

# Financial Results for FY 2020 (Ended March 31, 2021)



Hokuhoku Financial Group, Inc.



The Hokuriku bank, Ltd.



The Hokkaido bank, Ltd.

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“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.**



Left: **Eishin Ihori**  
**President**  
(concurrently serving as president of  
The Hokuriku Bank, Ltd.)

Right: **Yuji Kanema**  
**Deputy President**  
(concurrently serving as president of  
The Hokkaido Bank, Ltd.)

## Management Philosophy

**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) 9.45 %

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 5

Employees : 2,378

Capital : ¥ 140.4 billion

Capital adequacy ratio : (non-consolidated) 9.14 %

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 : 2,202

Capital : ¥ 93.5 billion

Capital adequacy ratio : (non-consolidated) 8.88%

Ratings : A (R&I)

# I . Financial Results for FY 2020

# Summary of Financial Results

Consolidated ordinary profits exceeded the initial forecast by ¥6.2Bn to ¥32.2Bn, and consolidated Net income increased by ¥4.8Bn to ¥21.3Bn due to factors such as the increase in net business profits which exceeded the plan by ¥2.9Bn and the increase in gains related to stocks.

## FY20 Profit and loss

(JPY Bn)

【Hokuhoku FG consolidated】	Plan	Result	change	compared to plan
Ordinary profits	26.0	<b>32.2</b>	0.5	6.2
Net income attributable to owners of the parent	16.5	<b>21.3</b>	1.0	4.8

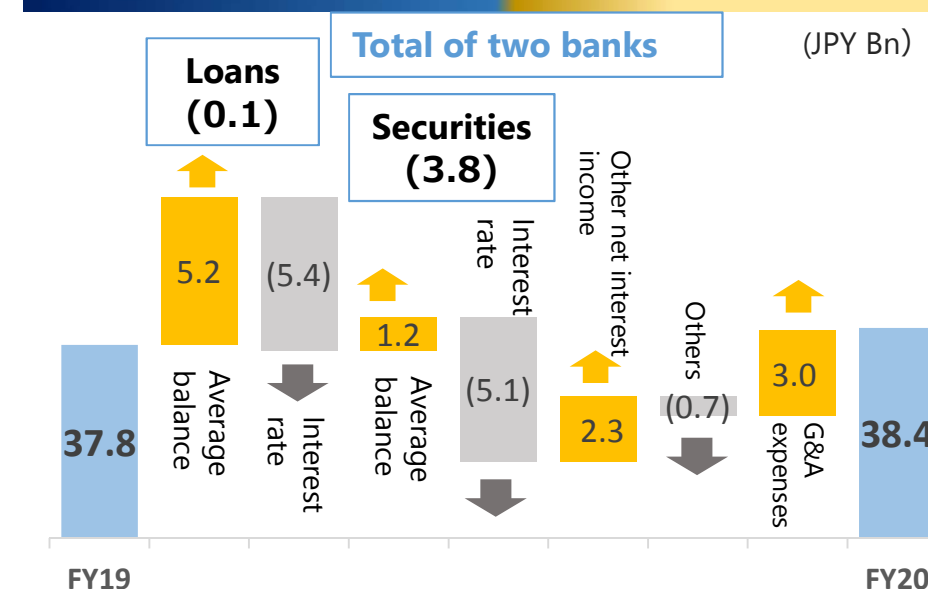
【Total of two banks】	Plan	Result	change	compared to plan
Core gross business profits	121.0	<b>120.7</b>	(2.4)	(0.2)
Net interest income		<b>103.7</b>	(1.7)	
Loans		<b>84.0</b>	(0.1)	
Securities		<b>19.3</b>	(3.8)	
Net fees & commissions		<b>15.9</b>	(0.5)	
Net trading income		<b>0.0</b>	(0.0)	
Net other income(※1)		<b>1.0</b>	(0.0)	
G&A expenses(-)	85.5	<b>82.3</b>	(3.0)	(3.1)
Core net business profits	35.5	<b>38.4</b>	0.5	2.9
Core net business profits(※2)		<b>37.6</b>	3.0	
Gains (losses) related to bonds		<b>2.0</b>	(6.4)	
Net business profits (※3)		<b>40.4</b>	(5.9)	
Net transfer to general allowance for loan losses(-)		<b>2.8</b>	0.0	
Other non-recurring gains (losses)		<b>(5.5)</b>	6.5	
Credit related costs (-)		<b>10.2</b>	1.0	
Gains (losses) related to stocks		<b>5.4</b>	7.3	
Ordinary profits	27.0	<b>32.0</b>	0.5	5.0
Net extraordinary gains (losses)		<b>(1.0)</b>	0.0	
Income taxes (-)		<b>8.5</b>	(0.9)	
Net income	18.0	<b>22.4</b>	1.6	4.4
Net credit costs (-)	12.0	<b>13.0</b>	1.0	1.0

※1: Excluding gains (losses) related to bonds

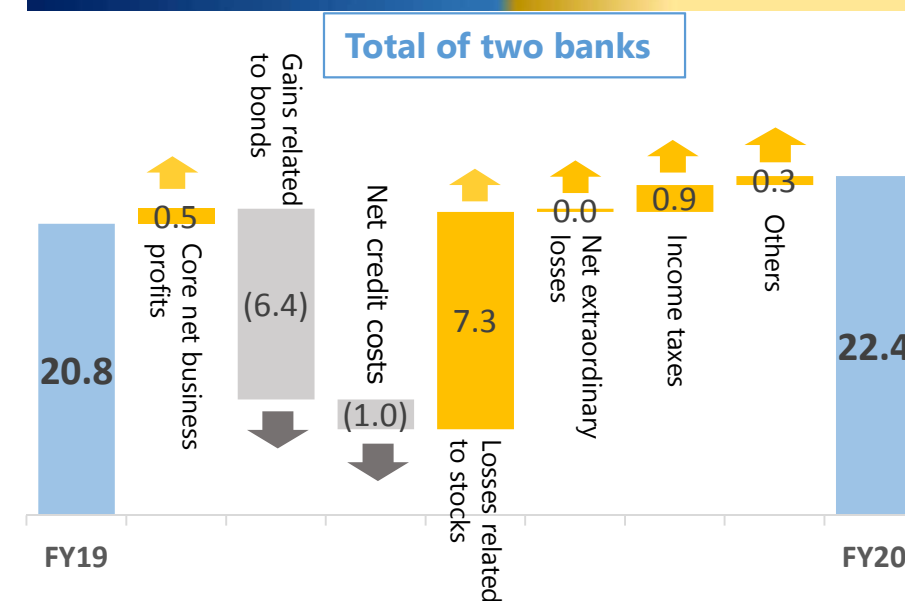
※2: Excluding gains(losses) related to cancellation of investment trusts included in net interest on securities

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

## Factors contributing to the change in core net business profits



## Factors contributing to the change in net income



# Summary of Financial Results(Hokuriku bank・Hokkaido bank)

## FY20 Profit and loss

	Hokuriku Bank		Hokkaido Bank	
		change		change
	(JPY Bn)			
Core gross business profits	66.7	(0.1)	54.0	(2.3)
Net interest income	55.7	0.4	47.9	(2.2)
Loans	42.4	(0.3)	41.5	0.1
Securities	13.3	(0.8)	6.0	(2.9)
Net fees & commissions	10.1	(0.4)	5.8	(0.1)
Net trading income	0.0	(0.0)	-	-
Net other income(※1)	0.7	(0.1)	0.3	0.0
G&A expenses(-)	43.9	(1.8)	38.4	(1.1)
Personnel	21.8	(0.8)	17.4	(0.4)
Non-personnel	18.6	(1.0)	18.0	(0.7)
Taxes	3.3	0.0	3.0	(0.0)
Core net business profits	22.8	1.6	15.6	(1.1)
Core net business profits(※2)	21.5	1.5	16.1	1.4
Gains(losses)related to bonds	1.8	(2.9)	0.1	(3.5)
Net business profits(※3)	24.7	(1.2)	15.7	(4.6)
Net transfer to general allowance for loan losses(-)	1.7	(0.4)	1.1	0.4
Other non-recurring gains (losses)	(2.4)	3.6	(3.0)	2.9
Credit related costs(-)	6.7	(0.3)	3.5	1.3
Gains(losses) related to stocks	3.8	3.7	1.6	3.6
Ordinary profits	20.5	2.7	11.5	(2.1)
Net extraordinary gains(losses)	(0.8)	0.0	(0.1)	0.0
Income taxes(-)	5.3	(0.2)	3.2	(0.7)
Net income	14.2	3.0	8.1	(1.3)
Net credit costs(-)	8.4	(0.8)	4.6	1.8

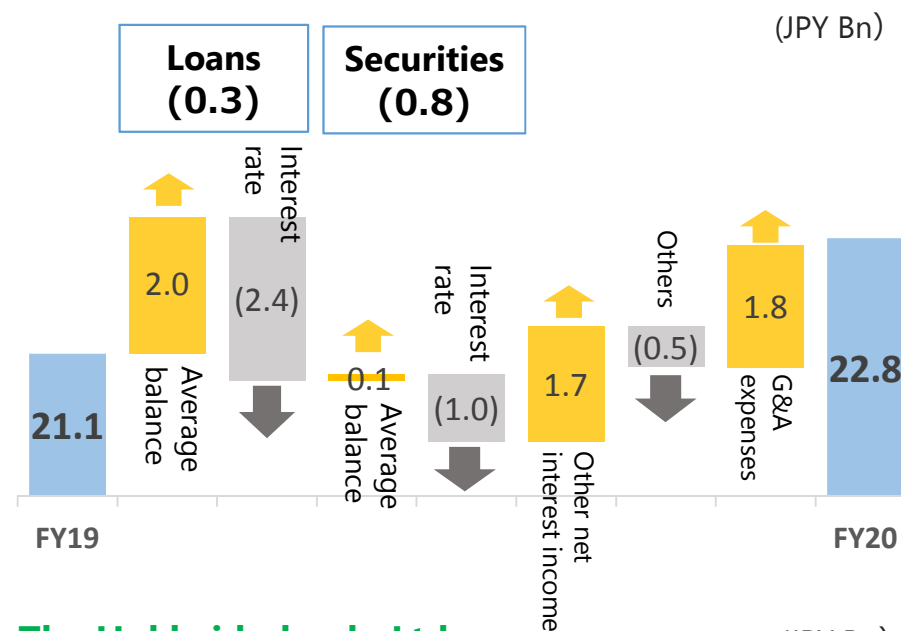
※1: Excluding gains (losses) related to bonds

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

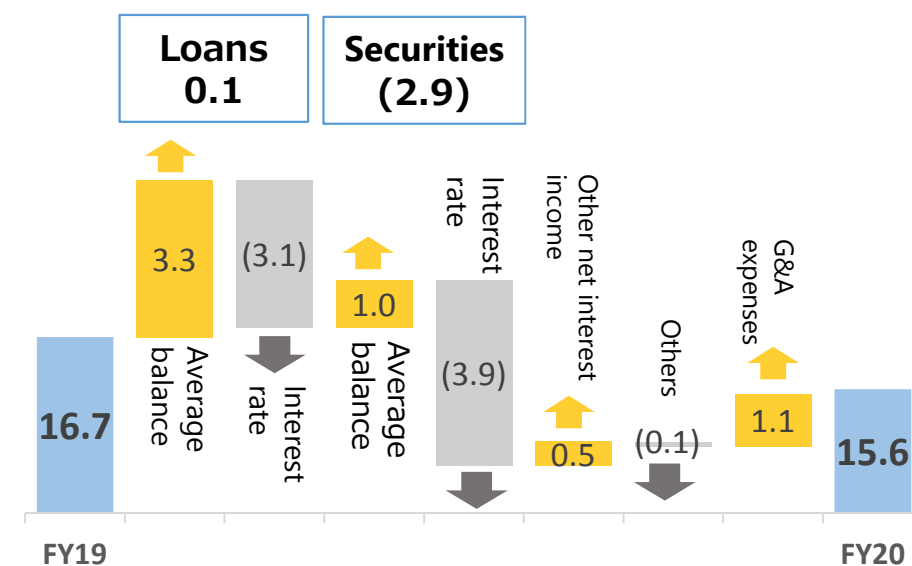
※3: Before provision (reversal) of general allowance for loan losses

## Factors contributing to change in core net business profits

### The Hokuriku bank, Ltd.



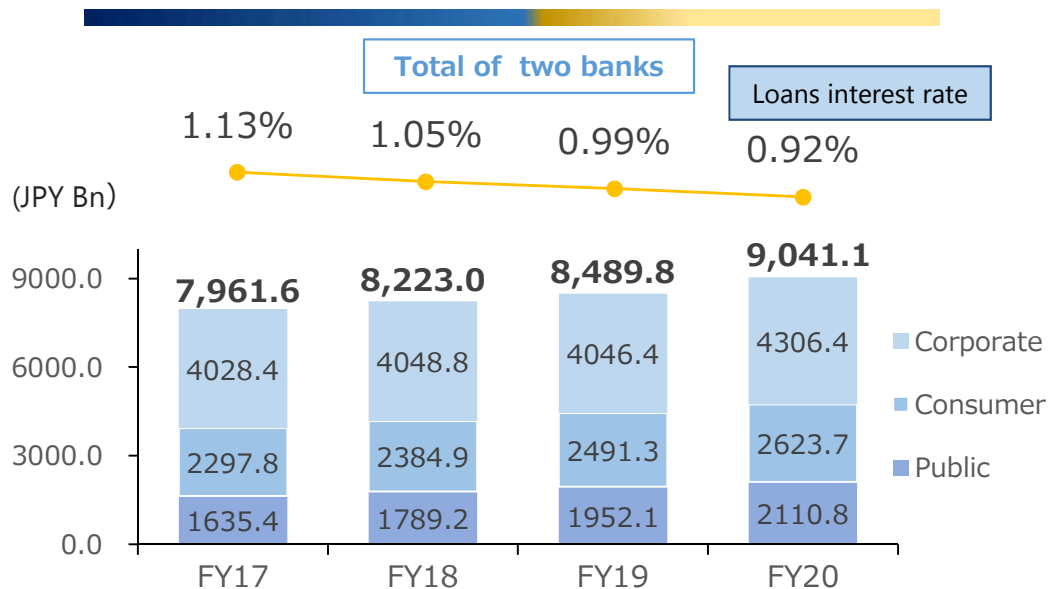
### The Hokkaido bank, Ltd.



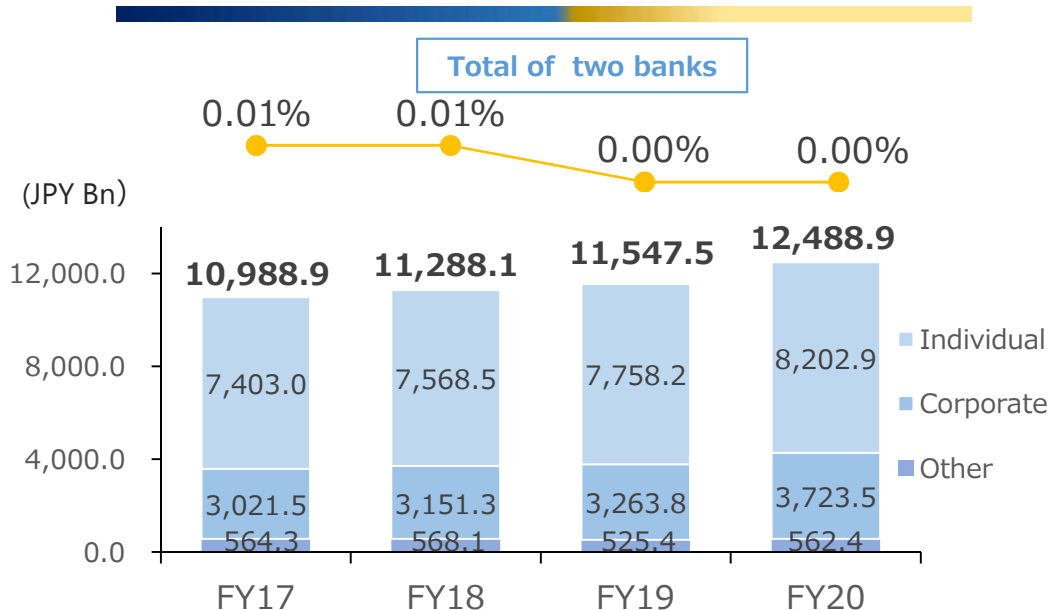
# Net Interest Income

Net interest income of the two banks decreased by ¥1.7Bn from the previous fiscal year to ¥103.7Bn.

