

Hokuhoku Financial Group, Inc.  
Integrated  
Report  
2024



Hokuhoku Financial Group, Inc.



# 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

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



Hokkaido: Odori Park



## Editorial policy

The Hokuhoku Financial Group recently published its Integrated Report 2024. In editing this report, the company refers to guides such as the International Integrated Reporting Framework put forward by the IFRS 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 2024 Financial Data for detailed financial data and other information.





Fukui Prefecture: Katsuyama Castle



Toyama Prefecture: Shogawa Gorge



Ishikawa Prefecture: Noto Railway

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#### 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.



**DIRECTION**

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We will achieve further evolution on the occasion of the 20th anniversary of our management integration.

Hiroshi Nakazawa,  
President



## Introduction

First of all, I offer my deepest sympathies to everybody affected by the Noto Peninsula Earthquake of 2024. After some sudden large rumbling on New Year's Day 2024, shaking so hard you could not stand continued for a while and the peaceful scenes of New Year changed. This unexpected natural disaster caused huge damage to the Hokuriku region and some of the company group's branches and ATMs were forced to close temporarily or open for shorter hours, but we managed to maintain support systems for customers while receiving great support from all directions. Even now, there are still many people forced into inconvenient living circumstances where recovery has not progressed, and it seems that the complete recovery of local society will require time. However, we will do our best to support restoration and reconstruction to fulfill our important role as a financial institution rooted in the region.

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There are also bright topics in the prime areas of the company group. One is the opening of the Kanazawa to Tsuruga section of the Hokuriku shinkansen line. In association with this, apart from Fukui Prefecture and the capital being linked on one line, the three prefectures of the Hokuriku region were linked and it became possible to travel between Toyama and Fukui stations in less than one hour. It is expected that the nonresident population will increase in business and sightseeing as a result, and that the economy of the Hokuriku region will be greatly invigorated.

\* Regional potential P15-18

Another one is the decision on the expansion of Rapidus Corporation into Hokkaido. In February last year, the cutting-edge company Rapidus Corporation, a semiconductor manufacturer, decided to build a plant in Chitose City. Construction of the plant moved into full swing this year and there are high expectations of economic ripple effects, also including related industries. I think considerable impacts will emerge, with wide-ranging subjects such as support for supply chain companies in association with plant management, including business operators already in Hokkaido and companies from other regions that move into Hokkaido, as well as support related to urban development.

On the other hand, in the financial market, the negative interest rate policy has been abolished and the interest rate was raised for the first time in seventeen years. Although there have been strengths and weaknesses in recent interest rate trends, a gradual rise is expected overall due to this increase in the interest rate. It is possible that various effects will occur on living and corporate activities in a “world with interest”, but it can be described as an important turning point towards the Japanese economy’s emergence from long-term stagnation and sustainable growth.

\* Our strengths P13-14

Amidst such changes in the market environment, the company group faces the twentieth anniversary since its establishment this year. Since the management integration of 2004, we have used those scale merits to repay public funds rapidly and advance the integration of our management foundations and collaboration. Currently, we have grown into the fifth biggest regional bank group in terms of total assets, with deposits in excess of 13 trillion yen and loans on the scale of 10 trillion yen. For twenty years, we have increased the soundness and driving force of the company group. From now on too, all officers and employees will come together as one and aim for further growth.

## Steady implementation of key strategies

Under “Go forward with Our Region,” the medium-term management plan that started in fiscal year 2022, we have worked on the improvement of productivity through the strengthening of consulting functions and DX, and proceeded steadily with challenges towards new business, including the environmental area. There were many unexpected moves in the market environment, such as the rapid increases in interest rates overseas, but reviewing our portfolio flexibly and implementing key strategies steadily has led to results in the financial aspect.

\* Medium-term management plan  
“Go forward with Our Region”  
State of progress of KPIs P31-32

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### Improvement of comprehensive consulting capabilities

Consulting needs are increasing year by year and the company group is hearing various calls for consultation. The management issues faced by customers are becoming more sophisticated and diverse, and we established Hokuohoku Consulting Co., Ltd., in May this year to respond to those needs and issues. This company will consolidate business and human resources, and provide high quality services while improving efficiency and expertise and demonstrating synergistic effects within the group.

\* Improvement of comprehensive consulting capabilities  
P37-44

\* Strengthening of the group's comprehensive strength - the establishment of the consulting subsidiary Hokuohoku Consulting  
P76

### Initiatives in the environmental area

The company group has adopted being an “environmentally advanced financial group” as a slogan and the group has worked together to strengthen its framework towards the realization of decarbonization at the company, its business partners and in regional society overall. We are working enthusiastically towards the decarbonization of our company, including using local production for local consumption credits for forest-derived products for the first time in Japan by a private company to receive the supply of carbon-offset gas towards the achievement of carbon neutrality by fiscal year 2030. In support for business partners, we have worked on the expansion of our finance and consulting product lineups. The cumulative amount of our “environment-related investments and loans” has grown by seven times since we started handling them in 2022. We have worked enthusiastically on the promotion of regional decarbonization too, and will support the “decarbonized management” of businesses in each region through the strengthening of municipal business contracting and alliances.

\* GX strategy “Initiatives in the environmental area”  
P45-52

### Promotion of the DX area

We understand that behavioral change using digital technologies is the most important issue for structural problems faced by regional society such as declining populations. The company launched DX Promotion Department in June last year, rebuilt its DX strategy, and has worked positively on both “internal transformation” and the “provision of value to customers and regional society.” In internal work reform, we realized greater work efficiency and the improvement of productivity by adopting the use of generative AI and low-code development tools in the development of app screens. We will allot the excess resources resulting from this to strategic areas.

\* Promotion of DX P59-62

For individual customers, we released an account opening function as our first shot in March this year, aiming for an app with which we can provide the same services as when coming into a branch. In April, the number of account openings via the app doubled compared to last year, and we felt its necessity and importance again.

We will take on the challenge of building a “value co-creation platform” through collaboration with administrative institutions and regional business operators to resolve social issues in regional society through digital technology and improve the wellbeing of consumers. From April this year, we have been working on the resolution of regional social issues as a contractor under Toyama Prefecture's “Digi-PoC TOYAMA” policy. We will contribute to the sustainable growth of regional society through such activities.



### Initiatives for human capital management

I think that the driving force for the realization of key strategies including consulting functions, SX and DX will be “human capital.” We have raised “the development of the people who will link the region and business partners and be the driving force of value creation” as our policy for initiatives in human capital management, and worked on the establishment of an environment for autonomous human resource development. Centered on “Human Resources Strategy Department,” which was newly established in June last year, we have organized the “As is - To be” gap and are working on six concrete action plans to eliminate this gap. The most important of these actions is the cultivation of a “culture of taking on challenges.” The creation of an environment that promotes it is essential to the self-transformation of each and every employee and I think that this is the action that will serve as the foundation for human capital management that contributes to the improvement of corporate value. We have prepared voluntary mechanisms rich in variety, from the “Try internship” system that allows employees to experience desired work for a short period of time without a personnel transfer, to the “Challenge job” system that realizes desired careers through personnel transfers. There were applications from 531 people across the group in response to the open recruitment format for these systems last fiscal year. This was an increase of 375 people compared to the previous year and I feel that the “culture of taking on challenges” has taken root. While changes in the world are accelerating and regional issues are becoming more complex, we will promote human capital management so that individuals, organizations and the region can all grow based on the vitality generated by drawing out the maximum potential of each and every human resource with various functions.

\* Initiatives for human capital management  
P63-74

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## Further strengthening of our financial base

The share price of the company group trended steadily last fiscal year. I consider this to be the market appreciating the steady execution of the policies raised in the medium-term management plan, the performance produced as a result, and initiatives aimed at enhancing returns to shareholders. Our price to book value ratio (PBR) has reached the average level for regional bank groups, but is still low for the Tokyo Stock Exchange Prime market overall and further improvement is required. Our policy is to raise our return on equity (ROE) to the same level as our cost of equity as an immediate goal.

\* Message from the officer in charge of finance  
(concerning initiatives for the improvement of  
corporate value)  
P33-36

### Top line improvement ~ strengthening of asset allocation ~

We are focusing on three areas: improvement of the top line, cost control and the strengthening of shareholder returns for the improvement of ROE. For top line improvement, in addition to the improvement of consulting capabilities, initiatives in the environmental area and the promotion of DX, key policies of our medium-term management plan, we are promoting the “expansion of loans” for a world with interest, and the “rebuilding of our securities portfolio.” The size of our assets can be raised as one of the strengths of the company group, but loans to deposits and the proportion of securities (loan to deposit ratio, deposit ratio) are relatively low compared to other companies in the industry, and I think that managing assets efficiently will be the key to the improvement of profitability.

For the expansion of loans, we are promoting a shift from low yield loan assets to profitable assets while giving top priority to risk taking in the company’s prime areas. Specifically, we are strengthening loans led by headquarters such as structured finance, and accumulating strategically high return on risk assets (RORA), with the perspective of the balance to aim for in the medium to long term. In addition, in Hokkaido, a prime area, public and private investment in the semiconductor industry and renewable energy are being planned on an unprecedented scale, and large demand for funds is expected, including for the urban development of neighboring areas. We are strengthening our systems to capture these business opportunities. With regard to securities, we are advancing the building of a portfolio that can ensure stable income over the medium to long-term while looking at interest rate trends. In June this year, we newly established Market Finance Department within the holding company to bring together the planning functions of the market divisions of The Hokuriku Bank and The Hokkaido Bank. We will build a group-integrated management system to maximize the return on risk in securities management.

### Strategic investment and cost control

We have realized a reduction in costs of about 20 billion yen over the past ten years based on various efficiency measures. From now on, we will raise the top line with positive investment in systems and human capital and connect that to sustainable

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growth. Increases in costs are expected to continue for several years, but our overhead ratio (OHR) is expected to decrease. While carrying out strategic investments on one hand, on the other, we will continue initiatives for greater efficiency and rationalization to control costs overall. In a situation where interest rates are rising, the potential for credit costs to increase is high, but until this point, the company has implemented appropriate support and handling to grasp the actual situation of our customers. Based partly on our experience to this point, we have organized our systems and knowledge of business analysis, and will continue to fulfill our role as a regional financial institution and suppress credit costs.

### Strengthening of returns to shareholders

With regard to returns to shareholders, we are targeting a total return ratio of 50% including preferred stock dividends and redemptions, and increased dividends and acquired treasury stock as last year from the perspective of also emphasizing returns to common stock holders.

We will strengthen returns to shareholders focusing on the balance of internal reserves for growth and results while responding to the needs of diversifying shareholders, such as planning to implement an interim dividend from this fiscal year.

## Challenges to achieve further evolution

We have had various difficulties over the twenty years since the launch of the group, but we are still here today thanks to the support of various stakeholders, including customers, shareholders and regional society. I offer all my sincere appreciation. We will meet the expectations of stakeholders by increasing corporate value.

We will continue to take on challenges to achieve further evolution for the next generation. Precisely because we are in an age when the future is unclear, our whole organization will work together and aim to realize sustainable growth with our regions and customers.

For the formulation of the medium-term management plan for the period starting next fiscal year, all employees will return to the origin and start consideration again of the sense of value that the company group should treasure and our ideal situation. Through this process, I would like to present clearly our purpose (reason for existence) and vision, share them together with all stakeholders and advance towards a common objective.

Please continue to provide us with your unchanging support and guidance for the further challenges of the Hokuohoku Financial Group. We will clear the path to the future for the next generation.



**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 Bank, Takaka Bank, Chuetsu Bank, 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.

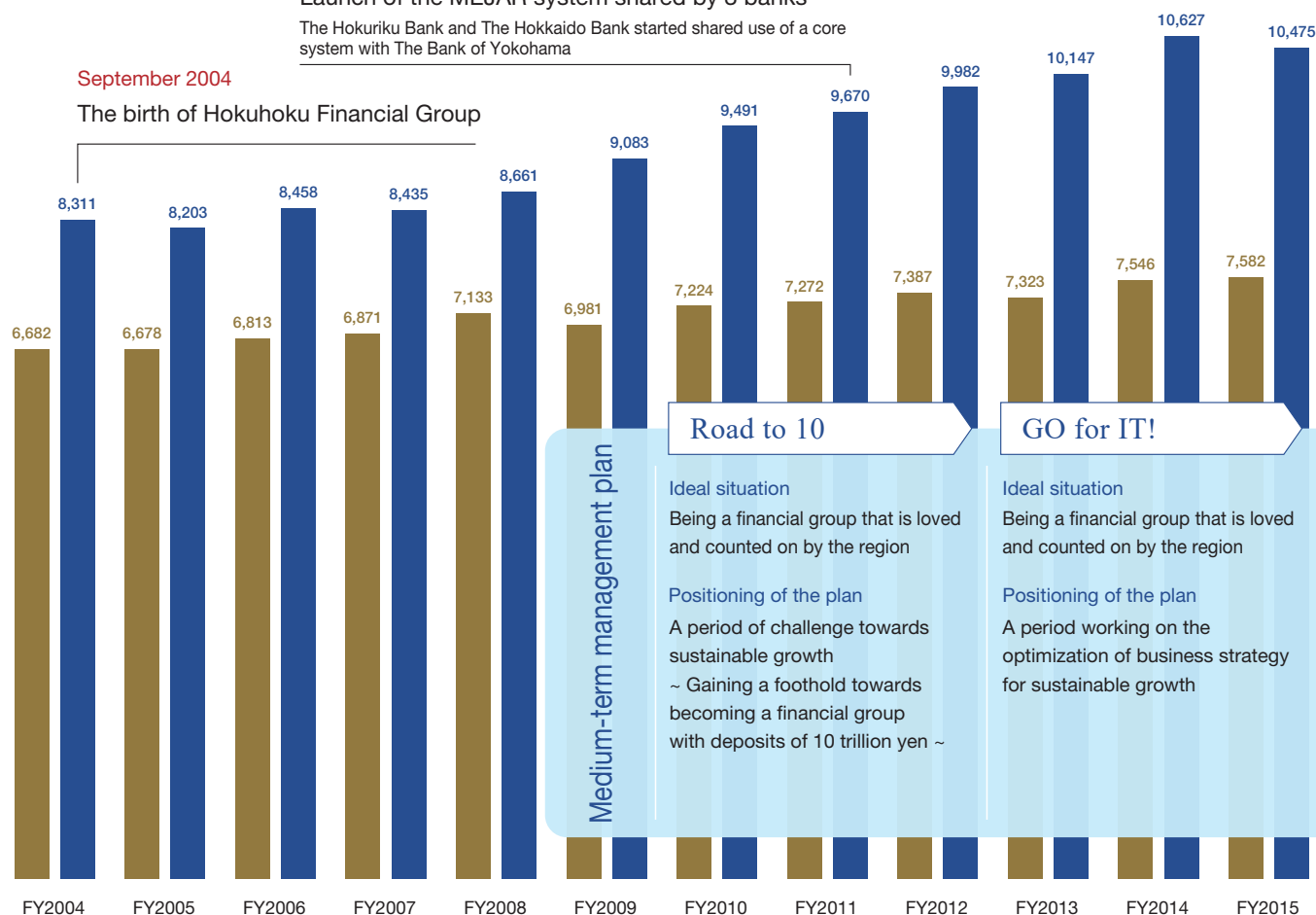
■ Loans (balance) ■ Deposits (balance) including certificates of deposit  
(Unit: billion yen)

**April 2019**  
Announcement of the Hokuhoku Financial Group SDGs Declaration and formulation of the Key CSR Activity Themes

**April 2016**  
Establishment of Hokuhoku TT Securities

**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

**September 2004**  
The birth of Hokuhoku Financial Group



Medium-term management plan

**Road to 10**

**Ideal situation**  
Being a financial group that is loved and counted on by the region

**Positioning of the plan**  
A period of challenge towards sustainable growth  
~ Gaining a foothold towards becoming a financial group with deposits of 10 trillion yen ~

**GO for IT!**

**Ideal situation**  
Being a financial group that is loved and counted on by the region

**Positioning of the plan**  
A period working on the optimization of business strategy for sustainable growth



# Hokuhoku Financial Group, Inc.

We established Hokuhoku Financial Group to become the first wide area regional financial group in regional finance.

The Hokuriku Bank, Ltd., and The Hokkaido Bank, Ltd., integrated their management and the Hokuhoku Financial Group centered on the two banks was born in September 2004, 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.



### June 2020

Selected as a support institution under the FY2020 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

### July 2021

Formulation of the Policy on Investment and Loan in Special Business, etc. Raising of the CO<sub>2</sub> 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

### June 2023

Participation in the Team Sapporo-Hokkaido consortium

### January 2024

Transition to the next joint use system

### February 2024

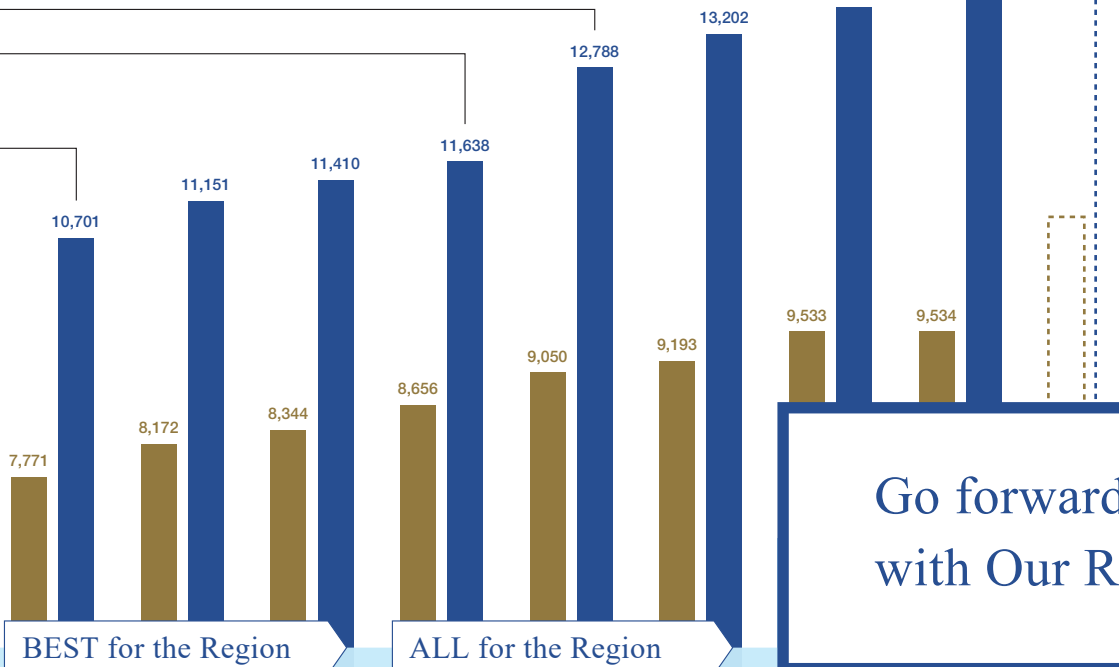
Completion of the Hokuhoku Sapporo Building

### May 2024

Establishment of Hokuhoku Consulting

### June 2024

New establishment of Market Finance Department



**Ideal situation**  
Being a financial group that plays a role in regional revitalization and grows and develops together with the region by contributing to customers and regional society through the provision of the best financial services in the region

**Positioning of the plan**  
A period of working on the reform of business models and the further pursuit of group synergy effects to back up the regional economy during expected environmental changes

**Ideal situation**  
Being a comprehensive financial group that creates shared value and grows and develops together with the region by contributing to customers and regional society through the provision of the best financial services in the region

**Positioning of the plan**  
A period of working on the construction of a framework that contributes to the region sustainably, with all of the group's officers and employees evolving in terms of both face-to-face services close to customers and convenient digital financial services

**Long-term vision**  
We achieve sustainable growth together with local communities and customers through problem-solving

**Positioning of the plan**  
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.

## Our strengths

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



### Financial capital

#### 5th biggest asset size among regional banks

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.

**13,873.3** billion yen

Balance of loans, etc.

**9,534.2** billion yen

### Manufacturing capital

#### Global branch network and leading-edge digital infrastructure

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, web conferencing systems and the like.

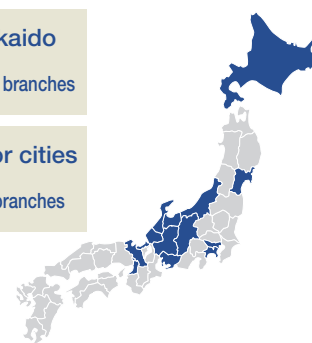
3 Hokuriku prefectures  
**151** branches

Hokkaido  
**161** branches

Other areas  
**4** branches

3 major cities  
**16** branches

Overseas  
**8** bases



### 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 (FY2023)

**4,145** hours

(+610 hours compared with previous year)

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

**338** people

Consulting support for M&A and business succession

**525** cases

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

## Society-related capital

### High regional share and wide-area network

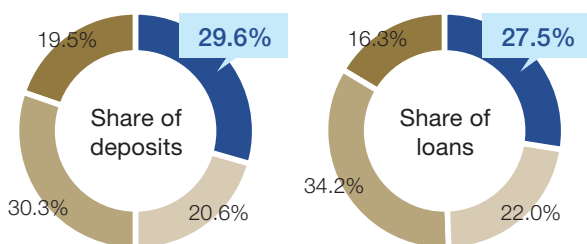
We have established business foundations with customers supported by history, with The Hokuriku Bank founded in 1877 and The Hokkaido Bank established in 1951, and boast a high share in the Hokuriku region and Hokkaido, which are prime areas. In addition, we have built strong relationships by cooperating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

Cooperation with local governments

**51**

### 3 Hokuriku prefectures (Toyama, Ishikawa and Fukui)

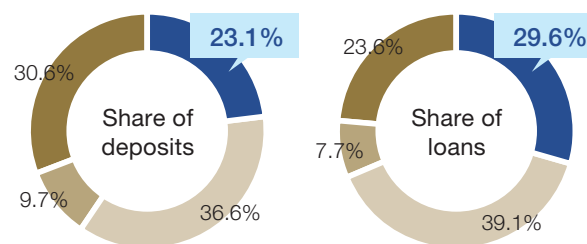
#### No.1 share for both deposits and loans



■ Hokuohoku FG ■ Local top competing bank ■ Other banks ■ Credit unions

### Hokkaido

#### No.2 share for both deposits and loans



■ Hokuohoku FG ■ Local top competing bank ■ Other banks ■ Credit unions

# Regional potential

The company group engages in business across a wide area centered on



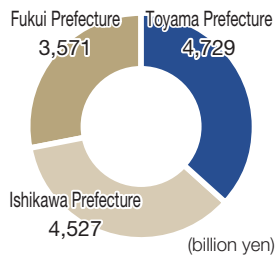
## Rich tourism resources

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 foremost industrial zones by the Japan Sea

The three prefectures of Hokuriku have become a global level industrial agglomeration zone grounded in their accumulation of traditional industries. There are many unique companies that have unique technologies, and top companies in their global niche.

**Total production in the 3 Hokuriku prefectures (nominal)**  
Total: 12,828.6 billion yen



Source: Ministry of Internal Affairs and Communications "Fiscal Year 2020 Prefectural Accounts"

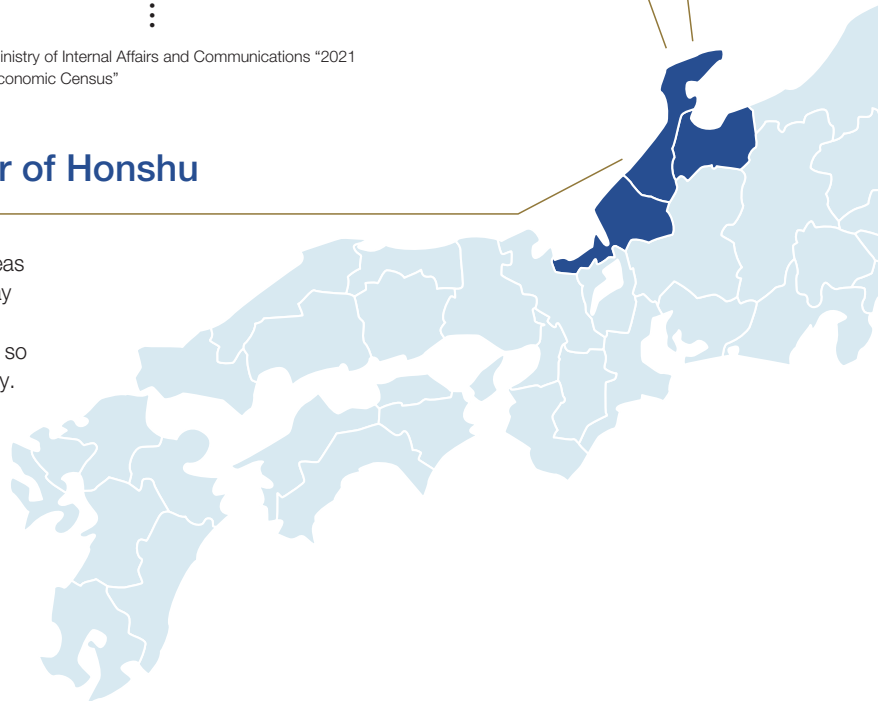
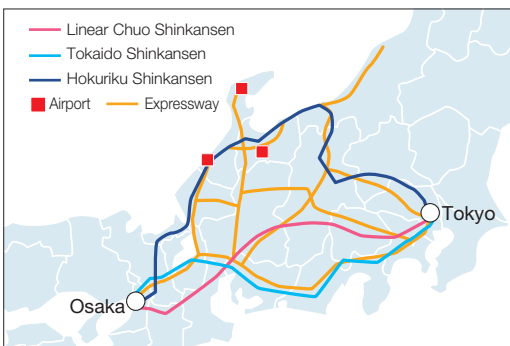
**Items with top nationwide share by amount of manufactured products shipped**

| 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"

## Hokuriku, positioned in the center of Honshu

The Hokuriku region is within 300 km of three metropolitan areas and is also in an excellent position geopolitically as the gateway to the countries surrounding the Japan Sea. The Hokuriku shinkansen line was extended to Tsuruga on March 16, 2024, so access from Tokyo and the Kansai region has improved greatly.



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  | 1,291 |
| ②                                     | Kagoshima | 511   |
| ③                                     | Ibaraki   | 440   |
| ④                                     | Chiba     | 367   |
| ⑤                                     | Kumamoto  | 351   |

Source: Ministry of Agriculture, Forestry and Fisheries "2022 Statistics on Agricultural Income"

| Marine fisheries and aquaculture production (billion yen) |           |     |
|---|-----------|-----|
| ①   | Hokkaido  | 313 |
| ②   | Nagasaki  | 110 |
| ③   | Ehime     | 97  |
| ④   | Miyagi    | 92  |
| ⑤   | Kagoshima | 76  |

Source: Ministry of Agriculture, Forestry and Fisheries "2022 Fisheries Output"

## The best renewable energy potential in the country

Hokkaido is a "treasure trove of renewable energy," including the sun, wind and biomass, and is drawing attention as we transition to a decarbonized society. In recent years, the construction of megasolar and wind-powered electricity generation facilities, and facilities using biomass energy has taken place one after the other.

| The best renewable energy potential in the country |                 |
|--|-----------------|
| Wind power   | Nationwide No.1 |
| Solar power  | Nationwide No.1 |
| Small and medium hydropower                        | Nationwide No.1 |
| Geothermal power                                   | Nationwide No.2 |

**Offshore wind power -related business**

< Ministry of Economy, Trade and Industry estimates >

- Economic ripple effect when 45GW is introduced (METI estimate)  
⇒ **About 2 trillion yen in 2050**
- (Reference) Vision for Offshore Wind Power Industry  
⇒ **45GW nationwide in 2040**

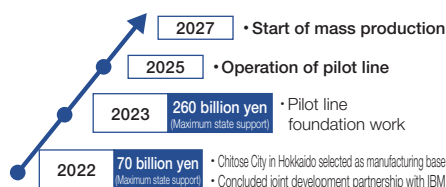
## Accumulation of data centers and other digital-related industries

Hokkaido has excellent conditions in place for data centers, including cool outside air, abundant renewable energy, physical proximity with overseas, and low risk of disaster at the same time as the capital. The attraction of data centers from other parts of Japan and overseas has advanced using these location advantages.

**Next generation semiconductors**

< Semiconductor and Digital Industry Strategy >

- Worldwide shipments  
About 50 trillion yen in 2020 ⇒ about 100 trillion yen in 2030
- ▼ Location decision by Rapidus Corporation  
⇒ Expectation (by Rapidus Corporation) of total investment on scale of 5 trillion yen  
⇒ Declaration of location by related industries to follow in succession



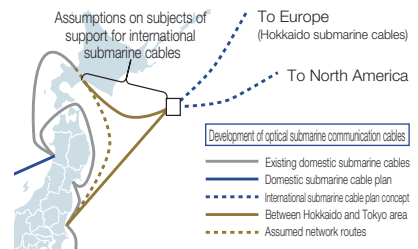
**Data centers**

< Information and Communications in Japan whitepaper (Ministry of Internal Affairs and Communications) >

- Size of Japan's data center services market: about 2 trillion yen in 2022 ⇒ **about 3 trillion yen in 2026**
- < Meetings of the Expert Group on the Development of Digital Infrastructures (Data Centers (DCs), etc.), "Interim Report 2.0" >
- **Prioritized development of core data center bases in Hokkaido**

< Infrastructure Development Plan for a Digital Garden City Nation >

- Preparation of cables around Japan by 2025, with landing stations also in distributed locations
- \* In Hokkaido, we will aim for the realization of the landing of international submarine cables.



# Cases that have used regional potential

## Contributions to the economic stimulation and development of the Hokuriku region triggered by the extension of the Hokuriku Shinkansen line to Tsuruga

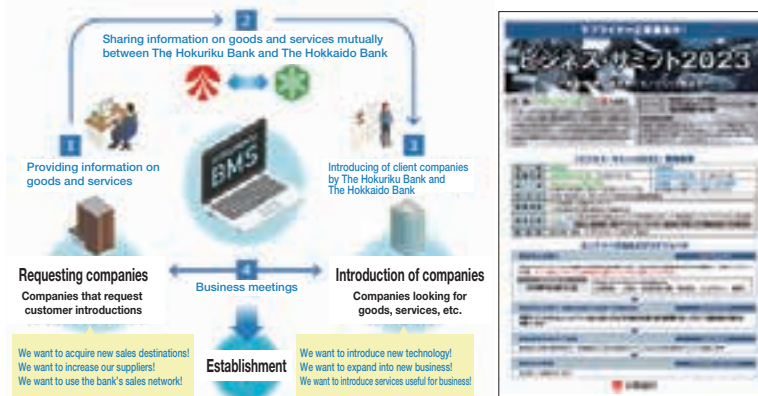
The Kanazawa to Tsuruga section of the Hokuriku Shinkansen line was opened on March 16, 2024. As a result, access between the three prefectures of the Hokuriku region and the Tokyo and Kansai areas has improved and it is expected that the non-resident population from other regions will increase greatly. In addition, because travel time within the “Hokuriku area” has contracted and the coming and going of people, things and information will be invigorated, intra-regional cooperation will accelerate and the activation and expansion of the commercial sector is expected. In addition to the three prefectures of the Hokuriku region and Hokkaido, the company group has expanded into thirteen prefectures including Japan’s three big cities, Tokyo, Nagoya and Osaka, and is a unique group that combines “breadth and depth,” with a wide area branch network and close relationships with its regions as a regional financial institution. We will use this uniqueness to create prosperity in the Hokuriku region following the recent extension of the Hokuriku Shinkansen to Tsuruga, and expand the effects of the opening to various regions, not just Hokuriku.

### Initiatives of the company group

#### Support for sales channel expansion

The company group is carrying out credit transaction with more than 3,500 corporations and individual business operators not only in its prime areas of the Hokuriku region and Hokkaido, but also in Japan’s three big cities.

We are working positively on the support of sales channel expansion for customers and the provision of information through speedy cooperation using the “business matching system” used jointly by The Hokuriku Bank and The Hokkaido Bank, and the holding of business meetings.



#### < Cases of matching of companies in Tokyo and companies in the Hokuriku area >

We matched Company A from Tokyo, which was struggling over supply destinations despite developing a groundbreaking new material using waste paper as a resource, and Company B from the Hokuriku area, through a business matching exchange meeting hosted by the company group. Moreover, Company B established a joint venture with Company A to dig up new demand, which led to the expansion of both companies’ transactions, including newly establishing a factory to supply food tray sheets using the new material.

#### Support for regional revitalization

The “Hokuriku area” was selected as a model area of the “project to develop high added-value inbound tourism areas in the regions.” This is an initiative promoted by the Japan Tourism Agency aimed at promoting increased consumption and the attraction of visitors to the regions looking ahead to the full-scale recovery of inbound tourism. The Hokuriku Bank not only supported applications in cooperation with local authorities and chambers of commerce, etc., but has also taken on basic survey work on inbound tourism in Toyama Prefecture and the state of visits by high added-value tourists for the formulation of the “Hokuriku area” master plan after being selected. The company group will target ripple effects for the regional economy and contribute to the revitalization of the Hokuriku region by committing to the promotion of tourism.

#### Hokuriku area

A diverse culture nurtured by the blessings of Hakusan, one of Japan’s foremost sacred mountains  
 ~ A rich culture and sustainable society cultivated by the cargo ships that sailed the Japan Sea during the Edo period and warrior families ~

Model tourism area of the project to develop high added-value inbound tourism areas in the regions

### Future prospects

Apart from having attractive tourism resources, industrially, the Hokuriku region is also the location for many top companies in niche areas and companies with the top share in their markets. The company group will support the sustainable development of the Hokuriku region by combining the strengths of the “people, things and information” gathered in the wake of the extension of the Hokuriku Shinkansen to Tsuruga, and the accumulation of technology, human resources and companies that the “Hokuriku area” possesses, while using our know-how and wide-area network.

## Support for renewable energy and next generation industry in Hokkaido

Hokkaido is blessed with abundant natural energy resources and is said to have among the best potential nationwide for the introduction of renewable energy, including solar power and wind power. Against the backdrop of this renewable energy potential, various initiatives are being advanced in Hokkaido for green transformation (GX) investment. In addition, Rapidus Corporation decided to expand into Hokkaido in February 2023 so the accumulation of a semiconductor supply chain in Hokkaido is anticipated from now on, which is expected to bring about great changes in the economic structure of the island.

The company group will work so that industry, academia, government and finance together unleash the potential of Hokkaido and connect it to economic development by playing the roles of cooperation and mediation with companies inside and outside of Hokkaido, various local authorities, educational institutions, etc., as a regional financial institution.

### Initiatives of the company group

#### ■ Participation in Team Sapporo-Hokkaido

Since June 2023, the company group has participated in "Team Sapporo-Hokkaido," an industry, academia, government and finance consortium established for the realization of an Asian and global "finance center" that accumulates information, human resources and funding for GX in Hokkaido and Sapporo City using Hokkaido's renewable energy potential. This consortium is aiming to attract to Hokkaido and Sapporo City 30 to 40 trillion yen of the public and private GX investment that it is said will exceed 150 trillion yen over the next ten years. The company group serves as the head of the Fund and Finance Working Group, is considering the building of various financial schemes, and is working towards the realization of the introduction of renewable energy to Hokkaido.



#### ■ Use of renewable energy at branches in Hokkaido

We are currently building the "Hokuhoku Solar Park," a solar power plant using offsite corporate PPA, to create a mechanism to use energy created in Hokkaido and spread it within the prefecture. The energy created will be used at branches of The Hokuriku Bank and The Hokkaido Bank in Hokkaido.

##### Hokuhoku Solar Park, Shiranuka, Hokkaido

|   |   |
|---|---|
| Location  | Shiranuka Town, Shiranuka-gun, Hokkaido |
| Estimated annual power generation                             | About 2,400 MWh                         |
| Timing of start of operation                                  | FY2024 (plan)                           |
| Estimated CO <sub>2</sub> emissions reduction effect (annual) | About -1,300 t-CO <sub>2</sub>          |



#### ■ Resolution of issues in semiconductor-related industries

The company group established the "Next-Generation Industry Support Group" in SX Promotion Department in June 2023 and has established a support system for semiconductor-related industries. We are using our high-level consulting capabilities, including links with semiconductor-related companies outside of the region, subsidy support and M&A, to provide support through business matching between companies outside of Hokkaido, local governments and local businesses, and support the advance of local companies into semiconductor-related industries to "allow semiconductor-related industries to take root in Hokkaido."

##### Cases of support

Residential support for semiconductor-related companies

Introduction of local companies to the needs of advancing companies

Provision of information on subsidies

### Future prospects

Hokkaido was designated as a "special zone for finance and asset management" in June 2024, and the prefecture is expected to advance more and more as a base for the accumulation of GX assets. The company group will provide support positively towards the realization of Japan's GX with "all Hokkaido," also including the economic revitalization of the prefecture, in cooperation with the state, state-related organizations, companies, megabanks and regional financial institutions.

