

Quality Company, Good Company.

Together into the future

2022

INTEGRATED REPORT
(ANNUAL REPORT)

Disclosure 2022.3

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CONTENTS

Greetings on publication and company profile 1	Contribution to regional economic revitalization
Corporate philosophy and 20 behavioral principles 2	Strategy Toward Creation of a Cashless and Digital Society 40
History of Hokkoku Financial Holdings 4	Strategy for corporate clients 46
Operational base of Hokkoku Financial Holdings 6	Strategy for individuals 52
Financial and Non-financial Highlights 8	Strengthening of touchpoints with local communities through social contributions ... 56
Value creation process 10	Developing human resources that contribute to improving the quality of region
MESSAGE FROM THE PRESIDENT 12	Strategy for Human Resource Development 60
Growth strategy aimed at the value creation process	Enhancing management transparency through dialogue with shareholders and investors
Holding company structure 18	Digital Transformation 74
Message from the General Manager of General Planning Department 20	Corporate Governance 80
Medium-long term business strategy 21	Initiatives for the Risk Management System 92
Sustainability policies and materiality 28	Initiatives for Compliance 94
Response to climate change and environmental conservation	IR Activities 96
Business strategy conscious of climate change and environmental conservation 30	ESG Data 98
	Company information 100

Greetings on publication

We thank you for your consistent patronage of Hokkoku Financial Holdings, and we now announce the publication of our 2022 Integrated Report.

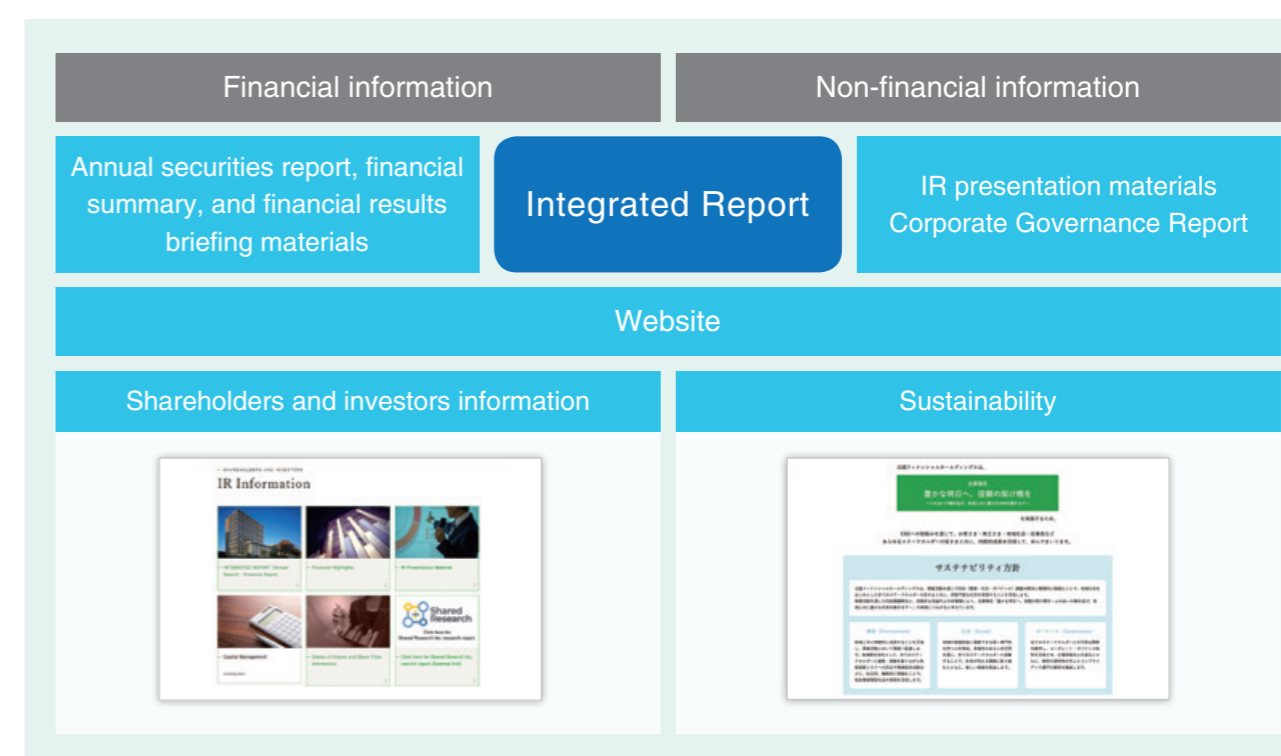
The Company transitioned to a holding company structure in October 2021.

While operating wider domains than before, we aim to evolve together with local residents as a “next-generation integrated regional company” by strengthening communication and collaboration with them.


We will be grateful for the continued support and patronage of our customers, shareholders, and local residents.

July 2022

Information disclosure communication



For more information, please visit our website. <https://www.hfhd.co.jp/>



Company profile

Name	Hokkoku Financial Holdings, Inc.	Number of Employees (Entire Group)	2,196 (including business staff)
Location	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan	Number of Outstanding Shares	27,908 thousand shares
Foundation Date	October 1, 2021	Number of Shareholders	9,248
Common Stock	¥10,000 million		

(As of March 31, 2022)

Corporate philosophy

Trust — a bridge to a fruitful regional future

– Enrich interaction and growth in the region –

Brand philosophy

Hokkoku Financial Holdings exists to act for the benefit of people and the world, enriching the lives of individuals and society as a whole.

Slogan

Quality Company, Good Company.

Together into the future

This slogan expresses our determination to put the quality and value of our services first, to act for the betterment of our society, and to share our values not only within our organization but also with our stakeholders and move forward together into the future.

Under this slogan, executives and employees of the Group will work together to deliver new value to the society and people.

Our corporate philosophy and brand philosophy drive continuous innovation. Based on them, we have developed the following behavioral principles to indicate how our employees should be and how they should behave:

20 behavioral principles

To establish our brand

1. We declare that our unanimous intention is to make people's lives better and to create a better society and act toward realizing such aspiration.
2. We are professionals who always think about what we should do to make it possible before telling the reason why it is impossible.
3. Each of us acts independently to contribute to innovation in the entire region.

To continue innovation

4. We cherish the sharing of values with customers to build a long-term relationship of trust with them.
5. We think and discuss in terms of customer-centered ideas and continue providing various added value.
6. We derive the optimal solution through continuous communication with customers, rather than accepting their requests as is.
7. We collaborate with customers and all other related parties and demonstrate leadership to create new values.
8. We value the attitude to always continue to learn new things and think.
9. We mutually understand and recognize any differences and diversity that may exist among us, and each of us practices a rewarding work style.
10. We understand that an organization can exist only through cooperation and contribute to the success of our colleagues.

Our basic principles

11. We understand that we are supported by the trust of our customers and never act in a manner to betray their trust.
12. We greet our bosses, subordinates, and colleagues in a pleasant manner and do not forget gratitude to them.
13. We keep an eye on office beautification, always maintain cleanliness in the workplace, and actively work to keep things tidy and clean them to welcome customers pleasantly.
14. We respect each other as a work partner and eliminate any harassment, such as sexual harassment and power harassment, from the workplace by recognizing that harassment is an act of hurting the dignity of human beings.
15. We promptly consult and report any mistake, trouble, complaint, etc. arising in the course of business and never engage in an act that violates laws and regulations or internal rules, such as making a false statement or falsifying a document.
16. We lead our lives within our means without leading an extravagant life and never misappropriate funds of customers or the Company.
17. We understand that information sent via the Internet, such as by email or SNS, can never be retrieved and obey the rules of use of such tools.
18. Driving under the influence of alcohol is a social evil, and we never engage in or let others engage in such an act.
19. We deal with any anti-social forces in a resolute manner.
20. We engage in environmental conservation activities to protect the environment, which is the foundation of our lives and businesses.



History of Hokkoku Financial Holdings

1943-2000

Trust and stable customer base that have been cultivated over many years

1943
Founded The Hokkoku Bank, Ltd.

As a leading bank in the Hokuriku region, we have aimed to become a “bank trusted and loved by people in local communities” under the corporate philosophy of “Trust – a bridge to a fruitful regional future. Enrich interaction and growth in the region” by demonstrating leadership in various activities in the region.



2000-2015

Take on every challenge by keeping “quality,” “speed,” and “cost” in mind

- 2000**
 - Introduction of area sales system
 - Start of branch consolidation
 - Establishment of a call center
- 2007**
 - Establishment of the System Department (for strategic system investment)
- 2009**
 - Integration of the General Affairs Department into the Planning Department (for strategic reduction of non-personnel costs)
- 2010**
 - Founded The Hokkoku Management, Ltd.
 - Introduction of a credit limit system (strategic credit initiatives and timely responses)
 - Reduction and centralization to headquarters of loan operations
- 2011**
 - Founded The Hokkoku Servicer, Ltd.
- 2012**
 - Start of sales of financial products on tablets
- 2014**
 - Completion of the new Head Office building



2015-2021.9

Further strengthened card business, leasing business, and consultation services centered on the consulting function to resolve regional issues

- 2015**
 - Introduction of a new bank settlement system BankVision
 - Start of consultation services
- 2016**
 - Distribution of Surface and smartphone terminals to all employees
 - Opening of the Singapore Branch
 - Start of the free distribution of card terminals
 - Start of services for bank card affiliate stores for the first time among Japanese banks
- 2017**
 - Start of the handling of corporate Visa debit cards
- 2018**
 - Start of the handling of trust business
- 2019**
 - Opening of an EC mall “COREZO”
 - Announcement of a project for introducing cloud services for bank settlement systems
 - Start of the handling of Hokkoku Cloud Banking
 - Establishment of The Digital Value, Ltd.
- 2020.10**
 - Established the Hokkoku DX Cashless Fund
- 2021.2**
 - Start of the HOKKOKU LIFE+ service
 - Start of preparation for in-house development of new-type ATMs
- 2021.5**
 - Founded The FD Advisory, Ltd.
 - Launch of BankVision on Azure, the first full banking system on a public cloud in Japan
- 2021.6**
 - Founded The CC Innovation, Ltd.
 - Founded The QR Investment, Ltd.
- 2021.7**
 - Initiation of the joint Super Cashless Region project between The Hokkoku Bank and Visa
 - Established the Noto SDGs Fund
- 2021.9**
 - Obtained DX certification (The Hokkoku Bank)



2021.10

Establishment of Hokkoku Financial Holdings, Inc.

2021.11-

With customer-centric thinking, we provide high added value in the medium to long term to turn the local community into a quality region.

- 2021.11**
 - Completion of a prototype model of new-type ATMs developed in-house
- 2021.12**
 - Commencement of a sales department system
- 2022.2**
 - Over 200,000 customers have entered into a contract for Hokkoku Cloud Banking
- 2022.3**
 - Introduction of a new personnel system
 - Start of the HOKKOKU LIFE+ PRIME service
 - The Hokkoku Bank: Recognized as a White 500 enterprise under the Certified Health & Productivity Management Outstanding Organizations Recognition Program in 2022
- 2022.4**
 - Founded The COREZO, Ltd. (renamed from The Hokkoku Management, Ltd.)
 - Founded The BPO Management, Ltd.
 - Obtained DX certification (Hokkoku FHD)
 - Trial launch of digital banking for corporate customers
 - Disclosure of SLOs
 - Commencement of preparation for the incorporation of an overseas local consulting subsidiary (in Singapore)
- 2022.5**
 - Launch of certain next-generation CRM functions
 - Over 50,000 customers have entered into a contract for HOKKOKU LIFE+
- 2022.7**
 - Started the “COREZO TRAVEL” lodging reservation website service



Strengths
cultivated thus far

Corporate culture transformation

Business reform knowhow

Shifting to in-house development of systems

Strategies using customers as the starting point

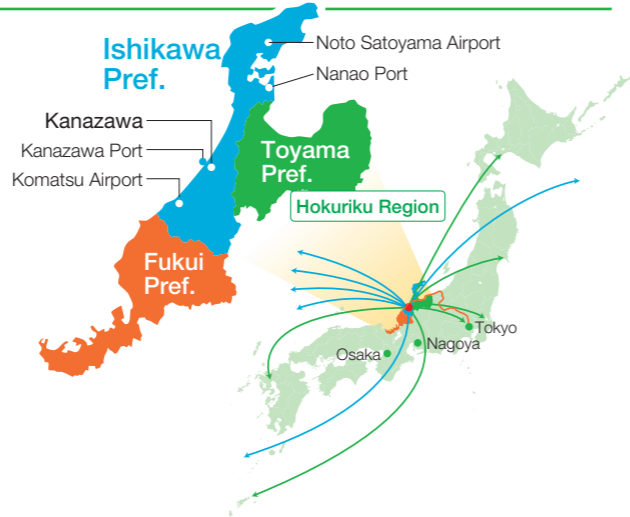
Professional human resources

Organizational capability

Operational base of Hokkoku Financial Holdings

Three Hokuriku prefectures constituting the operational base of the Company

The operational base of the Company consists of three Hokuriku prefectures: Ishikawa Prefecture where its headquarters is located, and adjacent Toyama Prefecture and Fukui Prefecture. The three Hokuriku prefectures constitute a leading industrial area on the Japan Sea side, which is located at about the same distance from the three largest metropolitan areas (metropolitan area, Tokai, and Kinki). As a supply base of intermediate goods, such as electronic components and machine parts, the area is a base of many upstream and midstream companies, with a high concentration of manufacturers of machine tools that enable precision machining. The Hokuriku Shinkansen opened between Tokyo and Kanazawa in 2015 and is scheduled to be extended from Kanazawa to Tsuruga at the end of FY2023. This region draws much attention from all over Japan for its potential for further development as the number of foreign and domestic tourists visiting the region is expected to increase in the future, for one thing.



Economic scale of the three Hokuriku prefectures(GDP) **2.3%**

Source: "Annual Report on Prefectural Accounts for FY2018," Cabinet Office

Ratio of population of the three Hokuriku prefectures to national population **2.3%**

Source: "Population, Demographics, and the Number of Households based on the Basic Resident Registration (January 1, 2021)," Ministry of Internal Affairs and Communications

Characteristics of the three Hokuriku prefectures

High educational levels, a high ratio of working women, and a low employee turnover rate are common characteristics of these prefectures. Due to the residential environment that is friendly to the working population, the home ownership rate is also high. Given these characteristics, we can expect diverse needs including those for asset building and management, insurance, inheritance, and loans depending on the life plan of each customer.

Ratio of female workers in 2020 (48.3% for the entire Japan)



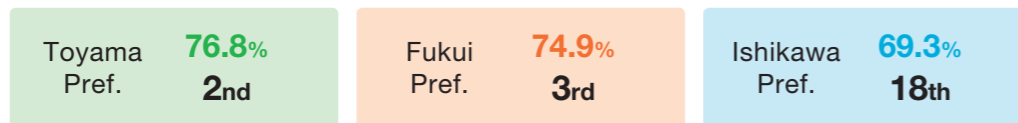
Source: Prepared based on the Basic Complete Tabulation on Labour Force in 2020 Population Census

Turnover rate in 2017 (National average: 3.98%)



Source: Prepared based on 2017 Statistics Dashboard, Ministry of Internal Affairs and Communications

Home ownership rate in 2018 (61.2% for the entire Japan)



Source: "2018 Housing and Land Survey of Japan," Statistics Bureau, Ministry of Internal Affairs and Communications

Industrial structure

There are over 100,000 businesses in the three Hokuriku prefectures, and many of the large businesses among them are located in Ishikawa Prefecture and Toyama Prefecture. As of April 2022, there are 65 companies listed in the Prime Market (27 companies in Ishikawa, 24 in Toyama, and 14 in Fukui Prefecture).

As a leading industrial area on the Japan Sea side, its top-ranking positions are dominated by machinery and equipment manufacturers, particularly in the textile and electronic components industry.

Shipments of manufactured goods

Ishikawa Pref. Approx. ¥3,100 billion

Top 5 industries	Shipments of manufactured goods
Manufacture of production machinery	¥837.6 billion
Manufacture of electronic parts, devices and electronic circuit	¥415.7 billion
Textile industry	¥196.6 billion
Chemical industry	¥193.3 billion
Manufacture of transportation equipment	¥182.0 billion

Toyama Pref. Approx. ¥4,000 billion

Top 5 industries	Shipments of manufactured goods
Chemical industry	¥743.7 billion
Manufacture of production machinery	¥573.3 billion
Manufacture of metal products	¥414.4 billion
Manufacture of non-ferrous metals	¥399.2 billion
Manufacture of electronic parts, devices and electronic circuit	¥360.2 billion

Fukui Pref. Approx. ¥2,200 billion

Top 5 industries	Shipments of manufactured goods
Manufacture of electronic parts, devices and electronic circuit	¥339.9 billion
Chemical industry	¥249.6 billion
Textile industry	¥242.2 billion
Manufacture of transportation equipment	¥209.6 billion
Manufacture of electrical machinery, equipment and supplies	¥196.5 billion

Prepared based on "Census of Manufacture 2019 (confirmed data)," Ministry of Economy, Trade and Industry

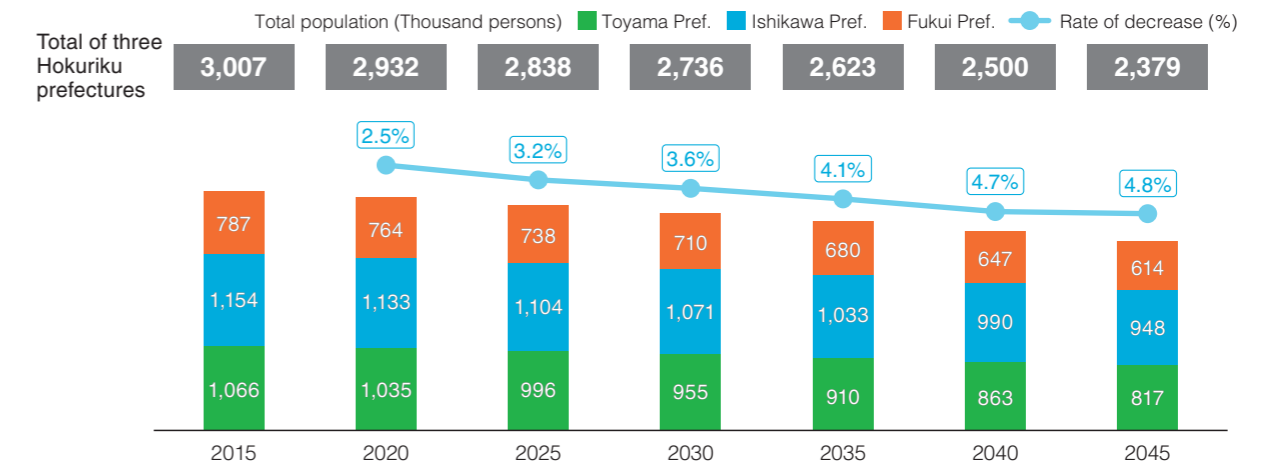
The Company's vision of regional challenges

The region offers individual customers an environment that is comfortable to live and work. Corporate customers can also expect increases in the number of tourists as well as business opportunities as the access to the region has improved as a result of the opening of Shinkansen.

While the region benefits from the environment in which we can expect growth in a wide range of fields, "responses to labor shortage" caused by declining population remains a challenge for the region.

As we understand, how to raise the productivity of the Hokuriku region including Ishikawa Prefecture is one of the common challenges of the region, and we believe that various initiatives of the Group will be able to offer a solution toward further growth of the region.

Actual and forecasted total population and rates of decrease of the three Hokuriku prefectures

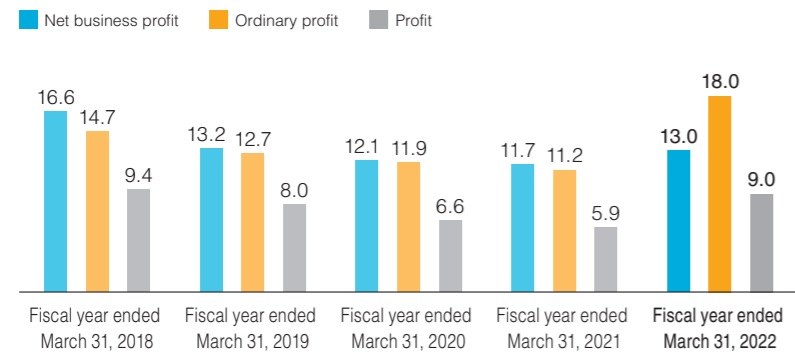


Source: Prepared by Hokkoku Financial Holdings based on the "Population Projection for Japan" by the National Institute of Population and Social Security Research

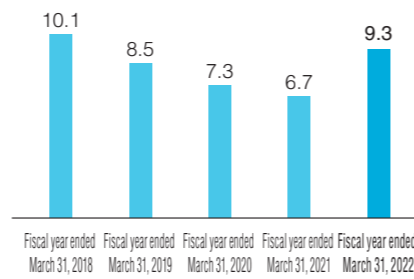
Financial Highlights

Income (Non-consolidated/Consolidated)

Net business profit/Ordinary profit/Profit (Non-consolidated) (Billions of yen)

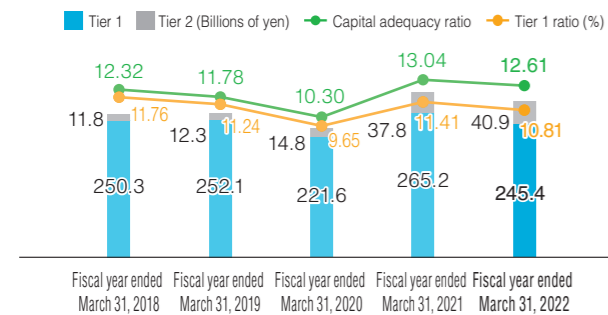


Profit (Consolidated) (Billions of yen)

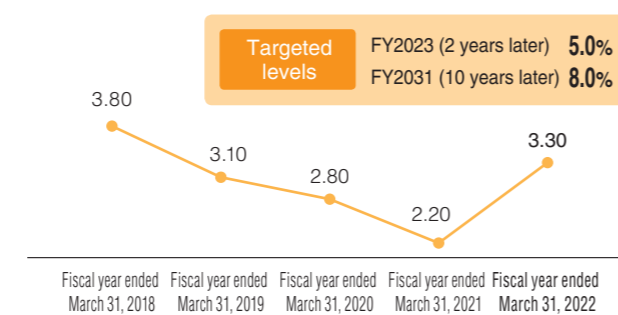


Capital adequacy ratio/ROE (Consolidated)

Capital adequacy ratio



ROE (%)

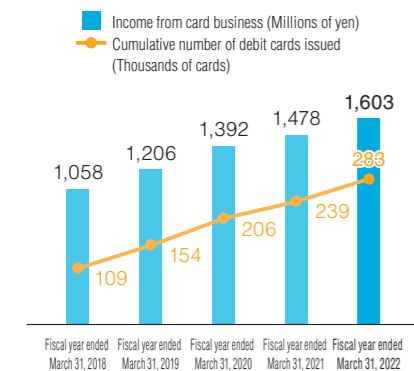


* On the basis of internationally active banks
 * Targets are calculated on the basis of domestically active banks.

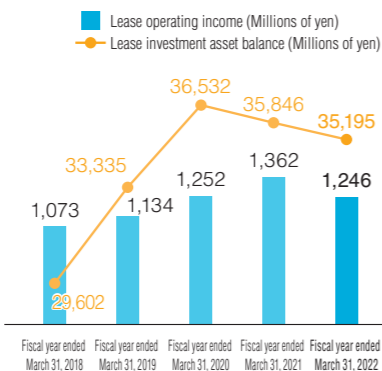
Income from priority businesses (Consolidated)

Targeted levels
 FY2031 (10 years later)
 Income from card business **¥3.4 billion** / Income from leasing business **¥2.7 billion**
 Income from consulting & advisory business **¥4.0 billion**

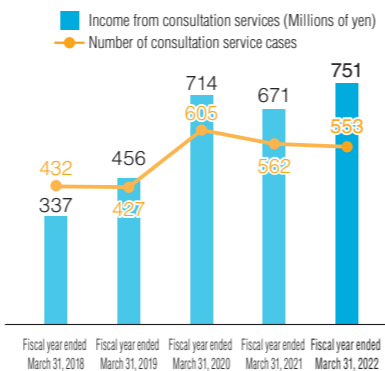
Income from card business



Income from leasing business



Income from consultation services

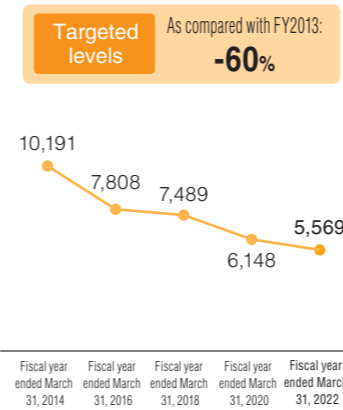


* Income from card business for FY2021 includes the impact of changes in accounting standards.

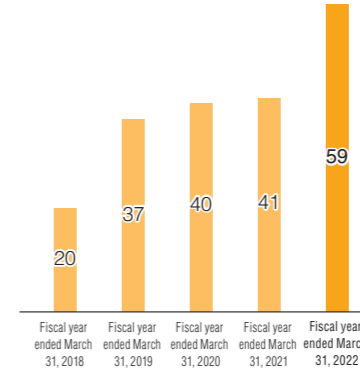
Non-financial Highlights

Environment, Social, and Governance

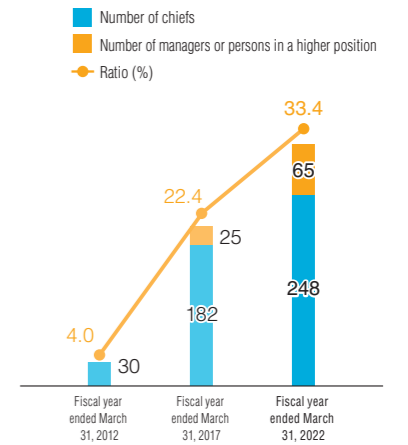
CO2 emissions (t)



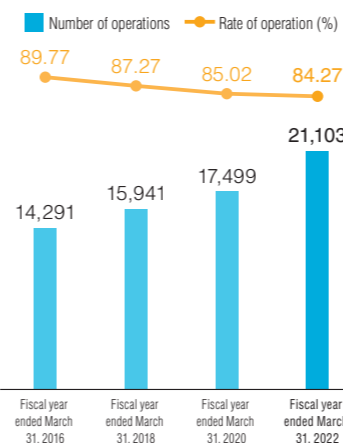
Number of cases involving energy conservation subsidies (leasing)



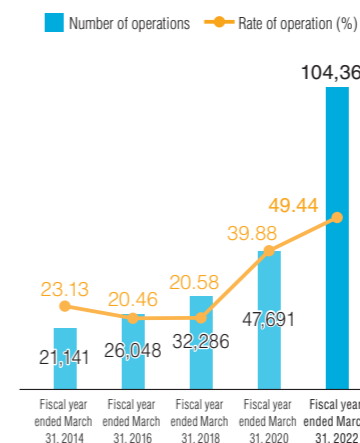
Ratio of female employees involved in management



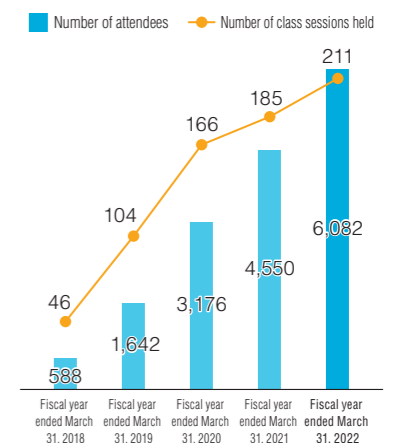
Availability of internet banking for corporate customers



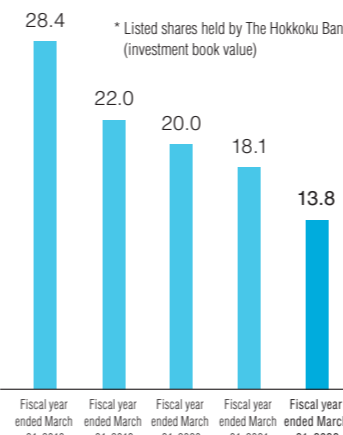
Availability of internet banking for individual customers



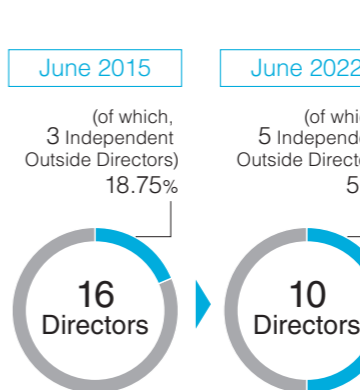
Changes in the number of financial education classes held (cumulative results since FY2017)



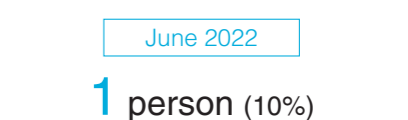
Changes in the balance of cross-shareholdings (Billions of yen)



Ratio of Independent Outside Directors



Ratio of female Directors



ATM rate of operation



* Appropriate operation targets are set for each service category in terms of our own indicators that take into consideration the importance of each system, among other things (see page 77 for details).

Value Creation Process

Hokkoku Financial Holdings aims to work together with all stakeholders, including local communities, to realize a sustainable society by actively working to resolve ESG (Environmental, Social and Governance) issues through its business activities. We believe that the resolution of ESG issues through our business activities and the virtuous cycle of sustained improvement in earnings will lead to the realization of our corporate philosophy "Trust – a bridge to a fruitful regional future. Enrich interaction and growth in the region."

Corporate philosophy

Trust — a bridge to a fruitful regional future
– Enrich interaction and growth in the region –

Brand philosophy

Hokkoku Financial Holdings exists to act for the benefit of people and the world, enriching the lives of individuals and society as a whole.

Slogan

Quality Company, Good Company. Together into the future.

Awareness of the external environment

- Climate change
- Market contraction due to declining population
- Population outflow to metropolitan areas
- Aging population
- Issues regarding successors
- Necessity to respond to globalization
- Diversification of values
- Prolonged response to COVID-19

Corporate activities in line with materiality

- 1 Response to climate change and environmental conservation
- 2 Contribution to regional economic revitalization
- 3 Developing human resources that contribute to improving the quality of region
- 4 Enhancing management transparency through dialogue with shareholders and investors

– Vision for Hokkoku Financial Holdings – “Next-generation integrated regional company”

Maximization of group synergy through transition to a holding company structure

Customer-driven business development based on The Hokkoku Bank brand recognized for security, safety, and trust

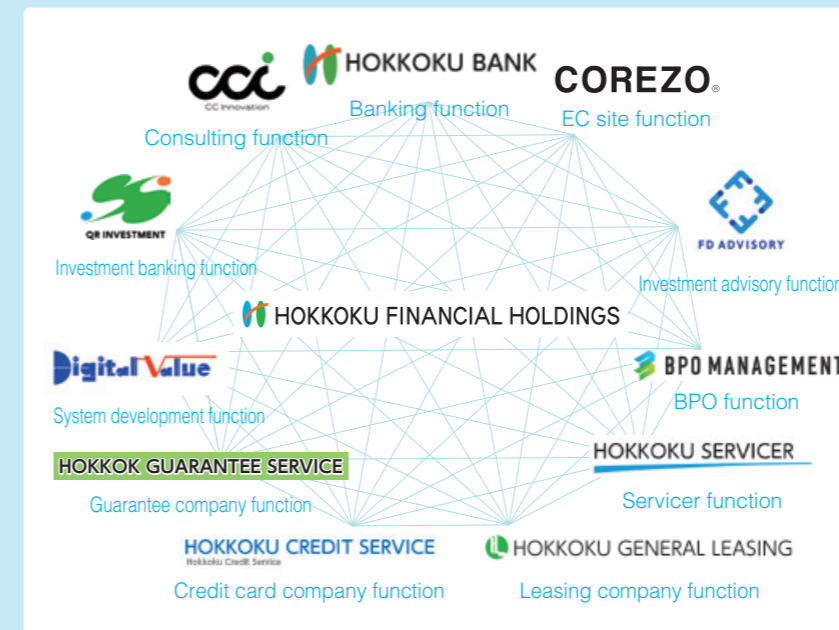
Consulting & advisory

Platform and systems for regional revitalization

Integrated management of loans, leases, and equity

Strengthening of fund management

Asset management for corporate and individual customers



Initiatives to accelerate promotion

Recurrent education for employees

System investment

Value creation for the region

Local communities

Contribute to the improvement of quality of the entire region

Customers

Provide various added value

Shareholders and investors

Increase shareholder value

Employees

Diverse and rewarding working styles

Contributing to the achievement of SDGs



Foundation to support value creation

- ESG (Thorough compliance with our corporate philosophy and brand philosophy)
- Communication, collaboration, and innovation
- Strengthening of corporate governance and the risk management & compliance system



Striving to be a Quality Company, Good Company.

Shuji Tsuemura
President & Chief Executive Officer
Representative director

Recently, the Company has newly established the corporate slogan “Quality Company, Good Company. Together into the future” in order to give many people, including its customers, shareholders and employees, a better understanding of its corporate philosophy “Trust – a bridge to a fruitful regional future” and brand philosophy “We exist to act for the benefit of people and the world, enriching the lives of individuals and society as a whole.”

This slogan expresses our determination to put the quality and value of our services first, to act for the betterment of our society, and to share our values not only within our organization but also with our stakeholders and move forward together into the future.

Under this slogan, executives and employees of the Group will work together to deliver new value to the society and people.

Now I will give a response in a Q&A format to questions frequently asked by investors, such as efforts to resolve regional issues, content of an update to the Medium-Long Term Business Strategy, and approach to human capital.

Q Tell us about characteristics/future vision, and issues of the Hokuriku Region, which is your major business area.

A The economy of the region has been sluggish for the last two years, affected by COVID-19. However, the region has naturally abundant tourist resources and entrenched rich food culture, and in addition, it has attracted many visitors for sightseeing from home and abroad, largely benefitting from the opening of the Hokuriku Shinkansen Line at Kanazawa in 2015 on the infrastructural aspect.

I believe its blessed soil is one of the best in Japan. Furthermore, in the region, the world’s leading global companies were born and many niche top companies exist. Production-based traditional manufacturing companies have built the basis for economic activities. On the other hand, while there were swings amid the COVID-19 pandemic, labor shortages faced since the opening of the Hokuriku Shinkansen Line in particular have been prominent in every line of business and business category. I have an impression that responses to this issue are too late.

Although I believe individual companies specifically have individual measures to solve the staffing shortage, I think that how to increase “productivity” is a challenge common to all the companies and the region, and will be one solution for future growth.

Through this effort, we would like to go hand-in-hand to make the region, which has foremost potentials among local cities, one of Japan’s highest Quality Region in both name and reality by sustainably enlivening it and supporting its growth.

P6 Operational base of Hokkoku Financial Holdings, Inc.

Q For regional challenges, what kind of efforts will you make as a holding company?

A In this Reiwa era when there is complexity and no answer, “setting agendas and resolving issues” should be an element essential for future growth (transformation for growth).

I think that in addition to the traditional banking business centered on finance, this action “setting agendas and resolving issues” will be very much what customers ask for and expect in the age to come.

In this situation, fortunately, we could establish Hokkoku Financial Holdings, Inc. as a financial holding company in October 2021.

We have established new companies including The CC Innovation Ltd., which has consulting & advisory functions, and The QR Investment, Ltd., a company specialized in investments in the region, and started business activities as a collective entity of various existing functions such as The Hokkoku General Leasing Co., Ltd., a leasing company, The Hokkoku Credit Service Co., Ltd., a credit card company, COREZO Inc., which is engaged in the EC business, and The BPO Management, Ltd, an administrative contractor.

We have built a structure capable of responding to various challenges of customers in addition to the traditional banking business centered on finance by assigning a person in charge from The Hokkoku Bank as account manager.

I think this structure will maximize group synergy by “setting agendas and resolving issues” more speedily and smoothly through “mutual understanding” with customers, which is the Group’s greatest strength developed through establishment of long-standing business relations with customers, and by effectively utilizing all the functions of the holding company.

Furthermore, we are also conscious of maximizing synergy in the region by collaborating with external institutions including local companies where needed as well.

And I believe the maximization of effects will let each customer’s potential fulfill to a maximum extent and result in maximization of vigor of the region.

P18 Holding Company Structure

Q Tell us about the outline of the updated Medium-Long Term Business Strategy.

A We previously formulated our Medium-Term Business Plan every three years. However, from the last fiscal year, we have mapped out the ten-year Medium-Long Term Business Strategy which will be updated each year.

As the external environment, new technologies and tools, customers’ values and approaches are changing rapidly, we have decided to brush up what the Group should be like, and its role and functions each year while imaging these changes, rather than being caught up in a fixed plan.

This strategy will be a strategy incorporating a vision that we are currently painting from the medium- to long-term perspective.

In this Medium-Long Term Business Strategy, we have set “productivity improvement” as a major theme.

This has been set as a theme common to the Company itself, customers and the region, and digital transformation is a tool to achieve it.

More specifically, we will work on improvement of administrative process, digitalization, cashless payment, etc. utilizing the consulting function and a variety of tools.

To this end, we will create an infrastructure environment for fostering organizational culture in which people learn autonomously, developing human resources through support for self-directed career, and working, to constantly keep thinking “what is required” while being conscious of thorough use of digital technologies and changes.

From the viewpoint of governance, we have introduced new “remuneration system for directors” and “stock granting plan for employees.”

We intend to work to practice management from the medium- to long-term perspective and increase the corporate value while further enhancing consciousness of being on the same ship with our shareholders, by

increasing the ratio of performance-linked remuneration for Directors and Executive Officers, and in addition, by increasing the ratio of providing the remuneration in the form of stock.

Moreover, we have also introduced a plan of granting stock according to performance for all the employees.

Although the purpose is to reward employees for results of their business assignments, in addition, we also expect employees to become conscious of the importance of thinking from shareholders' perspective.

With this consciousness, we would like to develop future managerial talents.

We have also set the longest term of office for Directors. We dared to disclose this longest term of office to strongly express our intention to commit to external people and show our determination for cultivating successors for a predetermined period of time with regard to development of managerial human resources to continue a sustainable organizational structure from the long-term perspective.

In this year's update of the Medium-Long Term Business Strategy, we specifically stated strategies for "increasing corporate value" as well as initiatives for "productivity improvement."

The Company has held One On One dialogue with institutional investors 50 or more times a year.

In the dialogue, we have exchanged opinions particularly on business strategies from the medium- to long-term perspective and our approach to increasing corporate value.

As for matters mutually understood through the dialogues, we have worked to incorporate as many matters as possible in our strategy and shift them to the phase of execution.

P21 Medium-Long Term Business Strategy

Q Tell us about your approach to sustainability.

A To begin with, I will explain our efforts, focusing the scope on the environment.

We make efforts, with "our own initiatives" and "initiatives through customers" differentiated.

First, as for "our own initiatives," we have expressed our intention for the way store facilities ought to be and been implementing the initiatives, aiming to reduce CO2 emissions by 60% by 2030.

Specifically, the concept of "ZEB" has been introduced in all new stores. With large stores deemed as "Nearly ZEB" and small ones as "ZEBReady," we plan to newly establish three "Nearly ZEB" stores and three "ZEB Ready" stores by next summer, starting with the setup of the Komatsu Main Office in August of this year.

Positioning these store facilities as regional "showroom"-like facilities, we would like them to serve as references for future capital investments to local people.

Next, I will tell you about "initiatives through customers." This is based on "mutual understanding" with customers, which is the Group's strength above all others, and I think it will eventually lead to consulting (opportunities).

There are still not many regional small and medium

business operators that clearly state any action for the "environment" and work on it.

I believe that actions required of us are, in addition to making various risks of not giving consideration to the environment understood, communicating the importance of how risks should be changed into opportunities while controlling or hedging them, and steadfastly supporting specific changes and behaviors.

Currently we are progressing in the phase where we provide an awareness to more customers, as the first step.

Not just efforts for the environment but also all previous initiatives including the ones for productivity improvement and cashless payment are conscious of solving social issues. In addition, we are striving to increase in-house transparency by sharing all the decision-making processes among all the employees through our own DX in principle, and also to strengthen governance while proactively engaging in dialogues with many investors.

And I am fairly confident that all these actions and activities will create a sustainable organization and lead to sustainability of customers, resulting in sustainability of the region.

P30 Business strategy conscious of climate change and environmental conservation

Q You have been promoting the elimination and consolidation of stores and the removal of ATMs outside the branch, and set a goal of creating a cashless and digital society. Tell us about your specific initiatives.

A Setting up "Super Cashless Region" as a collaborative project with Visa Worldwide Japan Co., Ltd., the Company has been working on various measures with the strong intention to make the entire Hokuriku District an advanced region for world-level cashless payment and digitalization.

Specifically, we have worked on the provision of terminals for credit card merchants free of charge, which were started in 2016, and the issuance of Visa debit cards with the touch payment function.

