



Hokuhoku Financial Group, Inc.

Hokuhoku Financial Group, Inc.

Integrated Report 2023

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Toyama Prefecture: Kurobe Dam

Editorial policy

The Hokuhoku Financial Group recently published its Integrated Report 2023. In editing this report, the company refers to guides such as the International Integrated Reporting Framework put forward by the International Integrated Reporting Council and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.

This integrated report is the disclosure document prepared based on Article 21 and Article 52-29 of the Banking Act. This integrated report contains statements concerning future results, but these statements do not guarantee future results and may differ from actual results due to changes in the management environment and other factors. Please see the Integrated Report 2023 Financial Data for detailed financial data and other information.

Management philosophy

Hokuhoku Financial Group will continue to deliver comprehensive financial services with its extensive regional network to contribute to mutual prosperity with customers and the region.

Prospering together with the region

We execute our social mission to prosper mutually with customers and local community.

Fair and steady management

We aim at fair and steady management to respond to social confidence.

Progressive and innovative services

We pursue creativity and innovation in a vital workplace to provide attractive services.

Long-term vision

Sustainable growth together with local communities and customers through problem solving

Region and customers

Towards an attractive region

- ✓ Development of the regional economy and industry
- ✓ Comfortable, prosperous living
- ✓ Sustainable society



Hokuhoku Financial Group, Inc.

Towards an attractive company

- ✓ Becoming a chosen and loved presence
- ✓ Success of attractive and diverse human resources
- ✓ Improvement of shareholder value and corporate value

Hokkaido: Shinkushiro River



Logo mark

The gold gradation that extends vertically expresses the growth and profitability of the company, and the lines that draw a gentle arc express our network as a regional bank covering a wide area. In addition, the calm blue square gives an image of the unshakeable stability of our organization and placing the vertical line and curved line within that square expresses the "h" that is the initial letter of Hokuhoku.



The founding of The Hokuriku Bank, Ltd.

The Hokuriku Bank 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.

August 1877 Kanazawa 12th National Bank founded

February 1879 Toyama 123rd National Bank founded

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



The founding of The Hokkaido Bank, Ltd.

The 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.

March 1951 Hokkaido Bank established

April 1961 Launched foreign exchange operations

May 1962 Listed on the Sapporo Stock Exchange

September 1987 Listed on the first section of the Tokyo Stock Exchange

The history of Hokuhoku Financial Group

Hokuhoku Financial Group placed its foundations in Hokuriku and Hokkaido and has long contributed to the prosperity of the region and customers as a regional financial organization.

We will continue to create shared value by growing and developing together with the region from now on.

■ Loans (balance) ■ Deposits (balance) including certificates of deposit
(Unit: billion yen)

May 2011

Launch of the MEJAR system shared by 3 banks

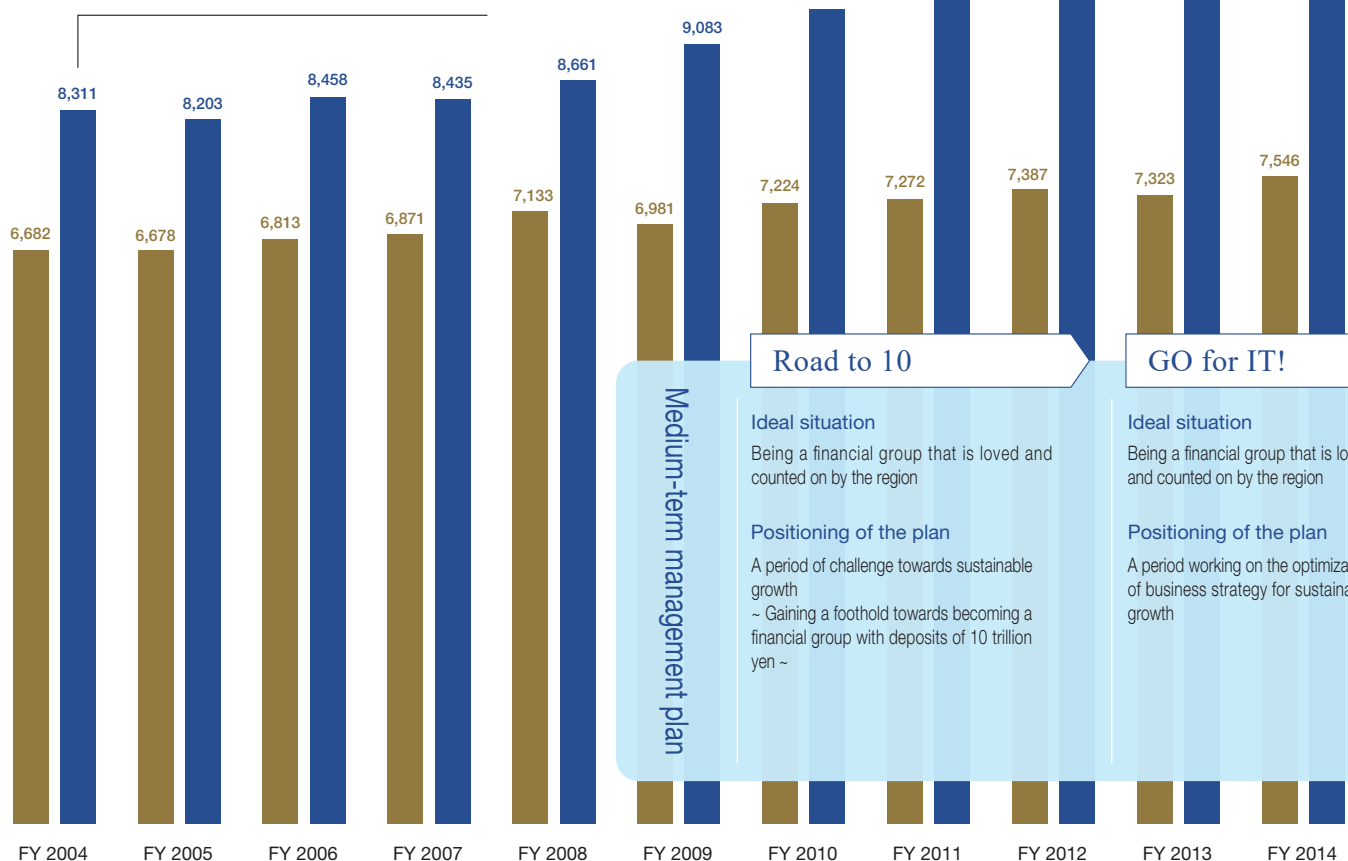
The Hokuriku Bank and The Hokkaido Bank started shared use of a core system with The Bank of Yokohama

April 2016

Establishment of Hokuhoku TT Securities

September 2004

The birth of Hokuhoku Financial Group





Hokuhoku Financial Group, Inc.

The Hokuriku Bank, Ltd., and The Hokkaido Bank, Ltd., integrated their management and the Hokuhoku Financial Group centered on the two banks was born aimed at the streamlining of management using management resources more efficiently, the strengthening of sales capabilities using a wide network, and the stabilization of management foundations in September 2004, when the environment for financial institutions continued to be difficult.



June 2020

Selected as a support institution under the FY 2020 ESG Regional Finance Promotion Program implemented by the Ministry of the Environment

February 2021

Formulation of the Hokuhoku Financial Group Environment Policy
Approval of the TCFD recommendations

March 2021

70th anniversary of the establishment of The Hokkaido Bank

April 2019

Announcement of the Hokuhoku Financial Group SDGs
Declaration and formulation of the Key CSR Activity Themes

July 2021

Formulation of the Policy on Investment and Loan in Special Business, etc.
Raising of the CO₂ Emissions Reduction Target

November 2021

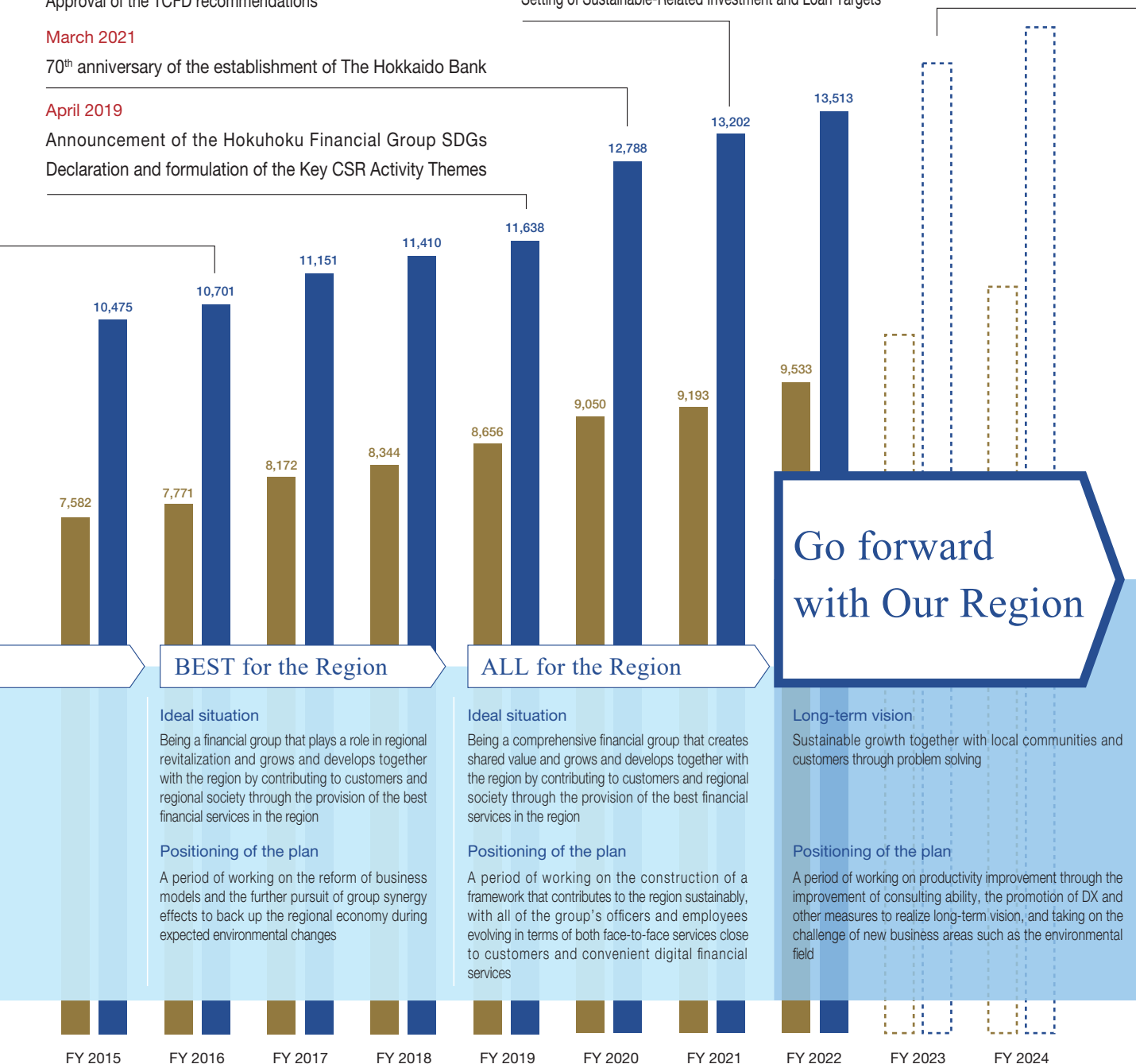
New establishment of the Sustainability Promotion Committee
Setting of Sustainable-Related Investment and Loan Targets

April 2023

New establishment of SX Promotion Department

June 2023

New establishment of Personnel Strategy Department and DX Promotion Department



Our strengths

We use the strengths we have cultivated to contribute to the regions and



Financial capital

Fifth biggest regional bank

We have secured a big share of both deposits and loans by walking and growing together with our customers for many years in the three prefectures of the Hokuriku region and Hokkaido.

The company is a financial group with assets that make it the fifth biggest regional bank, and being able to provide transactions and diverse financial services that allow customers to feel secure by having not only market share, but also a large asset base, is also a strength of the company group.

Balance of deposits, etc.

13,513.7 billion yen

Balance of loans, etc.

9,533.4 billion yen

Manufacturing capital

Financial infrastructure that uses a wide area network of branches, including overseas, and digital functions

We are a super-regional financial group without parallel among regional banks that has an extensive network also including offices overseas.

Using this extensive network, we are able to provide information to customers and support the expansion of sales channels. In addition, we have established systems that allow us to do business wherever customers are by introducing tablet, TV conferencing systems and the like.

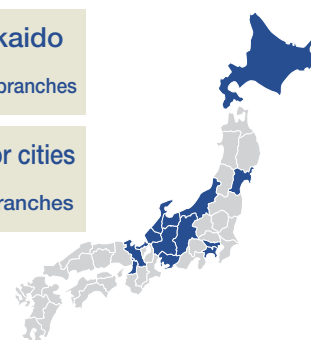
3 Hokuriku prefectures
151 branches

Other areas
6 branches

Overseas
8 bases

Hokkaido
161 branches

3 major cities
14 branches



Human capital

Strong and diverse human resources

Based on our management philosophy and long-term vision, we carry out activities prioritizing contributions to the value creation of the region and customers dynamically and in detail, while using our strengths deployed over a wide area under the banner of our human resources initiative policy “the development of people who connect with the region and customers and are the driving force of value creation.” We will strive for the development of human resources who can accompany the sustainable growth of the region and customers by establishing an environment in which diverse human resources can gather and work autonomously to enhance their value while feeling satisfaction in their work.

Total training hours

3,535 hours

(FY 2022)

realize the sustainable growth of the company group.



Intellectual capital

Top-class know-how among regional banks

In addition to the establishment of a training menu to provide high quality consulting, we have a group company network including securities, cards, lease, software and a think-tank that allows us to provide know-how and wide-ranging solutions centered on M&A and business succession that are top-class among regional banks. We are aiming for both the revitalization of the regional economy and the growth of the company by using these to the maximum.

Employees who have acquired consulting-related qualifications

315 people

Consulting support for M&A and business succession

548 cases

* People who have acquired 1st grade FP, CFP and small and medium enterprise consultant qualifications

Social capital

High regional share and wide-area network

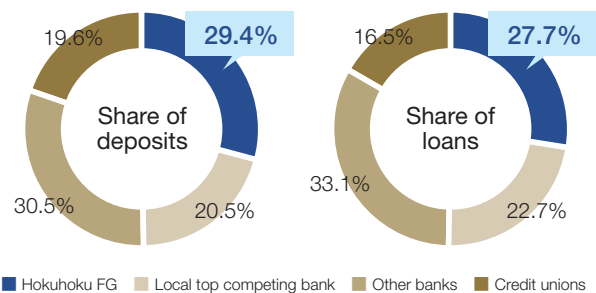
We have established business foundations with customers supported by history, with The Hokuriku Bank founded in 1877 and The Hokkaido Bank established in 1951, and boast a high share in the Hokuriku region and Hokkaido, which are prime areas. In addition, we have built strong relationships by cooperating with local governments and other organizations.

Cooperation with local governments

49

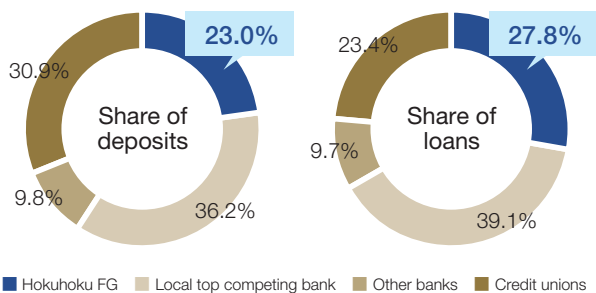
3 Hokuriku prefectures (Toyama, Ishikawa and Fukui)

No.1 share for both deposits and loans



Hokkaido

No.2 share for both deposits and loans



Regional potential

The company group engages in business across a wide area centered



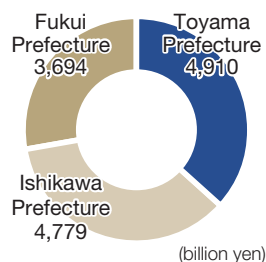
Rich tourism resources

Tourism resources including the majestic nature and hot springs of the Hokuriku region and Hokkaido are very popular not only among domestic tourists, but also foreign tourists, and both are equipped with excellent conditions as tourism areas. The Hokuriku region is awaiting the completion of the extension of the Hokuriku Shinkansen to Tsuruga, and the activation of round-trips with the Tokyo metropolitan area, including more tourists, is expected.

The foremost industrial zones by the Japan Sea

The three prefectures of Hokuriku exude a roughly equivalent presence while taking advantage of their respective characteristics. Everything from local traditional industries to developed industries have become the foundations that have created many companies with the top share in their fields.

Total production in the 3 Hokuriku prefectures (nominal, FY 2019)
Total 13,384.1 billion yen



Source: Ministry of Internal Affairs and Communications "Prefectural Accounts"

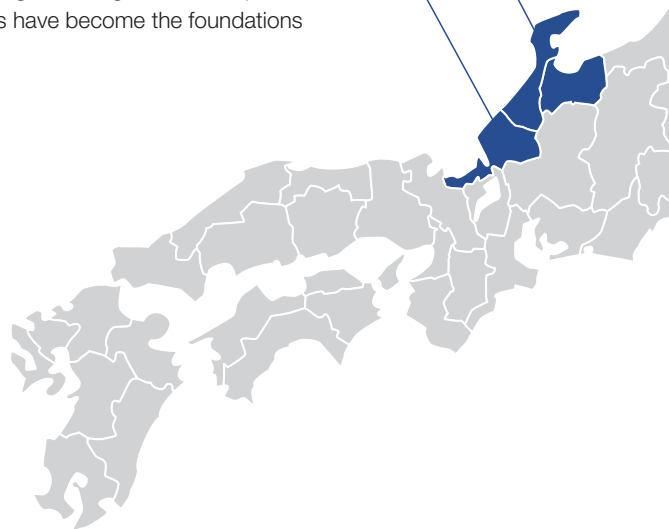
Items with top nationwide share by amount of manufactured products shipped

(Unit: %)

Item	Nationwide share
Aluminum sash for residential construction	Toyama Prefecture No.1
Office and retail store equipment	Ishikawa Prefecture No.1
Spectacle frames	Fukui Prefecture No.1
Polyester long fiber fabric	Fukui Prefecture No.1

⋮

Source: Ministry of Internal Affairs and Communications "2021 Economic Census"



The initiatives of the company group to strengthen regional potential further

Participation in Team Sapporo-Hokkaido

Team Sapporo-Hokkaido was established as a consortium made up of industry, academia, government and finance in June 2023, and the HokuHoku Financial Group also participates as a founding member. This consortium is advancing initiatives that will contribute to the promotion of the GX (green transformation) of Hokkaido and Sapporo City making maximum use of Hokkaido's renewable energy potential, the best in Japan.

The HokuHoku Financial Group serves as the head of the Fund and Finance Working Group on this consortium. In addition to considering funding and finance schemes in accordance with the growth stage of involved companies, we will advance cooperation among consortium members as a member of the secretariat.

We will accumulate know-how on these advanced initiatives in Hokkaido and contribute to the promotion of GX in the three Hokuriku prefectures, not just Hokkaido, by using the company group's wide-area branch network.

on the three Hokuriku prefectures and Hokkaido. We will use the potential of each region to grow together with them.

The Hokkaido food brand

Diverse foodstuffs are produced against the backdrop of meteorological and geographical conditions unique to Hokkaido.



Agricultural production (billion yen)

①	Hokkaido	1,310
②	Kagoshima	499
③	Ibaraki	426
④	Miyazaki	347
⑤	Kumamoto	347

Source: Ministry of Agriculture, Forestry and Fisheries "2021 Statistics on Agricultural Income"

Marine fisheries and aquaculture production (billion yen)

①	Hokkaido	256
②	Nagasaki	93
③	Ehime	84
④	Kagoshima	65
⑤	Miyagi	65

Source: Ministry of Agriculture, Forestry and Fisheries "Fisheries Output"

Plentiful renewable energy potential

Hokkaido is endowed with plentiful and diverse energy resources including sunlight, wind, biomass, geothermal energy and coal, and has the best potential nationwide for the use of new energy especially.

In May 2023, five marine areas were designated "promising areas" based on the Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities, and concrete consideration aimed at the development of offshore wind farms has advanced.

The attraction of the semiconductor industry and data centers has progressed towards the use of this potential, and development into an area of agglomeration of advanced industry is expected.



Overview of Team Sapporo-Hokkaido

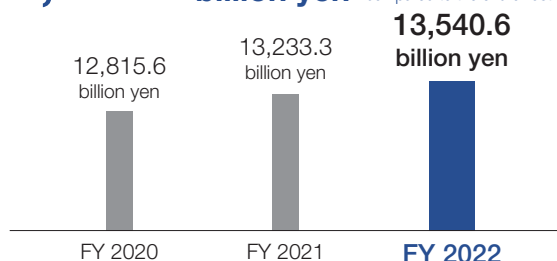
Team Sapporo-Hokkaido was established with Hokkaido and Sapporo City as its joint representatives to attract to Hokkaido and Sapporo investment from around the world in response to the public and private GX investment said to exceed as much as 150 trillion yen over the next ten years. In addition to government agencies, megabanks and regional banks, 21 organizations including Hokkaido industries will advance initiatives together. Specifically, Team Sapporo-Hokkaido is working on initiatives such as the gathering and sharing of information on GX finance and other matters, the promotion of supply of renewable energy, funding and financing in accordance with the level of growth of business, consideration of regulatory relaxation, etc., that will accelerate environmental investment, the development of environmental finance human resources active in Japan and overseas, the transmission of information effective at attracting global investment, and the acquisition of international knowledge.



Financial highlights

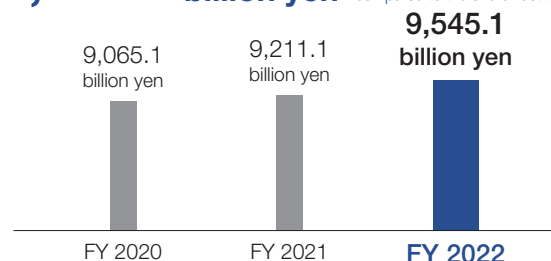
Deposits (Including negotiable certificates of deposit) (two banks combined)

13,540.6 billion yen (Increase of 307.3 billion yen compared to the end of last term)



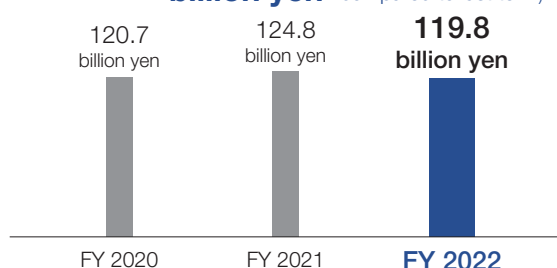
Balance of loans at term-end (two banks combined)

9,545.1 billion yen (Increase of 333.9 billion yen compared to the end of last term)



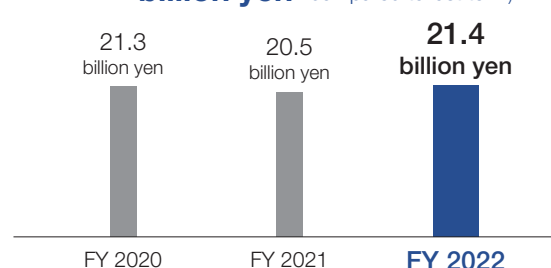
Core gross business profit (two banks combined)

119.8 billion yen (Decrease of 4.9 billion compared to last term)



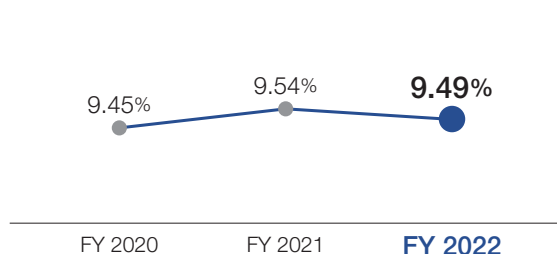
Net income attributable to owners of the parent (consolidated)

21.4 billion yen (Increase of 900 million yen compared to last term)



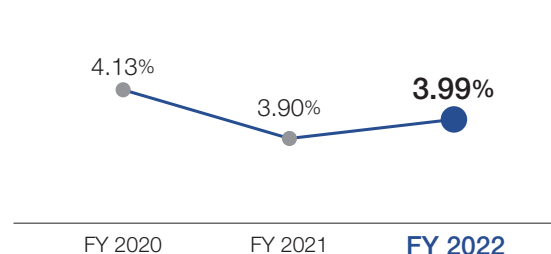
Capital adequacy ratio (consolidated)

9.49% (Decrease of 0.05 points compared to the end of last term)



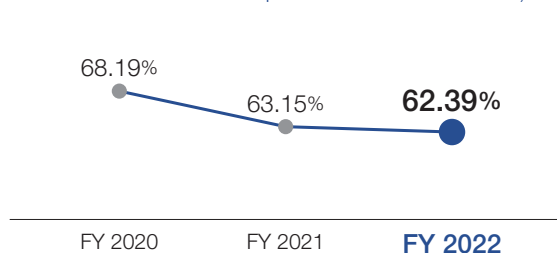
Return on equity (ROE) (two banks combined)
Net income basis

3.99% (Increase of 0.09 points compared to last term)



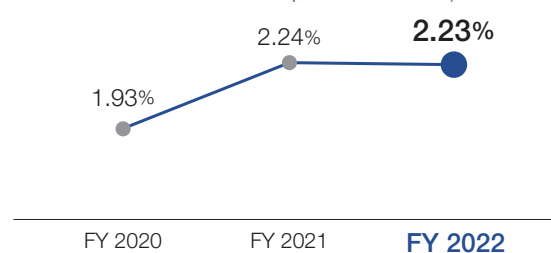
OHR (two banks combined)
Core gross business profit basis

62.39% (Decrease of 0.76 points compared to the end of last term)



Disclosed claims ratio under the Act on Emergency Measures for the Revitalization of the Financial Functions (two banks combined)

2.23% (Decrease of 0.01 points compared to last term)



Non-financial highlights

Sustainability-related investment (cumulative)



289.3 billion yen

* Investment and loan in business partners working towards the achievement of the SDGs, and investment and loan in medicine, health, education, fisheries, agriculture, business establishment, business succession, resilience and the environment

CO₂ emissions (Scope 1, 2)



▲45.2%

* Compared to FY 2013

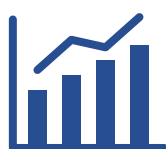
Number of cases of realized Hokuhoku cooperation



1,901

* Initiatives that contribute to the resolution of customer's problems through the cooperation of the two banks (co-financing, business matching, etc.)

Accumulation-type product contracts



127,586

Female manager ratio



18.8%





Number of qualified employees



1,541 people

* Total of people with 1st grade FP, CFP and IT passport qualifications

Rating information

Rating company	Rating	Acquired company
		 Hokuhoku Financial Group, Inc.
R&I (Rating and Investment Information, Inc.)	A	 THE HOKURIKU BANK
		 HOKKAIDO BANK
S&P	A-	 THE HOKURIKU BANK

A “rating” is a device with which a rating company, a third-party organization with no relationship of interest, expresses a company's creditworthiness and ability to meet obligations using a concise symbol.

The company, The Hokuriku Bank and The Hokkaido Bank have each acquired an “A” rating from R&I, meaning we have been evaluated as having high creditworthiness. Further, The Hokuriku Bank has also acquired an “A-” rating from S&P.

External evaluations



**We practice sustainability
management to increase
corporate value**

Hiroshi Nakazawa,
President



Hokuu Financial Group will aim for the next stage based on “one-team” power and new challenges

The year 1986, when I joined The Hokuriku Bank, was right in the middle of the era when asset price increases and economic expansion continued, later to be known as the bubble economy. Subsequently, when the bubble economy collapsed in the first half of the 1990s and the era of stable growth came to an end, the values of assets including stocks and real estate turned and fell sharply, and every financial institution suffered over the processing of bad debt.

While the stabilization of the management foundations of financial institutions was called for to fill in the “blank decade” following the collapse of the bubble, the Hokuu Financial Group was launched in 2004, ahead of such moves by other banks. The colleague banks of distant regions, headquartered in Toyama and Sapporo, integrated their management under the Hokuu

Financial Group, a financial holding company, and worked on the strengthening of their management foundations by using each other's management resources effectively and mutually.

At the same time, the banks worked on sales activities cooperatively under the two brands, “The Hokuriku Bank” and “The Hokkaido Bank,” and advanced the further strengthening of their business foundations in the prime areas of Hokuriku and Hokkaido.

At the time, this kind of initiative involving our management integration attracted the attention of society as the first case in Japan.

We received the support of our regions in sales activities rallying the power of the two banks, which had competed until then, and the scale of our deposits and loans expanded steadily. In addition, we also realized

integration synergies in forms visible to the eye, such as the integration of our accounting system foundations and improvements in capital quality.

Reflecting on the period from the establishment of the Hokugin Financial Group, the predecessor of the Hokuhoku Financial Group, to now, it was never a straight and easy road, including the external environment, but we overcame everything because the two banks improved through friendly rivalry and grew together. From now on too, I would like us to pursue further synergistic effects by strengthening our union as “one team.”

Japan today is facing structural changes such as the declining population and the progression of aging, and I feel that their impacts have also become apparent in our prime areas too. In addition, there is a global trend towards decarbonization and heightened awareness of biodiversity and circular economies, while the handling of ESG issues is also required in economic activities, including respect for human rights as well as diversity and inclusion.

Moreover, the current handling of COVID-19 infections, which lasted over about three years, has dropped a level, and the long-term trend has reached a turning point with stagnant economies starting to move. From deflation to inflation, from low interest rates to global interest rate increases, from globalization to de-globalization.

Until now, we have been able to find the answers in the past, but we are now in an age of unpredictability. On the one hand, there is also risk related to the timing of when change occurs, but we are also able to grasp opportunities. We know that we should take on challenges boldly so that we respond to changes in the external environment resiliently, are free from prior

constraints, and do not miss out on new opportunities.

I think that the areas that will be the key to new challenges are DX (digital transformation), SX (sustainability transformation) and consulting, which has been our strength for some time, and we are advancing initiatives aimed at securing and developing the human resources that will support them. It is not easy to evolve or reform a business model, but I would like to strengthen the systems that support officers and employees so that they can acquire the required skills tailored to the changes of the age.

We will support the development of regional economies and industries and contribute to the realization of sustainable regional societies by further improving our functions in DX, SX and consulting to respond to a changing society. I think that through these initiatives, we will realize the sustainable growth of the company group and the improvement of corporate value by becoming a presence that is required by the regions and by being selected as a place to work by attractive and diverse human resources.

Throughout the 147-year history of The Hokuriku Bank, and the 73-year history of The Hokkaido Bank, we have worked on the expansion of our business areas, including the change from banking business into a general financial group, and have practiced sustainable management linked to our management philosophy of prospering together with the region and fair and steady management. And, I am convinced that the one-team strength we have cultivated as the Hokuhoku Financial Group will continue to live from now on as the motive force towards future change and further growth.

Reflections on fiscal year 2022

Our long-term vision, “Sustainable growth together with local communities and customers through problem solving,” which was newly established last year, was formulated after repeated debate starting from what it is that stakeholders are demanding of us. This suggests developing together with our regions and customers, whose presence we value above all as a regional financial institution, by contributing to the resolution of their problems. This incorporates the idea of “co-prosperity,”

namely also becoming an attractive company through involvement in creating attractive regions.

Under our medium-term management plan “Go forward with Our Region” (hereinafter referred to as “management plan”), we have positioned the three-year plan period as “a period to work on the improvement of our consulting abilities and the improvement of productivity based on the promotion of DX, etc., and to take on the challenge of new business areas such as the environment,”

and have established and been working on key strategies.

In fiscal year 2022, the first year of the management plan, concerns over inflation arose for the first time in about 40 years due to confusion over resources and supply chains triggered by the Russia-Ukraine conflict, and interest rates in Europe and America soared. As a result, we were exposed to a difficult management environment, including earnings deteriorating significantly in foreign bond management. However, even in such circumstances,

we worked on the strengthening of services income through the provision of consulting services and the reduction of expenses through the revision of business processes using DX, and were able to record net income above that of last year.

In addition, with each and every officer and employee firmly aware of their own roles within the organization, we were also able to achieve almost all of the major KPIs raised in the management plan.

Further improvement in the level of our consulting abilities—initiatives for SX and DX—

We have evaluated based on the details of the settlement of accounts and the state of achievement of the KPIs that a certain level of results has been produced in what we have worked on intensively.

In SX, especially in the environmental field, we worked on our own decarbonization and support for that by customers, and in support for decarbonization by customers, saw significant increases, including the execution of sustainability-related investment and loans of about 180 billion yen in one year, and 1,762 cases of use of SDGs and environment-related services, an increase of seven times compared to last year. This feels like evidence that the company group is recognized as the leading company in the region in the environmental field. We have brought forward the achievement of carbon neutrality, which was set for fiscal year 2050 to fiscal year 2030 to further accelerate these initiatives towards the environment. From now on, I would like to contribute to the decarbonization of the region by accelerating our initiatives for the region and customers.

In the DX field, we started sales of SaaS-type ERP package for corporations and sole proprietorships, and started on new areas, including the provision of services useful for customers to acquire new profit opportunities and solve problems. In fiscal year 2023, we will advance the streamlining of the internal administration of the bank, and use data linkage platforms to upgrade the functions of apps provided to customers and improve customer convenience. I would like to build a framework that allows us to expand and strengthen points of contact with customers, such as consulting face-to-face at sales branches and bank transactions through apps, and provide high-level services in accordance with customer needs.

We established an SX Promotion Department and a DX Promotion Department to incorporate SX and DX into sales strategies and growth strategies than ever before. We will aim to raise our level further by rebuilding our framework.

We will maximize the value of human resources through human capital management.

In order to handle what I have raised so far, we will need to invest management resources boldly in promising business areas, and continuous human development will be essential to that end.

We have also raised the key strategy in the management plan of advancing the realization of “progressive and innovative services,” part of our management philosophy that connects to the resolution of the issues of the region

and customers by increasing each and every officer and employee’s engagement in their work and commitment to the organization while feeling well-being, and putting into practice spontaneous and creative behavior.

The sources of our competitiveness as a financial institution are our officers and employees, and based on the understanding that people are our most important management resource, we need to secure and develop

specialist human resources matched to management growth strategies, aim for improvements in our organizational culture so that people can be livelier and more active than before, and sublimate this into organizational power with a sense of speed.

In realizing the above, I think that we will need to dig even deeper into the arrangement of human issues, and recently, we newly established a Personnel Strategy Department to resolve human-related issues in cooperation with the Personnel Department of both banks.

We arranged human capital issues from the three perspectives of securing the required human resources, developing the required human resources, and organizational culture, and established the “Continuous

creation of self-directed professionals that embody management strategies,” “Empowering diverse human resources for innovation (DE&I)” and “Creating an environment that encourages challenge and growth and maximizes ability,” the three pillars to realize our policy on human capital management initiatives “human resource development that joins the region and customers, and is the motive force for value creation.”

I think that the creation of an environment within which each and every officer and employee can work autonomously with satisfaction and pride is precisely what will lead to the virtuous cycle of improvement of the company’s corporate value and the sustainable growth of regional society.

From the creation of new value to the improvement of corporate value

Strong movement has been apparent in the company’s share price recently, partly because of initiative’s aimed at the enhancement of shareholder returns, but at the 0.2 times level, our PBR is low within the regional bank sector and the TSE Prime market as a whole. We are aware of this PBR situation as a management issue and I would like the whole of Hokuuoku Financial Group to make improvements together. I think that working firmly on both our growth strategy and capital strategy and disclosing that situation positively will be the points in doing that.

The company boasts the fifth largest assets among listed regional financial groups, but as shown by ROE, its profitability is inferior and that is reflected in its share price evaluation. The growth strategy aimed at the improvement of earning power is more important than anything and we will focus on the strengthening of our main business and initiatives aimed at new fields. Specifically, I would like to improve the profitability of the company’s business while satisfying customers by providing services matched to customers’ needs and issues through various consulting over matters such as funding, asset formation support, business matching and M&A. In addition, we will also further strengthen solutions, which continue to develop into a pillar of the company group’s business, including support for customer DX and support for environmental measures through the establishment of dedicated organizations and dedicated human resources.

Furthermore, we will work on new business domains such as project finance related to renewable energy and social infrastructure, and participation in projects that support regional digitization and decarbonization. And, we will accelerate investments in human capital centered on HR Strategy Department towards securing and developing the human resources required for those kinds of initiatives.

