

Investor Meeting

Interim Results for FY 2020

(Ended September 30, 2020)



Hokuhoku Financial Group, Inc.



The Hokuriku bank, Ltd.



The Hokkaido bank, Ltd.

Table of Contents

• Introduction (Profile)	•••••	1		
【 I . Interim Results for FY 2020】			【 II . Management Strategy】	
• Summary of Financial Results	•••••	3	• Medium-term Management Plan	••••• 13
• Net Interest Income	•••••	5	• Responding to COVID-19	••••• 14
• Interest Yields	•••••	6	• Strategy for corporate customers	••••• 15
• Securities Portfolio	•••••	7	• Strategy for individual customers	••••• 16
• Net Fee and Commission Income	•••••	8	• Digitalization & Fintech strategy	••••• 18
• G&A Expenses	•••••	9	• Community revitalization strategy	••••• 19
• Non-Performing Loan • Net Credit Costs	•••••	10	~Initiatives for ESG/SDGs~	
• Capital Adequacy ratio • ROE	•••••	11	• Hokuhoku Financial Group cooperation strategy	••••• 23
• Earnings Forecast	•••••	12	【Appendix】	



“Hokuhoku Financial Group SDG’s Declaration” (April 1, 2019)

Based on the management philosophy “Prospering together with the region”, “Fair & Steady Management” and “Progressive & Innovative Services,” Hokuhoku Financial Group aims to improve the sustainability of the local economy and community by actively working on “SDG’s” activities advocated by the United Nations.

“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.



Management Philosophy

Left: **Eishin Ihori**
President

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

Right: **Masahiro Sasahara**
Deputy President

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

Prospering together with the region: We execute social mission to prosper mutually with customers and local community.

Fair & Steady Management: We aim at fair and steady management to respond to social confidence.

Progressive & Innovative Services: We pursue creativity and innovation in vital workplace to provide attractive services.



ほくほくフィナンシャルグループ Hokuhoku Financial Group, Inc.

Incorporation : 2003

Location of head office : Toyama City, Toyama

Capital : ¥ 70.8 billion

Capital adequacy ratio : (consolidated) 9.32 %

Ratings : A (R&I)



The Hokuriku bank, Ltd.



Incorporation : 1943 (founded in 1877)

Location of head office : Toyama City, Toyama

Branches : Domestic 188 (145 branches, 43 sub-branches)

Overseas 6

Employees : 2,506

Capital : ¥ 140.4 billion

Capital adequacy ratio : (non-consolidated) 9.00 %

Ratings : A (R&I) • A- (S&P)



The Hokkaido bank, Ltd.



Incorporation : 1951

Location of head office : Sapporo City, Hokkaido

Branches : Domestic 144 (136 branches, 8 sub-branches)

Overseas 3

Employees : 2,269

Capital : ¥ 93.5 billion

Capital adequacy ratio : (non-consolidated) 9.06%

Ratings : A (R&I)

I . Interim Results for FY 2020

Summary of Financial Results

Consolidated ordinary profits increased by ¥0.7Bn from the previous interim period to ¥18.1Bn, mainly due to a decrease in expenses and credit costs, and consolidated net income increased by ¥1.3Bn from the previous interim period to ¥13.0Bn.

FY2020 1H Profit and loss

(JPY Bn)

【Hokuhoku FG consolidated】	Plan	Result	change	compared to plan
Ordinary profits	18.0	18.1	0.7	0.1
Net income attributable to owners of the parent	13.0	13.0	1.3	0.0

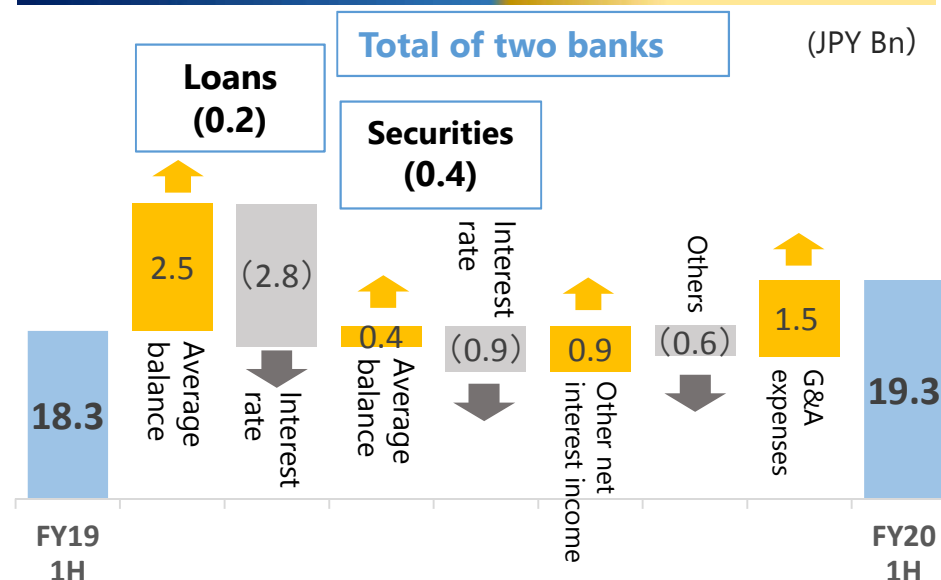
【Total of two banks】	Plan	Result	change	compared to plan
Core gross business profits	60.0	60.9	(0.4)	0.9
Net interest income		52.9	0.1	
Loans		41.8	(0.2)	
Securities		11.2	(0.4)	
Net fees & commissions		7.3	(0.6)	
Net trading income		0.0	0.0	
Net other income(※1)		0.5	0.0	
G&A expenses(-)	43.0	41.5	(1.5)	(1.4)
Core net business profits	17.0	19.3	1.0	2.3
Core net business profits(※2)		17.9	0.9	
Gains (losses) related to bonds		2.1	(1.6)	
Net business profits (※3)		21.5	(0.5)	
Net transfer to general allowance for loan losses(-)		0.9	(0.2)	
Other non-recurring gains (losses)		(1.8)	1.3	
Credit related costs (-)		3.5	(0.4)	
Gains (losses) related to stocks		1.8	1.3	
Ordinary profits	13.5	18.7	0.9	5.2
Net extraordinary gains (losses)		(0.3)	0.3	
Income taxes (-)		4.2	(0.3)	
Net income	9.5	14.1	1.6	4.6
Net credit costs (-)	5.5	4.4	(0.6)	(1.0)

※1: Excluding gains (losses) related to bonds

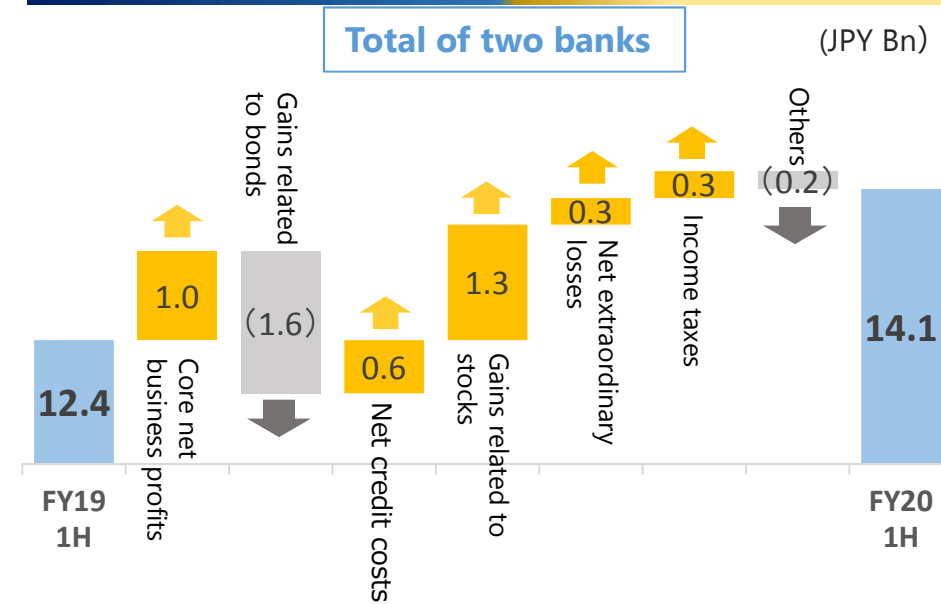
※2: Excluding gains(losses) related to cancellation of investment trusts included in net interest on securities

※3: Before provision (reversal) of general allowance for loan losses

Factors contributing to change in core net business profits



Factors contributing to change in net income



FY2020 1H Profit and loss

(JPY Bn)

	Hokuriku Bank		Hokkaido Bank	
		change		change
Core gross business profits	32.9	(0.4)	28.0	(0.0)
Net interest income	27.7	0.0	25.2	0.0
Loans	21.2	(0.2)	20.6	(0.0)
Securities	6.7	(0.3)	4.4	(0.1)
Net fees & commissions	4.7	(0.4)	2.6	(0.2)
Net trading income	0.0	0.0	-	-
Net other income(※1)	0.3	(0.0)	0.2	0.1
G&A expenses(-)	22.1	(0.9)	19.3	(0.5)
Personnel	11.0	(0.4)	8.7	(0.2)
Non-personnel	9.3	(0.5)	9.0	(0.3)
Taxes	1.7	0.0	1.5	0.0
Core net business profits	10.7	0.4	8.6	0.5
Core net business profits(※2)	9.8	0.2	8.1	0.7
Gains(losses)related to bonds	1.8	(0.6)	0.3	(0.9)
Net business profits(※3)	12.5	(0.2)	8.9	(0.3)
Net transfer to general allowance for loan losses(-)	0.8	(0.2)	0.1	0.0
Other non-recurring gains (losses)	(1.0)	0.7	(0.8)	0.5
Credit related costs(-)	2.5	(0.6)	0.9	0.2
Gains(losses) related to stocks	1.2	0.8	0.5	0.4
Ordinary profits	10.6	0.7	8.0	0.1
Net extraordinary gains(losses)	(0.3)	0.3	(0.0)	0.0
Income taxes(-)	1.9	(0.7)	2.2	0.3
Net income	8.4	1.8	5.7	(0.1)
Net credit costs(-)	3.3	(0.8)	1.0	0.2

※1: Excluding gains (losses) related to bonds

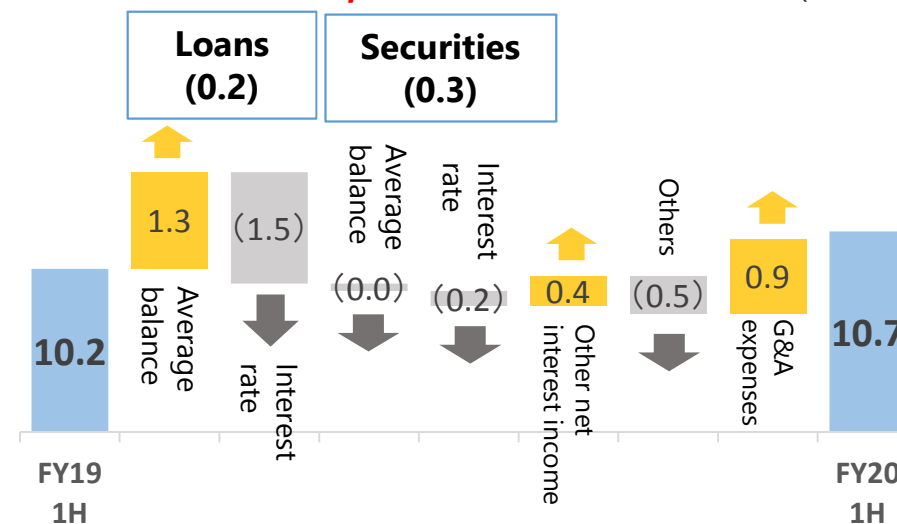
※2: Excluding gains(losses) related to cancellation of investment trusts included in net interest on securities

※3: Before provision (reversal) of general allowance for loan losses

Factors contributing to change in core net business profits

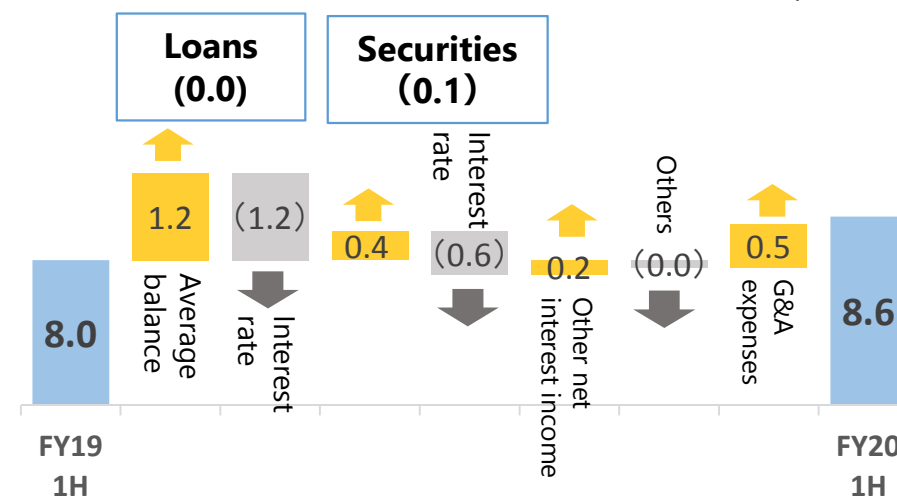
The Hokuriku bank, Ltd.

(JPY Bn)



The Hokkaido bank, Ltd.

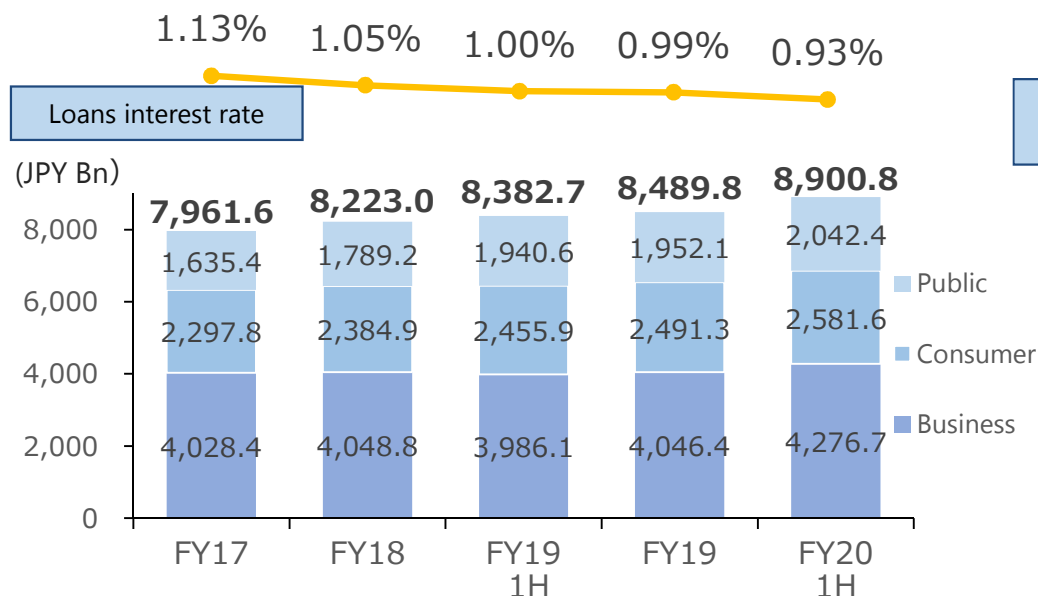
(JPY Bn)



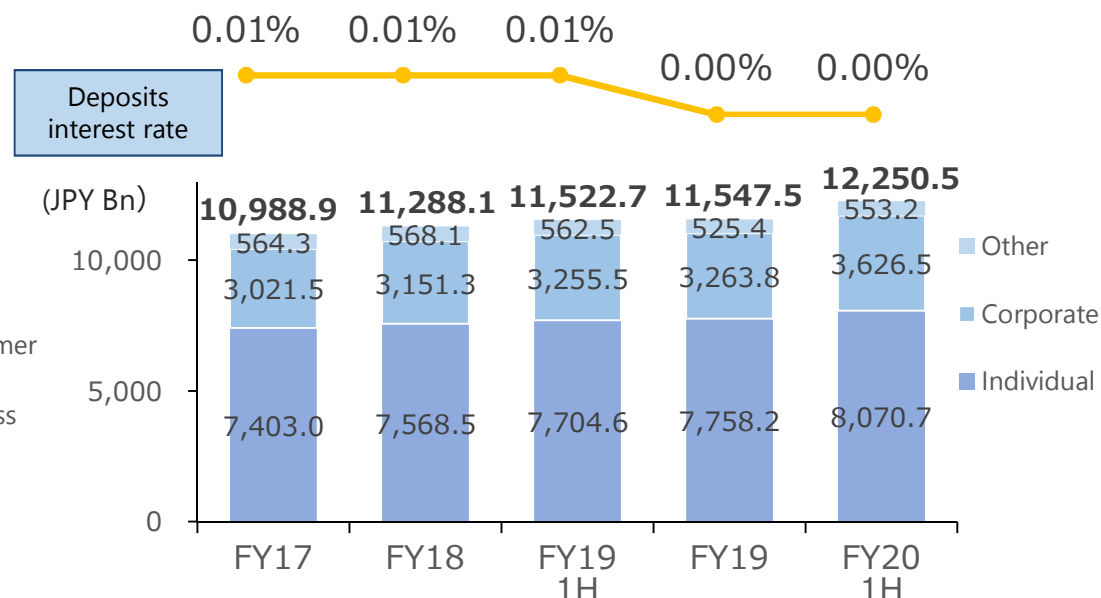
Net Interest Income

Net interest income of the two banks increased by ¥0.1Bn from the previous fiscal year to ¥52.9Bn due to an increase in the balance of business loans and consumer loans.

