



Hokuhoku Financial Group, Inc.

Integrated Report 2022



Hokuhoku Financial Group, Inc.

Company outline (as of March 31, 2022)

Company name: HokuHoku Financial Group, Inc.

Date of establishment: September 26, 2003

Location of head office: 1-2-26 Tsutsumicho-dori, Toyama City

Purpose of business: Management and control of subsidiaries and affiliates and ancillary and related business

Capital: ¥70,895 million

Shares issued and outstanding:

Common stock	128,770,814
Preferred stock (Type 5)	75,212,000

Exchange listings: Tokyo Stock Exchange (Prime Market)

Sapporo Securities Exchange

This document contains forward-looking statements. Statements of this kind do not constitute guarantees of future performance, as factors such as changes in the operating environment may cause actual performance to differ.

The figures stated in this document are, in principle, rounded down to the nearest whole unit.

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PROFILE

Profile

Since its establishment in 1877, Hokuriku Bank has developed an extensive network of branches throughout the Hokuriku district. On account of trade through the Kitamae-bune or “Northbound Ships,” branches extended to the major cities of Hokkaido, enabling the bank to meet customers’ needs. The Hokkaido Bank, which was established in 1951, has developed a network of branches throughout Hokkaido, and built a firm business structure centered on individuals and small and medium-sized enterprises.

The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd. underwent management integration in September 2004 to form the Hokuohoku Financial Group Inc., which today operates a super-regional financial network that encompasses the Hokuriku region, Hokkaido, and Japan’s three major metropolitan areas (Tokyo, Osaka, and Nagoya areas).

The operations of the Hokuohoku Financial Group extend beyond the limits of a single district.

Our extensive network is outlined below.

Hokuriku district 151 branches

Toyama prefecture.....	93 branches
Ishikawa prefecture	36 branches
Fukui prefecture.....	22 branches

Hokkaido 161 branches

Three major metropolitan areas 16 branches

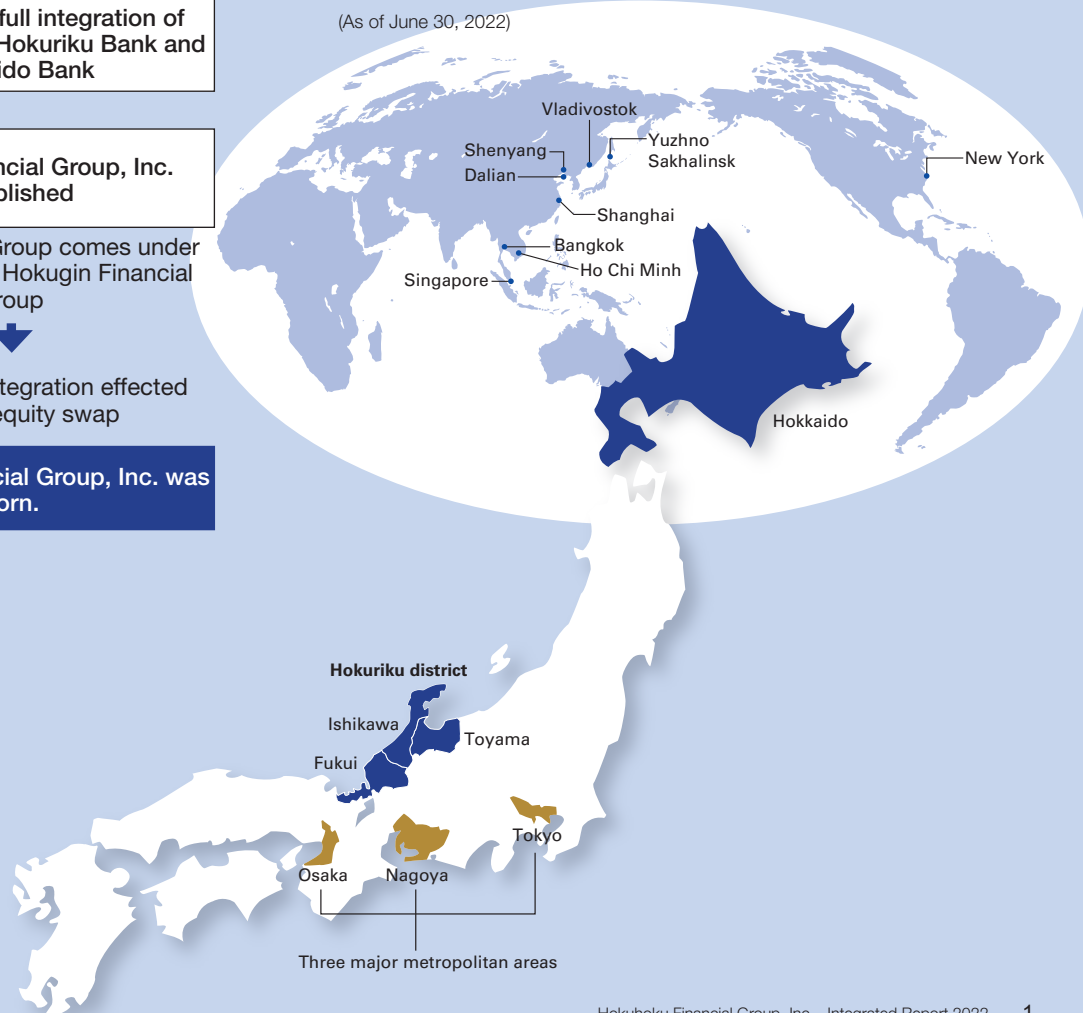
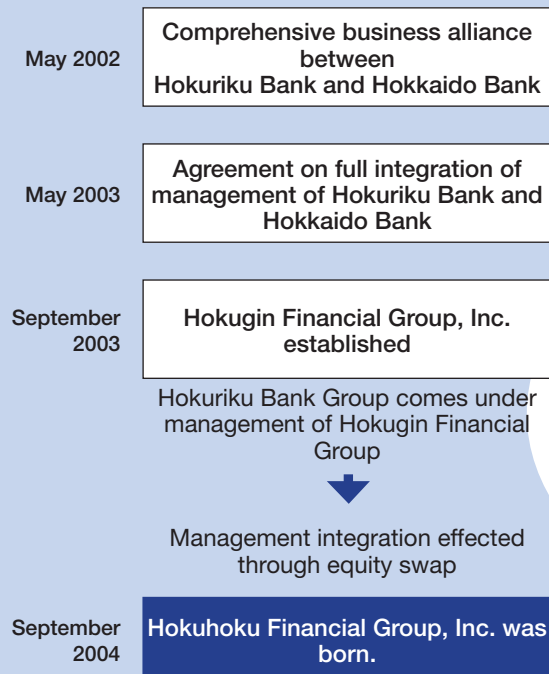
Tokyo and Yokohama	9 branches
Nagoya	3 branches
Osaka and Kyoto	4 branches

Others (Sendai, Niigata, Nagano, Takayama) ... 4 branches

Overseas 9 offices

New York Representative Office (Hokuriku Bank)
 Yuzhno-Sakhalinsk Representative Office (Hokkaido Bank)
 Vladivostok Representative Office (Hokkaido Bank)
 Singapore Representative Office (Hokuriku Bank)
 Bangkok Representative Office (Hokuriku Bank)
 Dalian Representative Office (Hokuriku Bank)
 Shanghai Representative Office (Hokuriku Bank)
 Shenyang Representative Office (Hokkaido Bank)
 Ho Chi Minh Representative Office (Hokuriku Bank)

(As of June 30, 2022)



MESSAGE FROM THE MANAGEMENT



Left: Hiroshi Nakazawa

President

*(concurrently serving as president of
The Hokuriku Bank, Ltd.)*

Right: Yuji Kanema

Deputy President

*(concurrently serving as president of
The Hokkaido Bank, Ltd.)*

We would like to express our sincere gratitude for your continued patronage of HokuHoku Financial Group and its subsidiaries.

Due to the implementation of various government policies and the recovery of overseas economies, economic activities are gradually returning to normal. However, the future outlook remains still uncertain due to the destabilization of the international situation and the re-expand of the COVID-19.

Under these circumstances, the Group has launched the new medium-term management plan "Go forward with Our Region" (FY2022~FY2024) in order to achieve the Group's long-term vision "Sustainable growth together with local communities and customers through problem solving". We will work to strengthen our consulting functions and to improve productivity utilizing DX, as well as promote our business in new business areas such as the environmental field.

All officers and employees will work together to contribute to the sustainable growth of the region by solving the problems of the local community and customers.

We would like to ask for your continued support and patronage.

July 2022

Handwritten signature of Hiroshi Nakazawa in black ink.

Hiroshi Nakazawa
President

Handwritten signature of Yuji Kanema in black ink.

Yuji Kanema
Deputy President

Our Strengths

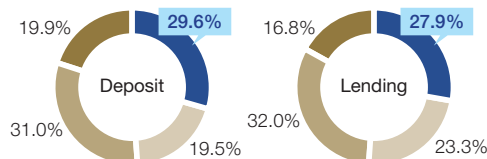
We contribute to the regions with our strengths and strive to grow sustainably.

Our solid customer base built over our long history

- Hokuriku Bank and Hokkaido Bank were established in 1877 and 1951, respectively.
- It has been 18 years since the Group was formed in 2004.
- Our solid customer base in Hokuriku and Hokkaido has been built over our long history.

Market Share in Hokuriku (Toyama, Ishikawa, Fukui)

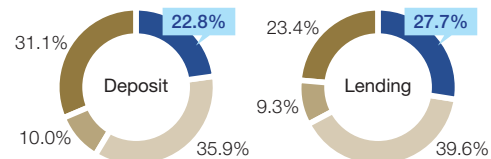
#1 in deposit and lending



■ Hokuhoku Financial Group ■ Regional competitors ■ Other banks ■ Community banks

Market Share in Hokkaido

#2 in deposit and lending

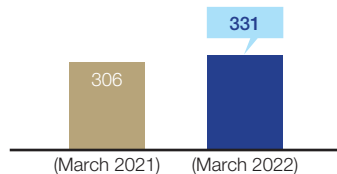


*Market shares are as of September 2021. They were calculated by the Group based on statistical data from Bank of Japan, think tanks and others. They exclude Japan Post Bank.
*The market shares of regional competitors and other banks are our estimates.

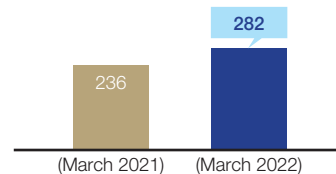
Our competent people

- Our people have diligence and pioneering spirits, each of which represents key characteristics of Hokuriku and Hokkaido, respectively.
- We believe diversity makes us stronger, and we are dedicated to building a diverse workforce.
- Our people have industry-leading expertise in such areas as business succession, agriculture, and cross-border businesses.

Women in management roles



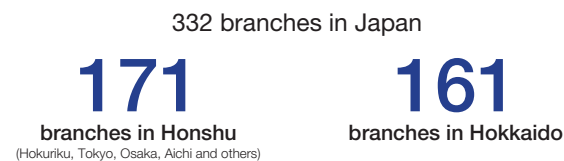
CFP and 1st level FP holders



Extensive branch network across multiple regions

- Our branch network spreads extensively across multiple regions, including Hokuriku, Hokkaido, Tokyo, Osaka and Aichi. We also have global offices in foreign countries.
- Our extensive branch network gives us a unique advantage in the industry in promoting business matching for our customers.
- We are constantly optimizing our branches in terms of number, size, functions and operating hours.

Number of branches (June 2022)



Business matching deals across Hokuriku and Hokkaido (FY2021)



9 global offices outside of Japan

- New York
- Bangkok
- Singapore
- Shanghai
- Dalian
- Shenyang
- Vladivostok
- Yuzhno-Sakhalinsk
- Ho Chi Minh City

Strategic partnerships with key players

- We help our clients find technology partners from universities in our operating areas.
- We help our clients expand their businesses in foreign countries.

Number of partnerships with municipalities
(March 2022)



Number of partnerships with government-sponsored banks and other international banks outside of Japan (March 2022)



CHARACTERISTICS OF OUR MAIN BUSINESS AREA

Population and Square Measure*1

	Toyama Prefecture a	Ishikawa Prefecture b	Fukui Prefecture c	Total a + b + c	Hokkaido
Population (Ranking)	1.03Mn (37th)	1.13Mn (33th)	0.77Mn (43rd)	2.93Mn	5.22Mn (8th)
Square Measure (Ranking) km ²	4,248 (33rd)	4,186 (35th)	4,191 (34th)	—	83,424 (1st)

Number of businesses*1 (Thousand)

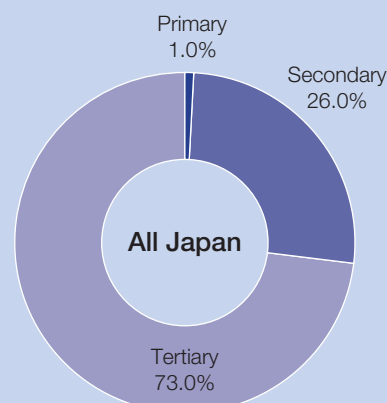
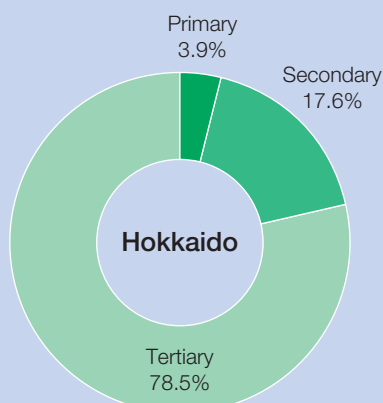
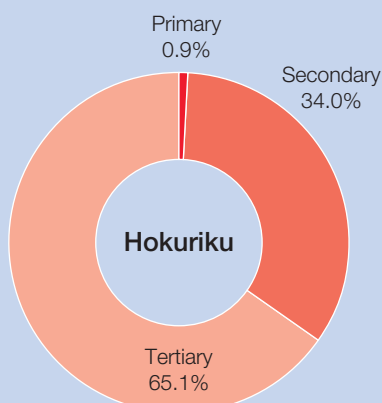
Hokkaido	259
Hokuriku	167
Toyama	56
Ishikawa	65
Fukui	45

Gross Prefectural Product*1,2

(JPY Bn)

	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido
GPP (Proportion) (Ranking)	4,910.2 (0.85%) (28st)	4,768.7 (0.82%) (30th)	3,694.6 (0.64%) (40th)	13,373.5 (2.31%)	20,464.6 (3.53%) (8th)

Industrial Structure*2

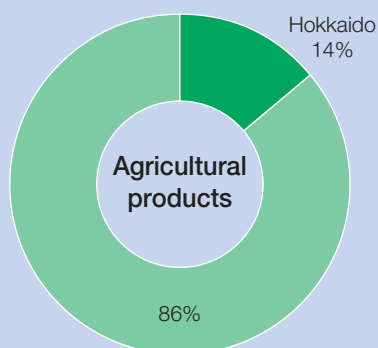
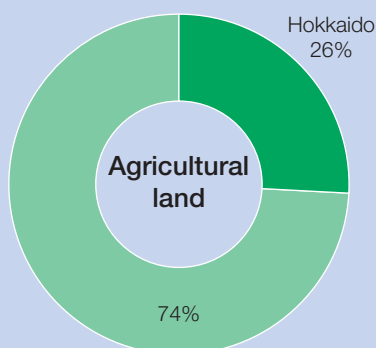


Data source : *1 Ministry of Internal Affairs and Communications,*2 Cabinet Office

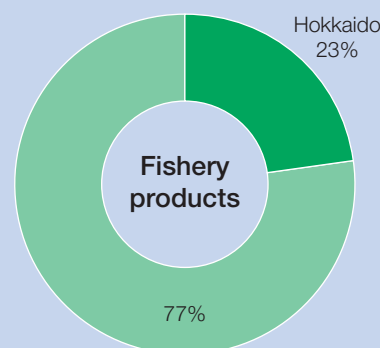
Hokkaido

- With vast expanses of land and ample fishing areas in the ocean surrounded on all sides, Hokkaido has thriving primary industries such as agriculture and fisheries compared to the rest of Japan. As a result, Hokkaido is called the largest food supply base of Japan.
- Although the number of tourists has temporarily decreased due to the COVID-19, it is still one of the most popular tourist destinations in Japan.

Abundant Natural Resources



Wheat / Potato / Onion /
Milk etc.



Tuna / Sardines / Scallops /
Squid / Skipjack etc.

Data source : Ministry of Agriculture, Forestry and Fisheries / Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau / Department of Agriculture, Hokkaido Government

Increasing Numbers of Tourists Visiting Hokkaido

Data source : Bureau of Tourism, Department of Economic Affairs, Hokkaido Government



Renewable Energy

Hydroelectric power / Geothermal energy / Wind power / Solar power

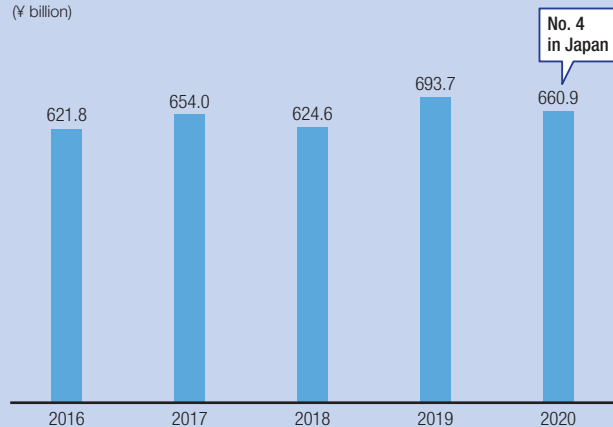


Hokuriku

- The Hokuriku region is bordered by the Sea of Japan and is equidistant from the three major metropolitan areas of Tokyo, Nagoya and Osaka.
- It is located in the center of the Sea of Japan, and is an important region as a gateway to overseas countries including Asia.
- With the extension of the Hokuriku Shinkansen to Tsuruga in the spring of 2024, convenience will further increase, and the importance of the Hokuriku region is expected to increase.
- This region is surrounded by steep mountains such as the Tateyama mountain range, and has abundant snowmelt water. This water is used for hydroelectric power generation, and also plays a role in attracting manufacturing companies to the region.
- This region has a highly educated and diligent labor force, and is also a region where women's social advancement is progressing.
- The 3 prefectures of Hokuriku have each developed industries that match their distinctive characteristics

Toyama Prefecture's Pharmaceutical Product Production

Data source: Ministry of Health, Labour and Welfare, Statistics of Production by Pharmaceutical Industry (¥ billion)



Toyama Prefecture, which forms the medicine capital known as Medicine city Toyama, is home to a diverse range of pharmaceutical companies, from the allocated drug sales industry of the past, to new drug developers, generic drug manufacturers, and over the counter drug manufacturers. In addition, peripheral industries, such as plastic container packaging and printing, are well developed in the prefecture.

Many Global Niche Top Companies in Ishikawa Prefecture

Ishikawa Prefecture has developed industries centering on the textile and machinery industry, and has several "global niche top companies" selected by the Manufacturing Industries Bureau of the Ministry of Economy, Trade and Industry. It is also a historic city famous for traditional crafts such as Kaga Yuzen dyeing and Wajima lacquerware.

Fukui Prefecture's Eyeglasses Production

Fukui Prefecture (Sabae City in particular) has more than a 100-year history as a manufacturing base for eyeglasses, and boasts the top share in the eyeglasses manufacturing industry (including frames) in Japan. The prefecture is a global hub for frame manufacturing in particular, on par with Italy and China.

PERFORMANCE HIGHLIGHTS

Summary of Operations (Hokuhoku Financial Group, Inc.; on a consolidated basis)

	FY2021		FY2020
		Y-o-Y Change	
Ordinary income	177.7	1.8	175.9
Ordinary profits	30.2	(1.9)	32.2
Net income attributable to owners of the parent	20.5	(0.8)	21.3
Capital adequacy ratio	9.54%	0.09%	9.45%

With regard to the Company's operating performance in the fiscal year ended March 31, 2022, consolidated ordinary income increased by ¥1.8 billion year-on-year to ¥177.7 billion. Net income attributable to owners of the parent fell by ¥0.8 billion to ¥20.5 billion.

The capital adequacy ratio was 9.54% on a consolidated basis at the end of the fiscal year.

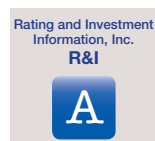
With regard to the payment of dividends for the fiscal year ended March 31, 2022, dividends for common stock were ¥35.00 per share, paid once as the year-end dividends, and dividends for preferred stock (Type 5) were the designated ¥7.50 per share (¥15 annually) paid respectively as the interim and year-end dividends.

Summary of Operations (Hokuriku Bank and Hokkaido Bank) <Total of both banks>

	FY2021		FY2020
		Y-o-Y Change	
Ordinary income	161.9	3.9	157.9
Core gross business profits	124.8	4.0	120.7
Expenses (excluding temporarily processed portion)	78.8	(3.5)	82.3
Core net business profits	46.0	7.5	38.4
Excluding gains (losses) on cancellation of investment trusts	44.8	7.1	37.6
Credit costs	13.5	0.4	13.0
Ordinary profits	30.4	(1.5)	32.0
Net income	21.8	(0.6)	22.4
ROE	3.90%	(0.23%)	4.13%

Total ordinary income for both banks was increased by ¥3.9 billion year-on-year to ¥161.9 billion. Net income attributable to owners of the parent fell by ¥0.6 billion to ¥21.8 billion.

