

*Investor Meeting*

*~Financial Results for FY 2008~  
(ended March 31, 2009)*



株式会社 ほくほくフィナンシャルグループ

Hokuhoku Financial Group, Inc.

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Hokuhoku Financial Group, Inc.

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*Summary of Financial Results  
for FY 2008*

# Summary of Financial Results I-①

## <P/L : Consolidated and Total of Two Banks >

Hokuhoku Financial Group, Inc.

<Consolidated> (JPY Bn)	Released on 02/06/2009			
	['09/03 Forecasts]	FY2008	change	FY2007
Ordinary income	[242.0]	239.6	(21.6)	261.2
Ordinary profits	[26.0]	21.3	(44.9)	66.3
<b>Net income</b>	[38.0]	<b>37.0</b>	<b>(1.6)</b>	<b>38.6</b>
<b>&lt;Total of two banks + Hokugin Corp.&gt; (JPY Bn)</b>				
<b>Core gross business profits</b>	[169.0]	<b>168.6</b>	<b>(10.3)</b>	<b>178.9</b>
Net interest income		133.7	(3.0)	136.8
Domestic		132.2	(3.8)	136.1
Net fees & commissions		23.8	(6.7)	30.5
Net trading income		1.5	0.3	1.1
Net other income (excluding gains (losses) related to bonds)		9.5	(0.9)	10.4
General & administrative expenses	[93.0]	(91.5)	(1.6)	(89.9)
<b>Core net business profits</b>	[76.0]	<b>77.0</b>	<b>(11.9)</b>	<b>88.9</b>
Net gains (losses) related to bonds		(2.5)	(5.8)	3.2
Net business profits before credit costs		74.4	(17.7)	92.2
Net non-recurring gains(losses)		(54.7)	(26.9)	(27.7)
Total credit costs	[31.5]	(33.9)	(9.1)	(24.7)
Net gains (losses) related to stocks		(15.1)	(11.2)	(3.8)
<b>Ordinary profits</b>	[27.5]	<b>23.1</b>	<b>(43.1)</b>	<b>66.2</b>
Net extraordinary gains (losses)		1.1	4.4	(3.3)
Income taxes		15.4	38.1	(22.6)
<b>Net Income</b>	[42.0]	<b>39.7</b>	<b>(0.4)</b>	<b>40.2</b>

### <Consolidated>

**Net income: ¥37.0Bn**

**-¥1.6Bn compared to FY07**

### <Total of two banks>

**Core net business profits: ¥77.0Bn**

**-¥11.9Bn compared to FY07**

...Decrease in gross business profits  
and increase in G&A expenses

**Ordinary profits: ¥23.1Bn**

**-¥43.1Bn compared to FY07**

... Increase in total credit costs and losses  
related to stocks

**Net income: ¥39.7Bn**

**-¥0.4Bn compared to FY07**

...Decrease in income taxes-deferred

Hokugin Corp. is a Hokuriku Bank's subsidiaries.

(JPY Bn)	FY2009	change	FY2008
<b>A - B</b>	(2.6)	(1.1)	(1.5)
Other Subsidiaries	(0.8)	(1.8)	0.9
Amortization of goodwill	(2.4)	(0.1)	(2.2)
Elimination	0.6	0.8	(0.2)

**Summary of Financial Results I-②**  
**<P/L : Non-Consolidated, each bank>**

Hokuhoku Financial Group, Inc.

(JPY Bn)	〈Hokuriku Bank+Hokugin Corp.〉			〈Hokkaido Bank〉		
	FY2008	change	FY2007	FY2008	change	FY2007
<b>Core gross business profits</b>	<b>95.0</b>	<b>(10.6)</b>	<b>105.6</b>	<b>73.5</b>	<b>0.3</b>	<b>73.2</b>
Net interest income	75.0	(3.2)	78.3	58.6	0.2	58.4
Domestic	74.1	(4.2)	78.4	58.1	0.3	57.7
Net fees & commissions	14.3	(4.1)	18.4	9.4	(2.5)	12.0
Net trading income	1.5	0.3	1.1	–	–	–
Net other income (excluding gains (losses) related to bonds)	4.1	(3.5)	7.6	5.4	2.6	2.7
General & administrative expenses	(51.3)	(0.2)	(51.1)	(40.2)	(1.3)	(38.8)
<b>Core net business profits</b>	<b>43.6</b>	<b>(10.8)</b>	<b>54.5</b>	<b>33.3</b>	<b>(1.0)</b>	<b>34.4</b>
Net gains (losses) related to bonds	(1.0)	(1.7)	0.6	(1.4)	(4.0)	2.5
Net business profits before credit costs	42.5	(12.5)	55.1	31.9	(5.1)	37.0
Net non-recurring gains(losses)	(34.2)	(16.0)	(18.2)	(20.4)	(10.9)	(9.5)
Total credit costs	(19.8)	(0.2)	(19.6)	(14.0)	(8.9)	(5.1)
Net gains (losses) related to stocks	(11.6)	(10.1)	(1.4)	(3.5)	(1.0)	(2.4)
<b>Ordinary profits</b>	<b>10.6</b>	<b>(26.1)</b>	<b>36.7</b>	<b>12.5</b>	<b>(16.9)</b>	<b>29.4</b>
Net extraordinary gains (losses)	(1.2)	1.1	(2.3)	2.3	3.3	(1.0)
Income taxes	18.8	30.9	(12.0)	(3.3)	7.2	(10.6)
<b>Net Income</b>	<b>28.2</b>	<b>5.8</b>	<b>22.3</b>	<b>11.4</b>	<b>(6.3)</b>	<b>17.8</b>

**Summary of Financial Results II-①**  
**<B/S : Consolidated and Total of two Banks>**

Hokuhoku Financial Group, Inc.

<b>&lt; Total of two banks +Hokugin Corp.&gt; (JPY Bn)</b>	<b>Mar-09</b>	<b>change</b>	<b>Mar-08</b>
<b>Loans</b>	7,156.7	259.1	6,897.6
Loans to SMEs & individuals	5,050.5	36.7	5,013.7
Housing & consumer loans	1,908.2	71.7	1,836.4
<b>Securities</b>	1,725.0	10.2	1,714.8
<b>Deposits</b>	8,671.5	264.0	8,407.4
Individual deposits	6,190.7	267.7	5,923.0
<b>Total individual assets</b>	6,904.3	133.0	6,771.2
Individual deposits (deposits in yen)	6,165.5	264.7	5,900.8
Investment products (for individuals)	738.7	(131.6)	870.4
Foreign currency deposits	25.1	2.9	22.2
Public bonds	322.6	(1.6)	324.2
Investment trusts	390.9	(133.0)	523.9
<b>Balance of NPLs</b>	227.5	(33.2)	260.7
<b>NPL ratio</b>	3.07%	(0.57%)	3.64%
<b>&lt; Consolidated &gt; (JPY Bn)</b>			
<b>Capital adequacy ratio</b>	10.81%	0.42%	10.39%
<b>Tier1 ratio</b>	7.58%	0.10%	7.48%
<b>Net deferred tax assets / Tier1 capital</b>	22.77%	6.67%	16.10%
<b>Valuation difference on available- for-sale securities</b>	(27.9)	(18.8)	(9.0)

**<Total of two banks +Hokugin Corp.>**

**Loans: +¥259.1Bn compared to Mar-08**

...Due to the increase of corporate, housing and consumer loans

**Securities: +¥10.2Bn compared to Mar-08**

...Mainly due to the increase of Japanese government bonds and local bonds

**Deposits: +¥264.0Bn compared to Mar-08**

...Mainly due to the increase of individual deposits

**Total individual assets: +¥133.0Bn compared to Mar-08**

...Individual deposits increased

**Balance of NPLs: -¥33.2Bn compared to Mar-08**

**NPL ratio: 3.07%**

**<Consolidated>**

**Capital adequacy ratio: 10.81%**

**Valuation difference on available-for-sale securities: -¥27.9Bn**

...Mainly due to decline of stock prices

...No assets related to Sub-prime loans are contained in our portfolio

**Summary of Financial Results II-②**  
**<B/S : Non-Consolidated, each bank>**

Hokuhoku Financial Group, Inc.

(JPY Bn)	〈Hokuriku Bank +Hokugin Corp.〉			〈Hokkaido Bank〉		
	Mar-09	change	Mar-08	Mar-09	change	Mar-08
Loans	4,293.3	82.5	4,210.7	2,863.4	176.6	2,686.8
Loans to SMEs & individuals	3,013.7	2.6	3,011.0	2,036.8	34.0	2,002.7
Housing & consumer loans	978.4	56.0	922.3	929.8	15.7	914.1
Securities	858.8	37.9	820.9	866.2	(27.6)	893.8
Deposits	5,040.0	130.8	4,909.1	3,631.4	133.1	3,498.3
Individual deposits	3,452.0	123.5	3,328.5	2,738.6	144.2	2,594.4
Total individual assets	3,906.2	22.5	3,883.6	2,998.0	110.5	2,887.5
Individual deposits (deposits in yen)	3,433.6	121.8	3,311.8	2,731.8	142.8	2,589.0
Investment products (for individuals)	472.5	(99.3)	571.8	266.1	(32.3)	298.5
Foreign currency deposits	18.4	1.6	16.7	6.7	1.3	5.4
Public bonds	205.2	(10.2)	215.5	117.3	8.6	108.7
Investment trusts	248.8	(90.6)	339.5	142.0	(42.3)	184.3
Balance of NPLs	142.6	(20.9)	163.5	84.8	(12.3)	97.2
NPL ratio	3.19%	(0.53%)	3.72%	2.89%	(0.63%)	3.52%
Capital adequacy ratio	10.23%	0.13%	10.10%	10.45%	0.32%	10.13%
Tier1 ratio	7.14%	0.20%	6.94%	7.27%	(0.47%)	7.74%
Net deferred tax assets / Tier1 capital	29.02%	9.83%	19.19%	17.33%	3.60%	13.73%
Valuation difference on available- for-sale securities	(10.7)	(13.4)	2.7	(7.4)	(5.7)	(1.7)

# Breakdown of Business Profits ①

## <Net interest income>

Hokuhoku Financial Group, Inc.

- Although average balances of loans and securities increased, loan-deposit margin decreased.
- ⇒ Rise of deposit rate, decline of loan rate by intensified competition.

### 【Breakdown of net interest income (domestic)】

(JPY Bn, %)	FY2007			FY2008			change			breakdown	
	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate
<b>&lt; Total of two banks &gt;</b>											
Net interest income			135.7			131.9			(3.7)		
Loans	6,773.9	2.07%	140.3	6,936.3	2.01%	140.0	162.4	(0.06%)	(0.2)	3.3	(3.6)
Securities	1,644.3	1.03%	17.0	1,703.5	1.01%	17.2	59.1	(0.02%)	0.2	0.6	(0.4)
Deposits & NCDs	8,404.2	0.26%	22.4	8,583.0	0.29%	25.2	178.8	0.03%	2.7	0.5	2.2
<b>&lt; Hokuriku bank &gt;</b>											
Net interest income			78.0			73.8			(4.1)		
Loans	4,100.2	2.00%	82.0	4,178.9	1.93%	80.7	78.6	(0.07%)	(1.3)	1.5	(2.8)
Securities	783.4	1.08%	8.4	804.5	1.01%	8.1	21.0	(0.07%)	(0.3)	0.2	(0.5)
Deposits & NCDs	4,855.6	0.27%	13.3	4,959.2	0.30%	15.2	103.5	0.03%	1.8	0.3	1.5
<b>&lt; Hokkaido bank &gt;</b>											
Net interest income			57.7			58.1			0.3		
Loans	2,673.6	2.17%	58.2	2,757.4	2.14%	59.2	83.7	(0.03%)	1.0	1.8	(0.7)
Securities	860.8	0.99%	8.5	898.9	1.01%	9.0	38.0	0.02%	0.5	0.3	0.1
Deposits & NCDs	3,548.6	0.25%	9.0	3,623.8	0.27%	9.9	75.2	0.02%	0.9	0.1	0.7

### FY2009 (Projection) (Domestic)

Total of two banks		
	balance	Rate
Loans	+125.0	-0.09%
Securities	+115.0	-0.01%
Deposits	+170.0	-0.07%
Hokuriku bank		
	balance	Rate
Loans	+65.0	-0.08%
Securities	+40.0	0.01%
Deposits	+62.5	-0.07%
Hokkaido bank		
	balance	Rate
Loans	+60.0	-0.11%
Securities	+75.0	-0.03%
Deposits	+107.5	-0.08%

## Breakdown of Business Profits ②

### <Fee revenue>

Hokuhoku Financial Group, Inc.

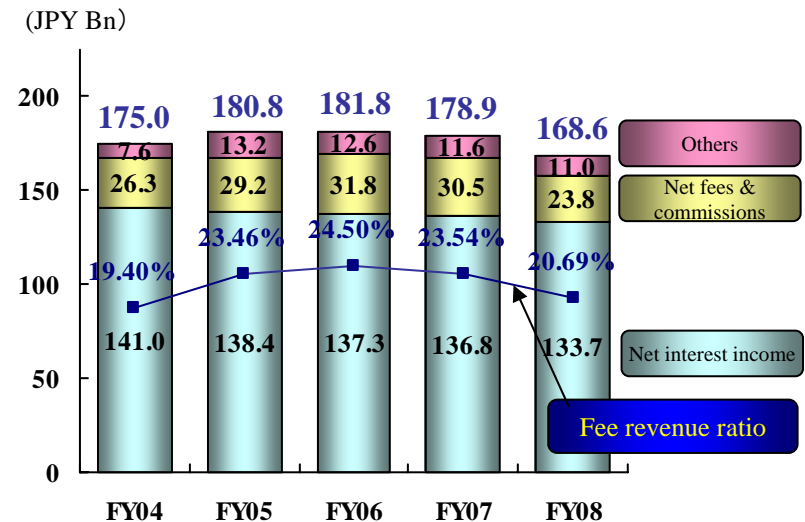
- Fees from sales of investment trusts decreased owing to the deteriorated market environment.
- Net income on derivatives increased.

#### 【Breakdown of fee revenue】

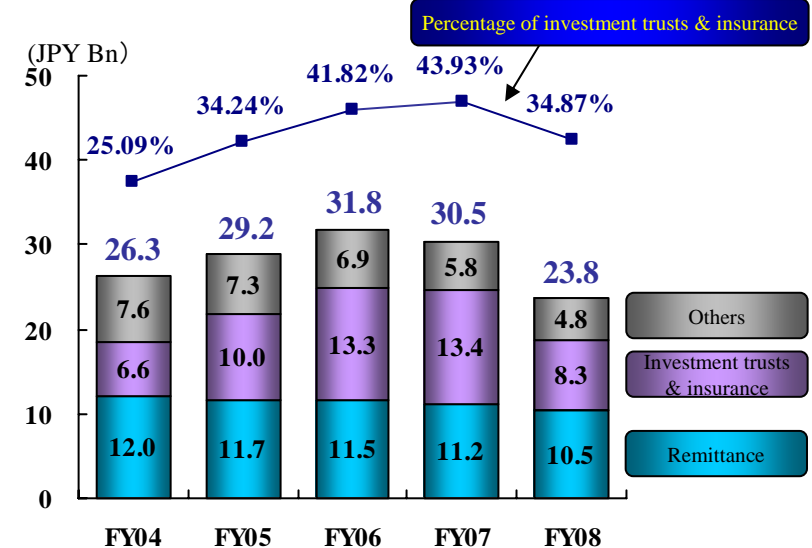
< Total of two banks + Hokugin Corp. > (JPY Bn)	FY2008	change	FY2007
(1) Net fees & commissions	23.8	(6.7)	30.5
Fees and commissions	36.9	(6.4)	43.3
Remittance	12.6	(0.7)	13.3
Investment trusts	4.3	(4.6)	9.0
Insurance	3.9	(0.4)	4.4
Fees and commissions payments	13.1	0.2	12.8
Remittance	2.1	(0.0)	2.1
ATM (alliance with convenience stores)	1.9	0.1	1.8
Loan related expenses	8.4	0.1	8.3
(2) Net trading income	1.5	0.3	1.1
(3) Net other income (excluding gains(losses) related to bonds)	9.5	(0.9)	10.4
gains on foreign exchange transactions	6.5	(4.4)	10.9
Net income (expenses) on derivatives	3.0	4.2	(1.1)
(4) Fee revenue (1)+(2)+(3)	34.8	(7.2)	42.1
(5) Core gross business profits	168.6	(10.3)	178.9
(6) Fee revenue ratio (4)/(5)	20.69%	(2.85%)	23.54%

#### 【Core gross business profits】

<Total of two banks + Hokugin Corp.>



#### 【Net fees and commissions】 <Total of two banks >



# Breakdown of Business Profits ③

## <General and administrative expenses>

Hokuhoku Financial Group, Inc.

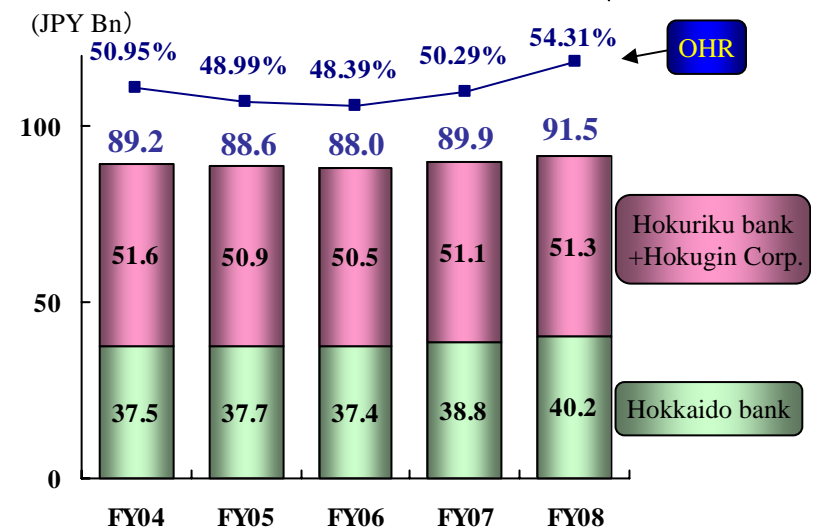
➤ General and administrative expenses increased due to the increase in personnel and IT system.