We established the Hokkoku DX cashless fund in 2020, and have been working to develop a cashless environment through such measures as introduction of automatic payment machines in shops and hospitals, and support for simplification and streamlining of cash-related operations.

Elimination of base handling fees for internet banking for corporate clients and a reduction in remittance fees are also part of these efforts.

This is based on our intention that we would like to realize a secure, safe and stress-free society in the scenes of payment and settlement in local people's daily lives, and also help customers doing business improve productivity using the power of digital.

Positioning these initiatives as "investments," the Company is convinced that keeping promoting them without stopping will surely contribute to the improvement in quality of the region.

P40 Strategy toward the creation of a cashless and digital society



Q More and more financial institutions are advocating consulting. How will Hokkoku FHD make a difference?

A I think that CC Innovation has four prominent strengths in consulting & advisory.

Firstly, the company is backed by not only theoretical logics but also a track record of company-wide reforms on which the Hokkoku FHD Group have worked for many years.

Specifically, the company provides know-how and methods based on five points of view (1. cost reduction, 2. management, 3. BPR and ICT, 4. marketing, and 5. human resources) to customers as the framework for corporate reforms.

In addition, we will develop a structure capable of supporting solution of customers' challenges in a comprehensive manner by making use of each function of the Group.

Secondly, the company offers made-to-order consulting menus.

Since starting its operation, the company has made it a basic principle to directly accompanying customers without leaving services to external partners.

This enables the company to make flexible responds according to customers' requests and characteristics of their business challenges.

Thirdly, the company does not limit its services to those for individual companies but also works on initiatives to solve challenges of an entire industry and the entire region.

It is also delivering results such as transformation of an entire industry, including traditional industries, and creation of innovation for the region in cooperation with municipalities.

Fourthly, with bases in Southeast Asia (Singapore, Bangkok and Ho Chi Minh), the company has established the environment where its bases in Japan and abroad can work in an integrated fashion to support companies expanding their business globally.

We intend to contribute to improvement in value of customers and the entire region by making use of these

four characteristics to develop consulting as a "Good" company that is more useful to customers and delivering "Value" of various kinds while valuing "Quality" rather than quantity.

P48 Strategy for corporate clients

Q Tell us about future outlook for credit costs.

A Although credit costs have topped out in recent years mainly due to the impact of economic stagnation stemming from the spread of COVID-19, we expect that credit costs will end up with approximately ¥5 billion per year through the following measures and others.

While we have worked on various measures for hands-on business regeneration and performance improvement for struggling business partners so far, from the current fiscal year, we have established a structure in which we reinforce involvement in customers before their business performance deteriorates, and implement measures for improvement early.

Specifically, we assign human resources at the Executive Office-level who have years of field experience in support for management improvement, etc. as a dedicated person in charge of this effort to interact with customers on a daily basis, and decide the direction speedily while making use of the Group's consulting function.

In addition, we will share our information on financial analysis and disclose corporate rating (classification of debtors) with and to customers who request to do so, for the purpose of strengthening business relations and sharing challenges with customers through business prospective understanding (generally called Business based on assessment) necessary to promote this effort. We will continuously contribute to development and growth of customers in the region through sharing and

solution of challenges.

Furthermore, we will also change method of allowance for doubtful debts for possible loan losses to the more refined one that reflects results of such efforts.

We will develop a mechanism to objectively determine a level of business relations with customers and degree of understanding of businesses, and change the method from the existing one emphasizing past financial information to the mechanism that allows us to evaluate future prospects and growth potential more.

We believe continuing these efforts will result in a reduction in credit costs, and assume that credit costs in three to five years' time will be approximately ¥3 billion per year.

P46 Strategy for corporate clients

Q There is increasing interest in financial instruments and asset building on the back of various social situations. What kind of initiative will you take?

A The arrival of the "age of 100-year life" has been argued.

The burden of maintaining social security programs is also rising in the age of increasing longevity and falling population, and it is becoming necessary to extend customers' wealth span.

Once the issue of ¥20 million required for retirement was much talked about for a time.

The amount matters, but with the diversification of lifestyles, there is no standard or uniformed life plan and devising a life plan for each person is being important.

We offer services from designing a life plan tailored to each customer, containing "life design" that will be life's dream and goal and "financial planning," a financial plan to realize a dream or goal to advising on various financial services and providing such services, and accompany customers as a "lifetime partner."

We provide consultation on holidays and hold seminars, etc. as needed, so please feel free to consult us.

Moreover, the importance of financial education is increasing as well, largely due to lowering of the age of adulthood and revision of the curriculum guidelines.

While cooperating with local educational institutions, we will also strive to increase students' financial literacy through financial education.

P52 Strategy for individuals

Q Amid the accelerating digitalization, what will future store functions be? Tell us about your future vision of stores.

A The Company endeavors to promote and disseminate various services such as "HOKKOKU LIFE+," "Hokkoku Cloud Banking" and "HOKKOKU Visa Debit cards" in order to realize

more convenient and comfortable lives for customers.

As digitalization and cashless payment progress, traditional visits to stores for paperwork are expected to decline.

On the other hand, needs for consultations on money by customers are increasing due to dwindling birthrate and an aging population, concerns about preparation for child-raising or old age, and so on.

I think each store will play a key role as a place that can respond to voices saying that customers want to have a consultation face-to-face at leisure, and get more technical financial advice.

We will promote the enhancement of store functions as a place where customers continue to consult comfortably and easily, including expansion of bases that open on Saturdays and Sundays, setup of privacy-conscious individual consultation booths, deployment of professional consultant staff including employees of The FD Advisory, Ltd., an investment advisory company of the Group, establishment of a reservation system to let customers consult at leisure, and improvement of the remote consultation system that allows us to respond to customers at the store they prefer.

P40 Strategy for creation of a cashless and digital society
P52 Strategy for individuals

Q Tell us about the purpose of revision of the personnel system and your future efforts for human resource development.

A Professional human resources with skills to respond to customers' diversified needs (such as consulting, investment funds and DX) are essential for "sustainable development of the entire region" sought by the Company.

So far, we have advanced the promotion of recruitment of flexible, diverse human resources by strengthening mid-career hiring, the support for improving skills such as support for employees' MBA acquisition, and the development of "ideal working environment" as symbolized by the recognition as a "White 500" enterprise under the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

In March of this year, we started a completely new personnel system "career-based personnel system."

Under the new personnel system, employees voluntarily choose their own career plan and keep bettering themselves to realize their career aim, while the company support their career development.

Wages are neither subject to regular pay increases nor on the basis of seniority, but are determined based on dialogues through "career review" according to skills, role and contribution.

While bonuses are provided at a fixed rate (stably) regardless of performance, shares are distributed to all employees when operating performance is strong in an effort to foster ownership of employees.

In addition, we have made it possible to support employees in their autonomy of life and career on the financial aspect by abolishing a lump-sum retirement



benefit system and providing the portion equivalent to retirement benefits which are added as "skill upgrading incentive" to monthly salary.

I believe we can contribute to further development of the region by sending professional human resources developed through such efforts as managerial human resources broadly to local communities, beyond activities within the Company.

P60 Strategy for human resource development

Q System failures of financial instruments are attracting attention. Tell us about your DX-related initiatives and system strategies.

A The Company aims to continue to provide highly convenient services that meet customers' needs in a timely manner by making the maximum use of the Internet and cloud services in order to achieve productivity improvement through digitalization of the Company itself, customers and the region.

It is security measures that are closely related to this policy. No matter how convenient a service is, the service loses the trust of customers once a flaw is found in the security.

There are too many cases where services are forced to be shut down to count.

Recognizing security measures as one of top-priority issues in management, the Company has established a structure to consider security measures from the planning stage for services, and strives to foster an

awareness of security through exercises assuming incidents, security education for employees, daily security monitoring, and other means.

The Company will promote the provision of services running after two hares: quality and security, so that customers can improve productivity using its convenient services with a sense of security.

P74 Digital Transformation

Q Continue being a producer of this region as the leader of the region.

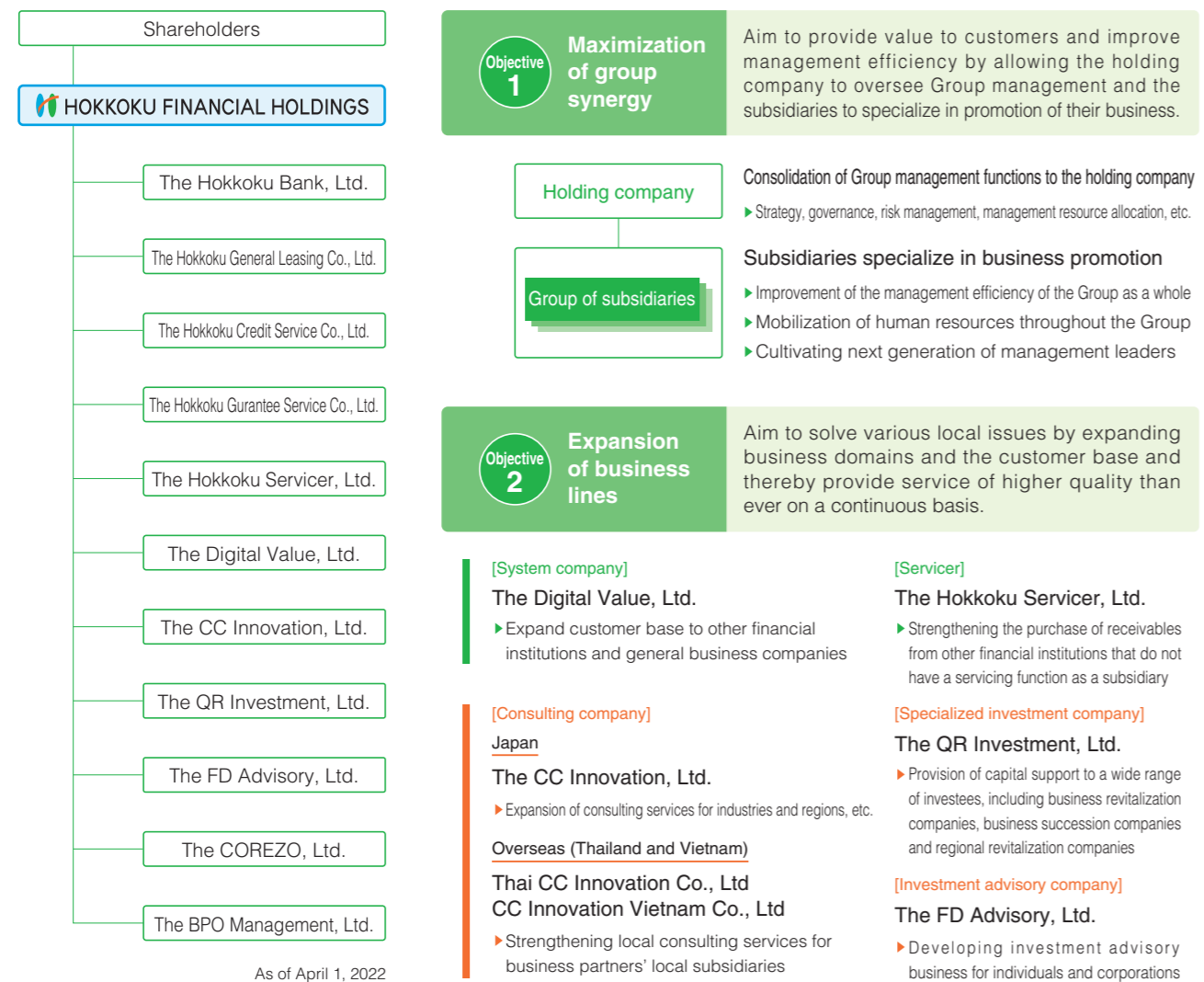
We think that in order to go beyond the framework of a financial institution and continue trying to change, the ultimate goal of the whole Company is to continue being a producer of this region as the leader of the region and to involve in all types of innovation as an integrated regional company.

This is precisely realization of "Quality Company, Good Company" mentioned at the outset. We are confident that we can contribute to the realization and development of a distinctively high-quality region by sharing wisdom with stakeholders from customers' perspective to enhance collaboration through active communication and dialogue.

We look forward to continued suggestions and support from our customers, shareholders and other stakeholders with your kind understanding of our medium- and long-term business strategies and our initiatives toward improving corporate value.

Holding company structure

We will aim to realize the “next-generation integrated regional company” through “maximization of group synergy” and “expansion of business lines.” We will operate our business in wider domains than before while further strengthening co-creation and collaboration with local residents as well as among group companies to contribute to the improvement of quality of local communities.



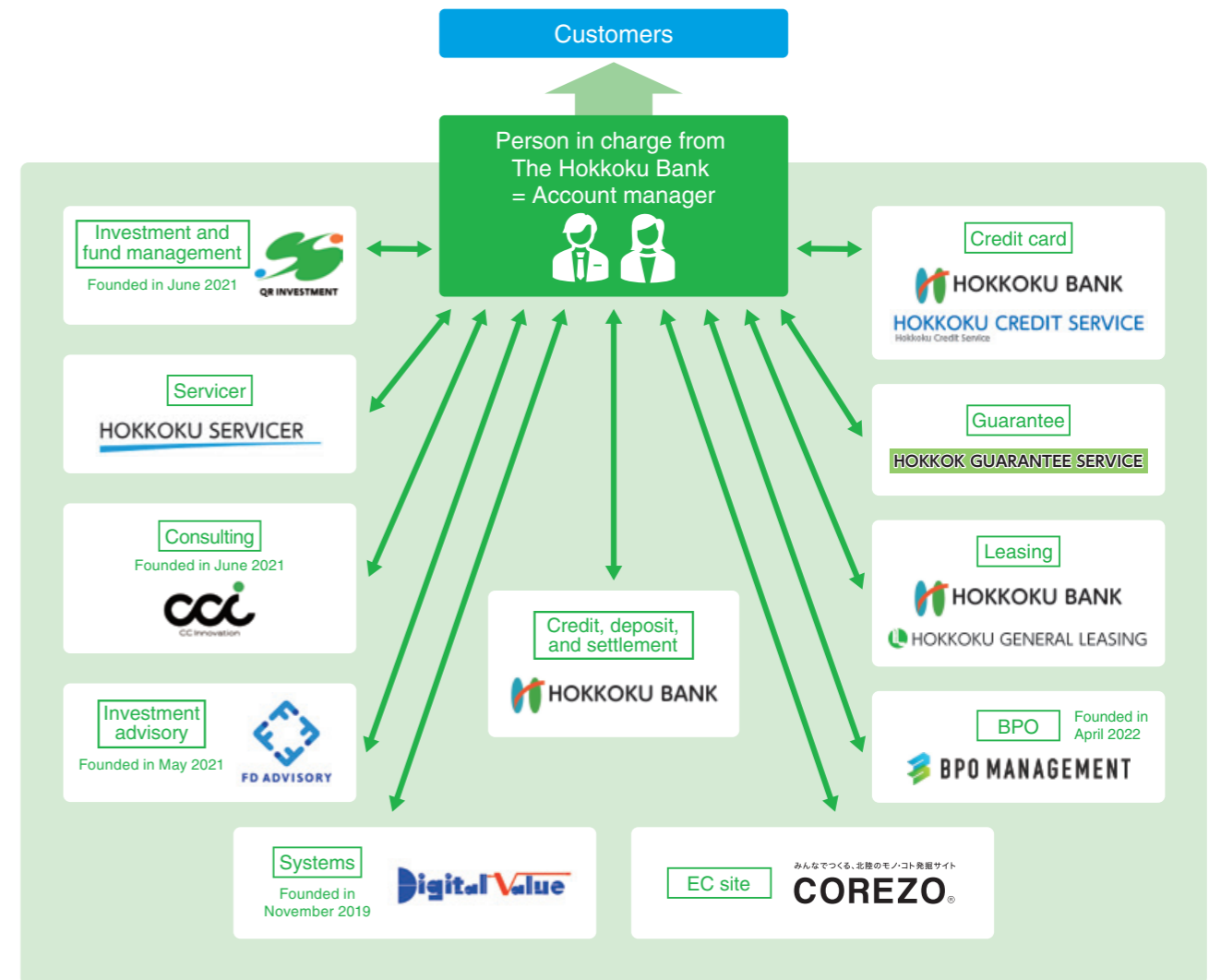
Vision for Hokkoku Financial Holdings

Next-generation integrated regional company

- 1 With customer-centric thinking,
- 2 we provide high added value in the medium to long term,
- 3 to turn the local community into a quality region.

[Roles of account managers and functions of each company]

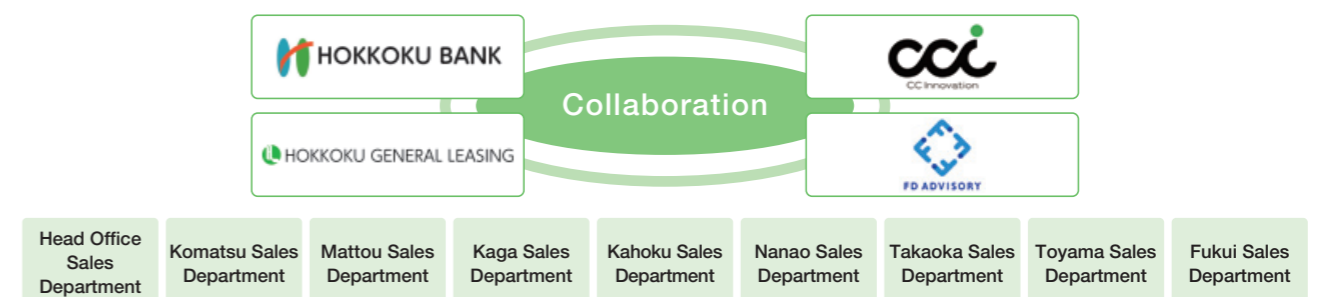
Account managers, who are The Hokkoku Bank employees, act as a contact point to Hokkoku Financial Holdings and utilize any necessary functions of our group companies in order to meet the diverse needs of customers and local communities.



[Sales department system]

Effective March 1, 2022, we organized nine branches as sales branches for the entire Group. These sales departments are staffed with employees of Hokkoku FHD’s group companies including CC Innovation, Hokkoku General Leasing, and FD Advisory as well as The Hokkoku Bank employees, and respond to diverse inquiries and issues that our customers might have through our concerted group-wide efforts.

Illustrative image of Hokkoku FHD Sales Departments



Message from the General Manager of General Planning Department



Tomohiko Kikuzawa,
Executive Officer,
General Manager of General Planning Department

Toward an increase in corporate value

I would like to explain specifically about our strategies for “increasing corporate value,” which is included in the update of our Medium-Long Term Business Strategy for the current fiscal year.

For the first time, we disclosed our initiatives conscious of our stock price, including clearly indicating the plan to acquire share buybacks aiming at achieving a total return ratio of 40% or above to achieve the highest level of PBR for a regional bank. Although there is no change in the overarching policies, approaches, and initiatives, we have realized the importance of how we communicate them through dialogue with investors and have refined the expression to reflect the feedback that we have received from them.

In the current fiscal year, we will also work on the transition to a domestically active bank and the reduction of cross-shareholdings. The transition to a domestically active bank is a measure to achieve a further evolution of the consulting business in Singapore, which is difficult to achieve through a bank branch (Singapore Branch) for regulatory reasons. The reduction of cross-shareholdings is aimed at raising governance awareness of both the Group and investees through the elimination of stable shareholders and ultimately realizing a virtuous cycle of capital efficiency improvement and favorable access to the capital market. Specifically, we aim to reduce cross-shareholdings by half in three years. We expect that a considerable amount of surplus capital will be created once these measures are implemented.

A new use of such surplus capital is to support the growth of local customers at various stages through private equity investment. Needless to say, we will also use such capital to fund a flexible mix of dividend increases, share buybacks, collaboration with external companies, etc., to increase our corporate value. As we intend to disclose our approach to the use of such surplus capital appropriately on a timely basis after having ongoing dialogue with investors in good faith, your cooperation with ongoing dialogue with us will be greatly appreciated.

As for the capital adequacy ratio, which is an indicator of safety, we aim, in principle, to maintain it at 8% or above at a minimum. We will conduct our business activities while keeping safety in mind, among other things. We will proceed with various initiatives aiming above all to achieve an ROE of above 8%, which is about the highest level for a regional bank, through the active use of our capital while ensuring safety.

The Company has held One On One dialogue with institutional investors 50 or more times a year. In the dialogue, we have exchanged opinions particularly on business strategies from the medium- to long-term perspective and our approach to increasing corporate value. As for matters mutually understood through the dialogues, we have consciously worked to incorporate as many matters as possible in our strategy and quickly shift them to the phase of execution.

Medium-Long Term Business Strategy

From 2021 onwards, we have adopted a system to specify the levels that should be targeted in the medium to long term taking into account rapidly changing social and environmental situations and update the strategy and policy for initiatives every fiscal year and thereby enable more flexible formulation of plans which are in line with actual conditions.

[Medium-Long Term Business Strategy – Update Plans –]

Background for the revision to the method of announcement

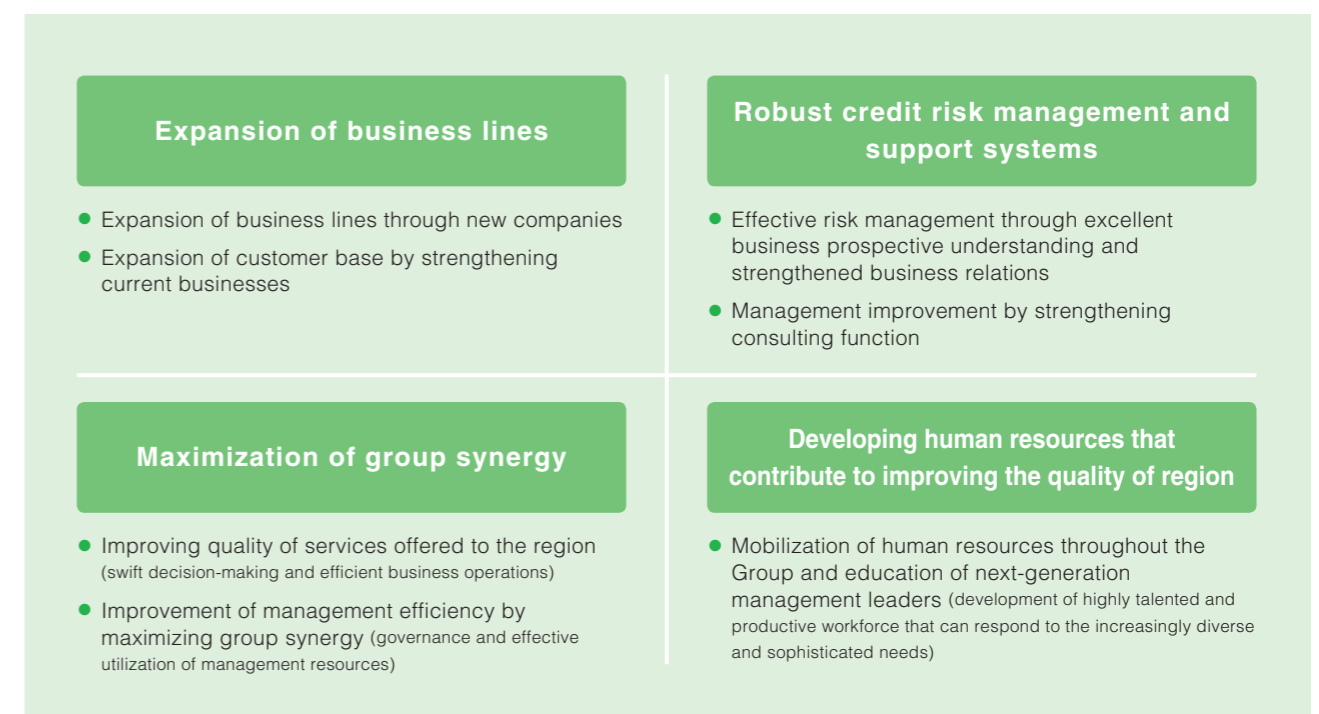
- The necessity for keeping abreast of rapid changes in social situations and the business environment and having medium- to long-term awareness of the major direction to implement strategy in a more flexible and timely manner.
- The belief that it will be in line with actual conditions to update our Medium-Long Term Business Strategy when and as necessary in step with the advancement of our organizational structure as we use project teams to consider and implement strategy in an agile manner.

Basic formulation policy

- 1 Image of our vision for the next five and ten years as medium- to long-term levels
- 2 Publish policies and strategies for achieving the vision
- 3 Keep abreast of changes in society and the market environment and constantly update

To be updated every fiscal year after showing the changes in the environment that form the assumption

[Key Strategy Framework]



[Three measures to increase corporate value]

By designating the period from April 2022 to March 2025 as a focus period for increasing corporate value, we have formulated the following three measures.

Measure 1

Improvement of capital efficiency (financial and capital strategy)

- Create surplus capital by transition to a domestically active bank
- Purchase own shares until we achieve a total return ratio of 40% or above to achieve the highest level of PBR for a regional bank
- Sell 50% of cross-shareholdings in three years under the policy of no cross-shareholdings

page 23

Measure 2

Unification of incentives to the management team, employees, and shareholders

- Introduce a remuneration system linked to ROE aiming to achieve an ROE of 5.0% in two years and an ROE of 8.0% in 10 years.

page 24

Measure 3

Growth support through private equity

- Actively inject capital through our wholly owned subsidiary The QR Investment, Ltd.

page 24

[Targeted medium- to long-term levels]

Levels envisioned to achieve over the medium to long term based on our forecast on the future business environment and our business strategies

Item	FY2021 actual result	FY2024 (3 years later)	FY2026 (5 years later)	FY2031 (10 years later)
Ordinary profit (consolidated)	¥19.2 billion	¥21.0 billion	¥23.1 billion	¥37.7 billion
Profit (consolidated)	¥9.4 billion	¥12.9 billion	¥14.4 billion	¥24.0 billion
Income from priority business (consolidated) (income from new business including credit cards, leasing and consultation services)	¥3.2 billion	¥7.9 billion	¥9.5 billion	¥12.5 billion
ROE (consolidated)*	4.2%	5.7%	5.9%	8.0%

* ROE is calculated based on the amount of profit attributable to owners of parent on Basel III core capital applicable to domestically active bank

Detailed breakdown (consolidated)

Item	FY2021 actual result	FY2024 (3 years later)	FY2026 (5 years later)	FY2031 (10 years later)
Interest on deposits and loans	¥23.8 billion	¥24.0 billion	¥24.3 billion	¥24.8 billion
Fees & commissions	¥7.2 billion	¥11.4 billion	¥13.3 billion	¥17.4 billion
Card business	¥1.2 billion	¥3.0 billion	¥3.3 billion	¥3.4 billion
Leasing business	¥1.2 billion	¥1.8 billion	¥2.0 billion	¥2.7 billion
Consulting & advisory	¥0.6 billion	¥2.4 billion	¥3.0 billion	¥4.0 billion
Market operations	¥29.4 billion	¥19.0 billion	¥16.0 billion	¥22.1 billion
Credit costs	¥11.8 billion	¥3.0 billion	¥3.0 billion	¥3.0 billion
Expenses	¥30.3 billion	¥31.0 billion	¥28.9 billion	¥25.4 billion
Of which, system costs*	¥6.9 billion	¥8.0 billion	¥6.3 billion	¥4.3 billion
Profit	¥9.4 billion	¥12.9 billion	¥14.4 billion	¥24.0 billion

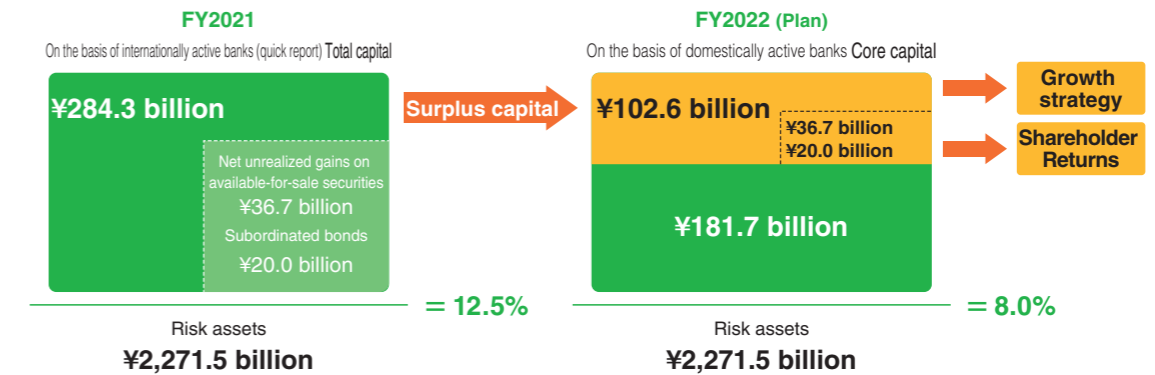
* The total of software development cost (depreciation) and running cost (administrative outsourcing expenses, etc.)

Measure 1

Improvement of capital efficiency (financial and capital strategy)

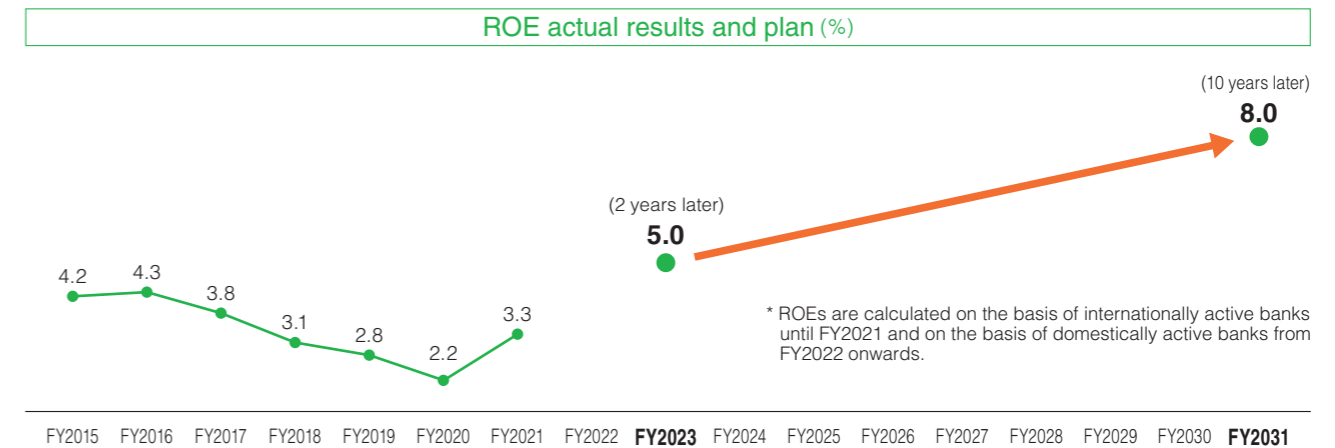
Transition to a domestically active bank

- Transition from an internationally active bank to a domestically active bank by closing our Singapore Branch
- Newly created surplus capital of about ¥100.0 billion will be used to fund growth strategy and shareholder return



Setting ROE targets

Aim to achieve an ROE of 5.0% (in two years) and an ROE of 8.0% (in 10 years) while maintaining a stable capital adequacy ratio after transitioning to a domestically active bank



* ROEs are calculated on the basis of internationally active banks until FY2021 and on the basis of domestically active banks from FY2022 onwards.

Shareholder return policy

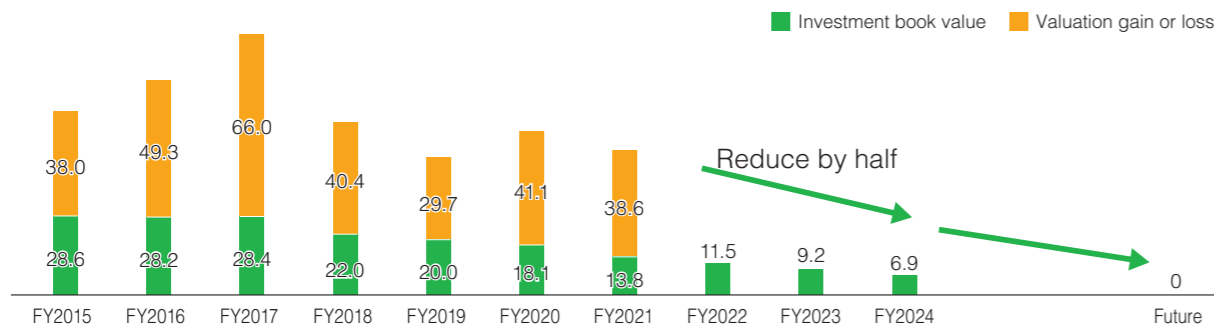
Aim to achieve a total return ratio of 40% or above through dividend and the acquisition of share buybacks

Item	FY2021 actual result	FY2022 (1 year later)	FY2023 (2 years later)	FY2031 (10 years later)
Total return ratio	60%	115%	40% or above	⇒
Total dividend	¥2.4 billion	¥2.5 billion	—	—
Share buybacks	¥3.0 billion	¥9.0 billion	—	—
Consolidated capital adequacy ratio (domestically active)	9.94%	9.66%	8.0% or above	⇒
Consolidated ROE (domestically active)	4.2%	4.5%	5.0%	8.0%

Policy on sales of cross-shareholdings

- Our policy is not to hold any cross-shareholdings if they are listed shares
- Aim to reduce cross-shareholdings by half by FY2024 (in three years)

Plan to reduce the size of cross-shareholdings (listed shares) by sale (Billions of yen)



Growth strategy aimed at the value creation process

Growth strategy aimed at the value creation process

Measure 2

Unification of incentives to the management team, employees, and shareholders

Stock granting plan for all employees

* For remuneration system for directors, please refer to the Corporate Governance section on page 88

- Introduce a stock granting plan for all employees to raise their motivation and foster ownership of them

ROE	Non-salary remuneration		Percentage of total (*)			Rough standard amount of grants
	Bonuses	Stock grants	Fixed	Stock	Total	
8% or more	500%	430%	95%	24%	119%	¥3.0 billion
From 7% to less than 8%	500%	315%	95%	17%	112%	¥2.2 billion
From 6% to less than 7%	500%	210%	95%	12%	107%	¥1.5 billion
From 5% to less than 6%	500%	100%	95%	5%	100%	¥0.7 billion
From 4% to less than 5%	500%	50%	95%	2%	97%	¥0.35 billion
From 3% to less than 4%	500%	50%	95%	2%	97%	¥0.35 billion
From 2% to less than 3%	500%	25%	95%	1%	96%	¥0.17 billion
From 1% to less than 2%	500%	0%	95%	0%	95%	—
Less than 1%	500%	0%	95%	0%	95%	—

Performance indicator	ROE
Shares to be delivered	Restricted shares

If ROE exceed 8%, our remuneration, including the amount of stock grants, will be at highest levels among regional banks.

Targeted medium-term levels

[Reference] Numerical example of stock grants for the case of an ROE of 5% and a salary of ¥300,000

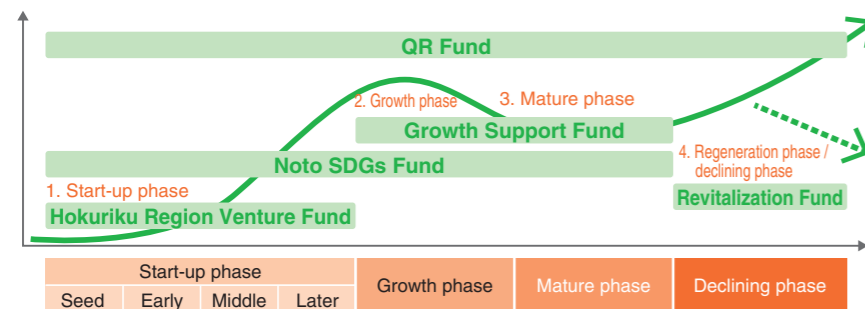
[Bonus] ¥300,000 × 500% = ¥1,500,000
 → Fixed remuneration: ¥300,000 × 12 months + ¥1,500,000 = ¥5,100,000
 [Stock grants] ¥300,000 × 100% = ¥300,000
 [Total remuneration] ¥5,100,000 + ¥300,000 = ¥5,400,000
 → The stock portion represents 5% (¥300,000/¥5,400,000)

(*) The figures in the table above are calculated by equating the level of remuneration for March 2022 to fixed remuneration of 95%.

