

Investor Meeting

Interim Results for FY 2021

(Ended September 30, 2021)



Hokuhoku Financial Group, Inc.



The Hokuriku bank, Ltd.



The Hokkaido bank, Ltd.

Table of Contents

•Introduction (Profile)	.....	1		
【 I . Interim Results for FY 2021】			【 II . Management Strategy】	
•Summary of Financial Results	.....	3	•Medium-term Management Plan	..... 12
•Net Interest Income	.....	5	•Strategy for corporate customers	..... 13
•Interest Yields	.....	6	•Hokuhoku FG cooperation strategy	..... 16
•Securities Portfolio	.....	7	•Environmental strategy	..... 18
•Net Fee and Commission Income	.....	8	•Strategy for individual customers	..... 20
•G&A Expenses,Net Credit Costs	.....	9	•Digitalization strategy	..... 22
•Capital adequacy ratio,ROE	.....	10	•Business reform, branch network optimization and	..... 24
•Earnings Forecast	.....	11	human resources utilization strategy	
			【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: **Yuji Kanema**
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) 9.79 %

Ratings : A (R&I)



北陸銀行

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 : 2,359

Capital : ¥ 140.4 billion

Capital adequacy ratio : (non-consolidated) 9.49%

Ratings : A (R&I) • A- (S&P)



北海道銀行

The Hokkaido bank, Ltd.



Incorporation : 1951

Location of head office : Sapporo City, Hokkaido

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

Overseas 3

Employees : 2,220

Capital : ¥ 93.5 billion

Capital adequacy ratio : (non-consolidated) 9.21%

Ratings : A (R&I)

I . Interim Results for FY 2021

Summary of Financial Results

The consolidated ordinary profit was ¥19.0Bn, and exceeded the initial forecast by ¥5.0Bn, and consolidated interim net income exceeded the initial forecast by ¥4.6Bn to ¥13.1Bn due to an increase in net income of the two banks.

FY2021 1H Profit and loss

(JPY Bn)

【Hokuhoku FG consolidated】	Plan	Result	change	compared to plan
Ordinary profits	14.0	19.0	0.9	5.0
Net income attributable to owners of the parent	8.5	13.1	0.1	4.6

【Total of two banks】	Plan	Result	change	compared to plan
Core gross business profits	60.5	61.9	1.0	1.4
Net interest income		52.5	(0.4)	
Loans		41.4	(0.3)	
Securities		10.1	(1.0)	
Net fees & commissions		8.8	1.5	
Net trading income		0.0	(0.0)	
Net other income(※1)		0.5	(0.0)	
G&A expenses(-)	41.5	40.0	(1.5)	(1.4)
Core net business profits	19.0	21.9	2.5	2.9
Core net business profits(※2)		21.3	3.3	
Gains (losses) related to bonds		1.6	(0.5)	
Net business profits (※3)		23.5	2.0	
Net transfer to general allowance for loan losses(-)		1.9	1.0	
Other non-recurring gains (losses)		(1.7)	0.1	
Credit related costs (-)		3.3	(0.2)	
Gains (losses) related to stocks		1.7	(0.1)	
Ordinary profits	15.0	19.8	1.1	4.8
Net extraordinary gains (losses)		(0.2)	0.1	
Income taxes (-)		5.1	0.9	
Net income	10.0	14.5	0.4	4.5
Net credit costs (-)	6.5	5.2	0.8	(1.2)

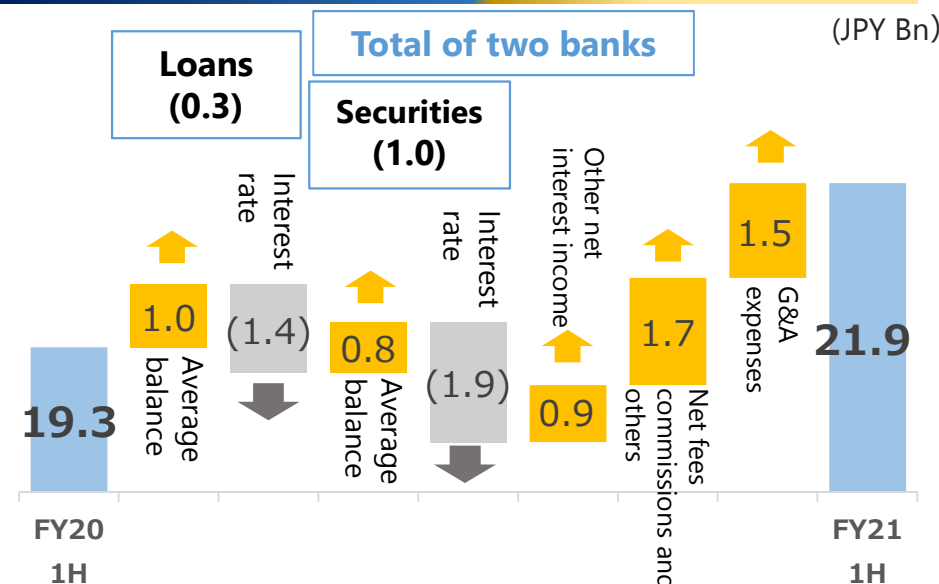
※1: Excluding gains (losses) related to bonds

※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

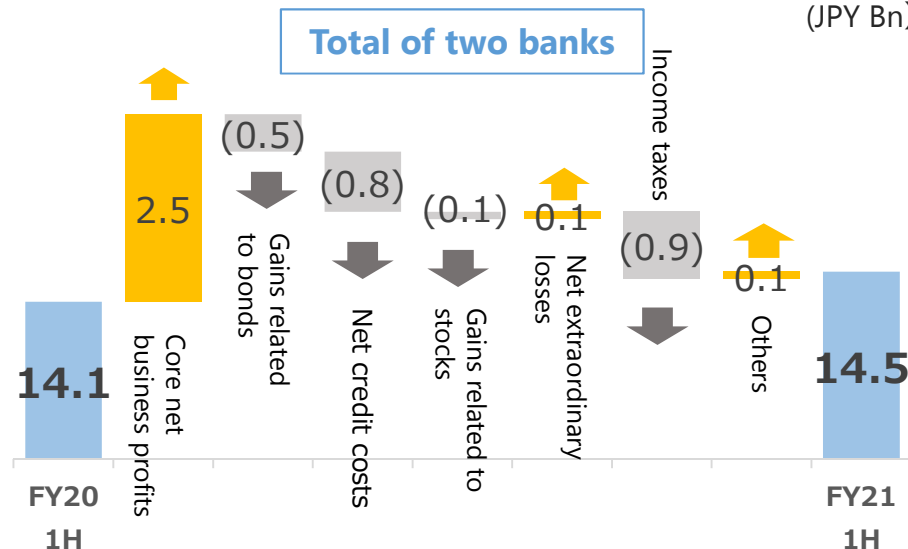
Factors contributing to change in core net business profits

(JPY Bn)



Factors contributing to change in net income

(JPY Bn)



Summary of Financial Results(Hokuriku bank, Hokkaido bank)

FY2021 1H Profit and loss

	Hokuriku Bank		Hokkaido Bank	
		change		change
Core gross business profits	33.5	0.6	28.3	0.3
Net interest income	27.5	(0.2)	24.9	(0.2)
Loans	20.7	(0.4)	20.7	0.0
Securities	6.3	(0.4)	3.7	(0.6)
Net fees & commissions	5.6	0.9	3.2	0.5
Net trading income	0.0	(0.0)	-	-
Net other income(※1)	0.3	(0.0)	0.1	(0.0)
G&A expenses(-)	21.1	(1.0)	18.8	(0.5)
Personnel	10.5	(0.5)	8.4	(0.2)
Non-personnel	9.0	(0.2)	8.8	(0.2)
Taxes	1.5	(0.1)	1.6	0.0
Core net business profits	12.4	1.6	9.5	0.8
Core net business profits(※2)	11.6	1.8	9.6	1.5
Gains(losses)related to bonds	0.7	(1.0)	0.8	0.4
Net business profits(※3)	13.2	0.6	10.3	1.3
Net transfer to general allowance for loan losses(-)	0.6	(0.1)	1.2	1.1
Other non-recurring gains (losses)	(0.1)	0.9	(1.5)	(0.7)
Credit related costs(-)	1.7	(0.8)	1.5	0.5
Gains(losses) related to stocks	1.0	(0.1)	0.6	0.0
Ordinary profits	12.4	1.7	7.4	(0.5)
Net extraordinary gains(losses)	(0.1)	0.1	(0.0)	(0.0)
Income taxes(-)	3.0	1.0	2.0	(0.1)
Net income	9.2	0.8	5.2	(0.4)
Net credit costs(-)	2.4	(0.9)	2.8	1.7

※1: Excluding gains (losses) related to bonds

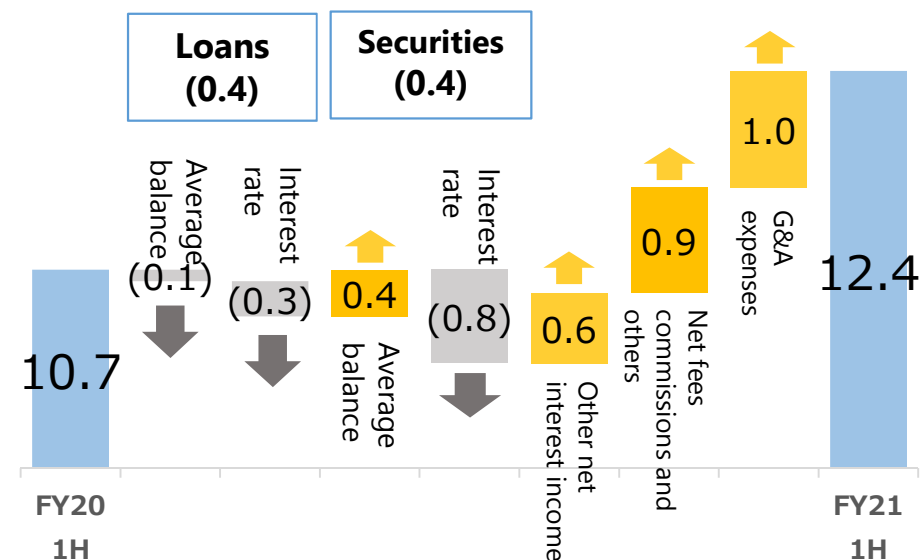
※2: Excluding gains(losses) related to cancellation of investment trusts included in net interest on securities

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

Factors contributing to change in core net business profits

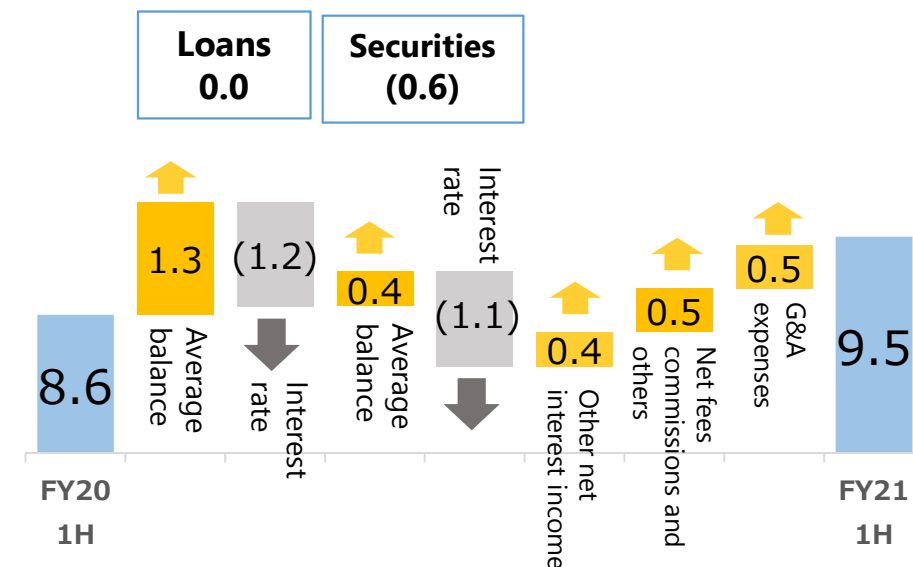
The Hokuriku bank, Ltd.

(JPY Bn)



The Hokkaido bank, Ltd.

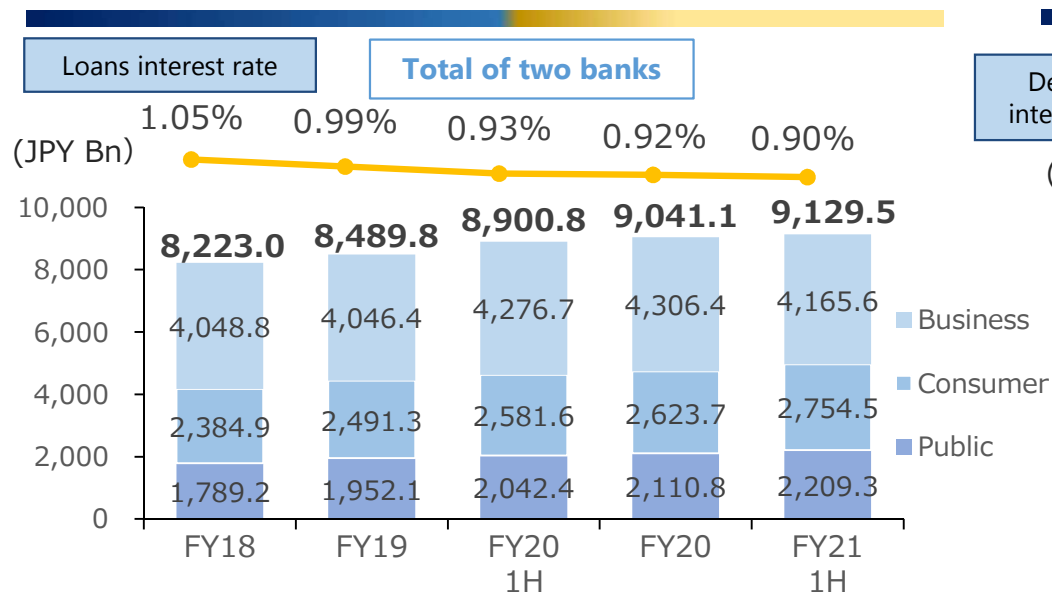
(JPY Bn)



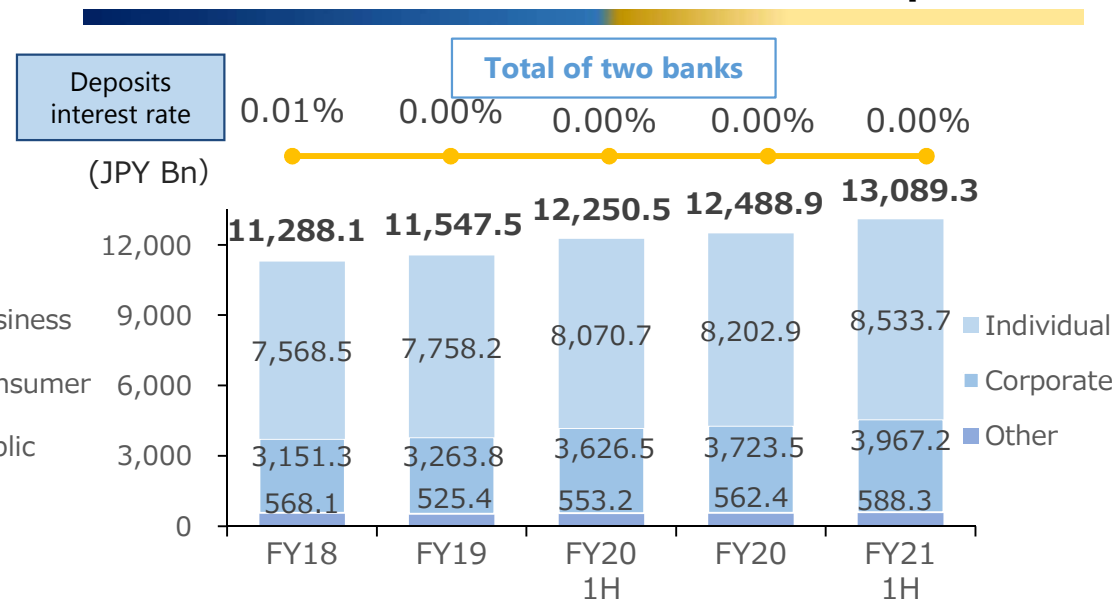
Net Interest Income

Net interest income of the two banks decreased by ¥0.4Bn from the previous interim period to ¥52.5Bn, partially covering the decline in yields due to the accumulation of loans and securities.

