

# *Investor Meeting*

*~Financial Results for FY 2010~  
(ended March 31, 2011)*



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 2010*

# Summary of Financial Results I-①

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

Hokuhoku Financial Group, Inc.

<Consolidated> (JPY Bn)	Released on 11/15/2010		change	FY2009
	['11/03 Forecasts]	FY2010		
Ordinary income	[215.0]	214.6	(12.0)	226.7
Ordinary profits	[32.0]	37.2	1.8	35.4
Net income	[17.5]	18.4	(0.8)	19.2
<b>&lt;Total of two banks&gt; (JPY Bn)</b>				
<b>Core gross business profits</b>	[156.5]	<b>155.4</b>	<b>(5.5)</b>	<b>160.9</b>
Net interest income		130.7	0.3	130.3
Domestic		130.6	0.7	129.8
Net fees & commissions		20.8	(1.3)	22.1
Net trading income		1.1	(0.2)	1.4
Net other income (excluding gains (losses) related to bonds)		<u>(1.4)</u> 2.6	(4.2)	<u>(0.1)</u> 6.9
General & administrative expenses	[97.0]	(98.6)	(4.2)	(94.4)
<b>Core net business profits</b>	[59.5]	<b>56.7</b>	<b>(9.7)</b>	<b>66.4</b>
Net gains (losses) related to bonds		<u>+1.7</u> 1.7	(0.3)	<u>+0.8</u> 2.0
Net business profits before credit costs		58.4	(10.0)	68.5
Net non-recurring gains(losses)		(18.8)	12.8	(31.7)
Total credit costs	[22.0]	(14.5)	10.9	(25.5)
Net gains (losses) related to stocks		(2.7)	(1.0)	(1.7)
<b>Ordinary profits</b>	[33.5]	<b>37.0</b>	<b>0.1</b>	<b>36.8</b>
Net extraordinary gains (losses)		(1.9)	(4.4)	2.5
Income taxes		(15.4)	(2.0)	(13.3)
<b>Net Income</b>	[20.0]	<b>19.6</b>	<b>(6.3)</b>	<b>26.0</b>

*Underlined figures: Include net gains(losses) on bond option transactions*

**<Consolidated>**  
**Net income: ¥18.4Bn**  
**-¥0.8Bn compared to FY09**

**<Total of two banks>**  
**Core net business profits: ¥56.7Bn**  
**-¥9.7Bn compared to FY09**  
 ... Decrease in core gross business profits  
 and increase in G&A expenses

**Ordinary profits: ¥37.0Bn**  
**+¥0.1Bn compared to FY09**  
 ... Decrease in total credit costs

**Net income: ¥19.6Bn**  
**-¥6.3Bn compared to FY09**  
 ... Net extraordinary gains included subsidiary  
 liquidation profit and gains on contribution of  
 securities to retirement benefit trust in FY09

(JPY Bn)	FY2010	change	FY2009
<b>A - B</b>	(1.2)	5.5	(6.8)
Other Subsidiaries	1.4	1.0	0.3
Liquidation subsidiaries	-	3.1	(3.1)
Amortization of goodwill	(2.4)	0.0	(2.4)
Elimination	(0.0)	0.9	(1.0)

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

Hokuhoku Financial Group, Inc.

(JPY Bn)	〈Hokuriku Bank〉			〈Hokkaido Bank〉		
	FY2010	change	FY2009	FY2010	change	FY2009
<b>Core gross business profits</b>	<b>88.5</b>	<b>(1.5)</b>	<b>90.1</b>	<b>66.8</b>	<b>(3.9)</b>	<b>70.8</b>
Net interest income	73.0	0.4	72.5	57.6	(0.1)	57.7
Domestic	73.2	0.8	72.3	57.3	(0.0)	57.4
Net fees & commissions	12.8	(0.6)	13.5	7.9	(0.6)	8.6
Net trading income	1.1	(0.2)	1.4	-	-	-
Net other income (excluding gains (losses) related to bonds)	1.4	(1.1)	2.5	<u>(1.4)</u> 1.2	(3.1)	<u>(0.1)</u> 4.3
General & administrative expenses	(53.8)	(2.0)	(51.8)	(44.7)	(2.1)	(42.6)
<b>Core net business profits</b>	<b>34.6</b>	<b>(3.6)</b>	<b>38.3</b>	<b>22.1</b>	<b>(6.0)</b>	<b>28.1</b>
Net gains (losses) related to bonds	(0.6)	0.4	(1.0)	<u>+1.7</u> 2.3	(0.7)	<u>+0.8</u> 3.0
Net business profits before credit costs	34.0	(3.2)	37.2	24.4	(6.8)	31.2
Net non-recurring gains(losses)	(10.9)	5.9	(16.8)	(7.9)	6.8	(14.8)
Total credit costs	(7.1)	6.3	(13.4)	(7.4)	4.5	(12.0)
Net gains (losses) related to stocks	(2.2)	(0.7)	(1.4)	(0.5)	(0.2)	(0.2)
<b>Ordinary profits</b>	<b>22.9</b>	<b>2.9</b>	<b>19.9</b>	<b>14.1</b>	<b>(2.8)</b>	<b>16.9</b>
Net extraordinary gains (losses)	(1.7)	(3.5)	1.8	(0.2)	(0.9)	0.6
Income taxes	(9.2)	(3.1)	(6.1)	(6.1)	1.1	(7.2)
<b>Net Income</b>	<b>11.9</b>	<b>(3.7)</b>	<b>15.6</b>	<b>7.7</b>	<b>(2.6)</b>	<b>10.3</b>

*Underlined figures: Include net gains(losses) on bond option transactions*

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

Hokuhoku Financial Group, Inc.

〈 Total of two banks 〉 (JPY Bn)	Mar-11	change	Mar-10
Loans	7,241.1	247.4	6,993.6
Loans to SMEs & individuals	4,826.3	(64.2)	4,890.6
Housing & consumer loans	1,993.3	25.9	1,967.3
Securities	2,315.1	300.0	2,015.0
Deposits*	9,523.8	403.5	9,120.3
Individual deposits	6,610.9	208.9	6,402.0
Total individual assets	7,309.6	151.9	7,157.7
Individual deposits (deposits in yen)*	6,583.1	208.0	6,375.0
Investment products (for individuals)	726.4	(56.1)	782.6
Foreign currency deposits	27.8	0.8	26.9
Public bonds	275.8	(28.6)	304.4
Investment trusts	422.8	(28.3)	451.2
Balance of NPLs	220.5	5.3	215.2
NPL ratio	2.96%	(0.02%)	2.98%
〈 Consolidated 〉 (JPY Bn)			
Capital adequacy ratio	11.29%	0.46%	10.83%
Tier1 ratio	7.45%	0.40%	7.05%
Net deferred tax assets / Tier1 capital	17.14%	(3.89%)	21.03%
Valuation difference on available- for-sale securities	17.3	3.2	14.0

\* Deposits include NCD

〈 Total of two banks 〉

**Loans: +¥247.4Bn compared to Mar-10**

••• Increased in loans to enterprises, individuals, government and local government

**Securities: +¥300.0Bn compared to Mar-10**

••• Increase in JGBs and municipal bonds

**Deposits: +¥403.5Bn compared to Mar-10**

••• Increase in individual deposits

**Total individual assets:**

**+¥151.9Bn compared to Mar-10**

••• Individual deposits increased

**Balance of NPLs: +¥5.3Bn compared to Mar-10**

**NPL ratio: -0.02% compared to Mar-10**

〈 Consolidated 〉

**Capital adequacy ratio: 11.29%**

**Valuation difference on available-for-sale securities: +¥17.3Bn**

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

Hokuhoku Financial Group, Inc.

(JPY Bn)	〈Hokuriku Bank〉			〈Hokkaido Bank〉		
	Mar-11	change	Mar-10	Mar-11	change	Mar-10
Loans	4,252.3	109.6	4,142.6	2,988.8	137.7	2,851.0
Loans to SMEs & individuals	2,871.3	(10.8)	2,882.2	1,955.0	(53.3)	2,008.3
Housing & consumer loans	1,042.5	22.1	1,020.3	950.8	3.8	947.0
Securities	1,217.5	201.5	1,015.9	1,097.6	98.5	999.1
Deposits*	5,439.9	133.1	5,306.7	4,083.9	270.3	3,813.6
Individual deposits	3,613.2	65.4	3,547.8	2,997.6	143.4	2,854.1
Total individual assets	4,063.0	34.6	4,028.4	3,246.5	117.2	3,129.2
Individual deposits (deposits in yen)*	3,593.0	64.5	3,528.5	2,990.0	143.5	2,846.5
Investment products (for individuals)	470.0	(29.8)	499.8	256.4	(26.2)	282.7
Foreign currency deposits	20.2	0.9	19.3	7.5	(0.0)	7.6
Public bonds	184.7	(13.0)	197.7	911.1	(15.5)	106.6
Investment trusts	265.0	(17.7)	282.8	157.7	(10.6)	168.4
Balance of NPLs	144.3	(3.0)	147.3	76.3	8.3	67.9
NPL ratio	3.28%	(0.14%)	3.42%	2.49%	0.17%	2.32%
Capital adequacy ratio	11.32%	0.52%	10.80%	10.59%	0.40%	10.19%
Tier1 ratio	7.21%	0.45%	6.76%	7.05%	0.24%	6.81%
Net deferred tax assets / Tier1 capital	20.49%	(6.52%)	27.01%	14.73%	(0.62%)	15.35%
Valuation difference on available- for-sale securities	17.5	6.3	11.1	7.3	(3.0)	10.4

\* Deposits include NCD

# Breakdown of Business Profits ①

## <Net interest income>

Hokuhoku Financial Group, Inc.

- Total balance of securities grew mainly in JGB, while tougher competitive environment had interest margin narrow.
- ⇒ Net interest income increased: interest income on securities covered reduction of interest on loan

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

(JPY Bn, %)	FY2009			FY2010			change			breakdown	
	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate
<b>&lt; Total of two banks &gt;</b>											
Net interest income			129.8			130.6			0.7		
Loans	6,964.9	1.87%	130.6	6,983.4	1.75%	122.3	18.4	(0.12%)	(8.2)	0.3	(8.5)
Securities	1,830.3	1.00%	18.3	2,136.9	1.04%	22.2	306.6	0.04%	3.8	3.1	0.7
Deposits & NCDs	8,881.2	0.21%	18.6	9,217.2	0.14%	13.2	335.9	(0.07%)	(5.4)	0.5	(6.0)
<b>&lt; Hokuriku bank &gt;</b>											
Net interest income			72.3			73.2			0.8		
Loans	4,108.1	1.80%	73.9	4,096.9	1.68%	69.0	(11.1)	(0.12%)	(4.9)	(0.1)	(4.7)
Securities	873.2	1.05%	9.2	1,063.0	1.13%	12.0	189.7	0.08%	2.8	2.0	0.7
Deposits & NCDs	5,117.2	0.22%	11.5	5,283.6	0.15%	8.1	166.4	(0.07%)	(3.3)	0.3	(3.6)
<b>&lt; Hokkaido bank &gt;</b>											
Net interest income			57.4			57.3			(0.0)		
Loans	2,856.8	1.98%	56.6	2,886.4	1.84%	53.3	29.5	(0.14%)	(3.3)	0.5	(3.8)
Securities	957.0	0.95%	9.1	1,073.8	0.94%	10.1	116.8	(0.01%)	1.0	1.1	0.0
Deposits & NCDs	3,764.0	0.19%	7.1	3,933.5	0.12%	5.0	169.5	(0.07%)	(2.3)	0.2	(2.3)

### FY2011 (Projection) (Domestic)

Total of two banks		
	balance	Rate
Loans	+125.5	-0.09%
Securities	+227.5	-0.03%
Deposits	+159.0	-0.04%
Hokuriku bank		
	balance	Rate
Loans	+88.5	-0.09%
Securities	+182.0	-0.01%
Deposits	+68.5	-0.05%
Hokkaido bank		
	balance	Rate
Loans	+37.0	-0.09%
Securities	+45.5	-0.07%
Deposits	+90.5	-0.03%

# Breakdown of Business Profits ②

## <Fee revenue>

Hokuhoku Financial Group, Inc.

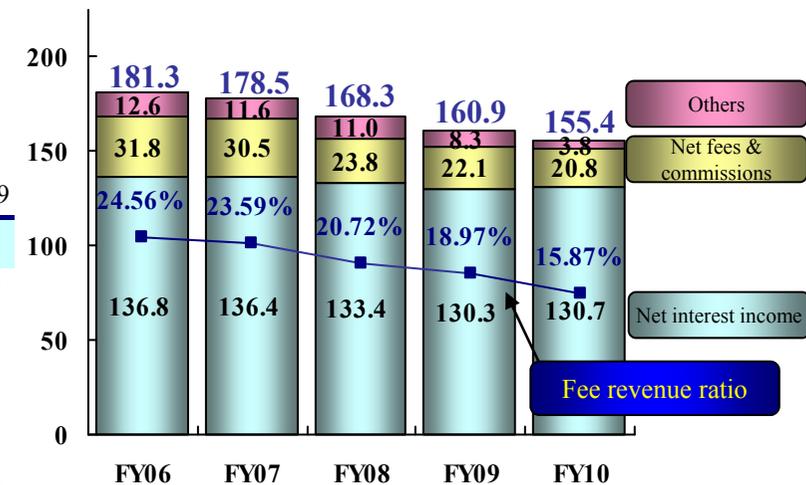
- Income from investment trust decreased
- Foreign exchange transactions declined with demand reduction

### 【Breakdown of fee revenue】

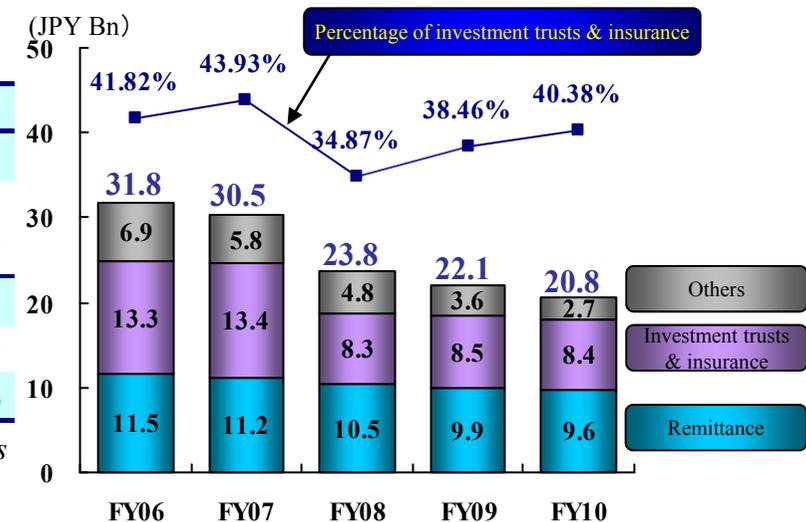
< Total of two banks > (JPY Bn)	FY2010	change	FY2009
(1) Net fees & commissions	20.8	(1.3)	22.1
Fees and commissions	34.9	(0.8)	35.8
Remittance	11.6	(0.2)	11.8
Investment trusts	4.7	(0.5)	5.3
Insurance	3.6	0.3	3.2
Fees and commissions payments	14.1	0.5	13.6
Remittance	1.9	(0.0)	1.9
ATM (alliance with convenience stores)	2.3	0.1	2.1
Loan related expenses	9.2	0.3	8.8
(2) Net trading income	1.1	(0.2)	1.4
(3) Net other income (excluding gains(losses) related to bonds)	2.6	(4.2)	6.9
gains on foreign exchange transactions	1.6	(2.4)	4.1
Net income (expenses) on derivatives	<u>(1.4)</u> 0.9	(1.8) <u>(0.1)</u>	2.7
(4) Fee revenue (1)+(2)+(3)	24.6	(5.8)	30.5
(5) Core gross business profits	155.4	(5.5)	160.9
(6) Fee revenue ratio (4)/(5)	15.87%	(3.10%)	18.97%

*Underlined figures: Include net gains(losses) on bond option transactions*

### 【Core gross business profits】<Total of two banks> (JPY Bn)



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



# Breakdown of Business Profits ③

## <General and administrative expenses>

Hokuhoku Financial Group, Inc.

