

Investor Meeting

*~Financial Results for FY 2009~
(ended March 31, 2010)*



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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“Hokugin Corp.”, Hokuriku bank's fully-owned subsidiary for corporate revitalization, terminated its projected operations and was liquidated in September, 2009. Figures of Hokugin Corp. are partly included in the past financial results for comparison.

*Summary of Financial Results
for FY 2009*

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			
	['10/03 Forecasts]	FY2009	change	FY2008
Ordinary income	[225.0]	226.7	(12.8)	239.6
Ordinary profits	[35.0]	35.4	14.0	21.3
Net income	[18.0]	19.2	(17.8)	37.0
<Total of two banks> (JPY Bn)				
Core gross business profits	[162.0]	160.9	(7.4)	168.3
Net interest income		130.3	(3.0)	133.4
Domestic		129.8	(2.0)	131.9
Net fees & commissions		22.1	(1.6)	23.8
Net trading income		1.4	(0.1)	1.5
Net other income (excluding gains (losses) related to bonds)		6.9	(2.6)	9.5
General & administrative expenses	[94.0]	(94.4)	2.8	(91.5)
Core net business profits	[68.0]	66.4	(10.3)	76.8
Net gains (losses) related to bonds		2.0	4.5	(2.5)
Net business profits before credit costs		68.5	(5.7)	74.2
Net non-recurring gains(losses)		(31.7)	23.7	(55.4)
Total credit costs	[27.0]	(25.5)	(10.0)	(35.5)
Net gains (losses) related to stocks		(1.7)	13.3	(15.1)
Ordinary profits	[37.0]	36.8	15.5	21.3
Net extraordinary gains (losses)		2.5	1.4	1.1
Income taxes		(13.3)	(28.8)	15.4
Net Income	[25.0]	26.0	(11.8)	37.9

<Consolidated>
Net income: ¥19.2Bn
 -¥17.8Bn compared to FY08

<Total of two banks>
Core net business profits: ¥66.4Bn
 -¥10.3Bn compared to FY08
 ...Decrease in gross business profits
 and increase in G&A expenses

Ordinary profits: ¥36.8Bn
 +¥15.5Bn compared to FY08
 ... Decrease in total credit costs and recovery
 in stocks, etc.

Net income: ¥26.0Bn
 -¥11.8Bn compared to FY08
 ...Decrease in deferred income taxes

(JPY Bn)	FY2009	change	FY2008
A - B	(6.8)	(5.9)	(0.8)
Other Subsidiaries	0.3	(0.8)	1.2
Liquidation subsidiaries	(3.1)	(3.1)	-
Amortization of goodwill	(2.4)	(0.0)	(2.4)
Elimination	(1.0)	(0.7)	(0.3)

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

Hokuhoku Financial Group, Inc.

(JPY Bn)	〈Hokuriku Bank〉			〈Hokkaido Bank〉		
	FY2009	change	FY2008	FY2008	change	FY2008
Core gross business profits	90.1	(4.6)	94.7	70.8	(2.7)	73.5
Net interest income	72.5	(2.1)	74.7	57.7	(0.8)	58.6
Domestic	72.3	(1.4)	73.8	57.4	(0.6)	58.1
Net fees & commissions	13.5	(0.7)	14.3	8.6	(0.8)	9.4
Net trading income	1.4	(0.1)	1.5	–	–	–
Net other income (excluding gains (losses) related to bonds)	2.5	(1.5)	4.1	4.3	(1.0)	5.4
General & administrative expenses	(51.8)	(0.4)	(51.3)	(42.6)	(2.4)	(40.2)
Core net business profits	38.3	(5.0)	43.4	28.1	(5.2)	33.3
Net gains (losses) related to bonds	(1.0)	0.0	(1.0)	3.0	4.5	(1.4)
Net business profits before credit costs	37.2	(5.0)	42.3	31.2	(0.7)	31.9
Net non-recurring gains(losses)	(16.8)	18.0	(34.9)	(14.8)	5.6	(20.4)
Total credit costs	(13.4)	8.0	(21.4)	(12.0)	2.0	(14.0)
Net gains (losses) related to stocks	(1.4)	10.1	(11.5)	(0.2)	3.2	(3.5)
Ordinary profits	19.9	11.1	8.8	16.9	4.4	12.5
Net extraordinary gains (losses)	1.8	3.0	(1.2)	0.6	(1.6)	2.3
Income taxes	(6.1)	(24.9)	18.8	(7.2)	(3.8)	(3.3)
Net Income	15.6	(10.7)	26.4	10.3	(1.0)	11.4

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

Hokuhoku Financial Group, Inc.

< Total of two banks +Hokugin Corp.> (JPY Bn)	Mar-10	change	Mar-09
Loans	6,993.6	(163.1)	7,156.7
Loans to SMEs & individuals	4,890.6	(159.9)	5,050.5
Housing & consumer loans	1,967.3	59.0	1,908.2
Securities	2,015.0	290.0	1,725.0
Deposits	9,048.4	376.9	8,671.5
Individual deposits	6,401.4	210.6	6,190.7
Total individual assets	7,157.0	252.7	6,904.3
Individual deposits (deposits in yen)	6,374.4	208.8	6,165.5
Investment products (for individuals)	782.6	43.9	738.7
Foreign currency deposits	26.9	1.7	25.1
Public bonds	304.4	(18.1)	322.6
Investment trusts	451.2	60.2	390.9
Balance of NPLs	215.2	(12.2)	227.5
NPL ratio	2.98%	(0.09%)	3.07%
< Consolidated > (JPY Bn)			
Capital adequacy ratio	10.83%	0.02%	10.81%
Tier1 ratio	7.05%	(0.53%)	7.58%
Net deferred tax assets / Tier1 capital	21.03%	(1.74%)	22.77%
Valuation difference on available- for-sale securities	14.0	41.9	(27.9)

<Total of two banks +Hokugin Corp.>

Loans: -¥163.1Bn compared to Mar-09

- Housing and consumer loans increased ¥59Bn compared to Mar-09

Securities: +¥290.0Bn compared to Mar-09

- Increase in JGBs and municipal bonds

Deposits: +¥376.9Bn compared to Mar-09

- Increase in individual deposits

Total individual assets:

+¥252.7Bn compared to Mar-09

- Individual deposits increased

Balance of NPLs: -¥12.2Bn compared to Mar-09

NPL ratio: 2.98%

<Consolidated>

Capital adequacy ratio: 10.83%

Valuation difference on available-for-sale securities: +¥14.0Bn

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-10	change	Mar-09	Mar-10	change	Mar-09
Loans	4,142.6	(150.6)	4,293.3	2,851.0	(12.4)	2,863.4
Loans to SMEs & individuals	2,882.2	(131.4)	3,013.7	2,008.3	(28.4)	2,036.8
Housing & consumer loans	1,020.3	41.8	978.4	947.0	17.1	929.8
Securities	1,015.9	157.0	858.8	999.1	132.9	866.2
Deposits	5,244.5	204.4	5,040.0	3,803.9	172.4	3,631.4
Individual deposits	3,547.2	95.1	3,452.0	2,854.1	115.5	2,738.6
Total individual assets	4,027.8	121.5	3,906.2	3,129.2	131.1	2,998.0
Individual deposits (deposits in yen)	3,527.9	94.2	3,433.6	2,846.5	114.6	2,731.8
Investment products (for individuals)	499.8	27.3	472.5	282.7	16.5	266.1
Foreign currency deposits	19.3	0.9	18.4	7.6	0.8	6.7
Public bonds	197.7	(7.5)	205.2	106.6	(10.6)	117.3
Investment trusts	282.8	33.9	248.8	168.4	26.3	142.0
Balance of NPLs	147.3	4.6	142.6	67.9	(16.9)	84.8
NPL ratio	3.42%	0.23%	3.19%	2.32%	(0.57%)	2.89%
Capital adequacy ratio	10.80%	0.57%	10.23%	10.19%	(0.26%)	10.45%
Tier1 ratio	6.76%	(0.38%)	7.14%	6.81%	(0.46%)	7.27%
Net deferred tax assets / Tier1 capital	27.01%	(2.01%)	29.02%	15.35%	(1.98%)	17.33%
Valuation difference on available- for-sale securities	11.1	21.9	(10.7)	10.4	17.8	(7.4)

Breakdown of Business Profits ①

<Net interest income>

Hokuhoku Financial Group, Inc.

- Demand for funding remained weak and competition continued to intensify
 ⇒ Net income on loans declined and profit margin shrank further

【Breakdown of net interest income (domestic)】

(JPY Bn, %)	FY2008			FY2009			change			breakdown	
	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate
< Total of two banks >											
Net interest income			131.9			129.8			(2.0)		
Loans	6,936.3	2.01%	140.0	6,964.9	1.87%	130.6	28.6	(0.14%)	(9.4)	0.5	(9.9)
Securities	1,703.5	1.01%	17.2	1,830.3	1.00%	18.3	126.8	(0.01%)	1.1	1.2	(0.1)
Deposits & NCDs	8,583.0	0.29%	25.2	8,881.2	0.21%	18.6	298.2	(0.08%)	(6.5)	0.7	(7.2)
< Hokuriku bank >											
Net interest income			73.8			72.3			(1.4)		
Loans	4,178.9	1.93%	80.7	4,108.1	1.80%	73.9	(70.8)	(0.13%)	(6.7)	(1.3)	(5.4)
Securities	804.5	1.01%	8.1	873.2	1.05%	9.2	68.7	0.04%	1.1	0.7	0.3
Deposits & NCDs	4,959.2	0.30%	15.2	5,117.2	0.22%	11.5	158.0	(0.08%)	(3.6)	0.4	(4.1)
< Hokkaido bank >											
Net interest income			58.1			57.4			(0.6)		
Loans	2,757.4	2.14%	59.2	2,856.8	1.98%	56.6	99.4	(0.16%)	(2.6)	2.0	(4.6)
Securities	898.9	1.01%	9.0	957.0	0.95%	9.1	58.0	(0.06%)	0.0	0.5	(0.5)
Deposits & NCDs	3,623.8	0.27%	9.9	3,764.0	0.19%	7.1	140.1	(0.08%)	(2.8)	0.3	(3.1)

FY2010 (Projection) (Domestic)

Total of two banks		
	balance	Rate
Loans	-12.5	-0.08%
Securities	+289.0	+0.01%
Deposits	+166.5	-0.05%
Hokuriku bank		
	balance	Rate
Loans	+3.0	-0.07%
Securities	+159.0	+0.06%
Deposits	+63.0	-0.06%
Hokkaido bank		
	balance	Rate
Loans	-15.5	-0.09%
Securities	+130.0	-0.03%
Deposits	+103.5	-0.04%

Breakdown of Business Profits ②

<Fee revenue>

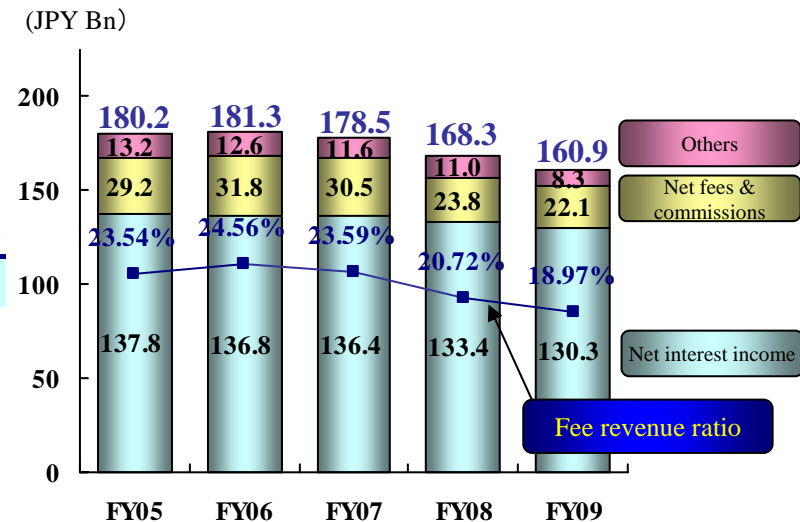
Hokuhoku Financial Group, Inc.

- Remittance fees / commissions decreased and commission rate of insurance products dropped
- Income from foreign exchange transactions declined due to a drop in demand

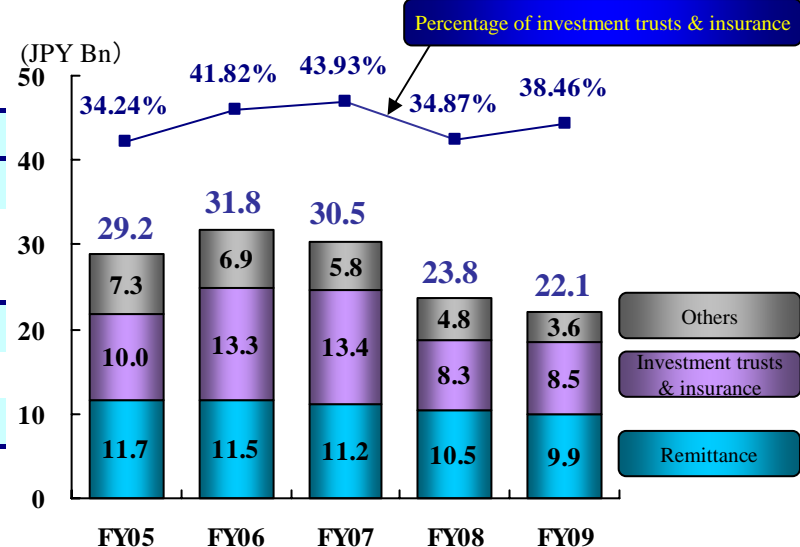
【Breakdown of fee revenue】

< Total of two banks > (JPY Bn)	FY2009	change	FY2008
(1) Net fees & commissions	22.1	(1.6)	23.8
Fees and commissions	35.8	(1.1)	36.9
Remittance	11.8	(0.7)	12.6
Investment trusts	5.3	0.9	4.3
Insurance	3.2	(0.7)	3.9
Fees and commissions payments	13.6	0.4	13.1
Remittance	1.9	(0.1)	2.1
ATM (alliance with convenience stores)	2.1	0.1	1.9
Loan related expenses	8.8	0.4	8.4
(2) Net trading income	1.4	(0.1)	1.5
(3) Net other income (excluding gains(losses) related to bonds)	6.9	(2.6)	9.5
gains on foreign exchange transactions	4.1	(2.3)	6.5
Net income (expenses) on derivatives	2.7	(0.2)	3.0
(4) Fee revenue (1)+(2)+(3)	30.5	(4.3)	34.8
(5) Core gross business profits	160.9	(7.4)	168.3
(6) Fee revenue ratio (4)/(5)	18.97%	(1.75%)	20.72%

【Core gross business profits】 〈Total of two banks〉



【Net fees and commissions】〈Total of two banks〉



Breakdown of Business Profits ③

<General and administrative expenses>

Hokuhoku Financial Group, Inc.

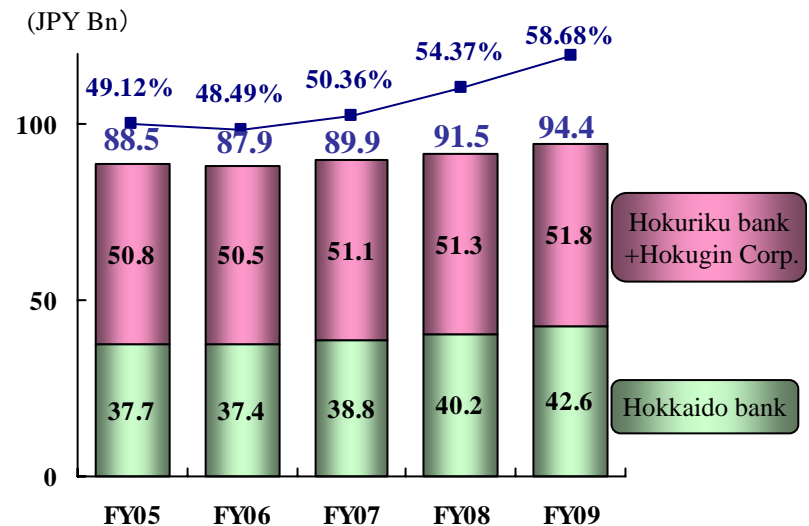
- General and administrative expenses increased due to an increase in personnel and investment in IT system.

【Breakdown of G&A expenses】

〈Total of two banks〉 (JPY Bn)	FY2009	change	FY2008
General and administrative expenses	94.4	2.8	91.5
Personnel	43.2	2.1	41.1
Non-personnel	46.2	1.0	45.1
Taxes	4.9	(0.3)	5.2
OHR	58.68%	4.31%	54.37%
Number of employees (excluding temporary staffs) (A)	4,521	163	4,358
Temporary staffs (B)	3,946	(244)	4,190
Percentage of temporary staffs (B)/{(A)+(B)}	46.60%	(2.41%)	49.01%

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

【G&A expenses · OHR】 〈Total of two banks〉



Personnel expenses: +¥2.1Bn

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

Non-personnel expenses: +¥1.0Bn

- Increase of investment in IT system

Net Gains (Losses) related to Securities

Hokuhoku Financial Group, Inc.

- Net gains (losses) related to bonds: +¥2.0Bn
- Net gains (losses) related to stocks: -1.7Bn

Nikkei Average Mar-09 ¥ 8,109
 Mar-10 ¥11,089

【Net gains (losses) related to securities】

(JPY Bn)	〈Total of two banks〉			〈Hokuriku bank〉			〈Hokkaido bank〉		
	FY2009	change	FY2008	FY2009	change	FY2008	FY2009	change	FY2008
Net Gains (losses) on bonds	2.0	4.5	(2.5)	(1.0)	0.0	(1.0)	3.0	4.5	(1.4)
Gains on sales	5.4	2.2	3.2	0.1	(1.1)	1.2	5.3	3.3	1.9
Losses on sales	2.4	0.3	2.0	0.8	0.7	0.0	1.5	(0.3)	1.9
Losses on redemption	0.6	(0.3)	1.0	-	(0.0)	0.0	0.6	(0.3)	1.0
Losses on devaluation	0.3	(2.4)	2.7	0.2	(1.9)	2.2	0.0	(0.4)	0.5
Net Gains (losses) on stocks	(1.7)	13.3	(15.1)	(1.4)	10.1	(11.5)	(0.2)	3.2	(3.5)
Gains on sales	0.8	0.5	0.3	0.6	0.3	0.3	0.2	0.1	0.0
Losses on sales	0.4	0.2	0.2	0.4	0.3	0.1	0.0	(0.0)	0.0
Losses on devaluation	2.1	(13.1)	15.2	1.6	(10.1)	11.7	0.4	(3.0)	3.4

Impairment loss	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

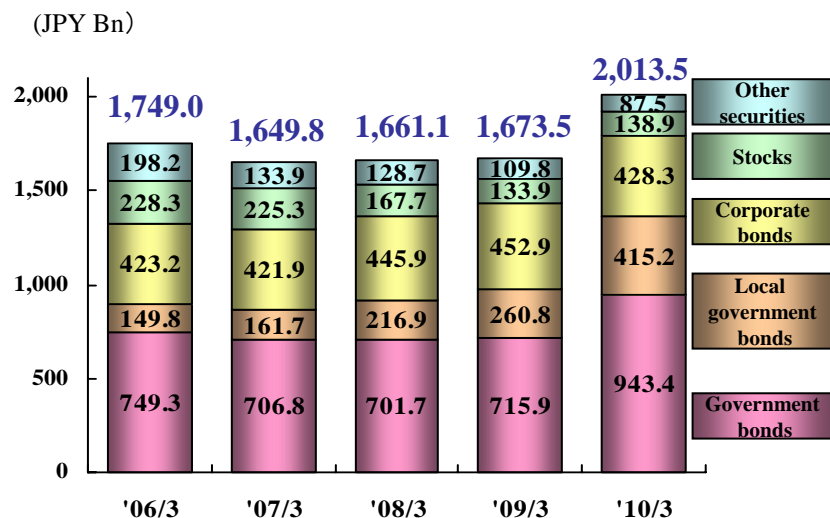
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- Total balance of securities grew owing to increases in JGBs and municipal bonds
- Recovery of the market generated unrealized gains on available-for-sale securities

【Balance of securities】

【Balance of securities】

〈Consolidated〉 (JPY Bn)	Mar-10	change	Mar-09
Securities	2,013.5	339.9	1,673.5
Government bonds	943.4	227.4	715.9
Local government bonds	415.2	154.3	260.8
Corporate bonds	428.3	(24.5)	452.9
Stocks	138.9	4.9	133.9
Other Securities	87.5	(22.2)	109.8



【Valuation difference】

〈Consolidated〉 (JPY Bn)	Acquisition cost (1)			Balance sheet amount (2)			Valuation difference (2)-(1)		
	Mar-10	change	Mar-09	Mar-10	change	Mar-09	Mar-10	change	Mar-09
Available-for-sale securities	1,999.3	506.2	1,493.1	2,013.3	548.1	1,465.1	14.0	41.9	(27.9)
Stocks	108.6	(5.8)	114.4	107.6	3.2	104.4	(0.9)	9.0	(10.0)
Bonds	1,701.0	436.3	1,264.6	1,719.8	459.0	1,260.7	18.7	22.7	(3.9)
Other	189.6	75.6	113.9	185.7	85.8	99.9	(3.8)	10.1	(13.9)

【Valuation difference of floating rate government bonds】(JPY Bn)

<Reference>	Total of two banks	Hokuriku Bank	Hokkaido Bank
Theoretical price	6.5	1.3	5.1
Market price	(4.9)	1.3	(6.2)

【Interest rate risk in banking book】(JPY Bn)