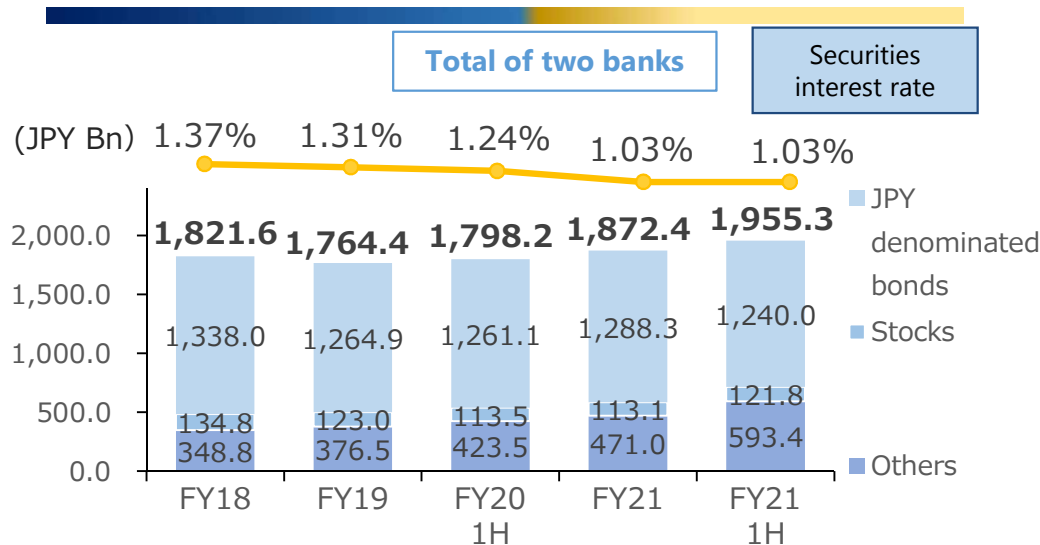
Ave. balance and rate of Loans



Ave. balance and interest rate of deposits



Ave. balance and rate of securities



Net Interest Income

FY21 1H	Total of two banks		Hokuriku bank		Hokkaido bank	
		change		change		change
Net interest income	52.5	(0.4)	27.5	(0.2)	24.9	(0.2)
Loans	41.4	(0.3)	20.7	(0.4)	20.7	0.0
Avg.balance	9,129.5	228.7	5,011.0	(24.1)	4,118.4	252.8
Avg.rate	0.90%	(0.03%)	0.82%	(0.01%)	1.00%	(0.06%)
Deposits(-)	0.2	(0.1)	0.1	(0.0)	0.0	(0.0)
Avg.balance	13,089.3	838.8	7,463.1	413.0	5,626.2	425.7
Avg.rate	0.00%	(0.00%)	0.00%	(0.00%)	0.00%	(0.00%)
Securities	10.1	(1.0)	6.3	(0.4)	3.7	(0.6)
Avg.balance	1,955.3	157.1	1,157.7	71.2	797.5	85.8
Avg.rate	1.03%	(0.20%)	1.09%	(0.14%)	0.94%	(0.29%)

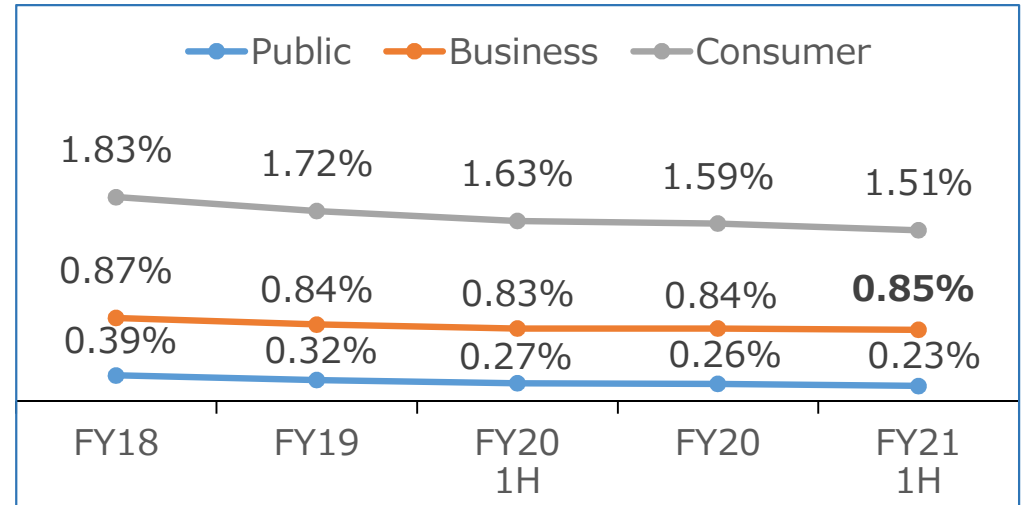
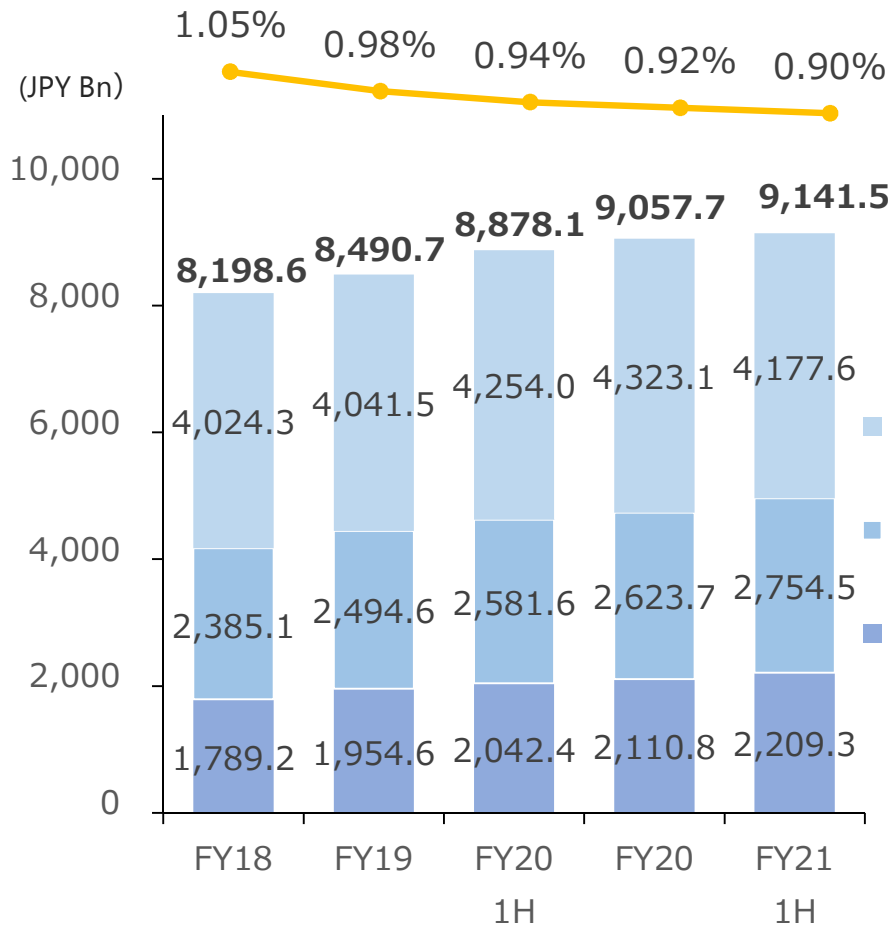
Interest Yields

Due to the increase in business loan yields, Interest of yen denominated loans remained at about the same level as in the previous interim year.

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

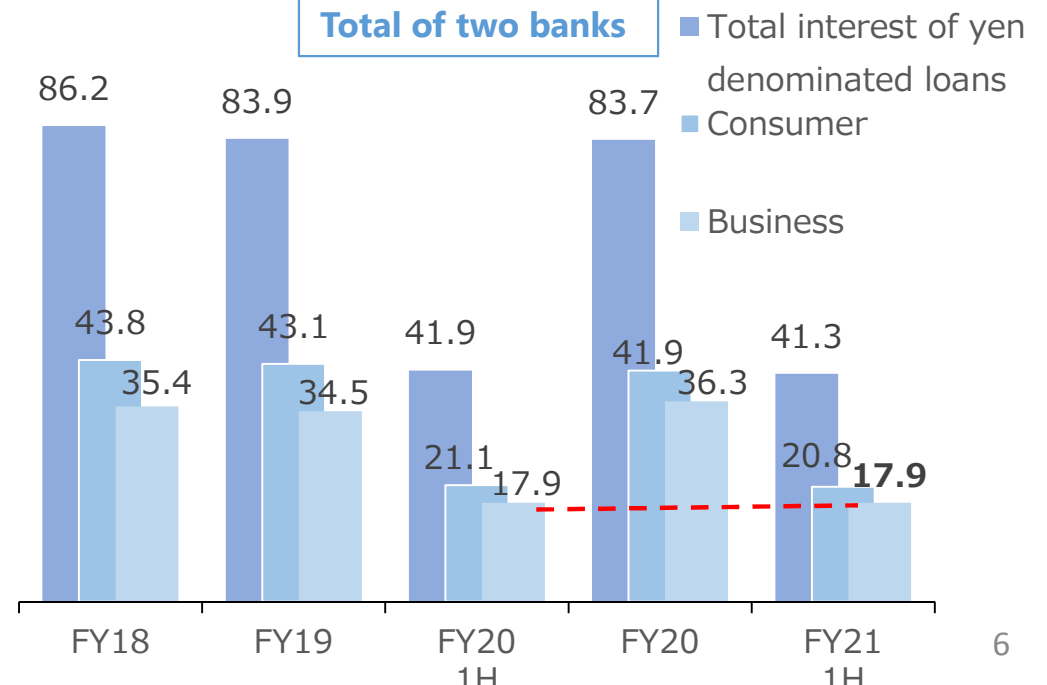
Total of two banks

Interest rate of yen denominated loans



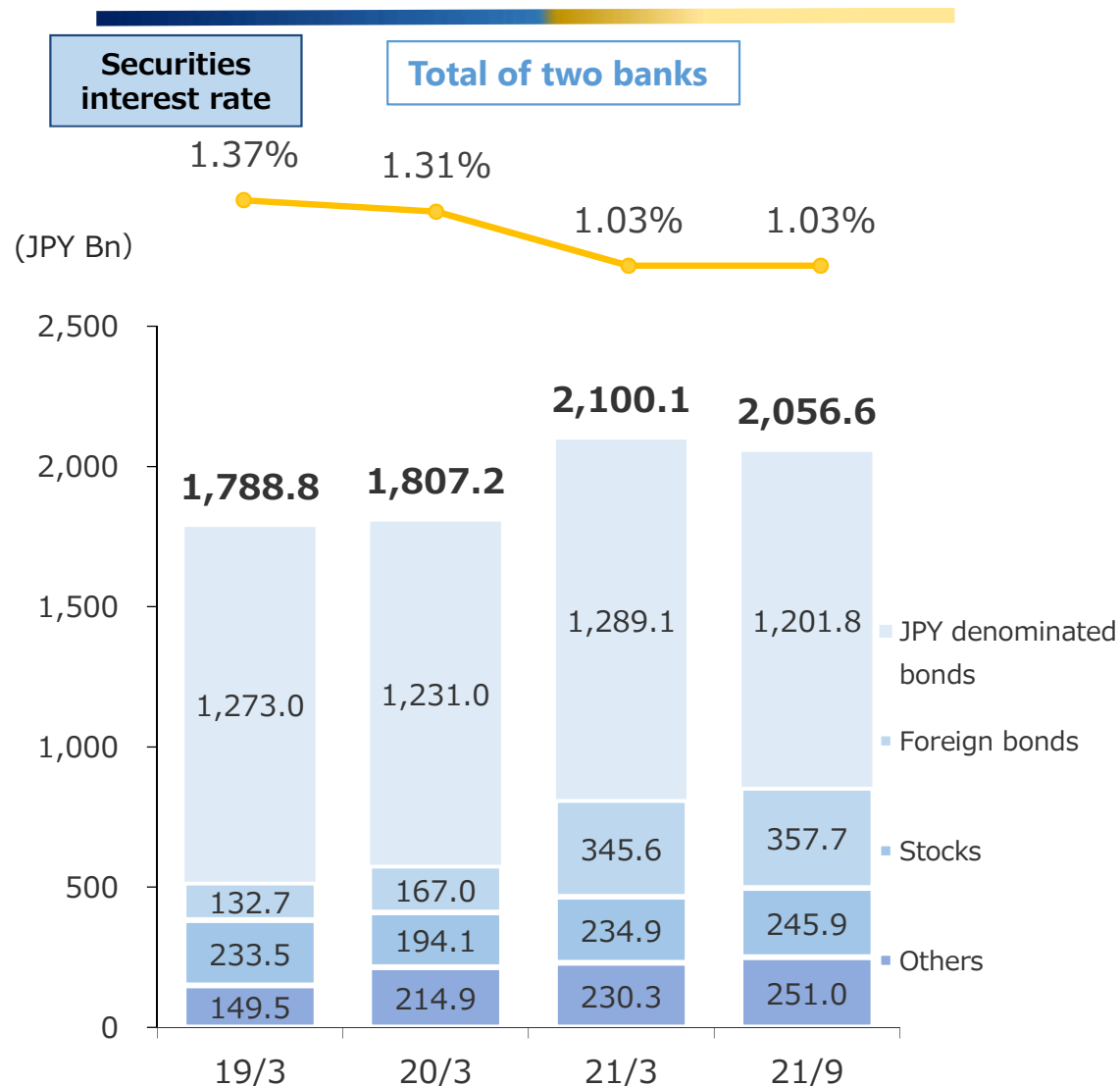
Interest of yen denominated loans (JPY Bn)

Total of two banks



The balance of securities remained at the same level as the end of the previous fiscal year due to diversified investment in foreign securities and investment trusts.

Balance of securities



Revenue and Valuation difference

Total of two banks (JPY Bn)

	FY21 1H	change	FY20 1H
Securities interest	10.1	(1.0)	11.2
Bonds	2.2	(0.9)	3.1
Stocks	3.6	0.6	2.9
Others	4.2	(0.7)	5.0
Net sale profit/loss	3.3	(0.6)	3.9
Bonds	1.6	(0.5)	2.1
Stocks	1.7	(0.1)	1.8

	21/9	change	21/3
Valuation difference of Available-for-sale Securities	123.2	12.2	111.0
Bonds	3.3	1.2	2.0
Stocks	119.6	3.9	115.6
Others	0.2	6.9	(6.7)

Net Fee and Commission Income

Fee revenue increased ¥1.4Bn from the previous interim period to ¥9.4Bn due to an increase in investment trust / personal insurance fees and corporate consulting fees.

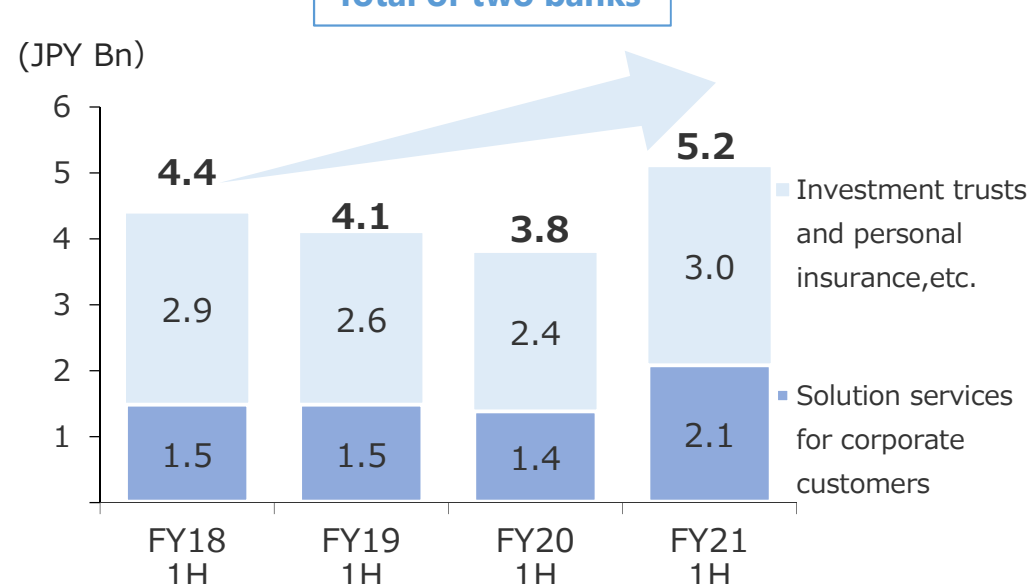
Fee revenue

Total of two banks

	(JPY Bn)		
	FY21 1H	change	FY20 1H
①Net fees and commissions	8.8	1.5	7.3
Fees and commissions	17.5	1.5	16.0
Remittance	5.2	0.0	5.1
Investment trusts/Personal insurance	2.7	0.5	2.1
Solution services	2.1	0.5	1.4
Private placement bond,Syndicated loan	0.9	0.1	0.7
M&A support,Business succession support, etc	0.7	0.3	0.3
Business matching	0.4	0.1	0.2
Fees and commissions payments	8.7	0.0	8.6
Remittance	0.9	0.0	0.9
Loan related expenses	6.3	0.0	6.3
②Net trading income	0.0	(0.0)	0.0
③Net other income (excluding gains(losses) related to bonds)	0.5	(0.0)	0.5
Gains on foreign exchange transaction	0.5	0.0	0.4
④Fee revenue ①+②+③	9.4	1.4	7.9
⑤Core gross business profits	61.9	1.0	60.9
⑥Fee revenue ratio ④/⑤ (%)	15.18	2.15	13.03