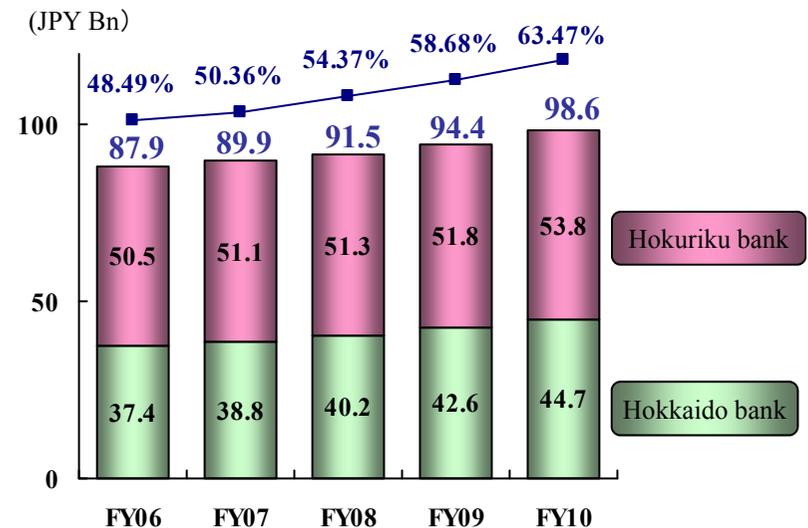
### ➤ General and administrative expenses increased due to an increase in the number of Staff and investment IT system

#### 【Breakdown of G&A expenses】

< Total of two banks > (JPY Bn)	FY2010	change	FY2009
General and administrative expenses	98.6	4.2	94.4
Personnel	44.7	1.4	43.2
Non-personnel	48.6	2.4	46.2
Taxes	5.2	0.3	4.9
OHR	63.47%	4.79%	58.68%
Number of employees (excluding temporary staffs) (A)	4,940	419	4,521
Temporary staffs (B)	3,491	(455)	3,946
Percentage of temporary staffs (B)/{(A)+(B)}	41.40%	(5.20%)	46.60%

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

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



**Personnel expenses: +¥1.4Bn**

- Increase in the number of staff to strengthen marketing capabilities, and switch of the temporary employee to the regular employee

**Non-personnel expenses: +¥2.4Bn**

- Increase of investment in IT system

## Net Gains (Losses) related to Securities

Hokuhoku Financial Group, Inc.

- Net gains (losses) related to bonds: +¥1.7Bn
- Net gains (losses) related to stocks: -2.7Bn

( Nikkei Average Mar-10 ¥11,089  
Mar-11 ¥9,755 )

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

(JPY Bn)	〈Total of two banks〉			〈Hokuriku bank〉			〈Hokkaido bank〉		
	FY2010	change	FY2009	FY2010	change	FY2009	FY2009	change	FY2009
Net Gains (losses) on bonds	1.7	(0.3)	2.0	(0.6)	0.4	(1.0)	2.3	(0.7)	3.0
Gains on sales	5.2	(0.2)	5.4	0.0	(0.0)	0.1	5.1	(0.1)	5.3
Gains on redemption	0.1	0.1	-	-	-	-	0.1	0.1	-
Losses on sales	3.1	0.7	2.4	0.6	(0.2)	0.8	2.5	1.0	1.5
Losses on redemption	-	(0.6)	0.6	-	-	-	-	(0.6)	0.6
Losses on devaluation	0.3	0.0	0.3	-	(0.2)	0.2	0.3	0.2	0.0
Net Gains (losses) on stocks	(2.7)	(1.0)	(1.7)	(2.2)	(0.7)	(1.4)	(0.5)	(0.2)	(0.2)
Gains on sales	0.5	(0.2)	0.8	0.5	(0.1)	0.6	0.0	(0.1)	0.2
Losses on sales	0.4	(0.0)	0.4	0.3	(0.0)	0.4	0.0	0.0	0.0
Losses on devaluation	2.8	0.7	2.1	2.3	0.6	1.6	0.5	0.0	0.4

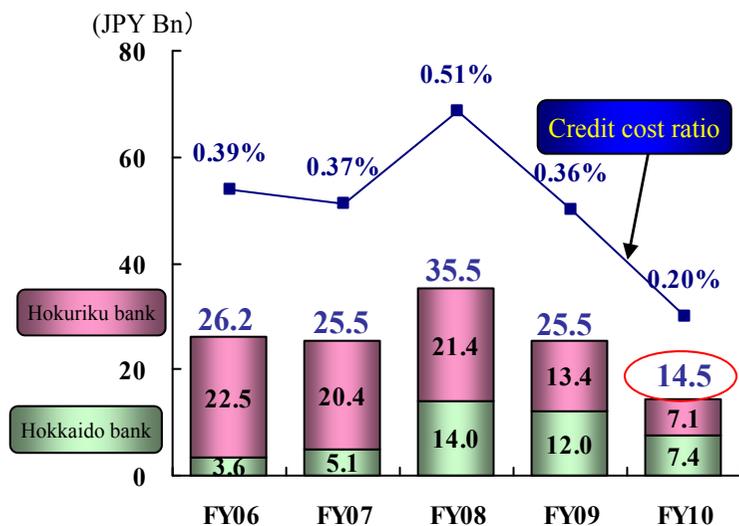
Impairment loss	Assets requiring caution	“Market value has fallen below its acquisition cost”
	Normal Assets	“Market value has fallen 50% or more from its acquisition cost, or market value has fallen more than 30% to less than 50% and market price has been below the certain level”

# Credit Costs and Non-Performing Loan

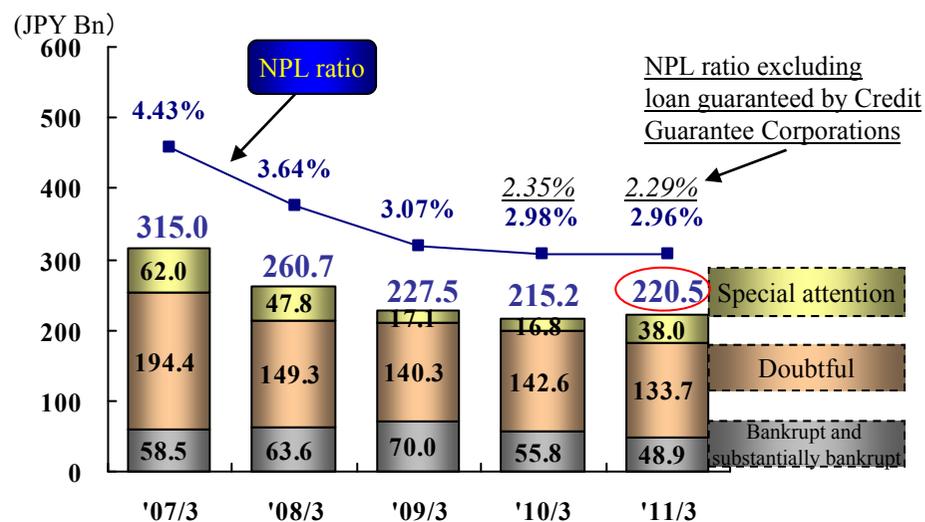
Hokuhoku Financial Group, Inc.

- Total credit costs were ¥14.5Bn (-¥10.9Bn compared to FY09), Credit cost ratio was 0.20% (-0.16% compared to FY09)
- NPL ratio was 2.96% (-0.02% compared to Mar-10)

【Total credit costs】〈Total of two banks〉



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



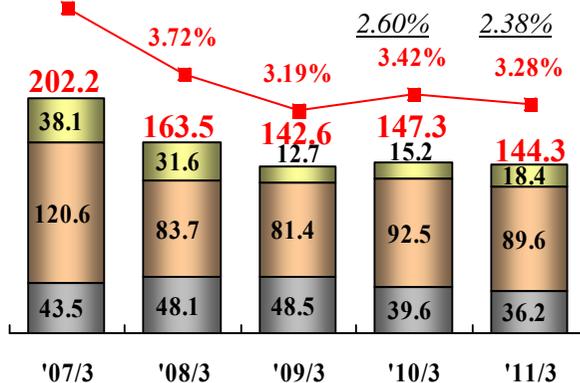
※ Total credit costs

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

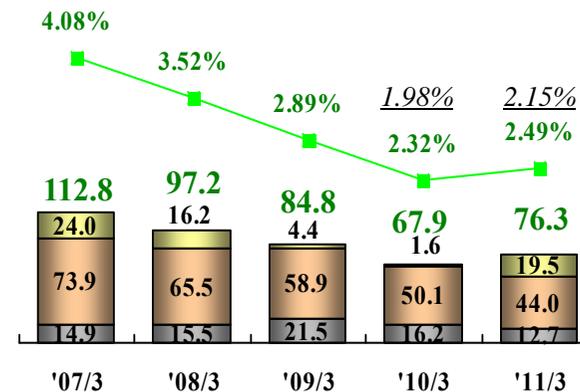
※ Credit cost ratio

= Total credit costs ÷ Average balance of Loans

4.65% 〈Hokuriku bank + Hokugin Corp.〉



4.08% 〈Hokkaido bank〉



# Capital Adequacy Ratio

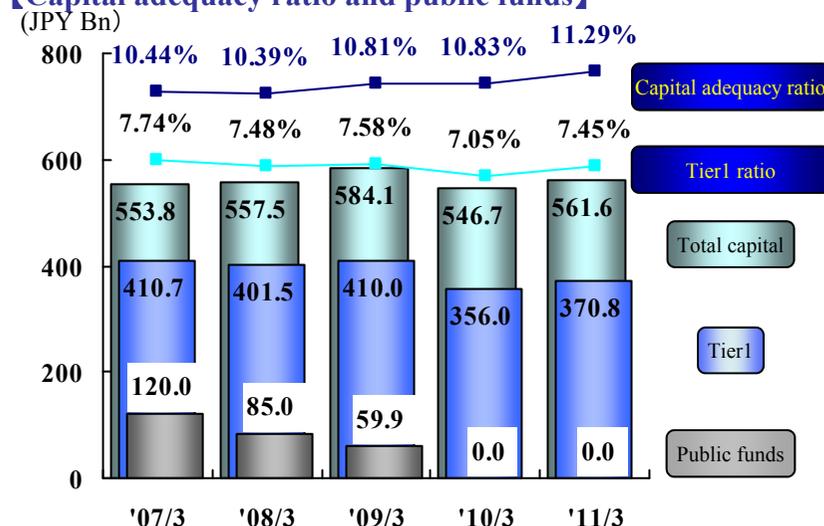
Hokuhoku Financial Group, Inc.

➤ Capital adequacy ratio was 11.29% (+0.46% from Mar-10).

## 【Capital adequacy ratio】

(JPY Bn)	Mar-11	change	Mar-10
Capital adequacy ratio	11.29%	0.46%	10.83%
Tier1 ratio	7.45%	0.40%	7.05%
Tier1 capital	370.8	14.8	356.0
Preferred shares (Private sector)	53.7	-	53.7
Tier2 capital	191.9	(0.1)	192.1
Total capital	561.6	14.8	546.7
Risk-weighted assets	4,972.1	(74.1)	5,046.2
Credit risk portion	4,662.0	(58.4)	4,720.4
Operational risk portion	310.1	(15.6)	325.8

## 【Capital adequacy ratio and public funds】



### 〈Hokuriku bank〉

(JPY Bn)	Mar-11	change	Mar-10
Capital adequacy ratio	11.32%	0.52%	10.80%
Tier1 ratio	7.21%	0.45%	6.76%
Tier1 capital	204.6	8.2	196.3
Tier2 capital	116.6	(0.9)	117.6
Total Capital	321.2	7.3	313.9
Risk-weighted assets	2,836.4	(68.2)	2,904.6

### 〈Hokkaido bank〉

(JPY Bn)	Mar-11	change	Mar-10
Capital adequacy ratio	10.59%	0.40%	10.19%
Tier1 ratio	7.05%	0.24%	6.81%
Tier1 capital	148.5	4.6	143.8
Tier2 capital	74.7	3.4	71.2
Total Capital	223.2	8.1	215.1
Risk-weighted assets	2,107.1	(3.3)	2,110.5

# Deferred Tax Assets

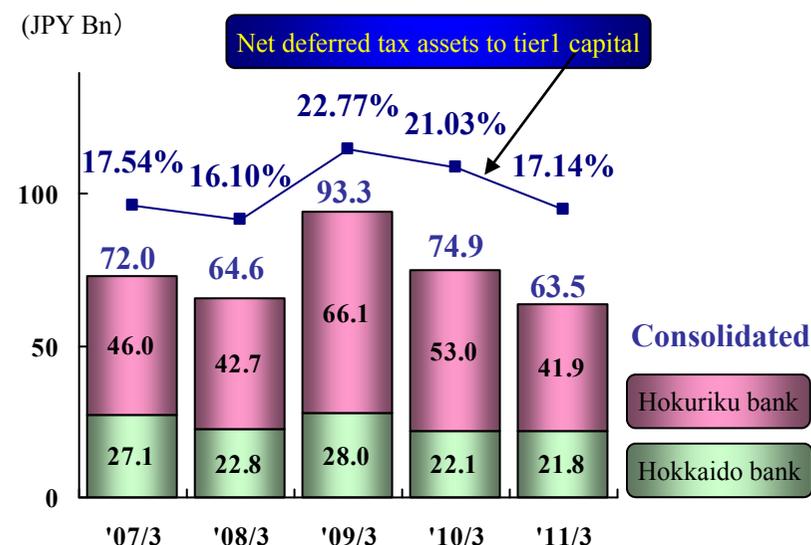
Hokuhoku Financial Group, Inc.

- Net deferred tax assets : ¥63.5Bn (-¥11.3Bn compared to Mar-10)
- Net deferred tax assets to tier1 capital : 17.14% (-3.89% compared to Mar-10)

## 【Breakdown of deferred tax assets】

〈Consolidated〉 (JPY Bn)	Mar-11	change	Mar-10
Allowance for loan losses	64.4	(4.1)	68.6
Depreciation	1.8	0.1	1.7
Provision for retirement benefits	17.4	0.1	17.2
Loss on valuation of securities	14.5	0.8	13.6
Other	6.4	0.8	5.5
Operating loss carryforwards	20.6	(6.7)	27.4
(1) Deferred tax assets	125.3	(9.0)	134.3
(2) Valuation allowance	43.3	0.9	42.3
(3) Total deferred tax assets (1)-(2)	82.0	(9.9)	92.0
(4) Deferred tax liabilities	18.5	1.4	17.0
(5) Net deferred tax assets (3)-(4)	63.5	(11.3)	74.9

## 【deferred tax assets】



(JPY Bn)	〈Hokuriku bank〉		
	Mar-11	change	Mar-10
(1) Deferred tax assets	90.9	(8.4)	99.3
(2) Valuation allowance	37.4	0.1	37.3
(3) Total deferred tax assets (1)-(2)	53.4	(8.5)	62.0
(4) Deferred tax liabilities	11.4	2.5	8.9
(5) Net deferred tax assets (3)-(4)	41.9	(11.1)	53.0

(JPY Bn)	〈Hokkaido bank〉		
	Mar-11	change	Mar-10
(1) Deferred tax assets	29.6	(0.5)	30.2
(2) Valuation allowance	2.9	0.7	2.1
(3) Total deferred tax assets (1)-(2)	26.7	(1.3)	28.1
(4) Deferred tax liabilities	4.8	(1.1)	6.0
(5) Net deferred tax assets (3)-(4)	21.8	(0.2)	22.1

# Forecasts

Hokuhoku Financial Group, Inc.

