
Investor Meeting

~Financial Results for FY 2013~
(ended March 31, 2014)



Hokuhoku Financial Group, Inc.

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【Financial Results for FY 2013】

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Summary of Financial Results

| 【Total of two banks】 | (JPY Bn) | | |
|---|------------|--------|--------|
| | FY13 | change | FY12 |
| Gross business profits | 143.7 | (10.7) | 154.5 |
| Net interest income | 121.7 | (2.6) | 124.3 |
| Net fees & commissions | 17.7 | (0.5) | 18.3 |
| Net trading income | 0.3 | 0.1 | 0.1 |
| Net other bussiness profits | 3.9 | (7.6) | 11.6 |
| Gains (losses) related to bonds | 1.4 | (7.5) | 9.0 |
| G&A expenses (-) | 94.0 | (1.0) | 95.1 |
| Net transfer to general allowance for loan losses (-) | - | 5.2 | (5.2) |
| Net business profits | 49.7 | (14.9) | 64.6 |
| Core net business profits | 48.2 | (2.1) | 50.3 |
| Other non-recurring gains (losses) | (1.2) | 33.4 | (34.6) |
| Credit related costs (-) | (1.3) | (23.6) | 22.2 |
| Gains (losses) related to stocks | 0.7 | 9.3 | (8.5) |
| Ordinary profits | 48.5 | 18.5 | 30.0 |
| Net extraordinary gains (losses) | (2.0) | (1.4) | (0.6) |
| Corporate taxes (-) | 18.9 | 9.1 | 9.8 |
| Net income | 27.5 | 7.9 | 19.5 |

| 【Consolidated】 | (JPY Bn) | | |
|------------------|------------|--------|-------|
| | FY13 | change | FY12 |
| Ordinary income | 190.9 | (8.1) | 199.1 |
| Ordinary profits | 49.4 | 20.1 | 29.3 |
| Net income | 27.3 | 9.2 | 18.1 |

| 【Consolidation difference】 | (JPY Bn) | | |
|-----------------------------|------------|--------|-------|
| | FY13 | change | FY12 |
| Net income of subsidiaries | 2.4 | 1.3 | 1.1 |
| Amotization of the goodwill | (2.1) | 0.0 | (2.1) |
| Others | (0.5) | (0.0) | (0.4) |
| Consolidation difference | (0.1) | 1.2 | (1.4) |

【Compared to Medium Term Plan】

(Total of two banks)

- Core net business profits +¥5.4Bn
- Ordinary profits +¥22.4Bn
- Net income +¥11.4Bn

Summary of Financial Results



| | Hokuriku bank | | | Hokkaido bank | | | (JPY Bn) |
|---|---------------|--------|--------|---------------|--------|--------|----------|
| | FY13 | change | FY12 | FY13 | change | FY12 | |
| Gross business profits | 78.4 | (9.3) | 87.8 | 65.3 | (1.4) | 66.7 | |
| Net interest income | 66.3 | (3.6) | 69.9 | 55.4 | 1.0 | 54.3 | |
| Net fees & commissions | 9.1 | (1.5) | 10.6 | 8.6 | 0.9 | 7.7 | |
| Net trading income | 0.3 | 0.1 | 0.1 | - | - | - | |
| Net other bussiness profits | 2.7 | (4.3) | 7.0 | 1.2 | (3.3) | 4.6 | |
| Gains (losses) related to bonds | 1.4 | (4.0) | 5.4 | 0.0 | (3.5) | 3.5 | |
| G&A expenses (-) | 50.5 | (0.3) | 50.9 | 43.4 | (0.7) | 44.2 | |
| Net transfer to general allowance for loan losses (-) | - | 2.6 | (2.6) | (1.2) | 1.3 | (2.5) | |
| Net businness profits | 27.8 | (11.6) | 39.5 | 23.1 | (1.9) | 25.1 | |
| Core net businness profits | 26.4 | (4.9) | 31.4 | 21.7 | 2.8 | 18.9 | |
| Other non-recurring gains (losses) | 2.5 | 23.7 | (21.1) | (5.0) | 8.4 | (13.4) | |
| Credit related costs (-) | (4.2) | (16.3) | 12.0 | 4.1 | (6.0) | 10.2 | |
| Gains (losses) related to stocks | 0.1 | 6.9 | (6.7) | 0.5 | 2.3 | (1.8) | |
| Ordinary profits | 30.4 | 12.0 | 18.3 | 18.0 | 6.4 | 11.6 | |
| Net extraordinary gains (losses) | (2.0) | (1.6) | (0.4) | 0.0 | 0.1 | (0.1) | |
| Corporate taxes (-) | 10.5 | 4.9 | 5.6 | 8.3 | 4.1 | 4.2 | |
| Net income | 17.8 | 5.5 | 12.3 | 9.6 | 2.4 | 7.2 | |

Net Interest Income (Total of two banks)

- Net interest income -¥2.5Bn compared to FY12
- Avg. yield of loans decreased as the result of decline in market interest rate and the increasing competition

【Breakdown of net interest income (domestic)】

| | (JPY Bn) | | |
|---------------------|----------|--------|-------|
| | FY13 | change | FY12 |
| Net interest income | 120.7 | (2.5) | 123.2 |
| Loans | 105.9 | (6.0) | 111.9 |
| Securities | 21.5 | 1.0 | 20.5 |
| Deposits & NCDs (-) | 5.1 | (2.2) | 7.4 |



Increase/decrease factors in net interest income

| | (JPY Bn) | |
|---------------------|----------|-------|
| | Balance | Rate |
| Loans | 0.8 | (6.9) |
| Securities | 0.2 | 0.7 |
| Deposits & NCDs (-) | 0.2 | (2.4) |

【Avg. balance (domestic)】

| | (JPY Bn) | | |
|-----------------|----------|--------|---------|
| | FY13 | change | FY12 |
| Loans | 7,323.2 | 59.8 | 7,263.4 |
| Securities | 2,380.2 | 30.8 | 2,349.4 |
| Deposits & NCDs | 10,065.8 | 338.8 | 9,727.0 |

【Avg. yeild (domestic)】

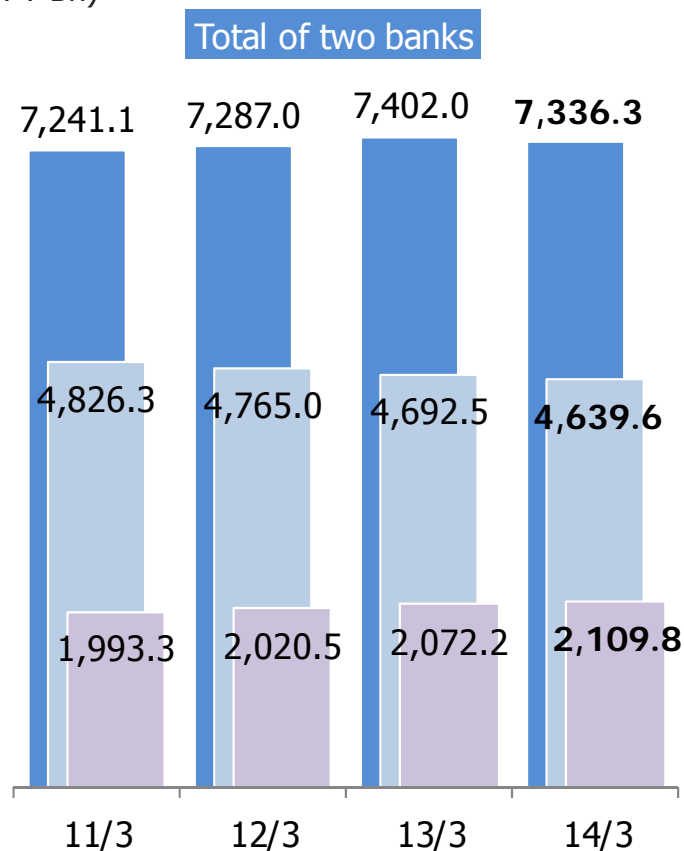
| | FY13 | change | FY12 |
|-----------------|-------|---------|-------|
| Loans | 1.44% | (0.10%) | 1.54% |
| Securities | 0.90% | 0.03% | 0.87% |
| Deposits & NCDs | 0.05% | (0.02%) | 0.07% |

Loan Portfolio

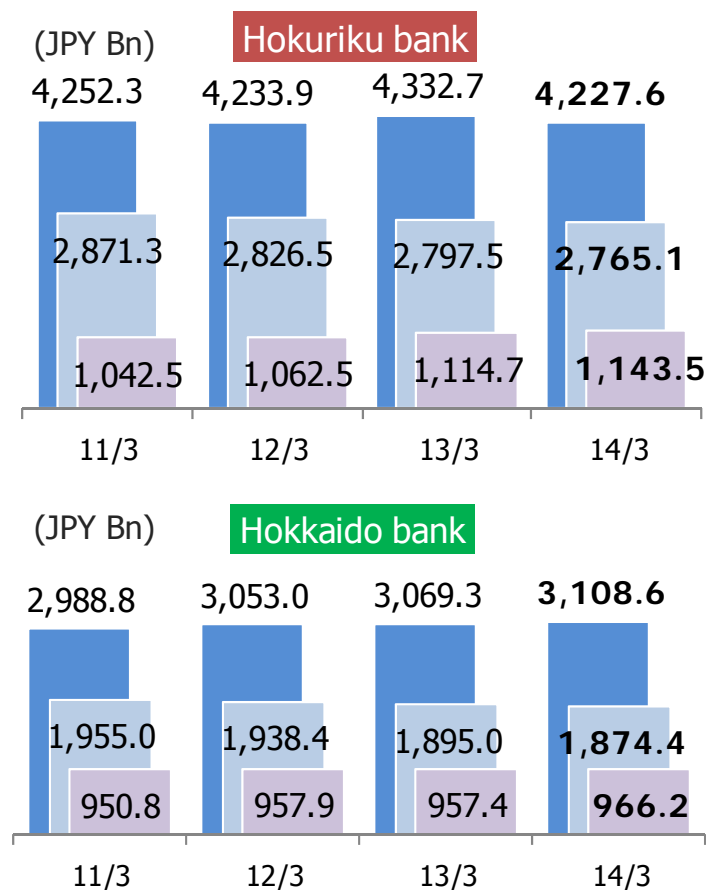
- Loans -¥65.7Bn (-0.88%) compared to Mar-13
- Loans to SMEs and consumers -¥52.9Bn (-1.12%) compared to Mar-13

【Balance of loans】

(JPY Bn)



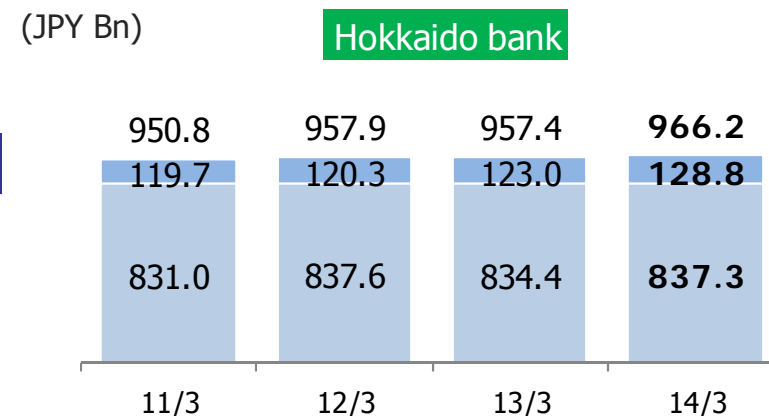
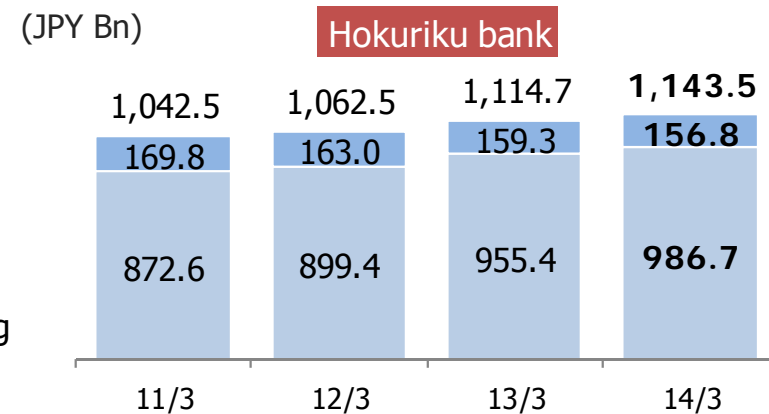
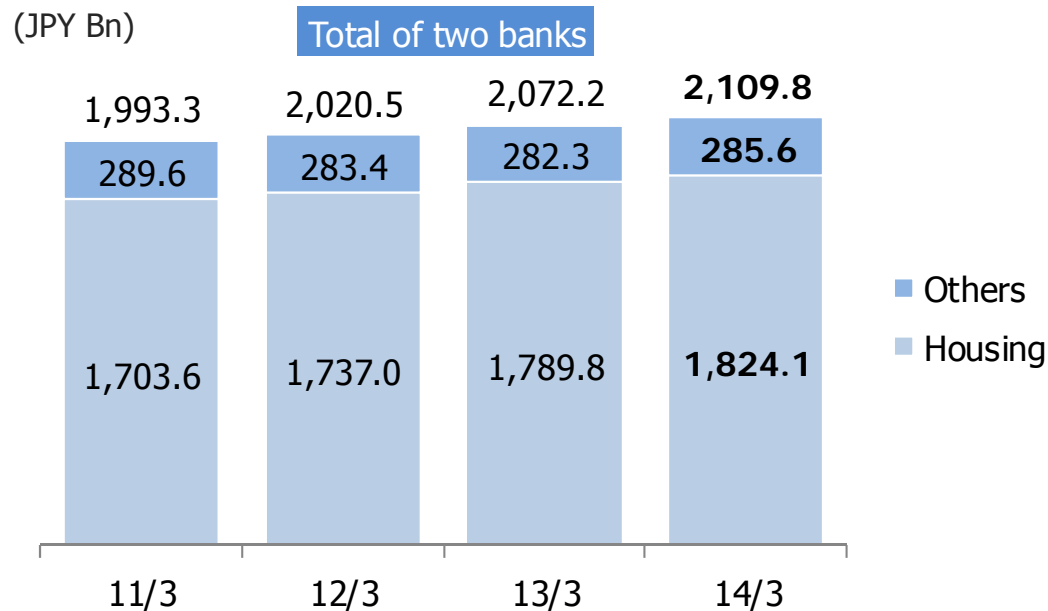
- Loans
- Loans to SMEs and consumers
- Consumer loans



