
Investor Meeting

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



Hokuhoku Financial Group, Inc.

Table of Contents



【Financial Results for FY 2013】

• Summary of Financial Results	• • •	1
• Net Interest Income	• • •	3
• Loan Portfolio	• • •	4
• Securities Portfolio	• • •	6
• Deposits & NCDs	• • •	7
• Interest Margins	• • •	8
• Net Fees and Commissions Income	• • •	9
• G&A Expenses	• • •	10
• Net Credit Costs	• • •	11
• Non-Performing Loan	• • •	12
• Capital	• • •	13
• Forecasts	• • •	14

【Management Strategy】

• Our Domestic Network	• • •	16
• Our Overseas Network	• • •	17
• Consumer Loans	• • •	18
• Investment Products	• • •	19
• Business Support	• • •	20
• Net Interest Income	• • •	21
• G&A Expenses	• • •	22
• Capital Policy	• • •	23
• Medium-Term Management Plan	• • •	24

【Appendix】	• • •	25
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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)】

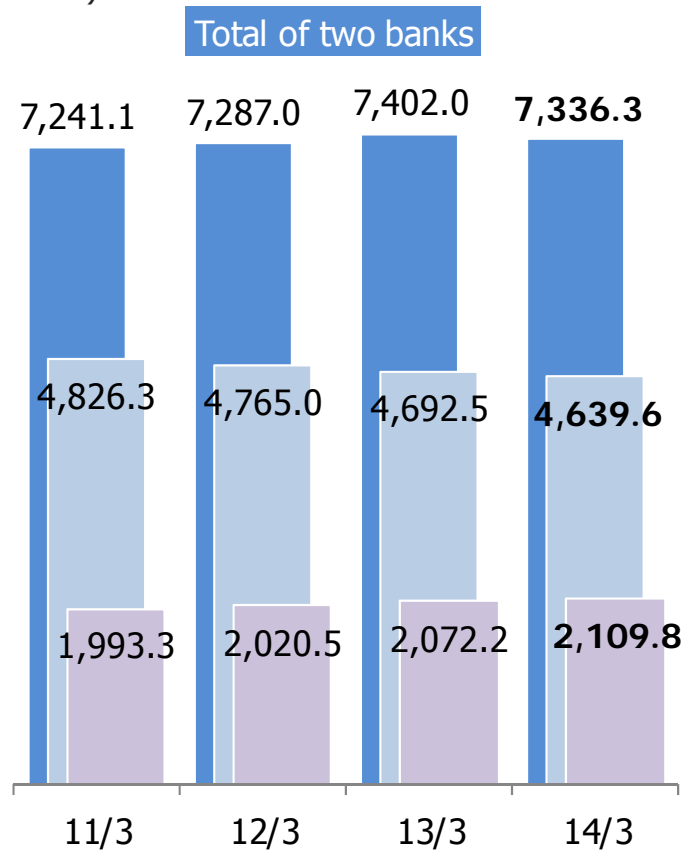
	FY13	change	FY12
	Loans	1.44%	(0.10%)
Securities	0.90%	0.03%	0.87%
Deposits & NCDs	0.05%	(0.02%)	0.07%

Loan Portfolio

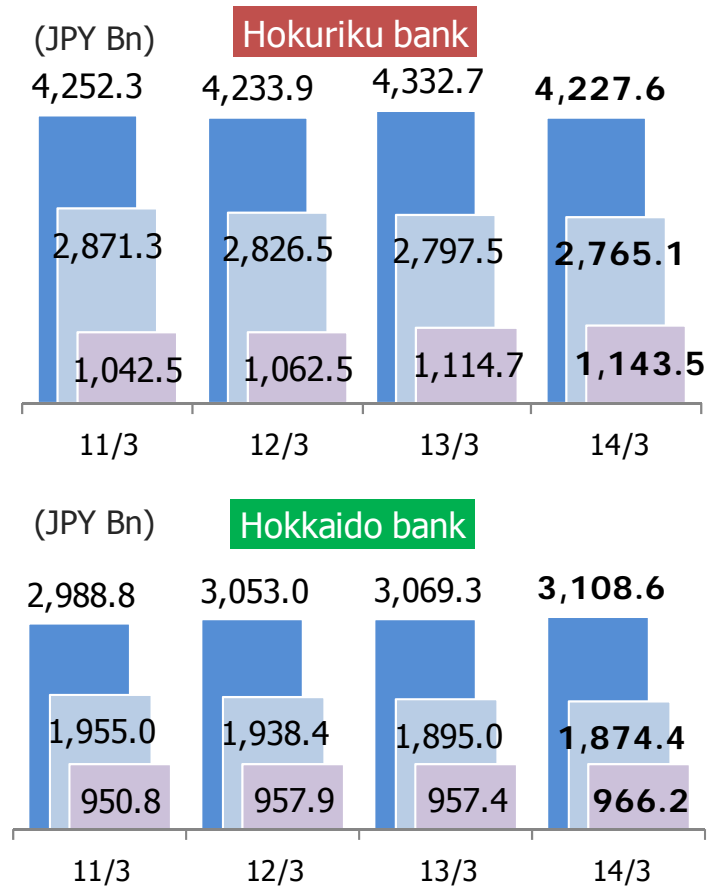
- Loans -¥65.7Bn (-0.88%) compared to Mar-13
- Loans to SMEs and consumers -¥52.9Bn (-1.12%) compared to Mar-13

【Balance of loans】

(JPY Bn)



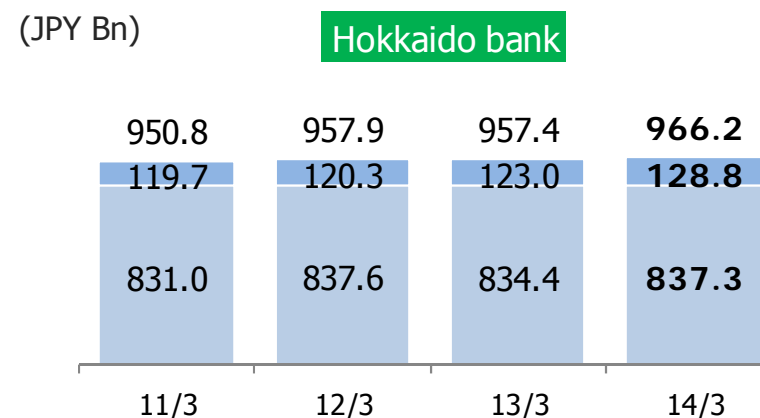
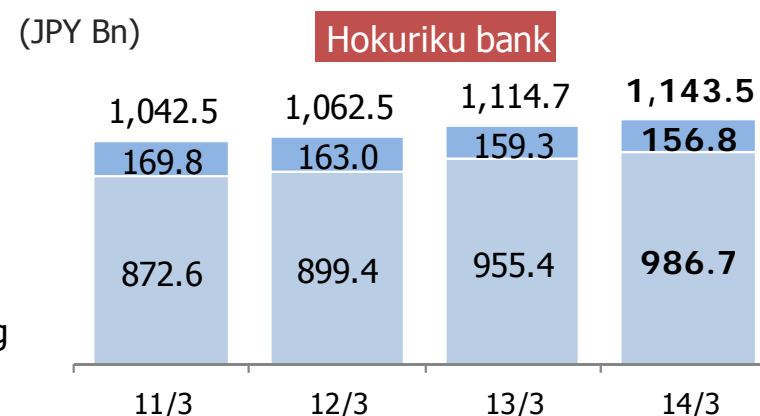
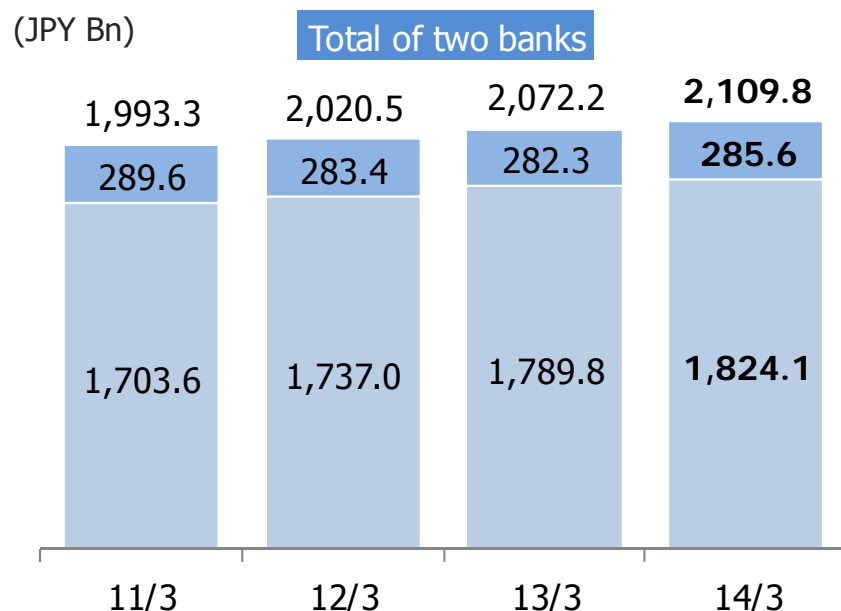
- Loans
- Loans to SMEs and consumers
- Consumer loans