## 【Earnings Forecasts for FY 2011】

### 〈Consolidated〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2010
Ordinary income	102.0	203.0	(11.6)
Ordinary profits	13.5	31.0	(6.2)
Net income	7.5	17.0	(1.4)

## 【Dividend Forecasts for FY 2011】

### 〈Non-consolidated〉

	Interim	Year-end	Annual	Change from FY2010
Dividend per common share	–	¥3.75	¥3.75	–
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00	–

### 〈Total of two banks〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2010
Ordinary income	93.5	188.0	(7.8)
Core gross business profits	78.0	157.0	1.5
G&A expenses	(51.0)	(101.0)	(2.3)
Core net business profits	27.0	56.0	(0.7)
Total credit costs	(11.0)	(20.0)	(5.4)
Ordinary profits	13.5	33.0	(4.0)
Net income	8.0	19.5	(0.1)

### 〈Hokuriku bank〉

	Interim Forecasts	Full year Forecasts	Change from FY2010
Ordinary income	53.5	107.0	(1.8)
Core gross business profits	44.5	90.0	1.4
G&A expenses	(27.5)	(55.0)	(1.1)
Core net business profits	17.0	35.0	0.3
Total credit costs	(6.0)	(12.0)	(4.8)
Ordinary profits	10.0	22.0	(0.9)
Net income	6.0	13.0	1.0

### 〈Hokkaido bank〉

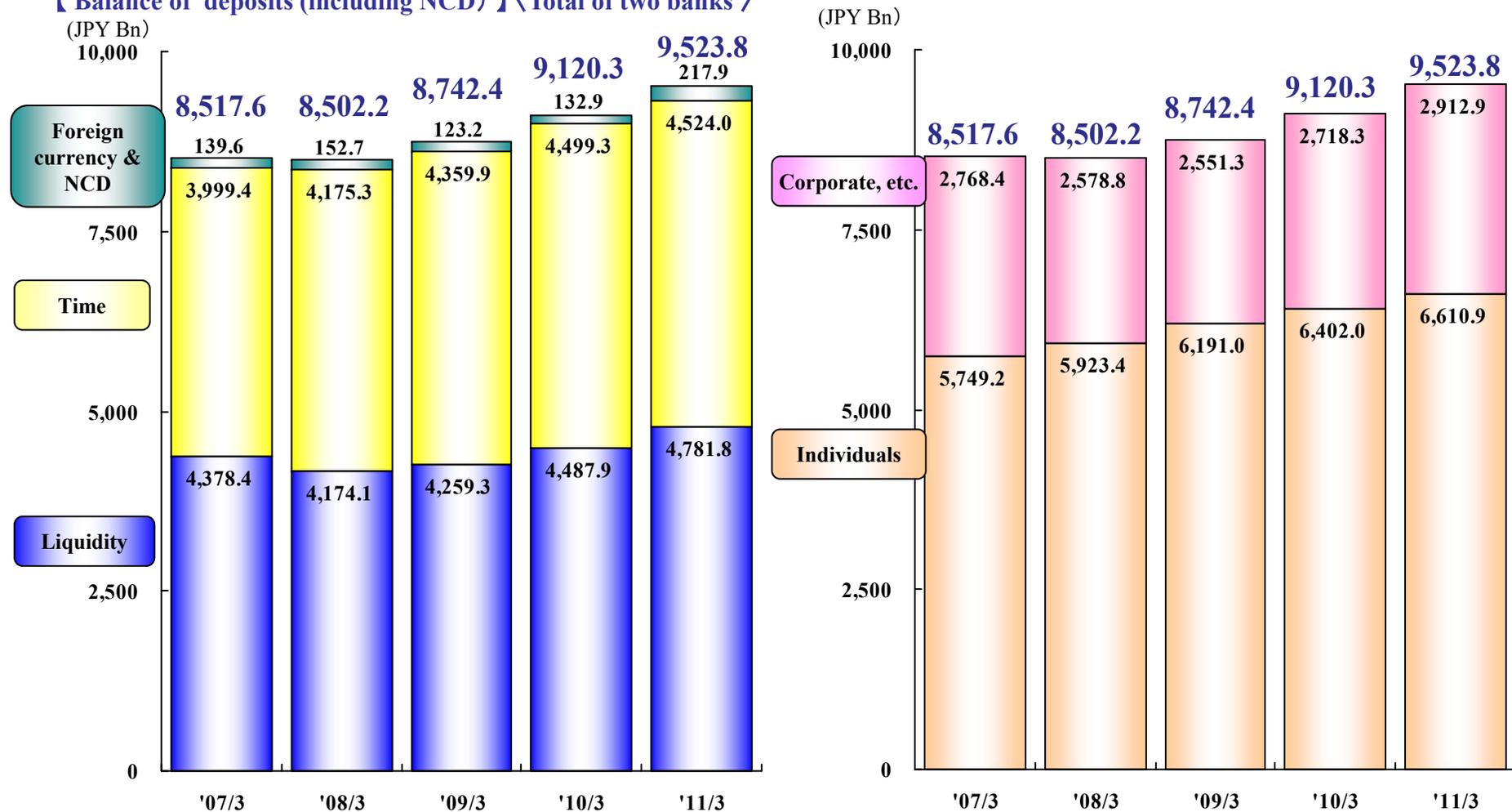
	Interim Forecasts	Full year Forecasts	Change from FY2010
Ordinary income	40.0	81.0	(6.0)
Core gross business profits	33.5	67.0	0.1
G&A expenses	(23.5)	(46.0)	(1.2)
Core net business profits	10.0	21.0	(1.1)
Total credit costs	(5.0)	(8.0)	(0.5)
Ordinary profits	3.5	11.0	(3.1)
Net income	2.0	6.5	(1.2)

# Deposits

Hokuhoku Financial Group, Inc.

- Deposits +¥403.5Bn(+4.42%) compared to Mar-10
- Liquidity +¥293.8Bn(+6.54%) compared to Mar-10
- Individuals +¥208.9Bn(+3.26%) compared to Mar-10

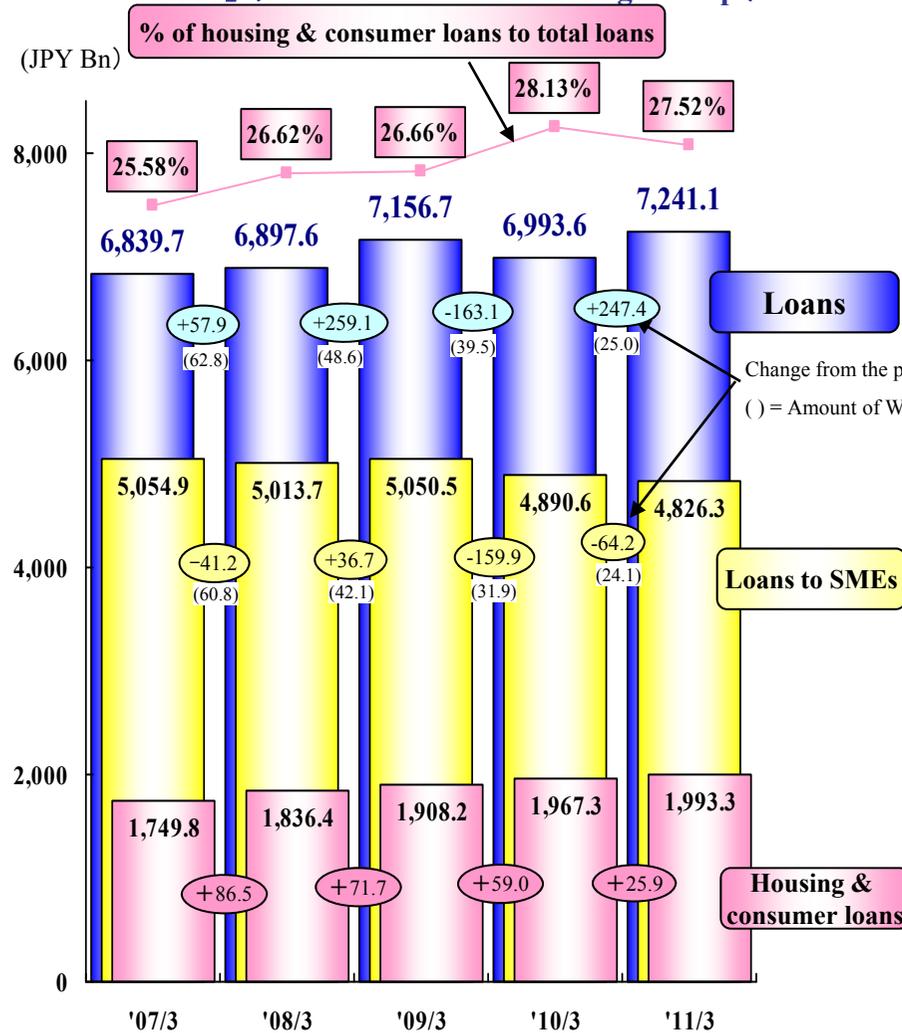
【 Balance of deposits (including NCD) 】 < Total of two banks >



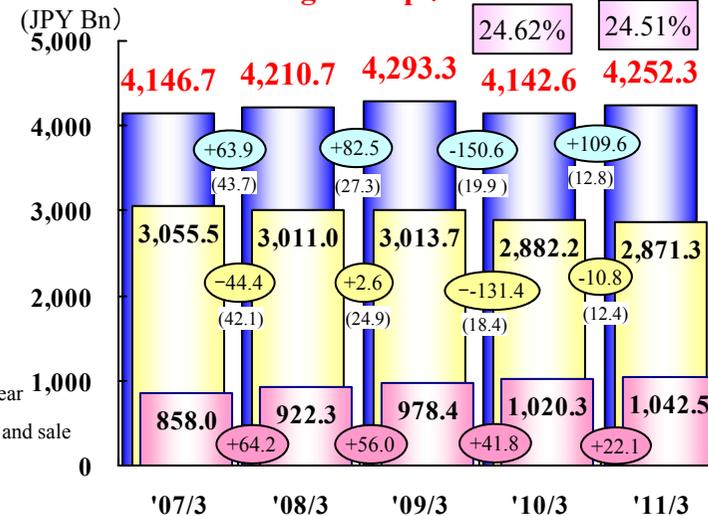
# Loans

- Loans **+¥247.4Bn(+3.5%)** compared to Mar-10
- Loans to SMEs and individuals **-¥64.2Bn(-1.3%)** compared to Mar-10
- Housing and consumer loans **+¥25.9Bn(+1.3%)** compared to Mar-10

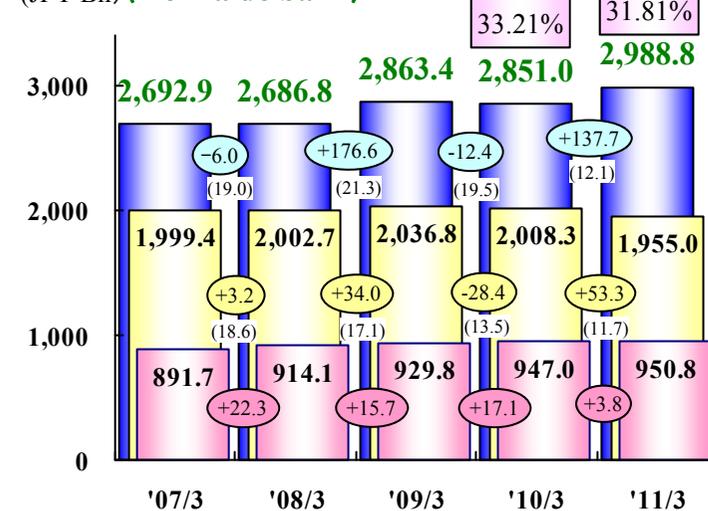
**[Balance of loans] <Total of two banks +Hokugin Corp.>**



**<Hokuriku bank +Hokugin Corp.>**



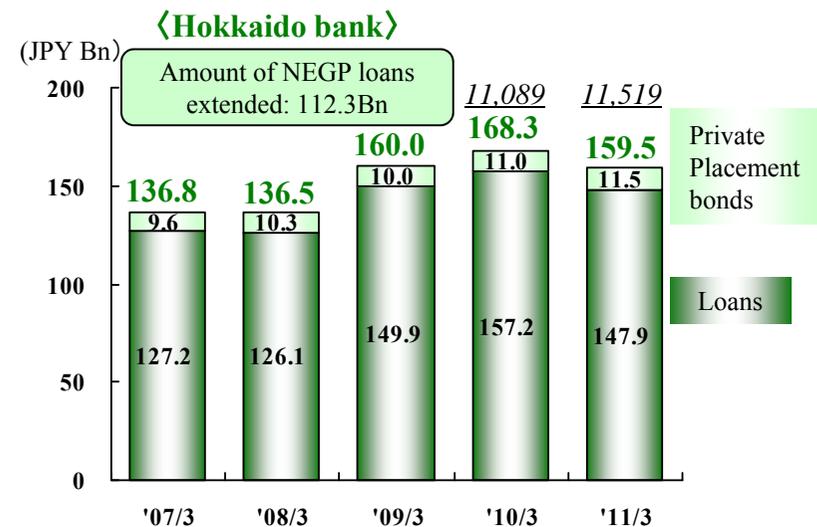
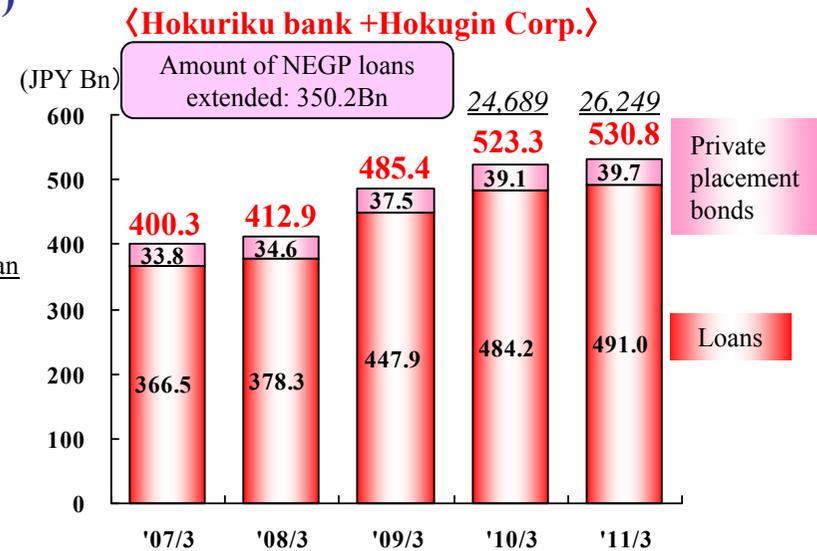
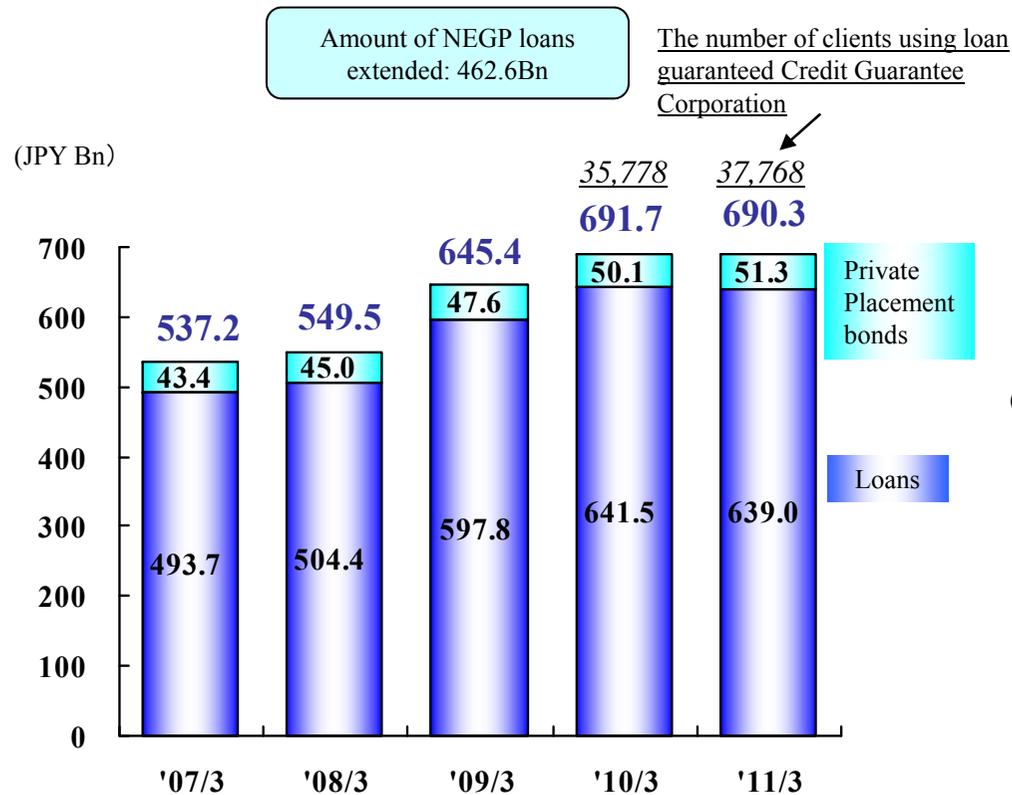
**<Hokkaido bank>**



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

- Balance of loan guaranteed by CGCs : -¥1.3Bn(-0.1%) compared to Mar-10.
- Nationwide Emergency Guarantee Program (NEGP)  
Amount of loans extended : ¥462.6Bn