### 【Breakdown of G&A expenses】

〈Total of two banks +Hokugin Corp.〉 (JPY Bn)	FY2008	change	FY2007
General and administrative expenses	91.5	1.6	89.9
Personnel	41.1	1.0	40.1
Non-personnel	45.1	0.5	44.5
Taxes	5.2	(0.0)	5.2
<b>OHR</b>	<b>54.31%</b>	<b>4.02%</b>	<b>50.29%</b>
Number of employees (excluding temporary staffs) (A)	4,358	40	4,318
Temporary staffs (B)	4,190	239	3,951
Percentage of temporary staffs (B)/{(A)+(B)}	49.01%	1.23%	47.78%

※OHR = (G&A expenses / core net business profits)

### 【G&A expenses · OHR】 〈Total of two banks +Hokugin Corp.〉



#### Personnel expenses: +¥1.0Bn

- Increase in the number of staff to beef up marketing capabilities, and switch of the dispatch labor to the direct employment

#### Non-personnel expenses: +¥0.5Bn

- Increase of depreciation and deposit Insurance

## Net Gains (Losses) related to Securities

Hokuhoku Financial Group, Inc.

- Net gains (losses) related to bonds: -¥2.5Bn ··· Lehman bonds, etc
- Net gains (losses) related to stocks: -¥15.1Bn  
 ··· Impairment loss mainly due to decline of stock prices

Nikkei Average Mar-08 ¥12,525  
 Mar-09 ¥ 8,109

### 【Net gains (losses) related to securities】

(JPY Bn)	〈Total of two banks〉			〈Hokuriku bank〉			〈Hokkaido bank〉		
	FY2008	change	FY2007	FY2008	change	FY2007	FY2008	change	FY2007
Net Gains (losses) on bonds	(2.5)	(5.8)	3.2	(1.0)	(1.7)	0.6	(1.4)	(4.0)	2.5
Gains on sales	3.2	(0.4)	3.6	1.2	0.5	0.6	1.9	(1.0)	3.0
Losses on sales	2.0	1.6	0.4	0.0	0.0	0.0	1.9	1.5	0.4
Losses on redemption	1.0	1.0	-	0.0	0.0	-	1.0	1.0	-
Losses on devaluation	2.7	2.7	-	2.2	2.2	-	0.5	0.5	-
Net Gains (losses) on stocks	(15.1)	(11.2)	(3.8)	(11.5)	(10.1)	(1.4)	(3.5)	(1.0)	(2.4)
Gains on sales	0.3	(4.9)	5.2	0.3	(4.9)	5.2	0.0	0.0	0.0
Losses on sales	0.2	(0.2)	0.4	0.1	0.0	0.0	0.0	(0.2)	0.3
Losses on devaluation	15.2	6.4	8.7	11.7	5.1	6.6	3.4	1.3	2.1

“Impairment loss ” is recognized on the following assets classified based on self-assessment.

Assets requiring caution	“Market value has fallen below its acquisition cost”
Normal Assets	“Market value has fallen 50% or more from its acquisition cost, or market value has fallen more than 30% to less than 50% and market price has been below the certain level”

# Securities Portfolio ①

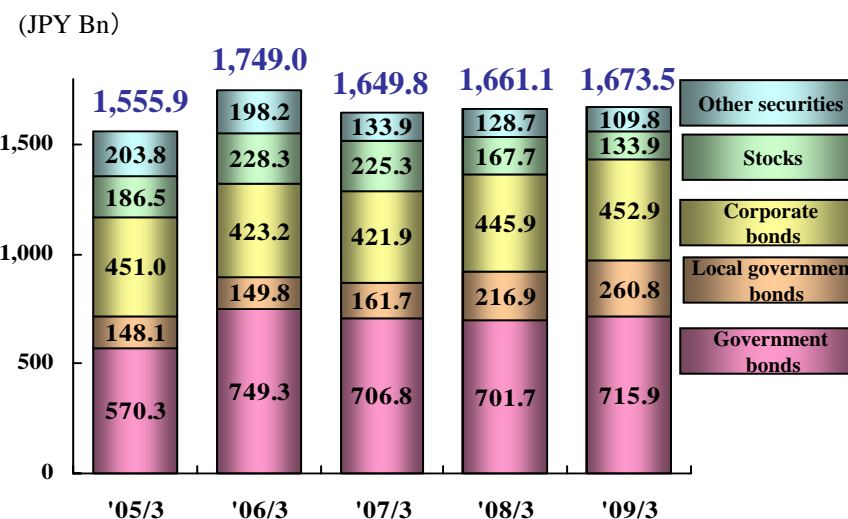
Hokuhoku Financial Group, Inc.

- Government bonds and Local government bonds led the increase of total balance of securities.
- Unrealized losses on stocks increased.

## 【Balance of securities】

〈Consolidated〉 (JPY Bn)	Mar-09	change	Mar-08
Securities	1,673.5	12.4	1,661.1
Government bonds	715.9	14.1	701.7
Local government bonds	260.8	43.8	216.9
Corporate bonds	452.9	6.9	445.9
Stocks	133.9	(33.7)	167.7
Other Securities	109.8	(18.8)	128.7

## 【Balance of securities】



## 【Valuation difference】

〈Consolidated〉 (JPY Bn)	Acquisition cost (1)			Balance sheet amount (2)			Valuation difference (2)-(1)		
	Mar-09	change	Mar-08	Mar-09	change	Mar-08	Mar-09	change	Mar-08
Available-for-sale securities	1,493.1	63.4	1,429.6	1,465.1	44.5	1,420.6	(27.9)	(18.8)	(9.0)
Stocks	114.4	(8.7)	123.1	104.4	(31.9)	136.4	(10.0)	(23.2)	13.2
Bonds	1,264.6	79.2	1,185.4	1,260.7	91.4	1,169.3	(3.9)	12.1	(16.0)
Other	113.9	(7.0)	121.0	99.9	(14.8)	114.8	(13.9)	(7.7)	(6.2)

# Securities Portfolio ②

Hokuhoku Financial Group, Inc.

➤ No securitization products related to Sub-prime nor SIV are included in our portfolio.

## 【 Balance of securitization products 】

<Total of two banks>

(JPY Bn)

	As of Mar 31, 2009		Securitization Products			
			RMBS	CMBS	CDO	ABS
Securities	1,725.0	(Δ0.2) 21.3	(Δ0.2) 17.8	—	(Δ0.0) 1.1	(Δ0.0) 2.3
Japanese government bonds	711.4	—	—	—	—	—
Japanese local government bonds	260.8	—	—	—	—	—
Japanese corporate bonds	457.9	(Δ0.0) 2.8	(Δ0.0) *1 0.7	—	(Δ0.0) 0.6	(Δ0.0) 1.3
Japanese stocks	184.9	—	—	—	—	—
Foreign bonds	73.4	(Δ0.2) 18.5	(Δ0.2) *2 17.1	—	(Δ0.0) *3 0.4	(Δ0.0) *4 0.9
Other securities	36.4	—	—	—	—	—
Money held in trust	4.7	(Δ0.0) 0.3	—	(Δ0.0) 0.3	—	—
Commercial paper and other debt purchased	154.7	125.1	*1 121.6	1.8	—	1.7

(\*1) Most of RMBS are backed by mortgage loans held by domestic financial institutions.

(\*2) RMBS in foreign bonds are guaranteed by Ginnie Mae.

(\*3) Only ¥0.4bn of CDO, rated AAA, in foreign bonds is related to CDS.

(\*4) ABS, rated A, in foreign bonds are backed by convertible bonds or Euroyen bonds issued by domestic companies or SPCs.

Note : Numbers in parentheses show the valuation difference.

➤ Valuation of some floating rate government bonds are based on parity prices.

## 【 Valuation difference of floating rate government bonds 】

(JPY Bn)

	(As of Mar 31, 2009)	<Total of two banks>	<Hokuriku Bank>	<Hokkaido Bank>
Valuation difference		(4.0)	(3.5)	(0.4)
<Reference> Valuation difference (market price)		(16.6)	(3.5)	(13.1)

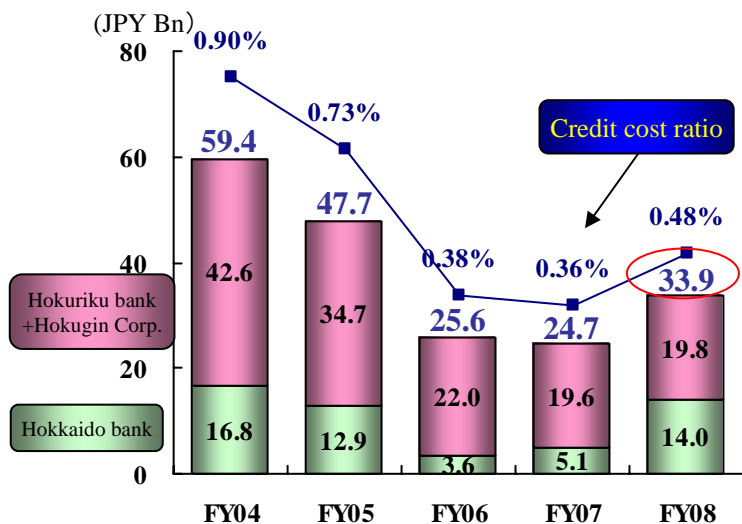
Valuation of some floating rate government bonds, of which we believe market prices are not appropriate as fair value, has been calculated based on parity prices since the end of December 2008. See reference for valuation difference when calculated by market prices.

# Credit Costs and Non-Performing Loan

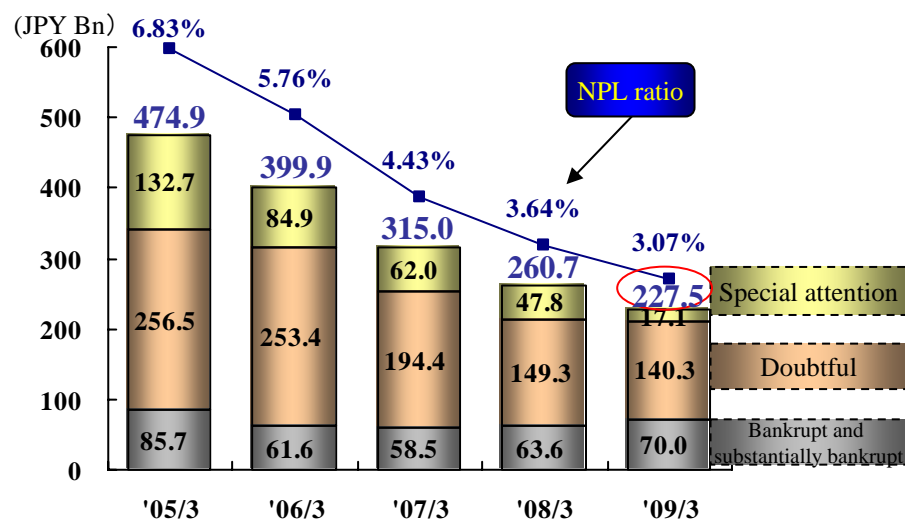
Hokuhoku Financial Group, Inc.

- Total credit costs was ¥33.9Bn (+¥9.1Bn compared to FY07), Credit cost ratio was 0.48% (+0.12% compared to FY07)
- NPL ratio was 3.07% (-0.57% compared to Mar-08)

【Total credit costs】〈Total of two banks +Hokugin Corp.〉



【Non-performing loan】〈Total of two banks +Hokugin Corp.〉



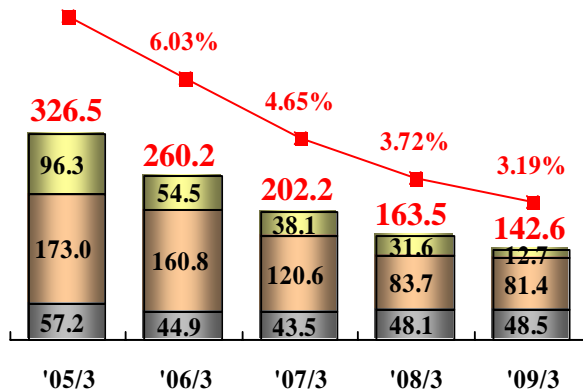
※ Total credit costs

= Credit related costs + Provision of general allowance for loan losses

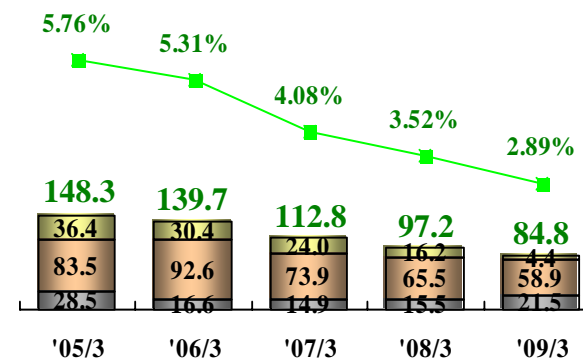
※ Credit cost ratio

= Total credit costs ÷ Average balance of Loans

7.46% 〈Hokuriku bank +Hokugin Corp.〉



〈Hokkaido bank〉



# Capital Adequacy Ratio

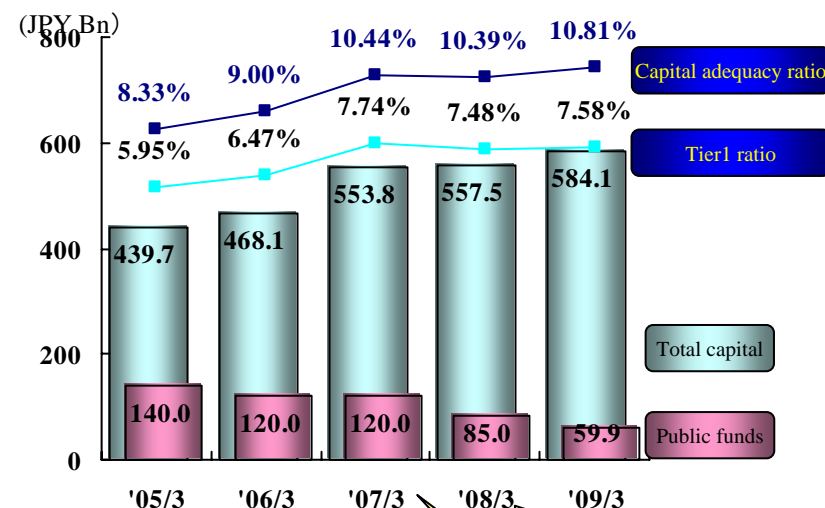
Hokuhoku Financial Group, Inc.

- Capital adequacy ratio was 10.81% (+0.42% from Mar-08).
- The outstanding balance of public funds is ¥59.9Bn.

## 【Capital adequacy ratio】

(JPY Bn)	Mar-09	change	Mar-08
Capital adequacy ratio	10.81%	0.42%	10.39%
Tier1 ratio	7.58%	0.10%	7.48%
Tier1 capital	410.0	8.4	401.5
Preferred shares (Public funds)	59.9	(25.0)	85.0
Preferred shares (Private sector)	53.7	-	53.7
Tier2 capital	175.6	17.9	157.7
Total capital	584.1	26.5	557.5
Risk-weighted assets	5,403.5	40.9	5,362.6
Credit risk portion	5,063.5	46.7	5,016.8
Operational risk portion	340.0	(5.8)	345.8

## 【Capital adequacy ratio and public funds】



'07/3 Basel II  
Credit risk「The Standardized Approach」  
Operational risk「The Standardized Approach」

'08/6  
Repaid Public funds ¥25.0Bn  
(Repurchase Amount ¥30.1Bn)

'07/8  
Repaid Public funds  
¥35.0Bn  
(Repurchase Amount  
¥40.0Bn)

## 〈Hokuriku bank〉

(JPY Bn)	Mar-09	change	Mar-08
Capital adequacy ratio	10.23%	0.13%	10.10%
Tier1 ratio	7.14%	0.20%	6.94%
Tier1 capital	227.8	5.0	222.8
Tier2 capital	98.8	(2.8)	101.6
Total Capital	326.6	2.3	324.3
Risk-weighted assets	3,191.0	(18.3)	3,209.4
Total interest rate risk	40.3	4.1	36.2
Outlier ratio	12.36%	1.20%	11.16%

## 〈Hokkaido bank〉

(JPY Bn)	Mar-09	change	Mar-08
Capital adequacy ratio	10.45%	0.32%	10.13%
Tier1 ratio	7.27%	(0.47%)	7.74%
Tier1 capital	161.7	(4.4)	166.1
Tier2 capital	70.8	19.5	51.3
Total Capital	232.5	15.1	217.4
Risk-weighted assets	2,224.9	78.9	2,146.0
Total interest rate risk	30.5	1.7	28.7
Outlier ratio	13.15%	(0.09%)	13.24%

# Deferred Tax Assets

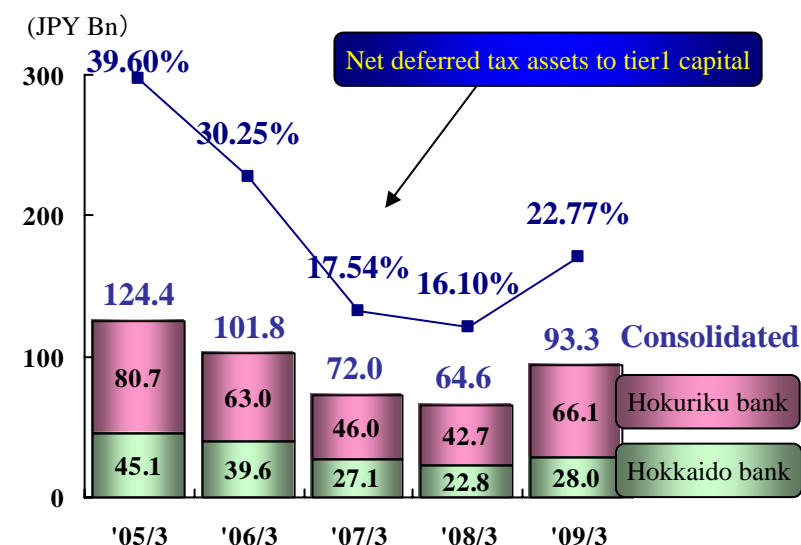
Hokuhoku Financial Group, Inc.