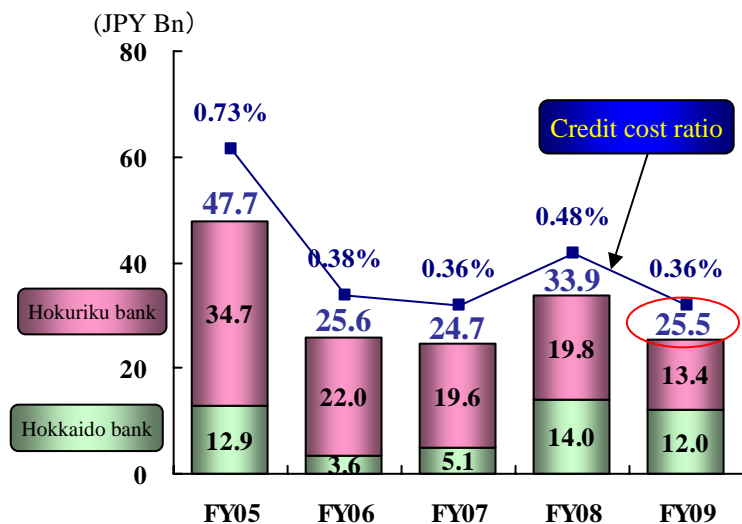
	Hokuriku Bank	Hokkaido Bank
Total interest rate risk	54.8	34.1
Outlier ratio	17.48%	15.85%

Credit Costs and Non-Performing Loan

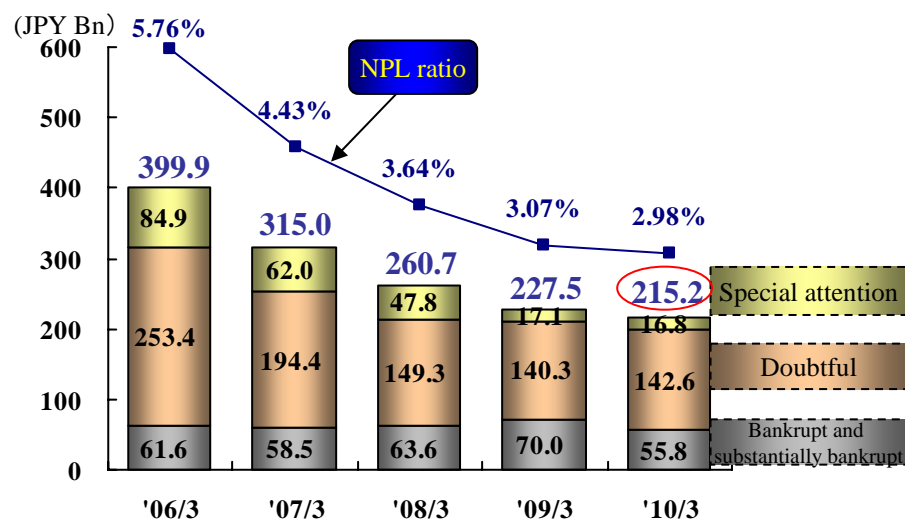
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- Total credit costs were ¥25.5Bn (+¥10.0Bn compared to FY08), Credit cost ratio was 0.36% (-0.14% compared to FY08)
- NPL ratio was 2.98% (-0.09% compared to Mar-09)

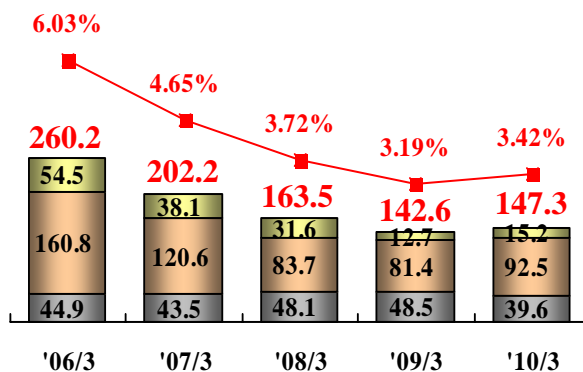
【Total credit costs】〈Total of two banks〉



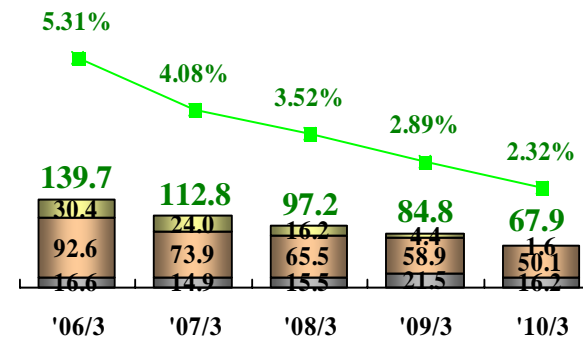
【Non-performing loan】〈Total of two banks +Hokugin Corp.〉



〈Hokuriku bank +Hokugin Corp.〉



〈Hokkaido bank〉



※ Total credit costs

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

※ Credit cost ratio

= Total credit costs ÷ Average balance of Loans

Capital Adequacy Ratio

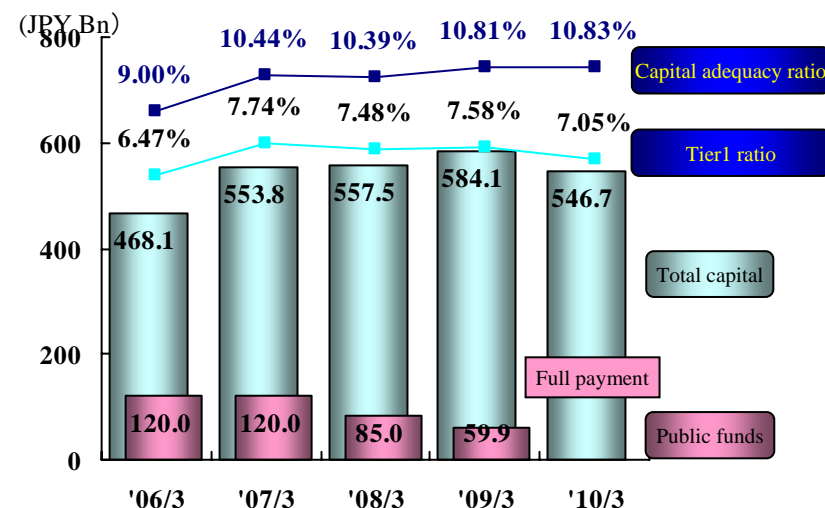
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- Capital adequacy ratio was 10.83% (+0.02% from Mar-09).
- Public funds were all repaid in August 2009.

【Capital adequacy ratio】

(JPY Bn)	Mar-10	change	Mar-09
Capital adequacy ratio	10.83%	0.02%	10.81%
Tier1 ratio	7.05%	(0.53%)	7.58%
Tier1 capital	356.0	(54.0)	410.0
Preferred shares (Public funds)	-	(59.9)	59.9
Preferred shares (Private sector)	53.7	-	53.7
Tier2 capital	192.1	16.4	175.6
Total capital	546.7	(37.3)	584.1
Risk-weighted assets	5,046.2	(357.3)	5,403.5
Credit risk portion	4,720.4	(343.1)	5,063.5
Operational risk portion	325.8	(14.1)	340.0

【Capital adequacy ratio and public funds】



(JPY Bn)	〈Hokuriku bank〉		
	Mar-10	change	Mar-09
Capital adequacy ratio	10.80%	0.57%	10.23%
Tier1 ratio	6.76%	(0.38%)	7.14%
Tier1 capital	196.3	(31.4)	227.8
Tier2 capital	117.6	18.8	98.8
Total Capital	313.9	(12.6)	326.6
Risk-weighted assets	2,904.6	(286.4)	3,191.0

(JPY Bn)	〈Hokkaido bank〉		
	Mar-09	change	Mar-09
Capital adequacy ratio	10.19%	(0.26%)	10.45%
Tier1 ratio	6.81%	(0.46%)	7.27%
Tier1 capital	143.8	(17.8)	161.7
Tier2 capital	71.2	0.4	70.8
Total Capital	215.1	(17.4)	232.5
Risk-weighted assets	2,110.5	(114.3)	2,224.9

Deferred Tax Assets

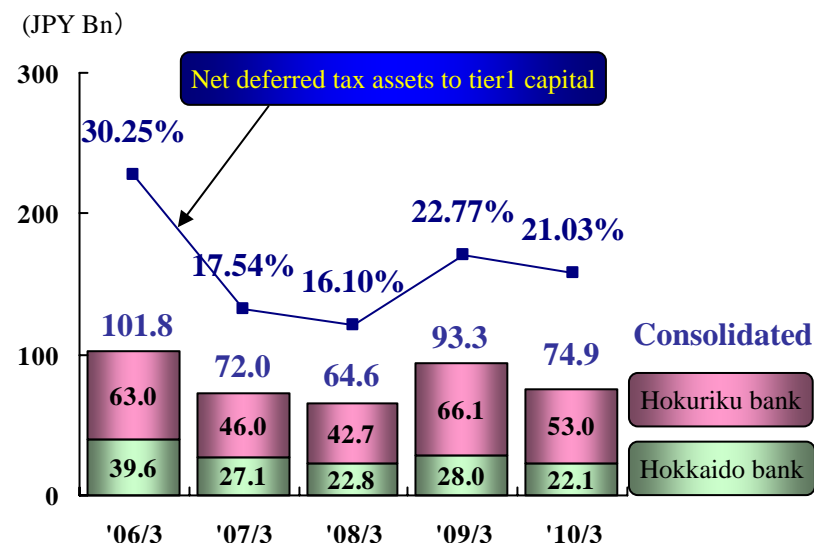
Hokuhoku Financial Group, Inc.

- Net deferred tax assets : ¥74.9Bn (-¥18.4Bn compared to Mar-09)
- Net deferred tax assets to tier1 capital : 21.03% (-1.74% compared to Mar-09)

【Breakdown of deferred tax assets】

〈Consolidated〉 (JPY Bn)	Mar-10	change	Mar-09
Allowance for loan losses	68.6	(0.9)	69.5
Depreciation	1.7	(0.1)	1.9
Provision for retirement benefits	17.2	1.3	15.9
Loss on valuation of securities	13.6	(0.8)	14.5
Valuation difference on available-for-sale securities	-	(9.6)	9.6
Other	5.5	7.0	4.8
Operating loss carryforwards	27.4	(6.0)	33.4
(1) Deferred tax assets	134.3	(15.4)	149.8
(2) Valuation allowance	42.3	(7.5)	49.9
(3) Total deferred tax assets (1)-(2)	92.0	(7.8)	99.8
(4) Deferred tax liabilities	17.0	10.6	6.4
(5) Net deferred tax assets (3)-(4)	74.9	(18.4)	93.3

【deferred tax assets】



(JPY Bn)	〈Hokuriku bank〉		
	Mar-10	change	Mar-09
(1) Deferred tax assets	99.3	(10.6)	110.0
(2) Valuation allowance	37.3	(5.9)	43.2
(3) Total deferred tax assets (1)-(2)	62.0	(4.7)	66.7
(4) Deferred tax liabilities	8.9	8.3	0.6
(5) Net deferred tax assets (3)-(4)	53.0	(13.0)	66.1

(JPY Bn)	〈Hokkaido bank〉		
	Mar-10	change	Mar-09
(1) Deferred tax assets	30.2	(0.9)	31.2
(2) Valuation allowance	2.1	0.0	2.1
(3) Total deferred tax assets (1)-(2)	28.1	(1.0)	29.1
(4) Deferred tax liabilities	6.0	4.9	1.1
(5) Net deferred tax assets (3)-(4)	22.1	(5.9)	28.0

【Earnings Forecasts for FY 2010】

〈Consolidated〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2009
Ordinary income	105.0	211.0	(15.7)
Ordinary profits	14.0	32.0	(3.4)
Net income	8.0	17.5	(1.7)

【Dividend Forecasts for FY 2010】

〈Non-consolidated〉

	Interim	Year-end	Annual	Change from FY2009
Dividend per common share	–	¥3.50	¥3.50	–
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00	–

〈Total of two banks〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2009
Ordinary income	96.5	194.0	(13.4)
Core gross business profits	78.5	158.5	(2.4)
G&A expenses	(48.0)	(96.0)	(1.5)
Core net business profits	30.5	62.5	(3.9)
Total credit costs	(13.0)	(24.0)	1.5
Ordinary profits	15.0	33.5	(3.3)
Net income	9.0	20.0	(6.0)

〈Hokuriku bank〉

	Interim Forecasts	Full year Forecasts	Change from FY2009
Ordinary income	54.5	110.0	(3.7)
Core gross business profits	44.5	90.0	(0.1)
G&A expenses	(26.5)	(53.0)	(1.1)
Core net business profits	18.0	37.0	(1.3)
Total credit costs	(7.0)	(14.0)	(0.5)
Ordinary profits	10.0	21.0	1.0
Net income	6.0	12.5	(3.1)

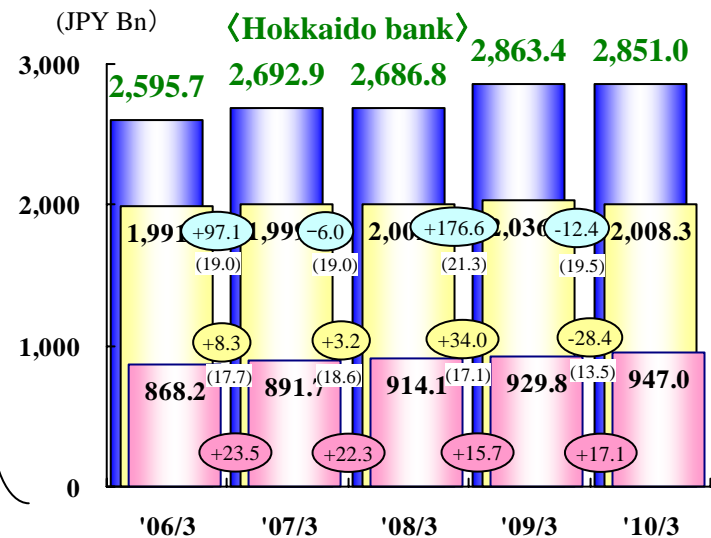
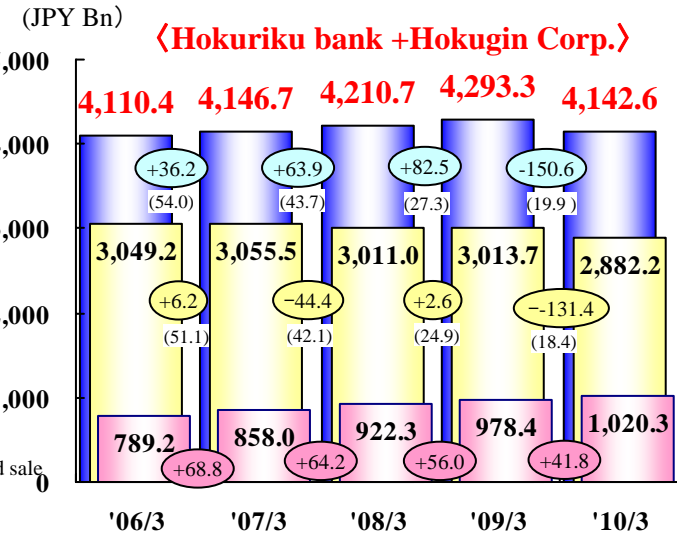
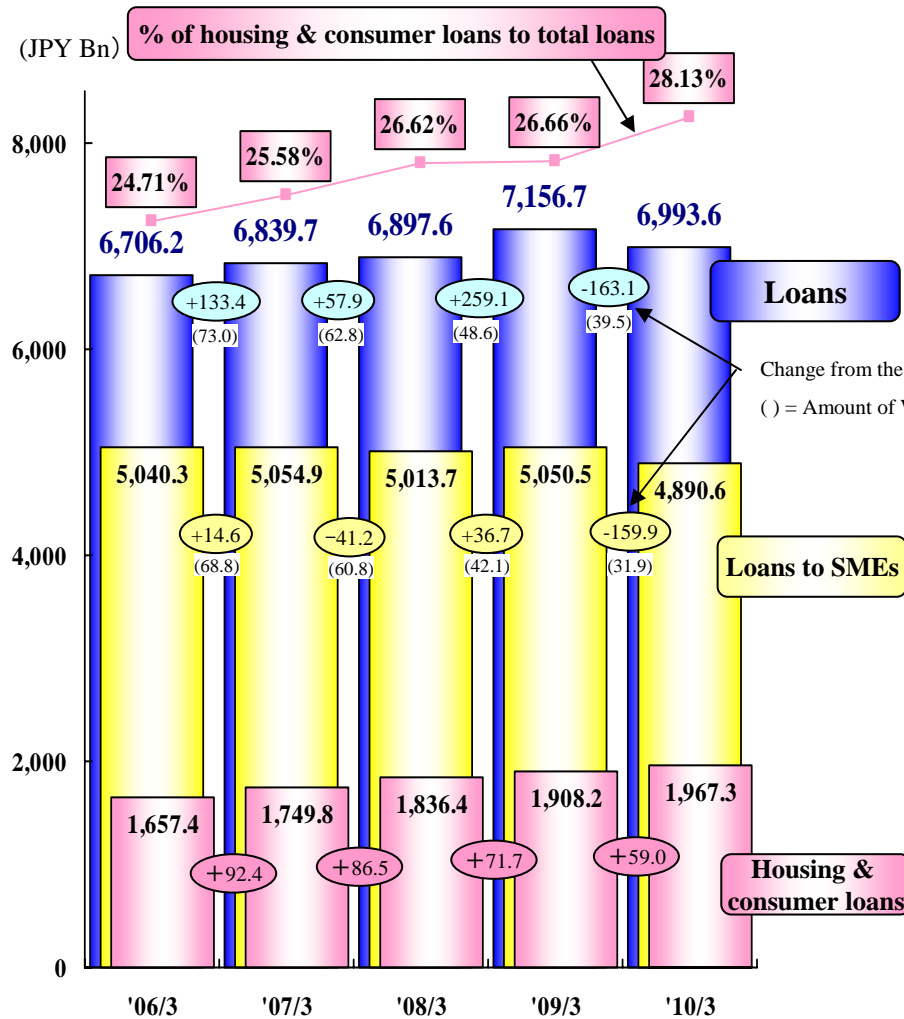
〈Hokkaido bank〉

	Interim Forecasts	Full year Forecasts	Change from FY2009
Ordinary income	42.0	84.0	(9.7)
Core gross business profits	34.0	68.5	(2.3)
G&A expenses	(21.5)	(43.0)	(0.3)
Core net business profits	12.5	25.5	(2.6)
Total credit costs	(6.0)	(10.0)	2.0
Ordinary profits	5.0	12.5	(44.0)
Net income	3.0	7.5	(2.8)

Loans

- Loans **-¥163.1Bn(-2.3%)** compared to Mar-09
- Loans to SMEs and individuals **+¥159.9Bn(-3.2%)** compared to Mar-09
- Housing and consumer loans **+¥59.0Bn(+3.1%)** compared to Mar-09

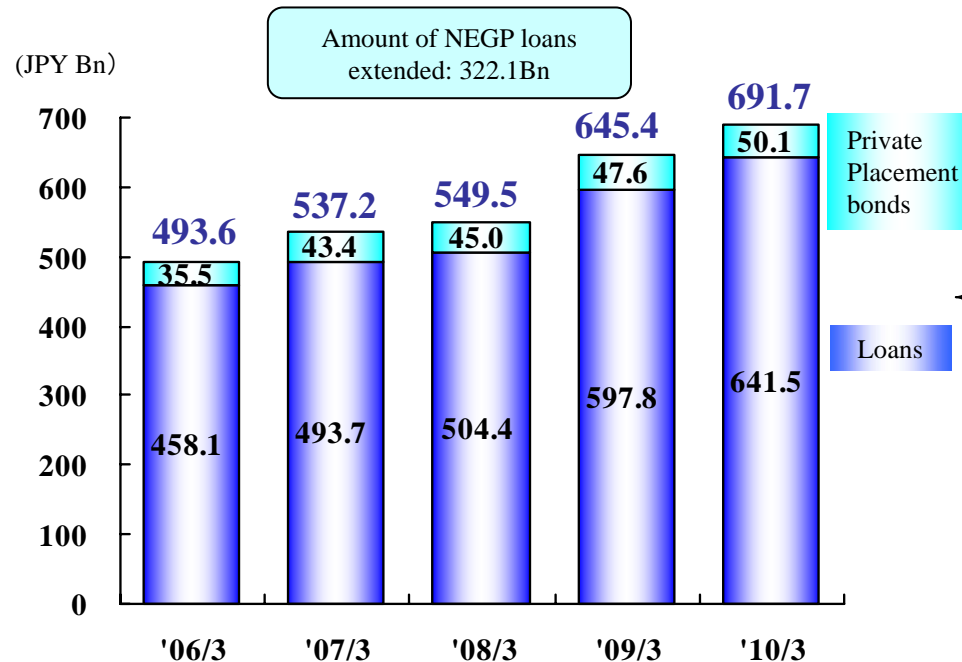
[Balance of loans] <Total of two banks +Hokugin Corp.>



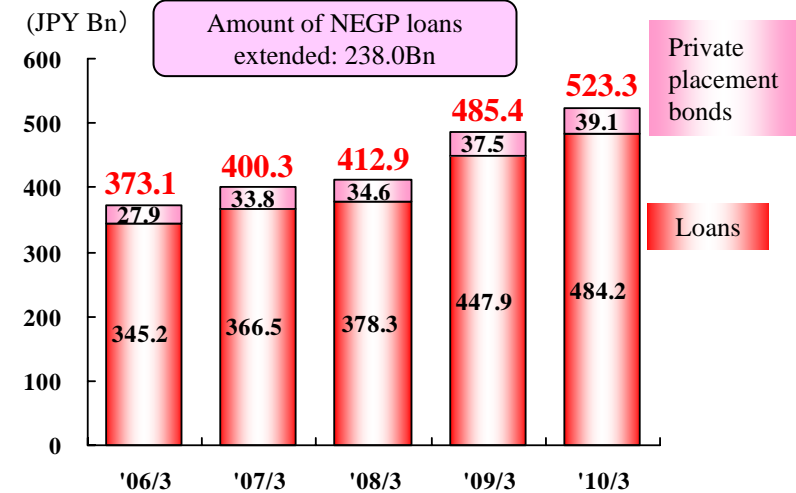
Loan guaranteed by Credit Guarantee Corporations (CGCs) (Maruho Loan) Hokuhoku Financial Group, Inc.

