Annual Report 2009

Year ended March 31, 2009

Hokuhoku Financial Group, Inc.

Company outline (as of March 31, 2009)

Company name: Hokuhoku Financial Group, Inc.

Date of establishment: September 26, 2003

Location of head office: 1-2-26 Tsutsumicho-dori, Toyama City

President: Shigeo Takagi (President, Hokuriku Bank)

Deputy President: Yoshihiro Sekihachi (President, Hokkaido Bank)

Purpose of business: Management and control of subsidiaries and affiliates and ancillary and related business

Capital: ¥70,895 million

Shares issued and outstanding:

Common stock	1,391,630,146
Preferred stock (Type 1)	50,000,000*
Preferred stock (Type 4)	61,400,000*
Preferred stock (Type 5)	107,432,000

* Preferred Stock Type 1 and Type 4 were acquired and retired by 50,000,000 shares and 26,400,000 shares respectively on July 7, 2009. After retirement, there are no issued shares of Type 1 and 35,000,000 outstanding shares of Type 4.

Exchange listings: Tokyo Stock Exchange (First Section)
Sapporo Securities Exchange

This document contains forward-looking statements. Statements of this kind do not constitute guarantees of future performance, as factors such as changes in the operating environment may cause actual performance to differ.

The figures stated in this document are, in principle, rounded down to the nearest whole unit.

CONTENTS

Profile

Since its establishment in 1877, Hokuriku Bank has developed an extensive network of branches throughout the Hokuriku district. On account of trade through the Kitamae-bune or “Northbound Ships,” branches extended to the major cities of Hokkaido, enabling the bank to meet customers’ needs. The Hokkaido Bank, which was established in 1951, has developed a network of branches throughout Hokkaido, and built a firm business structure centered on individuals and small and medium-sized enterprises.

The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd. underwent management integration in September 2004 to form the Hokuhoku Financial Group Inc., which today operates a super-regional financial network that encompasses the Hokuriku region, Hokkaido, and Japan’s three major metropolitan areas (Tokyo, Osaka, and Nagoya areas).

May 2002	Comprehensive business alliance between Hokuriku Bank and Hokkaido Bank
May 2003	Agreement on full integration of management of Hokuriku Bank and Hokkaido Bank
September 2003	Hokugin Financial Group, Inc. established Hokuriku Bank Group comes under management of Hokugin Financial Group ↓ Management integration effected through equity swap
September 2004	**Hokuhoku Financial Group, Inc. is born.**

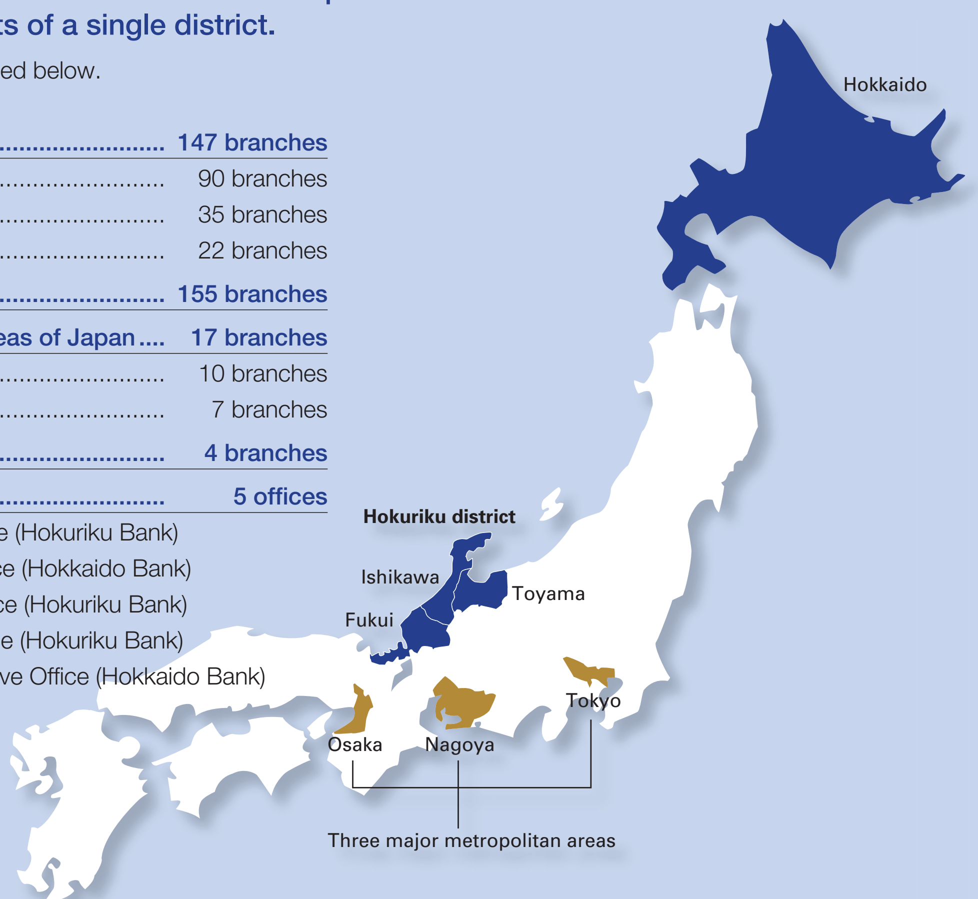
The operations of the Hokuhoku Financial Group extend beyond the limits of a single district.

Our extensive network is outlined below.

Hokuriku district	**147 branches**
Toyama prefecture	90 branches
Ishikawa prefecture	35 branches
Fukui prefecture	22 branches
Hokkaido	**155 branches**
Three major metropolitan areas of Japan	**17 branches**
Tokyo and Kanagawa	10 branches
Kinki (Osaka) and Nagoya	7 branches
Other	**4 branches**
Overseas	**5 offices**

Shanghai Representative Office (Hokuriku Bank)
Shenyang Representative Office (Hokkaido Bank)
Singapore Representative Office (Hokuriku Bank)
New York Representative Office (Hokuriku Bank)
Yuzhno-Sakhalinsk Representive Office (Hokkaido Bank)

(As of June 30, 2009)



(from left)
Shigeo Takagi
President
(concurrently serving as president of the Hokuriku Bank, Ltd.)

Yoshihiro Sekihachi
Deputy President
(concurrently serving as president of the Hokkaido Bank, Ltd.)

First, we would like to thank all our stakeholders for their support the Hokuhoku Financial Group has received over the years.

We hereby deliver our Annual Report 2009, in which we introduce our Management Policy, CSR Initiatives, and financial results. We hope you will read this report and deepen your understanding of our operations and performance.

Our company was formed in September 2004 as a bank holding company through the management integration of The Hokuriku Bank Ltd. and The Hokkaido Bank Ltd. We will see our fifth anniversary come around this September, thanks to the warm relationship with our stakeholders.

We will make continuous effort to implement various measures in order to grow in tandem with our customers, in the spirit of our corporate philosophy, which emphasizes mutual prosperity for our group and its operating regions.

We pursue further development of our business model

Pioneer of the "super-regional financial group" format

Our Company was the first among regional banks to create a super-regional financial network extending beyond the boundary of a bank's original home area. Since then, our Group has been aggressively pursuing the objectives of the business integration — the strengthening marketing capabilities, increasing management efficiency, and cementing customer loyalty. We have renewed our commitment to relationship banking, making it our top priority to meet customer needs while ensuring customer convenience during the entire management integration process. We intend to leverage the brand power of our core banks — Hokuriku Bank and Hokkaido Bank — to achieve greater harmonization of operations, with the aim of raising customer satisfaction and convenience. Our unique business model through management integration is expected to gain broad acceptance in the near future among regional banks.

We have maximized utilization of our network as a wide-area regional financial group. One of the areas in which we have been realizing results and differentiating ourselves from others is business matching. The Hokkaido Business Forum, sponsored by Hokkaido Bank since 1999, was certified by the Hokkaido Bureau of Economy, Trade and Industry as an enterprise that promotes cooperation between local SMEs. We believe this official certification constitutes public recognition of the various initiatives that Hokkaido Bank has undertaken through the years.

The Hokuhoku Financial Group maintains one of the largest overseas network among regional banks in East and Southeast Asia. We have signed economic cooperation agreements with many overseas local governments, and by entering into business partnerships with overseas financial institutions we are able to provide customized financial services to the clients. In this way, we have been working to increase our service menu.

In March 2009, we become the only Japanese bank to open a representative office in the city of Yuzhno-Sakhalinsk in the Russian province of Sakhalin. We also plan to open a representative office in London by the end of the current term.

Leveraging our various networks, we aggressively provide local information to meet customer needs and support their expansion into overseas markets, continually extending the unique and sophisticated services as a regional bank.

Best among regional banks for making relationship with customers the top priority

In the spirit of our corporate philosophy, which emphasizes mutual prosperity for our Group and its operating regions, we have built up close ties with customers and provide quality banking service to win their confidence and support. In response to the rapid deterioration in economic conditions, we are aggressively providing loans to SMEs under an emergency guarantee program created by the government. We also offer consultations for management on weekends and holidays, and have set up an advisory service to prevent a chain of bankruptcies, while simultaneously bolstering backup support for corporate revival through our specialized departments within our headquarters. We are also actively involved in various industry-government-academic collaborative projects targeting the development of new businesses and the promotion of local industries.

On the other hand, we are endeavoring to respond to diverse needs of our individual customers. We are in the process of expanding the number of "Personal Branches," which offer retail services solely for individual customers. These offices contain quiet spaces where customers can consult with our staff on asset management and mortgage loans. We have also expanded our lineup of loan products and our network of ATMs located in convenience stores.

Strategic allocation of human resources and branches

To increase operational efficiency at our headquarters we are transferring staff to our retail branches, and are also expanding the back-office functions shared by the two banks. With regard to the number of branches, we have undertaken a review of the role of each branch. At the time of the management integration in 2004, there were a total of 255 branches. By March 31, 2007, the number of branches had dropped to 246. We made utmost efforts to minimize customer inconvenience by taking over the operations performed by the Hokuriku and Hokkaido Banks. The two banks also relocated branches to raise efficiency. We met our goal of raising branch efficiency by March 2007, and reopened the branches deemed necessary for strengthening our retail capabilities.

Regarding bank staff, we have succeeded in maintaining our marketing capabilities while simultaneously reducing the number of employees by curbing recruitment and making greater use of part-time staffs. Our work force declined from a total of 4,506 employees in March 2007 to 4,289 at the end of March 2009, resulting in a more efficient marketing structure. Since then, we have increased the number of employees to enhance our competitiveness, and have undertaken the direct hiring of agency part-time staffs.

Adoption of joint IT system

System costs are showing a strong upward trend, due to the increase in the costs of ensuring uninterrupted service while meeting user needs amid expansion in the product lineup, and the costs for the upgrading of risk management. Thus, our Group agreed to develop "three-bank joint IT system" with the Bank of Yokohama, and is preparing for its launch in May 2011. Following the introduction of the new system, we expect not only to cap rising system costs, but also to accelerate the launch of new products and services. We also expect to enhance customer convenience by upgrading system functions. We additionally pursue further efficiency through joint use of computer systems, including subsystems of each bank.

Strengthening financial foundation

As the result of strictly applying risk management controls, intensively implementing corporate revival measures, and focusing on rehabilitation support for our customers, we succeeded in lowering our non-performing loan (NPL) ratio under the Financial Reconstruction Law from 7.85% on September 30, 2004 to 3.07% on March 31, 2009.

We worked steadily to retain earnings and implemented recapitalization measures, including the issue of subordinated bonds and a capital increase through public offerings. As a result, our capital ratio rose from 8.00% in September 2004 to 10.81% in March 2009.

In May 2008, Rating & Investment Information, Inc. (R&I) gave Hokuhoku Financial Group, the Hokuriku Bank and the Hokkaido Bank, a credit rating of "A" (single A flat). We take this as recognition of the effectiveness of the measures we have implemented to date.

We have continually raised our dividend payments over the past few years, and decided to raise the annual dividend payment term by 0.50 yen to 3 yen for the fiscal 2008, although we have not yet reached a satisfactory level.

The current difficult operating conditions are expected to persist. Nonetheless, we promise to make concerted efforts to further raise the Group's corporate value, by maintaining the high degree of trust from our customers through our staunch commitment to relationship banking.

July 2009

Shigeo Takagi
President

Yoshihiro Sekihachi
Deputy President

Working to achieve stable earnings, with the goal of repaying public funds

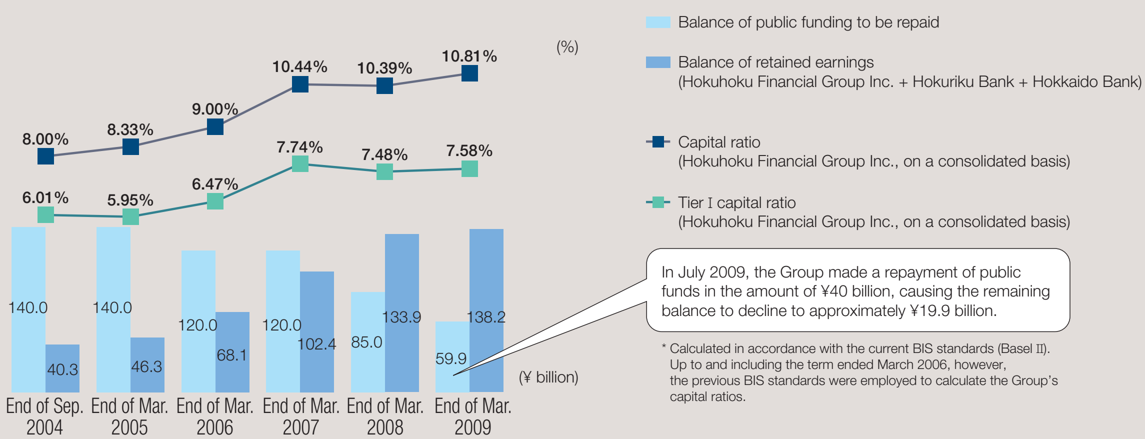
Based on the Law on Emergency Measures to Revitalize the Functions of the Financial System, the Company issued a total of ¥120.03 billion in preferred stock, which was placed to the specified partner bank. After strengthening our marketing capabilities, increasing management efficiency, and cementing customer loyalty under our Plan for Sound Management, we bought back a portion of this preferred stock in the amount of ¥35 billion in August 2007 and in the amount of ¥25 billion in June 2008, leaving a balance of public funds for repayment in the approximate amount of ¥59.9 billion.

The combined balance of retained earnings for Hokuhoku Financial Group, Inc. on a non-consolidated basis, Hokuriku Bank and Hokkaido Bank, from which repayments will be made, totaled ¥138.2 billion, a sufficiently high level for this purpose. In July 2009, we additionally bought back a portion of this preferred stock in the amount of ¥40 billion, making a remaining balance of public funds the approximately ¥19.9 billion. We aim for full repayment as quickly as possible, considering making every effort to support local business partners under unprecedented economic crisis.

Summary of the Preferred Stock issued by the Company (as of July, 2009)

Type	Preferred stock (Type 4)
Total amount issued	35 million shares
Issue price	¥570 per share
Balance	¥19.95 billion
Dividend (payout ratio)	¥6.62 (1.16%)
Acquisition price	¥223.40 (on and after August 1, 2009; subject to change according to the market price* of ordinary shares of common stock of the Company)
Date for mandatory acquisition	August 1, 2009

Note: The term "market price" here refers to the average closing price of the Company's common stock on the Tokyo Stock Exchange over a 30-trading-day period beginning with the trading day 45 trading days prior to date for mandatory acquisition.



In our Plan for Sound Management, we are reorganizing our operations to further improvement of profitability, efficiency and soundness. We have set numerical targets and policies for every year until the year ending March 2012.

In the year ended March 31, 2009, ordinary profits and net income both fell short of targets due to an increase in credit costs as corporate results wilted amid economic slowdown in Japan and overseas under the impact of ongoing turbulence in world financial markets, and to increased impairment losses on marketable securities caused by the stock market slump. Against this backdrop, we have set aside retained earnings in the amount of ¥138.2 billion as a source for repayment of public funding. Our financial position is now secure enough for this purpose. Looking ahead, we will continue to take measures to bolster our earnings base through greater efficiency. Assuming that the public loans are all repaid, we will be taking active steps to improve our customer services and strengthen our marketing capabilities with the aim of consolidating the trust of our customers and the financial markets.

Profitability, Efficiency and Soundness under Plan for Sound Management

Remaining a leader in earnings capability among regional banks

(Earnings forecasts for the year ending March 31, 2010)

Core net business profit: ¥74.5 billion, Net income: ¥28.5 billion

* As macro-economic changes have been more severe than we had assumed when preparing our initial targets, we have lowered targets for the year ending March 31, 2010 to the above levels.

We have already secured the means of repayment for public funding

Retained earnings as of March 31, 2009: ¥138.2 billion

Increase investment in a strategic joint computer project with our subsidiary banks and the Bank of Yokohama (launch planned for May 2011).

Remain one of the leaders among regional banks in OHR

Establishing a stable financial position

(Target after repayment of public funding)

Capital ratio on a consolidated basis: 9%

Tier I ratio on a consolidated basis: 6%

Income (Hokuriku Bank + Hokkaido Bank) (¥ billion)

	March 2009 (Projected)	March 2009	March 2010 (Projected)	March 2011 (Projected)	March 2012 (Projected)
Gross business profit	173.0	165.7	177.8	180.3	182.9
Expenses	93.0	91.5	95.0	95.6	95.2
of which costs of computerization totaled	14.4	13.6	16.5	16.9	16.5
(OHR)	(53.76%)	(55.21%)	(53.45%)	(53.02%)	(52.03%)
Net business profit	79.9	76.7	82.7	84.7	87.7
Core net business profit	81.5	76.8	82.7	84.7	87.7
Total credit costs	28.0	35.5	22.0	22.0	22.0
Ordinary income	44.0	21.3	58.7	60.1	63.4
Net income	49.0	37.9	34.7	35.3	37.3

Balance of retained earnings (Hokuhoku Financial Group, Inc. + Hokuriku Bank + Hokkaido Bank) (¥ billion)

	March 2009 (Projected)	March 2009	March 2010 (Projected)	March 2011 (Projected)	March 2012 (Projected)
Balance of retained earnings	149.3	138.2	175.6	202.7	230.9

Capital ratio (Hokuhoku Financial Group, Consolidated)

	March 2009 (Projected)	March 2009	March 2010 (Projected)	March 2011 (Projected)	March 2012 (Projected)
Consolidated capital ratio	10.47%	10.81%	10.74%	10.92%	11.05%
Tier I capital ratio	7.45%	7.58%	7.85%	8.27%	8.70%

OHR = Expenses/Gross business profit

Core business profit = Net business profit + Provision for general allowance for loan losses – Gains (losses) related to bonds

Credit costs includes transfer to allowance for loan losses

Balance of retained earnings = Retained earnings – Legal reserve

Summary of Operations (Hokuhoku Financial Group, Inc.; on a consolidated basis)

(¥ billion)

	FY2008		FY2007
		Change	
Ordinary income	239.6	(21.6)	261.2
Ordinary profits	21.3	(44.9)	66.3
Net income	37.0	(1.6)	38.6
Capital ratio	10.81%	+0.42%	10.39%

In the fiscal year ended March 31, 2009, Hokuhoku Financial Group recorded ordinary income of ¥239.6 billion, a decrease of ¥21.6 billion year-on-year on a consolidated basis. Ordinary profits declined ¥44.9 billion year-on-year to ¥21.3 billion, and net income fell ¥1.6 billion to ¥37.0 billion.

Our capital ratio stood at 10.81% at the term-end on a consolidated basis, an increase of 0.42 percentage point from the previous term-end.

Summary of Operations (Hokuriku Bank and Hokkaido Bank)

(¥ billion)

	Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank		
	FY2008		FY2007
		Change	
Ordinary income	218.8	(18.8)	237.6
Core gross business profit	168.6	(10.3)	178.9
Expenses	91.5	1.6	89.9
Core net business profit	77.0	(11.9)	88.9
Credit costs	33.9	9.1	24.7
Loss on marketable securities	(17.7)	(17.0)	(0.6)
Ordinary profits	23.1	(43.1)	66.2
Net income	39.7	(0.4)	40.2

Owing to a decline in income from sales of investment trusts amid a slump in this market, and a slowdown in foreign exchange transactions, as well as an increase in expenses due to investment in a new computer system, the banking subsidiaries recorded a year-on-year decline of ¥11.9 billion in core net business profit to ¥77.0 billion.