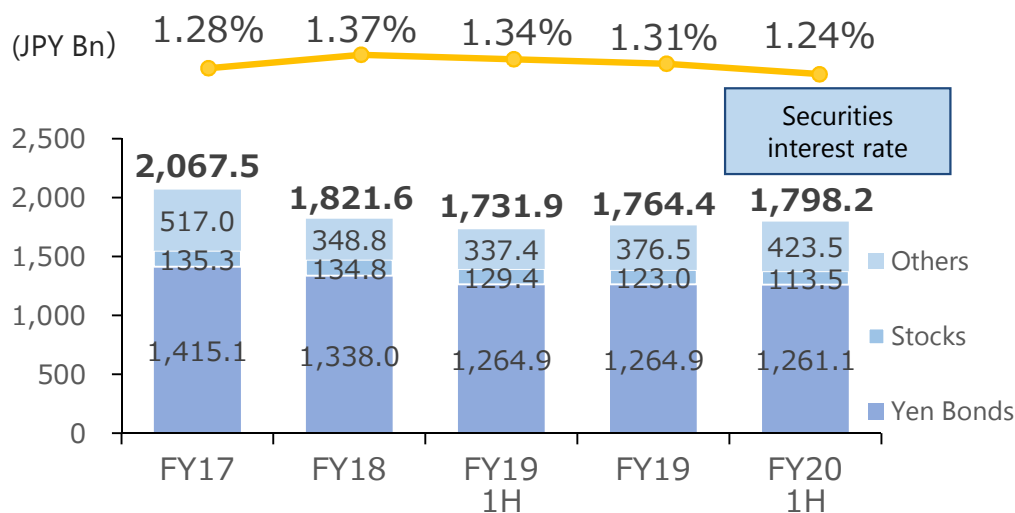
Ave. balance and rate of Loans



Ave. balance and rate of deposits



Ave. balance and rate of securities



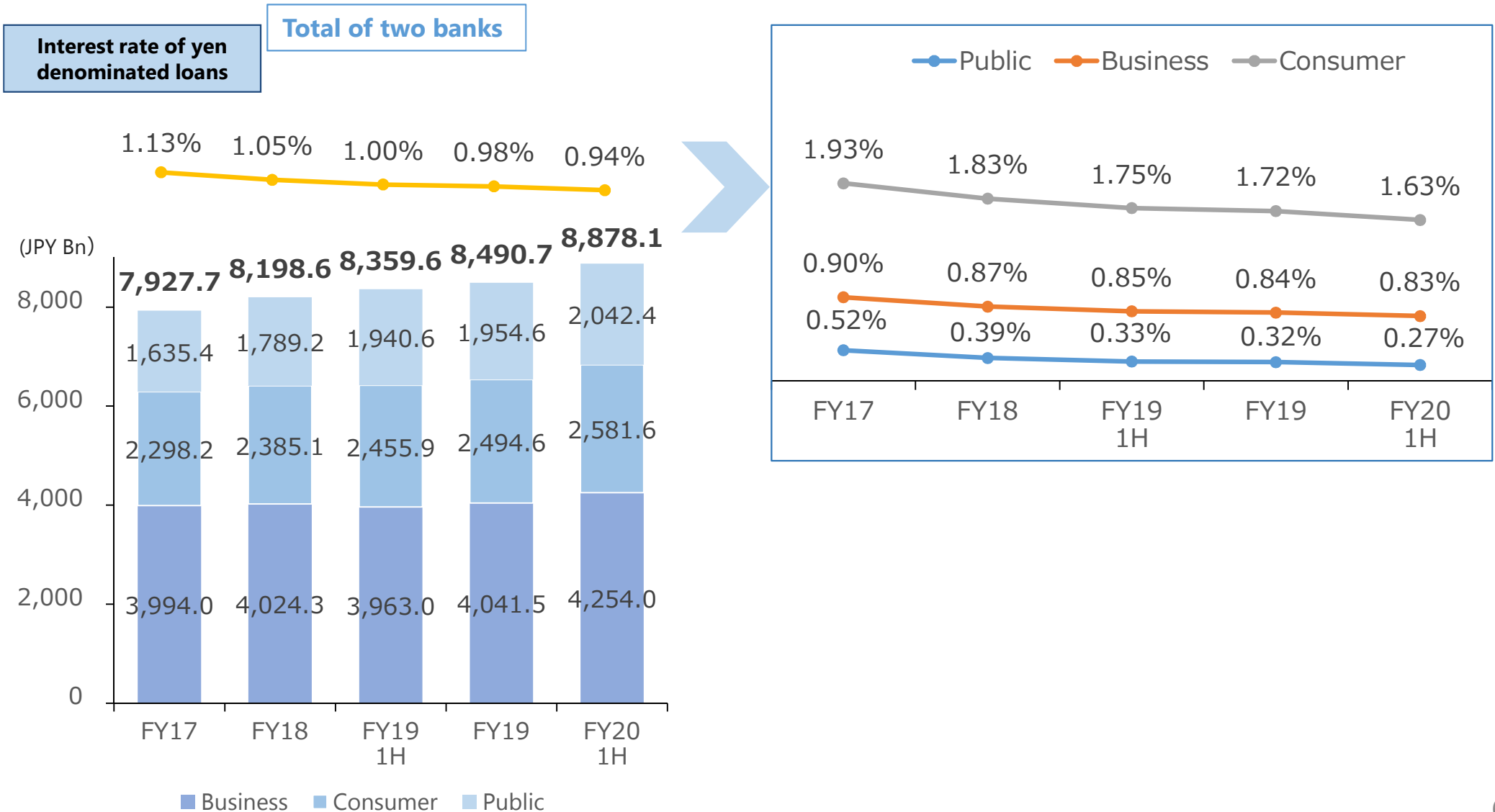
Net Interest Income

FY20 1H	Total of two banks		Hokuriku bank		Hokkaido bank	
	change		change		change	
Net interest income	52.9	0.1	27.7	0.0	25.2	0.0
Loans	41.8	(0.2)	21.2	(0.2)	20.6	(0.0)
Avg.balance	8,900.8	518.1	5,035.1	298.2	3,865.6	219.8
Avg.rate	0.93%	(0.07%)	0.84%	(0.06%)	1.06%	(0.07%)
Deposits(-)	0.3	(0.2)	0.2	(0.1)	0.1	(0.0)
Avg.balance	12,250.5	727.8	7,050.0	398.1	5,200.5	329.7
Avg.rate	0.00%	(0.01%)	0.00%	△0.01%	0.00%	0.00%
Securities	11.2	(0.4)	6.7	(0.3)	4.4	(0.1)
Avg.balance	1,798.2	66.3	1,086.5	(6.9)	711.7	73.2
Avg.rate	1.24%	(0.10%)	1.24%	(0.05%)	1.23%	(0.20%)

Interest Yields

The decline in yields on business loans is gradually slowing down.

Ave. balance and interest rate of yen denominated loans and deposits

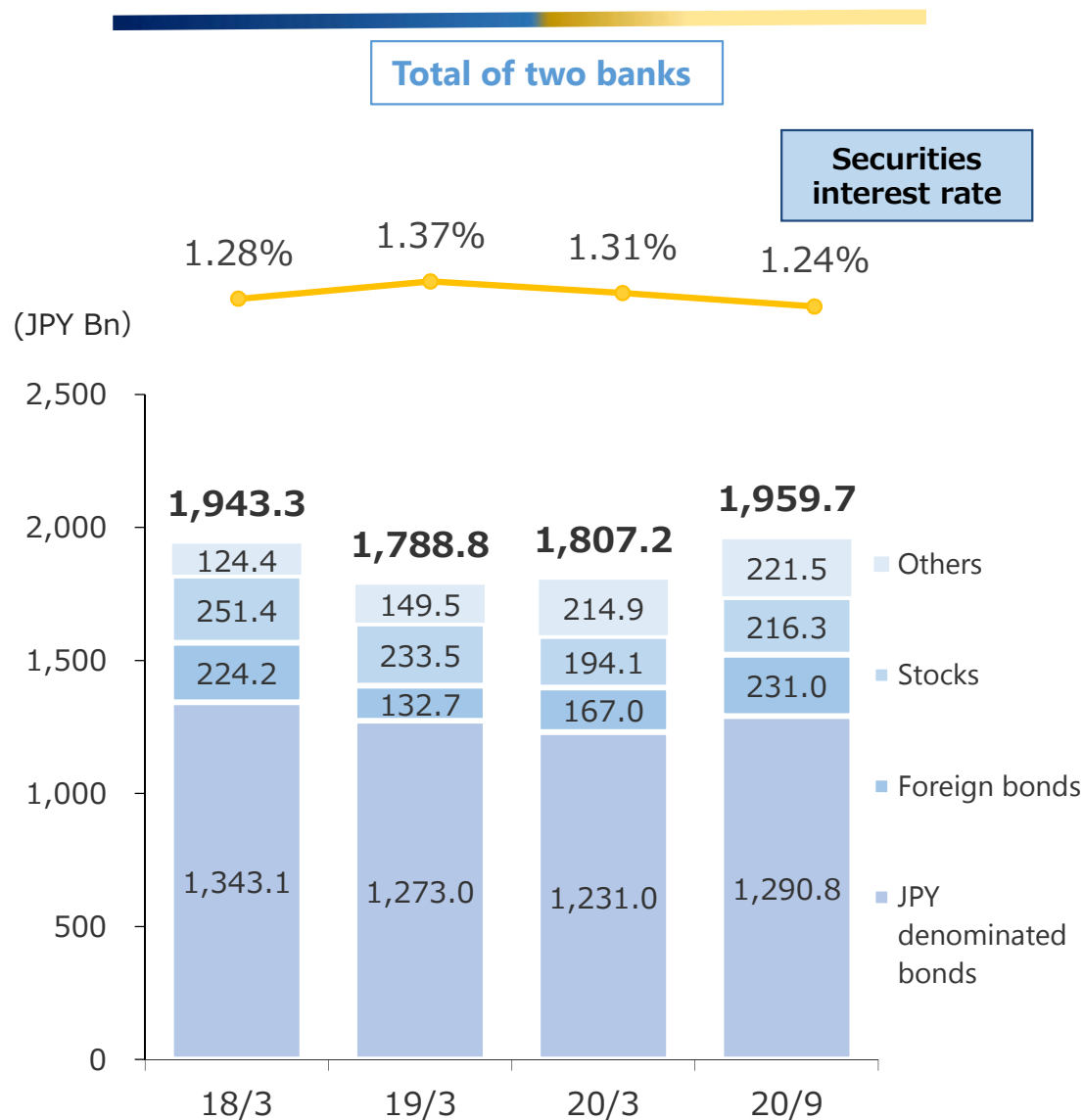


Securities Portfolio

The balance of securities increased by ¥152.5Bn to ¥1,959.7Bn mainly due to the increase in the balance of foreign bonds and local bonds.

Valuation difference of Available-for-sale Securities increased by ¥36.0Bn to ¥112.7Bn, due to an increase in valuation gains on stocks.

Balance of securities



Revenue and Valuation difference

Total of two banks

	FY20		FY19
	1H	change	1H
Securities interest	11.2	(0.4)	11.6
Bonds	3.1	(1.0)	4.2
Stocks	2.9	0.1	2.8
Others	5.0	0.3	4.6
Net sale profit/loss	3.9	(0.2)	4.2
Bonds	2.1	(1.6)	3.7
Stocks	1.8	1.3	0.4
Valuation difference of Available-for-sale Securities	112.7	36.0	76.7
Bonds	5.3	(1.4)	6.7
Stocks	105.0	30.2	74.8
Others	2.3	7.2	(4.8)

(JPY Bn)

Duration of yen denominated bonds

Total of two banks

	(year)			
	18/3	19/3	20/3	20/9
	3.08	3.08	4.46	5.02

Net Fee and Commission Income

Net fees and commissions decreased by ¥0.6Bn from the previous interim period to ¥7.3Bn mainly due to preventive measures of the spread of infection of COVID-19.

Fee revenue

Total of two banks

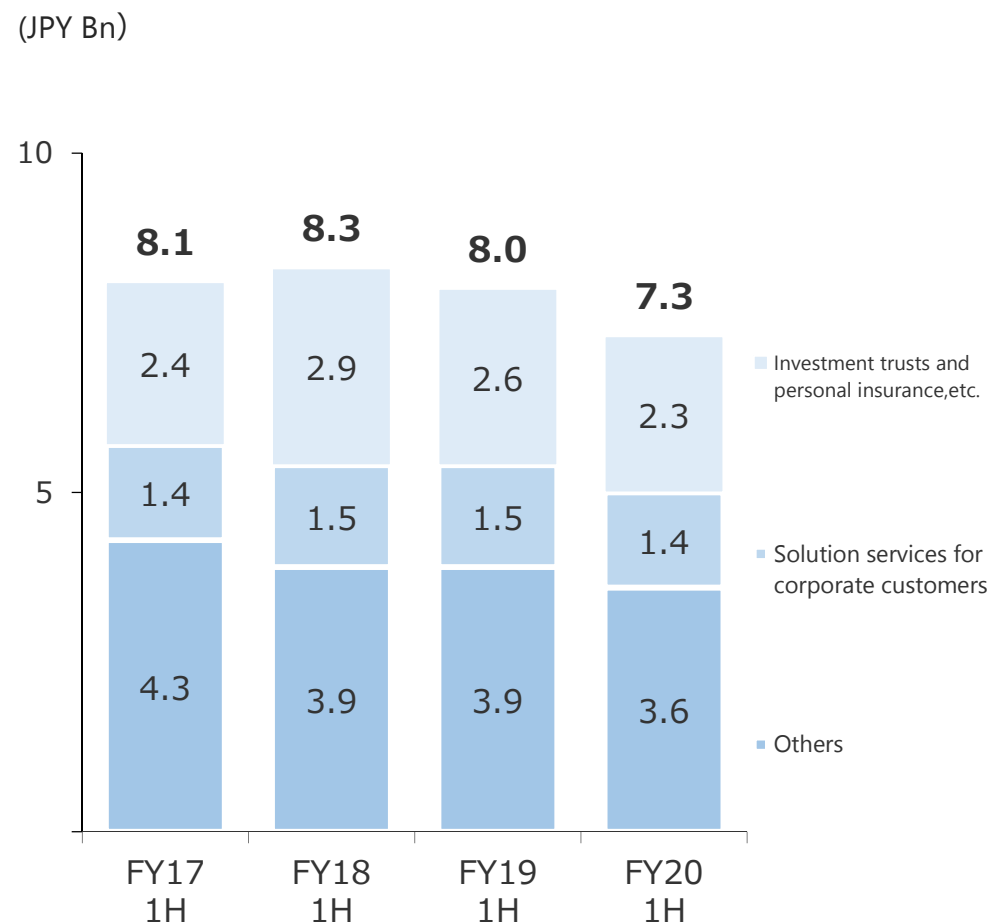
(JPY Bn)

	FY20 1H	change	FY19 1H
① Net fees and commissions	7.3	(0.6)	8.0
Fees and commissions	16.0	(0.6)	16.6
Remittance	5.1	(0.1)	5.3
Investment trusts/Personal insurance	2.1	(0.2)	2.4
Solution services*	1.4	(0.0)	1.5
Private placement bond/syndicated loan	0.7	(0.1)	0.8
M&A support, Business succession support, etc	0.3	(0.0)	0.4
Business matching	0.2	0.0	0.2
Fees and commissions payments	8.6	0.0	8.6
Remittance	0.9	(0.0)	0.9
Loan related expenses	6.3	0.2	6.0
② Net trading income	0.0	0.0	0.0
③ Net other income (excluding gains(losses) related to bonds)	0.5	0.0	0.4
Gains on foreign exchange transaction	0.4	(0.0)	0.4
④ Fee revenue ①+②+③	7.9	(0.6)	8.5
⑤ Core gross business profits	60.9	(0.4)	61.3
⑥ Fee revenue ratio ④/⑤ (%)	13.03	(0.88)	13.91