- Balance of loan guaranteed by CGCs : +¥46.2Bn(+7.1%) compared to Mar-09.
- Nationwide Emergency Guarantee Program (NEGP)
Amount of loans extended : ¥322.1Bn

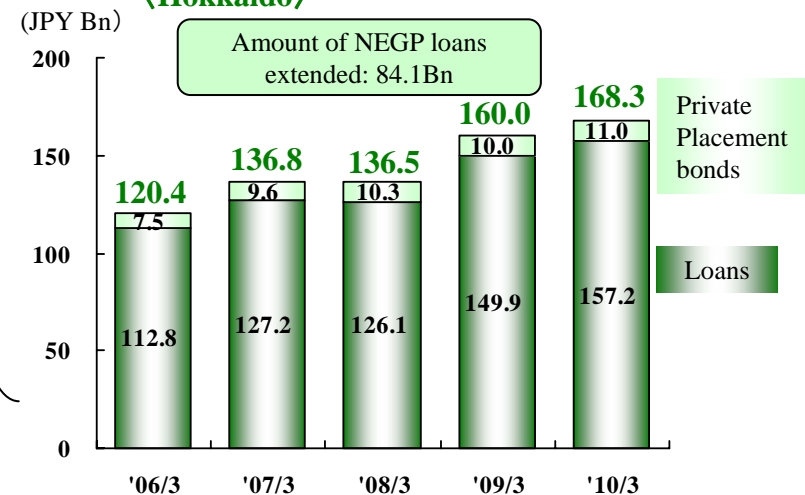
【Balance of loans guaranteed by CGCs】
 (Total of two banks +Hokugin Corp.)



〈Hokuriku +Hokugin Corp.〉



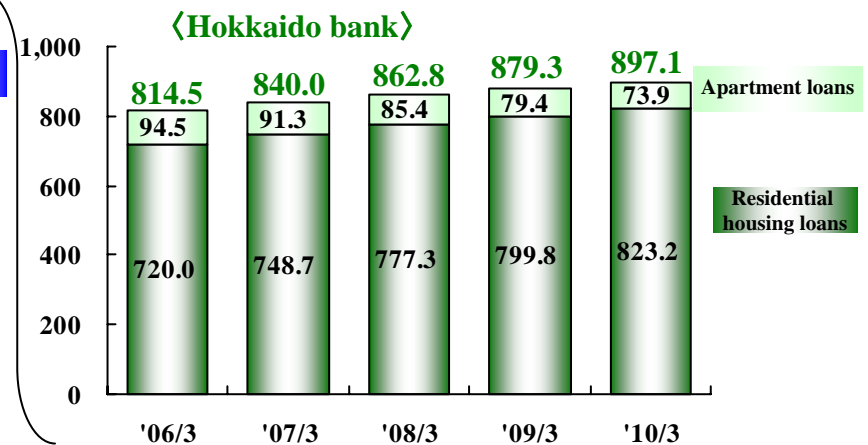
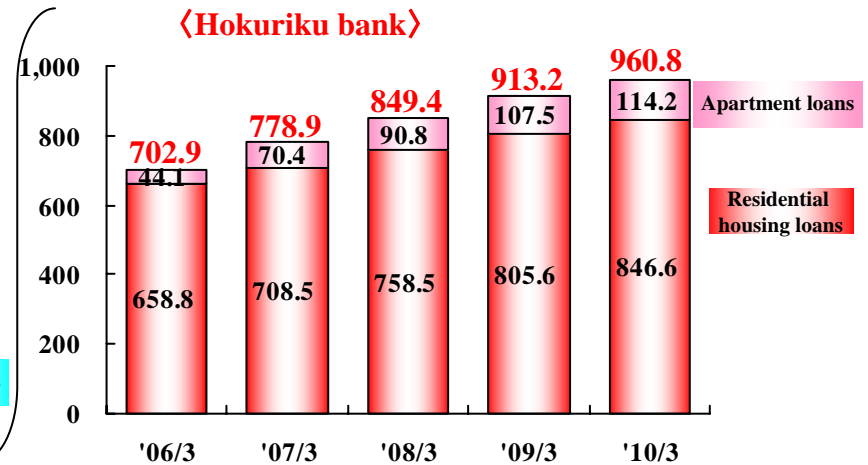
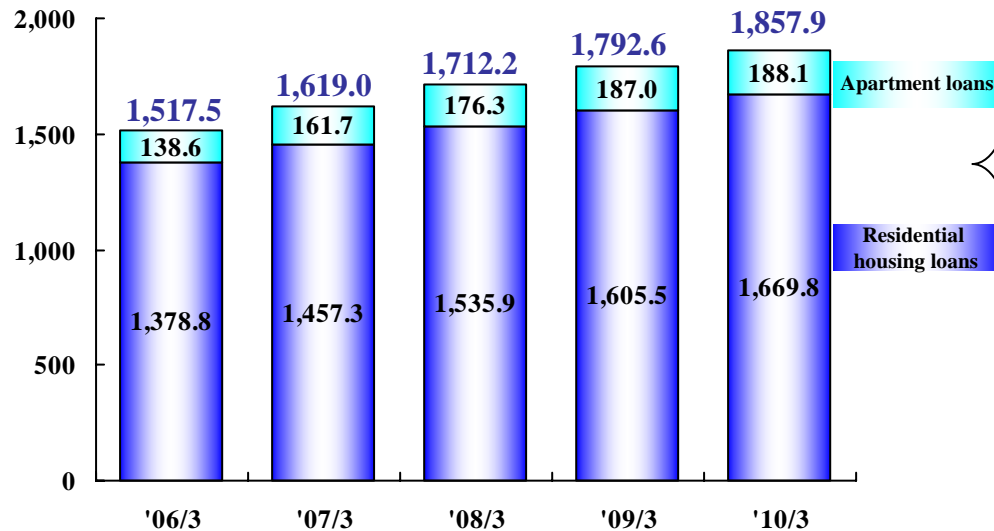
〈Hokkaido〉



Housing Loans

- Balance of housing loans increased by ¥65.3Bn compared to Mar-09.
- Focus is placed on promoting refinance of housing loans

【Balance of residential housing loans】
 (JPY Bn) <Total of two banks>

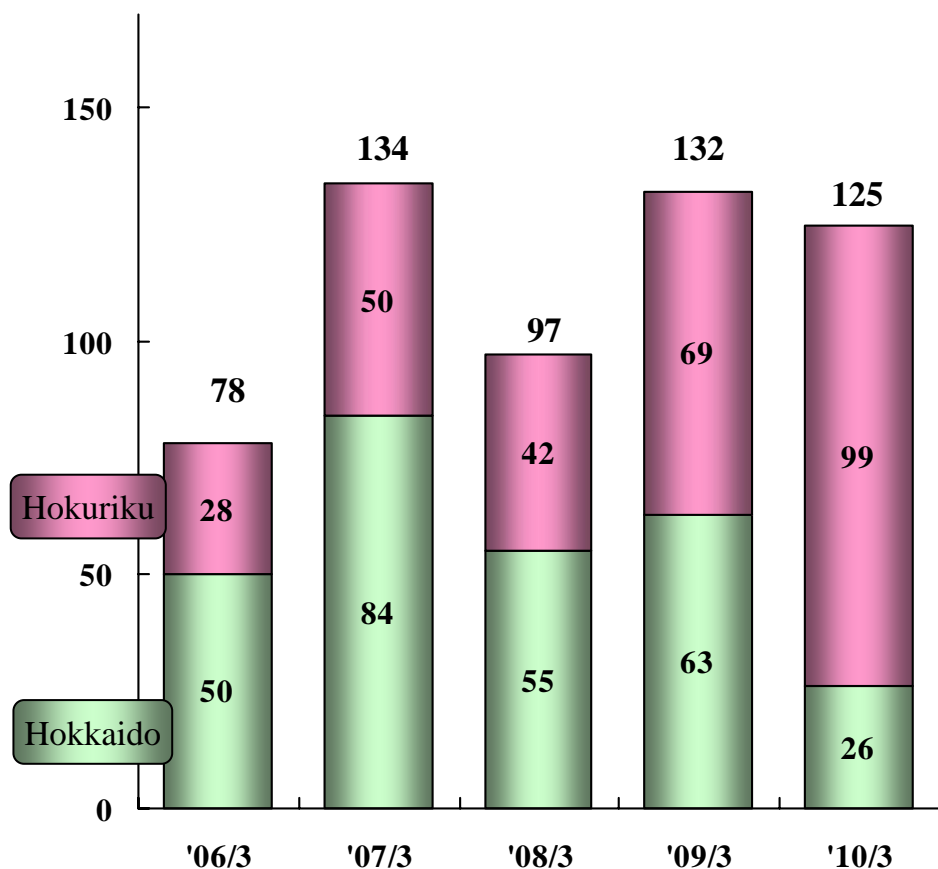


【Sales amount of housing loans】

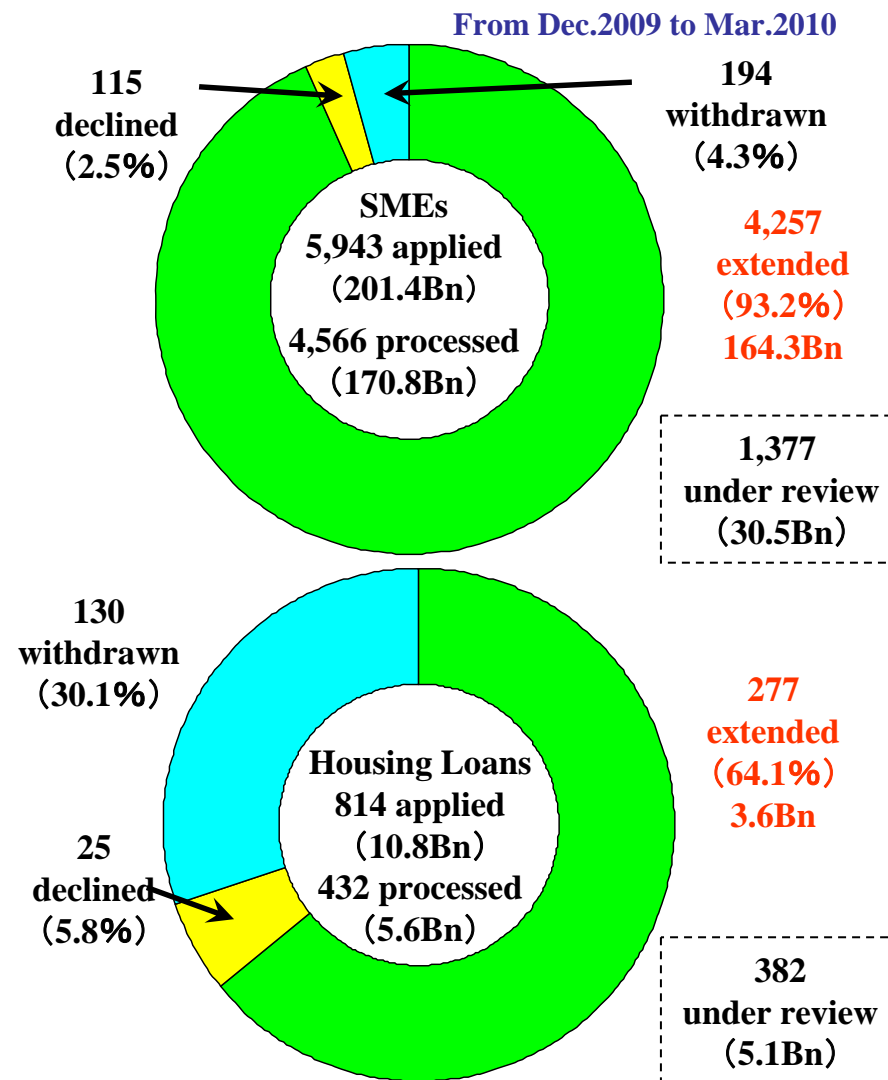
(JPY Bn)	〈Total of two banks〉					〈Hokuriku bank〉					〈Hokkaido bank〉				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
Sales amount of residential housing loans	265.7	222.8	227.5	218.6	209.5	133.4	107.6	113.5	110.8	104.7	132.2	115.2	113.9	107.7	104.8
New lones	173.4	161.4	177.2	176.5	141.3	99.9	84.2	93.7	90.8	71.9	73.4	77.2	83.5	85.6	69.4
Refinanced lones	92.3	61.3	50.2	42.1	68.2	33.4	23.3	19.8	20.0	32.7	58.8	37.9	30.4	22.0	35.4

【The number of clients that could improve borrower category by our support】

(No. of companies)



【Support through the public SME package <Total of two banks>】

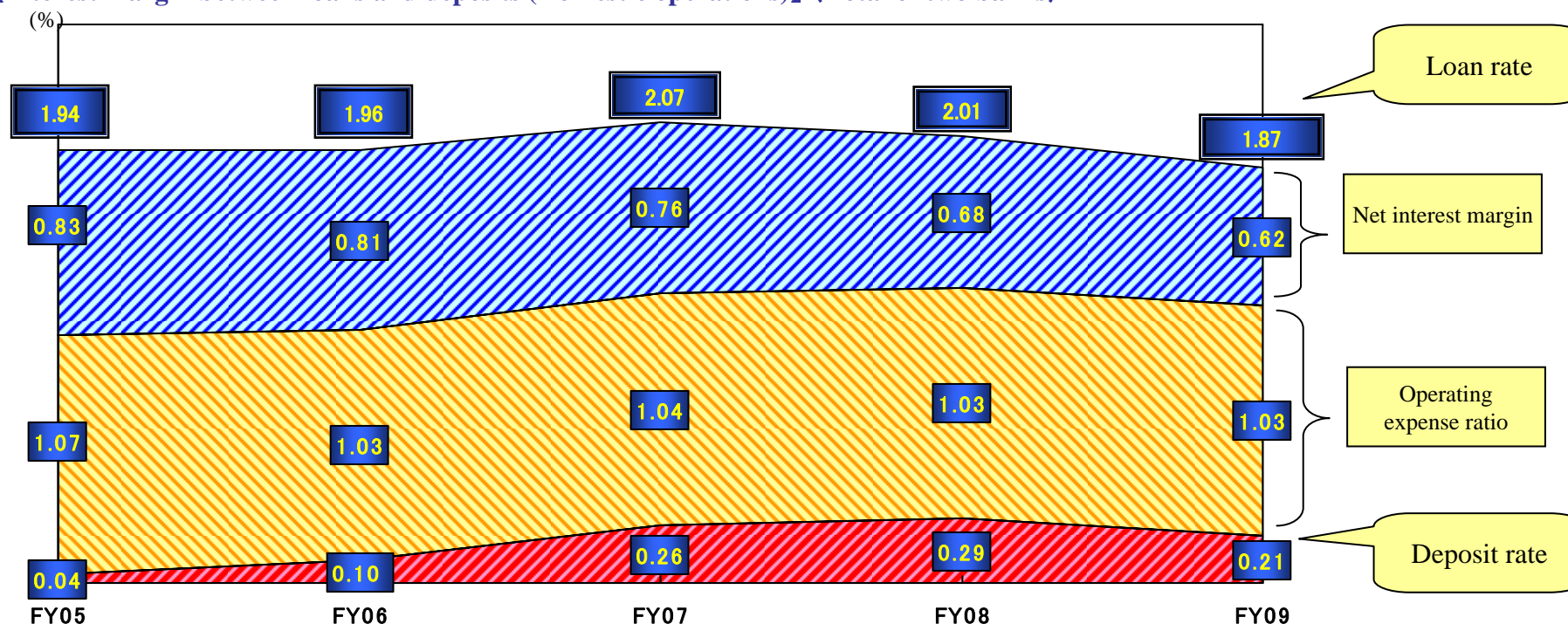


* “Declined” includes cases pending for more than 3 months since applied.

Interest Margins ①

- Loan rate -0.14% compared to FY2008
- Deposit rate -0.08% compared to FY2008
- Net interest margin -0.06% compared to FY2008

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

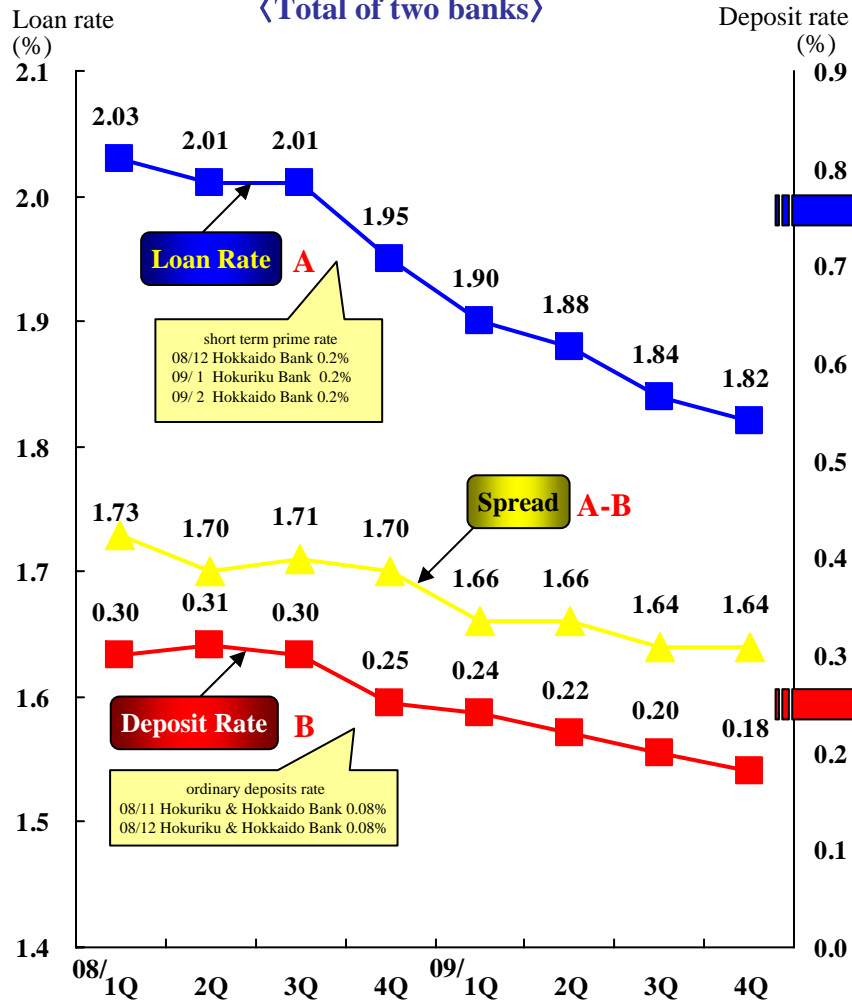


(%)	〈Total of two banks〉					〈Hokuriku bank〉					〈Hokkaido bank〉				
	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09	FY05	FY06	FY07	FY08	FY09
Loan rate	1.94	1.96	2.07	2.01	1.87	1.85	1.88	2.00	1.93	1.80	2.09	2.07	2.17	2.14	1.98
Net interest margin	0.83	0.81	0.76	0.68	0.62	0.75	0.75	0.70	0.62	0.59	0.95	0.92	0.85	0.78	0.68
Operating expense ratio	1.07	1.03	1.04	1.03	1.03	1.04	1.02	1.01	1.00	0.98	1.10	1.05	1.06	1.08	1.10
Deposit rate	0.04	0.10	0.26	0.29	0.21	0.05	0.10	0.27	0.30	0.22	0.03	0.09	0.25	0.27	0.19

Interest Margins ②

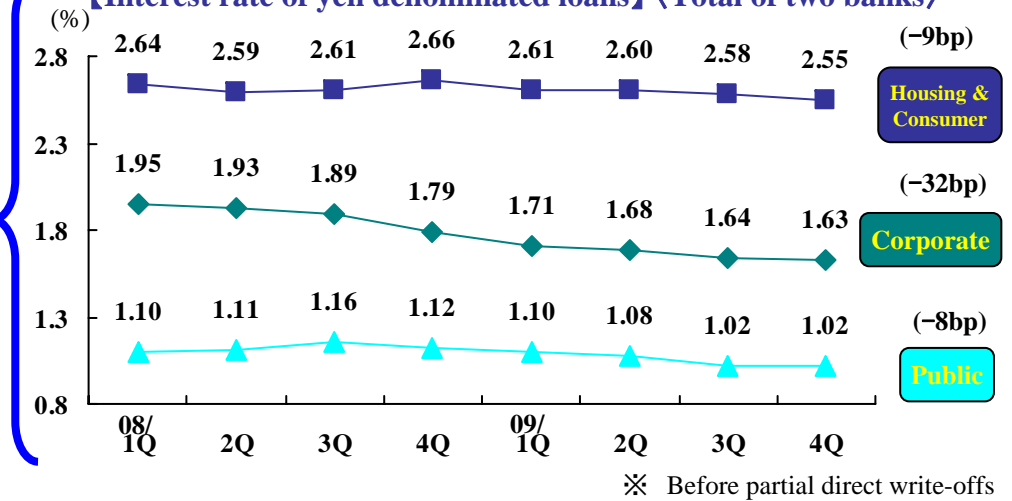
- '09/4Q Loan rate : 1.82% (-0.21% compared to '08/1Q)
- '09/4Q Deposit rate : 0.18% (-0.12% compared to '08/1Q)

