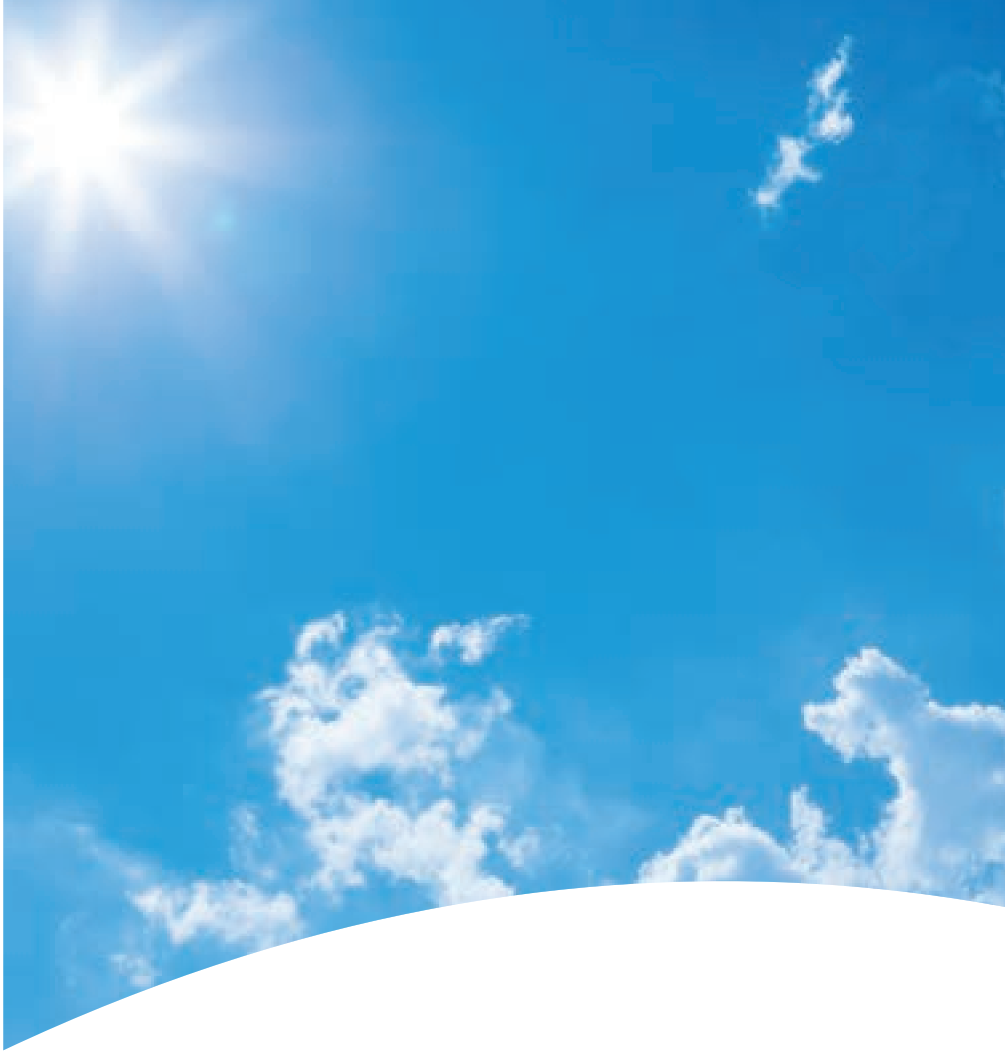


Hokuhoku Financial Group, Inc.

Integrated Report
2025

Hokuhoku Financial Group, Inc.

Purpose

Creating a Bright Future Beyond Regions.

Your happiness and joy of the region mean the most to us.

Hokuhoku Financial Group aims to maximize the potential of our extensive regional network and group comprehensive capabilities strength to become a driving force for local communities to create innovation and realize a bright future. We prioritize the happiness and joy of our colleagues as well as those we interact with above all else and will continue to evolve.

Hokkaido: Ozora Higashimokoto Shibazakura Park

CONTENTS

CHAPTER 1

Value creation story

Here we introduce the overall image of the value creation story that the company group has drawn based on our newly defined purpose and the management policy we have proclaimed since our founding. We will use the market potential spread across Hokuriku, Hokkaido and the three big cities of Japan to demonstrate the unique competitive superiority due to the company group's network and comprehensive capabilities and aim for the realization of a bright, sustainable future.

CHAPTER 2

Initiatives for value creation

Our new medium-term management plan "NEXT STAGE" started from April 2025. Grounded in reflections on our previous medium-term management plan, we will advance from the "challenge" of the previous plan to the new stage of "realization." Here we will explain the strategies of the company group centered on the "three engines driving strategy" to promote the new medium-term management plan.

Editorial policy

The Hokuhoku Financial Group recently published its Integrated Report 2025. In editing this report, the company refers to guides such as the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.

This integrated report is the disclosure document prepared based on Article 21 and Article 52-29 of the Banking Act. This integrated report contains statements concerning future results, but these statements do not guarantee future results and may differ from actual results due to changes in the management environment and other factors.

Please see the Integrated Report 2025 Financial Data for detailed financial data and other information.

CHAPTER 3

Systems that support value creation

We have enhanced initiatives that improve the effectiveness of the Board of Directors to strengthen group governance. In the Outside Director roundtable discussion this time, our Outside Directors talk frankly about the discussions on the Board of Directors at the time of formulation of the company group's purpose and new medium-term management plan, and their thoughts on the realization of the company group's vision.

Data section

What we want to convey to our stakeholders through the Integrated Report 2025

This integrated report is the first since we formulated our purpose "Creating a Bright Future Beyond Regions." It is also issued in the landmark first fiscal year of our new medium-term management plan "NEXT STAGE."
The company group has advanced together with its regions to this point to create sustainable value through the resolution of issues.
In this integrated report, we reflect on the thoughts imbued in our purpose and its implementation, and the outcomes and issues of the previous medium-term management plan, which was a "period of challenges." Alongside that, we present the strategies of the new medium-term management plan, which is positioned as a "period to realize the resolution of issues and the improvement of corporate value," and the background to them.
In addition, we introduce actual examples of how we are using our wide-area network and the group's comprehensive capabilities to address the great changes in regional society including population decline and the transformation of industrial structure. Please be sure to read how we are trying to realize sustainable outcomes through co-creation with our regions, customers and society.

Logo mark

The gold gradation that extends vertically expresses the growth and profitability of the company, and the lines that draw a gentle arc express our network as a regional bank covering a wide area. In addition, the calm blue square gives an image of the unshakeable stability of our organization and placing the vertical line and curved line within that square expresses the "h" that is the initial letter of Hokuhoku.

NEXT STAGE
The promotion of the group’s growth strategy

—Creating a Bright Future Beyond Regions.—

Hiroshi Nakazawa
Representative Director, President

The growth potential of our prime areas

The uncertainties in the future of the global economy and financial markets have heightened due to factors such as geopolitical risks, the recurrence of US-China trade friction driven by US tariff policies, and the downward pressure on the export-driven economy of Europe. In Japan, there are also many issues need to be addressed, including changes in consumption trends associated with high prices, the intensification of labor shortages and the aging of corporate facilities, and a sense of uncertainty remains over a sustained economic recovery. In particular, US trade policy and changes in the global supply and demand balance have the potential to impact Japan's export industries considerably. Although the "world with interest rates" has arrived, financial policy remains accommodative and we are still just standing at the entrance in terms of policy premised on economic growth.

Even in such circumstances, many bright expectations for the future exist in our prime areas of the Hokuriku region and Hokkaido that are the business foundations of the company group. In Hokkaido, in addition to the recovery of the tourism industry, the new trends that will drive the medium to long-term growth of the regional economy continue to form, including GX (green transformation) related investments and loans moves in offshore wind energy and data centers, and the progress of the next-generation semiconductor industry as represented by Rapidus, which has succeeded in the trial manufacture of two-nanometer semiconductors. Furthermore, in the Hokuriku region, which has the best manufacturing industry on the Japan Sea coast, in addition to the recovery of capital investment, the strengthening of human and material ties with the Tokyo metropolitan region is expected in the wake of the Tsuruga extension of the Hokuriku shinkansen. The potential of industrial sectors using its rich water resources is also boosting the growth of the region, and even while the sense of uncertainty in the external environment continues, we know that certain room for development exists in the primary areas of the company group.

Taking advantage of the features of a broard regional financial group

— the formulation and implementation of our Purpose —

In 2024, the company reached the landmark twentieth year since the management integration of The Hokuriku Bank and The Hokkaido Bank. Also known as an "enclave" integration between the detached regions of Hokuriku and Hokkaido, the history of the integration has never been easy. However, over this twenty years, both banks have expanded their scale in their respective regions and achieved the integration of head office functions and back-office divisions while utilizing the brands of The Hokuriku Bank and The Hokkaido Bank to the maximum. Recently, deposits have expanded to more than ¥14 trillion and loans to more than ¥10 trillion. I am aware that we are at an important moment when we are being questioned as to how we will utilize such scale merits and the company group's comprehensive capabilities for the resolution of our regions' issues and the expansion of their potential.

The issues of our regions have become more complex amid the structural changes of population decline, the maturation of industry, decarbonization and digitalization, and we also need to change our role as a financial institution. The issues faced directly vary depending on the region, and the roles demanded of us differ as well. For example, in a region where the lack of workers in industry is significant, initiatives for industry to connect to the next generation are required through support for business succession and the improvement of management. In addition, it will be important for us to continue support rooted deeply in the regions beyond the traditional bounds of the financial industry, such as GX support for regional decarbonization and activities that contribute to the improvement of citizens' financial literacy.

I think that it will be necessary for each group company to have a greater sense of unity and respond to such complex issues together with great power.

In terms of organization, in the three years since I was appointed President, we have carried out various reforms and aimed for optimization in decision-making, the allocation of human resources and other areas. Hokuhoku Consulting started business in July 2024 and has expanded revenue in non-financial areas such as M&A (mergers and acquisitions) and business succession based on the synergistic effects of The Hokuriku Bank and The Hokkaido Bank. Further, Hokkaido Lease became an equity method affiliate of The Hokkaido Bank in October 2024 so we have strengthened the group's comprehensive capabilities.

In terms of awareness, we established our purpose (mission statement) of "Creating a Bright Future Beyond Regions." in March 2025, having organized the philosophy and sense of value that are the core of our work and thinking that sharing these in language that is easy to understand is important. Our purpose is imbued with the attitude of creating new value that transcends regional boundaries as a comprehensive broard regional financial group, and taking on the challenge of the resolution of social issues with flexible ideas unconstrained by the traditional framework of finance.

In the formulation of our purpose, we conducted a questionnaire among all employees, held discussions many times step-by-step within and across workplaces, gathered the opinions of employees and aligned awareness. What was shared in that process was the universal feeling that we want to be at the side in the moments that our customers are happy. This feeling is the root of our work and also the core of our purpose.

Ending the workshop for the formulation of our purpose

From "challenge" to "realization"

In fiscal year 2025, we will start "NEXT STAGE," our Sixth Medium-Term Management Plan at the same time as we establish our purpose as the core of our organizational culture.

Reflecting on "Go forward with Our Region," our Fifth Medium-Term Management Plan to fiscal year 2024, we were able to achieve many of the targets for KPI (key performance indicators) that we raised initially, including those for consolidated net income and our capital adequacy ratio. Revenue in our principal business progressed well due to the certain execution of strategies such as the strengthening of consulting for the regional issues of M&A and business succession, initiatives in the environmental area, and the promotion of DX (digital transformation) to improve the convenience of customers. However, I am aware that there is still room for improvement in our ability to respond to diversifying regional issues, group cooperation, real and net-based finance at contact points with customers, capital policy and the realization of well-being. Based on awareness of such issues, the newly formulated "NEXT STAGE" is positioned as a period during which we will aim to deepen our ability to resolve the issues of our regions and customers and further improve the company's corporate value. If our previous medium-term management plan was at the "challenge" stage, the image for the new plan is to move up to the stage of "realization," with the aim of further stepping up beyond that.

As the engines driving strategy to aim for the improvement of corporate value, we have created a three-pillar system: “deepen problem-solving capability through the integration of financial and non-financial elements;” “solidify the management base that supports sustainable growth;” and “institutionalize a vibrant corporate culture where diverse human resources play an important role.”

To “deepen problem-solving capability through the integration of financial and non-financial elements,” we will position SX (sustainability transformation) and DX at the core and aim for the creation of new funding demand. We will connect to the improvement of our ability to make proposals to business partners and the promotion of structured finance by streamlining work through the use of AI (artificial intelligence) and digital tools, and allocating resources optimally.

The key point in being able to “solidify the management base that supports sustainable growth” will be a retail market strategy targeting the expansion of deposits. We will expand points of contact not only with the senior population, but also among the young by increasing customer convenience in both the real and net-based aspects. In addition, for the wealthy, centered on business owners, we will provide advanced consulting services as a unified group to respond to diverse needs such as asset succession.

Strengthening of our human resources portfolio and management base

The proper allocation and development of human resources will be essential to execute our business strategy. We will increase solution-oriented talent with the qualifications and expertise to implement consulting for companies and individuals and promote SX and GX for our business partners and the company by more than 300 people to 2,400 people in fiscal year 2027, and assign them to related divisions. At sales branches too, we plan to assign corporate public relations personnel thickly in strategic branches. Of course, while regional population decline is accelerating, we will not be able to increase personnel in all divisions. Along with the use of AI and digital tools, we will maintain regional financial functions and strengthen our customer base by expanding cooperation with regional partners and financial institutions.

To increase productivity, improving the job satisfaction of each and every employee and the ease of work will also be important. I would like everybody to feel the happiness of being thanked by customers and connect it to their own satisfaction and growth. As management, I will implement hiring activities unconstrained by traditional frameworks, establish a workplace environment that is easy to work in through support for career formation and the implementation of health management, and entrench “a vibrant corporate culture where diverse human resources play an important role.” In addition, I think that fostering an atmosphere in which employees can take on challenges, a culture of learning from failure, and relationships of respect for each other’s diversity is more important.

Corporate value that builds together with stakeholders

We revised our capital policy in the medium-term management plan as an important pillar for the improvement of corporate value. Basically, we will raise our total return ratio for common stock, which was 26% in fiscal year 2024, to around 40% by fiscal year 2027. I think that we will strengthen shareholder returns by turning the resources formerly appropriated for preferential stock to common stock through the acquisition of all preferential shares implemented on April 1, 2025, and achieving the profit target we are aiming for in the medium-term management plan. Apart from this, we started paying interim dividends from fiscal year 2024 to respond to the diversifying needs of shareholders, and introduced a new shareholder benefits program in February 2025. From now on, we will continue to work on the strengthening of shareholder returns at the same time as aiming for capital accumulation towards investments for sustainable growth and the maintenance and improvement of our capital adequacy ratio.

We are working on the reduction of cross-shareholdings and will aim for a capital adequacy ratio of more than 10% and an ROE (return on equity) of 8% or more, levels that compare favorably with the top regional banks. While taking advantage of the tailwind of the policy interest rate hike by the Bank of Japan, we will solidify our revenue structure through the expansion of non-interest profits in consulting and elsewhere and aim for an ROE of 10% or more in ten years’ time.

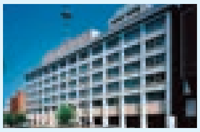
Financial indicators such as ROE and PBR (price book-value ratio) are essential for objectively evaluating our management performance in enhancing corporate value, and we must implement initiatives for their improvement continuously. Beyond that, what we are aiming for is to realize sustainable growth together with regional society and to continue existing as a company with true value. To that end, creating value for society broadly will be more important than anything to meet the expectations and respond to the trust of all stakeholders, including regional customers, employees and investors. This is exactly what will form the basis for the survival and development of the company group and I am strongly aware that it is the unwavering mission of management.

We will further solidify our links with our regions and walk towards the realization of sustainable regional development and a prosperous future together with all of our stakeholders. Please continue to provide your support for the Hokuhoku Financial Group.

Value creation story

Fukui Prefecture: Tagarasu

The Hokuriku Bank

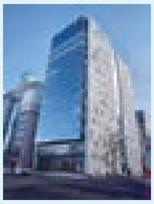


The founding of The Hokuriku Bank, Ltd.

The Hokuriku Bank was established on August 26, 1877, with the House of Kaga-Maeda providing 70% of the capital. The bank was the creation of the family established by Maeda Toshiie, the founder of the Kaga clan.

August	1877	Kanazawa 12th National Bank founded
February	1879	Toyama 123rd National Bank founded
July	1943	Four banks, 12th, Takaoka, Chuetsu, and Toyama Bank, merged to form Hokuriku Bank
January	1950	Launched foreign exchange operations (first regional bank to do so)
September	1961	Listed on the Tokyo Stock Exchange

The Hokkaido Bank



The founding of The Hokkaido Bank, Ltd.

The Hokkaido Bank was established on March 5, 1951 in response to the strong demand for financing from small and medium sized corporations in Hokkaido accompanying the sudden increase in population and development of new industries in Hokkaido during the post-war recovery period.

March	1951	Hokkaido Bank established
April	1961	Launched foreign exchange operations
May	1962	Listed on the Sapporo Securities Exchange
September	1987	Listed on the first section of the Tokyo Stock Exchange

The history of Hokuhoku Financial Group

Hokuhoku Financial Group placed its foundations in Hokuriku and Hokkaido and has long contributed to the prosperity of the region and customers as a regional financial organization. We will continue to create shared value by growing and developing together with the region from now on.

April 2019

Announcement of the Hokuhoku Financial Group SDGs Declaration and formulation of the Key CSR Activity Themes

April 2016

Establishment of Hokuhoku Tokai Tokyo Securities

May 2011

Launch of the MEJAR system shared by 3 banks

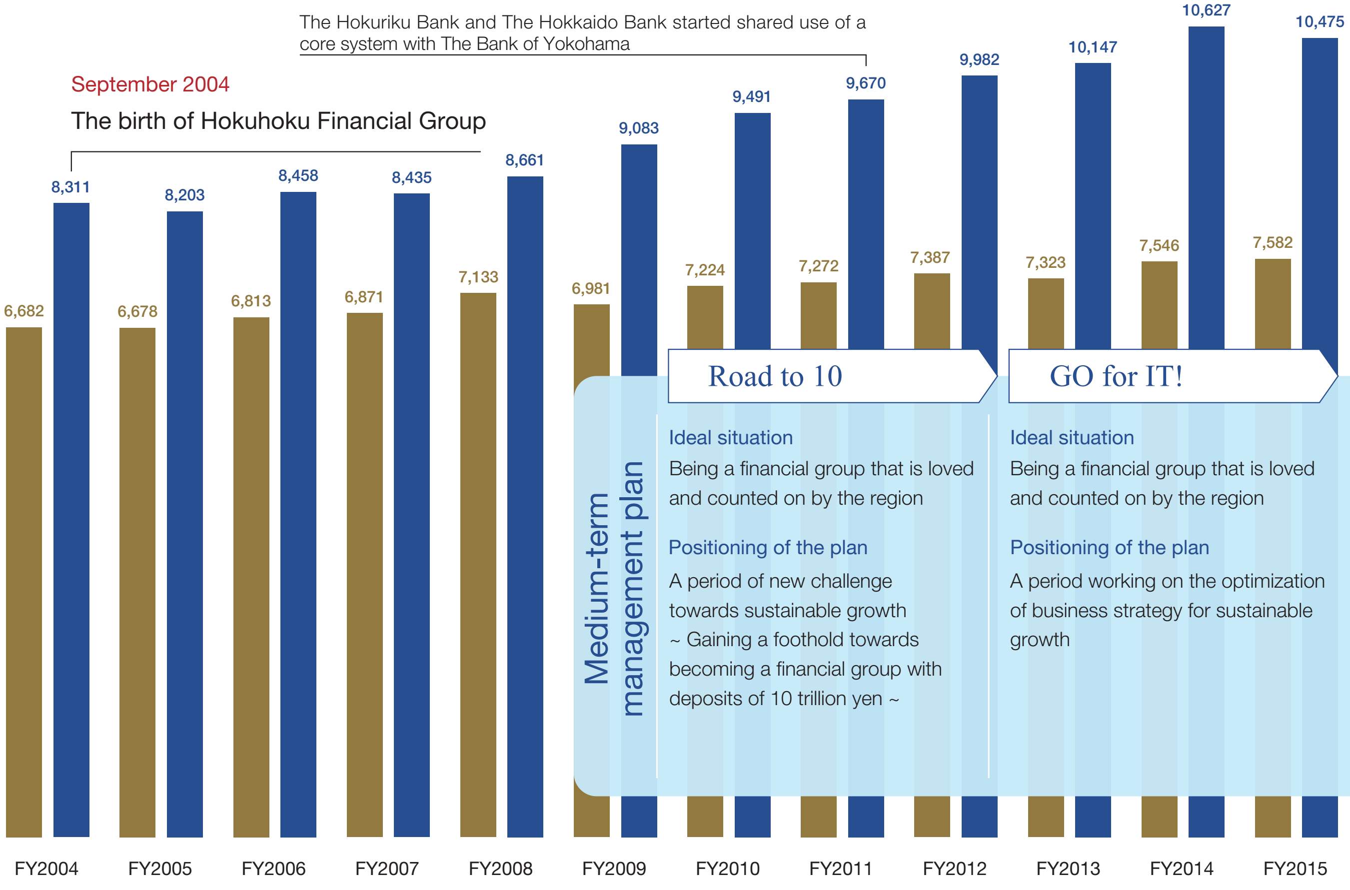
The Hokuriku Bank and The Hokkaido Bank started shared use of a core system with The Bank of Yokohama

September 2004

The birth of Hokuhoku Financial Group

■ Loans ■ Deposits (including certificates of deposit)

(Unit: billion yen, balance at end of fiscal year)



Medium-term management plan

Road to 10

Ideal situation

Being a financial group that is loved and counted on by the region

Positioning of the plan

A period of new challenge towards sustainable growth ~ Gaining a foothold towards becoming a financial group with deposits of 10 trillion yen ~

GO for IT!

Ideal situation

Being a financial group that is loved and counted on by the region

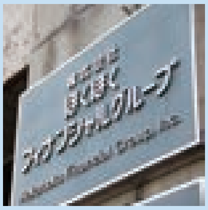
Positioning of the plan

A period working on the optimization of business strategy for sustainable growth

Hokuhoku Financial Group, Inc.

Establishment of Hokuhoku Financial Group: Japan’s First Wide-Area Regional Financial Group

The Hokuriku Bank, Ltd., and The Hokkaido Bank, Ltd. integrated their management and the Hokuhoku Financial Group centered on the two banks was born aimed at the streamlining of management using management resources more efficiently, the strengthening of sales capabilities using a wide network, and the stabilization of management foundations in September 2004.



June 2020
Selected as a support institution under the FY2020 ESG Regional Finance Promotion Program implemented by the Ministry of the Environment

February 2021
Formulation of the Hokuhoku Financial Group Environmental Policy
Endorsement of the TCFD recommendations

March 2021
70th anniversary of the establishment of The Hokkaido Bank

July 2021
Formulation of the Policy on Investment and Loan in Specified Business, etc.
Raising of the CO_2 Emissions Reduction Target

November 2021
New establishment of the Sustainability Promotion Committee
Setting of Sustainable-Related Investment and Loan Targets

April 2023
New establishment of SX Promotion Department

June 2023
New establishment of Human Resources Strategy Department and DX Promotion Department

June 2023
Participation in the Team Sapporo-Hokkaido consortium

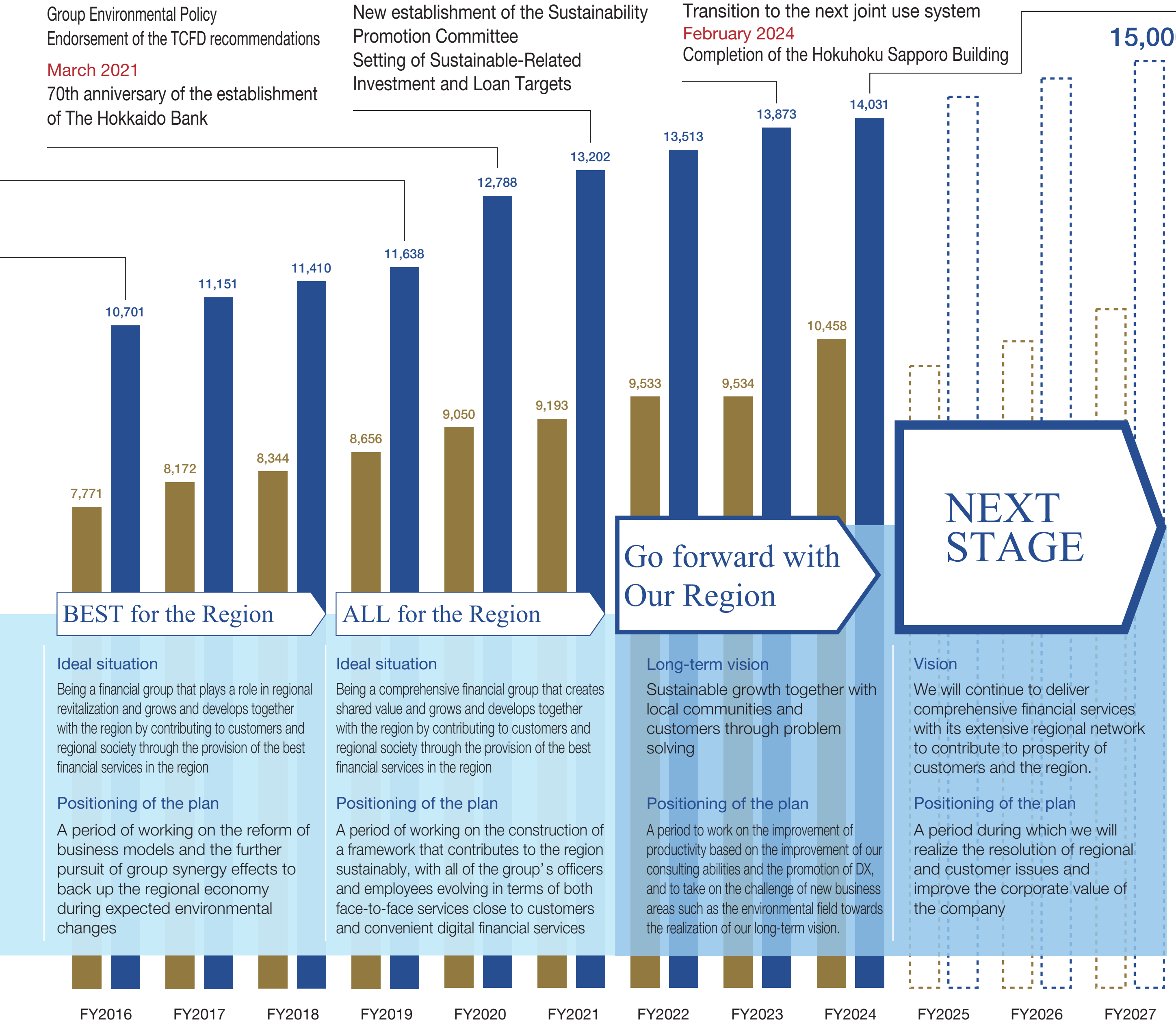
January 2024
Transition to the next joint use system

February 2024
Completion of the Hokuhoku Sapporo Building

May 2024
Establishment of Hokuhoku Consulting

June 2024
New establishment of Market Finance Department

April 2025
Acquisition of all preferential stock



BEST for the Region

Ideal situation

Being a financial group that plays a role in regional revitalization and grows and develops together with the region by contributing to customers and regional society through the provision of the best financial services in the region

Positioning of the plan

A period of working on the reform of business models and the further pursuit of group synergy effects to back up the regional economy during expected environmental changes

ALL for the Region

Ideal situation

Being a comprehensive financial group that creates shared value and grows and develops together with the region by contributing to customers and regional society through the provision of the best financial services in the region

Positioning of the plan

A period of working on the construction of a framework that contributes to the region sustainably, with all of the group’s officers and employees evolving in terms of both face-to-face services close to customers and convenient digital financial services

Go forward with Our Region

Long-term vision

Sustainable growth together with local communities and customers through problem solving

Positioning of the plan

A period to work on the improvement of productivity based on the improvement of our consulting abilities and the promotion of DX, and to take on the challenge of new business areas such as the environmental field towards the realization of our long-term vision.

NEXT STAGE

Vision

We will continue to deliver comprehensive financial services with its extensive regional network to contribute to prosperity of customers and the region.

Positioning of the plan

A period during which we will realize the resolution of regional and customer issues and improve the corporate value of the company

Hokuhoku Financial Group’s process for value creation

The company group is working on value creation aiming for the sustainable improvement of corporate value centered on its purpose and management policy.

While grasping the changing external environment accurately, we will realize long-term growth by using the resources we have cultivated in the past to the maximum and establishing competitive superiority. Based on clear strategies in light of this, we will provide stakeholders with new value and contribute to the creation of a sustainable future.

External environment

Issues of sustainability of the region

- Changes in the global environment caused by climate change
- Destruction and deterioration of regional infrastructure caused by natural disasters including floods and earthquakes
- Harmful impacts on industries in the region caused by changes in the ecosystem
- Shortages of the human resources to lead the regional economy
- Responding to diverse senses of value
- Acceleration of the digital shift

Customer issues

- Growing complexity of asset formation
- Asset succession to the next generation
- Changes in the industrial structure
- Business succession problems
- Shortages of digital human resources

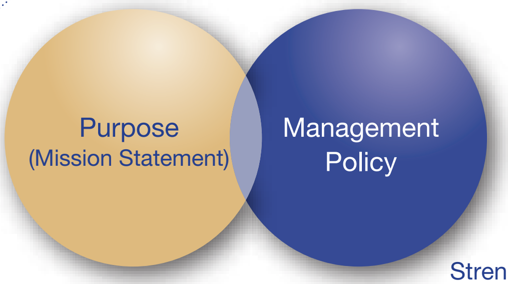
Community issues

- Declining birthrate and aging population
- Population decline
- Overconcentration in urban areas
- Widening regional disparities

Financial issues

- Responding to a world with interest
- Entry from different industries

Management resources



Strengths P17

Financial capital
5th biggest asset size among regional banks

Manufacturing capital
Wide-area financial infrastructure

Intellectual capital
Provision of comprehensive solutions

Human capital
Strong and diverse human resources

Society-related capital
Partnerships with regional society

Natural capital
Regional potential

Key themes for initiatives

P23

- Realization of sustainable community
- Improving financial literacy in the region
- Improving convenience for all customers
- Building a sound and resilient management foundation
- Ensuring good work environment leading to better productivity

Sustainability governance

The future we want to realize

Vision of the region

1. Region full of richness and vitality
2. Affluent region supported by vibrant local industries
3. Advanced regions for SX and GX

Vision we strive for

ROE	10%
Net income	80 billion yen
Capital adequacy ratio	10 - 11% range
OHR*	About 50%

* OHR represents the sum of the two banks.

Value co-creation with stakeholders

P25

Business strategy

Medium-term management plan
(FY2025 to FY2027)

Deepen problem-solving capability

Market Strategy Centered on Business Loans P43

Sustainability Strategy P47

Regional Revitalization Strategy P59

Solidify the management base

Retail market strategy P61

Institutionalize a vibrant corporate culture

Human capital management P65

Customers

Community

Employees

Shareholders
Investors

Sustaining a stable financial base rooted in the region, solid governance structure and a strong management system

The source of our value creation — Our strengths —

We use the strengths we have cultivated to contribute to the regions and realize the sustainable growth of the company group.

High regional share and 5th biggest assets among regional banking groups

Financial capital

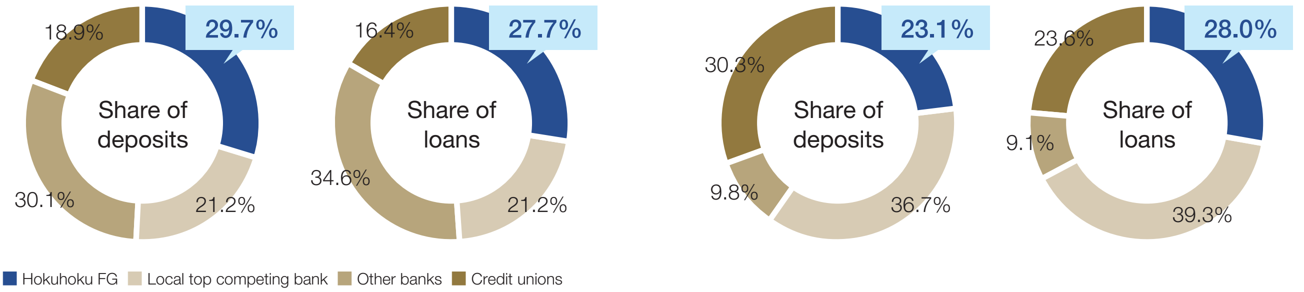
We have secured a high regional share of both deposits and loans by walking and growing to-gether with our customers for many years in the three prefectures of the Hokuriku region and Hokkaido.

Three Hokuriku prefectures (Toyama, Ishikawa and Fukui)

No.1 share for both deposits and loans

Hokkaido

No.2 share for both deposits and loans



* As of end-September, 2024

Looking at regional banks nationwide, the company group's strengths are that it has the fifth biggest assets and can provide transactions and diverse financial services that allow customers to feel secure.

Balance of deposits, etc.	Balance of loans, etc.
¥14,031.8 billion	¥10,458.5 billion

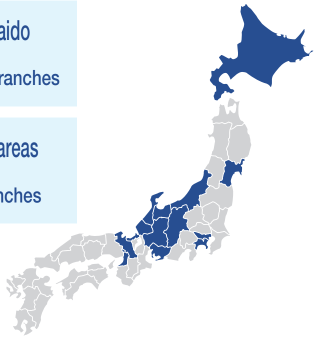
* As of end-March, 2025

Wide-area branch network and digital financial infrastructure

Manufacturing capital

We are a super-regional financial group without parallel among regional banks with an extensive network also including offices overseas. Using this network, both banks cooperate to provide information to business partners and support the expansion of sales channels.
In combination with this, we have expanded digital banking and the number of users of the smartphone app and internet banking we provide to individual customers for both banks combined has broken through one million people.

Three Hokuriku prefectures	Hokkaido
112 branches	136 branches
Three major cities	Other areas
15 branches	4 branches
Overseas	
7 bases	



* Actual number of branches as of end-May, 2025

Provision of comprehensive solutions through group cooperation

Intellectual capital

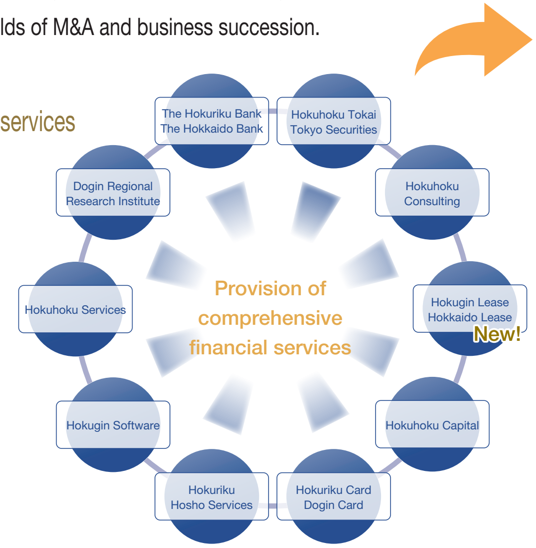
In addition to "Hokuhoku cooperation" between The Hokuriku Bank and The Hokkaido Bank, each group company cooperates to provide comprehensive services beyond the fi-nance-non-finance framework, including securities, consulting, cards, leasing, software and think tanks. In consulting we have accumulated regional top-class know-how centered on the fields of M&A and business succession.

Provision of comprehensive financial services

Consulting support for M&A and business succession

630 cases

* Term ended March 2025



Provision of added value to customers through group cooperation

Support for sales channel expansion
- Business matching through Hokuhoku cooperation

Diversification of fund procurement methods
- Lease proposals through cooperation with Hokugin Lease and Hokkaido Lease

Greater sophistication of fund management proposals
- Wide-ranging fund management proposals through cooperation with Hokuhoku Tokai Tokyo Securities

Support for digitalization and DX
- Digitalization through Hokuriku Card and Dogin Card
- DX support by Hokugin Software

Support using funds
- Fund investment from Hokuhoku Capital

Consulting support
- Consulting support by Hokuhoku Consulting

[Improvement of the corporate value of the company]

Increased opportunities to acquire revenue and the strengthening of recruitment capabilities

Sharing and greater sophistication of specialist skills

Rationalization based on the sharing of management resources

Realization of human resource development and well-being work styles

Human capital

We promote "Developing human resources who lead value creation by connecting communities and business partners" as our policy on human capital management initiatives based on our management policy and long-term vision. We will strive for the development of human resources who can accompany the sustainable growth of the region and business partners by establishing an environment in which diverse human resources can gather and work autonomously to enhance their value while feeling satisfied with life.

Total number of qualified employees

6,185 people

* People who have acquired work-related qualifications such as FP, IT Passport, and Small and Medium Enterprise Management Consultant, as of the end of March 2025.

Partnerships with regional society

Society-related capital

We are aiming for the resolution of regional issues through cooperation with local governments and universities. In addition, we are also working on financial education to contribute to the improvement of the financial literacy of regional business partners and individual customers.

Cooperation with local governments	Cooperation with universities
56	25

* Cumulative total to end-March, 2025

Market Share

Hokuriku

A leading industrial cluster on the Sea of Japan side

¥3 trillion (our estimate) in capital investment in the three Hokuriku prefectures by fiscal year 2027 (forecast)

Stable industrial and economic zone with an advanced concentration of distinctive manufacturing, etc.

- Specialization coefficient for the three Hokuriku prefectures*

Specialization coefficient	Hokuriku	Toyama	Ishikawa	Fukui
Manufacturing	1.24	1.50	1.05	1.13
Textiles	4.50	1.21	5.36	8.78
Chemical	1.30	1.79	0.72	1.19
Nonferrous metals	2.08	3.21	0.42	2.24
Machines for production	2.23	1.61	4.42	0.58
Construction	1.39	1.12	1.19	2.02

*Regional composition ratio divided by national composition ratio
(Figures for manufacturing and construction are calculated based on prefectural total output, and those for individual industries are calculated based on the shipment value of products, etc.)

Deeper industrial structure that includes listed companies

- Listed company rankings by prefecture*

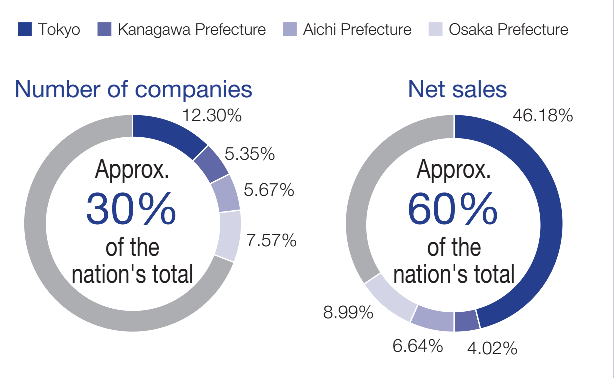
Rankings	Number of listed companies	Prefecture
1	2,153 companies	Tokyo
2	441 companies	Osaka Prefecture
3	220 companies	Aichi Prefecture
4	181 companies	Kanagawa Prefecture
5	114 companies	Hyogo Prefecture
6	96 companies	Fukuoka Prefecture
(7)	72 companies	Three Hokuriku prefectures
9	59 companies	Hokkaido
⋮		
16	26 companies	Toyama Prefecture
16	26 companies	Ishikawa Prefecture
23	20 companies	Fukui Prefecture

* As of March, 2025

Market Size

Three big cities

Overwhelming potential x Our robust customer base



Source: RESAS. Net sales (by company) and the number of companies in 2021

×

Our business bases in the three large metropolitan areas 15 branches

8 in Tokyo and Kanagawa, 4 in Osaka and Kyoto, and 3 in Aichi

Solid customer base with a long history

Oldest: The Osaka Branch of Hokuriku Bank commenced business in 1882

Three big cities: Various indicators as of end-March, 2025

Deposit balance	¥0.7 trillion	Number of loan recipients	Over 4,000 recipients
Loan balance	¥1.4 trillion	Number of officers and employees	About 500 people

Market Chance

Hokkaido

One of the markets with the highest potential in Japan

Public and private GX-related investments and loans of over 150 trillion yen nationwide over ten years*

*Source: Ministry of Economy, Trade and Industry

Offshore wind energy

Submarine DC transmission

Next generation semiconductors

Storage batteries

Data centers

Renewable energy (excluding offshore wind energy)

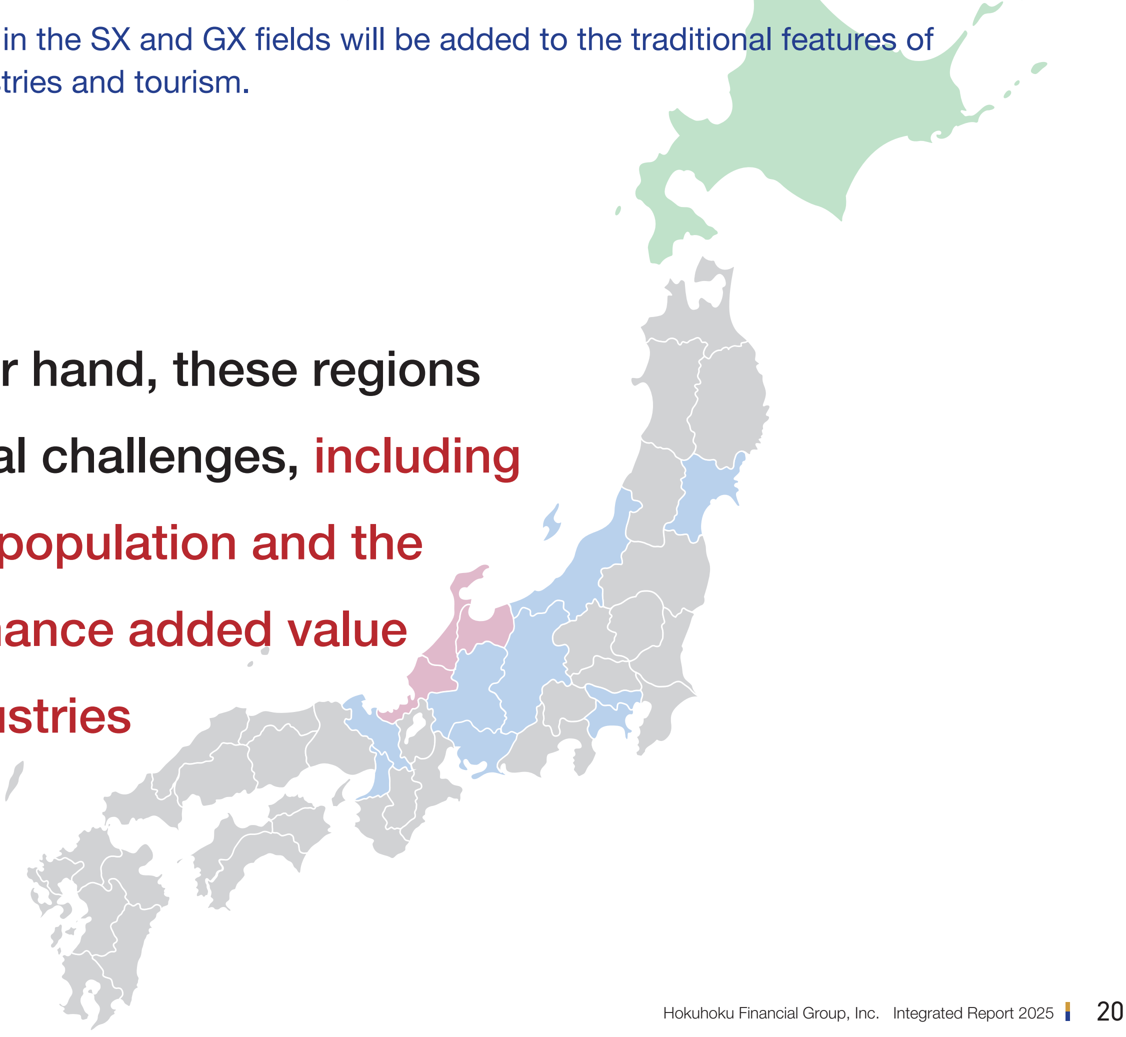
Hydrogen and ammonia

GX-related investments and loans totaling approximately 27 trillion yen are projected to be made in Hokkaido including the needs of surrounding areas. (See next page)

On the assumption of making a minimum of five trillion yen in investments and loans during the period of the Medium-term Management Plan, we aim to make a total of one trillion yen in SX and GX-related investments and loans on a Group-wide basis

New possibilities in the SX and GX fields will be added to the traditional features of the primary industries and tourism.