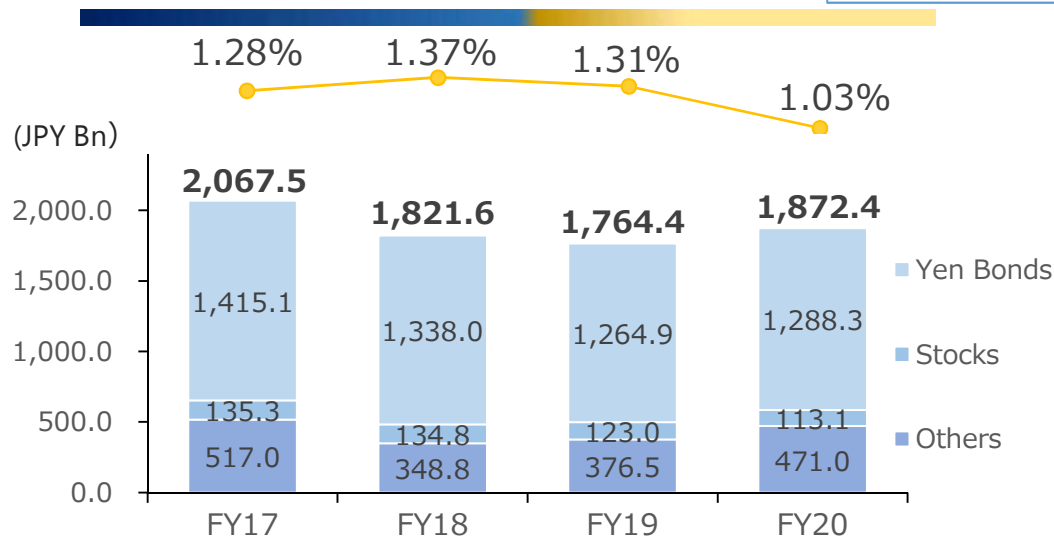
## Ave. balance and rate of Loans



## Ave. balance and rate of deposits



## Ave. balance and rate of securities



## Net Interest Income

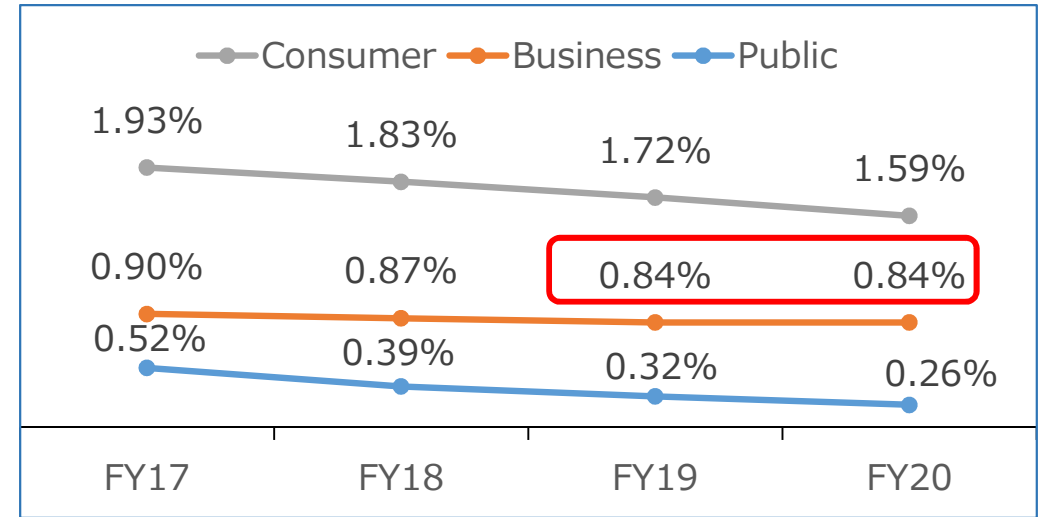
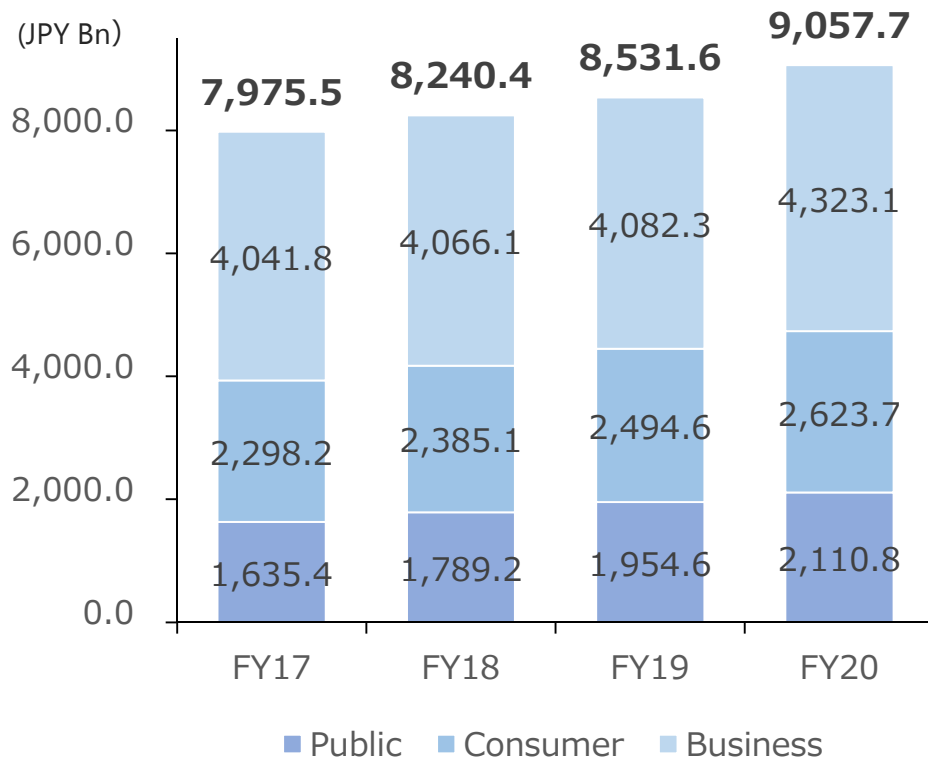
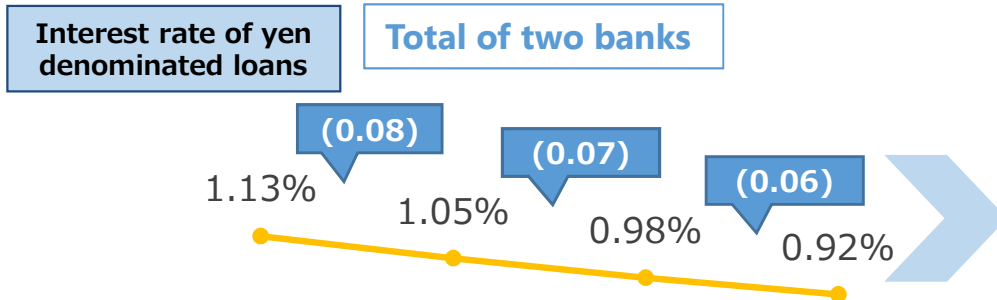
FY20	Total of two banks		Hokuriku bank		Hokkaido bank	
	Value	change	Value	change	Value	change
<b>Net interest income</b>	103.7	(1.7)	55.7	0.4	47.9	(2.2)
<b>Loans</b>	84.0	(0.1)	42.4	(0.3)	41.5	0.1
Avg.balance	9,041.1	551.2	5,051.4	240.7	3,989.6	310.4
Avg.rate	0.92%	(0.07%)	0.84%	(0.05%)	1.04%	(0.08%)
<b>Deposits(-)</b>	0.6	(0.4)	0.4	(0.3)	0.1	(0.1)
Avg.balance	12,488.9	941.3	7,156.1	504.6	5,332.7	436.8
Avg.rate	0.00%	(0.00%)	0.00%	(0.01%)	0.00%	(0.00%)
<b>Securities</b>	19.3	(3.8)	13.3	(0.8)	6.0	(2.9)
Avg.balance	1,872.4	107.9	1,114.3	13.5	758.1	94.4
Avg.rate	1.03%	(0.28%)	1.19%	(0.10%)	0.79%	(0.56%)



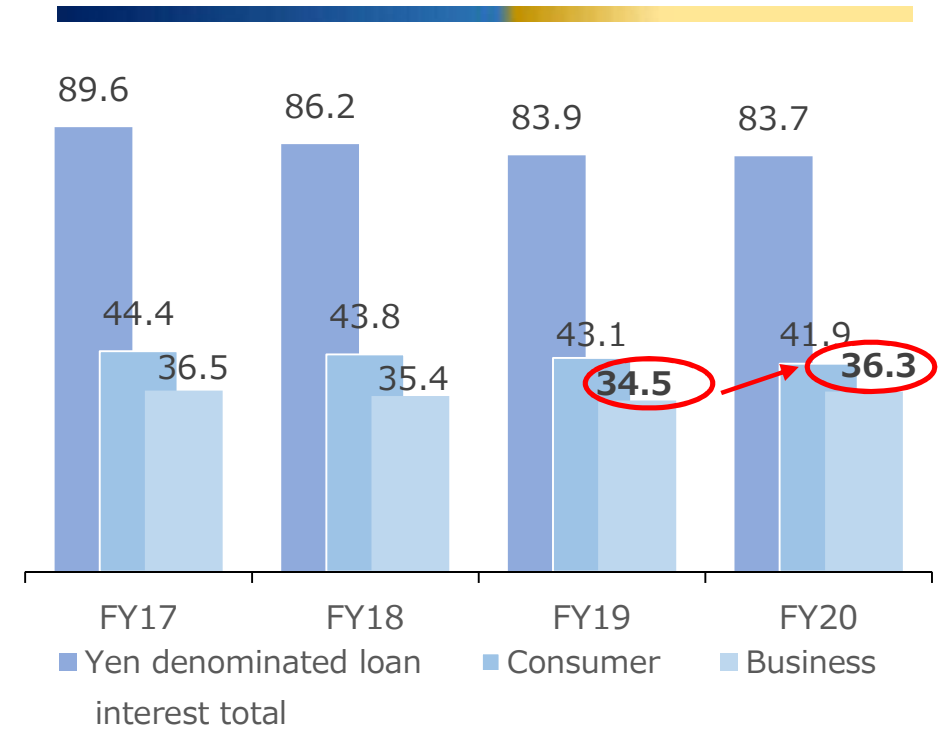
# Interest Yields

Interest of yen denominated loans remained at about the same level as in the previous fiscal year due to the end of the decline in business loan yields.

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



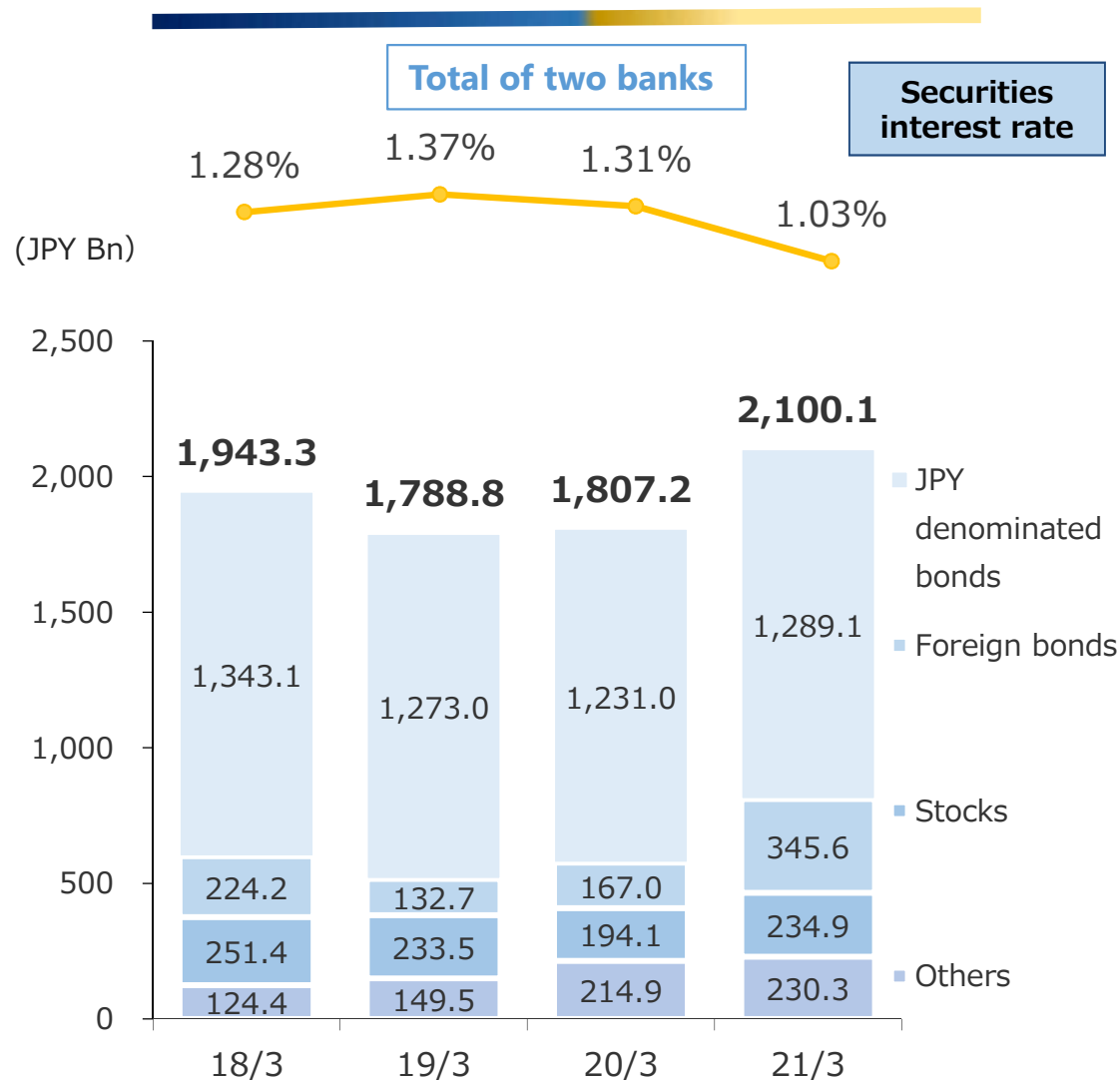
## Interest of yen denominated loans (JPY Bn)



# Securities Portfolio

The balance of securities increased by ¥292.9Bn from the end of the previous fiscal year to ¥2,100.1Bn, mainly due to the accumulation of foreign bonds and local bonds. Valuation difference of Available-for-sale Securities increased by ¥34.2Bn from the end of the previous fiscal year to ¥111.0Bn.

## Balance of securities



## Revenue and Valuation difference

**Total of two banks**

	FY20	change	FY19
<b>Securities interest</b>	<b>19.3</b>	(3.8)	23.2
Bonds	<b>6.1</b>	(1.8)	7.9
Stocks	<b>5.3</b>	0.1	5.1
Others	<b>7.9</b>	(2.1)	10.1
<b>Net salse profit/loss</b>	<b>7.5</b>	0.8	6.6
Bonds	<b>2.0</b>	(6.4)	8.4
Stocks	<b>5.4</b>	7.3	(1.8)
<b>Valuation difference of Available-for-sale Securities</b>	<b>111.0</b>	34.2	76.7
Bonds	<b>2.0</b>	(4.7)	6.7
Stocks	<b>115.6</b>	40.8	74.8
Others	<b>(6.7)</b>	(1.8)	(4.8)

(JPY Bn)

# Net Fee and Commission Income

Fee revenue decreased by ¥0.7Bn from the previous fiscal year to ¥17.0Bn. Although Consulting-related service revenue was sluggish in the first half due to difficulties in face to face business meetings brought about by the COVID-19, it has improved significantly in the second half.