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

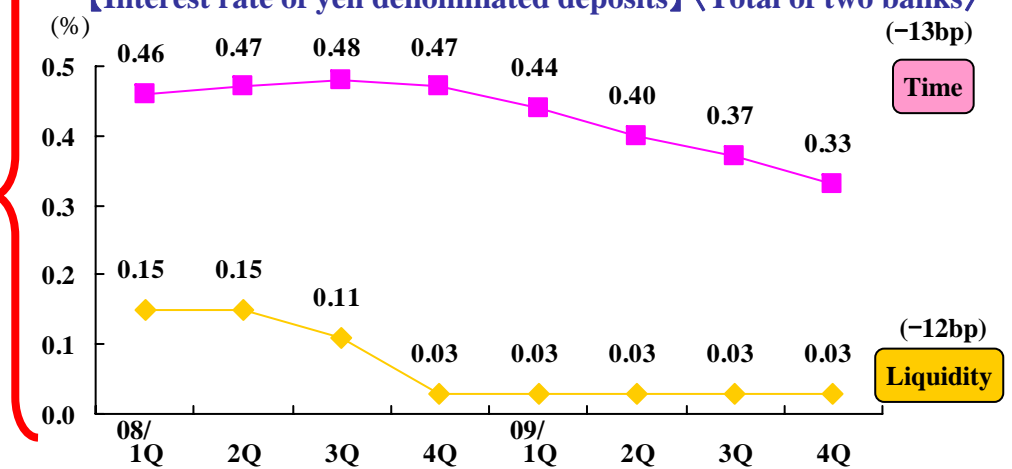


※ Internal management base

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



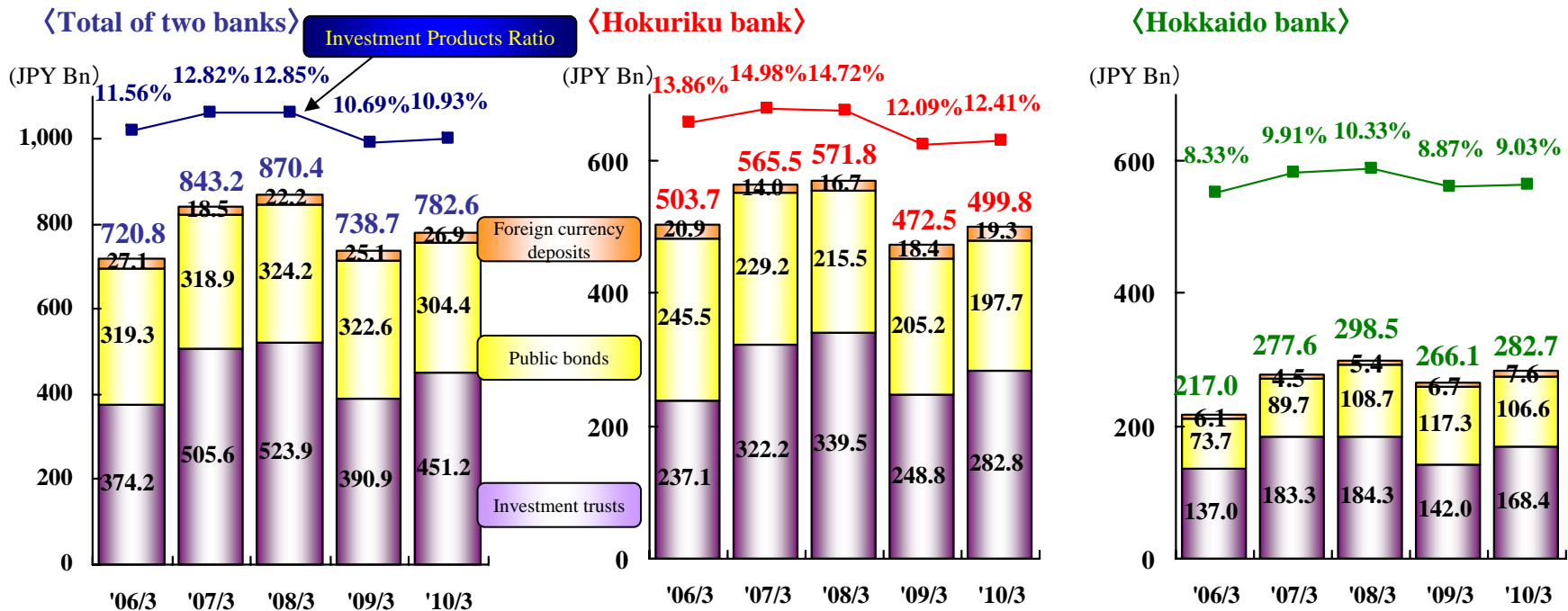
【Interest rate of yen denominated deposits】 〈Total of two banks〉



※ () = change from 08/1Q 20

➤ Sales of both investment trusts and insurance products have been on the recovery.

【Balance of investment products】



【Sales amount of investment products and Fees】

(JPY Bn)	〈Total of two banks〉				〈Hokuriku bank〉				〈Hokkaido bank〉			
	FY06	FY07	FY08	FY09	FY06	FY07	FY08	FY09	FY06	FY07	FY08	FY09
Sales amount of investment trusts	330.8	261.8	84.2	138.3	236.1	189.7	44.0	104.6	94.6	72.0	40.1	33.7
Sales amount of insurance	87.9	83.6	82.9	94.4	58.4	56.9	55.5	51.4	29.4	26.7	27.3	42.9
Fees from investment trusts	9.1	9.0	4.3	5.3	6.1	6.2	2.7	3.7	2.9	2.7	1.6	1.5
Fees from insurance	4.2	4.4	3.9	3.2	3.0	3.0	2.9	2.1	1.2	1.3	1.0	1.1

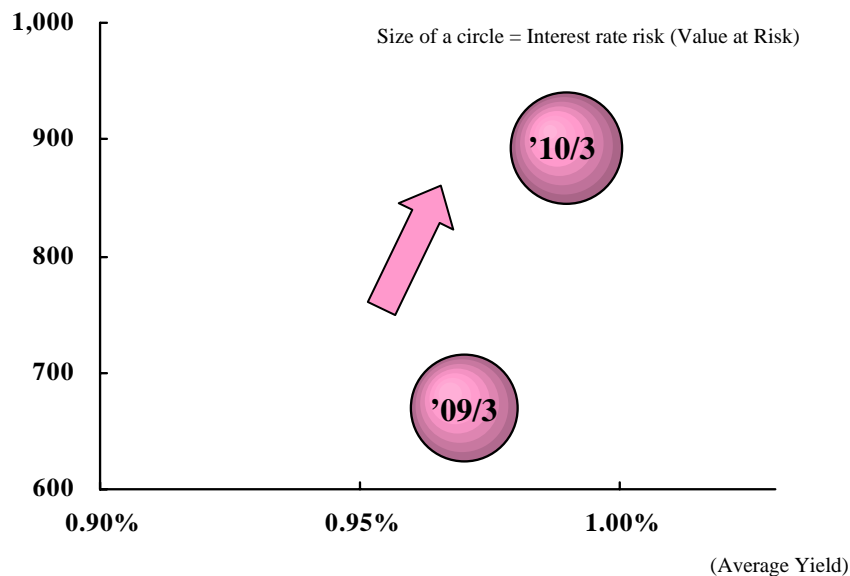
Bond Portfolio *(yen denominated bonds)*

Hokuhoku Financial Group, Inc.

【Bond portfolio; balance, yield, and Value at risk】 ※ Internal management base

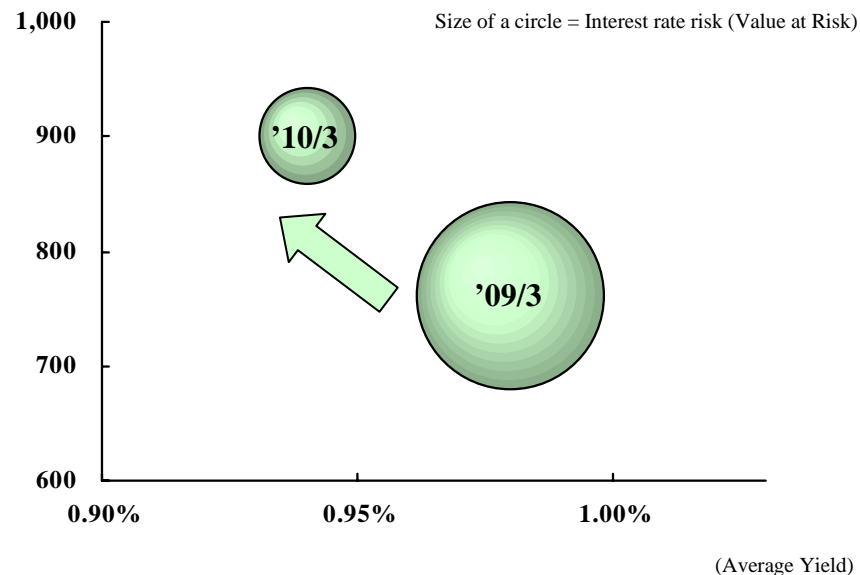
(term-end balance)
(JPY Bn)

〈Hokuriku bank〉



(term-end balance)
(JPY Bn)

〈Hokkaido bank〉



	'09/3	'10/3
Hokuriku Bank		
Term-end Balance (¥Bn)	668.8	892.2
Floating rate government bonds (measurement on interest period basis)	166.5	191.6
Average Yield (%)	0.97%	0.99%
Duration (year)	2.45	3.38
Value at Risk (¥Bn)	8.3	9.2

	'09/3	'10/3
Hokkaido Bank		
Term-end Balance (¥Bn)	761.3	900.3
Floating rate government bonds (GPS)	228.5	234.1
Average Yield (%)	0.98%	0.94%
Duration (year)	1.87	2.81
Value at Risk (¥Bn)	18.5	9.6

Mid-Term Management Plan “Road to 10”



株式会社 ほくほくフィナンシャルグループ
Hokuhoku Financial Group, Inc.

May 2010

【Social and Economic environment】

- ① Recovery of Japanese Economy remains slow
- ② Weak domestic demand and Dependence on foreign demand
- ③ Uncertainties over employment and to social securities
- ④ Financial Difficulties and Reduction of public investment

【Local Economy】

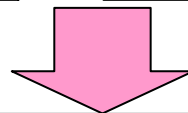
- ① Downturn in local economy
- ② Declining birthrate and aging population
- ③ Decrease in new housing construction
- ④ Globalization of local business
- ⑤ Unhealthy budget of local government

【Competition】

- ① Competition with Yucho Bank
- ② Competition for loans to SMEs
- ③ The decline in Interest margin amid fierce competition

【Accounting Standards and Regulations】

- ① Act of facilitation financing for SMEs
- ② Fair Valuation and Disclosure of Financial products
- ③ Basel II
- ④ IFRS



Business Environment is getting more difficult, due to shrinking market, tough competition and increase in risk amid uncertainty over economy

Overview of Management Plan

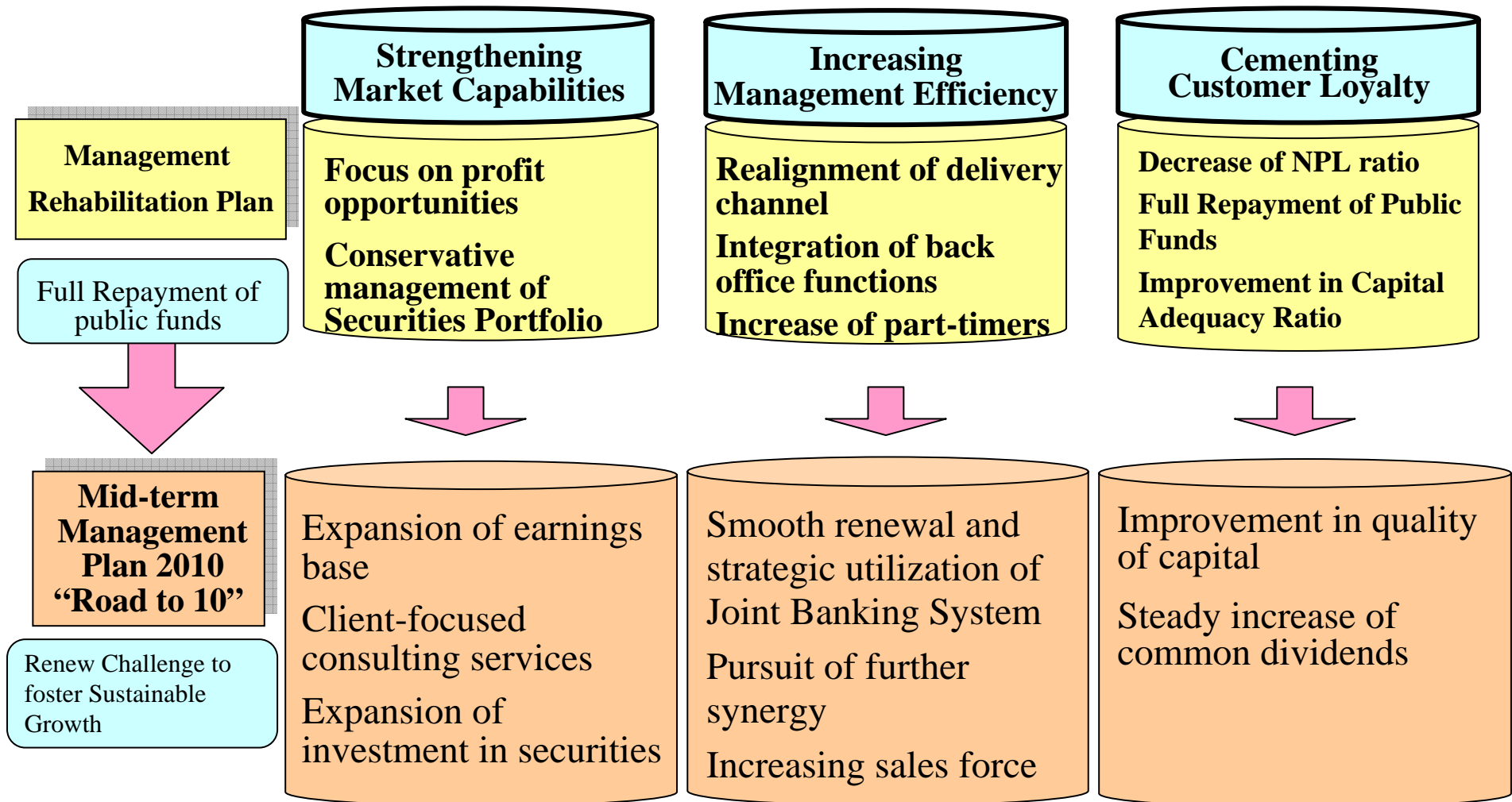
Hokuhoku Financial Group, Inc.

Title	Road to 10
Period	3 Years (April 2010~March 2013)
Position	Renew Challenge to Foster Sustainable Growth ~ Achieve JPY 10 Trillion in deposit ~
Target Corporate Profile	Most Closest and Reliable Financial Group for Local Customers
Main Theme	<ol style="list-style-type: none">1. Establishing a stable earnings base to deal with uncertainty over economy2. Smooth migration and strategic utilization of Joint Banking System and Upgrading human resources and service delivery channels3. Accumulating capital surplus to meet Basel II, increase in dividends and redemption of preferred equity

Basic Policies in Management Plan

Hokuhoku Financial Group, Inc.

We will keep on 3 key policies and implement proper measures after full repayment of public funds to achieve JPY 10 Trillion in deposit.



Strengthening Market Capabilities

Hokuhoku Financial Group, Inc.

We aim at “Most Closest and Reliable Financial Group for Local Customers” through “Triple R” Strategies

Retail = Close to Customers

Increasing contact with customers and diversify transactions of each account

- Enhancing segment marketing
- Expanding business to SMEs (Maruho Loan* etc)
- Promotion of housing Loan
- Increase in salary deposit and pension transfer accounts

*Loans guaranteed by Credit Guarantee corporations

Relation = Reliable Service

Offering the best solutions to customers

Advisory fit for customers' life cycle

Corporate Customer:

Start-up → Growth → Expansion → Succession

Personal Customer:

Solutions in line with client's life stage

Offering private banking services

Capitalizing on overseas rep. offices

Region = Contribution to local community

Establishing branch network focused on customer convenience

Initiating strategic realignment of branch network

Establishing Business Center and Consultation Lounge

Beefing up collaboration with academic institutions and local governments

Enhancing CSR initiatives, Attracting new business to our region

Supporting local growing industries (Agriculture, Medicine, Environment)

Strategic allocation of HRs

- Improvement of negotiation skills
- Know-how shared through communication within the group

Strengthen alliance

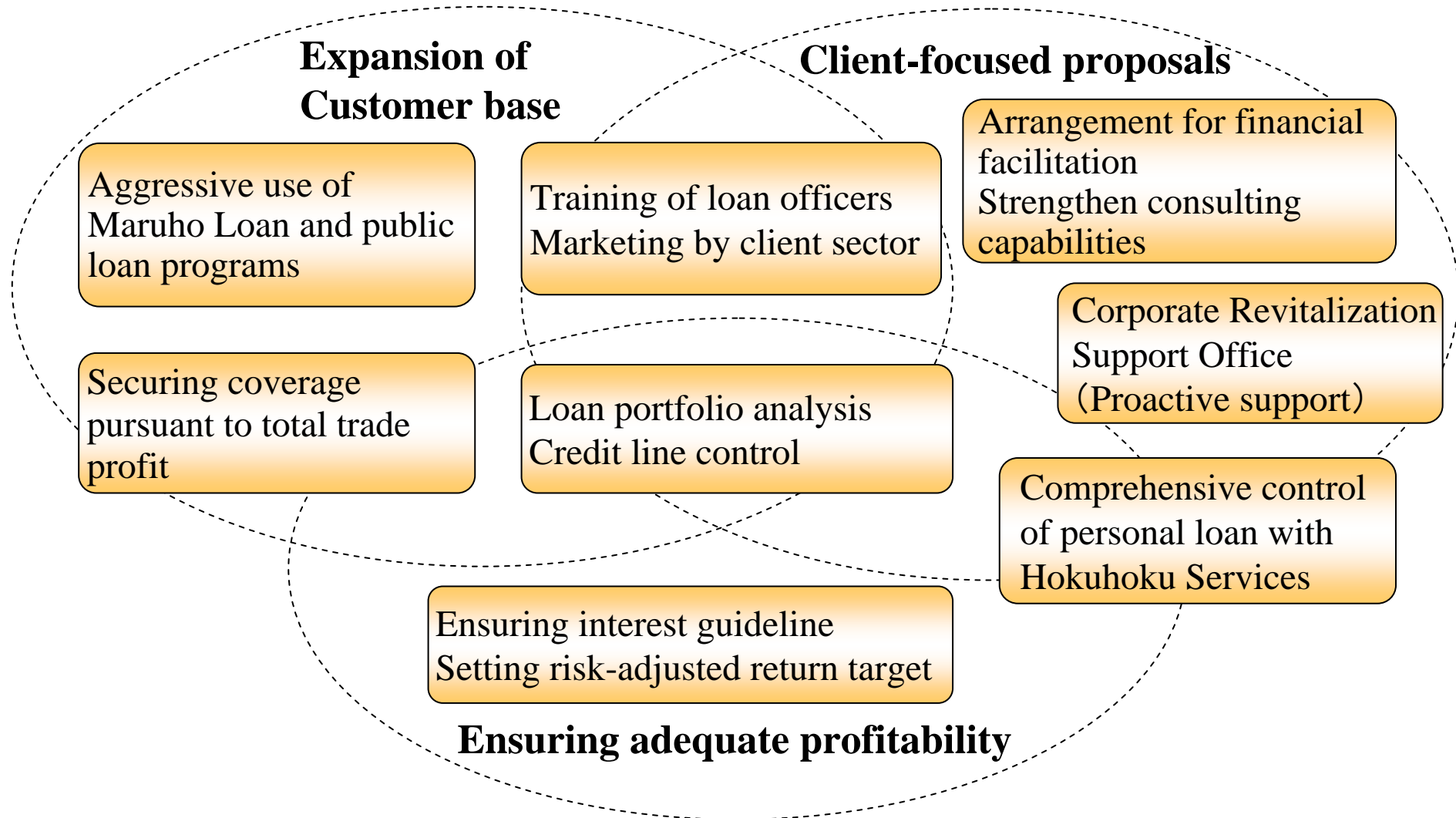
- Working closely with Hokuhoku Services Inc.
- Shoring up collaboration with Other banks / Shinkin banks and CVS

Strengthening Market Capabilities

~Construction of strong loan base

Hokuhoku Financial Group, Inc.

➤ Building a solid customer base customer base and improving loan asset



Strengthening Market Capabilities

~Overseas Business Support

Hokuhoku Financial Group, Inc.

➤ Activating regional economy by absorbing growth of Asia and Far East Russia

Fully capitalizing on the geographic advantage and a top-level extensive network among regional banks

Bolstering Information offering Services

Business partnership for overseas business with other financial institutions

Bank of China
Bank of Communications
FISC (Taiwan)
KASIKORNBANK
Vietcombank
Standard Chartered Bank
State Bank of India
Vneshtorgbank
Deutsche Bank

Agreement with overseas governments



Strengthening overseas services

International cash card services for Taiwanese in ATMs of Hokkaido Bank

Provide Remittance Service in Russian Ruble

Holding seminars and business matching conferences

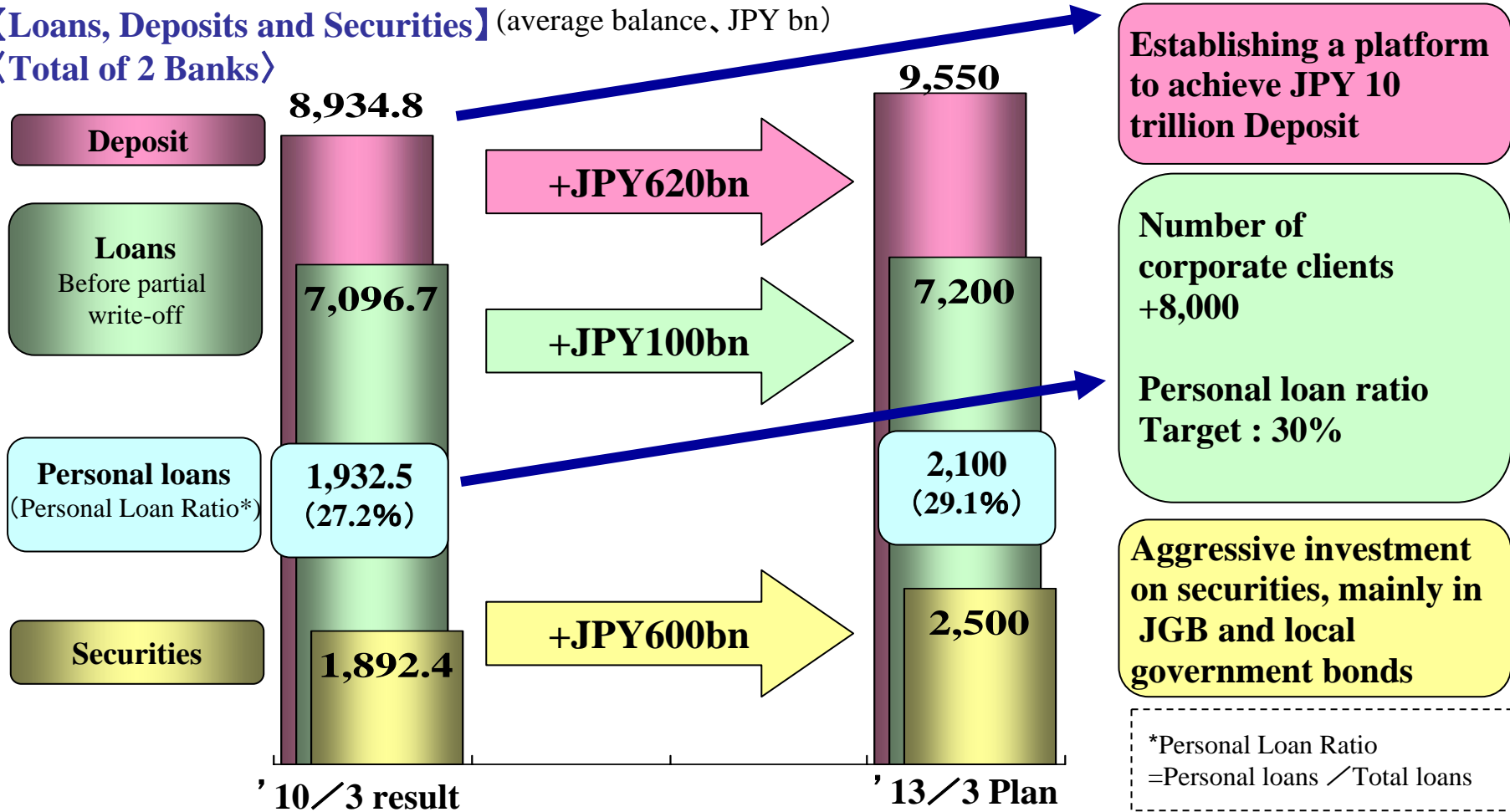
Strengthening Market Capabilities

~Loans, Deposits and Securities

Hokuhoku Financial Group, Inc.