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】

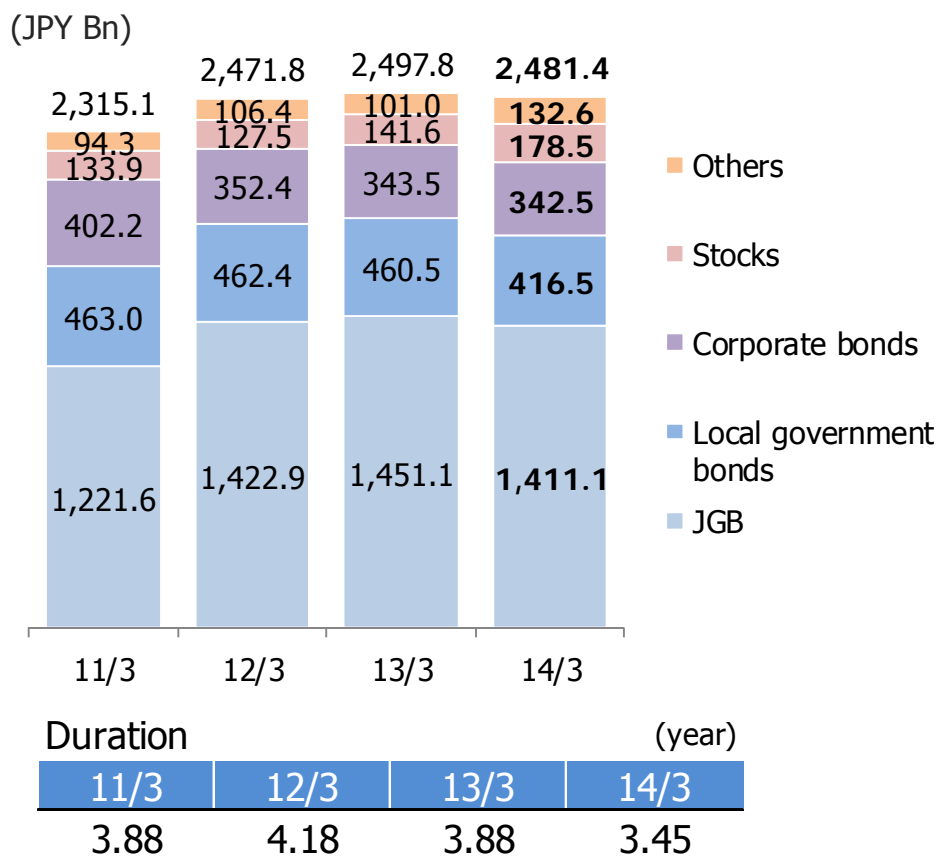
(JPY Bn)

	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】



※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

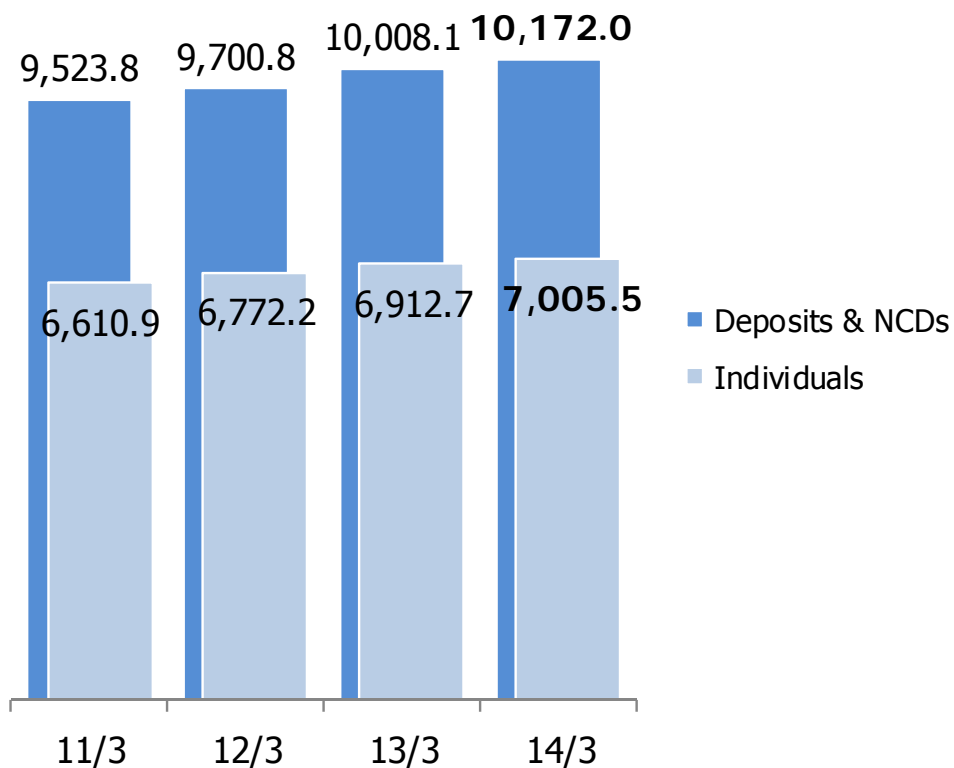
Deposits & NCDs

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

【Balance of deposits & NCDs】

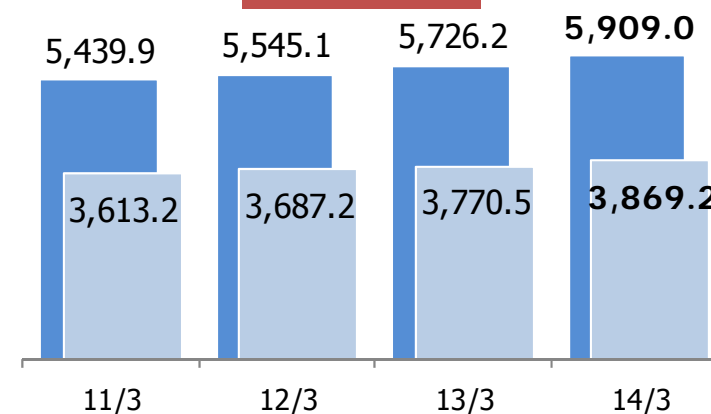
(JPY Bn)

Total of two banks



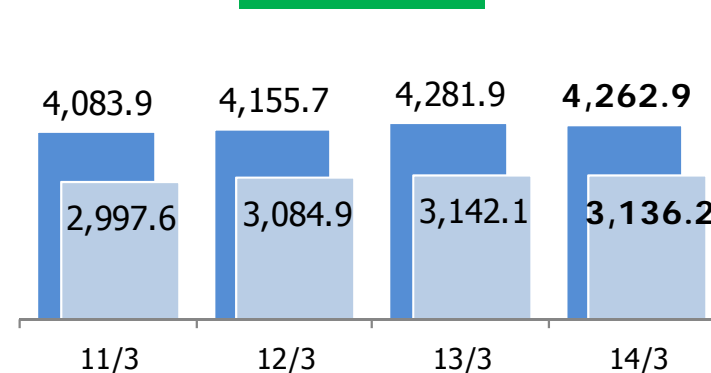
(JPY Bn)

Hokuriku bank



(JPY Bn)

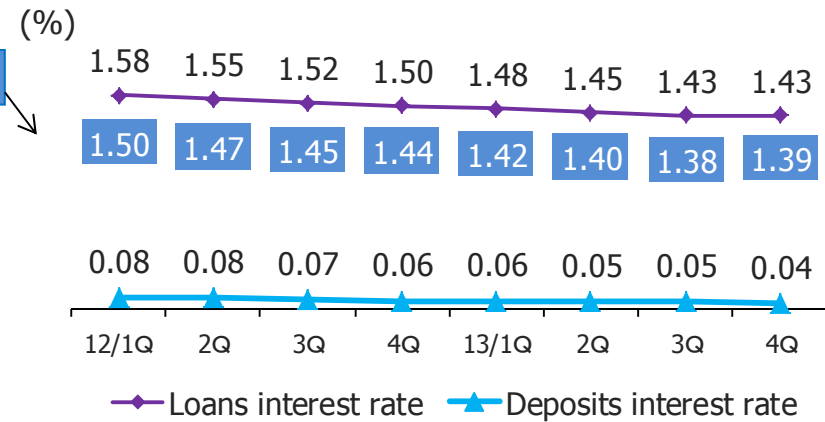
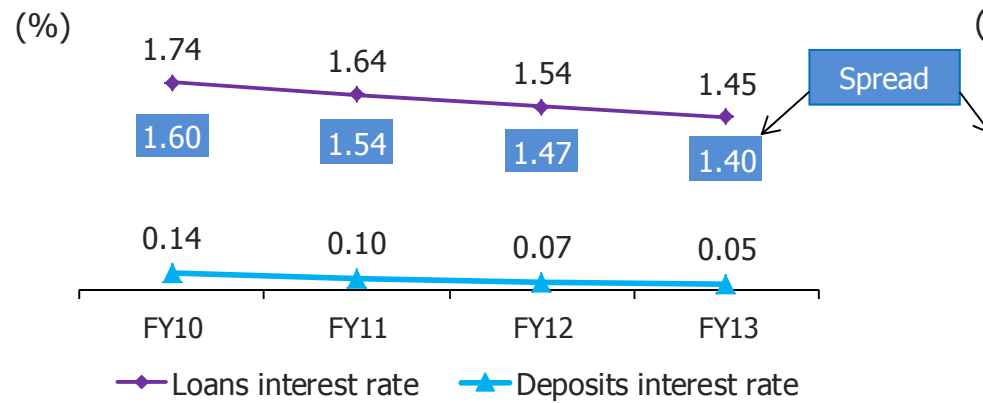
Hokkaido bank



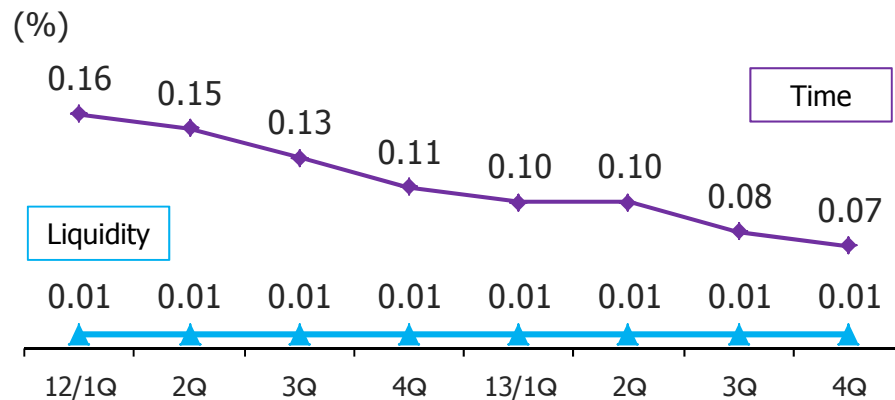
Interest Margins (Total of two banks)