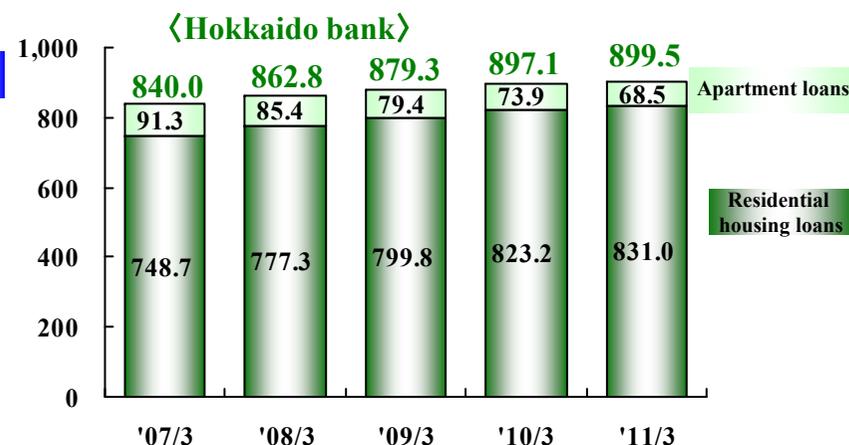
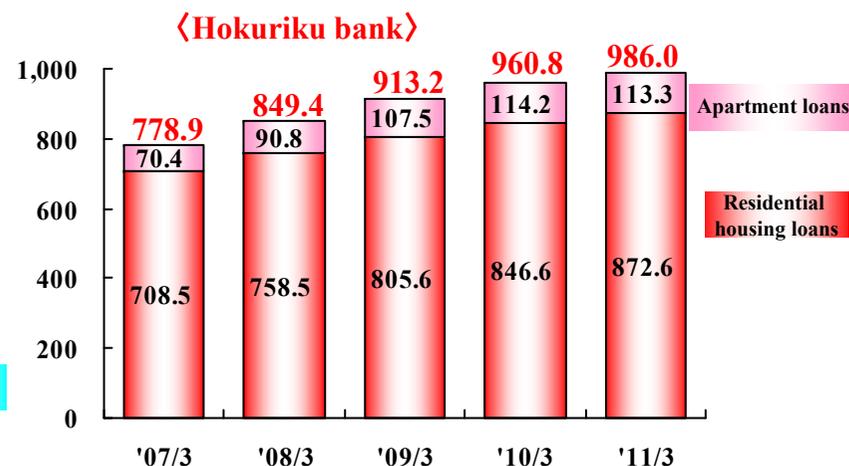
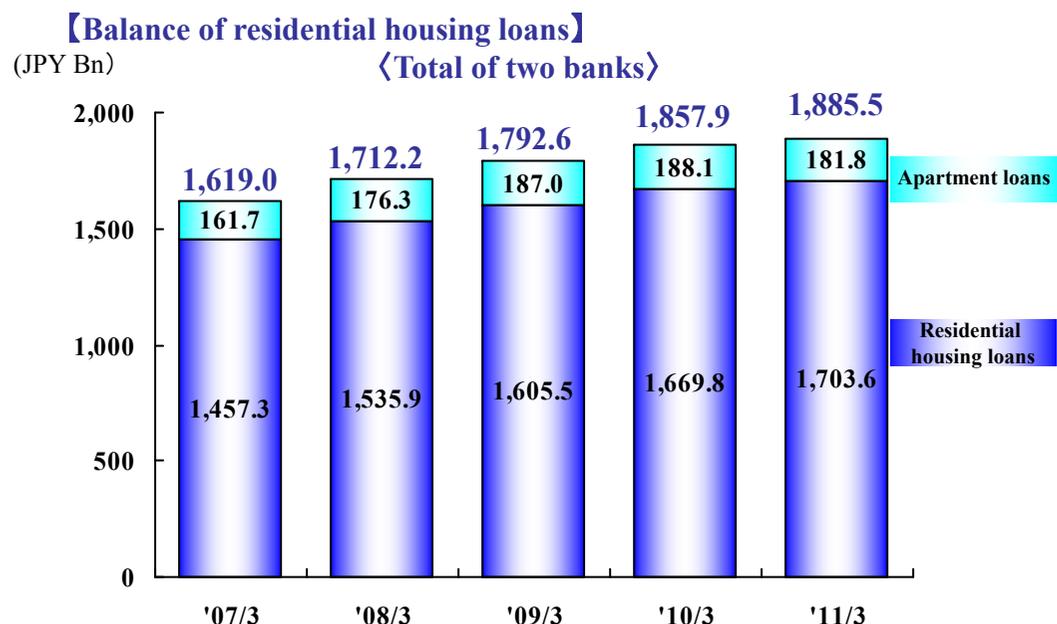
**【Balance of loans guaranteed by CGCs】**  
 〈Total of two banks +Hokugin Corp.〉



# Housing Loans

Hokuhoku Financial Group, Inc.

➤ Balance of housing loans increased by ¥27.5Bn compared to Mar-10.



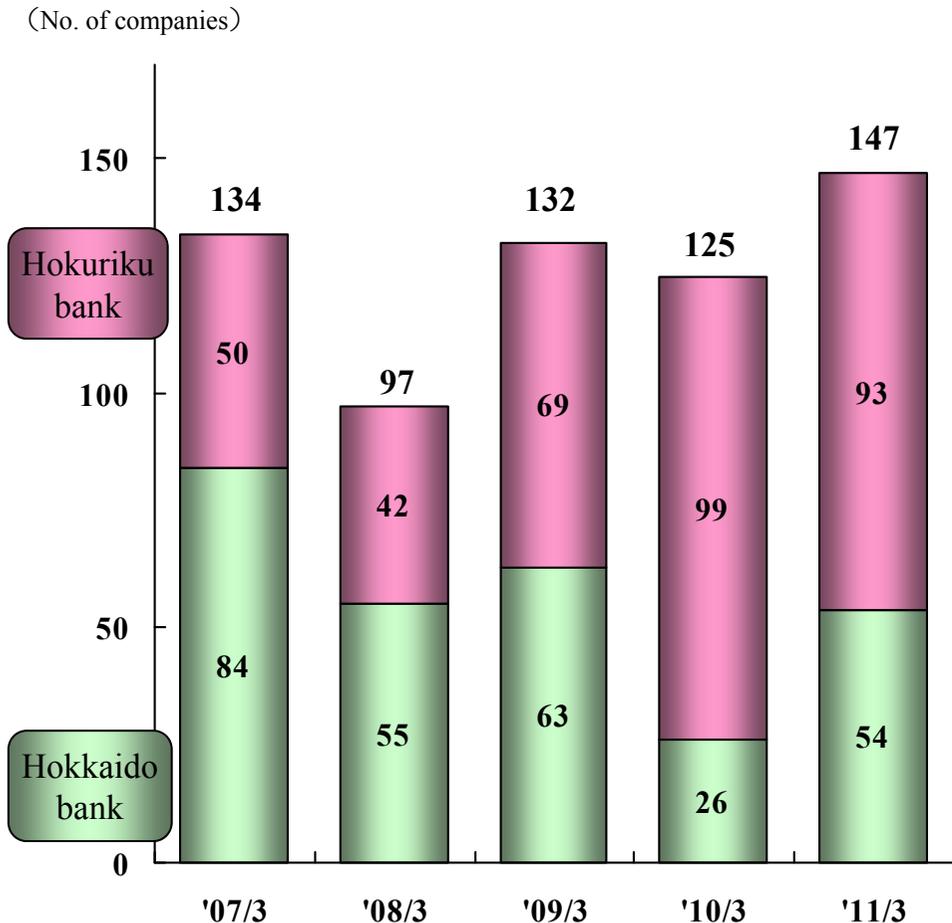
**【Sales amount of housing loans】**

(JPY Bn)	<Total of two banks>					<Hokuriku bank>					<Hokkaido bank>				
	FY06	FY07	FY08	FY09	FY10	FY06	FY07	FY08	FY09	FY10	FY06	FY07	FY08	FY09	FY10
Sales amount of residential housing loans	222.8	227.5	218.6	209.5	189.4	107.6	113.5	110.8	104.7	96.1	115.2	113.9	107.7	104.8	93.2
New loanes	161.4	177.2	176.5	141.3	125.7	84.2	93.7	90.8	71.9	59.5	77.2	83.5	85.6	69.4	66.1
Refinanced loanes	61.3	50.2	42.1	68.2	63.7	23.3	19.8	20.0	32.7	36.6	37.9	30.4	22.0	35.4	27.0

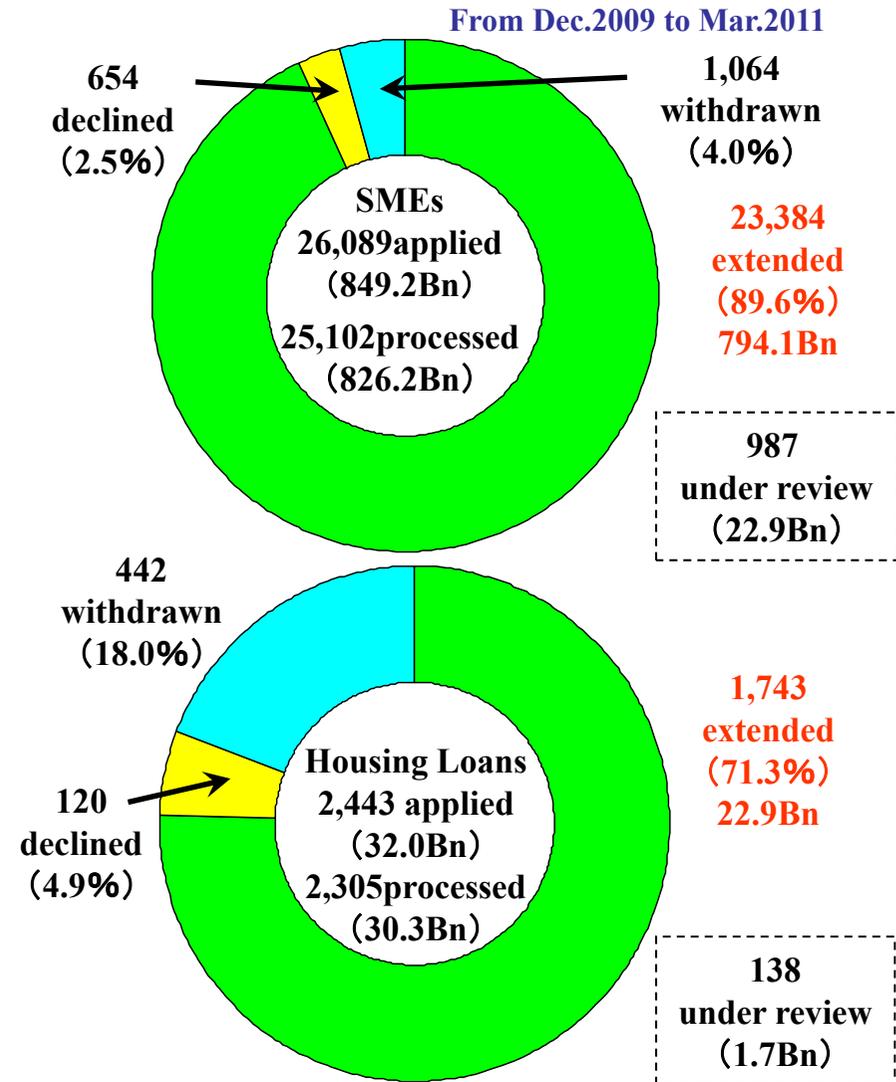
# SME Support / Financial Facilitation

Hokuhoku Financial Group, Inc.

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



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

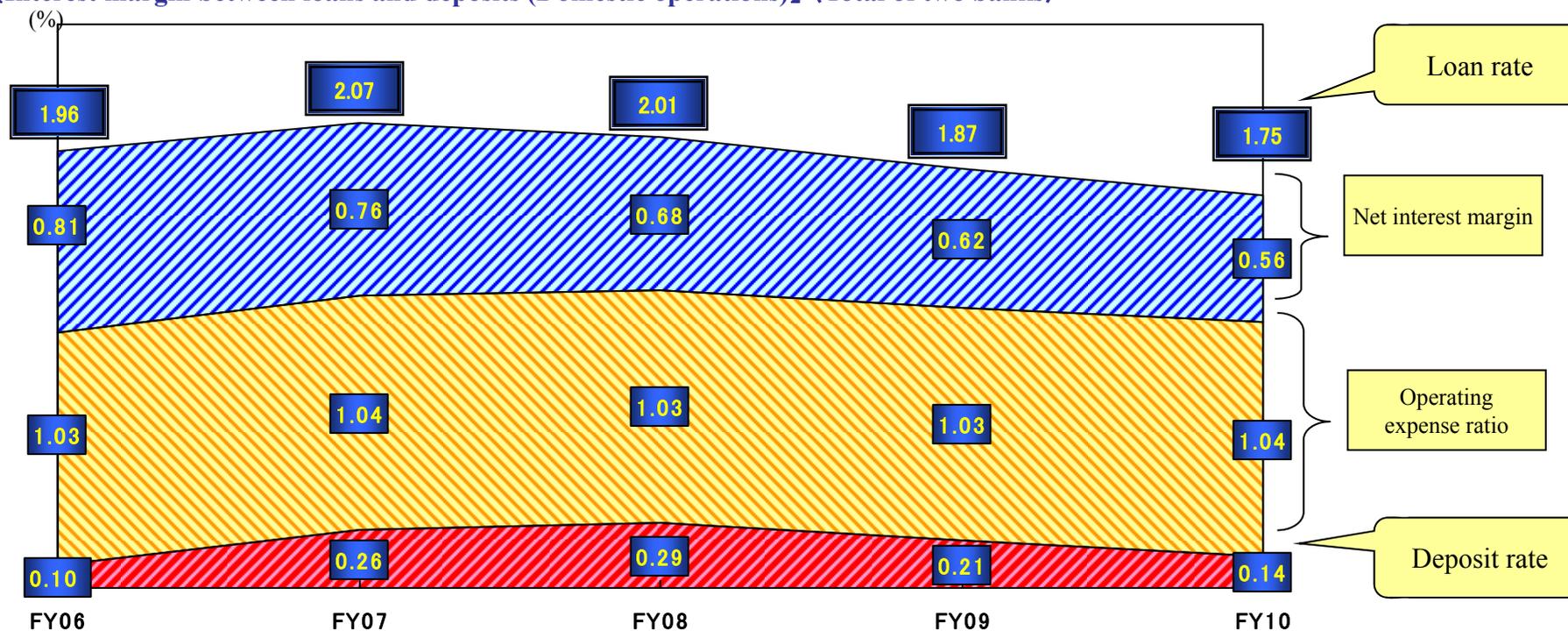


\* “Declined” includes cases pending for more than 3 months since applied.

# Interest Margins ①

- Loan rate                                -0.12% compared to FY2009
- Deposit rate                              -0.07% compared to FY2009
- Net interest margin                    -0.06% compared to FY2009

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

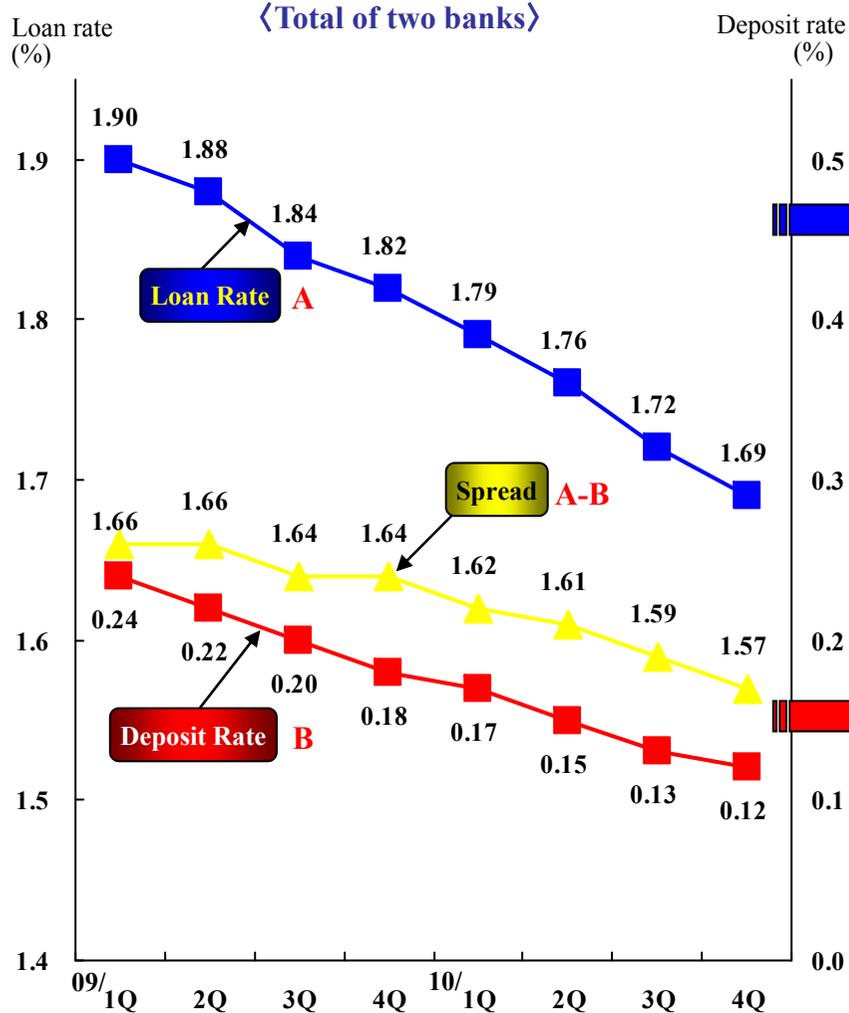


(%)	<Total of two banks>					<Hokuriku bank>					<Hokkaido bank>				
	FY06	FY07	FY08	FY09	FY10	FY06	FY07	FY08	FY09	FY10	FY06	FY07	FY08	FY09	FY10
Loan rate	1.96	2.07	2.01	1.87	1.75	1.88	2.00	1.93	1.80	1.68	2.07	2.17	2.14	1.98	1.84
Net interest margin	0.81	0.76	0.68	0.62	0.56	0.75	0.70	0.62	0.59	0.54	0.92	0.85	0.78	0.68	0.60
Operating expense ratio	1.03	1.04	1.03	1.03	1.04	1.02	1.01	1.00	0.98	0.99	1.05	1.06	1.08	1.10	1.11
Deposit rate	0.10	0.26	0.29	0.21	0.14	0.10	0.27	0.30	0.22	0.15	0.09	0.25	0.27	0.19	0.12