Under our capital policy, we will emphasize the improvement of capital efficiency and continue the reduction of cross-shareholdings. In addition, we will work positively on shareholder returns while balancing with the retained earnings that are the resources for growth. In addition to dividends, I think that the flexible acquisition of treasury stock is also an option that leads to the optimization of the scale of ordinary and preferred stock.

And, I would like to establish the image of a secure financial group by disclosing firmly our way of thinking with regard to these initiatives, as well as their targets and state of progress, and focusing on engagement with stakeholders.

The company group has the trust of customers, trading foundations, and wide-area branch and information networks supported by a long history, and I think that these are the biggest assets of the company group. We will aim for the continuous improvement of corporate value by making maximum use of these assets. Please continue to provide us with your support and patronage.



We will realize our long-term vision by promoting sustainability management

Deputy President
Officer in charge of SX Promotion Department

Yuji Kanema

Sustainability in corporate management

Global interest in the resolution of environmental and social issues has changed greatly in the past few years. There is virtually nobody among the customers of our regional financial institution either who does not know the words “SDGs” and “carbon neutral.”

We often hear now about individuals who prefer goods and services with an ESG perspective or who select companies from an ESG perspective when looking for work, as seen in words like “ethical consumption” or “ethical employment.” That sort of trend is also becoming apparent little by little in the investment products handled at the company group. In addition, students who emphasize those kinds of points are also increasing in number in recruitment activities.

At companies too, needs arising from the desire to use “sustainability finance” products and demand arising from the desire to work on carbon neutrality have increased. Seeing this kind of situation before my very eyes, it feels strongly like this field will expand as a business market for our financial institution too.

As a recent trend, the number of companies that are changing from the idea of “feeling forced,” or of

“having to work” on sustainability to the “positive” idea of “how do we connect this field to our business” has increased.

The world has switched from the idea of CSR (corporate social responsibility) to the idea of CSV (creating shared value), as resolving such social issues will connect to big business opportunities and, as a result, contribute to the improvement of corporate value. I understand that because of this, how quickly a company can build a sustainability management framework in its original sense has become an important mission of corporate management.

Further, I think strongly that only our regional financial institution is able to support the sustainability management of our regional business partners. Regional financial institutions have been engaged on a daily basis with business partners and local governments over many years. In addition, I take pride in the fact that we have grasped more of the issues unique to the region than others as well. I think that the strengthening of sustainability support is the most important work of a regional financial institution.

The new establishment of SX (sustainability transformation) Promotion Department

Since expressing the Hokuohoku Financial Group SDGs Declaration in April 2019, the company group has emphasized the perspective of sustainability in corporate management.

Because of the nature of our original business as a regional financial institution, and the fact that the spirit of contributing “for the region” and “for business partners” is “for us” has taken root, if anything, rather than saying we have started to think like this newly, it may be better to say that we have articulated what we already do.

Subsequently, triggered by the company group’s Hokuohoku Bank and Hokkaido Bank being selected as supporting financial institutions for the Fiscal Year 2020 ESG Regional Finance Promotion Program implemented by the Ministry of the Environment in June 2020, we gained momentum, accelerating initiatives for the environment in particular. Awareness of the environment was not that strong previously, but through these initiatives, how

important giving consideration to the environment was to continuity came to be discussed even at meetings of the Management Committee. Right in the middle of that, Japan’s Carbon Neutral Declaration was announced and the world changed at an increasing tempo.

Partly because of such circumstances, we newly established the Sustainability Promotion Group, the predecessor of the current SX Promotion Department, and the Sustainability Promotion Committee at management level in November 2021, which further activated discussion of sustainability management within the company.

In association with the launch of SX Promotion Department in April 2023, thinking that it was important for management to lead this field and make it take root in the culture of the company group, I became the officer in charge of the department and we are promoting initiatives firmly throughout the group as a whole.

Hokuohoku Financial Group’s sustainability promotion framework

November 2021	<ul style="list-style-type: none">• Newly established Sustainability Promotion Committee• Newly established Sustainability Promotion Group in Corporate Planning Department• Launched the cross-organizational Sustainability Promotion Team
April 2023	<ul style="list-style-type: none">• Newly established SX Promotion Department and increased its dedicated members
July 2023	<ul style="list-style-type: none">• Newly established GX Promotion Group (planning and promotion of climate change countermeasures by the company, business partners and regions) and Next-Generation Industry Support Group (establishment of a support framework for the semiconductor and other next-generation industries) within SX Promotion Department

Carbon Neutrality by 2030

The company group is working from four perspectives to promote sustainability. These are “the promotion of initiatives at the company,” “the strengthening of support for business partners,” “the promotion of regional initiatives,” and “the strengthening of information disclosure.” I think that we will be able to accelerate each initiative further by interlocking these perspectives at all times. First of all, I would like to advance “the promotion of initiatives at the company.” That is because nobody will come with us if we do not do this ourselves.

We are advancing at all times under the motto

“start with us before we talk to people.” Because of that, we are also trying as many varied means as possible with regard to GX (green transformation) too, such as purchasing renewable energy based on the offsite PPA (power purchase agreement) method, purchasing non-fossil certificates, ZEB branches, and the introduction of EVs and hydrogen-powered vehicles, and advancing the provision to business partners of the services considered to be the most effective. In addition, we are starting from Scope 1 and 2, but we have also raised the target of being carbon neutral by fiscal year 2030.

We will also resolve the issues of our business partners

As discussed at the start, the responses of our business partners have changed greatly over the past year in particular. Companies want to pursue sustainability for the reasons that “such demand from customers has increased” or “information disclosure is required as a listed company,” but there has been an increase in the number of companies with the mindset that “we want to make it a weapon of the company as we will be working on it from now on.”

Listed companies and big regional companies have many needs right now, even among small and medium-sized enterprises, the number of companies showing interest in carbon neutrality and sustainability has increased beyond what we thought.

In particular, what troubles almost all small and medium-sized enterprises are things like soaring prices and human resource problems. There is no doubt that these are also ESG issues. What to prioritize in addressing such issues has become important.

At the company group, I think it is important that we support business partners from the stage of identifying the order of priority in their issues.

Hokuhoku Three Targets (SDGs fixed target type product) is a financial product that I have been working on since the first half of fiscal year 2022. It is a financial product unique to the company group that sets the formulation of an SDGs declaration, support for the SDGs and fixed targets, and identifies and shares the priority issues of customers through dialogue.

In addition, Hokuhoku Sustainable Finance “positive impact finance” (so-called PIF), which started in March 2023, is a loan product that supports the identification of the order of priority of customers’ issues and the determination of target values for how far to aim through finance.

By strengthening this support along with solutions to resolve issues, we will aim to create a virtuous cycle whereby our customers’ business continues and develops, and transactions with the company group are also activated.

Service	Results (FY 2022) (Hokuriku Bank and Hokkaido Bank combined)
Support for the formulation of SDGs declarations	Cases of service provision 218 cases
SDGs fixed target type product: Hokuhoku Three Targets	Amount of finance 38.8 billion yen

Contributions to the decarbonization of Hokuriku and Hokkaido

Moves towards carbon neutrality have also become active among local governments.

I think that the founding of the Team Sapporo-Hokkaido consortium made up of industry, academia, government and finance, and which the Hokuhoku Financial Group also participates in, is a big move in particular. This consortium was established with Hokkaido and Sapporo aiming for GX-related information, human resources and funding from around the world to accumulate there and for the area to develop as an Asian and global financial center by promoting GX using Hokkaido’s untapped potential for renewable energy, etc. The consortium will advance various initiatives to call public and private GX investment, which it is said will

exceed 150 trillion yen nationwide over the next ten years, and investment from around the world responding to that, to Hokkaido and Sapporo.

Naturally, I would also like the company group to play a role at the core of this consortium and lead the decarbonization of the region.

Hokuriku is also a region with plentiful water resources and has high potential for renewable energy in association with that.

I believe that rolling out the good examples that we carry out in advance in Hokkaido in the Hokuriku region as well shows the true value of the company group, which has a wide-area branch network, and is an important mission.

The important point in our business with local



governments is how to advance not merely decarbonization, but “decarbonization x regional creation,” and both Hokuriku and Hokkaido have better potential than other areas.

I take it squarely that the responsibility of the company group is extremely large with regard to whether we can utilize this potential, and I would like us to create a vigorous region by fulfilling our duties with all our power.

The aims of support for next-generation industries

Hokkaido, the foundation of the company group, is rich in renewable energy resources including offshore wind power, and massive investment from around the world can be expected from now on. In addition, Rapidus, a semiconductor manufacturer, has decided to establish a base at Chitose and the opportunity for the expansion of manufacturing has arisen in Hokkaido, where there has never been an abundance of manufacturing industry. In terms of tourism too, COVID-19 has dropped off a level and signs of a recovery in inbound tourists have become

apparent.

In Hokuriku too, the Hokuriku Shinkansen line will extend to Tsuruga by the end of fiscal year 2023. When that happens, Hokuriku will attract attention in terms of both industry and tourism.

In order to ride such tailwinds firmly, I would like the company group to further improve its knowledge of next-generation technology and increase the value of the company group by providing useful information that connects to the future to our business partners.

Towards realization of our long-term vision

The company group, whose medium-term management plan “Go forward with Our Region” started last fiscal year, has raised the long-term vision of “Sustainable growth together with local communities and customers through problem solving.”

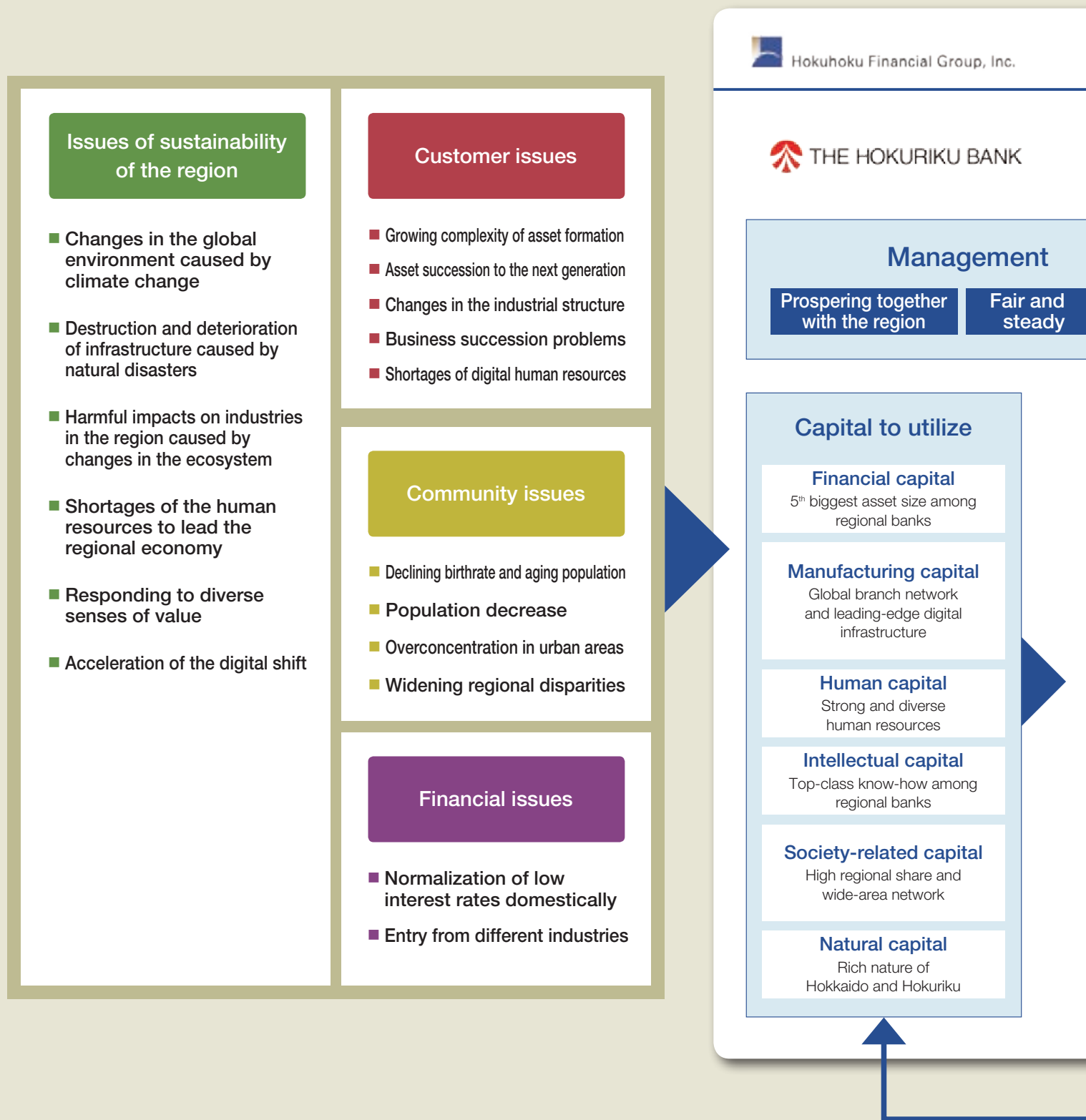
When I consider how we should realize that long-term vision, I think, as might be expected, that promoting sustainability will be essential for us as a regional financial institution.

As I have said to this point, within the sustainability field, the company group will firstly advance initiatives focused on the two areas of GX and next-generation industries in particular, based on global trends and our role as a regional financial institution.

With SX Promotion Department, myself included, at the center, we will advance the promotion of sustainability promptly and with certainty at our own company, business partners and in the region, and aim for the realization of our long-term vision.

Hokuhoku Financial Group's process for value creation

We will create common value through the provision of services corresponding to



Sustainability and
Stable financial base rooted in the region, solid

the issues of customers and the community



philosophy

Steady
management

Progressive &
innovative services

Medium-term management plan

[Go forward with Our Region]



Practice of ESG regional finance

- Announcement of the Hokuohoku Financial Group SDGs Declaration
- Establishment of the Hokuohoku Financial Group Environmental Policy
- Endorsement of the TCFD recommendations

Value provided to each stakeholder

Shareholders

- Medium to long-term improvement of corporate value
- Enhancement of shareholder returns
- Highly transparent information disclosure (enhancement of dialogue)
- Practice of sustainability management

Community

- Contributions to the activation of regional economy and industry
- Support for efforts to achieve the SDGs in the region
- Leading of industry-academia-government collaboration

Customers

- Provision of highly convenient services
- Customer-oriented proposals in accordance with life-stage
- Contributions to sustainable business growth
- Support for smooth business succession

Employees

- Choice of the optimum work style
- A rewarding work environment
- Improvement of employment conditions
- Skill improvement and career formation

Long-term vision

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

Local communities and customers

To be an attractive region

- Regional economic and industrial development
- Comfortable and prosperous living
- Sustainable society

The Hokuohoku financial Group

To be an attractive company group

- A presence that is chosen and loved
- Success of attractive and diverse human resources
- Improvement of shareholder and corporate value

Targets for 2030 toward the realization of a sustainable region

Sustainability-related loans^{*1}

1.5 trillion yen

Environment-related loans^{*1}

700 billion yen

CO₂ emissions^{*2}

Carbon neutrality^{*2}

^{*1}: Cumulative loan execution amount for ten years from FY 2021 to FY 2030

^{*2}: Scope 1 and 2 at the domestic places of business of all group companies

Realization of a sustainably developing community and our sustainable growth

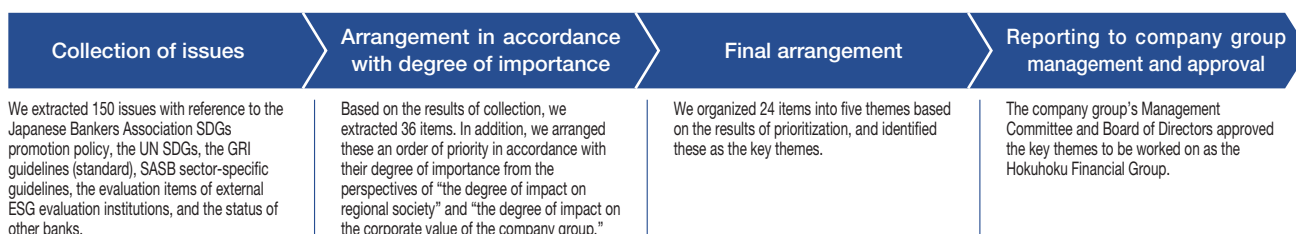
governance

governance structure and a strong management system

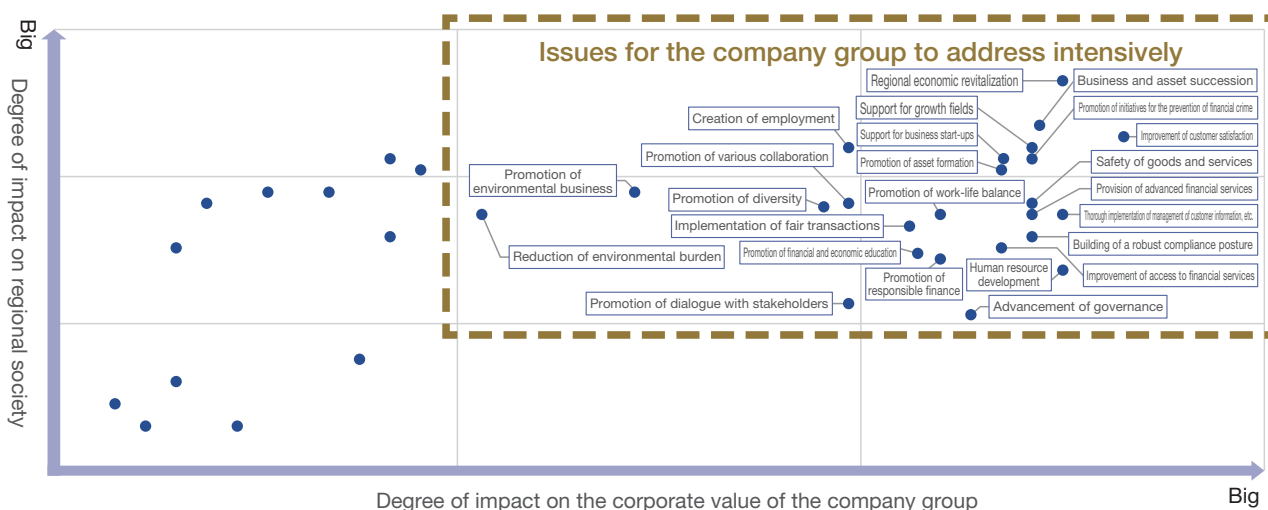
Key sustainability management activity themes

Hokuhoku Financial Group works positively on activities corresponding to issues based on ESG (Environment, Social, Governance) required for the sustainable growth of the company and the SDGs (sustainable development goals) advocated by the United Nations, and established Key CSR Activity Themes on April 1, 2019 to aim for the sustainable development of the company group, regional economy and regional society.

Key theme identification process












Prioritization in accordance with degree of importance



Final arrangement

Management philosophy	Key issue	Key theme
Prospering together with the region	Regional economic revitalization	Realization of sustainable regional society
	Promotion of responsible finance	
	Promotion of environmental business	
	Support for growth fields	
	Support for business start-ups	
	Creation of employment	
	Promotion of various collaboration	
	Reduction of environmental burden	
	Promotion of financial and economic education	
	Promotion of asset formation	
Fair & steady management	Business and asset succession	Improvement of regional financial literacy
	Advancement of governance	
	Building of a robust compliance posture	
	Promotion of initiatives for the prevention of financial crime	
	Implementation of fair transactions	
	Thorough implementation of management of customer information, etc.	
Progressive & innovative services	Promotion of dialogue with stakeholders	Building of healthy and strong management foundations
	Provision of advanced financial services	
	Improvement of access to financial services	
	Safety of goods and services	
	Improvement of customer satisfaction	
	Promotion of diversity	
	Promotion of work-life balance	Improvement of convenience for all customers
	Human resource development	
		Creation of workplaces that leads to productivity improvements

Hokuhoku Financial Group's key activity themes

Management philosophy	Key themes	
Prospering together with the region	Realization of sustainable community E S G	
	<p>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</p> 	<p>Improvement of comprehensive consulting capabilities P29</p> <p>GX strategy (initiatives for the environmental area) P35</p>
	<p>Strive to reduce environmental burden, including promoting the use of renewable energy and reducing greenhouse gas emissions</p>  	<p>GX strategy (initiatives in the environmental field) P35</p>
	Improving financial literacy in the region S	
	<p>Work to improve the financial literacy of customers and children through financial and economic education and financial consulting, and support asset formation and smooth business and asset succession for the future</p> 	<p>Improvement of comprehensive consulting capabilities P29</p>
Fair and steady management	Building a sound and resilient management foundation G	
	<p>Enhance transparency by promoting dialogue with stakeholders, build a stronger management base by enhancing governance, thoroughly managing various risks, and further strengthening compliance</p> 	<p>Communication with stakeholders P65</p> <p>Strengthening of group governance P67</p>
Progressive and innovative services	Improving convenience for all customers S	
	<p>Strive to further improve convenience by providing advanced financial products and services that all customers can easily access and use with peace of mind</p>  	<p>Promotion of DX P45</p>
	Ensuring good work environment leading to better productivity S	
	<p>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</p>  	<p>Human capital management initiatives P49</p>

Message from the officer in charge of finance (concerning



The company group is working on the improvement of profitability based on its growth strategy and the improvement of capital efficiency based on its capital strategy towards the improvement of its market evaluation.

Under its growth strategy, the company is striving to secure appropriate profit while working on the supply of capital and consulting connected directly to the resolution of customer issues, and working with priority on improving the profitability of its main business.

In addition, we will also strengthen investment and loan in areas of high expertise such as structured finance, and balance the dispersion of our investment portfolio and raising the level of our earning power.

Shigeru Urasaki, Executive Officer

Analysis of the current situation

The document “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” was released by the Tokyo Stock Exchange and I think that the company’s PBR is at a low level at 0.2 times, which is an issue for the company.

The Board of Directors of the company analyzed the current situation and identified the issues and considered the direction of its response in light of the characteristics of the banking industry.

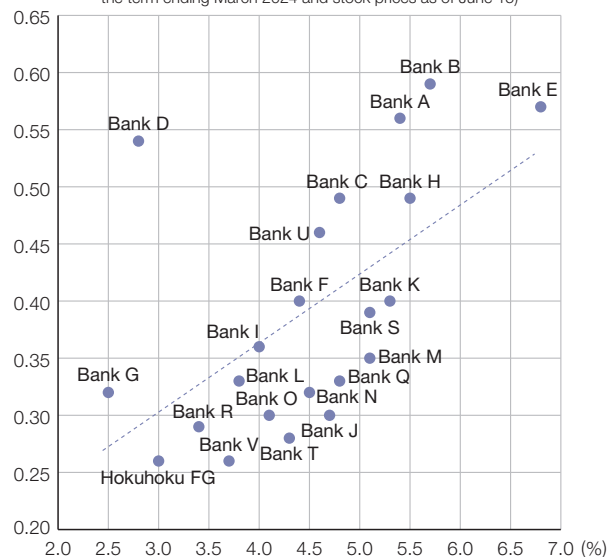
The company’s cost of capital is higher than the average for first tier regional banks and its return on equity is ranked lowly. As a result, the cost of capital exceeds the return on equity and this is evaluated as the main cause of a PBR below one and an unfavorable PBR comparison with other banks.

In addition, with regard to the market evaluation pertaining to corporate value, although the company boasts considerable size with the fifth largest assets among first tier regional banks, it is ranked sixteenth by market capitalization. Other indicators are also all at medium to low levels, with PBR at 0.26 times, PER at 8.7 times, and ROE at 2.95% (RORA is 0.28%). An unfavorable comparison in terms of earning power, profit

	PBR	PER	ROE	RORA	Financial leverage
The company	0.26 times	8.7 times	2.95%	0.28%	10.4 times
Average for first tier regional banks	0.32 times	9.0 times	3.97%	0.47%	9.6 times
Rank	41 st	22 nd	36 th	39 th	18 th

* Trial calculations by the company based on published information

PBR and ROE at 22 regional banks with a market capitalization of 100 billion yen or more
Vertical axis PBR, horizontal axis ROE (using results forecasts for the term ending March 2024 and stock prices as of June 15)

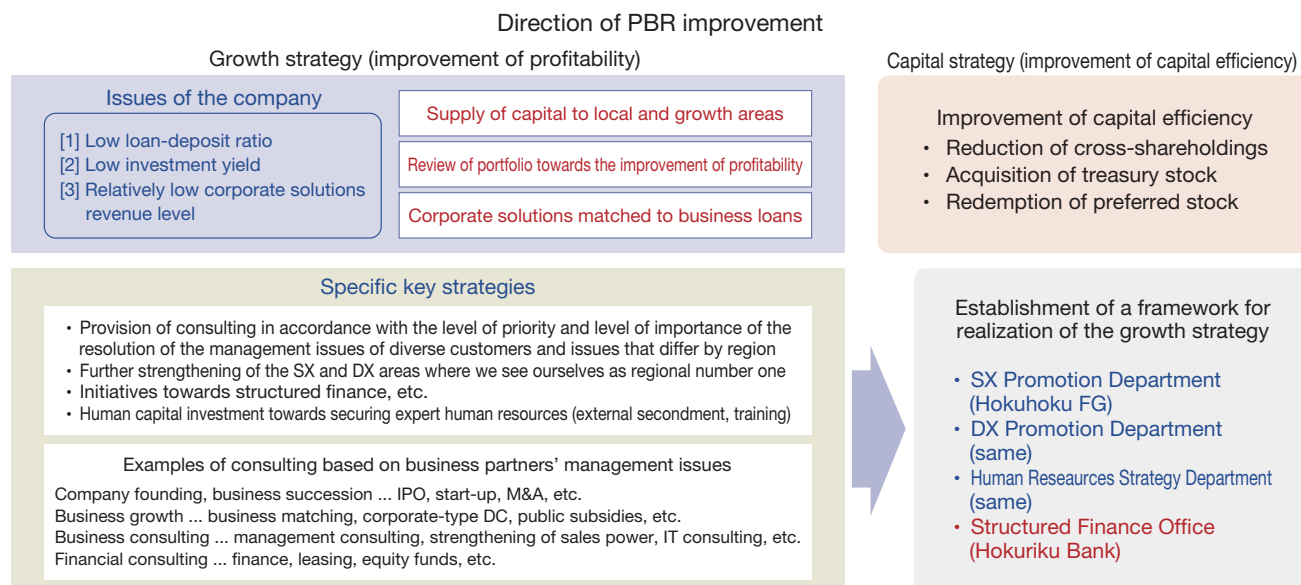


growth expectations, cost of capital and capital efficiency is evaluated as the main cause.

As a result of repeated consideration based on this analysis of the current situation, we arrived at the conclusion that the following will lead to the improvement of the company’s corporate value.

- [1] Improvement of profitability based on the growth strategy (continuous improvement of ROE);
- [2] Improvement of capital efficiency based on the capital strategy; and

initiatives for the improvement of corporate value)



Message from the officer in charge of finance (concerning

have also diversified in association with that.

In addition, the level of priority and level of importance of issues also varies depending on the region. For example, in the Hokuriku region, there are many manufacturers and the level of priority of action for the environment is high, while in the Hokkaido region, shortages of workers and successors unique to Hokkaido due to factors such as wide-area distribution over its expansive land area are urgent issues.

The level of difficulty of customer issues has increased, such as the increased sophistication of environmental measures, administrative DX and stable asset formation in a low interest rate environment. In the sense of contributing to the resolution of those too, I think that there is a lot of room for more consulting initiatives and we will strengthen these.

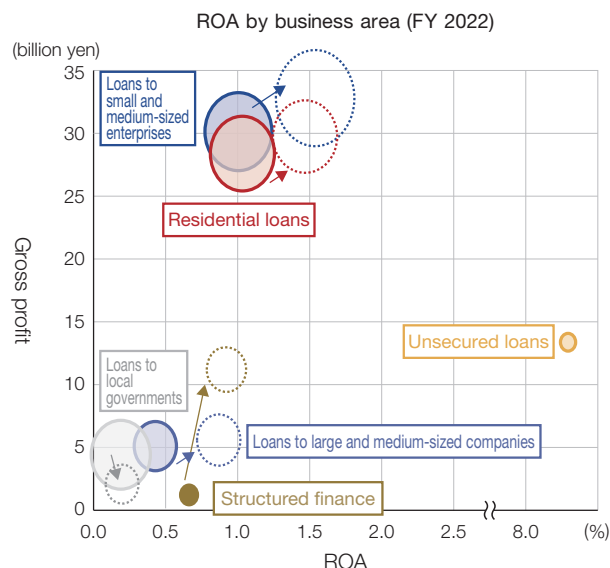
In response to such customer issues, in addition to advancing the conventional consulting areas of the company such as M&A and business succession, we will strengthen the framework for new areas such as SX and DX. Further, we will work on securing expert human resources through measures such as external secondment and the enhancement of training systems. With regard to secondment destinations too, whereas these centered formerly on consulting companies specializing in M&A and business succession, we will expand to the Ministry of the Environment, environment-related companies and DX-related companies. Also, we are steadily advancing measures within our DX strategy, such as a review of the ideal ways of use of digital tools and sales activities to diversify points of contact with customers.

Initiatives for new areas

In addition, we will strengthen the management framework for securities management and marketable lending in areas such as structured finance in a form that goes side-by-side with the strengthening of earning power in our main business.

Structured finance is a comparatively new area for the company and we established a Structured Finance Office under the umbrella of Treasury and Securities Department at Hokuriku Bank, a subsidiary bank, in June 2023 to establish a framework for the strengthening of initiatives. We will establish a promotion framework looking also at research on various marketable lending products and the new establishment of an independent department to develop this into the third profit center after sales branch loans and securities management.

The table above shows the distribution of the loan portfolio at the company group and profitability (ROA) by area. Currently, the balance of structured finance, which is highly profitable, is low, as is ROA. The investment



subjects cover a wide range, including LBO loans, project finance and real estate non-recourse loans, but we will scrutinize their essential risk and bear in mind the balance between the risk assets used and equity capital, and advance consideration to reconcile the distribution of investments by reviewing portfolio and the improvement of profitability while also balancing these activities with loans to the people of the region.

Practice of highly resilient risk management

The global monetary easing environment has changed completely, increases in interest rates in Europe and America have become a reality and a review of Japan's ultra-low interest rate policy has also come into view. As a financial institution, we must make our risk management more robust against interest rate fluctuations.

At the company group, we hold meetings appropriately including management, such as the ALM, Risk Management Committee and Investment Policy Meetings, and consider specifically the impacts on interest income from loans and securities management, the impacts on profit or loss from valuation, the impacts on equity capital, etc., assuming various policy changes such as the modification of the Bank of Japan's yield curve control (YCC) or the lifting of the negative interest rate policy.

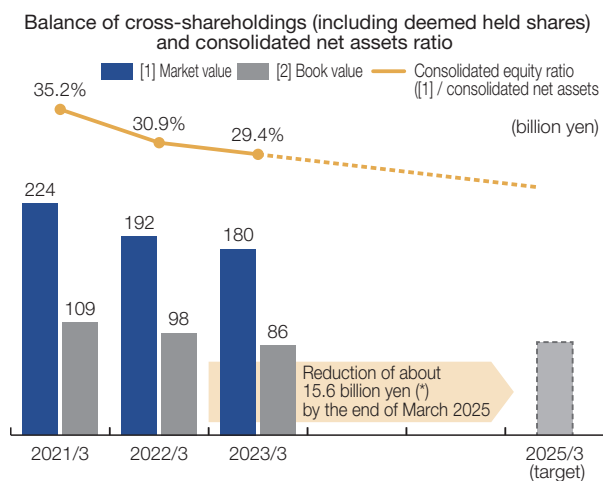
We will also assume increases in interest rates of deposits in association with the abolition of the YCC and the lifting of the negative interest rate policy in the near future, and practice appropriate risk management while assuming further changes in the economy and market.

initiatives for the improvement of corporate value)

Reduction of cross-shareholdings

The reduction of cross-shareholdings can be raised as an option for capital policy aimed at the improvement of capital efficiency. We calculate the risk and return of each shareholding based on an index taking the cost of capital into account. The Board of Directors, etc., then conducts a comprehensive review each year to determine whether or not to hold shares in light of the economic rationale based on prospects, business strategies such as business relationships and business alliances, and the significance of holding the shares in light of their relevance to the local economy.

The table below shows the results and forecasts for cross-shareholdings. Overall, our policy is to reduce cross-shareholdings and we are planning to do this by the amount equivalent to 25% of their book value (about 15.6 billion yen) over the three-year period from fiscal year 2022. In the medium to long-term, we are aiming to reduce cross-shareholdings to less than 20% of consolidated net assets on a market-value basis.

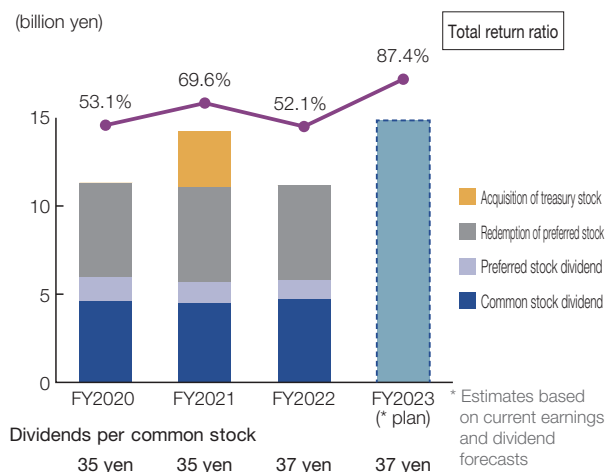


Initiatives for shareholder returns

The strengthening of shareholder returns is important for the improvement of capital efficiency. In addition, we also need to work on the issues in the capital structure of increases in the numbers of preferred stock and common stock associated with past capital reinforcement.

The following table shows the state of implementation of capital policy. We will work flexibly with regard to options such as dividends, the redemption of preferred stock, and the repurchase of common stock, while giving full consideration to trends in the earnings environment and equity capital to enhance shareholder returns and solve the issues of capital structure.

We announced an increase in common stock dividends and share repurchases. (Common stock dividend from 35 yen to 37 yen, acquisition of treasury stock up to 4 billion yen)



* Total return ratio = (dividends + redemption + purchase of treasury stock) / net income attributable to owners of the parent

Strengthening dialogue with shareholders and investors

Part of the management philosophy raised by the company is “prospering together with the region” and activities that contribute to “prospering together with the region” will not grow into businesses that increase profitability right away, as represented by the SX area and other areas that we are strengthening currently.

The improvement of corporate value is an important aim as a listed company, but we will be unable to realize “prospering together with the region” by implementing management that looks only at immediate profitability, too conscious of our PBR, and I do not think that would lead to the sustainable growth of the company group as a result.

Initiatives for the improvement of corporate value are not realized overnight. In particular, I think that strategic and systematic framework building is essential on new initiatives, such as securing expert human resources and accumulating know-how through external collaboration.

I think that the important thing is to share with shareholders and investors what the company group is aiming for and to explain the state of progress through appropriate disclosure and dialogue.

With regard to our PBR, we will aim first of all for 0.5 to 0.6 times, the upper level among first-tier regional banks, during the next medium-term management plan period (fiscal year 2025 to fiscal year 2027), and work after that on the growth strategy and capital strategy explained this time to push it up to the 1.0 times level, and engage in positive disclosure and dialogue.