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

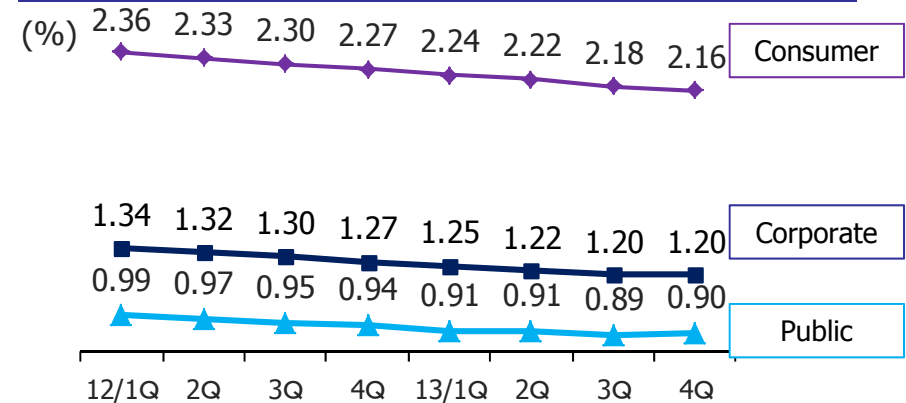
【Interest rate of yen dominated loans and deposits】



【Interest rate of yen dominated deposits】



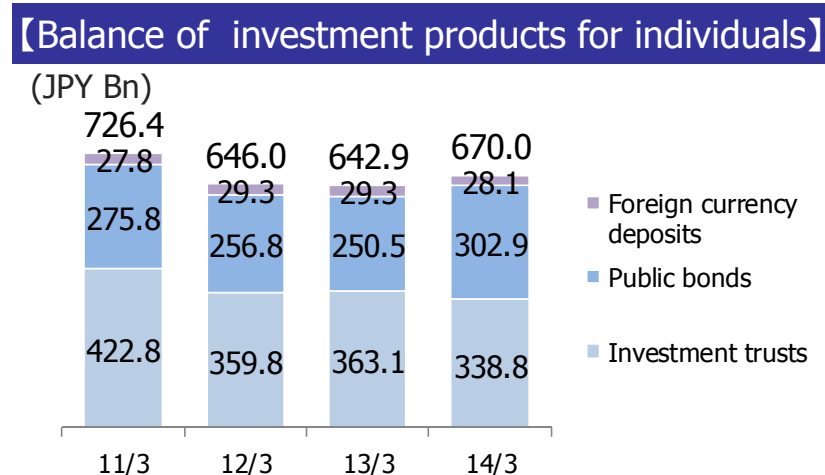
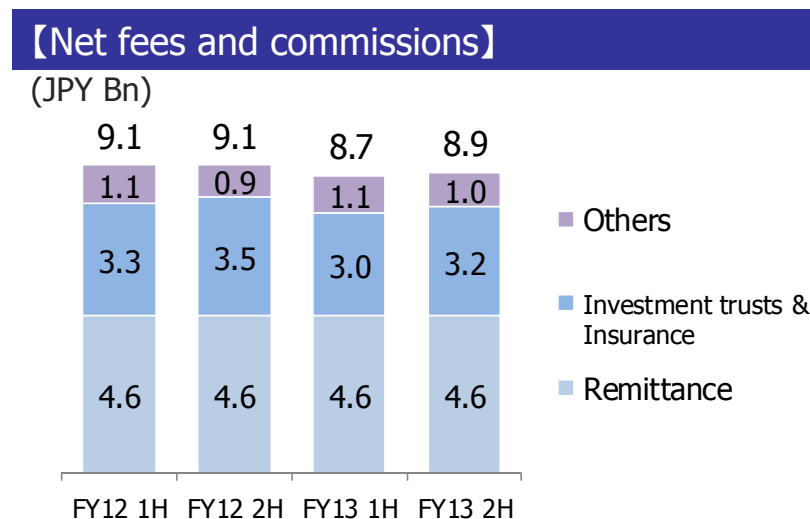
【Interest rate of yen dominated loans】



Net Fees and Commissions Income (Total of two banks)

Sales of investment trusts increased while sales of insurance decreased

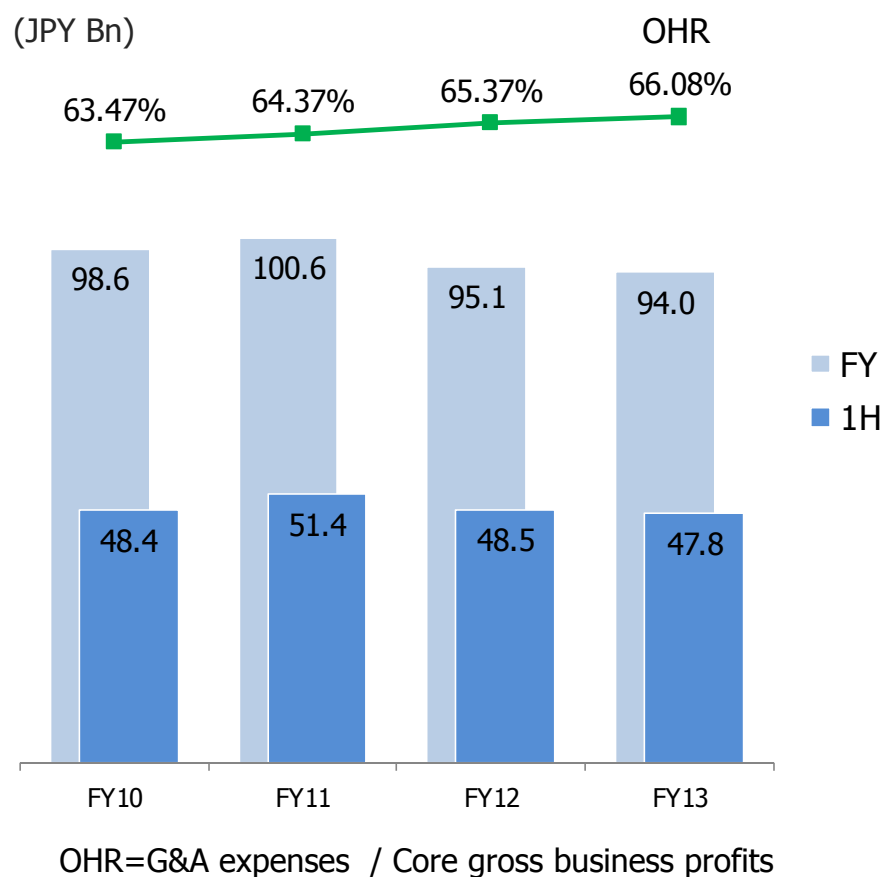
【Fee revenue】			
	(JPY Bn)		
	FY13	change	FY12
① Net fees and commissions	17.7	(0.5)	18.3
Fees and commissions	33.1	(0.3)	33.4
Remittance	11.1	(0.1)	11.2
Investment trusts	4.1	0.5	3.6
Insurance	2.1	(1.1)	3.2
Fees and commissions payments	15.4	0.2	15.1
Remittance	1.8	0.0	1.8
Loan related expenses	9.9	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%



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)

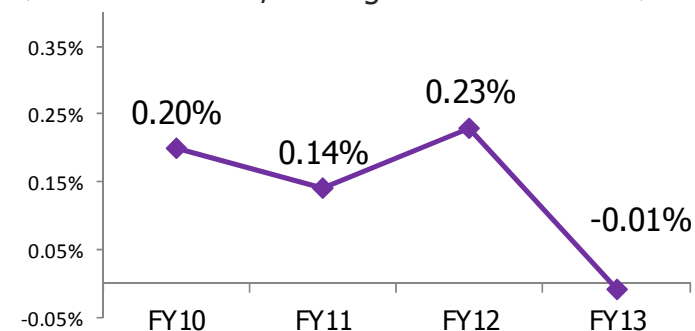
【Net credit costs】

(JPY Bn)



