

Update the Medium-Long Term Business Strategy And summary of financial results for the fiscal year ended March 31,2024

April 26, 2024

Quality Company, Good Company.

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1. Summary of Business Results

Summary of Financial Results for the Fiscal Year Ended March 2024

(1) Summary of Profit and Loss

■ Hokkoku Financial Holdings Consolidated (Millions of yen)

	FY03/23	FY03/24	change	Rate of change
Ordinary revenue	84,743	90,839	6,096	7.1%
Ordinary income	16,046	14,461	▲ 1,585	▲9.8%
Net income*	8,741	9,055	314	3.5%

* Net income attributable to owners of the parent

■ Hokkoku Bank Non-consolidated (Millions of yen)

	FY03/23	FY03/24	change	Rate of change
Ordinary revenue	72,105	73,449	1,344	1.8%
Ordinary income	15,651	11,185	▲ 4,466	▲28.5%
Net income	9,054	8,233	▲ 821	▲9.0%
Core business profit	9,677	6,162	▲ 3,515	▲36.3%

(2) Equity Ratio

	Year Ended March 31, 2022	Year Ended March 31, 2023	Year Ended March 31, 2024
Consolidated equity ratio	10.08%	10.14%	10.37%

Unified international standard until the end of September 2022, domestic standard after the end of March 2023

■ Generalize

▶ Profit exceeded the results of the previous year, but due to the impact of the Noto Peninsula Earthquake Below the target (11.0 billion yen)

■ Summary

▶ Overall priority businesses were slightly below plan.

While there were some improvements in yields on Business loans, further brush-up is needed for each business.

▶ Property expenses exceeded the plan for system investment expenses, but this is due to the in-house production of the system ahead of schedule.

The company plans to continue to incur necessary expenses in the future.

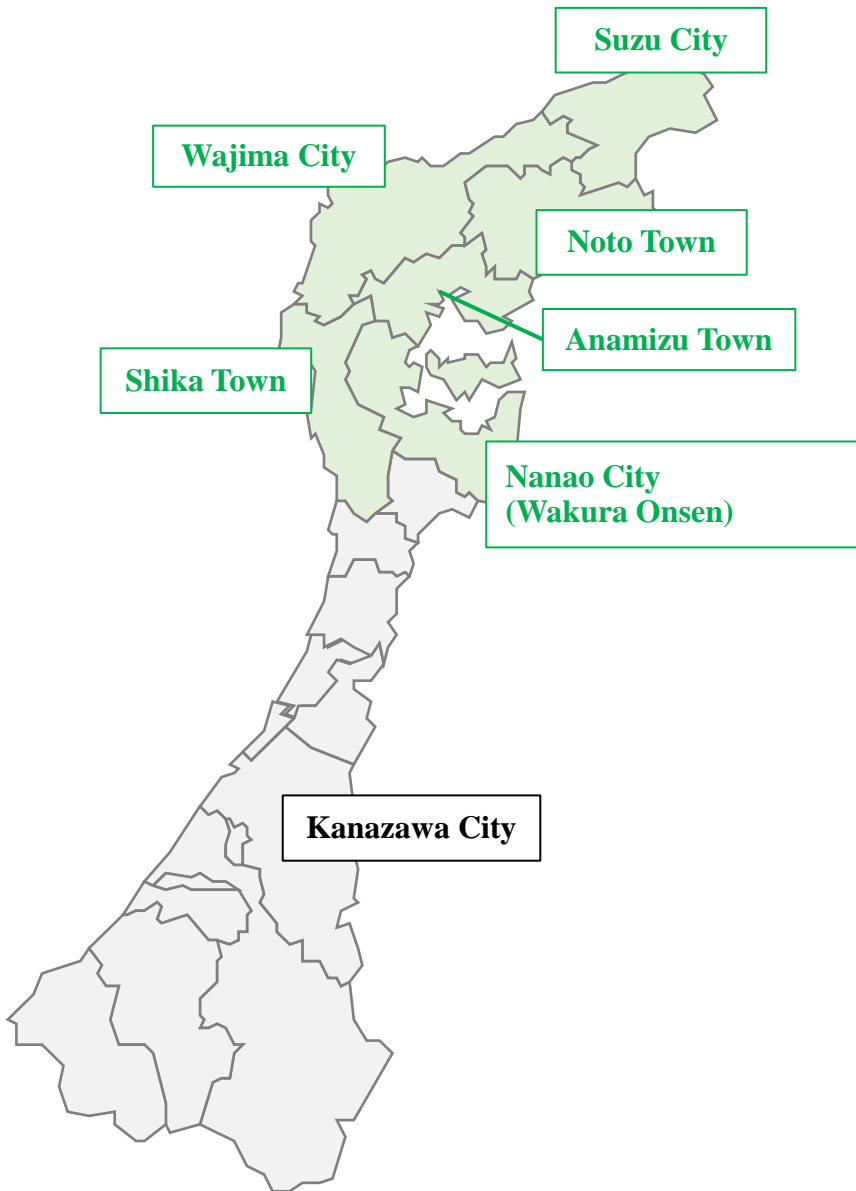
▶ Personnel expenses increased slightly due to a 150 million yen addition to performance-linked stock compensation for employees in response to the earthquake disaster.

▶ The securities portfolio was sold through the sale of foreign bonds using the proceeds from the sale of strategic shareholdings.

▶ Reserves increased due to the Noto Peninsula earthquake, and disposal of non-performing loans exceeded plan. (Detailed P.6)

2.Impact of the Noto Peninsula Earthquake on our finances

Impact of the Noto Peninsula Earthquake on our finances



• Credit status of each municipality

	Business Loans	Loans to individuals
Suzu City	Approx. 1.8 billion yen	Approx. 2.3 billion yen
Wajima City	Approx. 5.5 billion yen	Approx. 5.2 billion yen
Noto Town	Approx. 4.4 billion yen	Approx. 3.4 billion yen
Anamizu Town	Approx. 0.6 billion yen	Approx. 2.4 billion yen
Shika Town	Approx. 3.6 billion yen	Approx. 4.8 billion yen
Nanao City	Approx. 20.7 billion yen	Approx. 18.0 billion yen
Total	818 borrowers /approx. 36.6 billion yen	6,378 borrowers /approx. 36.1 billion yen
Percentage of total	Approx. 3%	Approx. 3%

• Impact on credit costs (FYE Mar. 2024)

• 1.4 billion yen

For business loans, additional reserves are provided based on certain assumptions for loans to borrowers that are expected to be affected in heavily damaged areas.

For loans to individuals (housing loans), additional reserves are provided based on the percentage of damage in each city and town.

• Initiatives for Reconstruction

- Establishment of consultation counter, individual consultation in the district in charge, emergency loan support, etc.
- Provide information and support for utilization of “Nariwai” subsidy (up to 1.5 billion yen)
- Support for the elimination of double loans through the establishment of the Noto Peninsula Earthquake Reconstruction Assistance Fund (total amount: 10 billion yen)
 - Support for creative reconstruction through the establishment of the Okunoto SDGs Fund No. 2 (nicknamed "Noto Beyond Reconstruction Fund," totaling 10 billion yen).

3. Medium-to Long-Term Business Strategy Update

~Toward enhancement of corporate value ~

Target performance levels for the medium to long term

～ Future environmental forecasts and the level envisioned in the mid- to long-term based on the policy of the initiatives～

(Major changes from last year)

Due to the Noto Peninsula earthquake, the plan for the last two years was revised downward from last year's plan.

On the other hand, by brushing up each business, the timing for achieving ROE 8% will be accelerated (March 2029).

(Main Interest Rate Scenario)

Assumes a 0.25% level increase in the policy rate over the next two years. 10-year government bond yield around 1%.

Item	FY 2023 Actual	FY 2024 (In 1 year)	FY 2026 (In 3 years)	FY 2028 (In 5 years)	FY 2033 (In 10 years)
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.

[Reference: Based on shareholders' equity] ROE (consolidated)	4.2%	4.6%	5% or higher	8% or higher	8% or higher
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Measures for increasing corporate value

Achieve PBR ratio of 1x or more as soon as possible by enhancement ROE and controlling cost of capital

1. Toward enhancement of ROE

- Shareholders' equity ratio: around 9% to 10% on a consolidated basis, total return ratio of 50% or more, and continuing share buybacks
- Promote priority businesses (finance, cashless, consulting Investment advisory, and investing)
- Improve profitability in priority businesses and new fields by establishing new sophisticated companies
- Accelerate reduction of non-personnel expenses in traditional banking business

2. Capital cost containment

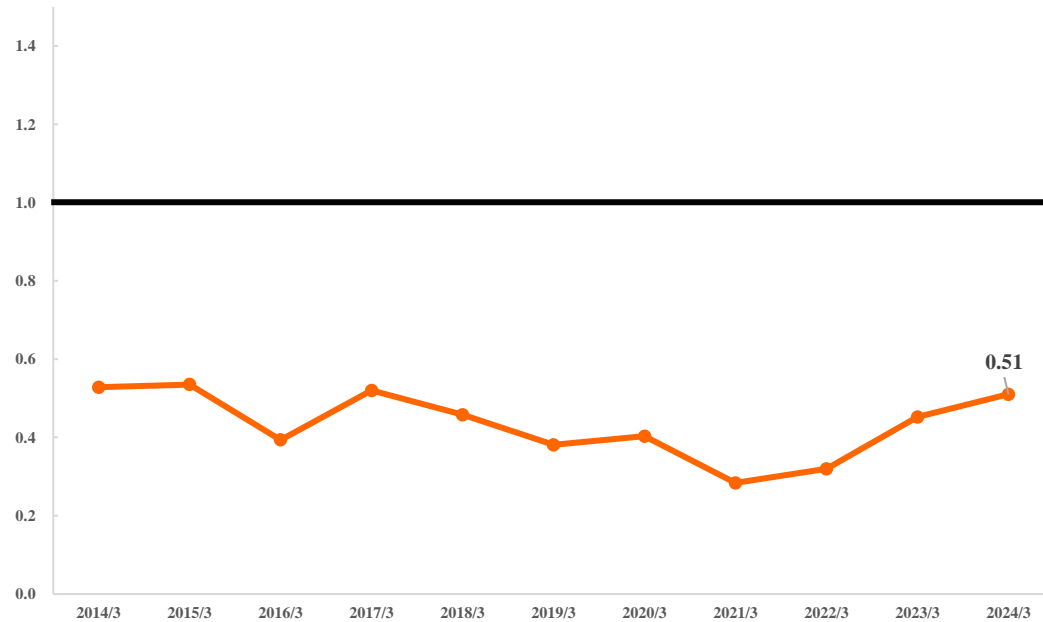
- Upgrading Governance, Dialogue, Information Disclosure, Human Capital Initiatives, and Climate Change Initiatives

Toward enhancement of corporate value

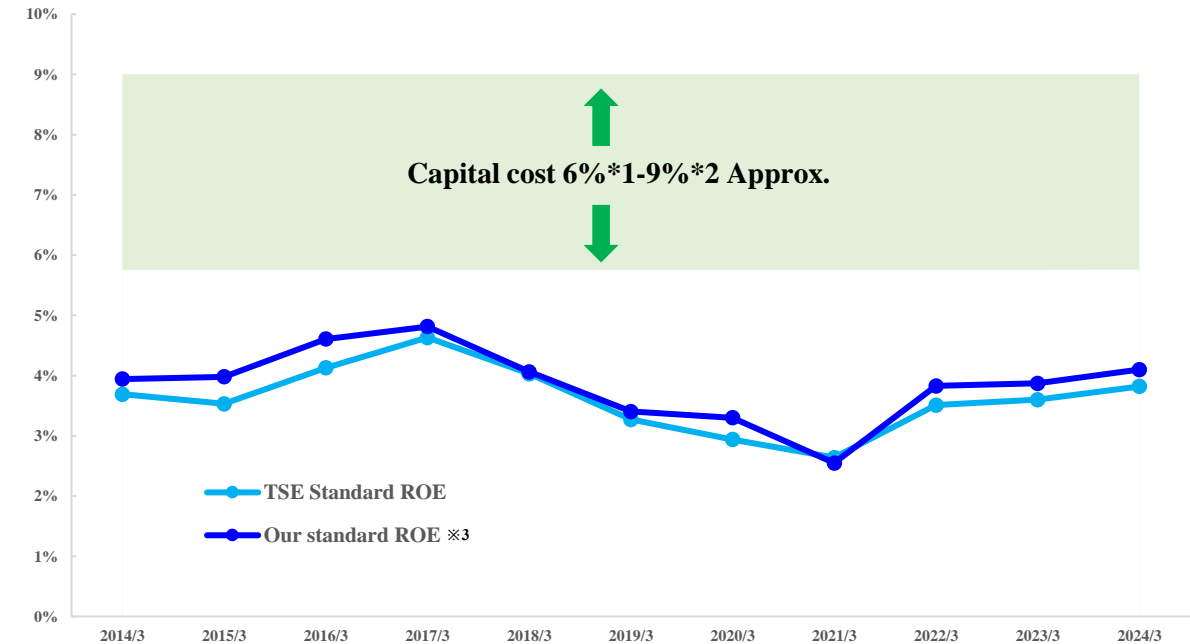
~ Analysis and evaluation of current situation ~

- PBR remained at a low level below 1x.
- The reason for the low PBR is that ROE is below the cost-of-capital.

