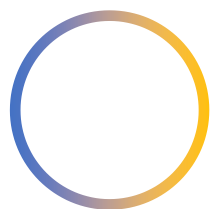


Medium-term Management Plan

Go forward

with Our Region

(FY2022~FY2024)



Hokuhoku Financial Group, Inc.

1. Outline of the Medium-term Management Plan

- 1-1 External environment
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2. Strategic priorities

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- 2-3 Promotion of Digital Transformation
- 2-4 Well-being work style
- 2-5 Strengthening group comprehensive capabilities
- 2-6 Strengthening governance



1. Outline of the Medium-term Management Plan

1-1 External environment

Assumed future

Society

- The problem of population decline
- The rise of digital natives
- Changes in lifestyle
- Diversity
- Transition to a decarbonized society

Economy

- Regional economy shrinking
- Widening regional disparities
- Labor shortage
- Changes in industrial structure
- Continuation of low interest rates

Technology

- Digital transition
- Cashless progress
- Expansion of AI utilization
- Entry from different industries

Request to our company

Community

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

Customer

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

Employee

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

Shareholders

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

1-2 Long-term vision and strategy

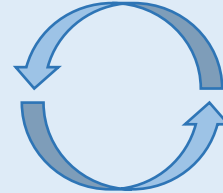
Long-term vision

Sustainable growth together with local communities and customers through problem solving

To be attractive

- ✓ Development of regional economy and industry
- ✓ Comfortable and prosperous life
- ✓ Sustainable society

Local communities and customers



Hokuhoku FG

To be attractive

- ✓ Selected and loved company
- ✓ Active and diverse human resources
- ✓ Improving shareholder value and corporate value

Long-term strategy

Solving more challenges by expanding business domain

- Providing the best consulting services in the region
- Improving services utilizing digital technologies
- Diversification of services by expanding business domain

Strengthening sales force

Strengthening profitability

Developing a corporate culture through the active participation of employees

- Create a workplace where diverse human resources can play an active role
- Increase work satisfaction and pride in work
- Creation of highly specialized personnel

Developing a corporate culture

Long-term vision

Building a business base

Investing in human resources

Building a management base that supports sustainable growth

- Realization of efficient group management structure
- Building a sales system with an eye on the future
- Improve productivity through business reforms

1-3 Outline of the Plan

Practice of management philosophy

Long-term vision

Sustainable growth together with local communities and customers through problem solving

Medium-term Management Plan (FY2022~FY2024)

Title

Go forward with Our Region

Positioning

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

Improvement of comprehensive consulting ability

- Sophistication and expansion of solution menu
- Improvement of transaction profitability by segment strategy
- Strengthening support for COVID-19
- Strengthening proposal capability

6 crucial strategies

Consulting

Environmental field

Initiatives in the environmental field

- Response to TCFD recommendations
- Reduce our company's CO2 emissions
- Strengthen solutions to business partners
- Strengthen cooperation with local governments and various entities

Strengthening governance

- Enhancement of equity capital and shareholder returns
- Sophistication and diversification of operations
- Advanced risk management system

Governance

Digital Transformation

Promotion of Digital Transformation

- Strengthen digital banking function
- Business reform utilizing digital technologies

Contribution to the local community

Strengthening group comprehensive capabilities

- Expansion of resource sharing between the two banks
- Providing comprehensive financial services in collaboration