【Credit cost ratio】

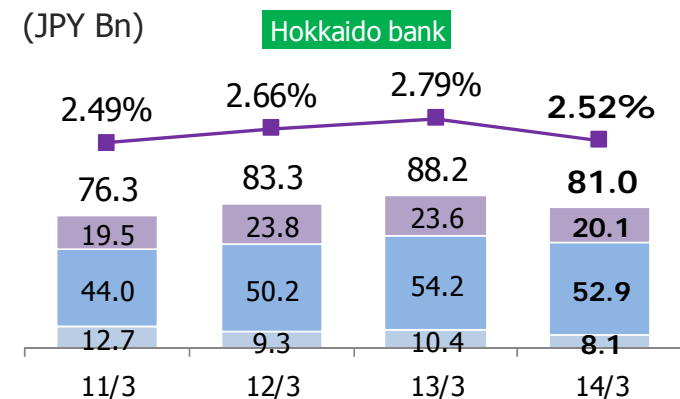
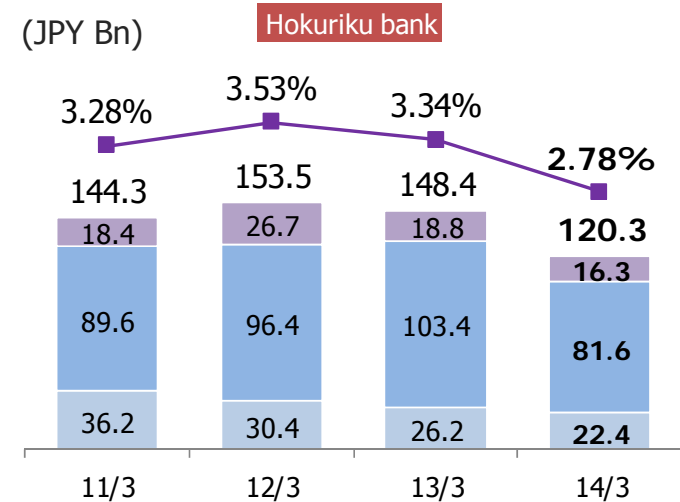
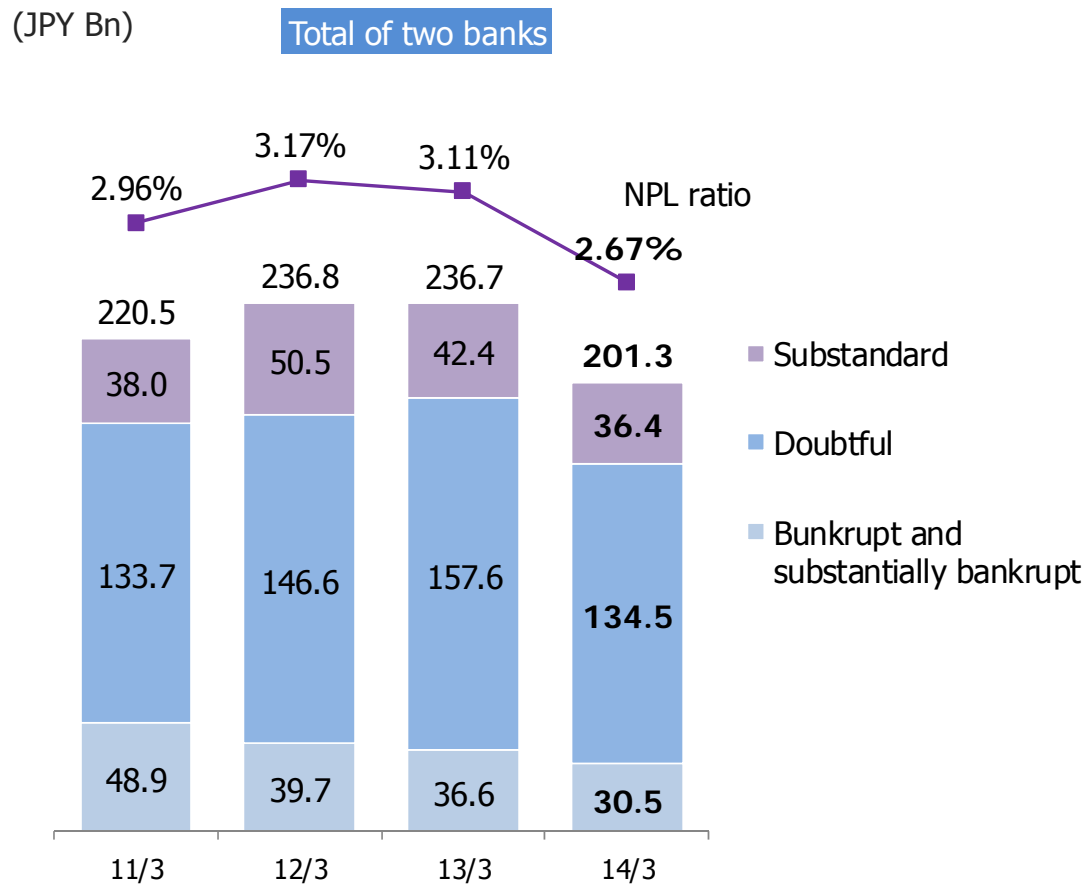
(Net credit costs / Average balance of loans)



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%

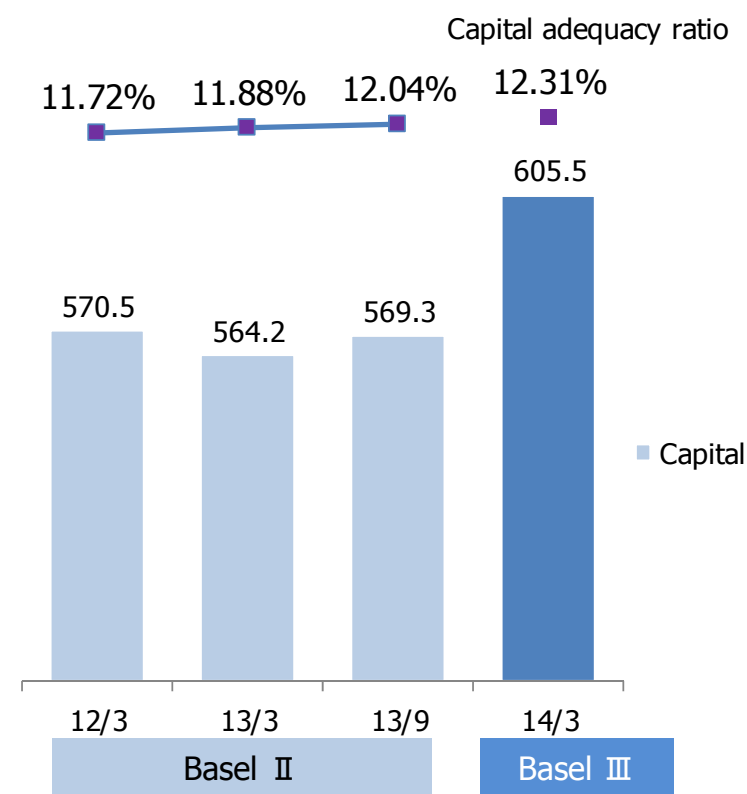
【Interest rate risk in banking book】

	(JPY Bn)		
[Total of two banks]	14/3	change	13/3
Total interest rate risk	12.5	(57.6)	70.2
Outlier ratio	2.07%	(10.37%)	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