■ Changes in PBR



■ ROE Trends and Costs of Equity



※ Calculated by our group based on 1 CAPM (5.7%)

※2 The inverse of the expected PER at the end of March (9.4 percent), assuming a growth rate of 0 percent

※3 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

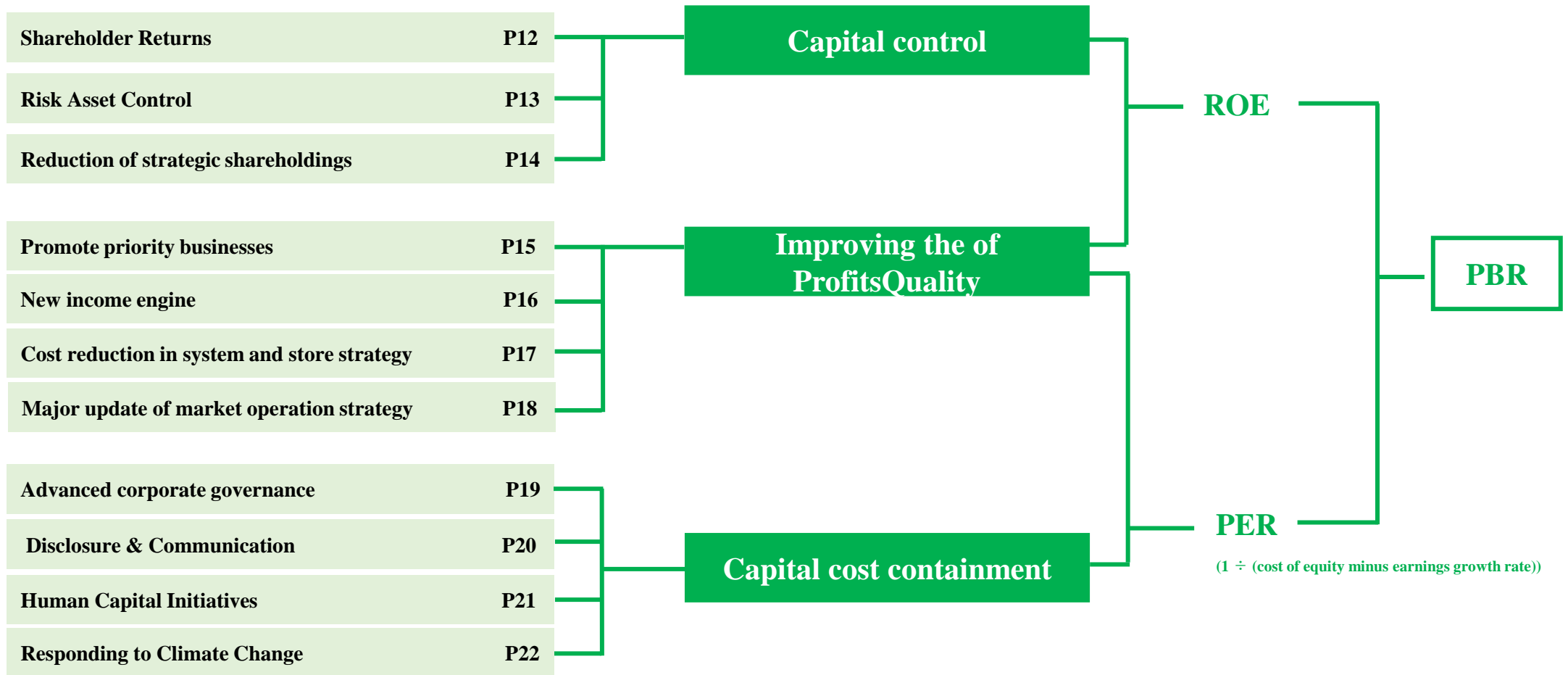
ROE is below our cost-of-capital target

$$\boxed{\text{PBR}} = \text{ROE} \times \text{PER}$$

$$= 1 \div (\text{cost of equity} - \text{earnings growth rate})$$

Toward increasing corporate value-Policies and Initiatives-

■ Aim to improve corporate value (PBR) by improving ROE with an emphasis on stockholders' equity and the quality of earnings, and by implementing measures to control capital costs by enhancing governance/information disclosure, etc.



- **Maintain a total return ratio of 50% or more (at the same time as reinforcing capital to take on further risks)**
- **Purchase of treasury stock up to the end of March 2024: Approx. 9.9 billion yen for 2 million shares**
- **Scheduled for the year ending March 31, 2025, to pay 3.0 billion yen per share for the purchase of its own stock and 120 yen per share (an increase of 10 yen).**

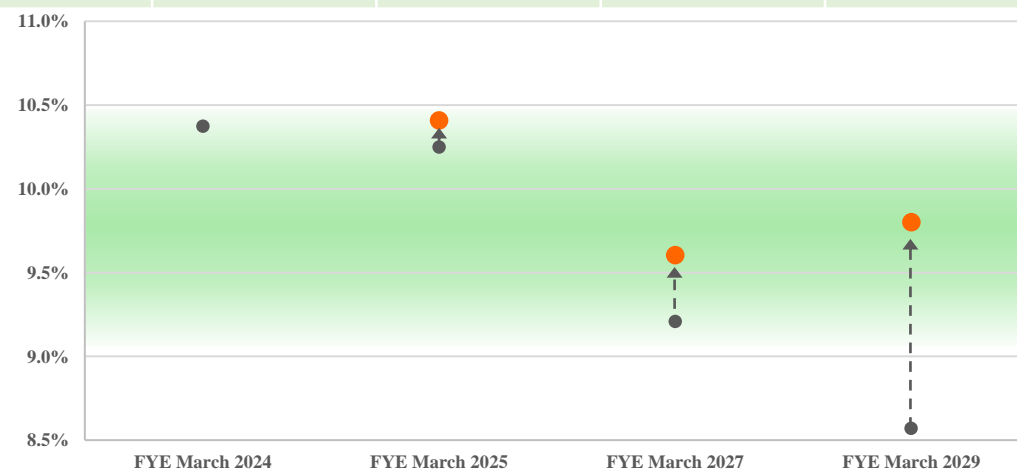
Item	FY 2023 Actual	FY 2024	FY 2026 (In 3 year)	FY 2028 (In 5 years)	FY 2033 (In 10 years)
Total return ratio	138.3%	56.7%	Total return ratio: 50% or more The Company will periodically review and implement share buybacks and increases in dividends in light of its capital adequacy ratio and strategic investment opportunities. Approx. 6% (our calculated value)		
Total dividends	2.6 Billion yen	2.7 Billion yen			
Purchase of treasury stock	9.9 Billion yen	3.0 Billion yen			
Cost of capital					
ROE	4.1%	4.5%	5% or higher	7% or higher	8% or higher
Core capital	220.9 billion yen	224.1 billion yen	232.5 billion yen	255.5 billion yen	330.0 billion yen
Risk assets	2,129.3 billion yen	2,133.1 billion yen	2,374.0 billion yen	2,550.7 billion yen	3,000.0 billion yen
Equity ratio	10.4%	10.5%	Around 9% to 10%		
PBR	0.5	0.6x or above	0.7x or above	1.0x or above	1.0x or above

- The guideline for the equity ratio is around 9% to 10% (financial leverage* approx. 10 times) *Inverse of the equity ratio
- Traditional lending remains current, and investment in securities management and equity increased.
- In preparation for increasing risk-weighted assets, such as the finalization of the Basel III, we plan to conduct shareholder returns in a somewhat restrained manner.

Core Capital Plan and Allowable Risk Assets

(¥ bn)

	FY 2023	FY 2024	FY 2026	FY 2028
Core capital	220.9	224.1	232.5	255.5
Financial leverage: Approx. 10 times				
Acceptable Risk assets	2,100.0~2,300.0	2,100.0~2,300.0	2,200.0~2,400.0	2,400.0~2,600.0



● Shareholders' equity ratio (if core capital remained at FY3/24 level) ● Equity ratio (plan)

Risk asset plan

(¥ bn)

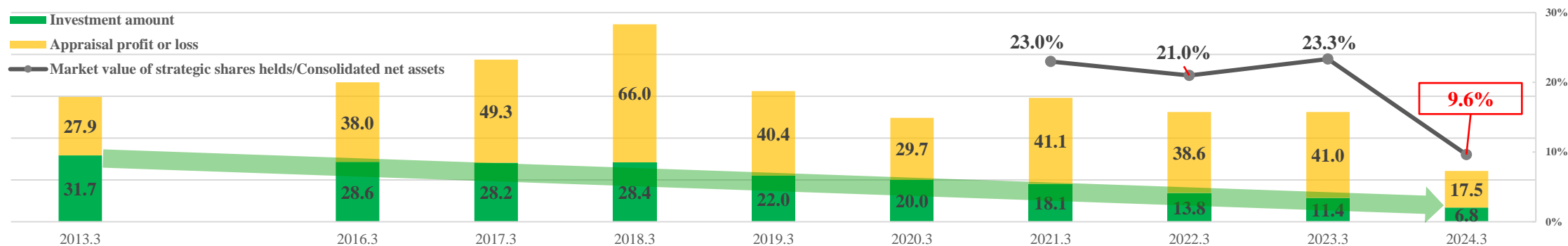
	FY 2023	FY 2024	FY 2026	FY 2028
Overall	2,129.3	2,133.1	2,374.0	2,550.7
Operation of negotiable securities	202.1	279.8	415.2	550.7
Equity investment	44.1	60.1	106.8	129.6
Loans	1,665.1	1,598.2	1,642.0	1,660.3
Other	218.0	195.0	210.0	210.0

Reduction of strategic shares helds

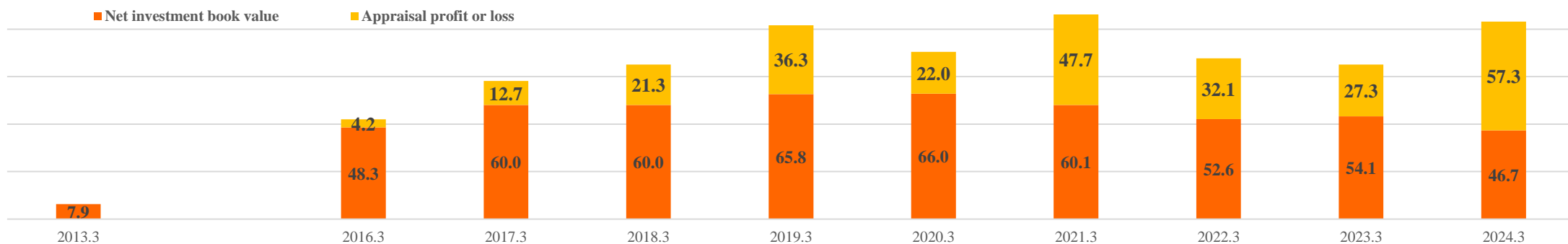
Capital control

- Plan to halve the book value of investments by the end of March 2025 (compared to 2022.3) achieved ahead of schedule
- Continue to work toward zero-balance holdings and deepen dialogue with business partners' capital policies and increasing corporate value
- Strengthen management of net investment-purpose stocks with careful selection of investment targets, such as profitability

Balance of Strategic Shareholdings (¥ bn)



Balance of Net Investment Shares (¥ bn)



- To execute strategies that enhance synergies through the formulation of company-wide marketing strategies
- Achieve a cashless ratio of 90% or more in each region by promoting digital cards and stable coins

(¥ bn)