Net fees and commissions

Total of two banks

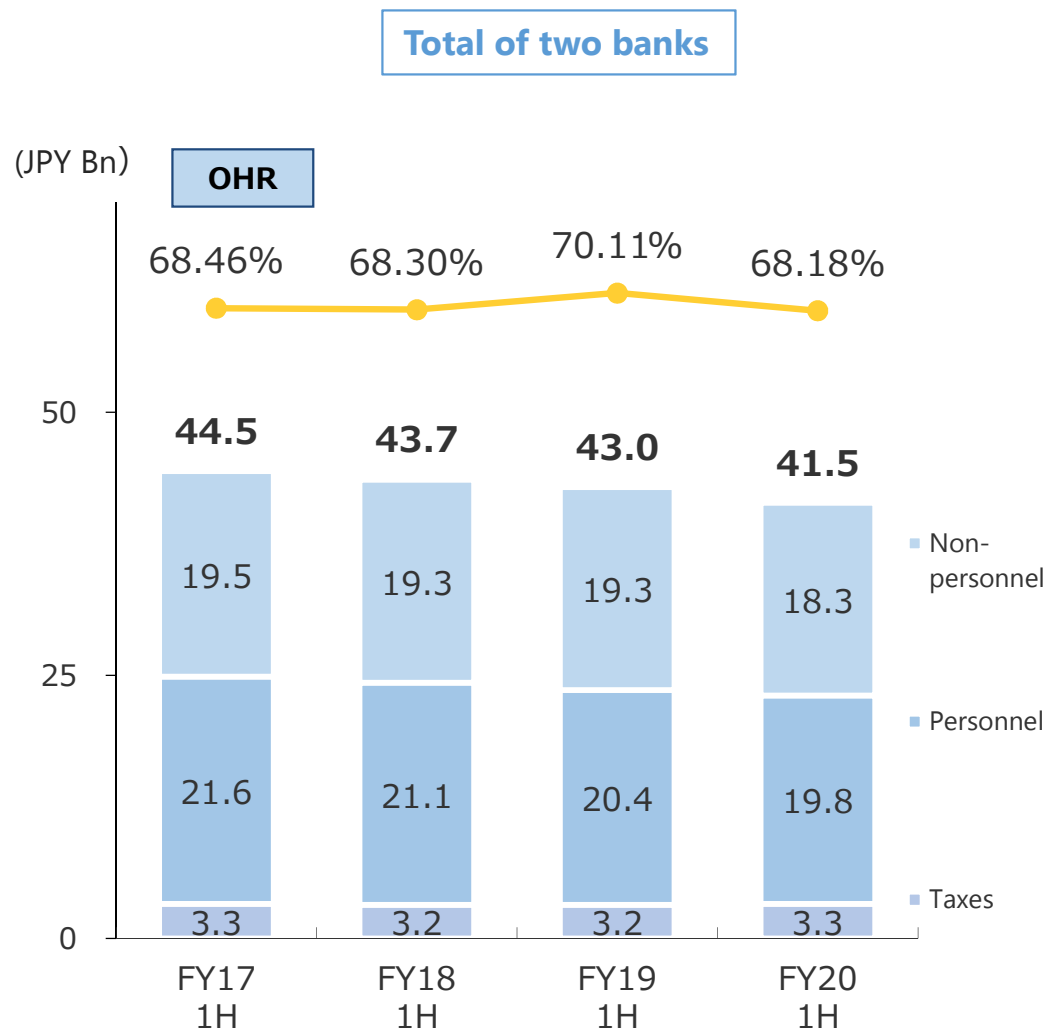
(JPY Bn)



*(for corporate customers) Fees related to Private placement bond, syndicated loan, M&A support, Business succession support, Business matching, etc.

G&A expenses decreased by ¥1.5Bn to ¥41.5Bn due to a decrease in personnel expenses through efforts such as streamlining and centralizing operations and improving compatibility.

G&A expenses and OHR



OHR = G&A expenses/Core gross business profits

Increase/decrease factors in G&A expenses

Hokuriku Bank	FY20		FY19
	1H	change	1H
Personnel	11.0	(0.4)	11.5
Non-Personnel	9.3	(0.5)	9.8
System related	3.5	(0.1)	3.7
Taxes	1.7	0.0	1.7
G&A expenses	22.1	(0.9)	23.0

Hokkaido Bank	FY20		FY19
	1H	change	1H
Personnel	8.7	(0.2)	8.9
Non-Personnel	9.0	(0.3)	9.4
System related	3.2	0.0	3.2
Taxes	1.5	0.0	1.5
G&A expenses	19.3	(0.5)	19.9

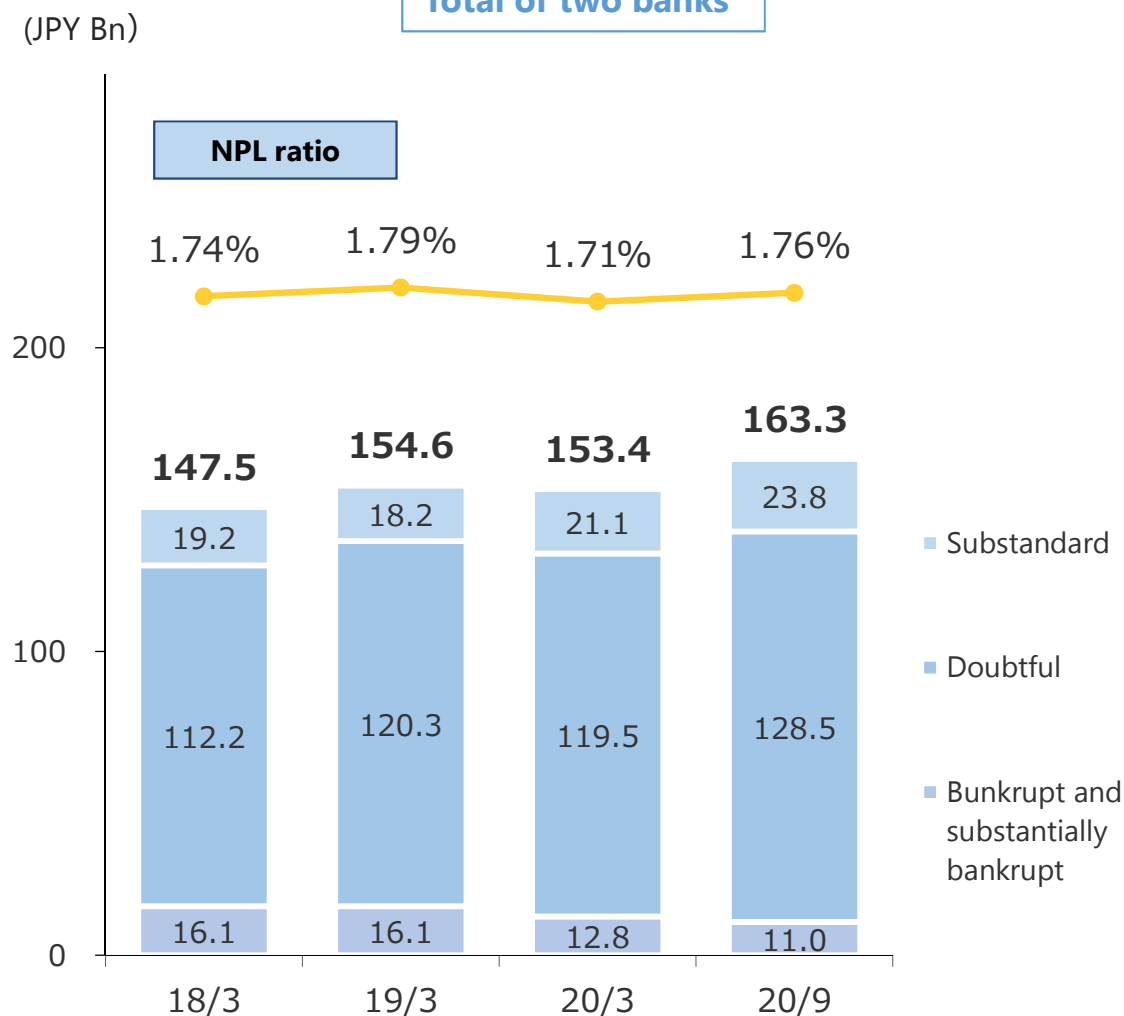
Non-Performing Loan • Net Credit Costs

Balance of Non-Performing loans increased by ¥9.8Bn to ¥163.3Bn due to an increase in substandard and doubtful loan.

Net Credit Costs were ¥4.4Bn, ¥1.0Bn lower than planned.

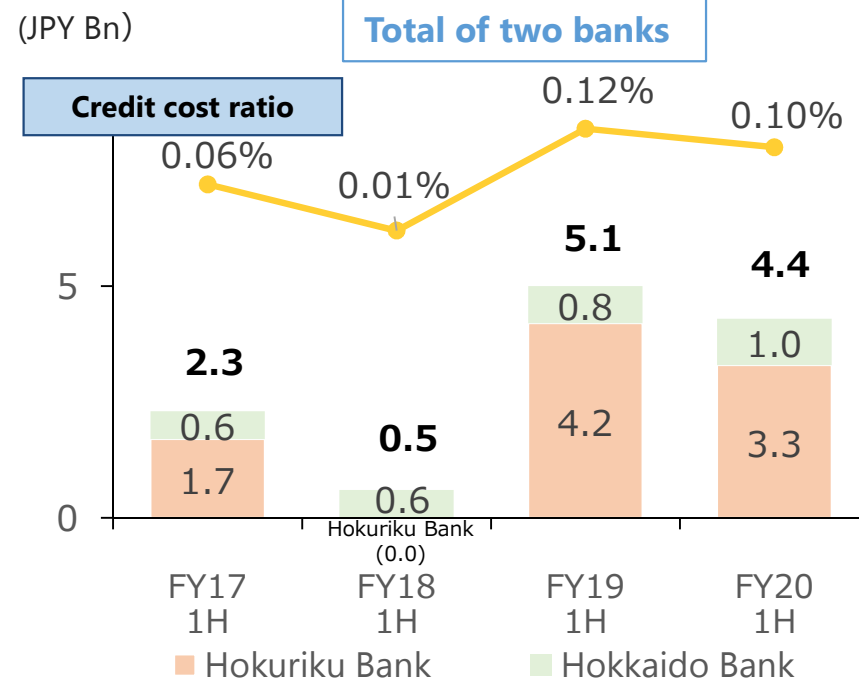
Balance of non-performing loan

Total of two banks



Net credit costs

Total of two banks



Increase/decrease factors in net credit costs

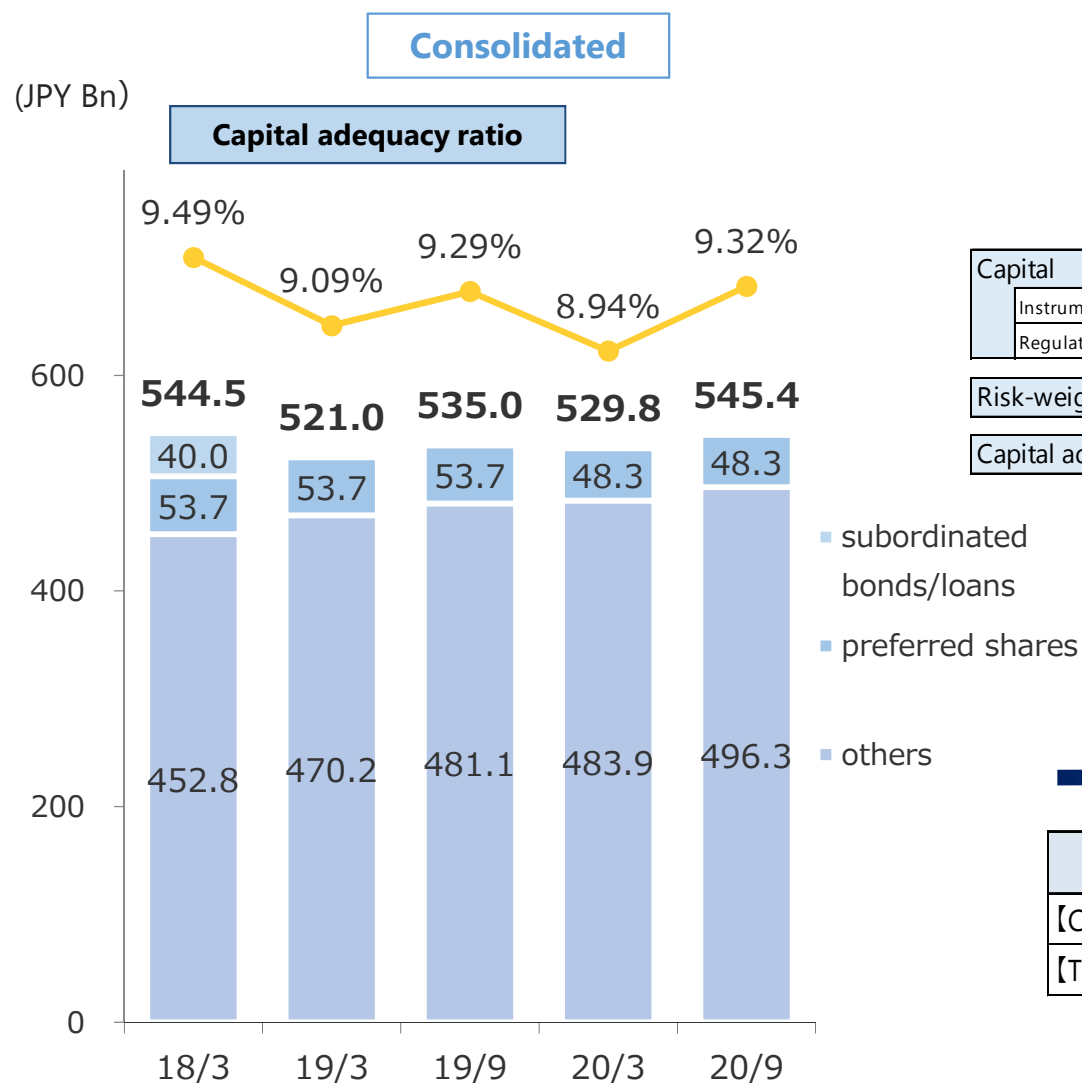
Total of two banks

(JPY Bn)

	FY20 1H	change	FY19 1H
Net credit costs	4.4	(0.6)	5.1
Provision (reversal) of general allowance for loan losses	0.9	(0.2)	1.1
Provision of allowance for loan losses	3.4	(0.4)	3.8

Capital Adequacy ratio increased by 0.38 percentage points to 9.32% due to an increase in equity capital and a decrease in risk assets.

Capital adequacy ratio



Capital and risk-weighted assets

Consolidated

(JPY Bn)

	Transitional arrangements			Full implementation		
	20/9	change	20/3	20/9	change	20/3
Capital	545.4	15.6	529.8	493.0	15.5	477.4
Instruments and reserves	558.4	13.7	544.7	506.0	13.7	492.3
Regulatory adjustments (-)	13.0	(1.8)	14.8	13.0	(1.8)	14.8
Risk-weighted assets	5,848.1	(75.1)	5,923.2	5,834.8	(74.9)	5,909.8
Capital adequacy ratio	9.32%	0.38%	8.94%	8.45%	0.38%	8.07%

ROE

	FY15	FY16	FY17	FY18	FY19	FY20 1H
【Consolidated】	5.3%	5.1%	3.6%	4.0%	3.4%	4.6%
【Total of two banks】	5.9%	5.7%	4.4%	4.9%	3.9%	5.2%

Forecasts for FY20

Consolidated

(JPY Bn)

	FY20 forecasts	change
Ordinary profits	26.0	(5.6)
Net income attributable to owners of the parent	16.5	(3.7)

(JPY Bn)

【Total of two banks】 【Hokuriku bank】 【Hokkaido bank】

	FY20 forecast	change	FY20 forecast	change	FY20 forecast	change
Core gross business profits	121.0	(2.2)	64.5	(2.3)	56.5	0.1
G&A expenses	85.5	0.1	45.5	(0.2)	40.0	0.3
Core net business profits	35.5	(2.3)	19.0	(2.1)	16.5	(0.2)
Net credit costs	12.0	0.0	7.0	(2.2)	5.0	2.2
Ordinary profits	27.0	(4.4)	15.5	(2.2)	11.5	(2.2)
Net income	18.0	(2.8)	10.0	(1.2)	8.0	(1.5)

Dividend forecasts for FY20

	Interim	Year-end	Annual
Dividend per common share	—	¥35.00	¥35.00
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00

FY15	FY16	FY17	FY18	FY19	FY20 forecast
42.50	44.00	44.00	44.00	40.00	35.00

•Hokuhoku Financial Group, Inc. implemented a common stock consolidation at a ratio of ten stocks to one stock on October 1, 2016. To enable comparison, the above dividend for previous years are calculated taking this stock consolidation into account.

transition of Net income attributable to owners of the parent (JPY Bn)

FY15	FY16	FY17	FY18	FY19	FY20 forecast
28.8	28.1	21.1	24.3	20.2	16.5

transition of dividend payout ratio (%)

FY15	FY16	FY17	FY18	FY19	FY20 forecast
20.9	21.9	29.4	25.4	28.0	30.3

II . Management Strategy

Medium-term Management Plan(FY19~FY21)