- Net deferred tax assets : ¥93.3Bn (+¥28.7Bn compared to Mar-08)
- Net deferred tax assets to tier1 capital : 22.77% (+6.67% compared to Mar-08)

## 【Breakdown of deferred tax assets】

〈Consolidated〉 (JPY Bn)	Mar-09	change	Mar-08
Allowance for loan losses	69.5	(6.3)	75.9
Depreciation	1.9	(0.1)	2.0
Provision for retirement benefits	15.9	0.2	15.6
Loss on valuation of securities	14.5	1.7	12.8
Valuation difference on available-for-sale securities	9.6	5.4	4.2
Other	4.8	(0.0)	4.8
Operating loss carryforwards	33.4	3.6	29.7
(1) Deferred tax assets	149.8	4.5	145.3
(2) Valuation allowance	49.9	(23.7)	73.6
(3) Total deferred tax assets (1)-(2)	99.8	28.2	71.6
(4) Deferred tax liabilities	6.4	(0.4)	6.9
(5) Net deferred tax assets (3)-(4)	93.3	28.7	64.6

## 【deferred tax assets】



(JPY Bn)	〈Hokuriku bank〉		
	Mar-09	change	Mar-08
(1) Deferred tax assets	110.0	2.1	107.8
(2) Valuation allowance	43.2	(20.6)	63.8
(3) Total deferred tax assets (1)-(2)	66.7	22.8	43.9
(4) Deferred tax liabilities	0.6	(0.5)	1.1
(5) Net deferred tax assets (3)-(4)	66.1	23.3	42.7

(JPY Bn)	〈Hokkaido bank〉		
	Mar-09	change	Mar-08
(1) Deferred tax assets	31.2	3.5	27.7
(2) Valuation allowance	2.1	(2.5)	4.7
(3) Total deferred tax assets (1)-(2)	29.1	6.1	23.0
(4) Deferred tax liabilities	1.1	0.9	0.1
(5) Net deferred tax assets (3)-(4)	28.0	5.2	22.8

## 【Earnings Forecasts for FY 2009】

### 〈Consolidated〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2008
Ordinary income	113.0	228.0	(11.6)
Ordinary profits	14.5	40.0	18.6
Net income	8.0	23.0	(14.0)

## 【Dividend Forecasts for FY 2009】

### 〈Non-consolidated〉

	Interim	Year-end	Annual	Change from FY2008
Dividend per common share	–	¥3.00	¥3.00	–
Dividend per preferred share (Type1)	¥3.85	¥3.85	¥7.70	–
Dividend per preferred share (Type4)	¥3.31	¥3.31	¥6.62	–
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00	–

### 〈Total of two banks〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2008
Ordinary income	104.5	210.0	(8.5)
Core gross business profits	83.0	169.0	0.6
G&A expenses	(47.0)	(94.5)	(2.9)
Core net business profits	36.0	74.5	(2.3)
Total credit costs	(18.0)	(30.0)	5.5
Ordinary profits	15.5	41.5	20.1
Net income	12.5	28.5	(9.4)

### 〈Hokuriku bank〉

	Interim Forecasts	Full year Forecasts	Change from FY2008
Ordinary income	59.5	120.0	(4.2)
Core gross business profits	47.0	95.5	0.7
G&A expenses	(26.0)	(52.5)	(1.1)
Core net business profits	21.0	43.0	(0.4)
Total credit costs	(9.0)	(18.0)	3.4
Ordinary profits	10.5	23.5	14.6
Net income	9.5	17.5	(8.9)

### 〈Hokkaido bank〉

	Interim Forecasts	Full year Forecasts	Change from FY2008
Ordinary income	45.0	90.0	(4.3)
Core gross business profits	36.0	73.5	(0.0)
G&A expenses	(21.0)	(42.0)	(1.7)
Core net business profits	15.0	31.5	(1.8)
Total credit costs	(9.0)	(12.0)	2.0
Ordinary profits	5.0	18.0	5.4
Net income	3.0	11.0	(0.4)

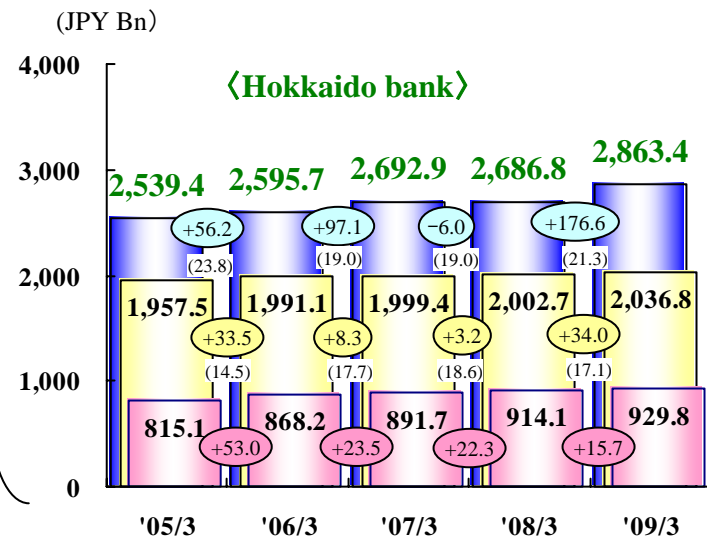
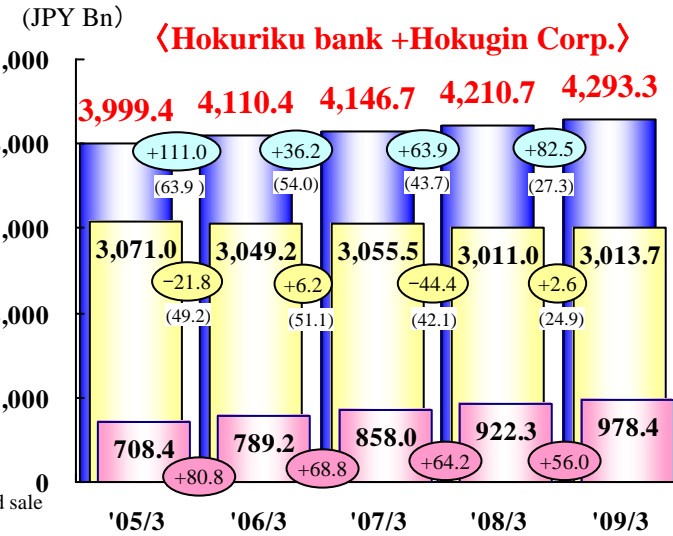
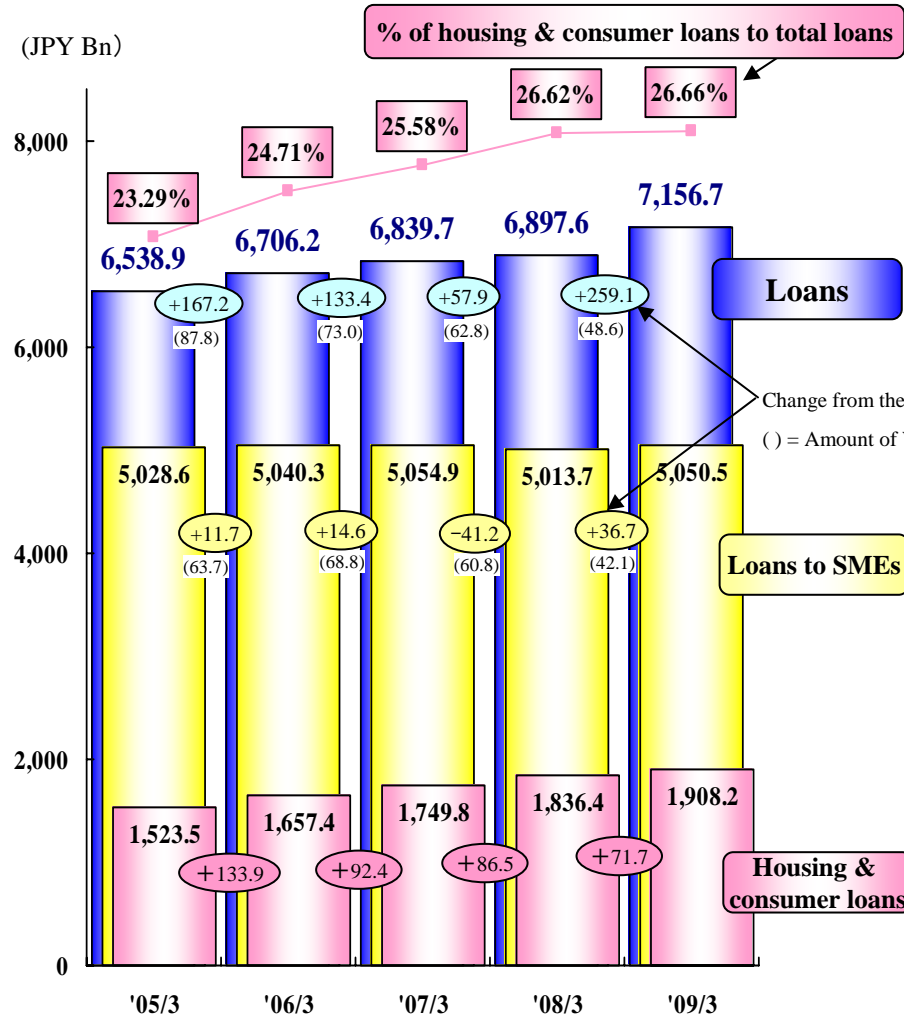
Hokugin Corporate, a subsidiary of Hokuriku Bank, is scheduled to be liquidated by the end of Sep. 2009 and produce JPY3.0Bn in dividends as extraordinary income, which has been already reflected in the non-consolidated earnings forecasts of the bank for FY 2009. The liquidation has no impact on the consolidated earnings forecasts of the Hokuhoku FG for FY 2009.

*Operating Performance*

# Loans

- Loans **+¥259.1Bn(+3.8%) compared to Mar-08**
- Loans to SMEs and individuals **+¥36.7Bn(+0.7%) compared to Mar-08**
- Housing and consumer loans **+¥71.7Bn(+3.9%) compared to Mar-08**

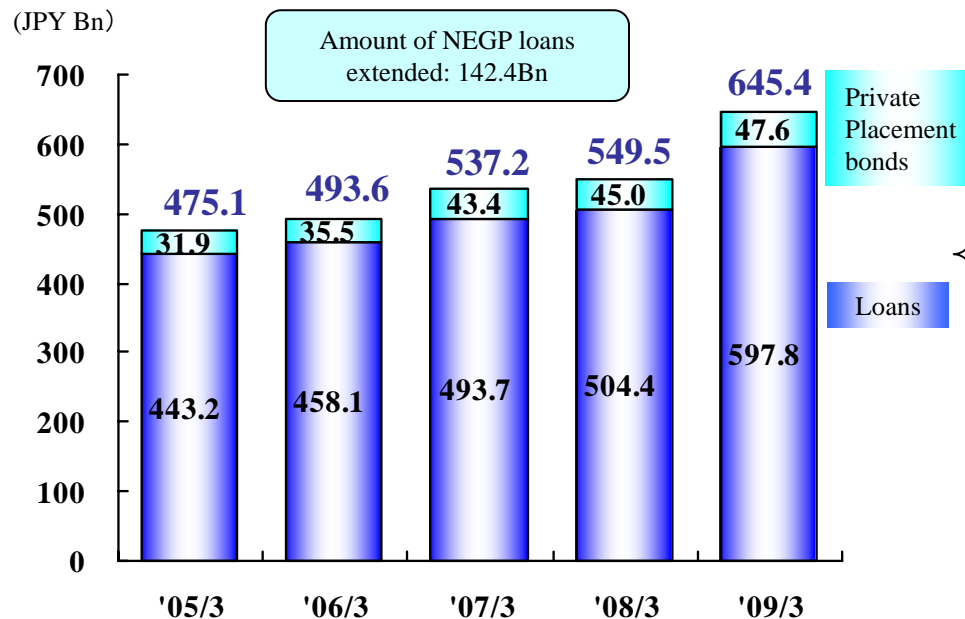
**[Balance of loans] <Total of two banks +Hokugin Corp.>**



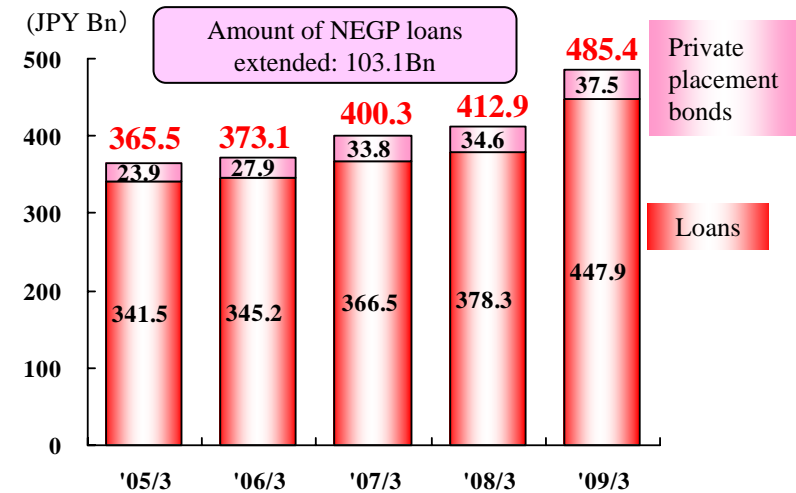
# Loan guaranteed by Credit Guarantee Corporations (CGCs) (Maruho Loan) Hokuhoku Financial Group, Inc.

- Balance of loan guaranteed by CGCs : +¥95.9Bn(+17.4%) compared to Mar-08.
- Nationwide Emergency Guarantee Program (NEGP)  
Amount of loans extended : ¥142.4Bn

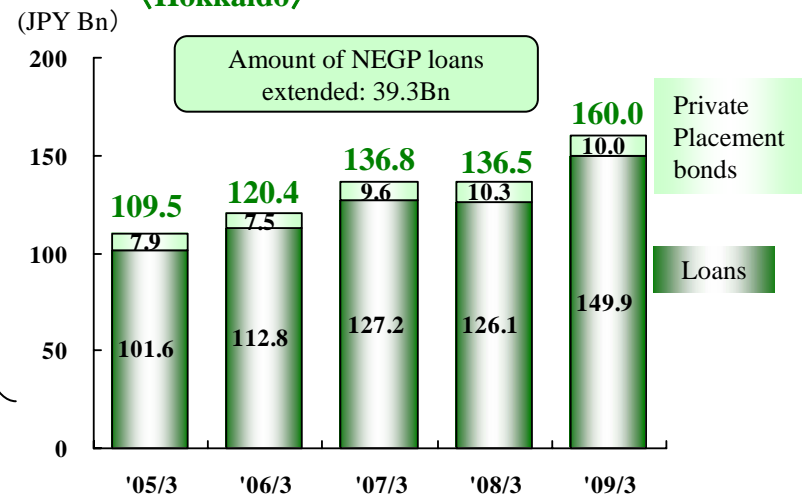
**【Balance of loans guaranteed by CGCs】**  
 〈Total of two banks +Hokugin Corp.〉