Loan Portfolio

- Consumer loans +¥37.5Bn (+1.81%) compared to Mar-13
- Housing loans made +¥3.9Bn compared to FY12

【Balance of consumer loans】



【Sales amount of housing loans】

(JPY Bn)

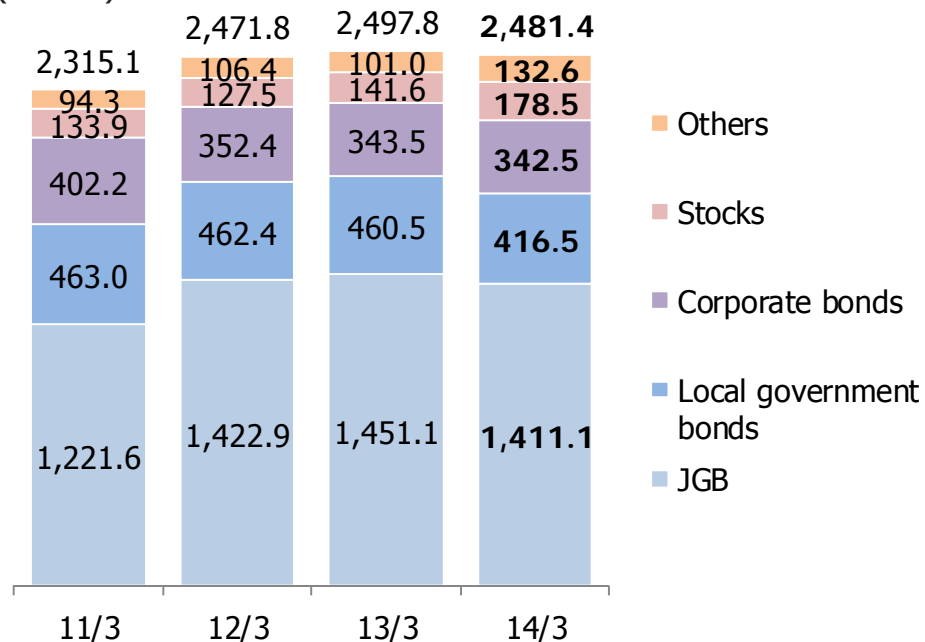
| | FY10 | FY11 | FY12 | FY13 |
|--|--------------|--------------|--------------|--------------|
| ■ Hokuriku bank | 96.1 | 99.8 | 114.2 | 117.9 |
| ■ Hokkaido bank | 93.2 | 88.1 | 80.6 | 80.9 |
| Total of two banks | 189.4 | 188.0 | 194.9 | 198.8 |

Securities Portfolio (Total of two banks)

- Balance of stocks increased while balance of yen-denominated bonds decreased
- Unrealized gains on available-for-sale securities increased

【Balance of securities】

(JPY Bn)



| Duration | 11/3 | 12/3 | 13/3 | 14/3 |
|----------|------|------|------|------|
| (year) | 3.88 | 4.18 | 3.88 | 3.45 |

※Duration of yen denominated bonds

【Valuation difference】

(JPY Bn)

| | 14/3 | change | 13/3 |
|-------------------------------|------|--------|------|
| Available-for-sale securities | 92.6 | 9.5 | 83.1 |
| Bonds | 40.5 | (6.4) | 46.9 |
| Stocks | 47.4 | 17.0 | 30.4 |
| Others | 4.6 | (1.0) | 5.6 |

【Balance, Yield, and Value at risk of yen-denominated bonds】

(JPY Bn)

| | 14/3 | change | 13/3 |
|--------------------------------|---------|---------|---------|
| Balance | 2,170.2 | (85.0) | 2,255.2 |
| Floating rate government bonds | 409.7 | 7.7 | 401.9 |
| Avg. yield | 0.71% | (0.07%) | 0.78% |
| VaR | 23.7 | (8.9) | 32.6 |

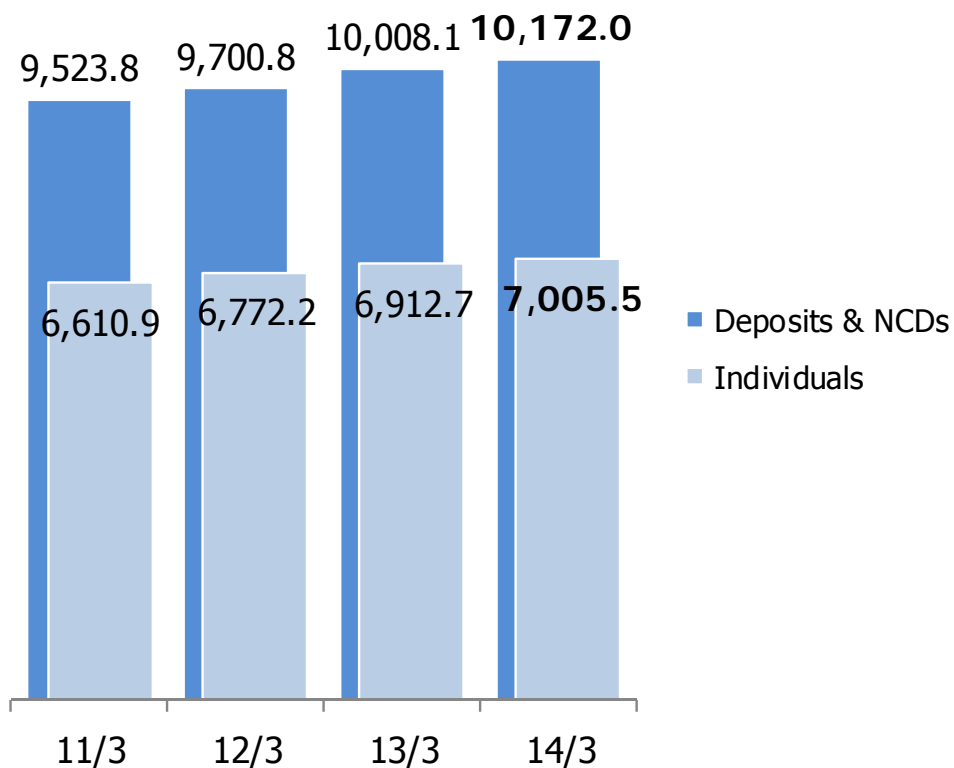
Deposits & NCDs

- Deposits and NCDs +¥163.8Bn (+1.64%) compared to Mar-13
- Individuals +¥92.8Bn (+1.34%) compared to Mar-13

【Balance of deposits & NCDs】

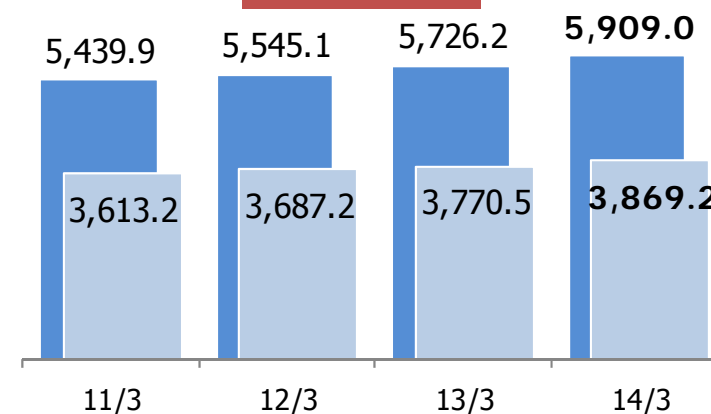
(JPY Bn)

Total of two banks



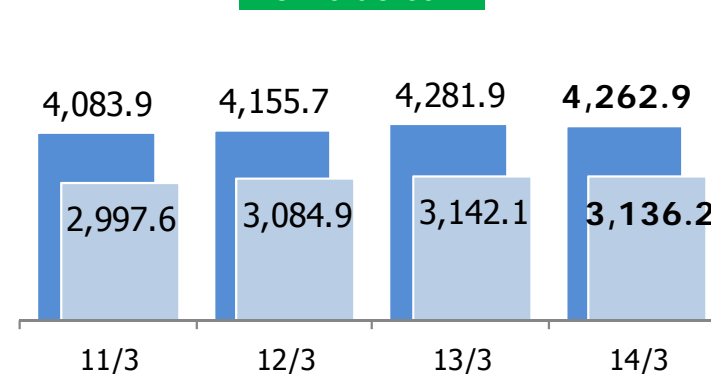
(JPY Bn)

Hokuriku bank



(JPY Bn)

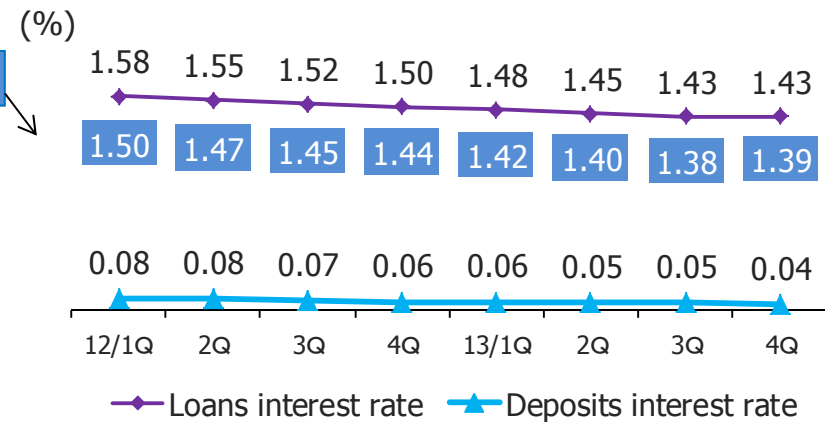
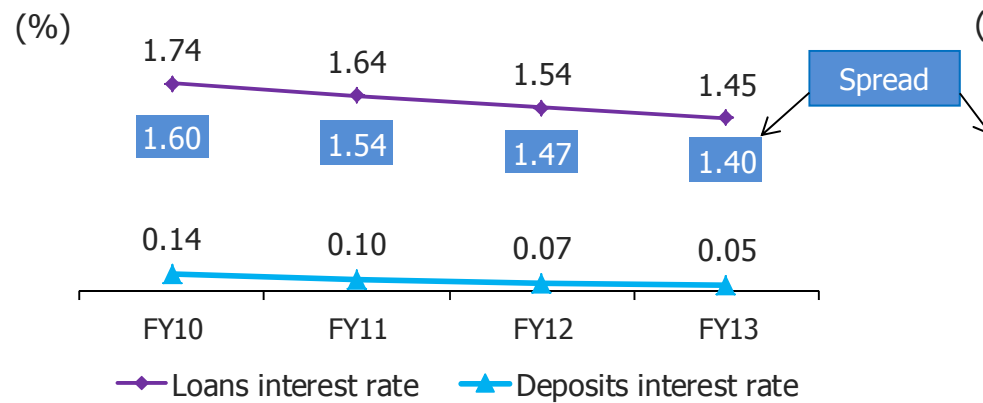
Hokkaido bank



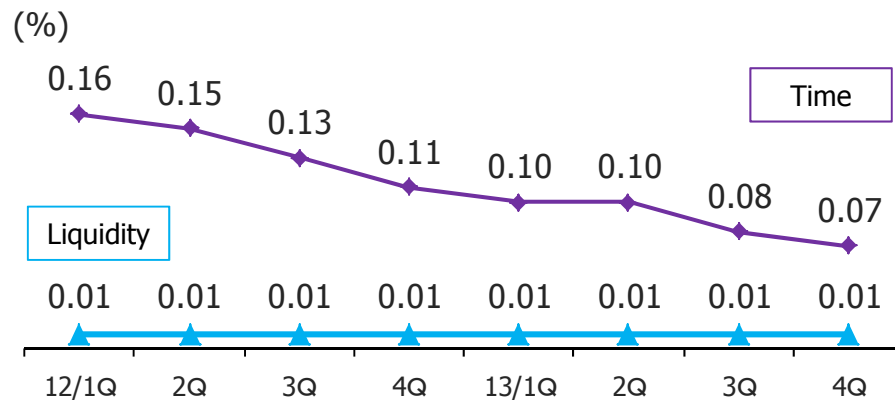
Interest Margins (Total of two banks)

- FY13 Loans interest rate **1.45% (-0.09% compared to FY12)**
- FY13 Deposits interest rate **0.05% (-0.02% compared to FY12)**

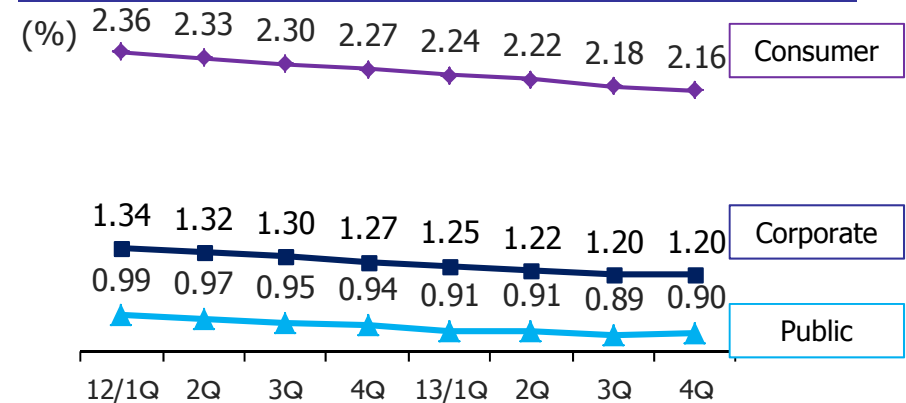
【Interest rate of yen dominated loans and deposits】