- Expanding a customer base and increasing large-account customers to establish a platform to achieve JPY 10 trillion in deposit
- Expanding total loan by increasing corporate customer base and consumer loan amount
- Expanding investment in JGBs, local government bonds and other securities.

【Loans, Deposits and Securities】 (average balance, JPY bn)
 〈Total of 2 Banks〉



Strengthening Market Capabilities

~Core gross business profits

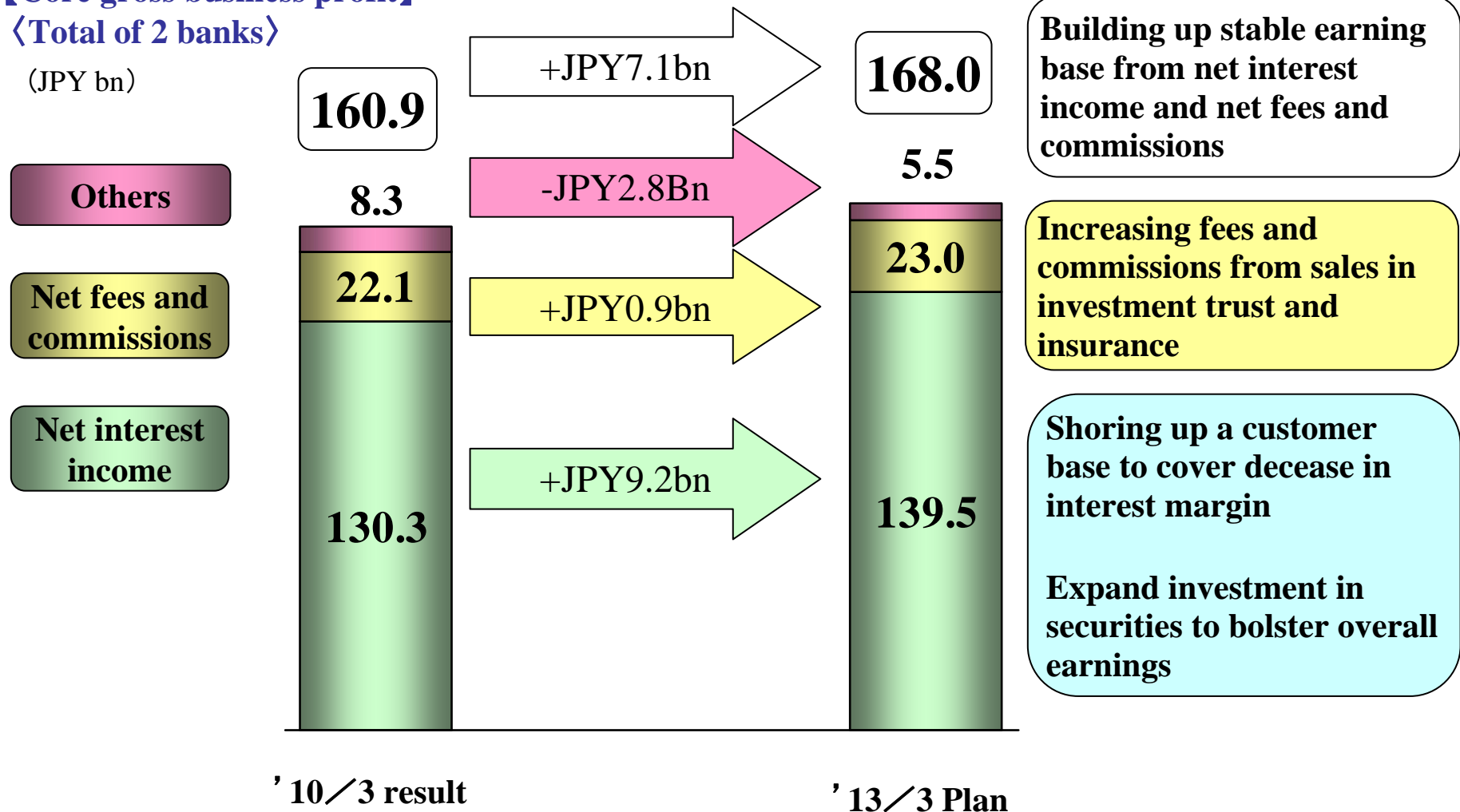
Hokuhoku Financial Group, Inc.

➤ Expand a customer base to increase net interest income and net fees and commissions

【Core gross business profit】

〈Total of 2 banks〉

(JPY bn)



Increasing Market Efficiency

Hokuhoku Financial Group, Inc.

➤ Smooth migration and strategic utilization of Joint Banking System

Acceleration of synergy

Migration to start in May 2011

Bank of Yokohama

(Started advanced operations from Jan 2010)

**Joint Use of Banking System
(MEJAR)**

*Shared Operating Platform
Decrease in R&D Cost
Integration of business process*

Joint procurement of business forms & equipments

Joint employee training & audit programs

Shared Administrative manuals & numerical tables

Joint preparation for regulation changes
Mark-to-market accounting
IFRS
Basel II

Extensive consolidated use of back office
Hokuhoku Services
Hokkaido Dept (Mar 2010)
Toyama Dept (scheduled on Autumn 2010)

2 brand operation

**Hokuriku
Bank**

**Hokkaido
Bank**

**Cutback on
Future Expenses**

**Reallocation of
human
resources and
increase in
sales force**

**Enhancing
Management and
Governance**

Increasing Market Efficiency

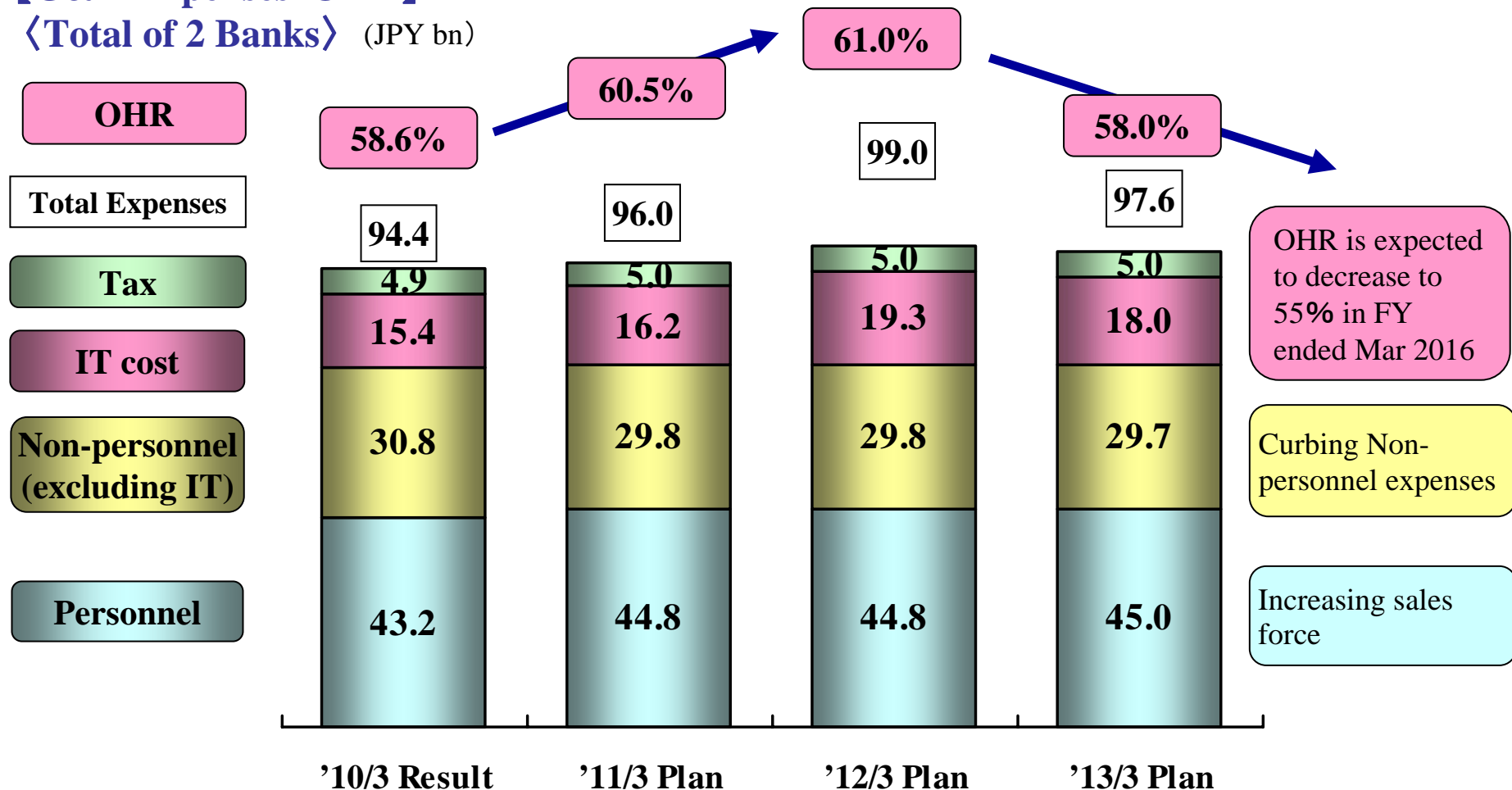
~Expenses/OHR

Hokuhoku Financial Group, Inc.

- Joint use of Banking System is scheduled to start in May 2011
⇒ Expense will peak in FY ended Mar 2012
- OHR is expected at 58.0% in FY ended Mar 2013 and 55% in FY ended Mar 2016

【G&A Expenses・OHR】

〈Total of 2 Banks〉 (JPY bn)

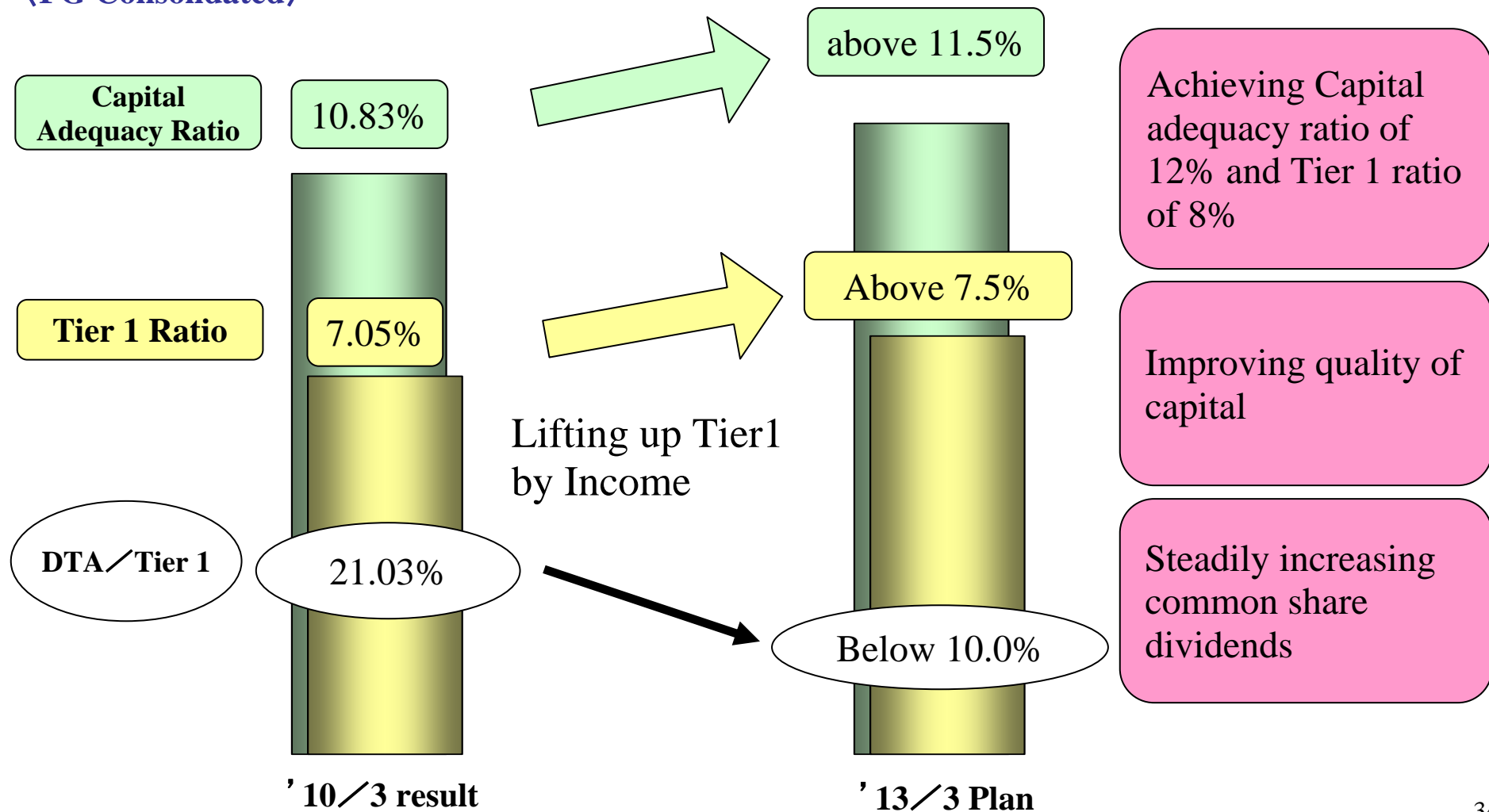


Cementing Customer Loyalty

Hokuhoku Financial Group, Inc.

➤ Ensuring stable earnings to improve quality of capital

【Capital Adequacy Ratio/Tier1 Ratio】 〈FG Consolidated〉



- Implementing measures to enhance CSR and compliance
- Maintaining and developing amicable relationship with stakeholders who continued to support us when receiving public funds

【Stockholders】

Maintaining full communications with stockholders

- IR meeting for individual investors
- Stockholders' meeting (Toyama/Sapporo)
- Upgrading of Disclosure Book

【Customers】

Achieving Customer Satisfaction and protection

- Employee training of business manner
Mutual inspection of branch counter between 2 banks
- Introduction of consultation counters dedicated to transactions for individuals and SMEs
- Protection of customer interest

Our Motto : Mutual Prosperity with our regions

【Employees】

Creating an environment for employee satisfaction

- Effective use of young, senior and female workers
- Supporting work-life balance
(supporting childcare and nursing)
- Corporate culture focused on communications
- Career support program
Overseas/outside training, Management training

【Region】

Contribution to regions as a corporate citizen

- Financial education
Management School for next generation
Contribution course in local universities
- Support of Art and Culture in local community
- Environmental Protection activity
Afforestation
Introduction of solar energy system

Target Figures

Hokuhoku Financial Group, Inc.

Total of 2 Banks	' 10/3 result	' 13/3 Plan
Deposits (Avg Balance)	JPY 8,934.8 Bn	JPY 9,550.0 Bn
Loans (Avg Balance)	JPY 7,096.7 Bn	JPY 7,200.0 Bn
Core net business profit	JPY 66.4 Bn	JPY 70.0 Bn
Net income*	JPY 19.2 Bn	JPY 25.5 Bn
Capital Adequacy Ratio* (Tier 1 Ratio*)	10.83% (7.05%)	Above 11.5% (Above 7.5%)
OHR	58.68%	58%
ROA (Core net business profit basis)	0.68%	0.68%
ROE* (Core net income basis)	5.12%	above 6%
NPL Ratio	2.98%	around 3%

*FG consolidated

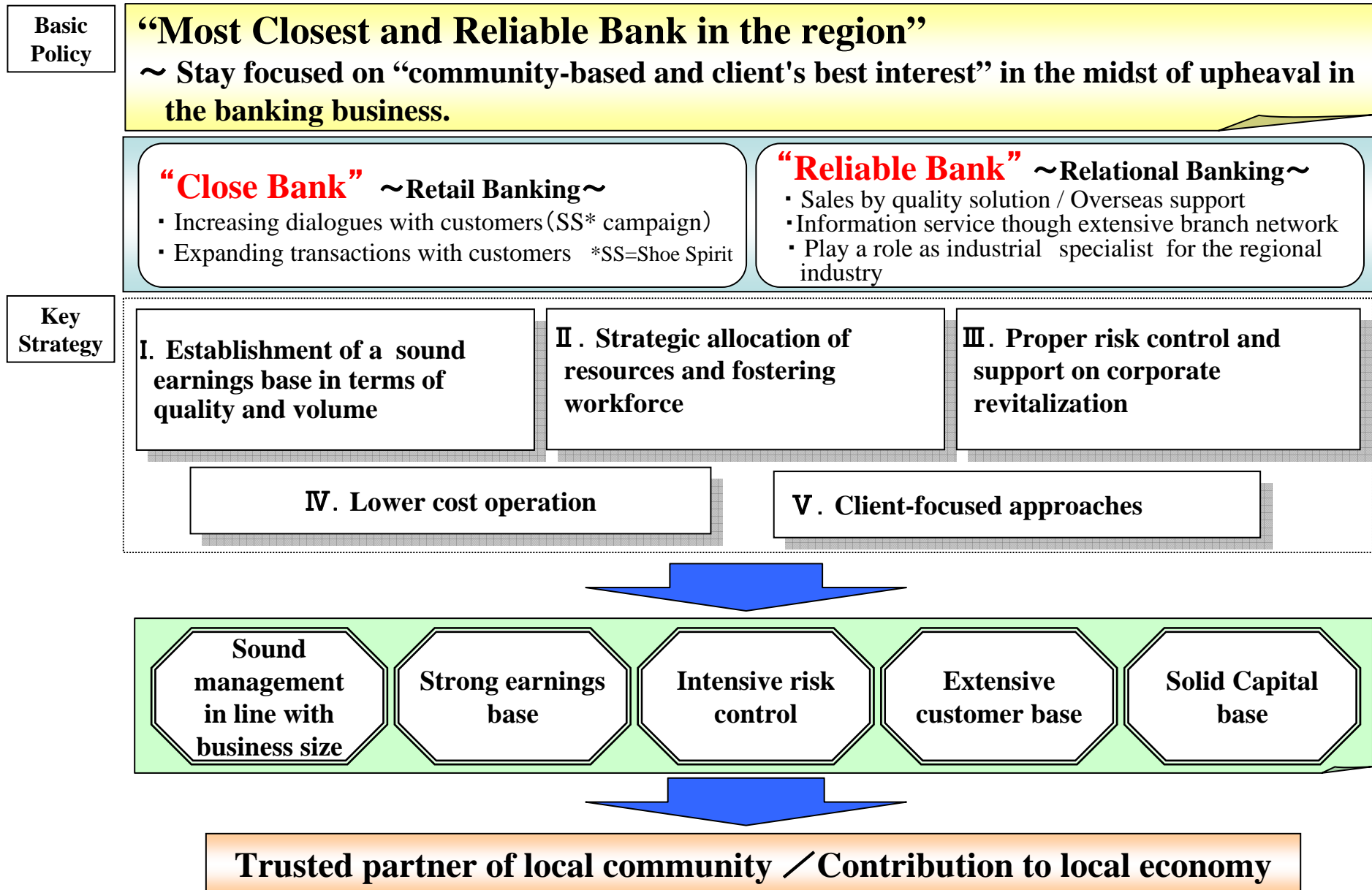
Hokuriku Bank

Hybrid I·S·M 2010

I :Innovative
S :Sustainable
M :Management

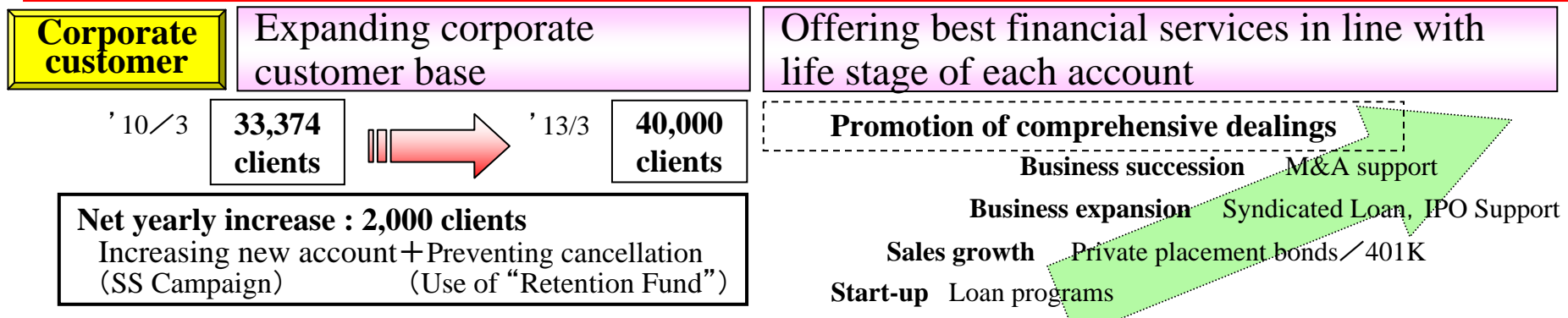
Overview of Management Plan

The Hokuriku Bank, Ltd.