Targeted Corporate Profile

Positioning

Period during which all employees of the Group evolve in terms of “services closely attracting customers at Face to Face” and “digital financial services pursuing convenience” and will continue to contribute to the local community

Basic policies

Contribution to community development
Evolution and change to the future
Exercise the group’s comprehensive strength

Creating common values

We contribute to customers and local communities by providing No.1 financial service and solution, and achieve growth and development together with them

Financial Targets

(JPY Bn)

	FY19 1H Result	FY20 1H Result	change
Main business profit*	7.8	8.5	0.7
Net income attributable to owners of the parent	11.6	13.0	1.3
(Consolidated) Capital adequacy Ratio	9.29%	9.32%	0.03%
(Core gross business profit basis) OHR	70.11%	68.18%	(1.93%)

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

Responding to COVID-19

Customer support efforts

- Establishment of "loan consultation counter for COVID-19"
- Establishment of telephone consultation desk on holidays
- Expansion and improvement of non-face-to-face services
- Interview using online tools
- Conduct various online seminars

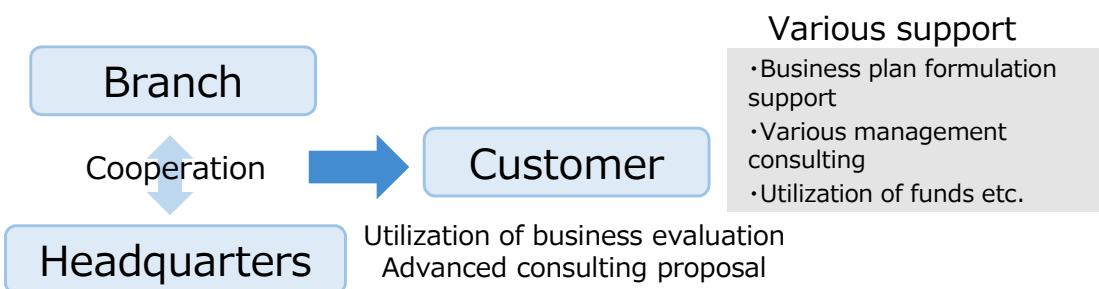


Efforts to prevent the spread of infection

- Implementation of telecommuting using a tablet PC
- Implementation of split operation
- Utilization of staggered working hours
- Utilization of online meetings
- Installation of anti-diffusion partition

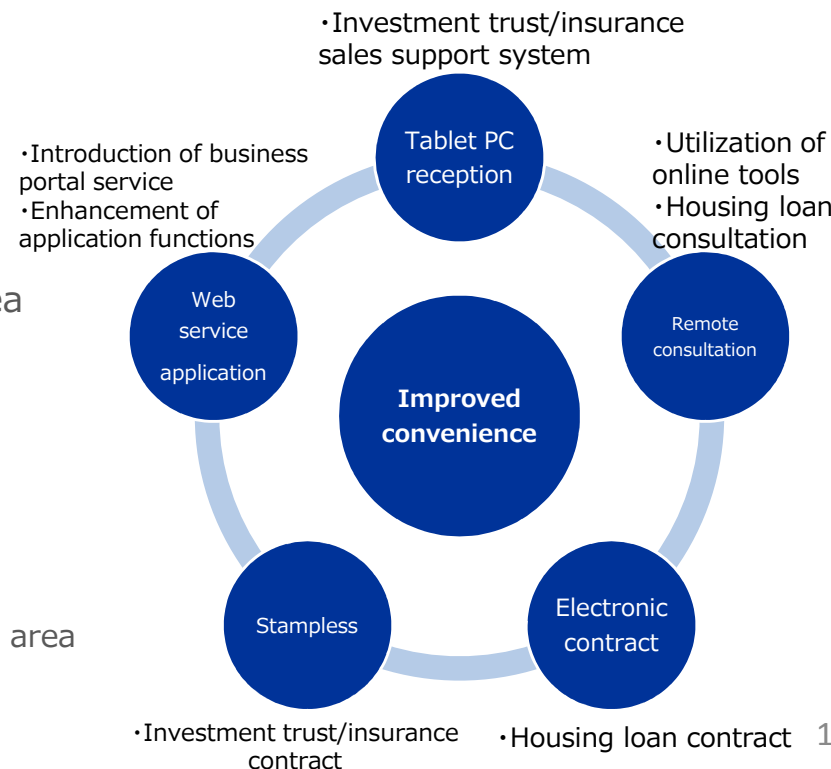


Status of loans related to COVID-19

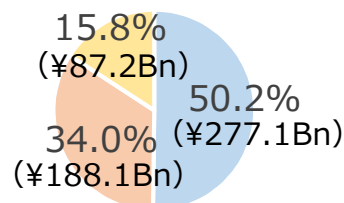


Promotion of DX

Digitalization of face-to-face transactions and improvement of convenience for non-face-to-face transactions



Loan amount ratio by area



- Hokkaido area
- Hokuriku area
- other area

【Status of loans related to COVID-19】(*)

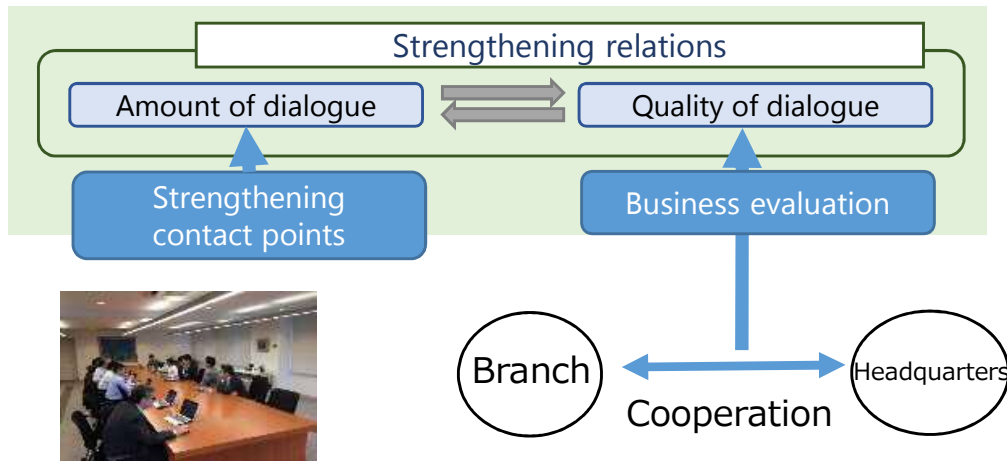
	Number of loans	Loan amount(JPY Bn)
Total of two banks	16,599	552.5
Hokuriku bank	10,099	326.1
Hokkaido bank	6,500	226.3

*Cumulative total from February 2020 to the end of September

Providing solutions according to Business Life Cycle

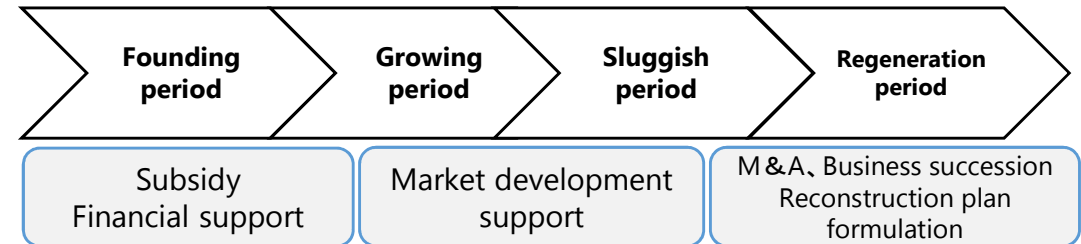
■ Efforts for business evaluation

Strengthen contact points and improve the quality of business evaluation to solve customers' problems.



■ Providing a solution

Reinforce the system to strengthen proposal capabilities
The number of M&A advisory contracts was 66 in FY2020 1H

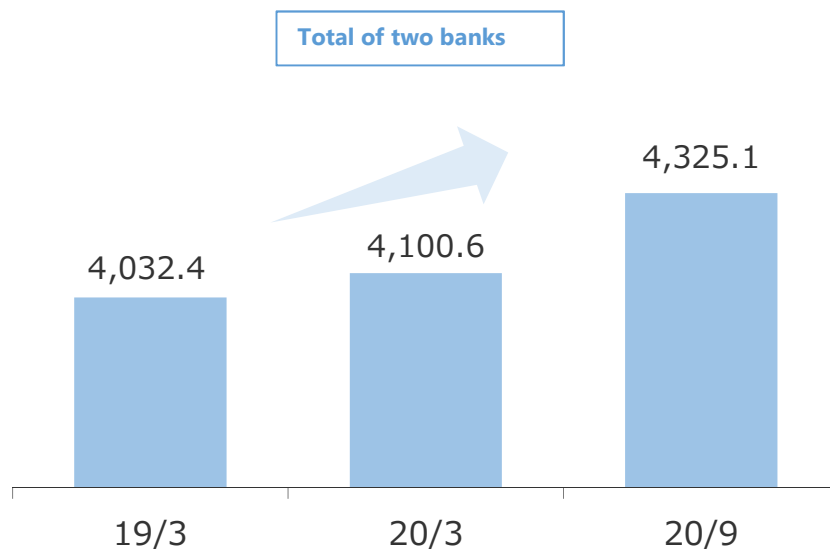


■ Enhancement of non-face-to-face services

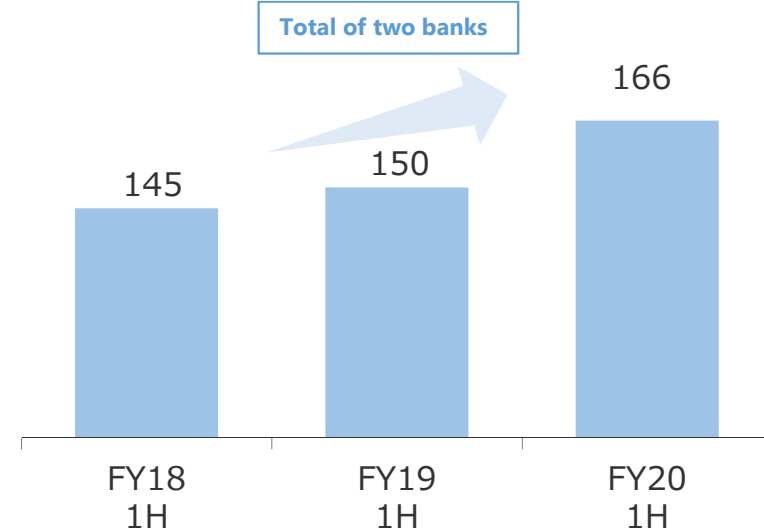
- Introduction of business portal service for corporations
- Conducting online seminars
- Interview using online tools



Balance of business loans(JPY Bn)



Number of M&A, business succession, consulting contracts



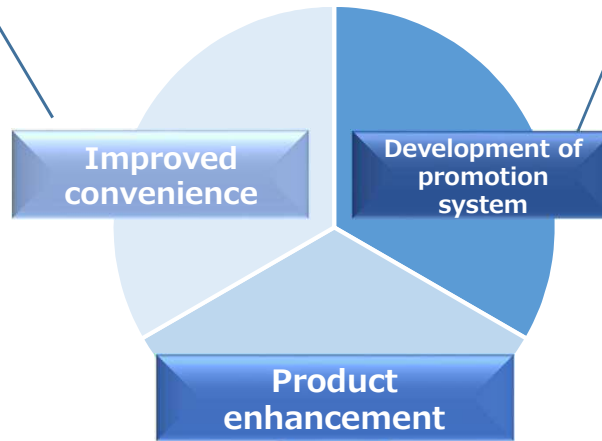
Strategy for individual customers



Providing total solutions according to the customer's life stage

- Strengthening non-face-to-face services
 - Enhancement of investment trust product lineup by online applications
 - Holding an asset management online seminar

- Thorough fiduciary duty
 - Efforts to improve customer investment returns
 - Investment management proposals based on a long-term, diversified, and regular point of view
 - Asset formation proposal tailored to life stage
 - One-stop service for needs such as asset management and succession

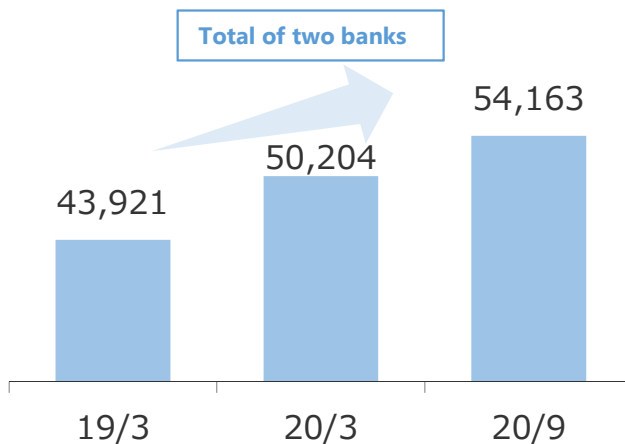


Total of two banks	Number of events held	Number of participants
Asset Management Online Seminar	29	2,584

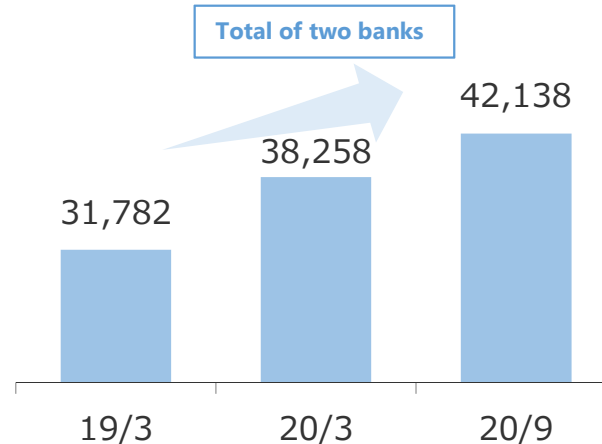
- Respond to a wide range of needs from asset formation to asset succession
- Review of product content of unsecured loans



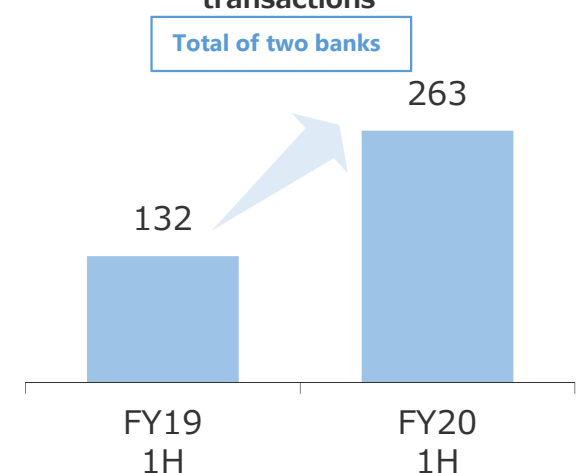
Number of level premium insurance holders