State of progress of the medium-term management plan

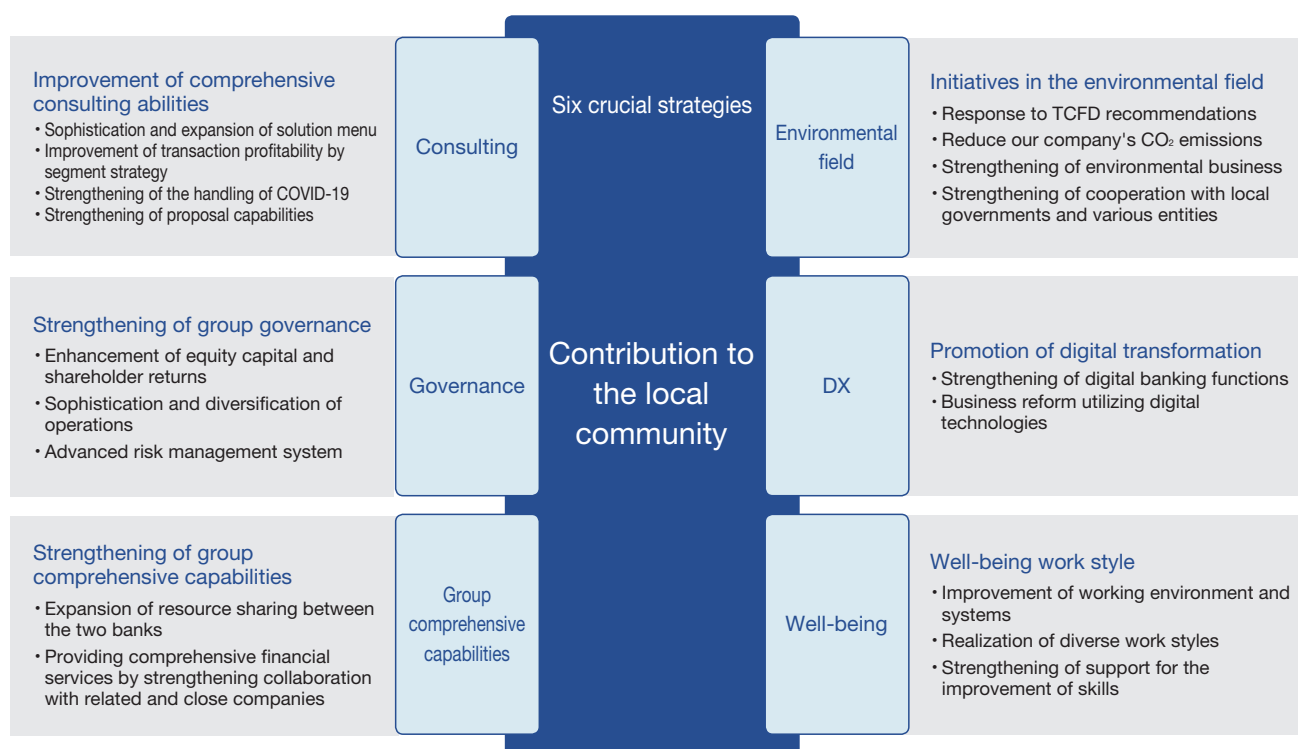
Medium-term management plan (April 2022 to March 2025)

Go forward with Our Region

Positioning

A period to work on the improvement of productivity based on the improvement of our consulting abilities and the promotion of DX, and to take on the challenge of new business areas such as the environmental field towards the realization of our long-term vision.

Crucial strategies



	Consolidated / two banks combined		FY 2022 results		FY 2024 target
				Compared with previous term	
Crucial indices	1	Consolidated net income	21.4 billion yen	+900 million yen	Over 25.0 billion yen
	2	Consolidated capital adequacy ratio	9.49%	-0.05%	Higher 9% range
	3	OHR	62.39%	-0.76%	Lower 60% range
	4	Non-interest revenue ratio (non-interest revenue)	16.14% (19.3 billion yen)	+1.00% (+400 million yen)	16% range (over 20.0 billion yen)
	5	Environment-related investments and loans (cumulative)	147.4 billion yen	+110.3 billion yen	210.0 billion yen

* The figures for OHR, non-interest revenue ratio (non-interest revenue) and environment-related investments and loans are the combined total for the two banks.

Improvement of comprehensive consulting abilities

(billion yen)	FY2022	Compared with previous term	FY2024 target
Balance of assets under custody ^{*1}	535.9	+30	650.0
Corporate solutions earnings	5.0	+4	5.6

(Cases)	FY2022	Compared with previous term	FY2024 target
Number of cases of support for M&A and business succession	355	±0	450
Number of trust and single premium insurance contracts ^{*2}	11,481	+7,977	10,300
Number of funded product contract holders ^{*3}	127,586	+8,291	161,800

*1 Total of investment trust balance of the two banks and TT Securities assets under custody

*2 Number of contracts for trust-related products and single premium insurance

*3 Number of holders of contracts for funded investment trusts and level premium insurance

Initiatives in the environmental field

(t-CO ₂)	FY 2022	Compared with FY 2013	FY 2030 target
CO ₂ emissions*	16,658	△45.2%	△100%

(People)	FY2022	Compared with previous term	FY2024 target
Number of people who have taken financial, economic or SDGs-related educational courses	18,810	+11,488	20,000

(billion yen)	FY2022	Compared with previous term	FY2024 target
Amount of environment-related investment and loans	147.4	+110.3	210.0

(People)	FY2022	Compared with previous term	FY2024 target
Number of users of SDGs and environment-related services (cumulative)	1,762	+1,514	800

* Scope 1, 2 at domestic places of business of all group companies

Strengthening of group comprehensive capabilities

(billion yen)	2023/3	Compared with previous term	2025/3 target
Hokkaido area loan balance	3,306.3	+33.5	3,441.2
Profits of related companies ^{*1}	2.2	△0.5	3.6

(Cases)	FY2022	Compared with previous term	FY2024 target
Number of cases of realization of HokuHoku cooperation ^{*2}	1,901	+1,346	900

*1 Total of current net profit of related companies (excluding credit costs) and TT Securities referral fees

*2 Initiatives that contributed to the resolution of customer issues based on the cooperation of the two banks (co-financing, business matching, etc.)

Promotion of DX

(Holders)	2023/3	Compared with previous term	2025/3 target
Number of holders of IB and app contracts	710,386	+125,053	950,000

(Accounts)	2023/3	Compared with previous term	2025/3 target
Number of web accounts	287,978	+66,779	470,000

Initiatives in human capital management (realization of work styles with well-being)

(%)	FY2022	Compared with previous term	FY2024 target
Female manager ratio	18.75	+1.18%	20%以上

(People)	FY2022	Compared with previous term	FY2024 target
Number of qualified employees*	1,541	+1,093	3,790

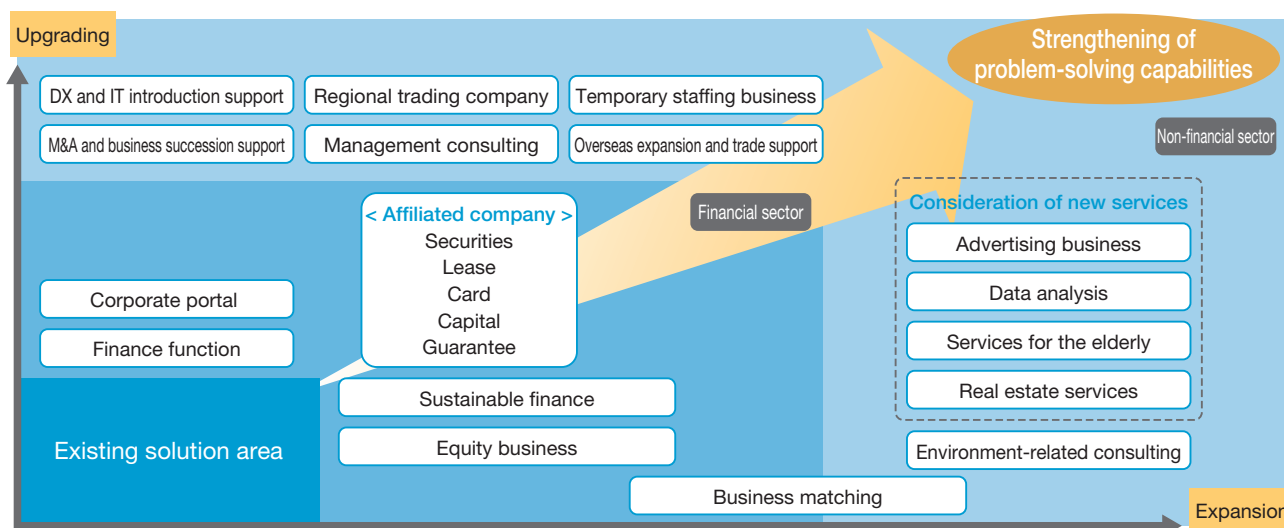
* Total of employees with 1st grade FP or CFP qualifications and employees with IT passports

Improvement of comprehensive consulting ability



We will strengthen our issue resolution abilities by making the consulting business we have worked on for some time more sophisticated and expanding our areas into new business. In addition, we will improve our consulting abilities in a wide range of fields by developing the advanced human resources who will support the above and handling the diversification of points of contact with customers.

Sophistication and expansion of solution menu



Establishment of a framework

Development of professional human resources by external dispatch

People dispatched externally in FY 2022: **16 people**

Establishment of training system

Participants in related training in FY 2022: **1,150 people**

Support for the acquisition of qualifications

People who have acquired related qualifications: **315 people**

Development of advanced human resources

Diversification of points of contact

Use of tools for non-face-to-face meetings

Provision of communication tools equipped with chat and various other functions



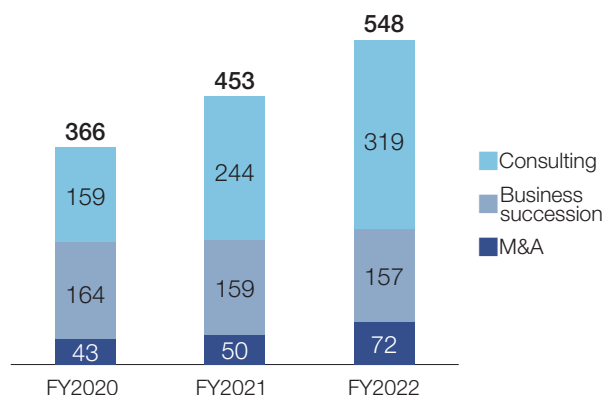
Provision of efficient and high dimension consulting services

Strengthening of corporate consulting

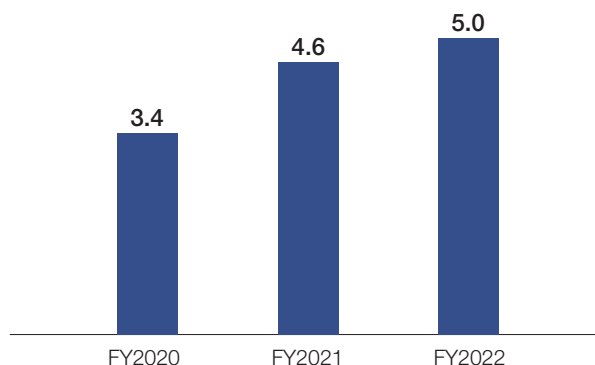
(Evolution of existing solution areas)

The number of cases of support in various consulting and corporate consulting fees are increased strongly as a result of the thorough implementation of proposal activities matched closely to customers. We will work on the greater sophistication of solutions to respond to diversifying needs.

Number of cases of M&A, business succession and consulting deals



Corporate consulting fees (billion yen)



Topics: Expansion of Hokuhoku sustainable finance

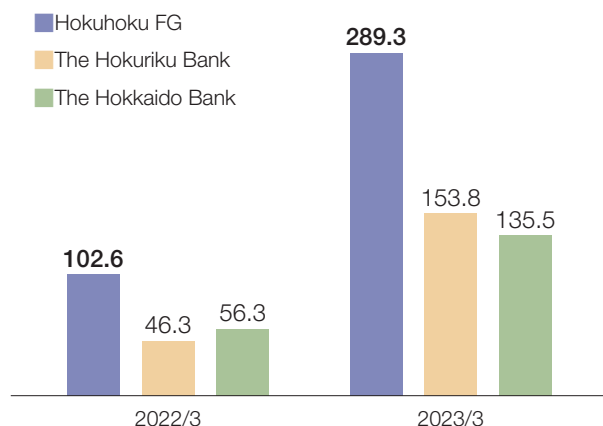
We started handling positive impact finance (Hokuhoku PIF) in March 2023 to respond to diversifying needs for sustainable finance. This product analyses the impacts that corporate activities have on the economy, society and environment comprehensively, and provides finance that continuously supports initiatives aimed at the expansion of identified positive impacts and the mitigation of identified negative impacts.

We will work towards the realization of a sustainable society together with our region's customers through financial support.

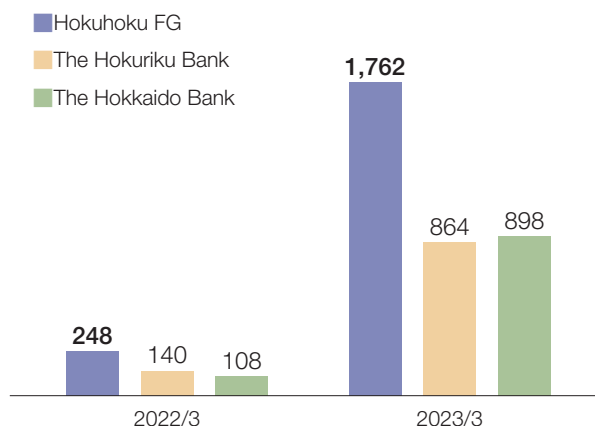
Hokuhoku sustainable finance product line-up

Evaluation document	Target	Hokuhoku sustainable finance
Yes	SPTs	Sustainability Linked Loan (Hokuhoku SLL) <small>Started September 16, 2021</small>
	KPI	Positive impact finance (Hokuhoku PIF) <small>Started March 24, 2023</small>
No	Fixed targets	Hokuhoku Three Targets (Hokuhoku fixed targets) <small>Started April 1, 2022</small>
Use of funds		Working capital Equipment funding

Sustainability-related investment and loans (cumulative) Unit: billion yen



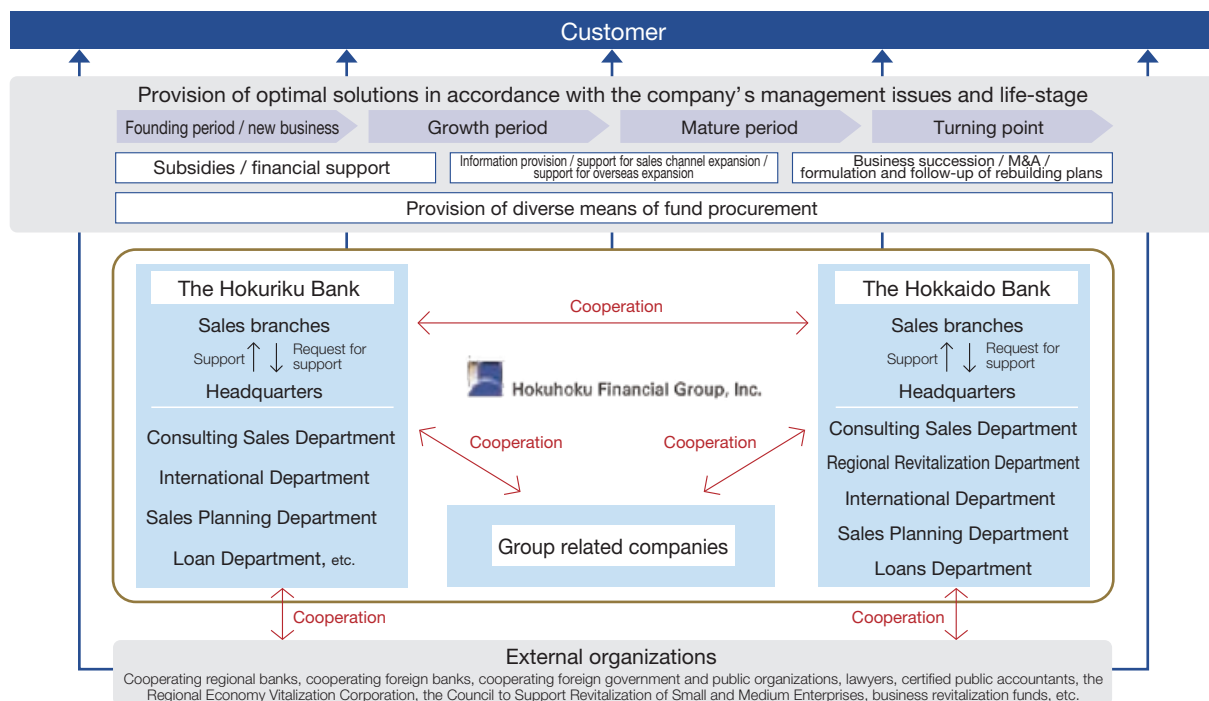
Number of cases of use of SDGs and environment-related services Unit: cases



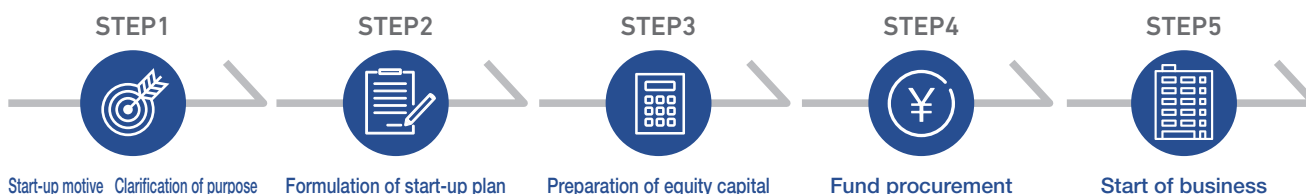
Policy for initiatives related to management support for corporate customers

Hokuhoku Financial Group has been responding to the needs of customers of the region and growing and developing alongside customers under the spirit of “prospering together with the region” as its management philosophy. We will strive to accumulate knowledge and know-how and provide appropriate advice and solution proposals to work together on customers’ management issues. In addition, we will use the group’s network and strive to provide high quality services and smooth financial support as the torchbearer for the region’s finance. We will aim to be a financial group that is familiar to and trusted by the region by contributing to regional invigoration through support for customers’ management.

<< Framework for initiatives >>



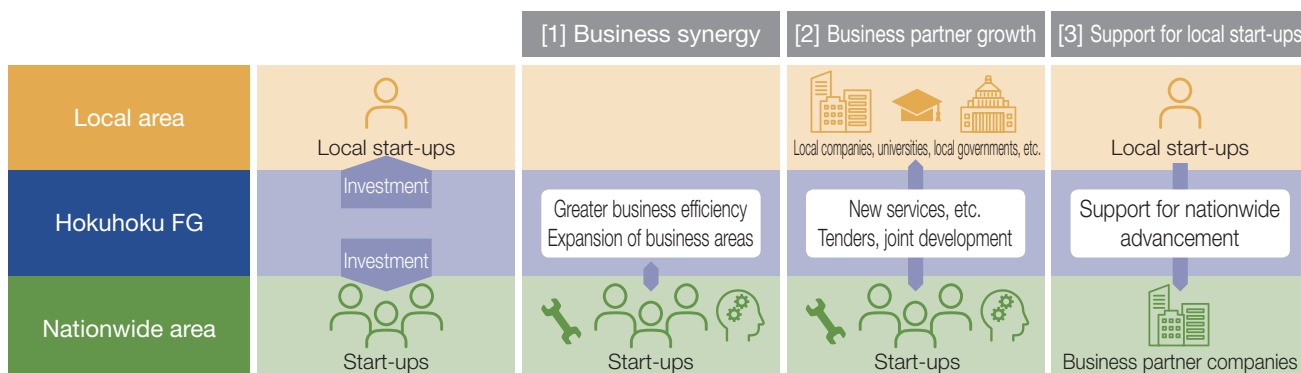
Support for start-ups and new business development



Support for start-ups

The company group invests in the Hokuhoku Innovation Co-Creation No.1 Investment Limited Partnership (The Hokuriku Bank) and the Hokkaido Growth No.1 Investment Limited Partnership (The Hokkaido Bank) and supports start-ups positively.

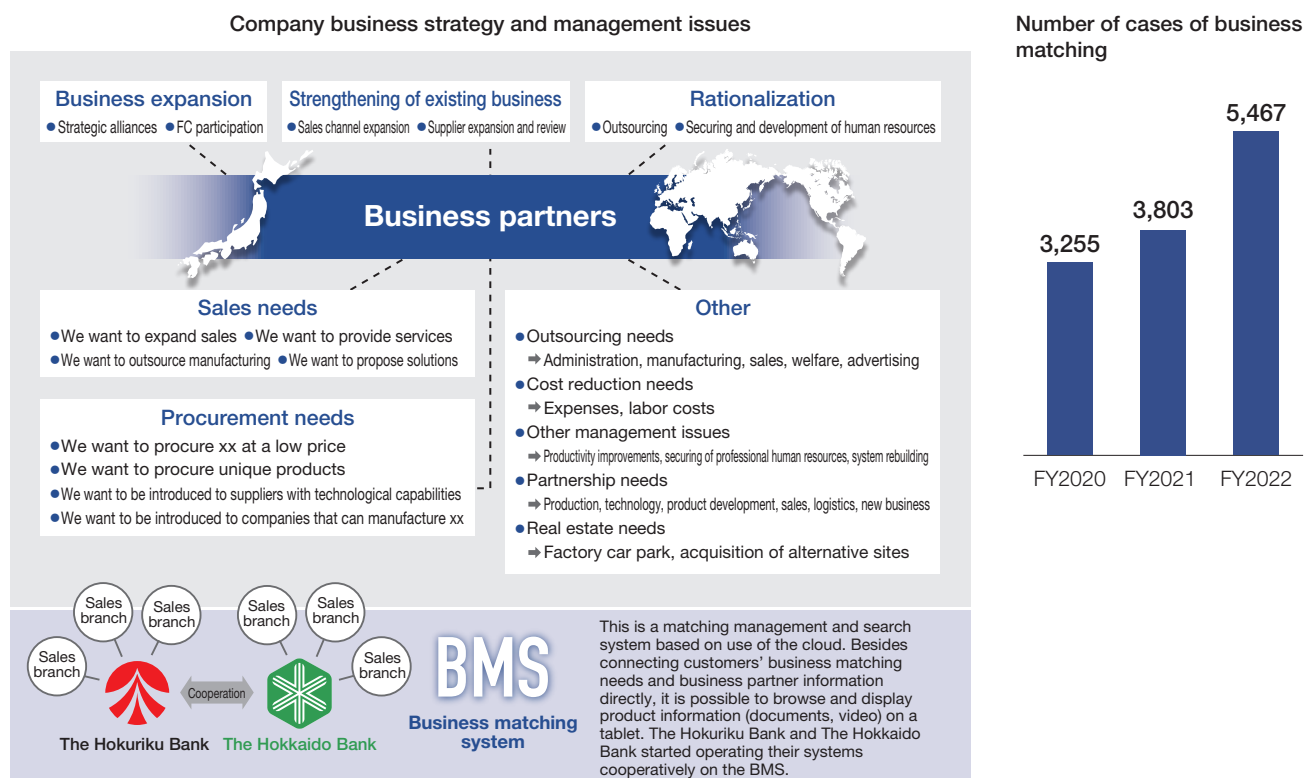
We think that attracting the cutting-edge technology and services of start-up companies nationwide to the company’s sales regions will lead to support for the growth and economic invigoration of our regions and customers.



Support at the growth stage

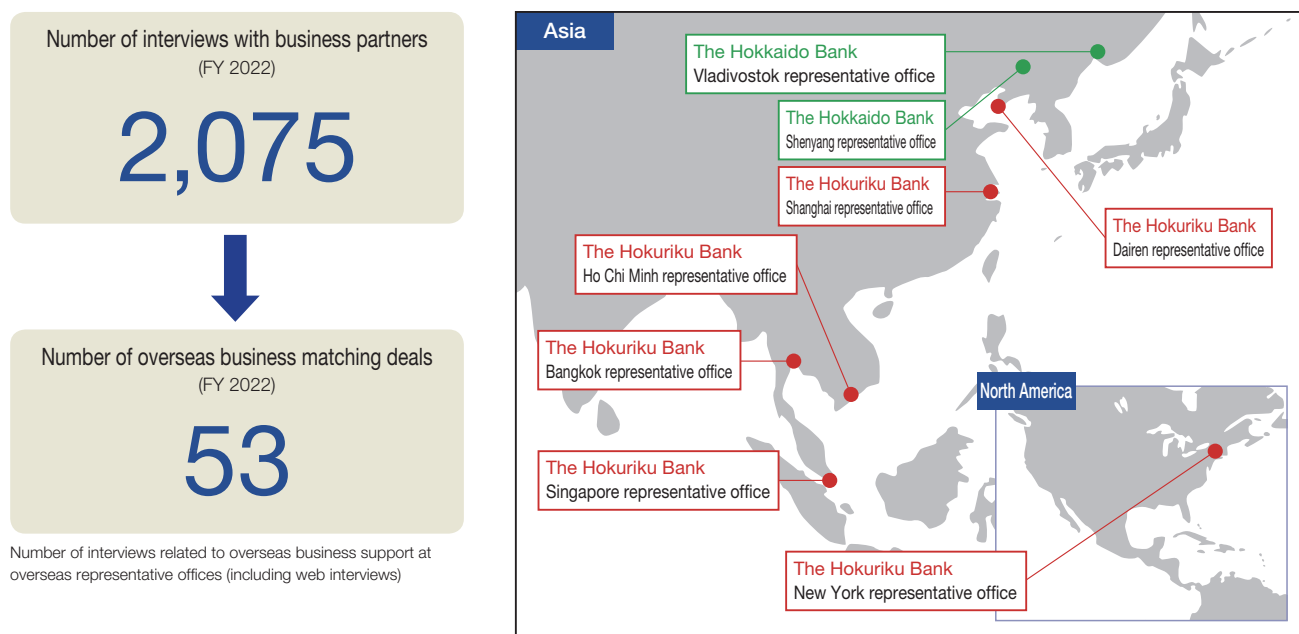
<< Support for business matching using our network >>

We provide support for business matching using our wide-area network to contribute to the expansion of our customers' sales channels and the diversification of procurement. We have also started on the strengthening of our framework for doing this, including communizing the business matching systems of our two banks, and our proposals to customers are growing wider.



<< Support for overseas business >>

We provide information aimed at customers' overseas expansion using our bases overseas. We have built a framework that allows us to respond to customer needs speedily using the web even while business negotiations are restricted under the impact of COVID-19 infections.



Support for management improvement, business transformation, business revitalization, etc.

<< Support for management improvement >>

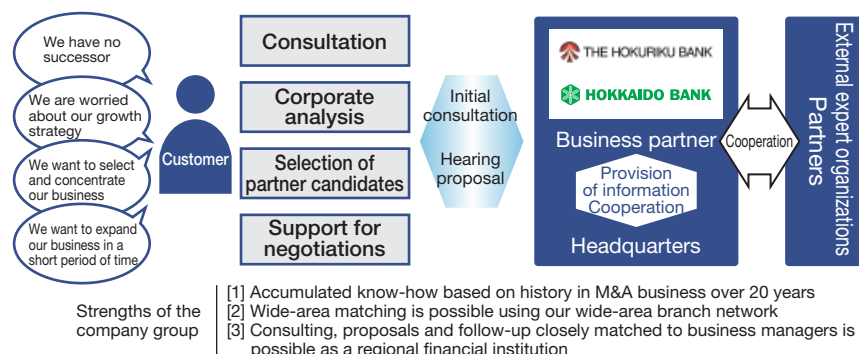
The Hokuriku Bank and The Hokkaido Bank implement detailed support activities based on business evaluations using SWOT analysis, monitoring based on the PDCA cycle, and joint or bank management consulting to clarify management improvement issues and improvement plans.

Results in management improvement support initiatives (FY 2022)	The Hokuriku Bank	The Hokkaido Bank
Business partners requiring key management improvements	419	1,236
Of whom, business partners who have prepared revitalization plans	363	500
Of whom, business partners where business improvements could be confirmed	33	215

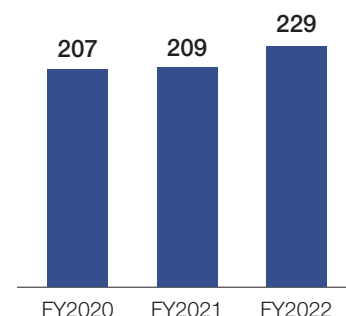
<< Support for business succession and M&A >>

Headquarters departments with expert knowledge of matters like business succession and M&A cooperate with sales branches to make proposals that correspond to customer needs while using external expert organizations and implement support activities for smooth business succession and business expansion.

The company group's M&A support framework



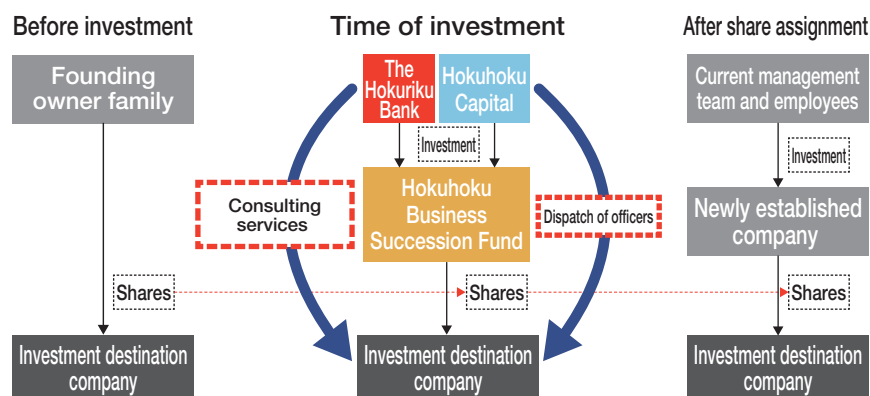
Number of cases of M&A and business succession deals



Topics << Example of share transfer based on the use of a business succession fund >>

We supported the smooth transfer of the shares owned by the founding owner's family to the current management team and employees by having the Hokuohoku Business Succession Fund act as the intermediary.

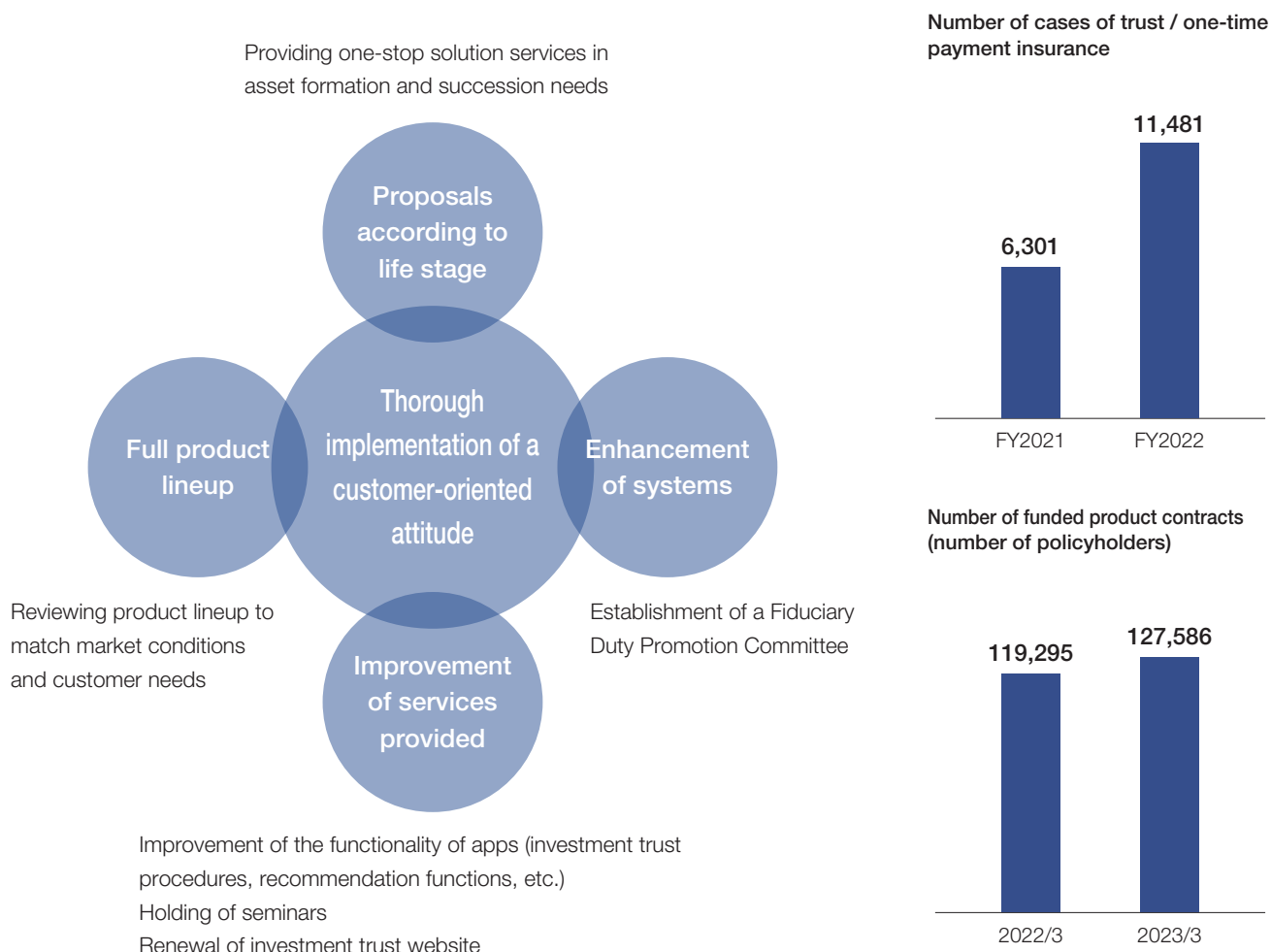
We provide support in both the capital and management aspects, such as support for the transition from former owner-management to organized management, and being involved in the building of a sustainable management framework.



Strengthening of consulting for individuals

<< Delivery of optimal proposals in accordance with customer needs and life stage >>

In anticipation of an age of 100-year life, we provide optimal financial services and products in accordance with customers' life stages and life plans. Moreover, we also continue post-contract follow-up appropriately.



Topics << Initiatives concerning loans >>

The Hokuriku Bank has renewed its unsecured loan products and introduced an “SDGs discount.” With some of the revised products, the bank is lowering its interest rate for loans for EVs and other eco-friendly cars, and loans for the introduction of associated charging equipment and residential solar power systems.

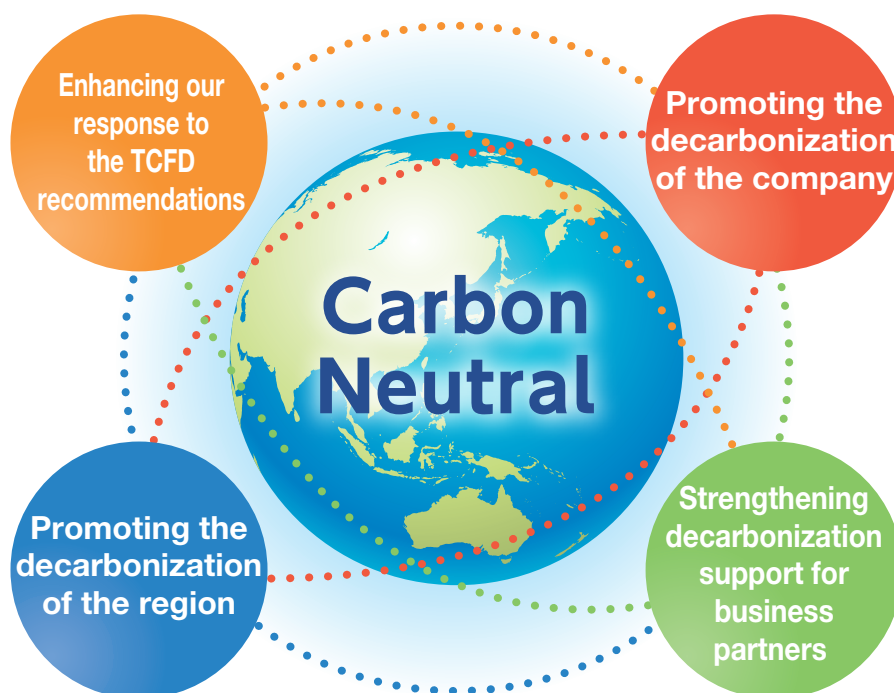
We will continue to strive to provide products and services that can respond to wide-ranging customer needs and will work on activities aimed at the realization of a sustainable society.





| Overall image of the GX strategy |

Hokuhoku Financial Group aims to be an environmentally advanced financial group and will realize decarbonization by working as a group while linking each of our actions in the four areas of promoting the decarbonization of the company, strengthening decarbonization support for business partners, promoting the decarbonization of the region, and enhancing our response to the TCFD recommendations.