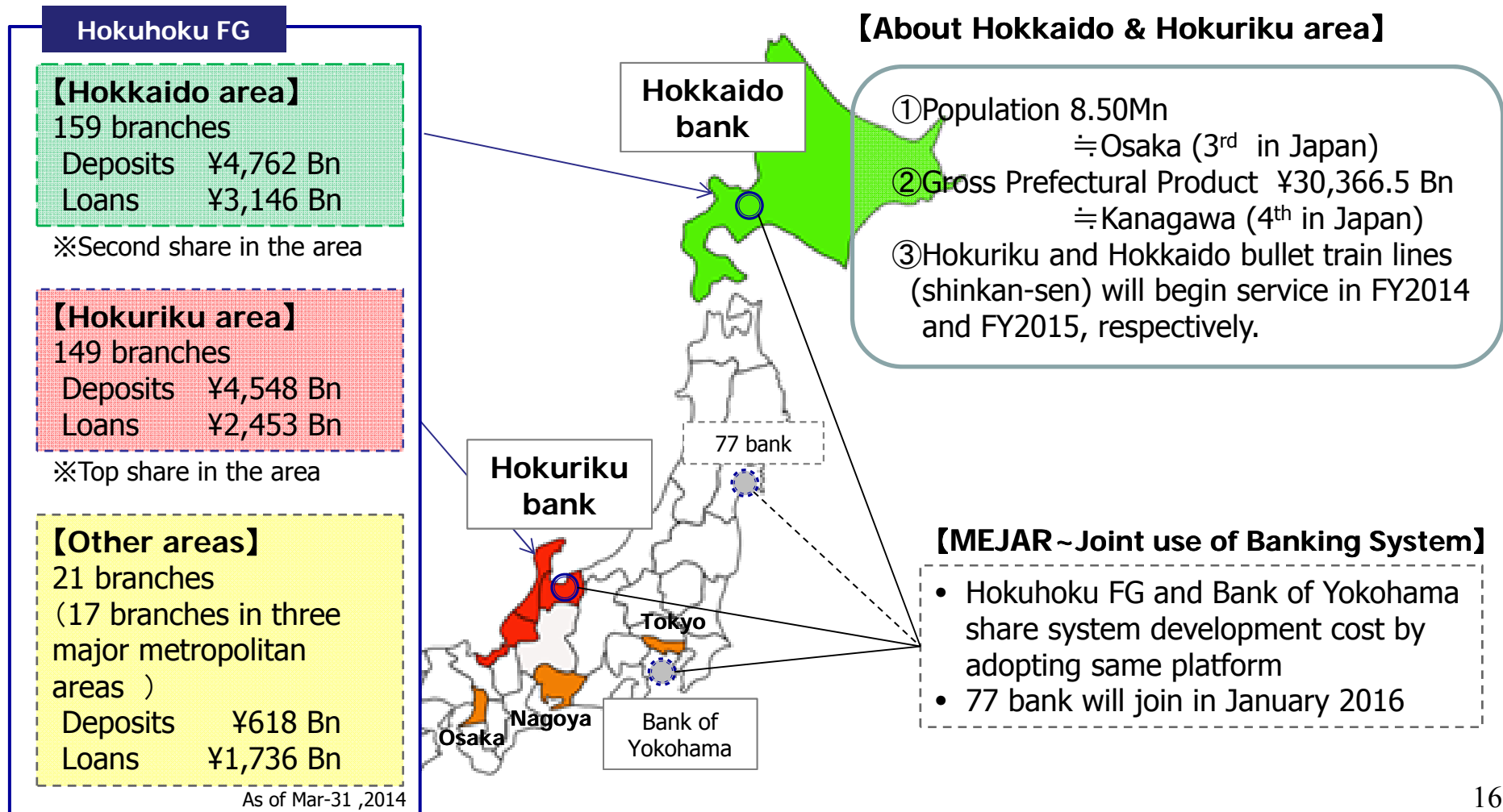
【Earnings forecasts for FY14】

	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

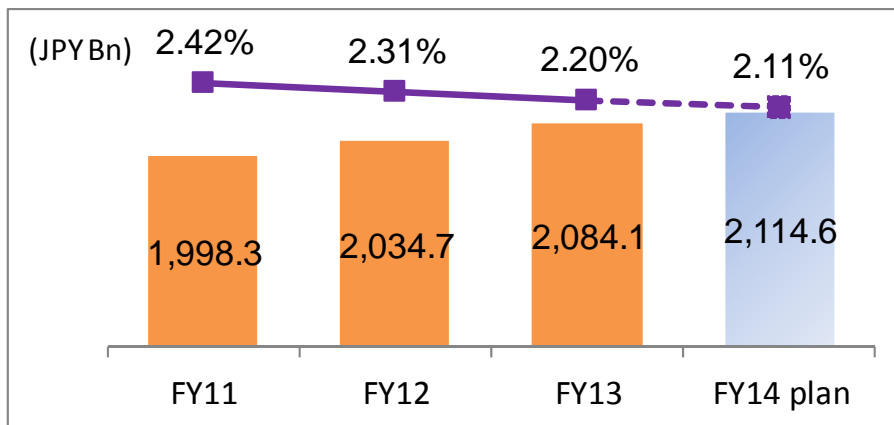
【India】
State Bank of India

【Germany】
Deutsche Bank

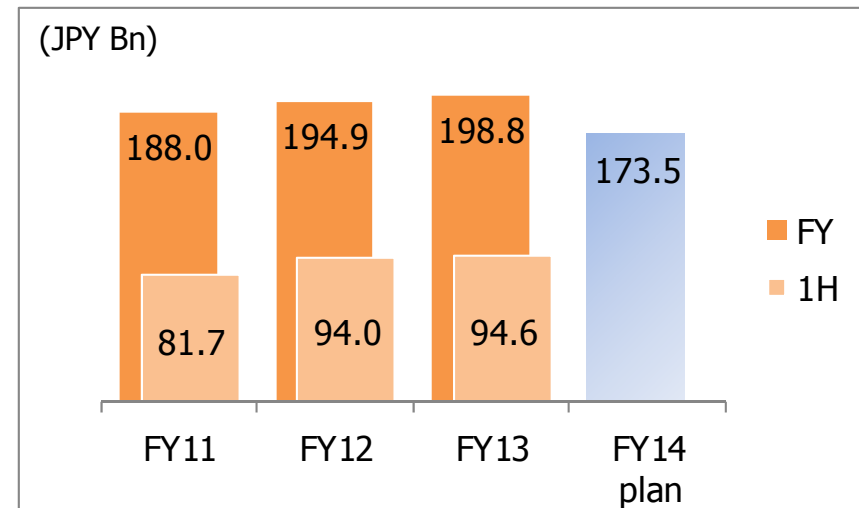
Consumer Loans

- 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

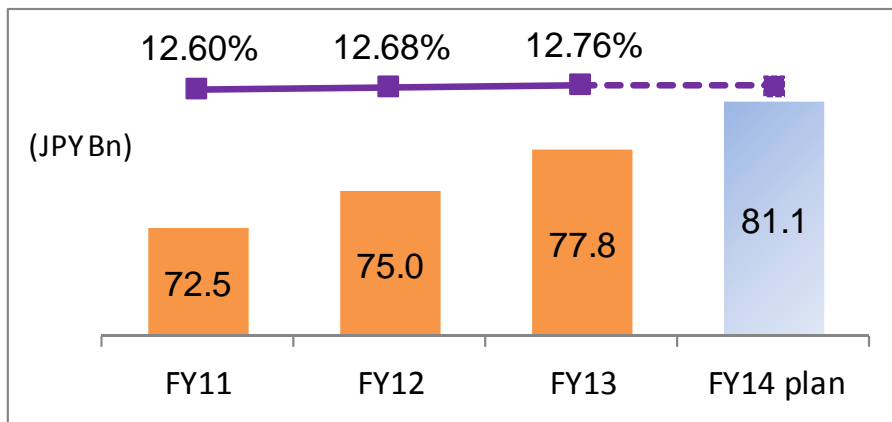
【Avg. balance and yield of consumer loans】



【Sales amount of housing loans】



【Avg. balance and yield of card loans】



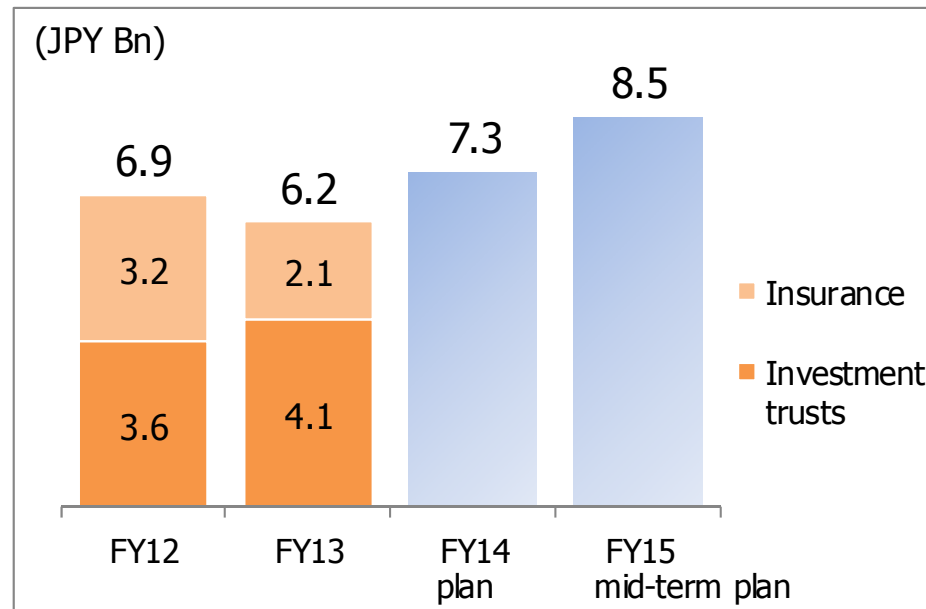
【Housing loans】

- 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

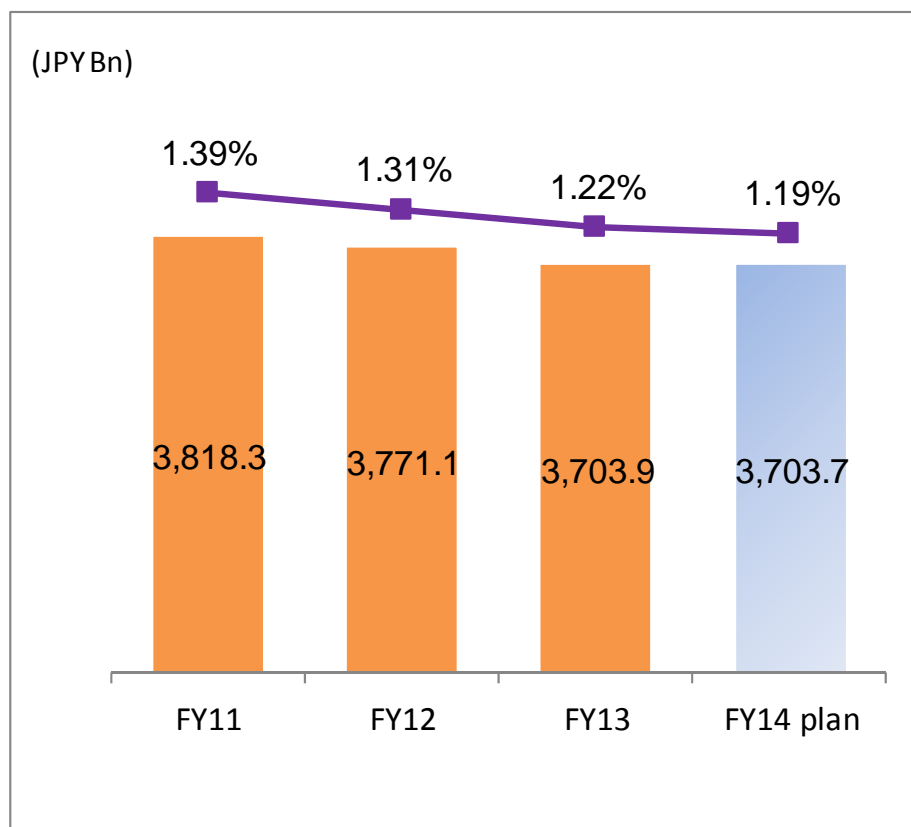
As of Mar-31, 2014

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	Δ 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】

