of duties related to management shall be discussed and reported as per the basic policies and standards as set out in the Board of Directors, including those matters that are determined by the Regulations of the Board of Directors, and those matters that apply to the discussion and reporting standards of the Board of Directors.

Based on the “Executive Committee Authority Regulations” as established by the Board of Directors, the Executive Committee shall deliberate and resolve on material matters delegated from the Board of Directors in order to achieve an appropriate and efficient organizational framework for executing duties.

The management of the Bank’s operational structure is set out in the “Official Regulations,” “Business Regulations,” and “Rules for General Division of Administrative Duties in the Headquarters,” and the responsible officer for each division will ensure the appropriate and efficient execution of duties.

- (v) Group management structure (a structure to ensure relevant operations for the group companies including the Bank and its subsidiaries)

The Bank and its subsidiaries (“the Group Companies”) aim to ensure that efficient and relevant business operations as well as management processes are determined and plans to establish a “Group Management Rule” which is based on the basic principles of group management and its structure, and also endeavors to draft and share its Medium-Term Business Plan amongst the Group Companies with a view towards an effective Group Companies management.

Based on the “Group Management Rule,” the Bank aims to “ensure compliance,” “maintain a domestic inspection system,” “establish consultation and reporting structure with parent company,” and aims to effectively instill a group-wide risk management and compliance framework, which also includes a reporting arrangement to the Bank.

The Bank plans to exchange an internal inspection audit agreement with each of its Group Companies, in order to enable the Bank’s Audit and Inspection Division to perform audit inspections in order to verify the internal management system of each company.

In order to achieve reliability of financial reporting of the Bank and its Group Companies, the Bank established “The Basic Rules on Internal Reporting System,” and also plans to establish a structure for financial reporting where internal controls are properly designed and operated.

- (vi) Assistance to the Audit and Supervisory Committee on execution of duties (matters which relate to directors and employees who should assist the duties of the Audit and Supervisory Committee; matters which relate to the scope of independence of such directors and employees from directors (excluding directors who are Audit and Supervisory Committee members); and matters to ensure effectiveness of instructions to such directors and employees from the Audit and Supervisory Committee)

In order to assist the duties and responsibilities of the Audit and Supervisory Committee, the Bank will assign an appropriate capacity of employees (“administrative staff of the Audit and Supervisory Committee”) as necessary.

Where a staff member is assigned to the Administrative Office of the Audit and Supervisory Committee, such staff member shall carry out duties and responsibilities directly under the supervision of the Audit and Supervisory Committee and will not hold any other positions assigned by the Bank. Job performance reviews and personnel reassignment of the staff of the Audit and Supervisory Committee shall be decided in consultation with the Audit and Supervisory Committee.

- (vii) Reporting to the Audit and Supervisory Committee on the effectiveness of the audit (a reporting system from the directors, auditors and employees of the Bank and its subsidiaries to report to the Audit and Supervisory Committee of the Bank; a system to report any other matters to the Bank’s Audit and Supervisory Committee; a system to ensure that any whistleblowers will not be disadvantaged in any way for reporting matters of concern to the Bank; and a system to ensure that effective audits are carried out by the Audit and Supervisory Committee)

(a) Attendance to major meetings

- The Bank provides an organizational structure to allow Audit and Supervisory Committee members to attend major meetings, and ensure that the members are able to provide relevant advice, proposals, and recommendations where necessary. In addition, through the request of the Audit and Supervisory Committee, the Bank is prepared to report and provide any relevant matters on the Group companies.

(b) Periodic meetings between the Representative Directors and Auditors

- Representative Directors and Audit and Supervisory Committee members shall carry out periodic meetings and exchange information on imminent management issues and the audit inspection environment for audits to be carried out by the Audit and Supervisory Committee. In addition, the Bank will facilitate for the Audit and Supervisory Committee to exchange relevant information with directors and other relevant individuals of the Group companies.

(c) Reports to the Audit and Supervisory Committee

- i. Where directors learn material information that may cause substantial damage to the Bank or the Group Companies, directors shall immediately report such information to the Audit and Supervisory Committee.