Measure 3

Growth support through private equity

- The QR Investment, Ltd.: Manages five funds along the life stages (for a total amount of ¥14.0 billion)



▶ Hokuriku Region Venture Fund	—
▶ Noto SDGs Fund	¥1.0 billion
▶ QRI Growth Support Fund	¥1.0 billion
▶ Ishikawa SME Revitalization Fund	¥2.0 billion
▶ QR Fund	¥10.0 billion

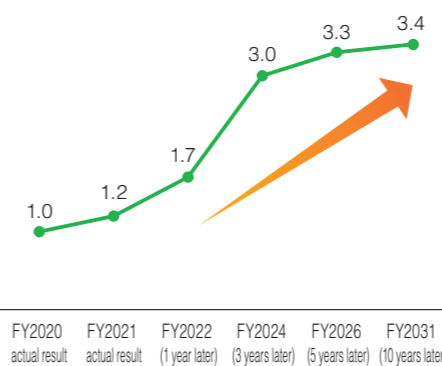
[Details of Medium-Long Term Business Strategy (strategies of each business)]

Card business	Leasing business	Consulting & advisory	Systems	Credit costs
Key points of the update				
<ul style="list-style-type: none"> • Build a next-generation platform that is designed after BaaS in the long term • Increase the penetration rate and the number of transactions of debit cards, implement affiliate store sales strategies for each market, and increase the rate of operation. 	<ul style="list-style-type: none"> • Increase the market shares of finance leases and deferred payment • Initiatives to create new income opportunities 	<ul style="list-style-type: none"> • Increase the number of branches and expand the consulting business line • Implement segment-specific approaches 	<ul style="list-style-type: none"> • Shifting to in-house development and operation • Reduce system costs by shifting human resources from business partners to Hokkoku FHD employees 	<ul style="list-style-type: none"> • Dispatch human resources (mainly those at the executive officer level) to support the management improvement of debtors to prevent credit downgrades and aim to achieve credit upgrades • Change the method of provisioning an allowance for doubtful debts and share credit rating and debtor classification information

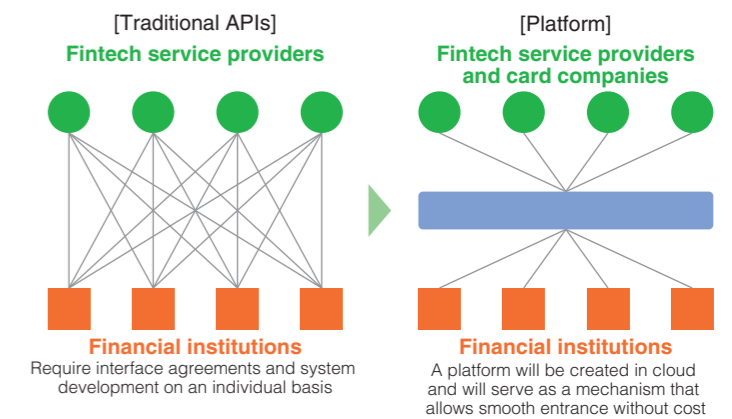
Card business

- Make use of a next-generation platform that is designed after BaaS
- Create a cashless environment that is designed to improve the regional value (productivity improvement in businesses and improvement of customer convenience)

Income from card business (Billions of yen)



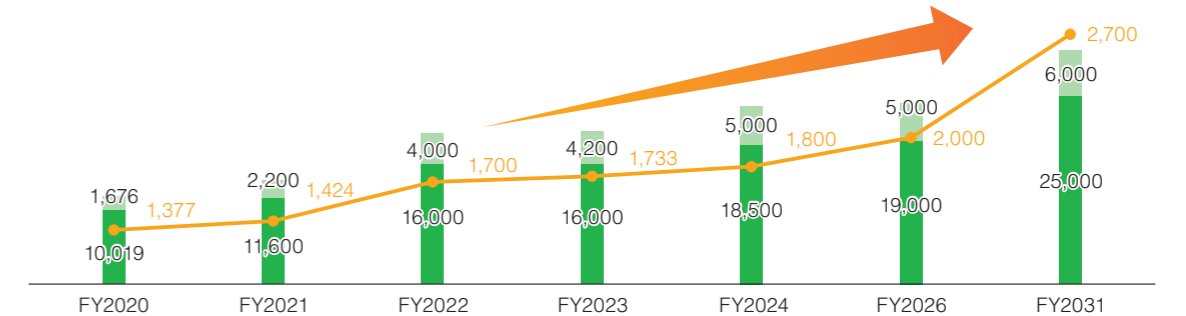
Our image of BaaS



Leasing business

- Increase the market share of existing products (finance lease, deferred payment) through concerted group-wide sales efforts (Bank, Hokkoku General Leasing) and create new income opportunities by building a reuse system

Contract amount (lease) (Millions of yen) Contract amount (deferred payment) (Millions of yen) Income (Millions of yen)



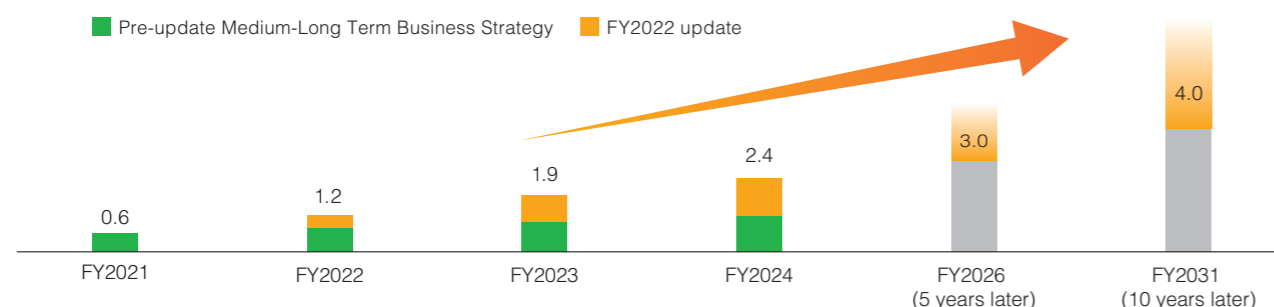
Medium-Long Term Business Strategy



Consulting & advisory

- Expansion of customer base: Expansion of business lines to large businesses/municipalities, pure deposit customers/non-customers, and customers outside the Hokuriku region
- Comprehensive consulting & advisory services to respond to multiple issues

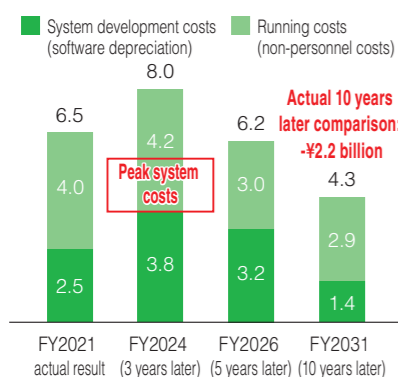
CC Innovation's Medium-Long Term Business Strategy (Billions of yen)



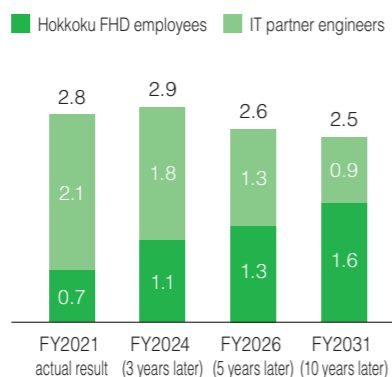
Systems

- System development costs: Reduce costs by raising the ratio of own employees while maintaining the development capability of the systems department
- Running costs: Reduce costs by shifting to in-house production or abolishing 90% of the 120 existing subsystems
- Productivity in development: Realize productivity improvement in development sites through agile development and DevOps

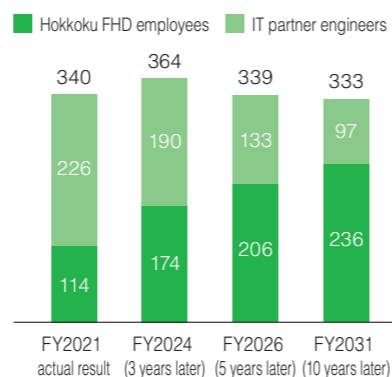
Trends in system costs (Billions of yen)



System development personnel expenses (Billions of yen)



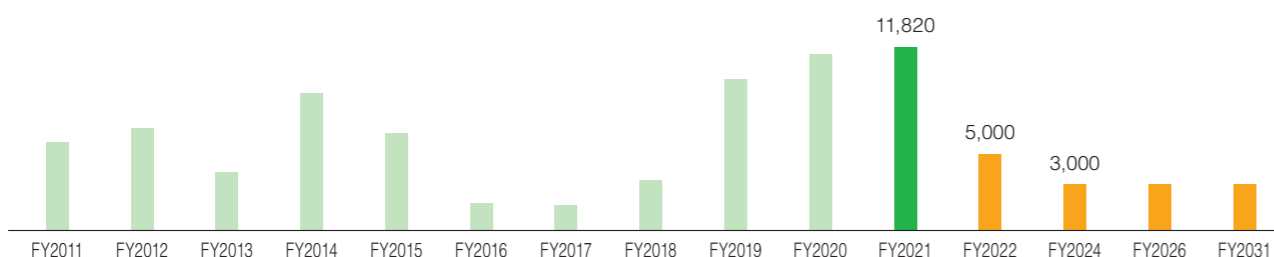
System development personnel (Persons)



Credit costs

- Support for improvement through the provision of early support to customers, collaboration with CC Innovation
- Improve relationship by sharing information on financial conditions and issues with customers and recognize an allowance for doubtful debts that is suitable for the relationship

Actual results and forecasts of credit costs (Millions of yen)



[Main KPIs]

In formulating the Medium-Long Term Business Strategy, each business department defined its "vision" with regard to the relationship between the Company and its customers and local communities. We have adopted as KPIs specific actions toward the realization of the vision as well as the numbers of provisions of various services that are created from the realization of the vision, among other things.

Item	FY2021 actual results	FY2024 targets
Group CO2 emissions (t)	5,569	5,172
Lease customers	3,916	5,000
Number of consulting & advisory transactions	331	775
Number of business matching transactions	177	400
Number of investments from our funds (managed by QR Investment)	11	20
Number of views of financial education videos	2,583	5,700
Number of workplace seminars conducted	968	2,200
Number of sessions of ongoing investment education for companies that have adopted a 401k plan	61	120
Number of investment trust and Omakase Navi accounts	44,545	54,000
Number of participations in iDeCo and corporate 401K plans	24,466	30,000
Number of contracts for will trusts, heritage consolidation, and investment advisory (FD advisory)	95	317
Number of LIFE+ users	53,158	350,000
Number of internet banking classes for individual customers	1,574	2,000
Number of internet banking classes for corporate customers	186	300
Number of functions added (total of cloud banking for individuals and corporate website access)	8	8
Number of uses of internet banking for individual customers	104,360	467,500
Ratio of uses of internet banking for individual customers (%)	49.4	85
Number of uses of internet banking for corporate customers	21,103	52,225
Ratio of uses of internet banking for corporate customers (%)	84.2	95
Ratio of non-face-to-face interactions among various applications (%)	60	80
Number of Visa debit cards issued	283,000	439,000
Ratio of use of Visa debit cards (%)	41.7	52
Number of card affiliate stores	6,872	10,800
Ratio of female employees involved in management (%)	33.4	40
Number of employees in the digital field	151	225
Per capita human resource development expenses (annual) (thousands of yen)	35	50

Sustainability policies and materiality

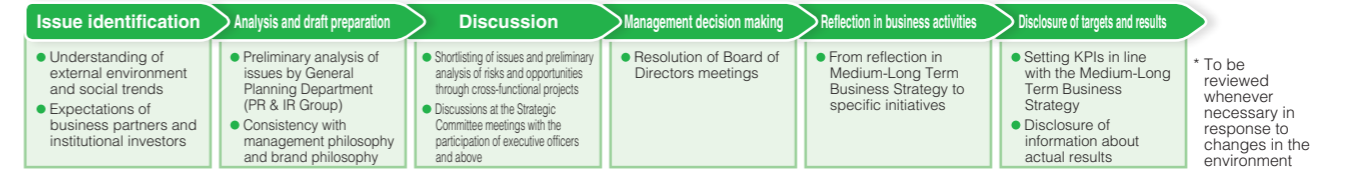
[Sustainability policies]

Hokkoku Financial Holdings aims to work together with all stakeholders, including local communities, to realize a sustainable society by actively working to resolve ESG (Environmental, Social and Governance) issues through its business activities. We believe that the resolution of ESG issues through our business activities and the virtuous cycle of sustained improvement in earnings will lead to the realization of our corporate philosophy "Trust – a bridge to a fruitful regional future. Enrich interaction and growth in the region."

[Materiality (Priority items)]

■ Identification process

- We have redefined our materiality in 2020 based on our corporate philosophy and brand philosophy.
- "Developing human resources that contribute to improving the quality of region" and "management strategy powered by DX" are indispensable for us to "contribute to the sustainable development of regional economy." In addition, we also identified "response to climate change and environmental conservation," which is naturally necessary for us as a member of the society.
- In May 2022, in tandem with the refinement from ESG Initiative Policies to Sustainability Policies, we examined, defined, and disclosed "risks and opportunities" through the following process.



	Materiality	Recognition of risks and opportunities		Specific initiatives	See pages below for details	Relevant SDGs
		Risks	Opportunities			
Environment	Response to Climate Change and Environmental Conservation	<ul style="list-style-type: none"> Increases in credit costs arising from the worsening of financial performance of businesses due to delays in responding to technological innovation toward carbon-free society and changes in the behavior of investees/borrowers Loss of opportunities due to the lack of solutions to investees/borrowers 	<ul style="list-style-type: none"> Cultivation of environmental awareness in the region through leadership in environmental conservation initiatives Provision of consulting and advisory services that lead to climate change and environmental conservation solutions 	<ul style="list-style-type: none"> Environmental conservation efforts through our core businesses Reducing environmental impact through corporate activities Climate change measures Conducting climate change scenario analysis and reflecting results in risk management Contribution to recycling-oriented society through lease transactions 	<p>Business strategy conscious of climate change and environmental conservation ▶ P30-P39</p>	
Society	Contribution to regional economic revitalization	<ul style="list-style-type: none"> Increases in credit costs due to decreases in competitiveness and the worsening of financial performance of local businesses, which are attributable to their failure to raise productivity No improvement in the financial literacy of local customers and no progress in their asset building and effective utilization, resulting in a failure to achieve revitalization of regional economy Decrease in service competitiveness due to a lack of responses to the evolution of cashless transactions and digitalization 	<ul style="list-style-type: none"> Development of consulting and advisory services that start with the understanding of business characteristics and aim to share and resolve issues Rising awareness of asset building, management and effective utilization of assets, and inheritance and asset succession in anticipation of an aging society and an era of 100 years of life Development of cashless and digital strategies aimed at the circulation of funds and productivity improvement in the region 	<ul style="list-style-type: none"> Providing consulting functions Life plan and asset building support Contributing to the creation of a digital and cashless society Maintenance of financial function stability 	<p>Strategy for corporate clients ▶ P46-P51</p> <p>Strategy for individuals ▶ P52-P55</p> <p>Strategy toward Creation of a Cashless and Digital Society ▶ P40-P45</p>	
	Developing human resources that contribute to improving the quality of region	<ul style="list-style-type: none"> Stagnation in the execution of strategies caused by an outflow of human resources due to a lack of attractive work environment or personnel system or a shortage of human resources Deterioration of values provided to local communities caused by the worsening of customer services due to inadequate human resource development 	<ul style="list-style-type: none"> Provision of high value-added services through the promotion of active involvement of professionals and other diverse human resources 	<ul style="list-style-type: none"> Introduction of a career-based personnel system Development of professionals Enhancement of the work-life balance Promoting diversity Focus on recurrent education 	<p>Strategy for Human Resource Development ▶ P60-P73</p>	
Governance	Enhancing management transparency through dialogue with shareholders and investors	<ul style="list-style-type: none"> Decreases in management transparency due to a lack of understanding of the needs of shareholders and investors Decreases in internal productivity due to a lack of responses to digitalization Loss of social credibility due to improper corporate governance, system failures, etc. 	<ul style="list-style-type: none"> Strengthening of strategy execution capability through company-wide reform that starts with DX and system strategy Understanding the needs of shareholders and investors and reflecting them in disclosure based on IR activities that focus on individual meetings 	<ul style="list-style-type: none"> Using DX to visualize internal information and internal discussion processes through corporate transformation Promotion of operational efficiency Corporate governance system Risk management system and compliance Capital strategy 	<p>Capital Strategy ▶ P23~P24</p> <p>Digital Transformation ▶ P74~P79</p> <p>Corporate Governance ▶ P80~P91</p> <p>Initiatives for the Risk Management System ▶ P92~P93</p> <p>Initiatives for Compliance ▶ P94~P95</p>	



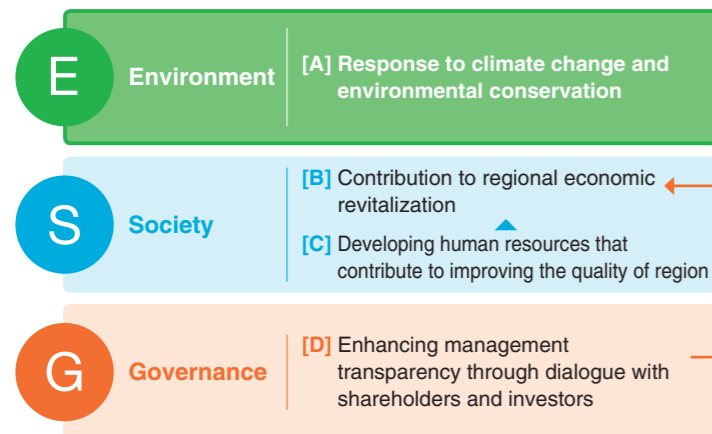
Business strategy conscious of climate change and environmental conservation

We at Hokkoku Financial Holdings give consideration to the environment in our business activities with the aim of growing sustainably together with local communities.

We push forward with voluntary and continuous initiatives such as those to cope with climate change risks and protect the environment in partnership and collaboration with our stakeholders including customers and local governments.

Assessment of materiality and formulation of environmental policies

Materiality (key priority issues to be addressed)



While The Hokkoku Bank has already been making environmental conservation efforts through business activities, we have added “response to climate change and environmental conservation” as our materiality in view of the transition to a holding company structure in October 2021 to strengthen our group-wide responses to climate change.

In May 2022, we have established and announced the Hokkoku Financial Holdings Environmental Policies while informing all our officers and employees of the Policies internally to raise their awareness.

Hokkoku Financial Holdings Environmental Policies

Under its corporate philosophy of “Trust – a bridge to a fruitful regional future. Enrich interaction and growth in the region,” Hokkoku Financial Holdings will take actions to help improve local communities and the lives of our customers in the region. In our corporate code of conduct “20 Behavioral Principles,” we also promise to engage in environmental conservation activities to protect the environment, which is the foundation of our lives and businesses. This Environmental Policies has been established based on the resolution of the Board of Directors as a policy to indicate specific actions and applies to all group companies of the Hokkoku Financial Holdings, Inc.

1. We provide support to customers who tackle environmental issues not only through the exercise of our financial intermediation functions, but also through the development and provision of services and by providing our consulting functions.
2. We comply with laws and regulations, rules, etc., for environmental conservation.
3. In all our corporate activities, we strive to reduce environmental impact by promoting resource saving, energy conservation, and waste recycling.
4. We strive to ensure transparency by regularly reviewing the environmental impact of our corporate activities and disclosing information on our environmental initiatives appropriately and actively.
5. We promote environmental conservation and environmental beautification activities in cooperation with all stakeholders including local communities.
6. We inform all our officers and employees of group companies of this Policies internally while also announcing it externally.

Hokkoku Financial Holdings have declared its support for recommendations by the TCFD (Task Force on Climate-related Financial Disclosures) in May 2022 (The Hokkoku Bank, our group company, had declared its support for recommendations in May 2021). We are committed to further promotion of our efforts related to climate change that we have been working on and to enhancement of information disclosure in line with TCFD recommendations.

1 Governance	<ul style="list-style-type: none"> • The Board of Directors receives reports on climate change and provides supervision based on the Hokkoku Financial Holdings Environmental Policies. • While we have not established a committee dedicated to climate change issues, we have put in place a system in which we identify and discuss climate change issues and other sustainability issues through cross-functional projects that are led by the General Planning Department (PR & IR Section) and involve the Management Administration Department, The CC Innovation, Ltd., our consulting subsidiary, and others. • We have also established a system to discuss our policy for responding to climate change issues and other related important matters at Strategic Committee meetings participated by the President & Chief Executive Officer Representative Director, executive officers, and general managers of business departments, which are then to be resolved by the Board of Directors. 	P32
2 Strategy	<ul style="list-style-type: none"> • We recognize important physical and transition risks and opportunities related to climate change, and establish its policies for responding to them. • We have performed scenario analysis to calculate transition risks for three industries that are expected to have a significant impact on the Company and its customers in the region. As for physical risk, we analyzed the impact of the worsening of business conditions and the impairment of collateral value of customers in the event of a large-scale flood in Ishikawa Prefecture caused by climate change in reference to the 4°C and 2°C scenarios. • We hold dialogues with customers based on analysis results to raise their awareness of decarbonization in the region and link it to the creation of business opportunities through consulting services, etc. 	P32
3 Risk management	<ul style="list-style-type: none"> • We are currently developing risk identification and assessment processes and will consider disclosing them in the future. As for our recognition of risks and opportunities subject to assessment, we will consider measures to utilize them in the future. • Based on our Sustainability Policies and materiality, we have established the Investment and Loan Policy and Sector Policy, aiming to reduce and avoid any investment and loans that are likely to have a negative impact on the environment and the society. 	P38
4 Indices and targets	<ul style="list-style-type: none"> • We disclose actual results of Scope 1 and 2 GHG emissions. The relevant climate change indicator is “actual reduction of CO₂ emissions,” and the targets and actual results are shown on the relevant page. • Other relevant climate change indicators will be identified later. 	P39

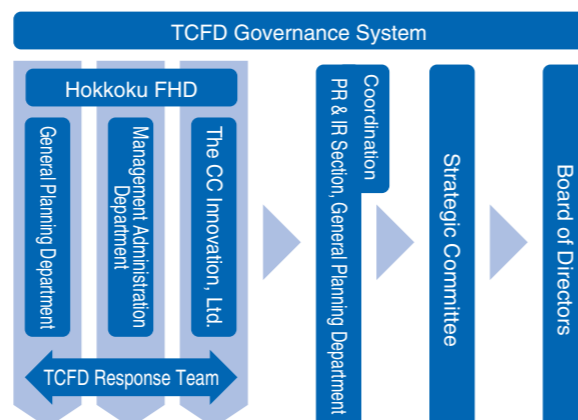
Responses to TCFD recommendations – the latest update

Governance	<ul style="list-style-type: none"> • Disclosure of matters reported and deliberated at Board of Directors meetings
Strategy	<ul style="list-style-type: none"> • Disclosure of our recognition of risks Identify risks expected to be faced by investees/borrowers and the Company • Disclosure of our recognition of opportunities Identify opportunities expected from the perspectives of loan, leasing and consulting Identify and add initiatives through corporate activities
Risk management	<ul style="list-style-type: none"> • Disclosure of the results of scenario analysis (transition and physical risks)

1 | Governance

Disclosure of matters reported and deliberated at Board of Directors meetings (from April 2021 to June 2022)

- [A] Establishment of materiality, Investment and Loan policy, and Sector Policy and the support for TCFD recommendations (The Hokkoku Bank)
- [B] Setting CO₂ emissions reduction target (The Hokkoku Bank)
- [C] Establishment of the Sustainability Policies and risks and opportunities related to our materiality
- [D] Establishment of the Hokkoku Financial Holdings Environmental Policies
- [E] Support for TCFD recommendations by Hokkoku FHD
- [F] Results of scenario analysis
- [G] Actual reduction of CO₂ emissions in FY2021



2 | Strategy

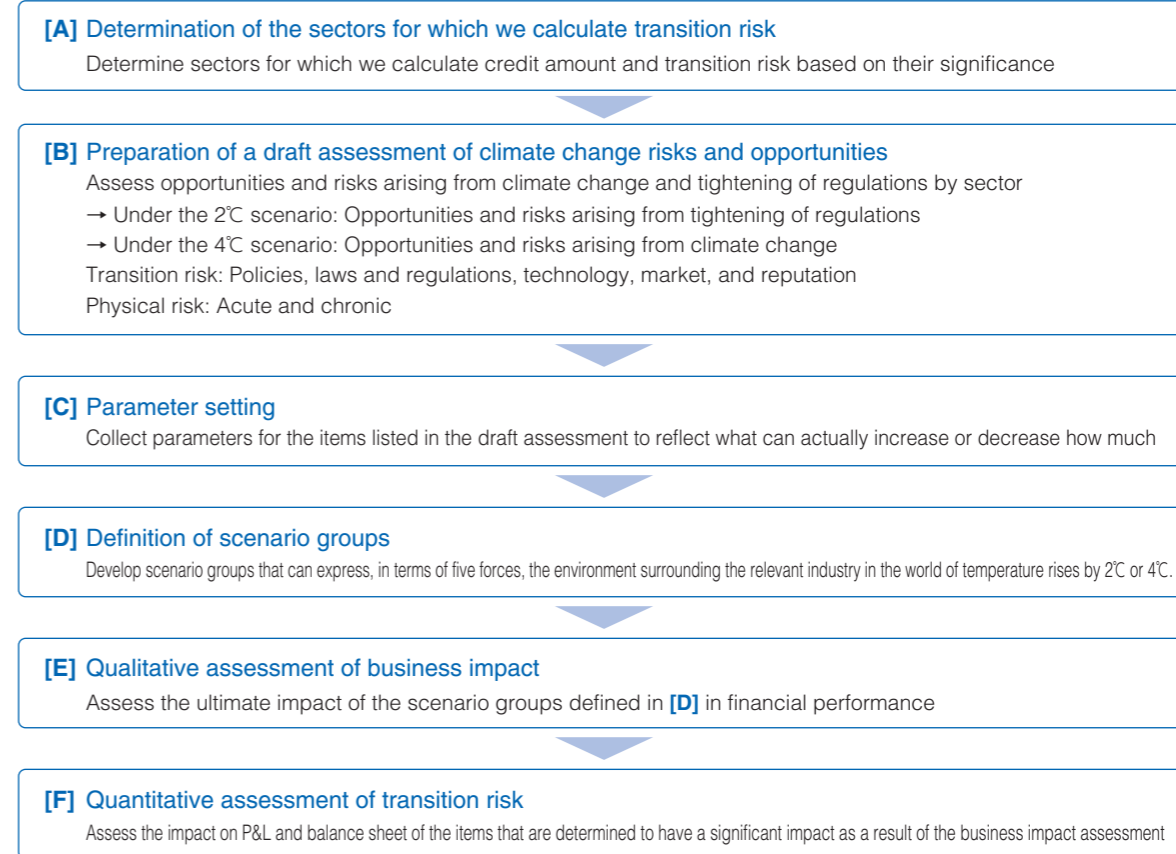
We have recognized the following risks and opportunities as important physical and transition risks and opportunities related to climate change:

Type of risks and opportunities		Response policy
Transition risk (Assumed to materialize most extensively in the 1.5°C to 2°C scenario)	Policy and regulatory risk	Decreases in earnings or impairment of existing assets of investees/borrowers resulting from increases in carbon emission control cost Increases in cost for responding to climate change-related regulations of both Japan and foreign countries Strengthen support and engagement toward the decarbonization of investees/borrowers Consider the revision of the Investment and Loan Policy and the Sector Policy
	Technology risk	Decreases in earnings or impairment of existing assets of investees/borrowers resulting from a failure or delay in technological development toward decarbonization Strengthen support and engagement toward the decarbonization of investees/borrowers Consider the revision of the Investment and Loan Policy and the Sector Policy
	Market risk	Decreases in earnings or impairment of existing assets of investees/borrowers resulting from changes in the supply-demand environment of products and services Strengthen support and engagement toward the decarbonization of investees/borrowers Consider the revision of the Investment and Loan Policy and the Sector Policy
	Reputational risk	Deterioration of reputation and decline in the value of corporate brand resulting from a delay in response Downgrades of external assessment due to a lack of information disclosure Enhancement of information disclosure Deterioration of reputation as a result of continued transactions with business partners whose climate change measures are insufficient Strengthen support and engagement toward the decarbonization of investees/borrowers Consider the revision of the Investment and Loan Policy and the Sector Policy
Physical risk (Assumed to materialize most extensively in the 4°C scenario, etc.)	Acute risk	Risk of business discontinuation arising from damage to real estate held by the Group, such as sales branches Risk of increased cost due to disaster measures and recovery Increases in credit costs due to the worsening of financial performance and the impairment of collateral of investees/borrowers caused by natural disasters Will consider the methods of impact calculation and BCP responses Strengthen support and engagement toward the decarbonization of investees/borrowers Consider the revision of the Investment and Loan Policy and the Sector Policy
	Chronic risk	Changes in the value of securities held by the Group resulting from the worsening of the market or investment environment or credit downgrades of investees caused by climate-related disasters Increases in facility cost and energy cost to strengthen business continuity Will consider the impact of changes in the prices of securities held by the Group, among other things Actively introduce energy saving equipment and continue productivity improvement initiatives
	Efficiency of resources	Reduction of operating costs by improving operational efficiency such as paperless operations Achieving highly efficient use of energy by introducing energy saving facilities Efficient operation of facilities owned by the Group Actively introduce energy saving equipment and continue productivity improvement initiatives Making new branches Nearly ZEB (nearly zero-energy buildings) or ZEB (zero-energy buildings) ready Initiatives to improve the efficiency of vehicles for business use
Opportunities	Source of energy	Reduction of procurement cost by shifting sources of energy Use of EVs or HVs for vehicles for business use
	Products and services	Increases in financing and leasing opportunities as a result of rising needs for capital investment related to renewable energy and decarbonization Expansion of recognition and application of ESG-related lending plans, interest subsidy systems, and lease-related subsidies Increases in consulting opportunities related to decarbonization Expansion of ESG/SDGs consulting services Increases in consulting opportunities as a result of rising needs for shifting to paperless operations and improving operational efficiency Expansion of ICT/BPR consulting services Increases in consulting opportunities as a result of rising needs for formulating a business strategy toward business transformation Expansion of consulting services for business strategy formulation
	Market	Improvement of our corporate image through enhanced disclosure of climate-related information Enhancement of information disclosure
	Resilience	Increases in financing opportunities associated with infrastructure investment for disaster measures Expansion of recognition and application of ESG-related lending plans and interest subsidy systems Increases in consulting opportunities as a result of rising needs for BCP measures as part of disaster measures Expansion of consulting services for business strategy formulation

From among the identified climate change-related risks and opportunities, we plan to identify those with high priority as "key risks" as a result of materiality assessment.

Scenario analysis

Flow chart for calculating transition risk



Transition risks	<ul style="list-style-type: none"> We selected and analyzed the impact toward the shift to carbon-free society for the "Metals & Mining," "Food Products," and "Road & Rail + Air Freight & Logistics" sectors for the following reasons. [A] These sectors are presumably vulnerable to the impact of climate change. [B] These sectors have a significant impact on the financial condition of the Company given the high credit balance exposure to them. [C] The Company can contribute to awareness raising in the local community toward decarbonization through its consulting services given the large number of the Company's debtors in these sectors. We analyzed the top 10 debtors in terms of the amount of credit granted in each sector and found that our credit cost is expected to increase by approximately ¥2.9 billion by 2030.
Physical risks	<ul style="list-style-type: none"> We analyzed the impact of the worsening of business conditions and the impairment of collateral value of customers in the event of a large-scale flood that is expected to occur only once in 100 years in Ishikawa Prefecture caused by climate change in reference to the IPCC's 4°C and 2°C scenarios. We analyzed debtors to which business credit has been granted that have a store in Ishikawa Prefecture with a flood depth category of 0.5 m or more over the period through 2050 and found that our credit cost is expected to increase by approximately ¥2.5 billion at a maximum under the 4°C scenario and approximately ¥1.2 billion at a maximum under the 2°C scenario.
Carbon-related assets	<p>Carbon-related assets account for 27.0% of the total credit balance of the Company.</p> <p>* The percentage above is calculated from four non-financial groups (i) Energy, ii) Transportation, iii) Materials and Buildings, and iv) Agriculture, Food, and Forest Products) based on the Supplemental Guidance for Non-Financial Groups of the TCFD recommendations in 2021.</p>
Future direction of scenario analysis	<ul style="list-style-type: none"> The impact will be assessed based on the survey of more sectors and companies →The latest assessment is based only on 30 companies in three sectors (10 companies in each sector) The accuracy of the impact assessment of transition risk will be improved to evaluate the possibility of deterioration of financial conditions based on more parameters. →We plan to assess "opportunity" elements such as sales expansion of energy saving products, in addition to "risks," such as the introduction of carbon taxes and rising crude oil prices. We plan to develop a carbon-free consulting package to reduce the impact.

Initiatives through business activities

[Promoting customers' awareness of climate change through the understanding of business prospect]

The Company is working with our customers to raise the awareness about climate change responses, among other things, through the business prospect assessment (understanding of business prospect according to the Company's definition). We create business opportunities for consulting and advisory services by sharing climate change responses and other ESG issues with our customers, in addition to our obvious responses to their borrowing needs, such as lending and leasing toward decarbonization.

Schematic illustration of ESG/SDGs check items in understanding business prospect

Assessment at the major item level	Initiatives are disclosed	Initiatives have been started	No effort, not aware	Number of sub-items
E Environment	2	1	0	11
S Social and local contributions	2	1	0	5
S·G Human rights and labor issues	2	1	0	12
S·G Products and services, organizational structure	2	1	0	18

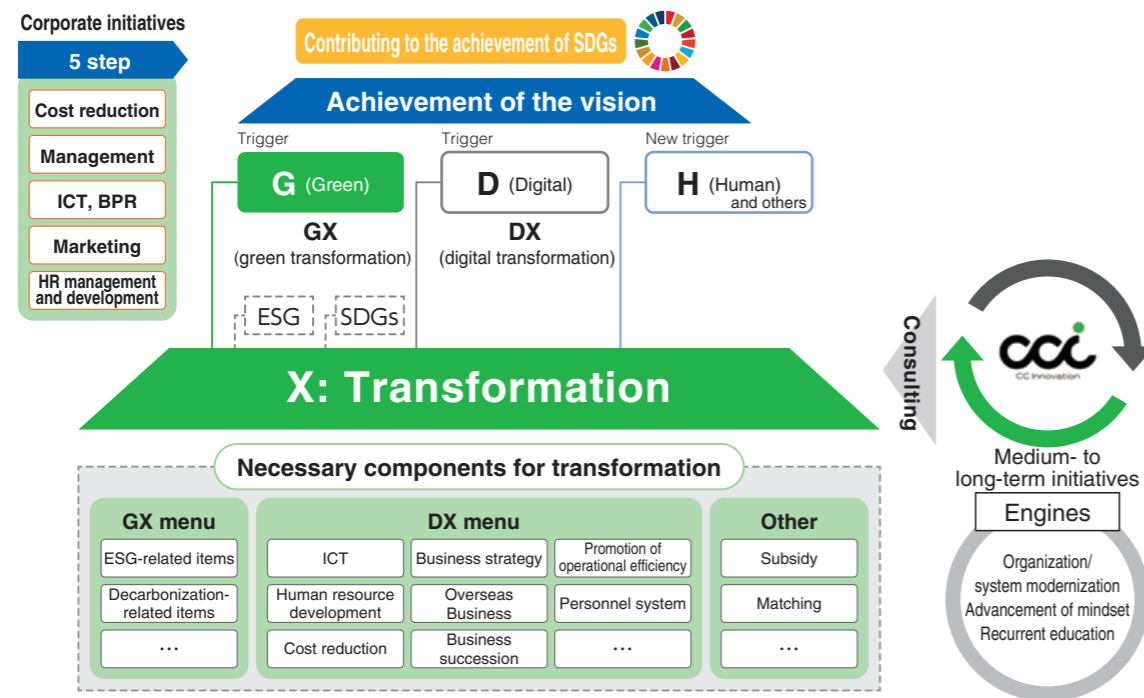


Among the relevant universe of 6,552 companies as of March 31, 2022, we were able to conduct a questionnaire survey on environmental items among the ESG/SDGs survey items for the understanding of business prospect with 1,120 companies (17.0%).

[Consulting & advisory]

- Consulting & advisory business, which is among our priority businesses, has developed a list of ESG/SDGs consulting services available to customers to support their practice of sustainable management.
- While it is obvious that responses to climate change are important and urgent issues to businesses, we understand that green transformation (GX), like DX, is a component that helps customers achieve their visions.
- The Company will continue to support transformation by sharing issues with customers through understanding of business prospect.

Hokkoku Financial Holdings' perspective on ESG/SDGs

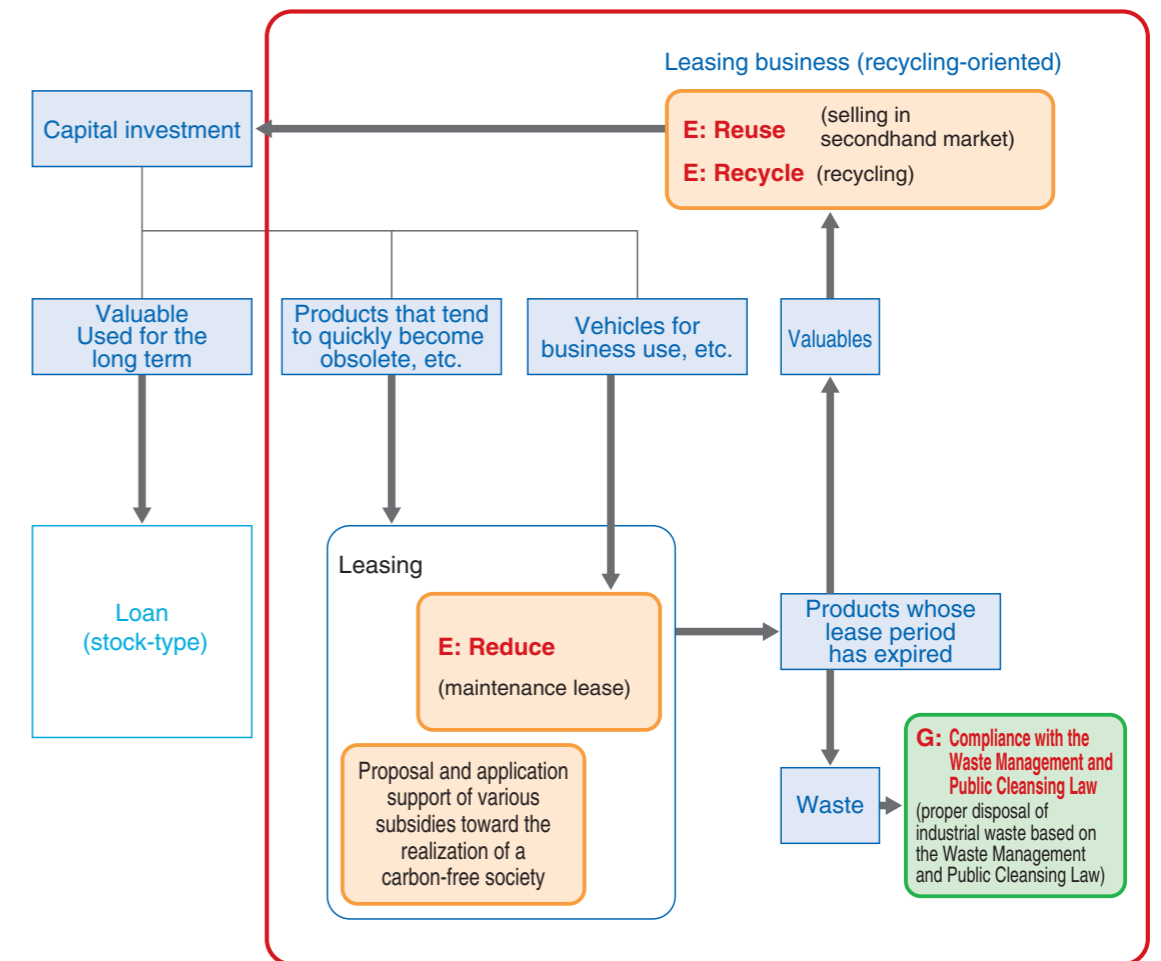


Hoist flags (G: Green, D: Digital, etc.) on "X: Transformation" as the foundation and contribute to the achievement of SDGs as a result of our efforts to realize our vision

[Leasing business]

- The Hokkoku Bank and Hokkoku General Leasing, which are our group companies, work together as one team to support capital investment and other needs of customers.
- We are working to realize a "recycling-oriented society toward the reduction of environmental impact" (3R (Reduce, Reuse, and Recycle) activities that start from "things") through the leasing business, one of priority businesses of the Company, as well as the loan business.

Schematic illustration of 3R (Reduce, Reuse, and Recycle) activities through the leasing business



Track record of support to various subsidized projects (major subsidies and tax reduction programs)

• Applications for major subsidies * Actual results for the last three years (as of March 31, 2022) (Number of projects)

Competent agency / Responsible organization	Project name	Actual projects
Organization of Support for Sustainable Finance	Low-carbon facility leasing credit insurance	96
Ministry of the Environment	ESG lease promotion project toward the creation of a carbon-free society	8
Ministry of Land, Infrastructure, Transport and Tourism	Subsidy for the cost of comprehensive measures to improve automotive environment	1
Ministry of the Environment	Subsidy for the cost of projects to reduce CO ₂ emissions	31
Sustainable open Innovation Initiative	Subsidy for the cost of projects to promote and support advanced energy saving investments (*1)	4
Total		140

(*1) A subsidy newly established in FY2021

• Applications for main tax reduction programs for capital investment * Actual results for the last three years (as of March 31, 2022)

Responsible organization	Tax reduction program name	Actual projects
Local governments (local taxes)	Special measures for fixed asset taxes related to a plan for the introduction of state-of-the-art facilities, etc.	63

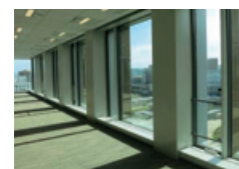
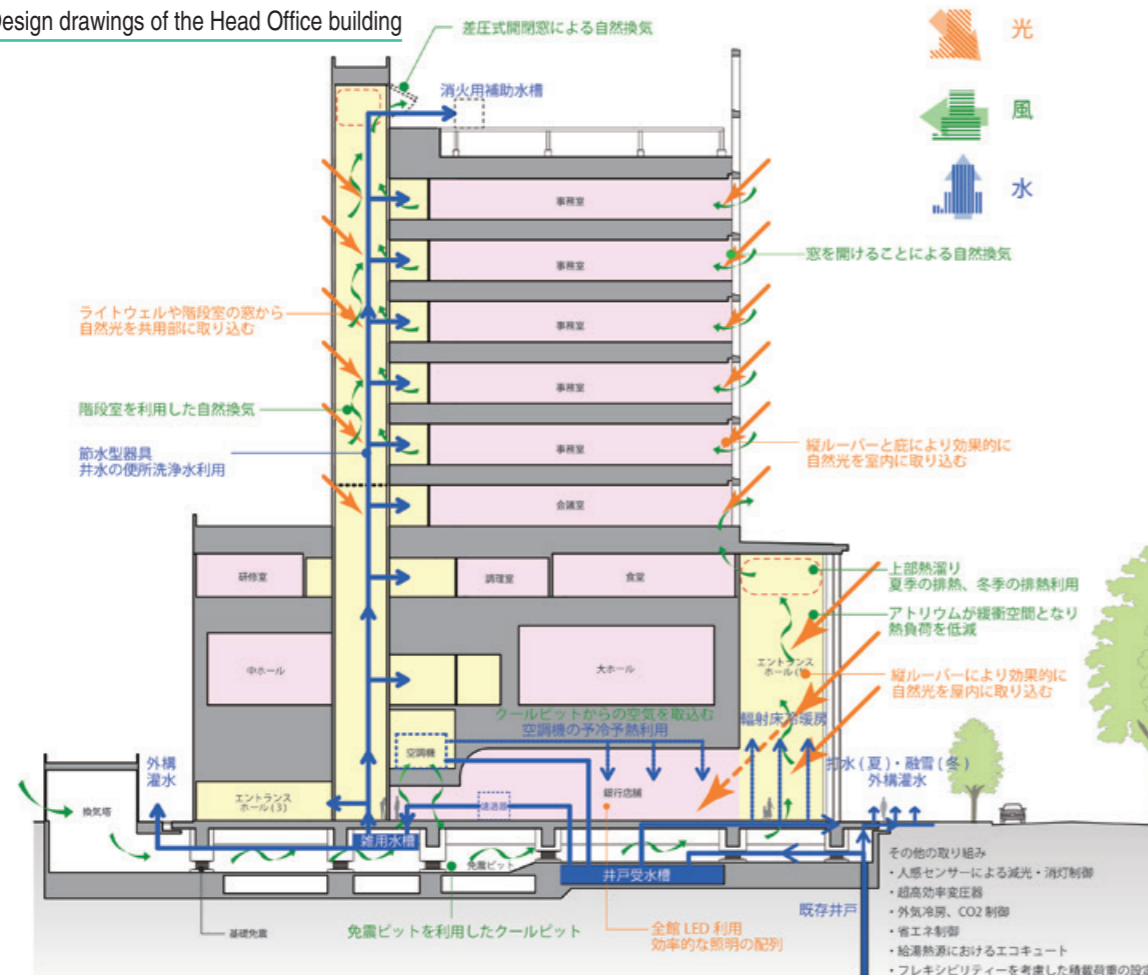
Initiatives through corporate activities

Environment-friendly Head Office building

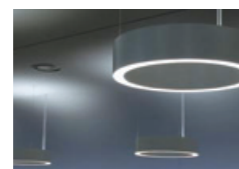
We relocated our Head Office in November 2014. This sustainable building is equipped with seismic isolation of the building foundation, a radiation cooling/heating system using existing well water, daylighting from lightwell, natural ventilation through open windows, solar shading using lattice windows and other functions, and boasts the heightened total environmental performance while giving consideration to reduction of the facility load based on the spatial characteristics. With the commitment to local production and consumption, the building also uses Japanese cedar produced in Ishikawa Prefecture in the vertical lattice and rib panels in the entrance hall as well as benches placed on lower floors, Futamata washi (Japanese traditional paper) for the signage and camphor tree as the symbolic tree, etc. As such, one can feel like surrounded by environmental technology drawing on the environment of the premise, and by local materials. Over the seven years since the completion of the Head Office building, the building has created a venue for people to meet with each other, build relationships of trust and walk together with the local community.