# Hokuhoku Financial Group's process for value creation

We will create common value through the provision of services corresponding to the issues of customers and the community



**Sustainability**  
Stable financial base rooted in the region, solid

**philosophy**

management **Progressive and innovative services**

**Medium-term management plan**

[Go forward with Our Region]



**Practice of ESG regional finance**

- Announcement of the Hokuhoku Financial Group SDGs Declaration
- Establishment of the Hokuhoku Financial Group Environmental Policy
- Endorsement of the TCFD recommendations Practice of ESG regional finance

**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

**Customer**

- 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 achieve sustainable growth together with local 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 Hokuhoku 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

**Long-term targets to realize regional sustainability**

**Sustainability-related loans<sup>\*1</sup>**

1.5 trillion yen in FY2030

**Environment-related loans<sup>\*1</sup>**

700 billion yen in FY2030

**GHG emissions**

Net zero Scope 1, 2 emissions in FY2030 <sup>\*2</sup>  
Net zero Scope 1, 2, 3 emissions in FY2050

<sup>\*1</sup>: Cumulative loan execution amount for ten years from FY2021 to FY2030

<sup>\*2</sup>: Scope 1 and 2 at the domestic places of business of all group companies

Realization of a sustainably developing community and our sustainable growth

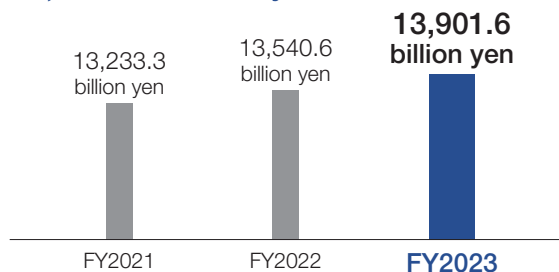
**and governance**

governance structure and a strong management system

# Financial highlights

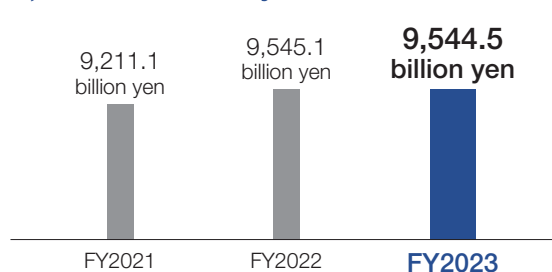
Deposits (Including negotiable certificates of deposit) (two banks combined)

**13,901.6 billion yen** (increase of 360.9 billion yen compared to the end of last term)



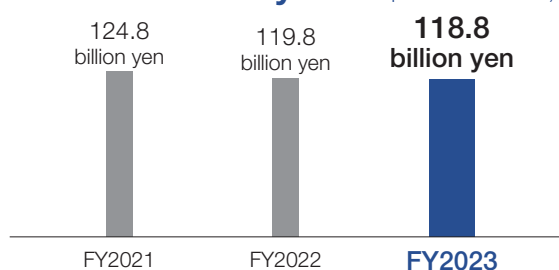
Balance of loans at term-end (two banks combined)

**9,544.5 billion yen** (decrease of 500 million yen compared to the end of last term)



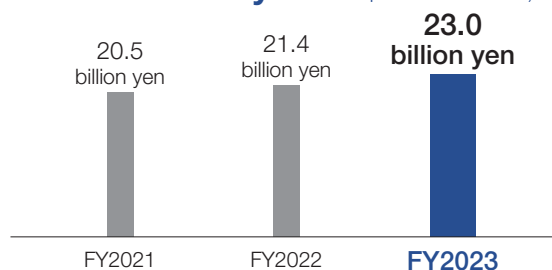
Core gross business profit (two banks combined)

**118.8 billion yen** (decrease of 1 billion yen compared to last term)



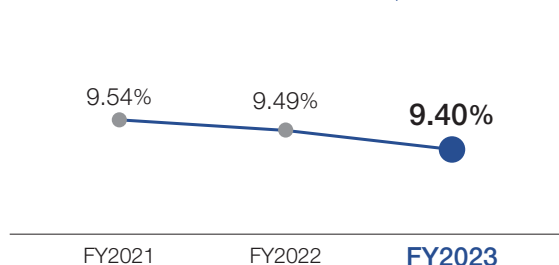
Net income attributable to owners of the parent (consolidated)

**23.0 billion yen** (increase of 1.6 billion yen compared to last term)



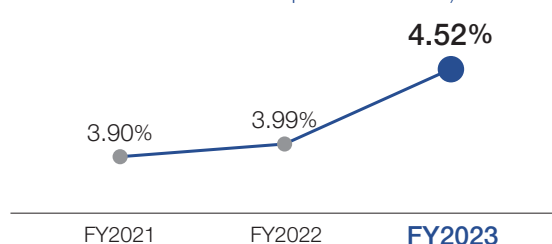
Capital adequacy ratio (consolidated)

**9.40%** (decrease of 0.09 points compared to the end of last term)



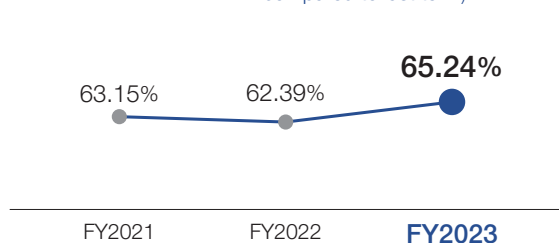
Return on equity (ROE) (two banks combined) on net income basis

**4.52%** (increase of 0.53 points compared to last term)



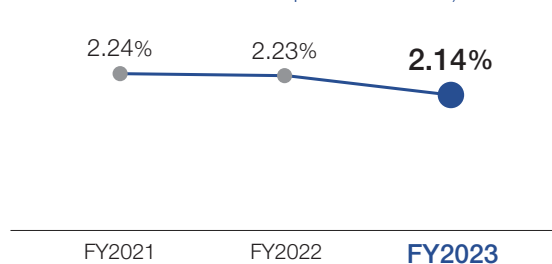
OHR (two banks combined) on core gross business profit basis

**65.24%** (increase of 2.85 points compared to last term)



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

**2.14%** (decrease of 0.09 points compared to last term)



# Non-financial highlights

Sustainability-related investment (cumulative)



**471.6 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

CO<sub>2</sub> emissions (Scope 1, 2) reduction result



**▲9.6%**

\* Compared to FY2022

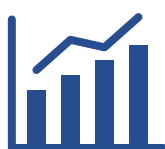
Number of cases of realized Hokuhoku cooperation



**1,281 cases**

\* 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



**143,056 cases**

Female manager ratio



**21.5%**

Number of qualified employees



**2,015 people**

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

## Rating information

| Rating company                                   | Rating | Acquired company               |
|--|--------|--------------------------------|
| R&I<br>(Rating and Investment Information, Inc.) | A      | Hokuhoku Financial Group, Inc. |
|  |        | 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





|                   |  |     |
|-------------------|--|-----|
| <b>STRATEGIES</b> | Deputy president's message   | P25 |
|                   | Key sustainability management activity themes  | P29 |
|                   | Medium-term management plan "Go forward with Our Region" and state of progress of KPIs | P31 |
|                   | Message from the officer in charge of finance  | P33 |
|                   | Improvement of comprehensive consulting ability  | P37 |
|                   | GX strategy (initiatives in the environmental field)                                   | P45 |
|                   | GX strategy (disclosure based on the TCFD)   | P53 |
|                   | Promotion of DX  | P59 |
|                   | Human capital management initiatives   | P63 |
|                   | Strengthening group comprehensive capabilities   | P75 |
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## Deputy President's message

Each and every office and employee of the company group will “become people who support and guide regional sustainability”



Deputy President and  
Representative Director,  
Officer in charge of SX  
Promotion Department

Yuji Kanema

### To aim for the sustainability of the company in a changing environment

The environment surrounding company management has continued to change greatly in recent years.

After recovering from the COVID-19 pandemic, consumption has tended to increase gradually, but in that process, we have also been required to respond to a new sense of value known as the “new normal.” Yen depreciation progressing at historical levels is having serious impacts on economic trends in Japan and overseas. When you consider the increase in import costs and the impacts on consumer prices, the issues for the company overall remain large.

In addition, the importance of corporate preparedness for natural disasters was recognized again due to the Noto Peninsula Earthquake. While the frequency of natural disasters such as earthquakes, typhoons and floods is increasing, companies are required to take appropriate measures in advance against these risks. Preparation is required not only for natural disasters, but for various risks including cyber attacks and pandemics.

Moreover, the handling of the green transformation (GX) being promoted worldwide is also an urgent task. Our GX includes initiatives aimed at both environmental

conservation and economic growth and is an important challenge for the company. In particular, at present, when moves aimed at carbon neutrality are accelerating, companies are required to review their own business activities and build sustainable business models.

In addition, in association with a declining population, companies need to implement countermeasures against a declining labor force and improve work efficiency using new technology. Small and medium-sized companies especially are required to realize sustainable growth by making work more efficient and improving productivity through the promotion of DX.

And, in association with the end of the long-continued ultra-low interest rate policy, it is conceivable that there will be big impacts on company management as we move to a world with interest.

Modern business managers must use limited resources to the maximum to achieve sustainable growth while facing many complicated issues like these. We have been born in an age when extremely high level navigation is required. Naturally, the resolution of these issues and the implementation of sustainable management are required at

the company group too, and I also worry every day as the Deputy President and a representative director. Fortunately, the company group has managed to reach its twentieth anniversary, supported by many business partners, shareholders and employees. As one of the companies that represents the region, the company group is required to be a presence that guides

## Sustainability-aware change

We newly established SX Promotion Department in April last year. The establishment of this department was an important step to aim for the improvement of sustainability at the company group, business partners and the region as a whole, and I have transmitted information positively as the officer in charge of it. As a result, I feel that outcomes are being shown steadily if gradually.

At the regularly held meetings of the company's Sustainability Promotion Committee, discussions are carried out from various perspectives and specific measures are considered and executed. In addition, discussion of sustainability has increased at meetings of the Management Committee too, and it has become recognized as an important element of management. More than 1,400 employees of the group have acquired a "decarbonization advisor" qualification, a system certified by the Ministry of the Environment, and this has become the foundation of the human resources considered most important in the promotion of sustainability. Last year, while implementing training on sustainability for all branch managers, there were many positive opinions saying things like "I also want to talk tenaciously to business partners who do not currently have needs" and "I want to have points of contact with business partners with this new perspective of sustainability" and I felt increased awareness of everybody working on sustainability together.

the region as a whole, not just its own companies. To that end too, I think it will be important for each and every one of the company group's officers and employees to be true resource for our business partners. That will differentiate us from other banks and other companies and be the key to realizing management rooted in the community.

With regard to business partners too, the number of cases of "positive impact finance" is increasing rapidly. These are financial products that evaluate what kinds of impacts businesses have on society and the environment. Moves for initiatives based on the perspective of sustainability and transmit information about them externally have strengthened at business partners too.

Moreover, consultation about new business in line with changes in the times and needs have also increased. We have been consulted specifically by people saying things like "Our company has been doing such-and-such activities for a long time, but would it be possible to attach the added value of impacts on the environment and society to these initiatives?" or "Could our company's services be used tailored to carbon neutral needs?" and I feel that opportunities to provide support to the companies of the region as a financial institution have increased. These initiatives are not limited to mere financial support; we are playing an important role boosting the sustainable development of the region as a whole.

In addition, various inquiries on sustainability from local governments have also increased. We are collaborating as a partner promoting the sustainability of the region, including requests for study meetings and lecture meetings on sustainability, and contracting of recruitment work for instructional activities for regional companies.

## Deputy President's message

### We apprehend sustainability as a good opportunity

As mentioned above, I feel that the numbers of managers thinking about sustainable management has increased.

This change is nothing other than the first step towards the sustainable future that we are aiming for.

The Hokuriku region and Hokkaido, which we position as our prime areas, have a lot of potential. In the Hokuriku region in particular, abundant water resources and outstanding manufacturing traditions stand out. Clean water is a resource essential to agriculture, industry and everyday life, and is the foundation that supports the life and industry of the region as a whole. Clean energy made using these abundant water resources, and industrial activities considerate of the environment will contribute to the building of a sustainable regional society. Moreover, the manufacturing of the Hokuriku region has obtained high evaluation both in Japan and overseas due to the fusion of craftsmanship cultivated from old and modern cutting-edge technology. A wide range of industries, such as precision machinery, chemicals and fibers, has developed and are producing high value added products in their respective fields. Using the strengths of this manufacturing, sustainable product development and the creation of new business models will surely be possible. The use of its cool climate and abundant natural energy resources is also greatly expected in Hokkaido's attraction of semiconductor plants and data centers, which have attracted attention in recent years. As a result, the region as a whole will become the core of a digital ecosystem, and the creation of new business models is expected. In addition, the building of sustainable social infrastructure is advancing through collaboration with local companies and local governments, and a future with the region as a whole prospering both economically and environmentally can be

seen.

There have also been big changes over the past year on Team Sapporo-Hokkaido, a fund finance working group that the company group chairs. Hokkaido and Sapporo City were selected as "special zones for GX finance and asset management" and "state strategic special zones" in June this year. This selection is aimed at making maximum use of the potential of Hokkaido's renewable energy resources. We will use the cityscape in harmony with rich nature to draw out the potential of GX investment and enable the building of a GX industry supply chain and the creation of employment. Moreover, using these special zones will advance the creation and development of start ups that create innovation, and initiatives that attract financial functions such as asset management companies will also be promoted. These kinds of initiatives have the potential to transform future Hokkaido into a rich and attractive region. The development of a GX industry centered on renewable energy will bring new vitality to the regional economy and provide the foundations that support sustainable growth. In addition, as start-up companies are born one after the other and new industries are created through innovation, the region as a whole will evolve towards a vibrant future.

The Hokuriku region's and Hokkaido's potential for sustainability is not limited to mere economic profit, but will also contribute to the creation of cities in which people want to live and work. Cityscapes harmonized with nature and considerate of the environment will provide people with comfort and a sense of peace. And, that will also result in increasing the charm of the region overall, leading to the attraction of new residents and tourists.

## We will become a presence that leads regional sustainability

A regional financial institution that exists to lead the way to the sustainability of the region plays an important role as the region's "financial" infrastructure. To put it another way, enlivening the region with the power of "money" and making it develop are our greatest missions. However, that is not our only role. Adding further value to this "money" is also an important mission imposed upon us.

To attach added value to "money," we need to look down and see whether the way it is used is for the sake of employees, companies and the region. Specifically, we are required to identify issues appropriately, dig deeply into them and ponder on their solutions. We will build a

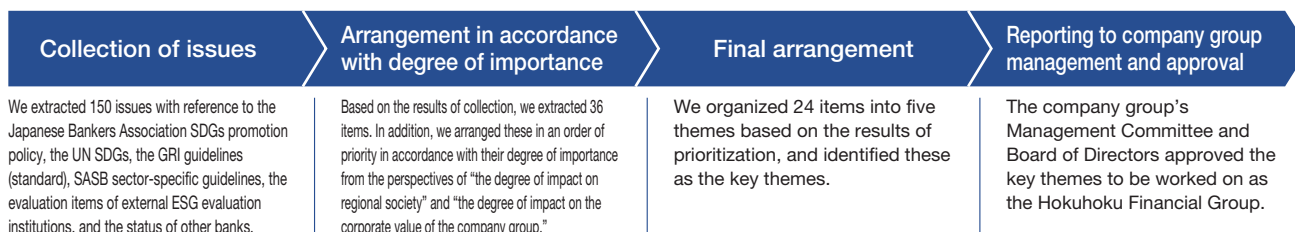
sustainable future by going beyond the boundaries of finance and working on the resolution of issues in regional society as a whole. That is the true essence of sustainability and the direction we should aim for.

As I said at the start, my ideal is for each and every officer and employee of the company group to become a person who supports and guides the sustainability of the region. I would like us to be a presence that supports regional development and walks alongside it, without being limited to our role as a financial institution. To that end as well, I will demonstrate leadership and take responsibility to promote the sustainable transformation (SX) field.

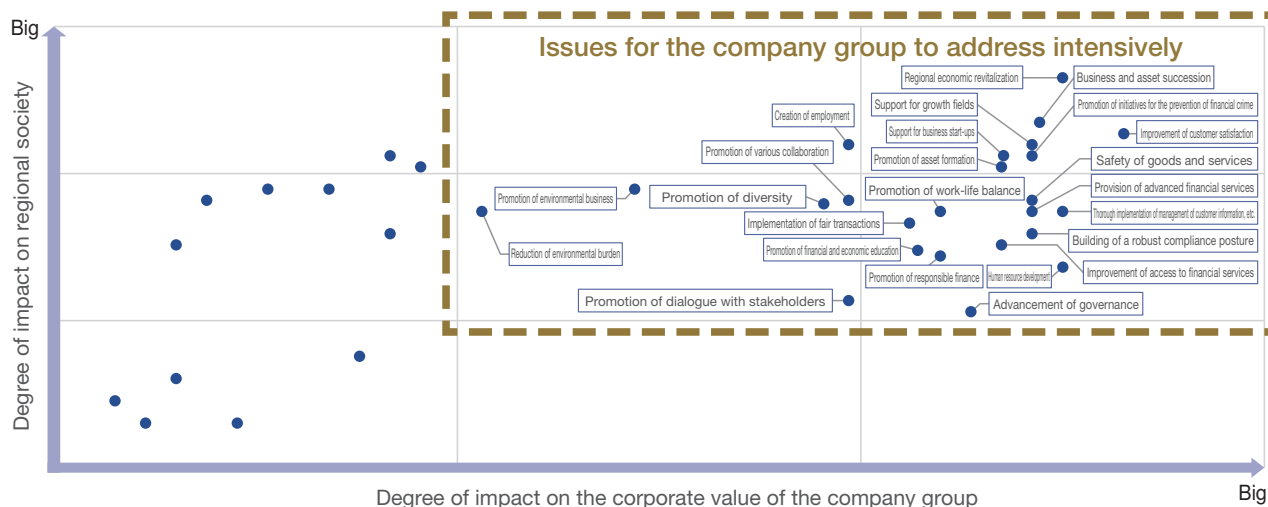
# Key sustainability management activity themes

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 themes  |
|-------------------------------------|---|---|
| Prospering together with the region | Regional economic revitalization                                    | Realization of sustainable community                          |
|                                     | 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 and steady management          | Business and asset succession                                       | Improving financial literacy in the region                    |
|                                     | Advancement of governance   |   |
|                                     | Building of a robust compliance posture                             |   |
|                                     | Promotion of initiatives for the prevention of financial crime      |   |
|                                     | Implementation of fair transactions                                 |   |
| Progressive and innovative services | Thorough implementation of management of customer information, etc. | Building a sound and resilient management foundation          |
|                                     | Promotion of dialogue with stakeholders                             |   |
|                                     | 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      |   |   |
| Human resource development          | Improving convenience for all customers                             |   |
|                                     |   | Ensuring good work environment leading to better productivity |

## Hokuhoku Financial Group's key activity themes

| Management philosophy               | Key themes  |   |  |
|-------------------------------------|---|---|--|
| Prospering together with the region | <b>Realization of sustainable community</b> <span style="float: right;">E S G</span>  | 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  | Improvement of comprehensive consulting ability P37<br>GX strategy (initiatives in the environmental field) P45  |
|                                     | Strive to reduce environmental burden, including promoting the use of renewable energy and reducing greenhouse gas emissions   | GX strategy (initiatives in the environmental field) P45  |  |
|                                     | <b>Improving financial literacy in the region</b> <span style="float: right;">S</span>  | 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   | Improvement of comprehensive consulting ability P37  |
| Fair and steady management          | <b>Building a sound and resilient management foundation</b> <span style="float: right;">G</span>  | Enhance transparency by promoting dialogue with stakeholders, build a stronger management base by enhancing governance, thoroughly managing various risks, and further strengthening compliance    | Communication with stakeholders P79<br>Strengthening of group governance P89   |
|                                     | Progressive and innovative services   | <b>Improving convenience for all customers</b> <span style="float: right;">S</span>   | Strive to further improve convenience by providing advanced financial products and services that all customers can easily access and use with peace of mind   |
|                                     | <b>Ensuring good work environment leading to better productivity</b> <span style="float: right;">S</span>   | 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                             | Human capital management initiatives P63   |

## 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.

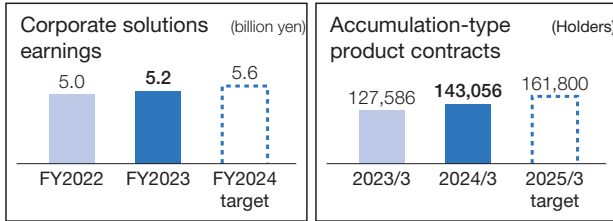
### Crucial strategies



| Crucial indices | Consolidated / two banks combined |  | FY2023 results            | Compared with previous term | FY2024 target                     |
|-----------------|-----------------------------------|--|---------------------------|-----------------------------|-----------------------------------|
|                 | ①                                 | ②  |                           |                             |                                   |
|                 | ①                                 | Consolidated net income                                | 23.0 billion yen          | +1.6 billion yen            | Over 25.0 billion yen             |
|                 | ②                                 | Consolidated capital adequacy ratio                    | 9.40%                     | -0.09%                      | Higher 9% range                   |
|                 | ③                                 | OHR  | 65.24%                    | +2.85%                      | Lower 60% range                   |
|                 | ④                                 | Non-interest revenue ratio (non-interest revenue)      | 15.98% (19.0 billion yen) | -00.16% (-300 million yen)  | 16% range (over 20.0 billion yen) |
|                 | ⑤                                 | Environment-related investments and loans (cumulative) | 229.5 billion yen         | +82.1 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 ability



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

| (Cases)  | FY2023 | Compared with previous term | FY2024 target |
|--|--------|-----------------------------|---------------|
| Number of cases of support for M&A and business succession | 389    | +34                         | 450           |

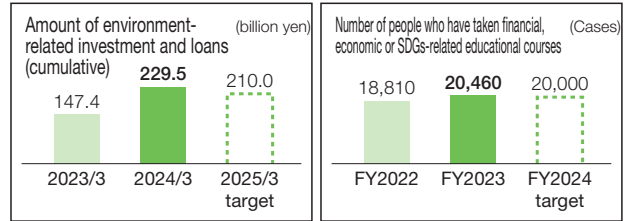
| (billion yen)                   | 2024/3 | Compared with previous term | 2025/3 target |
|---------------------------------|--------|-----------------------------|---------------|
| Balance of assets under custody | 629.2  | +93.3                       | 650.0         |

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

| (Cases)  | FY2023 | Compared with previous term | FY2024 target |
|--|--------|-----------------------------|---------------|
| Number of trust and single premium insurance contracts | 15,453 | +3,972                      | 10,300        |

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

## Initiatives in the environmental field



| (cases / cumulative)                                     | FY2023 | Compared with previous term | FY2024 target |
|--|--------|-----------------------------|---------------|
| Number of users of SDGs and environment-related services | 1,677  | △85                         | 800           |

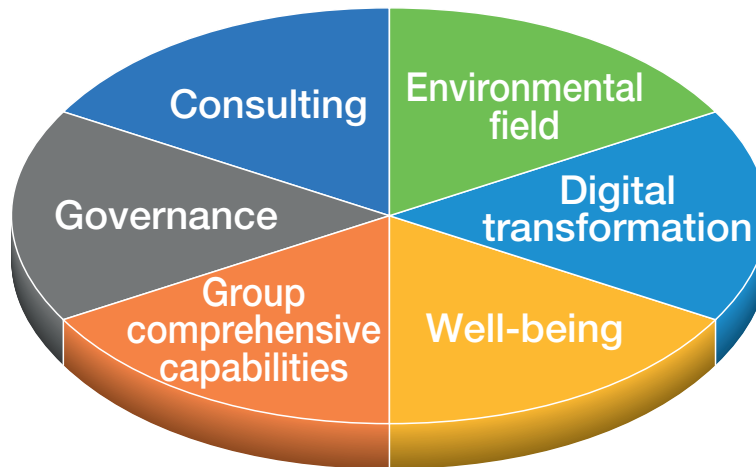
## Promotion of DX

| (Holders)                                 | 2024/3  | Compared with previous term | 2025/3 target |
|---|---------|-----------------------------|---------------|
| Number of holders of IB and app contracts | 876,255 | +165,869                    | 950,000       |

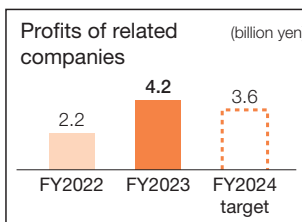
  

| (Accounts)             | 2024/3  | Compared with previous term | 2025/3 target |
|------------------------|---------|-----------------------------|---------------|
| Number of web accounts | 365,478 | +77,500                     | 470,000       |

## 《 Six crucial strategies 》



## Strengthening group comprehensive capabilities



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

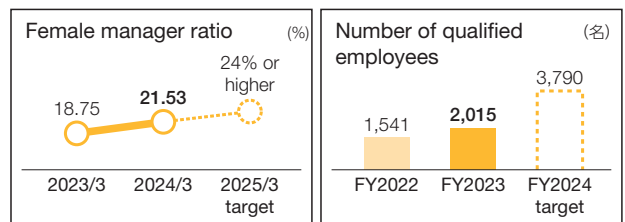
| (billion yen)              | 2024/3  | Compared with previous term | 2025/3 target |
|----------------------------|---------|-----------------------------|---------------|
| Hokkaido area loan balance | 3,306.3 | 0                           | 3,441.2       |

| (Cases)  | FY2023 | Compared with previous term | 2025/3 target |
|--|--------|-----------------------------|---------------|
| Number of cases of realized Hokuhoku cooperation | 1,281  | △620                        | 900           |

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

## Well-being work style



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

We will execute various measures steadily towards the realization of an ROE that exceeds shareholder capital costs and aim for the overall optimization of the group, including the establishment of a framework.



Hokuohoku Financial Group  
Executive Officer  
Shigeru Urasaki

## Introduction

Negative interest rates were cancelled by the Bank of Japan's change of policy in March this year, and quantitative tightening has been implemented from July. Improvement of the earnings environment is expected for financial institutions as a result, but I would like to make efforts for the further improvement of corporate value by continuing to execute the "initiatives for the improvement of corporate value" presented in last year's integrated report in future too. At the time, immediately after the document "Action to Implement Management that is

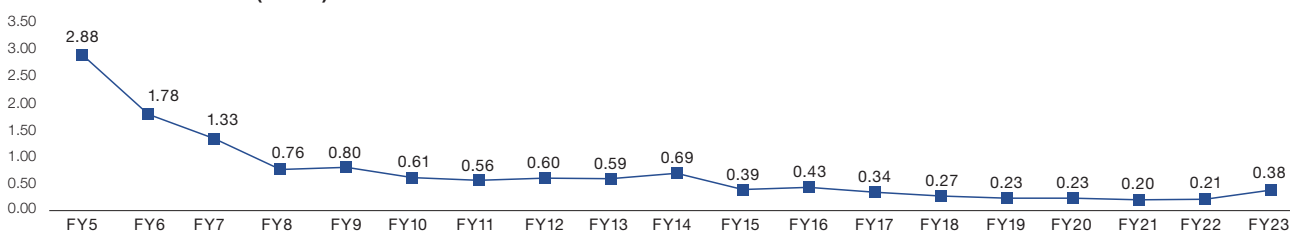
Conscious of Cost of Capital and Stock Price" was released by the Tokyo Stock Exchange, the company's PBR was at a low level at 0.2 times, and I gave an explanation regarding the improvement of profitability through growth strategy as the direction for the improvement of PBR, the establishment of a framework for that, and the improvement of capital efficiency through capital strategy. In this section, I will reflect on our initiatives in fiscal year 2023 and explain our strategy and concrete measures in fiscal year 2024.

## Analysis of the current situation and PBR and ROE trends by year

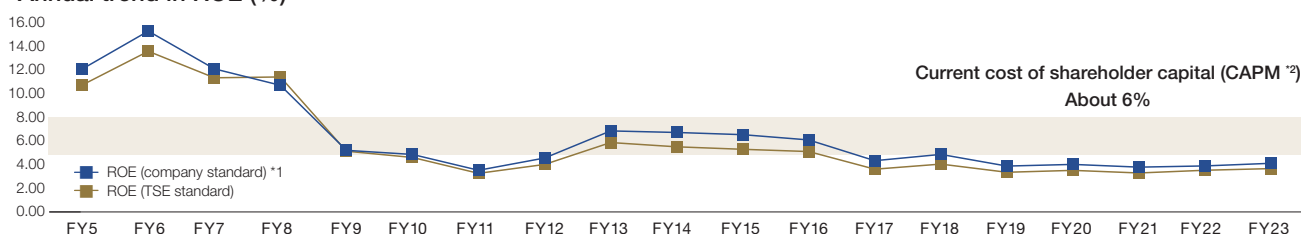
In fiscal year 2005, immediately after The Hokuriku Bank and The Hokkaido Bank integrated, our PBR was 2.88 times, but it fell below 1 times in fiscal year 2008, the year of Lehman's collapse, trended at an even lower level from fiscal year 2015, the year negative rates were introduced. Recently, PBR has tended to improve as the share price has trended steadily against the backdrop of positive topics for the region, such as changes in the financial environment due to the cancellation of negative interest

rates, the penetration of Rapidus and the extension of the Hokuriku shinkansen line, and solid financial results. We have self-assessed that these are expressions of expectations from shareholders with regard to the upturn in results and capital policies and will make efforts for the further improvement of corporate value so that we can respond to profit growth expectations against the backdrop of further increasing ROE and the PER.

### • Annual trend in PBR (times)

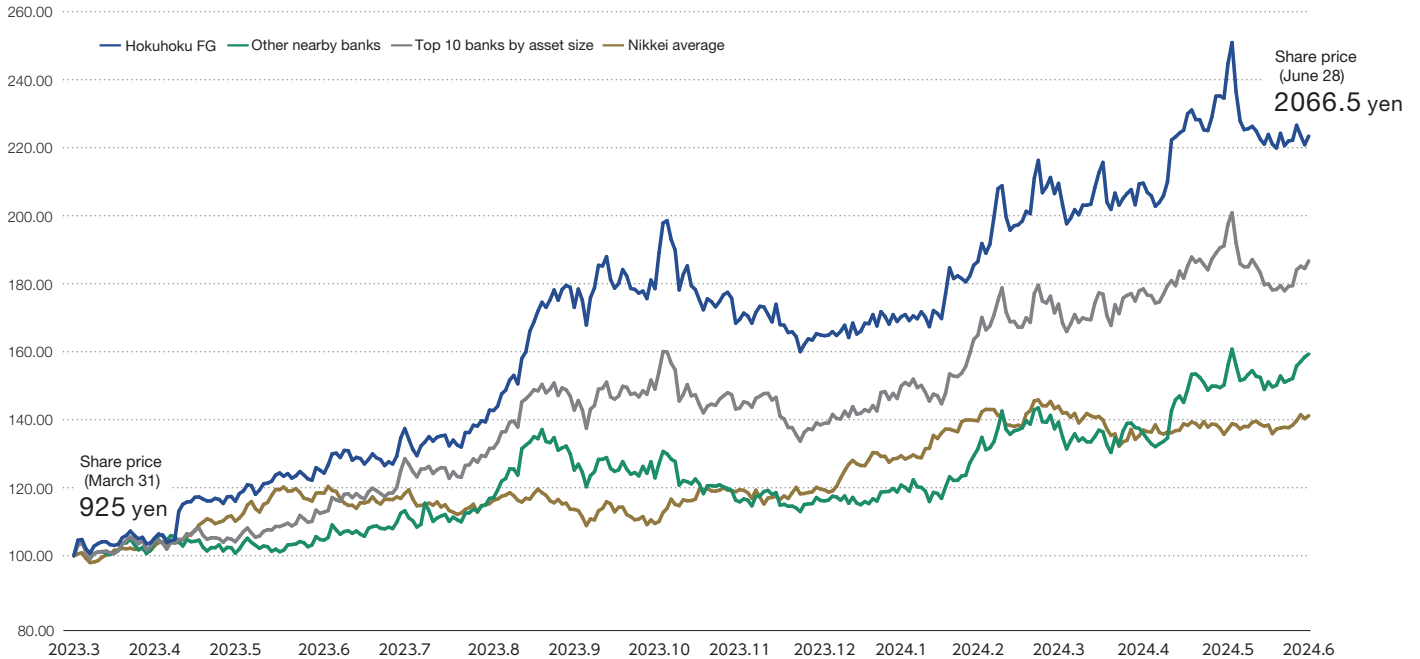


### • Annual trend in ROE (%)



\*1 ROE (consolidated, shareholder capital base) = consolidated net income (after deducting preferred stock dividends) / (shareholders' equity at start of term (excluding preferred stock) - shareholders' equity at end of term (excluding preferred stock)) / 2  
\*2 CAPM = government bond interest rate + β × TOPIX risk premium \* Calculation based on company standard

• Trend in the share prices of the company and other banks



**Improvement of corporate value by improving ROE and reducing the cost of shareholder capital**

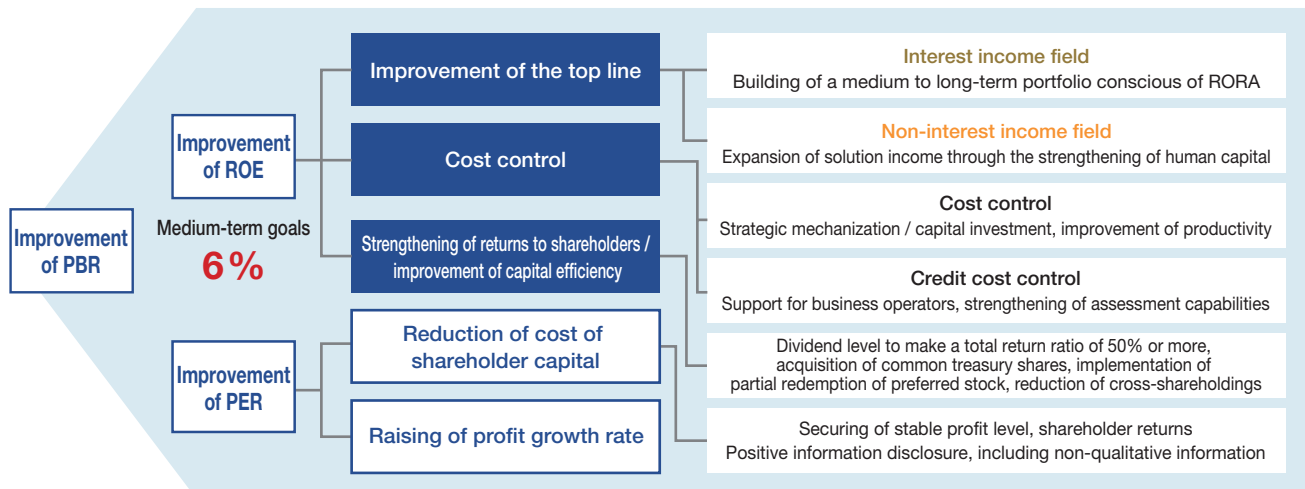
The company group has used the strengths it has cultivated before the integration of the two banks to contribute to regional society and aim for the company group’s sustainable growth (improvement of corporate value). As presented earlier, this corporate value is reflected in the share price and PBR.

The axes for the further improvement of PBR are the

“improvement of ROE” and the “improvement of PER.”

There are three approaches for the improvement of ROE: “improvement of the top line,” “cost control” and “strengthening of returns to shareholders / improvement of capital efficiency.” The improvement of PER is organized into the points “reducing the cost of shareholder capital” and “raising the profit growth rate.”

• PBR improvement logic tree



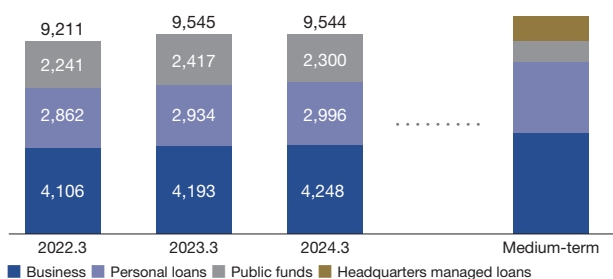
## Improvement of the top line ~ [1] Strengthening of interest income field ~

Improvement of the top line can be divided broadly into the interest income field and non-interest income field. From the perspective of the issue of profitability, which we have recognized for some time, the company group's loan-to-deposit ratio of 68.7% is below the average for 79 regional banks of 75.0%. As the same issue, we know that the company group's yield on loans of 0.86% is lower than the average for 79 regional banks of 1.04%. To improve this, we are working focused on the building of medium to long-term asset allocation.

Recently, we have also promoted the establishment of a framework in parallel at the same time. Following on from Structured Finance Office (The Hokuriku Bank) of last year, in June this year, we established Market Finance Department within the holding company to realize group integrated operation aimed at overall optimization, the acceleration of decision-making, the strengthening of governance and greater efficiency. The point is that this is not limited to securities and we will aim for a portfolio that can secure profits stably from a medium to long-term perspective without being swayed by the looming budget.