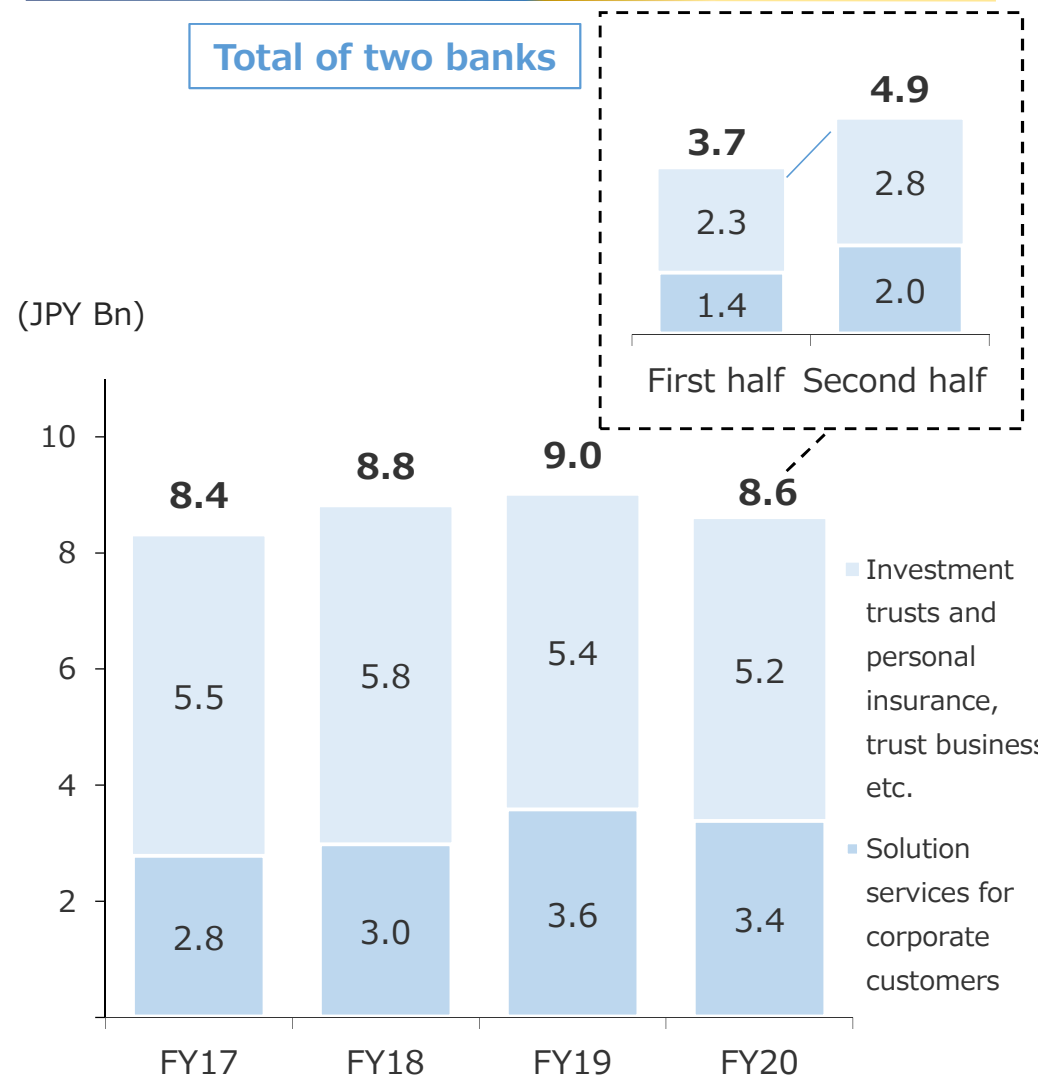
## Fee revenue

## Corporate/Individual Consulting-related Service Revenue

Total of two banks

	(JPY Bn)	
	FY20	FY19
①Net fees and commissions	15.9	16.5
<b>Fees and commissions</b>	33.2	33.8
Remittance	10.4	10.6
Investment trusts/Personal insurance	4.7	5.0
Solution services*	3.4	3.6
Private placement bond/syndicated loan	1.9	2.1
M&A support, Business succession support, etc	0.8	1.0
Business matching	0.6	0.5
<b>Fees and commissions payments</b>	17.2	17.3
Remittance	1.8	1.8
Loan related expenses	12.5	12.3
②Net trading income	0.0	0.1
③Net other income (excl. gains(losses) related to bonds)	1.0	1.1
Gains on foreign exchange transaction	0.9	1.1
④Fee revenue ①+②+③	17.0	17.8
⑤Core gross business profits	120.7	123.2
⑥Fee revenue ratio ④/⑤ (%)	14.13	14.46

Total of two banks



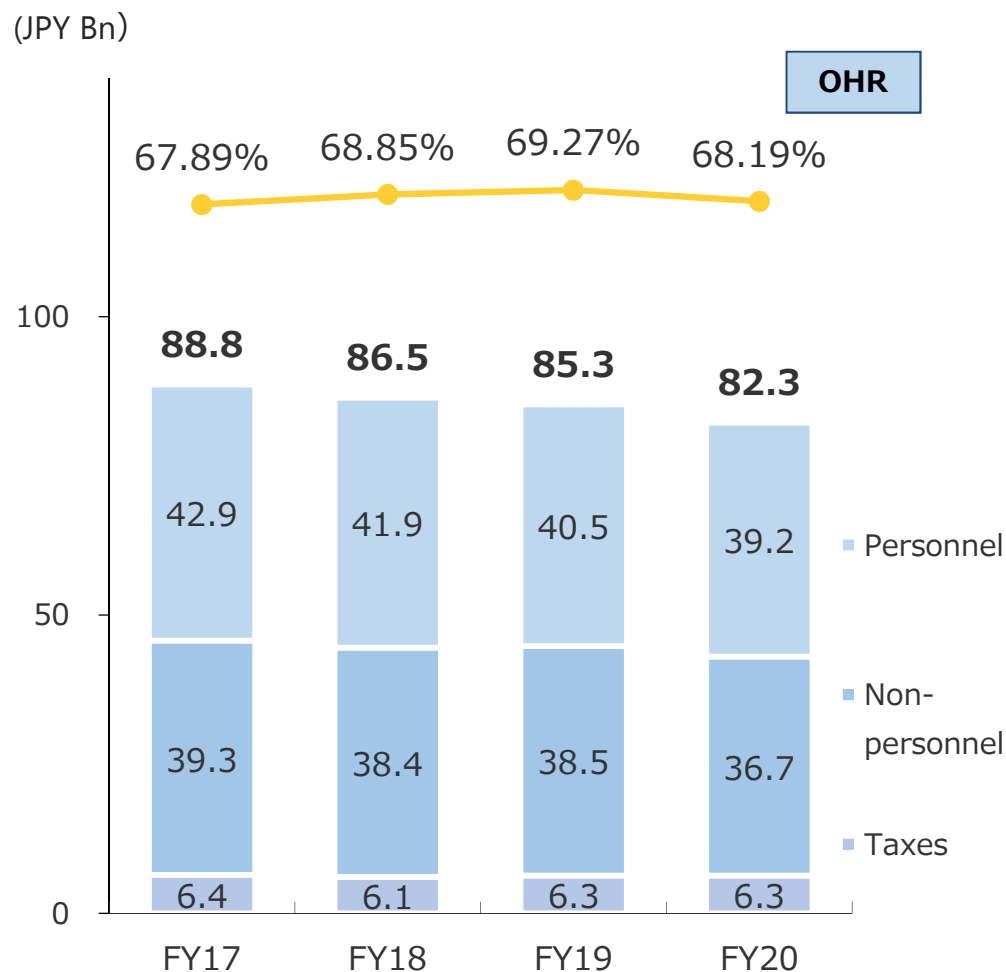
\*(for corporate customers) Fees related to Private placement bond, syndicated loan, M&A support, Business succession support, Business matching, etc.

# G&A Expenses • Net credit costs

Through continuous efforts to improve operational efficiency, G&A expenses decreased by ¥0.3Bn from the previous fiscal year, and OHR improved by 1.08 points to 68.19%. Net credit costs increased by ¥1.0Bn from the previous fiscal year to ¥13.0Bn.

## G&A expenses and OHR

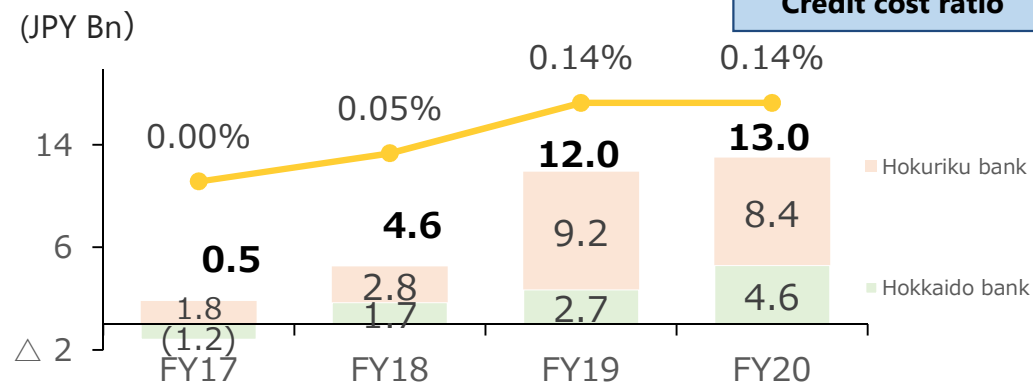
Total of two banks



## Net credit costs

Total of two banks

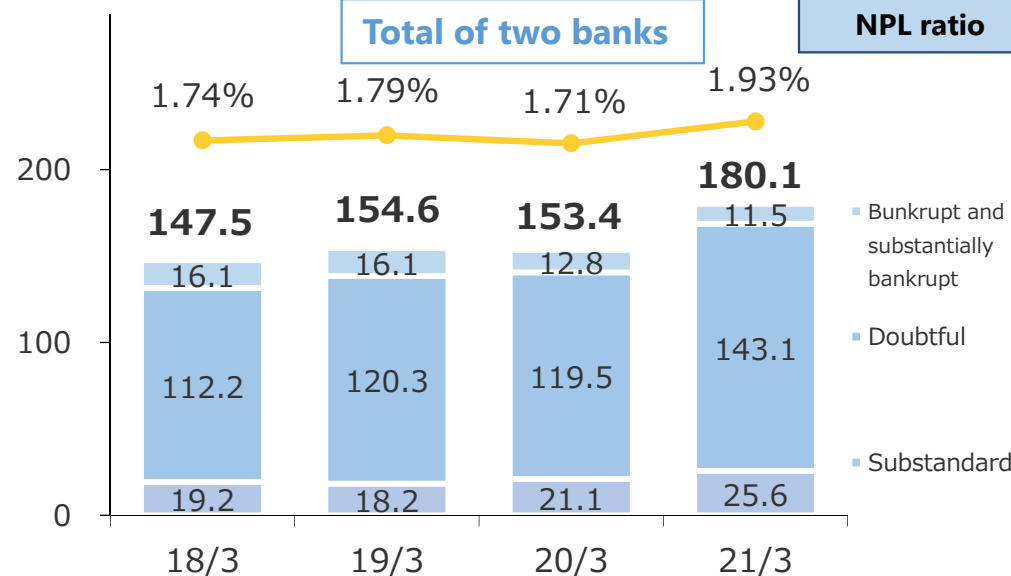
Credit cost ratio



## Balance of non-performing loan

Total of two banks

NPL ratio

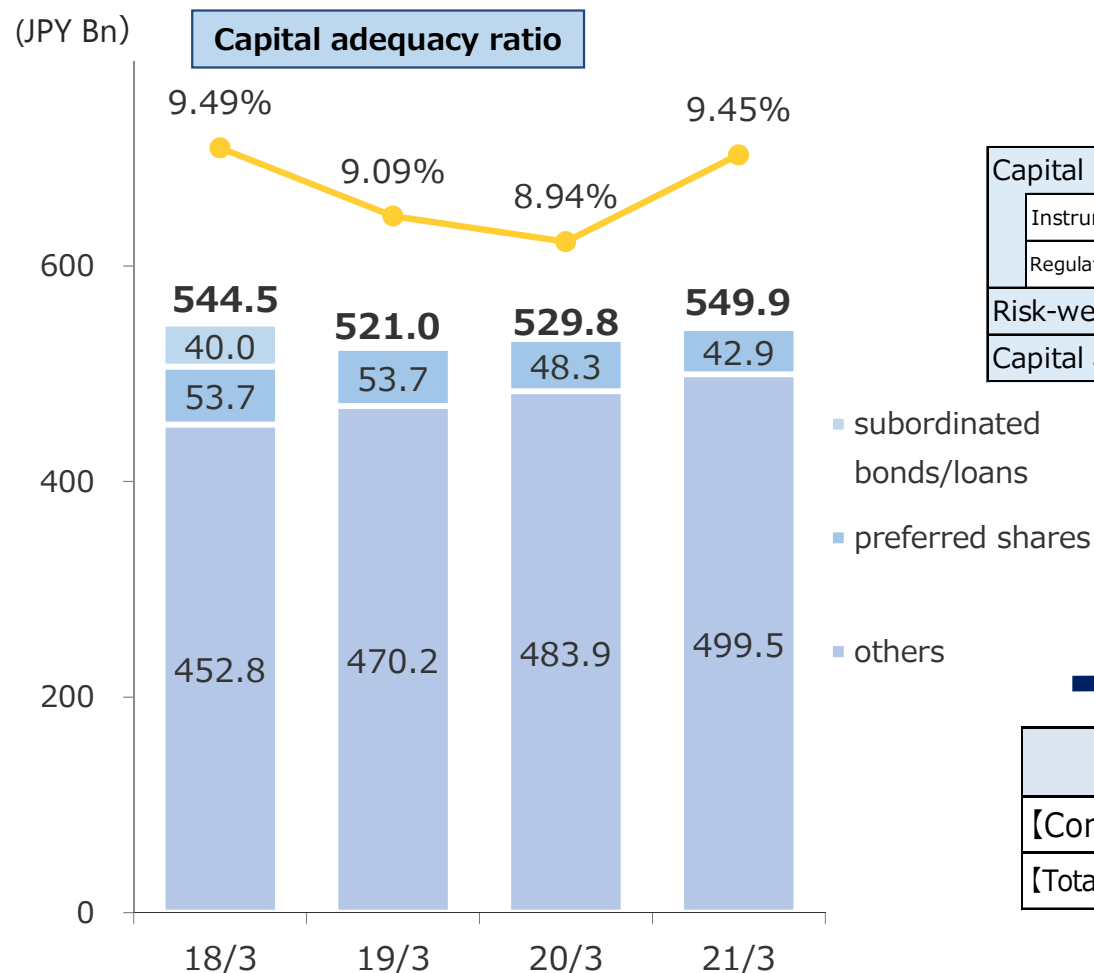


# Capital Adequacy ratio • ROE

The capital adequacy ratio was 9.45%, an increase of 0.51 points from the end of the previous fiscal year due to the accumulation of retained earnings, although the preferred shares was partially redeemed on October 1, 2020.

## Capital adequacy ratio

Consolidated



## Capital and risk-weighted assets

Consolidated

(JPY Bn)

	Transitional arrangements		Full implementation	
	21/3	change	21/3	20/3
Capital	549.9	20.1	503.6	477.4
Instruments and reserves	563.7	18.9	517.4	492.3
Regulatory adjustments (-)	13.7	(1.1)	13.7	14.8
Risk-weighted assets	5,816.0	(107.1)	5,802.8	5,909.8
Capital adequacy ratio	9.45%	0.51%	8.67%	8.07%

## ROE

	FY16	FY17	FY18	FY19	FY20
【Consolidated】	5.1%	3.6%	4.0%	3.4%	3.5%
【Total of two banks】	5.7%	4.4%	4.9%	3.9%	4.1%

## Forecasts for FY21

Consolidated

(JPY Bn)

	FY21 forecasts	
	forecast	change
Ordinary profits	30.5	(1.7)
Net income attributable to owners of the parent	18.5	(2.8)

## Dividend forecasts for FY21

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

(JPY Bn)

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

	【Total of two banks】		【Hokuriku bank】		【Hokkaido bank】	
	FY21 forecast	change	FY21 forecast	change	FY21 forecast	change
Core gross business profits	122.5	1.7	67.0	0.2	55.5	1.4
G&A expenses	82.5	0.1	44.0	0.0	38.5	0.0
Core net business profits	40.0	1.5	23.0	0.1	17.0	1.3
Net credit costs	13.0	(0.0)	8.0	(0.4)	5.0	0.3
Ordinary profits	31.5	(0.5)	19.0	(1.5)	12.5	0.9
Net income	21.0	(1.4)	12.0	(2.2)	9.0	0.8

### 【Reference】Changes in dividends

FY19	FY20	FY21 forecast
40.00	35.00	35.00

## 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	FY20	change	FY21 Target
Main business profit*	16.9	19.6	+ 2.7	Over 22.0
Net income attributable to owners of the parents	20.2	21.3	+ 1.0	Over 22.0
(Consolidated) Capital adequacy Ratio	8.94%	9.45%	+ 0.51%	Maintain 8% level
(Core gross business profit basis) OHR	69.27%	68.19%	△1.08%	Maintain under 70% level

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



# Responding to COVID-19



## ■ Efforts to local communities and customers

- Financing support
- Building a customer support system
- Enhancement of non-face-to-face services
- Interview using online tools
- Conduct various online seminars
- Exemption from various fees
- Establishment of various consultation counters
- Donations and fundraising support
- ...etc.

## ■ Efforts to prevent the spread of infection

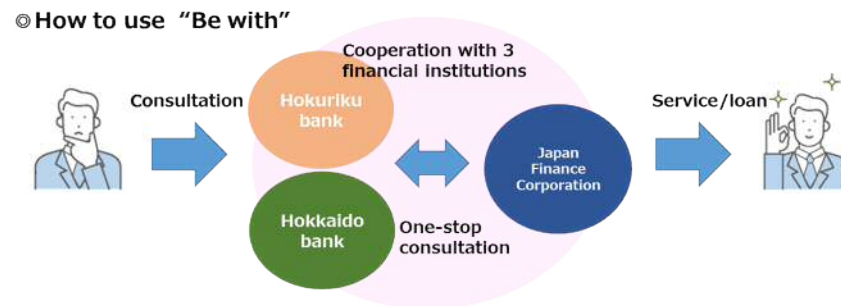
- Installation of splash prevention sheet
- Disinfection of ATM corners and lobbies
- Utilization of telework and staggered commuting
- Performing split operations
- Implementation of various meetings and training online
- ...etc.