Ratings

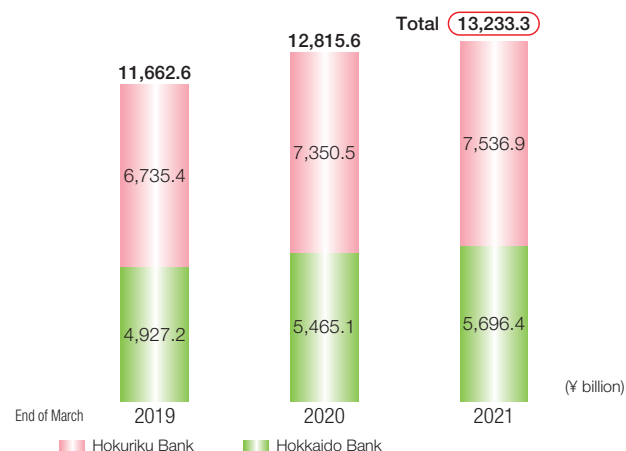


"Ratings" are determined by ratings agencies, third-party institutions with no vested interest in the companies they rate, and indicate a company's creditworthiness and ability to fulfill obligations in concise signs.

Hokuhoku Financial Group Inc., Hokuriku Bank and Hokkaido Bank have obtained "A" ratings from Rating and Investment Information, Inc. (R&I), and are considered as being highly creditworthy. Hokuriku Bank also has obtained "A-" rating from Standard & Poor's Ratings Japan K. K.

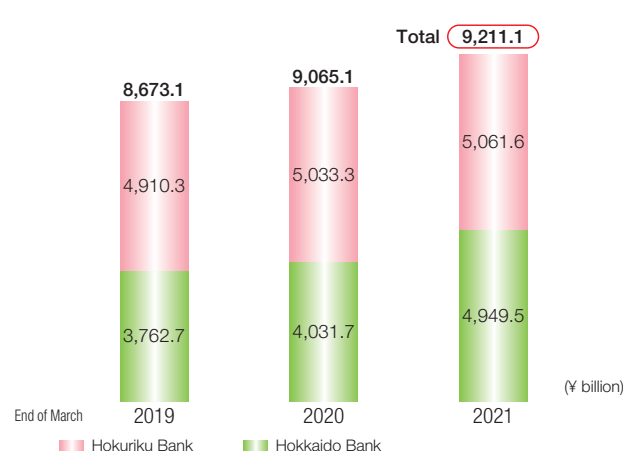
Deposits (Including negotiable certificates of deposit) <Total of both banks>

■ ¥13,233.3 billion (¥417.7 billion increased)



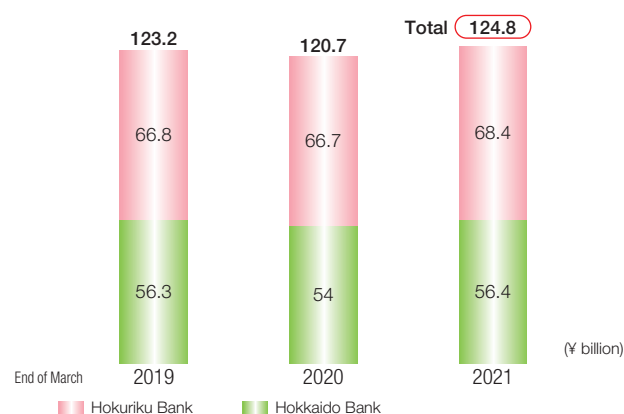
Loans and Bills Discounted <Total of both banks>

■ ¥9,211.1 billion (¥145.9 billion increased)



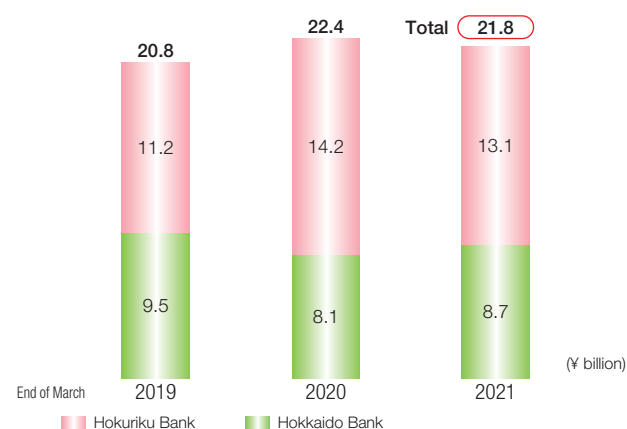
Core Gross Business Profits <Total of both banks>

■ ¥124.8billion (¥4.0billion increased)



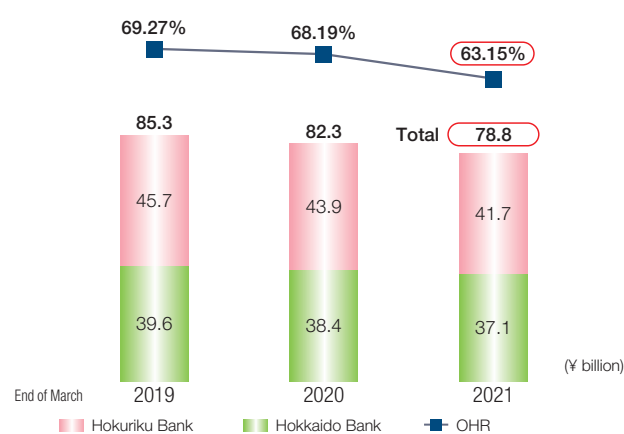
Net Income <Total of both banks>

■ ¥21.8billion (¥0.6 billion fell)



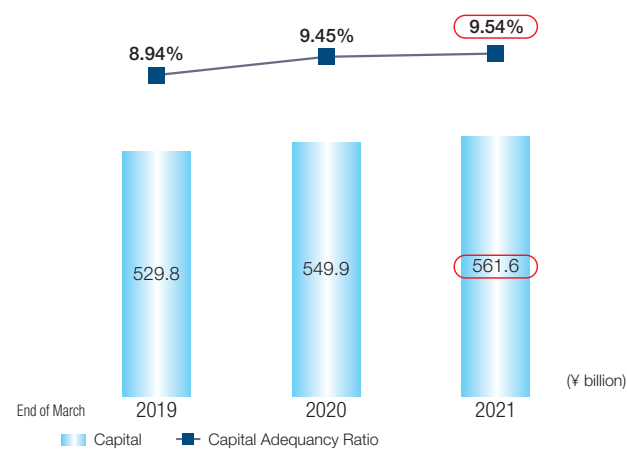
Expenses <Total of both banks>

■ OHR 63.15% (5.04% fell)



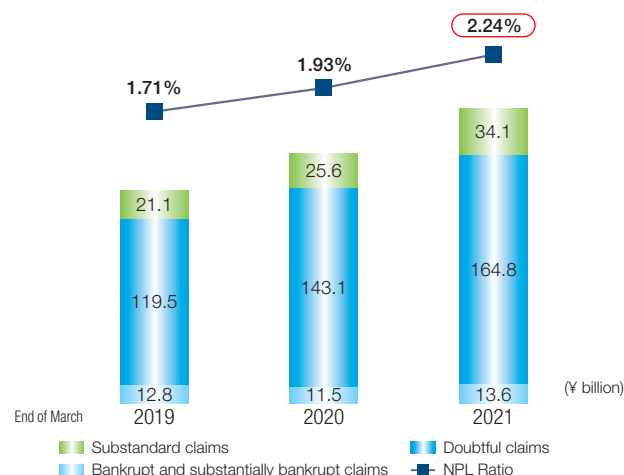
Capital Adequacy Ratio <On a consolidated basis>

■ Capital Adequacy Ratio 9.54% (0.9% increased)



Disclosed Claims under the Financial Reconstruction Law <Total of both banks>

■ NPL ratio 2.24% (0.31% increased)




● Disclosed Claims under the Financial Reconstruction Law: The bank classifies both loans and other assets in line with the stipulations of the Financial Reconstruction Law.

● Claims subject to disclosure: loans, customers' liabilities for acceptance and guarantees, foreign exchanges, accrued interest, suspense payments, securities loaned, private bonds with the Bank's own guarantees (regarding claims on obligors requiring caution, loans and private bonds with the Bank's own guarantees only).

Substandard claims	This category is defined as claims on borrowers requiring caution under asset self-assessment. This category comprises past due loans (three months or more) and restructured loans under the Banking Law.
Doubtful claims	This category is defined as claims on potentially bankrupt borrowers under asset self-assessment. The execution of contracts on repayment of the principal and payments of interest is highly doubtful.
Bankrupt and substantially bankrupt claims	This category is defined as the sum of claims on bankrupt borrowers and effectively bankrupt borrowers.

● NPL ratio: Indicates NPLs (under the Financial Reconstruction Law) as a percentage of total credit. The lower the ratio, the sounder the credit portfolio.

A full-page photograph of Hiroshi Nakazawa, President and Representative Director of Hokuu Financial Group, Inc. He is standing in a modern, brightly lit office lobby with a high ceiling and large windows. He is wearing a dark navy blue suit, a white shirt, and a pink patterned tie. He has a small circular pin on his lapel and a pink pocket square. He is smiling slightly at the camera. The background shows office desks, chairs, and a reception area.

We will strengthen the
Hokuu FG's ability to create
added value.

We will take on new challenges
in the environment field as well
as DX field in particular and
realize our management
philosophy “Progressive &
Innovative Services”.

Hiroshi Nakazawa
President and Representative Director

Review of the previous medium-term management plan

During the three years of the previous medium-term management plan "ALL for the Region," while we have worked to solidify the firm base for building a sustainable business model, we also have taken various measures to cover the decline in interest and dividend income from loans and securities due to the continuing low interest rate environment and the redemption of yen-denominated bonds. Looking back, I think we have achieved significant goals of the plan, although some initiatives remain insufficient.

First of all, we gave top priority to supporting our customers' core businesses and provided 450 billion yen interest-free and unsecured loans in response to the COVID-19 pandemic, which was not anticipated when the previous medium-term management plan was formulated. Through these efforts, I believe our group has been able to meet the expectations of our customers and local communities.

On the other hand, we could not fully respond to our customers' investment needs for improving operational efficiency and promoting measures on environmental issues, as we could make less proposals for their business revolutions than expected.

Second, we have made remarkable progress in "strengthening consulting functions" and "improving productivity", which were key strategies in the previous medium-term management plan.

By increasing the number of people in charge of customer relations at headquarters, we have strengthened our

consulting functions and made proposals which met the diversifying needs of our customers. As a result of our proposal activities that matched to our customers' needs, we have achieved a record high number of M&A deals.

In addition, we have added new solution menus such as IT consulting, recruitment services and trust services, which were the driving force behind the increase in net fees and commissions in the final year of the previous medium-term management plan.

And then, we have reorganized our branch network, by ways of relocation and consolidation, to improve productivity as well as maintain and improve customer convenience. Furthermore, we have reviewed our approach to customer relations activities fundamentally so that we can make high-quality proposals to our customers efficiently.

As a result, we have built a system that allows us to make as many proposals as possible in a limited amount of time, securing appropriate number of people depending on the market environment and assigning them to the right positions based on the aptitude of each person.

Also, we have worked with the Hokugin Software, one of our group companies, to promote the digitization and optimization of internal operations of our group utilizing RPA (Robotic Process Automation). We have reduced work equivalent to ninety thousand working hours in aggregate during the three years of the previous medium-term management plan.

Expanding "the Hokuhoku collaboration"

A notable achievement in the previous medium-term management plan was the significant expansion of "the Hokuhoku collaboration", initiative that the Hokuriku Bank and the Hokkaido Bank collaborate with each other to support customers.

The Hokuriku Bank was founded in 1877, and the Hokkaido Bank was established in 1951. Both banks have long histories and have been patronized by customers in the region. Since the management integration of the two banks in September 2004 and the establishment of the Hokuhoku Financial Group, the two banks have worked together to support customers. As a result, we have expanded the scale of our group to 13 trillion yen in deposits and 9 trillion yen in loans.

On the other hand, in Hokkaido, the common business base of both banks, there was still room for expansion of business from the perspective that the two banks should collaborate and work together to respond to their customers' needs which each bank could not meet by itself. In the three prefectures of Hokuriku and the three major metropolitan areas, which also have been the two

banks' operating bases, efforts to pursue synergy through collaboration between the two banks were not sufficient. We recognized that there were problems not only in providing high-quality services to customers, but also in improving operational efficiency and productivity of our group.

Under such circumstances, in June 2021, we have established the Business Planning Department in order to promote collaboration between the two banks and create new synergy effects. The two banks have worked together to formulate sales strategies, plan sales promotion measures and share their sales resources, and worked to build a system for making optimal proposals to customers. As a result, we have enriched our activities, such as business matching proposals that utilize the two banks' wide-area branch networks and customer information that can differentiate us from our competitors, who do not have such networks.



Our thought incorporated in the long-term vision

Upon the announcement of the new medium-term management plan "Go forward with Our Region (FY2022 to FY2024) ", we have also announced our long-term vision, "sustainable growth together with local communities and customers through problem solving".

In the process of creating the long-term vision, we received many constructive opinions from the independent outside directors as well as from the management executives. We also set up a working group of younger employees, who would be responsible for the future of our group, to discuss the long-term vision. Before considering the long-term vision, we tried to anticipate the possible changes in our business environment and forecast what our stakeholders would expect us in the future.

Some of you may find our long-term vision to be obvious. In this rapidly changing world, however, it is not easy to accomplish it. In order to accomplish our long-term vision, it is vital for us to continue to take on new challenges, innovate ourselves in accordance with changes of the world, and pursue the optimal solutions which solve problems surrounding our region and our group.

Our group upholds "Prospering together with the region" as our management philosophy. Based on this philosophy, we incorporate our thought "co-creation" in our long-term vision, to express our idea that our group companies will become more attractive by contributing to make our region more attractive.

Six key strategies to be implemented under the new medium-term management plan

The strengths of our group are the sales bases and diverse human resources that we have cultivated over our long history, a wide-area branch network unparalleled by other regional banks, and close cooperation with local communities. On the other hand, we may have a conservative way of thinking relying on our strong sales bases, and may have problems with making prompt decisions and processing duplicate business operations effectively, as the core operating companies of our group, the Hokuriku Bank and the Hokkaido Bank, operate in remote areas.

In order to solve such problems, I believe that initiatives in accordance with the idea "Progressive & Innovative Services" in our management philosophy will become more

important. I want to make our group to be a place where officers and employees can think freely without being bound by conservative ideas, actively express new ideas, and work together to realize those ideas fully.

With the aspiration of making such group, we have positioned the three years under the new medium-term management plan as a period to challenge the prior strategies toward the realization of our long-term vision and established six key strategies as follows. While all of those strategies are important, I believe that improvement of comprehensive consulting ability in order to accurately grasp the needs and concerns of our customers and propose appropriate solutions to them will be vital in the implementation of the new medium-term management plan.

Key Strategy 1 Improvement of comprehensive consulting ability

Our group has about 150 people in charge of corporate customer relations and about 600 people in charge of individual customer relations. All of them are positioned at the headquarters, and they work hard to improve their skills on a daily basis.

As for consulting services for corporate customer, our group's strength is our people's capability to support business succession and M&A. On the other hand, we have room to improve our services in the area of corporate finance by expanding financing instruments menu and proposals. While our group has established funds to support business succession, we expect that demand for new areas such as LBO finance and venture company support will increase in the future. We would like to contribute further to the growth and development of the regional economy by providing a wide variety of financing methods including those for such new areas.

As for consulting services for individual customer, our people have strengths in making optimal proposals

according to customers' life stage. For young customers, we propose asset management methods, including savings-type investment products, in order to support their asset formation. For wealthy and elderly customers, we propose the use of trust products, taking into account their needs and concerns regarding asset succession. The trust service is currently provided by the Hokuriku Bank, but I would like to consider working with both banks to create further synergy.

In April 2022, the Hokuriku Bank has established the IT Consulting Group within the Consulting Sales Department and increased the number of people in charge, in order to support our customers to promote digitization in their businesses. At the Hokkaido Bank, the Digital Strategy Department has played a key role in promoting initiatives to support customers. As our customers have great need of IT to improve the quality of their services and to streamline their internal operations, we are striving to improve the quality and quantity of our proposals to utilize IT in their businesses.

Key Strategy 2 Initiatives in the environmental field

Through talking with customers, I have sensed that their needs for measures to address the environmental issues have been growing significantly day by day. In order to meet such needs, we provide services such as "SDGs evaluation service" that helps customers to promote SDGs, "business matching service" that helps customers to visualize their CO₂ emissions from their businesses with the support of specialized companies, and "Hokuhoku Sustainability finance", including "Sustainability Linked Loan", "Green Loan" and "Hokuhoku Three Targets", that supports customers to raise funds to promote SDGs initiatives.

In addition, we will lead decarbonization of the region by tackling our issues, such as reduction of the greenhouse gas emissions, one by one. The Hokuhoku Sapporo Building (the Hokkaido Bank Headquarters Building, the Hokuriku Bank Sapporo Branch), being scheduled for completion in January 2024, and the Hokuhoku FG Head office Building (the Hokuriku Bank Headquarters Building), being scheduled for completion in 2026, will be designed to meet the latest environmental standards.

In February 2021, we established the environment policy and endorsed the TCFD recommendations. In addition, in November 2021, in order to promote sustainability management, we newly established the Sustainability Promotion Committee which was consisted of executives and general managers as well as the Sustainability Promotion Team which was consisted of more than 40 people from both banks. Based on the four basic concepts of "strengthening information disclosure in line with the TCFD recommendations", "reducing CO₂ emissions of the two banks", "strengthening support of our customers for promotion of decarbonization" and "strengthening cooperation with local communities", members of the team are working together to advance various measures to address sustainability issues. Furthermore, we are currently dispatching our people to specialized institutions, including the Ministry of the Environment, to accumulate various know-how. Through these efforts, our group aims to become an environmentally advanced financial institution that leads the carbon neutrality of the region.

Key Strategy 3 Promotion of Digital Transformation

Efforts to get the most of DX in our business are crucial to improve our services we provide to our customers and promote the efficiency of internal operations of our group companies. In order to grasp the needs and concerns of our customers fully, we are trying to organize the vast amount of customer information as a strategic database under a robust security and information management system. We aim to improve the quality of our services and enhance our customer relations activities as well as improve the efficiency of our internal operations by utilizing that database.

In addition, we will expand the functions of our app for individual customers to expand the scope of procedures that can be completed with the app and eliminate the need to visit our branches. Furthermore, we will add new functions that enhance the convenience of customers in various situations to our portal, which has approximately 600,000 individual customers of our group companies, so that more customers can use those convenient functions. For instance, we are considering to link our portal with public transportation service and other local services in the future.

As for the portal for corporate customers, in addition to the current services such as remittance, balance inquiry and viewing of electronic documents, we are considering to add functions to reduce the burden of procedures related to banking transactions, such as function to make prior reservation for various transactions.

From the perspective of streamlining the internal operations of our group companies, we will utilize IT to minimize the amount of simple clerical work that has hitherto been processed manually. We aim to reduce work equivalent to three hundred and ten thousand working hours during the three years of the new medium-term management plan.

Key Strategy 4 Well-being work style

It is vital to create a work environment in which our people can experience well-being to make our organization stronger so that it grows sustainably. In order to realize such well-being, I believe that it is necessary to enhance job satisfaction of our people, provide good work environment for them, and help them to improve their business skills".

We have been promoting work-life balance and diversity, and building a fulfilling training system and learning environment so far. As a result of our efforts, both banks were selected by the Ministry of Economy, Trade and Industry under "the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program".

Accelerating these initiatives, we will increase our efforts to support our people who are willing to take on challenges and thereby enhance their job satisfaction, trying to understand wishes and concerns of each person.

We have built headquarters building in Tokyo in 2019. As one of our initiatives to provide good work environment, we will build new headquarters building in Sapporo in 2024, and in Toyama in 2026. Consequently, we will have our headquarters buildings in three districts, Hokkaido, Hokuriku three prefectures, and three major metropolitan

Cooperation with external parties is also important in promoting DX. In November 2021, 5 banks including our two banks that jointly use the system "MEJAR" have established a working group to study measures to improve the efficiency of system operation with 13 banks that jointly use other system. Through discussing how to address common issues of each bank in the working group, it has become possible to develop DX initiatives much faster than before.

While recognizing the importance of utilizing DX, we cannot say that we have enough people to promote DX. To address this issue, the two banks and the Hokugin Software, a software development company in our group, will work together to strengthen the recruitment of DX talented people, including mid-career recruitment.

areas, which are our main sales bases. These buildings, which symbolize the Hokuhoku FG, will provide great work environment to our people where they can experience well-being.

I would like to proactively respond to changes in work styles around the world. To that end, I would like to consider further utilization of telework and the introduction of business casual attire.

From the perspective of ensuring stable operations of our group companies, it is important to support our people to improve their business skills. I believe that human resource development will be a key point in implementing the various key strategies of the new medium-term management plan. In addition to strengthening the support system for acquiring specialized knowledge and gaining new business experience, we will revitalize personnel exchanges not only among our two banks but also among our group companies such as software, securities, credit cards and leasing. We are working to increase the number of human resources with extensive specialized knowledge and diverse work experience. By increasing the number of such human resources, I expect that our group's unique strategies that are differentiated from those of other competitors will be created.

Key Strategy 5 Strengthening group comprehensive capabilities

I will accelerate further the Hokuhoku collaboration, in which the Hokuriku Bank and the Hokkaido Bank work together to support our customers. During the three years of the new medium-term management plan, we will work hard to expand our aggregate share of transactions in Hokkaido, the common sales base for both banks. We have set the number of the Hokuhoku collaboration initiatives, such as co-financing by both banks and wide-area business matching between customers of both banks, as the KPI for the new medium-term management plan.

As for headquarters operation, it is essential to unify functions of headquarters of both banks as much as possible in order to formulate optimal strategies for our

group and realize rational operations in headquarters. We are currently discussing this matter.

Our group companies are operating business in the fields of software, securities, credit card and leasing. That is why our group has comprehensive financial functions. We will make further efforts to utilize these functions and provide a wide range of comprehensive financial solutions to our customers.