On the other hand, these regions face regional challenges, including a declining population and the need to enhance added value in local industries



Hokkaido has high investment potential allowing it to lead SX and GX.

Next generation semiconductors **7.7**

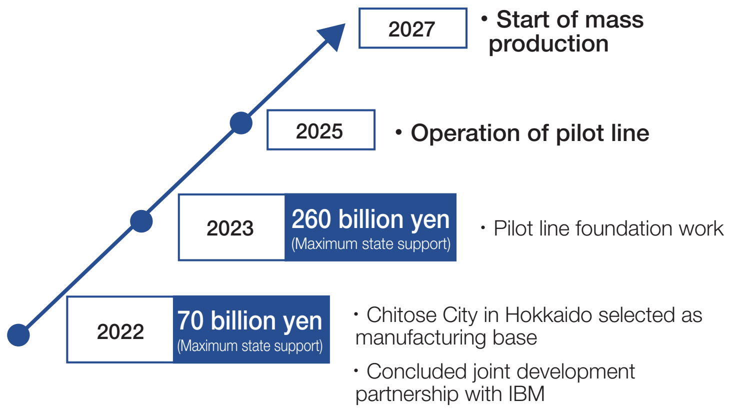
Offshore wind energy **10.6**

Materials publicized by Sapporo City (November 7, 2024): Excerpted and edited from Overview of "GX Finance and Asset Management Special Zone" in Hokkaido and Sapporo (overview version)

Next generation semiconductors ¥7.7 trillion

< Semiconductor and Digital Industry Strategy >

- **Global shipments**
  2020 about ¥50 trillion ▶ 2030 about ¥100 trillion



2027
- **Start of mass production**

2025
- **Operation of pilot line**

2023 **260 billion yen** (Maximum state support)
- Pilot line foundation work

2022 **70 billion yen** (Maximum state support)
- Chitose City in Hokkaido selected as manufacturing base
- Concluded joint development partnership with IBM

Data centers (DC)

< Information and Communications in Japan whitepaper (Ministry of Internal Affairs and Communications) >

- **Size of the DC service market in Japan**
  2022 about ¥2 trillion ▶ 2026 about ¥3 trillion

< Meetings of the Expert Group on the Development of Digital Infrastructures (Data Centers (DCs), etc.) "Interim Report 2.0" >

- **Prioritized development of core hubs of data centers in Hokkaido**

Offshore wind energy ¥10.6 trillion

< Vision of offshore wind energy industry >

- **Hokkaido accounts for 15 million kW, one-third of the national target of 45 million kW for the formation of offshore wind energy projects**
- **Five locations in Hokkaido were selected as "promising districts." Two locations were also selected as "preparatory districts" for floating offshore wind projects.**

🟦 Promising districts 🟨 Preparatory districts

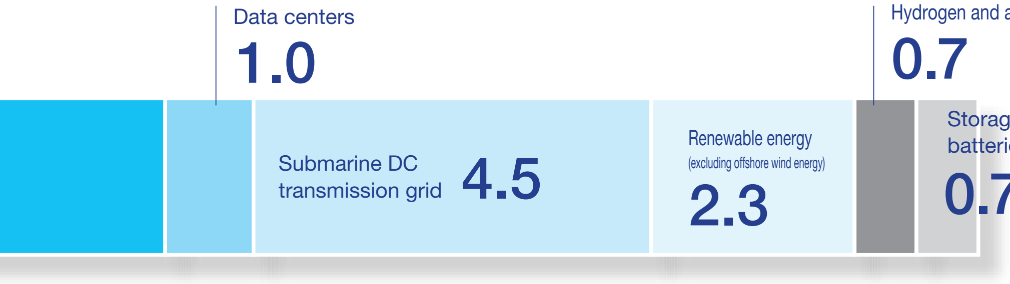
1		Off the coast of Ishikari City
2	1	Off the coast of Ganwu, Minami-Shribeshi District
3	2	Off the coast of Shimamaki
4		Off the coast of Hiyama
5		Off the coast of Matsumae

Submarine DC transmission grid

< Wider-area interconnected system master plan >

[Required investment (estimate)]

- **Boost within Hokkaido ▶ about ¥1.1 trillion**
- **Hokkaido – Tohoku – Tokyo (new installation)**
  ▶ About ¥2.5 trillion to ¥3.4 trillion
- **The 2 million kW (capacity) Sea of Japan route is scheduled to be completed by FY2030 (Basic Policy for the Realization of GX)**

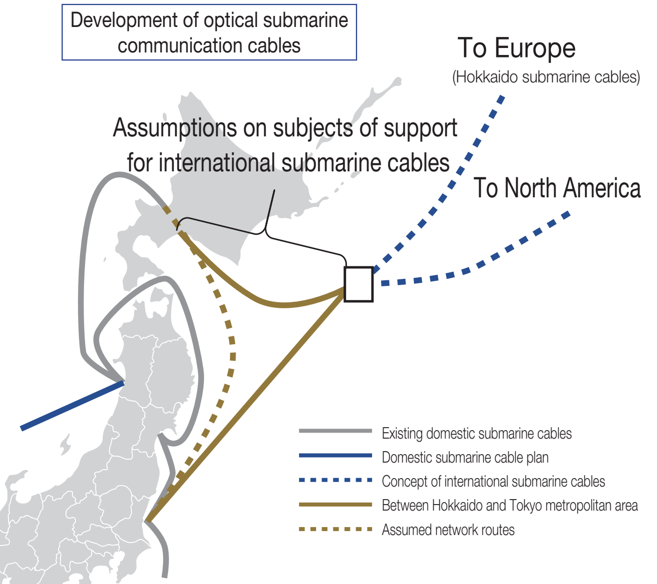


Cumulative total investment in Hokkaido up to FY2034

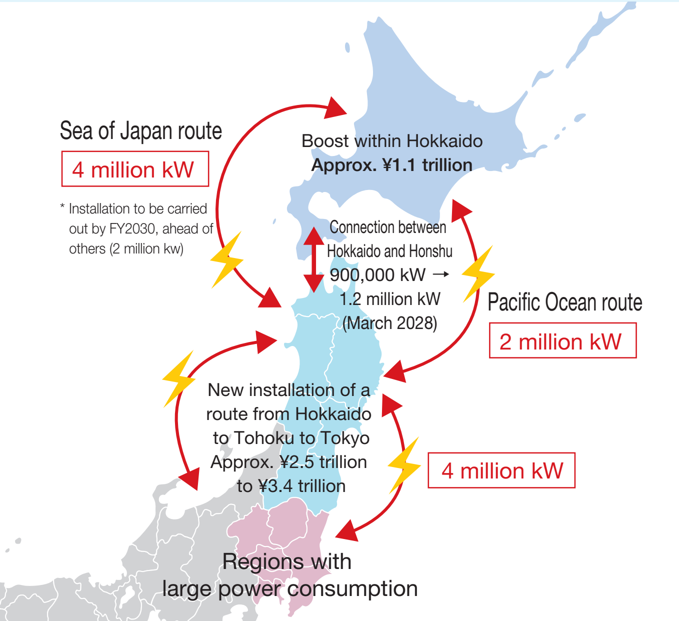
Roughly ¥27 trillion

(Our estimate)

¥1.0 trillion



¥4.5 trillion



Renewable energy (excluding offshore wind energy) ¥2.3 trillion

2030 power generation targets for the following categories

Solar power	2.695 million kW
Onshore wind energy	1.846 million kW
Small and medium hydropower	927 thousand kW
Biomass	558 thousand kW
Geothermal	110 thousand kW

From "The Status of Hokkaido Renewable Main Energy Resources"
Source: Hokkaido Government

Hydrogen and ammonia ¥0.7 trillion

< Basic hydrogen strategy >

- In addition to the target for the introduction of 3 million tons in 2030, the target for 2040 is 12 million tons and for 2050 20 million tons
- A supply chain investment plan of ¥15 trillion (nationwide) over 15 years, involving both the public and private sectors

Storage batteries ¥0.7 trillion

< Storage battery industry strategy >

- Global market trend
  2019 about ¥5 trillion ▶ 2030 about ¥40 trillion
- Locations of storage battery plants (grid-scale storage batteries and regional microgrid storage batteries)

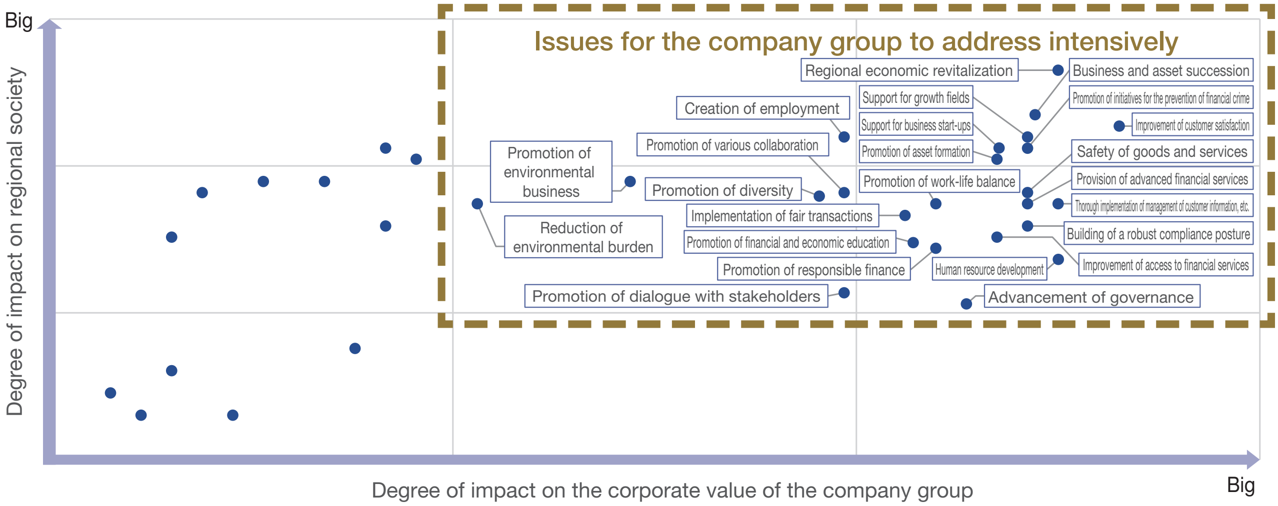
Key sustainability management activity themes

Hokuhoku Financial Group works positively on activities corresponding to issues based on ESG (Environment, Social, Governance) required for the sustainable growth of the company and the SDGs (sustainable development goals) advocated by the United Nations, and established Key CSR Activity Themes on April 1, 2019 to aim for the sustainable development of the company group, regional economy and regional society.

Key theme identification process

Collection of issues	Arrangement in accordance with degree of importance	Final arrangement	Reporting to company group management and approval
We extracted 150 issues with reference to the Japanese Bankers Association SDGs promotion policy, the UN SDGs, the GRI guidelines (standard), SASB sector-specific guidelines, the evaluation items of external ESG evaluation institutions, and the status of other banks.	Based on the results of collection, we extracted 36 items. In addition, we arranged these an order of priority in accordance with their degree of importance from the perspectives of "the degree of impact on regional society" and "the degree of impact on the corporate value of the company group."	We organized 24 items into five themes based on the results of prioritization, and identified these as the key themes.	The company group's Management Committee and Board of Directors approved the key themes to be worked on as the Hokuhoku Financial Group.

Prioritization in accordance with degree of importance



Final arrangement

Management policy	Key issue	Key themes
Prospering together with the region	Regional economic revitalization	Realization of sustainable community
	Promotion of responsible finance	
	Promotion of environmental business	
	Support for growth fields	
	Support for business start-ups	
	Creation of employment	
	Promotion of various collaboration	
	Reduction of environmental burden	
	Promotion of financial and economic education	Improving financial literacy in the region
	Promotion of asset formation	
	Business and asset succession	
Fair and steady management	Advancement of governance	Building a sound and resilient management foundation
	Building of a robust compliance posture	
	Promotion of initiatives for the prevention of financial crime	
	Implementation of fair transactions	
	Thorough implementation of management of customer information, etc.	
	Promotion of dialogue with stakeholders	
Progressive and innovative services	Provision of advanced financial services	Improving convenience for all customers
	Improvement of access to financial services	
	Safety of goods and services	
	Improvement of customer satisfaction	
	Promotion of diversity	Ensuring good work environment leading to better productivity
	Promotion of work-life balance	
	Human resource development	

Hokuhoku Financial Group's key activity themes

Management policy	Key themes		
Prospering together with the region	**Realization of sustainable community**	E S G	
	Contribute to responsible investment and financing as a regional financial institution by promoting constructive dialogue based on issues including SDGs and ESG, stable job creation by actively supporting startup companies and growth companies in the region, and the realization of sustainable local communities by promoting collaboration with local governments and customers		Market strategy centered on business loans P43 Sustainability strategy P47 Regional revitalization strategy P59
	Strive to reduce environmental burden, including promoting the use of renewable energy and reducing greenhouse gas emissions	7 エネルギーをみんなに そしてクリーンに 13 気候変動に具体的な対策を	Sustainability strategy P47
	Improving financial literacy in the region	S	
	Work to improve the financial literacy of customers and children through financial and economic education and financial consulting, and support asset formation and smooth business and asset succession for the future	4 質の高い教育をみんなに	Retail market strategy P61
Fair and steady management	**Building a sound and resilient management foundation**	G	
	Enhance transparency by promoting dialogue with stakeholders, build a stronger management base by enhancing governance, thoroughly managing various risks, and further strengthening compliance	16 平和と公正をすべての人に	Value co-creation with stakeholders P25 Strengthening of group governance P89
Progressive and innovative services	**Improving convenience for all customers**	S	
	Strive to further improve convenience by providing advanced financial products and services that all customers can easily access and use with peace of mind	8 働きがいも経済成長も 10 人や国の不平等をなくそう	Retail market strategy P61
	Ensuring good work environment leading to better productivity	S	
	Work to create rewarding and fulfilling workplaces by promoting the active participation of diverse personnel, promoting work style reform including a balance between work and childcare/nursing care, and developing personnel who will lead the group in the future	5 ジェンダー平等を実現しよう 8 働きがいも経済成長も	Human capital management P65

Value co-creation with stakeholders

The company group is working on the creation of social value, environmental value and economic value in its regions together with all stakeholders, including customers, local society, employees, shareholders and investors.

Customers

Provision of highly convenient, reliable services

We are working on the improvement of digital channels and the improvement of the quality of customer experiences for the improvement of customer convenience and the strengthening of engagement.

Main outcomes

- Expansion of the functions of the bank app and expansion of use: the number of users has broken through one million people
- Comprehensive renewal of the official websites of the company, The Hokuriku Bank and The Hokkaido Bank
- Continuous implementation of NPS surveys aimed at the improvement of customer satisfaction
- Retail market strategy p.61

Employees

The creation of a corporate climate that allows diverse human resources to succeed

We are promoting initiatives towards the cultivation of an organizational culture in which each and every employee can demonstrate their abilities and experience growth.

Main outcomes

- Formulation of a group purpose from the bottom up
- Engagement score = 3.47 (FY 2024)
  *Average evaluation on a 5-point scale (5 being the highest) in the results of an employee engagement survey
- Human capital management p.65

Investors and shareholders

The promotion of a capital policy aimed at the sustainable improvement of corporate value

We build long-term relationships of trust with shareholders and investors and put into practice management focused on the improvement of capital efficiency and the stable return of profits.

Main outcomes

- ROE: 6.05% (FY 2024)
- Acquisition of all preferential stock (April 1, 2025)
- Introduction of shareholder benefit program (from FY 2025)
- Message from the officer in charge of finance p.75

Community

The creation of value through co-creation and mutual aid rooted in the community

We have rolled out multifaceted community contribution activities such as education, sports and disaster support.

Main outcomes	• Number of participants in Noto recovery support activities: 171 people in total (cumulative total for June 2024 - June 2025) • Number of recipients of financial education: 14,490 people in total (FY 2024) • Implementation of sponsorship for local pro sports teams and title matches: 2 cases (FY 2024)

| Municipalities, educational institutions and industry associations |

Strengthening of cooperation and policy responses for the resolution of common issues

We are promoting highly public initiatives based on cooperation with various actors to contribute to the sustainable development of the regions and society.

Main outcomes	• Comprehensive cooperation agreements with municipalities: 56 concluded (cumulative total to FY 2024) • Implementation of endowed courses at local universities • Regional revitalization strategy p.59

| Environment |

Financial and non-financial approaches that support the transition to a decarbonized society

We are working on support for carbon neutrality in the regions and customers' achievement of the SDGs, not just the company's.

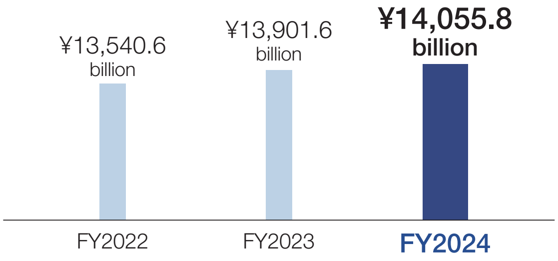
Main outcomes	• Start of operation of "Hokuhoku Solar Park, Shiranuka, Hokkaido," a solar park based on offsite PPA (February 2025) • New construction of branches that have acquired ZEB certification: 3 cases (cumulative total to FY 2024) • GHG emissions (Scope 1, 2): 13.6% reduction compared to FY 2023 • SX/GX-related investments and loans: ¥576.5 billion (cumulative total for FY2022 - FY2024) • Sustainability strategy p.47

Financial highlights

Deposits (Including negotiable certificates of deposit) (two banks combined)

¥14,055.8 billion

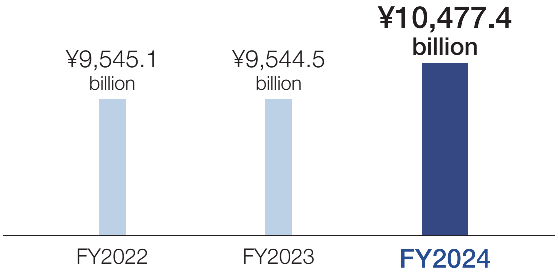
(increase ¥154.1 billion compared to the end of last term)



Balance of loans at term-end (two banks combined)

¥10,477.4 billion

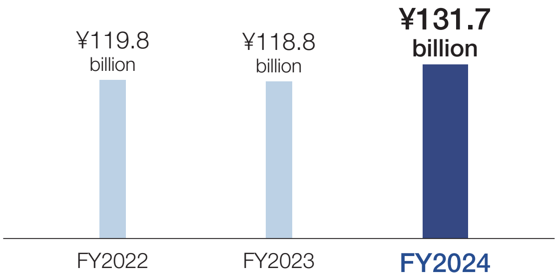
(increase ¥932.9 billion compared to the end of last term)



Core gross business profit (two banks combined)

¥131.7 billion

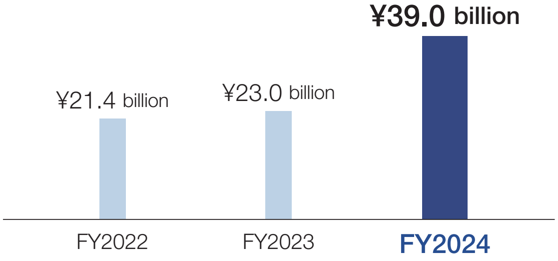
(increase of ¥12.8 billion compared to last term)



Net income attributable to owners of the parent (consolidated)

¥39.0 billion

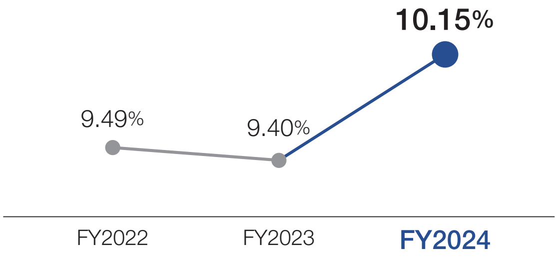
(increase of ¥16.0 billion compared to last term)



Capital adequacy ratio (consolidated)

10.15%

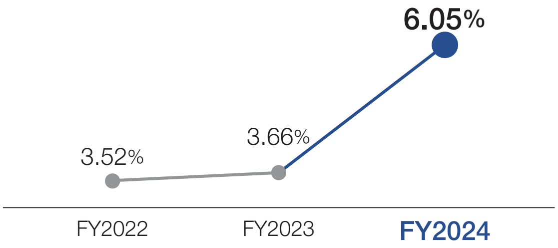
(increase of 0.75 points compared to the end of last term)



Return on equity (ROE) (consolidated) on net income basis

6.05%

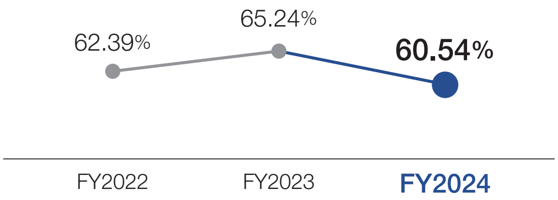
(increase of 2.39 points compared to last term)



OHR (two banks combined) on core gross business profit basis

60.54%

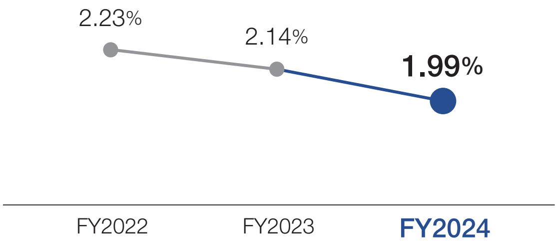
(improvement of 4.70 points compared to last term)



Disclosed claims ratio under the Act on Emergency Measures for the Revitalization of the Financial Functions (two banks combined)

1.99%

(improvement of 0.15 points compared to the end of last term)



Non-financial highlights

Sustainability-related investment (cumulative)

¥680.1 billion

* investments and loans for business partners working towards the achievement of the SDGs, and investments and loans in medicine, health, education, fisheries, agriculture, business establishment, business succession, resilience and the environment

GHG emissions (Scope 1, 2) reduction result

▲13.6%

* Compared to FY2023

Number of cases of realized Hokuhoku cooperation

1,645 cases

* Initiatives that contribute to the resolution of customer's problems through the cooperation of the two banks (co-financing, business matching, etc.)

Accumulation-type product contracts

156,231 cases

Female manager ratio

25.2%

Number of qualified employees

2,455 people

* Total of employees with 1st grade FP or CFP qualifications and employees with IT passports

Rating information

Rating company	Rating	Acquired company
R&I (Rating and Investment Information, Inc.)	A	Hokuhoku Financial Group, Inc. The Hokuriku Bank The Hokkaido Bank
S&P	A－	The Hokuriku Bank

A "rating" is a device with which a rating company, a third-party organization with no relationship of interest, expresses a company's creditworthiness and ability to meet obligations using a concise symbol. The company, The Hokuriku Bank and The Hokkaido Bank have each acquired an "A" rating from R&I, meaning we have been evaluated as having high creditworthiness. Further, The Hokuriku Bank has also acquired an "A- " rating from S&P.

External evaluations

プラチナくるみん

プラチナくるみん

女性が活躍しています！

2025
健康経営優良法人
ホワイト500

Initiatives for value creation

Toyama Prefecture: Daikanbo

The thoughts put into "NEXT STAGE," our medium-term management plan

Yuji Kanema

Representative Director and
Deputy President

The company group started "NEXT STAGE," our new medium-term management plan, from April 2025. Based on our vision of the region, we clarified the vision we will strive for and put together the measures and targets that we will work on over the next three years towards realizing that.

The company group welcomed the 20th anniversary since integration last year and we punched out the "three engines driving strategy" that make up the core of our plan by backcasting from our vision rather than forecasting the future on an extended line from the past. I think that thinking through "how we will create what kind of value for who" while questioning our own reason for being again and assuming changes in society and the region will connect to the sustainable improvement of corporate value.

Regional potential

Although the Noto Peninsula is still recovering from the earthquake that occurred in January 2024 and the torrential rain in Oku-Noto of September the same year, the economy of the Hokuriku region overall has made a gradual recovery. It has a leading industrial cluster on the Sea of Japan side of the country, with many companies that possess world-class technology, and capital expenditure of about ¥3 trillion (our estimate) is expected in the three Hokuriku prefectures in the period to fiscal year 2027. The company group will use its relationships of trust with its customers in the region and its ability to resolve issues to focus on support for the growth of the region overall and the expansion of market share.
Hokkaido is one of the regions attracting the most attention at the moment. Rapidus, which is aiming for the mass production of cutting-edge semiconductors, has moved into Chitose City, and capital expenditure in related areas to fiscal year 2034 is expected to reach ¥7.7 trillion. In SX and GX-related fields including offshore wind energy and other renewable energy, data centers and the submarine DC transmission grid, a cumulative total of about ¥27 trillion is expected so the region has big potential to lead the SX and GX of Japan.
Demand for funds has already been generated in association with the building of supply chains and urban development in neighboring regions. During the period of the medium-term management plan (fiscal year 2025 to fiscal year 2027), we expect about ¥5 trillion of SX and GX-related investments and loans, and the company group will carry out investments and loans targeting ¥1 trillion including peripheral demand.
We also have a customer base cultivated through many years of transactions in the three big cities of Tokyo, Osaka and Nagoya. We will strengthen structured finance by assigning dedicated personnel to connect to new business in the SX and GX-related in Hokkaido, not just the metropolitan areas.
I think this is a phase during which we will be able to use more than ever before our strengths as a wide-area financial institution and the scale merits of having the fifth largest assets of any regional bank group.

The three engines driving strategy

We have systematized our value creation policies over the next three years as the three engines driving strategy based on the potential of our regions. The respective themes are different, but they are all imbued with the common idea that we will "realize our own transformation and the improvement of corporate value starting from the issues of our regions and customers."

1. Deepen our problem-solving capabilities through the integration of financial and non-financial elements

The first engine is "deepening our problem-solving capabilities through the integration of financial and non-financial elements." The environment surrounding our regions is currently in a vortex of diverse structural changes including population decline, changes in industrial structure, and responding to decarbonization and digitalization. At the same time that such changes are great challenges for regional companies, they could also be opportunities for growth.
In all areas, the Hokuriku region, Hokkaido and the three big cities, "business loans" will form the core of our market strategy. Rather than simply supplying funds, we will conceive and give form to strategies and business reform aimed at growth together with customers while fusing our financial and non-financial knowledge, after gaining deep understanding of our customers' business and management

issues. We are aiming to increase the business loans balance of the group as a whole by more than ¥600 billion through measures corresponding to region-specific needs.

In addition, “sustainability strategy” also plays an extremely important role. We have entered an age in which the resolution of environmental and social issues such as regional decarbonization, the GX of industry and the local production and consumption of energy should no longer be grasped as a “risk that should be addressed” but rather “an opportunity that will create value.” We will use all means available from such a perspective, including finance, consulting and alliances, to contribute to the sustainable development of regional society.

What will be even more important here is our “regional revitalization strategy.” I would like to create an ecosystem capable of solving problems and foster regional “earning power” that can compete globally. How will we revitalize a prime area while regional population decline continues? How will we continue to increase per-capita income, the related population including people who want to support the regions and the non-resident population such as non-Japanese people visiting Japan? We will work on the promotion of tourism, support for start-ups and other measures from a medium to long-term perspective.

2. Solidify the management base that supports sustainable growth

The second engine will be to “solidify the management base that supports sustainable growth.” While the competitive environment in financial services increases in severity, day-by-day business reform will be essential to be a presence that continues to be chosen. In particular, we have positioned retail market strategy in this plan divided into two sectors.

The first is the improvement of convenience of customer contact points. In other words, the creation of an environment in which customers can receive stress-free services regardless of time, place or means. I am aware that initiatives for the expansion of digital channels, the strengthening of app functions and the optimization of branches are issues that should be rebuilt from the perspective of the consumer.

The second is the provision of one-stop solutions after clarifying segments. We will aim to provide services based on deeper understanding of customers by segmentalizing customers appropriately and carrying out marketing in accordance with their respective characteristics and needs.

In particular, we will use our consulting functions and expertise within the group, and improve our comprehensive proposal capabilities in domains such as asset management, inheritance and real estate to respond to rising asset management needs centered on the wealthy. In combination with that, we will build medium to long-term relationships of trust by expanding our contact points with an even wider range of customers based on multi-faceted approaches using both digital and face-to-face means.

3. Institutionalize a corporate culture where diverse human resources play an important role

The third engine is the “institutionalization of a corporate culture where diverse human resources play an important role.” It is “people” who promote the strategies of the corporate group. Among our management resources, those that continue to generate value from a long-term perspective are human capital, and a corporate culture that draws out the capabilities of human capital will determine the sustainability of growth.

Under this plan, centered on human capital management, we will focus on the development of the capabilities of each and every employee, career support and organizational management that uses diversity. In particular, we will aim for “an organization that can produce results” through measures such as the development of next-generation human resources, the empowerment of women and the improvement of engagement. In addition, I am convinced that establishing these measures as our corporate culture without allowing them to end transiently, and fostering a climate in which the air of welcoming challenges is generated naturally will be the foundation for our growth from now on.

Backcasting from the "vision of the region"

The three engines driving strategy have not been lined up on an extended line from the past or present. They are strategies that we elicited by anticipating the future social structure and customer needs from the vision of the region and the ideal state of the company envisioned by the company group.

While structural issues such as population decline, aging and the hollowing out of industry will deepen, different potential is inherent in each of the Hokuriku region, Hokkaido and the three big cities, such as a rich natural environment, a diverse industrial base and the human resources to lead the next generation. While taking advantage of these strengths, we conceived a sustainable future image of regions of vitality, including "a region full of richness and vitality," "an affluent region supported by vibrant local industries" and "an advanced SX and GX region," to establish the issues that we should work on from now on and the direction of our challenges.

At the same time, changes to the company itself are also pressing. Having welcomed the landmark twentieth anniversary of our management integration, we will advance to the next stage while making the management resources, network and relationships of trust we have built up to this point our foundations. By acquiring all preferential shares in the company in April this year, the flexibility and mobility of our capital policy have increased. Grasping such a landmark for the company and environmental changes as a positive opportunity, we will accelerate our evolution as "a company group that grows together with its regions."

The title of the medium-term management plan, "NEXT STAGE," is imbued with that will of ours. It is also a journey during which we will face the more substantial question of "what kind of society we will contribute to, and what kind of company we will be in providing value." In an age of rapid change, we will reconsider ourselves from the perspective of the near future, looking back toward the present, rather than swinging between joy and sorrow over the results before our eyes. By continuing to hold that perspective, we will work on new value creation together with our regions and customers while depicting the path of transformation.

Reflections on the previous medium-term management plan

Under the previous medium-term management plan that raised the slogan "Go forward with Our Region," we advanced initiatives under six priority strategies including the improvement of our consulting capabilities, the improvement of productivity by promoting DX, and taking on the challenge of new business areas such as the environment towards the realization of our long-term vision of "Sustainable growth together with local communities and customers through problem solving." While facing big changes in the external environment during the plan period, including increases in interest rates both in Japan and overseas, we managed to achieve our priority indicators in general through reviews of our portfolio and the certain execution of each strategy. On the other hand, issues that we should work on remain with regard to the points of the upgrading of customer needs and the further concentration of resources in growth areas, as well as the greater sophistication of the use of human resources, which we have positioned as key themes in the next plan.

Results of initiatives during the previous medium-term management plan

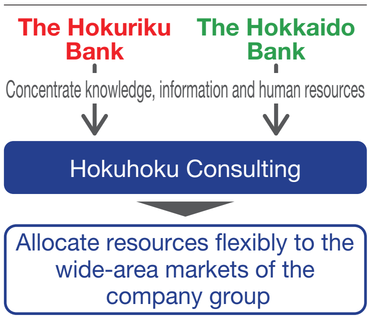
The strengthening of comprehensive consulting ability

We worked on the strengthening of our consulting functions to provide optimal solutions in response to the management issue of customers becoming more diverse and sophisticated, and their life stages. Initiatives to both deepen our expertise and improve our ability to respond increased our ability to execute issue resolution-type proposals and led to the improvement of our financial intermediary function and the creation of new revenue opportunities.

- **The strengthening of corporate consulting**

We have concentrated the knowledge and resources of the group to roll out accompanying support in accordance with the growth stage of companies. Hokuhoku Consulting, which started business in fiscal year 2024, provides a wide range of consulting services centered on highly expert domains such as M&A, business succession and management consulting, and has built up its number of contracts steadily. This initiative is also the foundation for "deepening problem-solving capability" under the current medium-term management plan, and we are realizing the deepening of our solution provision capabilities by connecting to business loans and other financial support as well starting from consulting, which includes non-financial areas.

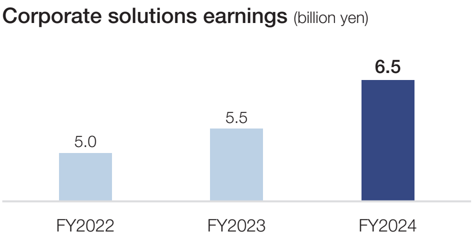
Promotion framework

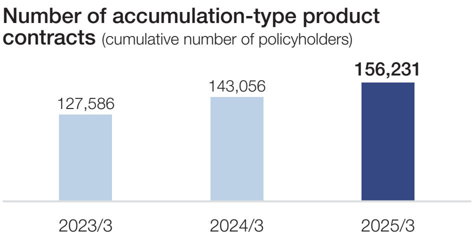


- **The strengthening of individual consulting**

We have advanced the enhancement of our management system and product lineup to realize the optimal proposals corresponding to the life stages and needs of each and every customer, from asset formation to succession measures. In fiscal year 2024, The Hokkaido Bank started trust business as an agent of The Hokuriku Bank, and established a system for both banks to share the roll out of succession-related services as "Hokuhoku testamentary trust." We not only built a scheme that allows us to respond to needs such as testamentary trusts, which we have outsourced externally until now, completely within the group and enabled proposals related closely to customers' lives, but implemented an initiative that will lead to the maintenance and expansion of deposits and customer base.

Main KPI





Initiatives in the environmental field

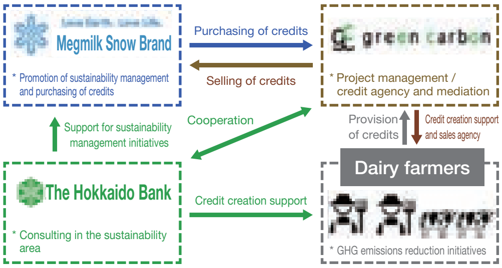
We established SX Promotion Department in 2023 and have promoted initiatives linking decarbonization support for the company, customers and the region with the handling of the TCFD recommendations. We enhanced our sustainable finance product lineup and established an environment in which diverse customers including small to medium-sized enterprises can procure funds in accordance with international standards. Furthermore, in addition to “Hokuhoku Solar Park, Osawano, Toyama,” the first offsite corporate PPA by a regional bank, we also started operating “Hokuhoku Solar Park, Shiranuka, Hokkaido,” and with this and other measures, have focused on the use of renewable energy.

• Regional SX support

We are advancing cooperation and collaboration with local governments and various groups positively towards the improvement of regional sustainability.

Continuing from FY2024, The Hokuriku Bank was entrusted with the “Fiscal Year 2025 Toyama-type GX Promotion Project” put out to tender by Toyama Prefecture, and is promoting initiatives that will contribute to the decarbonization of regional companies in cooperation with Toyama Prefecture.

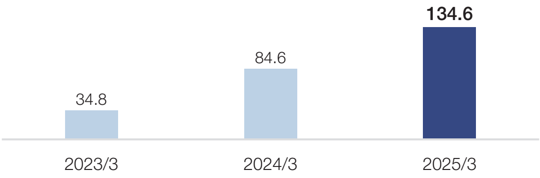
The Hokkaido Bank is cooperating with Megmilk Snow Brand Co., Ltd. and Green Carbon Inc. to work on the use of dairy farming-derived credits aiming for contributions to sustainable dairy farming production in Hokkaido.



• SX support for customers

We have focused on the improvement of sustainability through support for customers’ SX and GX. In particular, we prepared financial products matched to business partners’ needs, such as the Hokuhoku Sustainable Finance PIF-type products that we started handling from March 2023, and the Hokuhoku Sustainable Finance SLLFW-type products that we started handling from November 2024, thereby establishing and providing an environment in which it is easy for not only large companies, but also for medium-sized companies and small and medium enterprises to procure sustainable finance in accordance with international standards.

Cumulative total of Hokuhoku sustainable finance executed (billion yen)



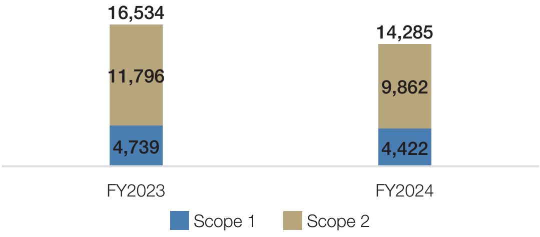
• Decarbonization of the company

We are advancing initiatives for reductions having established the long-term target of making the company’s Scope 1, 2 GHG emissions net zero by fiscal year 2030.

We are considering the introduction of advanced measures positively with awareness of initiatives for decarbonization that will lead the region. Following on from “Hokuhoku Solar Park, Osawano, Toyama,” the first offsite corporate PPA by a regional bank, which started operating from September 2023, “Hokuhoku Solar Park, Shiranuka, Hokkaido,” started operating from February 2025. In addition, from fiscal year 2025, we will also introduce a virtual PPA, the first by a regional bank.

With regard to our CDP score too, we have acquired a “B” score for three consecutive years.

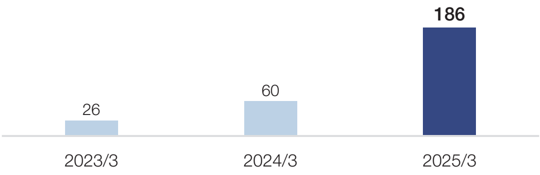
Trend in Scope 1, 2 GHG emissions of the company (t-CO_2)



• Development of SX human resources

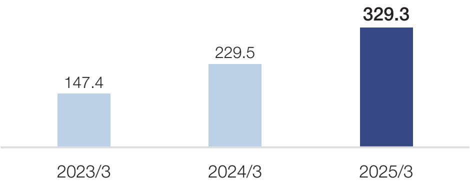
The development of human resources is the most important thing to implement the sustainability management of the company and strengthen SX support for customers. The company group is strengthening and working on training programs towards the development of SX human resources. In fiscal year 2024 in particular, we enhanced FG sustainability promotion trainees aimed at increasing the core and mid-level SX human resources defined by the company group.

SX human resources (core/mid-level) (people)

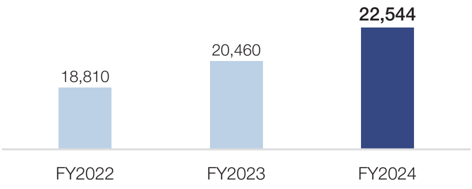


Main KPI

Environment-related investments and loans
(cumulative / billion yen)



Number of people who have taken financial, economic or SDGs-related educational courses (people)



Reflections on the previous medium-term management plan

Promotion of DX

We have worked on the DX of the group overall aimed at the realization of higher quality customer contact and proposals through the provision of familiar financial services that are easy for customers to use and the streamlining of work using digital power. In addition to establishing DX Promotion Department, which is responsible for strategy planning and the certain execution of measures, and implementing business process reform in fiscal year 2023, we are advancing initiatives so that customers and everybody in the region can actually feel the changes in the company group’s services.

• The strengthening of banking app functions

We integrated the app that previously existed independently as the “account opening app” into the banking app at The Hokuriku Bank in March 2024 and at The Hokkaido Bank in November 2024 aimed at the enhancement of app functions and the improvement of convenience. We are pursuing UI/UX for a screen composition that makes it “easy to apply” and “easy to use,” and aiming for the provision of services that customers can use more conveniently and comfortably.

Number of account openings via non-face-to-face channels and via the app

About 1.5 times

* Result for FY2024 (compared with last FY)

• Introduction of the new sales support system

We rebuilt the respective work-based systems into a system optimized overall that grasps work cross-sectionally, aimed at the improvement of proposal capabilities in negotiation work and raising the level of sales capabilities, streamlining operations, and introduced it in May 2025. By renewing these systems into a system that allows the management of sales activities, customer information and loan work all at once, and providing careful, high quality services as a result of creating time for negotiation activities, we will realize the “Deepening problem-solving capability” of the current medium-term management plan.

Streamlining due to a system with single input and multiple output will create time for negotiation activities.

• Use of generative AI

The Hokuriku Bank has rolled out internally and is using the “Third AI Open AI Service” of SoftBank Corporation. It has built a system by establishing a dedicated team, and by sharing good examples, etc., internally, will aim for the further promotion of use and streamlining of work. In addition, we are advancing consideration of its introduction to the group as a whole and aiming for the streamlining of the organization overall.

State of use in March 2025

Average number of chats

475.2 times/day

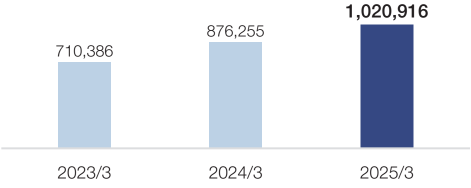
(+61.3 times/day compared to previous month)

Scenes of use

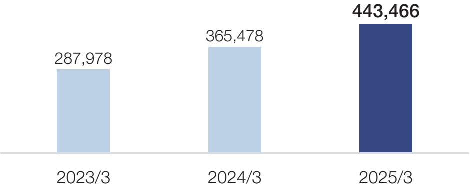
- Support for the preparation of internal approval memos and materials
- Support for role playing
- Bank FAQ, etc.

Main KPI

Number of IB/app contract holders
(cumulative number of contract holders)



Number of web accounts
(cumulative number of accounts)



Well-being work style

We have raised "Developing human resources who lead value creation by connecting communities and business partners" after enacting our "policy on human capital management initiatives" and worked on human capital management throughout the group as a whole. As specific actions, we implemented the "creation of human resources in strategic areas," "human resource development," "strengthening of recruitment," "DE&I promotion," "a corporate culture that encourages challenges" and "realization of well-being" and have advanced initiatives with awareness of balance after establishing targets through backcasting from the levels we should achieve in five years' time.

• Female career development — introduction of the corporate negotiation career program —

The company group introduced the "corporate negotiation career program" as an initiative to support the diverse career formation of female personnel. Previously, female personnel were active in work centered on administration and individual negotiations, but opinions that they wanted to take on the challenge of corporate negotiation work have increased in recent years so we established a systematic support framework to carry out training, OJT and re-assignment in an integrated way in a form corresponding to those opinions. By acquiring the required skills and knowledge gradually on this program, we have built a system that allows inexperienced personnel to transition seamlessly to the corporate area. By establishing an environment within which it is easy to take on challenges, we will expand the range of hiring of female managers and connect it to raising the level of the sales capabilities of the organization overall. From now on, we will continue to create an environment in which diverse human resources can demonstrate their capabilities to the maximum.

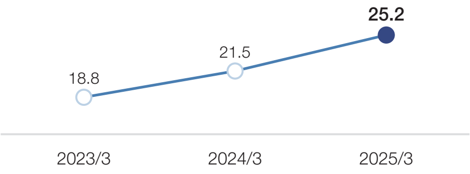
• Human resource development and support for career formation

The company group clearly defined "DX human resources," "consulting human resources" and "SX human resources" linked with the priority strategies in the previous medium-term management plan and established a development system in accordance with the respective areas and skill levels. By providing systematic training, OJT and self-improvement support for personnel looking for a challenge in expert areas, we are promoting individual career autonomy and strengthening the foundations of the human capital that will support the sustainable growth of the company group.

Based on such initiatives, as of the end of March 2025, we have realized the creation of a certain number of the human resources responsible for the core of various areas (core and mid-level) with 228 DX personnel, 2,005 consulting personnel and 186 SX personnel. From now on, we will transition to a phase aiming that accelerates the speed of development and maximizes the level of contribution of each human resource in actual work.