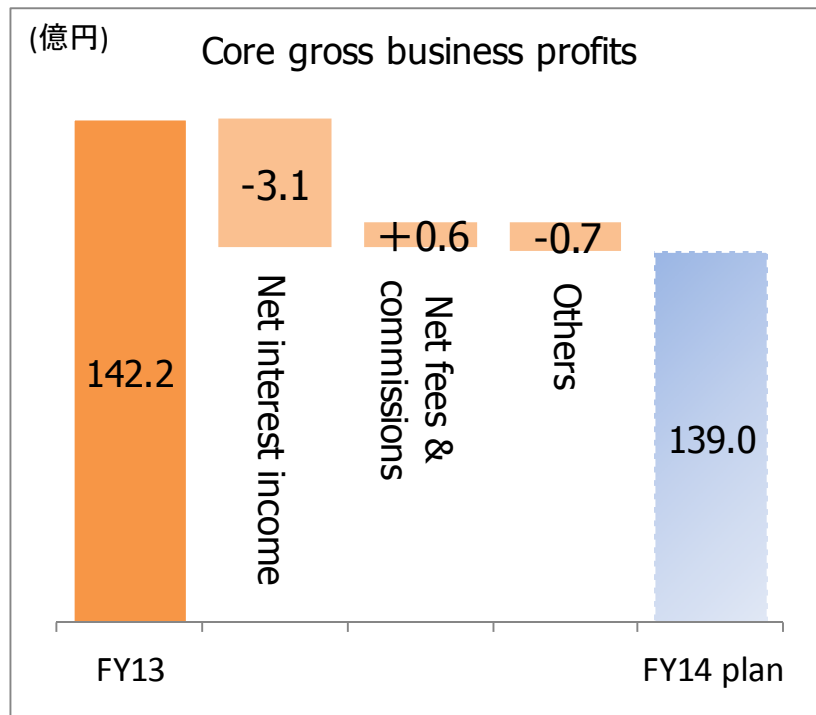
	FY14 plan	change	FY13
Loans	1.39%	(0.05%)	1.44%
Securities	0.87%	(0.04%)	0.91%
Deposits&NCDs	0.04%	(0.01%)	0.05%

G&A Expenses

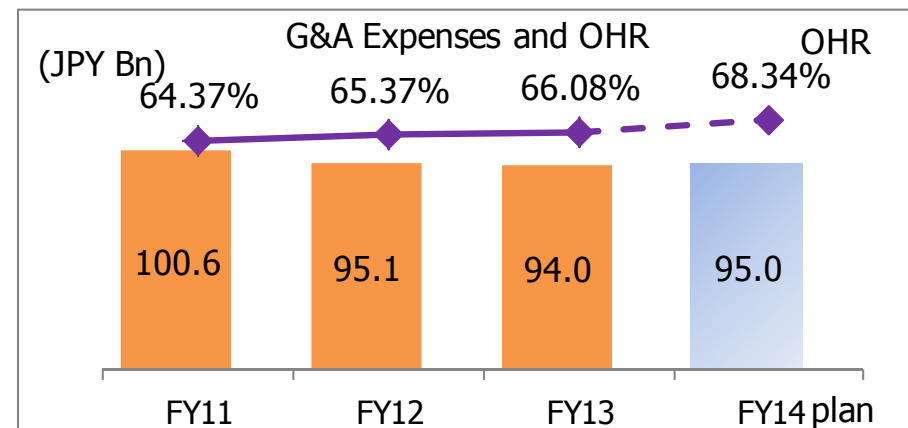
- Gross business profits was lower than that of previous fiscal year, mainly due to the decrease in net interest income
- Pursue cost reduction to absorb the effect of revision in consumption tax

【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

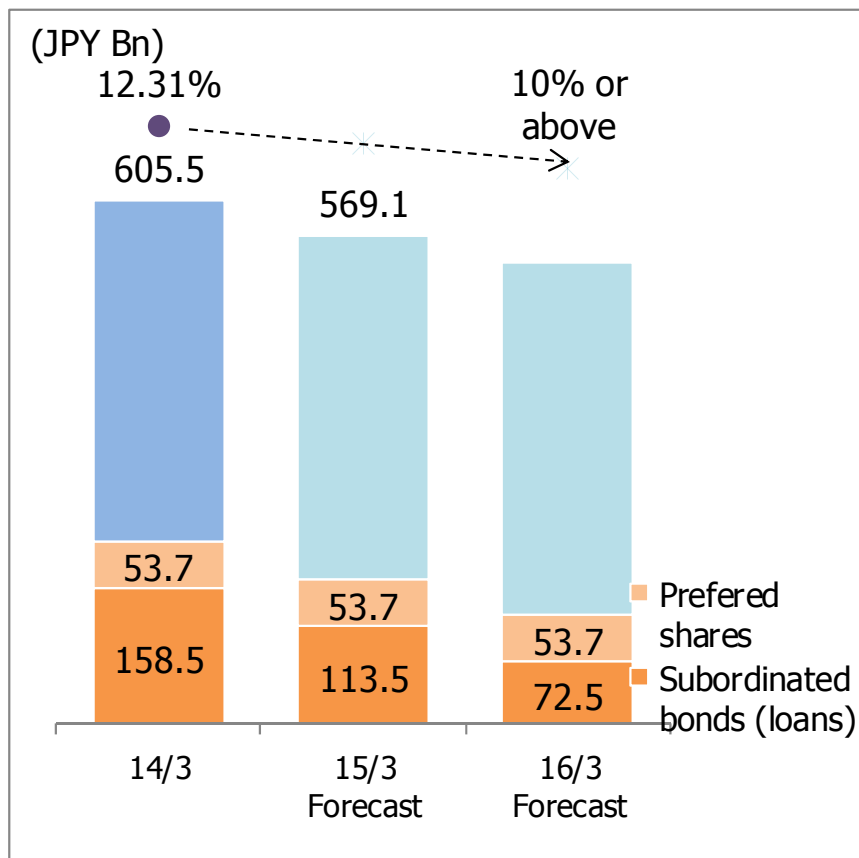


OHR : Gross business profit basis

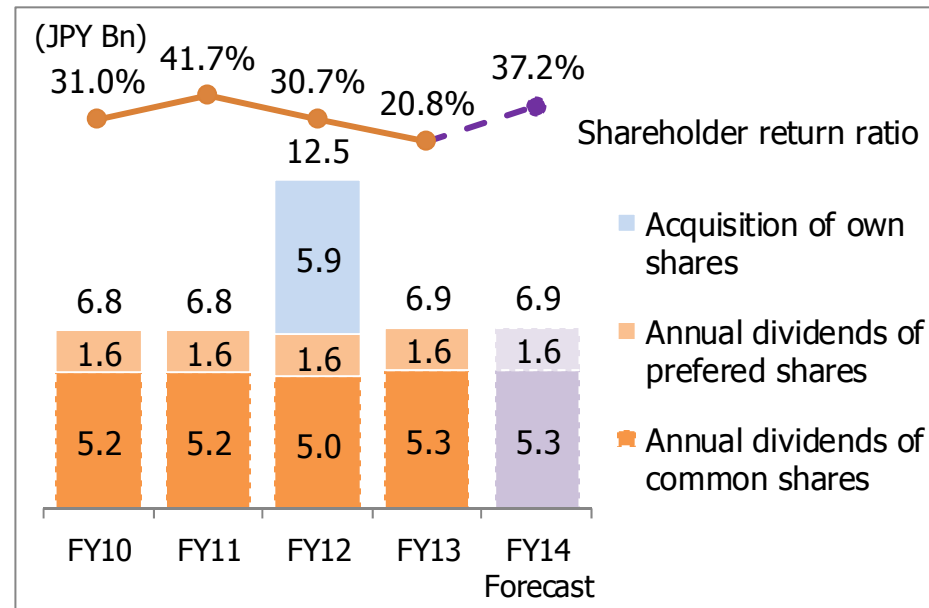
Capital Policy

- 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

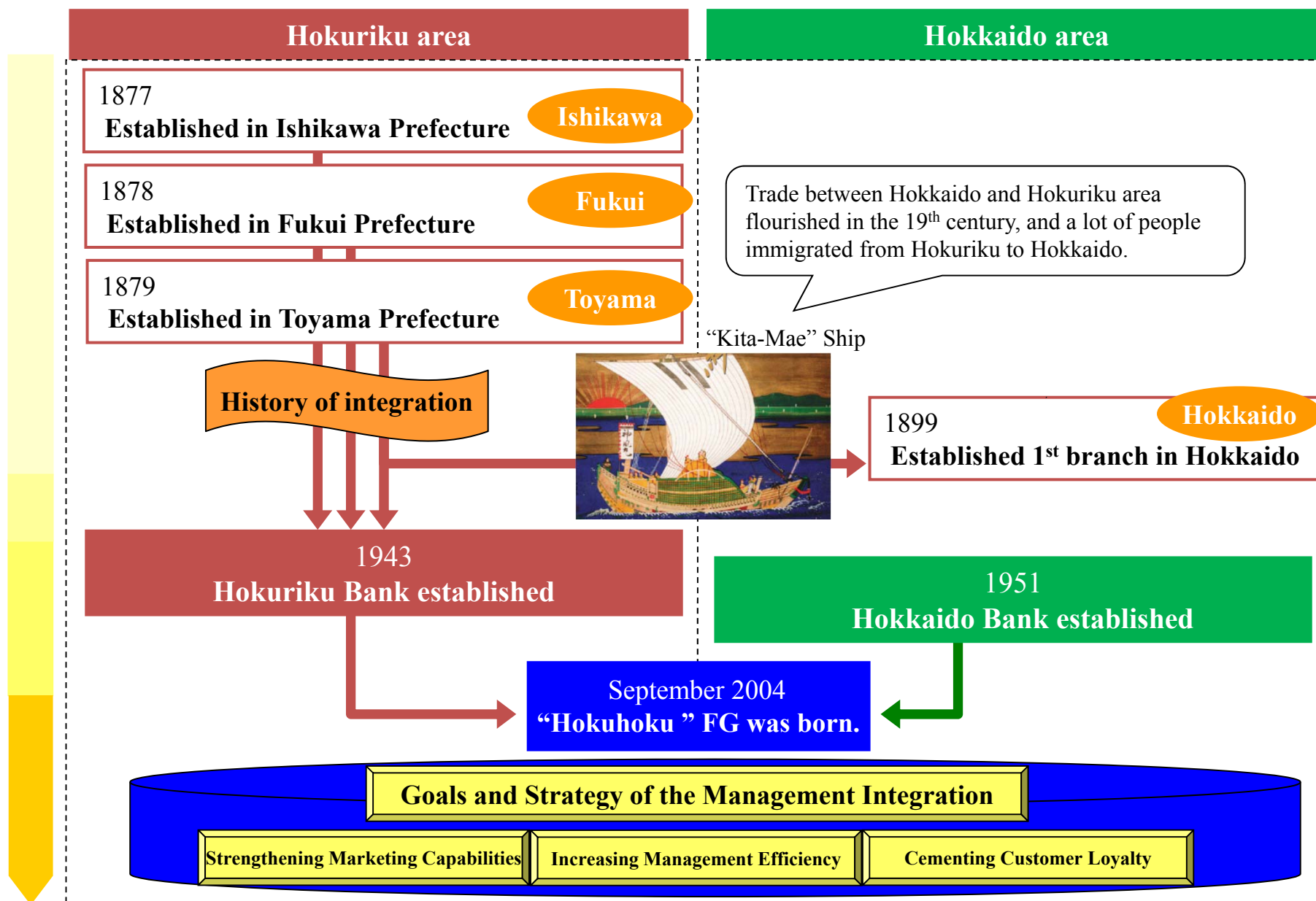


(As of March 31, 2014)