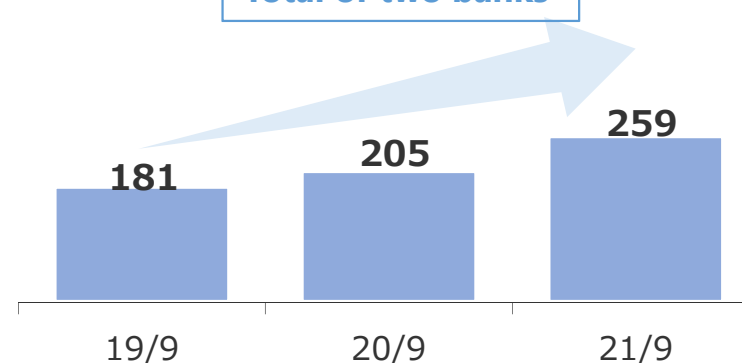
Net fees and commissions

Total of two banks



Number of asset consulting staff for wealthy customers

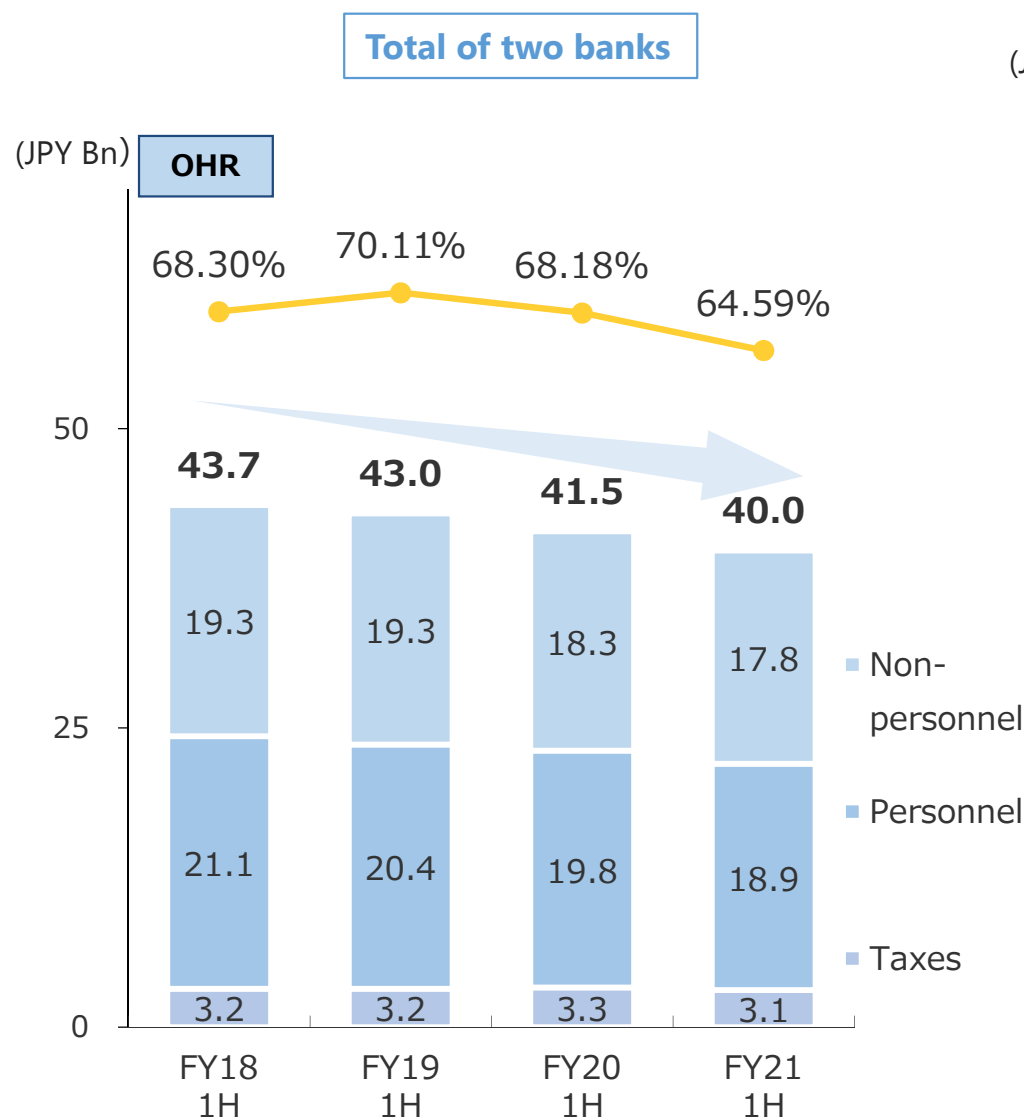
Total of two banks



G&A Expenses, Net Credit Costs

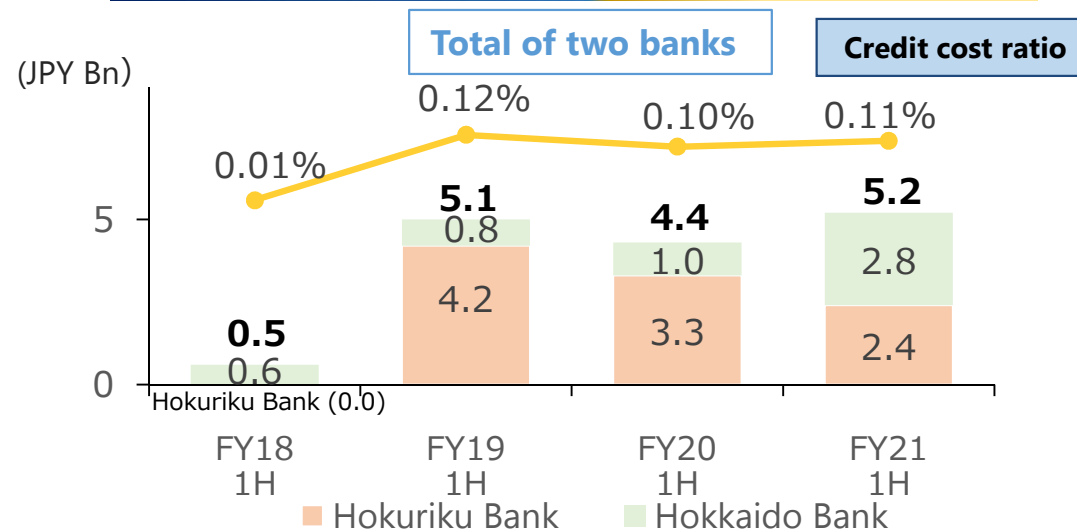
Through continuous efforts to improve operational efficiency, G&A expenses decreased by ¥1.5Bn from the previous interim year, and OHR improved by 3.59 points to 64.59%.
Net credit costs increased by ¥0.8Bn from the previous interim year to ¥5.2Bn.

G&A expenses and OHR

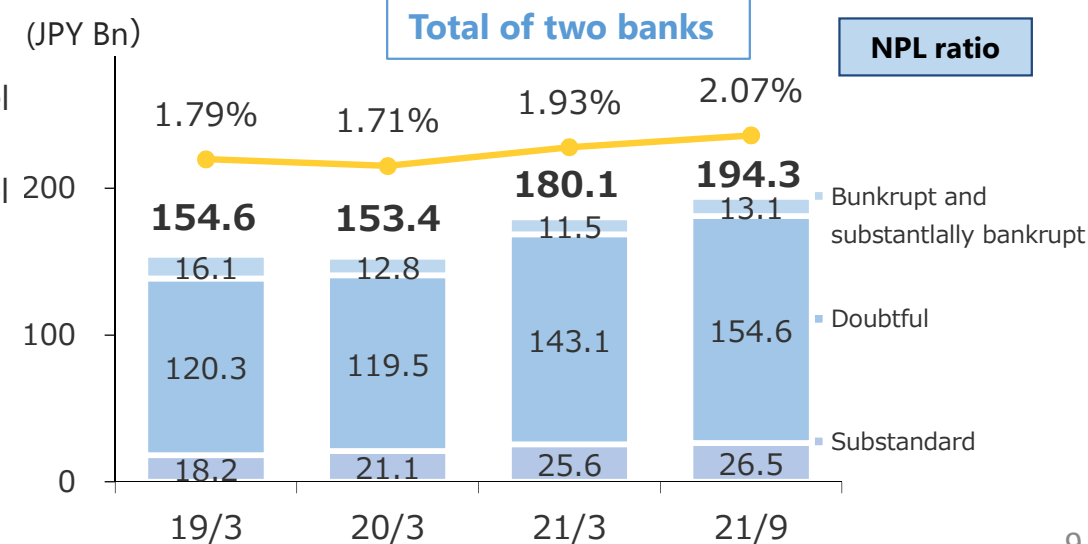


OHR = G&A expenses/Core gross business profits

Net credit costs



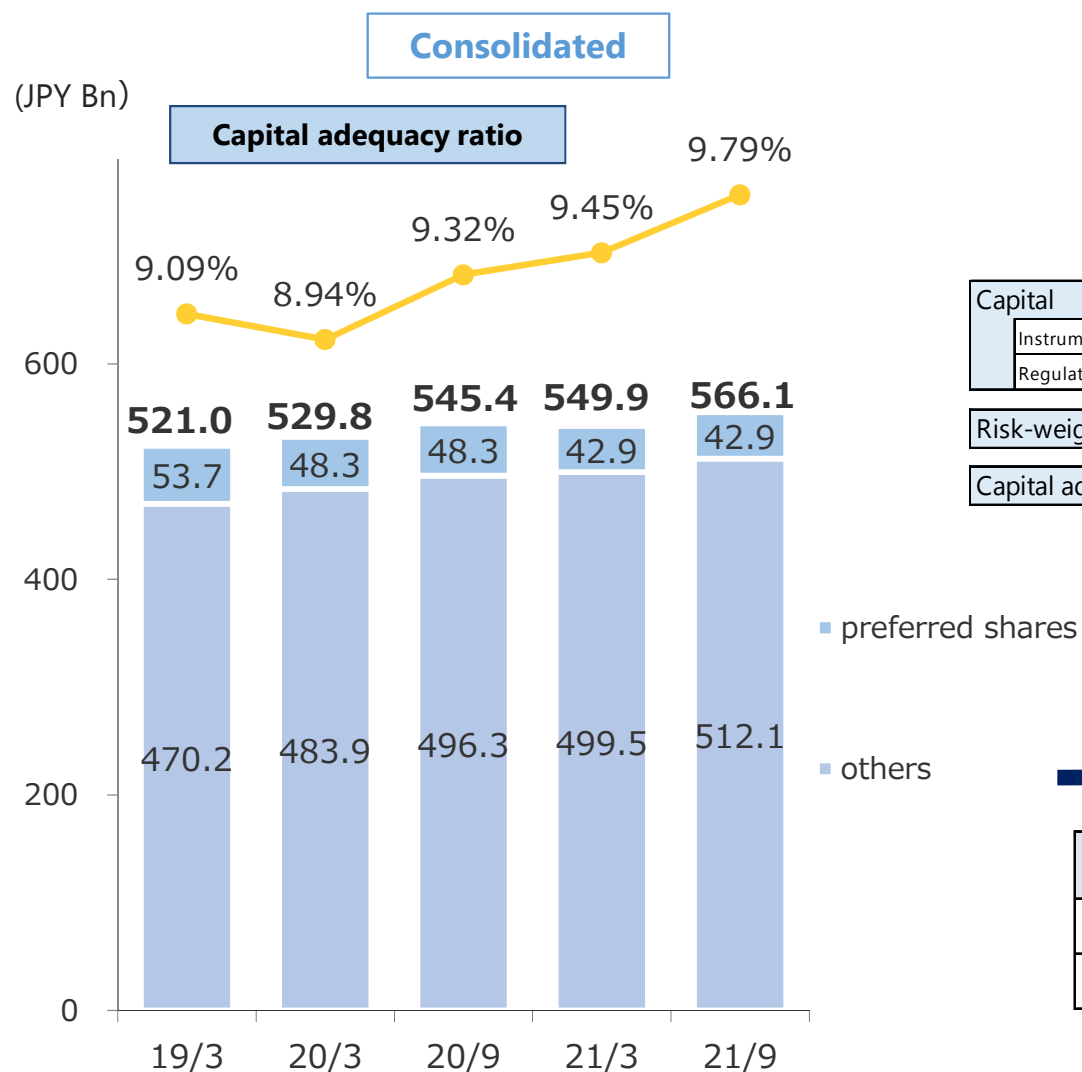
Balance of non-performing loan



Capital adequacy ratio, ROE

Capital adequacy ratio increased 0.34 points from the end of the previous fiscal year to 9.79% due to an increase in capital due to the accumulation of retained earnings and a decrease in risk assets.

Capital adequacy ratio



Capital and risk-weighted assets

Consolidated

(JPY Bn)

	Transitional arrangements			Full implementation		
	21/9	change	21/3	21/9	change	21/3
Capital	566.1	16.2	549.9	519.8	16.1	503.6
Instruments and reserves	578.7	15.0	563.7	532.4	15.0	517.4
Regulatory adjustments (-)	12.6	(1.1)	13.7	12.6	(1.1)	13.7
Risk-weighted assets	5,778.8	(37.1)	5,816.0	5,765.6	(37.1)	5,802.8
Capital adequacy ratio	9.79%	0.34%	9.45%	9.01%	0.34%	8.67%

ROE

	FY17	FY18	FY19	FY20	FY21 1H
【Consolidated】	3.6%	4.0%	3.4%	3.5%	4.1%
【Total of two banks】	4.4%	4.9%	3.9%	4.1%	5.0%

Forecasts for FY21 (Revised upward on November 10, 2021)

Consolidated

(JPY Bn)

	(JPY Bn)			【Total of two banks】		【Hokuriku bank】		【Hokkaido bank】	
	FY21 forecasts	compared to plan	change	FY21 forecast	change	FY21 forecast	change	FY21 forecast	change
Ordinary profits	32.0	1.5	(0.2)	124.5	3.7	68.0	1.2	56.5	2.4
Net income attributable to owners of the parent	20.0	1.5	(1.3)	81.0	(1.3)	43.0	(0.9)	38.0	(0.4)
				43.5	5.0	25.0	2.1	18.5	2.8
				14.0	0.9	8.0	(0.4)	6.0	1.3
				33.0	0.9	19.5	(1.0)	13.5	1.9
				22.0	(0.4)	12.5	(1.7)	9.5	1.3

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

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

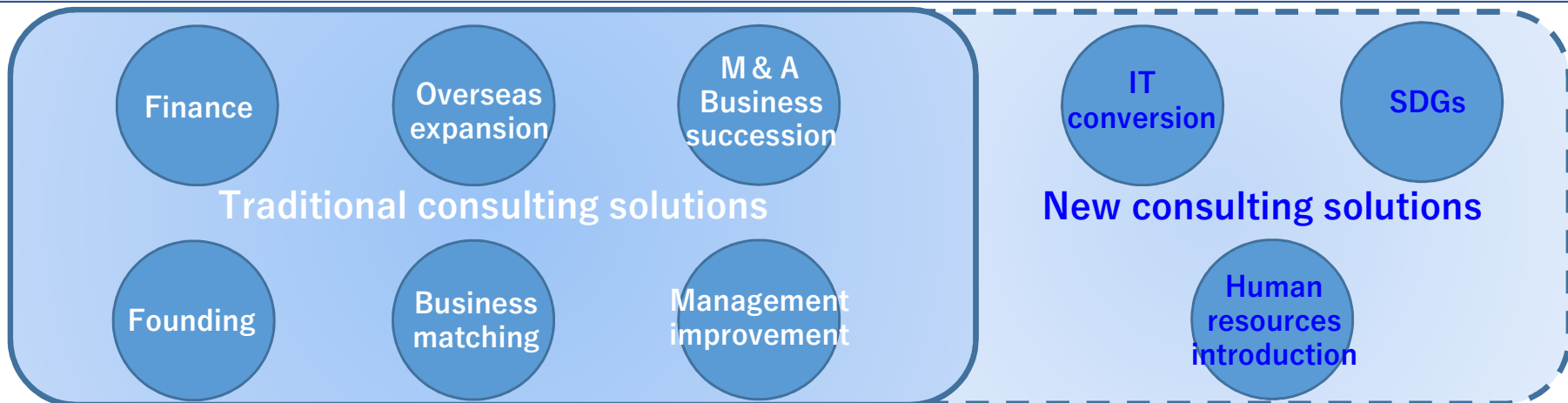
(JPY Bn)

	FY20 1H Result	FY21 1H Result	change	FY21 Target
Main business profit*	8.5	12.0	3.5	Over 22.0
Net income attributable to owners of the parent	13.0	13.1	0.1	Over 22.0
(Consolidated) Capital adequacy Ratio	9.32%	9.79%	0.47%	Maintain 8% level
(Core gross business profit basis) OHR	68.18%	64.59%	(3.59%)	Maintain under 70% level