- ii. Where the Audit and Supervisory Committee requires directors and executive officers of the Bank and directors of its Group companies to report on matters concerned, such directors and auditors must comply to such requests.
- iii. The Bank shall establish an “Opinion Box” system to receive any opinions, recommendations and requests related to the management of the Bank from directors, auditors and employees of the Bank or its Group companies. Such details of the “Opinion Box” shall be reported to the Audit and Supervisory Committee. The reporting system shall ensure that any individuals who reported information to the Bank’s Audit and Supervisory Committee shall not be disadvantaged in any way or form.

(d) Coordination between Internal Audit Department and the Audit and Supervisory Committee

- In order to ensure the effectiveness of the audit inspections by the Audit and Supervisory Committee, the Internal Audit Department shall facilitate information exchange with the Committee on the issues related to internal management system and shall also reinforce coordination during audit inspections with the Committee.

- (viii) Policies toward fees arising from the performance of duties by the auditors (matters related to accountants’ fee payments in advance of performance of duties, repayment of fees, any other fees that may arise from performance of duties, or policies on handling obligations)

Unless otherwise determined that it would not be necessary for the performance of duties to be carried out by the Audit and Supervisory Committee, the Bank will efficiently settle bills issued by the Audit and Supervisory Committee members for a request of an advance payment or repayments or any other relevant payments that may arise from the performance of duties or settlement of obligations.

(2) Management of structure aimed at achieving relevance of business operations

(i) Legal compliance

The Bank established a “Risk Management and Compliance Committee” with an aim to ensure transparency of management and business operations according to the laws and rules and holds quarterly meetings of the Committee in this regard. The Committee deliberates on the compliance policies and status of compliance after understanding the issues revolving compliance.

In addition, based on the “Compliance Program” drafted each fiscal year, the Bank aims to protect its customers by strengthening the management of customers’ information, and also provides training and awareness-raising opportunities through compliance training which is held once every quarter at the Bank and each Group companies.

(ii) Preservation and management of information

The Bank properly manages and stores material information that relates to directors’ performance of duties on documents to be circulated for approval, reports, and minutes as according the official Bank regulations and procedures, and directors may review these documents as necessary.

(iii) Risk management

Based on its “Risk Management Regulations,” the Bank aims to oversee bank-wide risk management by establishing “Risk Management and Compliance Committee,” “ALM Committee,” and “Cyber-security Management Committee” and holds meetings of each committees once every

month (“Risk Management and Compliance Committee” holds meetings once every quarter) in an effort to recognize, determine, and manage each risk as appropriate.

(iv) Effective organizational structure for performance of duties

As a general rule, the meetings of the board of directors are held once a month based on the “Regulations of the Board of Directors.” Decisions are made on the proceedings of the meeting related to material management information and other information as stipulated by laws or Articles of Incorporation. The meetings also deliberate on the performance of duties by the Bank’s directors. As of the fiscal year ended March 31, 2018, the Bank held 13 meetings of the Board of Directors.

Based on the “Official Regulations on the Authority of the Executive Committee,” the Executive Committee, which consists of directors with executive titles, reviews and resolves on matters delegated by the board of directors for decision-making purposes and carries out efficient and appropriate business operations.

(v) Group management structure

Based on the “Group Management Rule” and the “Group Risk Management Procedures,” the Bank receives Medium-Term Business Plan and the progress thereof from each of its subsidiaries as well as periodic reports on matters related to risks from each of its group companies.

In addition, the Bank’s Internal Audit Department carries out appropriate inspection audits to each of its Group companies and where audit inspections discover material information, such information is reported to the board of directors with an aim to manage the overall Group companies.

(vi) Matters related to assisting the duties of the Audit and Supervisory Committee

In order to assist the Audit and Supervisory Committee, the Bank assigns one (1) administrative staff member to the Committee to carry out its duties. The staff member does not hold a concurrent post with respect to any normal duties of the Bank, and carries out its responsibilities under the direction of the Committee. In addition, in order to further strengthen coordination with the Internal Audit Department and the effectiveness of the audit inspections, the Bank assigned two (2) more staff members to the Audit and Supervisory Committee, who hold concurrent posts with the Internal Audit Department, to assist in the execution of duties by the Audit and Supervisory Committee members.