Number of dollar-cost averaging mutual fund holders



Number of trust service transactions



Strategy for individual customers



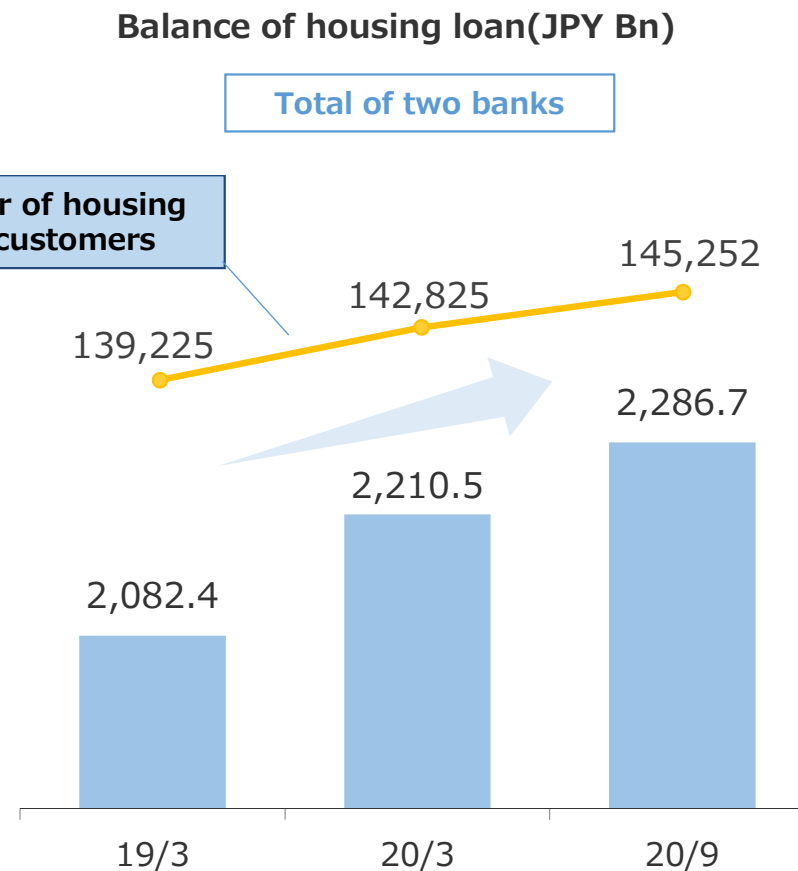
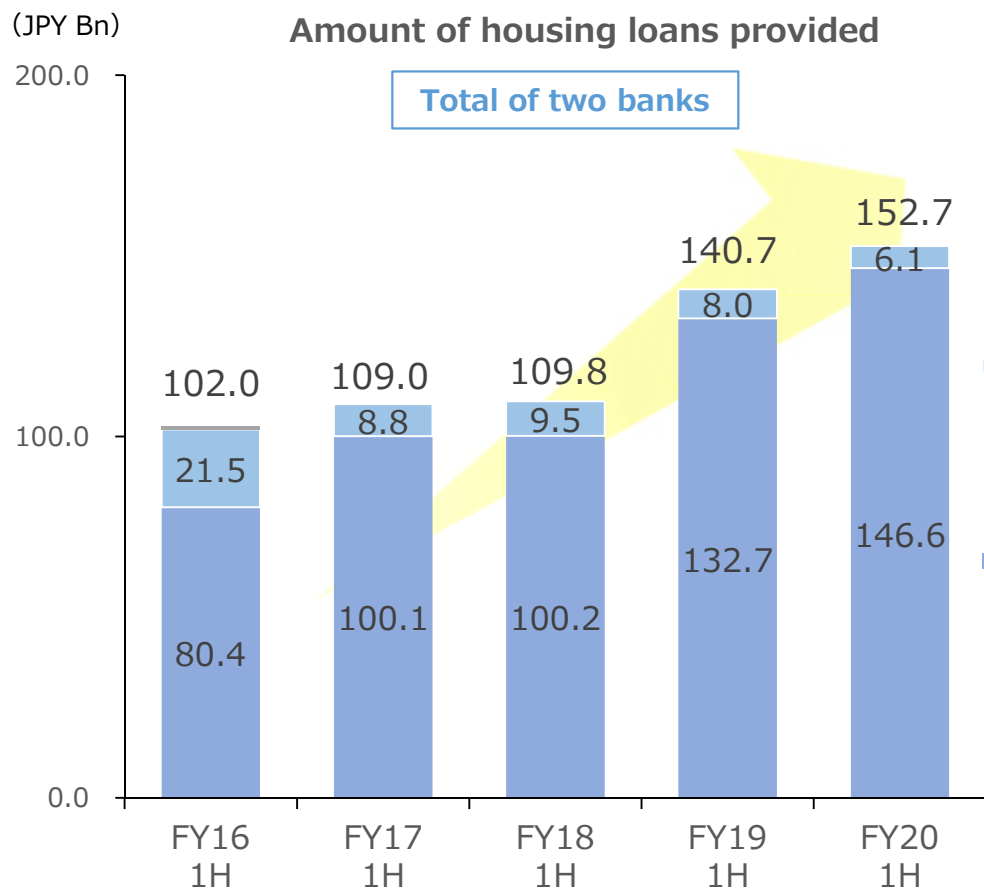
Amount of housing loan provided in FY2020 1H reached a new record high

Amount of housing loans provided

The amount of housing loans provided is on the rise due to improvements in product and convenience. At the COVID-19 pandemic, we will utilize non-face-to-face services such as a remote consultation desk to meet the needs of our customers.

Efforts to improve product appeal and convenience

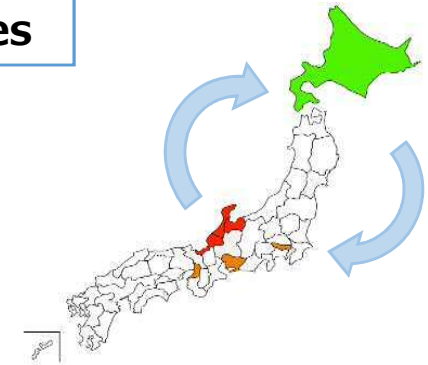
- Providing electronic contract services
- Providing housing loan insurance for a married couple with protection against 8 major diseases
- Elimination of prepaid loan guarantee fees, etc.



Improving customer convenience by expanding non-face-to-face services

Standardization of business matching system

The Hokuriku Bank and the Hokkaido Bank have standardized a system that connects customers. The standardization of this system has made it possible for customers to disseminate information within the wide area where the Group operates.



Introduction of business portal for corporations

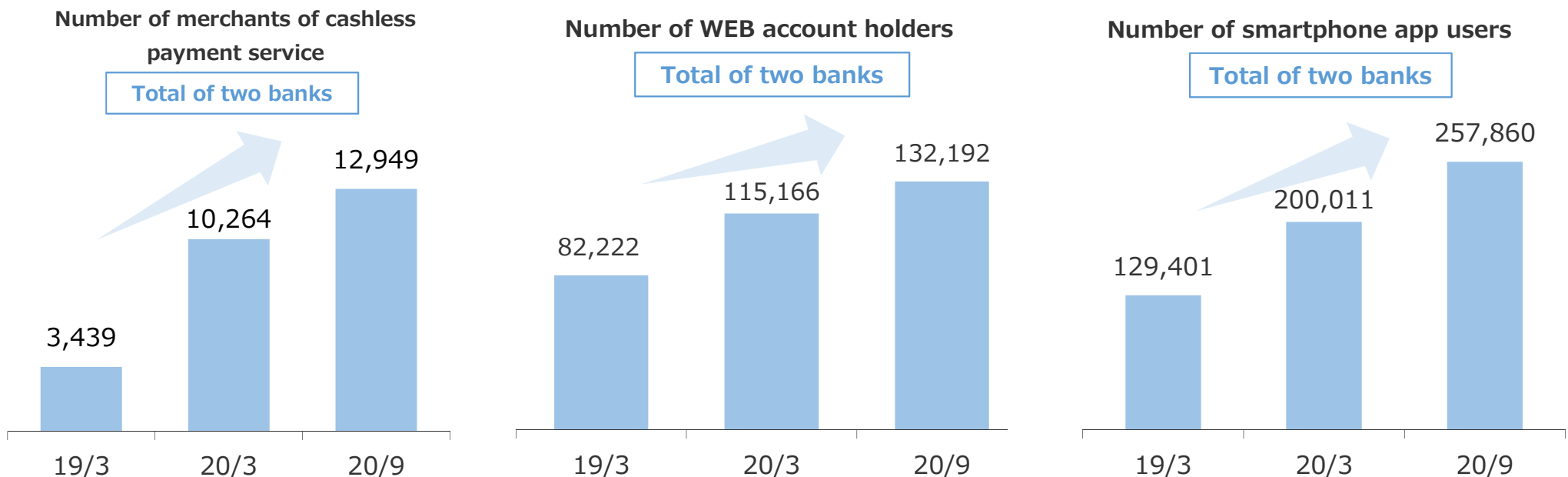
⇒ **Creating new contact points with customers**

We have expanded the services that can be completed on the Web with four new functions: “Information provision”, “Electronic delivery”, “Web reception”, and “ID linkage”.



Introduced “Custody Management System” utilizing tablet terminals

Started efficient and cost-effective handling for the purpose of improving customer convenience, strict and clear management, and streamlining office operations.



Realization of sustainable community

- Participation in the Ministry of the Environment's "ESG Regional Finance Promotion Project"
- Received "Bank of Year" and "Community Contribution Award" from Nihon M&A Center Inc.
- Received the Minister's Award for "Examples of efforts by financial institutions that contribute to regional revitalization"
- "Comprehensive Cooperation Agreement on Regional Revitalization"
 - Concluded an agreement with Meiji Yasuda Life Insurance Company
 - Concluded an agreement with Tsukigata Town, Hokkaido



Improved convenience for all customers

- Started online application for unsecured loan with life insurance
- Introduction of corporate portal site
- Renewal of Internet banking service for individuals



Workplace that leads to improved productivity

- Certification of "Excellent Enterprise of Health and Productivity Management 2020(white 500)"
- Promotion of diversity
- Promotion of operational efficiency through RPA

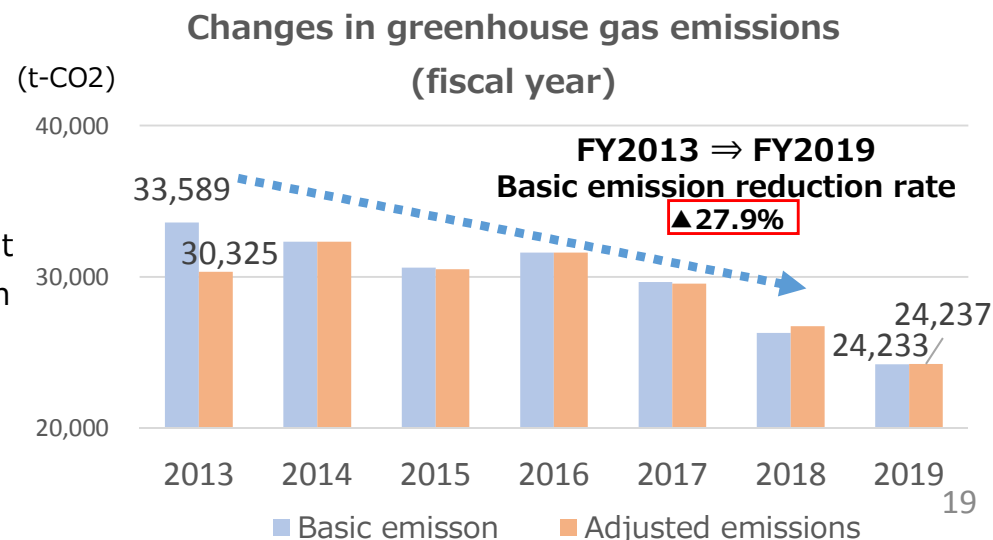


Community issues

Low birthrate and aging
Population decline
Concentration in urban areas

Initiatives for environmental issues

- Promotion of paperless by utilizing tablets PC, etc.
- Introduction of energy-saving equipment
- Participation in environmental protection activities
- Introduction of eco-car





Realization of sustainable community

Participation in the Ministry of the Environment's "ESG Regional Finance Promotion Project"

Transition risks

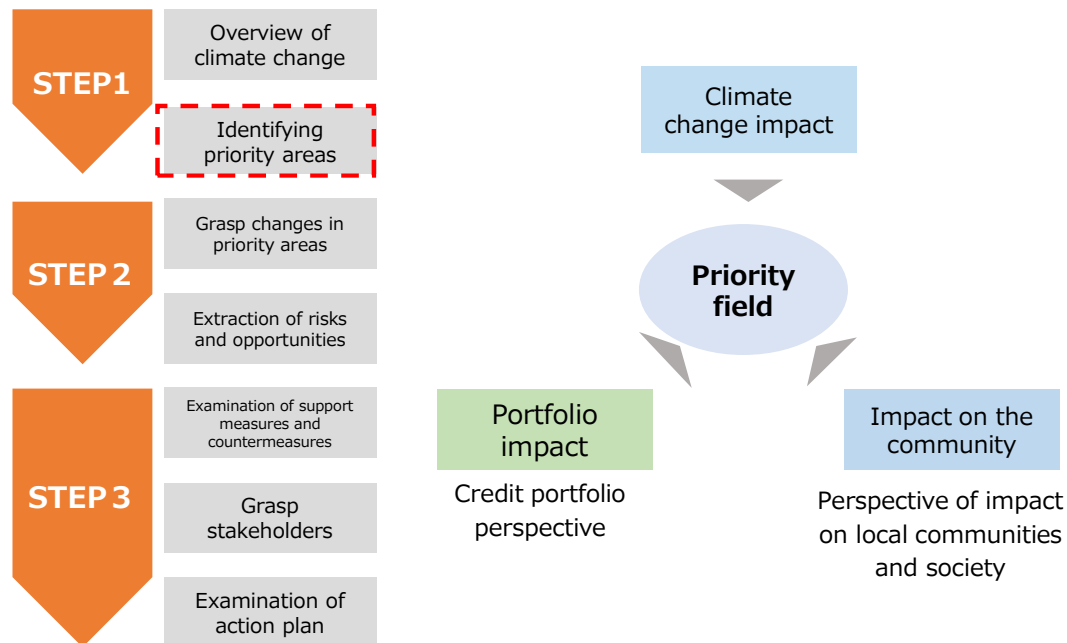
【Hokuriku bank】

Adopted theme

Establishing a customer support system as a regional financial institution for climate change

Aim

Examination of support measures and countermeasures in the priority field related to climate change, based on the degree of impact on the region and the credit portfolio.



Physical risks

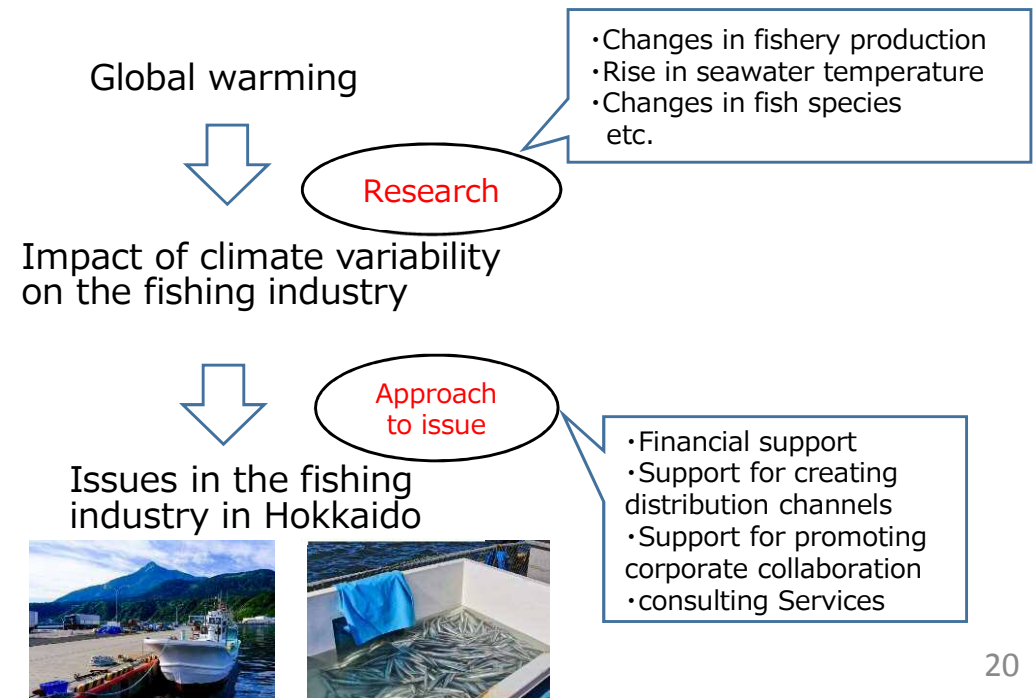
【Hokkaido bank】

Adopted theme

Practice of regional finance related to Hokkaido's fisheries in light of climate change

Aim

Investigate the impact of climate variability on the fishing industry and work to support the construction of a sustainable business model for the fishing industry through supply chain impact assessment, etc.



Realization of sustainable community

Support for water supply projects to contribute to the community (Hokuriku Bank)

Hokuriku bank provided loan support that contributes sustainable water resource management and water infrastructure support in response to issues such as maintaining infrastructure in local communities.

We will contribute to the realization of sustainable local communities by cooperating with customers and local governments to address local issues.

Regional revitalization by supporting the sixth industrialization of agriculture (Hokkaido Bank)

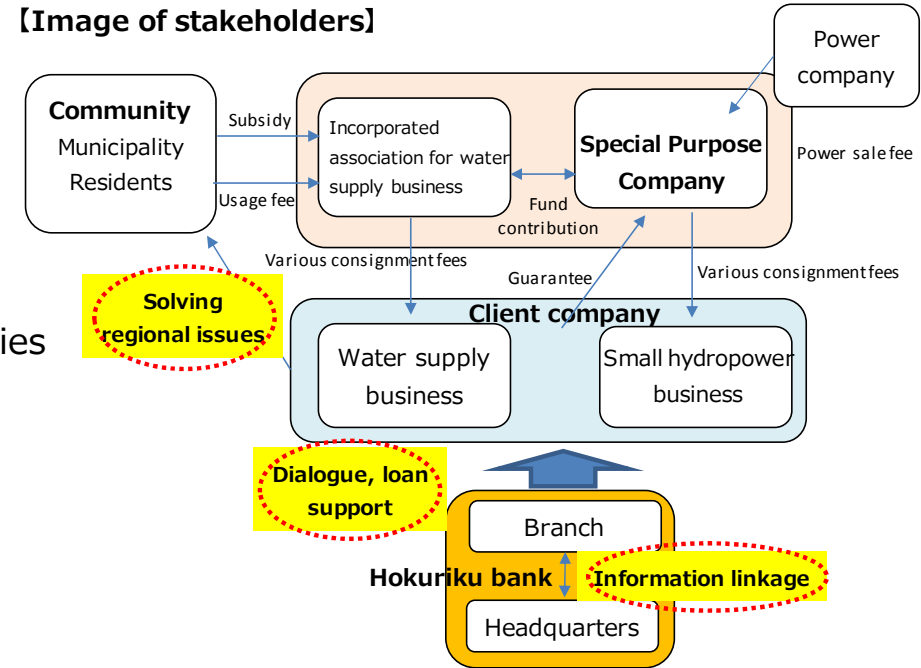
OMEGA Farmers, a limited liability company(*), sold edible oil manufactured using Hokkaido ingredients only through the crowdfunding service "Makuake" in the first place.

