

Update the Medium-Long Term Management Strategy And summary of financial results for the fiscal year ended March 31, 2023

May 8, 2023

Quality Company, Good Company.

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1. Summary of Business results

Summary of Financial Results for the Fiscal Year Ended March 2023

[Hokkoku Financial Holdings Consolidated Profile]

<Ordinary income ¥16.046 billion, YoY Δ ¥3.121 billion>

<Net income ¥8.741 billion, YoY Δ ¥646 million>

Expenses to dispose of non-performing loans decreased, but due to an increase in foreign currency funding costs and the recording of a loss on the sale of foreign bonds, etc.,
Recurring profit and net income both declined.

(1) Summary of Profit and Loss

[Hokkoku Financial Holdings Consolidated]

(Millions of yen)

	FY03/22	FY03/23	Change	Rate of change
Ordinary income	84,730	84,743	13	0.0%
Ordinary income	19,167	16,046	Δ 3,121	Δ 16.2%
* Net Profit	9,387	8,741	Δ 646	Δ 6.8%

* Profit attributable to owners of parent

[Hokkoku Bank on a non-consolidated basis]

(Millions of yen)

	FY03/22	FY03/23	Change	Rate of change
Ordinary income	73,918	72,105	Δ 1,813	Δ 2.4%
Ordinary income	18,091	15,651	Δ 2,440	Δ 13.4%
Net income	9,043	9,054	11	0.1%
Operating profits from core business	13,033	9,677	Δ 3,356	Δ 25.7%

(2) Equity ratio

	End of Mar. 21	End of Mar. 22	End of Mar. 23	Change
Consolidated equity ratio	13.04%	12.61%	10.08%	Δ 2.53%

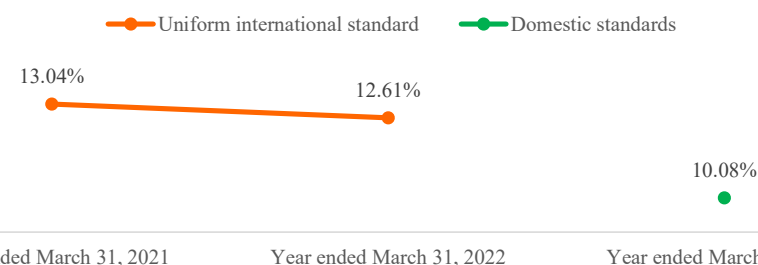
International Standards until the end of March 2022; Domestic Standards from the end of March 2023

Hokkoku Bank Non-consolidated Profit and Loss

(Unit: 100 million yen)



Consolidated Capital Adequacy Ratio



Forecast for the Fiscal Year Ending March 2024

- In the fiscal year ending March 2024, we anticipate an increase in foreign currency funding costs due to an increase in foreign currency interest rates. Net income is expected to increase due to the effects of various measures, including the continued reduction of strategic shareholdings.
- The dividend forecast is ¥110 per share, an increase of ¥10. The total return ratio, including the acquisition of treasury stock, is expected to exceed 100%.

[Hokkoku Financial Holdings Consolidated]

(Full year)			(Millions of yen)	(Interim)			(Millions of yen)
	Year ended March 31, 2023 Actual	Year ended March 31, 2024 Forecast			Year ended March 31, 2023 Half year results	Year ended March 31, 2024 Interim Forecast	
Ordinary income	16,046	16,500		Ordinary income	20,463	9,000	
Net Income ^{*1}	8,741	11,000		Net income ^{*1}	12,895	6,000	

* 1: Profit attributable to shareholders of parent (interim)

[Hokkoku Bank on a non-consolidated basis]

(Full year)			(Millions of yen)	(Interim)			(Millions of yen)
	Year ended March 31, 2023 Actual	Year ended March 31, 2024 Forecast			Year ended March 31, 2023 Half year results	Year ended March 31, 2024 Interim Forecast	
Ordinary income	15,651	14,500		Ordinary income	19,996	8,000	
Net income	9,054	10,000		Net income	12,819	5,500	
Core net operating profit	9,677	6,000		Core net operating profit	7,343	3,000	

Cash dividends per share

	Year ended March 31, 2020	Year ended March 31, 2021	*2 for the year ending March 2022	Year ended March 31, 2023	(Forecast) Year ended March 31, 2024
Annual dividend	70 yen	80 yen	90 yen	100 yen	110 yen
Interim dividends	35 yen	30 yen	40 yen	50 yen	55 yen
Of which, year-end dividend	35 yen	50 yen	50 yen	50 yen	55 yen

* 2: Until the interim dividend for fiscal 2021, it will be paid in The Hokkoku Bank, Ltd..

2. The Medium-Long Term Management Strategy ~ Update ~

The Medium-Long Term Management Strategy 2023

※2023.5.8 Released



The Medium-Long Term Management Strategy ~ Update Plan ~

※ From 2021, medium-to long-term goals and strategies are updated every fiscal year.

■ Focus period to establish new business model from April 2023 to March 2026

Measures for increasing corporate value

1.Improving capital efficiency

- Raised the basic policy for shareholder returns to a total return ratio of 50% or more
- Continue share buybacks (¥9 billion for the year ended March 31, 2024)
- Maintain the equity ratio at around 10%, while periodic profit/loss and surplus capital are to return profits to shareholders and invest in new businesses

2.Expansion of Key Business Domains (Three Pillars → Seven New Pillars)

- In three priority projects ("Cards", "Loans and Leasing" and "Consulting")
In addition to our key businesses of "digital regional currencies," "Investment advisory," "investment funds," and "market management," Revenue after 5 years to 49.8 billion yen. (+ approx. 11 billion yen, 2023/3)

Update points

■ Improving capital efficiency

While maintaining the equity ratio at around 10%, excess capital will strengthen shareholder returns and new business investments.

Aim to exceed ROE7% in the fifth year and achieve 8% at an early stage.

■ Expansion of Key Business Domains

① Consulting & advisory

Segmented approach to local governments and non-Hokuriku region
 Strengthen asset-management Investment advisory businesses for personals, business corporations and financial institutions

② Integrated management of loans and Leasing

Achieve digital speed and efficiency through financing through understanding of business prospect according and Internet banking

③ Progress of cashless

Increase cashless ratio through card and digital regional currencies

④ Expansion of investment operations

Significant expansion of investment limits, investment regions, and target industries

⑤ Further advancement of the market sector

Improve risk management level and profitability with the aim of achieving an expected return of around 2%

⑥ DX and system modernization

Improve quality and Cost reduction by developing next-generation banking system and advancing in-house development initiatives

⑦ Strengthen ESG initiatives

Further investment of resources in human capital, strengthening of governance, and strengthening of efforts for environmental consideration

Shareholder Return Policy and ROE • PBR Targets

- Targeting a total return ratio of 50% or more.
- Achieve ROE 8% above the cost-of-capital ratio of 7% and aim for PBR 1.0 multiples.

Item	FYE March 2023 Actual	FYE March 2024 A year later	FYE March 2026 Three years later	FYE March 2028 5 years later	FYE March 2033 About 10 years later
Total return ratio	122%	115%	Total return ratio: 50% or more The Company will periodically review and implement share buybacks and increases in dividends in light of its capital adequacy ratio and strategic investment opportunities.		
Total dividends	2.6 Billion yen	2.7 Billion yen			
Repurchase of the Company's stock	8.1 Billion yen	9.9 Billion yen			
Cost of capital	7.0%				
ROE	3.9%	5.0%	5.0% or more	7% or more	8% or more
Core capital	226.0 Billion	223.8 Billion	238.7 Billion	255.7 Billion	300.0 Billion
Risk Assets	2,240.2 Billion	2,205.0 Billion	2,476.5 Billion	2,796.5 Billion	3,000.0 Billion
Equity ratio	10.1%	10.1%	Around 10%		
PBR	0.5	0.6 Or more	0.7 Or more	1.0 Or more	1.0 Or more

Cost-of-Capital, ROE, and Performance-Based Compensation

- Capital cost is assumed to be 7% based on CAPM (capital value pricing model).
- Shares are granted to all employees based on ROE's calculation criteria and corresponding to the level.

• Capital cost assumed to be 7%

- Calculated based on CAPM (capital-value-pricing model)
- Market risk premium of 7.5%

• ROE formulas

ROE=
Net Income Attributable to Shareholders of Parent ÷ Core
Equity (Basel III Domestic Standard)

• Standards for granting performance-based compensation to directors and employees

(Unit: 100 million yen)

ROE level		1% to less than 2%	2 to less than 3%	3% to less than 4%	4% to less than 5%	5% to less than 6%	6% to less than 7%	7% to less than 8%	8% or more
Directors (*)	Money	0.8	1.5	2.3	3.0	3.8	4.5	4.5	4.5
	RS	0.1	0.8	1.6	2.3	3.1	4.1	5.9	7.7
Employees RS		-	1.7	3.5	3.5	7.0	15.0	22.0	30.0

※Includes directors and executive officers of Hokkoku FHD, as well as directors and executive officers of individual group companies.