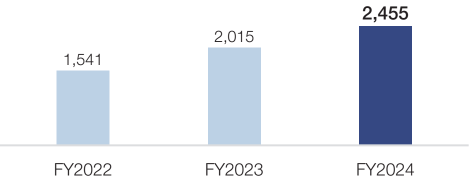
Main KPI

Female manager ratio (%)



Number of qualified employees

(cumulative number of people)



* Total of employees with 1st grade FP or CFP qualifications and employees with IT passports

Reflections on the previous medium-term management plan

Strengthening group comprehensive capabilities

We have provided optimal solutions for the diverse issues of our regions and customers using our sales network extending across the Hokuriku region, Hokkaido and the three big cities, and the strength of having diverse business subsidiaries in areas such as leasing, securities, cards and software development. We welcomed the twentieth anniversary of the group's integration in 2024 and apart from completing the Hokuhoku Sapporo Building that symbolizes our fusion and cooperation, we advanced group management with a sense of unity in both the functional and symbolic aspects, including newly establishing Hokuhoku Consulting aimed at the provision of unified group corporate consulting, and making Hokkaido Lease an equity method affiliate of The Hokkaido Bank. From now on, we will connect the group's internal resources organically and contribute to the improvement of corporate value and the development of the regional economy through the further strengthening of comprehensive proposal capabilities that transcend the finance-non-finance framework.

• Completion of the Hokuhoku Sapporo Building

We completed the construction of the Hokuhoku Sapporo Building as the new symbol tower of the company group in February 2024. In addition to the headquarters functions of The Hokkaido Bank, this building is where The Hokuriku Bank's Sapporo Branch and multiple group companies are concentrated, and is a base that improves work efficiency and strengthens cooperation. It also plays the roles of strengthening the presence in Hokkaido of the company group, which develops its business over a wide area, and hub functions for the deepening of relationships with the region and the creation of new business.

• The new establishment of Hokuhoku Consulting

We newly established Hokuhoku Consulting as a wholly-owned subsidiary of the company group in May 2024. Its main business is corporate consulting on M&A, business succession and management, and it provides expert services by bringing together the know-how that The Hokuriku Bank and The Hokkaido Bank have cultivated to this point and assigning resources flexibly to areas of need, thereby contributing to the development of the regional economy through the resolution of the various issues faced by customers in the region.

[Ideal situation]

Enhance earnings power
Strategic shift system
- Optimal resource allocation
- Win orders from businesses other than banks

Strengthening of organizational structure
Diverse career design
- Recruitment of external human resources
- Highly specialized services

Improvement of the quality of services
Sharing and expansion of know-how
- Increase and reinforce matching projects for both banks
- Roll out management consulting throughout the region

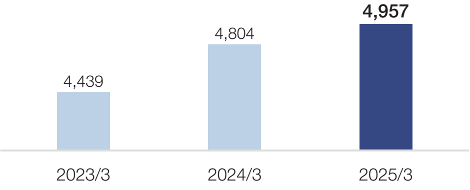
Human resource integration and driving power boost
Building of One Team
- Group integration
- Integrate and deploy specialized personnel and knowledge

• Conversion of Hokkaido Lease into an equity method affiliate

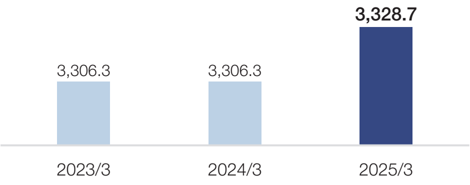
The Hokkaido Bank made Hokkaido Lease an equity method affiliate in October 2024. By doing so, in addition to the strengthening of lease business proposal capabilities and mobility in Hokkaido, it also further increased its ability to handle support for capital investment by corporate customers and the funding needs to regional companies. It has realized detailed handling capabilities rooted in the region and the expansion of its sales network, and led to the greater sophistication of lease functions and the strengthening of proposal capabilities.

Main KPI

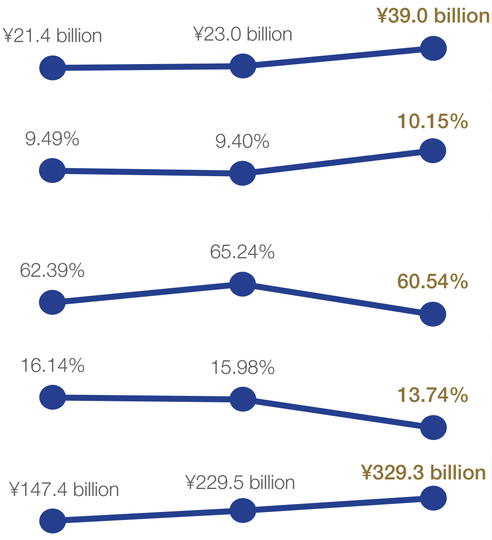
Number of Hokuhoku Tokai Tokyo Securities customers (customers)



Hokkaido area loan balance (billion yen)



Crucial indices



Crucial indices	FY2022 results	FY2023 results	FY2024 results	FY2024 plan	Evaluation
Consolidated net income	¥21.4 billion	¥23.0 billion	¥39.0 billion	Over 25.0 billion yen	○ Profit landed significantly above the plan due mainly to capital profit increasing as a result of the strengthening of loans and the improvement of yields.
Consolidated capital adequacy ratio	9.49%	9.40%	10.15%	Higher 9% range	○ Both profitability and soundness improved due to risk asset control with awareness of RORA.
OHR	62.39%	65.24%	60.54%	Higher 60% range	○ Although expenses increased due to flexible strategic investment, OHR decreased due to topline improvement.
Non-interest revenue ratio	16.14%	15.98%	13.74%	16% level	△ The non-interest revenue ratio decreased relatively due to an increase in net interest income. We will aim for the expansion of service profits through the strengthening of human capital.
Actual environment-related investments and loans (cumulative)	¥147.4 billion	¥229.5 billion	¥329.3 billion	210.0 billion yen	○ investments and loans landed significantly above the plan due to the improvement of both the quantity and quality of proposals due to the augmentation of SX human resources.

Challenges related to key strategies and upcoming initiatives

Key strategies of the previous Medium-term Management Plan	Challenges	Themes and directions of initiatives	Engines Driving the Sixth Medium-term Management Plan Strategy
Improvement of comprehensive consulting ability	• Respond to the diversification of the needs of small and medium-sized enterprises. • Increase contact with customers.	• Expansion and reinforcement of product offerings tailored to customer segments • Enhancement of touchpoints through optimal personnel assignment	**Deepen problem solving capability** through the integration of financial and non-financial elements
Initiatives in the environmental field	• Growing social demand for decarbonization • Sophistication and diversification of customer needs	• Proactive involvement in SX and GX in the region • Stepping up the development of SX and GX talent	
Strengthening group comprehensive capabilities	• Low level of contribution to earnings by group companies • Coordination within the Group for information sharing	• Strategic injection of management resources into group companies such as Hokuhoku Consulting Co., Ltd. • Sharing of know-how within the Group and enhancement of expertise	
Promotion of DX	• Sophistication of the functions of service counters and ATMs • Improvement of customer convenience	• Improvement of the convenience of branches and ATMs and increased efficiency of administrative work • Enhancing the functions of non-face-to-face channels	**Solidify the management base** that supports sustainable growth
Strengthening of group governance	• Respond to the sophistication of corporate governance	• Initiative for capital allocation • Reduction of cross-shareholdings and enhancement of shareholder returns	
Realization of well-being work style	• Lack of skills in strategic areas • Enhancement of engagement that leadsto the retention of human resources	• Formation of human resource portfolio • Establishment of systems and environments that contribute to career development	**Institutionalize a vibrant corporate culture** where diverse human resources play an important role

The Sixth Medium-term Management Plan (April 2025 to March 2028)

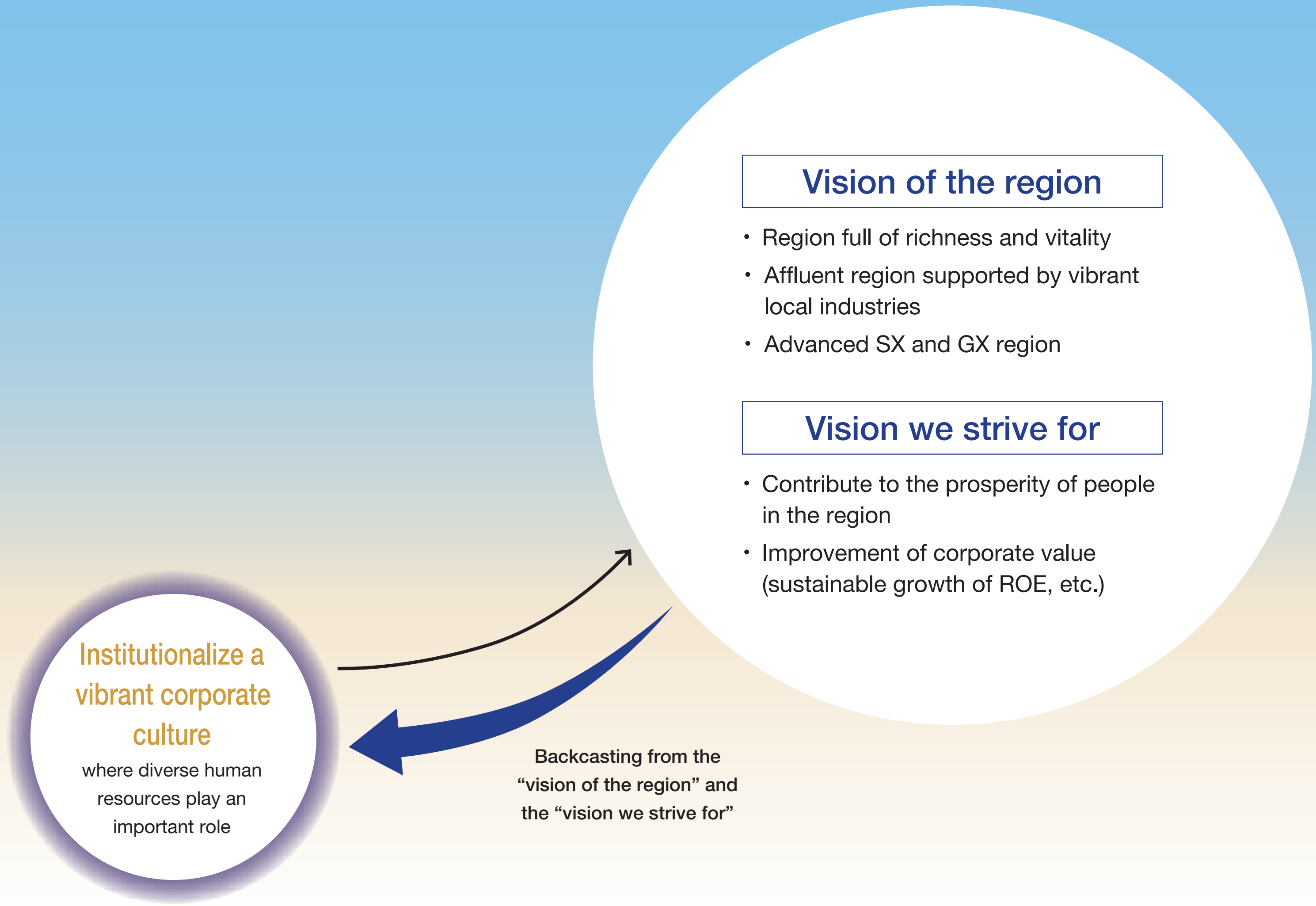
The Sixth Medium-term Management Plan is positioned as a “period to realize both problem-solving for the region and our customers and the enhancement of our corporate value” and will advance from the “challenge” of the previous plan to the stage of “realization.” We welcomed the landmarks of the twentieth anniversary since our FG integration and the acquisition of all preferential shares, and raised “NEXT STAGE” as the name for the plan, imbuing it with the will to advance to the next stage of growth.

The Hokuriku region, Hokkaido and the three big cities, which are the company group’s major sales areas, each have unique regional potential and hold potential for further growth. Anticipating the future of such regions, the company group designed strategies by backcasting from its “vision of the region” and the “vision we strive for,” and formulated its three-year plan towards the realization of the creation of sustainable value. We will execute these strategies with certainty and move forward towards the next stage together with our regions.

“NEXT STAGE,” our new medium-term management plan

Engines driving strategy

Engine	Strategy		KPI
Deepen problem-solving capability	Market Strategy Centered on Business Loans	We will aim to connect the strategy to the creation of new demand for funds and start a virtuous circle characterized by the expansion of both market share and regional potential.	• Fund supply function (business loan balance) • Number of solution support cases (cumulative total during period) • SX and GX-related investments and loans (cumulative total during period)
	Sustainability Strategy	Position SX and GX as a strategic core and lead the region and our business partners	
	Regional Revitalization Strategy	Create an ecosystem capable of solving problems and foster regional “earning power” that can compete globally	
Solidify the management base	Retail Market Strategy	We will aim for the further pursuit of customer convenience for both brick-and-mortar and web-based channels Clarify segments and expand group-wide one-stop solutions	• Deposit balance • Asset formation support (outstanding balance of assets under custody) • Number of app users • Reduction of cross-shareholdings (ratio against consolidated net assets)
Institutionalize a vibrant corporate culture	Human capital management	Increase the volume and quality of the talent pool and build a human resource portfolio that is linked with management strategy.	• Solution-oriented talent • Number of mid-career hires (cumulative total during period) • Female manager ratio • Engagement scores



Vision of the region

- Region full of richness and vitality
- Affluent region supported by vibrant local industries
- Advanced SX and GX region

Vision we strive for

- Contribute to the prosperity of people in the region
- Improvement of corporate value (sustainable growth of ROE, etc.)

Institutionalize a vibrant corporate culture

where diverse human resources play an important role

Backcasting from the "vision of the region" and the "vision we strive for"

(FY2024 results)	(FY2027)
¥4.4 trillion	¥5.0 trillion
600 cases	2,200 cases
¥576.5 billion	¥1.0 trillion
¥14.0 trillion	¥15.0 trillion
¥2.4 trillion	¥2.8 trillion
1,020,000 people	1,400,000 people
24.0%	Less than 20%
2,121 people	2,400 people
116 people	250 people
25.2%	30.0%
3.47	At least the same level as the previous year

Management indicators

Plan item	FY2024 (results)	FY2027 (last FY of the plan)	Long-term goals (10 years' time)
ROE	6.05%	8% level	10%
Consolidated net income	¥39.0 billion	¥55.0 billion	¥80 billion
Capital adequacy ratio	10.15%	10% level	10 - 11% range
OHR*	60.54%	50% level	About 50%

* Two banks combined

Deepening problem-solving capability

Market Strategy Centered on Business Loans

Description of strategy

The company group has positioned business loans at the core of its market strategy to support the challenges of regional companies on the financial front. By understanding our customers' businesses deeply and making proposals that lead to accompanying support for growth strategies and the resolution of management issues rather than simply providing funds, we aim for both the revitalization of the regional economy and the sustainable growth of the company.

The ideal situation and strategic direction

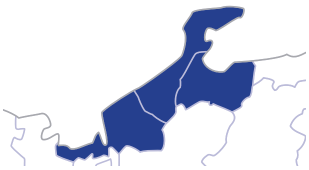
- ■ We maximize revenue opportunities through strategic market approaches corresponding to the characteristics of the region and customers.
- ■ We demonstrate advanced consulting functions to contribute to business growth and the resolution of regional issues.
- ■ We invest resources focused on areas with growth potential in the medium to long-term to build sustainable revenue foundations.

Specific initiatives

Deepening of strategic market approaches

The company group is developing its business in the Hokuriku region, Hokkaido and the three big cities, regions with different characteristics, and has determined its market strategy in accordance with each respective region. By deploying key strategies based on the economic structure of each region and customer characteristics, the company group has deepened value provision through business loans and realized sustainable growth together with the regions.

Hokuriku



Towards the establishment of an overwhelming presence

We are cultivating the market deeply and strengthening our stable revenue base against the backdrop of a certain customer base rooted in the regions and high market share. We will advance the strengthening of touchpoint and proposal abilities across the organization, such as the creation of human resources and the strengthening of consulting functions to increase our issue resolution capabilities further, and the enhancement of the sales support system by headquarters.

- ●Enhance touchpoints both through the development of those who will be tasked with solving problems and via the head-office support center
- ●Improve our proposal-making ability in consulting by fostering human resources in strategic fields
- ●Expand, improve and upgrade consulting offerings

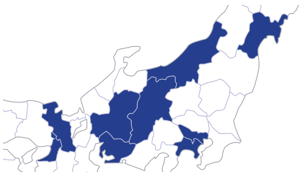
Hokkaido

Support for new industries and the building of a platform for growth

While markets with lots of room for growth are expanding centered on the central area of Hokkaido, the handling of new management themes such as SX and GX has also become a pressing need. We will create long-term revenue opportunities through the development and concentrated input of expert human resources and the maximization of internal group synergies to respond to this.

- ●Develop SX and GX talent and concentrate the allocation of resources on central Hokkaido.
- ●Expand the business domain of Hokuhoku Consulting Co., Ltd, to leverage synergies throughout Hokkaido

Three big cities, etc.



Maximum use of customer base and strategic personnel assignment

Flexible and highly professional handling corresponding to a rapidly changing business environment is required while we continue to make a deep customer base built through transactions over many years and the size of our market scale our strengths. The company group will maximize profitability in metropolitan areas through the provision of finance schemes using the group's comprehensive abilities, the strengthening of its handling of the wealthy and other high added value sectors, and the building of a sales system specializing in new development.

- ●Boost structured finance
- ●Provision of strategic products and services to the wealthy and company owners
- ●Consideration of a dedicated system for new development and flexible base placement

The advancement of consulting functions and value creation

The company group is working on the strengthening of consulting functions towards the revitalization of the regional economy through the resolution of companies' issues and support for growth. We have established a diverse menu able to respond to all corporate growth phases, including the planning of management strategies, streamlining of work, fund procurement and support for digitalization, and are providing highly effective support in accordance with the actual circumstances of regional companies. We are deploying these services while cooperating based on the roles that each group company plays and specialist fields to realize comprehensive consulting that transcends the finance-non-finance framework.

In addition, using such consulting as an opportunity, we are also focusing on loan proposals grasping funding needs for capital investment and business rebuilding accurately. We will connect to the improvement of customers' corporate value and the expansion of revenue opportunities for the company group through financial support starting from the resolution of issues.

The deepening of relations through support and the expansion of revenue opportunities

Issue resolution

We are providing effective solutions for customers' individual issues. This leads to the building of medium to long-term relationships of trust and the continuous creation of proposal opportunities.

Financial support

We are providing flexible financial services corresponding to management issues and growth strategies and supporting companies' stable business management and new challenges.

Business succession

We are supporting smooth successions and contributing to the sustainable growth of companies. We are aiming for the deepening of long-term relationships through multifaceted support after successions too.

Business growth

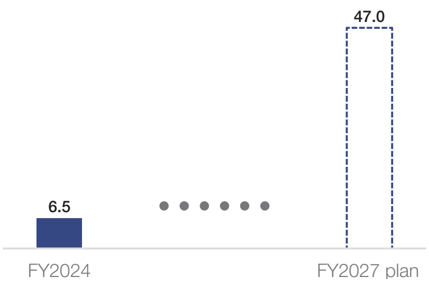
We are providing support corresponding to the growth stage to boost the strengthening of management foundations and the improvement of competitiveness. The needs generated from such support are leading to new business opportunities.

● The promotion of LBO loans

M&A needs are expanding against the backdrop of the non-existence of business successors and the diversification of growth strategies. Based on such trends, we are cooperating with partners and Hokuhoku Consulting to provide total support for the series of processes related to M&A.

In particular, for funding needs after the execution of M&A, specialist departments are leading the strengthening of the system that proposes and provides finance schemes based on the feasibility and risk characteristics of business plans.

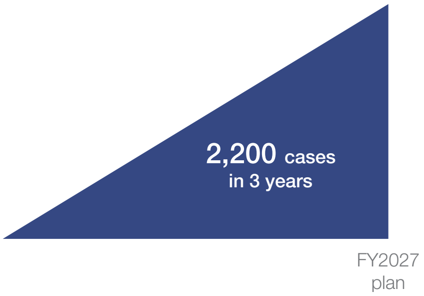
Amount of LBO loans (cumulative total) (Unit: billion yen)



● Expansion of the business areas of Hokuhoku Consulting

Since starting business in July 2024, Hokuhoku Consulting has rolled out diverse support in the Hokuriku region centered on the three areas of M&A, business succession and management consulting. In addition, in Hokkaido, since the start of operations, it is advancing initiatives in the M&A and business succession areas, and in future will establish a system towards a full-scale rollout in the management consulting area while using the knowledge it has cultivated in the Hokuriku region. The creation of revenue in non-financial areas is progressing steadily while contracts are being accumulated steadily, and we will aim for sustainable revenue growth in consulting business overall through the deepening of support areas and the strengthening of our ability to handle very difficult cases.

Number of solution support cases



Priority investment in growth areas

We are responding accurately to structural changes in the regional economy and moves in industrial concentration, and strengthening support for areas with growth potential in the medium to long-term. In response to new growth sources such as next-generation industries and start-ups, we will improve our ability to respond with specialist organizations to contribute to the building of a sustainable revenue base and regional development.

● The building of a regional support system anticipating the concentration of next-generation industries

The company group launched the "Next-Generation Industry Support Group" as a subordinate organization of SX Promotion Department in June 2023 to respond to the concentration of semiconductor-related industries in Hokkaido, and is boosting the creation of foundations for industrial growth from the financial side. The group is gathering and organizing information on the latest trends, including the advance of Rapidus, and supporting the expansion of the range of regional industry through cooperation with related groups, dialogue and support for regional companies, and the provision of information to supply chain companies. In addition, it is using the company group's wide-area network, which expands across the three prefectures of the Hokuriku region, Hokkaido and the three big cities, to work on cooperation between companies transcending the region and the creation of commercial distribution. Through such support activities, companies' desire for growth will lead to specific funding demand, which will also connect the expansion of business loans.

Support measures for semiconductor-related industries

1. Support for semiconductor-related business operators

- Fund support for business operators related to plant construction, infrastructure works, etc.

2. Support for participation in semiconductor-related industries by the company group's customers

- Business matching with semiconductor supply chain companies
- Fund procurement support including subsidy applications, etc.

3. Support for semiconductor supply chain companies

- Introduction of cooperating companies centered on the company group's customers, etc.
- Provision of real estate information
- Handling of buy-side M&A needs

4. Support for private real estate investment for urban development

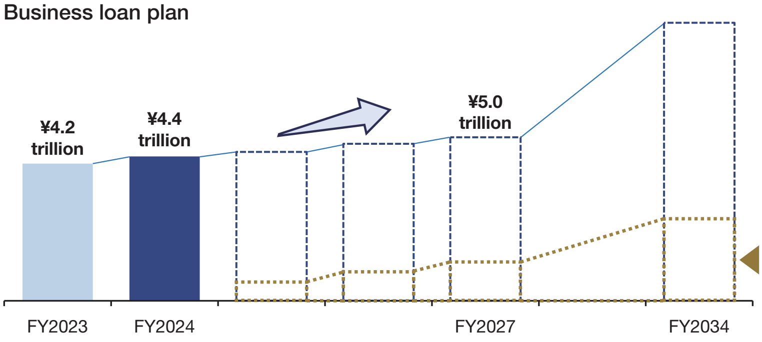
- Real estate-related loans and home loans related to the construction of offices, hotels, rental apartments, commercial facilities, etc.
- Real estate business matching

State of semiconductor-related loans[*1]
(Cumulative total from end-February 2023 to end-March 2025) (Unit: cases, billion yen)

	Supply chain		Urban development[*2]		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Executed	179	59.3	472	56.0	651	115.4
Products	27	7.0	165	33.9	192	40.9
Total	206	66.3	637	89.9	843	156.3

*1 Semiconductor-related loans: company group definition
*2 Urban development : loans for real estate and apartments generated incidental to semiconductor-related industries

Business loan plan



Potential for GX-related investments and loans in Hokkaido

- About ¥5 trillion during the period of the medium-term management plan (to the term ending March 2028) P.21
- About ¥27 trillion over 10 years (to the term ending March 2035)

Community-based support for the development of next generation industries — an example of accompanying support for a company in Hokkaido —

The company group provided comprehensive support to a wooden house manufacturer headquartered in Chitose City, Hokkaido, in anticipation of the concentration of next generation industries. The company developed its own movable wooden buildings that can be used in a wide range of applications such as offices, lodging and isolation facilities for medical care, and has acquired a patent for their unique structure. Having grasped the construction demand associated with the expansion of Rapidus, the company group cooperated with personnel sent to Chitose City on secondment from The Hokkaido Bank to use its regional network to create points of contact with general construction companies and subcontractors for the building company, which was aiming to expand its supply to subcontractors. This realized multiple business matching and we also implemented the company group's sustainability linked loans as funds provided for the same products. Moreover, through the group's Hokkaido Lease, these activities also linked to supply to the disaster affected region following the Noto Peninsula Earthquake. By multiplying our network rooted in the region by the group's functions, we are giving shape to support that combines both the creation of business opportunities and the resolution of regional issues.

● Strengthening of systems in anticipation of the expansion of the structured area

Initiatives for diverse assets whose growth is expected, such as LBO loans, project finance and real estate, are accelerating. Against the backdrop of structural changes in the economy and the financial environment, the company group is grasping the market needs for each asset accurately and working to both improve the quality of its portfolio and secure profitability.

In areas where this kind of high expertise is required, the company group is focusing on the development of specialized human resources and the strengthening of systems, and is planning to expand from an eleven-person system in fiscal year 2024 to about 40 people in fiscal year 2027. From now on, we will strengthen our agile and flexible handling through the continuous input of human resources as a medium to long-term growth area.

Human resource development

- Development of highly specialized young human resources
- Continuous dispatch of external trainees
- Career hiring of highly skilled human resources

Examination system

- Speed up
- Examinations from an investment perspective
- Enhancement of support systems

Risk management

- Portfolio management
- Strengthening of monitoring
- Establishment of standards and rules

● In addition to the enhancement of the front office system, we will also assign dedicated personnel to each examination, middle and back office function.

● We will strengthen the management systems that support the management of growth areas.

Structured Finance Office personnel system

FY2024
11 people

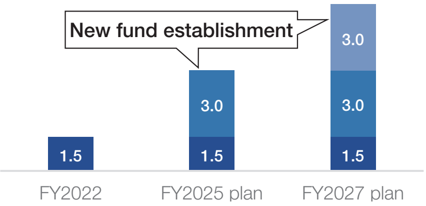
FY2027 plan
40 people

● Revitalization of the regional economy through investments and loans in start-up companies

We will boost the creation of new industries in our regions and the diversity of the industrial base through investments and loans and management support across the group for start-up companies with high growth potential. As part of these kinds of activities, the company group, including close companies, started a venture fund in earnest in fiscal year 2022, and plans to expand the scale of the fund gradually from now on too. In addition to flexible fund provision after ascertaining business potential and the future, we will develop new growth engines for the regional economy and link them to securing medium to long-term profit sources through accompanying support and matching with business partners.

Total value of the company group's (including close companies) main venture fund operations (cumulative total)

(Unit: billion yen)



Deepening problem-solving capability

Sustainability Strategy

Description of strategy

The company group positions SX and GX as the core of its strategy to demonstrate our regions' potential to the maximum as the company group, and thinks that leading our regions and business partners will be important.

Under "NEXT STAGE," our Sixth Medium-term Management Plan, we will work on various measures with the goal of improving three values: "the region," "business partners" and "the Group." In addition, we will cause the further evolution of "Upgrade the skills of talent who implement SX and GX within the region and the group," which we worked on positively under the previous medium-term management plan as the foundation to promote those measures.

The ideal situation and strategic direction

- ■ Improvement of our presence as a regional financial institution that can demonstrate our regions' potential to the maximum
- ■ Realization of the sustainability management of business partners and the company group through the improvement of potential
- ■ Balancing of both the resolution of regional social and environmental issues, and the economy

Position SX and GX as a strategic core and lead the region and our business partners

Improvement of regional value

Purpose	**Engage in improving environmental value with major players in the region and firmly lead regional sustainability as a leading company in the region.**
Efforts	Build a mechanism for proactively collecting and organizing information related to SX and GX and next-generation industries and regional growth

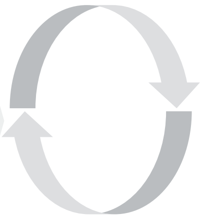
Improve business partners' value

Purpose	**Support sustainability management through finance solutions.**
Initiative	Enhance and expand sustainable finance products and solutions and strengthen their promotion (response to climate change, and response to natural capital and human capital)

Improve the Group's value

Purpose	**Net zero Scope 1, 2 emissions in FY2030**	**Net zero Scope 3 emissions in FY2050**	**More detailed, expanded and enhanced disclosure information**
Initiative	Take the lead in implementing CO_2 reduction in the region	Understand actual emissions data of investment and loan recipients.	Conduct third-party verification and raise CDP scores

Solve regional, social and environmental issues



Sustainable growth of the Group

[Infrastructure building] Upgrade the skills of talent who implement SX and GX within the region and the Group.

Enhance and expand training and establish an evaluation system.

	FY2025	FY2026	FY2027
Core personnel	Assign them to departments specializing in SX and GX for a certain period to accumulate know-how.		
Mid-level personnel	Encourage them to acquire a qualification equivalent to advanced level Decarbonization Advisor certified by the Ministry of the Environment		
	Design a new system to maintain and upgrade skills	Assign personnel who have been certified through a new system to **main branches**	Assign personnel who have been certified through a new system to **all branches**
Base personnel	Establish a new FG evaluation system aimed at engagement by all employees		

Specific initiatives

Initiatives for the improvement of regional value

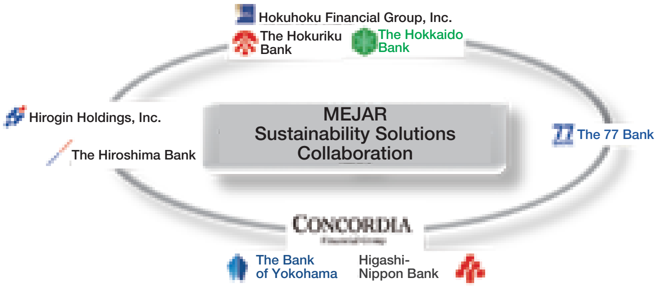
Working towards the improvement of regional value while cooperating with organizations in the same and different industries, including local governments, will be important.

• Strengthening of cooperation with local governments and various entities

Business entrustment	● Following on from fiscal year 2024, The Hokuriku Bank continues to be entrusted with the Fiscal Year 2025 Toyama-type GX Promotion Project. Accepting projects put out to tender by local governments strengthens cooperation with them and promotes ripple effects in the region overall so we will further advance the entrustment of projects to those ends.
Conclusion of cooperation agreements	● The Hokkaido Bank and The Hokuriku Bank have concluded comprehensive agreements to advance regional decarbonization with the Hokkaido Regional Environment Office. In addition, The Hokkaido Bank has concluded cooperation agreements with various local governments including Rankoshi Town and Fukushima Town, and will advance the building of systems to promote regional decarbonization.
Human networks	● We are advancing secondments positively for the strengthening of cooperation. We are advancing the building of systems to assign personnel to places such as the Ministry of the Environment, Hokkaido Government and Chitose City, and engage in discussions on effective strategies while understanding each other's thoughts mutually.

• Strengthening of cooperation with other banks

Since fiscal year 2022, the financial institutions using the shared system "MEJAR" — the company group (The Hokuriku Bank and The Hokkaido Bank), Concordia Financial Group (Bank of Yokohama and Higashi-Nippon Bank), The 77 Bank and Hirogin Holdings, Inc. (The Hiroshima Bank) — have advanced regional sustainability by cooperating over the three perspectives of "finance," "education" and "solutions." This framework will evolve further from now on to execute effective and efficient measures through the recognition and fusion of each region's initiatives.

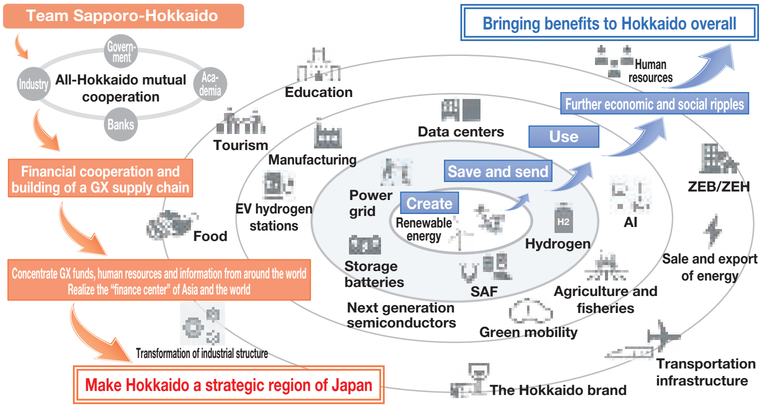


• Strengthening of cooperation with different industries

As a member of the "Team Sapporo-Hokkaido" consortium's secretariat, the company will expand cooperation with the consortium, which is comprised of members from industry, academia, the government and banks and was established in June 2023.

In addition, we will advance the consideration of fund and finance schemes in accordance with corporate stage as the head of the consortium's Fund and Finance Working Group.

By accumulating know-how on these kinds of initiatives in Hokkaido, we will contribute to the promotion of GX not only in Hokkaido, but also in the Hokuriku region, using the company group's wide-area branch network.

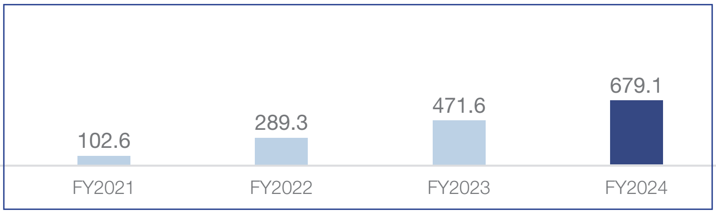


Initiatives for the improvement of business partners’ value

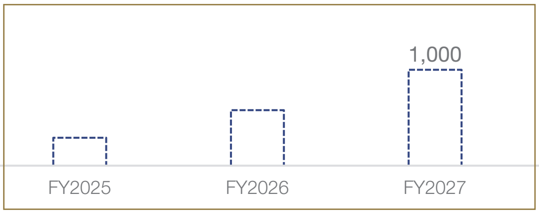
● Cumulative total of SX and GX-related investments and loans of ¥1 trillion

The company group revised its target for the cumulative total of sustainable finance executed along with the public announcement of “NEXT STAGE,” the Sixth Medium-term Management Plan, raising the target for the cumulative total during the three-year period from fiscal year 2025 to fiscal year 2027 to ¥1 trillion, and will strengthen the improvement of regional and business partners’ sustainability through finance as a regional financial institutions.

Cumulative total result for sustainability-related investments and loans (billion yen) (FY2021 to FY2024)



Target for cumulative amount of SX/GX-related investments and loans (billion yen) (FY2025 to FY2027)



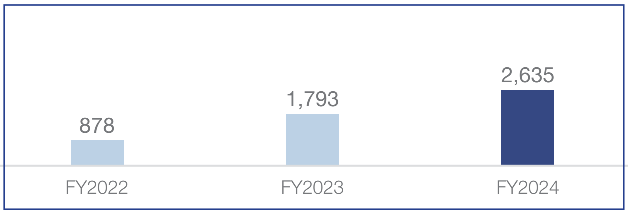
Main strengthening points	
Promotion of sustainable finance	Strengthening of GX-related lease projects
Strengthening of PIF	Strengthening of semiconductor-related investments and loans projects
Development of new SLLFW-type products	Promotion of environmentally considerate home loans
Strengthening of project finance based on GX potential	Promotion of environmentally considerate car loans

● Cumulative total revenue from SX/GX-related solutions of ¥4.0 billion

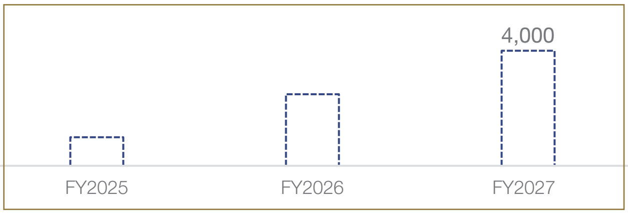
SX/GX initiatives are still not the top priority at our business partners. On the other hand, the current situation even at those companies inclined to implement initiatives is that securing sufficient internal resources is also difficult.

In such circumstances, providing business partners with accompanying support as their partner is very important. The company group will advance the deepening and enhancement of solutions more than ever to provide solutions matched to the individual needs of business partners. In addition, we will also further strengthen the development of human resources who can provide consultation services thoroughly.

Cumulative total revenue from sustainability-related solutions (million yen) (FY2022 to FY2024)



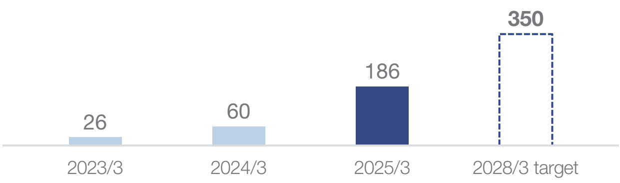
Cumulative total revenue from SX/GX-related solutions (million yen) (FY2025 to FY2027)

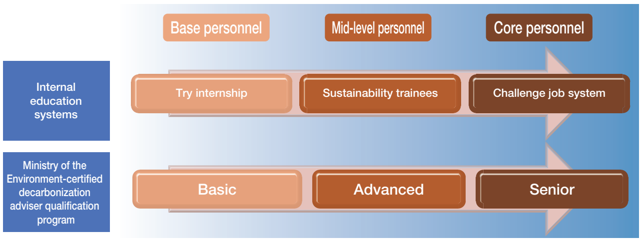


● Human resource development target in the medium-term management plan: SX/GX human resources (core/mid-level) 350 people

Human resource development is essential for support for business partners. The company group will strengthen human resource development through unique education programs.

SX/GX human resources (core/mid-level) (people)



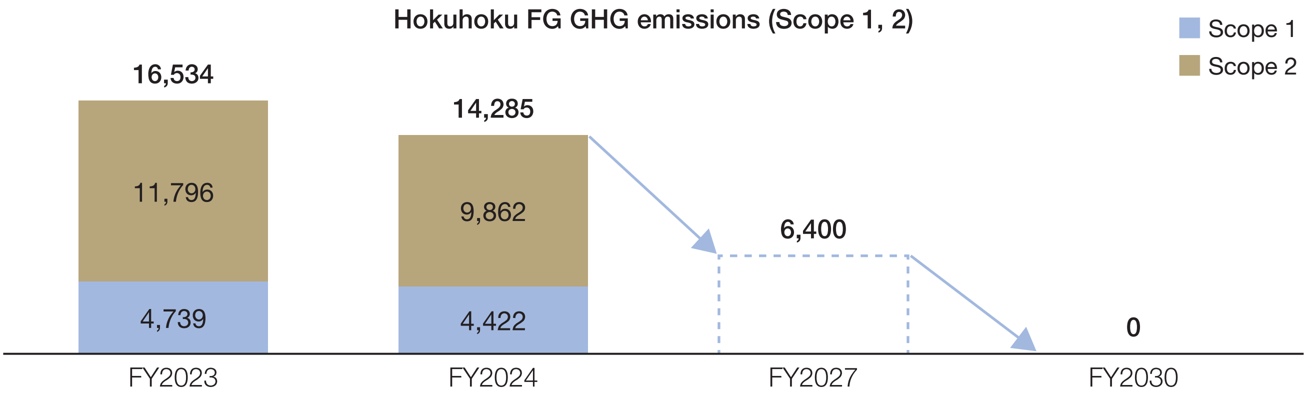


Programs	Description
Try internship	A program that offers opportunities to experience HQ operations for a minimum of one week, entry point for understanding of the company group’s SX/GX strategy
Sustainability trainees	This is the company group’s unique training system, developing human resources that can work on the implementation of SX/GX through training with properly allocated inputs and outputs. Employees who complete this training are defined as mid-level human personnel.
Challenge job system	This is a system by which employees can apply to work in SX Promotion Department by a show of hands. Employees are defined as core human resources in accordance with their number of years of work.

Initiatives for improvement of the group’s value

The company group taking the lead in initiatives serves as the basis for the promotion of regional and business partners’ sustainability.

● Reduction of the group’s GHG emissions (Scope 1, 2) Medium-term management plan target: 6,400t-CO_2 (Unit: t-CO_2)



Based on the idea that we should take the lead before telling others what to do, the company group has established the two long-term targets of “making Scope 1 and 2 GHG emissions at the company group net zero by fiscal year 2030” and “making Scope 1, 2 and 3 GHG emissions throughout the supply chain, including our investments and loans portfolio, net zero by fiscal year 2050.”

We formulated the Hokuhoku FG “Decarbonization Roadmap” in February 2024 to realize those targets, and are executing measures steadily towards realization. We will aim for the realization of the medium-term management plan and our long-term targets while we continue to advance measures in line with the roadmap.

Progress of the Hokuhoku FG Decarbonization Roadmap

Measures			Results	Target
			End of FY2024	End of FY2030
Scope 1	Switch company vehicles to environmentally-friendly models	Switch to EVs	11 vehicles	50 vehicles or more
		Switch to HV	25 vehicles	170 vehicles or more
	Additional introduction of carbon offset gas		190,000m^3	400,000 m^3 or more
	Use of carbon credits			
Scope2	Convert branches to ZEB		3 branches	10 branches or more
	Energy saving in branches		67 branches	90 branches or more
	Additional introduction of renewable energy-derived electricity		6,461 MWh	12,500 MWh or more

Disclosure based on the TCFD/TNFD recommendations

Fiscal year 2024 highlights

Progress in fiscal year 2024 is as follows.
Hokuhoku Financial Group has positioned SX and GX at the core of its strategy and has strengthened its handling in this area. From this fiscal year, in addition to climate-related action, we are focusing on nature-related risks and opportunities, and have expanded our initiatives.

Core element	Main initiatives in fiscal year 2024	
Governance	Participation in initiatives	We participated in the "TNFD Forum," the "30by30 Alliance for Biodiversity" and the "Keidanren Initiative for Biodiversity Conservation."
Management of risks and impacts	Understanding specific sectors related to nature	Implementation of analysis of exposure by TNFD sector
Strategy	Strengthening of engagement with business partners	We started handling of Hokuhoku sustainable finance "SLLFW-type" products and strengthened support for the calculation and reduction of business partners' emissions.
	Understanding important sectors related to nature	We analyze reliance and impacts on natural capital in our loan portfolio in line with the LEAP approach and identify important sectors.
Indicators and targets	Acquisition of third-party guarantees	We acquired third-party guarantees regarding GHG emissions in fiscal year 2023.

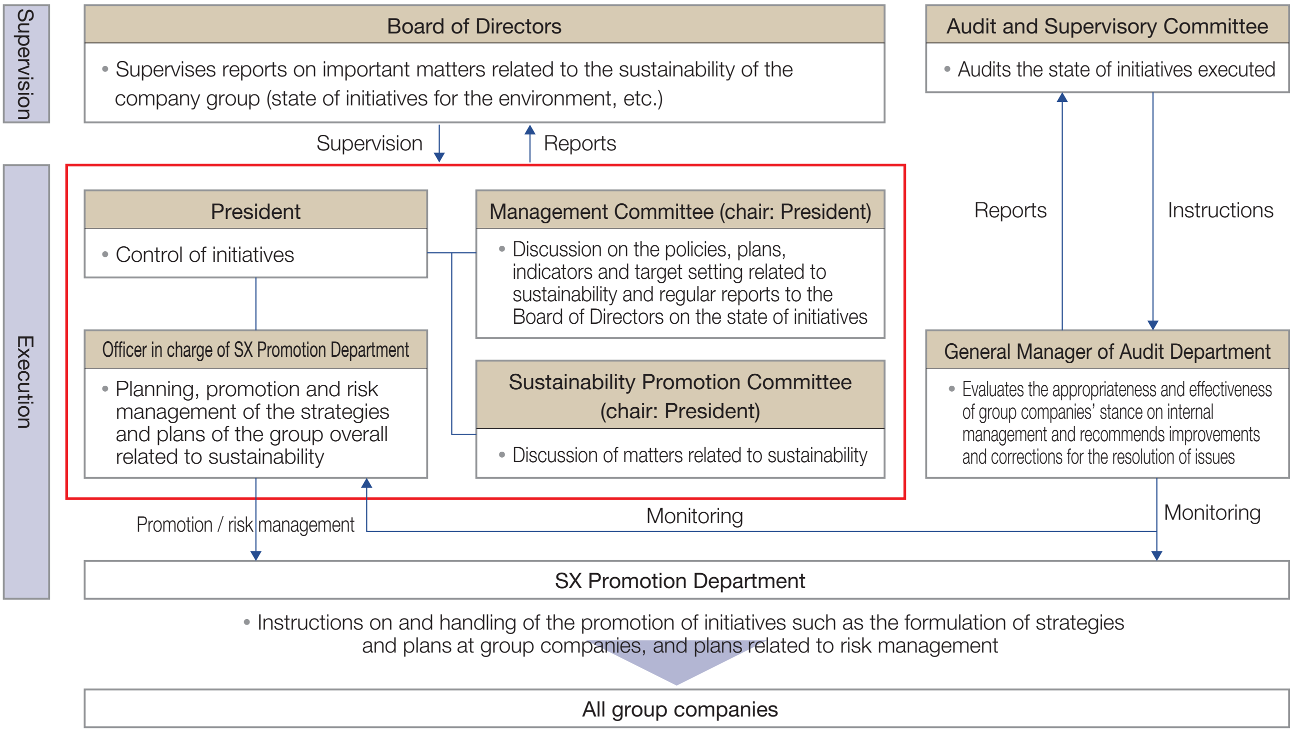
Governance

TCFD TNFD

The company group has formulated an environmental policy, a human rights policy, and an investment and loan policy for specified businesses, and is striving for business activities considerate of natural capital and the human rights of stakeholders.

