
Investor Meeting

~ Financial Results for FY 2015 ~

(Ended March 31, 2016)



Hokuhoku Financial Group, Inc.

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1. Financial Results for FY 2015 (Ended March 31, 2016)

Financial Highlight for FY 2015

Net income attributable to owner of the parent was ¥28.8Bn increased by ¥0.6Bn in comparison to FY2014

Net Income	Net income attributable to owner of the parent increased in comparison to FY14 because of the increase in interest on securities by strengthening foreign bond investments and the decrease in non-personnel expenses, although interest income on loans and gains related to stocks decreased due to the decline in average interest rate and stock market slump.
Deposits Loans Securities	Deposits decreased due to the decrease in NCDs. Loans increased mainly due to the increase in business loans. Securities decreased because we refrained from purchasing yen bonds, although foreign securities and investment trusts increased.
Net credit cost NPL	Net credit costs decreased due to the decline in the rate of provision of allowance for loan losses. Meanwhile, focusing on the stable profits in the future, we revised the allowance standards increasing allowance for claim on doubtful borrowers.
Capital	Capital adequacy ratio (Consolidated) decreased due to the redemption of the subordinated loans as scheduled, but exceeded our target due to the retained profits.

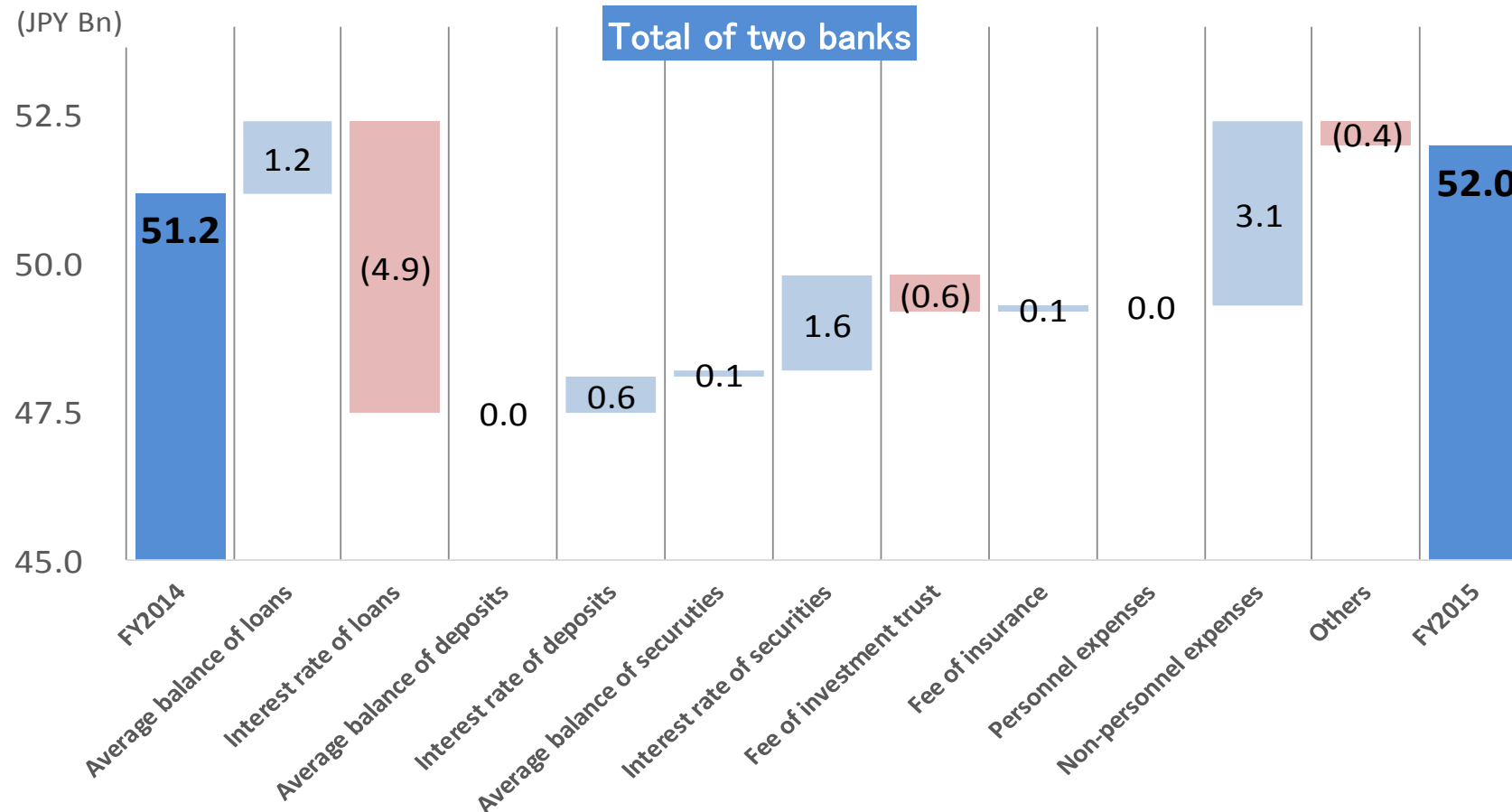
All of the financial targets* set in the previous mid-term management plan "Go for IT" were achieved.

(*)Ave. balance of Deposits and Loans, Core net business profits, Net income, Capital adequacy ratio, OHR and NPL ratio

Financial highlight (reason for change in core net business profits)

- Core net business profits increased by ¥0.8Bn to ¥52.0Bn due to the increase in interest from diversified investment in securities and the decrease in G&A expenses, although interest income on loans continued to decrease.

Reason for change in core net business profits



Summary of Financial Results

(JPY Bn)

【Consolidated】	FY15	change	FY14
Ordinary income	192.5	(1.3)	193.9
Ordinary profits	46.4	(1.7)	48.1
Net income attributable to owners of the parent ①	28.8	0.6	28.2

【Total of two banks】	FY15	change	FY14
Core gross business profits	143.0	(1.8)	144.8
Net interest income	120.9	(1.1)	122.1
Net fees & commissions	20.0	0.0	19.9
Net trading income	0.1	(0.0)	0.2
Net other income (※1)	1.8	(0.6)	2.4
G&A expenses (-)	90.9	(2.6)	93.6
Core net business profits	52.0	0.8	51.2
Gains (losses) related to bonds	0.8	(2.6)	3.4
Net business profits (※2)	52.9	(1.7)	54.6
Net transfer to general allowance for loan losses (-)	(5.5)	(3.5)	(1.9)
Net business profits	58.4	1.8	56.6
Other non-recurring gains (losses)	(11.7)	(2.1)	(9.5)
Credit related costs (-)	9.2	1.2	8.0
Gains (losses) related to stocks	(0.5)	(4.0)	3.4
Ordinary profits	46.7	(0.3)	47.1
Net extraordinary gains (losses)	(0.4)	0.7	(1.1)
Corporate taxes (-)	16.3	(1.3)	17.7
Net income ②	29.9	1.6	28.2
Credit costs	3.7	(2.3)	6.0

※1: Excluding gains (losses) related to bonds

※2: Before provision (reversal) of general allowance for loan losses

【Consolidated】

Ordinary profits: ¥46.4Bn
(-¥1.7Bn compared to FY14)

Net income
attributable to owners of the parent: ¥28.8Bn
(+¥0.6Bn compared to FY14)

【Total of two banks】

Core net business profits: ¥52.0Bn
(+¥0.8Bn compared to FY14)

- Decrease in G&A expenses
- Decrease in net interest income.

Ordinary profits: ¥46.7Bn
(-¥0.3Bn compared to FY14)

- Decrease in gains related to stocks
- Decrease in credit costs

Net income: ¥29.9Bn
(+¥1.6Bn compared to FY14)

- Increase in extraordinary gains
- Decrease in corporate taxes

Difference between ① and ② (JPY Bn)

	FY15	change	FY14
Difference (①-②)	(1.1)	(1.0)	(0.0)
Net income of subsidiaries	1.7	(1.1)	2.8
Amortization of the goodwill	(2.1)	—	(2.1)
Others	(0.6)	0.0	(0.6)

Summary of Financial Results

	【Hokuriku Bank】			【Hokkaido Bank】			(JPY Bn)
	FY15	change	FY14	FY15	change	FY14	
Core gross business profits	75.3	(1.1)	76.5	67.6	(0.6)	68.3	
Net interest income	63.4	(0.5)	64.0	57.4	(0.6)	58.1	
Net fees & commissions	10.6	0.0	10.5	9.3	0.0	9.3	
Net trading income	0.1	(0.0)	0.2	—	—	—	
Net other income (※1)	1.0	(0.5)	1.6	0.7	0.0	0.8	
G&A expenses (-)	48.6	(1.8)	50.4	42.2	(0.8)	43.1	
Core net business profits	26.6	0.6	26.0	25.3	0.2	25.1	
Gains (losses) related to bonds	0.4	(3.1)	3.5	0.3	0.4	(0.0)	
Net business profits (※2)	27.1	(2.5)	29.6	25.7	0.7	25.0	
Net transfer to general allowance for loan losses (-)	—	0.4	(0.4)	(0.8)	0.5	(1.4)	
Net business profits	27.1	(3.0)	30.1	26.6	0.1	26.5	
Other non-recurring gains (losses)	(0.3)	5.2	(5.5)	(6.6)	(2.7)	(3.9)	
Credit related costs (-)	(1.1)	(3.3)	2.2	5.7	(0.0)	5.7	
Gains (losses) related to stocks	(0.0)	(0.1)	0.1	(0.5)	(3.8)	3.3	
Ordinary profits	26.7	2.2	24.5	20.0	(2.6)	22.6	
Net extraordinary gains (losses)	(0.8)	0.2	(1.1)	0.3	0.4	(0.0)	
Corporate taxes (-)	9.4	0.6	8.7	6.9	(1.9)	8.9	
Net income	16.5	1.8	14.6	13.4	(0.1)	13.5	
Credit costs	(1.1)	(2.8)	1.7	4.8	0.5	4.2	

※1: Excluding gains (losses) related to bonds ※2: Before provision (reversal) of general allowance for loan losses

【Hokuriku bank】

Core net business profits: ¥26.6Bn
(+¥0.6Bn compared to FY14)

- Decrease in net interest income and other business profits
- Decrease in G&A expenses

Ordinary profits: ¥26.7Bn
(+¥2.2Bn compared to FY14)

- Decrease in credit costs

【Hokkaido bank】

Core net business profits: ¥25.3Bn
(+¥0.2Bn compared to FY14)

- Decrease in net interest income
- Decrease in G&A expenses

Ordinary profits: ¥20.0Bn
(-¥2.6Bn compared to FY14)

- Decrease in gains related to stocks
- Increase in credit costs

Net Interest Income (Total of two banks)

- Net interest income decreased by ¥1.1Bn due to the decrease in interest incomes on loans, although interest on securities increased as a result of enhanced foreign bond investment.
- Interest income on loans decreased by ¥3.6Bn due to the decline in average interest rate, although average balance increased.

Breakdown of net interest income

	(JPY Bn)		
	FY15	change	FY14
Net interest income	120.9	(1.1)	122.1
Loans	98.2	(3.6)	101.8
Securities(※)	26.9	1.8	25.1
Deposits & NCDs (-)	3.6	(0.6)	4.2

※Gains on cancellation of investment trusts:¥ 2.8Bn
(-¥0.1Bn compared to FY14)

⟨Increase/decrease factors in net interest income⟩

	(JPY Bn)	
	Avg. balance	Rate
Loans	1.2	(4.9)
Securities	0.1	1.6
Deposits & NCDs (-)	0.0	(0.6)

Avg. balance

	(JPY Bn)		
	FY15	change	FY14
Loans	7,545.7	93.7	7,452.0
Securities	2,380.6	16.4	2,364.2
Deposits & NCDs	10,638.9	205.2	10,433.6

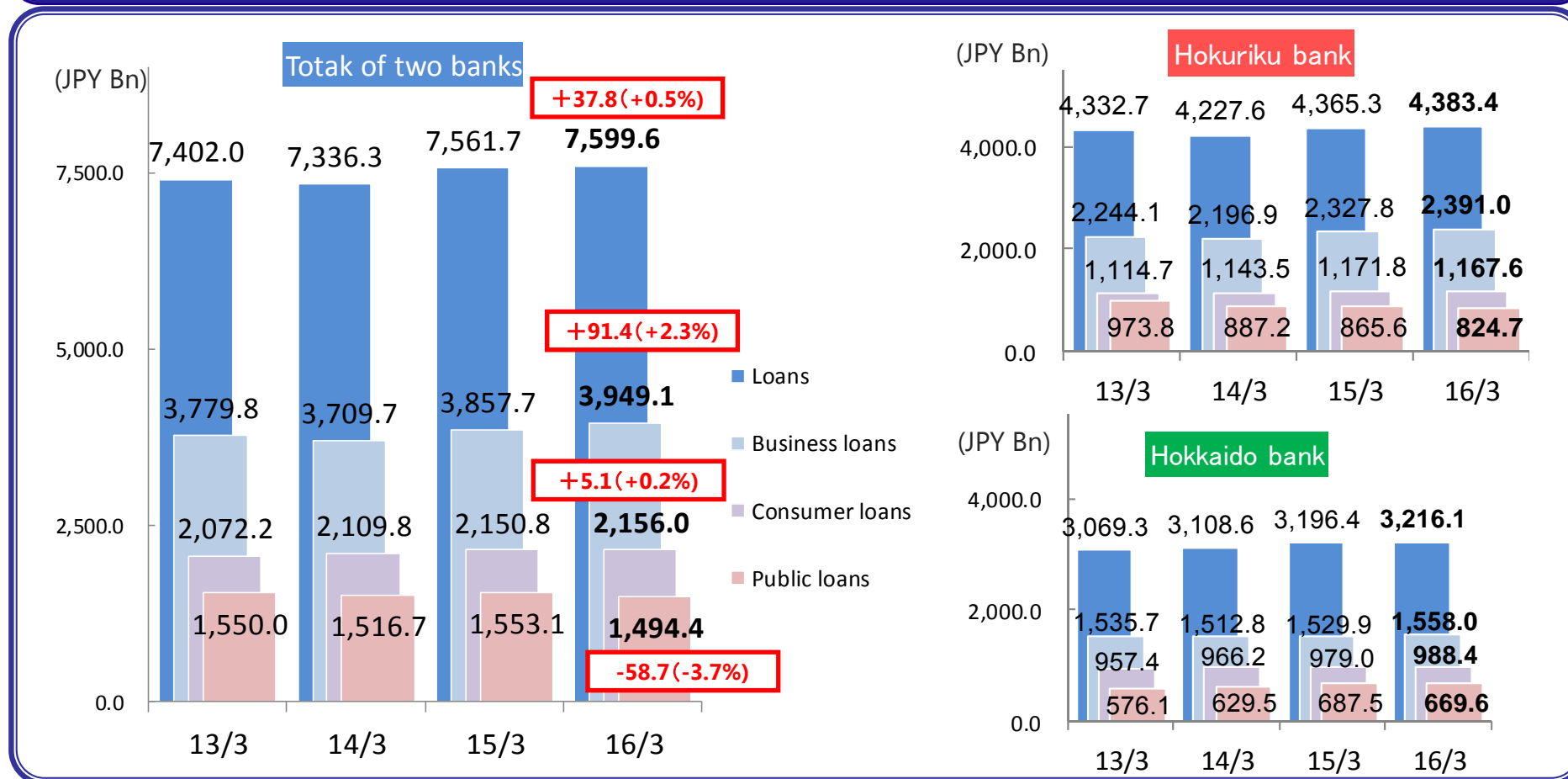
Avg. rate

	FY15	change	FY14
Loans	1.30%	(0.06%)	1.36%
Securities	1.13%	0.07%	1.06%
Deposits & NCDs	0.03%	(0.01%)	0.04%

Loan Portfolio

- Balance of loans increased by ¥37.8Bn to ¥7,599.6Bn due to the increase in business loans, although public loans decreased because we controlled the balance of low yield loans to national government and local governments.