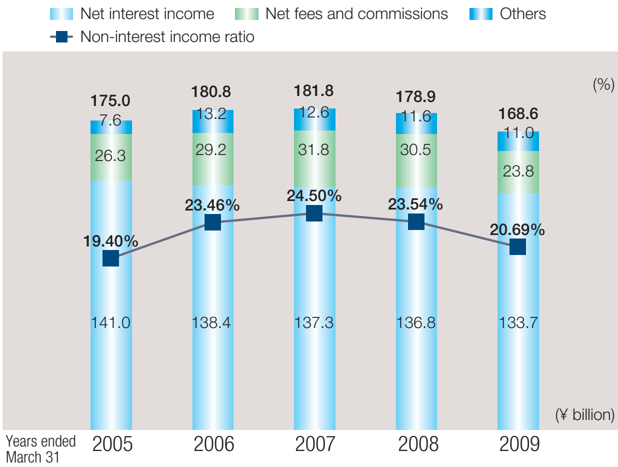
Ordinary profits declined ¥43.1 billion to ¥23.1 billion due to increases in credit costs and realized and unrealized losses on marketable securities, caused by the turbulence in financial markets and a dramatic worsening in the real economy. Net income came in at ¥39.7 billion, a slight year-on-year decline, due partly to the decrease in deferred income taxes.

(¥ billion)

	Hokuriku Bank (including Hokugin Corporate)			Hokkaido Bank		
	FY2008		FY2007	FY2008		FY2007
		Change			Change	
Ordinary income	124.5	(17.0)	141.5	94.3	(1.7)	96.0
Core gross business profit	95.0	(10.6)	105.6	73.5	0.3	73.2
Expenses	51.3	0.2	51.1	40.2	1.3	38.8
Core net business profit	43.6	(10.8)	54.5	33.3	(1.0)	34.4
Credit costs	19.8	0.2	19.6	14.0	8.9	5.1
Ordinary profits	10.6	(26.1)	36.7	12.5	(16.9)	29.4
Net income	28.2	5.8	22.3	11.4	(6.3)	17.8
Capital ratio	10.23%	+0.13%	10.10%	10.45%	+0.32%	10.13%

(¥ billion)

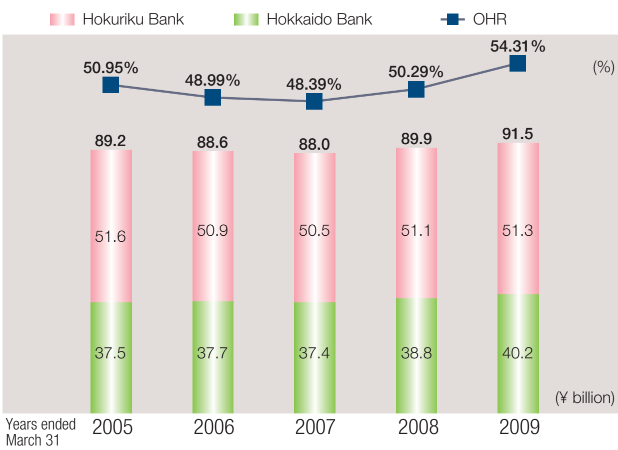
Core gross business profit (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



Core gross business profit declined ¥10.3 billion year-on-year to ¥168.6 billion, owing to declines in interest income and net fees and commissions.

- Core gross business profit = net interest income + net fees and commissions + other net operating income; Equivalent to gross profit margin in the case of companies other than banks.
- Net interest income = income from interest on loans, deposits, receivable bonds and dividends on equity shares, after deduction of interest on deposits
- Net fees and commissions = fees and commissions received relating to remittance, investment trust and insurance sales agency businesses after deduction of corresponding expenses
- Other net operating income = income from foreign exchange transactions and derivatives transactions
- Non-interest income ratio = Non-interest income as a percentage of core gross business profit

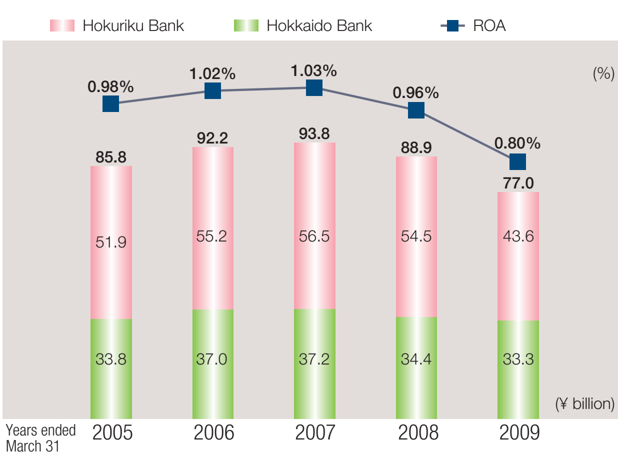
Expenses (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



Expenses increased by ¥1.6 billion to ¥91.5 billion for the reporting term, as a result of increased personnel expenses to build up sales capability and investments in new computer systems.

- Expenses = Personnel expenses + non-personnel expenses + taxes
  Equivalent to selling, general and administrative expenses in the case of companies other than banks
- OHR = Expenses divided by core gross business profit
  This index shows a bank's efficiency at realizing profits with a small outlay (expenses); the lower the figure the better.

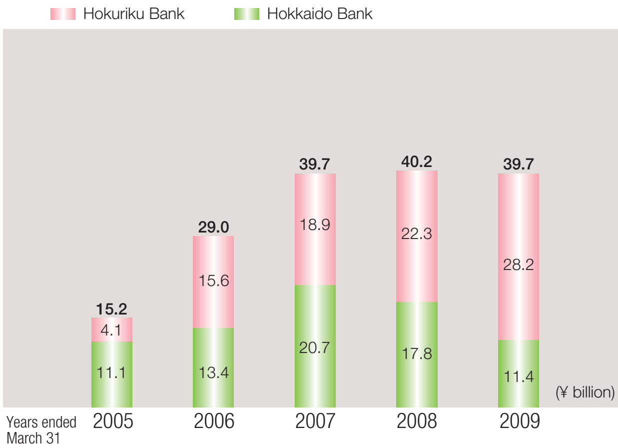
Core net business profit (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



Core net business profit declined ¥11.9 billion year-on-year to ¥77.0 billion, due to a lower level of core gross business profit and higher expenses. Return on assets (ROA) remained at one of the highest levels among Japan's regional banks.

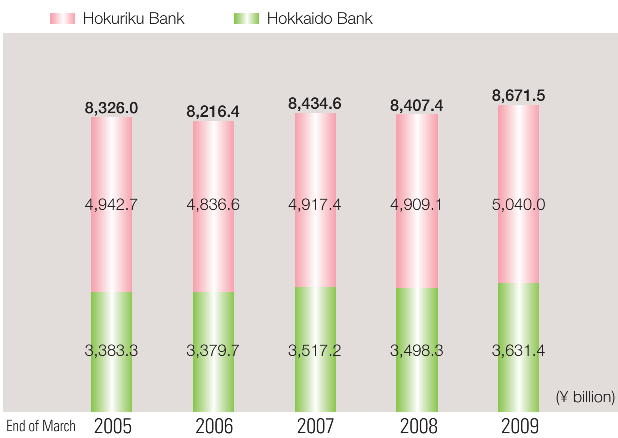
- Core net business profit = core gross business profit minus expenses
  Equivalent to operating income in the case of companies other than banks, this indicates a bank's achievements in its core banking field.
- ROA = Core net business profit divided by total assets (average for the term)
  This figure indicates the effectiveness of employment of assets in the generation of profits; the higher the figure the better.

Net income (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)

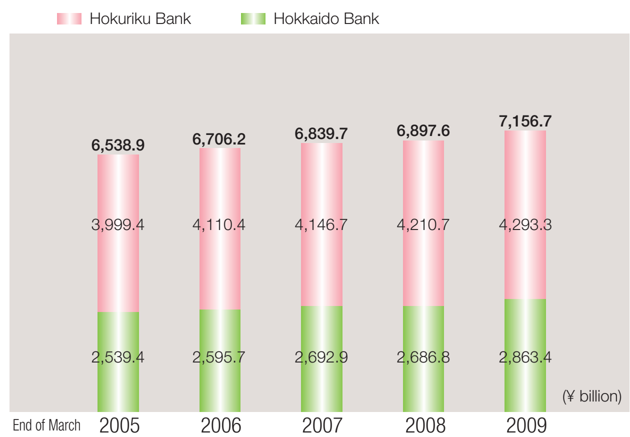


Net income was flat year-on-year at ¥39.7 billion, due partly to a decline in deferred income taxes.

Deposits (Hokuriku Bank and Hokkaido Bank)

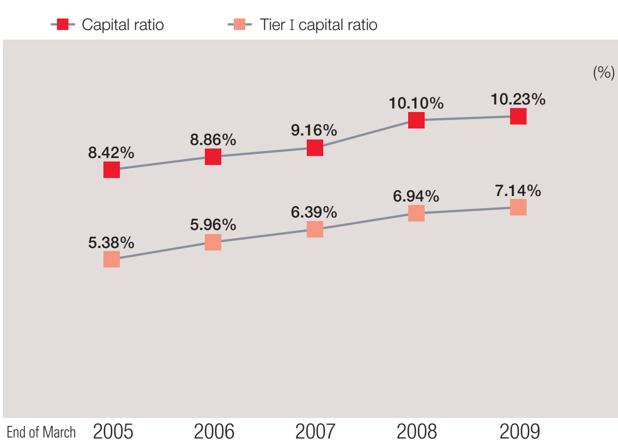


Loans and bills discounted (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)

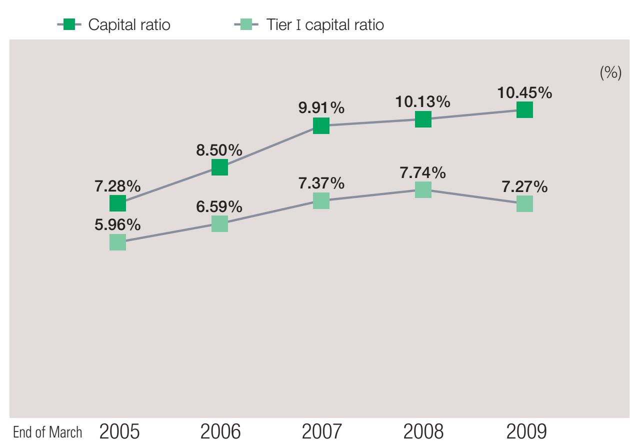


Formerly, Hokuriku Bank included RMBS (residential mortgage-backed securities) in the general category of loans and bills discounted, but with effect from fiscal 2005 these have been included in "call loans and bills bought." To enable comparisons, figures for prior years are shown after deduction of RMBS.

Capital ratio (Hokuriku Bank)

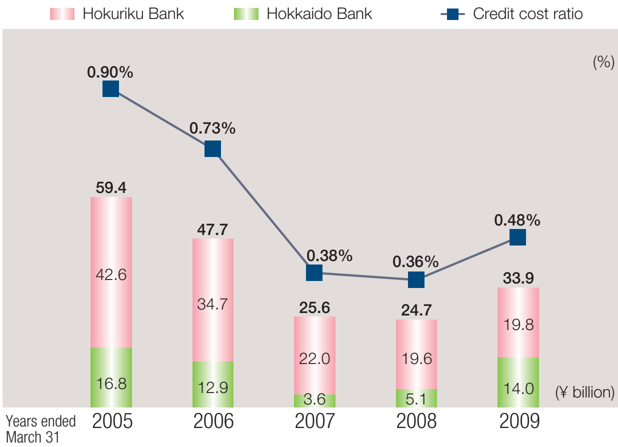


Capital ratio (Hokkaido Bank)



- Capital ratio
  This ratio indicates the proportion of the bank's regulatory capital (capital stock, capital surplus, retained earnings and supplementary elements) to its risk-weighted assets. The higher the ratio, the healthier its financial position.
- Tier I capital ratio
  This ratio indicates the proportion of a bank's Tier I capital (the basic element of regulatory capital; basically capital stock, capital surplus, and retained earnings) to its risk-weighted assets (principally loans). The higher the ratio, the healthier its core banking operations.

Credit costs (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)

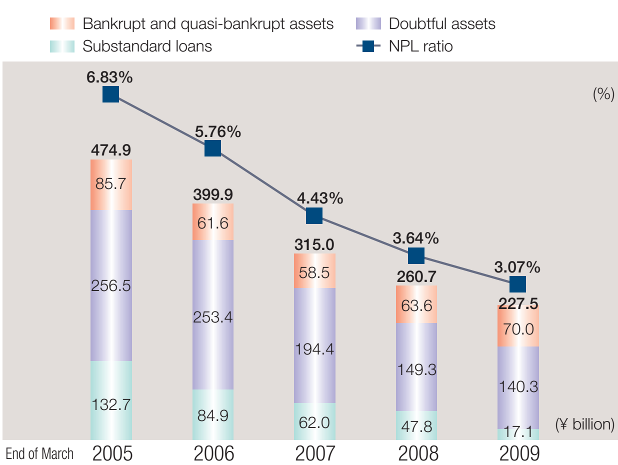


Total credit costs increased ¥9.1 billion year-on-year to ¥33.9 billion, reflecting an increase in bankruptcies due to the rapid deterioration in the Japanese economy.

- Credit costs = amount of bad debt disposal + provisions to allowance for possible loan losses
- Credit cost ratio = total credit cost divided by average loan balance
  This index compares credit costs with the balance of outstanding loans.

Bad debt subject to mandatory disclosure under the Financial Reconstruction Law (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)

Bad debt (officially "claims") subject to mandatory disclosure under the Financial Reconstruction Law came to ¥227.5 billion, a decrease of ¥33.2 billion from the previous term-end. The NPL ratio under the Law stood at 3.07%, down 0.57 percentage points from the previous term-end.

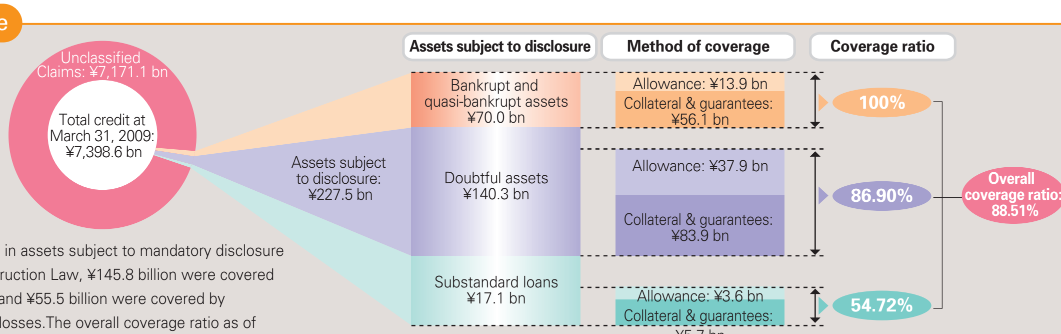


- Assets (claims) subject to mandatory disclosure under the Financial Reconstruction Law: The bank classifies both loans and other assets in line with the stipulations of the Financial Reconstruction Law.
- Assets subject to disclosure: loans, customers' liabilities for acceptances and guarantees, foreign exchanges, accrued interest, suspense payments, securities loaned, private bonds with the Bank's own guarantees (regarding claims on obligors requiring caution, loans and private bonds with the Bank's own guarantees only)

Bankrupt and quasi-bankrupt assets	This category is defined as the sum of claims on bankrupt borrowers and effectively bankrupt borrowers
Doubtful assets	This category is defined as claims on potentially bankrupt borrowers under asset self-assessment. The execution of contracts on repayment of the principal and payments of interest is highly doubtful.
Substandard loans	This category is defined as claims on borrowers requiring caution under asset self-assessment. This category comprises past due loans (three months or more) and restructured loans under the Banking Law.

- NPL ratio: Indicates NPLs (under the Financial Reconstruction Law) as a percentage of total credit. The lower the ratio, the sounder the credit portfolio.

Bad debt coverage



Of the total of ¥227.5 billion in assets subject to mandatory disclosure under the Financial Reconstruction Law, ¥145.8 billion were covered by collateral or guarantees, and ¥55.5 billion were covered by allowance for possible loan losses.The overall coverage ratio as of March 31, 2009 was thus 88.51%, indicating a sufficiently sound financial position has been maintained.

We will strengthen our system of corporate governance and increase management transparency.

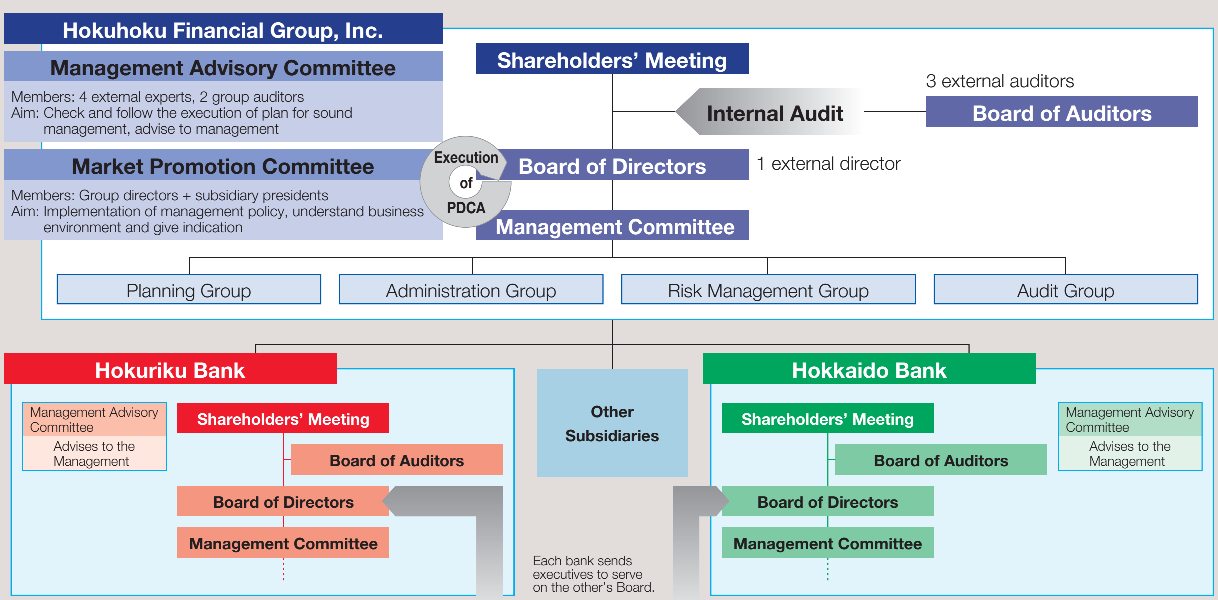
Basic approach

The holding company and all its member companies regard strengthening and upgrading corporate governance as a management priority. We have drawn up a basic policy — our management philosophy — covering all our activities from management strategy-setting and decision-making down. We share basic values and philosophies through the Hokuhoku Financial Group Code of Conduct, for the increased corporate value and the further economic development of Hokuriku and Hokkaido.

Corporate governance

We have established a decision-making system with the Shareholders' Meeting and Board of Directors at the top, enabling quick decision-making, as day-to-day operational authority has been delegated. Bodies such as the Management Committee are able to respond quickly to specific and detailed matters based on basic policies set by the Board of Directors. Furthermore, in addition to the Management Committee, a Market Strategy Committee, which works to disseminate information on the operation policy throughout the Company, and a Management Advisory Committee, which is composed of independent specialists and is responsible for checks and follow-up of the Plan for Sound Management, have been established. In this way we have built a system for effective decision-making, implementation, evaluation, and improvements.

In addition, the Board of Directors decides basic policies on internal controls, and is taking the steps needed to create an effective internal control system.



1. Board of Directors
Responsible for decisions related to important management policies involving the Group as a whole; and for overseeing the general management, and risk management and auditing conducted by the holding company and its subsidiaries.

2. Board of Auditors
Determines auditing policies and assigns specific duties to particular statutory auditors, and monitors the performance of their duties by the directors.

3. Management Committee
Composed of standing directors of the Company, this body makes decisions — based on the basic policies laid down by the Board of Directors — on matters relating to operational policies involving the entire Group and on the implementation of important tasks by specific divisions.

4. Management Advisory Committee
Responsible for improving the transparency of Group management and increasing the precise implementation of the Plan for Sound Management by reflecting proposals made from a specialist's point of view in management.

5. Market Promotion Committee
Composed of the executive directors and presidents of subsidiaries; is responsible for disseminating important management policies and similar items throughout the Group and for ensuring that business policy implementation reflects executive decisions by verifying each member's management situation.

Basic policy on internal controls

1. Ensuring that Directors perform their duties in conformity with the law and with our articles of incorporation

In addition to settling matters involving the law or the articles of incorporation, the Board of Directors decides on basic management policy and major issues affecting conduct of operations, sets up organizations and systems, and supervises performance of duties by directors. It also recommends external directors for appointment at Shareholders' Meetings, and ensures more rigorous checks and balances.

Corporate Auditors attend important meetings including those of the Board of Directors, investigate the Company's operations and financial position, and audit the performance of duties by directors from an independent standpoint.

2. Storage and management of information relating to performance of duties by directors

Based on its own regulations and document management rules, the Board of Directors creates systems for storage and management of information regarding performance of duty by directors.

3. Other systems: Rules regarding management of risk of losses

The Board of Directors decides on basic risk management policy and regulations, and establishes management systems, based on an assessment of the degree of risk to which the Company and Group companies are exposed, and of the significance of risk-control measures. We have compiled on a contingency plan and established a crisis management system for unexpected events and risk such as natural disasters.