## ■ Customer support efforts

### Financing support

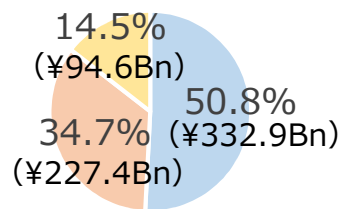
- Established "Be With", a collaborative unit for COVID-19 countermeasures with Japan Finance Corporation.
- Established "Bright Signs", a collaborative unit for COVID-19 countermeasures with Shoko Chukin Bank, Ltd.



【Loans related to COVID-19】(\*)

	Number of loans	Loan amount(JPY Bn)
Total of two banks	21,106	655.0
Hokuriku bank	12,831	384.2
Hokkaido bank	8,275	270.7

Loan amount ratio by area



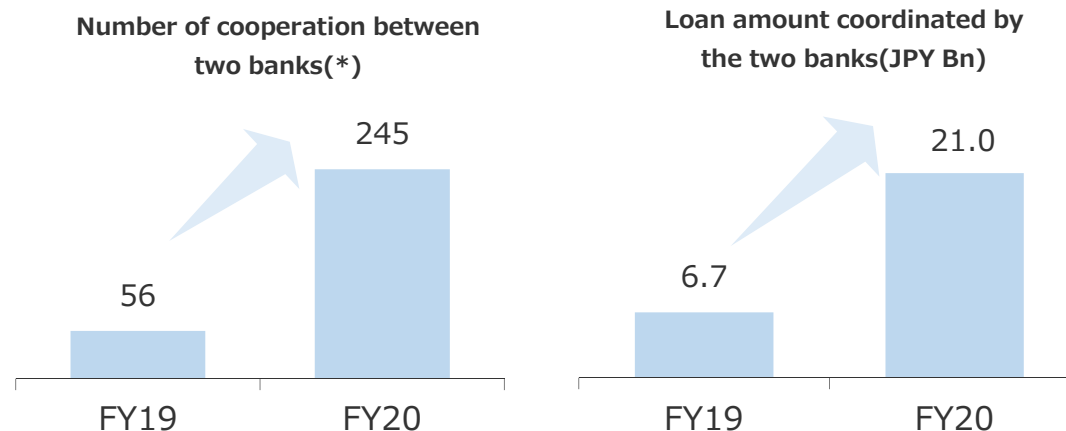
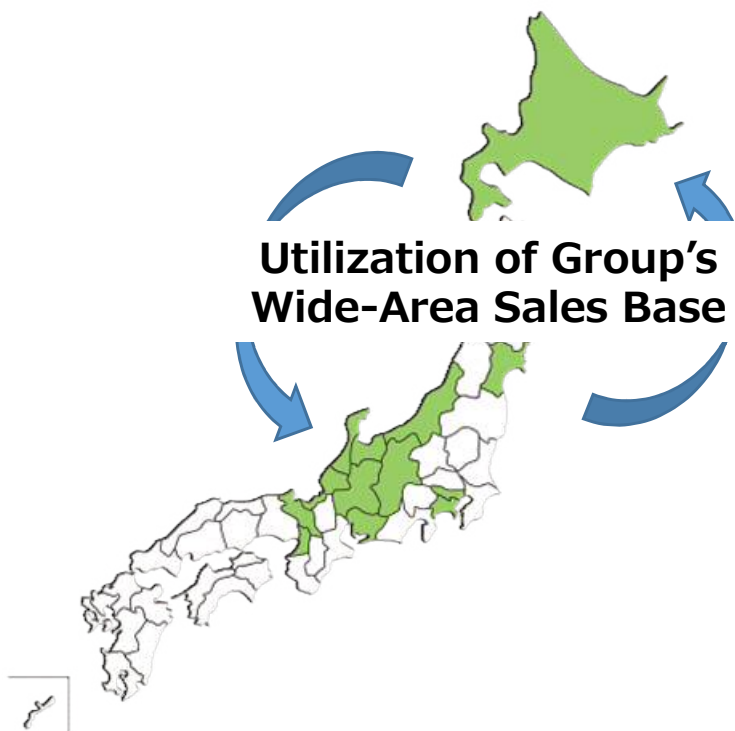
- Hokkaido area
- Hokuriku area
- other area



\*Cumulative total from February 2020 to the end of March 2021

## Strengthening cooperation between the two banks

Utilizing the Group's wide-area sales base, we are actively engaged in business matching services and financial support in the form of co-financing that connect the customers of two banks



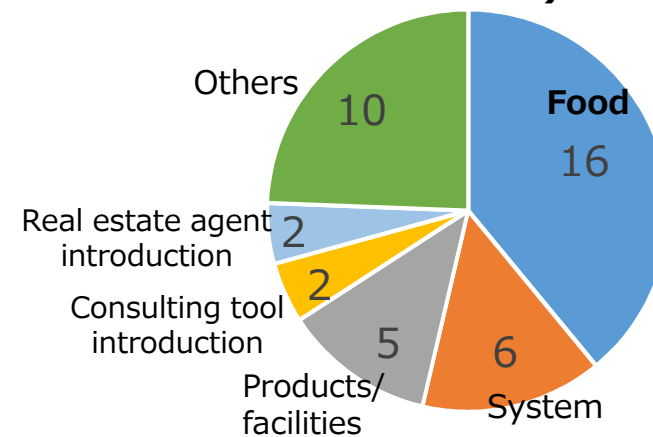
(\*)The number of efforts that the two banks jointly contribute to solve customer issues

Number of business negotiations related to business matching in which the two banks cooperated is **127.**

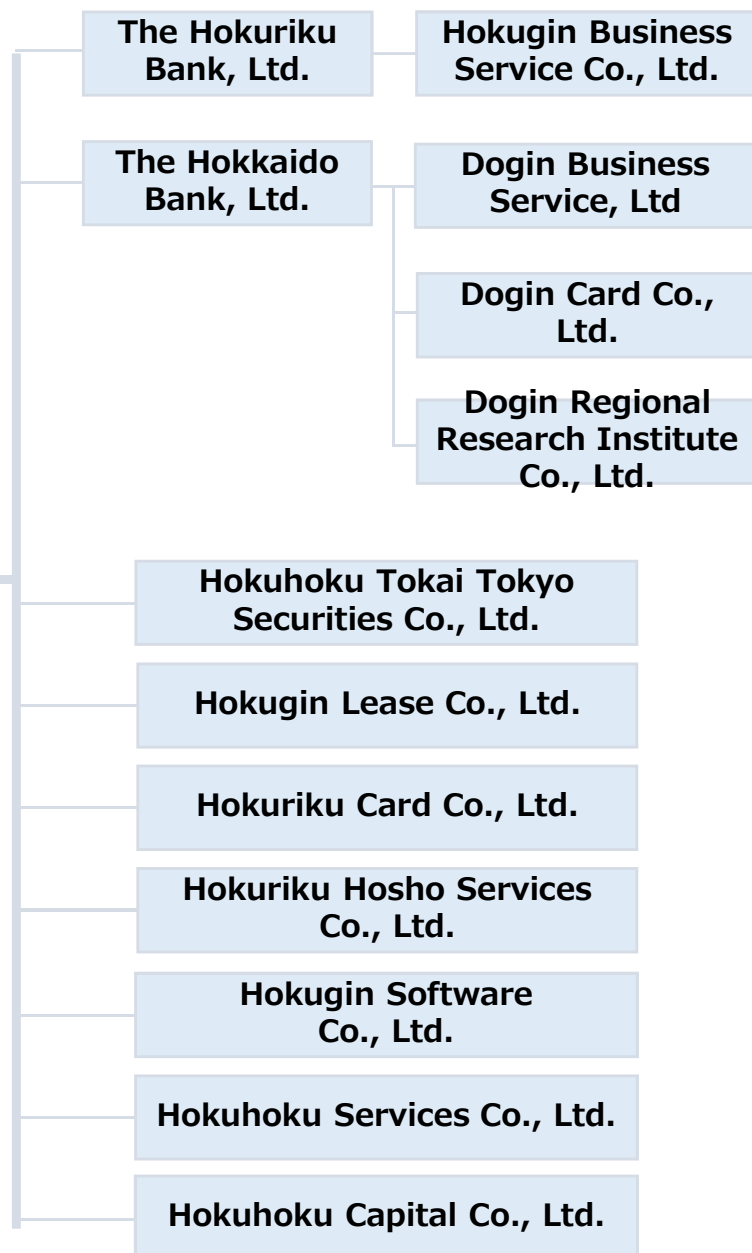
**(41 contracts were concluded)〈FY2020〉**

### Example of customers' needs for business matching

- Expansion of customer and/or supplier base in food business, computer system business, facility business, and so on
- Introduction of consulting companies
- Real estate acquisition/sale (via mediation)



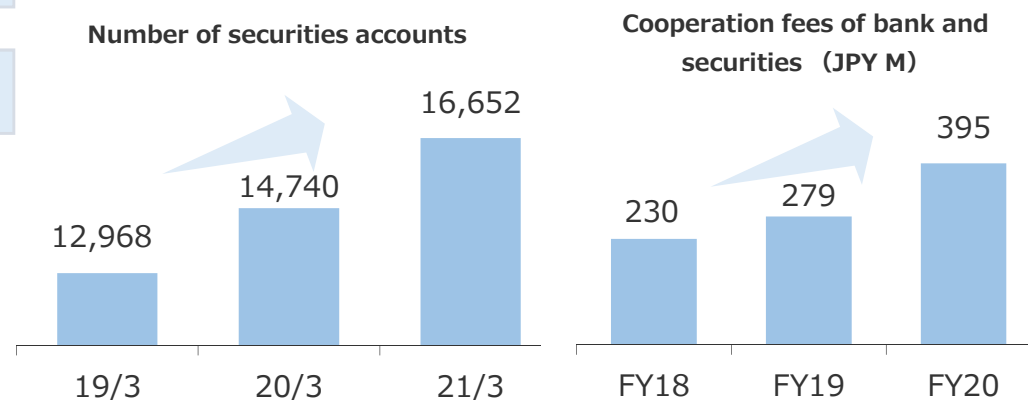
## Providing financial services as a comprehensive financial group



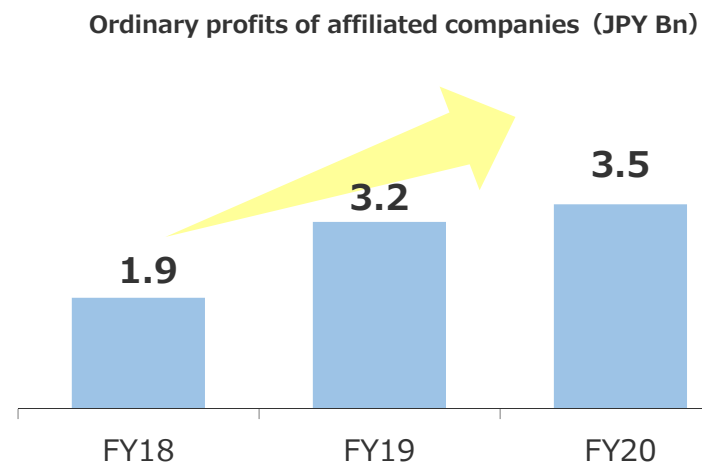
### Hokuhoku Tokai Tokyo Securities Co., Ltd.

- Comprehensive proposal in collaboration with banks
- Expansion of branch network

Opened "Obihiro Branch", the third base in Hokkaido, in "Nishi 5 jo Branch of Hokkaido bank"

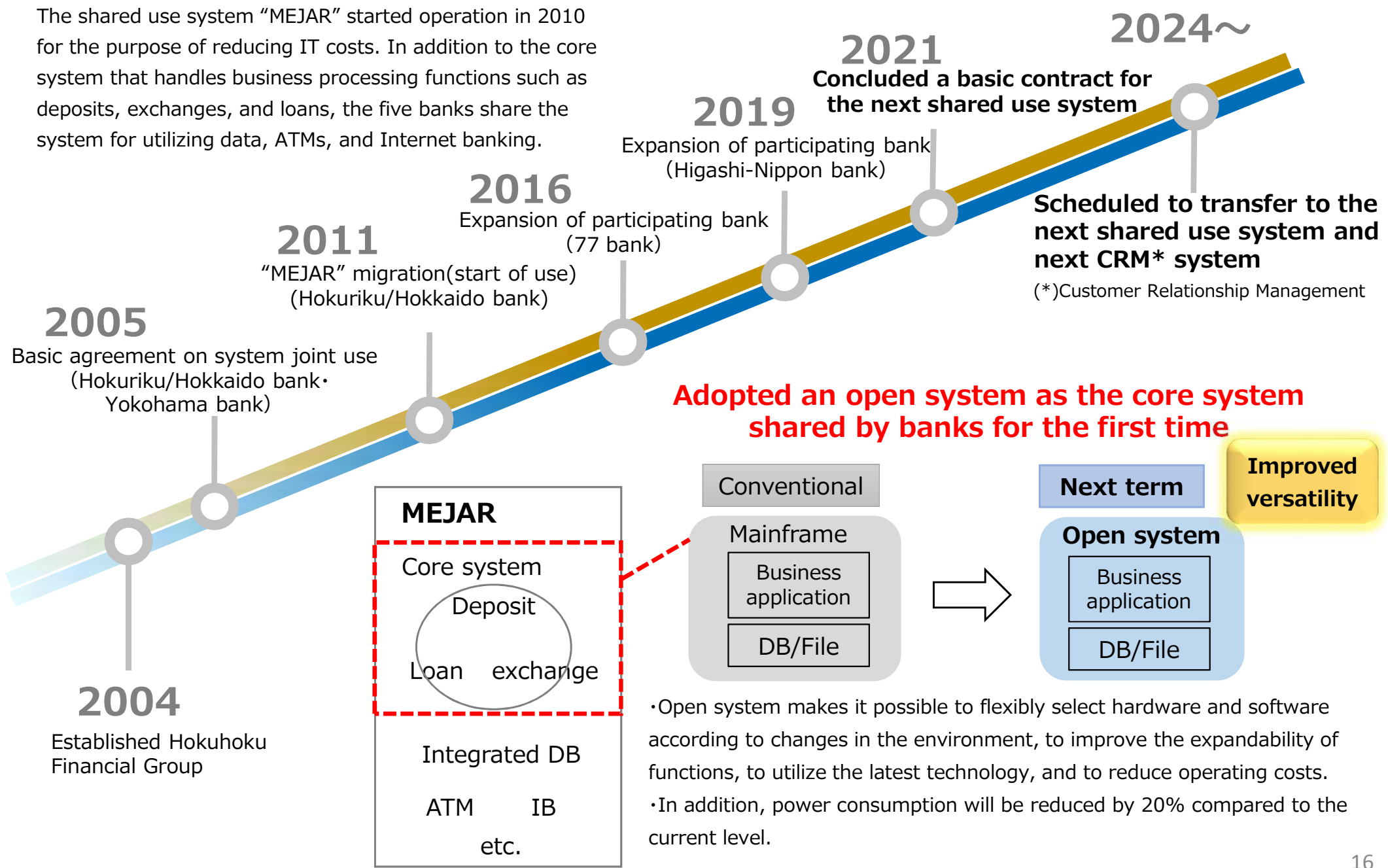


### Ordinary profits of affiliated companies



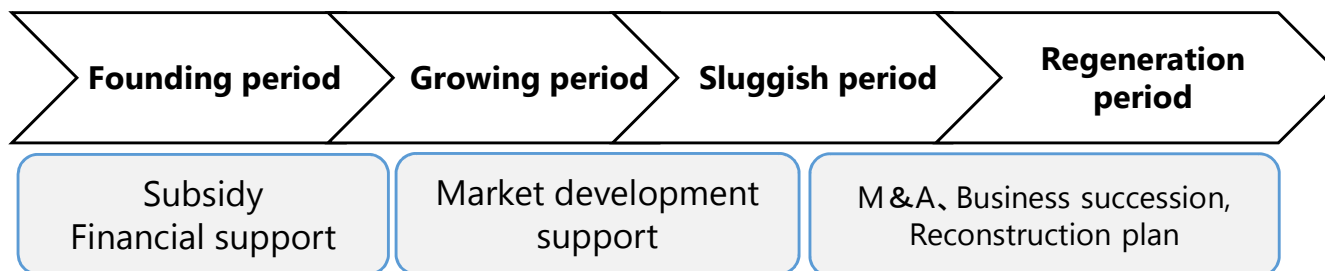
## Conclusion of basic contract for next shared use system

The shared use system "MEJAR" started operation in 2010 for the purpose of reducing IT costs. In addition to the core system that handles business processing functions such as deposits, exchanges, and loans, the five banks share the system for utilizing data, ATMs, and Internet banking.

