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President

1-2-26 Tsutsumicho-dori, Toyama-city, Toyama
Code 8377 (Tokyo Stock Exchange (Prime Market), Sapporo Securities Exchange)

Determination of Terms and Conditions for Issuance of Stock Acquisition Rights

The Company announced today that its Board of Directors had decided on the subscriptions requirements for stock acquisition rights to be issued as stock option, and had resolved to solicit subscriptions for said stock acquisition rights.

I .Reason for issuing stock acquisition rights as stock option

Stock acquisition rights as stock option will be issued to directors and executive officers of the Company, Hokuriku Bank Ltd. and Hokkaido Bank Ltd. in order to further increase morale and improve business performance by sharing the benefits and risks of stock price fluctuations with shareholders.

II . Outline of the Issuance of stock acquisition rights

1. Name of stock acquisition rights

HokuHoku Financial Group, Inc. 13th stock acquisition rights

2. Total number of stock acquisition rights: 6,070units

This is the number of stock acquisition rights to be allotted. In the event that the number of allotted stock acquisition rights decreases as a result of non-acceptance on the part of Officers, or for other reasons, the total number of stock acquisition rights issued will reflect the decreased allotment.

3. Class and number of shares

The number of the Company common shares to be issued or transferred per unit of stock acquisition rights (hereinafter the “number of shares granted”) is 10 shares.

In the case of stock splits (including allotment of shares without contribution; this is applicable

to stock splits stated below), or stock consolidation after the date of the allotment of stock acquisition rights, the Company will adjust the number of shares granted, using the formula below. When the number of shares after adjustment includes a fraction of less than one unit, the fraction is rounded down to nil.

Adjusted number of shares granted =
'Number of shares granted before adjustment' x 'ratio of stock split or consolidation'

The adjusted number of shares granted will be applied: in the case of a stock split, from the day following (if no base date is specified, the effective date) the record date of the stock split, and in the case of stock consolidation, from the date of effective date. However, if a stock split is made on the condition that the proposal to reduce the amount of surplus and increase capital or reserves is approved at the general shareholder's meeting and date prior to the conclusion of the general shareholder's meeting is set as the record date for the stock split, the adjusted number of shares granted will be applied retroactively from the day after the conclusion of the general shareholder's meeting to the day after the record date.

In addition, after the allocation date, when it is necessary to adjust the number shares granted due to merger, corporate split, or any comparable transaction, the Company will adjust the number of shares granted within a reasonable range.

When adjusting the number of shares granted, the Company will notify or announce the necessary matters to each holder of the stock acquisition rights recorded in the stock acquisition rights source ledger (hereafter "acquisition rights holders") by the day before the application of the adjusted number of shares granted. However, if it is not possible to give notice of or announce the change by the day before, notice or announcement will be made as soon as possible thereafter.

4. Amount of assets contributed upon exercise of stock acquisition rights

The amount of assets contributed upon exercise of each stock option is calculated by multiplying the exercise price per share of one yen by the total number of shares granted.

5. Time period in which stock acquisition rights are exercisable

From July 11, 2024 to July 10, 2054

6. The capital and legal capital surplus to be increased due to the issuance of shares upon exercise of stock acquisition rights

- (1) The amount of capital to be increased due to issuance of stocks upon exercise of stock acquisition rights shall be half of the capital increase limit calculated in accordance with Article 17-1 of the Ordinance on Company Accounting. When the calculated result includes a fraction of less than one yen, such fraction is rounded up to one yen.

(2) The amount by which legal capital surplus is to be increased due to issuance of stocks upon exercise of stock acquisition rights is calculated by subtracting the amount of capital to be increased stated in (1) from the increase limit of the capital stated in (1).

7. Restriction on the acquisition of stock acquisition rights through transfer

The acquisition of stock acquisition rights through transfer requires approval through a resolution by the Board of Directors.

8. Stock acquisition rights acquisition provisions

No provisions for acquisition of stock acquisition rights are specified.

9. Stock options to be issued upon reorganization

In the case of a merger (only when the Company is absorbed as the non-surviving company through the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter, collectively referred to as “reorganization”) by the Company, while stock options of the company, as stated in Article 236-1-8 (a) to (e) of the Companies Act (hereinafter “reorganized company”), will be newly issued based on the following conditions.

However, such issuance is made only when new issuance of stock options of the reorganized company based on the following conditions is prescribed in an absorption-type company merger agreement, an incorporation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.

(1) Number of stock acquisition rights of the reorganized company to be issued

The number of stock acquisition rights of the reorganized company to be issued shall be the same as the number of stock acquisition rights owned by stock acquisition rights holders prior to the reorganization.