〈Hokuriku +Hokugin Corp.〉

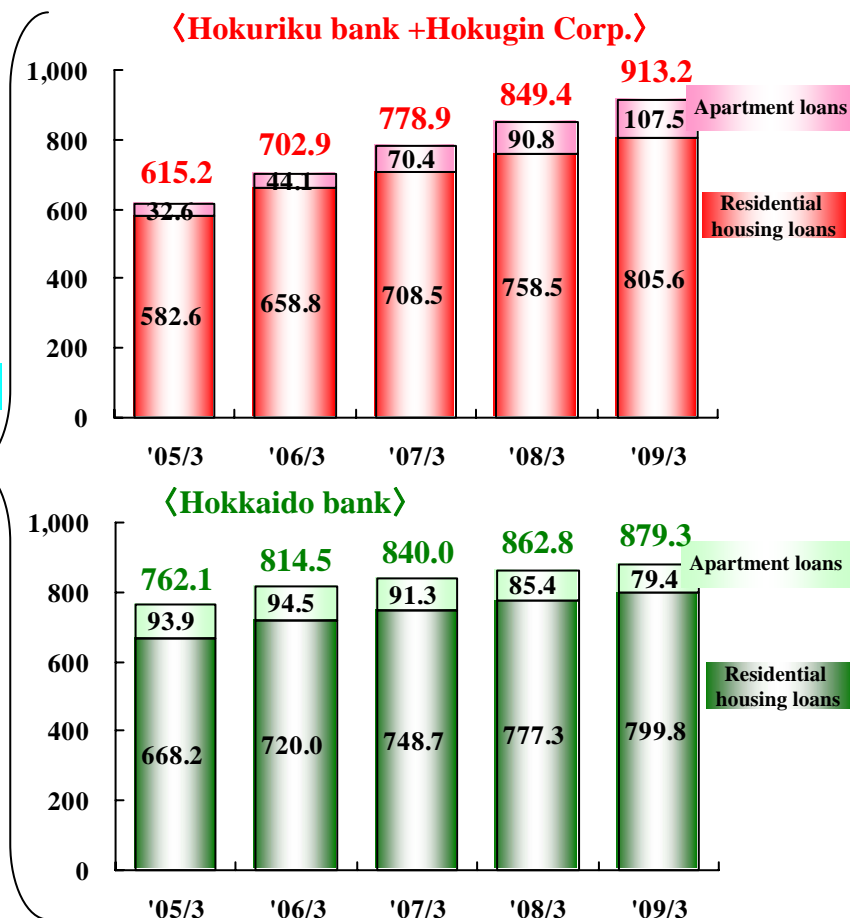
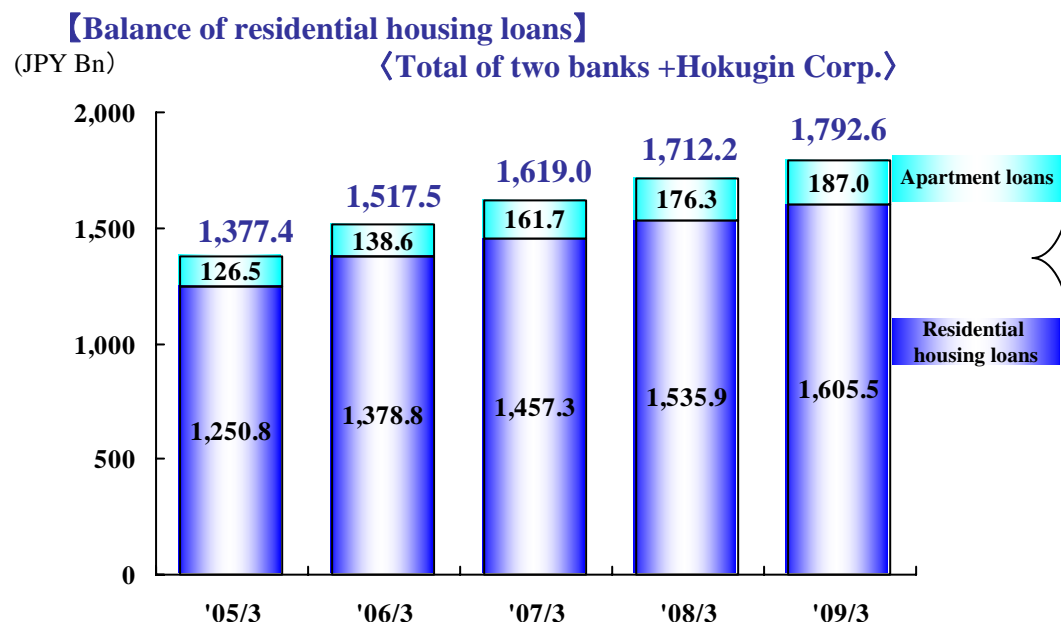


〈Hokkaido〉



# Housing Loans

- Balance of housing loans increased by ¥80.3Bn compared to Mar-08.
- Sales amount of residential housing loans kept the same level as previous year.



**【Sales amount of housing loans】**

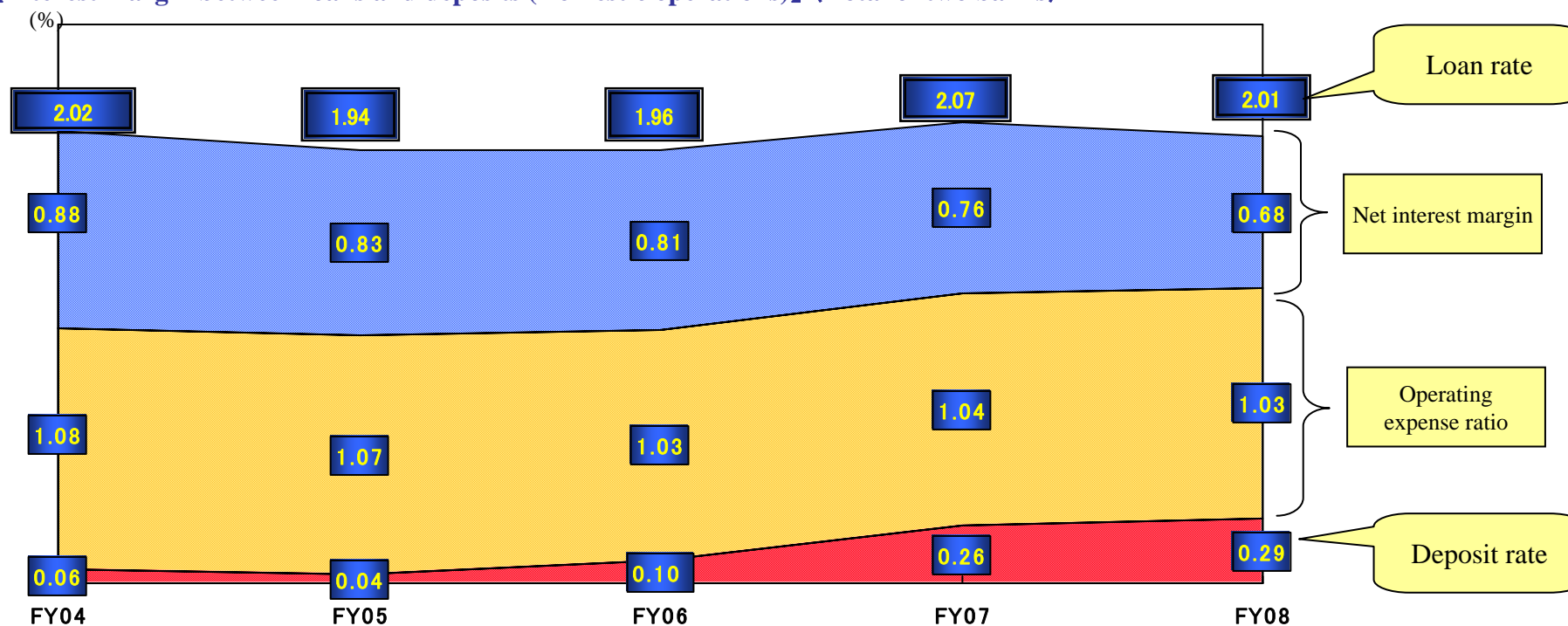
(JPY Bn)	〈Total of two banks〉					〈Hokuriku bank〉					〈Hokkaido bank〉				
	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08
Sales amount of residential housing loans	254.3	265.7	222.8	227.5	218.6	150.4	133.4	107.6	113.5	110.8	103.8	132.2	115.2	113.9	107.7
New lones	201.7	173.4	161.4	177.2	176.5	122.2	99.9	84.2	93.7	90.8	79.4	73.4	77.2	83.5	85.6
Refinanced lones	52.6	92.3	61.3	50.2	42.1	28.1	33.4	23.3	19.8	20.0	24.4	58.8	37.9	30.4	22.0

# Interest Margins ①

Hokuhoku Financial Group, Inc.

- Loan rate 2.01% (-0.06% compared to FY2007)
- Deposit rate 0.29% (+0.03% compared to FY2007)
- Net interest margin 0.68% (-0.08% compared to FY2007)

【Interest margin between loans and deposits (Domestic operations)】 <Total of two banks>

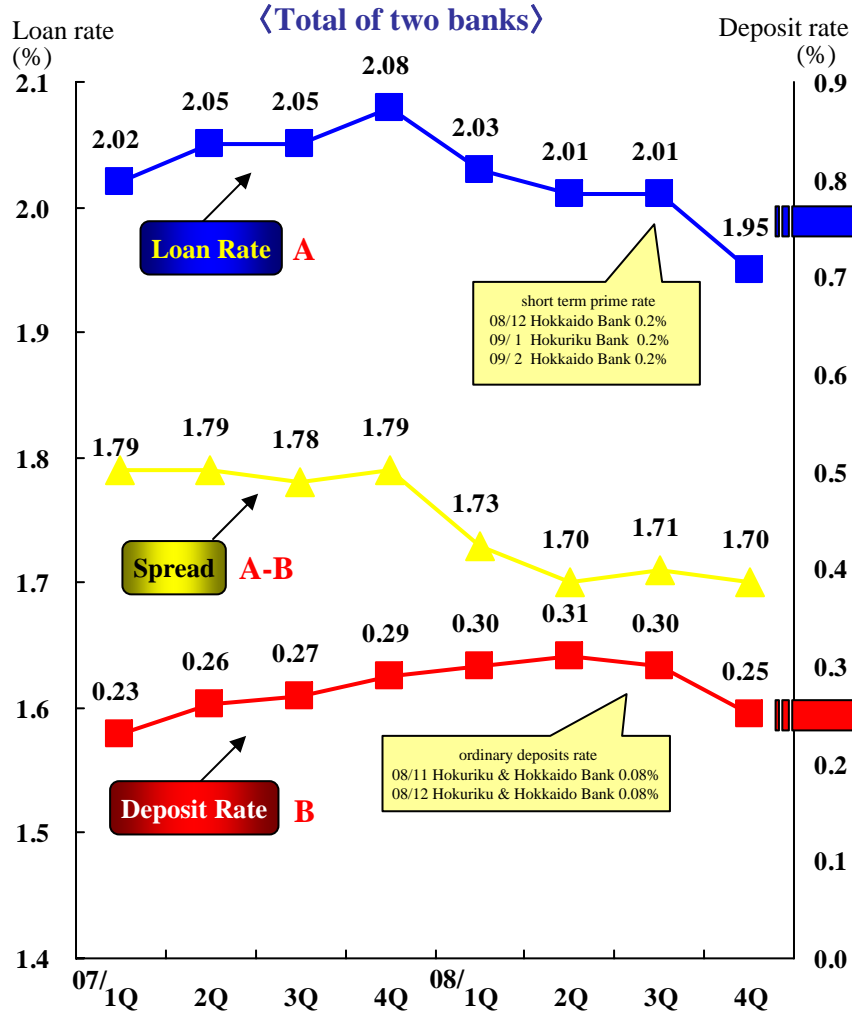


(<math>)</math>	<Total of two banks>					<Hokuriku bank>					<Hokkaido bank>				
	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08	FY04	FY05	FY06	FY07	FY08
Loan rate	2.02	1.94	1.96	2.07	2.01	1.94	1.85	1.88	2.00	1.93	2.16	2.09	2.07	2.17	2.14
Net interest margin	0.88	0.83	0.81	0.76	0.68	0.82	0.75	0.75	0.70	0.62	0.98	0.95	0.92	0.85	0.78
Operating expense ratio	1.08	1.07	1.03	1.04	1.03	1.04	1.04	1.02	1.01	1.00	1.13	1.10	1.05	1.06	1.08
Deposit rate	0.06	0.04	0.10	0.26	0.29	0.08	0.05	0.10	0.27	0.30	0.04	0.03	0.09	0.25	0.27

# Interest Margins ②

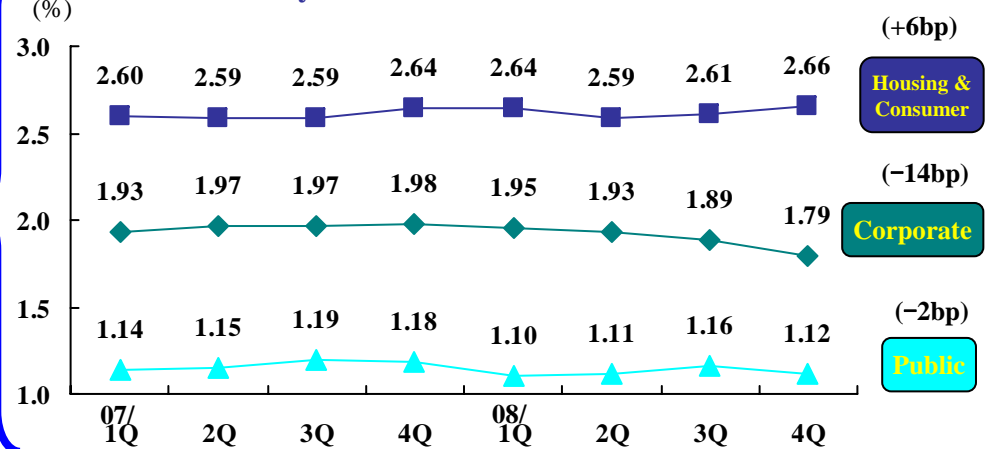
- '08/4Q Loan rate : 1.95% (-0.07% compared to '07/1Q)
- '08/4Q Deposit rate : 0.25% (+0.02% compared to '07/1Q)

【Interest rate of yen denominated loans and deposits】



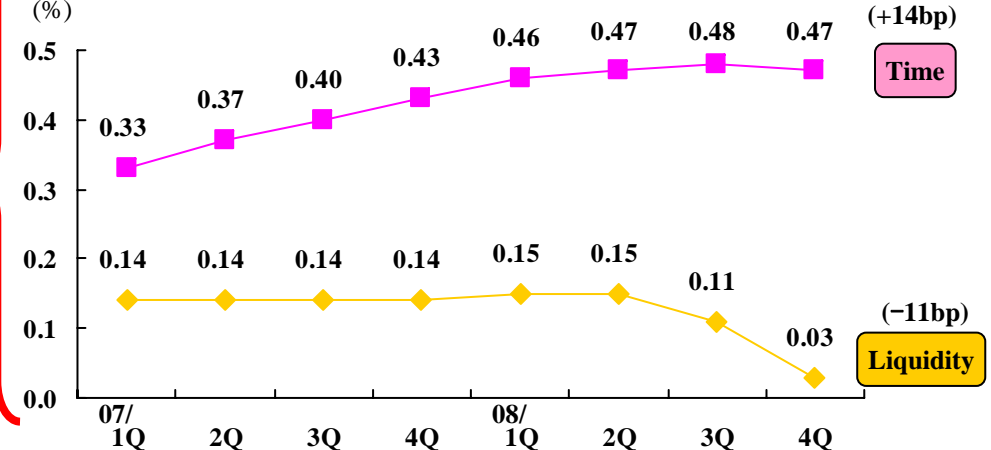
※ Internal management base

【Interest rate of yen denominated loans】〈Total of two banks〉



※ Before partial direct write-offs

【Interest rate of yen denominated deposits】〈Total of two banks〉



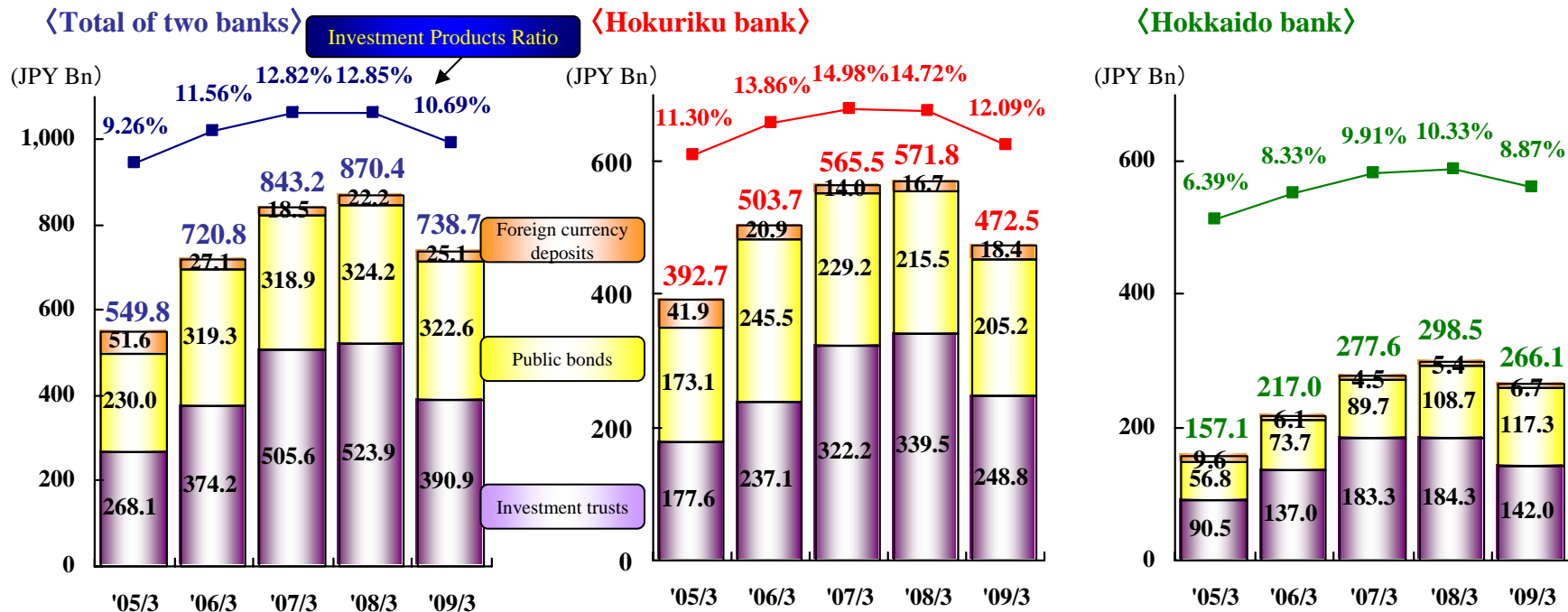
※ ( ) = change from 07/1Q 21

# Investment Products

Hokuhoku Financial Group, Inc.

- Balance of investment products : ¥738.7Bn –¥131.6Bn compared to Mar-08 (Investment trusts –¥133.6Bn)  
 ⇒ Sales amount of insurance overall unchanged, sales amount of investment trusts decreased owing to the deteriorated market environment.