	FY 2023			FY 2024	FY 2026	FY 2028	FY 2033
Item	Planning	Actual	Achievement rate	Planning	Planning	Planning	Planning
Key business	35.1	34.3	98%	39.1	42.3	55.3	69.7
Business loans and Leasing (P25~28)	14.8	14.4	97%	14.6	16.9	18.2	20.5
Cashless (P29)	1.7	1.5	88%	1.6	2.2	3.1	7.2
Consulting (P30~31)	2.0	1.2	60%	2.1	3.1	3.8	5.1
Investment advisory (P32)	0.2	0.3	150%	0.5	1.0	1.2	1.6
Investment-fund group (P33)	0.4	1.0	25%	2.8	2.2	8.6	11.3
Market-based management (P18, 40-42)	16.1	16.8	104%	17.4	16.9	20.4	24.0

- 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).
- Ishikawa Prefecture's redesign and growth strategy support for advanced and distinctive quality regions

<Existing Business Domains>

- Deposits, foreign exchange, loans and Leasing
- Market management
- Consulting
- Investment advisory
- Cashless
- Investment fund
- EC and regional trading companies

<New Business Concept>

System construction and advanced IT Human resource development support, system sales (including in other industries)

→Managed services (maintenance, operation, and enhancement development)

→Develop platforms for SaaS business

(Accounting System, Integrated Subsystem, Personals & internet banking for corporate clients
Stable coins, digital cards, Kintone apps, and other apps)

*In collaboration with major system partners who share common values

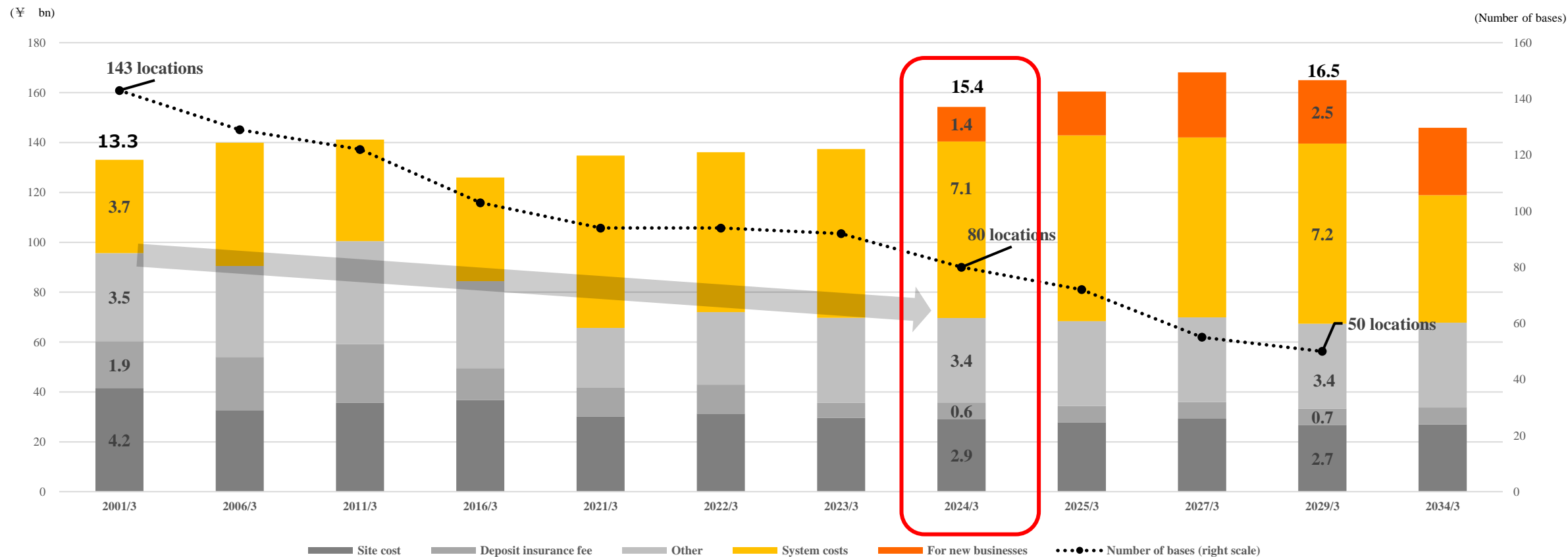
Creating New Revitalization and Attractiveness in the Region

Komatsu Arena Project/Utilization of Real Estate

Proactive involvement in regional resources and regional infrastructure

- Key to regional revitalization: SE×5K (Sports, Entertainment, Tourism, Environment, Education, Health, and Internationalization)

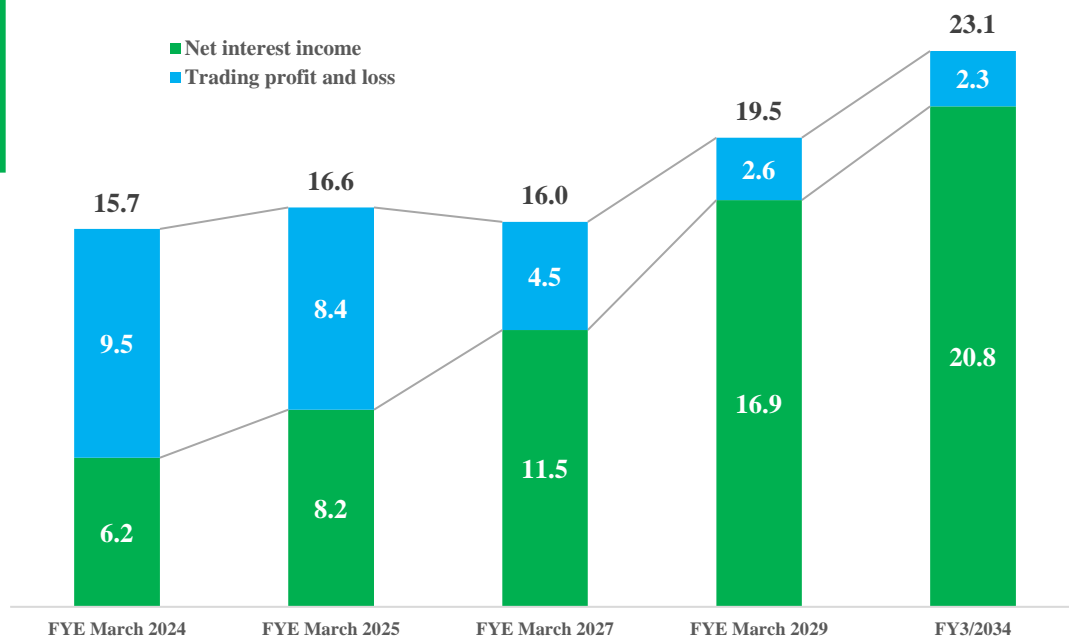
- Modernize the system and make the public cloud the final stage (increase transparency in system costs)
- Store consolidation to the final phase 50 locations will shift from office processing to consultation-centric locations
- On investments in new growth areas while accelerating the reduction of non-personnel expenses for traditional banking operations



- **Restructure the securities management system to secure stable earnings and improve unrealized gains/losses, such as investment plans based on model portfolios and investment actions based on House View.**
- **Improve portfolio efficiency by reducing and replacing low-yielding yen bonds and foreign bonds.**

■ Revenues Plan (Realized Gain/Loss)

(¥ bn)



※Net interest income includes only interest and dividends on securities (including funding costs).

■ Content of key efforts

1. Formulation of investment plans based on model portfolios

- Clarify the targeted securities portfolio (model portfolio) with the best risk/return efficiency from a medium-to long-term perspective
- Formulation of investment plans and strategies with an awareness of overall portfolio performance

2. House view-based investment behavior


- Formulation and execution of investment planning and strategies based on independent market forecasts and assumed ranges by FDAIco analysts and economists

3. Improving efficiency of securities portfolios

- Improvement in bond yields through sales of low-yield bonds and replacement trading


- Board of Directors Chairman and Chairman of the Nomination and Compensation Committee were replaced to improve the effectiveness of the separation of execution and oversight.
- Establish human resources requirements for key positions, establish a pool of candidates, and work to develop successors
 The Nomination and Compensation Committee and Board of Directors shall constantly check the status and lead to the appropriate selection of successors.

Boards

Chairman: Outside Director  June 2024 (planned) Change from President & CEO

Composition: 9 directors
 4 in-house (45%), 5 outside (55%)

Nomination and Compensation Committee

Chair: outside director  Replaced from the president in November 2023

Composition: 9 directors
 4 in-house (45%), 5 outside (55%)

Audit and Supervisory Committee

Chairman: Outside Director

Composition: 6 directors
 1 in-house (17%), 5 outside (83%)

Succession plan



Discussion on the timing and necessity of replacing Board of Directors effectiveness assessment

Successor selection

- **Disclose information inside and outside the company and visualize business processes to improve the quality of profits**
 Significant effects on the evolution of corporate culture, agile development, customer-oriented, investor-oriented focus, and risk management
- **Deepen dialogue with all counterparties (customers, investors, internal, etc.)**
 Major premise is transparent information disclosure

(Examples of Information Disclosure)

**Emphasize the sources of profit, processes, and quality
 (Assumptions for a Sustainable Company)**

- **Appropriateness and purpose of free commission of 3.0-4.0 billion yen per year**
 - Free after-hours ATM fees (0.5 billion yen/year)
 - Basic fee free for Internet banking (corporations and individuals) (1.0 billion yen/year) and free remittance between Hokkoku Bank (1.5 billion yen/year)
 - Free commissions when purchasing investment trusts: ~1.0 billion yen/year

- **Foreign currency denominated insurance, structured bonds, etc. are not sold to any segment customers**
- **In-house meetings and visualization of information (excluding insiders and privacy)**
- **External disclosure of strategies and tactics other than those with confidentiality obligations**

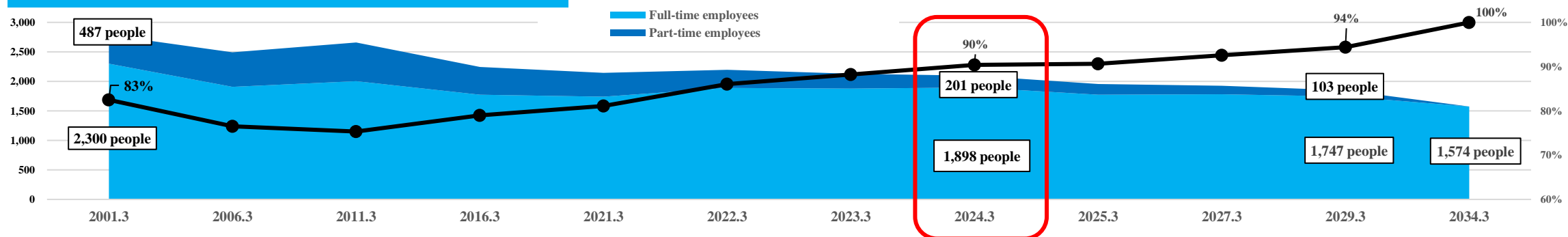
(Dialogue)

Conversat ion	Friendly greetings, conversations, and open information sharing.
Dialogue	Exchange opinions and create optimal solutions while understanding and respecting each other's opinions and ideas' backgrounds and thought processes.
Discussion	To persuade others by asserting values and opinions.

- In business, "Dialogue" is the most important issue**
- **More than 50 CEO per year and 1on1MT with institutional investors**
 - **Online briefings for individual investors**

■ Average annual income also increased due to performance-linked stock grants.
 From DX, we will continue to invest in AI transformation and Human resource development and make regular employees.
 To the highest level of average annual income of financial institutions.