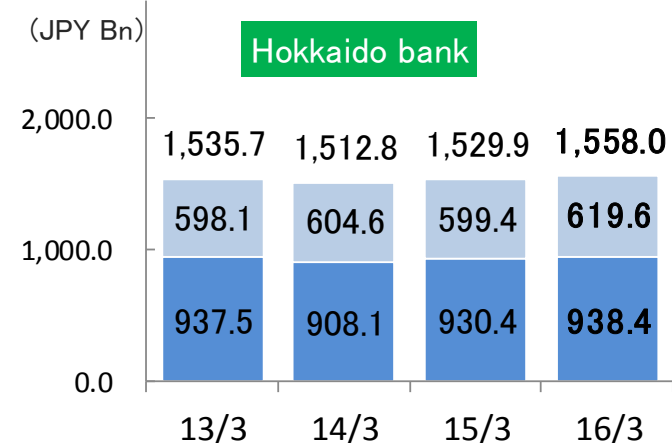
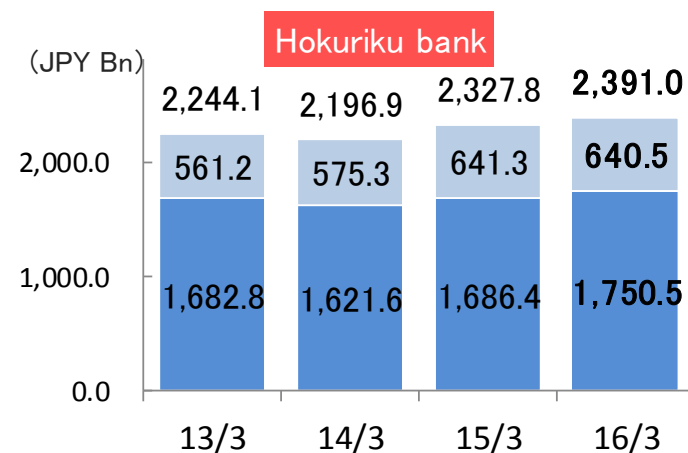
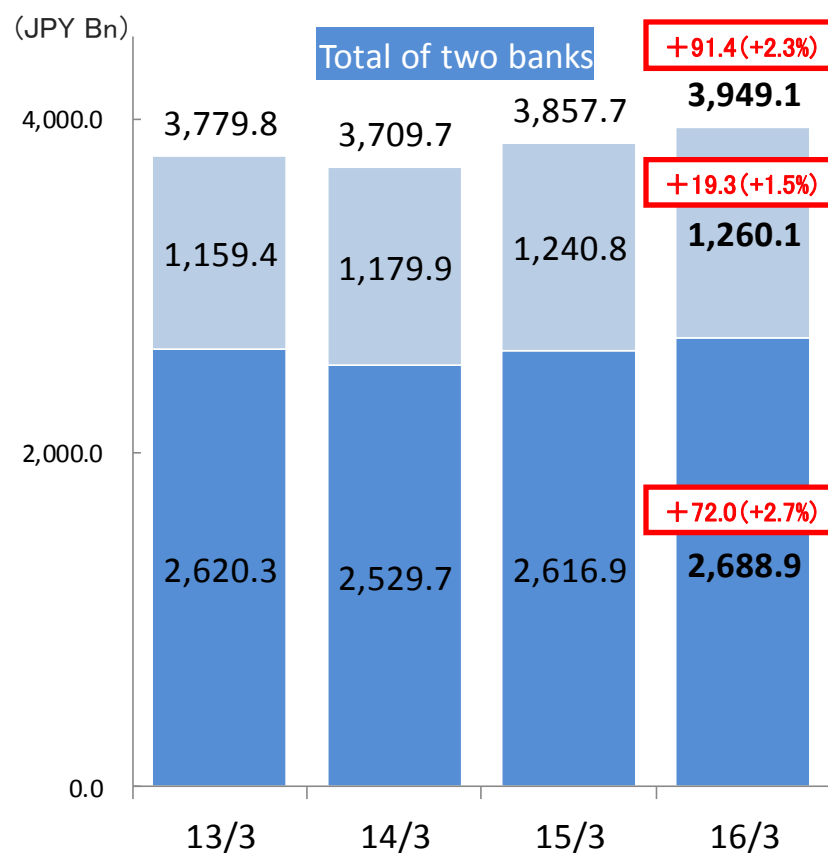
Balance of loans



Loan portfolio (Business loans)

- Business loans increased by ¥91.4Bn to ¥3,949.1Bn as a result of proactive efforts in promoting loans to SMEs.

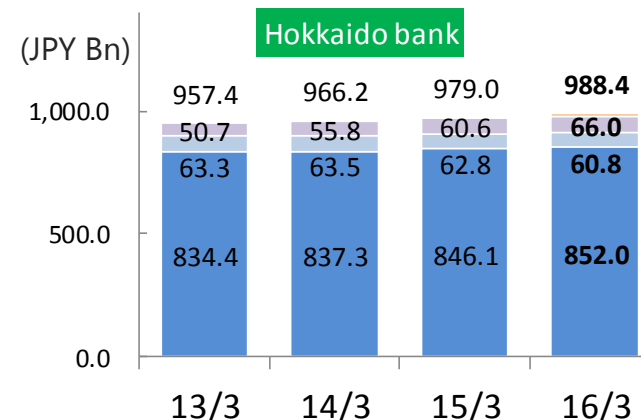
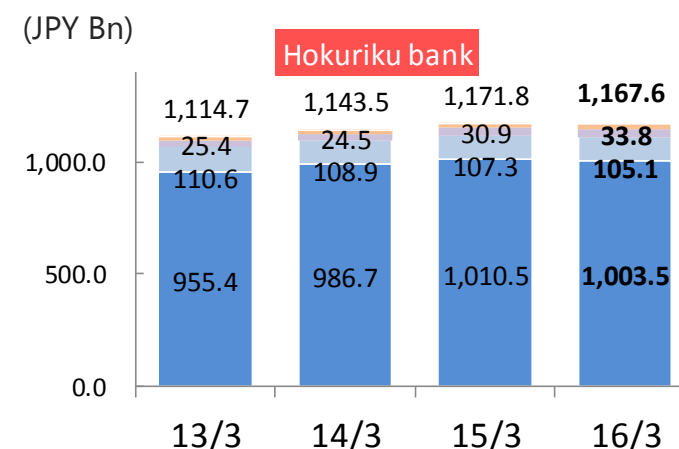
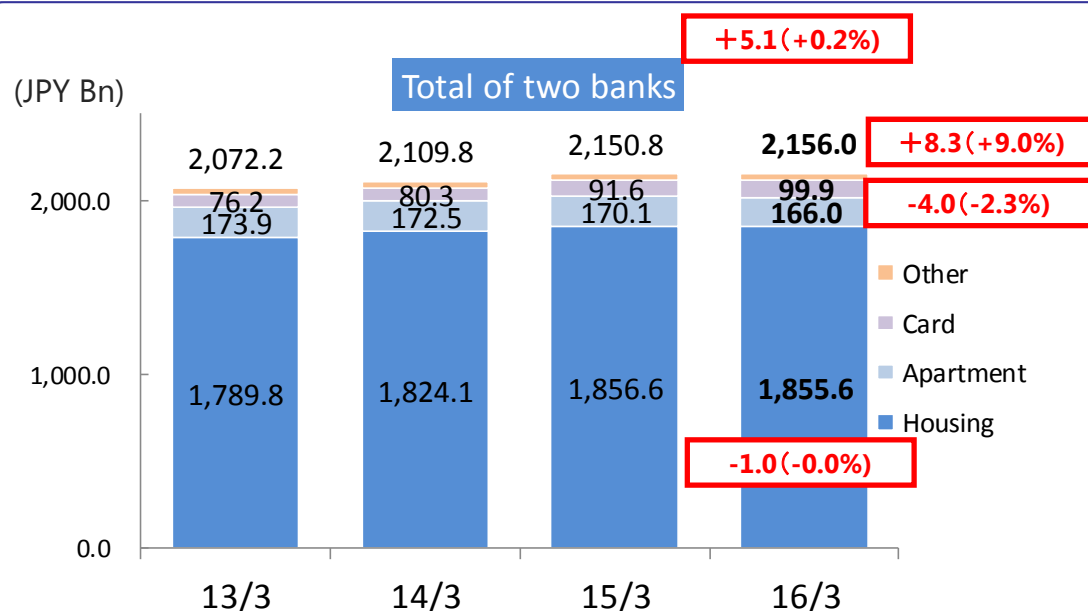
Balance of business loans



Loan Portfolio (Consumer loans)

- Balance of housing loans remained unchanged since sales amount decreased despite our efforts to capture loan needs while trying to set appropriate interest rate.
- Balance of card loans increased greatly contributing to the increase in interest income.

Balance of consumer loans

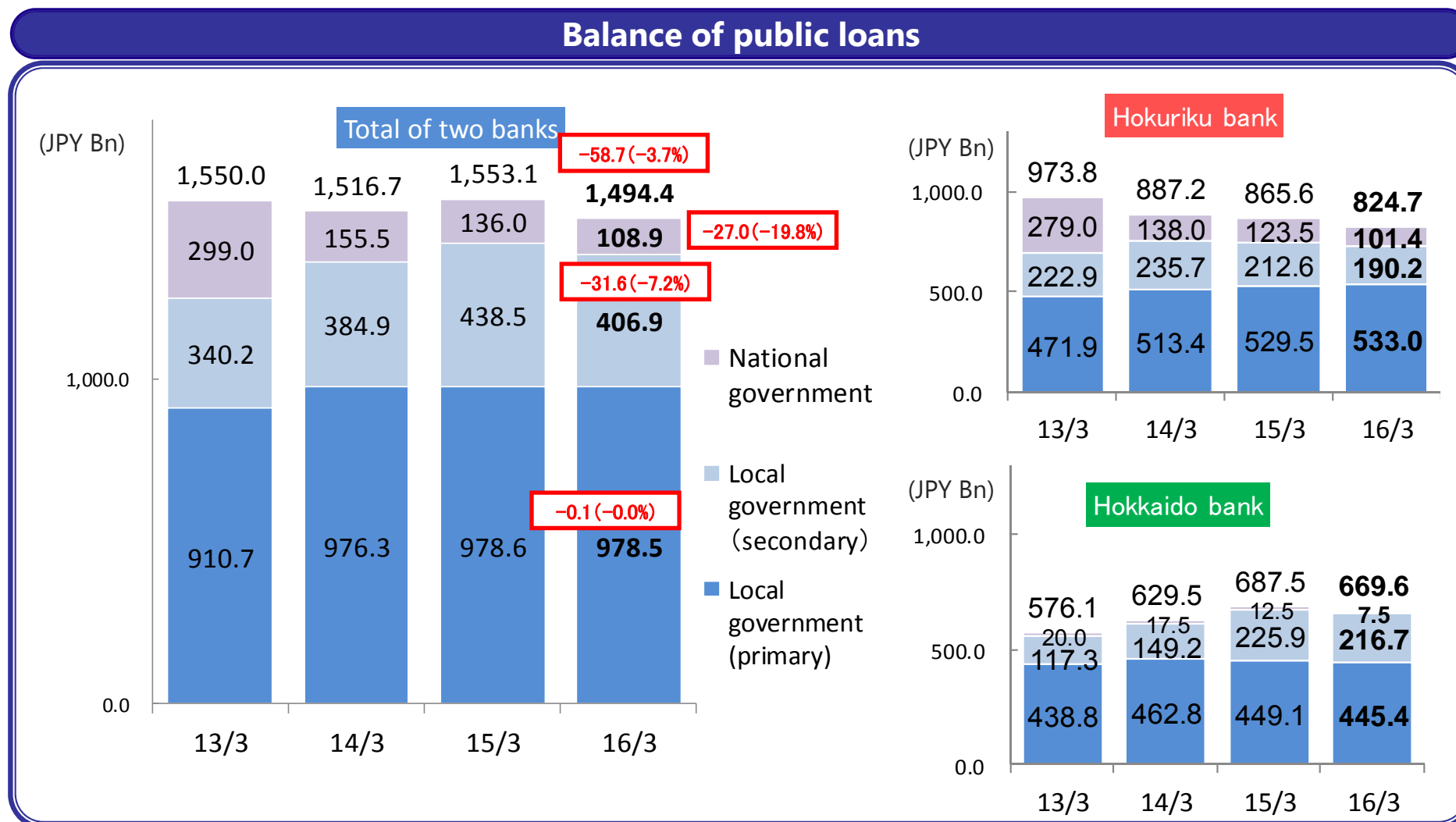


【Sales amount of housing loans】

	(JPY Bn)			
	FY12	FY13	FY14	FY15
■ Hokuriku bank	114.2	117.9	106.5	77.8
■ Hokkaido bank	80.6	80.9	80.0	77.9
Total of two banks	194.9	198.8	186.6	155.7

Loan Portfolio (Public loans)

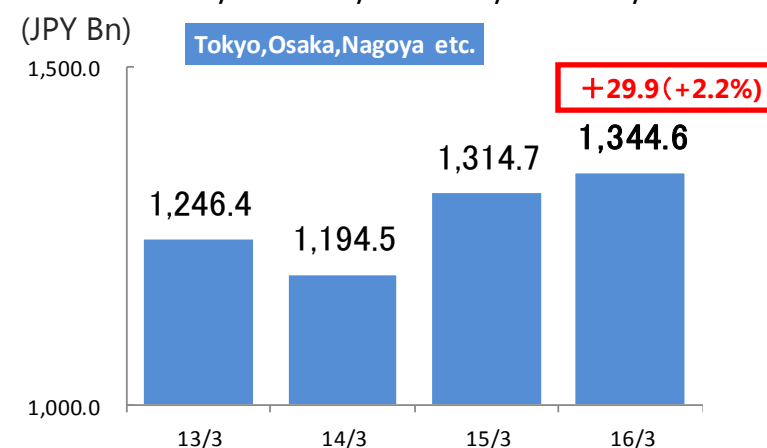
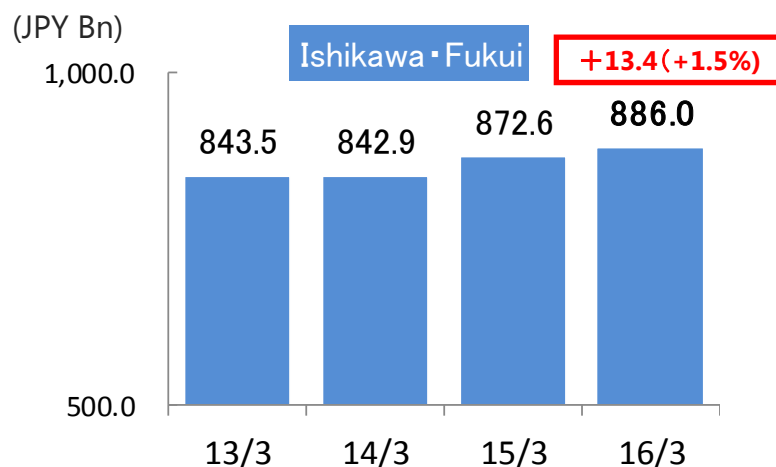
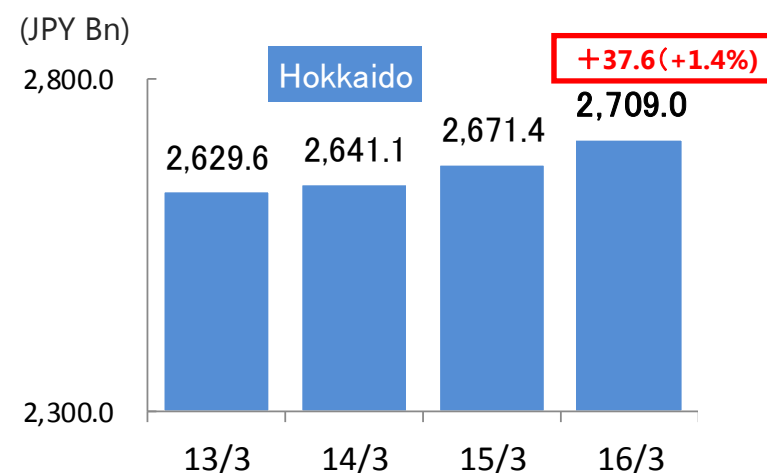
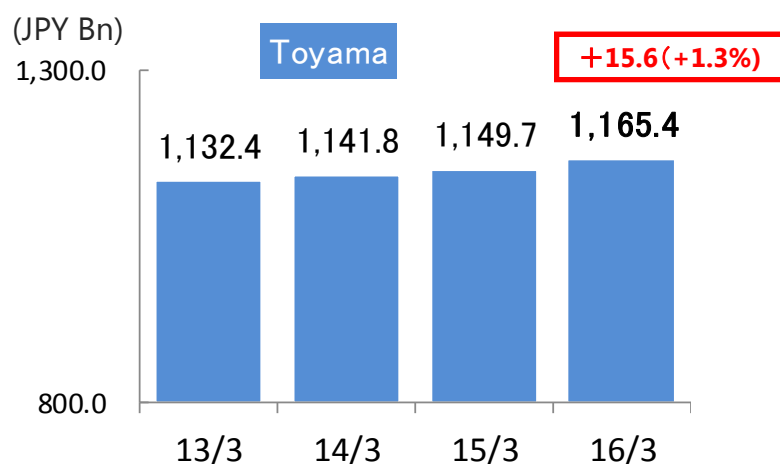
- Balance of public loans decreased by ¥58.7Bn to ¥1,494.4Bn mainly due to the decrease in loans to national government and secondary loans to local governments.