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Cost-of-Capital, ROE, and Performance-Based Compensation

• Compensation Composition and Percentage

[officers] ※Includes directors and executive officers of Hokkoku FHD, as well as directors and executive officers of individual group companies.

ROE	President and REPRESENTATIVE DIRECTOR				Directors (excluding the president)				Group executives			
	Fixed	Performance-linked	Equity	Total	Fixed	Performance-linked	Equity	Total	Fixed	Performance-linked	Equity	Total
	Money	Money	securities		Money	Money	securities		Money	Money	securities	
8% or more	45%	30%	105%	180%	50%	25%	90%	165%	55%	30%	45%	130%
7% to less than 8%	45%	30%	75%	150%	50%	25%	65%	140%	55%	30%	35%	120%
6% to less than 7%	45%	30%	45%	120%	50%	25%	40%	115%	55%	30%	25%	110%
5% to less than 6%	45%	30%	25%	100%	50%	25%	25%	100%	55%	25%	20%	100%
4% to less than 5%	45%	25%	20%	90%	50%	20%	20%	90%	55%	20%	15%	90%
3% to less than 4%	45%	20%	15%	80%	50%	15%	15%	80%	55%	15%	10%	80%
2 to less than 3%	45%	15%	10%	70%	50%	10%	10%	70%	55%	10%	5%	70%
1% to less than 2%	45%	10%	5%	60%	50%	5%	5%	60%	55%	5%	0%	60%
Less than 1%	45%	0%	0%	45%	50%	0%	0%	50%	55%	0%	0%	55%

Medium-term target level

Compensation image of ROE5% (for the president and director)

Fixed amount compensation (45%)	Performance-linked (money) (30%)	Performance-linked (shares) (25%)
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[employees]

ROE	Compensation Composition (*)		
	Fixed	Equity securities	Total
8% or more	95%	24%	119%
7% to less than 8%	95%	17%	112%
6% to less than 7%	95%	12%	107%
5% to less than 6%	95%	5%	100%
4% to less than 5%	95%	2%	97%
3% to less than 4%	95%	2%	97%
2 to less than 3%	95%	1%	96%
1% to less than 2%	95%	0%	95%
Less than 1%	95%	0%	95%

(※) Calculated using the level of payment in March 2022 as a fixed compensation of 95%

Medium-term target level

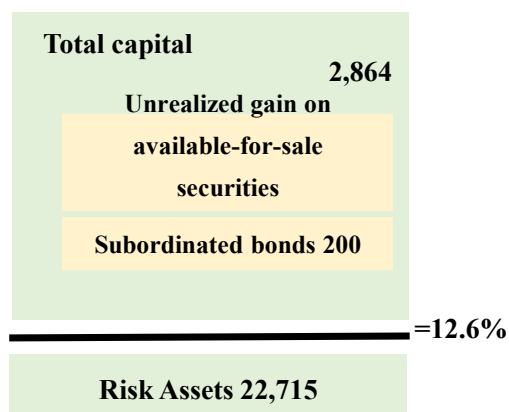
Compensation image of ROE5%

Salary and bonus (95%)	Stock grants (5%)
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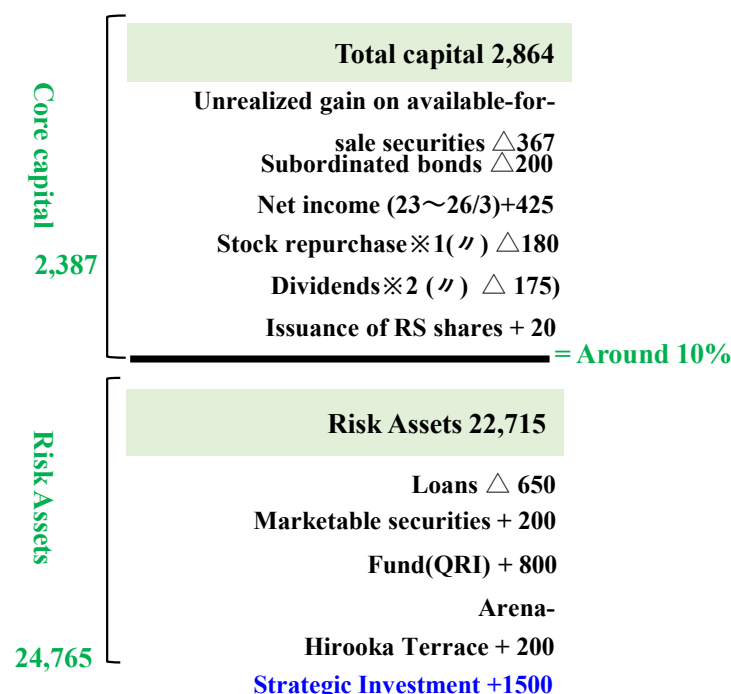
Utilization of capital

■ While maintaining the equity ratio at around 10%, excess capital is used for new strategic investments.

FYE Mar. 2022

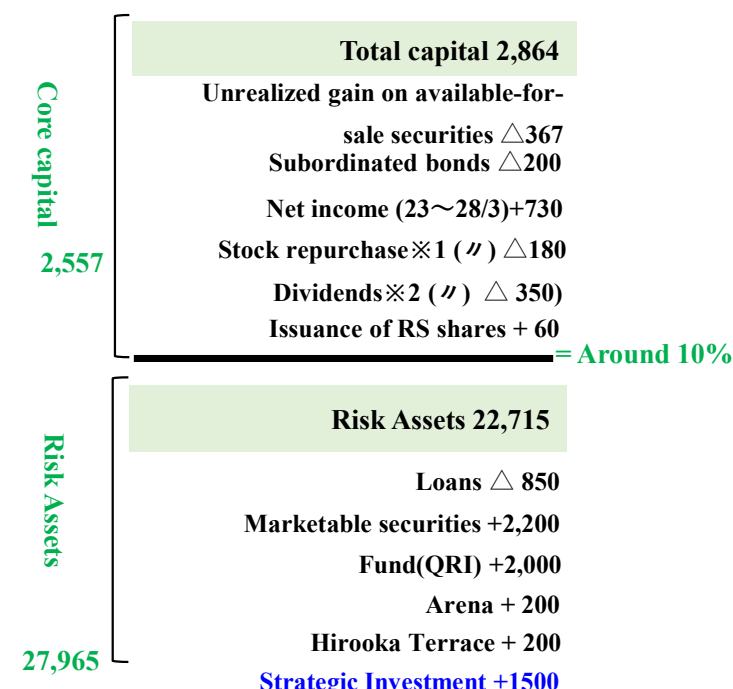


FYE Mar. 2026



FYE Mar. 2028

(Unit: 100 million yen)



※1:Only publicly announced share repurchases are shown.

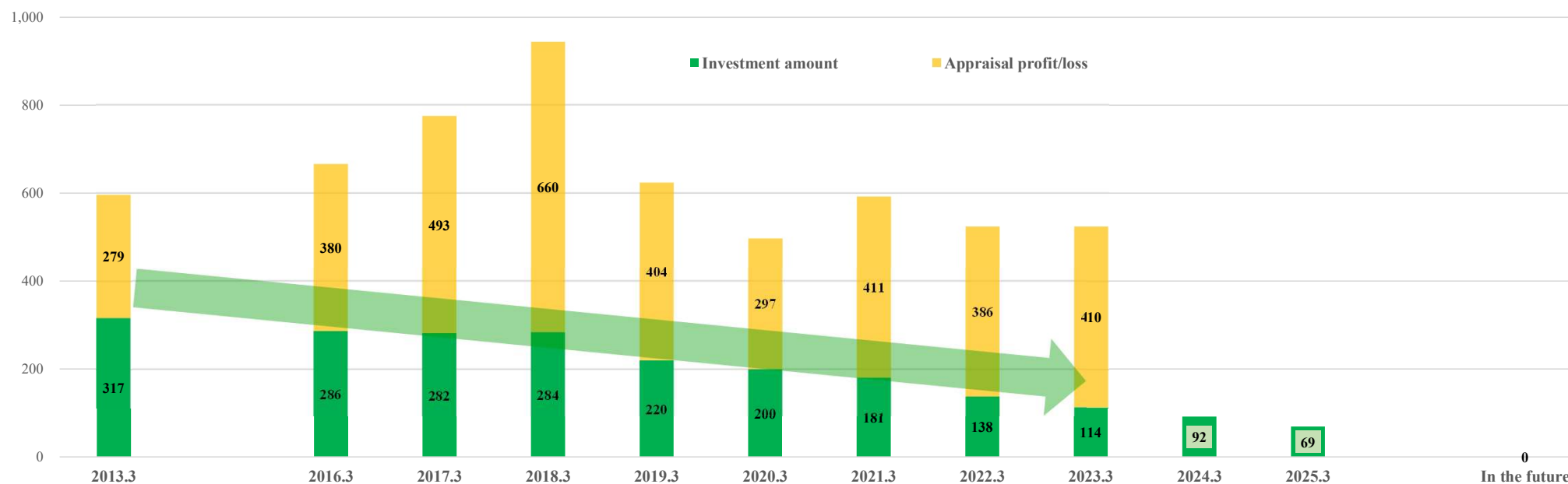
※2:The dividend amount will be the planned amount until the announced fiscal year ending March 24, Since then, the annual total return ratio has been 50% or more. Calculation is based on the assumption of the amount. Dividend amount for FY3/25 and thereafter has not been determined yet. We do not promise.