【Interest rate of yen dominated deposits】



【Interest rate of yen dominated loans】



Net Fees and Commissions Income (Total of two banks)

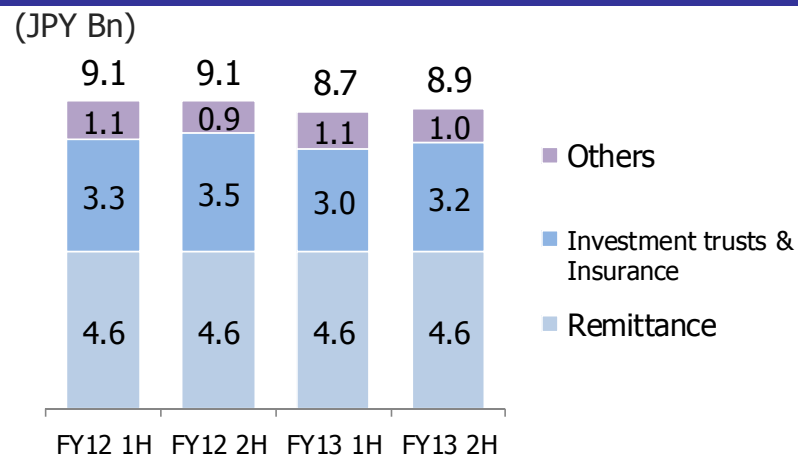
Sales of investment trusts increased while sales of insurance decreased

【Fee revenue】

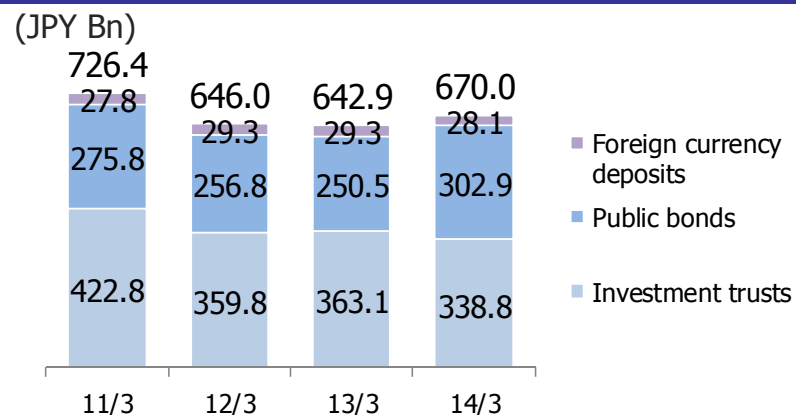
(JPY Bn)

| | FY13 | change | FY12 |
|---|--------|---------|--------|
| ① Net fees and commissions | 17.7 | (0.5) | 18.3 |
| Fees and commissions | 33.1 | (0.3) | 33.4 |
| Remittance | 11.1 | (0.1) | 11.2 |
| Investment trusts | 4.1 | 0.5 | 3.6 |
| Insurance | 2.1 | (1.1) | 3.2 |
| Fees and commissions payments | 15.4 | 0.2 | 15.1 |
| Remittance | 1.8 | 0.0 | 1.8 |
| Loan related expenses | 9.9 | 0.1 | 9.7 |
| ② Net trading income | 0.3 | 0.1 | 0.1 |
| ③ Net other income (excluding gains (losses) related to bonds) | 2.4 | (0.1) | 2.6 |
| Gains on foreign exchange transaction | 1.6 | 0.3 | 1.3 |
| Net income (expences) on derivatives | 0.8 | (0.2) | 1.0 |
| Net gains (losses) on bond option transaction | 0.0 | 0.3 | (0.3) |
| ④ Fee revenue ①+②+③ | 20.5 | (0.5) | 21.1 |
| ⑤ Core gross business profits | 142.2 | (3.2) | 145.5 |
| ⑥ Fee revenue ratio ④/⑤ | 14.44% | (0.08%) | 14.52% |

【Net fees and commissions】



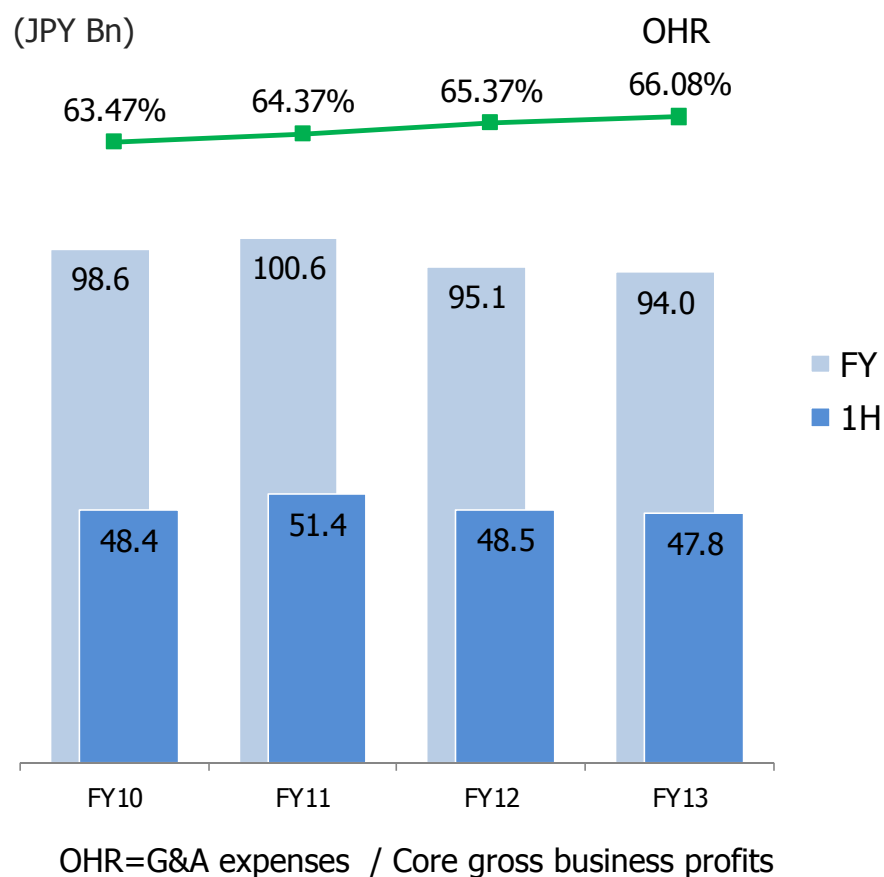
【Balance of investment products for individuals】



G&A Expenses (Total of two banks)

G&A expenses decreased due to the decrease in investment in IT system

【G&A expenses and OHR】



【Increase/decrease factors in G&A expenses】

(JPY Bn)

| | FY13 | change | FY12 |
|---------------|------|--------|------|
| Personnel | 44.3 | (0.3) | 44.6 |
| Non-personnel | 45.2 | (0.7) | 45.9 |
| Taxes | 4.4 | (0.0) | 4.4 |
| G&A expenses | 94.0 | (1.0) | 95.1 |

【Number of employees】

| | 14/3 | change | 13/3 |
|--|-------|--------|-------|
| Employees (excluding temporary staffs) | 5,138 | (46) | 5,184 |
| Temporary staffs | 3,129 | 2 | 3,127 |

Net Credit Costs (Total of two banks)

Net credit costs decreased due to the decrease in “Net transfer to specific allowance of loan losses”

【Increase/decrease factors in net credit costs】

| | (JPY Bn) | | |
|--|----------|----------|-------|
| | FY13 | change | FY12 |
| Net credit costs | (1.3) | (18.4) | 17.0 |
| Net transfer to general allowance for loan losses | (4.2) | - 5.2 | (5.2) |
| Credit related costs | (1.3) | (23.6) | 22.2 |
| Net transfer to specific allowance for loan losses | 2.1 | - (20.7) | 20.7 |
| Reversal of allowance for loan losses | >2.0 | 2.0 | — |

Increase/decrease factors of credit related costs

| | (JPY Bn) | | |
|------------------------------------|----------|--------|-------|
| | FY13 | change | FY12 |
| New downgrades | 11.5 | (19.5) | 31.1 |
| New upgrades | (1.2) | 4.1 | (5.3) |
| Decrease in collateral value, etc. | 2.0 | (2.2) | 4.2 |
| Collections, etc. | (13.7) | (5.9) | (7.7) |

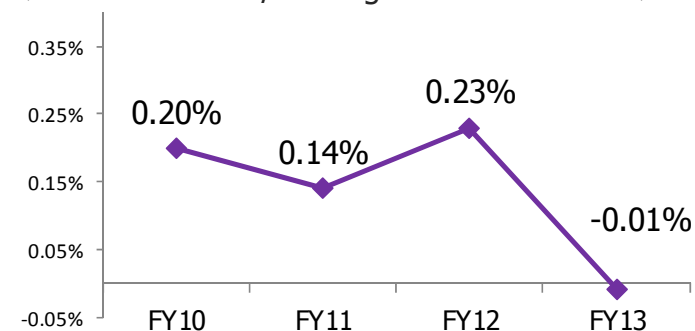
【Net credit costs】

(JPY Bn)



【Credit cost ratio】

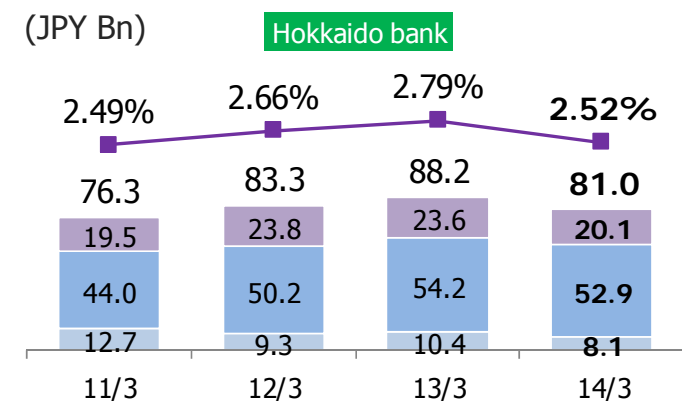
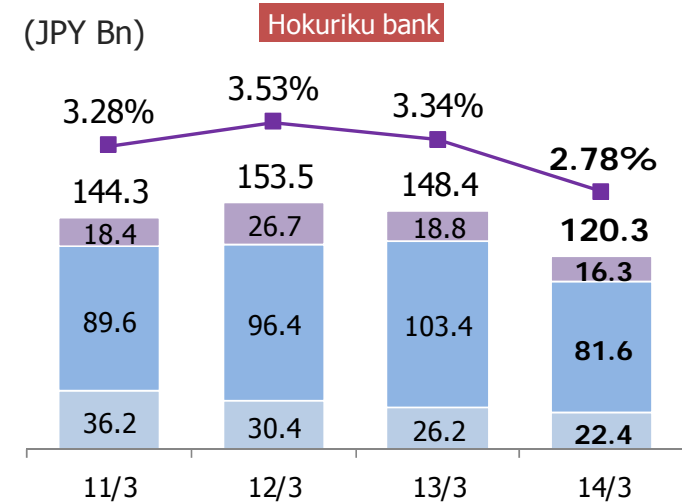
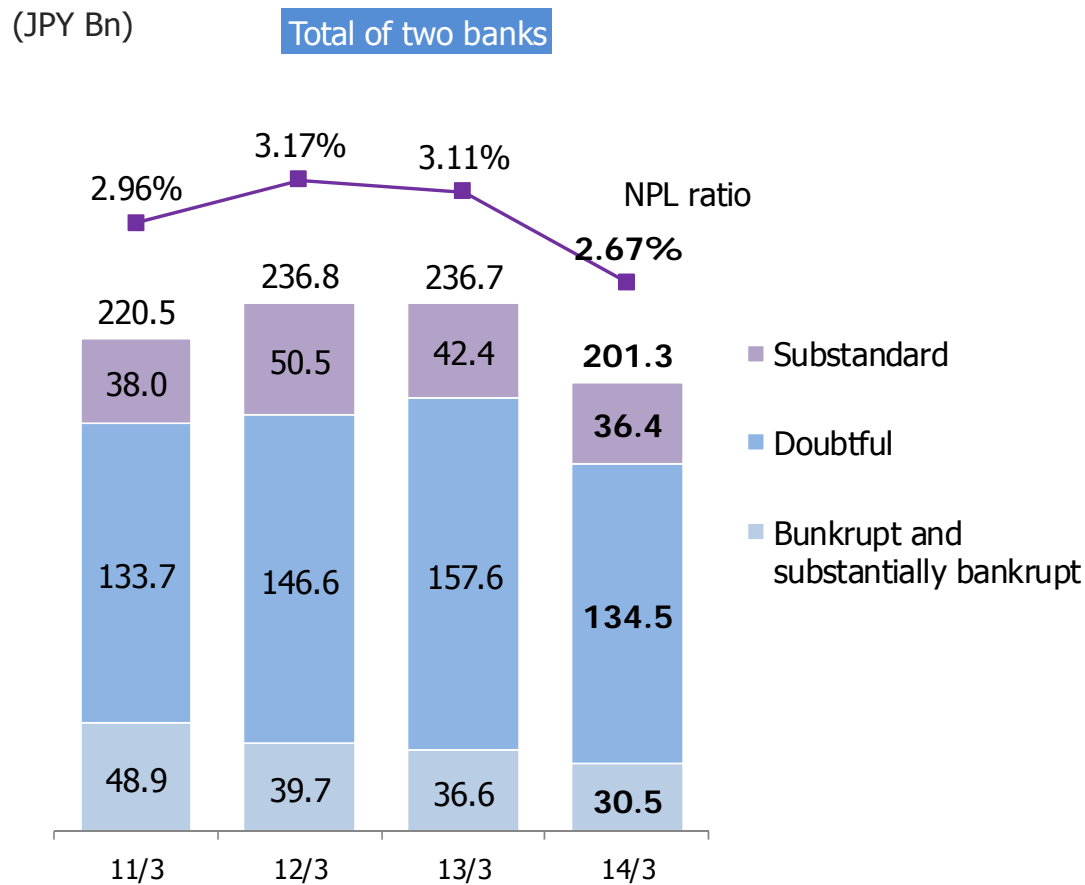
(Net credit costs / Average balance of loans)