Loan Portfolio (by region)

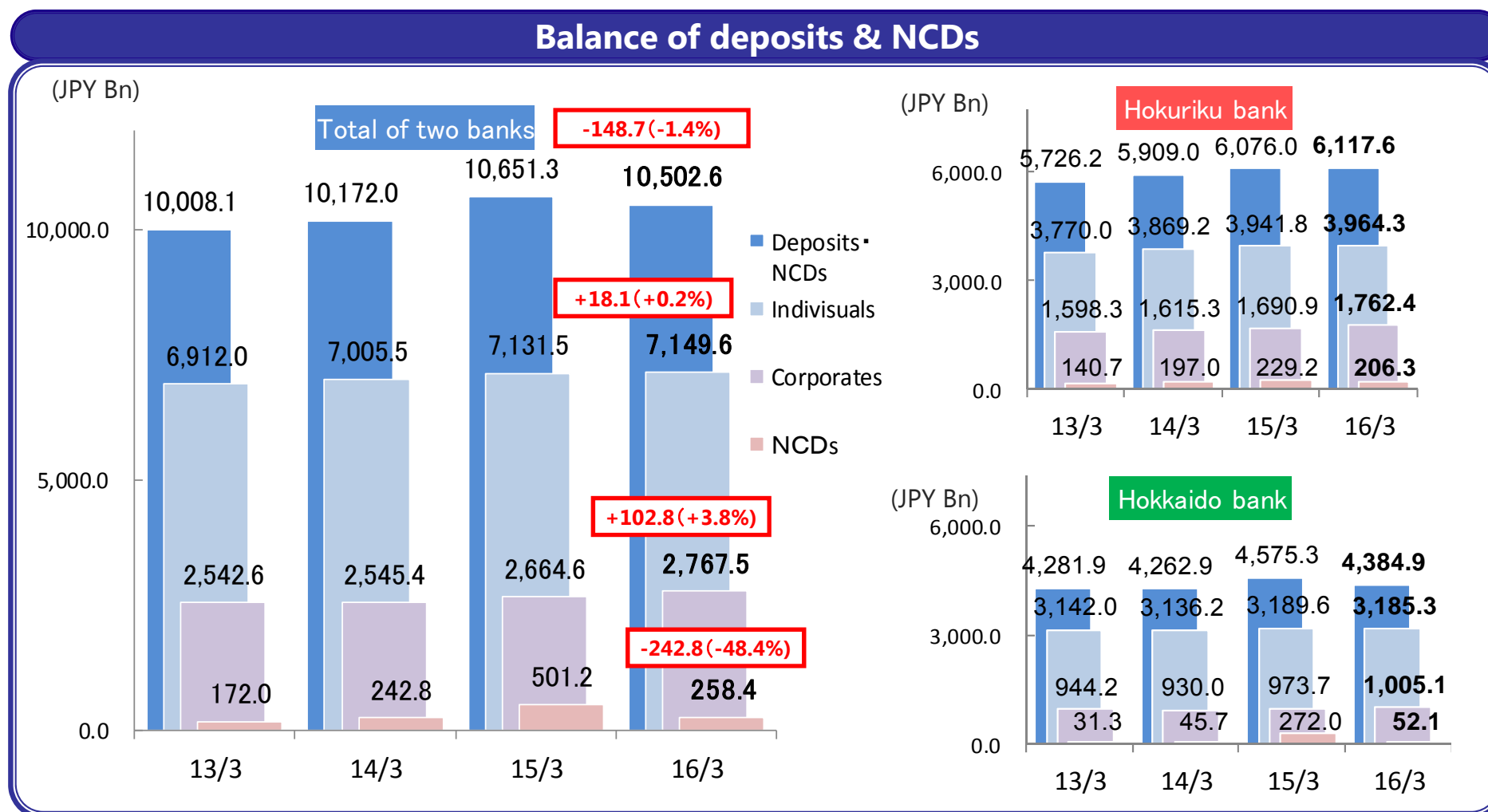
- Hokuhoku FG has 20 branches in Tokyo, Osaka and Nagoya area other than its main market of Hokuriku (Toyama, Ishikawa and Fukui) and Hokkaido.
- In every region, loans balances steadily increased primarily for SMEs.

Balance of loans by region (Except loans for national and local governments)



Deposits & NCDs

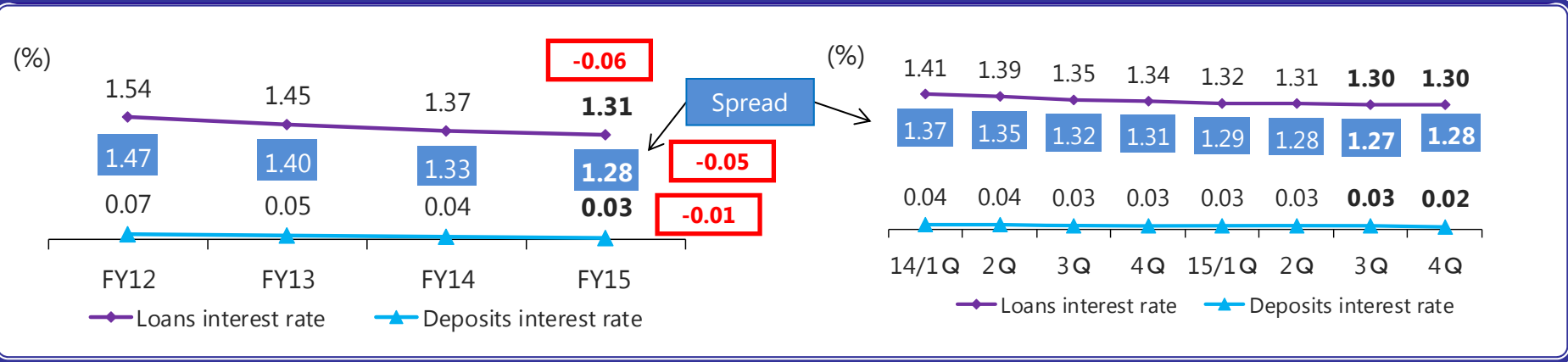
- Balance of deposits decreased by ¥148.7Bn to ¥10,502.6Bn due to the decrease in NCDs, although corporate deposits increased.



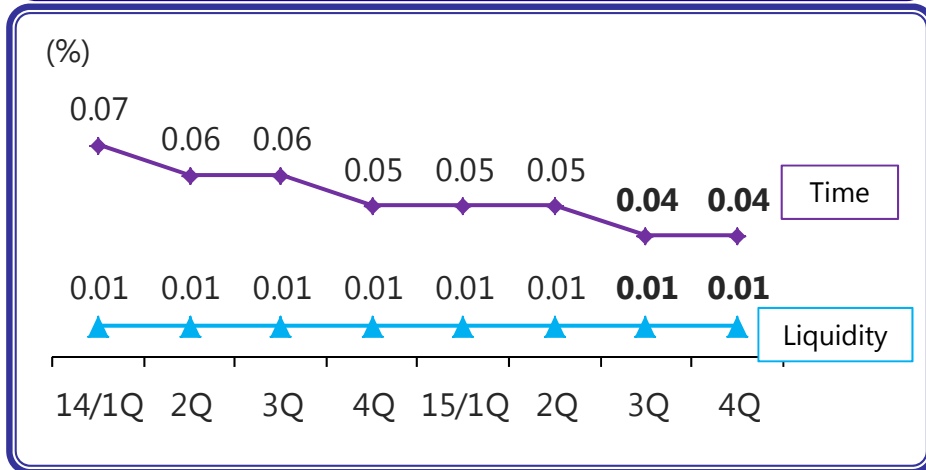
Interest Margins (Total of two banks)

➤ Interest rates of loans continued to decline but were almost ceasing to decline. However, the rates are expected to fall further due to the decline of market rate under the new negative interest rate policy.

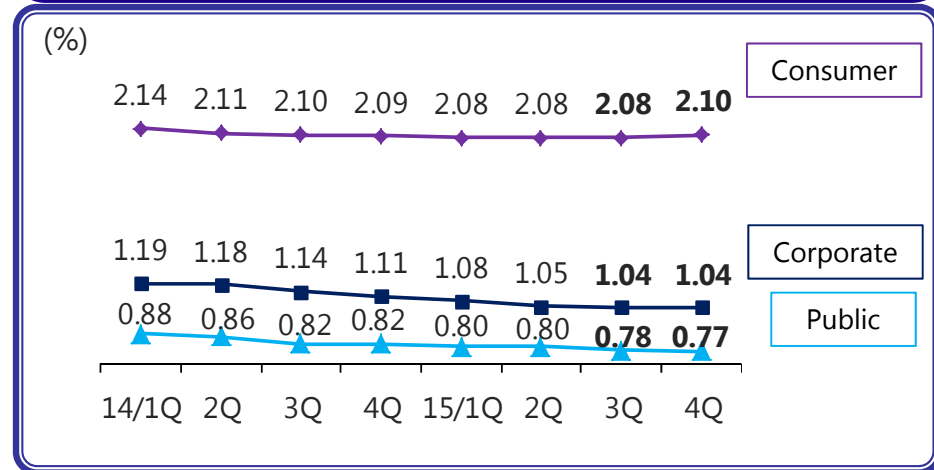
Interest rate of yen dominated loans and deposits



Interest rate of yen dominated deposits



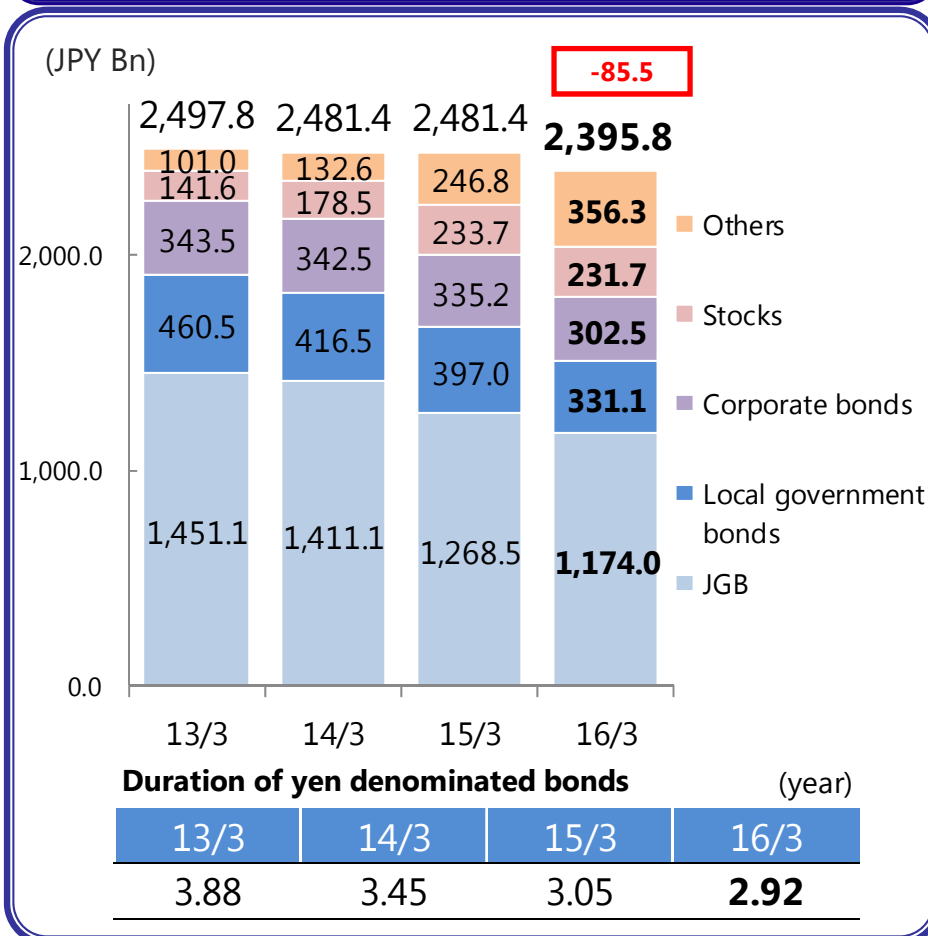
Interest rate of yen dominated loans



Securities Portfolio (Total of two banks)

- Balance of securities decreased owing to the decrease in Japanese yen bonds, although other securities (mainly foreign bonds and investment trusts) increased.
- Unrealized gains on available-for-sale securities decreased reflecting downtrend of stock market.

Balance of securities



Valuation difference

(JPY Bn)

	16/3	change	15/3
Available-for-sale securities	116.6	(25.8)	142.5
Stocks	73.5	(21.6)	95.2
Bonds	39.8	2.3	37.5
Others	3.2	(6.5)	9.7

Balance, Yield, and Value at risk of yen denominated bonds

(JPY Bn)

	16/3	change	15/3
Balance	1,807.7	(193.1)	2,000.8
Floating-rate JGBs (CMT)	376.8	(13.1)	390.0
Avg. yield	0.63%	(0.02%)	0.65%
VaR	13.8	(4.8)	18.7

Net Fee and Commission Income (Total of two banks)

- Net fees and commissions remained almost the same as FY2014 due to the decrease in sales of investment trusts and decrease in fees and commission payments such as loan related expenses.