In the absence of new strategic investments, the corresponding core capital will be used for dividends and share repurchases

Reduction of strategic stockholdings

- Continuously sell cross-shareholdings (financial institutions, insurance companies, etc.) since 2009.
 - Plan to halve the book value of investments by the end of March 2025 (compared to March 2022) is ¥2.4 billion for one year
- Reduction (progress rate: 35%)

Balance of Strategic Shareholdings (100 million yen)



Reduction of strategic stockholdings

- Negotiations progressed to approximately 94% of the target of halving the amount in the fiscal year ending March 2025 (△ 6.9 billion).
- The Bank will continue dialogue on capital policy, etc. for those with difficulties in negotiations.
- Carefully select investment targets, such as profitability, and strengthen management of net investment-purpose stocks.

Reduction and negotiation status of strategic stockholdings for listing

	Number of issues	Book value (100 million yen)
2022.3	50	138
2023.3	37	114
Number of reductions	13	▲24
Target for 2025	-	▲69
Progress rate	-	35%

	Number of borrowers	Book value (100 million yen)
Sale commitment	2	1
Projected sale by FY3/2025	23	40
Projected sale from April 2025	7	19
Ongoing negotiators	5	54

Net investment objective equity management policy

■ Investment policy

- By investing in blue-chip Japanese stocks, which are expected to grow over the medium to long term,

Aim for revenue from increasing corporate value

■ Investment strategy

- 80 to 100, taking into account the macroeconomic environment and stock price valuations

Manage a portfolio carefully chosen for the issues, and gain and stability in the value of the shares

Achieve a higher level of revenues from payments.

■ Investment approach

- Macroeconomic analysis, quantitative analysis of corporate finances, etc., performance outlook, etc.

Carefully select investment targets through a qualitative analysis.

- Implement a monthly rebalancing to lock in profits and improve the portfolio.

Target levels over the medium to long term

~Medium-to long-term image based on future environmental forecasts and action policies

※2023.5.8 Contents published

Item	FYE March 2023 Actual	FYE March 2024 A year later	FYE March 2026 3 years later	FYE March 2028 5 years later	FYE March 2033 10 years later
Consolidated Operating Income	16 billion yen	16.7 billion yen	18.1 billion yen	28.3 billion yen	40.4 billion yen
Consolidated Net Income	8.7 billion yen	11 billion yen	11.4 billion yen	18.4 billion yen	26.9 billion yen
Core Business Earnings (Consolidated)	38.8 billion yen	35.1 billion yen	39.1 billion yen	49.8 billion yen	60 billion yen
ROE (Consolidated)*	3.9%	5.0%	5% or more	7% or more	8% or more

※ ROE is calculated based on the amount of net income attributable to owners of the parent to Basel III core capital based on domestic banks

<Reference: Based on shareholders' equity> ROE (Consolidated)	4.0%	5.1%	5% or more	7% or more	8% or more
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Target levels over the medium to long term (detailed breakdown, consolidated)

※2023.5.8 Contents published

(Unit: 100 million yen)

Item	FYE March 2023 Actual	FYE March 2024 A year later	FYE March 2026 Three years later	FYE March 2028 5 years later	FYE March 2033 About 10 years later
Key business	388	351	391	498	600
Business loans and Leasing	148	148	160	162	167
Cashless	14	17	26	40	89
Consulting & advisory	10	20	31	40	62
Investment advisory	1	2	5	8	11
Investment fund	2	4	7	85	101
Market management	212	161	161	163	169
Other income (consumer loans, etc.)	145	170	174	191	202
Total Credit Cost	62	30	30	30	30
Expenses	310	324	354	376	368
Of which, system costs*	68	69	62	62	48
Ordinary income	160	167	181	283	404

※:Total of software development costs (depreciation) and running costs (outsourcing expenses, etc.)

Trends in Expenses and OHR

(Unit: 100 million yen)

Item	FYE March 2023	FYE March 2024	FYE March 2026	FYE March 2028	FYE March 2033
Personnel expenses	151	155	158	186	190
Incentive fee	6	9	9	33	43
Others	145	146	149	153	148
Non-personnel expenses and taxes	159	169	195	190	177
System costs	68	69	62	62	48
Others	91	100	134	128	129

①Core OHR (Core gross operating income basis)

Gross operating profit from core business: net interest income + net fees and commissions + other operating income-net gains on government bonds and other bonds (5-account)

FYE March 2023	FYE March 2024	FYE March 2026	FYE March 2028	FYE March 2033
77.2%	86.1%	72.7%	67.9%	56.2%

②OHR (gross margin basis)

Gross profit: Gross operating profit from core business + Gain (loss) on government bonds, etc. + Gain (loss) on stocks, etc. (equity-3 account)

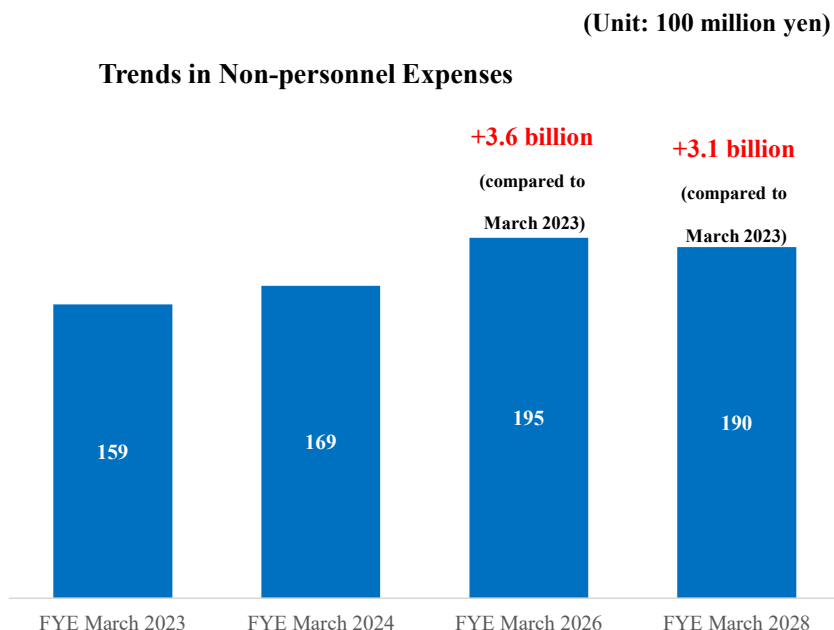
FYE March 2023	FYE March 2024	FYE March 2026	FYE March 2028	FYE March 2033
59.6%	63.3%	63.6%	56.5%	47.4%

Future Non-personnel Expenses

- Material expenses were reduced mainly in ATM and system-related costs due to the digitization of banking functions.
- Overall increase due to environmental measures at new bases and strengthening of investment related to Arena and real estate.