1 Promoting the decarbonization of the company

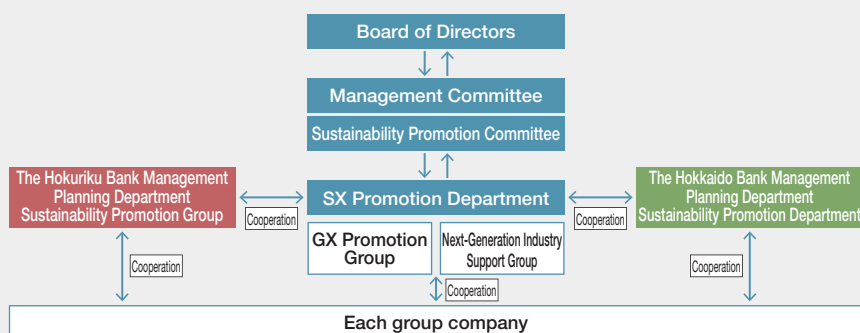
The significance and aims of the company's initiatives

- With the company taking the lead in working on decarbonization, it will spread decarbonization among business partners and to the region, and lead decarbonization.
- It will connect to the strengthening of the brand power of the company.

(1) Strengthening of the promotion framework

■ New establishment of SX Promotion Department

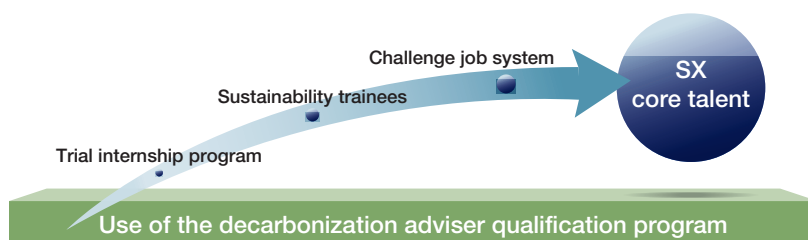
We newly established SX Promotion Department in April 2023 and strengthened the sustainability promotion framework of Hokuohoku Financial Group for the prompt and positive support as a regional financial institution of initiatives aimed at carbon neutrality in the region and customer initiatives for the achievement of the SDGs. In addition, in July 2023, we newly established the GX Promotion Group and Next-Generation Industry Support Group within SX Promotion Department and are expanding the role of SX Promotion Department within the company group.



(2) Development of SX human resources

The company group positions the decarbonization accounting adviser qualification started by the Ministry of the Environment as the base qualification for human resources, and has established an internal hierarchical training system to strengthen the development of SX human resources.

Programs	Description
Trial internship program	Offering opportunities to experience HQ operations for a minimum of one week
Sustainability trainees	Classroom lectures and on-the-job training
Challenge job system	Employees can request to work in SX Promotion Department



(3) Initiatives for the reduction of the company's CO₂ emissions

■ New construction of the company group's first ZEB

The Hokuriku Bank newly established the company group's first ZEB branch in Nonoichi City, Ishikawa Prefecture in April 2023.

In addition to giving the external walls of the building very high heat insulation and introducing highly efficient energy-saving equipment, the bank realized the highest-level ZEB by creating energy with solar power generation. In addition, the bank has introduced electric vehicles to promote the spread of clean energy.



2 Decarbonization support for business partners

The significance and aims of the company's initiatives

- To create a pillar of business for the company group
- To make the maintenance and improvement of business partners' results an opportunity
- To establish a "market-in" sales style

(1) Strengthening of financial support

The company group is advancing the enhancement of various sustainable finance products to promote ESG finance in line with customer needs.

■ Enhancement of the finance products lineup

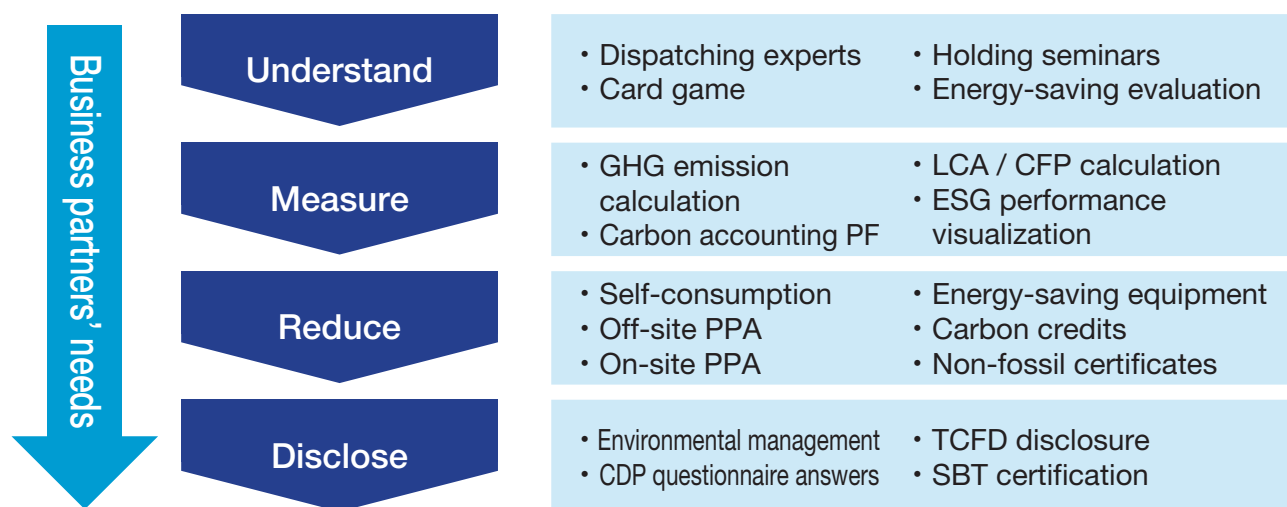
The Hokuriku Bank and The Hokkaido Bank started handling Hokuhoku sustainable "positive impact finance" as a finance product common to both banks in March 2023.

This product conforms with the Principles for Positive Impact Finance developed by the United Nations Environment Programme Finance Initiative (UNEP FI). This product analyzes the impacts that customers' corporate activities have on the environment, society and economy, and promotes finance to provide positive support for initiatives aimed at the expansion of positive impacts and the mitigation of negative impacts.

Conformance with international standards	With report	Sustainability Linked Loan (Hokuhoku SLL-type)	Green loan (Hokuhoku GL-type)
	Without report	Positive Impact Finance (Hokuhoku PIF-type)	
		Hokuhoku Three Targets (Hokuhoku standard goal-type)	
Use of funds		Unrestricted	Restricted

(2) Strengthening of consulting support

The company group is strengthening collaboration with various solution providers and companies that have been invested in to develop solutions that meet the needs of our business partners.



■ Support for ventures in anticipation of business cooperation

The company group's The Hokuriku Bank and Hokuhoku Capital undertook a third-party allocation of new shares in WOTA Corporation using the Hokuhoku Innovation Co-Creation No.1 Investment Limited Partnership, which they established to invest in start-ups.

Since its establishment in 2014, WOTA has developed small-scale decentralized water circulation systems and the autonomous water treatment control technology that realizes such systems, recycling and making maximum use of domestic wastewater for the resolution of various problems generated by the uneven distribution, depletion and pollution of global water resources.

The shortfall in freshwater resources is expected to reach 40% of the required amount by 2030, and while the financial issues of water supply and sewerage will rise to the surface in developed countries, problems with water have become a serious issue in human society as a whole. WOTA's initiatives are expected to contribute greatly to the resolution of these water problems so the company made this investment. The company group is promoting business collaboration with WOTA aimed at the social implementation of small-scale decentralized water circulation systems.

3 Promoting the decarbonization of the region

The significance and aims of the company's initiatives

- Grasping decarbonization as an opportunity to invigorate the region
- Collaboration with various partners, including in the same and other industries

(1) Strengthening of cooperation with government agencies and local governments

■ Adoption under the “Program for model regional decarbonized management support system construction”

Under a joint application with Awara City, Kaga City, Awara City Tourism Association, Katayamazu Onsen Kanko Kyokai, Yamashiro Onsen Kanko Kyokai, Yamanaka Spa Association, The Fukui Bank and The Hokkoku Bank, the company group's The Hokuriku Bank was adopted under the “Program for model regional decarbonized management support system construction,” a support program of the Ministry of the Environment aimed at building decarbonized management support systems for small to medium-sized enterprises in the regions.

On this model program, three regional financial institutions of Arawa City, Fukui Prefecture, and Kaga City, Ishikawa Prefecture will collaborate to support initiatives for the decarbonization management of tourism business operators centered on the four spa areas of the two cities (Awara spa, Katayamazu spa, Yamashiro spa and Yamanaka spa). Through these activities, we will increase the value of tourism resources, leading to region-building with more tourists visiting.

(2) Strengthening of collaboration with other companies

■ Conclusion of a “Partnership agreement aimed at the promotion of carbon neutrality” based on electricity x finance

The company group's Hokuriku Bank and Hokuriku Electric Power concluded a “Partnership agreement aimed at the promotion of carbon neutrality” in October 2022. By using the financial solutions of The Hokuriku Bank and the energy solutions of Hokuriku Electric Power effectively and engaging in close mutual collaboration and cooperation, the parties are advancing initiatives using collaboration to contribute to the realization of carbon neutrality, and the sustainable development of local society and the environment in the region.

4 Enhancing responses to the TCFD recommendations

The significance and aims of the company's initiatives

- Transparent disclosure to stakeholders
- Greater sophistication of risk management

(1) Positive information disclosure

■ Received a “B” rating in the CDP Climate Change Survey

We received a “B” rating, the highest among financial institutions headquartered in the three Hokuriku prefectures and Hokkaido, in the Climate Change Survey implemented by CDP, an international non-profit organization, mainly for our risk management processes and efforts to reduce CO₂ emissions.

We will promote various initiatives aiming for a rating of “B” or higher from this fiscal year on.

(2) Greater sophistication of risk management

■ Use of the carbon accounting system supplied by Persefoni

The company group is using the carbon accounting system supplied by Persefoni that complies strictly with the GHG protocol and PCAF international emissions standards to start centralized calculation of the company's emissions and financed emissions (greenhouse gas emissions at company's we have invested in) from this fiscal year. By calculating GHG emissions at many investment destinations collectively, we will aim to streamline calculation work significantly and work on the analysis and management of financed emissions to strengthen initiatives for decarbonization.

GX strategy (disclosure based on the TCFD)

Fiscal year 2022 highlights

Hokuhoku Financial Group positions responding to climate change as an important issue in management based on the understanding that climate change is also an important issue at regional financial institutions, and is strengthening initiatives.

Progress in fiscal year 2022 is as follows.

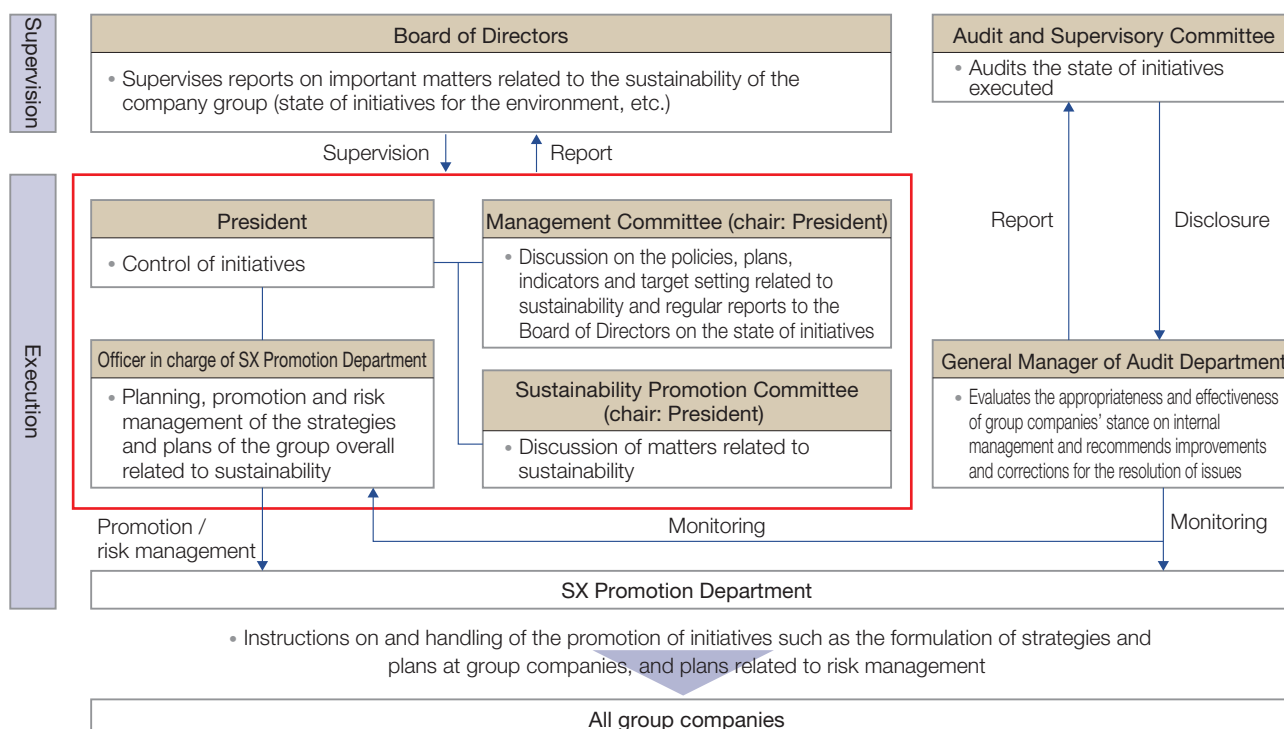
Core element	Main initiatives in fiscal year 2022	
Governance	New establishment of SX Promotion Department	We newly established SX Promotion Department as the department specializing in sustainability. We appointed the officer in charge at the same time and strengthened our posture as an organization. (from April 1, 2023)
Strategy	Expansion of the subjects of scenario analysis	In addition to the electricity sector and real estate sector, we added the metals and mining sector to the subjects of transition risk. With regard to physical risk, we expanded the subjects from only companies providing real estate collateral to all business partners.
	Expansion of initiatives aimed at decarbonization	We expanded financial products and consulting product aimed at supporting business partners. We promoted various measures aimed at our own company's decarbonization.
Risk management	Understanding Scope 3 Category 15	We calculated Scope 3 Category 15 emissions, which are important at financial institutions, in grasping risk.
Indicator / target	Raising of targets	We expanded the range of the domestic CO ₂ emissions (scope 1, 2) reduction target to the group overall, and brought forward the deadline for the achievement of carbon neutrality from fiscal year 2050 to fiscal year 2030.

Governance: Organizational governance related to the risks and opportunities of climate change

- We explain the supervising of the Board of Directors of climate-related risks and opportunities.
- We explain the roles of management in the evaluation and management of climate-related risks and opportunities.

1 Stance on governance related to climate change

We have taken the stance of having the various climate change initiatives reported to the Board of Directors following discussions on the execution side in the form of the Sustainability Promotion Committee and the Management Committee, and supervised by the Board of Directors.



Strategy: We disclose information about the actual and potential impacts that climate-related risks and opportunities have on our organization's business, strategy and financial planning if such information is important.

- We explain climate-related risks and opportunities that the organization has identified in the short, medium and long-term.
- We explain the impacts that climate-related risks and opportunities have on the organization's business, strategy and financial planning.
- We explain the resilience of strategy of the organization in light of consideration based on various climate-related scenarios, including the no more than two degrees Celsius scenario.

1. Basic policy

We formulated an "Environmental policy" to put environmental considerations into practice in company activities in February 2021.

Hokuhoku Financial Group environment policy

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

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

In addition, we think that collaborating with international organizations, the government, local governments, companies, industry groups, etc., is important and promote participation in initiatives.



2. Understanding or risks and opportunities

We have assumed the risks and opportunities associated with climate change as follows.

Main risks and opportunities		Impact on the company group	Time axis
Transition risks	Strengthening of laws on the introduction of carbon taxes, etc.	<ul style="list-style-type: none"> Cost increases due to carbon taxes being imposed on the company group's emissions Credit cost increases for the company group in association with its financial situation deteriorating due to customers responding to laws on carbon taxes, etc. 	Medium to long-term
	Technological innovation that contributes to decarbonization	<ul style="list-style-type: none"> Credit cost increases for the company group due to customers' financial situations deteriorating having been forced to invest in new technologies, etc. 	Medium to long-term
	Changes in demand for products in association with market changes	<ul style="list-style-type: none"> Credit cost increases for the company group due to customers' financial situations deteriorating because of raw material cost increases 	Short to long-term
	Stronger environmental orientation of stakeholders	<ul style="list-style-type: none"> Decline in sales of the company group due to being unable to provide the decarbonization solutions desired by customers Fall in share price due to the company group's initiatives for the handling of climate change falling below investors' expectations 	Short to long-term
Physical risks	Increase in large-scale disasters such as heavy rain and typhoons	<ul style="list-style-type: none"> Credit cost increases for the company group in association with customers' financial situations deteriorating due to damage caused by large-scale disasters and the implementation of disaster countermeasures 	Long-term
Opportunities	Stronger environmental orientation of stakeholders	<ul style="list-style-type: none"> Increases in the sales of the company group due to the provision of solutions matched to customers' needs such as sustainable finance and decarbonization consulting 	Short to long-term
	Improvement of customer resilience	<ul style="list-style-type: none"> Credit cost decreases for the company group in association with customers' financial situations improving with the increased resilience of customers' business due to decarbonization initiatives 	Short to long-term

(Short-term: 0 to 3 years, medium-term: 3 to 10 years, long-term: 10 to 30 years)

3.Scenario analysis

Hokuhoku Financial Group analyzes scenarios to grasp the impacts that climate change will have on the company group's portfolio in the future.

Analysis of transition risks	
Scenario	NGFS net zero 2050, below 2 degrees Celsius, current policies scenario (REMIND model)
Analysis method	We set parameters for evaluation of the impact on business in each sector due to transition risks. We forecast the future financial situation of business partners based on the parameters and calculate the additional credit costs of the company group.
Sectors subject to analysis	Electric power sector, real estate sector, metals and mining sector
Result of analysis	Additional cumulative credit costs of 15.4 billion yen (maximum) by 2050

Analysis of physical risks	
Scenario	IPCC RCP 8.5, RCP 2.6
Analysis method	We forecast the future financial situation of business partners due to flood damage and the amount of damage to collateral property due to flooding. We calculate the additional credit costs of the company group due to this.
Region subject to analysis	Nationwide
Parties subject to analysis	All business partners
Result of analysis	Additional cumulative credit costs of 72.8 billion yen (maximum) by 2050

4.Countermeasures

Hokuhoku Financial Group regards the handling of technological development and the building of business models aimed at the decarbonization of business partners as an opportunity, and supports the transition to a decarbonized society and the handling of climate change positively, starting from engagement with business partners. In addition, the company is also leading the decarbonization of the region by decarbonizing itself positively.

[1] Support for the decarbonization of business partners through loan business

Product lineup	Details
Hokuhoku Sustainable Finance "SLL-type"	This is a loan instrument that sets targets consistent with the customer's sustainable management strategy and whose interest rate fluctuates in accordance with the state of achievement of those targets, conditional on being evaluated by an external organization with regard to conformance with the various standards announced by the International Capital Market Association (ICMA).
Hokuhoku Sustainable Finance "GL-type"	This is a loan instrument that limits the use of funds to business and projects that improve the environment, conditional on being evaluated by an external organization with regard to conformance with the various standards announced by the International Capital Market Association (ICMA).
Hokuhoku Sustainable Finance "Standardized Loan Product: Hokuhoku Three Targets"	This loan instrument was designed uniquely by the company under the concept "wide ranging and simple" to have a wide range of companies work on sustainable management. It is a loan instrument aimed at the improvement of corporate value and the realization of sustainable regional society through the achievement of three targets chosen in advance by the customer.
Hokuhoku Sustainable Finance "PIF-type"	This is a loan instrument that analyzes and evaluates the impact that customers' corporate activities have on the environment, society and economy comprehensively by international standard methods, and provides continuous support for initiatives aimed at the expansion or mitigation of the identified impacts.

[2] Support for the decarbonization of business partners through consulting services

Main solution menu	Contents
GHG emissions calculation / visualization cloud service (Business matching partner: Zeroboard Inc.)	This is a cloud service that enables the calculation and visualization of emissions of GHG, represented by CO ₂ emitted as a result of corporate activities, based on the international standard GHG protocol.
CO ₂ emissions visualization cloud service (Business matching partner: Asuene Inc.)	This is a service that supports the calculation, visualization and reduction of greenhouse gas and CO ₂ emissions, carbon offsets, reports on Scope 1 to 3 in the supply chain overall and information disclosure.
Brokerage service for FIT non-fossil certificates (bidding procedure agents) (Business matching partner: Hokusan Co., Ltd.)	This is a service that enables the acquisition of non-fossil certificates, which certify the environmental value of non-fossil fuel derived electricity.
Physical risks calculation service (Business matching partner: Fujitsu Corporation)	This is a service that enables the calculation of flooding risk in line with the guidelines of the Ministry of the Environment based on the location of property.
Climate change information disclosure support service (Business matching partner: Bluedotgreen Inc.)	This is a consulting service that supports the disclosure of climate change information based on CDP responses and the TCFD framework.
Decarbonization service (Business matching partner: Bywill Inc.)	This is a service that supports the procedures required to generate and sell carbon credits, and Bywill also sells the carbon credits it possesses.

[3] Promotion of the decarbonization of the company to contribute to the realization of regional decarbonization

Details of main initiatives	Contents
Switch to renewable energy based on the use of off-site PPA	We have introduced the “Hokuhoku Solar Park” initiative whereby Hokuriku Electric Power Group builds and operates solar power generation facilities on sites owned by The Hokuriku Bank in the form of off-site PPA. By doing so, it is possible to cover electricity equivalent to about 25% of the power consumed at bases of The Hokuriku Bank in the Hokuriku region with renewable energy with high additionally.
Switch to EVs for company cars	We are reducing greenhouse gas emissions by introducing electric vehicles and fuel cell vehicles for use as some of the commercial vehicles at headquarters and branches.
Use of carbon neutral gas	We are purchasing town gas offsetting the greenhouse gas emissions emitted in the natural gas lifecycle with the same amount of carbon credits.
New establishment of ZEB branches	We opened a branch that meets the ZEB standards when transferring to the newly built Nonoichi Branch of The Hokuriku Bank. This building has high energy-saving performance and is equipped with solar power energy creation facilities. Our policy is to increase the number of bases that meet the ZEB standards when renovating and refurbishing branches from now on.
Greening of electricity using non-fossil certificates	While we will continue to implement initiatives for the reduction of the company’s greenhouse gas emissions, we will substitute fossil power sources by purchasing non-fossil certificates for the greenhouse gas emissions that we are unable to reduce.

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

- a. We explain the process through which the organization identifies and evaluates climate change-related risks.
- b. We explain the process through which the organization manages climate change-related risks.
- c. We explain how the processes through which the organization identifies, evaluates and manages climate change-related risks are integrated by the organization's integrated risk management.

Hokuhoku Financial Group understands that climate change risks are an important issue in corporate management and is working on the greater sophistication of risk management.

- We understand the transition risks and physical risks attributable to climate change, clarify our handling of such risks in the risk management policy resolved upon by the Board of Directors, and are prepared to manage risks within an integrated risk management framework.
- Based on the "Investment policy for specified business, etc.," (established in July 2021), we have strengthened engagement with customers who are business operators in coal-fired power generation, weapons manufacturing, the development of palm oil plantations or deforestation, sectors that are highly likely to have negative impacts on the environment or society.
- From this fiscal year, we are calculating Scope 3 Category 15 emissions (subject: commercial loans to all borrowers). We have identified the high-emission companies at the company group. We have prioritized these, including carbon-related sectors, strengthened engagement and are providing support positively for initiatives aimed at the transition to a decarbonized society.

Indicators and targets: We disclose the measurement standards (indicators) and targets used to evaluate and manage climate-related risks and opportunities if that information is material.

- a. We disclose the indicators used when the organization evaluates climate change-related risks and opportunities in accordance with its strategies and risk management processes.
- b. We disclose Scope 1 and Scope 2 greenhouse gas emissions and their related risks, and those of Scope 3 if they are relevant.
- c. We explain the targets the organization uses to manage climate change-related risks and opportunities, and the results related to them.

1 Indicators and targets

Indicators		Target value	Achievement deadline
GHG emissions (Scope 1, 2)	Note 1	Carbon neutrality	2030
Sustainability-related investment and loans	Note 2	From fiscal year 2021 ~ cumulative total of 1.5 trillion yen	2030
Environment-related finance	Note 3	From fiscal year 2021 ~ cumulative total of 700 billion yen	2030

Note 1: Target for CO₂ emissions reductions at the domestic places of business of all group companies

Note 2: Investment and loans to business partners working towards achievement of the SDGs, and investment and loans for medicine, health, education, the fishing industry, agriculture, start-ups, business succession, resilience, environment-related, etc.

Note 3: Investment and loans that support initiatives considerate of the environment, such as responses to climate change

Reasons for selection of the indicators and targets

The company group brought forward the deadline for achievement of the carbon neutrality target from 2050 to 2030 to promote decarbonization even further. It was decided to raise targets like this based on the judgment that we need to advance the reduction of Scope 1, 2 emissions ahead of schedule towards being net zero in 2050, the global target. We will also advance consideration with regard to Scope 3 targets from now on.

With regard to finance, we set targets for the investment and loans amounts that were judged will contribute to achievement of the SDGs. In particular, with regard to the climate change area, we set a target separately as environment-related finance, and set a target reflecting the company group's policy of working with priority on the handling of climate change within the SDGs.

2 Results

Indicators		Results
GHG emissions (Scope 1, 2)	Note 4	17,127t-CO ₂
Scope 1 emissions		4,325t-CO ₂
Scope 2 emissions		12,802t-CO ₂
Sustainability-related investment and loans		289.3 billion yen (+186.7 billion yen compared to last year)
Environment-related finance		147.4 billion yen (+110.3 billion yen compared to last year)
Reference values		
GHG emissions (Scope 3: excluding Category 15)	Note 5	51,874t-CO ₂
Category 1 (purchased products and services)	Note 6	20,125t-CO ₂
Category 2 (capital goods)		13,490t-CO ₂
Category 3 (fuel and energy-related activities not included in Scope 1, 2)	Note 7	1,679t-CO ₂
Category 4 (transportation and deliveries (upstream))		2,009t-CO ₂
Category 5 (waste from business)		273t-CO ₂
Category 6 (business trips)		596t-CO ₂
Category 7 (employee commuting)		1,528t-CO ₂
Category 13 (lease assets (downstream))	Note 8	12,175t-CO ₂
GHG emissions (Scope 3; Category 15 (investment))	Note 9	22,695Mt-CO ₂
Carbon-related assets	Note 10	15.89%

Note 4: For GHG emissions (Scope 1, 2, 3), we calculated supply chain emissions at the domestic places of business of all group companies based on the "Basic Guidelines on the Calculation of Greenhouse Gas Emissions throughout the Supply Chain Ver 2.5 (March, 2023)" by the Ministry of the Environment and Ministry of Economy, Trade and Industry.

Note 5: Of the Scope 3 categories, categories 8, 9, 10, 11, 12 and 14 do not apply.

Note 6: Calculated based on repair expenses, property and real estate management expenses, printing expenses, stationery expenses, equipment expenses, book and newspaper expenses, communication expenses, vehicle fixtures and repair expenses and administrative work outsourcing expenses.

Note 7: Calculated based on electricity consumption.

Note 8: Calculated based on estimated electricity consumption based on the standard use scenario assuming the number of units operating per contract amount and deeming all lease contracts and repeat lease contracts of Hokugin Lease to be "information-related device (tablet PC)" lease contracts.

Note 9: We calculated the emissions related to commercial loans at The Hokuriku Bank and The Hokkaido Bank (commercial loans means "business loans," the first part of "business loans and unlisted equity" of the asset classes classified in PCAF).

Note 10: Carbon-related assets at The Hokuriku Bank and The Hokkaido Bank: The proportion of loans for energy utilities (excluding water supply business and renewable energy business), transportation, materials, structures, agriculture, food and forestry products

State of progress against targets

Total Scope 1, 2 GHG emissions in fiscal year 2022 were 17,127 t-CO₂. A comparison cannot be made simply because we expanded the subjects to all group companies, but if compared as the same range as last fiscal year (only The Hokuriku Bank and The Hokkaido Bank, the major subsidiaries of the company group), the result for fiscal year 2022 was down 45.2% compared to fiscal year 2013, and down 6.1% compared to the previous fiscal year. We are progressing steadily towards the target of carbon neutrality in 2030. With regard to sustainability-related loans and environment-related finance, we have progressed steadily in fiscal year 2022 in comparison to the targets. We did not cover the shortfall in fiscal year 2021, and will continue to aim for the achievement of these targets by strengthening support for our business partners.



Initiatives for DX

<< Inauguration of DX Promotion Department >>

The company launched a project team to consider the digitalization and DX of the company group with members from The Hokuriku Bank, The Hokkaido Bank and Hokugin Software in 2020. The team implemented measures that contribute to the improvement of convenience for customers and initiatives for the reduction of simple clerical work within the group.

A total of 53 Employees participated interchangeably as members of the project team, implemented more than 20 measures, large and small, including the introduction of a data introduction platform and a web interview tool.

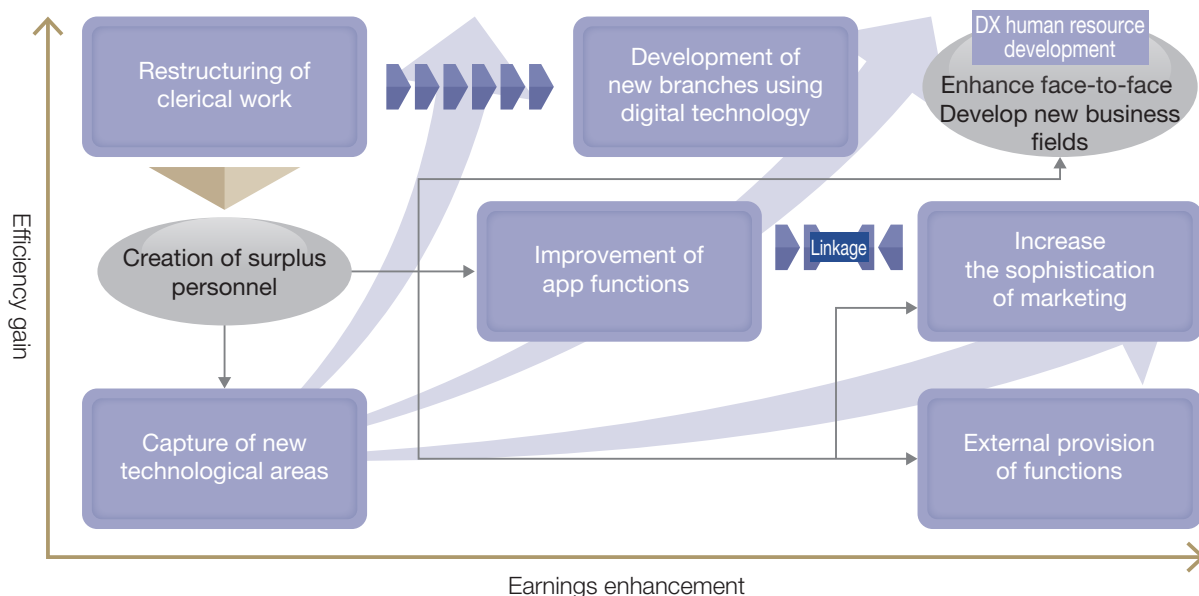
Initiatives aimed at DX have become very active at other companies recently, and we inaugurated DX Promotion Department in June 2023 aimed at the formulation of a DX strategy and the reliable execution of various measures based on that strategy at the company.

The company group as a whole will promote DX strongly so that customers, the region and employees can experience transformation.

The company's DX strategy

<< Overall image >>

We aim to be a financial group that releases employees from simple clerical work, shifts to work that employees can engage in positively and happily, strengthens earning power through the improvement of customer satisfaction through high-precision marketing using digital resources (= data), and resolves regional issues with the external provision of banking functions and new technological areas.



Restructuring of clerical work

We will thoroughly digitalize work that was previously carried out mainly on paper such as customer account openings, various notifications and applications for various services, and reduce the burdens on both customers and employees.

In digitalizing this work, we will simplify and integrate the work flow in points of contact with customers such as branches, external situations, apps and ATMs as much as possible and build a service flow that enables procedures to be carried out comfortably in any channel.

In addition, we will aim to switch from human processing to the automatic processing of data in subsequent office work after reception, and reassign the human resources previously assigned to clerical processing to front office work and service planning work.

Development of new branches using digital technology

Through the restructuring of clerical work, we will carry out a fundamental review of the infrastructure facilities that were previously essential to branches, to save space and redefine the shape of new branches that are comfortable for customers.

We will also consider the use of empty space in branches after this space saving work in projects with a high level of social contribution, such as use for the region.

Improvement of app functions

We will strengthen the functions of the “Hokuriku Bank portal app” and “Dogin app” for individual users and enable more banking (finance) procedures to be completed on the apps.

In addition, we will also strengthen non-financial functions and aim for apps that are useful in the lives of customers.

Increase the sophistication of marketing

We will use the data obtained in various transactions and analyze the services demanded by customers to enable proposals to more customers through channels that provide easier contact, more appropriately and more quickly.

To do that, apart from digitalizing customer information, we will consider the introduction of marketing automation tools and the like, and strengthen our inside sales framework of sales activities carried out non-face-to-face.

External provision of functions

The wave of digitalization around us has grown tall and large, including the spread of invoice systems and the My Number card.

We will not limit ourselves to the digitalization of the group’s internal work, but will provide our digitalization-related knowledge and technology to business partners and the region to contribute to the improvement of the digital life of the region overall, and the improvement of productivity.

Capture of new technological areas

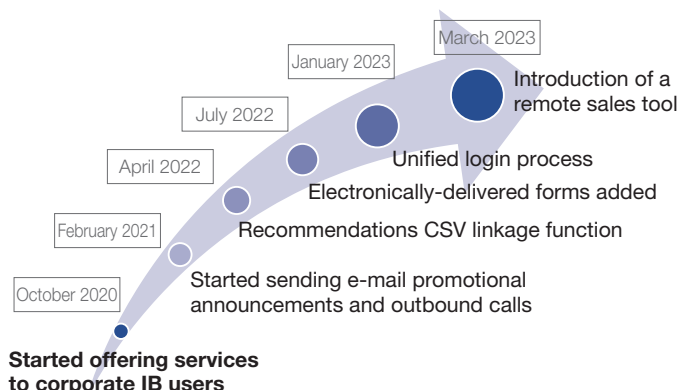
ChatGPT and other generative AI, and web 3.0 technology hold the potential to change existing banking work greatly.

We will capture such new technologies at a high tempo and accelerate the digitalization of services and work overall.

Main initiatives (reflections)

<< Enhancing corporate portal functions >>

Starting from the electronic delivery of various forms that were previously posted to customers such as interest statements, repayment schedules and balance certificates on the corporate portal in fiscal year 2022, we are currently working on the unification of the login process with corporate internet banking. The corporate portal is being used by about 43,000 customer companies of both banks.



Introduction of Smart-Biz

We introduced the “Smart-Biz” tool for communication between customers and employees at sales branches and headquarters in March 2023.

Smart-Biz allows the use of three functions: chat, web interviews and the exchange of documents.

Customers can communicate and consult easily with sales personnel and headquarters specialists in a secure environment without worrying about sales hours.

Digitalization of loan work

In June 2023, we established a web reception form that can be completed online without receiving the conventional loan application form to customers with a loan overdraft facility.

This has enabled loan applications to be made efficiently by omitting bank visits and the trouble of mailing.

<< Enhancement of personal app functions >>

In April 2023, we released a “COTRA remittances” function, which allows small value remittances to be made simply and free of processing fees, and a “QR tax payment function,” which allows the easy payment of regional taxes without visiting a branch, on the personal apps.

In particular, there were about 25,000 cases of use of the “QR tax payment function” at both banks in the two-month period to June 2023.

We will continue to expand the non-face-to-face menu steadily so that customers can do the things they can at a branch counter on the apps too, and aim for apps that can be used easily by speeding up the UI and UX improvement cycle.

Start the Hokuriku Bank account opening and reception of address change at the Seven Bank ATMs

We will start the handling of The Hokuriku Bank account opening and reception of changes on address using the Seven Bank ATMs operated by Seven Bank Ltd., from November 2023. Procedures can be carried out by simple operations 24 hours a day* on the new-style Seven Bank ATMs currently being installed successively at Seven Banks nationwide.

In addition to branch counters and the apps, enabling reception on these ATMs expands the options for reception channels in line with customer needs and will lead to the further improvement of convenience.

We will continue to provide customers with new service experiences while collaborating with various companies, whether financial or non-financial.