# Interest Margins ②

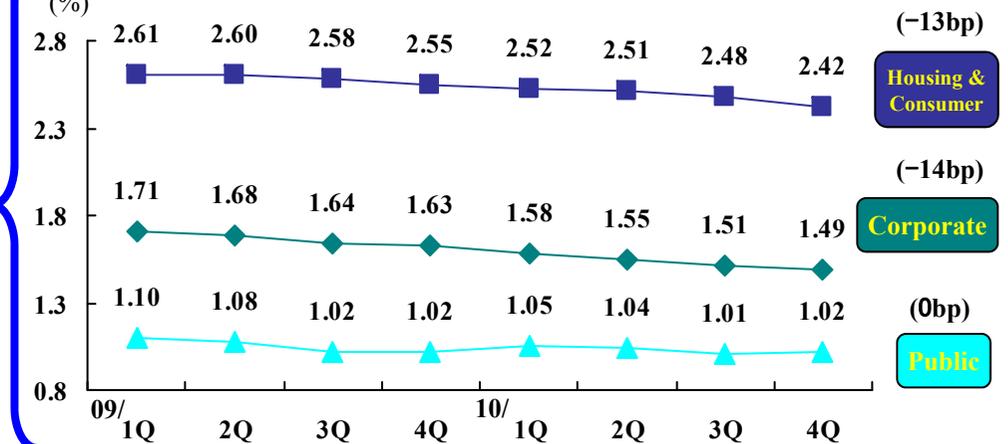
- '10/4Q Loan rate : 1.69% (-0.13% compared to '09/4Q)
- '10/4Q Deposit rate : 0.12% (-0.06% compared to '09/4Q)

【Interest rate of yen denominated loans and deposits】



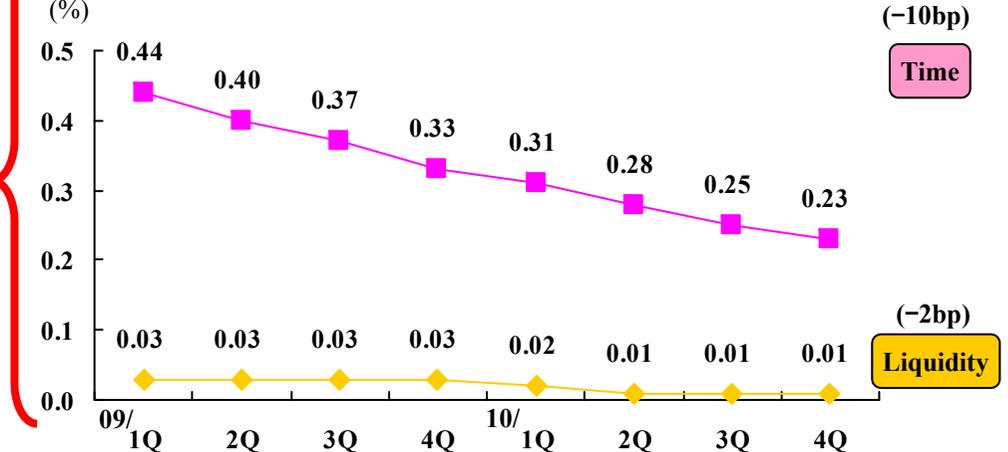
※ Internal management base

【Interest rate of yen denominated loans】 <Total of two banks>



※ Before partial direct write-offs

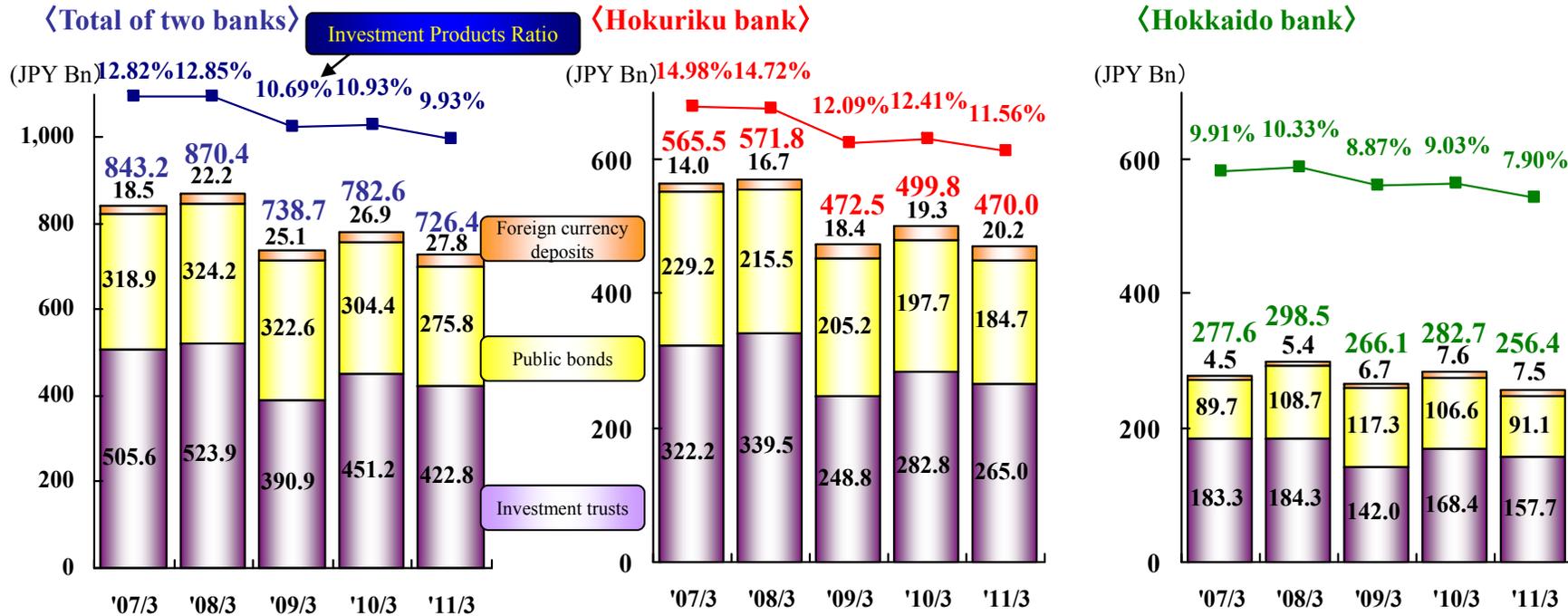
【Interest rate of yen denominated deposits】 <Total of two banks>



※ ( ) = change from 09/4Q 20

## ➤ Sales amount of Insurance increased

### 【Balance of investment products】



### 【Sales amount of investment products and Fees】

(JPY Bn)	〈Total of two banks〉				〈Hokuriku bank〉				〈Hokkaido bank〉			
	FY07	FY08	FY09	FY10	FY07	FY08	FY09	FY10	FY07	FY08	FY09	FY10
Sales amount of investment trusts	261.8	84.2	138.3	121.3	189.7	44.0	104.6	89.4	72.0	40.1	33.7	31.8
Sales amount of insurance	83.6	82.9	94.4	116.8	56.9	55.5	51.4	74.7	26.7	27.3	42.9	42.0
Fees from investment trusts	9.0	4.3	5.3	4.7	6.2	2.7	3.7	3.2	2.7	1.6	1.5	1.5
Fees from insurance	4.4	3.9	3.2	3.6	3.0	2.9	2.1	2.5	1.3	1.0	1.1	1.0

# Securities Portfolio

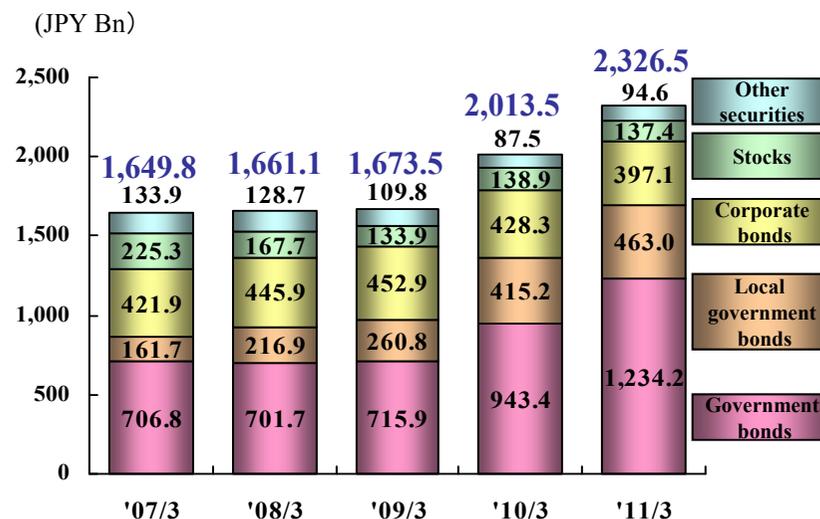
Hokuhoku Financial Group, Inc.

- Total balance of securities grew owing to increases in JGBs and municipal bonds
- Impairment proceeded, unrealized gains on available-for-sale securities improved

【Balance of securities】

【Balance of securities】

〈Consolidated〉 (JPY Bn)	Mar-11	change	Mar-10
Securities	2,326.5	313.0	2,013.5
Government bonds	1,234.2	290.8	943.4
Local government bonds	463.0	47.8	415.2
Corporate bonds	397.1	(31.2)	428.3
Stocks	137.4	(1.4)	138.9
Other Securities	94.6	7.0	87.5



【Valuation difference】

〈Consolidated〉 (JPY Bn)	Acquisition cost (1)			Balance sheet amount (2)			Valuation difference (2)-(1)		
	Mar-11	change	Mar-10	Mar-11	change	Mar-10	Mar-11	change	Mar-10
Available-for-sale securities	2,285.7	286.4	1,999.3	2,303.1	289.7	2,013.3	17.3	3.2	14.0
Stocks	107.6	(1.0)	108.6	107.1	(0.5)	107.6	(0.4)	0.4	(0.9)
Bonds	1,999.3	298.2	1,701.0	2,019.9	300.0	1,719.8	20.5	1.8	18.7
Other	178.8	(10.7)	189.6	176.0	(9.7)	185.7	(2.8)	1.0	(3.8)

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

<Reference> Valuation difference	Total of two banks	Hokuriku Bank	Hokkaido Bank
Theoretical price	6.5	2.1	4.3
Market price	(0.9)	2.1	(3.0)

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

	Hokuriku Bank	Hokkaido Bank
Total interest rate risk	43.7	14.1
Outlier ratio	13.61%	6.36%

# Bond Portfolio (yen denominated bonds)

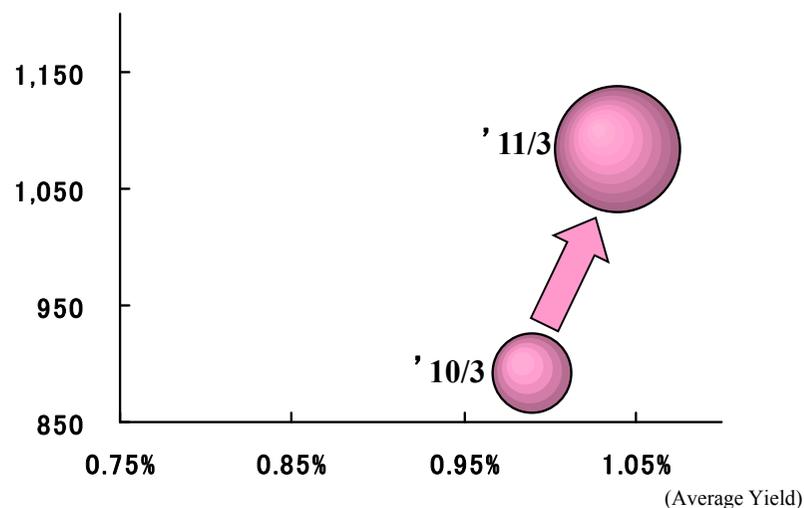
Hokuhoku Financial Group, Inc.

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

(term-end balance)  
(JPY Bn)

### 〈Hokuriku bank〉

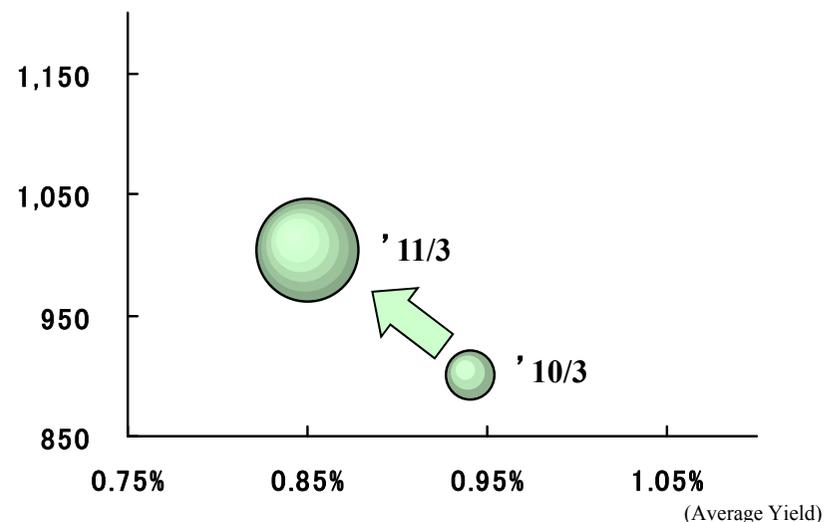
Size of a circle = Interest rate risk (Value at Risk)



(term-end balance)  
(JPY Bn)

### 〈Hokkaido bank〉

Size of a circle = Interest rate risk (Value at Risk)



	'10/3	'11/3
<b>Hokuriku Bank</b>		
Term-end Balance (¥Bn)	892.2	1,083.5
Floating rate government bonds (measurement on interest period basis)	191.6	221.6
Average Yield (%)	0.99%	1.04%
Duration (year)	3.38	4.24
VaR (¥Bn)	9.2	24.6
Amount of corrected risk (¥Bn)*	9.4	31.7

	'10/3	'11/3
<b>Hokkaido Bank</b>		
Term-end Balance (¥Bn)	900.3	1,003.3
Floating rate government bonds (GPS)	234.1	160.0
Average Yield (%)	0.94%	0.85%
Duration (year)	2.81	3.49
VaR (¥Bn)	9.6	18.7
Amount of corrected risk (¥Bn)*	9.3	34.3

\* Amount of risk for entire bonds including foreign bonds after adjustment (When back testing is not effective, magnification of back testing is revised in such way that the back test covers actual results expect 4 or fewer times.)

*Management Strategy*

# Strengthening Marketing Capabilities

Hokuhoku Financial Group, Inc.

~Expanding customer base and diversifying business

- Expansion of customer base by increasing new account while keeping current clients
- Raise Sales by diversified transactions and consulting services

## New Customers

Exhaustive Sales Marketing in Specific Areas  
 Increase contact with customers  
 Use of information from Credit Guarantee Corporation (“Maruho”)

## Current Customers

“Retention Fund”  
 Collateralized Loans  
 Cross sales of proper loans and Maruho loans  
 Promote comprehensive services

Expansion of customer base

## Promotion of diversified transactions

Salary deposits  
 Electronic Banking and Business transfer  
 Foreign Exchange  
 Derivatives  
 Personal accounts of corporate owners  
 Loans and deposits for employees of corporate customers  
 Business with other subsidiaries of Hokuhoku FG

## Provide proposals to solve problems in customers’ business

Business Matching  
 M&A, Business Succession  
 Support of overseas developments  
 Advisory for corporate revitalization

Tighten business relationships

Build up solid earnings base in fees & commissions

Secure coverage of loans

Division of industry investigation

Number of corporate clients using loans (Thousands)

	2010/3 results	2011/3 results	2013/3 plan
Hokuriku BK	33.3	34.7	40.0
Hokkaido BK	10.1	10.8	12.3

- Activate regional economy by absorbing vitality of Asia and Far East Russia
- Use our accumulated know-how of business matching for offering best solutions to customer needs



## Front-runner in Business Matching

“Food” Special Business Matching Fair with ITOCHU Group  
(November 2010)



Hokkaido “Food” Special Business Matching Fair for agricultural producers in Kamikawa (October 2010)



**Agreement with overseas governments**  
 Shanghai city  
 Liaoning Province  
 Guangdong Province  
 Dalian city  
 Shenyang city  
 Suzhou city  
 Vietnamese govt.  
 Sakhalin govt. etc.

