


Annual Report
2025

North Pacific Bank

Contents

Goho Yoshi (Five-way satisfaction)

Ambitiously working to develop new industries to contribute to the sustainable future of Hokkaido

President, CEO, and CHRO

Hironobu Tsuyama

Message from the President

Message from the President

Q

In the 16 months since becoming president of the Company, what has been your mindset for driving reforms as a top executive?

In addition to traditional industries supporting Hokkaido, such as food and tourism, new industries, including next-generation semiconductors, green transformation (GX), and the space industry, are emerging in the region. Since becoming president, I have consistently emphasized the need to change the corporate culture to adapt to this dramatically changing environment. We revised our governance system in recognition of the urgent need to build a strong foundation to seize the significant opportunities emerging in Hokkaido. To enhance management oversight and accelerate decision-making, we transitioned to a company with an Audit and Supervisory Committee in June 2024 and introduced a delegated executive officer system in June 2025. In addition, we launched a new merit-based personnel system in July 2025. We made significant changes to create a system where employees can take initiative to challenge themselves and make changes. In August 2025, we also announced a new long-term Group vision for 2035, highlighting five major strategies that include supporting the future growth of Hokkaido, expanding non-financial business, and promoting digital transformation.

As Hokkaido capitalizes on future opportunities for development, the Group will grow alongside the region while enhancing its corporate value. To achieve this, we must be more proactive, more capable, and faster than ever before, and we must change ourselves as well. In that sense, we radically changed what needed to be changed.

Q

What kind of issues have you had with the corporate culture in the past? Also, what challenges have you faced as the reforms take shape?

Even among financial institutions, North Pacific Bank had a particularly conservative corporate culture. First of all, for banks that lend out the important deposits entrusted to us by our customers, a certain degree of conservatism can be a good thing. However, while our safety indicators, such as equity ratio and non-performing loan ratio, are strong, there are areas for reflection, including our lower profitability compared with banks of a similar scale and our history of relatively limited risk-taking. The existing company culture tended to encourage employees to act only when instructed. By creating an environment where employees can act autonomously and take on new challenges, we expect to boost motivation and job satisfaction, creating a virtuous cycle that will continuously deliver better products and services.

Rapidly changing the corporate culture is no easy feat, but we are proceeding with confidence. Every reform runs the risk of engendering negative reactions. However, by continuing to speak up and act on what you believe is right, even the most reluctant people will eventually change and the whole can start to move forward. It is essential to continue to communicate even with those that have not yet embraced the reforms. Naturally, there are dissenting voices, but as the practice of exchanging opinions and choosing the right course becomes ingrained, these reforms will naturally take root.

Q

What are your thoughts on the new long-term vision and employee expectations.

Our new long-term vision to be achieved over the next 10 years is based on the concept of "Making Hokkaido Japan's No. 1 in Both Attractiveness and Happiness." It was formulated with the following five points in mind.

The first is positioning Hokkaido as a region that leads Japan. In particular, food and energy are key, and next-generation semiconductors and GX also hold tremendous potential, but there is always competition, so we need to confidently seize opportunities.

The second is the need to take charge and lead the way forward. The biggest challenge facing Hokkaido is population decline, particularly the decrease in working-age population. Rather than waiting for others to act, we must take the lead and implement a wide range of measures, including securing human resources and supporting our customers' digital transformation.

The third is establishing a vision that clearly conveys to employees the image of the Group taking the lead in order to establish Hokkaido as a region leading Japan. The vision itself is meaningless unless every member of the Group can at least express it and relate to it.

The fourth is relentlessly pursuing our vision, changing only to adapt to major shifts in the environment. This is because the vision defines which mountain we set out to climb, and it is not something that can be easily changed.

The fifth is to backcast from our vision and carefully consider the strategy and plan we want to implement over the next three years under the new Medium-term Business Plan to be launched in April 2026. It may seem obvious, but once we determine which mountain to climb, we will decide within three years where and how to climb it. We will foster an environment where Group employees can take on challenges independently to achieve this vision, and we hope they will actively engage in doing so.

Vision

Making Hokkaido Japan's No. 1 in Both Attractiveness and Happiness

Mission

We:

- Aim to become the No. 1 regional bank group for employee satisfaction, thereby enhancing the quality and speed of our services
- Lead growth unique to Hokkaido by promoting the sustainable use of Hokkaido's rich natural environment while preserving it
- Dedicate our full management resources to realizing Hokkaido's potential
- Are fully committed to sharing happiness with the people of Hokkaido through asset building support

Message from the President

Q

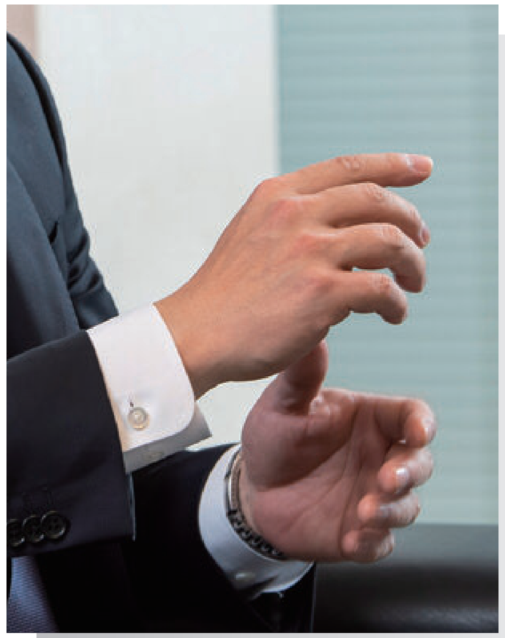
What is the overall strategy to make the long-term vision a reality?

There are five overall strategy pillars.
The first is a Hokkaido-based strategy. Unlike other regional banks that operate across other areas, we maintain a clear commitment to Hokkaido, supporting growth unique to the region.
The second is a full digital transformation (DX) strategy. We will respond to the rapidly evolving needs of AI and DX and make it a new pillar of service we provide to our customers.
The third is a loyalty improvement strategy. We will grow our base of loyal customers by expanding transaction-based benefits and responding to customer needs.
The fourth is a non-financial diversification strategy. We will explore various businesses that go beyond finance to drive development of Hokkaido and the happiness of its residents.
The fifth is a human resources and organizational transformation strategy. We will become the bank group with the highest level of employee satisfaction while strengthening human resources supporting our four strategies and restructuring our organization.

Q

What is the purpose of introducing the new personnel system, Polaris?

The purpose of the new personnel system is to create an environment that maximizes the potential of all employees while fostering a corporate culture that embraces challenges without fear of failure, to put our management philosophy and vision into practice. The key points of this system are merit-based evaluation, improved fairness of treatment, and autonomy. Based on this, we aim to design a framework that improves the evaluation system and makes employees more motivated than ever before. While we aimed to design the system to accommodate the wishes of the majority of employees, it is difficult to meet the circumstances of every individual. For example, the merit-based approach is based on the idea that the employees should be able to work in the most suitable positions across the prefecture, solely according to their job performance and management abilities. However, each employee has their own circumstances, such as difficulty in transferring due to childcare or nursing care, and this creates a gap. Closing this gap requires system and operational adjustments, with the important point being to align the values and perspectives of both individuals and the Company, rather than prioritizing one over the other.



The North Star, Polaris, points in the same direction no matter where it is viewed from. We chose this name for the new personnel system to reflect the idea that it will consistently indicate the direction we need to take, regardless of our perspective. Just like the North Star, Polaris will provide a guiding light for the career path of our employees and is expected to create a more autonomous workforce for the future.

Q

What was the background to the decision of taking over production of the large snow sculptures at the Sapporo Snow Festival?

It all started when I heard about the downsizing of the Sapporo Snow Festival and the danger that it could significantly impact Hokkaido tourism. We didn't need the name of North Pacific Bank at the forefront, but I'm sure there are others who share the same aspirations, and I wanted to rally friends to contribute to maintaining the charm of the Snow Festival. We felt that it was vital to maintain the system to ensure the continued production of large snow sculptures, so we appointed a dedicated project leader and have plans to hire someone with production experience. Currently, we are participating in the Sapporo Snow Festival Executive Committee as an observer, and will announce the specific arrangements once they are finalized.

Q

What is your message to stakeholders?

When I became president, I promoted the idea of *Goho Yoshi*—a five-way satisfaction that benefits customers, the community, shareholders, employees, and the Company. At the foundation of this are our Group employees, and the starting point for achieving this five-way satisfaction is enhancing job satisfaction and improving service quality and speed as a result. In addition, by dedicating the full sum of our efforts to provide management resources to Hokkaido, our home region, and taking the lead in addressing its challenges, we aim to enhance customer satisfaction and develop new initiatives to encourage long-term engagement with the Group. We increased ROE to 5% as of March 31, 2025, and aim to raise it to 8% in the near term, or up to 10% depending on the operating environment.
We will actively engage in dialogue with our shareholders and investors, ensure autonomous and effective information disclosure, and improve profitability (ROE) to strengthen returns for all shareholders. In this way, we are committed to enhancing corporate value and improving the price-to-book ratio to 1.0 or higher in the near term.
Going forward, it is our hope that all of our stakeholders will recognize the potential of Hokkaido and our Company, and that we are committed to enhancing both economic and social value. We appreciate your continued support.

Value Creation Story

Issues surrounding customers and communities are becoming increasingly diverse and sophisticated.
With a customer-oriented approach at the core of our Management Philosophy, the North Pacific Bank Group is leveraging its strengths (capital to be utilized) and pooling the efforts of its members to implement various measures (corporate activities) to achieve the goals of its Medium-term Business Plan.
In addition to enhancing our corporate value, we will strive to maximize the value we provide to our employees, customers, local communities, shareholders, and investors to realize our Long-term Vision (value creation and provision).

External circumstances

- Changes in monetary policy
- Decline in working-age population
- 100-year lifespans
- Entry of other business types
- Advances in AI
- Arrival of new business opportunities ⟨Semiconductors, GX, space industry, etc.⟩

INPUT
Capital to be utilized

- Stable financial base
- Diverse human resources and organizational culture
- Internal and external networks
- Accumulated know-how
- Abundant nature of Hokkaido

CORPORATE ACTIVITIES

Potential of Hokkaido

Strengths of the North Pacific Bank Group
- Robust customer base
- Dynamic system
- Hokkaido-based services and system

Overall strategy (announced in August 2025)

- Hokkaido-based strategy
- Full digital transformation (DX) strategy
- Loyalty improvement strategy
- Non-financial diversification strategy
- Human resources and organizational transformation strategy

Today	April 2026 and beyond	April 2029 and beyond
Current Medium-term Business Plan (April 2023 to March 2026)	Next Medium-term Business Plan (April 2026 to March 2029)	Following Medium-term Business Plan (April 2029 and beyond)

Corporate Governance

OUTCOME
Value creation and provision

Employees
- Provide workplaces where employees can flourish with dreams and pride
- Accommodate diverse work styles and provide support for work-life balance

Customers & communities
- Provide a wide range of products and highly specialized services
- Best proposals that accurately identify needs and issues
- Contribute to the enrichment and enhancement of the appeal of Hokkaido
- Drive toward a sustainable future, including solutions to local issues

The Company
- Further enhancement of corporate value
- Improvement of loyalty for the North Pacific Bank

Shareholders & investors
- Medium- to long-term enhancement of corporate value
- Highly transparent disclosures and proactive engagement

Ideal State of North Pacific Bank Group

Management Philosophy

Taking a thorough customer-oriented approach, striving to solve diverse challenges, and exploring the future of Hokkaido

Long-term vision

Vision

Making Hokkaido Japan's No. 1 in Both Attractiveness and Happiness

Mission

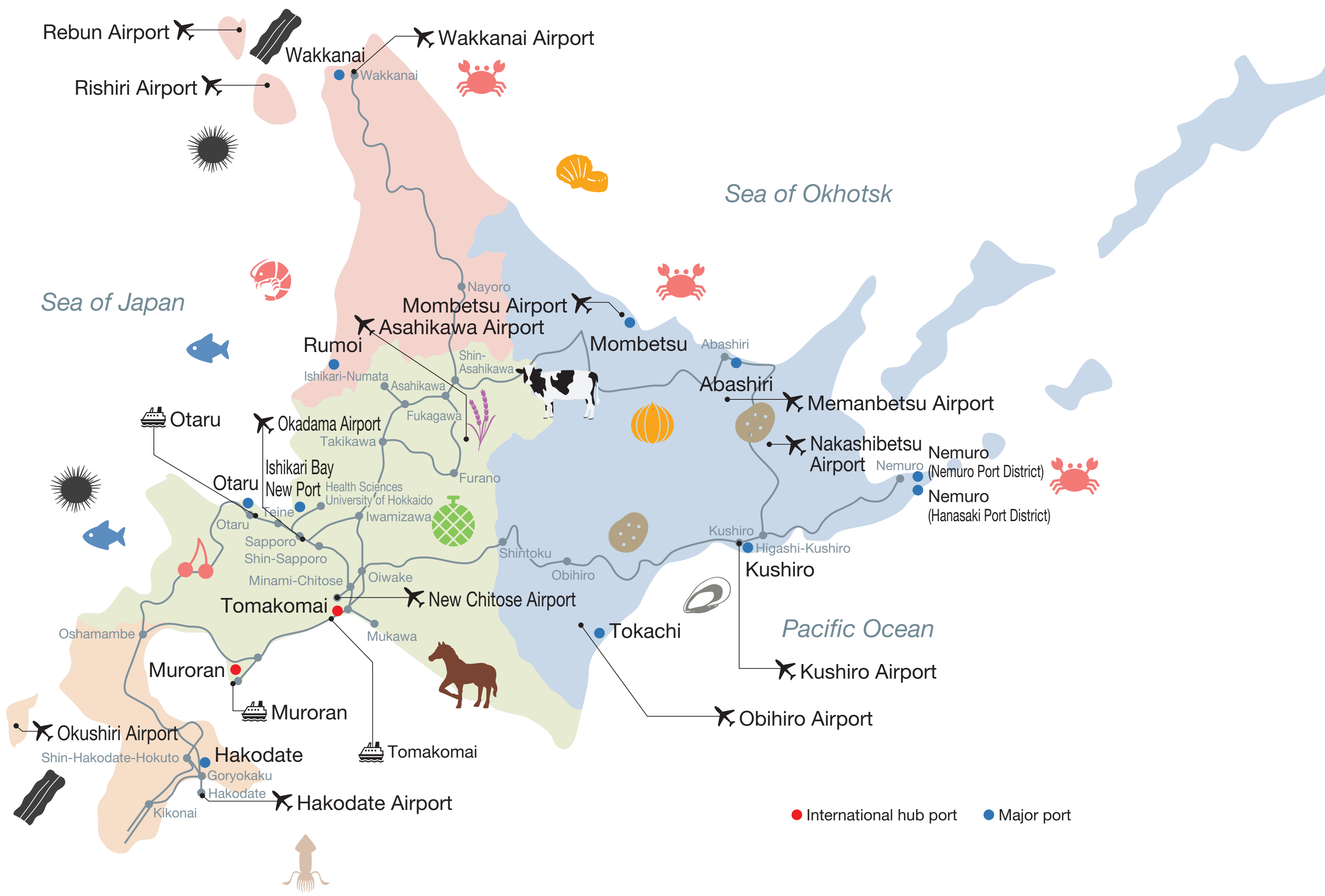
We:
- Aim to become the No. 1 regional bank group for employee satisfaction, thereby enhancing the quality and speed of our services
- Lead growth unique to Hokkaido by promoting the sustainable use of Hokkaido's rich natural environment while preserving it
- Dedicate our full management resources to realizing Hokkaido's potential
- Are fully committed to sharing happiness with the people of Hokkaido through asset building support

Further strengthen management infrastructure and enhance sustainable value through a cycle of value creation

In December 2018, the North Pacific Bank Group published the North Pacific SDGs Declaration, which signifies our commitment to supporting sustainable regional growth and resolving social issues.
SDGs: Global targets (17 goals, 169 targets) to be achieved by 2030 to realize a sustainable world, adopted at United Nations Sustainable Development Summit 2015.

Hokkaido

Vast Land and Abundant Nature



Area Features

Hokkaido, a large island located at the northernmost point of Japan, features beautiful seasonal nature and rich culture. The island can be widely divided into four regions—Central, Northern, Southern, and Eastern Hokkaido—each with its own unique features.

Central Hokkaido

Located in the center of Hokkaido, this area is home to Sapporo and has a concentration of urban functions. It is easily accessible from major air gateways and offers diverse tourism experiences where urban scenery coexists with canals, lakes, and ski resorts, for a harmonious blend of city and nature.

Northern Hokkaido

Surrounded by the Sea of Japan on one side and the Sea of Okhotsk on the other, this area features majestic nature and a harsh winter climate.
Visitors enjoy magnificent scenery throughout the seasons, including mountains filled with blooming alpine flowers and vast plains in the summer and the Sea of Okhotsk covered with drifting ice in the winter.
With its thriving agriculture, dairy farming, and fisheries, this region is blessed with the bounty of both land and sea.

Southern Hokkaido

Located close to mainland Japan, this southern region boasts a rich history of development through trade and is characterized by its exotic streetscapes.
With its relatively warm climate, this region features rich agriculture and fisheries, scenic highlands and historic buildings, and abundant marine resources.

Eastern Hokkaido

The eastern region boasts vast plains and unspoiled nature, and is home to large-scale field crops along with dairy and livestock farming. With its precious natural areas, expansive wetlands, and mysterious lakes, much of the region remains untouched. It is characterized by landscapes that change with the seasons, including drifting ice in the winter.

Hokkaido by the Numbers

Happiness in Hokkaido

#30 in Japan

65.1 out of 100

Source: "2024 Happiness Ranking by Prefecture," Brand Research Institute, Inc.

Happiness was assessed on five levels in response to the question, "Are you happy?" The responses, "Very happy," "Somewhat happy," "Neutral," "Not very happy," and "Not happy at all," were weighted at 100, 75, 50, 25, and 0 points, respectively. The average for the entire country was 65.9 points.

Gross domestic product (GDP)

#8 in Japan

20,800 billion yen

Sources: "Overview of Hokkaido Economy Calculations, FY2022," Hokkaido Prefectural Government
"Gross Prefectural Domestic Product (2022)," Japanese Government

Area

#1 in Japan

83,422 km²

Source: "National Area Survey of Each Prefecture and Municipality as of January 1, 2025," Ministry of Land, Infrastructure, Transport and Tourism

Population

#9 in Japan

5.04 million

Source: "Population Estimates as of October 1, 2024," Statistics Bureau, Ministry of Internal Affairs and Communications

Number of foreign visitors (New Chitose Airport)

#5 in Japan

1.71 million

(2024)
Source: "Immigration and Residence Control Policy Discussion Group Documents," Immigration Services Agency

Number of national parks and World Natural Heritage Sites

National parks	World Natural Heritage Sites
7 *1	**1** *2

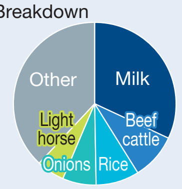
*1 Daisetsuzan National Park, Shiretoko National Park, Akan-Mashu National Park, Kushiroshitsugen National Park, Rishiri-Rebun-Sarobetsu National Park, Shikotsu-Toya National Park, and Hidakasanmyaku-Erimo-Tokachi National Park
*2 Shiretoko

Agricultural output

#1 in Japan

1,300 billion yen

Breakdown



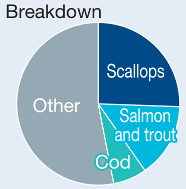
Source: "Total Agricultural Output and Agricultural Income Produced (by Prefecture), 2023," Ministry of Agriculture, Forestry and Fisheries

Fishing/ aquaculture output

#1 in Japan

300 billion yen

Breakdown

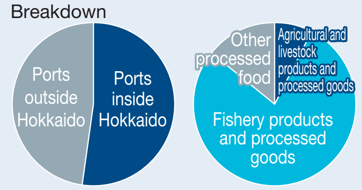


Source: "Fishery Output, 2023," Ministry of Agriculture, Forestry and Fisheries

Export value of Hokkaido food products (2023)

150.6 billion yen

Breakdown

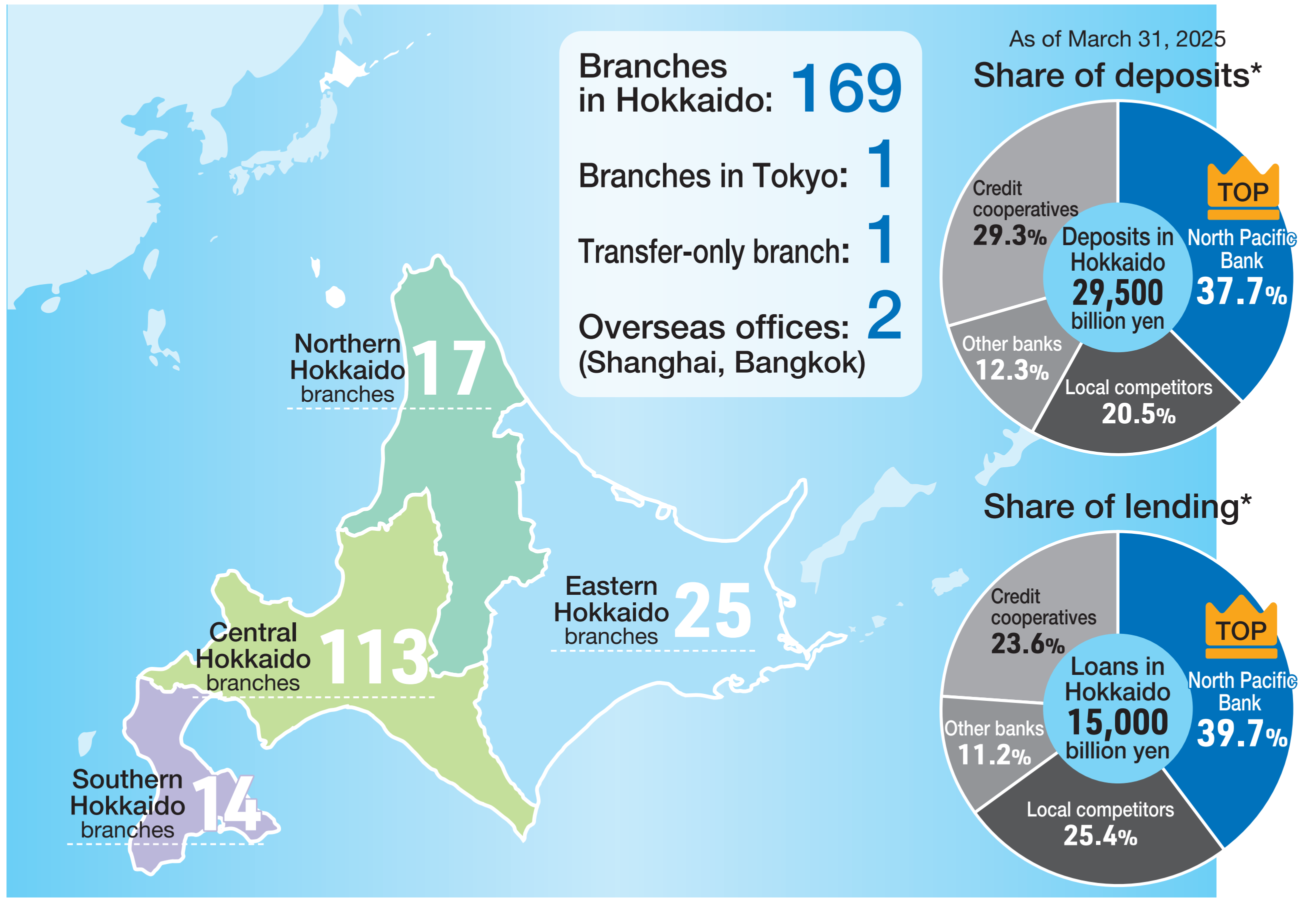


Source: "Hokkaido Food Export Expansion Strategy, 2024 (Phase III) Promotion Status Report," Hokkaido Prefectural Government

Strengths of the North Pacific Bank Group

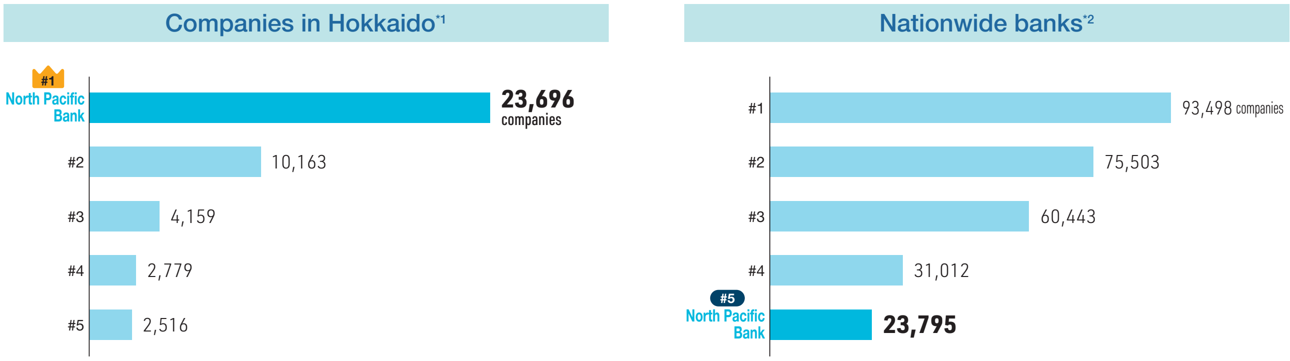
1. Robust Customer Base

North Pacific Bank is based in Hokkaido, with 170 branches in the prefecture (including one transfer-only branch) and one in Tokyo, and two overseas offices. We utilize the corresponding physical and digital networks to meet a wide range of customer needs.
In addition, we have maintained the top share of deposits and loans among financial institutions in Hokkaido by leveraging our network of offices in the prefecture to become indispensable for our customers. We will maintain and strengthen our interaction with customers so that they continue to choose us as their main bank.