Number of Employees and Percentage of Full-time Employees

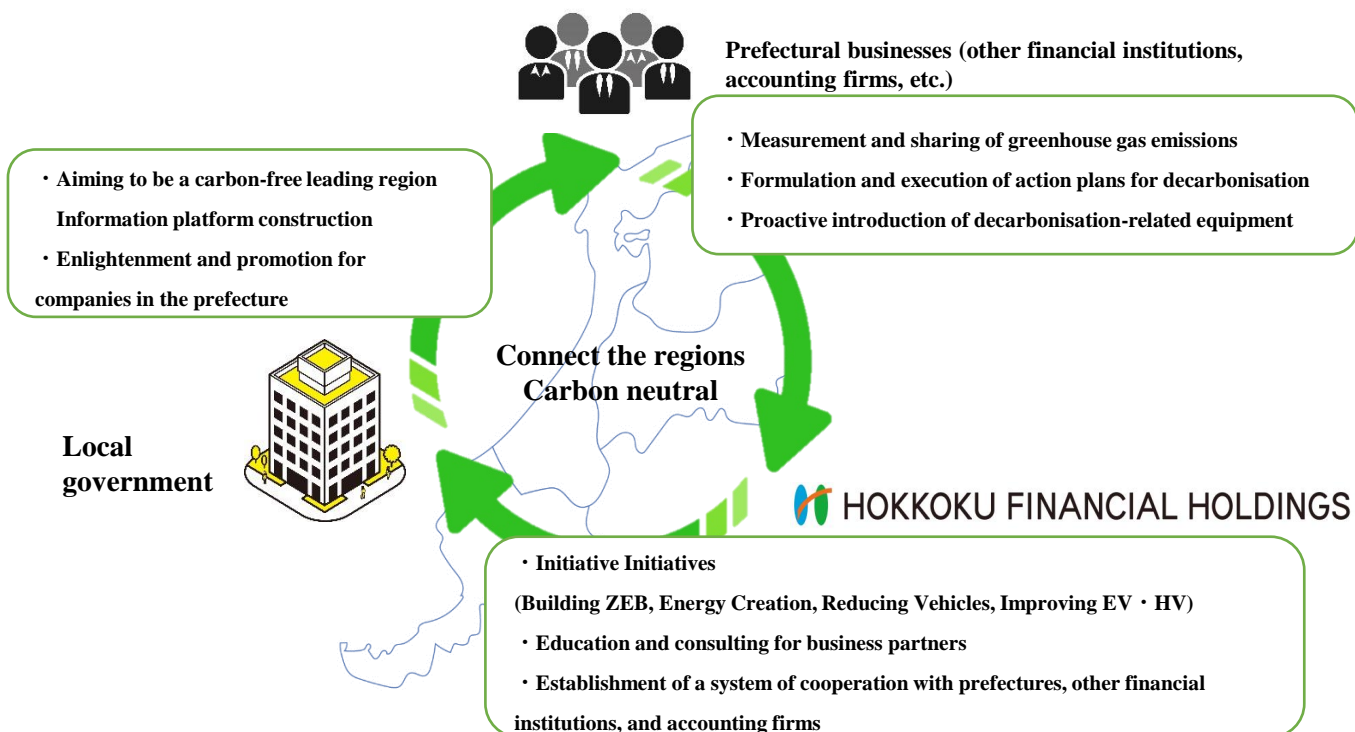


Personnel Expenses



- Initiatives to Reduce CO2 Emissions in the Company's Supply Chain (Starting Measurement of Scope3)
- Qualitatively and quantitatively grasp the response status of business partners and realize GX through Consulting & advisory in cooperation with local governments and other financial institutions

Initiatives for Regional GX



GX 1.0	<p>Information gathering and understanding</p> <ul style="list-style-type: none"> • Gathering information to understand the current state and impacts of climate change • Understand the specific problems faced by local governments and businesses
GX 2.0	<p>Grasping the current situation, setting targets, and formulating action plans</p> <ul style="list-style-type: none"> • Measure greenhouse gas emissions and set emission reduction targets • Formulated concrete action plans to achieve targets such as improving energy efficiency, introducing renewable energy, and reducing waste
GX 3.0	<p>Execution and Evaluation</p> <ul style="list-style-type: none"> • Implementation of the action plan and regular evaluation of the results • Review the action plan and consider and implement improvement measures based on the evaluation results
GX 4.0	<p>Extension to the entire supply chain and region</p> <ul style="list-style-type: none"> • Expand the company's initiatives to the supply chain • Creation of examples that can be shared with local communities through visualization of initiatives
GX 5.0	<p>Building a foundation for GX in the region as a whole and achieving carbon neutrality</p> <ul style="list-style-type: none"> • Establishment of a foundation in which efforts throughout the region penetrate and the effects and benefits associated with these efforts can be enjoyed by the entire region • As a result, achieving carbon neutrality across the region

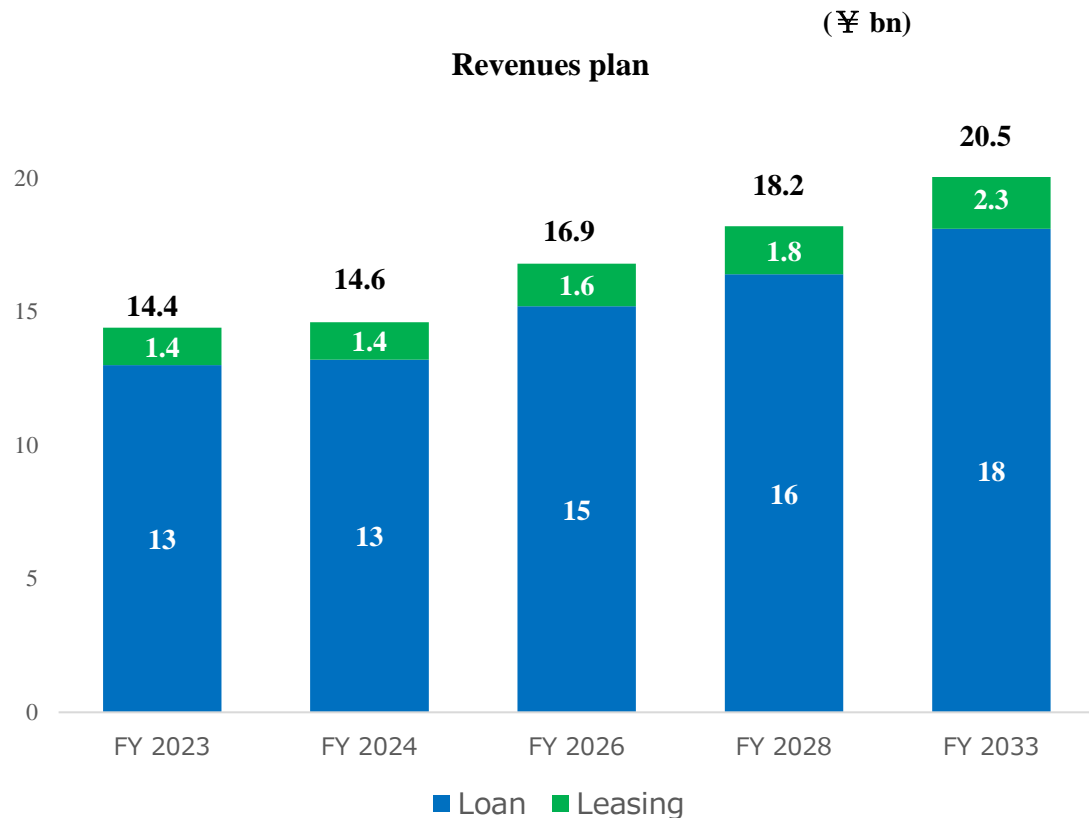
4.Each strategy and material

Progress of Key Businesses

Item	
Business loans and Leasing	<ul style="list-style-type: none"> • Loans mainly to large enterprises decreased, yields improved, but profits decreased by 248 million yen Loans outstanding (year-on-year basis) 1,142.7 billion yen (year-on-year ▲ 79.2 billion yen) • Number of contracts increased due to group-wide sales, and revenue increased by 40 million yen Leasing receivables and Leasing invested assets (year-on-year balance) 37.7 billion yen(year-on-year increase of 2.2 billion yen)
Cashless	<ul style="list-style-type: none"> • Started building a new cashless base (Acquiring Insuring) • Payment value: 31.149 billion yen/year for franchised stores (▲2.421billion yen) 74.666 billion yen/year (+ 9.589billion yen) • Deposit-type stable coin "TOCHIKA" service launched in April
Consulting & advisory	<ul style="list-style-type: none"> • In corporate consulting, the number of consulting contracts increased year on year. Consulting: 295 (+44 YoY) • Began preparations to establish a local subsidiary of The CC Innovation, Ltd. in Kenya
Investment advisory	<ul style="list-style-type: none"> • The amount outstanding under Investment advisory is 370.0 billion yen.
Investment fund	<ul style="list-style-type: none"> • Investees 74 properties, 27.9 billion yen (+45 properties, +23.0 billion yen compared to end-December 2022) • Investment ratio 1.07 times (2023/12)
Market management	<ul style="list-style-type: none"> • Valuation gains/losses increased by 37.6 billion yen, or 24.1 billion yen compared to the end of the previous fiscal year, due to the reduction of yen-denominated bonds and foreign bonds for portfolio improvement, replacement, and sophistication of stock management. • Overall profit/loss was +39.8 billion yen, and the overall profit/loss ratio was +2.8%, exceeding the target of 2.0%. • The sale of strategic shareholdings recorded a gain on the sale of 8.2 billion yen/21 brands.

Priority businesses (integrated management of loans and Leasing)

- Initiatives for resolving issues such as financing and financing based on understanding of business prospect according
- Continue dialogue on pricing. Switch to loans based on market interest rates
- Customer Convenience and productivity improvement by Providing Digital Banking Overdrafts



■ Exercising Financing Functions through understanding of business prospect according

- Dialogue through Shared understanding of business prospect according and Finance
- Deepen understanding of business prospect according through industry-specific sales in the Kanazawa region
- Initiatives for early involvement
- Expand shares of current Leasing products
- Initiatives for ESG financing using Subsidy, etc.
- Support for people affected by the Noto Peninsula Earthquake

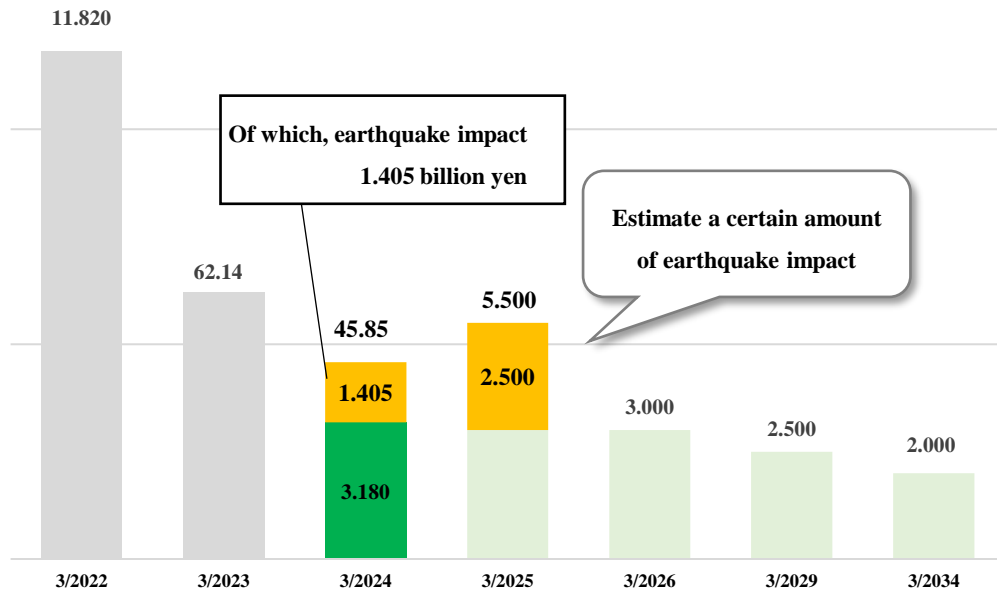
■ Digital Customer Convenience and productivity improvement

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

Credit Cost Results and Future Prospects

- Credit costs for the year ended March 31, 2024 were 4.5 billion yen. (Including 1.4 billion yen impact due to earthquake)
- Fiscal 2025 is expected to be a fixed amount based on the possibility of deteriorating financial conditions of business partners after the earthquake.
- Coverage ratio of disclosure receivables is high. Accelerate involvement with customers and work to curb new generation and reduce outstanding balances

Credit costs (¥ bn)

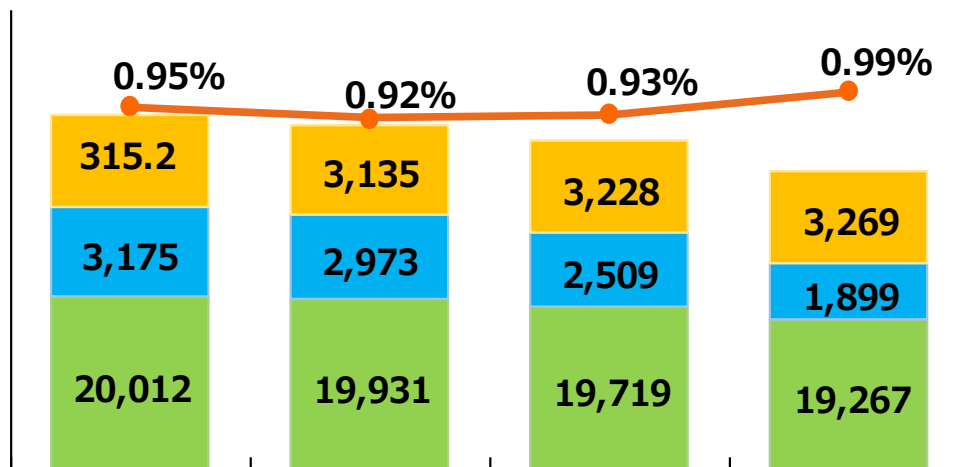


<Preservation Status>	2020.3	2021.3	2022.3	2023.3	2024.3
Disclosed claims under the financial reconstruction law (¥ bn)	56.1	60.8	75.8	73.4	68.3
Conservation amount (¥ bn)	53.4	58.7	65.9	70.6	64.5
Coverage ratio (%)	95.1	96.5	86.9	96.2	94.4