(*) A company established with the investment of Hokkaido Bank.

Production(No.1) → Processing(No.2) → **Marketing(No.3)**



[Image of stakeholders]



Utilization of crowdfunding service

No.1 × No.2 × No.3 = "Sixth Industrialization"



Workplace that leads to improved productivity

By thoroughly rationalizing and streamlining operations throughout the Group, we are promoting the efficient allocation of human resources, reduction of overtime work, and enhancement of work-life balance.

■ Review of store management

Efficient branch management while maintaining customer convenience

Number of branches	16/3	17/3	18/3	19/3	20/3	20/9
Number of domestic branches (A)	329	328	329	330	332	332
Branch-in-branch etc.(B)	25	31	37	42	48	49
Actual number of branches (A-B)	304	297	292	288	284	283
Branches that implement flexibility in business hours	0	0	7	28	42	111

■ Promotion of diversity

Acquisition of certification regarding diversity, various initiatives

【Hokuriku bank】

- 2016 Received "Platinum Kurumin certification" from the Ministry of Health, Labor and Welfare
- 2016 Implemented "Hokuriku Bank Ikuboss Declaration"
- 2018–2020 Certified by the Ministry of Economy, Trade and Industry as "Excellent Health Management Corporation(White500)"
- 2020 Received "Eruboshi Certification" from the Ministry of Health Labor and Welfare

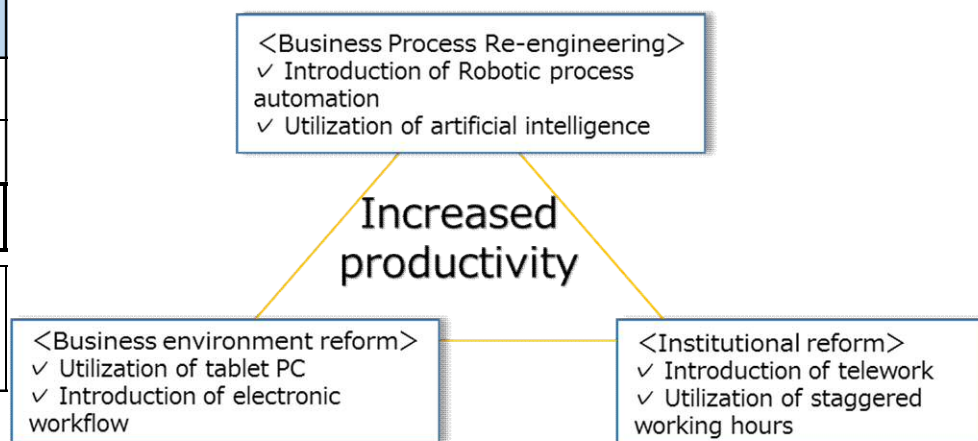


【Hokkaido bank】

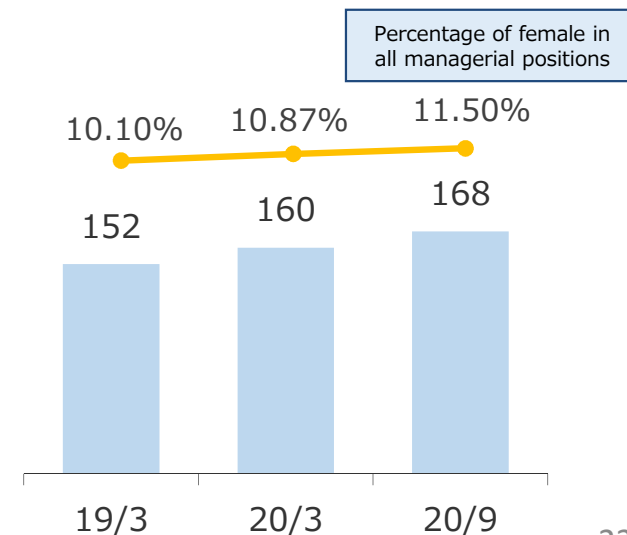
- 2012 Opened "Dosanko Kid's Room", an in-house childcare facility
- 2018 Acquired "Sapporo City Work-Life Balance plus Company Certification"
- 2018–2020 Certified by the Ministry of Economy, Trade and Industry as "Excellent Health Management Corporation(White500)"
- 2020 Received "Kurumin certification" from the Ministry of Health, Labor and Welfare

■ Promotion of work style reform

Improve productivity by thoroughly rationalizing and streamlining operations



Number of Female Managers



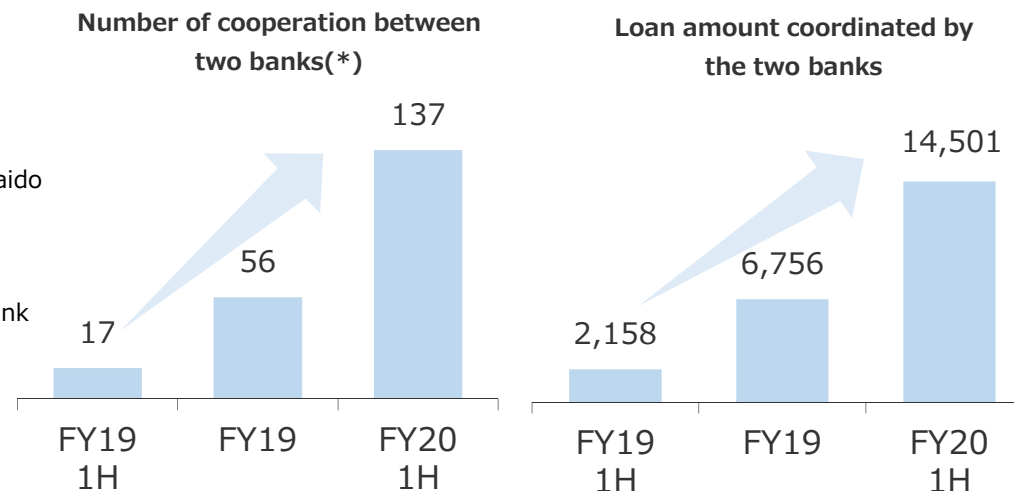
Strengthening cooperation between the two banks

■ Strengthening and expanding cooperation among group companies

Utilizing the Group's wide-area sales base, we are actively engaged in business matching and cofinancing that connect the customers of the two banks.

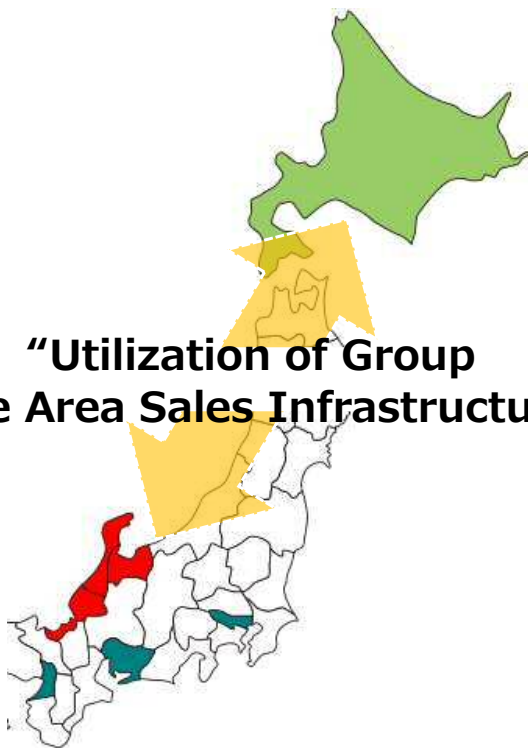
■ Strengthening cooperation between the two banks

- Standardization of business matching system
- Holding a cooperation strengthening meeting at the two bank's branches in Hokkaido
- Strengthen information sharing between the overseas offices of the two banks
- Shared use of consulting tools
 - Introduction of Commodity Derivative Needs from Hokkaido Bank to Hokuriku Bank
 - Joint utilization of Hokkaido Bank's agricultural consulting function



(*)The number of efforts that the two banks jointly contribute to solve customer issues

“Utilization of Group Wide Area Sales Infrastructure”



■ Joint foreign exchange administration

Hokuriku bank's and Hokkaido bank's foreign exchange offices are consolidated into the bases of the Bank of Yokohama offices, and the joint office work has started

Through collaboration, we can expect the effects of cost reduction and skill sharing of the three banks in pursuit of further rationalization and efficiency of office work

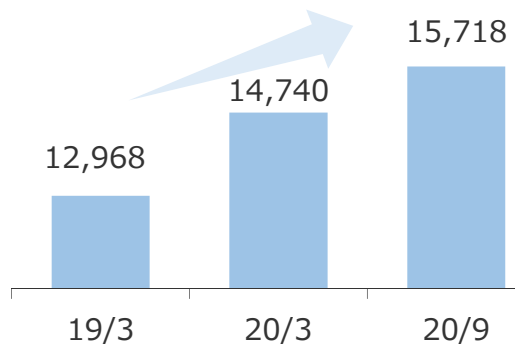


Providing financial services as a comprehensive financial group

Hokuhoku Tokai Tokyo Securities Co., Ltd.

- Providing comprehensive proposals to customers in cooperation with banks

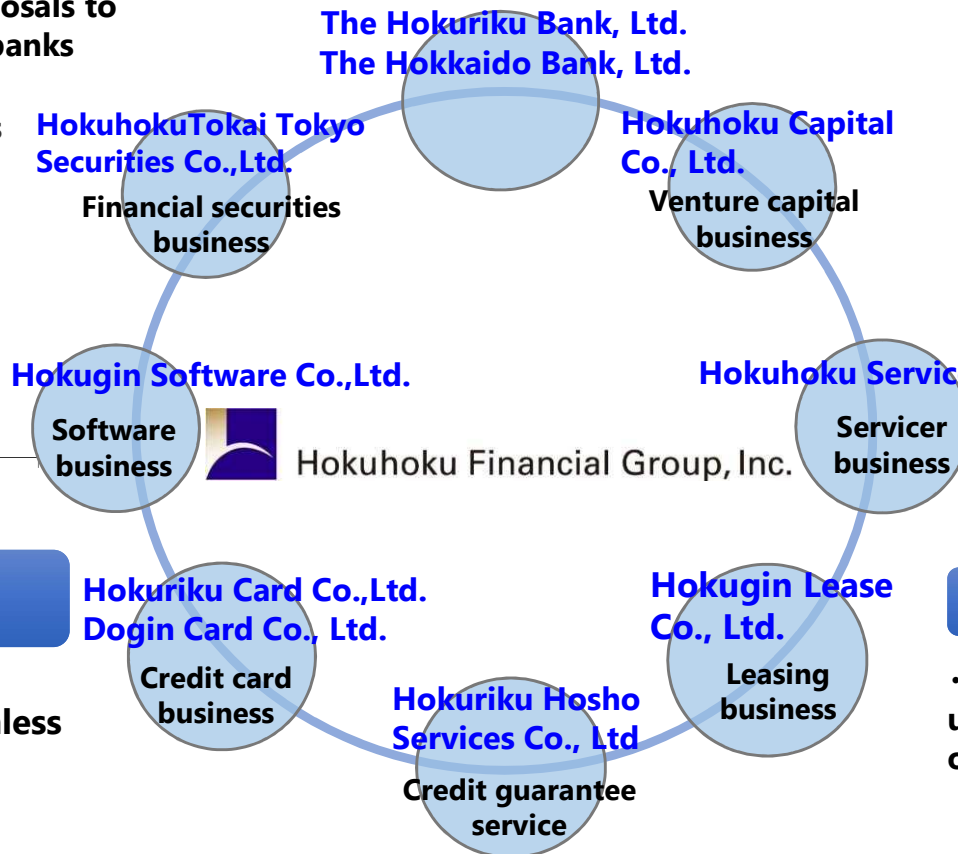
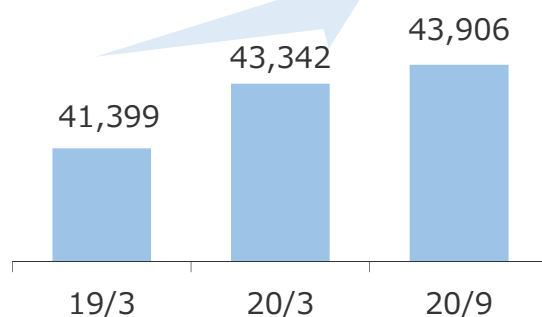
Number of securities accounts



Hokuriku Card Co., Ltd Dogin Card Co., Ltd

- Expand member stores in cooperation with banks' cashless promotion

Number of member stores



Hokuhoku Capital Co., Ltd.

- In cooperation with Toyama Prefecture and banks, support local venture companies using "support fund" etc.
- Strengthen promotion of various funds in collaboration with banks

Hokugin Lease Co., Ltd.

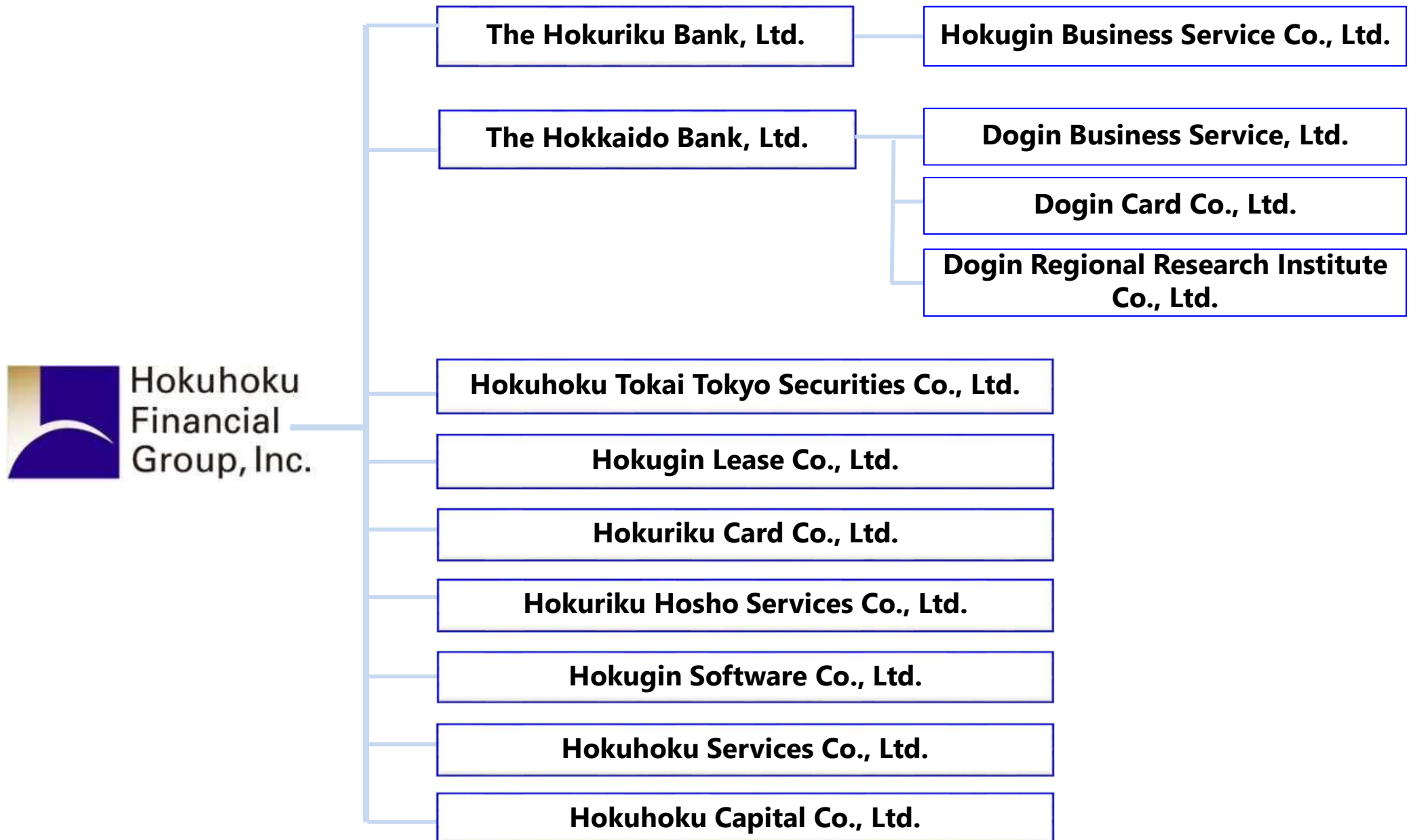
- Providing comprehensive proposals using subsidies, etc. to expand the range of customers' financing methods

Appendix

(As of September 30, 2020)