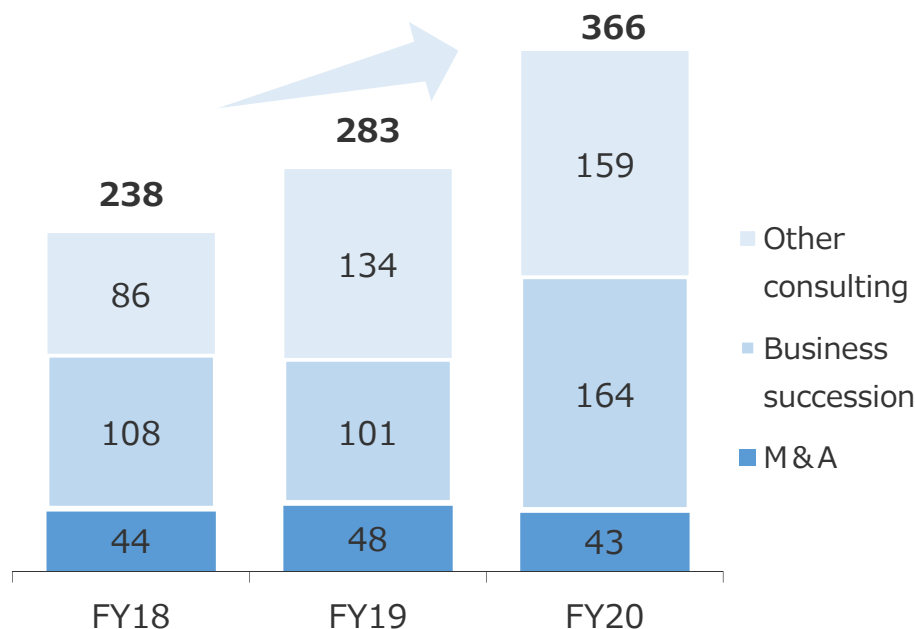


## Providing solutions depending on Business Life Cycle

In addition to conventional solution services, we are expanding the range of services such as human resources introduction services and IT consulting services.



Number of various consulting contracts



The number of M&A advisory contracts in FY2020 was 129

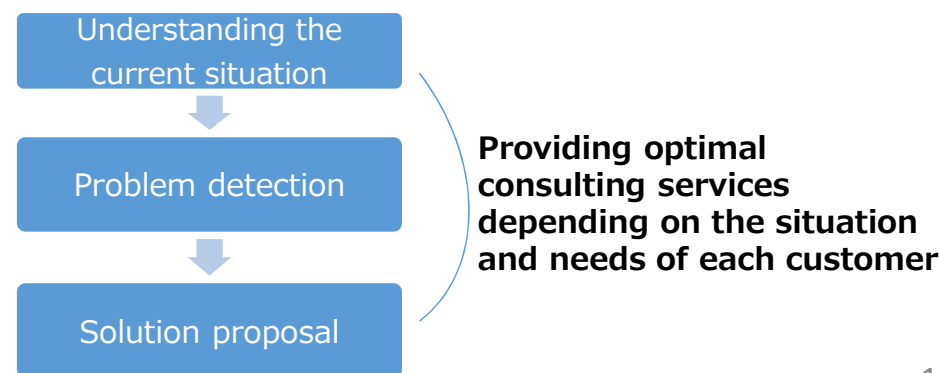
### Expansion of solution area

IT consulting services (From April 2019)

Human resources introduction services (From July 2019)

### IT consulting services

Hokuriku bank provides business partners with IT consulting services that contribute to solve issues such as IT utilization, operational efficiency, and paperless offices.

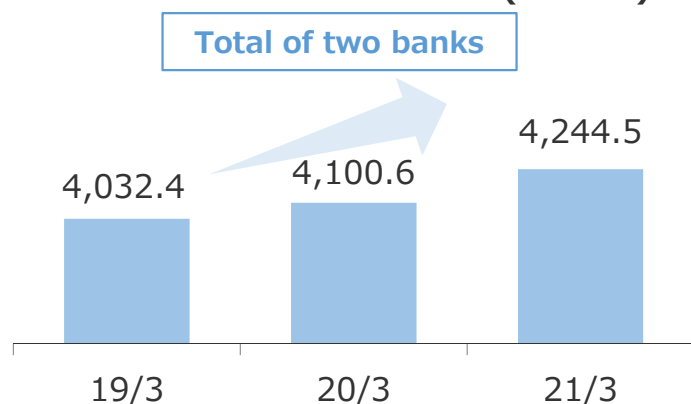


## Providing solutions depending on Business Life Cycle

### ■ Efforts for business evaluation

Providing optimal solutions by increasing the opportunities for dialogue and improving the quality of business evaluations

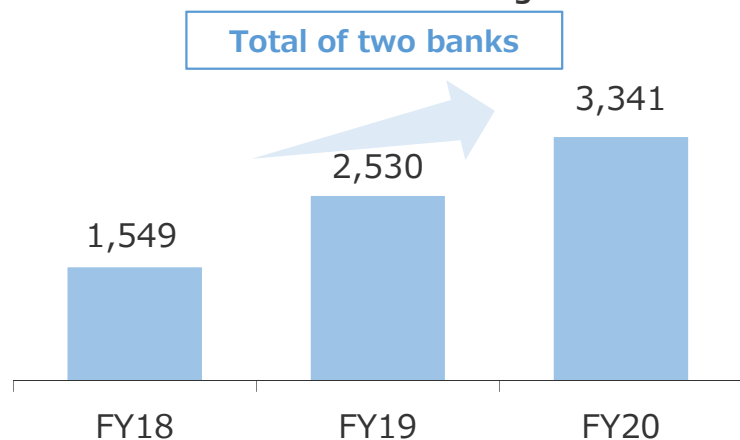
Balance of business loans(JPY Bn)



### ■ Strengthening business matching

Standardization of business matching systems of two banks  
The number of registered products is 8,516

Number of business matching contracts



### ■ Enhancement of remote services

- Application of management support platform
- Conducting online seminars
- Interview using online tools



### ■ Founding support through public subsidy application support

Supporting business diversification by introducing public subsidy programs and supporting application formulation

	Hokuriku bank	Hokkaido bank
Number of subsidies adopted(FY2020)	10	33

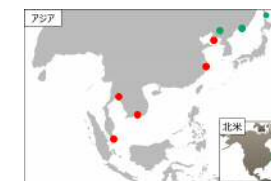
### ■ Overseas transaction

Supporting the overseas activities of our business partners by utilizing online interviews, etc., even in COVID-19 calamity

#### Number of interviews with business partners

2,167 (FY2020・Total of two banks)

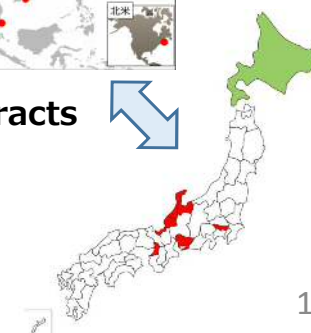
(\*)Number of interviews related to overseas transactions at overseas representative offices



#### Number of overseas business matching contracts

33 (FY2020/Total of two banks)

(\*)Business matching between business partners and overseas subsidiaries

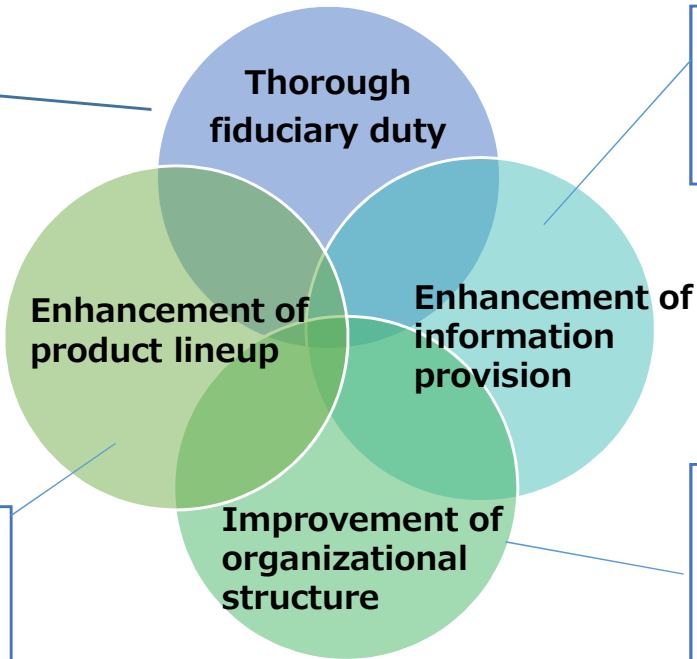


## As a comprehensive financial group, we provide total solutions depending on the customer's life stage

- Efforts to improve customer investment returns
- Investment management proposals based on a long-term, diversified, and regular investment
- Asset formation proposal tailored to life stage



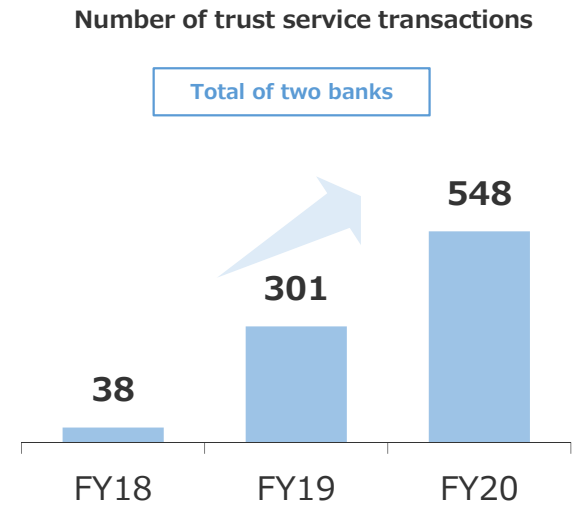
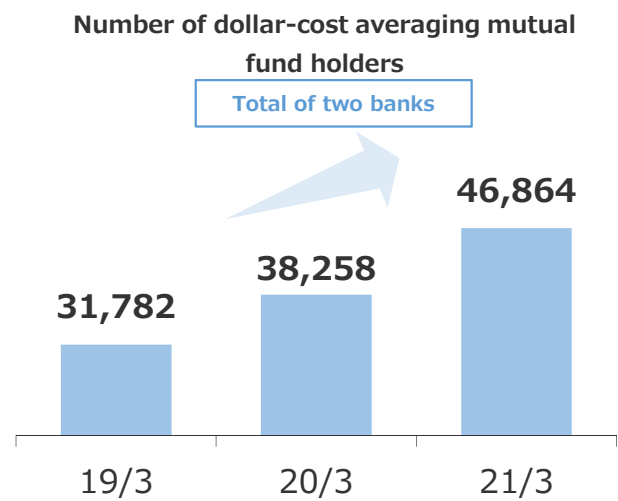
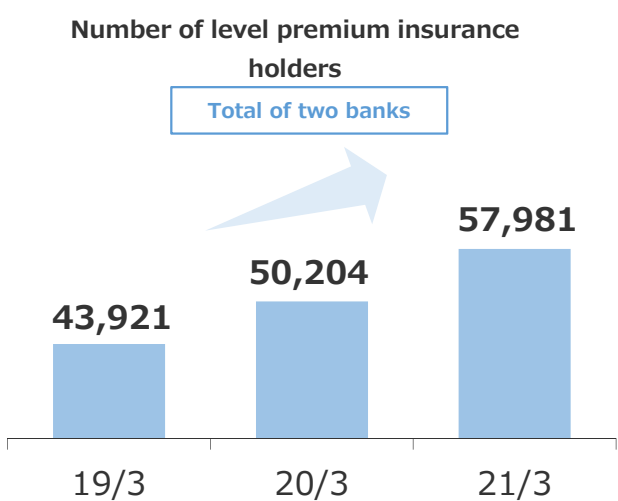
- Enhancement of products exclusively for internet banking
- One-stop service provision for needs such as asset management and succession



- Holding an asset management online seminar
- Renewed investment trust introduction page on the website

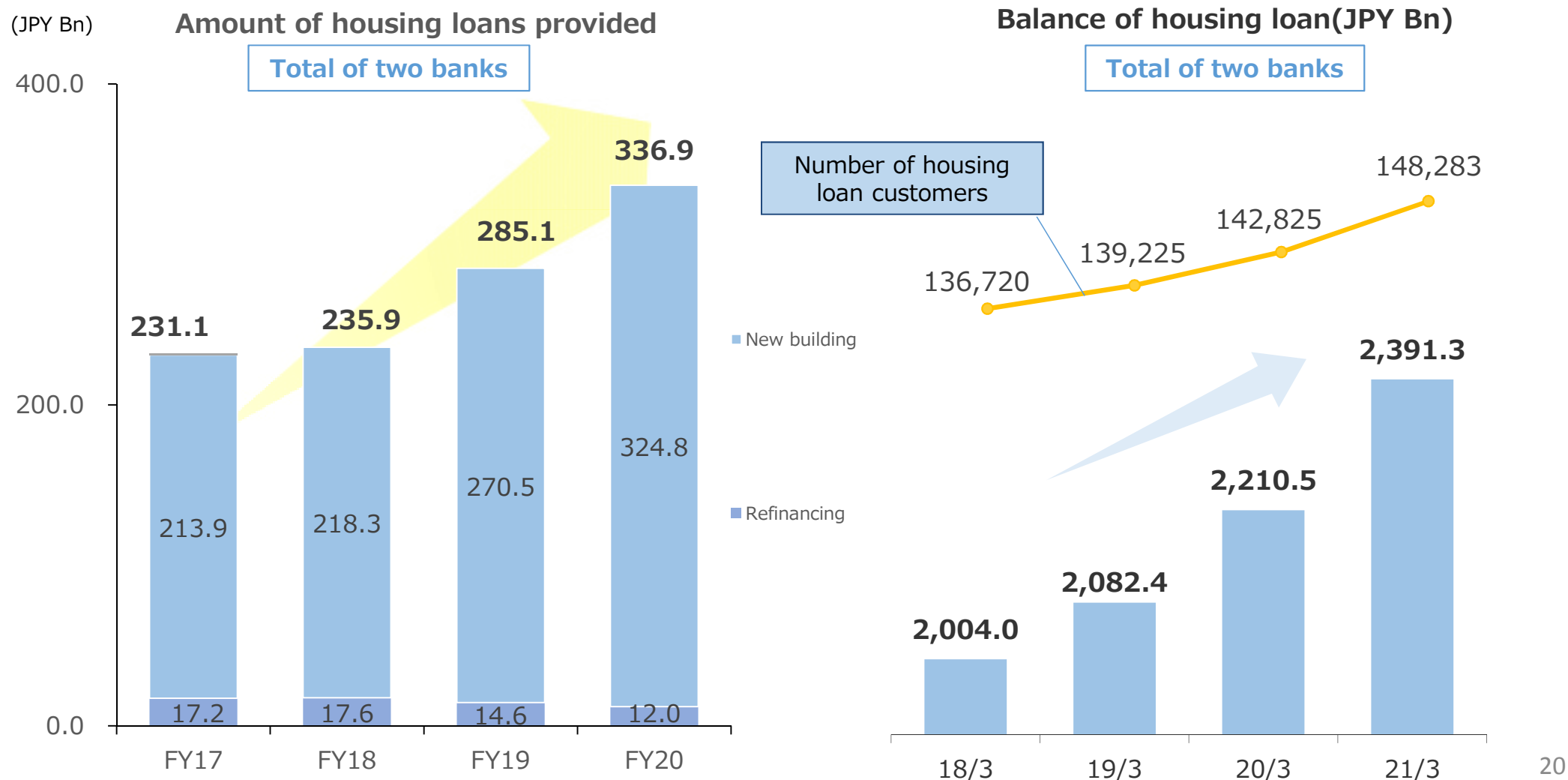


- Support to acquire expertise and to strengthen proposal capabilities of personnel through training and in-house qualification examinations
- Expansion of consultation bases for asset management



## Improving the commercial value and convenience of housing loan

Due to improvements in the commercial value and convenience of housing loans, the amount of housing loans provided reached a record high of ¥336.9Bn. We will continue to utilize on-line services such as remote consultation terminals to meet the needs of our customers.