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

Expansion of consulting solutions

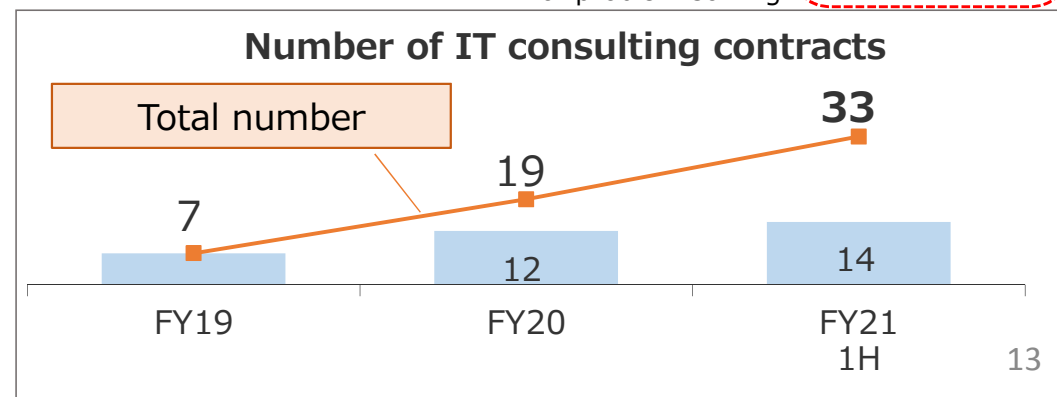
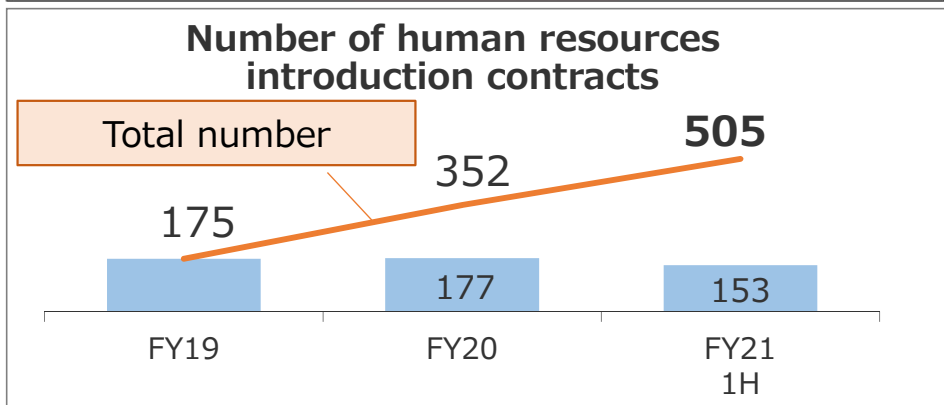
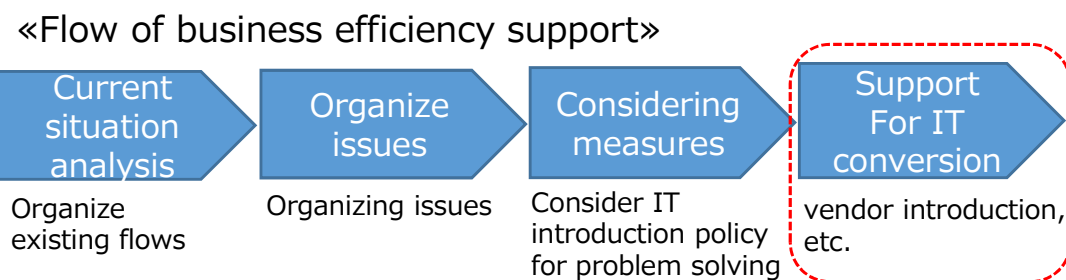
We are expanding the consulting solutions to solve various management issues of corporate customers



Human resources introduction business



Support for IT conversion



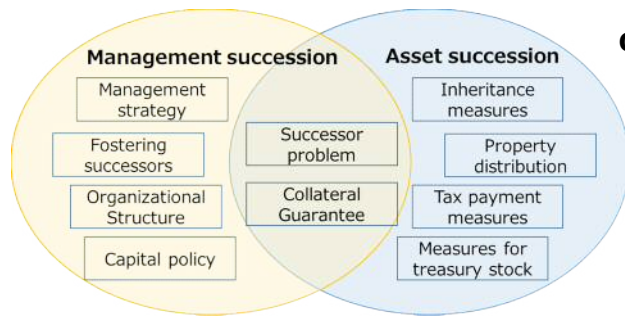
Strategy for corporate customers



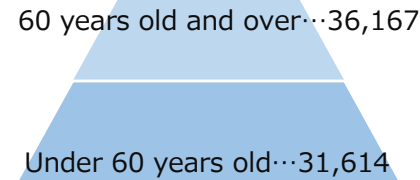
Providing optimal solutions according to corporate management issues and Business Life Cycle

We provide optimal solutions for smooth business succession of client and expansion of business areas

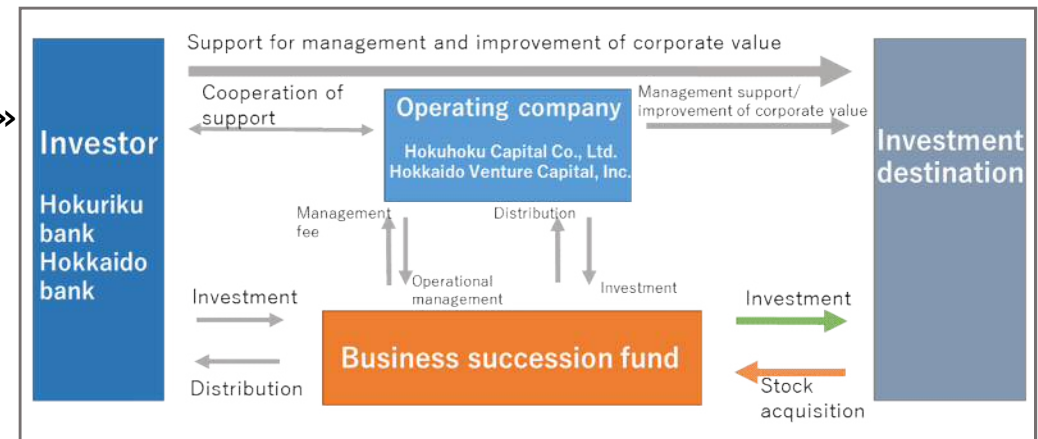
M&A, Business succession Needs are increasing year by year



«Percentage of business owners over 60 years old»
53.4%



Utilization of business succession fund



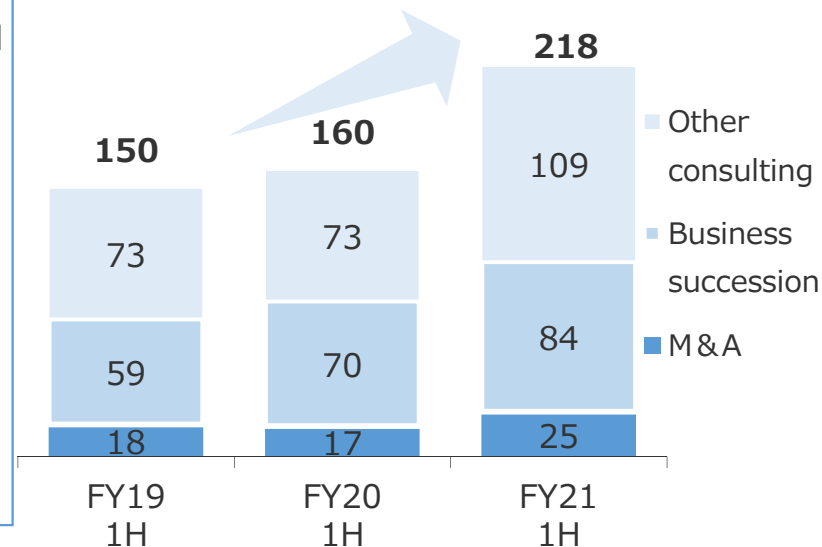
■ Holding M&A seminars

Jointly held online by Hokuriku bank and Nihon M&A Center in November 2021

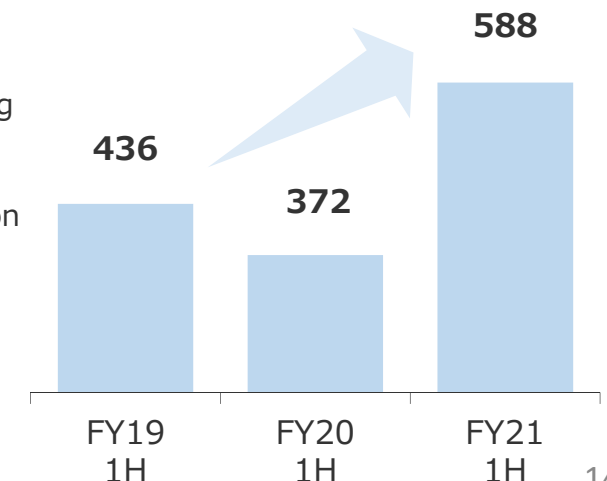
Number of participants :
9,700



Number of various consulting contracts



M&A, Business succession, consulting profit (JPY M)



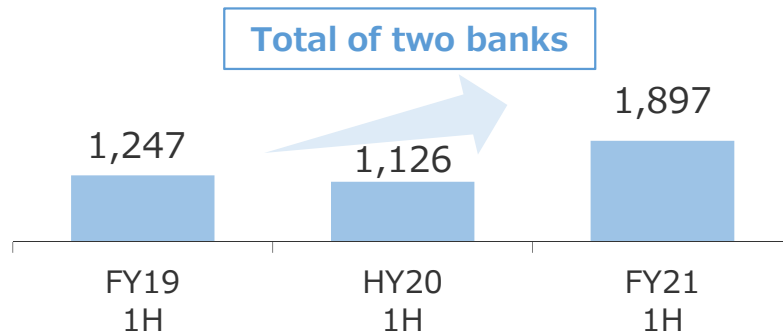
Providing optimal solutions according to corporate management issues and Business Life Cycle

We make various proposals by utilizing the wide area branch network and the network with external organizations.

Strengthening business matching

Supporting our customers to solve their problems such as market development by utilizing business matching system of two banks

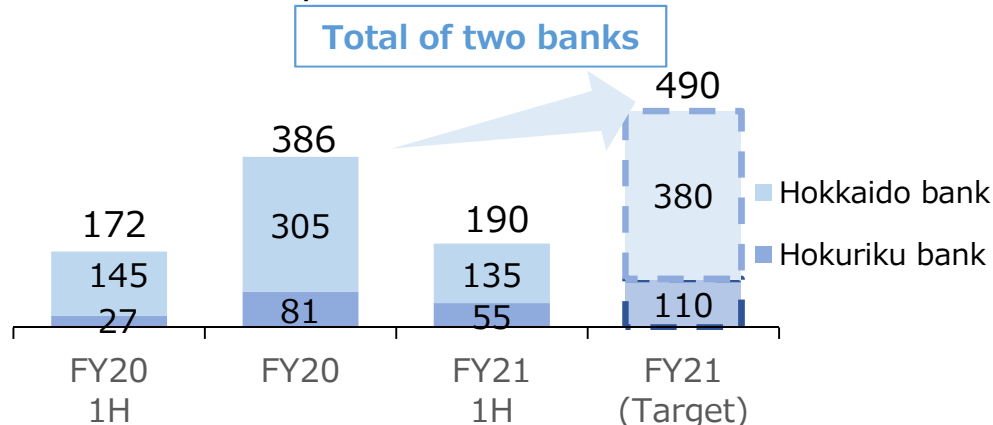
Number of business matching contracts



ESG/SDGs investments and loans

Contributing to the realization of a sustainable society through our core business

Number of ESG/SDGs investments and loans



Business support through public subsidy application support

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

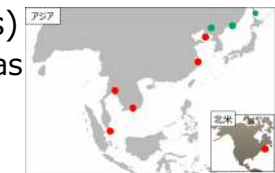
FY2021 1H	Number of business restructuring subsidies adopted	Number of manufacturing subsidies adopted
Hokuriku bank	7 3	9
Hokkaido bank	5 1	1 4

Overseas business support

Continued to support customers' overseas business even in COVID-19 environment

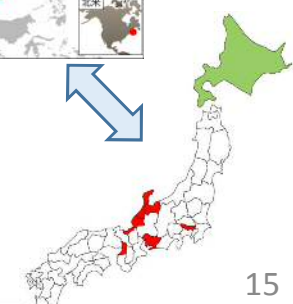
Number of business meetings

1,350 (FY2021 1H/Total of two banks)
 (*) Number of meetings related to overseas transactions at overseas representative offices



Number of overseas business matching contracts

12 (FY2021 1H/Total of two banks)
 (*) Business matching between customers and overseas subsidiaries

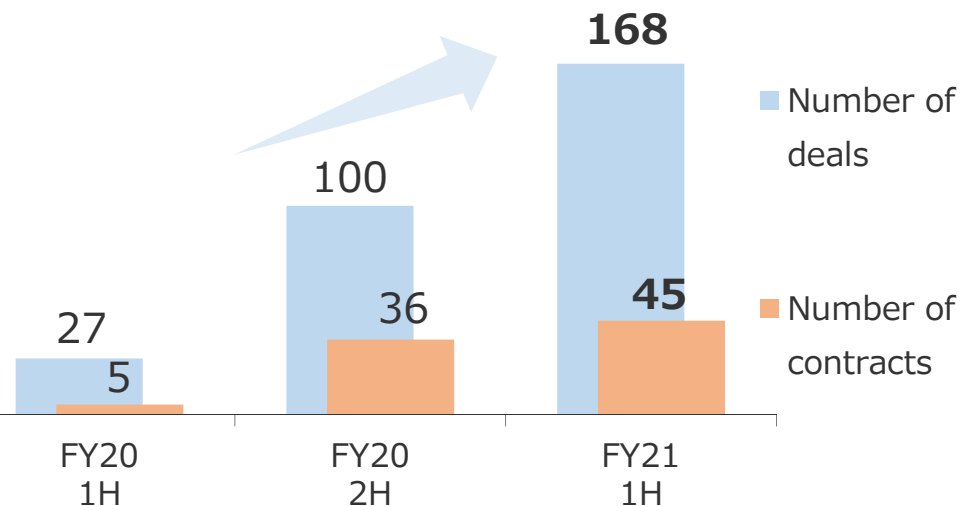


Strengthening cooperation between the two banks

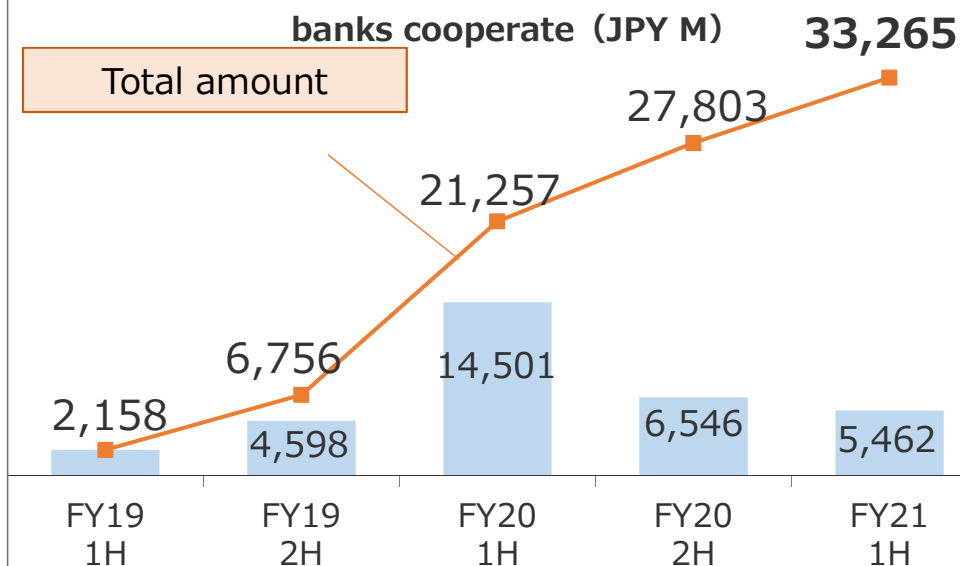
Utilizing the Group's wide-area sales base, we are actively engaged in business matching and financial support in the form of co-financing that connect the customers of two banks



Number of business matching cases in which two banks cooperated

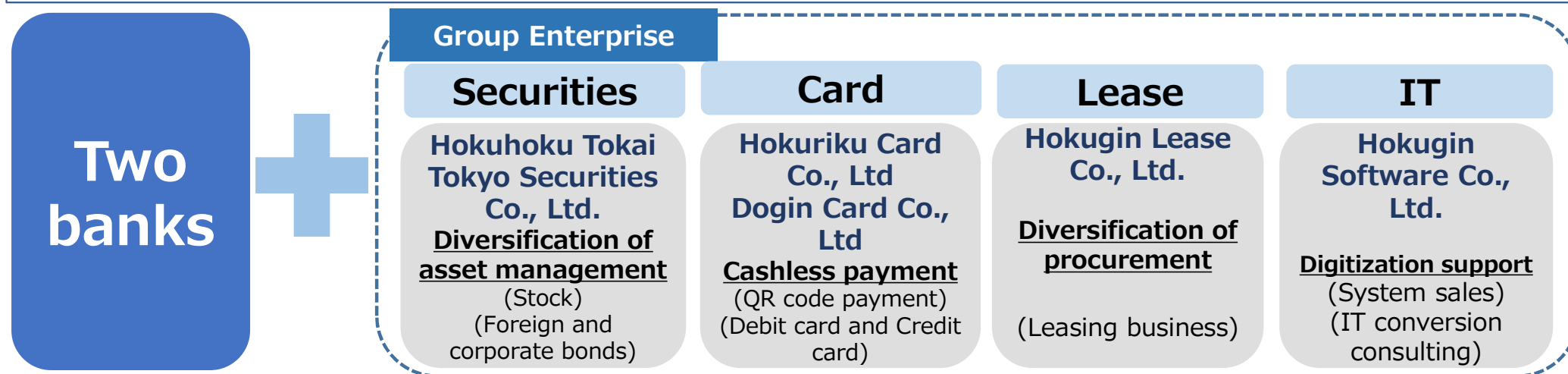


Loan execution amount in which the two banks cooperate (JPY M)



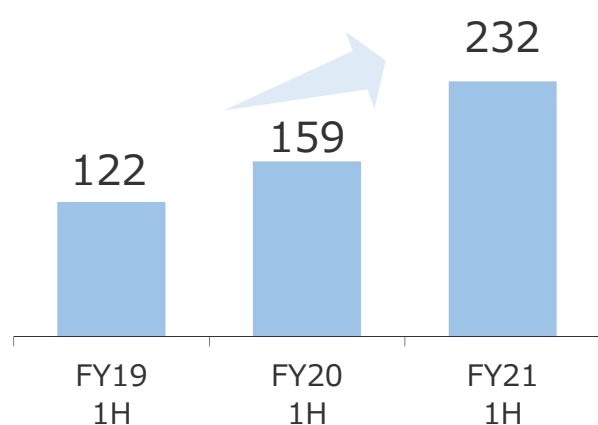
Providing financial services as a comprehensive financial group

Providing a wide range of financial services in corporation with group companies to meet the diverse needs of our client



Hokuhoku Tokai Tokyo Securities Co., Ltd.

