



# Summary : February 1, 2018

## Financial Results for the Third Quarter of Fiscal 2017 (Japanese GAAP)

Company Name: **Hokuhoku Financial Group, Inc.**  
 Stock Code Number (Japan): 8377  
 Stock Exchanges (Japan): Tokyo Stock Exchange (First Section), Sapporo Securities Exchange  
 URL: <http://www.hokuhoku-fg.co.jp/>  
 Address: 1-2-26 Tsutsumicho-dori, Toyama-city, Toyama Pref., 930-8637, Japan  
 Representative: Name: Eishin Ihori  
 Title: President & CEO  
 Trading Accounts: Established

Amounts less than one million yen and one decimal place are rounded down.

### 1. Financial Highlights for the Third Quarter of Fiscal 2017 (for the nine months ended Dec. 31, 2017)

#### (1) Consolidated Results of Operations (Accumulated Period) (%: Changes from corresponding period of previous fiscal year)

	Ordinary Income		Ordinary Profits		Net Income Attributable to Owners of the Parent	
	¥ million	%	¥ million	%	¥ million	%
3Q F2017	137,229	(3.9)	30,042	(15.7)	19,444	(21.5)
3Q F2016	142,797	(1.6)	35,645	(1.0)	24,759	6.4

Note: Comprehensive income: 3Q F2017: ¥36,363 million [89.0%]; 3Q F2016: ¥19,242 million [29.2%]

	Net Income per Share of Common Stock		Diluted Net Income per Share of Common Stock	
	¥		¥	
3Q F2017	142.23		141.94	
3Q F2016	181.33		181.05	

Note: Hokuhoku Financial Group, Inc. implemented a common stock consolidation at a ratio of ten stocks to one stock on October 1, 2016. The above net income per share of common stock and diluted net income per share common stock are calculated on the assumption that this stock consolidation took place at the beginning of the previous year.

#### (2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Own Capital Ratio
	¥ million	¥ million	%
3Q F2017	12,783,694	614,343	4.8
Fiscal 2016	12,429,425	585,237	4.7

Reference: Own Capital: as of December 31, 2017: ¥611,257 million; as of March 31, 2017: ¥582,397 million

Note: Own Capital Ratio is calculated as follows: (Total Net Assets – Stock Acquisition Rights – Non-controlling Interests) / Total Assets × 100

#### 2. Cash Dividends for Shareholders of Common Stock

(Record Date)	Cash Dividends for Share				
	The end of 1 <sup>st</sup> Qtr	The end of 2 <sup>nd</sup> Qtr	The end of 3 <sup>rd</sup> Qtr	Fiscal year-end	Annual
	¥	¥	¥	¥	¥
Fiscal 2016	—	0.00	—	44.00	44.00
Fiscal 2017	—	0.00	—		
Fiscal 2017 (forecast)				44.00	44.00

Note: Revision of forecast for cash dividends for shareholders of common stock during this quarter: No

#### 3. Earnings Estimates for Fiscal 2017 (for the fiscal year ending March 31, 2018)

(%: Changes from corresponding period of previous fiscal year)

	Ordinary Profits		Net Income Attributable to Owners of the Parent		Net Income per Share of Common Stock
	¥ million	%	¥ million	%	¥
Fiscal 2017	35,500	(10.1)	23,500	(16.5)	166.03

Note: Revision of the earnings estimates during this quarter: No

#### 4. Others

(1) Changes in Significant Subsidiaries during the Third Quarter: No

(Note) Changes in specified subsidiaries accompanying changes in scope of consolidation during the Third Quarter

(2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: Yes

(3) Changes in Accounting Policies and Accounting Estimates / Restatements

(a) Changes in accounting policies due to revisions of accounting standards, etc.: No

(b) Changes in accounting policies other than (a) above: No

(c) Changes in accounting estimates: No

(d) Restatements: No

(4) Issued Shares (Common Stock)

(a) Number of Common Stock outstanding at the end of fiscal year and the Third Quarter (including Treasury Stock)

As of Dec. 31, 2017	132,163,014	As of March 31, 2017	132,163,014
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(b) Number of Treasury Stock at the end of fiscal year and the Third Quarter

As of Dec. 31, 2017	1,108,911	As of March 31, 2017	1,131,632
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(c) Average outstanding shares for the nine months ended

As of Dec. 31, 2017	131,048,166	As of Dec. 31, 2016	132,092,553
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Note: Hokuhoku Financial Group, Inc. implemented a common stock consolidation at a ratio of ten stocks to one stock on October 1, 2016. The above number of common stock outstanding, number of treasury stock and average outstanding shares for the nine months ended are calculated on the assumption that this stock consolidation took place at the beginning of the previous year.