Key Strategy 6 Strengthening governance

Solid governance is extremely important in order to implement fully the key strategies of the new medium-term management plan. I will steadily instill the management philosophy "Fair & Steady Management" in all officers and employees, and make them take pride in working for our group and serving our customers. To that end, we are working hard to strengthen compliance and anti-money laundering. In addition, with regard to responding to sophisticated cyber-attacks as well as increasing disasters and climate change risks, each group company places top priority on maintaining our

business continuity as well as financial functions, and is working on a daily basis.

In terms of internal control, the two banks conduct joint and integrated audits under the direction of our Audit Department, which oversees the audits of both banks, demonstrating mutual checking function. In addition, we have increased the number of independent outside directors in June 2022. By actively incorporating diverse opinions from outside directors, we are working to create an even more flexible and strong organization.

Realizing our long-term vision

The business environment surrounding our group is changing dramatically due to the declining birthrate and aging population, depopulation in rural areas, and the diversification of financial services through IT and technological innovation. I believe that it will be difficult for us to survive as a regional financial institution unless we evolve ourselves according to such changes in the business environment.

In order to respond fully to those changes and realize our long-term vision "sustainable growth together with local communities and customers through problem solving", it is vital for us to make prompt and optimal decisions to address problems surrounding us, with a willingness to take on challenges and ideas that are not bound by stereotypes.

I myself will take the lead in tackling this initiative. I believe that each and every officer and employee can

create new "Hokuhoku FG" by working more proactively.

In the new medium-term management plan, we have set a target for total return ratio of 50%, including the redemption and dividends of preferred stock. We will promote measures to execute six key strategies I have explained so far, produce solid results in our core business, and work to enhance shareholder returns, as well as secure internal reserves to realize sustainable growth of our group.

We look forward to your continued support and patronage.



We have launched the new medium-term management plan "Go forward with Our Region" starting from fiscal 2022. By executing the plan, we will firmly respond to the expectations and needs of shareholders and investors as well as other stakeholders, with strong desire to "move into the future together with the region."

Deputy President
Yuji Kanema

Fiscal 2021 performance

Consolidated ordinary income for fiscal 2021 was ¥30.2 billion, and net income attributable to owners of the parent was ¥20.5 billion, exceeding the forecast by ¥500 million.

Regarding the breakdown of profit and loss on a combined basis of two banks, core net business profits increased by ¥7.5 billion from the previous fiscal year to ¥46.0 billion, due to the increase in net interest income and net fees and commissions as well as the decrease in general and administrative expenses.

Net income was ¥21.8 billion, roughly in line with our forecast, as gains and losses on securities decreased by ¥8.9 billion from the previous fiscal year due to the sale of some low-yielding foreign bonds for risk control.

Previous medium-term management plan "ALL for the Region"

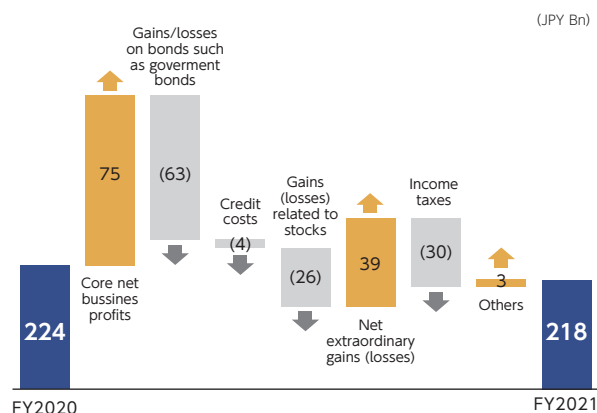
	FY2018	FY2021	FY2021	(JPY Bn)
	Result	Target	Result	Compared to FY2018
Main business profit*	18	Over 22.0	27.7	9.7
Net income attributable to owners of the parent (Consolidated)	24.3	Over 22.0	20.5	(3.8)
Capital Adequacy Ratio	9.09%	Maintain 8% level	9.54%	0.45%
(Core gross business profit basis) OHR	68.85%	Maintain under 70% level	63.15%	(5.70%)

*We calculate main business profit in line with our own standard

I would like to explain the results of the previous medium-term management plan "ALL for the Region" spanning over three years from fiscal 2019 to fiscal 2021. Regarding the four key numerical targets, consolidated net income was slightly below the target due to the increase in credit costs, ¥7.5 billion higher-than-expected, attributable to the significant change in external environment from the initial forecast including COVID-19.

On the other hand, we have achieved our target for main business profit even after excluding the special remuneration in the Special Deposit Facility of the Bank of Japan, which was not assumed at the time of formulating the plan. Our OHR has also improved significantly. I believe that our greatest achievement is that we have been able to steadily reinforce our earnings base as a result of strengthening our consulting functions and streamlining our operations. Our capital adequacy ratio also exceeded our initial expectations, and we were able to strengthen our management base in preparation for the deterioration of the external environment.

Factors contributed to the change in Net income Total of two banks



New medium-term management plan “Go forward with Our Region”

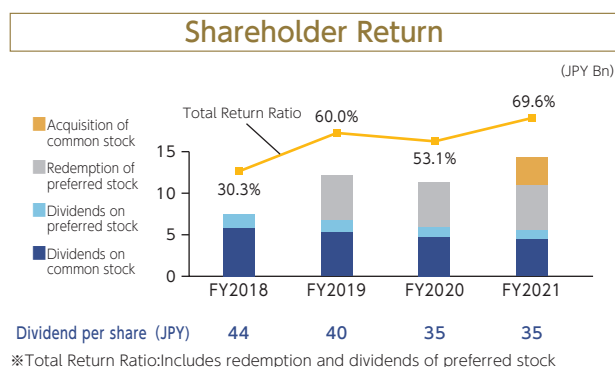
In terms of the key indicators of the new medium-term management plan, we have set long-term targets for the next 10 years in addition to targets for fiscal 2024, the final year of the plan.

Key indicators	FY2021 (Result)	FY2024 (3 years later)	Long-term goals (10 years later)
Consolidated Net income	¥20.5 Bn	Over ¥25 Bn	Over ¥35 Bn
Consolidated Capital adequacy ratio	9.54%	In the higher 9% range	Over 12%
OHR*	63.15%	In the lower 60% range	50% level
Non Interest Revenue ratio* (Non Interest Revenue)	15.14% (¥18.9 Bn)	16% level (Over ¥20 Bn)	Over 18% (Over ¥25 Bn)
Environment related investment and loan* *Total of two Banks	¥37.1 Bn	¥210 Bn	¥700 Bn

Regarding the profit, we have set a long-term target for consolidated net income of ¥35 billion or more as well as a fiscal 2024 target of ¥25 billion or more. We are planning to improve our profit, striving to reinforce further our earnings base by increasing sales of business loans and consulting services, as well as cover the increase in expenses due to necessary investment in human resources and DX by improving our productivity through those investments.

Capital Allocation/Shareholder Return

We would like to reinforce our earnings base by improving our profitability and productivity to strengthen our management base as well as enhance shareholder return. In the new medium-term management plan, we have set a target for total return ratio of 50%.



Reduction of cross-shareholdings

With regard to cross-shareholdings, we are selling some or all of cross-held shares that are not deemed to appropriate to hold, after adequate dialogue with the issuers in accordance with our policy on cross-shareholdings. Through this effort, we have reduced the number and book value of cross-shareholdings steadily.

We aim to continue to reduce cross-shareholdings through dialogue with counterparties, in accordance with one of the ideas incorporated in our new mid-term management plan, "enhancement of equity capital and shareholder returns".

Balance of cross-shareholdings (listed shares) Total of two banks

	2019 End of March	2020 End of March	2021 End of March	2022 End of March
Number of shares	223	211	203	176
Book value (¥billion)	919	853	842	758

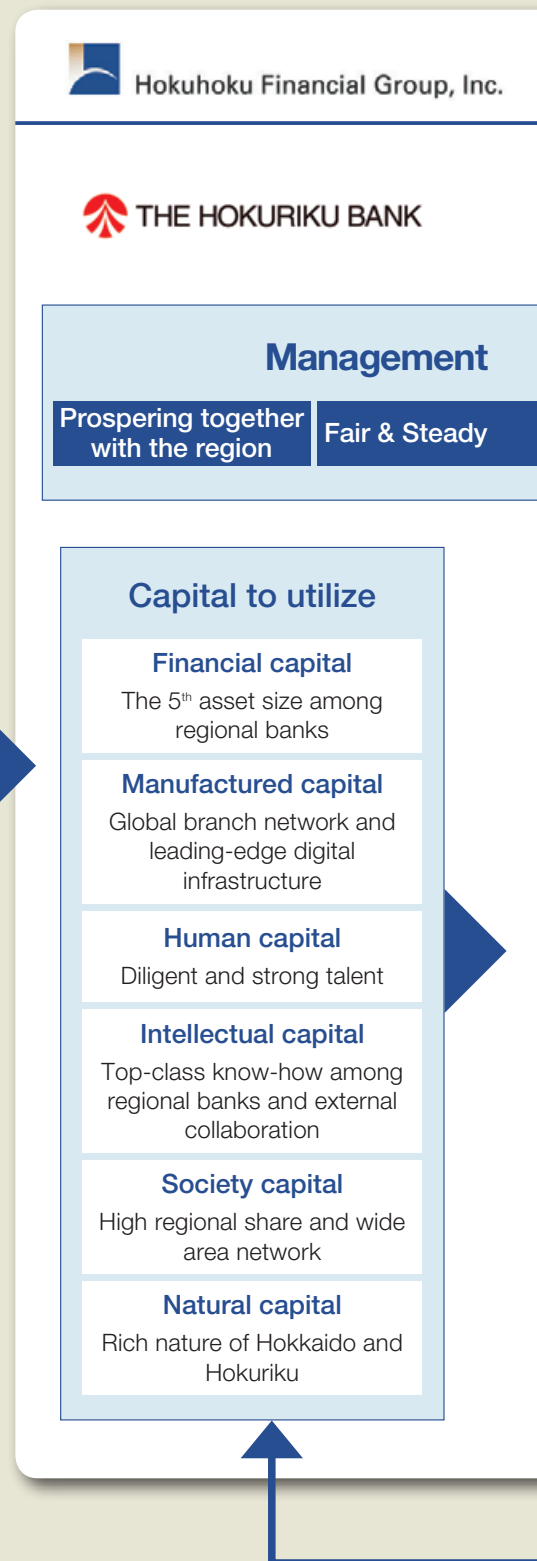
Strengthening dialogue with shareholders and investors

The relationship between companies and their shareholders/investors has changed significantly. Shareholders/investors are interested in how companies enhance their value sustainably, and examine non-financial information such as sustainability initiatives as well as information on business strategies and capital allocation policies. Considering such change, we are striving to promote constructive dialogue with shareholders, and proactively holding meetings with institutional investors as well as individual investors. In addition, we are working to enhance disclosure by way of integrated reports and other materials. We will continue to actively engage in dialogue with shareholders and investors, incorporate their opinions into our management, and strive to improve the corporate value of the Group.

Number of meetings with domestic institutional investors

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of companies	35	40	36	26	52

Create common values by providing service that respond to customer and



Sustainability

Stable financial base, solid governance structure

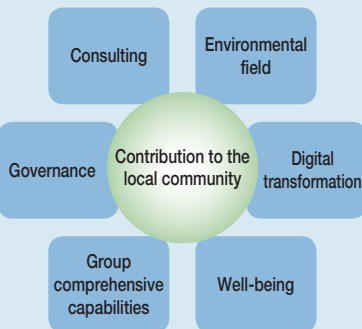
community issues



philosophy

Management Progressive & Innovative Services

6 crucial strategies



Practice of ESG Regional Finance

- HokuHoku Financial Group SDGs Declaration
- The Environment Policy
- Endorsement of the TCFD recommendations

Value provided to each stakeholder

Shareholder

- Medium-to long-term improvement of corporate value
- Enriching shareholder returns
- Highly transparent information disclosure
- Practice of sustainability management

Community

- Contributing to development of regional economy and industry
- Support for efforts to achieve SDGs
- Leading industry-academia-government collaboration

Customer

- Providing highly convenient services
- Customer-oriented proposals
- Contribution to sustainable business growth
- Smooth business succession support

Employee

- Choosing the best work style
- A rewarding work environment
- Improvement of employment conditions
- Support for skill improvement

Long-term vision

We will achieve sustainable growth together with communities and customers through problem-solving.

Local communities and customers

To be attractive region

- Regional economic and industrial development
- Comfortable and prosperous life
- Sustainability

The HokuHoku financial Group

To be attractive group

- Company being chosen and loved
- Attractive and diverse human resources
- Improvement of corporate value

Targets for 2030 toward the realization of a sustainable region

Sustainability-related loans^{※1}

¥1.5 trillion

Environment-related loans^{※1}

¥700 billion

CO2 emissions^{※2}

Reduce 46%

※1 : Cumulative loan execution amount for 10 years from FY2021 to FY2030
 ※2 : CO2 emissions at domestic offices of HokuHoku Bank and Hokkaido Bank compared to FY2013

Realization of sustainably developing community and our sustainable growth

Governance and strong management system

HOKUHOKU FINANCIAL GROUP SDGs DECLARATION AND KEY CSR ACTIVITY THEMES

The Hokuhoku Financial Group has established the Sustainability Promotion Committee. At the Sustainability Promotion Committee, held twice a year, we discuss basic policies, strategies, and risk management regarding matters related to sustainability. We report important matters discussed at the committee to the Management Committee and the Board of Directors.

Management philosophy	Key themes	
Prospering Together with the Region	Realization of sustainable community	
	Contribute to responsible investment and financing as a regional financial institution by promoting constructive dialogue based on issues including SDGs and ESG, stable job creation by actively supporting startup companies and growth companies in the region, and the realization of sustainable local communities by promoting collaboration with local governments and customers	
	Strive to reduce environmental burden, including promoting the use of renewable energy and reducing greenhouse gas emissions	
	Improving financial literacy in the region	
Fair & Steady Management	Building a sound and resilient management foundation	
	Enhance transparency by promoting dialogue with stakeholders, build a stronger management base by enhancing governance, thoroughly managing various risks, and further strengthening compliance	
Progressive & Innovative Services	Improving convenience for all customers	
	Strive to further improve convenience by providing advanced financial products and services that all customers can easily access and use with peace of mind	
	Ensuring good work environment leading to better productivity	
	Work to create rewarding and fulfilling workplaces by promoting the active participation of diverse personnel, promoting work style reform including a balance between work and childcare/nursing care, and developing personnel who will lead the Group in the future	

Hokuhoku Financial Group SDGs Declaration

Based on our management philosophy of “Prospering Together with the Region”, “Fair & Steady Management”, and “Progressive & Innovative Services”, Hokuhoku Financial Group aims to improve the sustainability of the regional economy and regional communities by proactively engaging in CSR initiatives based on the SDGs advocated by the United Nations.



FY2021 Initiative Topics

We have launched new financial products “Hokuhoku Sustainable Finance”.

In order to actively support our customers' effort to make their business sustainable, we have started to provide new financial products “Hokuhoku Sustainable Finance”. We have launched “Sustainability Linked Loan” and “Green Loan” in September 2021 and standardised loan product “Three Tagets” in April 2022.



We have introduced carbon neutral gas and green power.

In December 2021, we introduced “carbon-neutral city gas,” which has virtually no CO₂ emissions, for the first time in Hokuriku, with the aim of reduce CO₂ emissions by 46% (compared to FY2013) . In April 2022, the Tokyo branch of Hokuriku Bank and Hokkaido Bank introduced green power that meets global standards such as RE100.



We have conducted financial education classes at high schools.

In Japan, the adult age has been reduced to 18 years since April 2022, and it is becoming more and more important for students to receive financial education. We have actively conducted financial education classes at high schools.



We have launched the “Regional Bank Joint Center / MEJAR System Working Group”.

In November 2021, due to the increasing importance of non-face-to-face transactions due to DX and Covid-19, we have launched the “Regional Bank Joint Center / MEJAR System Working Group” with 16 regional banks and NTT Data to promote mutual use of applications, to reduce system costs, and to streamline system operation.



We launched two convenient Internet services.

We launched two services to improve customer convenience and satisfaction. The “electronic document delivery service” enables our customers to view documents on the Internet for free. The “Business Portal” enables to receive various financial services and consultations on the Internet.



We started construction of “Hokuhoku Sapporo Building”

The new building, which is scheduled to be completed in January 2024, will have fewer walls on the floor and will be equipped with energy-saving equipment. We are trying to further improve the productivity of employees by supporting various work styles, and to make the building compliant with BCP and environmentally friendly.



Responding to climate change

Environment policy

The HokuHoku Financial Group will actively work on its own carbon neutrality under the environment policy established in February 2021, and support the efforts of customers and communities to realize a decarbonized society.

The HokuHoku Financial Group aims to realize one of our management philosophies, "Prospering together with the region," through environmentally friendly corporate activities.

1. We will comply with laws and regulations related to environmental conservation.
2. We will actively support customers who are working on environmental issues through the provision of financial products and services.
3. We will promote resource conservation, energy conservation, and recycling activities to reduce environmental impact in all corporate activities.
4. We will regularly verify the impact of our corporate activities on the environment and strive to actively disclose information.
5. We will promote environmental conservation activities, actively cooperating with local communities.
6. We will make this policy known to our employees and disclose it externally.

We believe that it is important to collaborate with international organizations, governments, local governments, companies, industry groups. We are actively participating in a variety of initiatives with them.



Disclosure based on TCFD recommendations

The HokuHoku Financial Group assumes that responding to climate change to "realize sustainable communities" is one of our material issues in the "Priority Themes for CSR Activities" established together with the "SDGs Declaration". And we support the recommendations formulated by the TCFD in February 2021.

We are promoting information disclosure in line with the TCFD's recommendations for disclosure of "governance," "strategy," "risk management," and "metrics and targets" related to climate change-related risks and opportunities.

Governance

We disclose our organizational governance on climate-related risks and opportunities

Building a governance structure for supervision and execution centered on the Board of Directors

<Supervision> The Board of Directors supervise matters reported and proposals submitted by executives.

<Execution> Executives regularly discuss important matters related to climate change at the Management Committee and the Sustainability Promotion Committee chaired by the President, and report such matters to the Board of Directors.

We have established "the environment policy", which was resolved by the Board of Directors in February 2021, in order to practice environmental consideration in our corporate activities.

We established a cross-organizational sustainability promotion team in November 2021 to strengthen our promotion system.

Strategy

We disclose material information about the actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning.

Opportunities

We find our business opportunity in the initiatives to support our customers in developing their business models as well as in investing in new technologies to promote carbon-free.

We will strengthen cooperation with various partners and develop and provide new solutions with them in order to actively support our customers in decarbonizing and responding to climate change.

Our solutions	Description
HokuHoku Sustainable Finance "Sustainability Linked Loan"	A loan instrument which incentivise our customers to achieve their predetermined sustainability performance targets which are consistent to their strategy to promote sustainability. The terms of loan including interest rates fluctuate according to the achievement status of the targets. Our customers are required to obtain external review to confirm the alignment of their loan with the principles prescribed by ICMA, etc.
HokuHoku Sustainable Finance "Green Loan"	A loan instrument that enables our customers to use the proceeds to exclusively finance their businesses and projects that contribute to environmental improvement. Our customers are required to obtain external review to confirm the alignment of their loan with the principles prescribed by ICMA, etc.
HokuHoku Sustainable Finance "Standardised Loan Product: HokuHoku Three Targets"	A loan instrument that aims to improve corporate value of our customers and realize a sustainable local community by incentivising our customers to achieve three targets they have chosen in advance from the eleven SDGs-related targets we have set.
GHG emissions calculation/visualization cloud service (Business matching partner: Zeroboard Inc.)	A cloud service for calculating and visualizing GHG/CO ₂ emissions based on the international standard GHG protocol.
CO ₂ emissions visualization cloud service (Business matching partner: Asuene Inc.)	A cloud service to calculate and visualize GHG/CO ₂ emissions, to reduce GHG and to report/disclose Scope 1,2 and 3 emissions.
Brokerage service for FIT non-fossil certificates (Business matching partner: Hokusai Co., Ltd.)	A service that enables the acquisition of non-fossil certificates, the environmental value of renewable electricity.

Risks

Climate-related risks are transition risks and physical risks resulting from climate change

Transition risks	Credit risks due to the negative impact on the business activities and financial conditions of our customers caused by strengthened regulation such as the introduction of carbon tax and by the delay in responding to new technologies
Physical risks	Credit risks due to damage to customers' assets and business stagnation caused by abnormal weather such as typhoons, heavy rains, and floods

Scenario analysis

Type of risk	Transition risks	Physical risks (acute risk)
Scenario	NZE2050 Scenario by IEA ^(*) /SDS Scenario/STEPS Scenario	RCP8.5 (4°C Scenario) by IPCC ^(*)
Analysis method	We identify the parameters to assess the impact of risks and opportunities surrounding our customers. We predict the impact on customers' business performance and analyze changes in our group's credit costs by examining the changes in those parameters under the scenarios	By calculating the impact associated with flood, we predict direct impact on our credit costs due to the damage to the collateral asset and indirect impact due to the business stagnation caused by the disaster
Analysis target	"Electric power" "Real estate"	Customers who have pledged their real estate to the Hokuriku Bank or the Hokkaido Bank
Credit cost	Up to ¥15.1 billion by 2050	Up to about ¥7.1 billion by 2050

*1:Abbreviation for International Energy Agency

*2:Abbreviation for Intergovernment Panel on Climate Change

Risk management

We disclose how we identify, assess and manage climate-related risks.

We have recognized transition risks and physical risks caused by climate change and clearly defined how to deal with those risks in our risk management policy.