Loan ~ Yield by segment ~

■ Yields rose overall and by segment due to pricing-focused dialogue and higher interest rates on mortgage loans

Loans Outstanding and Yields (¥ bn)



■ 中小企業等
 ■ 中堅・大企業
 ■ 地公体・公社
 —●— 貸出金利回り **24/3**

Average Newly Executed Interest Rates (by Attribute)

	2021/3	2022/3	2023/3	2024/3
Profitable lending	0.899	0.894	1.174	1.304
Consumer loans	0.575	0.548	0.489	0.679

Yield by attribute (%)

	2021/3	→	2022/3	→	2023/3	→	2024/3
Profitable lending	1.168	▲0.029	1.139	+0.013	1.152	+0.044	1.196
Consumer loans	0.840	▲0.021	0.819	▲0.020	0.799	+0.068	0.867
Of which, secured	0.729	▲0.008	0.721	▲0.011	0.710	+0.074	0.784
Of which, unsecured	3.227	▲0.054	3.173	+0.008	3.181	+0.006	3.187
Local public corporations	0.379	▲0.075	0.304	▲0.020	0.284	+0.036	0.320

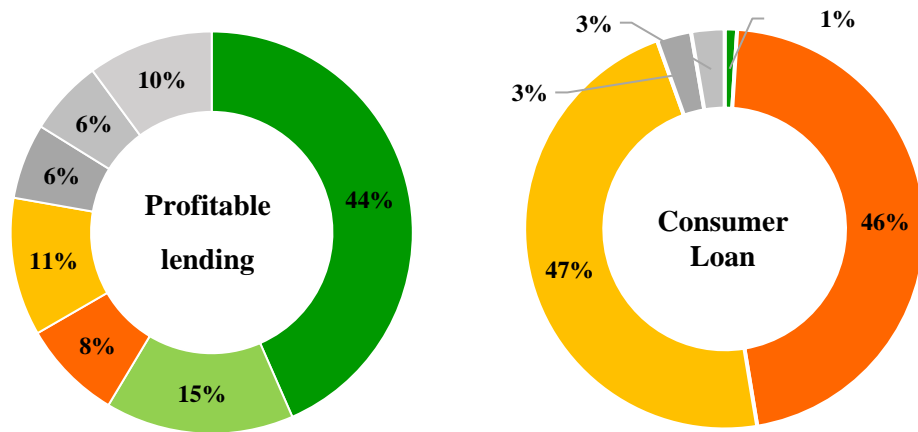
Yields by Region (Business Loans) (%)

	2021/3	→	2022/3	→	2023/3	→	2024/3
Three Hokuriku prefectures	1.285	▲0.042	1.248	▲0.005	1.243	+0.015	1.258
In Ishikawa Prefecture	1.274	▲0.030	1.239	+0.005	1.244	+0.008	1.252
In Toyama Prefecture	1.333	▲0.073	1.287	▲0.027	1.260	+0.026	1.286
Including Fukui Prefecture	1.221	▲0.045	1.196	▲0.020	1.176	+0.040	1.216
Other	0.534	+0.040	0.526	+0.048	0.574	+0.136	0.710

Effects of interest rate hike

- Annual impact of interest rate hikes reflected in the current plan
- Continue dialogue on a transparent interest rate system
- Shift to lending with a market-linked system from the viewpoint of increasing convenience and efficiency

Composition of interest rates on loans and discounts



- Floating rate (short-term prime)
- Floating rate (market-linked)
- Fixed rate (less than one year)
- Fixed rate (1 year or more but less than 3 years)
- Fixed rate (3 years or more but less than 5 years)
- Fixed rate (5 years or more)
- Other

Annual impact of yen interest rate hike

First year	Second year	Third year
0.9 billion yen	2.9 billion yen	4.2 billion yen

- Reflected in the current medium-to long-term management plan update

<Estimation conditions>

- Abolishment of YCC and termination of negative interest rates are expected, with the policy rate rising to 0.25% and the 10-year JGB yield to around 1.00% by the end of fiscal 2025.
- Loans outstanding are estimated based on the planned values for the respective fiscal years under the Medium-Long Term Business Strategy.

Priority Businesses (Progress of Cashless)

- Expand business domains by building a new cashless /BaaS base linked to local operators.
- Penetration of digital regional currencies (stable coins) by strengthening collaboration with local governments and other financial institutions.
- Further increase the cashless ratio through the implementation of the above measures.

Revenues plan

(¥ bn)



■Expansion of payment domains

- New cashless base (Acquiring Insuring), Building a Foundation for BaaS
- Corporate and personal debit penetration rates and the increase in the number of transactions
- Combined cash register, settlement machine, and recurring in addition to merchant terminals Increase earnings through proposals

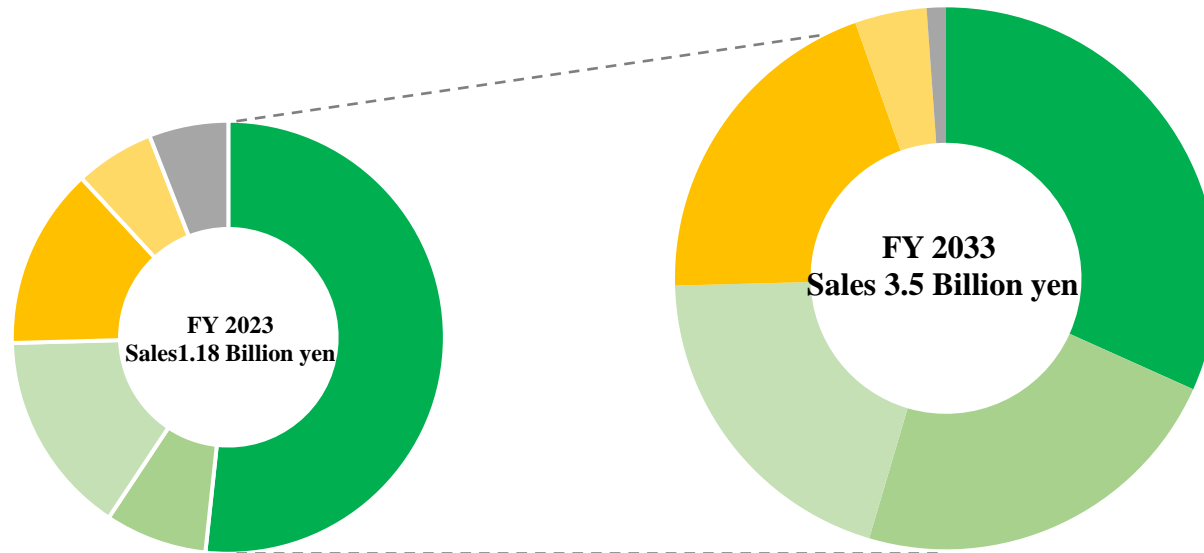
■Issuance of digital regional currencies

- Increase in member stores at the lowest domestic settlement fee of 0.5%
- Increase users by improving usage environment and establishing a system for providing rewards
- Introduced local government "Topipo" to incorporate point business and progress in digital shift

Key Businesses (Corporate Consulting)

■ Basic Strategy: Establishment of a Framework for Implementing Action Policies by Customer Segment

- Improve productivity by clarifying action policies by segment and responding to them based on profitability.
- Expand external collaboration to respond to new fields and cultivate new customers.



- Small and medium-sized companies in the Hokuriku region (600 million yen → 1.1 billion yen)
- Urban Approach (100 million yen → 800 million yen)
- Large corporations/local governments/financial institutions (200 million yen → 700 million yen)
- M&A (¥160 million → ¥700 million)
- Recruitment Consulting Services (¥70 million → ¥150 million)
- Others (70 million yen → 40 million yen)

■ Large corporations/municipalities/financial institutions

- Expand response domains in response to client needs

■ Regional small and medium enterprises

- Cooperate with various organizations to promote efficient consulting and approach customers without transaction transactions

■ Urban approach

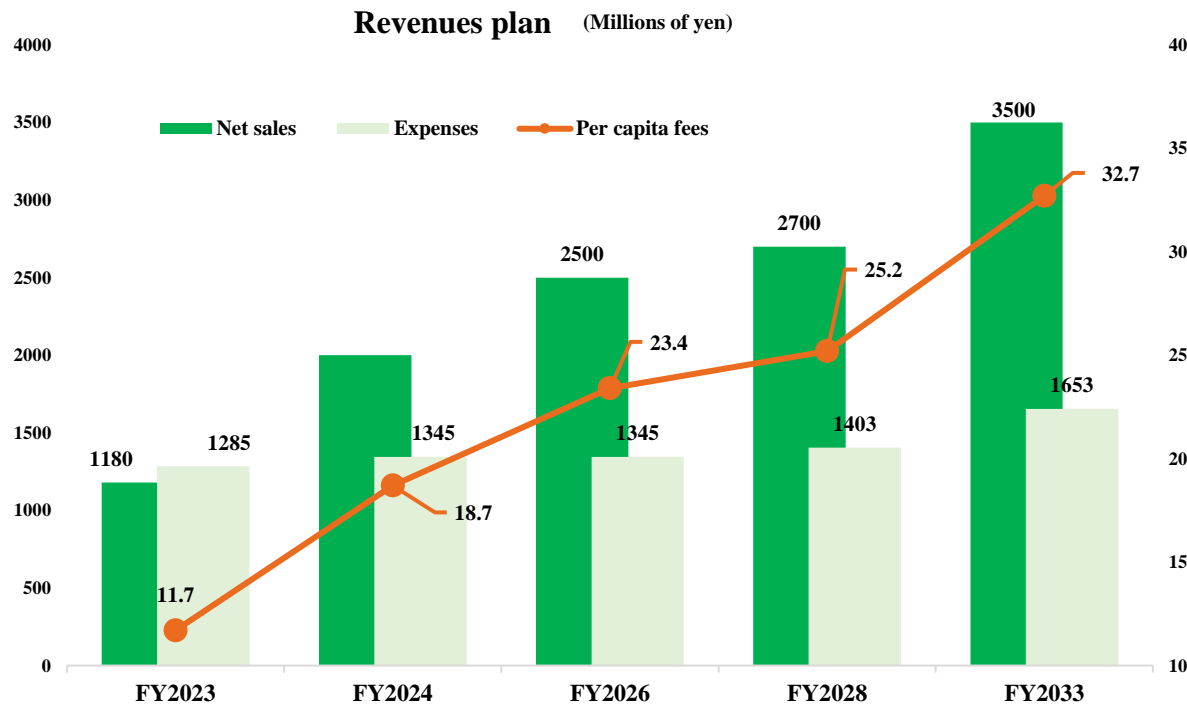
- Develop new customers through collaboration with shinkin banks, etc.

■ M&A, Placement/Recruiting

- Respond to needs based on clients' growth strategies.

Key Businesses (Corporate Consulting)

- **Main Initiatives**
- Respond to advanced issues such as strengthening diversity and governance for large corporations
 - For SMEs, expand value by enhancing menus specializing in each company and industry
 - Expand to an appropriate level of fees by refining pricing
 - By expanding the fields, we will be able to respond to multiple issues for each client.