* There may be case where an ATM cannot be used due to maintenance, etc.

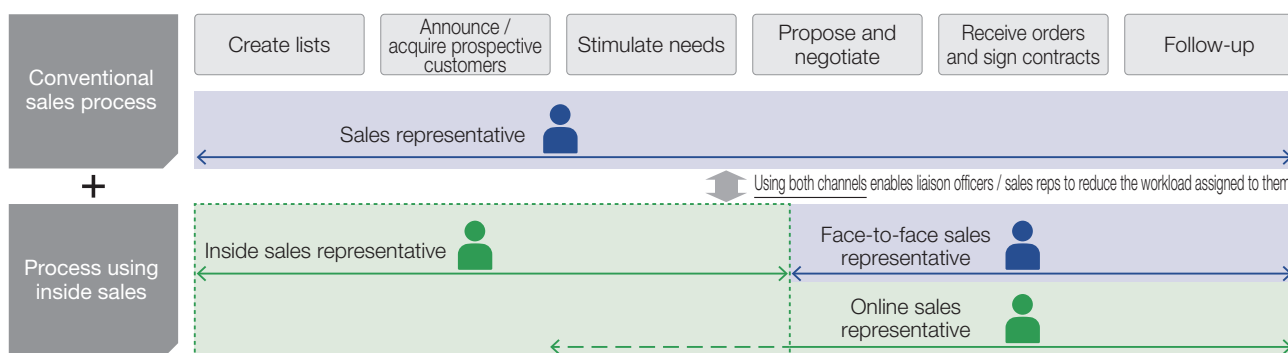
<< Strengthening of corporate inside sales >>

Rather than conventional brute force face-to-face sales, we incorporated “inside sales” into our sales process aimed at strengthening the discovery of prospective customers, arousing needs and improving the precision of proposals, and built a database of customers’ business card information for use in nurturing* and the strengthening of our brand power.

The database has an e-mail delivery tool and seminar guidance, application and questionnaire functions, etc., and we will advance the creation of a system that can provide the information desired by customers in a timely manner.

In addition, by creating a database and centralizing customer information management, we will aim for the improvement of relationship building power able to provide support for customer issues with the organization as a whole, including headquarters, rather than one-to-one relationships between customers and personnel.

* Nurturing: Customer development. Stimulating demand from prospective customers and guiding them to becoming customers. Building relationships of trust with existing customers through superior customer experiences and guiding them to becoming excellent customers.

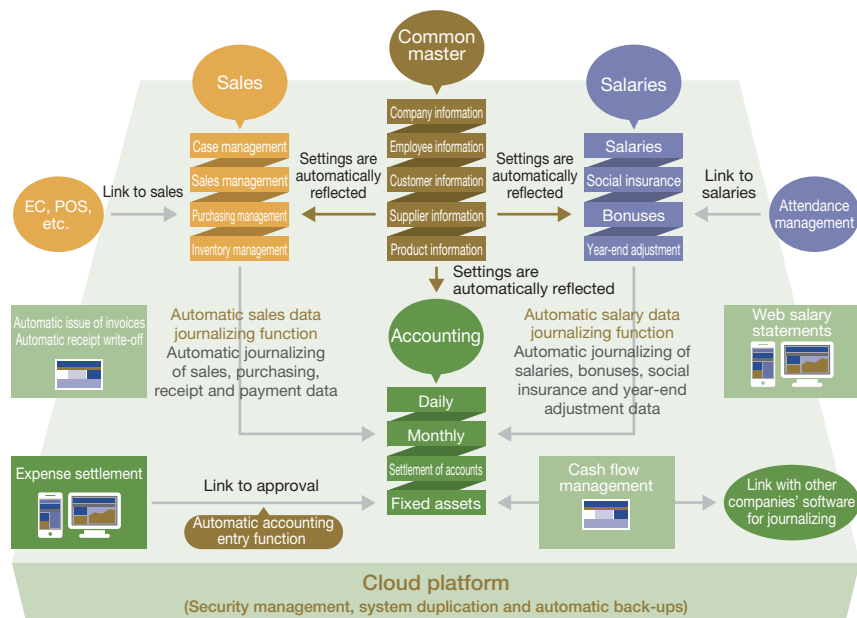


<< Optimization of back-office work for corporations and sole proprietors >>

We started sales of “Hokuhoku Biz-Management,” a SaaS ERP* package to realize company-wide back-office optimization from April 2023.

Hokuhoku Biz-Management is a tool that can realize the automation of work such as cash flow management and accounts processing, which customers have been doing as manual operations, at a low price.

* ERP: A system that supports corporate work such as finance, and personnel and customer information



■ Main functions

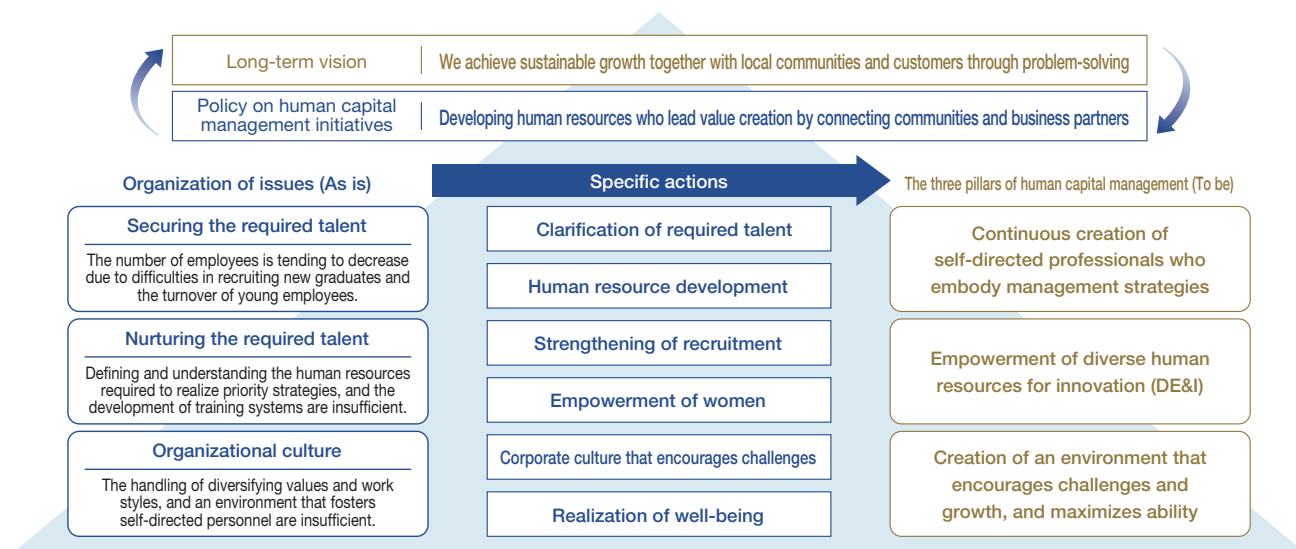
- Manage miscellaneous indirect work appropriately, including the systemization of order receipt work and the automation of accounts receivable receipt write-off through linkage with internet banking.
- Existing accounting systems can be used as is due to the link function with other companies' accounting software.
- The system handles invoices and complies with the Preservation of Books and Documents Related to National Taxes in Electronic or Magnetic Records, an issue for companies.
- This system and compatible systems can also transfer documents by EDI (electronic data interchange).



Overview of human resources strategy

We formulated our “Policy on human capital management initiatives” based on our long-term vision and are working on human capital management throughout the group. Moreover, we have organized our “to be” as the “three pillars of human capital management” and are implementing six specific actions towards their realization.

Our policy on human resource development and internal environment development is to “create a virtuous cycle of value creation with our customers and develop human resources capable of contributing to the sustainable growth of the region” and “create an environment in which diverse human resources can work autonomously to enhance their value while feeling satisfaction in their work,” and starting from our current “as is” issues, we will continue to strive for the sustainable growth of employees and the organization by practicing human capital management while also bringing in back-casting ideas from our “to be” pillars.



Six specific actions

Clarification of required talent

Define the human resources required for the promotion of each area to realize the key strategies of the medium-term management plan and establish development systems corresponding to each area and level.

Human resource development

We are establishing the training systems and support environment that will support the development of professional human resources and autonomous career formation by dispatching employees to outside companies.

Strengthening of recruitment

We are increasing the number of career recruiters to focus on the recruitment of new graduates and mid-career employees, and working on the strengthening of the dissemination of information, the expansion of recruitment channels, and raising starting salaries.

Empowerment of women

We are striving for the establishment of various systems and the enhancement of our support framework to respond to diversifying values and work styles centered on Diversity Promotion Office.

Corporate culture that encourages challenges

We are striving to establish mechanisms and foster an organizational culture that enables challenges so that employees can design their own careers and work vibrantly.

Realization of well-being

We are working on the realization of well-balanced work styles for the enhancement of employees' work-life balance.

The details are on the following pages. ▶

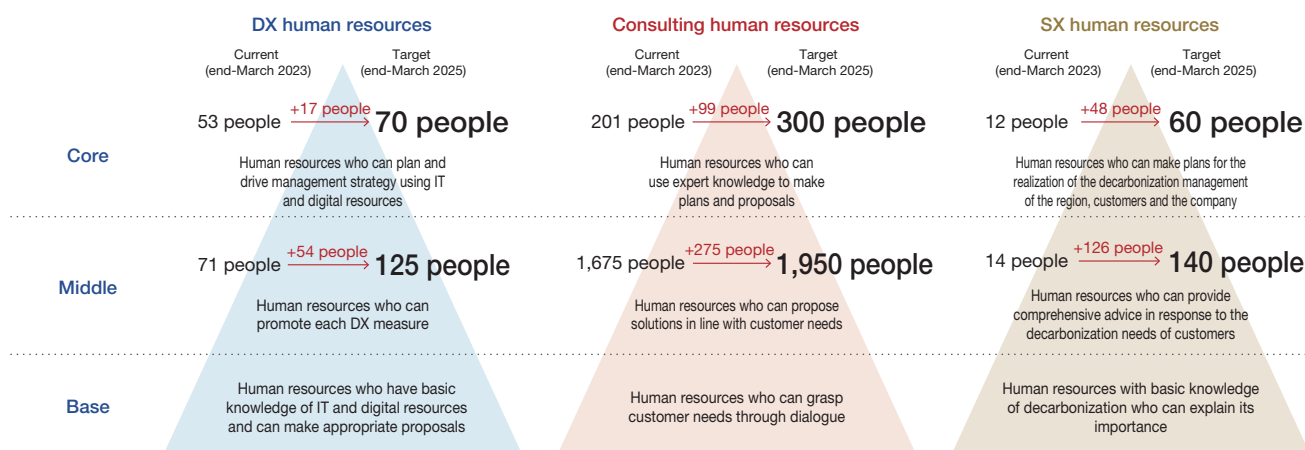
Clarification of the talent required for realization of management strategies and its systematic development

One of the most important management resources for the company, a regional financial services operator, is human capital. We grasp this human capital from both aspects of “securing the talent required and its development,” and think that repeating the reflection of these aspects in personnel measures and verifying the effects, and building human capital appropriate for the age is “human capital management” at the company.

We are working on the systematic development of the talent required, making the “continuous creation of self-directed professionals who embody management strategies” our highest priority issue.

Clarification and definition of the talent required

We define the human resources linked to “the promotion of DX,” “the improvement of comprehensive consulting ability” and “initiatives in the environmental field,” the key strategies of our medium-term management plan, as “DX human resources, consulting human resources and SX human resources, and classify each individual into the three skill ranks of “core, middle and base” in consideration of factors such as their qualifications and work experience. We then develop them in accordance with their field and level. In addition, we have set targets for the end of March 2025 as KPI.



Strengthening of the development of expert human resources

We are striving for the creation of a support framework that enables each individual to acquire planned expert knowledge matched to their skill level and career path, from basic knowledge to expert knowledge, to respond to diverse needs.

■ Acquisition of IT passport qualification

We encourage employees to take the IT passport course, aimed at the improvement of IT literacy and the development of DX base human resources. A total of 1,247 employees of the two banks combined had acquired this qualification by the end of March 2023.

■ Improvement of skills through internal certification systems

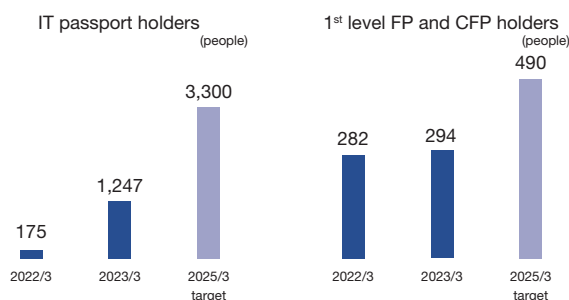
We newly established the “Hokuriku customer adviser system (HCA),” which certifies human resources able to make wide-ranging proposals internally, in fiscal year 2022. A cumulative total of 26 employees had been HCA certified as of the end of March 2023. In addition, we have also introduced a “Money adviser certification system” aimed at the development of personal liaison representatives who can make high quality proposals. We are implementing feedback training, etc., to holders regularly.

■ Holding of “Training for the improvement of sustainability public relations ability”

We held this training at both banks aimed at the acquisition of practical conversation methods and starters on the SDGs aimed at the strengthening of the promotion of sustainability. A total of more than 1,000 employees participated.

Holders of public qualifications (excerpt) (as of end-March 2023)

Qualification	Holders	Qualification	Holders
Lawyer	5 people	Real estate notary	385 people
Certified public accountant	4 people	Labor and social security attorney	11 people
Securities analyst	51 people	Administrative scrivener	25 people
Small and medium-sized enterprise management consultant	21 people		



Strengthening of talent management

We use various information, such as the skills, experience and aptitude of each individual employee, as well as work aptitude information accumulated by interviews of Human Resources Department, questionnaire surveys and 360-degree surveys in the development and assignment of employees.

We invest positively in personnel-related systems to visualize the skills of the company as a whole and further promote use in support for autonomous career path creation and human resource strategies.

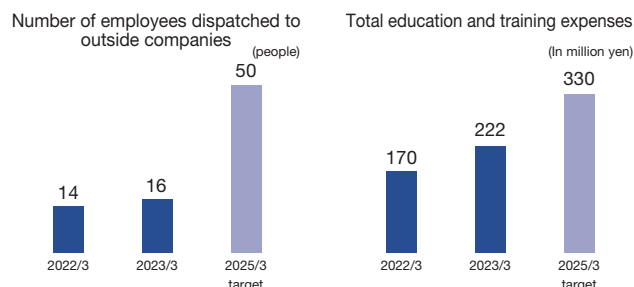
Human resource development

Development of professional human resources by dispatching personnel to outside companies

We dispatch employees to outside companies positively through open recruitment to acquire advanced expertise, foster practical skills and a sense of management, and form personal networks. In particular, we are working positively on dispatches to outside companies to develop professional human resources related to DX, consulting and SX in coordination with our medium-term management plan.

Dispatch destination results (excerpt)

Field	Dispatch destinations
DX	Hamagin Research Institute, Ltd., Resona Digital Hub Co., Ltd., NTT Communications Corporation
Consulting	Strike Co., Ltd., Aoyama Zaisan Networks Co., Ltd., Hokkaido University
SX	Ministry of the Environment, Mizuho Research & Technologies, Ltd.



Self-directed learning and reskilling

We have introduced e-learning for various kinds of self-development support and reskilling tools covering various subjects, from professional knowledge to business skills. In addition to utilizing the knowledge for business purposes, we have established a system that encourages personal growth and the realization of each individual's career path by deepening insight into areas they wish to learn about.

As for acquiring skills in new areas such as DX or SX, we will strengthen various tools and contents such as training, seminars, web training and correspondence courses so that employees can take on new challenges by their own will.

Training systems

We have established various training systems for management skills, future leader training, etc., in accordance with expert knowledge and work style reform aimed at wide-ranging human resource development and the acquisition of skills. In addition, we are fostering a sense of unity within the HokuHoku Financial Group by actively providing opportunities for interaction among group colleagues through the holding of joint group training.

Human skills training

This is training aimed at the acquisition of human skills related to "basic education, career advancement and management" in accordance with each employee's degree of proficiency and rank.

Function (work) specific training

We implement "function (work) specific training" that increases expertise in each area, cultivates practical abilities, and promotes the autonomous career formation of bank employees linked with OJT and practical work. This advances careers systematically.

OJT education support at sales offices

We have introduced an education staff placement system for new employees that links Personnel Department and sales offices aimed at the acquisition of basic knowledge and early development as members of society, with education staff providing one-on-one support. In addition to support to acquire work skills, education staff also provide support in the living and mental health aspects straight after joining the company.

Name	Role, etc.
<ul style="list-style-type: none"> Mentor Blender 	Provide appropriate advice and guidance on the performance of daily work and support the mental aspect, etc.
<ul style="list-style-type: none"> Office instructor Helper 	Provide advice on work procedures and plans, etc., to learn about work that should be learnt

Self-development support

We have rolled out a campaign promoting the acquisition of FP and IT-related qualifications aimed at raising the base of consulting abilities.

Together with this, we hold holiday seminars about some public qualifications to back up the acquisition of qualifications. In addition to incentive systems for the acquisition of various qualifications including public qualifications and the banking proficiency test, we have also introduced a subsidy system for the fees for correspondence courses with content essential for work.

Results for fiscal year 2022

Seminars	Number of times	Number of people
Real estate certification seminar	13	89
FP seminar	3	136

Strengthening of recruitment

Increase in the number of recruiters

The external environment has changed greatly in recent years for both new graduate and mid-career recruitment. Competition for new graduates has intensified due to the decrease in student numbers and their concentration in the Tokyo metropolitan area. On the other hand, the liquidity of mid-career human resources has advanced and the job market is booming. We have increased the number of recruiters and enhanced recruiting systems to respond to the turning point in graduate recruitment and good opportunities in mid-career recruitment, and are working on strategic recruitment activities to secure diverse human resources.

Strengthening of the transmission of information on recruitment

We renewed the recruitment homepage to a structure focused on “people.” Rather than just work details, we have sought content that enables people to understand what kind of job satisfaction and thoughts the people they would be working with have from things like interviews and videos so it feels closer and easier to picture their own growth and life and work career plan. In addition, we are also implementing recruitment strengthening measures such as the holding of joint financial group company briefings and recruitment events. We were top among financial institutions in the Hokkaido area and Hokuriku area in the corporate popularity rankings* among students seeking employment in 2024.

* Nikkei x Mynavi new graduate recruitment advertising feature, Nihon Keizai Shimbun, morning edition, April 12, 2023

■ The Hokuriku Bank recruitment homepage



■ The Hokkaido Bank recruitment homepage

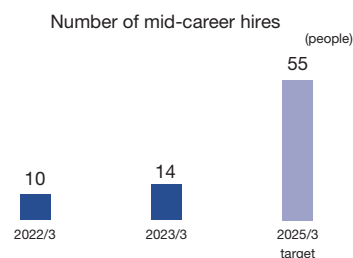


Raising of starting salaries

We decided to raise starting salaries in May 2023 to recruit the superior human resources who will be responsible for the future of the group. We will work positively on human investment including the improvement of employee compensation to secure diverse human resources and draw the maximum potential out of each and every employee, and by doing so, provide high value-added financial services and contribute to the development of the region.

Strengthening of the recruitment of expert human resources

We are strengthening the recruitment of expert human resources including in the DX field. In addition to conventional general position recruitment based on new graduates, we have newly established two courses to develop expert human resources at The Hokuriku Bank from April 2024, a “digital / systems” course, and a “market / risk” course. These are courses aimed at recruiting diverse human resources widely and creating specialists in various fields while experiencing work in related departments from an early stage, and effects in encouraging autonomous career formation are also expected. Further, Hokugin Software is also strengthening recruitment of the human resources who will take charge of group system and DX strategies from now on.



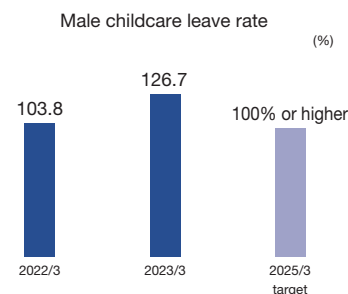
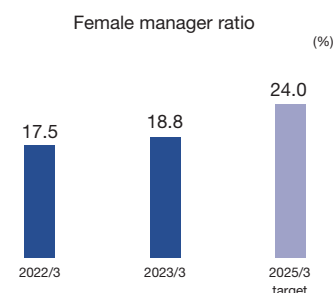
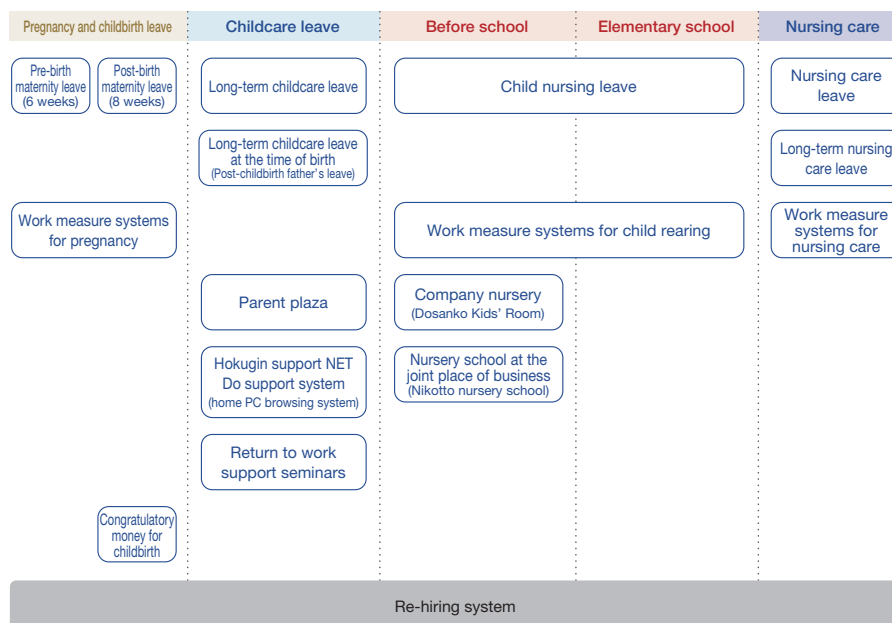
Strengthening of alumni and referral recruitment

In mid-career recruitment, we focus on the building and use of a unique talent pool (human resource capitalization). In addition, to build a human resource portfolio with various backgrounds and expertise, we are promoting recruitment from multiple channels, including alumni and referrals. We will also simultaneously establish an internal environment in which people with wide-ranging careers can work vibrantly.

Promotion of the empowerment of women and DE&I

Work-life balance support initiatives

Centered on Diversity Promotion Office, we are working positively on the creation of an environment where employees can work while realizing a work-life balance. In addition, we are also strengthening the creation of an environment where women can work vibrantly, including the enhancement of support to return to work by appointing career advisors and holding seminars. Both The Hokuriku Bank and The Hokkaido Bank have acquired “Platinum Kurumin” and “Eruboshi (level 3)” certification.

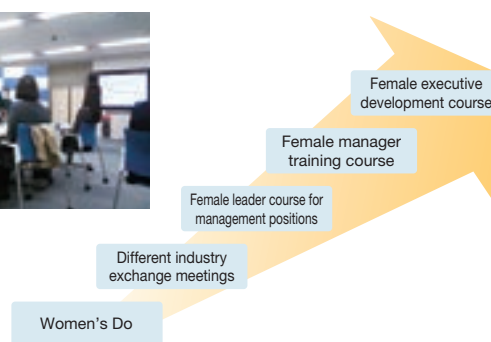


Empowerment of women

We held “Women’s Do,” training aimed at the development of medium and high-level female managers jointly at The Hokuriku Bank and The Hokkaido Bank, and different industry exchange meetings aimed at thinking about career formation and work styles, leading to increased motivation, through interaction with other companies.

In addition, in fiscal year 2022, we newly appointed a female officer as an Outside Director.

We are aiming for a female manager ratio of 24.0% or higher by fiscal year 2024 and will continue to focus on female career development and the cultivation of female human resources to take charge of management, and work on their positive assignment and hiring.



The gender pay gap

Regular workers

At The Hokuriku Bank, we have established a pay gap between regular positions with transfers involving relocation and area positions and administrative positions without transfers involving relocation. In addition, at The Hokkaido Bank, we have established a pay gap between regular positions with transfers involving relocation and area positions and general positions without transfers involving relocation. Because we have not established a gender gap in the wage systems at either of the two banks, there is no large difference in male and female pay when looked at by course or ranking. On the other hand, because the proportion of males in regular positions and management positions, which have relatively high wages, is high, the following gaps have been created as a whole.

We carried out a system revision in July 2023 to allow employees to switch course flexibly regardless of gender as an initiative to eliminate this gap.

In addition, in new graduate recruitment in recent years, the ratio of female employment in regular positions has increased gradually to about 20% at both The Hokuriku Bank and The Hokkaido Bank. On the other hand, because there are a lot of regular female employees in the younger segment, with average ages at The Hokuriku Bank being 41.8 years old for males and 29.6 years old for females, and average ages at The Hokkaido Bank being 42.8 years old for males and 29.6 years old for females, it will take time for the pay gap to narrow, we will advance female recruitment and hiring positively.

In combination with this, we will cultivate career improvement mindset among female employees based on one-on-one meetings, management training, etc., and further promote the establishment of various systems to facilitate the raising of children. By doing so, we would like to support the long-term career formation of women and connect this to the positive appointment of female managers in accordance with their experience and desires.

Position category	The Hokuriku Bank			The Hokkaido Bank		
	Overall	Regular positions	Area positions / administrative positions	Overall	Regular positions	Special positions / general positions
	Wage gap	Wage gap	Wage gap	Wage gap	Wage gap	Wage gap
Top management	72.3%	81.1%	—	76.9%	83.2%	73.3%
Management	68.7%	89.4%	91.0%	74.2%	99.6%	103.6%
Non-management	66.4%	78.2%	77.6%	66.2%	76.7%	55.9%
Overall	51.0%	61.6%	79.6%	48.2%	59.1%	51.5%

Part-time and fixed-term contract workers

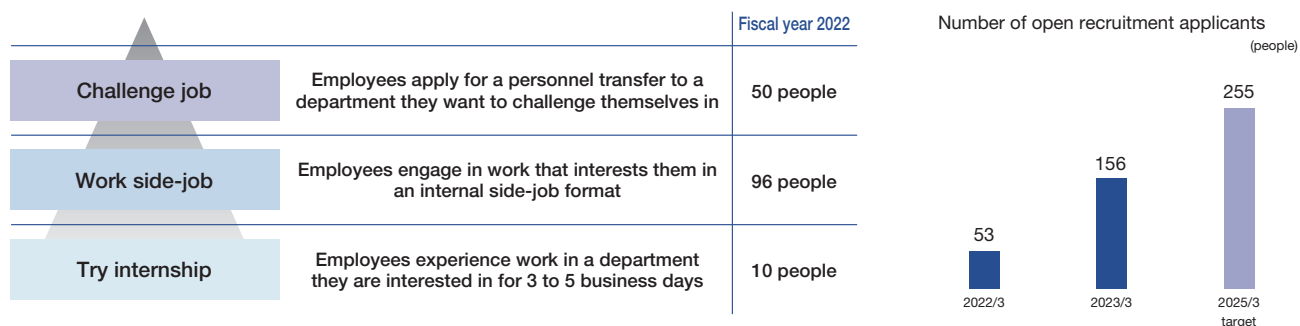
At The Hokuriku Bank the proportion of females is high among part-time workers employed for counter work in branches, branch back-office work and internal administration assistance. On the other hand, the proportion of males is high among special and expert contract workers with relatively high wages centered on human resources with experience and expertise. In addition, at The Hokkaido Bank too, the proportion of females is high among part-time workers employed for counter work in branches, branch back-office work and internal administration assistance. On the other hand, contract workers with relatively high wages are centered on human resources with experience and expertise, including employees re-hired after mandatory retirement, and at present, the proportion of males is high. There are no wage gaps due to gender among the various forms of employment, but we will strengthen mid-career recruitment in fields that require expertise, and hire people under the ability standards regardless of gender.

Position category	Wage gap (female ratio)	
	The Hokuriku Bank	The Hokkaido Bank
Contract	53.4%	66.5%
Part-time	124.0%	50.1%
Senior bank employee	83.4%	—
Overall	32.8%	31.2%

Corporate culture that encourages challenges

The creation of challenge opportunities

We have established an environment in which employee can take on challenges so that they design their own careers autonomously and work vibrantly. In addition, we respect what each and every employee wants to try and strive to foster an organizational culture where they can raise a hand. We implement the “challenge job,” “work side-job” (internal side-jobs) and “try internship” initiatives in an open recruitment format so that employees can engage in work they want to challenge themselves in.



Dialogue with directors

We provide opportunities for the management team to communicate management strategies and their ideas while listening to opinions in the workplace. We are fostering an organizational culture within which each and every employee takes on the challenge of higher-ranked work and positions with a higher line of sight.



Twelve young employees engaged in free discussion with President Nakazawa



Twelve young employees exchange opinions with six directors including Deputy President Kanema at a Dosanko Young Forum

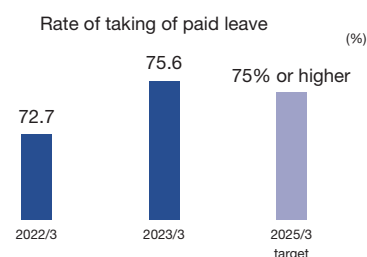
Appointment of career advisors

We have appointed career advisors as consultants for each and every employee. They hold interviews with employees and respond to various inquiries on matters including career advancement, ability development and life design. They are supporting the creation of an environment within which employee can take on challenges with peace of mind through support for the growth and establishment of young employees, and advice on the career designs of diverse employees and work-life balance.

Realization of well-being

Initiatives for the improvement of well-being and work-life balance

We are working on the realization of balanced work styles for the enhancement of employees' work-life balance. We have newly introduced system leave matched to life events and measures to promote the taking of leave including a campaign aimed at taking paid leave, and the rate of taking of paid leave is improving. We will aim for the further enhancement of the workplace environment from now on by enhancing welfare systems to realize flexible work styles corresponding to employees' new senses of value.



Work style reform

■ Productivity improvements

At The Hokuriku Bank, we are working on the “Smart-work movement” for originality and ingenuity to improve productivity and the thorough implementation of time management, and at The Hokkaido Bank on “No-side 7” an initiative targeting 7pm as the average time at all branches for leaving work. We will continue to work in future towards the realization of a high-quality work-life balance.

■ The staggered work attendance and short-time work systems

We have introduced staggered work attendance and short-time work systems aimed at the realization of flexible work formats based on work-life balance that enable flexible work in accordance with customer needs and the details of work.

■ 360-degree surveys

We implement these surveys for all levels of management from the perspectives of managers understanding their own management characteristics and the improvement of employee ES.

■ Business casual

We started a trial of this initiative in January 2023 and introduced it officially in July 2023.

A workplace environment has been established in which each and every employee can work in their own way, and employee motivation has also improved.



Financial wellness

We have introduced initiatives such as a stock holding association and matching contributions on a corporate DC plan to improve the financial wellness of our employees, who are responsible for the value creation of the region and customers.

In addition, we have also introduced an education refinancing system (low interest loan system for employees) and are striving for the further enhancement of welfare systems.

Promotion of health management

We have formulated a “health management declaration” and are implementing measures that will lead to the maintenance and promotion of health such as various campaigns, including a walking campaign, and the holding of seminars.

In addition, both The Hokuriku Bank and The Hokkaido Bank have acquired “Excellent Health Management Corporation – White 500” certification for six consecutive years.



Personnel system revision

While the diversification and advancement of bank work continued and employees' consciousness of work also changed, we revised our personnel system in July 2023 based on the perspectives of a “fair and convincing personnel system, “support for career formation” and “the establishment of an environment where employees can work for a long time with peace of mind.” In addition, we raised base pay from July 2023 for the establishment of an environment that protects employees' lives from inflation so that they can work with peace of mind, and the improvement of employee engagement.

Main details of the revision

1 Organization of the course system based on work details

2 Support for career formation through flexible course switching

3 Reorganization of the allowance system to correspond to work burdens and relocation and transfer burdens

4 Review of the executive age-limit system from 55 years old on

Opinion exchange meetings between Outside Directors and employees

We held frank exchanges of opinion between female employees currently participating actively in the workplace and Outside Directors over what is required for the realization of the long-term vision.



Q

What does the company group require to realize the long-term vision?

A

From a long-term perspective, the creation of an environment in which employees can participate actively and enjoyably and the active communication among colleague employees to that end will be important.

Okajima

The importance of responding to climate change and the securing of human resources, issues that the company should work on, is growing day by day. I am grateful to be able to experience that kind of work currently in SX Promotion Department, and I have been able to find fulfilling work.

I think that an open environment where employees can work enjoyably will be very important for the realization of the long-term vision. To that end, I feel that communication among colleague employees about the group's strategies will be more necessary.



Namiko Okajima
GX Promotion Group Manager,
SX Promotion Department,
Hokuhoku Financial Group

Kato

I do not think that what our ideal situation is, or what the vision we should aim for is have yet been communicated fully to employees, myself included. For example, selling investment trusts or insurance itself is not our aim. Rather, our essential aim is to provide information that customers require in their lives and help them with asset formation. From that kind of perspective, I think that communicating the important, essential things firmly first of all is required to realize the long-term vision.



Yuka Kato
Senior investigator,
Retail Promotion Department,
The Hokkaido Bank

| Ueno

The systems world is an industry that changes greatly every five or ten years, and working in that kind of industry, I feel the pleasure of wondering how it will change in the future.

I think that the important thing for the realization of the long-term vision will be firstly, for each and every employee to have long-term perspective. I think that communicating the pleasure and importance of having a long-term perspective will be important to that end too.



Maki Ueno
Group Manager,
No.1 Development Department,
Hokugin Software

| Yamauchi

Being involved in the development of human resources, and being conscious of that at all times means how to communicate the significance of working at the company group to employees. Having employees think about why they have to be at the group leads to the development of human resources, and in the end, I think, will be important for realization of the long-term vision.

I think that if the company is able to communicate that significance firmly, we will have an organization that can create innovation unique to the company group and we will be able to contribute to our customers in the region through the resolution of issues.



Erina Yamauchi
General Manager, Skill Development and
Cultivation Office, and General Manager,
Diversity Promotion Office, Personnel
Department, The Hokkaido Bank



Kaoru Funamoto
Director serving as Audit & Supervisory
Committee Member

| Funamoto

Listening to all of your ideas on what we should do for the realization of the long-term vision, I felt that you should definitely transition them to execution. I would like you all put in senior positions with the authority and responsibility to execute those ideas so that you can pursue your own concepts and directions. I cannot forget the weight I felt when I became Director-General of, and the person responsible for, the Criminal Affairs Bureau of the National Police Agency. I think that I was able to think about the essentials and do that job because I was in that kind of position. I would like all of you to work hard to make the bank better while feeling the responsibility.



Yutaka Yokoi
Director

| Yokoi

As you all say, I also think that employee motivation will be important for the realization of the long-term vision.

I think of “the realization of your own ideas” as an important element of motivation. I think that realizing ideas is so much fun, you do not need money for it.

Does it feel like there are opportunities to be able to feel that kind of realization exists within the group?

| Saiki

I was originally at a bank, but I am currently working on secondment at the group's securities company. At Hokuhoku TT Securities, I have been assigned to work where I can realize something, think and transition to execution.

As the General Manager of Personnel Office, I also participate in meetings of the Management Committee, and I have become able to think about things from a company-wide perspective. Because of that, I can think that I want to try harder. In that sense, I think that there are definitely those kinds of opportunities at the company group.



Aya Saiki
General Manager,
Personnel Office,
Hokuhoku TT Securities

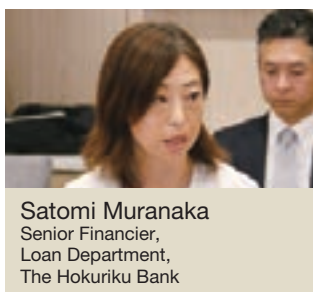
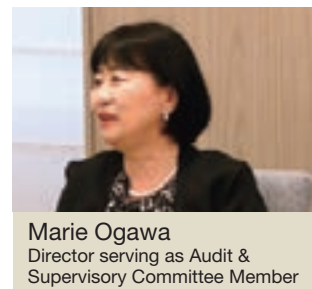
Q What is required to promote initiatives in new fields?