Attitude to governance concerning initiatives for the environment

Various initiatives related to sustainability management such as responding to climate change and the conservation of natural capital are being promoted by executive organizations such as the Sustainability Promotion Committee and the Management Committee, under the supervisory responsibility of the Board of Directors.



Board of Directors

- Supervises reports on important matters related to the sustainability of the company group (state of initiatives for the environment, etc.)

Audit and Supervisory Committee

- Audits the state of initiatives executed

President

- Control of initiatives

Management Committee (chair: President)

- Discussion on the policies, plans, indicators and target setting related to sustainability and regular reports to the Board of Directors on the state of initiatives

Officer in charge of SX Promotion Department

- Planning, promotion and risk management of the strategies and plans of the group overall related to sustainability

Sustainability Promotion Committee (chair: President)

- Discussion of matters related to sustainability

General Manager of Audit Department

- Evaluates the appropriateness and effectiveness of group companies' stance on internal management and recommends improvements and corrections for the resolution of issues

SX Promotion Department

- Instructions on and handling of the promotion of initiatives such as the formulation of strategies and plans at group companies, and plans related to risk management

All group companies

Basic policy

TCFD TNFD

We formulated an “Environmental policy” to put environmental considerations into practice in company activities in February 2021.

Hokuhoku Financial Group environmental policy

The Hokuhoku Financial Group aims to realize one of our management policy, "Prospering together with the region," through environmentally friendly corporate activities.

1. We will comply with laws and regulations related to environmental conservation.
2. We will actively support customers who are working on environmental issues through the provision of financial products and services.
3. We will promote resource conservation, energy conservation, and recycling activities to reduce environmental impact in all corporate activities.
4. We will regularly verify the impact of our corporate activities on the environment and strive to actively disclose information.
5. We will promote environmental conservation activities, actively cooperating with local communities.
6. We will make this policy known to all officers and employees and disclose it externally

In addition, we think that collaborating with international organizations, the government, local governments, companies, industry groups, etc., is important and promote participation in initiatives.

Management of risks and impacts

TCFD TNFD

Hokuhoku Financial Group understands that climate change risks are an important issue in corporate management and is working on the greater sophistication of risk management.

- We understand the transition risks and physical risks attributable to climate change, clarify our handling of such risks in the risk management policy resolved upon by the Board of Directors, and are prepared to manage risks within an integrated risk management framework.
- Based on the “Investment and loan policy for specified businesses” (established in July 2021), we have strengthened engagement with customers who are business operators in coal-fired power generation, weapons manufacturing, the development of palm oil plantations or deforestation, sectors that are highly likely to have negative impacts on the environment or society.
- We have calculated Scope 3 Category 15 (commercial loans and stock investments) and identified the large emissions companies in the company group. We will set levels of priority, including the carbon-related sector, strengthen engagement and provide support positively for the handling of the transition to a decarbonized society.
- We calculate the ratio of loans to specific sectors where disclosure by financial institutions is recommended in the TNFD recommendations. We will consider measures towards the identification of nature-related risks and opportunities and the transition to a nature positive economy based on the heatmap of dependence and impacts.

Exposure by TNFD sector

TNFD

The loan balances and ratios against the portfolio overall of each specific sector for which the TNFD recommendations recommend disclosure are shown on the right.

(2025/3)

Industry	Amount (billion yen)	Ratio (%)
Energy	13.6	0.1
Materials	211.0	2.0
Transportation	186.0	1.8
Automobiles and automotive parts	36.4	0.3
Durable consumer goods and apparel	112.7	1.1
Restaurants, retail, etc.	234.0	2.2
Food and beverage	198.5	1.9
Household and personal products	0	—
Pharmaceuticals, etc.	51.8	0.5
Semiconductors and semiconductor manufacturing equipment	0	—
Utilities, etc.	169.5	1.6
Construction, real estate, etc.	345.3	3.3
Total	1,558.9	14.9

Ratio of loans at The Hokuriku Bank and The Hokkaido Bank

Strategy

(1) Understanding of risks and opportunities

TCFD

We have assumed the risks and opportunities associated with the climate as follows.

Main risks and opportunities		Impact on the company group	Time axis
Transition risks	Strengthening of laws on the introduction of carbon taxes, etc.	• Cost increases due to carbon taxes being imposed on the company group's emissions • Credit cost increases for the company group as customers' financial situations worsen in response to laws on carbon taxes, etc.	Medium to long-term
	Technological innovation that contributes to decarbonization	• Credit cost increases for the company group as customers' financial situations worsen due to being compelled to invest in new technologies, etc.	Medium to long-term
	Changes in product supply and demand in association with market changes	• Credit cost increases for the company group due to customers' financial situations deteriorating because of raw material cost increases	Short to long-term
	Stronger environmental orientation of stakeholders	• Decline in sales of the company group due to being unable to provide the decarbonization solutions desired by customers • Fall in share price due to the company group's initiatives for the handling of climate change falling below investors' expectations	Short to long-term
Physical risks	Increase in large-scale disasters such as heavy rain and typhoons	• Credit cost increases for the company group in association with customers' financial situations deteriorating due to damage caused by large-scale disasters and the implementation of disaster countermeasures	Long-term
Opportunities	Stronger environmental orientation of stakeholders	• Increases in the sales of the company group due to the provision of solutions matched to customers' needs such as sustainable finance and decarbonization consulting	Short to long-term
	Improvement of customer resilience	• Credit cost decreases for the company group in association with customers' financial situations improving with the increased resilience of customers' business due to decarbonization initiatives	Short to long-term

(Short-term: 0 to 3 years, medium-term: 3 to 10 years, long-term: 10 to 30 years)

(2) Scenario analysis

TCFD

We analyze scenarios to grasp the impacts that climate change will have on the company group's portfolio. The results of analysis in fiscal year 2024 are as follows. An increase in credit costs is expected, but it is thought that the financial impact on the company group will be limited.

Analysis of transition risks	
Scenario	NGFS net zero 2050, below 2 degrees Celsius, current policies scenario (REMIND model)
Analysis method	We set parameters for evaluation of the impact on business in each sector due to transition risks. We forecast the future financial situation of business partners based on the parameters and calculate the additional credit costs of the company group.
Sectors subject to analysis	Electric power sector, real estate sector, metals and mining sector, beverage and food sector
Result of analysis	Additional cumulative credit costs of 14.0 billion yen (maximum) by 2050

Analysis of physical risks	
Scenario	IPCC RCP 8.5, RCP 2.6
Analysis method	We forecast the future financial situation of business partners due to flood damage and the amount of damage to collateral property due to flooding. We calculate the additional credit costs of the company group due to this.
Region subject to analysis	Nationwide
Parties subject to analysis	All business partners
Result of analysis	Additional cumulative credit costs of 50.1 billion yen (maximum) by 2050

(3) Countermeasures

TCFD

Hokuhoku Financial Group regards the handling of technological development and the building of business models aimed at the decarbonization of business partners as an opportunity, and supports the transition to a decarbonized society and the handling of climate change positively, starting from engagement with business partners. In addition, the company is also leading the decarbonization of the region by decarbonizing itself positively.

[1] Promotion of the decarbonization of the company to contribute to the realization of regional decarbonization

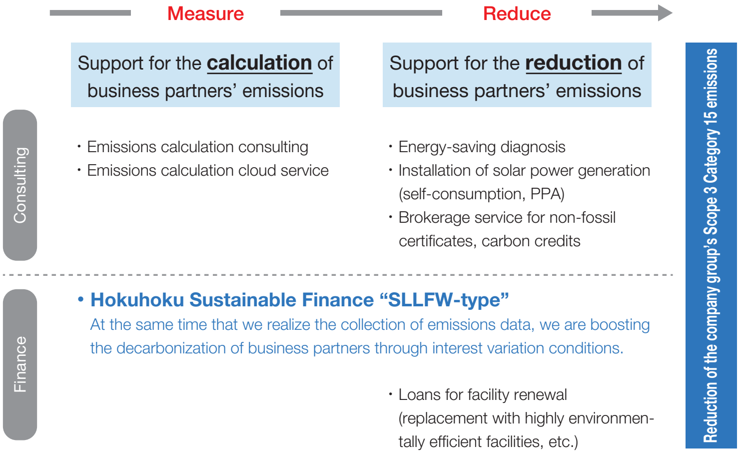
Details of main initiatives	Contents
Switch to renewable energy based on the use of off-site PPA	We have established "Hokuhoku Solar Park" facilities in the form of offsite PPA at Osawano in Toyama Prefecture and Shiranuka in Hokkaido. These are used to supply renewable energy to the company group's facilities.
Switch to renewable energy based on the use of virtual PPA	We are using a system that acquires only the environmental value of renewable energy created at an FIP power plant and using renewable energy at the company group's facilities.
Switch to EVs for company cars	We are reducing greenhouse gas emissions by introducing electric vehicles and fuel cell vehicles for use as some of the commercial vehicles at headquarters and branches.
Use of carbon offset gas	We are purchasing city gas and propane gas offsetting the greenhouse gas emissions emitted in the natural gas lifecycle with the same amount of carbon credits.
New establishment of ZEB branches	Our policy when renovating and newly building branches is to aim for branches equipped with high energy saving performance and energy creating facilities based on solar power generation that meet the ZEB level. Uozu Branch, which moved to a newly constructed building, realized ZEB in fiscal year 2024.
Greening of electricity using non-fossil certificates	While we will continue to implement initiatives for the reduction of the company's greenhouse gas emissions, we will substitute fossil power sources by purchasing non-fossil certificates for the greenhouse gas emissions that we are unable to reduce.

[2] Support for the decarbonization of business partners through loan business

Product lineup	Contents
Hokuhoku Sustainable Finance "SLL-type"	This is a loan instrument that sets targets consistent with the customer's sustainable management strategy and whose interest rate fluctuates in accordance with the state of achievement of those targets, conditional on being evaluated by an external organization with regard to conformance with the various standards announced by the International Capital Market Association (ICMA).
Hokuhoku Sustainable Finance "GL-type"	This is a loan instrument that limits the use of funds to business and projects that improve the environment, conditional on being evaluated by an external organization with regard to conformance with the various standards announced by the International Capital Market Association (ICMA).
Hokuhoku Sustainable Finance "SDGs Standardized Loan Product: Hokuhoku Three Targets"	This loan instrument was designed uniquely by the company under the concept "wide ranging and simple" to have a wide range of companies work on sustainable management. It is a loan instrument aimed at the improvement of corporate value and the realization of sustainable regional society through the achievement of three targets chosen in advance by the customer.
Hokuhoku Sustainable Finance "PIF-type"	This is a loan instrument that analyzes and evaluates the impact that customers' corporate activities have on the environment, society and economy comprehensively by international standard methods, and provides continuous support for initiatives aimed at the expansion or mitigation of the identified impacts.
Hokuhoku Sustainable Finance "TF-type"	This is a loan instrument that supports customers planning the reduction of greenhouse gas emissions under long-term strategies, conditional on being evaluated by an external organization with regard to conformance with the various standards announced by the International Capital Market Association (ICMA).
Hokuhoku Sustainable Finance "SLLFW-type"	Hokuhoku Financial Group acquires the evaluations of an external organization with regard to conformance with the various standards announced by the International Capital Market Association (ICMA). We have set "SBT certification" on SPT. This is a loan instrument whose applicable interest rate, etc., varies in accordance with the state of the customer's decarbonization initiatives conditional on agreement with the company group's framework.

Hokuhoku Financial Group is aiming to be an "environmentally advanced financial group" and has strengthened engagement with business partners. In fiscal year 2024, we started the handling of Hokuhoku sustainable finance "SLLFW-type" products and expanded services related to business partners' emissions calculation.

We realize that the reduction of Category 15 (emissions related to investments and loans) will be important to achieve net zero GHG emissions including Scope 3. We are promoting the decarbonization of the company by advancing support for the calculation and reduction of business partners' emissions.



Measure

Reduce

Support for the **calculation** of business partners' emissions

Support for the **reduction** of business partners' emissions

Consulting

- Emissions calculation consulting
- Emissions calculation cloud service

- Energy-saving diagnosis
- Installation of solar power generation (self-consumption, PPA)
- Brokerage service for non-fossil certificates, carbon credits

Finance

- **Hokuhoku Sustainable Finance "SLLFW-type"**
  At the same time that we realize the collection of emissions data, we are boosting the decarbonization of business partners through interest variation conditions.

- Loans for facility renewal (replacement with highly environmentally efficient facilities, etc.)

Reduction of the company group's Scope 3 Category 15 emissions

(4) Heatmap related to dependence and impacts on natural capital

TNFD

In line with the LEAP approach[*1] in the TNFD recommendations, we analyzed "dependence" and "impacts" on nature in the company group's investment and loan portfolio using ENCORE[*2] towards the identification of nature-related risks and opportunities. As a result of analysis, it was found that dependence on land and the completeness of biodiversity is high in the company group's investment and loan portfolio, and that the impacts of disturbances, GHG and toxic pollutant emissions, and land and water use, etc., are large.

*1. A comprehensive approach to evaluate and manage nature-related issues comprised of four phases established by the TNFD (locate, evaluate, assess, prepare)

*2. An analytical tool that grasps the scale of dependence and impacts on nature based on sector and geographical information (ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure)

Heatmap on dependence

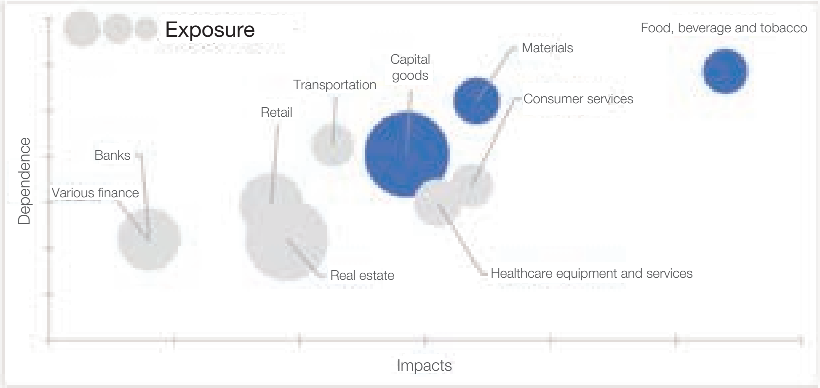
	Biological species	Completeness of biodiversity	Land	Ocean	Soil	Water	Air	Minerals
Energy	░	■	■	▨	▨	▨	▨	
Materials	▨	■	■	▨	▨	▨	▨	
Capital goods	░	■	■	▨	░	▨	▨	
Commercial and professional services		░	▨	░	░	░	░	
Transportation	░	▨	■	▨	▨	▨	▨	
Automobiles and automotive parts	░	▨	■	▨	░	▨	░	
Durable consumer goods and apparel	░	■	■	▨	░	▨	▨	░
Consumer services	■	■	■	■	■	■	■	■
Retail		░	▨	░	░	░	░	
Food and essential goods retail		▨	■	▨	░	░	░	
Food, beverage and tobacco	■	■	■	■	■	■	■	■
Healthcare equipment and services	▨	■	■	■	■	■	▨	■
Pharmaceuticals, biotechnology and life sciences	■	■	■	■	■	■	▨	■
Banks			░					
Various finance			░					
Insurance			░					
Software services		░	░					
Technology, hardware and equipment	░	▨	▨	▨	░	▨	░	
Electronic communications services		░	▨	░	░		░	
Media and entertainment	░	░	▨	▨	▨	░	░	▨
Public utilities	░	▨	■	░	▨	▨	░	
Real estate	░	▨	■	■	■	░	▨	

Heatmap on impacts

	Disturbance	Freshwater-using area	GHG emissions	Ocean floor-using area	Emissions of air pollutants other than GHGs	Extraction of biological resources	Extraction of non-biological resources	Emissions of toxic pollutants into water or soil	Emissions of eutrophication substances into water or soil	Generation and release of solid waste	Land-using area	Water usage	Infiltration of non-native species
Energy	■	■	■	▨	■		░	■	░	■	■	■	░
Materials	■	░	■	░	■	░	░	■	░	■	■	■	░
Capital goods	■	░	▨	░	▨			■	░	■	▨	■	░
Commercial and professional services	▨	░	▨	░	▨	░	░	▨	░	▨	■	■	░
Transportation	■	░	■	░	■			▨	▨	▨	▨	▨	■
Automobiles and automotive parts	■		▨		■			■		■	▨	▨	
Durable consumer goods and apparel	■	░	■	░	■			■	░	■	▨	■	░
Consumer services	▨	░	▨	░	▨	░	░	▨	░	■	■	▨	░
Retail	▨	░	■	░	■			▨		▨	▨	■	
Food and essential goods retail	▨		■		■			▨		░	▨	■	░
Food, beverage and tobacco	■	▨	■	░	■	░		■	■	■	■	■	▨
Healthcare equipment and services	▨		▨		▨			▨		■	▨	▨	░
Pharmaceuticals, biotechnology and life sciences	■		■		■	░		■	▨	■	▨	■	░
Banks	▨		▨		░			▨		░	▨	░	
Various finance	▨		▨		░			▨		░	▨	▨	
Insurance	▨		▨		░			▨		░	▨	░	
Software services	■		▨	░	░					░	■	▨	
Technology, hardware and equipment	■		▨		■			■		▨	▨	■	
Electronic communications services	■	░	▨	▨	░			▨		░	░	░	
Media and entertainment	▨	░	░	░	░			░	░	▨	■	▨	
Public utilities	■	▨	▨	░	▨	░		▨	░	■	■	■	
Real estate	▨		░		░			▨		░	▨	▨	

Identification of important sectors

Based on analysis using ENCORE, we identified important sectors by multiplying the scores for "dependence" and "impacts" of the top ten sectors of exposure in our portfolio. As a result of analysis, we identified "Food, beverage and tobacco" and "Materials," which have high scores for "dependence" and "impacts," and "Capital goods," which has the highest exposure and also comparatively high scores, as important sectors.



(5) Initiatives for natural capital and environmental conservation

TNFD

The company group is supporting awareness building and the acquisition of G-GAP certification for the promotion of low environmental burden agriculture with business partners in the "Food" sector as activities that contribute to natural capital.

In addition, we are also cooperating with Green Carbon Inc. to support initiatives for carbon neutrality using dairy farming-derived J-Credits. From now on too, we will cooperate with business partners including those in the "Food, beverage and tobacco," "Materials" and "Capital goods" sectors, which we have identified as our important sectors, and aim to contribute to the realization of a sustainable society while protecting the region's natural capital.

Main initiatives with business partners		Contributions to natural capital
1	Promotion of initiatives for the reduction of environmental burdens through HAL GREEN Co., Ltd. support activities (Special cultivation, G-GAP, etc.)	Promotion of low environmental burden agriculture
2	Business matching cooperation with Green Carbon Inc. Example) For Megmilk Snow Brand Co., Ltd.: Purchasing of J-Credits derived from dairy farming supportive of carbon neutral initiatives	Decarbonization
3	Use of non-standard agricultural products and unused resources Example) For Tokachi Kawada Farm and JA Higashiasahikawa: Reduction of food loss by using non-standard agricultural products in zoos Example) For Hokkaido Organic Farm Imashiro: Support for the promotion of organic agriculture through the manufacture, sale and use of organic fertilizer using the region's waste agricultural products, building of organic fertilizer manufacturing facilities	Reduction of food and by-product waste
4	Support for fully-farmed mackerel commercialization research ("SABAival PROJECT")	Promotion of species conservation and low environmental burden aquaculture

Personnel of HAL GREEN Co., Ltd., which provides producers with GAP support and advice

Use of unused resources that were previously discarded as animal feed

Indicators and targets

(1) Indicators and targets

TCFD TNFD

Indicators		Target value	Achievement deadline
GHG emissions (Scope 1, 2)	Note 1	Net zero	FY2030
GHG emissions (Scope 3)		Net zero	FY2050
Sustainability-related investments and loans	Note 2	Cumulative total of 1.5 trillion yen from fiscal year 2021	FY2030
Environment-related finance	Note 3	Cumulative total of 700 billion yen from fiscal year 2021	FY2030

Note 1: Target for CO_2 emissions reductions at the domestic places of business of all group companies

Note 2: Investments and loans to business partners working towards achievement of the SDGs, and investments and loans for medicine, health, education, the fishing industry, agriculture, start-ups, business succession, resilience, environment-related, etc.

Note 3: Investments and loans that support initiatives considerate of the environment, such as responses to climate change

Reasons for selection of the indicators and targets

In addition to raising net zero for Scope 1, 2 in fiscal year 2030 as a target, the company group has also raised net zero for Scope 3 in fiscal year 2050 as a target to promote decarbonization further.

With regard to finance, we set targets for the investment and loan amounts that were judged to contribute to achievement of the SDGs. In particular, with regard to the climate change area, we set a target separately as environment-related finance, and set a target reflecting the company group's policy of working with priority on the handling of climate change within the SDGs.

From fiscal year 2025, we will continue initiatives for target achievement with the "Cumulative total of SX and GX-related investments," which we raised in "NEXT STAGE," our Sixth Medium-term Management Plan, as a new indicator.

(2) GHG emissions

TCFD TNFD

Indicators		Result (Unit: t-CO_2e)	
GHG emissions	Note 4	FY2023 Note 5	FY2024 Note 6
Scope 1		4,739	4,422
Scope 2 (market standard)		11,796	9,862
Scope 3 (total)	Note 7	28,582,067	26,609,660
Category 1 (purchased products and services)		23,130	27,069
Category 2 (capital goods)		55,919	21,869
Category 3 (fuel and energy-related activities not included in Scope 1, 2)		3,225	3,315
Category 4 (transportation and deliveries (upstream))		1,992	2,042
Category 5 (waste from business)		510	293
Category 6 (business trips)		589	597
Category 7 (employee commuting)		1,506	1,525
Category 13 (lease assets (downstream))	Note 8	15,941	44,189
Category 15 (investments)	Note 9	28,479,255	26,508,760

Note 4: For GHG emissions (Scope 1, 2, 3), we calculated supply chain emissions at the domestic places of business of all group companies based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver 2.7 (March, 2025)" by the Ministry of the Environment and Ministry of Economy, Trade and Industry. We calculated city gas and heat using business operator-specific emissions coefficients or the emissions coefficients of the ministerial ordinance.

Note 5: We have acquired third-party certification for fiscal year 2023 GHG emissions from Socotec Certification Japan, Co., Ltd.

Note 6: Hokuhoku Consulting and Hokkaido Lease were added to the scope of calculation of GHG emissions from fiscal year 2024 and we posted emissions for the full-year.

Note 7: Of the Scope 3 categories, categories 8, 9, 10, 11, 12 and 14 do not apply.

Note 8: Calculated based on the standard use scenario assuming the number of units operating per contract amount and deeming the lease contracts and repeat lease contracts of Hokugin Lease and Hokkaido Lease to be "information-related device (tablet PC)" or "transportation equipment (automobile)" lease contracts.

Note 9: We calculated the emissions related to commercial loans and share investments at The Hokuriku Bank and The Hokkaido Bank (commercial loans means those asset classes classified in PCAF that fall under "Listed equity" and "Business loans and unlisted equity"). The investments and loans subject to calculation do not include investments and loans to individuals and the scope of calculation of emissions is Scope 1, 2, 3 of investment and loan recipients.

Breakdown of Scope 3 Category 15

Continuing from last year, we calculated emissions related to commercial loans and stock investments at The Hokuriku Bank and The Hokkaido Bank (financed emissions). This fiscal year, we expanded the scope of calculation of emissions to the Scope 1 to 3 emissions of investment and loan destinations.

Financed emissions: 10,000 t-CO_2e
Carbon intensity: t-CO_2e/million yen

Carbon-related sector		Energy			Transportation						Materials and buildings					Agriculture, food and forestry products				Other areas
		Oil and gas	Coal	Electric utilities	Air cargo	Passenger air transport	Maritime transport	Railway transportation	Truck services	Automobiles and parts	Metals and mining	Chemical	Construction materials	Capital goods	Real estate management and development	Beverage	Agriculture	Processed food and processed meat	Paper and forestry products	Other areas
Business loans	Financed emissions																			
	Scopes 1 and 2	39.50	–	90.45	0.04	1.98	6.12	0.57	1.70	1.46	45.12	14.33	243.52	38.42	3.63	0.56	2.15	784.77	12.05	89.24
	Scope 3	19.91	–	36.82	0.01	0.61	6.41	1.55	26.85	37.75	47.10	38.82	17.05	424.88	11.73	2.15	3.15	201.93	19.91	281.77
	Data quality score	3.80	–	2.56	4.00	2.63	3.44	2.47	3.54	2.43	3.53	3.33	3.85	3.76	3.72	3.52	4.00	3.67	3.41	3.63
	Carbon intensity	16.71	–	13.14	4.00	7.84	20.21	1.01	3.59	5.43	14.44	5.49	111.49	5.85	0.21	2.12	2.89	102.80	5.65	3.49
Shares	Financed emissions																			
	Scopes 1 and 2	1.35	–	8.66	–	–	–	0.04	0.18	0.10	0.43	0.89	0.84	1.52	0.01	0.01	0.14	1.80	0.68	7.60
	Scope 3	0.35	–	3.81	–	–	–	0.12	1.39	4.08	1.70	2.09	2.32	33.10	0.03	0.05	0.47	1.50	0.49	21.13
	Data quality score	4.00	–	1.99	–	–	–	1.34	1.76	1.45	4.00	2.30	3.67	2.46	1.94	1.56	2.99	1.71	2.37	2.13
	Carbon intensity	8.39	–	9.78	–	–	–	1.05	3.05	14.95	14.81	5.02	15.16	10.87	0.13	1.13	9.72	20.43	7.93	3.05

Carbon-related assets

The loan balances and ratios against the portfolio overall of each sector for which the TCFD recommendations recommend disclosure are shown as follows.

	Energy			Transportation						Materials and buildings					Agriculture, food and forestry products				Total
	Oil and gas	Coal	Electric utilities	Air cargo	Passenger air transport	Maritime transport	Railway transportation	Truck services	Automobiles and parts	Metals and mining	Chemical	Construction materials	Capital goods	Real estate management and development	Beverage	Agriculture	Processed food and processed meat	Paper and forestry products	
Amount (billion yen)	118.2			196.5						1,073.1					253.1				1,641.0
	29.3	0	88.9	0	4.9	16.6	36.5	106.9	31.5	51.0	38.5	21.7	264.8	697.1	22.0	25.2	148.7	57.2	
Ratio (%)	1.1			1.9						10.2					2.4				15.7
	0.3	–	0.8	–	–	0.2	0.3	1.0	0.3	0.5	0.4	0.2	2.5	6.7	0.2	0.2	1.4	0.5	

Note 1: Ratio against total loans at The Hokuriku Bank and The Hokkaido Bank
Note 2: The utilities sector excludes water supply business and renewable energy business.

(3) Results for investment and loan indicators

Indicators	Sustainability-related investments and loans	Environment-related investments and loans
Most recent results	End-March 2025 ¥679.1 billion (+ ¥207.5 billion compared to last year)	End-March 2025 ¥329.3 billion (+ ¥99.8 billion compared to last year)

State of progress against targets

Total Scope 1, 2 GHG emissions in fiscal year 2024 were 16,410 t-CO_2e, down 2,250 t-CO_2e (-13.6%) compared to fiscal year 2023. Partly because of the operation of the Hokuhoku Solar Parks using corporate PPA, we are progressing steadily towards achievement of the target of net zero in fiscal year 2030.

With regard to investments and loans related to sustainability and the environment, we have progressed steadily in fiscal year 2024 in comparison to the targets. We will continue to aim for the achievement of targets by strengthening support for business partners.

Deepening problem-solving capability

Regional Revitalization Strategy

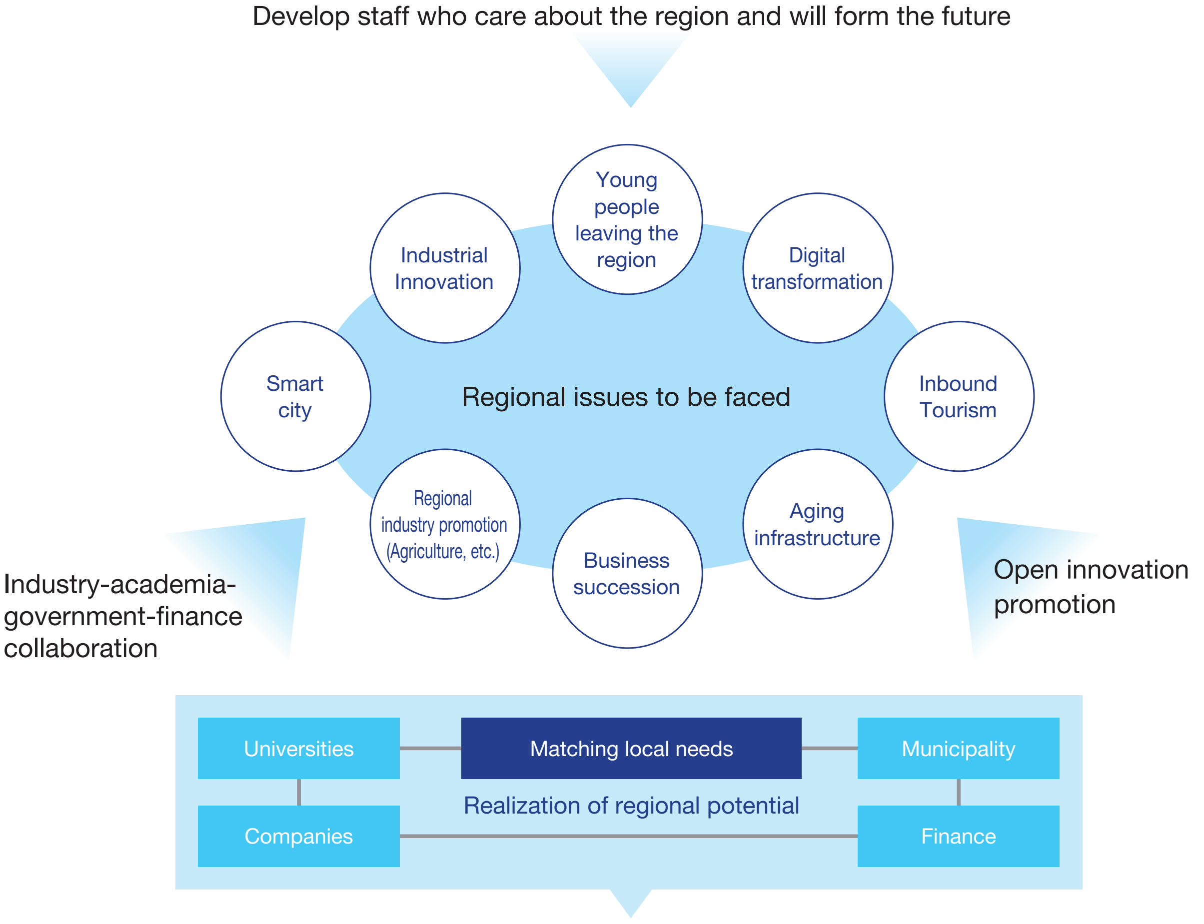
Description of strategy

The company group has contributed to the development of the regional economy by developing wide-area financial services centered on Hokkaido and the Hokuriku region. On the other hand, we are aware that there are various issues in each region, such as the shortages in regional labor forces due to population decline and the declining birthrate and aging population, and the hollowing out of the regional economy in association with the outflow of companies. We will work on the resolution of regional issues and the revitalization of the regional economy by facing the real problems of the regions head-on through careful dialogue with regional companies and residents, using the company group's wide area branch network and functions to the maximum, and working on industry-academia-government-finance collaboration, support for the improvement of the region's attractiveness starting with the tourism industry, urban development and corporate expansion.

The ideal situation and strategic direction

- ■ We will work on industry-academia-government collaboration for the creation of business and industrial promotion for the future, and contribute to regional economic revitalization in the sales base of the company group.
- ■ The resolution of regional issues and acquisition of new revenue sources through the promotion of tourism and support for urban development using regional resources and wide-area cooperation.

Create an ecosystem capable of solving problems and foster regional "earning power" that can compete globally



Develop staff who care about the region and will form the future

Regional issues to be faced

Young people leaving the region

Digital transformation

Inbound Tourism

Aging infrastructure

Business succession

Regional industry promotion (Agriculture, etc.)

Smart city

Industrial Innovation

Industry-academia-government-finance collaboration

Open innovation promotion

Universities

Matching local needs

Municipality

Realization of regional potential

Companies

Finance

Expand nonresident populations, etc., and continuously increase regional GDP and income

Specific initiatives

Cooperation with various groups, including industry-academia-government collaboration

Rather than just the company group alone, cooperation with various stakeholders will be essential for the issues that the regions face, and will strengthen various initiatives to expand nonresident populations, etc., and continuously increase regional GDP and income. We will work on industry-academia-government collaboration for the creation of business and industrial promotion for the future, and contribute to regional economic revitalization in the sales base of the company group while using our strengths as a wide-area financial group to realize “Creating a Bright Future Beyond Regions,” the purpose we formulated newly this fiscal year.

- **Support for regional revitalization centered on the tourism industry**

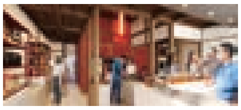
Hokkaido and the Hokuriku region have many attractions they can boast of to Japan and the world, including magnificent nature, hot springs and other tourism resources, and diverse food. We will strengthen cooperation with tourism-related organizations and municipalities to further increase the attractions of both regions.
In addition, we will lure companies and people to these attractive regions through those initiatives and connect them to urban development and the revitalization of the regional economy.

Cooperative business with municipalities, tourism-related organizations, etc.	• Support for regional branding such as the creation of tourism content through cooperation with municipalities and tourism-related business operators • Support for local tourism-related business operators through cooperation with each region’s DMO, etc.
Urban development through support for the attraction and expansion of companies	• We will attract companies, including new industries, and human resources and aim for sustainable urban development through the transmission of branded regional attractions

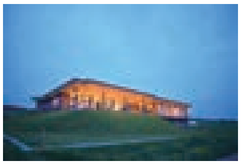
Cultivation of regional earning power through the use of regional resources and the creation of new industries

The company group is setting an “issue resolution eco-system” solidly in place and working on the creation of new value through the use of regional resources and wide-area cooperation aimed at the building of an industrial base that can fight with the world. We are aiming to generate a sustainable economic cycle by polishing up the region’s unique strengths in tourism, agriculture and fisheries, and cultural assets, and connecting them to revenue opportunities.

Hokuhoku Capital is supporting the “SABAival PROJECT,” which carries out fully-farmed mackerel commercialization research and is comprised of industrial, academic and government elements in Fukui Prefecture. This project was adopted on the “Fiscal Year 2025 TeSH GAP Fund Program Step 2” and Hokuhoku Capital is boosting the commercialization of the research results through the drafting of commercialization plans and fund procurement plans, and the development of sales channels, etc. The project is aiming for commercialization in 2027 and is contributing to the creation of new growth industries using the aquaculture resources of the region.



The Hokuriku Bank has invested in an “Asset Renovation Fund” that will boost the reuse of dilapidated building assets. We are contributing to both the inheritance of regional culture and economic revitalization through investment in Komatsu DMC, which establishes tourism and meeting points using historical buildings.



When the long-established French winery “Domaine de Montille” expanded into Hokkaido, The Hokkaido Bank boosted the creation of new industry using regional resources through support for cooperation with the government and support on the financial side. While more than 60 wineries are concentrated in Hokkaido against the backdrop of its cool climate, the integrated business development of grape cultivation and winemaking by a prominent overseas winery is an initiative that will contribute to the advancement of the region’s agriculture and tourism resources. We will contribute to the strengthening of our regions’ industrial bases and the cultivation of new growth areas through the accompaniment of such advanced cases.

Solidifying our management base

Retail market strategy

Description of strategy (channel strategy)

While the importance of deposits is rising again, the competitive environment surrounding the retail market is changing greatly due to the rise of online banks and FinTech companies. In such circumstances, the company group has used its high market share and sales foundations rooted in the regions as strengths, worked on increasing the convenience of brick-and-mortar channels, namely our branch network and ATMs spread over a wide area, and also advanced the expansion of non-face-to-face channels such as apps and portal sites. Under the current medium-term management plan, we will aim for the further expansion of our management bases as a financial institution that continues to be chosen by our regions' customers by raising the quality of our services further in both the brick-and-mortar and web domains and optimizing customer contact points.

The ideal situation and strategic direction

- Securing of customer contact points and improvement of their convenience through the optimal allocation of branches, ATM and web channels and the strengthening of functions
- Optimization of management resources through the organization of roles in both the face-to-face and non-face-to-face aspects and personnel assignments
- Conversion to main accounts through promotion of use and the improvement of functions, and expansion of the deposit base

Further pursue customer convenience for both brick-and-mortar and web-based channels

Currently One of the leading regional banks in terms of a wider-area branch network and the number of ATMs

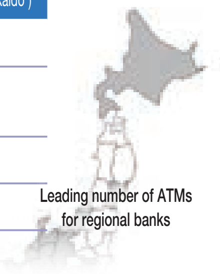
+

Going forward Increase the convenience of non-face-to-face transactions (Expansion and reinforcement of the functions of apps and the corporate portal)

● New strategy for brick-and-mortar branches

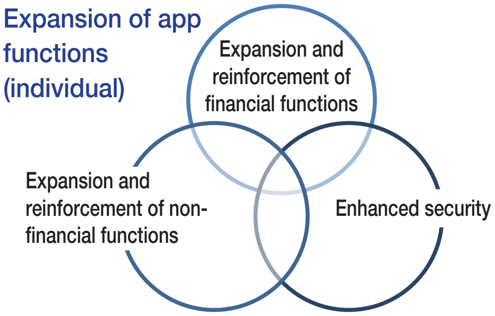
● ATM strategy

(As of end-March, 2025)	Within branches	Outside branches (the figure in parentheses indicates ATMs for people in Hokkaido*)
3 Hokuriku prefectures	114	133
Hokkaido	138	875 (594)
Other areas	19	1
Total	271	1,009



* ATMs for people in Hokkaido: Group ATMs installed in convenience stores (Seicomart)

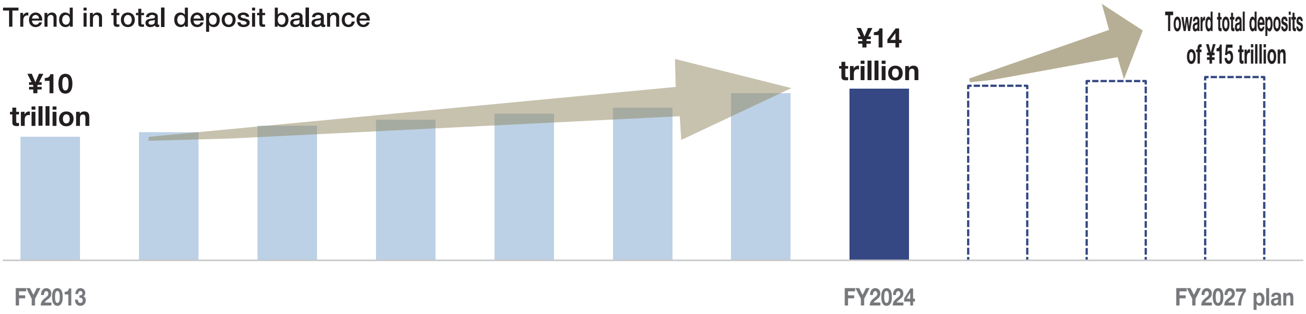
● Expansion of app functions (individual)



● Expansion and reinforcement of the functions of the corporate portal (corporate customers)

- Increase the convenience of payment functions
- Digitalize various services

Trend in total deposit balance



Specific initiatives

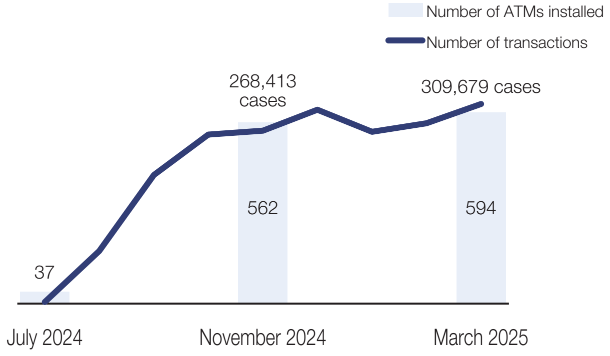
Branch and ATM strategy

We will advance a review of branch and ATM functions and installation to improve customer convenience in brick-and-mortar channels in response to diverse customer needs and regional characteristics. In addition, we will realize the streamlining of branch operations and the reassignment of personnel by rebuilding work based on face-to-face and non-face-to-face transaction characteristics. Doing so will promote the priority input of human resources in growth markets and the optimal use of management resources, and we will aim for the acquisition of new accounts and deposits as well as the conversion of existing transactions into customers' main accounts.

Initiatives

- **Review and reallocation of branch functions**
  - Reallocation and slimming down of branches in accordance with the market
  - Review of work handled by branches in accordance with the region
- **New establishment of sales bases**
  - Consideration of the new establishment of sales bases in expanding markets
- **Expansion of convenience store ATMs**
  - Strengthening of customer convenience through tie-ups with Seven-Eleven and Seicomart
- **Higher functionality of bank ATMs and review of the number of ATMs installed**
  - Streamlining of over the counter operations
- **Reinstallation of off-site ATMs based on data analysis**
  - Improvement of customer convenience and presence

State of use of ATMs by people in Hokkaido



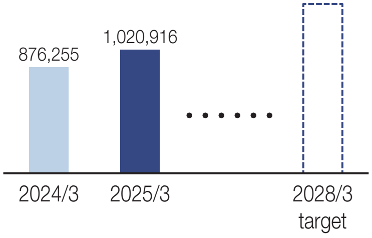
App strategy

We will strengthen app functions as the core of digital channels and both improve customer convenience and streamline work. We will aim for labor-saving in over the counter work and the maximization of personnel's customer contact power by putting various procedures and references on the apps, provide an app experience that customers can use on an everyday basis, and promote the conversion of transactions into customers' main accounts.

	2025	2026	2027
Expansion of functions for applications from the apps	▲ Investment trust account opening Reporting lost/found cash cards and reissuing them Visualization of preferential services Account closing		
Enhancement of financial functions from the apps	▲ Improvement of screen visuals (optimization for smartphones) Monitoring service for family accounts	▲ Opening of child accounts	▲ Smartphone ATM function
Enhanced security	▲ Function for automatic detection of high-risk transactions	▲ Real-time monitoring function	

Trend in the number of app users

(Unit: people)



Corporate portal strategy

We will establish the corporate portal as a non-face-to-face channel that can be used simply by anybody and that is used naturally in everyday work. We will increase convenience by concentrating contact points with corporate customers on the portal, enable the completion of various procedures such as loan transactions digitally, and establish a hybrid transaction style combining face-to-face and non-face-to-face channels.

Example of assumed functions

New functions
Existing functions

Start of transactions	Fund management	Financing	Fund procurement	Settlement
Opening of web accounts	Cooperation with accounts at other banks	Visualization of financing	Online factoring	IB transfers
Free corporate IB	Invoice management	Deposit and withdrawal forecasting	New web overdraft	Electronically recorded monetary claims
Conversion to app	Visualization of transactions		Online lending	Card settlement

Towards the frictionless start of transactions

Support for streamlining by end-to-end work processing

Description of strategy (segment strategy)

While population decline and the contraction of the regional economy advance, the effective input of management resources will be essential to maintain and expand our customer base sustainably and increase our earning power. Under this strategy, we will segmentalize customers and promote the provision of customer-centric services through marketing and approaches in accordance with their respective needs.