## 【Balance of investment products】



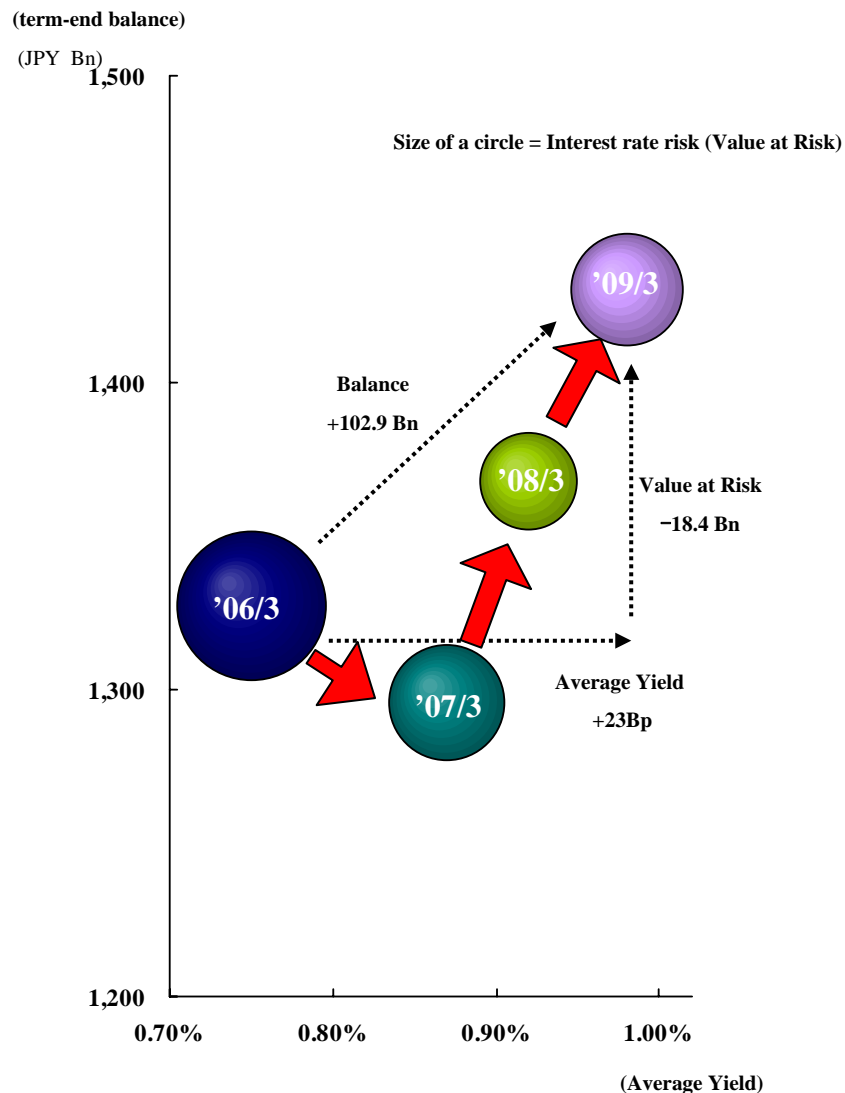
## 【Sales amount of investment products and Fees】

(JPY Bn)	〈Total of two banks〉				〈Hokuriku bank〉				〈Hokkaido bank〉			
	FY05	FY06	FY07	FY08	FY05	FY06	FY07	FY08	FY05	FY06	FY07	FY08
Sales amount of investment trusts	248.6	330.8	261.8	84.2	169.6	236.1	189.7	44.0	78.9	94.6	72.0	40.1
Sales amount of insurance	71.3	87.9	83.6	82.9	44.5	58.4	56.9	55.5	26.7	29.4	26.7	27.3
Fees from investment trusts	6.2	9.1	9.0	4.3	4.2	6.1	6.2	2.7	2.0	2.9	2.7	1.6
Fees from insurance	3.8	4.2	4.4	3.9	2.6	3.0	3.0	2.9	1.1	1.2	1.3	1.0

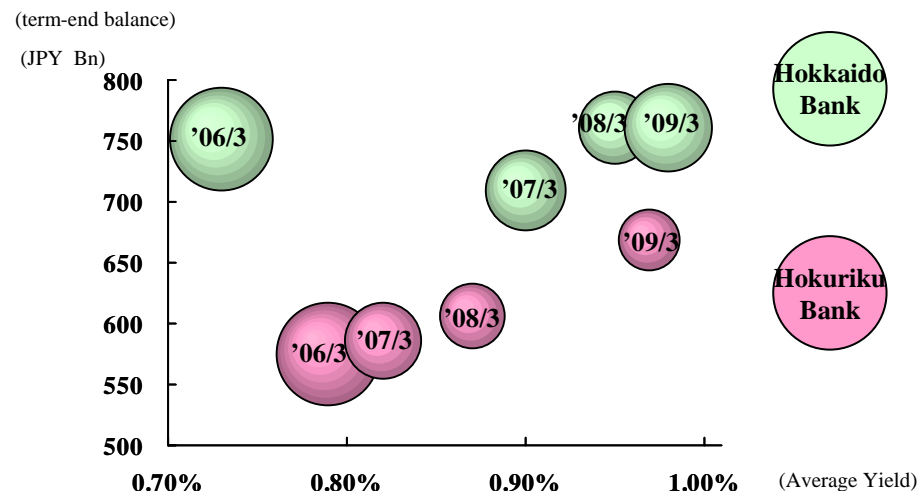
# Bond Portfolio (yen denominated bonds)

Hokuhoku Financial Group, Inc.

## 【Bond portfolio; balance, yield, and Value at risk】 〈Total of two banks〉



## 〈Hokuriku bank〉 〈Hokkaido bank〉



	FY05	FY06	FY07	FY08
<b>Total of two banks</b>				
Term-end Balance ( ¥ Bn)	1,327.3	1,295.5	1,367.6	1,430.2
Average Yield (%)	0.75%	0.87%	0.92%	0.98%
Duration (year)	3.07	2.72	2.29	2.14
Value at Risk ( ¥ Bn)	45.2	27.6	21.0	26.8
<b>Hokuriku Bank</b>				
Term-end Balance ( ¥ Bn)	575.1	586.0	606.1	668.8
Average Yield (%)	0.79%	0.82%	0.87%	0.97%
Duration (year)	3.70	3.21	2.85	2.45
Value at Risk ( ¥ Bn)	21.2	12.3	8.5	8.3
<b>Hokkaido Bank</b>				
Term-end Balance ( ¥ Bn)	752.2	709.4	761.5	761.3
Average Yield (%)	0.73%	0.90%	0.95%	0.98%
Duration (year)	2.59	2.32	1.85	1.87
Value at Risk ( ¥ Bn)	24.0	15.2	12.4	18.5

※ Some numbers described in the past documents have been corrected as follows.

【Name of documents】 Investor Meeting ~Interim Results for FY2008~  
Investor Meeting ~Financial Results for FY2007~

【Correct Numbers】 Total of two banks: Value at risk (FY2007)JPY21.0Bn (InterimFY2008)JPY29.3Bn  
Hokuriku Bank : Value at risk (FY2007)JPY 8.5 Bn (InterimFY2008)JPY9.9Bn

*Management Strategy*

# We pioneer new business model of an extensive regional financial group

Hokuhoku Financial Group, Inc.

Business model that maximizes the advantage of a bank-holding company

## Goals and Strategy of the Management Integration

**Strengthening Marketing Capabilities**

**Increasing Management Efficiency**

**Cementing Customer Loyalty**

**Management integration with prime focus on customers**

Secure safe trading environment for customers

**Under two brands of core banks:** Hokuriku Bank and Hokkaido Bank, develop business and maintain the customer base while pursuing our unique business model

**Enhance the business matching services** further by fully capitalizing on advantage of the extensive regional network

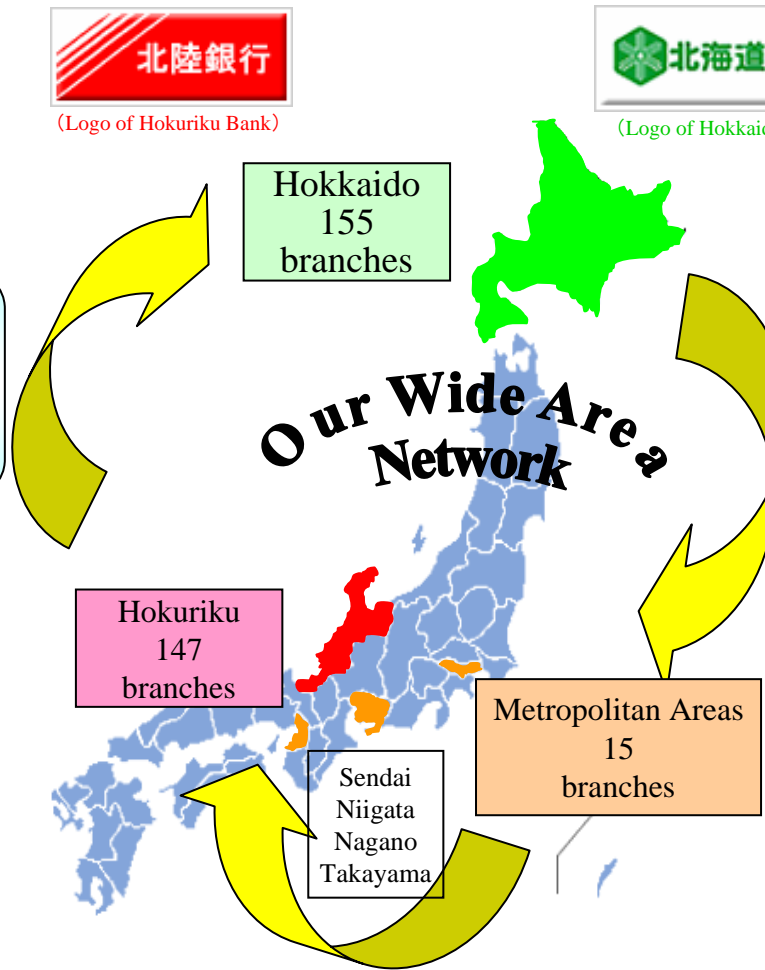
**Increase operational efficiency** by sharing computer system and back office operations



(Logo of Hokuriku Bank)



(Logo of Hokkaido Bank)



'04/9

**Our Management Integration**

Management integration of regional banks across prefectures expanded

'06/10 : Established Yamaguchi Financial Group

'07/04 : Established Fukuoka Financial Group

'09/10: Scheduled to create Fidea Holdings (Shonai Bank and Hokuto Bank)

# We offer a top-level business matching

Hokuhoku Financial Group, Inc.

## Mar-09 : “Food and Tourism” special business conference in Fukui



Promoted local foods of Fukui.  
Invited companies in food and tourism related industries from all over Japan.

Participants: 3,600  
Business talks: 3,100

## Aug-08 : Hokkaido food special business conference in Tokachi



Invited managers and buyers in food related industries from inside and outside of Hokkaido.

Held business conference, seminar, onsite inspection to agricultural organizations.

## Jul-08 : Hokuhoku business conference in Dalian



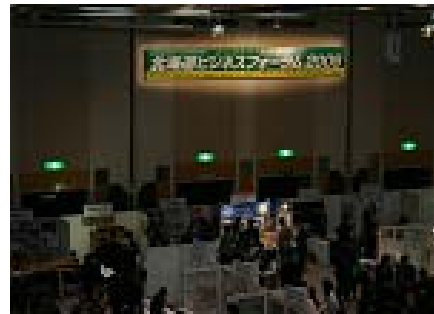
### Result of business matching in FY2008

The number of business created through our business matching services: 2,235  
Sales amount of loans JPY66.2 Bn  
(New loans JPY17.8 Bn)  
Underwriting of private placement bonds: JPY3.2 Bn  
Collection of non-performing loan: JPY4.0 Bn

## Oct-08 : Business matching conference in Shanghai



**Oct-08 : “New Technology” conference in Tokyo**  
Supported joint conference of 4 universities in Hokuriku district. Invited our customers in Tokyo to promote our business matching.



## Mar-09 : Hokkaido business forum 2009

Sponsor since 1999  
Certified by the Hokkaido Bureau of Economy, Trade and Industry as one of members of the local business network project.

We support clients expanding into overseas market



**Planning**

**London**  
Hokuriku Bank

**Business matching conference**  
Jul-08 (Dalian)  
Sponsored by Hokuhoku FG  
Oct-08(Shenyang)  
Sponsored by FG, Sapporo city and the Sapporo chamber of commerce and industry  
Jul-09(Shanghai)  
Sponsored by FG & 9 regional banks and focusing on manufacturing industry

**Agreement with overseas government [FG]** Shanghai city, Liaoning ministry, Guangdong ministry, Ningbo city  
**[Hokuriku]** Dalian city, Vietnamese government, Suzhou City  
**[Hokkaido]** Shenyang city, Changchun city, Harbin City

**Sponsoring Workshop**  
Jun-08 "Finance business in Islamic countries"  
Jul-08 "Selling products in China"  
Sep-08 "Business in Vietnam"

**Business partnership for overseas business with other financial institutions.**  
KASIKORNBANK, Standard Chartered Bank, State Bank of India, Vneshtorgbank, FISC(Taiwan), Mizuho Corporate Bank, Yokohama Bank (overseas information network of three banks)

**Associations of clients in China and ASEAN (Mar-09)**  
Hokuriku Choujou Association 1,023 companies  
Hokkaido Choujou Association 261 companies  
Shanghai Choujou Association 160 companies  
Hokuhoku ASEAN Association 150 companies

**Our support**

Preparatory inspection

Searching business partners

Setting up factories / subsidiary companies

Applying for authorization of local government  
Legal / tax matters

Trading Procedure

Opening bank account  
Fund borrowing

Information Exchange

Supporting overseas staff

*We focus relationship with customers best  
in the region*

Hokuhoku Financial Group, Inc.

*Increasing contact with  
customers*

"SS" Campaign  
\* "SS" = "Shoe Spirit (Footwork)"  
and "Speed & Service"  
Campaign to boost loan sales

*Providing products that  
fit customers' needs*

"Hokuhoku Fund"  
(A Joint product with Hokkaido Credit  
Guarantee Corporation)  
"Support Pack"  
"Target", "Advance III"

*Measures against the  
economic downturn*

Aggressively providing loans under  
nationwide emergency guarantee program  
Weekend consultation for SME managers.  
Providing consulting services in branches  
to prevent a chain of bankruptcy

**The best bank that wins confidence and support in the region**

*Sales growth by providng  
bespoke solutions*

Stepping up support by headquarters  
for marketing

Consulting services:  
M&A, business Succession,  
PO, overseas business,  
Personnel affairs, etc

*Enhancing cooperation with  
Academic institutions and  
local governments*

*Promoting local industries*

Building comprehensive alliances with  
regional universities and technical  
colleges.

Supporting manufacturers

"Agri-Partners"

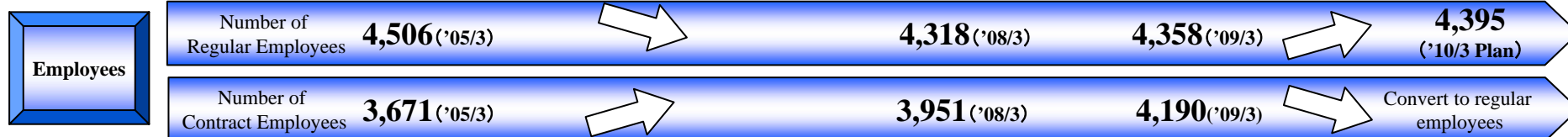
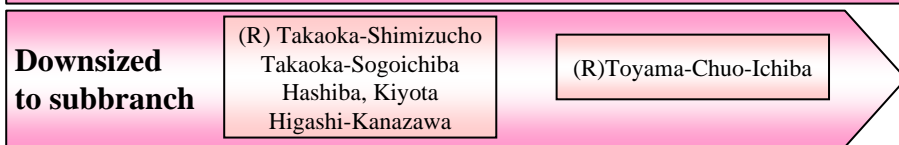
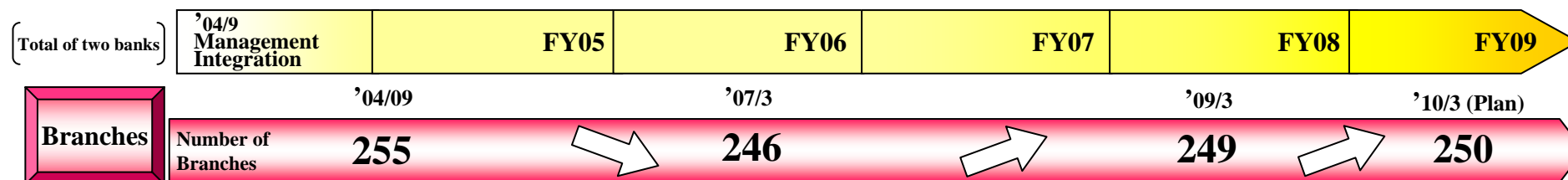
*Supporting corporate revival*

Each of two banks has the special team  
to support corporate revival programs.

The number of clients whose credit ratings  
are improved :  
69(Hokuriku), 63(Hokkaido)

# Strategic Allocation of Human Resources and Delivery Channels

Hokuhoku Financial Group, Inc.