Each company in the Group conducts due risk management in close partnership with risk management departments of other Group members, based on the Group's basic policy.

4. Ensuring efficient performance of duties by directors

The Board of Directors sets overall organizational standards for basic tasks and assignment of duties to operational entities, and the Company and all Group members have systems enabling well-organized and efficient conduct of business operations.

The Management Committee coordinates business operations in a prompt and effective way, based on delegation of authority and assignment of duties by the Board of Directors.

To this end, it makes active use of teleconferencing and other telecommunications-based systems.

5. Ensuring that employees conform the law and the articles of incorporation in the performance of duties

We regard compliance as one of our most important management tasks and recognize that an incomplete compliance system could weaken our business foundation. In view of this, we have established a set of rules to serve as a basic policy and compliance charter.

Based on the above charter, the Company and Group members carry out their business in partnership, in a fair and honest way.

The Company has no connections with criminal elements that threaten public order or security, and avoids all business dealings with such groups.

If any cases of unlawful or wrongful behavior are uncovered by managerial staff members or other employees, they should be reported using our whistleblower/consultation hotline.

6. Ensuring the appropriateness of operations within the Group

The Board of Directors is responsible for overall Group management, compiling the Group management regulations, preparing frameworks for agenda-setting and reporting for each Group company with regard to important matters, and receiving reports from internal auditing departments on the findings of audits into the status of legal observance and risk management and the propriety and effectiveness of business operations.

We also have in place mechanisms to ensure the propriety of financial reporting, enabling accurate and clear statements of our financial position and business results.

7. Deployment of employees as assistants to Corporate Auditors

When receiving a request from a Corporate Auditor for help in the conduct of auditing duties, the Board of Directors shall respect the auditor's views and provide the necessary personnel based on expertise required. In addition, to ensure the independence of these employees vis a vis the Board of Directors, prior agreement of the Board of Auditors is required for personnel transfers and disciplinary measures.

8. Reporting by the Board of Directors and employee assistants to the Corporate Auditors, and other reporting to the Corporate Auditors

Directors shall submit reports to the Corporate Auditors as follows.

(1) Directors shall report to the Board of Auditors whenever matters that could cause significant losses to the Company are discovered.
(2) An effective and flexible reporting system shall be established for reporting to the Board of Auditors by directors and employees, on the matters designated in advance by the Corporate Auditors and directors.
(3) The Corporate Auditors may request reports from the directors or employees as needed.

9. Ensuring effective auditing by Corporate Auditors

The Board of Directors shall give due acknowledgement to the importance and usefulness of auditing by the Corporate Auditors, and if the Corporate Auditors request creation of a system for smoother and more effective performance of auditing duties, they shall give this due consideration. The Board of Auditors shall conduct regular meetings with representative directors and accounting auditors.

To ensure sound management of the Group, we are strengthening our internal auditing

Basic philosophy

The Group believes that establishment of internal auditing mechanisms that effectively meet requirements regarding scale and nature of operations, regulations applied to the Group's businesses and categories of risk, are indispensable for due legal observance by the Group, protection of customers' interest and risk management. Based on this conviction, the Group and its main banks (The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd.) have established an internal auditing department.

The internal auditing department of each Group member is guaranteed to work independently from other departments, with its mechanism of checks and balances.

Groupwide Measures

The Company has established an Audit Group to verify the appropriateness and effectiveness of the internal auditing of each Group member and to coordinate their internal audit activities. In line with basic policy and rules on internal audits compiled by the Board of Directors, the Audit Group carries out internal audits on the Company and its (non-banking) subsidiaries and affiliates, and receives reports from Hokuriku Bank and Hokkaido Bank on results of internal audits and matters requiring improvement measures. Furthermore, when necessary, it carries out integrated assessment and management of the status of internal auditing for the whole Group through on-site bank investigations, guidance and reports.

Results of internal audits at Group companies are periodically reported to the Board of Directors promptly when needed. In particular, mechanisms are in place for prompt reporting to the Board of Directors of events that could have significant impact on the management of the Group.

Based on the basic policy and rules for internal auditing at each bank, audits are also carried out at Hokuriku Bank and Hokkaido Bank into the operations and assets of their head offices, branches and subsidiaries. In conducting audits, internal audit plans are made (in terms of frequency and depth) after assessments of legal observance, protection of customer interest and risk management at each department audited.

When necessary, the audit departments of both banks and the Audit Group of the Company conduct joint audits, in order to strengthen and streamline overall Group auditing.

Ensuring more rigorous observance of laws and social norms

Basic policy

The Company regards compliance as one of our most important management priorities and recognizes that an incomplete compliance system could weaken our business foundation. Therefore, we are implementing a basic compliance policy as described below, to ensure our business activities are fair and honest.

System

To establish a compliance system, the Group has put in place organizational structures and arranged joint measures by the Group and each member company.

The Risk Management Group has been designated as the Compliance General Department responsible for overseeing compliance within the Group, and the head of the Risk Management Group leads the Compliance General Department.

Compliance officers are deployed to each branch of subsidiary banks and each Group member company, to implement training and awareness-raising policies regarding compliance in the workplace. Subsidiary banks have established Compliance General Departments and compliance committees, whose brief is to assess progress in compliance measures and make improvements.

Basic policy on compliance

1. Recognition of the Group's basic mission and social responsibilities

As a regional financial institution, the Group recognizes its public duties and social responsibilities and strives to gain greater trust through the conduct of sound business operations.

2. Providing quality financial services

By providing high-quality, integrated financial services, the Group will contribute to the stable economic and social development of the operating regions and to a better life for its customers.

3. Strict observance of laws and regulations

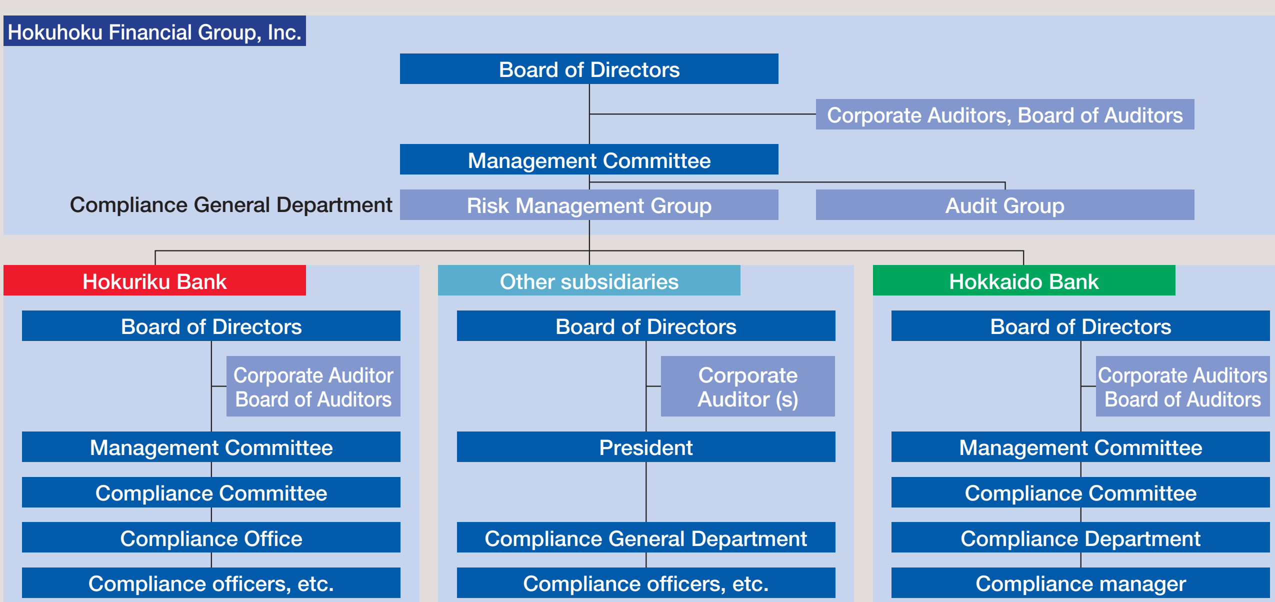
The Group strictly observes all relevant laws and regulations, and conducts business in a trustworthy and honest way that conforms to its own standards of corporate ethics and to social norms.

4. Elimination of ties with criminal elements

The Group contributes to a healthy society by resolutely refusing to associate or work with persons known to be connected with organized crime.

5. Ensuring management transparency

The Group aims for a highly transparent management and organizational culture, and aims for accurate disclosure and swift decision-making.



Compliance manual and compliance program

To ensure rigorous compliance, we have compiled a compliance manual laying down basic standards. We also plan our Compliance Program every year as an actual action plan, thus we have made our compliance system work effectively and have improved understanding of compliance issues among executives and regular staff alike.

Customer protection and measures to increase customer convenience

To protect customers' assets, information and other interests, the Group has a clear policy, and has compiled a protocol, based on the following five considerations.

The Compliance General Department of every Group member is the office responsible for overall management of customer protection. Compliance officials at each Group member work in partnership for ongoing review of management systems, problem resolution and data analysis, through which various improvement policies may be drawn up and implemented.

Measures for protection of personal information

We are committed to protecting personal information in the custody of the Banks, by abiding by the Personal Information Protection Act, ensuring that such information is protected in an appropriate way, and taking measures to prevent data leakage.

The Group has also compiled a declaration and policy on protection of personal information, which is disclosed on our website. We aim to maximize customer trust as a financial institution that can contribute to regional society.

Basic rules of management of customer protection	Policies for management of customer protection
Explaining to the customer	In line with the law and regulations, we will provide adequate explanation of financial products and sufficient information to enable our customers to fully understand the nature of our products.
Customer service support	We will listen carefully to customer complaints and give advice in an appropriate way.
Protection of customer data	Information concerning customers shall be acquired in a lawful way and securely managed.
Outsourcing	In outsourcing operations relating to transactions with customers, we will duly supervise suppliers to protect customer information and interests.
Conflict of interest	We will take measures to avoid prejudicing customer interests in transactions with us, and take due measures where the risk of interest conflict arises.

Measures to deal with criminal elements

To continue to justify the trust of the public, and offer appropriate and sound financial services, the Group has established a basic policy on dealing with criminal elements, and have deployed officers to address the issue of organized crime syndicates. We are determined to avoid all contact with such groups.

Measures to deal with financial crime

In recent years, bank card theft and "furikomi" (phishing) fraud cases have increased. To nip this problem in the bud, the Group has strengthened security measures and, based on legislation mandating relief for victims of bank-card fraud, reimburses victims of such scams.

The Group is striving to build a risk management system appropriate for risks to which it is exposed.

Hokuhoku Financial Group's general risk management system

Financial services are becoming more diversified and complex, and financial institutions are exposed to a wide range of risk. We at Hokuhoku Financial Group recognize that risk management — protecting customer deposits and justifying the trust of shareholders and creditors — is one of our most important management tasks for ensuring sound operations and earnings growth, and have in place a risk management system.

Each Group company has created a risk management department with its own set of rules, and the Group as a whole is working toward integrated risk management through close cooperation between these departments.

We have established asset liability management committees and general risk management committees at our subsidiary banks, which have the highest risk exposure within the Group. At the subsidiary banks, we have categorized risk for management purposes as follows: credit risk, market risk, liquidity risk and operational risk, with operational risk further divided into administrative and system risk, and micro-managed primarily by dedicated operating risk panels.

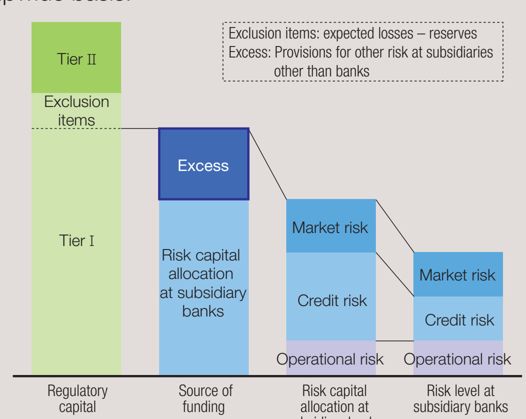
As the risk management general department for the entire Group, the Risk Management Group at the parent company, bases its activities on the scale and type of risk faced by each Group member. After receiving risk management status reports, the department duly issues instructions to each Group member, and delivers reports outlining response policies regarding risk status and issues faced by the Group to the Board of Directors and other senior management. In this way, soundness of operations is assured.

Allocation of risk capital

To ensure that risk exposure does not become excessive compared with our capital position, the Group applies a unified set of benchmarks to each category of risk to appraise and manage exposure.

Risk at the subsidiary banks is divided into credit risk, market risk and operational risk. By numerically quantifying risk, estimates are made of maximum potential losses. To ensure effective use of limited capital resources, risk capital allocations are undertaken using Tier I portions of the banks' regulatory capital as the source of funding. Risk is then controlled and managed within a range permissible in banking operations.

We also take account of risk that could arise at other subsidiaries than banks, ensuring that risk never becomes excessive compared with total regulatory capital on a groupwide basis.



Credit risk management

Basic policy

Credit risk is the risk that, as a result of such factors as the deterioration of a customer's business situation, it will become impossible to recover principal or receive interest as initially contracted. For banks, whose role is to act as financial intermediaries, this is an unavoidable risk, but in Hokuhoku Financial Group, we endeavor to maintain and enhance asset soundness through the development and strengthening of a management structure for credit risk.

Management system

To maintain and enhance soundness of each asset portfolio, we apply unified system of internal ratings and asset self-assessment at both subsidiaries. We promptly and accurately appraise credit risk through the systems, and, when necessary, carry out write-offs and provisions to reserves for possible loan losses.

Subsidiary banks each have their own credit risk management systems, while Hokuhoku Financial Group manages such risk on a Groupwide basis.

Subsidiary banks ensure strict separation of the officers and units responsible for business promotion and for credit screening, and conduct rigorous screening, provision and management of credit in a way that is independent from business promotion.

When making individual judgments on credit provision, rigorous screening is carried out in accordance with standards and principles in our credit policy. For this purpose, screening systems are enhanced by improved computerized support and training and other policies are adopted for improving credit-screening capabilities.

To explain more concretely, detailed analysis and screening of individual loan applications is appropriately undertaken at each bank branch, and if a manager lacks the authority to give approval, further analysis and screening is conducted by the head office credit screening department. Officers specializing in particular industries and regions are deployed in the credit screening department, ensuring a system of consultation and guidance tailored to the needs of individual branches, based on borrower characteristics.

Internal ratings system

To enable objective appraisal of credit risk in lending operations, the subsidiary banks have introduced an internal ratings system. Using 14 credit ratings based on financial data and qualitative information regarding borrower creditworthiness, the system enables ongoing monitoring of changes in rating.

Based on the ratings generated by the internal ratings system at the subsidiary banks, we compute credit risk and forecast loss rates for each individual borrower category, and then ensure that interest rates duly match risk. Based on our groupwide management rules for credit limits, we seek to enhance credit risk management by such means as curbing the risk of credit concentration (the aggregate of on-balance-sheet and off-balance-sheet credits).

Internal rating	Borrower categorization by asset self-assessment
S	Normal borrowers
A	
B	
C	
D	
E	
F	
N	
G	Borrowers requiring caution
H	
I	Substandard borrowers
X	Borrowers threatened with bankruptcy
Y	Effectively bankrupt borrowers
Z	Bankrupt borrowers

Asset self-assessment, write-offs and provisions to reserves for possible loan losses

Based on preset standards, subsidiary banks conduct self-assessments of asset portfolios (primarily loans).

Self-assessment aims at more precise evaluation of assets and enhancing asset soundness. Self-assessment is a prerequisite for appropriate write-offs and provisions to reserves for possible loan losses, as required by business accounting principles in Japan.

The Group has unified standards for write-offs and provisions to reserves for possible loan losses. For loans other than those specified below (including loans to borrowers requiring caution), provision is made to the reserves for possible loan losses based on the historical loan-loss ratio over a particular past period. For loans to borrowers threatened with bankruptcy, a provision is made to specific reserves, in the amount deemed necessary, after exclusion of amounts that may be recoverable through collateral and guarantees. For loans to bankrupt and effectively bankrupt borrowers, provision is made in the full amount at issue to the specific reserve, excluding amounts that may be recoverable through collateral and guarantees.

Corporate rehabilitation

After making a loan to a corporate customer, we endeavor to prevent defaults leading to bad debt through follow-up reviews of the borrower's business performance and plans, and to ensure asset soundness through dedicated bad-debt management and strengthened support for corporate rehabilitation.

Market risk management

Basic policy

Market risk is the risk of incurred losses in securities resulting from fluctuations in market rates such as interest rates, stock and bond prices, and foreign-exchange rates. This is a significant and unavoidable risk in lending and deposit-taking as well as in the investment activities.

Having established asset-liability management committees in the subsidiary banks, where market risk is critical in their transactions including lending and deposit-taking, Hokuhoku Financial Group controls such risk in order to ensure stable earnings.

Asset-liability management committees

Given the different time structures of assets such as loans and of liabilities such as deposits, banks are constantly exposed to interest-rate fluctuation risk in financial markets.

The asset-liability management committees assess risk level using value-at-risk (VaR), basis-point-value (BPV) and other methods. They run a wide range of earnings simulations under differing interest-rate fluctuation scenarios to understand asset-liability structures, and work together to ensure a suitable balance between risk and earnings performance.

Risk capital allocation and transaction ceilings

To ensure that subsidiary banks are not exposed to excessive market risk, we set investment ceilings for bonds and equity shares and other securities based on the risk capital allocation based on VaR, and manage both the balance and risk level of marketable securities. We have also set rules for when losses (unrealized and realized) grow, and adopted more rigorous rules for retention of individual stocks held by each bank.

The units in charge of transacting market-related business conduct operations with strict observance of management policy for market risk and ceiling amounts for that particular fiscal year. At the same time, the risk management departments, which are separate from the units in charge of transacting market-related business, continuously monitor risk levels under normal conditions and set "trigger points" when ceiling amounts are approached, to enable early defusing of risk issues. They report if necessary, to management through the general risk management committees.

When market prices significantly fluctuate and it is impossible to accurately assess risk levels and to raise the prospect of unforeseen risk, risk levels are assessed using comparisons between VaR and actual losses through back-testing, and regular calculations of the possible extent of actual losses under conditions of market fluctuation through stress-testing.

Liquidity risk management

Liquidity risk refers to the risk of having to procure funding at exceptionally high interest rates due to credit crunch problems following dramatic changes in the market environment or deterioration in the financial position of financial institutions. Based on our rules for management of liquidity risk, we form an accurate appraisal of fund operations and procurement at subsidiary banks, and take measures to ensure smooth cash flows.

The subsidiary banks maintain adequate levels of high-liquidity assets that are readily convertible into cash, such as government bonds, and conduct daily checks with regard to liquidity risk based on benchmarks for various different categories. To prepare for sudden liquidity risk, we have in place mechanisms for periodically assessing and managing liquidity risk through the asset-liability management committees, at each stage of the event.

Operational risk management

Basic policy

Operational risk refers to the risk of losses arising due to accidents, wrongful conduct and legal violations during day-to-day banking operations, computer system stoppage or misuse, or external and internal events such as earthquakes and fires.

Operational risk at the Group has been categorized as follows. We take ongoing measures to correctly recognize, appraise and manage each type of risk, and avoid or reduce losses significantly affecting business activities.

Administrative risk	Risk of losses due to administrative errors and accidents, or wrongful transactions in which employees have exceeded their authority
System risk	Risk of losses due to stoppage of computer systems, system failures due to operating errors, and misuse of computers
Legal risk	Risk of losses due to failure to confirm legality of transactions
Customer-related risk	Risk of causing losses to customers through failure to adequately explain products, leading to legal and other action prejudicial to the Group's interests
Reputational risk	Risk of losses due to unjustified rumors and defamation within markets and among customers
Other risk	Risk of sustaining damage through occurrence of natural disasters and related negligence, and other risk not covered by the above list

Organizational structure

We have compiled rules for management of operational risk. In addition to categorization of risks, we have laid down basic processes for risk management.

At our subsidiary banks, operating risk panels meet each month, to analyze the cause of and discuss the solution of various operational risks collected from actually occurred or prevented incidents, such as administrative errors and failings leading to customer complaints, computer system failures, phishing fraud and data leakage. Potential risks are then evaluated and risk reduction policies taking account of all eventualities are discussed.

Status reports and results of discussions concerning operational risk are reported to management of the subsidiary banks and to the Group. By comparing actual losses arising from operational risk and risk capital allocation, we are able to monitor whether risk has grown to the point where it systemically endangers operations.

Risk management systems by major category

• Administrative risk management

The group has closely analyzed the causes of administrative incidents and problems, and discussed measures to prevent recurrence. Based on the above process, we are raising the standard of administrative operations and improving administrative processing systems, dispensing guidance from head office, centralizing clerical work at branches and automating procedures, so as to enable prevention of the occurrence of accidents and problems in administrative operations and full and prompt continuation of administrative processes.