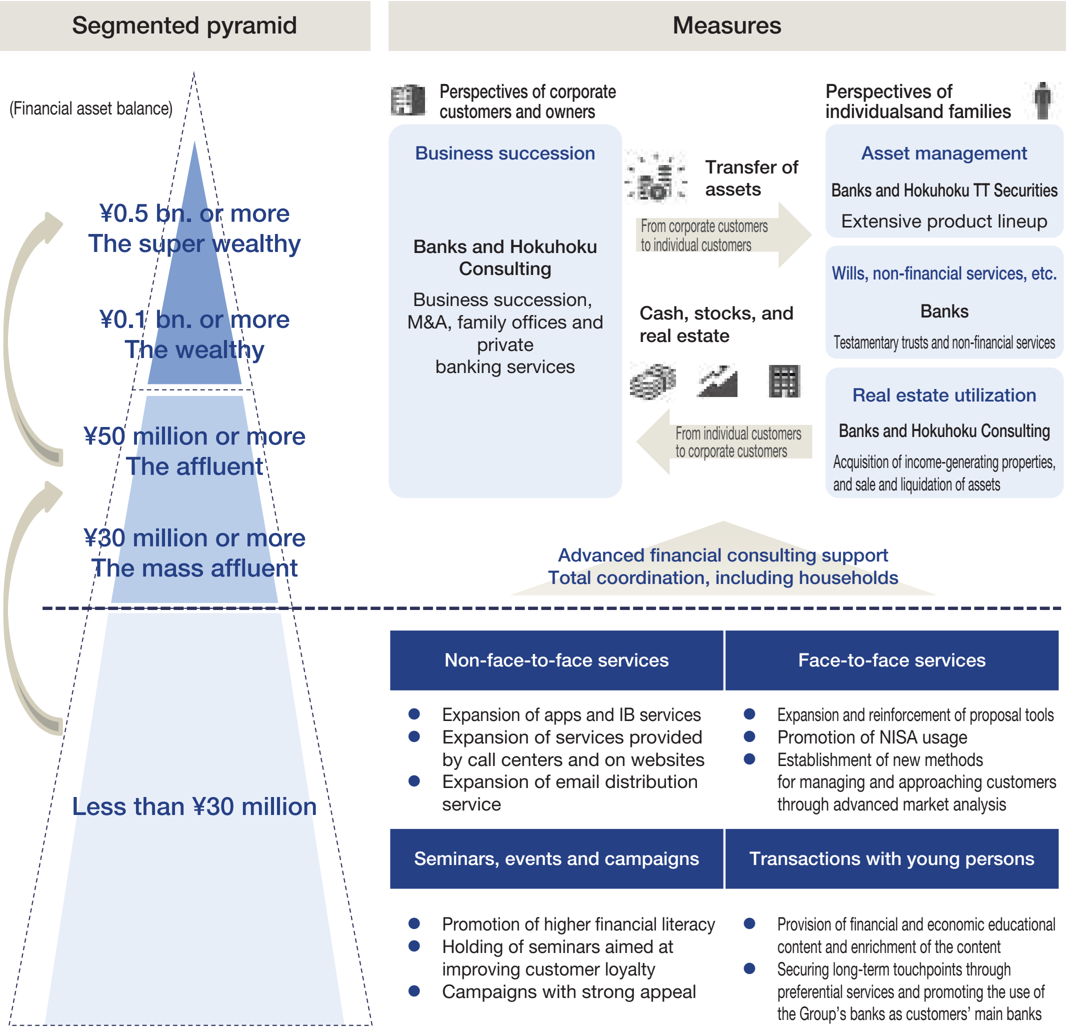
In particular, we will work on the strengthening of contact points with the wealthy, who have asset management needs, as a priority area for future growth. We are cooperating with Hokuhoku Consulting and Hokuhoku Tokai Tokyo Securities to provide advanced, one-stop solutions in areas such as asset management, succession and real estate. In addition, we will also focus on the development of specialist human resources to respond to such high added-value needs and increase our ability to respond together as a group.

Further, we will advance multifaceted initiatives including both face-to-face and non-face-to-face support, and the holding of various seminars and events to support asset formation in accordance with life plans for customers with less than ¥30 million in assets on deposit. Through such improvements of our overall service capabilities, we will aim for the certain expansion of assets on deposit and to raise the number of customers with ¥30 million or more by 1.5 times.

The ideal situation and strategic direction

- ■ Further pursue customer convenience for both brick-and-mortar and web-based channels
- ■ Clarify segments and expand group-wide one-stop solutions
- ■ Expansion of the customer base and deposit balance using scale merits and improvement of the top line

Clarify segments and expand group-wide one-stop solutions



Non-face-to-face services

- Expansion of apps and IB services
- Expansion of services provided by call centers and on websites
- Expansion of email distribution service

Face-to-face services

- Expansion and reinforcement of proposal tools
- Promotion of NISA usage
- Establishment of new methods for managing and approaching customers through advanced market analysis

Seminars, events and campaigns

- Promotion of higher financial literacy
- Holding of seminars aimed at improving customer loyalty
- Campaigns with strong appeal

Transactions with young persons

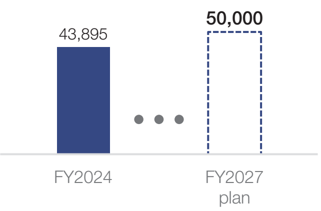
- Provision of financial and economic educational content and enrichment of the content
- Securing long-term touchpoints through preferential services and promoting the use of the Group's banks as customers' main banks

Specific initiatives

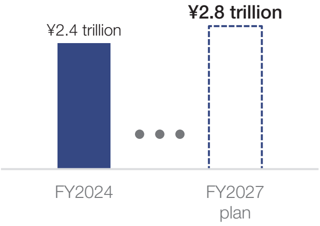
Realization of advanced financial consulting with the group working together

We will build a one-stop framework with Headquarters, sales branches and related companies cooperating closely to respond accurately to the diverse, advanced needs of customers including the wealthy. We will provide advanced financial consulting using the group’s comprehensive capabilities in areas such as asset management, succession, business succession and real estate, and build medium to long-term relationships with customers through total coordination looking at households overall.

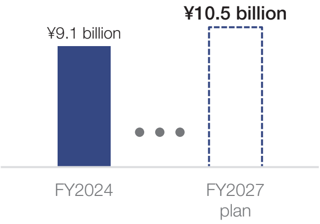
Number of customers with assets under custody (including deposits)
* ¥30 million or more



Outstanding balance of assets under custody (including deposits)



Private consulting* departmental revenue



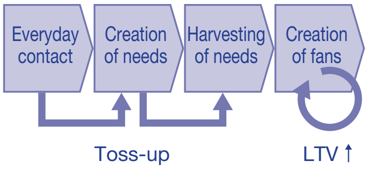
* Revenue including investment trusts, insurance, trusts, new services (including Hokuhoku TT Securities), etc.

Expansion of digital marketing and MA tools

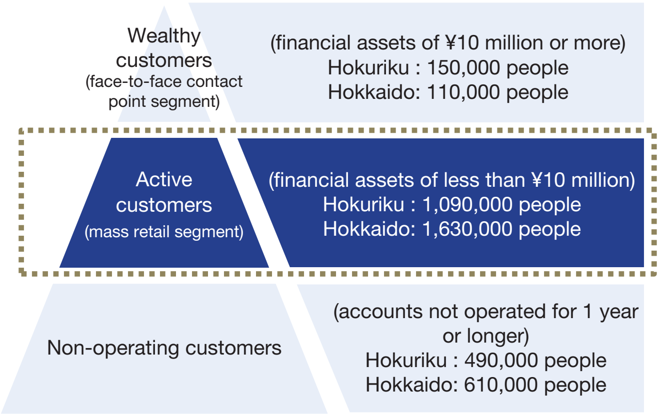
We will improve customer experience and maximize profitability by understanding the attributes and actions of each and every customer deeply through use of data and provide information and proposals with optimal timing and methods. We will strengthen the use of MA (marketing automation) tools and promote efficient, precise approaches to realize marketing measures in accordance with diverse needs.

Initiatives

- Expansion of automation scenarios using MA tools
- Establishment of new customer understanding and approach methods using app and web action log data
- OMO and omni-channel measures based on cooperation of manned channels and digital channels
- Digital marketing for companies (analysis and use of corporate portal BizSOL data, and approaches based on MA tools and other digital channels)



Customer distribution and main subjects for MA tools



Institutionalization of corporate culture

Human capital management

Description of strategy

We are implementing specific actions while incorporating backcasting thoughts from our “to be” starting from our “as is” issues. The company group will promote human capital management so that individuals, organizations and the regions can all grow based on the vitality generated by drawing out the maximum potential of each and every diverse human resource.

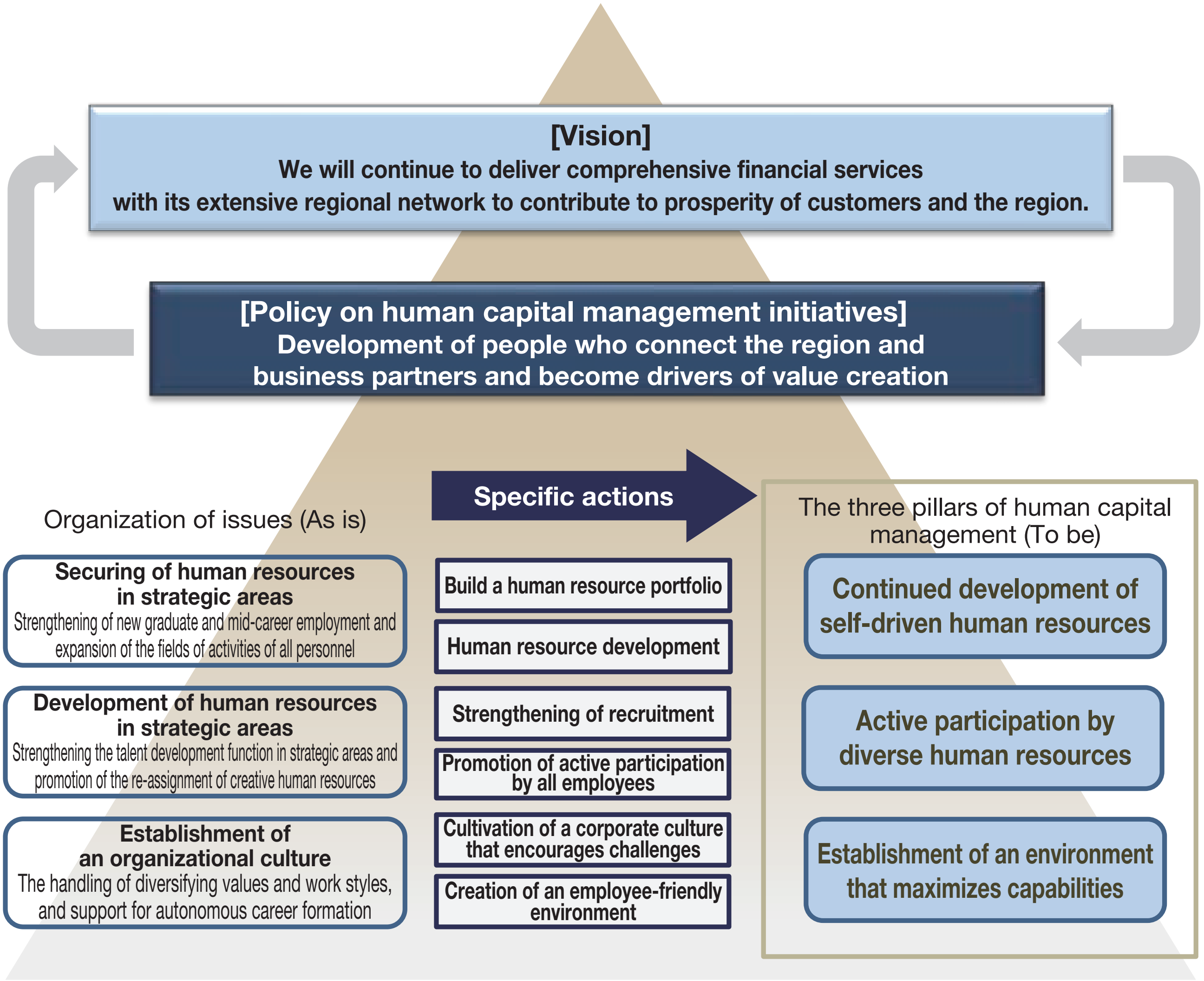
The ideal situation and strategic direction

■ We will raise the quantity and quality of the human resource pool that drives the creation of value through the specific actions of human capital management.

Key strategy (1) Realize the empowerment of diverse human resources for innovation.

Key strategy (2) Continuously create autonomous human resources who embody management strategy.

Key strategy (3) Establish an environment that respects the well-being of employees and draws their abilities out to the maximum.



[Vision]
We will continue to deliver comprehensive financial services
with its extensive regional network to contribute to prosperity of customers and the region.

[Policy on human capital management initiatives]
Development of people who connect the region and
business partners and become drivers of value creation

Organization of issues (As is)

Securing of human resources in strategic areas
Strengthening of new graduate and mid-career employment and expansion of the fields of activities of all personnel

Development of human resources in strategic areas
Strengthening the talent development function in strategic areas and promotion of the re-assignment of creative human resources

Establishment of an organizational culture
The handling of diversifying values and work styles, and support for autonomous career formation

Specific actions

- Build a human resource portfolio
- Human resource development
- Strengthening of recruitment
- Promotion of active participation by all employees
- Cultivation of a corporate culture that encourages challenges
- Creation of an employee-friendly environment

The three pillars of human capital management (To be)

Continued development of self-driven human resources

Active participation by diverse human resources

Establishment of an environment that maximizes capabilities

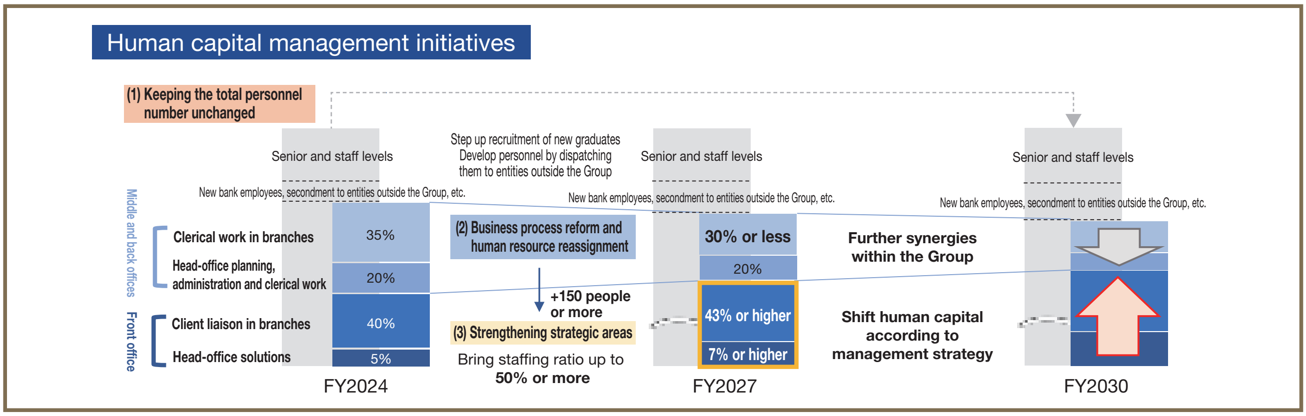
Specific initiatives

Building a human resources portfolio linked to management strategy

Our policy is to increase personnel in strategic areas to 50% or more to connect to the deepening of issue resolution capabilities and the creation of value. To realize the human resource portfolio we aim for, our policy is to roll out measures from the three perspectives of: [1] keeping the total personnel number unchanged; [2] business process reform and human resource reassignment; and [3] strengthening strategic areas.

[1] Keeping the total personnel number unchanged	・Step up new graduate and mid-career employment ・Enhance engagement through better employee well-being and support for self-driven career development
[2] Business process reform and human resource reassignment	・Productivity improvement through business process reforms (utilization of generative AI and digital tools and centralization within the head office) ・Streamlining of Headquarters business processes through integrated group operation ・Career development and personnel reassignment through support for upskilling and reskilling
[3] Strengthening strategic areas	・Development of solution-oriented talent (consulting, SX, DX) ・Development of professional talent (structured finance, securities management, etc.) ・Reinforce personnel in strategic areas and strategic branches

Image of our human resource portfolio

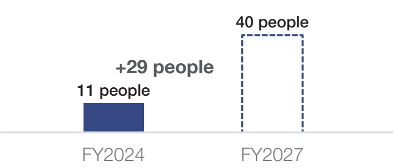


Examples of strategic areas

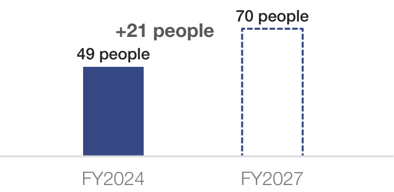
Head-office solutions

Client liaison in branches

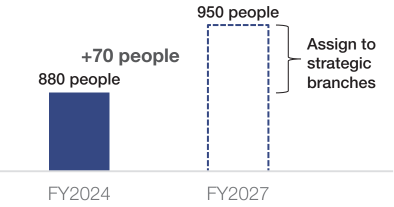
<Structured finance>



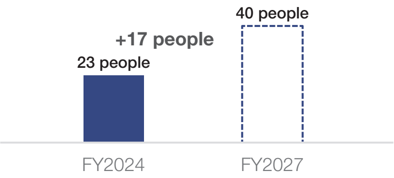
<PB, M&A and management consulting>



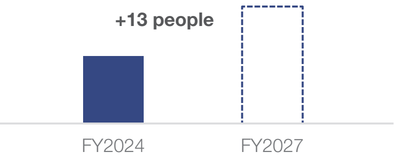
<Personnel for corporate client liaison>



<Sustainability promotion>



<Other head-office solutions>



Strengthening human resource development

Apart from establishing a training system to systematically create “solution-oriented talent,” “professional talent” and “management talent,” we also carry out external dispatches for the deepening of problem-solving capability and value creation.

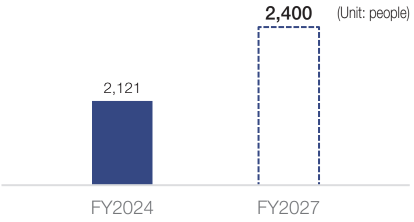
Conceptual image of talent development

Solution-oriented talent	Talent who can actually solve the problems faced by the region and business partners, centered on consulting, SX and DX
Professional talent	Talent who demonstrate a high level of skills and are drivers in strategic fields (structured finance, securities management, etc.)
Management talent	Talent who have management ability and skills and can contribute to the achievement of organizational targets and the fostering of self-driven personnel

● KPI (number of solution-oriented talent)

In each of the fields of consulting, SX and DX, we define human resources that meet certain qualification requirements and work requirements as “solution-oriented talent” and make it an indicator for the creation of human resources that contribute to the deepening of problem-solving capability.

To create solution-oriented talent, we are advancing the enhancement of seminars and incentive programs to support the acquisition of various qualifications and the assignment and development of human resources to boost challenges on a wide-range of work.



Continuation of positive external dispatches

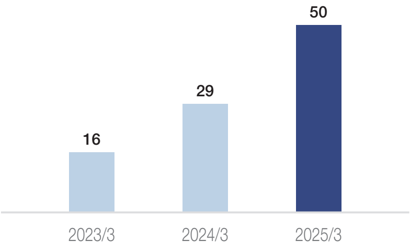
We implement external dispatch training positively based on open recruitment aimed at the acquisition of high-level expert knowledge, the cultivation of practical ability and management sense, and personal network formation. We have increased the number of destinations for external dispatches and the number of employees dispatched to develop professional human resources in strategic areas.

< Examples of dispatch areas >

Sustainability planning	IT consulting
Data use and analysis	Structured finance
M&A	Securities management
Management consulting	International work (overseas strategy)

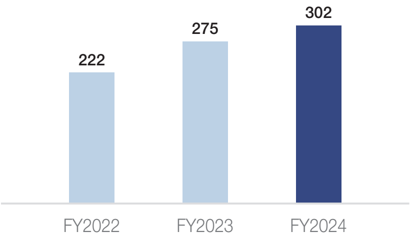
● Number of employees dispatched externally

(Unit: people)



● Total education and training costs

(Units: millions of yen)



Autonomous learning and reskilling initiatives

We have introduced e-learning tools (Udemy, e-jinzai) for various self-development support. In addition to use in work, we have built a system that encourages self-growth and the realization of the career paths each person draws by deepening knowledge in the fields that each person wants to study.

We have enhanced various tools and content for employees to learn skills in new areas such as DX and SX, including an environment that makes it easy for employees to work on new challenges at their own volition, training, seminars and correspondence courses.

Sales branch OJT support

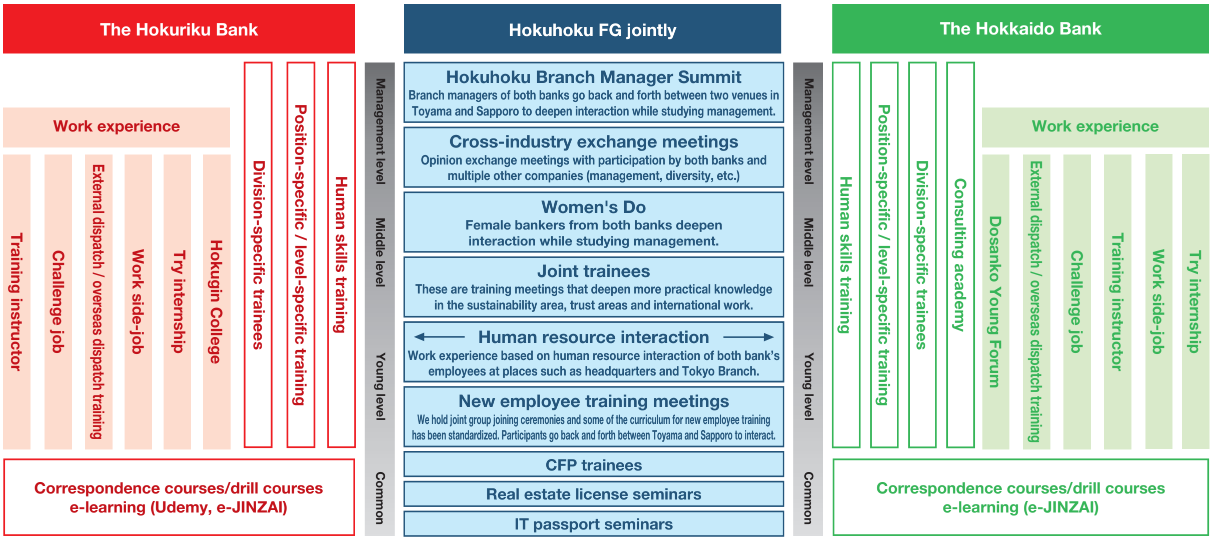
We have introduced an education-related deployment system for new personnel under the cooperation of Personnel Department and sales branches, and education is providing one-on-one support aimed at the acquisition of basic knowledge and early development as adult members of society. In addition to support for the learning of work skills, we are also providing support in the daily life and psychological aspects immediately after joining the company through interaction with senior colleagues.

Name	Role, etc.
・Mentors ・Blenders	Provide support such as appropriate advice and guidance for the daily execution of work and on the psychological side.
・Work guidance personnel ・Helpers	Provide advice on practical work procedures and policies to learn work that should be learnt

Establishment of training systems

We have established various training systems for management skills, future leader training, etc., in accordance with expert knowledge and work style reform aimed at wide ranging human resource development and the acquisition of skills. In addition, we are fostering a sense of unity within the Hokuhoku Financial Group by providing opportunities for interaction among group colleagues positively through the holding joint group training meetings.

Human skills training	This is training aimed at the acquisition of knowledge and awareness related to “basic education, career advancement and management” in accordance with rank.
Position-specific training	This is training that cultivates more practical ability by linking OJT and actual work, rather than just the improvement of expertise in various areas.
Work experience	This is training that supports individual career formation by experiencing work other than that people are in charge of for a short time.
Qualification acquisition seminars	In addition to FP-related qualifications, licensed real estate broker and IT passport qualifications, we also implement training for the development of IT coordinators



Various individual training

We are using external training positively centered on the DX, consulting and SX areas to develop specialist human resources.

Name of training	Purpose
Digital human resource development course for practitioners	Skill acquisition for practitioners on data analysis, Python, AI, etc.
IT coordinator development training	Fostering of IT coordinators who support the realization of IT management
Toyama start-up program (Hokuriku)	Acquisition of basic practical knowledge for support for regional start-ups
Regional innovation advisors (Hokkaido)	

Holding of seminars

We are implementing holiday seminars, etc., and supporting the acquisition of FP and IT-related qualifications aimed at the improvement of consulting abilities and the acquisition of basic knowledge of DX.

Seminars (FY2024)	Number of times	Number of people
Real estate license seminars	14 times	48 people
FP / CFP seminars	17 times	220 people
IT passport seminars	3 times	208 people
Small and medium-sized enterprise management consultant seminar	5 times	38 people

Incentive and subsidy systems

In addition to incentives for the acquisition of various qualifications such as official qualifications and bank work certification, we have also introduced a subsidy system for the fees for correspondence courses essential for work. Combined with one-off incentives the payment amount of ¥220,000 is at a high level nationally for FP grade 1 and CFP.

Qualifications subject to subsidies	Correspondence courses subject to subsidies
FP-related qualifications, information processing engineers examination, bookkeeping, decarbonization advisor certification, languages, various bank work certification, etc.	Courses for new bank employees, courses for certification exam preparation, etc.

Strengthening of recruitment

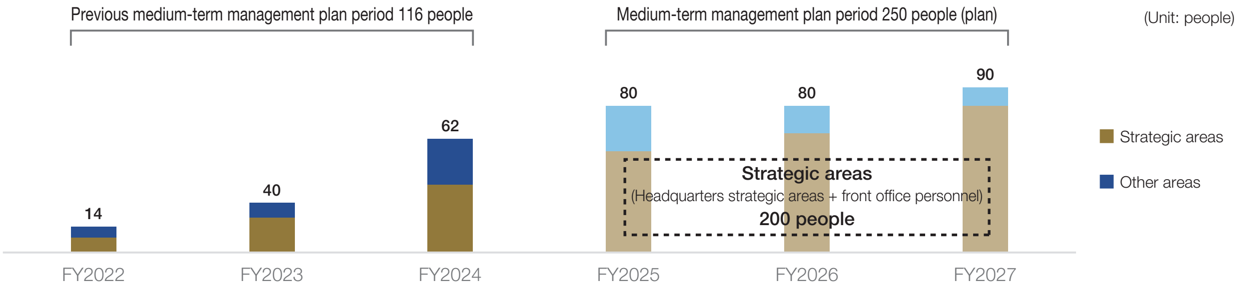
We are increasing the number of career recruiters to strengthen the recruitment of new graduates and mid-career employees, and working on the expansion of recruitment channels, and raising starting salaries. We have strengthened approaches in the recruitment of mid-career employees from the perspective of securing human resources able to work right away in strategic areas.

Upgrading of mid-career recruitment

Based on the greater fluidity of employment and activation of the job change market in recent years, we are promoting the mid-career recruitment of human resources with various backgrounds, not only people with experience of the financial industry. In fiscal year 2024, we hired specialist human resources in areas such as auditing and structured finance. We are implementing planned recruitment while renewing strategy at all times in consideration of the external environment.

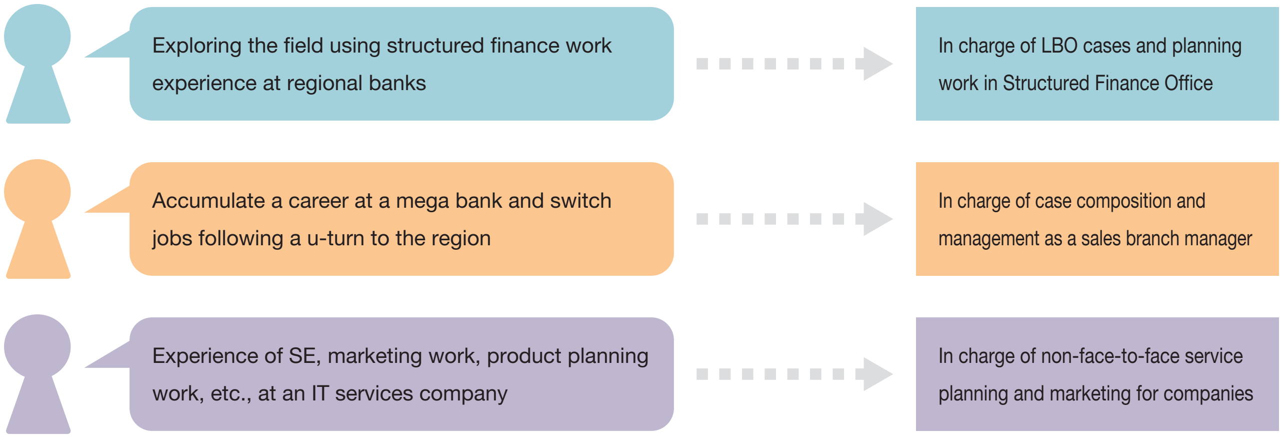
● KPI (number of mid-career hires)

Our policy is to increase the number and proportion of people in strategic areas among mid-career hires with the medium-term management plan's crucial strategies and each department's personnel plans interlocked.



Active participation of mid-career hires in strategic areas

Mid-career hires are participating actively as human resources who can work right away in strategic areas. Human resources with diverse backgrounds are demonstrating their abilities at the company group and participating actively in each department.



Exploring the field using structured finance work experience at regional banks

In charge of LBO cases and planning work in Structured Finance Office

Accumulate a career at a mega bank and switch jobs following a u-turn to the region

In charge of case composition and management as a sales branch manager

Experience of SE, marketing work, product planning work, etc., at an IT services company

In charge of non-face-to-face service planning and marketing for companies

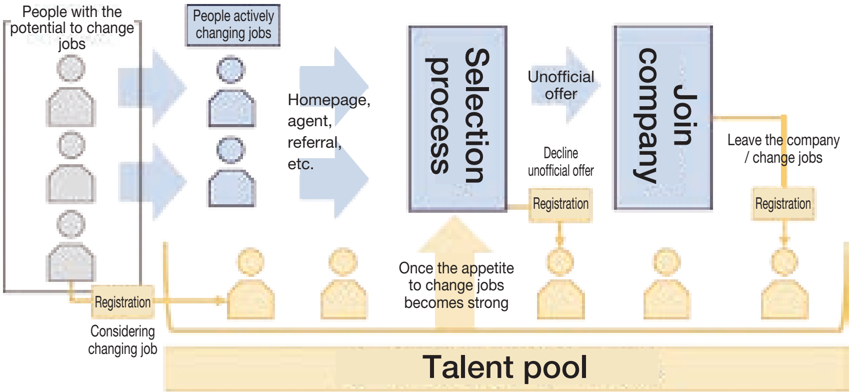
Training, follow-up and exchange meeting initiatives aimed at the establishment of mid-career hires

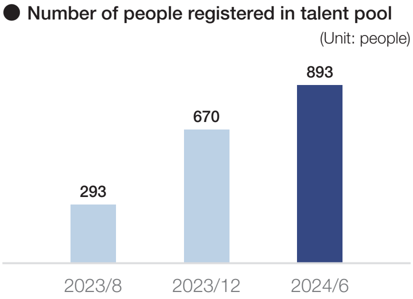
People hired mid-career have increased and we are further promoting the establishment of an internal framework tailored to this. In addition to training at the time of joining the company, we are advancing the creation of an environment that is easy for mid-career hires with diverse backgrounds to work in by implementing regular follow-up training and exchange meetings for fellow mid-career hires.
In addition, there are also cases where internal problems that were previously thought to be natural have been improved by circulating the new knowledge of mid-career hires internally, so it really feels like new winds are blowing internally.

Follow-up training for mid-career hires

Building of a talent pool

We are advancing the building of a talent pool that “makes assets” out of past links to realize sustainable recruitment over the medium to long-term. We are continuing to transmit information on initiatives and recruitment to human resources that have had contact with the company in the past, such as people who resigned from the company, others who withdrew from new graduate employment and people referred by employees, so that they can feel the attraction of the company more than before. We will create opportunities that make it easy to apply to the company by building medium to long-term links.




● Number of people registered in talent pool

(Unit: people)

Expansion of alumni and referral recruitment

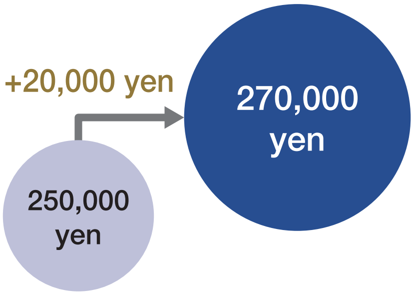
We established a system and held events for the further expansion of the alumni (former employees) recruitment that we have implemented in the past. Internal and external information transmission and advertising activities have been successful, and the number of alumni hires, which was six people in fiscal year 2022, increased to twelve people in fiscal year 2024. We will continue to establish an environment that enables alumni who have left the company once to want to return.

We are continuing to implement referral (introducer) recruitment through networks such as employees’ families and friends. We are realizing less mismatched recruitment by having employees working for the group convey the attractions of the company and our corporate culture directly.


An alumni event

Strengthening of new graduate recruitment (raising of starting salaries)

We raised starting salaries in July 2025 to improve our recruitment capabilities while competition in the new graduate recruitment market is intensifying. We will continue to work positively on human investment including the improvement of employee compensation to secure and maintain superior human resources.



* Management track G course at The Hokuriku Bank and The Hokkaido Bank

Strengthening of new graduate recruitment (enhancement of internships)

We are holding internships for university students interested in the company group and the financial industry. We are holding the internships divided into summer and autumn to make a program that is easy for more students to participate in, and enhanced the program so that participants can feel the attraction of the company group and get an image of actually working here through experience of individual and corporate consulting work, etc. In fiscal year 2024, we increased internships in the cities so that it is easy for people who want to make a regional u-turn to participate.


An internship meeting

Promotion of active participation by all employees

We formulated an action plan and are working on various measures for balanced support to realize a virtuous cycle of sustainable development of the company group and the improvement of employee engagement, with each and every employee's diverse sense of value recognized and everybody able to demonstrate their capabilities to the maximum.

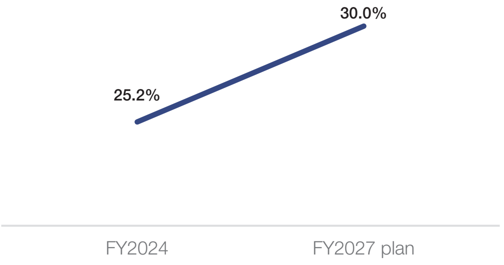
Formulation of an action plan for the active participation of all employees

We have enhanced the career development of female employees (various training and positive appointment to management positions) and various seminars from the perspective of promoting diversity. We have formulated an action plan to accelerate group-based initiatives further from now on for the active participation of all employees, including young, female and senior employees.

Measures (including measures to be implemented from now on)	Description
Unconscious bias training	We implement training for management and discussions in each workplace aimed at the realization of unconscious bias and behavioral change.
Officer mentor system	This is a series of programs from issue planning, solution and result presentation based on mentoring for the acquisition of a management perspective (starting from female top management positions, subjects will be expanded in the future)
New establishment of training for female management (Women's Do Advanced)	Training for the improvement of management and mindset in anticipation of career advancement into top management
Implementation of Hokuhoku Council	Implementation by a side-job method of meetings to consider diversity-related measures to reflect diverse opinions in personnel measures, etc.
Holding of a diversity forum	Transmission of management messages, lectures by external lecturers and group discussions for the promotion of understanding of company-wide diversity management

● KPI (female manager ratio)

We are further advancing initiatives for female career development and job changes, boosting steps towards wide-ranging career paths and appointing female employees to management positions positively. Our policy is to eliminate the gender gap in corporate negotiation work and Headquarters planning work, establish an environment in which employees can demonstrate their capabilities regardless of their course and gender, and expand the female management position and top management talent pool in terms of both quantity and quality.



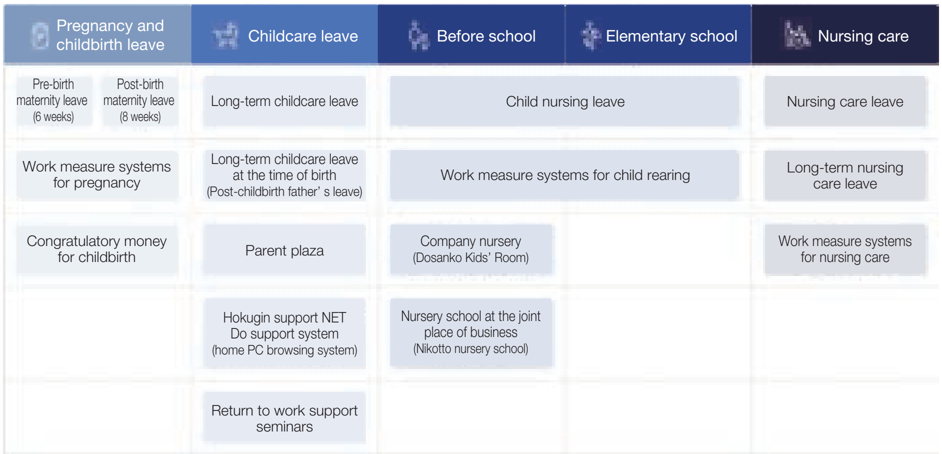
Measures aimed at support for work-life balance

Centered on Diversity Promotion Office, we are working positively on the creation of an environment where employees can work while realizing a work-life balance. In addition, we are implementing individual follow-up through career advisor interviews and have also enhanced mechanisms that increase all employees' literacy such as the preparation of a handbook and the implementation of e-learning on support systems for child rearing, nursing care, etc. Both The Hokuriku Bank and The Hokkaido Bank have acquired "Platinum Kurumin" and "Eruboshi (level 3)" certification.

● External evaluation

Platinum Kurumin

Eruboshi (level 3)



Pregnancy and childbirth leave	Childcare leave	Before school	Elementary school	Nursing care
Pre-birth maternity leave (6 weeks) Post-birth maternity leave (8 weeks)	Long-term childcare leave	Child nursing leave		Nursing care leave
Work measure systems for pregnancy	Long-term childcare leave at the time of birth (Post-childbirth father' s leave)	Work measure systems for child rearing		Long-term nursing care leave
Congratulatory money for childbirth	Parent plaza	Company nursery (Dosanko Kids' Room)		Work measure systems for nursing care
	Hokugin support NET Do support system (home PC browsing system)	Nursery school at the joint place of business (Nikotto nursery school)		
	Return to work support seminars			

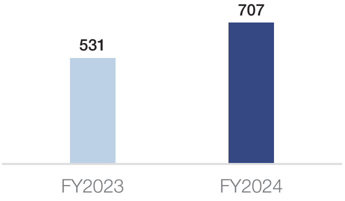
Cultivation of a corporate culture that encourages challenges

We have established an environment in which employees can realize a wide range of careers by providing opportunities allowing them to take on challenges. In addition, we respect what each and every employee wants to try and strive to foster an organizational culture where they can raise a hand. We implement the "challenge job," "work side-job" (internal side-jobs) and "try internship" initiatives in an open recruitment format so that employees can engage in work they want to challenge themselves in, and have built mechanisms that promote autonomous career formation. In addition, we have enhanced the support framework to encourage the challenges of personnel, including "one-on-one meetings" and "career advisors," and are committed to careful support so that employees can take on challenges with peace of mind.

		FY2024
Challenge job	Employees apply for a personnel transfer to a department they want to challenge themselves in	37 people
Work side-job	Employees engage in a specific project in an internal side-job format	113 people
Try internship	Employees experience work in a department they are interested in for 2 to 5 business days	501 people

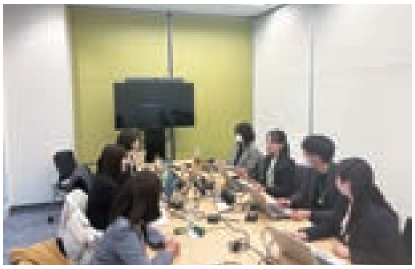
● **Number of open recruitment applicants**

(Unit: people)



Try internship

This is a system that allows employees to experience their desired headquarters work for a short period of time while remaining in their current positions. It was used by 355 employees in fiscal year 2024. Many participants have raised opinions that it has given them a new perspective on their own careers, such as "I was able to find out about work that I did not know about before" and "it was the trigger for me to consider headquarters work for the first time." Adding branches to the places where interns could go from fiscal year 2024 has also contributed to the further activation of communication between headquarters and branches. It is also a system that enables participation beyond the boundaries of group companies.



Try internship
(Diversity Promotion Office)

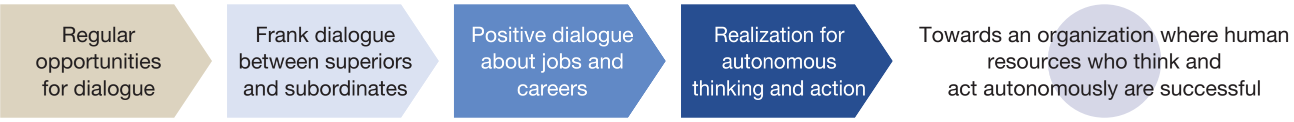
Work side-job

This is a system within which employees work on a specific project in an internal side-job format while also performing their normal work. For headquarters, these are also opportunities allowing them to absorb the opinions of the field, which are used in the projects for the formulation of headquarters measures. This system was implemented in the work formulating the purpose in Branding Strategy Office in fiscal year 2024.

Working on formulation of the purpose
(Branding Strategy Office)

One-on-one meetings

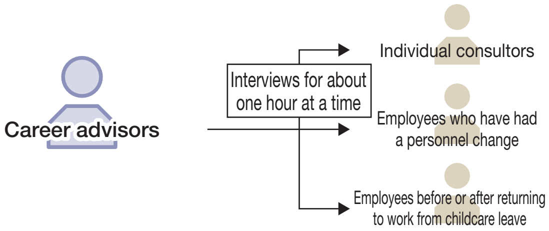
We are implementing one-on-one meetings aimed at open communication and autonomous initiatives towards work. Using regular opportunities for dialogue, these are opportunities for realization for autonomous thinking and action.



Regular opportunities for dialogue → Frank dialogue between superiors and subordinates → Positive dialogue about jobs and careers → Realization for autonomous thinking and action → Towards an organization where human resources who think and act autonomously are successful

Career advisors

We have appointed career advisors as consultants for each and every employee. Visiting sales branches, they hold interviews with employees and respond to various inquiries on matters including career advancement, ability development and life design. This has connected to the expansion of support for the growth and retention of young employees, the career designs of diverse employees and work-life balance. In fiscal year 2024, advisors carried out interviews with 1,460 employees.



Creation of an employee-friendly environment

For each and every employee to empathize with the management policies of the company group and to support thought and action aimed at autonomous growth, continuous initiatives for the improvement of employee engagement are essential, so we are striving for the creation of an employee-friendly environment through various measures aimed at the realization of work-life balance and the promotion of health management.

Initiatives for the realization of work-life balance

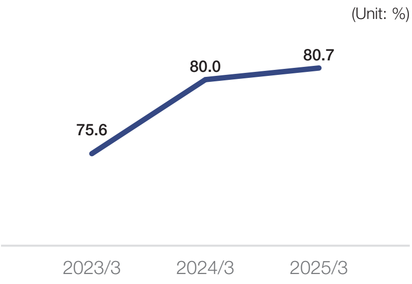
We are working on the realization of well-balanced work styles for the enhancement of employees' work-life balance. We are working on the establishment of systematic leave tailored to life events and the promotion of the taking of paid leave, and have made further improvements to the workplace environment through work styles corresponding to new senses of value and the expansion of welfare systems to realize the well-being of employees.

Awareness of appropriate time management

The staggered work attendance and short-time work systems

Promotion of taking of paid leave

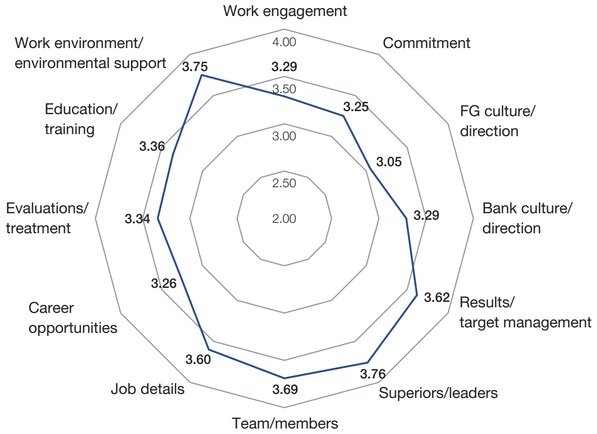
● **Rate of taking of paid leave**



Initiatives for the improvement of engagement

We started engagement surveys from fiscal year 2023 at the company's subsidiaries to grasp the issues of the banks overall and use the results in the consideration of various personnel measures. We will advance analysis of the survey responses, carry out comparisons against previous fiscal years through continuous implementation, and verify the effects on the improvement of employee engagement.