(2) Class of shares

Shares of the common stock of the reorganized company

(3) Number of shares

To be determined in accordance with item 3. above, after considering the conditions of the reorganization and other factors.

(4) Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be invested upon exercise of the issued stock acquisition rights shall be the amount obtained by multiplying the exercise price after reorganizing, determined as follows, by the number of the reorganized company’s shares subject to the stock acquisition rights, as determined in 3) above. The exercise price after the reorganizing shall be 1 yen for

each share of the reorganized company that can be issued through exercise of each issued stock acquisition rights.

(5) Time period during which stock acquisition rights are exercisable

The period for the exercise of stock acquisition rights shall begin on the starting date of the exercise period for stock acquisition rights stipulated in item 5. above or the effective date of the reorganization, whichever is later, and shall continue until the final day of the period for the exercise of the stock acquisition rights stipulated in item 5. above.

(6) Matters regarding capital and legal capital surplus to be increased due to the issuance of shares

upon exercise of stock acquisition rights

To be determined in accordance with item 6. above.

(7) Restrictions on the acquisition of stock acquisition rights through transfers

Any acquisition of stock acquisition rights through a transfer shall require the approval by resolution of the Board of Directors of the reorganized company.

(8) Provisions for the acquisition of stock acquisition rights

To be determined in accordance with item 8. above.

(9) Other conditions for the exercise of stock acquisition rights

To be determined in accordance with item 11. below.

10. Number of stocks less than one unit

When the number of shares issued to a stock option holder upon exercise of the granted stock option includes a fraction of less than one unit, such fraction is rounded down to nil.

11. Other conditions for the exercise of stock acquisition rights

(1) In the event that stock acquisition right holders cease to hold any positions as a director and corporate officer of the Hokuhoku Financial Group, Inc., Hokuriku Bank, Ltd., Hokkaido Bank, Ltd., and during the period specified in item 5. above, they may exercise their stock acquisition rights from the day following the day when they cease to hold the aforementioned positions.

(2) the above (1) does not apply to persons who have inherited stock acquisition rights.

(3) If holders of stock acquisition rights waive their stock acquisition rights, they cannot exercise those rights.

12. Calculation of amount to be paid in at the allocation of stock acquisition rights

The amount to be paid in at the allocation of stock options is calculated by multiplying number of shares granted by the option price per share, which is calculated using the following base of figures (2) – (7) on the day of the allocation of stock options based on the Black-Scholes model. (When the calculated result includes a fraction of less than one yen, such fraction is rounded up or down to one yen.)

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

where

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) Option price per share (C)
- (2) Stock price (S): the closing price of shares of common stock of the Company in regular trading at the Tokyo Stock Exchange on July 10, 2024 (If there is no closing price on that date, then the base price on the following trading day.)
- (3) Exercise price (X): 1 yen
- (4) Projected remaining time period (T): 1 year 8 months
- (5) Volatility (σ): Stock price fluctuation rate calculated based on the closing prices of shares of common stock of the Company in regular trading on the Tokyo Stock Exchange every week for 1 year 8 months (from November 10, 2022 to July 10, 2024)
- (6) Risk-free interest rate (r): The interest rate for Japanese government bonds with remaining term corresponding to the projected remaining period.
- (7) Dividend yield (q): Dividend per share (actual dividends paid out as of March 2024) \div stock price in (2) above.
- (8) Cumulative distribution function of standard normal distribution (N(·))

※The value calculated above is a fair value of the stock acquisition rights and thus the issuance does not constitute an advantageous issuance of common stocks.

At the allocation of the stock options to Officers, the Officers' claim to compensation from the Company will be offset by the amount to be paid in, instead of actual payment to Officers.

13. Date of allotment of stock acquisition rights: July 10 2024

14. Date of monetary payment in exchange for stock acquisition rights: July 10 2024

15. Eligibility, number of persons eligible for allotment, and number of stock options

Eligible for allocation	Number of People	Number of stock options to be allocated
Director of the Company	7 people	1, 054units
Director of the Hokuriku Bank, Ltd.	7 people	1, 409units
Executive Officer of the Hokuriku Bank, Ltd.	1 2 people	1, 199units
Director of the Hokkaido Bank, Ltd.	6 people	1, 227units
Executive Officer of the Hokkaido Bank, Ltd.	1 3 people	1, 181units

(Note) The Director do not include those who are audit and supervisory committee members or outside(part-time) the company. The total number of people listed above is 45, but the actual number is 38 people because this includes seven people who serve as directors of both the Company and its subsidiary banks.