To avoid administrative and other kinds of risk, we conduct internal audits and have established a system of mutual checks and balances and rigorous administrative processing systems.

• System risk

With the increasing sophistication of financial business and the growth in transaction volumes, it is becoming increasingly important to ensure that computer systems cannot fail and that they always operate stably.

The Group has formulated basic rules for system risk management (System Risk Standards) and other regulations, and has established a rigorous management and operating structure with a variety of backup and other security management measures in place.

Contingency plan

The Group has compiled a contingency plan to ensure that, in the unlikely event of a disaster or other emergency, its impact is minimized and business operations can be continued. In the event of earthquakes or events such as the recent outbreak of new flu, we have drawn up plans for business continuation and crisis response, enabling us to continue to perform our settlement function as a financial institution.

Fundamental approach to group CSR

1. Basic stance

The Hokuhoku Financial Group has positioned the fulfillment of the Group's corporate social responsibility as one of its highest management priorities. Guided by our overall corporate philosophy, we aim always to comply with the law and observe generally accepted principles of ethical behavior. The principal purpose of existence of the Group is to serve as a linchpin of the communities in which it operates by fulfilling its role as a financial services group doing business across a wide area of the country. In addition, we take seriously our obligation to contribute to the realization of a thriving economy and a sustainable society by means of active involvement in environmental preservation, as well as other activities that benefit society as a whole.

2. Definitions

1) CSR

The Hokuhoku Financial Group views its corporate social responsibilities not simply as the duty to pursue economic gains for the good of the regional economy and to contribute to the development of a sustainable society. We see our social responsibilities as also encompassing efforts to address the wide range of environmental and social issues affecting our stakeholders.

2) Our Stakeholders

We define our stakeholders as being all persons and institutions whose interests are closely linked to those of the Group, including our customers, shareholders, and employees, as well as the wider community of which we are all members.

Putting links with local customers first

While fostering close links between the Group and the regions we serve, we will listen to customer opinions and take measures to make our branches more appealing and to offer better services.

Increasing customer satisfaction

- Ongoing "Smile" campaigns
- Customer satisfaction survey
- Visits by employees of Hokuriku Bank and Hokkaido Bank to the other partner bank's lobbies to compare customer treatment and exchange views
- Organizational changes to promote corporate social responsibility activities

Enhancing branch appeal

- Creation of relaxed environment for customer consultations
  2 branches opened in 2008 targeting individuals (Hokkaido Bank): Tonden and Ainosato (Sapporo)
- Participation in community-building project
  Refurbishment of Yatsuo branch (Toyama) in traditional wooden *machiya* town-house style (Hokuriku Bank)
- Barrier-free access
- Installation of Automated External Defibrillators (AEDs)

Asset management seminar for individual customers

Enhanced customer convenience

- More convenience store ATM partnerships
- Expansion of lineups of loan and insurance products
- Increased range of foreign currencies handled in forex operations (New Taiwan Dollar, Russian Rouble)
- Launch of online investment trust services

Measures for prevention of financial crime

- Strengthening of measures to prevent phishing fraud
  Ensuring Bank staff offer maximum customer assistance at ATMs, banning use of mobile phones in ATM booths, providing warnings and information via automated voice recordings, and raising awareness of financial crime through posters and stickers
  Informal seminars by visiting experts on phishing (Hokuriku Bank)
- Strengthening anti-crime measures
  Anti-crime training and lectures to employees
  Improving security primarily through "smart" bank cards with an IC chip and upgraded magnetic strip reading for bank-account books (Hokkaido Bank)

Support regional economic development through wide area networks across Japan and some overseas locations

The Hokuhoku Financial Group aims to help spur regional economic growth by further strengthening wide-area networks spanning the Hokuriku, Hokkaido and three major metropolitan areas of Japan, as well as overseas networks.

Business-matching events (fiscal 2008-2009)

June 2008: Business Summit in Nagoya
July: Joint business conference of Japanese regional banks, held in Shanghai, PRC
July: Hokuhoku Financial Group business conference, held in Dalian, PRC
August: Hokkaido Food Special Business conference in Tokachi, for agricultural producers
September: Hokkaido Food Special Business conference
October: Business-matching meeting in Shenyang, PRC
October: "New technology conference" in Tokyo
November: Regional banks' "Food Selection 2008"
March 2009: Hokkaido Business Forum 2009
March: "Food and Tourism summit" special business conference in Fukui
May: Business conference in Changzhou, PRC
June: Hokkaido Food Special Business conference in Hakodate
July: Manufacturing business conference in Shanghai

Agreements with overseas municipal and other government organizations

October 2004	Dalian	Hokuriku Bank
November 2005	Shenyang	Hokkaido Bank
April 2006	Shanghai	Hokuhoku Financial Group
September 2006	Liaoning	Hokuhoku Financial Group
November 2006	Vietnam govt.	Hokuriku Bank
March 2007	Changchun	Hokkaido Bank
June 2007	Suzhou	Hokuriku Bank
February 2008	Guangdong	Hokuhoku Financial Group
June 2008	Harbin	Hokkaido Bank
February 2009	Ningbo	Hokuhoku Financial Group

Alliances with overseas banks and other partners

December 2005	KASIKORNBANK (Thailand)	Hokuriku Bank
July 2006	Standard Chartered Bank	Hokuriku Bank
September 2007	State Bank of India	Hokuriku Bank
September 2008	Mizuho Corporate Bank	Hokuriku Bank
December 2008	Bank of Communications, PRC	Hokuriku Bank
April 2009	Financial Information Service Co., Taiwan	Hokkaido Bank

Bank customer organizations

	Number of companies
Hokuriku Chojokai	1,023
Hokkaido Chojokai	261
Shanghai Chojokai	160
Hokuhoku ASEAN kai	150

More dialog and better disclosure

We continuously communicate with investors and analysts for better disclosure.

IR for investors and analysts

November 2008: Investors' meeting for the fiscal 2008 interim results; 122 participants (Tokyo)
May 2009: Investors' meeting for the fiscal 2008 results; 132 participants (Tokyo)

IR overseas

July 2008: North America (New York, Boston, Toronto, Chicago)
September 2008: Europe (London, Edinburgh, Milan, Zurich)

IR for individual investors

February – March 2009: Meetings organized in partnership with local companies in the hosting area; 240 participants in total (Toyama, Kanazawa and Fukui)

General meeting of shareholders

June 2009: Ordinary general meeting of shareholders (Sapporo, with live broadcast to Toyama)

Creating an attractive workplace for every employee

Education and training
- Rebuilding training center (Hokkaido Bank)
- Training classes (by grade and job category), on-the-job training
- Promoting self-developments, various training courses (dispatch of trainees), external and overseas training

Career development service
- Career-track change, regular employment for contracted bank employees, in-house recruitment

Child-rearing/care support policies
- Maternity, care and nursing leave, shortened working hours

Leisure time-off
- All kinds of time-off arrangements (full one-week holiday, “refresh-ment” holidays, anniversary/birthday leave, etc) half-day paid leave

Broadening recruitment
- Revision of pay scale for new graduates
- Conversion of agency part-time workers to direct bank employees
- Recruitment seminar for women (Hokuriku Bank)

Advancing with regional communities

We take part in social contribution activities.

Personal finance classes
- All-Japan high-school quiz in finance and economy (“Economics Koshien,” with meets in Hokkaido, Toyama and Fukui prefectures)
- Participation as Mini Hokkaido Bank in the “Kodomo no Machi (kids’ town) Mini Sapporo 2008” for children, hosted by Sapporo city
- Talks given at high schools and universities by visiting lecturers
- Internships

Support for cultural events
- Sponsorship of the “Lilac” concert
- Making available the Hokuhoku Space Teru-Teru Tei theater
- Support for advertising for World Cultural Heritage registration for the “Modern-Age Cultural Heritage Sites of Takaoka”

Welfare initiatives
- Sponsorship of nursing courses for carers of people with dementia
- Donation of used stamps to the Social Welfare Association of Toyama City (money is used to dispatch medical professionals overseas and for vaccinations)

Helping conserve the regional environment

Measures undertaken as a financial institution
- Support financing for environment-friendly homebuilding, intermediary role in carbon-rights trading, lending based on “environmental ratings”
- Intermediary services for applications to loans under the Sapporo City environment protection fund (Hokkaido Bank)

Helping reduce greenhouse gases
- Compilation of environmental action guidelines, setting of numerical targets for reduction of CO_2 emissions (Hokkaido Bank)
- Arrangement of environment-protection lectures for employees (Hokuriku Bank)
- Adoption of casual dress code for summer
- Introduction of solar power generation and water-heating facilities
- Reduction of paper usage volumes through shift to paperless account record and document management

Further environmental protection activities
- Voluntary cleaning activities by employees
- Tree-planting
- Participation in “voluntary council of regional banks for protecting forests in Japan”
- Support for the Toyako G8 Summit in Hokkaido
- Sponsor TV program on companies manufacturing eco-friendly products (April 2008 to March 2009)
- Support “Kids’ ISO14001 program” (Hokkaido)

Hokuriku Bank

1. Solar-power generation system introduced

We have installed a solar-power generation system at our Shimizumachi Branch, in Toyama city, taking advantage of renovations to the building's exterior. Photovoltaic panels have been used in parts of the exterior wall covering. The power generated is expected to provide approximately half of the electricity used for lighting the offices at the branch. In November 2008 the Toyama Minami Chuo Branch became our third branch to install a solar-power generation system, which was placed on the rooftop. The Hokuhoku Bank is a participant in "Team Minus 6%," the Japanese government's energy-saving campaign which encourages businesses to economically utilize and conserve energy so as to reduce CO_2 emissions and thereby help combat global warming.

2. Sponsorship of nationwide economics quiz for high school students

To encourage high school students to acquire knowledge of economics and finance, the Hokuriku Bank and the Association for the Promotion of Financial Literacy (an NPO), jointly sponsored teams from Toyama and Fukui for the third "Economics *Koshien*" (the 3rd All-Japan High School Economics Quiz Tournament). Toyama representatives Moriyama and Asa gave an impressive performance, placing sixth overall at the event, held in Tokyo's Roppongi Hills on January 25, 2009. We will continue to sponsor events that ensure the sound development of our youth and provide the opportunity for financial education regarding indispensable knowledge in modern social life.

3. Ad campaign fetes Takaoka's 400-year history, urges World Heritage Site recognition

We put up promotional posters on the walls of our Takaoka Branch to show our support for Takaoka's bid to have its historical cultural heritage registered as a world heritage site to mark the 400th anniversary of the town's birth. Posters featured the slogan "World Heritage Site Recognition for Takaoka — A Heart-Felt Commitment to Our 400-Year History," while the design highlights the town of Kanayamachi's reputation as the birthplace of bronze casting in Japan. As the regional financial institution, we believe it is important to provide the backing for Takaoka's commemorative campaign to further its future economic development, while also working together with everyone in the region to support local efforts to win World Heritage Site recognition.

4. Hokuriku Bank Book Collection donated to Kanazawa University

In December 2008, we donated the "Hokuriku Bank Book Collection," consisting of 161 volumes, to Kanazawa University. We hope these books will aid students in their career preparations and job hunting activities. This donation — the first of its kind by a private company to the university — came about following the signing of an agreement for comprehensive collaboration between the two parties in June 2008. The donated materials are available for viewing in Kanazawa University's Central Library Reading Hall. These books are open for public viewing, and it is our hope that many students will take advantage of this opportunity.

5. "MBA Citizens' Course" offered at University of Toyama's graduate school

In March 2005, the Hokuriku Bank signed an agreement for comprehensive collaboration with the University of Toyama, and agreed to sponsor two courses on "The Theory of Financial Institutions" and "The Theory of Financial Analysis" on an ongoing basis as part of this collaboration. During fiscal 2009, in the first semester further advances were made with regard to collaboration. In the university's Graduate School of Economics, we have newly established a course entitled, "MBA Citizens' Course — Management Case Studies on Enterprise Value Creation and Corporate Revival." The course, to be offered as an open class, combines corporate financial theory at the graduate level and lectures by managers working at the frontline. By making the course an open class, we will give local residents the opportunity to attend lectures at the graduate level and hear about the keys to success from managers, based on their own experiences. We expect this to be a useful course for community members.

Hokkaido Bank

1. The Hokkaido Food Special Business Conference

On September 3, 2008, we co-hosted the Hokkaido Food Special Business Conference with the Hokkaido Government. This is the fifth time we have staged this event, which has been held since 2005 with the aim of helping Hokkaido-based food and beverage manufacturers to expand their sales channels. This time, the conference featured unknown specialties and superior items with a distinctive flavor. A total of 44 food and drink manufacturers exhibited at the event, including a number of Hokuriku Bank clients, giving them the chance to promote their products. The event also provided the venue for a total of 320 business meetings through parallel individual sessions, in which 34 buyers from 30 supermarkets, department stores and other nationwide retailers participated, showing the high degree of interest in Hokkaido's food culture.

2. Online investment trust service launched

The Hokkaido Bank launched a new online investment trust services on December 1, 2008. These are the first online investment trust services to be offered in Hokkaido. The new service makes it possible for individual customers to buy and sell investment trusts on their personal computers at home, any time of the day or night. It is also currently possible to confirm the investment status of the funds in one's portfolio.

3. "Personal Branch" opened in Ainosato (Sapporo)

To respond to the diversifying needs of our individual customers, we have opened our second "Personal Branch" dedicated to transactions for individuals, the Ainosato Personal Branch. The new branch was opened in Sapporo City's North Ward on December 1, 2008. The "Personal Branch," exclusively for individual customers, is a place they can go for financial advice. The branch interior is quiet, and consultation booths have been installed to allow for a degree of privacy. Here, customers can receive advice regarding such topics as asset management and mortgage loans. These branches are open on weekends and holidays, allowing customers to arrange for consultations. We aim to make our branches more appealing by enhancing customer convenience.

4. New representative office opened in Sakhalin

The Hokkaido Bank opened a representative office in the city of Yuzhno-Sakhalinsk in Sakhalin on March 24, 2009, becoming the only Japanese bank to currently operate offices in the Russian Far East. Sakhalin is experiencing remarkable economic growth as a result of large-scale oil and natural gas projects underway there through joint ventures with foreign companies. Economic exchange is becoming increasingly active between Sakhalin and Hokkaido, which is in close geographical proximity to the province. Opening an office in Sakhalin will enable us to provide support to clients for business operations in the Russian Far East, mainly through the provision of up-to-date information not only on the province but also the rest of Russia's Far East. Prior to the opening of the new representative office, Hokkaido Bank signed a memorandum with VTB Bank, Russia's second largest commercial bank concerning an administrative tie-up with VTB's Khabarovsk and Vladivostok branches. Through the tie-up, Hokkaido Bank will gain access to VTB Bank's various networks and functions, enabling us to provide our customers with support for Russian business expansion.

5. Decision made to commence ATM services for Taiwan's FISC Smart Card

Approximately 300,000 Taiwanese tourists travel to Hokkaido each year, accounting for about 40% of all foreign visitors to Japan's northernmost island. The Hokkaido Bank has decided to install a network of dedicated ATMs to handle transactions with the Taiwanese FISC smart card. This will be the first time that a Japanese company has installed ATMs for a foreign card. In April 28, 2009, the Hokkaido Bank finalized a prospectus with the Central Bank of the Republic of China, Taiwan FISC (Financial Service Information Co., Ltd.), and NTT Data Corporation for the new service. Assuming that we will be granted approval by the Taiwanese financial authorities, we have begun preparations and plan to commence the new service in January 2010.

FINANCIAL SECTION

CONSOLIDATED BALANCE SHEETS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31	2009	2008	2009
Assets			
Cash and due from banks (Note 22)	¥ 412,377	¥ 282,827	$ 4,198,083
Call loans and bills bought	60,726	81,521	618,208
Monetary claims bought	154,830	185,898	1,576,206
Trading assets (Note 4)	8,719	7,952	88,769
Money held in trust (Note 27)	4,751	7,277	48,367
Securities (Notes 5, 10 and 27)	1,673,591	1,661,169	17,037,475
Loans and bills discounted (Notes 6 and 10)	7,133,148	6,871,383	72,616,808
Foreign exchanges (Note 7)	13,381	14,029	136,225
Other assets (Note 10)	182,963	159,454	1,862,606
Tangible fixed assets (Notes 8 and 14)	111,642	133,480	1,136,543
Intangible fixed assets	39,902	42,025	406,214
Deferred tax assets (Note 21)	93,391	64,657	950,747
Customers' liabilities for acceptances and guarantees (Note 9)	135,055	159,456	1,374,887
Allowance for loan losses	(95,397)	(103,169)	(971,160)
Total assets	¥9,929,086	¥9,567,964	$101,079,978
Liabilities and net assets			
Liabilities			
Deposits (Notes 10 and 11)	¥8,661,538	¥8,435,625	$ 88,176,107
Call money and bills sold (Note 10)	10,000	40,000	101,802
Payables under securities lending transactions (Note 10)	—	6,492	—
Trading liabilities (Note 4)	2,263	1,563	23,043
Borrowed money (Notes 10 and 12)	395,559	225,762	4,026,869
Foreign exchanges (Note 7)	55	270	567
Bonds payable (Note 13)	64,500	66,500	656,622
Other liabilities	196,678	154,373	2,002,227
Provision for employee retirement benefits (Note 26)	8,960	11,052	91,216
Reserve for contingent loss	1,558	599	15,869
Reserve for reimbursement of deposits	2,196	2,777	22,364
Deferred tax liabilities for land revaluation	9,054	9,061	92,173
Acceptances and guarantees (Note 9)	135,055	159,456	1,374,887
Total liabilities	9,487,421	9,113,535	96,583,746
Net assets			
Capital stock (Note 15)	70,895	70,895	721,725
Capital surplus	223,098	253,234	2,271,189
Retained earnings (Note 16)	156,942	125,950	1,597,703
Treasury stock	(470)	(421)	(4,786)
Total shareholders' equity	450,466	449,658	4,585,831
Valuation difference on available-for-sale securities (Note 27)	(18,341)	(4,722)	(186,716)
Deferred gains or losses on hedges	(45)	(16)	(459)
Revaluation reserve for land (Note 14)	8,908	8,918	90,687
Total valuation and translation adjustments	(9,478)	4,179	(96,488)
Minority interests	676	590	6,889
Total net assets	441,664	454,428	4,496,232
Total liabilities and net assets	¥9,929,086	¥9,567,964	$101,079,978

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended March 31	**2009**	2008	**2009**
Income			
Interest income:			
Interest on loans and discounts	**¥141,213**	¥141,966	**$1,437,576**
Interest and dividends on securities	**19,280**	19,164	**196,281**
Interest on receivables under resale agreements	**76**	210	**779**
Interest on receivables under securities borrowing transactions	**49**	6	**504**
Interest on deposits with other banks	**1,295**	917	**13,185**
Other interest income	**2,380**	3,626	**24,231**
Fees and commissions (Note 18)	**41,017**	47,275	**417,563**
Trading income (Note 19)	**1,633**	1,289	**16,627**
Other ordinary income	**29,345**	34,491	**298,740**
Other income	**5,874**	12,617	**59,806**
Total income	**242,165**	261,565	**2,465,292**
Expenses			
Interest expense:			
Interest on deposits	**25,746**	23,852	**262,099**
Interest on payables under securities lending transactions	**60**	523	**620**
Interest on borrowings and rediscounts	**2,345**	1,954	**23,874**
Interest on bonds payable	**1,885**	1,972	**19,194**
Other interest expense	**498**	1,175	**5,079**
Fees and commissions (Note 18)	**11,547**	11,209	**117,553**
Other ordinary expenses	**18,837**	17,352	**191,769**
General and administrative expenses	**100,622**	96,743	**1,024,360**
Provision of allowance for loan losses	**33,909**	24,448	**345,202**
Other expenses (Note 20)	**24,389**	19,331	**248,287**
Total expenses	**219,842**	198,563	**2,238,037**
Income before income taxes and minority interests	**22,323**	63,002	**227,255**
Income taxes (Note 21):			
Current	**8,516**	1,338	**86,701**
Deferred	**(23,315)**	22,961	**(237,357)**
Minority interests in net income	**87**	62	**891**
Net income	**¥ 37,034**	¥ 38,640	**$ 377,020**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Thousands		Millions of yen				
	Issued number of shares of common stock	Issued number of shares of preferred stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	1,391,630	266,432	¥70,895	¥253,234	¥125,950	¥ (421)	¥449,658
Changes during the period							
Cash dividends	**—**	**—**	**—**	**—**	**(6,053)**	**—**	**(6,053)**
Net income	**—**	**—**	**—**	**—**	**37,034**	**—**	**37,034**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**(30,232)**	**(30,232)**
Disposal of treasury stock	**—**	**—**	**—**	**(25)**	**—**	**72**	**47**
Retirement of treasury stock	**—**	**(47,600)**	**—**	**(30,110)**	**—**	**30,110**	**—**
Reversal of revaluation reserve for land	**—**	**—**	**—**	**—**	**10**	**—**	**10**
Net changes of items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total changes during the period	**—**	**(47,600)**	**—**	**(30,135)**	**30,992**	**(48)**	**807**
Balance as of March 31, 2009	**1,391,630**	**218,832**	**¥70,895**	**¥223,098**	**¥156,942**	**¥ (470)**	**¥450,466**