I. Building Quality and Solid earnings platform

The Hokuriku Bank, Ltd.



Implementing loan strategy by industry ~ Focusing on growing industry ~

- Devising loan strategy by industry
- Carrying out employee training on consultation for corporate customers "Master Course" focusing on specific industries
- Fostering growing manufacturers

【Agriculture】
Increase of employees qualified as Agriculture management adviser currently 7 → 20 (Target)

【Medicine & Nursing】
Setting up new customer teams in regions business divisions to promote loan to this sector.

【Environment】
Alliance with Development Bank of Japan

Personal customer Becoming the main bank to provide comprehensive services and establishing lifelong relationship

- Promoting comprehensive services
 - Increase of salary deposit and pension transfer accounts (Target: +800,000 accounts in total)
- Increasing lifelong account
 - Supply of products and services in line with clients life stage
- Measures to compete with Yucho Bank
 - Launch aggressive campaign to secure new deposit (Seeds for investment trust and insurance)
- Establishing "Personal Lounge"
- Target of average balance of deposits : JPY 5,500 bn (end of Mar 2013)

- Establishing a mechanism of increase in money inflow and settlement
- Protecting customers from competitors

I. Building Quality and Solid Earnings Platform

~ Bolstering Information Services

The Hokuriku Bank, Ltd.

Fully capitalizing on extensive network and partnership to differentiate ourselves from competitors

Expanding sales and adopting new technologies are critical issues for SMEs

Customers

Support of customers' overseas business expansion is part of our effort to become community-based bank

Business Matching

Integration of information between regions and metropolitan areas

Creating business chance by business fairs

Offering overseas information

Supporting overseas business expansion

Hokuriku Area

Local governments

Hokuriku Bank

Corporate Customers

Academic Institutions

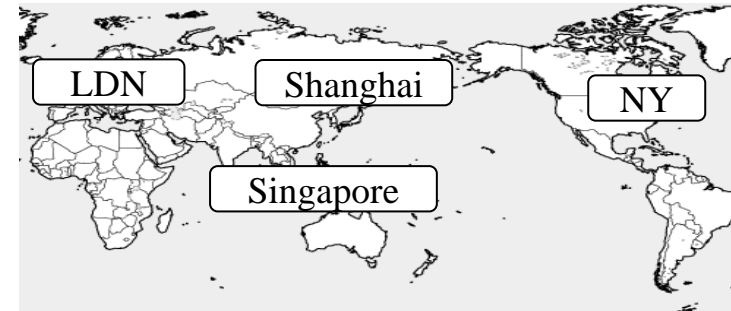
Hokkaido Area

Local Corporate Customers

Hokkaido Bank

Corporate Customers related to Hokuriku

Local governments



Local corporate developing business in metropolitan areas

Overseas network expansion plan will be based on client business development

Expansion of Information · IT Group

Listed companies

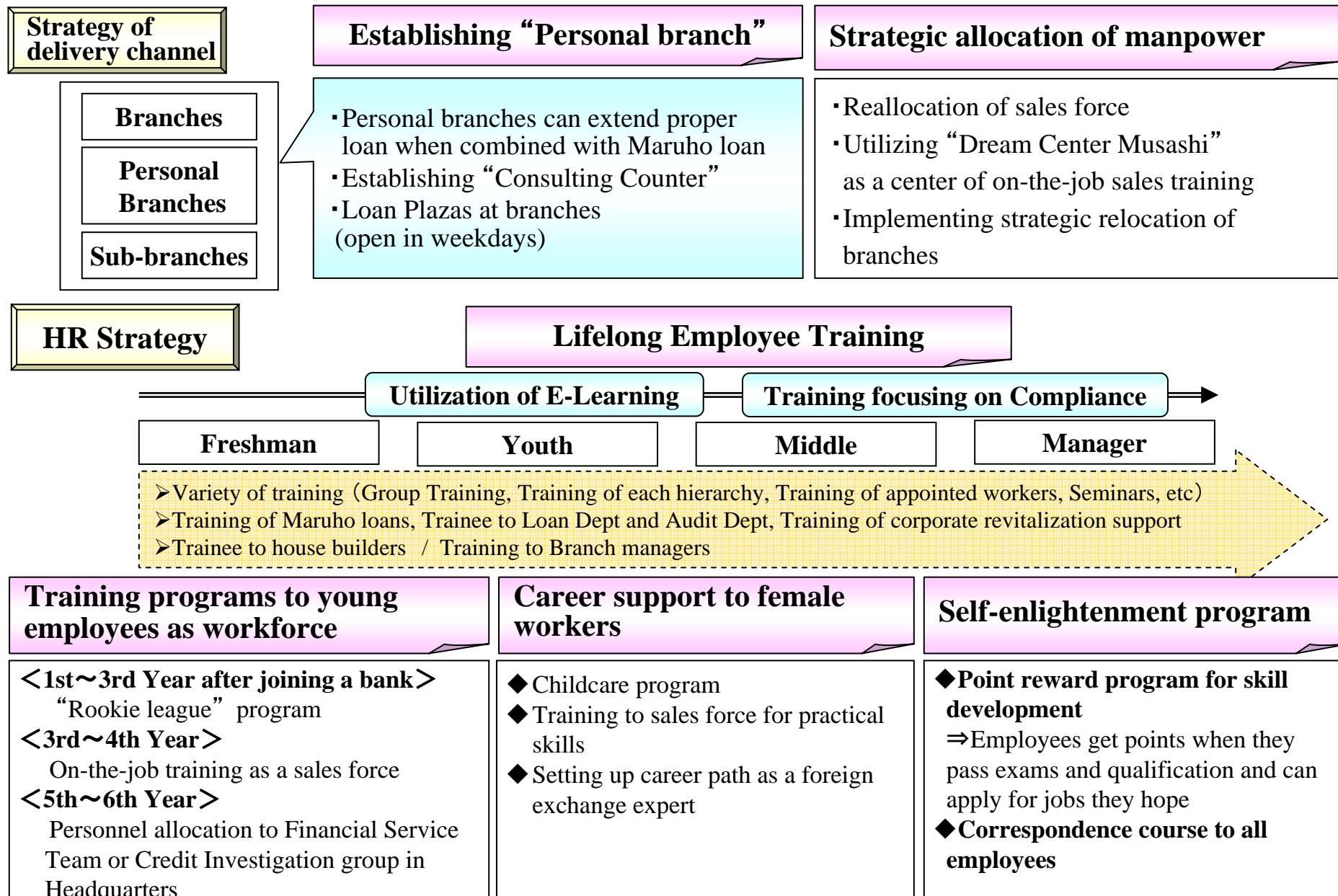
Mega Banks

Expanding alliance with foreign governments and financial institutions

Metropolises

II. Strategic allocation of resources and fostering workforce

The Hokuriku Bank, Ltd.



Increase in loan

- Increase in amount of loan based on client's sales and credit ratings
- Promotion of Maruho loan and personal loan
- Use of public loan programs

Curving credit cost

- Proactive use of maruho loan
- Increasing loans with consideration of risk and return
- Improving customer's credit ratings by revitalization support
- Securing credit line (avoiding concentration of specific customers)



Achieving balance
between risk and return

Implementing appropriate
credit review to avoid too
much reliance on credit ratings

Lifting up interest rate

- Securing fair interest rate
⇒ Set proper interest rate based on guideline and client's risk

Strengthening credit risk control

- Rebuilding of loan portfolio
- Effective use of risk-adjusted indices (RAROA·RAROC)

Arrangement for financial facilitation

- ① Monitoring customer more precisely through consultation for financial facilitation
- ② Strengthening consultation and changing more flexibly terms of loans
⇒ Opportunities of understanding customers' needs and promoting loans

Chance to rethink our mission
as a regional bank

Support of corporate revitalization

- ① Provide SMEs with support to improve management by our Corporate Revitalization Support Office
- ② Dispatch our bank staff to customers to give them support to achieve improvement in credit ratings
- ③ Close collaboration with Revival Support conference of SMEs and Enterprise Turnaround Initiative Corporation of Japan

IV. Low-Cost operation

1. Establishing a sound operating platform through migration of new banking system
2. Further reducing expenses through proposal system
3. Increasing operational efficiency by joint use of back office

Sound operation platform

- ① Shared administrative manuals
- ② Shift to digitized data from paper materials
- ③ Open tellers machine
- ④ Extensive shared back office

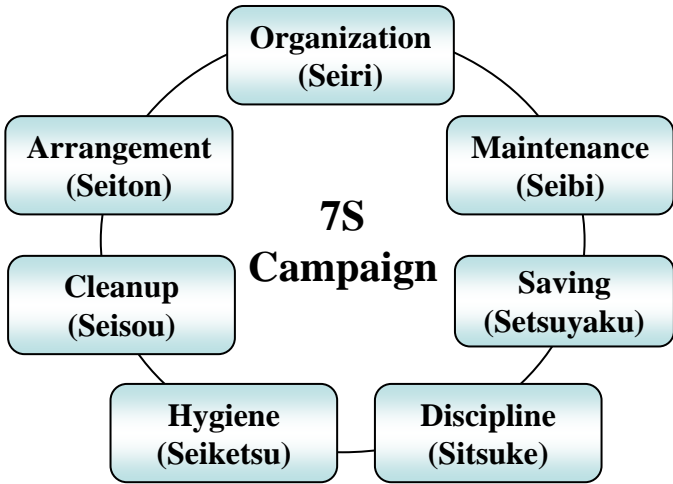
- Improvement in job process
⇒ Reduction of administrative works
- Elimination of troubles
- Cutback on future expenses

Continuing proposal system (7S campaign)

- Leverage small daily discovery by workers for cost reduction
- Installation of point reward program is on the table as part of effort enhance incentive program

Efficiency from consolidation of back offices

- More operational integration of back offices
(Investment trust, insurance, automatic review of personal loan)



V. Increasing customer satisfaction

The Hokuriku Bank, Ltd.

Hospitality

New measures

- ① Pamphlet describing our goal “Making customer satisfaction our pleasure” and 17 key phrases for hospitality ⇒ Distributed to all employees
- ② Role-playing contest within a bank to improve accountability of financial products ⇒ Appropriate explanation will increase customer satisfaction
- ③ CS Master ⇒ Employees awarded President Prize for high performance in increasing customer satisfaction are entitled to instruct other employees as “CS Master”
- ④ “Kids’ Room” ⇒ Playing equipment for kids is prepared in Loan Plazas operating on holidays

CSR

New measure

For senior customers ⇒ Holding more exhibitions at branch lobby, supporting local artistic athletic contest and opening hall for traditional comic story telling

*Building up close relationship with region
and becoming a member of community*

Target Figures

The Hokuriku Bank ,Ltd.

	'10/3 result	'13/3 Plan
Deposits (Avg Balance)	JPY 5,158.7 Bn	JPY 5,500.0 Bn
Loans (Avg Balance)	JPY 4,203.6 Bn	JPY 4,180.0 Bn
Core net business profit	JPY 38.3 Bn	JPY 40.0 Bn
Net income	JPY 15.6 Bn	JPY 16.0 Bn
OHR	57.48%	57% level maintained
NPL Ratio	3.42%	3% level maintained
Capital Adequacy Ratio	10.80%	Above 12%
Numbers of corporate customer Numbers of accounts receiving salary deposit & pension transfer	33,374 clients 734,372 accounts	40,000 clients 800,000 accounts

Hokkaido Bank

DASH

D : Development
A : Aggressive
S : Speedy
H : Hospitality

Overview of Management Plan

The Hokkaido Bank, Ltd.

“Road to No.1”

~ Establishing the long-standing relationships with customers as **the most trusted and reliable regional bank in Hokkaido** ~

Goal

The Best bank trusted and supported by customers

No.1
Profitability

No.1
Human
Resources

No.1
Marketing & Sales
Capabilities

No.1
Customer
Convenience

No.1
Financial
Stability

Becoming “ First Call Bank”

Key Strategy

I .Expanding a customer base to shore up profitability

II .Improvement in asset portfolio and earnings structure

III .Increasing efficiency in operation

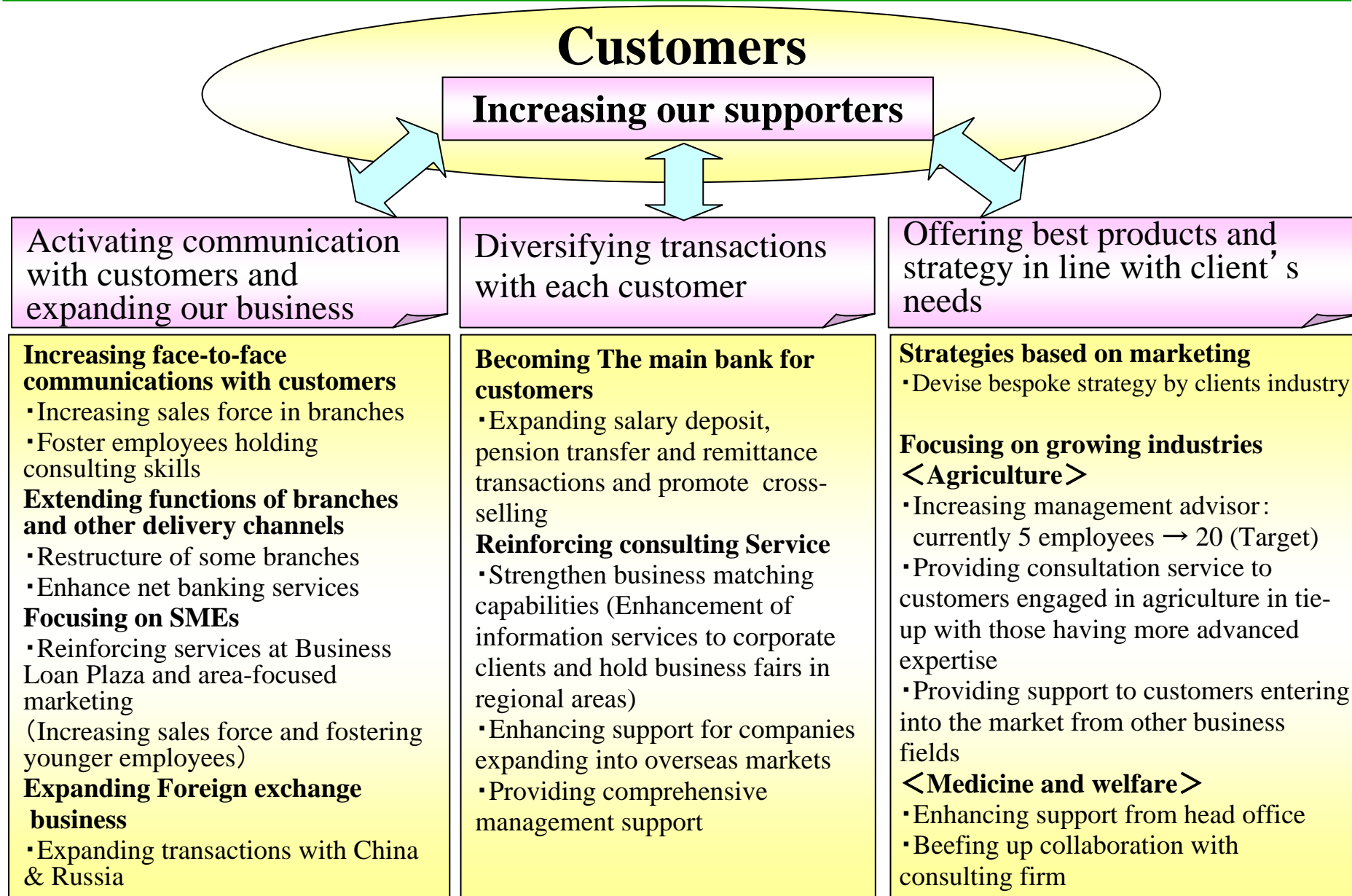
IV .Improvement in allocation and training of human resources

V .Enhancing alliance

VI .Increasing customer satisfaction and contribution to environment and local community

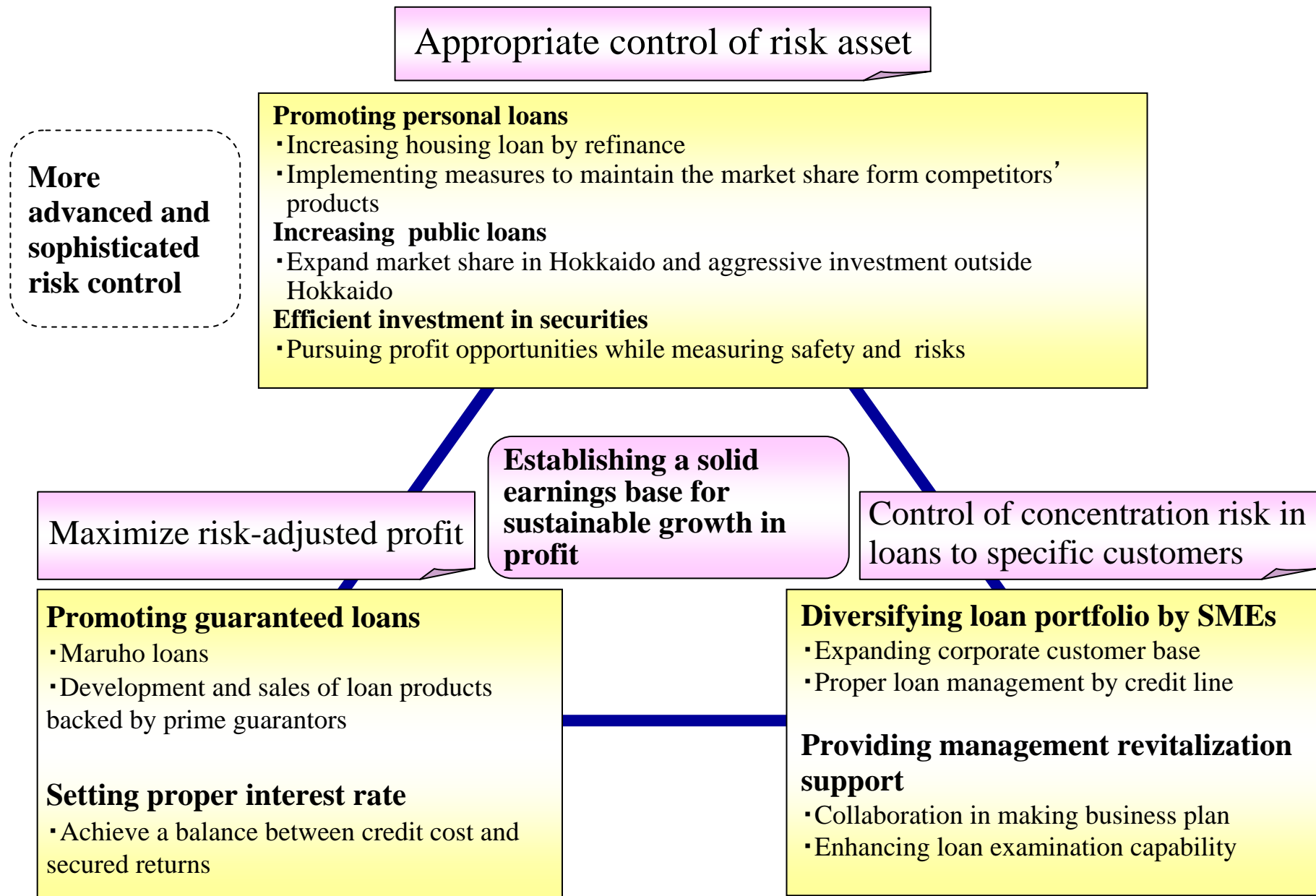
Establishing human resource platform, asset portfolio and earnings structure immune to uncertain economic environment through selection and concentration, while maintaining our high profitability and efficiency

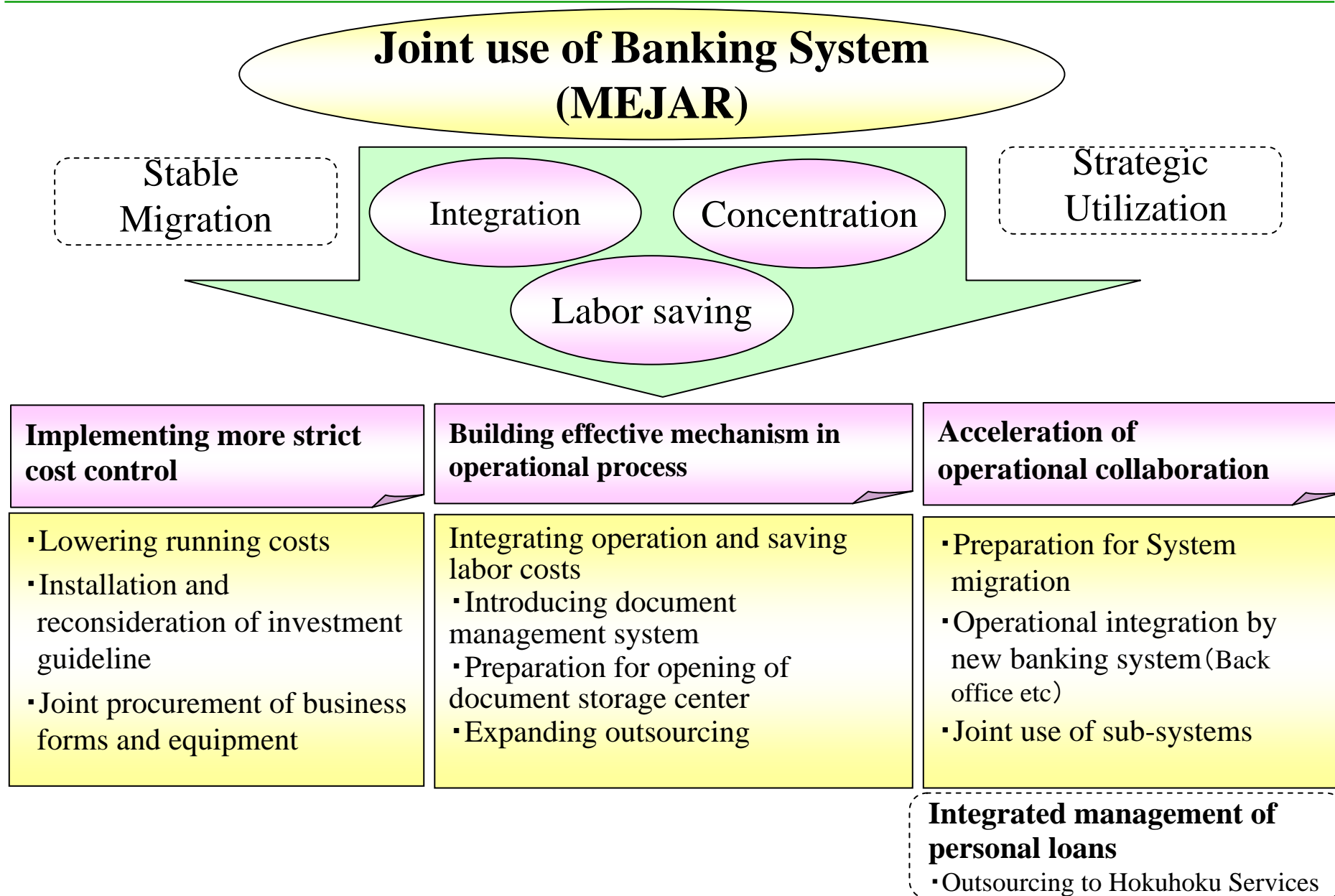
I. Expanding customer base to shore up profitability



II. Improvement in asset portfolio and profit structure

The Hokkaido Bank, Ltd.