« Objectives »  
 Securing capability of sales force for retail banking business  
 Dealing with more specialized and complicated operations  
 Contribution to the economy of local community

**【Hokuriku Bank】**  
 Expanding recruitment  
 Direct employment of delegated workers ('09/1 ~ 855 employees)  
 Associate Program\*  
 (\*Personnel system for contract workers who prospects to become regular employees in future)

**【Hokkaido Bank】**  
 Expanding recruitment  
 Reforming personnel system for specialist

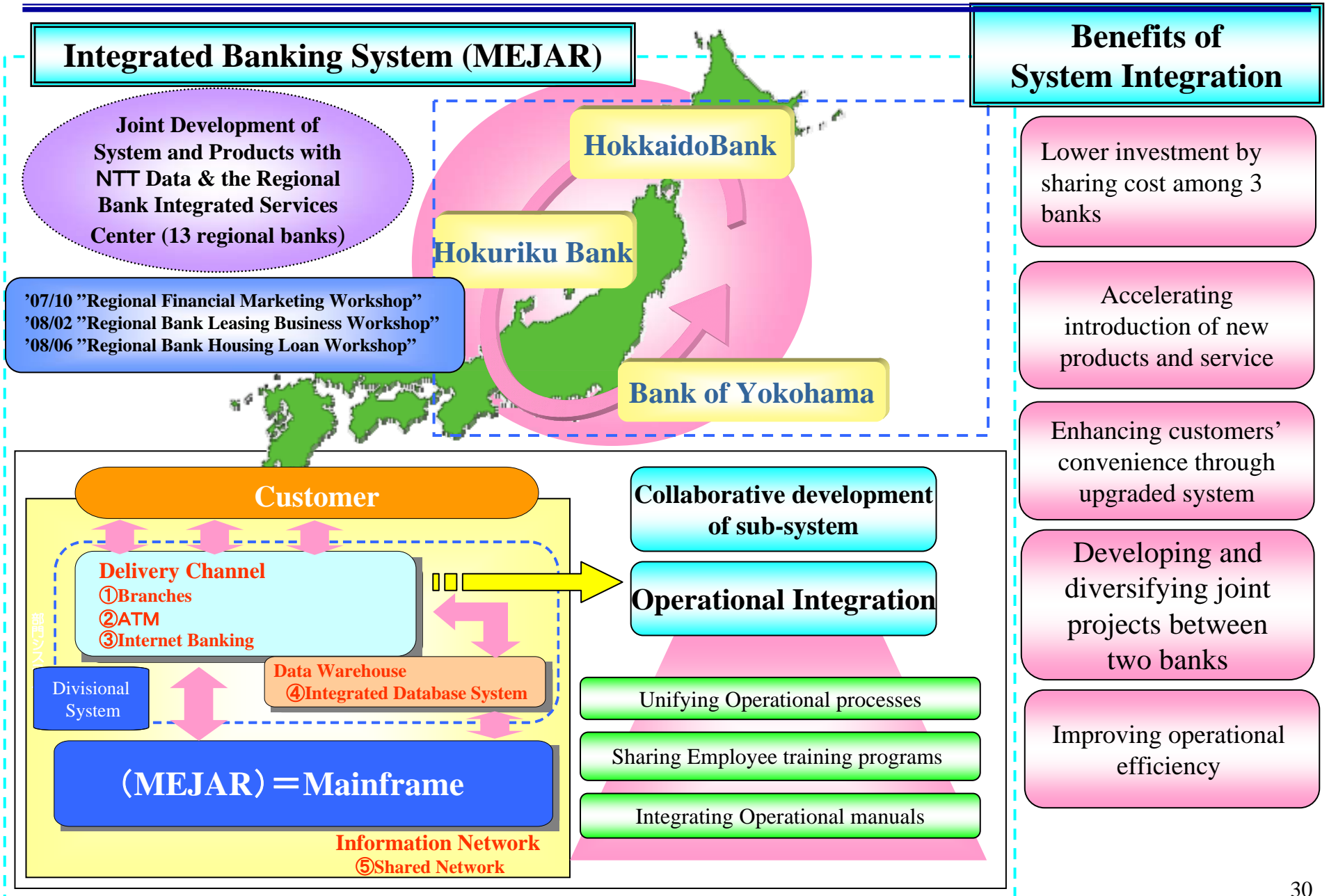
Numbers of regular employees newly adopted

**【Hokuriku Bank】**  
 '09/4 216  
 '10/4 240 (Plan)

**【Hokkaido Bank】**  
 '09/4 179  
 '10/4 180 (Plan)

# Joint development of new banking system (MEJAR)

Hokuhoku Financial Group, Inc.



# Repayment of Public Funds

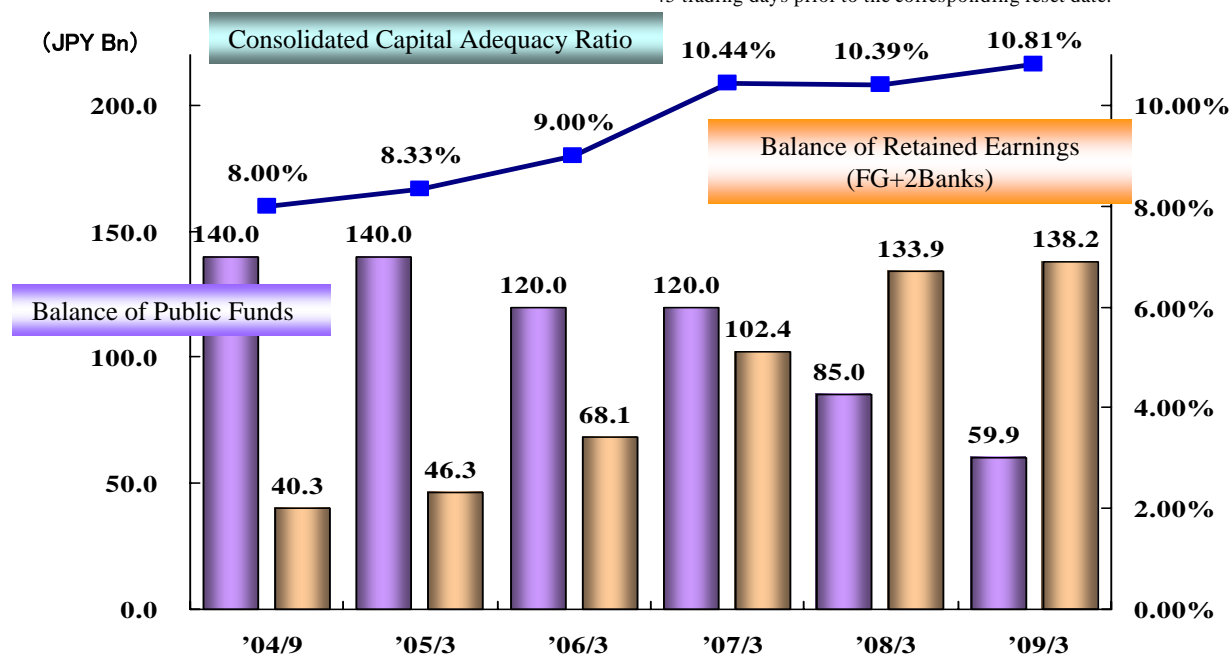
Hokuhoku Financial Group, Inc.

*Already accumulated retained earnings enough to repay outstanding public funds (JPY59.9Bn)*

*Aims to pay off the public funds ahead of schedule during this fiscal year, while taking account of the capital ratio after the repayment and volatile business environment.*

Type	Type1 Preferred Stock	Type4 Preferred Stock
Number of stocks outstanding	50 million stocks	61.4 million stocks
Issue Price	@JPY500	@JPY570
Total value	JPY 25.0Bn	JPY 34.998Bn
Dividends (yield)	JPY7.70 per share (1.54%)	JPY6.62 per share (1.16%)
Acquisition Price*	JPY314.40	JPY313.90
Reset Date	July 31, 2009	Aug 1, 2009
Date of Mandatory Acquisition	July 30, 2010	Aug 1, 2010

(Note) Acquisition Price is reset on the reset date to the average closing price of the common stocks on TSE of first 30 trading days during 45 trading days prior to the corresponding reset date.



'05/3  
Issued 1st  
Subordinate Bond  
JPY 20Bn

'05/9  
Issued 2nd  
Subordinate Bond  
JPY 20Bn

'06/10 & '06/11  
Issued Common Stock  
JPY 41.5Bn

'05/9  
Repaid Public Funds  
(Subordinate Loan)  
JPY 10Bn

'06/3  
Repaid Public Funds  
(Subordinate Loan)  
JPY 10Bn

'07/8  
Repaid Public Funds  
(Preferred Stocks)  
JPY 35Bn

'08/6  
Repaid Public Funds  
(Preferred Stocks)  
JPY 25Bn

*After repayment of public funds,*

*Looking to increase in dividend of common stocks to the same level before injection of public funds (¥5 per share)*

*Looking to repurchase of preferred stocks owed by private sector stockholders,  
Aiming to achieve Tier1 ratio of 8%*

*Enhancing stockholder return  
(Dividend increase, Common stock buyback, etc.)*

*Appendix*

**About Hokuhoku FG ①**  
**Outline of Hokuhoku FG and Two Banks**

Hokuhoku Financial Group, Inc.

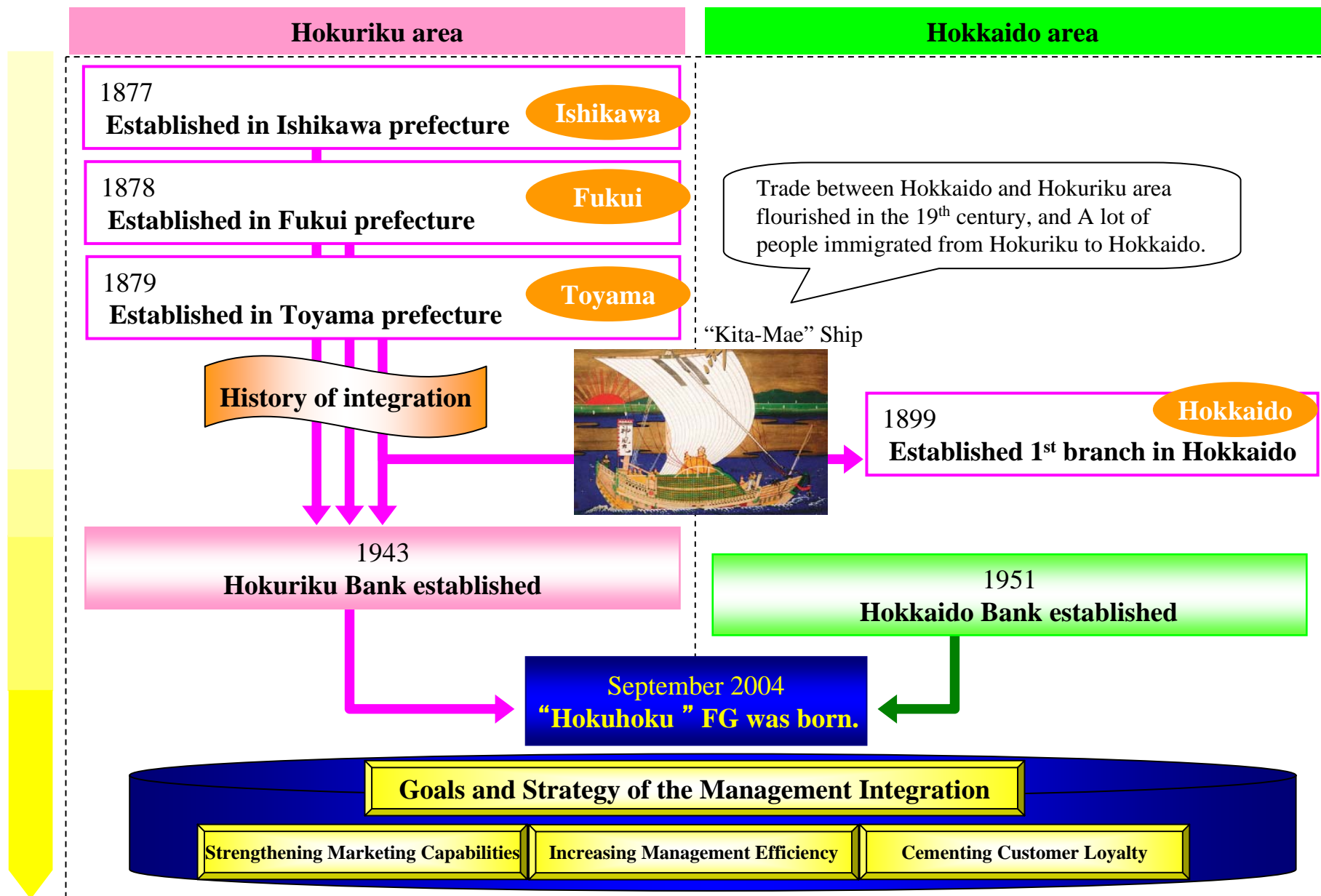
(As of March, 2009)

	<b>Hokuhoku FG</b>	<b>Hokuriku Bank</b>	<b>Hokkaido Bank</b>
Date of establishment	September 26, 2003	July 31, 1943 (Started business in 1877)	March 5, 1951
Location of headoffice	1-2-26 Tsumumicho-dori, Toyama City	1-2-26 Tsumumicho-dori, Toyama City	4-1 Odori Nishi, Chuo-ku, Sapporo City
Capital	¥ 70,895 million	¥ 140,409.52 million	¥ 93,524.01million
Shares issued and outstanding	Common stock 1,391,630,146 Preferred stock(Type1) 50,000,000 Preferred stock(Type4) 61,400,000 Preferred stock(Type5) 107,432,000	Common stock 987,147,185 Preferred stock(Type1) 113,900,000	Common stock 374,356,952 Preferred stock(Type1) 65,500,000 Preferred stock(Type2) 107,432,000
Total assets	(consolidated) ¥ 9,929.0 billion	¥ 5,874.3 billion	¥ 4,026.0 billion
Deposits	(Total of two banks) ¥ 8,671.5 billion	¥ 5,040.0 billion	¥ 3,631.4 billion
Lones	(Total of two banks) ¥ 7,153.5 billion	¥ 4,290.0 billion	¥ 2,863.4 billion
Capital ratio	(consolidated) 10.81%	(non-consolidated) 10.23%	(non-consolidated) 10.45%
Employees	53 (12 fulltime workers)	2,568	1,790
Ratings	A (R&I)、A-(JCR)	A (R&I)、A-(JCR)	A (R&I)、A-(JCR)
Branches (Domestic) (Overseas)		130 branches, 56 sub-branches 3 representative offices	128 branches, 9 sub-branches 2 representative offices

# About Hokuhoku FG ②

## History of Hokuhoku FG

Hokuhoku Financial Group, Inc.



## Goals and Strategy of the Management Integration

### Goals and Strategy of the Management Integration

#### Strengthening Marketing Capabilities

We possess a wide network including Japan's three major metropolises in addition to our main operational bases, Hokkaido and Hokuriku, and we aim to differentiate ourselves from other financial institutions and achieve stronger marketing power by linking our information and clients.

Beefing up the business matching services by utilizing our extensive regional network

Extending services with corporations, their trading partners and employees by capitalizing on the customer bases of the two banks

Enhancing the proposal and solution services by sharing the know-how of the two banks

#### Increasing Management Efficiency

We will create a highly profitable and efficient operating system, which allows us to integrate redundant infrastructure in Hokkaido and capitalize on management resources more efficiently, while placing continuous emphasis on maintaining and developing solid relationships with customers of two banks.

Rebuilding an efficient and effective network of branches

Sharing the system of back-offices for efficient operation. Integrating mail delivery services and back-office services of two banks in Hokkaido.

#### Cementing Customer Loyalty

We will create a more stable asset portfolio and become a highly-trusted and widely-supported regional financial group through extending services in two geographical areas with different economic environment.

Building an asset portfolio diversified across various geographical areas and a wide range of industries

Implementing a comprehensive capital structure that enables a steady repayment of public funds

**About Hokuhoku FG ④**  
**Historical Data (Hokuhoku FG)**

Hokuhoku Financial Group, Inc.

(JPY Bn)

	FY2004	FY2005	FY2005	FY2006	FY2006	FY2007	FY2007	FY2008	FY2008
< Consolidated >	Full year	Interim	Full year	Interim	Full year	Interim	Full year	Interim	Full year
Ordinary income	203.2	121.1	240.9	117.5	242.2	125.7	261.2	123.8	239.6
Ordinary profits	27.2	10.9	48.2	28.2	70.0	32.7	66.3	19.6	21.3
Net income	11.2	5.8	26.8	15.1	40.6	16.4	38.6	37.5	37.0
Capital adequacy ratio	8.33%	8.78%	9.00%	9.23%	10.44%	9.97%	10.39%	10.39%	10.81%

< Total of two banks >

Core gross business profits	175.0	88.1	180.8	90.4	181.8	90.4	178.9	87.5	168.6
General & administrative expenses	89.2	44.7	88.6	44.0	88.0	44.9	89.9	45.6	91.5
Core net business profits	85.8	43.3	92.2	46.4	93.8	45.4	88.9	41.9	77.0
Net gains(losses) related to securities	3.2	7.0	6.9	(1.4)	(1.5)	(0.6)	(0.6)	(5.2)	(17.7)
Credit costs	59.4	38.0	47.7	16.7	25.6	12.8	24.7	15.6	33.9
Ordinary profits	34.1	12.5	50.5	28.6	70.4	32.0	66.2	20.0	23.1
Net income	15.2	7.3	29.0	15.8	39.7	16.2	40.2	38.5	39.7
ROA	0.98%	0.97%	1.02%	1.02%	1.03%	0.98%	0.96%	0.88%	0.80%
OHR	50.95%	50.76%	48.99%	48.67%	48.39%	49.69%	50.29%	52.12%	54.31%
Lones	6,538.9	6,570.4	6,706.2	6,699.9	6,839.7	6,895.0	6,897.6	7,006.3	7,156.7
Deposits	8,326.0	8,178.4	8,216.4	8,282.6	8,434.6	8,439.0	8,407.4	8,551.8	8,671.5
Securities	1,606.5	1,761.0	1,802.7	1,727.5	1,703.8	1,698.3	1,714.8	1,745.8	1,725.0
Non performing loan	474.9	479.5	399.9	354.4	315.0	291.6	260.7	253.1	227.5
NPL ratio	6.83%	7.04%	5.76%	5.10%	4.43%	4.07%	3.64%	3.48%	3.07%

*About Hokuhoku FG ⑤*  
*Historical Data (Hokuriku Bank )*

Hokuhoku Financial Group, Inc.