(Unit: 100 million yen)

Trends in Non-personnel Expenses



FYE Mar. 2026
(compared to March 2023)

Strategic reduction

Systems $\triangle 6$
Branch consolidation $\triangle 1$
ATM and Office Equipment $\triangle 4$
Rolling Stock Leasing $\triangle 1$

$\triangle 12$

Strategic investment

Environmental Investments(EV・ZEB)+ 5
Hirooka Terrace +28
Arena Business +4
Use of paid real estate-
Digital regional currencies, etc. + 9
Others + 2

+48

FYE Mar. 2028
(compared to March 2023)

Strategic reduction

Systems $\triangle 6$
Branch consolidation $\triangle 2$
ATM and Office Equipment $\triangle 4$
Rolling Stock Leasing $\triangle 1$

$\triangle 13$

Strategic investment

Environmental Investments(EV・ZEB)+ 6
Hirooka Terrace + 8
Arena Business +11
Use of vacant real estate +3
Digital regional currencies, etc. +11

Others + 5

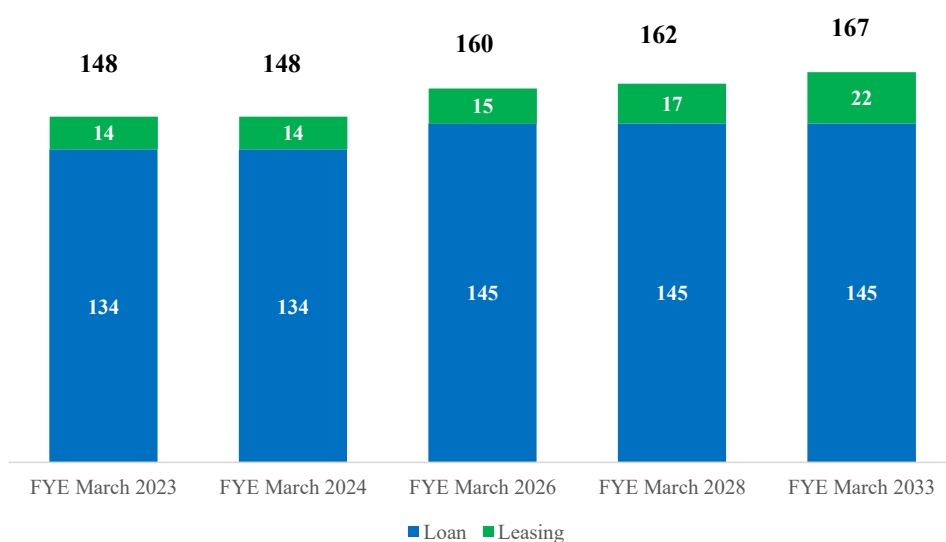
+44

Key businesses (integrated management of loans and Leasing)

- Continue dialogue by sharing understanding of business prospect according and finances.
- Understand issues and needs and optimize pricing by improving relationship levels.
- Achieve speed and efficiency by digital using Internet banking.

(Unit: 100 million yen)

Earnings Plan



■ Exercising Financing Functions through understanding of business prospect according

- Dialogue through understanding of business prospect according and Financial Sharing
- Implementation of communication plans by segment
- Improve relationship level and increase core clients
- Initiatives for early involvement in reserve classification
- Expand shares of current Leasing products
- Creation of new revenue opportunities (auto Leasing)

■ Initiatives for Digital Speed and Efficiency

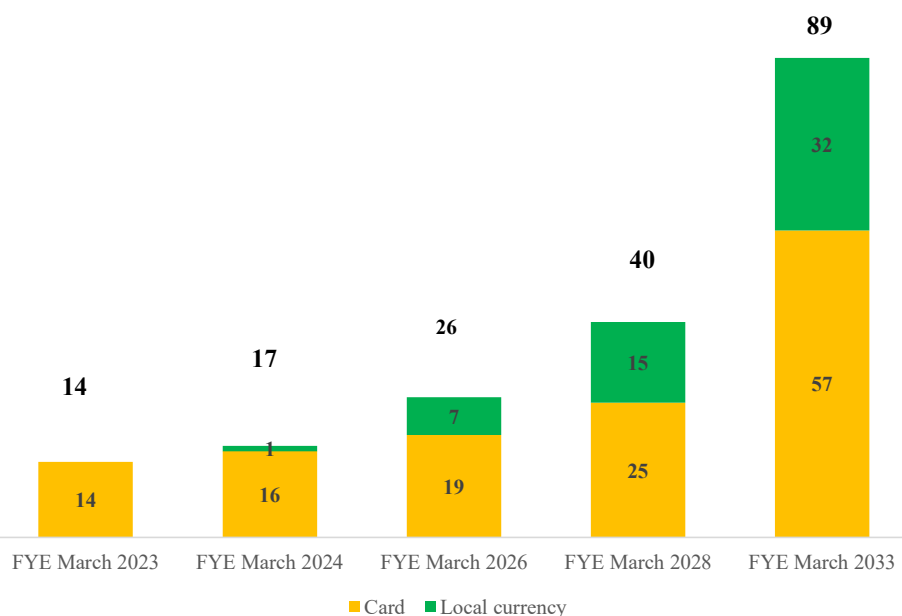
- Implementation of Lending Function to internet banking for corporate clients
(scheduled for release in 2024)

Key businesses(Progress of Cashless)

- Expand payment domains by building platforms linked to local operators.
- Issued digital regional currencies (Stable Coins) by strengthening collaboration with local governments and other financial institutions.

Earnings Plan

(Unit: 100 million yen)



■Expansion of payment domains

- Corporate and personal debit penetration rates and the increase in the number of transactions
- Proposals combining cash registers and settlement machines in addition to merchant terminals
- Expansion of franchisees
- Expand earnings by introducing new handsets (for QR, etc.) and recurring

■Issuance of digital regional currencies

- Digital collaboration with Suzu City using distributed ID blockchain

Issuance of regional currency (stable coins) underway around winter of fiscal 2023

- Initiatives for expansion to Ishikawa Prefecture and other local governments

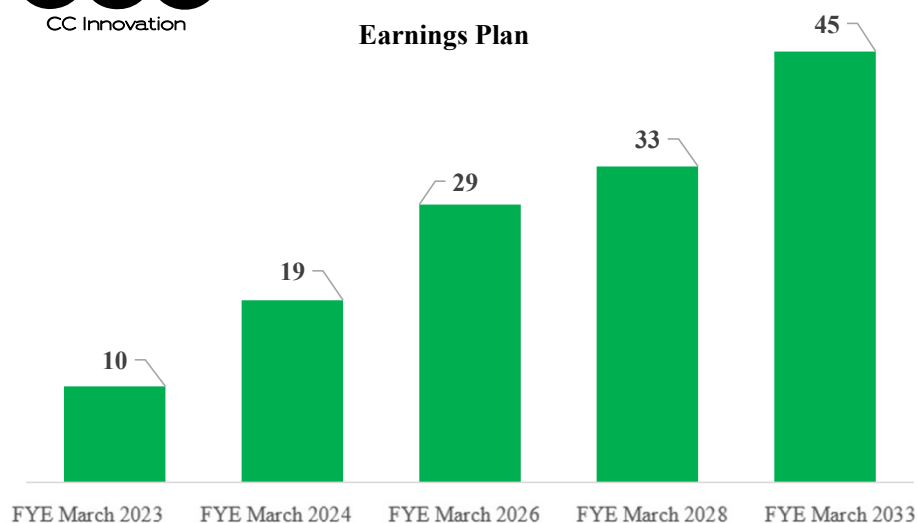
Key businesses(Corporate Consulting)

- **Basic strategy: Increase in number of clients x increase in fees per customer**
 - Provides consulting services for dealing with multiple issues, starting with the sharing of understanding of business prospect according and finances.



Earnings Plan

(Unit: 100 million yen)



■Main Initiatives

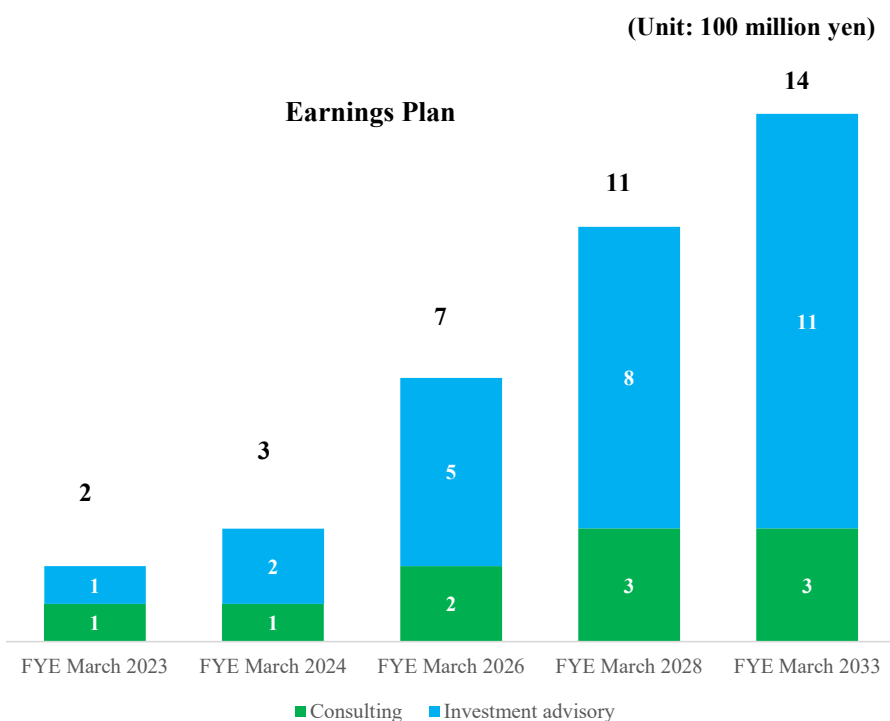
- Approach at urban stores, use of media, and increased contact with industry associations
- Expansion of consulting areas such as marketing and external sales of in-house IT tools
- Promotion of appropriate pricing such as expansion of value fees
- Early training of consultants and improvement of skills of senior consultants