(Implementation status of audit procedures)

This report is not subject to audit procedures.

*The above estimates are based on information that is available at this moment and assumptions of factors that have an influence on future results of operations. Actual results may differ materially from these estimates, depending on future events.*

(Reference)

#### Cash Dividends for Shareholders of Preferred Stock (Type 5)

(Record Date)	Cash Dividends for Share				
	The end of 1 <sup>st</sup> Qtr	The end of 2 <sup>nd</sup> Qtr	The end of 3 <sup>rd</sup> Qtr	Fiscal year-end	Annual
Fiscal 2016	¥ —	¥ 7.50	¥ —	¥ 7.50	¥ 15.00
Fiscal 2017	—	7.50	—		
Fiscal 2017 (forecast)				7.50	15.00

## 5. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheet

Millions of yen

		As of March 31, 2017	As of Dec. 31, 2017
Assets	資産の部		
Cash and due from banks	現金預け金	1,753,743	2,126,266
Call loans and bills bought	コールローン及び買入手形	89,415	67,234
Monetary claims bought	買入金銭債権	62,585	46,920
Trading assets	特定取引資産	4,646	4,644
Money held in trust	金銭の信託	10,001	10,839
Securities	有価証券	2,449,455	2,075,633
Loans and bills discounted	貸出金	7,771,338	8,118,533
Foreign exchanges	外国為替	16,260	14,674
Other assets	その他資産	132,969	184,576
Tangible fixed assets	有形固定資産	101,192	100,064
Intangible fixed assets	無形固定資産	24,358	24,094
Asset for retirement benefit	退職給付に係る資産	—	353
Deferred tax assets	繰延税金資産	4,632	1,322
Customers' liabilities for acceptances and guarantees	支払承諾見返	60,551	59,900
Allowance for loan losses	貸倒引当金	(51,725)	(51,364)
Total assets	資産の部合計	12,429,425	12,783,694
Liabilities	負債の部		
Deposits	預金	10,560,772	10,926,521
Negotiable certificates of deposit	譲渡性預金	140,499	222,470
Call money and bills sold	コールマネー及び売渡手形	36,267	31,300
Payables under repurchase agreements	債券貸借取引受入担保金	534,362	411,295
Trading liabilities	特定取引負債	861	793
Borrowed money	借入金	325,331	387,816
Foreign exchanges	外国為替	103	423
Bonds payable	社債	25,000	25,000
Other liabilities	その他負債	123,335	64,692
Liability for retirement benefits	退職給付に係る負債	15,026	12,421
Reserve for directors' retirement benefits	役員退職慰労引当金	204	185
Reserve for contingent loss	偶発損失引当金	1,492	1,303
Reserve for reimbursement of deposits	睡眠預金払戻損失引当金	1,590	1,718
Reserves under the special laws	特別法上の引当金	0	0
Deferred tax liabilities	繰延税金負債	13,102	17,984
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	5,686	5,524
Acceptances and guarantees	支払承諾	60,551	59,900
Total liabilities	負債の部合計	11,844,188	12,169,351
Net assets	純資産の部		
Capital stock	資本金	70,895	70,895
Capital surplus	資本剰余金	144,587	144,597
Retained earnings	利益剰余金	284,896	297,261
Treasury stock	自己株式	(1,398)	(1,373)
Total shareholders' equity	株主資本合計	498,979	511,380
Valuation difference on available-for-sale securities	その他有価証券評価差額金	81,406	97,204
Deferred gains or losses on hedges	繰延ヘッジ損益	(1,208)	(1,033)
Revaluation reserve for land	土地再評価差額金	8,993	8,695
Defined retirement benefit plans	退職給付に係る調整累計額	(5,773)	(4,990)
Accumulated other comprehensive income	その他の包括利益累計額合計	83,417	99,876
Stock acquisition rights	新株予約権	367	452
Non-controlling interests	非支配株主持分	2,472	2,633
Total net assets	純資産の部合計	585,237	614,343
Total liabilities and net assets	負債及び純資産の部合計	12,429,425	12,783,694

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**For the nine months ended Dec. 31, 2017**