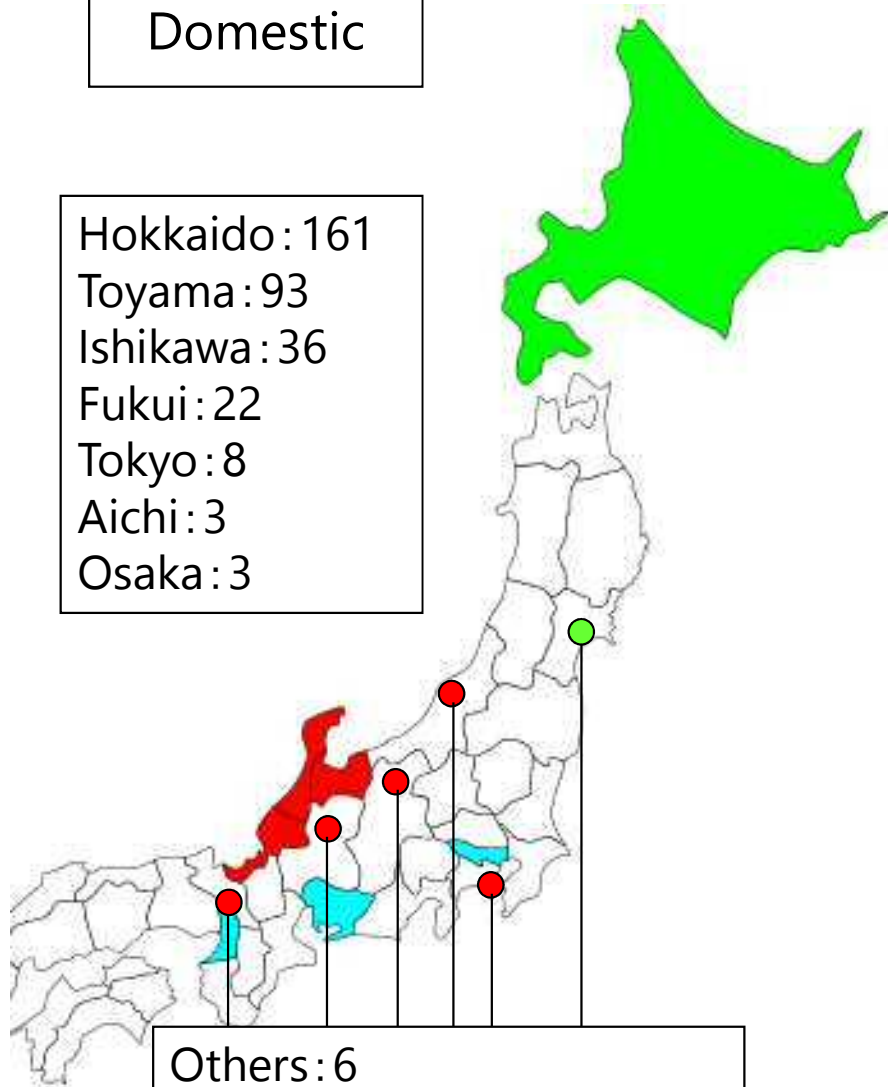
	Hokuhoku FG	Hokuriku Bank	Hokkaido Bank
Date of establishment	September 26, 2003	July 31, 1943 (Started business in 1877)	March 5, 1951
Location of head office	Toyama City, Toyama	Toyama City, Toyama	Sapporo City, Hokkaido
Capital	¥ 70,895 million	¥ 140,409.52 million	¥ 93,524.01 million
Shares issued and outstanding	<ul style="list-style-type: none"> ▪ Common stock 132,163,014 ▪ Preferred stock (Type5)* 96,698,000 	<ul style="list-style-type: none"> ▪ Common stock 1,047,542,335 	<ul style="list-style-type: none"> ▪ Common stock 486,634,512 ▪ Preferred stock (Type2)* 96,688,800
Total assets	(consolidated) ¥ 15,442.7 billion	¥ 9,292.1 billion	¥ 6,110.1 billion
Deposits & NCD	(consolidated) ¥ 12,428.3 billion	¥ 7,168.1 billion	¥ 5,283.3 billion
Loans	(consolidated) ¥ 8,979.3 billion	¥ 5,058.4 billion	¥ 3,935.4 billion
Capital adequacy ratio	(consolidated) 9.32 %	(non-consolidated) 9.00 %	(non-consolidated) 9.06 %
Employees	5 (fulltime workers)	2,506	2,269
Ratings	A(R&I)	A(R&I)、A-(S&P)	A(R&I)

*The preferred stock of Hokuhoku FG and Hokkaido bank acquired 10% of the outstanding shares as treasury shares on October 1, 2020.



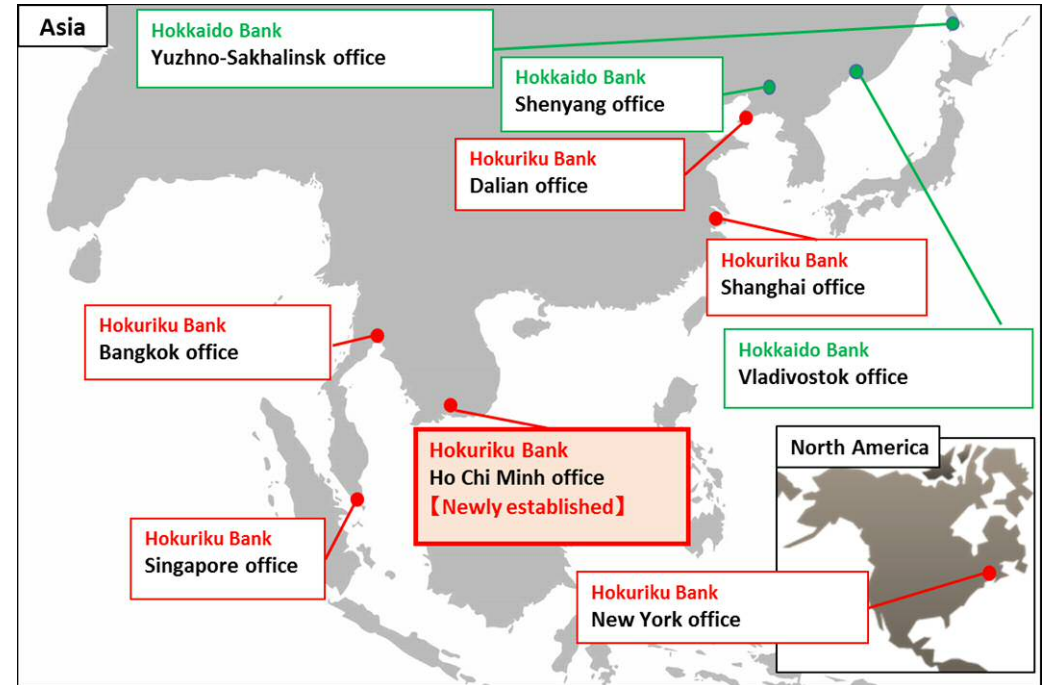
Domestic

Hokkaido : 161
 Toyama : 93
 Ishikawa : 36
 Fukui : 22
 Tokyo : 8
 Aichi : 3
 Osaka : 3



Others : 6
 Sendai, Yokohama, Niigata,
 Nagano, Takayama, Kyoto

Overseas



Representative offices

- | | |
|------------------------------------|---------------------------------------|
| 1. New York | 6. Dalian |
| 2. Bangkok | 7. Shenyang |
| 3. Singapore | 8. Vladivostok |
| 4. Shanghai | 9. Yuzhno-Sakhalinsk |
| 5. London (Abolished base in 2021) | 10. Ho Chi Minh (Established in 2021) |

About Hokuhoku FG ②

Historical Data (Hokuhoku FG)

(JPY Bn)

<Consolidated>	FY2016 Interim	FY2016 Full year	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim
Ordinary income	93.9	187.4	91.7	180.9	91.8	183.6	90.6	182.4	87.9
Ordinary profits	23.7	39.4	18.0	31.7	19.4	35.3	17.4	31.6	18.1
Net income attributable to owners of the parent	16.7	28.1	11.1	21.1	13.9	24.3	11.6	20.2	13.0
Capital adequacy ratio	10.28%	9.43%	9.73%	9.49%	9.78%	9.09%	9.29%	8.94%	9.32%

<Total of two banks>

Core gross business profits	69.4	133.8	65.0	130.7	64.0	125.7	61.3	123.2	60.9
General & administrative expenses	44.5	89.8	44.5	88.8	43.7	86.5	43.0	85.3	41.5
Core net business profits	24.8	43.9	20.5	41.9	20.3	39.1	18.3	37.8	19.3
Net gains(losses) related to securities	(1.2)	(1.6)	1.3	(7.1)	1.1	3.1	4.2	6.6	3.9
Credit costs	(1.1)	(0.6)	2.3	0.5	0.5	4.6	5.1	12.0	4.4
Ordinary profits	23.7	40.2	19.1	33.1	20.6	36.7	17.7	31.4	18.7
Net income	17.2	29.6	12.5	24.0	15.5	26.6	12.4	20.8	14.1
ROA	0.42%	0.37%	0.33%	0.34%	0.31%	0.30%	0.28%	0.28%	0.27%
OHR	64.21%	67.13%	68.46%	67.89%	68.30%	68.85%	70.11%	69.27%	68.18%
Loans	7,700.4	7,788.3	7,946.3	8,189.4	8,150.5	8,360.8	8,456.5	8,673.1	8,993.8
Deposits (including NCD)	10,526.6	10,731.0	11,013.3	11,180.7	11,307.1	11,439.7	11,429.8	11,662.6	12,451.4
Securities	2,452.2	2,439.3	2,126.3	1,943.3	1,991.5	1,788.8	1,848.6	1,807.2	1,959.7
Non performing loan	160.6	156.2	154.6	147.5	151.0	154.6	158.8	153.4	163.3
NPL ratio	2.02%	1.94%	1.88%	1.74%	1.79%	1.79%	1.82%	1.71%	1.76%

About Hokuhoku FG ③

Historical Data (Hokuriku Bank)

(JPY Bn)

	FY2016 Interim	FY2016 Full year	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim
Ordinary income	45.8	92.9	45.6	91.1	45.4	90.2	44.7	88.5	42.9
Core gross business profits	36.8	72.9	35.3	71.2	35.0	69.1	33.3	66.8	32.9
General & administrative expenses	23.8	48.2	23.8	47.5	23.5	46.4	23.0	45.7	22.1
Core net business profits	12.9	24.7	11.5	23.7	11.4	22.6	10.2	21.1	10.7
Net gains(losses) related to securities	0.6	0.3	0.8	2.1	0.9	2.1	2.9	5.0	3.0
Credit costs	(1.0)	(0.6)	1.7	1.8	(0.0)	2.8	4.2	9.2	3.3
Ordinary profits	14.5	24.8	10.8	24.1	12.6	22.1	9.9	17.7	10.6
Net income	10.7	18.7	6.5	15.7	9.2	15.5	6.5	11.2	8.4
Capital adequacy ratio	9.48%	8.74%	9.04%	9.02%	9.21%	8.79%	8.92%	8.59%	9.00%
ROA	0.37%	0.35%	0.32%	0.32%	0.30%	0.29%	0.26%	0.27%	0.25%
OHR	64.77%	66.12%	67.44%	66.67%	67.33%	67.19%	69.24%	68.43%	67.34%
Loans	4,446.0	4,467.6	4,567.9	4,670.1	4,646.4	4,740.3	4,823.4	4,910.3	5,058.4
Deposits (including NCD)	6,106.6	6,243.3	6,363.7	6,505.8	6,553.1	6,636.8	6,597.2	6,735.4	7,168.1
Securities	1,384.2	1,457.6	1,364.6	1,317.1	1,319.0	1,197.0	1,194.4	1,158.0	1,203.8
Non performing loan	91.3	89.1	88.9	86.3	87.8	91.4	94.9	96.2	104.1
NPL ratio	2.01%	1.96%	1.91%	1.81%	1.85%	1.89%	1.93%	1.92%	2.02%

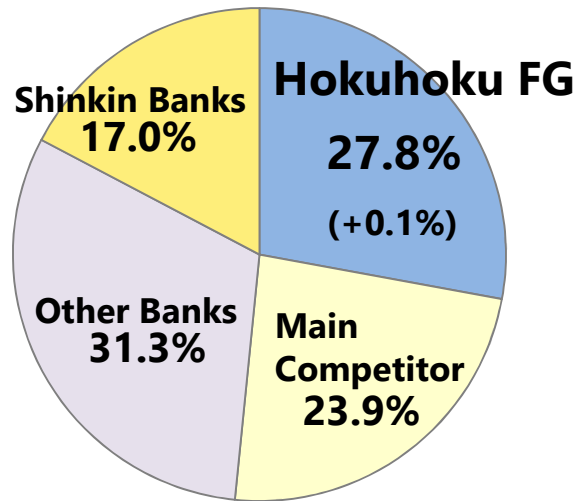
About Hokuhoku FG ④

Historical Data (Hokkaido Bank)

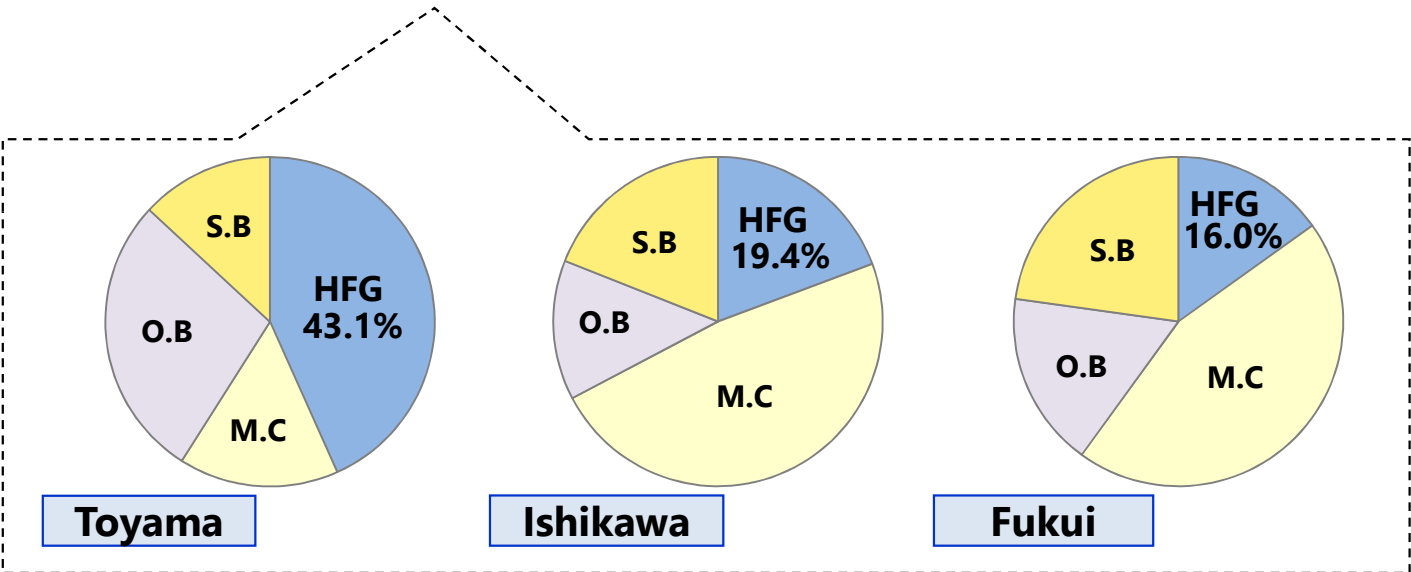
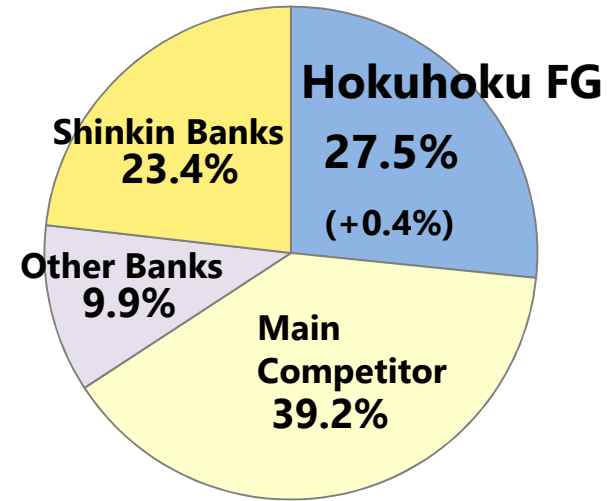
(JPY Bn)