	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)

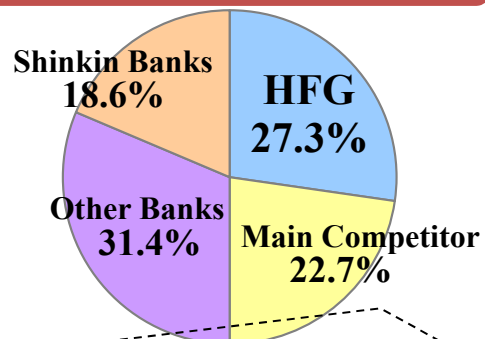
	FY2009 Full year	FY2010 Interim	FY2010 Full year	FY2011 Interim	FY2011 Full year	FY2012 Interim	FY2012 Full year	FY2013 Interim	FY2013 Full year
Ordinary income	93.7	44.8	87.0	43.2	87.5	42.3	81.6	40.2	80.2
Core gross business profits	70.8	31.9	66.8	32.1	67.8	31.0	63.1	32.6	65.2
General & administrative 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

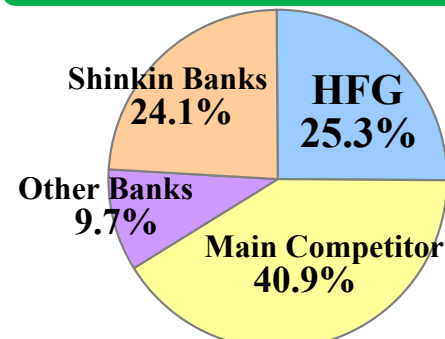
Market Share in Our Home Market (Loans, Sep-13)



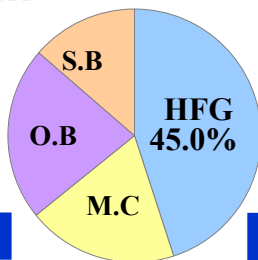
Hokuriku Area



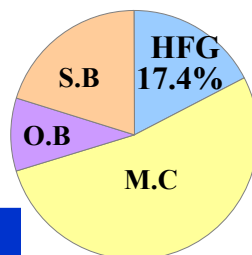
Hokkaido Area



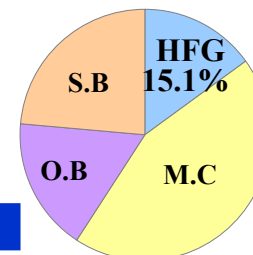
Toyama



Ishikawa



Fukui



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

(JPY Bn)

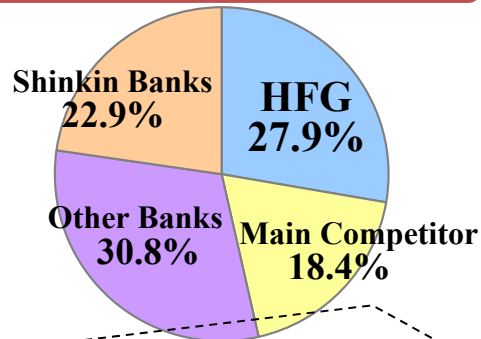
	Hokuriku Area				Hokkaido Area
	Toyama Pref.	Ishikawa Pref.	Fukui Pref.		
Banks	7,205.5(81.4%)	2,912.3(86.4%)	2,626.5(79.8%)	1,666.7(76.3%)	9,317.3(75.9%)
Hokuhoku FG(HFG)	2,418.3(27.3%)	1,518.0(45.0%)	571.3(17.4%)	328.9(15.1%)	3,111.2(25.3%)
Hokuriku Bank (Loans + Securitized loans)	2,418.3(27.3%) (2,436.7)	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

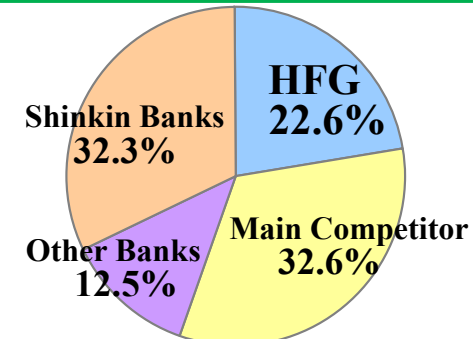
Market Share in Our Home Market (Deposits, Sep-13)



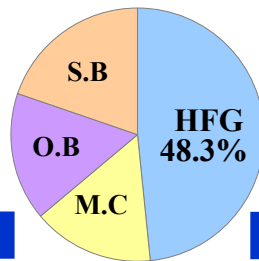
Hokuriku Area



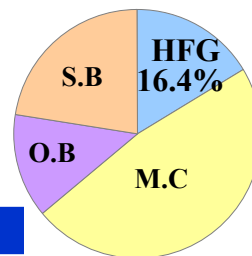
Hokkaido Area



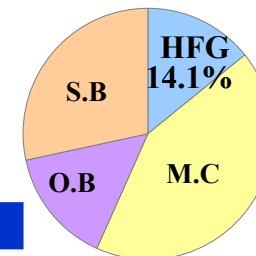
Toyama



Ishikawa



Fukui



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

(JPY Bn)

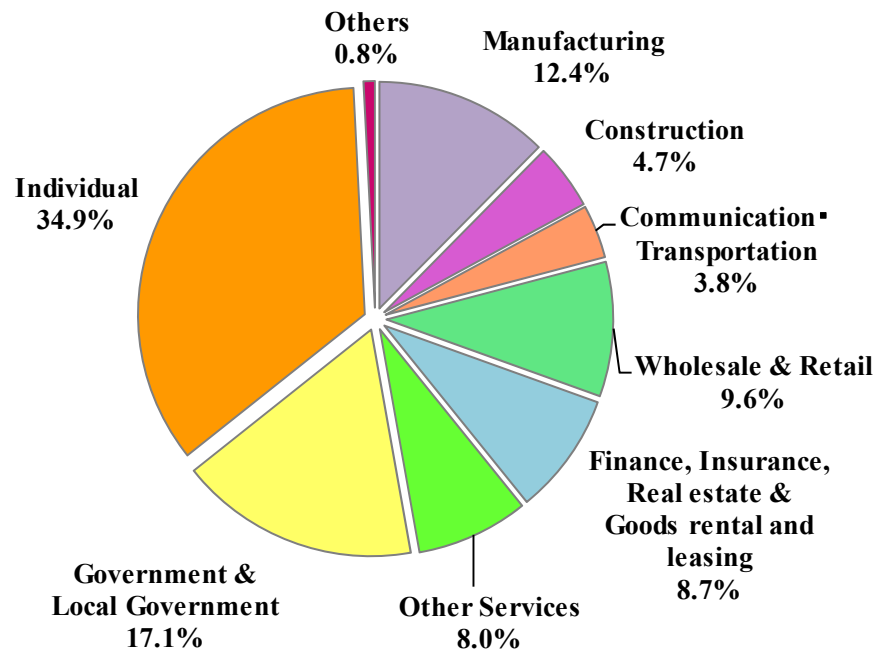
	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	12,153.8(77.1%)	4,803.9(80.3%)	4,441.0(77.5%)	2,908.9(71.7%)	14,265.3(67.7%)
Hokuhoku FG(HFG)	4,403.0(27.9%)	2,890.4(48.3%)	938.5(16.4%)	574.0(14.1%)	4,775.2(22.6%)
Hokuriku Bank	4,403.0(27.9%)	2,890.4(48.3%)	938.5(16.4%)	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)