Non-Performing Loan

NPL ratio 2.67% (-0.44% from Mar-13)

【Balance of non-performing loan】



Capital adequacy ratio 12.31%

【Capital adequacy ratio】

【Basel III, Domestic Standard】

| | (JPY Bn) | |
|---------------------------|----------|---------------------|
| [Consolidated] | 14/3 | Full implementation |
| Capital | 605.5 | 369.5 |
| Instruments and reserves | 627.9 | 401.7 |
| Regulatory adjustments(-) | 22.4 | 32.2 |
| Risk-weighted assets | 4,918.6 | 4,904.9 |
| Capital adequacy ratio | 12.31% | 7.53% |

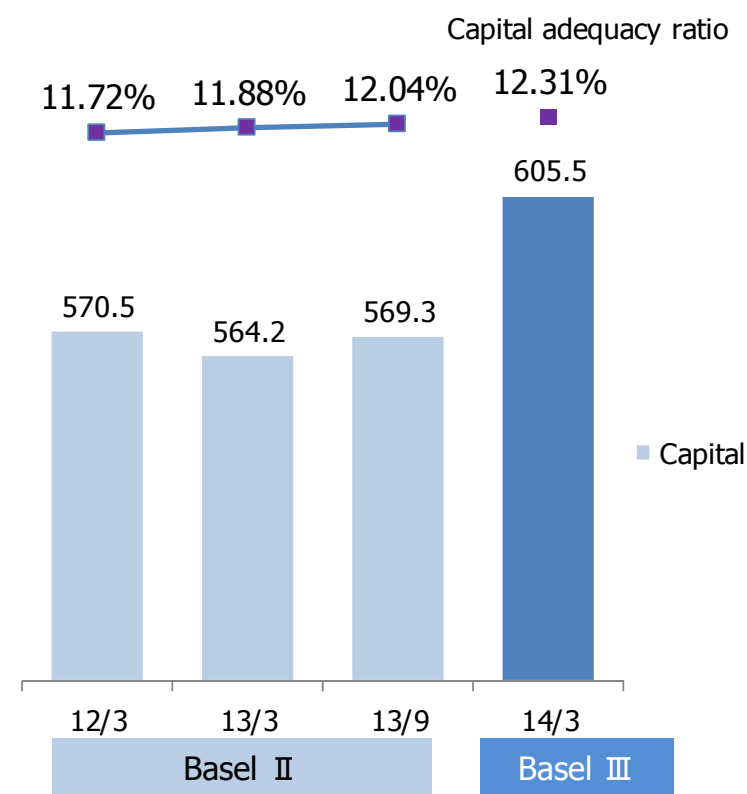
【Interest rate risk in banking book】

| | (JPY Bn) | | |
|--------------------------|----------|----------|--------|
| [Total of two banks] | 14/3 | change | 13/3 |
| Total interest rate risk | 11.8 | (58.3) | 70.2 |
| Outlier ratio | 1.96% | (10.48%) | 12.44% |

【Capital adequacy ratio】

(JPY Bn)

Consolidated



Forecasts

【Earnings forecasts for FY14】

(JPY Bn)

| [Consolidated] | Interim Forecasts | FY14 Forecasts | Change from FY13 |
|------------------|-------------------|----------------|------------------|
| Ordinary income | 89.5 | 179.0 | (11.9) |
| Ordinary profits | 13.5 | 28.0 | (21.4) |
| Net income | 7.5 | 16.0 | (11.3) |

【Dividend forecasts for FY14】

| | Interim | Year-end | Annual |
|--------------------------------------|---------|----------|--------|
| Dividend per common share | — | ¥4.00 | ¥4.00 |
| Dividend per preferred share (Type5) | ¥7.50 | ¥7.50 | ¥15.00 |

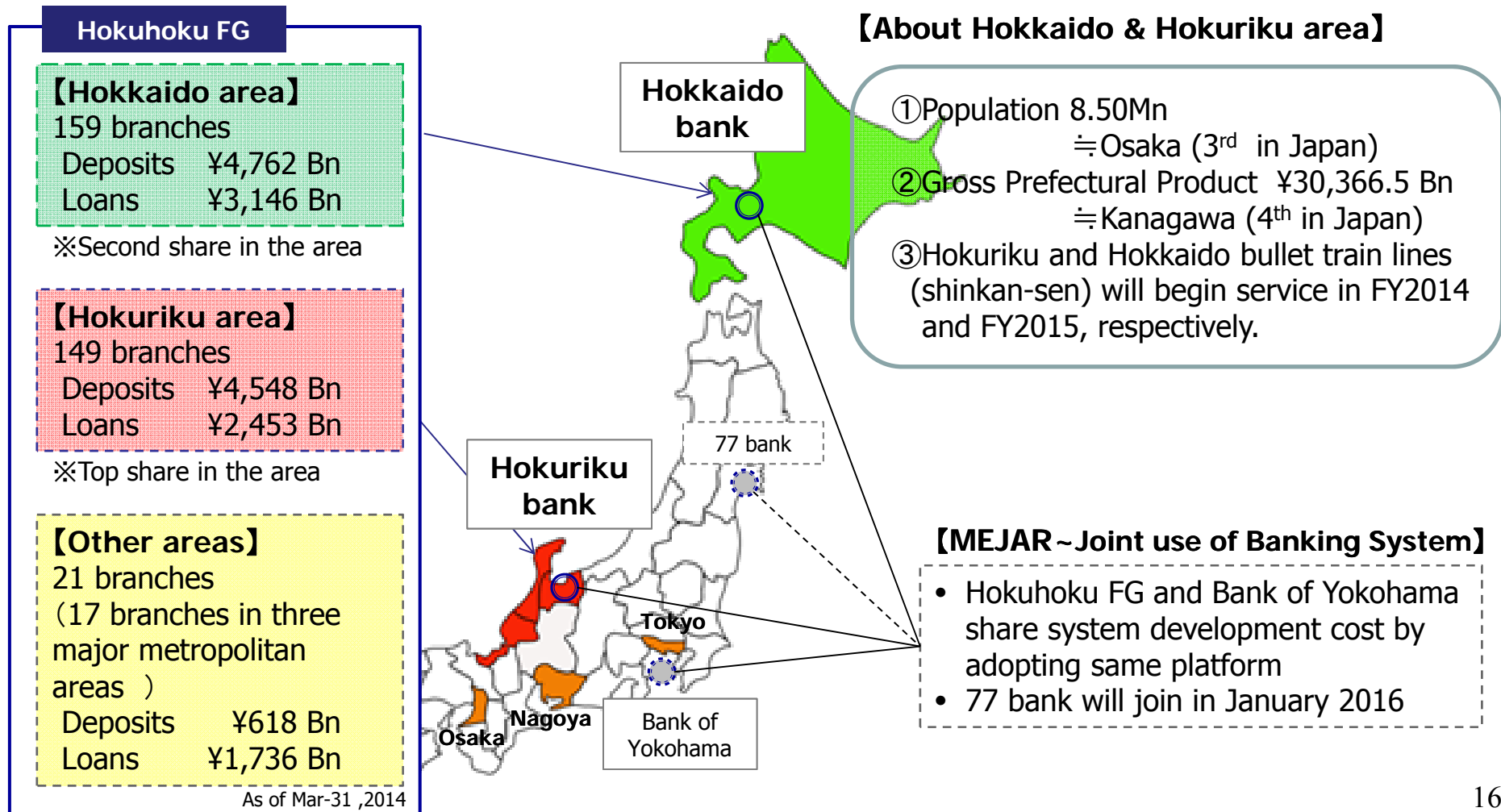
【Earnings forecasts for FY14】

| | Total of two banks | | | Hokuriku bank | | | Hokkaido bank | | |
|-----------------------------|--------------------|----------------|--------|-------------------|----------------|--------|-------------------|----------------|--------|
| | Interim Forecasts | FY14 Forecasts | Change | Interim Forecasts | FY14 Forecasts | Change | Interim Forecasts | FY14 Forecasts | Change |
| Ordinary income | 83.0 | 165.5 | (12.5) | 45.0 | 90.0 | (7.7) | 38.0 | 75.5 | (4.7) |
| Core gross business profits | 70.0 | 139.0 | (3.2) | 38.5 | 76.0 | (1.0) | 31.5 | 63.0 | (2.2) |
| G&A expenses | 48.0 | 95.0 | 0.9 | 26.0 | 51.0 | 0.4 | 22.0 | 44.0 | 0.5 |
| Core net business profits | 22.0 | 44.0 | (4.2) | 12.5 | 25.0 | (1.4) | 9.5 | 19.0 | (2.7) |
| Net credit costs | 5.5 | 11.0 | 12.3 | 3.0 | 6.0 | 10.2 | 2.5 | 5.0 | 2.1 |
| Ordinary profits | 14.5 | 29.0 | (19.5) | 8.5 | 16.5 | (13.9) | 6.0 | 12.5 | (5.5) |
| Net income | 9.0 | 18.0 | (9.5) | 5.0 | 10.0 | (7.8) | 4.0 | 8.0 | (1.6) |

Management Strategy

Our Domestic Network

- 329 branches extended in Hokkaido, Hokuriku and three major metropolitan areas
- Lower system related costs by joint use of “MEJAR” (Most Efficient Joint Advanced Regional banking system)



Our Overseas Network

- Support clients' overseas business development by our representative offices and alliance with other financial institutions
- Develop various services such as information offering and fundraising



Business Partnerships

【Japan】
Yamaguchi bank

【Great Britain】(Entire Asia)
Standard Chartered Bank

【China】
Bank of China, Bank of Communications, Bank of Shanghai

【Russia】
Savings Bank of the Russian Federation, VTB Bank, VTB 24 Bank

【Vietnam】
Vietcombank

【Indonesia】
Bank Negara Indonesia Tbk

【Thailand】
KASIKORN Bank

【Philippines】
Metrobank

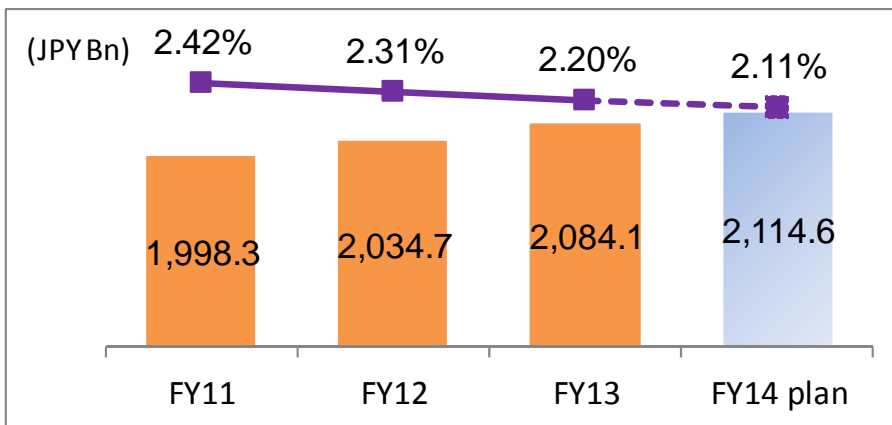
【India】
State Bank of India

【Germany】
Deutsche Bank

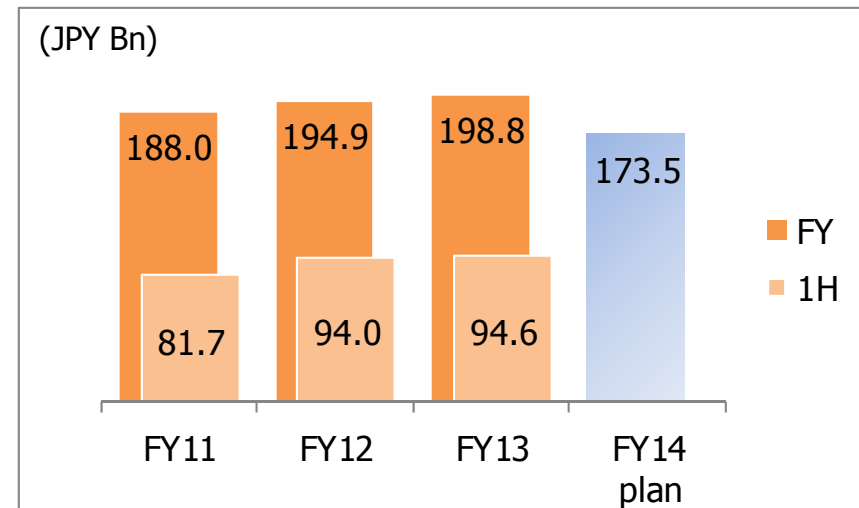
Consumer Loans

- Promotion of consumer loans by extending various products and taking aggressive sales and marketing measures in line with customer demands
- Improve interest margin by comparably high-yielding card loans and ensure solid earnings base

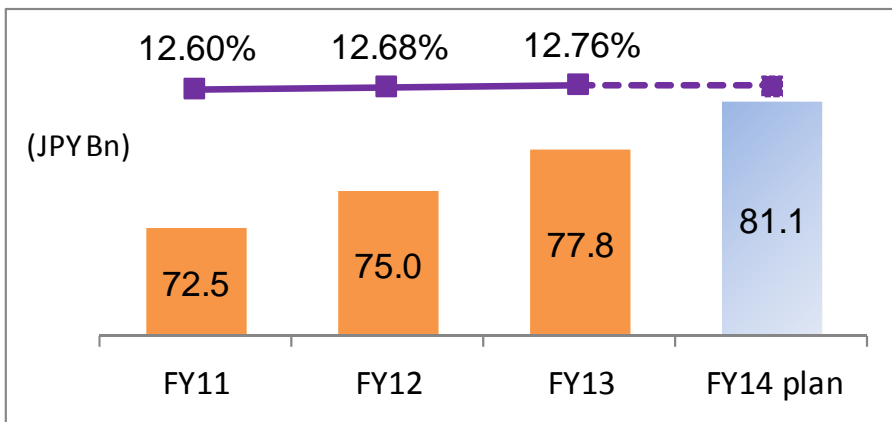
【Avg. balance and yield of consumer loans】