A The establishment of organized educational systems and proactive action by all will be important.

Ogawa

I think we will need to work on new fields such as DX and GX to survive as a regional financial group, but do you think that we have been able to implement initiatives to obtain knowledge of new fields?

Other companies also think that new fields are a source of revenue so I think that we have to improve our skills rapidly to differentiate ourselves. Does it feel like that kind of environment has been established at the company group?

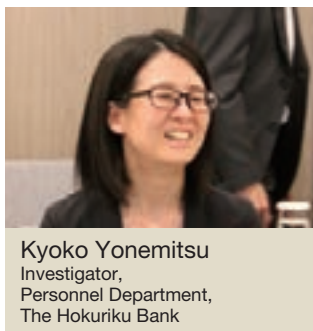


Muranaka

When I was in my former position as a branch manager, I consciously created opportunities to explain the importance of DX, which will be essential to financial institutions from now on, to employees and had them understand.

I think that how to have everybody in a branch thoroughly understand the importance of switching work to apps and tablets is an important role demanded of branch managers.

Organizationally, creating the environment is important, but I think rather than just that, branch managers themselves acting proactively will also be important.



Yonemitsu

We need everybody to be equipped with the minimum knowledge of work in new fields. In addition to that, beyond work, I think that the environment and systems for employees who would like to improve their career or skills have been built. For example, opportunities for external secondment and training to acquire specialist knowledge that cannot be obtained with bank experience alone have changed from a designation system to an open application system. Further, the company has introduced the “Try internship” system for employees to observe specialist work through short-term OJT at headquarters, so it has increased opportunities to acquire knowledge.

Okajima

The “Try internship” was trialed first of all in SX Promotion Department. I heard from a young employee who actually participated that it was very stimulating. Even though it is short, I think having young employees observe work is a very good system.

This system has just been expanded to almost all headquarters departments this fiscal year and I hear there were about 100 entries so it feels like it has also led to an improvement in employee awareness too.

Funamoto

It feels like the strength of the company group in the DX field as an organization is that we have Hokugin Software, but what is the awareness of employees with regard to the promotion of DX at Hokugin Software?

Ueno

The framework we have at Hokugin Software allows all employees to take e-learning courses so that they can deepen their knowledge. There are several hundred courses apart from DX too, and we have communicated to employees that they can study when they have time. There are a lot of people who are studying steadily when they find some spare time.

Q

What do we need to invigorate human resources development and the empowerment of women?

A

The creation of an environment in which anybody, male or female, can take on the challenge of something they want to do is important.

Yokoi

It is good that your authority increases as you are promoted, but there is an opinion that there are a lot of people who become negative because responsibility increases. What do you think?

Saiki

Personally, I can understand the opinion that although it is good that there are more things you can do, people do not want to bear responsibility when they consider the balance of various things. However, I think it would be a waste if you gave up without taking on the challenge so I think you should give it a go. Just a part is fine, not everything, so try taking responsibility. It is also important for people to feel the satisfaction of having responsibility and if it is in a form where that is supported by your superior, I think that would be the foundation for people to try taking on the challenge.

Ogawa

In the sense of taking on challenges, I have heard that female branch managers are mainly at retail branches at regional financial institutions. I think that retail work is important, but corporate sales are important too. I would like female careers to be expanded to corporate sales too rather than being centered on individual sales.

Yokoi

I think that there are a lot of people who would say yes if they were asked if they wanted to try corporate sales. If we have an organization that can prioritize people because they want to do something rather than because they are women, it will invigorate the organization more from the perspectives of both human resource development and female empowerment.

Muranaka

There is various work at the company group. Also, employees now have various work styles that they can choose from as well. I think that it is fine if there are people who value their family over work. I also think it is fine if there are people who want to use their expertise to work without taking on responsibility.

Rather than making employees do things, I think it is important to create a culture that asks whether we can create the independence and positivity for employees to want to do things.

Suzuki

Regardless of whether they are male or female, to have people take on more challenges, it is necessary to show them what they need to do to be given the opportunity, and also that they will definitely be able to receive different opportunities supposing that an opportunity they were given does not go well. Without that, it may be difficult to generate the proactive behavior of taking on a challenge and trying to aim for a position with more responsibility.



Funamoto

I think that the important thing when thinking about the future of the company group is how to work with a sense of unity while people working in various organizations also carry out human resource exchanges. I think that there are people who I have met for the first time at this opinion exchange meeting today and I think that this kind of opportunity is important.

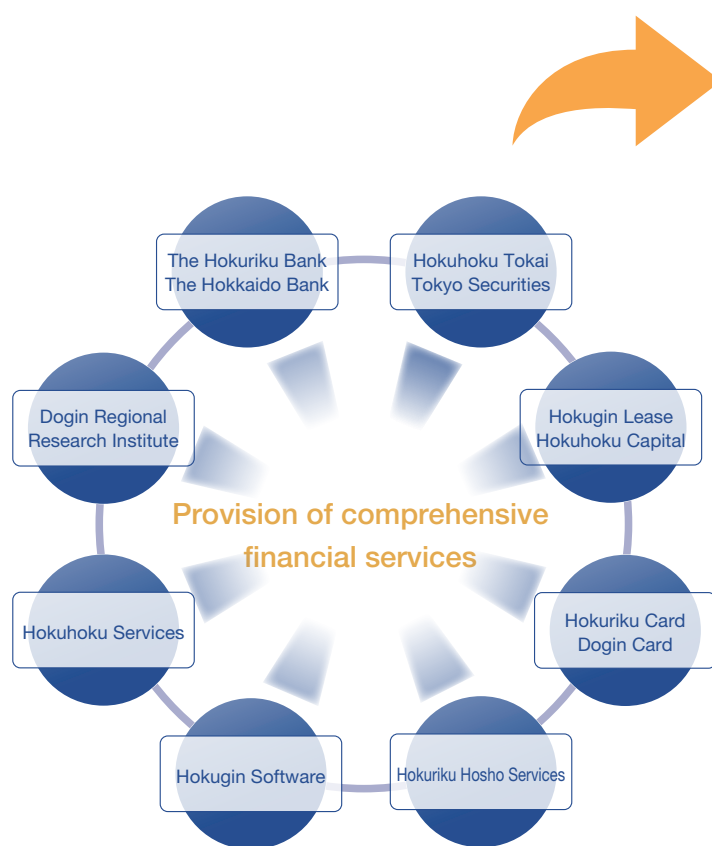
I think that knowing people at various levels fosters the sense of unity of the company group and is the first step towards the future HokuHoku Financial Group. I would definitely like everybody to promote exchanges in various forms.

Strengthening group comprehensive capabilities



Making maximum use of our sales base over a wide area, a feature of the company group, we will further accelerate collaboration in pursuit synergistic effects at The Hokuriku Bank and The Hokkaido Bank to provide customers with value.

Moreover, we will strengthen the provision of comprehensive services that go beyond the financial or non-financial framework, such as leases, cards, real estate and systems.



Provision of added value to customers through group collaboration

Support for sales channel expansion

- Business matching through HokuHoku collaboration

Diversification of fund procurement methods

- Lease proposals through collaboration with Hokugin Lease

Greater sophistication of fund management proposals

- Wide-ranging fund management proposals through collaboration with HokuHoku TT Securities

Support for digitalization and DX

- Digitalization through Hokuriku Card and Dogin Card
- DX support by Hokugin Software

Support using funds

- Fund investment from HokuHoku Capital



Improvement of the corporate value of the company

Increased opportunities to acquire revenue
Strengthening of recruitment capabilities

Sharing and greater sophistication of specialist skills

Rationalization based on the sharing of management resources

Support for sales channel expansion

The Hokuriku Bank and The Hokkaido Bank are working positively on support for the expansion of customers' sales channels and the provision of information using their wide-area network of branches.

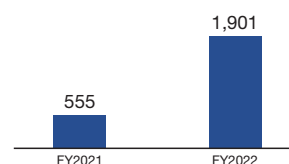
The number of achievements of "Hokuhoku collaboration," such as business matching that connects the business partners of The Hokuriku Bank and The Hokkaido Bank, and co-financing, has increased dramatically.

We will continue to strive to provide customers with added value by strengthening initiatives that take advantage of the features of the company group.

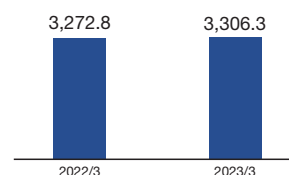
<< Main examples of Hokuhoku business matching >>

- Expansion of food-related sales channels and suppliers
- Expansion of sales channels for product equipment
- Acquisition and sale of real estate (via an intermediary)
- System introduction and expansion of sales channels
- Introductions to consulting companies

Number of collaboration achievements (cases)



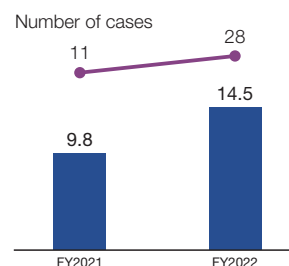
Hokkaido area loan balance (billion yen)



Diversification of fund procurement methods

The Hokuriku Bank and The Hokkaido Bank have diversified customers' fund procurement methods through collaboration with Hokugin Lease. They promoted environmentally friendly ESG leases to contribute to the decarbonization of the region. We will continue initiatives aimed at a decarbonized society through our customers in the region throughout the group.

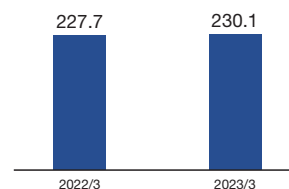
Number and amount of ESG leases (billion yen)



Greater sophistication of fund management proposals

The Hokuriku Bank and The Hokkaido Bank are providing highly specialized asset management advice and consulting services through collaboration with Hokuhoku Tokai Tokyo Securities. We will continue to strengthen group collaboration to respond to customers' diverse needs.

Hokuhoku Tokai Tokyo Securities deposited asset balance (billion yen)



Support for digitalization and DX

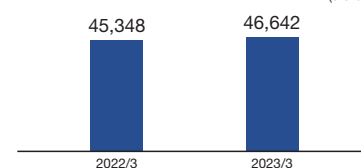
Digitalization by Hokuriku Card and Dogin Card

Hokuriku Card and Dogin Card are expanding member merchant transactions to promote the switch to cashless trade in collaboration with the banks.

They are working on the resolution of customers' issues and promoting the digitalization of the region to improve the productivity of the community and promote the improvement of convenience.

Number of member merchants (*)

(stores)



(*) Number of member merchants of Hokuriku Card and Dogin Card

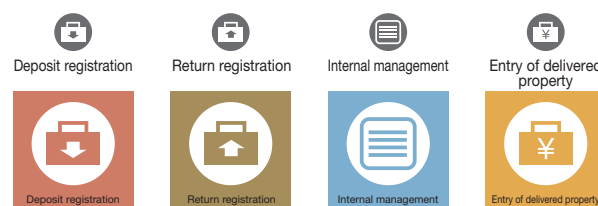
Topics

Hokuriku Card is collaborating with transportation facilities to introduce touch payments, including the introduction of touch payments on Toyama airport express buses and the implementation of a demonstration experiment for touch payments on Toyama City circular sightseeing buses. By doing so, it is improving regional convenience and contributing to the attractiveness of Toyama as a tourism city.



Support for DX by Hokugin Software

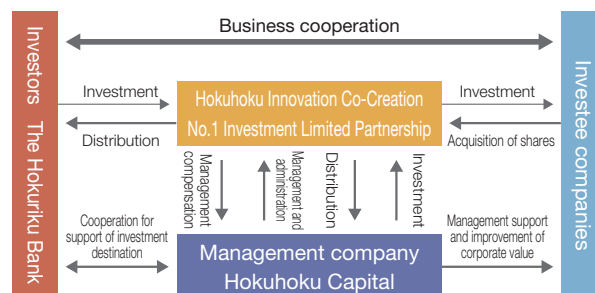
In addition to contract systems development and operation, Hokugin Software, a systems company, also plays roles including system sales and IT consulting for business partners. In addition, it is also selling the deposited property management system it introduced to The Hokuriku Bank and The Hokkaido Bank to other regional financial institutions. Hokugin Software will use the sophisticated and efficient systems development capabilities it has cultivated in the financial field to promote support for regional DX.



Support using funds

The Hokuriku Bank and Hokuohoku Capital established the Hokuohoku Innovation Co-Creation No.1 Investment Limited Partnership in October 2022 to support start-up companies with cutting-edge technologies and services.

In addition to unearthing and developing the entrepreneurs who will play central roles in the region's future, we will investment in companies at a wide range of stages, targeting companies aiming for public share offerings whose growth is expected due to their innovative business.



FG joint training for new employees

As part of the strengthening of the group's comprehensive capabilities, we implemented a joint training meeting for new employees for the first time since inaugurating the group. At the training meeting, participants engaged in lively opinion exchanges with the representatives and others, and group work on the themes of the group's history and future. By considering the group's strategies based on the concept of flexible thinking, this meeting contributed to the raising of awareness as FG employees.



Group fusion and the maximization of synergies

~ Construction of HokuHoku Sapporo Building completed as a new group base ~

Business was carried out on the land for many years as the Sapporo Branch of The Hokuriku Bank, but it has been reborn as a new base of the HokuHoku Financial Group. We will fuse the group and maximize synergies with The Hokuriku Bank, The Hokkaido Bank and group companies using the facilities jointly. We will strive for the growth and development of the region and create new joint value.

HokuHoku Sapporo Building is an environmentally-friendly, sustainable office building and has secured performance and environmental characteristics equivalent to the CASBEE Sapporo A ranking.



Overview of HokuHoku Sapporo Building

Name : HokuHoku Sapporo Building

Size : 13 floors above ground, 3 floors underground

Use : The Hokuriku Bank Sapporo Branch,
The Hokkaido offices,
The Hokkaido Bank offices,
The Hokkaido Bank headquarters functions,
group companies

Timing of completion : During fiscal year 2023 (plan)

The seven axes of HokuHoku Sapporo Building

1. Inheritance of history and leaping into the future
2. Co-prosperity with local society
3. Group fusion and the maximization of synergies
4. Provision of comfortable space and services for customers
5. New work styles and diversity
6. BCP handling based on resilience
7. Reduction of the environmental burden

Policy on initiatives for the environment

- Policy 1** Environmentally-friendly exterior design
- Policy 2** Use of highly efficient facilities and equipment
- Policy 3** Optimization of operation based on automatic control of facilities and equipment
- Policy 4** Connection to community air-conditioning and surface environment consideration

CASBEE Sapporo

Environmental efficiency of buildings **BEE rank A** (BEE=1.5)

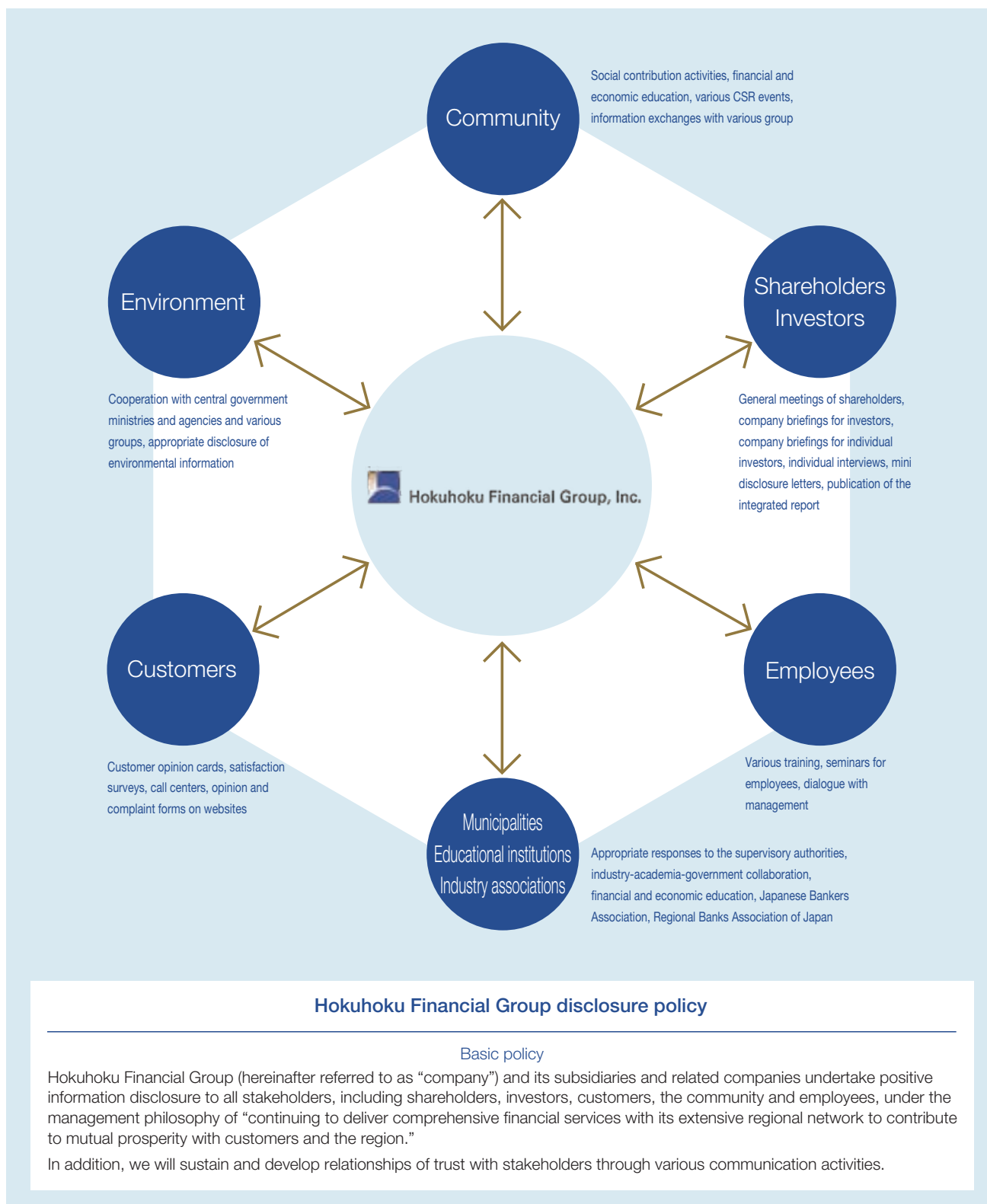
Lifecycle CO₂ ☆☆☆ (89%)

Primary energy consumption **BEIm = 0.79**

Stakeholder communication

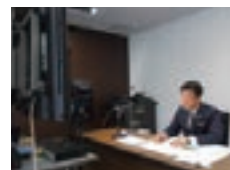
Relationships with stakeholders

Hokuhoku Financial Group will work towards the realization of a sustainable society through relationships with its various stakeholders, namely, customers, the environment, the community, shareholders and investors, employees, municipalities, educational institutions and industry associations.



Investors and shareholders

The Hokuhoku Financial Group values dialogue with shareholders and investors. In fiscal year 2022, we held briefings for institutional investors in May and November, and briefings for individual investors in June. We explained the company group's profile, results and strategies at these briefings. Recently, we held briefings for institutional investors in May 2023 in a hybrid format (assembly + web), and briefings for individual investors in June in a web format. In addition, we have enhanced dialogue with participants by having Outside Directors participate in these briefings.



Environment

The Hokuriku Bank and The Hokkaido Bank concluded an agreement on the "MEJAR Sustainability Solutions Collaboration," a partnership agreement concerning products and services in the sustainability area, with Bank of Yokohama, Higashi-Nippon Bank, The 77 Bank and The Hiroshima Bank, joint operators of the MEJAR core system. Each bank is working positively on supporting the decarbonization of its customers, and we will contribute to regional decarbonization and the development of regional economies by sharing information on future sustainability solutions.

Community

Initiatives for the improvement of financial literacy are expected from regional financial institutions, such as reducing the age of adulthood and including learning on financial products such as investment trusts in curriculum guidelines for high schools. Hokuhoku Financial Group also implements financial and economic education and workplace experience in elementary, secondary and higher education, as well as in adult education for local authorities and company employees.

While the population is aging and the conversion to a cashless economy is advancing, financial crimes such as fictitious billing and fraudulent transactions are increasing. We will advance initiatives in cooperation with the community so that people can understand financial systems and correct knowledge as consumers, and form a sense of money and morality independently.



Municipalities, educational institutions and industry associations

The Hokuriku Bank and The Hokkaido Bank are strengthening communication through cooperation with municipalities, educational institutions and industry associations, and collaborating and cooperating positively on the matching of regional needs and research seeds, and various initiatives in accordance with the features, strengths and issues of each region.

As of the end of fiscal year 2022, we had built cooperative relationships with 49 municipalities and were promoting initiative for regional co-creation based on industry-academia-government collaboration.



Customers

The Hokuriku Bank and the Hokkaido Bank listen sincerely to the opinions of customers and conduct surveys of customers engaging in asset management transactions to propose better services and products. The surveys use Net Promoter Score® (NPS®), which shows how interested a customer is in a company's brand, product or representative and how likely it is that a customer would recommend the company brand, product or representative to a friend or family member.

In fiscal year 2022, as in fiscal year 2020 and fiscal year 2021, both banks received ratings that exceeded the average for the 50 regional banks that participated in the survey.

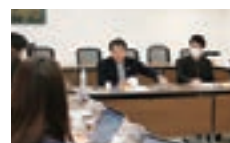
Employees

The Hokuriku Bank and The Hokkaido Bank provide forums to invigorate communication with employees through dialogue between directors and employees.

The Hokuriku Bank implements free discussion with the management team to communicate management strategies and thoughts, and listen to the opinions of employees. The management team and employees share the direction that the company group should move in, and these have also become opportunities for considering skill improvements and career formation.







On the occasion of its 70th anniversary, The Hokkaido Bank held "Do Talk," where employees and management could talk directly. We are exchanging opinions freely and openly on themes such as job satisfaction, thoughts on work and headquarters policies.

We will promote dialogue with employees while also using online tools to invigorate internal communication.



Strengthening group governance

List of directors (as of June 27, 2023)

						
	Hiroshi Nakazawa	Yuji Kanema	Masahiko Kobayashi	Yoshimasa Takada	Yoshikazu Sakamoto	Akira Sakai
Position and responsibilities at the company	Representative Director President	Representative Director Deputy President In charge of SX Promotion Department	Director In charge of Business Planning Department In charge of DX Promotion Department Second in charge of SX Promotion Department	Director Second in charge of Business Planning Department Second in charge of DX Promotion Department Second in charge of SX Promotion Department	Director In charge of Loan Planning Division	Director In charge of Risk Management Department
Corporate management	●	●	●	●		●
HR management		●	●			●
Consulting	●	●	●	●	●	●
Risk management / Compliance						●
Market	●	●				
Global affairs	●			●		
IT / DX	●	●	●	●		
GX	●	●	●	●		
Finance	●	●	●	●	●	●
Finance / Accounting	●	●	●	●		

Executive officers

In charge of Corporate Planning Department
and Personnel Strategy Department
Second in charge of Administration and
Systems Division

Shigeru Urasaki
Taro Nishino

Second in charge of Corporate Planning Department
and Personnel Strategy Department
Second in charge of Loan Planning Division

Tetsuya Yamazaki
Tsuyoshi Sasaki

In charge of Administration and
Systems Division
Second in charge of Risk
Management Department

Tsuyoshi Tatsushima
Naohisa Otsuka

The Hokuriku Bank, Ltd.	Directors and Auditors	Director and Chairman Director Director Auditor (outside)	Eishin Ihori Yoshikazu Sakamoto Akira Sakai Seiichiro Yagi	President Director Director (Outside) Auditor (Outside)	Hiroshi Nakazawa Tsuyoshi Tatsushima Koetsu Yamazaki Susumu Kyuwa	Director Director Full-Time Auditor	Masahiko Kobayashi Shigeru Urasaki Yasushi Numata
	Executive officers	Chairman and Executive Officer Managing Executive Officer Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer	Eishin Ihori Yoshikazu Sakamoto Osamu Yoshii Akihiro Tamasaku Nakaba Kurokawa Naohisa Otsuka Akira Sakai	President and Executive Officer Managing Executive Officer Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer	Hiroshi Nakazawa Tsuyoshi Tatsushima Katsuya Morita Koji Kida Shingo Shimada Masaru Sumitani Tetsuya Yamazaki	Senior Managing Executive Officer Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer	Masahiko Kobayashi Takuya Hatakeyama Shigeru Urasaki Yukio Ikurumi Yasukazu Tega Sadakazu Maeda Taro Nishino

						
	Yutaka Yokoi	Hirokuni Kitagawa	Masaaki Manabe	Nobuya Suzuki	Kaoru Funamoto	Marie Ogawa
Position and responsibilities at the company	Outside Director	Director serving as an Audit and Supervisory Committee Member	Outside Director serving as an Audit and Supervisory Committee Member	Outside Director serving as an Audit and Supervisory Committee Member	Outside Director serving as an Audit and Supervisory Committee Member	Outside Director serving as an Audit and Supervisory Committee Member
Corporate management		●	●	●		
HR management						
Consulting		●				
Risk management / Compliance	●	●			●	●
Market						
Global affairs	●	●				
IT / DX						
GX						
Finance		●		●	●	●
Finance / Accounting		●				

■ Name of the accounting auditors

Deloitte Touche Tohmatsu LLC

The accounting auditors have concluded auditing contracts with the following three companies: Hokuu Financial Group, Inc.; The Hokuriku Bank, Ltd.; and The Hokkaido Bank, Ltd.

The Hokkaido Bank, Ltd.	Directors and Auditors	Chairman Director Director (Part-Time) Auditor (Outside)	Masahiro Sasahara Tsuyoshi Sasaki Takuya Hatakeyama Shuji Iwamura	President Director Full-Time Auditor Auditor (Outside)	Yuji Kanema Yoshimasa Takada Makoto Suzuki Satoshi Chiba	Director and Deputy President Director Auditor (Outside)	Masaru Saito Tetsuya Yamazaki Ken Ebina
	Executive Officers	President and Executive Officer Managing Executive Officer Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer	Yuji Kanema Yoshimasa Takada Etsuro Yarimizu Naohiro Maeda Kazuyuki Numada Takehiko Higashida Tsuyoshi Tatsushima	Deputy President and Executive Officer Managing Executive Officer Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer	Masaru Saito Tomoo Aida Taro Nishino Tetsuya Yamazaki Shu Yamamoto Kohei Kitagawa Akira Sakai	Senior Managing Executive Officer Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer	Tsuyoshi Sasaki Yukiya Onishi Masayuki Hirakawa Masanori Nishizawa Yasunori Sato Shigeru Urasaki

Strengthening group governance

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 guidelines

<https://www.hokuhoku-fg.co.jp/info/governance/>



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 Fiduciary Duty Promotion Committee, a Sustainability Promotion Committee and a Business Promotion Committee, which consider the required handling and orientation with regard to the issues of group companies.

We use a company with Audit and Supervisory Committee system and also appoint outside directors. Additionally, in order to bolster our group governance framework and, ensure that operations are managed appropriately as a holding company, people from each of our principal subsidiaries, The Hokuriku Bank and The 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 enable the cycle of 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.



Basic policy on internal controls

<https://www.hokuhoku-fg.co.jp/info/governance/policy/>



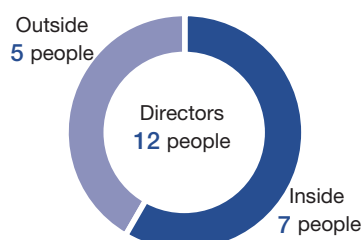
Overview of key bodies

Main features

■ Organizational format: Company with an Audit and Supervisory Committee ■ Consulting body for the Board of Directors: Nomination and Compensation Committee

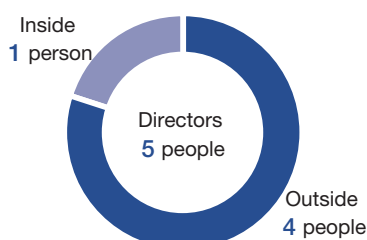
Board of Directors

Ratio of outside directors 41.7%



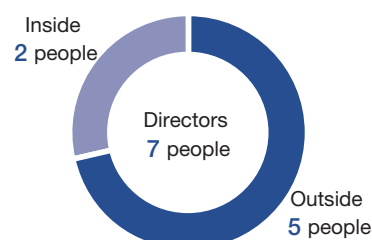
Audit and Supervisory Committee

Ratio of outside directors 80%



Nomination and Compensation Committee

Ratio of outside directors 71.4%



(As of June 27, 2023)

[1] Board of Directors

Met 12 times during fiscal year 2022

Responsible for decisions related to important policies for management of the group as a whole, and for overseeing business management, risk management and auditing carried out by the holding company and its subsidiaries.

Five outside directors are appointed and oversight is strengthened by incorporating perspectives that are independent from management.

Total time of meetings	Number of deliberations by the Board of Directors	
17.6 hours	Discussions	41
	Reports	162

The main discussion items in fiscal year 2022

Appointment of representative directors and executive directors
Appointment of executive officers
Determination of the basic policy for the internal control system

[2] Audit and Supervisory Committee

Met 11 times during fiscal year 2022

Determines matters related to auditing policies, plans and methods, and matters related to the execution of duties of directors serving as Audit and Supervisory Committee members. Also conducts audit on the performance of duties by directors, and determines opinions related to the nomination, compensation, etc., of directors other than those serving as Audit and Supervisory Committee members.

[3] Nomination and Compensation Committee

Met 7 times during fiscal year 2022

Composed of a minimum of three directors, the majority of whom are outside directors. Provides appropriate advice and involvement in matters related to personnel and remuneration for directors and senior management.

[4] Management Committee

Met 41 times during fiscal year 2022

Comprised of full-time directors of the company, makes decisions on matters relating to overall business execution policies and matters related to the implementation of particularly important tasks by specific divisions based on the basic policies determined by the Board of Directors.

[5] Fiduciary Duty Committee

Newly established. Met for the first time in February 2023

Comprised of full-time directors of the company, the directors and general managers of responsible departments, and the general managers of the responsible department of some subsidiaries (the banks and the securities company), and confirms and evaluates the state of practice of customer-oriented work operations throughout the group, and considers the handling and improvements required.

[6] Sustainability Promotion Committee

Met twice during fiscal year 2022

Comprised of full-time directors of the company, the directors and general managers of responsible departments, considers the direction of sustainability management for the entire group.

[7] Business Promotion Committee

Met 4 times during fiscal year 2022

Comprised of full-time directors of the company and the presidents of subsidiaries, responsible for making sure that important issues and management policies for the entire group are widely known and understood, and reflected in appropriate business execution by confirming the state of management of each company.

Strengthening group governance

Approach to the appointment of directors and procedures

Candidates for director excluding those serving as Audit and Supervisory Committee members

The company selects people with knowledge and experience that allows them to manage a bank appropriately, fairly and efficiently, or with the high-level ability, knowledge and insight required for the performance of duties viewed from their work experience outside of the company group, and who have sufficient social trust and can be expected to increase the corporate value of the company group based on the management philosophy.

The Board of Directors obtains advice from the Nomination and Compensation Committee and receives opinions that a candidate is qualified from the Audit and Supervisory Committee before determining the appointment of a candidate for director excluding those serving as Audit and Supervisory Committee members to ensure fair and transparent procedures.

Candidates for directors serving as Audit and Supervisory Committee members

The company selects people with knowledge and experience that allows them to perform audits of the duties of directors appropriately, fairly and efficiently, or with the high-level ability, knowledge and insight required for the performance of duties viewed from their work experience outside of the company group, and who have sufficient social trust and can be expected to increase the corporate value of the company group based on the management philosophy.

The Board of Directors obtains consent from the Audit and Supervisory Committee based on the selecting standards, etc. before determining the appointment of a candidate for director serving as an Audit and Supervisory Committee member.

Reason for appointment as outside director

In the selection of candidates to be outside directors, in addition to the knowledge, experience and capabilities required to execute duties and meeting the requirements for outside directors established in the Companies Act, we emphasize the securing of independence from the company to exercise the function of supervision over its management.

The outside directors of each company are designated as independent officers because they meet the standards on independence established by the Tokyo Stock Exchange and the Sapporo Stock Exchange, as well as the standards for the judgment of independence established by the company, and there is no danger that conflicts of interest will occur with general shareholders.

Name	Reason for appointment	Attendance at Board of Directors meetings and Audit and Supervisory Committee meetings in fiscal year 2022	
Masaaki Manabe	The company has appointed Mr. Manabe as an outside director as he is well versed in management and local economies as a business manager and can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors meetings Audit and Supervisory Committee meetings	12/12 11/11
Nobuya Suzuki	The company has appointed Mr. Suzuki as an outside director as he has extensive experience in the management of financial institutions (life insurance) and can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors meetings Audit and Supervisory Committee meetings	12/12 11/11
Kaoru Funamoto	The company has appointed Mr. Funamoto as an outside director due to his extensive experience and broad insight at the National Police Agency and The Resolution and Collection Corporation, and because he can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors meetings Audit and Supervisory Committee meetings	12/12 11/11
Marie Ogawa	The company has appointed Ms. Ogawa as an outside director as she has a wealth of experience and wide-ranging knowledge in the financial and legal fields at the Bank of Japan, and can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors meetings Audit and Supervisory Committee meetings	10/10 9/9
Yutaka Yokoi	The company has appointed Mr. Yokoi as an outside director due to his extensive international experience at the Ministry of Foreign Affairs and wide-ranging knowledge, and because he can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors meetings	10/10

The succession plan

As its succession plan, the company has clarified its approach and processes at each important stage with regard to the series of initiatives leading to the designation of successors so that people with the knowledge and experience enabling them to implement the management of the company and group companies appropriately, fairly and efficiently, and sufficient social trust, and who can be expected to increase the corporate value of the company group, can be appointed continuously as the management team, including the representative directors of each core group company.

In addition, the Nomination and Compensation Committee, which is comprised of a majority of outside directors and has an independent outside director serve as the chair, carries out the deliberations required and interviews candidates in the important process of selecting, developing and evaluating candidate successors based on the succession plan. The company operates the succession plan based on these initiatives, so that the designation of candidate successors of the company group is carried out very effectively while preserving objectivity and transparency.

The directors' skills matrix

The company considers the roles to be fulfilled by the Board of Directors and the skills (knowledge, experience and capabilities) required to perform long-term strategies for the realization of the long-term vision to be as follows.

Long-term vision	Long-term strategies	The roles the Board of Directors should fulfill	Required skills
Sustainable growth together with local communities and customers through problem solving	Solving more challenges by expanding business domain	Supervision of management strategies and the formulation and implementation of investment, human resources and capital strategies consistent with them based on deep insight into the future management environment	Corporate management, financing, finance and accounting
	Building a management base that supports sustainable growth	Leading corporate reform and growth with deep insight into DX	IT and DX
	Developing a corporate culture through the active participation of employees	Leading compliance and risk management	Risk management and compliance
		Realizing a company group that co-exists with regional society and international society	Consulting, global affairs and markets
		Managing the organization and human resources appropriately and leading the diversity and sustainability of the company group	Personnel and GX

Details of skills

Corporate management	Knowledge, experience and capabilities in the management of companies, etc., and organizational management
HR management	Knowledge, experience and capabilities in personnel matters, labor relations, human resources strategy and diversity
Consulting	Knowledge, experience and capabilities in solution proposals and corporate support
Risk management / Compliance	Knowledge, experience and capabilities in risk management, legal affairs and compliance
Market	Knowledge, experience and capabilities in market operations
Global affairs	Knowledge, experience and capabilities in global perspectives and overseas business
IT / DX	Knowledge, experience and capabilities in system planning, operation and management, and the digital field
GX	Knowledge, experience and capabilities in initiatives for sustainability and the environmental field
Finance	Knowledge, experience and capabilities in the financial industry
Finance / Accounting	Knowledge, experience and capabilities in financial strategy and accounting

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 results of analysis and assessment of the effectiveness of the Board of Directors in fiscal year 2021

It was assessed that the composition and operation of the Board of Directors and the Corporate Governance Committee (* Nomination and Compensation Committee from November 2021), established under the Board of Directors and whose main members are outside directors, were appropriate and that the effectiveness of the Board of Directors had been secured. We will continue to implement the measures required to increase the effectiveness of the Board of Directors, such as enhancing and improving the provision of advance information to independent outside directors and materials.

Initiatives in fiscal year 2022

We increased the number of outside directors by two people, including one woman, to five people, thereby raising the ratio of outside directors, to activate discussions on the Board of Directors, improved the detail of materials (enhancement of information), accelerated the provision of materials, and established a forum for Q&A ahead of meetings of the Board of Directors.