Group comprehensive capabilities

Well-being

Well-being work style

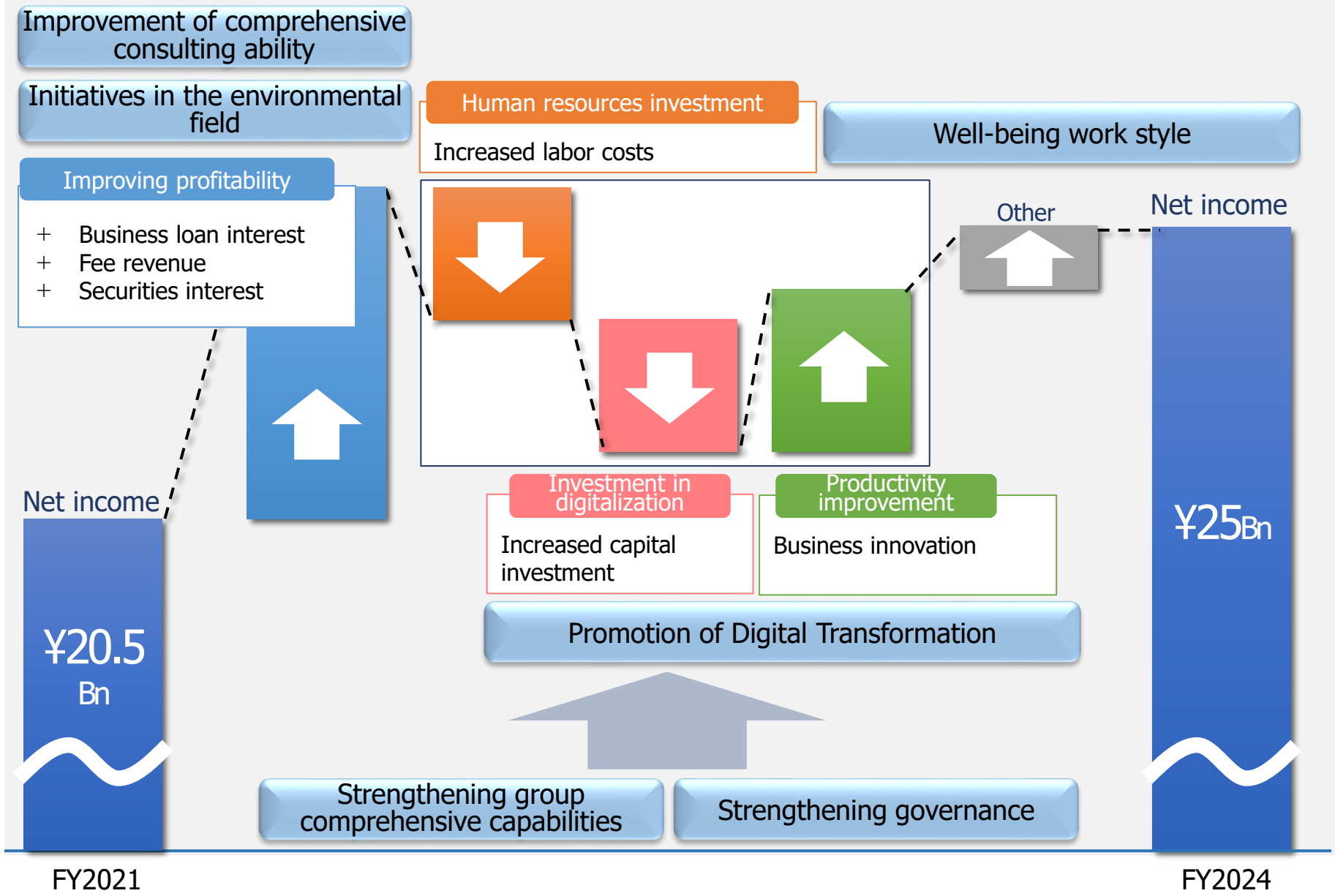
- Improvement of working environment
- Realization of diverse work styles
- Improving the skills of executives and employees