IV. Improvement in allocation and training of human resources



Offering better service through collaboration with other regional banks

Enhancing collaboration through workshop activities

Effective use of expertise and know-how accumulated by workshops

- Marketing
- Lease
- Research, Consulting

Use of shared Marketing model is on the table

Tightening relationship with Sinkin banks and Credit cooperatives

Sponsoring Regional Financial Seminars on a regular basis

Collaborating mutually in operations of back office

- ⇒ Exchange and issue of bills and checks,
Maintenance of ATMs,
Joint use of mail delivery network

Demonstrating our capability as an entire group

Shared use of back office in Hokkaido

Cooperation in financial-related business with group company and intimate business partners

- ⇒ Providing comprehensive financial service

Consolidation of personal loan business into Hokuoku Services

VI. Increasing customer satisfaction and contribution to environment and local community

The Hokkaido Bank, Ltd.

Activities to increase CS

Improving corporate image through “Dosanko Bank Campaign”

Extending “Dosanko Bank Campaign”

Step 1: Spreading “CS basic” criteria

Step 2: Fostering “CS standard” criteria

Capitalizing on customer’s opinions and proposals in business

Intensively fighting against environmental problem

Reduction of CO₂

Declaration of acting ecologically
Eco-friendly activities inside bank
Dogin Forest Campaign



Offering eco-friendly financial products

Offering incentives to enterprises that take care of environment

Contribution to local community

Sponsoring educational events

On-site education of working experience and Internship
Participation and backup of various events

Supporting cultural activities

Promotion of local district

Attracting business to our regions and provide support on manufacturing
Support of growing and venture business

Enhancing protection of customer’s interest

Monitoring interest conflict practice
Establishing a platform for financial ADR
Enhancing accountability in derivatives business

Preparing for Financial Facilitation Act

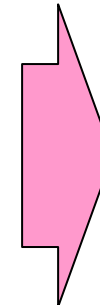
Capitalizing on customer opinions

Reduction of operational risk
Active use of collected database

Target Figures

The Hokkaido Bank, Ltd.

	'10/3 result	'13/3 Plan
Deposits (Avg Balance)	JPY 3,776.0 Bn	JPY 4,050.0 Bn
Loans(Avg Balance)	JPY 2,893.0 Bn	JPY 3,000.0 Bn
Core net business profit	JPY 28.1 Bn	JPY 30.0 Bn
Net income	JPY 10.3 Bn	JPY 12.0 Bn
OHR	60.21%	59% level maintained
NPL Ratio	2.32%	2% Level maintained
Capital Adequacy Ratio	10.19%	Above 10.5%
Numbers of corporate customer Numbers of accounts receiving salary Deposit & pension transfer	10,175 clients 864,490 accounts	12,300 clients 950,000 accounts



Appendix

(As of March 31, 2010)

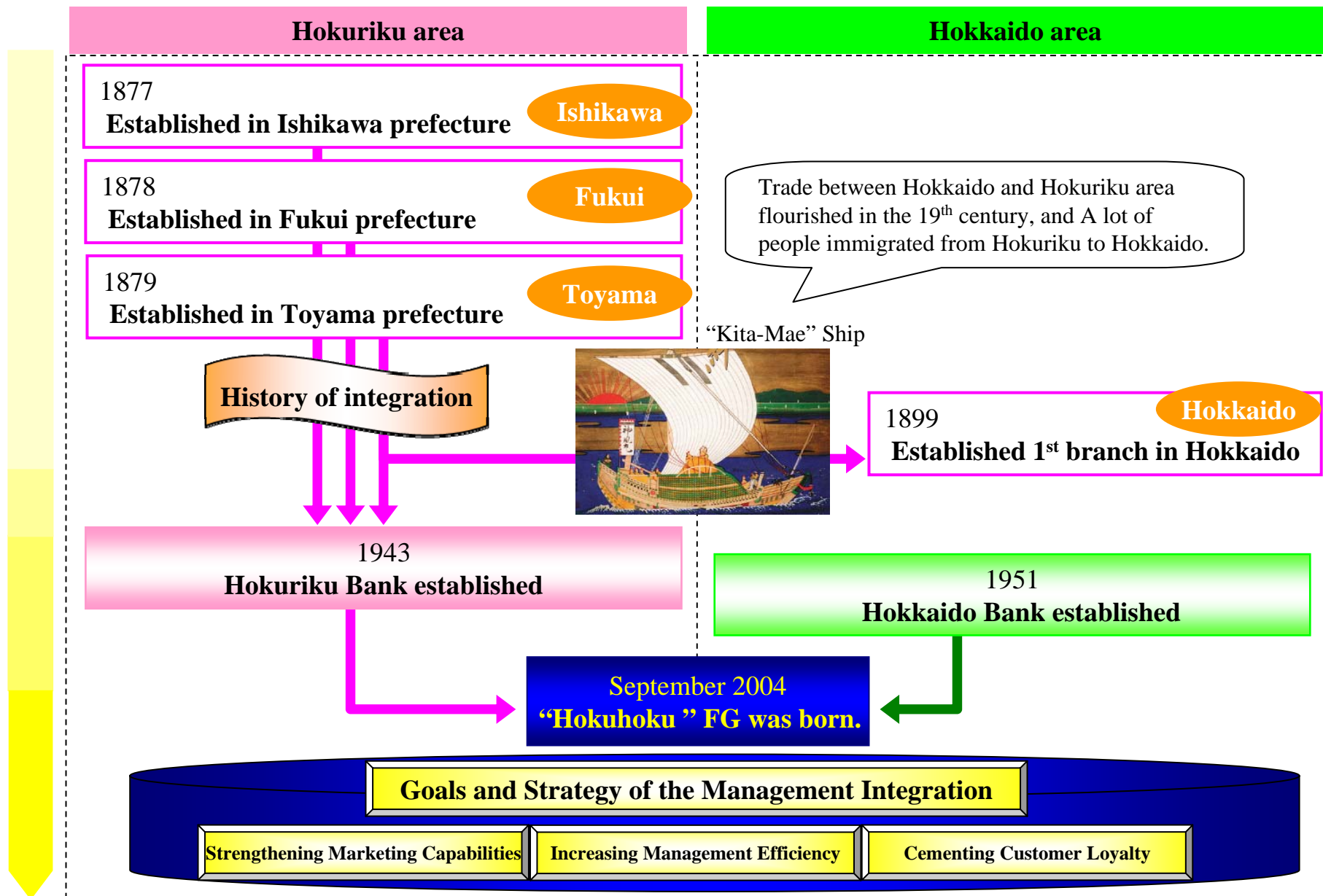
Hokuhoku FG

Hokuriku Bank

Hokkaido Bank

Date of establishment	September 26, 2003	July 31, 1943 (Started business in 1877)	March 5, 1951
Location of headoffice	1-2-26 Tsutsumicho-dori, Toyama City	1-2-26 Tsutsumicho-dori, Toyama City	4-1 Odori Nishi, Chuo-ku, Sapporo City
Capital	¥ 70,895 million	¥ 140,409.52 million	¥ 93,524.01 million
Shares issued and outstanding	Common stock 1,391,630,146 Preferred stock(Type5) 107,432,000	Common stock 1,047,542,335	Common stock 486,634,512 Preferred stock(Type2) 107,432,000
Total assets	(consolidated) ¥ 10,107.2 billion	¥ 5,852.7 billion	¥ 4,196.5 billion
Deposits	(consolidated) ¥ 9,011.4 billion	¥ 5,244.5 billion	¥ 3,803.9 billion
Loans	(consolidated) ¥ 6,981.2 billion	¥ 4,142.6 billion	¥ 2,851.0 billion
Capital ratio	(consolidated) 10.83%	(non-consolidated) 10.80%	(non-consolidated) 10.19%
Employees	54 (12 fulltime workers)	2,611	1,910
Ratings	A (R&I) 、 A (JCR)	A (R&I) 、 A (JCR)	A (R&I) 、 A (JCR)
Branches (Domestic) (Overseas)		131 branches, 56 sub-branches 4 representative offices	129 branches, 9 sub-branches 2 representative offices

History of Hokuhoku FG



Three key strategies for management integration

Strengthening Marketing Capabilities

Capitalizing our extensive network in Japan's three major metropolises, in addition to our main operational bases, Hokkaido and Hokuriku, we aim to differentiate ourselves from other regional banks and strengthen our marketing capability further.

- Beef up the business matching services by utilizing our extensive regional network
- Enhance the proposal and solution services by sharing the know-how of the two banks
- Extend service scope for corporations, their trading partners and employees by capitalizing on the customer base of the two banks

Increasing Management Efficiency

We will establish a highly profitable and efficient operating platform by integrating redundant infrastructure in Hokkaido and leveraging management resources more efficiently, while continuing to focus on maintaining and developing solid relationships with customers of the both two banks.

- Enhance the brand power of two banks by offering distinctive and client-focused services
- Integrate the back-office functions for efficient operation. Integrate 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.

- Build an asset portfolio diversified across various geographical areas and a wide range of industries
- Implement integrated measures to enhance a capital structure and accumulate retained earnings

About Hokuhoku FG ④

Historical Data (Hokuhoku FG)

Hokuhoku Financial Group, Inc.

(JPY Bn)

<Consolidated>	FY2005 Full year	FY2006 Interim	FY2006 Full year	FY2007 Interim	FY2007 Full year	FY2008 Interim	FY2008 Full year	FY2009 Interim	FY2009 Full year
Ordinary income	240.9	117.5	242.2	125.7	261.2	123.8	239.6	114.3	226.7
Ordinary profits	48.2	28.2	70.0	32.7	66.3	19.6	21.3	13.3	35.4
Net income	26.8	15.1	40.6	16.4	38.6	37.5	37.0	5.7	19.2
Capital adequacy ratio	9.00%	9.23%	10.44%	9.97%	10.39%	10.39%	10.81%	10.91%	10.83%

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

Core gross business profits	180.2	90.1	181.3	90.1	178.5	87.3	168.3	79.6	160.9
General & administrative expenses	88.5	43.9	87.9	44.8	89.9	45.6	91.5	47.1	94.4
Core net business profits	91.7	46.2	93.4	45.2	88.6	41.7	76.8	32.4	66.4
Net gains(losses) related to securities	6.9	(1.4)	(1.5)	(0.6)	(0.6)	(5.2)	(17.6)	0.8	0.2
Credit costs	46.6	16.9	26.2	13.7	25.5	16.1	35.5	16.8	25.5
Ordinary profits	50.6	28.6	70.1	30.9	65.0	19.4	21.3	14.2	36.8
Net income	29.1	15.8	39.3	15.1	39.0	37.8	37.9	11.4	26.0
ROA	1.01%	1.01%	1.03%	0.97%	0.95%	0.88%	0.80%	0.66%	0.68%
OHR	49.12%	48.77%	48.49%	49.78%	50.36%	52.19%	54.37%	59.20%	58.68%
Loans *	6,706.2	6,699.9	6,839.7	6,895.0	6,897.6	7,006.3	7,156.7	7,001.5	6,993.6
Deposits	8,216.4	8,282.6	8,434.6	8,439.0	8,407.4	8,551.8	8,671.5	8,818.7	9,048.4
Securities	1,802.7	1,727.5	1,703.8	1,698.3	1,714.8	1,745.8	1,725.0	1,787.6	2,015.0
Non performing loan *	399.9	354.4	315.0	291.6	260.7	253.1	227.5	214.6	215.2
NPL ratio *	5.76%	5.10%	4.43%	4.07%	3.64%	3.48%	3.07%	2.96%	2.98%

About Hokuhoku FG ⑤
Historical Data (Hokuriku Bank)

Hokuhoku Financial Group, Inc.

(JPY Bn)

	FY2005 Full year	FY2006 Interim	FY2006 Full year	FY2007 Interim	FY2007 Full year	FY2008 Interim	FY2008 Full year	FY2009 Interim	FY2009 Full year
Ordinary income	132.0	62.7	130.1	66.8	141.2	65.3	124.2	57.5	113.7
Core gross business profits	105.4	52.8	106.6	53.1	105.2	49.8	94.7	45.3	90.1
General & administrative expenses	50.8	25.3	50.5	25.6	51.1	25.7	51.3	25.8	51.8
Core net business profits	54.6	27.4	56.1	27.5	54.1	24.1	43.4	19.5	38.3
Net gains(losses) related to securities	6.4	0.3	0.6	(0.1)	(0.7)	(3.8)	(12.6)	(1.2)	(2.4)
Credit costs	33.6	12.9	22.5	9.7	20.4	10.5	21.4	7.0	13.4
Ordinary profits	26.7	16.1	38.1	17.8	35.6	9.6	8.8	9.8	19.9
Net income	15.6	8.5	18.6	8.2	21.2	30.1	26.4	7.5	15.6
Capital adequacy ratio	8.86%	9.17%	9.16%	9.41%	10.10%	10.26%	10.23%	10.56%	10.80%
ROA	1.02%	1.03%	1.05%	1.01%	0.99%	0.86%	0.77%	0.69%	0.68%
OHR	48.18%	47.95%	47.37%	48.17%	48.53%	51.58%	54.18%	56.95%	57.48%
Loans *	4,110.4	4,121.2	4,146.7	4,191.3	4,210.7	4,245.9	4,293.3	4,172.6	4,142.6
Deposits	4,836.6	4,824.5	4,917.4	4,921.3	4,909.1	4,962.6	5,040.0	5,079.5	5,244.5
Securities	892.7	859.9	853.2	840.0	820.9	833.7	858.8	858.4	1,015.9
Non performing loan *	260.2	230.8	202.2	187.1	163.5	159.7	142.6	140.1	147.3
NPL ratio *	6.03%	5.33%	4.65%	4.26%	3.72%	3.60%	3.19%	3.23%	3.42%

* Hokuriku Bank + Hokugin Corp.

About Hokuoku FG ⑥
Historical Data (Hokkaido Bank)

Hokuoku Financial Group, Inc.

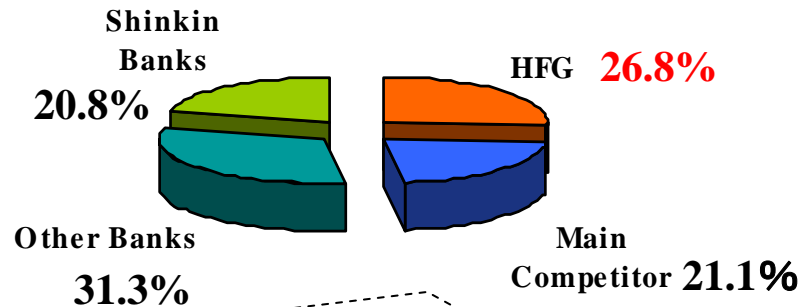
(JPY Bn)

	FY2005 Full year	FY2006 Interim	FY2006 Full year	FY2007 Interim	FY2007 Full year	FY2008 Interim	FY2008 Full year	FY2009 Interim	FY2009 Full year
Ordinary income	88.2	42.8	88.4	46.6	96.0	47.7	94.3	46.9	93.7
Core gross business profits	74.7	37.3	74.7	37.0	73.2	37.5	73.5	34.2	70.8
General & administrative expenses	37.7	18.6	37.4	19.2	38.8	19.8	40.2	21.3	42.6
Core net business profits	37.0	18.7	37.2	17.7	34.4	17.6	33.3	12.9	28.1
Net gains(losses) related to securities	0.4	(1.7)	(2.1)	(0.4)	0.1	(1.3)	(4.9)	2.1	2.7
Credit costs	12.9	4.0	3.6	3.9	5.1	5.6	14.0	9.7	12.0
Ordinary profits	23.8	12.5	31.9	13.0	29.4	9.8	12.5	4.3	16.9
Net income	13.4	7.3	20.7	6.9	17.8	7.7	11.4	3.8	10.3
Capital adequacy ratio	8.50%	8.80%	9.91%	9.92%	10.13%	9.68%	10.45%	10.30%	10.19%
ROA	1.00%	1.00%	1.00%	0.92%	0.90%	0.90%	0.85%	0.63%	0.68%
OHR	50.44%	49.91%	50.08%	52.08%	52.98%	53.00%	54.62%	62.17%	60.21%
Loans	2,595.7	2,578.6	2,692.9	2,703.6	2,686.8	2,760.3	2,863.4	2,828.9	2,851.0
Deposits	3,379.7	3,458.1	3,517.2	3,517.7	3,498.3	3,589.1	3,631.4	3,739.1	3,803.9
Securities	910.0	867.6	850.6	858.2	893.8	912.0	866.2	929.1	999.1
Non performing loan	139.7	123.5	112.8	104.5	97.2	93.5	84.8	74.5	67.9
NPL ratio	5.31%	4.72%	4.08%	3.77%	3.52%	3.29%	2.89%	2.57%	2.32%

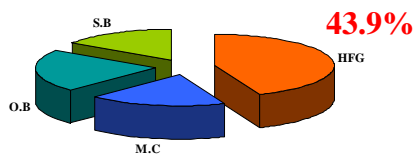
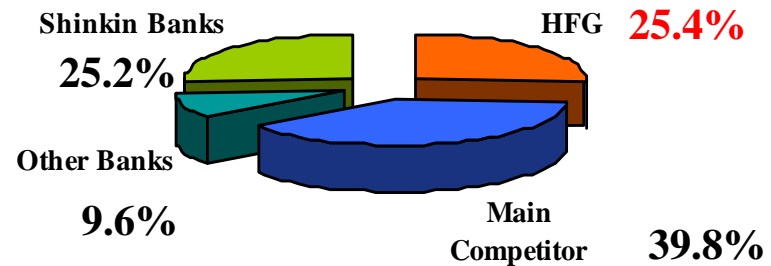
About Hokuhoku FG ⑦
Market Share in Our Home Market (Loans, Sep-09)

Hokuhoku Financial Group, Inc.

