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Hokkoku Financial Holdings, Inc.

Notice of the Medium-Long Term Business Strategy Update

Hokkoku Financial Holdings, Inc. (President: Shuji Tsuemura) has a policy of formulating a medium- to long-term business strategy that looks five to ten years into the future and updating it annually in order to implement the strategy more flexibly and speedily in response to rapid changes in social conditions and the business environment. We are pleased to announce that we have recently updated our strategies and the levels we are aiming for in the medium to long term, and published them as "Medium- to Long-Term Business Strategy 2024".

Notation

1. Medium- to long-term target level

The main change from last year was a downward revision of last year's plan for the most recent two years due to the Noto Peninsula earthquake of 2024. On the other hand, the achievement of ROE of 8% or more has been moved up to the fiscal year ending March 31, 2029, due to the brushing up of each business.

	FY 2023 Actual	FY 2024 (In 1year)	FY 2026 (In 3years)	FY 2028 (In 5years)	FY 2023 (In 10years)
Ordinary Profit (consolidated)	14.5 billion yen	15.2 billion yen	21.2 billion yen	31.3 billion yen	45.7 billion yen
Profit (consolidated)	9.1 billion yen	10.2 billion yen	13.4 billion yen	20.7 billion yen	30.5 billion yen
Income from priority Businesses(consolidated)	34.3 billion yen	39.1 billion yen	42.3 billion yen	55.3 billion yen	69.7 billion yen
ROE (consolidated)	4.1%	4.5%	5% or higher	8% or higher	8% or higher

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

2. Strategy for increasing corporate value

To enhance corporate value, we aim to achieve a PBR ratio of 1x or above as soon as possible by implementing various measures to improve ROE with an emphasis on the quality of shareholders' equity and profits, and to control the cost of capital by improving governance and information disclosure.

➤ Shareholders' Equity Control

- The company's target equity ratio is around 9% to 10% on a consolidated basis, while the total return ratio is set at 50% or above and share buybacks are continued.

➤ Improvement of profit quality

- Further promote priority businesses (Business loans and leasing, Cashless, Consulting, Investment advisory, Investment funds, and Market operations)
 - Improve profitability in new areas such as expansion into other industries and system sales to the same industries through the establishment of a new advanced company (under consideration).
 - Accelerate reduction of property costs for traditional banking operations such as systems and branches, while stepping up investment in new growth areas.
- Capital cost containment
- Improve effectiveness of separation of execution and supervision by replacing the Chairman of the Board of Directors and the Chairman of the Nomination and Compensation Committee, and enhance governance by selecting an appropriate successor.
 - Evolution of dialogue and transparent disclosure with all counterparties
 - Human Capital Initiatives to “Achieve a Talent Portfolio” to support business domain expansion
 - Qualitative and quantitative understanding of the response status of business partners, and climate change initiatives for regional GX in collaboration with local governments and other financial institutions

Details of the "Medium- to Long-Term Business Strategy 2024" will be announced in a separate IR material.

■ "Update on Medium- and Long-Term Business Strategy and Summary of Financial Results for the Fiscal Year Ended March 31, 2024"

<https://www.hfhd.co.jp/english/ir/material.html>