**【Consolidated Statement of Income】**

Millions of yen

		For the nine months ended Dec. 31, 2016	For the nine months ended Dec. 31, 2017
Ordinary income	経常収益	142,797	137,229
Interest income	資金運用収益	92,971	88,495
(Interest on loans and discounts)	(うち貸出金利息)	70,135	67,854
(Interest and dividends on securities)	(うち有価証券利息配当金)	20,891	19,081
Fees and commissions	役務取引等収益	28,370	28,500
Trading income	特定取引収益	112	755
Other ordinary income	その他業務収益	11,857	10,619
Other income	その他経常収益	9,485	8,857
Ordinary expenses	経常費用	107,152	107,187
Interest expenses	資金調達費用	4,517	4,842
(Interest on deposits)	(うち預金利息)	1,382	1,139
Fees and commissions payments	役務取引等費用	10,562	11,489
Other ordinary expenses	その他業務費用	10,723	11,344
General and administrative expenses	営業経費	74,589	73,928
Other expenses	その他経常費用	6,759	5,583
Ordinary profits	経常利益	35,645	30,042
Extraordinary income	特別利益	101	42
Gain on disposal of fixed assets	固定資産処分益	101	42
Extraordinary loss	特別損失	433	1,675
Loss on disposal of fixed assets	固定資産処分損	190	131
Impairment loss	減損損失	243	1,544
Income before income taxes	税金等調整前四半期純利益	35,312	28,409
Income taxes-current	法人税、住民税及び事業税	8,722	8,378
Income taxes-deferred	法人税等調整額	1,749	457
Total income taxes	法人税等合計	10,472	8,835
Net income	四半期純利益	24,839	19,573
Net income attributable to non-controlling interests	非支配株主に帰属する四半期純利益	80	128
Net income attributable to owners of the parent	親会社株主に帰属する四半期純利益	24,759	19,444

**【Consolidated Statement of Comprehensive Income】**

Millions of yen

		For the nine months ended Dec. 31, 2016	For the nine months ended Dec. 31, 2017
Net income	四半期純利益	24,839	19,573
Other comprehensive income	その他の包括利益	(5,597)	16,790
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(7,935)	15,776
Deferred gains or losses on hedges	繰延ヘッジ損益	581	175
Defined retirement benefit plans	退職給付に係る調整額	1,719	783
Share of other comprehensive income of associates accounted for using equity method	持分法適用会社に対する持分相当額	36	54
Total comprehensive income	四半期包括利益	19,242	36,363
Breakdown	(内訳)		
Comprehensive income attributable to owners of the parent	親会社株主に係る四半期包括利益	19,150	36,202
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	91	160

## Financial Highlights For the Third Quarter of Fiscal 2017

## 1. Income Analysis

## FG [Consolidated]

(Millions of yen)

	Forecasts Full year	3rd Qtr of FY 2017 (9 months)	Changes from 3rd Qtr of FY 2016	3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
Ordinary income		137,229	(5,568)	142,797	187,420
Ordinary profits	35,500	30,042	(5,603)	35,645	39,477
Net income attributable to owners of parents	23,500	19,444	(5,314)	24,759	28,157

## 【Total of two banks】

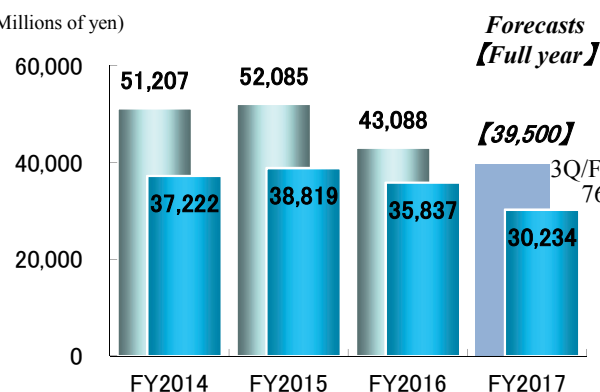
(Millions of yen)

	Forecasts Full year	3rd Qtr of FY 2017 (9 months)	Changes from 3rd Qtr of FY 2016	3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
Ordinary income		124,551	(7,339)	131,891	171,077
Core gross business profits	132,000	96,895	(6,106)	103,002	132,915
Net interest income		84,753	(4,413)	89,166	115,296
Net fees and commissions		12,002	(1,566)	13,569	17,826
Net trading income		36	(23)	60	71
Net other income		103	(102)	205	(278)
Gains on foreign exchange transactions		112	(104)	216	(259)
Net income on derivatives		3	16	(13)	(15)
General and administrative expenses	92,500	66,661	(503)	67,164	89,827
Personnel		32,340	(269)	32,610	43,344
Non-personnel		29,346	(240)	29,586	39,936
Core net business profits	39,500	30,234	(5,602)	35,837	43,088
Net gains (losses) related to bonds		(2,471)	(1,932)	(538)	(3,836)
Net business profits(before provision (reversal) of general allowance for loan losses)		27,763	(7,535)	35,298	39,251
Total credit costs	4,000	1,312	2,280	(968)	(654)
Net gains (losses) related to stocks		5,739	4,049	1,689	3,112
Ordinary profits	36,000	31,162	(4,601)	35,763	40,233
Net extraordinary gains (losses)		(1,647)	(1,314)	(332)	(925)
Income before income taxes		29,514	(5,915)	35,430	39,308
Income taxes		8,332	(1,536)	9,868	9,632
Income taxes deferred		712	(1,126)	1,838	3,079
Net income	24,500	21,182	(4,379)	25,561	29,675