**Business Partnership**  
 Bank of China  
 Bank of Communications  
 Bank Negara Indonesia  
 KASIKORNBANK  
 State Bank of India  
 Vietcombank etc.

**Associations of clients extending business in China and ASEAN (As of Mar. '11)**  
**Hokuriku Choujou Association: 1,071 companies**  
**Hokkaido Choujou Association: 240 companies**  
**Shanghai Choujou Association: 197 companies**  
**Hokuhoku ASEAN Association: 150 companies**

- Increase salary deposit and pension transfer accounts by retention and expansion of personal clients
- Raise Sales of housing loan by refinancing loans to customers using other banks

**Increase salary deposit and pension transfer accounts**

- Pension consultation event
- Employees skilled in pension
- Campaign for salary deposit

**Mileage program**




**Housing Loan**

**Targeting refinance needs of clients of other banks**

→Market of new housing construction shows slow growth

Sales promotion for employees in corporate clients and individual customers in economically expanding regions

+

Becoming the main bank to provide comprehensive service

After-sales Consultation

**Hokuhoku Services Co.**

Group-wide collaboration in primary consultation on delay of repayment and rescheduling

**Investment Trust and Insurance**

**Focus on personal customers seeking for solutions on retirement and succession**

+

- Organization structure to offer solutions in line with clients' life stage
- Dedicated team for private banking in head office

**Number of clients with salary deposit and pension transfer accounts**  
(Thousands)

	2010/3 result	2011/3 result	2013/3 plan
<b>Hokuriku BK</b>	734.3	746.4	800
<b>Hokkaido BK</b>	864.4	873.1	950

- Develop branch network in response to market change
- Train employees according to their required role and foster workers who support future growth

## Branch Strategy

### Enhancing rooms for consulting

Consulting Salon for Members of Hokugin Mileage Program (Takaoka)



Odori Personal Lounge (Sapporo)



### Plan of New Branch

Souen Area in Sapporo (Aug.'13 Hokkaido BK)

### Upgrade of Sub-Branch to Branch (FY2010 result)

Hokuriku BK . . . . . 5 Branches  
Hokkaido BK . . . . . 1 Branch

## Employee Training

### Fostering young employees as workforce

Revising training programs  
Clarifying required skills

### Raising specialty and consultation skills

Encouragement of taking qualification (Agricultural Management Advisor)  
Employ workers holding CPA

### Reallocation of HR after migration of new banking system

Increase in sales force

### Overseas Training

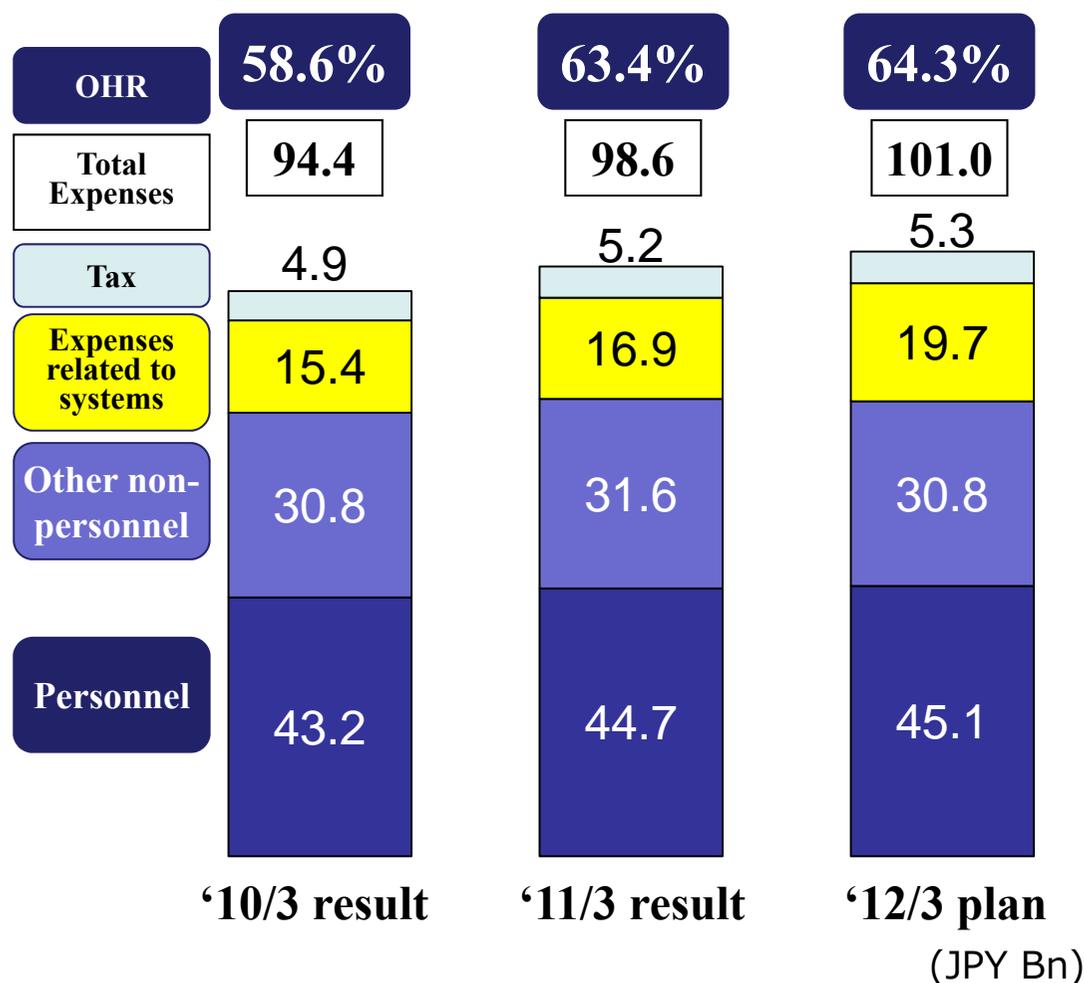
Dispatching employees to overseas  
Increase of training menus in overseas rep. offices and foreign institutions

# Enhancing Management Efficiency

Hokuhoku Financial Group, Inc.

- Expense will peak in FY2011, due to the additional cost expected related to Joint use of banking system which launched in May 2011
- Enhance management in cutback of future expenses and governance by utilizing new banking system

## G&A Expenses & OHR (Total of 2 banks)



### Cutback of future expenses

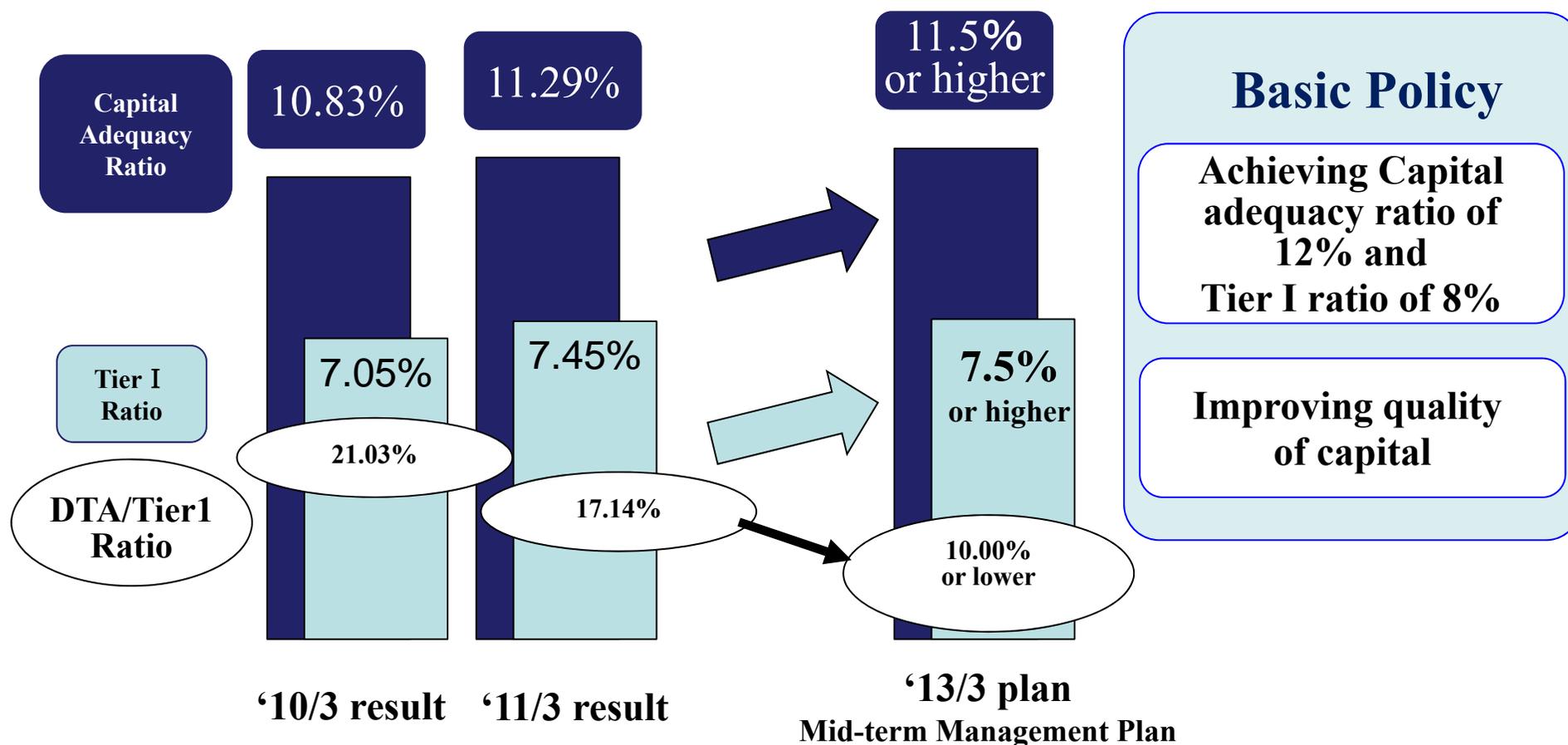
- Joint employee training & audit programs
- Joint procurement of business forms & equipment
- Shared Administrative manuals
- Joint system development
- Extensive consolidated use of back office

### Improvement of management and governance

- Unifying subsystems
- Shared numerical tables
- Joint preparation for regulation changes ( I F R S • Basel III )

# Stabilizing Financial Base

- Improving quality of capital by accumulation of internal reserve
- FY2010 year-end dividend is JPY3.75 per share, considering influence of earthquake and BaselIII etc.



We aim for growth and development with local community by responding to customer needs in line with our management mission “Co-prosperity with region”



### Bustle creation in region

Hokuhoku street  
(Reproduction of Edo Period street in Toyama city)

### Hokkaido Bank Fortius

Hokkaido Bank sponsors local women’s curling team.



### Kite Festival in Ecchu-Daimon

Hokuriku Bank willingly participates in local events



### Lilac Concert

Music concert held as a memorial of 60<sup>th</sup> anniversary of Hokkaido Bank

### MBA Citizen Course (Toyama University)

Hokuriku Bank dispatches its employees as lecturers for community



### Dogin Forest Campaign

Hokkaido Bank sponsors tree-planting activities. 10,000 trees are to be planted over five years.



### Charitable donation of money and supplies

Supporting recovery of areas affected by Great East Japan Earthquake

### Eco-friendly Branch (Hokuriku Bank)

Solar power generation equipment and LED advertising boards are used.



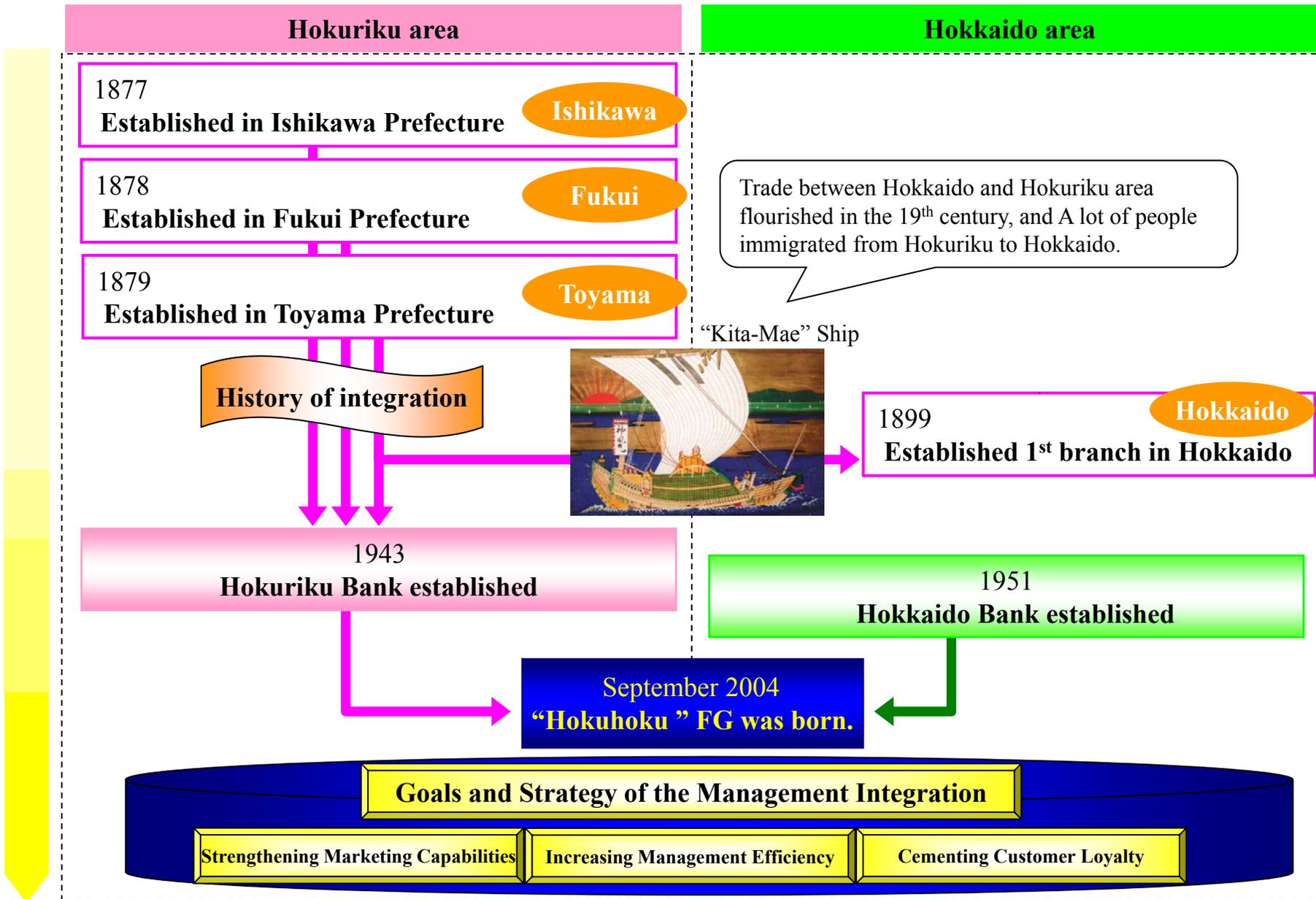
*Appendix*

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

(As of March 31, 2011)

	<b>Hokuhoku FG</b>	<b>Hokuriku Bank</b>	<b>Hokkaido Bank</b>
Date of establishment	September 26, 2003	July 31, 1943 (Started business in 1877)	March 5, 1951
Location of headoffice	1-2-26 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) ¥ 10,585.0 billion	¥ 6,079.0 billion	¥ 4,448.5 billion
Deposits & NCD	(consolidated) ¥ 9,491.7 billion	¥ 5,439.9 billion	¥ 4,083.9 billion
Loans	(consolidated) ¥ 7,224.6 billion	¥ 4,252.3 billion	¥ 2,988.8 billion
Capital ratio	(consolidated) 11.29%	(non-consolidated) 11.32%	(non-consolidated) 10.59%
Employees	56 (12 fulltime workers)	2,718	2,222
Ratings	A (R&I) 、 A (JCR)	A (R&I) 、 A (JCR)	A (R&I) 、 A (JCR)
Branches (Domestic) (Overseas)		136 branches, 51 sub-branches 5 representative offices	130 branches, 8 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
- Shared use of joint banking system. 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 steadily retained earnings

## About Hokuhoku FG ④

### Historical Data (Hokuhoku FG)

Hokuhoku Financial Group, Inc.