● **FY2024 engagement survey (score by area) * Out of 5 points**



Current understanding

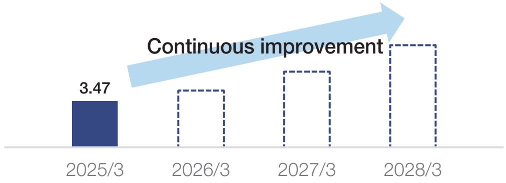
- The scores for work environment and workplace members (team, members, superiors) are relatively high.
- On the other hand, there is room for improvement in FG culture/direction and career opportunities.

Measures aimed at improvement (examples)

- Implementation of inner branding in cooperation with Branding Strategy Office
- Implementation of engagement improvement measures including related companies and follow-up
- Various measures of the action plan for the active participation of all employees

● **KPI (engagement scores)**

We have made improving engagement scores continuously during the period of the medium-term management plan a target by reflecting on measures, reviewing existing measures and adding measures based on the engagement survey carried out once a year.



360-degree surveys

We implement these surveys for all levels of management at the pace of once each fiscal year from the perspectives of managers understanding their own management characteristics and the improvement of employee ES.

Pulse surveys

Centered on young bank employees, we implement surveys of real feelings of growth potential and the state of communication each month, and their state of health. By grasping mental and physical changes in a timely way, we are striving for the maintenance and improvement of young bank employees' motivation through follow-up in one-on-one meetings, etc.

Promotion of health management

The Hokuriku Bank and The Hokkaido Bank are supporting the maintenance and promotion of the mental and physical health of employees together with the health insurance association, industrial physicians and labor unions based on a “health management declaration,” and have declared that they will contribute to the creation of lively regions through the provision of sound financial services based on the health of employees.
Based on the strategy map, we are implementing measures that will lead to the maintenance and promotion of health such as a walking campaign and various other campaigns, and the holding of seminars, and both The Hokuriku Bank and The Hokkaido Bank have acquired “Outstanding Organizations of KENKO Investment for Health - White 500” certification for eight consecutive years.

● Outline of the strategy map

Based on the strategy map, we have visualized health investments (measures) assumed to be required for the resolution of management issues and the links of the indicators that measure their effects. We are implementing measures continuously such as “collaborative health (collaboration with the health insurance association and employee unions)” and “use of a health app” so that the health management of the company group is more effective.

Health investment	Health investment effects *The indicators are examples			Management issues that we want to resolve with health management
	Indicators of initiatives under measures	Indicators of employees’ awareness and behavioral changes	Ultimate health indicators	
Measures for the maintenance and promotion of health	Number of participants in walking events	Improvement of living habits (diet, exercise, sleep)	Improvement of state of health (rate of having findings, etc.)	Sustainable growth based on the invigoration of the organization and productivity improvements
Measures for the prevention of lifestyle-related diseases	Rate of taking secondary medical examinations			
Measures for the improvement of literacy	Numbers of participants in health-related seminars and e-learning	Improvement of awareness of job satisfaction attributes	Improvement of work engagement	Establishment of employees based on environmental preparation including the empowerment of women
Measures for the promotion of WLB	Number of days of paid leave taken		Improvement of absenteeism and presenteeism	
Mental health measures	Rate of taking of stress checks	Decline in percentage of people with high stress		

Improvement of financial wellness

We have introduced a stock holding association and matching contributions on a corporate DC plan to improve the financial wellness of our employees, who are responsible for the value creation of the region and customers.
In addition, we are striving for the enhancement of welfare systems, including an education refinancing system (low interest unsecured loan system for employees).

Initiatives for the improvement of corporate value

Shigeru Urasaki

Executive Officer

Determination for the improvement of corporate value based on the turnaround of the interest environment

Following the release from negative interest rates in March 2024, market expectations of an improvement in the revenue environment for financial institutions overall, including the company group, have increased. In the Integrated Report 2023 two years ago, I mentioned that at 0.26 times, the company's PBR (Price Book-value Ratio) was low compared to other companies in the banking industry, and that the weakness of our earning capacity, the lack of expectations for profit growth and the lowness of our capital efficiency were the main causes that invited the slump in evaluations.

Subsequently, because the interest rate environment turned to an uptrend following the policy shift by the Bank of Japan, we arrived at a situation in which the scale of the assets held by the company group could be utilized. I think it is clear that from now on, the direction of asset management and skill in deposit procurement power will influence the profitability of financial institutions greatly, and the promotion of business strategy pivoted firmly on the core work of the banking industry will be essential.

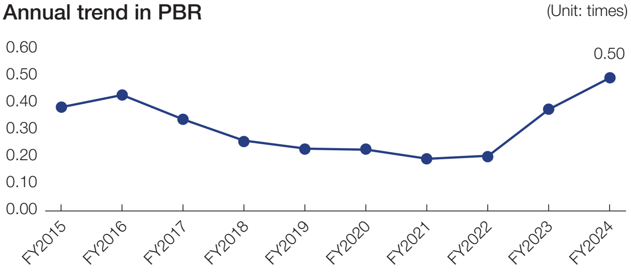
Following such environmental changes, although initiatives for the improvement of corporate value are still ongoing, our PBR at the end of March 2025 had improved to 0.50 times and I can feel steady progress. In this section, I will reflect on the outcomes and issues of our initiatives thus far, and convey the direction of the financial strategy in our new medium-term management plan, which started in April 2025.

The current situation and sense of improvement

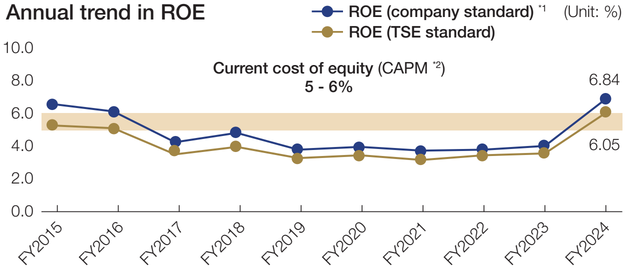
In the earning power aspect, with the tailwind of the interest rate environment, the improvement of yields is standing out centered on business loans and loans to local governments. In securities management too, yields have improved steadily, also due in part to the effects of the changes in our portfolio that we implemented last fiscal year. Due to such factors, RORA (return on risk assets) in fiscal year 2024 was 0.63% so that has improved by 0.26 points compared to last fiscal year.

On the other hand, with regard to capital efficiency, the company's cost of equity (CAPM base) has been calculated at 5 to 6%, and ROE (return on equity) has continued to be below this level. However, with an ROE of 6.05% in fiscal year 2024, a level above the cost of equity has finally come into view. If the risk free rate increases in association with increases in the domestic interest rate from now on, it is possible that the cost of equity itself could also increase, and I am aware that increasing capital efficiency at a pace above that will be important.

Annual trend in PBR



Annual trend in ROE



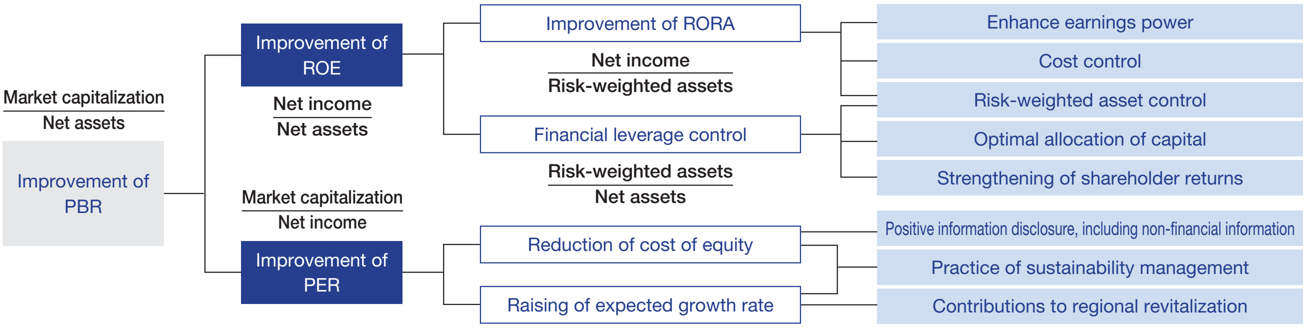
*1 ROE (consolidated, shareholders' equity base)
= consolidated net income (after deducting preferred stock dividends) / (shareholders' equity at start of term (excluding preferred stock) + shareholders' equity at end of term (excluding preferred stock)) / 2

*2 CAPM = government bond interest rate + β ×TOPIX risk premium * Calculation based on company standard

Turnaround in medium-term strategy towards a PBR of 1 times, and priority measures

Under the new medium-term management plan, we are targeting bringing PBR close to 1 times over three years and will work on the strengthening of the various measures broken down on the logic tree towards the realization of that target. The biggest difference with the previous medium-term management plan to fiscal year 2024 is the point that we are focusing clearly on a market strategy centered on business loans. Under the previous medium-term management plan formulated in a low interest rate environment that had continued for many years, "taking on the challenge of new business areas" was our main theme, and "loans" were not stated explicitly in those important areas. Although this was an unavoidable aspect while interest rates slumped, it is also a fact that at the time, the relative importance of loan business was in retreat.

Under the current plan, we are using the changes in the interest rate environment as a tailwind, and working strongly on the improvement of corporate value throughout the company group as a whole while again facing head on the creation of intrinsic value as a regional financial institution.

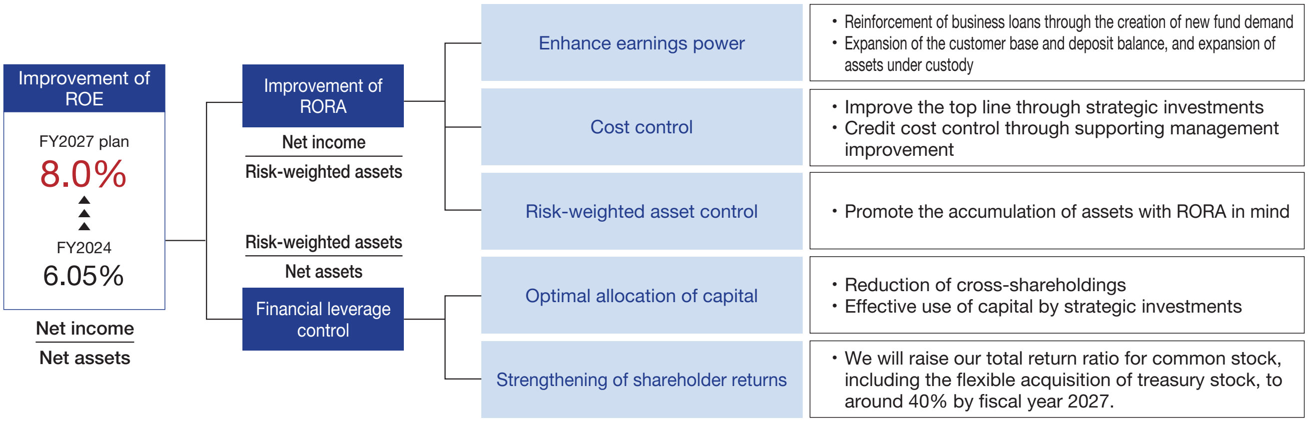


Overall image of management strategy for the realization of an ROE of 8%

For the improvement of ROE, the company group is working on improving RORA, with a focus on strengthening earning power, as well as on the appropriate control of financial leverage from the perspective of capital efficiency.

In the strengthening of earning power, in addition to a market strategy centered on business loans, we are reinforcing assets under custody through the steady acquisition of the deposits that will fund them and the provision of one-stop solutions with the group working as one. Moreover, we are striving for the sustainable expansion of our revenue base through the upgrading of consulting functions demonstrating synergies within the group to the maximum.

We will execute the various measures raised in the medium-term management plan steadily aiming for the achievement of an ROE of more than 8% by fiscal year 2027.



Improvement of ROE

FY2027 plan
8.0%
▲
▲
▲
FY2024
6.05%

$\frac{\text{Net income}}{\text{Net assets}}$

Improvement of RORA

$\frac{\text{Net income}}{\text{Risk-weighted assets}}$

$\frac{\text{Risk-weighted assets}}{\text{Net assets}}$

Financial leverage control

Enhance earnings power	• Reinforcement of business loans through the creation of new fund demand • Expansion of the customer base and deposit balance, and expansion of assets under custody
Cost control	• Improve the top line through strategic investments • Credit cost control through supporting management improvement
Risk-weighted asset control	• Promote the accumulation of assets with RORA in mind
Optimal allocation of capital	• Reduction of cross-shareholdings • Effective use of capital by strategic investments
Strengthening of shareholder returns	• We will raise our total return ratio for common stock, including the flexible acquisition of treasury stock, to around 40% by fiscal year 2027.

• Enhance earnings power — strengthening of net interest income —

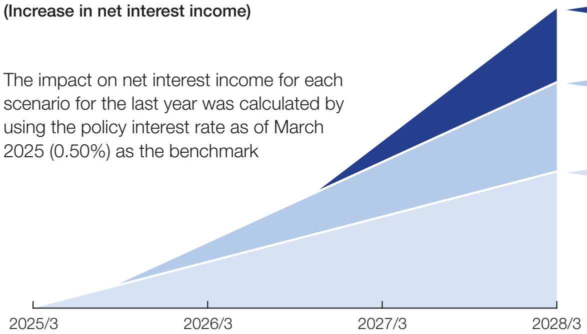
I understand that because we transitioned to a market environment with interest, we have entered a stage where the superiority of the scale of assets held by the company group can be utilized more than ever. In addition to the accumulation of our lending balance, we are working on the qualitative improvement of assets, such as the improvement of the RORA of each asset, and the promotion of variable interest rate loans, to demonstrate this strength to the maximum.

During the period of the medium-term management plan, we are implementing simulations of changes in net interest income due to interest rate rises, and promoting the building of a portfolio that allows us to enjoy the merits of interest rate rises to the maximum based on the results. We have established an outlook that net interest income will increase by ¥43 billion compared to fiscal year 2024 in fiscal year 2027, the final fiscal year of the plan (based on the assumption that the policy interest rate will increase to 0.75% during fiscal year 2025).

On the other hand, we are also mindful of the uncertainties of the external environment, including US tariff policies, and even assuming that the policy interest rate remains unchanged at its current level, we expect an increase in net interest income of ¥28 billion through the revision of asset allocation.

Interest rate assumption and amount of impact
(Increase in net interest income)

The impact on net interest income for each scenario for the last year was calculated by using the policy interest rate as of March 2025 (0.50%) as the benchmark



Scenario of an additional interest rate hike: The policy interest rate will be 1.0% after an additional interest rate hike during FY2026 (+50bp)

net interest income + ¥8 billion

Main scenario: A ¥43 billion increase: The policy interest rate will be 0.75% (+25bp) during FY2025

net interest income + ¥15 billion

If the policy interest rate remains unchanged: A ¥28 billion increase. Policy interest rate of 0.50% (±0bp)

While taking advantage of the tailwind generated by changes in the interest rate environment, strive to improve the quality of assets and ramp up the earning power of the entire Group.

Deposits

For our retail market strategy, we are rolling out a strategy that fuses brick-and-mortar channels and non-face-to-face channels using the company group's unique strength, a branch network deployed over a wide area. Doing so will realize the expansion of our customer base and a solid increase in deposits. Specifically, while competition for the acquisition of deposits beyond industry barriers is accelerating, we are maintaining the number of our bases while evolving the traditional functions of branches, and strengthening their combination with non-face-to-face channels such as apps and portal services. The number of users of apps for individuals is also increasing steadily and broke through one million people in February 2025. We will aim for expansion to 1.4 million people by the end of fiscal year 2027 by expanding their functions further. Through these initiatives, we are planning to increase the deposit balance to ¥15 trillion in fiscal year 2027 (+¥1 trillion compared to fiscal year 2024).

Loans

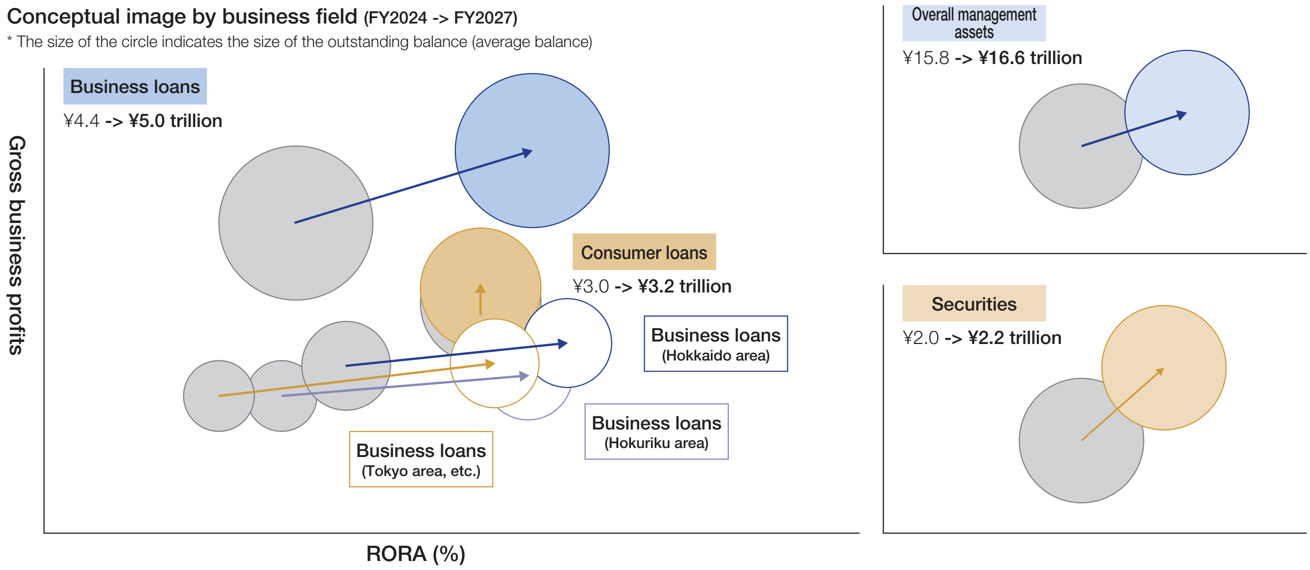
With regard to business loans, we are working on the establishment of a virtuous cycle that creates new fund demand by using consulting functions and draws out the growth potential of the region. In a situation of rising interest rates, we will secure profitability with appropriate interest rate settings and improve profitability and RORA by developing new investment opportunities such as structured finance. In addition, we are also focusing on potential in SX and GX-related investments and loans, and are aiming for the execution of a cumulative total of ¥1 trillion from fiscal year 2025 to fiscal year 2027 by appointing specialist human resources with priority on areas with demand. We are planning to increase the business loans balance to ¥5 trillion in fiscal year 2027 (+¥600 billion compared to fiscal year 2024) through such initiatives.

Securities

With regard to securities management, we have established Market Finance Department within the FG as a specialist department and advanced the strengthening of the system aimed at greater efficiency within the group overall and the upgrading of risk management. On the operations side, we have changed our portfolio centered on bonds with long remaining periods to shorten duration in readiness for further interest rate rises. During the period of the medium-term management plan, we will keep the deterioration of profit or loss on valuation due to interest rate rises to a minimum and aim for the building of a portfolio that can ensure stable revenue in the medium to long-term by taking appropriate risks at the stage where the interest rate has increased to a certain degree.

Conceptual image by business field **(FY2024 -> FY2027)**

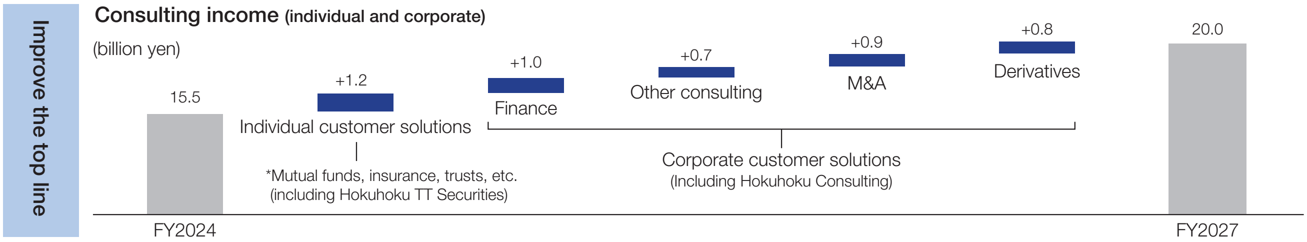
* The size of the circle indicates the size of the outstanding balance (average balance)



• Enhance earnings power — non-interest profits —

Areas of non-interest revenue are areas that the company group strengthened in particular as a crucial strategy following the introduction of negative interest rates. In the corporate area, we have advanced the development of specialist human resources in the areas of M&A, business succession and management consulting, and as a result of expanding contact points with business partners, consulting revenue is progressing steadily. I am aware that the further upgrading of the consulting functions of the company group will be essential for the resolution of issues faced by regional companies including the non-existence of successors and labor shortages. We established Hokuhoku Consulting in May 2024 and consolidated the human resources that had been cultivated at Hokuriku Bank and Hokkaido Bank. By doing so, the optimal assignment of human resources to areas with needs is possible, and we will expand consulting functions and revenue with more effective approaches.

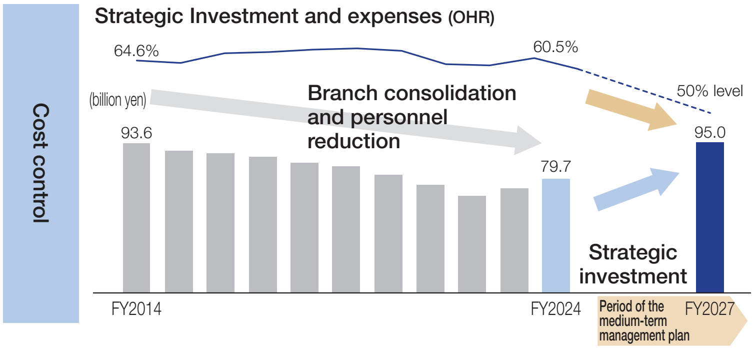
In the individual area, we are advancing analysis of customer segments and working on the deployment of services in accordance with the needs of each segment. For example, we will enhance non-face-to-face channels and online briefings for the working segment, who find it difficult to secure time for meetings, and on the other hand, we will provide one-stop solutions for the wealthy segment, which has high asset management needs, with the banks and securities and consulting companies cooperating. I am aware that there have been issues until now with regard to approaches to the wealthy segment especially, and we will strengthen resources and services for this segment as an area we will work on with priority from now on.


Consulting income (individual and corporate)

• Cost control

Until now, the company group has carried out significant reductions of personnel expenses and property costs through work reforms, reviews of its branch network, etc. Our policy from now on will be to ascertain and execute growth investments through “selection and concentration” that contributes to the improvement of corporate value. Specifically, we are planning investments to improve the convenience of customers, such as the establishment of next-generation branches and the improvement of app and ATM functions. Further, in addition to the streamlining of work through system investment including generative AI, we will focus on human investment including the strengthening of mid-career employment and the development of professional talent. Although a certain level of cost increases are expected due to these strategic investments, we will steadily improve the OHR (overhead ratio) through topline growth while continuing to control costs appropriately.

It is possible that credit-related costs will increase due to the impacts of interest rate rises and soaring prices, but the company group has worked on the grasping of the actual situations of business partners through commercial evaluations, etc., and the building of accompanying-type support systems for some time. From now on, we will continue to play our role as a regional financial institution and strive to control credit costs by continuing support aligned closely with business partners.


Strategic Investment and expenses (OHR)

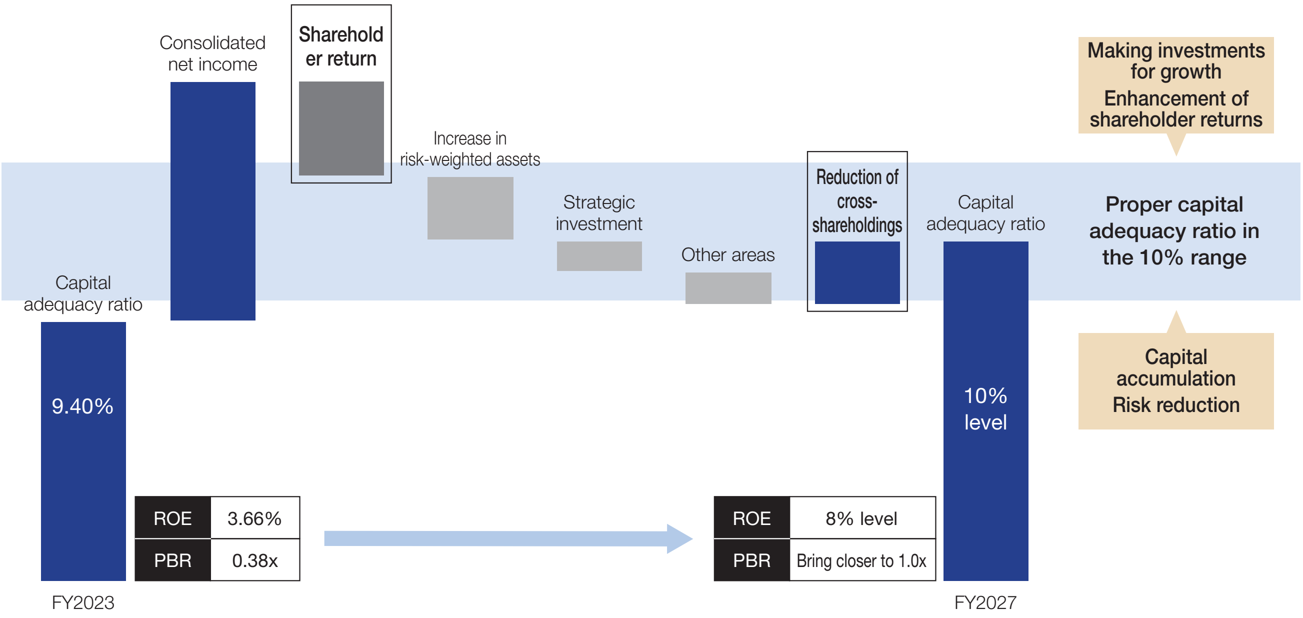
Strengthen the top line through strategic investment to reduce OHR

Strategic investment (property costs) + ¥9 billion	Human investment (personnel expenses) + ¥4 billion
• Establishment of next-generation branches • Enhancement of the functions of apps and ATMs • Investment in generative AI and other IT systems that contribute to higher productivity	• Strengthen mid-career employment • Improve staff treatment • Engage in human investment for the fostering of professional talent

• Capital allocation

For the realization of sustainable growth, we are aiming for the maintenance and improvement of a proper capital adequacy ratio while balancing the three elements of the promotion of growth investment, the enhancement of shareholder returns and capital accumulation. During the period of the medium-term management plan, we will aim for the realization of an ROE of 8% by accumulating risk assets centered on business loans and advancing strategic growth investments. In addition, at the same time, we are working on the enhancement of shareholder returns and the steady reduction of cross-shareholdings, and looking ahead to sustaining a capital adequacy ratio in the 10% range to fulfill our stable fund supply function as a regional financial institution and prepare for a certain level of risk.

Aim at a capital adequacy ratio in the 10% range and an ROE in the 8% range, thereby balancing capital accumulation and shareholder returns.

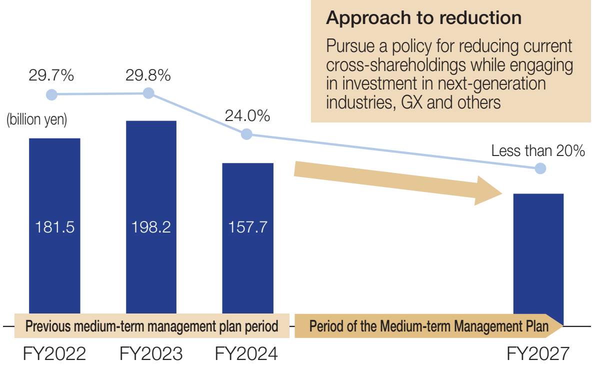


• Optimal allocation of capital — reduction of cross-shareholdings —

We set a target for the reduction of cross-shareholdings of about ¥15.6 billion based on book value (equivalent to about 25% of our cross-shareholdings) in the previous medium-term management plan period (three years), and engaged in repeated dialogue with the companies in which we hold cross-shareholdings. As a result, we achieved a reduction of ¥18.0 billion based on book value and ¥40.5 billion based on market value by fiscal year 2024, a result greatly above the target.
In the current medium-term management plan, we have raised the target of making the balance of cross-shareholdings based on market value less than 20% of consolidated net assets by fiscal year 2027. While strategic investments in next generation industries, GX-related business, etc., are also anticipated, the reduction of cross-shareholdings will continue to be an important management issue and we will also continue dialogue with the companies in which we hold cross-shareholdings towards the early achievement of this target.

Reduction of cross-shareholdings

Reduce the holdings to less than 20% of consolidated net assets
on a market value basis by the end of the final fiscal year

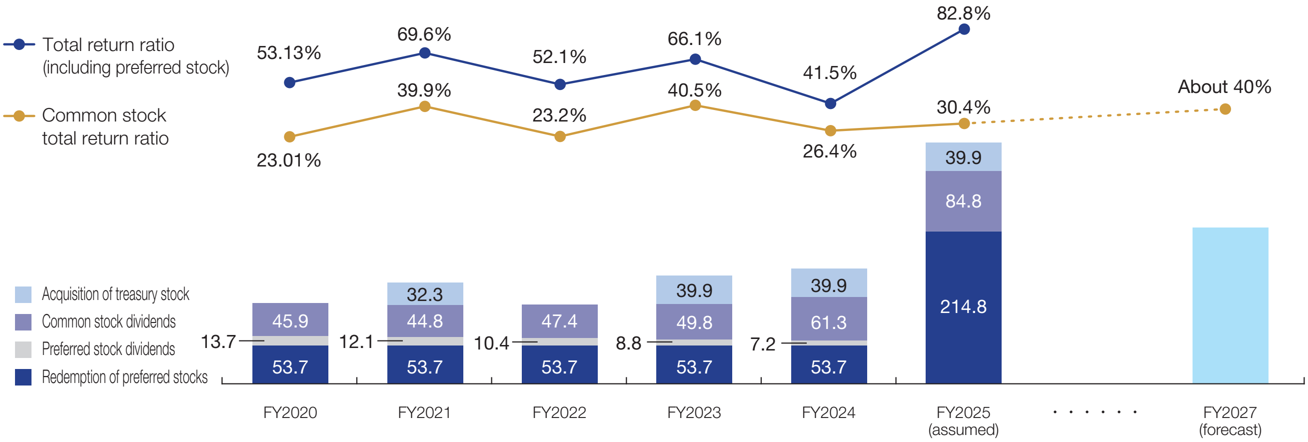

Approach to reduction

Pursue a policy for reducing current cross-shareholdings while engaging in investment in next-generation industries, GX and others

• Strengthening of shareholder returns

In March 2025, the company revised its shareholder return policy and changed from the previous policy, “aim for a total return ratio including preferred stock of 50%,” to “increase the total return ratio on a common stock base to 40% by fiscal year 2027.” This revision targets the further strengthening of returns to common stock shareholders as the company acquired all preferred stock in April 2025.

In addition, we introduced a new shareholder benefit program to increase the attractiveness of the company’s stock for all shareholders. In combination, we will continue stable dividends, determined the acquisition of treasury stock to an upper limit of ¥4.0 billion in May 2025, and completed the acquisition. We will continue to enhance the sustainable return of profits to common stock shareholders while balancing the steady accumulation of internal reserves and shareholder returns.



Common stock dividends	**35 yen** (Term-end 35 yen)	**35 yen** (Term-end 35 yen)	**37 yen** (Term-end 37 yen)	**40 yen** (Term-end 40 yen)	**50 yen** (Interim 22.5 yen) (Term-end 27.5 yen)	**70 yen** (Interim 35 yen) (Term-end 35 yen)
Acquisition of treasury stock	**—**	**¥3.2 billion**	**—**	**¥4.0 billion**	**¥4.0 billion**	**¥4.0 billion**

* Total return ratio = (stock dividends + shareholder returns + purchase of treasury stock) / (net income attributable to owners of the parent)
* Common stock total return ratio = (common stock dividends + purchase of treasury stock) / (net income attributable to owners of the parent - preferred stock dividends)

Improvement of PER — to respond to the expectations of the share market —

PER (price-earnings ratio) is an indicator that shows how many times bigger the share price is than earnings per share (EPS) and put simply, it is a barometer that represents the expectations of the market with regard to the company’s results. Theoretically, because it is also represented as “PER = 1 / (cost of equity - expected earnings growth rate),” “reduction of the cost of equity” and “raising of the expected earnings growth rate” are important keys to increase PER. The following explains the company’s initiatives from these two perspectives.

• Reduction of cost of equity

Positive information disclosure, including non-financial information

Positive information disclosure, including non-financial information, is an effective method in eliminating the asymmetry of information with investors and controlling the range of fluctuation of the share price (= risk). In addition to the enhancement of the integrated report and settlement briefing materials, the company has increased the number of IR and SR meetings. Through this communication, relationships of trust with investors continue to deepen steadily. We will continue to strengthen information disclosure centered on dialogue from now on, also including renewal of the website.

Frequency of IR activities

		FY2023 (results)	FY2024 (results)	FY2025 (plan)
Domestic institutional investors	Domestic IR	2	2	2
	1 on 1	38	45	50 - 60
Individual investors	IR for individual investors	1	2	3 - 4
Overseas institutional investors	Overseas IR	—	1	1 - 2

Practice of sustainability management

I think that the practice of sustainability management increases the sustainability of the company group's business and contributes to the lowering of capital cost because it leads to the stabilization of the profit level. What we are advancing initiatives at the company as the highest priority issue first of all is the handling of climate change. The company has raised support for the decarbonization of the group, business partners and regional society as a priority target, and in addition to the provision of sustainable finance, we are working on the elimination of the entire region's greenhouse gas emissions while cooperating with highly specialized external partners. Through these initiatives, we are aiming to increase the sustainability of the company group along with the sustainability of customers and the region.

• Raising of the expected growth rate

The sustainable growth of the company and the region will be essential to raise the expected growth rate. Recently, in Hokkaido, expectations never seen before of the region as a place for the formation of new industries, data centers and renewable energy have increased in association with the expansion of Rapidus. In the Hokuriku region, attention is being drawn to the region's attractions as a tourist location, including inbound tourists, in association with the expansion of the Hokuriku shinkansen. The company raises a Regional Revitalization Strategy as a priority strategy in its medium-term management plan to expand such opportunities for the regions to develop further, and has set nonresident populations and intraregional GDP as KPIs for the first time. We will grow into the company expected by investors by creating a virtuous cycle of carrying out initiatives that extend regional potential to the maximum and connecting that to the development of the company group.

Aiming for the further improvement of corporate value centered on financial strategy

While the structural change of the financial environment advances, the company group needs to evolve into a company chosen by investors while fulfilling its mission as a regional financial group. The sources of corporate value are sustainable profit growth, the management bases that support that, and the optimal use of capital. The company grasps the improvement of the evaluation indicators PBR, ROE and PER not simply as numerical targets, but also as signposts to raise the quality of management, and will accumulate reforms and implementation working together as a group from now on.
We intend to continue to respond to everybody's trust through sincere and transparent communication. Please continue to give us your unchanging support and expectations.

Systems that support value creation

Hokkaido Prefecture: Biei

Outside Director roundtable discussion

For achievement of the medium-term management plan and diffusion of the purpose

Hokuhoku Financial Group, Inc. started “NEXT STAGE,” its new medium-term management plan, from fiscal year 2025. How will the Group realize the plan while diffusing the purpose, “Creating a Bright Future Beyond Regions,” which was formulated at the same time? We asked our five outside directors with diverse backgrounds about the route.

Yutaka Yokoi
Outside Director serving as an Audit and Supervisory Committee Member

Marie Ogawa
Outside Director serving as an Audit and Supervisory Committee Member

Kaoru Funamoto
Outside Director serving as an Audit and Supervisory Committee Member

Hiroko Okumura
Outside Director serving as an Audit and Supervisory Committee Member

Shinya Makino
Outside Director serving as an Audit and Supervisory Committee Member

Please tell us about the process of formulation of the new medium-term management plan and purpose, and your evaluation of them.

Funamoto Because I was also involved as an outside director in the formulation of the last medium-term management plan three years ago, I gave opinions and engaged in discussions with the management team on the points that had changed in the plan this time and the profit plan while we are transitioning to a world with interest based on my experience last time. The company has the basis to hold discussions carefully in meetings including the outside directors so I think our opinions have been reflected in the new medium-term management plan.

Ogawa Since I was appointed as an outside director in 2022, we have discussed important themes in business plans at meetings of the Board of Directors each month including the strengthening of consulting functions and DX (digital transformation), and the reduction of cross-shareholdings. The new medium-term management plan has gathered detailed data and information from each department to quantify such themes specifically and set them as targets.

While we have always discussed actively what will be the drivers for the achievement of business plans, what was impressive this time was the formulation of the purpose. My impression is that we worked very carefully on the formulation of the purpose because it will be necessary to foster a sense of unity among officers and employees to achieve the goals we are aiming for as a group. Actually, when I observed places of opinion exchanges by employees on the purpose formulation projects, I saw people in various standpoints working very hard on discussions.

Such initiatives as a whole strengthen organizational capacity, which leads to the raising of competitiveness and profitability, strengthens shareholder returns, and as a result, increases the share price and corporate value. I had a sense of understanding that the process towards the target had been shared firmly with the management team.

Makino In 2024, when I was appointed as an outside director, the company was right in the middle of the formulation of the purpose. A considerable number of people participated in the bottom-up style open opinion exchanges and everybody from general employees to managers exchanged opinions very freely. Because of that, the first impression for me was an open corporate culture.

The purpose would not function without being shared. In that sense, this kind of formulation process itself has great significance. The process with everybody pitting opinions against each other over what they themselves are and how they will act towards what end is important. On the Board of Directors too, it was communicated to the management team many times that the purpose would not function without being shared, and that it was important to diffuse it to all personnel and sustain it.

Yokoi In addition to the medium-term management plan and the formulation of the purpose, the company also revised the vision as its ideal situation. Last year was the twentieth anniversary since the management integration, and was the year that the external environment saw the arrival of a “world with interest.” The company’s financial results for fiscal year 2024 were also good and above the targets, and I can say that various things were put in order just as we hit the milestone.

What I want to emphasize most in the content of this medium-term management plan is that our business development in the Hokuriku region, Hokkaido, and the three major metropolitan areas represents both the company’s greatest strength and a challenge, and that this business development has been organized from the three perspectives of "Market Share," "Market Chance" and "Market Size." It explains the positioning of each region in a way that is easy to understand, and I think it has indicated how it will use them for probably the first time since the company group's inauguration. In addition, there was also the acquisition of all preferred shares and the introduction of shareholder benefits. There are still many challenges that we should work on, but I think preparations have been put in place to a considerable degree.

What do we need to increase the effectiveness of the new medium-term management plan and vision?

Okumura The medium-term management plan has content conveying that the company has organized its business portfolio and prepared the foundations to strengthen its profit structure.

It conveys that the company has developed business rooted in each region, Hokuriku, Hokkaido and the three big cities, but some concerns do remain over whether or not it has conveyed sufficiently to investors and other stakeholders how it is demonstrating synergies as a group. As the Board of Directors, I think it will be important to connect initiatives in each region organically, increase synergies as a group, and strengthen monitoring towards the steady realization of the plan while also paying attention to the transmission of information.

Funamoto The title of the medium-term management plan, "NEXT STAGE," is imbued with the will of the company. The question of how the group will cooperate, including The Hokuriku Bank and The Hokkaido Bank of course, and other group companies, will also enter a new stage. Planning functions have been consolidated at the company for the past two years to implement this and the management bases have been strengthened.

The formulation of the plan was not the goal, but the start. Together with diffusing the plan to the field, the actual work force, I think the question of how to take a bird's eye view of the group overall and use human resources, including exchanges of personnel, to promote the integrated management of the group will be an important point for the achievement of targets.

Ogawa The majority of the group's activities are reported to the Board of Directors and there is an abundant amount of information including the materials of the Management Committee so it feels like the internal control system looking objectively at management has been put in place. What will be important from now on will be motivation for the field to transition the plan and vision that have been created to implementation. From an external standpoint, I think we must bear in mind being able to present the perspectives of personnel to the management team.

Makino Bank work has relied greatly on the fundamentals (basic conditions) of the economy until now. I think that the handling of other factors will be the key to growth going forward. For example, how we respond flexibly to issues such as DX and human capital, and changes in consumer trends and demographics, and how we connect changes to the creation of value will be important.

To raise a specific example, a regional bank has the strength of being close to its region, but this could be shaken by the technological progress of recent years. If we get digital technology on our side, it could also enable the expansion of our commercial area and the improvement of our services, but conversely, if we make mistakes in our handling of it, our prime areas could be eaten into.

We are in an age of managing while exposed to changes that cannot be depicted fully in the medium-term management plan so the ability to respond flexibly will be very important.

Yokoi While the tailwind of “a world with interest” has appeared in the management environment, the international situation is becoming a hindrance. Changing the perspective slightly, The Hokuriku Bank has advanced internationalization particularly positively for a regional bank for some time. After the collapse of the bubble economy, it curtailed its international business for a while, but I am exchanging opinions with the management team on how the company will work on international business from now on and sharing them as management issues.

I have heard that overseas study opportunities for personnel have expanded again recently, and this may be a medium-term discussion, but I have expectations for the overseas expansion of the company.

Please tell us your opinions concerning the human capital management that the company group raises.

Ogawa The improvement of the skills and motivation of group personnel, the creation of an environment in which diverse human resources can be actively successful, and the accelerated promotion of hiring of the required human resources will be essential for the achievement of the new medium-term management plan and the realization of the vision.

It is often said when diversity is raised that dividing work into male and female is already old, but the fact is that the division of roles among men and women still remains strong in the financial industry, not just at the company. For example, women are mainly engaged in over-the-counter and individual sales, and as a result of having little experience of engagement in corporate sales and the scope of their work not really expanding, it is difficult to develop female human resources to become branch managers. Increasing the number of women who take on the challenges of a wide range of areas without thinking about work divided into male and female will be important, and I am asked to please convey this more to the management team when I have this kind of discussion with young female employees.

I had an opportunity to give a lecture on diversity at a meeting of the branch managers of both The Hokuriku Bank and The Hokkaido Bank. Building on such opportunities, I hope to work together with Ms. Okumura, who recently joined as an outside director, to embody diversity and communicate its importance.

Okumura I placed myself in a foreign financial institution in the past and turned into a lawyer following the Lehman Shock. When I was invited to become an outside director, I was very impressed by the company’s established culture of welcoming individuals with such unique career paths from outside. An open environment is created by accepting human resources with diverse backgrounds. That has been advanced positively at the company, which intends to take in external winds positively and carry out reform while protecting its current good culture, and I would like to support that attitude.

What are your expectations of the company group?

Yokoi From the end of last year to May this year, the company has been able to announce with good timing a series of capital policies, including the acquisition of treasury stock, the acquisition of all preferred stock, a new return policy and increased dividends, as well as management strategies including the formulation of the purpose and the start of the new medium-term management plan. I understand that along with the messages from the management team, making the announcements strategically after establishing a story connected to the expectations of stakeholders.

Responding to those expectations will take place from now on. We will put into practice each and every one of the measures hammered out based on the new purpose and connect them to the improvement of corporate value. I would like to take on part of that work as an outside director.