### • Increase in loans

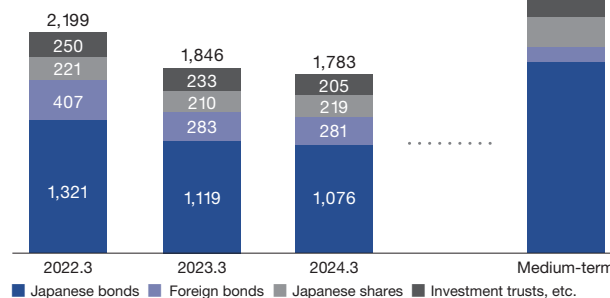
Trend in loan balance (billion yen) Two banks combined



- Business loans**
  - Improve profitability by business partner based on interest rate rise phase
  - Expand share centered on acquisition of lifelong transactions with individual customers
  - Accumulation of assets in accordance with strategy by region
- Loans**
- Marketable lending**
  - Expand the range of investment subjects based on the state of interest rate risk and risk assets, and increase revenue and ROFA.
  - Secure front office human resources, manage risk and establish a back office framework.
- Loans to local governments**
  - Following the cancellation of negative interest rates, reduce low interest rate public loans and shift to profitable assets.

### • Rebuilding of securities portfolio

Trend in securities balance (billion yen) Two banks combined



#### [Basic policy]

We will build a stable portfolio over the medium to long-term that suppresses risk while growing returns to expand the balance and revenue in consideration of the risk-return balance and correlations between assets.

## Improvement of the top line ~ [2] Strengthening of the non-interest income field ~

In the consulting field, we have expanded our areas into recruitment business and the SX and DX fields, and results are trending steadily. I do not think that the importance of this field will change even in a world with interest and we will expand demand for funds by solving regional issues.

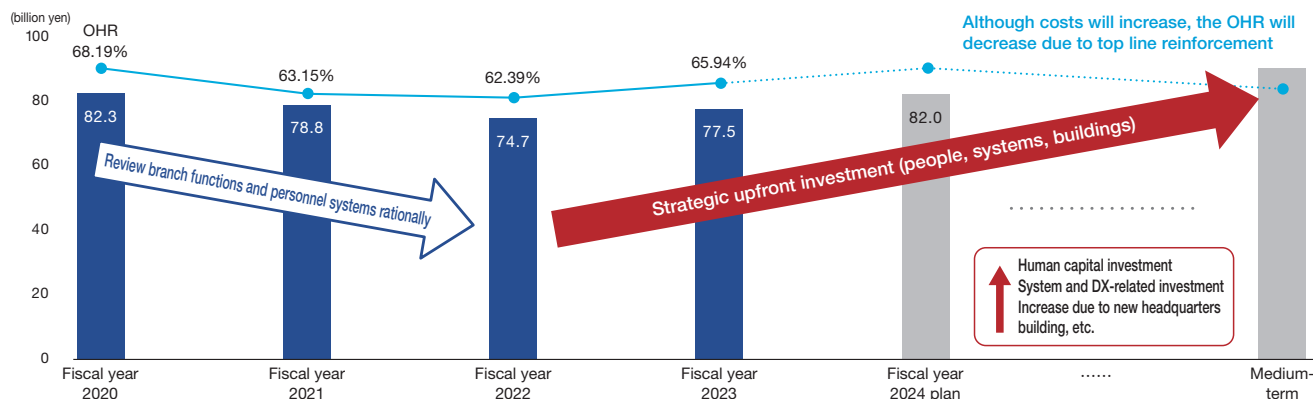
In addition, we established Hokuhoku Consulting Co., Ltd., in May this year. Bringing together the knowledge and experience that the two banks have cultivated will increase expertise, and integrating and optimizing their business will enable us to provide services efficiently.

### Cost control (cost strategy)

Until now, we have controlled costs by reviewing branch functions and personnel systems rationally while maintaining regional financial infrastructure, but from now on, we will implement strategic investments positively such as system investment and human capital investment for the abovementioned improvement of the top line. Specifically, we will invest in personal apps, marketing automation tools

and the like as system and DX-related investment, and in the reinforcement of personnel in strategic fields, the development of expert human resources, the strengthening of mid-career recruitment, and the maintenance of the employment environment as human capital investment. By doing so, we plan to increase costs, but by raising the top line, we expect reductions in the OHR.

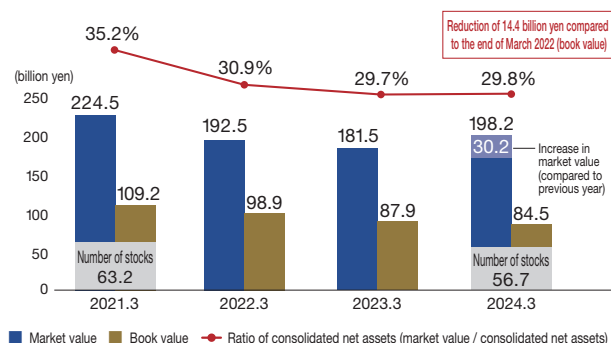
## • Strategic investment for revenue expansion



## Reduction of cross-shareholdings (improvement of capital efficiency)

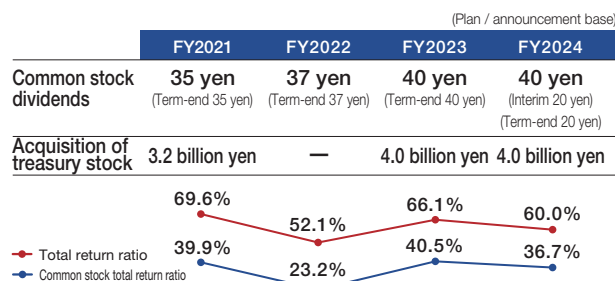
We established a concrete target for the reduction of cross-shareholdings during the medium-term management plan period from last fiscal year and have been working on it. In the medium to long-term, our policy is to aim to reduce cross-shareholdings to less than 20% of consolidated net assets. Although the results for last fiscal year saw reductions on a book value basis advance steadily, the ratio of cross-shareholdings against consolidated net assets increased compared to the previous year due to the rise in share prices. The handling of cross-shareholdings in line with the Corporate Governance Code has been more strongly required in recent years and we are also aware as a company that we need to take stronger action than in the past. I would like to continue explaining the situation carefully to the business partners

whose shares we hold and obtain their understanding with regard to the removal of cross-shareholdings.



## Strengthening of returns to shareholders

We are strengthening returns to shareholders targeting a total return ratio of 50%, and have increased dividends and acquired treasury stock for two consecutive years emphasizing returns to common stock holders. We will consider returns to shareholders as required while ensuring the balance with internal reserves for growth and in light of results.



\* Common stock total return ratio  
(common stock dividends + purchase of treasury stock) / (net income attributable to owners of the parent - preferred stock dividends)

## Dialogue with shareholders and investors

I think that the important thing is to share with shareholders and investors what the company group is aiming for and to engage in numerous dialogue while disclosing the state of progress appropriately.

With regard to our PBR, I said in last year's Integrated Report that we would aim for the 0.5 to 0.6 times level

during the next medium-term management plan period, but we will catch up with this quickly and promote various initiative so that we can observe a PBR of 1.0 times. Please expect more from the HokuHoku Financial Group in future.

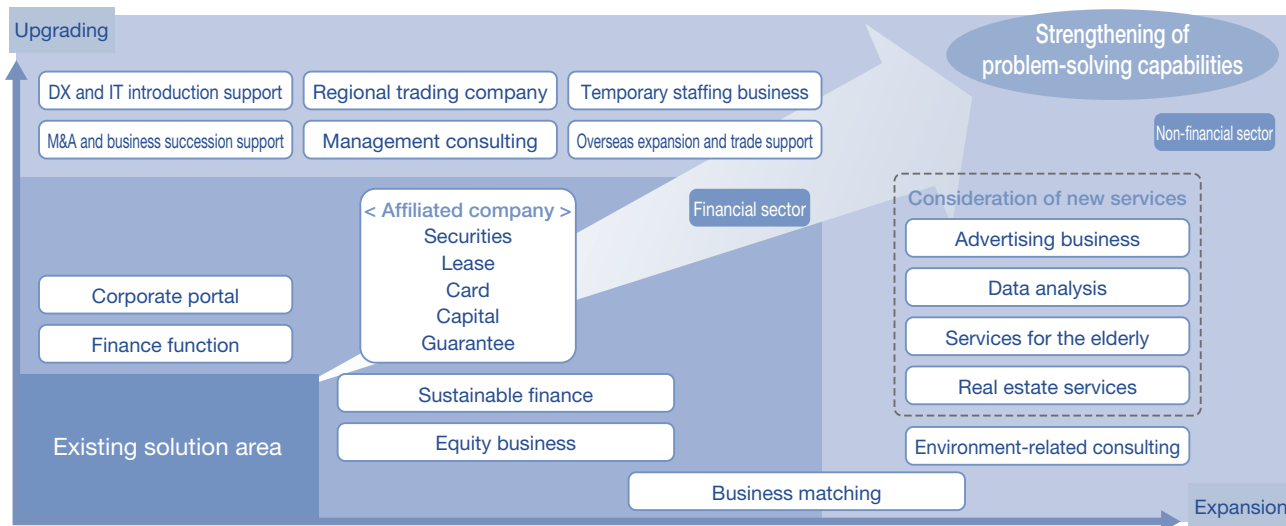


# Improvement of comprehensive consulting ability

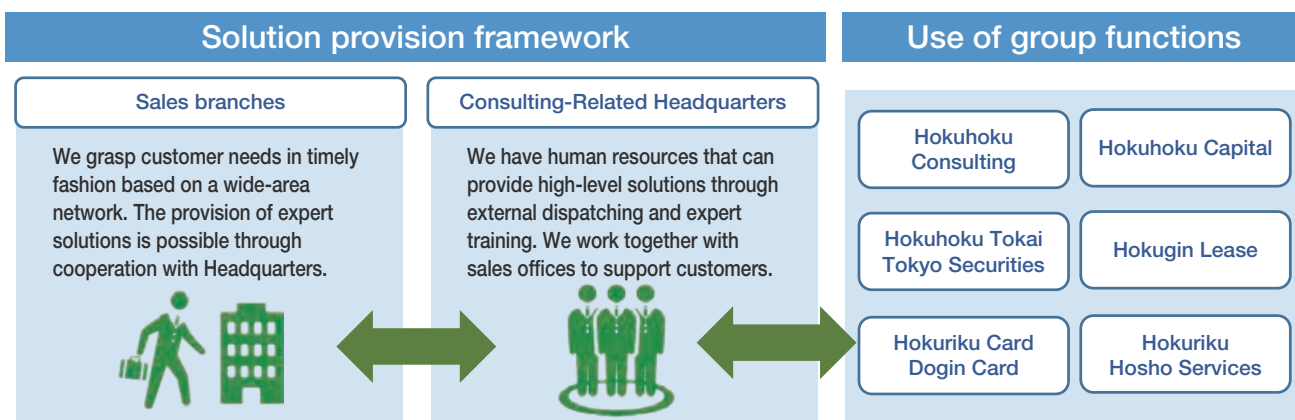
We will strengthen our issue resolution capabilities by further increasing the sophistication of the consulting business we have worked on in the past and expanding areas into new business. In addition, we will improve our consultation handling capabilities in a wide-range of areas by developing the high-level human resources who will support that and responding to the diversification of points of contact.

## Sophistication and expansion of solution menu

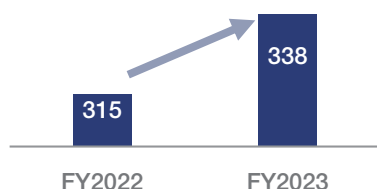
The number of cases of various consulting support and corporate consulting fees have increased steadily as a result of thoroughly implementing proposal activities closely aligned with customers. We will work on the greater sophistication of solutions to respond to diversifying needs.



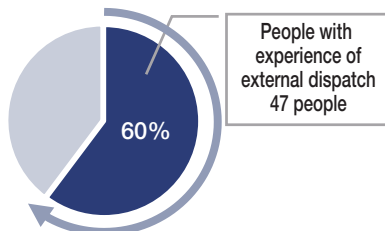
## Establishment of a framework



Number of consulting-related qualified employees (people)



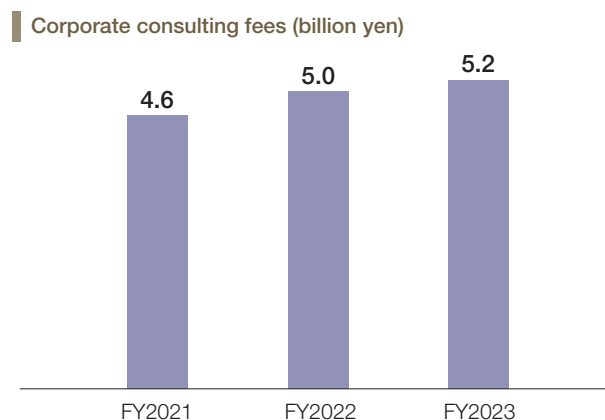
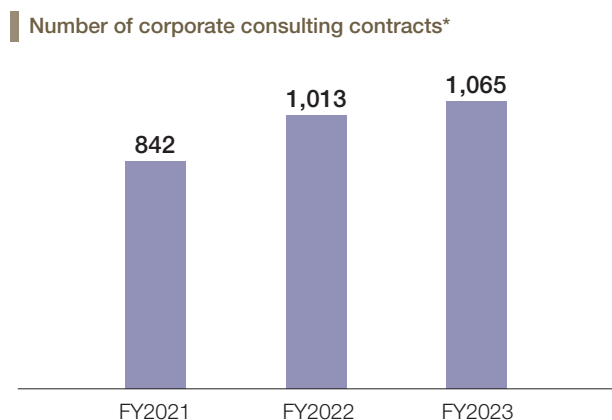
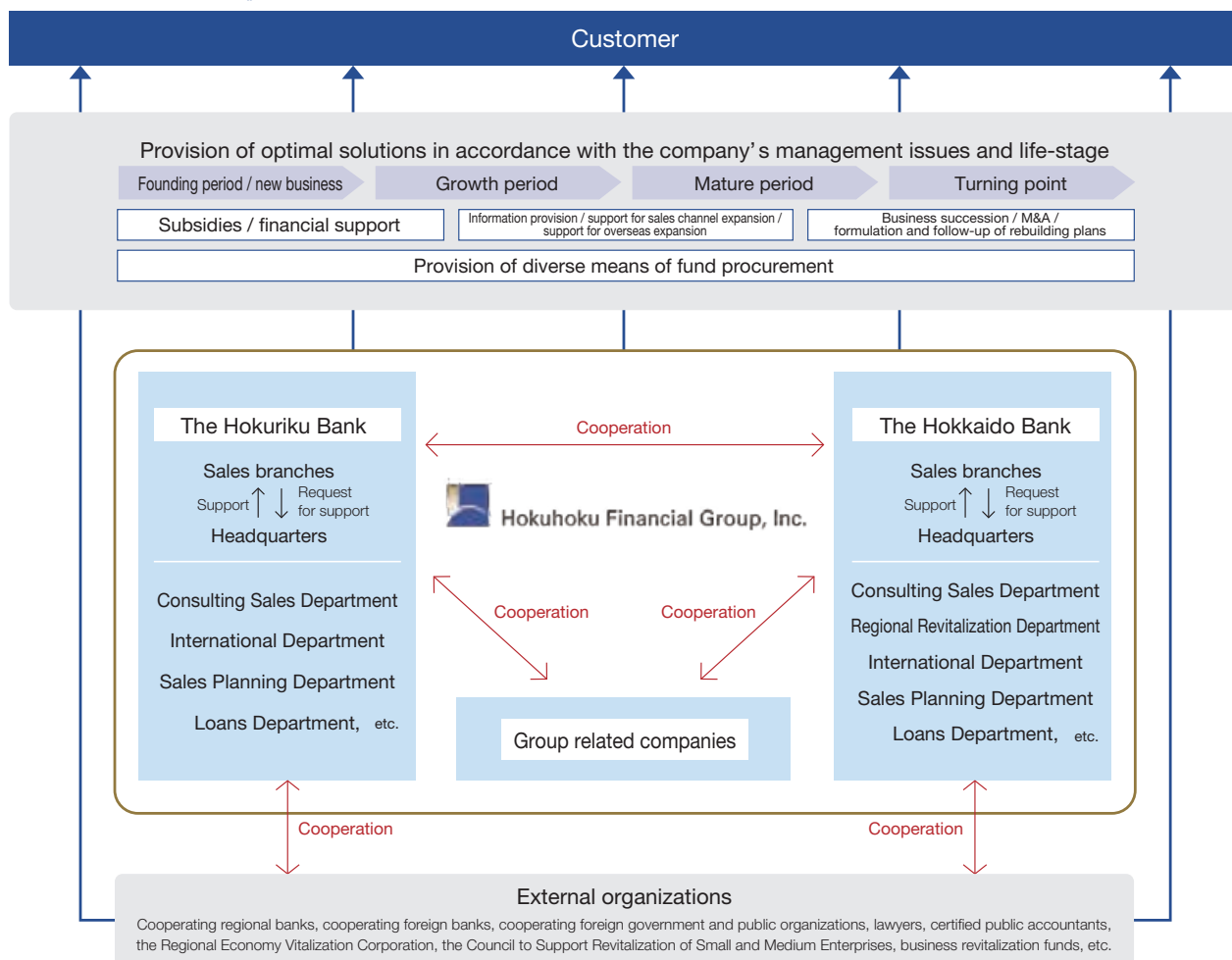
Proportion of people with experience of external dispatch at Consulting-Related Headquarters



## 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》



\* Number of cases of M&A, business succession, management consulting and DX support

## Support for business start-ups and new business development

### Support through business start-up consulting

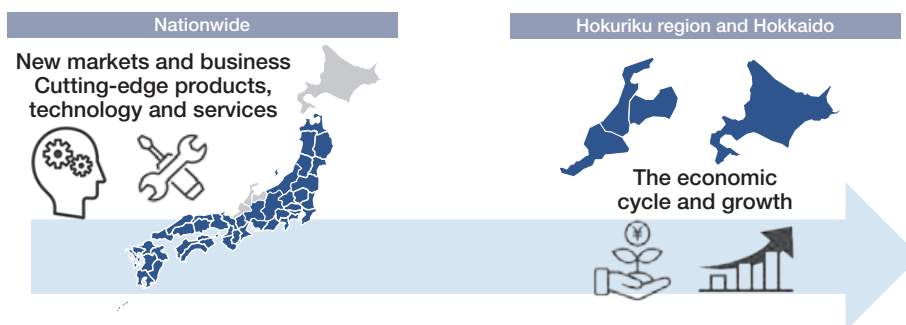
We provide support at all stages from the period of preparation for the start of business to the start. We implement various support measures, such as business plan consulting, holding of seminars, support for the preparation of application documents, etc., and support with finance and funds. In addition, we are also focusing on introductions of customers and suppliers after the start of business through business matching using the company group's network. In recent years, we have strived for the establishment of a business start-up framework in cooperation with external organizations such as holding internal study group with Japan Finance Corporation



Business start-up support study meeting

### Start-up support

We are implementing start-up support positively through funds and business matching. We support business start-ups nationwide, not just in the Hokuriku region and Hokkaido, and will connect it to support for the growth of the region and customers and the revitalization of the economy by attracting cutting-edge technology and services.



### Support using funds

We have established a framework that allows us to provide support using funds aimed at start-up support, business succession needs, the growth of regional agriculture, and the strengthening of the competitiveness of regional companies. In addition to managing funds, HokuHoku Capital upgrades investment work through external dispatching and training.

#### List of HokuHoku Capital-managed funds

**HokuHoku Innovation Co-Creation Fund**

Investment subjects

1. Companies where synergies with HokuHoku FG can be expected
2. Services and technologies that can contribute to the customers of HokuHoku FG
3. Companies whose core presence could be in the Hokuriku region or Hokkaido

**HokuHoku Business Succession Fund**

**Hokuriku Agriculture Cultivation Fund**

**HokuHoku Support Fund**



Since its establishment in October 2022, the fund has invested in **twelve** start-ups to create the future of the Hokuriku region and Hokkaido together.

## Support during the growth stage

### Support for the development of overseas sales channels and expansion

We use overseas bases to provide information for the overseas expansion of customers. We have built a framework that allows us to respond to customers' needs speedily both in Japan and overseas using web tools.

Number of interviews with business partners (FY2023)

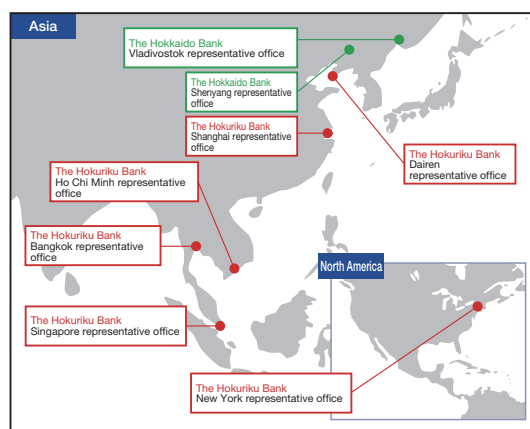
**2,151 cases**



Number of overseas business matching deals (FY2023)

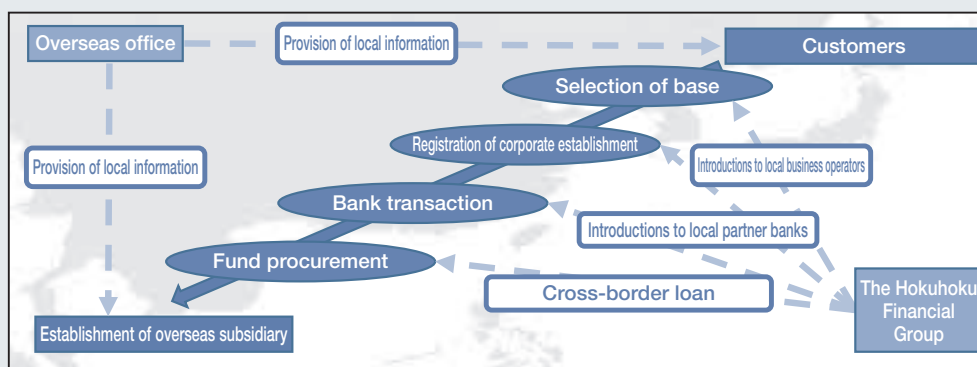
**48 cases**

\*) Number of interviews related to overseas business support at overseas representative offices (including web interviews)



#### TOPICS Cases of support for the establishment of local subsidiaries

These are cases where the Hokuoku Financial Group has accompanied customers as they consider the establishment of an overseas subsidiary and customers have realized the establishment of an overseas subsidiary smoothly because we have made proposals tailored at the initiative phase such as providing information on the overseas area, introducing an overseas partner bank or making a cross-border loan. As a result of the establishment of overseas subsidiaries, customers' supply chains can be strengthened and they have been able to increase their competitiveness in the market.



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

### Support for management improvement

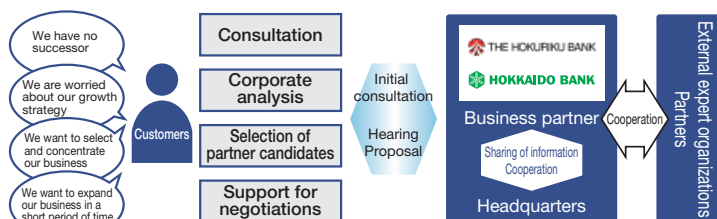
The Hokuriku Bank and The Hokkaido Bank implement detailed support activities based on business evaluations using SWOT analysis, monitoring based on the PDCA cycle, and joint or bank management consulting to clarify management improvement issues and improvement plans.

| Results in management improvement support initiatives (FY2023)            | The Hokuriku Bank | The Hokkaido Bank |
|---|-------------------|-------------------|
| Business partners requiring key management improvements                   | 398               | 1,265             |
| Of whom, business partners who have prepared revitalization plans         | 355               | 381               |
| Of whom, business partners where business improvements could be confirmed | 32                | 264               |

### 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.

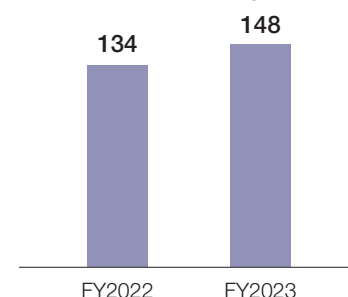
#### The company group's M&A support framework



Strengths of the company group

- [1] Accumulated know-how based on history in M&A business over 20 years
- [2] Wide-area matching is possible using our wide-area branch network
- [3] Consulting, proposals and follow-up closely matched to business managers is possible as a regional financial institution

#### Number of M&A advisory contracts



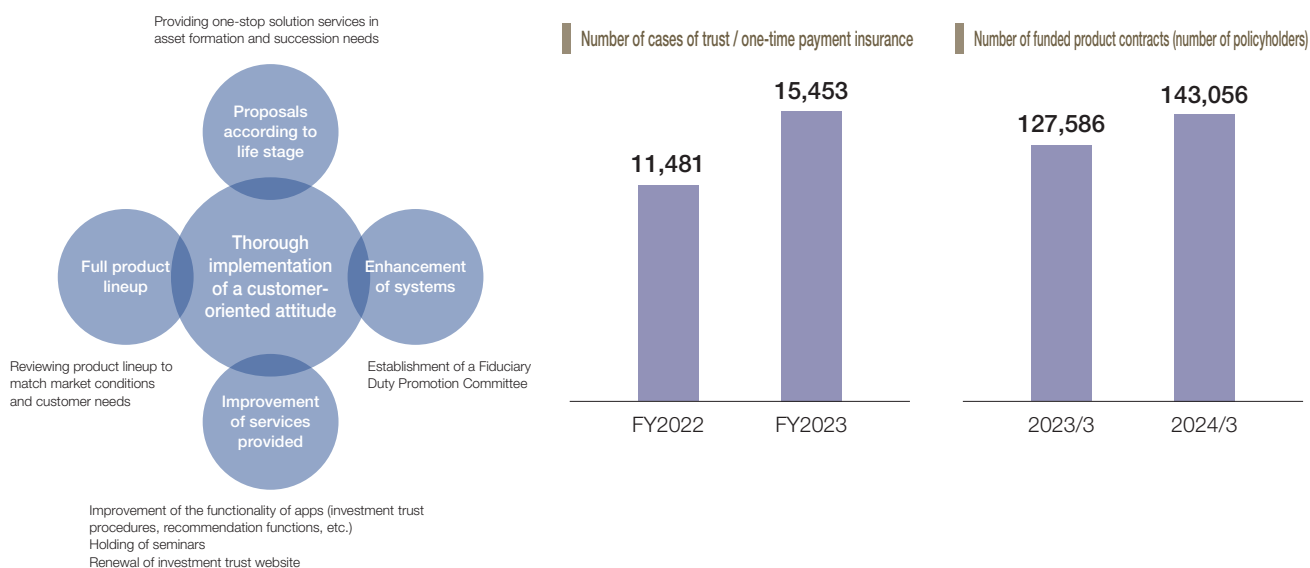
#### TOPICS Contributions to the regional economy and the support of more than 100 people's employment through M&A support

We supported the continued existence of Company A, which has more than 100 employees, through M&A. Company A was a prestigious company in the region with a history of more than half a century, but its management status deteriorated greatly due to its representative being struck down by illness. Moreover, the situation developed into a confrontation between the shareholders, who wanted to protect their assets, and the management team, which wanted to rush ahead with a management reconstruction, and the continued existence of the company fell into crisis. The Hokuriku Bank played the role of mediator between the shareholders and management team, and proposed resolving the problem through M&A for the survival of the company. We searched for a transferee company that would match both sides' interests and realized a transfer to Company B predicated on the maintenance of employment of the employees. The management of Company A returned to stability with capital and management support from Company B. Company A even entered into new business, which also led to the stimulation of the regional economy through facility investment and the securing of human resources.

## 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 Start of trust business transactions with The Hokkaido Bank as agent

The Hokuriku Bank and The Hokkaido Bank concluded a trust agent consignment agreement on April 1, 2024. While Japanese society continues to age, customers' asset succession needs are increasing year-by-year and The Hokuriku Bank has provided trust business as a bank service since April 2019. It has become possible for customers of The Hokkaido Bank to use more meticulous services by combining the experience of trust business cultivated at The Hokuriku Bank to this point with the human resources and branch network of The Hokkaido Bank following the recent start of this handling with The Hokkaido Bank as trust agent. We will work on the enhancement of products and services so that we can continue to respond to the asset management and succession needs of customers in the future.



## Support for next generation industrial fields

### Strengthening of the framework for support of next generation industries

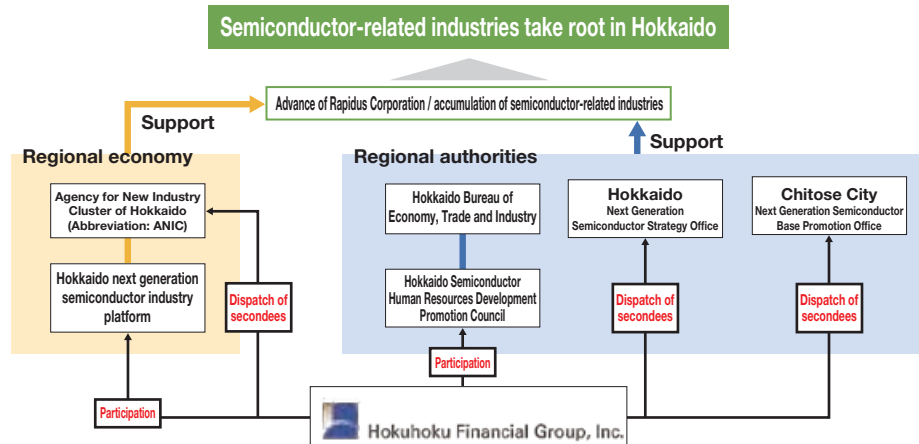
In the Hokuriku and Hokkaido regions where the company group has its foundations, support for next generation industries such as offshore wind power generation business, semiconductors and hydrogen business is expected to be a growth driver for regional revitalization. The company group established SX Promotion Department in April 2023 to carry out centralized information collection, improve its insight into next generation technologies, and provide the regions' customers with beneficial information connected to the future. We have launched the "Next-Generation Industry Support Group" as a subordinate organization and established a support framework for semiconductor-related industries.

#### Support framework to "allow semiconductor-related industries to take root in Hokkaido"

|                   |  |                            |  |
|-------------------|--|----------------------------|--|
| <b>Main roles</b> | <ul style="list-style-type: none"> <li>» Collection and organization of information on semiconductor-related industries and the advance of Rapidus Corporation</li> <li>» Initiatives aimed at the accumulation of semiconductor-related industries in Hokkaido                             <ul style="list-style-type: none"> <li>Cooperation and lobbying with related groups (government, economic world, etc.)</li> <li>Dialogue with local companies (real estate, construction, new semiconductor entrance, etc.) and support</li> <li>Information provision and support for semiconductor supply chain companies</li> </ul> </li> </ul> | <b>Dedicated personnel</b> | Sapporo: 4 people<br>Tokyo: 1 person<br>Dispatches to related groups: 3 people |
|-------------------|--|----------------------------|--|

### Cooperation with related groups

Various organizations and frameworks have been inaugurated in Hokkaido for the support of semiconductor-related industries following the advance of Rapidus Corporation. The company group is also cooperating with various groups and dispatching secondees and participating positively in various frameworks to implement efficient information gathering and timely information provision. Under the slogan "allow semiconductor-related industries to take root in Hokkaido," we will use the company group's wide-area branch network to connect to various support.



### Overview of various organizations and frameworks

| Name of organization   | Roles / functions   | How the company group will be involved   |
|--|---|--|
| Agency for New Industry Cluster of Hokkaido (Abbreviation: ANIC)     | <ul style="list-style-type: none"> <li>• Consultation service on locations in Hokkaido for semiconductor supply chain companies</li> <li>• Secretariat for the "Hokkaido next generation semiconductor industry platform," which is comprised of economic groups, etc.</li> </ul>   | <ul style="list-style-type: none"> <li>• Dispatching of secondees from July 2023</li> <li>• Participation in the Hokkaido next generation semiconductor industry platform</li> </ul> |
| Hokkaido Semiconductor Human Resources Development Promotion Council | <ul style="list-style-type: none"> <li>• Strengthening of the foundations of semiconductor-related industries in Hokkaido</li> <li>• Activities on the themes of developing and securing semiconductor human resources and the activation of semiconductor-related industry transactions</li> </ul>   | <ul style="list-style-type: none"> <li>• Participation as a constituent member</li> </ul>  |
| Hokkaido (Next Generation Semiconductor Strategy Office)             | <ul style="list-style-type: none"> <li>• Support aimed at the smooth establishment and operation of next generation semiconductor manufacturing bases</li> <li>• Realization of semiconductor complex bases and the rippling of their effects across Hokkaido</li> </ul>  | <ul style="list-style-type: none"> <li>• Dispatching of secondees from April 2024</li> </ul>   |
| Chitose City (Next Generation Semiconductor Base Promotion Office)   | <ul style="list-style-type: none"> <li>• Surveys and analysis of the accumulation of the semiconductor industry and formulation of a future vision based thereon</li> <li>• Promotion of citizens' understanding of next generation semiconductor manufacturing base sites</li> <li>• Involvement in various infrastructure development for the accumulation of the semiconductor industry</li> </ul> | <ul style="list-style-type: none"> <li>• Dispatching of secondees from August 2023</li> </ul>  |

## Support for customers

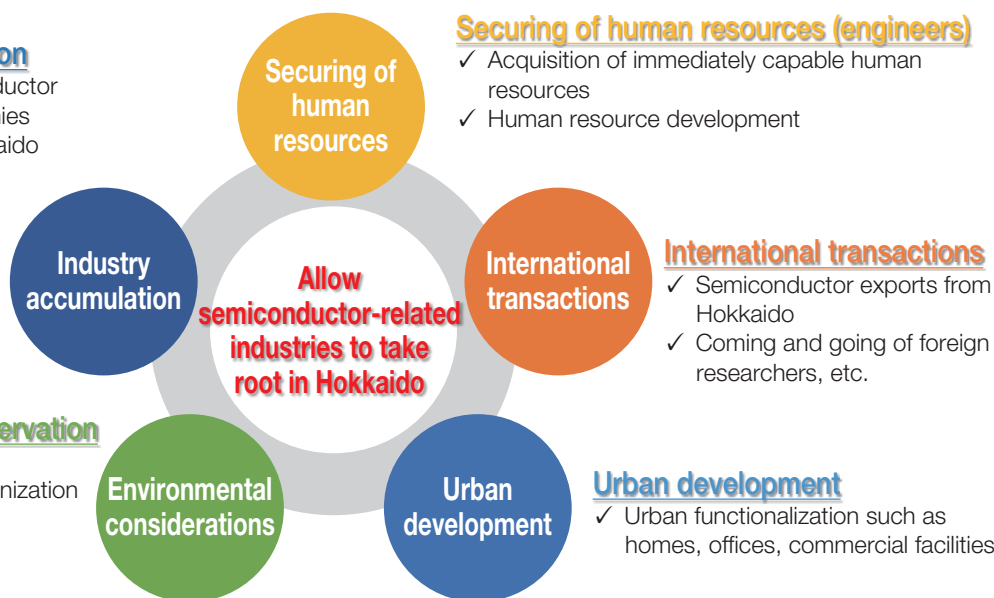
We are working on proactive support for semiconductor supply chain companies and local companies while cooperating with related groups.

### Industry accumulation

- ✓ Advance of semiconductor supply chain companies
- ✓ Participation of Hokkaido companies

### Securing of human resources (engineers)

- ✓ Acquisition of immediately capable human resources
- ✓ Human resource development



### International transactions

- ✓ Semiconductor exports from Hokkaido
- ✓ Coming and going of foreign researchers, etc.