Fees paid to banks (JPY M)



Hokugin Software Co., Ltd.

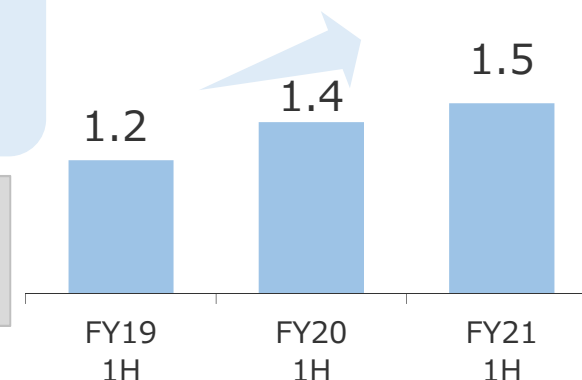
【Custody management system(*)】

Developed by Hokuriku Software and introduced to Hokuriku bank and Hokkaido bank. Proposing to other financial institutions <Two regional banks adopted>

(*)A system that performs a series of processing from receipt, management, and return of documents, etc. from customers

Ordinary profits of affiliated companies

Ordinary profits of affiliated companies (JPY Bn)



Efforts to address environmental issues

We provide various consulting services to solve environmental issues of regional communities and customers

«Our Group goals»



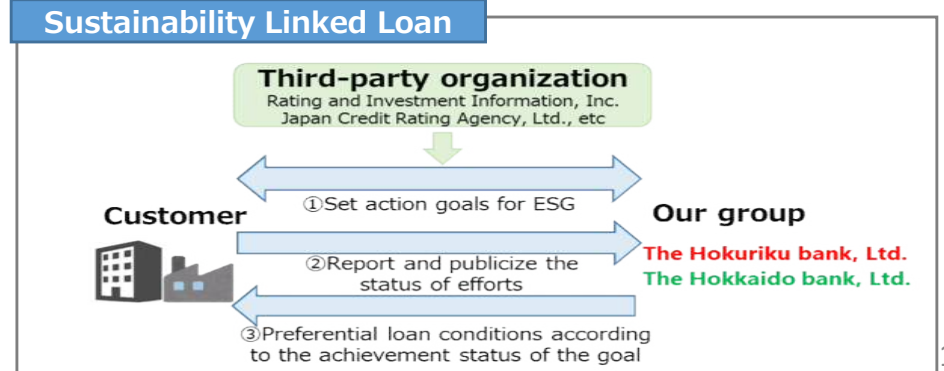
Customer needs		Consulting menu
Recognition motivation	Needs arousal	<ul style="list-style-type: none"> Information provision Business evaluation
Understanding the current situation①	Arrangement of action items	<ul style="list-style-type: none"> SDGs evaluation service
Understanding the current situation②	Calculation method of CO2 emissions	<ul style="list-style-type: none"> Support for measuring CO2 emissions Environmental strategy formulation consulting
Strategy formulation	Securing human resources Strategy formulation	
Strategy execution	How to execute a strategy and how to raise funds	<ul style="list-style-type: none"> Sustainable finance Environment-related business matching

SDGs evaluation service

- Launched the service in 2021
- Analyzing and evaluating the status of SDGs initiatives of customers

Number of contracts
87
(FY2021 1H)

⇒ Support for formulating “SDGs Declaration”
“Hokuhoku Sustainability Linked Loan”
 • In September 2021, Hokuriku bank and Hokkaido bank started providing two loan products, Sustainability Linked Loan and Green Loan

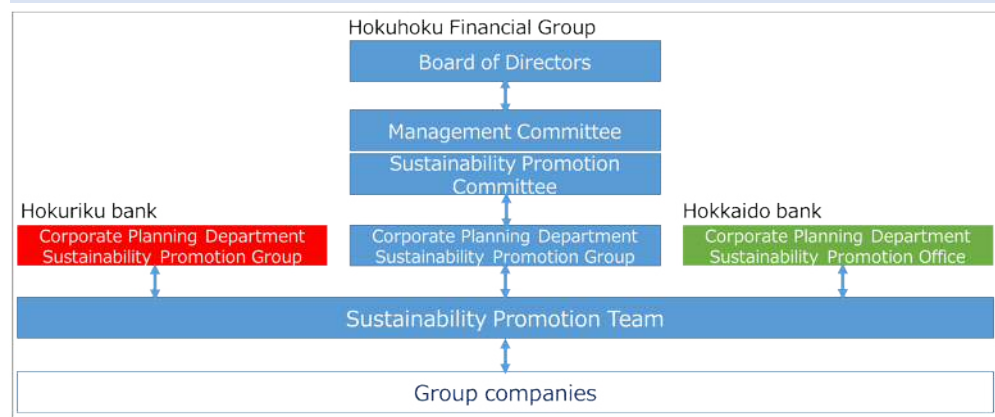


Efforts to address environmental issues

To implement the environmental strategy, we strengthened the promotion system and formulated a policy for investment and financing

Strengthening the promotion system

In November 2021, the “Sustainability Promotion Committee” and the “Sustainability Promotion Group/Office” were newly established.



Establishment of “Investment and Finance Policy for Specified Businesses”

■ Overview of this policy

We will proactively support businesses that have a positive impact on the environment and society, and carefully respond to investments and financing for the following specific business.

【Specific business】

- Coal-fired power generation business
- Deforestation business
- Human rights violations, forced labor, etc.
- Palm oil plantation development
- Weapon manufacturing business

Target of sustainable finance and investment (JPY Bn)

Amount of sustainable finance and investment provided (from FY2021 to FY2030) **1,500.0**

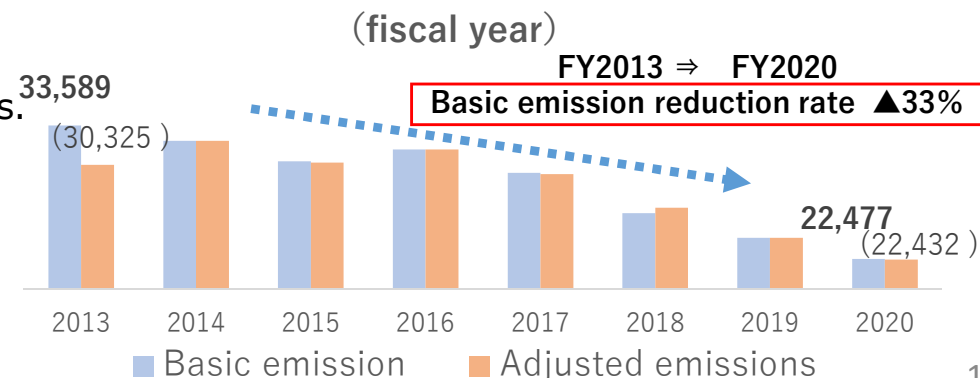
Of which, environmental finance and investment provided (from FY2021 to FY2030) **700.0**

Upward revision of greenhouse gas reduction target

Raised the FY 2030 reduction target from 26% to 46% (compared to FY 2013)



Changes in greenhouse gas emissions (t-CO₂)



Asset formation support according to life stage

We are working to optimize our sales branches and to expand our product lineups to meet various needs of our customers.

Fiduciary duty

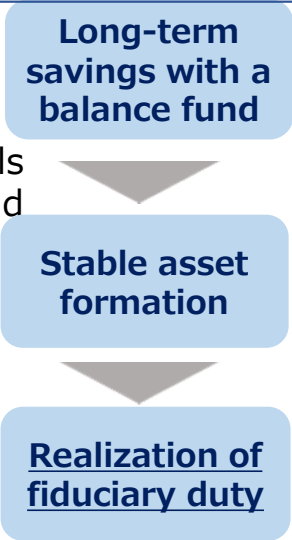
- Efforts to improve customer investment returns
- ⇒ Investment management proposals based on a long-term, diversified, and regular investment

Enhancement of information provision

- Held asset management online seminars
- Renewed investment trust introduction page on the website

Enhancement of product lineups

- Number of WEB-only products **96**
- Number of ESG/SDGs related products **17**

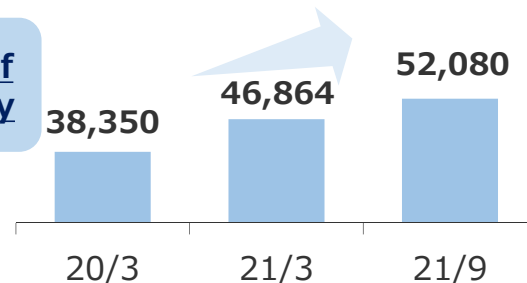


Proposals according to life stage

- Proposal of funded products for the asset formation layer
- Proposals for trusts, insurance, etc. for asset successors

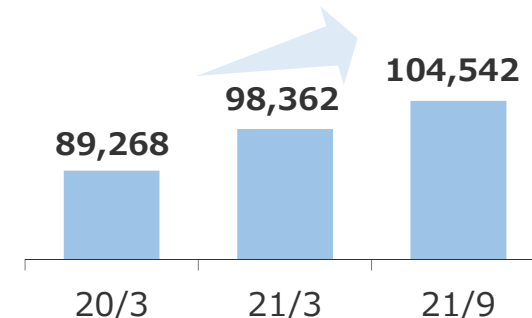
Number of dollar-cost averaging mutual fund holders

Total of two banks



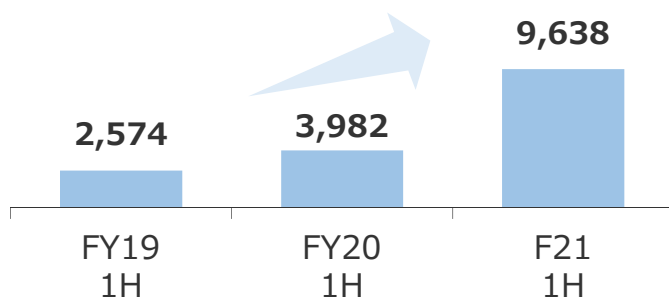
Number of level premium insurance contracts

Total of two banks



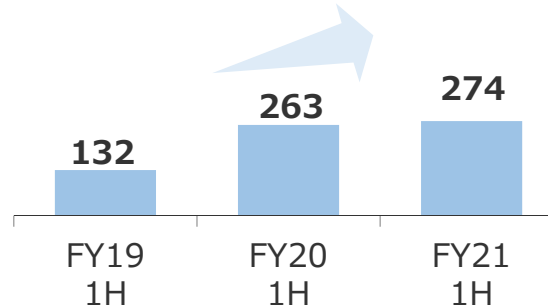
Investment Trust Internet Sales Amount (JPY M)

Total of two banks



Number of trust service transactions

Total of two banks



Expansion of comprehensive financial consulting branches

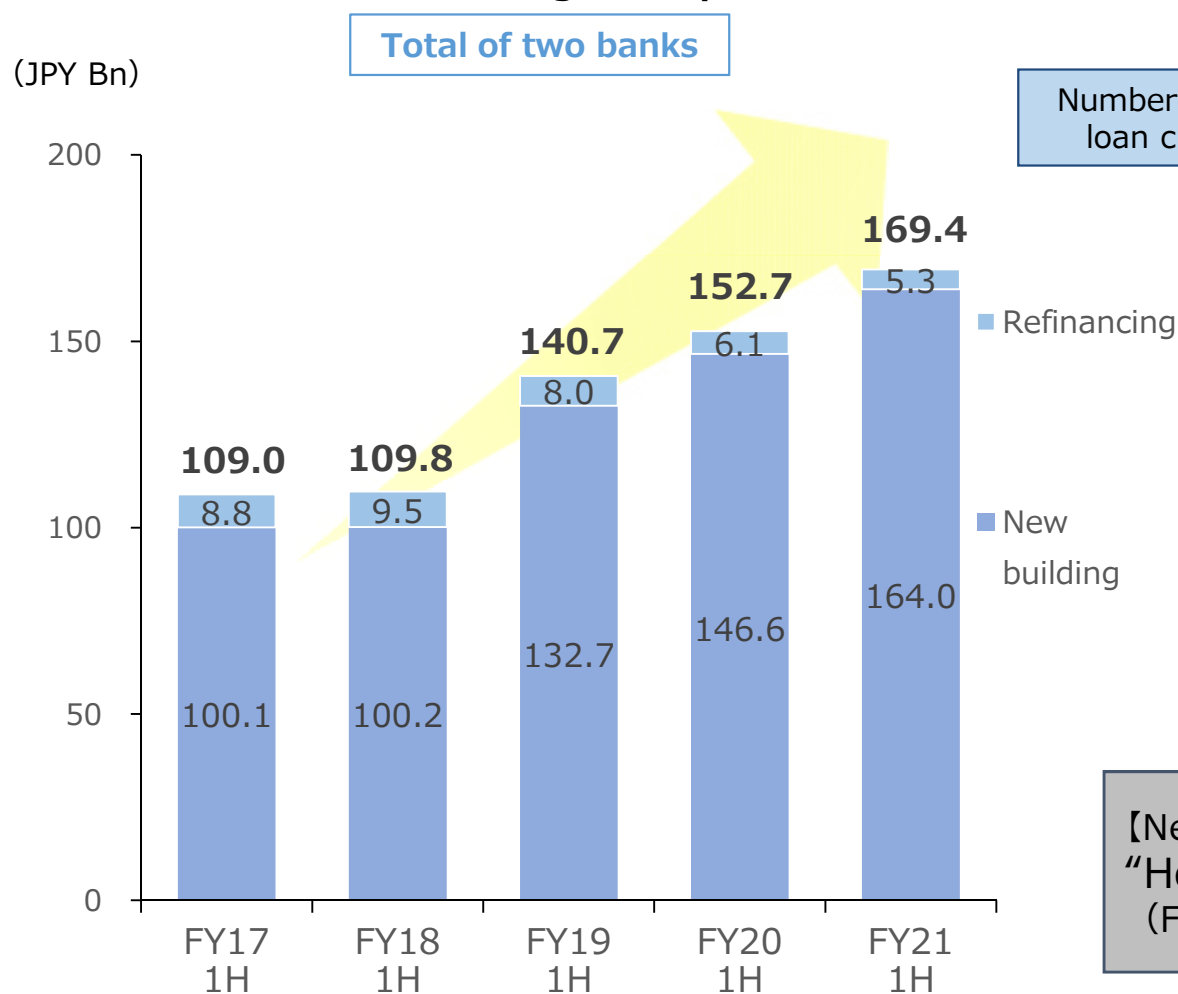
Two new branches opened in Toyama and Ishikawa prefectures in the FY2021 1H

6 branches in the Hokuriku region
8 branches in Hokkaido

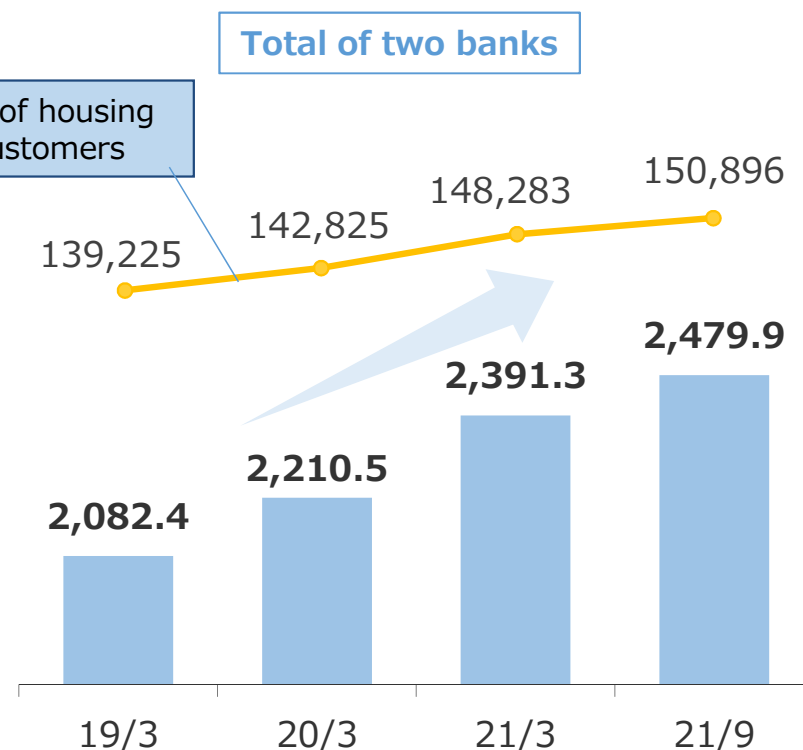
Improving the commerciality and convenience of housing loan

Due to improvements in the commerciality and convenience of housing loan, the amount of housing loans provided in FY2021 1H was ¥ 169.4 Bn. We will continue to meet the needs of our customers by expanding our loan products and services.