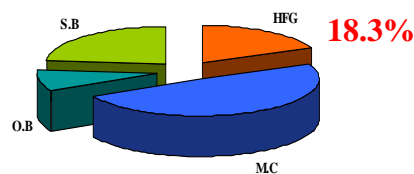
Hokuriku Area



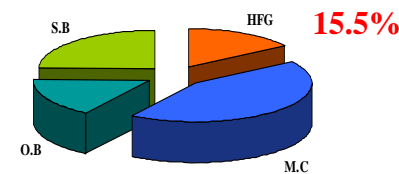
Hokkaido Area



Toyama



Ishikawa



Fukui

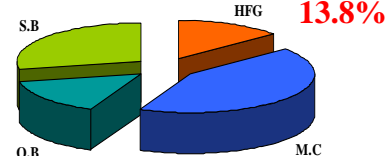
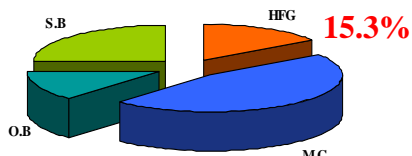
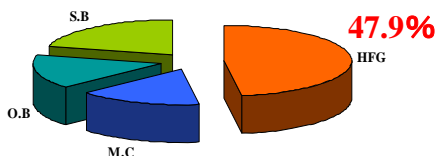
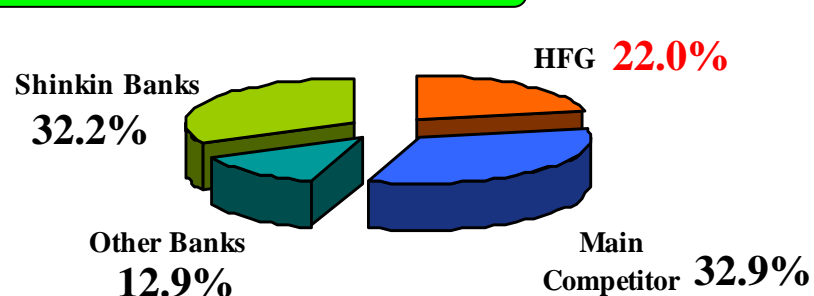
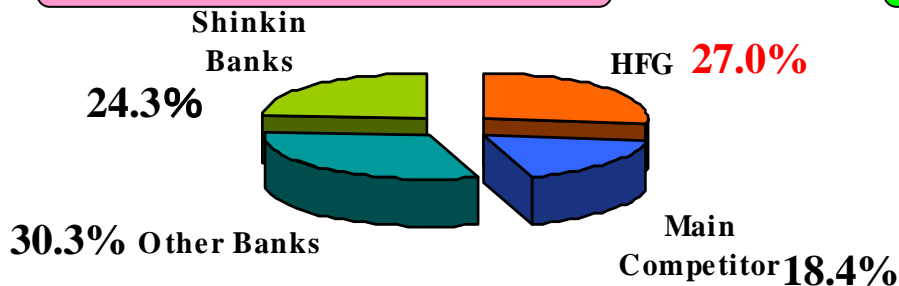
※Figures of the Main Competitor and Other banks are estimated figures

(JPY Bn)

	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	7,056.7(79.2%)	2,729.3(84.5%)	2,578.3(76.5%)	1,749.0(75.6%)	9,116.9(74.8%)
Hokuhoku FG	2,393.6(26.8%)	1,419.1(43.9%)	616.1(18.3%)	358.3(15.5%)	3,100.3(25.4%)
Hokuriku Bank	2,393.6(26.8%)	1,419.1(43.9%)	616.1(18.3%)	358.3(15.5%)	523.3(4.3%)
Hokkaido Bank	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	2,577.0(21.1%)
Main Competitor	1,878.1(21.1%)	604.9(18.7%)	1,645.2(48.8%)	1,011.5(43.7%)	4,856.0(39.8%)
Shinkin Banks	1,858.5(20.8%)	500.7(15.5%)	791.8(23.5%)	565.8(24.4%)	3,077.7(25.2%)
Total	8,915.2(100 %)	3,230.0(100 %)	3,370.1(100%)	2,314.8(100%)	12,194.6(100%)

Hokuriku Area

Hokkaido Area



Toyama

Ishikawa

Fukui

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

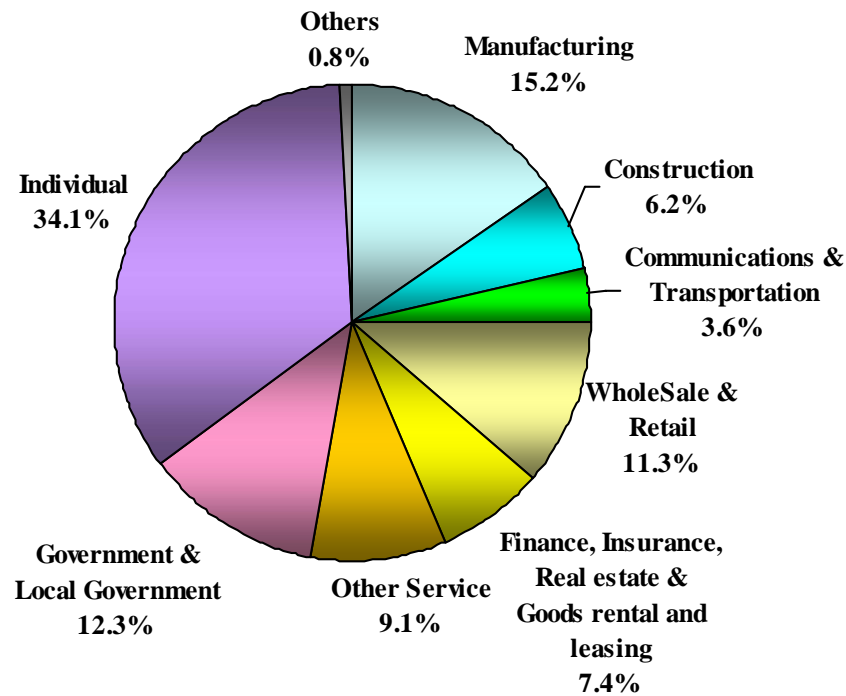
(JPY Bn)

	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	11,130.2(75.7%)	4,323.2(79.1%)	4,068.1(75.0%)	2,738.9(71.9%)	13,138.0(67.8%)
HFG	3,974.7(27.0%)	2,618.7(47.9%)	830.6(15.3%)	525.3(13.8%)	4,260.0(22.0%)
Hokuriku Bank	3,974.7(27.0%)	2,618.7(47.9%)	830.6(15.3%)	525.3(13.8%)	541.6 (2.8%)
Hokkaido Bank	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	3,718.4(19.2%)
Main Competitor	2,709.3(18.4%)	841.4(15.4%)	2,528.8(46.6%)	1,638.3(43.0%)	6,376.7(32.9%)
Shinkin Banks	3,565.4(24.3%)	1,139.5(20.9%)	1,353.2(25.0%)	1,072.6(28.1%)	6,253.8(32.2%)
Total	14,695.6(100%)	5,462.7(100%)	5,421.3(100%)	3,811.5(100%)	19,391.8(100%)

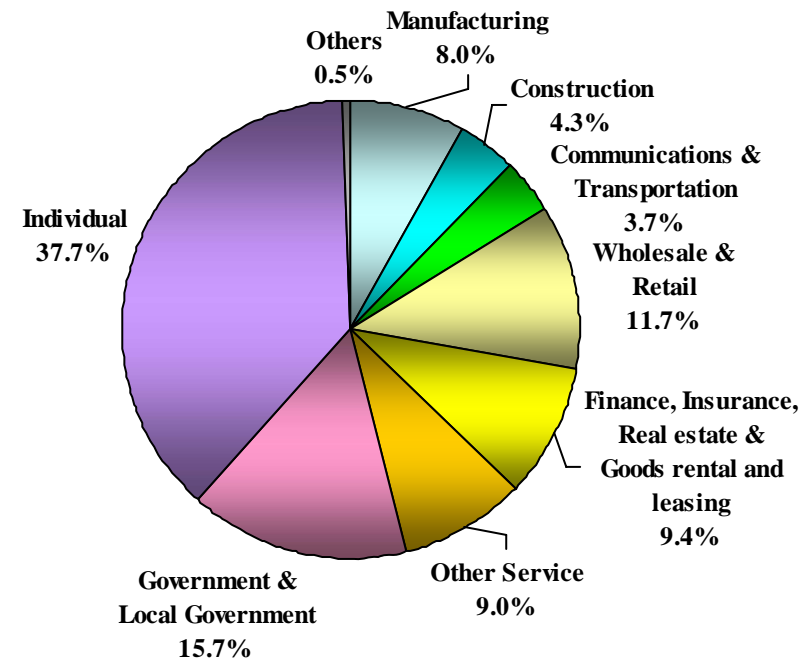
About Hokuhoku FG ⑨
Lending in the Region by Industry (Sep-09)

Hokuhoku Financial Group, Inc.

Hokuriku Bank



Hokkaido Bank



About Japanese Regional Banks ①

Financial Institutions in Japan

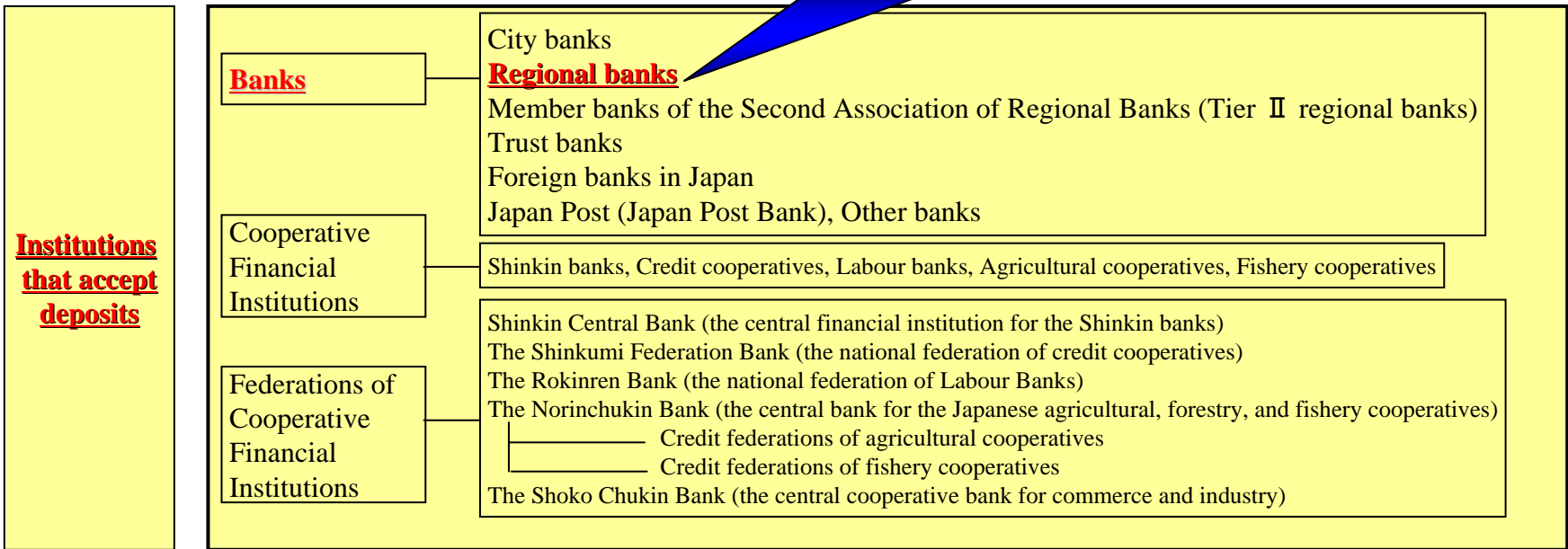
Hokuhoku Financial Group, Inc.

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)**



Other private Financial Institutions

- Securities – Securities companies, Securities finance companies etc
- Insurance – Life insurance companies, Non-life insurance companies etc
- Others – Consumer credit companies, Business loan companies, Leasing companies etc

3 Public Financial Institutions

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

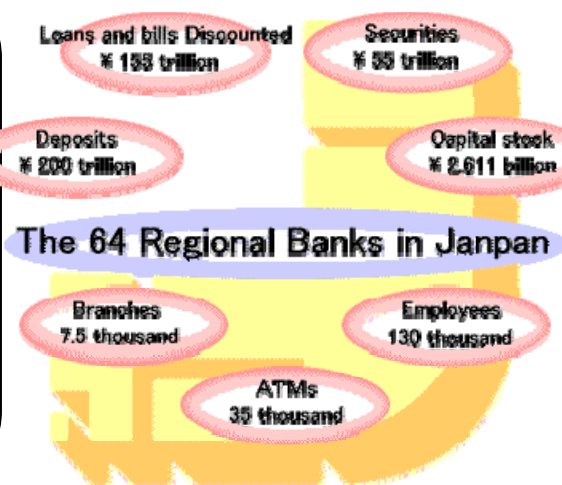
About Japanese Regional Banks ②

Overview of Regional Banks

Overview of Regional Banks

There are 64 regional banks in Japan. As community-based financial institutions, we have won strong support from local customers and worked closely with regional community.

In an effort to become a trusted bank of the region, we will continue to maintain sound management and increase customer convenience.

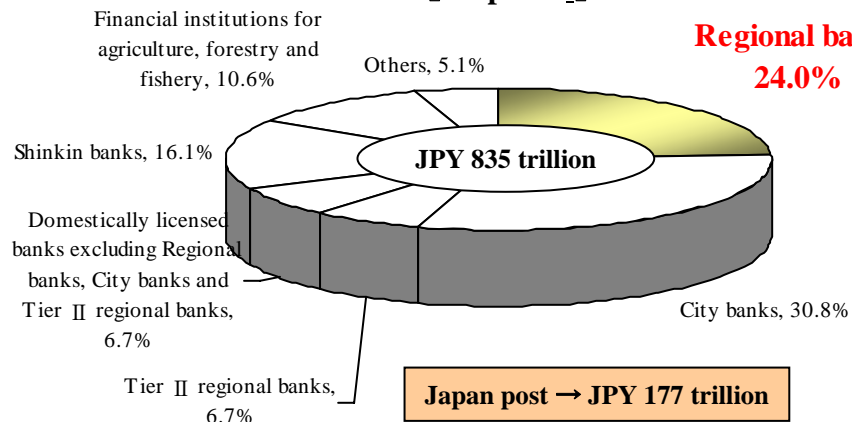


Leading Banks in the Regions

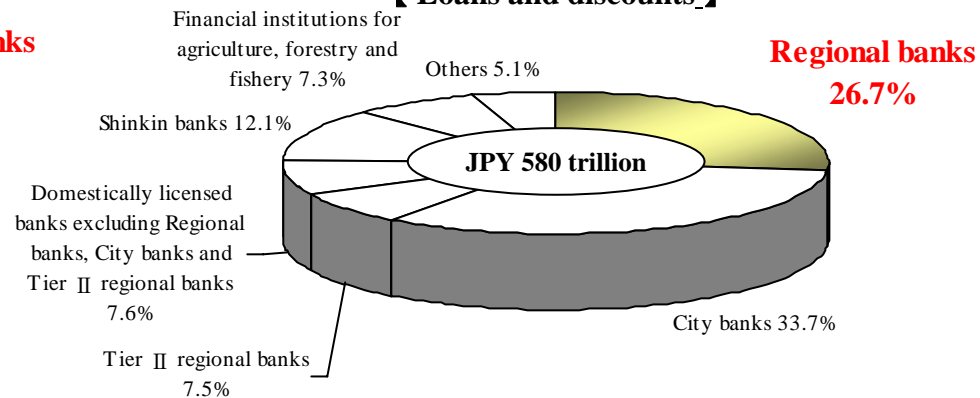
The regional banks have formed an extensive branch network in the regions, mainly in the prefectures where their head offices are located, with some 7,500 branches and some 35,000 ATMs set up all over the country. Through this branch network, we meet the diversified financial needs of individual customers as well as small- and medium-sized corporate clients in the regions. We also play a leading role in regional finance for promotion and development of regional community.

Shares of Deposits and Loans of Private Financial Institutions (Mar-09)

【 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 Internal Affairs and Communications

	Toyama Prefecture a	Ishikawa Prefecture b	Fukui Prefecture c	Total a+b+c	Hokkaido Prefecture	Total
Population (Ranking)	1.10Mn (38th)	1.17Mn (35th)	0.81Mn (43rd)	3.08Mn	5.54Mn (8th)	8.62Mn
Density of Population (Ranking)	259.3pt (25th)	279.0pt (23rd)	193.9pt (32nd)	—	70.6pt (47th)	—
Square Measure (Ranking) km ²	4,248 (33rd)	4,186 (35th)	4,190 (34th)	—	83,457 (1st)	—

Same as Osaka, Kanagawa!

1 st	Tokyo
2 nd	Kanagawa (8.92Mn)
3 rd	Osaka (8.81Mn)

Gross Prefectural Product

Data from Ministry of Internal Affairs and Communications and Cabinet Office

(JPY Bn)

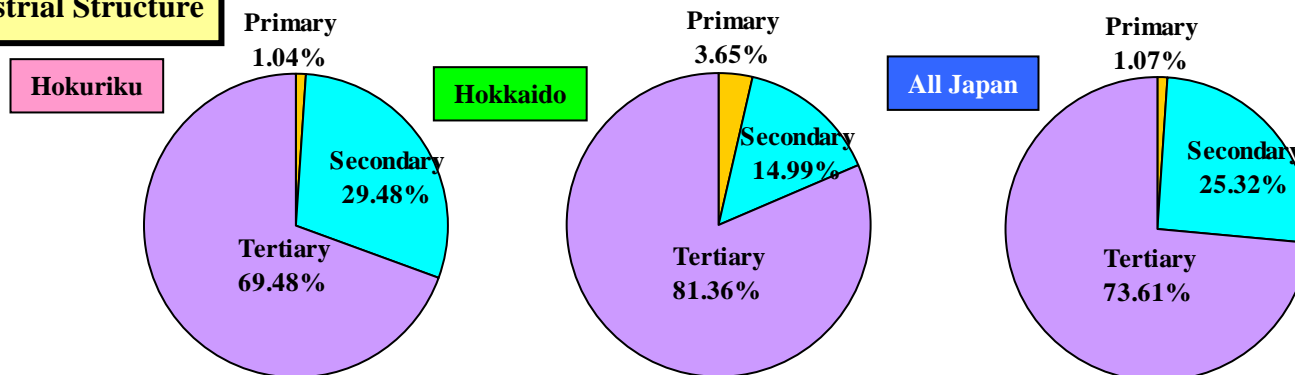
	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido	Total
GPP (Proportion) (Ranking)	4,654.3 (0.89%) (29th)	4,709.1 (0.91%) (28th)	3,308.0 (0.64%) (41st)	12,671.5 (2.44%)	18,458.4 (3.55%) (9th)	31,129.9 (5.98%)

Same as Kanagawa!

1 st	Tokyo
2 nd	Osaka
3 rd	Aichi
4 th	Kanagawa (31,960.3)

Industrial Structure

Data from Cabinet Office



Ranked next to Denmark (Europe No15)!

1 st	Germany
2 nd	France
15 th	Denmark (35,271.3)

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
	April-10	April-10	April-10
Economic Trend	Picking up but remains in a difficult situation	Picking up moderately, but remains severe	Picking up, but remains stagnant
Public Investment	In a weak tone	Decreasing as a whole	Reach the ceiling
Business Investment	Starting to level off	The decline has been coming to a halt	Has started to increase, although remaining at a low level
Private consumption	Picking up	Weak as a whole, although some signs of picking up	Showing signs of picking up
Housing construction	Picking up	The decline has been coming to a halt	The decline is coming to a halt
Production	Picking up	Has picked up steadily	Has begun to pick up
Employment & Income	Showing signs of picking up	Continues to be severe	Continues to be severe
Prices	Declined moderately	Below the previous year's level	More declining compared to the previous year
The number of bankrupt companies	Almost flat	Below the previous year's level	Declining

The Present Condition of the Regional Economy ③

Big Projects in Hokuriku and Hokkaido Area

Hokuhoku Financial Group, Inc.

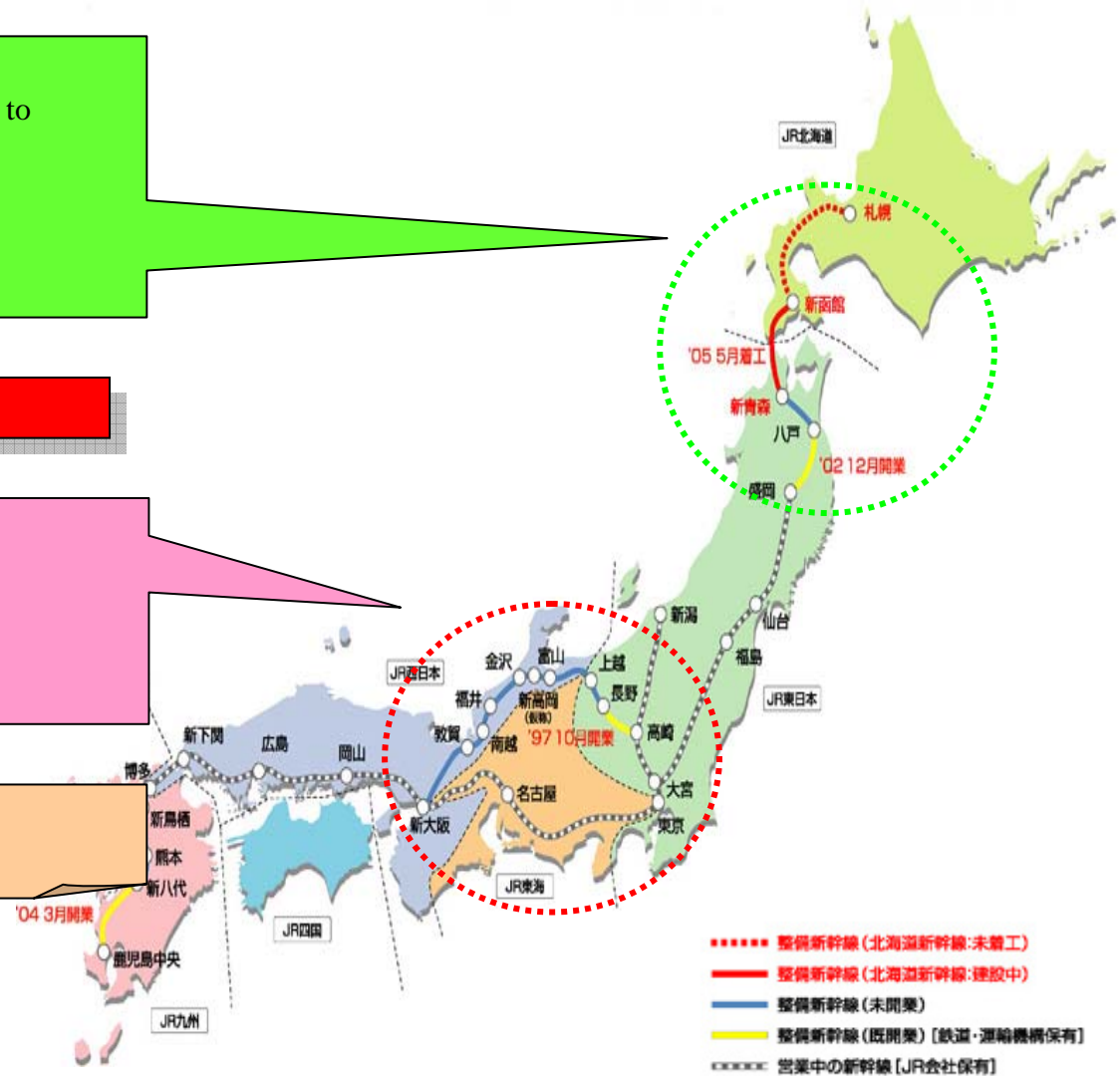
Hokkaido

◎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



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