1-4 Key indicators

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

*Total of two banks

1-5 Roadmap for financial target



FY2021

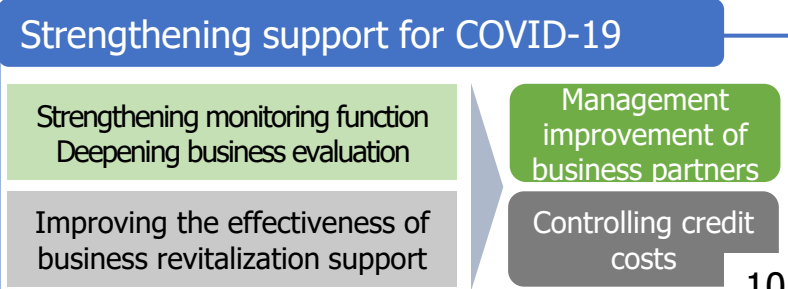
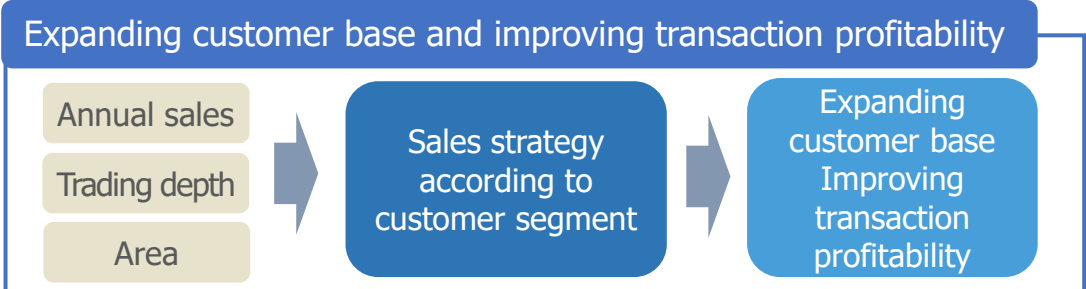
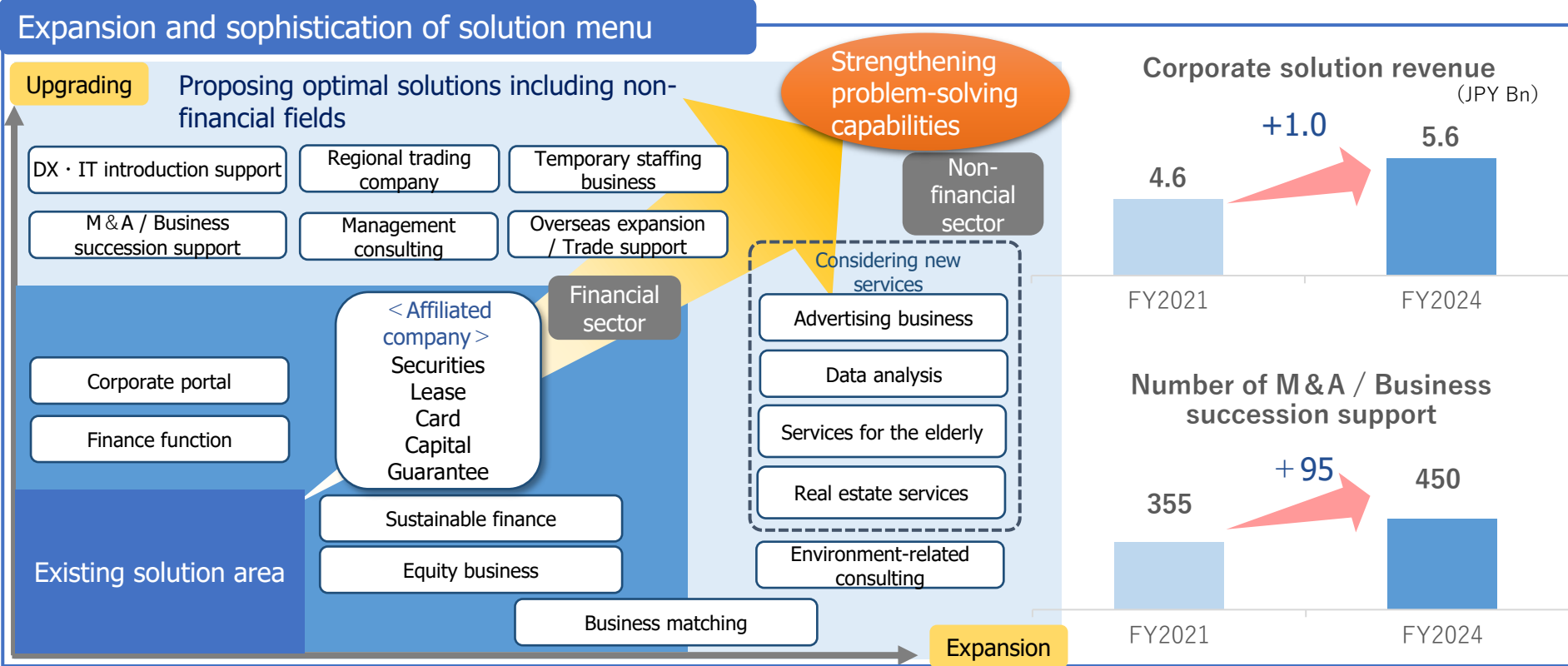
FY2024