	Millions of yen					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2008	¥ (4,722)	¥(16)	¥8,918	¥ 4,179	¥590	¥454,428
Changes during the period						
Cash dividends	**—**	**—**	**—**	**—**	**—**	**(6,053)**
Net income	**—**	**—**	**—**	**—**	**—**	**37,034**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**(30,232)**
Disposal of treasury stock	**—**	**—**	**—**	**—**	**—**	**47**
Retirement of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**
Reversal of revaluation reserve for land	**—**	**—**	**—**	**—**	**—**	**10**
Net changes of items other than shareholders' equity	**(13,618)**	**(28)**	**(10)**	**(13,657)**	**86**	**(13,571)**
Total changes during the period	**(13,618)**	**(28)**	**(10)**	**(13,657)**	**86**	**(12,763)**
Balance as of March 31, 2009	**¥(18,341)**	**¥(45)**	**¥8,908**	**¥ (9,478)**	**¥676**	**¥441,664**

	Thousands		Millions of yen				
	Issued number of shares of common stock	Issued number of shares of preferred stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	1,391,630	336,432	¥70,895	¥293,268	¥ 93,072	¥ (447)	¥456,788
Changes during the period							
Cash dividends	—	—	—	—	(5,801)	—	(5,801)
Net income	—	—	—	—	38,640	—	38,640
Purchase of treasury stock	—	—	—	—	—	(40,168)	(40,168)
Disposal of treasury stock	—	—	—	(18)	—	180	162
Retirement of treasury stock	—	(70,000)	—	(40,015)	—	40,015	—
Reversal of revaluation reserve for land	—	—	—	—	38	—	38
Increase due to the change of the interest of an associated company	—	—	—	—	—	(1)	(1)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	(70,000)	—	(40,033)	32,878	26	(7,129)
Balance as of March 31, 2008	1,391,630	266,432	¥70,895	¥253,234	¥125,950	¥ (421)	¥449,658

	Millions of yen					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2007	¥26,078	¥(20)	¥8,957	¥35,016	¥543	¥492,348
Changes during the period						
Cash dividends	—	—	—	—	—	(5,801)
Net income	—	—	—	—	—	38,640
Purchase of treasury stock	—	—	—	—	—	(40,168)
Disposal of treasury stock	—	—	—	—	—	162
Retirement of treasury stock	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	38
Increase due to the change of the interest of an associated company	—	—	—	—	—	(1)
Net changes of items other than shareholders' equity	(30,801)	3	(38)	(30,836)	46	(30,790)
Total changes during the period	(30,801)	3	(38)	(30,836)	46	(37,919)
Balance as of March 31, 2008	¥ (4,722)	¥(16)	¥8,918	¥ 4,179	¥590	¥454,428

	Thousands of U.S. dollars (Note 1)				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	$721,725	$2,577,977	$1,282,196	$ (4,290)	$4,577,608
Changes during the period					
Cash dividends	**—**	**—**	**(61,622)**	**—**	**(61,622)**
Net income	**—**	**—**	**377,020**	**—**	**377,020**
Purchase of treasury stock	**—**	**—**	**—**	**(307,769)**	**(307,769)**
Disposal of treasury stock	**—**	**(256)**	**—**	**741**	**485**
Retirement of treasury stock	**—**	**(306,532)**	**—**	**306,532**	**—**
Reversal of revaluation reserve for land	**—**	**—**	**109**	**—**	**109**
Net changes of items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**
Total changes during the period	**—**	**(306,788)**	**315,507**	**(496)**	**8,223**
Balance as of March 31, 2009	**$721,725**	**$2,271,189**	**$1,597,703**	**$ (4,786)**	**$4,585,831**

	Thousands of U.S. dollars (Note 1)					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2008	$ (48,080)	$(169)	$90,796	$ 42,547	$6,012	$4,626,167
Changes during the period						
Cash dividends	**—**	**—**	**—**	**—**	**—**	**(61,622)**
Net income	**—**	**—**	**—**	**—**	**—**	**377,020**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**(307,769)**
Disposal of treasury stock	**—**	**—**	**—**	**—**	**—**	**485**
Retirement of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**
Reversal of revaluation reserve for land	**—**	**—**	**—**	**—**	**—**	**109**
Net changes of items other than shareholders' equity	**(138,636)**	**(290)**	**(109)**	**(139,035)**	**877**	**(138,158)**
Total changes during the period	**(138,636)**	**(290)**	**(109)**	**(135,035)**	**877**	**(129,935)**
Balance as of March 31, 2009	**$(186,716)**	**$(459)**	**$90,687**	**$ (96,488)**	**$6,889**	**$4,496,232**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

Years ended March 31	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
1. Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 22,323	¥ 63,002	$ 227,255
Depreciation	7,135	15,988	72,645
Impairment losses	14	244	150
Amortization of goodwill	2,420	2,265	24,645
Equity in losses (gains) of affiliates	(3)	0	(34)
Increase (decrease) in allowance for loan losses	(7,772)	(16,375)	(79,124)
Increase (decrease) in reserve for contingent loss	959	599	9,768
Increase (decrease) in reserve for employee bonuses	—	(30)	—
Increase (decrease) in provision for employee retirement benefits	(2,091)	(271)	(21,295)
Increase (decrease) in reserve for reimbursement of deposits	(580)	2,777	(5,912)
Interest income	(164,295)	(165,891)	(1,672,556)
Interest expenses	30,536	29,477	310,867
Losses (gains) on securities	18,210	(787)	185,387
Losses (gains) on money held in trust	124	172	1,270
Losses (gains) on foreign exchange	41	1,355	423
Losses (gains) on sales of fixed assets	1,570	496	15,993
Net decrease (increase) in trading assets	(767)	1,338	(7,817)
Net increase (decrease) in trading liabilities	699	845	7,122
Net decrease (increase) in loans and bills discounted	(261,765)	(57,903)	(2,664,822)
Net increase (decrease) in deposits	249,742	(34,492)	2,542,421
Net increase (decrease) in negotiable certificates of deposit	(23,828)	11,848	(242,575)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	149,796	(5,182)	1,524,956
Net decrease (increase) in due from banks (excluding deposits with the Bank of Japan)	(46,560)	(97,270)	(473,995)
Net decrease (increase) in call loans, bills bought, commercial paper and other debt purchased	51,862	162,518	527,973
Net decrease (increase) in receivables under securities borrowing transactions	—	21,785	—
Net increase (decrease) in call money and bills sold	(30,000)	8,427	(305,406)
Net increase (decrease) in payables under securities lending transactions	(6,492)	(36,284)	(66,096)
Net decrease (increase) in foreign exchanges (assets)	647	1,628	6,594
Net increase (decrease) in foreign exchanges (liabilities)	(214)	(140)	(2,187)
Issuance and redemption of bonds payable (excluding subordinated bonds payable)	—	(810)	—
Interest income-cash basis	144,010	148,454	1,466,051
Interest expense-cash basis	(22,680)	(20,550)	(230,895)
Other, net	37,048	(8)	377,156
Subtotal	150,091	37,227	1,527,962
Income taxes paid	(794)	(2,620)	(8,090)
Net cash provided by (used in) operating activities	149,296	34,607	1,519,872
2. Cash flows from investing activities:			
Purchases of securities	(1,013,105)	(683,863)	(10,313,608)
Proceeds from sales of securities	669,250	490,793	6,813,102
Proceeds from redemption of securities	288,450	128,516	2,936,480
Proceeds from sales of money held in trust	2,600	7,432	26,468
Proceeds from fund management	19,302	19,209	196,505
Purchases of tangible fixed assets	(12,128)	(16,279)	(123,469)
Proceeds from sales of tangible fixed assets	2,951	819	30,043
Purchases of intangible fixed assets	(2,267)	(1,861)	(23,080)
Net cash provided by (used in) investing activities	(44,945)	(55,233)	(457,559)
3. Cash flows from financing activities:			
Proceeds from issuance of subordinated borrowed money	20,000	12,500	203,604
Repayment of subordinated borrowed money	—	(5,000)	—
Repayment of subordinated bonds	(2,000)	(3,900)	(20,360)
Expenditures for fund procurement	(3,081)	(2,893)	(31,370)
Dividends paid	(6,053)	(5,801)	(61,622)
Dividends paid to minority shareholders	(0)	(0)	(5)
Purchases of treasury stock	(30,232)	(40,168)	(307,769)
Proceeds from sales of treasury stock	47	162	485
Net cash provided by (used in) financing activities	(21,319)	(45,101)	(217,037)
4. Effect of exchange rate changes on cash and cash equivalents	(41)	(95)	(427)
5. Net increase (decrease) in cash and cash equivalents	82,989	(65,822)	844,849
6. Cash and cash equivalents at beginning of the period	165,335	231,158	1,683,142
7. Cash and cash equivalents at end of the period (Note 22)	¥ 248,324	¥165,335	$ 2,527,991

See notes to consolidated financial statements.

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Hokuhoku Financial Group, Inc. (the "Company") prepared under the Japanese Financial Instruments and Exchange Act and its related accounting regulations.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the consolidated financial statements do not necessarily agree with the sum of the individual amounts. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to US$1. The U.S. dollar amounts are then rounded to thousands. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. Scope of Consolidation

On September 26, 2003, the Company was formed as a holding company for The Hokuriku Bank Ltd. by way of stock transfers ("kabushiki-iten"), and on September 29, 2003, Hokugin Lease Co., Ltd., Hokuriku Card Co., Ltd., Hokuriku Hosho Services Co., Ltd. and Hokugin Software Co., Ltd. came under the control of the Company. Nihonkai Services Co., Ltd. was formed as a wholly-owned subsidiary of the Company on December 25, 2003.

On September 1, 2004, Hokkaido Bank, Ltd. and Dogin Business Services, Ltd., its consolidated subsidiary, became the Company's consolidated subsidiaries by a way of stock-to-stock exchange ("kabushiki-kokan").

On March 1, 2006, Dogin Card Co., Ltd., formerly an equity-method affiliate of the Company, was included in the scope of consolidation after the Company's subsidiary, Hokkaido Bank, acquired additional shares of Dogin Card.

The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 15 subsidiaries (together, the "Group"). The consolidated subsidiaries are listed below.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in one associated company is accounted for by the equity method. The associated company is also listed below.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

Consolidated subsidiaries	Capital (¥mil)	Ownership (%)
Hokuriku Bank, Ltd.	140,409	100.00
Hokkaido Bank, Ltd.	93,524	100.00
Hokugin Lease Co., Ltd.	100	70.25
Hokuriku Card Co., Ltd.	36	87.39
Hokuriku Hosho Services Co., Ltd.	50	100.00
Hokugin Software Co., Ltd.	30	100.00
Nihonkai Services Co., Ltd.	500	100.00
Hokugin Business Services Co., Ltd.	30	(100.00)
Hokugin Office Services Co., Ltd.	20	(100.00)
Hokugin Real Estate Services Co., Ltd.	100	(100.00)
Hokugin Shisankanri Co., Ltd.	100	(100.00)
Hokuriku International Cayman Ltd.	US$1,000	(100.00)
Hokugin Corporate Co., Ltd.	100	(100.00)
Dogin Business Service, Ltd.	50	(100.00)
Dogin Card Co., Ltd.	120	(100.00)

Notes: 1. Ownership figures in parentheses are inclusive of cross-shareholdings.
2. The two subsidiaries whose balance sheet date differs from the date of the Company are consolidated using their financial statements based on their tentative settlement of accounts at the consolidated balance sheet date.
3. On March 31, 2009 liquidation procedures for Hokugin Shisankanri Co., Ltd. were completed. Hokugin Office Services Co., Ltd. and Hokugin Corporate Co., Ltd. are currently under liquidation procedures based on a resolution of the Board of Directors made on March 31, 2009.

Associated company	Capital (¥mil)	Ownership (%)
Hokuhoku Capital Co., Ltd.	250	(38.75)

Notes: 1. Ownership figure in parentheses is inclusive of cross-shareholdings.
2. Hokuriku Capital Co., Ltd. was renamed Hokuhoku Capital Co., Ltd.

Assets and liabilities of consolidated subsidiaries are valued at fair value at the respective dates of acquisition, and goodwill and negative goodwill is amortized using the straight-line method over 20 years and 5 years, respectively.

3. Significant Accounting Policies

(1) Trading assets/liabilities and trading income/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheet on a trade date basis. Income and losses on trading purpose transactions are recognized on a trade date basis, and recorded as "Trading income" and "Trading losses."

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

"Trading income" and "Trading losses" include interest received or paid during the fiscal year, the year-on-year valuation differences of securities and monetary claims and the year-on-year valuation difference of the derivatives assuming that the settlement will be made in cash.

The Group presents foreign currency translation differences arising from currency swaps for trading purposes as "Trading assets" or "Trading liabilities" on a gross basis, pursuant to the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

(2) Securities

As for securities other than trading purposes, debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method.

Securities other than trading purpose securities and held-to-maturity securities are classified as available-for-sale securities. Shares in available-for-sale securities that have market prices are carried at their average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Available-for-sale securities with no available market prices are carried at cost or amortized cost using the moving-average method. Valuation difference on available-for-sale securities, net of income taxes, is included in "Net assets."

Securities included in money held in trust are carried in the same method as for securities mentioned above.

(3) Derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

(4) Depreciation method

a. Tangible fixed assets (exclude Lease assets)

The Company and the consolidated banking subsidiaries depreciate their equipment on the declining-balance method and their premises principally on the straight-line method.

The estimated useful lives of major items are as follows:

Buildings: 6 to 50 years

Equipment: 3 to 20 years

Consolidated non-banking subsidiaries depreciate their equipment and premises principally on the declining-balance method over their expected useful life.

b. Intangible fixed assets (exclude Lease assets)

Intangible fixed assets are depreciated on the straight-line method, and capitalized software for internal use owned by consolidated subsidiaries is depreciated using the straight-line method over its estimated useful life (mainly six years).

c. Lease assets

Lease assets under non-transfer ownership finance lease contracts (in which the ownership of leased assets is not transferred to the lessee; included in tangible fixed assets and intangible fixed assets) are depreciated on a straight-line basis, with the conditions of the lease period being employed for the useful life and a residual value of zero, excepting when contracted amounts for residual value are specified.

(5) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(6) Allowance for loan losses

Allowance for loan losses of consolidated banking subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("effectively bankrupt borrowers"), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy, a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For other claims, after classification, the allowance is provided based on the historical loan-loss ratio.

Branches and credit supervisory departments assess all claims in accordance with the internal rules for self-assessment of assets, and the credit review department, independent from these operating sections, audits their assessment. The allowance is provided based on the results of these assessments.

The Company and its non-banking consolidated subsidiaries also carry out asset self-assessment utilizing the similar methods to those employed by the consolidated subsidiaries engaging in banking operations to make provisions for doubtful accounts in the amount deemed necessary.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off was ¥125,706 million ($1,279,718 thousand) and ¥135,533 million at March 31, 2009 and 2008, respectively.

(7) Provision for employee retirement benefits

Provision for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal-year end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end.

Unrecognized prior service costs are amortized using the straight-line method, over eight or nine years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method, over eight or nine years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Unrecognized net transitional obligation from the initial application of the new accounting standard for employee retirement benefits (¥28,423 million) is amortized primarily using straight-line method over 15 years.

(8) Reserve for contingent loss

Reserve for contingent loss is provided for possible losses in accordance with the Joint Responsibility System of Credit Guarantee Corporations.

(9) Reserve for reimbursement of deposits

Reserve for reimbursement of deposits which were not previously recognized as liabilities under certain conditions is provided for possible losses on the future claims of withdrawal based on the historical reimbursement experience.

(10) Translation of foreign currency assets and liabilities

Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date.

(11) Lease transactions

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

(Lessee)

Under the previous accounting standard, finance lease that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for lease which existed at the transition data and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change was not material.

(Lessor)

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the lease property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The Company applied the revised accounting standard effective April 1, 2008. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥1,232 million ($12,543 thousand).

(12) Accounting for significant hedges

a. Interest risk hedges

The consolidated banking subsidiaries hedge interest rate risks arising from their financial assets and liabilities by employing the technique known as "individual hedging" that establishes a specific position to directly hedge a particular item. Such hedges, limited to certain assets and liabilities, are accounted for by the deferred method or, where appropriate interest rate swaps are involved, by the special rule method.

The effectiveness of hedges is assessed as follows: the subsidiaries specify hedge items according to their risk management regulations, with the aim of centralized management of hedge instruments, and hedge items and verify the extent to which exposure of interest rate risks on hedged items is mitigated.

b. Foreign currency risk hedges

The consolidated banking subsidiaries hedge currency exchange fluctuation risks arising from their foreign currency denominated financial assets and liabilities. Such hedges are accounted for by the deferred method specified in the "Accounting and Auditing Treatments in Banking Business in Accounting for Foreign Currency Denominated Transactions and Others" (JICPA Industry Audit Committee Report No. 25).

The effectiveness of hedges is assessed as follows: where currency swap transactions and exchange swap transactions are used as hedging instruments to offset exchange fluctuation risks arising from foreign currency denominated financial assets and liabilities, it is assessed by verifying the agreement of the amounts of the designated hedging instruments corresponding hedged foreign currency financial assets and liabilities.

c. Consolidated non-banking subsidiaries are not engaged in hedging operations using derivative transactions.

(13) Per share information

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Diluted earnings per share reflects the potential dilution that could occur if preferred stock was converted into common stock.

(14) Accounting for consumption tax

National and local consumption taxes are accounted for by the tax exclusion method.

However, a range of consumption taxes on equipment and premises that cease qualifying for exclusion is expensed as incurred.

(15) Accounting for income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(16) Cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand and demand deposits with the Bank of Japan.

(17) Additional information

Partial changes was made to the calculation method for fair value of other securities

The Company had been applying market price to establish book value for floating-rate Japanese Government Bonds for fiscal year 2007. Based on our determination that current market prices may not reflect fair value due to the extremely limited volume of actual transactions, the Company has applied theoretically calculated bond prices as book value for fiscal 2008. Compared with the amounts using market prices for the calculation of fair-value amounts, amounts posted under “Securities” and “Valuation difference on available-for-sale securities” have increased by ¥12,686 million and ¥7,562 million, respectively while deferred tax assets have decreased by ¥5,124 million.

The reasonably estimated fair-value amounts of the said government bonds are equivalent to the discounted present value of the bonds, which is calculated by discounting future cash flows of the bonds by discount rates determined primarily using bond yields. The primary variables in the calculation formula of the present value of the said government bonds are bond yields and yield volatilities.

4. Trading Accounts

Trading accounts as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
Assets	**2009**	2008	**2009**
Trading securities	**¥3,783**	¥4,125	**$38,517**
Trading-related financial derivatives	**4,936**	3,826	**50,252**
Total	**¥8,719**	¥7,952	**$88,769**

	Millions of yen		Thousands of U.S. dollars
Liabilities	**2009**	2008	**2009**
Trading-related financial derivatives	**¥2,263**	¥1,563	**$23,043**
Total	**¥2,263**	¥1,563	**$23,043**

5. Securities

Securities as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Japanese government bonds	**¥ 715,949**	¥ 701,755	**$ 7,288,500**
Japanese local government bonds	**260,844**	216,978	**2,655,444**
Japanese corporate bonds	**452,952**	445,971	**4,611,141**
Japanese stocks	**133,992**	167,742	**1,364,072**
Other securities	**109,852**	128,722	**1,118,318**
Total	**¥1,673,591**	¥1,661,169	**$17,037,475**

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Bills discounted	**¥ 97,138**	¥ 124,166	**$ 988,892**
Loans on bills	**509,018**	586,733	**5,181,900**
Loans on deeds	**5,472,617**	5,111,434	**55,712,285**
Overdrafts	**1,054,374**	1,049,048	**10,733,731**
Total	**¥7,133,148**	¥6,871,383	**$72,616,808**

Loans and bills discounted include loans to borrowers under bankruptcy proceedings, overdue loans, loans overdue for at least three months and restructured loans.

The amounts of these loans are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Loans to borrowers under bankruptcy proceedings	**¥ 31,134**	¥ 22,756	**$ 316,957**
Overdue loans	**182,427**	193,383	**1,857,145**
Loans overdue for at least three months	**707**	172	**7,205**
Restructured loans	**16,412**	47,643	**167,084**
Total	**¥230,682**	¥263,955	**$2,348,391**

These amounts represent the amount before deduction of the allowance for loan losses.