(vii) Reporting to Audit and Supervisory Committee and ensuring the effectiveness of audit inspections

In accordance to the “Audit and Supervisory Committee Rules,” the Audit and Supervisory Committee holds a meeting once a month and inspects the execution of business dealings by directors.

In addition, the Audit and Supervisory Committee attends the Board of Directors’ meetings, management meetings and each committee meetings, and the members also review reports related to execution of responsibilities and asks for explanations from relevant officers and employees, where necessary.

(viii) Policies toward fees arising from performance of duties by the accountants

The Bank properly handles fees arising from performance of duties by the Audit and Supervisory Committee members.

8. Material Subsidiaries

None

9. Material Dealings with Parent Company

None

10. Material Information on Accounting Advisor

None

11. Other Material Information

Where provisions exist in the Articles of Incorporation as prescribed by Section 459(1) of the Companies Act of Japan, the following are the policies on the exercise of authority given to the Board of Directors pursuant to the provisions of the articles of incorporation

Having regard to the public nature of its banking operations and to reward shareholder in the future, the Bank established a policy to strengthen its base revenue while giving due consideration to the improvement of internal reserves by also ensuring steady shareholder returns. Specifically, the Bank aims for shareholder returns of 40% through the sum of dividends and the purchase of treasury shares.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets (as of March 31, 2018)

(Millions of Yen)

Item	Amount
Assets	
Cash and due from banks	774,756
Cash	36,360
Due from banks	738,396
Monetary claims bought	15,313
Trading account securities	1,662
Trading government bonds	61
Trading local government bonds	1,600
Securities	1,758,610
Government bonds	578,565
Local government bonds	245,709
Corporate bonds	240,462
Stock	139,263
Other securities	554,608
Loans and bills discounted	3,246,170
Bills discounted	13,130
Loans on bills	64,299
Loans on deeds	2,760,679
Overdrafts	408,061
Foreign exchanges	9,479
Due from foreign banks	9,475
Foreign bills bought	3
Other assets	52,627
Prepaid expenses	103
Accrued income	4,936
Derivatives other than for trading-assets	7,849
Cash collateral paid for financial instruments	5,696
Other	34,041
Property, plant and equipment	41,526
Buildings	9,983
Land	29,044
Lease assets	143
Other	2,355
Intangible assets	12,047
Software	11,570
Lease assets	3
Other	473
Prepaid pension cost	1,853
Customers' liabilities for acceptances and guarantees	12,330
Allowance for loan losses	(10,145)
Total Assets	5,916,232

Item	Amount
Assets	
Deposits	4,641,357
Current deposits	273,650
Ordinary deposits	2,784,351
Savings deposits	26,170
Deposits at notice	15,251
Time deposits	1,463,104
Other deposits	78,829
Negotiable certificates of deposit	198,838
Payables under repurchase agreements	36,735
Payables under securities lending transactions	326,708
Borrowed money	347,941
Borrowings from other banks	347,941
Foreign exchanges	144
Foreign bills sold	122
Foreign bills payable	21
Other liabilities	23,724
Domestic exchange settlement account, credit	160
Income taxes payable	2,752
Accrued expenses	3,668
Unearned revenue	1,061
Derivatives other than for trading-liabilities	4,873
Guarantee deposits received for financial instruments	1,235
Lease obligations	146
Other	9,826
Provision for directors' bonuses	88
Allowance for retirement benefit	1,026
Provision for reimbursement of deposits	2,088
Provision for contingent loss	770
Deferred tax liabilities	11,090
Deferred tax liabilities for land revaluation	5,520
Acceptances and guarantees	12,330
Total Liabilities	5,608,364
Net Assets	
Capital stock	32,776
Capital surplus	18,635
Legal capital surplus	18,635
Retained earnings	204,817
Legal retained earnings	25,510
Other retained earnings	179,306
Reserve for advanced depreciation of non-current assets	656
General reserve	154,334
Retained earnings brought forward	24,316
Treasury stock	(4,240)
Shareholders' equity	251,989
Valuation difference on available-for-sale securities	48,719
Deferred gains on losses on hedges	(380)
Revaluation reserve for land	6,984
Total valuation and translation adjustments	55,324
Subscription rights to shares	554
Total Net Assets	307,867
Total Liabilities and Net Assets	5,916,232