Design drawings of the Head Office building



A bright working space that takes natural light in



Arrangement of space using LED lighting



Facade design of utilizing a terra-cotta louver system

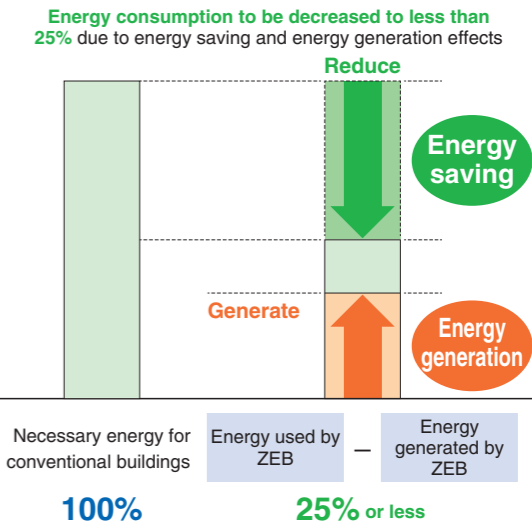
Environment-friendly new branch (Komatsu Branch) (scheduled to open in August 2022)

We plan to construct the new branch as Nearly ZEB by introducing solar power generation panels, which are based on power generation technology, in addition to reducing energy consumption.

Construction plan

- Use of high-performance insulation materials
- Adoption of heat insulating glass in building openings to shield summer heat and prevent internal heat from dissipating
- Reduction of energy consumption by fully shifting to LED lighting and introducing daylight sensors and motion sensors
- Adoption of a slit system for ventilation to take in outside air
- Introduction of a system to visualize energy, such as power consumption and power output

Nearly ZEB



Other initiatives

Introduction of BYOD (Bring Your Own Device)

We have introduced BYOD in February 2022 as an initiative to increase productivity and to become environment-friendly. Under this initiative, we have discontinued the distribution of smartphones for business use to all employees and allowed employees instead to use their own smartphones for business purposes. As employees can use their own familiar devices for business purpose, we can expect operational efficiency to improve. In addition, this initiative is environment-friendly as battery charge is necessary for only one device per person.

Cloud-first strategy

The idea of cloud-first is widely accepted in the Company as exemplified by the introduction of cloud services for bank settlement systems in May 2021. The advantages of the introduction of cloud services generally include (i) quick and easy system development and expansion, (ii) reduction of initial cost as well as operating cost, (iii) increased availability, and (iv) increased convenience. These initiatives are considered to be environment-friendly because they indirectly lead to the reduction of power consumption through the improvement of operational efficiency.

3 | Risk management

The Company recognizes climate change risk as top risks and includes “response to climate change and environmental conservation” in its materiality.

We plan to strengthen risk management including the establishment of a management system as part of our comprehensive risk management framework.

Investment and Loan Policy and Sector Policy

Hokkoku Financial Holdings considers that business prospect assessment (understanding of business prospect according to the Company's definition) is the starting point for all transactions and sales activities. Improving the level of our relationships with customers and connecting this to sharing and solution of issues will lead to the development of local communities. In addition, we believe that it is our mission to spread ESG/SDGs initiatives to local customers.

Based on our Sustainability Policies and materiality, we have also established an Investment and Loan Policy and Sector Policy.

Investment and Loan Policy

Businesses to Support Actively

- Environmental, social and governance initiatives and businesses of customers

Businesses in/for Which Investments and Loans Are Prohibited

- Anti-social forces and their business
- Businesses engaging in child labor or forced labor
- Businesses which develop and manufacture weapons of mass destruction such as nuclear weapons and chemical weapons, or inhumane weapons such as cluster munitions

Specified Sectors

- Coal-fired power generation sector, cluster munitions manufacturing sector, forestry sector and palm oil plantation development sector

Sector Policy

Covered sector	Description
Coal-fired power generation business	We consider investment in or provision of loans for coal-fired power generation businesses carefully on a case-by-case basis based on their response to climate change risk and initiatives toward environment protection and sustainable energy.
Cluster munitions manufacture-related business	In light of the inhumanity of cluster munitions, we prohibit investment and loans to companies that manufacture cluster munitions.
Deforestation business	We consider investment in or provision of loans for large-sized deforestation business customers based on their status of consideration to the environment and society and an impact on the local environment and community.
Palm oil plantation development business	We prohibit investment in or provision of loans for palm oil plantation development businesses from the perspective of preservation of forest resources and biodiversity as well as protection of human rights.

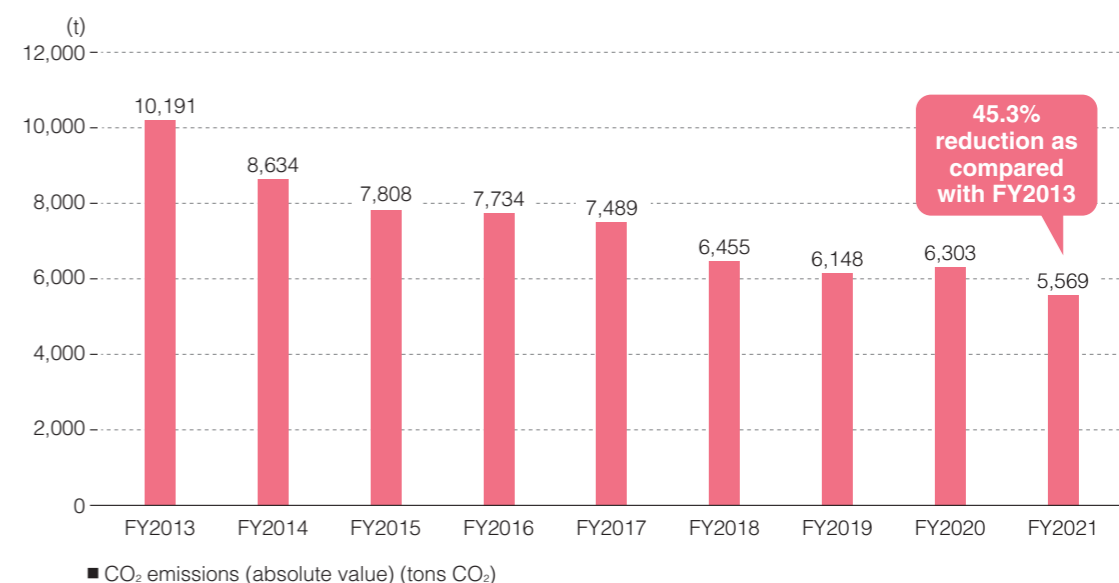
4 | Indices and targets

[CO₂ emissions reduction targets]

CO₂ emissions in FY2021 were 5,569 t-CO₂, a reduction of 45.3% as compared with FY2013.

This is due to an effect of reduced electricity consumption thanks mainly to the construction of and relocation to the new Head Office building in 2014 and the reconstruction of the server room in the Office Center in 2018. We aim to achieve the **60%** CO₂ emissions reduction target in FY2030 as compared with FY2013 through initiatives such as branch consolidation and reconstruction of branches with buildings as Nearly ZEB or ZEB ready.

After considering specific methods, schedule, disclosure methods, etc. aimed at further reduction, we will also consider revising targets in the future.



* CO₂ emissions (absolute value) are stated by adding the emissions from the use of vehicles for business use to CO₂ emissions of The Hokkoku Bank's periodical reports under the Act on the Rational Use of Energy. (Actual results are disclosed for Scope 1 and 2 emissions.)
 * Scope 3 emissions have not been calculated. We will calculate and consider disclosure of such information in the future.

Support for international initiatives



Strategy Toward Creation of a Cashless and Digital Society

Contribution to regional economic revitalization



The Hokkoku Bank, Ltd.
Executive Officer,
General Manager of
Digital Department

Naotaka Terai

Creating fulfilling life by combining internet and real services

For Hokkoku Financial Holdings, “cashless and digital” is not merely a part of its business model, but is playing a central role in regional revitalization. As a result of the drastic advancement in the ICT environment during the last ten years, various things have been made possible via smartphones and the internet. While utilizing technology as much as possible to improve productivity within and outside the Company and respond to declines in working-age population that we will face in the future, we will focus all our efforts on creative initiatives that only human beings can undertake as well as on consultation and consulting services.

We renewed Hokkoku Cloud Banking, our internet banking service for individual customers, in September 2019. As a result, the number of customers who have entered into a contract, which initially was 100,000, exceeded 200,000 as of January 31, 2022 and is still increasing. For business customers, we made Hokkoku Web Access, our internet banking service for corporate customers, we aim to expand its use by eliminating base handling fees and reducing remittance fees in October 2021. We also plan to start Hokkoku Digital Banking, which is our new internet banking service for corporate customers, during FY2022 in order to enable customers to use our services more safely and securely than before.

We ensure robust security for these internet banking services for individual and corporate customers by using Microsoft Azure, the public cloud platform of Microsoft Japan, as their infrastructure. In conjunction with such improvement of our cashless and digital payment infrastructure, we continue to help utilization of ICT through Hokkoku Cloud Banking classes for individual customers and consulting services for corporate customers. We will make an effort to create fulfilling lives for people as they use our fully internet-based services that can be used at a reasonable price by local residents safely and securely without being constrained by time and place and are easy for anyone to use.

In order to maintain a prosperous local community, we will collaborate with local residents by utilizing wisdom and funds. By significantly improving the productivity of both our customers and the Company, we will build a foundation for this region to develop and grow sustainably five and even ten years later.

Contribution to regional economic revitalization

Super Cashless Region

– An ideal local community envisioned by The Hokkoku Bank –

* Super Cashless Region is a collaborative project with Visa Worldwide.

- We will lead the Hokuriku region to become an advanced region for cashless and digital transactions in Japan, aiming to realize regional revitalization through productivity improvement and the circulation of funds.
- We will create a cashless and digital local community in which all scenes for living activities are interconnected smoothly without a hitch as people do not need to be conscious of payments in their daily lives, and anybody can use safe and secure cashless payment anytime and anywhere.

A local community in which all scenes for living activities are seamlessly interconnected



What The Hokkoku Bank can do

Help DX in local communities by utilizing paperless and cashless solutions

Accelerate digitalization by making use of the Hokkoku DX Cashless Fund*

- * Examples of utilization of Hokkoku DX Cashless Fund
 - Introduction of ticket machines (with cashless payment functions) at restaurants
 - Introduction of automatic payment machines (with cashless payment functions) at hospitals
 - Introduction of various cloud services

Major initiatives

Provision of terminals for credit card merchants free of charge Since 2016

<For individual customers>
Start of HOKKOKU LIFE+ Since 2021

Elimination of handling fees for internet banking for corporate customers October 2021

Create new valuable services by utilizing extra time generated by efficiency improvement

[Initiatives to popularize the convenience of cashless transactions]

Advantages of cashless transactions

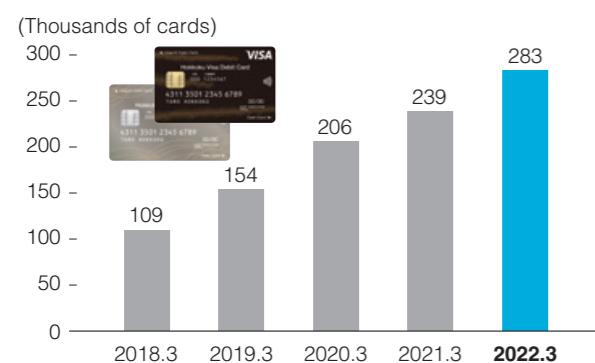
- Productivity improvement (efficiency improvement) in businesses
- Improvement of customer convenience
- Regional revitalization through the circulation of funds
- Responses to foreign tourists

Status of card business (status of the issuance of Visa Debit Cards, etc.): Provision of card terminals free of charge since 2016

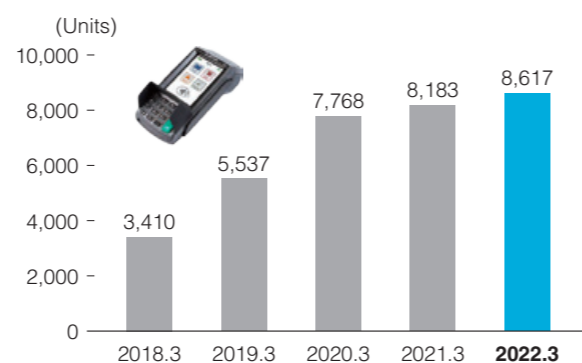
Status of card business

As a result of the rising awareness of cashless transactions, both the number of cards issued and the number of affiliate contracts have been strong. The penetration increased further as a result of the cashless and consumer return business undertaken during the period from October 2019 to June 2020, and one in eleven people in the three Hokuriku prefectures currently has a Hokkoku Visa Debit Card. In particular, one in five people in Ishikawa Prefecture has a Hokkoku Visa Debit Card.

Number of Visa debit cards issued (cumulative change)



Number of affiliate store terminals provided (cumulative change)



While we can expect the payment market to grow further driven mainly by cashless payment, the competitive environment is expected to be increasingly intense.

We have created an environment in which users can use payment methods by increasing the number of persons in charge of handling unauthorized use and strengthening monitoring, particularly in response to the fact that unauthorized use is increasing globally in parallel with the market expansion.

In addition, we analyze payment data and continue to make proposals that are aligned with the positions of card users and affiliate stores by responding flexibly and quickly to diversifying styles of consumption.

Hokkoku DX Cashless Fund since 2020

In order to support the resolution of issues, DX (digital transformation) projects to improve productivity, and initiatives to implement cashless solutions by businesses and local governments, etc., we created a fund of ¥1.0 billion in total in November 2020.

Examples of actual cases

Introduction of automatic payment machines at hospitals to improve user convenience



Introduction of semi-self-checkout machines at supermarkets (Implemented as a pilot project for productivity improvement by local supermarkets)



Introduction of ticket machines with cashless payment functions at pools and hot bath facilities to improve user convenience



[Cashless solutions to enrich customers' lives]

EC mall COREZO

What is COREZO???



See here for the details of COREZO.



An EC site to support goods and experiences in Hokuriku. It aims to encourage people all over Japan to like Hokuriku by discovering, nurturing, and publicizing goods and experiences in Hokuriku hometowns in collaboration with people in local communities.

COREZO FAMILY FUNDING

We started crowd funding in January 2022. We support people and companies working hard to develop new services and products!

See here for the details of COREZO FAMILY FUNDING.



COREZO TRAVEL

We opened a travel and lodging reservation website COREZO TRAVEL in July 2022.

It will offer information about unique attractiveness of Hokuriku through travel in combination with various experiences and services.

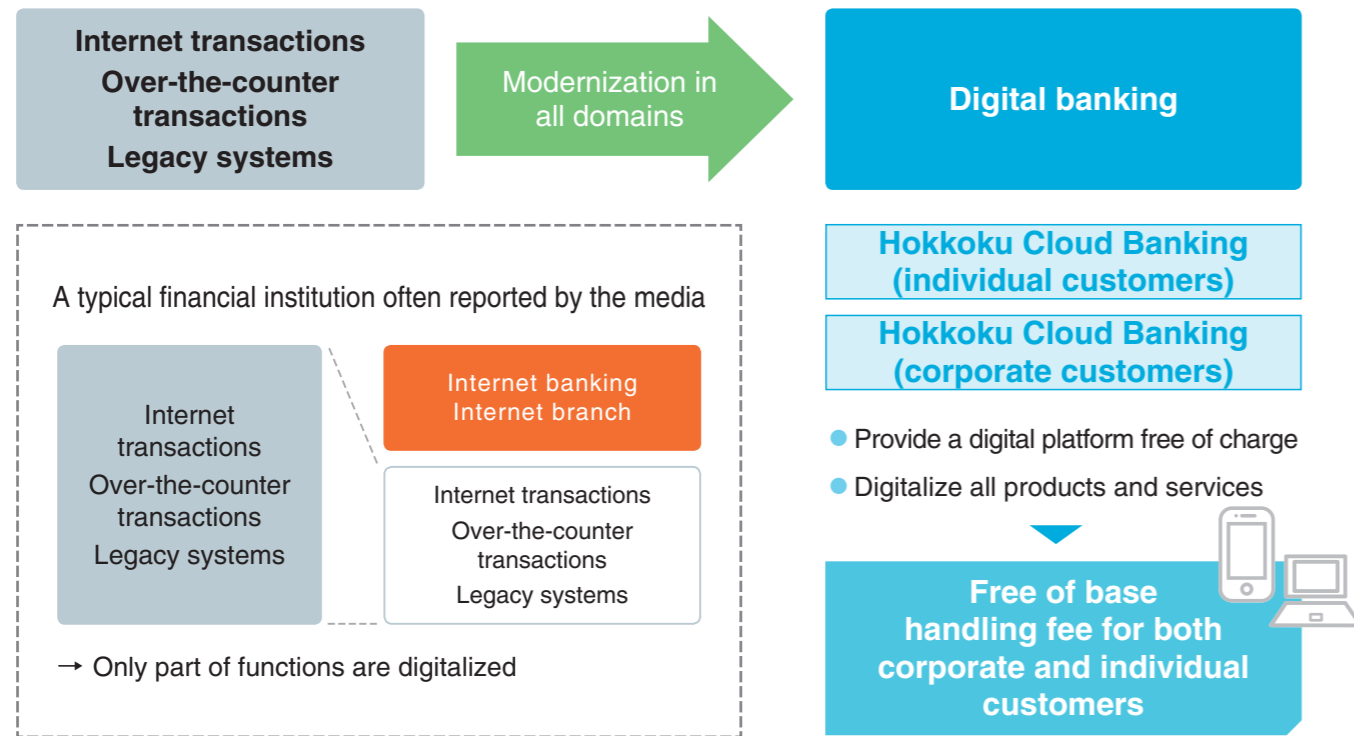
See here for the details of COREZO TRAVEL.



[Digital banking strategy]

Hokkoku FHD's vision of digital banking

By digitalizing all bank transactions, we provide a platform for bank transactions free of base handling fee.



Contribution to regional economic revitalization

Roles of branches

Following the transformation of the Bank's business model itself by digital banking, the roles of branches will mainly focus on supporting the digitalization of our customers and providing consulting and advisory services to them.



Investment in local digitalization

In order to publicize the convenience of digital banking and cashless transactions among customers, the effect of cost reduction through the reduction of ATMs outside the branch and branch consolidation is reflected in our local digitalization efforts, including elimination of handling fees for digital banking services.

Reduction of ATMs outside the branch | Branch consolidation | Reduction of money collection / Promotion of operational efficiency

Cost reduction effect is invested in local digitalization

Investment related to internet banking services for corporate customers: ¥1.0 billion/year

Reduce customers' burden by eliminating basic handling fees
Approximately **¥0.5 billion/year**

¥3,000	None
Typical fee charged by a regional bank	
Hokkoku	

Reduce customers' burden by reduction in remittance fees
Approximately **¥0.5 billion/year**

¥330	None
(To own head office/branches)	
¥550	¥330
(To other banks)	
Hokkoku	

Investment related to cashless payment: ¥0.55 billion (cumulative)

Free distribution of 10,400 card affiliate terminals on a cumulative basis
Approximately **¥0.5 billion (cumulative)**

Financial support to the purchase of payment machines at hospitals and ticket machines
Approximately **¥0.05 billion (cumulative)**

Contribution to regional economic revitalization

HOKKOKU LIFE+ since February 2021

A service to promote cashless payment and the digitalization of bank accounts of customers to enrich their lives. This service comes with certain benefits, such as no remittance fee.

HOKKOKU LIFE+
北国ライフプラス

Number of members: 53,158
As of March 31, 2022

Visa Debit Card | Cloud banking | Passbook-less | Sealless

are combined to let you start a new lifestyle.

あなたの LIFE+
くらし

See here for the details of HOKKOKU LIFE+.

New internet banking service for corporate customers since spring 2023

In spring 2023, we will renew our internet banking service for corporate customers by redesigning it and improving its operability. Following the start of its operation, we will expand its functions in steps to realize the same coverage of transactions as through a branch. We also plan to make banking functions available to local businesses (BaaS) in the future.

- Renewal of design and operability (shifting to cloud)
- Digitalization of all over-the-counter transactions
- Make banking functions available to local businesses

Strategy for corporate clients

Hokkoku Financial Holdings provides various services that satisfy the unique needs of each corporate customer to help customers resolve their issues. In this section, we introduce the activities of three group companies that play a central role in our efforts to help customers resolve their issues.

The Hokkoku Bank, Ltd.

The corporate sales activities of the Group begin with the deep understanding of the business of each customer (understanding of business prospect according to the Company's definition). At the same time, the basic principle of these activities is to work to improve the relationship with the customer.

As the business environment surrounding our customers continues to change on a daily basis, their concerns are also changing and become more diverse. Under such a situation, we believe that true sales activities consist of properly understanding the management issues of customers, working with customers to develop solutions together, and taking actions together.

In these activities, the person in charge from The Hokkoku Bank (account manager) plays an important role as a customer contact for the entire Hokkoku Financial Holdings. We focus on the sales of comprehensive group-wide transactions to utilize the functions of each group company, including corporate consulting, leasing, card, fund (equity investment), and investment advisory, to a maximum extent, as well as banking services (deposit, credit, and settlement).

In addition to the understanding of business model characteristics and business strategy of customers and the sharing of financial conditions with them, we strive to improve the quality and quantity of communication with customers based on our 5-step framework consisting of cost strategy, organizational management, IT strategy, marketing strategy, and HR strategy. By building a relationship with a customer, we can provide high quality services, aiming to help the customer achieve growth and improve its business value.

From the current fiscal year onwards, the Corporate Banking Department is headed by three general managers.

We also work to provide management improvement and other support services to customers who have been affected by COVID-19 or other difficulties in coordination with each group company, while also promoting regional revitalization.

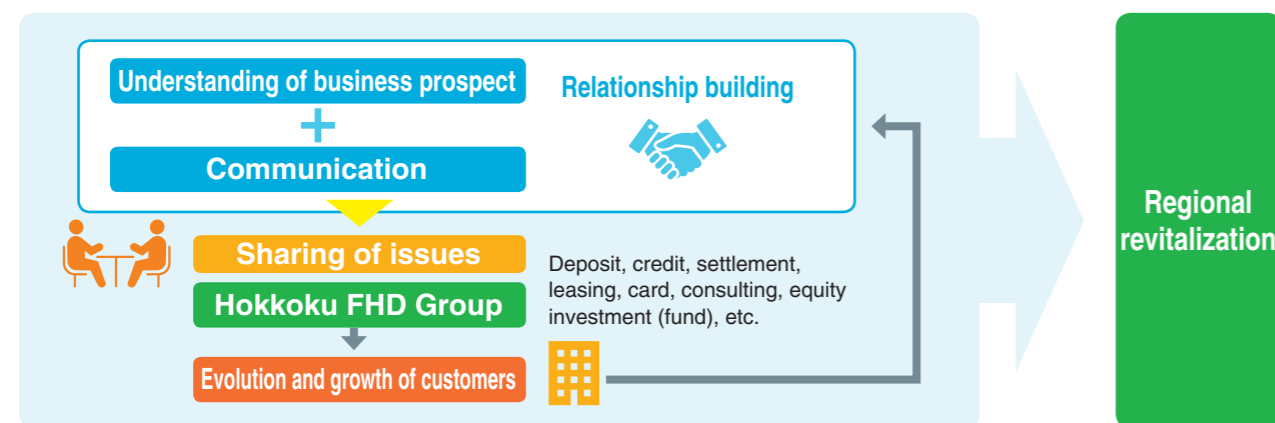


The Hokkoku Bank, Ltd.
Managing Executive Officer,
General Manager of
Corporate Banking
Department
Akira Nishita

HOKKOKU BANK

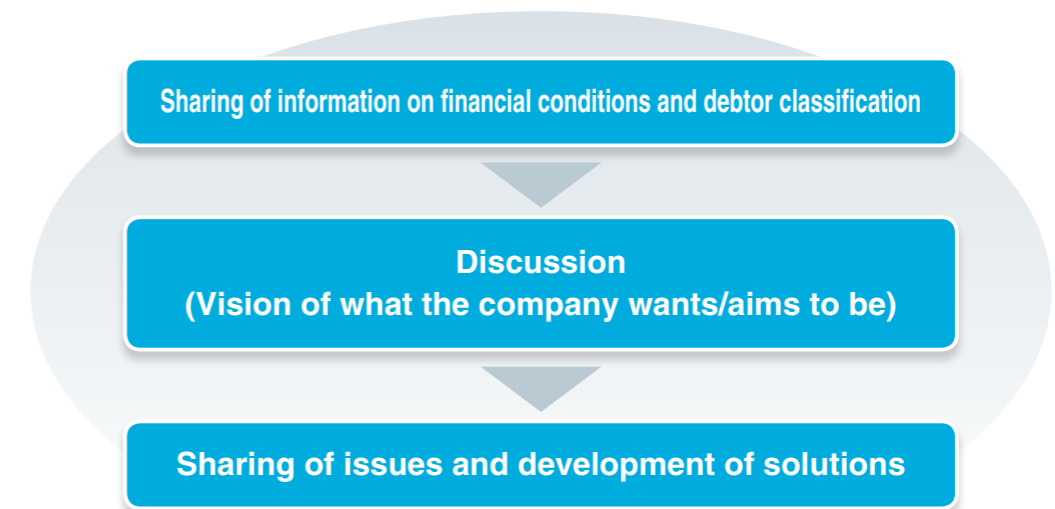
[All activities to start with the understanding of business prospect]

As "a customer contact for Hokkoku Financial Holdings," the account manager of the Company works on understanding the business prospect and building a relationship, shares issues with the customer, and helps the customer resolve the issues through various solutions provided by each group company of Hokkoku FHD. We believe that by continuing this effort will lead to sustainable growth of the customer and the region.



[Initiatives to share issues more with customers]

For the purpose of further deepening our solution sales activities in view of the relationship with the customer and based on the understanding of its business as a whole and lining them to the improvement of the customer's business value, we face the issues of the customer and share information on its financial conditions (balance sheet, statement of income, etc.) with the customer as we work together to resolve its issues. We also share credit rating (debtor classification) information with customers who desire to do so and provide them with support services to help them achieve the vision of what they want/aim to be in the future.

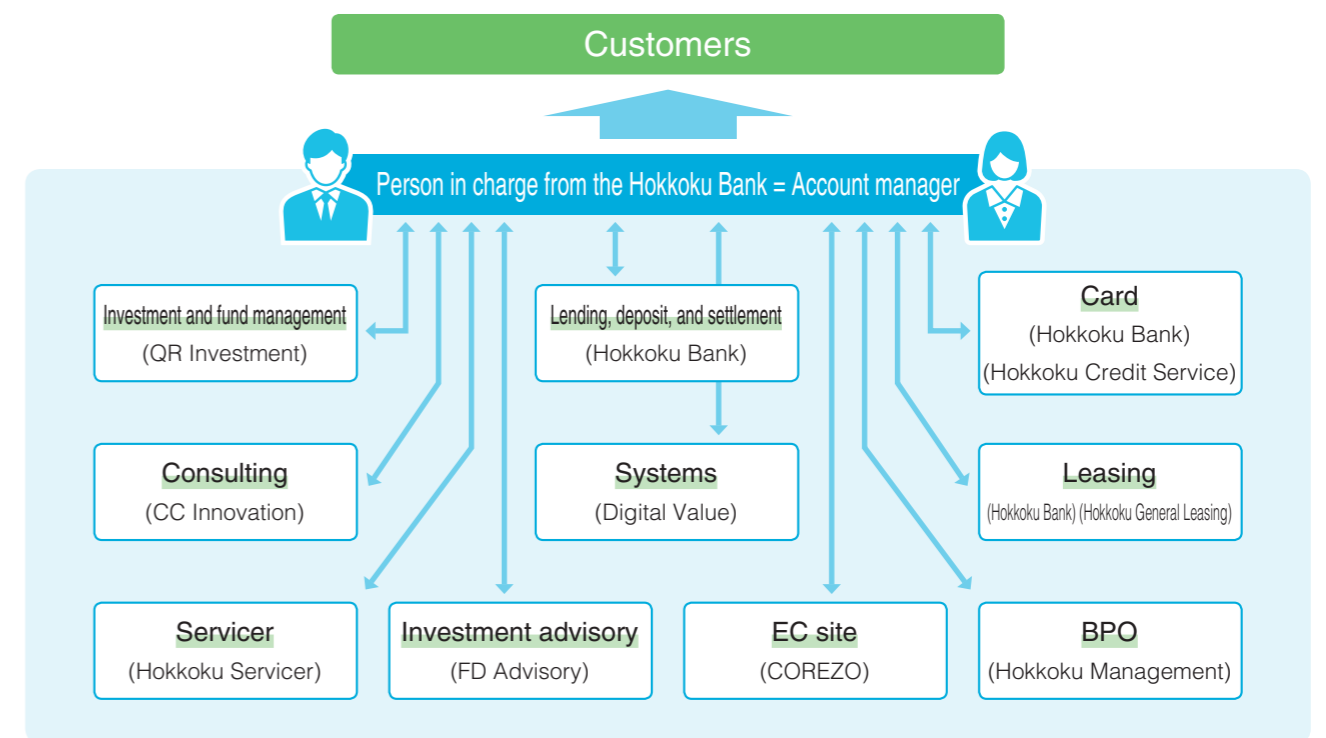


[What is debtor classification?]

- Classification of customers into the categories of "normal," "need caution," "potentially bankrupt," etc., in accordance with their situation by evaluating their debt service capacity based on their financial condition, cash flows, profitability, etc.

[Account manager ensures the maximum utilization of the functions of group companies]

Account managers, who are The Hokkoku Bank employees, act as a contact point to Hokkoku Financial Holdings and utilize any necessary functions of our group companies in order to meet the diverse needs of customers and local communities.





The CC Innovation, Ltd.

CC Innovation is a spin-off company from the corporate consulting business of The Hokkoku Bank and was established in July 2021 as a consulting subsidiary of Hokkoku Financial Holdings. Our objective is to support the growth of all customers regardless of their size or operating areas. Accordingly, we have aimed to expand the scope of its consulting services by continuing to incorporate the latest knowledge since the commencement of its business operations. We have currently organized teams specialized in ICT, personnel affairs, business succession and M&A, overseas businesses, etc. by industry, and about 100 consultants are working on the resolution of customers' issues in a manner to accompany each customer as it proceeds toward the resolution, while focusing on the importance of dialogue with customers. In an environment in which the Japanese economy as a whole remains at low growth levels and unpredictable, it is hard and difficult for any company to maintain its past business model. On the other hand, we can also say that a company cannot achieve sustainable growth merely by maintaining the status quo, and transformation is required instead. For this reason, we emphasize most strongly the sharing with a customer of what it should become in five, ten, and 20 years from now from the medium- to long-term perspective rather than only from the single-year, short-term perspective by deepening dialogue with the customer. We believe that this will be the source of mindset and innovation that enable companies to respond to changes in their business environment and revenue structure. CC Innovation will continue to help these customers implement company-wide reform toward the resolution of their issues through communication and collaboration with them.



The CC Innovation, Ltd.
President & Chief Executive Officer
Representative Director
Takayasu Tada

CC INNOVATION

Vision of CC Innovation

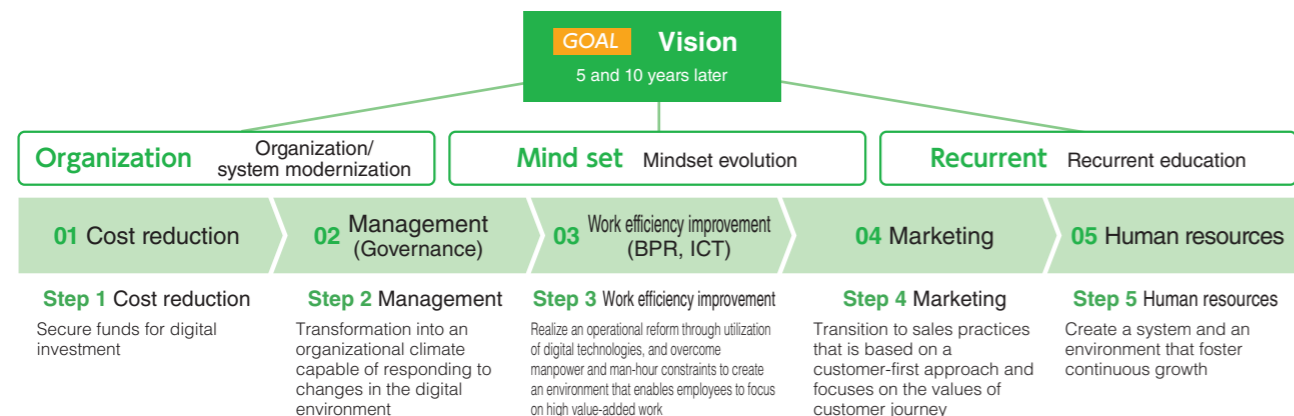
- Support the resolution of customer's issues by continuing to incorporate the latest knowledge.
- Support the growth of all customers from small businesses to large corporations.
- Support the realization of customers' visions by accompanying customers as they proceed toward their goal.

[Characteristics of CC Innovation]

POINT 1	POINT 2	POINT 3
Support the growth of all customers from companies in their foundation period to large corporations 100 consultants work to provide consulting services that are optimal for each customer.	Support the resolution of all kinds of customer's issues Provide total solutions to multiple issues to help companies achieve growth	Support the realization of customers' visions by accompanying customers as they proceed toward their goal Maintain a long-term relationship until the customer can clearly realize that it is growing.

[Consulting service lines]

In providing consulting services to customers, we share a vision with them and apply our proprietary "5-step" framework for reform and organizational capability improvement and provide various consulting service options at each step.



Management strategy -Formulation of management philosophy -Formulation of business plans -Execution support	Improvement of operating efficiency -Optimization of business processes -Standardization of various work processes -Utilization of cloud accounting software	ICT -Introduction of an efficient groupware -Support for adoption of a paperless practice -Introduction of various systems	Overseas business -Development of an overseas sales network -Support for establishment of overseas bases -Provision of advice on trade procedure
Business foundation -Formulation of business foundation plan -Various post-foundation support	Business succession / Capital strategy -Formulation of a business succession plan to successors -Design of transition to a holding company structure and spin-off transactions -Establishment of internal systems in preparation for management succession	M&A -Coordination of corporate divestiture and acquisition projects -Provision of advice on corporate value calculation -Support for negotiation and contract documentation	Business matching -Introduction of new suppliers and customers -Provision of information on real estate transactions (sale and purchase, leasing) -Introduction of subcontractors
Human resource development -Provision of various training programs -Development of candidates for senior executives -Improvement of organizational strength	Personnel system -Analysis of the current human resources and identification of how employees should be -Formulation of personnel evaluation systems -Design of wage systems	Staffing agencies -Optimal human resources matching -Proprietary network -Human resources retention support	Medical and nursing businesses -Transition to a medical corporation structure, succession of medical practice -Formulation of revenue improvement plans for medical and nursing businesses

[Overseas business support system]

We are working to revitalize local economy by supporting overseas operations of local corporations from multiple perspectives.

Establishment of local subsidiaries of CC Innovation in Singapore, Thailand, and Vietnam

Since the opening of the Singapore Branch in March 2016, we have supported overseas businesses of our customers through financial services. We are recently expected to be involved in the resolution of diverse issues as customer needs are increasingly diversified. In order to add consulting functions, the Singapore Branch will be reborn as a local subsidiary during FY2022. The new local subsidiary, in coordination with other local subsidiaries established in Thailand and Vietnam last year, will realize the advancement of our services to strengthen our support system to assist the business expansion of our customers in Southeast Asia.

Overseas Network of Hokkoku Financial Holdings



POINT 1 Branch structure in Southeast Asia

The Singapore Branch, which will be transformed into a local subsidiary, will cooperate with other local subsidiaries in Thailand and Vietnam to further strengthen our support system to assist the overseas business of our customers.

POINT 2 Abundant overseas human resources

More than 20 representatives and local staff members stationed overseas and a multitude of employees with overseas assignment experience in Japan are supporting customers' overseas operations through a domestically and internationally unified structure.

Customer feedback

<Thailand subsidiary management improvement project>

CC Innovation in Japan and its subsidiary in Thailand helped us with the same stance and the same amount of devotion. In the past, we felt that it was difficult to hear the opinions of local staff as our communication with them was through a translator. Now, we feel that we were able to hear their frank opinions through interviews conducted by CC Innovation from the perspective of a third party. The frank opinions of the local staff that we have collected are great inputs for us to think about how we can improve our organization going forward.

Uogishi Seiki Interactive Corporation
Mr. Shigemitsu Uogishi, Representative and President





The QR Investment, Ltd.

In recent years, the social and economic environment both in Japan and overseas continues to change significantly, and businesses are facing increasingly diverse challenges. In such a situation, in order for a company to achieve sustainable growth, it needs to undertake medium- to long-term initiatives, such as business model transformation, enterprise-wide organizational reform, business restructuring, and reinforcement of financial foundation. Hokkoku Financial Holdings established The QR Investment, Ltd., a specialized investment company, in June 2021 for the purpose of meeting the increasingly diverse fund raising needs of customers, covering the entire life stages of businesses. As of May 2022, QR Investment has organized and operates the following funds: Hokuriku Region Venture Fund, Noto SDGs Fund, QRI Growth Support Fund, Ishikawa SME Revitalization Fund, and QR Fund. We will endeavor to contribute to the growth and value enhancement of the entire region through these funds to realize "Trust – a bridge to a fruitful regional future," the management philosophy of Hokkoku Financial Holdings. 1. Through the coordination between capital support by way of equity investments and the group functions of Hokkoku Financial Holdings (loan and consulting), we provide our customers with better supply of funds and deep hands-on support as a shareholder in a single package and work with customers with a view to realizing the enhancement of their corporate value. 2. We set a balanced investment policy designed to support the investee's growth and contribution to the local community, rather than predetermining targeted return on investment levels. 3. We support the development of management-level human resources, aiming to support the circulation of human resources among the companies in the region.



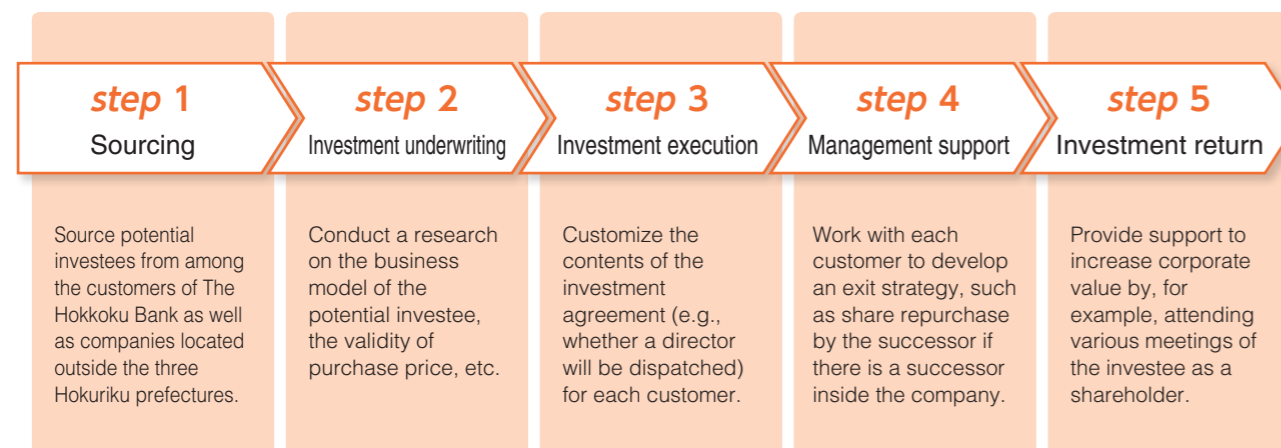
The QR Investment, Ltd.
President & Chief Executive
Officer Representative
Director
Yuji Kakuchi

QR INVESTMENT

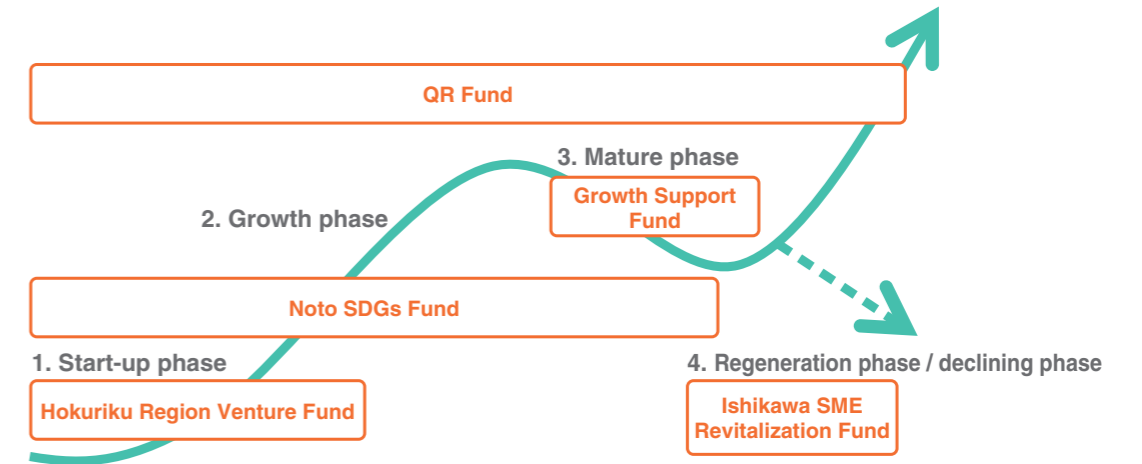
Vision of QR Investment

- (1) Boost the growth of the entire region by enhancing the supply of funds to our customers and the corporate value of them through the coordination between capital support by way of equity investments and FHD functions.
- (2) Set a balanced investment policy designed to support the investee's growth and contribution to the local community, rather than predetermining targeted return on investment levels.
- (3) Support the development of management-level human resources, aiming to support the circulation of human resources among the companies in the region.