■Indicators for 3 years from now (FYE Mar. 2026)

- Number of consultations: 1200 ⇒ 2400 or more
- Percentage of understanding of business prospect according customers contracted increased by 13% ⇒ 26%
- Percentage increase of multiple consultants 43% ⇒ 70%
- Personnel system 97 persons ⇒ 130 persons

Key businesses(Personal Consulting and Investment advisory)

- Pursuing the best interests of customers with a customer-oriented approach, establishing the first advisory business in Japan.
- Integrated management with Investment advisory firm ALCOLAB.



■ Initiatives to Establish an Advisory Business

- Leverage our market management expertise to advise individuals.
- Transferred the main functions of market management of the Hokkoku Bank.
⇒ Sophistication of operations and risk management
- Provision of solutions (support for investment strategies, operation plans, and budget formulation) based on management issues to financial institutions that share common values
- Consolidate specialized personnel and recruit and train them at advisory companies

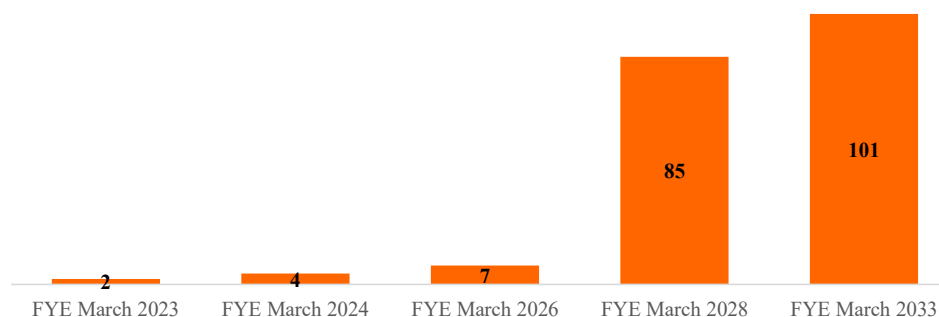
Key businesses(Expansion of Investment Operations)

- Equity investment leads the regional ecosystem and creates quality regions (QR)
- Major investment targets are the Hokuriku region, while expanding investments nationwide and overseas
- Acquired knowledge (temporary staffing, management involvement, etc.) through external collaboration



Earnings Plan

(Unit: 100 million yen)



[Investment Plan]

	3 years later	5 years later	10 years later
Number of investments	110	170	250
Investment balance (100 million yen)	700	900	1,000

[Status of Fund Investment (as of Mar. 2023)]

Fund name	Total (100 million yen)	Number of cases	Issue amount (100 million yen)
Hokuriku Region Venture Fund	—	4	2
Noto SDGs Fund	7	11	3
QRI Growth Support Fund	10	1	1
Ishikawa SME Revitalization Fund	20	5	14
QR Fund	200	14	96
Total	—	35	116

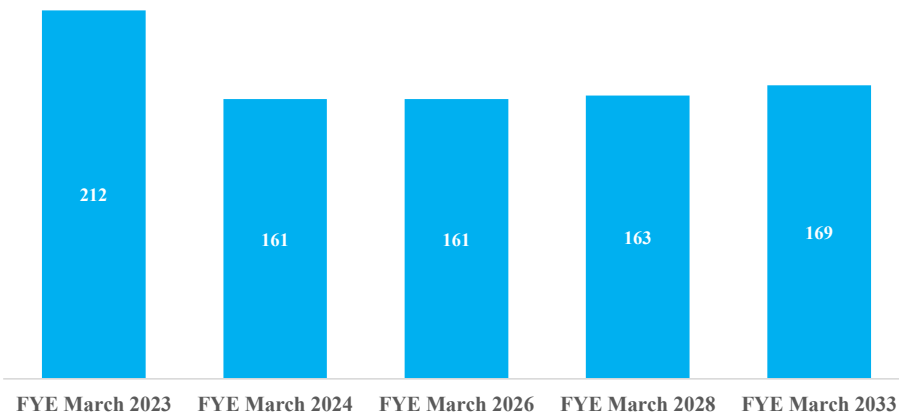
IRR of about 14%

Key businesses(Market Management Strategy)

- Transferred core operations related to market-based investment to Investment advisory companies (FDA) and reviewed the operational structure.
- Formulate investment plans and strategies that are conscious of the risks and returns of the entire portfolio.
- Secure stable earnings and aim for total earnings of around 2%.

Earnings Plan (Realized Gain/Loss)

(Unit: 100 million yen)



※ Overall gains/losses = realized gains/losses + changes in unrealized gains/losses

Formulation of medium-to long-term model port



Formulate a medium-to long-term model port based on a medium-to long-term scenario, with modifications based on constraints (income/risk/regulation, etc.).

Investment planning, budget formulation, and portfolio construction



While aiming for a medium-to long-term portfolio, build a short-term portfolio by taking into account short-term market scenarios, budgets, and risk constraints.

Revision of forecast



It is not too relevant to the medium-to long-term pod, and the market scenario is expected to fluctuate. When the market changes suddenly, the portfolios will be flexibly corrected.

Portfolio modification

System strategy

■ In-house development of strategic systems to support priority businesses

Improve productivity of development through agile development, cloud utilization, and AI utilization
Achieve → quality improvement and Cost reduction

Promoting Priority Businesses through Strategic Systems

Internet banking

Corporate: Hokkoku Digital Banking
Individuals: Hokkoku Cloud Banking

- Complete all transactions non-face-to-face
- Contributing to Customer productivity improvement

IB Platform (Integrated Business Platform)

- Unified client data into IB platforms
- Evolve the provision of value to customers by utilizing data as a group

Digital of integrated regional companies Platform (Region Ecosystem)

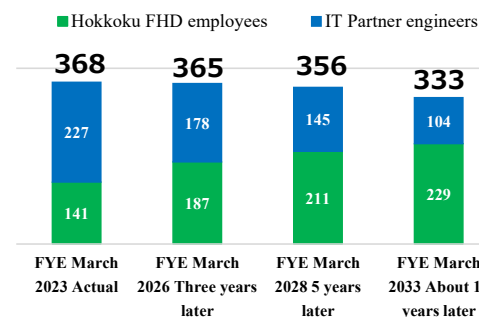
- Provision of banking functions and card-payment infrastructure to regional business corporations (API/BaaS)
- Next core banking system to support the above

Regional digital currency

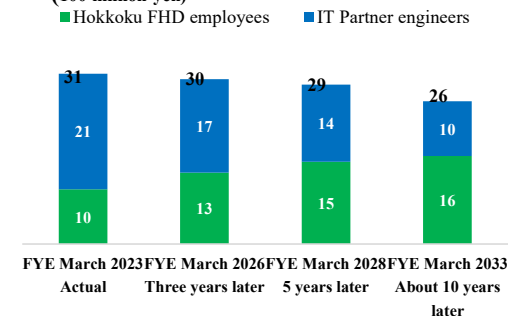
- Issuance of Stable Coins in collaboration with local governments
- Providing a new cashless option and making Hokuriku a cashless advanced region

Proper development personnel and reduced system costs

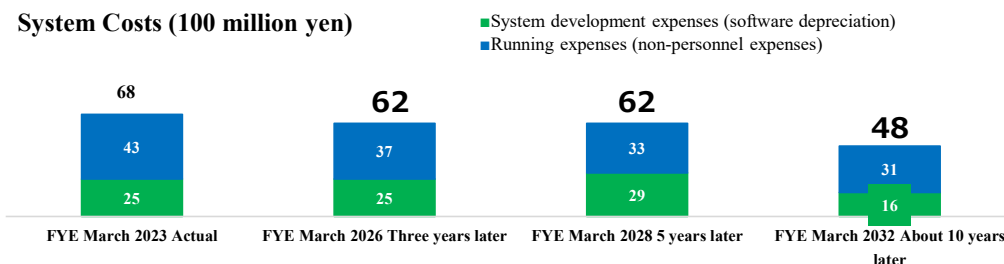
Trends in development personnel (people)