We manage those risks within the framework of comprehensive risk management.

We are increasing our engagement with businesses which could harm the environment or community, such as fossil fuel power generation, arms manufacturing, oil palm plantation development and deforestation, based on the "Investment and Loan Policy for Specified Businesses"

We actively support the transition to a decarbonized society by increasing our engagement with carbon-related sectors.

Metrics/Targets

We assess climate-related risks and opportunities and disclose material information about the metrics and targets used to manage them

Monitoring metrics	Targets	Latest performance
Scope 1 and 2 emissions ^(*)	Aim to reduce GHG emissions 46% by FY2030 compared with FY2013 Aim to achieve carbon neutrality by FY2050	Reduced GHG emissions 39.1% by FY2021 compared with FY2013 Scope1 4,869t-CO ₂ Scope2 13,620t-CO ₂
Sustainability-related loans ⁽²⁾	¥1.5 trillion (cumulative loan execution amount for 10 years from FY2021 to FY2030)	¥102.6 billion (cumulative amount executed by FY2021)
Environment-related loans ⁽³⁾	¥700 billion (cumulative loan execution amount for 10 years from FY2021 to FY2030)	¥37.1 billion (cumulative amount executed by FY2021)
Ratio of carbon-related loan assets ⁽⁴⁾	—	1.11% as of FY2021

*1:Reduction targets for CO₂ emissions (based on the adjusted emission coefficients) at domestic offices of the Hokuriku Bank and the Hokkaido Bank

*2:Loans to business partners working to achieve SDGs, and loans to businesses such as medical care, health, education, fisheries, agriculture, business establishment, business succession, resilience, environment, etc.

*3:Loans that support environmentally friendly initiatives such as projects to decrease the negative impact of climate change on environment

*4:Ratio of carbon-related loan assets (loans to the energy sector excluding water supply and renewable energy projects) to total loans at the Hokuriku Bank and the Hokkaido Bank

STAKEHOLDER COMMUNICATION

Relationship with stakeholders

<Shareholders and Investors>

The Hokuohoku Financial Group values dialogue with shareholders and investors.

In FY 2021, we hosted a conference call for institutional investors in May, online meetings for individual investors in June, and an investor meeting while taking measures against Covid-19 in November.

We explained the Group's profile, highlights of business performance and strategies in the conference and meetings.

In FY 2022, we hosted a conference call for institutional investors in May and online meetings for individual investors in June.



<Environment>

The Hokuriku Bank and the Hokkaido Bank agreed with the "GX League Basic Concept", believing that our approach to climate change matches the purpose of the GX League announced by the Ministry of Economy, Trade and Industry.

Through the GX league, We will work with various stakeholders to challenge the realization of carbon neutrality in the region.



<Community>

The Hokkaido Bank established the "Hokkaido Bank Women's Curling Club" in December 2021 and started team activities.

In May 2022, we established the team nickname "Lilers" and logo mark so that many people support us. We will contribute to regional revitalization through curling promotion activities.



<Municipalities, Educational Institutions and Industry Associations>

The Hokuriku Bank and the Hokkaido Bank proactively cooperate with municipalities, educational institutions, and other various organizations to promote academia-industry collaboration and to improve financial and SDGs literacy in the region. By the end of FY 2021, the banks have concluded cooperation agreement with 48 municipalities.



<Customers>

The Hokuriku Bank and the Hokkaido Bank conducted surveys of customers engaging in asset management transactions with both banks to listen sincerely to the opinions of those customers, which were essential for proposing better services and products. The survey utilizes the NPS® (Net Promoter Score®), which provides a score for "How likely is it that you would recommend our company/product/service to a friend or colleague?," measuring the level of interest that a customer has in a corporate brand, product and person in charge. In FY 2021, as in FY 2019 and FY 2020, both banks received ratings that exceeded the average of the 50 regional banks that participated in the survey.

<Employees>

On the occasion of its 70th anniversary, the Hokkaido Bank held "Do Talk" where employees and management could talk directly.

We are revitalizing communication by freely and openly exchanging opinions on matters such as job satisfaction, thoughts on work, and headquarters policies.

We are planning to promote such dialogue with employees, utilizing video conference if needed, to help our employees deepen their understanding of the Group.

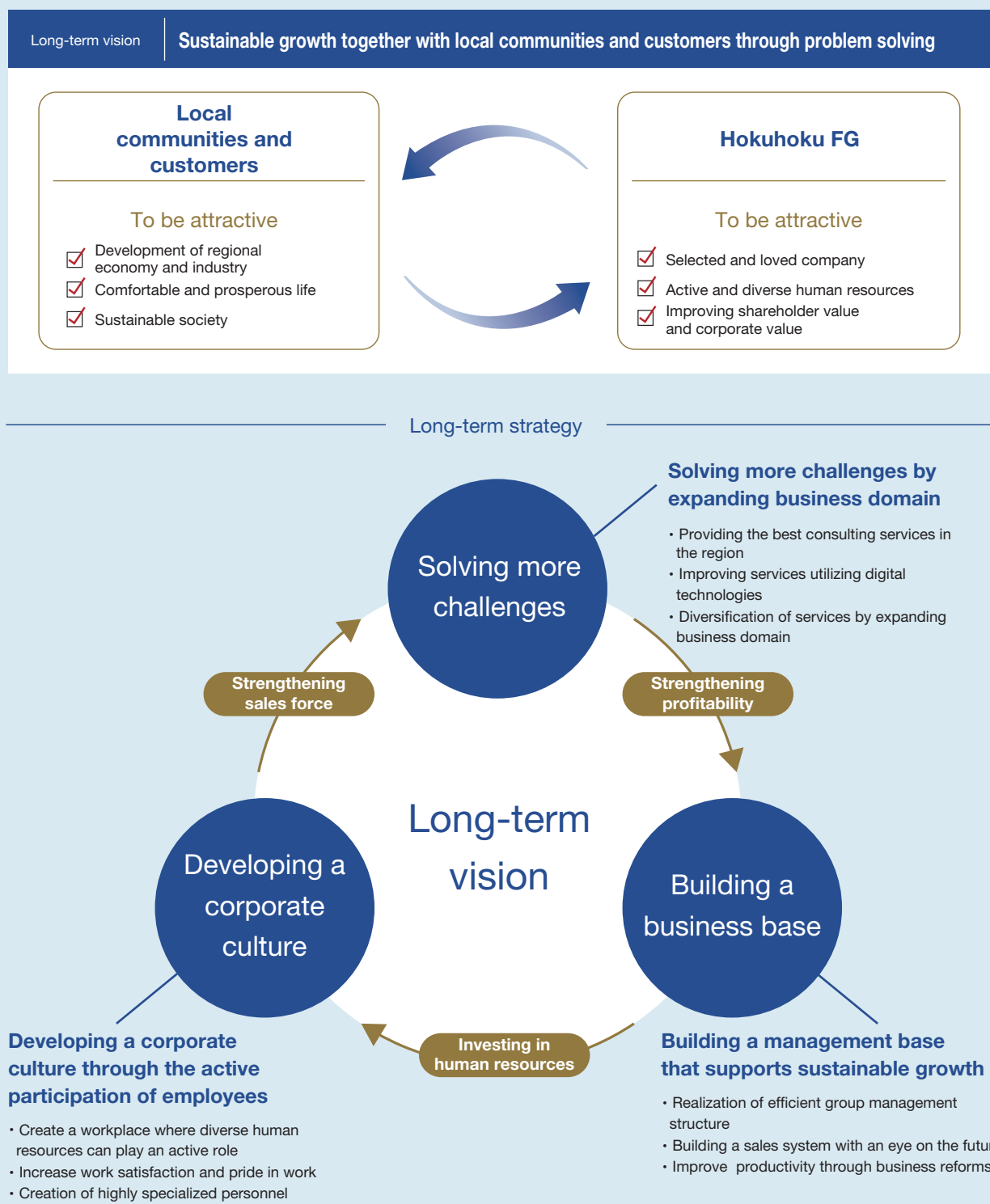


LONG-TERM VISION AND STRATEGY

Hokuhoku Financial Group has formulated a new long-term vision based on the idea that “now is the time to clarify the future vision of the Group as the future is uncertain and difficult to predict.”

Based on the belief that “locally rooted activities are the starting point” for a regional financial group, we have established a long-term vision of achieving both regional development and the Group's growth, starting with solving the problems of local communities and customers.

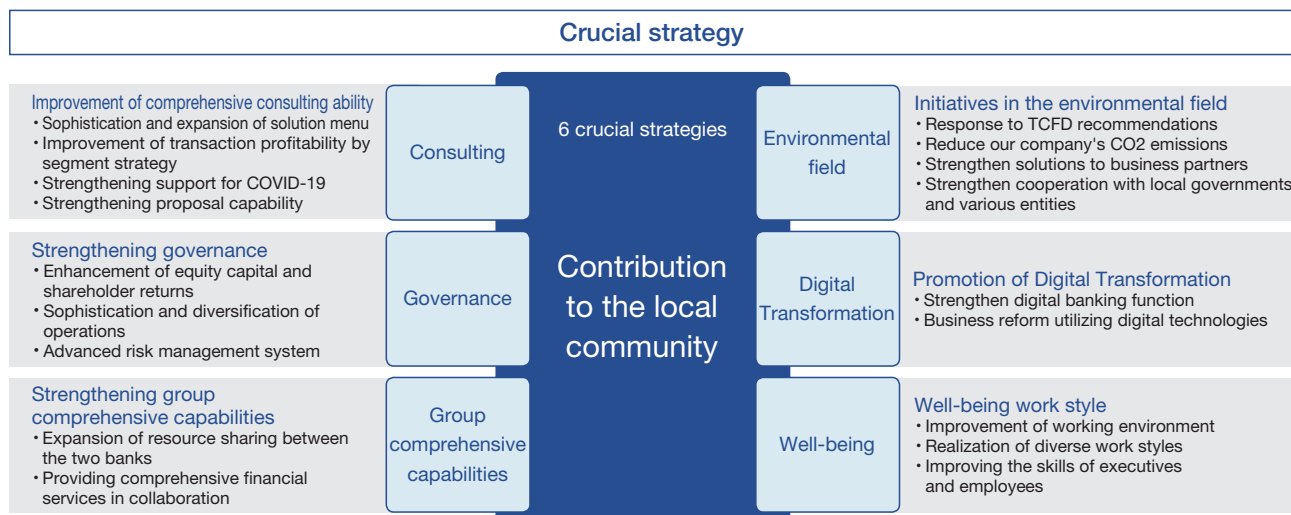
In addition, in order to realize our long-term vision, we will promote three long-term strategies: “Solving more challenges”, “Building a business base”, and “Developing a corporate culture”.



Go forward with Our Region

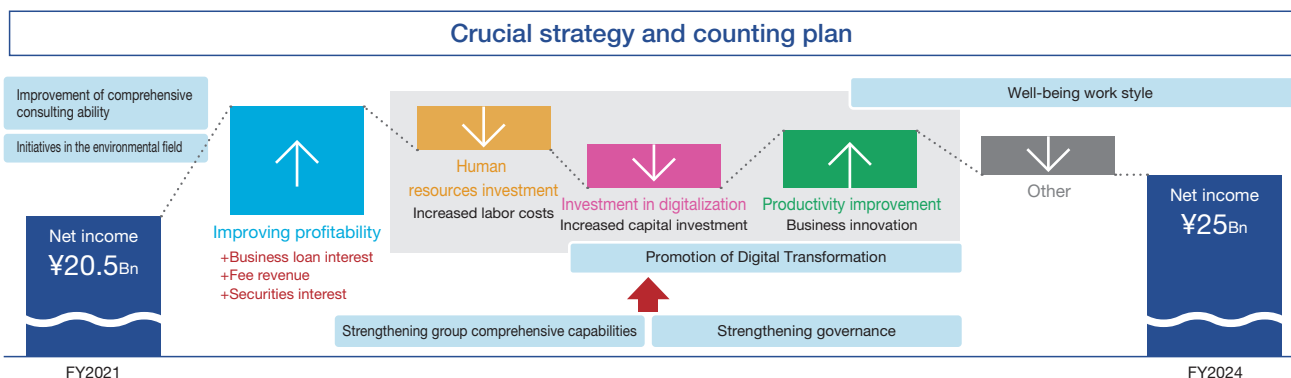
A period to challenge priority strategies toward the realization of a long-term vision

Hokuhoku Financial Group is committed in order to meet the expectations and needs of our group (local communities, customers, shareholders, employees, etc.), we will take on the challenge of strengthening our problem-solving capabilities and transforming our business model. We have formulated a medium-term management plan with a strong desire to “move into the future together with the region”.



Crucial index			
Key indicators	FY2021 (Result)	FY2024 (3 years later)	Long-term goals (10 years later)
Consolidated Net income	¥20.5 Bn	Over ¥25 Bn	Over ¥35 Bn
Consolidated Capital adequacy ratio	9.54%	In the higher 9% range	Over 12%
OHR*	63.15%	In the lower 60% range	50% level
Non Interest Revenue ratio* (Non Interest Revenue)	15.14% (¥18.9 Bn)	16% level (Over ¥20 Bn)	Over 18% (Over ¥25 Bn)
Environment related investment and loan	¥37.1 Bn	¥210 Bn	¥700 Bn

*Total of two banks

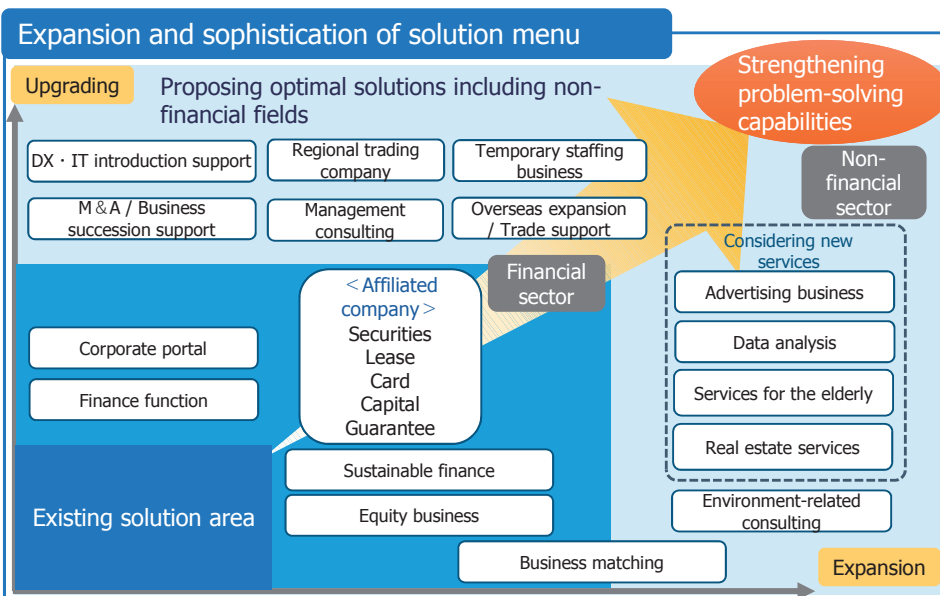


Improvement of comprehensive consulting ability (Corporate Customers)

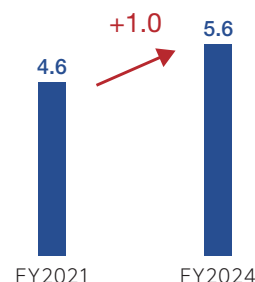
- ◆ Strengthening problem-solving capabilities by expanding and enhancing solution menus
- ◆ Expanding customer base and improving transaction profitability by building sales strategies according to customer segments
- ◆ Strengthening management improvement support customers impacted by COVID-19

In corporate transactions, we will jump beyond the solution area of the financial field and strengthen non-financial fields such as DX and environmental initiatives to respond to the diverse needs of business partners who are forced to respond to rapid changes in the business environment.

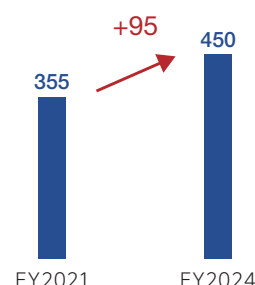
In addition, we are considering starting an advertising business, various data analysis, and various services utilizing real estate as support for improving the top line of our customers.



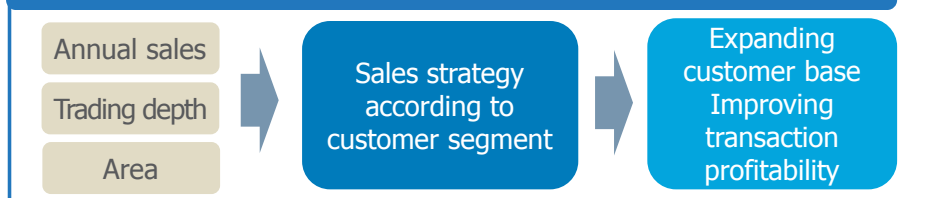
Corporate solution revenue
(JPY Bn)



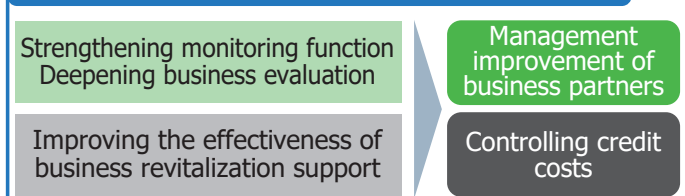
Number of M & A / Business succession support



Expanding customer base and improving transaction profitability



Strengthening support for COVID-19



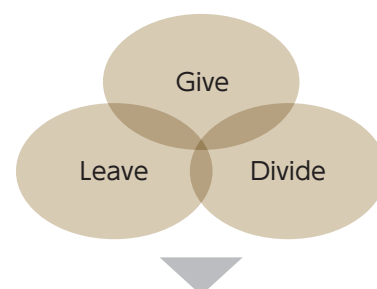
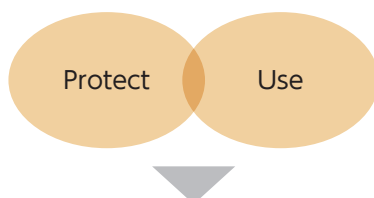
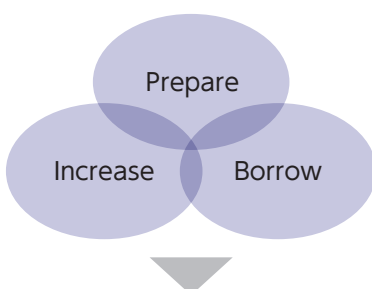
Improvement of comprehensive consulting ability (Private customer)

- ◆ Deliver optimal proposals according to customer needs and life stages
- ◆ Contribute to customer asset formation and portfolio construction by strengthening consulting functions

Hokuhoku Financial Group supports the life events of each and every customer in anticipation of an era of 100-year lifespans. We will develop products in anticipation of changes in the environment surrounding our customers, expand non-face-to-face services that lead to improved convenience, and improve our consulting capabilities by establishing bases and systems.



Needs



Initiatives

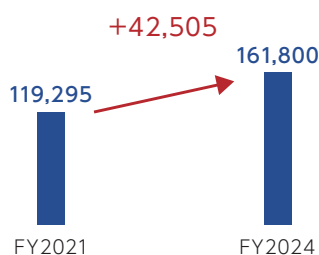
- Asset formation support based on life planning
- Establishing a consultation system tailored to lifestyle

- Asset management support based on retirement planning
- Practice of portfolio proposals according to risk tolerance
- Responding to diverse needs by cooperating with affiliated company

- Fostering professional human resources
- Consulting utilizing trusts and reverse mortgages
- Expansion of non-financial consulting menu

[KPI]

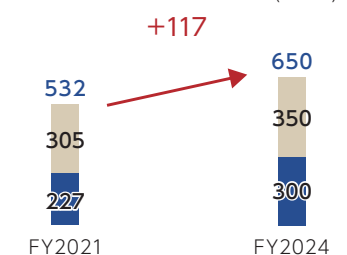
Number of funded product contracts*



*Dollar-cost averaging mutual fund holders, and level premium insurance contracts

[KPI]

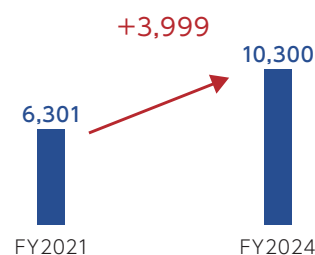
Balance of assets under custody (JPY Bn)



■ Investment trust balance ■ Assets under custody by affiliated company

[KPI]

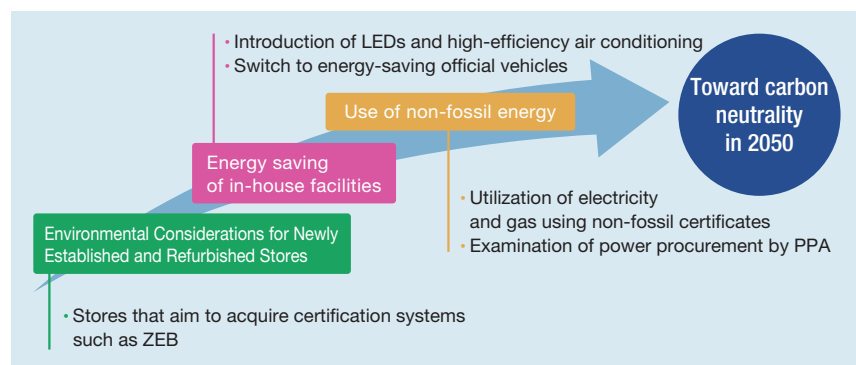
Number of Trusts / One-time



Initiatives in the environmental field

Reduce our company's CO₂ emissions

- Aiming for early realization of the 2030 reduction target



Strengthening cooperation with local governments and various organizations

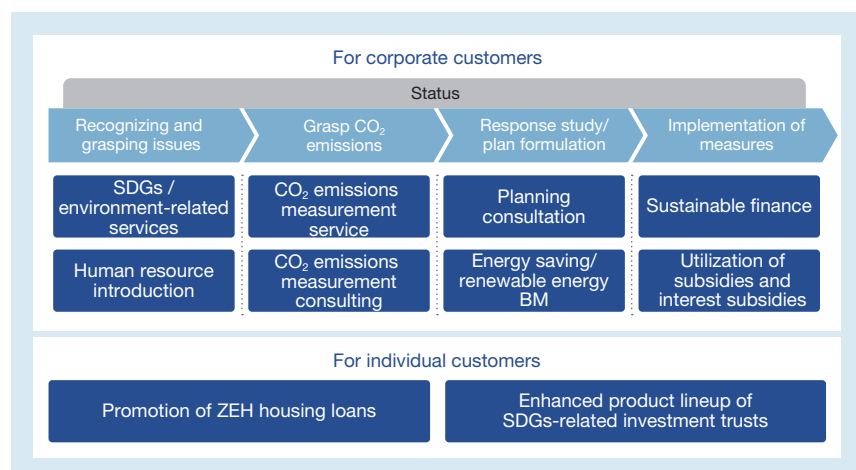
Contribute to the formation of a sustainable local community by actively developing “enlightenment activities for the region” and “educational support for schools aimed at creating human resources who will lead the future”.