## Full year / 3rd Quarter

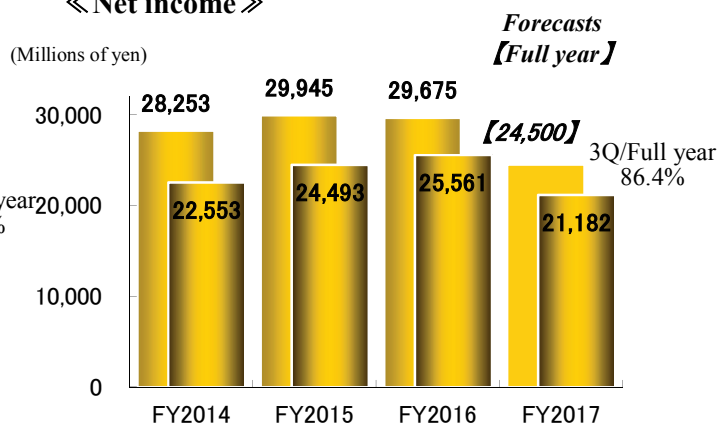
## 《Core net business profits》

(Millions of yen)



## 《Net income》

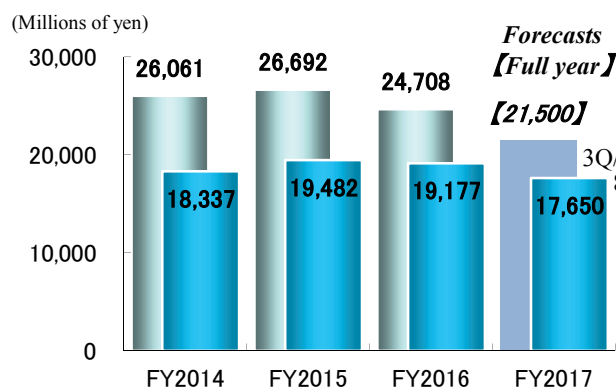
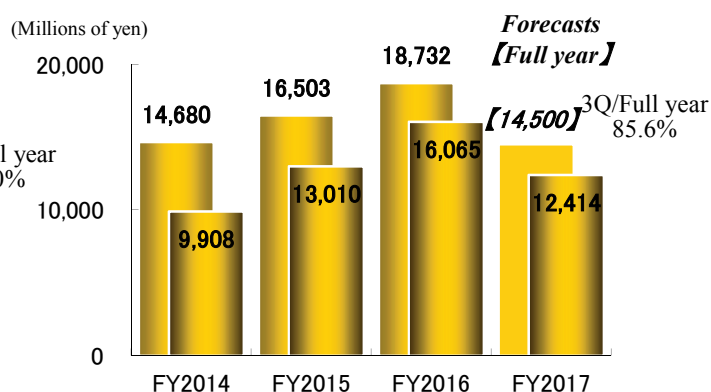
(Millions of yen)



**【Non-Consolidated】 Hokuriku Bank**

- Core net business profits were JPY17,650 million, JPY1,527 million decrease compared to the corresponding period of the previous fiscal year mainly due to a decrease in net interest income and net fees and commissions, despite a decrease in general and administrative expenses.
- Ordinary profits decreased by JPY3,476 million to JPY18,838 million, due to a decrease in net gains related to bonds and an increase in total credit costs, despite an increase in net gains related to stocks.
- Accordingly, net income decreased by JPY3,651 million to JPY12,414 million.