Strengthening of group governance

Corporate governance

• Basic approach

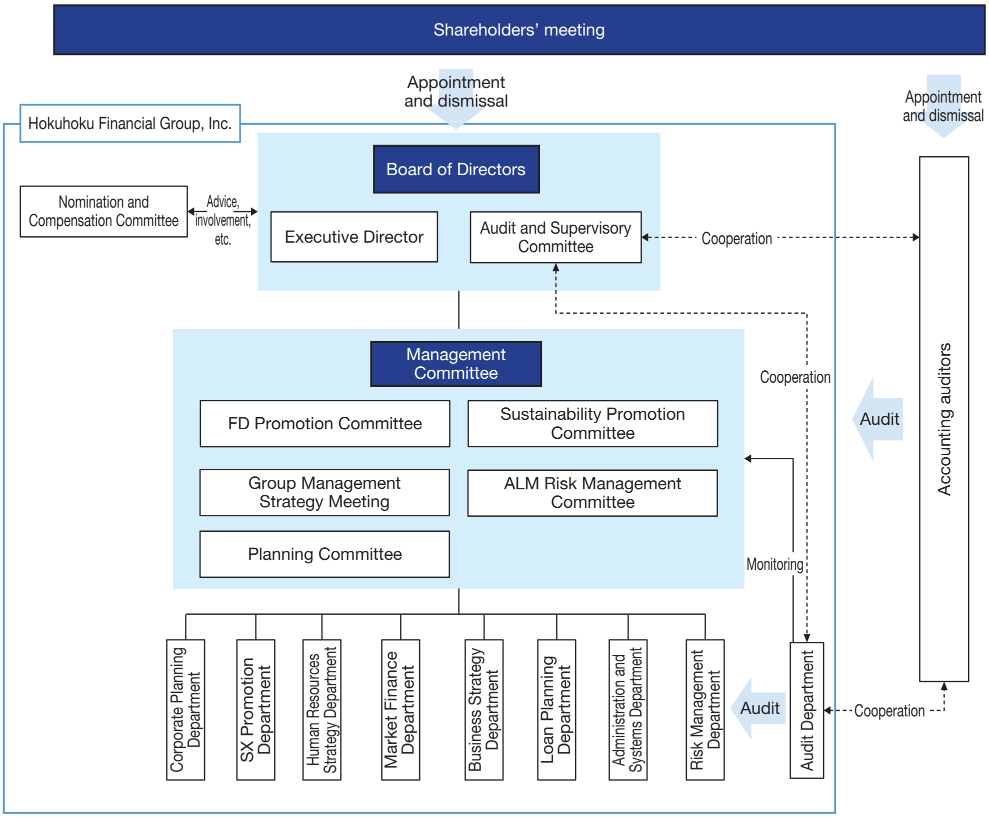
The company group (the company, subsidiaries and related companies) regards strengthening and enhancing corporate governance as one of the most important management priorities. We will strive for the strengthening and enhancement of corporate governance in line with the following basic approach for the sustainable growth of the company group and the improvement of medium to long-term corporate value.

(1) We respect the rights of shareholders and ensure equality.
(2) We consider the interests of all stakeholders, including customers, regional society and employees, not just shareholders.
(3) We disclose information appropriately and ensure transparency.
(4) We make effective use of functions such as audits by the Audit and Supervisory Committee, and increase the effectiveness of the supervisory functions of the Board of Directors through the use of independent outside directors.
(5) We strive for constructive dialogue with shareholders towards the improvement of medium to long-term corporate value.

For details on corporate governance, please see the company's website.
https://www.hokuhoku-fg.co.jp/english/info/governance/corporategovernance/

• Corporate governance system

The company adopts Audit and Supervisory Committee system and also appoint outside directors. Additionally, in order to bolster our group governance framework and, ensure that operations are managed appropriately as a holding company, people from each of our principal subsidiaries, The Hokuriku Bank and The Hokkaido Bank, are appointed as directors at the other bank to promote mutual understanding and mutual checks and balances.



Ratio of outside directors

[1] Board of Directors

Met 11 times during fiscal year 2024

Responsible for decisions related to important policies for management of the group as a whole, and for overseeing business management, risk management and auditing carried out by the holding company and its subsidiaries.
Five outside directors are appointed and contribute to strengthen the function of the Boad of Directors by incorporating perspectives that are independent from management.

[2] Audit and Supervisory Committee

Met 11 times during fiscal year 2024

Determines matters related to auditing policies, plans and methods, and matters related to the execution of duties of directors serving as Audit and Supervisory Committee members. Also conducts audit on the performance of duties by directors, and determines opinions related to the nomination, compensation, etc., of directors other than those serving as Audit and Supervisory Committee members.

[3] Nomination and Compensation Committee

Met 7 times during fiscal year 2024

Composed of a majority of outside directors as a consultative body to the Board of Directors, with the chair selected from among the outside directors. Provides appropriate advice in matters related to personnel and remuneration for directors and senior management.

[4] Management Committee

Met 48 times during fiscal year 2024

Comprised of full-time directors of the company, makes decisions on matters relating to overall business execution policies and matters related to the implementation of particularly important tasks by specific divisions based on the basic policies determined by the Board of Directors.

[5] Fiduciary Duty Promotion Committee (FD Promotion Committee)

Met 4 times during fiscal year 2024

Comprised of full-time directors of the company, the directors and general managers of responsible departments, and the general managers of the responsible department of some subsidiaries (the banks and the securities company), and confirms and evaluates the state of practice of customer-oriented work operations throughout the group, and considers the handling and improvements required.

[6] Sustainability Promotion Committee

Met 2 times during fiscal year 2024

Comprised of full-time directors of the company, the directors and general managers of responsible departments, considers the direction of sustainability management for the entire group.

[7] Group Management Strategy Meeting

Met 12 times during fiscal year 2024

Comprised of full-time directors of the company and the presidents of subsidiaries, responsible for making sure that important issues and management policies for the entire group are widely known and understood, and reflected in appropriate business execution by confirming the state of management of each company.

[8] ALM Risk Management Committee

Met 12 times during fiscal year 2024

Comprised of the directors and general managers of the responsible departments of the company and the subsidiary banks, recognizes and manages the ALM and risk management of each group company in an integrated fashion from an overall group perspective, and considers various policies for securing the soundness of group management and the improvement of profitability.

[9] Planning Committee

Newly established from January 2025, and met 3 times

Comprised of the directors and general managers of the responsible departments of the company, considers the planning and development of sales-related work and products from a group overall perspective.

Assessment of the effectiveness of the Board of Directors

The company's Board of Directors conducts analysis and assessment of the overall corporate governance system including the overall effectiveness of the Board of Directors each year in light of the purpose of our Corporate Governance Guidelines and discloses an overview of the results. We strive for the improvement of the effectiveness of the Board of Directors by working continuously on improvement measures for the issues identified as a result.

The PDCA cycle

Formulation of initiative policy → Operation of the Board of Directors → Assessment of effectiveness → Extraction of issues

• Specific process

We implement an anonymous self-evaluation questionnaire among all directors and conduct interviews with the outside directors to dig deeper into their opinions. Advice was obtained from the Audit and Supervisory Committee based on the results, and the assessment of effectiveness was carried out at the meeting of the Board of Directors in May.

STEP 1	STEP 2	STEP 3
The Board of Directors deliberates upon the method of implementation of the evaluation that fiscal year and the questionnaire questions.	An anonymous questionnaire is implemented among all directors (including Audit and Supervisory Committee members) and interviews are held with the outside directors.	The Board of Directors deliberates after obtaining the advice of the Audit and Supervisory Committee based on the results.

Items (major items) on the self-assessment questionnaire

[1] Composition and operation of the Board of Directors
[2] Management strategy and business strategy
[3] Corporate ethics and risk management
[4] Assessment of the management team and remuneration
[5] Dialogue with shareholders

• State of initiatives in fiscal year 2024 in response to the results of the fiscal year 2023 evaluation

Issues in fiscal year 2023	State of initiatives for issues
Setting of agenda items for important themes, securing opportunities for deliberation and carving out time	· Regular establishment of a forum for the sharing of management information related to the next medium-term management plan and the exchange of opinions · Strengthening of the adjustment of time for deliberations (setting of time for explanations in accordance with the degree of importance)
Information cooperation from the execution side	· Started the provision of executive summaries (summaries of the points of discussions) of meetings of the Management Committee based on opinions that the provision of information such as the content of discussions on the execution side should be enhanced. · Also implemented additional explanations of agenda items when responding to advance questions on Board of Directors meeting materials.
Supervision of group governance	· Implemented interviews with the outside directors and personnel on the purpose · Implemented opinion exchange meetings with the outside directors and Presidents of related companies.

• Policy on initiatives in fiscal year 2025 in response to the results of the fiscal year 2024 evaluation

Based on the questionnaire results and the results of analysis of interviews, it was assessed that the composition and operation of the Board of Directors and the Nomination and Compensation Committee, established under the Board of Directors and whose main members are outside directors, were appropriate and that the effectiveness of the Board of Directors had been secured.

Issues in fiscal year 2024	Policy on initiatives for issues
Setting of agenda items for important themes, securing opportunities for deliberation and carving out time	· We will continue the formulation and observation of an annual schedule. · With regard to the quantity of materials, we will scrutinize again the composition of materials required and sufficient from the perspective of having the outside directors understand them in a limited time. · We will continue the adjustment of the time allocated for each agenda item.
Information cooperation from the execution side	· We will organize main sheets and attachments, and will divide the attachments into "attached materials" required for the explanation of agenda items and supplementary "reference materials" to deepen the understanding of agenda items, such as the background of consideration.
Supervision of group governance	· We will implement meetings for interaction between the outside directors of group companies. · We will establish a forum for free discussion with directors and personnel on important themes linked with annual plans.

Approach to the appointment of directors and procedures

• Candidates for director excluding those serving as Audit and Supervisory Committee members

The company selects people with knowledge and experience that allows them to manage a bank appropriately, fairly and efficiently, or with the high-level ability, knowledge and insight required for the performance of duties viewed from their work experience outside of the company group, and who have sufficient social trust and can be expected to increase the corporate value of the company group based on the management philosophy.
The Board of Directors obtains advice from the Nomination and Compensation Committee and receives opinions that a candidate is qualified from the Audit and Supervisory Committee before determining the appointment of a candidate for director excluding those serving as Audit and Supervisory Committee members to ensure fair and transparent procedures.

• Candidates for directors serving as Audit and Supervisory Committee members

The company selects people with knowledge and experience that allows them to perform audits of the duties of directors appropriately, fairly and efficiently, or with the high-level ability, knowledge and insight required for the performance of duties viewed from their work experience outside of the company group, and who have sufficient social trust and can be expected to increase the corporate value of the company group based on the management philosophy.
The Board of Directors obtains consent from the Audit and Supervisory Committee based on the selecting standards, etc. before determining the appointment of a candidate for director serving as an Audit and Supervisory Committee member.

Reason for appointment as outside director

In the selection of candidates to be outside directors, in addition to the knowledge, experience and capabilities required to execute duties and meeting the requirements for outside directors established in the Companies Act, we emphasize the securing of independence from the company to exercise the function of supervision over its management.
The outside directors of each company are designated as independent officers because they meet the standards on independence established by the Tokyo Stock Exchange and the Sapporo Securities Exchange, as well as the standards for the judgment of independence established by the company, and there is no danger that conflicts of interest will occur with general shareholders.

Name	Reason for appointment	Attendance at Board of Directors meetings and Audit and Supervisory Committee meetings in fiscal year 2024
Kaoru Funamoto	The company has appointed Mr. Funamoto as an outside director due to his extensive experience and broad knowledge cultivated through prior key positions at the National Police Agency and The Resolution and Collection Corporation, and because he can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors 11/11 Audit and Supervisory Committee 11/11
Marie Ogawa	The company has appointed Ms. Ogawa as an outside director due to her extensive experience and broad knowledge cultivated through prior key positions at the Bank of Japan, and because she can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors 11/11 Audit and Supervisory Committee 11/11
Yutaka Yokoi	The company has appointed Mr. Yokoi as an outside director due to his extensive experience and broad knowledge cultivated through prior key positions at the Ministry of Foreign Affairs, and because he can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors 10/11 Audit and Supervisory Committee 8/9
Shinya Makino	The company has appointed Mr. Makino as an outside director due to his extensive experience of financial institution management and broad knowledge at Meiji Yasuda Life Insurance Company, and because he can be expected to strengthen the function of supervision of the company's overall management.	Board of Directors 9/9 Audit and Supervisory Committee 9/9
Hiroko Okumura	The company has appointed Ms. Okumura as an outside director due to her extensive experience and broad knowledge cultivated through prior key positions at a foreign-owned financial institution, and her specialist knowledge of legal affairs as a lawyer, and because she can be expected to strengthen the function of supervision of the company's overall management.	(Newly appointed in June 2025)

The succession plan

As its succession plan, the company has clarified its approach and processes at each important stage with regard to the series of initiatives leading to the designation of successors so that people with the knowledge and experience enabling them to implement the management of the company and group companies appropriately, fairly and efficiently, and sufficient social trust, and who can be expected to increase the corporate value of the company group, can be appointed continuously as the management team, including the representative directors of each core group company.
In addition, the Nomination and Compensation Committee, which is composed of a majority of outside directors and has an independent outside director serving as the chair, carries out the deliberations required and interviews candidates in the important process of selecting, developing and evaluating candidate successors based on the succession plan. The company operates the succession plan based on these initiatives, so that the designation of candidate successors of the company group is carried out very effectively while preserving objectivity and transparency.

List of directors

Hiroshi Nakazawa

Representative Director President

Joined The Hokuriku Bank in April 1986. Has abundant experience in management overall, including being involved in corporate planning and sales divisions. Present position from June 2022.

Yuji Kanema

Representative Director Deputy President
In charge of SX Promotion Department
Second in charge of Human Resources Strategy Department

Joined The Hokkaido Bank in April 1987. Has abundant work experience, including being involved in corporate planning, personnel, markets and GX divisions. Present position from June 2021.

Masahiko Kobayashi

Director
In charge of Business Strategy Department
Second in charge of SX Promotion Department

Joined The Hokuriku Bank in April 1987. Has abundant work experience, including being involved in corporate planning, personnel, sales, GX and DX divisions. Present position from June 2019.

Tomoo Aida

Director
Second in charge of Corporate Planning Department
Second in charge of SX Promotion Department

Joined The Hokkaido Bank in April 1990. Has abundant work experience, including being involved in sales, international and DX divisions. Present position from June 2025.

Naohisa Otsuka

Director
In charge of Risk Management Department

Joined The Hokuriku Bank in April 1990. Has abundant work experience, including being involved in personnel and risk management divisions. Present position from June 2024.

Skills matrix

	Hiroshi Nakazawa	Yuji Kanema	Masahiko Kobayashi	Tomoo Aida	Naohisa Otsuka
Corporate management	●	●	●		
HR management		●	●		●
Regional sales / consulting	●	●	●	●	●
Risk management / compliance					●
Financial market	●	●			●
Global affairs	●			●	
IT / DX	●	●	●	●	
GX	●	●	●		
Finance	●	●	●	●	●
Financial accounting	●	●	●		

Identification of skills

The company considers the roles the Board of Directors should fulfill and their required skills (knowledge, experience and capabilities) as follows in light of the engines driving strategy and management strategies established in the Sixth Medium-term Management Plan to realize both the resolution of regional and customer issues and the improvement of corporate value.

Vision	Engines driving strategy	The roles the Board of Directors should fulfill	Required skills
We will continue to deliver comprehensive financial services with its extensive regional network to contribute to prosperity of customers and the region.	Deepening our problem-solving capabilities through the integration of financial and non-financial elements	Supervision of management strategies and the formulation and implementation of investment, human resources and capital strategies consistent with them based on deep insight into the future management environment	Corporate management, finance, financial accounting
		Leading corporate reform and growth with deep insight into DX	IT / DX
	Solidify the management base that supports sustainable growth	Leading compliance and risk management	Risk management / Compliance
		Realizing a company group that co-exists with regional society and international society	Regional sales / consulting, global affairs and Financial market
	Institutionalize a vibrant corporate culture where diverse human resources play an important role	Managing the organization and human resources appropriately and leading the well-being of directors and employees, and sustainability	HR management and GX

Yukihiro Matsuwara

Director serving as Audit & Supervisory Committee member

Joined The Hokuriku Bank in April 1992. Has abundant work experience, including being involved in HR management division.
Present position from June 2025.

Kaoru Funamoto

Outside Director serving as Audit & Supervisory Committee member

Joined the National Police Agency in April 1979. Played key roles at the National Police Agency and was involved in the management of the Resolution and Collection Corporation as a managing director from August 2013.
Present position from June 2021.

Marie Ogawa

Outside Director serving as Audit & Supervisory Committee member

Joined The Bank of Japan in April 1986. Played key roles at the Bank of Japan and appointed general manager of the Managing Director's General Planning Office and Diversity Promotion Office at J. F. Oberlin University and Affiliated Schools in May 2025 (current position).
Present position from June 2022.

Yutaka Yokoi

Outside Director serving as Audit & Supervisory Committee member

Joined the Ministry of Foreign Affairs in April 1979. Played key roles at the Ministry of Foreign Affairs and appointed director at Toyo Ink (currently artience) in March 2021 and Audit & Supervisory Committee member in March 2022 (current position).
Present position from June 2022.

Shinya Makino

Outside Director serving as Audit & Supervisory Committee member

Joined Yasuda Mutual Life Insurance Company in April 1983. Engaged in management as representative director, executive officer and vice president. Appointed Meiji Yasuda General Insurance Co., Ltd. representative director and chairman in July 2024 (current position).
Present position from June 2024.

Hiroko Okumura

Outside Director serving as Audit & Supervisory Committee member

Joined Chase Manhattan Bank in April 1985. Played key roles at the foreign-owned financial institution before becoming a lawyer at Baba & Sawada in January 2016 (current position).
Present position from June 2025.

Yukihiro Matsuwara	Kaoru Funamoto	Marie Ogawa	Yutaka Yokoi	Shinya Makino	Hiroko Okumura
	●			●	
●		●		●	
●					
	●	●	●		●
					●
			●		●
				●	
●	●	●		●	●
●				●	

Details of skills

Corporate management	Knowledge, experience and capabilities in the management of companies, etc., and organizational management
HR management	Knowledge, experience and capabilities in HR management work, human resources strategy and the well-being of directors and employees
Regional sales / consulting	Knowledge, experience and capabilities in solution proposals and corporate support to revitalize the regional economy
Risk management / Compliance	Knowledge, experience and capabilities in risk management, legal affairs and compliance
Financial market	Knowledge, experience and capabilities in market operations
Global affairs	Knowledge, experience and capabilities in global perspectives and overseas business
IT / DX	Knowledge, experience and capabilities in system planning, operation and management, and the digital field
GX	Knowledge, experience and capabilities in initiatives for sustainability and the environmental field
Finance	Knowledge, experience and capabilities in the financial industry
Financial accounting	Knowledge, experience and capabilities in financial strategy and accounting

Directors’ remuneration

We conducted a major review of the directors’ remuneration system from the perspective of further clarifying the linkage between directors’ remuneration and the company’s results, and newly introduced a results-linked bonus system and results-linked share remuneration system from June 2025.
In addition to the aim of making a highly results-linked remuneration system, we are also aiming to advance the further sharing of value with subject directors and shareholders by providing incentives to subject directors for the sustainable improvement of the company’s corporate value.

The company determines the “policy for the determination of remuneration, etc.,” at a meeting of the Board of Directors and has established policy and procedures for the determination of amounts such as directors’ remuneration, etc., as follows.

i. The company sets the level and composition of directors’ remuneration so that it functions as an incentive for the sustainable growth of the company group and the improvement of its medium to long-term corporate value.

ii. The remuneration, etc., of directors excluding directors serving as Audit and Supervisory Committee members is comprised of the following “basic remuneration,” “results-linked bonuses” and “share remuneration,” with the respective amount or quantity calculated in accordance with separately established directors’ remuneration provisions, results-linked bonuses provisions and share remuneration provisions within the upper limits of the annual remuneration approved at the General Meeting of Shareholders, and the appropriateness and validity of those amounts and quantities as well as their composition ratio considered also with reference to the remuneration of other companies in related industries, etc., and the final decision left to the representative director and president. The representative director and president receives advice from the Nomination and Compensation Committee to determine individual remuneration after securing objectivity and transparency.
Of the directors excluding those serving as Audit & Supervisory Committee members, the remuneration of outside directors is comprised only of basic remuneration based on their role of supervising the execution of work from a neutral and independent standpoint.

(a) Basic remuneration
Basic remuneration is paid each month as a fixed amount of remuneration established for each position in accordance with evaluations.

(b) Results-linked bonuses
For results-linked bonuses, the company sets results indicators to increase the incentive for achievement of the company group’s management plans, determines payment amounts in accordance with the level of achievement of those results indicators based on amounts established for each position, and pays bonuses at fixed times each year.

(c) Share remuneration
For share remuneration, the company sets results indicators to increase the incentive for the sustainable growth of the company group and the improvement of medium to long-term corporate value, and allocates common stock in the company at fixed times each year in the quantities calculated in accordance with the level of achievement of those results indicators based on amounts established for each position. The allocated common stock in the company has transfer restrictions attached until the recipient resigns from their position as director, etc., of the company, and the transfer restrictions are released at the time of resignation.

iii. The remuneration, etc., of directors serving as Audit and Supervisory Committee members is comprised only of basic remuneration in light of their role of supervising and auditing the execution of business from a neutral and independent perspective, and individual remuneration is determined based on discussions of the Audit and Supervisory Committee members in accordance with the separately established directors’ remuneration provisions within the upper limits of the annual remuneration approved at the General Meeting of Shareholders after securing objectivity and transparency by receiving advice from the Nomination and Compensation Committee.

iv. The details of the authority delegated to the representative director and president are the determination of individual remuneration amounts, and the representative director and president determines individual remuneration amounts and numbers of shares based on discussions on the Nomination and Compensation Committee.

Overall image of directors’ remuneration

<table>
<tr><th>Type of remuneration</th><th>Fixed or Results-linked</th><th colspan="5">Calculation method, etc.</th><th>Payment method</th><th>Timing of payment</th></tr>
<tr><td>Basic remuneration</td><td>Fixed</td><td colspan="5">Fixed amount in accordance with individual evaluation</td><td rowspan="4">Money</td><td>Each month</td></tr>
<tr><td rowspan="3">Results-linked bonuses</td><td rowspan="3">Linked to short-term results</td><td rowspan="3">Standard amount for each position</td><td rowspan="3">×</td><td colspan="2">Evaluation indicators</td><td>Results-linked range</td><td rowspan="3">Paid once a year</td></tr>
<tr><td rowspan="2">Financial indicators</td><td>Consolidated net income</td><td rowspan="2">0 - 150%</td></tr>
<tr><td>Two banks combined core net business profits</td></tr>
<tr><td rowspan="5">Share remuneration</td><td rowspan="5">Linked to medium to long-term results</td><td rowspan="5">Standard amount for each position</td><td rowspan="5">×</td><td colspan="2">Evaluation indicators</td><td>Results-linked range</td><td rowspan="5">Transfer-restricted shares</td><td rowspan="5">Allocated once a year</td></tr>
<tr><td>Financial indicators</td><td>Consolidated ROE</td><td rowspan="4">0 - 150%</td></tr>
<tr><td>Share indicators</td><td>TSR (total shareholder return)</td></tr>
<tr><td rowspan="2">Non-financial indicators</td><td>GX-related investments and loans</td></tr>
<tr><td>Female manager ratio</td></tr>
</table>

Handling of cross-shareholdings

The company and its core subsidiaries (The Hokuriku Bank and The Hokkaido Bank) have established a policy concerning cross-shareholdings of listed companies and standards for exercising voting rights as follows. With regard to shares that are not deemed appropriate to hold, we will proceed with their sale after adequate dialogue with the business partners. In addition, we may sell cross-held shares even if holding is deemed appropriate, taking into consideration the market environment, management and financial strategies, etc.

Policy on cross-shareholdings

(1) Cross-shareholdings shall be made when it is judged that they will maintain and strengthen long-term and stable relationships with the target company and benefit the bank's business strategy, thereby helping to enhance the corporate value of the target company and the group.

(2) For cross-shareholdings, the risk and return of holding the shares shall be measured for individual stocks based on an index considerate of the cost of capital. The Board of Directors will then conduct a comprehensive review each year to determine whether or not to hold the shares in light of the economic rationale based on prospects, business strategies such as business relationships and business alliances, and the significance of holding the shares in light of their relevance to the local economy.

(3) The company's policy is for the reduction of cross-shareholdings overall, and it will reduce cross-shareholdings to less than 20% of consolidated net assets on a market price base by the end of fiscal year 2027.

Policy on the exercise of voting rights

When exercising voting rights for cross-shareholdings, the following points shall be confirmed for each agenda item, and a comprehensive decision for approval or disapproval shall be made through dialogue with the business partner, if necessary.

(1) Will it contribute to increasing the medium to long-term corporate value and sustainable growth of the partner company?

(2) Will it contribute to increasing the medium to long-term economic benefits of the company group?

Internal auditing mechanisms

Basic approach

The company group believes that the establishment of internal auditing mechanisms that effectively meet requirements according to the scale and nature of operations, laws and regulations applied to business and categories of risk, is indispensable to the appropriate legal and regulatory compliance of the company group, customer protection and risk management. Based on this conviction, the company and its subsidiary banks, The Hokuriku Bank and The Hokkaido Bank, have each established an internal audit department.

The internal audit department of each company has secured independence from other departments and established mechanisms of checks and balances.

■ Initiatives at the company group

The company has established Audit Department, which verifies the appropriateness and effectiveness of the internal management mechanisms of group companies and oversees the internal audit function of group companies. Based on the basic policy and the Rules on Internal Audits established by the Board of Directors, Audit Department carries out internal audits on the company and its subsidiaries and affiliates, and receives reports from The Hokuriku Bank and The Hokkaido Bank that include the results of internal audits and the state of improvement of points at issue. Furthermore, the Audit Department centrally grasps and manages the state of implementation of internal audits at group companies through on-site verification of the banks, guidance, and requesting reports, if necessary.

The results of internal audits of group companies are reported regularly to the Board of Directors and promptly when needed. In particular, mechanisms have been put in place for prompt reporting to the Board of Directors of events that could have a significant impact on the management of the group.

The Audit Departments of The Hokuriku Bank and The Hokkaido Bank also conduct operational and asset audits of the headquarters, branches and subsidiaries of each bank based on their policy and Rules on Internal Audits. In implementing these audits, they grasp the state of legal and regulatory compliance, customer protection, and risk management of the department subject to audit, and formulate efficient and effective internal audit plans taking into account factors such as the frequency and extent of such audits.

In addition, when necessary, the Audit Departments of both banks and the Audit Department of the company conduct audits jointly in order to strengthen and streamline the functions of the group as a whole in audits.

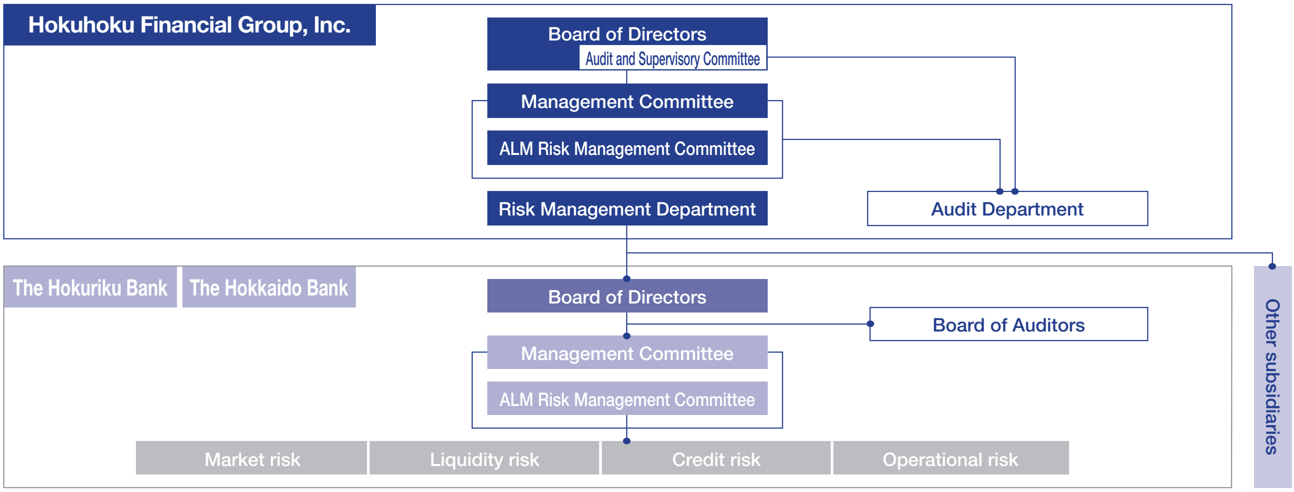
Strengthening of group governance

Risk management

Integrated risk management framework

The company group has established a basic risk management policy for various risks and is striving for the establishment of an integrated risk management framework to ensure risk taking and management resource allocation balanced with earnings targets while keeping overall levels of risk within the group's managerial capacity to ensure the protection of customer deposits and the trust of shareholders and creditors.

In addition, we have established a risk management department to integrate and manage various risks, while the independent audit department carries out internal audits and we have a framework that verifies the appropriateness and effectiveness of risk management system.



Allocation of risk capital

The company group quantifies the various risks generated with respect to its operations as uniformly as possible and manages risk so that the overall level of risk is kept within the group's management capacity.

The subsidiary banks estimate maximum potential losses by quantifying credit risk, market risk and operational risk, allocate risk capital sourced from core capital to make effective use of capital resources, and control and manage risk within the range permissible for management.

Meanwhile, the company manages risk so that excessively large risks are not taken relative to equity capital on a group-wide basis, such as verifying the risk allocation plans of subsidiary banks, and whether amounts in excess of risk capital allocations are sufficient to cover risk conceivably affecting subsidiaries other than the subsidiary banks as well as risk not included in the risk assumptions, and monitoring actual levels of risk.

In addition, we perform stress tests to calculate the extent of potential losses that would be anticipated in certain scenarios such as a normally inconceivable deterioration of business conditions or market fluctuations. By doing so, we verify regularly the substantiality of our equity capital position against risk.

Credit risk management

Basic approach

Credit risk means the risk that it will become impossible to recover the principal or interest of loans, etc., due to a reason such as the deterioration of a customer's management situation. Although this is an unavoidable risk for a bank, whose mission is financial mediation, the company group strives to develop and strengthen its credit risk management systems to maintain and enhance the soundness of its assets.

Credit risk management systems

To maintain and enhance the soundness of assets, the company group strives to grasp credit risk promptly and accurately using its internal ratings system and asset self-assessment, and performs appropriate write-offs and provisions to reserves.

When making individual judgements on the granting of credit, we carry out rigorous screening in accordance with the standards and principles specified in our credit policy.

Internal ratings systems

To grasp the credit risk of loans, etc., objectively, our subsidiary banks have introduced internal ratings systems. They grasp trends in ratings continuously by breaking customers' creditworthiness down into fifteen levels based on financial data and qualitative information.

In addition, we monitor the credit concentration status of large borrowers based on the Group Management Rules for Credit Limits and manage loans so that no excessive credit concentration risk arises.

Self-assessment standards

Self-assessments are implemented strictly by asset assessment departments at the subsidiary banks based on the asset self-assessment standards, and their appropriateness is verified by risk management department and an independent internal management department.

Corporate rehabilitation

After making a loan to a corporate customer, we strive to prevent bad debt from occurring by assessing the business conditions faced by the borrower and following up their business plans. Meanwhile, we strive for the soundness of assets through the creation of a framework dedicated to the management of bad debt and the strengthening of support functions for corporate rehabilitation.

Market risk management

Basic approach

Market risk means the risk of incurring losses due to fluctuations in the value of assets and liabilities held or in earnings generated caused by fluctuations in various market risk factors such as interest rates, stock prices and foreign exchange rates.

The company group strives to control market risk appropriately and manage operations so that we can ensure stable earnings. To that end, at the subsidiary banks that mainly handle transactions involving market risk, we have established regulations for market risk management and manage assets and liabilities comprehensively (ALM).

Liquidity risk management

Liquidity risk includes fund procurement risk involving losses that may be incurred by being unable to procure funds due to a decline in creditworthiness, etc., and being forced to procure funds at a significantly higher interest rate than normal, and market liquidity risk involving losses that may be incurred due to market disorder, etc., preventing a company from trading or forcing it to trade on considerably less favorable cost than normal.

The subsidiary banks, which account for a majority of the group's liquidity risk, have stipulated regulations on liquidity risk management and maintain adequate levels of government bonds and other payment reserve assets that are readily convertible into cash. They also set various management indices and monitor these on a daily basis. The state of liquidity risk is reported and discussed regularly at meetings of the ALM Risk Management Committee, etc., so that we will be able to respond appropriately should a crisis occur.

The company grasps the state of management and procurement at subsidiary banks, and takes every precaution possible for smooth fund procurement.

Operational risk management

Basic approach

Operational risk means the risk of losses that may arise as a result of operational processes, the conduct of executives or employees, or computer systems being inappropriate, or adverse external events.

The company group has established Rules for the Management of Operational Risk and categorizes operational risk into seven categories: 1) administrative risk; 2) system risk; 3) legal risk; 4) human risk; 5) tangible asset risk; 6) reputational risk; and 7) other risks. The state of these risks is monitored by the Operational Risk Management Specialist Committee, which convenes each month at the subsidiary banks, and we strive to establish a PDCA cycle framework by grasping potential risks through risk assessments, etc., and evaluating preventive measures.

Risk management systems by major category

Administrative risk management

The company group considers measures to prevent reoccurrence through analysis of the causes of administrative errors and other incidents, advances the centralization and streamlining of administrative processing at headquarters from the perspectives of consolidation and mutual checks and strives to implement initiatives aimed at reducing administrative risk.

System risk management

The company group has formulated Rules for System Risk Management and a basic policy on ensuring the safety of information assets (security policy), has established a robust management and operating framework, and implements various security management measures, including backup systems. In addition, we are working on the strengthening of the security management framework aimed at responding promptly to cyberattacks, which have tended to increase in recent years.

Crisis management

To minimize the impact of any large-scale disaster or other emergency, should one occur, the company group has formulated a "Crisis management manual (contingency plans, etc.)" and has also established a framework for information-gathering and the centralization of instructions and commands in the event of a crisis.

In particular, the subsidiary banks have established a "Business continuity plan (BCP)," so that they can continue the settlement functions and other work required of financial institutions in the event an earthquake, infections or other crisis occurs, and have also established a framework that will allow them to respond thoroughly to any crisis situation.

Initiatives for cyber security

Cyber security management system

The company group positions cyber attacks as one of the risks it emphasizes most and responds to in management for customers to use financial services with peace of mind. We take security measures continuously and strive to defend our systems day by day from cyber attacks that are becoming increasingly sophisticated by building a monitoring system that operates 24 hours a day, 365 days a year based on SOC.[*1]

We have established "Hokuhoku CSIRT" (hereinafter referred to as "CSIRT" [*2]) as a cross-group organization under the group CISO[*3], which gathers and transmits information on cyber security-related threats, investigates and responds when a threat is detected, and implements various security measures, etc., to handle cyber attacks based on the leadership of the management team.

In addition, we are striving for the strengthening of our cyber security system in cooperation with the "MEJAR-CSIRT," a system used jointly by the six banks that participate in MEJAR, and the banks participating in the "CMS-CSIRT" operated by the MEJAR participating banks, thirteen banks participating in the regional bank joint center and others.

CSIRT is working on the improvement of the effectiveness of the cyber security management system through cooperation with external organizations based on the spirit of "self-help," "mutual assistance" and "public assistance," such as cooperation with the competent police headquarters, joining the external groups Financials ISAC[*4] and FISC[*5], and establishing a framework that can respond promptly to cyber attacks.

*1 SOC: Security Operations Center. This is a specialist department and base that monitors, detects and responds to cyber attacks. It strengthens the security of networks and systems and deals with incidents.

*2 CSIRT: Computer Security Incident Response Team. This is the organization that implements security in general at normal times and times of emergency.

*3 CISO: Chief Informational Security Officer. This is the highest officer responsible for information security, who designs the cyber security strategy and assesses the risks of the organization as a whole.

*4 Financials ISAC: This is an organization aimed at securing the peace of mind and safety of users continuously by sharing and analyzing information on cyber security received from financial institutions in Japan, and promoting safety improvements at financial institutions.

*5 FISC: The Center for Financial Industry Information Systems. This center distributes various guidelines and holds seminars on matters such as "Standards for Computer System Safety Measures."

Education and training

In readiness for cyber attacks, the company group is working continuously on education and awareness activities through the implementation of targeted attack drills and e-learning for all officers and employees, sharing of the latest security trends, etc., aimed at the improvement of the cyber security literacy of the group's officers and employees. In addition, we also participate regularly in the various training exercises hosted by Financials ISAC, the National Center of Incident Readiness and Strategy for Cybersecurity (NISC), etc., and are striving for the further advancement of our cyber security management system.

Strengthening of group governance

Compliance

Basic policy

At Hokuhoku Financial Group, we regard compliance as one of our most important management priorities, fully recognizing that the incompleteness of compliance could weaken our business foundations. The Board of Directors has established basic compliance policies and we strive to engage in business activities in a fair and honest manner.

Basic compliance policy

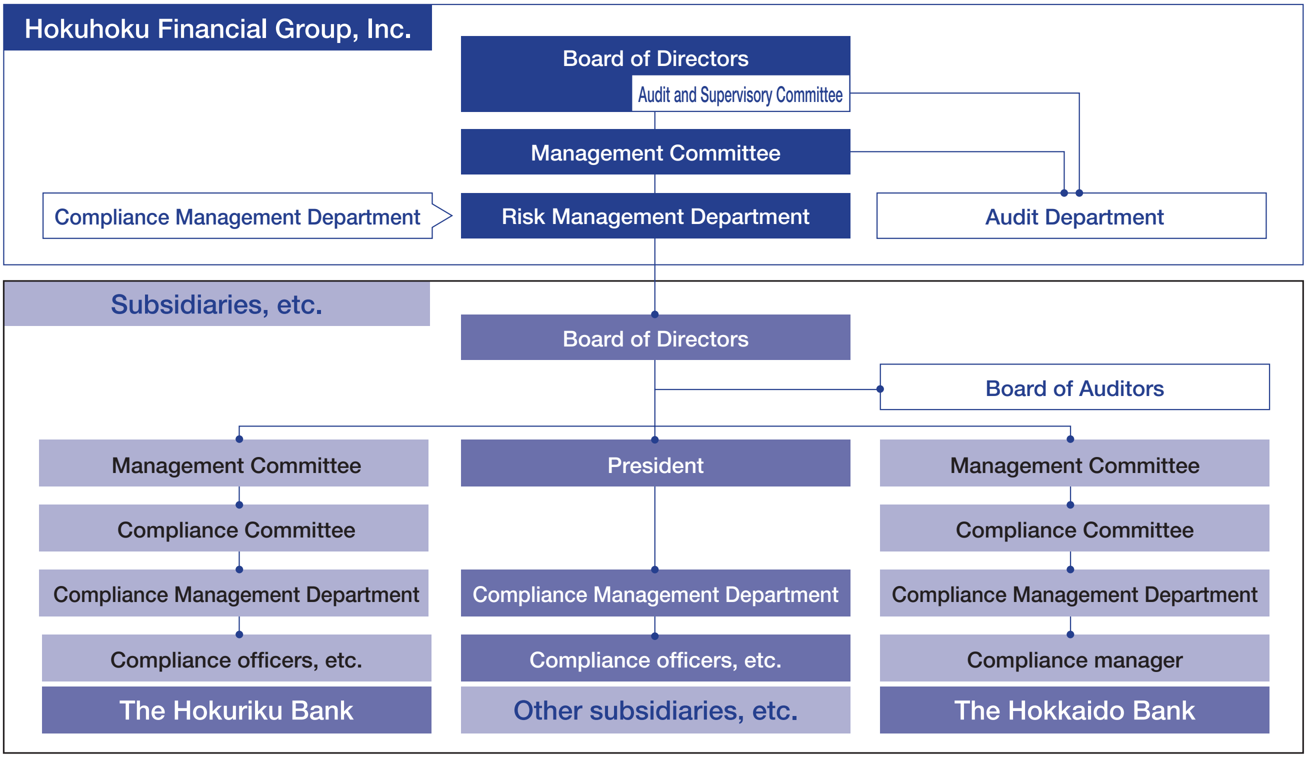
1. **Recognition of the company group's basic mission and social responsibilities**
   As a regional financial institution, the company group recognizes its public mission and social responsibilities, and strives to establish trust inside and outside the company through sound business operations.
2. **Provision of high-quality financial services**
   We contribute to stable regional economic and social development and the enhancement and improvement of customers' lives by providing high-quality, comprehensive financial services.
3. **Strict observance of laws, regulations and rules**
   We observe laws, regulations and rules strictly, and conduct business in a fair and prudent manner so that we do not deviate from our own corporate ethics and social norms.
4. **Rejection of anti-social forces**
   We contribute to a sound local community by refusing to tolerate anti-social elements that threaten social order and safety, and responding to them resolutely.
5. **Ensuring management transparency**
   We strive for accurate and smooth information disclosure and decision making and aim for a highly transparent management and organizational culture.

Systems

To establish compliance systems, the company group has established Compliance Rules, put in place organizational structures, and the company and each group company take measures in cooperation.

Risk Management Department is the department responsible for overseeing compliance within the group, and the officer in charge of Risk Management Department is the person responsible for compliance.

Compliance officers, etc., are assigned to each branch of the subsidiary banks and each group company to actively implement education and awareness-raising initiatives on compliance in the workplace. In addition, the subsidiary banks have each established a Compliance Management Department and Compliance Committee to grasp the state of compliance and make improvements.



Compliance manual and compliance programs

To ensure the thorough implementation of compliance, we have formulated a Compliance Manual (Code of Conduct) bringing together all of the basic matters that executive officers and employees should observe. This manual is distributed to all executive officers and employees, and we make the content known to them in training and internal study meetings.

In addition, each year, the Board of Directors determines the Compliance Program, a detailed action plan for the maintenance of compliance systems, while the Board of Directors also receives reports on the state of implementation of the program regularly and strives for the certain practice of compliance.

Measures for better customer protection and greater customer convenience

To protect customers' assets, information and other interests, the company group has established a Policy on the Management of Customer Protection within its Basic Rules for the Management of Customer Protection.

Furthermore, to provide appropriate explanations to customers in accordance with the Japanese Financial Instruments and Exchange Act and other laws, and to respond appropriately to customers' inquiries and complaints through Customer Consultation Office, we have formulated rules from five perspectives and established a framework to respond appropriately. In addition, the Compliance Management Department of each group company is the department responsible for the management of customer protection, and they operate in cooperation with other departments through a framework that enables them to draft and implement various improvement measures through ongoing reviews, problem resolution and data analysis so that management systems function fully.

Measures for protection of personal information

In financial business, ensuring the safety of information assets is an essential and important matter for obtaining customer trust. As such, we protect and use all customer information in our custody strictly and prevent its leakage.

With regard to personal information, in particular, the company group has established a Personal Information Protection Declaration, disclosed on our website, to comply with the Act on the Protection of Personal Information and other laws, and we strive to earn the maximum trust from customers as a financial institution that contributes to local communities.

Basic rules for the management of customer protection	Policies on the management of customer protection
Explain to the customer	When carrying out transactions with customers, we will explain and provide information on financial products adequately and fully in accordance with laws and regulations.
Customer service support	We will listen carefully to customer inquiries and complaints and handle them appropriately and fully.
Protection of customer data	We will acquire information concerning customers lawfully and manage it safely in accordance with the law.
Outsourcing	When outsourcing operations related to transactions with customers, we will manage service providers appropriately to protect customers' information and interests.
Conflict of interest	We will manage appropriately transactions involving customers where conflict of interest could be an issue so that customers' interests are not harmed unjustly.

Measures for dealing with anti-social forces

The company group has established a Basic Policy for Responding to Anti-Social Forces to maintain the public's trust and the appropriateness and soundness of our financial services.

In addition, each group company has assigned managers to respond to anti-social forces, takes resolute measures in cooperation with the police, etc., and severs all relations with anti-social forces that threaten the order and safety of civil society.

Internal notification system

The company group has established a whistleblower and consultation hot line and a framework to strengthen compliance also including checks and balances to detect and correct unfair practices promptly.

The prevention of money laundering and measures to deal with financial crime

The company group positions measures for the prevention of money laundering and other financial crimes as an important management issue, has clarified the division of roles within the company based on our Policy on the Prevention of Money Laundering, and has built a management system to implement appropriate measures in a timely manner with regard to verifying transactions, reporting suspicious transactions and managing correspondent bank relationships. In addition, we have been educating executive officers and employees through training, and striving to improve our efforts, including the implementation of audits on the state of compliance with measures to prevent money laundering, etc.

Special fraud and other financial crimes have increased and our subsidiary banks have prevented harm and strengthened security, and are also handling victims appropriately, including reimbursements based on the Act on Damage Recovery Benefit Distributed from Fund in Bank Accounts Used for Crimes.

Measures for a financial alternative dispute resolution (ADR) system

In order to respond promptly and appropriately to customer opinions and complaints, we have concluded agreements with designated bank dispute resolution organizations. These organizations work to resolve disputes from a fair and impartial position.