In addition, we will actively carry out collaborations that transcend regions and industries to support regional decarbonization.

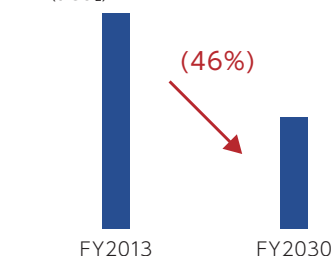
Furthermore, in order to take on new challenges, we will utilize POC, etc., and proceed with the investigation of solutions using an agile method.

Strengthen solutions for business partners

By developing a lineup of products that match status and needs and developing solutions, we aim to make the region, business partners, and our group all three-way good.

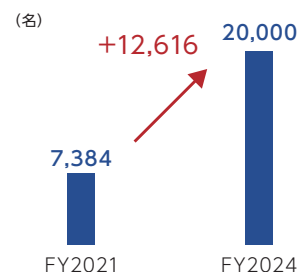


[KPI]
Reduce our company's CO₂ emissions (t-CO₂)

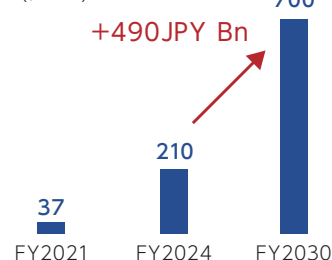


*Scope 1 and 2 at domestic offices of Hokuriku Bank and Hokkaido Bank

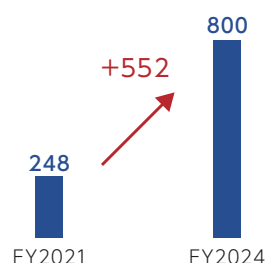
[KPI]
Number of participants in financial economy / SDGs related education



[KPI]
Amount of environmental finance and investment provided (JPY Bn)



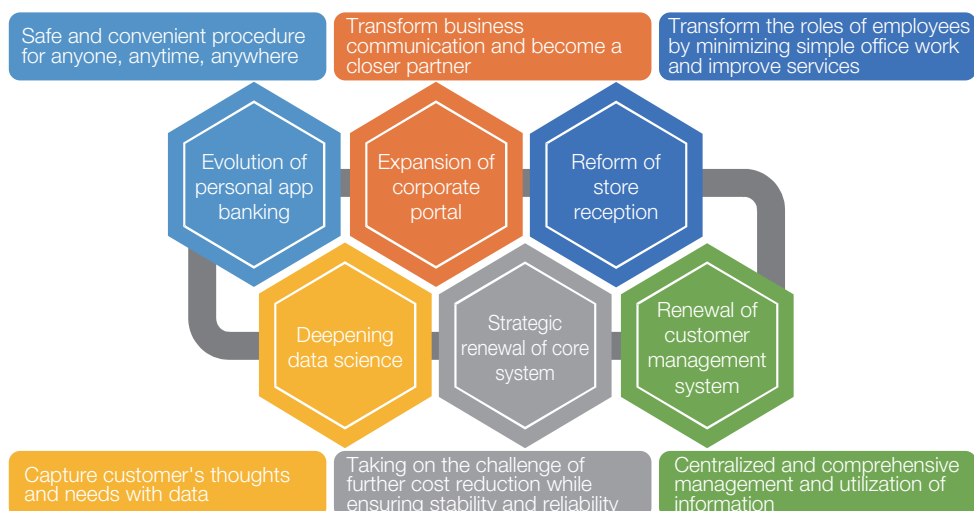
[KPI]
Number of SDGs / environment-related services used



Promotion of Digital Transformation

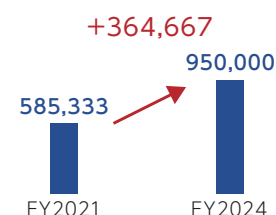
DX aimed at by Hokuhoku Financial Group

In order to respond to the changes in customers and society that accompany the innovation of digital technology, we will provide new value and experiences to all stakeholders by utilizing digital technology and radically transforming operations and services throughout the bank.



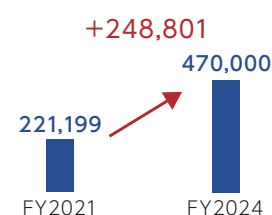
[KPI]

Number of IB / App subscribers



[KPI]

Number of WEB accounts

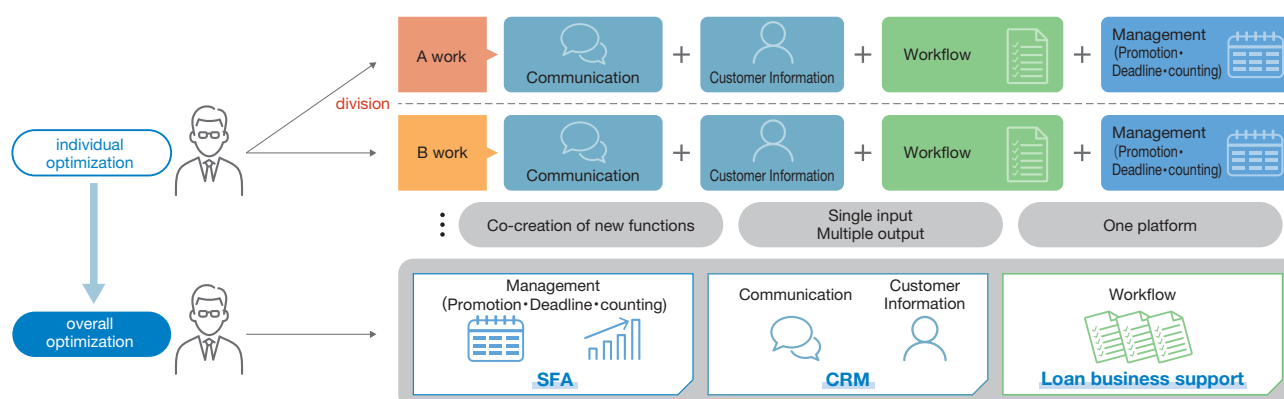


Sophistication of digital banking functions

In addition to expanding the non-face-to-face handling menu, we will thoroughly pursue ease of use and ease of use by speeding up the UI/UX improvement cycle. For customers who come to the store, we will introduce a solution that allows you to complete various handwritten procedures on a tablet, so that both customers and staff can carry out simple, quick and accurate procedures.

Sophistication of sales operations and reform of employee behavior

The CRM, which is scheduled to be renewed in 2024, will integrate the customer management function, sales support function, and loan screening function, which were previously realized individually in multiple systems, into a single system. As a result, it is possible to eliminate duplicate input of customer information, share various solution information including loan projects, manage progress, and realize timely and optimal proposals.



Well-being work style

Realize sustainable growth together with the local community and customers by building a work environment where employees can experience “well-being” and maximizing the potential of each individual.

Improvement of working environment

- Rebuilding personnel system
- Promotion of utilization of leave system
- Environment where seniors can play an active role
- Eradication of harassment
- Investing in employee health

Realization of diverse work styles

- Supporting women's career development and flexible working styles
- Active recruitment of professional human resources
- Promote employment of people with disabilities
- Working environment anywhere

Improving the skills of executives and employees

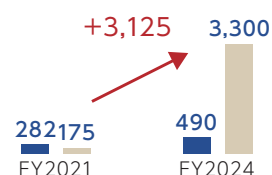
- Expansion of in-house certification system, training, teaching materials, etc.
- Improvement of consulting ability and IT literacy
- Introduction of training system in other departments
- Development of highly-skilled human resources by secondment

[KPI]
Female manager ratio
(%)



FY2020 FY2021 FY2024

[KPI]
Number of qualification holders



■ CFP and 1st level FP holders
■ IT passport holders

Construction of the new headquarters building

We will build a new headquarters building in Sapporo and Toyama, which will be the symbol of our company, and create an office environment that is easy to work in.

Improve productivity by responding to the diverse work styles of employees. In addition, we will respond to environmental considerations by introducing energy-saving equipment.

“Hokuhoku Sapporo Building”
Hokkaido Bank Headquarters Building / Hokuriku Bank
Sapporo Branch
Location : Sapporo Scheduled to be completed in 2024



“Hokuhoku FG headquarters building”
Hokuriku Bank headquarters building
Location : Toyama
Scheduled to be completed in 2026

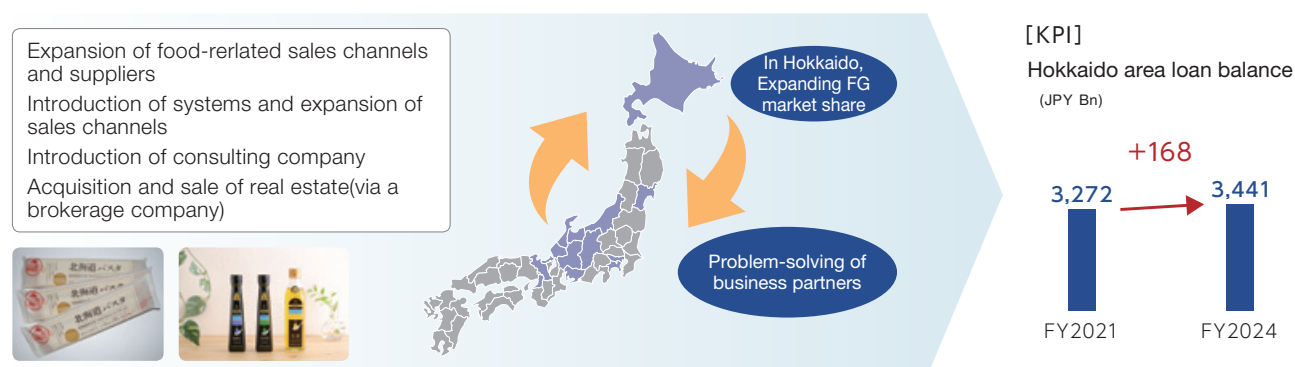


Strengthening group comprehensive capabilities

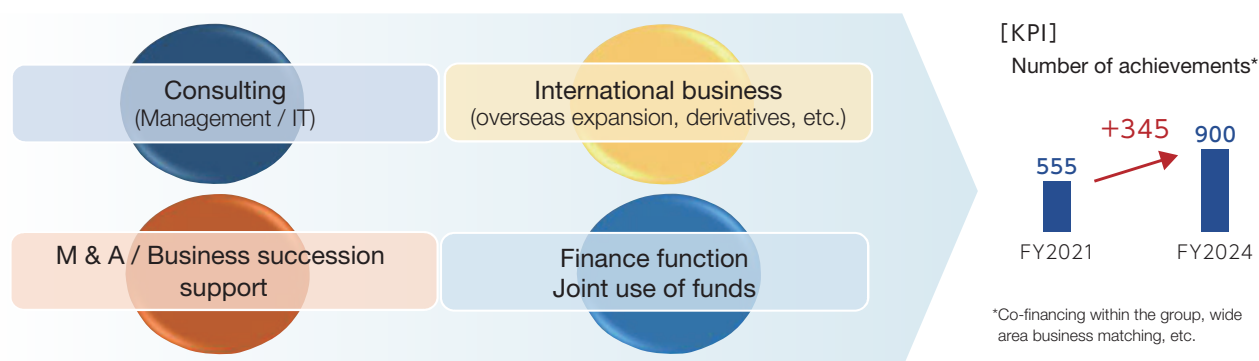
During the period of the previous medium-term management plan, the both banks strengthened the "Hokuhoku Collaboration", which is an initiative for business matching and co-financing in which the both banks collaborated. Under the new medium-term management plan, we will work to further strengthen cooperation and make maximum use of the resources of the two banks to solve the problems of local customers.

In addition to the both banks, by further strengthening cooperation with affiliated subsidiaries, we will strive to enhance the comprehensive financial services we provide to our customers.

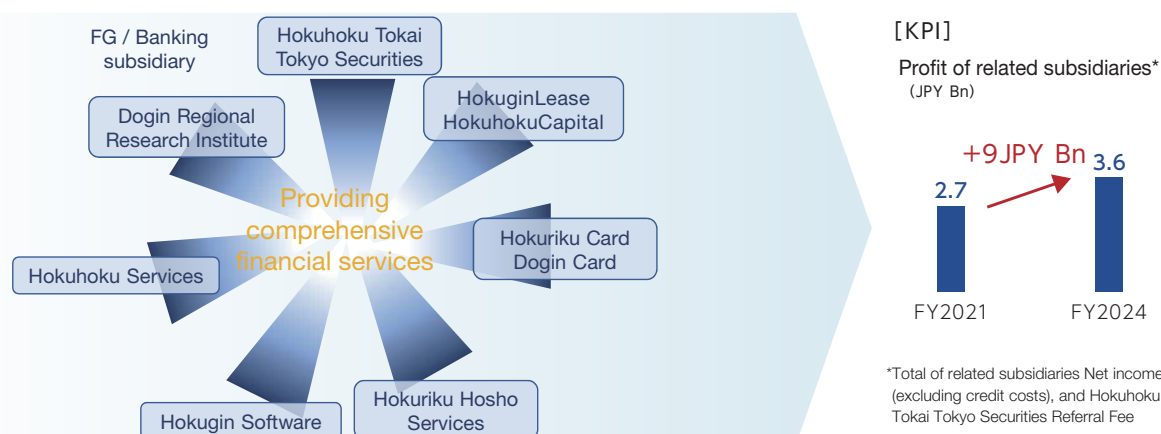
Contribute to solving the problems of our business partners by utilizing our sales base over a wide area



Further sharing of resources between the two banks



Providing Comprehensive Financial Services



Outside Director Interview

Q What do you think are the strengths and weaknesses of the Hokuhoku Financial Group?

A The Hokuriku Bank and the Hokkaido Bank, each of which has top-class market share in the Hokuriku and Hokkaido regions respectively, have established the Hokuhoku Financial Group as the first regional financial group in Japan that operates across regions. The Group's greatest strength is its strong ties with the communities and customers of both banks.

The diversity of the two banks operating in different regions is a strength of the Group, while it has made through integration difficult.

In order to survive as regional financial group addressing to the rapidly changing business environment, we should hurry to evolve ourselves so that we improve our higher expense ratio as well as lower capital adequacy ratio compared to the top regional banks, promote DX initiatives, and develop new business. As an outside director, I will continue deepening discussions.

Q How do you evaluate the new medium-term management plan?

A The Hokuhoku Financial Group's new medium-term management plan was formulated after in-depth discussions at the Board of Directors meetings, reflecting the opinions of outside directors.

In order for us to grow together with our customers and region addressing various issues surrounding us, it is essential for us to expand and upgrade our solution menu, including strengthening our consulting capabilities. Especially in Hokkaido, where the declining birthrate and aging population are progressing,



Directors serving as
Audit and Supervisory
Committee Member
Masaaki Manabe

improving the convenience of services for the elderly through DX will lead to solving regional issues.

In addition, as KPIs of the new medium-term management plan, we have set a target for the number of “the Hokuhoku collaboration”, initiatives such as business matching and co-financing of both banks, to promote collaboration among our group companies as well as the number of applicants for “the challenge jobs”, opportunities to experience other works, to motivate young employees.

On the other hand, in order to increase the feasibility of the plan, it is crucial, I think, that all employees understand and sympathize with ideas incorporated in the plan. From that point of view, I have been particularly interested in the way how the company announces the plan and how the company makes the plan easier to understand. I think that the plan describes very well what we shall challenge over the next three years under our newly set long-term vision. I am looking forward to seeing how the Group's ideas, which are included in the plan, will be spoken with enthusiasm by outside stakeholders as well as by employees in various situations in the future.

Group comprehensive capabilities

Q How do you evaluate the effectiveness of the Board of Directors?

A At the Board of Directors meetings, I believe that the outside directors have been able to engage in lively discussions from a wide range of perspectives, making use of their experiences and insights into corporate management, finance, risk management, cybersecurity, etc.

Furthermore, the number of outside directors has increased by five and a female member has newly joined in 2022. I believe we directors will be able to have deeper discussions than ever at the Board of Directors meetings.

Every year, outside directors convey our various opinions through questionnaires, and the Board of Directors is making necessary improvements. At the Board of Directors meetings, the opinions of outside directors are respected. In addition, one-on-one meetings with the president and vice president have been enriched, and communication between outside directors and management executives has improved year by year.

I believe that it is worthwhile sharing further information on the business environment surrounding us, such as strategic priorities of supervisory authority and trends in our competitors. To do so will be useful to understand the intentions of executive directors accurately.

Q How do you respond to stakeholder expectations?

A The other day, at a company briefing for institutional investors that I attended, the new medium-term management plan was explained in an easy-to-understand manner. Opportunities to directly hear the voices of shareholders are important, and I believe that outside directors

should continue to take advantage of such opportunities in the future.

At the Board of Directors meetings, we regularly receive reports on the content of explanations and Q&As at investor briefings, and I exchange my opinions from the perspective of a chief executive officer of a corporation. In a business environment where the profitability of existing business is expected to be lower and entry into new business is expected, I would like to ask the executive board members for their opinions on DX initiatives, group reorganization, and development of new business.

I will continue to work to strengthen engagement with all stakeholders, including shareholders and institutional investors, as well as employees and communities.

Q Please tell us what you expect from the newly appointed president.

A In selecting the new president, we exchanged opinions with the former president, who knew the candidates well, and held various discussions at the Nomination and Compensation Committee to find out who would be most suitable in the current business environment.

There is no perfect top executive at the time of taking office. The most important thing is to enhance qualifications as a top executive after taking office.

I would like President Nakazawa to demonstrate his natural vitality and take the initiative for our group to grow together with the region and customers, addressing various issues surrounding them.

CORPORATE GOVERNANCE

Basic approach

The Company and all group companies regard strengthening and enhancing corporate governance as one of the most important management priorities. We have drawn up a basic policy — our management philosophy — covering all our activities including the formulation of management strategies and making management decisions. We share basic values and a sense of ethics through the Hokuhoku Financial Group Code of Conduct, and endeavor to increase corporate value and realize solid management aimed at contributing to the development of the Hokuriku and Hokkaido regions.

Corporate governance

We have established a framework that enables quick decision-making, with the Shareholders' Meeting and Board of Directors at the top of the framework, and day-to-day operational authority delegated in accordance with internal rules. Bodies such as the Management Committee are able to respond quickly to specific and expert matters based on basic policies established by the Board of Directors. Furthermore, separate from the Management Committee, we have established a Business Promotion Committee which ensures that business policies are correctly carried out among group companies.

We use a company with Audit and Supervisory Committee system and also appoint outside Director. Additionally, in order to bolster our group governance framework and, as a holding company, to ensure that operations are managed appropriately, people from each of our principal subsidiaries, Hokuriku Bank and Hokkaido Bank, are appointed as Directors at the other bank to promote mutual understanding and mutual checks and balances.

In this way, in addition to having established this framework to cyclically enable effective decision-making, implementation, evaluation, and improvements, the Board of Directors decides the basic policy on internal controls, to create an effective internal control system.

Overview of key bodies (times of meetings held during FY2021)

1. Board of Directors (13 times)

Responsible for decisions related to important policies for management of the Group as a whole, and for overseeing the business management, risk management and auditing carried out by the holding company and its subsidiaries. Five Directors are appointed and oversight is strengthened by incorporating perspectives that are independent from management.

2. Audit and Supervisory Committee (11 times)

Determines matters related to auditing policies, plans and methods, and matters related to the execution of duties of the appointed Director serving as Audit and Supervisory Committee Member. Also, monitors the performance of duties by Directors, and carries out determinations of opinions related to the nomination, compensation, etc., of Directors who are not serving as Audit and Supervisory Committee Members.

3. Corporate Governance Committee (4 times, until October 2021) Nomination and Compensation Committee (2 times, from November 2021)

A majority of the committee members are selected from outside directors, and they provide appropriate advice and

involvement in matters related to personnel affairs and remuneration for directors and senior management.