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2 . Strategic priorities

2-1 Improvement of comprehensive consulting ability

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

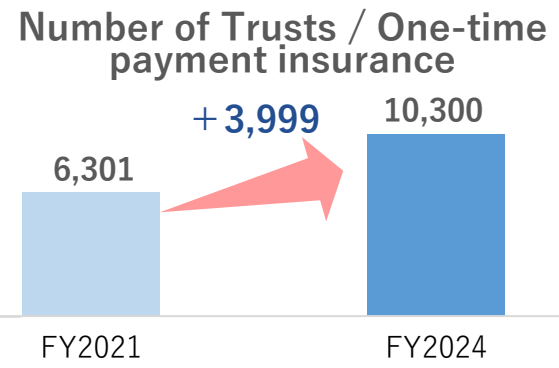
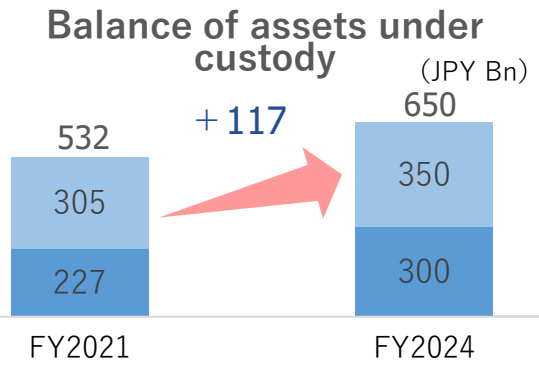
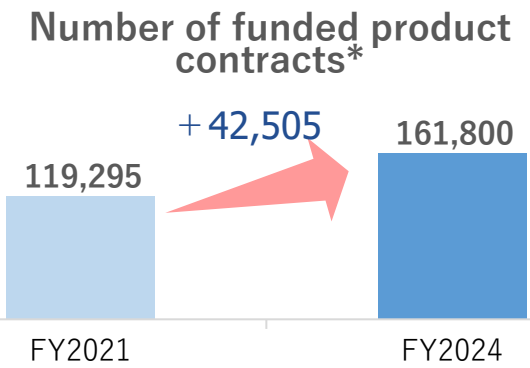


2-1 Improvement of comprehensive consulting ability

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



- Suggestion**
- Active generation:**
 - Asset formation support based on life planning
 - Establishing a consultation system tailored to lifestyle
 - Retirement generation:**
 - Asset management support based on retirement planning
 - Practice of portfolio proposals according to risk tolerance
 - Responding to diverse needs by cooperating with affiliated company
 - Senior / Wealthy class:**
 - Fostering professional human resources
 - Consulting utilizing trusts and reverse mortgages
 - Expansion of non-financial consulting menu



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

■ Investment trust balance
■ Assets under custody by affiliated company

2-2 Initiatives in the environmental field

- ◆ In anticipation of a carbon-free society, implement in-house efforts in advance
- ◆ Contribute to the decarbonization of the region by improving the corporate value of our business partners
- ◆ Collaborate with stakeholders and lead regional initiatives

Aiming to become an environmentally advanced financial group

Actively promote research and disclosure in line with TCFD recommendations



Feb. 2021 Supported TCFD recommendations

- July 2021 Raised our target of CO2 emissions
- Nov. 2021 The "Sustainability Promotion committee" was newly established



Sophistication of governance
Strengthening strategy and risk management by conducting scenario analysis

Strengthen cooperation with local governments and various entities

Contribute to the realization of sustainable local communities in collaboration with stakeholders



Number of participants in financial economy / SDGs related education



Cooperation with the region

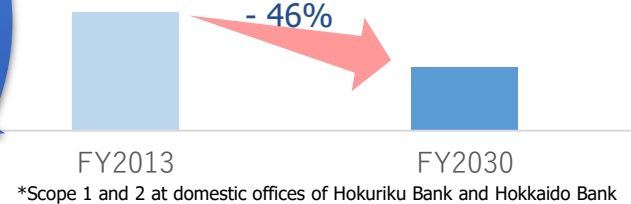
In-house efforts

Support for business partners

Reduce our company's CO2 emissions

Aiming for early realization of the 2030 reduction target

CO2 emissions* (t-CO2)

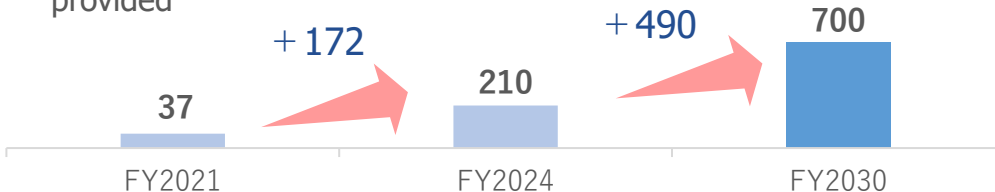


*Scope 1 and 2 at domestic offices of Hokuriku Bank and Hokkaido Bank

Strengthen solutions to business partners

Amount of environmental finance and investment provided

(JPY Bn)