Non-Consolidated Statements of Profit or Loss (from April 1, 2017 to March 31, 2018)

(Millions of Yen)

Item	Amount	
Ordinary income		78,538
Interest and dividends income	49,513	
Loans	28,737	
Interest and dividends on securities	20,263	
Call loans and bills purchases	0	
Deposits	209	
Other	303	
Fees and commissions	15,327	
Fees and commissions on domestic and foreign exchanges	4,857	
Other	10,469	
Other operating income	3,733	
Gain on foreign exchange	1,756	
Gain on trading account securities transactions	2	
Gains on sales of bonds	1,164	
Gains on redemption of bonds	16	
Income from derivatives other than for trading or hedging	787	
Other	5	
Other ordinary income	9,963	
Reversal of allowance for loan losses	1,029	
Recoveries of written-off claims	793	
Gain on sales of stocks and other securities	4,276	
Gain on money held in trust	0	
Other	3,863	
Ordinary expenses		59,879
Interest expenses	4,735	
Deposits	780	
Negotiable certificates of deposit	26	
Call money and bills sold	0	
Payables under repurchase agreements	614	
Securities lending	2,014	
Borrowed money	105	
Interest on interest swaps	1,192	
Other	0	
Fees and commissions	5,166	
Fees and commissions on domestic and foreign exchanges	697	
Other fees and commissions	4,469	
Other operating expenses	3,098	
Loss on sales of bonds	3,091	
Loss on redemption of bonds	4	
Loss on devaluation of bonds	2	
General and administrative expenses	42,998	
Other expenses	3,880	
Written-off of loans	1,179	
Losses on sales of stocks and other securities	372	
Losses on devaluation of stocks and other securities	45	
Other	2,282	
Ordinary profit		18,658
Extraordinary losses		56
Losses on sales of fixed assets	46	
Losses on impairment of fixed assets	10	
Profit before taxes		18,601
Corporate tax, corporate inhabitant tax and business tax	5,407	
Adjustment of corporate taxes, etc.	(295)	
Total corporate taxes, etc.		5,112
Profit		13,489

Consolidated Financial Statements

Consolidated Balance Sheets (as of March 31, 2018)

(Millions of Yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Cash and due from banks	775,395	Deposits	4,626,744
Monetary claims bought	15,313	Negotiable certificates of deposit	193,248
Trading account securities	1,715	Payables under repurchase agreements	36,735
Securities	1,762,555	Payables under securities lending transactions	326,708
Loans and bills discounted	3,236,059	Borrowed money	357,105
Foreign exchanges	9,479	Foreign exchanges	144
Other assets	101,059	Other liabilities	45,541
Property, plant and equipment	43,484	Provision for directors' bonuses	100
Buildings	10,276	Net defined benefit liability	811
Land	29,569	Provision for directors' retirement benefits	33
Other tangible fixed assets	3,637	Provision for reimbursement of deposits	2,088
Intangible assets	12,209	Provision for contingent loss	770
Software	11,718	Reserves under special laws	11
Other intangible assets	491	Deferred tax liabilities	13,566
Deferred tax assets	822	Deferred tax liabilities for land revaluation	5,520
Customers' liabilities for acceptances and guarantees	12,330	Acceptances and guarantees	12,330
Allowance for loan losses	(12,836)	Total Liabilities	5,621,461
Total Assets	5,957,587	Net Assets	
		Capital stock	32,776
		Capital surplus	25,179
		Retained earnings	208,533
		Treasury stock	(4,240)
		Shareholders' equity	262,249
		Valuation difference on available-for-sale securities	51,126
		Deferred gains on losses on hedges	(380)
		Revaluation reserve for land	6,984
		Remeasurements of defined benefit plans	(666)
		Accumulated total of other comprehensive income	57,064
		Subscription rights to shares	554
		Non-controlling interests	16,258
		Total Net Assets	336,126
		Total Liabilities and Net Assets	5,957,587