【Sales amount of housing loans】



【Avg. balance and yield of card loans】



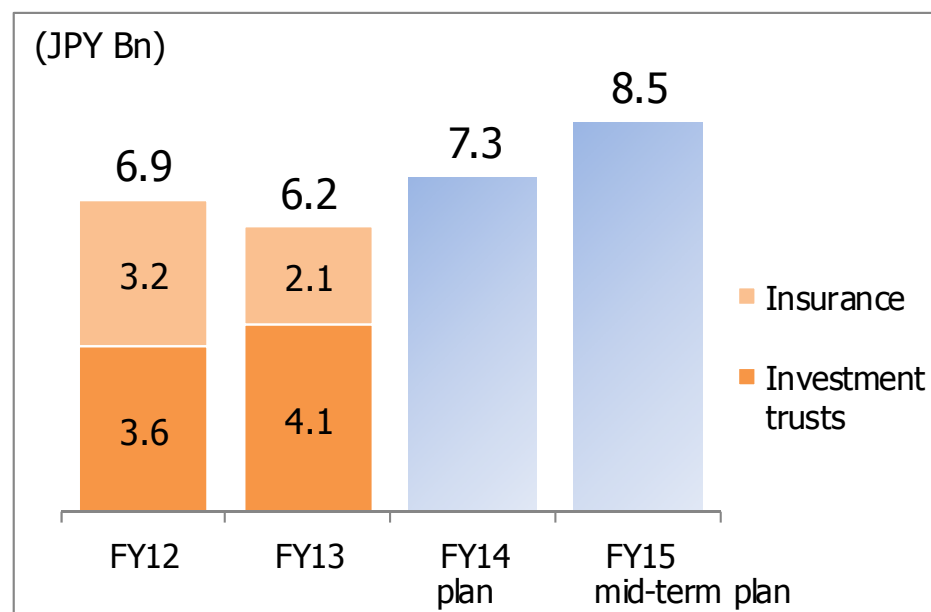
【Housing loans】

- Installation of more competitive products
- Active use of Housing Loan Plazas, where consulting counter opens on holidays
- Allocate staffs dedicated to promotion of housing loans and establish solid relationships with house constructors

Investment Products (Individuals)

- Make the best of marketing database and foster capable salesforces to offer quality solutions in line with customer needs for asset building and asset management
- Extend customer base by proposals of NISA account and sales of investment trusts through the internet

【Fees from investment products】



Sales amounts

| | (JPY Bn) | | |
|-------------------|-----------|--------|-------|
| | FY14 Plan | change | FY13 |
| Investment trusts | 148.4 | 42.2 | 106.1 |
| Insurance | 68.2 | 20.0 | 48.1 |

- Effective sales talks based on the marketing data of customers' financial event (e.g. large income and investment expiration)
- Extend customer base by increasing NISA account and introducing no-load investment trusts

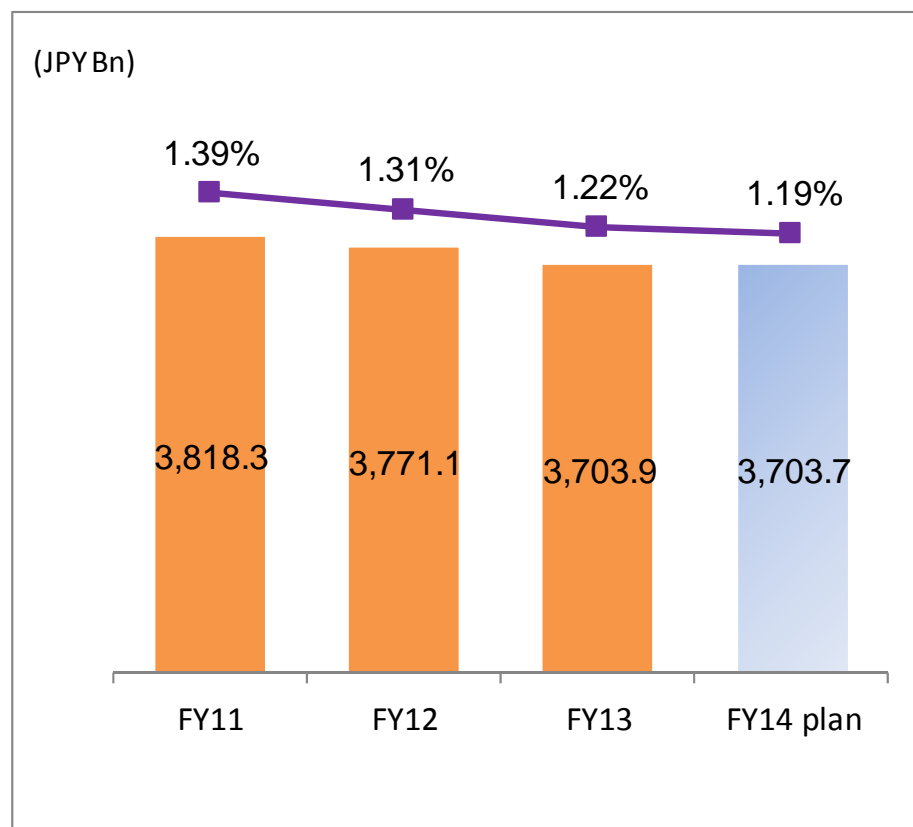
As of Mar-31, 2014

| | |
|---|--------|
| The number of NISA accounts | 29,240 |
| The number of NISA accounts / Total accounts of investment trusts | 14.2% |

- Promote sales of investment trusts via website
- Enhance sales method by fostering sales staffs dedicated to sales of investment products and improving sales skills by employee training (Hokuriku Bank)

Support business expansion in growing industries and offer solutions of business problems of corporate clients to create business opportunities and turn around declining financing needs

【Avg. balance and yield of corporate loans】



Work together for solutions of clients' business problems

- Business matching events and support of overseas business development
- M&A matching offering services in alliance with external organizations
- Management support by effective use of SME Business Rehabilitation Support Co-operatives (SRSC)

Overview of growing industries

| Renewable energy (JPY Bn) | | | |
|---------------------------|------|--------|------|
| | FY13 | change | FY12 |
| The number of loans made | 60 | 38 | 22 |
| Total amount | 10.5 | 8.8 | 1.7 |

| Medical and Welfare (JPY Bn) | | | |
|------------------------------|-------|--------|-------|
| | FY13 | change | FY12 |
| Balance of loans | 213.6 | 14.0 | 199.6 |

| Agriculture and Forestry (JPY Bn) | | | |
|-----------------------------------|------|--------|------|
| | FY13 | change | FY12 |
| Balance of loans | 29.9 | △ 0.4 | 30.4 |

Net Interest Income

- Deposit interest payment continues decreasing, but the effect is milder because deposit interest rate come close to the lower limit
- Increase balance of investment trusts and other high-yielding securities to absorb effect of decreased interest revenue

【Net interest income】

| | (JPY Bn) | | |
|---------------------|-----------|--------|-------|
| | FY14 plan | change | FY13 |
| Loans | 102.8 | (3.2) | 106.0 |
| Securities | 21.1 | (1.2) | 22.3 |
| Deposits&NCDs (-) | 4.4 | (0.9) | 5.3 |
| Net interest income | 118.6 | (3.1) | 121.7 |

【Investment plan of Securities】

| Avg.blance | (JPY Bn) | |
|------------|-----------|-------------------------|
| | FY14 plan | change compared to FY13 |
| Bonds | 2,137.5 | (70.2) |
| Stocks | 128.8 | 6.1 |
| Others | 164.6 | 55.3 |
| Total | 2,431.0 | (8.7) |

【Avg. balance】

| | (JPY Bn) | | |
|-------------------|-----------|--------|----------|
| | FY14 plan | change | FY13 |
| Loans | 7,384.0 | 40.0 | 7,344.0 |
| Securities | 2,431.0 | (8.7) | 2,439.7 |
| Deposits&NCDs (-) | 10,204.1 | 74.9 | 10,129.2 |

【Avg. yield】

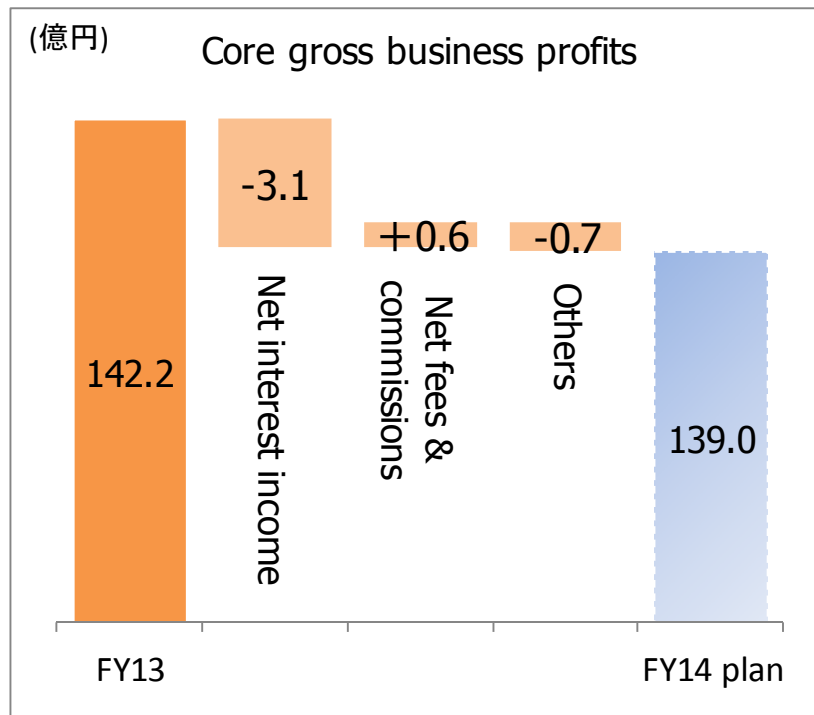
| | FY14 plan | change | FY13 |
|---------------|-----------|---------|-------|
| Loans | 1.39% | (0.05%) | 1.44% |
| Securities | 0.87% | (0.04%) | 0.91% |
| Deposits&NCDs | 0.04% | (0.01%) | 0.05% |

G&A Expenses

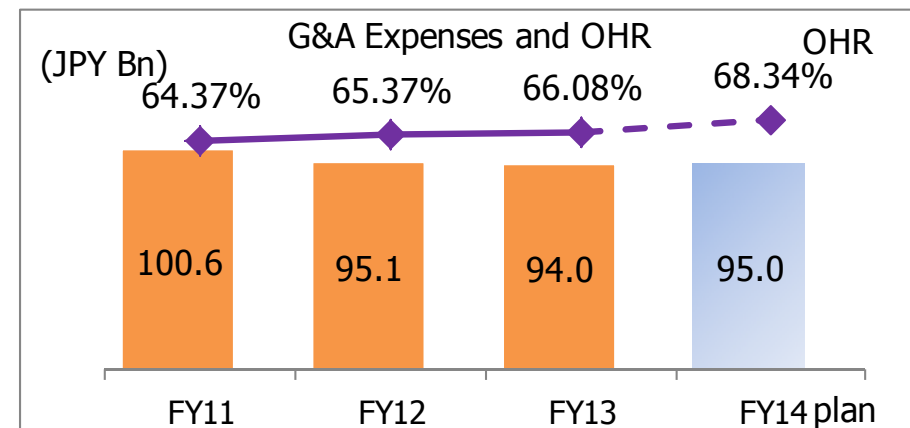
- Gross business profits was lower than that of previous fiscal year, mainly due to the decrease in net interest income.
- Pursue cost reduction to absorb the effect of revision in consumption tax.

【Core gross business profits】

- Core gross profits are estimated to be lower than that of previous fiscal year due to the decline in net interest income, in spite of forecasted increase in net fees and commissions.