Trends in Personnel Expenses (100 million yen)



System Costs (100 million yen)



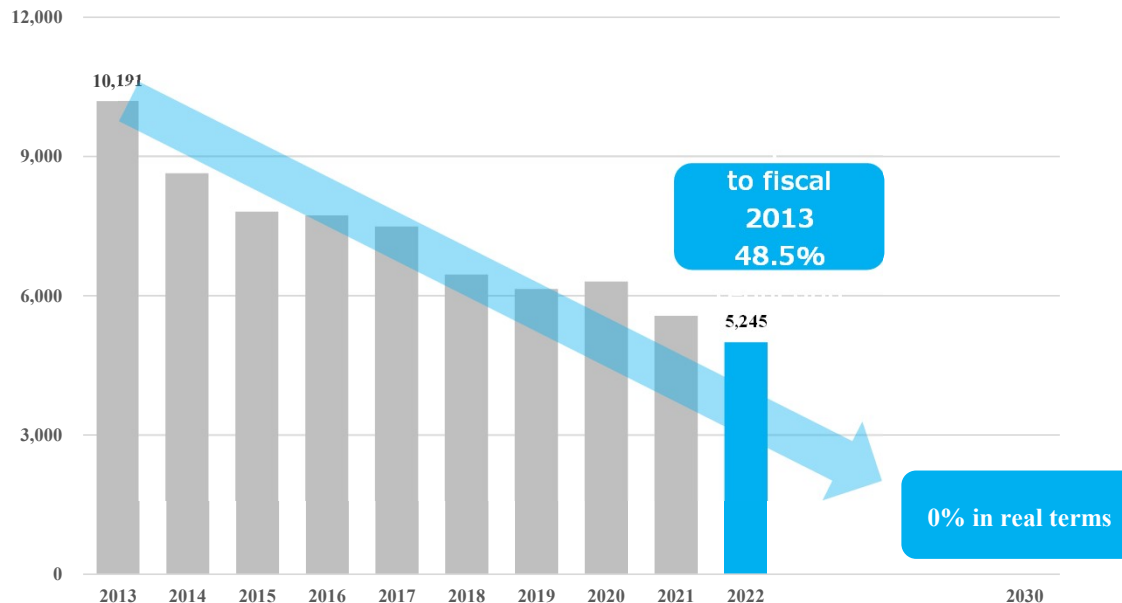
System cost peak: ¥7 billion for FYE March 2025

10-year ▲ 1.9

※System cost is calculated excluding the amount of office equipment and ATM equipment.

Sustainability (E: Environment)

- Reduce CO2 emissions by 100% on ▲ from 60% in fiscal 2030 (compared to fiscal 2013).
- Based on TCFD recommendations, scenario analysis to Climate-Change. (Transition risks ・ physical risk)



■ Action plan for CO2 emissions

- Consolidation of stores and implementation of ZEB response when constructing new buildings
- Implementation of energy-saving equipment at existing store facilities
- Solar power generation installed on idle land and on existing store roofs
- Reducing sales vehicles and replacing vehicles with EV(HV)
- Switch to carbon offset power (*)

■ Response based on TCFD recommendations

- Scenario analysis of transition risks and physical risk
- The results of the analysis are shared with customers in the target industries,
Work on creating a consulting menu

Sustainability (E: Environment)

(Reference) scenario analysis of transition risks and physical risk

■ Transition risks

Scenario	IPCC of 2°C
Analysis Content	Evaluate transition risks and investigate the impact on each company's finances
Target	Considering the amount of credit and the degree of impact of transition risks, the top 10 companies in the three sectors of "Metal mining," "Food Products," and "Land, rail, and air logistics services" were implemented.
Term	Until 2050

■ Amount of impact

	4°C	2°C
Increase in credit costs through 2050	— (no transition response)	Approx. 3.2 billion

■ Physical risk

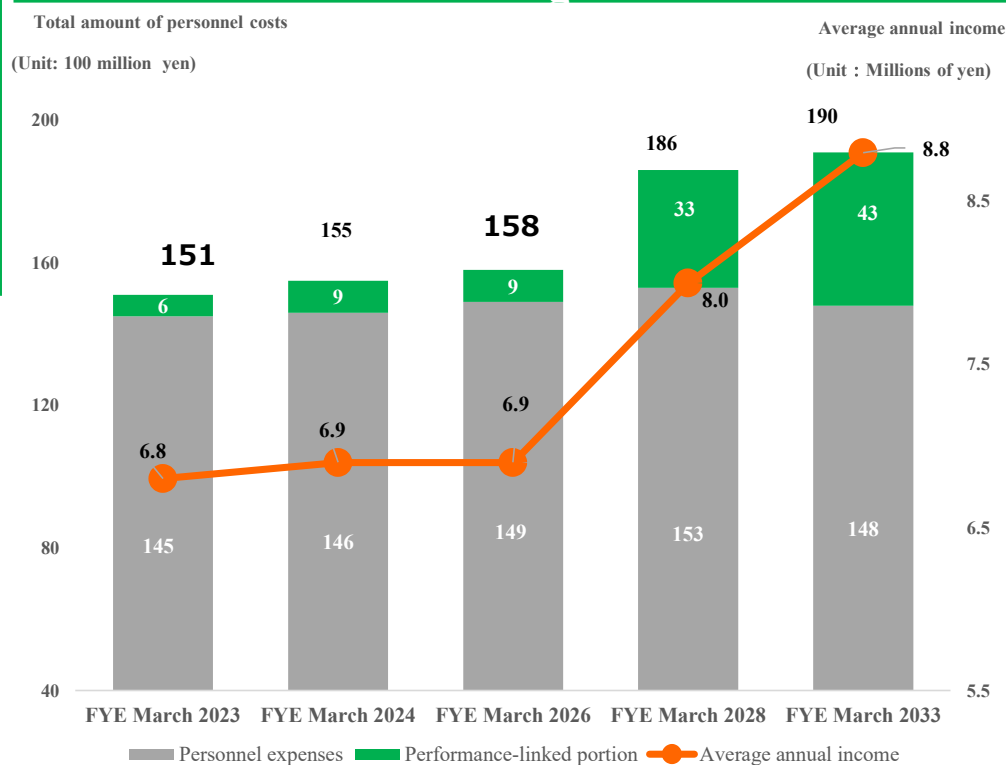
Scenario	IPCC 2°C and 4°C scenarios
Analysis Content	Increase in provision due to deterioration in business conditions resulting from suspension of business Investigate the amount of damage to buildings in the event of flooding
Target	Buildings (Head Office and collateral properties) in Ishikawa Prefecture with business-oriented credit facilities Our properties in Ishikawa Prefecture
Term	Until 2050

■ Amount of impact

	4°C	2°C
Increase in credit costs through 2050	Approx. 4.7billion	Approx. 2.4billion
Impact of our buildings	Approx. 0.2billion	Approx. 0.1billion

Sustainability (S: Strengthen human capital)

■ Average annual income also increased due to performance-linked stock grants. We will continue to invest in Recurrent education and other areas to strengthen our human capital. We will also promote Provision of Human Resources in the region.



■Strengthening human capital

• Total Human resource development cost

FY2020 58 million yen → FY2022 73 million yen

• Number of students attending universities and graduate schools

33 persons (YoY +9 persons) * Total of those who completed the course and those who went to school

■Promotion of regular employment

Percentage of employees

2013/3 77.2% → 2023/3 84.4% → 2033/3 97.5%

■Regional Provision of Human Resources

Increase in the number of employees seconded to regional companies and local governments

March 2023: 46 people → March 2030: 190-200 people

Sustainability (G: Governance)

- With the expansion of operations and the deepening of specialization, the importance of responding to laws and risks also increased
- Respond with a sense of speed through data utilization and accompanying support
- Further improve auditing quality by auditing from a management perspective that deeply understands Business strategy and tactics

Management Administration Department (Risk Management/Legal Compliance)

[Vision]

Strategy
Agile business expansion



Business management
Strengthen resilience

■Information to customers and others outside the company

- Proactive disclosure of governance and compliance transparency

■Use of data

- Utilize data lake AI to improve monitoring accuracy

■Effective use and in-house development of experts

- Employment of specialists (lawyers, etc.) Accumulation of knowledge by outside experts

■Improving problem-solving capabilities through accompanying propagation

- Not only in the final stage, but also in response to project progress

Audit Department (Internal Audit)

[Vision]

Auditing from a management perspective that deeply understands Business strategy and tactics

Business audits and internal control consulting for business partners

■Improve audit quality

- Interviews and other dialogue-oriented audits
- Deepen risk approach and improve internal control through cause analysis

■Professional Human resource development

- Toward a level where external companies can be audited with a wealth of experience and deep knowledge

■To improve efficiency • DX

- Establishment of an auditing system that can be remotely completed through company-wide DX
- In the future, we will engage in real-time risk analysis using data.