(JPY Bn)

	FY2004 Full year	FY2005 Interim	FY2005 Full year	FY2006 Interim	FY2006 Full year	FY2007 Interim	FY2007 Full year	FY2008 Interim	FY2008 Full year
Ordinary income	133.5	67.2	132.6	62.9	130.5	67.0	141.5	65.5	124.5
Core gross business profits	103.6	51.9	106.1	53.0	107.1	53.3	105.6	50.0	95.0
General & administrative expenses	51.6	25.6	50.9	25.3	50.5	25.6	51.1	25.7	51.3
Core net business profits	51.9	26.3	55.2	27.6	56.5	27.7	54.5	24.2	43.6
Net gains(losses) related to securities	2.5	4.9	6.4	0.3	0.6	(0.1)	(0.7)	(3.8)	(12.7)
Credit costs	42.6	25.3	34.7	12.7	22.0	8.8	19.6	10.0	19.8
Ordinary profits	16.8	5.9	26.7	16.1	38.5	18.9	36.7	10.2	10.6
Net income	4.1	3.9	15.6	8.5	18.9	9.2	22.3	30.7	28.2
Capital adequacy ratio	8.42%	8.65%	8.86%	9.17%	9.16%	9.41%	10.10%	10.26%	10.23%
ROA	0.98%	0.99%	1.02%	1.03%	1.05%	1.01%	0.99%	0.86%	0.77%
OHR	49.85%	49.56%	48.18%	47.95%	47.37%	48.17%	48.53%	51.58%	54.18%
Lones	3,999.4	4,078.5	4,110.4	4,121.2	4,146.7	4,191.3	4,210.7	4,245.9	4,293.3
Deposits	4,942.7	4,793.3	4,836.6	4,824.5	4,917.4	4,921.3	4,909.1	4,962.6	5,040.0
Securities	815.6	879.1	892.7	859.9	853.2	840.0	820.9	833.7	858.8
Non performing loan	326.5	319.3	260.2	230.8	202.2	187.1	163.5	159.7	142.6
NPL ratio	7.46%	7.46%	6.03%	5.33%	4.65%	4.26%	3.72%	3.60%	3.19%

*About Hokuoku FG ⑥*  
***Historical Data (Hokkaido Bank )***

Hokuoku Financial Group, Inc.

(JPY Bn)

	FY2004	FY2005	FY2005	FY2006	FY2006	FY2007	FY2007	FY2008	FY2008
	Full year	Interim	Full year	Interim	Full year	Interim	Full year	Interim	Full year
Ordinary income	81.9	44.2	88.2	42.8	88.4	46.6	96.0	47.7	94.3
Core gross business profits	71.3	36.1	74.7	37.3	74.7	37.0	73.2	37.5	73.5
General & administrative expenses	37.5	19.0	37.7	18.6	37.4	19.2	38.8	19.8	40.2
Core net business profits	33.8	17.0	37.0	18.7	37.2	17.7	34.4	17.6	33.3
Net gains(losses) related to securities	0.6	2.0	0.4	(1.7)	(2.1)	(0.4)	0.1	(1.3)	(4.9)
Credit costs	16.8	12.7	12.9	4.0	3.6	3.9	5.1	5.6	14.0
Ordinary profits	17.3	6.6	23.8	12.5	31.9	13.0	29.4	9.8	12.5
Net income	11.1	3.3	13.4	7.3	20.7	6.9	17.8	7.7	11.4
Capital adequacy ratio	7.28%	8.08%	8.50%	8.80%	9.91%	9.92%	10.13%	9.68%	10.45%
ROA	0.98%	0.93%	1.00%	1.00%	1.00%	0.92%	0.90%	0.90%	0.85%
OHR	52.56%	52.85%	50.44%	49.91%	50.08%	52.08%	52.98%	53.00%	54.62%
Lones	2,539.4	2,491.9	2,595.7	2,578.6	2,692.9	2,703.6	2,686.8	2,760.3	2,863.4
Deposits	3,383.3	3,385.1	3,379.7	3,458.1	3,517.2	3,517.7	3,498.3	3,589.1	3,631.4
Securities	790.8	881.8	910.0	867.6	850.6	858.2	893.8	912.0	866.2
Non performing loan	148.3	160.2	139.7	123.5	112.8	104.5	97.2	93.5	84.8
NPL ratio	5.76%	6.33%	5.31%	4.72%	4.08%	3.77%	3.52%	3.29%	2.89%

# About Hokuhoku FG ⑦

## Plans for Restoring Sound Management

Hokuhoku Financial Group, Inc.

### Financial Target

#### 【Statement of Income】 <Total of two banks> (JPY bn)

	Mar-09 Projected	Mar-09 Results	Mar-10 Projected	Mar-11 Projected	Mar-12 Projected	Comparison to Mar-12(plan) & Mar-09(results)
Gross Business Profits	173.0	165.7	177.8	180.3	182.9	17.2
Expenses	93.0	91.5	95.0	95.6	95.2	3.7
Expenses related to development of banking system	14.4	13.6	16.5	16.9	16.5	2.9
(OHR) (*1)	(53.76%)	(55.21%)	(53.45%)	(53.02%)	(52.03%)	(-3.18%)
Net Business Profits	79.9	76.7	82.7	84.7	87.7	11.0
Core Business Profits (*2)	81.5	76.8	82.7	84.7	87.7	10.9
Credit Costs (*3)	28.0	35.5	22.0	22.0	22.0	-13.5
Ordinary Profits	44.0	21.3	58.7	60.1	63.4	42.1
Net Income	49.0	37.9	34.7	35.3	37.3	-0.6

#### 【Balance of Retained Earnings】 <Hokuhoku FG + Hokuriku Bank + Hokkaido Bank>

	Mar-09 Projected	Mar-09 Results	Mar-10 Projected	Mar-11 Projected	Mar-12 Projected	Comparison to Mar-12(plan) & Mar-09(results)
Balance of Retained Earnings	149.3	138.2	175.6	202.7	230.9	92.7

#### 【Capital Adequacy Ratio】 <Hokuhoku FG Consolidated base>

	Mar-09 Projected	Mar-09 Results	Mar-10 Projected	Mar-11 Projected	Mar-12 Projected	Comparison to Mar-12(plan) & Mar-09(results)
Capital Adequacy Ratio	10.47%	10.81%	10.74%	10.92%	11.05%	0.24%
Tier I Ratio	7.45%	7.58%	7.85%	8.27%	8.70%	1.12%

Maintaining top-level profitability among regional banks  
[Mar-10 Target] adjusted as of considering the latest economic conditions.

Core Business Profits JPY 74.5Bn  
Net Income JPY 28.5Bn

Planning to increase strategic investment on joint development  
of banking system with Yokohama Bank and simultaneously  
maintaining management efficiency.

Credit Costs is projected to go stable

Securing sufficient amount of retained earnings for earlier  
repayment of public funds

[Mar-09 Results] Retained earnings JPY 138.2Bn  
Amount of public funds remaining JPY 59.9Bn  
Compulsory Conversion of Preferred Stocks Jul & Aug '10

Establishing stable financial foundation

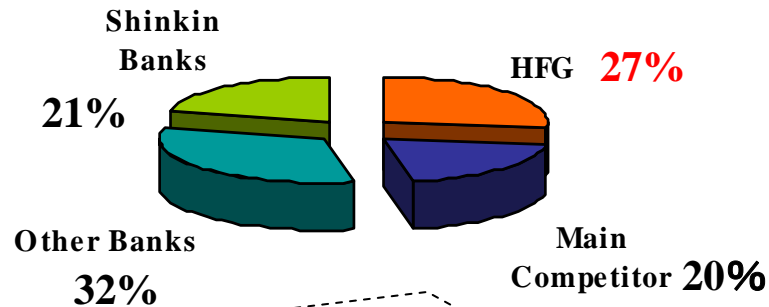
[After repayment of public funds]  
Consolidated Capital Adequacy Ratio Around 9%  
Consolidated Tier I Ratio Around 6%

Note

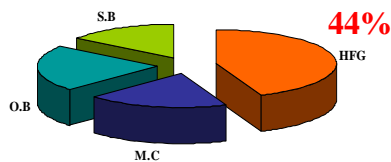
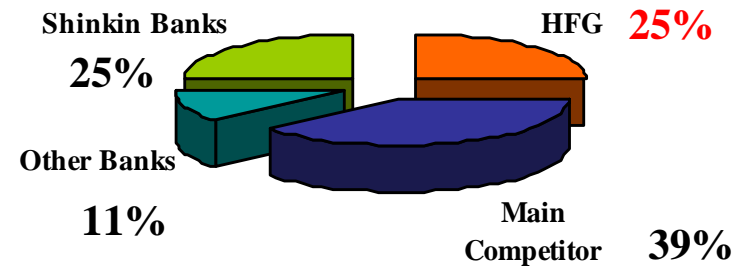
- \*1 OHR = Expenses / Gross Business Profit
- \*2 Core Business Profit = Net Business income + Provision  
on general reserve for possible loans – gains/losses on bonds
- \*3 Credit Costs includes provision on general reserve for  
possible loan losses
- \*4 Balance of Retained Earnings excludes legal earned reserve

Market Share in Our Home Market (Loans, Sep-08)

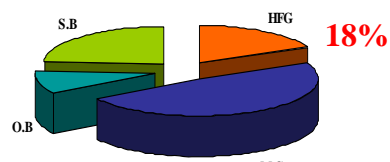
**Hokuriku Area**



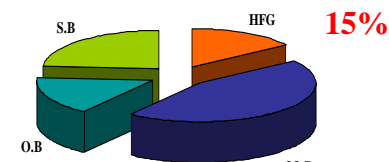
**Hokkaido Area**



**Toyama**



**Ishikawa**



**Fukui**

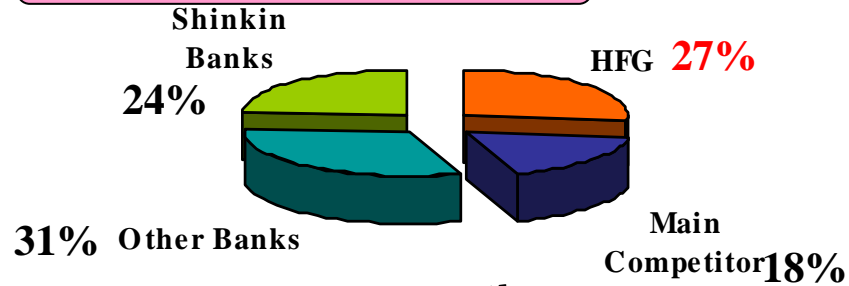
※Figures of the Main Competitor and Other banks are estimated figures

(JPY Bn)

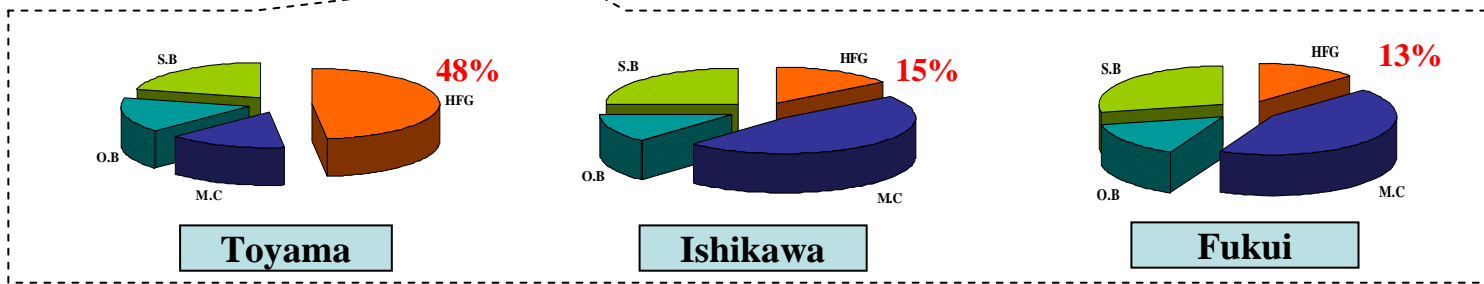
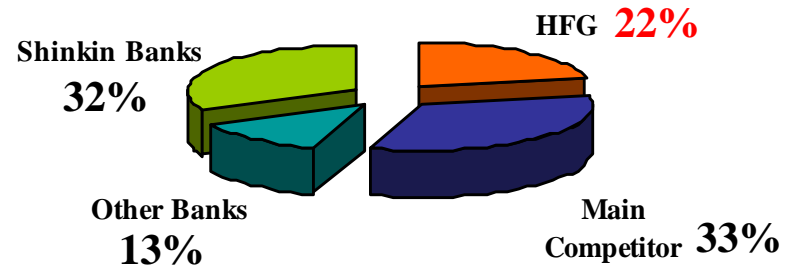
	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	7,097.8(79.3%)	2,728.4(84.5%)	2,563.9(76.3%)	1,805.5(76.5%)	8,954.7(74.6%)
<b>Hokuhoku FG</b>	<b>2,394.0(26.7%)</b>	<b>1,420.6(44.0%)</b>	<b>610.9(18.2%)</b>	<b>362.4(15.4%)</b>	<b>3,045.7(25.4%)</b>
<b>Hokuriku Bank</b>	<b>2,394.0(26.7%)</b>	<b>1,420.6(44.0%)</b>	<b>610.9(18.2%)</b>	<b>362.4(15.4%)</b>	<b>514.4(4.3%)</b>
<b>Hokkaido Bank</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>2,531.3(21.1%)</b>
Main Competitor	1,843.0(20.6%)	602.3(18.6%)	1,616.3(48.1%)	1,069.9(45.3%)	4,619.6(38.5%)
Shinkin Banks	1,852.7(20.7%)	501.4(15.5%)	796.2(23.7%)	555.0(23.5%)	3,054.0(25.4%)
Total	8,950.5(100 %)	3,229.8(100 %)	3,360.1(100%)	2,360.5(100%)	12,008.7(100%)

Market Share in Our Home Market (Deposits, Sep-08)

**Hokuriku Area**



**Hokkaido Area**



※Figures of the Main Competitor and Other banks are estimated figures

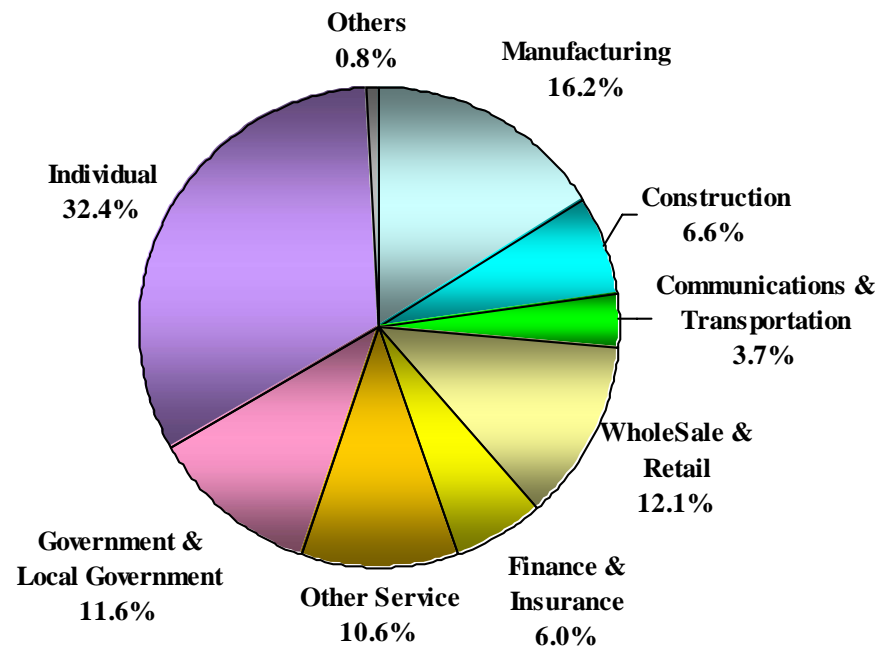
(JPY Bn)

	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	10,840.3(75.6%)	4,175.6(78.9%)	3,962.1(74.6%)	2,702.4(72.4%)	12,802.9(67.7%)
<b>Hokuhoku FG</b>	<b>3,849.6(26.9%)</b>	<b>2,547.7(48.1%)</b>	<b>802.9(15.1%)</b>	<b>499.0(13.4%)</b>	<b>4,095.5(21.7%)</b>
<b>Hokuriku Bank</b>	<b>3,849.6(26.9%)</b>	<b>2,547.7(48.1%)</b>	<b>802.9(15.1%)</b>	<b>499.0(13.4%)</b>	<b>528.8 (2.8%)</b>
<b>Hokkaido Bank</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>3,566.7(18.9%)</b>
Main Competitor	2,633.8(18.4%)	809.2(15.3%)	2,473.2(46.6%)	1,642.1(44.0%)	6,278.8(33.2%)
Shinkin Banks	3,493.2(24.4%)	1,117.7(21.1%)	1,347.3(25.4%)	1,028.1(27.6%)	6,104.3(32.3%)
Total	14,333.5(100%)	5,293.3(100%)	5,309.4(100%)	3,730.5(100%)	18,907.2(100%)

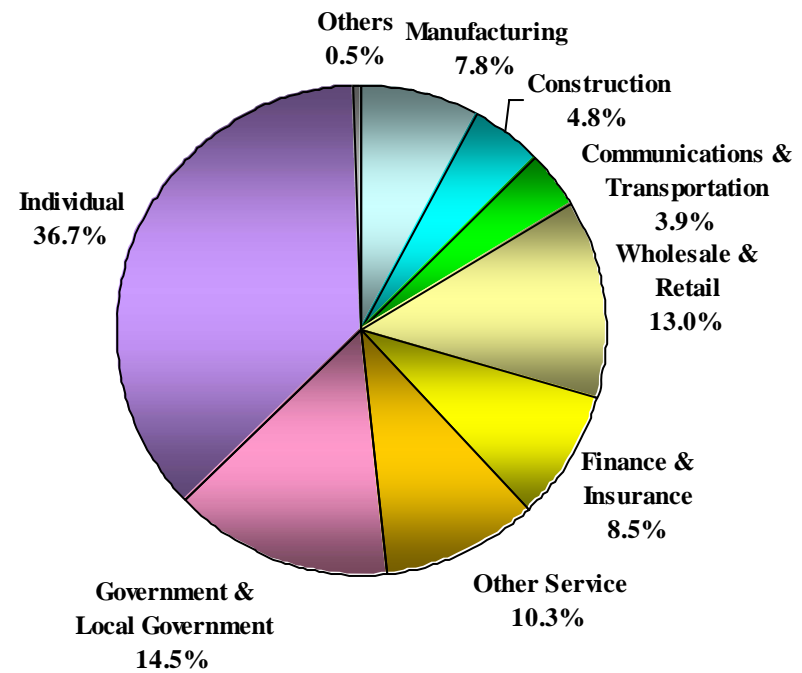
*About Hokuhoku FG ⑩*  
*Lending in the Region by Industry (Mar-09)*

Hokuhoku Financial Group, Inc.