* About shares:
Shares based on the balance of domestic banks (excluding Japan Post Bank and the Resolution and Collection Corporation) and credit cooperatives with headquarters and branches in Hokkaido Deposits include negotiable certificates of deposit (amounts of which among Hokkaido credit cooperatives were calculated using the balances among national credit cooperatives) Due to rounding, the share totals do not add up to 100%
Sources: Bank of Japan: "Deposits, Vault Cash, and Loans and Bills Discounted by Prefecture"; SCB Research Institute: "Overview of Credit Cooperatives in Japan," "Shinkin Central Bank Monthly Review (Preliminary Figures)"; and estimates based on each bank's financial results briefings and other materials

Ranking of financial institutions as main bank



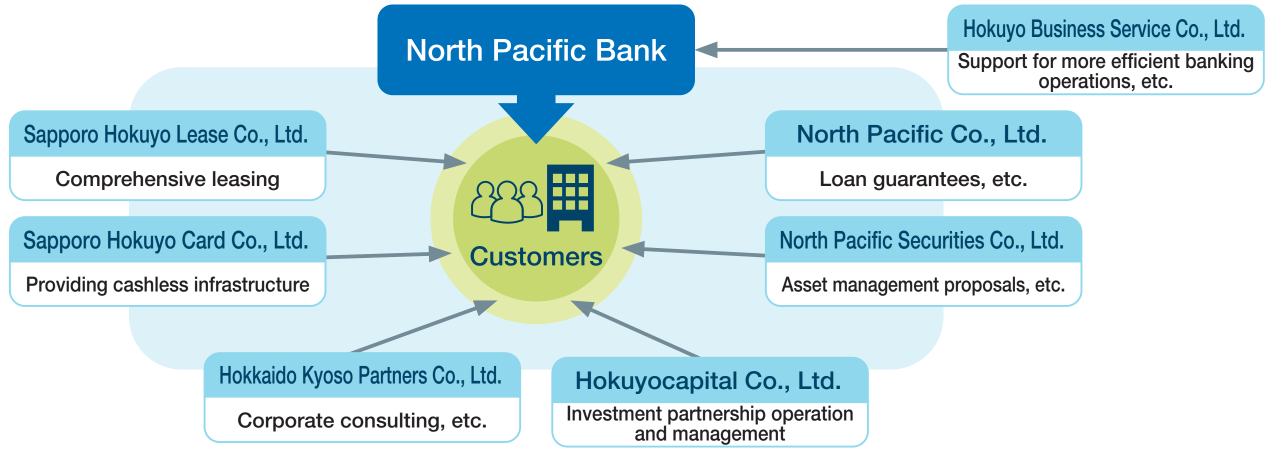
*1 Source: Teikoku Databank, Ltd.: "Survey of Trends in Main Bank for Companies in Hokkaido (2024)"
*2 Source: Teikoku Databank, Ltd.: "Survey of Trends in Main Bank for Companies in Japan (2024)"

2. Dynamic System

* See the website for the Company's organizational chart (Japanese only).
(https://www.hokuyobank.co.jp/about/company/organization.html)

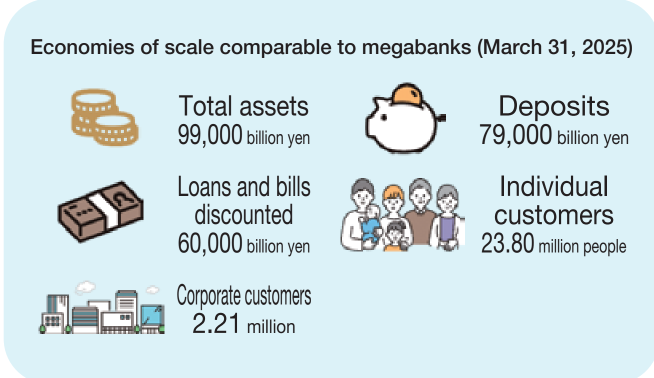
Collaboration within the Group and between the head office and branches

Our Group is comprised of our Company and six consolidated subsidiaries, and we are engaged in financial services, including banking, leasing, credit card operations, consulting, and securities.
In addition, our Company is comprised of 19 specialized divisions supporting sales branches to ensure optimal services to our customers. The sales branches, head office, and Group companies work closely together to create a system that effectively meets customer needs.



Wide-area collaboration through the TSUBASA Alliance*

We have a nationwide network stretching from Hokkaido to Okinawa that maintains the uniqueness of each bank.
By combining the insight and know-how of each bank, we are working to create new value for the region.



* The TSUBASA Alliance is a framework for wide-area regional collaboration without business integration formed by The Chiba Bank, Ltd., The Daishi Bank, Ltd. (now Daishi Hokuetsu Bank, Ltd.), and The Chugoku Bank, Ltd. under the "TSUBASA Financial System Advancement Alliance" in October 2015. Since its launch in 2015, its size has expanded annually while maintaining the independence of each bank, and currently there are 10 bank members.

TSUBASA Alliance bank members

千葉銀行 第四北越銀行 中国銀行 伊予銀行
東邦銀行 北洋銀行 武蔵野銀行 滋賀銀行
琉球銀行 群馬銀行

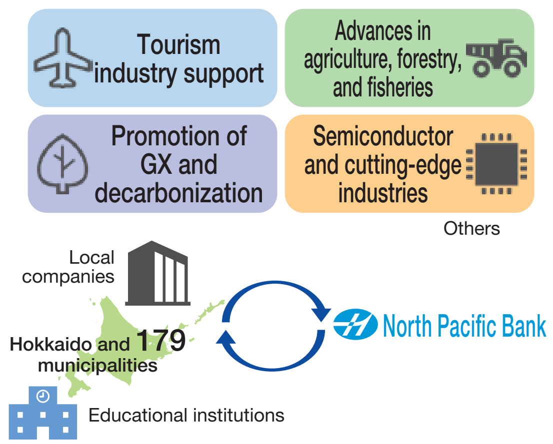
3. Hokkaido-based services and system

Strengthening specialized divisions utilizing the potential of Hokkaido

In addition to the development of Hokkaido's traditional strengths of food and tourism, new opportunities are emerging in the Hokkaido economy, such as the next-generation semiconductor manufacturing project, which began trial operations, as well as concrete progress in green transformation (GX), and increased investment in the space industry. Mainly through the efforts of the Growth Strategy Planning Office, which was launched in February 2023, we are gathering information, holding study sessions for sales branches, and sharing information with customers.

Strong collaboration with local governments and regional partners

Through collaboration with local governments, we are developing and providing unique solutions, including consulting, business matching, M&A support, and financial education support utilizing regional information and local government networks.



Special Feature Hokkaido's Green Transformation Potential and Revitalizing Local Communities

Green transformation (GX) initiatives are accelerating nationwide, with the goal of reducing CO2 emissions by promoting the use of environmentally friendly energy sources such as solar power and hydrogen, and transforming the entire world by creating these activities into opportunities for economic growth.
Hokkaido has the greatest potential for renewable energy in Japan, and various GX investment initiatives are underway in the region to harness this potential. The amount of renewable energy generated in Hokkaido and its renewable energy source ratio continue to increase each year, with 11,444,663 thousand kWh of renewable energy generated in the region in FY2022 (Source: Hokkaido Energy Related Data Collection (April 2024)), accounting for 34% of the total annual power generated.

Wind power #1 in Japan

Solar power #1 in Japan

Small- & medium-scale hydropower #1 in Japan

Geothermal power #2 in Japan

Sustainable community development driven by the GX industry as an engine of Hokkaido's growth

New business opportunities with possibilities in various industries

New business opportunities are emerging in Hokkaido, including abundant renewable energy potential and next-generation semiconductor manufacturing sites.

Delivering benefits to various areas throughout Hokkaido

By connecting each business not as individual points but along a line and expanding that into a plane, the benefits spread throughout Hokkaido.

Creating various combinations of renewable energy, data centers, AI, and food

For example, it is possible to utilize AI technologies created at data centers using renewable energy to make advances in food manufacturing.

Industrial clustering for collaboration with various partners

The Bank aims to build an industrial cluster to fill the missing pieces for business promotion, while also creating new jobs in the region.

Immediate Initiatives for Promoting Renewable Energy

Current status of offshore wind power generation businesses in Hokkaido

Regarding offshore wind power generation, which utilizes strong and stable offshore winds, Hokkaido has five designated Promising Zones (off Ishikari, Gan-wu and Minamishiribeshi, Shimamaki, Hiyama, and Matsumae) and two Preparation Zones (off Gan-wu and Minamishiribeshi (floating), and Shimamaki (floating)). In addition, the two Promising Zones off of Hiyama and Matsumae have received designation as Promotion Zones.
According to Japan's Vision for Offshore Wind Power Industry (1st), the country has an offshore wind power project formation goal of 4.5 million kW by 2040, with Hokkaido accounting for one-third, or 1.5 million kW, of that total. Expanding offshore wind power requires developing experts in construction and maintenance, as well addressing environmental and fishing industry issues.

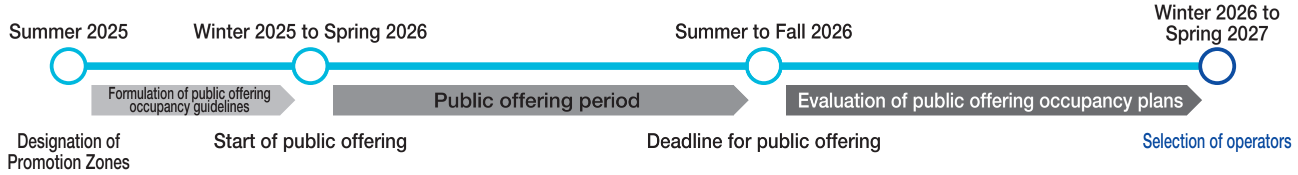
Scale of operations in target sea area and estimated schedule for 2025 and 2026 (Scale, cost, and schedule are based on in-house estimates)

Off Matsumae

Output scale: 320,000 kW
Project scale: 300.0 billion yen

Off Hiyama

Output scale: 1.14 million kW
Project scale: 1,000.0 billion yen

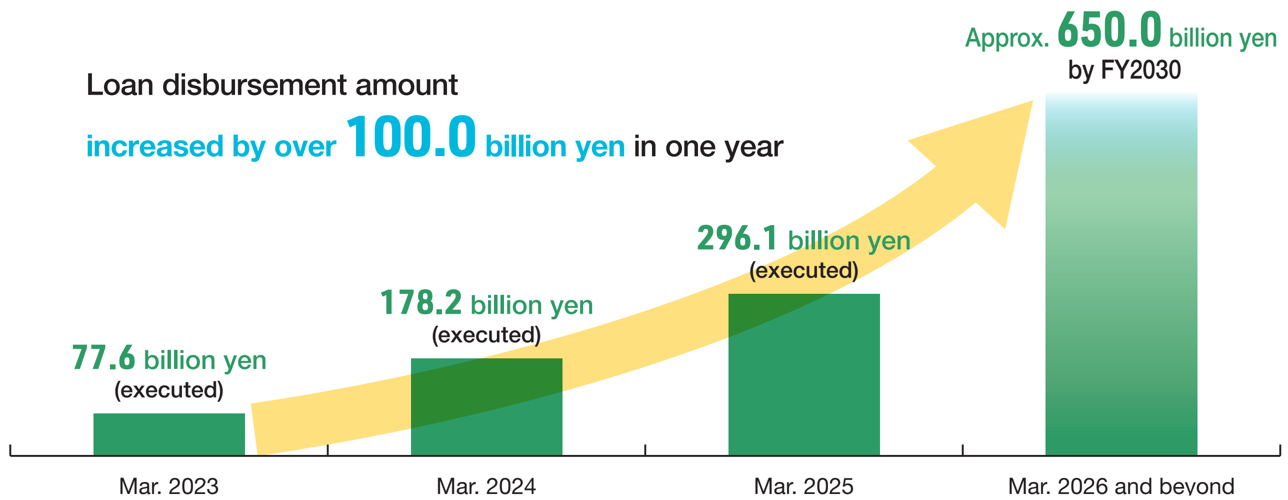


Status of other renewable energy businesses

In addition to offshore wind power generation businesses, the region is also exploring the generation of clean energy through other means, including hydrogen and e-methane manufacturing and sales businesses as well as geothermal generation businesses.
Meanwhile, there are many issues that need to be addressed for clean energy to become widespread, such as its production, storage, transportation, and usage.

We will work to fill the missing pieces essential for business promotion in Hokkaido.

Status of our GX-related investment (cumulative from FY2021)



Special Feature Next-Generation Semiconductor Project

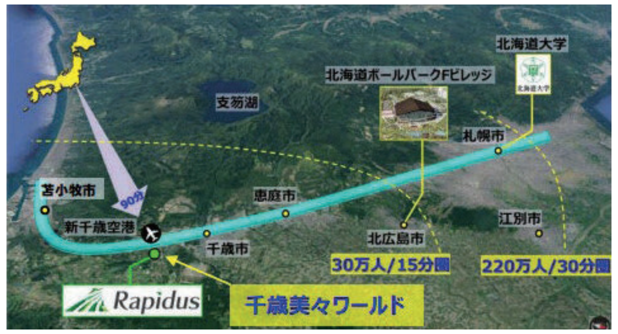
It has been two and a half years since Rapidus' announced the establishment of a state-of-the-art semiconductor plant in Chitose, Hokkaido in February 2023. In April 2025, the prototype line for semiconductors with a circuit line width of 2 nanometers went into full operation, and in July, the first prototype was released. Full-scale mass production is scheduled for mid-2027.
More than 40 related companies in Chitose and surrounding municipalities have established or are planning to establish sites, starting an industrial cluster.
In addition, as the number of companies increases, construction of rental housing, hotels, and office buildings have been underway, creating signs of an economic ripple effect.

Rapidus project

- Rapidus is a business company established in August 2022 with the support of major domestic corporations, bringing together top engineers from across the country to enable mass production of next-generation semiconductors.
- In November 2022, it was selected as a research and development project of the New Energy and Industrial Technology Development Organization (NEDO) in order to establish a manufacturing base for next-generation semiconductors in the late 2020s. In December of the same year, a strategic partnership was entered into with IBM, and a memorandum of cooperation was signed with Belgium's imec, an R&D institute for next-generation semiconductors.
- In February 2023, it was announced that the manufacturing site Innovative Integration for Manufacturing (IIM) would be constructed in Chitose, Hokkaido.

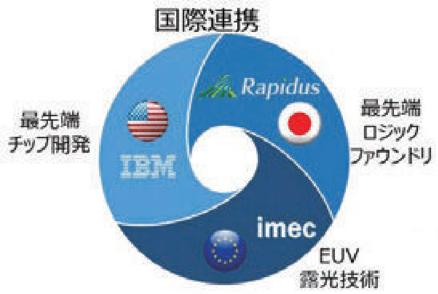
Companies investing in Rapidus (as of April 2025)

Toyota Motor	1.0 billion yen	NEC	1.0 billion yen
DENSO	1.0 billion yen	NTT	1.0 billion yen
Sony Group	1.0 billion yen	SoftBank	1.0 billion yen
Kioxia	1.0 billion yen	MUFG Bank	0.3 billion yen



(Source: Ministry of Economy, Trade and Industry website)

- Since April 2023, Rapidus has dispatched some 150 engineers to IBM's facility at Albany in the U.S. to promote projects in cooperation with IBM engineers.
- In December 2024, IIM introduced an extreme ultraviolet (EUV) lithography system—cutting-edge manufacturing equipment from Dutch equipment manufacturer ASML Holding NV that imprints fine circuit patterns onto wafers—and cooperated with imec on lithography technology.
- In April 2025, the prototype line for semiconductors with a circuit line width of 2 nanometers went into full operation, and in July, the first prototype was released.



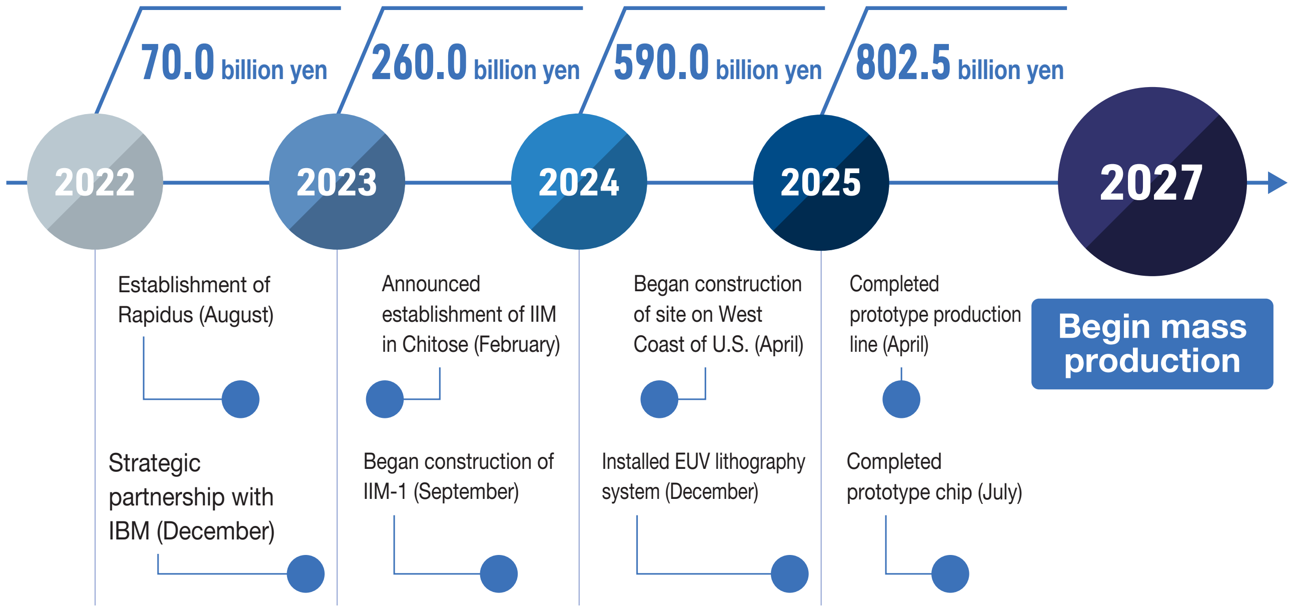
(Source: Ministry of Economy, Trade and Industry website)


▲ Commemorative ceremony for installation of an EUV lithography system for Japan's first mass production (December 18, 2024)
(Source: Ministry of Economy, Trade and Industry website)


▲ Exterior view of the IIM-1 facility
(Source: Rapidus website)

Project schedule and status of government support

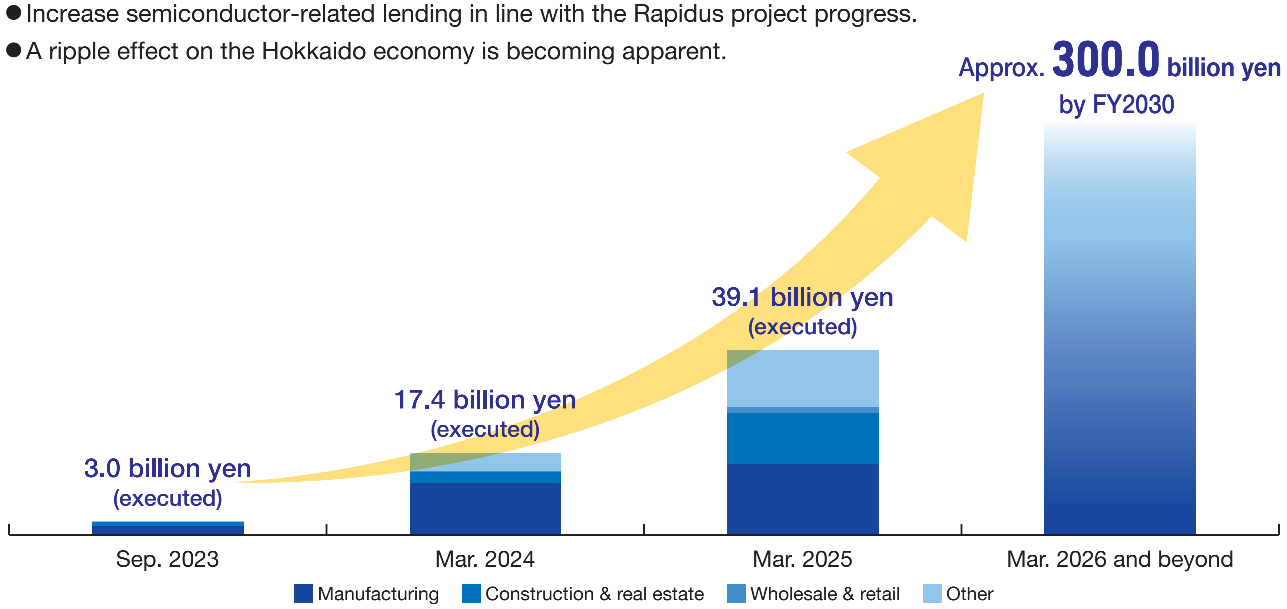
- Rapidus was selected in November 2022 for a government R&D project on next-generation semiconductors under the Post-5G Fund Project, receiving up to 70.0 billion yen in aid. Additional funding of 260.0 billion yen was allocated in 2023, followed by a further 536.5 billion yen in 2024. All of these target the front-end process of semiconductor manufacturing.
- In 2024, Rapidus was also selected for an R&D project to advance cutting-edge packaging technology (back-end process) for next-generation semiconductors, with up to 53.5 billion yen in aid.
- In FY2025, it received support of up to 802.5 billion yen, including 675.5 billion yen for the front-end process and 127.0 billion yen for the back-end process.
- To ensure smooth support of Rapidus, the Act on Facilitation of Information Processing and the Act on Special Accounts were revised. A bill was enacted in April 2025, and it scheduled to take effect in August 2025.
- This legal revision will allow the Information-technology Promotion Agency, Japan (IPA) to provide capital contributions, in-kind contributions of facilities and equipment, and guarantee debts related to corporate bonds or borrowings.



(Source: Created by North Pacific Bank based on the Ministry of Economy, Trade and Industry website and Rapidus website)

Semiconductor-Related Financing (Cumulative)

- Increase semiconductor-related lending in line with the Rapidus project progress.
- A ripple effect on the Hokkaido economy is becoming apparent.



Medium-term Business Plan

Medium-term Business Plan (April 2023–March 2026)

Strengthen management to explore the future of Hokkaido
Contribute to improving sustainability through growth investments and loans and management improvement support

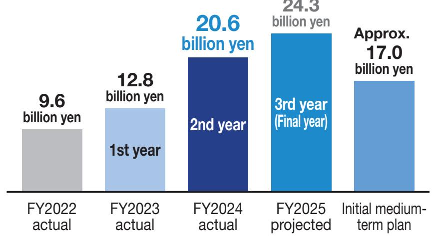
Overall strategy

1	Helping Hokkaido and our customers improve sustainability	· Support for corporate, individual, and local community sustainability and growth, with banking, Hokkaido Kyoso Partners Co., Ltd., and North Pacific Securities Co., Ltd. at the core · Support for growth and management improvement for companies in Hokkaido harmed by the COVID-19 pandemic
2	Development of human resources who support customer growth	· Human resource development at sales offices with a growth-support perspective, enhancement and development of specialized human resources with sophisticated problem-solving capabilities at Hokkaido Kyoso Partners Co., Ltd. and North Pacific Securities Co., Ltd., and mid-career recruitment of specialized human resources who share our Management Philosophy and Code of Conduct
3	Branch function restructuring and administrative streamlining to boost productivity	· Improvement of customer convenience and our Bank's productivity through pursuit of the TSUBASA system's collaborative effects, BIB/consultation function consolidation, and energizing DX investment

Progress of the Medium-term Business Plan

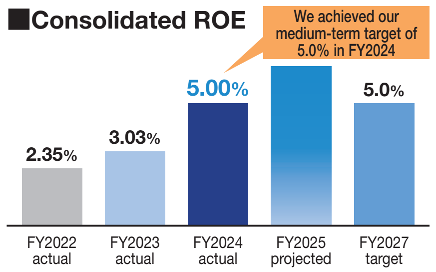
Key metrics

■Consolidated profit*

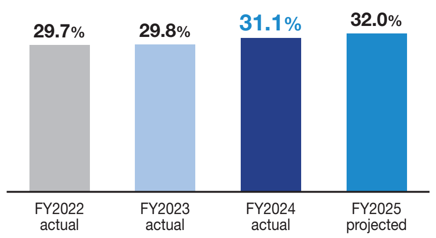


* Profit attributable to owners of parent

■Consolidated ROE

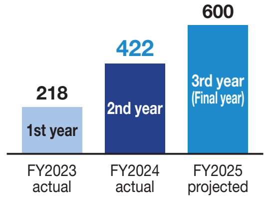


■Share of corporate loans in Hokkaido

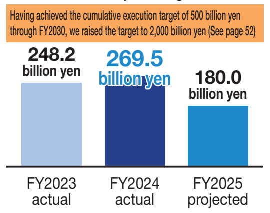


Individual metrics

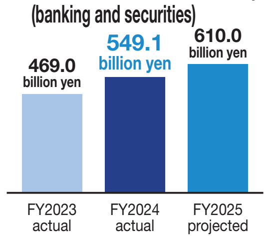
■Number of business growth support initiatives (cumulative)



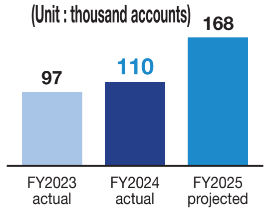
■Amount of investments and loans in areas of expected growth*



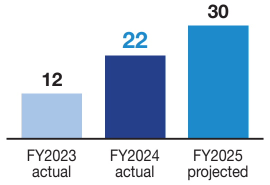
■Customers assets under custody (banking and securities)



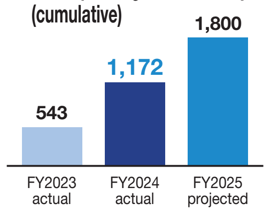
■Total number of NISA and iDeCo subscribers (Unit: thousand accounts)



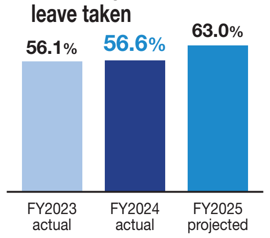
■Number of corporate funds handled in new and growth industries (cumulative)



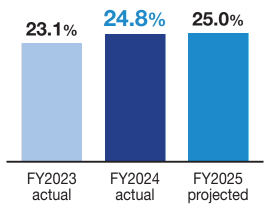
■Number of new sales channels developed in growth industry (cumulative)



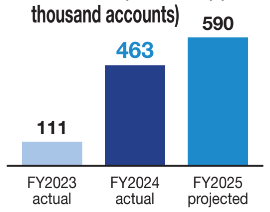
■Percentage of annual paid leave taken



■Percentage of female managers (Section manager or higher)



■Number of individual app subscribers (cumulative) (Unit: thousand accounts)



* In FY2025, the name was changed to "sustainable finance" by adding "socially related investment" to "environmentally related investment." Accordingly, the actual results were recalculated and the targets were reviewed.