Amount of housing loans provided



Balance of housing loan (JPY Bn)



【New loan products provided in the first half of 2021】
“Hokugin Reverse Mortgage Loan 60”
(From June 2021)

Improvement of convenience and expansion of non-face-to-face services through digitalization

Utilizing digital technology, we will improve customer convenience and our operational efficiency.

To the region/customers

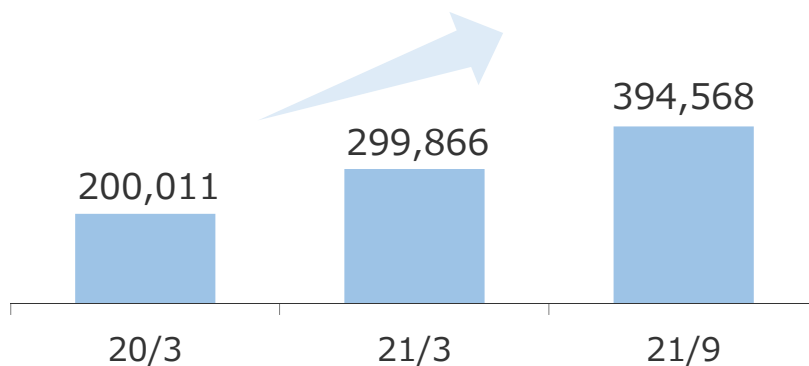
Expansion of non-face-to-face digital services

- Improved convenience of apps and internet banking
- Providing corporate portal site
- Digitization of housing loan contracts

Digitization support in the region

- Life insurance solicitation from the Internet
- Strengthening IT conversion consulting
- Promotion of cashless society in the region

Number of smartphone app users



Development of internal system

Business process reform

- Utilization of WEB conference tools
- Business efficiency through RPA(Robotic Process Automation)

Office reduction time by RPA
116,932 hours
 (Cumulative, End of Sep. 2021)

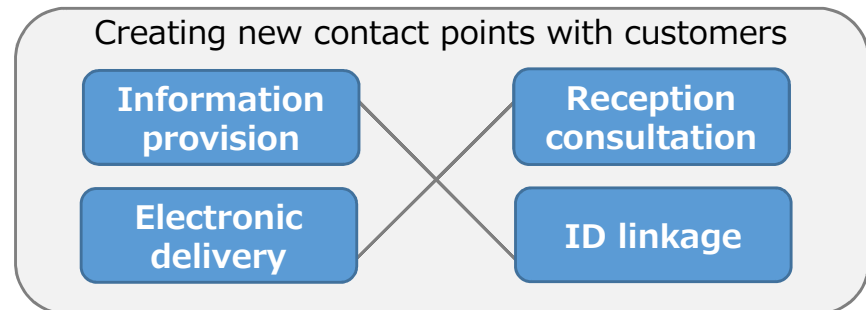
Fostering human resources with digital expertise

- Promotion of digital-related qualification acquisition

Providing corporate portal services

- Digitization of various forms
- Providing useful information
- Advertising on the portal site
- Number of portal site users 17,014

(End of September 2021)

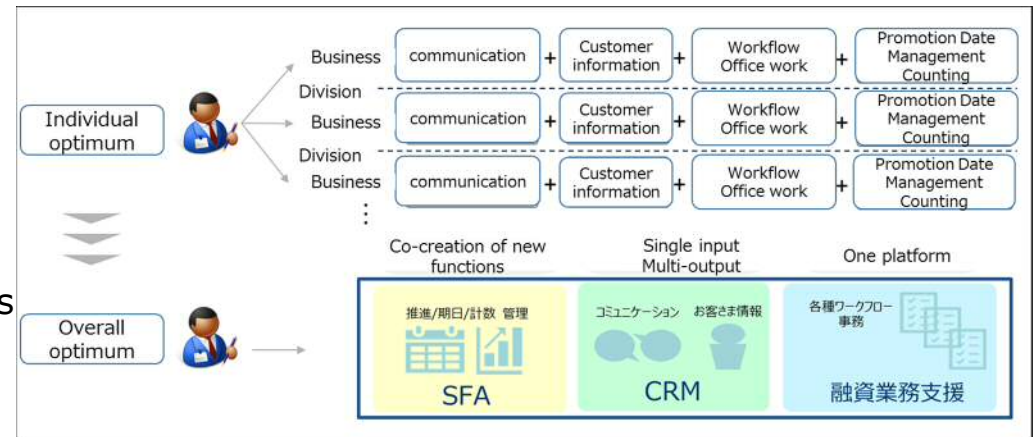


Utilization of shared use system “MEJAR”

Utilizing the framework of the shared use system MEJAR, we will strive for sophistication and cost reduction.

Efforts for the next core system renewal

- The shared use system “MEJAR” is scheduled to be renewed in 2024. For the first time as a shared banking system, we plan to adopt an open platform for our core system.
- In addition, the five banks have agreed to rebuild the next-generation system that will realize external business reforms with the aim of strengthening sales force, rationalization, and efficiency



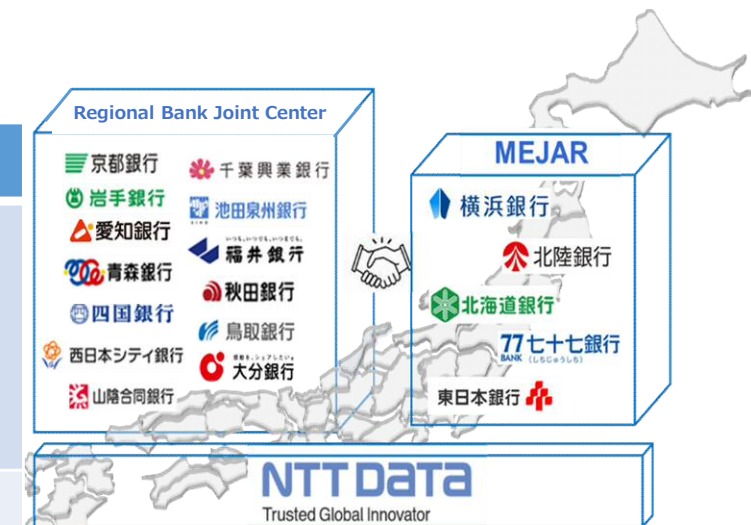
Launch of System Working Group

Established a working group with MEJAR and the Joint Regional Bank Center using the same account system package(BeSTA package).

The working group will consider improving the efficiency of system operation.

Regional Bank Joint Center / MEJAR, System Working Group
18 participating banks(¥90tri in funds)

Name	Regional Bank Joint Center/ MEJAR, System Working Group
Theme to be considered	<ul style="list-style-type: none"> •Efficient operation of core banking system •Efficient development and procurement of equipment, such as sales office counter equipment •Mutual use of infrastructure applications •Strategies for developing IT and digital human resources •Collaboration in cyber security
Members	MEJAR 5 banks Regional Bank Joint Center 13banks NTT Data



Creating a comfortable working environment and developing human resources

We develop human resources with a wide range of knowledge, responsiveness, and expertise, and develop a work environment that supports diverse career development.

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



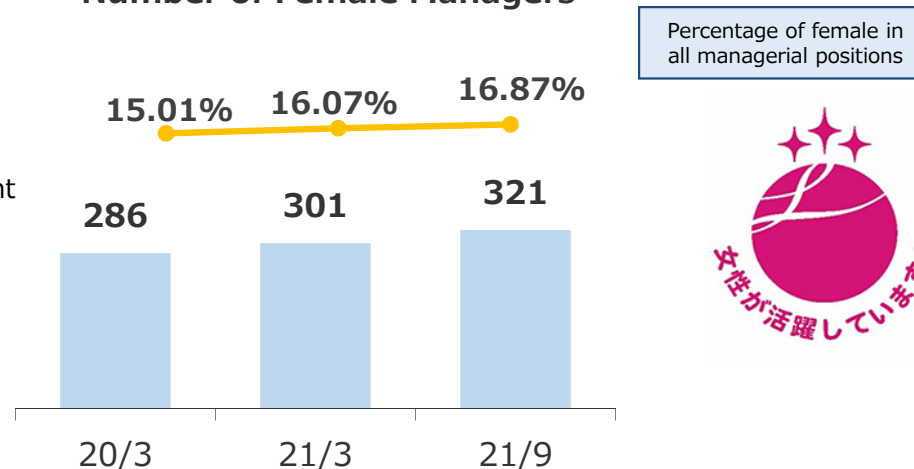
*Health and Productivity Management Organization

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

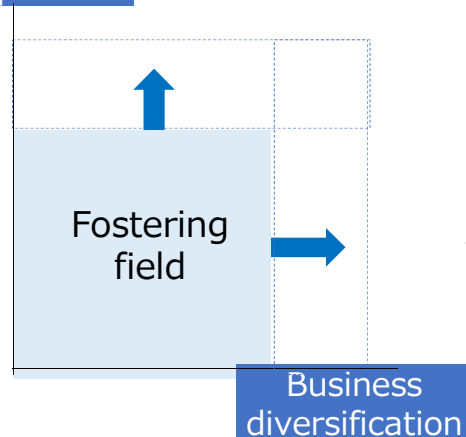
Creating an environment where diverse human resources can demonstrate their abilities and experience

Number of Female Managers



Human resources management

Expertise



Fostering professional human resources

- Recommended to acquire qualifications such as financial planner
- Development of With IT expertise human resources

Expansion of training opportunities

- Review of training system by job type
- Expansion of consulting business training
- Loan business skill improvement training

Number of 1st grade FP and CFP qualification holders (End of September 2021)

Hokuriku bank	Hokkaido bank
172	64

Number of outside training dispatches(FY2020)

Hokuriku bank	Hokkaido bank
18	10

Optimize sales offices and improve quality of services

Consolidate sales offices based on customer segmentation and aim to enhance the financial services provided to customers

Strengthening the sales system

(Hokkaido bank)

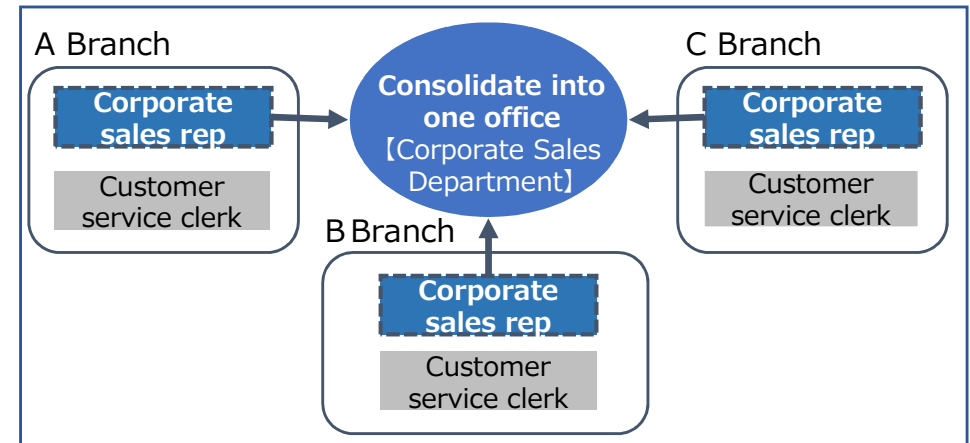
Sales offices in Sapporo city and Ishikari city will be consolidated from 27 to 5

【Aim of consolidation】



Promote know-how and information sharing, strengthen human resources, improve work quality, and improve operational efficiency

(※) Image of consolidation



1st. (June 2021)
Consolidate 3 offices

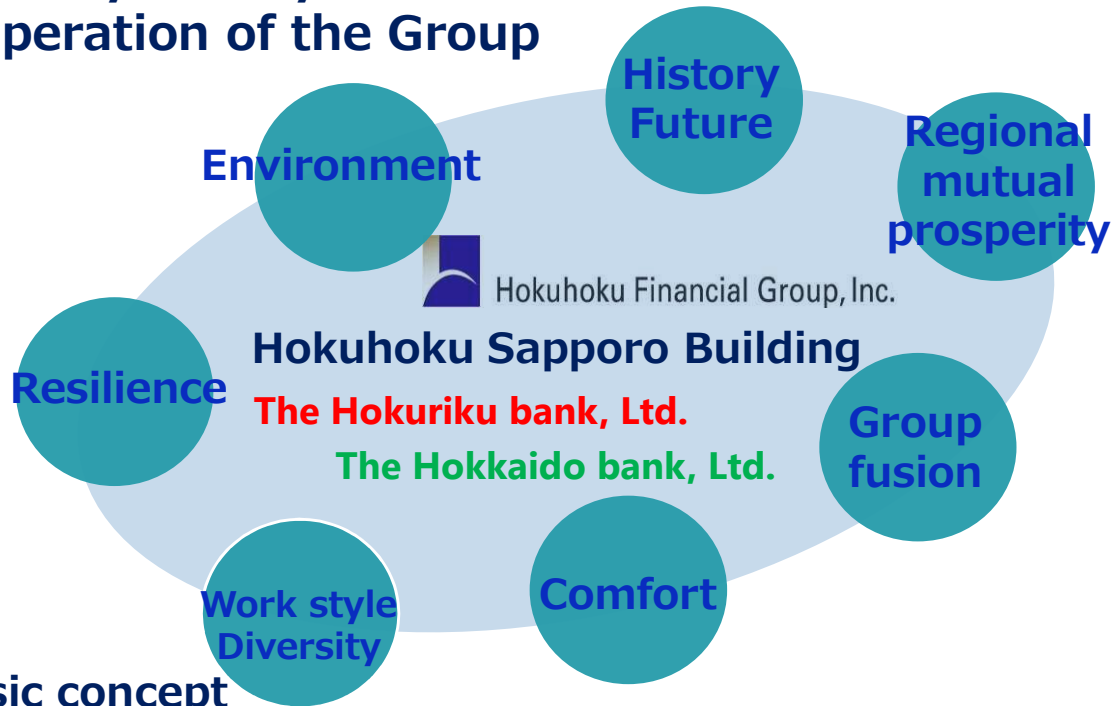
2nd. (Oct. 2021)
Consolidate 4 offices



Construction of “Hokuhoku Sapporo Building” (Scheduled to be completed in January 2024)

The new “Hokuhoku Sapporo Building” will be positioned as a landmark of the group in the Hokkaido area, and will be effectively used as a base for group collaboration to provide added value to customers.