### Environmental conservation

- ✓ Use of green energy
- ✓ Initiatives for decarbonization

### Urban development

- ✓ Urban functionalization such as homes, offices, commercial facilities

## Main support items

| Industry accumulation   | Securing of human resources  | International transactions  | Urban development  | Environmental considerations  |
|---|--|---|--|---|
| <ul style="list-style-type: none"> <li>● Support for subsidy applications</li> <li>● Provision of real estate information</li> <li>● Business matching</li> </ul> | <ul style="list-style-type: none"> <li>● Handling of M&amp;A needs</li> <li>● Introduction of employment agencies</li> <li>● Cooperation with universities and technical colleges</li> </ul> | <ul style="list-style-type: none"> <li>● Expansion of foreign exchange services</li> <li>● Multilingual handling</li> </ul> | <ul style="list-style-type: none"> <li>● Investment and financing for the promotion of private development</li> <li>● Cooperation with the real estate industry and construction industry</li> </ul> | <ul style="list-style-type: none"> <li>● Measurement and reduction of CO<sub>2</sub> emissions</li> <li>● Support for companies based on sustainable finance</li> </ul> |



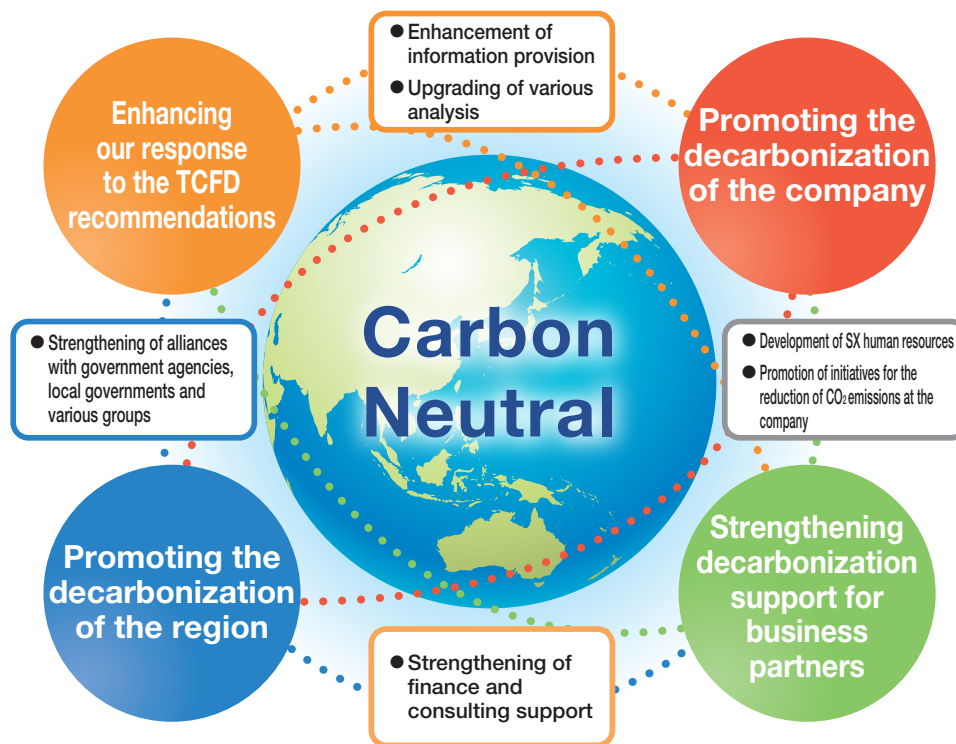
# GX strategy (initiatives in the environmental field)

Hokuhoku Financial Group is aiming to be an “environmentally advanced financial group.”

We are advancing initiatives so that not only our company, but also various stakeholders such as customers, local governments, and partners in the same and other industries can contribute to the future of the region, Japan and the world.

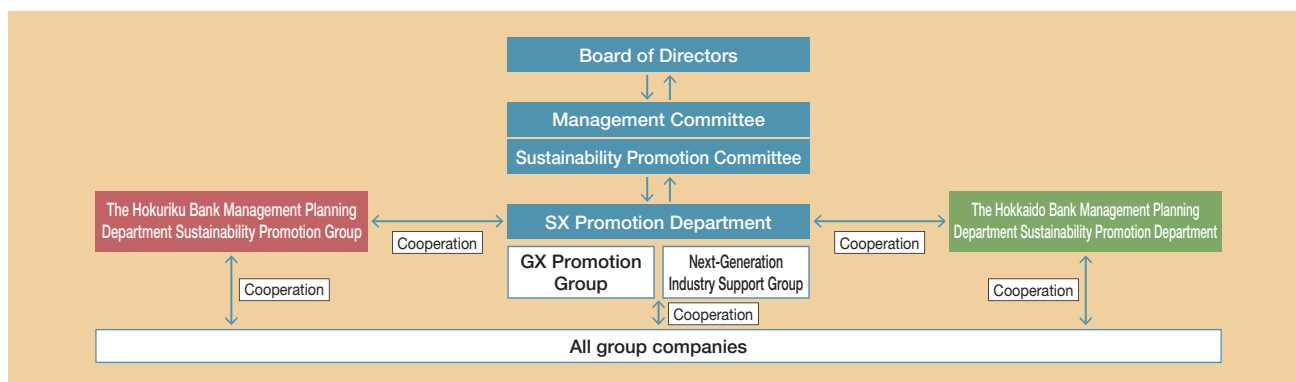
## Overall image of the GX strategy

We 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” to promote GX initiatives.



## Promotion framework

We newly established SX Promotion Department in April 2023 and strengthened the sustainability promotion framework of Hokuhoku 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.

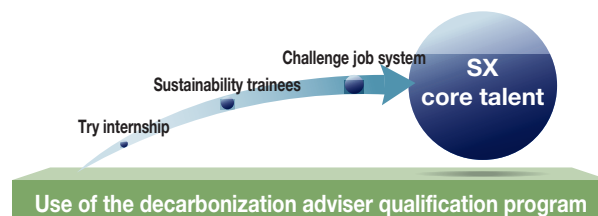


## Promoting the decarbonization of the company

### Development of SX human resources

The most important thing for the group to promote GX and other SX initiatives is securing the human resources to promote it. The company group is working on the expansion of development systems to develop those human resources.

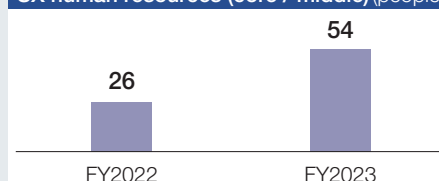
| Programs                | Description  |
|-------------------------|--|
| Try internship          | Offering opportunities to experience HQ operations for a minimum of one week |
| Sustainability trainees | Classroom lectures and on-the-job training                                   |
| Challenge job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



#### Initiatives for the development of SX human resources

We promoted the following concrete initiatives in FY2023 and roughly doubled SX human resources (core and middle) as defined by the company group.

SX human resources (core / middle) (people)



#### Try internship

We started the try internship program from May 2023. Interns experience the work of SX Promotion Department for three to five days aimed at using the program as a starting point to become SX core talent.

#### Sustainability trainees

We have held the sustainability trainee program since October 2023 mainly for managers in charge of customer liaison aimed at the development of bankers with knowledge, experience and practical ability in the sustainability field. Trainee participants are defined as the SX human resources middle tier.

#### Use of the decarbonization adviser qualification program

A large group of employees took the “Sustainable Management Support” banking proficiency test provided by the Economic Legal Research Institute, which was certified as “Decarbonization Advisor Basic” by the Ministry of the Environment in January 2024. About 500 people obtained the qualification

#### Implementation of the SDGs card game at all branches

In the second half of 2023, we implemented business card game training themed on “sustainability” as an opportunity for all bank branch managers and managers in charge of customer liaison to understand the SDGs as a personal matter.

## Promotion of initiatives for the reduction of CO<sub>2</sub> emissions at the company

Hokuhoku Financial Group, Inc., aims for net zero CO<sub>2</sub> emissions at the company by FY2030.

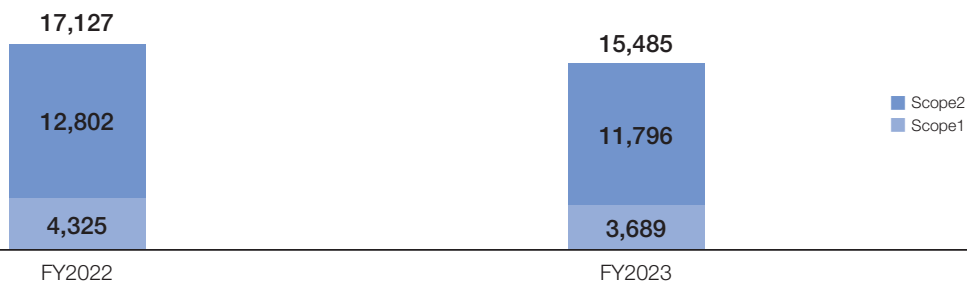
### Long-term goals

Scope 1, 2 CO<sub>2</sub> emissions of the company (\*)

Net zero in FY2030

(\*) CO<sub>2</sub> emissions (adjusted) reduction target at all domestic places of business of Hokuhoku Financial Group, Inc.

### Trend in Scope 1, 2 CO<sub>2</sub> emissions (t-CO<sub>2</sub>) of the company



### TOPICS Formulation of the Hokuhoku FG “Decarbonization Roadmap”

In February 2024, we formulated a “decarbonization roadmap” to achieve the target of carbon neutrality by FY2030. We will accelerate various initiatives and aim to achieve the target ahead of schedule.

|        | FY2022  | FY2023 | FY2024 | FY2025 | ~ | FY2030 |
|--------|---|--------|--------|--------|---|--------|
| Scope1 | Switch company vehicles to environmentally friendly vehicles ⇒ At least 50 EVs and 170 HVs                  |        |        |        |   |        |
|        | Additional introduction of carbon neutral gas ⇒ At least 400,000m <sup>3</sup>                              |        |        |        |   |        |
|        | Use of carbon credits   |        |        |        |   |        |
|        | Continuation of other initiatives (use of non-face-to-face tools, etc.)                                     |        |        |        |   |        |
| Scope2 | Convert branches to ZEB ⇒ At least 10 branches  |        |        |        |   |        |
|        | Energy-saving at branches (new building construction, switch to LEDs, etc.) ⇒ At least 90 branches          |        |        |        |   |        |
|        | Additional introduction of renewable energy-derived electricity (corporate PPA, etc.) ⇒ At least 12,500 MWh |        |        |        |   |        |
|        | Use of non-fossil certificates  |        |        |        |   |        |
|        | Continuation of other initiatives (energy saving, greater work efficiency, etc.)                            |        |        |        |   |        |

## Operation and new establishment of “Hokuhoku Solar Park” using offsite corporate PPA

The Hokuriku Bank and The Hokkaido Bank have built “Hokuhoku Solar Park” solar power plants using offsite corporate PPA. We are using renewable energy electricity at branches of The Hokuriku Bank and The Hokkaido Bank.

### [Hokuhoku Solar Park, Osawano, Toyama]

|   |   |
|---|---|
| Address   | Nishi-Osawa, Toyama City, Toyama Prefecture |
| Estimated annual power generation                             | About 3,300 MWh                             |
| Timing of start of operation                                  | September 2023                              |
| Estimated CO <sub>2</sub> emissions reduction effect (annual) | About -1,600t-CO <sub>2</sub>               |



### [Hokuhoku Solar Park, Shiranuka, Hokkaido]

|   |   |
|---|---|
| Address   | Shiranuka Town, Shiranuka-gun, Hokkaido |
| Estimated annual power generation                             | About 2,400 MWh                         |
| Timing of start of operation                                  | FY2024 (plan)                           |
| Estimated CO <sub>2</sub> emissions reduction effect (annual) | About -1,300 t-CO <sub>2</sub>          |



## Promotion of environmentally friendly branches (ZEB branches)

### [The Hokuriku Bank, Tsuruga Branch]

The Hokuriku Bank relocated Tsuruga Branch to a new building in November 2023. The new branch contributes to forest conservation in the region by employing recycled wood louvers that use wood from forest thinning in Fukui Prefecture as part of its construction materials and has realized ZEB, which suppresses the energy consumption of the entire building significantly.



### [The Hokkaido Bank, Rumoi Branch]

The Hokkaido Bank plans to relocate Rumoi Branch to a new building in November 2025. The new branch will be constructed with the aim of acquiring ZEB certification, which is linked to reductions in greenhouse gas emissions, and will also introduce EVs for some of its company cars.



## Use of carbon credits

The Hokuriku Bank concluded an agreement with Kanazawa Energy Co., Ltd., and introduced carbon neutral gas from June 2023.

|   |  |
|---|--|
| Subject branches  | 9 branches of The Hokuriku Bank in Kanazawa City |
| Estimated CO <sub>2</sub> emissions reduction effect (annual) | About 112 t-CO <sub>2</sub>                      |

The Hokuriku Bank concluded an agreement with daijyou Energy Co., Ltd., and introduced carbon neutral LP gas from August 2023.

|   |                                |
|---|--------------------------------|
| Subject branches  | The Hokuriku Bank, Nomi Branch |
| Estimated CO <sub>2</sub> emissions reduction effect (annual) | About 6 t-CO <sub>2</sub>      |



## Use of forest-derived carbon credits based on local production for local consumption

The Hokuriku Bank introduced “Mori no Chikara Gas,” a carbon-neutral gas that uses carbon credits created by the Toyama City Carbon Offset Management Council from January 2024. This was the first time in Japan that a private company introduced city gas with CO<sub>2</sub> emission offset by forest-derived credits based on local production for local consumption.

|   |                                       |
|---|---------------------------------------|
| Subject branches  | 11 sales offices of The Hokuriku Bank |
| Estimated CO <sub>2</sub> emissions reduction effect (annual) | About 390 t-CO <sub>2</sub>           |



## Strengthening decarbonization support for business partners

### 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.

#### Long-term goals

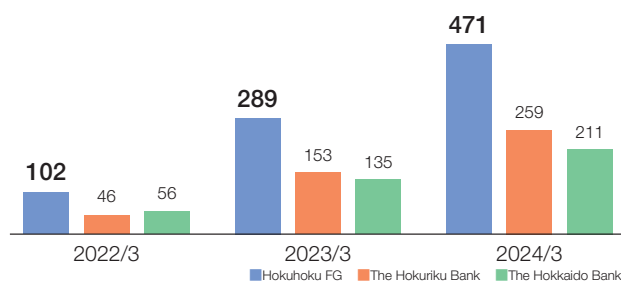
Sustainability-related investment and loans <sup>(1)</sup>  
Environment-related loans <sup>(2)</sup>

FY2021–FY2030 cumulative total of 1.5 trillion yen  
FY2021–FY2030 cumulative total of 700 billion yen

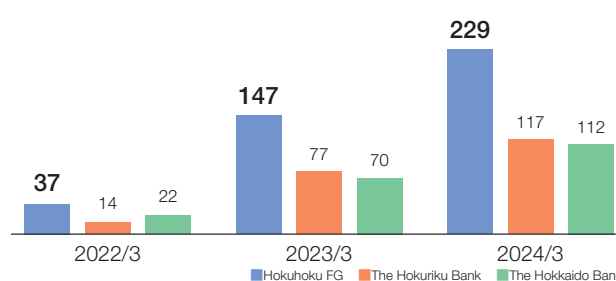
<sup>(1)</sup> Investment and loans for business partners working towards the achievement of the SDGs, and investment and loans in medicine, health, education, fisheries, agriculture, business establishment, business succession, resilience and the environment

<sup>(2)</sup> Investment and loans that support initiatives considerate of the environment, such as responses to climate change

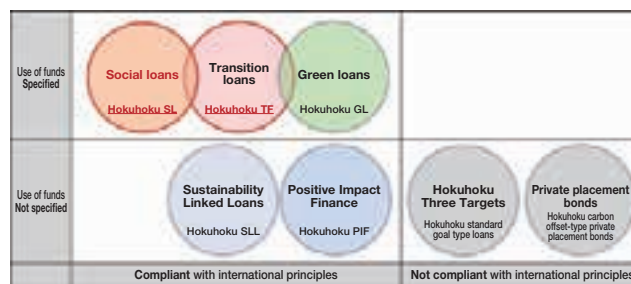
#### Sustainability-related investment (cumulative) Unit: billion yen



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



#### The company group's sustainable product lineup

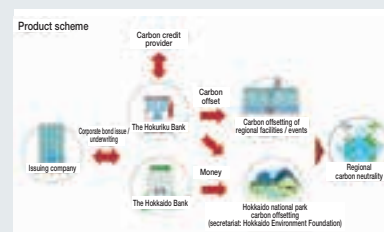


#### TOPICS Start of “carbon offset-type private placement bonds” initiative

In June 2024, The Hokuriku Bank and The Hokkaido Bank started the handling of “< Hokuhoku > Carbon offset-type private placement bonds” as part of the MEJAR <sup>(1)</sup> Sustainability Solutions Collaboration <sup>(2)</sup> initiative.

<sup>(1)</sup> A joint core center for regional banks and second tier regional banks built by NTT Data and operated by banks. The participating banks are The Bank of Yokohama, The Hokkaido Bank, The Hokuriku Bank, The 77 Bank and Higashi-Nippon Bank (in order of start of use and bank code). The Hiroshima Bank is planning to participate from FY2030.

<sup>(2)</sup> In September 2022, an agreement was concluded between the banks participating in MEJAR for the provision of information on initiatives in the sustainability field and the upgrading of products and services. The Hiroshima Bank is also participating in this collaboration since March 2023 ahead of its participation in MEJAR from FY2030.



## Strengthening of consulting support

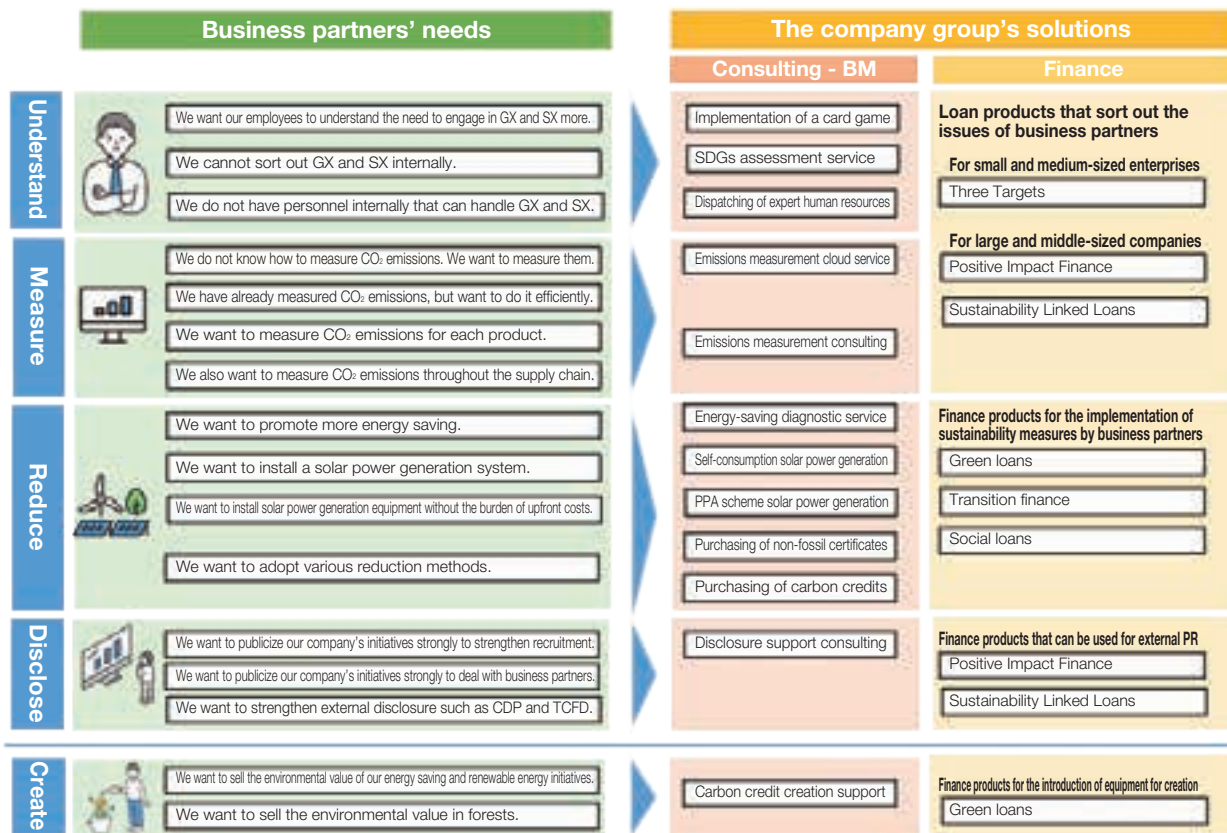
The company group has strengthened cooperation with various solution-providing companies and companies it has invested in to advance the development of solutions in line with customer needs.

### Number of SDGs / environment-related services used Unit: cases

■ Hokuhoku FG ■ The Hokuriku Bank ■ The Hokkaido Bank



### The company group's solutions in line with customer needs



## Promoting the decarbonization of the region

### Strengthening of alliances

---

The company group is promoting the faster decarbonization of the region by strengthening alliances with local governments and companies in the same and different industries.

#### The MEJAR Sustainability Solutions Collaboration initiative

##### Joint seminars

In May 2023, The Hokuriku Bank and The Hokkaido Bank held a “Decarbonization Management Seminar” for corporate clients working on management issues aimed at carbon neutrality. This seminar was hosted jointly by six banks as a collaborative measure based on “MEJAR Sustainability Solutions Collaboration.”

##### Joint questionnaire

The Hokuriku Bank and The Hokkaido Bank implemented a “customer questionnaire survey on decarbonization” for corporate customers from August 2023 to grasp the situation of companies aiming for carbon neutrality. This questionnaire was implemented jointly by five MEJAR banks and received answers from about 1,000 companies. The banks will link the answer results to joint product planning, etc., within the framework of MEJAR Sustainability Collaboration.

#### Holding of seminars in the regions

We held the “GX Seminar for Sustainability Management” for business partners in Toyama as an initiative for the decarbonization of the region in September 2023, with about 400 people from our business partners in attendance.

In addition to a keynote speech by Mr. Nishimura, head of the Personnel Division of the Ministry of the Environment, we held a panel discussion with panelists from three companies working positively on GX in Toyama Prefecture.



#### Initiatives for cooperation with local governments

##### Toyama Prefecture

In April 2024, The Hokuriku Bank won the “FY2024 Toyama-type GX Promotion Project” contract, for which Toyama Prefecture solicited applications from the public.

The bank is working on this project under a framework operated in cooperation with Hokuriku Hakuhodo, Inc., Kitanihonshimbun Kaihatsu Center, Inc., and Kitanihon Broadcasting Co., Ltd., aiming to promote the decarbonization of local companies in Toyama Prefecture.

##### Tomakomai City

In April 2024, Dogin Regional Research Institute Co., Ltd., The Hokuriku Bank and The Hokkaido Bank were entrusted with the “Tomakomai Zero Carbon Support Consulting Project,” for which Tomakomai City solicited applications from the public. The companies formed a consortium with Hokkaido Electric Power Co., Inc., and Zeroboard Inc., to work on this project, which aims to promote the decarbonization of local companies in Tomakomai City.

## Enhancing our response to the TCFD recommendations

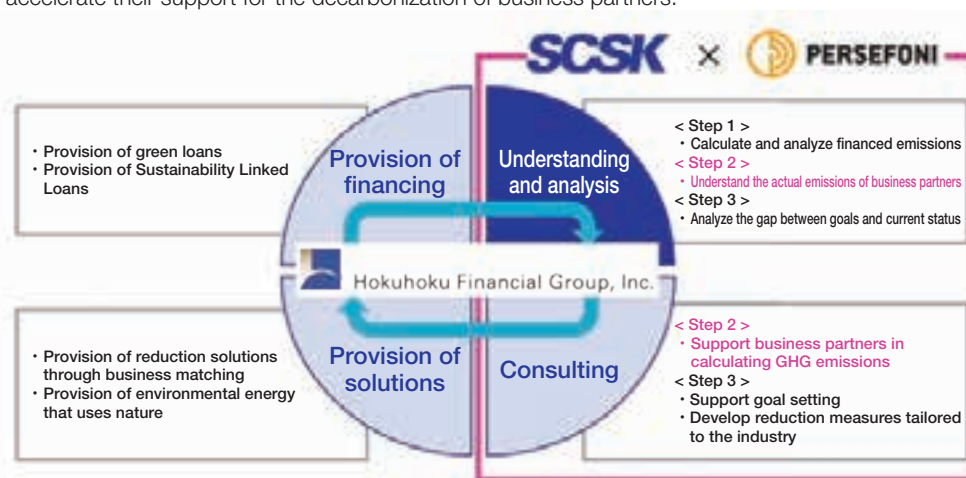
### Enhancement of information provision

The company group was evaluated highly, mainly for its risk management processes and initiatives to reduce CO<sub>2</sub> emissions, in the FY2023 climate change questionnaire implemented by the CDP, an international non-profit organization, and received a “B” rating, the highest among financial institutions headquartered in the three Hokuriku prefectures and Hokkaido, the same as FY2022. This fiscal year too, we will work on the promotion and upgrading of initiatives, and positive information disclosure, aiming for a “B” rating or higher.



### Initiatives for the upgrading of analysis

With the support of SCSK Corporation, The Hokuriku Bank and The Hokkaido Bank implemented verification for GHG emissions calculation support and the realization of the acquisition of actual emissions data using the “Climate Management and Carbon Accounting Platform (CMAP)” provided by Persefoni from October 2023. The banks will analyze the verification results and accelerate their support for the decarbonization of business partners.



|       |            |  |
|-------|------------|--|
| STEP2 | Initiative | Support the calculation of the GHG emissions of business partners and obtain actual emissions data using CMAP  |
|       | Purpose    | To grasp the actual emissions data of business partners and realize high quality engagement based on accurate emissions data to promote regional decarbonization as a regional financial institution |
| STEP3 | Initiative | Verify the promotion of decarbonization consulting to business partners using CMAP's net zero navigator* function  |
|       | Purpose    | To support as many business partners as possible in their specific initiatives for decarbonization at a uniform level as a regional financial institution  |

\* A function that presents advice on the setting of reduction targets and reduction methods, based on past trends in greenhouse gas emissions. It is a function that was jointly developed by the leading consulting firm Bain & Company and Persefoni.



# GX strategy (disclosure based on the TCFD)

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

## Fiscal year 2023 highlights

Progress in fiscal year 2023 is as follows.

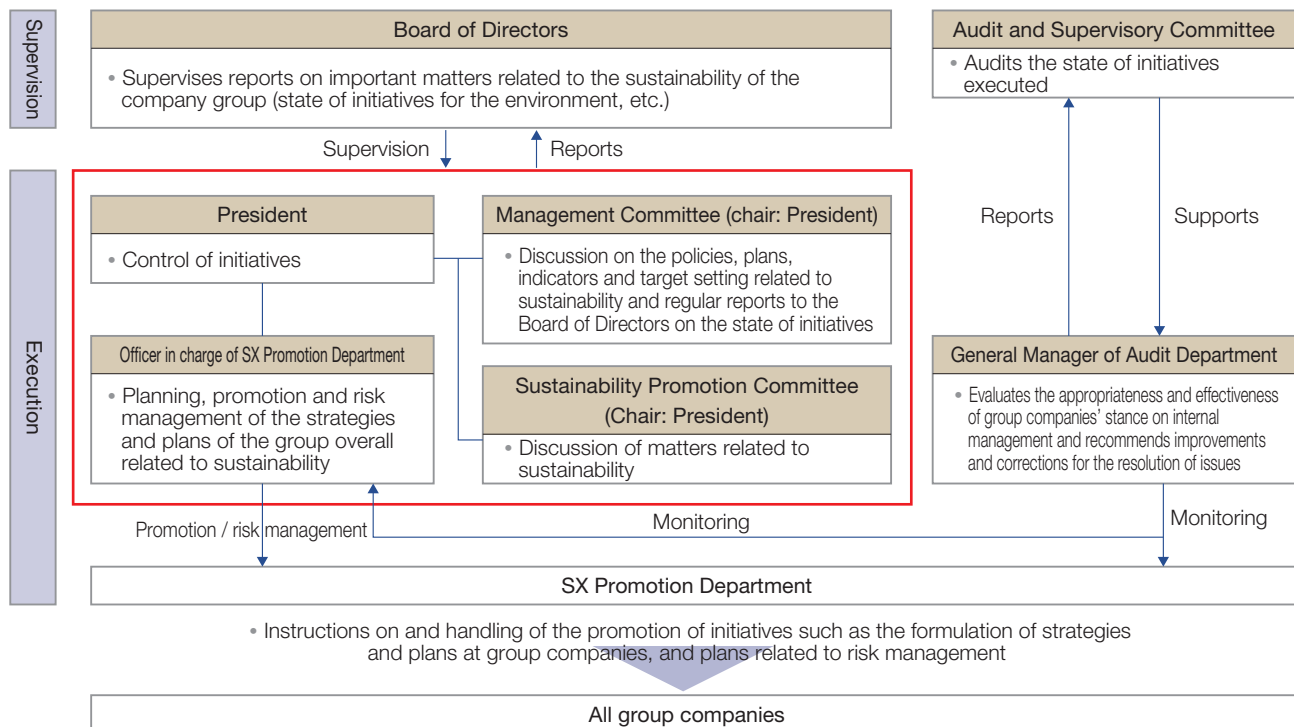
| Core element       | Main initiatives in fiscal year 2023                   |  |
|--------------------|--|--|
| Governance         | Strengthening of the SX Promotion Department framework | In June 2024, we established the GX Promotion Group and Next-Generation Industry Support Group in the SX Promotion Department in order to strengthen the framework of this department. |
| Strategy           | Expansion of the subjects of scenario analysis         | In addition to the electricity sector, real estate sector and metals and mining sector, we added the beverage and food sector to the subjects of transition risk.                      |
|                    | 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    | Strengthening of understanding of Scope 3 Category 15  | Strengthening of analysis of Scope 3 Category 15, including the upgrading of risk management   |
| Indicator / target | Review of targets                                      | In addition to net zero for Scope 1, 2 in fiscal year 2030, we will review the target for Scope 3 for net zero in fiscal year 2050.  |

### 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.

## 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 in execution 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.

- a. We explain climate-related risks and opportunities that the organization has identified in the short, medium and long-term.
- b. We explain the impacts that climate-related risks and opportunities have on the organization’s business, strategy and financial planning.
- c. 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.

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

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 of 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"> <li>• Cost increases due to carbon taxes being imposed on the company group’s emissions</li> <li>• Credit cost increases for the company group in association with its financial situation deteriorating due to customers responding to laws on carbon taxes, etc.</li> </ul>           | Medium to long-term |
|                              | Technological innovation that contributes to decarbonization      | <ul style="list-style-type: none"> <li>• Credit cost increases for the company group due to customers’ financial situations deteriorating having been forced to invest in new technologies, etc.</li> </ul>  | Medium to long-term |
|                              | Changes in demand for products in association with market changes | <ul style="list-style-type: none"> <li>• Credit cost increases for the company group due to customers’ financial situations deteriorating because of raw material cost increases</li> </ul>  | Short to long-term  |
|                              | Stronger environmental orientation of stakeholders                | <ul style="list-style-type: none"> <li>• Decline in sales of the company group due to being unable to provide the decarbonization solutions desired by customers</li> <li>• Fall in share price due to the company group’s initiatives for the handling of climate change falling below investors’ expectations</li> </ul> | Short to long-term  |
| Physical risks               | Increase in large-scale disasters such as heavy rain and typhoons | <ul style="list-style-type: none"> <li>• 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</li> </ul>   | Long-term           |
| Opportunities                | Stronger environmental orientation of stakeholders                | <ul style="list-style-type: none"> <li>• 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</li> </ul>   | Short to long-term  |
|                              | Improvement of customer resilience                                | <ul style="list-style-type: none"> <li>• 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</li> </ul>  | 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, beverage and food sector  |
| Result of analysis           | Additional cumulative credit costs of 16.4 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 68.5 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   | Contents   |
|--|--|
| 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.  |
| Hokuhoku Sustainable Finance "TF-type"   | This is a loan instrument that supports customers planning the reduction of greenhouse gas emissions under long-term strategies, conditional on being evaluated by an external organization with regard to conformance with the various standards announced by the International Capital Market Association (ICMA).  |

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

| Main solution menu   | Contents   |
|--|--|
| GHG emissions calculation / visualization cloud service<br>(Business matching partner: Zeroboard Inc.)                         | This is a cloud service that enables the calculation and visualization of emissions of GHG, represented by CO <sub>2</sub> emitted as a result of corporate activities, based on the international standard GHG protocol.            |
| CO <sub>2</sub> emissions visualization cloud service<br>(Business matching partner: Asuene Inc.)                              | This is a service that supports the calculation, visualization and reduction of greenhouse gas and CO <sub>2</sub> 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)<br>(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.   |
| Climate change information disclosure support service<br>(Business matching partner: S-Pool Blue Dot Green, Inc.)              | This is a consulting service that supports the disclosure of climate change information based on CDP responses and the TCFD framework.   |
| Climate change-related certification acquisition support service<br>(Business matching partner: KNOWLEDGREEN Co., Ltd.)        | This is a consulting service that supports the acquisition of SBT (Science Based Targets) certification available to companies that set greenhouse gas reduction targets consistent with the levels required by the Paris Agreement. |
| Decarbonization service<br>(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.  |
| Decarbonization service<br>(Business matching partner: Green Carbon Inc.)  | This is a service that supports the creation and trading of agriculture-derived CO <sub>2</sub> credits.   |

## [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 established "Hokuhoku Solar Park" facilities in the form of offsite PPA at Osawano in Toyama Prefecture and Shiranuka in Hokkaido. These are used for greater energy savings at the company group's facilities.                                   |
| 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 city gas and propane gas offsetting the greenhouse gas emissions emitted in the natural gas lifecycle with the same amount of carbon credits.   |
| New establishment of ZEB branches                           | Our policy when renovating and newly building branches is to aim for branches equipped with high energy saving performance and energy creating facilities based on solar power generation that meet the ZEB level.  |
| 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 (subjects: commercial loans to all borrowers). We have identified the large emissions companies in the company group. We will set levels of priority, including the carbon-related sector, strengthen engagement and provide support positively for the handling of 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 | Net zero   | FY2030               |
| GHG emissions (Scope 3)                     |        | Net zero   | FY2050               |
| Sustainability-related investment and loans | Note 2 | From fiscal year 2021 ~ cumulative total of 1.5 trillion yen | FY2030               |
| Environment-related finance                 | Note 3 | From fiscal year 2021 ~ cumulative total of 700 billion yen  | FY2030               |

Note 1: Target for CO<sub>2</sub> 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

In addition to raising net zero for Scope 1, 2 in fiscal year 2030 as a target, the company group has also raised net zero for Scope 3 in fiscal year 2050 as a target to promote decarbonization further.

With regard to finance, we set targets for the investment and loan amounts that were judged to 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 | 15,485 t-CO <sub>2</sub> (-1,642 t-CO <sub>2</sub> compared to last year)         |
| Scope 1 emissions  |        | Scope 1 3,689 t-CO <sub>2</sub> (-636 t-CO <sub>2</sub> compared to last year)    |
| Scope 2 emissions  |        | Scope 2 11,796 t-CO <sub>2</sub> (-1,006 t-CO <sub>2</sub> compared to last year) |
| GHG emissions (Scope 3: excluding Category 15)                             | Note 5 | 95,662t-CO <sub>2</sub>   |
| Category 1 (purchased products and services)                               | Note 6 | 21,925t-CO <sub>2</sub>   |
| Category 2 (capital goods)   |        | 50,835t-CO <sub>2</sub>   |
| Category 3 (fuel and energy-related activities not included in Scope 1, 2) |        | 2,406t-CO <sub>2</sub>  |
| Category 4 (transportation and deliveries (upstream))                      |        | 1,962t-CO <sub>2</sub>  |
| Category 5 (waste from business)   |        | 498t-CO <sub>2</sub>  |
| Category 6 (business trips)  |        | 589t-CO <sub>2</sub>  |
| Category 7 (employee commuting)  |        | 1,506t-CO <sub>2</sub>  |
| Category 13 (lease assets (downstream))                                    | Note 7 | 15,941t-CO <sub>2</sub>   |
| GHG emissions (Scope 3; Category 15 (investment))                          | Note 8 | 16,392,302t-CO <sub>2</sub>   |
| Data quality score   |        | 3.81  |
| Business loans   |        | 15,884,060t-CO <sub>2</sub>   |
| Shares   |        | 508,242t-CO <sub>2</sub>  |
| Sustainability-related investment and loans                                |        | 471.6 billion yen (+182.3 billion yen compared to last year)                      |
| Environment-related finance  |        | 229.5 billion yen (+82.1 billion yen compared to last year)                       |
| <b>Reference values</b>  |        |   |
| Carbon-related assets  | Note 9 | 16.3%   |

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 2.6 (March, 2024)" by the Ministry of the Environment and Ministry of Economy, Trade and Industry. We performed calculations using the emissions coefficient in the ministerial ordinance because city gas and heat are supplied by business operators other than those who disclose emission coefficients by business operator.

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 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 8: We calculated the emissions related to commercial loans and share investments at The Hokuriku Bank and The Hokkaido Bank (commercial loans means, of those asset classes classified in PCAF, some "Listed Equity and Corporate Bonds" and "Business loans and unlisted equity"). The investments and loans subject to calculation do not include investments and loans to individuals and the scope of calculation of emissions is Scope 1, 2 of investment and loan recipients.

Note 9: 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 2023 were 15,485t-CO<sub>2</sub>, down 1,642t-CO<sub>2</sub> (-9.6%) compared to fiscal year 2022 when we started calculating the GHG emissions of the group overall. Partly because of the operation of the Hokuhoku Solar Park in Osawano, Toyama Prefecture using corporate PPA, we are progressing steadily towards the achievement of carbon neutrality in fiscal year 2030.