Review of FY2024

Interest on loans and discounts increased due in part to an increase in loans to large and medium-sized companies and individuals as well as improvement of loan yields due to rising interest rates, and interest and dividends on securities also increased thanks to an increase in yen-denominated bonds, resulting in a core business profit increase for the second consecutive period. In addition, ordinary profit increased for the first time in three fiscal years due in part to a decrease in credit costs, and profit increased for the second consecutive period. Furthermore, compared to the initial forecast and the revised forecast announced in January 2025, each earnings category exceeded the earnings forecast. Non-consolidated ROE was 5.04%, and together with consolidated ROE, we achieved an ROE of 5.0% in the current fiscal year, earlier than our planned target for FY2028 under the Medium-term Business Plan. These core non-consolidated results drove increases in both profit and income in terms of consolidated results as well and exceeded the earnings forecast. North Pacific Securities Co., Ltd., which posted net losses for the past two fiscal years, returned to profitability, as ordinary income increased, mainly from investment trusts due to strengthening cooperation between the Bank and the securities company. Other subsidiaries also generally performed well, as both profit and income increased year on year on a consolidated subsidiary basis as well.

Plan for FY2025

Our plan for the fiscal year ending March 31, 2026, based on the full-scale implementation of the Risk Appetite Framework (RAF), is shown below.
The main factors driving both consolidated and non-consolidated profit and income are expected to include an increase in lending volume, improvement in loan yields, and higher interest on deposits held in the Bank of Japan's current account.
In addition to pursuing the main pillars of ROE improvement—strengthening top-line earnings, controlling costs, and implementing capital policy—we will also focus on enhancing PER and actively improving social value through initiatives such as decarbonization and environmental protection, support for semiconductors and GX, and contributions to the local community.

Non-consolidated (Unit: billion yen)	FYE Mar. 2025 actual	FYE Mar. 2026 projected	YoY
Core gross business profit	93.4	101.3	+7.8
Income from interest	79.5	89.4	+9.8
Interest on loans and discounts	67.1	84.9	+17.7
Interest on deposits and NCDs	6.7	17.9	+11.2
Interest and dividends on securities	15.1	16.9	+1.7
Balance of other funds	3.8	5.5	+1.6
Fees and commissions income	12.1	10.8	(1.3)
Expenses (excluding temporary funds)	64.3	67.8	+3.4
Core business profit	**29.0**	**33.4**	**+4.3**
Credit cost	3.0	4.0	+0.9
Ordinary profit	**26.6**	**33.6**	**+6.9**
Profit	**20.1**	**23.8**	**+3.7**

Consolidated (Unit: billion yen)	FYE Mar. 2025 actual	FYE Mar. 2026 projected	YoY
Consolidated gross profit	100.4	109.0	+8.5
Ordinary profit	**28.0**	**34.8**	**+6.7**
Profit attributable to owners of parent	**20.6**	**24.3**	**+3.6**

Key financial targets

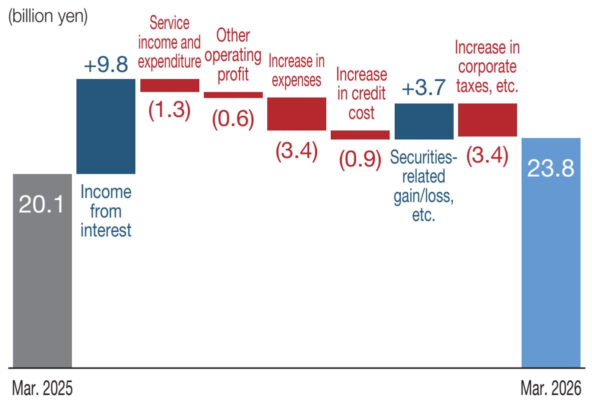
■ Factors for profit increase

(1) Increase in lending volume primarily to corporations [+2.8]
(2) Improvement of loan yields (policy rate held at 0.50%) [+14.9]
(3) Gains on securities investments [+1.7]
(4) Increase in interest on deposits in the Bank of Japan's current account [+4.4]

■ Factors for profit decrease

(1) Increase in interest paid on deposits [(11.2)]
(2) Increase in personnel expenses and other costs due to launch of new personnel system [(3.4)]
(3) Increase in corporate taxes, etc. [(3.4)]

Factors for changes in profit



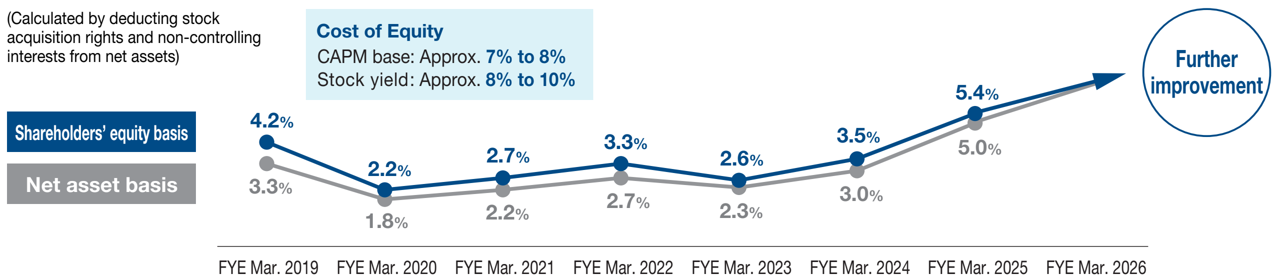
Message from the CFO

Q

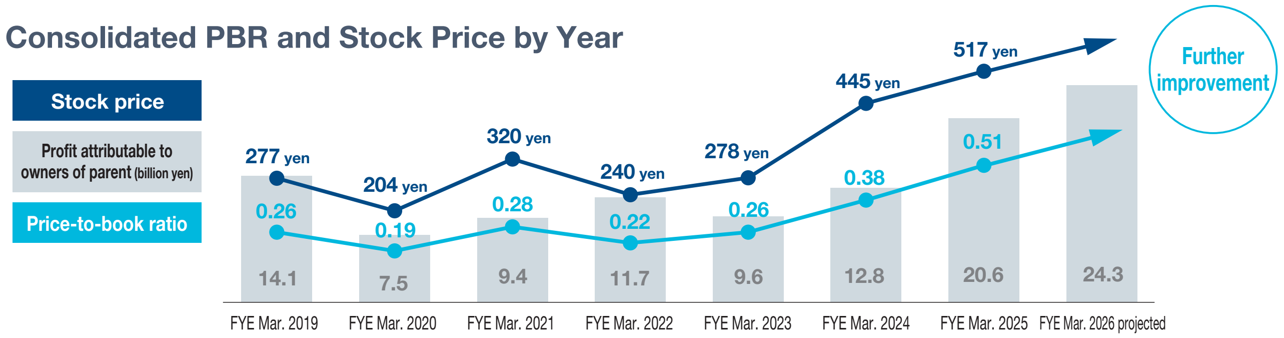
How do you perceive North Pacific Bank's current profitability and market recognition?

First and foremost, we consistently focus on return on equity (ROE), which reflects management efficiency, and price-to-book ratio (PBR), which reflects the relationship between net assets and stock price.
Consolidated ROE for the period ended March 31, 2025 exceeded 5% on a shareholders' equity basis. Although it remains below the cost of capital, it is showing a positive trend. Creating shareholder value is essential to achieving ROE above the cost of capital. To this end, we must take appropriate risks proportional to our capital, rather than focusing solely on profit, and strive to utilize capital more efficiently by expanding non-interest income and driving radical operational efficiency through digitalization. In particular, to continue strategic investment and financing in Hokkaido's growth areas, it is vital that we optimize the balance between risk and return and maximize capital efficiency.
In addition, the price-to-book ratio (PBR) still falls short of 1.0. A PBR lower than 1.0 indicates that the market does not fully recognize the Bank's future growth potential and profitability. To close this gap, we must not only continue improving ROE, but also clearly communicate our sustainable growth strategy and demonstrate to the market that we are moving into a concrete implementation phase. It is extremely important that we make a clear commitment to the market to sustainably enhance corporate value through the creation of new revenue sources and the strengthening of our ESG (Environment, Social, and Governance) initiatives.

Consolidated ROE by Year

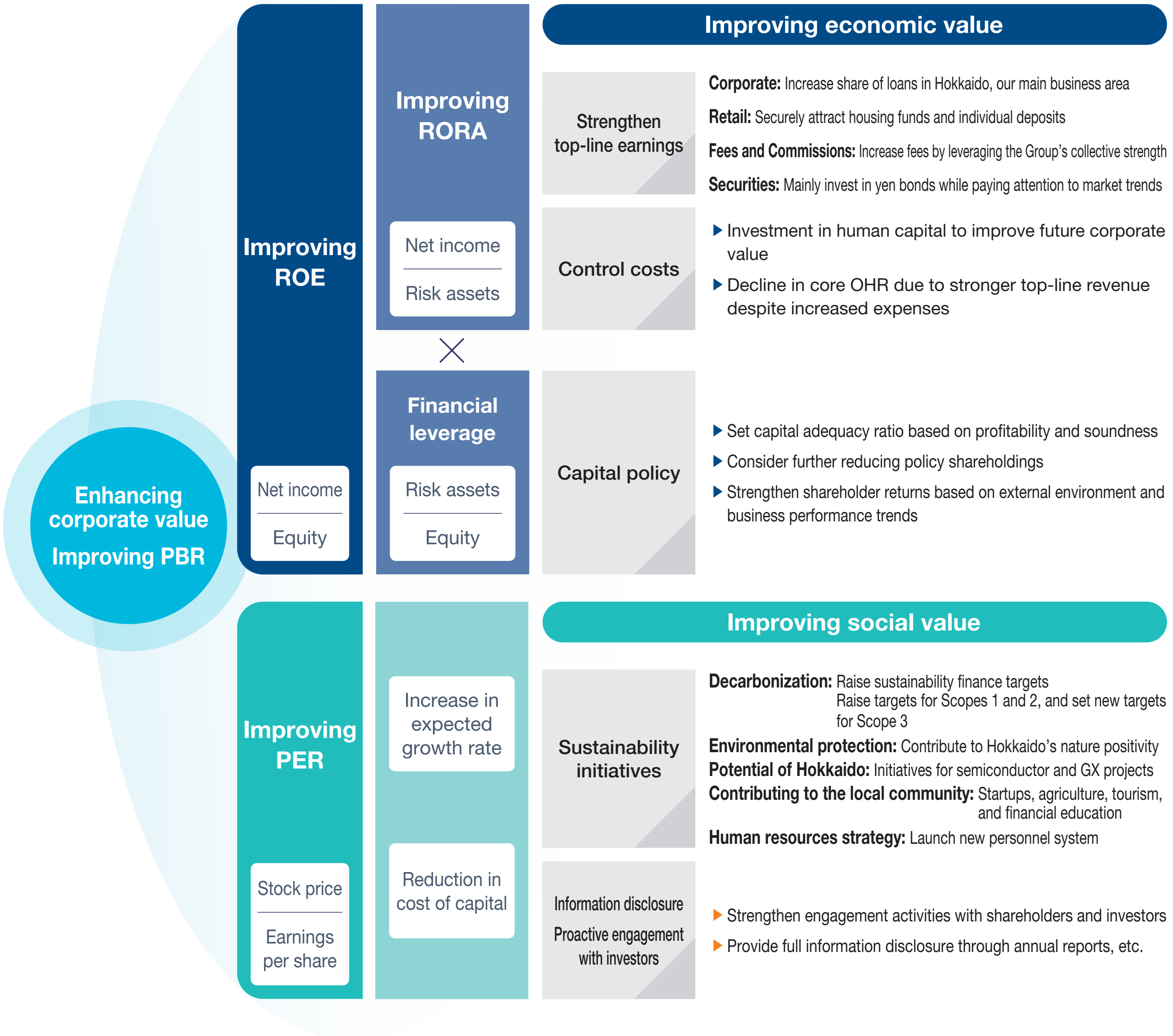


Consolidated PBR and Stock Price by Year



Based on the current status of the Bank, we have visualized the path toward enhancing future corporate value through the two pillars of ROE and price-earnings ratio (PER). This logic tree is a compass guiding the focus of our efforts to enhance corporate value and the results we aim to achieve.
Currently, improving profitability and capital efficiency are urgent issues. In addition to strengthening revenue from lending, we will allocate resources to high-yield assets, expand our settlement fee and consulting fee business, reform the cost structure through digitalization, and maximize operational efficiency, thereby boosting profitability.
As a prerequisite, we must also place greater focus on deposit acquisition than ever before. The funds entrusted to us by our customers form the foundation of the Bank's business model, and it is by utilizing these valuable resources for future growth investments, as well as for investment and loans for business expansion, that we will secure stable and efficient revenue. By maintaining an environment where the people of Hokkaido can entrust their funds with confidence, and by providing full payment functions and highly convenient services, we aim to continue to attract stable, long-term deposits.
It is vital to clearly communicate our future growth expectations to the market in order to enhance PER. Hokkaido is home to the greatest potential in Japan in the food, tourism, and renewable energy sectors. By leveraging these strengths to achieve growth unique to this region, we aim to grow alongside it, creating a shared growth story.
We will contribute to the local economy in line with the region's growth potential by continuing to support the growth and advancement of small and medium-sized enterprises; promoting new opportunities such as next-generation semiconductors, green transformation, and the space industry; and by supporting the sustainability of our customers. Through these initiatives, we aim to create a sustainable growth trajectory for the Bank, while ensuring thorough information disclosure so that the market understands our initiatives and how we are enhancing corporate value.

Logic tree for enhancing corporate value



Message from the CFO

Q

Tell us about the new initiatives to improve ROE.

Starting this fiscal year, the Bank implemented the Risk Appetite Framework (RAF)*. More than simply a risk management method, this is an integral part of our management strategy for fulfilling our mission as a regional financial institution. The Hokkaido economy is blessed with diverse industries and abundant nature, but it also faces issues of population decline and aging. To achieve sustainable growth under these conditions and contribute to the revitalization of the local economy, we must strengthen our risk-return management and maximize revenue opportunities through appropriate risk taking.

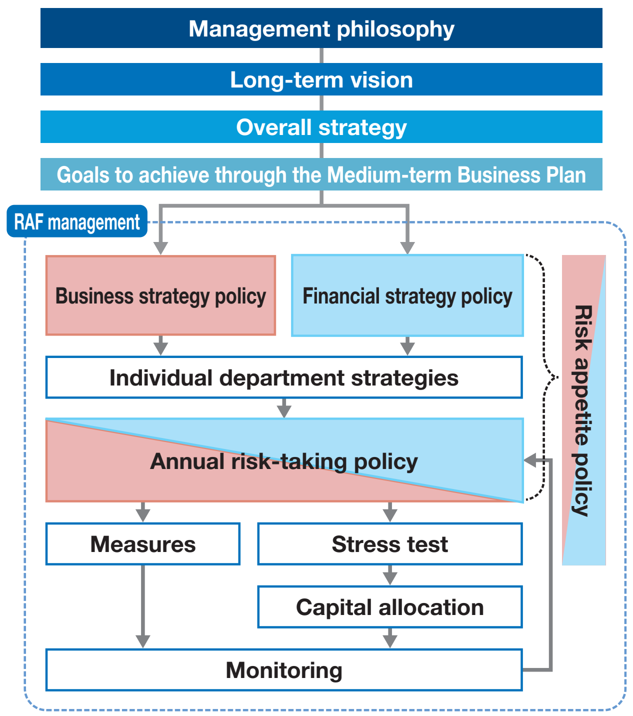
Under RAF management, we set Return On Risk-weighted Assets (RORA) targets based on the entity taking the risk and the method of risk taking. This allows us to visualize how much additional risk we should take in which areas and how much profit we should pursue, and implement decision-making based on objective indicators. This framework will strongly promote the integration of business strategy, financial strategy, and risk management operations. By uniting the various elements that had previously been considered separately with RAF at the core, we are now able to formulate and implement more efficient strategies.

For example, in the case of proactive lending to support new local industries and the growth of small and medium-sized enterprises, we use RAF as a common framework for internal risk communication and set strategic targets to achieve both contributions to the local economy and profitability. Continuous monitoring under RAF management also allows us to quickly identify potential operational issues at the front lines and implement swift improvements.

In this way, we more efficiently utilize our limited resources and balance appropriate risk taking with risk management, strengthening the Bank's earning power. This will directly boost the growth of industries and companies that will lead Hokkaido's future and create new vitality in the local economy.

* A Risk Appetite Framework (RAF) is a management planning method that enables appropriate risk control by considering risk-taking in conjunction with risk, profit, and capital within a financial institution. Amid past financial crises, the significance of risk management has been reaffirmed, creating a growing need to clarify how risk is handled across the organization. Therefore, financial institutions are developing risk management frameworks, defining their risk appetite, and implementing these frameworks within the organization.

■Overall Picture of RAF Management at North Pacific Bank



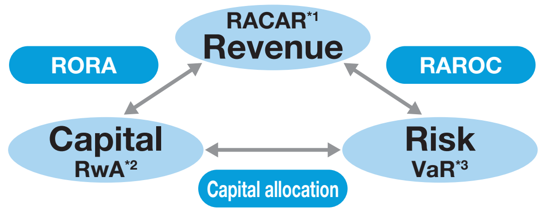
■Purpose of implementing RAF management

- Integration of business and financial strategies with risk management operations
- Enhancing the feasibility of strategies adapted to the competitive environment through appropriate risk-taking
- Sustainable and stable corporate value enhancement and realization of the management philosophy

■Future risk taking

- Risk-return assessment using RORA (revenue/risk assets) and RAROC (revenue/risk amount)
- Setting risk limits for each risk-taking method

Clarify the boundaries of risk-taking and enable more assertive risk-taking



*1 Risk-adjusted cost adjusted return
*2 Risk-weighted assets
*3 Value at risk

Q

What can you share about future initiatives to enhance corporate value?

Rather than remaining within the bounds of traditional banking, the key to enhancing corporate value going forward lies in creating new value and effectively communicating it to all stakeholders.

As a financial institution rooted in the local community, the Bank seeks to enhance sustainable corporate value. Instead of simply pursuing short-term profit, this will contribute to the revitalization of the local economy in the long term while reinforcing the foundation for our own growth.

We will build on our traditional deposit and lending business to diversify revenue sources and provide solutions that help address local community issues, including business succession, M&A support, asset formation advisory, and new business creation. By expanding our online banking capabilities and leveraging AI to drive operational efficiency, we will enhance customer convenience while improving the cost structure and strengthening profitability. To address issues in the region and contribute to sustainable growth, we identified sustainability-related materiality in FY2024, announced our new long-term vision in August 2025, and are currently working to enhance corporate value.

These initiatives will create new value by building a framework that maximizes Hokkaido's unique potential and by taking the initiative to deliver matching opportunities and information from North Pacific Bank.

We will also work to provide our stakeholders with more timely and transparent information disclosure than ever before, ensuring the spread of deeper understanding of our value creation initiatives. Strengthening information disclosure plays an essential role in receiving a fair corporate evaluation. Rather than simply preparing statutory disclosure documents, we are committed to enhancing the quality of our information disclosure to ensure that investors have a thorough grasp of our business model, strategies, and financial position. For example, proactively disclosing non-financial information, particularly sustainability initiatives such as activities contributing to the local community, DX investment progress, and human resource development, helps to communicate the Bank's intrinsic value. We will also strive to provide clearer and more persuasive explanations at financial results briefings and in this annual report, clearly presenting our strengths and future potential.

Dialogue with stakeholders is of vital importance. By engaging in two-way communication rather than one-sided disclosure, we aim to better communicate our management strategy and growth potential. We conduct regular IR activities, such as briefings for institutional and individual investors and small-group meetings, while actively setting up one-on-one meetings with analysts and fund managers. In addition, we will strengthen our system for understanding market expectations and concerns and providing feedback to management. We also utilize our website to disseminate information to a wide range of investors and enhance engagement.

We are confident that sincerely listening to stakeholders' honest feedback and using it to improve management will allow us to achieve sustainable growth and enhance corporate value. We aim to be not just a financial institution, but also a company that contributes to the development of the local community in Hokkaido, achieves sustainable growth, and is highly esteemed by stakeholders.

Message from the CBPO

Providing diverse support to Hokkaido beyond finance to realize a sustainable future for the region

Deputy President and CBPO
(Representative Director)
Hitoshi Masuda

Q
How would you describe fiscal year 2024?

Against a backdrop of rising prices and other factors, the Bank of Japan increased policy rates for the first time in 17 years, a significant change in the management environment. This reflects not only economic changes such as rising interest rates, but also shifts in officers' and employees' approach to deposit and lending operations, as well as the increasing significance of market shares and sticky deposits backed by customer and regional trust. It was also a year in which the financial and economic environment began to normalize and competition across business models and industries intensified.

This is the environment that greeted our new president as he took office in April 2024, revamping the management system and governance structure and accelerating decision-making in the management and executive departments. This new system of management has continued to deepen our various initiatives and pursue new challenges toward our goal of sustainable management and living set out in our current Medium-term Business Plan. Historically, the Bank was formed through the merger of three banks. The reason so many customers choose us as their primary bank is that, backed by a formidable sales network, we address diverse customer needs through the collective strength of the Group with a customer-oriented approach. This is a major and distinctive asset of the Bank, and our mission is to continue developing this network, leveraging the favorable tailwinds across Hokkaido, and channeling them into economic growth for the entire region.
In the corporate business sector, we are moving toward an era where all stakeholders involved in business activities increasingly prioritize commitment to sustainability, or even regard it as fundamental. In addition to increasing our sustainable finance execution target to 2,000 billion yen by FY2030, we further strengthened our customer support framework with the aim of improving the competitiveness of local companies. We will continue to deepen our cooperation with the 180 local governments (including 31 financial institutions designated by the Bank, as of April 30, 2025) in Hokkaido, and continue to make proposals for sharing and resolving issues to realize a sustainable region, such as by addressing population decline and formulating a decarbonization declaration. Balancing contributing to the environment and society while fostering economic development, and working together with local communities to build a sustainable future, will drive regional development and is essential to shaping the future of Hokkaido as a whole.

In response to the increasingly complex and diverse needs of our customers—driven by significant environmental changes and regional challenges facing Hokkaido—the Bank, together with its Group companies, provides a wide range of support that extends beyond traditional financial services. Our consulting subsidiary, Hokkaido Kyoso Partners Co., Ltd, is strengthening its customer support by working together with sales offices as a specialized team, providing services such as general management, staffing, business succession and M&A, and subsidy applications.
As a major industry of Hokkaido, primary production has been explicitly recognized in Japan's Basic Plan for Food, Agriculture and Rural Areas as the principal production area for staple grains, and we will continue to strengthen support for farmers. In addition, with the rise of new wineries and alcoholic beverage production sites in Hokkaido, we are strengthening both investment and lending through the Hokuyo Agricultural Regional Revitalization Fund No. 2 and the new Hokuyo Agricultural Loans program to expand businesses in the region as Japan's food production base and support the medium- to long-term growth of the region's renowned food sector.
We provide multi-faceted, in-depth support for startups driving the transformation of Hokkaido's industrial structure, including investments through the Hokuyo SDGs Promotion Fund No. 3, financing support via the Hokuyo Startup Loan and Hokuyo Venture Debt, as well as grants through the Hokuyo Bank Startup Research & Development Fund.

In Retail, we were actively involved in promoting the new NISA system based on sustainability and medium- to long-term asset building, taking into account 100-year lifespans. NISA adoption in Hokkaido has lagged behind the rest of Japan, so we will continue to enhance our consulting functions to raise awareness, such as through financial seminars, while aiming to increase financial income. For customers considering purchasing a home, we revised our home loan products to allow repayment periods of up to 50 years in line with housing performance to address increased repayment burdens due to rising property and construction material costs. This will allow for asset formation while further reducing the repayment burden over the long term.
In response to the rapidly evolving trend toward cashless transactions, we are promoting digital operations for both corporate and individual customers. For corporate and local governments, we support significant operational efficiency through various functions, such as credit cards for large corporations, while we continue to promote debit cards and the Hokuyo-JCB Card Service for individuals.
In addition, the North Pacific Bank app is rapidly gaining popularity among individual customers. With the support of our customers, we have worked to expand the reach of our cashless functions and provide greater convenience. We will continue to meet customer needs through improved convenience and services as well as improvements to necessary functions.
In December 2024, we launched a new initiative to promote taking advantage of prime sites such as our bank locations. By supporting the communication efforts of businesses that serve the community, we are creating new revenue opportunities while contributing to revitalizing the local economy. We are also making full use of our resources to raise awareness of special fraud, a growing social issue, to enhance the safety of our local communities.
The North Pacific Bank Group will continue striving to lead Hokkaido in financing, services, and other areas, while growing and pursuing the gratitude of our customers, in line with our Code of Conduct.

Q
Can you share the goals and measures to be taken in fiscal year 2025?

In FY2024, we focused on creating the foundation for growth together with our customers based on a new management system. In FY2025, we will build on this foundation to help make our new long-term vision a reality. We aim to enhance corporate value further by swiftly addressing the needs of our customers and local communities while pursuing growth across the entire Group. As in the previous fiscal year, policy rates are expected to rise, and competition—particularly in the digital sector—is expected to intensify. In this environment, it is important that we go back to the basics. This commitment is rooted in our customer-oriented approach: to always be available for consultation, to earn the trust of our customers and put them at ease by safeguarding their valuable assets, and to reliably deliver services and financial support whenever needed. We will continue to pursue greater convenience for our customers while remaining dedicated to fulfilling the essential role of a bank.

Through the business transfer from The Hokkaido Takushoku Bank in 1998 and the merger with The Sapporo Bank in 2008, we have built and expanded an overwhelming business foundation in Hokkaido. To continue to maintain and grow this foundation, new initiatives and further efforts are required. For our corporate customers, we will further enhance our consulting functions across the Group and work with them in solving a wide range of issues. We will work to increase the number of main transaction companies that use our accounts as their primary settlement account, and ensure that they can rely on us for funding at the most opportune times.
For our individual customers, we will respond to potential needs by further enhancing the convenience of the North Pacific Bank app through improvements to the user interface and experience, and looking ahead to a future with rising interest rates and a super-aging society, we will also provide seamless support for home loans and long-term asset building tailored to customers' life plans and life stages. In addition, by deepening our understanding of competitors' strengths and weaknesses, we will develop new products and services that will help us attract sticky deposits.

Q
What is your message to stakeholders?

As a regional bank based in Hokkaido, the North Pacific Bank Group aims to grow together with customers in the local community to realize a sustainable society. In addition to continuing to support our existing trading partners and maintaining and expanding our services, we will increase investment and financing in industries expected to grow in the future in Hokkaido, such as tourism, food, next-generation energy, semiconductors, and the space industry, and this will lead to growth of the entire region. In line with our management philosophy, we will pursue a customer-oriented approach by providing products, services, and solutions tailored to each business phase and life stage. By implementing these initiatives and enhancing the Group's profitability and corporate value, we will fulfill the expectations of all our stakeholders.