	Forecasts Full year	3rd Qtr of		3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
		FY 2017 (9 months)	Changes from 3rd Qtr of FY 2016		
Ordinary income		68,834	(2,197)	71,031	92,995
<b>Core gross business profits</b>	<b>70,500</b>	<b>53,390</b>	<b>(1,898)</b>	<b>55,289</b>	<b>72,943</b>
Net interest income		46,068	(1,295)	47,363	62,803
Net fees and commissions		6,582	(514)	7,097	9,028
Net trading income		36	(23)	60	71
Net other income		703	(65)	768	1,039
Gains on foreign exchange transactions		704	(56)	760	1,036
Net income on derivatives		(0)	(8)	7	3
<b>General and administrative expenses</b>	<b>49,000</b>	<b>35,739</b>	<b>(371)</b>	<b>36,111</b>	<b>48,234</b>
Personnel		18,206	(320)	18,526	24,551
Non-personnel		14,909	(17)	14,926	20,174
<b>Core net business profits</b>	<b>21,500</b>	<b>17,650</b>	<b>(1,527)</b>	<b>19,177</b>	<b>24,708</b>
Net gains (losses) related to bonds		(1,179)	(1,282)	103	(3,236)
Net business profits (before provision (reversal) of general allowance for loan losses)		16,471	(2,809)	19,281	21,472
Total credit costs	2,000	1,476	2,051	(574)	(650)
Net gains (losses) related to stocks		3,708	686	3,021	3,542
<b>Ordinary profits</b>	<b>21,500</b>	<b>18,838</b>	<b>(3,476)</b>	<b>22,315</b>	<b>24,852</b>
Net extraordinary gains (losses)		(1,438)	(1,269)	(169)	(717)
Income before income taxes		17,400	(4,745)	22,146	24,135
Income taxes		4,986	(1,094)	6,080	5,403
Income taxes deferred		(98)	(358)	260	1,455
<b>Net income</b>	<b>14,500</b>	<b>12,414</b>	<b>(3,651)</b>	<b>16,065</b>	<b>18,732</b>

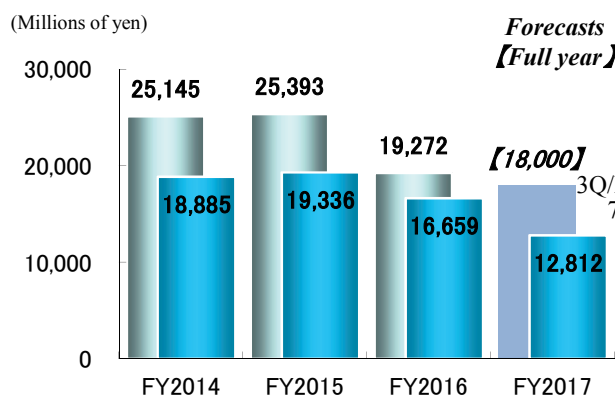
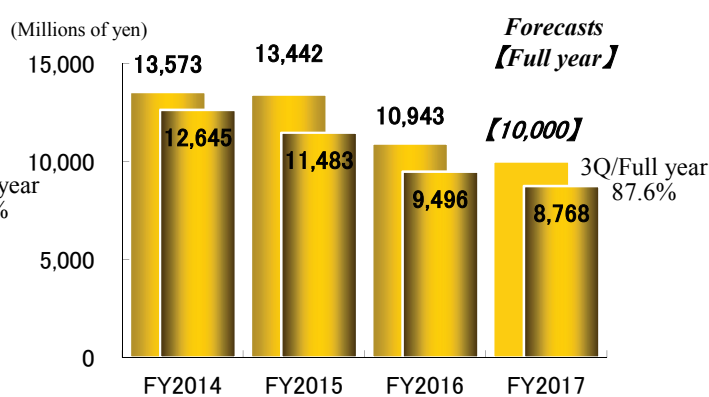
**Full year / 3rd Quarter****《Core net business profits》****《Net income》**

**【Non-consolidated】 Hokkaido Bank**

- Core net business profits were JPY12,812 million, JPY3,846 million decrease compared to the corresponding period of the previous fiscal year mainly due to a decrease in net interest income and net fees and commissions.
- Ordinary profits decreased by JPY1,124 million to JPY12,323 million, due to an increase in net gains related to stocks, although net losses related to bonds increased.
- Accordingly, net income decreased by JPY728 million to JPY8,768 million.