Number of SDGs / environment-related services used



2-3 Promotion of Digital Transformation

- ◆ Expanding and evolving digital banking functions with the aim of providing more convenient and familiar services for customers
- ◆ Improve efficiency through digital business reforms and realize sophisticated customer services

Our goal

Providing new value and experience to all stakeholders by utilizing digital technology and drastically transforming operations and services

Change the behavior of customers and employees

Safe and convenient procedure for anyone, anytime, anywhere

- Simpler and easier to use
- Services offered at our branches are also available on our app

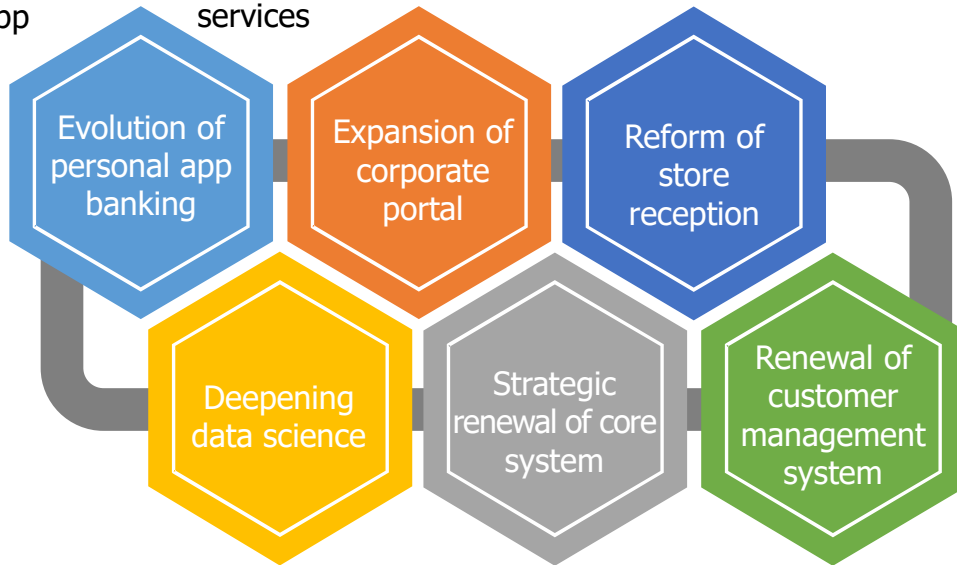
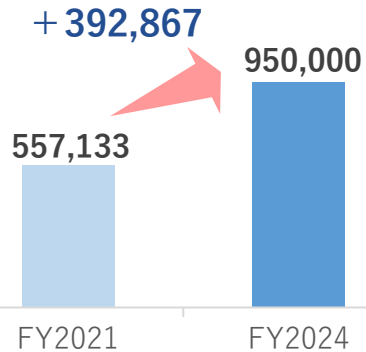
Transform business communication and become a closer partner

- Aim for the entrance to all services, including non-financial services

Transform the roles of employees by minimizing simple office work and improve services

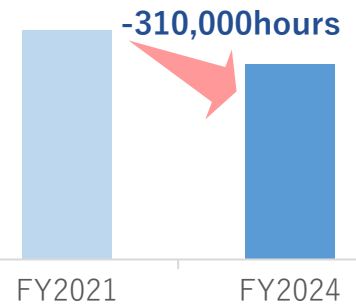
- From clerical professionals to consulting professionals

Number of IB / App subscribers



Reduction effect equivalent to 150 employees

Office work reductions time



Capture customer's thoughts and needs with data

- Personalized proposals
- Automation and sophistication of various monitoring

Taking on the challenge of further cost reduction while ensuring stability and reliability

- Promotion of investment in strategic areas

Centralized and comprehensive management and utilization of information

- Promptly respond to customers' needs and realize useful proposals

2-4 Well-being work style

◆ Build a work environment where employees can experience well-being in order to create a strong organization that realizes sustainable growth