The competitive environment is becoming increasingly intense for both corporate and individual sectors, with heightened competition across industries and new businesses from other sectors seeking to capture economic spheres. In FY2025, we will continue to identify our strengths and competitors' weaknesses to address critical issues with the utmost speed and urgency.
This marks the final year of our current three-year Medium-term Business Plan. By building on our past achievements and challenges, we will strive to achieve our KPIs with full commitment and establish a strong foundation for the next Medium-term Business Plan starting in FY2026, in order to make our long-term vision a reality.
We appreciate your continued support as we work to be an approachable and trusted bank that contributes to the development of the local community together with all our stakeholders.

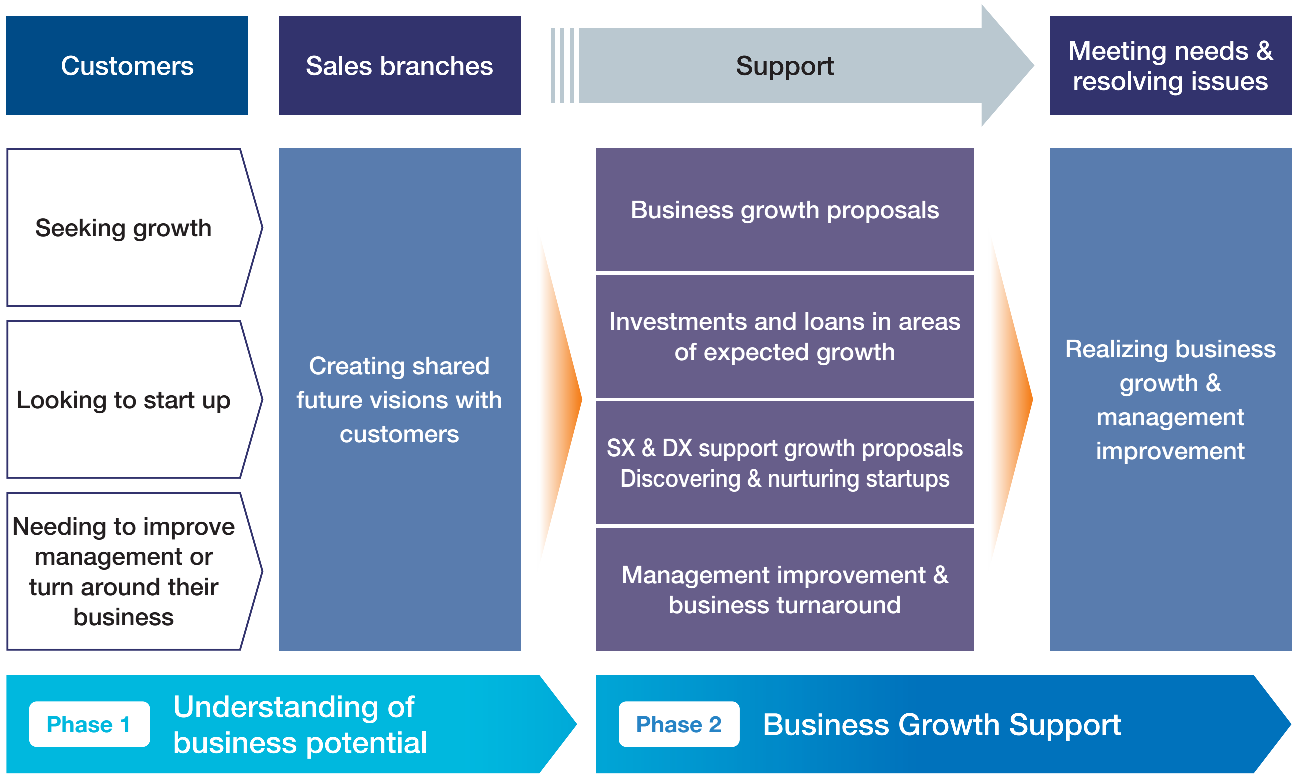
Improving Economic Value (ROE) Corporate

Supporting the Management of Corporate and Business Customers

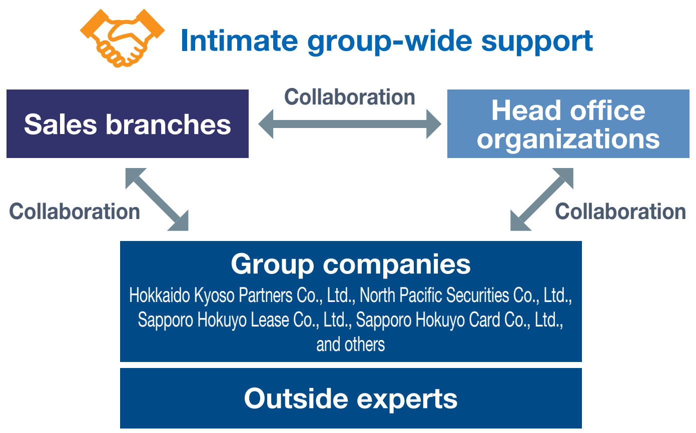
With the aim of growing together with our corporate and business customers by supporting their sustainable management, we will proactively work to resolve labor shortages, lack of successors, and other management issues.
To support our customers' growth, we must create shared future visions and strategies. Therefore, based on information obtained through ongoing dialogue with our customers, our sales branches and head office share information and communicate with each other, consider what is necessary for our customers, and propose solutions accordingly.

For customers who are looking to grow, start up, or improve their management, we will create shared future visions and provide support for business growth and management improvement through consulting, thereby providing a wide range of solutions to help our customers realize their future visions.

Overview of Corporate Strategy



We are fully committed to ensuring the sustainable growth of our customers. In addition to providing support at our sales offices, which act as points of contact with our customers, our sales offices and head office work closely with Group companies to contribute to addressing issues through multifaceted management support, including financial solutions, business succession, sales channel expansion, DX, as well as recruitment and human resource development. We will consistently provide optimal support to revitalize the local economy and create a solid future for our customers.



Taking on Challenges and Implementing Transformation to Enhance Corporate Value in FY2024

Small and medium-sized enterprises (SMEs) are at the foundation of Hokkaido's economy and play an important role in creating employment and promoting innovation in the region. These companies are contributing to the revitalization of the local economy by developing business rooted in the local community and meeting local needs.
Our Group works together to resolve customers' issues, such as securing funding and management resources, and we support the growth of companies that contribute to the sustainable development of the local economy.

Assistance for SMEs

We provide a variety of financing products and expert consulting services to meet the diverse needs of SMEs. In this way, we support the growth of companies and help them achieve business growth and management improvement.
At the head office, we established a Business Growth Support Group to advance the traditional focus of understanding business potential into a business growth support approach designed to help customers realize their future visions. In addition, we have concentrated the full strengths of the Group by strengthening collaboration with Hokkaido Kyoso Partners Co., Ltd., which provides general corporate consulting services, to deliver extensive and advanced consulting to help solve customers' management issues.
For customers facing diverse and increasingly complex management challenges, we not only provide management improvement measures to help resolve issues and tailor-made business turnaround schemes, but also collaborate with outside professional organizations to deliver expert management improvement support and fundamental business revitalization assistance.

Initiative Case Study 1: Civil Engineering Contractor

(1) The company preserved the local industry and employment by bringing a business with no successor under the umbrella of their own group. Going forward, we aim to further contribute to the revitalization of the local community through sustainable development of their own group.
(2) We highlighted to the company that realizing their future vision would require proactively reviewing M&A opportunities, making capital investments to support growth, and strengthening organizational capabilities.
(3) Currently, we are providing both financial and sustainable management assistance through sustainable finance, while also proposing strategies to strengthen their organizational capabilities, and delivering intimate support.

Initiative Case Study 2: Electric Machinery and Equipment Installation Business

(1) The company established a future vision to "become a leading company in promoting decarbonization," aiming to drive this initiative and its own corporate growth.
(2) We emphasized to the company that achieving their future vision would require enhancing efficiency, including across the supply chain, reinforcing their construction framework to expand business scope, and strengthening organizational capabilities to support these initiatives.
(3) We are currently providing consulting services to help introduce expert talent and review their personnel system and decision-making processes, while also delivering financial support for new business creation and offering intimate support for additional strategies.

TOPIC Hosting the North Pacific Bank Manufacturing Sustainability Fair 2024
Create, Connect, and Continue: Taking on the Challenge of Growing Hokkaido to Support the Manufacturing Industry

We hosted the North Pacific Bank Manufacturing Sustainability Fair 2024 with the purpose of promoting Hokkaido's manufacturing industry. This is an exhibition-type business fair that brings together companies and organizations with outstanding technologies and products in various fields, such as environment and SDGs as well as IT and DX, with a focus on manufacturing companies in Hokkaido. This year, we created a New Industry field, in which semiconductor-related companies and others exhibited. The fair expanded sales channels and created business opportunities through an exchange of technology and information between visitors and exhibitors.

TOPIC Hosting the Hokkaido Premium Food Business Fair and North Pacific Bank Information Bazaar in Bangkok, Thailand

Together with The Hokkaido International Trade & Industry Promotion Association, we co-hosted a business fair in Bangkok, Thailand, aiming to promote Hokkaido products and expand the sales channel. At this business fair, we set up a Hokkaido food exhibition booth to promote the region's food and beverage, including wine, sake, cheese, processed seafood, sweets, and other regional promotional products, to local Bangkok buyers, and supported the marketing efforts of Hokkaido businesses in the ASEAN region. Sixteen Hokkaido businesses exhibited and had exchanges with local buyers and consumers.

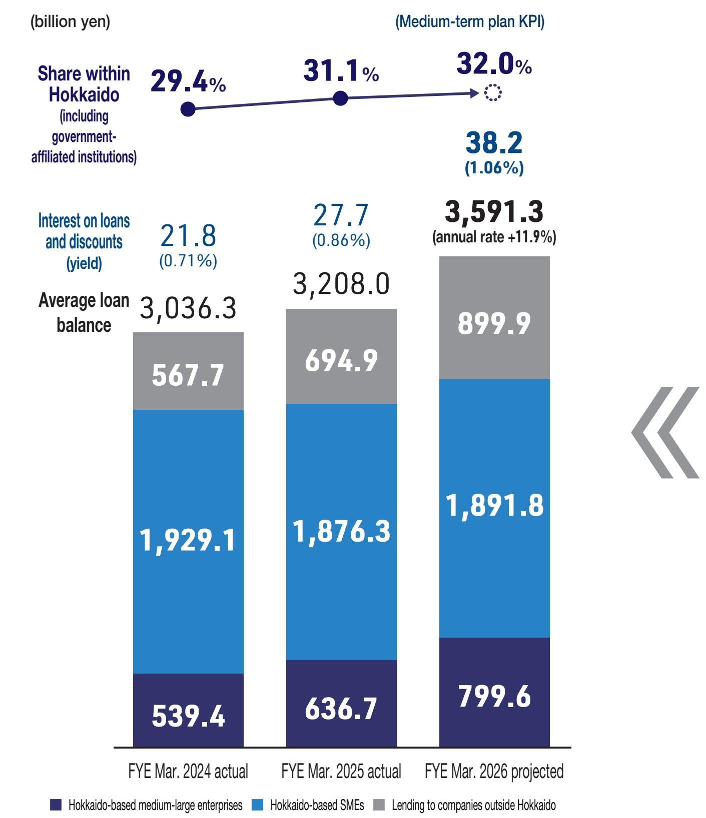
Improving Economic Value (ROE) Corporate

Challenges and Transformation in FY2025

In FY2024, amid full-scale repayments of interest-free loans during the COVID-19 pandemic and early repayments, we continued to face challenges with identifying customer funding needs, and in particular, the average outstanding loan balance to Hokkaido-based SMEs during the fiscal year declined year on year. To increase our share of lending within the region, we need to identify customer needs and create a framework to meet them.

In FY2025, increasing corporate funding—in particular funding to Hokkaido-based SMEs—which is our main business base, is essential for growth of the Bank. We will actively support Hokkaido-based SMEs, medium-sized, and large companies as well as businesses outside the region, to contribute to the development of the Hokkaido economy.

Average corporate loan balance, interest on loans and discounts, and share of lending



FYE March 2026 projected figures

Increased annual lending rate (annual rate +11.9%)

- The average loan balance to Hokkaido-based SMEs, which had been declining year on year, saw a shift to a positive annual rate through strong individual account management and an increase in individual meetings.
- For Hokkaido-based medium-sized to large companies, we actively captured regional capital investment projects, including redevelopment and GX initiatives, and utilized syndicate loans in response to strong funding demand.
- Rapidus-related financing totaled approximately 20.0 billion yen.

Increased lending share to Hokkaido-based businesses

- We strengthened new corporate development (approaches to net deposit customers, manual creation, and others). New corporate transactions for the year totaled approximately 2,400, up more than 10% year on year.
- We acquired sticky deposits through corporate IB data collection and foreign exchange route consolidation initiatives. We focused on the digitalization in connection with the elimination of bills and checks, and stimulated short-term demand.

Average corporate deposit balance
Rose from 3,036.0 billion yen (FYE March 2025) to 3,043.0 billion yen (FYE March 2026)

- Our goal is to increase the lending share to Hokkaido-based businesses from the current 31% to 32%, the KPI for the current medium-term plan.

Interview with Employees — Sales Branch Employee, Mr. H

I research the company's business operations and challenges in advance using financial statements, websites, and other sources to build a deeper understanding, and I prepare for hypothetical needs ahead of each interview. I uncover our customers' latent needs, such as how to effectively utilize and sell unused real estate or difficulties with recruitment, and work to resolve them through financing by proposing a broad range of solutions from the Bank. With the growing recognition of SDGs and sustainability in recent years, we are seeing more companies become conscious of sustainable management. The Bank offers a wide variety of sustainability-related products. By supporting our customers' sustainable management, we aim to provide optimal solutions through dialogue on topics such as how to link SDGs to their business, and how to achieve sustainable management, ensuring that each consultation leaves the customer feeling satisfied.

Strengthening Customer Business Support

Our top mission is to provide financing to Hokkaido-based SMEs. Due to Hokkaido facing a significant decline in working population and major industries being highly dependent on labor, it is essential to resolve labor shortages and improve productivity through DX. To support growth through the transformation of companies and organizations using digital technology, it is essential to begin by digitalizing everyday operations and then gradually expand digital utilization while building on small successes. In FY2025, we will share more in-depth information on the progress of our customers' DX initiatives and provide proposals to help them achieve sustainable growth.

Digitalization and DX initiative stage and current status of SMEs

Identify the current status	Realize digitalization		Realize DX
Not yet started	Stage 1 Digitalization of analog information	Stage 2 Digitalization of specific operations and workflows	Stage 3 Transformation of business models using digital technology

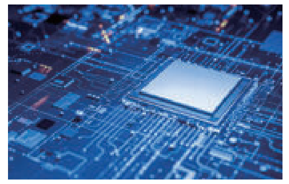
Example of measures to strengthen DX proposals

Collaboration with affiliate company Hokkaido Kyoso Partners Co., Ltd.
- Improve efficiency of back office operations
- Assistance in introducing systems
- Formulation of DX plans
- System operation, execution support, etc.

Introduction of Bank partners
- Digitalization of offices and frontline
- Improve operation efficiency by utilizing IT
- Assistance in introducing accounting software and cloud services

Other
- Promotion of cashless systems (corporate credit cards, QR code payments)
- Credit card merchant support, etc.

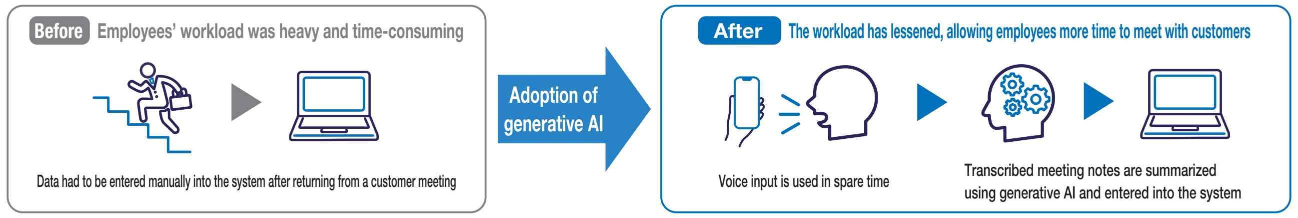
Supporting New Business Opportunities



The driving force for strengthening profits going forward will be investments and loans in areas of expected growth. The main fields will be semiconductor and GX related. The expansion of next-generation semiconductor manufacturer Rapidus together with the large-scale offshore wind power generation project to be developed in Hokkaido's coastal waters represent once-in-a-lifetime opportunities to transform the industrial structure of the region. As a local financial institution, the Bank will provide multifaceted support to maximize the ripple effect throughout Hokkaido. We aim to execute a cumulative total of 300.0 billion yen in semiconductor-related loans by FY2030. In keeping with the progress of the Rapidus project, we expect to generate demand for capital across a wide range of industries and increase financing products at an accelerated pace. In addition, we aim to execute a cumulative total of 650.0 billion yen in GX-related loans by FY2030. Going forward, we expect increases in sustainable loans, as well as financing products leveraging the potential of Hokkaido, including onshore and offshore wind power, solar power, and hydrogen-related businesses.

Utilizing Generative AI

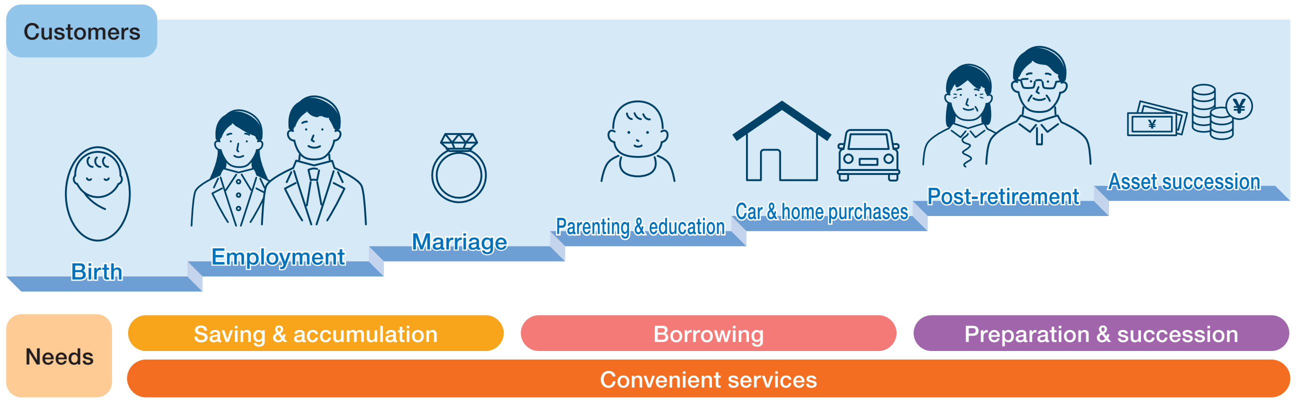
We have adopted generative AI with the aim of increasing the amount of time and number of opportunities for dialogue with our customers. By utilizing generative AI, we have been able to automate the report creation process and allow staff more time to spend meeting with customers.
From FY2025, we will begin using interactive generative AI functions for greater digitalization, thereby improving productivity.

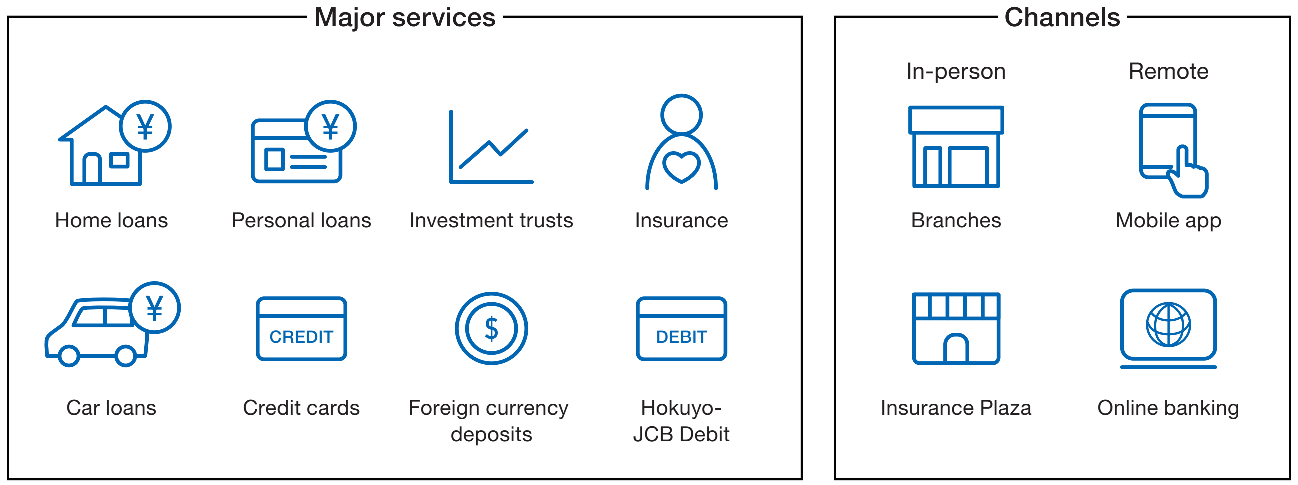


Improving Economic Value (ROE) Retail

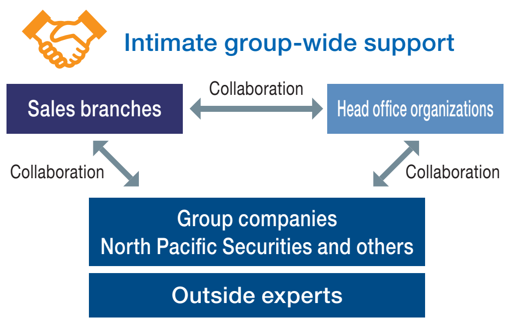
Support for Individual Customers

With the advent of 100-year lifespans and rising inflation, asset building and management are becoming ever more important. It is our mission to provide high-quality asset formation and management services to a broader base of citizens in Hokkaido. We propose appropriate services tailored to our customers' life cycles and stages, and provide support for them to lead fulfilling lives with a sense of security by addressing their concerns and worries about their wealth as they age in this era of 100-year lifespans.





At North Pacific Bank, we are strengthening our life planning support services to help customers resolve various concerns and worries in this age of 100-year lifespans. With people now living longer than previously expected, it has become necessary to prepare for a future enriched life of 100 years from a medium- to long-term perspective. Through intimate support and consulting across the Group, we provide tailored "life design services" to visualize potential costs arising from various life events according to the customer's life stage.



FY2024 Results and Taking on Challenges and Transformation

Expanding Our Remote and Holiday Hour Consultation Channels

Toll-free NISA Information Number and NISA Holiday Hour Consultations

For customers who are interested in a Nippon Individual Savings Account (NISA) but are too busy on weekdays to schedule a consultation, we provide information on this type of account and expanded our consultation system to include remote and holiday hour account services so that customers can take the first step in setting up a NISA.

Our toll-free number for NISA information (NISA First Time Call) is available even on weeknights and weekends, enabling dialogue with customers to provide information about the NISA system and how to begin. For customers interested in opening an account, we guide them to an online portal to set up an investment trust account so that they can complete the process of opening an account without having to visit a branch office location.

In addition, to accommodate customers who prefer consultations outside of busy hours for peace of mind, we have revised our holiday hour consultation framework, which had previously been by reservation only, and began offering drop-in NISA holiday hour consultations. We have also increased the number of locations implementing this new system to ensure easier one-on-one meetings.

See below for details of holiday hour consultations.

Online Loan Application Process

In addition to enhancing convenience by enabling online completion of unsecured loan contracts, we introduced an online system for home loans that allows housing-related businesses to apply on behalf of customers and manage the application progress, thereby creating a more user-friendly application environment.

Launching a Marketing Project

In December 2024, we launched a marketing project. In markets that are now available to the Bank following the revision of the Banking Act in May 2021, we are utilizing our assets to support the promotion of local businesses.

In April 2025, we started operating the ODORI BISSE Street Vision as a flagship product for signage advertising to disseminate information about the Bank.

▼Example of signage advertising (ODORI BISSE Street Vision)

▼Example of targeting advertising (Example email)

Project Type	Overview	Utilized Assets
Signage advertising	Uses signage installed at stores to project advertising	Customer contact points at branches, etc.
Targeting advertising	Sends targeted advertisements by email, etc.	Data analysis function

Enhancing Customer Convenience

New Features Added to the North Pacific Bank App

New features were added to the Bank's mobile app in November 2024 to enable opening of term deposit accounts, deposits and cancellations, printing and making notes, and displaying investment trust details.

* See the website for details.
https://www.hokuyobank.co.jp/person/service/app/passbook/ (in Japanese)

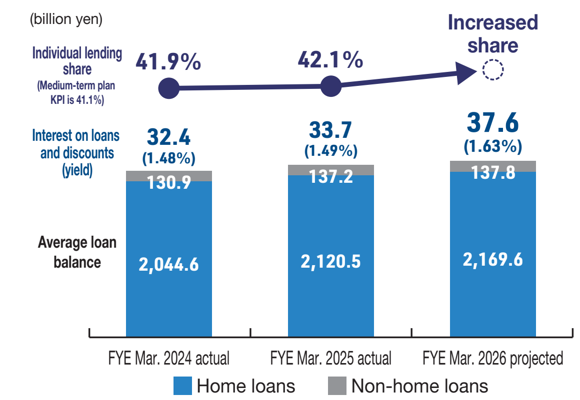
Term deposits function	Open term deposit accounts and make deposits and cancellations
Printing and note functions	Print passbook cover and transaction details, and add notes to details
Investment trust details function	Display current market value of investment trusts, investment gains and losses, etc.

Improving Economic Value (ROE) Retail

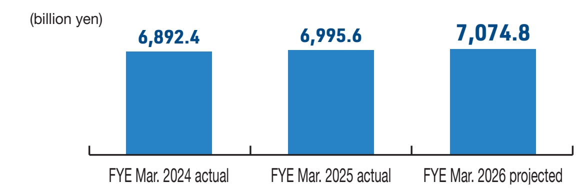
Challenges and Transformation in FY2025

In FY2025, we aim to increase the lending share by attracting home loans and individual deposits.
Our current individual lending share is approximately 42%, which exceeds the target set for the current medium-term plan, and is continuing to rise gradually. We would like to maintain this trend going forward.
While the number of new housing starts in Hokkaido is trending downward, we have revised the borrowing period for new detached home loans from a maximum of 40 years to 50 years to accommodate the home acquisition needs of the younger generation. We plan to strengthen our lending volume despite this challenging market condition.
In addition, we are promoting initiatives to strengthen individual deposits, which account for over 60% of the Bank's deposits, such as by making household accounts the primary account, increasing mobile app registrations through improved user interface and user experience, expanding new account openings through joint services with ATMs of other banks, and developing time deposit products tailored to customers' needs.