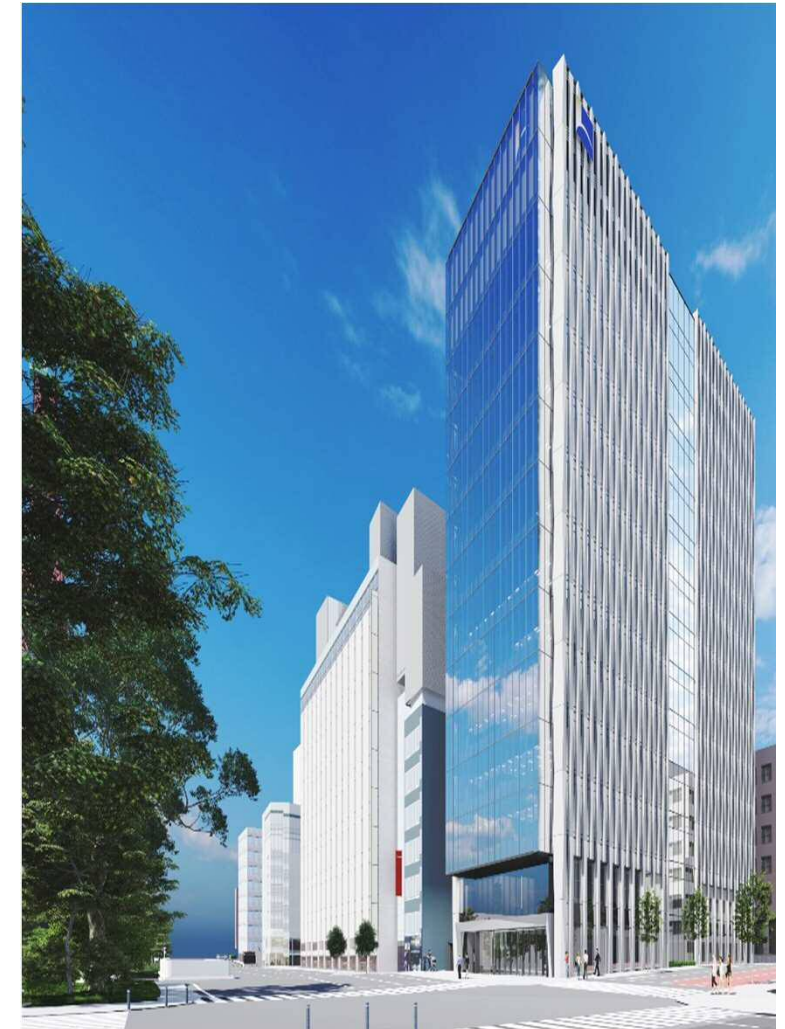
A facility that symbolizes the mutual cooperation of the Group



Basic concept

① Inheritance of history and leap into the future	② Prospering together with the region
③ Group fusion and maximization of synergies	④ Comfortable space and service for customers
⑤ New work style and versatility	⑥ BCP support based on resilience
⑦ Reduction of environmental load	

Exterior image of the new building



Appendix

About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ①

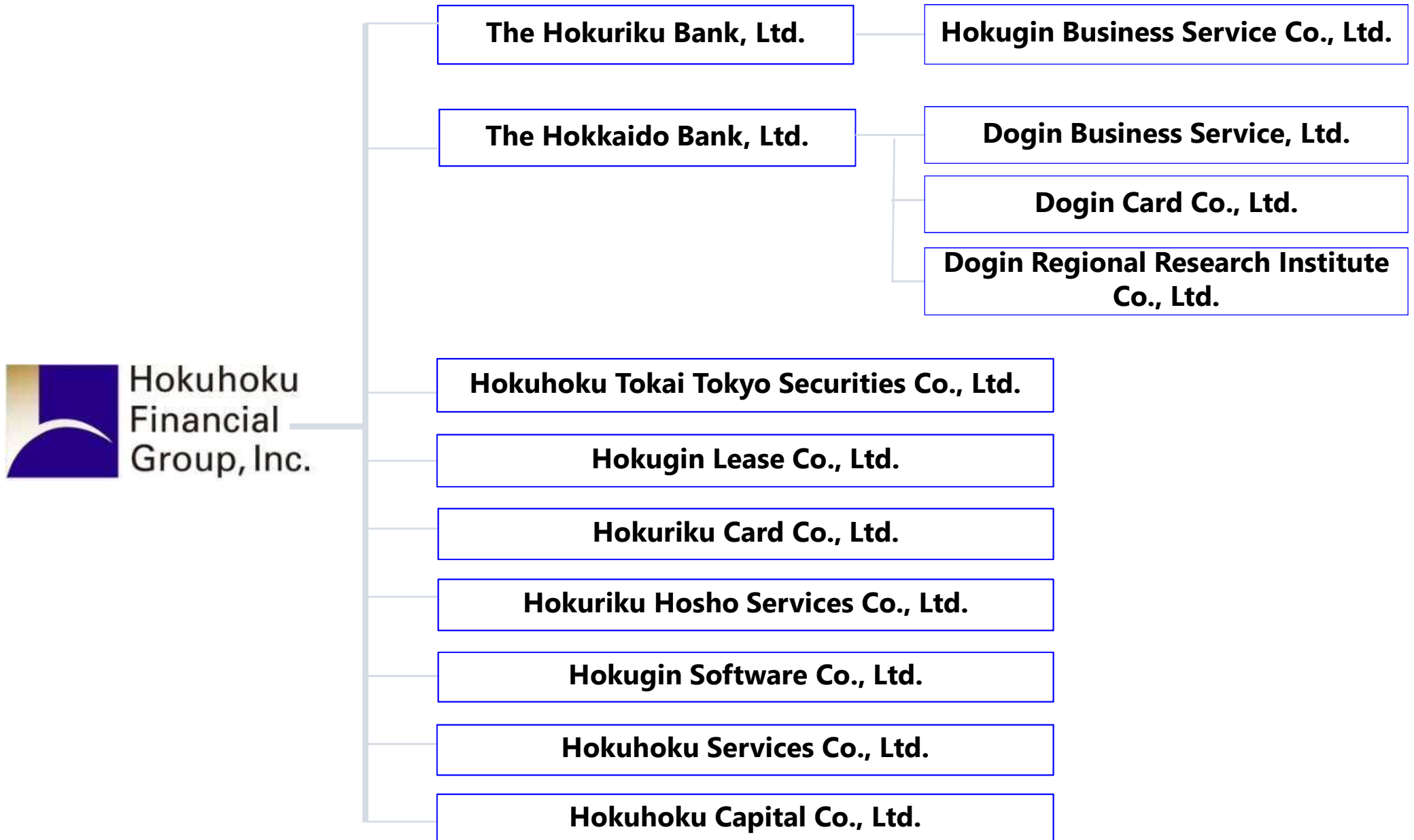
(As of September 30, 2021)

	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)* 85,955,000 	<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)* 85,945,600
Total assets	(consolidated) ¥ 16,940.9 billion	¥ 9,891.0 billion	¥ 7,011.0 billion
Deposits & NCD	(consolidated) ¥ 12,954.9 billion	¥ 7,381.3 billion	¥ 5,601.0 billion
Loans	(consolidated) ¥ 9,098.3 billion	¥ 4,978.9 billion	¥ 4,132.9 billion
Capital adequacy ratio	(consolidated) 9.79 %	(non-consolidated) 9.49 %	(non-consolidated) 9.21 %
Employees	78 (Concurrent person)	2,359	2,220
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, 2021.

About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ②

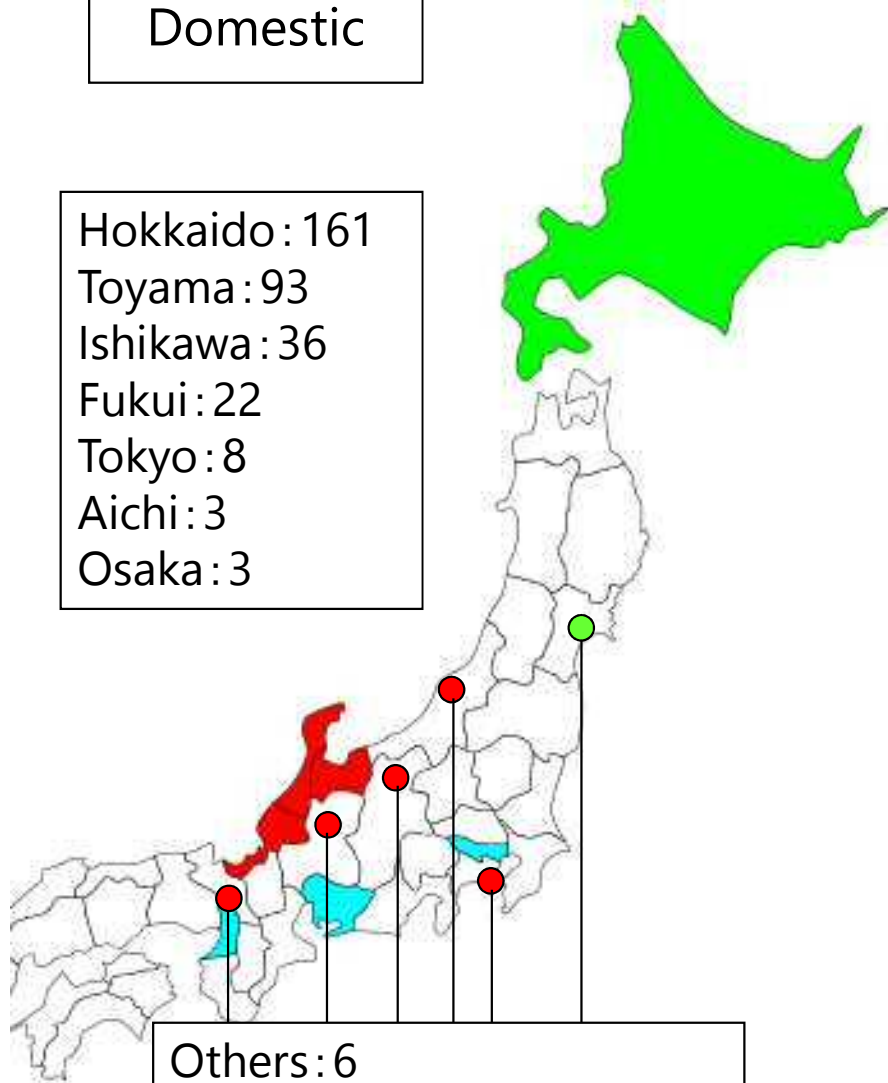


About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ③

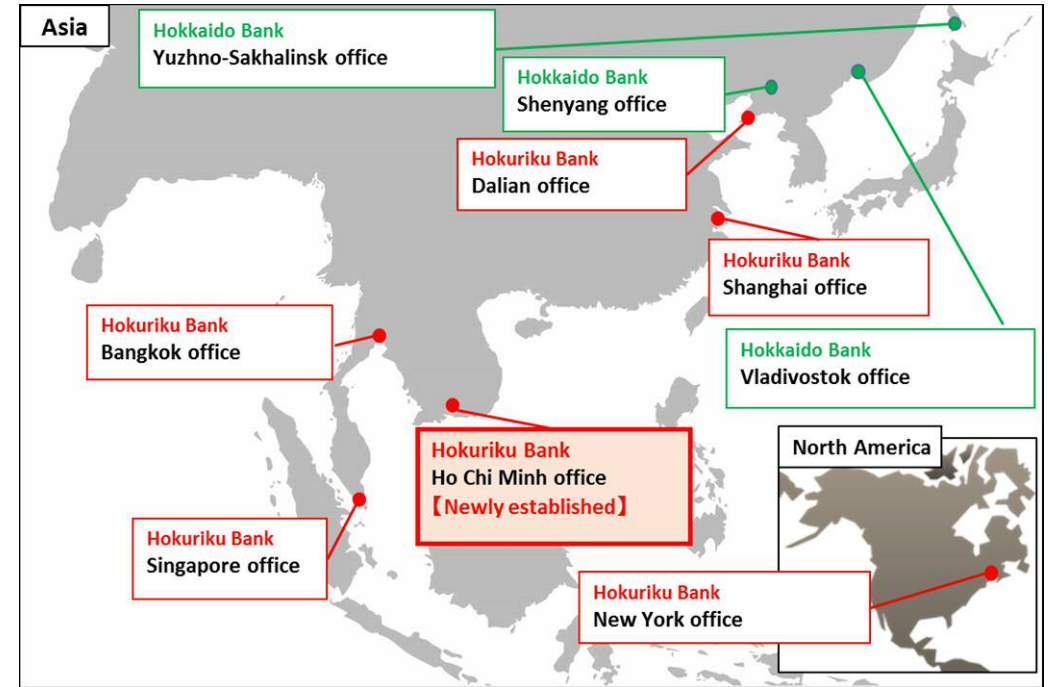
Domestic

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



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

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 | |

About Hokuhoku FG ②

Historical Data (Hokuhoku FG)

(JPY Bn)

<Consolidated>	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year	FY2021 Interim
Ordinary income	91.7	180.9	91.8	183.6	90.6	182.4	87.9	175.9	87.8
Ordinary profits	18.0	31.7	19.4	35.3	17.4	31.6	18.1	32.2	19.0
Net income attributable to owners of the parent	11.1	21.1	13.9	24.3	11.6	20.2	13.0	21.3	13.1
Capital adequacy ratio	9.73%	9.49%	9.78%	9.09%	9.29%	8.94%	9.32%	9.45%	9.79%

<Total of two banks>

Core gross business profits	65.0	130.7	64.0	125.7	61.3	123.2	60.9	120.7	61.9
General & administrative expenses	44.5	88.8	43.7	86.5	43.0	85.3	41.5	82.3	40.0
Core net business profits	20.5	41.9	20.3	39.1	18.3	37.8	19.3	38.4	21.9
Net gains(losses) related to securities	1.3	(7.1)	1.1	3.1	4.2	6.6	3.9	7.5	3.3
Credit costs	2.3	0.5	0.5	4.6	5.1	12.0	4.4	13.0	5.2
Ordinary profits	19.1	33.1	20.6	36.7	17.7	31.4	18.7	32.0	19.8
Net income	12.5	24.0	15.5	26.6	12.4	20.8	14.1	22.4	14.5
ROA	0.33%	0.34%	0.31%	0.30%	0.28%	0.28%	0.27%	0.25%	0.25%
OHR	68.46%	67.89%	68.30%	68.85%	70.11%	69.27%	68.18%	68.19%	64.59%
Loans	7,946.3	8,189.4	8,150.5	8,360.8	8,456.5	8,673.1	8,993.8	9,065.1	9,111.8
Deposits (including NCD)	11,013.3	11,180.7	11,307.1	11,439.7	11,429.8	11,662.6	12,451.4	12,815.6	12,982.4
Securities	2,126.3	1,943.3	1,991.5	1,788.8	1,848.6	1,807.2	1,959.7	2,100.1	2,056.6
Non performing loan	154.6	147.5	151.0	154.6	158.8	153.4	163.3	180.1	194.3
NPL ratio	1.88%	1.74%	1.79%	1.79%	1.82%	1.71%	1.76%	1.93%	2.07%

About Hokuhoku FG ③

Historical Data (Hokuriku Bank)

(JPY Bn)

	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year	FY2021 Interim
Ordinary income	45.6	91.1	45.4	90.2	44.7	88.5	42.9	86.4	42.5
Core gross business profits	35.3	71.2	35.0	69.1	33.3	66.8	32.9	66.7	33.5
General & administrative expenses	23.8	47.5	23.5	46.4	23.0	45.7	22.1	43.9	21.1
Core net business profits	11.5	23.7	11.4	22.6	10.2	21.1	10.7	22.8	12.4
Net gains(losses) related to securities	0.8	2.1	0.9	2.1	2.9	5.0	3.0	5.7	1.8
Credit costs	1.7	1.8	(0.0)	2.8	4.2	9.2	3.3	8.4	2.4
Ordinary profits	10.8	24.1	12.6	22.1	9.9	17.7	10.6	20.5	12.4
Net income	6.5	15.7	9.2	15.5	6.5	11.2	8.4	14.2	9.2
Capital adequacy ratio	9.04%	9.02%	9.21%	8.79%	8.92%	8.59%	9.00%	9.14%	9.49%
ROA	0.32%	0.32%	0.30%	0.29%	0.26%	0.27%	0.25%	0.25%	0.24%
OHR	67.44%	66.67%	67.33%	67.19%	69.24%	68.43%	67.34%	65.81%	62.99%
Loans	4,567.9	4,670.1	4,646.4	4,740.3	4,823.4	4,910.3	5,058.4	5,033.3	4,978.9
Deposits (including NCD)	6,363.7	6,505.8	6,553.1	6,636.8	6,597.2	6,735.4	7,168.1	7,350.5	7,381.3
Securities	1,364.6	1,317.1	1,319.0	1,197.0	1,194.4	1,158.0	1,203.8	1,268.1	1,261.0
Non performing loan	88.9	86.3	87.8	91.4	94.9	96.2	104.1	114.6	123.4
NPL ratio	1.91%	1.81%	1.85%	1.89%	1.93%	1.92%	2.02%	2.24%	2.43%

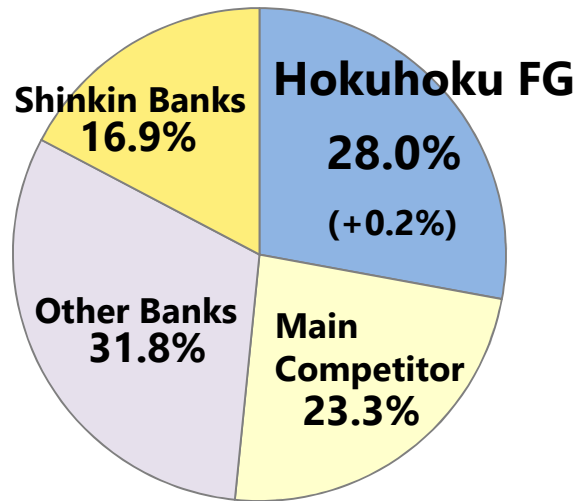
About Hokuhoku FG ④

Historical Data (Hokkaido Bank)