- Expenses are expected to be stable around JPY 95Bn, since non-personnel expenses decrease after FY2012
- Enhance customer convenience and operational efficiency by investing in IT and branch network etc.
- 77 Bank to join alliance of consolidated use of banking system after Jan. 2016
⇒reduce cost of system usage and development

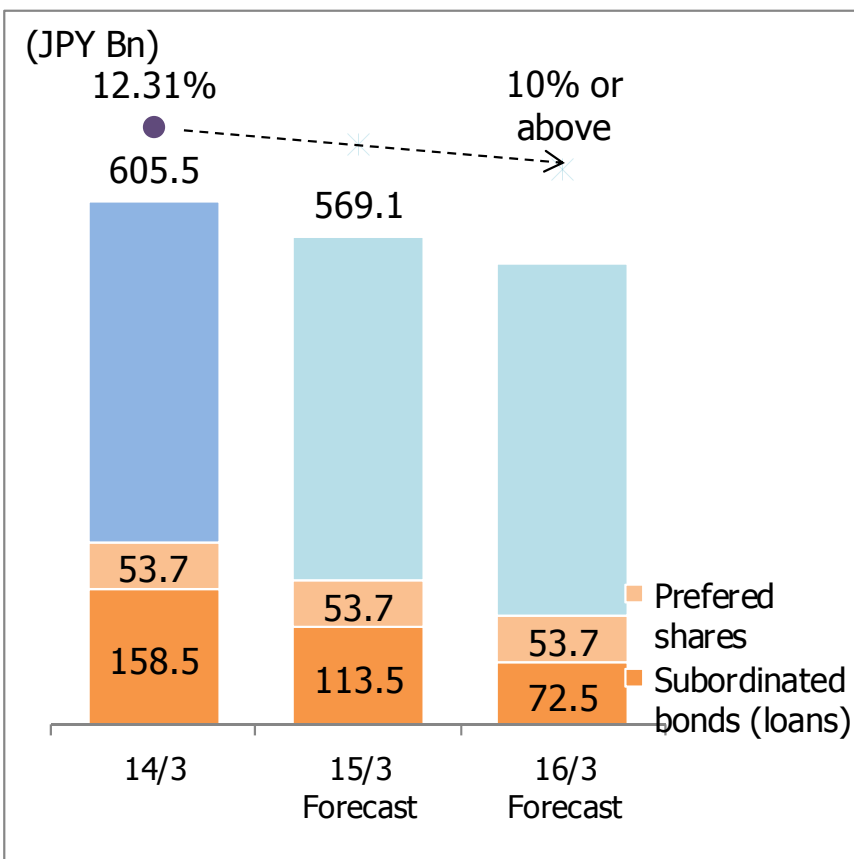


OHR : Gross business profit basis

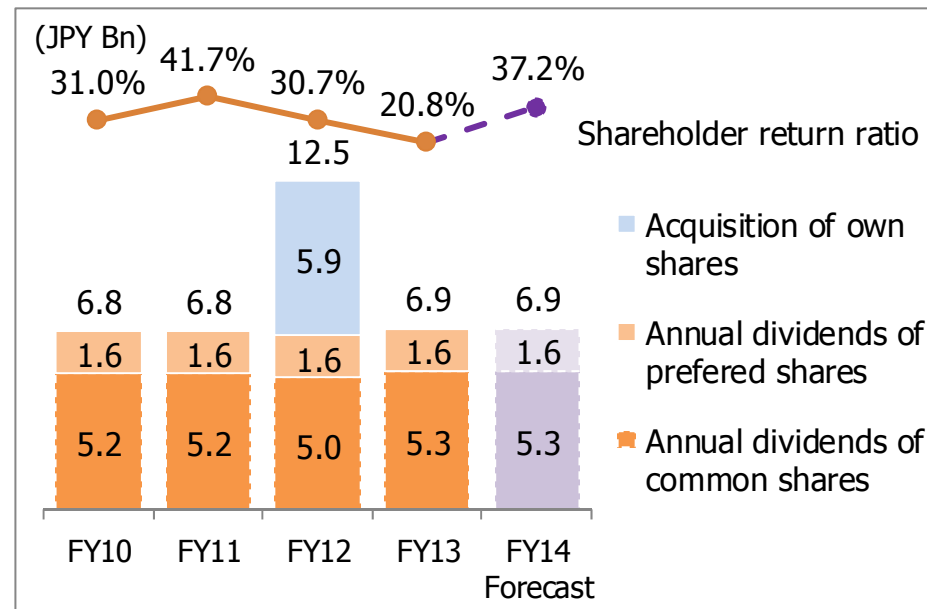
Capital Policy

- Maintain 10% or above of capital adequacy ratio in the end of FY 2015
- Accumulate internal reserve and control risk in asset to offset decrease of subordinated capital
- Year-end dividends are increased by ¥0.25 to ¥4.00 per common share

【Capital adequacy ratio】



【Shareholder returns】



Dividends per common share

(JPY)

| FY06 | FY07 | FY08 | FY09 | FY10~12 | FY13 | FY14 Forecasts |
|------|------|------|------|---------|------|----------------|
| 2.00 | 2.50 | 3.00 | 3.50 | 3.75 | 4.00 | 4.00 |

Medium-Term Management Plan “GO for IT !”

【The progress from April-2013 to March-2014】

| | FY12 | FY13 | FY14 plan | FY15 plan |
|---|--------------|---------------|---------------|---------------|
| Avg. balance of Deposits | ¥ 9,790.3 Bn | ¥ 10,129.2 Bn | ¥ 10,204.1 Bn | ¥ 10,110.0 Bn |
| Avg. balance of Loans | ¥ 7,277.8 Bn | ¥ 7,344.0 Bn | ¥ 7,384.0 Bn | ¥ 7,480.0 Bn |
| Core net business profits | ¥ 50.3 Bn | ¥ 48.2 Bn | ¥ 44.0 Bn | ¥ 47.0 Bn |
| Net income (Consolidated) | ¥ 18.1 Bn | ¥ 27.3 Bn | ¥ 16.0 Bn | ¥ 18.5 Bn |
| Capital adequacy ratio (Consolidated) | 11.88% | 12.31% | 11% or above | 10% or above |
| OHR (Core gross business profits basis) | 65.37% | 66.08% | 68.34% | 67.00% |
| NPL ratio | 3.11% | 2.67% | | Below 3% |

Appendix

About Hokuhoku FG ①

Outline of Hokuhoku FG and Two Banks

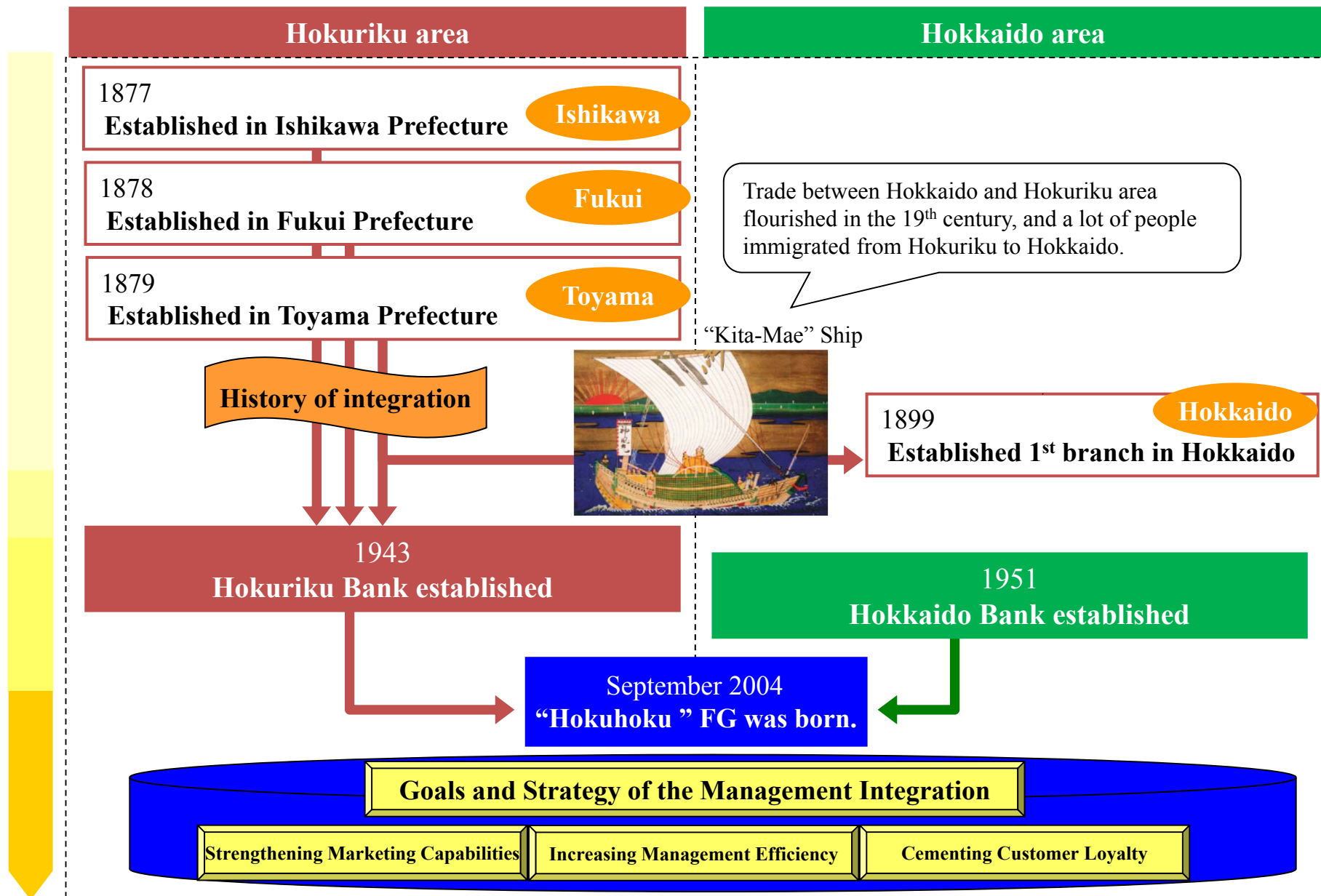


(As of March 31, 2014)

| | Hokuhoku FG | Hokuriku Bank | Hokkaido Bank |
|-----------------------------------|---|---|---|
| Date of establishment | September 26, 2003 | July 31, 1943 (Started business in 1877) | March 5, 1951 |
| Location of head office | 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 1,351,630,146 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) ¥ 11,114.8 billion | ¥ 6,460.3 billion | ¥ 4,599.0 billion |
| Deposits & NCD | (consolidated) ¥ 10,147.8 billion | ¥ 5,909.0 billion | ¥ 4,262.9 billion |
| Loans | (consolidated) ¥ 7,323.2 billion | ¥ 4,227.6 billion | ¥ 3,108.6 billion |
| Capital adequacy ratio | (consolidated) 12.31% | (non-consolidated) 12.40% | (non-consolidated) 10.76% |
| Employees | 63 (13 fulltime workers) | 2,795 | 2,343 |
| Ratings | A (R&I)、A (JCR) | A (R&I)、A (JCR) | A (R&I)、A (JCR) |
| Branches (Domestic) (Overseas) | | 145 branches, 43 sub-branches 6 representative offices | 134 branches, 7 sub-branches 3 representative offices |

About Hokuhoku FG ②

History of Hokuhoku FG



About Hokuhoku FG ③

Historical Data (Hokuhoku FG)



(JPY Bn)

| | FY2009 | FY2010 | FY2010 | FY2011 | FY2011 | FY2012 | FY2012 | FY2013 | FY2013 |
|--|-----------|---------|-----------|---------|-----------|---------|-----------|----------|-----------|
| <Consolidated> | Full year | Interim | Full year | Interim | Full year | Interim | Full year | Interim | Full year |
| Ordinary income | 226.7 | 109.2 | 214.6 | 105.7 | 207.9 | 105.7 | 199.1 | 95.2 | 190.9 |
| Ordinary profits | 35.4 | 18.0 | 37.2 | 18.9 | 38.8 | 8.9 | 29.3 | 23.5 | 49.4 |
| Net income | 19.2 | 10.0 | 18.4 | 8.9 | 14.1 | 6.1 | 18.1 | 12.3 | 27.3 |
| Capital adequacy ratio | 10.83% | 11.39% | 11.29% | 11.57% | 11.72% | 11.90% | 11.88% | 12.04% | 12.31% |
| <Total of two banks> * Total of two banks + Hokugin Corp. | | | | | | | | | |
| Core gross business profits | 160.9 | 76.0 | 155.4 | 77.3 | 156.3 | 73.5 | 145.5 | 71.5 | 142.2 |
| General & administrative expenses | 94.4 | 48.4 | 98.6 | 51.4 | 100.6 | 48.5 | 95.1 | 47.8 | 94.0 |
| Core net business profits | 66.4 | 27.6 | 56.7 | 25.9 | 55.7 | 25.0 | 50.3 | 23.7 | 48.2 |
| Net gains(losses) related to securities | 0.2 | 0.8 | (1.0) | 1.2 | (1.4) | (3.5) | 0.4 | 1.0 | 2.2 |
| Credit costs | 25.5 | 8.3 | 14.5 | 6.4 | 10.4 | 10.4 | 17.0 | 0.0 | (1.3) |
| Ordinary profits | 36.8 | 18.8 | 37.0 | 19.3 | 40.5 | 9.4 | 30.0 | 23.3 | 48.5 |
| Net income | 26.0 | 11.1 | 19.6 | 9.8 | 16.6 | 7.0 | 19.5 | 12.6 | 27.5 |
| ROA | 0.68% | 0.54% | 0.56% | 0.49% | 0.53% | 0.47% | 0.47% | 0.43% | 0.44% |
| OHR | 58.68% | 63.67% | 63.47% | 66.46% | 64.37% | 65.98% | 65.37% | 66.87% | 66.08% |
| Loans * | 6,993.6 | 6,966.7 | 7,241.1 | 7,236.1 | 7,287.0 | 7,313.8 | 7,402.0 | 7,369.6 | 7,336.3 |
| Deposits (including NCD) | 9,120.3 | 9,223.9 | 9,523.8 | 9,534.7 | 9,700.8 | 9,787.6 | 10,008.1 | 10,089.4 | 10,172.0 |
| Securities | 2,015.0 | 2,204.1 | 2,315.1 | 2,465.8 | 2,471.8 | 2,392.6 | 2,497.8 | 2,540.4 | 2,481.4 |
| Non performing loan * | 215.2 | 214.4 | 220.5 | 229.8 | 236.8 | 252.1 | 236.7 | 216.1 | 201.3 |
| NPL ratio * | 2.98% | 2.98% | 2.96% | 3.08% | 3.17% | 3.36% | 3.11% | 2.85% | 2.67% |

About Hokuhoku FG ④

Historical Data (Hokuriku Bank)



(JPY Bn)

| | FY2009 Full year | FY2010 Interim | FY2010 Full year | FY2011 Interim | FY2011 Full year | FY2012 Interim | FY2012 Full year | FY2013 Interim | FY2013 Full year |
|---|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Ordinary income | 113.7 | 55.0 | 108.8 | 54.0 | 105.4 | 56.2 | 103.0 | 48.5 | 97.7 |
| Core gross business profits | 90.1 | 44.1 | 88.5 | 45.2 | 88.5 | 42.4 | 82.3 | 38.9 | 77.0 |
| General & administrative expenses | 51.8 | 26.5 | 53.8 | 27.7 | 54.2 | 25.9 | 50.9 | 25.8 | 50.5 |
| Core net business profits | 38.3 | 17.5 | 34.6 | 17.4 | 34.3 | 16.4 | 31.4 | 13.0 | 26.4 |
| Net gains(losses) related to securities | (2.4) | (2.0) | (2.8) | (1.0) | (1.1) | (3.6) | (1.2) | 0.6 | 1.6 |
| Credit costs | 13.4 | 2.9 | 7.1 | 1.9 | 4.4 | 9.5 | 9.3 | (0.9) | (4.2) |
| Ordinary profits | 19.9 | 12.1 | 22.9 | 13.8 | 27.4 | 2.3 | 18.3 | 13.9 | 30.4 |
| Net income | 15.6 | 7.2 | 11.9 | 6.9 | 11.4 | 1.9 | 12.3 | 7.2 | 17.8 |
| Capital adequacy ratio | 10.80% | 11.27% | 11.32% | 11.62% | 11.85% | 11.89% | 11.78% | 11.95% | 12.40% |
| ROA | 0.68% | 0.60% | 0.59% | 0.58% | 0.57% | 0.55% | 0.52% | 0.42% | 0.42% |
| OHR | 57.48% | 60.16% | 60.85% | 61.32% | 61.25% | 61.17% | 61.84% | 66.39% | 65.65% |
| Loans * | 4,142.6 | 4,109.2 | 4,252.3 | 4,205.7 | 4,233.9 | 4,245.5 | 4,332.7 | 4,271.2 | 4,227.6 |
| Deposits (including NCD) | 5,306.7 | 5,292.6 | 5,439.9 | 5,416.5 | 5,545.1 | 5,541.2 | 5,726.2 | 5,796.8 | 5,909.0 |
| Securities | 1,015.9 | 1,088.4 | 1,217.5 | 1,285.7 | 1,315.4 | 1,178.2 | 1,269.6 | 1,296.1 | 1,238.3 |
| Non performing loan * | 147.3 | 146.1 | 144.3 | 153.1 | 153.5 | 168.1 | 148.4 | 134.2 | 120.3 |
| NPL ratio * | 3.42% | 3.43% | 3.28% | 3.52% | 3.53% | 3.86% | 3.34% | 3.06% | 2.78% |

* Hokuriku Bank + Hokugin Corp.