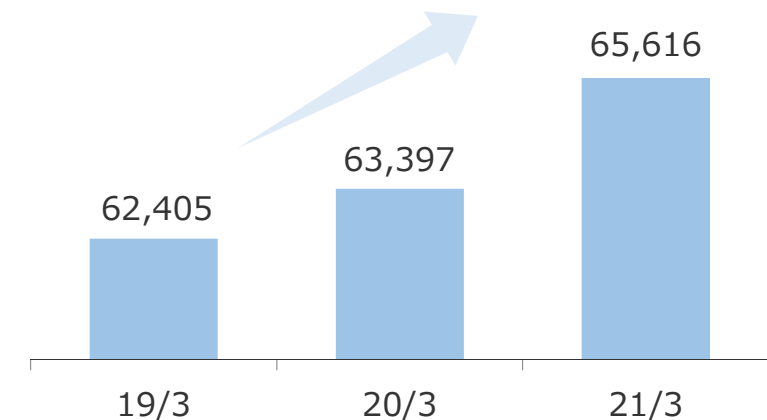
## Improvement customer convenience and expansion of digital financial services

### ■ Improving customer convenience

- Accepting applications for financial products using a tablet PC
- Visit reservation service
- Digitalization of various procedures
  - Housing loan electronic contact
  - Custody Management System
- Expansion of services of corporate internet banking plans
- Expansion of services through business portal
  - Electronic delivery service of documents



Number of Internet banking contracts

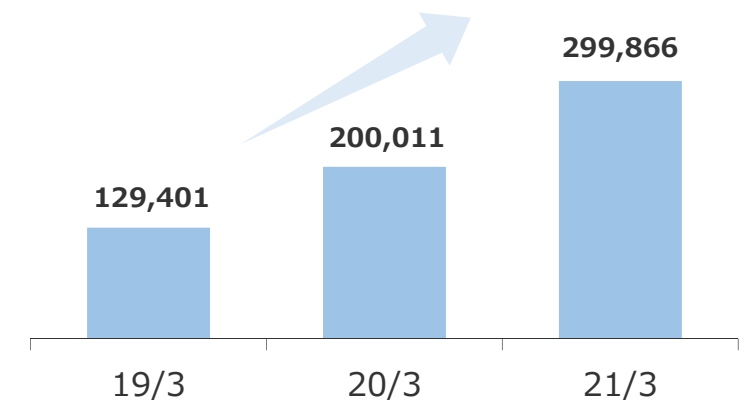


### ■ Expansion of non face to face financial services

- Application of management support platform "Hokuriku Big Advance"
  - The number of members is 2,528 (As of the end of March 2021)
- Start applying for life insurance via the Internet
- Expansion of unsecured loan products applicable via the Internet
- Renewal of account opening application, portal app, and website



Number of smartphone app users

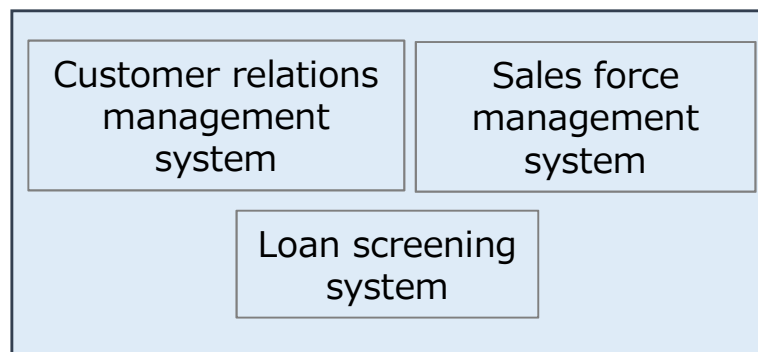


## Business reform/cashless

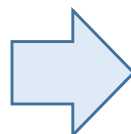
### Started development of next-generation customer relations management system, sales force management system, and loan screening system

Reconstruction of customer relations management system, sales force management system, loan screening system with "MEJAR 5 Banks"

〈2024 scheduled to start operation〉



Centralized management



"Customer management" + "Loan screening"

New function

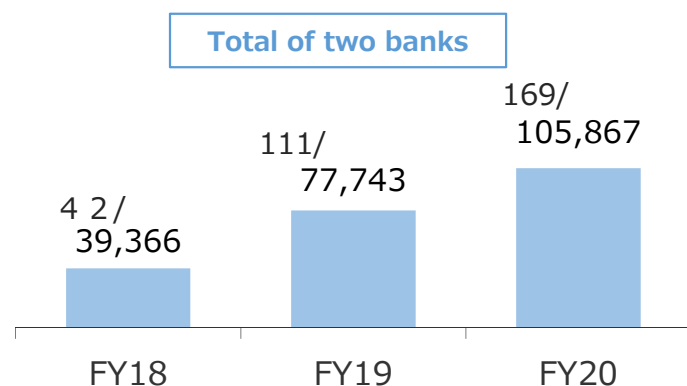
"Strengthening sales support"

Improving the "quantity" and "quality" of customer relations management

### Business efficiency

- Business reduction using RPA
- Simplification and centralization of operations

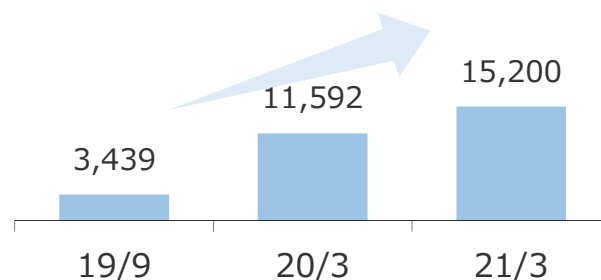
Working hours reduced by RPA  
(Number of operations/hours)



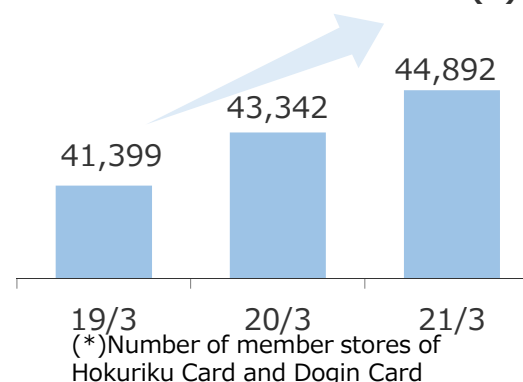
### Promotion of cashless society in the region

- Started providing "J-coin Biz", a service for corporations
- "Hokugin JCB Card" now compatible with Apple Pay
- Expansion of member stores in collaboration with Hokuriku card Co., Ltd. and Dogin Card Co., Ltd.

Number of merchants of cashless payment service



Number of member stores(\*)



## Realization of sustainable community

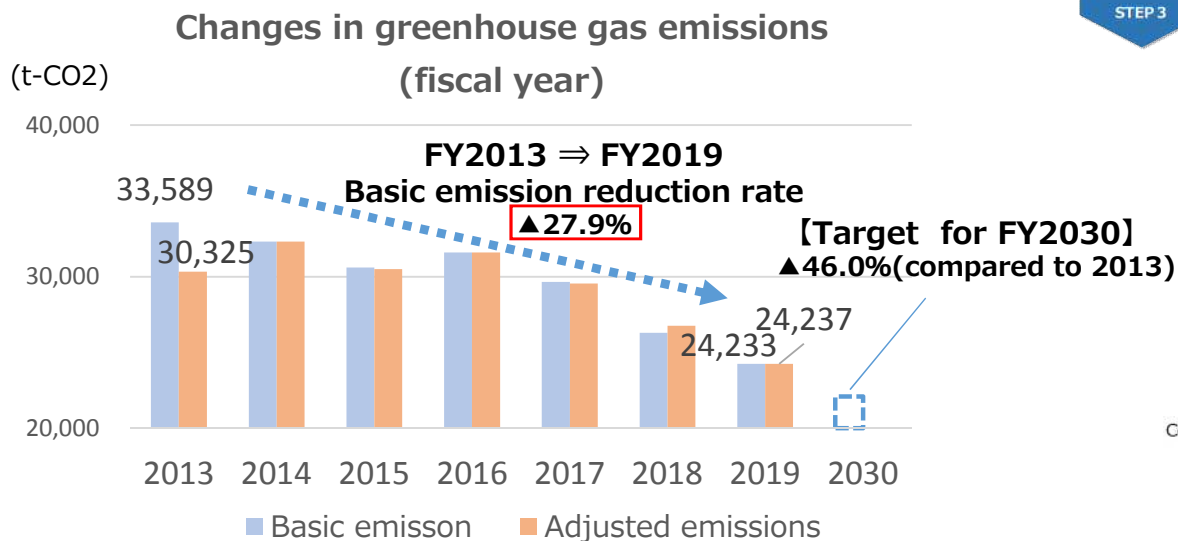
### ■ Establishment of “Environmental Policy” and Support for TCFD Recommendations

On February 1, 2021, the “Hokuhoku Financial Group Environmental Policy” was established and announced. We also expressed our support for the “TCFD” proposal. Going forward, we will strengthen analysis, response, and information disclosure of the risk and opportunities posed by climate change.

### ■ Efforts to reduce greenhouse gas emissions

Our group has been working to reduce emissions by promoting paperless and introducing environmentally friendly equipment and vehicles.

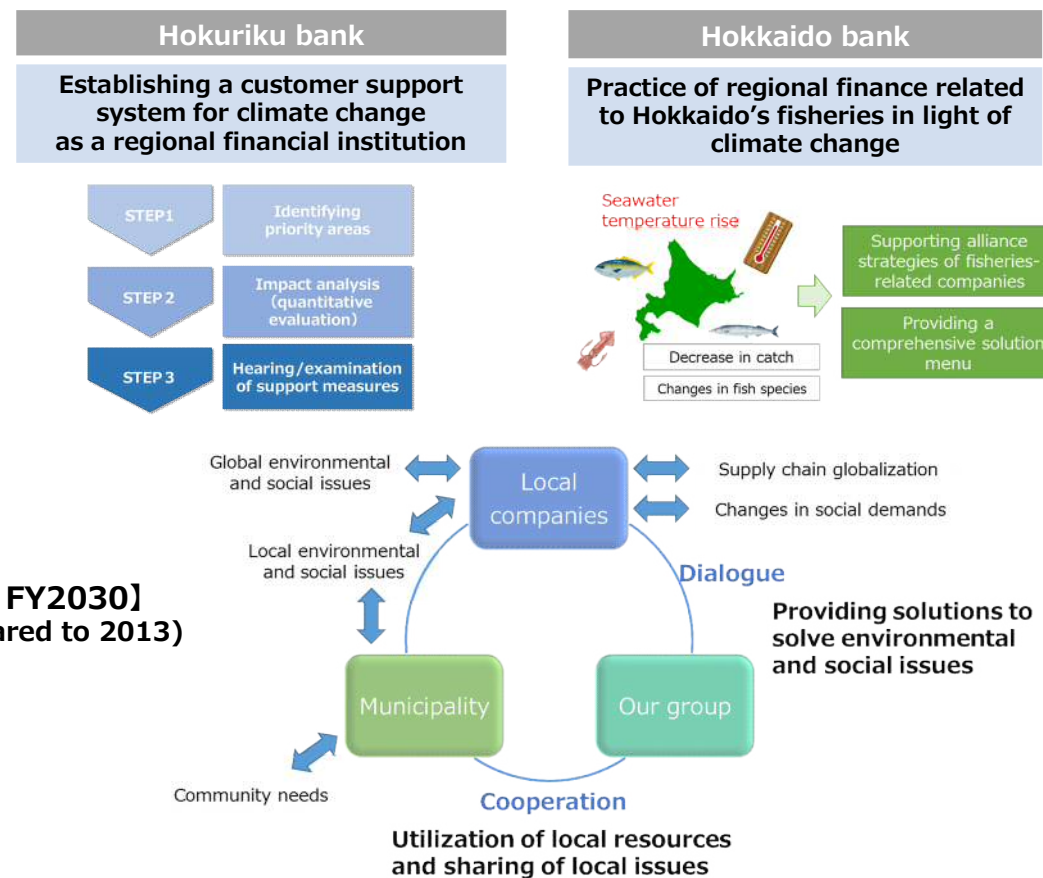
Based on the government’s new emission reduction target, we will further strengthen our efforts in the future.



### ■ Initiatives for “ESG Regional Finance Promotion Project”

Hokuriku bank and Hokkaido bank examined measures to support customers facing climate change issues based on the degree of impact of the climate change, in the “ESG Regional Finance Promotion Program”.

Utilizing the experience of this initiative, we will expand the scope of consideration to other industries in the future and work to build a system that can support the resolution of climate change issues surrounding our business partners.



## Work-life balance and diversity initiatives

### ■ Promotion of health management

Both Hokuriku bank and Hokkaido bank have been certified as “Excellent Health Management Corporation(White500) ” in recognition of the efforts to create a comfortable working environment to maintain and improve employee health promotion



#### \*Health and Productivity Management Organization

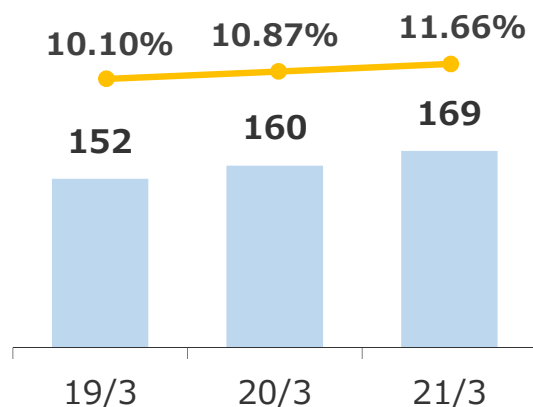
The Certified Health and Productivity Management Organization Recognition Program endeavors to highlight outstanding enterprises engaged in efforts to improve health and productivity management.

### ■ Promotion of diversity

Creating an environment where diverse human resources can demonstrate their abilities and experience

#### Number of Female Managers

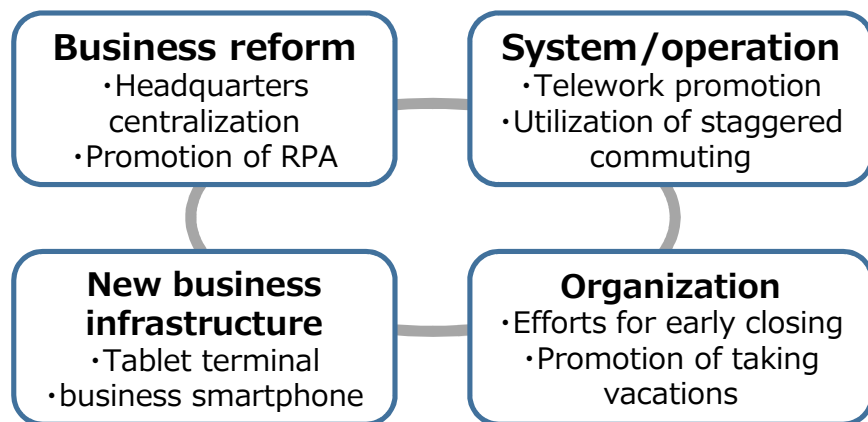
Percentage of female in all managerial positions



認定マーク「えるぼし」(3段階目)

### ■ Promotion of work style reform

Expanding employment opportunities and improving productivity by realizing diverse and flexible working styles



### ■ Enhanced support for balancing work and child-rearing

<Initiatives in FY2020>

- Declaration of 100% male childcare leave
- New establishment of reinstatement support seminar for childcare leave

•Male childcare leave acquisition rate...100%  
 Number of days of paid leave taken (FY2020)  
 <Hokuriku bank> 13.4 days  
 <Hokkaido bank> 13.2 days