Scope 3 emissions excluding Category 15 were 95,662t-CO<sub>2</sub>, up 43,788t-CO<sub>2</sub> (+84.4%) compared to the last fiscal year. The main cause of this was Category 2 (capital goods) emissions pertaining to the construction of the Hokuhoku Sapporo Building, which was completed in February 2024. With regard to Category 15, emissions related to business loans were 15,884,060t-CO<sub>2</sub>, down 324,213t-CO<sub>2</sub> compared to last fiscal year (emissions for fiscal year 2022 were recalculated based on the same standards as fiscal year 2023). The main cause of this was that we increased the proportion of primary data used.

With regard to sustainability-related loans and environment-related investment and loans, we have progressed steadily in fiscal year 2023 in comparison to the targets. We will continue to aim for the achievement of targets by strengthening support for customers.



# Promotion of DX

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.

## The company's initiatives for DX

### Launch of a group aimed at the further acceleration of DX

In DX Promotion Department, which was launched in June 2023, we established two groups aimed at the clarification of the division of duties within the department and the acceleration of decision-making in planning work.

In cooperation with various departments of both banks, Innovation and Business Design Group will plan DX-related projects such as the upgrading of customer contact channels including apps, the greater efficiency of customer and intra-bank work, web3.0 and stablecoins, and the introduction of generative AI and other new technologies.

Data Marketing Group will plan and manage data marketing as well as marketing automation tools.

This fiscal year is the last fiscal year of the medium-term management plan and we will try our best to implement the measures raised in the medium-term management plan and DX strategy.

## Main initiatives

### TOPICS Improvement of app functions

We have started a “banking app development project” aimed at improving the convenience of the smart phone apps for individuals that both banks provide. As the first function, we started providing a “service for applications for opening ordinary deposit accounts” on The Hokuriku Bank’s portal app from March 25, 2024 (we are planning to start provision at The Hokkaido Bank from October 2024). From now on, we will provide various functions such as applications for changes of address, changes of account name, loss and reissue of cash cards, the opening of investment trust accounts, and the opening of NISA accounts. In addition, we started provision of a “card loan and repayment application function” from smartphone app at The Hokuriku Bank from June 2024. From now on, the group will come together and strive for the improvement of customer convenience by working on the development of products and services using the latest technology.

#### [Ordinary deposit account opening application function]

This is a service that allows an application for ordinary deposit account opening to be completed in as little as about five minutes through the app. At the same time as ordinary deposit account opening applications, applications for debit cards, the opening of investment trust accounts and the opening of NISA accounts are also possible as an ancillary service.

We are aiming for “customers to be able to complete procedures smoothly without getting confused” by having a color scheme and screen design with a sense of unity, and making the displayed information simple and polite.



#### [Identity confirmation function using public certification]

We have newly introduced an identity confirmation function using the My Number card public certification service (JPKI) with the ordinary deposit account opening application function.

Apart from being able to confirm their identity accurately by tapping their My Number card on their smartphone, it will also be possible to complete the procedures simply because entry of their name, address and date of birth are not required. The Hokuriku Bank is the first regional bank headquartered in the three Hokuriku prefectures or Hokkaido to introduce an identity confirmation method using the public certification service when applying to open an ordinary deposit account from an app.



## Capture of new technological areas

The company is working positively on the use of generative AI technology aimed at the introduction of cutting-edge technology and the provision of innovative services. We recently established an environment at The Hokuriku Bank that will enable all personnel to use generative AI, and will aim for the greater efficiency of work and the improvement of customer service quality.

We will use generative AI at the bank to aim for initiatives like the following.

Greater efficiency of internal work

Using generative AI will strengthen internal question and answer systems and provide support so that bankers can resolve questions and problems promptly in everyday work.

By doing so, we will realize the shortening of bankers work time and the improvement of productivity.

Improvement of the quality of customer handling

Introducing an automated answering system using generative AI to respond to inquiries from customers enabled faster, more accurate information provision. This contributed to the improvement of customer satisfaction.

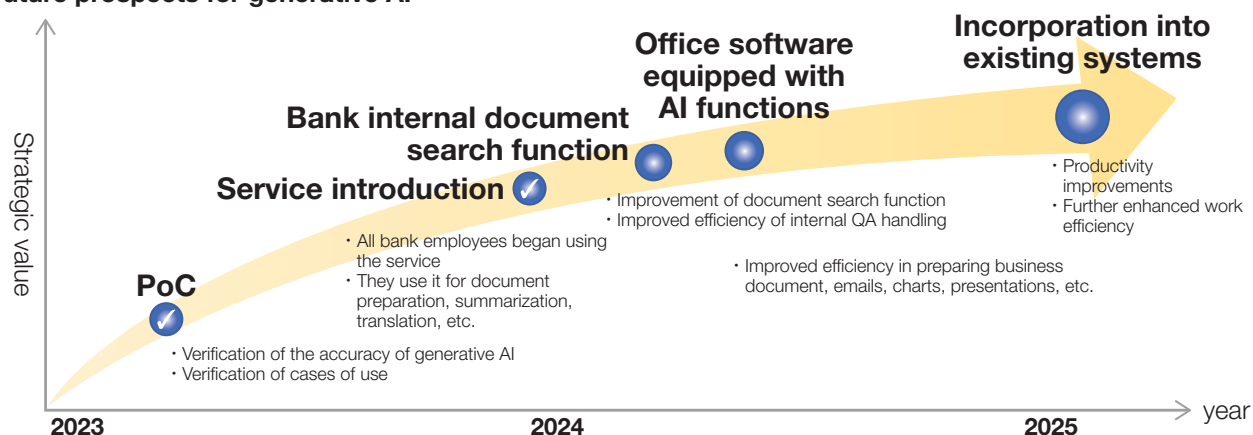
Development of new financial products and services

We are analyzing market needs and trends using generative AI and will accelerate the development of new financial products and services based upon that.

By using generative AI, the company will aim for the provision of services beyond the conventional framework and sustainable growth. From now on, we will continue to pursue technological innovation and efforts to continue being a bank of value to customers.

\* This composition was created by generative AI.

### Future prospects for generative AI



## Business portal functional improvement

### Renewal of the business portal and introduction of the “Hokugin Busikul / Dogin Busikul” issue resolution platform

We renewed the business portal with a new design in June 2024.

Apart from improving the user flow so that the required information can be accessed quickly from the top screen, we have installed the following new functions, including a tutorial that is easy to understand even for people operating the portal for the first time.

In February 2024, we organized complex, high-level corporate issues and management issues based on cases of success at other companies, corporate diagnostics, etc., and added a function that allows customers to receive the optimal solution proposals for issue resolution. The world is overflowing with many digital tools for customers aiming for greater work efficiency and business model reform using digital technology.

On the other hand, we hear from managers questions about what they should start working on first, how they should choose the optimum tools for their company from the many available.

Hokugin Busikul / Dogin Busikul introduce the optimum solutions for the resolution of management issues including the productivity improvements and the strengthening of management capabilities.

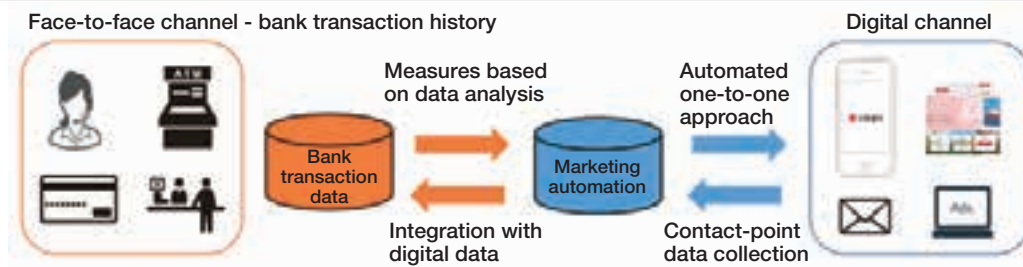


## Increase the sophistication of marketing

### Introduction of MA (marketing automation) tools

We have introduced marketing automation tools aimed at expanding points of contact with individual customers, the improvement of engagement, and the personalization of proposals. To this point, we have gathered and analyzed a wide variety of data on transactions with customers and data on contact points, and used the results in various measures. With marketing automation tools, we will maximize understanding of customers through data analysis by collecting data in digital channels such as portal apps and websites, and integrating it with accumulated data, and by crossing various data channels, we will make meticulous approaches matched to the life events, needs and timing of individual customers.

In addition, rather than closing just with digital channels, we will also aspire to initiatives in omnichannel marketing, with mutual cooperation between the branches and customer liaison, said to be the strengths of regional banks, and the digital channels.



## Initiatives aimed at industry-academia-public-private cooperation in the regions

### Launch of the “Toyama co-creation platform” in cooperation with regional companies

We have built a framework to work on the resolution of regional issues in cooperation with local companies transcending industry boundaries, aiming for the improvement of well-being in Toyama Prefecture using digital technology.

We launched the “Toyama co-creation platform” in August 2023 together with multiple business operators representative of Toyama Prefecture. With this platform, we will deepen discussions on a wide range of themes, such as digital education, services for the elderly, local media, digital human resources, and start-up support, and advance consideration positively of projects that can contribute to “sustainable regional development on a private base.”



### Initiatives of The Hokuriku Bank for Toyama Prefecture’s “Digi-PoC TOYAMA” (local government urban development and industry strategy)

A joint venture between The Hokuriku Bank and Relic Inc., is in charge of the management of “Digi-PoC TOYAMA” in fiscal year 2024. This is a demonstration experiment project implemented since fiscal year 2022 aimed at creating cases of the resolution of regional issues with digital solutions and linking them to the building of business models in the prefecture to improve the well-being of prefectural residents and realize a “happy population of 10 million people,” as Toyama Prefecture has raised in its growth strategy.

[Overview of the work The Hokuriku Bank is in charge of]

- [1] Digging up and digging deep into regional issues and company issues
- [2] Searching for and matching of technology that can resolve issues
- [3] Support for technology demonstration experiments (field surveys for verification, various consultation)
- [4] Support for the building of business models for the creation of business based on the results of demonstration experiments



### Initiatives of The Hokuriku Bank for Toyama City’s “SCRUM-T” (local government open innovation initiative)

People from inside and outside the prefecture came together in Toyama City, Toyama Prefecture in November 2023 to launch the “SCRUM-T” platform that will promote smart cities through industry-academia-public-private co-creation.

As of the end of March 2024, 161 companies are participating in SCRUM-T, which has become the optimum framework as a platform to create DX business through cooperation between business operators. The Hokuriku Bank is also participating as a member of SCRUM-T, has made multiple business proposals to Toyama City, and is advancing the creation of business.



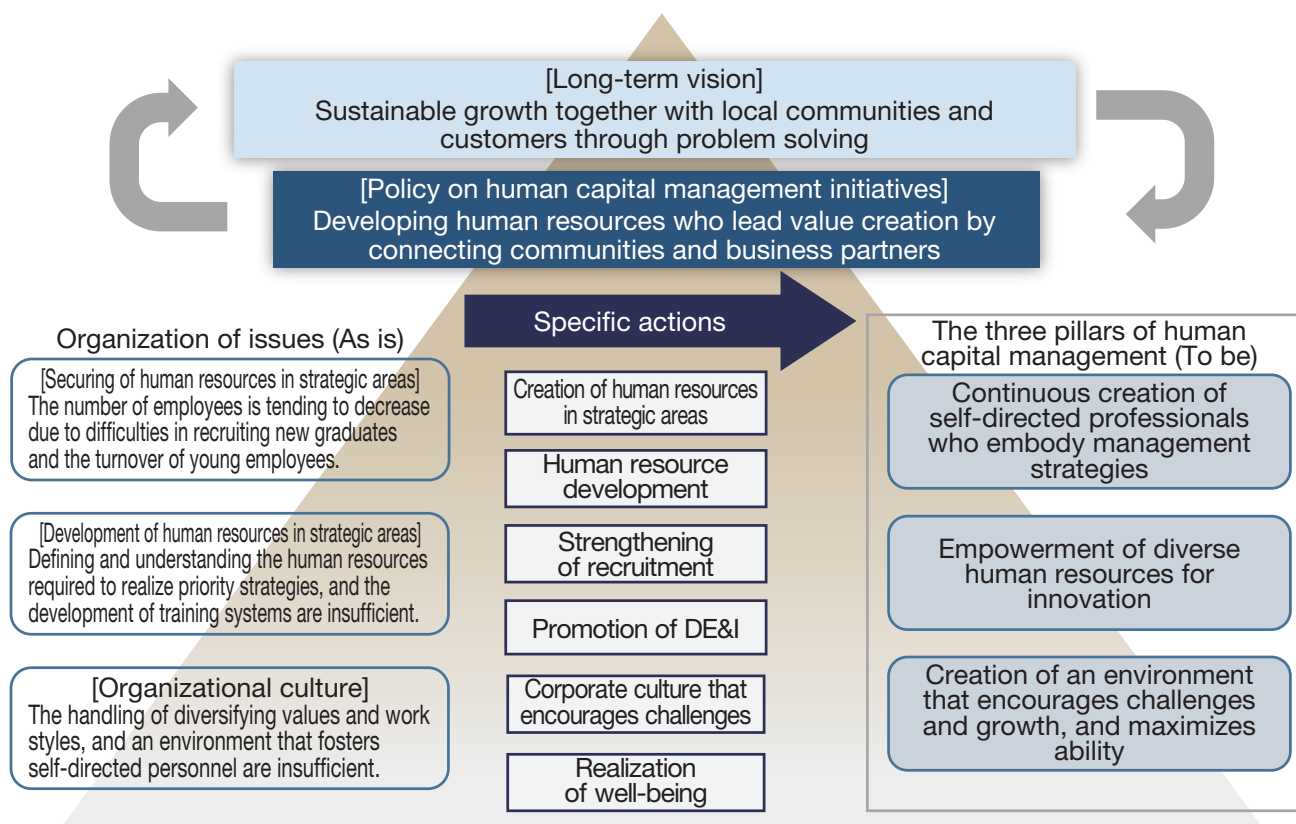


# Human capital management initiatives

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

## Overview of human resources strategy

We are implementing six specific actions while incorporating backcasting thoughts from our “to be” starting from our “as is” issues. Based on the achievement of these specific actions, we will accelerate human capital management and continue to strive for the sustainable growth of the region with employees and the organization.



## Six specific actions

### [Planned creation of human resources in strategic areas]

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 strengthen the recruitment of new graduates and mid-career employees, and working on the expansion of recruitment channels, and raising starting salaries.

### [Promotion of DE&I]

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.

## Setting of human capital KPI for the improvement of corporate value and the implementation of human capital management

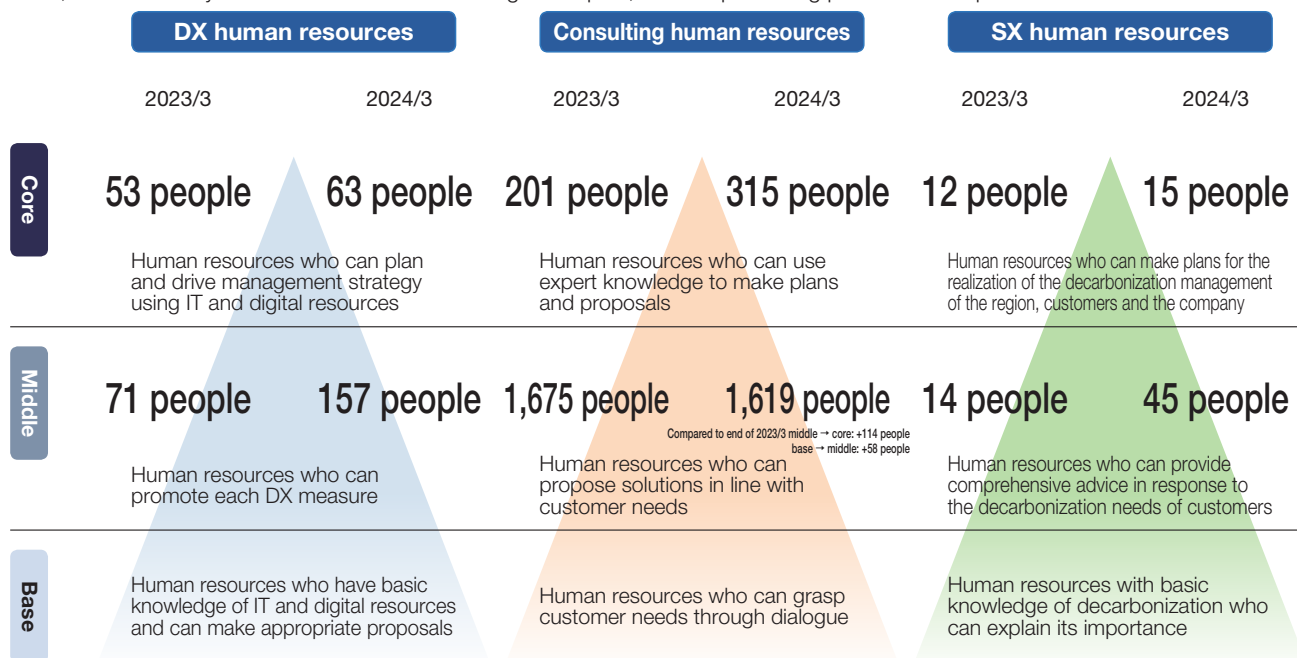
We have set human capital management KPI in a form linked to the six specific actions from the perspective of implementing initiatives for human capital management and visualizing the state of progress. From a medium to long-term perspective, we have set targets to be achieved in the term ending March 2025 based on backcasting, thinking back from the level to be achieved in five years' time. We will promote initiatives with awareness of balancing recruitment, development, appointments, improving well-being and reform of organizational culture.

|   |  | Results in the term ended March 2024   | Targets for the term ending March 2025 |
|---|--|--|--|
| Continuous creation of self-directed professionals who embody management strategies     | Creation of human resources in strategic areas | Number of DX human resources (core / middle)                                 | 220 people / At least 195 people       |
|   |  | Number of consulting human resources (core / middle)                         | 1,934 people / 2,250 people            |
|   |  | Number of SX human resources (core / middle)                                 | 60 people / 200 people                 |
|   |  | Number of IT passport holders  | 1,699 people / 3,300 people            |
|   |  | Numbers of FP 1st class and CFP holders                                      | 316 people / 490 people                |
|   |  | Number of employees who have acquired decarbonization-related qualifications | 1,401 people / 1,700 people            |
| Empowerment of diverse human resources for innovation                                   | Human resource development                     | Number of employees dispatched externally                                    | 29 people / 50 people                  |
|   |  | Total education and training costs   | 277 million yen / 330 million yen      |
|   |  | Number of mid-career hires   | 40 people / 55 people                  |
| Creation of an environment that encourages challenges and growth, and maximizes ability | Strengthening of recruitment                   | Female manager ratio   | 21.5% / 24.0%                          |
|   |  | Promotion of DE&I  |  |
|   |  | Number of open recruitment applicants  | 531 people / At least 255 people       |
|   | Corporate culture that encourages challenges   | Rate of taking of paid leave   | 80.0% / At least 75%                   |
|   |  | Realization of well-being  |  |
|   |  | Male childcare leave rate  | 105.4% / At least 100%                 |

## Planned creation of human resources in strategic areas

### Clarification of strategic areas and planned development

We define the human resources who promote the "Promotion of DX," "Improvement of comprehensive consulting ability" and "Initiatives in the environmental field," the key strategies of the medium-term management plan, as human resources in strategic areas, and classify them into the three skill rank levels of core, middle and base. We have established target figures for fiscal year 2024, the last fiscal year of the medium-term management plan, and are promoting planned development.

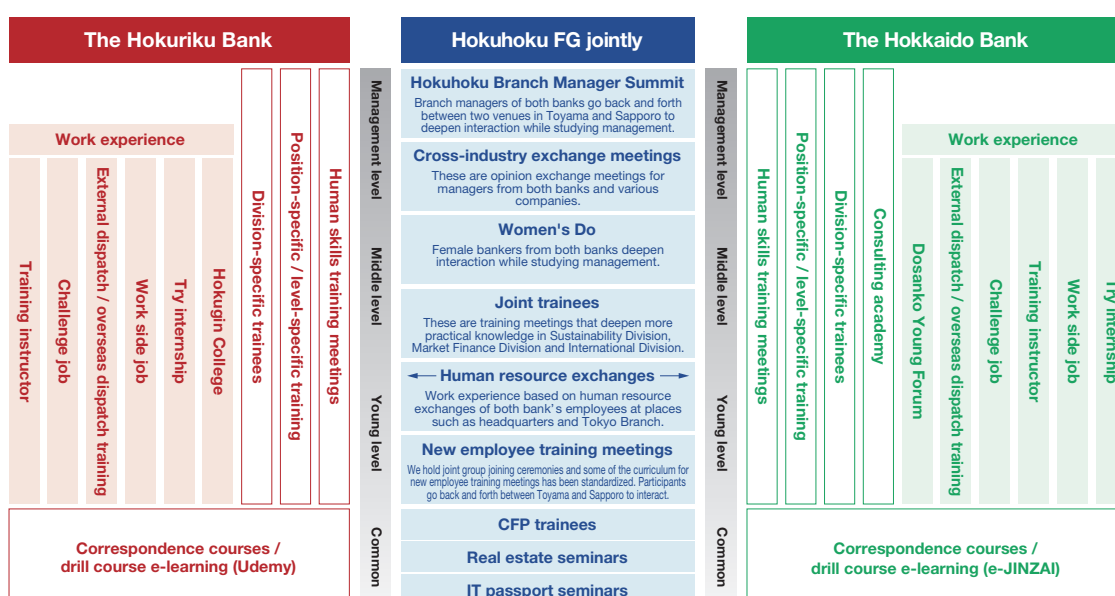


# Human resource development

## Training systems

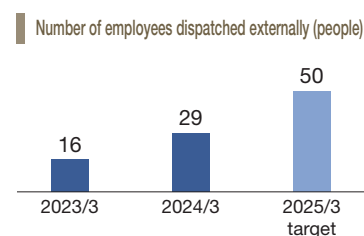
We have established various training systems for management skills, future leader training, etc., in accordance with expert knowledge and work style reform aimed at the acquisition of a wide range of skills. In addition, we are fostering a sense of unity within the Hokuohoku Financial Group by providing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

|                            |   |
|----------------------------|---|
| Human skills training      | This is training aimed at the acquisition of knowledge and awareness related to “basic education, career advancement and management” in accordance with rank. |
| Position-specific training | This is training that cultivates more practical ability by linking OJT and actual work, rather than just the improvement of expertise in various areas.       |
| Work experience            | This is training that supports individual career formation by experiencing work other than that people are in charge of for a short time.                     |



## Development of professional human resources by external dispatch

We implement external dispatch training positively based on open recruitment aimed at the acquisition of high-level expert knowledge, the cultivation of practical ability and management sense, and personal network formation. In particular, we arrange a wide range of dispatch destinations such as business companies and government and municipal offices, not just financial institutions, to develop professional human resources for DX, consulting and SX, which are linked with the key strategies of the medium-term management plan.



## Development of DX human resources

We have enhanced highly specialized training opportunities aimed at the development of the core and middle human resources who will promote business model reform internally and the DX of customers. We have been able to increase core and middle human resources by 96 people a year centered on people taking training.

### Examples of dispatched DX human resource development training newly implemented in FY2023

|  |                                 |
|--|---------------------------------|
| Toyama University endowed course in data science               | Basic digital training          |
| Hokkaido Software Technology Development Organization training | DX supporter cultivation course |
| Digital human resource development course for practitioners    | Project management training     |
| IT coordinator case training                                   | Manabi Deluxe Quest             |

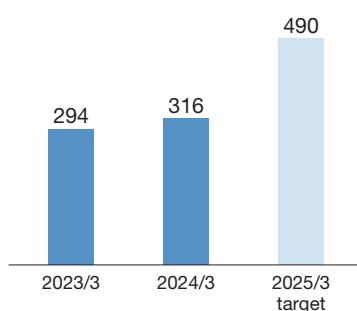
## Consulting human resources development

We are working on the development of core and middle human resources that can propose solutions using expert knowledge in line with customers' needs. In addition to the acquisition of expert skills using external dispatch, we have expanded various subsidies for the acquisition of qualifications.

### Internal bank training for expert human resource development



### Numbers of FP 1st class and CFP holders (people)



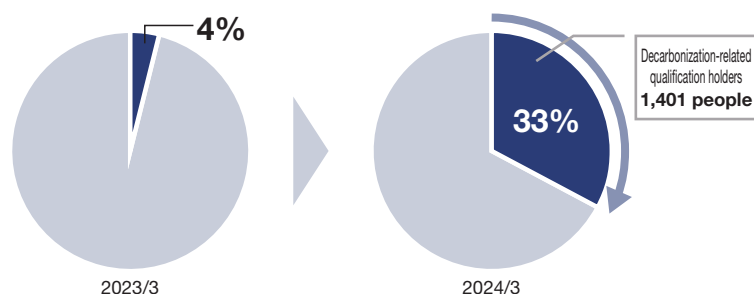
### Number of public qualification holders (people)

|   |            |
|---|------------|
| Lawyer  | 7 people   |
| Certified public accountant                             | 4 people   |
| Securities analyst                                      | 50 people  |
| Small and medium-sized enterprise management consultant | 22 people  |
| Real estate notary                                      | 400 people |
| Labor and social security attorney                      | 12 people  |
| Administrative scrivener                                | 30 people  |

## Development of SX human resources

Hokuhoku Financial Group aims to be an “environmentally advanced financial group” and will promote SX to achieve a win-win situation for stakeholders including customers and the regions. We have established qualification acquisition opportunities and training systems for the development of the core and middle human resources that can realize this.

### Percentage of holders of decarbonization-related qualifications among regular employees of The Hokuriku Bank and The Hokkaido Bank



### Taking of a group test on sustainable management support



## Autonomous learning and reskilling initiatives

We have introduced e-learning tools to support various self-development. Until this point, we have used tools covering a wide range of fields including bank operations and business skills, but we have newly introduced “Udemy,” which is strong in the DX field. In addition to use in work, we have built a system that encourages self-growth and the realization of the career paths each person draws by deepening knowledge in the fields that each person wants to study. In addition, we are implementing holiday seminars, etc., and supporting the acquisition of FP and IT-related qualifications aimed at the improvement of consulting abilities and the acquisition of basic knowledge of DX.

### Number of seminar participants in FY2023 (people)

| Seminars             | Number of people |
|----------------------|------------------|
| IT passport seminars | 368 people       |
| FP / CFP seminars    | 177 people       |
| Real estate seminars | 56 people        |

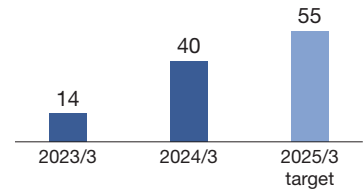
## Strengthening of recruitment

### Upgrading of mid-career recruitment

#### Increase in the number of mid-career hires

Traditionally, new graduates were the main source of recruitment and mid-career recruitment was positioned as a supplementary means. Based on the greater fluidity of employment and activation of the job change market in recent years, we are promoting the mid-career recruitment of human resources with various backgrounds, not only people with experience of the financial industry. In fiscal year 2023, we recruited expert human resources in areas such as cybersecurity, system planning and development, and international AML. We are implementing planned recruitment while renewing strategy at all times in consideration of the external environment.

#### Number of mid-career hires (people)



#### Training, follow-up and exchange meeting initiatives aimed at the establishment of mid-career hires

Human resources that enter the company mid-career have increased and we are further promoting the establishment of an internal framework tailored to this. In addition to training at the time of joining the company, we are advancing the creation of an environment that is easy for diverse mid-career hires to work in by implementing regular follow-up training and exchange meetings for fellow mid-career hires. In addition, there are also cases where internal problems that were previously thought to be natural have been improved by circulating the new knowledge of mid-career hires internally, so it really feels like new winds are blowing internally.

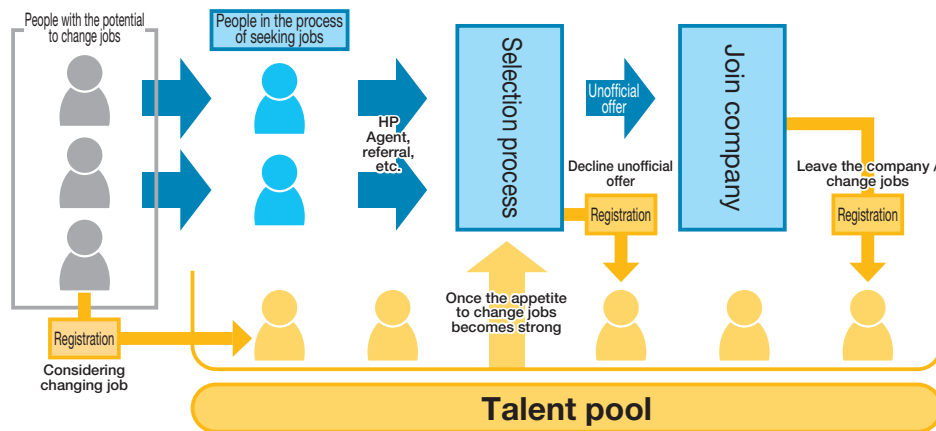
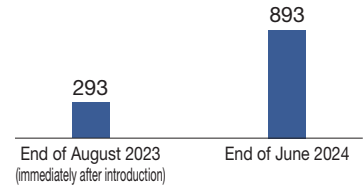


Follow-up training for mid-career hires

### Building of a talent pool

We are advancing the building of a talent pool that “makes assets” out of past links to realize sustainable recruitment over the long-term. We are continuing to transmit information on initiatives and recruitment to human resources that have had contact with the company in the past, such as people who resigned from the company, others who withdrew from informal offers of employment and people referred by employees, so that they can feel the attraction of the company more than before. We will create opportunities that make it easy to apply to the company by building medium to long-term links.

#### Number of people registered in the talent pool (people)



## Expansion of alumni and referral recruitment

### Alumni recruitment

We established a system and held events for the further expansion of the alumni (people who resigned from the company) recruitment that we have implemented in the past. Internal and external information transmission and advertising activities have been successful, and the number of alumni hires, which was six people in fiscal year 2022, increased to eight people in fiscal year 2023. We will continue to establish an environment that enables alumni who have left the company once to want to return.

#### TOPICS Holding of alumni events

We consider alumni who know the company and succeed at other companies and in other industries to be important stakeholders, and held exchange meetings aimed at communication between alumni and the company. At these events we introduced the most recent initiatives at the company group and alumni and employees, and fellow alumni interacted. We received the opinion from a participant that “By hearing about the company’s initiatives, I was able to understand the changes at the bank.” We are planning to hold regular meetings in future too so that alumni can feel their connections as “Hokuhoku alumni” that they can use in their careers and lives through events and information transmission.



### Referral recruitment

We are continuing to implement referral (introducer) recruitment through networks such as employees’ families and friends. We are realizing less mismatched recruitment by having employees working for the group convey the attractions of the company and our corporate culture directly.

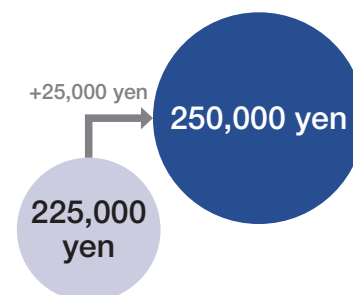
## Strengthening of new graduate recruitment

### Offensive new graduate recruitment

In addition to the all year round entry level recruitment that we have implemented previously, we are implementing offer-type recruitment where the company makes direct contact with the “students we want to meet.” We are promoting a shift to offensive recruitment in new graduate recruitment too.

### Raising of starting salaries

We raised starting salaries in July 2024 to improve our recruitment capabilities while competition in the new graduate recruitment market is intensifying. We will continue to work positively on human investment including the improvement of employee compensation to secure and maintain superior human resources.



\* Management track G course at The Hokuriku Bank and The Hokkaido Bank

## Promotion of DE&I

### Initiatives for the penetration of DE&I

#### Implementation of unconscious bias training

The Hokuriku Bank has prepared unconscious bias training videos and requires department and branch managers who manage workplaces to watch them. The Hokkaido Bank is implementing unconscious bias seminars.

#### Implementation of LGBTQ training

We implemented training for headquarters personnel to deepen their understanding of LGBTQ. We are aiming to be a company where everybody can work while acknowledging each other so that everybody can live as themselves.

### Initiatives for career development and job changes

#### Female career development

We are implementing step-by-step career development starting with “Women’s Do,” joint training with The Hokuriku Bank and The Hokkaido Bank aimed at the development of medium and high-level female managers.



#### Participation in cross-industry exchange meetings

We implement seminars and cross-industry exchange meetings aimed at thinking about career formation and work styles through interaction with other companies and linking that to increased motivation. This becomes an opportunity to recognize diverse senses of value and is very useful for revitalizing the workplace.

#### TOPICS Holding of a corporate career program

In the past, many female employees were in charge of administration and individual customer liaison. Because there are currently many employees, male or female, who want to take on the challenge of corporate relations, we implemented a “Corporate career program, on which we carry out training, OJT and reassignment all at once.

We are encouraging employees towards their first steps on a wide-ranging career path by establishing an environment in which it is easier than ever to take on challenges.



## Work-life balance support initiatives

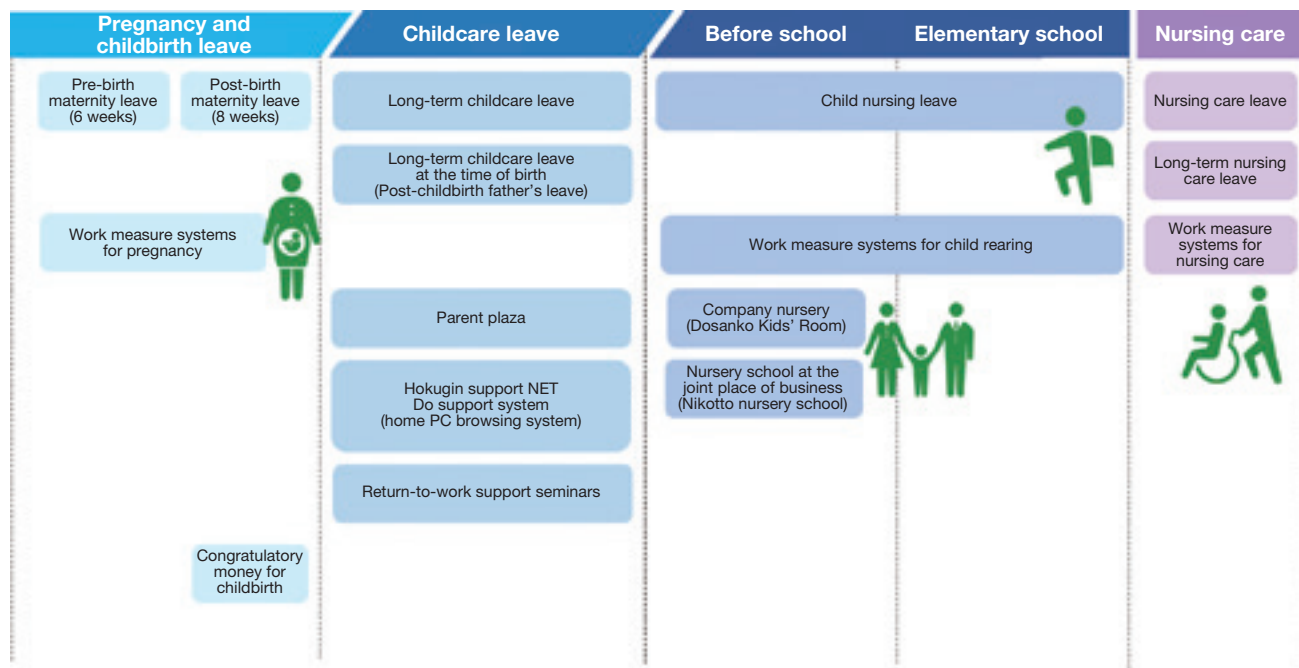
Centered on Diversity Promotion Office, we are working positively on the creation of an environment where employees can work while realizing a work-life balance. In addition, we are also strengthening the creation of an environment where women can work vibrantly, including the enhancement of support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

### External evaluation

Platinum Kurumin



Eruboshi (level 3)



## Initiatives to respect for human rights

We established a “declaration of human rights” in February 2024 towards the realization of a society in which the human rights of all stakeholders, including customers, officers and employees, are respected. We respect international norms and will strive for improvements so that we can implement initiatives that are a step further advanced.

## Correction of the gender pay gap

We implemented a review of personnel systems so that employees can change course flexibly between the regular position G and A courses (there are differences in whether or not there are transfers involving relocation of residence) in July 2023. 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 the regular position G course (with transfers involving relocation of residence) and management positions, which have relatively high wages, is high, the following gaps have been created overall. There is a difference in treatment of about 70 to 80% at the same position and level, of which about 10 to 15% is due to differences in course (treatment for the burden of transfers involving relocation of residence). Because it is thought that the main causes of the difference in treatment overall are that there are few female managers and the ratio of females in the regular position G course, which has relatively high wages, is low, we will strengthen the appointment of female managers and the recruitment of females for the regular position G course.