Business description



Support system by corporate stage



List of our funds

Hokuriku Region Venture Fund

The Fund invests in venture companies in the Hokuriku region as well as venture companies that are expected to contribute to the revitalization of the Hokuriku region.

Noto SDGs Fund

The Fund invests in companies in the Noto region as well as companies that are expected to contribute to the revitalization of the Noto region.

Growth Support Fund

The Fund invests in companies that are expected to contribute to the development of the regional economy and society in support of the sustainable growth of companies in the region.

Ishikawa SME Revitalization Fund

The Fund invests in small and medium-sized enterprises that are in poor management conditions, but can be revitalized.

QR Fund

The Fund invests in companies in the Hokuriku region operating in the fields that are outside the coverage of other existing funds as well as companies operating in such fields that are expected to contribute to the revitalization of the Hokuriku region.

Through various funds, we help customers in the Hokuriku region resolve their issues.

Customer feedback

FUKUBEKAI was founded in 1908, and its founding family has engaged in the manufacture, sales, and repair of forged cutlery for customers in the agriculture, fishery and forestry industries as well as general households in Noto over four generations. In recent years, we have developed the Pochisupa service to enable customers to request knife sharpening conveniently via the internet and are accepting orders from all over Japan for both toB and toC transactions.

However, we did not have a supply system to meet the large volume orders for cutlery that we were receiving. In addition, we had a chronic manpower shortage as order receiving and manufacturing were managed in an analogue fashion. Moreover, the President was also performing public relations, sales, and internal management functions. In short, we were at a dead-end.

An equity contribution from the Noto SDGs Fund provided us with an opportunity to formulate a business plan and push forward with business efficiency improvement, such as the introduction of cloud in our back office processes like accounting management. In addition, we also received financial support to enable us to enhance the capability to handle orders received, such as the utilization of people who want to work for us as their second job and the expansion of our processing plant. I expect that by working with QR Investment as our business partner to address our management issues, we can achieve further business growth going forward.



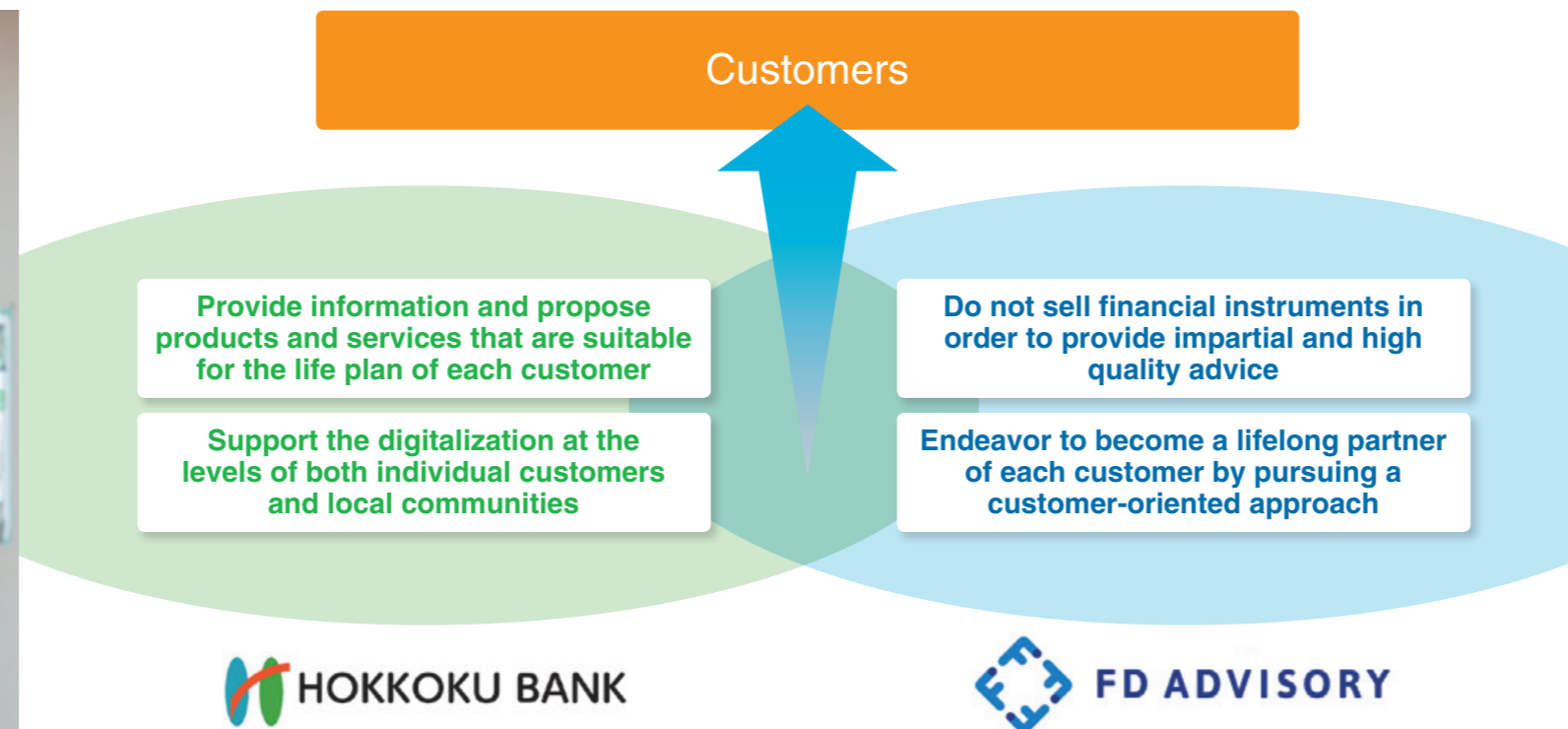
FUKUBEKAI
Mr. Kentaro Hoshiba,
Representative Director
and President

Strategy for individuals

Life events, needs, and worries vary with each customer. The Hokkoku Bank and FD Advisory provide customers with advice and services that are optimal in view of their lifestyles and asset status to help them realize a fulfilling and secure life.



The Hokkoku Bank, Ltd.
Executive Officer, General Manager of Personal Banking Department
Takayuki Yamamoto



The FD Advisory, Ltd.
President & Chief Executive Officer Representative Director
Yuji Kakuchi

Under its corporate philosophy of improving people's lives, Hokkoku Financial Holdings would like to help customers realize happiness through the provision of support by accompanying each customer along his or her life stages.

First of all, we refine our services that make the full use of state-of-the-art IT technologies, such as "Hokkoku LIFE+" and "Hokkoku Cloud Banking," to deliver convenience to more customers.

After that, our employees who meet our customers focus on providing high quality advice that only human beings can provide. Rather than starting with the introduction of our financial products and services, we are committed to the provision of tailored advice and information after hearing money-related issues and worries from each customer while being considerate to the circumstances of each customer. We also hold "Hokkoku Cloud Banking Classes" for persons who are not accustomed to IT. In addition, we have increased the number of branches that are open on Saturdays and Sundays for those who are always busy for various reasons on weekdays, and have put in place a system to provide consultation services on a remote basis. With these efforts and more, we aim to be a bank like your family doctor with whom you can always consult anything.

Our living environment continues to change every hour as exemplified by the advent of an era of 100 years of life, increasingly unstable economic and employment conditions, and the lowering of the age of adulthood in April 2022. The FD Advisory, Ltd. and other group companies will continue to work as one team to contribute to the future of our customers by exercising our full-fledged consulting functions covering asset building and management, insurance, inheritance, loans, etc.

FD Advisory is named after fiduciary duty (FD), which is defined as "a collective term for a broad set of roles and responsibilities that should be assumed by a person who performs certain duties on behalf of another person" In a nutshell, it means to "do our best from the customer-oriented perspective." FD Advisory aims to contribute to the realization of a fulfilling life and the improvement of financial literacy of each customer, as well as the revitalization of the local economy by providing impartial and high quality advice and accompanying each customer for the long term in pursuit of the best interest of each customer. We believe that this will eventually lead to increases in the value to society of Hokkoku Financial Holdings.

FD Advisory is specialized in the provision of investment advice and is a new initiative for a regional financial institution group. We have adopted our characteristic policies 1) not to sell financial instruments, 2) not to receive any kickback for financial instruments, and 3) to receive remuneration for its impartial advice, in pursuit of a customer-oriented approach to avoid any conflict of interest with customers and based on the idea that this will enable us to become their true "lifelong partner." Our advice is not limited to the products of The Hokkoku Bank, and we intend to expand our services to customers who do not have any transaction with The Hokkoku Bank from a truly impartial standpoint.

We will strive to provide comprehensive and high quality advice covering asset building and management, insurance, inheritance, loans, etc., that is closely aligned with the increasingly diverse life plan of each customer.

Money Plaza Branches open on Saturdays and Sundays (11 branches)

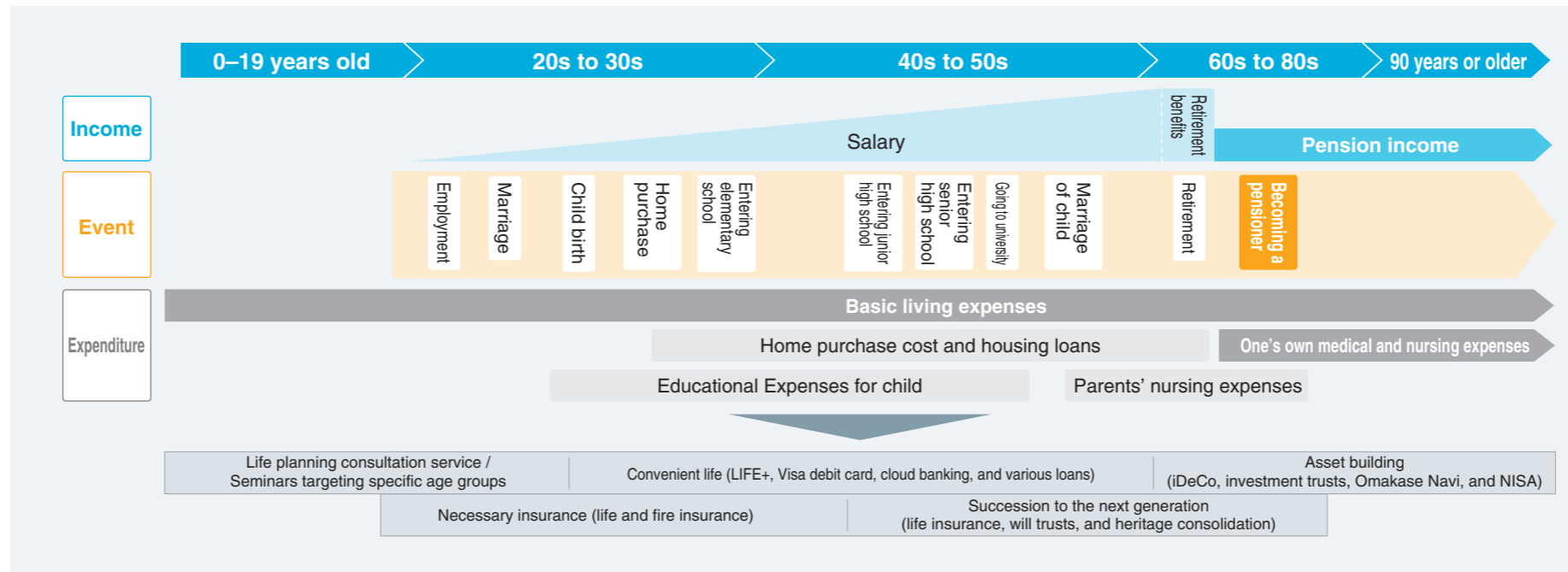
These branches provide customers with one-stop consultation services (for loans, life insurance, and asset management) corresponding to various life events of each customer. Comprehensive consultation and advisory services on financial services are provided by experts in their respective fields.



Contribution to regional economic revitalization

[Support services along life stages]

We provide optimal advice in accordance with each customer's lifestyle, age, and asset status.



Seminars targeting specific age groups

We hold seminars on various topics, such as asset building and management, second life plan, and inheritance planning, targeting specific age groups and needs of our customers.

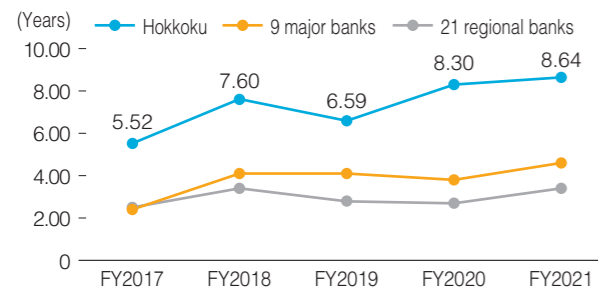


Contribution to regional economic revitalization

Asset building support for local customers

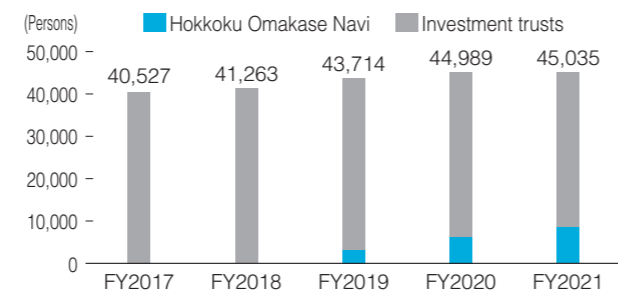
We provide services and advice for a stable life, a fulfilling life, and a happy life of our customers on an ongoing basis, helping the medium- to long-term asset building of customers by utilizing investment trusts and Hokkoku Omakase Navi. As a result, the number of customers who use investment trusts and/or Hokkoku Omakase Navi and the number of customers who participate in an accumulation plan are increasing every year.

Average holding period of investment trusts

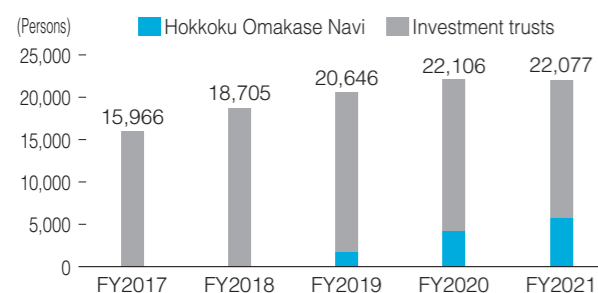


* Prepared based on the analysis results of quantitative data on distributors of investment trusts and other products prepared by the Financial Services Agency

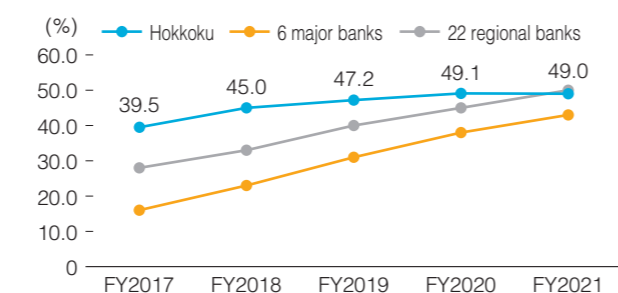
Number of customers for investment trusts and Hokkoku Omakase Navi



Number of accumulation plan customers for investment trusts and Hokkoku Omakase Navi



Ratio of accumulation plan customers to total customers

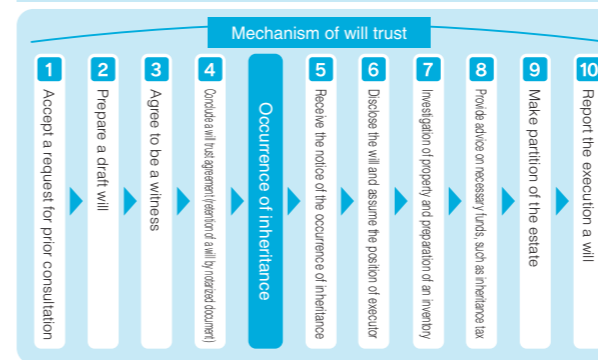


* Prepared based on the analysis results of quantitative data on distributors of investment trusts and other products prepared by the Financial Services Agency
* The data for FY2019 onwards represent the total of investment trusts and Hokkoku Omakase Navi.

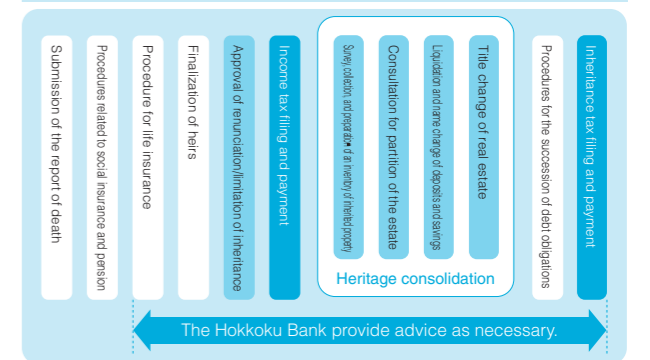
Succession to the next generation

The Hokkoku Bank started trust business in October 2018 in order to help customers lead a secure life for many years to come over the next generation under the concept of "supporting a smooth asset transfer" and "following up through the next generation," and provides trust services to meet the needs of customers, mainly focusing on will trusts and heritage consolidation.

Will trusts (execution course)



Heritage consolidation



Investment advisory company – Establishment of FD Advisory –

Vision of FD Advisory

Contribute to the improvement of financial literacy in the region and the revitalization of the regional economy, while helping corporate customers realize growth and individual customers realize a fulfilling life through the provision of customer-oriented, impartial advice by leveraging advanced knowledge.

Business description

- (i) Life planning for individual customers**
 - Asset management
 - Asset and business succession (will trust, family trust, etc.)
 - Management and utilization of real estate
- (ii) Consulting services for professional investors, such as financial institutions**
 - Provision of asset management solutions
 - Support for establishment of an asset management team
 - Support for revision of business processes
- (iii) Advice on the creation of investment funds**
 - Provision of advice on fund management strategies
 - Provision of advice on fund investment decisions

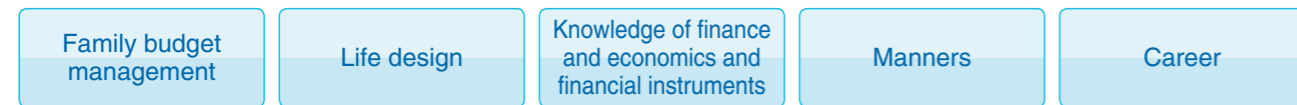
Strengthening of touchpoints with local communities through social contributions

Toward the realization of our corporate philosophy "Trust – a bridge to a fruitful regional future. Enrich interaction and growth in the region," we conduct various activities while cherishing the places and opportunities to connect with local residents.

[Initiatives to improve financial literacy]

Holding of financial education seminars

In accordance with the financial literacy map provided by the Financial Services Agency, The Hokkoku Bank holds financial education seminars

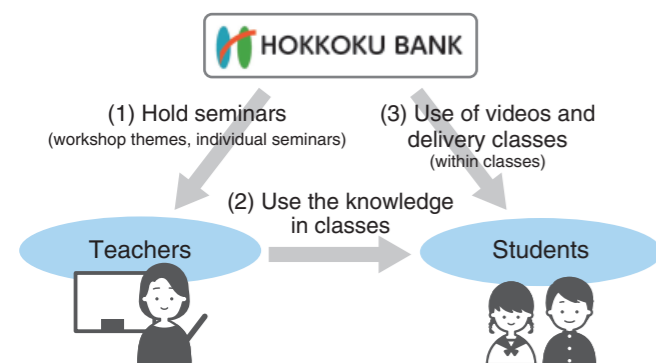


on the following five topics.

Contents of financial education seminars

- (i) Cashless transactions
- (ii) Life planning and asset building
- (iii) Financial knowledge
- (iv) Carrier education
- (v) Manner course
- (vi) Introduction to companies

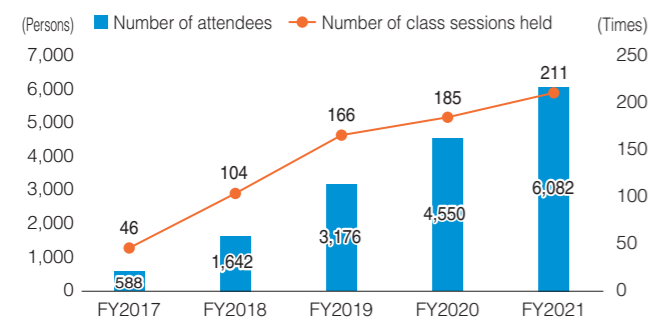
Support system



- (1) Hold seminars**
 - Support the improvement of financial knowledge used in education
- (2) Use the knowledge in classes**
 - Pass the knowledge gained in seminars on to students
- (3) Use of videos and delivery classes**
 - Use videos and delivery classes as part of classes for students
 - Provide students with the opportunities to receive financial education
 - Reduce the burden of teachers in classroom



Changes in the number of financial education classes held (cumulative results since FY2017)



Streaming of video contents for students

In order to support financial literacy improvement among young people, we make available for viewing videos on such topics as wise use of money and convenient and valuable information that are about five minutes long on the website of The Hokkoku Bank. They are provided for use by education institutions and households for the purpose of helping young people acquire correct financial knowledge.

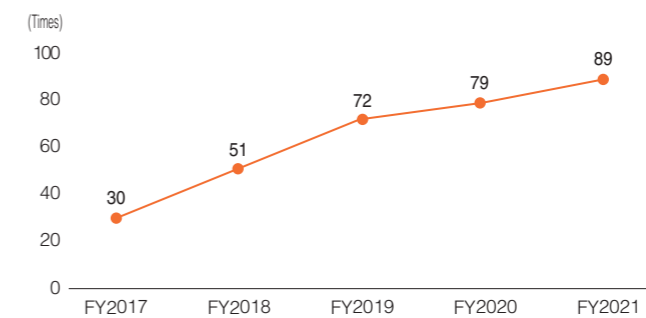


See here for the details of video contents for students.

[Child-raising support project "Hokkoku Happy! Concert"]

With the cooperation of Orchestra Ensemble Kanazawa, we hold Hokkoku Happy! Concerts for children in the region. This project has been continued since 2007 to provide children at nursery schools, kindergartens, and elementary schools with opportunities to meet music played live by professional musicians. The children who have attended the concerts have shown the facial expression of being enchanted by the world of music with shining eyes.

Changes in the number of Hokkoku Happy! Concerts held (cumulative results since FY2017)



[Collaboration with local communities]

Contributing to the evolution of local art culture

Based on the third floor of the Musashigatsuji Branch of The Hokkoku Bank, we conduct activities to support an NPO corporation "Kanazawa Art Gummi," which provides local art information of Hokuriku, on an ongoing basis. We aim to revitalize the region by contributing to the evolution of its art culture through the development and support of young artists in the region.



Musashigatsuji Branch

Conclusion of a partnership agreement with the Japanese Red Cross Society

We entered into a partnership agreement with the Ishikawa Prefectural Chapter of the Japanese Red Cross Society in December 2021. We plan to coordinate with the Chapter in a comprehensive manner including coordination with the handball team of The Hokkoku Bank, coordination in services related to testamentary gifts and donation of inherited property, and intermediation of companies to become partners.



Activities with our handball team Honey Bee



Handwashing and first aid courses

The team members attended a handwashing course on the theme of "handball x handwashing" to learn about handwashing, which is one of the basic infection control measures. A first aid course was also given by the Japanese Red Cross Society for us to learn cardiopulmonary resuscitation and how to use AED.

Holding of a support match

The match against Sony Semiconductor Manufacturing in April 2022 was staged as a match supported by the Japanese Red Cross Society, by setting up a booth for the Ishikawa Prefectural Chapter of the Japanese Red Cross Society, where they taught the audience how to wash their hands correctly.

[Handball]



Hokkoku Bank Honey Bee, our handball team established in 1975, has won the Japan Handball League titles for unprecedented eight seasons in a row. There are many Japan national team players among team member, and the team is expected to compete well also in international matches. The team practices and competes on a daily basis, aiming to become a team and team members who can revitalize the region and give a dream to children through sports.

Honey Bee team profile

Established: 1975
 Place of activities: Hokkoku Bank Sports Center (Hakusan City)

National Sports Festival	7 years in a row / 12 times
Japan Championship	3 years in a row / 6 times
Japan Handball League	8 years in a row / 9 times
Corporate Championship	7 championships in a row / 8 times (10 including company team championships)

(As of July 2022)

See here for information on Honey Bee.



Holding sports classes

We hold sports classes on an ongoing basis, aiming to promote sports in the region by raising the competitive levels of local children and directly communicating to them the importance of having a dream and the fun of sports. In FY2021, we held such classes for one junior high school and five elementary schools in the prefecture.





Executive Officer,
General Manager of
Human Resource
Department

Aki Yokogoshi

Aiming to develop professional employees who will realize sustainable growth of the region

Under the slogan of “Quality Company, Good Company,” the Company aims to become a “next-generation integrated regional company,” which will continue always to evolve together with people in the local community while providing high quality services and values to them.

In order to help the local community improve its quality, it is critical for us to develop professional employees with strong expertise and imagination.

How can we develop professional employees? One of our answers is the “career-based personnel system” introduced in March 2022.

This is a system to fully support the career development of employees with diverse background by allowing them to choose one’s own career path and continue to learn to become professional employees. It has adopted a bold design that is not constrained by past systems or stereotypes, featuring, for example, the abolition of lump-sum retirement payment and granting of shares when the Company’s financial results are strong, in order to encourage employees to work with the sense of ownership in their own career and the management of the Company.

In recent years, we have drawn media attention more often as a company with advanced paperless practice and digitalization and little overtime. As a result of efforts to ensure diversity in the workplace, including mid-career hires with relevant experience and skills and employees with disability as well as female employees, the Company is considered to be one of the leading regional companies that provide good working conditions to highly diverse employees.

We are very proud of the recent results of the development of professional employees under the encouragement of the Company, including more than 600 employees who are voluntarily reskilling themselves and about 350 employees who have side jobs inside and outside the Company in order to broaden their careers.

These professional employees who have been recruited and developed to play an active role at the Company are expected to go out in the local community as management personnel in good time to drive the sustainable growth of the region. We will continue to generously invest in human capital in our best effort to help many of our employees and local residents work and live safely, healthily, and happily.

[Introduction of a career-based personnel system]

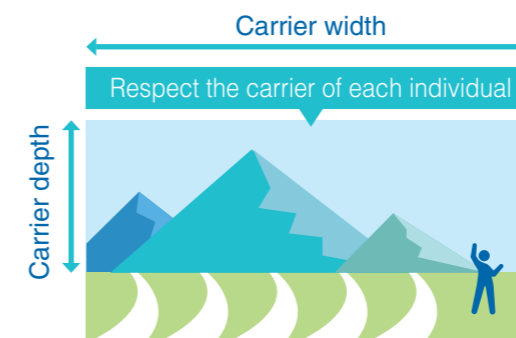
In order to build an organization that can realize our corporate philosophy, sense any changes in the social environment, and respond nimbly to them, we have significantly revised our personnel system to introduce a “career-based personnel system” that emphasizes human resource development and autonomous carrier development of employees.

Initiatives to realize human resource development and autonomous carrier development

New To a personnel system that emphasizes career plans of employees
Our previous personnel system had a remnant of seniority element, and human resource development relied on one-size-fits-all programs focusing on banking operations. When we re-examined the idea of ideal human resources that can continue to contribute to improving the quality of the region in the VUCA era, the answer that we derived was autonomous carrier development of employees.

The new personnel system is designed to support learning and assignment in a manner to respect each individual’s career plan by enabling employees who share the ambition of improving the quality of the region to learn what they want to learn and work on a job that they want.

If we compare carrier development to mountain climbing, we would like to be a company that continues to do its best to support each employee’s climbing plan as to which mountain to climb, which route to take, and how fast to climb.



Raising the salary levels of young employees

New Raised starting salary of FY2022 new hires to ¥240,000 / month

We raised starting salary of FY2022 new hires significantly to ¥240,000 per month to raise the salary levels of young employees across the board. Breaking away from the past practice of bulk recruitment of new graduates and human resource development that is disproportionately leaned toward banking operations, we will assign people with diverse background to right places and make innovations by encouraging employees with flexible ideas to play an active role in order to contribute to the value enhancement of the region.



Lifting the ban on side jobs

New Lifting the ban on side jobs outside the Group

We have lifted the ban on having side jobs outside the Company for the purpose of promoting human resource development and autonomous carrier development of employees. Our employees are leveraging, in their work, new experience and knowledge gained through collaboration outside the Company.

Abolished performance evaluation and personnel review to introduce “career review”

New Shifting to a system of ongoing reviews of behavior based on career plan and expected roles

In order to help each employee realize his or her career plan and play roles expected of them in our organization, we have introduced “career review,” a system of work (behavior) review. Rather than evaluating employees by quantitative measures, leaders (supervisors) conduct regular one-on-one dialogue with members (subordinates) with a servant mind to support their growth and success for the growth and autonomous carrier development of employees.



Revision of the salary system

New Abolished the old qualification-based system to introduce a more compelling salary system

We abolished functional qualification and shifted to a salary system focusing on four elements (skills, job roles, work productivity, and contribution to organization) to eliminate the seniority element. Personnel evaluation is conducted through dialogue with multiple divisions concerned, rather than solely by leaders (superiors) and the Personnel Department.

Abolition of lump-sum retirement payment and revision of corporate pension plan

New Introduction of a skill upgrading incentive

New Transition to an optional defined contribution pension plan

The personnel model in the Showa era was that people generally work for the same company until they retire, and the lump-sum retirement payment plan with seniority element was a prominent retention measure.

Such a model does not fit the era of changes in which employee turnover is high. We have abolished the lump-sum retirement payment plan to pay such benefits in advance in full as skill upgrading incentive instead to encourage people with diverse value to choose the Company as a place for their career development.

The skill upgrading incentive is used effectively by employees for self-investment for the purpose of asset building and career development for their future.

At the same time, we have changed our corporate pension from a matching contribution defined contribution pension plan to an optional defined contribution pension plan for effective asset building.

Extension of mandatory retirement age

New Extension of mandatory retirement age to 65 years old (continuous employment age also to 70 years old)

As a treasure trove of human resources that can contribute to improving the quality of the region, we extended mandatory retirement age from 60 to 65 in order to support diverse work styles desired by employees.

[Hokkoku FHD's Human Resource Development Framework]

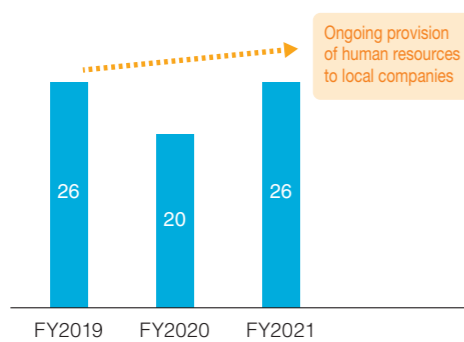
Provision of Human Resources

- Provision of human resources to the region P71

We contribute to improving the quality of the region with knowledge accumulated at Hokkoku FHD.

Provide human resources to meet the request of local companies

Number of persons who started working for local companies



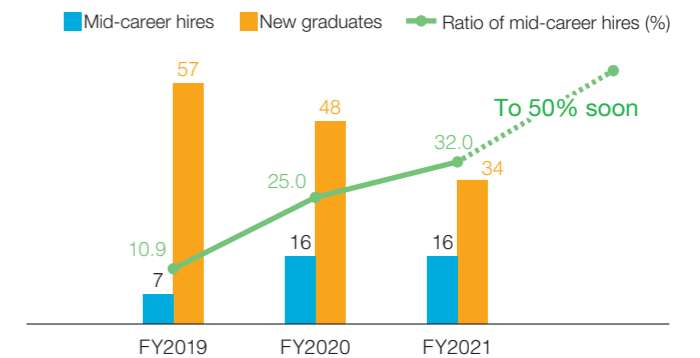
Value Sharing – Recruitment –

- Securing diverse human resources through the recruitment of both new graduates and mid-career hires P64

By flexibly recruiting diverse human resources that sympathizes with our corporate philosophy, we broaden the scope of collaboration and contribute to the creation of innovation.

Becoming an organization that embraces diverse human resources through the recruitment of both mid-career hires and new graduates

Number of mid-career hires and new graduates hired



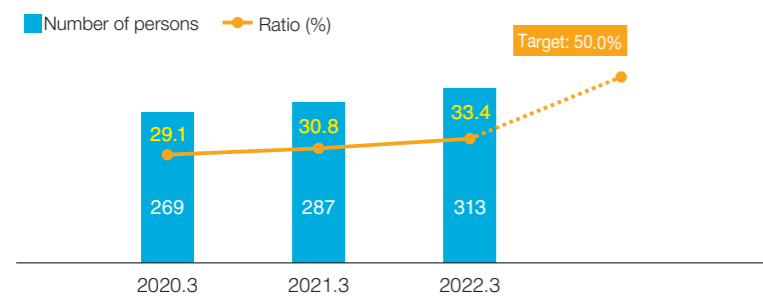
Organization that Can Leverage Human Resources

- Women's empowerment P68
- Employee engagement survey P70
- Carrier development of athletes P71

We build an organization in which each employee can play an active role in order to promote human resource development and autonomous carrier development.

Expanding fields in which female employees can play an active role

Ratio of female employees involved in management



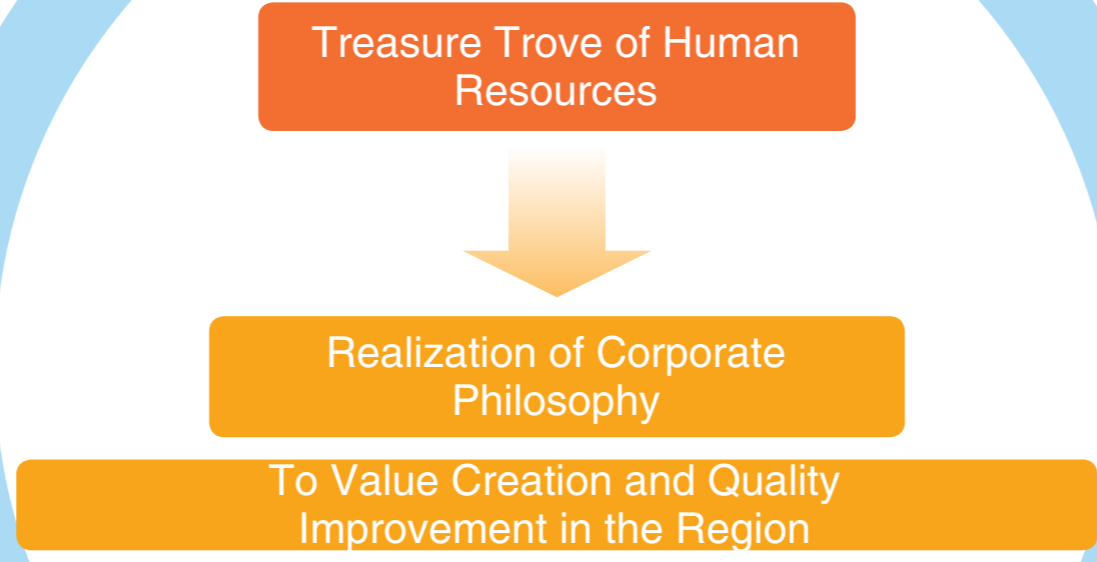
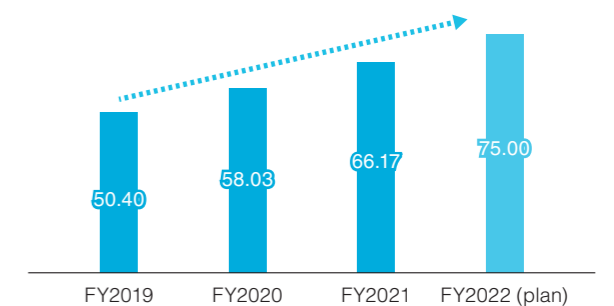
Skill Improvement Mechanism

- Development of professional employees
- Recurrent education and reskilling initiatives P65

In order to develop professional employees who can respond to changes in society through autonomous carrier development, we actively support their recurrent education and reskilling efforts.

Active support to recurrent education and reskilling efforts

Total human resource development expenses (Millions of yen)

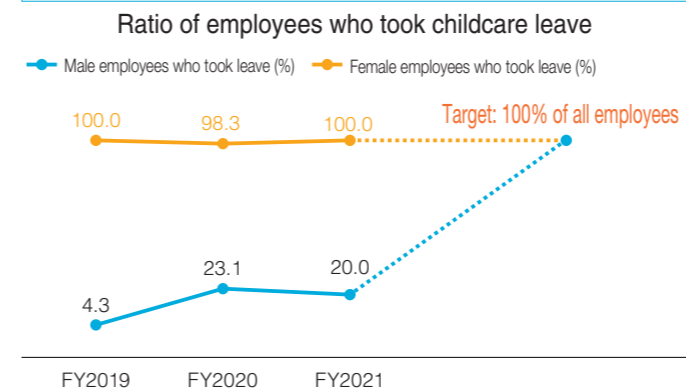


Comfortable work environment

- Creating a comfortable work environment for everyone P66
- Highly productive and flexible work style P66
- Health management initiatives P67

We revised childcare leave rules in order to help all employees who are raising a child work comfortably for a rewarding job while raising a child.

Revision of childcare leave rules to create a comfortable work environment for both men and women



Developing human resources that contribute to improving the quality of region

Developing human resources that contribute to improving the quality of region

Value Sharing – Recruitment –

Value sharing and profile of persons that we seek

We seek professionals with strong expertise and imagination who can continue to make efforts for the development of the region and their own growth. In order for an employee to become a person who can work on one's own initiative, continuous learning is essential, and independent thinking and taking on challenges in cooperation with others are important.

Hokkoku FHD's recruitment policy

Recognizing that new innovation is driven by perspectives and ideas of individual employees with diverse background, we conduct recruitment activities focusing on candidates' sympathy with our corporate philosophy and brand philosophy as well as their own ambition through the recruitment of mid-career hires throughout the year, without limiting our recruitment efforts to new graduates.

Recruitment of new graduates

Hokkoku Financial Holdings hire its first new graduates in April 2022 (17 employees). After they joined the Company, we agreed on their career plan through dialogue with them, and they were assigned to various departments in accordance with their desires to take their first step as a working member of society.



▶ We abolished entrance ceremony, which was literally a mere ceremony, and conducted a welcome meeting instead as an opportunity to have direct two-way communication with top management.

Mid-career hires

Throughout the year, we recruit professionals with knowledge and strong skills gained through experience at other companies. Collaboration with human resources with diverse background drives innovation and improvement of organizational strength.

<Fields to which mid-career hires with relevant experience and skills are assigned>

- Consulting business: Business succession and M&A
- Website designer: Production of websites and sales promotion materials
- Market operations: Investment in securities, fund management
- Systems: Application development



Designer, Digital Department, The Hokkoku Bank, Ltd.

Hikari Fukuhisa

I previously worked for a website production company as a designer in charge of the design of various items, such as logos, name cards, and brochures.

Currently, I am mainly designing logos and websites. I feel that the current work is rewarding because I am more deeply involved in each design project by, for example, participating in a project from the planning stage, which precedes the design stage. I felt uneasy to work for a bank at first, but I feel comfortable now in the workplace as everybody is kind here.