Consolidated Statements of Profit or Loss (from April 1, 2017 to March 31, 2018)

(Millions of Yen)

Item	Amount	
Ordinary income		99,441
Interest and dividends income	48,991	
Loans	29,051	
Interest and dividends on securities	19,421	
Call loans and bills purchases	0	
Deposits	209	
Other	308	
Fees and commissions	19,129	
Other operating income	4,865	
Other ordinary income	26,454	
Gain on reversal of allowance for loan losses	683	
Gain on recoveries of written-off claims	805	
Other	24,964	
Ordinary expenses		78,789
Interest expenses	4,784	
Deposits	780	
Negotiable certificates of deposit	26	
Call money and bills sold	0	
Payables under repurchase agreements	614	
Securities lending	2,014	
Borrowed money	149	
Other	1,198	
Fees and commissions	4,630	
Other operating expenses	3,098	
General and administrative expenses	47,087	
Other expenses	19,190	
Other expenses	19,190	
Ordinary profit		20,651
Extraordinary profit		3
Gain on disposal of fixed assets	2	
Reversal of reserve for financial instruments transaction liabilities	1	
Extraordinary losses		57
Losses on sales of fixed assets	46	
Losses on impairment of fixed assets	10	
Profit before taxes		20,598
Corporate tax, corporate inhabitant tax and business tax	6,539	
Adjustment of corporate taxes, etc.	(425)	
Total corporate taxes, etc.		6,113
Profit		14,484
Profit attributable to non-controlling interests		708
Profit attributable to stockholders of parent company		13,776

Audit Reports

Accounting Auditor's Audit Report on Non-consolidated Financial Statements

Report of the Independent Auditors

May 11, 2018

To: the Board of Directors
The Daishi Bank, Ltd.

KPMG AZSA LLC

Designated and Limited Liability Partner, Engagement Partner	Certified Public Accountant	Yukio Kumaki (Seal)
Designated and Limited Liability Partner, Engagement Partner	Certified Public Accountant	Hiroshi Iida (Seal)
Designated and Limited Liability Partner, Engagement Partner	Certified Public Accountant	Shuji Okumura (Seal)

We have audited the accompanying non-consolidated financial statements of The Daishi Bank, Ltd. for the fiscal year ended March 31, 2018 as prescribed by Article 436(2)(1) of the Companies Act of Japan, which comprise the balance sheet, the statements of income, the statement of changes in equity and the notes to the financial statements as well as the supplementary notes thereto.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the supplementary notes thereto in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation for non-consolidated financial statements and the supplementary notes thereto that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these non-consolidated financial statements and the supplementary notes thereto based on our audits. We conducted our audits in accordance with the auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary notes thereto are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary notes thereto. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary notes thereto, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary notes thereto in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary notes thereto.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary notes thereto present fairly, in all material respects, the financial position and the supplementary notes thereto, including assets and cash flows for the fiscal year ended March 31, 2018 in accordance with the accounting principles generally accepted in Japan.

Conflict of Interest

The Daishi Bank, Ltd. and the accounting firm and/or its engagement partner(s) do not have any conflicts of interest that require citing as prescribed in the Certified Public Accountants Act.

Accounting Auditor's Audit Report on Consolidated Financial Statements

Report of the Independent Auditors

May 11, 2018

To: the Board of Directors
The Daishi Bank, Ltd.

KPMG AZSA LLC

Designated and Limited Liability Partner, Engagement Partner	Certified Public Accountant	Yukio Kumaki (Seal)
Designated and Limited Liability Partner, Engagement Partner	Certified Public Accountant	Hiroshi Iida (Seal)
Designated and Limited Liability Partner, Engagement Partner	Certified Public Accountant	Shuji Okumura (Seal)

We have audited the accompanying consolidated financial statements of The Daishi Bank, Ltd. for the fiscal year ended March 31, 2018 as prescribed by Article 444(4) of the Companies Act of Japan, which comprise the consolidated balance sheet, the consolidated statements of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation for consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with the auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position, including assets and cash flows of The Daishi Bank, Ltd. and its consolidated subsidiaries for the fiscal year ended March 31, 2018 in accordance with the accounting principles generally accepted in Japan.