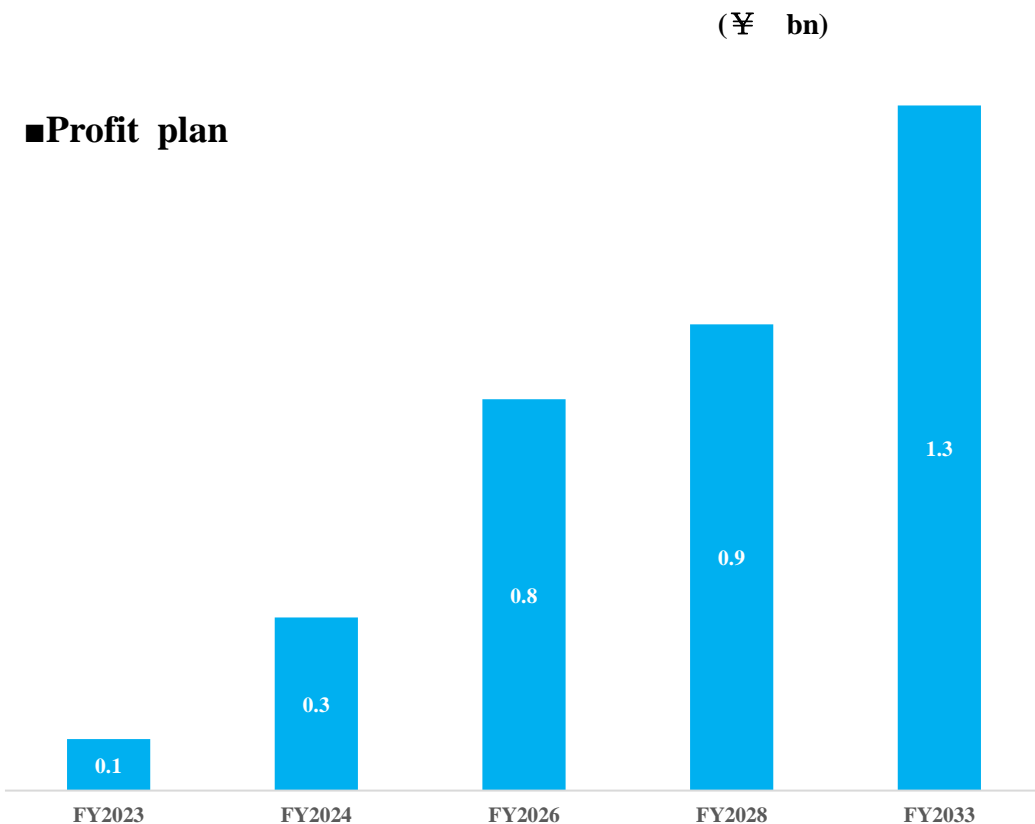


Main menu offerings

- Business strategy formulation areas 232 (Business strategy 183 + branch office consulting 49)
- Promotion of operational efficiency and ICT utilization areas 114
- Human resource development and human capital 90 projects
- Business succession/Capital strategy/M&A area 14 projects
- Overseas Business area 25
- Others 78 (Corporate solutions 41 + Branch consulting 37)

Priority Businesses (Personal Consulting and Investment advisory)

- Establish customer-oriented Investment advisory businesses that pursue the best interests of customers from a neutral standpoint.
- Utilize expertise cultivated in securities management to provide advice to individuals and corporate corporations.



■ Initiatives to establish Investment advisory businesses

1.Placement of Advisors at Major Bases

- An advisor with expertise in key locations resident to strengthen contact with individuals and corporate corporations.
- Leverage expertise cultivated in market-based management to Investment advisory for personals and corporate corporations.

2.Initiatives for Business Corporations

- Advice on management of surplus funds to business corporations and advice on inheritance of owners and measures against Business succession also strengthened.
- Launched increasing corporate value consulting for listed companies.

Priority Businesses (Expansion of Investment Operations)

- Revitalize and grow Noto Peninsula through the Earthquake Recovery Fund ⇒ Establish two new 10.0 billion yen funds
- Invest with joint GP ⇒ Invest in areas such as regional revitalization and renewable energy
- Invest in listed stocks ⇒ 20.0 billion yen
- LP investment in external funds such as emerging countries ⇒ \$100 million

[Investment Plan]

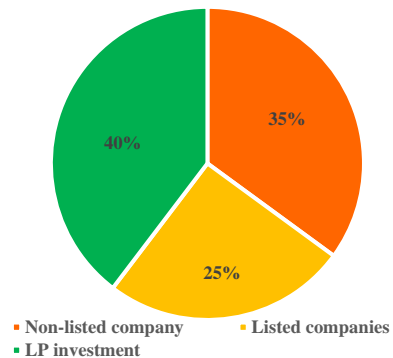
	2023/12	5 years later	About 10 years later
Investment balance (¥ bn)	27.9	95.0	100.0
Investment ratio	1.07	1.20	1.48

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

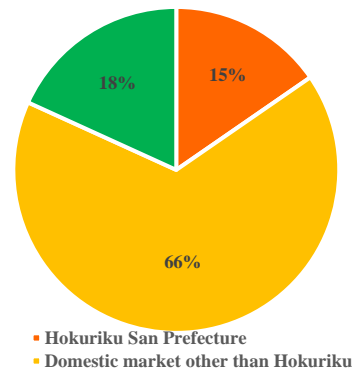
Fund name	Total (¥ bn)	Number of cases	Book value (¥ bn)
Hokuriku Region Venture Fund	1.0	9	0.5
Noto SDGs Fund	0.7	13	0.5
QRI Growth Support Fund	1.0	2	0.1
Ishikawa SME Revitalization Fund	2.0	7	1.6
QR Fund	50.0	43	25.3
Total	53.7	74	27.9

[Breakdown of 27.9 billion yen investment balance]

By category



Geographies



IRR of about 14%

System strategy

- **In-house development of strategic systems to support priority businesses**
 Improve development productivity through agile development, cloud and AI utilization, and achieve quality-improvement and Cost reduction
- **Promote sales of strategic systems to other banks as a new revenue source**

Strategic system under development

Next-generation core banking system (scheduled for release in January 2027)

- Improved core banking system availability with multi-cloud support
- Strengthen collaboration with external services through open languages and cloud natives
- Cost reduction by Operation and Maintenance in-house development

API & BaaS base (scheduled for release in October 2024)

- Provision of financial functions to FinTech companies and regional operating companies

New card base (scheduled for release in March 2025)

- Franchisees: Use smartphones and tablets as payment terminals (Tap to Phone)
- Users: Provide digital cards as a new choice for payment methods

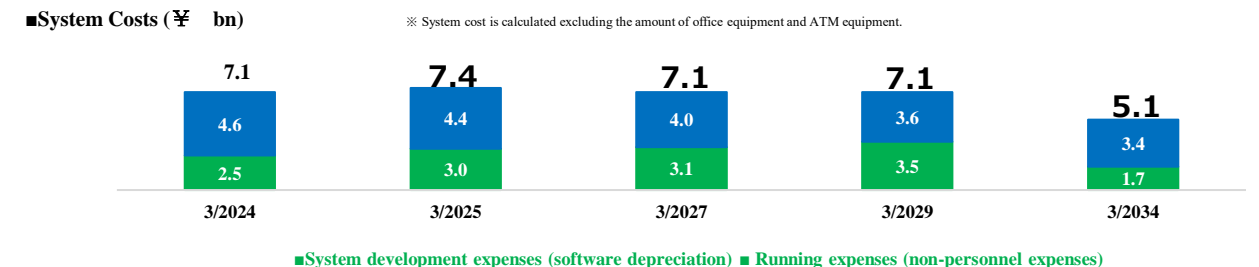
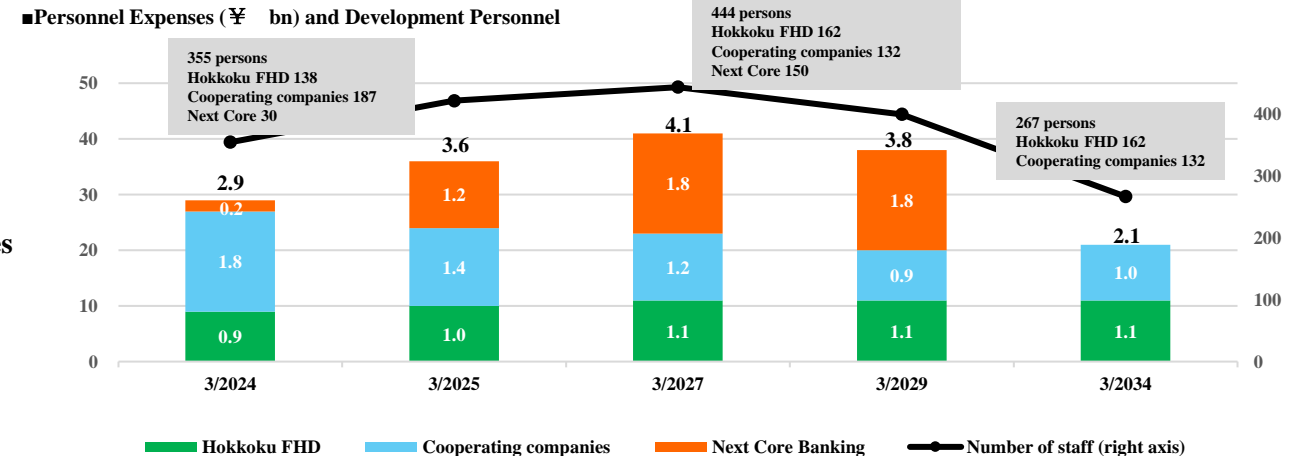
Sales of operational strategic systems to other banks and other industries

- System sales by new sophistication companies (under consideration)

Corporate and personal Internet banking	Talent management system
Integrated customer management system	In-house ATM and administrative control systems
Kintone apps, etc.	

To promote the systems division and reduce system costs

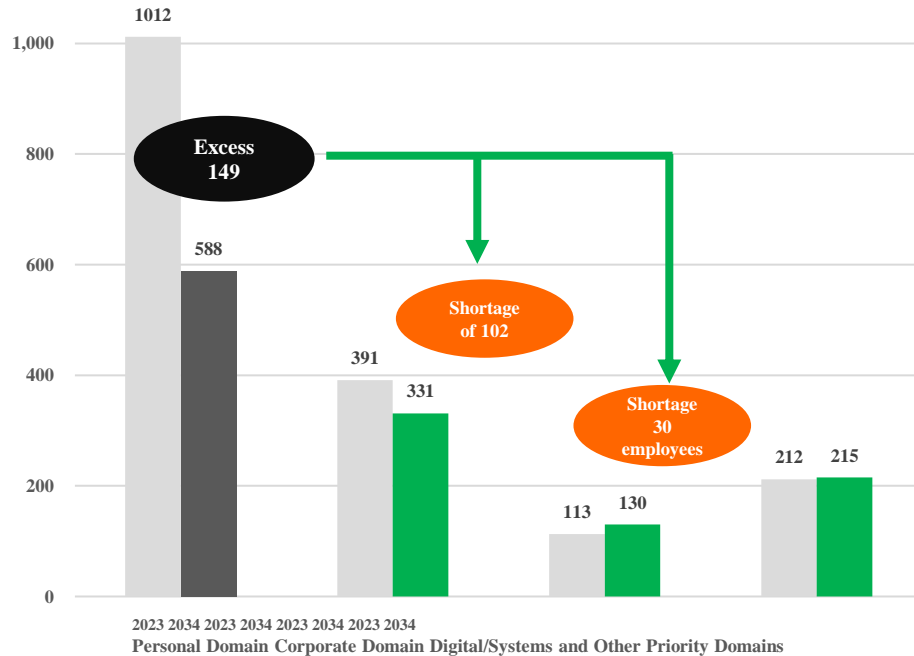
Reduce personnel and personnel costs by approximately 30% through productivity improvement through AI utilization and system modernization
 (Concentrated investment until FY3/2029 in the next-generation core banking system)



Human capital enhancement

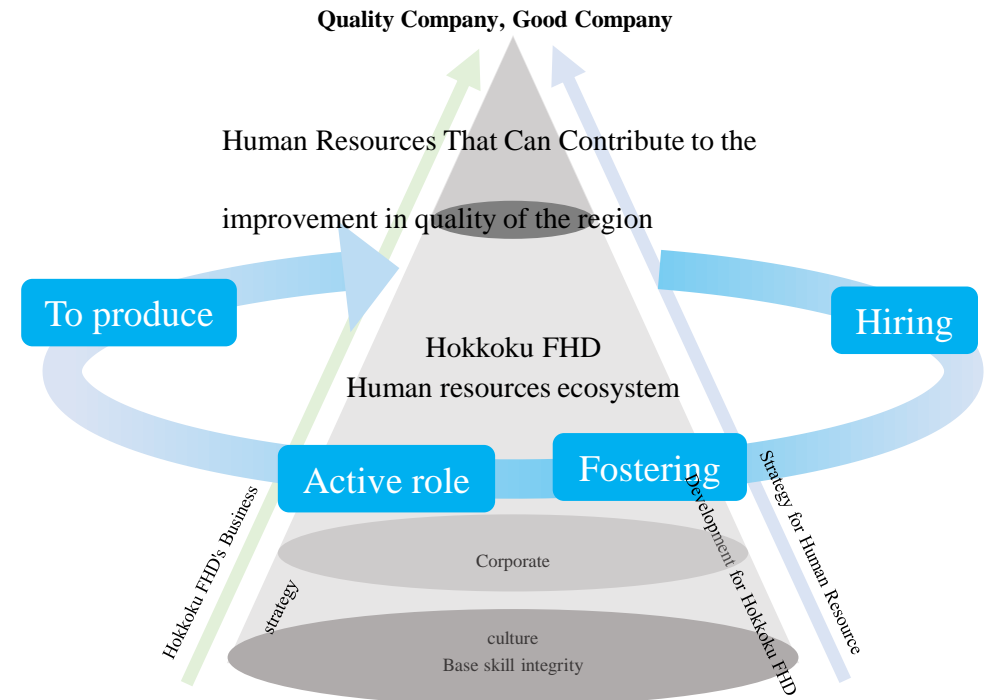
■ **Toward the Realization of a Human Resources Portfolio to Support the Expansion of Business Domains**
 Need for large-scale personnel shift from the personal field to the priority field (corporate and digital) in the mid-to long-term

■ **Changes in the Human Resources Portfolio (2024→2034)**



Shortage of human resources in the corporate field and digital considering retirement age, etc.