	FY2016 Interim	FY2016 Full year	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim
Ordinary income	40.5	78.9	38.7	78.2	38.2	75.5	36.5	74.9	36.4
Core gross business profits	32.5	60.8	29.6	59.5	29.0	56.5	28.0	56.3	28.0
General & administrative expenses	20.7	41.5	20.6	41.3	20.1	40.1	19.9	39.6	19.3
Core net business profits	11.8	19.2	9.0	18.2	8.8	16.4	8.0	16.7	8.6
Net gains(losses) related to securities	(1.8)	(1.9)	0.4	(9.2)	0.1	0.9	1.3	1.5	0.9
Credit costs	(0.0)	(0.0)	0.6	(1.2)	0.6	1.7	0.8	2.7	1.0
Ordinary profits	9.2	15.3	8.2	8.9	8.0	14.5	7.8	13.7	8.0
Net income	6.5	10.9	5.9	8.2	6.3	11.0	5.8	9.5	5.7
Capital adequacy ratio	10.05%	9.34%	9.53%	9.28%	9.44%	8.69%	8.98%	8.76%	9.06%
ROA	0.49%	0.40%	0.35%	0.36%	0.33%	0.31%	0.29%	0.30%	0.29%
OHR	63.57%	68.33%	69.67%	69.35%	69.47%	70.89%	71.14%	70.27%	69.15%
Loans	3,254.3	3,320.7	3,378.3	3,519.2	3,504.1	3,620.5	3,633.0	3,762.7	3,935.4
Deposits (including NCD)	4,420.0	4,487.6	4,649.5	4,674.9	4,753.9	4,802.8	4,832.5	4,927.2	5,283.3
Securities	1,068.0	981.6	761.6	626.2	672.4	591.8	654.2	649.2	755.9
Non performing loan	69.3	67.1	65.6	61.2	63.2	63.3	63.9	57.2	59.2
NPL ratio	2.03%	1.92%	1.85%	1.66%	1.71%	1.66%	1.68%	1.45%	1.44%

Hokuriku Area

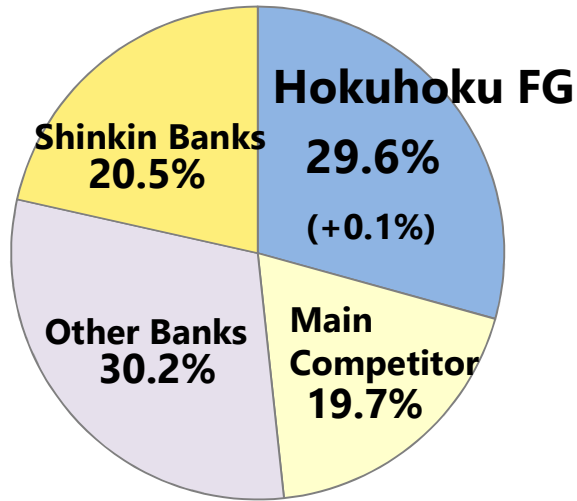


Hokkaido Area

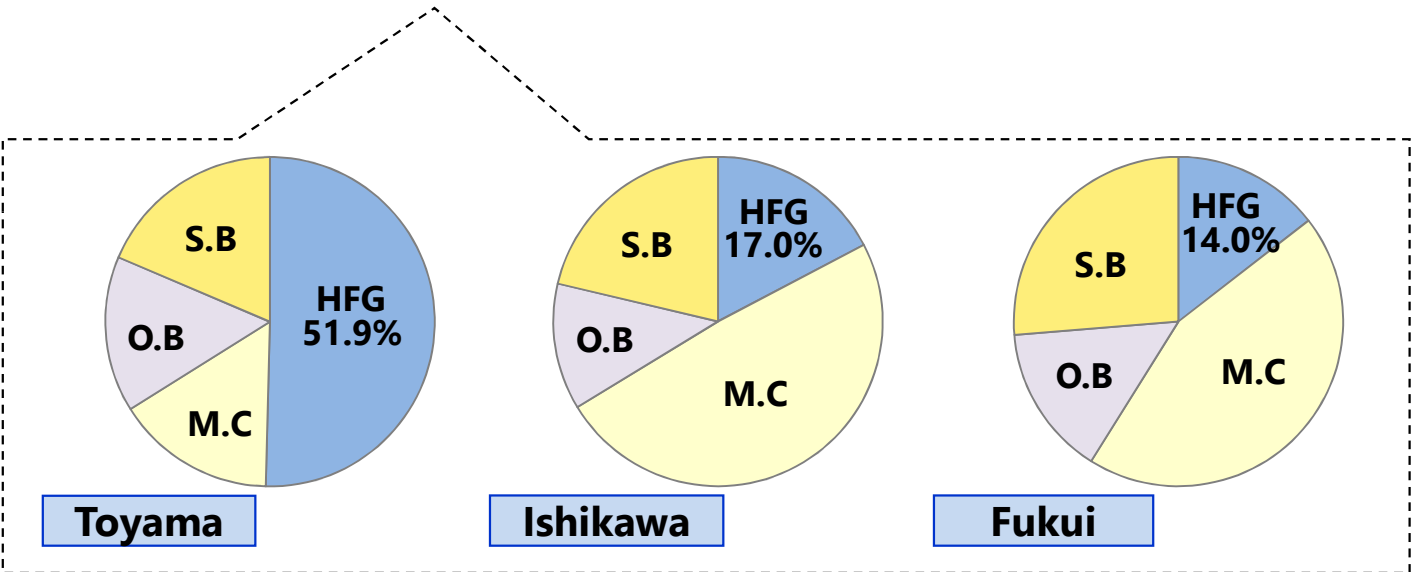
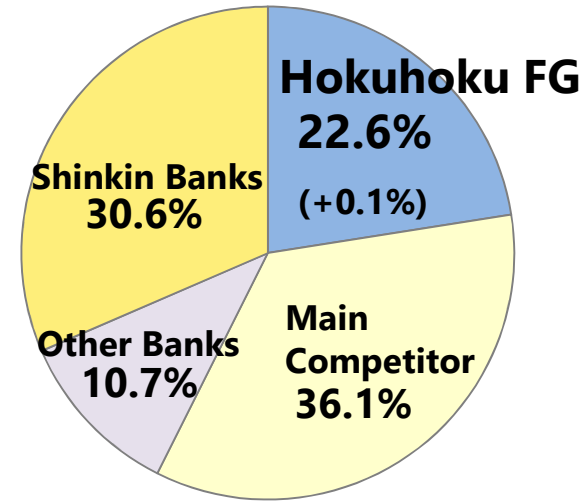


*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

Hokuriku Area



Hokkaido Area

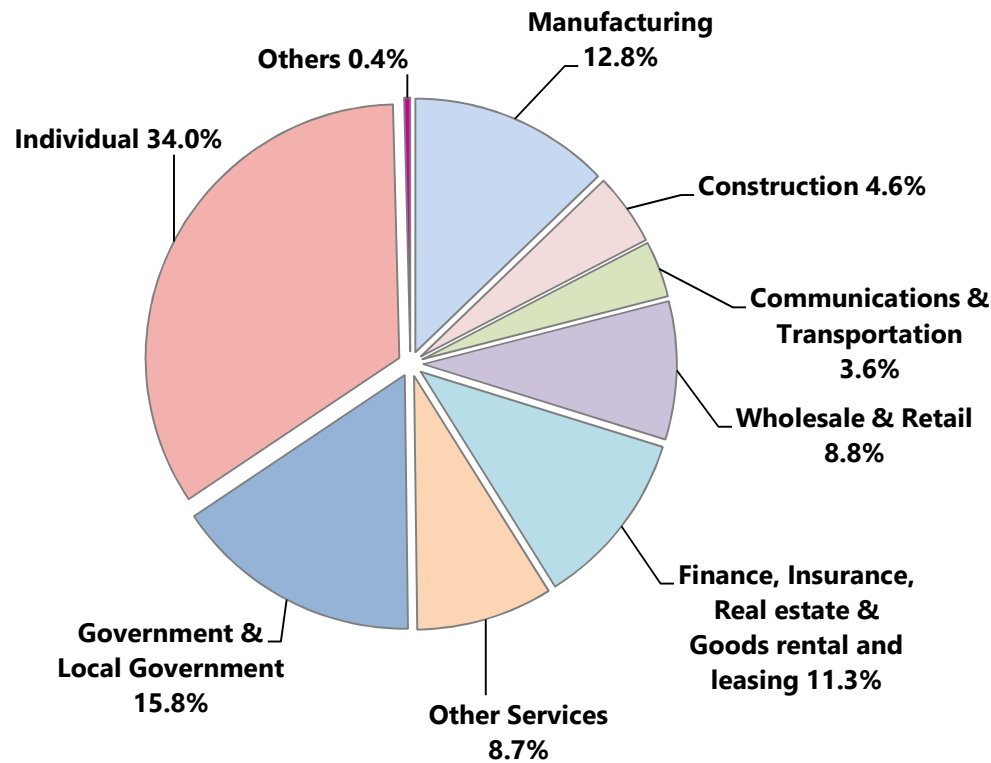


*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

About Hokuhoku FG ⑦

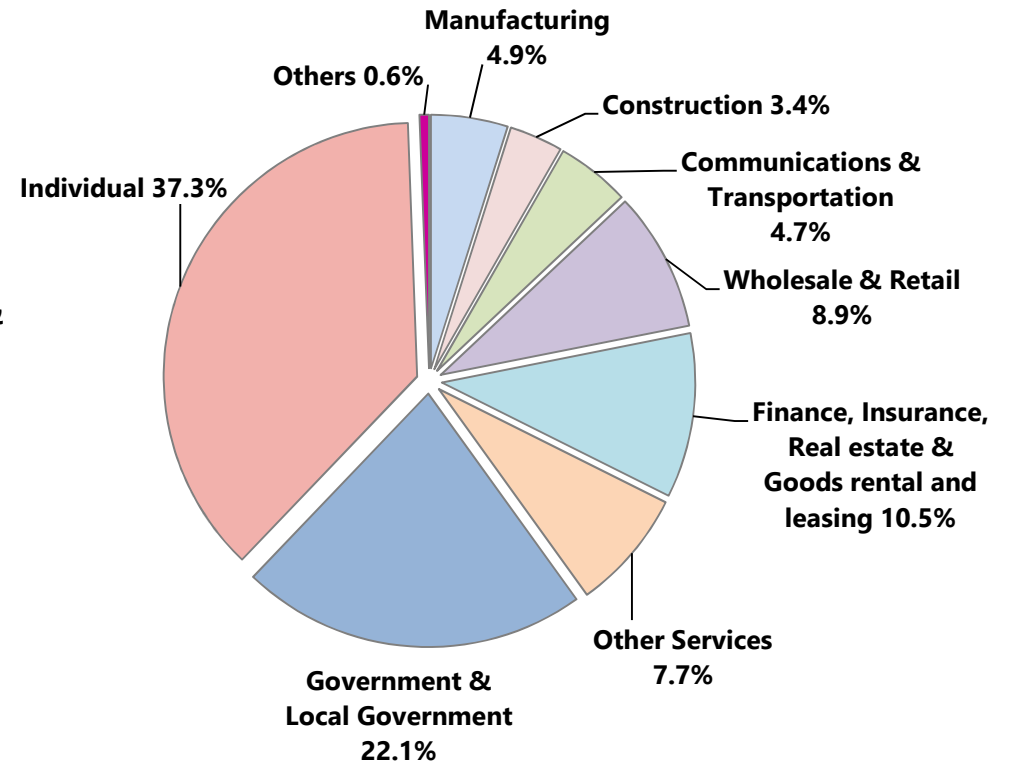
Lending in the Region by Industry (Sep-20)

Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank



Region: Hokkaido

About Japanese Regional Banks ①

Financial Institutions in Japan

Source: Home page of Japanese Bankers Association of Japan

1 Central Bank · · · Bank of Japan

2 Private financial institutions

Hokuriku Bank, Hokkaido Bank

- **Banks**
 - City banks
 - **Regional banks**
 - Member banks of the Second Association of Regional Banks(Regional banks II)
 - Foreign banks
 - Trust banks
 - Other banks
 - **Bank holding companies**
- Cooperative-type financial institutions

Hokuhoku Financial Group, Inc.

3 Public financial institutions

- Development Bank of Japan
- Japan Bank for International Cooperation
- etc.

Changes in Number of banks

End of March	1990	1995	2000	2005	2010	2015	2018	2019	2020
City banks	13	11	9	7	6	5	5	5	4
Regional banks	64	64	64	64	64	64	64	64	64
Regional banks II	68	65	60	48	42	41	40	39	38
Trust banks	16	23	33	26	19	16	15	14	13
Other banks	3	3	3	10	16	15	13	15	15
Bank holding companies	0	0	0	12	15	17	22	25	25

Outline of Regional Banks

Outline of Regional Banks

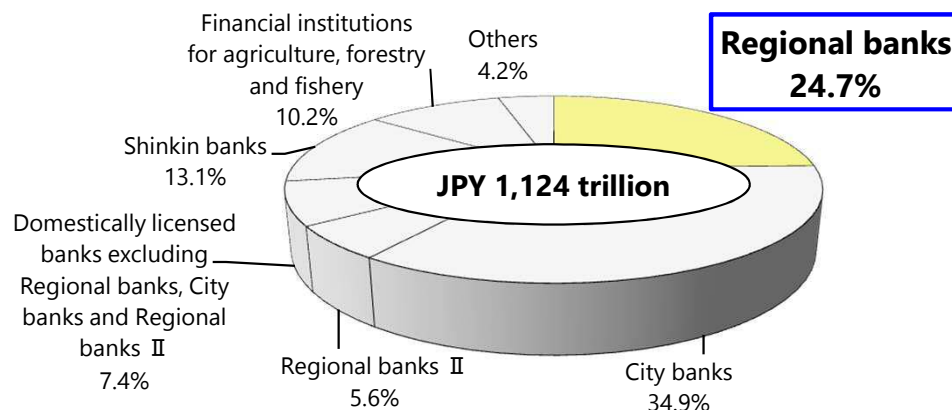
The 64 regional banks in Japan, as leading banks in the regions, serve the diverse financial needs of local clients such as individuals, companies, and local governments, through a dense branch networks and ATMs in the regions.

In order to contribute to strengthening industrial competitiveness in the region, the regional banks also support business improvement and business expansion of client companies by demonstrating their consulting services.

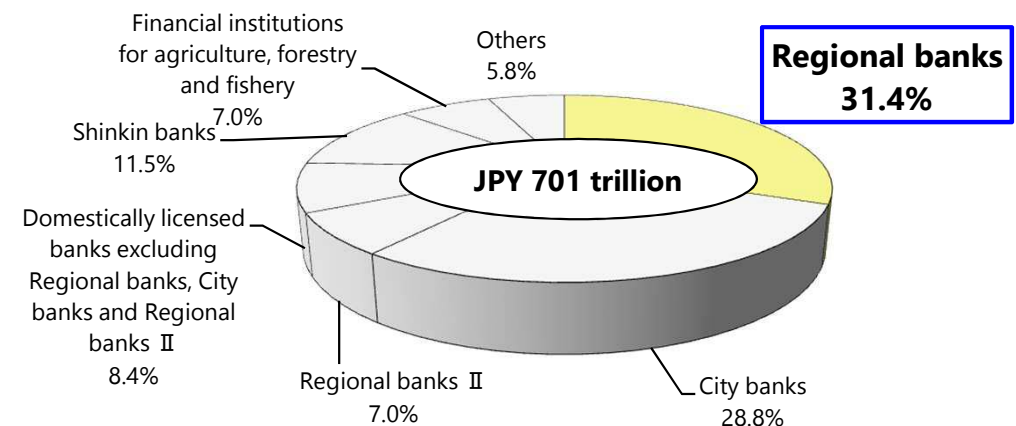
Moreover, in order to provide stable financial service, even when facing various changes in environment, regional banks work to strengthen corporate governance for maintaining sound management and reinforcing financial bases. Regional banks also comply with international banking regulations.

Shares of Deposits and Loans of Private Financial Institutions (Mar-20)

【 Deposits 】



【 Loans and discounts 】



Source: Home page of Regional Banks Association of Japan

The Present Condition of the Regional Economy

Economic Conditions

October-20	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	ALL JAPAN	Hokuriku Area	Hokkaido Area
Economic Trend	Severe situation, but showing movements of picking up	In a severe situation, although bottoming out	Started to pick up, although in a severe situation
Public Investment	Steady Performance	More or less flat at a high level	Has been at a high level
Business Investment	Showing weakness	Relatively weak	Declining
Private consumption	Picking up	Has lacked strength, although signs of a pick-up observed	Picking up gradually, although remains at a low level
Housing construction	In a weak tone	Weak	Relatively weak
Production	Picking up	Bottoming out	Has begun to bottom out
Employment & income	Steady movements, while weakness remains	Weak	Show some weakness
Consumer prices	Flat	Falling	Below the previous year
The number of bankrupt companies	Almost flat	Below the previous year	Calm movement

Inquiries related to this material should be addressed to

Hokuhoku Financial Group, Inc.

Planning Group

TEL(+81)76-423-7331

FAX(+81)76-423-9545

E-MAIL:info@hokuhoku-fg.co.jp

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

This document may not be reproduced or distributed to any third party without prior approval of Hokuhoku Financial Group, Inc. This document has been prepared for information purpose only and does not form part of a solicitation to sell or purchase any securities. Information contained herein may be changed or revised without prior notice. This document may contain forecasting statements as to future results of operations. No forecast statement can be guaranteed and actual results of operations may differ from those projected.