M&A business, Consulting Department, The CC Innovation, Ltd.

Shinya Miyamoto

At the previous company, I was mainly involved in M&As and post-acquisition management support. Currently, I am in charge of M&A advisory services in the Hokuriku

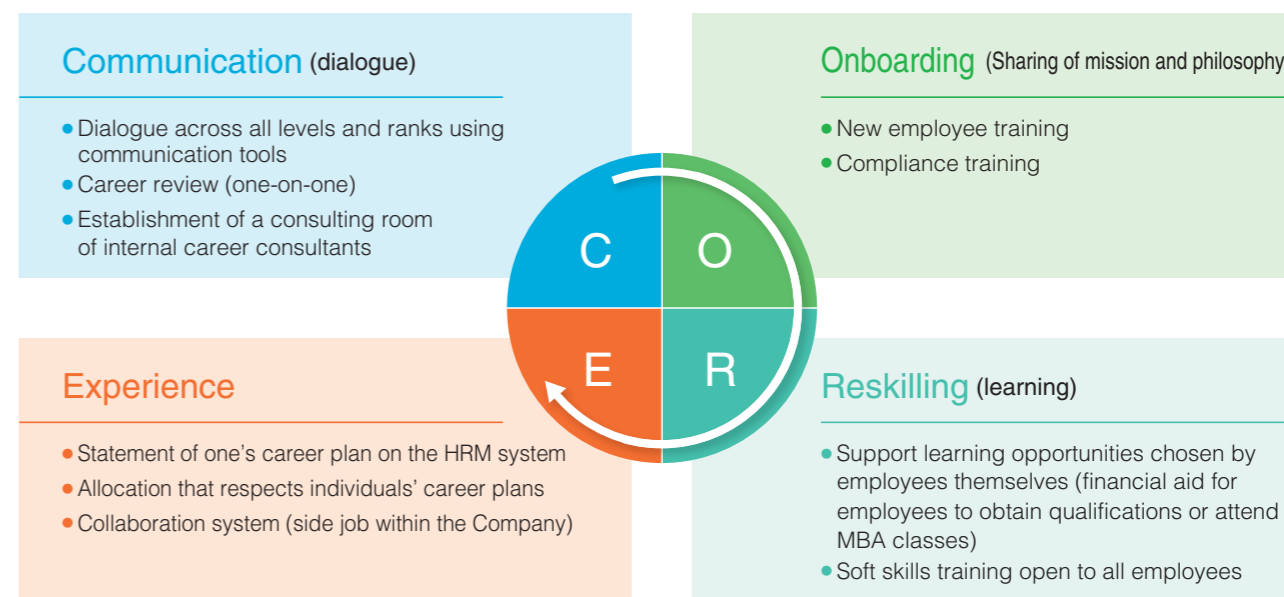
region (from target sourcing to the conclusion of a share transfer agreement). In the future, I plan to further expand our consulting functions for the region by increasing added values that we can provide and deepening communication with other parties concerned.

Skill Improvement Mechanism

Development of professional employees

Given the era of rapid changes and the increasingly diverse needs of customers and the society, we recognize human resources with high market value who can work effectively both inside and outside the Company and keep on learning as the very human resources that can contribute to our aim of improving the quality of the region. In view of such a situation, the Company focuses on improving the value of human resources and encourages each employee to improve his or her skills and play an active role, aiming to achieve sustainable growth together with the region.

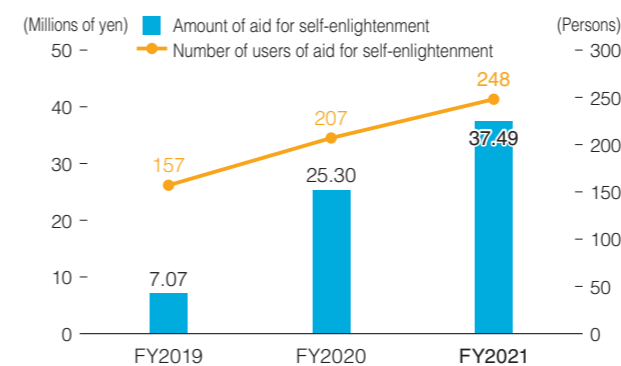
CORE cycle to develop professional employees



Recurrent education and reskilling initiatives

We actively create an environment to facilitate recurrent education and reskilling of employees by providing advanced learning opportunities that incorporate external knowledge and introducing financial aid for employees to obtain qualifications.

Number of users of internal financial aid for recurrent education and the amount of such aid



Numbers of employees who are currently enrolled in/completed graduate MBA courses using financial aid

	Number of employees currently enrolled in graduate MBA courses	Number of employees who have completed graduate MBA courses
2021.3	13	0
2022.3	22	5

* The financial aid for graduate MBA students started in April 2020

Comfortable work environment

Creating a comfortable work environment for everyone

Improving employee engagement leads to quality improvement of the region. Therefore, we revised programs for childcare/nursing leave and reduced working hours for childcare/nursing to create a comfortable work environment.

Childcare leave rules (employee benefits exceeding statutory requirements)

- Special paid vacation for **ten business days** is granted as childcare leave (increase from five business days)
- Childcare leave can be taken for **an unlimited number** of separate occasions
- Childcare leave can be taken **until a child is two years old**

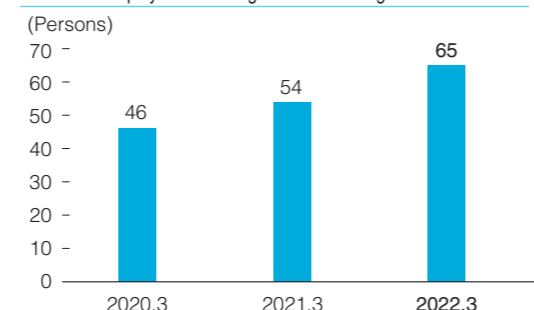
Ratio of male employees who took childcare leave (%)



Reduced working hours for childcare (employee benefits exceeding statutory requirements)

- Can be used **until a child becomes a third grader**
- Employee can choose working hours from among **six hours, six hours and 30 minutes, and seven hours**

Number of employees choosing reduced working hours for childcare



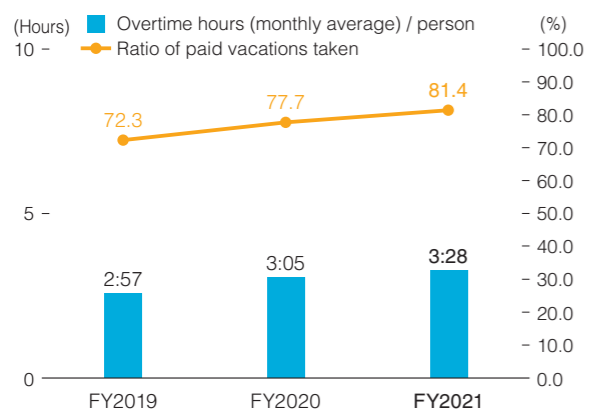
Highly productive and flexible work style

In view of changes in society caused by COVID-19 and changes in people's idea of working in the era of 100 years of life, we have introduced a flexible work style that leverages IT infrastructure. The comfortable work environment that permits teleworking and direct commuting to and from a destination outside the Company and leverages various leaves and work arrangements raises productivity and realizes a flexible work style.

Highly productive work style

The ratio of paid vacations taken has been rising every year, and average overtime hours remains at low levels.

Number of overtime hours and ratio of paid vacations taken



Flexible work style

I currently engage in the production of the Company's websites and sales promotion materials and the design of user interface and user experience of the Company's corporate website. I work from home two to three days a week on average. I start working after sending children off to school and kindergarten in the morning and completing a series of housekeeping tasks including washing, cleaning, and laundry. If my surroundings are messy, I would not be able to concentrate. So, I arrange my room neatly to switch myself to a working mode. Working from home allowed me to proceed with work systematically and efficiently and has improved productivity as I can concentrate on design work more easily.



Designer, Digital Department, The Hokkoku Bank, Ltd.

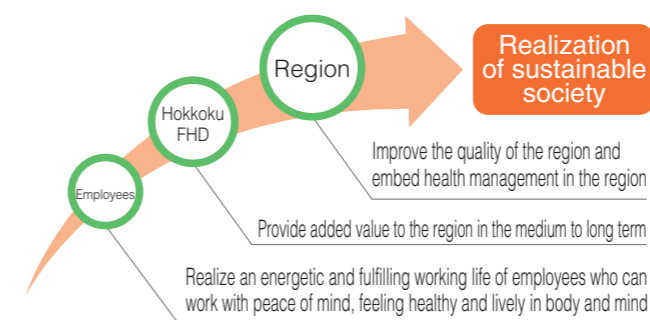
Rie Hashimoto

Other data ▶ ESG Date section on P98-P99

Health management initiatives

In order for employees to exercise their fullest capability to serve the region, physical and mental health is a prerequisite. For this reason, in coordination with our health insurance union and employees' union, the Company implements various initiatives, including the realization of an optimal work-life balance, disease prevention, creation of a healthy environment, and revitalization of communication. We will continue to work to improve the quality of the region and realize a sustainable society through the realization of our corporate philosophy, which starts with the maintenance and promotion of health of our employees.

Hokkoku FHD's health management approach



* One of our group companies, The Hokkoku Bank was certified as an "Excellent Health Management Company 2022: White 500" by the Ministry of Economy, Trade and Industry as a company of excellent health management practice.

Hokkoku FHD's health management declaration

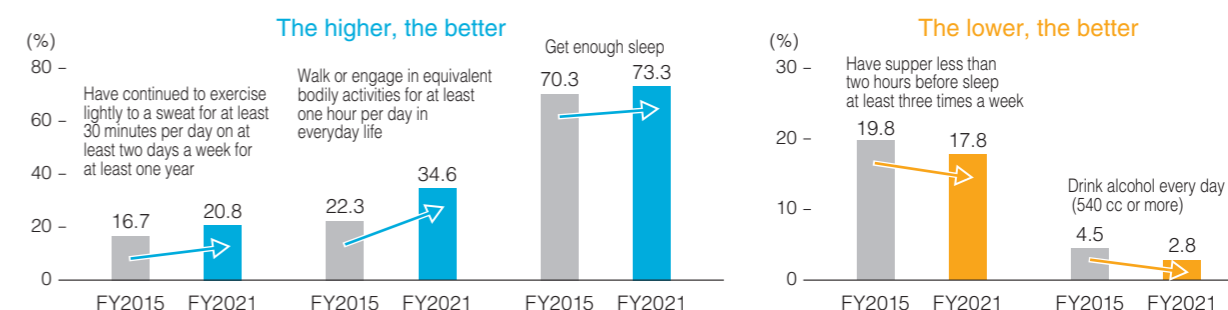
Hokkoku FHD's health management vision is to "contribute to improving the quality of region through the health of employees," which is promoted through health management initiatives.

Hokkoku FHD's health management declaration

Hokkoku FHD declares that it will promote health management based on the recognition that the health of employees is the key driving factor of actions based on our corporate philosophy of "Trust – a bridge to a fruitful regional future," which are expected to contribute to the evolution of the Company and the region.

- Vision**
To contribute to improving the quality of the region through business expansion into various business fields in addition to traditional banking business and based on customer-oriented approach.
- Action policy**
 - Active support for the maintenance and promotion of health**
We have appointed an officer in charge of health management from among senior management members to maintain and promote the health of employees in coordination with our health insurance union and employees' union.
 - Creation of a comfortable work environment**
We strive to create a work environment in which employees can lead a fulfilling work and private life by helping employees achieve an optimal work-life balance.
 - Enlightenment of awareness of health management**
We encourage employees to understand the purpose of health management and support their health promotion efforts through various initiatives.

Health management data



* Prepared from preliminary interview data at the time of health checkup

Other data ▶ ESG Date section on P98-P99

Developing human resources that contribute to improving the quality of region

Developing human resources that contribute to improving the quality of region

Organization that Can Leverage Human Resources

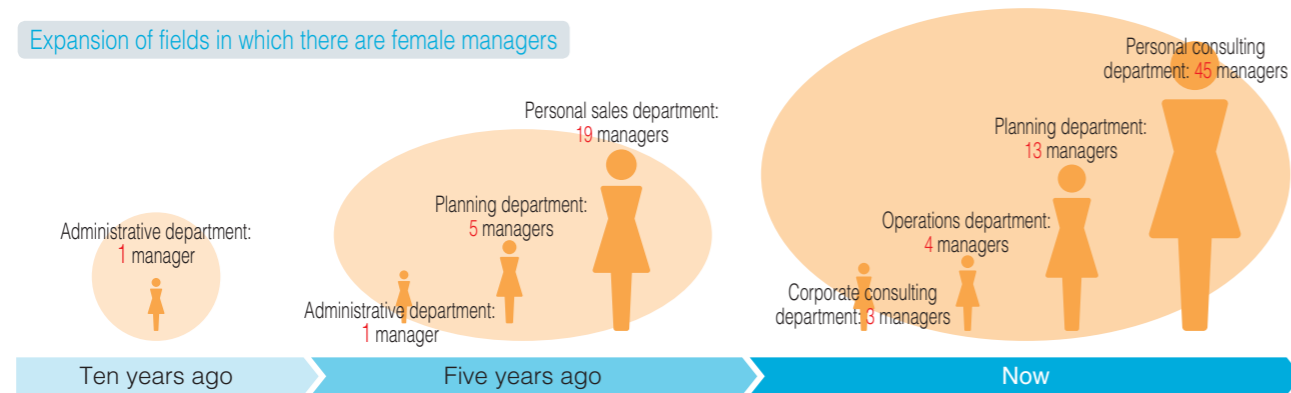
Women's empowerment

We support the continuous career development of female employees by put in place leave programs, training programs, IT infrastructure, etc., in order to help them pursue both life events, such as childbirth, childcare, and long-term care, and career plan at the same time. We also strive to create an organization that can leverage diverse perspectives and opinions regardless of gender through strategic assignment of employees.

Women's empowerment in diverse fields

We not only work to increase the number of female employees involved in management, but also assign them in due respect of individuals' career development in order to develop professional employees from the perspective of senior management. We support women's empowerment in broader departments to promote the pooling of human resources with diverse ideas, which is expected to lead to the creation of innovation.

Expansion of fields in which there are female managers



Gender difference in wages

Partly due to our past multiple-track personnel system (employees on the management track/area track), our gender difference in wages (*) is currently 65.5%, which we think needs to be improved.

On the other hand, all new graduates hired in and after April 2019 have been hired as employees on the management track. As a result, the gender difference in wages among employees in their 20s has narrowed to 91.2%, and the difference is generally narrowing for the younger generation.

In the future, we will strive to eliminate the gender difference in wages by operating the career-based personnel system properly and shifting to a salary system that focuses on four work-related elements (skills, work roles, operational productivity, and organizational contribution).

(*) Average annual salary of female employees / Average annual salary of male employees

Gender difference in wages (FY2021 annual salary): **65.5% ⇒ Target: 100%**

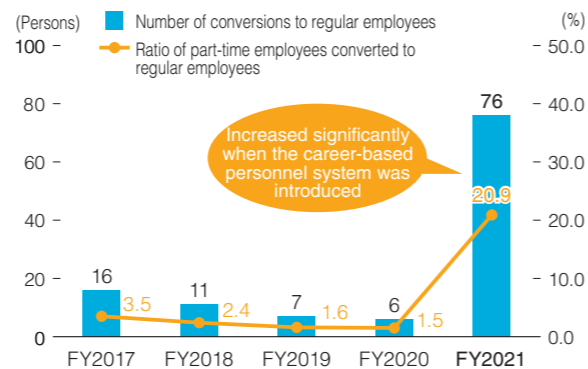
Employee conversion system

The Company is promoting an employee conversion system to support the career development of part-time employees.

We support autonomous career development also of part-time employees so that both employees who want to have a fulfilling work-life balance and employees who want to actively pursue career development can work positively with peace of mind.

In conjunction with the introduction of a career-based personnel system in March 2022, 76 part-time employees were converted to regular employees.

Number of conversions to regular employees



Other data ▶ ESG Date section on P98-P99

Collaboration system (side job within the Company)

In order to encourage employees to think over their career development and test their own potential, we commenced a collaboration system (side job within the Company) in October 2020. In addition to its main role, the collaboration system also aims to help employees realize their own growth and career plans effectively through the participation (as a side job) in the business of other departments.

Wide-ranging human resources of more than 300 employees have participated in this collaboration so far, which has led to revitalization of communication and cultivation of innovation throughout the organization.

Collaboration system participants **321 employees in total**

[Examples of planning under the collaboration system]

- Office creation plan (General Affairs Group)
- Market perception improvement plan (Capital Market Department)
- Data utilization project (Marketing Department)
- Business plan realization plan (CC Innovation)

Feedback from collaboration participants

Foundation support PR plan: Small & Medium Enterprise Department, The Hokkoku Bank

We engaged in SNS marketing to support the public relations of a founder by preparing an interview article of the founder and supporting the operation of the founder's SNS account on an ongoing basis. We received from the customer a great feedback that the recognition of stores increases as the number of followers and the number of post views increased, which made us realize that we can provide a wide range of support beyond lending.



Employing people with disability

In order to realize a workplace in which both employees with and without disability can play active roles, we are working to create a mechanism to enable human resources with diverse traits to work in a manner to fit their traits. In sharing the same ambition and working to create values in the region, a disability is regarded as one of individual traits rather than a handicap. Based on this recognition, we help those with disability be active in a wide range of roles and department.



Card Department, The Hokkoku Bank, Ltd.

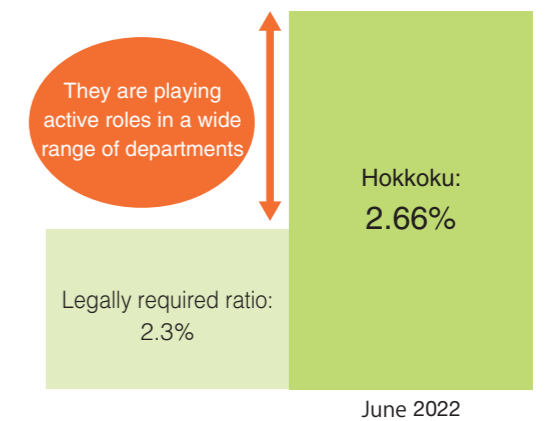
Mitsuhiro Masuizumi

I engage in planning at the Card Department in the area of security to ensure a safe and pleasant cashless life of customers.

In the 3D Secure 2.0 implementation project, I am also involved in systems development by maintaining close communication with other departments and external vendors to lead a fulfilling daily life in which I can learn a lot.

As I am glad to meet trusted colleagues here, I would like to continue to take on various challenges together with them through friendly rivalry and mutual respect as their coworker at the Company.

[Ratio of employees with disability]



Other data ▶ ESG Date section on P98-P99

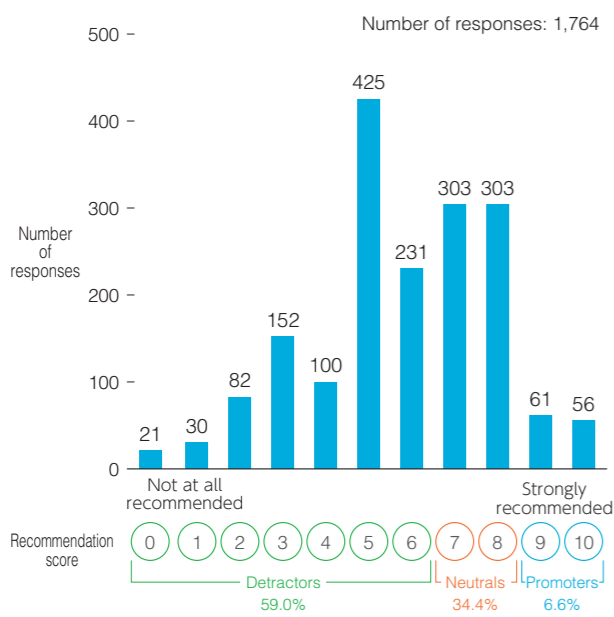
Employee engagement survey (eNPS)

The Company aims to ensure that its employees have a rewarding job (comfortable and rewarding) and establish an equal relationship with its employees in which employees and the Company can mutually contribute to the growth of each other. As part of measures to realize the vision, we introduced eNPS, which is an indicator to measure employee engagement, and conducted the first engagement survey in January 2022. The survey results are used to derive the recommendation score (eNPS) for the workplace and to identify factors that can affect the recommendation score, relevant employee experience, and issues that should be resolved on a priority basis to improve engagement. We will continue to maintain an environment in which employees can have a rewarding job based the feedback of each of them.

* eNPSSM is a service mark of Bain & Company, Fred Reichheld, and Satmetrix Systems

Survey contents and results

[Questions]
How much do you want to recommend that your close friends and acquaintances work at your current workplace (i.e., recommendation score for workplace)?
(On a 11-point scale ranging from 0 to 10)
Please choose multiple items that you rate highly and that need improvements on which your recommendation score is base.



<Experience that significantly affected your recommendation score>

- Sympathy with corporate philosophy
- Satisfaction with your job

<Any gap between employees' expectations and the current status = Issues that should be resolved on a priority basis>

- It is easy to visualize one's career plan specifically

eNPS	Average
-52.4%	5.8

* Score calculation method
Promoter (6.6%) – Detractors (59.0%)

■ Outline of the survey

- Survey scope: All employees of the Group (including executive officers, foreign expats, and business staff and excluding directors)
- S a m p l e s : 1,764 employees, with a response ratio of 79.1% (1,764/2,230 employees)
- Survey method: Internet questionnaire
- Survey period: From January 18-31, 2022

Progress of initiatives to resolve issues

Initiatives	Description
Provision of career development training	Career development seminars were provided to all employees
High quality one-on-one interviews that closely support autonomous carrier development	A video explaining key points of one-on-one interviews has been made available for viewing by the employees' union and the Human Resource Development Department
Feedback to management (officers and general managers)	The details of survey results have been reported to management. For the understanding of tendency by attribute and the future execution of measures to improve employee engagement at each group company/department.
Continued use of the survey	We will continue to conduct the survey twice a year to improve employee engagement.

Other data ▶ ESG Date section on P98-P99

Carrier development of athletes

The Company focuses also on autonomous carrier development of athletes. In order to ensure that the members of Hokkoku Bank Honey Bee (handball team) can learn skills that help them continue to play active roles in the society after retirement as athletes and can leverage their knowledge and communication skills that are unique to athletes, we assign them flexibly to appropriate business departments. This has helped us create an organization that can leverage diverse perspectives and values.

Handball team members have been assigned to:

- Planning department: 8 members
- Personal consulting department: 6 members
- System department: 3 members

PR & IR Section,
General Planning Department



Tomomi Kawata

Q What is the current state of your mind after the retirement as an athlete, and please tell us anything you are working on toward the next step of your carrier development.

A I have continued playing handball for about 20 years, and have been fortunate to win the Japan League championship eight times during the nine years after joining the Company.

I had always put all my efforts to improving my competitive skills, but I started to think every year about retirement from competition and my second career after retirement. I had a vague idea of challenges I want to take on, but I did not know where to start. I felt a sense of urgency to start with what I can do before retirement. I also felt uneasy because I might have nothing left once I lose the credential as a handball player. In that frustrating situation, I came to know of the [A-MAP] mindset program for active and retired athletes. I wanted to take on the challenge and decided to participate in the program.

A-MAP is designed to help athletes face their own self thoroughly to verbalize their own thoughts and increase the value of athletes.

During my active career as an athlete, it was sometimes difficult for me to compete and participate in the program at the same time. However, the program gives me stimulation that is different from what I get from competing and makes me feel connections with others and broadening of my perspective. In March 2022, I participated in a presentation event under the theme of "creating a city that connects

through handball." I focused on Komatsu City of Ishikawa Prefecture and made a presentation on initiatives to help people in the local community feel handball and its players closer to them. I am now working on the preparation for the final assignment in which I have expanded the scope of such initiatives beyond Komatsu City and is developing initiatives to become a model case for a works team, whose members compete and work at the same time, while maintaining connections among the region, the company, and the team. As the final assignment covers not only planning, but execution, I am required to act on my own initiative.

The A-MAP assignments have been very useful in that they teach me how to have the right mindset and an attitude to learn from everything in day-to-day business operations and how to output what I have learned and thought of. I am still very much immature when it comes to acting on my own initiatives, but I feel that I am gradually improving.

Q Regarding your career change from athlete to the business of the Company, what do you want to work on from now on?

A First of all, I would like of course to learn basic skills as a working member of the society. Beyond that, I would like to work diligently based on the firm understanding of the roles and business of the PR & IR Section of the General Planning Department to which I belong. As I have competed as an athlete for many years, I would like to increase the value of sports teams from a broader perspective than before by understanding how sports teams should be within a company and how to operate them.

In addition, I would like to take on challenges that only I can do as an ex-athlete and contribute for good publicity to creating a team that is loved by people in the local community and cherishes connections with the local community, leveraging our strengths as a regional bank group. My own career plan and dream is to resolve social issues through the connections among the local community, the company, and the team to create a society with cities full of smiles and vigor, and I will work diligently by always keeping this plan and dream in my mind.

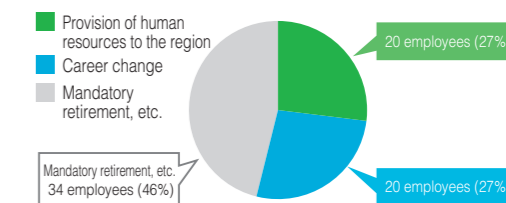
Provision of Human Resources

[Using knowledge gained at Hokkoku FHD for the region]

The Company is developing professional employees that contribute to improving the quality of the region. We have developed a circulation model of human resources that contribute to improving the quality of the region regardless of whether they are currently employees of Hokkoku FHD by using their knowledge and skills gained at the Company for the management of local companies.

The new career development approach of encouraging involvement in corporate management not only helps people live a fulfilling life, but also create a mind that re-acknowledges the importance of recurrent education, which means continuous education for all ages.

Breakdown of reasons for leaving the Company (FY2021, 74 employees)



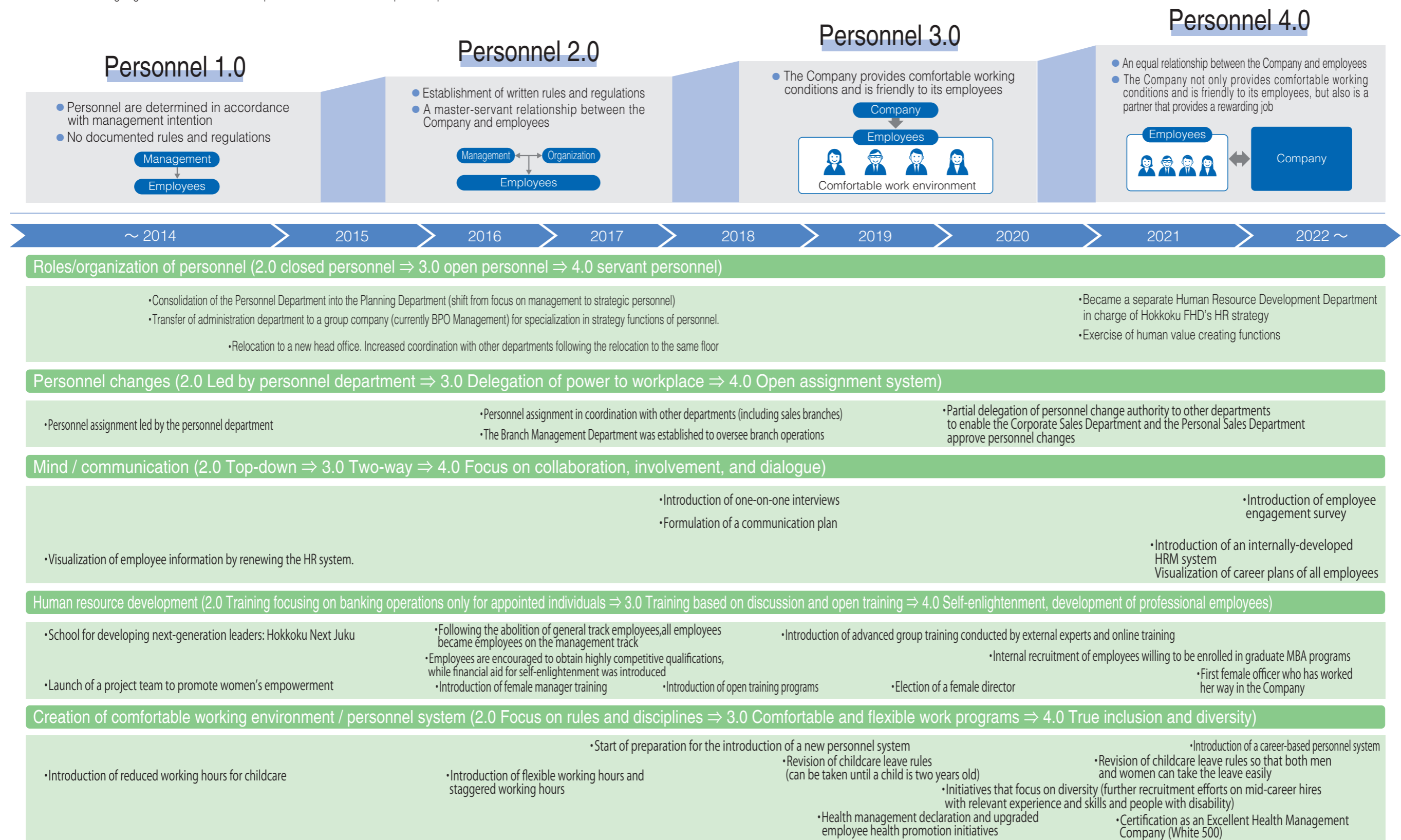
Other data ▶ ESG Date section on P98-P99

[Story of changes in personnel – From management to strategy and autonomous carrier development –]

20 years ago, assignment of human resources at The Hokkoku Bank was led by the Personnel Department (at that time) and was a closed practice in that information on human resources was available only to the Personnel Department (Personnel 2.0). A major change occurred in 2012 when we dismantled the Personnel Department. At that time, The Hokkoku Bank was right in the middle of a company-wide movement for productivity improvement. In such a situation, the new Personnel Department started to work on strategic personnel development and improving work environment beyond personnel management. Finally, simultaneously with the full-fledged start of the Hokkoku FHD structure in March 2022, we have introduced a career-based personnel system. Needless to say, introducing a personnel system is just the beginning, and its operation and employees' conviction of its advantages are important. Transform will continue going forward under the leadership of Human Resource Development Department.

Developing human resources that contribute to improving the quality of region

Developing human resources that contribute to improving the quality of region



Digital Transformation

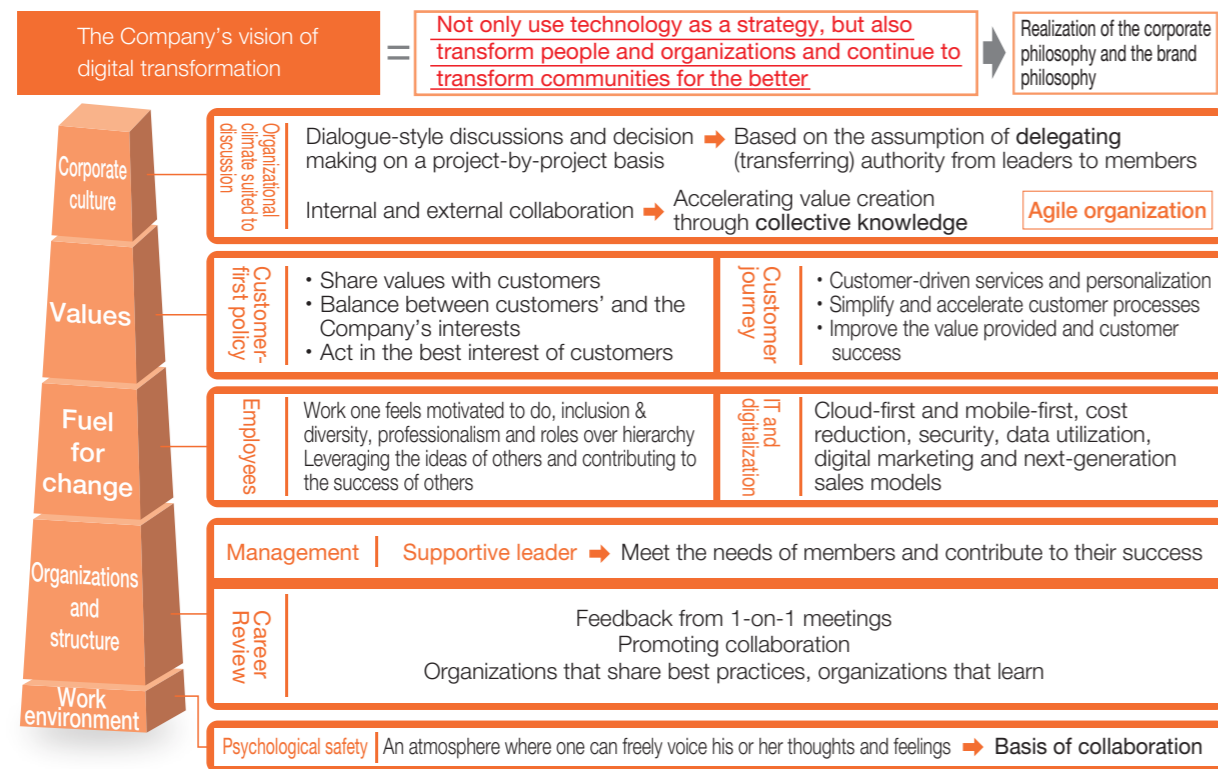
[Business Transformation Fueled by Digital Transformation and System Strategy]

Focusing on the DX strategy (digital transformation) and system strategy is essential in order for the Company to become a “next-generation integrated regional company.”

We are actively working to build a business model that is appropriate for the next generation in order to accurately meet the needs of our customers and realize our corporate philosophy and brand.

Digital Transformation at the Company

The Company’s vision of digital transformation is not only about the use of technology, but also about fundamentally digitally transforming the organization itself, including the way it works in a broader definition (such as decision-making processes, authority, decision-making standards, organizational culture, etc.).



Managing Executive Officer, General Manager of Information Systems Department of The Hokkoku Bank, Ltd.
Takeshi Igawa

In the social environment surrounding us, the digital shift is accelerating, and the need to be more convenient, easier, and more secure is increasing.

The Company positions our DX as responding to this need and continuing to transform the Hokuriku region into a more livable region by transforming people and organizations, rather than merely utilizing technology.

To this end, we endeavor to first provide new services and products to customers as quickly as possible, while promoting modernization and digitalization of all systems including not only those utilized internally but also those for customers.

In addition to maximizing the use of the cloud environment to promote digitalization and improve customer convenience and productivity, we must consider financial institutions part of the vital social infrastructure closely linked to customers' lives, and therefore must take all possible measures to ensure system quality, availability, and security.

As customer expectations change daily, we continue to strive to provide systems that are both up-to-date and secure.

Utilization of Microsoft Teams

Cross-group teams make effective use of IT tools including Microsoft Teams to enable communication in a collegial atmosphere.

Discussions held on Teams are open to a wide range of participants including persons in charge and management team members, and as such, the discussions are carried out while keeping those in senior positions well informed at all times.



Obtained DX Certification

On April 1, 2022, the Company obtained certification as a “DX certified operator” based on the “DX Certification initiative”(*) established by the Ministry of Economy, Trade and Industry.

Prior to this, Hokkoku Bank obtained this certification on September 1, 2021.

The Group is actively working on building a project-based agile organizational structure, developing an IT infrastructure that supports open communication, and recurrent education.

In the system strategy, we clarified the cloud-first policy, thereby achieving Japan’s first transition of the full banking system to cloud services and transition to cloud services and in-house production of the Internet banking system.

Going forward, we will continue to contribute to the sustainable development of customers and local communities by accelerating the transformation of our business models by utilizing IT and digital technologies.

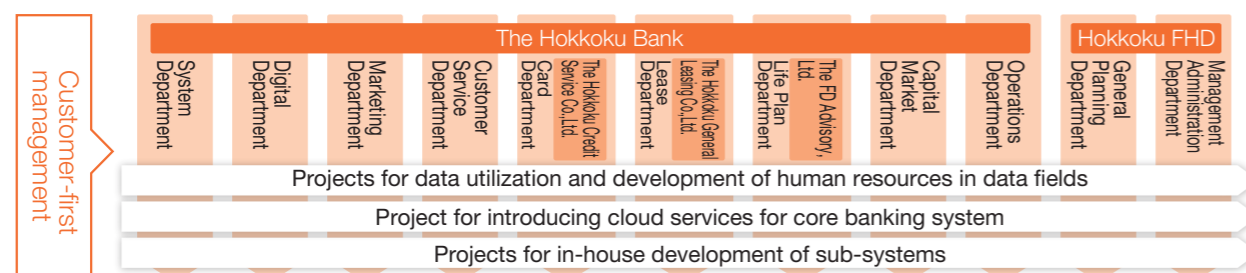


* “DX Certification initiative”

A certification system based on the “Partial Revision of Act on Facilitation of Information Processing” that came into force on May 15, 2020. The Ministry of Economy, Trade and Industry has certified businesses that have already taken measures to meet the certification criteria, such as formulating management visions and establishing DX strategies and systems, and are ready to promote DX, as “DX certified operator”.

Project Operation of the Company

We organize cross-group projects to put customer-first management into practice and promote active discussion to establish an agile organizational structure which enables creation of value through collective knowledge.

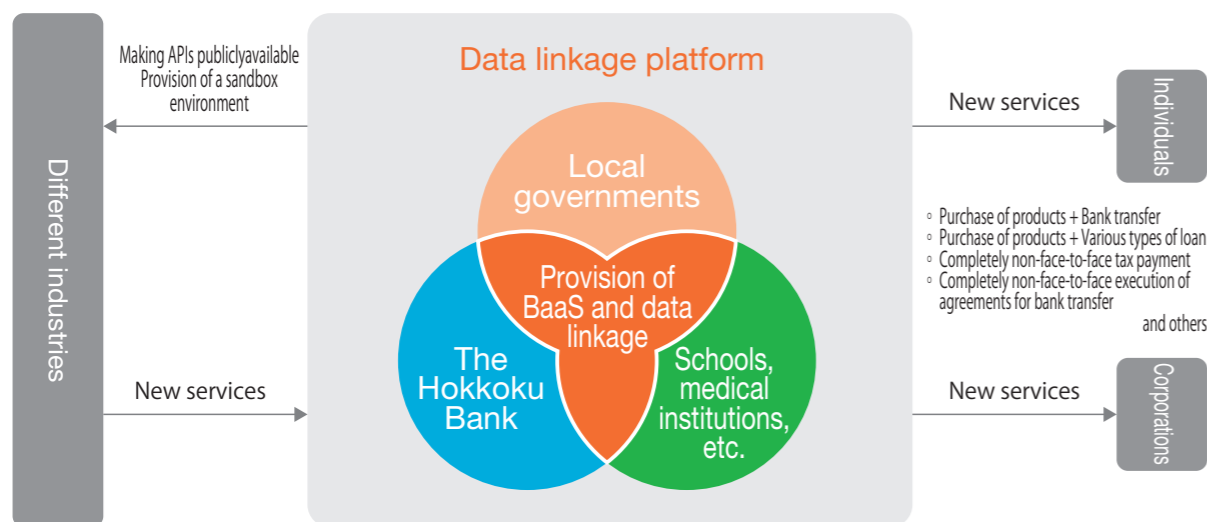


[System Strategy]

Hokkoku Financial Holdings, Inc. considers the system strategy to be a trigger for its business strategy. Our true objective is to continuously provide value to our customers from a customer journey perspective, with a focus on all of speed, performance and security, and to improve the quality of not only Hokkoku Financial Holdings, Inc. but also the entire local community.

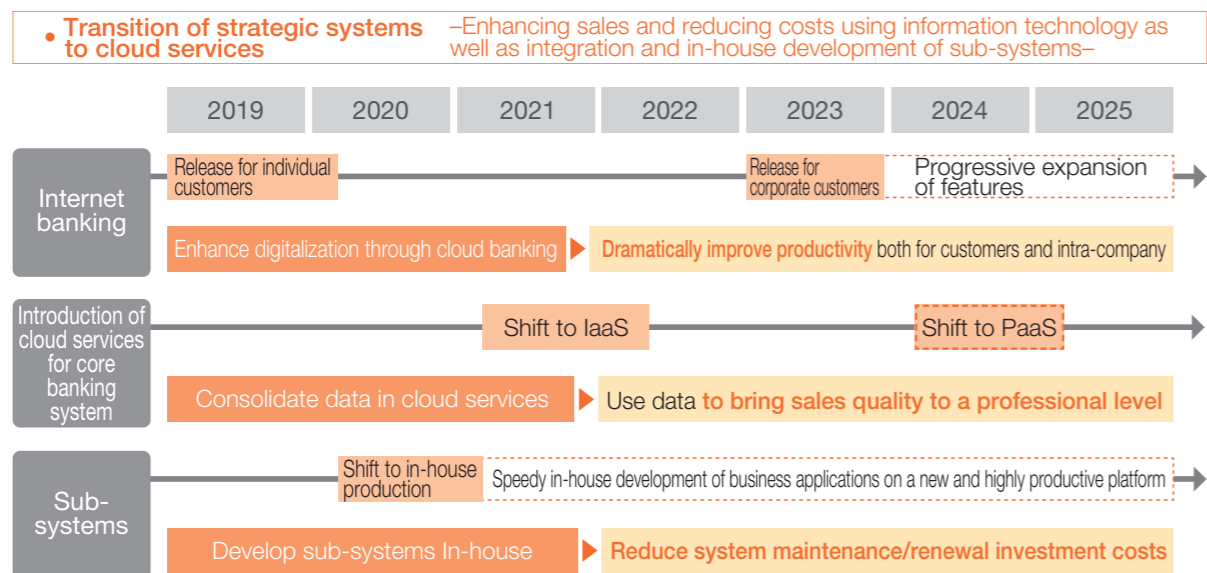
Local Ecosystem Pursued by Hokkoku Financial Holdings, Inc.