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(Reference) Accreditation and Awards

Human capital-related



DX related

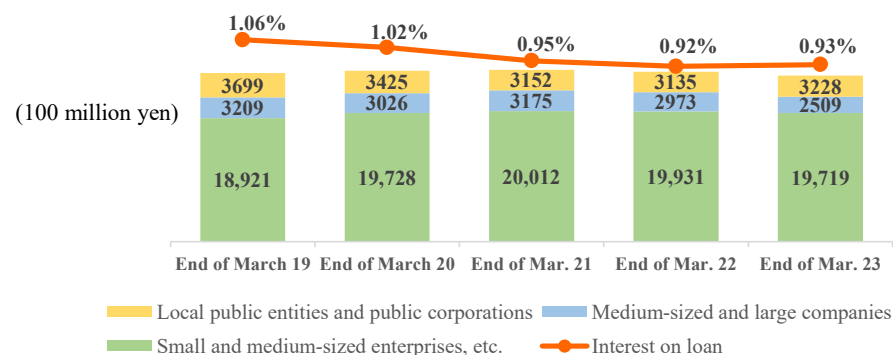


3. Summary of Financial Results for the Year Ended March 31, 2023 (Reference Data)

Loans and discounts outstanding by segment and yields

- Housing loans increased due to loans to individuals. Despite a slight decline in business loans, the ratio of lending to SMEs was still at a high level of 77.5%.
- Overall, yields were slightly higher as a result of improved yields resulting from the progress of dialogue with pricing emphasis on business loans.

Loans Outstanding and Yields



Breakdown by size

(100 million yen)

	End of Mar. 21	End of Mar. 22	End of Mar. 23	Compared to March 22 Change	Compared to March 22 Rate of change
Meter Loan	26,339	26,039	25,456	△583	△2.2%
Of which, SMEs, etc.	20,012	19,931	19,719	△212	△1.1%
(Ratio of SMEs, etc.)	75.9%	76.5%	77.5%	—	—
Medium-and large-sized companies, etc.	3,175	2,973	2,509	△464	△15.6%
Of which, local public entities and public corporations	3,152	3,135	3,228	93	3.0%

Stores by region

(100 million yen)

	End of Mar. 21	End of Mar. 22	End of Mar. 23	Compared to March 22 Change	Compared to September 21 Rate of change
Hokuriku 3 prefectures total	24,089	23,956	23,794	△162	△0.7%
Ishikawa Pref.	18,167	18,119	18,139	20	0.1%
Toyama Pref.	4,718	4,645	4,511	△134	△2.9%
Fukui Pref.	1,202	1,190	1,144	△46	△3.9%
Others	2,250	2,083	1,662	△421	△20.2%

Breakdown by attribute

(100 million yen)

	End of Mar. 21	End of Mar. 22	End of Mar. 23	Compared to March 22 Change	Compared to March 22 Rate of change
Profitable lending	13,180	12,757	12,060	△697	△5.5%
Consumer loans	10,006	10,146	10,168	22	0.2%
Housing loans	9,642	9,819	9,867	48	0.5%
Other loans	363	327	301	△26	△8.0%
Local public entities and public corporations	3,152	3,135	3,228	93	3.0%

Loan ~ Yield by segment ~

Yield by attribute

	FY03/20	Difference →	FY03/21	Difference →	FY03/22	Difference →	FY03/23
Profitable lending	1.237	-0.069	1.168	-0.029	1.139	0.013	1.152
Consumer loans	0.854	-0.014	0.840	-0.021	0.819	-0.020	0.799
Of which, secured	0.724	0.005	0.729	-0.008	0.721	-0.011	0.710
Of which, unsecured	3.305	-0.078	3.227	-0.054	3.173	0.008	3.181
Local public entities and public corporations	0.519	-0.140	0.379	-0.075	0.304	-0.020	0.284

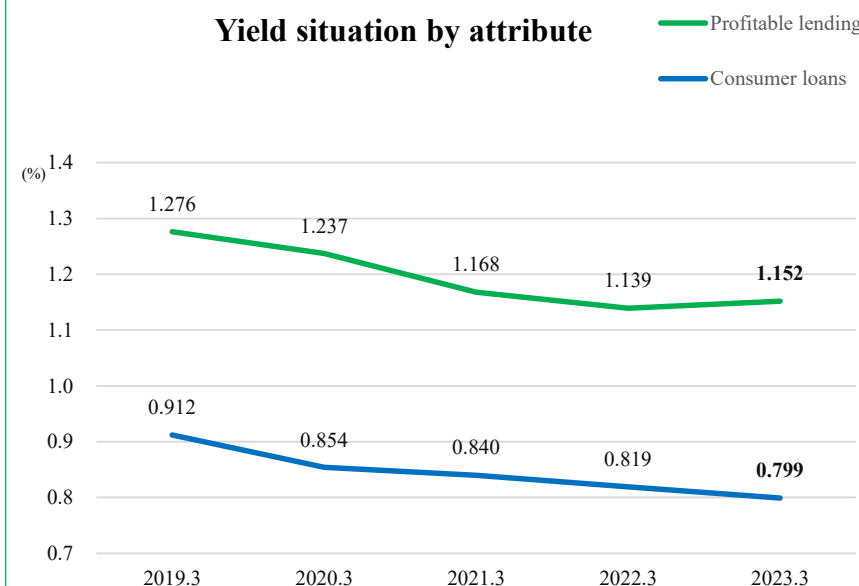
Yields by Region (Business Loans)

	FY03/20	Difference →	FY03/21	Difference →	FY03/22	Difference →	FY03/23
Hokuriku 3 prefectures total	1.365	-0.080	1.285	-0.042	1.248	-0.005	1.243
Ishikawa Pref.	1.351	-0.077	1.274	-0.030	1.239	0.005	1.244
Toyama Pref.	1.430	-0.097	1.333	-0.073	1.287	-0.027	1.260
Fukui Pref.	1.287	-0.066	1.221	-0.045	1.196	-0.020	1.176
Others	0.552	-0.018	0.534	0.040	0.526	0.048	0.574

Average Newly Executed Interest Rates (by Attribute)

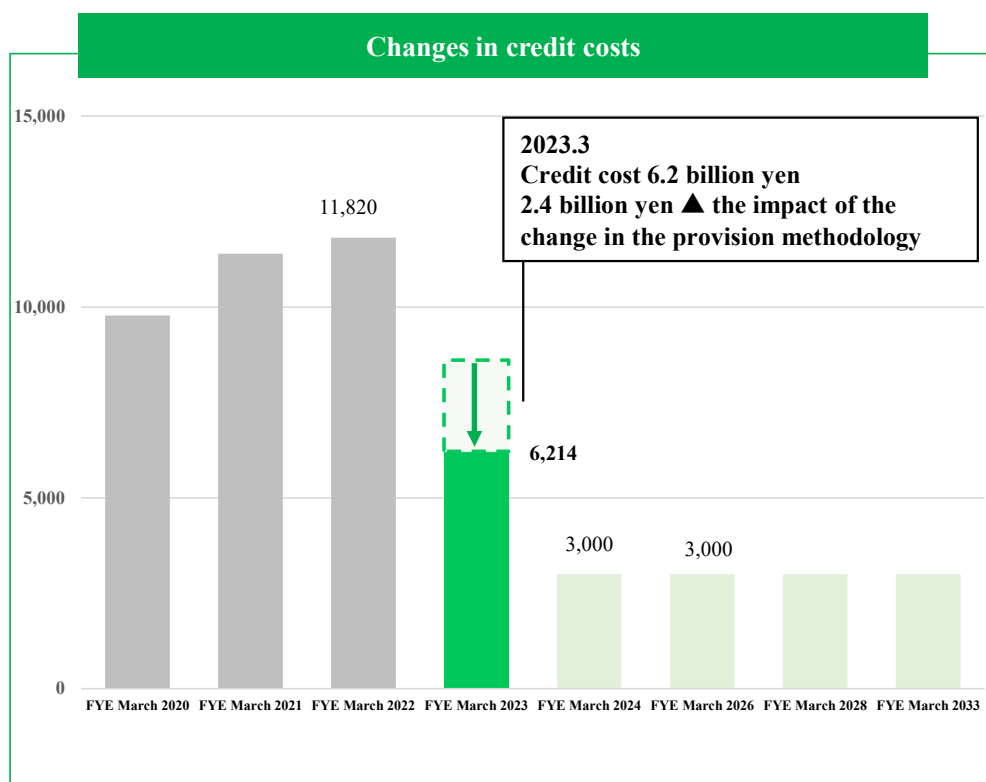
	FY03/20	FY03/21	FY03/22	FY03/23
Profitable lending	1.127	0.899	0.894	1.174
Consumer loans	0.694	0.575	0.548	0.489

Yield situation by attribute



Trends and Prospects of Credit Costs

- Credit costs for the year ended March 31, 2023 were approx. 6.2 billion yen, partly due to the effect of the change in allowance methods (approx. ▲: 2.4 billion yen).
- The Company's policy is to maintain a high maintenance ratio and reduce the risk of impact on future profits and losses through the implementation of sufficient reserves in the future.