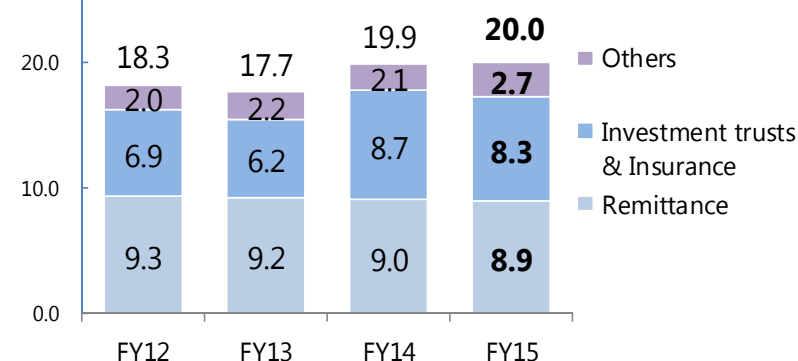
Fee revenue

(JPY Bn)

	FY15	change	FY14
① Net fees and commissions	20.0	0.0	19.9
Fees and commissions	34.9	(0.3)	35.3
Remittance	10.8	(0.0)	10.8
Investment trusts	4.4	(0.6)	5.0
Insurance	3.8	0.1	3.6
Fees and commissions payments	14.9	(0.3)	15.3
Remittance	1.8	0.0	1.8
Loan related expenses	9.5	(0.4)	9.9
② Net trading income	0.1	(0.0)	0.2
③ Net other income (excluding gains (losses) related to bonds)	1.8	(0.6)	2.4
Gains on foreign exchange transaction	1.0	(0.3)	1.4
Net income (expenses) on derivatives	0.8	(0.2)	1.0
④ Fee revenue ①+②+③	2.2	(0.6)	22.6
⑤ Core gross business profits	143.0	(1.8)	144.8
⑥ Fee revenue ratio ④/⑤	15.40%	(0.24%)	15.64%

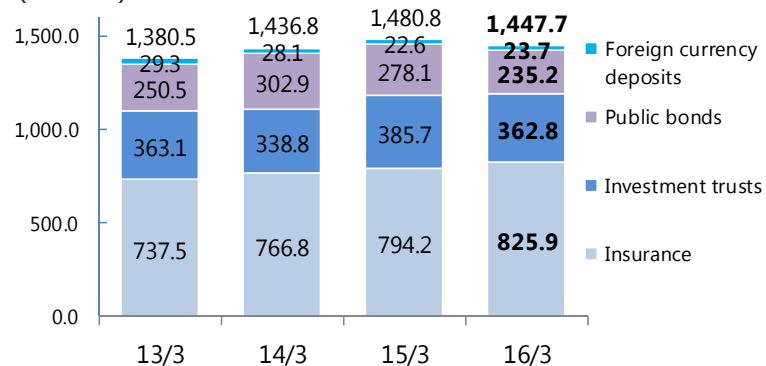
Net fees and commissions

(JPY Bn)



Balance of investment products for individuals

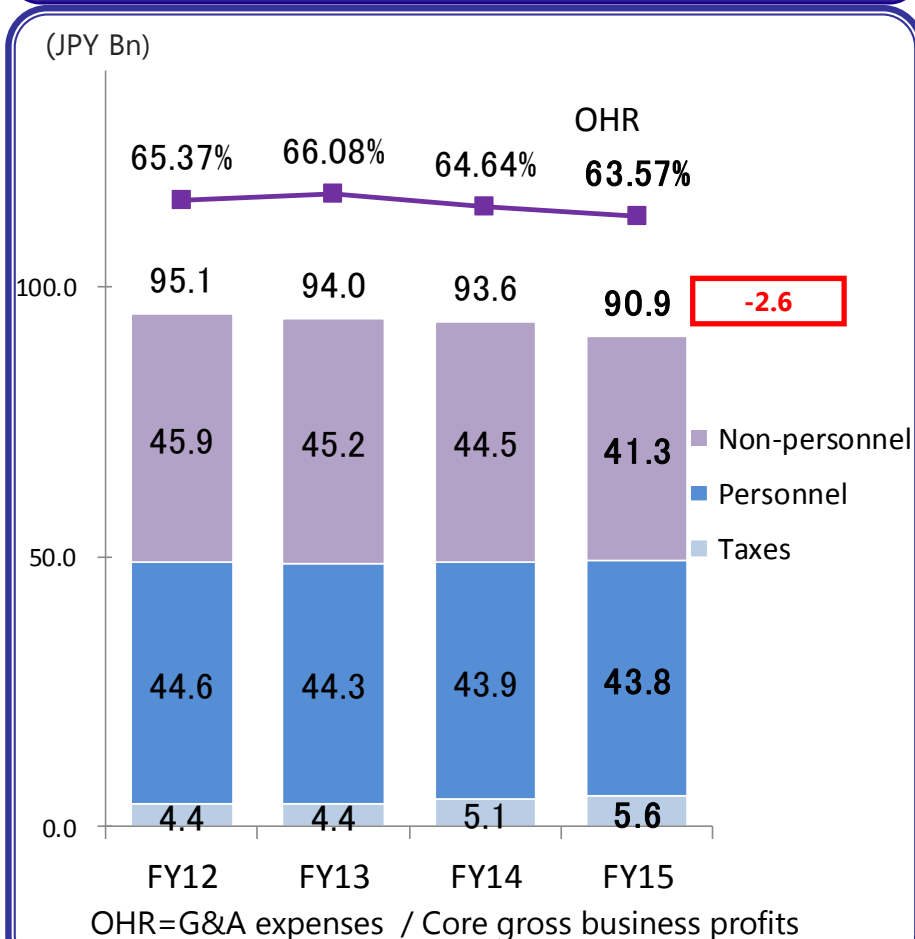
(JPY Bn)



G&A Expenses (Total of two banks)

- G&A expenses decreased by ¥2.6Bn because non-personnel expenses decreased including the decrease in deposit insurance premium.
- Core OHR declined by 1.07 points to 63.57% due to the decrease in G&A expenses.

G&A expenses and OHR



Increase/decrease factors in G&A expenses

(JPY Bn)

	FY15	change	FY14
Personnel	43.8	(0.0)	43.9
Non-personnel	41.3	(3.1)	44.5
Taxes	5.6	0.5	5.1
G&A expenses	90.9	(2.6)	93.6

Number of employees

	16/3	change	15/3
Employees (excluding temporary staffs)	5,078	(16)	5,094
Temporary staffs	3,049	(54)	3,103

Net Credit Costs (Total of two banks)

- Net credit costs decreased to ¥3.7Bn and the credit cost ratio still remained at low levels because the rate of general allowance for loan losses decreased due to the low level of the number of bankruptcies of loan customers.

Increase/decrease factors in net credit costs

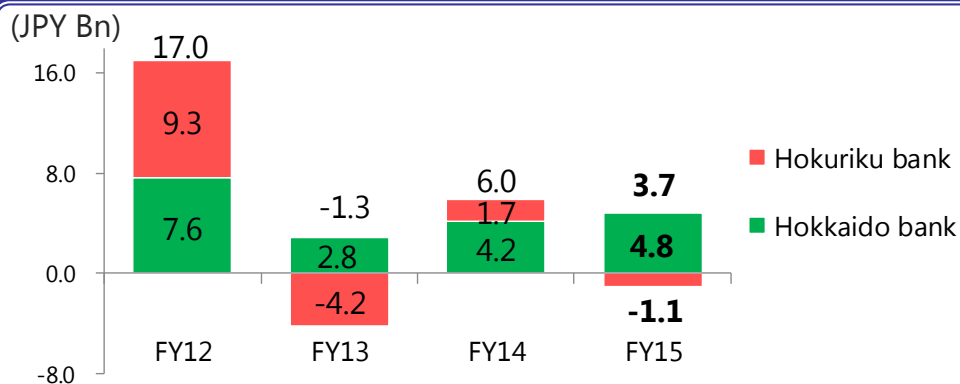
(JPY Bn)

	FY15	change	FY14
Net credit costs	3.7	(2.3)	6.0
Net transfer to general allowance for loan losses	(5.5)	(3.5)	(1.9)
Credit related costs	9.2	1.2	8.0
Net transfer to specific allowance for loan losses	8.5	1.0	7.4

〈Increase/decrease factors in specific allowance for loan losses〉
(JPY Bn)

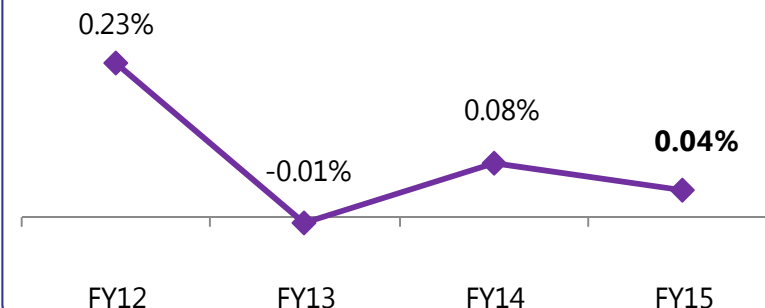
	FY15	change	FY14
New downgrades	8.7	(5.5)	14.2
New upgrades	(1.3)	(0.0)	(1.3)
Decrease in collateral value, etc.	0.9	(0.6)	1.5
Collections, etc.	0.9	7.4	(6.4)

Net credit costs



Credit cost ratio

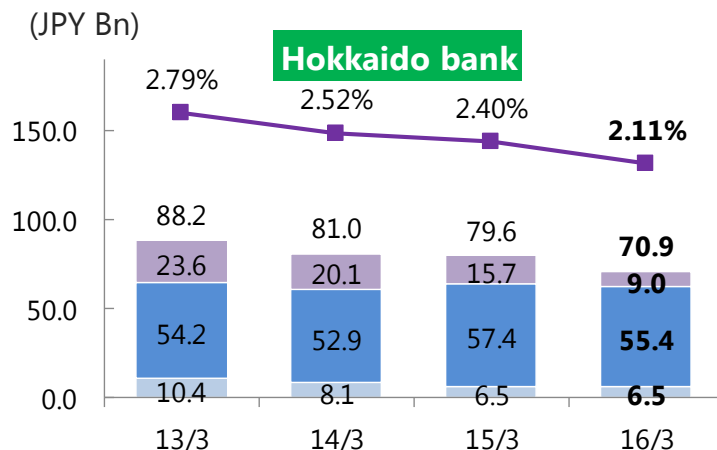
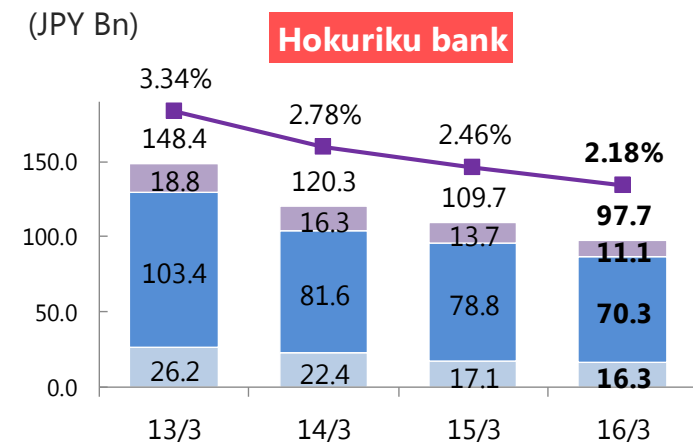
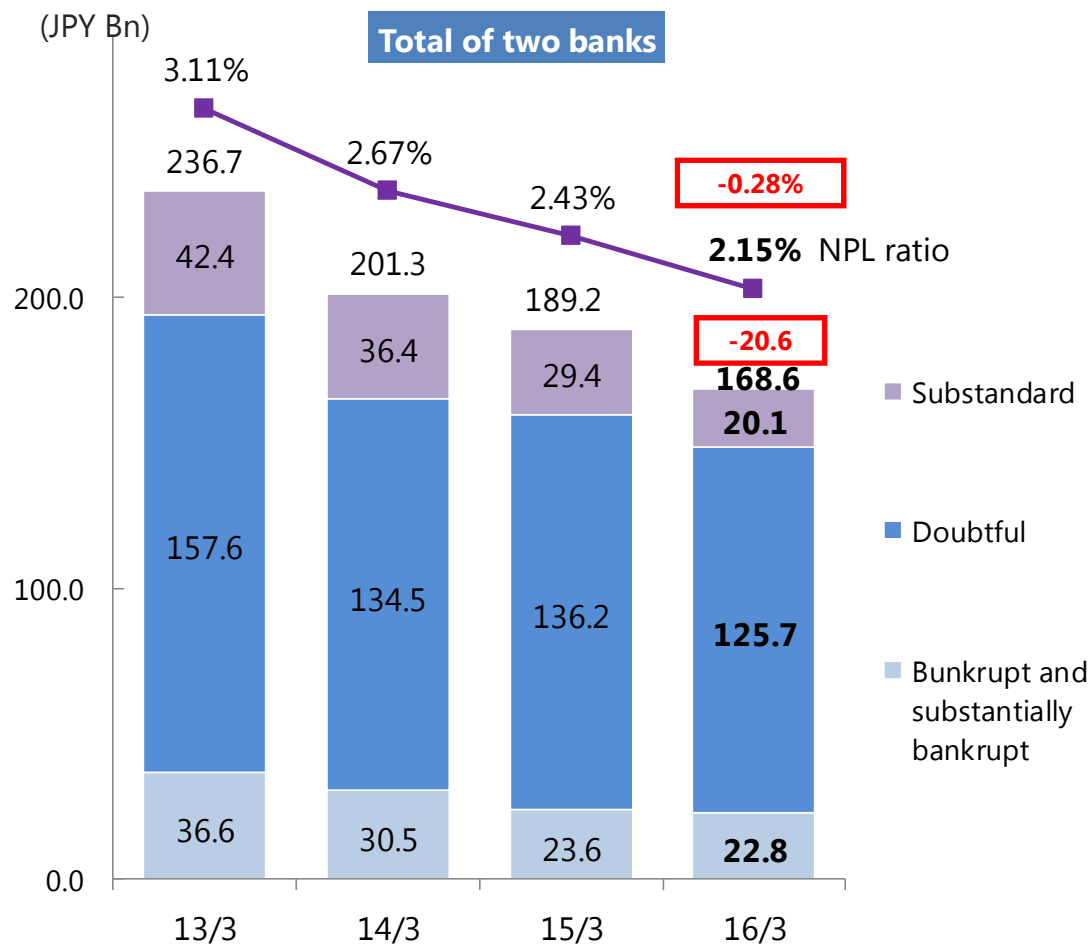
(Net credit costs / Average balance of loans)



Non-Performing Loan

- NPL ratio improved as compared with Mar-15, mainly due to the decrease in doubtful and substandard debts.

Balance of non-performing loan



- Ratio of preservation increased by 6.03 points to 90.13% since we revised the allowance standards increasing allowance for claims on doubtful borrowers.

State of preservation

(JPY Bn・%)

【Total of two bank】		Loans	Collateral Guarantee	Allowance for loan losses	Rate of allowance	Rate of preservation
Bankrupt and substantially bankrupt	16/3	22.8	19.8	2.9	100.00	100.00
	15/3	23.6	20.9	2.7	100.00	100.00
	change	(0.8)	(1.0)	0.2	—	—
Doubtful	16/3	125.7	78.4	34.4	72.89	89.81
	15/3	136.2	83.3	28.9	54.91	82.52
	change	(10.5)	(4.9)	5.4	17.98	7.29
Substandard	16/3	20.1	15.5	0.7	15.89	80.88
	15/3	29.4	21.4	1.6	20.82	78.68
	change	(9.2)	(5.9)	(0.9)	(4.93)	2.20
Total	16/3	168.6	113.8	38.0	69.58	90.13
	15/3	189.2	125.8	33.3	52.58	84.10
	change	(20.6)	(11.9)	4.7	17.00	6.03

- Capital adequacy ratio decreased by 0.83 point to 10.30%, mainly due to the redemption of subordinated debts (¥41.0Bn).