(JPY Bn)

	FY2005	FY2006	FY2006	FY2007	FY2007	FY2008	FY2008	FY2009	FY2009	FY2010	FY2010
<Consolidated>	Full year	Interim	Full year								
Ordinary income	240.9	117.5	242.2	125.7	261.2	123.8	239.6	114.3	226.7	109.2	214.6
Ordinary profits	48.2	28.2	70.0	32.7	66.3	19.6	21.3	13.3	35.4	18.0	37.2
Net income	26.8	15.1	40.6	16.4	38.6	37.5	37.0	5.7	19.2	10.0	18.4
Capital adequacy ratio	9.00%	9.23%	10.44%	9.97%	10.39%	10.39%	10.81%	10.91%	10.83%	11.39%	11.29%

<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	76.0	155.4
General & administrative expenses	88.5	43.9	87.9	44.8	89.9	45.6	91.5	47.1	94.4	48.4	98.6
Core net business profits	91.7	46.2	93.4	45.2	88.6	41.7	76.8	32.4	66.4	27.6	56.7
Net gains(losses) related to securities	6.9	(1.4)	(1.5)	(0.6)	(0.6)	(5.2)	(17.6)	0.8	0.2	0.8	(1.0)
Credit costs	46.6	16.9	26.2	13.7	25.5	16.1	35.5	16.8	25.5	8.3	14.5
Ordinary profits	50.6	28.6	70.1	30.9	65.0	19.4	21.3	14.2	36.8	18.8	37.0
Net income	29.1	15.8	39.3	15.1	39.0	37.8	37.9	11.4	26.0	11.1	19.6
ROA	1.01%	1.01%	1.03%	0.97%	0.95%	0.88%	0.80%	0.66%	0.68%	0.54%	0.56%
OHR	49.12%	48.77%	48.49%	49.78%	50.36%	52.19%	54.37%	59.20%	58.68%	63.67%	63.47%
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	6,966.7	7,241.1
Deposits (including NCD)	8,262.1	8,369.2	8,517.6	8,549.6	8,502.2	8,650.3	8,742.4	8,930.2	9,120.3	9,223.9	9,523.8
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	2,204.1	2,315.1
Non performing loan *	399.9	354.4	315.0	291.6	260.7	253.1	227.5	214.6	215.2	214.4	220.5
NPL ratio *	5.76%	5.10%	4.43%	4.07%	3.64%	3.48%	3.07%	2.96%	2.98%	2.98%	2.96%

**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	FY2010 Interim	FY2010 Full year
Ordinary income	132.0	62.7	130.1	66.8	141.2	65.3	124.2	57.5	113.7	55.0	108.8
Core gross business profits	105.4	52.8	106.6	53.1	105.2	49.8	94.7	45.3	90.1	44.1	88.5
General & administrative expenses	50.8	25.3	50.5	25.6	51.1	25.7	51.3	25.8	51.8	26.5	53.8
Core net business profits	54.6	27.4	56.1	27.5	54.1	24.1	43.4	19.5	38.3	17.5	34.6
Net gains(losses) related to securities	6.4	0.3	0.6	(0.1)	(0.7)	(3.8)	(12.6)	(1.2)	(2.4)	(2.0)	(2.8)
Credit costs	33.6	12.9	22.5	9.7	20.4	10.5	21.4	7.0	13.4	2.9	7.1
Ordinary profits	26.7	16.1	38.1	17.8	35.6	9.6	8.8	9.8	19.9	12.1	22.9
Net income	15.6	8.5	18.6	8.2	21.2	30.1	26.4	7.5	15.6	7.2	11.9
Capital adequacy ratio	8.86%	9.17%	9.16%	9.41%	10.10%	10.26%	10.23%	10.56%	10.80%	11.27%	11.32%
ROA	1.02%	1.03%	1.05%	1.01%	0.99%	0.86%	0.77%	0.69%	0.68%	0.60%	0.59%
OHR	48.18%	47.95%	47.37%	48.17%	48.53%	51.58%	54.18%	56.95%	57.48%	60.16%	60.85%
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	4,109.2	4,252.3
Deposits (including NCD)	4,864.8	4,879.3	4,976.3	4,973.7	4,955.7	5,016.1	5,092.5	5,155.8	5,306.7	5,292.6	5,439.9
Securities	892.7	859.9	853.2	840.0	820.9	833.7	858.8	858.4	1,015.9	1,088.4	1,217.5
Non performing loan *	260.2	230.8	202.2	187.1	163.5	159.7	142.6	140.1	147.3	146.1	144.3
NPL ratio *	6.03%	5.33%	4.65%	4.26%	3.72%	3.60%	3.19%	3.23%	3.42%	3.43%	3.28%

\* Hokuriku Bank + Hokugin Corp.

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

Hokuhoku Financial Group, Inc.

(JPY Bn)

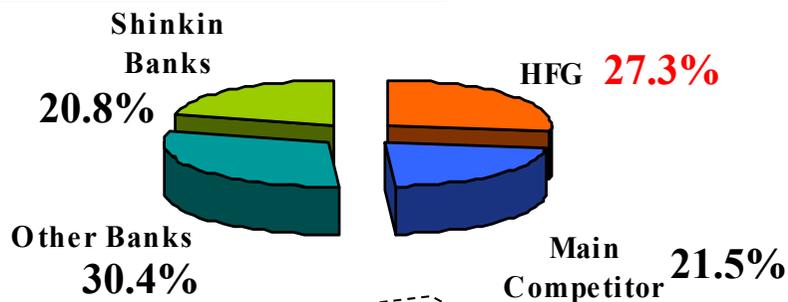
	FY2005 Full year	FY2006 Interim	FY2006 Full year	FY2007 Interim	FY2007 Full year	FY2008 Interim	FY2008 Full year	FY2009 Interim	FY2009 Full year	FY2010 Interim	FY2010 Full year
Ordinary income	88.2	42.8	88.4	46.6	96.0	47.7	94.3	46.9	93.7	44.8	87.0
Core gross business profits	74.7	37.3	74.7	37.0	73.2	37.5	73.5	34.2	70.8	31.9	66.8
General & administrative expenses	37.7	18.6	37.4	19.2	38.8	19.8	40.2	21.3	42.6	21.8	44.7
Core net business profits	37.0	18.7	37.2	17.7	34.4	17.6	33.3	12.9	28.1	10.0	22.1
Net gains(losses) related to securities	0.4	(1.7)	(2.1)	(0.4)	0.1	(1.3)	(4.9)	2.1	2.7	2.9	1.7
Credit costs	12.9	4.0	3.6	3.9	5.1	5.6	14.0	9.7	12.0	5.3	7.4
Ordinary profits	23.8	12.5	31.9	13.0	29.4	9.8	12.5	4.3	16.9	6.6	14.1
Net income	13.4	7.3	20.7	6.9	17.8	7.7	11.4	3.8	10.3	3.9	7.7
Capital adequacy ratio	8.50%	8.80%	9.91%	9.92%	10.13%	9.68%	10.45%	10.30%	10.19%	10.68%	10.59%
ROA	1.00%	1.00%	1.00%	0.92%	0.90%	0.90%	0.85%	0.63%	0.68%	0.47%	0.51%
OHR	50.44%	49.91%	50.08%	52.08%	52.98%	53.00%	54.62%	62.17%	60.21%	68.53%	66.93%
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	2,857.4	2,988.8
Deposits (including NCD)	3,397.3	3,489.9	3,541.3	3,575.9	3,546.5	3,634.1	3,649.9	3,774.4	3,813.6	3,931.3	4,083.9
Securities	910.0	867.6	850.6	858.2	893.8	912.0	866.2	929.1	999.1	1,115.7	1,097.6
Non performing loan	139.7	123.5	112.8	104.5	97.2	93.5	84.8	74.5	67.9	68.3	76.3
NPL ratio	5.31%	4.72%	4.08%	3.77%	3.52%	3.29%	2.89%	2.57%	2.32%	2.33%	2.49%

# About Hokuhoku FG ⑦

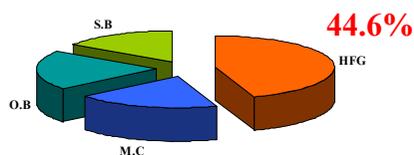
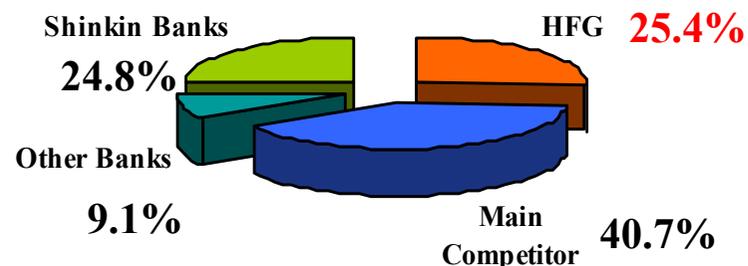
## Market Share in Our Home Market (Loans, Sep-10)

Hokuhoku Financial Group, Inc.

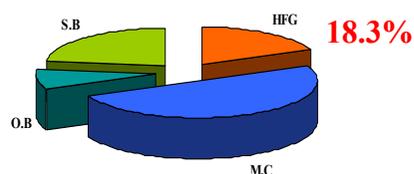
### Hokuriku Area



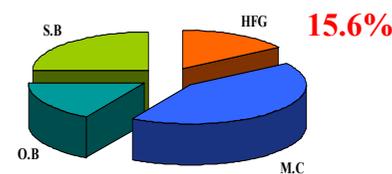
### Hokkaido Area



### Toyama



### Ishikawa



### Fukui

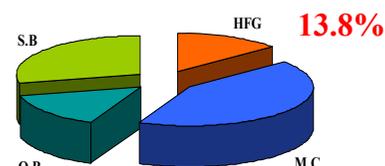
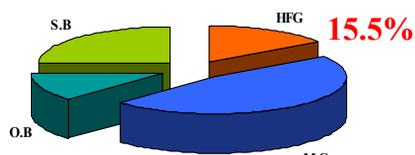
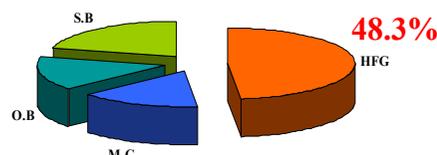
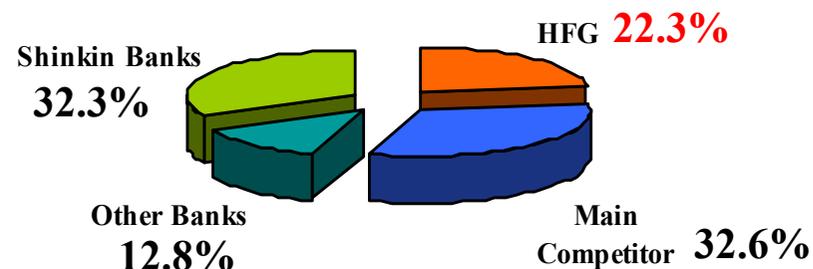
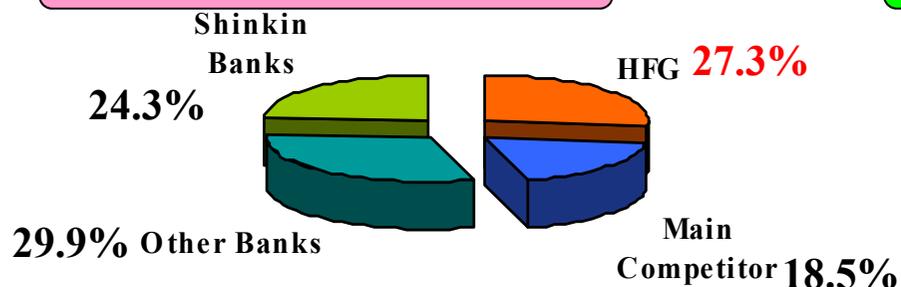
※Figures of the Main Competitor and Other banks are estimated figures

(JPY Bn)

	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	6,835.4(79.2%)	2,675.5(84.5%)	2,501.9(76.9%)	1,658.0(75.0%)	9,160.1(75.2%)
<b>Hokuhoku FG(HFG)</b>	<b>2,352.5(27.3%)</b>	<b>1,411.6(44.6%)</b>	<b>596.2(18.3%)</b>	<b>344.6(15.6%)</b>	<b>3,091.6(25.4%)</b>
<b>Hokuriku Bank</b>	<b>2,352.5(27.3%)</b>	<b>1,411.6(44.6%)</b>	<b>596.2(18.3%)</b>	<b>344.6(15.6%)</b>	<b>517.8(4.3%)</b>
<b>Hokkaido Bank</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>2,573.8(21.1%)</b>
Main Competitor	1,860.0(21.5%)	623.7(19.7%)	1,622.2(49.9%)	944.7(42.7%)	4,952.6(40.7%)
Shinkin Banks	1,796.4(20.8%)	490.7(15.5%)	751.7(23.1%)	553.9(25.0%)	3,016.7(24.8%)
Total	8,631.8(100%)	3,166.2(100%)	3,253.6(100%)	2,211.9(100%)	12,176.8(100%)

**Hokuriku Area**

**Hokkaido Area**



**Toyama**

**Ishikawa**

**Fukui**

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

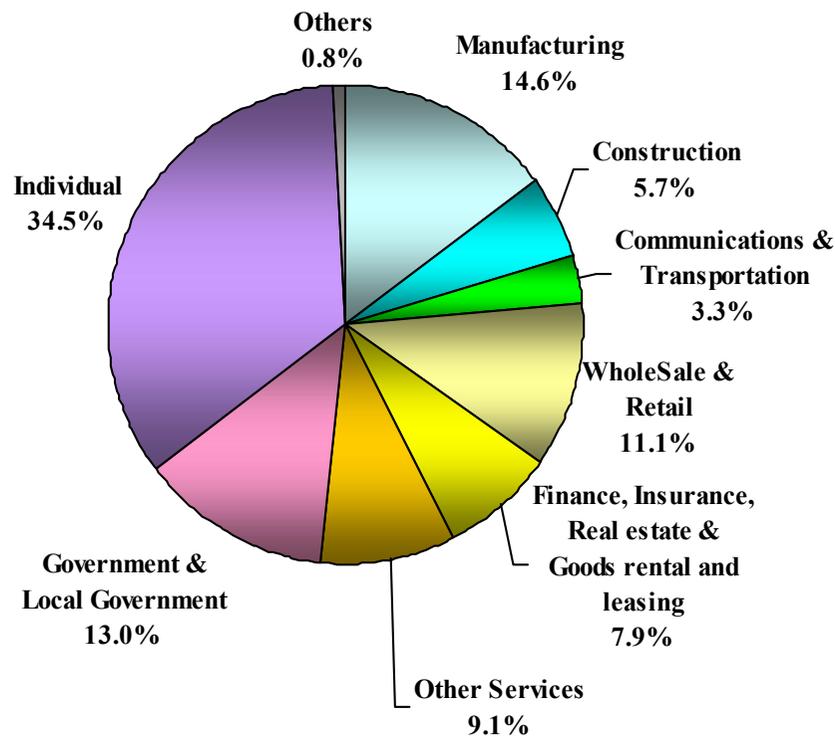
(JPY Bn)

	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	11,205.4(75.7%)	4,354.9(79.0%)	4,089.8(75.4%)	2,760.7(71.4%)	13,414.5(67.7%)
<b>Hokuhoku FG(HFG)</b>	<b>4,036.3(27.3%)</b>	<b>2,664.1(48.3%)</b>	<b>840.3(15.5%)</b>	<b>531.7(13.8%)</b>	<b>4,420.5(22.3%)</b>
<b>Hokuriku Bank</b>	<b>4,036.3(27.3%)</b>	<b>2,664.1(48.3%)</b>	<b>840.3(15.5%)</b>	<b>531.7(13.8%)</b>	<b>551.5 (2.8%)</b>
<b>Hokkaido Bank</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>0(0.0%)</b>	<b>3,869.0(19.5%)</b>
Main Competitor	2,736.2(18.5%)	842.9(15.3%)	2,561.6(47.2%)	1,660.2(43.0%)	6,463.6(32.6%)
Shinkin Banks	3,598.2(24.3%)	1,159.8(21.0%)	1,334.2(24.6%)	1,104.1(28.6%)	6,396.0(32.3%)
Total	14,803.6(100%)	5,514.7(100%)	5,424.0(100%)	3,864.8(100%)	19,810.5(100%)

*About Hokuhoku FG ⑨*  
*Lending in the Region by Industry (Mar-11)*

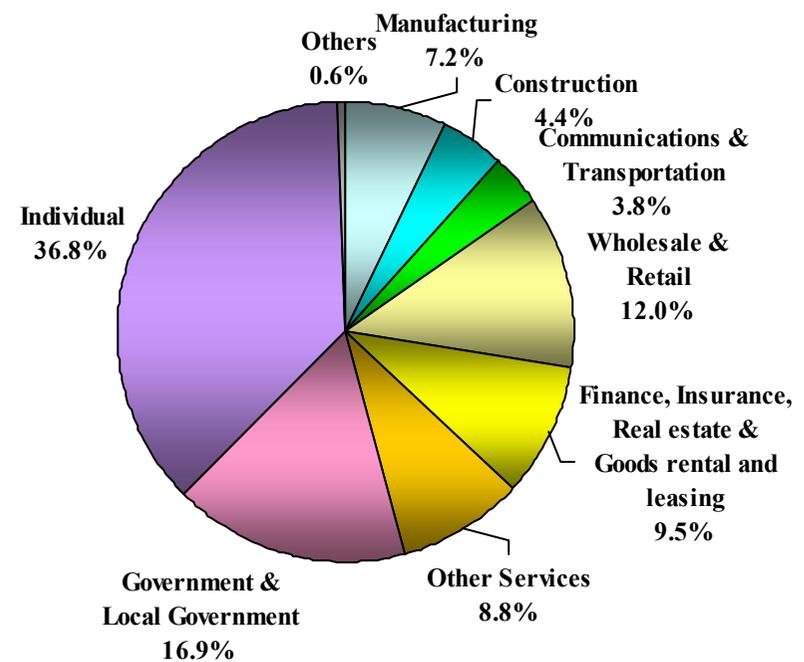
Hokuhoku Financial Group, Inc.