Average loan balance, interest on loans and discounts, and share of lending



Average individual deposit balance



FYE March 2026 projected figures

Average home loan balance

Rose from 2,120.5 billion yen (FYE March 2025) to 2,169.6 billion yen (FYE March 2026)

- Promotion of new detached home loans
  → Borrowing period revised to up to 50 years to accommodate home acquisition needs of younger generations
  → For new detached housing, we project an annual balance increase of 18.5 billion yen

Average individual deposit balance

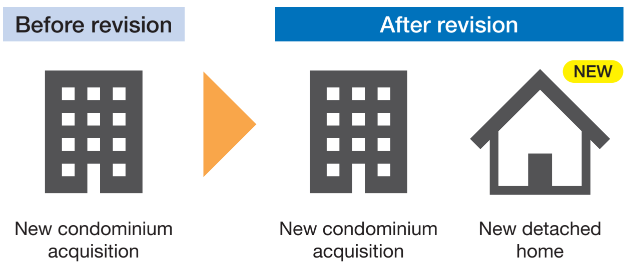
Rose from 6,995.6 billion yen (FYE March 2025) to 7,074.8 billion yen (FYE March 2026)

- Increase in number of new account openings
  →Strengthen new acquisition of deposit accounts through Seven Bank, Ltd. ATM services (starting in May 2025)
  →Implement campaign for opening of new accounts in line with life events such as further education and employment
- Development of term deposits to accommodate customer needs
  →Develop term deposit products with special interest rates (Hokuyo regular asset management support campaign: April to June 2025; began handling retirement fixed deposits in July 2025; currently developing products for inheritance fixed term deposits)

Reviewing Loan Products in Anticipation of Rising Interest Rates

Over the past few years, we have seen a shift from a negative interest rate environment to one with rising interest rates. At the same time, housing starts have been declining year on year, and construction costs are increasing due to inflation. Meanwhile, new homes have seen a significant improvement in durability and insulation performance in recent years, and they have long-term asset value.
Amid this changing environment, the Bank has revised its home loan products, extending the borrowing period, and provides flexible repayment plans especially for customers in their 20s and 30s, thereby actively supporting the acquisition of quality housing.

◆Revision of the home loan borrowing period (in April 2025)
Extending the maximum borrowing period from 40 years to 50 years



Using Digital Technology for Greater Convenience

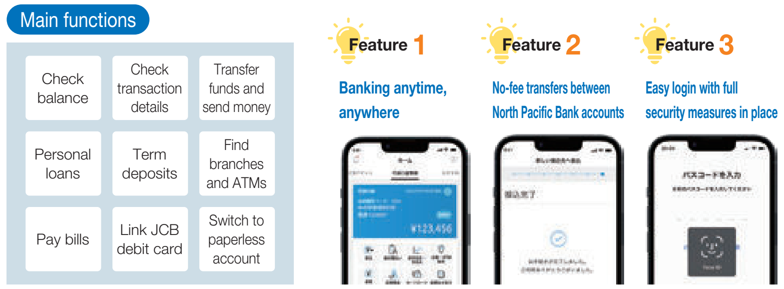
In addition to strengthening our current tablet reception functions, we will expand the channels available remotely and during holidays, and build a system to provide services tailored to our customers. Furthermore, we will make our services more convenient for our customers' lifestyles through updates to the North Pacific Bank app and by promoting debit cards and the Hokuyo-JCB Card Service.

North Pacific Bank app

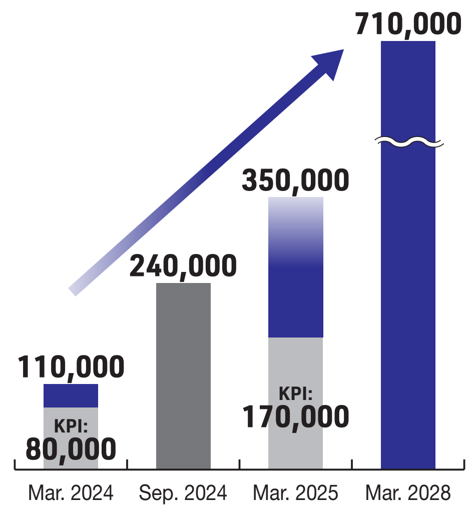
Hokuyo-JCB Card Service


North Pacific Bank App

The North Pacific Bank app is a smartphone app provided by North Pacific Bank for individual customers. This app allows customers to easily and securely check balances, make transfers, send money, and manage other daily banking transactions anytime, anywhere from their smartphone. We plan to introduce new functions based on customer feedback collected through in-person recommendations, surveys, and interviews, prioritizing features that address the most urgent needs.



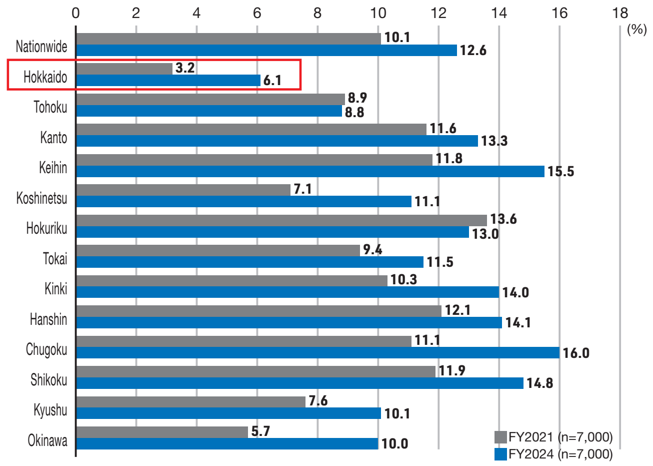
Number of individual mobile app subscribers (cumulative)



Supporting Asset Building Through Greater Awareness of NISA

According to data from 13 regions in Japan, only 6.1% of Hokkaido residents aged 18 and over hold an investment trust account, the lowest rate in the country.*
To enhance the financial income of Hokkaido residents and support sustainable lifestyles, it is essential to promote broader awareness and adoption of investment trusts and NISA. We will continue to pursue this initiative going forward.
In particular, from the perspective of protecting our customers' assets from inflation, we are not only supporting asset formation through investment but also actively proposing ways to utilize the NISA growth investment framework, which emphasizes long-term investment.

* Percentage holding an investment trust in 13 regions in Japan
(2024 survey conducted by the Japan Securities Dealers Association)



Interview with Employees — Sales Branch Employee, Ms. Y

I provide consulting services for our customers related to asset management and succession. In today's digital society, information is readily available in many forms. Each individual's values regarding money differ, so we strive to provide peace of mind by engaging in face-to-face consultations rather than relying solely on one-way information. Ahead of each meeting, I create hypotheses and draw out latent needs from discussions about family, work, and hobbies. I also incorporate ideas from colleagues and advice from the head office to provide value-added proposals. In doing so, what I value the most is a sense of speed. I feel a sense of accomplishment when the customer communicates that they learned something new or found the information truly helpful, and that motivates me and inspires me to keep improving. I have taken maternity leave twice and am currently working reduced hours while raising a child, and I hope that by showing my ambitious attitude toward work, it will have a positive impact on my child's development.

Improving Economic Value (ROE) Capital Policy

The Bank will prioritize efficient capital management and strengthen shareholder returns, optimize capital, and build a framework to support sustainable growth.

Optimal Capital Management

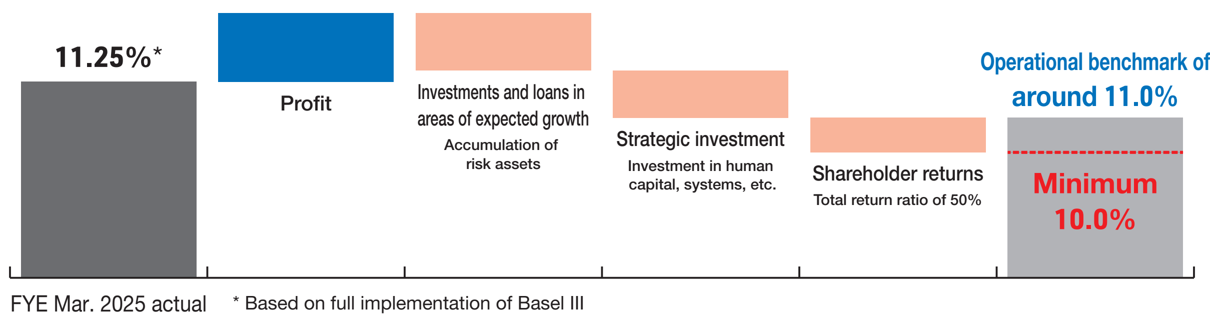
The Bank will review the appropriate level of capital adequacy each year, taking into account the future business outlook, the status of assets and liabilities, and the external circumstances. For FY2025, the appropriate capital adequacy ratio for financial strategy is set at a lower limit of 10% and an operational target of around 11%.

■Setting an Appropriate Capital Adequacy Ratio

(1) Investments and loans (loans, securities investments, etc.) that contribute to improving ROE
(2) Strategic investments to improve services and competitiveness (investment in human capital, systems, etc.)
(3) Strengthening shareholder returns (total return ratio of 50%, dividend payout ratio of 40% or higher)

■Maintaining Financial Soundness

We will use stress tests and the ALM Committee to verify the proper level (lower limit) of capital adequacy ratio each year based on the Bank's projected earnings, the status of assets and liabilities, trends in external circumstances, and other factors.



* Based on full implementation of Basel III

Changes in Shareholder Returns Policy

We place great importance on returning profits to shareholders, and our basic policy is to pay stable and continuous dividends. Dividend decisions are made based on a comprehensive consideration of business performance, capital status, and the need for future growth investments.

Shareholder returns policy (to be applied FYE March 2026)

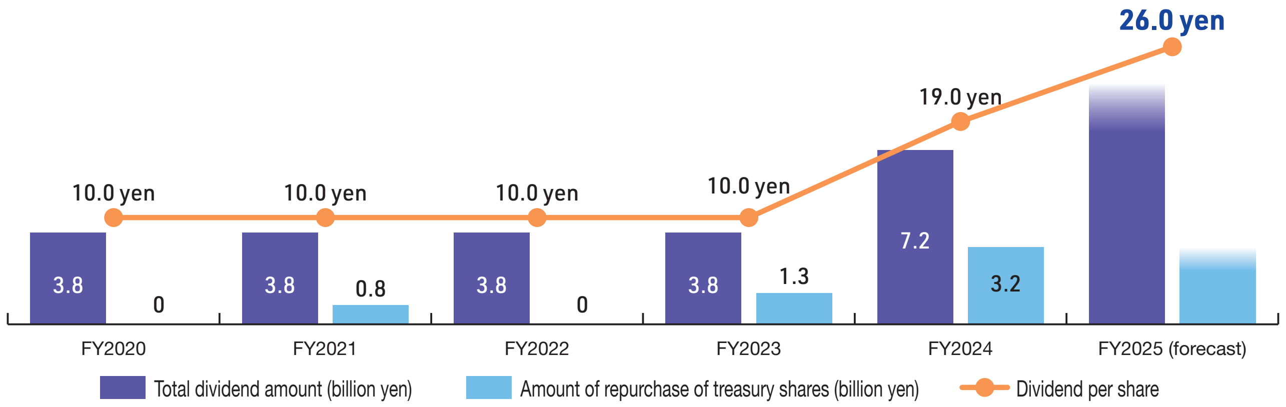
■Maintain a stable annual dividend of 10 yen per share with a dividend payout ratio of 40% or higher.
■Aim for a total return ratio of 50% while considering capital adequacy ratio levels, performance forecasts, and the external circumstances.
■Implement flexible and agile repurchasing of treasury shares.

Adopt a quarterly dividend

■Record dates (dividend record dates for the first and third quarters) are resolved by the Board of Directors and announced each time.

March June September December Quarterly

Shareholder returns - An increase of 7.0 yen year on year is expected in FY2025

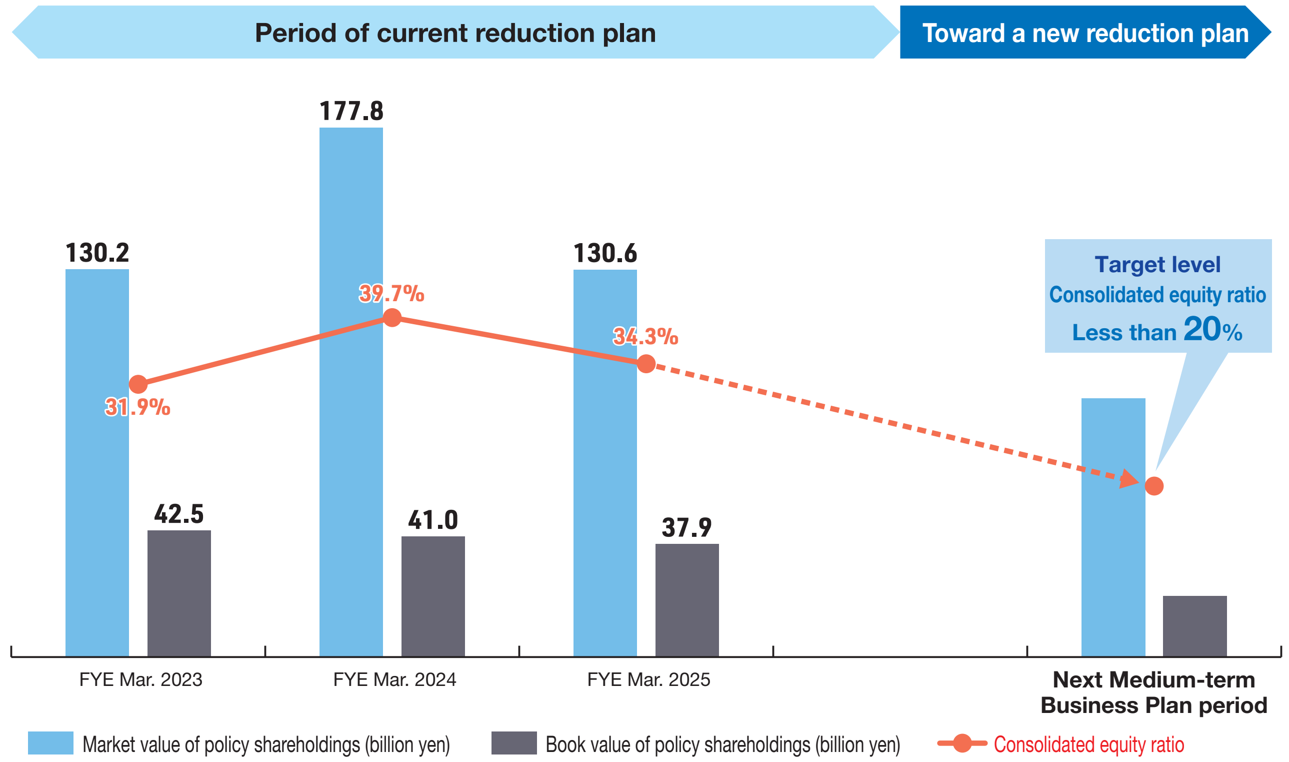


Policy Shareholdings Reduction Plan

From the perspective of promoting the reduction of policy shareholdings, in November 2023, the Bank announced the target to reduce the book value of policy shareholdings by 5.0 billion yen from the figure as of March 31, 2023 by March 31, 2026. As of March 31, 2025, the Bank has reduced its policy shareholdings by 4.6 billion yen in book value compared to the figure as of March 31, 2023, and achieved the target in July 2025.

Policy Shareholdings Reduction Status

Current reduction plan: **Reduce book value by 5.0 billion yen** compared with FYE March 2023 by FYE March 2026
➡ Reduce book value by 5.1 billion yen by FYE July 2025 **Target achieved**



Future Reduction Policy

In preparation for formulating a reduction plan to bring the consolidated equity ratio below 20% during the next Medium-term Business Plan (scheduled to start in April 2026), we have begun dialogue with all counterparties, including those headquartered in Hokkaido.

For stocks for which we have obtained agreement to sell, we will proceed with sales on a case-by-case basis, taking into account market conditions, the Bank's earning situation, and other factors.

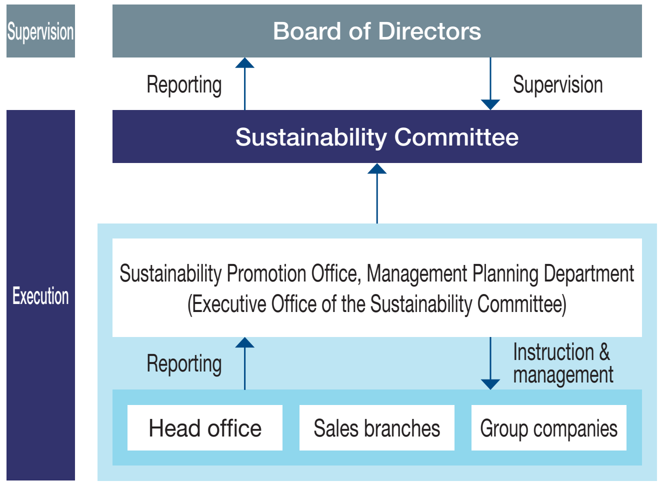
The proceeds from such sales will be allocated to growth investments and shareholder returns, etc., in order to contribute to the improvement of ROE and PBR.

Improving Social Value (PER) Sustainability Promotion and Materiality

Sustainability Approach and Initiatives

The Group has established a Sustainability Committee chaired by the President to strengthen our sustainability management efforts. The Sustainability Committee identifies sustainability issues and develops measures to address them based on the Sustainability Policy, establishes annual sustainability action policies, and discusses and resolves measures and policies related to environmental conservation (e.g. climate change, biodiversity) and human capital (e.g. human resource development), the status of initiatives, and more. It reports on resolved items to the Board of Directors, and a system for appropriate monitoring and management has been established.

Sustainability Management System



Key Resolutions and Reports for FY2024

Board of Directors

- Sustainability initiatives and challenges
- Identifying sustainability-related materiality

Sustainability Committee

- Identifying materiality
- Financial education initiatives in collaboration with J-FLEC
- Setting greenhouse gas emissions targets
- TNFD information disclosure details
- Changes to rules for environmental investment and financing

Identifying Sustainability-related Materiality

Hokkaido has a significant opportunity to transform its industrial structure through GX projects and entry into the next-generation semiconductor industry. To ensure these benefits spread through the Hokkaido economy, support will be needed in areas such as attracting companies, expanding the business domains of companies in Hokkaido, and facilitating business matching with local companies. At the same time, the region faces numerous challenges, including population decline, an aging population, labor shortages, rising raw material and energy costs, and limited customer awareness of the need to realize a decarbonized society.

Our Group has identified sustainability-related materiality to help realize our long-term vision and to address these challenges in Hokkaido. We will strive to resolve the challenges facing the region and our customers while contributing to the sustainable growth of Hokkaido.

Materiality Identification Process

Step 1 Extract issues

Extract issues from the Group's long-term vision and the desired future for Hokkaido.

Step 2 Discuss issues

Discuss the risks and opportunities related to the extracted issues and specific initiatives.

Step 3 Evaluate priority and importance of issues

Evaluate the priority and importance of the risks and opportunities to realize a sustainable status in Hokkaido.

Step 4 Identify materiality

Identify and resolve materiality through discussions with the Sustainability Committee and Board of Directors.

Step 5 Practice PDCA

Select priority initiatives based on the identified materiality and monitor the KPI progress.

Identified Materiality

Materiality	Opportunities and Risks		Key Initiatives	SDG-related Goals
Support for strengthening the brand power of food and tourism, which are growth drivers in Hokkaido	Opportunities	Restoring the key industries of food and tourism	• Expand the sales channels for food-related businesses and provide business opportunities • Support establishing regional tourism measures	2, 8, 9
	Risks	Rising raw material and energy costs, labor shortages, and increased labor costs		
Support for growth fields such as semiconductors and GX	Opportunities	Potential for GX adoption, expansion of the semiconductor industry, concentration of digital industries, and establishment of stable energy supply system	• Support the supply chain structure of semiconductor-related businesses • Support the matching of offshore wind power generation operators and Bank partners	7, 8, 9, 13
	Risks	Labor shortage, increased labor costs, and low share of manufacturing in the industrial structure		
Support for sustainable growth of regional companies	Opportunities	Support for companies in Hokkaido hit hard by the COVID-19 pandemic, increase in foreign labor, and expanded support measures for startups	• Provide solutions such as business continuity planning • Support the expansion of sales channels through business meetings	8, 9
	Risks	Rising raw material and energy costs, business succession, increase in bankruptcies, review of business processes, and business continuity during disasters		
Support for the era of 100-year lifespans	Opportunities	Asset income doubling plan, improvement of working environment including income, expansion of employment and job opportunities	• Provide products and services tailored to life stages • Implement initiatives for financial and economic education	4, 8
	Risks	Population decline, declining birthrate, and rising prices		
Promotion of diversity	Opportunities	Expansion of creation of workplace environment for secure employment, and expansion of employment and job opportunities	• Improve the percentage of female managers • Improve the annual number of days of paid leave taken • Provide consulting services for human capital management	8
	Risks	Lower employee engagement and motivation due to underutilization of values, knowledge, experience, skills, etc. of diverse talent		
Realization of a decarbonized society	Opportunities	Potential for GX adoption, and addressing decarbonization	• Promote sustainable finance • Support customers' migration to a decarbonized society	4, 8, 9, 13
	Risks	Rising raw material and energy costs, and addressing large-scale natural disaster risks		
Contribution to Hokkaido's nature-positive	Opportunities	Tourism resources including majestic nature and diverse wildlife	• Implement initiatives for Hokkaido biodiversity conservation and restoration • Expand the business types subject to scenario analysis	4, 7, 9, 13, 14, 15
	Risks	Declining benefits from natural capital, and increasing damage from climate change and disasters		
Support for improving productivity of Hokkaido through the use of DX	Opportunities	Concentration of digital industries and improved productivity due to use of digital technology	• Support customers' digitalization	8, 9
	Risks	Rising raw material and energy costs, labor shortages, and increased labor costs		
Attracting employment and work from outside Hokkaido and overseas by creating new industries and revitalizing existing industries, and contribution to the development of industry leaders who will support the region	Opportunities	Improvement of labor environment for overseas talent due to legal reform (Act on Employment for Skill Development), entry into next-generation semiconductor and GX industries, and increased difficulty in securing overseas talent	• Address the labor shortage in Hokkaido • Secure and nurture overseas talent	4, 8, 9, 10, 11
	Risks	Flow of labor outside Hokkaido due to wage disparities, disadvantage in competition to attract overseas labor due to wage and treatment disparities, and worsening labor shortage in areas outside Sapporo		
Realization of a workplace where employees feel motivated	Opportunities	Growth of talent, improved engagement, and securing and retaining of outstanding talent	• Improve the perceived fairness of treatment • Provide opportunities for autonomous career choices and growth • Improve employee engagement	5, 8
	Risks	Labor shortage and decreased motivation		

Improving Social Value (PER) Climate Change Initiatives

By utilizing scenarios recommended by the TCFD recommendations, we will continue to develop our framework in line with the recommendations, contributing to all stakeholders who support our banking Group, as well as to the sustainable development of local communities and the environment, while striving to enhance the Group's corporate value and achieve sustainable management over the medium- to long-term.

1 Governance

The Group has identified the realization of a decarbonized society as a materiality, and our Sustainability Committee discusses and reports on policies and progress on climate change-related initiatives.

2 Strategy

1. Opportunities and Risks

Opportunities We will contribute to the realization of a decarbonized society from both financial and non-financial perspectives by supplying financing (e.g. Sustainability-Linked Loans, Green Loans) and solutions (e.g. SDG Consulting, Decarbonization Consulting) to support our customers' transition to a decarbonized society.

Risks We recognize the transition risks and physical risks outlined below as those associated with climate change over the short-term (5 years), medium-term (10 years), and long-term (30 years). We continue to perform analyses utilizing the TCFD-recommended scenarios and advance quantitative evaluations of each risk.

	Assumed risks associated with the transition to a decarbonized society, such as an impact on customer business resulting in an increase in our Bank's credit-related expenses		Timeline
Transition risks	Legal and regulatory risks	Carbon taxes and other tighter regulations on CO_2 emissions, etc.	Medium- to long-term
	Technology risks	Failure of investment in replacement of existing products with low-carbon technologies, etc.	Medium- to long-term
	Market risks	Changes in consumer behavior, rising raw material costs, etc.	Medium- to long-term
	Reputation risks	Condemnation of specific sectors, etc.	Short-term
Physical risks	Assumption of risks such as damage to the Bank's business assets due to extreme weather conditions threatening business continuity, or an increase in the Bank's credit-related expenses due to deterioration in the performance of customers or damage to their business assets		Timeline
	Acute risks	Increased flooding, etc., and worsening of extreme weather events	Medium- to long-term
	Chronic risks	Increase in average temperature, sea level rise	Long-term

2. Carbon-related Assets

Loans for the Energy and Utilities*1 sector represent 1.5% of the Bank's loans and bills discounted. Additionally, loans for carbon-related assets*2*3 based on the 2021 TCFD Revised Annex represent 20.3% of the Bank's loans and bills discounted.

*1 Petroleum refining and petroleum product manufacturing, gas, coal products, major electric power companies, etc. Water and renewable energy generation utilities are excluded.
*2 The Transportation, Materials and Building Products, as well as the Agriculture, Food, and Forest Products sectors have been added to the Energy and Utilities sectors.
*3 In FY2024, the following changes were implemented in the aggregation of carbon-related assets in the Materials and Building Products sectors.
(1) Construction Industry was added.
(2) For Housing Sales Business and Real Estate Agents and Brokers, the aggregation method was changed from targeting only large companies to including companies of all sizes.

3. Scenario Analyses

The TCFD Recommendations suggest conducting multiple scenario-based analyses to demonstrate the resilience of strategies to counter the risks of climate change. Our Bank conducts scenario analyses for transition risks and physical risks. We will continue to upgrade our analytical methods in order to link the results of scenario analysis to the Bank's risk reduction efforts and to enhance and support dialogue with our customers to help them transition to a decarbonized society.