Capital and risk-weighted assets

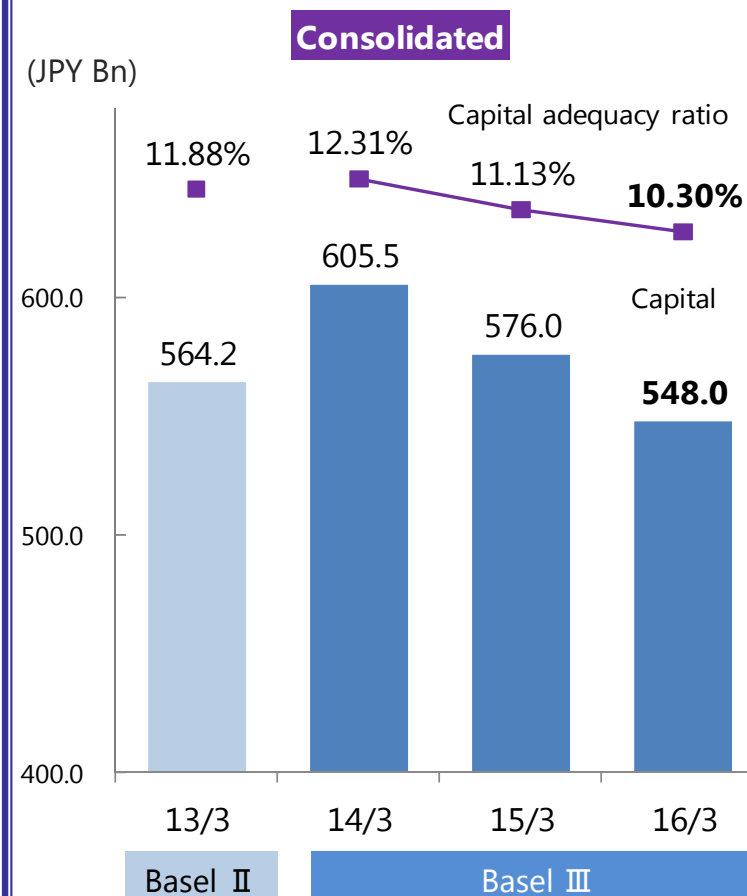
〈Basel III, Domestic Standard〉

【Consolidated】				(JPY Bn)
	Transitional arrangements			Full implementation
	16/3	change	15/3	16/3
Capital	548.0	(27.9)	576.0	407.6
Instruments and reserves	567.8	(29.8)	597.7	430.0
Regulatory adjustments(-)	19.7	(1.8)	21.6	22.3
Risk-weighted assets	5,318.3	143.6	5,174.7	5,305.4
Capital adequacy ratio	10.30%	(0.83%)	11.13%	7.68%

Interest rate risk in banking book

【Total of two banks】				(JPY Bn)
	16/3	change	15/3	
Total interest rate risk	13.0	2.8	10.2	

Capital adequacy ratio

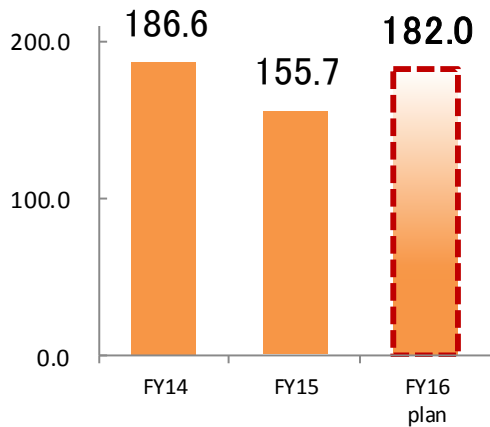


2. Management Strategy for FY 2016

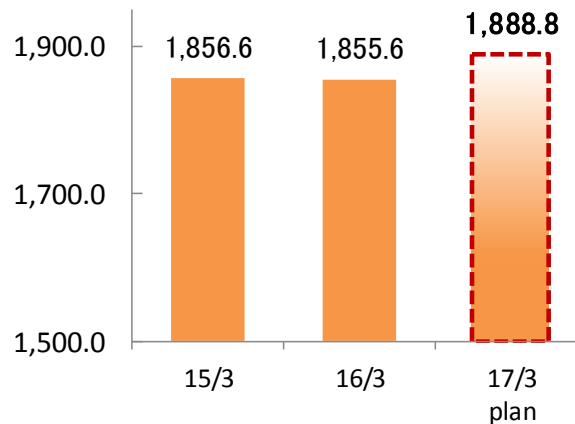
Personal Customer <Housing Loans><Card Loans>

Housing Loans <sales amount of new loans·balance>

(JPY Bn) Sales amount of new loans



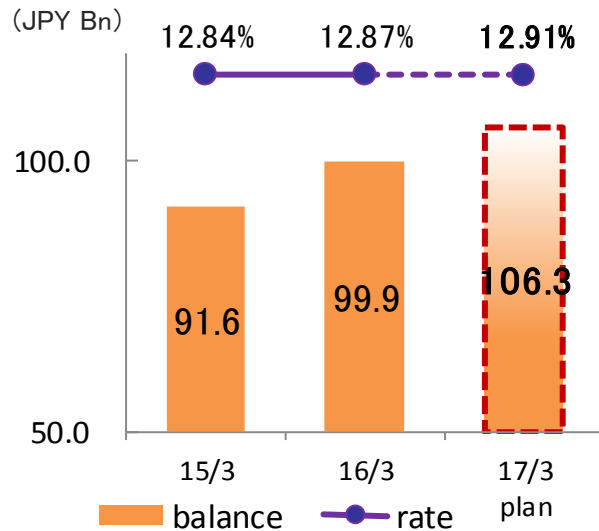
(JPY Bn) Balance



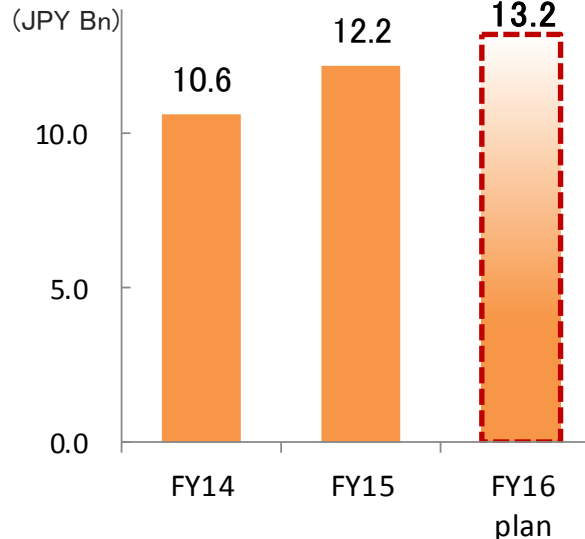
- Enhance application procedures through the Internet
(Pre-screening, Credit life insurance, Early redemption·Interest rate reset)
- Expand the number of loan plazas that customers can visit in holiday
- Improve convenience by changing application and contract form

Card Loans <balance·rate·interest>

Balance·Rate

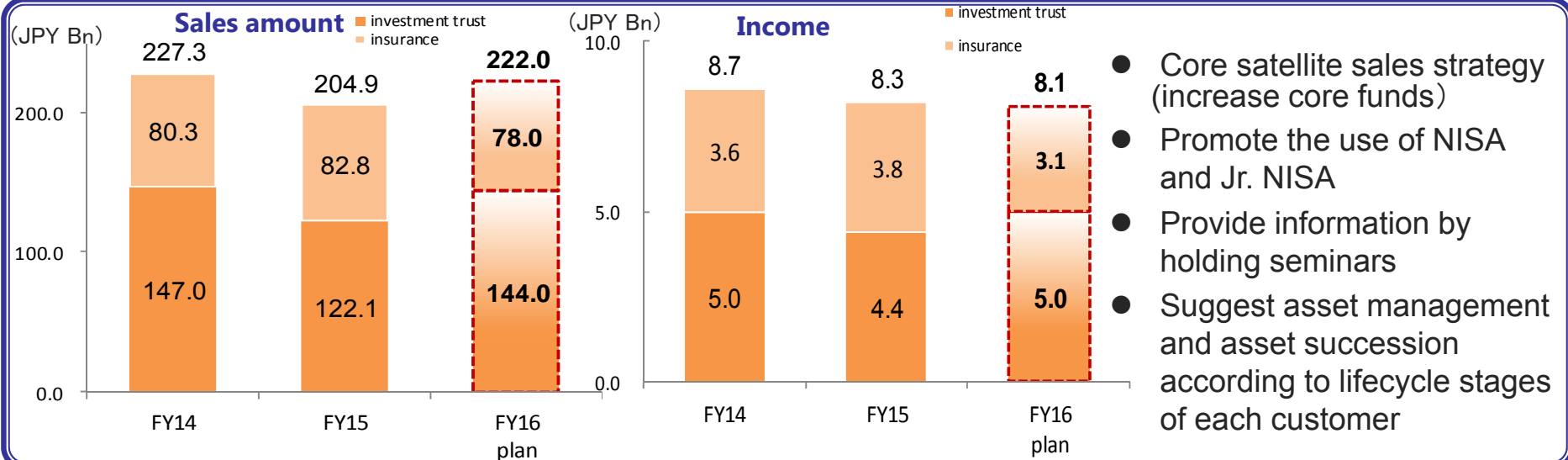


Interest income

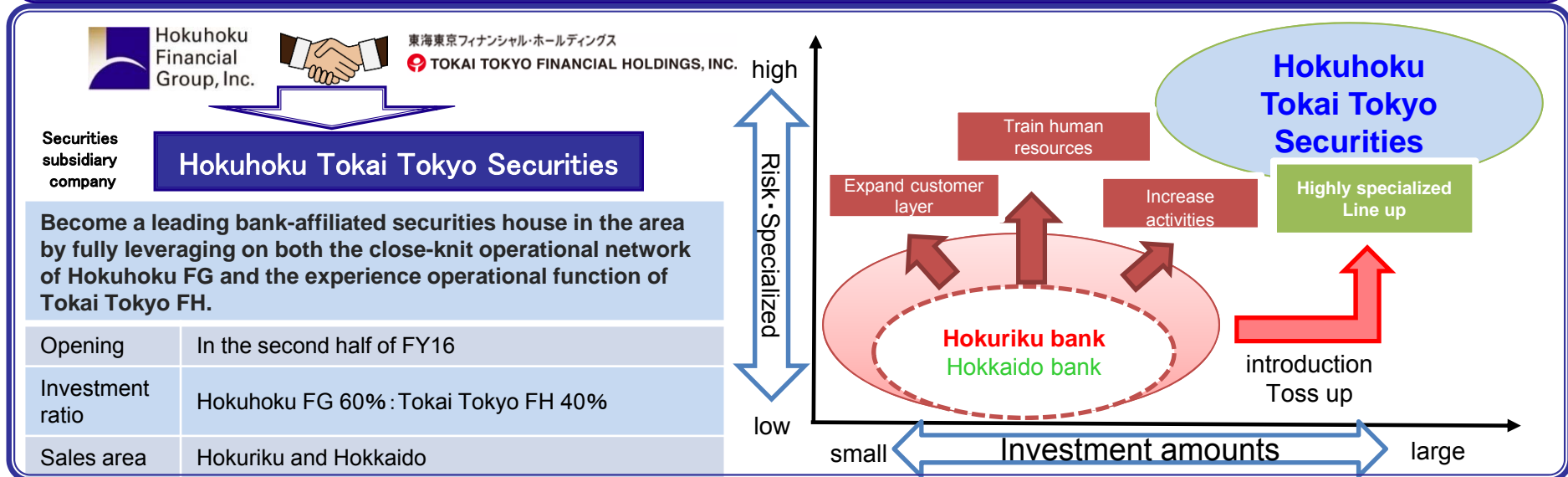


- Increase credit limit for customers with good payment history
- Promote advertisements
- Expand ATM card loans

Sales and income of the investment trust and insurance



Establishment of “Hokuhoku Tokai Tokyo Securities”



Offer solutions based on business evaluation



Hokuriku Bank : Select “The Support Theme” for each customer , standing on the customer’s perspective

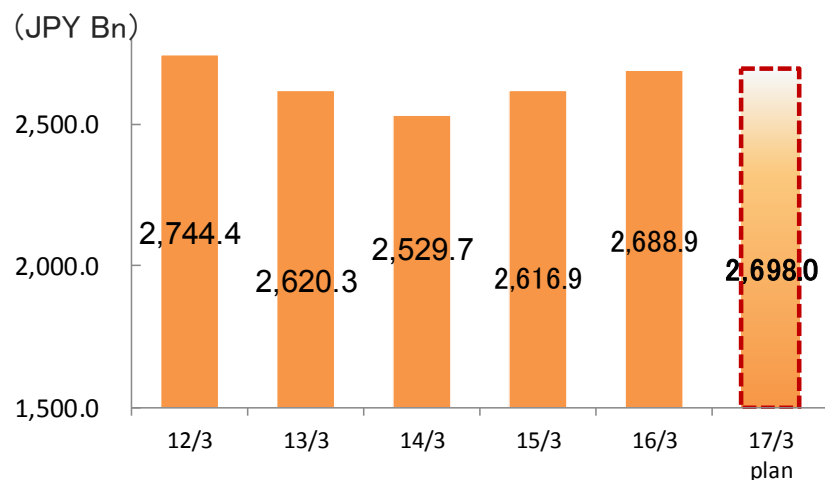
Hokkaido Bank : Strategically select customers to support with full efforts of the bank

Solution	
Consulting-based financial service	Loans to support foundation, business succession·M&A, defined contribution pension, business matching
finance	Mezzanine finance·project finance, PFI·PPP, private placement bond (eco private placement bond), loans evaluating environmental activities
Funding·settlement	Liquidation of receivables·service related to Electrical Banking·electronically recorded monetary claim
Support overseas business expansion	Seminar, foreign exchange Internet Banking, parent-subsidiary loans·cross boarder loans

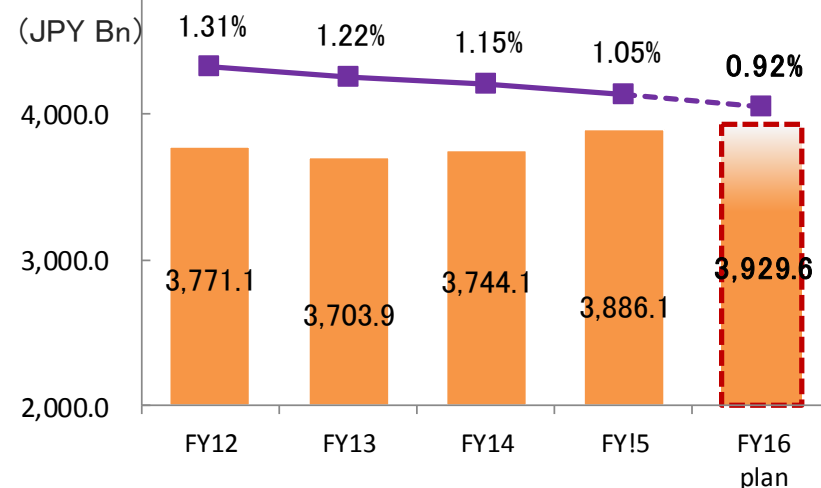
Important market		
Agriculture	Medical·Welfare	Sightseeing
Agricultural fund, Business matching for “6 th industrialization”	Loans specialized for medical and welfare, strengthening support team	Loans for lodging and traveler transportation industry

Corporate Customer <Business Loans>

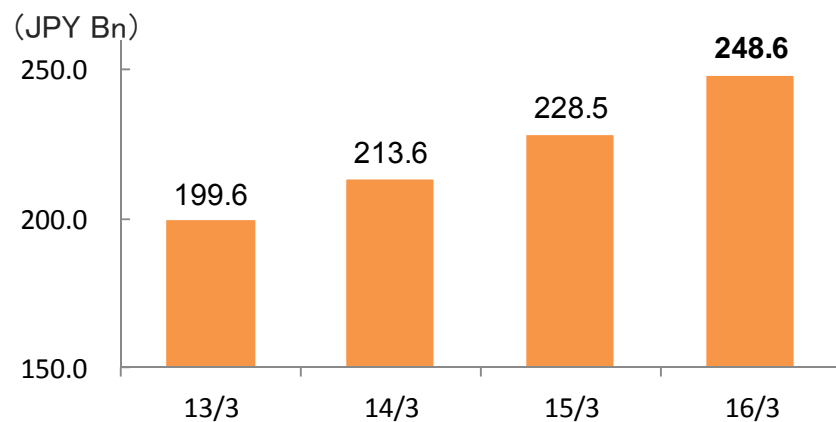
Balance of Loans to SMEs



Ave. balance and rate of business loans

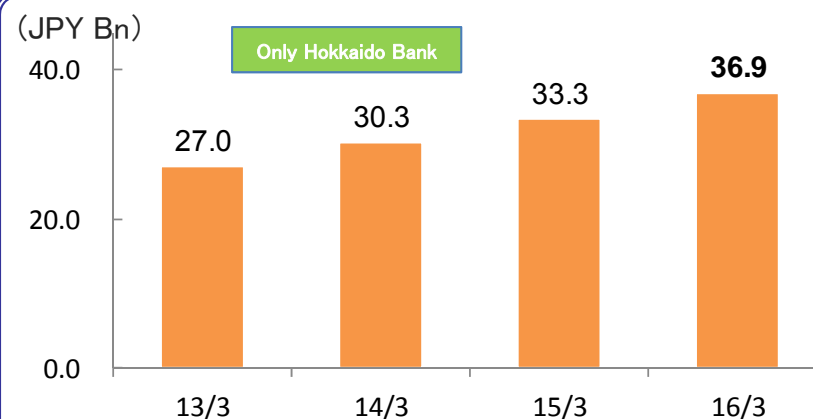


Medical and Welfare



- Expand support to medical and welfare business in cooperation with REVIC.