(Millions of yen)

	Forecasts Full year	3rd Qtr of FY 2017 (9 months)	Changes from 3rd Qtr of FY 2016	3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
Ordinary income		56,755	(4,104)	60,860	78,974
<b>Core gross business profits</b>	<b>61,500</b>	<b>43,734</b>	<b>(3,979)</b>	<b>47,713</b>	<b>60,864</b>
Net interest income		38,914	(2,889)	41,803	53,385
Net fees and commissions		5,419	(1,052)	6,471	8,797
Net trading income		—	—	—	—
Net other income		(599)	(37)	(562)	(1,317)
Gains on foreign exchange transactions		(592)	(48)	(543)	(1,296)
Net income on derivatives		4	25	(21)	(18)
<b>General and administrative expenses</b>	<b>43,500</b>	<b>30,921</b>	<b>(132)</b>	<b>31,053</b>	<b>41,592</b>
Personnel		14,134	50	14,083	18,792
Non-personnel		14,436	(223)	14,660	19,762
<b>Core net business profits</b>	<b>18,000</b>	<b>12,812</b>	<b>(3,846)</b>	<b>16,659</b>	<b>19,272</b>
Net gains (losses) related to bonds		(1,520)	(878)	(641)	(1,493)
Net business profits(before provision (reversal) of general allowance for loan losses)		11,292	(4,725)	16,017	17,778
Total credit costs	2,000	(164)	229	(393)	(4)
Net gains (losses) related to stocks		2,030	3,362	(1,332)	(429)
<b>Ordinary profits</b>	<b>14,500</b>	<b>12,323</b>	<b>(1,124)</b>	<b>13,448</b>	<b>15,381</b>
Net extraordinary gains (losses)		(209)	(45)	(163)	(207)
Income before income taxes		12,114	(1,170)	13,284	15,173
Income taxes		3,345	(441)	3,787	4,229
Income taxes deferred		810	(767)	1,578	1,623
<b>Net income</b>	<b>10,000</b>	<b>8,768</b>	<b>(728)</b>	<b>9,496</b>	<b>10,943</b>

**Full year / 3rd Quarter****《Core net business profits》****《Net income》**

## 2. Loans and Deposits

## (1) Loans

	As of Dec. 31, 2017			As of Dec. 31, 2016	(Millions of yen) As of Sep.30, 2017
	(A)	(C)=(A)-(B)	(C)/(B)	(B)	(reference)
<b>Total of two banks</b>	8,135,959	337,065	4.32%	7,798,893	7,946,313
Loans to small and medium-sized enterprises("SMEs") and individuals	5,151,194	163,123	3.27%	4,988,071	5,062,155
Housing and consumer loans	2,329,637	106,591	4.79%	2,223,045	2,303,843
<b>Hokuriku bank</b>	<b>4,702,494</b>	<b>227,612</b>	<b>5.08%</b>	<b>4,474,881</b>	<b>4,567,970</b>
Loans to small and medium-sized enterprises("SMEs") and individuals	3,036,822	69,122	2.32%	2,967,700	3,004,421
Housing and consumer loans	1,226,375	35,048	2.94%	1,191,326	1,224,172
<b>Hokkaido bank</b>	<b>3,433,464</b>	<b>109,452</b>	<b>3.29%</b>	<b>3,324,012</b>	<b>3,378,342</b>
Loans to small and medium-sized enterprises("SMEs") and individuals	2,114,372	94,001	4.65%	2,020,371	2,057,734
Housing and consumer loans	1,103,262	71,543	6.93%	1,031,718	1,079,670

## (2) Deposits and Investment products

	As of Dec. 31, 2017			As of Dec. 31, 2016	(Millions of yen) As of Sep.30, 2017
	(A)	(C)=(A)-(B)	(C)/(B)	(B)	(reference)
<b>Total of two banks</b>					
Deposits*	11,178,105	323,658	2.98%	10,854,447	11,013,308
Individual deposits*	7,554,968	175,297	2.37%	7,379,670	7,404,082
Total individual assets	8,081,821	161,823	2.04%	7,919,997	7,924,370
Individual deposits* (deposits in yen)	7,530,350	173,496	2.35%	7,356,854	7,378,882
Investment products (for individuals)	551,470	(11,672)	(2.07%)	563,143	545,488
Foreign currency deposits	24,617	1,801	7.89%	22,816	25,199
Public bonds	209,697	10,871	5.46%	198,826	198,511
Investment trusts	317,155	(24,345)	(7.12%)	341,500	321,777
<b>Hokuriku bank (Non-consolidated)</b>	<b>6,434,476</b>	<b>150,434</b>	<b>2.39%</b>	<b>6,284,041</b>	<b>6,363,776</b>
Deposits*	6,434,476	150,434	2.39%	6,284,041	6,363,776
Individual deposits*	4,205,500	110,030	2.68%	4,095,469	4,112,903
Total individual assets	4,469,402	87,488	1.99%	4,381,914	4,381,608
Individual deposits* (deposits in yen)	4,191,527	108,979	2.66%	4,082,547	4,099,099
Investment products (for individuals)	277,875	(21,490)	(7.17%)	299,366	282,509
Foreign currency deposits	13,972	1,051	8.13%	12,921	13,804
Public bonds	105,127	(2,011)	(1.87%)	107,138	107,164
Investment trusts	158,775	(20,530)	(11.45%)	179,306	161,540
<b>Hokkaido bank (Non-consolidated)</b>	<b>4,743,629</b>	<b>173,223</b>	<b>3.79%</b>	<b>4,570,405</b>	<b>4,649,532</b>
Deposits*	4,743,629	173,223	3.79%	4,570,405	4,649,532
Individual deposits*	3,349,468	65,267	1.98%	3,284,201	3,291,178
Total individual assets	3,612,418	74,334	2.10%	3,538,083	3,542,762
Individual deposits* (deposits in yen)	3,338,823	64,516	1.97%	3,274,306	3,279,783
Investment products (for individuals)	273,594	9,818	3.72%	263,776	262,978
Foreign currency deposits	10,644	750	7.58%	9,894	11,395
Public bonds	104,569	12,882	14.05%	91,687	91,347
Investment trusts	158,379	(3,814)	(2.35%)	162,194	160,236