About Hokuhoku FG ⑤

Historical Data (Hokkaido Bank)



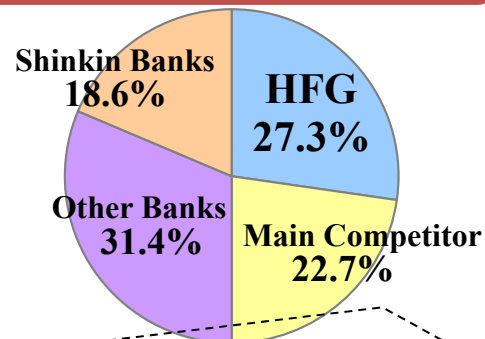
(JPY Bn)

| | FY2009 Full year | FY2010 Interim | FY2010 Full year | FY2011 Interim | FY2011 Full year | FY2012 Interim | FY2012 Full year | FY2013 Interim | FY2013 Full year |
|---|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Ordinary income | 93.7 | 44.8 | 87.0 | 43.2 | 87.5 | 42.3 | 81.6 | 40.2 | 80.2 |
| Core gross business profits | 70.8 | 31.9 | 66.8 | 32.1 | 67.8 | 31.0 | 63.1 | 32.6 | 65.2 |
| General & administrative expenses | 42.6 | 21.8 | 44.7 | 23.7 | 46.4 | 22.5 | 44.2 | 21.9 | 43.4 |
| Core net business profits | 28.1 | 10.0 | 22.1 | 8.4 | 21.4 | 8.5 | 18.9 | 10.6 | 21.7 |
| Net gains(losses) related to securities | 2.7 | 2.9 | 1.7 | 2.2 | (0.2) | 0.1 | 1.7 | 0.3 | 0.6 |
| Credit costs | 12.0 | 5.3 | 7.4 | 4.4 | 5.9 | 0.8 | 7.6 | 0.9 | 2.8 |
| Ordinary profits | 16.9 | 6.6 | 14.1 | 5.4 | 13.1 | 7.1 | 11.6 | 9.4 | 18.0 |
| Net income | 10.3 | 3.9 | 7.7 | 2.9 | 5.2 | 5.0 | 7.2 | 5.4 | 9.6 |
| Capital adequacy ratio | 10.19% | 10.68% | 10.59% | 10.57% | 10.80% | 11.05% | 11.23% | 11.08% | 10.76% |
| ROA | 0.68% | 0.47% | 0.51% | 0.37% | 0.47% | 0.37% | 0.41% | 0.45% | 0.47% |
| OHR | 60.21% | 68.53% | 66.93% | 73.69% | 68.44% | 72.57% | 69.98% | 67.44% | 66.60% |
| Loans | 2,851.0 | 2,857.4 | 2,988.8 | 3,030.4 | 3,053.0 | 3,068.3 | 3,069.3 | 3,098.4 | 3,108.6 |
| Deposits (including NCD) | 3,813.6 | 3,931.3 | 4,083.9 | 4,118.2 | 4,155.7 | 4,246.4 | 4,281.9 | 4,292.6 | 4,262.9 |
| Securities | 999.1 | 1,115.7 | 1,097.6 | 1,180.1 | 1,156.4 | 1,214.4 | 1,228.2 | 1,244.3 | 1,243.1 |
| Non performing loan | 67.9 | 68.3 | 76.3 | 76.7 | 83.3 | 84.0 | 88.2 | 81.9 | 81.0 |
| NPL ratio | 2.32% | 2.33% | 2.49% | 2.47% | 2.66% | 2.66% | 2.79% | 2.56% | 2.52% |

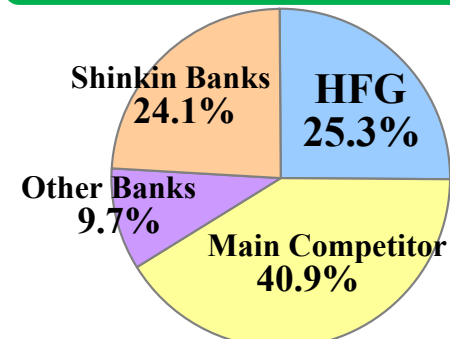
About Hokuhoku FG ⑥

Market Share in Our Home Market (Loans, Sep-13)

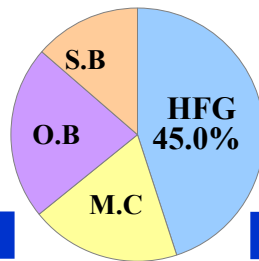
Hokuriku Area



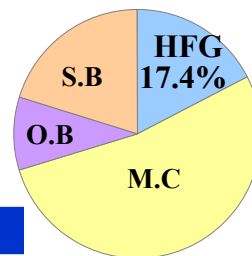
Hokkaido Area



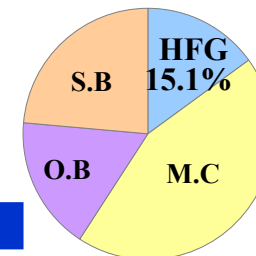
Toyama



Ishikawa



Fukui



*Data of the Main Competitor and Other banks are estimated figures

(JPY Bn)

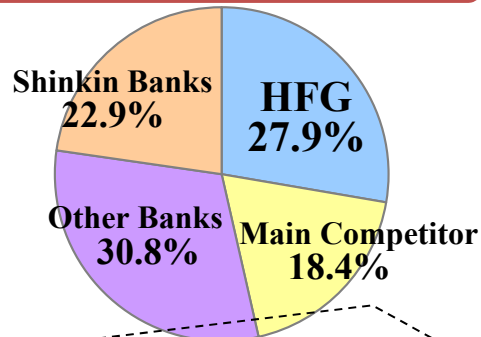
| | Hokuriku Area | | | | Hokkaido Area |
|---|------------------------------------|------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| | Toyama Pref. | Ishikawa Pref. | Fukui Pref. | | |
| Banks | 7,205.5(81.4%) | 2,912.3(86.4%) | 2,626.5(79.8%) | 1,666.7(76.3%) | 9,317.3(75.9%) |
| Hokuhoku FG(HFG) | 2,418.3(27.3%) | 1,518.0(45.0%) | 571.3(17.4%) | 328.9(15.1%) | 3,111.2(25.3%) |
| Hokuriku Bank (Loans + Securitized loans) | 2,418.3(27.3%) (2,436.7) | 1,518.0(45.0%) (1,529.2) | 571.3(17.4%) (576.9) | 328.9(15.1%) (330.5) | 506.2(4.1%) (506.2) |
| Hokkaido Bank | 0(0.0%) | 0(0.0%) | 0(0.0%) | 0(0.0%) | 2,605.0(21.2%) |
| Main Competitor | 2,004.2(22.7%) | 645.4(19.1%) | 1,746.2(53.0%) | 961.2(44.0%) | 5,021.6(40.9%) |
| Shinkin Banks | 1,642.5(18.6%) | 458.7(13.6%) | 665.8(20.2%) | 517.8(23.7%) | 2,956.6(24.1%) |
| Total | 8,848.0(100 %) | 3,371.0(100 %) | 3,292.3(100%) | 2,184.5(100%) | 12,273.9(100%) |

About Hokuhoku FG ⑦

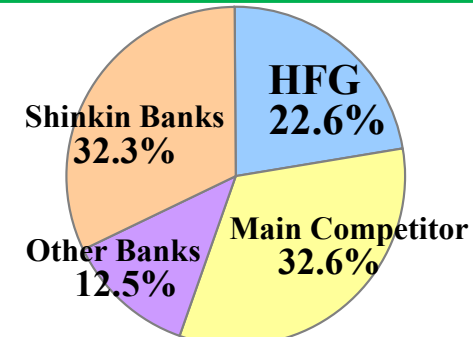
Market Share in Our Home Market (Deposits, Sep-13)



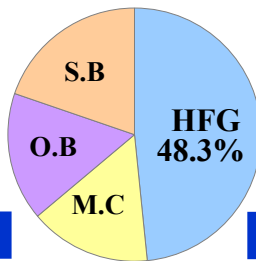
Hokuriku Area



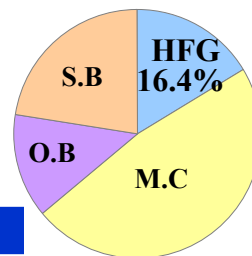
Hokkaido Area



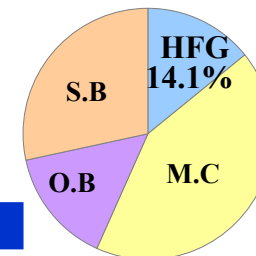
Toyama



Ishikawa



Fukui



*Data of the Main Competitor and Other banks are estimated figures

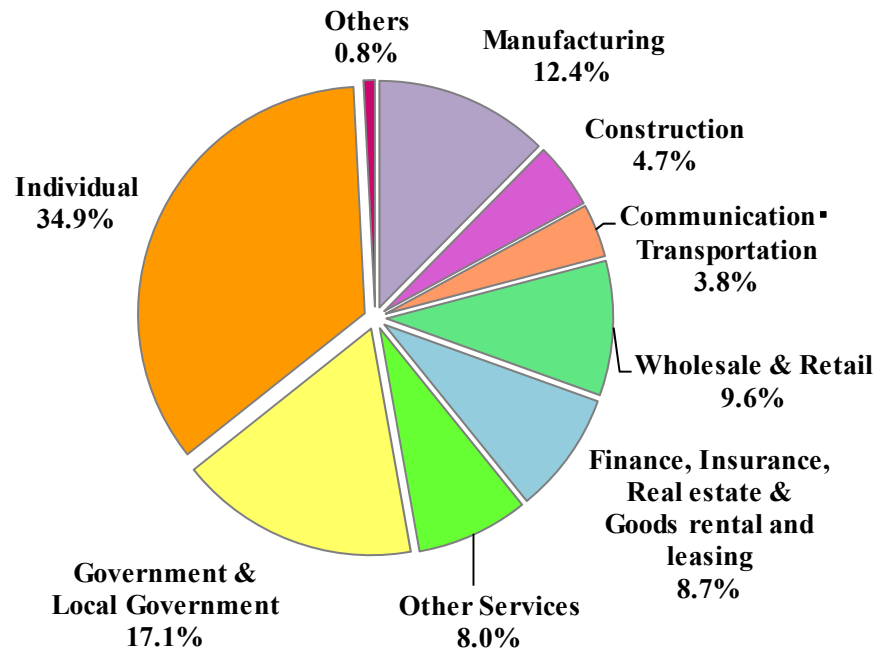
(JPY Bn)

| | Hokuriku Area | | | | Hokkaido Area |
|------------------|-----------------|----------------|----------------|----------------|-----------------|
| | | Toyama Pref. | Ishikawa Pref. | Fukui Pref. | |
| Banks | 12,153.8(77.1%) | 4,803.9(80.3%) | 4,441.0(77.5%) | 2,908.9(71.7%) | 14,265.3(67.7%) |
| Hokuhoku FG(HFG) | 4,403.0(27.9%) | 2,890.4(48.3%) | 938.5(16.4%) | 574.0(14.1%) | 4,775.2(22.6%) |
| Hokuriku Bank | 4,403.0(27.9%) | 2,890.4(48.3%) | 938.5(16.4%) | 574.0(14.1%) | 573.5(2.7%) |
| Hokkaido Bank | 0(0.0%) | 0(0.0%) | 0(0.0%) | 0(0.0%) | 4,201.7(19.9%) |
| Main Competitor | 2,898.9(18.4%) | 927.3(15.5%) | 2,715.1(47.4%) | 1,734.0(42.7%) | 6,869.7(32.6%) |
| Shinkin Banks | 3,614.6(22.9%) | 1,175.9(19.7%) | 1,289.6(22.5%) | 1,149.0(28.3%) | 6,819.1(32.3%) |
| Total | 15,768.4(100%) | 5,979.8(100%) | 5,730.6(100%) | 4,057.9(100%) | 21,084.4(100%) |

About Hokuhoku FG ⑧
Lending in the Region by Industry (Mar-14)