Overview of the process of analysis and assessment of the effectiveness of the Board of Directors in fiscal year 2022

We implemented a named self-assessment questionnaire among all directors, obtained advice from the Audit and Supervisory Committee based on questionnaire results, and carried out the assessment of effectiveness at the meeting of the Board of Directors in May.

Items (major items) on the self-assessment questionnaire

[1] Composition of the Board of Directors [2] Operation of the Board of Directors [3] Composition and operation of the Nomination and Compensation Committee [4] Roles and duties of directors, support for outside directors, etc. [5] Relations with shareholders and investors [6] Corporate governance, effectiveness of the Board of Directors overall [7] Improvements from last fiscal year

Overview of the results of analysis and assessment of the effectiveness of the Board of Directors in fiscal year 2022

It was assessed that the composition and operation of the Board of Directors and the Nomination and Compensation Committee, established under the Board of Directors and whose main members are outside directors, were appropriate and that the effectiveness of the Board of Directors had been secured. On the other hand, based on opinions for the further improvement of the effectiveness of the Board of Directors, we will strive for improvements in operational aspects such as the expansion of forums for the discussion of medium to long-term management issues and the future image of the group, the securing of sufficient time for meetings, and the setting of appropriate time for explanations.

Strengthening group governance

Directors' remuneration

The company determines the “policy for the determination of remuneration, etc.,” at a meeting of the Board of Directors and has established policy and procedures for the determination of amounts such as directors' remuneration, etc., as follows.

- i. The company sets the level and composition of directors' remuneration so that it functions as an incentive for the sustainable growth of the company group and the improvement of its medium to long-term corporate value.
- ii. The remuneration, etc., of directors excluding directors serving as Audit and Supervisory Committee members is comprised of 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 determined by the Board of Directors in an objective and transparent manner upon the recommendation from the Nomination and Compensation Committee concerning the appropriateness and validation of the amounts calculated in accordance with separately established directors' remuneration provisions and share remuneration-type stock option provisions.
 - (a) Basic remuneration
Basic remuneration shall be a fixed amount of remuneration established for each position.
 - (b) Share remuneration
Share remuneration share remuneration-type stock options equivalent to the amounts established for each position.
- iii. The remuneration, etc., of directors serving as Audit and Supervisory Committee members is comprised only of basic remuneration in light of their role of supervising and auditing the execution of business from a neutral and independent perspective, and determined based on discussions of the Audit and Supervisory Committee Members in accordance with the separately established directors' remuneration provisions, within the upper limits of the annual remuneration approved at the General Meeting of Shareholders.

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

- i. A resolution was passed 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) is to 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 is to 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 is to 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) of an amount not exceeding 45 million yen per year (not including the salaries of employees serving concurrently as directors).

Total amounts of remuneration (fiscal year 2022)

Category of directors	Total amounts of remuneration (billions of yen)	Total amounts by category of remuneration, etc.					Number of eligible directors
		Basic remuneration	Variable remuneration	Stock options	Retirement benefits	Of the amounts on the left, non-monetary remuneration, etc.	
Directors (excluding directors serving as Audit & Supervisory Committee members and outside directors)	12.2	10.3		1.9		1.9	8
Directors serving as Audit & Supervisory Committee members (excluding outside directors)	2.5	2.5					1
Outside Directors	2.5	2.5					5

(Note) The full amount of non-monetary remuneration, etc., for directors (excluding directors serving as Audit & Supervisory Committee members and outside directors) was for stock options.

Handling of cross-shareholdings

The company and its core subsidiaries (The Hokuriku Bank and The Hokkaido Bank) have established a policy concerning cross-shareholdings of listed companies and standards for exercising voting rights as follows. With regard to shares 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 holding is deemed appropriate, taking into consideration the market environment, management and financial strategies, etc.

Policy on cross-shareholdings

- (1) Cross-shareholdings shall be made when it is judged that they will maintain and strengthen long-term and stable relationships with the target company and benefit the bank's business strategy, thereby helping to enhance the corporate value of the target company and the group.
- (2) For cross-shareholdings, the risk and return of holding the shares shall be measured for individual stocks based on an index considerate of the cost of capital.

The Board of Directors will then conduct a comprehensive review each year to determine whether or not to hold the shares in light of the economic rationale based on prospects, business strategies such as business relationships and business alliances, and the significance of holding the shares in light of their relevance to the local economy.

- (3) Overall, our policy is to reduce cross-shareholdings by 25% (about 15.6 billion yen) of the book value of cross-shareholdings over the three years from fiscal year 2022. In the medium to long-term, we are aiming to reduce cross-shareholdings to less than 20% of consolidated net assets.

Policy on the exercise of 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 company group?

Internal auditing mechanisms

Basic approach

The company group believes that the establishment of internal auditing mechanisms that effectively meet requirements according to the scale and nature of operations, laws and regulations applied to business and categories of risk, is indispensable to the appropriate legal and regulatory compliance of the company group, customer protection and risk management.

Based on this conviction, the company and its subsidiary banks, The Hokuriku Bank and The Hokkaido Bank, have each established an internal Audit Department.

The internal Audit Department of each company has secured independence from other departments and established mechanisms of checks and balances.

■ Initiatives at the company group

The company has established Audit Department, which verifies the appropriateness and effectiveness of the internal management mechanisms of group companies and oversees the internal audit function of group companies. Based on the basic policy and the Rules on Internal Audits established by the Board of Directors, Audit Department carries out internal audits on the company and its subsidiaries (other than The Hokuriku Bank and The Hokkaido Bank) and affiliates, and receives reports from The Hokuriku Bank and The Hokkaido Bank that include the results of internal audits and the state of improvement of points at issue. Furthermore, when necessary, Audit Department grasps and manages the state of implementation of internal audits at group companies centrally through on-site verification of the banks, guidance and reports.

The results of internal audits of group companies are reported regularly to the Board of Directors and promptly when needed. In particular, mechanisms have been put in place for prompt reporting to the Board of Directors of events that could have a significant impact on the management of the group.

The Audit Departments of The Hokuriku Bank and The Hokkaido Bank also conduct operational and asset audits of the headquarters, branches and subsidiaries of each bank based on their policy and Rules on Internal Audits. In implementing these audits, they grasp the state of legal and regulatory compliance, customer protection, and risk management of the department subject to audit, and formulate efficient and effective internal audit plans taking into account factors such as the frequency and extent of such audits.

In addition, when necessary, the Audit Departments of both banks and the Audit Department of the company conduct audits jointly in order to strengthen and streamline the functions of the group as a whole in audits.

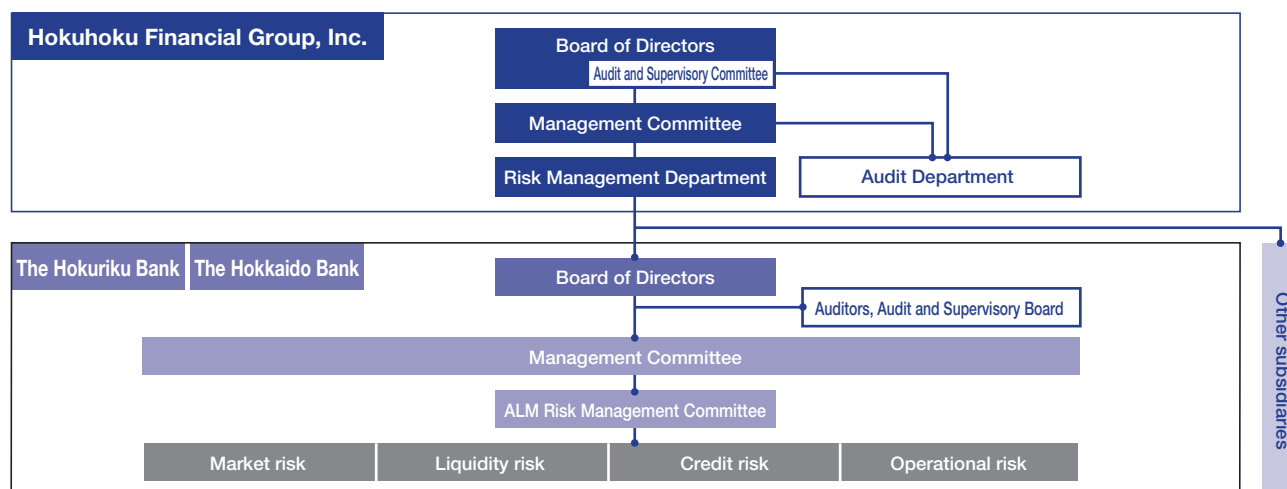
Strengthening group governance

Risk management

Integrated risk management framework

The company group has established a basic risk management policy for various risks and is striving for the establishment of an integrated risk management framework to ensure risk taking and management resource allocation balanced with earnings targets while keeping overall levels of risk within the group's managerial capacity to ensure the protection of customer deposits and the trust of shareholders and creditors.

In addition, we have established an integrated Risk Management Department to integrate and manage various risks, while the independent Audit Department carries out internal audits and we have a framework that verifies the appropriateness and effectiveness of risk management system.



Allocation of risk capital

The company group quantifies the various risks generated with respect to its operations as uniformly as possible and manages risk so that the overall level of risk is kept within the group's management capacity.

The subsidiary banks estimate maximum potential losses by quantifying credit risk, market risk and operational risk, allocate risk capital sourced from core capital to make effective use of capital resources, and control and manage risk within the range permissible for management.

Meanwhile, the company manages risk so that excessively large risks are not taken relative to capital on a group-wide basis, such as verifying the risk allocation plans of subsidiary banks, and whether 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 certain scenarios such as a normally inconceivable deterioration of business conditions or market fluctuations. By doing so, we verify regularly the substantiality of our capital position against risk.

Credit risk management

Basic approach

Credit risk involves means the risk that it will become impossible to recover the principal or interest of loans, etc., due to a reason such as the deterioration of a customer's management situation. Although this is an unavoidable risk for a bank, whose mission is financial mediation, the company group strives to develop and strengthen its credit risk management systems to maintain and enhance the soundness of its assets.

Credit risk management systems

To maintain and enhance the soundness of assets, the company group strives to grasp credit risk promptly and accurately using its internal ratings system and asset self-assessment, and performs appropriate write-offs and provisions to reserves. When making individual judgements on the granting of credit, we carry out rigorous screening in accordance with the standards and principles specified in our credit policy.

Internal ratings systems

To grasp the credit risk of loans, etc., objectively, our subsidiary banks have introduced internal ratings systems. They grasp trends in ratings continuously by breaking customers' creditworthiness down into fifteen levels based on financial data and qualitative information. In addition, we monitor the credit concentration status of large borrowers based on the Group Management Rules for Credit Limits and manage loans so that no excessive credit concentration risk arises.

Self-assessment standards

Self-assessments are implemented strictly by asset assessment departments at the subsidiary banks based on the asset self-assessment standards, and their appropriateness is verified by Risk Management Department and an independent internal management department.

Corporate rehabilitation

After making a loan to a corporate customer, we strive to prevent bad debt from occurring by assessing the business conditions faced by the borrower and following up their business plans. Meanwhile, we strive for the soundness of assets through the creation of a framework dedicated to the management of bad debt and the strengthening of support functions for corporate rehabilitation.

■ Market risk management

Basic approach

Market risk means the risk of incurring losses due to fluctuations in the value of assets and liabilities held or in earnings generated caused by fluctuations in various market risk factors such as interest rates, stock prices and foreign exchange rates. The company group strives to control market risk appropriately and manage operations so that we can ensure stable earnings. To that end, at the subsidiary banks that mainly handle transactions involving market risk, we have established regulations for market risk management and manage assets and liabilities comprehensively (ALM).

■ Liquidity risk management

Liquidity risk includes fund procurement risk involving losses that may be incurred by being unable to procure funds due to a decline in creditworthiness, etc., and being forced to procure funds at a significantly higher interest rate than normal, and market liquidity risk involving losses that may be incurred due to market disorder, etc., preventing a company from trading or forcing it to trade on considerably less favorable cost than normal.

The subsidiary banks, which account for a majority of the group's liquidity risk, have stipulated 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 management indices and monitor these on a daily basis. The state of liquidity risk is reported and discussed regularly at meetings of the ALM Risk Management Committee, etc., so that we will be able to respond appropriately should a crisis occur.

The company grasps the state of management and procurement at subsidiary banks, and takes every precaution possible for smooth fund procurement.

■ Operational risk management

Basic approach

Operational risk means the risk of losses that may arise as a result of operational processes, the conduct of executives or employees, or computer systems being inappropriate, or adverse external events.

The company group has established Rules for the Management of Operational Risk and categorizes operational risk into seven categories: 1) administrative risk; 2) system risk; 3) legal risk; 4) human risk; 5) tangible asset risk; 6) reputational risk; and 7) other risks. The state of these risks is monitored by the Operational Risk Specialist Committee, which convenes each month at the subsidiary banks, and we strive to establish a PDCA cycle framework by grasping potential risks through risk assessments, etc., and evaluating preventive measures.

Risk management systems by major category

Administrative risk management

The company group considers measures to prevent reoccurrence through analysis of the causes of administrative errors and other incidents, advances the centralization and streamlining of administrative processing at headquarters from the perspectives of consolidation and mutual checks and strives to implement initiatives aimed at reducing administrative risk.

System risk management

The company group has formulated Rules for System Risk Management and a basic policy on ensuring the safety of information assets (security policy), has established a robust management and operating framework, and implements various security management measures, including backup systems. In addition, we are working on the strengthening of the security management framework aimed at responding promptly to cyberattacks, which have tended to increase in recent years.

■ Crisis management

To minimize the impact of any large-scale disaster or other emergency, should one occur, the company group has formulated a "Crisis management manual (contingency plans, etc.)" and has also established a framework for information-gathering and the centralization of instructions and commands in the event of a crisis.

In particular, the subsidiary banks have established a "Business continuity plan (BCP)," so that they can continue the settlement functions and other work required of financial institutions in the event an earthquake, infections or other crisis occurs, and have also established a framework that will allow them to respond thoroughly to any crisis situation.

Strengthening group governance

Compliance

Basic policy

At Hokuohoku Financial Group, we regard compliance as one of our most important management priorities, fully recognizing that the incompleteness of compliance could weaken our business foundations. The Board of Directors has established basic compliance policies and we strive to engage in business activities in a fair and honest manner.

Basic compliance policy

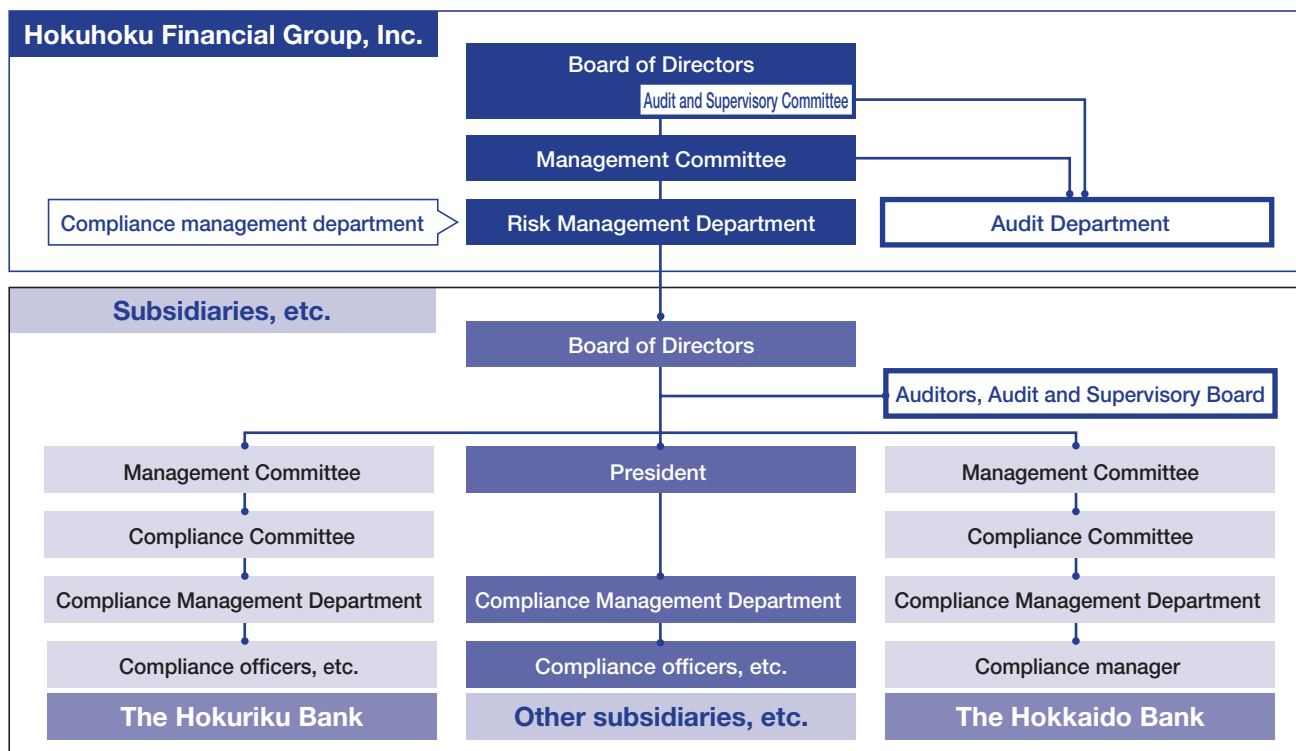
- 1. Recognition of the company group's basic mission and social responsibilities**
As a regional financial institution, the company group recognizes its public mission and social responsibilities, and strives to establish trust inside and outside the company through sound business operations.
- 2. Provision of high-quality financial services**
We contribute to stable regional economic and social development and the enhancement and improvement of customers' lives by providing high-quality, comprehensive financial services.
- 3. Strict observance of laws, regulations and rules**
We observe laws, regulations and rules strictly, and conduct business in a fair and prudent manner so that we do not deviate from our own corporate ethics and social norms.
- 4. Rejection of anti-social forces**
We contribute to a sound society by refusing to tolerate anti-social elements that threaten social order and safety, and responding to them resolutely.
- 5. Ensuring management transparency**
We strive for accurate and smooth information disclosure and decision making and aim for a highly transparent management and organizational culture.

Systems

To establish compliance systems, the company group has established Compliance Rules, put in place organizational structures, and the company and each group company take measures in cooperation.

Risk Management Department is the department responsible for overseeing compliance within the group, and the head of Risk Management Department is the person responsible for compliance.

Compliance officers, etc., are assigned to each branch of the subsidiary banks and each group company to actively implement education and awareness-raising initiatives on compliance in the workplace. In addition, the subsidiary banks have each established a Compliance Management Department and Compliance Committee to grasp the state of compliance and make improvements.



■ Compliance manual and compliance programs

To ensure the thorough implementation of compliance, we have formulated a Compliance Manual (Code of Conduct) bringing together all of the basic matters that executive officers and employees should observe. This manual is distributed to all executive officers and employees, and we make the content known to them in training and internal study meetings.

In addition, each year, the Board of Directors determines the Compliance Program, a detailed action plan for the maintenance of compliance systems, while the Board of Directors also receives reports on the state of implementation of the program regularly and strives for the certain practice of compliance.

■ Measures for better customer protection and greater customer convenience

To protect customers' assets, information and other interests, the company group has established a Policy on the Management of Customer Protection within its Basic Rules for the Management of Customer Protection.

Furthermore, to provide appropriate explanations to customers in accordance with the Japanese Financial Instruments and Exchange Act and other laws, and to respond appropriately to customers' inquiries and complaints through Customer Consultation Office, we have formulated rules from five perspectives and established a framework to respond appropriately.

In addition, the Compliance Management Department of each group company is the department responsible for the management of customer protection, and they operate in cooperation with other departments through a framework that enables them to draft and implement various improvement measures through ongoing reviews, problem resolution and data analysis so that management systems function fully.

■ Measures for protection of personal information

In financial business, ensuring the safety of information assets is an essential and important matter for obtaining customer trust. As such, we protect and use all customer information in our custody strictly and prevent its leakage.

With regard to personal information, in particular, the company group has established a Personal Information Protection Declaration, disclosed on our website, to comply with the Personal Information Protection Act and other laws, and we strive so that we can obtain the maximum trust from customers as a financial institution that contributes to local communities.

Basic rules for the management of customer protection

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

Policies for the management of customer protection

When carrying out transactions with customers, we will explain and provide information on financial products adequately and fully in accordance with laws and regulations.
We will listen carefully to customer inquiries and complaints and handle them appropriately and fully.
We will acquire information concerning customers lawfully and manage it safely in accordance with the law.
When outsourcing operations related to transactions with customers, we will manage service providers appropriately to protect customers' information and interests.
We will manage appropriately transactions involving customers where conflict of interest could be an issue so that customers' interests are not harmed unjustly.

■ Measures for dealing with anti-social forces

The company group has established a Basic Policy for Responding to Anti-Social Forces to maintain the public's trust and the appropriateness and soundness of our financial services.

In addition, each group company has assigned managers to respond to anti-social forces, takes resolute measures in cooperation with the police, etc., and severing all relations with anti-social forces that threaten the order and safety of civil society.

■ Internal notification system

The company group has established a whistleblower and consultation hot line and a framework to strengthen compliance also including checks and balances to detect and correct unfair practices promptly.

■ The prevention of money laundering and measures to deal with financial crime

The company group positions measures for the prevention of money laundering and other financial crimes as an important management issue, has clarified the division of roles within the company based on our Policy on the Prevention of Money Laundering, and has built a management system able to implement appropriate measures in a timely manner with regard to verifying transactions, reporting suspicious transactions and managing correspondent bank relationships. In addition, we have been educating executive officers and employees through training, and striving to improve our efforts, including the implementation of audits on the state of compliance with measures to prevent money laundering, etc.

Special fraud and other financial crimes have increased and our subsidiary banks have prevented harm and strengthened security, and are also handling victims appropriately, including reimbursements based on the Act on Damage Recovery Benefit Distributed from Fund in Bank Accounts Used for Crimes.

■ Measures for a financial alternative dispute resolution (ADR) system

In order to respond promptly and appropriately to customer opinions and complaints, our subsidiary banks have concluded agreements with the Japanese Bankers Association. The association is a designated bank dispute resolution organization that works to resolve disputes from a fair and impartial position.

Name of designated bank dispute resolution organization: Japanese Bankers Association Customer Relations Center, Japanese Bankers Association (banking) Tel: 0570-017-109 or 03-5252-3772	Name of designated bank dispute resolution organization: Financial Instruments Mediation Assistance Center (financial instruments) Tel: 0120-64-5005
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Initiatives for customer-centered business operations

Fiduciary duty initiatives

Basic policy on fiduciary duty initiatives

1. Support for asset management and asset formation

Based on our management philosophy of “prospering together with the region,” “fair and steady management” and “progressive and innovative services,” we will give customers the optimum proposals in accordance with their needs and life-stage to contribute to the stable development of regional economy and society and customers’ asset management and asset formation through the provision of financial services.

2. Provision of the optimum financial services

By having customers share their life-stages and life-plans, we will propose and provide the optimum financial services and products in line with their intentions and continue to follow up appropriately after concluding contracts.

We will make improvements and investments so that customers can use services conveniently through channels other than branches such as the internet.

In addition to The Hokuriku Bank and The Hokkaido Bank, we will work throughout the group while being conscious of conflicts of interest so that we can meet customers’ needs, such as by using the financial products and services of Hokuhoku Tokai Tokyo Securities, the group’s securities company.

3. Enhancement of information provision

We will establish a system so that we can explain important information on the financial services we provide in ways that are easy to understand to provide appropriate information in accordance with the investment experience and financial knowledge of customers.

4. Explanations of fees in ways that are easy to understand

We will explain the fees for each product so that customers can understand them to contribute to investment decisions by customers.

5. Thorough implementation of the governance system

We will enhance education and training on products and services for employees and develop human resources towards the realization of the provision of optimum financial services to customers.

We will listen carefully to the life-stage and life-plans of customers and review and improve the evaluation of results so that we provide the optimum proposals and products.

When selecting products, we will do so without being prejudiced towards group company products and also while being conscious of conflict of interest.

We will build and implement thoroughly a governance system that questions whether this basic policy is being observed.

Policy on initiatives in fiscal year 2023

1. Support for asset management and asset formation

We will support the asset management and asset formation of customers with a sense of ethics and for their best interests by “making the optimum proposals in accordance with the needs and life-stage of customers” and “contributing to the asset formation and portfolio building of customers by strengthening consulting functions.”

2. Provision of the optimum financial services

- (1) We will raise the quality of the proposal process starting from knowing customers well (needs, life-stage, knowledge and experience of asset formation, etc.) through dialogue for the realization of customers’ life plans.
- (2) We will review the product line-up so that we can make the optimum proposals based on customers’ intentions, including their asset background, investment experience and thinking on risk.
- (3) We will review the line-up of the insurance products handled by the banks so that we can make proposals for needs to prepare for various future contingencies by putting together a line-up for different security functions.
- (4) We will implement regular post-contract follow-up in accordance with customer desires using non-face-to-face services as well as face-to-face contact.
- (5) We will improve functions such as internet banking, the bank apps and Hokuhoku TT Direct and improve convenience so that we can provide financial services in accordance with the lifestyles of customers.
- (6) We will prepare information provision and services that enable us to respond to customers’ wide-ranging asset formation goals through the cooperation of all companies of the Hokuhoku Financial Group.

3. Enhancement of information provision

- (1) We will make proposals in line with customers’ intentions by striving to know about their life-stages and life-plans through dialogue with customers. We will provide information in accordance with customers’ money plans by providing information using pamphlets and various tools, and holding seminars for customers.
- (2) We will provide information using “important information sheets,” etc., on the mechanisms of the financial products we provide and their assumed customers.
- (3) We will strive for the improvement of pamphlets and various tools so that we can provide information in accordance with the level of understanding of customers.

4. Explanations of fees that are easy to understand

- (1) We will clarify the fees related to financial services and products and prepare a system to explain fee comparisons across different products in ways that are easy to understand using "important information sheets" and other methods.
- (2) If multiple transactions methods can be chosen, we will explain the differences in the fees and their various merits and demerits in ways that are easy to understand and by making fair comparisons so that customers can make a well-considered choice.

5. Thorough implementation of the governance system

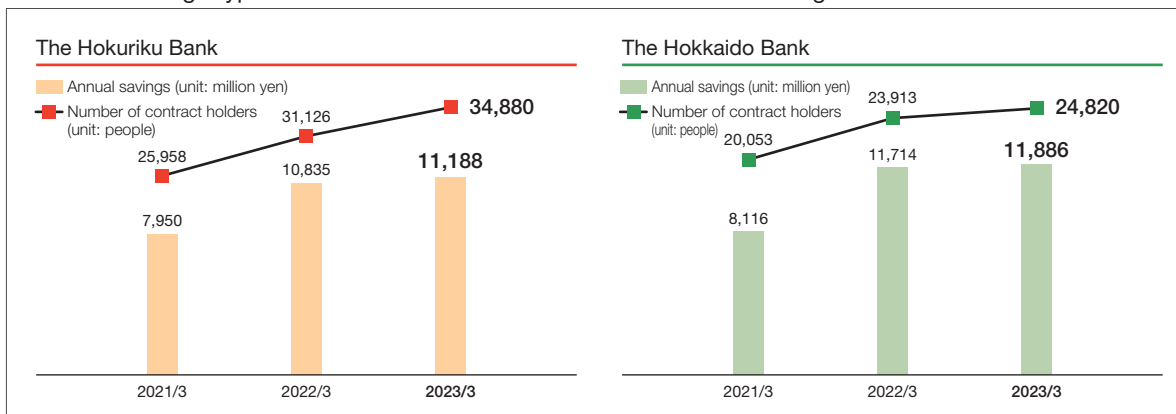
- (1) We will disseminate the values and know-how to put into practice the optimum proposals in accordance with customers' needs and life-stages with a sense of ethics through continuous internal and external training. In addition, we will strive to develop human resources motivated to improve their knowledge and skills by recommending the acquisition of external qualifications such as FP (financial planner).
- (2) We will review our results evaluation systems so that employees observe the law and make appropriate proposals that contribute to customers' interests.
- (3) When selecting products, we will do so in accordance with the procedures of the Rules on Internal Group Transactions when selecting the products of group companies in particular, without being prejudiced towards group company products and also while being conscious of conflict of interest.
- (4) We will confirm regularly whether service proposals suitable for customers are being put into practice as an organization and strive for improvements.

Fiscal year 2022 KPI

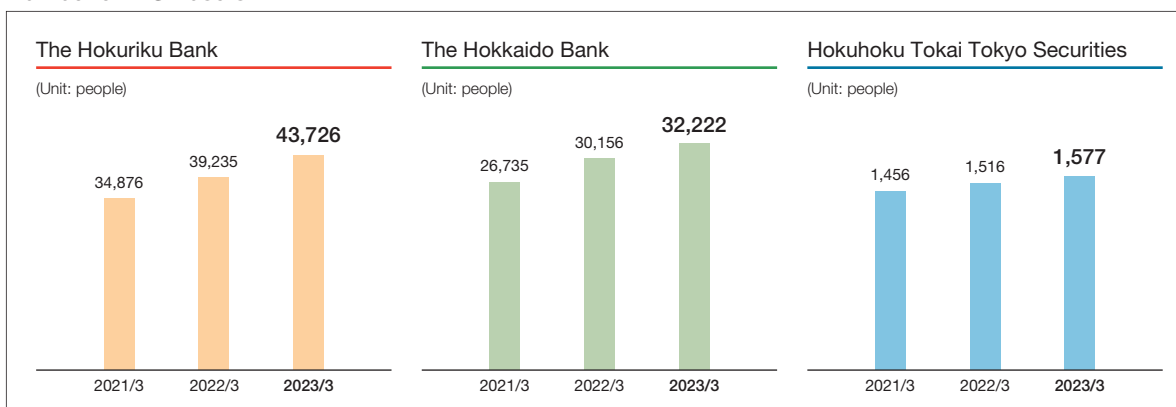
- | | |
|--|---|
| [1] NPS questionnaire results | [7] Proportion of customers by investment trust or fund wrap by gain or loss on investments |
| [2] Number of savings-type investment trust contract holders and annual savings | [8] Cost return on top 20 investment trusts by deposited asset balance |
| [3] Number of NISA users | [9] Risk return on top 20 investment trusts by deposited asset balance |
| [4] Sales and composition ratio of top 10 investment trusts by sales | [10] Proportion of customers by foreign currency-denominated insurance management valuation |
| [5] Human resource development, number of people who have acquired FP qualifications | [11] Cost return by foreign currency-denominated insurance instrument (maximum of 20) |
| [6] Holding of customer seminars | |

State of progress of main KPIs in fiscal year 2022

Number of savings-type investment trust contract holders and annual savings



Number of NISA users



Corporate information

Profile



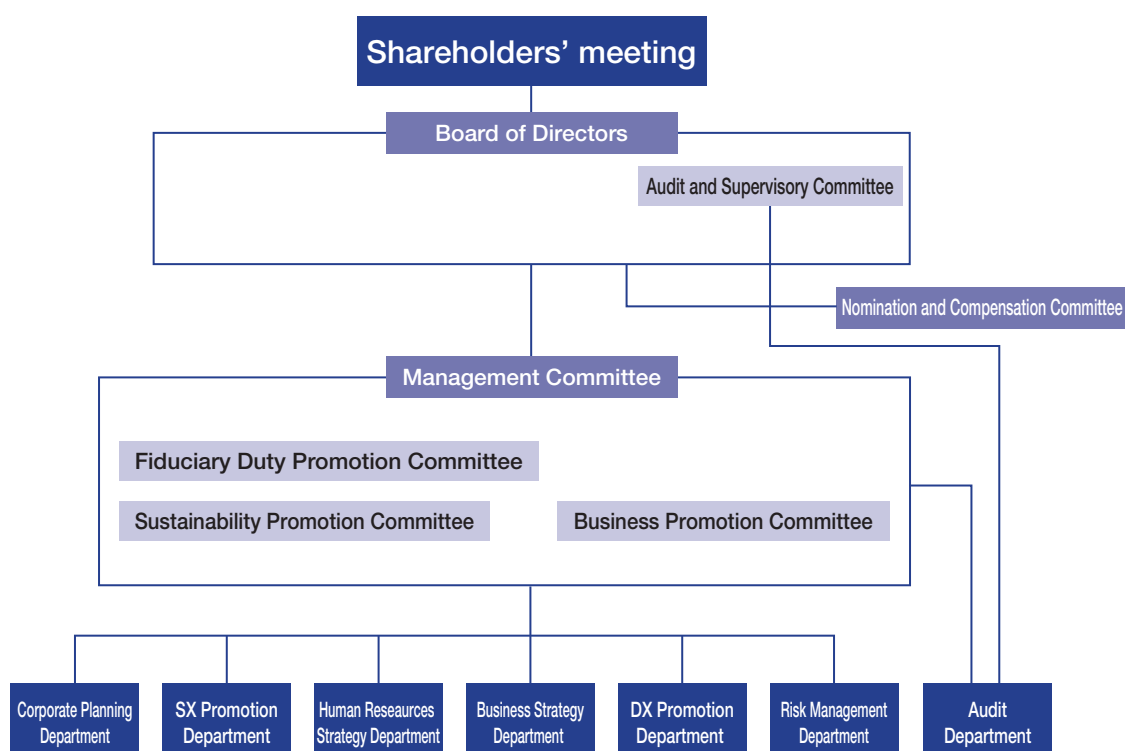
Hokuhoku Financial Group, Inc.

(As of end-March, 2023)

Date of establishment:	September 26, 2003	Employees:	88
Location of head office:	1-2-26 Tsutsumicho-dori, Toyama City	Total assets (consolidated):	¥16,172.7 billion
Purpose of business:	Management and control of subsidiaries and affiliates, ancillary business, and other business recognized by The Banking Act	Deposits (consolidated): (including certificates of deposit)	¥13,513.7 billion
Capital:	¥70,895 million	Loans:	¥9,533.4 billion
Shares issued and outstanding:	Common stock 128,770,814 Preferred stock (type 5) 64,469,000	Consolidated capital adequacy ratio: (Japanese standard)	9.49%
Exchange listings:	Tokyo Stock Exchange (Prime Market) Sapporo Securities Exchange		

Organization chart

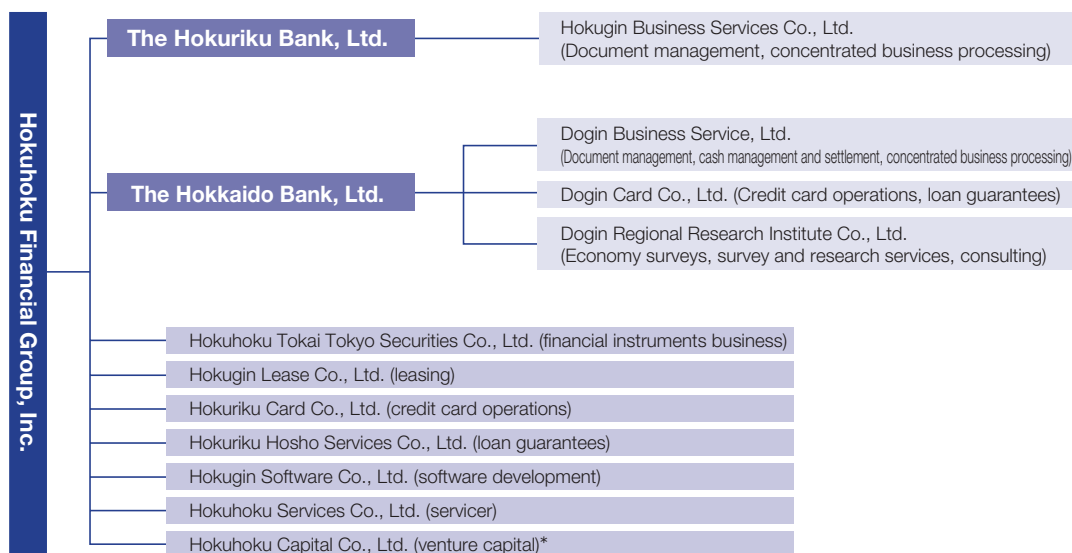
(As of July 1, 2023)



Details of business

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

Business diagram



* Equity method-affiliated company

Major subsidiaries, etc.

(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	6,337
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 and settlement, 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	Economic surveys, survey and 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 including shares held directly by subsidiaries.

The Hokuriku Bank, Ltd.