\*including NCD

## 【Group Total (Two banks and Hokuhoku Tokai Tokyo Securities Co.,Ltd. Combined)】

	As of Dec. 31, 2017			As of Dec. 31, 2016	(Millions of yen) As of Sep.30, 2017
	(A)	(C)=(A)-(B)	(C)/(B)	(B)	(reference)
<b>Total balance of investment products for individuals</b>	623,467				610,791
Total balance of investment products for individuals (Total of two banks)	551,470	(11,672)	(2.07%)	563,143	545,488
Investment products for individuals at Hokuhoku Tokai Tokyo Securities Co.,Ltd.	71,997				65,303

※Hokuhoku Tokai Tokyo Securities Co.,Ltd started business on Jan. 2017.



**3. Non-Performing Loan (“NPL”) based on the Financial Reconstruction Law (the“FRL”)**

(Millions of yen)

(Millions of yen)

		As of Dec.31,2017	As of Dec.31,2016	As of Sep.30,2017
Total of two banks	Bankrupt and substantially bankrupt	16,607	19,506	17,689
	Doubtful	115,844	120,868	116,927
	Substandard	19,175	18,870	19,940
	Non Performing Loan (A)	151,627	159,245	154,558
	Total (B)	8,374,766	8,022,463	8,184,021
	NPL ratio (A)/(B)	1.81%	1.98%	1.88%
Hokuriku bank (Non-consolidated)	Bankrupt and substantially bankrupt	11,642	14,047	12,182
	Doubtful	64,575	67,158	65,391
	Substandard	10,679	10,103	11,335
	Non Performing Loan (A)	86,897	91,309	88,909
	Total (B)	4,774,518	4,550,042	4,641,405
	NPL ratio (A)/(B)	1.82%	2.00%	1.91%
Hokkaido bank (Non-consolidated)	Bankrupt and substantially bankrupt	4,964	5,459	5,506
	Doubtful	51,268	53,710	51,536
	Substandard	8,496	8,766	8,605
	Non Performing Loan (A)	64,729	67,935	65,648
	Total (B)	3,600,247	3,472,421	3,542,616
	NPL ratio (A)/(B)	1.79%	1.95%	1.85%

**4. Capital Adequacy Ratio (Domestic Standard)**

		As of Dec.31,2017	As of Dec.31,2016	As of Sep.30,2017
FG (Consolidated)	Capital adequacy ratio	9.72%	9.59%	9.73%
Hokuriku bank (Non-consolidated)	Capital adequacy ratio	9.06%	8.79%	9.04%
Hokkaido bank (Non-consolidated)	Capital adequacy ratio	9.49%	9.39%	9.53%

**5. Valuation Difference on Securities**

(Millions of yen)

(Millions of yen)

		As of Dec.31,2017			
		Market value	Valuation difference		
			Gains	Losses	
FG(Consolidated)	Available-for-sale securities	1,891,873	131,048	144,689	13,641
	Japanese Stocks	218,477	112,496	115,417	2,921
	Japanese Bonds	1,155,932	21,024	21,363	339
	Others	517,464	(2,472)	7,907	10,380
Total of two banks	Available-for-sale securities	1,893,818	134,777	147,617	12,839
	Japanese Stocks	217,717	118,501	120,621	2,119
	Japanese Bonds	1,161,001	21,113	21,452	339
	Others	515,099	(4,837)	5,542	10,380
Hokuriku bank (Non-consolidated)	Available-for-sale securities	1,398,871	101,264	105,939	4,674
	Japanese Stocks	153,057	81,471	83,206	1,734
	Japanese Bonds	901,979	17,149	17,401	252
	Others	343,834	2,644	5,331	2,687
Hokkaido bank (Non-consolidated)	Available-for-sale securities	494,947	33,512	41,677	8,164
	Japanese Stocks	64,660	37,030	37,415	384
	Japanese Bonds	259,022	3,964	4,050	86
	Others	171,264	(7,481)	211	7,693