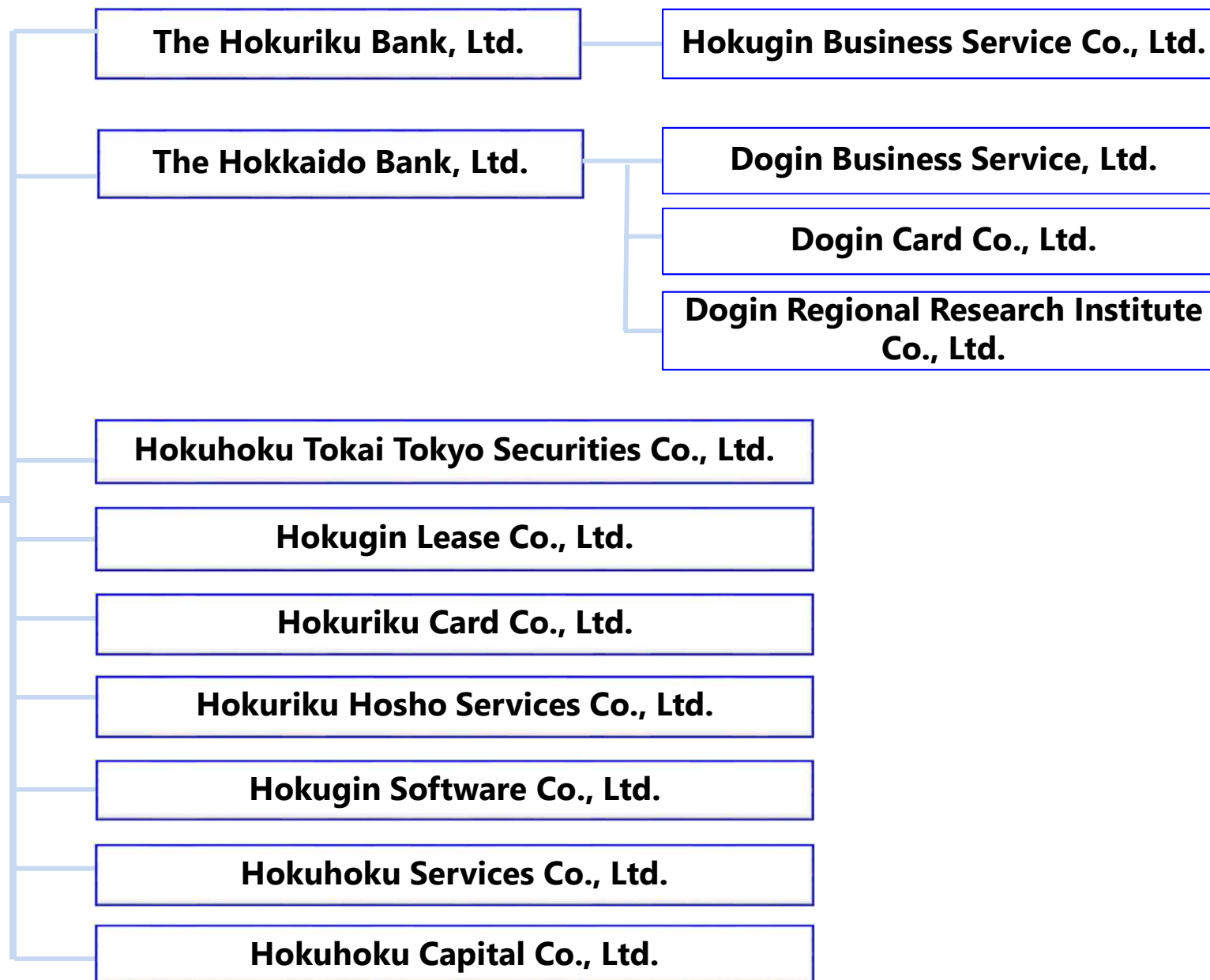


# *Appendix*

(As of March 31, 2021)

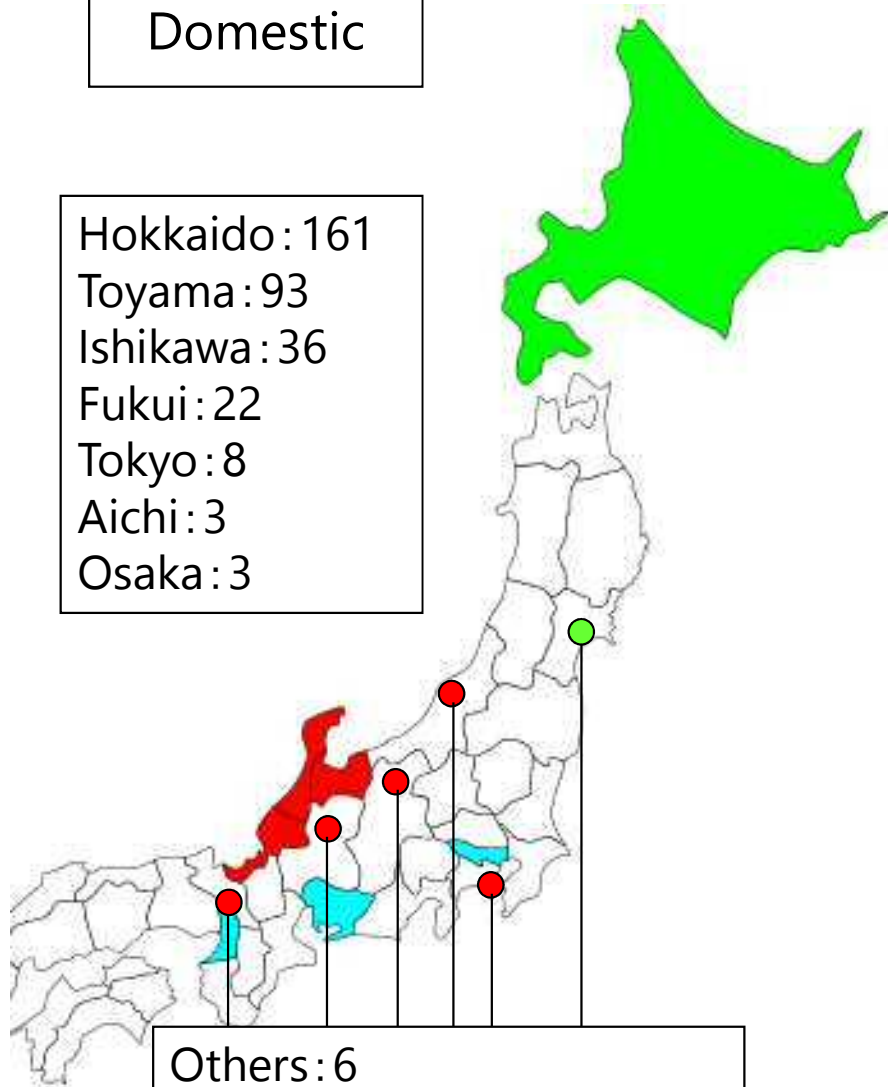
	<b>Hokuhoku FG</b>	<b>Hokuriku Bank</b>	<b>Hokkaido Bank</b>
Date of establishment	September 26, 2003	July 31, 1943 (Started business in 1877)	March 5, 1951
Location of head office	Toyama City, Toyama	Toyama City, Toyama	Sapporo City, Hokkaido
Capital	¥ 70,895 million	¥ 140,409.52 million	¥ 93,524.01 million
Shares issued and outstanding	<ul style="list-style-type: none"> <li>▪ Common stock 132,163,014</li> <li>▪ Preferred stock (Type5)* 85,955,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Common stock 1,047,542,335</li> </ul>	<ul style="list-style-type: none"> <li>▪ Common stock 486,634,512</li> <li>▪ Preferred stock (Type2)* 85,945,600</li> </ul>
Total assets	(consolidated) ¥ 16,635.4 billion	¥ 9,857.2 billion	¥ 6,737.5 billion
Deposits & NCD	(consolidated) ¥ 12,788.9 billion	¥ 7,350.5 billion	¥ 5,465.1 billion
Loans	(consolidated) ¥ 9,050.4 billion	¥ 5,033.3 billion	¥ 4,031.7 billion
Capital adequacy ratio	(consolidated) 9.45 %	(non-consolidated) 9.14 %	(non-consolidated) 8.88 %
Employees	6 (fulltime workers)	2,378	2,202
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.



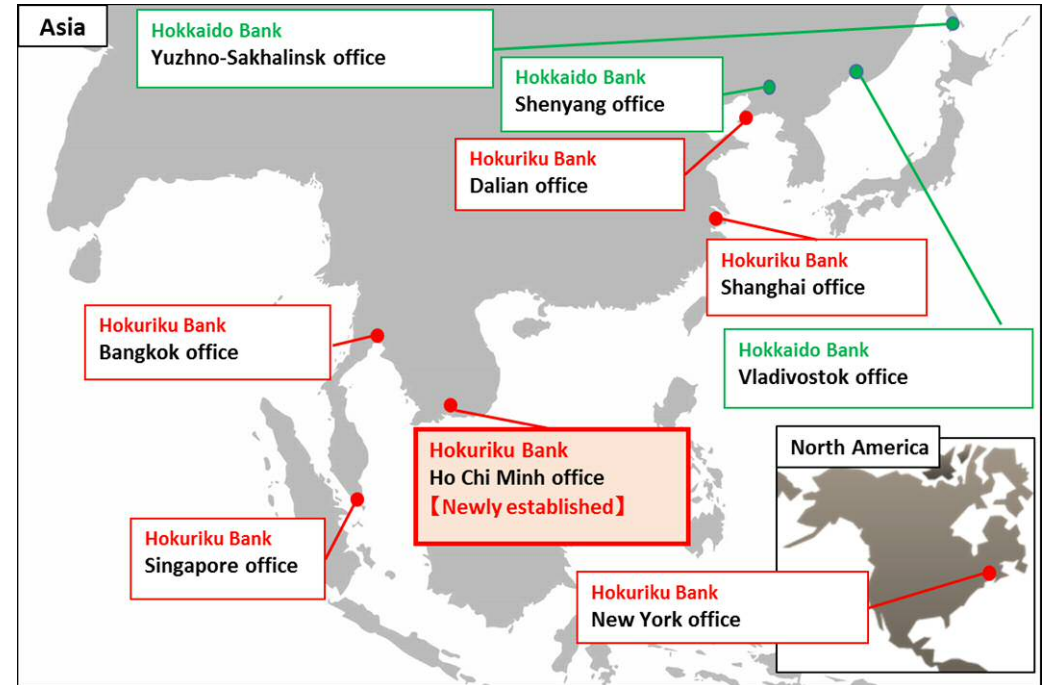
### Domestic

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. Shenyang                           |
| 2. Bangkok   | 7. Vladivostok                        |
| 3. Singapore | 8. Yuzhno-Sakhalinsk                  |
| 4. Shanghai  | 9. Ho Chi Minh                        |
| 5. Dalian    | (Scheduled to be established in 2021) |



# About Hokuhoku FG ②

## Historical Data (Hokuhoku FG)

(JPY Bn)

	FY2016 Full year	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year
<b>&lt;Consolidated&gt;</b>									
Ordinary income	187.4	91.7	180.9	91.8	183.6	90.6	182.4	87.9	175.9
Ordinary profits	39.4	18.0	31.7	19.4	35.3	17.4	31.6	18.1	32.2
Net income attributable to owners of the parent	28.1	11.1	21.1	13.9	24.3	11.6	20.2	13.0	21.3
Capital adequacy ratio	9.43%	9.73%	9.49%	9.78%	9.09%	9.29%	8.94%	9.32%	9.45%

**<Total of two banks>**

Core gross business profits	133.8	65.0	130.7	64.0	125.7	61.3	123.2	60.9	120.7
General & administrative expenses	89.8	44.5	88.8	43.7	86.5	43.0	85.3	41.5	82.3
Core net business profits	43.9	20.5	41.9	20.3	39.1	18.3	37.8	19.3	38.4
Net gains(losses) related to securities	(1.6)	1.3	(7.1)	1.1	3.1	4.2	6.6	3.9	7.5
Credit costs	(0.6)	2.3	0.5	0.5	4.6	5.1	12.0	4.4	13.0
Ordinary profits	40.2	19.1	33.1	20.6	36.7	17.7	31.4	18.7	32.0
Net income	29.6	12.5	24.0	15.5	26.6	12.4	20.8	14.1	22.4
ROA	0.37%	0.33%	0.34%	0.31%	0.30%	0.28%	0.28%	0.27%	0.25%
OHR	67.13%	68.46%	67.89%	68.30%	68.85%	70.11%	69.27%	68.18%	68.19%
Loans	7,788.3	7,946.3	8,189.4	8,150.5	8,360.8	8,456.5	8,673.1	8,993.8	9,065.1
Deposits (including NCD)	10,731.0	11,013.3	11,180.7	11,307.1	11,439.7	11,429.8	11,662.6	12,451.4	12,815.6
Securities	2,439.3	2,126.3	1,943.3	1,991.5	1,788.8	1,848.6	1,807.2	1,959.7	2,100.1
Non performing loan	156.2	154.6	147.5	151.0	154.6	158.8	153.4	163.3	180.1
NPL ratio	1.94%	1.88%	1.74%	1.79%	1.79%	1.82%	1.71%	1.76%	1.93%

# About Hokuhoku FG ③

## Historical Data (Hokuriku Bank)

(JPY Bn)

	FY2016 Full year	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year
Ordinary income	92.9	45.6	91.1	45.4	90.2	44.7	88.5	42.9	86.4
Core gross business profits	72.9	35.3	71.2	35.0	69.1	33.3	66.8	32.9	66.7
General & administrative expenses	48.2	23.8	47.5	23.5	46.4	23.0	45.7	22.1	43.9
Core net business profits	24.7	11.5	23.7	11.4	22.6	10.2	21.1	10.7	22.8
Net gains(losses) related to securities	0.3	0.8	2.1	0.9	2.1	2.9	5.0	3.0	5.7
Credit costs	(0.6)	1.7	1.8	(0.0)	2.8	4.2	9.2	3.3	8.4
Ordinary profits	24.8	10.8	24.1	12.6	22.1	9.9	17.7	10.6	20.5
Net income	18.7	6.5	15.7	9.2	15.5	6.5	11.2	8.4	14.2
Capital adequacy ratio	8.74%	9.04%	9.02%	9.21%	8.79%	8.92%	8.59%	9.00%	9.14%
ROA	0.35%	0.32%	0.32%	0.30%	0.29%	0.26%	0.27%	0.25%	0.25%
OHR	66.12%	67.44%	66.67%	67.33%	67.19%	69.24%	68.43%	67.34%	65.81%
Loans	4,467.6	4,567.9	4,670.1	4,646.4	4,740.3	4,823.4	4,910.3	5,058.4	5,033.3
Deposits (including NCD)	6,243.3	6,363.7	6,505.8	6,553.1	6,636.8	6,597.2	6,735.4	7,168.1	7,350.5
Securities	1,457.6	1,364.6	1,317.1	1,319.0	1,197.0	1,194.4	1,158.0	1,203.8	1,268.1
Non performing loan	89.1	88.9	86.3	87.8	91.4	94.9	96.2	104.1	114.6
NPL ratio	1.96%	1.91%	1.81%	1.85%	1.89%	1.93%	1.92%	2.02%	2.24%

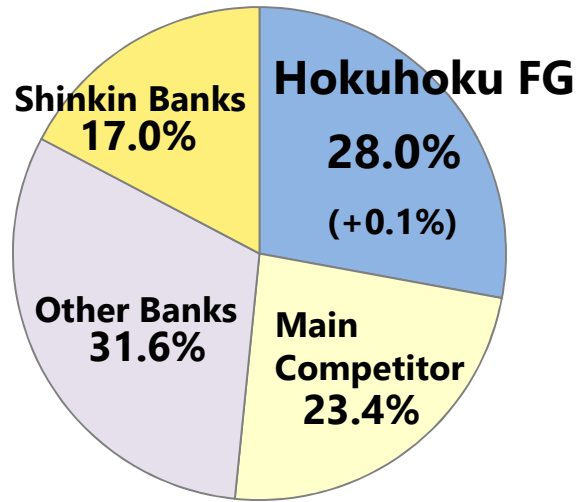
# About Hokuhoku FG ④

## Historical Data (Hokkaido Bank)

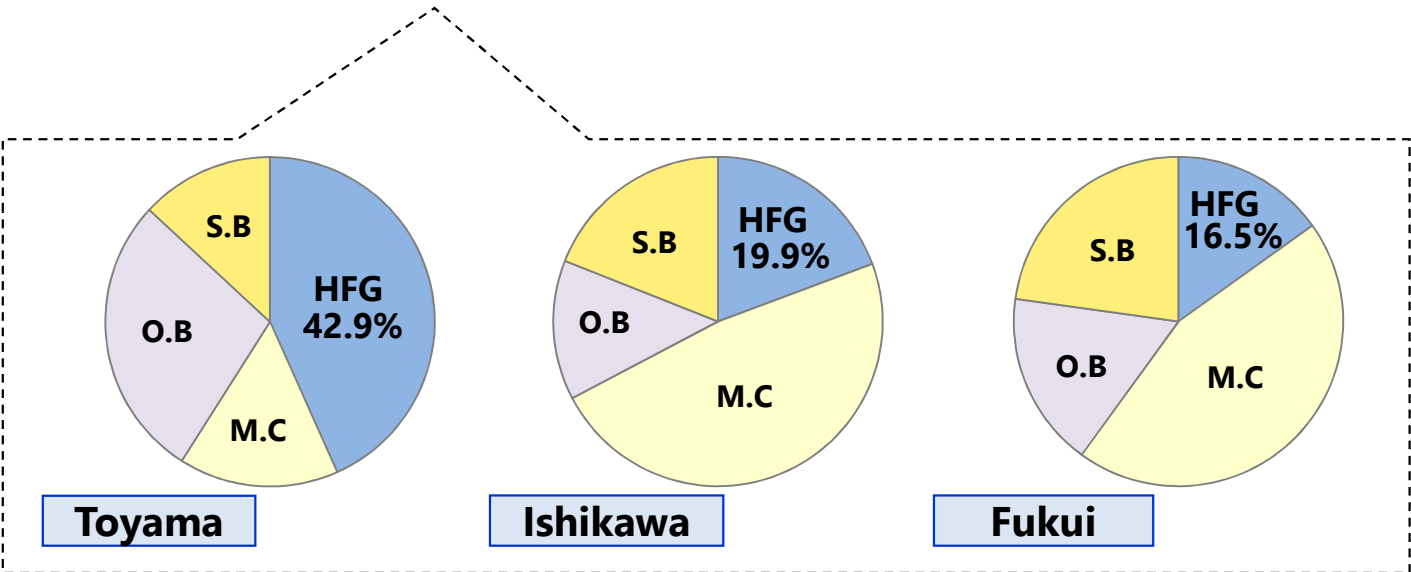
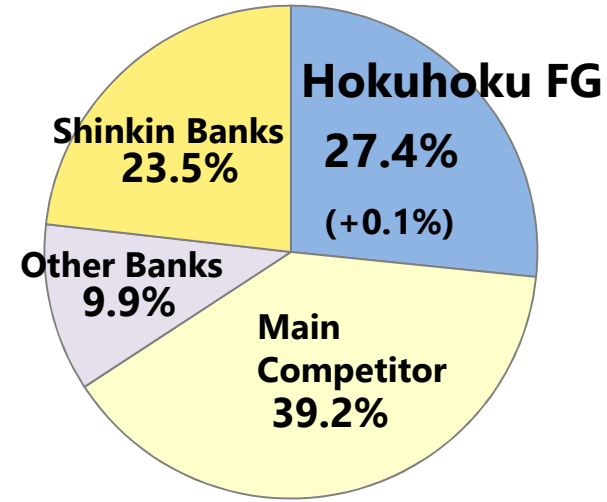
(JPY Bn)