### Gender pay gap

#### Regular workers

| Position category | The Hokuriku Bank |                   |          |                          | The Hokkaido Bank |                   |          |                   |
|-------------------|-------------------|-------------------|----------|--------------------------|-------------------|-------------------|----------|-------------------|
|                   | Overall           | Regular positions |          | Administrative positions | Overall           | Regular positions |          | Special positions |
|                   |                   | G course          | A course |                          |                   | G course          | A course |                   |
| Top management    | 74.1%             | 80.9%             | 78.9%    | —                        | 77.0%             | 89.8%             | —        | 75.4%             |
| Management        | 72.2%             | 90.7%             | 89.8%    | —                        | 72.6%             | 91.7%             | 76.6%    | 78.2%             |
| Non-management    | 66.4%             | 82.6%             | 79.7%    | 109.6%                   | 67.5%             | 79.4%             | 82.1%    | 84.1%             |
| Overall           | 52.2%             | 64.6%             | 76.5%    | 110.1%                   | 49.6%             | 60.8%             | 65.2%    | 44.3%             |

#### Part-time and fixed-term contract workers

| Position category    | The Hokuriku Bank | The Hokkaido Bank |
|----------------------|-------------------|-------------------|
| Contract             | 49.2%             | 62.2%             |
| Part-time            | 79.8%             | 43.5%             |
| Senior bank employee | 85.7%             | —                 |
| Overall              | 34.0%             | 29.5%             |

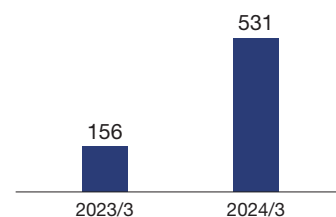
# Corporate culture that encourages challenges

## The creation of challenge opportunities

We have established an environment in which employees can realize a wide range of careers by providing opportunities allowing them to take on challenges. 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.

|                |   |
|----------------|---|
| Challenge job  | Employees apply for a personnel transfer to a department they want to challenge themselves in |
| Work side-job  | Employees engage in a specific project in an internal side-job format                         |
| Try internship | Employees experience work in a department they are interested in for 3 to 5 business days     |

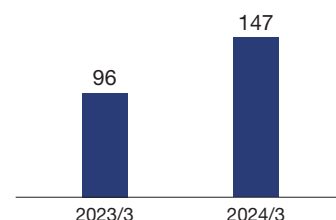
Number of open recruitment applicants (people)



### Work side-job

This is a system within which employees work on a specific project in an internal side-job format while also performing their normal work. In fiscal year 2023, we implemented sales promotion and SX promotion tool improvement projects and a project for formulation of the next medium-term management plan among others. For headquarters, these are also opportunities allowing them to absorb the opinions of the field, which are used in the projects for the formulation of headquarters measures.

Number of work side-job applicants (people)



### Work side-job examples

|   |  |
|---|--|
| Project for formulation of the next medium-term management plan | In formulating the next medium-term management plan, we analyze and discuss the financial details, profit and loss situation, and management strategies. |
| SX promotion tool improvement project                           | This project improves tools used in “dialogue” with customers in sustainability support.   |

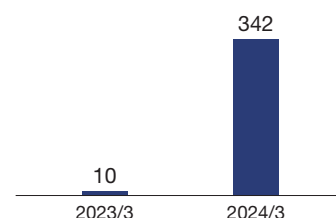


Working on the sales promotion tool improvement project

### Try internship

This is a system that allows employees to experience their desired headquarters work for a short period of time while remaining in their current positions. Many participants have raised opinions that it has given them a new perspective on their own careers, such as “I was able to find out about work that I did not know about before” and “it was the trigger for me to consider headquarters work for the first time.” Adding branches to the places where interns could go from fiscal year 2024 has also contributed to the further activation of communication between headquarters and branches.

Number of try internship applicants (people)



## Support for autonomous career formation

We have expanded the support framework to encourage the challenges of personnel, including “one-on-one meetings” and “career advisors.” We are committed to careful support so that we increase the motivation of each and every employee and they can take on challenges with peace of mind.

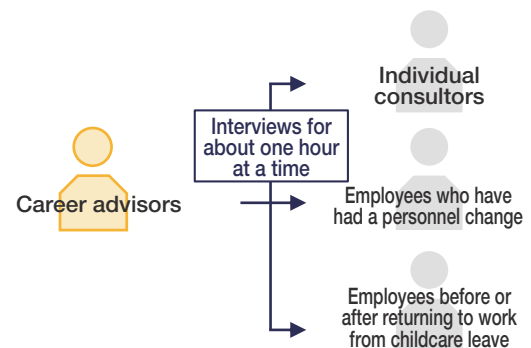
### One-on-one meetings

We are implementing one-on-one meetings aimed at open communication and autonomous initiatives towards work. We implemented introduction training for interviewees because these are opportunities for frank dialogue.



### 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. This has connected to the expansion of support for the growth and retention of young employees, the career designs of diverse employees and work-life balance. The system has been well received by employees who have been interviewed, with one saying “I was able to consult easily at a stage when I was slightly confused.”



### TOPICS Opinion exchange meetings between Outside Directors and young employees

We are implementing opinion exchange meetings between Outside Directors and young employees on the theme of the realization of the long-term vision and the medium-term management plan.

Opinion exchange meetings with the Outside Directors, who they would not normally have much contact with, are opportunities for growth for young employees. Young employees convey their own ideas, which connects to the improvement of their self-expression and communication abilities. Through this kind of mutual understanding and exchange, the communication and cooperative relationships of the overall organization are strengthened, which we think leads to the growth of the organization and sustainable value creation. Employees are able to obtain opportunities for growth by receiving feedback and advice from the Outside Directors.



## Realization of well-being

### Work-life balance initiatives

We are working on the realization of well-balanced work styles for the enhancement of employees' work-life balance. We are working on the establishment of systematic leave tailored to life events and the promotion of the taking of paid leave, and will continue to make further improvements to the workplace environment through the work styles corresponding to diverse senses of value and the expansion of welfare systems to realize the "well-being" of employees.

#### Awareness of appropriate time management

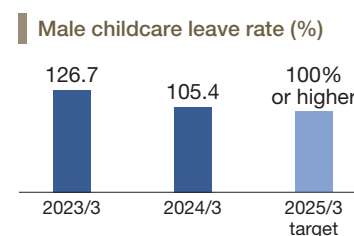
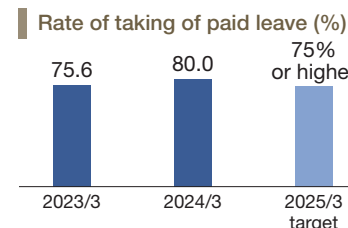
Within a year, we have set one month in both summer and winter as "early leaving month" and a period for thinking about greater work efficiency, and are making employees thoroughly aware of well-balanced work styles.

#### 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.

#### Promotion of taking of paid leave

We are working on the cultivation of a "work hard, rest well" corporate culture, and are aiming for a rate of taking of paid leave of 75% or higher. We are working on the realization of well-balanced work styles while employees refresh themselves mentally and physically towards the improvement of productivity.



### Initiatives for the improvement of engagement

We think that initiatives to grasp the state of employee engagement and connect to its improvement are essential to support each and every employee empathizing with the management policies of the company group and acting towards autonomous growth. By implementing various measures based on a survey, we will establish an environment in which each and every employee can have a voluntary desire to contribute and engage in work proactively, and promote initiatives for the improvement of engagement continuously to connect to the invigoration of the company group.

#### Engagement surveys

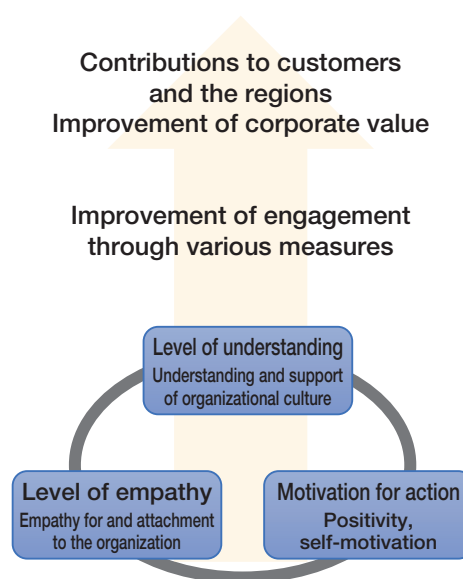
We started engagement surveys from fiscal year 2023 at the company's subsidiaries to grasp the issues of the banks overall and use the results in the consideration of various personnel measures. We will advance analysis of the survey responses, carry out comparisons against previous fiscal years through continuous implementation, and verify the effects on the improvement of employee engagement.

#### 360-degree surveys

We implement these surveys for all levels of management at the pace of once each fiscal year from the perspectives of managers understanding their own management characteristics and the improvement of employee ES.

#### Pulse surveys

Centered on young employees, we implement surveys of real feelings of growth potential and the state of communication each month, and their state of health. By grasping mental and physical changes in a timely way, we are striving for the maintenance and improvement of young employees' motivation through follow-up in one-on-one meetings, etc.



### 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 are striving for the enhancement of welfare systems, including an education refinancing system (low interest unsecured loan system for employees).

## Promotion of health management

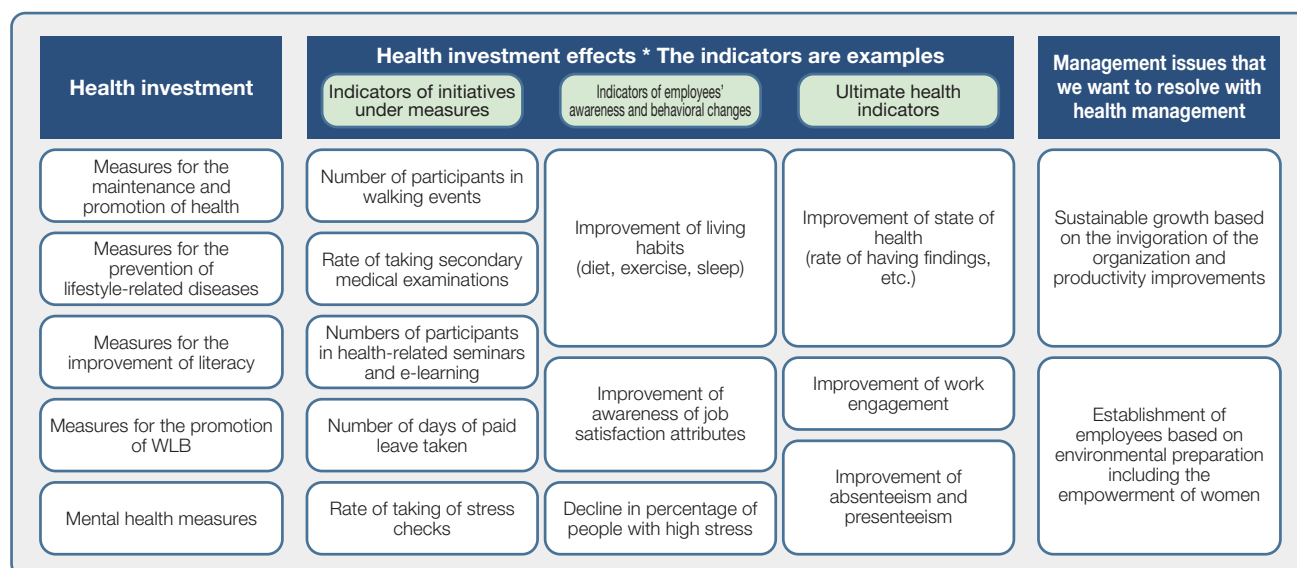
The Hokuriku Bank and The Hokkaido Bank are supporting the maintenance and promotion of the mental and physical health of employees together with the health insurance association, industrial physicians and labor unions based on a “health management declaration,” and have declared that they will contribute to the creation of lively regions through the provision of sound financial services based on the health of employees.

We are implementing measures that will lead to the maintenance and promotion of health such as a walking campaign and various other campaigns, and the holding of seminars, and both The Hokuriku Bank and The Hokkaido Bank have acquired “Excellent Health Management Corporation - White 500” certification for seven consecutive years.



### Outline of the strategy map

With the strategy map, we have visualized the health investments (measures) assumed to be required for the resolution of management issues and the links of the indicators that measure their effects, based on the proposition of the health declaration that we will achieve social improvements through the improvement of corporate value and the provision of sound financial services. Through the strategy map, we will implement continuous initiatives so that various stakeholders deepen their understanding of the company group’s initiatives for health management, and the company group’s health management becomes more effective.



### Collaborative health (collaboration with the health insurance association and employee unions)

We are working on various measures towards the improvement of employees’ health while sharing employees’ state of health and needs in discussions with the health insurance association and employee unions, such as the planning and management of health-related events and subsidies for various medical examinations.

### Use of a health app

We are providing support that enables employees to work voluntarily on health promotion by introducing a health promotion app on which employees can accumulate points with improvements in walking and living habits (drinking, exercise, diet, sleep, etc.) and exchange them for goods and leisure vouchers.

### Walking campaigns

We hold events that grant special points on the health app in accordance with the number of steps walked.

We are also presenting awards based on the rate of participation and total number of steps by branch, and providing support so that employees can work on the improvement of their exercise habits positively and enjoyably.

### Stress checks

We are implementing stress checks for all employees at all places of business aimed at primary prevention of mental health disorders through workers’ own realization of their stress, support for dealing with it and the improvement of the workplace environment. At the same time, we are also measuring indicators regarding presenteeism and absenteeism.



# 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 between The Hokuriku Bank and The Hokkaido Bank to provide customers with value. In addition, 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

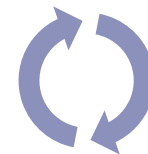
- Digitalization through Hokuriku Card and Dogin Card
- DX support by Hokugin Software

### Support using funds

- Fund investment from Hokuhoku Capital

### Consulting support

- Consulting support by Hokuhoku Consulting



## [Improvement of the corporate value of the company]

Increased opportunities to acquire revenue and the strengthening of recruitment capabilities

Sharing and greater sophistication of specialist skills

Rationalization based on the sharing of management resources

## The establishment of the consulting subsidiary Hokuhoku Consulting in May 2024

We established a consulting subsidiary in May 2024 aimed at gathering together the knowledge and experience of the group and responding to the needs of customers who are becoming more sophisticated, expert and diverse. Hokuhoku Consulting will aim to become a consulting firm chosen by customers by taking on challenges at all times, pursuing greater depth and providing high quality services.

### Creating the future together with the regions

Hokuhoku Consulting was established as the company in charge of consulting at the Hokuhoku Financial Group. Until now, The Hokuriku Bank and The Hokkaido Bank have provided a wide range of expert consulting services, but as the management issues and needs of customers become more complex and diverse, the new company will provide higher quality consulting by gathering together the knowledge and experience of the two banks.

Currently, the environment surrounding business is changing greatly against the backdrop of the progress of the global economy and the development of digital technology. In the regions, people are being forced to respond to many problems, such as the contraction of regional economies due to a declining population, labor shortages due to fewer children and an aging population, and a shortage of successors. In addition, the solutions to these problems are not uniform because they are caused by the various circumstances of different companies. In such circumstances, we have established at Hokuhoku Consulting a framework that can provide made-to-order consulting services tailored to each customer company.

We have assembled expert human resources with a wealth of knowledge and experience in the various fields of M&A, business succession and management consulting, and will make maximum use of resources, including matching using our network as a wide-area regional financial group.

Our mission is "to contribute to the sustainable development of regional economies through consulting services." We will make efforts to realize this mission and continue to provide high quality services.

Hokuhoku Consulting will work on the resolution of customers' issues with all its power and will develop together with regional society.

**Hokuhoku Consulting**  
**Shintaro Yamaguchi, President and Representative Director**



### Business areas

**1**  
**M&A advisory work**

We support the realization of the continuation and growth of companies using M&A for managers concerned about business continuation due to successor problems and managers concerned about growth strategy.

**2**  
**Business succession consulting work**

We provide support so that smooth succession of own shares can be realized in association with the generational change of managers at non-listed companies.

**3**  
**Management consulting work**

We support the resolution of companies' various issues such as the formulation of business plans, the strengthening of sales capabilities, the strengthening of cost management, greater work efficiency, reform of organizational culture, and the design of personnel systems.

### Ideal situation

**[Enhance earnings power]**  
**Strategic shift system**

- Optimal resource allocation
- Win orders from businesses other than banks

**[Strengthening of organizational structure]**  
**Diverse career design**

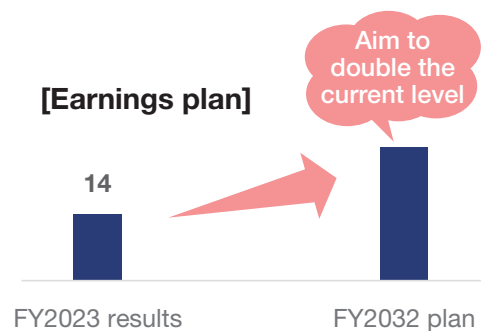
- Recruitment of external human resources
- Highly specialized services

**[Improvement of the quality of services]**  
**Sharing and expansion of know-how**

- Increase and reinforce matching projects for both banks
- Roll out management consulting throughout the region

**[Human resource integration and driving power boost]**  
**Building of One Team**

- Group integration
- Integrate and deploy specialized personnel and knowledge



\* FY2023 results are the revenues of the two banks from M&A, business succession, and management consulting.

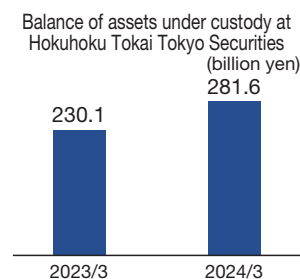
## Initiatives of all group companies

### Hokuhoku Tokai Tokyo Securities

In addition to the rich customer base that The Hokuriku Bank and The Hokkaido Bank possess, and the strong brand power that both banks have in their prime areas, by providing the full line-up of the products and services of the joint venture partner, Tokai Tokyo Financial Group, Hokuhoku Tokai Tokyo Securities will implement optimal proposals in accordance with the needs and life stages of customers and contribute to customers' asset management and formation, and the stable development of the regional economy and society.

#### TOPICS Strengthening of cooperation with the banks

Apart from working on fiduciary duties in the Hokuhoku Financial Group as a whole, Hokuhoku Tokai Tokyo Securities holds seminars, etc., with the bank as a system that aims for the realization of customers' best interests. In addition, the company's Sapporo Sales Department relocated in March this year and is now operating at the "Hokuhoku Sapporo Building," which symbolizes the mutual cooperation of the group.

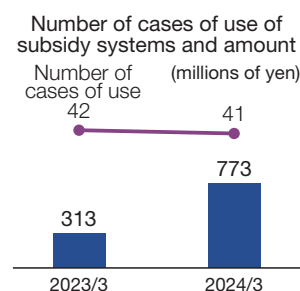


### Hokugin Lease

Hokugin Lease provides the optimal means of procurement when business operators install equipment using lease transactions centered on the three Hokuriku prefectures and Hokkaido as the lease subsidiary of the Hokuhoku Financial Group. In addition, in cooperation with group companies, the company also provides consulting services related to equipment procurement, such as the use of public subsidy systems.

#### TOPICS Compound proposals using subsidy systems

The subsidy systems that can be used when installing equipment have expanded in recent years because of the need for decarbonization. In addition to the "financing using subsidies" implemented at the banks previously, we make compound proposals on "ESG leases + special measures for fixed asset tax reductions associated with plans for the installation of cutting-edge equipment" using Hokugin Lease as secondary proposals when subsidies are not adopted and we are providing funding measures leveraging overall group capabilities.

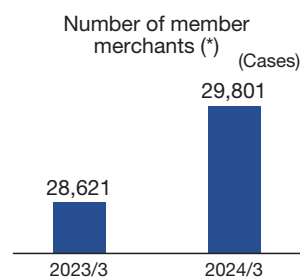


### Hokuriku Card and Dogin Card

We are providing stable, safe and convenient digital services in the Hokuriku region and Hokkaido through credit card business, etc. By promoting the digitalization of the regions with these cards, we will promote productivity improvements in regional society and the improvement of convenience.

#### TOPICS Promotion of large corporate cards

Purchasing cards (a special type of non-issued corporate card) can be used for the payment of diverse expenses such as goods purchasing, utility bills and communications. In addition, it is also possible to set the card holder's name as a department or office rather than an individual. Moreover, it is possible to grasp data on when, where and how much was used, and to link the card with the expense settlement system.



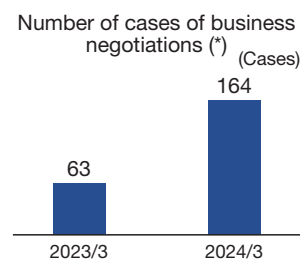
(\*) Number of member merchants of Hokuriku Card and Dogin Card

### Hokugin Software

As the company in the Hokuhoku Financial Group that provides IT solutions, Hokugin Software is providing systems solutions to a wide range of customers including The Hokuriku Bank and other financial institutions, local public authorities, companies and individuals based on system development capabilities it has cultivated in the financial field.

#### TOPICS Upgrading of solutions services through cooperation

Moves to work on greater work efficiency and the strengthening of competitiveness using digital technologies have become more active in association with the progress and spread of promotion of DX. The number of IT consulting proposal projects with customers that the company would not have done business with in the past has increased steadily due to cooperation with the bank. From now on, the company will strengthen initiatives to respond to the DX and IT needs of wide-ranging customers.



(\*) Number of cases of IT consulting business negotiations in cooperation with The Hokuriku Bank

## The birth of “Hokuhoku Sapporo Building” as a future Hokkaido co-creation base in February 2024

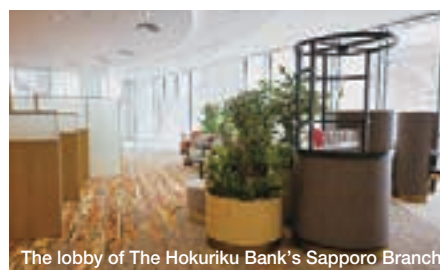
“Hokuhoku Sapporo Building,” a joint building of The Hokuriku Bank and The Hokkaido Bank was born in February 2024 following the twentieth anniversary of the group as a new symbolic tower of the Hokuhoku Financial Group on the site where The Hokkaido Bank’s Sapporo Branch operated for many years. Group companies including The Hokuriku Bank’s Sapporo Branch and The Hokkaido Bank’s headquarters occupy the building together, and it is a resilient facility that can accept 100 people who find it difficult to return home at times of disaster outside and provide use of electricity and water for 72 hours. From this base, we will integrate the group and maximize synergies, strive for regional growth and development, and create new shared value.



The keynote of the external appearance is white, also mixing blue (Hokuhoku Financial Group), red (The Hokuriku Bank) and green (The Hokkaido Bank), the three primary colors of light.



We realized the convenience of a direct connection with an underground shopping mall, and the benches made of Hokkaido timber and landscape videos of the Hokuriku region and Hokkaido create a relaxing space.



It is possible to take in a panoramic view of Odori Park through each of the four seasons from a space with a glass-enclosed sense of freedom and soft curves.

The concept of “Hokuhoku Sapporo Building” (seven axes)



### Environmental handling

The building secured performance and environmental characteristics equivalent to an A ranking under CASBEE Sapporo, Sapporo City’s Comprehensive Assessment System for Built Environment Efficiency.

**BEE =1.5(A ranking)**

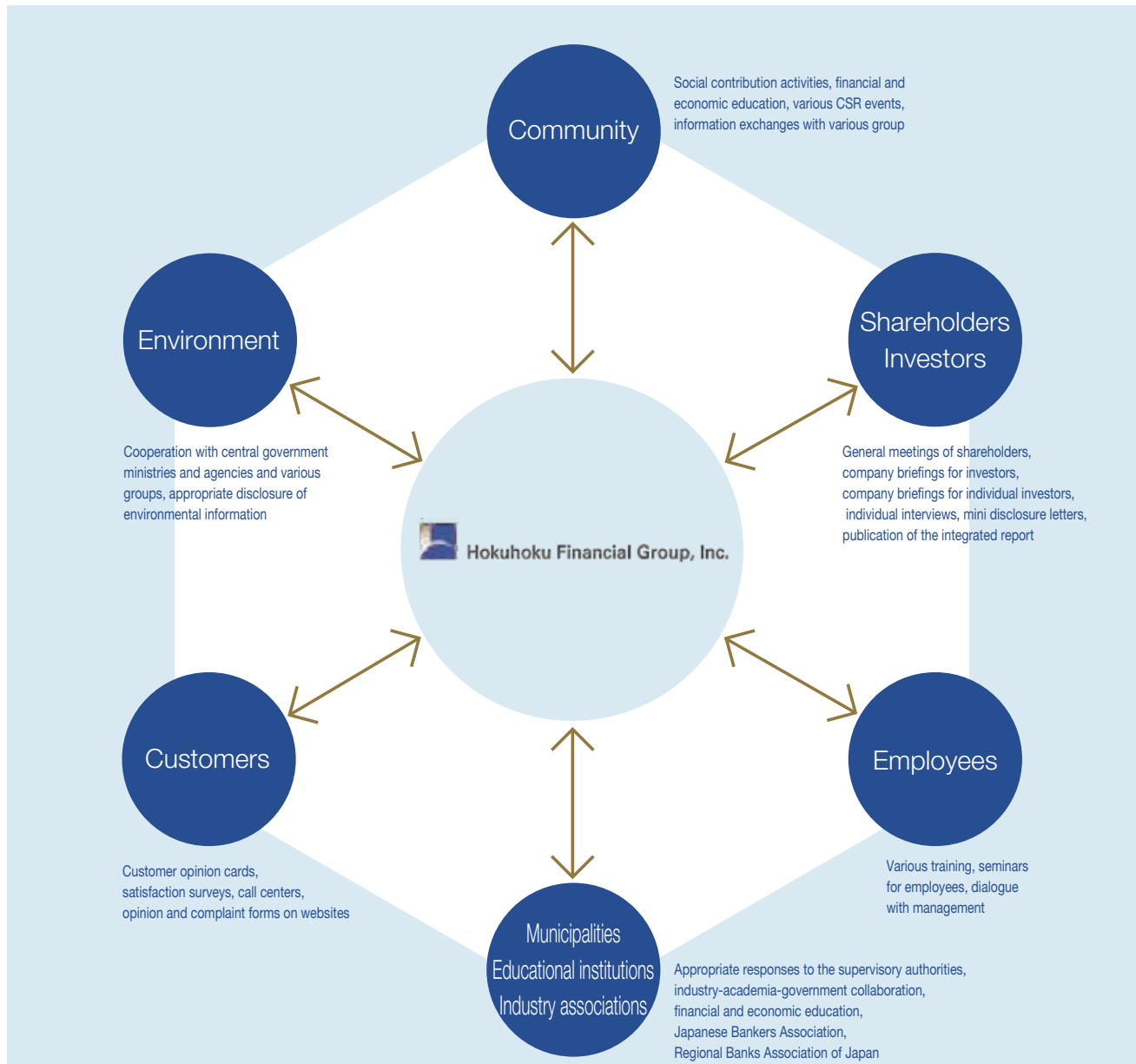
**Lifecycle CO<sub>2</sub> =★★(89%)**

**BEI =0.80**

# 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.



### Hokuhoku Financial Group disclosure policy

#### Basic policy

Hokuhoku Financial Group (hereinafter referred to as "company") and its subsidiaries and related companies undertake positive information disclosure to all stakeholders, including shareholders, investors, customers, the community and employees, under the management philosophy of "continuing to deliver comprehensive financial services with its extensive regional network to contribute to mutual prosperity with customers and the region." In addition, we will sustain and develop relationships of trust with stakeholders through various communication activities.

## Investors and shareholders

The Hokuhoku Financial Group values dialogue with shareholders and investors.

In fiscal year 2023, 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 a briefing for institutional investors in May 2024 in a hybrid format (assembly + web) and a briefing for individual investors in the same month in web format. In addition, we enhanced dialogue through measures such as having Outside Directors participate in the briefings.



## Environment

The Hokuhoku Financial Group believes that opportunities for dialogue with various stakeholders are important to spread information on our initiatives for the environment to the region.

In March 2024, SX Promotion Department, led by Deputy President Yuji Kanema, gave a lecture as Hokuhoku Financial Group to 50 people at a meeting of the "Hokkaido Future Leaders," a forum that develops the young managers of Hokkaido in a public-private format. We will continue to increase opportunities for dialogue on the environment, including GX, at many forums, where regional business operators gather, etc., not just with customers.



## Community

Initiatives for the improvement of financial literacy are expected from regional financial institutions against the backdrop of increased awareness of asset formation due to the start of the new NISA system (a tax exemption program for small investments). 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 2023, we had built cooperative relationships with 51 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 addition to both banks, we have been implementing questionnaires at Hokuhoku Tokai Tokyo Securities since fiscal year 2023 as well. Using customers' opinions together across the group will lead to the provision of services that are more satisfying.



## Employees

The Hokuhoku Financial Group provides forums to invigorate communication with employees through dialogue between directors and employees.

In addition, in fiscal year 2023, carrying on from the previous fiscal year, the group implemented a joint joining ceremony and training meeting for new employees.

In doing so, we cultivated a sense of togetherness as a group that transcended the boundaries of each company and bank by setting roundtable discussions with the management team and lectures as the curriculum.





|                   |   |             |
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# List of directors

| List of directors<br>(As of June 21, 2024)   |   |   |  |  |  |   |
|--|---|---|--|--|--|---|
|  | Hiroshi Nakazawa  | Yuji Kanema   | Masahiko Kobayashi   | Yoshimasa Takada   | Yoshikazu Sakamoto   | Taro Nishino  |
| Brief CV                                     | Joined The Hokuriku Bank in April 1986. Has abundant experience in management overall, including being involved in corporate planning and sales divisions. Present position from June 2022. | Joined The Hokkaido Bank in April 1987. Has abundant work experience, including being involved in corporate planning, personnel, markets and GX divisions. Present position from June 2021. | Joined The Hokuriku Bank in April 1987. Has abundant experience in corporate planning, personnel, sales, GX and DX divisions. Present position from June 2019. | Joined The Hokkaido Bank in April 1989. Has abundant work experience, including being involved in sales, GX and DX divisions. Present position from June 2021. | Joined The Hokuriku Bank in April 1987. Has abundant work experience, including being involved in finance division. Present position from June 2022. | Joined The Hokkaido Bank in April 1987. Has abundant work experience, including being involved in risk management, administration and systems divisions. Present position from June 2024. |
| Position and responsibilities at the company | Representative Director<br>President  | Representative Director<br>Deputy President<br>In charge of SX Promotion Department   | Directors<br>In charge of Business Planning Department<br>In charge of DX Promotion Department<br>Second in charge of SX Promotion Department                  | Directors<br>Second in charge of Business Planning Department<br>Second in charge of DX Promotion Department<br>Second in charge of SX Promotion Department    | Directors<br>In charge of Loan Planning Division   | Directors<br>Administration and Systems Division  |
| Corporate management                         | ●   | ●   | ●  | ●  |  |   |
| HR management                                |   | ●   | ●  |  |  |   |
| Consulting                                   | ●   | ●   | ●  | ●  | ●  | ●   |
| Risk management / Compliance                 |   |   |  |  |  | ●   |
| Market                                       | ●   | ●   |  |  |  |   |
| Global affairs                               | ●   |   |  | ●  |  |   |
| IT / DX                                      | ●   | ●   | ●  | ●  |  | ●   |
| GX   | ●   | ●   | ●  | ●  |  |   |
| Finance                                      | ●   | ●   | ●  | ●  | ●  | ●   |
| Finance / Accounting                         | ●   | ●   | ●  | ●  |  |   |

## [Executive officers]

Corporate Planning Department and Human Resources Strategy Department  
Market Finance Department

**Shigeru Urasaki**  
**Akihiro Tamasaku**

Corporate Planning Department (deputy), Human Resources Strategy Department (deputy), Market Finance Department (deputy)  
Loan Planning Division (deputy)

**Tetsuya Yamazaki**  
**Shu Yamamoto**

Administration and Systems Division (deputy)  
**Tsuyoshi Tatsushima**

|                         |                         |                        |  |  |   |  |  |
|-------------------------|-------------------------|------------------------|--|--|---|--|--|
| The Hokuriku Bank, Ltd. | Directors and Auditors  | Chairman<br>Directors  | <b>Eishin Ihori</b><br><b>Tetsuya Yamazaki</b> | President<br>Director (Outside)                    | <b>Hiroshi Nakazawa</b><br><b>Koetsu Yamazaki</b> | Directors<br>Full-Time Auditor             | <b>Masahiko Kobayashi</b><br><b>Yasushi Numata</b> |
|                         | The Hokkaido Bank, Ltd. | Directors and Auditors | Chairman<br>Directors                          | <b>Masahiro Sasahara</b><br><b>Shigeru Urasaki</b> | President<br>Full-Time Auditor                    | <b>Yuji Kanema</b><br><b>Makoto Suzuki</b> | Director and Deputy President<br>Auditor (Outside) |

|   |   |   |   |  |  |   |
|---|---|---|---|--|--|---|
|   |   |   |   |  |  |   |
| <b>Naohisa Otsuka</b>   | <b>Hirokuni Kitagawa</b>  | <b>Masaaki Manabe</b>   | <b>Kaoru Funamoto</b>   | <b>Marie Ogawa</b>   | <b>Yutaka Yokoi</b>  | <b>Shinya Makino</b>  |
| Joined The Hokuriku Bank in April 1990. Has abundant work experience, including being involved in personnel and risk management divisions. Present position from June 2024. | Joined The Hokuriku Bank in April 1987. Has abundant work experience, including being involved in corporate planning division. Present position from June 2019. | Involved in management as the Chairman and Representative Director of Hokuyaku Takeyama Holdings Inc., and has abundant experience and wide-ranging knowledge as a company manager. | Held successive important positions at the National Police Agency and the Resolution and Collection Corporation, and has abundant experience and wide-ranging knowledge of compliance and the financial sector. | Held successive important positions at the Bank of Japan, and in addition to abundant experience and knowledge in the financial and legal sectors, also has wide-ranging knowledge of regional economics and the promotion of diversity. | Held successive important positions at the Ministry of Foreign Affairs, and has international sense cultivated through diplomacy and abundant knowledge of global affairs and economics, and the business environment. | Involved in management as Director, Deputy President, Representative Executive Officer of Meiji Yasuda Life Insurance Company, and has abundant experience and wide-ranging knowledge as a company manager. |
| <b>Directors<br/>Risk<br/>Management<br/>Department</b>   | <b>Directors<br/>Directors serving<br/>as Audit &amp;<br/>Supervisory<br/>Committee<br/>members</b>   | <b>Outside Directors<br/>Directors serving<br/>as Audit &amp;<br/>Supervisory<br/>Committee<br/>members</b>   | <b>Outside Directors<br/>Directors serving<br/>as Audit &amp;<br/>Supervisory<br/>Committee<br/>members</b>   | <b>Outside Directors<br/>Directors serving<br/>as Audit &amp;<br/>Supervisory<br/>Committee<br/>members</b>  | <b>Outside Directors<br/>Directors serving<br/>as Audit &amp;<br/>Supervisory<br/>Committee<br/>members</b>  | <b>Outside Directors<br/>Directors serving<br/>as Audit &amp;<br/>Supervisory<br/>Committee<br/>members</b>   |
|   | ●   | ●   | ●   |  |  | ●   |
| ●   |   |   |   | ●  |  | ●   |
| ●   | ●   |   |   |  |  |   |
| ●   | ●   |   | ●   | ●  | ●  |   |
| ●   |   |   |   |  | ●  |   |
|   |   |   |   |  |  | ●   |
| ●   | ●   |   | ●   | ●  |  | ●   |
|   | ●   |   |   |  |  | ●   |

■ Name of the accounting auditors

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

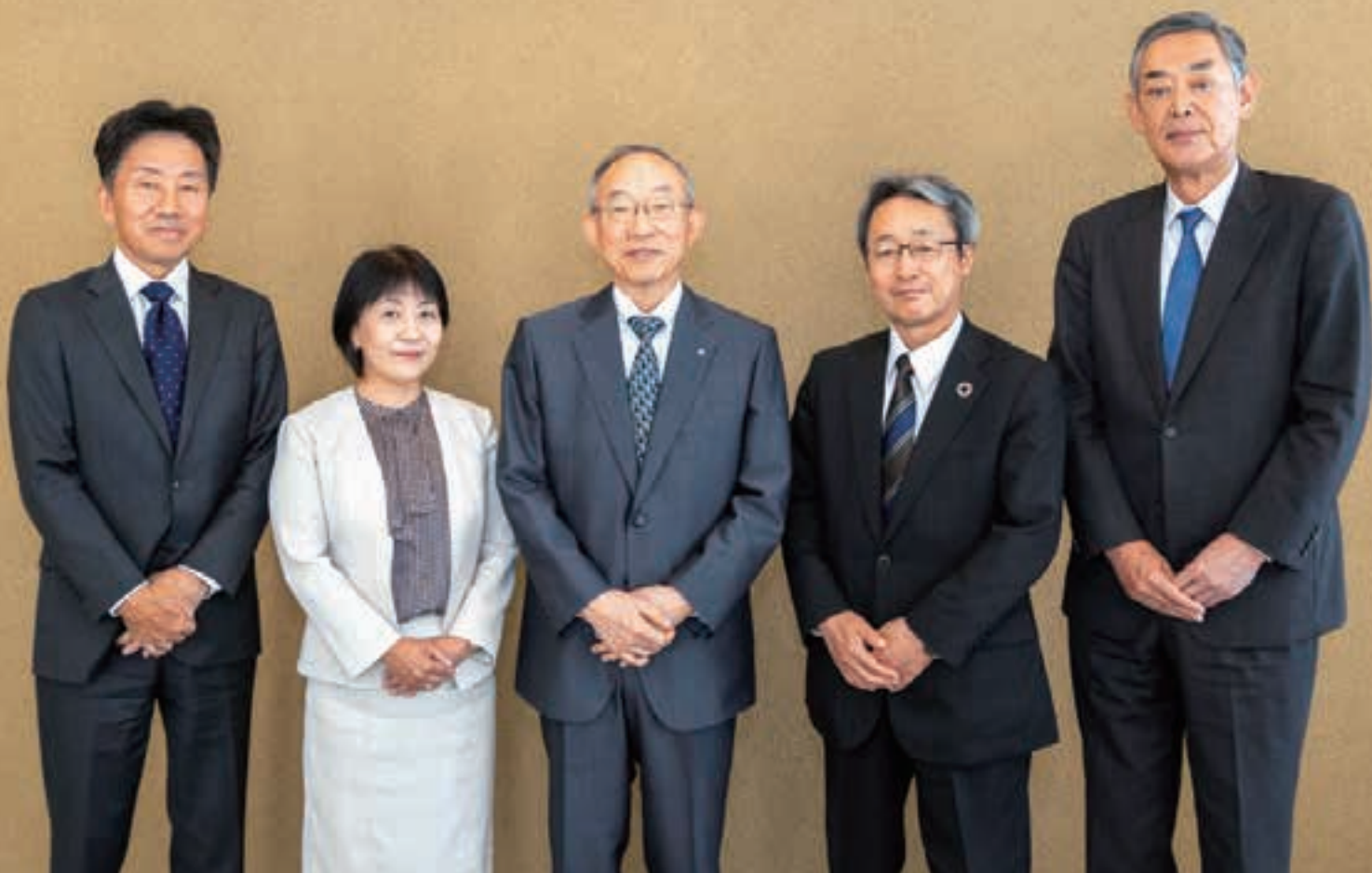
|                                |                                      |                                |                                     |                                |                                   |           |                |
|--------------------------------|--------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-----------|----------------|
| Directors<br>Auditor (Outside) | Yoshikazu Sakamoto<br>Seiichiro Yagi | Directors<br>Auditor (Outside) | Tsuyoshi Tatsushima<br>Susumu Kyuwa | Directors<br>Auditor (Outside) | Shigeru Urasaki<br>Hiroko Okumura | Directors | Naohisa Otsuka |
| Directors<br>Auditor (Outside) | Tetsuya Yamazaki<br>Satoshi Chiba    | Directors<br>Auditor (Outside) | Tomoo Aida<br>Chikako Igarashi      | Directors                      | Taro Nishino                      |           |                |

## Outside Director roundtable discussion

# Matters to be worked on for the improvement of the company group's corporate value

A roundtable discussion was held on the improvement of the company group's corporate value, with five Outside Directors with diverse backgrounds and expert fields.