Agriculture etc.



- Support “6th industrialization” in which agricultural and food companies expand their business.

Strengthen Corporate governance

- Number of outside directors **increased from 1 to 2** (Jun. 2015)
4 among 12 directors and auditors are independent outside officers
- Established [Guideline of corporate governance] (Oct. 2015)
specify the basic concept of corporate governance and the function of the board of directors and auditors
- Established [The committee of corporate governance]
Consist of **2 outside directors, 2 outside auditors**, 1 full time auditor
Function :
 - exchange information among outside officers
 - advice important things, including the matters of nomination and remuneration of directors
 - acquire knowledge of our company and industry

Improve efficiency · decrease costs

● Organization

Reinforce activities to improve efficiency by establishing “Business reform project division”

● Synergy effect

Unifying office work process, commonization of systems

● Two banks join the group sharing core system “MEJAR”

77 bank (Jan. 2016), Higashi-Nippon bank (start preparing in FY16 to join in FY18)
→ of 5 bank including Bank of Yokohama, system costs decrease by joint development

● Improve consulting and proposal abilities

Completion of training system, gradual level up by visualization of knowledge and level

● Train managers and candidates

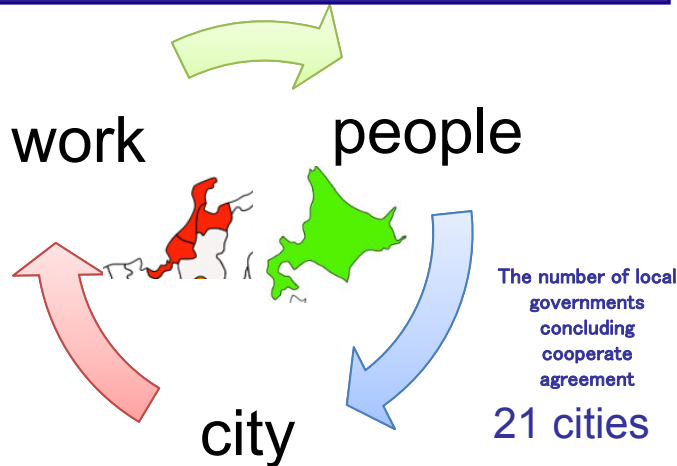
Train future managers, improve ability of management and leadership

● Female advancement

Support for career formation, appoint women managers

Activities for regional revitalization

Cooperate with local governments



	theme	Support menu
City	Emigration・settlement	Use JTI system, loans for emigration
	Management of public institutions	Support introduction of PPP/PFI・consulting
People	Support founding	Regional revitalization funds・seminars of support founding
	Business matching	Maker matching system
	Human resources matching	Cooperate with staff agencies
Work	Invite corporation	Business seminars cosponsored by local government
	Expand market	Business meetings related to food, food fairs
	Overseas business	Utilize oversea network, hold business meetings

Local social contribution activities

Primary school children bank experience



Art museum



Curling meet



Planting activities



YOSAKOI Soran Festival

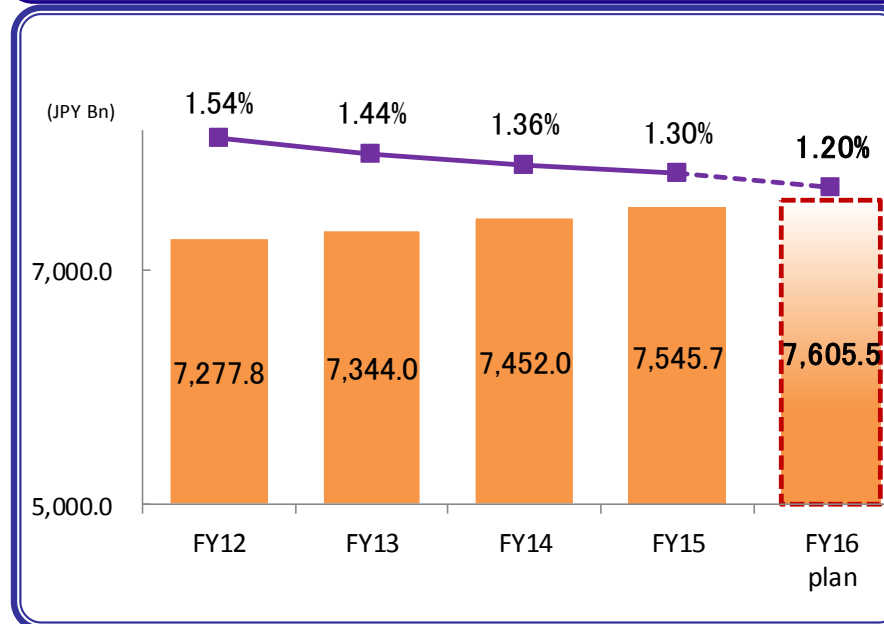


Deposits / Loans / Securities Plan

Ave. balance and rate of deposits



Ave. balance and rate of Loans



Forecasts of Ave. balance

【Total of two banks】	(JPY Bn)		
	FY15	FY16 forecasts	change
Loans	7,545.7	7,605.5	59.7
Securities	2,380.6	2,557.0	176.3
Deposits・NCDs	10,638.9	10,583.2	(55.6)

Forecasts of Ave. rate

【Total of two banks】	Forecasts		
	FY15	FY16 forecasts	change
Loans	1.30%	1.20%	(0.10%)
Securities	1.13%	1.16%	0.03%
Deposits・NCDs	0.03%	0.01%	(0.02%)

Forecasts for FY2016

Earnings forecasts for FY16

(JPY Bn)

	Interim forecast	FY16 forecast	change
Ordinary income	90.0	180.0	(12.5)
Ordinary profits	19.0	35.0	(11.4)
Net income attributable to owners of the parent	12.0	23.0	(5.8)

Dividend forecasts for FY16

	Interim	Year-end	Annual
Dividend per common share	—	¥4.25	¥4.25
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00

Hokuhoku Financial Group, Inc. is planning to implement a common stock consolidation at a ratio of ten stocks to one stock, as we announced on May 11, 2016. The above dividend forecast for FY2016 is calculated without taking this stock consolidation into account. The dividend forecast for FY2016 would be calculated as ¥42.50 per share in consideration of this stock consolidation.

Earnings forecasts for FY16

	【total of two bank】			【Hokuriku bank】			【Hokkaido bank】			(JPY Bn)
	Half of FY16 forecasts	FY16 forecasts	change	Half of FY16 forecasts	FY16 forecasts	change	Half of FY16 forecasts	FY16 forecasts	change	
Ordinary income	83.0	164.5	(14.4)	44.5	88.0	(5.3)	38.5	76.5	(9.0)	
Core gross business profits	69.5	136.0	(7.0)	37.0	72.0	(3.3)	32.5	64.0	(3.6)	
G&A expenses	46.0	92.0	1.0	24.5	49.0	0.3	21.5	43.0	0.7	
Core net business profits	23.5	44.0	(8.0)	12.5	23.0	(3.6)	11.0	21.0	(4.3)	
Net credit costs	3.0	6.0	2.2	1.5	3.0	4.1	1.5	3.0	(1.8)	
Ordinary profits	19.5	35.5	(11.2)	11.0	20.0	(6.7)	8.5	15.5	(4.5)	
Net income	13.5	24.0	(5.9)	7.5	13.5	(3.0)	6.0	10.5	(2.9)	

Appendix

About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ①

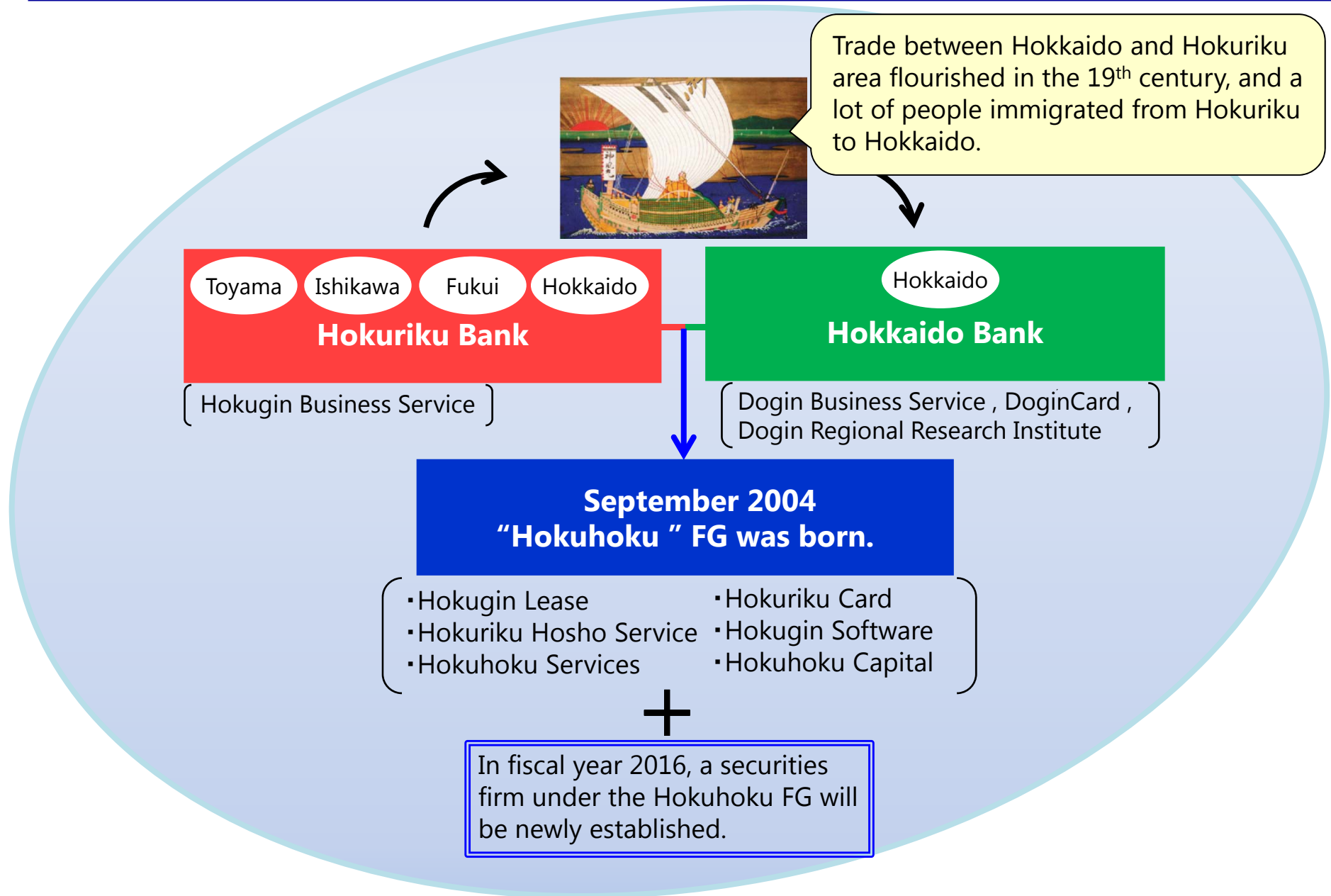


(As of March 31, 2016)

	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	¥ 93,524.01million
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) ¥ 11,630.3 billion	¥ 6,880.4 billion	¥ 4,701.4 billion
Deposits & NCD	(consolidated) ¥ 10,475.4 billion	¥ 6,117.6 billion	¥ 4,384.9 billion
Loans	(consolidated) ¥ 7,582.9 billion	¥ 4,383.4 billion	¥ 3,216.1 billion
Capital adequacy ratio	(consolidated) 10.30%	(non-consolidated) 9.78%	(non-consolidated) 10.23%
Employees	82 (13 fulltime workers)	2,809	2,269
Ratings	A(R&I)	A(R&I)、A-(S&P)	A(R&I)、A(JCR)
Branches (Domestic) (Overseas)		145 branches, 43 sub-branches 6 representative offices	135 branches, 6 sub-branches 3 representative offices

About Hokuhoku FG

Outline of Hokuhoku FG and Two Banks ②



About Hokuhoku FG ③

Historical Data (Hokuhoku FG)



(JPY Bn)

<Consolidated>	FY2011 Full year	FY2012 Interim	FY2012 Full year	FY2013 Interim	FY2013 Full year	FY2014 Interim	FY2014 Full year	FY2015 Interim	FY2015 Full year
Ordinary income	207.9	105.7	199.1	95.2	190.9	96.4	193.9	99.1	192.5
Ordinary profits	38.8	8.9	29.3	23.5	49.4	21.8	48.1	26.1	46.4
Net income attributable to owners of the parent	14.1	6.1	18.1	12.3	27.3	13.8	28.2	16.6	28.8
Capital adequacy ratio	11.72%	11.90%	11.88%	12.04%	12.31%	11.38%	11.13%	10.89%	10.30%