	FY2016 Full year	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year
Ordinary income	78.9	38.7	78.2	38.2	75.5	36.5	74.9	36.4	71.5
Core gross business profits	60.8	29.6	59.5	29.0	56.5	28.0	56.3	28.0	54.0
General & administrative expenses	41.5	20.6	41.3	20.1	40.1	19.9	39.6	19.3	38.4
Core net business profits	19.2	9.0	18.2	8.8	16.4	8.0	16.7	8.6	15.6
Net gains(losses) related to securities	(1.9)	0.4	(9.2)	0.1	0.9	1.3	1.5	0.9	1.7
Credit costs	(0.0)	0.6	(1.2)	0.6	1.7	0.8	2.7	1.0	4.6
Ordinary profits	15.3	8.2	8.9	8.0	14.5	7.8	13.7	8.0	11.5
Net income	10.9	5.9	8.2	6.3	11.0	5.8	9.5	5.7	8.1
Capital adequacy ratio	9.34%	9.53%	9.28%	9.44%	8.69%	8.98%	8.76%	9.06%	8.88%
ROA	0.40%	0.35%	0.36%	0.33%	0.31%	0.29%	0.30%	0.29%	0.25%
OHR	68.33%	69.67%	69.35%	69.47%	70.89%	71.14%	70.27%	69.15%	71.12%
Loans	3,320.7	3,378.3	3,519.2	3,504.1	3,620.5	3,633.0	3,762.7	3,935.4	4,031.7
Deposits (including NCD)	4,487.6	4,649.5	4,674.9	4,753.9	4,802.8	4,832.5	4,927.2	5,283.3	5,465.1
Securities	981.6	761.6	626.2	672.4	591.8	654.2	649.2	755.9	832.0
Non performing loan	67.1	65.6	61.2	63.2	63.3	63.9	57.2	59.2	65.5
NPL ratio	1.92%	1.85%	1.66%	1.71%	1.66%	1.68%	1.45%	1.44%	1.56%

### Hokuriku Area

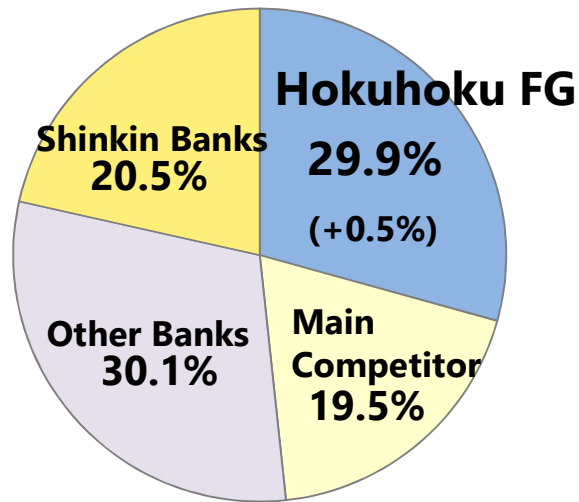


### Hokkaido Area

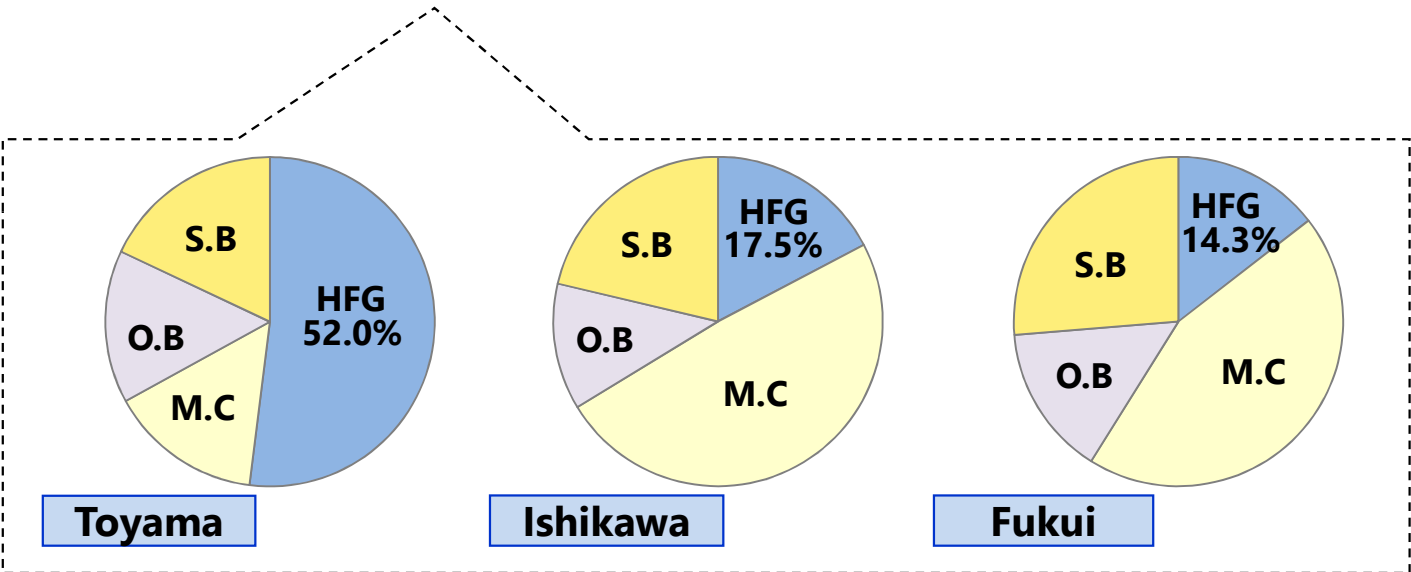
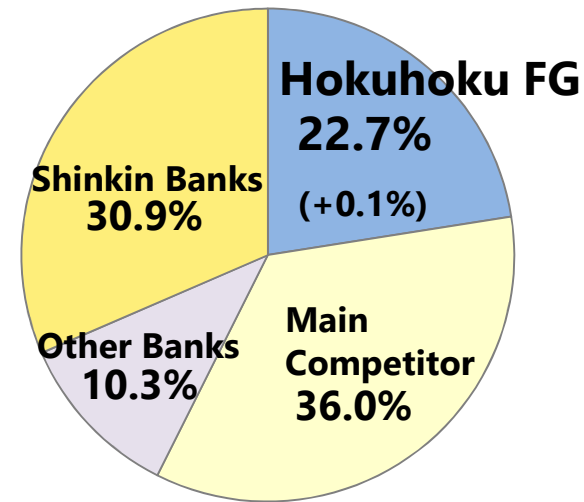


\*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

### Hokuriku Area



### Hokkaido Area

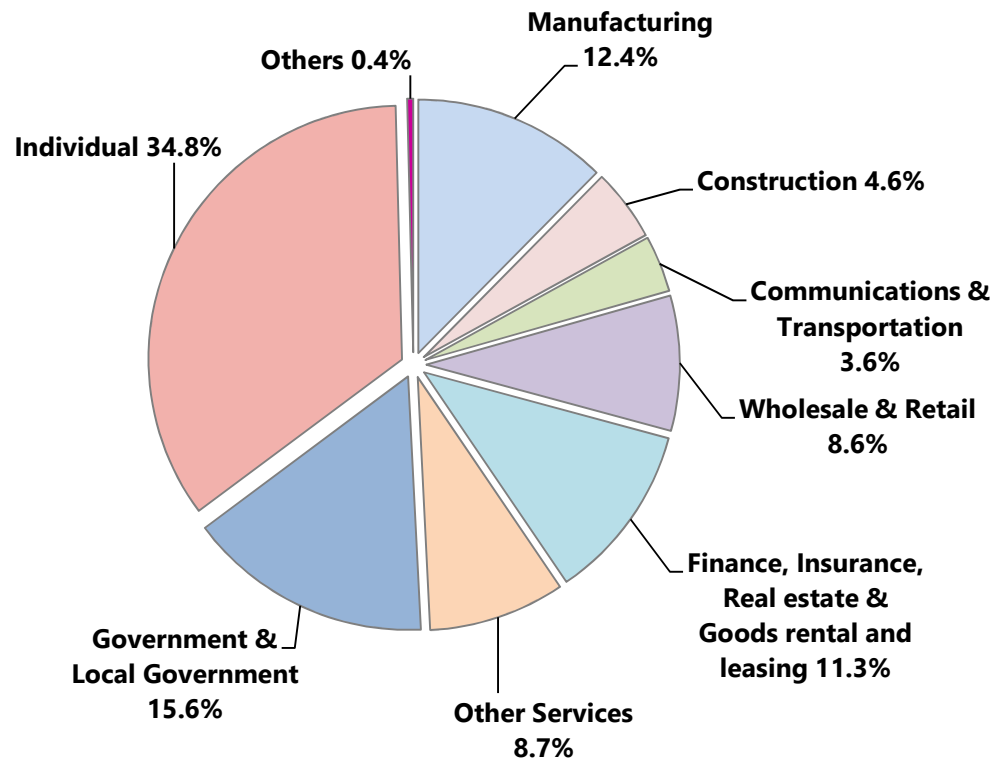


\*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

# About Hokuhoku FG ⑦

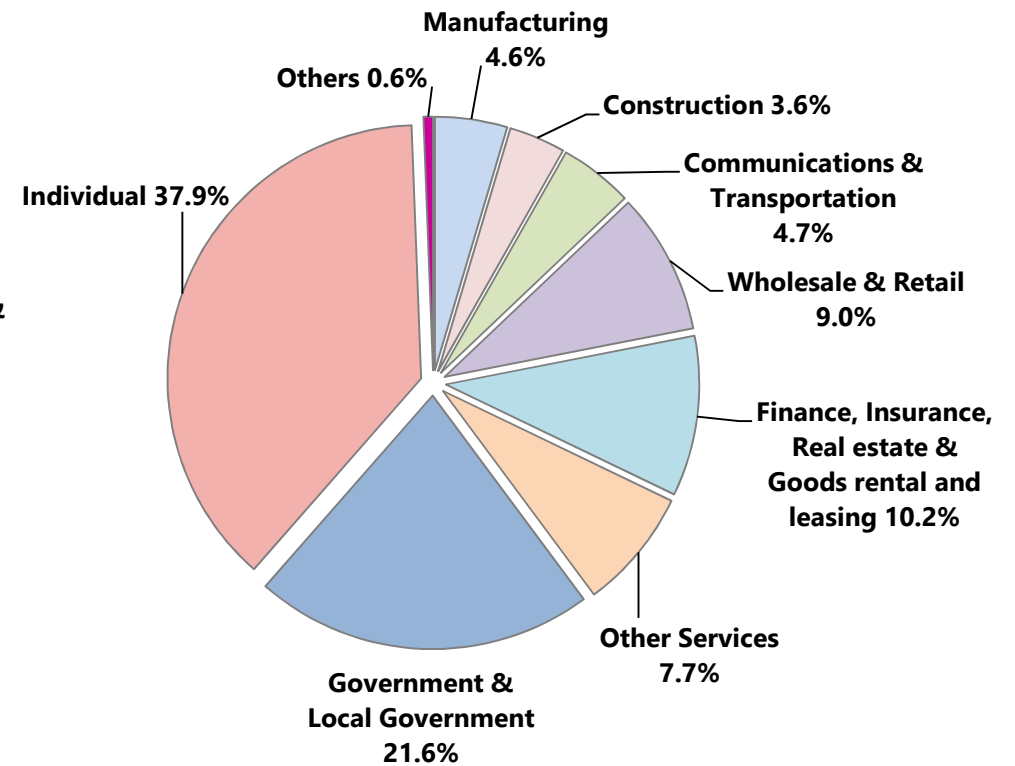
## Lending in the Region by Industry (Mar-21)

### 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

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**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

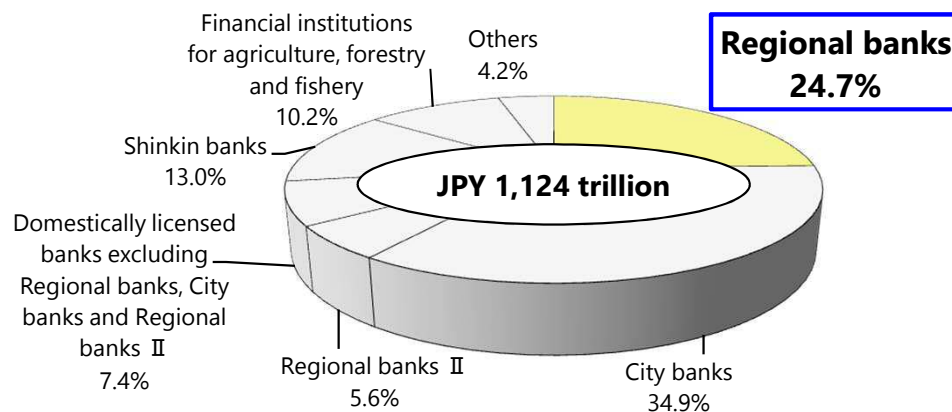
The 64 regional banks in Japan, as leading banks in the regions, serve the diverse financial needs of local clients such as individuals, companies, and local governments, through a dense branch networks and ATMs in the regions.

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.

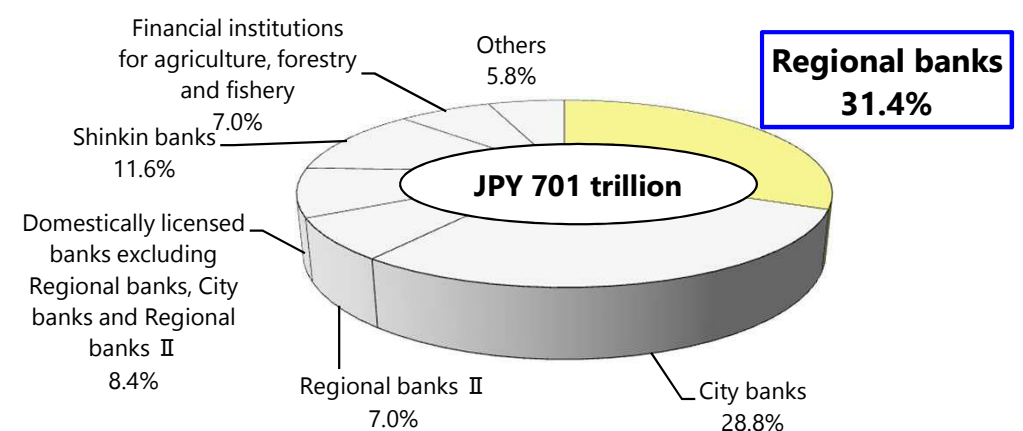
Moreover, in order to provide stable financial service, even when facing various changes in environment, regional banks work to strengthen corporate governance for maintaining sound management and reinforcing financial bases. Regional banks also comply with international banking regulations.

### 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

April-21	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	ALL JAPAN	Hokuriku Area	Hokkaido Area
Economic Trend	Shows weakness although remains in picking up	Sever situation, but showing movements of picking up	Severe situation, more or less flat
Public Investment	Steady Performance	More or less flat at a high level	Has been at a high level
Business Investment	Showing movements of picking up	Relatively weak	Declining
Private consumption	In a weak tone	Sever situation, the pace of picking up is slowing	More or less flat at a low level
Housing construction	Flat	Declining	Flat
Production	Picking up	Picking up moderately	Picking up
Employment & income	Shows steady movements, while weakness remains	Weak	Show some weakness
Consumer prices	Flat	Falling	Below the previous year
The number of bankrupt companies	Decreasing	Calm movement	Calm movement

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