4. Management Committee (46 times)

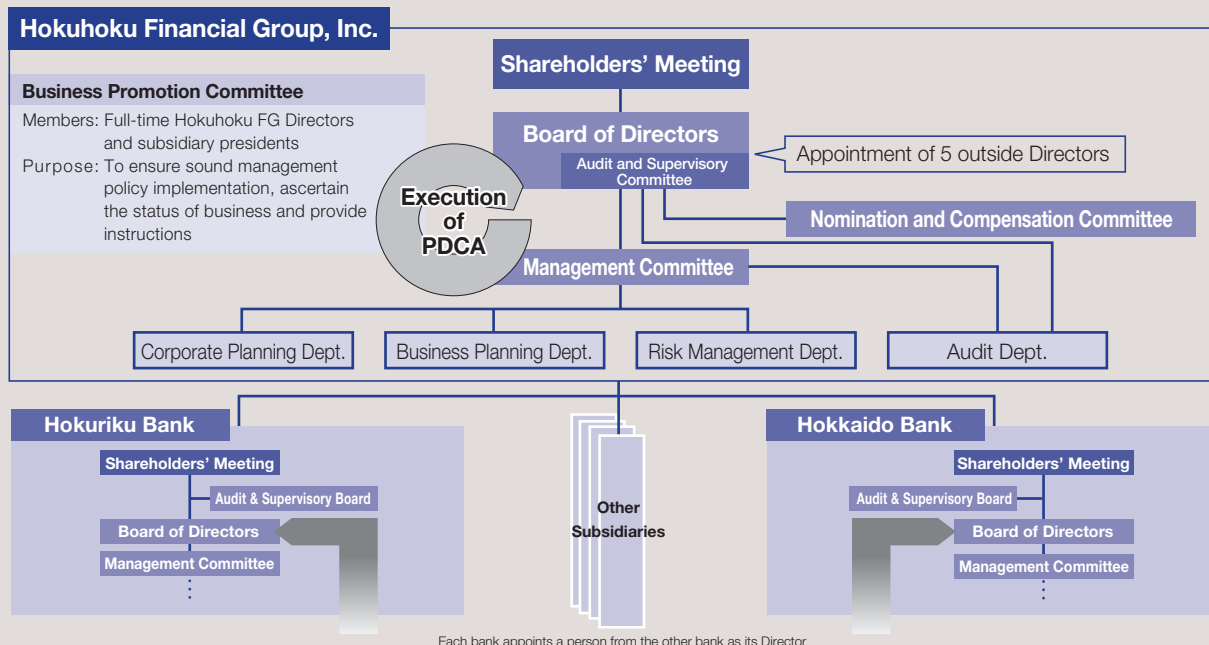
Comprising full-time Directors of the Company, this body makes decisions — in accordance with the basic policies laid down by the Board of Directors — on matters relating to business execution policies for the entire Group and matters related to the implementation of particularly important tasks by specific divisions.

5. Business Promotion Committee (4 times)

Comprising full-time Directors of the Company and presidents of subsidiaries, this body is responsible for making sure that important issues and management policies for the entire Group are widely known and understood, as well as for keeping track of business results at each company to ensure that business is carried out appropriately.

6. Sustainability Promotion Committee (1 time, from November 2021)

Consisting of full-time directors and departments in charge, it considers the direction of sustainability management for the entire group.



Reason for appointment as outside Director

In the selection of candidates for outside Directors, in addition to the knowledge, experience and capabilities to perform the role, the Company places great importance on ensuring independence to meet the requirements for outside directors provided by the Companies Act and to exercise the management supervisory function.

Name	Reason for appointment	Attendance at Board of Directors meetings and Audit and Supervisory Committee meetings for FY2021
Masaaki Manabe	He is well versed in management and local economies as a business manager and he is expected to strengthen the supervisory function of the Company's overall management, so he has been appointed an outside Director. In addition, he does not breach the criteria for independence prescribed in Securities Listing Regulations, etc., meets the "criteria for judging independence" prescribed by the Company, does not present any concern about conflicts of interest with general shareholders, is judged to have adequate neutrality, and has been designated an independent director.	Board of Directors meetings 12/13 Audit and Supervisory Committee meetings 11/11
Nobuya Suzuki	He has extensive experience in the management of financial institutions (life insurance) and he is expected to strengthen the supervisory function of the Company's overall management, so he has been appointed an outside Director. In addition, he does not breach the criteria for independence prescribed in Securities Listing Regulations, etc., meets the "criteria for judging independence" prescribed by the Company, does not present any concern about conflicts of interest with general shareholders, is judged to have adequate neutrality, and has been designated an independent director.	Board of Directors meetings 13/13 Audit and Supervisory Committee meetings 11/11
Kaoru Funamoto	Due to his extensive experience and broad insight at National Police Agency and The Resolution and Collection Corporation, he is expected to strengthen the supervisory function of the Company's overall management, so he has been appointed an outside Director. In addition, he does not breach the criteria for independence prescribed in Securities Listing Regulations, etc., meets the "criteria for judging independence" prescribed by the Company, does not present any concern about conflicts of interest with general shareholders, is judged to have adequate neutrality, and has been designated an independent director.	Board of Directors meetings 9/9 Audit and Supervisory Committee meetings 8/8
Marie Ogawa	She has a wealth of experience and wide-ranging knowledge in the financial and legal fields at the Bank of Japan, and was appointed as an outside Director as she is expected to strengthen the supervisory function of the Company's overall management. In addition, she does not breach the criteria for independence prescribed in Securities Listing Regulations, etc., meets the "criteria for judging independence" prescribed by the Company, does not present any concern about conflicts of interest with general shareholders, is judged to have adequate neutrality, and has been designated an independent director.	New appointment
Yutaka Yokoi	He was appointed as an outside director because he is expected to strengthen the supervisory function of the Company's overall management based on his extensive international experience and wide-ranging knowledge at the Ministry of Foreign Affairs. In addition, he does not breach the criteria for independence prescribed in Securities Listing Regulations, etc., meets the "criteria for judging independence" prescribed by the Company, does not present any concern about conflicts of interest with general shareholders, is judged to have adequate neutrality, and has been designated an independent director.	New appointment

	Internal director					
	Corporate Planning	Risk management	Sales/Finance	HR management	Financial market	IT
Hiroshi Nakazawa	●		●		●	
Yuji Kanema	●		●	●	●	●
Masahiko Kobayashi	●		●	●		
Yoshimasa Takada	●		●		●	
Yoshikazu Sakamoto			●			
Akira Sakai		●	●			
Hirokuni Kitagawa	●	●				

	Outside director			
	Corporate management	Finance	Legal affairs	Global affairs
Masaaki Manabe	●			
Suzuki Nobuya	●	●		
Kaoru Funamoto		●	●	
Marie Ogawa		●	●	
Yutaka Yokoi			●	●

Assessment of the effectiveness of the Board of Directors

The Company's Board of Directors conducts analysis and assessment of the overall corporate governance system including the overall effectiveness of the Board of Directors each year in light of the purpose of our Corporate Governance Guidelines, discloses an overview of the results and aims to make the necessary improvements.

Overview of the analysis and assessment results concerning the effectiveness of the FY2020 Board of Directors

The assessment is that the composition and management of the Board of Directors and the Corporate Governance Committee, which is established with outside Directors as key members under the Board of Directors, are appropriate and the effectiveness of the Board of Directors has been secured.

We will continue to take necessary measures to enhance information provided to directors, including outside directors, improve materials, and further activate discussions on group management strategies.

Initiatives in FY2021

In order to further activate discussions at the Board of Directors, efforts were made to improve the provision of information and materials. In particular, in formulating a long-term vision and a medium-term management plan based on our management philosophy, aiming to improve the corporate value of the Group over the medium- to long-term, we held multiple discussions with independent outside directors and were able to fully reflect their advice.

Overview of the analysis and assessment process concerning the effectiveness of the FY2021 Board of Directors

Assessment concerning the effectiveness was conducted at the Board of Directors meeting in May after registered self-assessment survey was conducted for all directors and suggestions were put forward from the Corporate Governance Committee based on the survey results.

[Items in the self-assessment survey (headings)]

- 1) Composition of the Board of Directors
- 2) Operation of the Board of Directors
- 3) Operation of the Corporate Governance Committee (Nomination and Compensation Committee from 2021)
- 4) Role and responsibilities of Directors, support system of outside Director, etc.
- 5) Relationship with shareholders and investors
- 6) Corporate governance system and overall effectiveness of the Board of Directors
- 7) Status of improvements since the previous fiscal year

Overview of the analysis and assessment results concerning the effectiveness of the FY2021 Board of Directors

The assessment is that the composition and management of the Board of Directors and the Corporate Governance Committee (Nomination and Compensation Committee from 2021), which is established with outside Directors as key members under the Board of Directors, is appropriate and the effectiveness of the Board of Directors has been secured.

Note that in the discussion about the assessment, opinions were shared about the need to fulfill information and to improve meeting materials to provide the members of the Board of Directors further, as well as to enhance discussion about business strategies of the Group and we plan to take the necessary action in the future.

Director training

In order for Directors to appropriately perform the roles and responsibilities expected of persons in charge of important governance bodies, the Company's Board of Directors encourages and supervises efforts of Directors to study for the acquisition of the necessary knowledge and appropriate updates to deepen their understanding of such roles and responsibilities.

(Key initiatives in FY2021)

We have created opportunities to provide explanations for newly appointed outside directors using detailed materials so that they can deepen their understanding of the Company and its subsidiary banks.

Directors' remuneration

The Company has established the Corporate Governance Guidelines at the Board of Directors and the Company prescribes the policy concerning the determination of amounts such as Directors' remuneration, etc. and its calculation method, and the method and procedures for determining such policy in the Guidelines as follows.

- i The Company determines the level and composition of Directors' remuneration to function as an incentive for the Group's sustained growth and the medium to long-term improvement in corporate value.
- ii The remuneration, etc. of Directors excluding Directors serving as Audit and Supervisory Committee Members shall comprise the following basic remuneration and share remuneration, with the respective amounts within the upper limits of the annual remuneration approved at the General Meeting of Shareholders, and be determined by the Board of Directors in an objective and transparent manner upon the recommendation from the Corporate Governance Committee concerning the appropriateness and validation of the amounts calculated in accordance with separately prescribed Directors' remuneration provisions and share remuneration-type stock option provisions.
 - (a) Basic remuneration
Basic remuneration shall be a fixed amount of remuneration prescribed for each position.
 - (b) Share remuneration
Share remuneration shall be share remuneration-type stock options equivalent to amounts prescribed for each position.
- iii The remuneration, etc. of Directors serving as Audit and Supervisory Committee Members shall comprise only basic remuneration in light of the role to direct and audit the execution of business from a neutral and independent perspective, and be determined by discussion of Directors serving as Audit and Supervisory Committee Members in accordance with the separately prescribed Directors' remuneration provisions, within the upper limits of the annual remuneration approved at the General Meeting of Shareholders.

The details of resolutions concerning Directors' remunerations, etc. at the General Meeting of Shareholders are as follows.

- i Resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2017.
- ii The amount of remuneration including bonuses for Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall be an amount not exceeding 250 million yen per year (not including the salaries of employees serving concurrently as Directors).
- iii The amount of remuneration for Directors serving as Audit and Supervisory Committee Members shall be an amount not exceeding 80 million yen per year.
- iv In addition to the upper limit of the amount of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) there shall be a separate allocation of stock acquisition rights as share remuneration-type stock options for Directors (excluding Directors serving as Audit and Supervisory Committee Members and outside Directors) for an amount not exceeding 45 million yen per year (not including the salaries of employees serving concurrently as Directors).

Total amounts of remuneration (FY2021)

Category of executives	Total amounts of remuneration (millions of yen)	Total amounts by category of remuneration (millions of yen)			Number of eligible executives
		Fixed remuneration (Basic remuneration)	Variable remuneration	Share remuneration-type stock-options (Share remuneration)	
Directors (excluding Directors serving as Audit & Supervisory Committee Members) (excluding Outside Directors)	141	118	–	22	9
Directors serving as Audit & Supervisory Committee Members (excluding Outside Directors)	25	25	–	–	1
Outside Directors	18	18	–	–	5

Response to cross-shareholdings

The Company and its core subsidiaries (Hokuriku Bank and Hokkaido Bank) have prescribed the policy concerning cross-shareholdings of listed companies and standards for exercising voting rights as follows. With regard to issues that are not deemed appropriate to hold, we will proceed with the sale after adequate dialogue with the business partners. In addition, we may sell cross-held shares even if it is deemed appropriate to hold them, taking into consideration market environments, management and financial strategies, etc.

Policy on cross-shareholdings

- (1) Cross-shareholdings are held on a limited basis in cases where it is judged that such cross-shareholdings will contribute to the enhancement of the corporate value of the subject company and the Group by maintaining and strengthening a long-term and stable relationship with the subject company and enjoying advantages in terms of business strategy.
- (2) For cross-shareholdings, the risk/return associated with holding is measured for each individual issue based on an index that takes into account the cost of capital. In addition, the Company shall conduct a comprehensive review of the purpose of holding such shares at the Board of Directors, etc. each year, to determine whether or not to hold them in light of their economic rationality based on future prospects, business strategies such as business relationships and business alliances, and relevance to the regional economy.

Standards on exercising voting rights

When exercising voting rights for cross-shareholdings, the following points shall be confirmed for each agenda item, and if necessary, a comprehensive decision for approval or disapproval shall be made through dialogue with the business partner.

- (1) Will it contribute to increasing the medium to long-term corporate value and sustainable growth of the partner company?
- (2) Will it contribute to increasing the medium to long-term economic benefits of the Group?

Basic policy on internal controls

1. System to ensure that executives and employees of the Company and group companies perform their duties in conformity with laws and regulations, as well as in conformity with our articles of incorporation

- In addition to setting matters pertaining to laws and regulations, or the articles of incorporation, the Board of Directors decides on basic management policies and important issues related to the execution of operations, establishes organizations and systems, and supervises performance of duties by Directors.
- The Board of Directors selects multiple outside Directors in positions independent from the Group in the selection of candidates for the Board of Directors, working to boost the mutual checks and balances function.
- The Board of Directors establishes the Corporate Governance Committee, creating a system to provide the appropriate advice and involvement in important items to the Company through coordination with the outside Directors.
- The Board of Directors, positioning compliance as one of the most important management issues, draws up both basic compliance policy and the compliance charter. It furthermore establishes control departments to maintain and enhance the compliance system of the Company and group companies.

- The Board of Directors draws up a Compliance Program as each fiscal year's action plan, thoroughly implementing honest and fair corporate activities, rejecting all relationships with antisocial forces, and preventing money laundering, etc.
- The Board of Directors establishes a whistleblower system whereby an executive or an employee who discovers illegal or inappropriate actions can report to a whistleblower contact point established in advance.
- Every fiscal year the Board of Directors draws up an Audit Policy and has the internal audit department, in accordance with this, conduct audits of the state of compliance to laws and regulations, etc. of the Company and group companies, and report these results to the Board of Directors and the Audit and Supervisory Committee, etc.

2. System related to the storage and management of information related to the performance of duties by Directors

- Based on the Board of Directors rules as well as document management rules and other regulations, the Board of Directors creates systems for the storage and management of information related to performance of duties by Directors. Directors can access the documents at any time.

3. Rules and other systems related to the management of risk of losses of the Company and group companies

- Recognizing the existence of various risks surrounding the Company and group companies, and fully aware of the importance of controlling such risks, the Board of Directors formulates the basic risk management policies and risk management rules.

It furthermore establishes control departments, establishing a system to accurately recognize and gauge individual risk associated with Group company management, and to ensure the soundness of Group management through appropriate management and operations.

- The Board of Directors have formulated contingency plans, etc. and established a crisis management system to prepare for unexpected events and risks such as natural disasters.
- Each group company carries out appropriate risk management in close partnership with each group company's risk management department, following the Group's basic policy.
- Every fiscal year the Board of Directors draws up an Audit Policy and has the internal audit department, in accordance with this, conduct audits of the state of risk management of the Company and group companies, and report these results to the Board of Directors and the Audit and Supervisory Committee, etc.

4. System to ensure that Directors, etc. of the Company and group companies perform duties efficiently

- The Board of Directors draws up a management plan to clarify the Group's desired vision and its performance goals.
- The Board of Directors sets overall organizational standards for basic tasks, operational entities, and assignment of duties, and establishes a system in which the Company and all group companies perform well-organized and efficient business operations.
- The Management Committee executes business operations promptly and efficiently, based on the delegation of authority by the Board of Directors with regard to the execution of business operations, and on the predetermined assignment of duties.

5. System to ensure the appropriateness of financial reporting

- The Board of Directors draws up a basic policy related to the internal control evaluation of financial reporting, establishing a system to ensure the suitability of financial reporting and to provide true and clear reporting on both financial conditions and management results.

6. System to ensure the appropriateness of operations within the corporate group which consists of the Company and group companies

- The Board of Directors is responsible for overall group management. It establishes the group management rules, prepares frameworks for agenda-setting and reporting to the Company for each group company with regard to important matters, and receives reports from internal audit departments on the findings of audits into the state of compliance to laws and regulations, etc., risk management, and the appropriateness and effectiveness of business operations.
- The Board of Directors draws up Regulations for Intra-Group Transactions with the aims of clarifying the control system for intra-group transactions, etc. and of carefully maintaining the soundness of management practices for the Group as a whole. The Board of Directors performs its duties of management and administration based on these regulations.

7. Matters related to employees required to assist with duties of the Audit and Supervisory Committee

- In order to assist the Audit and Supervisory Committee in the conduct of their duties, the Board of Directors shall place employees who carry out this work only and to whom Audit and Supervisory Committee Members may directly give directions and orders based on their independence and effectiveness etc.
- The Board of Directors requires prior consent from the Audit and Supervisory Committee for personnel transfers and disciplinary measures regarding such employees.

8. System for the Company and group company executives and employees to report to the Audit and Supervisory Committee and other systems related to reporting to the Audit and Supervisory Committee

- If executives and employees of the Company or group companies discover matters that could cause significant losses to the Company or group companies, they shall directly or indirectly report such matters to the Audit and Supervisory Committee.
- The Board of Directors establishes a system to report to the appointed Directors serving as Audit and Supervisory Committee Members for reports carried out in accordance with rules, including such reports within the Company and such reports from group companies to the Company.
- Either the Audit and Supervisory Committee or appointed Director serving as Audit and Supervisory Committee Member may request reports from executives and employees of the Company or group companies as needed.
- The Board of Directors shall establish a system to ensure that executives and employees of the Company or group companies are not mistreated as a result of having reported to, consulted or investigated with the Audit and Supervisory Committee.

9. Other systems to ensure effective auditing by the Audit and Supervisory Committee

- The Board of Directors shall give due acknowledgement to the importance and usefulness of auditing by the Audit and Supervisory Committee, and shall discuss and take responsive action appropriately if the Audit and Supervisory Committee requests creation of a system for smoother and more effective performance of auditing duties.
- The appointed Director serving as Audit and Supervisory Committee Member may attend important meetings such as the Management Committee. Furthermore, either the Audit and Supervisory Committee or appointed Director serving as Audit and Supervisory Committee Member shall regularly meet with the representative Directors and outside accounting auditors, in addition to which it shall maintain close collaboration and cooperative relations with internal audit departments and other departments with internal control functions, receiving reports both on a regular basis and as required, and requesting explanations as and when necessary.
- Directors serving as Audit and Supervisory Committee Members may invoice the Company for any expenses deemed necessary in order to perform duties of the Audit and Supervisory Committee.

Internal auditing mechanisms

Basic approach

The Group believes that establishment of internal auditing mechanisms that effectively meet requirements according to the scale and nature of operations, laws and regulations applied to the Group's businesses and categories of risk, is indispensable for enabling due legal and regulatory compliance by the Group, customer protection and risk management. Based on this conviction, the Company and its subsidiary banks, Hokuriku Bank and Hokkaido Bank have established internal auditing departments.

The internal auditing departments of each Group company develop mechanisms of checks and balances, which thereby ensure that those departments function independently of other departments.

Group-wide measures

The Company has established the Audit Dept., which is expected to verify the appropriateness and effectiveness of internal management mechanisms of the subsidiaries and to oversee the internal audit function of those companies. In line with basic policy and rules on internal audits compiled by the Board of Directors, the Audit Dept. carries out internal audits on the Company and its non-banking subsidiaries and affiliates, and also receives reports from Hokuriku Bank and Hokkaido Bank that include results of internal audits and progress made on matters requiring improvement. Furthermore, when necessary, the Audit Dept. centrally assesses and manages the implementation of internal audits within Group companies through on-site bank investigations, guidance and reports.

Results of internal audits at Group companies are periodically reported to the Board of Directors promptly

when needed. In particular, mechanisms have been put in place for prompt reporting to the Board of Directors with respect to events that could significantly impact management of the Group.

Also at Hokuriku Bank and Hokkaido Bank, operational and asset audits are performed involving head offices, branches and subsidiaries of each bank, based on the policy and rules for internal audits of the respective banks. Conducting these audits involves assessing legal and regulatory compliance, customer protection, and risk management at each entity subject to audit, and then making efficient and effective internal audit plans taking into account factors such as the frequency and extent of such audits.

When necessary, the audit departments of both banks and the Audit Dept. of the Company conduct joint audits in order to strengthen and streamline overall Group auditing.

MEASURES FOR RISK MANAGEMENT

General risk management systems

The Group has created basic risk management policies that address various risks and is working to upgrade general risk management systems to ensure proper resource allocation and risk taking in balance with earnings targets while keeping overall levels of risk within the Group's managerial capacity to address such risk and in order to protect customer deposits and earn the trust of our shareholders and creditors.

In addition, the Group has established a general risk management department to integrate and manage the various risks while also conducting internal audits by an independent audit department with a structure to verify the appropriateness and effectiveness of the risk management system.



Allocation of risk capital

The Group's risk management practices involve taking a unified approach to the extent possible in terms of quantifying the various risks that emerge with respect to its operations, and then taking steps to ensure that overall levels of risk are kept within the Group's capacity to take on such risk.

The subsidiary banks control and manage risk with the aim of ensuring that levels of risk remain within a range permissible for banking operations. To that end, they estimate maximum potential loss through a process that involves quantifying credit risk, market risk and operational risk. They then allocate risk capital by using core capital as allocation source, with the aim of making effective use of capital resources.