■ **Hokkoku FHD's Human Resources Ecosystem**



Developing with a Comprehensive Framework from Hiring to Producing

■ Framework of the "human resources ecosystem" to recruit and train diverse professional human resources

Hiring

Fostering

Active role

To produce

Hiring

■ Recruiting Diverse Human Resources

- Career recruitment ratio

FY2020: 25.0% → FY2023: 75.0%

(6.5% of managers are mid-career employees)

- Establishment of new graduate Expert Course

Fostering

■ Strengthening Human resource development

- Introduction of "Job Challenge System" → Acceleration to Key Areas

- **Total Human resource development cost**

Fiscal 2020 58 million yen → Fiscal 2023 97 million yen

Number of students attending or completing university or graduate school

FY2020 2 → FY2023 60

Active role

■ Fostering Career Autonomy through career-based personnel system

- Elimination/seniority system through "career pay review" through company-wide dialogue

63.9% increase in employee salary

- Promoting Parallel Carriers Using side job within the Company

Total of 675 in-house assistant workers (35.6% of all employees)

- Career plan visualization of employees

Allocation rate to desired departments: 94% (results of personnel transfers in March 2024)

- "Wellness Support Team" Supports Employee Mental and Physical Health

191 counseling for employees affected by the earthquake (3 months after the Noto earthquake)

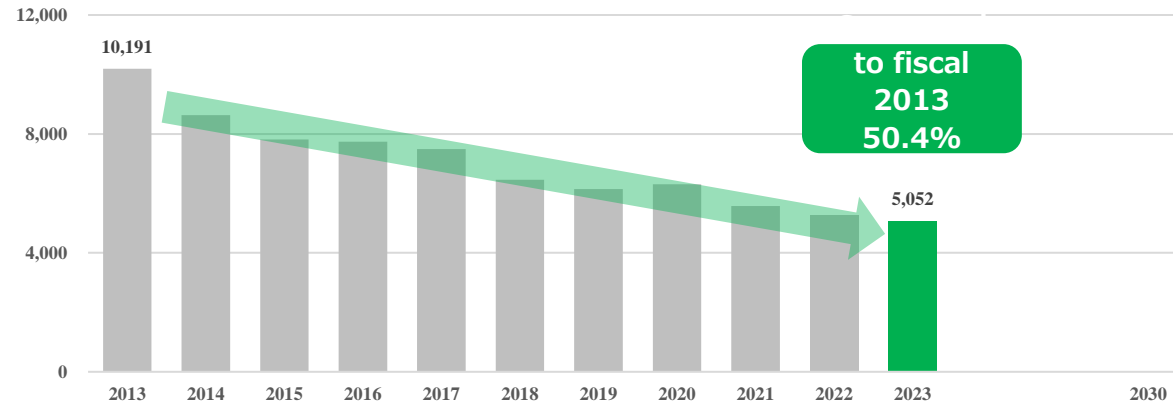
To produce

■ Sharing knowledge with local communities

- Dispatched to municipalities and private companies 2024/356 → 2034/3122

Environment-related figures

■ Trends in CO₂ emissions (t-CO₂)



■ Scenario analysis Result for transition risks and physical risk

(Transition risks)

	4°C	2°C
Increase in credit costs through 2050	— (no transition response)	Approx. 4.0 billion yen

(Physical risk)

	4°C	2°C
Increase in credit costs through 2050	Approx. 5.5 billion yen	Approx. 1.8 billion yen
Impact of our buildings	Approx. 0.5 billion yen	Approx. 0.2 billion yen

(Transition risks) in the three sectors of "Metal mining," "Food Products," "Land/rail/air logistics services," "Machinery," "Textile," and "Construction/civil engineering" considering the amount of credit and the degree of impact of transition risks Implemented at the top 10 companies in terms of credit amount

(Physical risk) Buildings in the three Hokuriku prefectures with commercial lines of credit (Head Office and collateral properties) Our properties in Ishikawa Prefecture

■ Calculation of Scope3

Calculation method

Investment and

loan target sales × emission factor × amount of investment and loan

$$\frac{\text{Total amount of stocks and liabilities of investees and borrowers}}{\text{Total amount of stocks and liabilities of investees and borrowers}}$$

(Emissions in Major Industries)

Industry type	Emissions (t-CO ₂)
General machinery	308,222
Metal products	302,124
Building construction business	264,747
Wholesale trade	232,830
Retailing	179,252
Food	162,283
⋮	
⋮	
⋮	
Overall	2,734,150

Deposits-Balance by Segment ~

Deposit Balance by Attribute

(¥ bn)

	2021/3	2022/3	2023/3	2024/3	Compared to 23/3 Change	Change from 23/3
Individuals	2,662.6	2,781.2	2,870.9	2,951.9	+81.0	+2.8%
CORPORATION	1,111.7	1,155.4	1,143.4	1,230.3	+86.9	+7.6%
Public money and financial	277.5	336.0	369.7	529.3	+159.6	+43.2%
Overall	4,052.0	4,272.7	4,384.1	4,711.6	+327.5	0.5%

Initiatives

- Increase sticky deposits by enhancing payment services such as LIFE+, Hokkoku Digital Banking, our core services

■ Personal services



- Affiliated convenience store fee free(*)
- Free transfer fees to other banks (*)
- Free bank transfer fees

※ Up to three times a month

■ Corporate Internet banking



- Free basic fees
- Free bank transfer fees
- Low-priced transfer fees to other banks
- Available 24 hours/365 days a year

Loans and Bills Outstanding by Segment

Loans Outstanding by Attributes

(¥ bn)

	2021/3	2022/3	2023/3	2024/3	Compared to 23/3 Change	Compared to 23/3 Rate of change
Small and medium-sized enterprises, etc.	2,001.2	1,993.1	1,971.9	1,926.7	▲45.2	▲2.3%
(Ratio of SMEs, etc.)	75.9%	76.5%	77.5%	78.8%	—	+3.3%
Medium-sized and large companies	317.5	297.3	250.9	189.9	▲61.0	▲24.3%
Local public entities and public corporations	315.2	313.5	322.8	326.9	+4.1	+1.3%
Overall	2,633.9	2,603.9	2,545.6	2,443.6	▲102.0	▲4.0%

Loans Outstanding by Region

(¥ bn)

	2021/3	2022/3	2023/3	2024/3	Compared to 23/3 Change	Compared to 23/3 Rate of change
Hokuriku 3 prefectures total	2,408.9	2,395.6	2,379.4	2,306.7	▲72.7	▲3.1%
In Ishikawa Prefecture	1,816.7	1,811.9	1,813.9	1,775.8	▲38.1	▲2.1%
In Toyama Prefecture	471.8	464.5	451.1	422.7	▲28.4	▲6.3%
Including Fukui Prefecture	120.2	119.0	114.4	108.1	▲6.3	▲5.5%
Other	225.0	208.3	166.2	136.8	▲29.4	▲17.7%

Loans Outstanding by Type

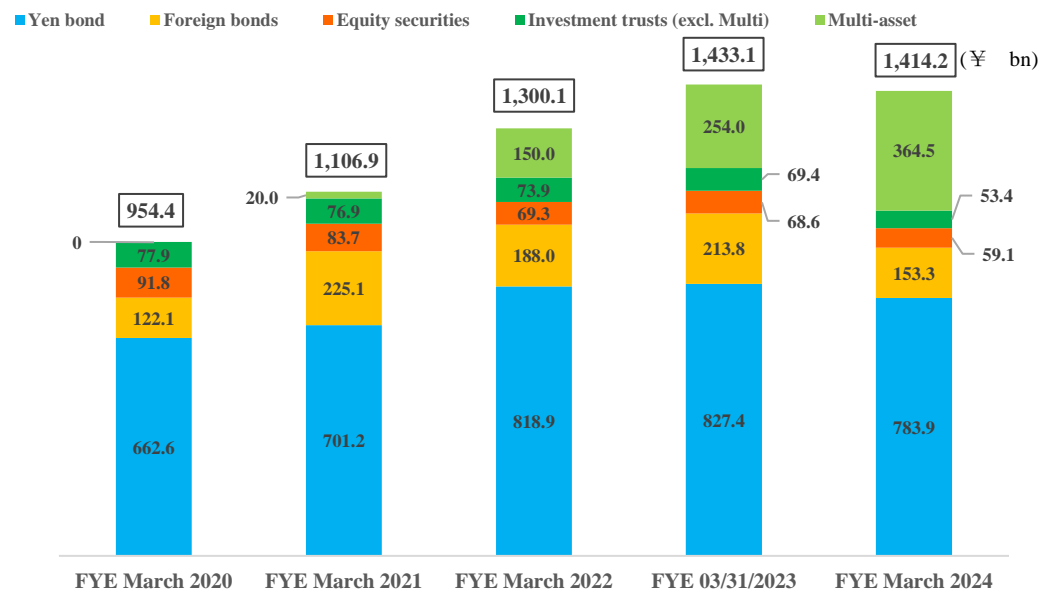
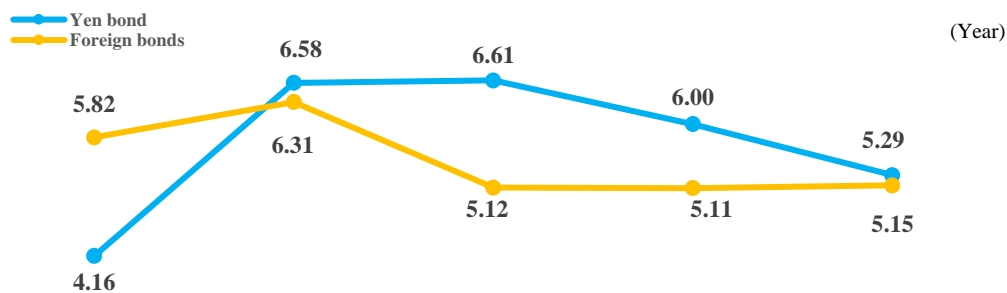
(¥ bn)

	2021/3	2022/3	2023/3	2024/3	Compared to 23/3 Change	Change from 23/3
Profitable lending	1,318.0	1,275.7	1,206.0	1,126.5	▲79.5	▲6.6%
Consumer loans	1,000.6	1,014.6	1,016.8	990.1	▲26.7	▲2.6%
Of which, secured	964.2	981.9	986.7	960.9	▲25.8	▲2.6%
Of which, unsecured	36.3	32.7	30.1	29.1	▲1.0	▲3.3%
Local public entities and public corporations	315.2	313.5	322.8	326.9	+4.1	+1.3%

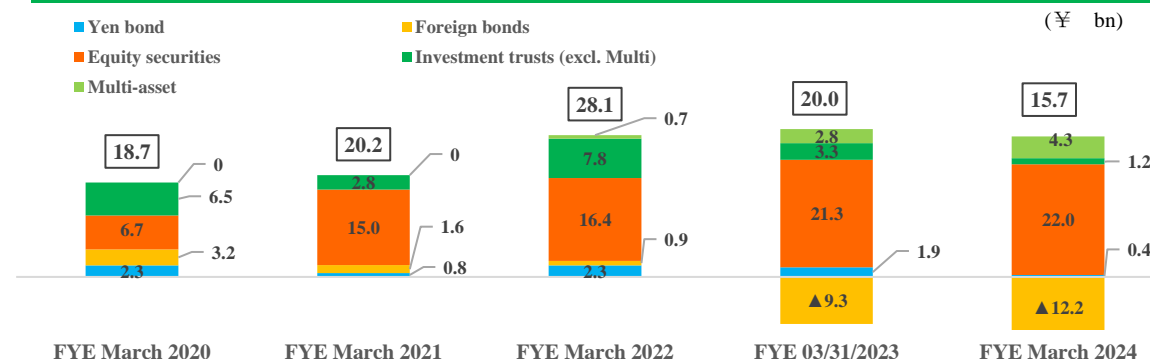
Investment in Securities

■ In fiscal 2023, the amount outstanding of yen-denominated bonds and foreign bonds was reduced and the multi-asset fund was increased.
 ■ The Bank worked to reduce the duration and interest rate risk of yen-denominated bonds as they were sold.