**Hokuriku Bank**



Region: Toyama, Ishikawa, Fukui, Hokkaido

**Hokkaido Bank**

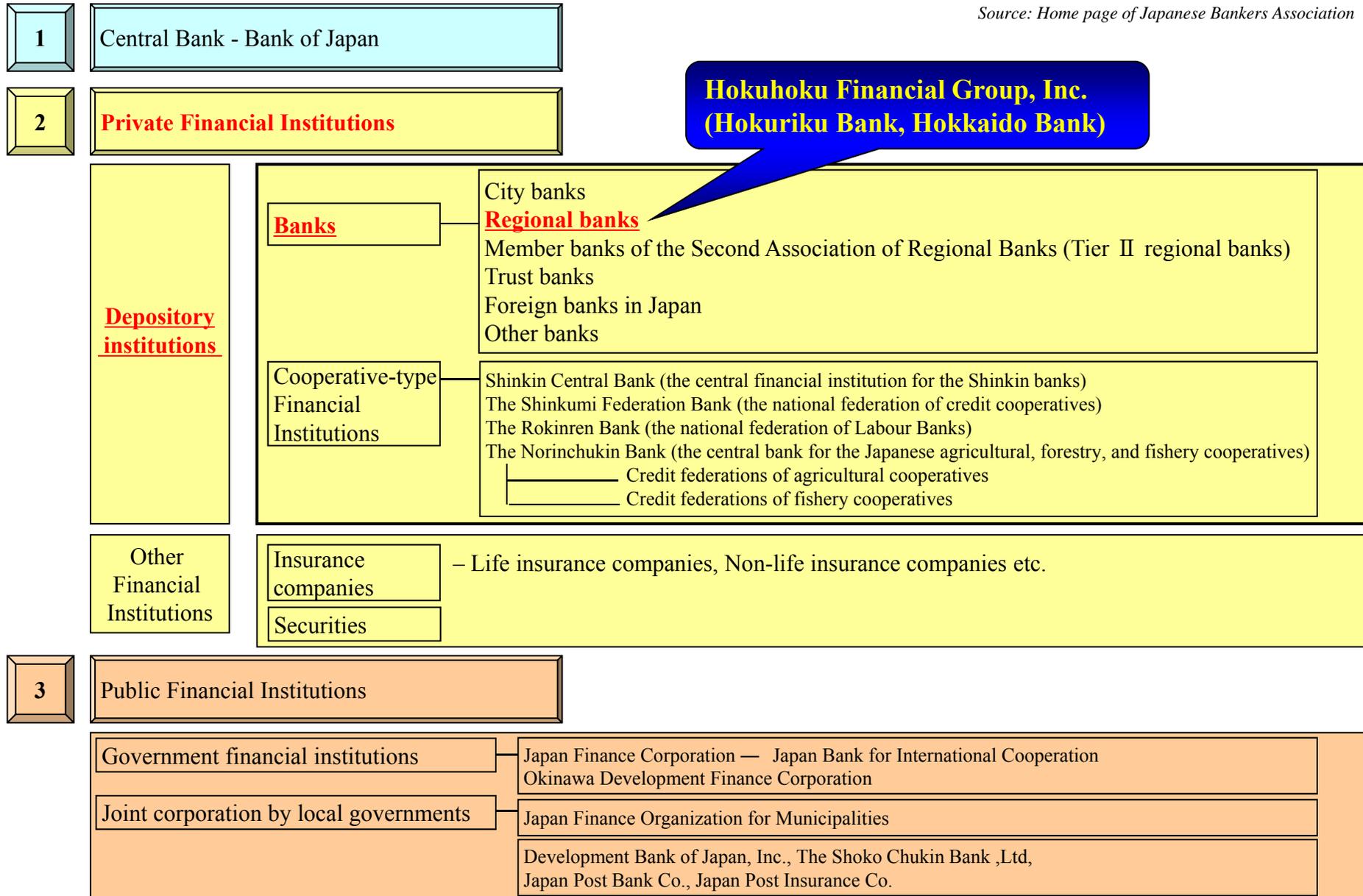


Region: Hokkaido

# About Japanese Regional Banks ①

## Financial Institutions in Japan

Source: Home page of Japanese Bankers Association



# About Japanese Regional Banks ②

## Overview of Regional Banks

### Overview of Regional Banks

*The 63 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.*

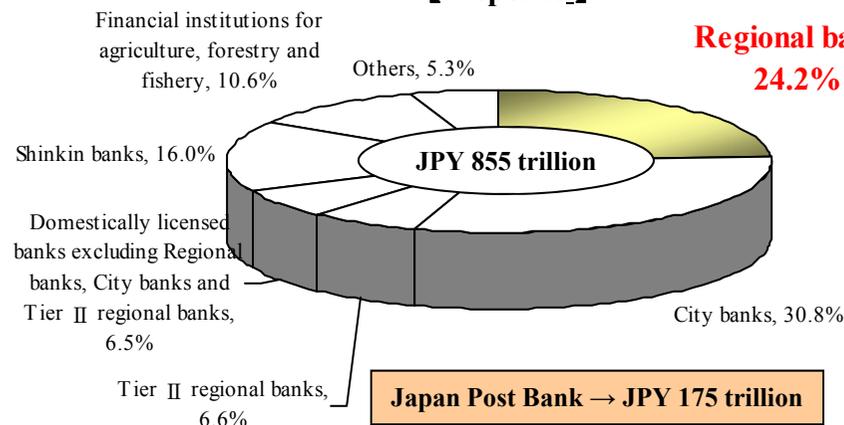
### Leading Banks in the Regions

*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.*

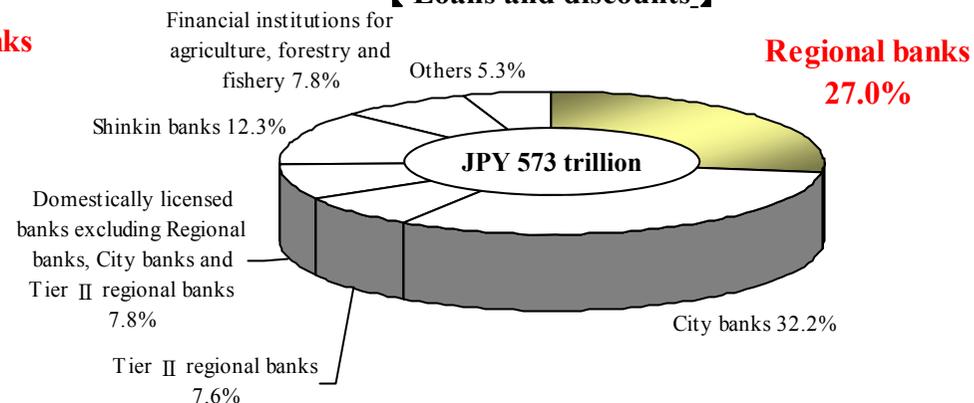


### Shares of Deposits and Loans of Private Financial Institutions (Mar-10)

#### 【 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	Total
Population (Ranking)	1.10Mn (38th)	1.16Mn (35th)	0.81Mn (43rd)	3.07Mn	5.51Mn (8th)	<b>8.58Mn</b>
Density of Population (Ranking)	257.9pt (25th)	278.3pt (23rd)	192.8pt (32nd)	—	70.2pt (47th)	—
Square Measure (Ranking) km <sup>2</sup>	4,248 (33rd)	4,186 (35th)	4,190 (34th)	—	83,457 (1st)	—

Scale matching for  
Osaka!

1 <sup>st</sup>	Tokyo
2 <sup>nd</sup>	Kanagawa (8.94Mn)
3 <sup>rd</sup>	Osaka (8.80Mn)

### Gross Prefectural Product

Data from Ministry of Internal Affairs and Communications and Cabinet Office

(JPY Bn)

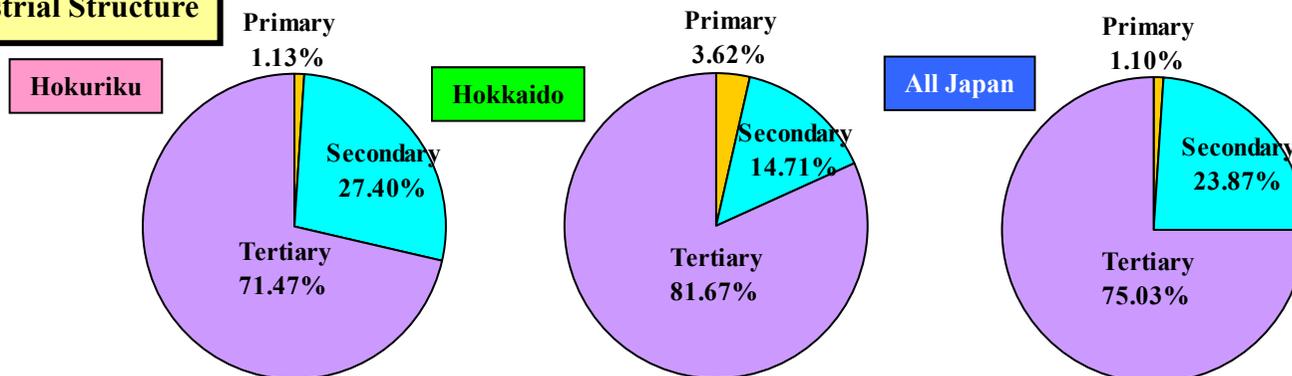
	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido	Total
GPP (Proportion) (Ranking)	4,496.4 (0.89%) (29th)	4,611.4 (0.91%) (28th)	3,173.5 (0.63%) (41st)	12,281.3 (2.43%)	18,359.5 (3.64%) (8th)	<b>30,640.8</b> <b>(6.07%)</b>

Almost equal to  
Kanagawa!

1 <sup>st</sup>	Tokyo
2 <sup>nd</sup>	Osaka
3 <sup>rd</sup>	Aichi
4 <sup>th</sup>	Kanagawa (30,898.7)

### Industrial Structure

Data from Cabinet Office



Ranked next to  
Norway in Europe  
(Europe No13)!

1 <sup>st</sup>	Germany
2 <sup>nd</sup>	France
13 <sup>th</sup>	Norway (35,424.9)

# 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-11	April-11	April-11
<b>Economic Trend</b>	Weakness recently, due to the influence of the Great East Japan Earthquake	Showing signs of stagnation due to the widespread damage from the earthquake	Under downward pressure due to the effects of the earthquake
<b>Public Investment</b>	Generally sluggish	Declining	Rate of decline is moderating
<b>Business Investment</b>	Picking up	Picking up moderately	Picking up
<b>Private consumption</b>	Movements of picking up, but some weakness are seen recently	Weakening as a whole	Showing signs of restraining
<b>Housing construction</b>	Picking up	Stopped declining	Picking up at a slower pace
<b>Production</b>	Picking up, but stagnant recently due to the earthquake disaster	Increasing, but production adjustment has been observed	Has recently been declining
<b>Employment &amp; Income</b>	The influence of the earthquake disaster is a concern	Become less severe	Has improved moderately
<b>Prices</b>	Declining at a slower tempo	Below the previous year's level	Above the previous year's level
<b>The number of bankrupt companies</b>	Almost flat	Below the previous year's level	Calm movement

# The Present Condition of the Regional Economy ③

## Big Projects in Hokuriku and Hokkaido Area

Hokuhoku Financial Group, Inc.

### Hokkaido

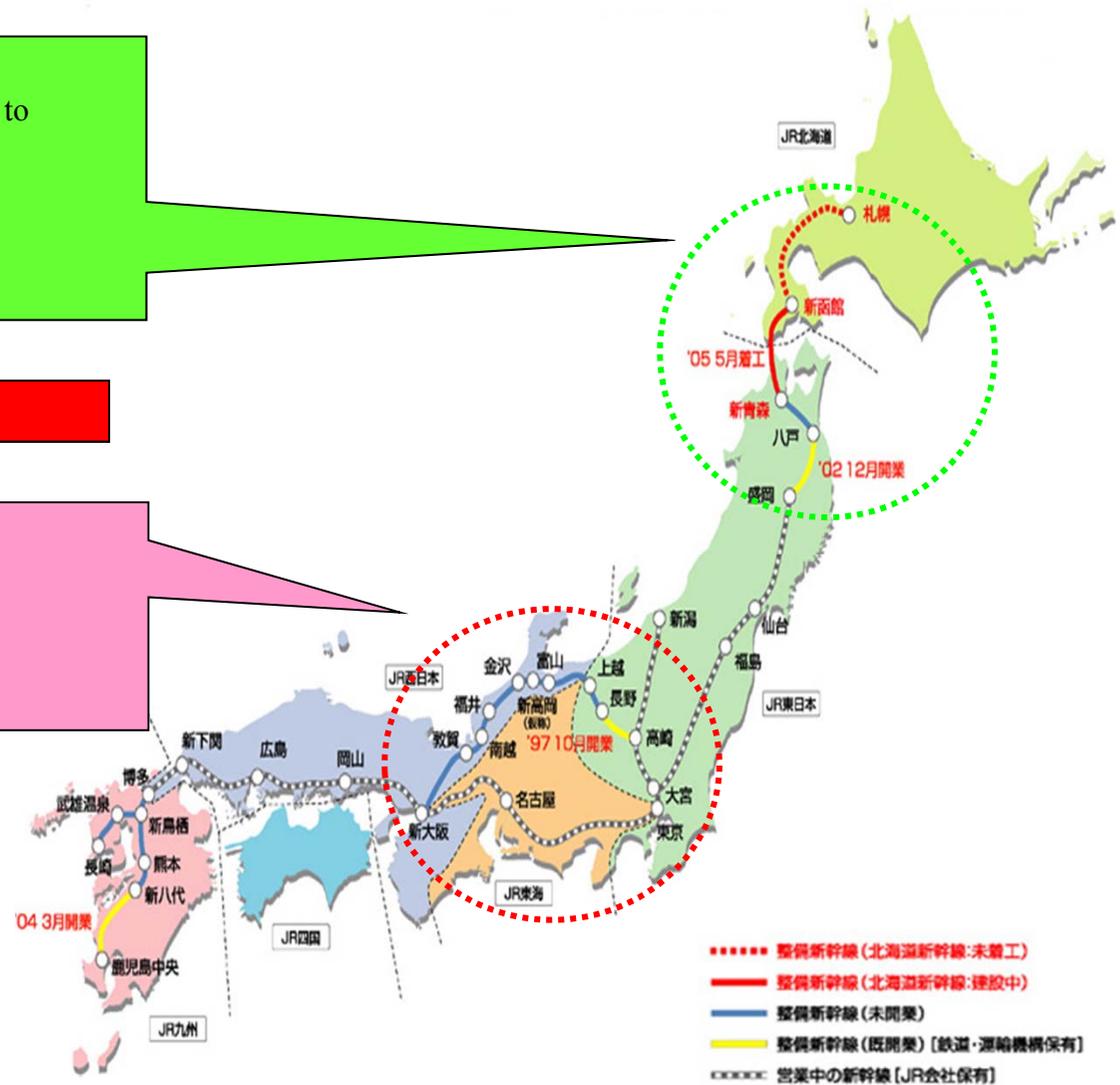
**◎Construction of the Hokkaido Bullet Train**  
 Constructing a 360 KM line from Shin-Aomori Station to Sapporo Station.  
 Expected to be completed in FY 2015  
 (Shin-Aomori Station to Shin-Hakodate Station)  
 Planned to be completed to Sapporo in FY 2020

### 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  
 (Tokyo Station to Kanazawa Station)



Design plan of Toyama Station



**Inquiries related to this presentation should be addressed to**

**Hokuhoku Financial Group, Inc.**

**Planning Group**

**TEL(81)76-423-7331**

**FAX(81)76-423-9545**

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