Meanwhile, the Company ensures that excessively large risks are not taken relative to capital on a Group-wide basis,

through initiatives that include checking risk allocation plans of subsidiary banks, verifying that amounts in excess of risk capital allocations are sufficient to cover risk conceivably affecting subsidiaries other than the subsidiary banks as well as risk not included in the risk assumptions, and monitoring actual levels of risk.

In addition, we perform stress tests to calculate the extent of potential losses that would be anticipated in the case of normally inconceivable deterioration of business conditions, excessive market fluctuations and other such scenarios. In this way, we periodically examine the substantiality of our capital position against risk that cannot be easily perceived.

Credit risk management

Basic approach

Credit risk involves, for instance, the threat that deterioration of a customer's financial health might make it impossible to recover principal or receive interest of loans and bills discounted, etc. as initially contracted. Although this is an unavoidable risk when it comes to banks whose role is to act as financial intermediaries, the Group endeavors to maintain and enhance asset soundness by developing and strengthening its credit risk management systems.

Credit risk management systems

To maintain and enhance asset integrity, the Group applies its internal ratings system and asset self-assessment, promptly and accurately appraises credit risk, and performs write-offs and provisions to reserves for possible loan losses as appropriate.

When making individual judgements on granting credit, rigorous screening is carried out in accordance with standards and principles stated in our credit policy.

Internal ratings systems

To enable objective appraisal of credit risk of loans and bills discounted, etc., our subsidiary banks have introduced internal ratings systems. Using 15 credit ratings based on financial data and qualitative information regarding borrower creditworthiness, the system enables ongoing monitoring of changes in ratings.

In addition, we monitor the credit concentration status

of large borrowers based on the Group-wide management rules for credit limits and manage so that no excessive credit concentration risk materializes.

Asset self-assessment standards

Self-assessments are strictly performed by the asset assessment departments in the subsidiary banks according to the asset self-assessment standards and the appropriateness is verified by the risk management department and independent internal management department.

Corporate rehabilitation

After making a loan to a corporate customer, we endeavor to prevent such loans from becoming designated as bad debt by assessing business conditions faced by our borrowers and performing follow-up reviews of the borrower's business plans. Meanwhile, we strive to ensure asset integrity through creation of a framework for dedicated management of bad debt and enhanced support for corporate rehabilitation.

Market risk management

Basic approach

Market risk involves the threat of incurring losses due to fluctuations in the value of assets and liabilities held by the Group, or in the earnings generated by the Group, such that may be caused by fluctuations in various market risk factors, such as interest rates, stock prices, and foreign exchange rates.

The Group endeavors to properly control market risk and manage operations in a manner that ensures stable earnings. To that end, at the subsidiary banks that mainly handle transactions involving market risk, we have created regulations for market risk management and comprehensively manage assets and liabilities by employing asset-liability management (ALM) practices.

Liquidity risk management

Liquidity risk refers to fund procurement risk involving the threat of losses that may be incurred due to a fall in creditworthiness or the like diminishing an entity's financing availability and forcing it to procure funds at significantly higher interest rates than normal. Liquidity risk also refers to market liquidity risk involving the threat of losses that may be incurred due to market disruptions or the like preventing an entity from engaging in transactions and forcing it to engage in transactions on considerably less favorable terms than normal.

The subsidiary banks, which account for a majority of the Group's liquidity risk, stipulate regulations on liquidity risk management and maintain adequate levels of government bonds and other payment reserve assets that are readily convertible into cash. They also set various control indices pertaining to liquidity risk and monitor those on a daily basis. Developments regarding liquidity risk are regularly reported in meetings of the ALM Risk Management Committees and other such bodies, and discussions are held in that regard, to ensure that we will be able to take action to address any crisis, should one emerge, appropriate to the stage of the particular situation.

By precisely assessing management and procurement levels at subsidiary banks, we ensure that fund procurement can proceed smoothly.

Operational risk management

Basic approach

Operational risk refers to the threat of losses arising from inappropriate operational processes, improper conduct of executive officers and employees, unsuitable computer systems, or adverse external events.

The Group categorizes operational risk into seven categories as prescribed in the "Rules for management of operational risk": 1) Administrative risk, 2) System risk, 3) Legal risk, 4) Personnel risk, 5) Tangible asset risk, 6) Reputational risk, and 7) Other risks. The status of these risks is monitored at the Operational Risk Specialist Committee, which convenes monthly at the subsidiary banks, and we strive to establish Plan, Do, Check and Act (PDCA) cycle frameworks by grasping potential risks through risk assessments, etc. and the evaluation of preventative measures.

Risk management systems by major category

- Administrative risk management

Through the analysis of the causes of administrative errors and other incidents, the Group discusses measures to prevent reoccurrence, while advancing improved efficiencies and centralization of headquarter administrative operations from the perspective of consolidation and mutual checks and endeavoring to implement initiatives that will reduce administrative risk.

- System risk management

The Group has formulated “rules for system risk management” as well as “a basic policy on ensuring the safety of information assets (security policy)”, has established a robust management and operating structure, and implements a variety of security management measures, including backup systems. In addition, the Group is working to strengthen its security management system in order to promptly address cyberattacks which have been on the rise in recent years.

Crisis management

To minimize the impact of any large-scale disaster or other emergency, should one occur, the Group has compiled a crisis management manual with contingency plans and other such content, and has also established a contingency framework that includes mechanisms for information-gathering as well as centralized crisis instruction and command.

In particular, at our subsidiary banks, we have drawn up a Business Continuity Plan (BCP), which enables us to continue to perform our settlement functions and other operations required of financial institutions in the event of an earthquake, outbreak of a new strain of influenza or other such crisis, and have otherwise established a framework that enables a full-scale response to crisis situations.

MEASURES FOR COMPLIANCE

Basic policy

At Hokuohoku Financial Group, we regard compliance as one of our most important management priorities, thereby fully recognizing that shortfalls with respect to compliance could weaken our business foundations. Therefore, the Board of Directors has established basic compliance policies which underpin our efforts to engage in business activities in a fair and honest manner.

Basic compliance policy

1. Recognition of the Group's basic mission and social responsibilities

As a regional financial institution, the Group recognizes its public duties and social responsibilities, and accordingly strives to gain greater trust through the conduct of sound business operations.

2. Providing quality financial services

By providing high-quality, integrated financial services, the Group will contribute to enabling stable economic and social development of its operating regions, while facilitating better lives for its customers.

3. Strict observance of laws, regulations and rules

The Group strictly observes all relevant laws, regulations and rules, and conducts business in a fair and prudent manner, in adherence with its own standards of corporate ethics and social norms.

4. Rejection of all ties with anti-social elements

The Group contributes to a healthy society by resolutely refusing to associate or work with anti-social elements that threaten social peace and security.

5. Ensuring management transparency

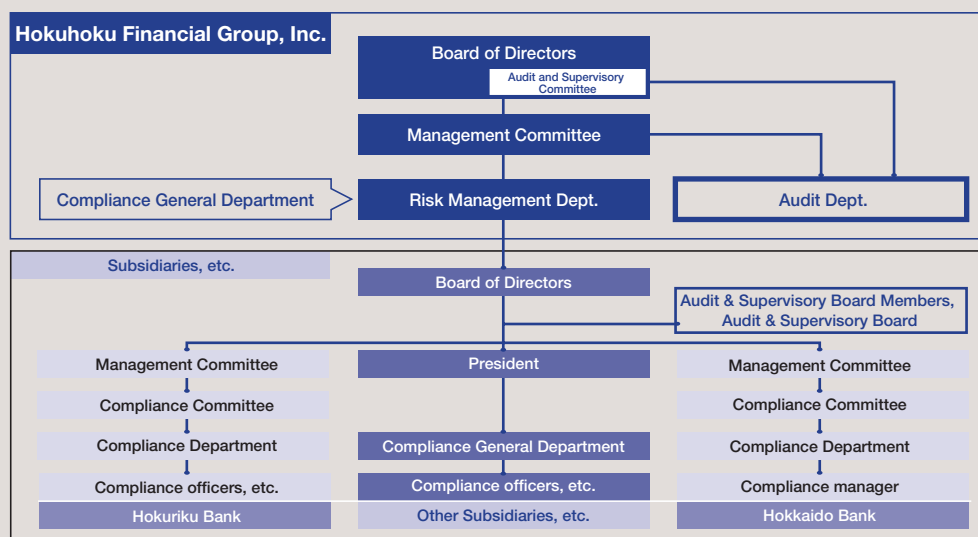
The Group aims to achieve a highly transparent management and organizational culture through accurate and swift disclosure and decision making.

Systems

To establish compliance systems, the Group has established a compliance charter, put in place organizational structures and arranged joint measures by involving the Company and each Group company.

The Risk Management Dept. acts as the Compliance General Department responsible for overseeing compliance within the Group, and the head of the Risk Management Dept. acts as the officer in charge of compliance.

Compliance officers and other such managers are deployed to each branch of subsidiary banks and each Group company in order to aggressively implement training and awareness-raising initiatives regarding compliance in the workplace. Subsidiary banks have established Compliance General Departments and Compliance Committees, which work to assess progress in compliance measures and make improvements.



Compliance manual and compliance programs

To ensure rigorous compliance, we have formulated a compliance manual (code of conduct) compiling all fundamental considerations which executive officers and employees need to observe. The manual is distributed to all executive officers and employees, and in-house seminars and training sessions are conducted to ensure thorough familiarity with its content.

Measures for better customer protection and greater customer convenience

To protect customer assets, information and other interests, the Group has established policies for management of customer protection within its basic rules for management of customer protection.

Furthermore, we have formulated protocols and appropriate response structures based on five separate considerations, in order to provide pertinent explanations to our customers in accordance with the Japanese Financial Instruments and Exchange Act and other laws, and to properly handle customer grievances and inquiries through a customer consultation office set up to serve as a point of customer contact.

Moreover, the Compliance General Departments of respective Group companies act as offices responsible for overall customer protection management, and in partnership with each department in charge, they operate through a framework that

In addition, every year the Board of Directors decides on the Compliance Program which acts as a detailed action plan implemented to maintain the compliance structure. The Board also receives regular reports on the state of the Program's execution, and ensures that compliance procedures are put into practice.

enables them to draft and implement various improvement measures through efforts that involve ongoing review geared toward ensuring proper functioning of management systems, problem resolution and data analysis.

Measures for protection of personal information

In the financial industry, ensuring the safety of information assets is of utmost importance in terms of gaining customer trust. As such, we are committed to rigorously protecting and using any and all customer information in our custody and preventing its leakage.

Especially in the area of personal information, the Group has formulated a personal information protection declaration, which is disclosed on our website, in order to comply with the Personal Information Protection Act and other laws, and to gain the full trust of our customers in acting as a financial institution that contributes to local communities.

Basic rules for management of customer protection

Explaining to the customer
Customer service support
Protection of customer data
Outsourcing
Conflict of interest

Policies for management of customer protection

In line with laws and regulations, we will adequately and sufficiently explain financial products and provide information when carrying out transactions with our customers.
We will listen carefully to customer grievances and give advice in an appropriate manner.
We will lawfully acquire and securely manage all information concerning our customers.
When outsourcing operations relating to transactions with customers, we will duly supervise service providers to protect customer information and interests.
We will appropriately manage transactions involving customers where conflict of interest could be an issue so as to prevent customer interests from becoming unduly impaired.

Measures for dealing with anti-social elements

The Group has established basic policies for dealing with anti-social elements, with the aim of earning the public's trust and maintaining appropriate and sound financial services.

Our initiatives in this regard also involve deploying officers to respective Group companies in order to address issues regarding organized crime syndicates, coordinating with law enforcement, implementing firm measures for dealing with anti-social elements, and severing all relations with anti-social elements that threaten the peace and security of social order.

Internal notification system

The Group has set up a whistleblower and consultation hot line and developed a framework for strengthening the compliance system by incorporating checks and balances in order to promptly detect and counteract any unlawful and wrongful behavior.

Anti-money laundering and measures to deal with financial crime

In recent years, bank card theft, exploitation and "Furikome" fraud (bank transfer scams) have been on the rise. As such, our subsidiary banks have bolstered security measures to prevent such occurrences, while taking proper action with respect to victims of such scams, such that includes reimbursing them in accordance with Japan's Furikome Fraud Relief Act.

The Group regards its pursuit of measures for preventing money laundering and other financial crimes as an important management challenge. Accordingly, we have been working to clarify divisions of internal roles on the basis of our anti-money laundering policy, while building a control system that enables us to implement effective measures at the right time with regard to verifying transactions, reporting suspicious transactions and managing correspondent relationships. Moreover, we have been educating our executive officers and employees through training, and striving to improve relevant mechanisms through initiatives that include performing audits to evaluate compliance of our anti-money laundering policies.

Measures for financial alternative dispute resolution (ADR) system

In order to promptly and properly respond to customer feedback and grievances, our subsidiary banks have concluded agreements with the Japanese Bankers Association, which is a designated dispute resolution organization that works to resolve disputes from a fair and impartial position.

Banking

Name of designated dispute resolution organization:
Japanese Bankers Association

Inquiries:

Japanese Bankers Association Customer Relations Center

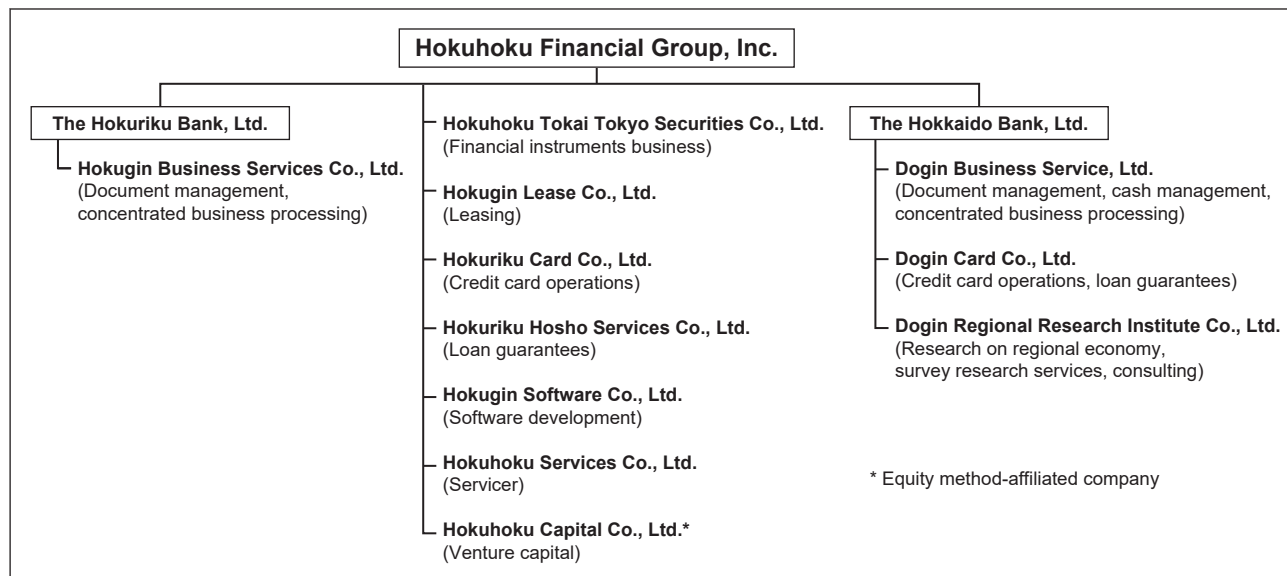
Financial instruments business

Name of designated dispute resolution organization:
Financial Instruments Mediation Assistance Center

Business activities

The Hokuhoku Financial Group is composed of the holding company and 12 consolidated subsidiaries and one affiliate. Our core business is banking, and we also provide a wider range of financial services including leases, credit cards, loan guarantees and venture capital. The following is a diagram of our business.

Business diagram



Major subsidiaries

(units: millions of yen, %)						
Company name	Address	Main business activities	Established	Capital	FG's share of voting rights	Dividend
The Hokuriku Bank, Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Banking	July 31, 1943	140,409	100.00	7,144
The Hokkaido Bank, Ltd.	4-1 Odori Nishi, Chuo-ku, Sapporo City	Banking	March 5, 1951	93,524	100.00	—
Hokuhoku Tokai Tokyo Securities Co., Ltd.	1-8-10 Marunouchi, Toyama City	Financial instruments business	April 21, 2016	1,250	60.00	—
Hokugin Lease Co., Ltd.	2-21 Aramachi, Toyama City	Leasing	July 21, 1983	100	70.25	—
Hokuriku Card Co., Ltd.	1-2-1 Shintomi-cho, Toyama City	Credit card operations	March 2, 1983	36	87.39	3
Hokuriku Hosho Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Loan guarantees	December 12, 1978	50	100.00	—
Hokugin Software Co., Ltd.	1-5-25 Higashidenjigata, Toyama City	Software development	May 1, 1986	30	100.00	—
Hokuhoku Services Co., Ltd.	1-6-8 Chuo-dori, Toyama City	Servicer	December 5, 2003	500	100.00	—
Hokugin Business Services Co., Ltd.	1883 Hiyodorijima, Toyama City	Document management, concentrated business processing	March 25, 1953	30	(100.00)	—
Dogin Business Service, Ltd.	Higashisapporo Dogin Building, Higashisapporo 3-1-2-33, Shiroishi-ku, Sapporo City	Document management, cash management, concentrated business processing	June 8, 1979	50	(100.00)	—
Dogin Card Co., Ltd.	2-2-14 Chuo-ku Minami, Sapporo City	Credit card operations, loan guarantees	June 13, 1977	120	(100.00)	—
Dogin Regional Research Institute Co., Ltd.	Dogin Annex Building, 4-1 Odori Nishi, Chuo-ku, Sapporo City	Research on regional economy, survey research services, consulting	August 8, 2002	100	(100.00)	—
Hokuhoku Capital Co., Ltd.	1-6-8 Chuo-dori, Toyama City	Venture capital	January 11, 1985	250	5.00 (38.75)	—

() Indicates voting rights involving shares held by subsidiaries

The Hokuriku Bank, Ltd.

<https://www.hokugin.co.jp/>

Establishment

The Hokuriku Bank has its origins as the Kanazawa 12th National Bank, which was established on August 26, 1877, with the House of Kaga-Maeda providing 70% of the capital. The bank was the creation of the family established by Maeda Toshiie, the founder of the Kaga clan.

Since its founding, the bank has worked hand-in-hand with customers in the region, and grown into a bank with a wide branch network covering Hokuriku, Hokkaido, as well as Japan's three major metropolitan areas. Based on the bank's management philosophy of "Prospering Together with the Region," "Fair & Steady Management", and "Progressive & Innovative Services," Hokuriku Bank draws fully on its management resources to provide high-quality comprehensive financial services, aiming to become the bank preferred and relied on by local communities.

Company outline (as of March 31, 2022)

Company name:	The Hokuriku Bank, Ltd.
Business:	Banking
Incorporation:	July 31, 1943 (founded in 1877)
Location of headquarters:	1-2-26 Tsutsumicho-dori, Toyama City, Toyama
Total assets:	¥10,178.1 billion
Deposits (including NCDs):	¥7,536.9 billion
Loans and bills discounted:	¥5,061.6 billion
Issued shares:	
Common stock:	1,047,542,335
Capital adequacy ratio (non-consolidated):	9.31%
Employees:	2,265
Branches (as of June 30, 2021)	
Domestic:	188 (145 branches, 43 sub-branches)
Overseas:	6 representative offices

History

August 1877	Kanazawa 12th National Bank founded
February 1879	Toyama 123rd National Bank founded
January 1884	Kanazawa 12th National Bank and Toyama 123rd National Bank merged to form Toyama 12th National Bank with headquarters in Toyama City
July 1897	Toyama 12th National Bank changed name to 12th Bank
July 1943	Four banks, 12th, Takaoka, Chuetsu, and Toyama Bank, merged to form Hokuriku Bank
January 1950	Launched foreign exchange operations (first regional bank to do so)
September 1961	Listed on the Tokyo Stock Exchange
November 1961	Completed present head office
January 1971	Received blanket approval to engage in correspondent banking services
November 1973	Launched first online system
March 1974	Received blanket approval to engage in foreign exchange business
July 1978	Received blanket approval to handle yen-denominated and foreign-denominated syndicated loans
October 1979	Launched second online system
November 1981	Launched online foreign exchange system
January 1984	Launched firm banking service
May 1987	Introduced VI (visual identity)
August 1990	Launched third online system
November 1993	Launched investment trust agent operations
December 1998	Launched over-the-counter sales of securities investment trusts
June 2000	Launched Internet and mobile banking services
July 2000	Completed new computer center (Alps building)
January 2001	Launched new computer system
April 2001	Launched over-the-counter sales of casualty insurance
February 2002	Third-party allocation worth ¥39.1 billion, brought new capital to ¥140.4 billion
February 2002	Launched convenience store ATM service
October 2002	Launched over-the-counter sales of life insurance
March 2003	Took over part of the Ishikawa Bank's operations
September 2003	Established Hokugin Financial Group, Inc. through share transfer, then became a subsidiary of the Hokugin Financial Group, Inc.
September 2004	Integrated management with Hokkaido Bank, name of parent company changed to Hokuhoku Financial Group, Inc.
December 2004	Launched securities agency operations
March 2006	Entered into a contract on joint system use with Hokkaido Bank and the Bank of Yokohama
May 2011	Commenced use of joint IT system with Hokkaido Bank and the Bank of Yokohama
December 2013	The head office building was registered as a Tangible Cultural Property (structures)
October 2015	Opened an individual consulting base "Hokugin Plaza"
April 2019	Launched Trust Business Service
July 2019	Launched Recruitment Service

The Hokkaido Bank, Ltd.

<https://www.hokkaidobank.co.jp/>

Establishment

Hokkaido Bank was established on March 5, 1951, in response to the strong demand for financing from small and medium-sized corporations in Hokkaido accompanying the sudden increase in population and development of new industries in Hokkaido during the post-war recovery period.