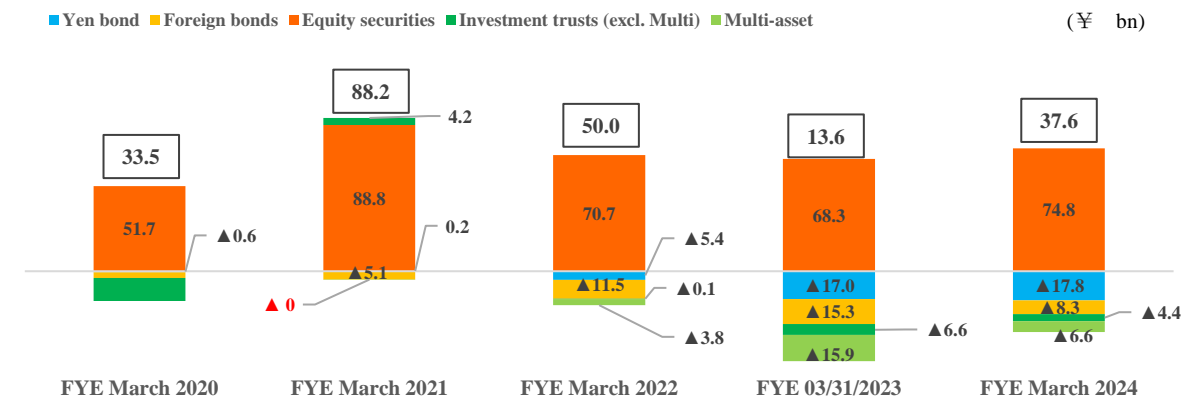
Balance of Securities (Book Value) and Duration



Trends in realized gains/losses by asset



Trends in unrealized gains/losses on securities

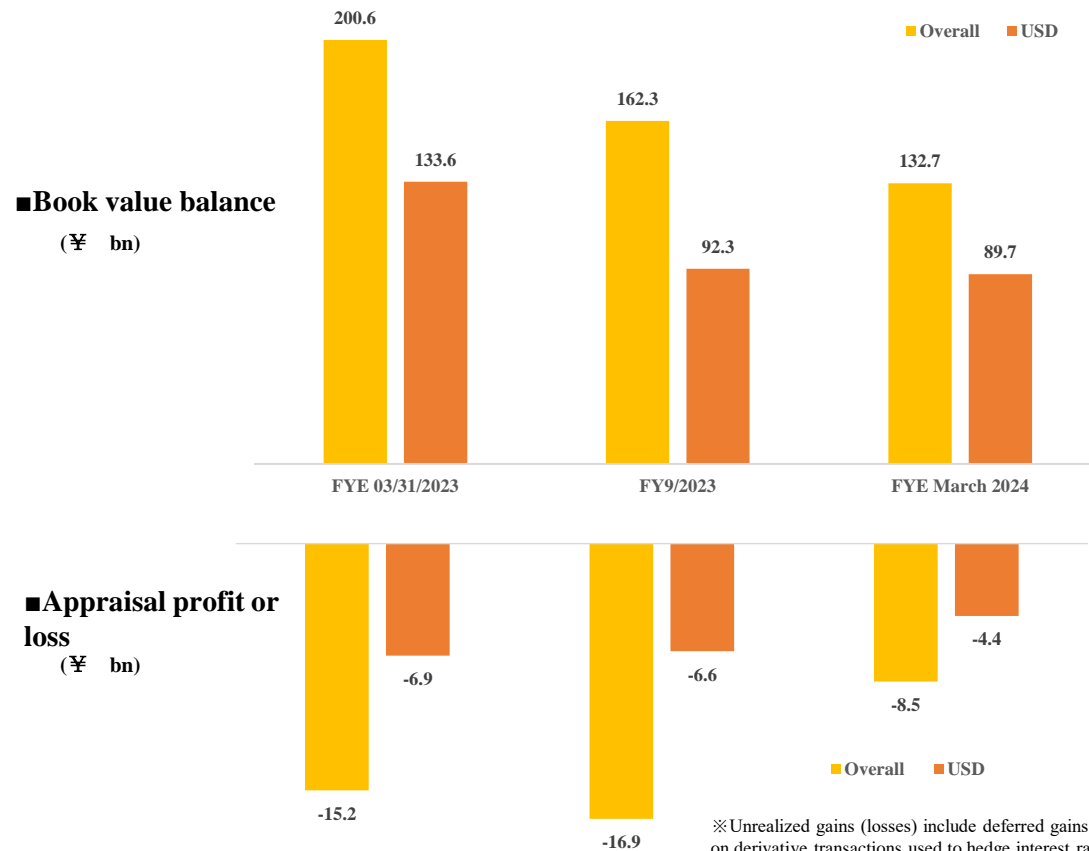


※ Unrealized gains (losses) include deferred gains (losses) on derivative transactions used to hedge interest rate risks.

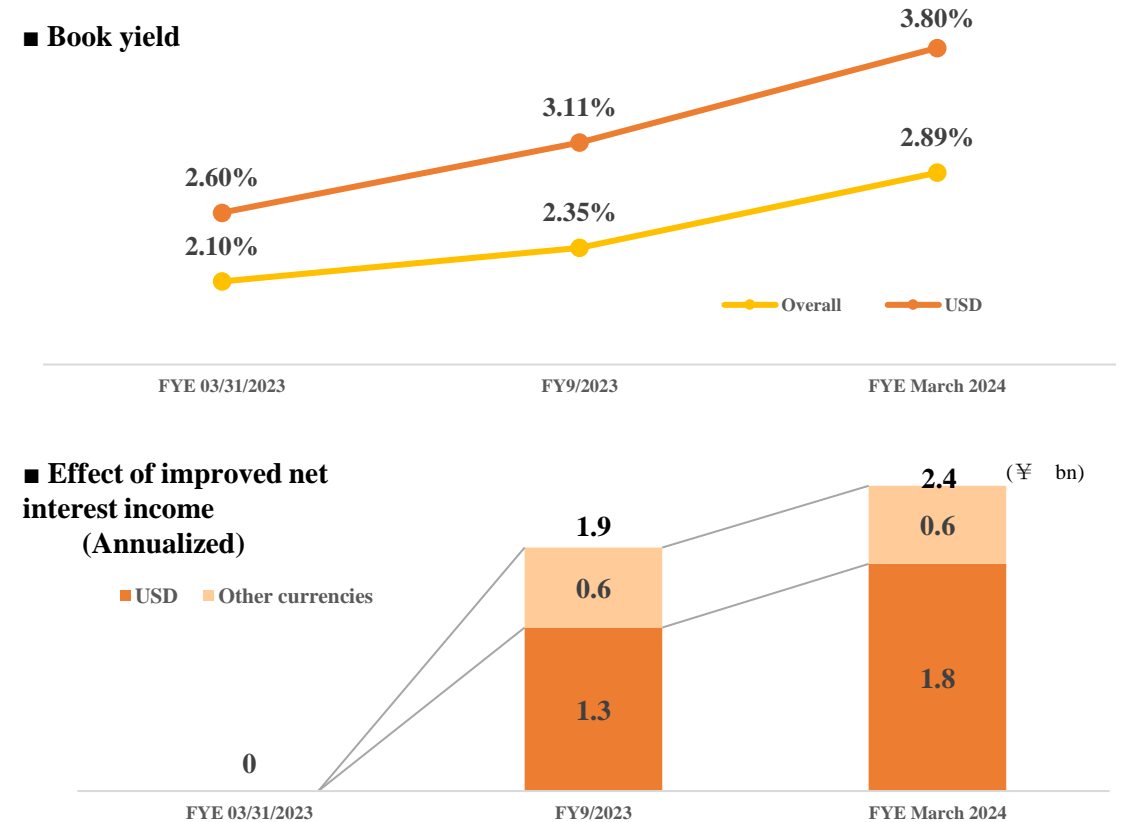
Status of Foreign Bonds

- To improve net interest income and unrealized gains/losses, the company sold short-maturity low-yield bonds, mainly in U.S. dollars.
- Going forward, the Bank will continue to closely monitor the direction of monetary policy in each country and work to improve the yield of the portfolio.

Status of book value and unrealized gains/losses on foreign bonds



Improvement effect from sales of foreign bonds



Status of multi-asset funds

- A simple, low-cost product that invests only in liquid traditional assets.
- This fund is advised by Investment advisory firm FDAIco, and can be managed to reflect the Group's strategies.

■ Merchandising of multi-asset funds

1.Simple and low cost

- Invest only in traditional assets such as bonds, stocks, and futures in developed countries, mainly in Japan and the United States.
- It is possible to design products that take into account the Hokkoku Bank's investment policy and asset allocation of securities as a whole at a low cost.

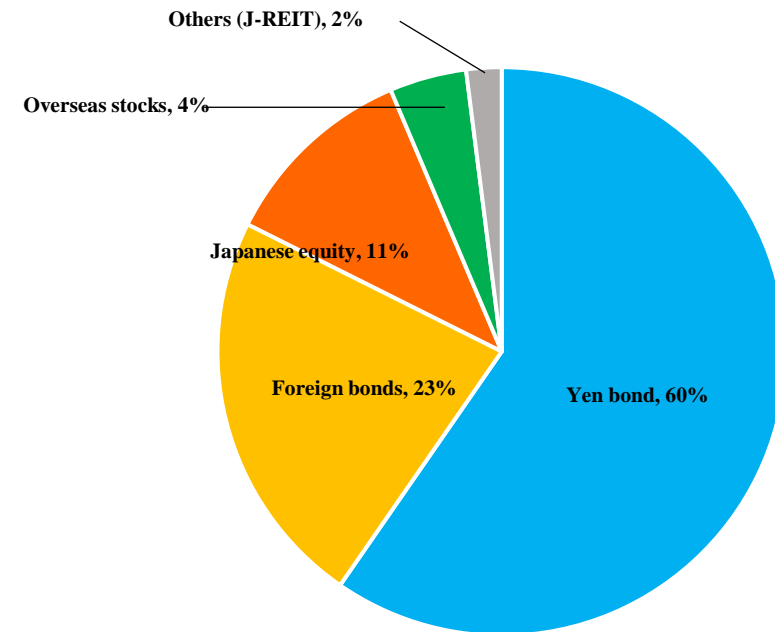
2.Advisory capabilities of FDAIco of Investment advisory companies

- Established a fund with the advice of Hokkoku FHD's Investment advisory firm FDAIco.

3.Good performance

- Overall gains/losses on multi-asset holdings will be positive.

■ Overall asset allocation of securities (After look-through of multi-asset funds: market value)



(As of March 31, 2024)

ROE and performance-linked remuneration

• Pay Composition and Percentage

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

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

Medium-term target level

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

Fixed amount pay (45%)	Performance-linked (money) (30%)	Performance-linked (shares) (25%)
------------------------	----------------------------------	-----------------------------------

[employee]

ROE	Compensation Composition(※)		
	Fixed	Equity securities	Total
8% or more	95%	24%	119%
7% to less than 8%	95%	17%	112%
6% to less than 7%	95%	12%	107%
5% to less than 6%	95%	5%	100%
4% to less than 5%	95%	4%	99%
3% to less than 4%	95%	2%	97%
2% to less than 3%	95%	1%	96%
1% to less than 2%	95%	0%	95%
Less than 1%	95%	0%	95%

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

Medium-term target level

Compensation image of ROE5%

Salary and annual bonus (95%)	Stock grants (5%)
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