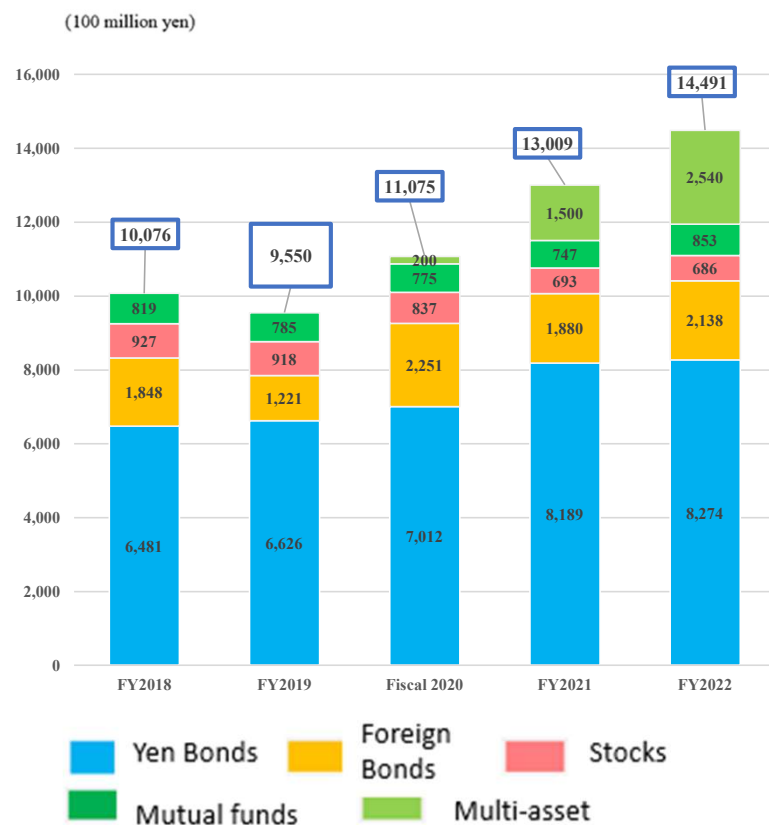


<Preservation Status>	2020.3	2021.3	2021.9	2022.3	2023.3
Disclosed claims under the financial reconstruction law (100 million yen)	561	608	645	758	734
Conservation amount (100 million yen)	534	587	619	659	706
Coverage ratio (%)	95.1	96.5	95.8	86.9	96.2

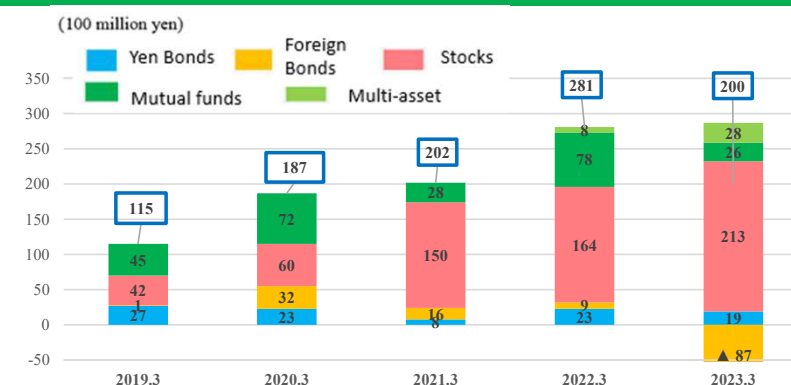
Operation of negotiable securities

- In addition to diversifying investments from a medium-to long-term perspective, secure profits through flexible trading.
- In fiscal 2022, gains on sales of net investment stocks and strategic stockholdings were posted, while losses on sales of foreign bonds were posted.

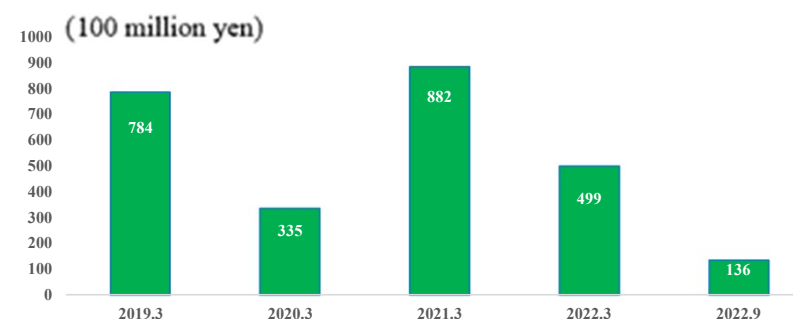
Balance of securities (book value)



Trends in realized gains/losses by asset



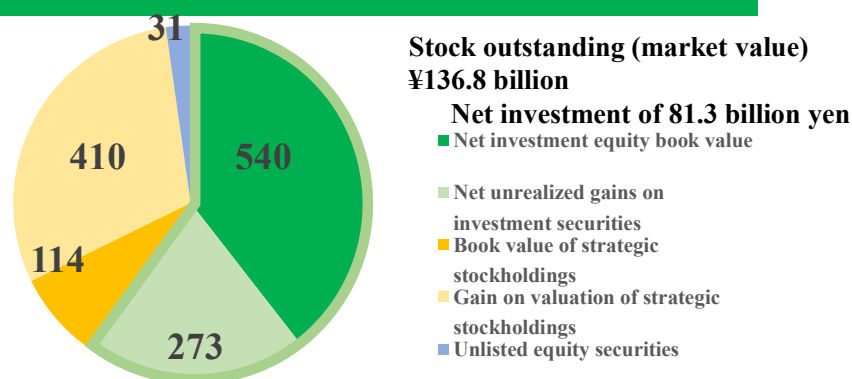
Valuation gains (devaluation losses) on securities



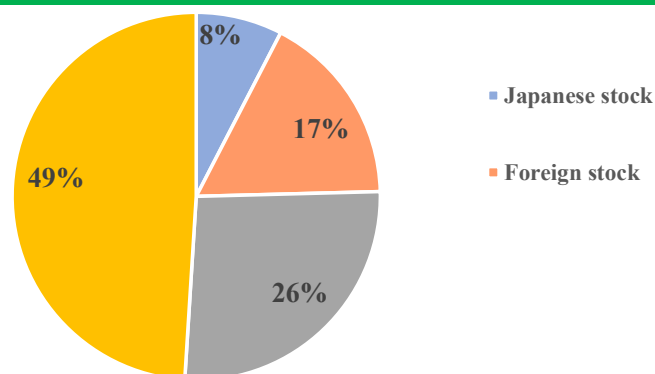
Portfolio of the market sector (excluding strategic stockholdings)

- Of the total outstanding shares, about 60% of the total shares for net investment (market value basis)
- The market sector's portfolio, excluding strategic stockholdings, becomes unrealized losses as a whole due to the effects of rising interest rates.
- Increase investment in multi-asset funds to strengthen diversification and stabilize net interest income.

Stock Investment as of the end of March 2023



Multi-asset allocation as of the end of March 2023



Status of Operation at the End of March 2023
(excluding strategic stockholdings)

	Book value at end of year (100 million yen)	Appraisal profit/loss (100 million yen)
Net investment Purpose shares	540	273
Yen bond	8,274	▲170
Foreign bonds	2,138	▲152
Investment trusts	853	▲66
Multi-asset	2,540	▲159
Total	14,345	▲274

FY2024 Forecast

Balance at end
of year (100
million yen)

575

8,010

2,485

846

3,040

14,956

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