Based on this background, and as a bank deeply rooted in Hokkaido, Hokkaido Bank considers it its mission to contribute to regional economic growth by smoothly providing financing and quality financial services to its customers in Hokkaido. Going forward, Hokkaido Bank will never abandon the spirit with which it was created, and will continue to move forward together with its customers in Hokkaido.

Company outline (as of March 31, 2022)

Company name:	The Hokkaido Bank, Ltd.
Business:	Banking
Incorporation:	March 5, 1951
Location of headquarters:	4-1 Odori Nishi, Chuo-ku, Sapporo City
Total assets:	¥7,065.2 billion
Deposits (including NCDs):	¥5,696.4 billion
Loans and bills discounted:	¥4,149.5 billion
Issued shares:	
Common stock:	486,634,512
Preferred stock (Type 2):	75,212,000
Capital adequacy ratio (non-consolidated):	8.94%
Employees:	2,118
Branches (as of June 30, 2021)	
Domestic:	144 (136 branches, 8 sub-branches)
Overseas:	3 representative offices

History

March 1951	Hokkaido Bank established
April 1961	Launched foreign exchange operations
May 1962	Listed on the Sapporo Stock Exchange
August 1964	Completed present head office
June 1971	Launched first online system
July 1976	Launched second online system
December 1980	Received blanket approval to engage in correspondent banking services
April 1981	Hokkaido Small and Medium Corporation Human Resource Development Fund established
June 1986	Launched online foreign exchange system
September 1987	Listed on the first section of the Tokyo Stock Exchange
October 1990	Completed the Higashi Sapporo Dogin Building
March 1991	Established Dogin Cultural Foundation
October 1991	Launched a new foreign exchange online system
November 1991	Completed Dogin Building Annex
January 1993	Launched third online system
April 1994	Launched investment trust agent operations
December 1998	Launched over-the-counter sales of securities investment trusts
July 1999	Issued preferred stock (Type 2) (issuance amount was ¥53.716 billion)
November 1999	Launched telephone banking service
June 2000	Launched Internet mobile banking
April 2001	Launched over-the-counter sales of casualty insurance
October 2002	Launched over-the-counter sales of life insurance
December 2003	Opened Business Loan Plaza
April 2004	Launched convenience store ATM service
September 2004	Came under management of Hokugin Financial Group, Inc., parent of Hokuriku Bank; Hokuhoku Financial Group, Inc. launched
April 2005	Launched securities agency operations
March 2006	Entered into a contract on joint system use with Hokuriku Bank and the Bank of Yokohama
August 2006	Opened representative office in Shenyang, China
March 2009	Opened representative office in Yuzhno-Sakhalinsk, Russia
January 2010	Taiwan ATM/SmartPay Debit Service started
May 2011	Commenced use of joint IT system with Hokuriku Bank and the Bank of Yokohama
March 2014	Opened representative office in Vladivostok, Russia
March 2019	Opened Account Opening Plaza "Odori Subway Station Sub-Branch"
April 2019	Opened the NISEKO Sub-Branch
June 2021	Opened Corporate Sales Department

DIRECTORS

Hokuhoku Financial Group, Inc.

President:
Hiroshi Nakazawa

Deputy President:
Yuji Kanema

Directors:
Masahiko Kobayashi
Yoshimasa Takada
Yoshikazu Sakamoto
Akira Sakai
Yutaka Yokoi

*Directors serving as
Audit and Supervisory
Committee Members:*
Hirokuni Kitagawa
Masaaki Manabe
Nobuya Suzuki
Kaoru Funamoto
Marie Ogawa

The Hokuriku Bank, Ltd.

Chairman:
Eishin Ihori

President:
Hiroshi Nakazawa

Managing Directors:
Masahiko Kobayashi
Yoshikazu Sakamoto
Tsuyoshi Tatsushima

Directors:
Shigeru Urasaki
Akira Sakai

**Audit & Supervisory
Board Members:**
Masahiro Numada
Koetsu Yamazaki
Katsusuke Watanuki
Seiichiro Yagi

The Hokkaido Bank, Ltd.

Chairman:
Masahiro Sasahara

President:
Yuji Kanema

Deputy President:
Masaru Saito

Managing Directors:
Tsuyoshi Sasaki
Yoshimasa Takada

Directors:
Tetsuya Yamazaki
Takuya Hatakeyama

**Audit & Supervisory
Board Members:**
Takashi Ogura
Ken Ebina
Shuji Iwamura
Satoshi Chiba

Addresses

Hokuhoku Financial Group, Inc.

1-2-26, Tsutsumicho-dori Toyama
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https://www.hokuhoku-fg.co.jp/
E-mail: info@hokuhoku-fg.co.jp

The Hokuriku Bank, Ltd.

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International Operations Center
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Telephone: +81-3-3252-8350
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E-mail: b.office@hokugin.co.jp
SWIFT Address: RIKBJPJT

Treasury and Securities Department
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Facsimile: +81-3-3246-1255
E-mail: shikintky@hokugin.co.jp

Overseas Offices (Hokuriku Bank)

- New York Representative Office
780 Third Avenue, 28th Floor,
New York, NY 10017, U.S.A.
Telephone: +1-212-355-3883
Facsimile: +1-212-355-3204
E-mail: newyork@hokugin.com
- Shanghai Representative Office
Shanghai International Trade
Center, 602, Yan'an West Road
2201,
Changning, Shanghai 200336,
P.R. of China
Telephone: +86-21-6270-8108
Facsimile: +86-21-6270-8338
E-mail: shanghai@hokugin.net
- Dalian Representative Office
7F Shenmao Building 147 Zhongshan
Road, Xigang District, Dalian,
Liaoning, 116011 P.R. of China
Telephone: +86-411-3960-8018
Facsimile: +86-411-3960-8019
E-mail: dalian@hokugin-zg.com
- Representative Office
Registered in Singapore
6 Battery Road # 15-02 Singapore
049909
Telephone: +65-6534-0010
Facsimile: +65-6534-0070
E-mail: hokuriku@singnet.com.sg
- Bangkok Representative Office
23rd Floor Unit 2314, Bhairaj Tower
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- Ho Chi Minh Representative Office
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The Hokkaido Bank, Ltd.

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Markets and International

Administration Center
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Sapporo City, Hokkaido 003-0003,
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Facsimile: +81-11-815-2237
SWIFT Address: HKDBJPJT

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Overseas Offices (Hokkaido Bank)

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Da jie, Shenhe District,
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Telephone: +86-24-3185-7008
Facsimile: +86-24-3185-7018
E-mail: dogin_shenyang@yahoo.co.jp
- Yuzhno-Sakhalinsk
Representative Office
Office 44, 18 Kommunisticheskoy Av.,
Yuzhno-Sakhalinsk
693000, Russia
Telephone: +7-4242-45-7523
Facsimile: +7-4242-45-7524
E-mail: tateyama@hbkys.ru
- Vladivostok Representative Office
Room 613, Fresh Plaza, 17
Okeanskiy Pr., Vladivostok
690091, Russia
Telephone: +7-4232-65-8851
Facsimile: +7-4232-65-8852
E-mail: nakagawa@hbvl.ru

北北金融控股集团简要

企业名称：北北金融控股集团股份有限公司
 设立日期：2003年9月26日
 总行地址：富山县富山市堤町通1丁目2番26号
 经营目的：集团伞下的子公司的经营管理，以及连带的相关业务
 资本金：708亿9,500万日元
 发行股份：普通股 132,163,014股
 第一次第5种优先股 85,955,000股
 上市交易所：东京证券交易所（主板）
 札幌证券交易所

简介

自从1877年北陆银行成立以来已经在北陆地区设立了广域性的经营网点。

从“北前船”或者说“北航船（北上的经济圈）”的交易关系和客户的需要出发还在北海道各个主要城市内设立了自己的经营网点。

北海道银行成立于1951年，以支援中小企业和个人业务为中心在北海道内的各个地区都设有营业网点。

北陆银行和北海道银行于2004年9月进行了经营统合，成立了（控股公司）北北金融控股集团股份有限公司。现在，北北金融控股集团已经形成了覆盖日本北陆地区北海道以及日本三大都市圈（东京，名古屋，大阪）的巨大的地方金融网络。

2002年5月

北陆银行和北海道银行缔结了全面业务协助协议

2003年5月

北陆银行和北海道银行对经营统合取得一致意见

2003年9月

设立北银金融控股集团股份有限公司
 北陆银行成为北银金融控股集团伞下的银行

↓

通过股份交换实现经营统合

2004年9月

北北金融控股集团股份有限公司诞生

注：北银金融控股集团股份有限公司改名为北北金融控股集团股份有限公司。

北北金融集团的经营活动范围不是限于一个地域，而是在广泛的地域内展开着。

我们广泛的营业网点分布在下列地区范围内：

北陆地区.....	151分行（或支行）
富山县	93分行（或支行）
石川县	36分行（或支行）
福井县	22分行（或支行）
北海道地区	161分行（或支行）
三大都市圈	16分行（或支行）
东京、横滨	9分行（或支行）
名古屋	3分行（或支行）
大阪、京都	4分行（或支行）
其他地区（仙台、新潟、长野、高山）.....	4分行（或支行）
海外.....	9代表处

- 纽约代表处（北陆银行）
 - 南萨哈林斯克代表处（北海道银行）
 - 符拉迪沃斯托克代表处（北海道银行）
 - 新加坡代表处（北陆银行）
 - 曼谷代表处（北陆银行）
 - 大连代表处（北陆银行）
 - 上海代表处（北陆银行）
 - 沈阳代表处（北海道银行）
 - 胡志明代表处（北陆银行）
- （2022年6月30日）





（相片左边）
董事长
中泽 宏（北陆银行 总行长）

（右边）
董事副社长
兼间 祐二（北海道银行 总行长）

大家好！承蒙各位平时对北北金融控股集团以及本集团公司的厚爱，在此表示深深的感谢！

本集团所处的环境，在各种政策发挥效果以及海外经济恢复的影响下，社会经济活动正在慢慢恢复正常。

但是，由于国际形势不稳定，各地新冠疫情的反复感染和扩大，前景依然不明朗。

在此环境下，本集团于2022年4月启动为期三年的中期经营计划【Go forward with Our Region】，通过解决课题，与地方（客户）携手实现集团的持续成长。

采用强化咨询功能、实现数字化转型等提高效率的方式，挑战环境领域等新兴事业领域，作为地方金融集团迈上一个新台阶。

本着【以地方为立足点开展活动】的理念，从促进地域社会发展、帮助客户解决课题出发，全体职工上下团结一致为地方经济的持续成长做贡献，

请大家继续关注并惠顾，谢谢！

董事长

中澤 宏

中泽 宏

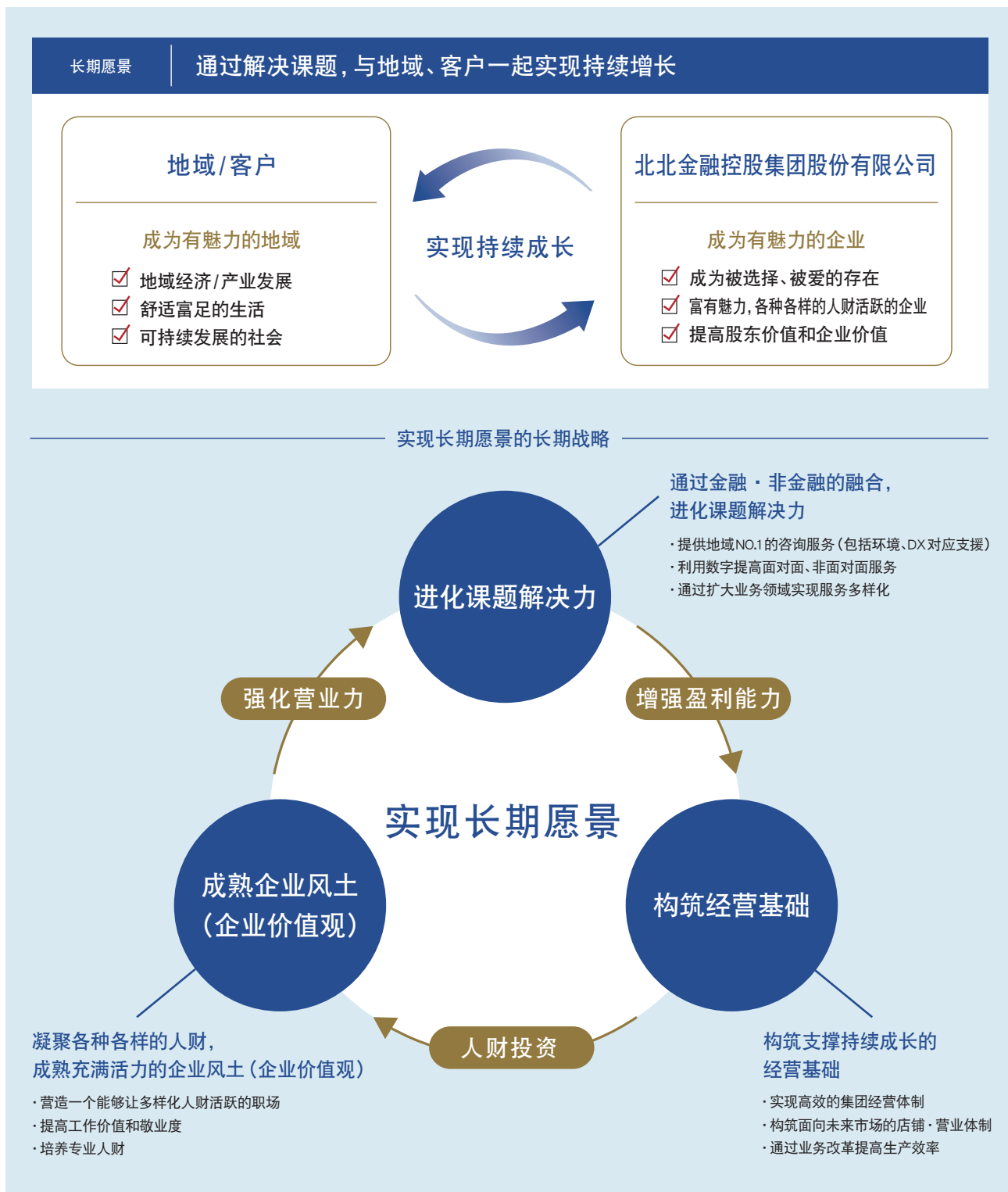
2022年7月

长期愿景和长期战略

北北金融控股集团认为“在前景不透明、未来难以预测的今日，应该明确本公司集团的未来目标”，并制定了新的长期愿景。

对于地域金融集团来说，从“扎根于地域的活动才是原点”的考虑出发，以解决地域社会和客户的课题为起点，提出了兼顾地域发展和本公司集团成长的长期愿景。

同时，为了实现长期愿景推进“进化课题解决力”“构筑经营基础”“成熟企业风土（企业价值观）”的3个长期战略。



中期经营计划（2022年4月～2025年3月）

为了充分满足各利益相关者（地域社会、客户、股东、员工等）对本公司集团的期待和需求，北北金融控股集团将挑战强化课题解决力和变革商业模式。

怀着“与地域一起向前（未来）前进”的强烈愿望，制定了第5次中期经营计划“Go forward with Our Region”。

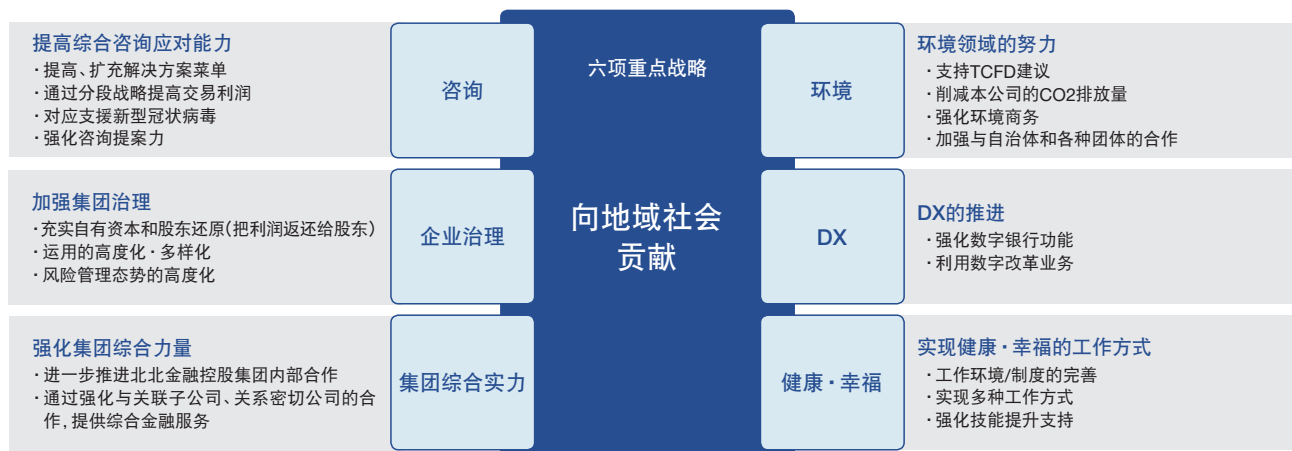
中期经营计划(2022年4月～2025年3月)

Go forward with Our Region

定位

为了实现长期愿景，在致力于提高咨询对应力和推进DX等提高生产率的同时，挑战环境领域等新事业领域的期间

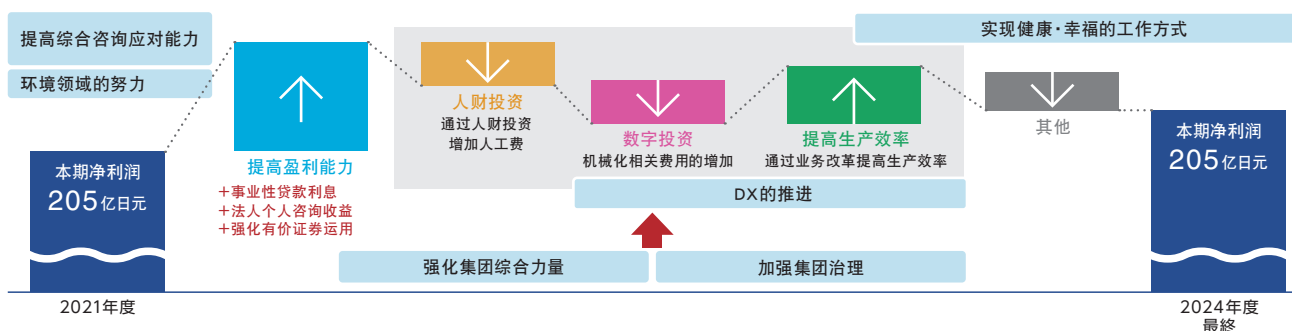
重点战略



重点指标

重点指标	2021年度	2024年度 (中期经营计划最后年度)	长期目标 (10年后)
合并本期净利润	205亿日元	250亿日元以上	350亿日元以上
合并资本比率	9.54%	9.5～9.9%	12%以上
OHR	63.15%	60～64%	50～59%
非利息收入比率(非利息收入额)	15.14%(189亿日元)	16.0～16.9% (200亿日元以上)	18%以上 (250亿日元以上)
环境相关投融资执行额(累计)	371亿日元	2,100亿日元	7,000亿日元

重点战略和计数计划



营业概况（北北金融控股集团联结）

（单位：亿日元）

	2021年度		2020年度
		变动	
经常收益	1,777	18	1,759
经常利润	302	-19	322
归属于母公司股东的净利润	205	-8	213
资本充足率	9.54%	0.09%	9.45%

本公司2022年3月期的业绩，联合结算的经常收益与上一期相比增加18亿日元为1,777亿日元；联合结算的利益比上一期减少19亿日元为302亿日元。归母公司的本期纯利益减少8亿日元为205亿日元。

联合结算的自有资本比例为9.54%

2022年3月期的分红：普通股票期末1股为35日元；第一回5种优先股的中期・末期为1股7.5日元（一年为15日元）。

营业概况（北陆银行,北海道银行）

（单位：亿日元）

	2家银行合算		2020年度
	2021年度	变动	
经常收益	1,619	39	1,579
主营业务毛利润	1,248	40	1,207
经费(临时处理部分除外)	788	-35	823
主营业务净利润	460	75	384
扣除投资信托解约损益后	448	71	376
信贷相关成本	135	4	130
经常利润	304	-15	320
本期净利润	218	-6	224
ROE	3.90%	-0.23%	4.13%

北陆银行，北海道银行（2行合算）

2行合算：经常收益比上一期增加39亿日元为1,619亿日元，本期纯利益比上一期减少6亿日元为218亿日元。

北陆银行：经常收益比上一期增加25亿日元为889亿日元，本期纯利益比上一期减少11亿日元为131亿日元。

北海道银行：经常收益比上一期增加14亿日元为729亿日元，本期纯利益比上一期增加5亿日元为87亿日元。

（单位：亿日元）

	北陆银行		2020年度
	2021年度	变动	
经常收益	889	25	864
主营业务毛利润	684	17	667
经费(临时处理部分除外)	417	-22	439
主营业务净利润	267	39	228
扣除投资信托解约损益后	255	40	215
信贷相关成本	85	1	84
经常利润	209	3	205
本期净利润	131	-11	142
资本充足率	9.31%	0.17%	9.14%
ROE	3.47%	-0.39%	3.86%

（单位：亿日元）

北海道银行		
2021年度	变动	2020年度
729	14	715
564	23	540
371	-13	384
192	36	156
192	31	161
49	3	46
95	-19	115
87	5	81
8.94%	0.06%	8.88%
4.80%	0.12%	4.68%



Hokuhoku Financial Group, Inc.