	Transition risks	Physical risks
Risk events	Impact on credit risk resulting from a worsening of customer's financial condition due to changes in the macroeconomic environment associated with the transition to a decarbonized society	(1) Damage to collateral properties due to increased flooding, etc., and deterioration of the customer's business performance due to stagnation of business (2) Losses incurred by the Bank due to damage to the Bank's branches and other facilities as a result of increased flooding, etc.
Subject of analysis	Energy / Utilities / Iron and steel sectors	(1) Business loan recipients in Hokkaido (2) The Bank's branches and other facilities (including ATMs)
Scenario	Net zero 2050, Delayed Transition (NGFS*1)	RCP2.6 (2°C scenario) and RCP8.5 (4°C scenario) in the IPCC*2 Fifth Assessment Report
Analysis period	By 2050	By 2050
Results of analysis	Credit cost increase: Cumulative amount of 11.6 to 17.6 billion yen	(1) Credit cost increase: Up to 3.7 billion yen (2) Increase in the Bank's losses: Up to 0.5 billion yen

*1 Network for Greening the Financial System
*2 Intergovernmental Panel on Climate Change

3 Risk Management

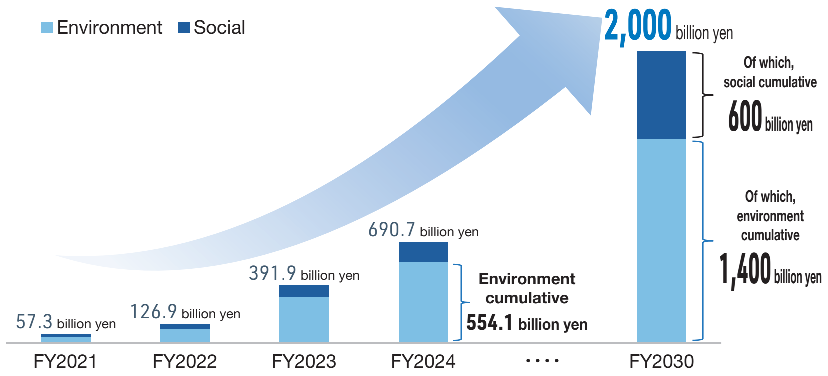
We identify and centrally manage major risks—including credit risk, market risk, and operational risk—to ensure sound management and improve profitability. We recognize and inform all within the Bank that changes associated with climate change may increase or decrease credit risk and other major risks through various contagion channels, and may significantly impact the Bank's business activities and financial position. Through scenario analyses and calculations of our customers' greenhouse gas (GHG) emissions, we assess the impact of climate change on our financial condition and our customers' business activities, and are building a system within our integrated risk management framework to reduce climate-related risks over the medium- to long-term by proactively supporting our customers' climate change initiatives, mainly by providing them with various solutions.

4 Metrics and Targets

1. Cumulative amount of sustainable finance executed

In FY2021, we set a cumulative execution target of 500.0 billion yen through FY2030 as part of our environmental investment and financing to address climate change and support the transition to a decarbonized society. In FY2024, we achieved that target ahead of schedule with a cumulative total of 554.1 billion yen. We redefined our previous environmental investment and financing by adding investment and financing that contribute to addressing social issues* in Hokkaido, and designated it as sustainable finance. As with environmental investment and financing, we have raised our new target to 2,000 billion yen, taking into account past performance. We will aim to solve environmental and social challenges facing the region through ESG investment and financing.

Cumulative amount of sustainable finance executed



* Investment and financing that contribute to addressing social issues include support to semiconductor-related industries, the development of new industries such as through entrepreneurships and startups, support for rationalization of the manufacturing industry, strengthening of support for the food and tourism industries, and other initiatives.

2. Initiatives for reducing greenhouse gas (GHG) emissions

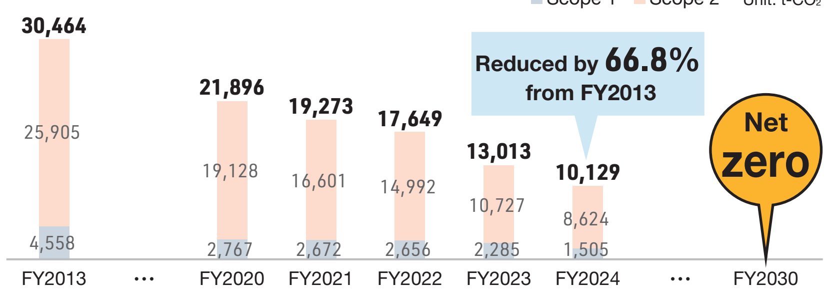
To actively promote decarbonization of the region, we raised the reduction target for the Group's GHG emissions (Scopes 1 & 2) and set a new reduction target for GHG emissions of investment and financing recipients (Scope 3 Category 15).

	Previous targets	New targets
Scopes 1 & 2	Reduce by 80% from FY2013 by FY2030	**Net zero** by FY2030
Scope 3 (Category 15)	No target	**Net zero** by FY2050

Scopes 1 & 2

In FY2024, the Group succeeded in reducing Scopes 1 & 2 greenhouse gas emissions by 66.8% from FY2013 by upgrading to energy-saving facilities and introducing carbon-free electricity and gas.

Scope 1 & 2 greenhouse gas emissions



Scope 3

We are aware of the high expectations placed on financial institutions for initiatives for Scope 3 emissions. Category 15 (investments and loans) accounts for the majority of GHG emissions at financial institutions; therefore, we have begun calculating estimates for corporate borrowers while referencing the measurement method outlined in the PCAF* Standard (the figures include 85% of loans to general business corporations). See "Data" (page 89) for the Bank's figures by Scope 3 category.

* Partnership for Carbon Accounting Financials, an international initiative for developing methods to measure and disclose greenhouse gas emissions in investment and financing portfolios

Improving Social Value (PER) — Nature-Positive Initiatives

In December 2023, North Pacific Bank endorsed the Task Force on Nature-related Financial Disclosures (TNFD) and participated in the TNFD Forum in an effort to address climate change as well as to conserve and restore natural capital. We were selected for the Ministry of the Environment's FY2024 Pilot Program for Analyzing Nature-Related Information to Realize Decarbonization, and we identify and analyze points of contact with nature and nature-related risks and opportunities in the investment and financing portfolios of financial institutions. We will contribute to the sustainable development of all stakeholders and local communities by applying the information gained from the TNFD Forum and Pilot Program and making efforts to disclose nature-related financial information and address climate change and protect the natural environment of Hokkaido.

1 Governance

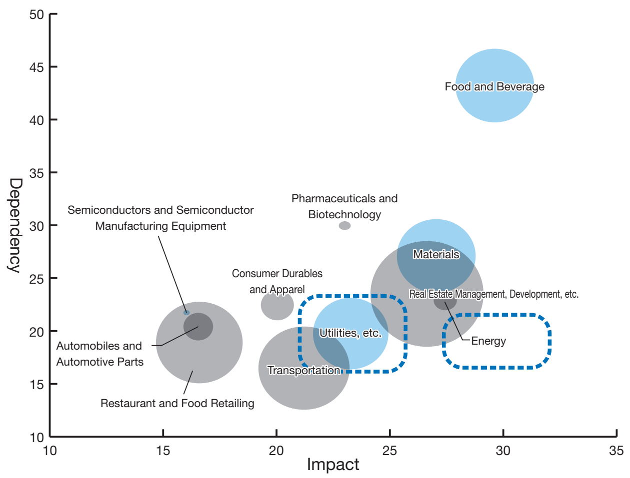
The Group has identified the contribution to the nature-positive of Hokkaido as a materiality, and our Sustainability Committee discusses and reports on policies and progress on biodiversity conservation and promotion initiatives.

2 Strategy

The TNFD recommendations recommend analysis that takes into account regional characteristics. Hokkaido has been designated as a GX Finance and Asset Management Special Zone, and as plans advance for offshore wind power and solar power generation at sites suitable for GX promotion, environmental assessments of the impacts on fisheries and rare species from a natural environment perspective are becoming increasingly important. Furthermore, due to the relatively large investment balance ratio, dependence, and impact of our partners, this fiscal year we identified "energy and utilities," which include electric power, gas, oil, and coal-related businesses, as a priority sector. The degree of dependency and impact as well as the opportunities and risks for the value chain of this sector are summarized below.

Impact versus dependency on investment balance

(The size of the bubble indicates the investment balance ratio.)



Dependency and impact on value chain

Energy

Upstream	Midstream		Downstream
Integrated oil and gas Dependency and impact: Large	Electric power Dependency and impact: Medium		
	Independent power producers and energy traders Dependency and impact: Large		
Coal and consumable fuel Dependency and impact: Large	Gas Dependency and impact: Small		
	Oil and gas refining and sales Dependency and impact: Small	Oil and gas storage and transportation Dependency and impact: Small	

GX-related businesses

Upstream	Midstream	Downstream
Electrical parts and equipment Dependency and impact: Medium	Renewable energy power producers Dependency and impact: Medium	Electric power Dependency and impact: Medium

Opportunities We will provide financing to support migration to a decarbonized society, such as through offshore wind power generation, while considering the impact on biodiversity and natural capital. In addition, we will contribute to the nature-positive of Hokkaido from both financial and non-financial perspectives, such as by supporting initiatives to contribute to the conservation and restoration of biodiversity in collaboration with government agencies and universities.

Risks We recognize the transition risks and physical risks outlined below as those associated with biodiversity conservation. We continue to advance quantitative evaluations of various risks in accordance with TNFD recommendations.

Transition risks	Policy risks	Increased costs to meet environmental laws and regulations, obligation to restore the surrounding environment, etc.
	Reputation risks	Impacts on the surrounding environment and environmental destruction, opposition from residents in the event of disasters, decline in social reputation, resulting increased operating costs and suspension of operations due to decreased stakeholder loyalty, etc.
Physical risks	Acute risks	Impacts on the environment and rare species due to emissions of harmful substances Suspension of operations and increased costs for infrastructure restoration and maintenance due to damage from floods, landslides, earthquakes, tsunamis, and other natural disasters
	Chronic risks	Impacts and pollution of benthic plants, freshwater plants, other rare organisms, and the surrounding environment due to the emission of greenhouse gases, waste, and pollutants from operations, and changes to the ecosystem due to species migration

3 Risk Management

The suspension of renewable energy operations due to transition risks or physical risks can increase or decrease credit risk and could have a significant impact on the business activities and financial position of the Bank. From the perspective of environmental assessment, we consider the impacts on surrounding natural capital in the development area, interaction with sensitive areas, and the impacts on the neighboring regions when making investment and lending decisions. In addition, regarding scenario analysis, we will take into account various scenarios regarding the relationship between climate change and natural capital, and build a framework to identify, assess, and manage risks.

4 Metrics and Targets

1. Cumulative amount of sustainable finance executed (of which, environmental)

Within the scope of sustainable finance, we have set environmental investment and financing that support the transition to a decarbonized society as our metrics and targets.

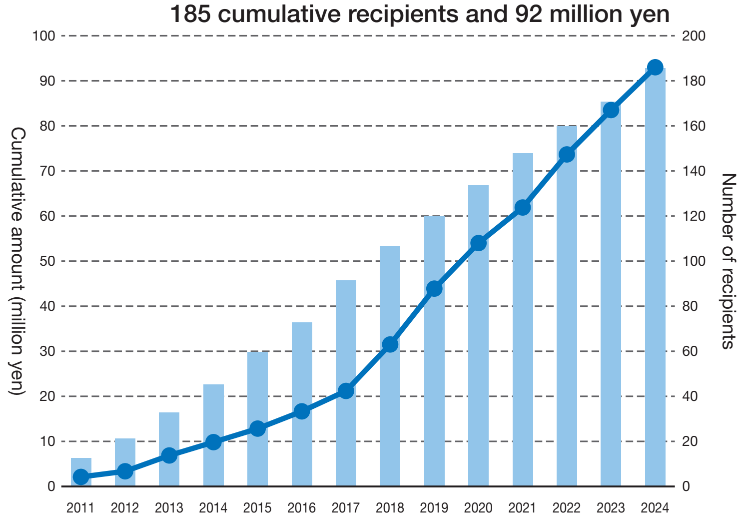
	Cumulative results up to FY2024	Cumulative targets up to FY2030
Sustainable finance (of which, environmental)	554.1 billion yen	1,400 billion yen

2. Hokku Fund

The Hokku Fund was established in 2010 with the aim of conserving Hokkaido's biodiversity, and provides a broad range of financial aid to organizations working to protect rare species and improve habitat environments in Hokkaido.
The equivalent of printing cost savings resulting from digitization of passbooks through the North Pacific Bank app will be contributed to the Hokku Fund as its main source of funding.
The evaluation criteria take into account contribution to land, sea, freshwater, and air defined as natural capital in the TNFD, and whether the area is subject to the biodiversity conservation policy for each region in the Hokkaido Biodiversity Conservation Plan (Second Plan).

Selected recipients provide support for protecting habitats of special natural monuments and endangered species, improving breeding environments, eradicating designated invasive species, constructing fishways, planting trees, as well as providing biodiversity conservation education across generations.

Total number of Hokku Fund recipients and cumulative amount



	FY2025 target	FY2025 actual
Hokku Fund recipients	20	19

TOPIC **Support through the Hokku Fund was recognized as a Certificate for Support for Nationally Certified Sustainably Managed Natural Sites (trial version)**

To realize nature-positive, the Ministry of Environment has launched a system for certifying areas where biodiversity conservation is promoted through private initiatives as Nationally Certified Sustainably Managed Natural Sites. This certificate is issued to corporations that provided support contributing to the maintenance and improvement of the quality of Nationally Certified Sustainably Managed Natural Sites.
The support through the Hokku Fund was the first among Japanese financial institutions and companies in Hokkaido to be recognized as a Certificate for Support for Nationally Certified Sustainably Managed Natural Sites (trial version). We will contribute to the nature-positive of Hokkaido through collaboration with Nationally Certified Sustainably Managed Natural Sites.

Improving Social Value (PER)

Initiatives Contributing to the Local Community

The Bank aims to make Hokkaido more appealing and prosperous, working to revitalize the entire region by supporting sustainable growth of local businesses and residents. Initiatives include support for the agricultural and food sectors, which are the region's backbone industries, contributions to addressing business succession issues of local companies, and efforts to improve the financial literacy of residents.

FY2024 Results and Taking on Challenges and Transformation

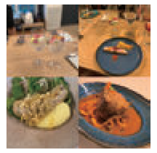
Supporting the Agricultural and Tourism Sectors

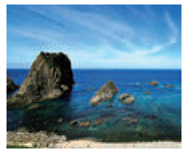
Agriculture is a key industry in Hokkaido that supports industries in which the region excels, such as food and tourism. To revitalize the local economy through agriculture, the Bank is promoting initiatives that contribute to the sector's sustainable development, such as Hokuyo Agricultural Loans—a financing product for farmers—and agricultural funds established through joint investment with Japan Finance Corporation and others.

In February 2025, we began handling Hokuyo Agricultural Loans to support the diverse business models of farmers.

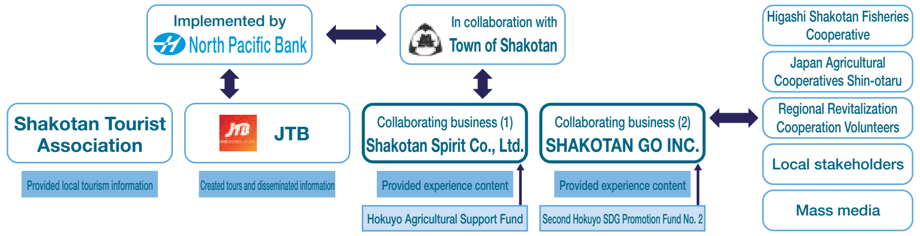
* See the website for details.
https://www.hokuyobank.co.jp/pdf/company_business_support_agriculture-loan.pdf (in Japanese)

TOPIC Implementing a Regional Tourism Revitalization Project Utilizing the Japan Tourism Agency's Regional Tourism New Discovery Project





Following adoption of the Japan Tourism Agency's Regional Tourism New Discovery Project (priority support project), we conducted a monitor tour in the town of Shakotan. To address the regional issue in the town of Shakotan, where many tourists visit during the busy summer season for seasonal sea urchin and clear blue seas, known as "Shakotan Blue," but where tourism drops off sharply in autumn onward, the town, the Shakotan Tourist Association, local businesses, and JTB Hokkaido collaborated to offer a tour where participants can discover the attractions of Shakotan in autumn and enjoy cuisine prepared with local ingredients. Visitors took part in this premium tour of enjoying Shakotan French cuisine and original gin while learning about nature through botanicals and discovering the flavors of autumn.



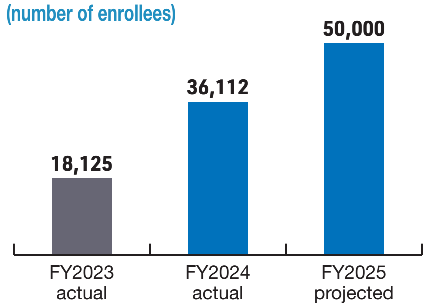
Establishing the Hokkaido Search Fund to Address Business Succession Issues

We established the Hokkaido Search Fund in collaboration with Nihon M&A Center Holdings Inc. and invested 501 million yen as a fund investor. Through this fund, we aim to promote corporate growth and address business succession issues by matching outstanding talent throughout Japan to become managers ("searchers") with SMEs in Hokkaido facing challenges such as business succession ("investment target companies"), so that searchers can play an active role as managers in these companies. The Bank, Hokkaido Kyoso Partners Co., Ltd., and J-Search Inc. support the searchers and investment target companies to ensure smooth business succession and enhanced value.

Financial Education

As a financial institution rooted in the community, we consider educational activities for children—the future of Hokkaido—to be an important initiative, and we therefore put effort into financial education and support for their development. In 2024, the Japan Financial Literacy and Education Corporation (J-FLEC) was established to ensure financial education throughout Japan. In FY2024, in cooperation with J-FLEC and financial institutions in Hokkaido, the Bank took the lead in establishing the Hokkaido Financial Literacy and Education Promotion Council, comprising four organizations and 45 financial institutions. Going forward, in addition to initiatives such as Hokuyo Finance Classes, through this council we aim to create an environment where residents of all ages across Hokkaido can equally access standardized financial education, thereby contributing to improving the financial literacy of the entire region.

Current status of the Hokuyo Finance Class initiative (number of enrollees)



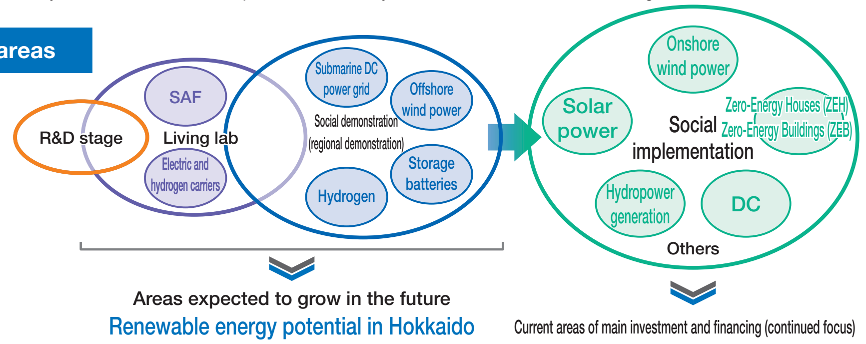
Challenges and Transformation in FY2025

Support for Investment Opportunities (GX and Next-generation Semiconductor Related)

GX Areas

In June 2024, Sapporo, Hokkaido was recognized as a GX and Finance and Asset Management Special Zone proposed in Japan, selected as a target area for a Finance and Asset Management Special Zone, and designated as a National Strategic Special Zone. The Group, whose operations are based in Hokkaido, is actively engaged in the GX field, such as next-generation semiconductors and offshore wind power generation, and we are working together as a group to attract investment and financing to the region by utilizing special zone programs and tax incentive systems as well as our expertise. In this way, we aim to contribute to further growth of Hokkaido.

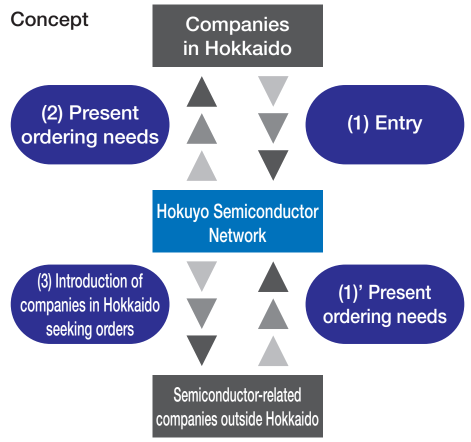
Example GX areas



Next-generation Semiconductors

Taking advantage of the establishment of the next-generation semiconductor manufacturing plant at Rapidus, we created the Hokuyo Semiconductor Network in January 2025 with the aim of matching companies in Hokkaido with semiconductor-related companies outside Hokkaido who are interested in doing business in Hokkaido. By connecting our business partners seeking to enter the supply chain with semiconductor-related companies outside Hokkaido that wish to operate here, we aim to promote the participation of companies in Hokkaido in the semiconductor supply chain, and ensure that the benefits of the new next-generation semiconductor manufacturing plant spill over to all areas of Hokkaido.

These initiatives will lead to greater business of participating companies and securing of talent, revitalizing both the semiconductor-related industries and Hokkaido as a whole.



Support for Startups

The Hokuyo SDGs Promotion Fund, which started in June 2018, is now at Fund No. 3, providing funding for 44 companies totaling approximately 800 million yen. In April 2025, we became the first financial institution in Hokkaido to handle financing with stock acquisition rights.

The Bank can provide financial support through investments, loans, and subsidies tailored to business needs and development stages, and we will continue to engage in supporting startups, which are essential to Hokkaido's growth.

Interview with Employees Head office employee, Mr. I

After a two-year external assignment, I became responsible for limited partner investment (due diligence, contracting, and monitoring) of public-private funds for venture capital (VC). We mainly work to support startups by providing funding, and have established a system that can meet various financial needs, whether it is investment or loans. In addition to startup companies in Hokkaido, we also actively consider supporting startups that can contribute to the regional economy, such as those developing business outside Hokkaido that will help address local issues, and we are also working to attract business to Hokkaido. While assistance through VC provides major support for the development and growth of startups, there are a limited number of VCs in Hokkaido. I want to use my experience from my external assignment to also attract VC firms to Hokkaido.

Here in Hokkaido, a system is taking hold in which public and private sectors work together to promote the creation and development of startups across the region. We will not only provide financing, but also further strengthen our involvement in initiatives to build a startup ecosystem, thereby contributing to sustainable development of the region.

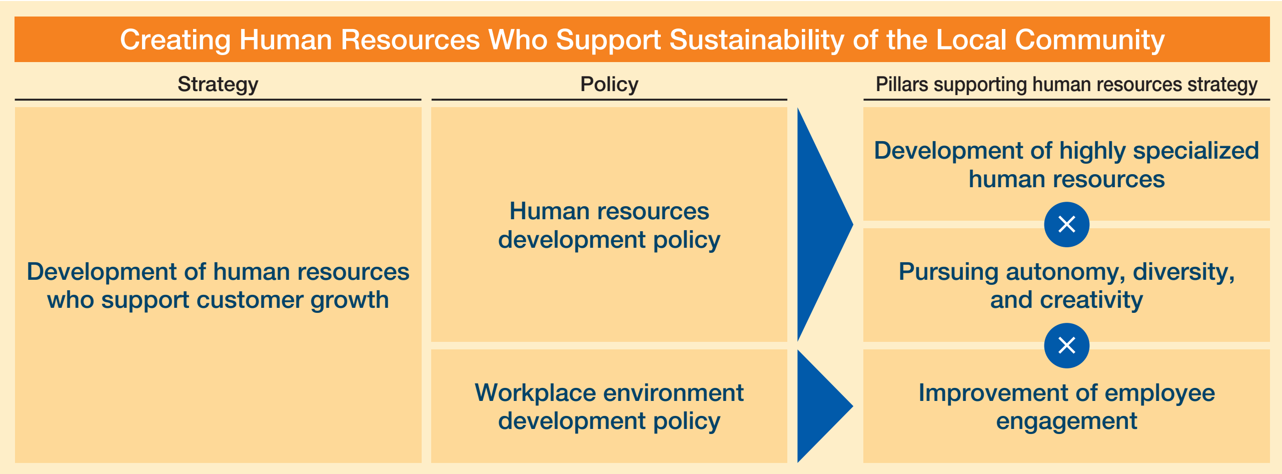
Improving Social Value (PER) Human Resources Strategy

Creating and Developing Human Resources to Support Customer Growth and Improving Corporate Culture

Building on the key concepts of growth and of the environment and society set forth in our Medium-term Business Plan launched in April 2023, we have positioned our human resource strategy as an integral part of our management strategy and are working to strengthen the linkage between the two. Initiatives include appointing a Chief Human Resources Officer (CHRO) in June 2024 responsible for formulating and implementing the human resources strategy, as well as developing a succession plan in December 2024 aimed at cultivating future management talent.

Based on this human resources strategy, we will develop and place talent necessary for our corporate, regional, individual, and digital strategies, and build a rewarding workplace environment where employees can exhibit their skills to the fullest. In addition, we are analyzing our human resources portfolio through personnel simulations, strengthening new recruitment and mid-career recruitment, developing human resources in areas where there are labor shortages, and promoting early training of entry-level employees.

At the same time, customer needs are diversifying and bank business models are changing. Against this background, we recognize the building of a corporate culture in which taking on challenges is valued can itself be difficult. That is why we revised our personnel system in July 2025 to realize a corporate culture that supports employees taking on challenges. Under the new system, we aim to achieve our management philosophy and long-term vision by establishing a culture in which each employee thinks and acts independently and takes on challenges.



Metrics and Targets

Purpose	Item	FY2024 actual	FY2025 target
Strengthen development of human resources	Training cost per employee*1	79.1 thousand yen	85.0 thousand yen
	Training hours per employee*2	40.3 hours	40.0 hours
	Number of participants in consulting skills training*3	675	550
Develop the workplace environment	Percentage of annual paid leave taken*4	56.6%	63.0%
	Percentage of female managers*5	24.8%	25.0%
Comprehensive	Employee engagement	66 points	77 points

*1 Calculated by dividing the annual training costs by the average number of employees. Training costs include outside lecturer fees, teaching materials fees, outside training participation fees, qualification acquisition fees, accommodation fees, and transportation fees. The average number of employees was calculated by dividing the sum of the number of employees each month from April 2024 to March 2025 by 12.
*2 Calculated by dividing the annual training hours by the average number of employees.
*3 This is the number of participants in consulting skills training, including how to talk to customers and role-playing.
*4 Calculated by dividing the number of days of paid leave taken by number of days of paid leave granted.
*5 Calculated by dividing the number of female employees in section manager or higher roles by the total number of section manager or higher roles for both males and females.