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

Improving work satisfaction

Strong organization that realizes sustainable growth

Service / productivity improvement

Well-being work style

Performance improvement

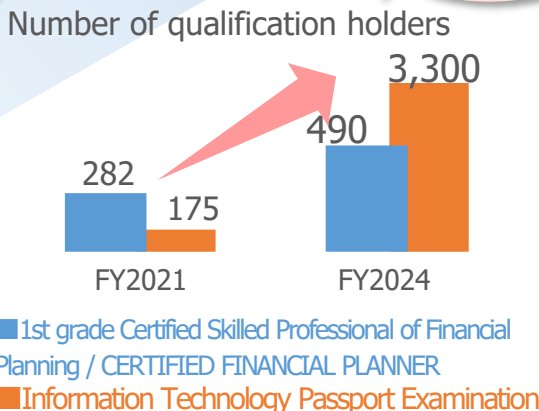
Skill improvement

Investing in human resources

Improved ease of work

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

Female manager ratio 20% or more (FY2024)



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

2-4 Well-being work style

- ◆ We will build new headquarters buildings, which will be our symbol, in Sapporo and Toyama to create a comfortable office environment.
- ◆ Further improve productivity by responding to the diverse work styles of staff. In addition, we will achieve both business continuity and environmental friendliness.

"Hokuhoku Sapporo Building"

Hokkaido Bank Headquarters Building /
Hokuriku Bank Sapporo Branch

Location : Sapporo

Scheduled to be completed in 2024



"Hokuhoku FG headquarters building"

Hokuriku Bank headquarters building

Location : Toyama

Scheduled to be completed in 2026

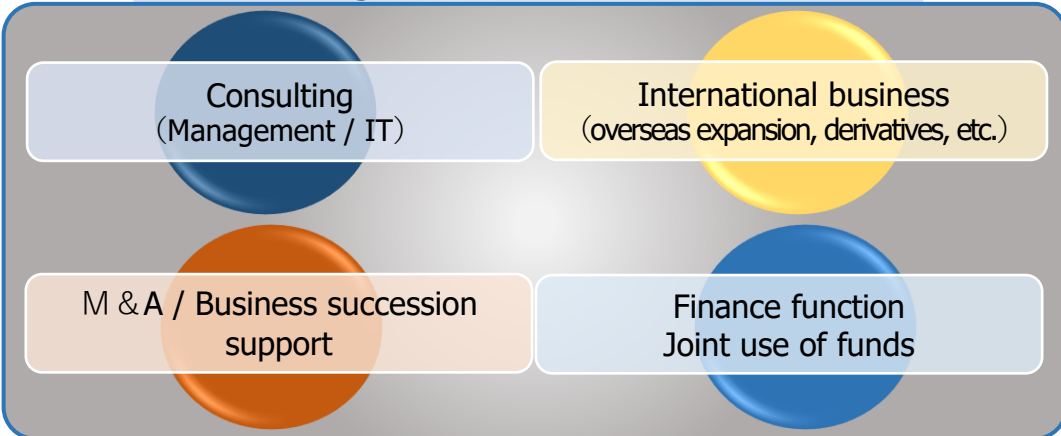
2-5 Strengthening group comprehensive capabilities