We will build a data linkage platform through provision of BaaS (Banking as a Service) and collaborate with local governments, schools and medical institutions. We will also deepen collaboration with different industries through, for example, making APIs publicly available, create highly convenient new services and thereby build a data collaboration ecosystem involving local communities.



Future Developments

We are currently integrating and conducting in-house development of more than 100 sub-systems with the aim of promoting strategic investment and reducing total costs. We will accelerate strategic investment to build a system platform capable of responding quickly to rapid changes in the market.



[System Risk Management]

Basic Policy

To enable customer peace of mind when using the Group's services, the Group positions risk management related to the systems that support services as one of our most important management issues. The DX/system strategy promoted by the Group is based on the use of the Internet and the cloud, and we recognize that security measures such as responding to ever-changing cyberattacks are also priorities. Under the management leadership, the Group has established management systems for system risks and is working to advance system risk management, including cyber security.

Balance between Stable Service Operation and Convenience

We aim to achieve both stable service provision and speedy provision of highly convenient services utilizing IT so that the Group's services can be used more conveniently, more easily, and more securely. One of these efforts has been constant disclosure of the Group's service operation status on our website since November 2021. We are also focusing on a BCP (Business Continuity Plan) for services so that in the unlikely event of a system failure, the impact on customers can be minimized by providing alternative means and early system recovery. In April 2022, we disclosed the "target availability" and annual "actual availability" of services based on the importance of each system to the Group. We will improve the quality of our services by proactively providing service availability and failure information, and by taking remedial measures against failures.

Constant disclosure of service operations status

In the event of a system failure, we will provide guidance on alternative methods along with the service operating status. We constantly disclose the history of past failures to visualize information about the system. (The Hokkoku Bank Website) <https://www.hokkokubank.co.jp/other/notice/index.html>



Recovery support in the event of a failure

In addition to face-to-face information sharing in the event of a failure, Microsoft Teams is used to create a system that allows personnel who are involved, including management, to share information in real time. We strive to minimize the impact on our customers through initiative by personnel who are involved on the premise of accurate information sharing.

Service operation target and 2021 availability

We believe that the balance between stable service provision and speedy provision of highly convenient services utilizing IT is important in order to meet the diverse needs of our customers. By setting service operation targets according to system importance and sharing targets with stakeholders together with availability, we will be better able to provide valuable services that are both stable and convenient.

Service operation target

99.95% (Approximately 4.3 hours/year) (Approximately 22 minutes/month) (Approximately 44 seconds/day)	Most Important	Systems that impact cash supply and settlement of funds with no alternative
99.90% (Approximately 8.7 hours/year) (Approximately 44 minutes/month) (Approximately 88 seconds/day)	Important	Systems that impact cash supply and settlement of funds with alternative
99.50% (Approximately 43 hours/year) (Approximately 3.6 hours/month) (Approximately 7.2 minutes/day)	General	Systems not rated Most Important or Important that impact customers
99.00% (Approximately 37 hours/year) (Approximately 7.2 hours/month) (Approximately 14.4 minutes/day)	Internal	Systems not rated Most Important or Important that do not impact customers

2021 service availability

Name	Priority	Availability	Evaluation	Service improvement measures
ATM	Important	99.98%	Pass	—
Hokkoku Cloud Banking	Important	99.93%	Pass	—
Hokkoku Web Access	Important	99.88%	Fail	Secure a separate transfer data reception route in the event of a failure
Hokkoku Visa Debit Card	Important	99.94%	Pass	—
Hokkoku Visa Debit Card merchant terminal	Important	99.98%	Pass	—
Passbook updating machine	General	99.19%	Fail	Temporary cause, countermeasures deemed unnecessary

* Availability at 100% other than the above

Cyber Security

The Group is promoting security initiatives to protect the valuable assets and information of our customers. We aim to be an organization in which each employee views security measures as his/her own matter by sharing the ideal forms of cyber security within the company as Security Strategy Stories. At the same time, we will contribute to improving security of local communities by sharing the efforts of the Group with our customers and local residents.

Security Strategy Stories

Phase	Security 1.0 (up to 2013)	Security 2.0 (2014-2019)	Security 3.0 (2020-2021)	Security 4.0 (2022-2024)	Security 5.0 (2025 and beyond)
Vision	Pursuing security by complete separation from the outside	Accepting partial connections with the outside as being conscious of convenience	Balancing convenience and security	Collaborating throughout the supply chain that includes group companies and IT partners	Contributing to regional DX with security
Technology	Separate defense Shared terminals	Perimeter defense Terminal lending to employees Thin client infrastructure	Introduction of Zero Trust Individual terminal lending for all employees Practical use of SOC (external center)	Full implementation of Zero Trust Considering introduction of SASE Insourcing SOC	Beyond Zero Trust and SASE (Utilization of latest technology)
Human resource development	Minimum level of education for Internet PC users	Spot security education for all employees	Constant education on security Strengthening information dissemination	Strengthening supply chain management (Improving literacy in the Group and promoting outsourced companies' understanding)	Regional security promotion
Development method	Low priority of security	Considering security separately	Trial run of shift left (taking security into account from project outset)	Full implementation of shift left DevSecOps promotion	Sharing knowledge of security development
Organization/ Structure	Handling the same as a natural disaster	Constructing CSIRT structure	Strengthening CSIRT activities by establishing Security Group	Appointment of a CISO Security Group's external activity trial	Initiatives to share information with the community

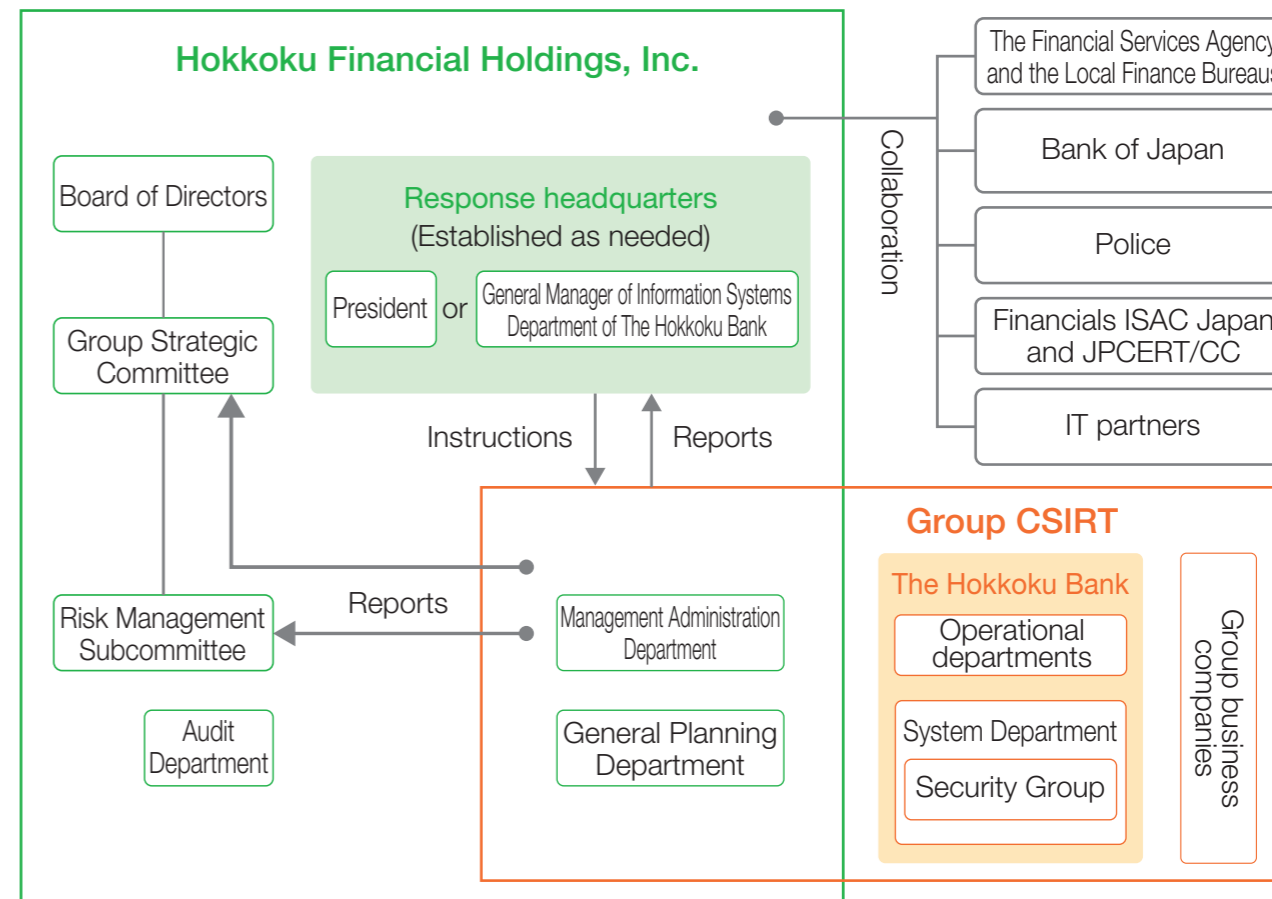
Security philosophy

Methods of cyberattack are constantly evolving, and it is becoming difficult to completely protect systems and information from malicious attacks using only conventional "perimeter defense" measures. For this reason, the Group is implementing security measures using Zero Trust that can flexibly respond to the evolution of attack methods without adversely affecting user productivity. We are taking security measures with a Zero Trust hybrid while incorporating "perimeter defense" according to the system and information to be protected. We are also shifting the concept of IT environment control from rule-based to principle-based with the goal of improving productivity and strengthening security. We are building a safe and convenient IT environment by supporting the principle-based premise of improving employee IT literacy through continuous education and promotion activities, while at the same time enhancing heuristic controls such as log monitoring and behavior detection based on the philosophy of Zero Trust.

Cyber security management structure

We are responding to security risks by building an intragroup reporting structure and a collaborative structure with the outside, thereby maintaining close communication on a daily basis. In the unlikely event of an incident, a response headquarters would be set up so that CSIRT across the group can quickly resolve the situation.

Cyber security management structure



Initiatives to strengthen security

- Initiatives to eliminate PPAP** | Beginning in March 2022, the sending and receiving of emails with attached password-secure files (so-called PPAP) was abolished, in principle. Doing so block attacks using attachments among targeted email attacks.
- Advanced security event monitoring** | We have built a mechanism to detect and notify suspicious behavior from events that occur at endpoints, and we are gradually expanding the scope of items detected. We also utilize an external SOC for some important logs and have a system in place to constantly monitor them.
- Employee education and promotion activities** | We produce and publish training videos to support the acquisition of IT-related qualifications and the acquisition of security knowledge. We have also set up a security channel in Microsoft Teams to relay security-related information in an easy-to-understand manner via chat. The friendly content has been well received by employees and contributes to raising the security awareness of the Group.
- Shift left initiative** | The Security Group established within the Hokkoku Bank System Department is an organization involved across intragroup projects. From the initial stage of the project, we have been holding discussions with security in mind and promoting the shift left initiative to maintain effective security measures while keeping costs low.

Corporate Governance

[The Company's Basic Approach to Corporate Governance]

The Group believes that it is important to maintain a harmonious relationship with stakeholders, including shareholders, improve management transparency and reinforce management that strictly observes compliance in order to realize our corporate philosophy as well as the ideas and the targeted levels in the Medium-Long Term Business Strategy. In addition, we will continue to actively engage in IR activities to promote a broader understanding of our corporate governance initiatives, and with the aim of becoming a company that is highly transparent and open both internally and externally, we will strive to disclose information more clearly on our website and in our integrated report.

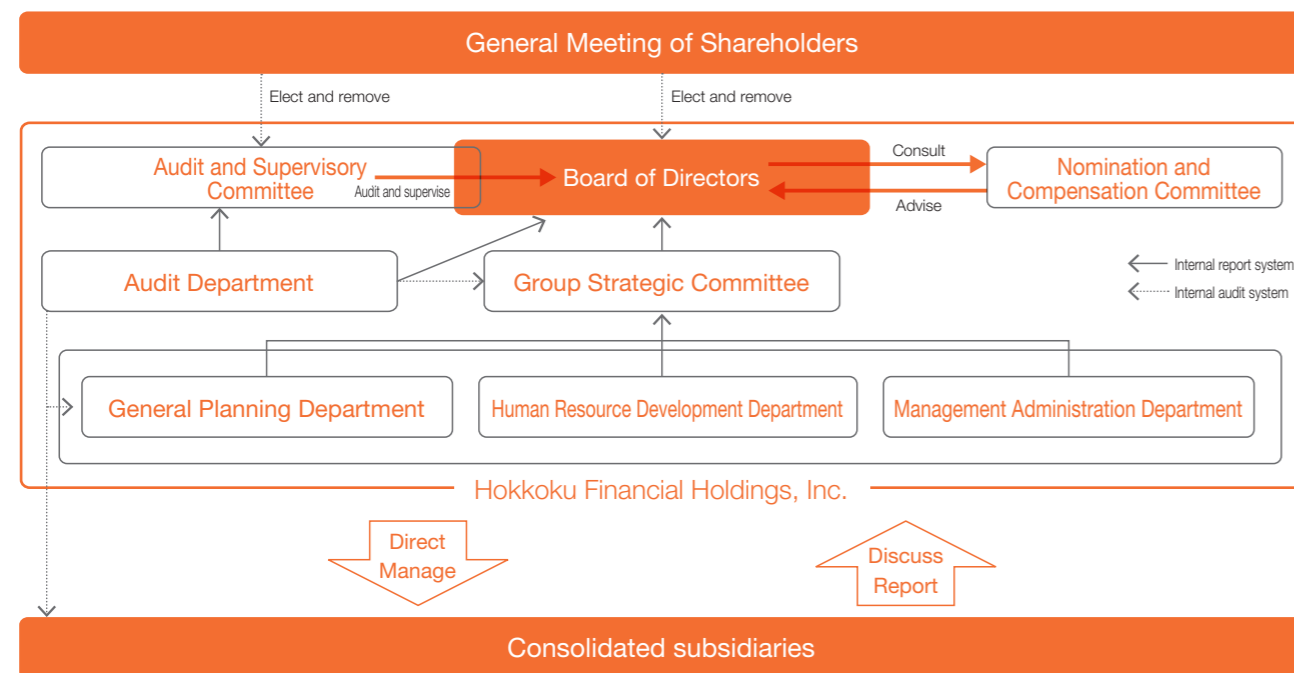
[Outline of the Current Structure]

Since its foundation in October 2021, the Company has adopted an Audit and Supervisory Committee structure as its organization form in order to enhance its corporate governance structure and further increase its corporate value. Directors who are Audit and Supervisory Committee Members (including more than one Outside Directors) are given voting rights on the Board of Directors to strengthen the Company's audit and supervisory functions on the Board of Directors and executives. At the same time, we work to further improve our governance by improving the transparency and efficiency of our decision making and business execution processes through the participation of Outside Directors in corporate management.

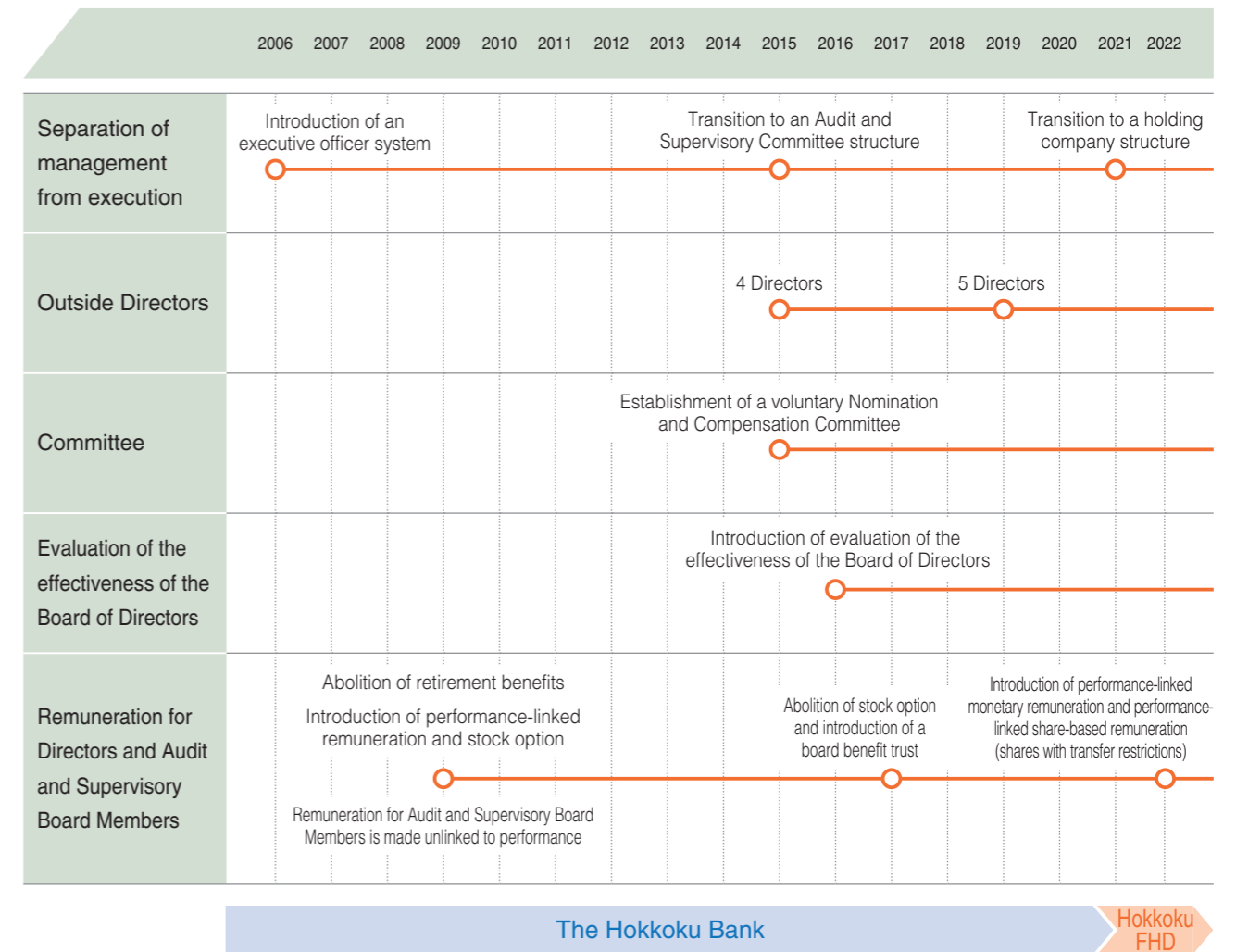
Currently, five out of 10 Directors in total are Outside Directors (ratio of Outside Director: 50.0%). All of the five Outside Directors are independent Outside Directors and express opinions and conduct audit and supervision of Directors from an objective and neutral standpoint.

In addition, a voluntary Nomination and Compensation Committee (chaired by President & Chief Executive Officer, Representative Director), a majority of which consists of Outside Directors, has been put in place for the Company to have a system that ensures the transparency and objectivity of decision-making processes related to the nomination of Director candidates and remuneration for Directors.

[Diagram of Corporate Governance System]



Corporate Governance System: Developments



[Major Initiatives for Improving Corporate Governance]

The Company uses Microsoft Teams as its communication tool to enable all directors and employees to share all information except for sensitive information such as important facts. By eliminating the asymmetry of information within the Company in this manner, we are working to create a transparent and non-hierarchical organization. The Group Strategic Committee, which comprises the directors of the Company and group companies, has realized lively discussion and faster decision making during its meeting by sharing meeting agenda and materials in advance using the communication tool. The proceedings of the meeting are streamed internally in real time and made available for viewing by all directors and employees, which helps us work toward effective implementation of measures and achieving a highly transparent decision-making process.

Simultaneously with the introduction of a new director remuneration system in April 2022, we have established the longest possible term of office of Directors. This measure is designed to force the current management to make an external commitment to work on the development and selection of their successors with a deadline while preventing organizational inertia and facilitating sustainable growth by rotating the management members.



For details concerning corporate governance, please refer to our "Corporate Governance Reports."
<https://www.hfhd.co.jp/governance/pdf/20220614.pdf>



[Board of Directors, Committees, and Audit System]

Functions of Business Execution and Supervision

Board of Directors ▶ Number of meetings held (since the foundation in October 2021): 7

The meetings are held once a month in principle, and in addition, on an extraordinary basis, as necessary. The Board determines the management policy, the management strategy and other important matters and supervises execution of duties by Directors by, for example, receiving reports on the status of business execution and other important items.

Nomination and Compensation Committee ▶ Number of meetings held (since the foundation in October 2021): 4

A voluntary advisory body which discusses and exchanges opinions on election of and remuneration for Directors. A majority of the Committee consists of Outside Directors and the Committee ensures the objectivity and transparency by obtaining appropriate involvement and advice.

Group Strategic Committee ▶ Number of meetings held (since the foundation in October 2021): 46

The meetings are held once a week in principle, and in addition, on an extraordinary basis, as necessary. The Committee determines important matters other than those resolved by the Board of Directors as well as matters delegated by the Board of Directors, and receives reports on the status of business execution and other important items.

Functions of Audit and Supervision

Audit and Supervisory Committee ▶ Number of meetings held (since the foundation in October 2021): 7

The meetings are held once a month in principle, and in addition, on an extraordinary basis, as necessary. The Committee conducts audit and prepares audit reports on the execution of duties by Directors and determines its opinions concerning election of or remuneration for Directors, among other things.

Audit by the Audit and Supervisory Committee

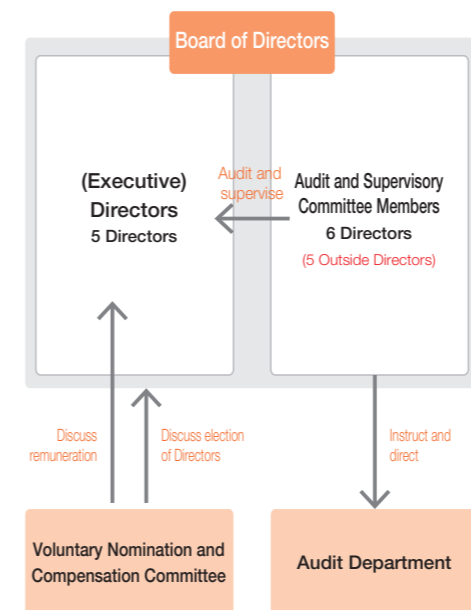
The Committee conducts audit on decision-making and execution of duties by Directors appropriately in accordance with the audit policy and plan prescribed by the Audit and Supervisory Committee, from a standpoint independent of the Board of Directors and in collaboration with the Accounting Auditor and the Internal Audit Department. The Committee also exchanges opinions on important audit issues, etc. with the Representative Directors through regular meetings.

Internal audit

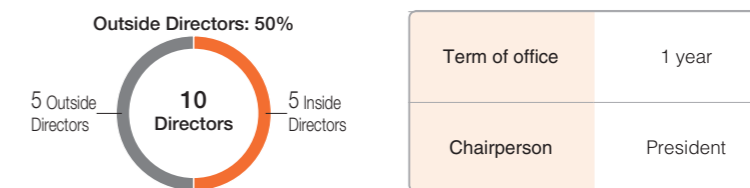
The Internal Audit Department is an organization directly reporting to the Audit and Supervisory Committee and conducts internal audit based on the internal audit policy approved by the Board of Directors. Audit results are reported to the Board of Directors on a periodic basis.

Accounting audit

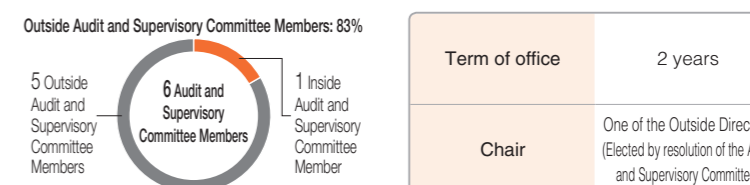
Ernst & Young ShinNihon LLC has been elected as the Accounting Auditor, which conducts audit from a fair and impartial standpoint as an independent auditor.



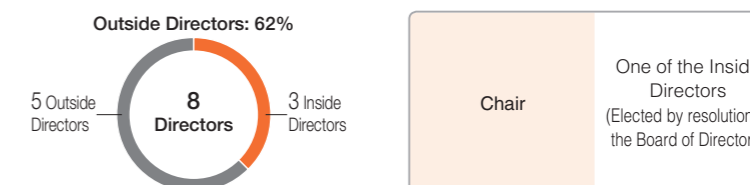
Directors and Board of Directors



Audit and Supervisory Committee Members and Audit and Supervisory Committee



Nomination and Compensation Committee



[Main agenda at Board of Directors meetings in FY2021]

- Group capital strategy
The Board discussed the capital strategy of the whole Group including shareholder return.
- Revision of holding policy of cross-held shares and reporting and validation processes
The Board discussed the revision of holding policy and the appropriateness of reporting and validation processes.
- Revision of the Medium-Long Term Business Strategy
The Board discussed the revision of the Medium-Long Term Business Strategy, which is updated annually.
- Business strategies of each group company
The Board discussed business models, future business strategies, and profit and loss projections of each group company.
- Establishment of ESG materiality, investment and loan policy, and sustainability policy
The Board discussed the contents of materiality setting, investment and loan policy, and sustainability policy.
- New director remuneration system
The Board discussed whether to introduce a performance-linked remuneration plan, reference indicators of performance, and percentage of total of each remuneration component.
- Structure of the Audit and Supervisory Committee and audit plans
The Audit and Supervisory Committee explained its structure and reported its audit plans.

[Election and Dismissal Process of Directors and Executive Officers]

When nominating Director candidates, the President & Chief Executive Officer refers the nomination to the Board of Directors upon discussion by the voluntary Nomination and Compensation Committee.

Among such candidates, those for Inside Directors shall be selected from among persons with high levels of integrity, sense of ownership, and innovation and possess knowledge and experience to allow for accurate, fair and efficient execution of corporate management of the Group. In addition, Outside Director candidates shall be selected from among persons who possess abundant experience and broad insight in general management and fields of specialization, are capable of providing appropriate advice and recommendations in making decisions on the Group's overall management and business execution and are expected to contribute to maintenance and improvement of the rationality and soundness of management and strengthening of corporate governance of the Group. The reasons for nomination of each Director candidate are stated in the notice of general meeting of shareholders. A person who the Board of Directors determines does not meet such eligibility requirements will not be nominated as a Director candidate. In addition, the Board of Directors may decide to convene a General Meeting of Shareholders the subject matter of which is dismissal of a Director who has engaged in an act deemed to be remarkably lacking the suitability as Director during the term of office, such as a violation of laws and regulations or scandal.

The Group also elects Executive Officers as officers other than Directors.

Executive Officers are selected from among persons who are determined to be sufficiently conversant with the business management of the Group and capable of executing the operations of divisions under their charge fairly and efficiently based on their knowledge and experience. A person will not be nominated as an Executive Officer candidate if he or she is not considered to meet such eligibility requirements. In addition, any Executive Officer who has engaged in an act deemed to be remarkably lacking the suitability as Executive Officer, such as a violation of laws and regulations or scandal, may be dismissed during the term of office. Regarding for the election or dismissal of each Executive Officer, reasons therefor are explained individually by the President & Chief Executive Officer at the meeting of the Board of Directors.

[Independent Outside Directors]

Name	Reason for election	Attendance at meetings in FY2021
Shigeru Nishii	He possesses a wealth of specialized knowledge cultivated through his activities as an attorney at law for many years as well as his position working as the Chairperson of Kanazawa Bar Association. He was elected as an Outside Director because the Company expects that he will contribute to maintenance and improvement of the transparency and soundness of management and strengthening of corporate governance of the Company by providing supervision and advice on execution of business by the Company from his professional perspective, especially in the fields of risk management, financial strategy and personnel and labor based on his knowledge.	Board of Directors 7/7 meetings Audit and Supervisory Committee 7/7 meetings Nomination and Compensation Committee 4/4 meetings
Tadashi Onishi	He possesses a wealth of specialized knowledge cultivated through his activities in corporate management that include his position as Executive Officer and Deputy President of Meiji Yasuda Life Insurance Company. He was elected as an Outside Director because the Company expects that he will contribute to maintenance and improvement of the transparency and soundness of management and strengthening of corporate governance of the Company by providing supervision and advice on execution of business by the Company from his professional perspective, especially in the fields of corporate planning, risk management, marketing, and HR strategy based on his knowledge.	Board of Directors 7/7 meetings Audit and Supervisory Committee 7/7 meetings Nomination and Compensation Committee 4/4 meetings
Shuji Yamashita	He possesses a wealth of specialized knowledge cultivated through his activities in corporate management that include his work experience as well as his position as Senior Executive Officer of Komatsu Ltd. He was elected as an Outside Director because the Company expects that he will contribute to maintenance and improvement of the transparency and soundness of management and strengthening of corporate governance of the Company by providing supervision and advice on execution of business by the Company from his professional perspective, especially in the fields of corporate planning, risk management, overseas business and IT strategy based on his knowledge.	Board of Directors 7/7 meetings Audit and Supervisory Committee 7/7 meetings Nomination and Compensation Committee 4/4 meetings
Taku Oizumi	He has abundant financial business experience including his position as Director-General of Currency Issue Department at the Bank of Japan and possesses a wealth of specialized knowledge cultivated through his activities in corporate management that include his position as Managing Executive Officer of Seven Bank, Ltd. He was elected as an Outside Director because the Company expects that he will contribute to maintenance and improvement of the transparency and soundness of management and strengthening of corporate governance of the Company by providing supervision and advice on execution of business by the Company from his professional perspective, especially in the fields of corporate planning, risk management, marketing and overseas business based on his knowledge.	Board of Directors 7/7 meetings Audit and Supervisory Committee 7/7 meetings Nomination and Compensation Committee 4/4 meetings
Naoko Nemoto	She possesses a wealth of specialized knowledge cultivated through her activities as a financial expert, such as being involved in rating and research work related to financial institutions at Standard & Poor's Ratings Japan Inc. for many years. She was elected as an Outside Director because the Company expects that she will contribute to maintenance and improvement of the transparency and soundness of management and strengthening of corporate governance of the Company by providing supervision and advice on execution of business by the Company from her professional perspective, especially in the fields of financial strategy, overseas business and market operations based on her knowledge.	Board of Directors 7/7 meetings Audit and Supervisory Committee 7/7 meetings Nomination and Compensation Committee 4/4 meetings

[Specialization and experience of Directors and Executive Officers]

The skills matrix of Directors and Executive Officers based on their expertise and experience is as shown in the table below. The Company has assigned human resources with abundant experience, deep insight, and strong expertise in order to realize proper supervision of management and sustainable improvement of corporate value. The fields that the Company highly expects are marked with "●" for Directors who are not Audit and Supervisory Committee Members.

Name	Title	Specialization and experience									
		Corporate planning Management strategy	Governance and risk management	Financial and capital strategy	ESG and sustainability	Marketing	Consulting	Global	Market operations	HR strategy	Digital IT strategy
Shuji Tsuemura	President & Chief Executive Officer (Representative Director)	○	●	○	○		●	○	○		○
Kazuya Nakamura	Director (Representative Director)	○	●	○	●	●	●	●		○	
Koichi Nakada	Director	●	○							○	●
Yuji Kakuchi	Director		●			●	●	○	○		
Nobuhiro Torigoe	Director, Audit and Supervisory Committee Member	●		●	●					●	●
Shigeru Nishii	Director, Audit and Supervisory Committee Member (Outside)		●	●						●	
Tadashi Onishi	Director, Audit and Supervisory Committee Member (Outside)	●	●			●				●	
Shuji Yamashita	Director, Audit and Supervisory Committee Member (Outside)	●	●			●		●			●
Taku Oizumi	Director, Audit and Supervisory Committee Member (Outside)	●	●	●	●	●		●			
Naoko Nemoto	Director, Audit and Supervisory Committee Member (Outside)			●	●			●	●		
Toshiyuki Konishi	Managing Executive Officer		●			●	●	●		●	
Akira Nishita	Managing Executive Officer	●	●				●	●			
Takayasu Tada	Managing Executive Officer	●			●		●	●	●	●	●
Susumu Taniguchi	Managing Executive Officer	●	●				●				
Takeshi Igawa	Managing Executive Officer	●	●	●							●
Harushige Sanbonmatsu	Executive Officer		●		●					●	
Kenya Tatsuno	Executive Officer	●					●	●		●	●
Tatsuo Shintano	Executive Officer		●			●	●				
Yutaka Hosono	Executive Officer		●			●	●				
Tomohiko Kikuzawa	Executive Officer	●		●	●	●				●	●
Kazuki Yamamori	Executive Officer	●	●		●		●				●
Masayuki Kita	Executive Officer		●			●	●	●			
Seiichi Sagiike	Executive Officer		●						●		
Takayuki Yamamoto	Executive Officer	●		●		●					
Naotaka Terai	Executive Officer	●	●	●				●		●	●
Haruhiko Kometani	Executive Officer					●	●	●			
Masaru Yamazaki	Executive Officer	●				●		●			
Toshimi Kitagawa	Executive Officer		●			●				●	
Akihisa Nitta	Executive Officer	●				●					●
Aki Yokogoshi	Executive Officer				●					●	●
Hitoshi Takeuchi	Executive Officer					●	●				●
Hidehiro Yamamoto	Executive Officer	●	●	●						●	
Muneto Yamada	Executive Officer	●	●	●							

[Skill items that should be strengthened]

We recognize that the skill items listed in the following table should be strengthened for the sustainable value enhancement of the Company. We plan not only to develop specialists internally for assignment based heavily on experience, but also to recruit qualified human resources with objective and effective knowledge and experience from outside the Company in order to strengthen the business foundation of the Company.

Skill item	Reason for selection
Consulting	We deem consulting and advisory services as important services for us to realize our vision of a next-generation integrated regional company. While the level of consulting skills of CC Innovation, our consulting subsidiary, is improving, it is necessary for us to secure human resources with more advanced skills and knowledge in order to continue to provide values to local customers and improve the quality of the region.
Digital IT strategy	The Company has been implementing operational reform triggered by system strategies for over 20 years and still continues to work on digital transformation initiatives. Accumulated know-how is made available for use by local customers for productivity improvement mainly through our consulting services. In terms of system strategy, security skills such as those to respond to cyberattacks are considered to be as important as skills related to speed and performance. Therefore, it is necessary for us to secure human resources with more advanced skills and knowledge.

[Evaluation of Effectiveness of the Board of Directors]

The Company performs the evaluation and analysis of the effectiveness of the Board of Directors including self-evaluation of each Director and discloses the results every year in order to improve the effectiveness of the Board of Directors. We also continuously work to improve the effectiveness of the Board of Directors through efforts to address issues identified in effectiveness evaluation.

Method of effectiveness evaluation



[Outline of the Results of Effectiveness Evaluation of the Board of Directors]

As a result of the evaluation through a questionnaire survey and discussion, we have confirmed that the effectiveness of the Board of Directors has been sufficiently secured for the following reasons:

- Regarding the transparency of agenda discussion process, which was identified as an issue last year, the Board worked to improve the transparency of the discussion process for each agenda by making use of a communication tool. As a result, sufficient transparency has been secured.
- The preliminary briefing session held before a Board meeting serves as an opportunity for a meaningful discussion with business execution departments and has been useful for deeper understanding of various agenda.
- We are told by Outside Directors that there has been sufficient communication of what to say and what to hear. Therefore, we can conclude that opportunities and psychological security to discuss each measure have been sufficiently secured.

[Issues to Be Addressed on a Priority Basis]

While we were able to confirm that the effectiveness of the Board of Directors has been secured as a result of the evaluation through a questionnaire survey and discussion, the following issues have been identified as matters requiring focused efforts for improvement:

- Continued initiatives to secure time for sufficient discussion
 - Secure even distribution of the number of agenda over the year through systematic submission of agenda based on an annual schedule and properly narrow down the number of agendas to discuss
- Initiatives to secure opportunities to discuss topics for which there have been requests for deeper discussion
 - As there have been requests for deeper discussion on the following topics, we will work to secure opportunities to discuss them in a focused manner:
 - Profit and loss, challenges, etc., of each group company, BCP measures, ideal level of capital, cybersecurity countermeasures, money laundering countermeasures, succession plan, and remuneration determination process.

[Longest Possible Term of Office of Directors Who Are Not Audit and Supervisory Committee Members]

The Company has established the longest possible term of office of Directors who are not Audit and Supervisory Committee Members in April 2022.

This helps us strengthen the governance system and further revitalize the Board of Directors by preventing organizational inertia, while focusing further on initiatives to develop successors.

Director who is not an Audit and Supervisory Committee Member (President)	The Director is elected for the term of office of one year, but will not be re-elected if he or she has served for a cumulative term of over 10 years at the time of expiration of the current term of office.
Directors who are not Audit and Supervisory Committee Members (other than the President)	The Directors are elected for the term of office of one year, but will not be re-elected if he or she is over 65 years old at the time of expiration of the current term of office.

[Directors and Executive Officers (as of June 30, 2022)]

HOKKOKU FINANCIAL HOLDINGS



Managing Executive Officers

Toshiyuki Konishi (Managing Executive Officer, General Manager of Head Office Sales Department, The Hokkoku Bank, Ltd.)	Takayasu Tada (President and Representative Director, The CC Innovation, Ltd.)	Takeshi Igawa (Managing Executive Officer, General Manager of Information Systems Department, The Hokkoku Bank, Ltd.; President and Representative Director, The Digital Value, Ltd.)
Akira Nishita (Managing Executive Officer, General Manager of Corporate Banking Department, The Hokkoku Bank, Ltd.; President and Representative Director, The Hokkoku Servicer, Ltd.)	Susumu Taniguchi (Managing Executive Officer, General Manager of Corporate Banking Department, The Hokkoku Bank, Ltd.)	

Executive Officers

Harushige Sanbonmatsu (Executive Officer, General Manager of Management Administration Department, The Hokkoku Bank, Ltd.)	Masayuki Kita (Executive Officer, General Manager of Toyama Sales Department, The Hokkoku Bank, Ltd.)	Toshimi Kitagawa (Executive Officer, General Manager of Nanao Sales Department, The Hokkoku Bank, Ltd.)
Kenya Tatsuno (Executive Officer, General Manager of Fukui Sales Department, The Hokkoku Bank, Ltd.)	Seiichi Sagiike (Executive Officer, General Manager of Capital Market Department, The Hokkoku Bank, Ltd.)	Akihisa Nitta (Executive Officer, General Manager of Operations Department, The Hokkoku Bank, Ltd.)
Tatsuo Shintani (Executive Officer, General Manager of Takaoka Sales Department, The Hokkoku Bank, Ltd.)	Takayuki Yamamoto (Executive Officer, General Manager of Personal Banking Department, The Hokkoku Bank, Ltd.)	Aki Yokogoshi (Executive Officer, General Manager of Human Resource Development Department, The Hokkoku Bank, Ltd.)
Yutaka Hosono (Executive Officer, General Manager of Corporate Banking Department, The Hokkoku Bank, Ltd.)	Naotaka Terai (Executive Officer, General Manager of Digital Department, The Hokkoku Bank, Ltd.)	Hitoshi Takeuchi (Executive Officer, Tokyo Branch Manager, The Hokkoku Bank, Ltd.)
Tomohiko Kikuzawa (Executive Officer, General Manager of General Planning Department, The Hokkoku Bank, Ltd.)	Haruhiko Kometani (Executive Officer, General Manager of Komatsu Sales Department, The Hokkoku Bank, Ltd.)	Hidehiro Yamamoto (President and Representative Director, The Hokkoku General Leasing Co., Ltd.)
Kazuki Yamamori (Director and Partner, The CC Innovation, Ltd.)	Masaru Yamazaki (Executive Officer, General Manager of Mattou Sales Department, The Hokkoku Bank, Ltd.)	Muneto Yamada (President and Representative Director, Ishikawa Shoji Co., Ltd.)