Key Initiatives in Human Resources Strategy

Human resources development policy

As a bank in the service industry, we recognize that our greatest differentiating factor is our employees, and that enhancing their quality is a challenge.
We believe that investing in human resources and maximizing their value leads to enhanced corporate value over the medium to long term, and we are working to develop talent by incorporating training aimed at improving business skills and strengthening consulting and management capabilities.

Development of highly specialized human resources

Amid major changes in the banking environment, we are working to develop highly specialized human resources to put customers first and respond to their needs. As part of this and as an opportunity for reskilling, we have introduced a trainee system in which employees are dispatched to specialized institutions through an open recruitment system. In addition, we are working to further enhance our expertise by utilizing a talent management system to visualize managerial skills and by adding training to address skill gaps. In this way, we are promoting the development of human resources for SX and DX, with the aim of enhancing the sustainability and supporting the digitalization of both Hokkaido and our customers.

Pursuing autonomy, diversity, and creativity

To promote autonomous career development among employees, we are expanding voluntary training programs and seminars.
In addition to acquiring specific skills and knowledge that are directly related to business, the training incorporates practical curricula such as case studies and role-playing, with the aim of strengthening consulting and management capabilities as well as enhancing skills for each business.
We are also incorporating brainstorming and group discussions to promote free thinking and a lively exchange of opinions. In this way, we are creating an environment that fosters creative thinking.

Women's encouragement training session ▶

Workplace environment development policy

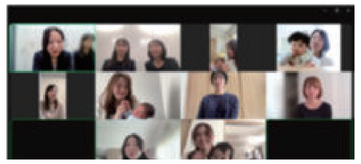
As a bank in the service industry, our employees are our greatest differentiating factor, and we are working to create an environment where they feel motivated and can work with peace of mind while also recognizing and respecting employee diversity.

Ensuring the well-being of employees

—Improving work-life balance

In addition to introducing a work-life balance program that includes a spouse-accompanying transfer system, preferred workplace location system, half-day paid leave system, on-site childcare facilities, and childcare leave program, we promote the use of paid leave through one-week consecutive vacations and sabbaticals based on years of service. We also actively support the balance of work and caregiving by establishing caregiving consulting services using outside experts, offering web seminars, and providing guides on caregiving systems.

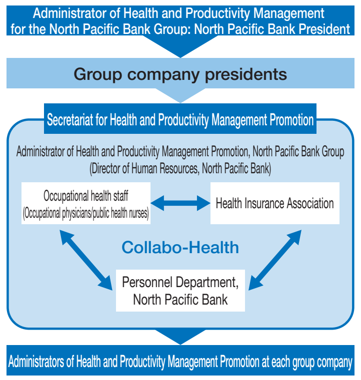
▼Online information exchange meeting for employees on parental leave



—Strengthening health management initiatives

Creating a workplace where employees are healthy and feel motivated is an important pillar of management, and we incorporate various measures to help each and every employee exhibit their skills to the fullest. As a result of our efforts, we have been recognized as a Health Outstanding Organization (Large Enterprise Category) for the eighth consecutive year. Going forward, we will create a healthy working environment for employees.

- Reduce long working hours by increasing operational efficiency
- Enhance caregiving and childcare leave programs
- Provide regular health checkups (for employees and their spouses) and post-check follow-ups
- Promote comprehensive medical checkups, brain checkups, and women's cancer screenings (with cost subsidies)
- Conduct stress checks and improve the workplace environment based on the results
- Improve our mental health consultation program (individual care provided by occupational physicians, public health nurses, and external counselors), etc.



Deepening of Diversity and Inclusion

Career development training for women at all levels, support for employees on childcare leave to return to work, and other programs provide support for women to continue working after giving birth and while raising children. Additionally, training for female branch managers and assistant branch managers includes a six-month mentoring program with senior female branch managers to provide emotional support. In addition, to support the era of 100-year lifespans, we are creating an environment where employees can fully leverage their careers and experiences through the Post-retirement Employee Rehiring Program, which allows continued employment up to age 65, and the Post-retirement Partner Program, which extends employment up to age 70. We are also working to create a society in which people with disabilities can live safely in their communities and to support social independence by providing employment opportunities.

Corporate Governance

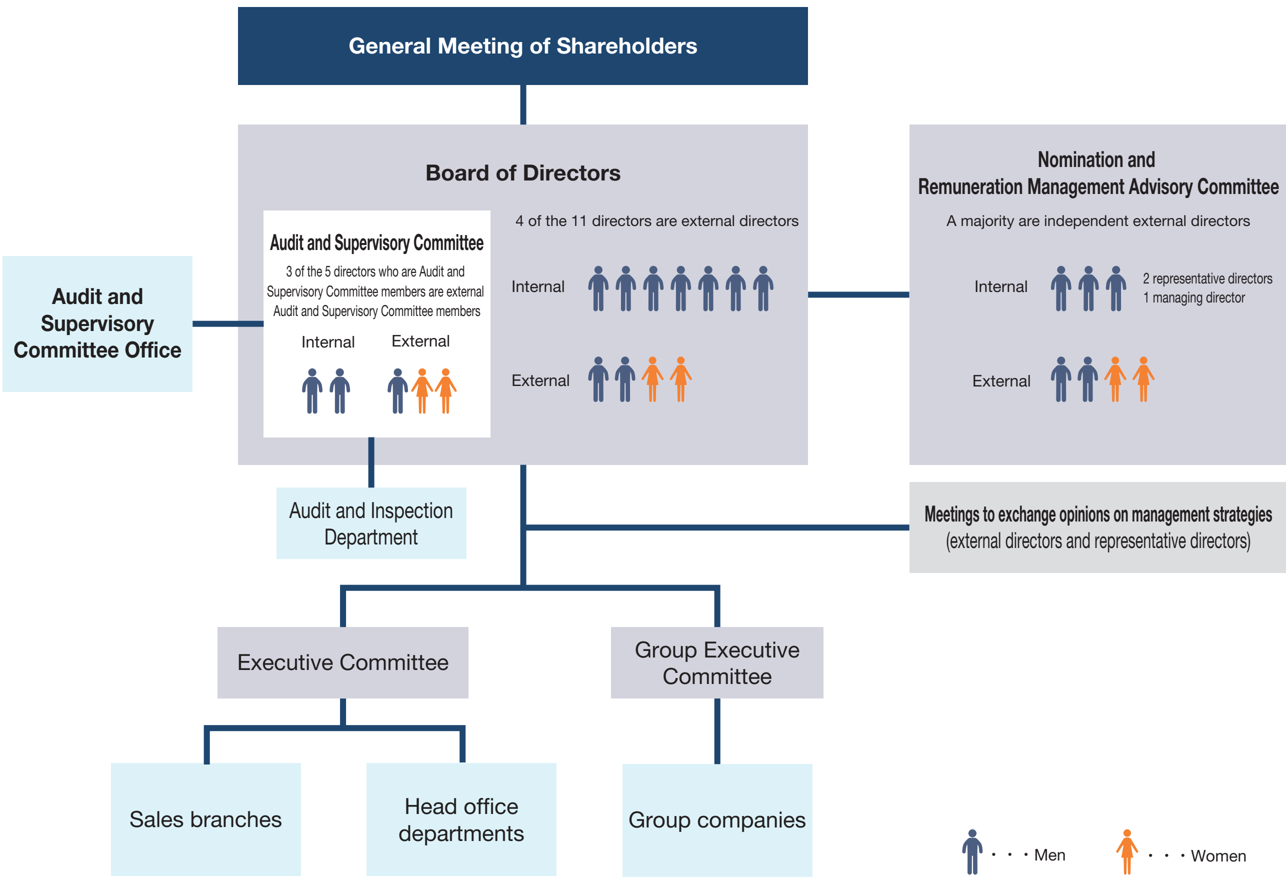
Corporate Governance Basic Policy and Structure

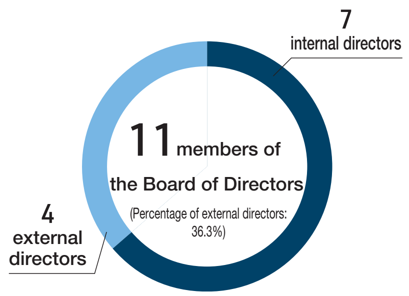
Corporate Governance (Bank's website)

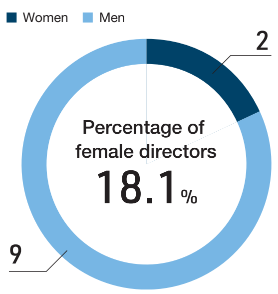
Basic Approach

Inspired by the Management Philosophy of the North Pacific Bank Group, we at North Pacific Bank pursue sustainable growth and improved corporate value in the medium and long term. Our basic approach to achieving those goals is to earn and retain the trust of our shareholders, clients (customers), workforce, local communities, and other stakeholders, and to pursue effective corporate governance.

Corporate Governance System Chart







Overview of Committees and Main Activities

Board of Directors (13 meetings in FY2024)

The Board of Directors comprises 11 directors, six of whom are directors who are not Audit and Supervisory Committee members (one of whom is an external director), and five of whom are directors who are Audit and Supervisory Committee members (three of whom are external directors). The primary responsibilities of the Board of Directors are to make important decisions (including management strategies and plans), and to effectively supervise corporate management and the directors.

Main agenda items
1. Matters relating to long-term vision and enhancing corporate value
2. Matters relating to group-wide management policy, and management strategy and planning
3. Matters relating to sustainability initiatives and identifying materiality
4. Matters relating to the formulation of the Risk Appetite Framework and Risk Appetite Statement
5. Matters relating to revision of the personnel system
6. Matters relating to reducing policy shareholdings
7. Matters relating to the evaluation of the effectiveness of the Board of Directors
8. Matters relating to the formulation of a succession plan
9. Matters relating to the adoption of a delegated executive officer system
10. Matters relating to dialogue with shareholders and shareholder returns

Nomination and Remuneration Management Advisory Committee (10 meetings in FY2024)

The Nomination and Remuneration Management Advisory Committee comprises three internal directors, of whom two are representative directors, and four external directors, and determines amounts of remuneration for individual directors (who are not Audit and Supervisory Committee members) and discusses and reports to the Board of Directors on matters such as the appointment of directors.

Main agenda items
1. Matters relating to the director selection process
2. Contents of proposals regarding appointment of directors (including Audit and Supervisory Committee Members) to be submitted by the Board of Directors to the General Meeting of Shareholders
3. Matters relating to the formulation of a succession plan
4. Amount and details of individual remuneration, etc. received by directors
5. Matters relating to the adoption of non-financial indicators in performance-linked stock compensation
6. Matters relating to the adoption of a delegated executive officer system and the remuneration system

Audit and Supervisory Committee (16 meetings in FY2024 (6 meetings as the Audit & Supervisory Board and 10 meetings as the Audit and Supervisory Committee))

The Audit and Supervisory Committee comprises five directors who are Audit and Supervisory Committee Members (three of whom are external directors). The primary responsibility of the Audit and Supervisory Committee is to serve as an independent body that conducts highly effective audits of directors' execution of duties, thereby enhancing the transparency and reliability of management.

Main agenda items
1. Matters relating to the formulation of audit policies and audit plans
2. Matters relating to the preparation of audit reports
3. Matters relating to the appropriateness of audit methods and results of the Financial Auditor
4. Matters relating to the appointment, dismissal, or non-reappointment of the Financial Auditor
5. Key Audit Matters (KAM) discussions with the Financial Auditor
6. Matters relating to the status of real estate transfer contracts and property expenses

Executive Committee (46 meetings in FY2024 (including written resolutions))

The Executive Committee, which comprises executive directors and executive officers, makes resolutions on important matters not on the agenda of the Board of Directors, and discusses matters on the agenda and matters required by the chairman in an effort to stimulate discussion for swift decision-making.

Main agenda items
1. Matters relating to revision of the personnel system
2. Matters relating to equipment and system investment
3. Matters relating to improving branch efficiency and branch expansion
4. Matters relating to the adoption of a delegated executive officer system
5. Matters relating to business plans
6. Matters relating to credit transactions

TOPIC Adopting a Delegated Executive Officer System

On June 26, 2025, the Bank separated management decision-making and supervision from business execution and adopted a delegated executive officer system to strengthen the functions of the Board of Directors while accelerating business operations.

Overview of the System

1. Executes business entrusted by the Board of Directors based on a delegation contract with the Bank.
2. Appointments and dismissals are decided by resolution of the Board of Directors after consultation with the Nomination and Remuneration Management Advisory Committee.
3. The term of office is one year, and reappointment is permitted.
4. Employed executive officers will be renamed executive directors.

Expected Benefits

Delegation of authority equivalent to that of directors to delegated executive officers

- Achieving even faster management
- Fostering a corporate culture of "thinking on our own without fear of change"

Risk Management and Compliance

Message from the CRO

Providing Customers with Trust and Peace of Mind While Adapting to a Changing Environment

Our mission at North Pacific Bank is to protect the valuable assets of our stakeholders while supporting the sustainable growth of both our customers and the Bank. To achieve this, it is essential to strengthen our risk management and internal control system while fostering a sound corporate culture.
Currently, risks are constantly fluctuating as the global situation changes. In particular, due to the frequent earthquakes along the Pacific Coast since May 2025, North Pacific Bank has focused on advancing its risk management system. By thoroughly identifying, assessing, and monitoring risks and by building a system to quickly respond to any emergency, we are working to ensure that stakeholders can entrust their assets to us with peace of mind.
The North Pacific Bank Group also recognizes compliance as a top priority, and is striving to foster a sound corporate culture in which all employees have a high level of awareness of compliance. We will work to remain a trusted bank by promoting active communication in a transparent workplace environment. Going forward, the Group is committed to strengthening the risk management and compliance system to ensure the trust and peace of mind of all stakeholders in Hokkaido.

Managing Director and CRO
Akira Yamada

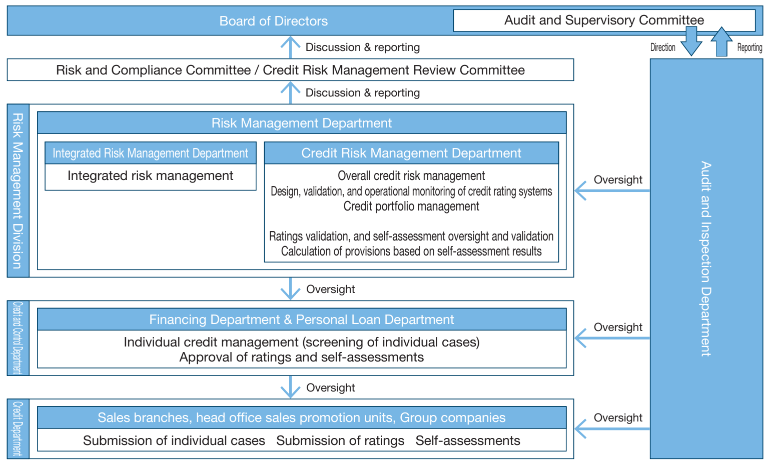
Risk Management

For details

See the March 2025 (the fiscal year ended March 31, 2025) Reference Materials of the Disclosure Book.
(https://www.hokuyobank.co.jp/ir/library/disclosure.html) (in Japanese)

Risk management system

We have established rules and regulations for our risk management system, including the Integrated Risk Management Policy and Integrated Risk Management Regulations, and have set up the Risk and Compliance Committee to oversee group-wide risk, with the aim of centralizing risk management and further strengthening our system.
The Risk and Compliance Committee generally meets at least once a month. In addition, we have also established a Risk Management Department within the Bank to oversee the risk management system and provide overall risk management for all group companies.

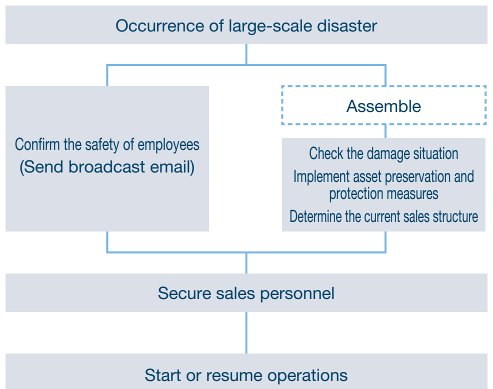


Business continuity planning response in the event of large-scale disasters and system failures

In the event of a disaster or other unforeseen event, it is our responsibility as a regional financial institution to minimize that impact and continue operations or resume operations as soon as possible. The Group has established Crisis Management Regulations and is committed to ensuring that the group companies can work together to respond to crises.
Under the Bank's business continuity plan, we prepared emergency response procedures and related manuals, and we conduct regular training to ensure continuation of key operations in the event of risk scenarios such as a new influenza outbreak or major earthquake directly beneath Sapporo. Our basic policy is as follows:

1. Prevent the spread of confusion in the payment sector (prevent impact on payment systems).
2. Maintain the lifestyles and economic activities of citizens in affected areas (prevent impact on customers).
3. Mitigate risks to financial institution management (prevent impact on management).

Initial Process

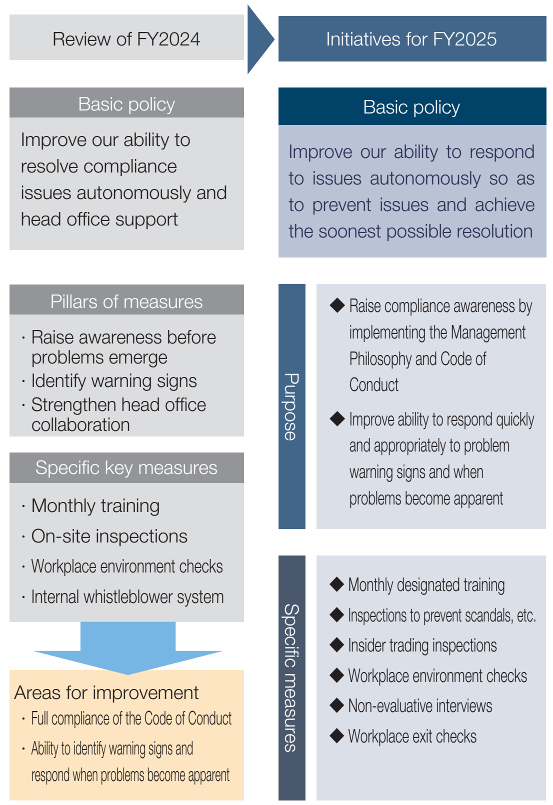


Compliance

We expend every effort to let all employees know that compliance is at the core of everything we do, consistent with one of the items in our Code of Conduct: "Acting with integrity and a firm awareness of compliance and our social responsibilities." For the Compliance Program for FY2024, the basic policy was to improve our ability to resolve compliance issues autonomously and support the head office. We developed measures based on the three pillars of raising awareness before problems emerge, identifying warning signs, and strengthening head office collaboration. For FY2025, the basic policy is to improve our ability to respond to issues autonomously so as to prevent issues and achieve the soonest possible resolution.

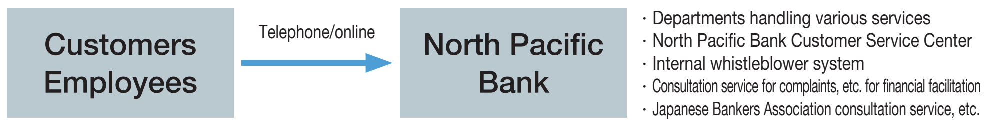
Compliance Framework

Efforts to Ensure Compliance



Respecting Human Rights

We established the North Pacific Bank Group Human Rights Policy to enhance corporate value of the Group over the medium to long term and to strive for sustainable management.
As it becomes increasingly important for corporations to fulfill their responsibility to respect human rights, the Group has established a framework for properly responding to requests for consultation, suggestions, and complaints from customers and other stakeholders regarding human rights and other matters.
If it comes to light that the Group is causing or contributing to negative impacts on human rights, or that its products or services are directly involved in negative impacts on human rights, the Group will take appropriate action to remedy the situation.
The Group accepts requests for consultation, suggestions, and complaints from individuals regarding human rights via telephone and its website. We are also working to build a framework for human rights, including a consultation service for bank employees.



Other Initiatives

See the March 2025 (the fiscal year ended March 31, 2025) Reference Materials of the Disclosure Book.
(https://www.hokuyobank.co.jp/ir/library/disclosure.html) (in Japanese)

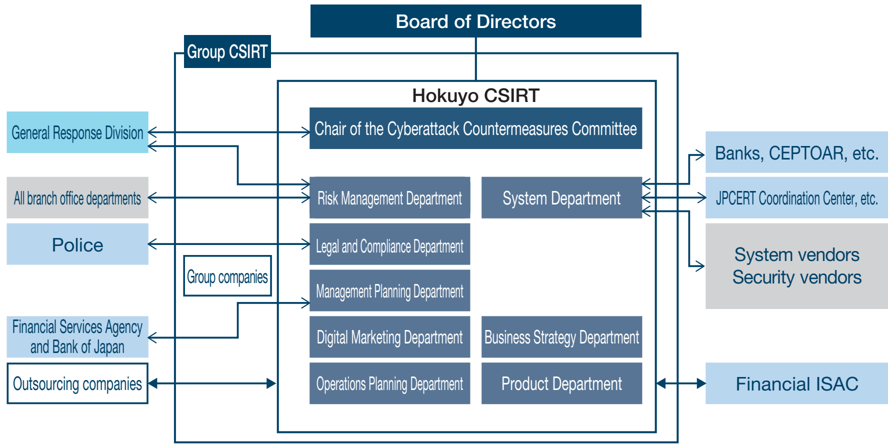
Risk Management and Compliance

Cybersecurity and Financial Crime Measures

Cybersecurity

The Bank recognizes that ensuring stable financial services—by preventing customer impact from cybersecurity incidents, including from outsourcing, and by responding promptly to incidents—is a key management issue. Therefore, we position cybersecurity initiatives as an important management priority and established the Basic Policy for Cybersecurity Management in April 2025 in accordance with our guidelines.
Together with our group companies, the Bank formed the Hokuyo Computer Security Incident Response Team (CSIRT), which collaborates with various external organizations.
Since around 2024, there has been a dramatic increase in phishing attacks targeting regional banks, and phishing sites impersonating our Bank have appeared. In response, we have taken the measures below.

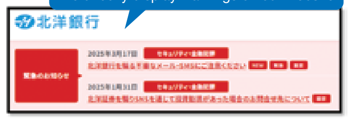
■ Hokuyo CSIRT System Chart



■ Trends and countermeasures

Trend	Main countermeasures
Relentless repeated attacks Diversified attack methods	Mitigate and prevent damage ● Immediately shut down discovered phishing sites ● Strengthen warnings on our website ● Immediately collaborate with head office response team

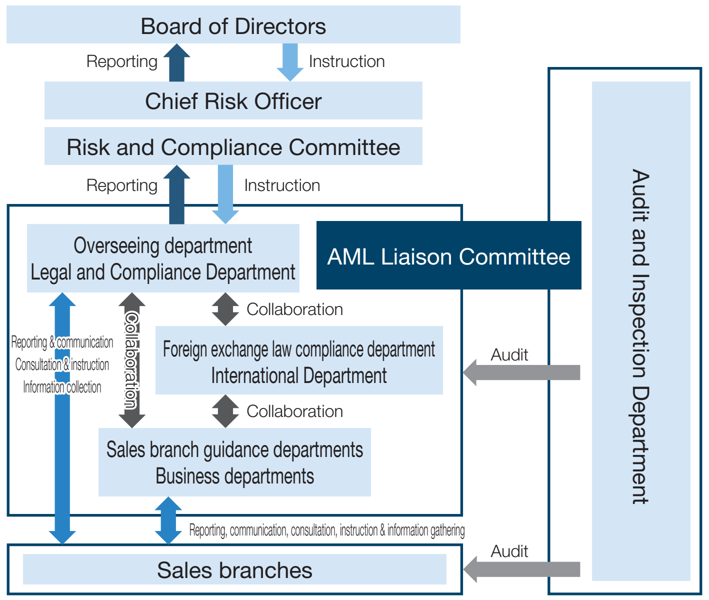
We directly display warnings on our website



Measures Against Money Laundering and Terrorist Financing and Financial Crime Measures

As a financial institution, the Bank recognizes its social responsibility and public mission and regards measures against money laundering, terrorist financing, proliferation financing, and other economic sanction violations ("AML/CFT measures") as one of our key management priorities. We comply with applicable laws and regulations, respond flexibly to changes in the international environment and associated risks, and strive to maintain an effective management system.

■ AML/CFT Management Framework



■ Challenges and countermeasures

Challenge	Main measures
Regarding ongoing customer management, promotion of reconfirmation at sales branches and confirmation through non-face-to-face channels	● Reconfirm and update customer information (address, phone number, etc.) at sales branches during visits ● Introduce a system for updating customer information and renewing the period of stay for foreigners at Seven Bank ATMs
Establishment of a system for verifying the effectiveness of AML measures	● Verify the effectiveness of AML measures and enhance risk reduction measures through PDCA ● Enhance monitoring systems through the use of TSUBASA_AML shared system and AI
Enhancement of measures to prevent fraud and unauthorized use	● Share know-how on preventing fraud at sales branches, regularly review case studies, etc. ● Head office support when opening a corporate account (sales branches without financing functions) ● Enhance fraud detection using AI, etc. ● Enhance information sharing with police and other external organizations

Internal Audits

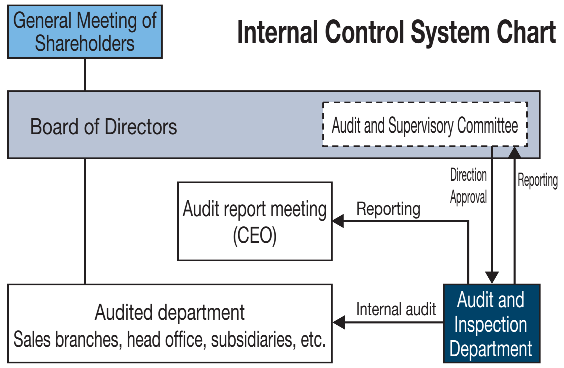
Enhancing Internal Audits

To allocate its limited audit resources effectively and efficiently, the Audit and Inspection Department evaluates the risk awareness of each department and conducts risk assessments for each business area. Based on these results, it determines the audit targets, frequency, and scope for sales branches, head office, subsidiaries, and specific themes as part of its risk-based auditing.
To enhance internal auditing, and based on the external quality assessment of our internal audit by an external organization performed in FY2024, we are implementing specific measures aimed to: (i) enhance the quality of internal audits, (ii) improve audit efficiency, and (iii) secure and develop audit personnel, to realize effective management auditing.