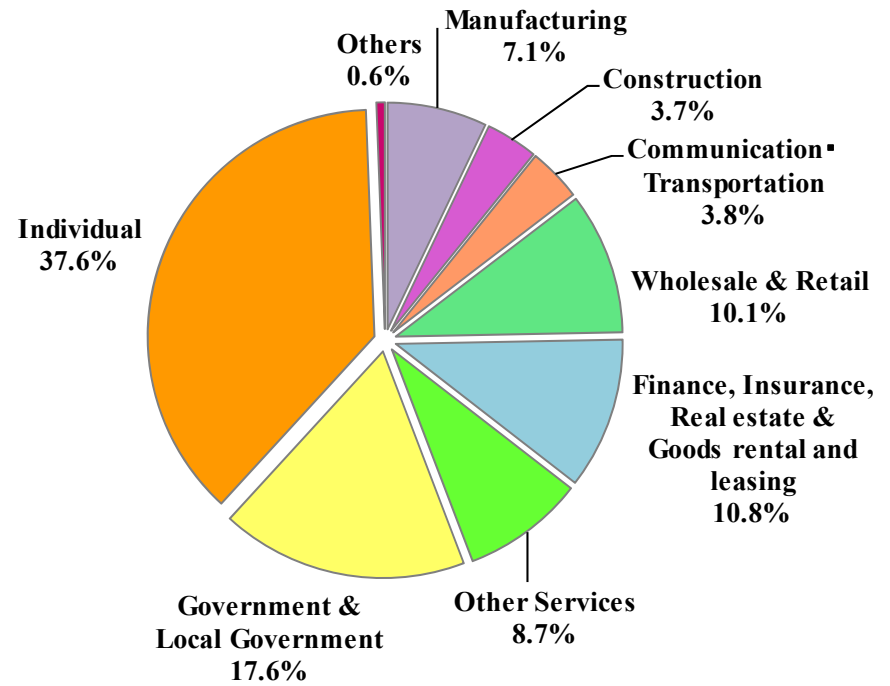


Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank



Region: Hokkaido

About Japanese Regional Banks ①

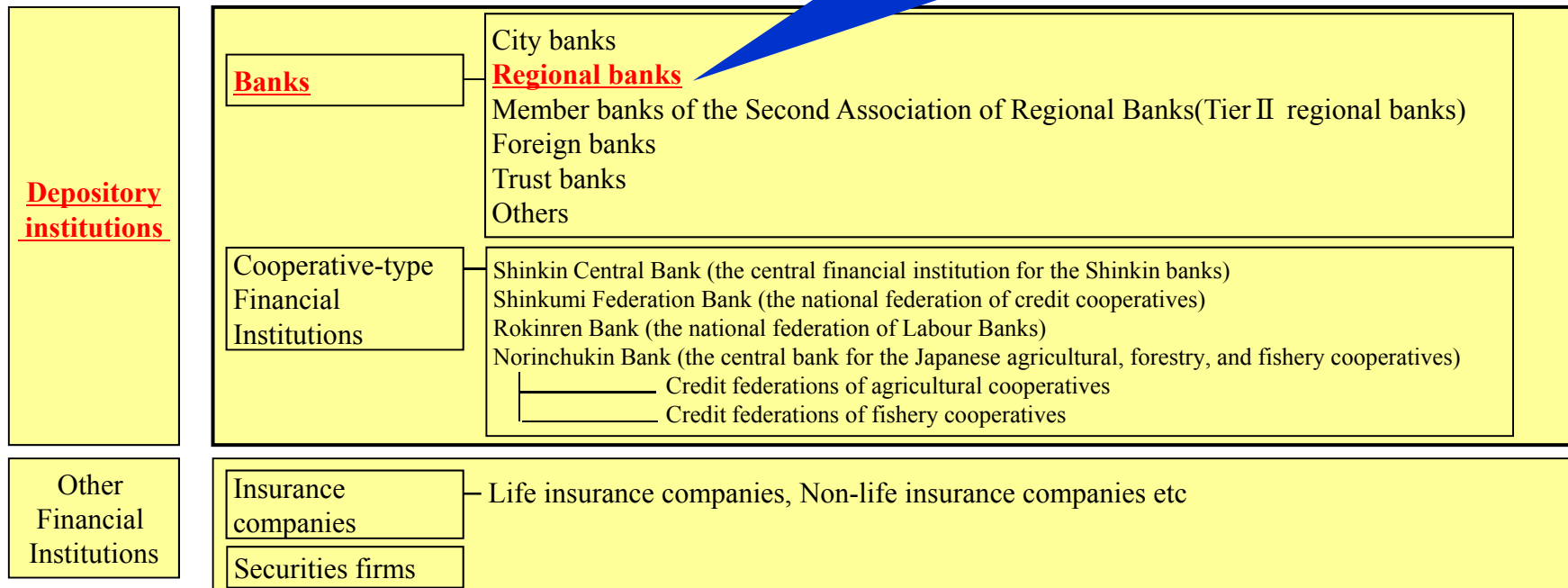
Financial Institutions in Japan

Source: Home page of Japanese Bankers Association of Japan

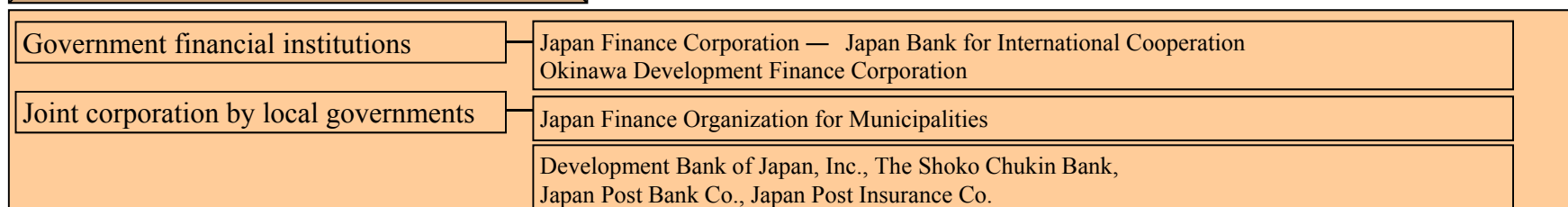
1 Central Bank - Bank of Japan

2 Private Financial Institutions

Hokuhoku Financial Group
(Hokuriku Bank, Hokkaido Bank)



3 Public Financial Institutions



About Japanese Regional Banks ②

Outline of Regional Banks

Outline of Regional Banks

The 64 regional banks in Japan consistently enjoy wide patronage as banks that develop in step with the region.

In our ongoing quest to be financial institutions trusted by customers, the regional banks will strive to maintain soundness of management, as well as continuously be devoted to enhancing convenience for customers and to realizing vibrant regional communities.

Leading Banks in the Regions

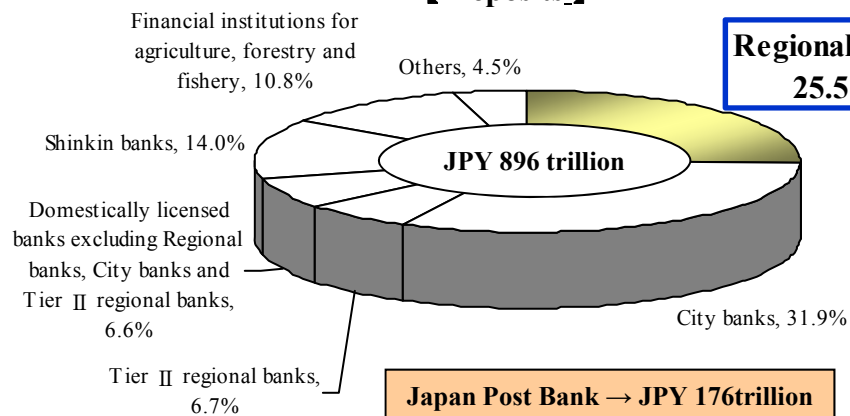
The regional banks have formed a dense branch network in the regions, mainly in the prefectures where their head offices are located, with some 7,500 branches and some 35,000 ATMs set up all over the country.

Through this branch network, the regional banks cater to the diversified financial needs of individual customers as well as medium-sized and small- and medium-sized corporate clients in the regions, and also play a leading role in regional finance for the promotion and development of regional communities.

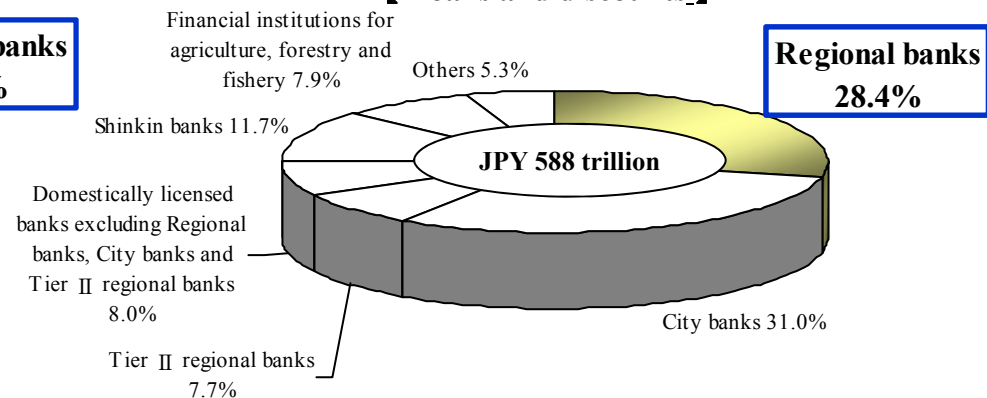


Shares of Deposits and Loans of Private Financial Institutions (Mar-13)

【 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

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 | Total |
|---|------------------------|--------------------------|-----------------------|----------------|------------------|---------------|
| Population (Ranking) | 1.08Mn (37th) | 1.16Mn (34th) | 0.80Mn (43rd) | 3.04Mn | 5.46Mn (8th) | 8.50Mn |
| Density of Population (Ranking) | 254.7pt (25th) | 277.8pt (23rd) | 190.7pt (32nd) | — | 69.6pt (47th) | — |
| Square Measure (Ranking) km ² | 4,248 (33rd) | 4,186 (35th) | 4,190 (34th) | — | 83,457 (1st) | — |

Scale matching for Osaka!

| | |
|-----------------|----------------------|
| 1 st | Tokyo |
| 2 nd | Kanagawa (9.07Mn) |
| 3 rd | Osaka (8.86Mn) |

Gross Prefectural Product

Data from Ministry of Internal Affairs and Communications and Cabinet Office

| | Toyama a | Ishikawa b | Fukui c | Total a + b + c | Hokkaido | Total (JPY Bn) |
|----------------------------------|------------------------------|------------------------------|------------------------------|---------------------|------------------------------|-----------------------------------|
| GPP (Proportion) (Ranking) | 4,370.4 (0.88%) (30th) | 4,264.9 (0.86%) (32nd) | 3,302.8 (0.67%) (41st) | 11,938.1 (2.41%) | 18,428.3 (3.72%) (7th) | 30,366.5 (6.13%) |

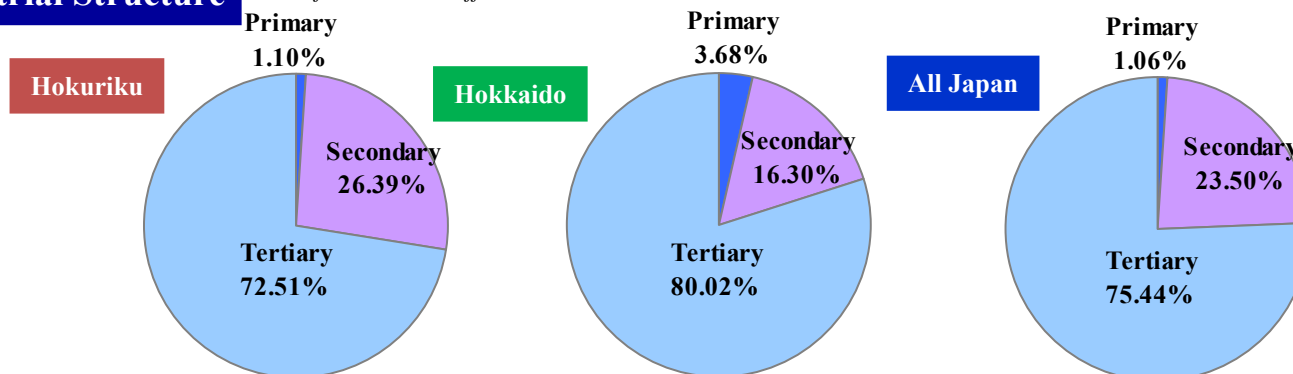
Almost equal to Kanagawa!

(JPY Bn)

| | |
|-----------------|------------------------|
| 1 st | Tokyo |
| 2 nd | Osaka |
| 3 rd | Aichi |
| 4 th | Kanagawa (29,757.0) |

Industrial Structure

Data from Cabinet Office



Exceed Denmark (Europe No14)

(JPY Bn)

| | |
|------------------|-----------------------|
| 1 st | Germany |
| 2 nd | France |
| 14 th | Denmark (25,125.0) |

The Present Condition of the Regional Economy ②

Economic Conditions

| April-14 | Monthly Economic Report (By the Cabinet Office) | Regional Economic Report (By Bank of Japan) | |
|----------------------------------|--|--|---------------------------------|
| | All Japan | Hokuriku Area | Hokkaido Area |
| Economic Trend | Moderate recovery trend | Recovering moderately | Recovering moderately |
| Public Investment | Holding firm | Increasing trend | Increasing |
| Business Investment | Picking up | The pick-up has become increasingly evident | Increasing |
| Private consumption | Shows weakness | Picking up moderately | Recovering moderately |
| Housing construction | Decreasing | Decline | The pick-up has come to a pause |
| Production | Almost flat | Has been at a high level | Increasing |
| Employment & Income | Improving steadily | Picking up | Improving |
| Prices | Rising moderately | Above the previous year's level | Above the previous year's level |
| The number of bankrupt companies | Decreasing moderately | Below the previous year's level | Calm movement |

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