Twenty years since the launch of the Financial Group. While the business environment changes greatly, we will work on the issues energetically with a sense of togetherness for sustainable growth.



**Shinya Makino,**  
Outside Director serving as an Audit  
and Supervisory Committee Member

**Masaaki Manabe,**  
Outside Director serving as an Audit  
and Supervisory Committee Member

**Yutaka Yokoi,**  
Outside Director serving as an Audit  
and Supervisory Committee Member

**Marie Ogawa,**  
Outside Director serving as an Audit  
and Supervisory Committee Member

**Kaoru Funamoto,**  
Outside Director serving as an Audit  
and Supervisory Committee Member

## Please tell us the strengths of the company group and its issues as seen by an Outside Director.

**Outside Director Manabe:** I am in my eighth year as an Outside Director and I think that Hokuhoku Financial Group has changed greatly during that time. This is my own interpretation, but I think that the strength of the company group is the energy generated by the integration of the two banks whose culture, origins and regions are different. On the other hand, that is also a big issue. How to create new business formats and new power in a changing business environment will be important.

**Outside Director Yokoi:** The strength of the company group may be that while the two banks stand on common ground in Hokkaido, they have looked at the market with different ways of doing things. A big, historically rare opportunity has come to Hokkaido right now. There has been no huge investment like the one to be made by the major semiconductor maker Rapidus until now, and looking to the future, I think the only place in Japan, excluding part of Kyushu, where the clean energy that is needed most for the growth of industry can be attracted is Hokkaido. I expect that the different perspectives and knowledge of the two banks will be major



elements in grasping this firmly as an opportunity.

**Outside Director Funamoto:** There is no other regional bank that has such a large sales area as the company group, which has the Hokuriku region and Hokkaido, and then the major urban areas of Tokyo, Nagoya and Osaka. I can say that at the same time that this point is a strength, it is also an issue.

I also think that Hokuhoku Financial Group has changed greatly over the past three to four years. It feels like that is because while the social environment continues to change, the group has started to consider more deeply how it should further advance cooperation.

## What will be important to increase the effectiveness of the Board of Directors?

**Outside Director Manabe:** I feel that high transparency and independence in the sense of each director engaging in discussions actively without fearing criticism will be important.

**Outside Director Yokoi:** As a premise, I think the objective of what management and the organization are aiming for needs to be clarified, also including the company's philosophy. I feel that having an atmosphere that allows people to raise their opinions candidly on the Board of Directors in a form in accordance with that premise would also be a strength of the Board of Directors of this company group.

**Outside Director Funamoto:** I think that both the execution side and us need to be aware of things at the preparation stage. Having materials prepared in advance and holding meetings carefully with the secretariat would lead to the invigoration of discussions at the actual meetings.

**Outside Director Ogawa:** I think an important issue is to take



more time and as Mr. Funamoto just said with regard to the need for explanations of the background in advance, to enhance supplementary explanations, supplementary materials and the like. I think that how the agenda is chosen and the methods for explanations and presentations are the points.

**Outside Director Makino:** There are various limits on the Board of Directors, including time, so the selection of materialities (important issues) is very important. I think that the important thing for the Board of Directors is probably to raise the quality of discussion by picking up issues with regard to a medium to long-term perspective and overall optimization.



## What kinds of things should the company group work on over the medium to long-term for sustainable growth?

**Outside Director Manabe:** I personally think it is people. The number one strength of the Hokuhoku Financial Group is communication with the regions. The Outside Directors and young employees had the opportunity to exchange opinions the other day, but I could not say that everybody's understanding of demonstrating synergies and bringing the good aspects of both banks together was sufficient yet.

To put it the other way round, I think there is room for growth there.

**Outside Director Funamoto:** I also think, like Mr. Manabe said, that an organization is people. People make an organization and the organization develops people so in the end, it comes down to the problem of people. From officers to young employees, I think that all employees should cultivate a sense of togetherness and work on connecting that to development in the medium to long-term.

**Outside Director Yokoi:** This is not an age when lots of university

students want to work here just because it is a bank. Moreover, even if they do join the company, it has become natural to change jobs. Rather than how to avoid that, I think that predicated on it having become normal in the world for young people to join a company, improve their skills, accumulate good experiences, improve their own value and take on the next challenge, it will be important to realize a new corporate culture and work environment so that the company group also improves its skills and, depending on the situation, is chosen by people who have gained their abilities in other industries.

**Outside Director Ogawa:** I think that developing people, valuing people and having them feel satisfaction is the most important thing.

I feel that moves to transcend existing boundaries and hire people with ability rather than just appointing human resources from within have strengthened greatly at the company group too over the past one or two years. I think that the emergence of a trend for there to be various people, each and every one of whom demonstrates their ability, from the one-size-fits-all personnel system unique to banks that determines everything by the year is a very good thing.

**Outside Director Makino:** Japan's population will decrease with certainty from now on and the social structure and consumption behavior will also diversify so I think the company will be exposed to very large changes over the next five to ten years.

What the company group, which has a considerably large presence in its prime areas and a brand to match, must do is to grow its strengths further and to verify whether what it has at the moment connects to growth.



## Please tell us what you would like to work on in future as an Outside Director?

**Outside Director Makino:** I think that what is required of an Outside Director are basically objectivity and expertise. I have had long career in the financial services industry in a broad sense so I want to demonstrate my expertise there as much as possible. In addition, the life insurance business that I have worked in is an aggregation of regional businesses so I think that I can probably present some useful perspectives and opinions with regard to regional strategy matters.

And one more thing. With regard to corporate value, the company has become one that is evaluated based on both the economic value that is shown in the financial statements, and social value, and I personally think that young people in particular will think this way. If that company does not think about how it can resolve social issues through business and achieve well-proportioned growth in terms of both economic value and social value, then it will be difficult for the company to be supported widely by society. I would like to look with interest at that balance as an Outside Director.

**Outside Director Ogawa:** While all regional financial institutions have to make constant management efforts to survive at present, various new management issues have emerged. I would like to deepen my knowledge of those issues and make efforts so that I can participate in useful discussions.

**Outside Director Yokoi:** I think personally that the nature of the company, its organization and ways of doing work will change through initiatives for specific projects and issues. The company will change because people will work on and take on the challenge of the issues in front of them rather than coming up with ideas about what to do in terms of personnel or accounting. I touched on this before, but I expect HokuHoku Financial Group will grow and change while using the huge impact that the advance of Rapidus will exert on the Hokkaido economy and the Japanese economy.

**Outside Director Funamoto:** I think that for the company group, being a financial group rooted in the regions will have an immutable value into the future. While the population declines and the regional economy changes, taking on challenges like consulting, DX and SX will also, in the end, come down to continuing to be a financial group

that is rooted in the regions. If the company departs from that, it will lose its raison d'être. From that kind of perspective, I would like to see various initiatives. Furthermore, I would also like to give advice firmly from an outside standpoint on the compliance perspective that is essential to organizational management and corporate governance.

**Outside Director Manabe:** I would like to express my opinions as seen from the outside more positively, beyond the regional framework of the Hokuriku region and Hokkaido, from the standpoint of an Outside Director and from a consumer perspective, and furthermore, not as opinions within a banking or industry framework. For example, could the company expand its business areas to the Tohoku region that connects the Hokuriku region and Hokkaido, or could it expand its business type so as to provide answers to what consumers and companies want rather than just finance. I think it could probably have a strategy to try such things and I think that talking about things from that perspective will be my role.



# 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

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, a Group Management Strategy Meeting and an ALM Risk Management 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.



For details on corporate governance, please see the company's website.

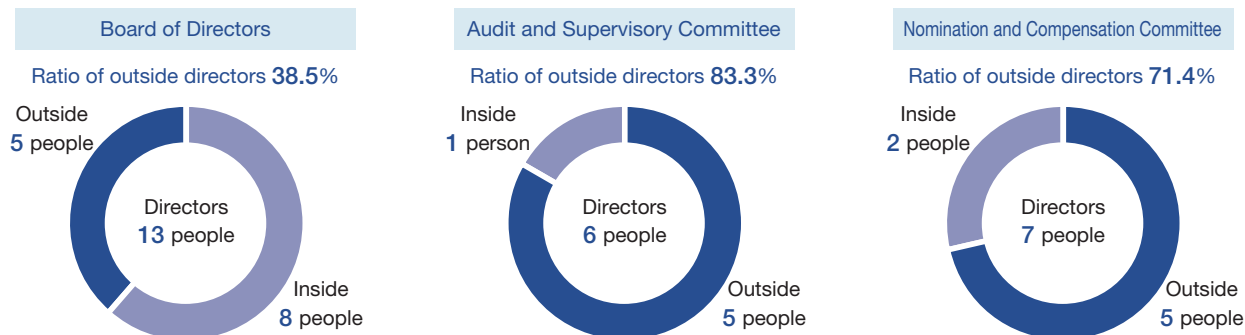
<https://www.hokuhoku-fg.co.jp/info/governance/>



### Main features

■ Organizational format: Company with an Audit and Supervisory Committee

■ Consulting body for the Board of Directors: Nomination and Compensation Committee



(As of June 21, 2024)

## [1] Board of Directors Met 11 times during fiscal year 2023

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 |     |
|------------------------|---|-----|
| 20.1 hours             | Discussions                                       | 46  |
|                        | Reports   | 195 |

### 【The main discussion items in fiscal year 2023】

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 10 times during fiscal year 2023

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 2023

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 45 times during fiscal year 2023

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 Met 4 times during fiscal year 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 2023

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] Group Management Strategy Meeting Met 4 times during fiscal year 2023

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.

## [8] ALM Risk Management Committee Newly established. Met for the first time in May 2024

Comprised of the directors and general managers of the responsible departments of the company and the subsidiary banks, recognizes and manages the ALM and risk management of each group company in an integrated fashion from an overall group perspective, and considers various policies for securing the soundness of group management and the improvement of profitability.

# 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 2023 |
|----------------|--|--|
| 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 10/11<br>Audit and Supervisory Committee 9/10   |
| 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 11/11<br>Audit and Supervisory Committee 10/10  |
| 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 11/11<br>Audit and Supervisory Committee 10/10  |
| 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 11/11   |
| Shinya Makino  | 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.   | —  |

## 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 / DX   |
|  |  | Leading compliance and risk management  | Risk management / Compliance                            |
|  | Developing a corporate culture through the active participation of employees | 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 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 aimed at the further improvement of the effectiveness of the Board of Directors, we will strive for the improvement of 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.

### Initiatives in fiscal year 2023

Aimed at the further improvement of the effectiveness of the Board of Directors, we strived for the improvement of operational aspects such as the expansion of places for discussion of medium to long-term management issues and the future image of the group, the securing of sufficient meeting time, and the setting of appropriate time for explanations.

### Overview of the process of analysis and assessment of the effectiveness of the Board of Directors in fiscal year 2023

We outsourced collection and tabulation to an external organization to secure anonymity and objectivity and implemented a self-assessment questionnaire with all directors in an anonymous format. The results of analysis by the external organization were reported to the Board of Directors and the Audit and Supervisory Committee, advice was obtained from the Audit and Supervisory Committee based on those results, and the assessment of effectiveness was carried out at the meeting of the Board of Directors in May.

#### [Items (major items) on the self-assessment questionnaire]

[1] Composition and operation of the Board of Directors [2] Management strategy and business strategy [3] Corporate ethics and risk management [4] Assessment of the management team and remuneration [5] Dialogue with shareholders

### Overview of the results of analysis and assessment of the effectiveness of the Board of Directors in fiscal year 2023

Based on the questionnaire results and the results of analysis by the external organization, 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. We will strengthen operational aspects, such as continuing the improvement of materials (enhancement of information), the securing of sufficient time for meetings, and explanations and time allocation in accordance with the importance and level of priority of agenda items to further deepen discussions, and expand opportunities to receive questions before and after meetings of the Board of Directors and provide additional explanations. In addition, we will also advance matters such as the setting of a forum for opinion exchanges on important management themes concerning the next medium-term management plan.

## 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 shall be 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, upon the recommendation from the Nomination and Compensation Committee, 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 2023)

| Category of directors   | Total amounts of remuneration (millions 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<br>(excluding directors serving as Audit & Supervisory Committee members and outside directors) | 125   | 105   |                       | 19            |                     | 19  | 6                            |
| Directors serving as Audit & Supervisory Committee members<br>(excluding outside directors)               | 26  | 26  |                       |               |                     |   | 1                            |
| Outside Directors   | 29  | 29  |                       |               |                     |   | 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 their 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.

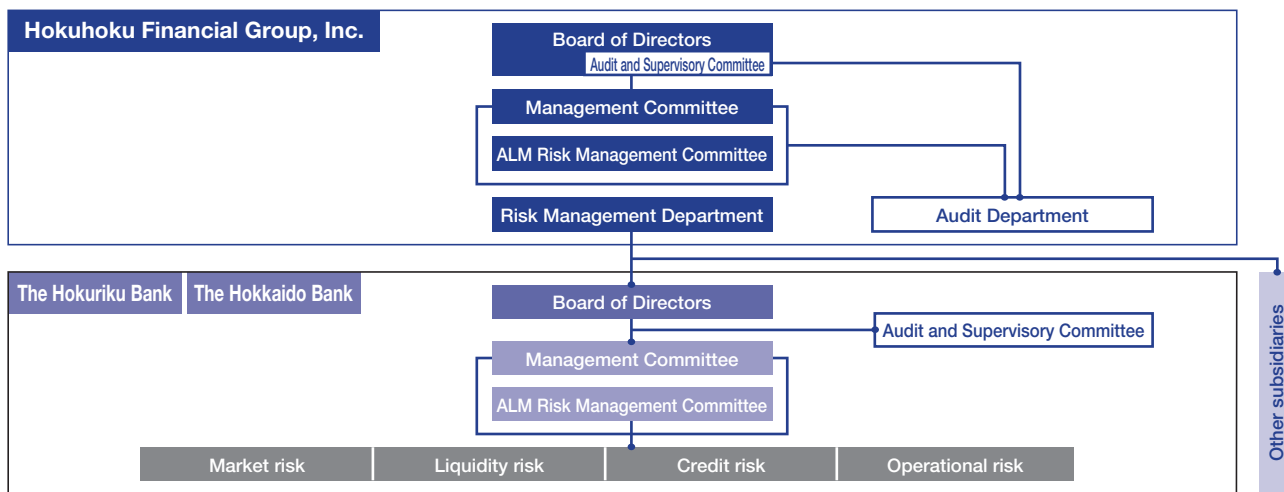
In addition, when necessary, the Audit Departments of both banks and the Audit Department of the company conduct audits jointly in order to strengthen and streamline the functions of the group as a whole in audits.

# 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 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.

## ■ Initiatives for cyber security

### Cyber security management system

The company group positions cyber attacks as one of the risks it emphasizes most and responds to in management for customers to use financial services with peace of mind. We take security measures continuously and strive to defend our systems day by day from cyber attacks that are becoming increasingly sophisticated by building a monitoring system that operates 24 hours a day, 365 days a year based on SOC.<sup>1</sup>

We have established "Hokuhoku CSIRT" (hereinafter referred to as "CSIRT"<sup>3</sup>) as a cross-group organization under the group CISO<sup>2</sup>, which gathers and transmits information on cyber security-related threats, investigates and responds when a threat is detected, and implements various security measures, etc., to handle cyber attacks based on the leadership of the management team.

In addition, we are striving for the strengthening of our cyber security system in cooperation with the "MEJAR-CSIRT," a system used jointly by the six banks that participate in MEJAR, and the banks participating in the "CMS-CSIRT" operated by the MEJAR participating banks, thirteen banks participating in the regional bank joint center and others. CSIRT is working on the improvement of the effectiveness of the cyber security management system through cooperation with external organizations based on the spirit of "self-help," "mutual assistance" and "public assistance," such as cooperation with the competent police headquarters, joining the external groups Financials ISAC<sup>4</sup> and FISC<sup>5</sup>, and establishing a framework that can respond promptly to cyber attacks.

<sup>1</sup> SOC: Abbreviation of Security Operations Center. This is a specialist department and base that monitors, detects and responds to cyber attacks. It strengthens the security of networks and systems and deals with incidents.

<sup>2</sup> CISO: Abbreviation of Chief Information Security Officer. This is the highest officer responsible for information security, who designs the cyber security strategy and assesses the risks of the organization as a whole.

<sup>3</sup> CSIRT: Abbreviation of Computer Security Incident Response Team. This is the organization that implements security in general at normal times and times of emergency.

<sup>4</sup> Financials ISAC: This is an organization aimed at securing the peace of mind and safety of users continuously by sharing and analyzing information on cyber security received from financial institutions in Japan, and promoting safety improvements at financial institutions.

<sup>5</sup> FISC: Abbreviation of The Center for Financial Industry Information Systems. This center distributes various guidelines and holds seminars on matters such as "Standards for Computer System Safety Measures."

## Education and training

In readiness for cyber attacks, the company group is working continuously on education and awareness activities through the implementation of suspicious email drills and e-learning for all officers and employees, sharing of the latest security trends, etc., aimed at the improvement of the cyber security literacy of the group's officers and employees.

In addition, we also participate regularly in the various training exercises hosted by Financials ISAC, the Cabinet Cyber Security Center, etc., and are striving for the further advancement of our cyber security management system.

# Strengthening group governance

## Compliance

### Basic policy

At Hokuhoku 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

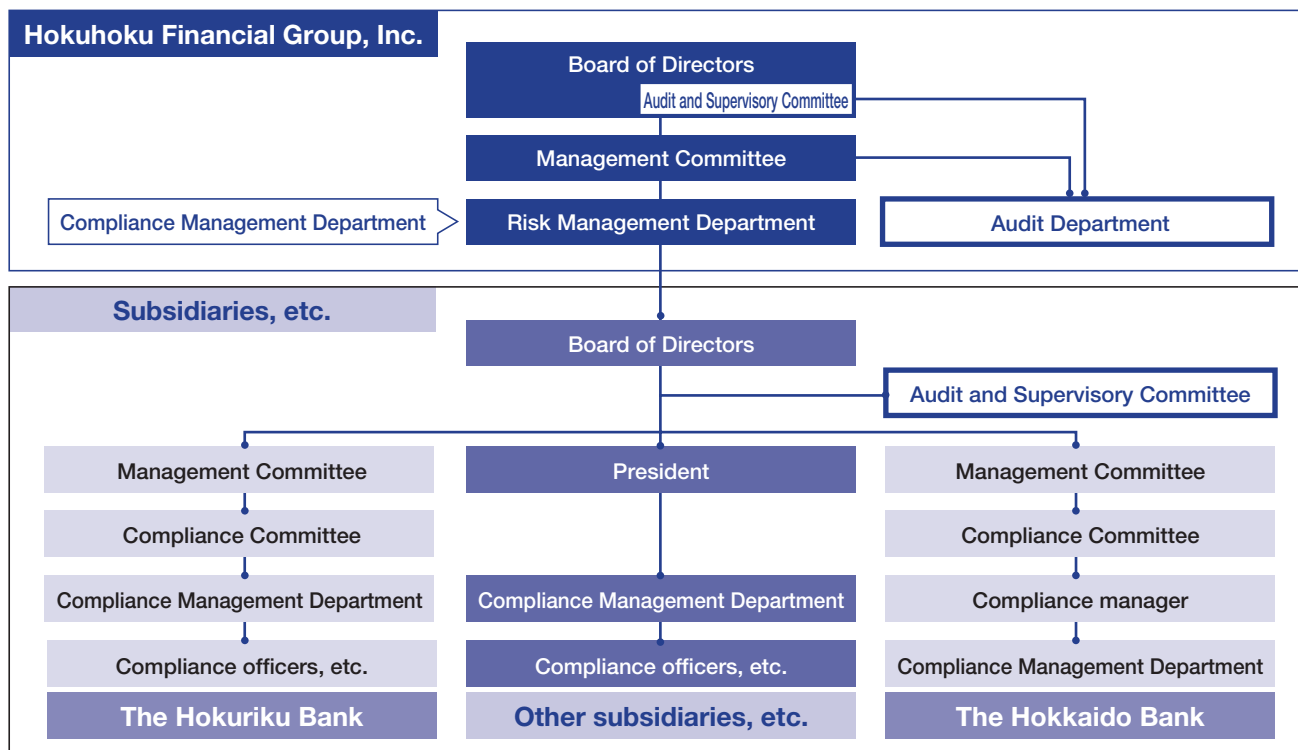
We strive for accurate and smooth information disclosure and decision making and aim for a highly transparent management and organizational culture.

### 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

Policies for the management of customer protection

|                             |  |
|-----------------------------|--|
| Explain to the customer     | When carrying out transactions with customers, we will explain and provide information on financial products adequately and fully in accordance with laws and regulations. |
| Customer service support    | We will listen carefully to customer inquiries and complaints and handle them appropriately and fully.   |
| Protection of customer data | We will acquire information concerning customers lawfully and manage it safely in accordance with the law.   |
| Outsourcing                 | When outsourcing operations related to transactions with customers, we will manage service providers appropriately to protect customers' information and interests.        |
| Conflict of interest        | 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)<br>Tel: 0570-017-109 or 03-5252-3772 | Name of designated bank dispute resolution organization: Financial Instruments Mediation Assistance Center (financial instruments)<br>Tel: 0120-64-5005 |
|--|---|

# Initiatives for customer-centered business operations

## Fiduciary duty initiatives

### 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

- 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.
- 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.

#### 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 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 policy on initiative is being observed.

### Items for implementation in fiscal year 2024

#### 1. Support for asset management and asset formation

- (1) 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) We will build a framework throughout the group that serves the best interests of customers led by Fiduciary Duty Promotion Committee, which is centered on the management team.
- (3) We will confirm whether the idea of and initiatives for “fiduciary duty” have been established among all group employees with reference also to customer questionnaires and external opinions, and strive for improvements.

#### 2. Provision of the optimum financial services

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) We will improve functions such as internet banking, the bank apps and various non-face-to-face channels, and improve convenience so that we can provide financial services in accordance with the lifestyles of customers.

### 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. Building 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 it is possible organizationally to implement the optimal service proposals for customers using employee questionnaires, monitoring, audit functions, etc., and strive for improvements.

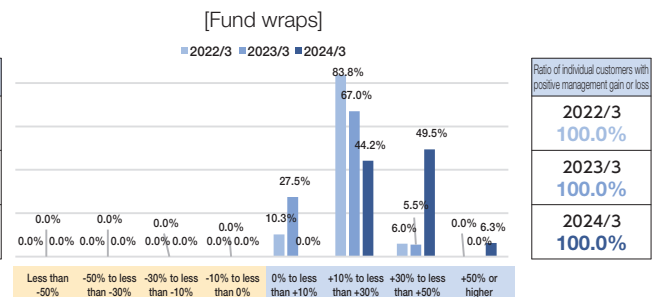
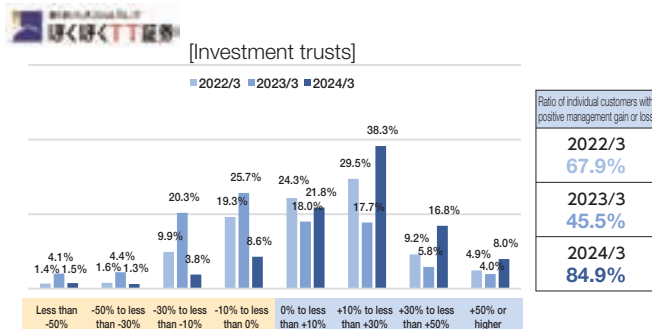
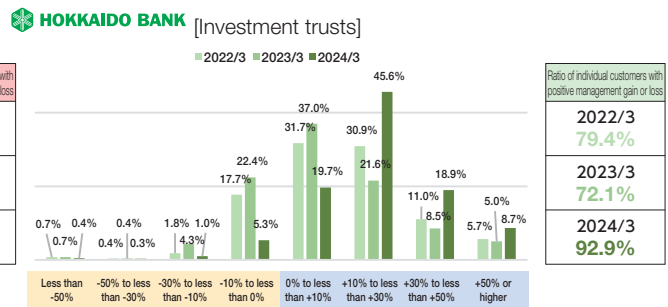
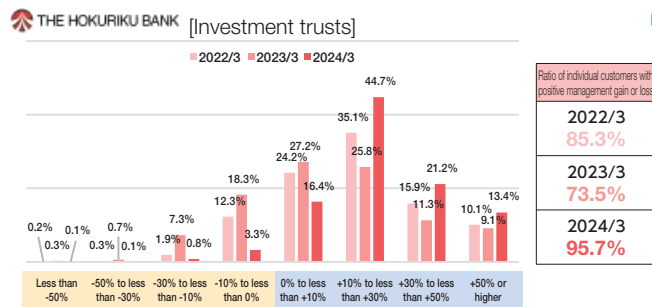
## Fiscal year 2023 KPI

- NPS questionnaire results
- Number of savings-type investment trust contract holders and annual savings
- Number of NISA users
- Top 10 investment trusts by sales
- Human resource development, number of people who have acquired FP qualifications
- Holding of customer seminars

- Proportion of customers by investment trust or fund wrap investment management gain or loss category
- Cost return on top 20 investment trusts by deposited asset balance
- Risk return on top 20 investment trusts by deposited asset balance
- Fund wrap risk return, cost return
- Proportion of customers by foreign currency-denominated insurance management valuation
- Top 20 foreign currency-denominated insurance instrument balances and cost return ratio by instrument

\* Net Promoter Score® (NPS®) shows numerically 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." The trust and sense of reassurance of a customer in a representative is essential to obtain a high evaluation.

## State of progress of main KPIs in fiscal year 2023 Proportion of customers by investment trust or fund wrap investment gain or loss category (as of the end of March, 2024)



< Calculation method >

• Calculated by dividing total return based on investment trust total return notification system by market value on reference date for individual customers possessing investment trusts or fund wraps as of the reference date.

(Not including ETFs, listed REITs, public bond investment trusts, private investment trusts, and investment trusts purchased for defined contribution pension plans) • The evaluation of foreign currency-denominated investment trusts is calculated by applying rate presented by MUFG Bank, Ltd., as of the reference date.

## Corporate information

### Profile



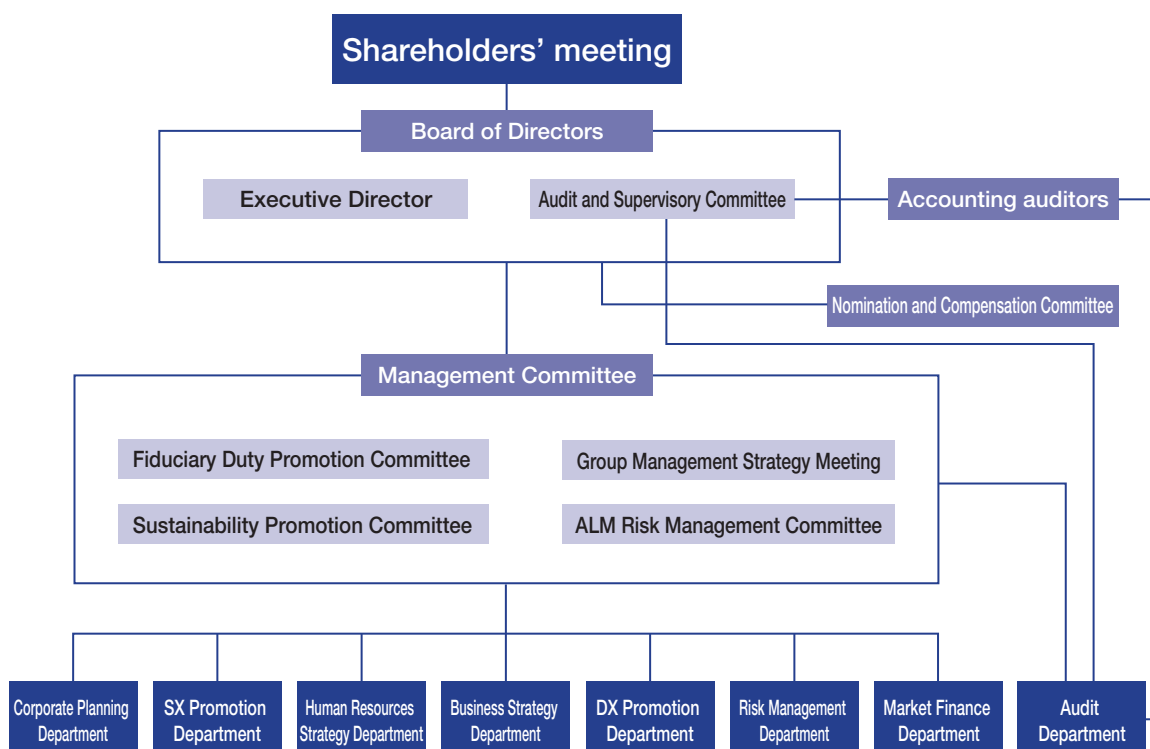
Hokuhoku Financial Group, Inc.

(As of end-March, 2024)

|                                       |   |  |                      |
|---------------------------------------|---|--|----------------------|
| <b>Date of establishment:</b>         | September 26, 2003  | <b>Employees:</b>  | 160 people           |
| <b>Location of head office:</b>       | 1-2-26 Tsutsumicho-dori, Toyama City  | <b>Total assets (consolidated):</b>                                | 16,382.8 billion yen |
| <b>Purpose of business:</b>           | Management and control of subsidiaries and affiliates, ancillary business, and other business recognized by The Banking Act | <b>Deposits (consolidated) (including certificates of deposit)</b> | 13,873.3 billion yen |
| <b>Capital</b>                        | ¥70,895 million   | <b>Loans:</b>  | 9,534.2 billion yen  |
| <b>Shares issued and outstanding:</b> | Common stock 125,370,814<br>Preferred stock (type 5) 53,726,000   | <b>Consolidated capital adequacy ratio: (Japanese standard)</b>    | 9.40%                |
| <b>Exchange listings:</b>             | Tokyo Stock Exchange (Prime Market)<br>Sapporo Securities Exchange  |  |                      |

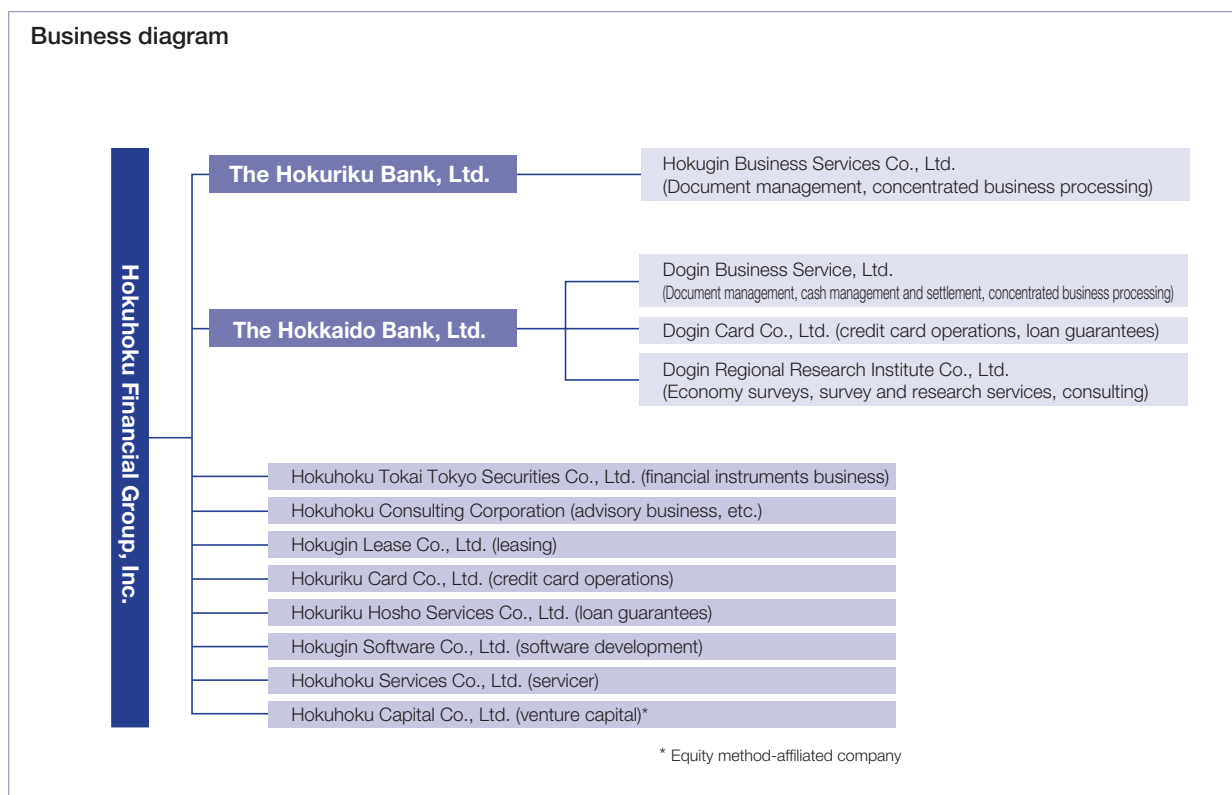
### Organization chart

(As of July 1, 2024)



## Details of business

The Hokuhoku Financial Group is composed of the holding company, thirteen 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.



## 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                      | 8,275    |
| The Hokkaido Bank, Ltd.                     | 4-1 Odori Nishi, Chuo-ku, Sapporo  | Banking   | March 5, 1951     | 93,524  | 100.00                      | 2,061    |
| Hokuhoku Tokai Tokyo Securities Co., Ltd.   | 1-8-10 Marunouchi, Toyama City   | Financial instruments business  | April 21, 2016    | 1,250   | 60.00                       | —        |
| Hokuhoku Consulting Co., Ltd.               | 3rd. Fl., Square Building, 1-1 Ichibancho, Toyama City                                 | M&A advisory work, business succession consulting work, management consulting work    | May 31, 2024      | 100     | 100.00                      | —        |
| 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, 1-2-33 Higashisapporo Sanjo, Shiroishi-ku, Sapporo City | Document management, cash management and settlement, concentrated business processing | June 8, 1979      | 50      | (100.00)                    | —        |
| Dogin Card Co., Ltd.                        | 2-14 Minami Nijo Nishi, Chuo-ku, 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.