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

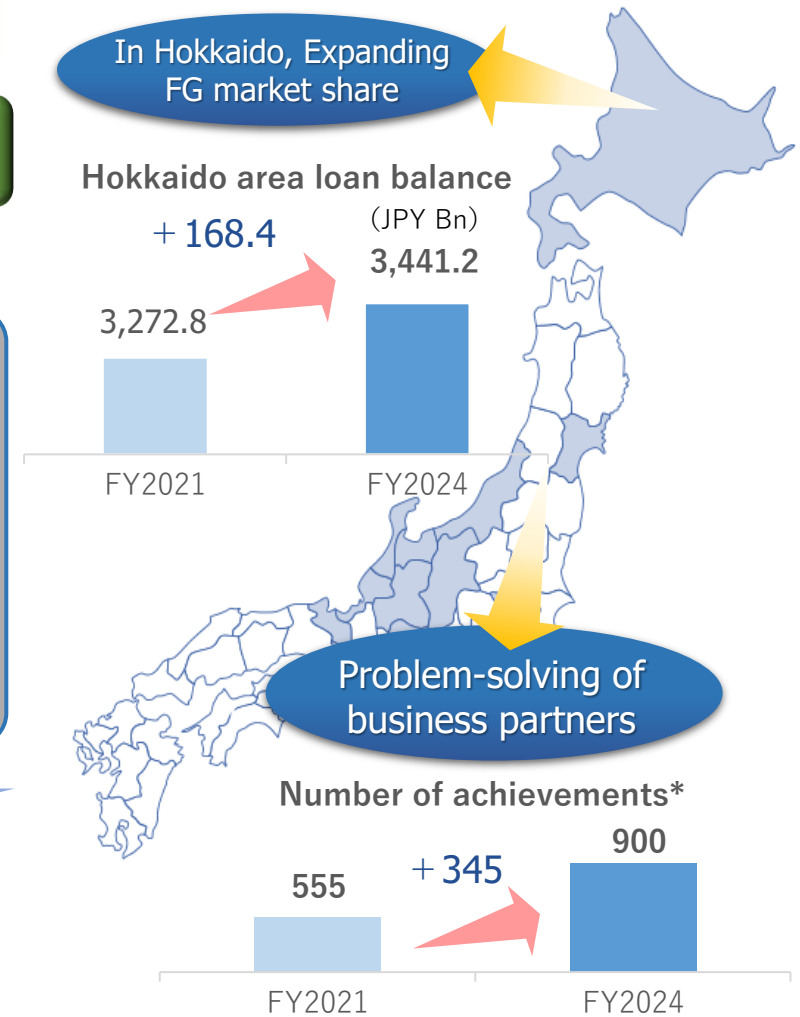
Support for both banks' business partners



Further sharing of resources between the two banks



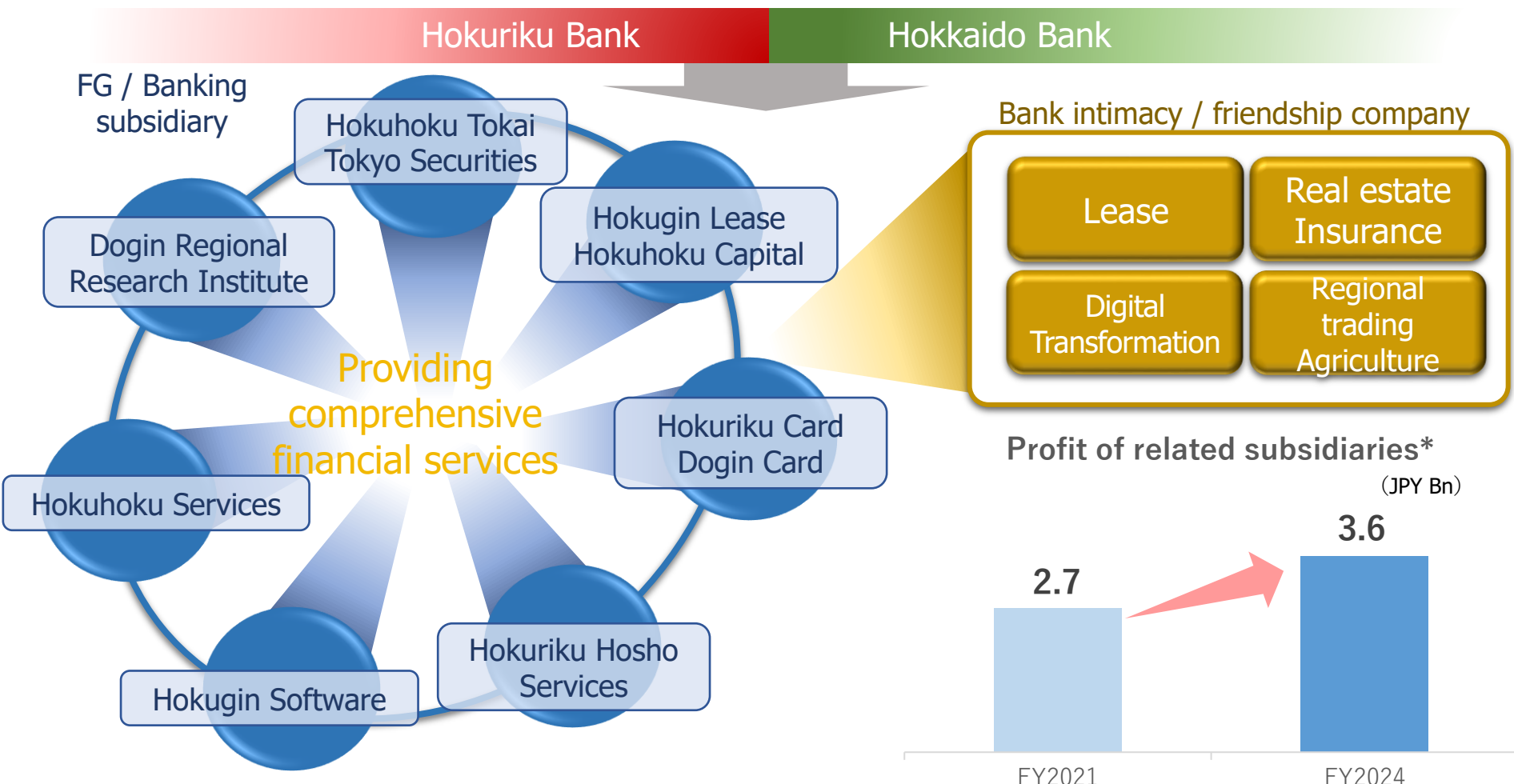
Expansion of resource sharing between the two banks