		As of Sep.30,2017			
		Market value	Valuation difference		
			Gains	Losses	
FG(Consolidated)	Available-for-sale securities	1,956,150	119,920	132,042	12,122
	Japanese Stocks	208,274	97,685	100,297	2,612
	Japanese Bonds	1,212,088	22,562	22,940	378
	Others	535,786	(327)	8,804	9,131
Total of two banks	Available-for-sale securities	1,958,317	124,139	135,216	11,076
	Japanese Stocks	207,549	103,983	105,550	1,566
	Japanese Bonds	1,217,158	22,660	23,038	378
	Others	533,609	(2,504)	6,626	9,131
Hokuriku bank (Non-consolidated)	Available-for-sale securities	1,396,413	91,953	95,487	3,533
	Japanese Stocks	141,967	69,466	70,832	1,365
	Japanese Bonds	903,297	18,390	18,646	256
	Others	351,148	4,096	6,009	1,912
Hokkaido bank (Non-consolidated)	Available-for-sale securities	561,903	32,186	39,728	7,542
	Japanese Stocks	65,581	34,516	34,718	201
	Japanese Bonds	313,861	4,270	4,392	121
	Others	182,460	(6,601)	617	7,219

## 6. Net Gains and Losses on Securities

(Millions of yen)

		3rd Qtr of FY 2017 (9 months)		3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
		(A)	(A)-(B)	(B)	
		FG (Consolidated)	Net gains (losses) related to bonds	(2,471)	
Gains on sales	960		(1,275)	2,235	2,427
Gains on redemption	20		—	20	41
Losses on sales	3,220		326	2,893	6,399
Losses on redemption	—		—	—	4
Losses on devaluation	231		231	—	—
Net gains (losses) related to stocks and others	5,035		3,415	1,620	3,055
Gains on sales	6,520		329	6,191	8,065
Losses on sales	1,411		(2,950)	4,361	4,807
Losses on devaluation	73		(135)	208	202

(Millions of yen)

		3rd Qtr of FY 2017 (9 months)		3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
		(A)	(A)-(B)	(B)	
		Total of two banks	Net gains (losses) related to bonds	(2,471)	
Gains on sales	960		(1,374)	2,334	2,525
Gains on redemption	20		—	20	41
Losses on sales	3,220		326	2,893	6,399
Losses on redemption	—		—	—	4
Losses on devaluation	231		231	—	—
Net gains (losses) related to stocks and others	5,739		4,049	1,689	3,112
Gains on sales	6,939		753	6,186	8,048
Losses on sales	1,134		(3,156)	4,290	4,736
Losses on devaluation	66		(139)	205	199

(Millions of yen)

		3rd Qtr of FY 2017 (9 months)		3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
		(A)	(A)-(B)	(B)	
		Hokuriku bank (Non-consolidated)	Net gains (losses) related to bonds	(1,179)	
Gains on sales	853		106	747	839
Gains on redemption	—		—	—	—
Losses on sales	2,033		1,389	644	4,075
Losses on redemption	—		—	—	—
Losses on devaluation	—		—	—	—
Net gains (losses) related to stocks and others	3,708		686	3,021	3,542
Gains on sales	3,839		18	3,820	4,340
Losses on sales	76		(547)	624	629
Losses on devaluation	53		(120)	174	168

(Millions of yen)

		3rd Qtr of FY 2017 (9 months)		3rd Qtr of FY 2016 (9 months)	Fiscal Year 2016 results (reference)
		(A)	(A)-(B)	(B)	
		Hokkaido bank (Non-consolidated)	Net gains (losses) related to bonds	(1,520)	
Gains on sales	106		(1,480)	1,587	1,685
Gains on redemption	20		—	20	41
Losses on sales	1,186		(1,062)	2,249	2,323
Losses on redemption	228		228	—	897
Losses on devaluation	231		231	—	—
Net gains (losses) related to stocks and others	2,030		3,362	(1,332)	(429)
Gains on sales	3,100		735	2,365	3,707
Losses on sales	1,057		(2,608)	3,666	4,106
Losses on devaluation	12		(18)	31	31