Conflict of Interest

The Daishi Bank, Ltd. and the accounting firm and/or its engagement partner(s) do not have any conflicts of interest that require citing as prescribed in the Certified Public Accountants Act.

Audit Report of the Audit and Supervisory Committee

Audit Report

The Audit and Supervisory Committee (“the Committee”) inspected the execution of duties of directors for the 207th fiscal year from April 1, 2017 to March 31, 2018 and hereby reports the methods and the results of such inspections as follows.

1. Methods and Contents of Audits

The Committee received reports from the directors and employees of the Bank from time to time on the contents of the resolution of the Committee of Directors on matters related to the structure (of the internal control system) as prescribed in Article 399(13)(1)(1)(b) and in Article 399(13)(1)(1)(c) of the Companies Act of Japan. Where necessary, the Committee requested explanations, expressed opinions, and carried out audits as follows:

- (i) Based on the Audit Standards of the Audit and Supervisory Committee set forth by the Committee, and in view of the audit policies, division of duties, and coordination with the Audit and Inspection Division, the members of the Committee attended important meetings and received reports from directors and personnel on matters relevant to carrying out their duties, and where necessary, received explanations, reviewed important decision-making documents, and also inspected business dealings and assets of the head office as well as major branches. The Committee communicated and exchanged information with directors of subsidiaries, and where necessary, received reports from subsidiary companies.
- (ii) The Committee supervised and verified that the Accounting Auditor maintained its independence and conducted appropriate audits, and also received reports from the Accounting Auditor on its execution of duties and sought explanations as necessary. In addition, the Committee received notification from the Accounting Auditor that “systems to ensure that the accounting auditor's duties will be executed in an appropriate manner” (each item of Article 131 of the Rules of Corporate Accounting) were implemented in accordance with requirements such as the “Quality Control Standards for Audit” (issued by the Business Accounting Council on October 28, 2005), and sought explanations as necessary.

The Committee examined the Business Report and the supplementary schedules thereto, the financial statements (balance sheet, statement of income, changes in net assets and cash flows, and notes on unconsolidated financial statements) and the supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated changes in net assets and cash flows, and notes on consolidated financial statements) based on the methods described above.

2. Audit Results

(1) Results of the audit of the Business Report and supplements

- ① The Business Report and its detailed supplementary schedules thereto correctly

present the situation of the Bank in accordance with laws, regulations, and the Articles of Incorporation.

- ② The Committee did not find any fraudulent actions, or violations of any law, regulation, or the Articles of Incorporation, in relation to the execution of duties of directors.
 - ③ The Committee determined that the content of resolutions of the Committee of Directors in relation to internal control systems (including internal controls for financial reporting) was reasonable. In addition, the Committee did not find in the statements in the Business Report and the execution of duties of directors in relation to such internal control systems any issues that require citing.
- (2) Results of Audit of Financial Statements and Supplementary Schedules Thereto
The Committee determined that the audit methods and results of KPMG AZSA LLC are reasonable.
- (3) Results of Audit of Consolidated Financial Statements
The Committee determined that the audit methods and results of KPMG AZSA LLC are reasonable.

May 11, 2018

Audit and Supervisory Committee, The Daishi Bank, Ltd.

Shinya Tanaka, Audit and Supervisory Committee Member

Shinjiro Kawaii, Audit and Supervisory Committee Member

Eiichi Tsurui, Audit and Supervisory Committee Member

Koichi Masuda, Audit and Supervisory Committee Member

Toshizo Oda, Audit and Supervisory Committee Member

Takashi Sasaki, Audit and Supervisory Committee Member

Eiichi Tsurui, Koichi Masuda, Toshizo Oda and Takashi Sasaki are Outside Independent Directors as prescribed by Article 2(15) and Article 331(6) of the Companies Act of Japan.