# NON-CONSOLIDATED FINANCIAL STATEMENTS

## NON-CONSOLIDATED BALANCE SHEET (UNAUDITED)

The Hokuriku Bank, Ltd.

| March 31  | Millions of yen    |                    | Thousands of<br>U.S. dollars |
|---|--------------------|--------------------|------------------------------|
|   | 2024               | 2023               | 2024                         |
| <b>Assets</b>   |                    |                    |                              |
| Cash and due from banks                               | ¥ 2,958,946        | ¥ 2,875,482        | \$ 19,542,610                |
| Call loans and bills bought                           | 89,733             | 52,344             | 592,653                      |
| Monetary claims bought                                | 10,457             | 15,519             | 69,069                       |
| Trading assets  | 506                | 601                | 3,347                        |
| Money held in trust                                   | 4,931              | 4,935              | 32,571                       |
| Securities  | 1,074,462          | 1,185,438          | 7,096,376                    |
| Loans and bills discounted                            | 5,193,261          | 5,186,353          | 34,299,327                   |
| Foreign exchanges                                     | 13,332             | 12,109             | 88,054                       |
| Other assets  | 86,478             | 70,698             | 571,153                      |
| Tangible fixed assets                                 | 76,861             | 76,294             | 507,640                      |
| Intangible assets                                     | 4,183              | 2,501              | 27,631                       |
| Prepaid pension cost                                  | 1,921              | 3,034              | 12,692                       |
| Customers' liabilities for acceptances and guarantees | 28,968             | 31,303             | 191,323                      |
| Allowance for loan losses                             | (33,382)           | (39,311)           | (220,477)                    |
| <b>Total assets</b>                                   | <b>¥ 9,510,663</b> | <b>¥ 9,477,305</b> | <b>\$ 62,813,969</b>         |
| <b>Liabilities and equity</b>                         |                    |                    |                              |
| <b>Liabilities</b>                                    |                    |                    |                              |
| Deposits  | ¥ 7,864,332        | ¥ 7,680,339        | \$ 51,940,641                |
| Call money and bills sold                             | 83,171             | 155,210            | 549,311                      |
| Payables under repurchase agreements                  | 51,612             | 10,430             | 340,878                      |
| Payables under securities lending transactions        | 76,272             | 219,345            | 503,747                      |
| Trading liabilities                                   | 284                | 266                | 1,881                        |
| Borrowed money  | 959,156            | 939,184            | 6,334,831                    |
| Foreign exchanges                                     | 367                | 336                | 2,426                        |
| Borrowed money from trust account                     | 5,273              | 5,230              | 34,829                       |
| Other liabilities                                     | 17,811             | 50,457             | 117,638                      |
| Reserve for employee retirement benefits              | 1,762              | 1,653              | 11,643                       |
| Reserve for contingent losses                         | 655                | 603                | 4,332                        |
| Reserve for reimbursement of deposits                 | 498                | 918                | 3,292                        |
| Deferred tax liabilities                              | 16,778             | 7,162              | 110,813                      |
| Deferred tax liabilities for land revaluation         | 4,882              | 4,941              | 32,246                       |
| Acceptances and guarantees                            | 28,968             | 31,303             | 191,323                      |
| <b>Total liabilities</b>                              | <b>9,111,828</b>   | <b>9,107,387</b>   | <b>60,179,831</b>            |
| <b>Equity</b>   |                    |                    |                              |
| Capital stock   | 140,409            | 140,409            | 927,347                      |
| Capital surplus                                       | 14,998             | 14,998             | 99,061                       |
| Retained earnings                                     | 175,940            | 165,821            | 1,162,014                    |
| Valuation and translation adjustments                 |                    |                    |                              |
| Valuation difference on available-for-sale securities | 61,164             | 41,189             | 403,964                      |
| Deferred gains (losses) on hedges                     | (1,242)            | (195)              | (8,205)                      |
| Revaluation reserve for land                          | 7,563              | 7,694              | 49,957                       |
| <b>Total equity</b>                                   | <b>398,834</b>     | <b>369,917</b>     | <b>2,634,138</b>             |
| <b>Total liabilities and equity</b>                   | <b>¥ 9,510,663</b> | <b>¥ 9,477,305</b> | <b>\$ 62,813,969</b>         |

# NON-CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

The Hokuriku Bank, Ltd.

|  | Millions of yen |                 | Thousands of<br>U.S. dollars |
|--|-----------------|-----------------|------------------------------|
|  | 2024            | 2023            | 2024                         |
| <b>Income</b>  |                 |                 |                              |
| Interest income:   |                 |                 |                              |
| Interest on loans and discounts                            | ¥ 42,920        | ¥ 41,706        | \$ 283,470                   |
| Interest and dividends on securities                       | 16,455          | 12,976          | 108,682                      |
| Interest on deposits with other banks                      | 2,967           | 3,213           | 19,601                       |
| Other interest income                                      | 641             | 339             | 4,235                        |
| Trust fees   | 26              | 30              | 172                          |
| Fees and commissions                                       | 18,934          | 18,970          | 125,056                      |
| Trading income   | 41              | 22              | 273                          |
| Other ordinary income                                      | 4,986           | 3,347           | 32,937                       |
| Other income   | 17,556          | 16,651          | 115,956                      |
| <b>Total income</b>  | <b>104,530</b>  | <b>97,259</b>   | <b>690,382</b>               |
| <b>Expenses</b>  |                 |                 |                              |
| Interest expenses:   |                 |                 |                              |
| Interest on deposits                                       | 866             | 751             | 5,720                        |
| Interest on payables under repurchase agreements           | 1,015           | 390             | 6,708                        |
| Interest on payables under securities lending transactions | 4,229           | 3,329           | 27,937                       |
| Interest on borrowings and rediscounts                     | 1,109           | 1,201           | 7,325                        |
| Other interest expenses                                    | 2,343           | 1,572           | 15,478                       |
| Fees and commissions                                       | 6,442           | 6,315           | 42,550                       |
| Other ordinary expenses                                    | 24,622          | 12,364          | 162,622                      |
| General and administrative expenses                        | 42,668          | 40,805          | 281,806                      |
| Provision of allowance for loan losses                     | —               | 2,644           | —                            |
| Other expenses   | 3,281           | 13,740          | 21,675                       |
| <b>Total expenses</b>                                      | <b>86,579</b>   | <b>83,115</b>   | <b>571,821</b>               |
| Income before income taxes                                 | 17,951          | 14,143          | 118,561                      |
| Income taxes:  |                 |                 |                              |
| Current  | 81              | 860             | 537                          |
| Deferred   | (394)           | (1,032)         | (2,606)                      |
| <b>Net income</b>  | <b>¥ 18,264</b> | <b>¥ 14,314</b> | <b>\$ 120,630</b>            |

# NON-CONSOLIDATED FINANCIAL STATEMENTS

## NON-CONSOLIDATED BALANCE SHEET (UNAUDITED)

The Hokkaido Bank, Ltd.

| March 31  | Millions of yen    |                    | Thousands of<br>U.S. dollars |
|---|--------------------|--------------------|------------------------------|
|   | 2024               | 2023               | 2024                         |
| <b>Assets</b>   |                    |                    |                              |
| Cash and due from banks   | ¥ 1,588,866        | ¥ 1,480,393        | \$ 10,493,799                |
| Trading account securities  | 2,217              | 1,618              | 14,645                       |
| Money held in trust   | 8,156              | 9,313              | 53,870                       |
| Securities  | 708,780            | 661,272            | 4,681,201                    |
| Loans and bills discounted  | 4,351,286          | 4,358,785          | 28,738,436                   |
| Foreign exchanges   | 6,074              | 5,866              | 40,121                       |
| Other assets  | 86,421             | 79,685             | 570,776                      |
| Tangible fixed assets   | 41,206             | 29,148             | 272,149                      |
| Intangible assets   | 4,439              | 2,582              | 29,324                       |
| Prepaid pension cost  | 3,039              | 6,708              | 20,074                       |
| Deferred tax assets   | 4,384              | 9,851              | 28,956                       |
| Customers' liabilities for acceptances and guarantees                             | 32,230             | 32,576             | 212,870                      |
| Allowance for loan losses   | (20,256)           | (22,103)           | (133,788)                    |
| <b>Total assets</b>   | <b>¥ 6,816,846</b> | <b>¥ 6,655,698</b> | <b>\$ 45,022,433</b>         |
| <b>Liabilities and equity</b>   |                    |                    |                              |
| <b>Liabilities</b>  |                    |                    |                              |
| Deposits  | ¥ 6,037,344        | ¥ 5,860,351        | \$ 39,874,149                |
| Call money and bills sold   | —                  | 6,810              | —                            |
| Payables under securities lending transactions                                    | 81,015             | 93,925             | 535,077                      |
| Borrowed money  | 424,700            | 408,500            | 2,804,967                    |
| Foreign exchanges   | 300                | 398                | 1,984                        |
| Other liabilities   | 14,261             | 38,071             | 94,188                       |
| Reserve for employee retirement benefits  | 1,102              | 1,296              | 7,279                        |
| Reserve for directors' and audit & supervisory board members' retirement benefits | 37                 | 37                 | 249                          |
| Reserve for contingent losses   | 383                | 452                | 2,535                        |
| Reserve for reimbursement of deposits   | 397                | 466                | 2,627                        |
| Acceptances and guarantees  | 32,230             | 32,576             | 212,870                      |
| <b>Total liabilities</b>  | <b>6,591,774</b>   | <b>6,442,887</b>   | <b>43,535,925</b>            |
| <b>Equity</b>   |                    |                    |                              |
| Capital stock   | 93,524             | 93,524             | 617,687                      |
| Capital surplus   | 16,795             | 16,795             | 110,925                      |
| Retained earnings   | 109,570            | 108,489            | 723,669                      |
| Valuation and translation adjustments   |                    |                    |                              |
| Valuation difference on available-for-sale securities                             | 5,182              | (5,997)            | 34,227                       |
| <b>Total equity</b>   | <b>225,072</b>     | <b>212,811</b>     | <b>1,486,508</b>             |
| <b>Total liabilities and equity</b>   | <b>¥6,816,846</b>  | <b>¥ 6,655,698</b> | <b>\$ 45,022,433</b>         |

# NON-CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

The Hokkaido Bank, Ltd.

|   | Millions of yen |                | Thousands of<br>U.S. dollars |
|---|-----------------|----------------|------------------------------|
|   | 2024            | 2023           | 2024                         |
| <b>Income</b>   |                 |                |                              |
| Interest income:  |                 |                |                              |
| Interest on loans and discounts                                 | ¥ 41,756        | ¥ 41,343       | \$ 275,785                   |
| Interest and dividends on securities                            | 7,270           | 8,756          | 48,019                       |
| Interest on receivables under securities borrowing transactions | —               | 43             | —                            |
| Interest on receivables under resale agreements                 | (11)            | (9)            | (79)                         |
| Interest on deposits with other banks                           | 1,290           | 1,580          | 8,524                        |
| Other interest income   | 138             | 144            | 917                          |
| Fees and commissions  | 16,601          | 16,103         | 109,644                      |
| Other ordinary income   | 493             | 4,698          | 3,261                        |
| Other income  | 11,109          | 4,293          | 73,376                       |
| <b>Total income</b>   | <b>78,649</b>   | <b>76,954</b>  | <b>519,447</b>               |
| <b>Expenses</b>   |                 |                |                              |
| Interest expenses:  |                 |                |                              |
| Interest on deposits  | 152             | 124            | 1,008                        |
| Interest on payables under securities lending transactions      | 3,614           | 2,114          | 23,871                       |
| Interest on borrowings and rediscounts                          | 246             | 74             | 1,626                        |
| Other interest expenses   | 3               | 17             | 24                           |
| Fees and commissions  | 9,614           | 9,367          | 63,497                       |
| Other ordinary expenses   | 12,786          | 14,745         | 84,450                       |
| General and administrative expenses                             | 36,953          | 34,981         | 244,060                      |
| Other expenses  | 4,446           | 3,338          | 29,369                       |
| <b>Total expenses</b>   | <b>67,817</b>   | <b>64,763</b>  | <b>447,905</b>               |
| Income before income taxes                                      | 10,832          | 12,191         | 71,542                       |
| Income taxes:   |                 |                |                              |
| Current   | 1,188           | 1,343          | 7,850                        |
| Deferred  | 1,129           | 2,136          | 7,459                        |
| <b>Net income</b>   | <b>¥ 8,514</b>  | <b>¥ 8,711</b> | <b>\$ 56,233</b>             |

## Major financial data over the past 10 years

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

### Results summary

|  | Unit     | FY2014 | FY2015 | FY2016 | FY2017 |
|--|----------|--------|--------|--------|--------|
| Core gross business profits  | ¥billion | 144.8  | 143.0  | 133.8  | 130.7  |
| Interest on assets   | ¥billion | 122.1  | 120.9  | 116.1  | 112.5  |
| Profit on service transactions, etc.   | ¥billion | 19.9   | 20.0   | 17.8   | 16.7   |
| Other business profits (excluding gains or losses on government bonds and other bonds, etc.) | ¥billion | 2.4    | 1.8    | ▲0.2   | 1.5    |
| Expenses   | ¥billion | 93.6   | 90.9   | 89.8   | 88.8   |
| Core net business profits  | ¥billion | 51.2   | 52.0   | 43.9   | 41.9   |
| Credit costs   | ¥billion | 6.0    | 3.7    | ▲0.6   | 0.5    |
| Ordinary profits   | ¥billion | 47.1   | 46.7   | 40.2   | 33.1   |
| Net income   | ¥billion | 28.2   | 29.9   | 29.6   | 24.0   |
| Net income attributable to owners of the parent (consolidated)                               | ¥billion | 28.2   | 28.8   | 28.1   | 21.1   |

### Balance sheet summary

|   |          | FY2014   | FY2015   | FY2016   | FY2017   |
|---|----------|----------|----------|----------|----------|
| Total assets                                  | ¥billion | 11,628.5 | 11,581.9 | 12,380.9 | 12,952.9 |
| Loans   | ¥billion | 7,561.7  | 7,599.6  | 7,788.3  | 8,189.4  |
| Small and medium-enterprises, etc.            | ¥billion | 4,767.8  | 4,845.0  | 4,972.2  | 5,153.9  |
| Securities                                    | ¥billion | 2,481.4  | 2,395.8  | 2,439.3  | 1,943.3  |
| Total liabilities                             | ¥billion | 11,096.2 | 11,045.2 | 11,832.7 | 12,378.1 |
| Deposits + certificates of deposit            | ¥billion | 10,651.3 | 10,502.6 | 10,731.0 | 11,180.7 |
| Total net assets                              | ¥billion | 532.3    | 536.7    | 548.2    | 574.8    |
| Total shareholders' equity                    | ¥billion | 419.8    | 441.5    | 455.5    | 475.3    |
| Total valuation, conversion differences, etc. | ¥billion | 112.5    | 95.1     | 92.6     | 99.5     |

### Financial indicators, etc.

|                                       |     | FY2014  | FY2015  | FY2016  | FY2017  |
|---------------------------------------|-----|---------|---------|---------|---------|
| Core OHR (core overhead ratio)        | %   | 64.64   | 63.57   | 67.13   | 67.89   |
| ROE (consolidated)                    | %   | 5.5     | 5.3     | 5.1     | 3.6     |
| Capital adequacy ratio (consolidated) | %   | 11.13   | 10.30   | 9.43    | 9.49    |
| Net assets per share (consolidated)*  | Yen | 3,858.3 | 3,806.1 | 4,028.6 | 4,215.9 |
| Net profit per share (consolidated)*  | Yen | 198.7   | 203.1   | 201.3   | 149.4   |
| Dividend per share*                   | Yen | 42.50   | 42.50   | 44.00   | 44.00   |
| Payout ratio (consolidated)           | %   | 21.4    | 20.9    | 21.9    | 29.4    |

\* 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.

| FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--------|--------|--------|--------|--------|--------|
| 125.7  | 123.2  | 120.7  | 124.8  | 119.8  | 118.8  |
| 108.1  | 105.4  | 103.7  | 105.9  | 100.5  | 99.8   |
| 16.5   | 16.5   | 15.9   | 17.7   | 19.4   | 19.5   |
| 0.9    | 1.1    | 1.0    | 1.1    | 0.0    | ▲0.5   |
| 86.5   | 85.3   | 82.3   | 78.8   | 74.7   | 77.5   |
| 39.1   | 37.8   | 38.4   | 46.0   | 45.0   | 41.3   |
| 4.6    | 12.0   | 13.0   | 13.5   | 7.7    | ▲1.2   |
| 36.7   | 31.4   | 32.0   | 30.4   | 26.9   | 22.8   |
| 26.6   | 20.8   | 22.4   | 21.8   | 23.0   | 26.7   |
| 24.3   | 20.2   | 21.3   | 20.5   | 21.4   | 23.0   |

| FY2018   | FY2019   | FY2020   | FY2021   | FY2022   | FY2023   |
|----------|----------|----------|----------|----------|----------|
| 13,142.9 | 13,605.5 | 16,594.8 | 17,243.4 | 16,133.0 | 16,327.5 |
| 8,360.8  | 8,673.1  | 9,065.1  | 9,211.1  | 9,545.1  | 9,544.5  |
| 5,275.8  | 5,397.4  | 5,766.6  | 5,836.4  | 5,931.1  | 5,998.2  |
| 1,788.8  | 1,807.2  | 2,100.1  | 2,199.5  | 1,846.7  | 1,783.2  |
| 12,548.8 | 13,033.0 | 15,987.2 | 16,651.5 | 15,550.2 | 15,703.6 |
| 11,439.7 | 11,662.6 | 12,815.6 | 13,233.3 | 13,540.6 | 13,901.6 |
| 594.0    | 572.5    | 607.6    | 591.9    | 582.7    | 623.9    |
| 494.1    | 508.9    | 518.9    | 528.6    | 540.0    | 551.2    |
| 99.9     | 63.5     | 88.6     | 63.3     | 42.6     | 72.6     |

| FY2018  | FY2019  | FY2020  | FY2021  | FY2022  | FY2023  |
|---------|---------|---------|---------|---------|---------|
| 68.85   | 69.27   | 68.19   | 63.15   | 62.39   | 65.24   |
| 4.0     | 3.4     | 3.5     | 3.3     | 3.5     | 3.7     |
| 9.09    | 8.94    | 9.45    | 9.54    | 9.49    | 9.40    |
| 4,348.7 | 4,138.4 | 4,504.9 | 4,539.1 | 4,491.9 | 5,083.3 |
| 173.5   | 142.7   | 152.1   | 147.4   | 159.1   | 176.9   |
| 44.00   | 40.00   | 35.00   | 35.00   | 37.00   | 40.00   |
| 25.4    | 28.0    | 23.0    | 23.7    | 23.2    | 22.6    |

# 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 ..... 125,370,814股  
           第一次第5种优先股 ..... 53,726,000股  
 上市交易所：东京证券交易所（主板）  
                   札幌证券交易所

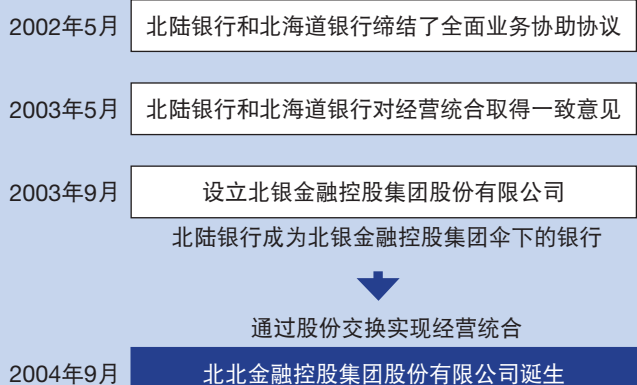
## 简介

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。



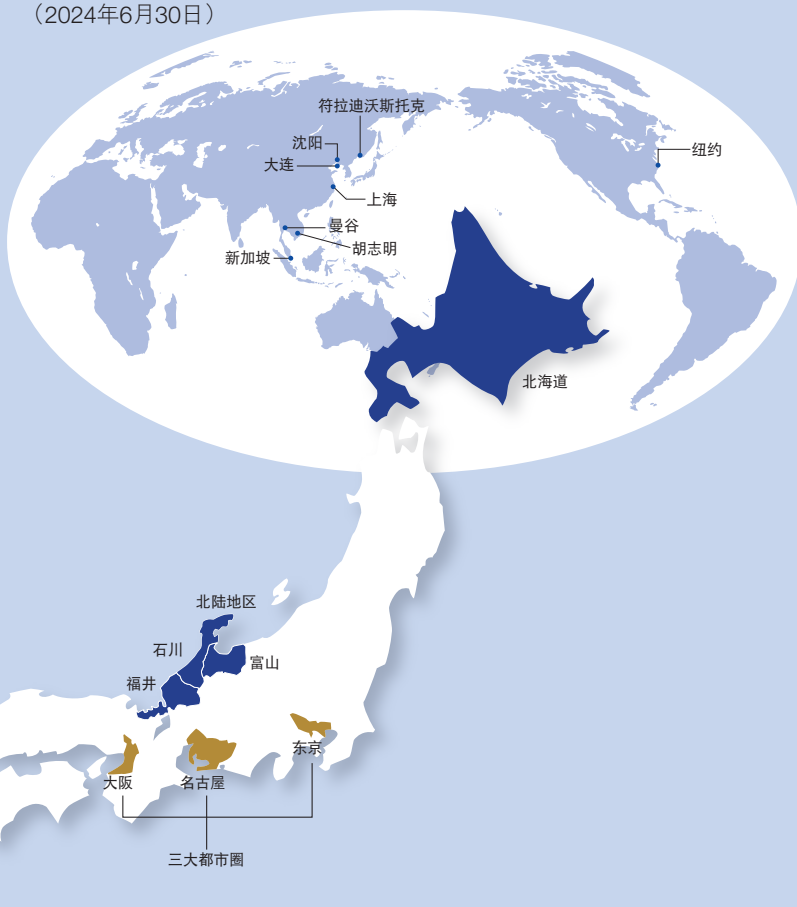
注：北银金融控股集团股份有限公司改名为北北金融控股集团股份有限公司。

北北金融集团的经营活动范围不是限于一个地域，而是在广泛的地域内展开着。

我们广泛的营业网点分布在下列地区范围内：

|                                |                   |
|--------------------------------|-------------------|
| <b>北陆地区</b> .....              | <b>151分行（或支行）</b> |
| 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）         |
| <b>北海道地区</b> .....             | <b>161分行（或支行）</b> |
| <b>三大都市圈</b> .....             | <b>16分行（或支行）</b>  |
| 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）          |
| <b>其他地区（仙台、新潟、长野、高山）</b> ..... | <b>4分行（或支行）</b>   |
| <b>海外</b> .....                | <b>8代表处</b>       |

- 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）
- （2024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，在此表示深深的感谢！

本公司集团的主营业务地区位于北陆三县，虽然2024年能登半岛地震的影响依然存在，但也能看到恢复和需求的复兴，以及北陆新干线敦贺延伸段带来的促进发展等效果，经营环境不断改善。同时，在北海道地区，个人消费、旅游业正在持续改善，以电子设备相关产业和环境相关产业为中心的新设备投资未来可期。

在这种情况下，关于第5次中期经营计划《Go forward with Our Region》中引进重点领域，特别设置了SX（可持续性发展转型）、DX（数字化转型）、人力资本经营等部门来专门应对，更快地促进合作。另外，为了满足客户多样化的咨询需求，在本公司集团内设立了北北咨询株式会社。

作为地方金融机构，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，为促进地区发展、实现本公司集团的成长而努力。

请大家一如既往地给予支持，谢谢！

董事长

中泽 宏

2024年7月

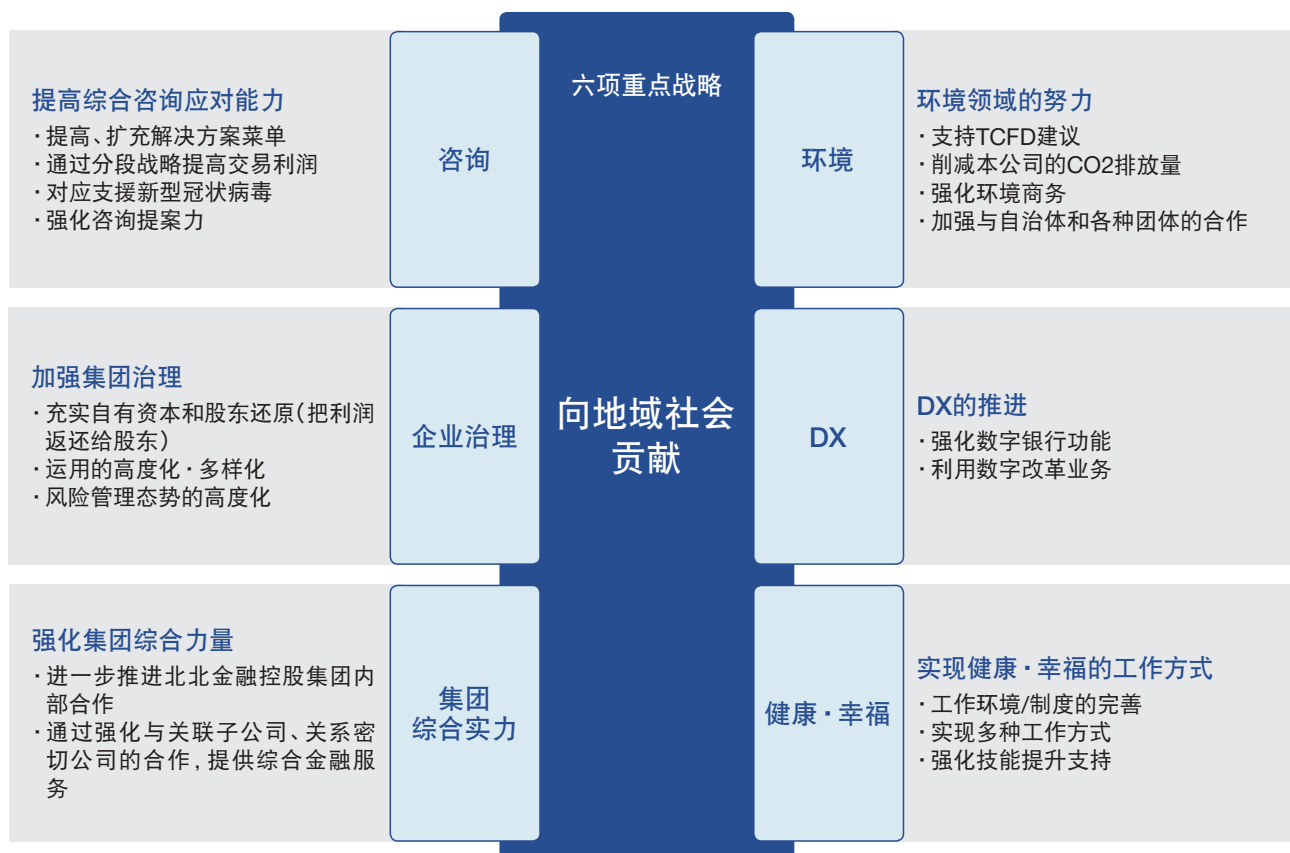
中期经营计划(2022年4月～2025年3月)

# 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

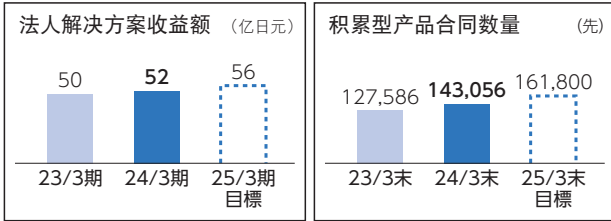
重点战略



重点指标

| 重点指标            | 2023年度         |               | 2024年度<br>(中期经营计划最后年度)   |
|-----------------|----------------|---------------|--------------------------|
|                 |                | 前期比           |                          |
| 合并本期净利润         | 230亿日元         | +16亿日元        | 250亿日元以上                 |
| 合并资本比率          | 9.40%          | -0.09%        | 9.5~9.9%                 |
| OHR             | 65.24%         | +2.85%        | 60~64%                   |
| 非利息收入比率(非利息收入额) | 15.98%(190亿日元) | -0.16%(-3亿日元) | 16.0~16.9%<br>(200亿日元以上) |
| 环境相关投融资执行额(累计)  | 2,295亿日元       | +821亿日元       | 2,100亿日元                 |

## 提高综合咨询应对能力



※累积投资信托・平准给付保险的合同对象数

| (件)          | 24/3期 |     | 25/3期目标 |
|--------------|-------|-----|---------|
|              | 前期比   |     |         |
| M&A・事业继承支援件数 | 389   | +34 | 450     |

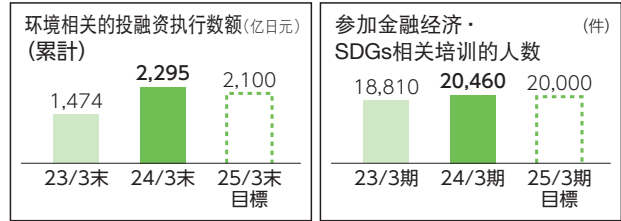
| (亿日元)  | 24/3末 |      | 25/3末目标 |
|--------|-------|------|---------|
|        | 前期比   |      |         |
| 存款资产余额 | 6,292 | +933 | 6,500   |

※2家银行的投资信托余额及TT证券存款资产余额的合计

| (件)            | 24/3期  |        | 25/3期目标 |
|----------------|--------|--------|---------|
|                | 前期比    |        |         |
| 信托、一次性支付保险合同件数 | 15,453 | +3,972 | 10,300  |

※信托类商品及一次性支付人寿保险的合同件数

## 环境领域的努力



| (t-CO <sub>2</sub> ) | 24/3期 |     | 25/3期目标 |
|----------------------|-------|-----|---------|
|                      | 前期比   |     |         |
| SDGs・环境相关服务利用件数(累计)  | 1,677 | △85 | 800     |

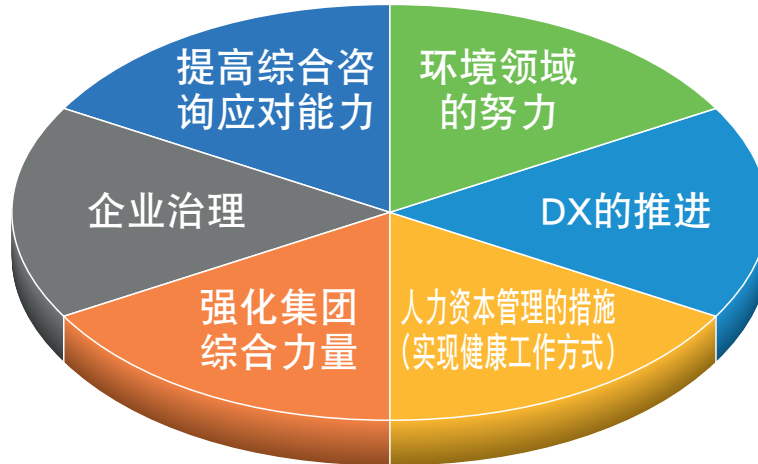
## DX的推进

| (对象)        | 24/3末   |          | 25/3末目标 |
|-------------|---------|----------|---------|
|             | 前期比     |          |         |
| IB・手机软件签约方数 | 876,255 | +165,869 | 950,000 |

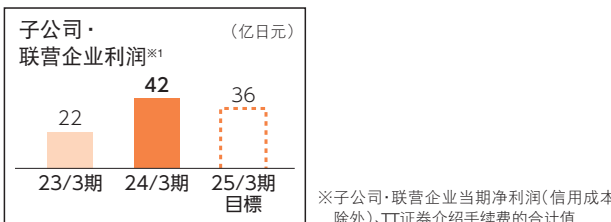
  

| (账户)  | 24/3末   |         | 25/3末目标 |
|-------|---------|---------|---------|
|       | 前期比     |         |         |
| 网银帐户数 | 365,478 | +77,500 | 470,000 |

## 六项重点战略



## 强化集团综合力量



※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

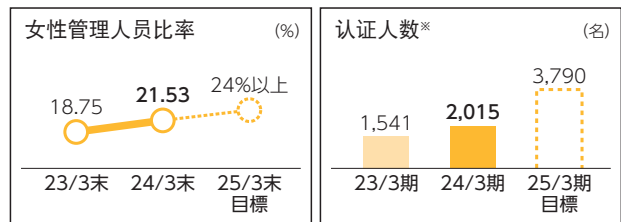
| (亿日元)     | 24/3末  |   | 25/3末目标 |
|-----------|--------|---|---------|
|           | 前期比    |   |         |
| 北海道地区贷款余额 | 33,063 | 0 | 34,412  |

| (件)              | 24/3期 |      | 25/3末目标 |
|------------------|-------|------|---------|
|                  | 前期比   |      |         |
| 北北金融控股集团内部合作实行件数 | 1,281 | △620 | 900     |

※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)

## 人力资本管理的措施(实现健康工作方式)



※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)

|              | 2024年 |        | 2023年<br>3月期 |
|--------------|-------|--------|--------------|
|              | 3月期   | 前期比    |              |
| 经常收益         | 1,901 | 22     | 1,878        |
| 经常利润         | 232   | -31    | 263          |
| 归属于母公司股东的净利润 | 230   | 16     | 214          |
| 资本充足率        | 9.40% | -0.09% | 9.49%        |

经常收益以股票等出售收益的增加和坏帐准备金返回收益的计提为主要原因而增加。经常费用由于以海外利率上升为主要原因的筹措资金费用的增加、国债等债券出售损失的增加、营业费用的增加而增加。

其结果,虽然经常利润减少了,但归属母公司股东的本期净利润由于退休福利信托解约利润的计提和支付的税费减少等而增加。

## 营业概况 (北陆银行,北海道银行)

(单位:亿日元)

|              | 2家银行合算       |       |              |
|--------------|--------------|-------|--------------|
|              | 2024年<br>3月期 | 前期比   | 2023年<br>3月期 |
| 经常收益         | 1,761        | 19    | 1,741        |
| 主营业务毛利润      | 1,188        | -10   | 1,198        |
| 经费(临时处理部分除外) | 775          | 27    | 747          |
| 主营业务净利润      | 413          | -37   | 450          |
| 扣除投资信托解约损益后  | 406          | -34   | 441          |
| 信贷相关成本       | -12          | -90   | 77           |
| 经常利润         | 228          | -41   | 269          |
| 本期净利润        | 267          | 37    | 230          |
| ROE          | 4.52%        | 0.53% | 3.99%        |

在北陆银行,主营业务毛利润以贷款利息和 有价证券利息的增加为主要原因而增加。经常利润由于信贷相关成本减少等而增加。本期净利润随着上年度的有税准备金的免税化,法人税等的减少而增加。

在北海道银行,主营业务毛利润在贷款利息和手续费及佣金等利益增加的同时,以有价证券利息减少为主要原因而减少。股票等损益增加的另一方面,由于国债等债券损益减少等原因,经常利润虽然减少了,但是由于退休福利信托解约的特别利润的计入,本期净利润与前期相比达到了相同水平。

(单位:亿日元)

|              | 北陆银行         |       |              |
|--------------|--------------|-------|--------------|
|              | 2024年<br>3月期 | 前期比   | 2023年<br>3月期 |
| 经常收益         | 1,008        | 36    | 972          |
| 主营业务毛利润      | 668          | 15    | 652          |
| 经费(临时处理部分除外) | 408          | 13    | 394          |
| 主营业务净利润      | 259          | 1     | 258          |
| 扣除投资信托解约损益后  | 253          | 4     | 249          |
| 信贷相关成本       | 0            | -93   | 93           |
| 经常利润         | 151          | 5     | 145          |
| 本期净利润        | 182          | 39    | 143          |
| 资本充足率        | 9.12%        | 0.06% | 9.06%        |
| ROE          | 4.75%        | 0.88% | 3.87%        |

(单位:亿日元)

|              | 北海道银行        |        |              |
|--------------|--------------|--------|--------------|
|              | 2024年<br>3月期 | 前期比    | 2023年<br>3月期 |
| 经常收益         | 752          | -16    | 769          |
| 主营业务毛利润      | 520          | -25    | 546          |
| 经费(临时处理部分除外) | 366          | 13     | 353          |
| 主营业务净利润      | 153          | -39    | 192          |
| 扣除投资信托解约损益后  | 153          | -39    | 192          |
| 信贷相关成本       | -13          | 3      | -16          |
| 经常利润         | 77           | -47    | 124          |
| 本期净利润        | 85           | -1     | 87           |
| 资本充足率        | 8.97%        | -0.02% | 8.99%        |
| ROE          | 4.06%        | -0.17% | 4.23%        |



Hokuhoku Financial Group, Inc.