Name of designated bank dispute resolution organization: Japanese Bankers Association Customer Relations Center, Japanese Bankers Association (banking) Tel: 0570-017-109 or 03-5252-3772	Name of designated bank dispute resolution organization: Financial Instruments Mediation Assistance Center (financial instruments) Tel: 0120-64-5005

Initiatives for customer-centered business operations

Fiduciary duty initiatives

Policy on fiduciary duty initiatives

1. Support for asset management and asset formation

- Based on our management policy of “prospering together with the region,” “fair and steady management” and “progressive and innovative services,” we will give customers the optimum proposals in accordance with their needs and life-stage to contribute to the stable development of regional economy and society and customers’ asset management and asset formation through the provision of financial services.

2. Provision of the optimum financial services

- In addition to The Hokuriku Bank and The Hokkaido Bank, we will work throughout the group while being conscious of conflicts of interest so that we can meet customers’ needs, such as by using the financial products and services of Hokuhoku Tokai Tokyo Securities, the group’s securities company.
- By having customers share their life-stages and life-plans, we will propose and provide the optimum financial services and products in line with their intentions and continue to follow up appropriately after concluding contracts.
- We cooperate with companies that supply financial products and services to provide the optimal financial services to customers with production and sales combined.
- We will make improvements and investments so that customers can use services conveniently through channels other than branches such as the internet.

3. Enhancement of information provision

- We will establish a system so that we can explain important information on the financial services we provide in ways that are easy to understand to provide appropriate information in accordance with the investment experience and financial knowledge of customers.
- We cooperate mutually with companies that supply financial products and services to provide information that is easier to understand.

4. Explanations of fees that are easy to understand

- We will explain the fees for each product so that customers can understand them to contribute to investment decisions by customers.

5. Thorough implementation of the governance system

- We will enhance education and training on products and services for employees and develop human resources towards the realization of the provision of optimum financial services to customers.
- We will listen carefully to the life-stage and life-plans of customers and review and improve the evaluation of results so that we provide the optimum proposals and products.
- When selecting products, we will do so without being prejudiced towards group company products and also while being conscious of conflict of interest.
- We will build and implement thoroughly a governance system that questions whether this policy on initiative is being observed.

Items for implementation in fiscal year 2025

1. Support for asset management and asset formation

1) We will support the asset management and asset formation of customers with a sense of ethics and for their best interests by “making the optimum proposals in accordance with the needs and life-stage of customers” and “contributing to the asset formation and portfolio building of customers by strengthening consulting functions.”
2) We will build a framework throughout the group that serves the best interests of customers led by Fiduciary Duty Promotion Committee, which is centered on the management team.
3) We will confirm whether the idea of and initiatives for “fiduciary duty” have been established among all group employees with reference also to customer questionnaires and external opinions, and strive for improvements.

2. Provision of the optimum financial services

1) We will prepare information provision and services that enable us to respond to customers’ wide-ranging asset formation goals through the cooperation of all companies of the Hokuhoku Financial Group.
2) We will raise the quality of the proposal process starting from knowing customers well (needs, life-stage, knowledge and experience of asset formation, etc.) through dialogue for the realization of customers’ life plans.
3) We will review the product line-up so that we can make the optimum proposals based on customers’ intentions, including their asset background, investment experience and thinking on risk.
4) We will review the line-up of the insurance products handled by the banks so that we can make proposals for needs to prepare for various future contingencies by putting together a line-up for different security functions.
5) We will engage in mutual information cooperation with companies that supply financial products and services, and establish a system that verifies whether products and services are being provided appropriately and carries out product lineup management appropriately.
6) We will implement regular post-contract follow-up in accordance with customer desires using non-face-to-face services as well as face-to-face contact.
7) We will improve functions such as internet banking, the bank apps and various non-face-to-face channels, and improve convenience so that we can provide financial services in accordance with the lifestyles of customers.

3. Enhancement of information provision

1) We will make proposals in line with customers' intentions by striving to know about their life-stages and life-plans through dialogue with customers. We will provide information in accordance with customers' money plans by providing information using pamphlets and various tools, and holding seminars for customers.
2) We will provide information using "important information sheets," etc., on the mechanisms of the financial products we provide and their assumed customers.
3) We will establish a system that provides customers with the details of initiatives related to the business operations of companies that provide financial products and services.
4) We will strive for the improvement of pamphlets and various tools so that we can provide information in accordance with the level of understanding of customers.

4. Explanations of fees that are easy to understand

1) We will clarify the fees related to financial services and products and prepare a system to explain fee comparisons across different products in ways that are easy to understand using "important information sheets" and other methods.
2) If multiple transactions methods can be chosen, we will explain the differences in the fees and their various merits and demerits in ways that are easy to understand and by making fair comparisons so that customers can make a well-considered choice.

5. Building of the governance system

1) We will disseminate the values and know-how to put into practice the optimum proposals in accordance with customers' needs and life-stages with a sense of ethics through continuous internal and external training. In addition, we will strive to develop human resources motivated to improve their knowledge and skills by recommending the acquisition of external qualifications such as FP (financial planner).
2) We will review our results evaluation systems so that employees observe the law and make appropriate proposals that contribute to customers' interests.
3) When selecting products, we will do so in accordance with the procedures of the Rules on Internal Group Transactions when selecting the products of group companies in particular, without being prejudiced towards group company products and also while being conscious of conflict of interest.
4) We will confirm regularly whether it is possible organizationally to implement the optimal service proposals for customers using employee questionnaires, monitoring, audit functions, etc., and strive for improvements.

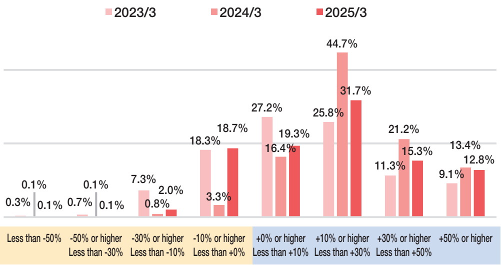
Fiscal year 2024 KPI

- NPS®* questionnaire results
- Number of savings-type investment trust contract holders and annual savings
- Number of NISA users
- Top 10 investment trusts by sales
- Human resource development, number of people who have acquired FP qualifications
- Holding of customer seminars
- Proportion of customers by investment trust or fund wrap investment management gain or loss category
- Cost return on top 20 investment trusts by deposited asset balance
- Risk return on top 20 investment trusts by deposited asset balance
- Fund wrap risk return, cost return
- Proportion of customers by foreign currency-denominated insurance management valuation
- Top 20 foreign currency-denominated insurance instrument balances and cost return ratio by instrument

* Net Promoter Score® (NPS®) shows numerically how interested a customer is in a company's brand, product or representative and "how likely it is that a customer would recommend the company brand, product or representative to a friend or family member." The trust and sense of reassurance of a customer in a representative is essential to obtain a high evaluation. Net Promoter, Net Promoter System, Net Promoter Score, NPS and the emoticons used in relation to NPS are registered trademarks or service marks of Bain & Company, Fred Reichheld and NICE Systems, Inc.

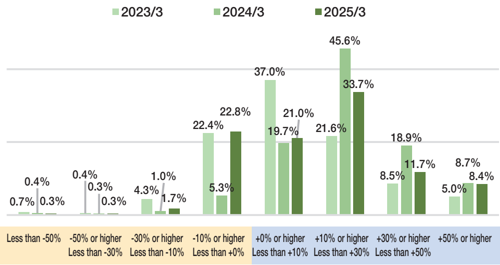
State of progress of main KPIs in fiscal year 2024 Proportion of customers by investment trust or fund wrap investment gain or loss category (as of the end of March, 2025)

THE HOKURIKU BANK [Investment trusts]



Ratio of individual customers with positive investment returns
2023/3
73.5%
2024/3
95.7%
2025/3
79.1%

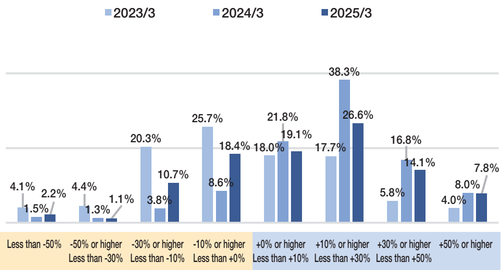
HOKKAIDO BANK [Investment trusts]



Ratio of individual customers with positive investment returns
2023/3
72.1%
2024/3
92.9%
2025/3
74.9%

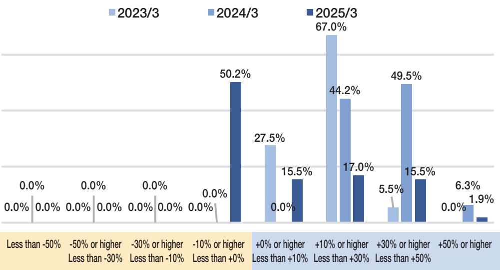
ほくほくTT証券

[Investment trusts]



Ratio of individual customers with positive investment returns
2023/3
45.5%
2024/3
84.9%
2025/3
67.6%

[Fund wraps]



Ratio of individual customers with positive investment returns
2023/3
100.0%
2024/3
100.0%
2025/3
49.8%

< Calculation method >
・Calculated by dividing total return based on investment trust total return notification system by market value on reference date for individual customers possessing investment trusts or fund wraps as of the reference date. (Not including ETFs, listed REITs, public bond investment trusts, private investment trusts, and investment trusts purchased for defined contribution pension plans) ・The evaluation of foreign currency-denominated investment trusts is calculated by applying rate presented by MUFG Bank, Ltd., as of the reference date.

Corporate information

Profile

Hokuhoku Financial Group, Inc.

(As of end-March, 2025)

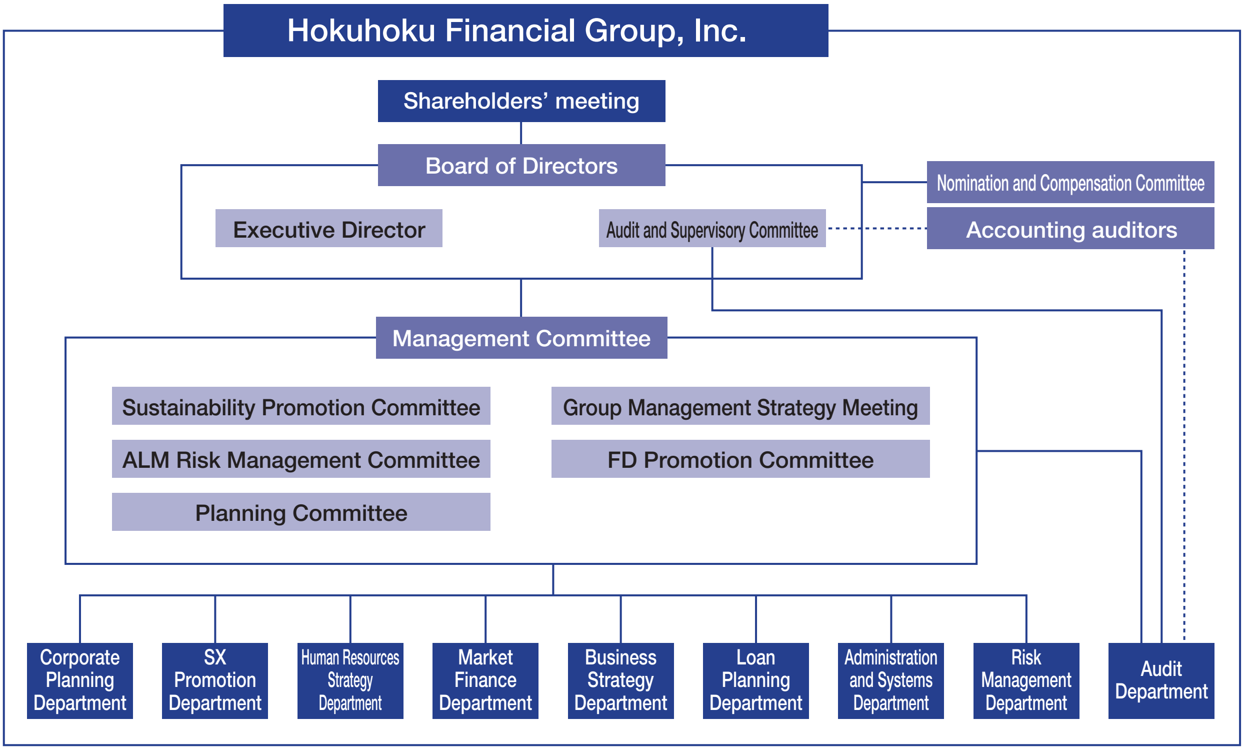
Date of establishment:	September 26, 2003	
Location of head office:	1-2-26 Tsutsumicho-dori, Toyama City	
Purpose of business:	Management and control of subsidiaries and affiliates, ancillary business, and other business recognized by The Banking Act	
Capital:	¥70,895 million	
Shares issued and outstanding:	Common stock	123,458,714
	Preferred stock (type 5)	42,983,000*
Exchange listings:	Tokyo Stock Exchange (Prime Market) Sapporo Securities Exchange	

* The company acquired all preferred stock on April 1, 2025.

Employees:	213 people (non-consolidated) 7,070 people (consolidated)
Total assets (consolidated):	¥16,441.2 billion
Deposits (consolidated): (including certificates of deposit)	¥14,031.8 billion
Loans:	¥10,458.5 billion
Consolidated capital adequacy ratio: (Japanese standard)	10.15%

Organization chart

(As of July 1, 2025)

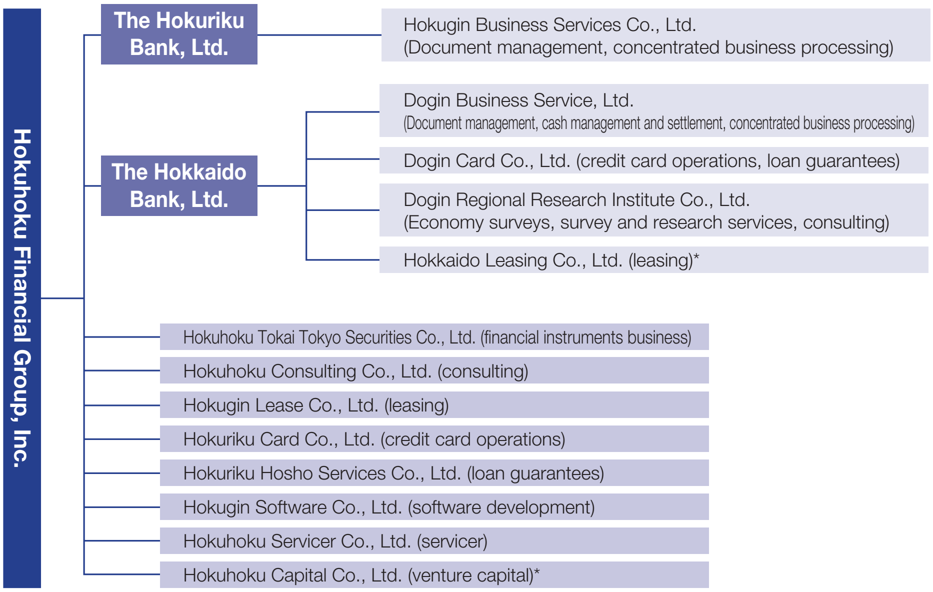


(As of end-June, 2025)

Details of business

The Hokuhoku Financial Group is composed of the holding company, thirteen consolidated subsidiaries and two affiliates. Our core business is banking, and we also provide a wide range of financial services including financial instrument transactions, leases, credit cards, loan guarantees and venture capital. The following is a diagram of our business.

Business diagram



* Equity method-affiliated company

Major subsidiaries, etc.

(Units: millions of yen, %)

Company name	Address	Main business activities	Established	Capital	FG's share of voting rights	Dividend
The Hokuriku Bank, Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Banking	July 31, 1943	140,409	100.00	4,263
The Hokkaido Bank, Ltd.	4-1 Odori Nishi, Chuo-ku, Sapporo City	Banking	March 5, 1951	93,524	100.00	1,302
Hokuhoku Tokai Tokyo Securities Co., Ltd.	1-8-10 Marunouchi, Toyama City	Financial instruments business	April 21, 2016	1,250	60.00	—
Hokuhoku Consulting Co., Ltd	1-1 Ichibanmachi, Toyama City 4th. Fl., Ichibanmachi Square Building	M&A advisory work, business succession consulting work, management consulting work	May 31, 2024	100	100.00	—
Hokugin Lease Co., Ltd.	2-21 Aramachi, Toyama City	Leasing	July 21, 1983	100	70.25	—
Hokuriku Card Co., Ltd.	1-2-1 Shintomi-cho, Toyama City	Credit card operations	March 2, 1983	36	87.39	3
Hokuriku Hosho Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Loan guarantees	December 12, 1978	50	100.00	5,000
Hokugin Software Co., Ltd.	1-5-25 Higashidenjigata-machi, Toyama City	Software development	May 1, 1986	30	100.00	—
Hokuhoku Servicer Co., Ltd.	1-6-8 Chuo-dori, Toyama City	Servicer	December 5, 2003	500	100.00	—
Hokugin Business Services Co., Ltd.	1883 Azakawahara Hiyodorijima, Toyama City	Document management, concentrated business processing	March 25, 1953	30	(100.00)	—
Dogin Business Service, Ltd.	Higashisapporo 3-1-2-33, Shiroishi-ku, Sapporo City Higashisapporo Dogin Building	Document management, cash management and settlement, concentrated business processing	June 8, 1979	50	(100.00)	—
Dogin Card Co., Ltd.	2-14 Minami 2-jo Nishi, Sapporo City	Credit card operations, loan guarantees	June 13, 1977	120	(100.00)	—
Dogin Regional Research Institute Co., Ltd.	4-1 Odori Nishi, Chuo-ku, Sapporo City Dogin Annex Building	Economic surveys, survey and research services, consulting	August 8, 2002	100	(100.00)	—
Hokuhoku Capital Co., Ltd.	1-6-8 Chuo-dori, Toyama City	Venture capital	January 11, 1985	250	5.00 (38.75)	—
Hokkaido Leasing Co., Ltd.	3 Minami 1-jo, Nishi 10-chome, Chuo-ku, Sapporo City 5th Fl., Minami Ichijo Dogin Building	Leasing	August 25, 1964	500	(39.69)	—

* Figures in parentheses in the "FG's share of voting rights" column include our indirect ownership through subsidiaries.

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEET (UNAUDITED)

The Hokuriku Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
March 31	**2025**	2024	**2025**
Assets			
Cash and due from banks	**¥2,103,559**	¥ 2,958,946	**$14,068,751**
Call loans and bills bought	**122,421**	89,733	**818,761**
Monetary claims bought	**7,012**	10,457	**46,897**
Trading assets	**409**	506	**2,740**
Money held in trust	**4,938**	4,931	**33,027**
Securities	**1,341,204**	1,074,462	**8,970,068**
Loans and bills discounted	**5,901,720**	5,193,261	**39,471,112**
Foreign exchanges	**14,723**	13,332	**98,472**
Other assets	**65,881**	86,478	**440,617**
Tangible fixed assets	**75,392**	76,861	**504,232**
Intangible assets	**4,337**	4,183	**29,008**
Prepaid pension cost	**3,190**	1,921	**21,341**
Customers' liabilities for acceptances and guarantees	**29,972**	28,968	**200,459**
Allowance for loan losses	**(33,985)**	(33,382)	**(227,296)**
Total assets	**¥9,640,778**	¥ 9,510,663	**$64,478,189**
Liabilities and equity			
Liabilities			
Deposits	**¥7,961,630**	¥ 7,864,332	**$53,247,931**
Call money and bills sold	**16,447**	83,171	**110,000**
Payables under repurchase agreements	**99,482**	51,612	**665,344**
Payables under securities lending transactions	**275,643**	76,272	**1,843,526**
Trading liabilities	**262**	284	**1,756**
Borrowed money	**752,244**	959,156	**5,031,060**
Foreign exchanges	**380**	367	**2,547**
Borrowed money from trust account	**4,834**	5,273	**32,333**
Other liabilities	**81,931**	17,811	**547,962**
Reserve for employee retirement benefits	**1,550**	1,762	**10,372**
Reserve for contingent losses	**600**	655	**4,015**
Reserve for reimbursement of deposits	**461**	498	**3,088**
Deferred tax liabilities	**9,245**	16,778	**61,835**
Deferred tax liabilities for land revaluation	**4,903**	4,882	**32,797**
Acceptances and guarantees	**29,972**	28,968	**200,459**
Total liabilities	**9,239,592**	9,111,828	**61,795,025**
Equity			
Capital stock	**140,409**	140,409	**939,069**
Capital surplus	**14,998**	14,998	**100,313**
Retained earnings	**196,113**	175,940	**1,311,620**
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	**36,978**	61,164	**247,317**
Deferred gains (losses) on hedges	**5,535**	(1,242)	**37,020**
Revaluation reserve for land	**7,150**	7,563	**47,825**
Total equity	**401,186**	398,834	**2,683,164**
Total liabilities and equity	**¥9,640,778**	¥ 9,510,663	**$64,478,189**

NON-CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

The Hokuriku Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Income			
Interest income:			
Interest on loans and discounts	**¥52,415**	¥ 42,920	**$350,561**
Interest and dividends on securities	**22,871**	16,455	**152,967**
Interest on deposits with other banks	**6,412**	2,967	**42,888**
Other interest income	**442**	641	**2,960**
Trust fees	**18**	26	**121**
Fees and commissions	**19,528**	18,934	**130,608**
Trading income	**104**	41	**701**
Other ordinary income	**1,626**	4,986	**10,877**
Other income	**7,630**	17,556	**51,033**
Total income	**111,050**	104,530	**742,716**
Expenses			
Interest expenses:			
Interest on deposits	**5,437**	866	**36,366**
Interest on payables under repurchase agreements	**3,361**	1,015	**22,482**
Interest on payables under securities lending transactions	**6,348**	4,229	**42,457**
Interest on borrowings and rediscounts	**1,414**	1,109	**9,463**
Other interest expenses	**3,337**	2,343	**22,322**
Fees and commissions	**7,284**	6,442	**48,722**
Other ordinary expenses	**5,374**	24,622	**35,942**
General and administrative expenses	**41,432**	42,668	**277,104**
Provision of allowance for loan losses	**1,617**	—	**10,820**
Other expenses	**2,072**	3,281	**13,861**
Total expenses	**77,681**	86,579	**519,539**
Income before income taxes	**33,369**	17,951	**223,177**
Income taxes:			
Current	**7,888**	81	**52,760**
Deferred	**1,316**	(394)	**8,808**
Net income	**¥24,163**	¥ 18,264	**$161,609**

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEET (UNAUDITED)

The Hokkaido Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
March 31	**2025**	2024	**2025**
Assets			
Cash and due from banks	**¥1,084,955**	¥1,588,866	**$7,256,257**
Trading account securities	**721**	2,217	**4,827**
Money held in trust	**9,142**	8,156	**61,148**
Securities	**963,972**	708,780	**6,447,116**
Loans and bills discounted	**4,575,743**	4,351,286	**30,602,884**
Foreign exchanges	**2,483**	6,074	**16,610**
Other assets	**38,334**	86,421	**256,383**
Tangible fixed assets	**44,107**	41,206	**294,997**
Intangible assets	**4,292**	4,439	**28,705**
Prepaid pension cost	**3,513**	3,039	**23,501**
Deferred tax assets	**9,616**	4,384	**64,314**
Customers' liabilities for acceptances and guarantees	**31,870**	32,230	**213,152**
Allowance for loan losses	**(21,614)**	(20,256)	**(144,562)**
Total assets	**¥6,747,139**	¥6,816,846	**$45,125,332**
Liabilities and equity			
Liabilities			
Deposits	**¥6,094,197**	¥6,037,344	**$40,758,413**
Call money and bills sold	**2,093**	—	**14,000**
Payables under securities lending transactions	**4,047**	81,015	**27,073**
Borrowed money	**335,800**	424,700	**2,245,854**
Foreign exchanges	**292**	300	**1,957**
Other liabilities	**53,924**	14,261	**360,652**
Reserve for employee retirement benefits	**2,076**	1,102	**13,888**
Reserve for directors' and audit & supervisory board members' retirement benefits	**37**	37	**252**
Reserve for contingent losses	**314**	383	**2,106**
Reserve for reimbursement of deposits	**269**	397	**1,801**
Acceptances and guarantees	**31,870**	32,230	**213,152**
Total liabilities	**6,524,925**	6,591,774	**43,639,148**
Equity			
Capital stock	**93,524**	93,524	**625,495**
Capital surplus	**16,795**	16,795	**112,327**
Retained earnings	**114,841**	109,570	**768,066**
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	**(3,240)**	5,182	**(21,674)**
Deferred gains (losses) on hedges	**294**	—	**1,970**
Total equity	**222,214**	225,072	**1,486,184**
Total liabilities and equity	**¥6,747,139**	¥6,816,846	**$45,125,332**

NON-CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

The Hokkaido Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Income			
Interest income:			
Interest on loans and discounts	**¥46,822**	¥41,756	**$313,156**
Interest and dividends on securities	**6,173**	7,270	**41,290**
Interest on receivables under resale agreements	—	(11)	—
Interest on deposits with other banks	**3,525**	1,290	**23,578**
Other interest income	**135**	138	**903**
Fees and commissions	**16,750**	16,601	**112,026**
Other ordinary income	**237**	493	**1,587**
Other income	**8,405**	11,109	**56,214**
Total income	**82,049**	78,649	**548,754**
Expenses			
Interest expenses:			
Interest on deposits	**3,711**	152	**24,824**
Interest on payables under securities lending transactions	**1,400**	3,614	**9,369**
Interest on borrowings and rediscounts	**95**	246	**641**
Other interest expenses	**104**	3	**698**
Fees and commissions	**10,197**	9,614	**68,204**
Other ordinary expenses	**5,635**	12,786	**37,690**
General and administrative expenses	**37,169**	36,953	**248,593**
Provision of allowance for loan losses	**4,906**	—	**32,813**
Other expenses	**2,842**	4,446	**19,008**
Total expenses	**66,063**	67,817	**441,840**
Income before income taxes	**15,985**	10,832	**106,914**
Income taxes:			
Current	**5,818**	1,188	**38,912**
Deferred	**(1,776)**	1,129	**(11,882)**
Net income	**¥11,944**	¥8,514	**$79,884**

Major financial data over the past 10 years

Figures are for the two banks combined except for those noted as (consolidated).

Results summary

	Unit	FY2015	FY2016	FY2017	FY2018
Core gross business profits	¥billion	143.0	133.8	130.7	125.7
Interest on assets	¥billion	120.9	116.1	112.5	108.1
Profit on service transactions, etc.	¥billion	20.0	17.8	16.7	16.5
Other business profits (excluding gains or losses on government bonds and other bonds, etc.)	¥billion	1.8	▲0.2	1.5	0.9
Expenses	¥billion	90.9	89.8	88.8	86.5
Core net business profits	¥billion	52.0	43.9	41.9	39.1
Credit costs	¥billion	3.7	▲0.6	0.5	4.6
Ordinary profits	¥billion	46.7	40.2	33.1	36.7
Net income	¥billion	29.9	29.6	24.0	26.6
Net income attributable to owners of the parent (consolidated)	¥billion	28.8	28.1	21.1	24.3

Balance sheet summary

		FY2015	FY2016	FY2017	FY2018
Total assets	¥billion	11,581.9	12,380.9	12,952.9	13,142.9
Loans	¥billion	7,599.6	7,788.3	8,189.4	8,360.8
Small and medium-enterprises, etc.	¥billion	4,845.0	4,972.2	5,153.9	5,275.8
Securities	¥billion	2,395.8	2,439.3	1,943.3	1,788.8
Total liabilities	¥billion	11,045.2	11,832.7	12,378.1	12,548.8
Deposits + certificates of deposit	¥billion	10,502.6	10,731.0	11,180.7	11,439.7
Total net assets	¥billion	536.7	548.2	574.8	594.0
Total shareholders' equity	¥billion	441.5	455.5	475.3	494.1
Total valuation, conversion differences, etc.	¥billion	95.1	92.6	99.5	99.9

Financial indicators, etc.

		FY2015	FY2016	FY2017	FY2018
Core OHR (core overhead ratio)	%	63.57	67.13	67.89	68.85
ROE (consolidated)	%	5.3	5.1	3.6	4.0
Capital adequacy ratio (consolidated)	%	10.30	9.43	9.49	9.09
Net assets per share (consolidated)*	Yen	3,806.1	4,028.6	4,215.9	4,348.7
Net profit per share (consolidated)*	Yen	203.1	201.3	149.4	173.5
Dividend per share*	Yen	42.50	44.00	44.00	44.00
Payout ratio (consolidated)	%	20.9	21.9	29.4	25.4

* Values for years prior to 2016 calculated assuming the stock merger implemented on October 1, 2016 (one share per ten common shares) had already been carried out.

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
123.2	120.7	124.8	119.8	118.8	131.7
105.4	103.7	105.9	100.5	99.8	113.5
16.5	15.9	17.7	19.4	19.5	18.8
1.1	1.0	1.1	0.0	▲0.5	▲0.8
85.3	82.3	78.8	74.7	77.5	79.7
37.8	38.4	46.0	45.0	41.3	51.9
12.0	13.0	13.5	7.7	▲1.2	6.8
31.4	32.0	30.4	26.9	22.8	47.2
20.8	22.4	21.8	23.0	26.7	36.1
20.2	21.3	20.5	21.4	23.0	39.0

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
13,605.5	16,594.8	17,243.4	16,133.0	16,327.5	16,387.9
8,673.1	9,065.1	9,211.1	9,545.1	9,544.5	10,477.4
5,397.4	5,766.6	5,836.4	5,931.1	5,998.2	6,238.2
1,807.2	2,100.1	2,199.5	1,846.7	1,783.2	2,305.1
13,033.0	15,987.2	16,651.5	15,550.2	15,703.6	15,764.5
11,662.6	12,815.6	13,233.3	13,540.6	13,901.6	14,055.8
572.5	607.6	591.9	582.7	623.9	623.4
508.9	518.9	528.6	540.0	551.2	576.6
63.5	88.6	63.3	42.6	72.6	46.7

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
69.27	68.19	63.15	62.39	65.24	60.54
3.4	3.5	3.3	3.5	3.7	6.1
8.94	9.45	9.54	9.49	9.40	10.15
4,138.4	4,504.9	4,539.1	4,491.9	5,083.3	5,150.8
142.7	152.1	147.4	159.1	176.9	311.5
40.00	35.00	35.00	37.00	40.00	50.00
28.0	23.0	23.7	23.2	22.6	16.0

北北金融控股集团简要

企业名称：北北金融控股集团股份有限公司

设立日期：2003年9月26日

总行地址：富山县富山市堤町通1丁目2番26号

经营目的：集团伞下的子公司的经营管理，以及连带的相关业务

资本金：708亿9,500万日元

发行股份：普通股 123,458,714股
第一次第5种优先股.......... 42,983,000股

上市交易所：东京证券交易所（主板）
札幌证券交易所

简介

自从1877年北陆银行成立以来已经在北陆地区设立了广域性的经营网点。

从“北前船”或者说“北航船（北上的经济圈）”的交易关系和客户的需要出发还在北海道各个主要城市内设立了自己的经营网点。

北海道银行成立于1951年，以支援中小企业和个人业务为中心在北海道道内的各个地区都设有营业网点。

北陆银行和北海道银行于2004年9月进行了经营统合，成立了（控股公司）北北金融控股集团股份有限公司。现在，北北金融控股集团已经形成了覆盖日本北陆地区北海道以及日本三大都市圈（东京，名古屋，大阪）的巨大的地方金融网络。

2002年5月 北陆银行和北海道银行缔结了全面业务协助协议

2003年5月 北陆银行和北海道银行对经营统合取得一致意见

2003年9月 设立北银金融控股集团股份有限公司

北陆银行成为北银金融控股集团伞下的银行

通过股份交换实现经营统合

2004年9月 **北北金融控股集团股份有限公司诞生**

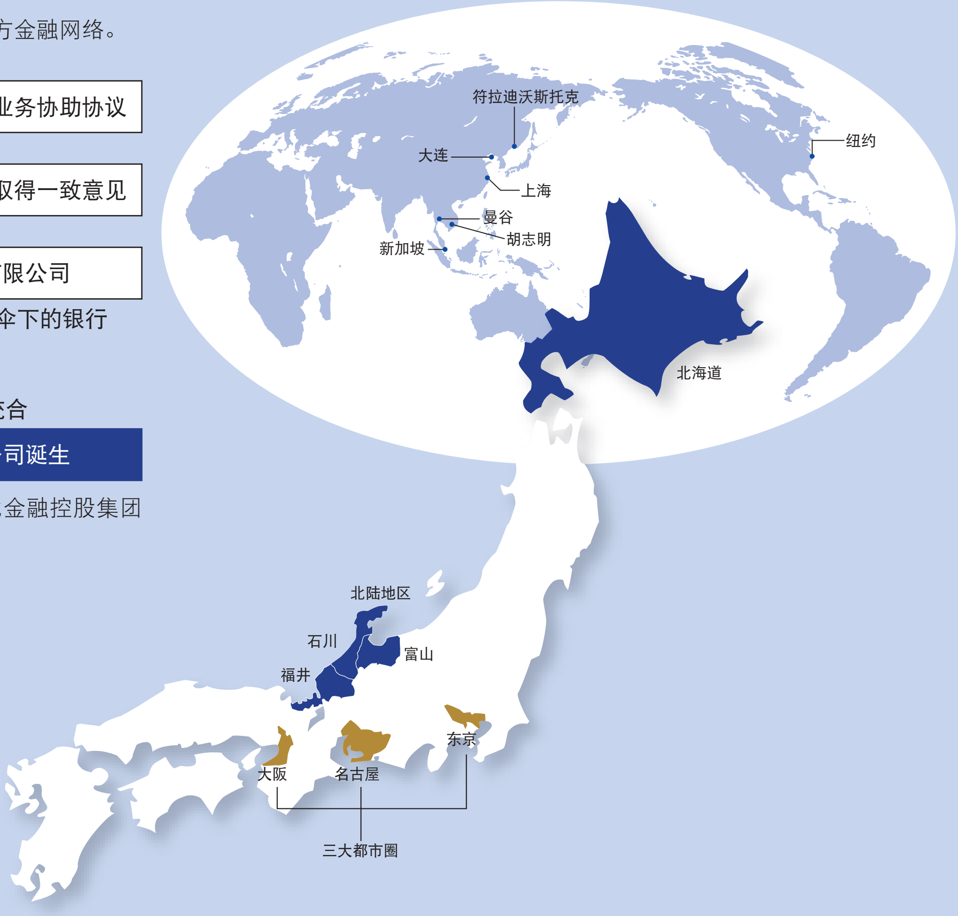
注：北银金融控股集团股份有限公司改名为北北金融控股集团股份有限公司。

北北金融集团的经营活动范围不是限于一个地域，而是在广泛的地域内展开着。

我们广泛的营业网点分布在下列地区范围里：

北陆地区	**151分行（或支行）**
富山县	93分行（或支行）
石川县	36分行（或支行）
福井县	22分行（或支行）
北海道地区	**161分行（或支行）**
三大都市圈	**16分行（或支行）**
东京、横滨	9分行（或支行）
名古屋	3分行（或支行）
大阪、京都	4分行（或支行）
其他地区（仙台、新泻、长野、高山）	**4分行（或支行）**
海外	**7代表处**

纽约代表处　（北陆银行）
符拉迪沃斯托克代表处（北海道银行）
新加坡代表处（北陆银行）
曼谷代表处　（北陆银行）
大连代表处　（北陆银行）
上海代表处　（北陆银行）
胡志明代表处（北陆银行）
（2025年6月30日）



北北金融控股集团 董事致辞

董事长
中泽　宏*（北陆银行 总行长）*

董事副社长
兼间 祐二*（北海道银行 总行长）*

大家好！承蒙各位平时对北北金融控股集团以及本集团公司的厚爱，在此表示衷心感谢！

本公司集团所处的环境，虽然受到美国关税政策和地区纷争等不稳定的国际形势的影响，但作为主要营业地区的北陆三县，随着北陆新干线的延伸和公共工程的增加，能登半岛地震的恢复、复兴需求等方面的影响，可以看到经济正在缓慢地恢复。另外，在北海道，除了与下一代半导体等相关的设备投资需求，随着全球旅游需求的提高，个人消费也在稳定的攀升，推动了经济的增长。

去年，本集团以合并经营20周年为契机，重新审视了集团的存在意义，制定了“跨越地域限制，创造光辉未来”的目标，视为未来的方针。另外，作为广域地区金融集团，希望成为解决地域课题的原动力。在从4月开始的第6次中期经营计划“NEXT STAGE”中，为了实现目标，我们将团结全体员工解决地区、顾客的课题，提升本公司的企业价值。

另外，今年4月1日本集团收购了1999年旗下北海道银行发行的全部优先股。再次感谢股东、顾客、合作企业、自治体的各位长久以来的支持，今后我们也会以促进地区发展为己任、为企业集团努力创造辉煌的未来。

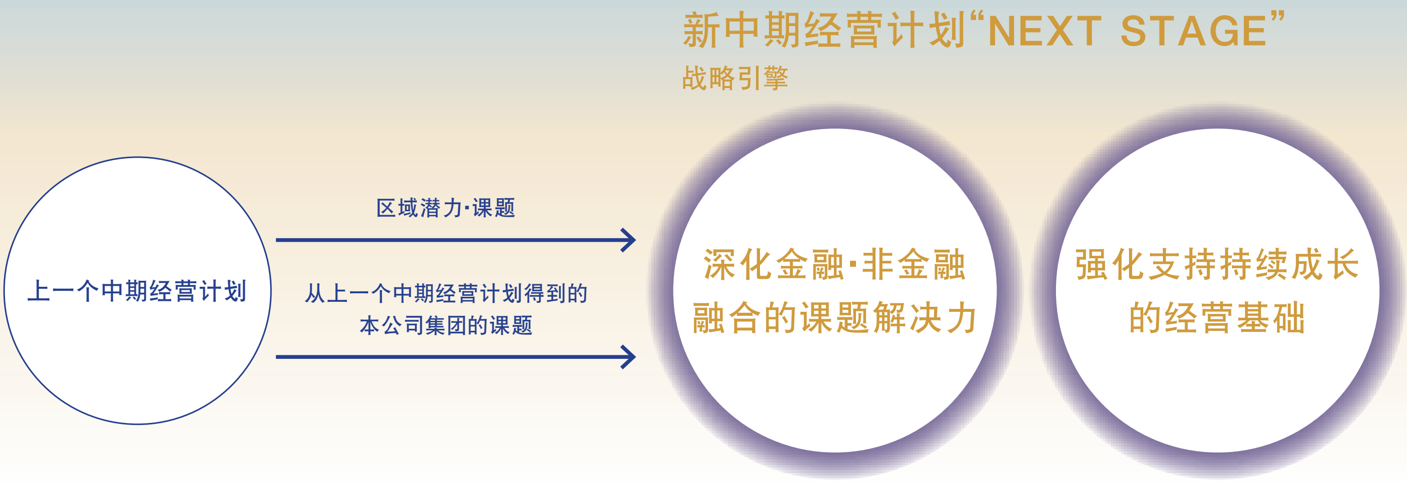
请大家一如既往地给予支持，谢谢！

董事长
中澤　宏
中泽　宏
2025年7月

第6次中期经营计划（2025年4月～2028年3月）

第6次中期经营计划定位为“同时实现解决地域和顾客的课题和提高本公司的企业价值的期间”，从上一个计划中的“挑战”向“实现”，推进到了下一个阶段。FG（北北金融控股集团）迎来了合并20周年，以及取得全部优先股的段落，计划名称中提出了“NEXT STAGE”，倾注了进入下一个成长阶段的意志。

作为本公司集团的主要营业地域的北陆、北海道、三大城市，各自具有特有的地域潜力，蕴藏着进一步成长的可能性。展望这些地域的未来，本公司集团将“地域希望成为的姿态”和“本公司的目标姿态”作为将来的目标，通过回推设计战略，制定了实现可持续发展价值创造的3年计划。我们会切实执行上述战略，与地域一起迈向下一个阶段。



新中期经营计划“NEXT STAGE”

战略引擎

上一个中期经营计划

区域潜力·课题

从上一个中期经营计划得到的本公司集团的课题

深化金融·非金融融合的课题解决力

强化支持持续成长的经营基础

引擎	战略	KPI	
深化课题解决力	以事业性贷款为中心的市场战略	创新资金需求，以扩大占有率、扩大区域潜力的良性循环为目标	・资金供给功能（事业性贷款平均余额） ・解决方案支援件数（期间累计） ・SX/GX相关投融资（期间累计）
	可持续发展战略	以SX/GX为战略核心，引领区域和客户	
	地域活性化战略	创造解决课题的生态系统，培养能与世界竞争的地域的“赚钱能力”	
强化经营基础	金融零售市场战略	在线上和线下两方面，以进一步追求顾客便利性为目标	・存款余额 ・支持资产增值（理财产品余额） ・应用程序用户数 ・政策持有股份（合并净资产对比）
		明确部门范围，扩大集团一体化的一站式解决方案	
扎根企业文化	人力资本经营	提高人才库的数量和质量，构筑与经营战略联动的人才组合	・解决问题型人才 ・专业人才聘用人数（期间累计） ・女性管理职人员比率 ・参与度得分

地域希望成为的姿态

- 充满生机和活力的地域
- 被地域产业支撑着充满活力的地域
- SX/GX先进地域

本公司的目标姿态

- 为地域客户的繁荣做出贡献
- 提高企业价值（ROE等的持续增长）

扎根活跃着多种
人才、充满活力的
企业文化

从“地域希望成为的姿态”
和“本公司的目标姿态”回推

（2024年度业绩）	（2027年度）
4.4万亿日元	5.0万亿日元
600件	2,200件
5,765亿日元	1.0万亿日元
14.0万亿日元	15.0万亿日元
2.4万亿日元	2.8万亿日元
102万人	140万人
24.0%	20%以下
2,121名	2,400名
116名	250名
25.2%	30.0%
3.47	上年同水准以上

经营指标

计划项目	2024年度业绩	2027年度（计划最后一年）	长期目标（10年后）
ROE	6.05%	8%台	10%
合并本期净利润	390亿日元	550亿日元	800亿日元
资本充足率	10.15%	10%台	10～11%台
OHR※	60.54%	50%台	50%左右

※两行合计

营业概况（北北金融控股集团联结）

（单位:亿日元）

	2025年3月期		2024年3月期
		前 期 比	
经常收益	**2,101**	200	1,901
经常利润	**516**	283	232
归属于母公司股东的净利润	**390**	160	230
资本充足率	**10.15%**	0.75%	9.40%

[联结]

由于国内利率的上升，再加上贷款余额的持续积累和有价证券组合的重新评估，资金利益大幅增加。咨询收益也保持稳定，主营业务利润、营业利润、当期净利润全部实现了增长。为了提升本公司的企业价值和未来的发展，在稳步推进人力资本和系统投资的同时，本期净利润为390亿日元，在本公司集团成立后排名第二，为近10年的最高水平。

营业概况（北陆银行，北海道银行）

（单位:亿日元）

	2家银行合算		
	2025年3月期		2024年3月期
		前 期 比	
经常收益	**1,892**	130	1,761
主营业务毛利润	**1,317**	128	1,188
经费（临时处理部分除外）	**797**	21	775
主营业务净利润	**519**	106	413
扣除投资信托解约损益后	**541**	134	406
信贷相关成本	**68**	81	－12
经常利润	**472**	243	228
本期净利润	**361**	93	267
ROE			

[段]

北陆银行主营业务毛利润增加的主要原因归功于贷款利息和有价证券利息的增加。营业利润虽然有信贷费用的增加和股票等损益的减少，但由于国债等债券损益的大幅度改善，与前期相比增加了191亿日元，达到343亿日元。本期净利润为241亿日元，比上期增加58亿日元。

北海道银行主营业务毛利润增加的主要原因为贷款利息的增加。营业利润方面，虽然信贷费用增加了，但由于国债等债券损益的改善，与前期相比增加了52亿日元，达到129亿日元。本期净利润为119亿日元，比上期增加34亿日元。

（单位:亿日元）　（单位:亿日元）

	北陆银行			北海道银行		
	2025年3月期		2024年3月期	2025年3月期		2024年3月期
		前 期 比			前 期 比	
经常收益	**1,109**	100	1,008	**783**	30	752
主营业务毛利润	**760**	92	668	**556**	35	520
经费（临时处理部分除外）	**420**	12	408	**376**	9	366
主营业务净利润	**340**	80	259	**179**	25	153
扣除投资信托解约损益后	**362**	108	253	**179**	25	153
信贷相关成本	**19**	18	0	**49**	62	－13
经常利润	**343**	191	151	**129**	52	77
本期净利润	**241**	58	182	**119**	34	85
资本充足率	**10.08%**	0.96%	9.12%	**9.37%**	0.40%	8.97%
ROE						

Hokuhoku Financial Group, Inc.