7. Foreign Exchanges

Foreign exchanges as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Assets			
Due from foreign banks	**¥ 9,007**	¥ 7,751	**$ 91,700**
Foreign exchange bills bought	**920**	2,039	**9,374**
Foreign exchange bills receivable	**3,452**	4,238	**35,151**
Total	**¥13,381**	¥14,029	**$136,225**
Liabilities			
Due to foreign banks	**¥ —**	¥ 82	**$ —**
Foreign exchange bills sold	**51**	184	**524**
Foreign exchange bills payable	**4**	4	**43**
Total	**¥ 55**	¥ 270	**$ 567**

8. Tangible Fixed Assets

The accumulated depreciation amounted to ¥96,000 million ($977,307 thousand) and ¥162,428 million as of March 31, 2009 and 2008, respectively.

The book value of tangible fixed assets adjusted for gains on sales of replaced assets amounted to ¥3,898 million ($39,691 thousand) and ¥3,898 million as of March 31, 2009 and 2008, respectively.

9. Customers’ Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers’ liabilities for acceptances and guarantees is also shown on the assets side, which represents the Bank’s right of indemnity from the applicants.

Guarantees obligations on securities issued by private placement (pursuant to Article 2, Clause 3 of the Japanese Financial Instruments and Exchange Act) amounted to ¥114,419 million ($1,164,808 thousand) and ¥112,895 million as of March 31, 2009 and 2008, respectively.

10. Pledged Assets

Assets that are pledged as collateral as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Assets that are pledged as collateral:			
Securities	**¥279,322**	¥175,406	**$2,843,553**
Loans and bills discounted	**346,216**	370,693	**3,524,544**
Other assets	**500**	—	**5,092**
Obligations corresponding to collateral assets:			
Deposits	**¥ 52,962**	¥ 61,268	**$ 539,170**
Payables under securities lending transactions	**—**	6,492	**—**
Call money and bills sold	**10,000**	30,000	**101,802**
Borrowed money	**323,754**	172,300	**3,295,877**

In addition to the assets presented above, the following assets were pledged as collateral relating to transactions on exchange settlements or as substitutes for futures transaction margins as of March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Securities	**¥247,370**	¥204,844	**$2,518,283**
Other assets	**210**	58	**2,139**

Other assets include guarantee deposits of ¥4,368 million ($44,475 thousand) and ¥4,449 million as of March 31, 2009 and 2008, respectively.

11. Deposits

Deposits as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Current deposits, ordinary deposits, saving deposits and deposits at notice	**¥4,091,573**	¥4,009,612	**$41,652,993**
Time deposits and installment savings	**4,343,065**	4,157,401	**44,213,233**
Other deposits	**155,934**	173,817	**1,587,442**
Subtotal	**¥8,590,573**	¥8,340,831	**$87,453,668**
NCDs	**70,965**	94,793	**722,439**
Total	**¥8,661,538**	¥8,435,625	**$88,176,107**

12. Borrowed Money

Borrowed money includes ¥70,500 million ($717,703 thousand) and ¥50,500 million of subordinated borrowed money as of March 31, 2009 and 2008, respectively.

13. Bonds Payable

Bonds payable includes ¥64,500 million ($656,622 thousand) and ¥66,500 million of subordinated bonds as of March 31, 2009 and 2008, respectively.

14. Revaluation Reserve for Land

Under the "Act Concerning Land Revaluation," Hokuriku Bank, Ltd. revaluated its own land for business operation as of March 31, 1998. The revaluation gain is included in net assets as "Revaluation reserve for land." The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥22,758 million ($231,686 thousand) and ¥22,068 million as of March 31, 2009 and 2008, respectively.

15. Capital Stock

Information with respect to capital stock of the Company as of March 31, 2009 and 2008 are as follows:

	2009	2008
Number of shares:		
Authorized:		
Common	**2,800,000,000**	2,800,000,000
Preferred (Type 1)	**400,000,000**	400,000,000
Preferred (Type 2)	**200,000,000**	200,000,000
Preferred (Type 3)	**200,000,000**	200,000,000
Preferred (Type 4)	**90,000,000**	90,000,000
Preferred (Type 5)	**110,000,000**	110,000,000
Issued and outstanding:		
Common	**1,391,630,146**	1,391,630,146
Preferred (Type 1)	**50,000,000**	80,000,000
Preferred (Type 4)	**61,400,000**	79,000,000
Preferred (Type 5)	**107,432,000**	107,432,000

(1) Preferred stock (Type 1 and Type 4)

Preferred stock (Type 1 and Type 4) are noncumulative and nonparticipating for dividend payments, and stockholders of the preferred stock are not entitled to vote at a general meeting of stockholders except when the proposal to pay the prescribed dividends to stockholders is not submitted to the general meeting of stockholders or is rejected at the general meeting of stockholders.

Annual dividends per share of preferred stock (Type 1 and Type 4) are paid to stockholders by ¥7.70 and ¥6.62, respectively.

In cases of liquidation distribution, stockholders of preferred stock (Type 1 and Type 4) will receive ¥500 and ¥570 per share, respectively, and will not have the right to participate in any further liquidation distribution.

The Company may, at any time, purchase and retire preferred stock out of earnings available for distribution to the stockholders.

Stockholders of preferred stock (Type 1 and Type 4) may request the Company to convert their preferred stock into common stock. The period during which the conversion may be requested (the "conversion period") and the terms and conditions of conversion with respect to preferred stock (Type 1 and Type 4) were determined by the resolution made in accordance with the provisions of the Companies Act of Japan (the "Companies Act"), of a stockholders meeting of the Company. The conditions of conversion of preferred stock (Type 1 and Type 4) were determined by the resolution of the board of directors relating to the issuance of the relevant preferred stock. The conversion period and conversion price* of each type of preferred stock are as follows:

Preferred stock (Type 1): September 1, 2004 to July 29, 2010 ¥314.40
Preferred stock (Type 4): September 1, 2004 to July 31, 2010 ¥313.90

* Conversion prices are reset and adjusted pursuant to the appointed rules governing conversion of the preferred stocks.

Any preferred stock (Type 1 and Type 4) with respect to which conversion has not been requested during the conversion period shall be mandatorily converted, as of the date immediately following the last day of the conversion period (the "mandatory conversion date"), into such number of common stock as is obtained by dividing the corresponding amount set forth below by the average of the daily closing prices per share of common stock in regular transactions at the Tokyo Stock Exchange on each of the 30 consecutive trading days (excluding any day on which the closing price is not available) commencing on the 45th trading day preceding the mandatory conversion date. If such average price is less than ¥146.70 and ¥136.20, in the case of preferred stock (Type 1 and Type 4), respectively, then the preferred stock shall be converted into such number of common stock as is obtained by dividing the corresponding amount set forth below by the relevant amount described above:

Preferred stock (Type 1): ¥500 per share
Preferred stock (Type 4): ¥570 per share

(2) Preferred stock (Type 5)

Preferred stock (Type 5) is noncumulative and nonparticipating for dividend payments, and stockholders of the preferred stock (Type 5) are not entitled to vote at a general meeting of stockholders except when the proposal to pay the prescribed dividends to stockholders is not submitted to the general meeting of stockholders or is rejected at the general meeting of stockholders.

Annual dividends per share of preferred stock (Type 5) are paid to stockholders by ¥15.00.

16. Shareholders' Equity

Since May 1, 2006, Japanese banks have been subject to the Banking Act and the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/decreases and transfer of common stock, reserve and surplus

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

17. Per Share Information

	Yen	
	2009	2008
Net assets per share	**¥234.56**	¥225.62
Basic earnings per share	**¥ 24.91**	¥ 25.81
Diluted earnings per share	**¥ 22.79**	¥ 23.48

Reconciliation of the differences between basic and diluted earnings per share for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen	Thousands of shares	Yen
	Net income	Weighted average shares	Earnings per share
For the year ended March 31, 2009:			
Basic earnings per share			
Net income available to common stockholders	**¥34,631**	**1,390,260**	**¥24.91**
Effect of dilutive securities			
Preferred stock	**791**	**163,879**	
Diluted earnings per share			
Net income for computation	**¥35,423**	**1,554,139**	**¥22.79**
For the year ended March 31, 2008:			
Basic earnings per share			
Net income available to common stockholders	¥35,889	1,390,354	¥25.81
Effect of dilutive securities			
Preferred stock	1,138	186,203	
Diluted earnings per share			
Net income for computation	¥37,028	1,576,557	¥23.48

18. Fees and Commissions

Fees and commissions for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Fees and commissions (income)			
Deposits and loans	**¥10,982**	¥11,121	**$111,801**
Remittances and transfers	**12,671**	13,205	**128,996**
Securities-related business	**4,967**	9,470	**50,567**
Others	**12,396**	13,478	**126,199**
Total	**¥41,017**	¥47,275	**$417,563**

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Fees and commissions (expenses)			
Remittances and transfers	**¥ 2,112**	¥ 2,156	**$ 21,504**
Others	**9,434**	9,052	**96,049**
Total	**¥11,547**	¥11,209	**$117,553**

19. Trading Income and Losses

(a) Trading income	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Income from trading securities	¥ 196	¥ 250	$ 2,002
Income from trading derivatives	1,436	1,038	14,625
Total	¥1,633	¥1,289	$16,627

(b) Trading losses	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Losses on trading securities	—	—	—
Total	—	—	—

20. Other Expenses

Included in other expenses for the fiscal year ended March 31, 2009 and 2008 were write-offs of loans and bills discounted of ¥1,193 million ($12,153 thousand) and ¥1,282 million, impairment losses on stocks and other securities of ¥15,779 million ($160,634 thousand) and ¥8,482 million, losses on sales of loans of ¥1,955 million ($19,905 thousand) and ¥1,719 million, respectively.

21. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.43% for the years ended March 31, 2009 and 2008, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which generated in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Deferred tax assets:			
Allowance for loan losses	¥ 69,534	¥ 75,921	$ 707,873
Depreciation	1,971	2,083	20,072
Reserve for employee retirement benefits	15,901	15,608	161,885
Loss on valuation of securities	14,567	12,827	148,295
Valuation difference on available-for-sale securities	9,615	4,208	97,889
Other	4,828	4,896	49,152
Operating loss carryforwards	33,433	29,777	340,361
Subtotal	149,852	145,323	1,525,527
Less: Valuation allowance	49,974	73,681	508,747
Total deferred tax assets	99,878	71,641	1,016,780
Deferred tax liabilities:			
Book-value correction for securities	¥ 4,730	¥ 6,073	$ 48,154
Other	1,756	910	17,879
Total deferred tax liabilities	6,486	6,984	66,033
Net deferred tax assets	¥ 93,391	¥ 64,657	$ 950,747

22. Cash and Cash Equivalents

The reconciliations of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and due from banks" in consolidated balance sheets as of March 31, 2009 and 2008, are as follows:

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Cash and due from banks in balance sheet	¥412,377	¥282,827	$4,198,083
Due from banks except for deposits with the Bank of Japan	(164,053)	(117,492)	(1,670,092)
Cash and cash equivalents in the statements of cash flows	¥248,324	¥165,335	$2,527,991

23. Commitment Lines

Loan agreements and commitment line agreements relating to loans are agreements, which oblige the Group to lend funds up to a certain limit agreed in advance. The Group makes the loans upon the request of an obligor to draw down funds under such loan agreements, as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balance relating to these loan agreements amounted to ¥2,218,922 million ($22,589,049 thousand) and ¥2,247,264 million as of March 31, 2009 and 2008, respectively, out of which, ¥2,177,913 million ($22,171,576 thousand) and ¥2,206,850 million related to loans where the term of the agreement is one year or less, or unconditional cancellation of the agreement is allowed at any time, as of March 31, 2009 and 2008, respectively.

In many cases the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements which allow the Group either to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial condition, or when it is necessary to do so in order to protect the Group's credit. The Group takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Bank and its consolidated subsidiaries in the form of real estate, securities etc. on signing the loan agreement, or in accordance with the Group's established internal procedures confirming the obligor's financial condition etc. at regular intervals.

24. Segment Information

(a) Segment information by business

For the fiscal years ended March 31, 2009 and 2008 on consolidated results by business segment are as follows:

	Millions of yen					
	2009					
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I. Ordinary income						
(1) Ordinary income from outside customers	¥ 217,075	¥14,224	¥ 8,348	¥ 239,648	¥ —	¥ 239,648
(2) Ordinary income from intersegment transactions	1,461	1,228	6,515	9,206	(9,206)	—
Total	218,536	15,453	14,864	248,854	(9,206)	239,648
Ordinary expenses	200,515	14,945	12,886	228,348	(10,099)	218,249
Ordinary profits (loss)	¥ 18,020	¥ 507	¥ 1,977	¥ 20,505	¥ 893	¥ 21,399
II. Identifiable assets	¥9,937,253	¥39,946	¥139,521	¥10,116,721	¥(187,635)	¥9,929,086
Depreciation expenses	6,641	167	327	7,135	—	7,135
Losses on impairment of fixed assets	9	—	5	14	—	14
Capital expenditures	13,939	0	455	14,395	—	14,395

	Millions of yen					
	2008					
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I. Ordinary income						
(1) Ordinary income from outside customers	¥ 235,686	¥16,417	¥ 9,153	¥ 261,257	¥ —	¥ 261,257
(2) Ordinary income from intersegment transactions	1,915	1,385	6,804	10,106	(10,106)	—
Total	237,602	17,803	15,958	271,363	(10,106)	261,257
Ordinary expenses	173,650	17,448	13,417	204,516	(9,576)	194,940
Ordinary profits (loss)	¥ 63,952	¥ 354	¥ 2,540	¥ 66,846	¥ (529)	¥ 66,317
II. Identifiable assets	¥9,546,268	¥45,428	¥157,976	¥9,749,674	¥(181,709)	¥9,567,964
Depreciation expenses	5,958	9,639	390	15,988	—	15,988
Losses on impairment of fixed assets	244	—	—	244	—	244
Capital expenditures	7,585	10,190	365	18,141	—	18,141

	Thousands of U.S. dollars					
	2009					
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I. Ordinary income						
(1) Ordinary income from outside customers	$ 2,209,865	$144,805	$ 84,993	$ 2,439,663	$ —	$ 2,439,663
(2) Ordinary income from intersegment transactions	14,879	12,511	66,330	93,720	(93,720)	—
Total	2,224,744	157,316	151,323	2,533,383	(93,720)	2,439,663
Ordinary expenses	2,041,290	152,152	131,192	2,324,634	(102,817)	2,221,817
Ordinary profits (loss)	$ 183,454	$ 5,164	$ 20,131	$ 208,749	$ 9,097	$ 217,846
II. Identifiable assets	$101,163,122	$406,658	$1,420,359	$102,990,139	$(1,910,161)	$101,079,978
Depreciation expenses	67,610	1,700	3,335	72,645	—	72,645
Losses on impairment of fixed assets	95	—	55	150	—	150
Capital expenditures	141,902	5	4,642	146,549	—	146,549

(b) Segment information by location

As operations in Japan, in terms of all segments and total assets for all segments, accounted for more than 90% of total ordinary profits, information by location has been omitted.

(c) Segment information about the ordinary income from international operations

As ordinary profits from international operations accounted for less than 10% of total ordinary profits, information about the ordinary profits from international operations has been omitted.

25. Lease Transactions

(Lessee)

The Company leases ATMs, computer equipment, software and other assets.

As discussed in Note 3 (11), the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information for the year ended March 31, 2009 as described below is for such leases existing at the transition date.

Pro forma information with respect to the leased property, such as acquisition cost, accumulated depreciation and net book value at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Acquisition cost	**¥4,188**	¥4,207	**$42,644**
Accumulated depreciation	**2,435**	1,763	**24,791**
Net book value	**¥1,753**	¥2,444	**$17,853**

Pro forma amounts of obligations under finance lease at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Within one year	**¥ 652**	¥ 690	**$ 6,638**
Over one year	**1,101**	1,753	**11,215**
Total	**¥1,753**	¥2,444	**$17,853**

Pro forma information concerning lease payments and depreciation expenses for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Lease payments	**¥690**	¥659	**$7,031**
Depreciation expenses	**690**	659	**7,031**

The method of calculating the pro forma amounts of depreciation expense for the years ended March 31, 2009 and 2008 are as follows:

Depreciation is computed based on the straight-line method over the period of lease, with no residual value.

(Lessor)

Acquisition cost, accumulated depreciation and balance at March 31, 2008 is as follows:

	Millions of yen
	2008
Acquisition cost	¥46,459
Accumulated depreciation	21,735
Balance at year-end	¥24,723

The pro forma amounts of lease receivable under finance lease at March 31, 2008 is as follows:

	Millions of yen
	2008
Within one year	¥ 8,953
Over one year	17,615
Total	¥26,569

Lease payments received and depreciation expenses for the years ended March 31, 2008 is as follows:

	Millions of yen
	2008
Lease payments received	¥10,717
Depreciation expenses	9,636

26. Retirement Benefits

(a) Overview of the Group's retirement benefit plans

The Hokuriku Bank, Ltd., provides the defined benefit programs that are a corporate pension plan, a qualified retirement pension plan and a retirement lump sum grant. At the time of retirement, employees may be issued a premium retirement grant that is not subject to inclusion in the actuarial computation of projected benefit obligations in conformity to the standards for accounting for retirement benefits. The Hokuriku Bank, Ltd., was approved by the Minister of Health, Labor and Welfare on February 17, 2003, to be relieved of the obligation to administer the future payment service of the government mandated portion of its employees pension fund. The Hokuriku Bank, Ltd. was further approved on March 1, 2005, to switch from the employees pension fund to a corporate pension fund.

The Hokkaido Bank, Ltd., provides defined benefit arrangements that combine a retirement lump sum grant and an employees pension fund plan. The Hokkaido Bank, Ltd., was approved by the Minister of Health, Labor and Welfare on March 26, 2004, to be relieved of the obligation to administer the future payment service of the government mandated portion of the employees pension fund.

The consolidated domestic subsidiaries other than the two noted above provide retirement lump sum grants.

The Company's employees are all on loan from its subsidiaries, and are covered by the retirement benefit program of the subsidiaries from which they each come.

The Hokuriku Bank, Ltd., and The Hokkaido Bank, Ltd. has established benefit trust arrangements as a part of its plan assets.

(b) Retirement benefit

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligations (A)	**¥(93,095)**	¥(93,264)	**$(947,732)**
Plan assets at fair value (B)	**48,736**	61,510	**496,142**
Projected benefit obligations in excess of plan assets (C) = (A) + (B)	**(44,359)**	(31,753)	**(451,590)**
Unrecognized transitional obligation (D)	**11,369**	13,270	**115,742**
Unrecognized actuarial differences (E)	**28,695**	14,081	**292,129**
Unrecognized prior service costs (F)	**(2,504)**	(4,502)	**(25,497)**
Net projected benefit obligations recognized on the consolidated balance sheets (G) = (C) + (D) + (E) + (F)	**(6,799)**	(8,904)	**(69,216)**
Prepaid pension costs (H)	**2,161**	2,147	**22,000**
Reserve for employee retirement benefits (G) – (H)	**¥ (8,960)**	¥(11,052)	**$ (91,216)**

(c) Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service costs	**¥1,930**	¥2,042	**$19,654**
Interest cost on projected benefit obligations	**2,103**	2,098	**21,410**
Expected return on plan assets	**(2,072)**	(2,252)	**(21,103)**
Amortization of unrecognized prior service costs	**(1,997)**	(1,997)	**(20,340)**
Amortization of unrecognized actuarial differences	**2,569**	(91)	**26,161**
Amortization of transitional obligation	**1,900**	1,895	**19,351**
Other (additional payments, including premium retirement benefits)	**202**	287	**2,061**
Net periodic retirement benefit expenses	**¥4,635**	¥1,981	**$47,194**

(d) Assumptions for calculation of projected benefit obligations

	2009	2008
(1) Discount rate	**2.0% – 2.5%**	2.0% – 2.5%
(2) Expected rate of return on pension assets	**3.5% – 4.0%**	3.5% – 4.0%
(3) Method of benefit attribution	**Straight-line method**	Straight-line method
(4) Period of amortization of unrecognized prior service costs	**8 or 9 years**	8 or 9 years
(5) Period of amortization of unrecognized actuarial differences	**8 or 9 years**	8 or 9 years
(6) Period of amortization of transitional obligation	**15 years**	15 years

27. Market Value of Securities and Money Held in Trust

(1) Securities

The market value of securities at March 31, 2009 and 2008 were as follows:

1. The amounts shown in the following tables include trading securities classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and commercial paper and beneficiary claims on loan trusts classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheets.
2. Investments in subsidiaries and affiliates have no market quotations.