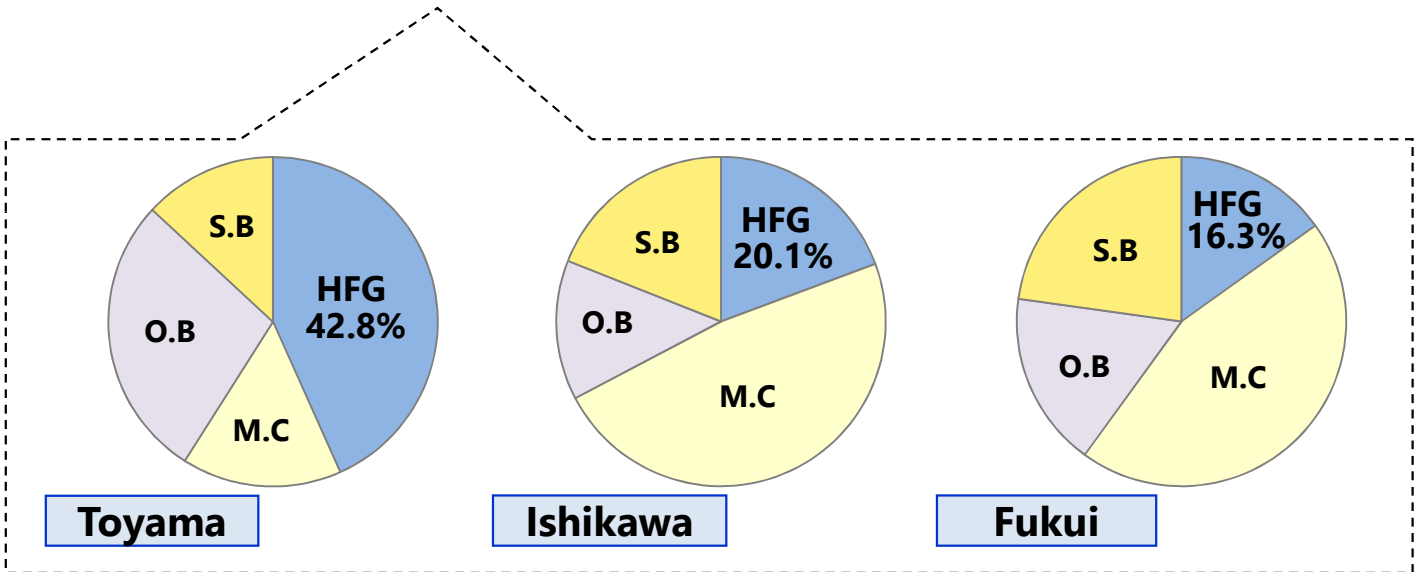
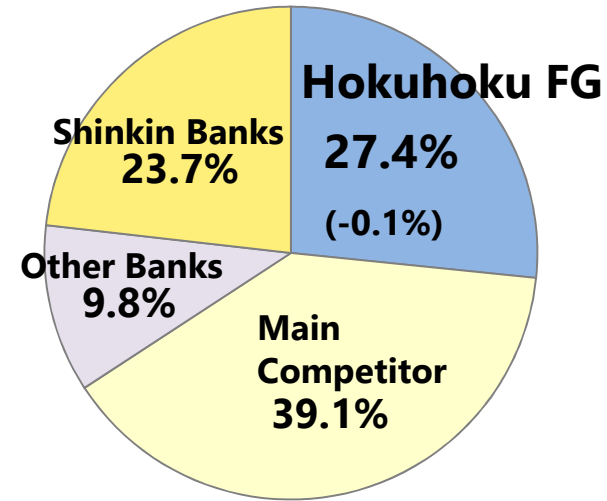
(JPY Bn)

	FY2017 Interim	FY2017 Full year	FY2018 Interim	FY2018 Full year	FY2019 Interim	FY2019 Full year	FY2020 Interim	FY2020 Full year	FY2021 Interim
Ordinary income	38.7	78.2	38.2	75.5	36.5	74.9	36.4	71.5	37.1
Core gross business profits	29.6	59.5	29.0	56.5	28.0	56.3	28.0	54.0	28.3
General & administrative expenses	20.6	41.3	20.1	40.1	19.9	39.6	19.3	38.4	18.8
Core net business profits	9.0	18.2	8.8	16.4	8.0	16.7	8.6	15.6	9.5
Net gains(losses) related to securities	0.4	(9.2)	0.1	0.9	1.3	1.5	0.9	1.7	1.4
Credit costs	0.6	(1.2)	0.6	1.7	0.8	2.7	1.0	4.6	2.8
Ordinary profits	8.2	8.9	8.0	14.5	7.8	13.7	8.0	11.5	7.4
Net income	5.9	8.2	6.3	11.0	5.8	9.5	5.7	8.1	5.2
Capital adequacy ratio	9.53%	9.28%	9.44%	8.69%	8.98%	8.76%	9.06%	8.88%	9.21%
ROA	0.35%	0.36%	0.33%	0.31%	0.29%	0.30%	0.29%	0.25%	0.26%
OHR	69.67%	69.35%	69.47%	70.89%	71.14%	70.27%	69.15%	71.12%	66.48%
Loans	3,378.3	3,519.2	3,504.1	3,620.5	3,633.0	3,762.7	3,935.4	4,031.7	4,132.9
Deposits (including NCD)	4,649.5	4,674.9	4,753.9	4,802.8	4,832.5	4,927.2	5,283.3	5,465.1	5,601.0
Securities	761.6	626.2	672.4	591.8	654.2	649.2	755.9	832.0	795.5
Non performing loan	65.6	61.2	63.2	63.3	63.9	57.2	59.2	65.5	70.8
NPL ratio	1.85%	1.66%	1.71%	1.66%	1.68%	1.45%	1.44%	1.56%	1.64%

Hokuriku Area

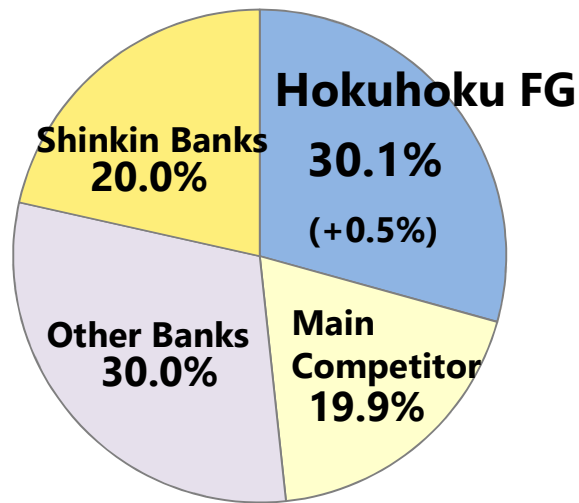


Hokkaido Area

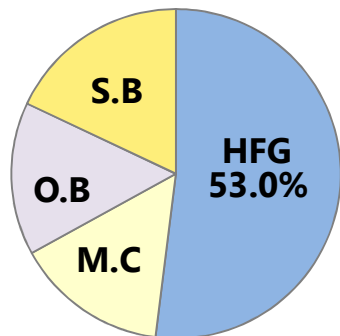
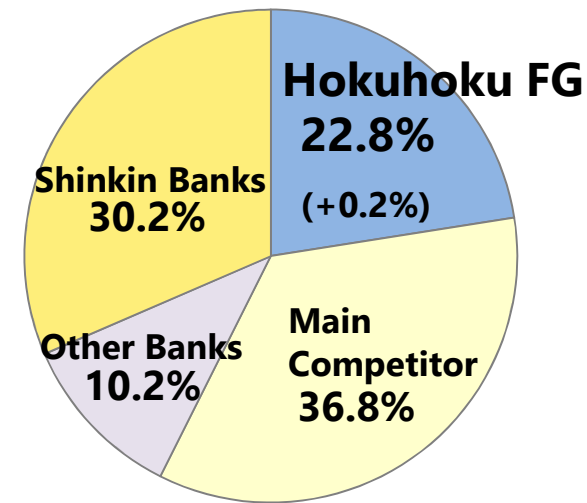


*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

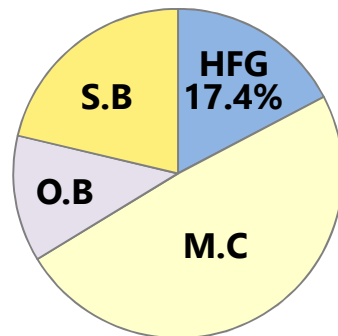
Hokuriku Area



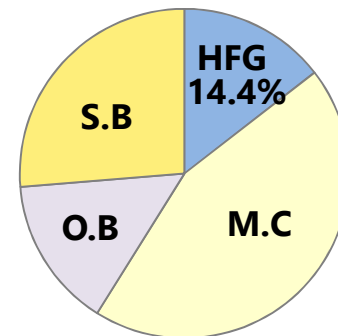
Hokkaido Area



Toyama



Ishikawa



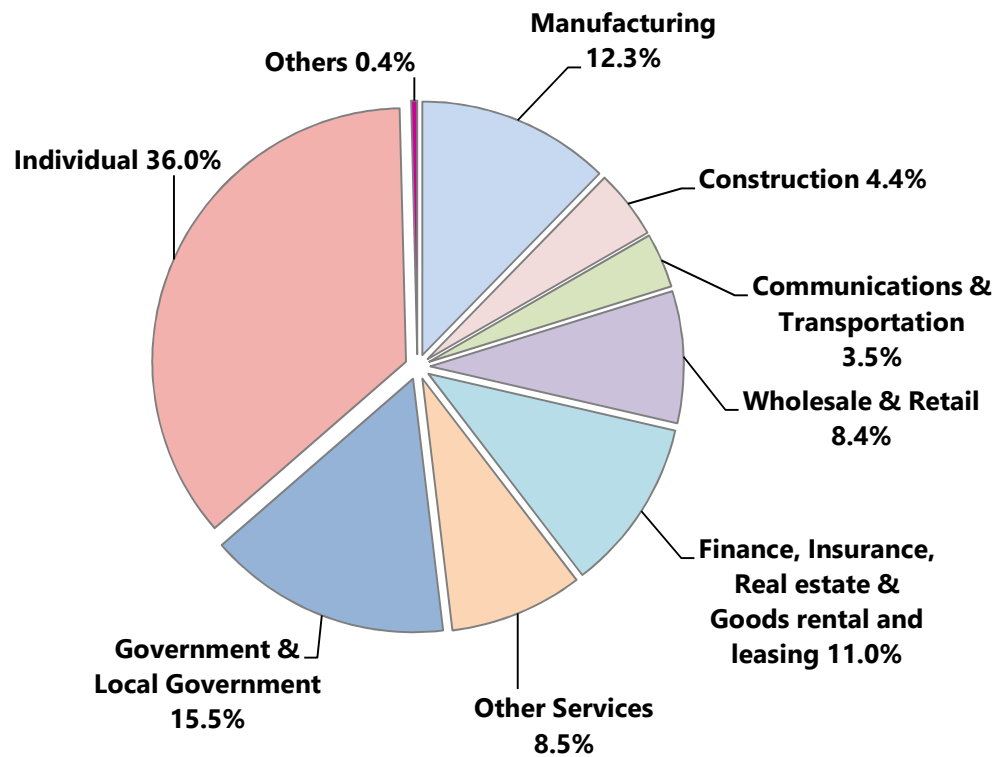
Fukui

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

About Hokuhoku FG ⑦

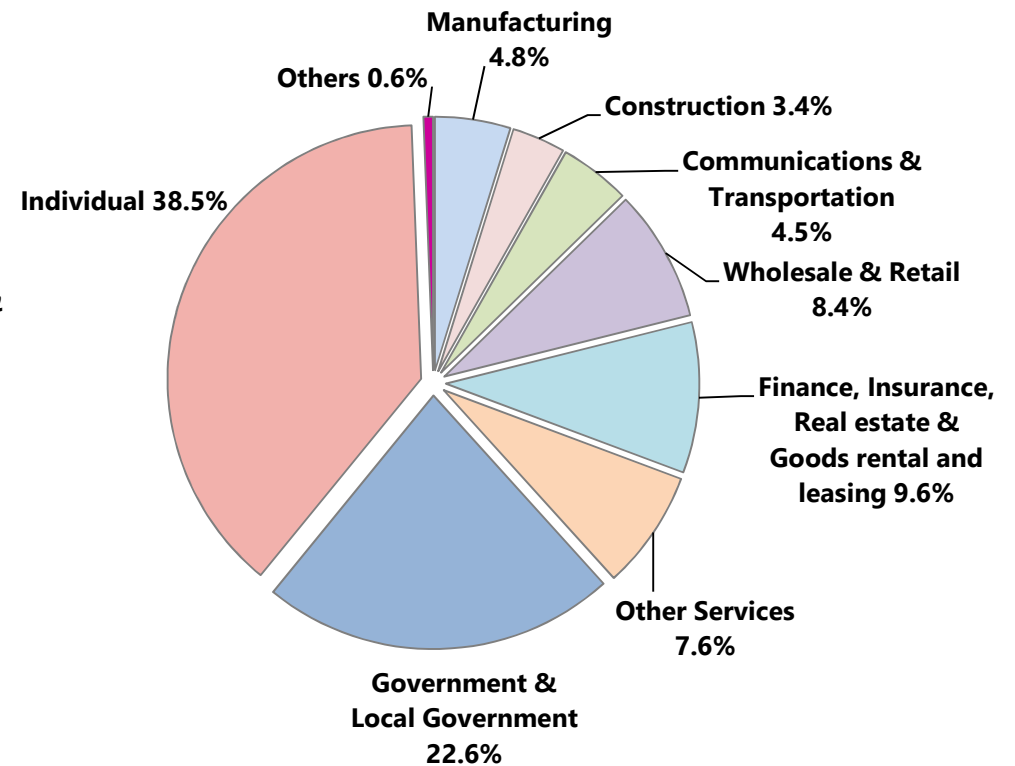
Lending in the Region by Industry (Sep-21)

Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank



Region: Hokkaido

About Japanese Regional Banks

Outline of Regional Banks

Outline of Regional Banks

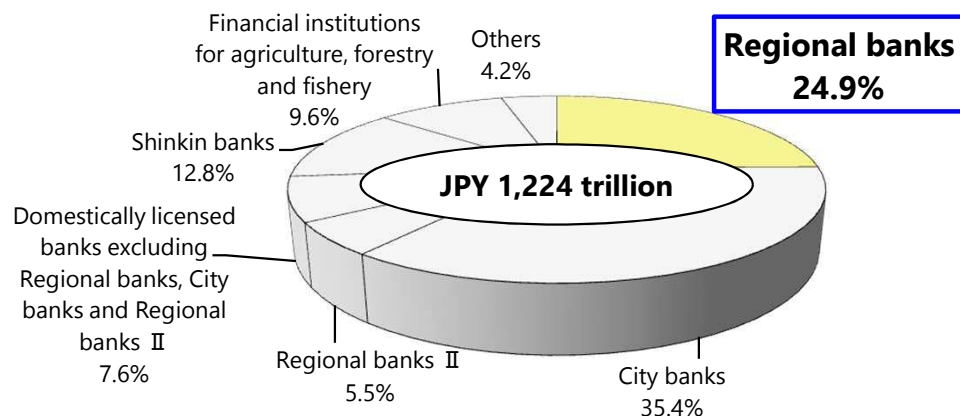
The 62 regional banks in Japan, as leading banks in the regions, serve the diverse financial needs of local clients such as individuals, companies, and local governments, through a dense branch networks and ATMs in the regions.

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.

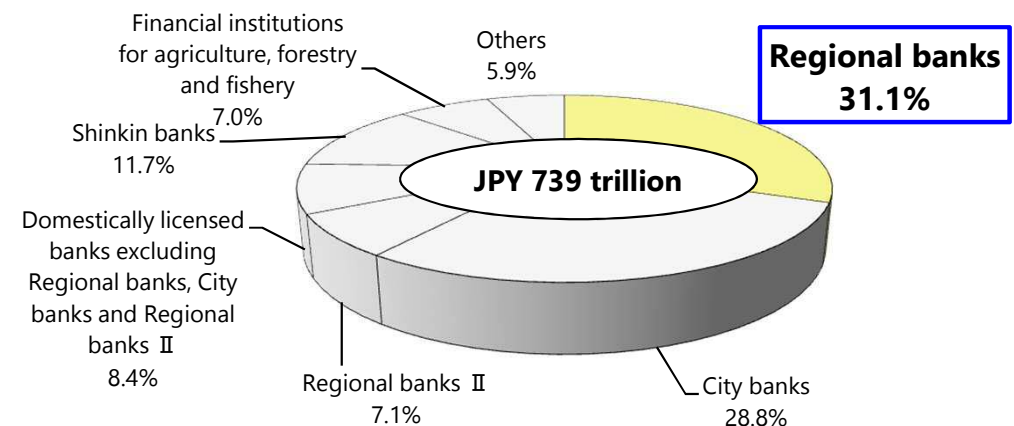
Moreover, in order to provide stable financial service, even when facing various changes in environment, regional banks work to strengthen corporate governance for maintaining sound management and reinforcing financial bases. Regional banks also comply with international banking regulations.

Shares of Deposits and Loans of Private Financial Institutions (Mar-21)

【 Deposits 】



【 Loans and discounts 】



Source: Home page of Regional Banks Association of Japan

The Present Condition of the Regional Economy

Economic Conditions

Oct-21	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	ALL JAPAN	Hokuriku Area	Hokkaido Area
Economic Trend	Remains in picking up Although the pace has weakened	Picking up on the whole, although downward pressure	Severe situation, more or less flat
Public Investment	Weak tone recently, Although at a high level	Relatively weak	Has been at a high level
Business Investment	picking up	Started to pick up	Stopped declining
Private consumption	Weakness further	The pace of picking up is slowing	More or less flat at a low level
Housing construction	Showing movements of picking up recently	Has Stopped declining	Picking up moderately
Production	Picking up, although some weakness is seen	Picking up	Picking up
Employment & income	Shows steady movements, while weakness remains	Weak	Show some weakness
Consumer prices	Show steady movements	Falling	Below the previous year
The number of bankrupt companies	Decreasing	More or less flat at a low level	More or less flat at a low level

Inquiries related to this material should be addressed to

Hokuhoku Financial Group, Inc.

Managing Planning Division

TEL(+81)76-423-7331

FAX(+81)76-423-9545

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

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

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