Logo mark



Website address

<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," The 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, 2023)

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:	¥9,477.3 billion
Deposits (including NCDs):	¥7,680.3 billion
Loans and bills discounted:	¥5,186.3 billion
Issued shares:	
Common stock:	1,047,542,335
Capital adequacy ratio (non-consolidated):	9.06%
Employees:	2,167
Branches (as of June 30, 2023)	Domestic: 188 (145 branches, 43 sub-branches) Overseas: 6 (6 representative offices)

History

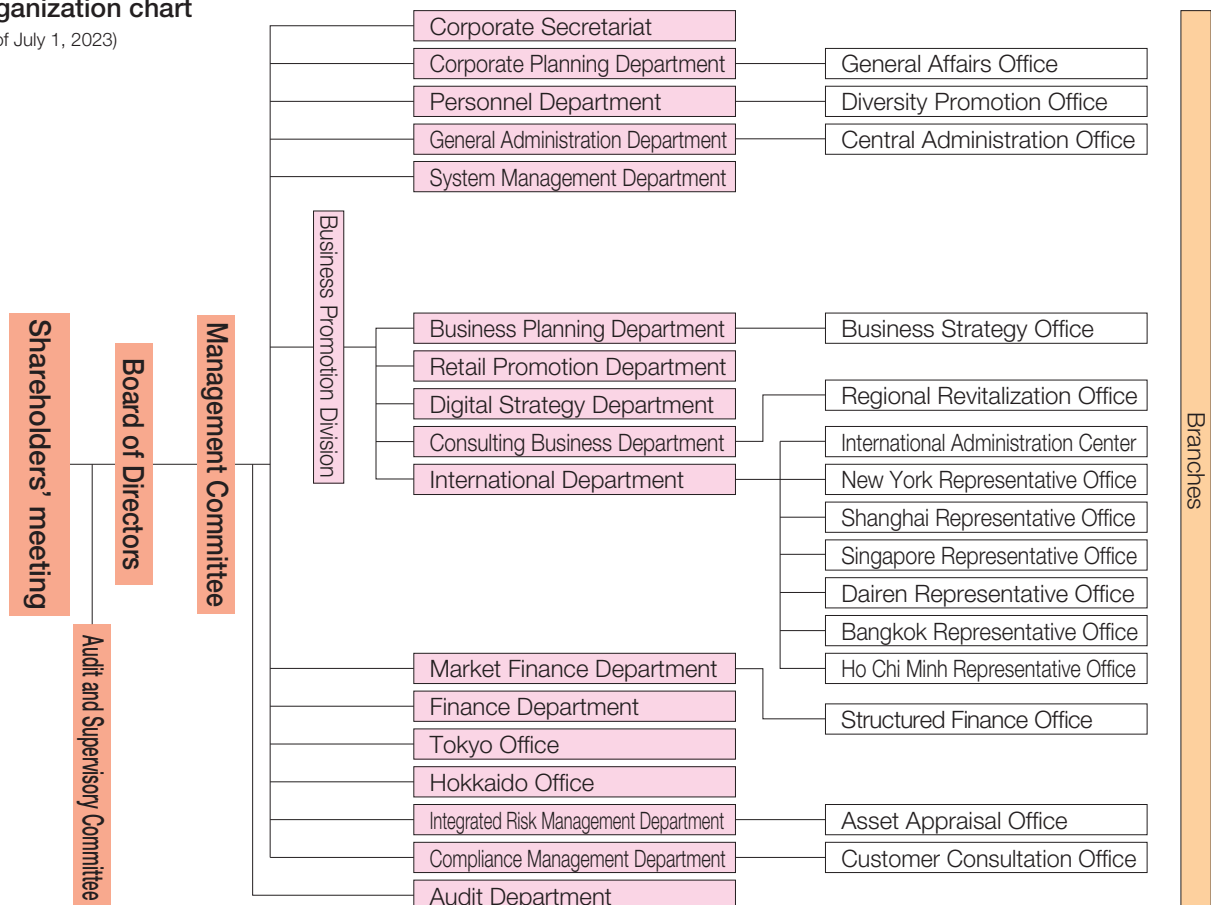
August 1877	Kanazawa 12th National Bank founded
February 1879	Toyama 123rd National Bank founded
January 1884	Kanazawa 12th National Bank and Toyama 123rd National Bank merged to form Toyama 12th National Bank with headquarters in Toyama City
July 1897	Toyama 12th National Bank changed name to 12th Bank
July 1943	Four banks, 12th, Takaoka, Chuetsu, and Toyama Bank, merged to form The 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 Hokugin Financial Group, Inc.
September 2004	Integrated management with The Hokkaido Bank, name of parent company changed to Hokuhoku Financial Group, Inc.
December 2004	Launched securities agency operations
May 2011	Commenced use of joint IT system with The Hokkaido Bank and 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

Details of main business

Deposits	(1) Deposits	Handling of current account deposits, ordinary account deposits, deposits for settlement, savings account deposits, notice account deposits, fixed-term deposits, periodical deposits, tax payment preparation deposits, non-resident yen deposits, foreign currency deposits, etc.
	(2) Certificates of deposit	Handling of transferable fixed-term deposits
Loans	(1) Loans	Handling of bill loans, loans on deed and overdrafts
	(2) Discounts on bills and electronically recorded monetary claims	Handling of discounts of bankers' acceptance, commercial bills, documentary bills and electronically recorded monetary claims
Buying and selling of trading securities	Buying and selling of government bonds and other public bonds	
Securities investment	Investments in government bonds, local government bonds, corporate bonds, shares and other securities in preparation for the payment of deposits and for use in fund management	
Domestic exchange	Handling of remittance bills, bank transfers, collections, etc.	
Foreign exchange	Various services related to exports, imports, foreign remittances and other foreign exchange	
Entrustment of corporate bonds, etc.	Entrustment of corporate bonds, etc., services related to the entrustment for subscription of public bonds	
Trust and inheritance	Money trust (living trust, chronological gift trust), testamentary trust and inheritance arrangement services	
Ancillary business	(1) Agency business	<ul style="list-style-type: none"> ● Bank of Japan agency, Bank of Japan revenue agency and government bond agency ● Handling of the public funds of local governments ● Agency work for the Organization for Workers Retirement Allowance Mutual Aid, etc. ● Stock payment acceptance agency work and share dividend and bond principal and interest payment agency work ● Loan agency work for the Japan Finance Corporation, etc. ● Trust agency work ● Agency work for the Japan Housing Finance Agency
	(2) Custody and safe deposit box services, loaning of securities, debt guarantees (acceptances and guarantees), underwriting of public bonds, over-the-counter sales of government bonds and other public bonds and securities investment trusts, financial instrument intermediary services, over-the-counter sales of insurance products, handling of commercial paper, etc., defined contribution pension management, handling of the private placement of securities, derivative transactions with interest and currency, etc., human resource recruitment	

Organization chart

(as of July 1, 2023)



The Hokkaido Bank, Ltd.

Logo mark



Website address

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

Establishment

The 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 the development of new industries in Hokkaido during the post-war recovery period. Based on this background, and as a bank deeply rooted in Hokkaido, The Hokkaido Bank considers its mission to be to contribute to regional economic growth by providing finance and quality financial services smoothly to its customers in Hokkaido. Going forward, The 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, 2023)

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:	¥6,655.6 billion
Deposits (including NCDs):	¥5,860.3 billion
Loans and bills discounted:	¥4,358.7 billion
Issued shares:	
Common stock:	486,634,512
Preferred stock (Type 2):	64,459,200
Capital adequacy ratio (non-consolidated):	8.99%
Employees:	1,981
Branches	Domestic: 144 (136 branches, 8 sub-branches)
(as of June 30, 2023)	Overseas: 2 (2 representative offices)

History

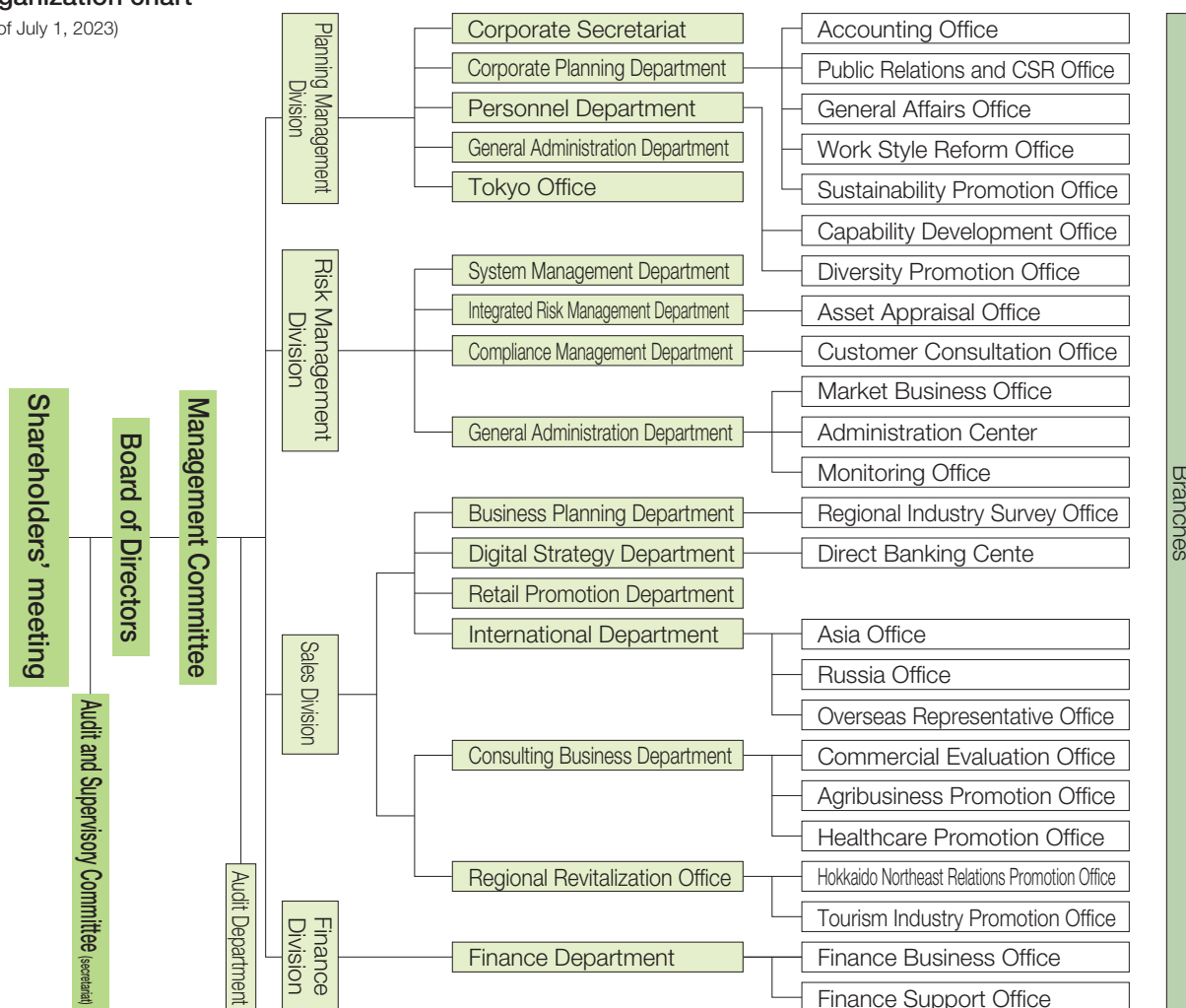
March 1951	Hokkaido Bank established
April 1961	Launched foreign exchange operations
May 1962	Listed on the Sapporo Stock Exchange
August 1964	Completed present head office
June 1971	Launched first online system
July 1976	Launched second online system
December 1980	Received blanket approval to engage 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 the 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) (issue 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 the management of Hokugin Financial Group, Inc., parent of The Hokuriku Bank; Hokuoku Financial Group, Inc. launched
April 2005	Launched securities agency operations
March 2006	Entered into a contract on joint system use with The Hokuriku Bank and Bank of Yokohama
August 2006	Opened representative office in Shenyang, China
March 2009	Opened representative office in Yuzhno-Sakhalinsk, Russia
January 2010	Taiwan ATM started
May 2011	Commenced use of joint IT system with The Hokuriku Bank and 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

Details of main business

Deposits	(1) Deposits	Handling of current account deposits, ordinary account deposits, deposits for settlement, savings account deposits, notice account deposits, fixed-term deposits, periodical deposits, tax payment preparation deposits, non-resident yen deposits, foreign currency deposits, etc.
	(2) Certificates of deposit	Handling of transferable fixed-term deposits
Loans	(1) Loans	Handling of bill loans, loans on deed and overdrafts
	(2) Discounts on bills and electronically recorded monetary claims	Handling of discounts of bankers' acceptance, commercial bills, documentary bills and electronically recorded monetary claims
Buying and selling of trading securities	Buying and selling of government bonds and other public bonds	
Securities investment	Investments in government bonds, local government bonds, corporate bonds, shares and other securities in preparation for the payment of deposits and for use in fund management	
Domestic exchange	Handling of remittance bills, bank transfers, collections, etc.	
Foreign exchange	Various services related to exports, imports, foreign remittances and other foreign exchange	
Entrustment of corporate bonds, etc.	Entrustment of corporate bonds, etc., services related to the entrustment for subscription of public bonds	
Ancillary business	(1) Agency business	<ul style="list-style-type: none"> ● Bank of Japan revenue agency ● Handling of the public funds of local governments ● Agency work for the Organization for Workers Retirement Allowance Mutual Aid, etc. ● Stock payment acceptance agency work and share dividend and bond principal and interest payment agency work ● Loan agency work for the Japan Finance Corporation, etc. ● Trust agency work ● Agency work for the Japan Housing Finance Agency
	(2) Custody and safe deposit box services, loaning of securities, debt guarantees (acceptances and guarantees), underwriting of public bonds, over-the-counter sales of government bonds and other public bonds and securities investment trusts, financial instrument intermediary services, over-the-counter sales of insurance products, handling of commercial paper, etc., defined contribution pension management, handling of the private placement of securities, derivative transactions with interest and currency, etc.	

Organization chart

(as of July 1, 2023)



Corporate information

Addresses

Hokuhoku Financial Group, Inc.

1-2-26, Tsutsumicho-dori Toyama
City, Toyama 930-8637, Japan
Telephone: +81-76-423-7331
<https://www.hokuhoku-fg.co.jp/>
E-mail: info@hokuhoku-fg.co.jp

The Hokuriku Bank, Ltd.

International Department

1-2-26, Tsutsumicho-dori Toyama
City, Toyama 930-8637, Japan
Telephone: +81-76-423-7815
Facsimile: +81-76-423-7561
E-mail: kokusaibu@hokugin.co.jp

International Operations Center

Kanda Higashinippon bldg
5F 2, Kandatomiyamacho
Chiyoda-ku, Tokyo 101-0043, Japan
Telephone: +81-3-3252-8350
Facsimile: +81-3-3252-8360
E-mail: b.office@hokugin.co.jp
SWIFT Address: RIKBJPJT

Treasury and Securities Department

14F, Nihonbashi Muromachi
Mitsui Tower, 2-1, 3-chome,
Nihonbashi Muromachi,
Chuo-ku, Tokyo 103-0022, Japan
Telephone: +81-3-3231-7360
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, Bhira Tower
at EmQuartier, 689 Sukhumvit
Road, North Klongton, Wattana
Bangkok 10110, Thailand
Telephone: +66-2-261-8495
Facsimile: +66-2-261-8497
E-mail: bangkok@hokugin.asia

- Ho Chi Minh Representative Office
Suite 1709, 17th Floor, Saigon Tower,
29 Le Duan Street, Ben Nghe Ward,
District 1, Ho Chi Minh City, Vietnam
Telephone: +84-28-7300-1015
E-mail: hochiminh-city@hokugin.co.jp

The Hokkaido Bank, Ltd.

International Department

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NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEET (UNAUDITED)

The Hokuriku Bank, Ltd.

March 31	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Assets			
Cash and due from banks	¥2,875,482	¥3,607,139	\$21,534,356
Call loans and bills bought	52,344	26,731	392,003
Monetary claims bought	15,519	21,217	116,223
Trading assets	601	1,048	4,505
Money held in trust	4,935	4,945	36,963
Securities	1,185,438	1,294,377	8,877,694
Loans and bills discounted	5,186,353	5,061,661	38,840,358
Foreign exchanges	12,109	19,983	90,686
Other assets	70,698	66,270	529,457
Tangible fixed assets	76,294	76,244	571,368
Intangible assets	2,501	2,774	18,731
Prepaid pension cost	3,034	3,616	22,726
Customers' liabilities for acceptances and guarantees	31,303	32,708	234,433
Allowance for loan losses	(39,311)	(40,527)	(294,400)
Total assets	¥9,477,305	¥10,178,190	\$70,975,103
Liabilities and equity			
Liabilities			
Deposits	¥7,680,339	¥7,536,937	\$57,517,711
Call money and bills sold	155,210	318,920	1,162,365
Payables under repurchase agreements	10,430	21,123	78,116
Payables under securities lending transactions	219,345	186,628	1,642,671
Trading liabilities	266	651	1,995
Borrowed money	939,184	1,630,857	7,033,511
Foreign exchanges	336	354	2,522
Borrowed money from trust account	5,230	4,514	39,169
Other liabilities	50,457	54,485	377,874
Reserve for employee retirement benefits	1,653	948	12,386
Reserve for directors' and audit & supervisory board members' retirement benefits	—	43	—
Reserve for contingent losses	603	562	4,521
Reserve for reimbursement of deposits	918	1,015	6,882
Deferred tax liabilities	7,162	13,847	53,643
Deferred tax liabilities for land revaluation	4,941	4,984	37,009
Acceptances and guarantees	31,303	32,708	234,433
Total liabilities	9,107,387	9,808,584	68,204,808
Equity			
Capital stock	140,409	140,409	1,051,521
Capital surplus	14,998	14,998	112,326
Retained earnings	165,821	157,746	1,241,827
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	41,189	48,649	308,464
Deferred gains (losses) on hedges	(195)	9	(1,465)
Revaluation reserve for land	7,694	7,791	57,622
Total equity	369,917	369,606	2,770,295
Total liabilities and equity	¥9,477,305	¥10,178,190	\$70,975,103

NON-CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

The Hokuriku Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Income			
Interest income:			
Interest on loans and discounts	¥41,706	¥41,196	\$312,339
Interest and dividends on securities	12,976	12,664	97,184
Interest on deposits with other banks	3,213	3,386	24,066
Other interest income	339	224	2,544
Trust fees	30	36	227
Fees and commissions	18,970	18,743	142,072
Trading income	22	14	170
Other ordinary income	3,347	4,322	25,067
Other income	16,651	8,428	124,700
Total income	97,259	89,016	728,369
Expenses			
Interest expenses:			
Interest on deposits	751	315	5,628
Interest on payables under repurchase agreements	390	9	2,922
Interest on payables under securities lending transactions	3,329	205	24,934
Interest on borrowings and rediscounts	1,201	1	8,997
Other interest expenses	1,572	609	11,777
Fees and commissions	6,315	7,386	47,296
Other ordinary expenses	12,364	5,675	92,597
General and administrative expenses	40,805	42,447	305,590
Provision of allowance for loan losses	2,644	8,369	19,808
Other expenses	13,740	3,921	102,903
Total expenses	83,115	68,942	622,452
Income before income taxes	14,143	20,074	105,917
Income taxes:			
Current	860	7,205	6,444
Deferred	(1,032)	(233)	(7,731)
Net income	¥14,314	¥13,102	\$107,204

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEET (UNAUDITED)

The Hokkaido Bank, Ltd.

March 31	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Assets			
Cash and due from banks	¥1,480,393	¥1,862,525	\$11,086,598
Trading account securities	1,618	2,406	12,121
Money held in trust	9,313	9,179	69,746
Securities	661,272	905,214	4,952,236
Loans and bills discounted	4,358,785	4,149,502	32,642,745
Foreign exchanges	5,866	5,645	43,933
Other assets	79,685	85,968	596,762
Tangible fixed assets	29,148	28,337	218,291
Intangible assets	2,582	2,313	19,340
Prepaid pension cost	6,708	5,797	50,243
Deferred tax assets	9,851	6,391	73,777
Customers' liabilities for acceptances and guarantees	32,576	27,599	243,963
Allowance for loan losses	(22,103)	(25,637)	(165,535)
Total assets	¥6,655,698	¥7,065,244	\$49,844,220
Liabilities and equity			
Liabilities			
Deposits	¥5,860,351	¥5,696,452	\$43,887,905
Call money and bills sold	6,810	—	51,000
Payables under securities lending transactions	93,925	102,186	703,403
Borrowed money	408,500	972,200	3,059,238
Foreign exchanges	398	293	2,988
Other liabilities	38,071	41,940	285,113
Reserve for employee retirement benefits	1,296	1,359	9,709
Reserve for directors' and audit & supervisory board members' retirement benefits	37	37	282
Reserve for contingent losses	452	374	3,389
Reserve for reimbursement of deposits	466	479	3,494
Acceptances and guarantees	32,576	27,599	243,963
Total liabilities	6,442,887	6,842,923	48,250,484
Equity			
Capital stock	93,524	93,524	700,397
Capital surplus	16,795	16,795	125,778
Retained earnings	108,489	105,150	812,476
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	(5,997)	6,535	(44,915)
Deferred gains (losses) on hedges	—	315	—
Total equity	212,811	222,320	1,593,736
Total liabilities and equity	¥6,655,698	¥7,065,244	\$49,844,220

NON-CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

The Hokkaido Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Income			
Interest income:			
Interest on loans and discounts	¥41,343	¥41,445	\$309,616
Interest and dividends on securities	8,756	6,227	65,579
Interest on receivables under securities borrowing transactions	43	—	324
Interest on receivables under resale agreements	(9)	—	(73)
Interest on deposits with other banks	1,580	2,117	11,839
Other interest income	144	137	1,082
Fees and commissions	16,103	16,128	120,599
Other ordinary income	4,698	3,147	35,187
Other income	4,293	7,752	32,155
Total income	76,954	76,956	576,308
Expenses			
Interest expenses:			
Interest on deposits	124	120	934
Interest on payables under securities lending transactions	2,114	184	15,838
Interest on borrowings and rediscounts	74	(30)	556
Other interest expenses	17	33	129
Fees and commissions	9,367	9,790	70,150
Other ordinary expenses	14,745	4,988	110,426
General and administrative expenses	34,981	37,023	261,974
Provision of allowance for loan losses	—	4,708	—
Other expenses	3,338	6,751	25,003
Total expenses	64,763	63,571	485,010
Income before income taxes	12,191	13,385	91,298
Income taxes:			
Current	1,343	3,406	10,062
Deferred	2,136	1,207	15,999
Net income	¥8,711	¥8,770	\$65,237

Major financial data over the past 10 years

Figures are for the two banks combined except for those noted as (consolidated).

■ Results summary

	Unit				
		FY2013	FY2014	FY2015	FY2016
Core gross business profits	¥billion	142.2	144.8	143.0	133.8
Interest on assets	¥billion	121.7	122.1	120.9	116.1
Profit on service transactions, etc.	¥billion	17.7	19.9	20.0	17.8
Other business profits (excluding gains or losses on government bonds and other bonds, etc.)	¥billion	2.4	2.4	1.8	▲0.2
Expenses	¥billion	94.0	93.6	90.9	89.8
Core net business profits	¥billion	48.2	51.2	52.0	43.9
Credit costs	¥billion	▲1.3	6.0	3.7	▲0.6
Ordinary profits	¥billion	48.5	47.1	46.7	40.2
Net income	¥billion	27.5	28.2	29.9	29.6
Net income attributable to owners of the parent (consolidated)	¥billion	27.3	28.2	28.8	28.1

■ Balance sheet summary

		FY2013	FY2014	FY2015	FY2016
Total assets	¥billion	11,059.4	11,628.5	11,581.9	12,380.9
Loans	¥billion	7,336.3	7,561.7	7,599.6	7,788.3
Small and medium-enterprises, etc.	¥billion	4,639.6	4,767.8	4,845.0	4,972.2
Securities	¥billion	2,481.4	2,481.4	2,395.8	2,439.3
Total liabilities	¥billion	10,585.9	11,096.2	11,045.2	11,832.7
Deposits + certificates of deposit	¥billion	10,172.0	10,651.3	10,502.6	10,731.0
Total net assets	¥billion	473.4	532.3	536.7	548.2
Total shareholders' equity	¥billion	400.1	419.8	441.5	455.5
Total valuation, conversion differences, etc.	¥billion	73.2	112.5	95.1	92.6

■ Financial indicators, etc.

		FY2013	FY2014	FY2015	FY2016
Core OHR (core overhead ratio)	%	66.08	64.64	63.57	67.13
ROE (consolidated)	%	5.9	5.5	5.3	5.1
Capital adequacy ratio (consolidated)	%	12.31	11.13	10.30	9.43
Net assets per share (consolidated)*	Yen	3,353.6	3,858.3	3,806.1	4,028.6
Net profit per share (consolidated)*	Yen	192.0	198.7	203.1	201.3
Dividend per share*	Yen	40.00	42.50	42.50	44.00
Payout ratio (consolidated)	%	20.8	21.4	20.9	21.9

* Values for years prior to 2016 calculated assuming the stock merger implemented on October 1, 2016 (one share per ten common shares) had already been carried out.

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
130.7	125.7	123.2	120.7	124.8	119.8
112.5	108.1	105.4	103.7	105.9	100.5
16.7	16.5	16.5	15.9	17.7	19.4
1.5	0.9	1.1	1.0	1.1	0.0
88.8	86.5	85.3	82.3	78.8	74.7
41.9	39.1	37.8	38.4	46.0	45.0
0.5	4.6	12.0	13.0	13.5	7.7
33.1	36.7	31.4	32.0	30.4	26.9
24.0	26.6	20.8	22.4	21.8	23.0
21.1	24.3	20.2	21.3	20.5	21.4

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
12,952.9	13,142.9	13,605.5	16,594.8	17,243.4	16,133.0
8,189.4	8,360.8	8,673.1	9,065.1	9,211.1	9,545.1
5,153.9	5,275.8	5,397.4	5,766.6	5,836.4	5,931.1
1,943.3	1,788.8	1,807.2	2,100.1	2,199.5	1,846.7
12,378.1	12,548.8	13,033.0	15,987.2	16,651.5	15,550.2
11,180.7	11,439.7	11,662.6	12,815.6	13,233.3	13,540.6
574.8	594.0	572.5	607.6	591.9	582.7
475.3	494.1	508.9	518.9	528.6	540.0
99.5	99.9	63.5	88.6	63.3	42.6

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
67.89	68.85	69.27	68.19	63.15	62.39
3.6	4.0	3.4	3.5	3.3	3.5
9.49	9.09	8.94	9.45	9.54	9.49
4,215.9	4,348.7	4,138.4	4,504.9	4,539.1	4,491.9
149.4	173.5	142.7	152.1	147.4	159.1
44.00	44.00	40.00	35.00	35.00	37.00
29.4	25.4	28.0	23.0	23.7	23.2

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 128,770,814股
 第一次第5种优先股 64,469,000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里：

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.....	8代表处

- 纽约代表处（北陆银行）
 - 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）
- 2023年6月30日





董事长
中泽 宏（北陆银行 总行长）



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，在此深表谢意！

本集团所处的环境，随着经济活动逐渐向正常化的方向发展，整体出现了缓慢回升的迹象。另一方面，受地缘政治风险加剧的影响，能源、粮食等供给受限，价格高涨，劳动力供求紧张等背景下，全球通货膨胀压力不断加大。各国实施了大幅度的金融紧缩，其影响也表现在汇率的急剧变动和国内金融政策的修正等，前景不明。

在这种情况下，本集团怀着“与地区共同前进(迈向未来)”的强烈愿望，从2022年4月开始的第5次中期经营计划《Go forward with Our Region》(到2025年3月为止)迎来了第2年。我们希望，通过本集团的各种服务和功能，提供符合顾客需求的价值，从而为地区社会的持续发展做出贡献。

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，

请大家一如既往地给予支持，谢谢！

董事长

中澤 宏

中泽 宏

2023年7月

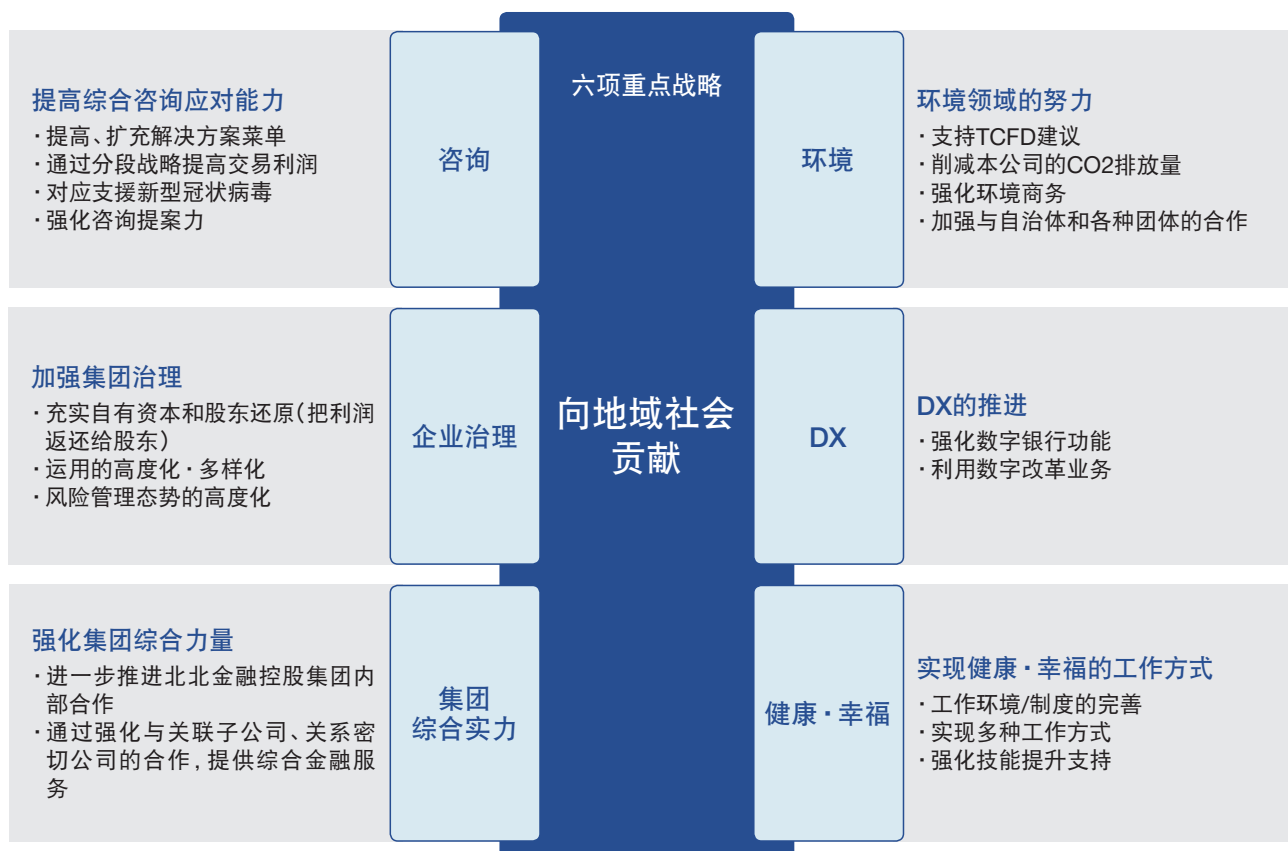
中期经营计划(2022年4月～2025年3月)

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	2022年度	2024年度 (中期经营计划最后年度)	
		前期比	
合并本期净利润	214亿日元	+9亿日元	250亿日元以上
合并资本比率	9.49%	-0.05%	9.5～9.9%
OHR	62.39%	-0.76%	60～64%
非利息收入比率(非利息收入额)	16.14%(193亿日元)	+1.00%(+4亿日元)	16.0～16.9% (200亿日元以上)
环境相关投融资执行额(累计)	1,474亿日元	+1,103亿日元	2,100亿日元

提高综合咨询应对能力

(亿日元)	23/3期	前期比	25/3期 目標
存款资产余额※1	5,359	+30	6,500
法人解决方案收益额	50	+4	56

(件)	23/3期	前期比	25/3期 目標
M&A・事业继承支援件数	355	±0	450
信托、一次性支付保险合同件数※2	11,481	+7,977	10,300
积累型产品合同数量※3	127,586	+8,291	161,800

※1 2家银行的投资信托余额及TT证券存款资产余额的合计

※2 信托类商品及一次性支付人寿保险的合同件数

※3 累积投资信托・平准给付保险的合同对象数

环境领域的努力

(t-CO ₂)	2022 年度	13年度比	2030年度 目標
CO ₂ 排放量※	16,658	△45.2%	△100%

(名)	23/3期	前期比	25/3期 目標
参加金融经济・SDGs相关培训的人数	18,810	+11,488	20,000

(亿日元)	23/3期	前期比	25/3期 目標
环境相关的投融资执行数额	1,474	+1,103	2,100

(名)	23/3期	前期比	25/3期 目標
SDGs・环境相关服务利用件数(累计)	1,762	+1,514	800

※集团全公司国内事业所的Scope1,2

强化集团综合力量

(亿日元)	23/3末	前期比	25/3末 目標
北海道地区贷款余额	33,063	+335	34,412
子公司・联营企业利润※1	22	△5	36

(件)	23/3期	前期比	25/3末 目標
北北金融控股集团内部合作实行件数※2	1,901	+1,346	900

※1 子公司・联营企业当期净利润(信用成本除外)、TT证券介绍手续费的合计值

※2 通过两行的合作来帮助客户解决课题(联合融资和商务对接等)

DX的推进

(对象)	23/3末	前期比	25/3末 目標
IB・手机软件签约方数	710,386	+125,053	950,000

(账户)	23/3末	前期比	25/3末 目標
网银帐户数	287,978	+66,779	470,000

人力资本管理的措施(实现健康工作方式)

(%)	23/3期	前期比	25/3期 目標
女性管理人员比率	18.75	+1.18%	20%以上

(名)	23/3期	前期比	25/3期 目標
认证人数※	1,541	+1,093	3,790

※FP1级・CFP持有者、“IT护照”资格持有者合计

营业概况（北北金融控股集团联结）

（单位：亿日元）

	2023年	前期比	2022年
	3月期		3月期
经常收益	1,878	100	1,777
经常利润	263	-38	302
归属于母公司股东的净利润	214	9	205
资本充足率	9.49%	-0.05%	9.54%

合并经常收益以有价证券利息红利的增加和股票等买卖价差收入的增加为主要原因而增加。

合并经常利润以卖出国际证券所发生的国债等债券损益的减少为主要原因而减少。归属于母公司股东的当期净利润以企业所得税费用等的减少而增加。

合并资本充足率由于风险资产的增加等而降低。

营业概况（北陆银行,北海道银行）

（单位：亿日元）

	2家银行合算		2022年 3月期
	2023年 3月期	前期比	
经常收益	1,741	121	1,619
主营业务毛利润	1,198	-49	1,248
经费(临时处理部分除外)	747	-40	788
主营业务净利润	450	-9	460
扣除投资信托解约损益后	441	-6	448
信贷相关成本	77	-58	135
经常利润	269	-34	304
本期净利润	230	11	218
ROE	3.99%	0.09%	3.90%

在北陆银行，经常收益以股票等买卖价差收入的增加为主要原因而增加。经常利润由于国债等债券损益的减少和信用成本的增加而减少。当期净利润以企业所得税费用等的减少而增加。

在北海道银行，经常收益以有价证券利息的增加为主要原因而增加。经常利润虽然以国债等债券损益而减少，但最终由于信用成本的减少而增加。当期净利润由于特别损益的减少与前期相比达到了相同水平。

（单位：亿日元）

	北陆银行		2022年 3月期
	2023年 3月期	前期比	
经常收益	972	82	889
主营业务毛利润	652	-31	684
经费(临时处理部分除外)	394	-22	417
主营业务净利润	258	-9	267
扣除投资信托解约损益后	249	-6	255
信贷相关成本	93	8	85
经常利润	145	-63	209
本期净利润	143	12	131
资本充足率	9.06%	-0.25%	9.31%
ROE	3.87%	0.40%	3.47%

（单位：亿日元）

北海道银行		
2023年 3月期	前期比	2022年 3月期
769	39	729
546	-18	564
353	-18	371
192	0	192
192	-0	192
-16	-66	49
124	28	95
87	-0	87
8.99%	0.05%	8.94%
4.23%	-0.57%	4.80%



Hokuhoku Financial Group, Inc.