(a) Securities classified as trading purposes

	Millions of yen		Thousands of U.S. dollars
March 31	**2009**	2008	**2009**
Consolidated balance sheet amount	**¥3,783**	¥4,125	**$38,517**
Valuation gains included in the earnings for the fiscal year	**28**	39	**291**

(b) Bonds classified as held-to-maturity with market value

	Millions of yen				
March 31, 2009	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	**¥16,396**	**¥16,839**	**¥ 442**	**¥443**	**¥ 0**
Japanese local government bonds	**4,464**	**4,471**	**6**	**6**	**—**
Japanese corporate bonds	**30,183**	**28,967**	**(1,216)**	**18**	**1,235**
Other	**11,601**	**11,288**	**(312)**	**—**	**312**
Total	**¥62,646**	**¥61,566**	**¥(1,079)**	**¥468**	**¥1,548**

March 31, 2008	Millions of yen Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	¥13,854	¥14,278	¥423	¥423	¥ —
Japanese local government bonds	10,878	10,901	22	22	0
Japanese corporate bonds	53,459	53,269	(189)	41	230
Other	17,135	16,938	(196)	19	216
Total	¥95,327	¥95,387	¥ 59	¥507	¥447

March 31, 2009	Thousands of U.S. dollars Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	**$166,923**	**$171,431**	**$ 4,508**	**$4,510**	**$ 2**
Japanese local government bonds	**45,447**	**45,516**	**69**	**69**	**—**
Japanese corporate bonds	**307,278**	**294,895**	**(12,383)**	**192**	**12,575**
Other	**118,107**	**114,922**	**(3,185)**	**—**	**3,185**
Total	**$637,755**	**$626,764**	**$(10,991)**	**$4,771**	**$15,762**

Note: Market value is calculated by using market prices at the fiscal year-end.

(c) Available-for-sale securities with market value

March 31, 2009	Millions of yen Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	**¥ 114,477**	**¥ 104,451**	**¥(10,026)**	**¥ 8,832**	**¥18,858**
Bonds	**1,264,669**	**1,260,759**	**(3,910)**	**4,398**	**8,309**
Japanese government bonds	**702,737**	**699,552**	**(3,184)**	**2,428**	**5,613**
Japanese local government bonds	**256,002**	**256,379**	**376**	**1,131**	**754**
Japanese corporate bonds	**305,929**	**304,826**	**(1,102)**	**838**	**1,941**
Other	**113,964**	**99,967**	**(13,997)**	**74**	**14,072**
Total	**¥1,493,112**	**¥1,465,177**	**¥(27,934)**	**¥13,305**	**¥41,240**

March 31, 2008	Millions of yen Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 123,196	¥ 136,411	¥13,215	¥22,579	¥ 9,364
Bonds	1,185,426	1,169,342	(16,083)	4,949	21,032
Japanese government bonds	705,534	687,900	(17,634)	2,072	19,707
Japanese local government bonds	204,864	206,099	1,235	1,772	536
Japanese corporate bonds	275,027	275,342	315	1,104	789
Other	121,064	114,862	(6,202)	792	6,994
Total	¥1,429,687	¥1,420,616	¥ (9,070)	¥28,321	¥37,391

March 31, 2009	Thousands of U.S. dollars Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	**$ 1,165,403**	**$ 1,063,332**	**$(102,071)**	**$ 89,917**	**$191,988**
Bonds	**12,874,576**	**12,834,767**	**(39,809)**	**44,778**	**84,587**
Japanese government bonds	**7,153,998**	**7,121,577**	**(32,421)**	**24,725**	**57,146**
Japanese local government bonds	**2,606,158**	**2,609,996**	**3,838**	**11,519**	**7,681**
Japanese corporate bonds	**3,114,420**	**3,103,194**	**(11,226)**	**8,534**	**19,760**
Other	**1,160,184**	**1,017,685**	**(142,499)**	**761**	**143,260**
Total	**$15,200,163**	**$14,915,784**	**$(284,379)**	**$135,456**	**$419,835**

Note: Consolidated balance sheet amount is determined as follows:

Stocks	Average market price during one month before the fiscal year-end
Bonds and other	Market price at the fiscal year-end

(d) Available-for-sale securities sold during the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2009	2008	2009
Proceeds from sales	¥660,522	¥474,673	$6,724,245
Gains on sales	3,580	10,160	36,451
Losses on sales	2,279	891	23,203

(e) Securities with no available market value

	Millions of yen		Thousands of U.S. dollars
	Consolidated balance sheet amount		
March 31	2009	2008	2009
Bonds classified as held-to-maturity	¥ 37,925	¥ 36,627	$ 386,084
Privately placed bonds	37,925	36,627	386,084
Available-for-sale securities	234,673	264,689	2,389,017
Unlisted stocks	29,459	31,087	299,901
Unlisted foreign securities	0	1	8
Other	205,213	233,601	2,089,108

(f) Change in classification of securities

Not applicable.

(g) Redemption schedule of available-for-sale securities with maturities and held-to-maturity bonds

	Millions of yen			
March 31, 2009	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥168,626	¥703,755	¥421,980	¥135,387
Japanese government bonds	73,682	232,077	275,576	134,617
Japanese local government bonds	24,810	152,349	83,683	—
Japanese corporate bonds	70,133	319,328	62,720	769
Other	13,479	27,185	33,731	17,283
Total	¥182,106	¥730,941	¥455,712	¥152,670

	Millions of yen			
March 31, 2008	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥222,776	¥625,987	¥368,651	¥147,289
Japanese government bonds	120,085	212,022	223,249	146,397
Japanese local government bonds	21,002	115,956	80,019	—
Japanese corporate bonds	81,688	298,008	65,382	892
Other	13,267	43,666	35,118	14,329
Total	¥236,043	¥669,654	¥403,770	¥161,619

	Thousands of U.S. dollars			
March 31, 2009	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	$1,716,654	$7,164,365	$4,295,844	$1,378,268
Japanese government bonds	750,102	2,362,590	2,805,418	1,370,435
Japanese local government bonds	252,578	1,550,951	851,915	—
Japanese corporate bonds	713,974	3,250,824	638,511	7,833
Other	137,222	276,754	343,395	175,950
Total	$1,853,876	$7,441,119	$4,639,239	$1,554,218

(2) Money held in trust

(a) Money held in trust classified as trading purposes

	Millions of yen		Thousands of U.S. dollars
March 31	2009	2008	2009
Consolidated balance sheet amount	¥3,852	¥4,780	$39,215
Valuation gains (losses) included in profit/loss during the year	5	(36)	58

(b) Money held in trust classified as held-to-maturity

Not applicable

(c) Other money held in trust

March 31	Millions of yen 2009	2008	Thousands of U.S. dollars 2009
Acquisition cost	**¥900**	¥2,500	**$9,162**
Consolidated balance sheet amount	**899**	2,496	**9,152**
Net unrealized gains	**(0)**	(3)	**(10)**
Unrealized gains	**—**	0	**—**
Unrealized losses	**0**	3	**10**

Note: Consolidated balance sheet amount is calculated by using market prices at the fiscal year-end.

(3) Net unrealized gains on available-for-sale securities and other money held in trust

March 31	Millions of yen 2009	2008	Thousands of U.S. dollars 2009
Net unrealized gains	**¥(27,935)**	¥(9,073)	**$(284,390)**
Available-for-sale securities	**(27,934)**	(9,070)	**(284,380)**
Other money held in trust	**(0)**	(3)	**(10)**
Net deferred taxes (liabilities)	**9,615**	4,208	**97,889**
Net unrealized gains (before following adjustments)	**(18,320)**	(4,864)	**(186,501)**
(–) Minority interests	**0**	0	**1**
(+) The Group's interest in net unrealized gains on available-for-sale securities held by affiliates accounted for by the equity method	**(21)**	142	**(214)**
Net unrealized gains	**¥(18,341)**	¥(4,722)	**$(186,716)**

28. Derivatives

The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd. (together, the "Banks") use swaps, futures, forward and option contracts, and other similar types of contracts based on either interest rates, foreign exchange rates or securities prices.

The purpose for using financial derivative products are 1) to meet the hedging needs of customers, 2) to reduce market risks related to the assets and liabilities and 3) for trading purposes under the strict risk management structure.

Derivative transactions are accompanied by losses arising from credit risk and losses resulting from market risk.

Derivatives transactions entered into by the Banks have been made in accordance with its risk management policies and procedures, and positions, gain-and-loss amounts, risk amounts and other information regarding the status of trading transactions are reported to the management board.

· Interest Rate-Related Transactions

March 31, 2009	Millions of yen Contract value	Market value	Recognized gain (Loss)
Over-the-counter transactions			
Swaps			
Receive/fixed and pay/floating	**¥786,279**	**¥10,466**	**¥10,466**
Receive/floating and pay/fixed	**820,915**	**(6,031)**	**(6,031)**
Options/sell	**405,080**	**(3,784)**	**2,314**
Options/buy	**398,324**	**3,793**	**3,793**
Others/sell	**29,225**	**(67)**	**1,239**
Others/buy	**18,881**	**56**	**(330)**
Total	**/**	**¥ 4,433**	**¥11,451**

March 31, 2008	Millions of yen Contract value	Market value	Recognized gain (Loss)
Over-the-counter transactions			
Swaps			
Receive/fixed and pay/floating	¥644,990	¥5,031	¥ 5,031
Receive/floating and pay/fixed	678,218	(2,130)	(2,130)
Options/sell	387,051	(2,813)	5,525
Options/buy	379,396	2,815	2,815
Others/sell	53,974	(221)	2,183
Others/buy	32,438	184	(452)
Total	/	¥2,867	¥12,973

March 31, 2009	Thousands of U.S. dollars Contract value	Market value	Recognized gain (Loss)
Over-the-counter transactions			
Swaps			
Receive/fixed and pay/floating	**$8,004,473**	**$106,549**	**$106,549**
Receive/floating and pay/fixed	**8,357,078**	**(61,403)**	**(61,403)**
Options/sell	**4,123,797**	**(38,526)**	**23,563**
Options/buy	**4,055,018**	**38,615**	**38,615**
Others/sell	**297,525**	**(683)**	**12,615**
Others/buy	**192,213**	**578**	**(3,361)**
Total	**/**	**$ 45,130**	**$116,578**

· Foreign exchange-related transactions

March 31, 2009	Millions of yen Contract value	Market value	Recognized gain (Loss)
Over-the-counter transactions			
Swaps	**¥ 71,853**	**¥ 300**	**¥ 300**
Forward contracts/sell	**14,196**	**(106)**	**(106)**
Forward contracts/buy	**17,799**	**699**	**699**
Options/sell	**816,580**	**(75,901)**	**(2,758)**
Options/buy	**816,580**	**75,901**	**19,420**
Total	**/**	**¥ 894**	**¥17,555**

March 31, 2008	Millions of yen Contract value	Market value	Recognized gain (Loss)
Over-the-counter transactions			
Swaps	¥ 68,042	¥ 298	¥ 298
Forward contracts/sell	15,819	344	344
Forward contracts/buy	15,158	(712)	(712)
Options/sell	848,434	(71,417)	(2,253)
Options/buy	848,434	71,417	18,372
Total	/	¥ (69)	¥16,049

March 31, 2009	Thousands of U.S. dollars Contract value	Market value	Recognized gain (Loss)
Over-the-counter transactions			
Swaps	**$ 731,479**	**$ 3,055**	**$ 3,055**
Forward contracts/sell	**144,522**	**(1,083)**	**(1,083)**
Forward contracts/buy	**181,200**	**7,124**	**7,124**
Options/sell	**8,312,945**	**(772,687)**	**(28,078)**
Options/buy	**8,312,945**	**772,693**	**197,700**
Total	**/**	**$ 9,102**	**$178,718**

At March 31, 2009 and 2008, the Group had no outstanding derivatives contracts in stock related transactions, bond related transactions, commodity related transactions and credit derivative transactions.

29. Subsequent Events

Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2009 were approved at the Company's general stockholders meeting held on June 25, 2009:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥3.00 per share on common stock	¥4,170	$42,460
Cash dividends, ¥3.85 per share on preferred stock (Type 1)	192	1,960
Cash dividends, ¥3.31 per share on preferred stock (Type 4)	203	2,069
Cash dividends, ¥7.50 per share on preferred stock (Type 5)	805	8,203

Deloitte.

To the Board of Directors of
Hokuhoku Financial Group, Inc.:

We have audited the accompanying consolidated balance sheets of Hokuhoku Financial Group, Inc. (the "Company") and consolidated subsidiaries as of March 31, 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Company and consolidated subsidiaries for the year ended March 31, 2008 were jointly audited by us and Ernst & Young ShinNihon whose report, dated June 25, 2008, expressed an unqualified opinion on those statements and included supplemental information that described to resolve the acquisition and retirement of preferred stock at the meeting of the Board of Directors held on June 23,2008.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and consolidated subsidiaries as of March 31, 2009, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 5, 2009

DELOITTE TOUCHE TOHMATSU

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

The Hokuriku Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
March 31	2009	2008	2009
Assets			
Cash and due from banks	¥ 293,653	¥ 189,431	$ 2,989,452
Call loans and bills bought	20,726	30,519	211,000
Monetary claims bought	154,750	185,805	1,575,394
Trading assets	6,589	5,463	67,085
Securities	858,854	820,950	8,743,298
Loans and bills discounted	4,290,055	4,197,098	43,673,580
Foreign exchanges	6,649	8,385	67,691
Other assets	73,920	81,848	752,522
Tangible fixed assets	68,573	65,732	698,092
Intangible fixed assets	3,175	3,452	32,326
Deferred tax assets	66,126	42,780	673,178
Customers' liabilities for acceptances and guarantees	81,703	89,640	831,757
Allowance for loan losses	(49,391)	(51,084)	(502,814)
Allowances for investment losses	(1,035)	(58)	(10,536)
Total assets	¥5,874,352	¥5,669,966	$59,802,025
Liabilities and net assets			
Liabilities			
Deposits	¥5,092,556	¥4,955,752	$51,843,185
Call money and bills sold	10,000	40,000	101,802
Payables under securities lending transactions	—	6,492	—
Trading liabilities	2,263	1,566	23,043
Borrowed money	360,040	249,335	3,665,278
Foreign exchanges	35	191	366
Other liabilities	83,200	76,982	846,998
Provision for employee retirement benefits	584	285	5,955
Reserve for contingent loss	977	270	9,949
Reserve for reimbursement of deposits	1,643	2,232	16,729
Deferred tax liabilities for land revaluation	9,054	9,061	92,173
Acceptances and guarantees	81,703	89,640	831,757
Total liabilities	5,642,059	5,431,811	57,437,235
Net assets			
Capital stock	140,409	140,409	1,429,396
Capital surplus	14,998	14,998	152,691
Retained earnings	75,571	71,645	769,337
Total shareholders' equity	230,980	227,054	2,351,424
Valuation difference on available-for-sale securities	(7,550)	2,198	(76,862)
Deferred gains or losses on hedges	(45)	(16)	(459)
Revaluation reserve for land	8,908	8,918	90,687
Total valuation and translation adjustments	1,312	11,100	13,366
Total net assets	232,293	238,155	2,364,790
Total liabilities and net assets	¥5,874,352	¥5,669,966	$59,802,025

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

The Hokuriku Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	**2009**	2008	**2009**
Income			
Interest income:			
Interest on loans and discounts	**¥ 81,231**	¥ 82,696	**$ 826,955**
Interest and dividends on securities	**9,664**	10,431	**98,391**
Interest on deposits with other banks	**1,291**	911	**13,147**
Other interest income	**2,040**	3,286	**20,774**
Fees and commissions	**20,892**	25,082	**212,694**
Trading income	**1,534**	1,150	**15,622**
Other ordinary income	**5,351**	8,342	**54,483**
Other income	**2,306**	9,404	**23,481**
Total income	**124,314**	141,306	**1,265,547**
Expenses			
Interest expense:			
Interest on deposits	**15,810**	14,743	**160,950**
Interest on payables under securities lending transactions	**60**	505	**620**
Interest on borrowings and rediscounts	**3,100**	2,961	**31,563**
Other interest expense	**493**	1,173	**5,027**
Fees and commissions	**6,571**	6,584	**66,903**
Other ordinary expenses	**2,316**	0	**23,582**
General and administrative expenses	**53,110**	50,784	**540,679**
Provision of allowance for loan losses	**20,332**	19,404	**206,992**
Other expenses	**14,931**	11,867	**152,003**
Total expenses	**116,728**	108,024	**1,188,319**
Income before income taxes	**7,586**	33,281	**77,228**
Income taxes:			
Current	**745**	201	**7,585**
Deferred	**(19,595)**	11,852	**(199,483)**
Net income	**¥ 26,436**	¥ 21,227	**$ 269,126**

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

The Hokkaido Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
March 31	2009	2008	2009
Assets			
Cash and due from banks	¥ 117,569	¥ 92,224	$ 1,196,877
Call loans and bills bought	40,000	51,001	407,208
Monetary claims bought	—	1	—
Trading account securities	2,130	2,488	21,684
Money held in trust	4,751	7,277	48,367
Securities	866,202	893,897	8,818,109
Loans and bills discounted	2,863,495	2,686,873	29,150,922
Foreign exchanges	6,732	5,643	68,534
Other assets	66,212	56,507	674,051
Tangible fixed assets	31,510	26,781	320,782
Intangible fixed assets	3,418	3,004	34,798
Deferred tax assets	28,038	22,828	285,440
Customers' liabilities for acceptances and guarantees	25,409	28,171	258,669
Allowance for loan losses	(29,431)	(35,834)	(299,621)
Total assets	¥4,026,037	¥3,840,867	$40,985,820
Liabilities and net assets			
Liabilities			
Deposits	¥3,649,919	¥3,546,510	$37,156,873
Borrowed money	98,300	40,000	1,000,713
Foreign exchanges	19	79	201
Other liabilities	84,899	47,566	864,291
Provision for employee retirement benefits	8,068	10,415	82,143
Reserve for contingent loss	581	328	5,920
Reserve for reimbursement of deposits	553	545	5,635
Acceptances and guarantees	25,409	28,171	258,669
Total liabilities	3,867,751	3,673,617	39,374,445
Net assets			
Capital stock	93,524	93,524	952,092
Capital surplus	16,795	16,795	170,977
Retained earnings	52,467	57,445	534,127
Total shareholders' equity	162,786	167,764	1,657,196
Valuation difference on available-for-sale securities	(4,500)	(515)	(45,821)
Total valuation and translation adjustments	(4,500)	(515)	(45,821)
Total net assets	158,285	167,249	1,611,375
Total liabilities and net assets	¥4,026,037	¥3,840,867	$40,985,820

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

The Hokkaido Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	**2009**	2008	**2009**
Income			
Interest income:			
Interest on loans and discounts	**¥59,529**	¥58,728	**$606,023**
Interest and dividends on securities	**9,847**	9,408	**100,254**
Interest on receivables under resale agreements	**76**	210	**779**
Interest on deposits with other banks	**0**	0	**7**
Other interest income	**389**	346	**3,967**
Fees and commissions	**16,057**	18,306	**163,469**
Other ordinary income	**7,411**	7,178	**75,447**
Other income	**3,608**	1,970	**36,731**
Total income	**96,921**	96,148	**986,677**
Expenses			
Interest expense:			
Interest on deposits	**10,080**	9,257	**102,623**
Interest on payables under securities lending transactions	**—**	17	**—**
Interest on borrowings and rediscounts	**1,092**	964	**11,118**
Other interest expense	**2**	1	**26**
Fees and commissions	**6,573**	6,297	**66,923**
Other ordinary expenses	**3,441**	1,787	**35,038**
General and administrative expenses	**41,120**	39,370	**418,610**
Provision of allowance for loan losses	**12,809**	4,133	**130,402**
Other expenses	**6,952**	5,859	**70,779**
Total expenses	**82,073**	67,687	**835,519**
Income before income taxes	**14,848**	28,460	**151,158**
Income taxes:			
Current	**6,879**	61	**70,037**
Deferred	**(3,496)**	10,582	**(35,592)**
Net income	**¥11,464**	¥17,815	**$116,713**

The Hokuhoku Financial Group is composed of the holding company and 15 consolidated subsidiaries and one affiliate. Our core business is banking, and we also provide a wider range of services including leases, credit cards, financing, and venture capital. The following is a diagram of our business.

Business diagram

Hokuhoku Financial Group, Inc.

- **The Hokuriku Bank, Ltd.**
  - **Hokugin Business Services Co., Ltd.** (document management, concentrated business processing)
  - **Hokugin Office Services Co., Ltd.***[1] (Human resource solutions)
  - **Hokugin Real Estate Services Co., Ltd.** (Property management)
  - **Hokugin Shisankanri Co., Ltd.***[2] (Auctioning pledged properties)
  - **Hokuriku International Cayman Limited** (Finance)
  - **Hokugin Corporate Co., Ltd.***[1] (Corporate rehabilitation)
- **Hokugin Lease Co., Ltd.** (Leasing)
- **Hokuriku Card Co., Ltd.** (Credit card operations, loan guarantees)
- **Hokuriku Hosho Services Co., Ltd.** (Credit guarantees)
- **Hokugin Software Co., Ltd.** (Software development)
- **Nihonkai Services Co., Ltd.** (Servicer)
- **Hokuhoku Capital Co., Ltd.***[3] (Venture capital, IPO consulting)
- **The Hokkaido Bank, Ltd.**
  - **Dogin Business Service, Ltd.** (Document management, cash management, concentrated business processing)
  - **Dogin Card Co., Ltd.** (Credit card operations, loan guarantees)

*1. Hokugin Office Services Co., Ltd. and Hokugin Corporate Co., Ltd. are currently under liquidation procedures based on a resolution of the Board of Directors made on March 31, 2009.
*2. On March 31, 2009 liquidation procedures for Hokugin Shisankanri Co., Ltd. were completed.
*3. Affiliated company. Hokuriku Capital Co., Ltd. was renamed Hokuhoku Capital Co., Ltd.