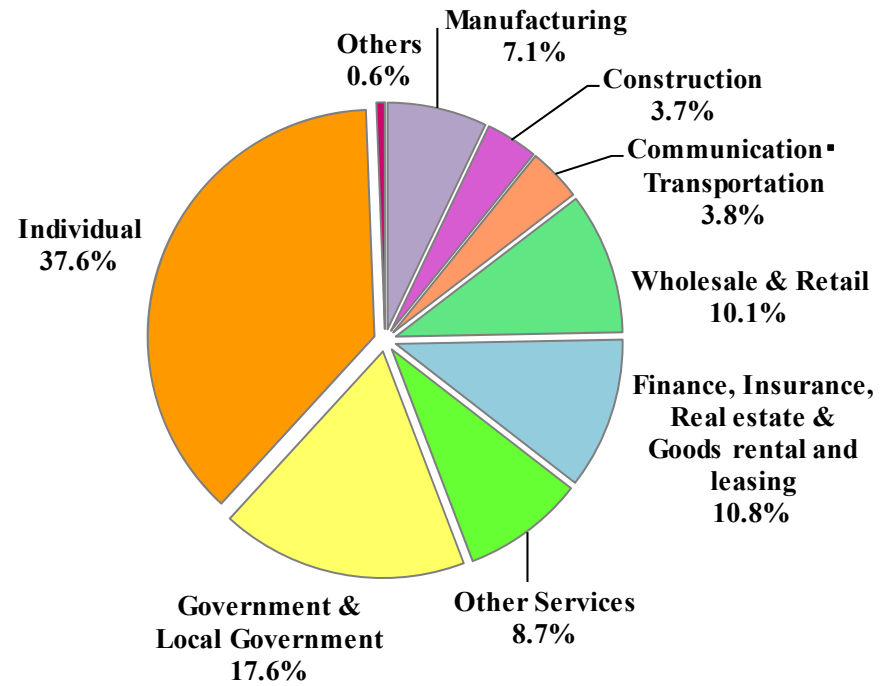


Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank

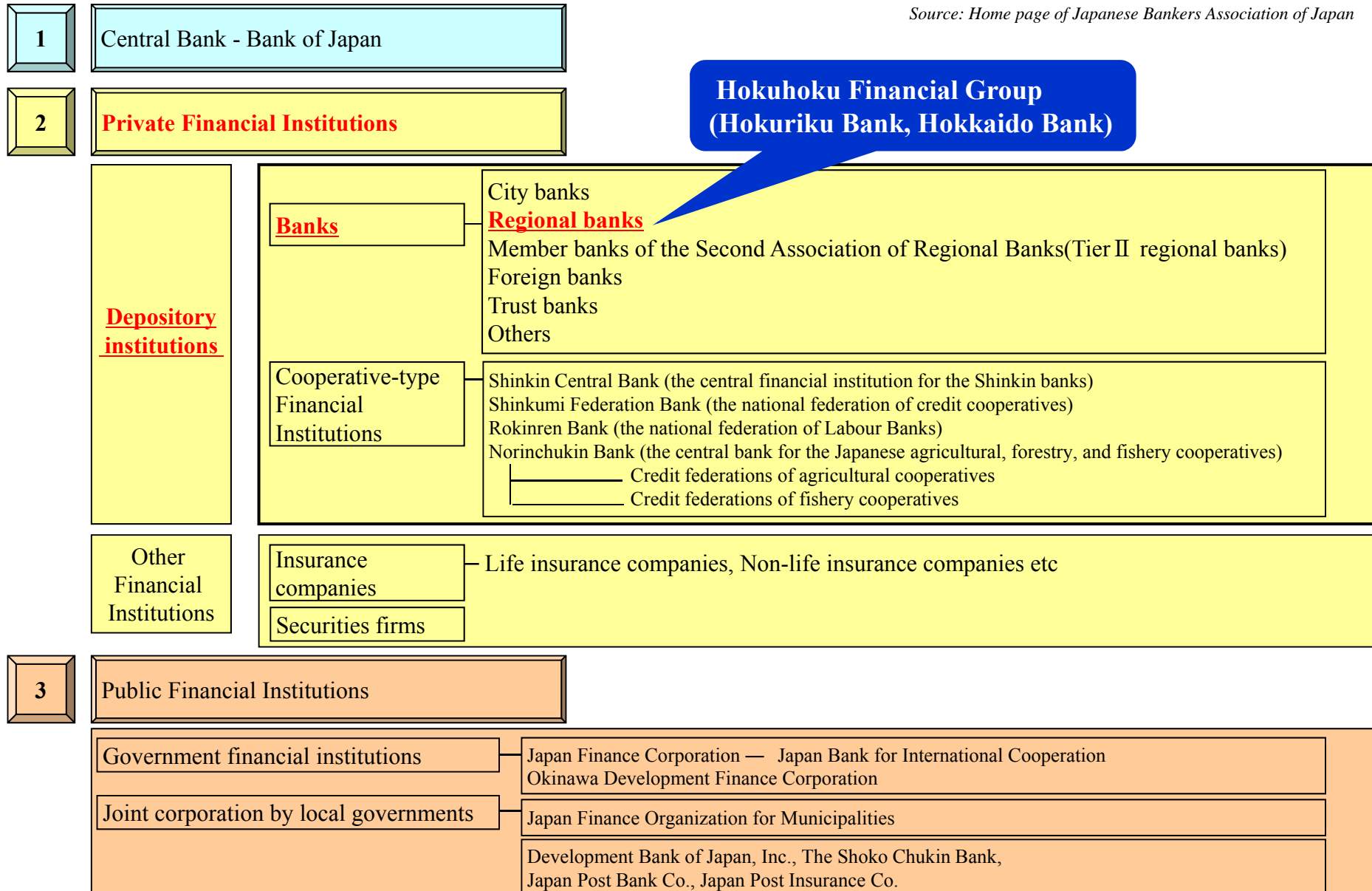


Region: Hokkaido

About Japanese Regional Banks ①

Financial Institutions in Japan

Source: Home page of Japanese Bankers Association of Japan



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

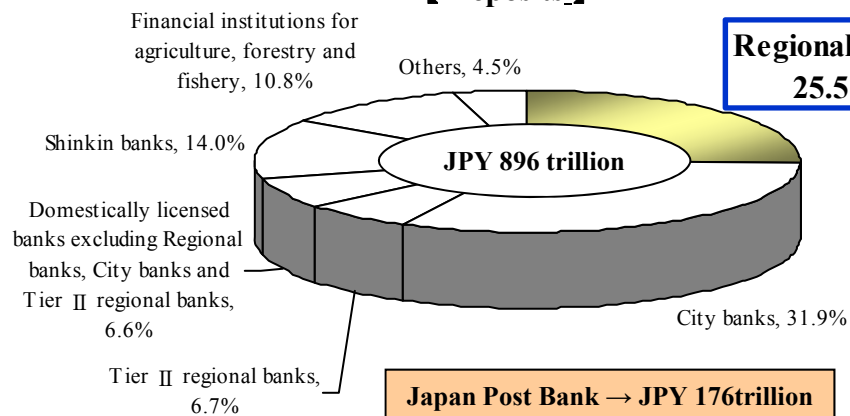
The regional banks have formed a dense branch network in the regions, mainly in the prefectures where their head offices are located, with some 7,500 branches and some 35,000 ATMs set up all over the country.

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.

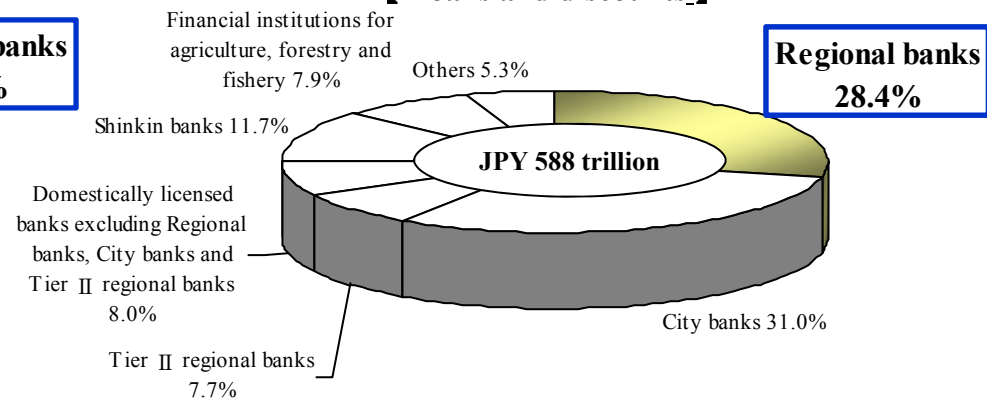


Shares of Deposits and Loans of Private Financial Institutions (Mar-13)

【 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%)

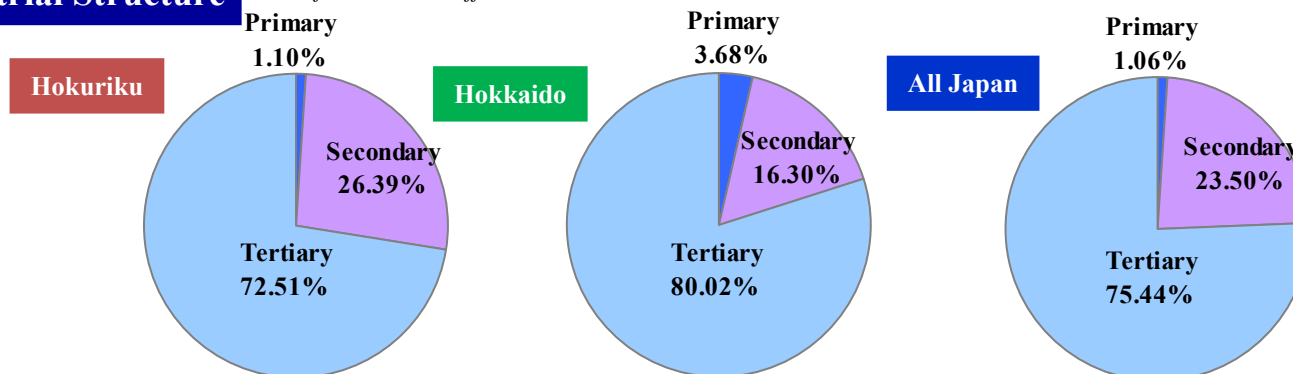
Almost equal to Kanagawa!

(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

The Present Condition of the Regional Economy ③

Big Projects in Hokuriku and Hokkaido Area

Hokkaido



◎Construction of the Hokkaido Shinkansen

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 20 years later from the opening of business between Shin-Aomori and Shin-Hakodate



Rendering of Shin-Hakodate(Tentative) Station

Hokuriku



◎Construction of the Hokuriku Shinkansen

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

Expected to be completed in FY 2014 (Nagano Station to Kanazawa Station)

Planned to be completed to Tsuruga in FY2025



Design plan of Toyama Station



Legend	
	Shinkansen line in service
	New Shinkansen line (under construction)

Inquiries related to this presentation should be addressed to

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