[Policy for Determining the Contents of Remuneration of Directors]

The basic policy for remuneration for Directors of the Company is that remuneration is based on a structure which functions to incentivize contributing to the development of the local community and continuously enhancing corporate value with consideration for aligning with shareholder interests, and that remuneration of individual Directors is determined so that it is at an appropriate level based on each Director's duties. Specifically, remuneration for Directors who are not Audit and Supervisory Committee Members consists of fixed-amount remuneration as a fixed remuneration and monetary and share-based remuneration as performance-linked remuneration, and the remuneration for Directors who are Audit and Supervisory Committee Members and have a supervisory function consists solely of fixed-amount remuneration as a fixed remuneration based on their duties.

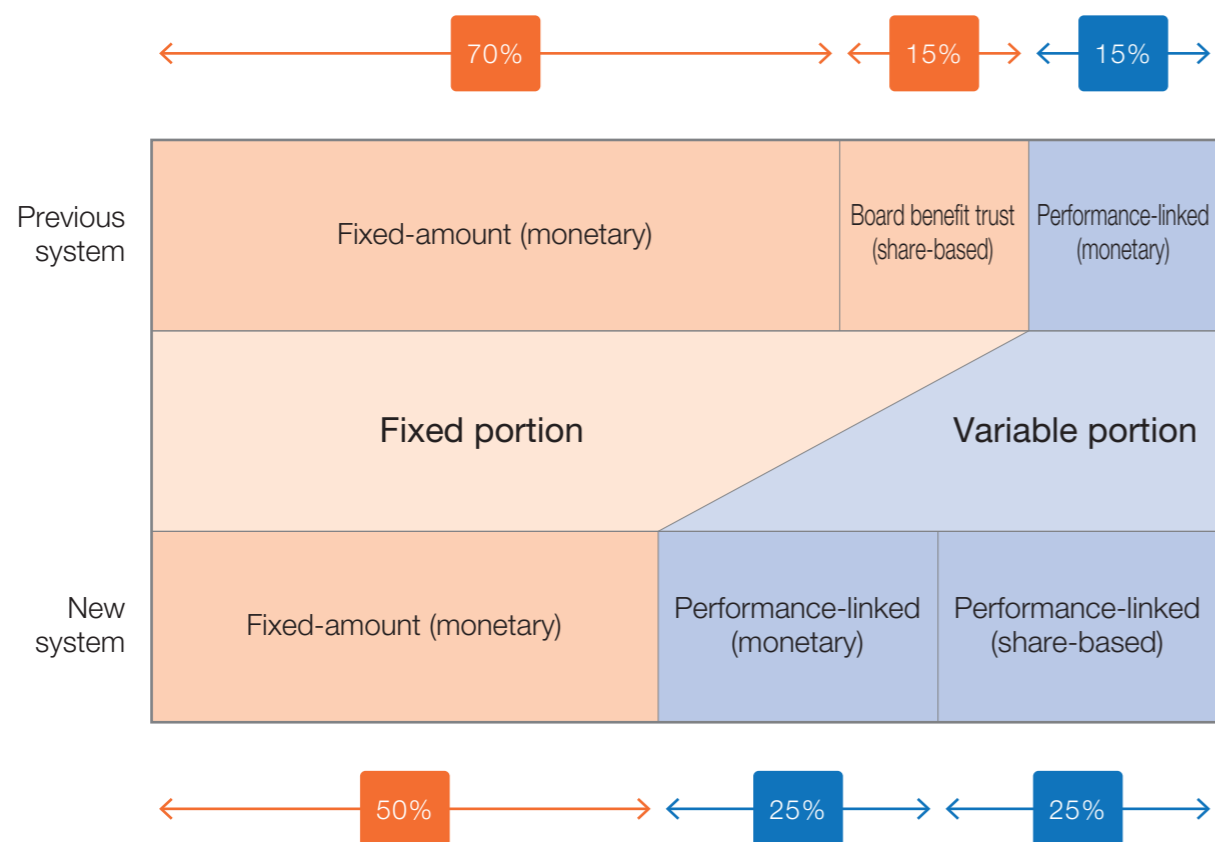
As a holding company, the Company maintains and operates the remuneration system in an integrated manner with group companies. In the case of concurrent positions at two or more group companies, fixed-amount remuneration is divided proportionately among them.

[Outline of the Remuneration System]

We have introduced a new director remuneration system in April 2022. The new system is designed to provide Directors with an incentive to work to increase corporate value and to enhance value sharing with our shareholders further by increasing the proportion of performance-linked remuneration in total remuneration.

The remuneration of eligible Directors consists of a combination of (1) fixed-amount remuneration (fixed, monetary), (2) performance-linked monetary remuneration (variable, monetary), and (3) performance-linked stock-based remuneration (variable, share-based).

Schematic illustration of percentage of total of each component of the remuneration system



* The diagram above shows a case of Director when ROE is 5% or more, but less than 6% (the percentage of total would vary depending on one's position and the Company's financial results).

[Composition of Remuneration and Percentage of Total]

Type	Basis of provision and percentage of total	Non-Audit and Supervisory Committee Member	Audit and Supervisory Committee Member	Executive Officer
Fixed-amount remuneration	Money is paid as fixed monthly remuneration.	○	○	○
Performance-linked monetary remuneration	Money is paid in accordance with the percentage of total shown in the table below as applicable to the level of ROE for the fiscal year subject to evaluation.	○	—	○
Performance-linked stock-based remuneration	Restricted shares are provided in accordance with the percentage of total shown in the table below as applicable to the level of ROE for the fiscal year subject to evaluation.	○	—	○

■ President & Chief Executive Officer

ROE	Percentage of total			
	Fixed	Linked (monetary)	Linked (share-based)	Total
8% or more	45%	30%	105%	180%
7% or more, but less than 8%	45%	30%	75%	150%
6% or more, but less than 7%	45%	30%	45%	120%
5% or more, but less than 6%	45%	30%	25%	100%
4% or more, but less than 5%	45%	25%	20%	90%
3% or more, but less than 4%	45%	20%	15%	80%
2% or more, but less than 3%	45%	15%	10%	70%
1% or more, but less than 2%	45%	10%	5%	60%
Less than 1%	45%	0%	0%	45%

■ Directors (excluding the President)

ROE	Percentage of total			
	Fixed	Linked (monetary)	Linked (share-based)	Total
8% or more	50%	25%	90%	165%
7% or more, but less than 8%	50%	25%	65%	140%
6% or more, but less than 7%	50%	25%	40%	115%
5% or more, but less than 6%	50%	25%	25%	100%
4% or more, but less than 5%	50%	20%	20%	90%
3% or more, but less than 4%	50%	15%	15%	80%
2% or more, but less than 3%	50%	10%	10%	70%
1% or more, but less than 2%	50%	5%	5%	60%
Less than 1%	50%	0%	0%	50%

Messages from Outside Directors



Director, (Outside) Audit and Supervisory Committee Member **Shuji Yamashita**

Down-to-earth initiatives to strengthen the corporate governance system

Three years have passed since I took office as an Outside Director of The Hokkoku Bank (Hokkoku Financial Holdings from October 1, 2021). In the meantime, the Company has achieved transformation at a formidable pace and proposed a number of measures in quick succession. However, I should not forget to mention that I have closely watched, as an Outside Director, the down-to-earth initiatives made by the Company to improve its corporate governance structure.

The Company completed the transition to an Audit and Supervisory Committee structure in 2015 while it was still the era of The Hokkoku Bank in order to separate management and business execution for a higher governance effect. In the meantime, the Company improved the transparency of decision-making process by increasing the ratio of Outside Directors to currently account for 50% of the Board of Directors and over 60% of the Nomination and Compensation Committee, which discusses the election, dismissal and remuneration of Directors. A preliminary briefing session is held on the day before the Board meeting to provide detailed explanation to deepen the understanding of Outside Directors. Initiatives are also taken after Board meetings to improve the effectiveness of discussion there.

The management of the Company clearly

understands that both corporate governance and medium- to long-term corporate management will definitely improve the effectiveness by increasing the openness of the Board of Directors side by side with speedy execution of strategies, visualizing the challenges faced by group companies, and ensuring that both Inside and Outside Directors engage in earnest, lively, and constructive discussions. Based on this understanding, the Company is boldly and steadily implementing down-to-earth initiatives.

An enterprise group that encourages independent thinking and aims to bolster organizational strength

– Human resources are the driving force to support sustainable transformation –

As the environment and the social situation surrounding the local economy have changed significantly, past approaches are no longer viable. Companies are required to gather all knowledge and wisdom to ensure speedy and flexible strategic decision making and execution.

In order to increase corporate value by meeting the expectations of shareholders and all other stakeholders, each individual belonging to a company needs to continue to learn, think independently, and take on bold challenges while always acting in response to customer needs.

In this sense, I have a strong impression that the Group Strategic Committee functions as a dojo to encourage individuals to think truly independently and bolster organizational strength in that it is open not only to Outside Directors and managers, but also to employees in general and presents, shares, and visualizes issues of each group company, while the audience actively write their opinions in response in real time by making the full use of IT. Employees training themselves in the dojo for human resource development to continue to think in terms of customer needs give me a premonition that the day the Company will become a next-generation integrated regional company both in name and reality is not far off. I would like to continue to contribute to the Company mainly by making proposals and recommendations at Board meetings as an Outside Director to ensure that its corporate governance and speedy execution of strategies will continue to work together in an optimal balance like two wheels of a car.



Director, (Outside) Audit and Supervisory Committee Member **Naoko Nemoto**

ESG management rooted in corporate culture

Interest in environmental issues is rising also in the financial industry, and ESG investment focusing on environment, society, and corporate governance has increased rapidly in the last two to three years. Many companies have also started disclosing their initiatives that are consistent with Sustainable Development Goals (SDGs) advocated by the United Nations.

In this situation, the Company has been voluntarily working to support the sustainable growth of the regional economy from before SDGs became a buzzword. For example, in the field of digital transformation (DX), the Company has been actively adopting latest technologies while flexibly changing its organization and work styles for more than 10 years under a well-defined system strategy. The Company has also contributed significantly to productivity improvement in the whole region by providing the knowledge it has accumulated to corporate customers and others in the region. Examples of such initiatives include the transition of the entire banking system to public cloud for the first time among banks in Japan and Internet banking services for individual and corporate customers.

The idea of increasing convenience for local companies to revitalize the whole region has been put into practice also in the bank cards business. For example, while demand for payment by credit card or smartphone has been increasing in the Hokuriku region, local retail shops and restaurants

have not been able to respond to it sufficiently. The Company has been involved in the development of card terminal devices that are compatible with world standards and provides them to its customers free of charge to promote cashless solutions in the whole region. As a result, productivity and sales of customers have increased and The Hokkoku Bank has also achieved growth in card issuance volume and fee income.

Providing consulting services to corporate customers to strengthen the local economy from the long-term perspective is also a unique initiative. To achieve this goal, the Company needs to secure human resources with strong expertise who can provide solutions to the issues of customers. The Company has abolished its performance evaluation system to carry out a reform of its personnel system in a manner to focus more on the autonomy and career development of individuals while encouraging specialization in a particular field. Actually, the atmosphere in the Company has started to show a tendency to value creativity and new initiatives.

Expectations for further evolution of ESG management

In evaluating the ESG initiatives of each company, investors are recently requiring quantitative targets and results. The Company also started, this year, disclosing quantitative analysis of climate change risk based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It would be useful for companies and investors if a clearer data analysis can be provided, for example, about what damage will be sustained among corporate customers due to climate change and how greenhouse gas emissions will change over time, which would broaden ESG initiatives further. Moving forward, I think that we can expect the effective utilization of DX, which is among the strengths of the Company.

Initiatives for the Risk Management System

We have put in place an information collection system to accurately grasp and analyze the diverse and complex risks surrounding the corporate management and we are working to strengthen the risk management system to manage and control risks appropriately.

[Basic Policy and Operating Structure for Risk Management]

Financial liberalization and internationalization and progress in deregulation have brought financial institutions an increasing number of business opportunities. Following the transition to a holding company structure in October 2021, our business domain has markedly expanded. As a result, diversity and complexity of risks faced by our business operations are rapidly increasing. For corporate management henceforth, it is important to accurately manage risk based on the principle of self-responsibility, while securing adequate income commensurate with that risk. The Company has laid out the basic matters relating to risk management under its "Comprehensive Risk Management Rules," whereby the management department of each group company undertakes adequate risk management, while the Management Administration Department of the Company comprehensively manages overall risk in its role as the supervisory body.

[Risk Appetite Framework]

The Company does not handle risks as a mere constraint but utilizes a framework for defining and monitoring acceptable risk levels for business execution in advance (risk appetite framework(*)). The Company works to improve the capital adequacy ratio by setting targets for risk assets consistent with the financial plan and the business strategy, allocating the risk assets to the credit and market departments and monitoring the status of the risk assets and profits on a periodic basis. The specific steps are as explained below. Based on the framework, we will optimize the risk-return trade-off toward the realization of the Medium-Long Term Business Strategy.

* Risk appetite: Types and quantity of risks that a company is willing to accept in order to achieve its organizational purpose or business plan.

Processes under the risk appetite framework



[Comprehensive Risk Management System]

The Company conducts risk measurement using the universally applied index VaR when assessing credit risks of loans, and market risks of market related products and banking accounts (interest risk and price fluctuation risks). The Company formulates comprehensive risk management guidelines every fiscal year for these quantifiable risks, and based on these guidelines, the Company decides on a capital allocation budget and manages performance values to ensure the risk control Tier is conducted effectively. The comprehensive risk, which includes operational risk (*), is compared with owned capital based on Tier 1 capital such as common shares. By making this comparison, risk management can be carried out in a way that ensures capital adequacy. Furthermore, in order to evaluate financial soundness, the Company conducts stress tests using assumptions of sudden change in the financial situation or unforeseen circumstances. The Company also conducts evaluation of risk appetite using the stress basis during the regular formulation of comprehensive budgets.

* Operational risk is a generic term referring to such risks as clerical risks, system risks, and other risks (legal risk, human risk, tangible asset risk, management risk, reputational risk).

Credit Risk Management
Market Risk Management
Liquidity Risk Management

Clerical Risk Management
System Risk Management

Please click here to review our basic policies for managing various risks:
https://www.hfhd.co.jp/ir/disclosure/pdf/disclosure_2022_03.pdf

[Basic Policy on Business Continuity]

1. Purpose

As an integrated regional company, the Company is working to enhance and strengthen its risk management system by putting in place a business continuity system. This policy has been formulated for the purpose of establishing the basic concept of the business continuity system for the Company and the Group as a whole, based on the Basic Policy for Internal Control ("Basic Policy on Internal Control System") and disseminating understanding of the plan throughout the entire organization.

2. Basic Concept of Management

In an emergency situation, we will minimize its impact on operations, restore operations swiftly and efficiently, and maintain a certain level of business continuity, while paying attention to the following points.

- 1 Ensure the safety of our customers, directors, employees and other related parties.
- 2 Achieve continuity of operations and early recovery to assist in sustaining local economic activity while minimizing the impact on financial settlement systems.
- 3 Minimize the loss of opportunities due to the suspension of operations.
- 4 Build the necessary system to ensure the effectiveness of the above, and provide training for that system.

3. Potential Emergency Situations

Emergency situations for which contingencies are planned include disasters, COVID-19, system failures, cyberattacks and reputational damage.

4. Priority Tasks and Recovery Targets

As a company that provides financial services with a high degree of public good, we will select operations that need to be prioritized as part of the recovery process and concentrate our management resources on those operations to ensure that economic activities essential for society are not disrupted. For operations given priority during a period of restoration, we set a target period or target time for restoration and work to meet those targets.

5. Rules and Regulations

In line with this policy, we have established "Basic Regulations for Business Continuity" for the purpose of clarifying the arrangements and we have established subordinate regulations, taking steps to ensure that all employees are aware of them.

6. Continuous Improvement

We will conduct training on a regular basis pursuant to the Business Continuity Plan and while evaluating the extent of adoption and the acquired proficiency of such response behaviors among the Company's directors and employees, we will regularly review the effectiveness of the training. In addition, to enhance the Company's capability of ensuring business continuity in response to changes in the external environment and diversification of operations, we will update the rules and other procedures for business continuity as necessary.

Initiatives for Compliance

[Basic Approach]

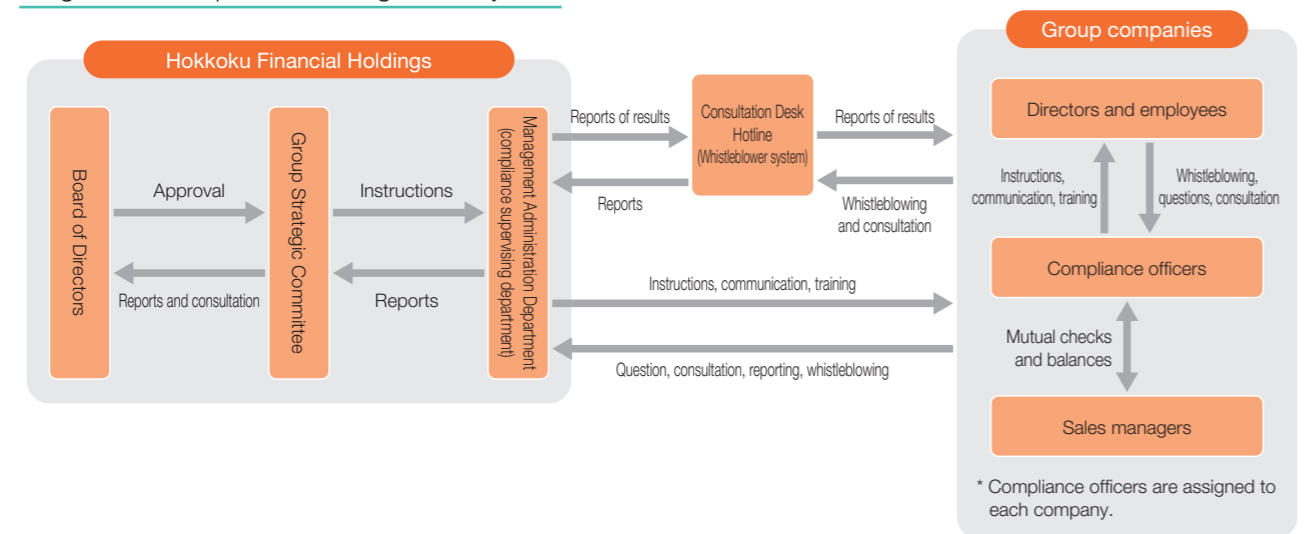
Consistently with its “Policy on Compliance with Laws, Regulations, etc.,” the Company regards compliance as “complying with not only laws and regulations but also social norms, the Company’s various regulations, etc.” and positions compliance as one of the management issues of the highest priority. With the basic policy of promoting thorough understanding and enforcement of the system for compliance with laws, regulations, etc., the Company is working to establish the compliance system as described below.

<p>Understanding and enforcing corporate philosophy, etc.</p> <p>Each and every director and employee will comply with the “Ethics Charter” with a full understanding and thorough enforcement of the Company’s corporate philosophy, management guidelines and code of conduct and keeping in mind that trust and reliability are established through their tireless efforts made day by day.</p>	<p>Training and education</p> <p>The Company works to instill compliance awareness through training, education and case study, while the compliance supervising department, etc. build a monitoring system and compliance officers at operational departments, branch offices, etc. strive to strengthen measures to prevent violation.</p>	<p>Implementation of compliance programs</p> <p>The Company conducts checks, reporting, evaluation, etc. of the status of compliance-related activities appropriately based on its compliance programs (activity plans) and takes effective corrective and recurrence prevention measures through the Board of Directors and other bodies.</p>
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[Operating Structure for Compliance]

The Company operates under the organizational structure which includes the Board of Directors, the Group Strategic Committee, compliance officers at operational departments, branch offices, etc. and the Management Administration Department. The Management Administration Department serves as the compliance supervising department and aggregates, manages, examines and analyzes compliance-related information centrally to take necessary measures and formulates and implements compliance programs (activity plans). The Board of Directors and other bodies receive reports on compliance with laws, regulations, etc. on a periodic or as needed basis and discuss important measures. “Compliance officers” are assigned at operational departments, branch offices, etc. and implementing checks and balances at their respective workplaces.

Diagram of Compliance Management System



[Toward Prevention of Money Laundering and Terrorist Financing]

Given the recently increased international demand for preventing money laundering and terrorist financing, The Company deems prevention of money laundering and terrorist financing as one of the priority management issues and works on a constant basis to validate and advance measures to ensure checks being carried out at the time of conducting transactions, conduct ongoing customer due diligence, and detect and report suspicious transactions, among other measures.

[Major initiatives]

- In view of the increasing number of victims of special-case scams in recent years, we pay special attention to customers who request a large amount of cash payment or funds transfer and interact with them to ensure that the purpose of such transactions is legitimate. We also call attention of persons operating a funds transfer screen of an ATM in order to prevent bank transfer scams.
- We have produced and posted on our website for viewing [educational videos on financial crime](#) for young people.
- We conduct internal training while constantly improving its contents to ensure that all employees can work together to prevent financial crime, money laundering, and terrorist financing.

Please click here to view our educational videos on financial crime.
https://www.hokkokubank.co.jp/customer/lifeplan/for_students/for_parents.html

[Whistleblower and Consultation System (Consultation Desk Hotline)]

The Company has implemented a public interest and whistleblower system for all employees of the Group (including directors and ex-employees within one year) and has appointed the head of the Compliance Group, the head of the Human Resource Development Group, and an attorney appointed by the Company as reporting contacts. In order to prevent or early detect any scandal arising from a violation of law or misconduct, we are committed to effective internal communication and education about the system and the protection of whistleblowers. In addition, mental health and career consultation services by specialists are available to employees not only for the prevention of scandals, but also to address concerns about employees’ health, illness, family affairs, and mental health in general.

[Other Compliance Activities]

<https://www.hfhd.co.jp/compliance/>

Enhancing and improving compliance education to prevent scandals

- (1) Workplace discussion (exchange of opinions by employees a sense of ownership)
- (2) Periodic internal survey by questionnaire to employees
- (3) Interviews with individual employees by the compliance supervising department in a remote format
- (4) Interviews with individual employees and compliance education by department heads (monitoring of the conditions of each employee, including job-related as well as personal concerns and worries)
- (5) Position-specific training system



IR Activities

[Main IR Activity Results]

Simultaneously with the announcement of our financial results, we disclose detailed IR presentation materials for the information of investors.

After that, we conduct one-on-one meetings, in which the President & Chief Executive Officer, Representative Director plays a central part.

After these one-on-one meetings, we disclose the contents of questions and answers as appropriate in order to ensure fair disclosure.

These one-on-one meetings with institutional investors are also attended by our Executive Officers including those in charge of sales departments and senior staff at corporate planning departments, which helps us implement our business strategy and develop senior managers from the investor's perspective.

IR materials for FY2021 are available here.



Activities	FY2019 results	FY2020 results	FY2021 results
One-on-one meetings with institutional investors	42 times / 70 participants	42 times / 80 participants	37 times / 89 participants
Financial results briefing sessions for analysts and institutional investors	(*1) 1 time / 99 participants	—	(*2) 3 times / 29 participants
Conferences hosted by securities companies	1 time / 2 participants	1 time / 5 participants	—
Briefing session for individual investors	7 times / 244 participants	—	—
Briefing session for individual investors (online)	1 time / 427 participants	2 times / 470 participants	1 time / 405 participants

*1: Large meeting *2: Small meeting



* We have adopted corporate analysis reports by Shared Research Inc.



[Online Briefing Sessions for Individual Investors]

Briefing session held on February 2022

HOKKOKU FINANCIAL HOLDINGS



Presenter
Hokkoku Financial Holdings, Inc.
Executive Officer, General Manager of General Planning Department
Tomohiko Kikuzawa

- Streamed live to the audience of about 400 individual investors.
- Our presentation focused mainly on business strategy and answered questions in real time.
- Also available for on-demand viewing.

* The video is available until February 20, 2023.

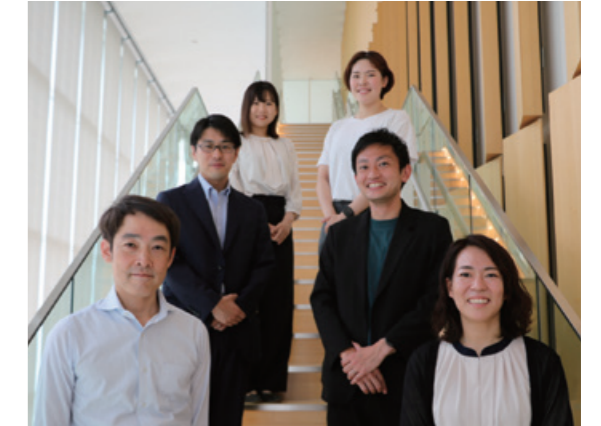


[External Evaluation of the Company's IR Activities]

Our integrated report was chosen as "Integrated Report with Significant Improvement" by Japanese stock investment managers of the Government Pension Investment Fund (GPIF) for two consecutive years in 2020 and 2021.

[Message from the PR & IR Section]

Thank you for reading this "Hokkoku Financial Holdings Integrated Report 2022." We would be happy if this report can help you understand the Company's initiatives to increase its corporate value and its aspiration to provide values to all its stakeholders, including people in the local community. The Company recognizes the importance of improving its information disclosure contents including those in integrated reports through dialogue with investors. We are committed to proactive information disclosure and IR activities and would appreciate the feedback of your frank opinions and comments.



[Share and Shareholder Information (as of March 31, 2022)]

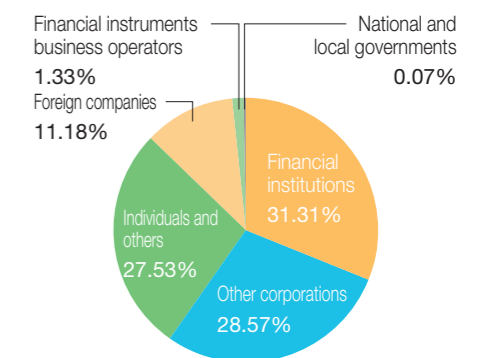
Status of shares

Number of shares	Total number of shares authorized to be issued	58,250 thousand shares
	Total number of issued shares (including treasury stock of 1,000 thousand shares)	27,908 thousand shares

Note: Fractions less than one thousand shares are rounded down for the numbers of shares shown above.

Number of shareholders at the end of FY2021 9,248

Distribution by investor type



Status of major shareholders

Shareholder name	Shareholding status	
	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	2,803	10.41
Custody Bank of Japan, Ltd. (Trust account)	1,860	6.91
Meiji Yasuda Life Insurance Company	1,564	5.81
Sumitomo Life Insurance Company	770	2.86
Hokuriku Electric Power Company	669	2.48
Hokkoku Financial Holdings Employees	601	2.23
Hokkoku Newspaper Company Co., Ltd.	370	1.37
Daido Kogyo Co., Ltd.	369	1.37
DFA INTL SMALL CAP VALUE PORTFOLIO	356	1.32
ARIAKE MASTER FUND	347	1.29

- Notes: 1. Fractions less than one thousand shares are rounded down for the numbers of shares held shown above.
2. The shareholding ratio is calculated by excluding the shares of treasury stock (1,000 thousand shares) and presented by discarding any figures below the second decimal place.
3. The Hokkoku Bank, a subsidiary of the Company, has introduced a "board benefit trust" stock-based remuneration system, and Custody Bank of Japan, Ltd. (Trust Account) has acquired 117 thousand shares of the Company. However, these shares are not included in treasury stock.

Rating information

	R&I	S&P
Hokkoku Financial Holdings	A	
The Hokkoku Bank	A+	BBB+

ESG Data

Environment (E)

	FY2017	FY2018	FY2019	FY2020	FY2021
Environment-related indicators					
CO ₂ emissions (t)	7,489	6,455	6,148	6,303	5,569
Electricity consumption (1,000 kWh)	11,570	10,788	10,286	11,306	10,150
Gasoline consumption (kl)	259	269	249	206	186
Water consumption (t)	74	65	64	63	60
Ratio of EV/HV (%)	5.2	7.5	8.5	9.3	12.6
Number of cases involving energy saving-related subsidies (lending + leasing)	—	—	44	43	59
Enlightenment of ESG initiatives through the understanding of business characteristics (Number of items)	—	—	—	—	1,120

Society (S)

	FY2017	FY2018	FY2019	FY2020	FY2021
Employee information					
Number of employees	1,798	1,782	1,750	1,741	1,890
Number of male employees	1,101	1,065	1,012	991	1,029
Number of female employees	697	717	738	750	861
Ratio of female employees (%)	38.8	40.2	42.2	43.1	45.6
Composition by age					
0 to 14 years old (%)	0	0	0	0	0
15 to 30 years old (%)	23.7	23.0	23.0	22.5	19.6
31 to 40 years old (%)	24.7	25.6	27.0	28.8	29.8
41 to 50 years old (%)	31.2	31.1	29.7	27.3	25.4
51 years or older (%)	20.3	20.3	20.3	21.5	25.1
Average age					
Male	40 years and 11 months	41 years and 1 month	41 years and 1 month	41 years and 3 months	42 years and 4 months
Female	43 years and 5 months	43 years and 4 months	43 years and 4 months	43 years and 4 months	44 years and 4 months
Average length of service (Years)					
Male (Years)	37 years and 1 month	37 years and 10 months	37 years and 11 months	38 years and 6 months	39 years and 6 months
Female (Years)	17 years and 4 months	17 years and 2 months	17 years and 2 months	17 years and 4 months	16 years and 9 months
Gender difference in wage (%)					
Male (Years)	20 years and 0 month	19 years and 9 months	19 years and 11 months	20 years and 0 month	19 years and 1 month
Female (Years)	13 years and 1 month	13 years and 5 months	13 years and 6 months	13 years and 9 months	13 years and 11 months
Gender difference in wage (%)	61.6	62.5	62.8	65.6	65.5
Ratio of female employees involved in management (%)	25.1	27.8	29.1	30.8	33.4
Number of male employees	709	674	656	646	624
Number of female employees	237	260	269	287	313
Ratio of female employees among new graduates hired (%)	51.6	50.9	64.9	45.8	67.6
Ratio of employees who took childcare leave					
Male (%)	0	0	4.3	23.1	20.0
Female (%)	100	97.7	100	98.0	100.0
Number of employees returning after taking childcare leave	17	29	42	44	47
Number of male employees	0	0	2	9	7
Number of female employees	17	29	40	35	40
Number of employees choosing reduced working hours for childcare	25	30	46	54	65
Ratio of mid-career hires (%)	12.3	12.7	10.9	25.0	32.0
Ratio of employees with disability (%)	2.26	2.48	2.34	2.79	2.66

	FY2017	FY2018	FY2019	FY2020	FY2021
Human resource development					
Total human resource development investment (Millions of yen)	31	47	50	58	66
Per capita training expenses (Thousands of yen)	17.2	26.5	28.8	33.3	35.0
Number of employees who have obtained highly competitive qualifications (cumulative)	321	364	403	431	449
Aid for self-enlightenment cost (Number of persons granted)	72	88	178	208	248
Aid for self-enlightenment cost (Millions of yen)	5	5	9	26	37
Number of employees who have completed or have been enrolled in MBA programs (cumulative)	0	0	0	13	22

	FY2017	FY2018	FY2019	FY2020	FY2021
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	FY2017	FY2018	FY2019	FY2020	FY2021
Organizational culture					
Confidence in leadership (%) (fairness)	—	—	—	—	74.5
Confidence in leadership (%) (integrity)	—	—	—	—	74.8
Confidence in leadership (%) (consistency)	—	—	—	—	69.8
eNPS (see P70 for details)	—	—	—	—	-52.4
Retention rate (%) (ratio of new graduates remaining with the Company after 3 years)	91.9	85.0	85.9	81.8	82.5

	FY2017	FY2018	FY2019	FY2020	FY2021
Health management, well-being					
Ratio of specified medical checkups completed (%)	92.5	93.1	93.4	92.1	95.2
Ratio of specified health guidance completed (%)	64.3	64.8	72.9	71.3	71.2
Number of participants in health events	376	579	709	537	1,537
Ratio of smokers (%)	20.5	19.2	17.7	17.5	15.7
Number of work-related injuries (Number of cases per 1 million hours)	1.2	3.0	2.8	3.4	2.0
Time loss due to work-related injuries (Number of lost hours per 1 million hours)	2:14	18:03	0:00	32:01	9:17
Overtime work (Hours)	1:43	2:17	2:57	3:05	3:28
Ratio of paid vacations taken (%)	60.5	60.9	72.3	77.7	81.4

	FY2017	FY2018	FY2019	FY2020	FY2021
Financial and economic education					
Number of sessions held	46	58	62	19	26
Number of attendees	588	1,054	1,534	1,374	1,532

	FY2017	FY2018	FY2019	FY2020	FY2021
Toward a cashless society					
Number of terminal devices distributed free of charge	1,657	2,127	2,231	415	434
Number of Visa debit cards issued (Thousands of cards)	51	45	52	33	43
Number of Internet banking classes held	—	—	—	—	1,760
Number of uses of Internet banking for corporate customers	15,941	16,850	17,499	18,150	21,103
Ratio of uses (%)	87.27	86.33	85.02	84.56	84.27
Number of uses of Internet banking for individual customers	32,286	34,006	47,691	68,345	104,360
Ratio of uses (%)	20.58	19.97	39.88	43.26	49.44

	FY2017	FY2018	FY2019	FY2020	FY2021
Cost					
Personnel expenses (Millions of yen)	14,562	14,466	14,379	14,079	13,503
Per capita recruitment expenses (Thousands of yen)	165	194	189	215	330
Recruitment expenses (Millions of yen)	12.0	12.2	12.1	13.7	16.5
Per capita net business profit (Thousands of yen)	9,018	8,176	8,920	3,843	7,374
Human capital ROI (*Net business profit / personnel expenses) (%)	111.0	100.3	108.3	46.5	84.9

Corporate Governance (G)

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of Directors and activity status					
Number of Directors	17	17	17	15	10
Ratio of Outside Directors (%)	23.5	23.5	29.4	33.3	50
Ratio of female Directors (%)	5	5	11	13	10
Average attendance at Board meetings (%)	98.2	97.1	98.5	98.9	100
Changes in the balance of cross-held shares (100 Millions of yen)	284	220	200	181	138
* Listed shares held by The Hokkoku Bank (book value)	—	—	—	—	—
Service availability of ATMs (%)	—	—	—	—	99.98

Company Information

HOKKOKU FINANCIAL HOLDINGS

Company Name	Hokkoku Financial Holdings, Inc.
Foundation Date	October 1, 2021
Location of Headquarters	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan
Representative	Shuji Tsuemura, President & Chief Executive Officer, Representative Director
Business Description	Bank holding company
Common Stock	¥10,000 million
Stock Exchange Listings	Tokyo Stock Exchange Prime Market
Website	https://www.hfhd.co.jp

HOKKOKU GENERAL LEASING

Company Name	The Hokkoku General Leasing Co., Ltd.
Foundation Date	April 27, 1974
Location	2-2-15 Katamachi, Kanazawa, Ishikawa, Japan
Representative	Hidehiro Yamamoto, President and Representative Director
Business Description	Leasing business
Common Stock	¥90 million
Ratio of equity ownership of the Company	37.25%
Website	www.hksl.co.jp

HOKKOK GUARANTEE SERVICE

Company Name	The Hokkoku Gurantee Service Co., Ltd.
Foundation Date	July 7, 1983
Location	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan
Representative	Kazuya Nakamura, President and Representative Director
Business Description	Consumer credit guarantee business
Common Stock	¥90 million
Ratio of equity ownership of the Company	18.33%
Website	https://www.hokkokubank.co.jp/as_service

Digital Value

Company Name	The Digital Value, Ltd.
Foundation Date	November 22, 2019
Location	1-3-1 Kyobashi, Chuo-ku, Tokyo, Japan
Representative	Takeshi Igawa, President and Representative Director
Business Description	System development and operation management business
Common Stock	¥90 million
Ratio of equity ownership of the Company	90.00%
Website	https://www.digitalvalue.co.jp



Company Name	The QR Investment, Ltd.
Foundation Date	June 10, 2021
Location	1-16 Musashimachi, Kanazawa, Ishikawa, Japan
Representative	Yuji Kakuchi, President and Representative Director
Business Description	Fund administration and management business
Common Stock	¥90 million
Ratio of equity ownership of the Company	100.00%
Website	https://www.hokkokubank.co.jp/qri

COREZO

Company Name	COREZO Inc.
Foundation Date	March 16, 2010
Location	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan
Representative	Koichi Nakada, President and Representative Director
Business Description	EC mall operation business
Common Stock	¥100 million
Ratio of equity ownership of the Company	100.00%
Website	https://shopping.corezo.co.jp

HOKKOKU BANK

Company Name	The Hokkoku Bank, Ltd.
Foundation Date	December 18, 1943
Location of Headquarters	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan
Representative	Shuji Tsuemura, President & Chief Executive Officer, Representative Director
Business Description	Banking business, leasing business
Common Stock	¥26,673 million
Website	https://www.hokkokubank.co.jp

HOKKOKU CREDIT SERVICE

Company Name	The Hokkoku Credit Service Co., Ltd.
Foundation Date	June 17, 1981
Location	2-2-15 Katamachi, Kanazawa, Ishikawa, Japan
Representative	Kazuya Nakamura, President and Representative Director
Business Description	Credit card business
Common Stock	¥90 million
Ratio of equity ownership of the Company	43.50%
Website	https://www.hokkokucard.co.jp

HOKKOKU SERVICER

Company Name	The Hokkoku Servicer, Ltd.
Foundation Date	September 21, 2011
Location	2-2-15 Katamachi, Kanazawa, Ishikawa, Japan
Representative	Akira Nishita, President and Representative Director
Business Description	Debt management and collection business
Common Stock	¥500 million
Ratio of equity ownership of the Company	95.00%
Website	www.hokkoku-servicer.co.jp



Company Name	The CC Innovation, Ltd.
Foundation Date	June 10, 2021
Location	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan
Representative	Takayasu Tada, President and Representative Director
Business Description	Consulting business
Common Stock	¥90 million
Ratio of equity ownership of the Company	100.00%
Website	https://www.ccinnovation.co.jp



Company Name	The FD Advisory, Ltd.
Foundation Date	May 31, 2021
Location	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan
Representative	Yuji Kakuchi, President and Representative Director
Business Description	Investment advisory business
Common Stock	¥90 million
Ratio of equity ownership of the Company	100.00%
Website	https://www.fdadvisory.co.jp/index.html

BPO MANAGEMENT

Company Name	The BPO Management, Ltd.
Foundation Date	April 1, 2022
Location	2-12-6 Hirooka, Kanazawa, Ishikawa, Japan
Representative	Koichi Nakada, President and Representative Director
Business Description	Outsourcing business
Common Stock	¥30 million
Ratio of equity ownership of the Company	100.00%
Website	https://www.hfhd.co.jp/bpomangement

(As of June 30, 2022)

Hokkoku Financial Holdings has published its integrated report for 2022. In editing the report, we referenced the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry, among others materials.

This integrated report is a disclosure magazine prepared based on Article 21 and Article 52-29 of the Banking Act. This integrated report contains certain forward-looking statements about Hokkoku Financial Holdings' future financial results. These forward-looking statements are not guarantees of future financial results, and actual results may differ significantly from them due to changes in the business environment, among other things.



"Hokkoku Financial Holdings Integrated Report 2022" is a disclosure material (explanatory document about the business and financial condition) prepared based on Article 21 of the Banking Act.

Separate Volumes

We have prepared separate volumes for the indicators and other information provided for in Article 19-2, paragraph (1) and the items of Article 19-3 of the Regulation for Enforcement of the Banking Act; capital adequacy status provided for in the Notification of the Financial Services Agency No. 7 of 2014 based on the provisions of Article 19-2, paragraph (1), item (v)(d), among others, of the same Regulation; and disclosure of matters concerning remuneration provided for in the Notification of the Financial Services Agency No. 21 of 2012 based on the provisions of Article 19-2, paragraph (1), item (vi), among others, of the same Regulation. These separate volumes are available on the website of Hokkoku Financial Holdings.

2022 INTEGRATED REPORT (ANNUAL REPORT)

Disclosure 2022.3

- **Edited/published by, and inquiries are accepted at**

PR & IR Section, General Planning Department,
Hokkoku Financial Holdings, Inc.
2-12-6 Hirooka, Kanazawa, Ishikawa, 920-8670 Japan
Tel: +81 (76) 223-9705
Published in July 2022

- **This booklet is also available on the Company's website**

<https://www.hfhd.co.jp>

This booklet is friendly to people
and the environment in that:

- **Typeface**

We have adopted easy-to-read characters based on the
concept of universal design (UD).

- **Materials (paper and ink)**

We use FSC® certified paper that is made from materials that
include timber produced in properly managed forests and
vegetable oil ink that reduces harmful VOC emissions.

- **Manufacturing (platemaking, printing, binding)**

We have adopted a computer-to-plate (CTP) platemaking
process that does not use any films that will become
industrial waste and waterless printing that does not
produce hazardous liquid waste. This booklet is friendly to
people and the environment in that:

