

Investor Meeting

Interim Results for FY 2022

(Ended September 30, 2022)



Hokuhoku Financial Group, Inc.

 北陸銀行
The Hokuriku bank, Ltd.

 北海道銀行
The Hokkaido bank, Ltd.

Table of Contents

【 I . Interim Results for FY 2022】			【 II . Management Strategy】		
Summary of Financial Results	.....	1	2-1 Improvement of comprehensive consulting ability	.....	11
Net Interest Income	.....	3	2-2 Strengthening group comprehensive capabilities	.....	14
Interest Yields	.....	4	2-3 Initiatives in the environmental field	.....	16
Securities Portfolio	.....	5	2-4 Promotion of Digital Transformation	.....	21
Net Fee and Commission Income	.....	6	2-5 Talent strategy	.....	23
G&A Expenses,Net Credit Costs	.....	7	2-6 Strengthening governance	.....	26
Capital adequacy ratio,ROE	.....	8			
Earnings Forecast	.....	9	【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.

I. Interim Results for FY 2022

Summary of Financial Results

Consolidated ordinary profits was ¥14.5Bn, exceeding the initial forecast by ¥1.5Bn, due to an increase in Net fees & commissions and cost reductions through streamlining of operations.

FY2022 1H Profit and loss

(JPY Bn)

【Hokuhoku FG consolidated】	Plan	Result	change	compared to plan
Ordinary profits	13.0	14.5	(4.5)	1.5
Net income attributable to owners of the parent	7.0	9.3	(3.8)	2.3

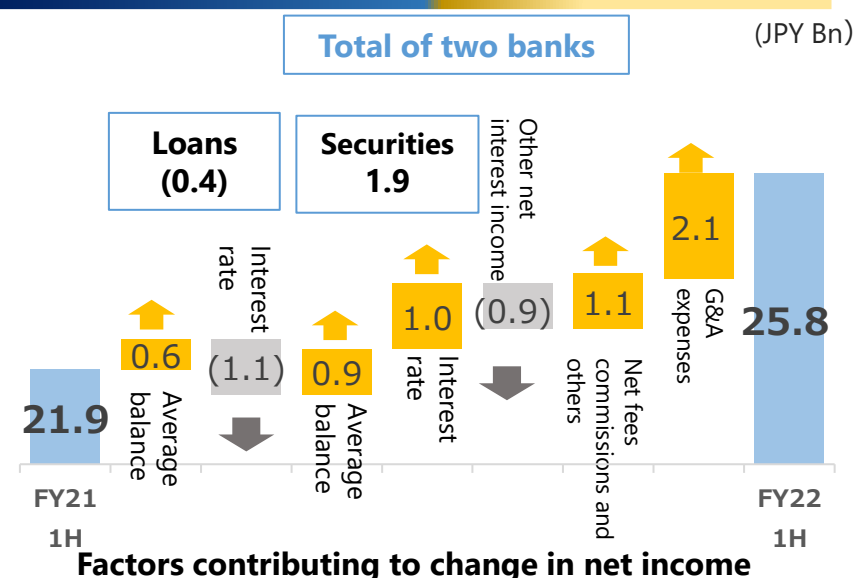
【Total of two banks】	Plan	Result	change	compared to plan
Core gross business profits	62.5	63.7	1.7	1.2
Net interest income		53.1	0.5	
Loans		41.0	(0.4)	
Securities		12.0	1.9	
Net fees & commissions		9.9	1.0	
Net trading income		0.0	0.0	
Net other income(※1)		0.6	0.1	
G&A expenses(-)	39.0	37.8	(2.1)	(1.1)
Core net business profits	23.5	25.8	3.9	2.3
Core net business profits(※2)		25.1	3.8	
Gains (losses) related to bonds		(9.4)	(11.0)	
Net business profits (※3)		16.4	(7.1)	
Net transfer to general allowance for loan losses(-)		1.2	(0.6)	
Other non-recurring gains (losses)		0.1	1.8	
Credit related costs (-)		5.4	2.1	
Gains (losses) related to stocks		6.6	4.9	
Ordinary profits	14.0	15.3	(4.5)	1.3
Net extraordinary gains (losses)		(0.2)	(0.0)	
Income taxes (-)		4.4	(0.6)	
Net income	8.5	10.6	(3.9)	2.1
Net credit costs (-)	9.0	6.7	1.4	(2.2)

※1: Excluding gains (losses) related to bonds

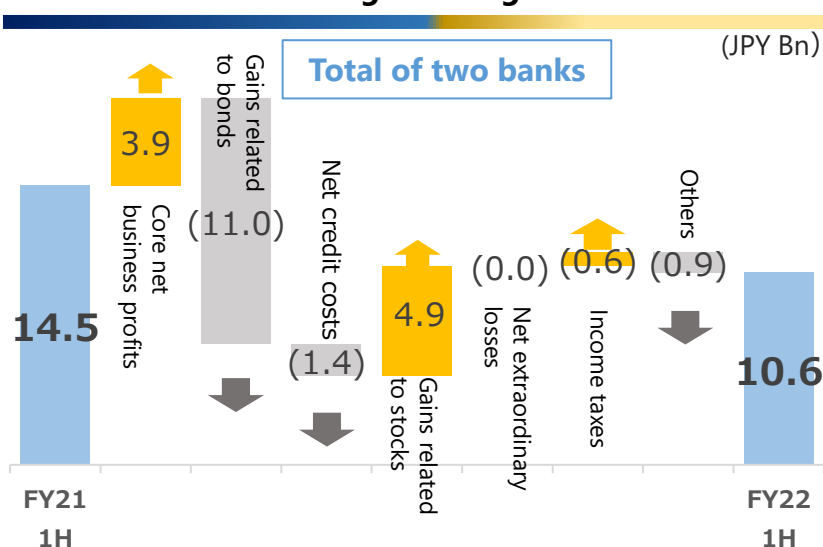
※2: Excluding gains(losses) related to cancellation of investment trusts included in net interest on securities

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

Factors contributing to change in core net business profits



Factors contributing to change in net income



FY2022 1H Profit and loss

(JPY Bn)

	Hokuriku Bank		Hokkaido Bank	
		change		change
Core gross business profits	34.5	1.0	29.1	0.7
Net interest income	27.2	(0.3)	25.9	0.9
Loans	20.4	(0.2)	20.5	(0.1)
Securities	6.9	0.5	5.1	1.3
Net fees & commissions	6.5	0.9	3.3	0.1
Net trading income	0.0	0.0	-	-
Net other income(※1)	0.7	0.4	(0.1)	(0.3)
G&A expenses(-)	20.1	(0.9)	17.7	(1.1)
Personnel	10.1	(0.3)	8.0	(0.3)
Non-personnel	8.3	(0.7)	8.1	(0.6)
Taxes	1.6	0.0	1.4	(0.1)
Core net business profits	14.4	1.9	11.4	1.9
Core net business profits(※2)	13.7	2.0	11.4	1.8
Gains(losses)related to bonds	(6.0)	(6.8)	(3.3)	(4.1)
Net business profits(※3)	8.3	(4.8)	8.0	(2.2)
Net transfer to general allowance for loan losses(-)	1.2	0.6	-	(1.2)
Other non-recurring gains (losses)	(0.8)	(0.7)	1.0	2.6
Credit related costs(-)	6.8	5.1	(1.4)	(2.9)
Gains(losses) related to stocks	6.5	5.4	0.1	(0.4)
Ordinary profits	6.1	(6.2)	9.1	1.6
Net extraordinary gains(losses)	(0.1)	(0.0)	(0.0)	(0.0)
Income taxes(-)	1.7	(1.2)	2.6	0.5
Net income	4.2	(5.0)	6.3	1.1
Net credit costs(-)	8.1	5.7	(1.4)	(4.2)

※1: Excluding gains (losses) related to bonds

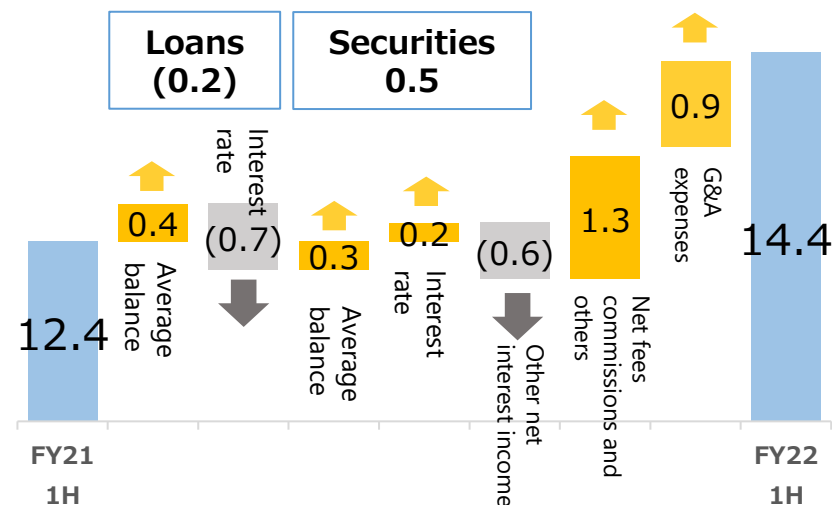
※2: Excluding gains(losses) related to cancellation of investment trusts included in net interest on securities

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

Factors contributing to change in core net business profits

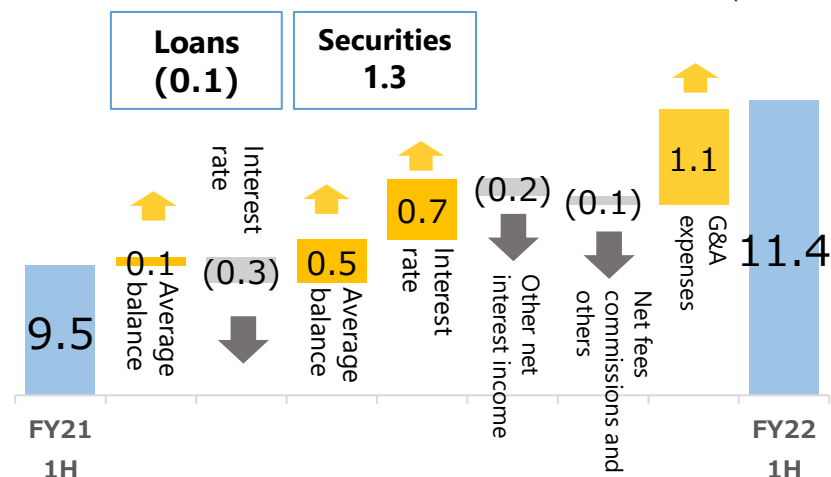
The Hokuriku bank, Ltd.

(JPY Bn)



The Hokkaido bank, Ltd.

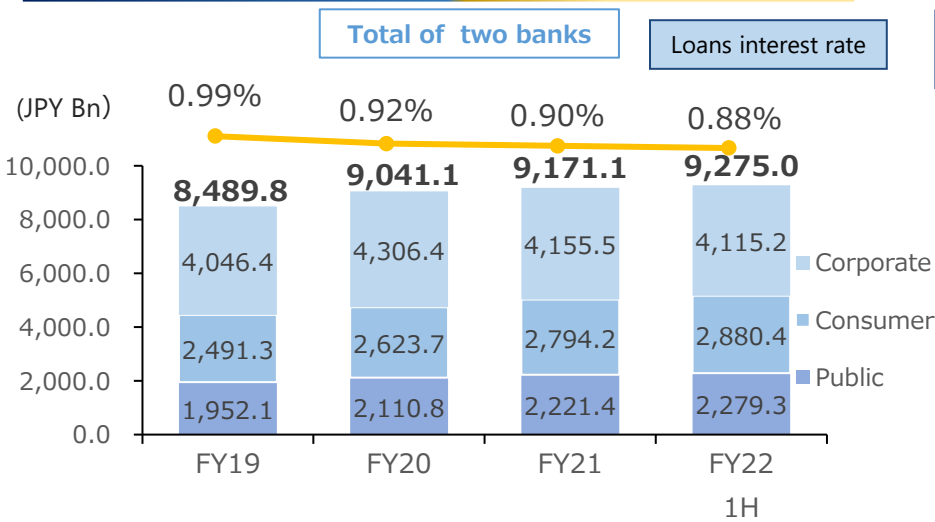
(JPY Bn)



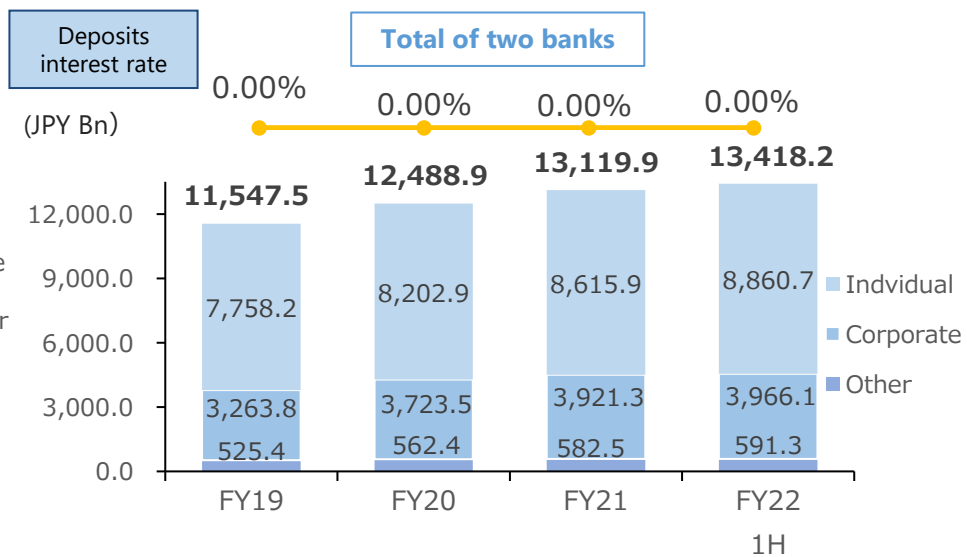
Net Interest Income

Net interest income increased by ¥0.5Bn year-on-year to ¥53.1Bn, as an increase in interest on securities covered a decrease in interest on loans.

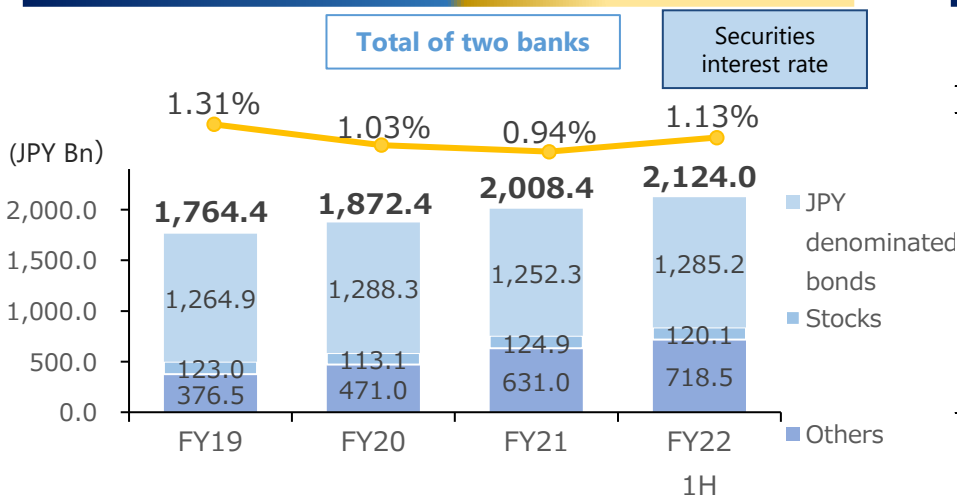
Ave. balance and rate of Loans



Ave. balance and rate of deposits



Ave. balance and rate of securities

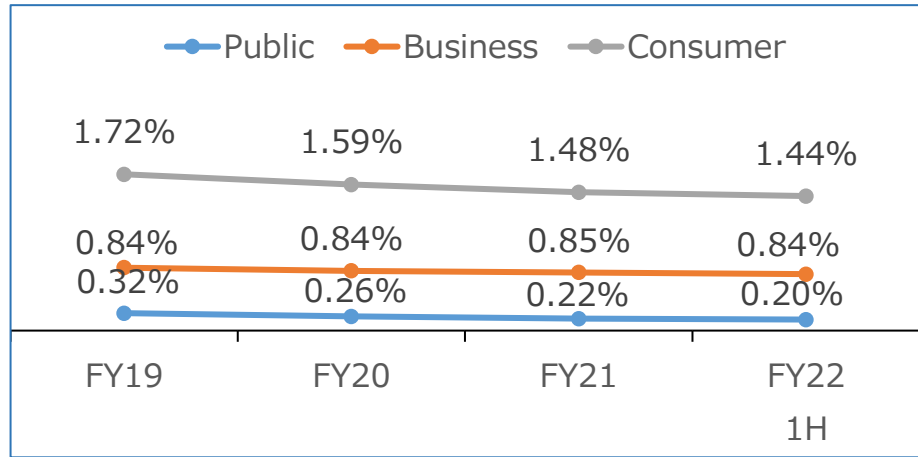
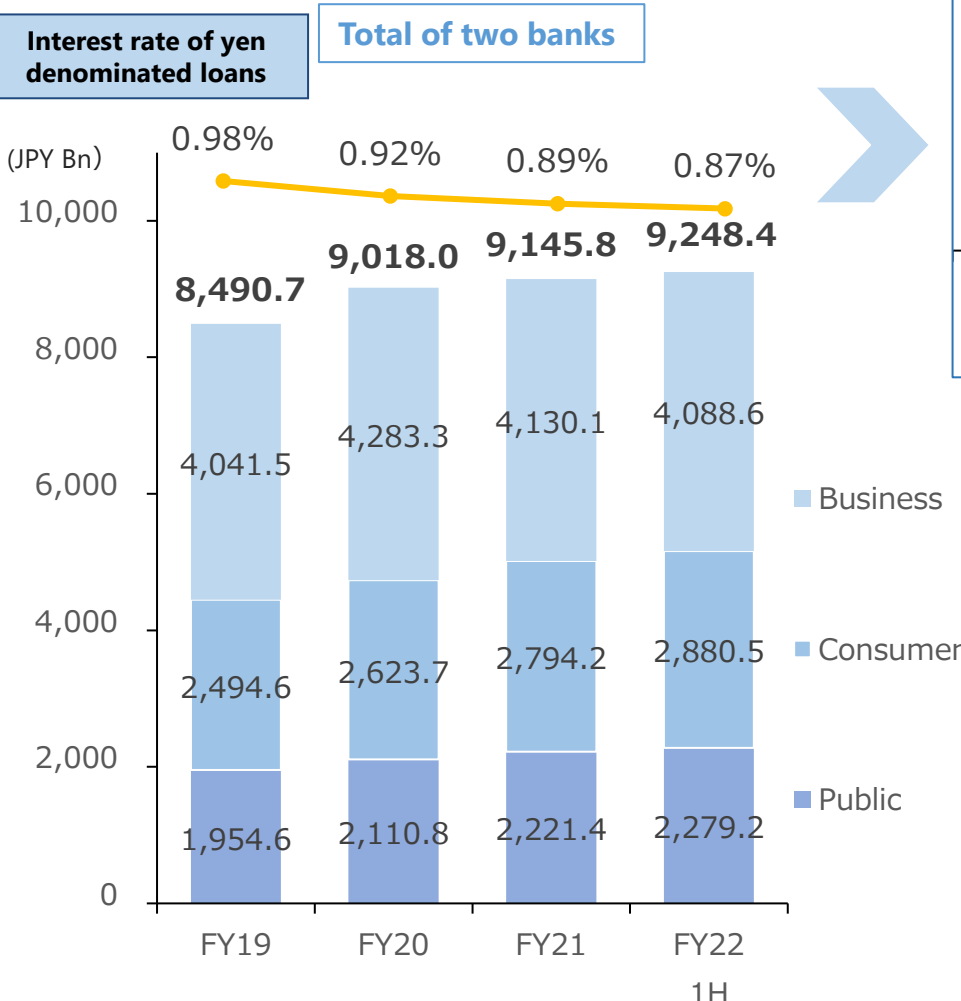


Net Interest Income

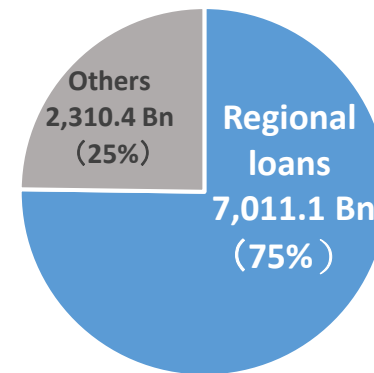
FY22 1H	Total of two banks		Hokuriku bank		Hokkaido bank	
	Value	change	Value	change	Value	change
Net interest income	53.1	0.5	27.2	(0.3)	25.9	0.9
Loans	41.0	(0.4)	20.4	(0.2)	20.5	(0.1)
Avg.balance	9,275.0	145.4	5,120.2	109.1	4,154.7	36.3
Avg.rate	0.88%	(0.02%)	0.79%	(0.03%)	0.98%	(0.02%)
Deposits(-)	0.3	0.0	0.2	0.0	0.0	(0.0)
Avg.balance	13,418.2	328.8	7,585.3	122.2	5,832.8	206.6
Avg.rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Securities	12.0	1.9	6.9	0.5	5.1	1.3
Avg.balance	2,124.0	168.6	1,217.5	59.8	906.4	108.8
Avg.rate	1.13%	0.10%	1.14%	0.05%	1.12%	0.18%

Yen-denominated loans increased steadily due to the increase in housing loans, while there was a slight decline in business loans. Interest rate on business loans remains at the same level as the previous fiscal year, while interest rate on yen-denominated loans as a whole is declining.

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



Percentage of local loans in yen-denominated loans

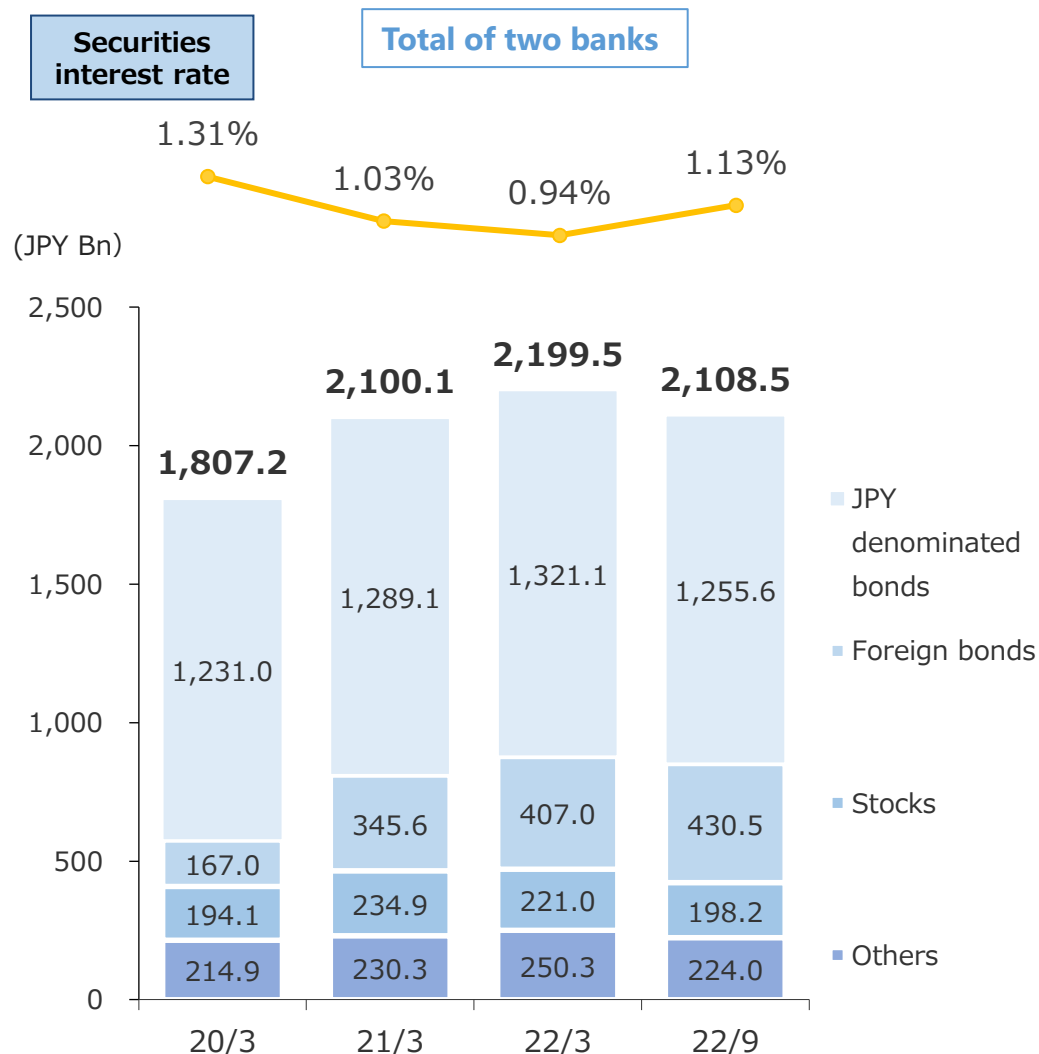


Balance at the end of September 2022

Securities Portfolio

Interest on securities increased by ¥1.9Bn yen year-on-year to ¥12.0Bn because of an improvement in yields owing to the replacement of foreign bonds. Gains/losses related to securities decreased by ¥6.0Bn from the previous year to (¥2.7Bn) because of the sale of low-yielding foreign bonds.

Balance of securities



Revenue and Valuation difference

(JPY Bn)

	FY22 1H	change	FY21 1H
Securities interest	12.0	1.9	10.1
Bonds	2.0	(0.2)	2.2
Stocks	3.6	(0.0)	3.6
Others	6.4	2.1	4.2

	FY22 1H	change	FY21 1H
Net sale profit/loss	(2.7)	(6.0)	3.3
Bonds	(9.4)	(11.0)	1.6
Stocks	6.6	4.9	1.7

	FY22 1H	change	FY21 1H
Valuation difference of Available-for-sale Securities	19.5	(55.6)	75.2
Bonds	(2.1)	(5.3)	3.2
Stocks	86.7	(11.2)	98.0
Others	(65.0)	(39.0)	(25.9)

Net Fees and Commissions

By strengthening the consulting functions, corporate and individual consulting fees increased steadily, and fees and commissions increased by ¥1.0Bn year-on-year to ¥9.9Bn.

Fee revenue

Total of two banks

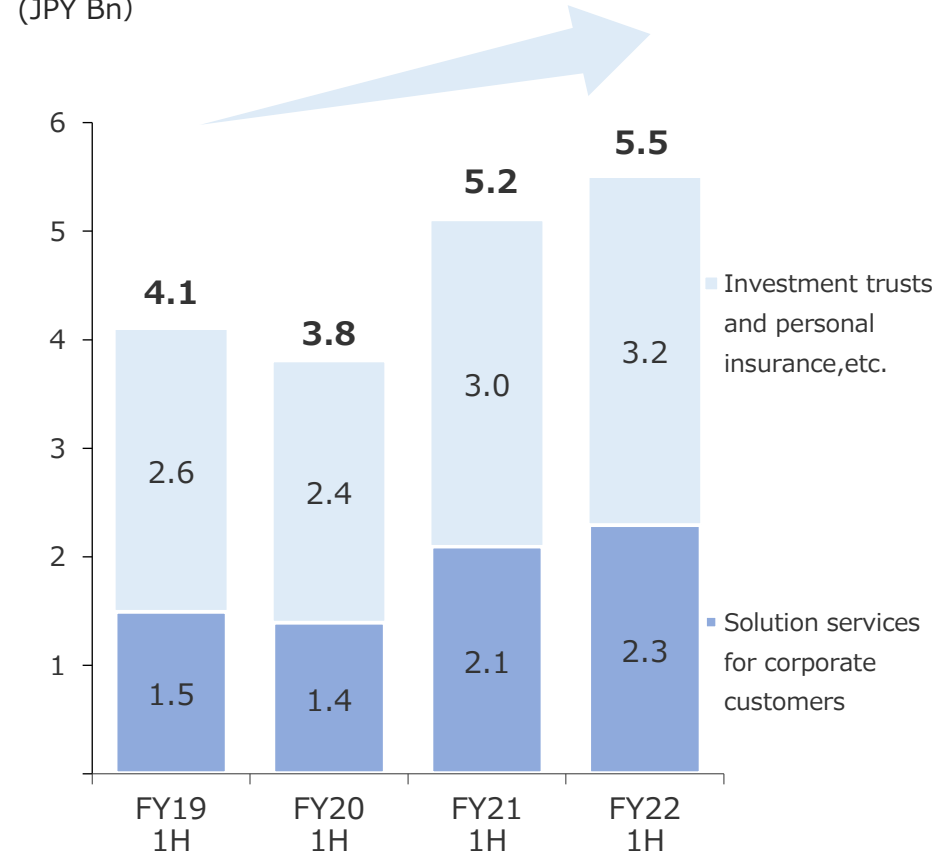
(JPY Bn)

	FY22		FY21
	1H	change	1H
① Net fees and commissions	9.9	1.0	8.8
Fees and commissions	17.5	(0.0)	17.5
Remittance	4.5	(0.6)	5.2
Investment trusts/Personal insurance	2.8	0.0	2.7
Solution services	2.3	0.2	2.1
Private placement bond, Syndicated loan	1.0	0.0	0.9
M&A support, Business succession support, etc	0.9	0.1	0.7
Business matching	0.4	0.0	0.4
Fees and commissions payments	7.5	(1.1)	8.7
Remittance	0.4	(0.4)	0.9
Loan related expenses	5.7	(0.6)	6.3
② Net trading income	0.0	0.0	0.0
③ Net other income (excluding gains(losses) related to bonds)	0.6	0.1	0.5
Gains on foreign exchange transaction	0.6	0.1	0.5
④ Fee revenue ①+②+③	10.6	1.1	9.4
⑤ Core gross business profits	63.7	1.7	61.9
⑥ Fee revenue ratio ④/⑤ (%)	16.64	1.46	15.18

Net fees and commissions

Total of two banks

(JPY Bn)

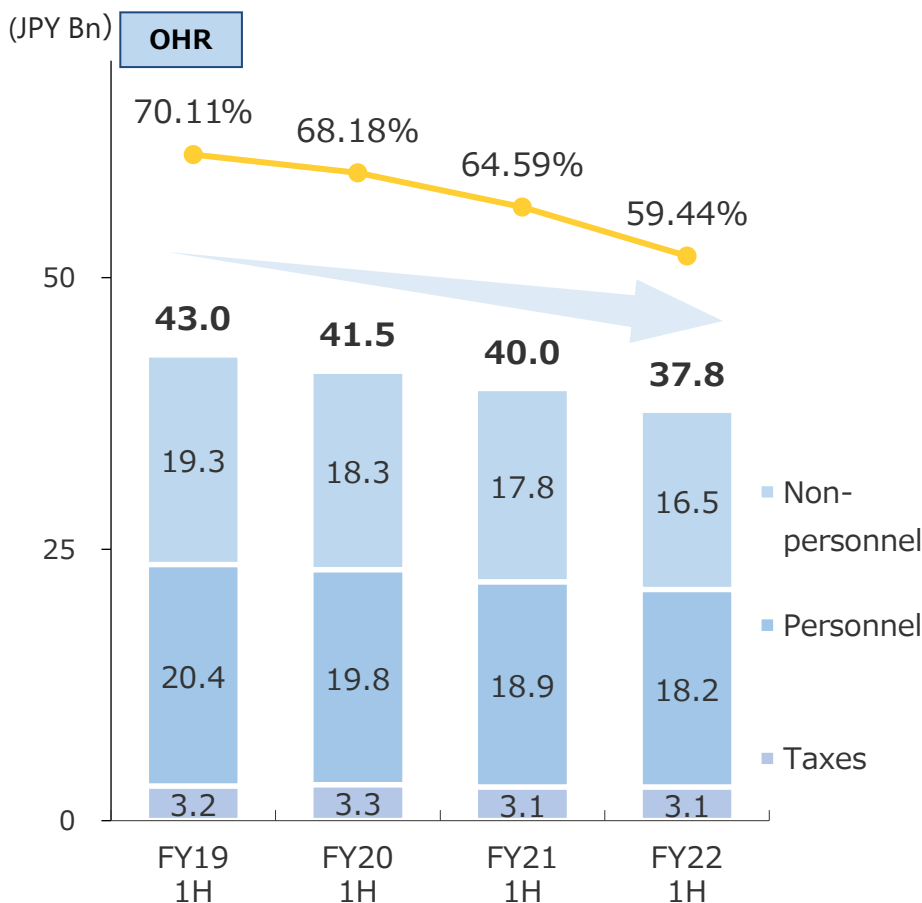


G&A Expenses, Net Credit Costs

G&A expenses decreased by ¥2.1Bn from the previous year to ¥37.8Bn, and OHR improved by 5.15 points to 59.44% by streamlining of operations through digitalization and reduction of clerical work.

G&A expenses and OHR

Total of two banks

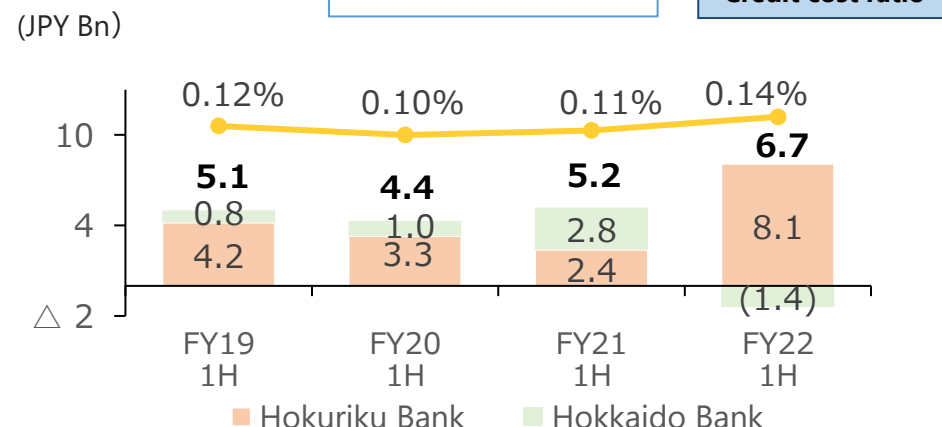


OHR = G&A expenses/Core gross business profits

Net credit costs

Total of two banks

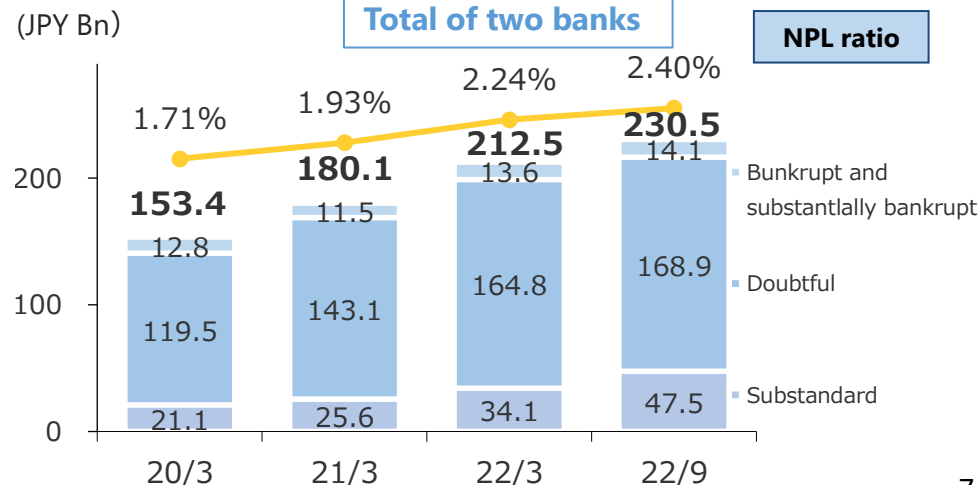
Credit cost ratio



Balance of non-performing loan

Total of two banks

NPL ratio



Capital adequacy ratio, ROE

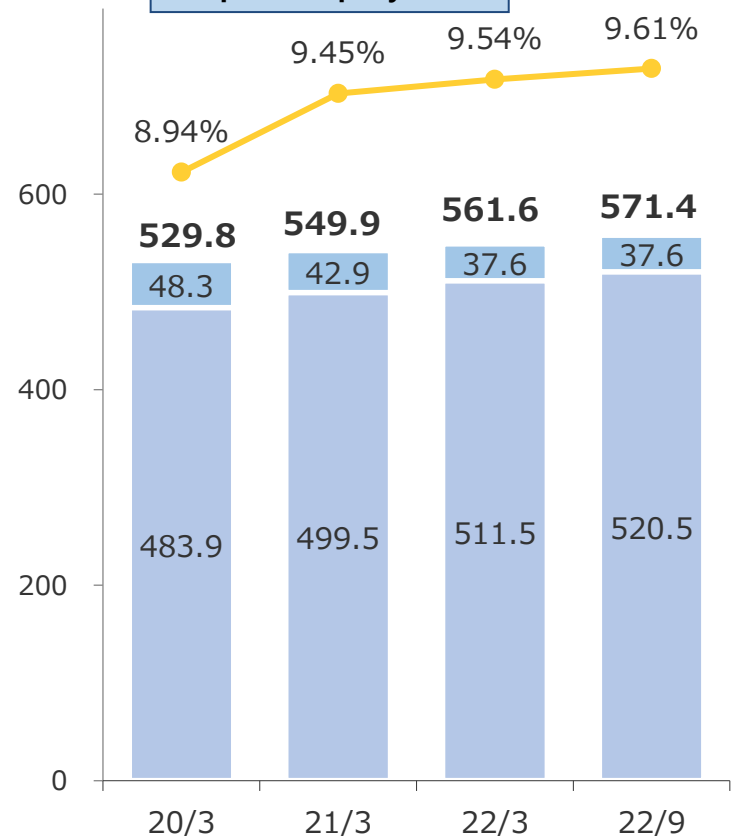
Capital adequacy ratio increased by 0.07 points from the end of the previous fiscal year to 9.61% because of an increase in equity owing to accumulation of retained earnings.

Capital adequacy ratio

Consolidated

(JPY Bn)

Capital adequacy ratio



Capital and risk-weighted assets

Consolidated

(JPY Bn)

	Transitional arrangements			Full implementation		
	22/9	change	22/3	22/9	change	22/3
Capital	571.4	9.7	561.6	531.3	9.7	521.5
Instruments and reserves	586.9	9.0	577.9	546.8	9.0	537.8
Regulatory adjustments (-)	15.5	(0.7)	16.2	15.5	(0.7)	16.2
Risk-weighted assets	5,944.7	63.6	5,881.1	5,932.0	63.6	5,868.3
Capital adequacy ratio	9.61%	0.07%	9.54%	8.95%	0.07%	8.88%

ROE

	19/3	20/3	21/3	22/3	22/9
【Consolidated】	4.0%	3.4%	3.5%	3.3%	3.1%
【Total of two banks】	4.9%	3.9%	4.1%	3.9%	3.9%

Forecasts for FY22

Consolidated

(JPY Bn)

	FY22 forecasts	change
Ordinary profits	31.0	0.7
Net income attributable to owners of the parent	19.0	(1.5)

(JPY Bn)

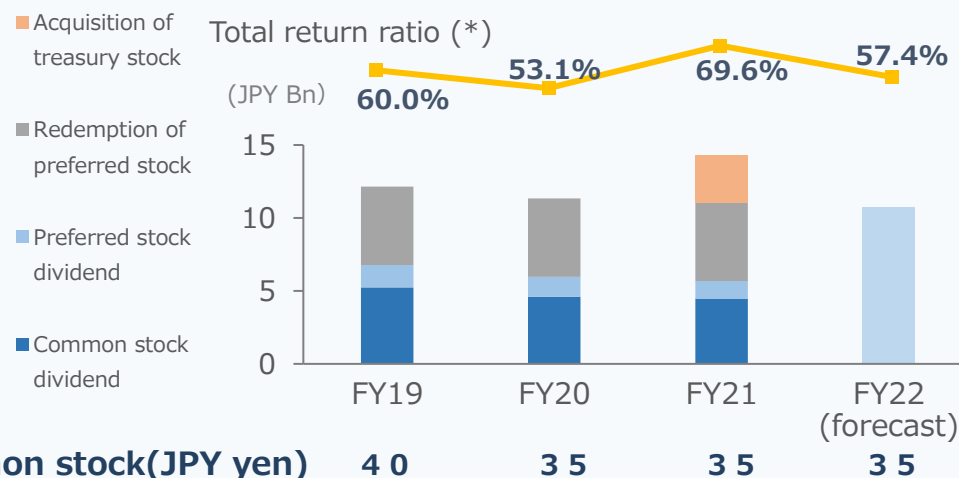
	【Total of two banks】		【Hokuriku bank】		【Hokkaido bank】	
	FY22 forecast	change	FY22 forecast	change	FY22 forecast	change
Core gross business profits	124.5	(0.3)	69.0	0.5	55.5	(0.9)
G&A expenses	78.5	(0.3)	41.5	(0.2)	37.0	(0.1)
Core net business profits	46.0	(0.0)	27.5	0.7	18.5	(0.7)
Net credit costs	14.5	0.9	9.0	0.4	5.5	0.5
Ordinary profits	32.0	1.5	18.5	(2.4)	13.5	3.9
Net income	20.5	(1.3)	11.5	(1.6)	9.0	0.2

Dividend forecasts for FY22

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

Shareholder return

Status of return of profits to shareholders



Dividend per common stock(JPY yen)

4 0

3 5

3 5

3 5

(*)Includes redemption and dividends of preferred stock

II. Management Strategy

2-1 Improvement of comprehensive consulting ability

- ◆ Strengthen problem-solving capabilities by expanding and upgrading the consulting menu
- ◆ Significant increase in the number of cases of support in new consulting areas

Upgrading Existing solution area	Expansion Temporary staffing business Equity business DX・IT introduction support Environment-related consulting
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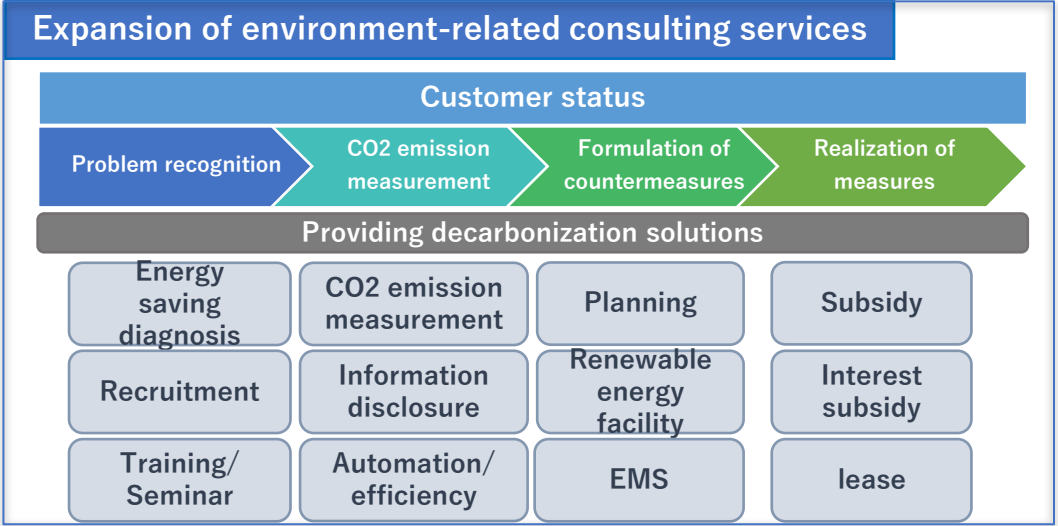
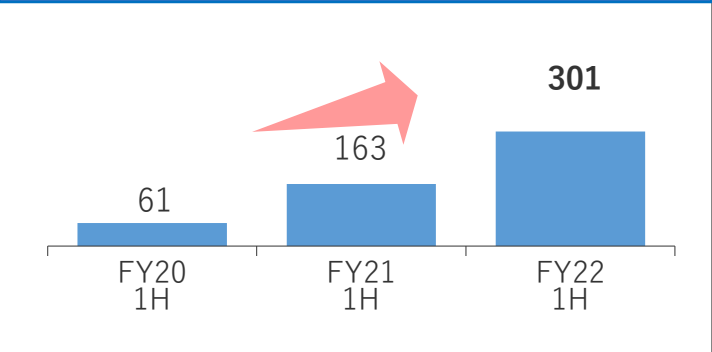
Temporary staffing business

Strengthen efforts to introduce appropriate human resources to meet the needs of local companies to contribute to solving their management issues of local companies

« Cumulative since FY2019 »

Number of support	Revenue amount
343	¥286M

Number of DX/IT consulting support cases



Our New Sustainable Finance Products

In order to support the sustainable management of our customers, our group started to provide new sustainable finance products "Hokuhoku Three Targets".

スリー ターゲッツ

ほくほく Three Targets

サステナブルファイナンス「SDGs定型目標型」は11項目の目標から3個 (Three Targets) を選んでいただき、お取引先の目標達成を通じて地域全体がSDGsに近づいていくことを目的としています。

この目的と商品性をイメージしやすくするため、本商品を「ほくほくThree Targets」と名付けました。

« Results for the first half of FY2022 »

Number of offers	307
Loan amount	¥20.3Bn

2-1 Improvement of comprehensive consulting ability

◆ Achieved steady increase in the number of cases of M&A and other support by strengthening our problem-solving capabilities in existing consulting areas

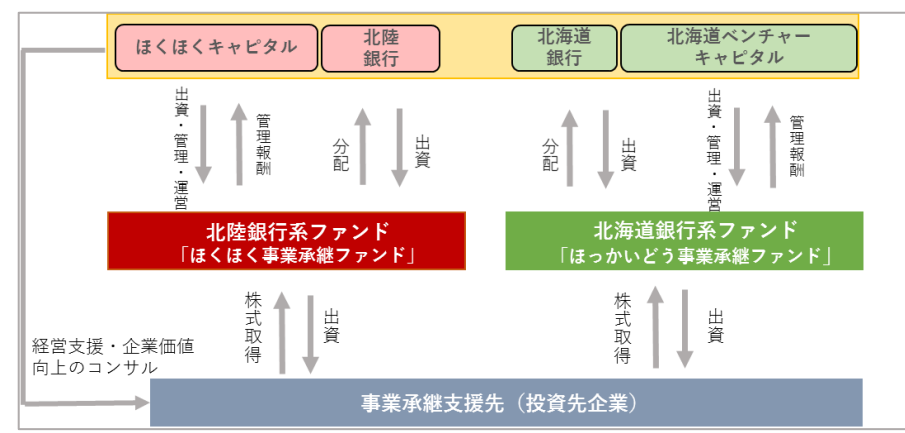


Strengthening the system

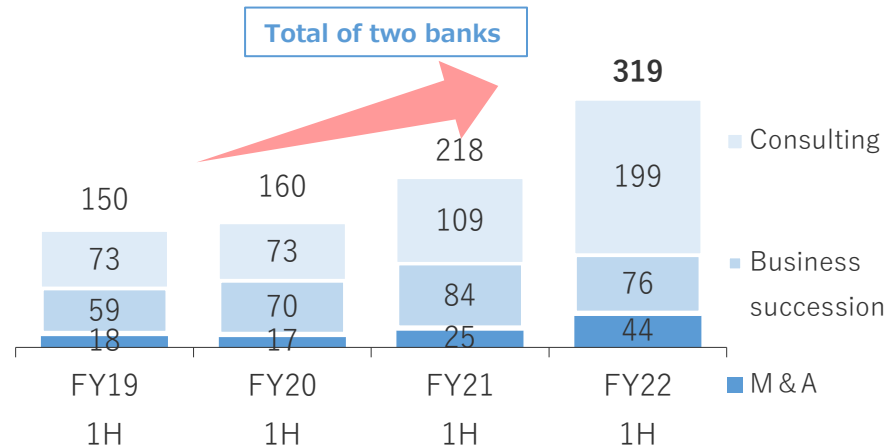
- Human resource development**
Conducting web training in a wide range of fields by level (1,346 participants / FY22 1H)
- Developing professional human resources through external assignments** (10 seconded employees) (22/9)
- Reduction of clerical work through digitization**
⇒ Increase in number of visits and consulting work hours
(Number of proposals 19% YoY increase)
(Number of deals closed 22% YoY increase)
- Diversification of customer contact points through non-face-to-face tools**

Support using business succession funds

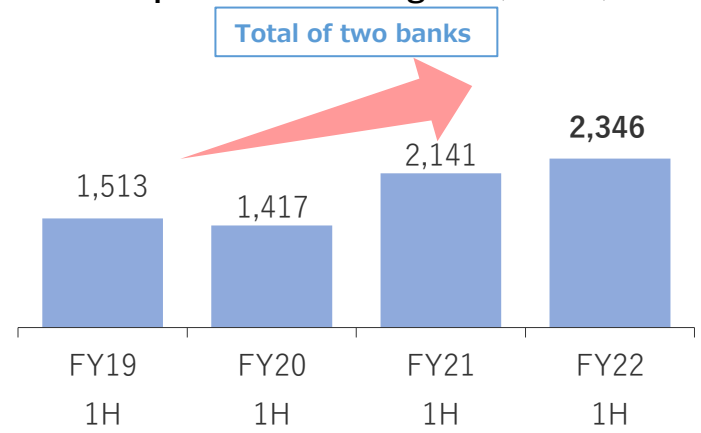
Contribute to resolving successor issues for local companies by utilizing funds to support smooth business succession.



Number of contracts for M&A, business succession, and consulting

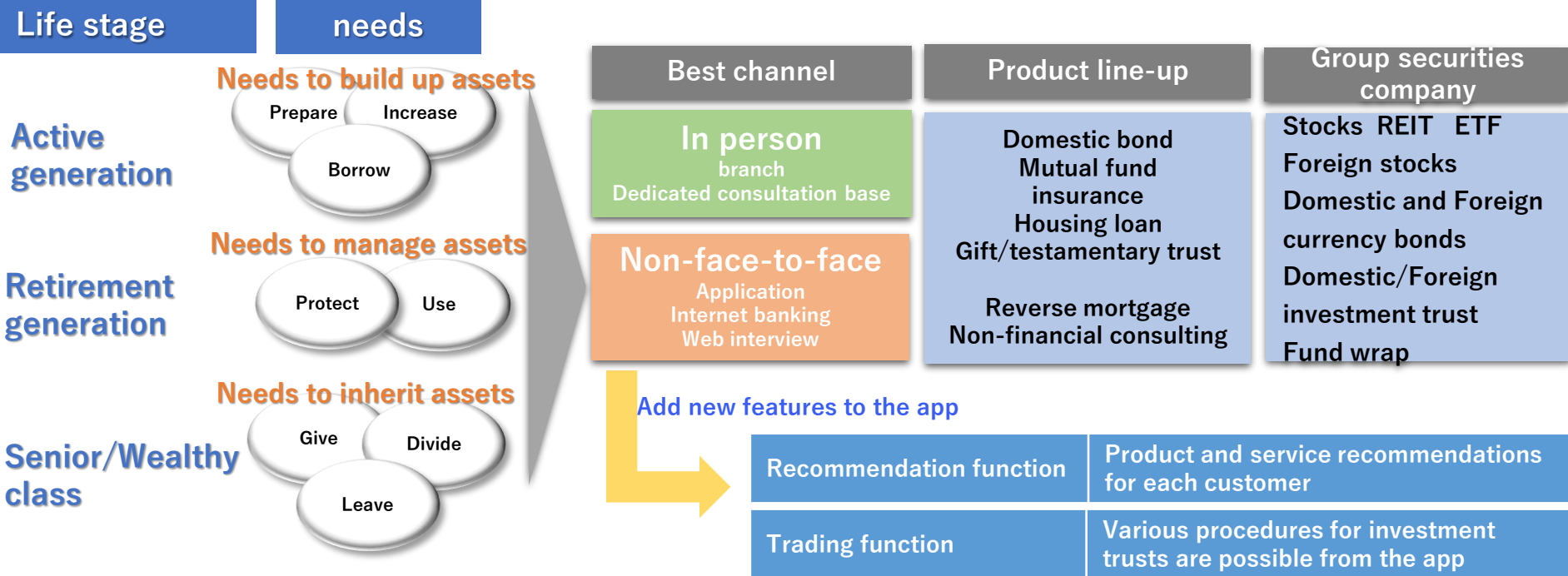


Corporate consulting fee (JPY M)

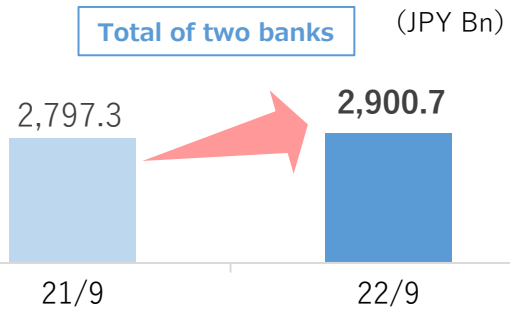


2-1 Improvement of comprehensive consulting ability

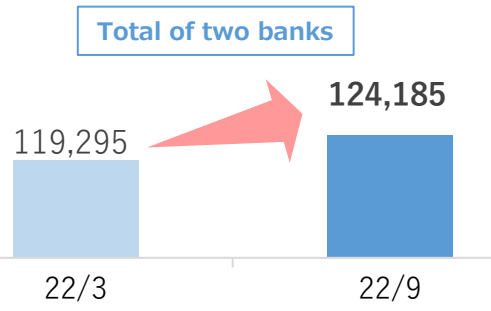
- ◆ Practice optimal proposals according to customers' needs and life stages
- ◆ Strengthen consulting functions to support customers' asset building



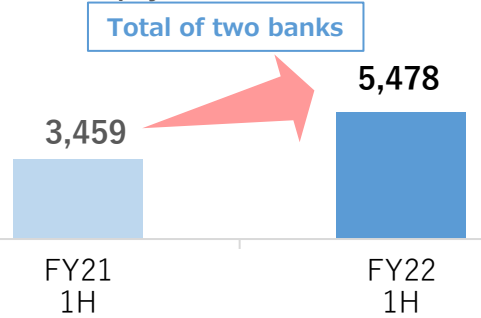
Personal loan balance



Number of funded product contracts*



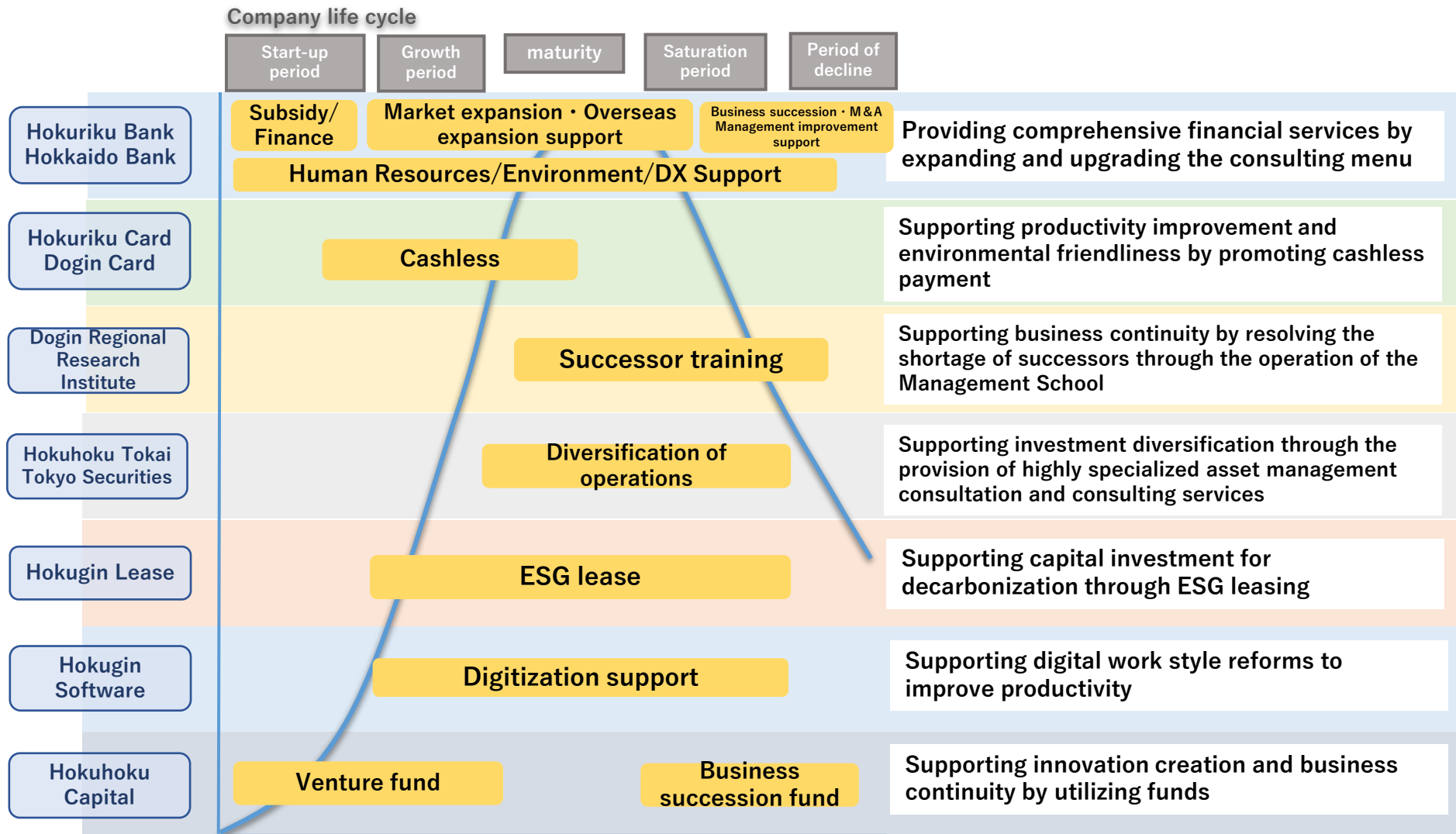
Number of Trusts/ One-time payment insurance



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

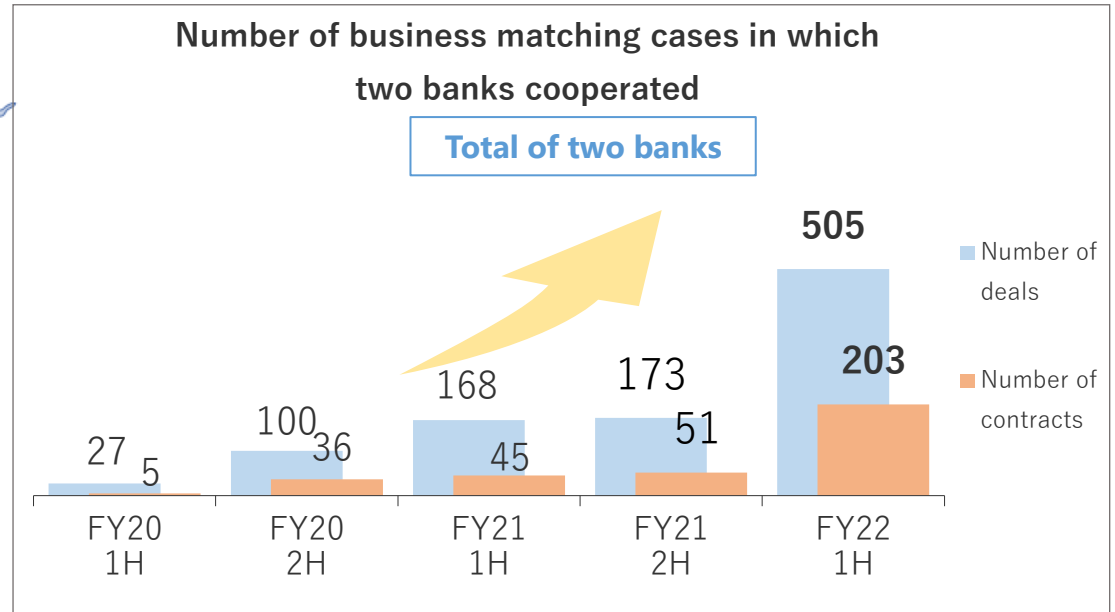
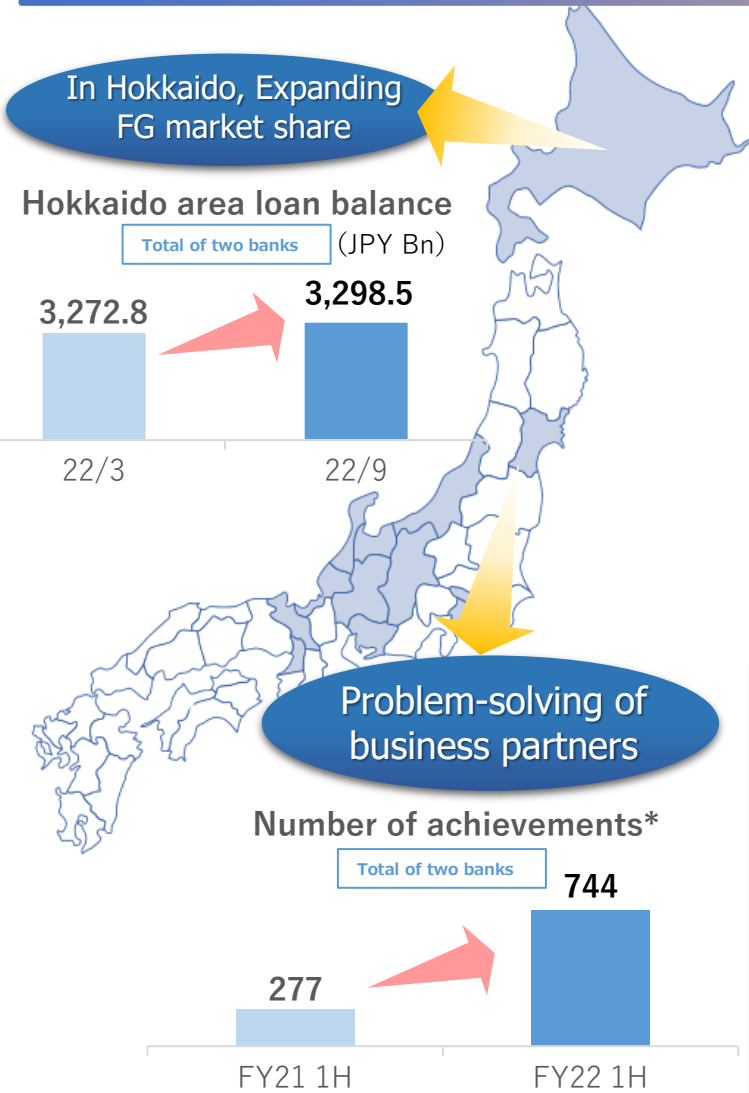
2-2 Strengthening group comprehensive capabilities

◆ Supporting sustainability management by demonstrating the Group's comprehensive strengths and providing services according to the life stages of our business partners.



2-2 Strengthening group comprehensive capabilities

◆ Contribute to solving the problems of our business partners by further evolving group collaboration utilizing our wide-area sales base



Initiatives in the first half of 2022

- Realized a large number of business negotiations and contacts centered on business matching related to cyber security and measures against coronavirus infection.
- Contribute to increased sales by proposing to business partners a fair that collects ingredients from Hokkaido and Hokuriku.



Number of fairs held	5
Number of negotiations	36
Number of contracted companies	17

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

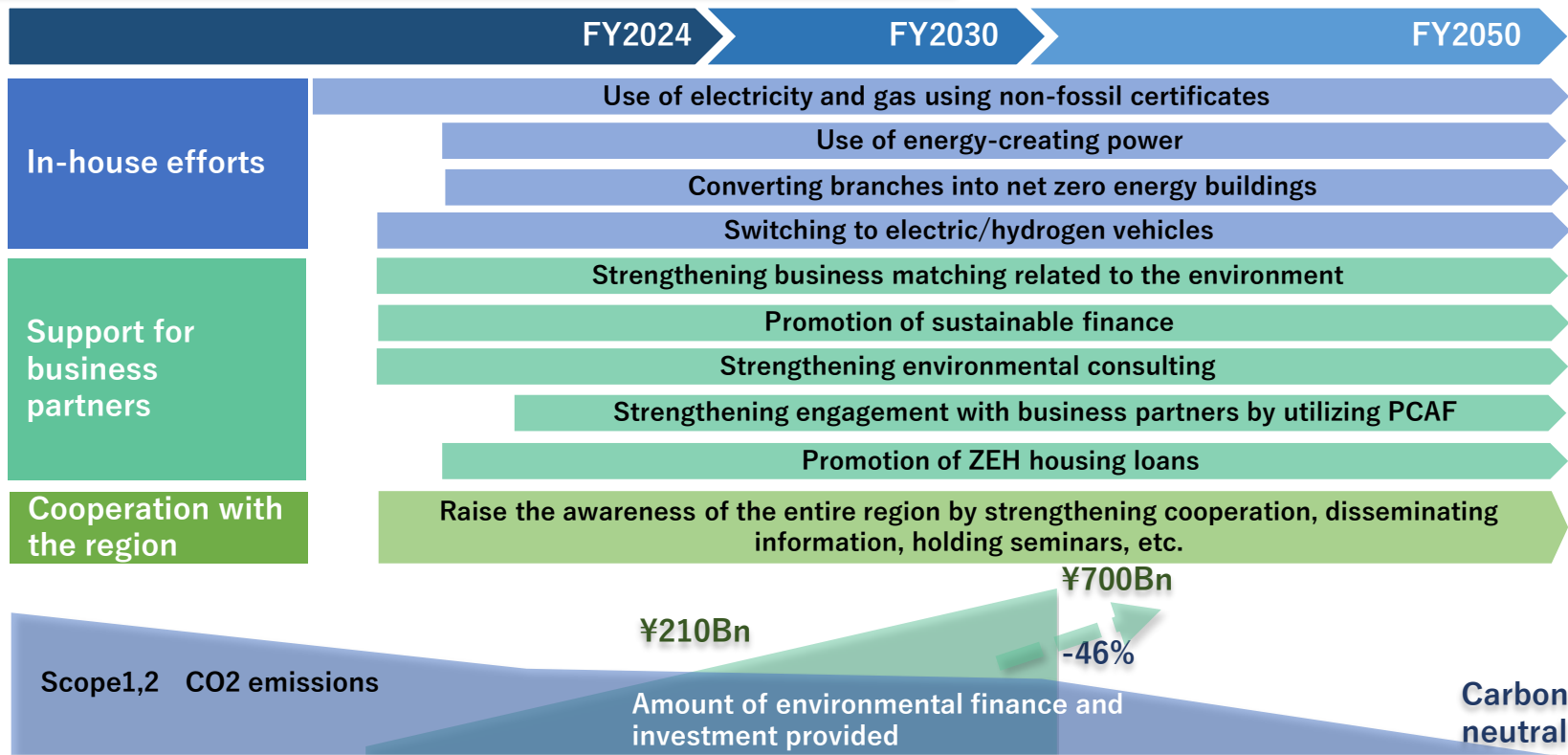
2-3 Initiatives in the environmental field



Aiming to be an environmentally advanced financial group

- ❑ Proactively promote research and disclosure in line with TCFD recommendations
- ❑ Reduce our company's CO2 emissions
- ❑ Enhancing Solutions for Trading Partners
- ❑ Strengthening cooperation with local governments and various organizations

Carbon neutral roadmap



2-3 Initiatives in the environmental field

Proactively promote research and disclosure in line with TCFD recommendations

Progress of Disclosure Items in Line with TCFD Recommendations

Disclosure items	Main progress
Governance	<ul style="list-style-type: none"> A meeting of the Sustainability Promotion Committee was held in July 2022, and the status of initiatives was reported to the Board of Directors
Strategy	<ul style="list-style-type: none"> Supporting customer to promote decarbonization and to respond climate change Calculate credit cost impact by scenario analysis
Risk management	<ul style="list-style-type: none"> Clarified response to climate change risk in risk management policy
Indicator · Target	Scope1,2 Emissions : Setting a New “FY2050 Carbon Neutral Target”

Future focus

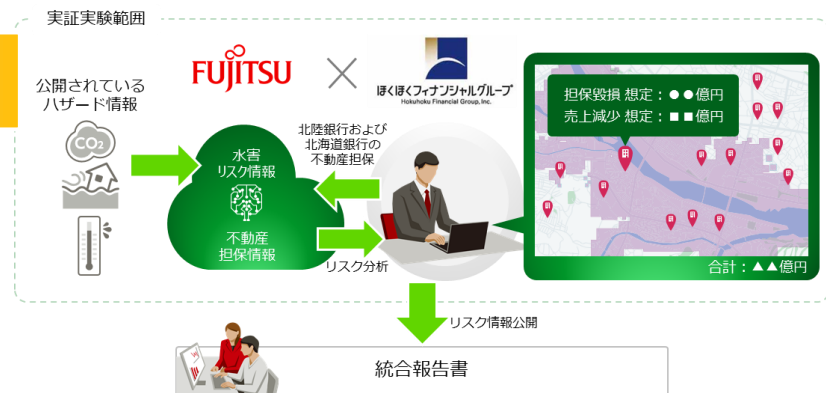
- Participation in international initiatives
- Early achievement of Scope 1 and 2 carbon neutral
- Financing emissions measurement based on PCAF
- Setting Scope3 goals

- Expansion of sectors targeted for scenario analysis
- Expanding targets for identifying carbon-related assets
- Expanding engagement based on various analyses
- Reflection of initiatives in executive remuneration

Main efforts

Developed an efficient algorithm for calculating flood risk for TCFD disclosure jointly with Fujitsu Ltd.

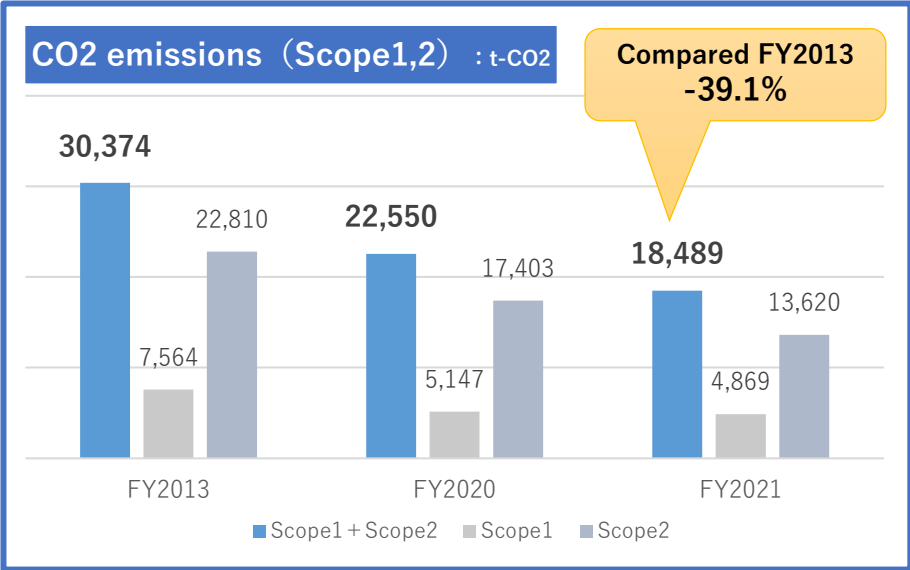
- Using Fujitsu’s IT technology and our knowledge of risk management, we have systematized the process of plotting the locations of business partners on a hazard map ⇒ Saved 850 hours of our work



2-3 Initiatives in the environmental field

Reduction of own CO2 emissions

Target	CO2 emissions (Scope1,2)	FY2030 (Compared to FY2013) -46% FY2050 Carbon neutral
---------------	---------------------------------	---



Efforts so far		
Introduction time	Introduced product	Estimated reduction in CO2 emissions (year)
2021/4	Using electricity from hydroelectric power	2,500t-CO2
2022/4	Use of carbon-neutral city gas	760t-CO2
2022/4	Use of green power with FIT onshore wind non-fossil certificate	50t-CO2
2022/6	Purchasing a FIT non-fossil certificate	370t-CO2

Main efforts

Establishment of “Hokuhoku Solar Park”

- Concluded “Agreement on Promotion of Carbon Neutrality” with Hokuriku Electric Power Company to realize carbon neutrality in the region
- As the first initiative, utilizing the land owned by Hokuriku Bank, we will conduct “solar power generation by off-site PPA” with Hokuriku Electric Power Co., Ltd. and introduced renewable energy.
- The scale of the announcement is 3,255 MWh, which is expected to reduce CO2 emissions by approximately 1,600 tons annually

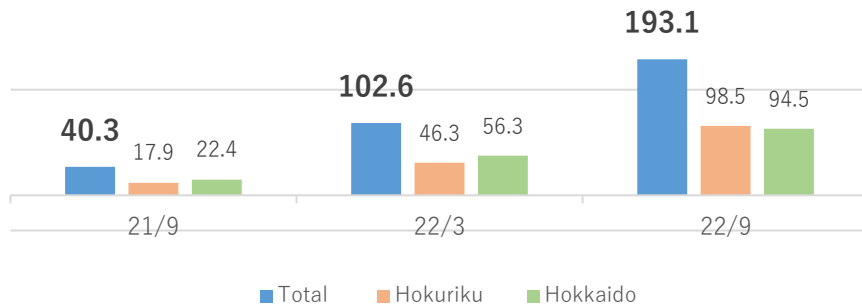


2-3 Initiatives in the environmental field

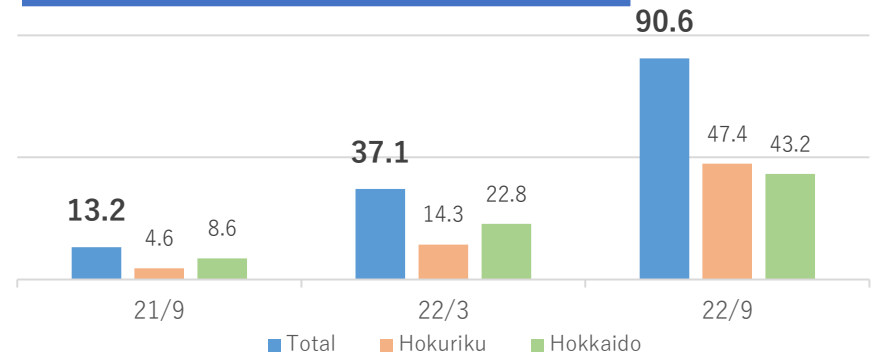
Strengthen solutions for business partners

Target	Sustainability-related investments and loans (cumulative)	FY2024	450Bn yen
		FY2030	1.5Tn yen
	Environment-related investments and loans (cumulative)	FY2024	210Bn yen
		FY2030	700Bn yen
	Number of SDGs/environment-related services provided	FY2024	800

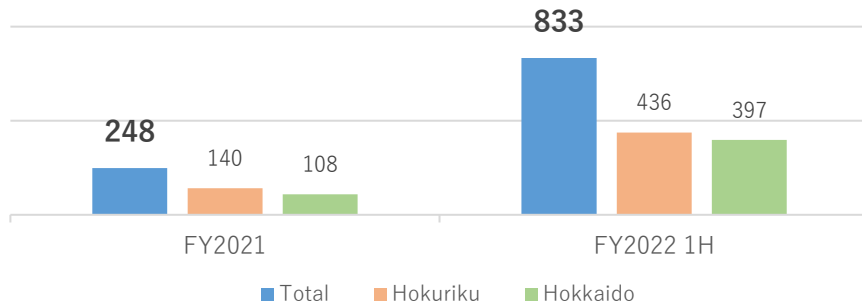
Sustainability-related investments and loans (cumulative /JPY Bn)



Environment-related investments and loans (cumulative/JPY Bn)



Number of SDGs/environment-related services provided



Main efforts

Promotion of sustainable finance

- In May 2022, Hokkaido bank signed a sustainable finance agreement with Heiwa Real Estate Co., Ltd., on the Sustainability Linked Loan Principles.
- In September 2022, Hokuriku Bank, in collaboration with The Norinchukin Bank, signed sustainable finance agreement with Chuetsu Eco-Products Co., Ltd., based on the Green Loan Framework.

2-3 Initiatives in the environmental field

Strengthen cooperation with local governments and various organizations

Main efforts

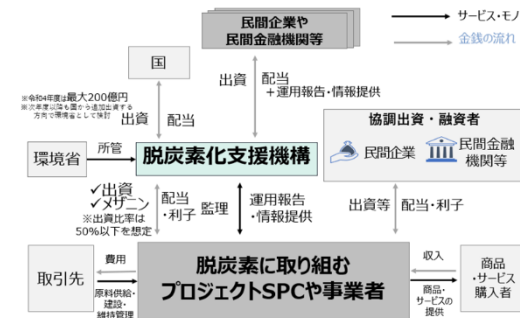
Conclusion of “MEJAR Sustainability Solution Collaboration”

- Participating banks of the backbone system “MEJAR” have concluded a partnership agreement with the aim of sharing information on sustainability solutions and improving products and services. Through collaboration, we will strengthen proposals to customers and contribute to the development of the local economy.



Investment in Japan Green Investment Corp. for Carbon Neutrality (JICN)

- Hokuriku bank and Hokkaido bank have invested 100 million yen in JICN, established under the initiative of Ministry of the Environment to support decarbonization, with the aim of creating a decarbonized society.



Expansion of partner companies for business matching

- Expanding partner companies related to decarbonization support.
- Concluded a business matching agreement with Hokusan Co., Ltd., which provides “FIT non-fossil certificate brokerage service” and blue dot green Inc., which provides “environmental information disclosure support service”

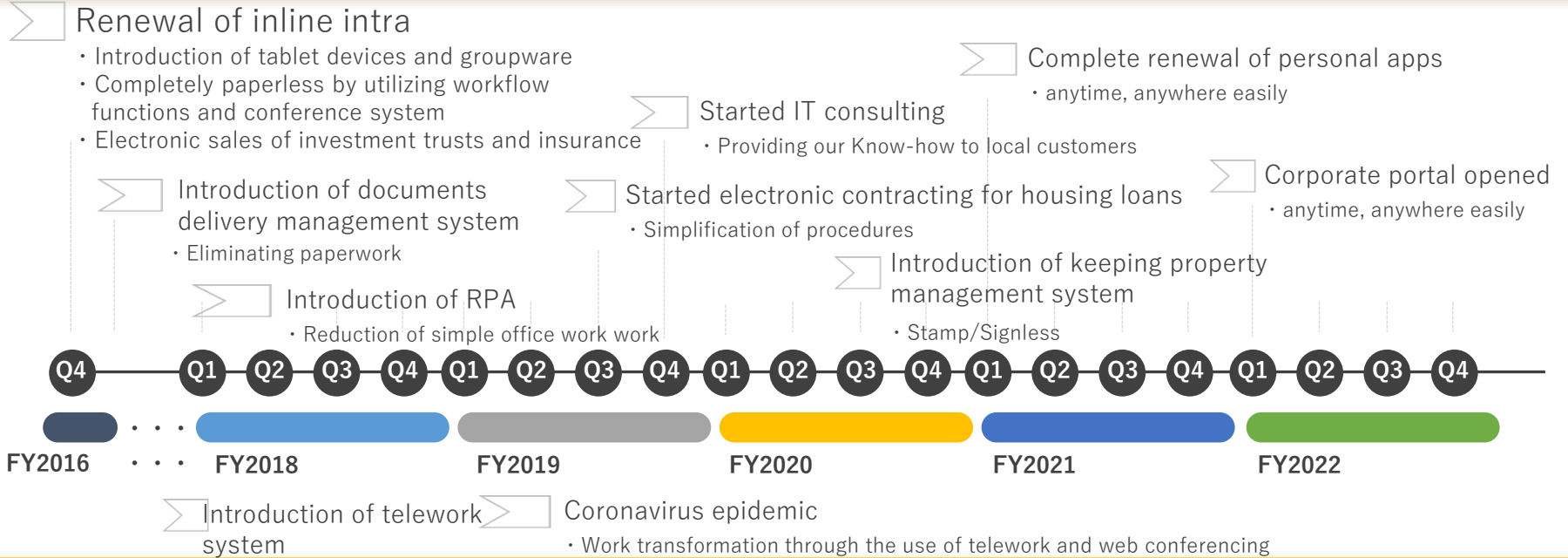


2-4 Promotion of Digital Transformation

Our goal

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

Our efforts to date



Developing and securing DX human resources

Developing and securing DX human resources

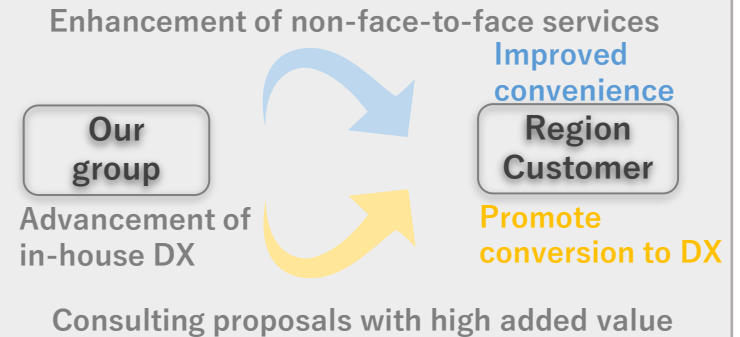
- ⇒ Personnel exchanges with group companies and business partners
- ⇒ Strengthen mid-career hiring



Raising IT literacy throughout the company

- ⇒ Promoting acquisition of IT passport qualifications
- As of the end of September 2022, 751 people have obtained qualifications (Two banks · +572 people compared to the end of March 2022)

« Support for region and customers »



2-4 Promotion of Digital Transformation

◆ By expanding non-face-to-face services and promoting DX in regional society, our group companies aim to improve convenience and strengthen contact points with our customers while providing high-value-added services.

To regions and customers

Enhancement of non-face-to-face channels

App/IB

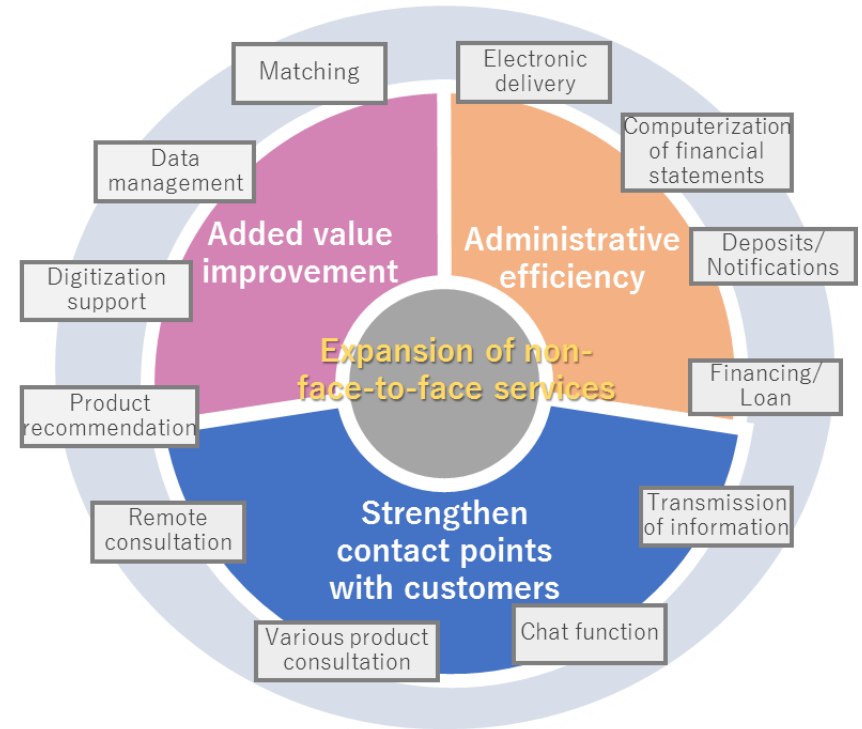
- **Expand services that can be completed with apps and IB**
 - Enables to confirm loan balance details and repayment procedures (2022/9)
 - Enable to cancel various deposits (2022/11)
- **UI/UX improvement of investment trust function, addition of recommendation function (2022/11)**

Corporate portal service

- **Expanding the range of electronic documents delivery services**
- **Distribution of various seminar information in line with customer needs**
 - Enhanced various seminars to strengthen recruitment
- **Planning to introduce a communication tool that allows chats and web interviews**

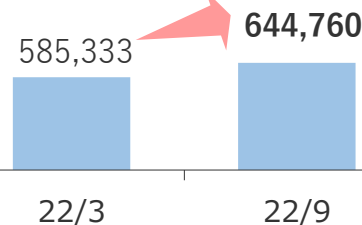
Regional DX support

- **Providing digitalization support to customers**
 - Providing appropriate solutions according to customer needs
- **Holding “DX Seminars” for regional companies in cooperation with local governments**
- **Entrustment of regional digital human resource development and securing promotion projects**



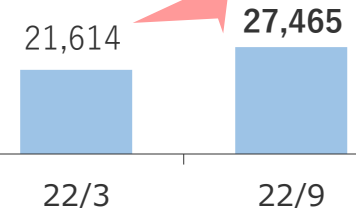
Number of IB/App subscribers

Total of two banks



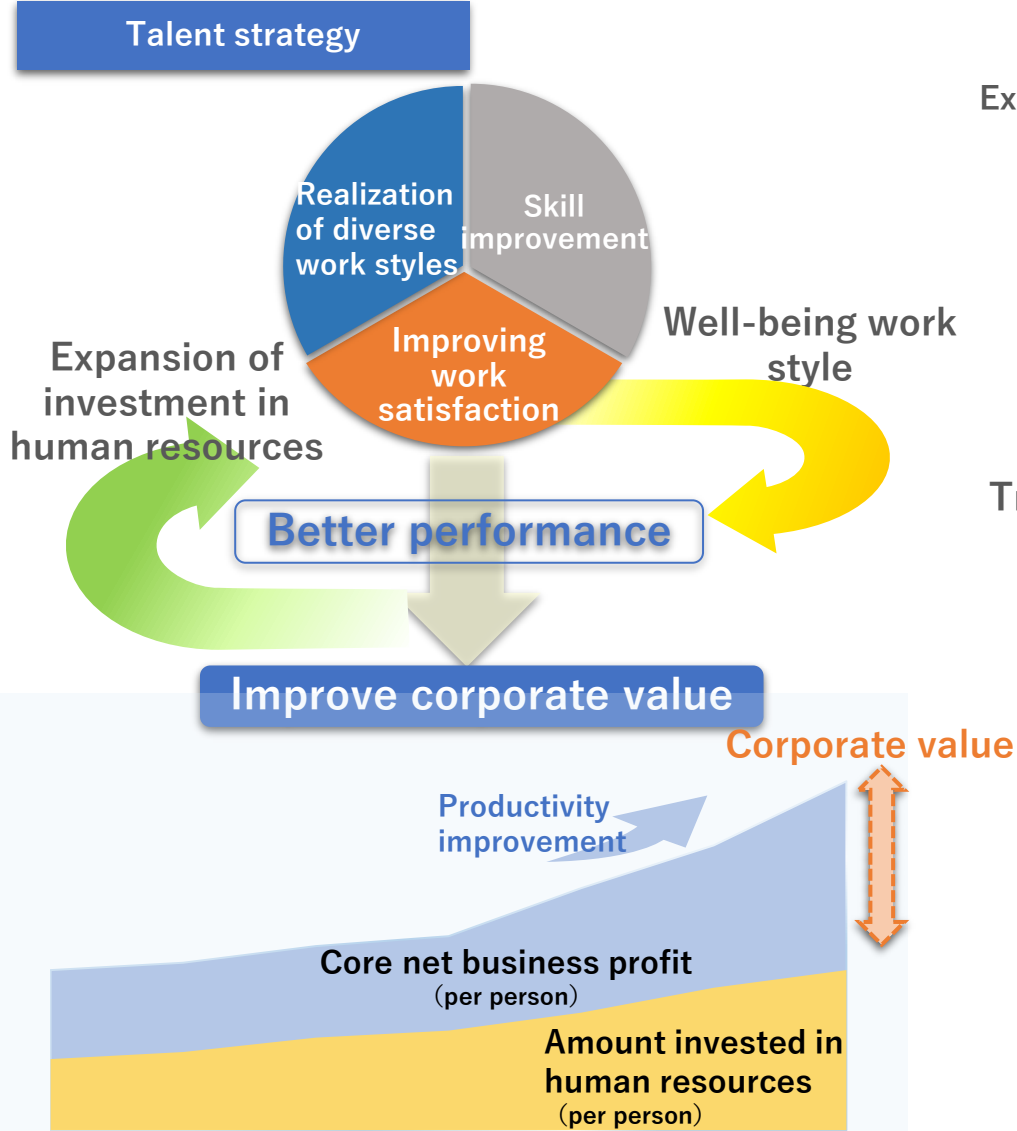
Number of corporate portal users

Total of two banks



2-5 Talent strategy

◆ In order to create a strong organization that can improve corporate value, we will promote human resources investment to improve the skills of executives and employees and deploy specialists



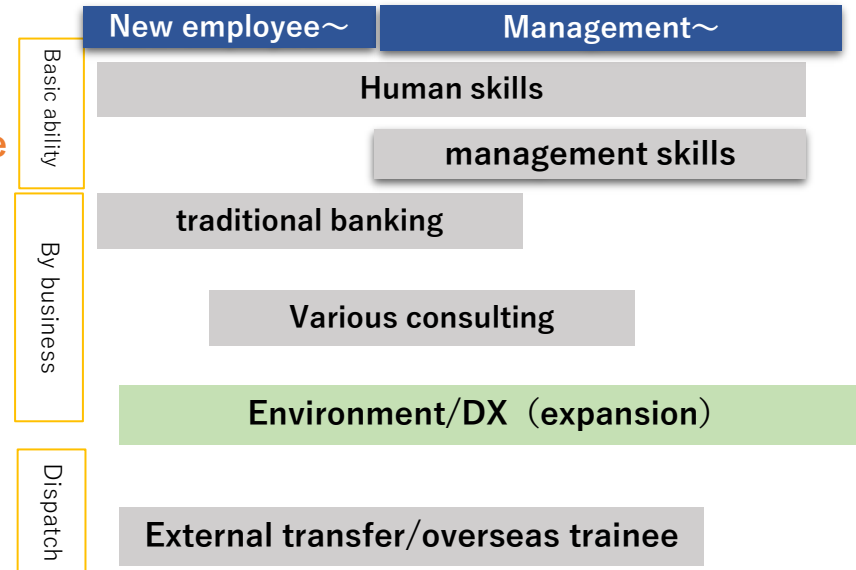
Improving skills of employees

Expansion of training system and opportunities for reskilling

First half of 2022	Hokuriku bank	Hokkaido bank
Amount invested in human resource development	46 million yen	46 million yen
Total training hours	500 hours	700 hours
Total number of participants in training	1,257	1,009

Training system chart

- Curriculum by skill level
- Job-specific training to improve professional skills



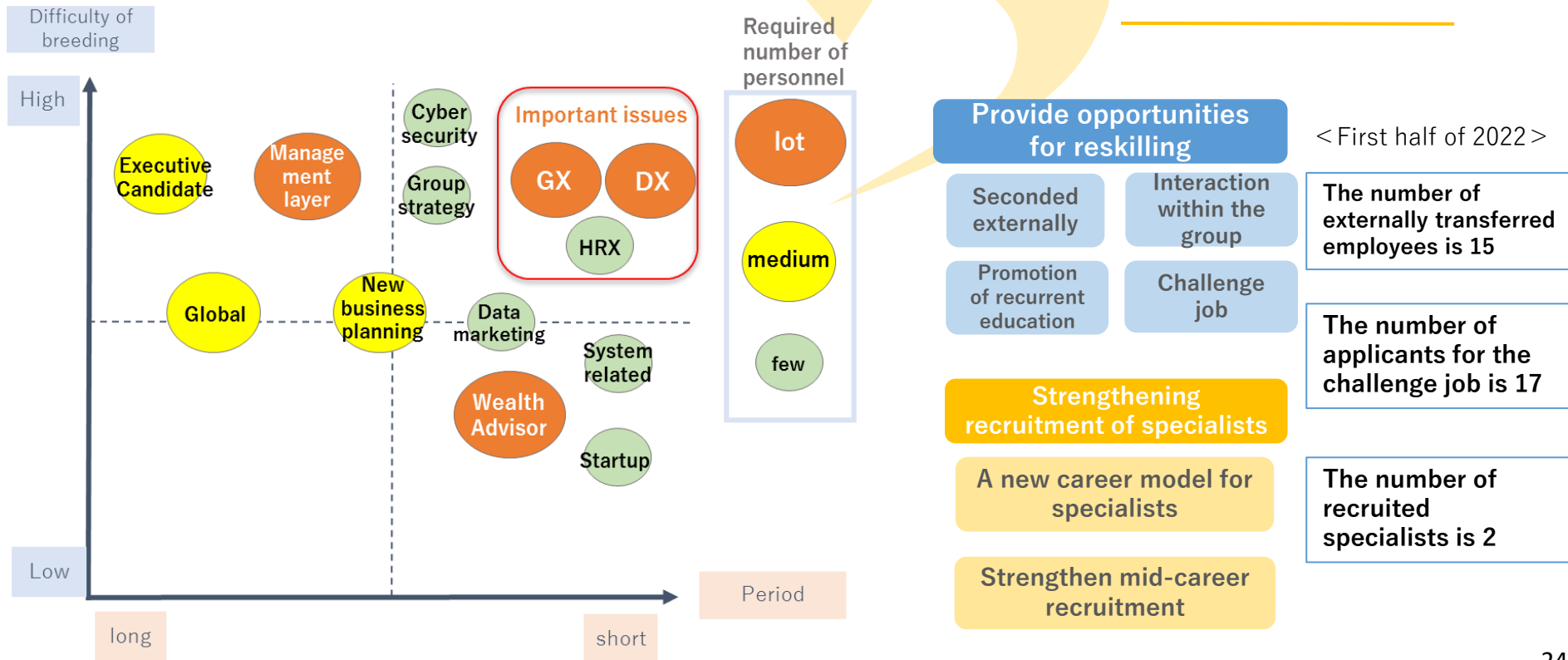
2-5 Talent strategy

Human resource investment strategy matrix

- To improve corporate value, clarify the necessary human resources and strategically allocate them in conjunction with management strategy
- Develop and secure professional human resources by strengthening reskilling and recruitment, etc.

Strategically placed according to the importance of internal and external issues

Securing specialized human resources through reskilling and enhanced recruitment

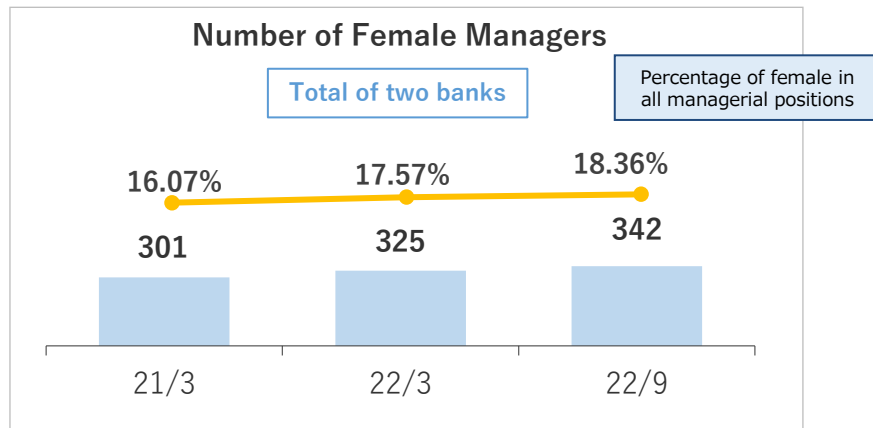


2-5 Talent strategy

Realization of diverse work styles

Support for career development and flexible working styles for women

Aiming to create a work place where diverse human resources can play an active role, promoting the active participation of women and enhancing work-life balance support systems



< External evaluation of human resource management >



Improvement of work environment and system

Various support systems

We have enhanced our personnel system to support work-life balance and realize the careers desired by employees

 結婚 Marriage leave Work location change Re-employment system	 出産・育児休業 Outpatient leave Maternity leave Childcare leave
 復帰・子育て Shortened working hours system for childcare Staggered working hours for childcare	 介護 Nursing care leave Shorter working hours for nursing care
 再雇用 Re-employment system Continuous employment system	<div style="border: 1px dashed black; padding: 5px;"> <ul style="list-style-type: none"> Percentage of men taking childcare leave...100% Number of days of paid leave taken (FY2021) < Hokuriku bank > 13.9days < Hokkaido bank > 13.7days </div>

Evaluation/treatment system

Revised part of the evaluation system for sales offices and started an evaluation system that emphasizes behavioral processes.

The aim is to promote the creation of an organization that can make high-quality proposals to customers, and to build a system that will lead to increased job satisfaction for employees.

2-6 Strengthening governance

- ◆ Enhancing capital by reducing cross-shareholdings
- ◆ Strengthen fiduciary duties and securities investment systems and initiatives

Enhancement of equity capital and shareholder returns

Aiming to enhance equity capital and shareholder returns, reduce cross-shareholdings through dialogue with counterparties

< Ownership policy >

- (1) Limited holding in cases where it is determined that the long-term and stable maintenance of the prefectural police with the target company, the enjoyment of business strategy benefits, and the improvement of the corporate value of the target company and the Company.
- (2) For each stock, measure the risk and return associated with holdings based on indicators that take into account holding costs. Comprehensively examine the significance of holdings based on economic rationality, business relationships, business strategies such as business alliances, etc., and determine whether to hold them

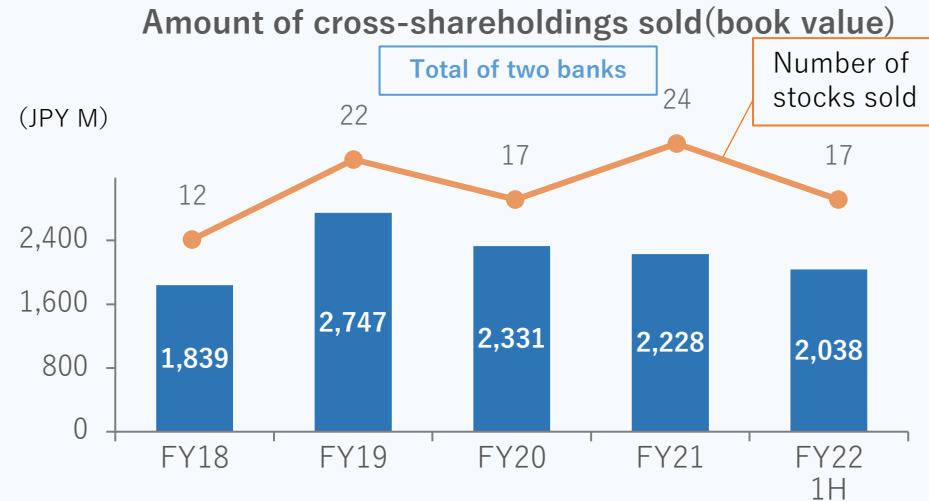
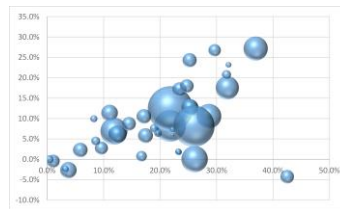
Strengthening efforts for fiduciary duties

Introduced a system for group-wide self-evaluation

Build a function to evaluate the fiduciary duty (FD) of the entire group to verify the status of efforts and improve FD

Conducting in-depth analysis of funds

Analyze the risk and return of sales funds and build a product lineup from the perspective of FD



Strengthening risk management system for securities investment

- Based on the uncertain market environment and rapid rise in interest rates, multiple multi-faceted simulations of valuation gains and losses and interest gains and losses, mainly for foreign bond investment, have been conducted.
- Hold ALM/Risk Management Committee meetings and investment policy meetings to discuss policies on a case-by-case basis in order to flexibly respond to market changes.
- Strengthen cooperation between the securities departments of the two banks

Appendix

About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ①

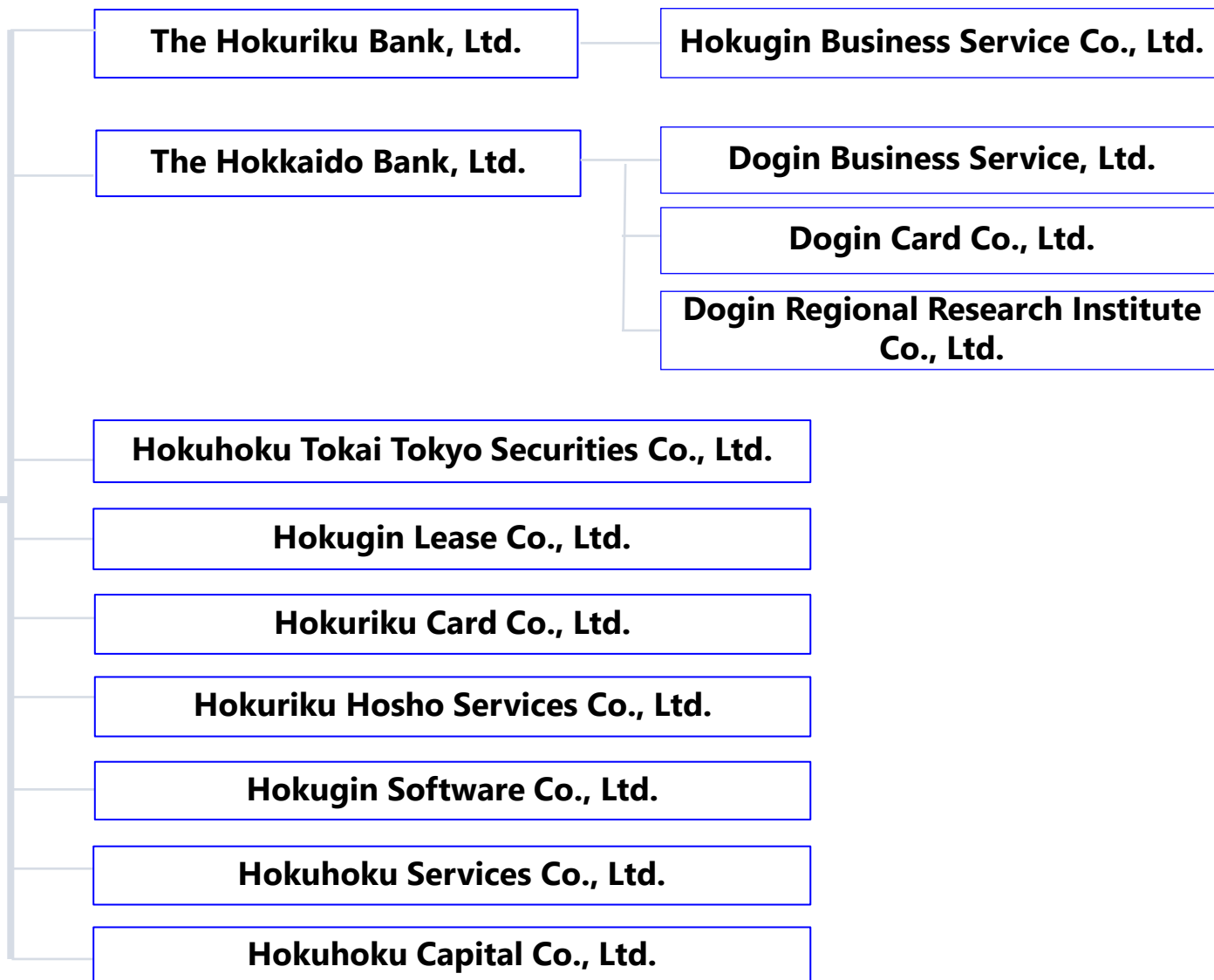
(As of September 30, 2022)

	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	¥ 93,524.01million
Shares issued and outstanding	<ul style="list-style-type: none"> ▪ Common stock 128,770,814 ▪ Preferred stock (Type5)* 75,212,000 	<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)* 75,202,400
Total assets	(consolidated) ¥ 15,850.5 billion	¥ 9,239.5 billion	¥ 6,570.0 billion
Deposits & NCD	(consolidated) ¥ 13,282.8 billion	¥ 7,511.1 billion	¥ 5,798.6 billion
Loans	(consolidated) ¥ 9,311.0 billion	¥ 5,167.6 billion	¥ 4,153.8 billion
Capital adequacy ratio	(consolidated) 9.61 %	(non-consolidated) 9.36 %	(non-consolidated) 9.08 %
Employees	74 (Concurrent person)	2,263	2,127
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 October1,2022.

About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ②

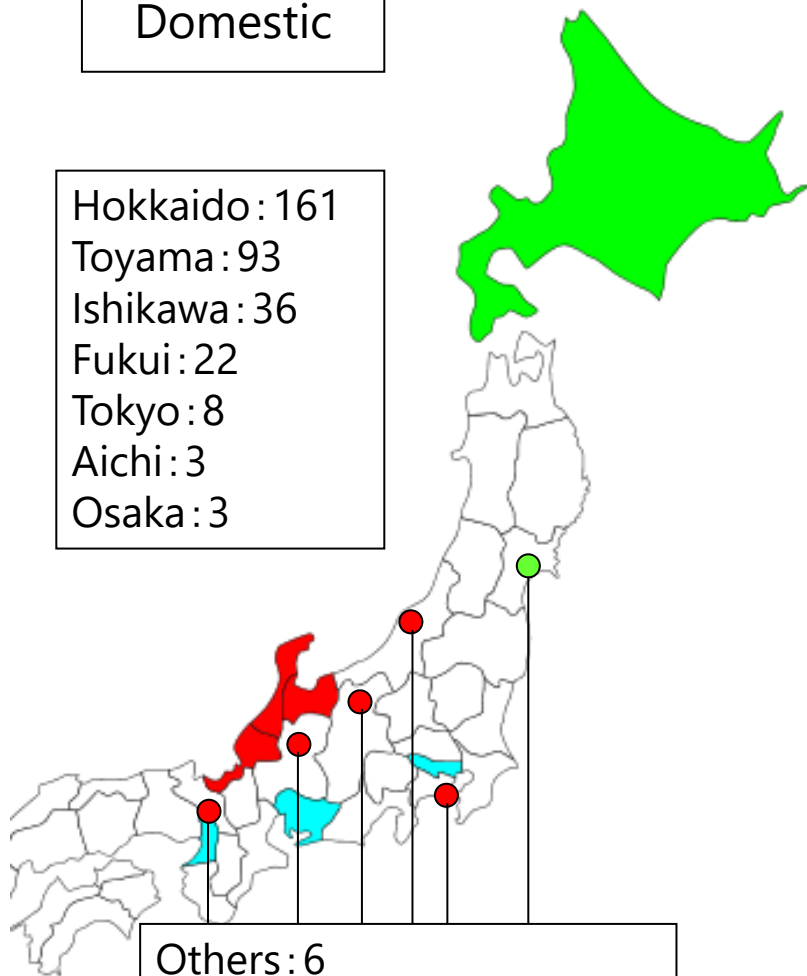


About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ③

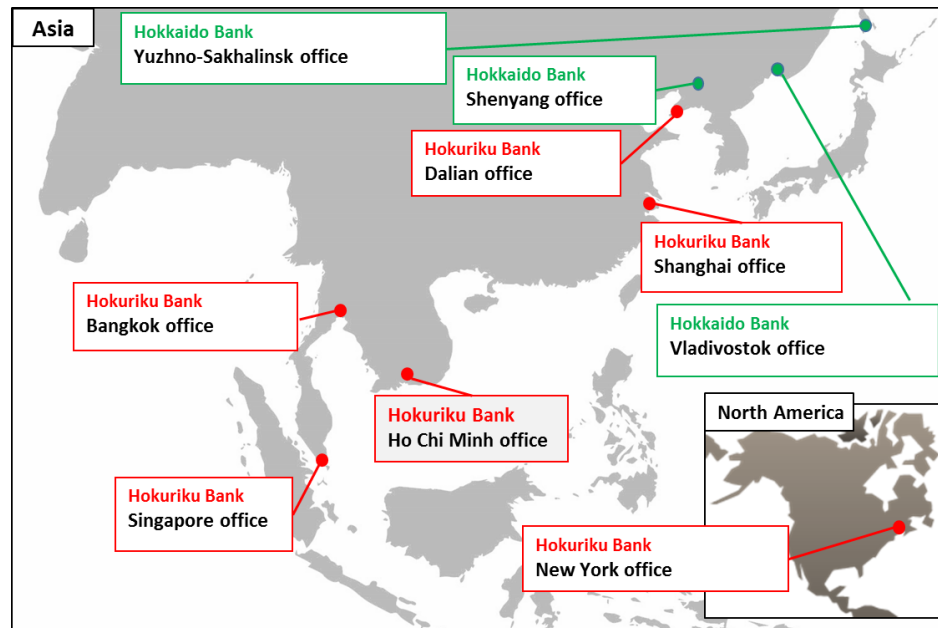
Domestic

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



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

Oversea



Representative offices

1. New York
2. Bangkok
3. Singapore
4. Shanghai
5. Dalian
6. Shenyang
7. Vladivostok
8. Yuzhno-Sakhalinsk
9. Ho Chi Minh

About Hokuhoku FG ②

Historical Data (Hokuhoku FG)

(JPY Bn)

	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year	FY2021 Interim	FY2021 Full year	FY2022 Interim
<Consolidated>									
Ordinary income	91.8	183.6	90.6	182.4	87.9	175.9	87.8	177.7	96.9
Ordinary profits	19.4	35.3	17.4	31.6	18.1	32.2	19.0	30.2	14.5
Net income attributable to owners of the parent	13.9	24.3	11.6	20.2	13.0	21.3	13.1	20.5	9.3
Capital adequacy ratio	9.78%	9.09%	9.29%	8.94%	9.32%	9.45%	9.79%	9.54%	9.61%

<Total of two banks>

Core gross business profits	64.0	125.7	61.3	123.2	60.9	120.7	61.9	124.8	63.7
General & administrative expenses	43.7	86.5	43.0	85.3	41.5	82.3	40.0	78.8	37.8
Core net business profits	20.3	39.1	18.3	37.8	19.3	38.4	21.9	46.0	25.8
Net gains(losses) related to securities	1.1	3.1	4.2	6.6	3.9	7.5	3.3	(1.4)	(2.7)
Credit costs	0.5	4.6	5.1	12.0	4.4	13.0	5.2	13.5	6.7
Ordinary profits	20.6	36.7	17.7	31.4	18.7	32.0	19.8	30.4	15.3
Net income	15.5	26.6	12.4	20.8	14.1	22.4	14.5	21.8	10.6
ROA	0.31%	0.30%	0.28%	0.28%	0.27%	0.25%	0.25%	0.26%	0.29%
OHR	68.30%	68.85%	70.11%	69.27%	68.18%	68.19%	64.59%	63.15%	59.44%
Loans	8,150.5	8,360.8	8,456.5	8,673.1	8,993.8	9,065.1	9,111.8	9,211.1	9,321.5
Deposits (including NCD)	11,307.1	11,439.7	11,429.8	11,662.6	12,451.4	12,815.6	12,982.4	13,233.3	13,309.8
Securities	1,991.5	1,788.8	1,848.6	1,807.2	1,959.7	2,100.1	2,056.6	2,199.5	2,108.5
Non performing loan	151.0	154.6	158.8	153.4	163.3	180.1	194.3	212.5	230.5
NPL ratio	1.79%	1.79%	1.82%	1.71%	1.76%	1.93%	2.07%	2.24%	2.40%

About Hokuhoku FG ③

Historical Data (Hokuriku Bank)

(JPY Bn)

	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year	FY2021 Interim	FY2021 Full year	FY2022 Interim
Ordinary income	45.4	90.2	44.7	88.5	42.9	86.4	42.5	88.9	53.0
Core gross business profits	35.0	69.1	33.3	66.8	32.9	66.7	33.5	68.4	34.5
General & administrative expenses	23.5	46.4	23.0	45.7	22.1	43.9	21.1	41.7	20.1
Core net business profits	11.4	22.6	10.2	21.1	10.7	22.8	12.4	26.7	14.4
Net gains(losses) related to securities	0.9	2.1	2.9	5.0	3.0	5.7	1.8	2.1	0.4
Credit costs	(0.0)	2.8	4.2	9.2	3.3	8.4	2.4	8.5	8.1
Ordinary profits	12.6	22.1	9.9	17.7	10.6	20.5	12.4	20.9	6.1
Net income	9.2	15.5	6.5	11.2	8.4	14.2	9.2	13.1	4.2
Capital adequacy ratio	9.21%	8.79%	8.92%	8.59%	9.00%	9.14%	9.49%	9.31%	9.36%
ROA	0.30%	0.29%	0.26%	0.27%	0.25%	0.25%	0.24%	0.26%	0.28%
OHR	67.33%	67.19%	69.24%	68.43%	67.34%	65.81%	62.99%	60.92%	58.29%
Loans	4,646.4	4,740.3	4,823.4	4,910.3	5,058.4	5,033.3	4,978.9	5,061.6	5,167.6
Deposits (including NCD)	6,553.1	6,636.8	6,597.2	6,735.4	7,168.1	7,350.5	7,381.3	7,536.9	7,511.1
Securities	1,319.0	1,197.0	1,194.4	1,158.0	1,203.8	1,268.1	1,261.0	1,294.3	1,229.4
Non performing loan	87.8	91.4	94.9	96.2	104.1	114.6	123.4	136.4	149.9
NPL ratio	1.85%	1.89%	1.93%	1.92%	2.02%	2.24%	2.43%	2.64%	2.84%

About Hokuhoku FG ④

Historical Data (Hokkaido Bank)

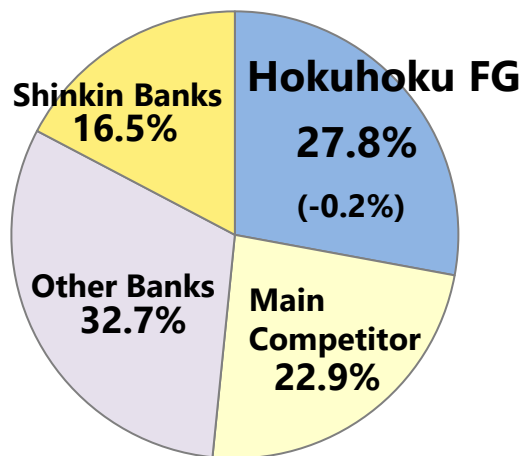
(JPY Bn)

	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year	FY2021 Interim	FY2021 Full year	FY2022 Interim
Ordinary income	38.2	75.5	36.5	74.9	36.4	71.5	37.1	72.9	37.4
Core gross business profits	29.0	56.5	28.0	56.3	28.0	54.0	28.3	56.4	29.1
General & administrative expenses	20.1	40.1	19.9	39.6	19.3	38.4	18.8	37.1	17.7
Core net business profits	8.8	16.4	8.0	16.7	8.6	15.6	9.5	19.2	11.4
Net gains(losses) related to securities	0.1	0.9	1.3	1.5	0.9	1.7	1.4	(3.6)	(3.1)
Credit costs	0.6	1.7	0.8	2.7	1.0	4.6	2.8	4.9	(1.4)
Ordinary profits	8.0	14.5	7.8	13.7	8.0	11.5	7.4	9.5	9.1
Net income	6.3	11.0	5.8	9.5	5.7	8.1	5.2	8.7	6.3
Capital adequacy ratio	9.44%	8.69%	8.98%	8.76%	9.06%	8.88%	9.21%	8.94%	9.08%
ROA	0.33%	0.31%	0.29%	0.30%	0.29%	0.25%	0.26%	0.26%	0.31%
OHR	69.47%	70.89%	71.14%	70.27%	69.15%	71.12%	66.48%	65.86%	60.79%
Loans	3,504.1	3,620.5	3,633.0	3,762.7	3,935.4	4,031.7	4,132.9	4,149.5	4,153.8
Deposits (including NCD)	4,753.9	4,802.8	4,832.5	4,927.2	5,283.3	5,465.1	5,601.0	5,696.4	5,798.6
Securities	672.4	591.8	654.2	649.2	755.9	832.0	795.5	905.2	879.1
Non performing loan	63.2	63.3	63.9	57.2	59.2	65.5	70.8	76.1	80.6
NPL ratio	1.71%	1.66%	1.68%	1.45%	1.44%	1.56%	1.64%	1.76%	1.86%

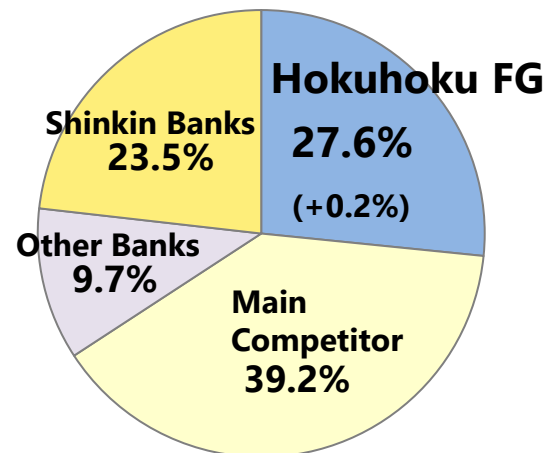
About Hokuhoku FG ⑤

Market Share in Our Home Market (Loans, Mar-22)

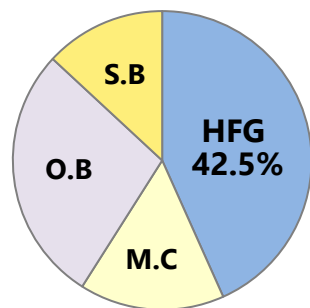
Hokuriku Area



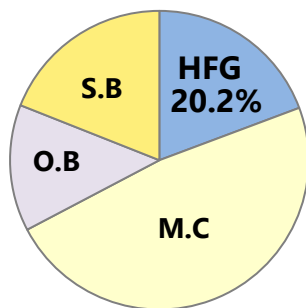
Hokkaido Area



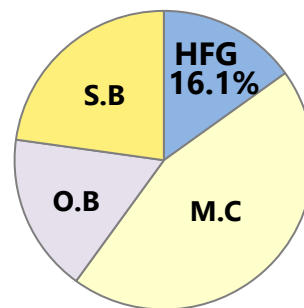
(vs. Mar-21)



Toyama



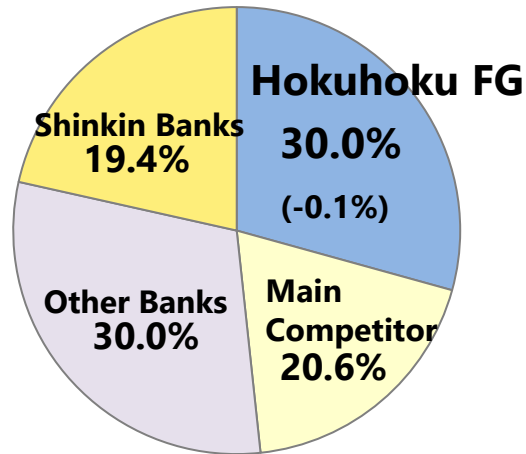
Ishikawa



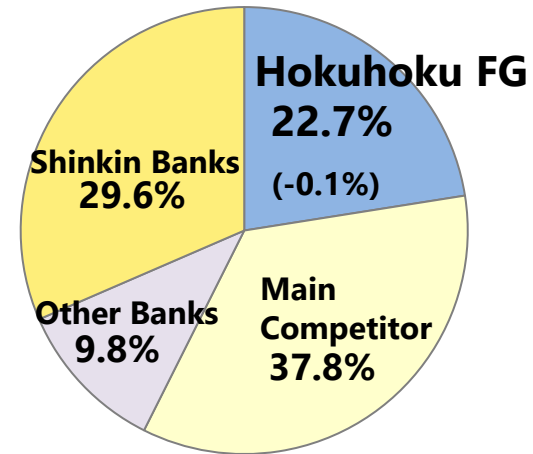
Fukui

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

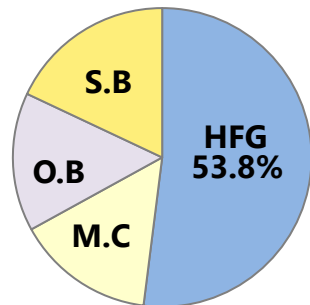
Hokuriku Area



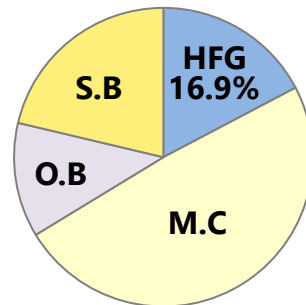
Hokkaido Area



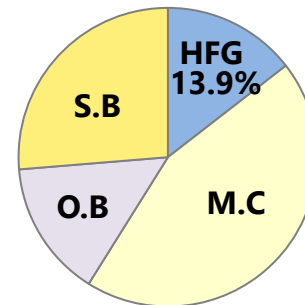
(vs. Mar-21)



Toyama



Ishikawa



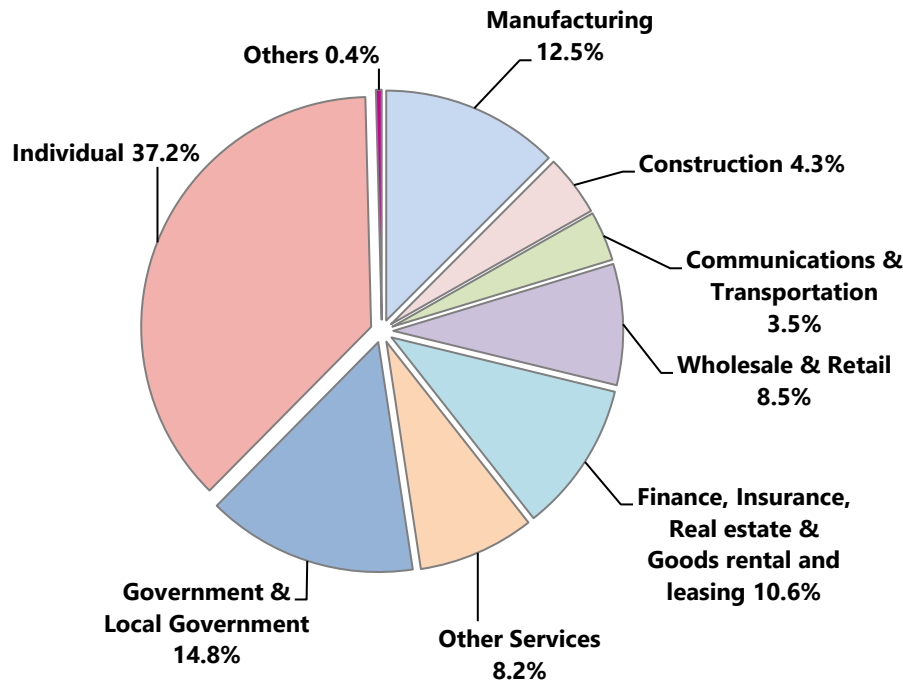
Fukui

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

About Hokuhoku FG ⑦

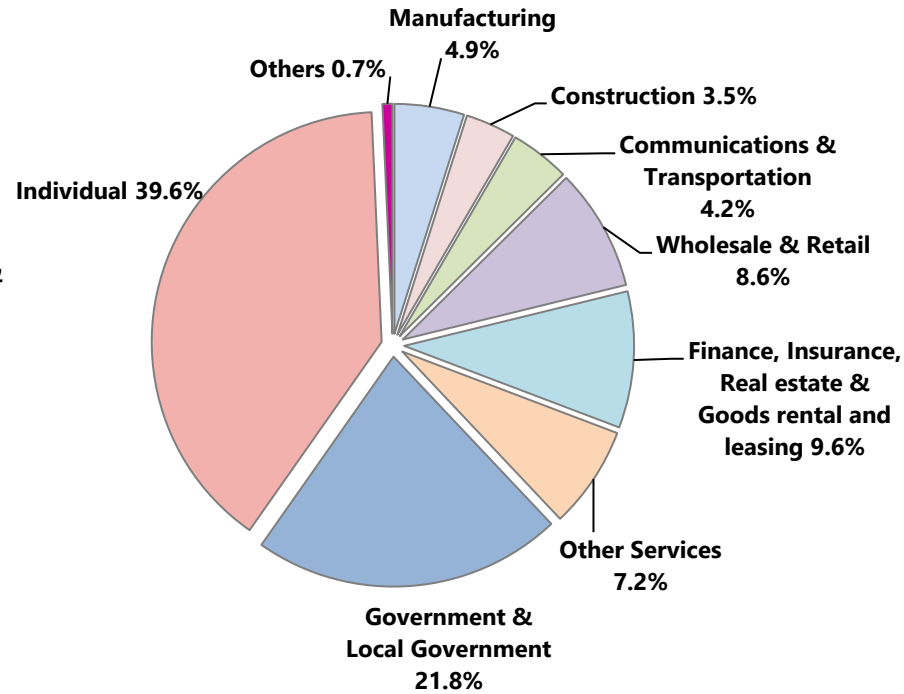
Lending in the Region by Industry (Sep-22)

Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank



Region: Hokkaido

The Present Condition of the Regional Economy

Economic Conditions

Oct-22	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	ALL JAPAN	Hokuriku Area	Hokkaido Area
Economic Trend	Picking up moderately	Picked up as a trend	Picking up moderately
Public Investment	Intensified	Has been relatively weak	Has been relatively weak despite being at a high level
Business Investment	Picking up	Increasing	Picking up moderately
Private consumption	Picking up moderately	Has shown signs of a pick-up	Picking up moderately
Housing construction	Shown a steady undertone	Has shown some weakness	Declining
Production	Shows movement of picking up	Has seen a pause in signs of a pick-up	Has been more or less flat
Employment & income	Picking up	Picking up moderately	Has started to improve moderately, although some weakness has been seen in part
Consumer prices	Rising	Rising	Year-on-year change exceeded previous month
The number of bankrupt companies	Almost flat	Compared to the previous year, although the number of cases decreased, the total amount of liabilities exceeded	Remains at a low level

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