■ Purpose and Structure of Internal Audits

Purpose	Internal audits are performed to ensure the appropriateness and effectiveness of the internal control structure in order to contribute to the effective achievement of our management goals.
Structure	The Bank has established an Internal Audit and Inspection Department positioned independently of the departments subject to audit to conduct internal audits of sales branches, the head office, subsidiaries, and specific themes based on audit policies and plans approved by the Audit and Supervisory Committee. Audit results are regularly reported to the Audit and Supervisory Committee as well as the Audit Report Meeting, which is comprised of internal directors, including the CEO, and general managers of relevant departments.

Internal Control System Chart



■ Internal Audit Details

Audits of sales branches

A team of 10 auditors performs audits on 134 sales branches both inside and outside Hokkaido. The results of the audits of sales branches in FY2024 are shown on the right.
To ensure effective auditing of sales branches, which are spread across a wide area, we work to enhance the accuracy of risk assessments, perform off-site monitoring, and utilize technology.

Audit type	Audit contents	Results
Comprehensive audit	Verification of overall internal control system	49 locations
Audit to prevent scandals, etc.	Identification of warning signs of fraud or scandals	101 locations
Administrative audit	Verification of compliance of various administrative tasks	99 locations

Audits of the head office

A team of 15 auditors conducts specialized audits based on cross-organizational operations and risks, including theme-based audits, audits of individual head office departments and subsidiaries, system audits, asset evaluations, and audits of internal controls related to financial reporting. The results of the audits of the head office in FY2024 are shown on the right. To ensure that the maintenance and enhancement of audit quality for increasingly diverse and complex head office operations, we assess the skills of the auditors and work to develop their capabilities.

Audit type	Results
Theme-based audit	10 themes
Audit of head office departments	8 office departments
Subsidiary audit	2 companies
Other specialized audit	21 audits

Data

10 Years of Financial Data

Summary of Consolidated Results

(Unit: million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Ordinary income	149,791	147,972	143,611	138,362	138,035	135,620	124,461	126,734	133,114	150,637
Interest income	80,727	78,229	76,218	70,644	67,699	66,697	68,710	69,400	71,559	86,527
Fees and commissions	30,386	29,594	28,898	29,290	29,079	27,900	27,723	27,154	27,838	30,311
Other ordinary income	32,212	32,480	29,696	31,675	36,207	32,595	24,813	24,603	25,301	25,570
Other income	6,465	7,667	8,798	6,752	5,049	8,425	3,214	5,575	8,415	8,227
Ordinary expenses	119,351	126,575	128,467	118,558	125,308	119,852	105,214	109,422	114,509	122,567
Interest expenses	4,127	3,471	4,083	2,834	2,094	1,912	885	1,615	1,075	8,706
Fees and commissions payments	10,119	10,420	10,767	10,694	10,889	11,285	11,474	11,355	12,436	12,060
Other ordinary expenses	26,065	33,954	31,733	28,985	26,741	28,174	20,880	21,121	25,650	26,926
General and administrative expenses	75,332	76,200	74,488	71,452	70,109	68,345	64,038	67,398	67,063	68,337
Other expenses	3,706	2,529	7,394	4,591	15,473	10,134	7,935	7,931	8,282	6,536
Ordinary profit	30,440	21,396	15,143	19,804	12,726	15,767	19,247	17,312	18,605	28,070
Profit before income taxes	29,256	22,841	15,087	19,931	13,652	14,708	18,241	15,810	18,288	27,541
Income taxes - current	3,260	1,787	1,188	3,990	5,995	6,863	6,643	6,604	6,113	6,885
Income taxes - deferred	7,272	4,011	715	1,498	(32)	(1,900)	(323)	(38)	(696)	121
Profit (loss) attributable to non-controlling interests	706	337	(503)	300	124	322	165	(403)	41	(74)
Profit attributable to owners of parent	18,015	16,704	13,686	14,141	7,564	9,422	11,756	9,647	12,830	20,608

Figures for FY2021 and thereafter are based on the new accounting standards for recording net sales and cost of sales for installment sales transactions.

Summary of Consolidated Balance Sheet

(Unit: million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total assets	8,464,519	9,093,714	9,500,510	9,759,776	9,988,041	11,858,207	13,543,823	12,520,974	13,244,574	13,446,736
Securities	1,711,785	1,729,586	1,489,802	1,265,106	1,297,414	1,505,246	1,483,991	1,588,951	2,385,288	2,598,690
Loans and bills discounted	5,747,173	6,052,348	6,251,728	6,518,080	6,659,161	7,367,433	7,361,881	7,703,573	7,487,752	7,856,186
Total liabilities	8,074,956	8,685,102	9,069,565	9,338,715	9,578,564	11,417,570	13,122,751	12,113,649	12,797,053	13,062,325
Deposits	7,715,256	8,086,989	8,344,356	8,596,305	8,855,838	9,900,963	10,563,784	10,828,182	10,915,046	11,096,231
Total net assets	389,563	408,611	430,945	421,061	409,476	440,636	421,072	407,324	447,520	384,411
Shareholders' equity	305,607	317,725	326,854	336,044	341,101	346,792	354,817	359,943	368,821	380,690
Retained earnings included in shareholders' equity	112,178	124,280	133,386	143,718	148,186	154,102	162,019	167,891	176,889	193,187
Accumulated other comprehensive income	78,585	84,802	97,960	79,253	64,619	89,179	61,951	43,382	73,831	(224)
Non-controlling interests	5,315	5,981	6,001	5,657	3,672	4,580	4,266	3,970	4,840	3,931

Other Metrics

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Consolidated capital adequacy ratio (%)	11.98	13.54	13.29	12.89	12.61	12.41	12.53	11.78	14.42	13.00
Consolidated return on equity (ROE) (%)	4.81	4.24	3.30	3.36	1.84	2.23	2.75	2.35	3.03	5.00
Consolidated net assets per share (BPS) (yen)	963.18	1,009.07	1,064.76	1,049.01	1,042.48	1,122.97	1,072.55	1,047.18	1,150.51	1,010.42
Consolidated earnings per share (EPS) (yen)	45.16	41.87	34.30	35.80	19.39	24.25	30.26	25.03	33.33	53.92
Dividend payout ratio (%)	28.16	26.65	30.53	28.99	46.88	44.07	35.07	36.68	30.03	36.12
Number of shares issued (thousand shares)	399,060 common shares	399,060 common shares	399,060 common shares	399,060 common shares	399,060 common shares	399,060 common shares	399,060 common shares	399,060 common shares	399,060 common shares	399,060 common shares
Non-consolidated core OHR (%)	78.90	80.62	82.17	81.98	80.59	80.41	73.65	77.20	75.61	68.91

Data

Non-Financial Data

Sustainability Metrics

Environmental

	FY2020	FY2021	FY2022	FY2023	FY2024
GHG emissions (t-CO_2)	23,888	21,229	605,594	10,554,695	8,802,265
Scope 1	2,767	2,672	2,656	2,285	1,505
Scope 2	19,128	16,601	14,992	10,727	8,624
Scope 3	1,993	1,956	587,946	10,541,653	8,792,136
Category 1 - Purchased goods and services	—	—	—	—	—
Category 2 - Capital goods	—	—	—	—	15,487
Category 3 - Fuel- and energy-related activities not included in Scopes 1 & 2	—	—	—	—	2,469
Category 4 - Upstream transportation and distribution	—	—	—	—	2,570
Category 5 - Waste generated in operations[*1]	—	—	—	24	18
Category 6 - Business travel	430	462	418	896	400
Category 7 - Employee commuting	1,563	1,494	1,425	1,432	914
Category 15 - Investments	—	—	586,103	10,539,301	8,770,278

Breakdown of Scope 3, Category 15

Industry	Emissions[*2] (Unit: t-CO_2)	Carbon intensity[*3] (Unit: t-CO_2 /million yen)
Farming	196,548	7.74
Paper and Forestry Products	170,904	7.31
Processed Foods and Processed Meat	528,616	5.50
Beverages	20,664	3.00
Metals and Mining	251,553	11.61
Chemistry	97,492	5.24
Oil and Gas	304,309	2.82
Coal	5,383	5.44
Construction Materials	552,060	14.09
Capital Goods	2,349,846	4.13
Automobiles and Parts	59,064	9.82
Power Utilities	556,186	45.06
Real Estate Management and Development	93,539	1.04
Trucking Services	486,300	3.75
Rail Transport	12,006	1.99
Marine Transport	47,002	12.38
Passenger Air Transport	139,288	281.41
Air Cargo	986	2.43
Other	2,898,534	5.09
Total	8,770,278	—

*1 Disclosure of nine types of waste, including waste plastic. The scope will be expanded to include paper waste beginning in FY2024.
*2 The total amount of emissions multiplied by the Bank's loans as a percentage of the borrower's total amount of financing, rounded down to the nearest whole number
*3 Emissions per million yen of sales by the borrower

Social (Human Capital)

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees (non-consolidated)	2,695	2,542	2,442	2,371	2,377
Percentage of female employees	41.3%	41.8%	41.1%	41.8%	42.8%
Percentage of female managers (Section manager or higher)	18.4%	19.9%	20.8%	23.1%	24.8%
Percentage of female employees in assistant manager positions or higher	29.2%	30.6%	31.2%	32.7%	33.5%
Number of new employees hired	67	61	64	67	87
Average continuous years of service	18.25	18.75	19.17	19.42	19.41
Men	19.58	19.83	20.08	20.25	20.50
Women	16.08	16.83	17.67	18.00	17.75
Percentage of female employees taking childcare leave	100%	100%	100%	100%	100%
Percentage of male employees taking childcare leave[*1]	91.9%	100.0%	102.6%[*2]	102.0%[*2]	100.0%
Percentage of annual paid leave taken	41.6%	43.0%	44.1%	56.1%	56.6%
Average number of days of paid leave taken	7.8	8.2	8.4	10.7	10.7
Training cost per employee (thousand yen)	—	—	26	60.1	79.1
Training hours per employee	—	—	7	14.2	40.3
Percentage of employees receiving thorough examinations	69.8%	75.0%	78.7%	89.0%	—[*3]
Smoking rate	23.2%	20.8%	21.7%	20.9%	19.9%
Stress check rate	99.0%	98.0%	95.7%	87.2%	88.8%

*1 The number of male workers who took childcare leave or leave for childcare purposes during the fiscal year divided by the number of male workers whose spouses gave birth during the same year.
*2 The percentage of childcare leave taken exceeds 100% because childcare leave or the like taken in the fiscal year following a birth by a spouse adds to the numerator, but not to the denominator.
*3 Still being compiled; not included in the scope of this report.

Governance

	As of July 1, 2021	As of July 1, 2022	As of July 1, 2023	As of July 1, 2024	As of July 1, 2025
Number of directors	11	10	10	10	11
Percentage of external directors	36%	40%	40%	40%	36.3%
Percentage of female directors	18%	20%	20%	20%	18.1%

External Certifications and Ratings

Awards & Certifications

Efforts to comply with the Act on the Promotion of Women's Active Engagement in Professional Life (Eruboshi Certification)

Company Supporting Childcare (Kurumin Certification)

Health Outstanding Organization (Large Enterprise Category)

CDP

Inclusion in ESG Indexes

Japan Empowering Women Index (WIN)

Japan ex-REIT Gender Diversity Tilt Index

Participation in Initiatives

Financial Section

Consolidated Balance Sheets (As of March 31, 2024 and 2025)

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Assets:			
Cash and due from banks	¥ 3,060,635	¥ 2,653,639	$ 17,748
Call loans and bills bought	542	516	3
Monetary claims bought	13,770	6,828	46
Trading securities	1,765	1,763	12
Securities	2,385,288	2,598,690	17,380
Loans and bills discounted	7,487,752	7,856,186	52,543
Foreign exchanges	5,814	5,803	39
Lease receivables and investment assets	58,312	61,165	409
Other assets	119,648	132,680	887
Property, plant and equipment	70,623	71,675	479
Intangible assets	18,735	15,847	106
Net defined benefit asset	1,408	1,811	12
Deferred tax assets	535	14,884	100
Customers' liabilities for acceptances and guarantees	65,308	68,166	456
Allowance for loan losses	(45,568)	(42,921)	(287)
Total assets	¥13,244,574	¥13,446,736	$ 89,933
Liabilities:			
Deposits	¥10,915,046	¥11,096,231	$ 74,212
Negotiable certificates of deposit	177,789	74,198	496
Cash collateral received for securities lent	599,643	801,284	5,359
Borrowed money	926,147	899,888	6,019
Foreign exchanges	335	161	1
Other liabilities	87,533	114,947	769
Provision for bonuses	1,470	1,536	10
Provision for share awards	163	159	1
Net defined benefit liability	1,335	1,487	10
Provision for reimbursement of deposits	1,010	895	6
Provision for point card certificates	345	306	2
Reserves under special laws	19	19	0
Deferred tax liabilities	19,107	1,267	8
Deferred tax liabilities for land revaluation	1,797	1,775	12
Acceptances and guarantees	65,308	68,166	456
Total liabilities	¥12,797,053	¥13,062,325	$ 87,362
Net assets:			
Capital stock	¥ 121,101	¥ 121,101	$ 810
Capital surplus	74,751	74,753	500
Retained earnings	176,889	193,187	1,292
Treasury shares	(3,921)	(8,351)	(56)
Total shareholders' equity	368,821	380,690	2,546
Valuation difference on available-for-sale securities	70,001	(3,661)	(24)
Revaluation reserve for land	3,522	3,378	23
Remeasurements of defined benefit plans	307	58	0
Total accumulated other comprehensive income	73,831	(224)	(2)
Share acquisition rights	28	14	0
Non-controlling interests	4,840	3,931	26
Total net assets	447,520	384,411	2,571
Total liabilities and net assets	¥13,244,574	¥13,446,736	$ 89,933

Note: The rate of ¥149.52 to U.S. $1.00, the foreign exchange rate on March 31, 2025, has been used for translation.
The amounts less than one million yen are rounded down.
The amounts less than one million dollars are rounded to the nearest million.

Consolidated Statements of Income (Year ended March 31, 2024 and 2025)

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Ordinary income:			
Interest income:	¥ 71,559	¥ 86,527	$ 579
Interest on loans and discounts	57,994	66,850	447
Interest and dividends on securities	12,121	13,927	93
Other interest income	1,443	5,749	38
Fees and commissions	27,838	30,311	203
Other ordinary income	25,301	25,570	171
Other income	8,415	8,227	55
Total ordinary income	¥ 133,114	¥ 150,637	$ 1,007
Ordinary expenses:			
Interest expenses:	¥ 1,075	¥ 8,706	$ 58
Interest on deposits	179	6,509	44
Other interest expenses	895	2,196	15
Fees and commissions payments	12,436	12,060	81
Other ordinary expenses	25,650	26,926	180
General and administrative expenses	67,063	68,337	457
Other expenses	8,282	6,536	44
Total ordinary expenses	¥ 114,509	¥ 122,567	$ 820
Ordinary profit	¥ 18,605	¥ 28,070	$ 188
Extraordinary income	155	16	0
Extraordinary losses	472	544	4
Profit before income taxes	18,288	27,541	184
Income taxes:			
Current	6,113	6,885	46
Deferred	(696)	121	1
Total income taxes	5,417	7,007	47
Profit	12,871	20,534	137
Profit (loss) attributable to non-controlling interests	41	(74)	(0)
Profit attributable to owners of parent	¥ 12,830	¥ 20,608	$ 138

Consolidated Statements of Comprehensive Income (Year ended March 31, 2024 and 2025)

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Profit	¥ 12,871	¥ 20,534	$ 137
Other comprehensive income	31,309	(74,770)	(500)
Valuation difference on available-for-sale securities	30,623	(74,492)	(498)
Revaluation reserve for land	–	(29)	(0)
Remeasurements of defined benefit plans, net of tax	685	(248)	(2)
Comprehensive income	¥ 44,180	¥ (54,235)	$ (363)
Comprehensive income attributable to owners of the parent	43,307	(53,331)	(357)
Comprehensive income attributable to non-controlling interests	873	(903)	(6)

Consolidated Statements of Changes in Equity (Year ended March 31, 2024 and 2025)

Millions of Yen

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance as of March 31, 2023	¥121,101	¥ 74,751	¥167,891	¥ (3,800)	¥359,943	¥ 40,209	¥ 3,550	¥ (377)	¥ 43,382	¥ 28	¥ 3,970	¥407,324
Changes of items during period												
Dividends of surplus			(3,861)		(3,861)							(3,861)
Profit attributable to owners of parent			12,830		12,830							12,830
Purchase of treasury shares				(164)	(164)							(164)
Disposal of treasury shares		0		43	43							43
Reversal of revaluation reserve for land			28		28							28
Net changes of items other than shareholders' equity						29,791	(28)	685	30,448	—	869	31,318
Total changes of items during period	—	0	¥ 8,997	¥ (120)	¥ 8,877	¥ 29,791	¥ (28)	¥ 685	¥ 30,448	¥ —	¥ 869	¥ 40,195
Balance as of March 31, 2024	¥121,101	¥ 74,751	¥176,889	¥ (3,921)	¥368,821	¥ 70,001	¥ 3,522	¥ 307	¥ 73,831	¥ 28	¥ 4,840	¥447,520
Changes of items during period												
Dividends of surplus			(4,425)		(4,425)							(4,425)
Profit attributable to owners of parent			20,608		20,608							20,608
Purchase of treasury shares				(4,500)	(4,500)							(4,500)
Disposal of treasury shares				69	69							69
Reversal of revaluation reserve for land			114		114							114
Gain on disposal of treasury shares		1			1							1
Net changes of items other than shareholders' equity						(73,663)	(143)	(248)	(74,055)	(14)	(908)	(74,978)
Total changes of items during period	—	1	16,298	(4,430)	11,868	(73,663)	(143)	(248)	(74,055)	(14)	(908)	(63,109)
Balance as of March 31, 2025	¥121,101	¥ 74,753	¥193,187	¥ (8,351)	¥380,690	¥ (3,661)	¥ 3,378	¥ 58	¥ (224)	¥ 14	¥ 3,931	¥384,411

Millions of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance as of March 31, 2024	$ 810	$ 500	$ 1,183	$ (26)	$ 2,467	$ 468	$ 24	$ 2	$ 494	$ 0	$ 32	$ 2,993
Changes of items during period												
Dividends of surplus			(30)		(30)							(30)
Profit attributable to owners of parent			138		138							138
Purchase of treasury shares				(30)	(30)							(30)
Disposal of treasury shares				0	0							0
Reversal of revaluation reserve for land			1		1							1
Gain on disposal of treasury shares		0			0							0
Net changes of items other than shareholders' equity						(493)	(1)	(2)	(495)	(0)	(6)	(501)
Total changes of items during period	—	$ 0	$ 109	$ (30)	$ 79	$ (493)	$ (1)	$ (2)	$ (495)	$ (0)	$ (6)	$ (422)
Balance as of March 31, 2025	$ 810	$ 500	$ 1,292	$ (56)	$ 2,546	$ (24)	$ 23	$ 0	$ (2)	$ 0	$ 26	$ 2,571

Consolidated Statements of Cash Flows (Year ended March 31, 2024 and 2025)

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Cash flows from operating activities:			
Profit before income taxes	¥ 18,288	¥ 27,541	$ 184
Depreciation	9,745	10,044	67
Impairment losses	81	286	2
Increase (decrease) in allowance for loan losses	2,813	(2,647)	(18)
Increase (decrease) in provision for bonuses	(46)	65	0
Increase (decrease) in provision for share awards	8	(4)	(0)
Decrease (increase) in net defined benefit asset	(643)	(403)	(3)
Increase (decrease) in net defined benefit liability	(31)	152	1
Increase (decrease) in provision for reimbursement of deposits	(139)	(115)	(1)
Increase (decrease) in provision for point card certificates	(19)	(39)	(0)
Interest income	(71,559)	(86,527)	(579)
Interest expenses	1,075	8,706	58
Loss (gain) related to securities	(2,221)	1,289	9
Foreign exchange losses (gains)	(5,713)	1,034	7
Loss (gain) on disposal of non-current assets	235	241	2
Net decrease (increase) in loans and bills discounted	215,821	(368,434)	(2,464)
Net increase (decrease) in deposits	86,864	181,184	1,212
Net increase (decrease) in negotiable certificates of deposit	2,852	(103,591)	(693)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(637)	(26,258)	(176)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	1,374	1,930	13
Net decrease (increase) in call loans	(5,469)	6,968	47
Net increase (decrease) in call money	(10,964)	—	—
Net increase (decrease) in cash collateral received for securities lent	590,158	201,641	1,349
Net decrease (increase) in foreign exchanges-assets	1,177	11	0
Net increase (decrease) in foreign exchanges-liabilities	182	(173)	(1)
Interest received	69,195	84,564	566
Interest paid	(1,079)	(6,210)	(42)
Other - net	94,000	6,276	42
Subtotal	995,351	(62,465)	(418)
Income taxes paid	(7,209)	(5,034)	(34)
Net cash provided by (used in) operating activities	988,141	(67,499)	(451)
Cash flows from investing activities:			
Purchase of securities	(972,453)	(558,843)	(3,738)
Proceeds from sales of securities	142,001	76,080	509
Proceeds from redemption of securities	131,413	161,911	1,083
Purchase of property, plant and equipment	(2,293)	(5,286)	(35)
Proceeds from sales of property, plant and equipment	312	147	1
Payments for retirement of property, plant and equipment	(173)	(105)	(1)
Purchase of intangible assets	(1,863)	(2,418)	(16)
Other - net	45	—	—
Net cash provided by (used in) investing activities	(703,011)	(328,515)	(2,197)
Cash flows from financing activities:			
Repayments of subordinated borrowings	(15,000)	—	—
Purchase of treasury shares	(164)	(4,500)	(30)
Proceeds from sales of treasury shares	21	28	0
Cash dividends paid	(3,861)	(4,425)	(30)
Dividends paid to non-controlling interests	(3)	(4)	(0)
Other - net	(148)	(148)	(1)
Net cash provided by (used in) financing activities	(19,155)	(9,050)	(61)
Effect of exchange rate change on cash and cash equivalents	1	0	0
Net increase (decrease) in cash and cash equivalents	265,976	(405,065)	(2,709)
Cash and cash equivalents at beginning of period	2,772,672	3,038,648	20,323
Cash and cash equivalents at end of period	¥ 3,038,648	¥ 2,633,583	$ 17,614

Non-Consolidated Balance Sheets (As of March 31, 2024 and 2025)

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Assets:			
Cash and due from banks	¥ 3,059,555	¥ 2,652,748	$ 17,742
Call loans	542	516	3
Monetary claims bought	13,770	6,828	46
Trading securities	1,765	1,763	12
Securities	2,383,389	2,599,227	17,384
Loans and bills discounted	7,549,856	7,919,241	52,964
Foreign exchanges	5,814	5,803	39
Other assets	74,752	88,845	594
Property, plant and equipment	68,630	69,468	465
Intangible assets	18,637	15,769	105
Prepaid pension costs	895	1,557	10
Customers' liabilities for acceptances and guarantees	65,308	68,166	456
Allowance for loan losses	(39,961)	(37,242)	(249)
Total assets	¥ 13,202,957	¥ 13,407,069	$ 89,667
Liabilities:			
Deposits	¥ 10,920,256	¥ 11,103,994	$ 74,264
Negotiable certificates of deposit	188,789	83,198	556
Cash collateral received for securities lent	599,643	801,284	5,359
Borrowed money	911,147	882,615	5,903
Foreign exchanges	335	161	1
Other liabilities	65,611	94,512	632
Provision for bonuses	1,304	1,348	9
Provision for share awards	163	159	1
Provision for retirement benefits	977	1,037	7
Provision for reimbursement of deposits	1,010	895	6
Provision for point card certificatesDeferred tax liabilities	338	299	2
Deferred tax liabilities	17,112	–	–
Deferred tax liabilities for land revaluation	1,797	1,775	12
Acceptances and guarantees	65,308	68,166	456
Total liabilities	¥ 12,773,797	¥ 13,039,449	$ 87,209
Net assets:			
Capital stock	¥ 121,101	¥ 121,101	$ 810
Capital surplus	50,015	50,016	335
Retained earnings	190,915	206,705	1,382
Treasury shares	(3,925)	(8,356)	(56)
Total shareholders' equity	358,105	369,466	2,471
Valuation difference on available-for-sale securities	67,503	(5,239)	(35)
Revaluation reserve for land	3,522	3,378	23
Total valuation and translation adjustments	71,025	(1,860)	(12)
Share acquisition rights	28	14	0
Total net assets	429,159	367,620	2,459
Total liabilities and net assets	¥ 13,202,957	¥ 13,407,069	$ 89,667

Non-Consolidated Statements of Income (Year ended March 31, 2024 and 2025)

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Ordinary income:			
Interest income:	¥ 72,906	¥ 88,139	$ 589
Interest on loans and discounts	58,238	67,195	449
Interest and dividends on securities	13,225	15,198	102
Other interest income	1,442	5,745	38
Fees and commissions	23,835	25,300	169
Other ordinary income	1,476	1,812	12
Other income	8,383	7,953	53
Total ordinary income	¥ 106,601	¥ 123,205	$ 824
Ordinary expenses:			
Interest expenses:	¥ 1,011	¥ 8,609	$ 58
Interest on deposits	179	6,510	44
Other interest expenses	832	2,098	14
Fees and commissions payments	13,629	13,109	88
Other ordinary expenses	4,141	5,867	39
General and administrative expenses	63,047	63,976	428
Other expenses	7,056	5,015	34
Total ordinary expenses	¥ 88,887	¥ 96,577	$ 646
Ordinary profit	¥ 17,714	¥ 26,627	$ 178
Extraordinary income	129	16	0
Extraordinary losses	453	544	4
Income before income taxes	17,390	26,099	175
Income taxes:			
Current	5,398	6,083	41
Deferred	(827)	(85)	(1)
Total income taxes	4,570	5,998	40
Net income	¥ 12,819	¥ 20,100	$ 134

North Pacific Bank, Ltd.
7, Odori Nishi 3-chome, Chuo-ku,
Sapporo 060-8661, Japan
Phone: +81-11-261-1311
https://www.hokuyobank.co.jp/

International Department
Phone: +81-11-261-4288
Facsimile: +81-11-232-6921
SWIFT: NORPJPJP

Shanghai Representative Office
Room 1602, Shanghai International Trade Centre
2201 Yan An Road (W), Shanghai, P.R. China
Phone: +86-21-6275-2666

Bangkok Representative Office
Unit 2003, Sathorn Square Office Tower,
98 North Sathorn Road, Silom, Bangrak,
Bangkok, Thailand
Phone: +66-2-163-2834

MIX
Paper | Supporting responsible forestry
FSC® C104445
www.fsc.org

Printed with UV Ink
VOC Free