*Co-financing within the group, wide area business matching, etc.

2-5 Strengthening group comprehensive capabilities

- ◆ Expansion of group profits by utilizing resources of related subsidiaries
- ◆ Providing comprehensive financial services in collaboration with intimate friendship companies



Respond to a wide range of needs

* Total of related subsidiaries Net income (excluding credit costs), and Hokuhoku Tokai Tokyo Securities Referral Fee

2-6 Strengthening governance

- ◆ Enhancement of equity capital and shareholder returns by improving profitability
- ◆ Sophistication and diversification of operations by utilizing "RAF"
- ◆ Response to diversifying risks via sophistication of risk management system

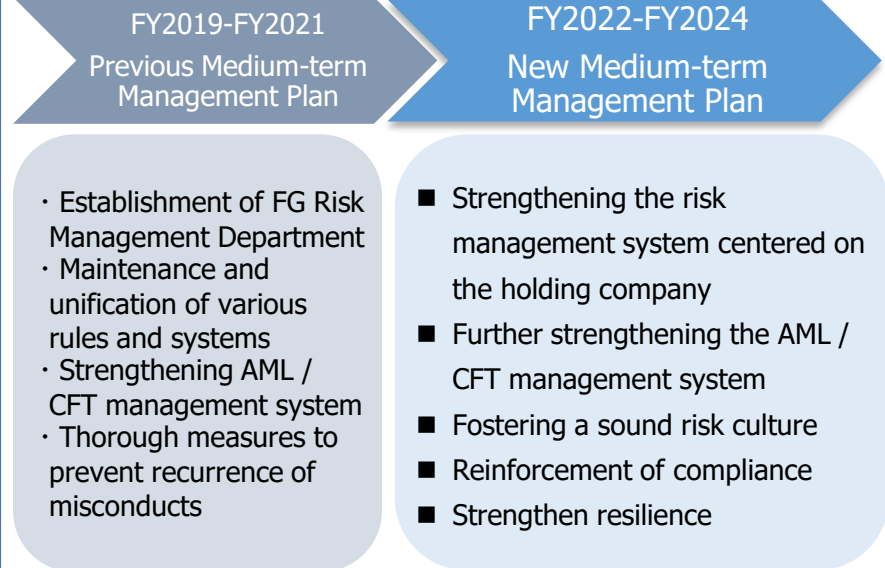
Enhancement of equity capital and shareholder returns

- Steady accumulation of retained earnings
- Redemption of preferred stock
- Reduction of strategically held shares through dialogue



* Includes redemption and dividends of preferred stock

Advanced risk management system



Sophistication and diversification of operations

- **Utilization of "RAF"**
Portfolio construction based on risk appetite policy
- **Diversification of investment and expansion of new investment destinations**
Equity fund / Structured finance
Sustainable and environment-related investment
- **Pursuit of group synergies**
Examination of business collaboration between the two banks' market divisions
Investment policy, market analysis, sharing of new investment fields
Early development of professional human resources

Responding to various risks

- **Look ahead and properly grasp the risk**
Utilization of various simulations and stress tests
- **Strengthening risk visualization and root cause analysis**
Understanding and monitoring essential problems and potential risks
- **Response to new risks**
System renewal , cyber security response, climate change risk

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