**Hokuriku Bank**



**Hokkaido Bank**



Region: Toyama, Ishikawa, Fukui, Hokkaido

# About Japanese Regional Banks ①

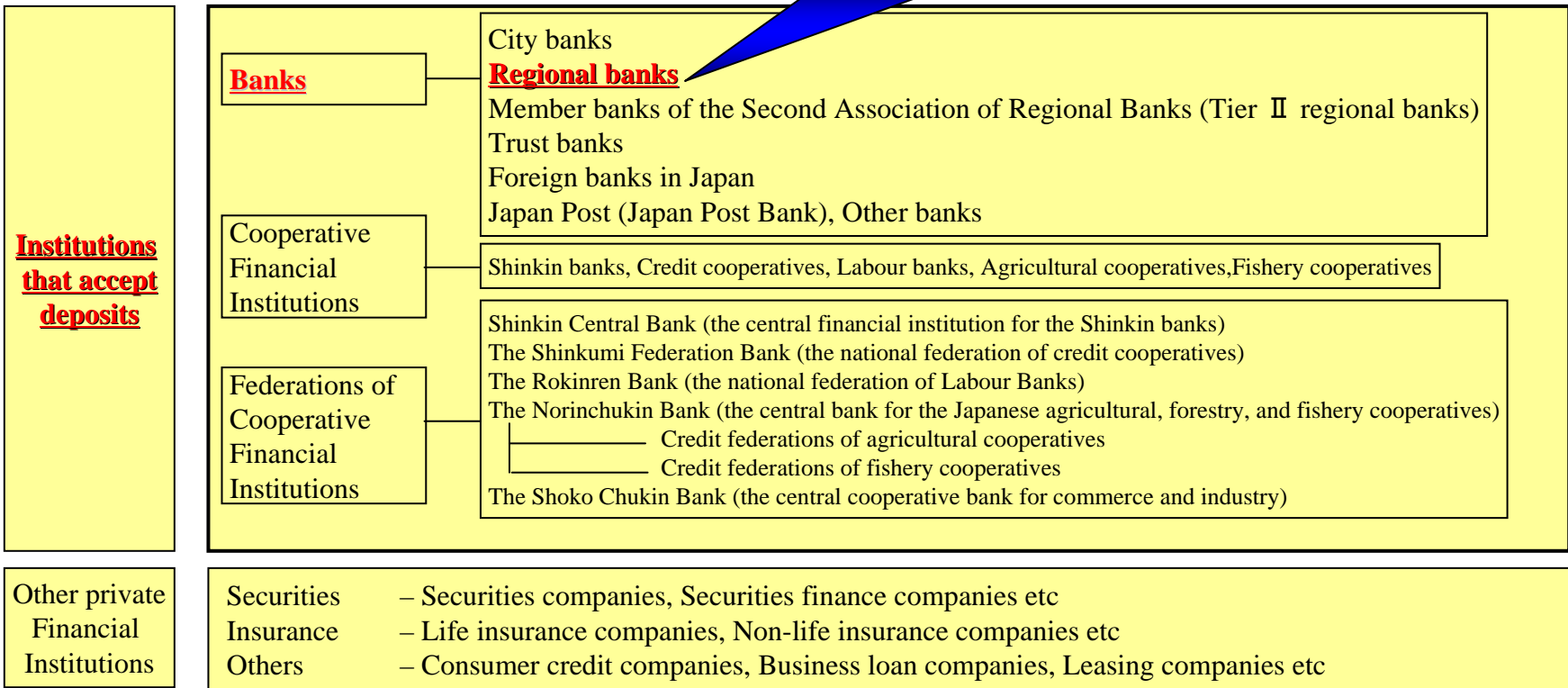
## Financial Institutions in Japan

Source: Home page of Regional Banks Association of Japan

**1** Central Bank - Bank of Japan

**2** Private Financial Institutions

**Hokuhoku Financial Group, Inc.  
(Hokuriku Bank, Hokkaido Bank)**



**3** Public Financial Institutions

Development Bank of Japan, Japan Finance Corporation, Japan Housing Finance Agency etc

# About Japanese Regional Banks ②

## Outline of Regional Banks

### Outline of Regional Banks

As of March 31, 2008, there are 64 regional banks. Headquarters for regional banks are located in major and mid-size cities throughout the country, around which they have built major business bases. The majority of their loan customers, more than 75 percent, are local small and medium-sized companies and consumers. As for deposits, individual deposits account for approximately 70 percent of all deposits.

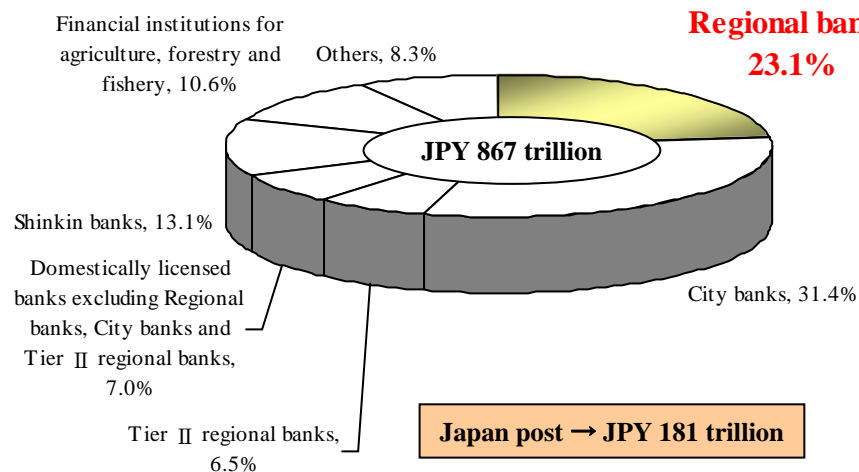


### Main Financial Institutions in the Regions

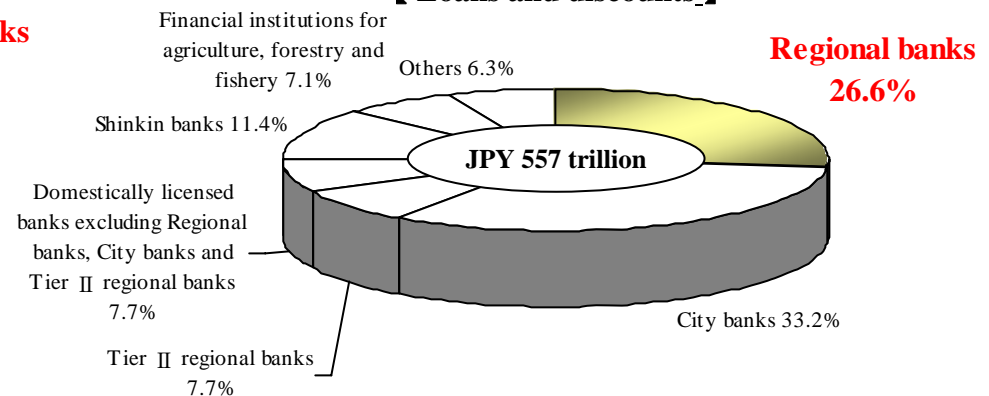
The regional banks have branch networks mainly in the prefectures where their headquarters are located, totaling approximately 7,400 branches and approximately 35,600 ATMs all over the country. Through these networks, the regional banks have fulfilled various financial needs of their customers, mainly consisting of individuals and small and medium-sized enterprises in the regions. They have also been playing main roles in contributing to promotion and development of the regional communities.

### Shares of Deposits and Loans of Private Financial Institutions

【 Deposits 】



【 Loans and discounts 】



Source: Home page of Regional Banks Association of Japan

# The Present Condition of the Regional Economy ①

## Characteristics of Our Main Business Area

Hokuhoku Financial Group, Inc.

### Population and Square Measure

Data from Ministry of Public Management, Home Affairs, Posts and Telecommunications

	Toyama Prefecture a	Ishikawa Prefecture b	Fukui Prefecture c	Total a+b+c	Hokkaido Prefecture	Total
Population (Ranking)	1.11Mn (38th)	1.17Mn (35th)	0.82Mn (43rd)	3.10Mn	5.57Mn (8th)	<b>8.67Mn</b>
Density of Population (Ranking)	260.3pt (25th)	279.5pt (23rd)	194.8pt (32nd)	—	71.0pt (47th)	—
Square Measure (Ranking) km <sup>2</sup>	4,248 (33rd)	4,185 (35th)	4,189 (34th)	—	83,456 (1st)	—

Same as Osaka,  
Kanagawa!

1 <sup>st</sup>	Tokyo
2 <sup>nd</sup>	Kanagawa (8.88Mn)
3 <sup>rd</sup>	Osaka (8.81Mn)

### Gross Prefectural Product

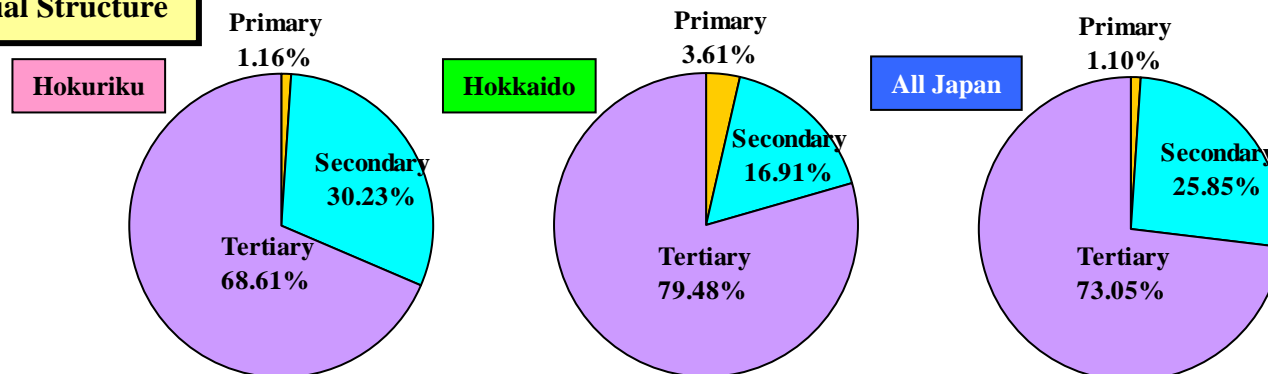
(JPY Bn)

	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido	Total
GPP (Proportion) (Ranking)	4,576.2 (0.88%) (29th)	4,516.2 (0.87%) (31st)	3,318.6 (0.64%) (41st)	12,411.1 (2.39%)	18,911.1 (3.65%) (8th)	<b>31,322.2</b> <b>(6.04%)</b>

Same as Kanagawa!

1 <sup>st</sup>	Tokyo
2 <sup>nd</sup>	Osaka
3 <sup>rd</sup>	Aichi
4 <sup>th</sup>	Kanagawa (31,775.2)

### Industrial Structure



Ranked  
next to Denmark  
(Europe No15) !

1 <sup>st</sup>	Germany
2 <sup>nd</sup>	UK
15 <sup>th</sup>	Denmark (36,690.5)

# The Present Condition of the Regional Economy ②

## Economic Conditions

Hokuhoku Financial Group, Inc.

	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	All Japan	Hokuriku Area	Hokkaido Area
	Apr-09	Apr-09	Apr-09
Economic Trend	<b>Worsening rapidly while in a severe situation</b>	<b>Deteriorating significantly</b>	<b>In a somewhat severe situation</b>
Public Investment	Generally sluggish	Sluggish	Sluggish
Business Investment	Decreasing	Declining substantially	Declining
Private consumption	Decreasing moderately	Weakness is broad-based	Continues to be in a severe situation
Housing construction	Decreasing	Declining	Declining substantially
Production	Decreasing substantially	Continues to decline substantially	Declining further
Employment & Income	Getting worse rapidly	Increasing severity	Severe
Consumer Prices	Flat	Around last year	Less than last year
The number of bankrupt companies	Increasing	Exceeding last year	A growing trend slows down

# The Present Condition of the Regional Economy ③

## Big Projects in Hokuriku and Hokkaido Area

Hokuhoku Financial Group, Inc.

### Hokkaido

#### ◎Construction of the Hokkaido Bullet Train

Constructing a 360 KM line from Shin-Aomori Station to Sapporo Station.

Expected to be completed in FY 2015

(Shin-Aomori Station to Shin-Hakodate Station)

Planned to be completed to Sapporo in FY 2020

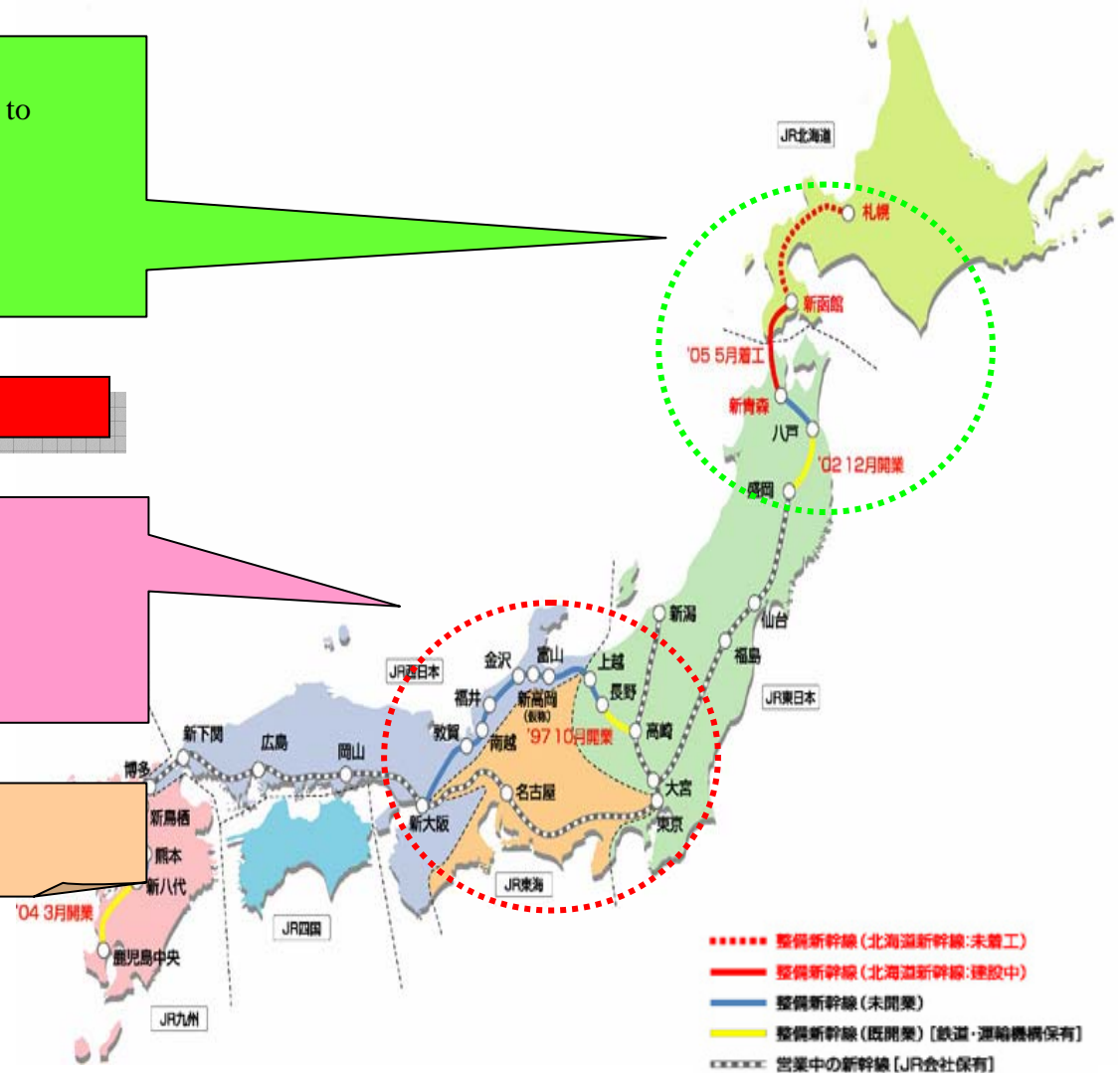
### Hokuriku

#### ◎Construction of the Hokuriku Bullet Train

Constructing a 700 KM line from Tokyo to Osaka via Nagano, Toyama, Kanazawa, Fukui.

Expected to be completed in FY 2014.

#### ◎Tokai Hokuriku Highway completed in July, 2008



Source: MLIT, Hokkaido Government, Home page of Hokuriku Shinkansen

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