<Total of two banks>

Core gross business profits	156.3	73.5	145.5	71.5	142.2	72.0	144.8	72.9	143.0
General & administrative expenses	100.6	48.5	95.1	47.8	94.0	47.7	93.6	45.3	90.9
Core net business profits	55.7	25.0	50.3	23.7	48.2	24.3	51.2	27.5	52.0
Net gains(losses) related to securities	(1.4)	(3.5)	0.4	1.0	2.2	3.2	6.9	1.8	0.2
Credit costs	10.4	10.4	17.0	0.0	(1.3)	3.0	6.0	1.6	3.7
Ordinary profits	40.5	9.4	30.0	23.3	48.5	22.3	47.1	26.8	46.7
Net income	16.6	7.0	19.5	12.6	27.5	14.8	28.2	17.8	29.9
ROA	0.53%	0.47%	0.47%	0.43%	0.44%	0.43%	0.45%	0.48%	0.45%
OHR	64.37%	65.98%	65.37%	66.87%	66.08%	66.17%	64.64%	62.18%	63.57%
Loans	7,287.0	7,313.8	7,402.0	7,369.6	7,336.3	7,480.1	7,561.7	7,519.2	7,599.6
Deposits (including NCD)	9,700.8	9,787.6	10,008.1	10,089.4	10,172.0	10,489.0	10,651.3	10,635.7	10,502.6
Securities	2,471.8	2,392.6	2,497.8	2,540.4	2,481.4	2,433.8	2,481.4	2,423.1	2,395.8
Non performing loan	236.8	252.1	236.7	216.1	201.3	196.9	189.2	176.3	168.6
NPL ratio	3.17%	3.36%	3.11%	2.85%	2.67%	2.56%	2.43%	2.28%	2.15%

About Hokuhoku FG ④

Historical Data (Hokuriku Bank)

(JPY Bn)

	FY2011 Full year	FY2012 Interim	FY2012 Full year	FY2013 Interim	FY2013 Full year	FY2014 Interim	FY2014 Full year	FY2015 Interim	FY2015 Full year
Ordinary income	105.4	56.2	103.0	48.5	97.7	48.0	94.0	46.3	93.3
Core gross business profits	88.5	42.4	82.3	38.9	77.0	38.1	76.5	37.8	75.3
General & administrative expenses	54.2	25.9	50.9	25.8	50.5	25.9	50.4	24.3	48.6
Core net business profits	34.3	16.4	31.4	13.0	26.4	12.2	26.0	13.4	26.6
Net gains(losses) related to securities	(1.1)	(3.6)	(1.2)	0.6	1.6	2.7	3.6	1.0	0.4
Credit costs	4.4	9.5	9.3	(0.9)	(4.2)	0.8	1.7	0.8	(1.1)
Ordinary profits	27.4	2.3	18.3	13.9	30.4	12.5	24.5	12.9	26.7
Net income	11.4	1.9	12.3	7.2	17.8	7.8	14.6	8.2	16.5
Capital adequacy ratio	11.85%	11.89%	11.78%	11.95%	12.40%	10.98%	10.61%	10.31%	9.78%
ROA	0.57%	0.55%	0.52%	0.42%	0.42%	0.38%	0.40%	0.40%	0.40%
OHR	61.25%	61.17%	61.84%	66.39%	65.65%	67.98%	65.94%	64.31%	64.57%
Loans	4,233.9	4,245.5	4,332.7	4,271.2	4,227.6	4,292.7	4,365.3	4,332.9	4,383.4
Deposits (including NCD)	5,545.1	5,541.2	5,726.2	5,796.8	5,909.0	5,905.9	6,076.0	6,006.7	6,117.6
Securities	1,315.4	1,178.2	1,269.6	1,296.1	1,238.3	1,219.1	1,275.4	1,272.1	1,343.9
Non performing loan	153.5	168.1	148.4	134.2	120.3	114.1	109.7	102.9	97.9
NPL ratio	3.53%	3.86%	3.34%	3.06%	2.78%	2.60%	2.46%	2.33%	2.18%

About Hokuhoku FG ⑤

Historical Data (Hokkaido Bank)

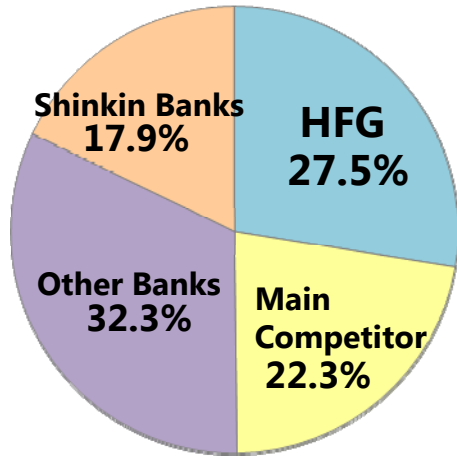
(JPY Bn)

	FY2011 Full year	FY2012 Interim	FY2012 Full year	FY2013 Interim	FY2013 Full year	FY2014 Interim	FY2014 Full year	FY2015 Interim	FY2015 Full year
Ordinary income	87.5	42.3	81.6	40.2	80.2	41.6	85.4	45.4	85.5
Core gross business profits	67.8	31.0	63.1	32.6	65.2	33.9	68.3	35.0	67.6
General & administrative expenses	46.4	22.5	44.2	21.9	43.4	21.7	43.1	21.0	42.2
Core net business profits	21.4	8.5	18.9	10.6	21.7	12.1	25.1	14.0	25.3
Net gains(losses) related to securities	(0.2)	0.1	1.7	0.3	0.6	0.5	3.2	0.8	(0.1)
Credit costs	5.9	0.8	7.6	0.9	2.8	2.1	4.2	0.7	4.8
Ordinary profits	13.1	7.1	11.6	9.4	18.0	9.8	22.6	13.9	20.0
Net income	5.2	5.0	7.2	5.4	9.6	7.0	13.5	9.6	13.4
Capital adequacy ratio	10.80%	11.05%	11.23%	11.08%	10.76%	10.79%	10.75%	10.45%	10.23%
ROA	0.47%	0.37%	0.41%	0.45%	0.47%	0.51%	0.53%	0.58%	0.52%
OHR	68.44%	72.57%	69.98%	67.44%	66.60%	64.14%	63.18%	59.88%	62.47%
Loans	3,053.0	3,068.3	3,069.3	3,098.4	3,108.6	3,187.4	3,196.4	3,186.3	3,216.1
Deposits (including NCD)	4,155.7	4,246.4	4,281.9	4,292.6	4,262.9	4,583.0	4,575.3	4,628.9	4,384.9
Securities	1,156.4	1,214.4	1,228.2	1,244.3	1,243.1	1,214.6	1,205.9	1,150.9	1,051.9
Non performing loan	83.3	84.0	88.2	81.9	81.0	82.8	79.6	73.3	70.9
NPL ratio	2.66%	2.66%	2.79%	2.56%	2.52%	2.50%	2.40%	2.21%	2.11%

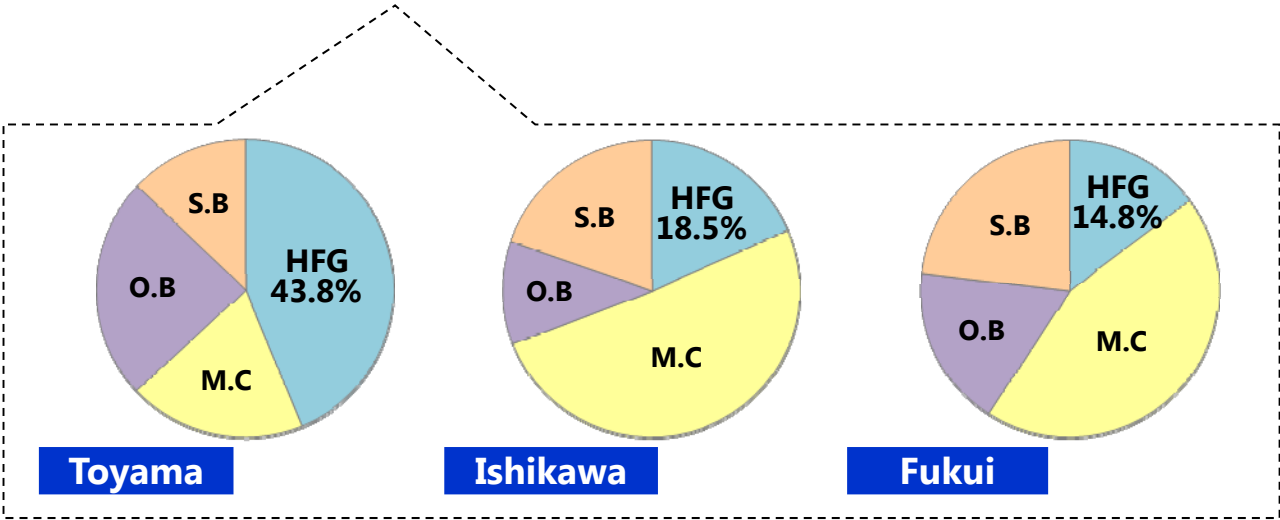
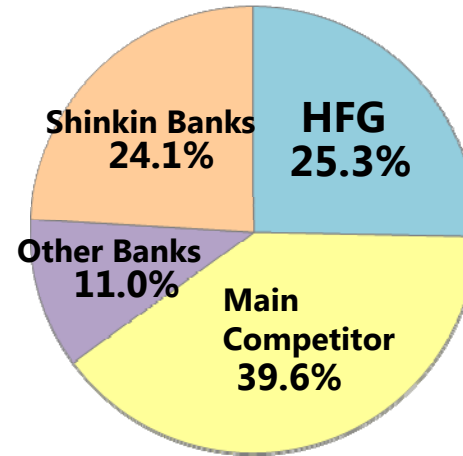
About Hokuhoku FG ⑥

Market Share in Our Home Market (Loans, Sep-15)

Hokuriku Area



Hokkaido Area

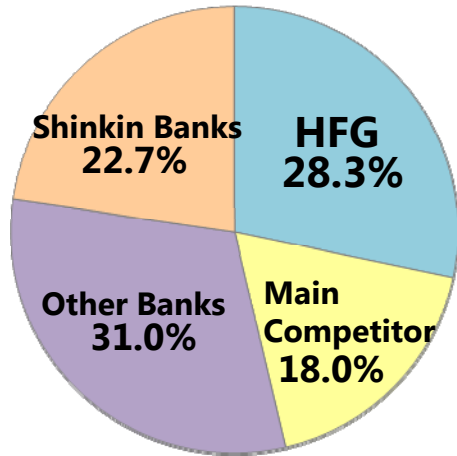


*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

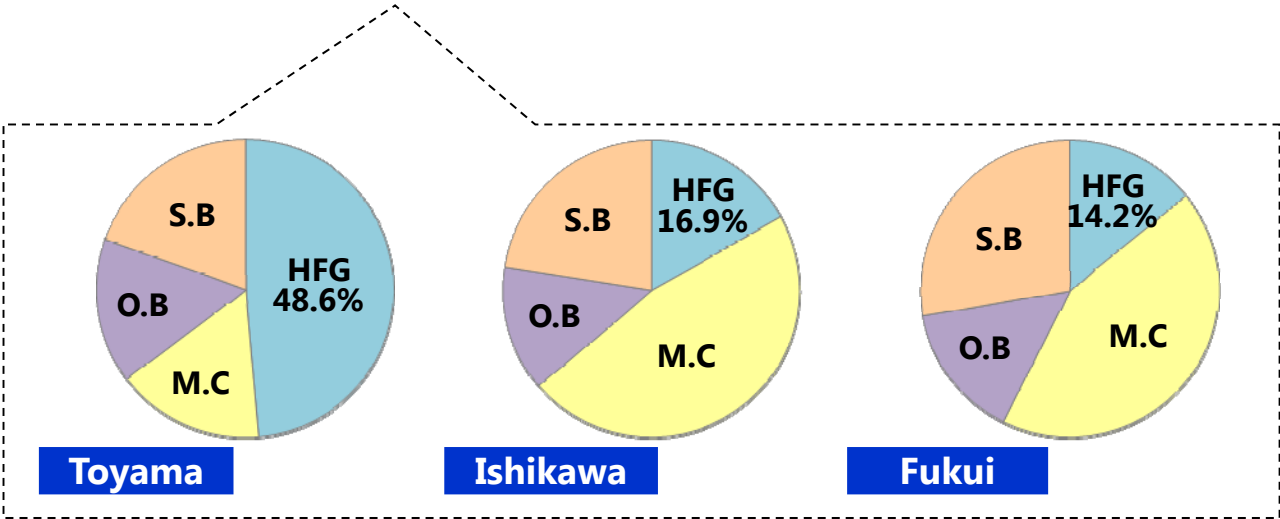
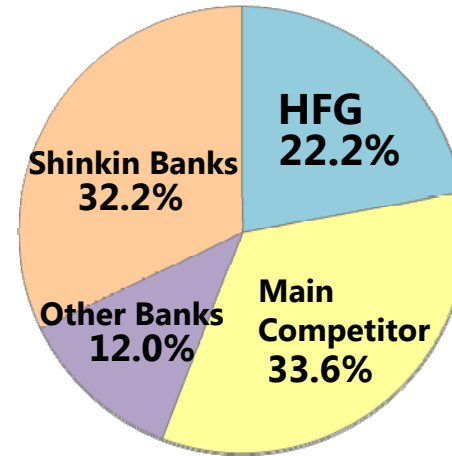
About Hokuhoku FG ⑦

Market Share in Our Home Market (Deposits, Sep-15)

Hokuriku Area



Hokkaido Area

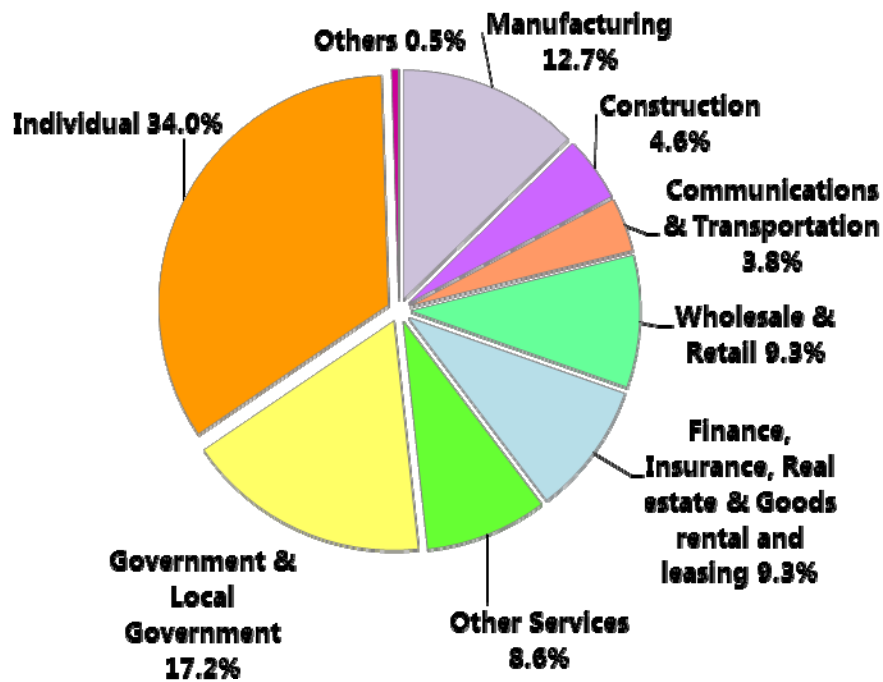


*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

About Hokuhoku FG ⑧

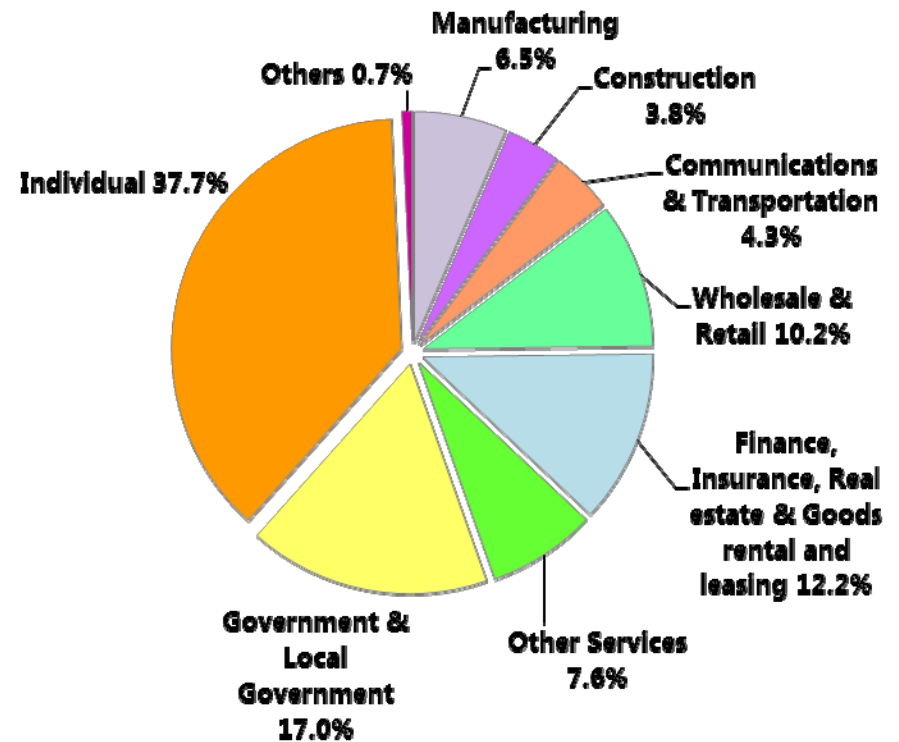
Lending in the Region by Industry (Mar-16)

Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank



Region: Hokkaido

About Japanese Regional Banks ①

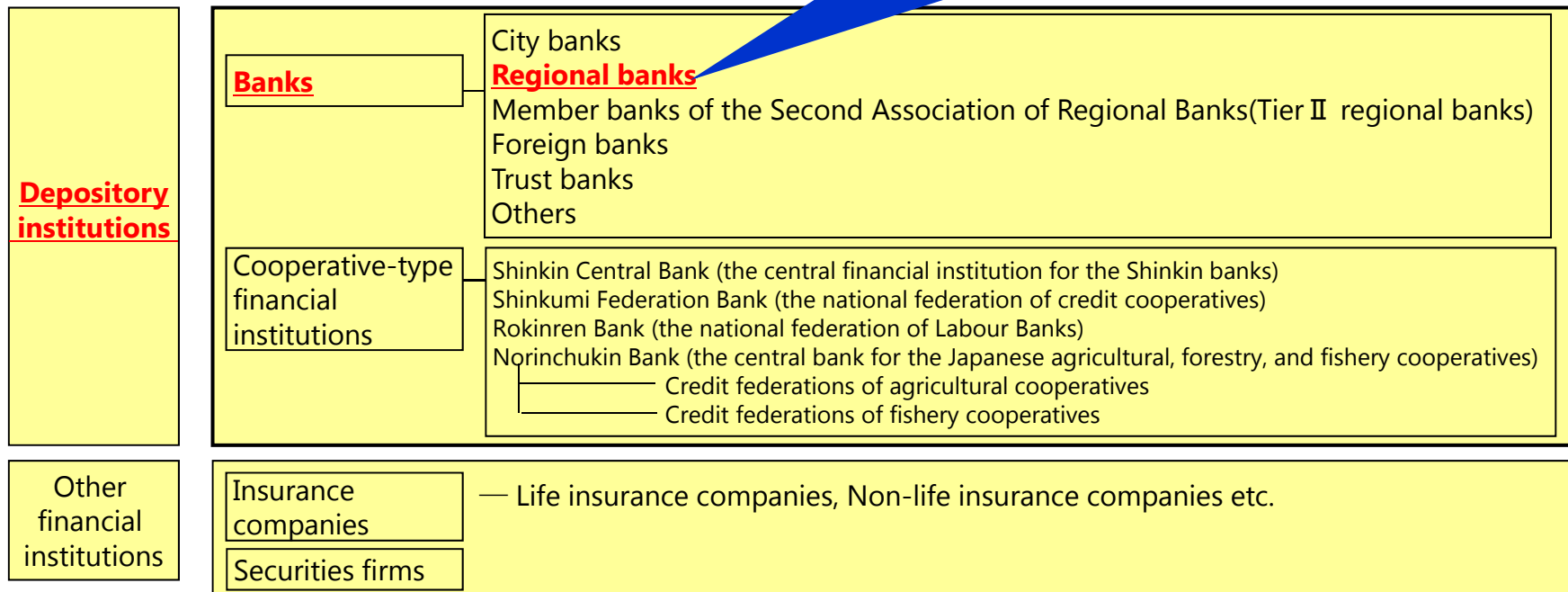
Financial Institutions in Japan

Source: Home page of Japanese Bankers Association of Japan

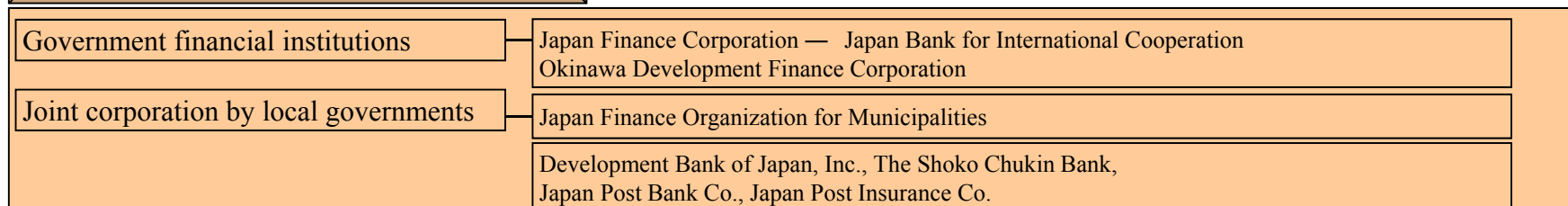
1 Central Bank - Bank of Japan

2 Private financial institutions

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



3 Public financial institutions

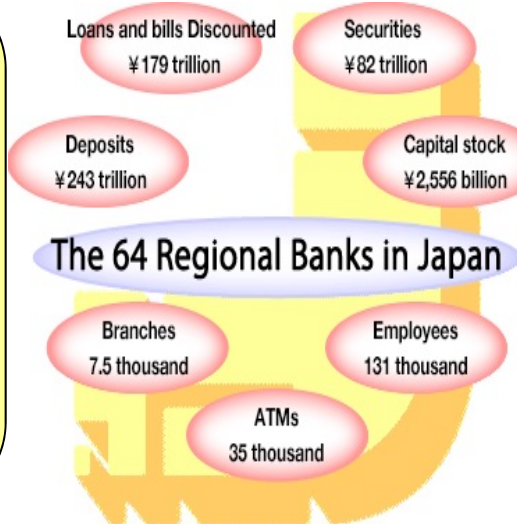


About Japanese Regional Banks ②

Outline of Regional Banks

Outline of Regional Banks

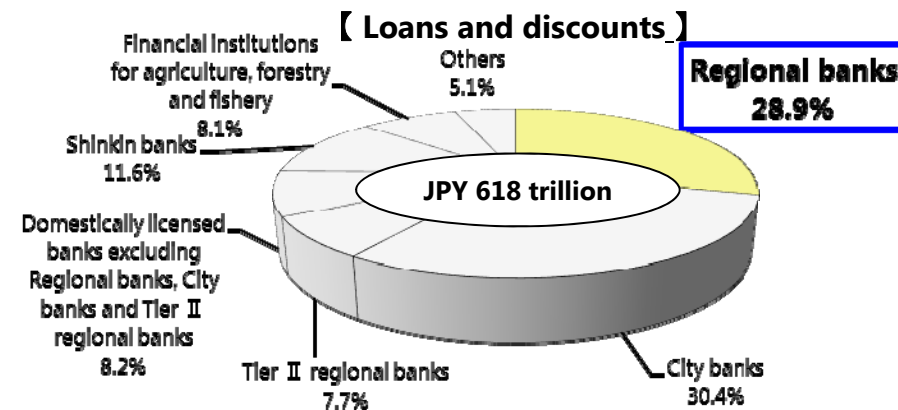
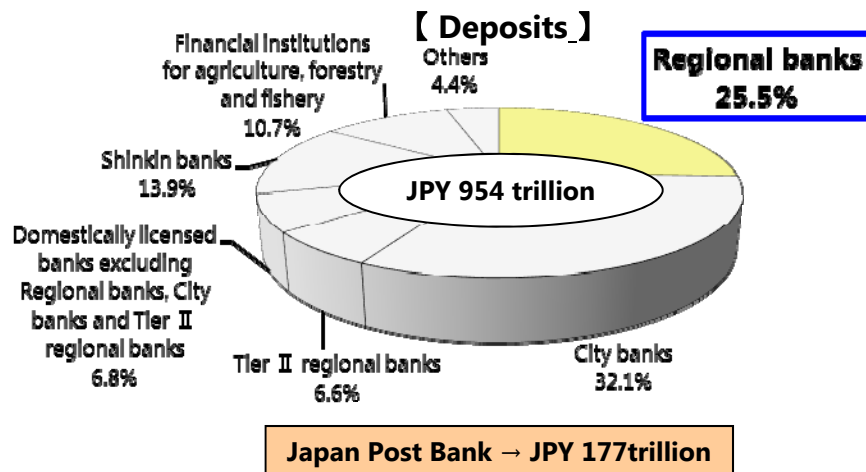
The 64 regional banks in Japan consistently enjoy wide patronage as banks that develop in step with the region. In our ongoing quest to be financial institutions trusted by customers, the regional banks will strive to maintain soundness of management, as well as continuously be devoted to enhancing convenience for customers and to realizing vibrant regional communities.



Leading Banks in the Regions

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

Shares of Deposits and Loans of Private Financial Institutions (Mar-15)



The Present Condition of the Regional Economy ①

Characteristics of Our Main Business Area

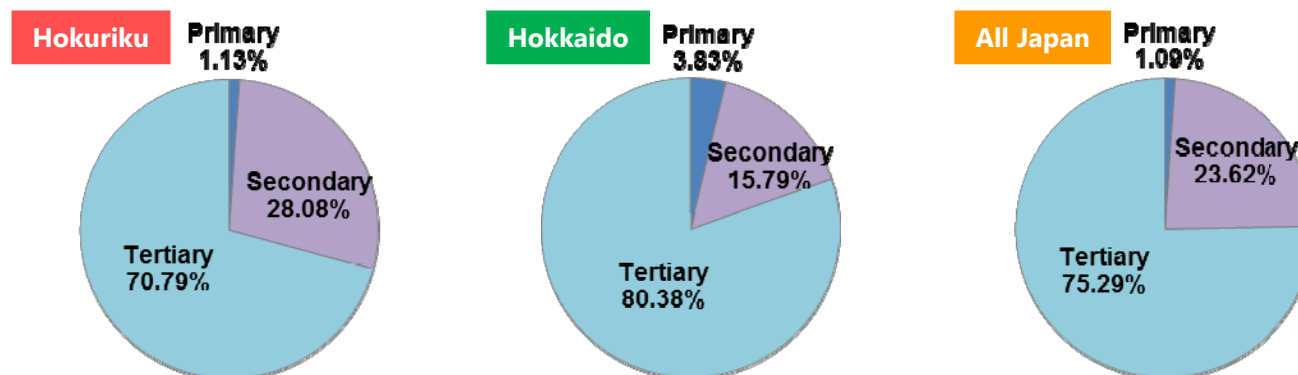
Population and Square Measure *1

	Toyama Prefecture a	Ishikawa Prefecture b	Fukui Prefecture c	Total a+b+c	Hokkaido	Total
Population (Ranking)	1.07Mn (37th)	1.16Mn (34th)	0.79Mn (43rd)	3.02Mn	5.40Mn (8th)	8.42Mn
Square Measure (Ranking) km ²	4,248 (33rd)	4,186 (35th)	4,190 (34th)	—	83,457 (1st)	—

Gross Prefectural Product *1, 2

	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido	Total (JPY Bn)
GPP (Proportion) (Ranking)	4,383.9 (0.88%) (31st)	4,426.4 (0.88%) (29th)	3,089.8 (0.62%) (42nd)	11,900.3 (2.38%)	18,124.1 (3.62%) (8th)	30,024.4 (6.00%)

Industrial Structure *2



Number of businesses *1

	(Thousand)
Hokkaido	242
Hokuriku	161
Toyama	54
Ishikawa	63
Fukui	43

April-16	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	All Japan	Hokuriku Area	Hokkaido Area
Economic Trend	On a moderate recovery	Has continued to recover	Recovering moderately
Public Investment	Decreasing moderately	On a declining trend	Declining
Business Investment	Picking up	Increasing steadily	High level
Private consumption	Almost flat	Picking up	Recovering
Housing construction	Almost flat	Picking up	Picking up moderately
Production	Flat	At a high level	Increasing moderately
Employment & Income	Improving	Improving steadily	Improving steadily
Prices	Rising moderately	0% comparing to previous year	Above the previous year's level
The number of bankrupt companies	Almost flat	Calm movement	Calm movement

Hokuriku

Sightseeing

In Hokuriku area, there are many tourism resources such as nature, historical heritages and "onsen". Since Hokuriku Shinkansen started, tourists have increased a lot. This positive effect of Hokuriku Shinkansen continued during this Golden Week, one of the biggest holiday seasons in Japan.

<Tourism spots>

Toyama: Tateyama Kurobe Alpine Route, World Heritage Site
Gokayama, National Treasure Zuiryuji Temple
Ishikawa: Kenroku-en (Strolling-style landscape garden counted as one of the three noted gardens in Japan),
21st Century Museum of Contemporary Art Kanazawa,
Kaga Onsen
Fukui: Fukui Prefecture Dinosaur Museum

Industry

In Hokuriku area, manufacturing industries are thriving and many of them have continued for long time.

- Toyama is working to develop its biotechnology industry utilizing its 300 year-old tradition of medicine. There are a lot of medicine companies.
- Aluminum building material companies and subcontractors gather in Toyama and their production value is no.1 in Japan.
- Textile industry represents the core of Fukui's industry. Fukui's textiles are used in automotive interiors, agriculture, medicine, space industry, etc.
- Utilizing the world's leading technology, Fukui produces 98% of the glass frames produced in Japan. These years, they try to use their production technologies for medical appliance.

Hokkaido

Hokkaido Shinkansen

- Hokkaido Shinkansen started operation in March 2016.
- <Convenient connecting transportation>
 - Shinkansen access train "Hakodate Liner" (ShinHakodate-Hokuto to Hakodate) runs 16 round trip a day.
 - Exp. trains "Super Hokuto" "Hokuto" (Shin-Hakodate-Hokuto and Sapporo) run 12 round trip a day.

※During this Golden Week, passengers using Hokkaido Shinkansen increased by 17% than previous year.



Largest food supplying region in Japan

- The agricultural yield of Hokkaido is 1.0536 trillion yen, or 12.2% of the national total. In addition, Hokkaido is the top producer of dry field crops such as wheat, soya beans and potatoes, vegetables such as onions, pumpkins and sweet corn, and dairy produce, and plays an essential part in the food supply chain for the entire country.
- In 2010, the Food Clusters Cooperation and Coordination Body was established by industry, academia, government and financial institutions throughout Hokkaido. The organization serves as a Hokkaido-wide promotional body for food cluster activities to create an integrated food industry unique to Hokkaido.

Inquiries related to this material should be addressed to

**Hokuhoku Financial Group, Inc.
Planning Group**

TEL(81)76-423-7331

FAX(81)76-423-9545

E-MAIL: honsha1@hokuhoku-fg.co.jp

<http://www.hokuhoku-fg.co.jp/>

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