Major subsidiaries

(units: millions of yen, %)

Company name	Address	Main business activities	Established	Capital	FG's share of voting rights	Dividend
The Hokuriku Bank, Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Banking	July 31, 1943	140,409	100.00	4,471
The Hokkaido Bank, Ltd.	4-1 Odori Nishi, Chuo-ku, Sapporo City	Banking	March 5, 1951	93,524	100.00	3,212
Hokugin Lease Co., Ltd.	2-21 Aramachi, Toyama City	Leasing	July 21, 1983	100	70.25	—
Hokuriku Card Co., Ltd.	1-2-1 Shintomi-cho, Toyama City	Credit card operations, loan guarantees	March 2, 1983	36	87.39	3
Hokuriku Hosho Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Credit guarantees	December 12, 1978	50	100.00	—
Hokugin Software Co., Ltd.	1-5-25 Higashidenjigata, Toyama City	Software development	May 1, 1986	30	100.00	—
Nihonkai Services Co., Ltd.	1-6-8 Chuo-dori, Toyama City	Servicer	December 5, 2003	500	100.00	—
Hokugin Business Services Co., Ltd.	1883 Hiyodorijima, Toyama City	Document management, concentrated business processing	March 25, 1953	30	(100.00)	—
Hokugin Office Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Human resource solutions	March 3, 1986	20	(100.00)	—
Hokugin Real Estate Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Property Management	September 26, 1988	100	(100.00)	—
Hokugin Shisankanri Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Auctioning pledged properties	March 7, 2000	100	(100.00)	—
Hokuriku International Cayman Limited	P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies	Finance	April 27, 1993	US$1,000	(100.00)	—
Hokugin Corporate Co., Ltd.	3-2-10 Nihonbashi-Muromachi, Chuo-ku, Tokyo	Corporate rehabilitation	December 1, 2004	100	(100.00)	—
Dogin Business Service, Ltd.	4-1 Odori Nishi, Chuo-ku, Sapporo City	Document management, cash management, concentrated business processing	June 8, 1979	50	(100.00)	—
Dogin Card Co., Ltd.	2-2-14 Chuo-ku Minami, Sapporo City	Credit card operations, loan guarantees, Credit guarantees	June 13, 1977	1,226	(100.00)	—
Hokuhoku Capital Co., Ltd.*	1-6-8 Chuo-dori, Toyama City	Venture Capital	January 11, 1985	250	5.00 (38.75)	—

* Equity method-affiliated company
( ) Indicates voting rights involving shares held by subsidiaries

The Hokuriku Bank, Ltd.

http://www.hokugin.co.jp/

Establishment

The origin of the Hokuriku Bank is the Kanazawa 12th National Bank, which was established on August 26, 1877 with the House of Kaga-Maeda providing 70% of the financing. The Bank was the creation of the family established by Maeda Toshiie, the founder of the Kaga clan.

A unique, extensive regional bank, Hokuriku Bank worked with leading industries, and was a leader in areas such as international operations, securities, and electronic banking. The Bank provides high-quality integrated financial services that precisely and quickly meet the needs of local customers. It will continue to contribute to regional development.

Company outline (as of March 31, 2009)

	The Hokuriku Bank, Ltd.	
Business:	Banking	
Incorporation:	July 31, 1943 (founded in 1877)	
Location of headquarters:	1-2-26 Tsutsumicho-dori, Toyama City, Toyama	
President:	Shigeo Takagi	
Total assets:	¥5,874.3 billion	
Deposits (including NCDs):	¥5,092.5 billion	
Loans:	¥4,290.0 billion	
Issued shares:		
	Common stock	987,147,185
	Preferred stock (Type 1)	113,900,000
Capital ratio		
(non-consolidated):	10.23%	
Employees:	2,568	
Branches (as of June 30, 2009)		
Domestic:	186 (130 branches, 56 sub-branches)	
Overseas:	3 representative offices	

History

August 1877	Kanazawa 12th National Bank founded
February 1879	Toyama 123rd National Bank founded
January 1884	Kanazawa 12th National Bank and Toyama 123rd National Bank merged to form Toyama 12th National Bank with headquarters in Toyama City
July 1897	Toyama 12th National Bank changed name to 12th Bank
July 1943	Four banks, 12th, Takaoka, Chuetsu, and Toyama Bank, merged to form Hokuriku Bank
January 1950	Launched foreign exchange operations (first regional bank to do so)
September 1961	Listed on the Tokyo Stock Exchange
November 1961	Present head office built
January 1971	Received blanket approval to engage in correspondent banking services
November 1973	Completed first integrated online system linking all offices
March 1974	Received blanket approval to engage in foreign exchange business
July 1978	Received blanket approval to handle yen-denominated and foreign-denominated syndicated loans
October 1979	Launched second online system
November 1981	Launched online foreign exchange system
January 1984	Launched firm banking service
May 1987	Introduced VI (visual identification)
August 1990	Completed third online system
November 1993	Launched investment trust agent operations
December 1998	Launched over-the-counter sale of securities investment trusts
June 2000	Launched Internet and mobile banking services
July 2000	Completed new computer center (Alps building)
January 2001	Launched new computer system
April 2001	Launched over-the-counter sales of casualty insurance
February 2002	Third-party allocation worth ¥39.1 billion, brought new capital to ¥140.4 billion
February 2002	Launched convenience store ATM service (E-net)
October 2002	Launched over-the-counter sales of life insurance
March 2003	Took over part of the Ishikawa Bank's operations
September 2003	Established Hokugin Financial Group, Inc. through share transfer, then became subsidiary of the Hokugin Financial Group, Inc.
September 2004	Integrated management with Hokkaido Bank, name of parent company changed to Hokuhoku Financial Group, Inc.
December 2004	Launched securities agency operations
	Established corporate rehabilitation company Hokugin Corporate Co., Ltd.
March 2006	Entered into a contract on joint system use with Hokkaido Bank and the Bank of Yokohama

The Hokkaido Bank, Ltd.

http://www.hokkaidobank.co.jp/

Establishment

On March 5, 1951, Hokkaido Bank was established based on the strong demand from small and medium-sized corporations in Hokkaido for funds accompanying the sudden increase in population and development of new industries in Hokkaido during the post-war recovery period.

Based on this background and as a Bank deeply rooted in Hokkaido, Hokkaido Bank considers its mission to be contributing to regional economic growth by smoothly providing funds and full financial services to its customers in Hokkaido. Hokkaido Bank has not forgotten the spirit in which it was created and is moving forward with its customers in Hokkaido.

Company outline (as of March 31, 2009)

	The Hokkaido Bank. Ltd.	
Business:	Banking	
Incorporation:	March 5, 1951	
Location of headquarters:	4-1 Odori Nishi, Chuo-ku, Sapporo City	
President:	Yoshihiro Sekihachi	
Total assets:	¥4,026.0 billion	
Deposits (including NCDs):	¥3,649.9 billion	
Loans:	¥2,863.4 billion	
Issued shares:		
	Common stock:	374,356,952
	Preferred stock (Type 1):	65,500,000
	Preferred stock (Type 2):	107,432,000
Capital ratio (non-consolidated):	10.45%	
Employees:	1,790	
Branches (as of June 30, 2009)		
Domestic:	137 (128 branches, 9 sub-branches)	
Overseas:	2 representative offices	

History

March 1951	Hokkaido Bank established
April 1961	Launched foreign exchange operations
May 1962	Listed on the Sapporo Stock Exchange
August 1964	Present head office built
June 1971	Online system (first) launched
July 1976	Online system (second) launched
December 1980	Received blanket approval to engage in correspondent banking services
April 1981	Hokkaido Small and Medium Corporation Human Resource Development Fund established
June 1986	Launched online foreign exchange system
September 1987	Debuted on the first section of the Tokyo Stock Exchange
October 1990	Constructed the Higashi Sapporo Dogin Building
March 1991	Established Dogin Cultural Foundation
October 1991	Launched a new foreign exchange online system
November 1991	Constructed Dogin Building Annex
January 1993	Online system (third) launched
April 1994	Launched investment trust agent operations
December 1998	Started sales of investment trust accounts
July 1999	Issued preferred stock (Type 2) (issuance amount was ¥53.716 billion)
November 1999	Launched telephone banking service
June 2000	Launched Internet mobile banking
April 2001	Started sales of casualty insurance accounts
October 2002	Started sales of life insurance accounts
December 2003	Opened Business Loan Plaza
April 2004	Launched convenience store ATM service
September 2004	Came under management of Hokugin Financial Group, Inc. parent of Hokuriku Bank; Hokuhoku Financial Group, Inc. launched
April 2005	Launched securities agency operations
March 2006	Entered into a contract on joint system use with Hokuriku Bank and the Bank of Yokohama
August 2006	Opened representative office in Shenyang, China
March 2009	Opened representative office in Yuzhno-Sakhalinsk, Russia

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Hokuhoku Financial Group, Inc.

President:
Shigeo Takagi

Deputy President:
Yoshihiro Sekihachi

Directors:
Satoshi Kawai
Masamichi Kondo
Taminori Iwasaki
Akihiko Soma
Eishin Ihori
Yuji Oshima

Corporate Auditors:
Masato Matsumoto
Yoshihiro Minami
Yasuhiro Ishiguro
Norikiyo Hayashi

The Hokuriku Bank, Ltd.

President:
Shigeo Takagi

Deputy President:
Satoshi Kawai

Senior Managing Director:
Taminori Iwasaki

Managing Director:
Tatsuya Kaseda

Directors:
Hidenori Mugino
Eishin Ihori
Akihiko Soma

Corporate Auditors:
Takashi Hirase
Kenichi Nakamura
Isao Nagahara
Tatsuo Kawada
Mitsuhiro Tokuno

The Hokkaido Bank, Ltd.

President:
Yoshihiro Sekihachi

Deputy President:
Masamichi Kondo

Directors:
Masahiro Sasahara
Hiroshi Sagayama
Satoshi Kawai

Corporate Auditors:
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Tatsuhiro Ishikawa
Michio Hatamoto
Masao Hoshi

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北北金融控股集团简要 （截至 2009 年 3 月 31 日）

企业名称：北北金融控股集团股份有限公司

设立日期： 2003 年 9 月 26 日

总行地址：富山县富山市堤町通 1 丁目 2 番 26 号

集团董事长：高木繁雄（北陆银行 总行长）

副董事长：堰八义博（北海道银行 总行长）

经营目的：集团伞下的子公司的经营管理，以及连带的相关业务

资本金： 708 亿 9,500 万日元

发行股份：

普通股	1,391,630,146 股
第一次第 1 种优先股	50,000,000 股
第一次第 4 种优先股	61,400,000 股
第一次第 5 种优先股	107,432,000 股

注：第 1 种优先股和第 4 种优先股于 2009 年 7 月 7 日各回收了 50,000,000 股和 26,400,000 股。现在，第 1 种优先股已经全部回收完，第 4 种优先股的发行量为 35,000,000 股。

上市交易所： 东京证券交易所（第一部）
札幌证券交易所

简历

自从 1877 年北陆银行成立以来已经在北陆地区设立了广域性的经营网点。

从“北前船”或者说“北航船（北上的经济圈）”的交易关系和客户的需要出发还在北海道各个主要城市内设立了自己的经营网点。

北海道银行成立于 1951 年，以支援中小企业和个人业务为中心在北海道道内的各个地区都设有营业网点。

北陆银行和北海道银行于 2004 年 9 月进行了经营统合，成立了（控股公司）北北金融控股集团股份有限公司。现在，北北金融控股集团已经形成了覆盖日本北陆地区北海道以及日本三大都市圈（东京，名古屋，大阪）的巨大的地方金融网络。

2002 年 5 月　北陆银行和北海道银行缔结了全面业务协助协议

2003 年 5 月　北陆银行和北海道银行对经营统合取得一致意见

2003 年 9 月　设立北银金融控股集团股份有限公司
北陆银行成为北银金融控股集团伞下的银行

通过股份交换实现经营统合

2004 年 9 月　**北北金融控股集团股份有限公司诞生**

注：北银金融控股集团股份有限公司改名为北北金融控股集团股份有限公司。

北北金融集团的经营活动范围不是限于一个地域，而是在广泛的地域内展开着。

我们广泛的营业网点分布在下面所写的地区范围里：

北陆地区	**147 分行（或支行）**
富山县	90 分行（或支行）
石川县	35 分行（或支行）
福井县	22 分行（或支行）
北海道地区	**155 分行（或支行）**
三大都市圈	**17 分行（或支行）**
其他地区	**4 分行（或支行）**
海外	**5 代表处**

上海代表处　（北陆银行）
沈阳代表处　（北海道银行）
新加坡代表处（北陆银行）
纽约代表处　（北陆银行）
南萨哈林斯克代表处 （北海道银行）
（2009 年 6 月 30 日）

（相片左边）
集团董事长
高木繁雄 *（北陆银行 总行长）*

（右边）
副董事长
堰八义博 *（北海道银行 总行长）*

感谢广大客户和股东对本集团的支持和惠顾。

此次，本集团发表《2008 年度企业经营情况》报告，具体介绍本集团公司 2008 年度业绩状况、本集团公司的经营方针和 CSR（企业的社会责任）等情况，使客户可以更好了解本公司的现状。

今年 9 月份本集团将迎来北陆银行和北海道银行经营统合 5 周年。5 年来，承蒙广大客户对本集团的热心惠顾和厚爱，使得本集团的业务得以稳步发展。衷心感谢广大客户的厚爱！

今后本集团将更加努力经营，本着「与地区共创繁荣」的经营理念，实现与客户共同发展的目标。

跨地域金融集团的先锋

本集团具有其他地方银行不可比拟的优越性即跨地域优越性。作为跨地域金融集团，今年 9 月将迎来经营统合后的 5 周年。经营统合以来我们把重点放在「强化营业力」，「经营效率化」，「经营基础的稳定化」等 3 个主要方面。经营统合后，我们尤其重视「站在顾客立场上」考虑问题，也就是和客户换位思考，不给客户添麻烦，使客户安心地利用本集团的各项业务。另外有效地发挥北陆银行和北海道银行两个品牌银行的效应，我们的最终目的是要提高银行的方便性和客户满意度。近年来这样的经营统合商业模式，在地方银行中得到了推广。

本集团最大限度地利用跨地域金融集团的网点优势，积极推进商贸洽谈活动并取得了显著的成效。自从 1999 年起每年举办的「北海道商贸论坛」，这次得到北海道经济产业局认可，被选为“凝结地区力定点项目”，我们的努力得到了肯定。

另外，本集团在地方银行中，是唯一拥有环日本海和东南亚地区海外网点的集团。与多个境外政府机关签订了经济交流备忘录，还与多家境外银行签订了业务合作协议，加强和完善了当地金融服务机能。

2009 年 3 月，本集团在俄罗斯的南萨哈林斯克市开设了日本第一家银行代表处，计划在本年度内还将开设英国伦敦代表处。

集团将充分有效地利用这些海外网络向客户提供当地商贸信息，并以地区银行细致而周到的服务积极促进客户的海外投资业务。

作为本地区 No.1 的客户关系良好银行

发扬集团经营理念之一「与地区共创繁荣」的精神，以努力做到「从地区和客户这里取得毫无动摇的信赖和支持的最佳银行」为目标，同地区客户建立了长期的亲密良好和根深蒂固的关系。为了应对经济环境急剧恶化，我们实施了全国紧急保证制度

积极周转资金，举办休息日经营商谈会，新设预防连锁倒闭的咨询窗口，加强支援各个中小企业。除此之外，总部还专设了“经营改善支援室和企业支援室”加强企业重组后援职能的职能部门。另外，作为地区金融机构加强了产业、学府、官府的携手合作，积极展开“开拓新事业”和“振兴地方产业”等活动。

对于个人客户，新设了「个人业务支行」，在安心的氛围下，接受客户对资产运用方法和住房贷款等咨询，扩充信贷商品，扩大便利店自动取款机的分布，以便满足客户的多种需求。

战略性配置人材和店铺

谋求实现总部业务效率化，强化集中分行的人员配置，以后方支援办公室为核心，实现业务处理共同化。另外，在分行店铺数方面，对每个分行的作用作了重新调整，从经营统合初的 255 个分行（店铺数），到 2007 年 3 月末减至 246 个分行（店铺数）。除此之外，2007 年 3 月，在不给客户增加麻烦的前提下，对北陆银行和北海道银行之间的营业网点的分布作了精心的调整，业务的交接也准备就绪了。为强化集团零售营业力部分地区计划增设新支行。

对于人员配置，集团灵活运用“企业钟点工”员工，抑制雇用新员工，在维持现有营业力的基础上逐步减少从业人员。从业人员数从 2005 年 3 月末的 4,506 名、至 2007 年 3 月末减少到 4,289 名，建立了有效营业体制。其后为了提高竞争力，又采取了人员增加，企业钟点工的直接雇用等措施。

逐步运行同一系统 (MEJAR)

为保证系统安全运营，应对客户的多样化需求，随着服务商品的增多，伴随着风险管理的高新化，集团的系统投入成本也在直线增加。本集团和横滨银行在「3 行系统统一化」利用上达成一致，现在正在为 2011 年 5 月正式开通该系统作前期准备。该系统正常运行后将起到抑制经费增加的作用，同时迅速导入新商品和新服务，除了在机能高效化为客户带来方便之外，包括现在运用的各行子系统在内也将逐步实现共同化，以进一步实现高效率化的目标。

经营基础稳健化

彻底的风险管理，集中促进企业的再生，以及尽力支持客户重建等措施的实施结果，使本集团的（公开）不良债权比率，从 2004 年 9 月期的 7.85% 下降到 2009 年 3 月 3.07%，情况大有改善。

在实现企业利润的实际积累的同时，采取发行次级债和实施公募增资等资本政策，两行联结自有资本比率从 2004 年 9 月期为 8.00% 上升到 2009 年 3 月的 10.81%。

2008 年 5 月，信用等级投资信息中心 (R & I) 对“北北金融控股集团股份有限公司”、“北陆银行”、“北海道银行”信用评级为“A”，证明了本集团的经营努力得到广了同行业界的认可。

关于企业分红，虽然远远未能达到客户满足的水平，但我们阶段性地实施了红利的增长，2008 年度的红利为每股分红 3 日元、比前一年增加了 50 钱。

最后

目前，经济环境仍然很严峻。我们将一如既往地做到值得客户信赖和选择的「客户关系良好银行」，实现「为地区客户的繁荣做出贡献，持续共同发展」的目标，集团的董事和职员上下齐心协力进一步提高企业价值。最后，愿广大客户能更加支持本集团。

董事长

高木繁雄

高木繁雄

2009 年 7 月

营业概况（北北金融控股集团联结）

（货币单位 亿日元）

	2008 年度	前年比	2007 年度
经常收益	2,396	− 216	2,612
经常利润	213	− 449	663
本期净利润	370	− 16	386
自有资本比率	10.81%	＋ 0.42%	10.39%

本集团 2008 年度联结经常收益比前年减少了 216 亿日元为 2,396 亿日元，联结经常利润比前年减少了 449 亿日元为 213 亿日元，联结净利润比前年减少了 16 亿日元为 370 亿日元。

联结自有资本比率比前年上升 0.42%，为 10.81%。

营业概况（北陆银行、北海道银行）

（货币单位 亿日元）

	2 行合算＋子公司（注：其他子公司指北银 Corporate）		
	2008 年度	前年比	2007 年度
经常收益	2,188	− 188	2,376
业务毛利润	1,686	− 103	1,789
经费	915	＋ 16	899
业务净利润	770	− 119	889
信贷相关成本	339	＋ 91	247
有价证券等相关盈亏	− 177	− 170	− 6
经常利润	231	− 431	662
本期净利润	397	− 4	402

由于信托商品销售不振和外汇交易的拖延收益有所减少，再加上创建新系统等经费的增加，银行原来主要业务收益力即业务净利润，比前期减少 119 亿日元为 770 亿日元。

另外，受金融市场混乱和实体经济的快速恶化的影响，以及信贷相关成本的增加和有价证券损失的增加，导致经常利润减少 431 亿日元，为 231 亿日元。本期净利润由于法人税调整额的减少，为 397 亿日元。

（货币单位 亿日元）

	北陆银行＋其他子公司（注：其他子公司指北银 Corporate）			北海道银行		
	2008 年度	前年比	2007 年度	2008 年度	前年比	2007 年度
经常收益	1,245	− 170	1,415	943	− 17	960
业务毛利润	950	− 106	1,056	735	＋ 3	732
经费	513	＋ 2	511	402	＋ 13	388
业务净利润	436	− 108	545	333	− 10	344
信贷相关成本	198	＋ 2	196	140	＋ 89	51
经常利润	106	− 261	367	125	− 169	294
本期净利润	282	＋ 58	223	114	− 63	178
自有资本比率	10.23%	＋ 0.13%	10.10%	10.45%	＋ 0.32%	10.13%

Hokuhoku Financial Group, Inc.

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