Annual Report 2008

Year ended March 31, 2008

Hokuhoku Financial Group, Inc.

Company Outline (as of March 31, 2008)

Company name: Hokuhoku Financial Group, Inc.

Date of establishment: September 26, 2003

Location of head office: 1-2-26 Tsutsumicho-dori, Toyama City

President: Shigeo Takagi (President, Hokuriku Bank)

Deputy President: Yoshihiro Sekihachi (President, Hokkaido Bank)

Purpose of business: Management and control of subsidiaries and affiliates and ancillary and related business

Capital: ¥70,895 million

Shares issued and outstanding:

Common stock	1,391,630,146
Preferred stock (Type 1)	80,000,000*
Preferred stock (Type 4)	79,000,000*
Preferred stock (Type 5)	107,432,000

* Preferred Stock Type 1 and Type 4 were acquired and retired by 30,000,000 shares and 17,600,000 shares respectively on June 26, 2008. The balances after the retirement are 50,000,000 shares (Type 1) and 61,400,000 shares (Type 4).

Exchange listings: Tokyo Stock Exchange (First Section)
Sapporo Stock Exchange

This document contains forward-looking statements. Statements of this kind do not constitute guarantees of future performance, as factors such as changes in the operating environment may cause actual performance to differ.

The figures stated in this document are, in principle, rounded down to the nearest whole unit.

CONTENTS

Profile

Since its establishment in 1877, Hokuriku Bank has developed an extensive network of branches throughout the Hokuriku district. On account of trade through the Kitamae-bune or "Northbound Ships," branches extended to the major cities of Hokkaido, enabling the bank to meet customers' needs. The Hokkaido Bank, which was established in 1951, has developed a network of branches throughout Hokkaido, and built a firm business structure centered on individuals and small and medium-sized enterprises.

The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd. underwent management integration in September 2004 to form the Hokuhoku Financial Group Inc., which today operates a super-regional financial network that encompasses the Hokuriku region, Hokkaido, and Japan's three major metropolitan areas (Tokyo, Osaka, and Nagoya areas).

May 2002 — **Comprehensive business alliance between Hokuriku Bank and Hokkaido Bank**

May 2003 — **Agreement on full integration of management of Hokuriku Bank and Hokkaido Bank**

September 2003 — **Hokugin Financial Group, Inc. established**

Hokuriku Bank Group comes under management of Hokugin Financial Group

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Management integration effected through equity swap

September 2004 — **Hokuhoku Financial Group, Inc. is born.**

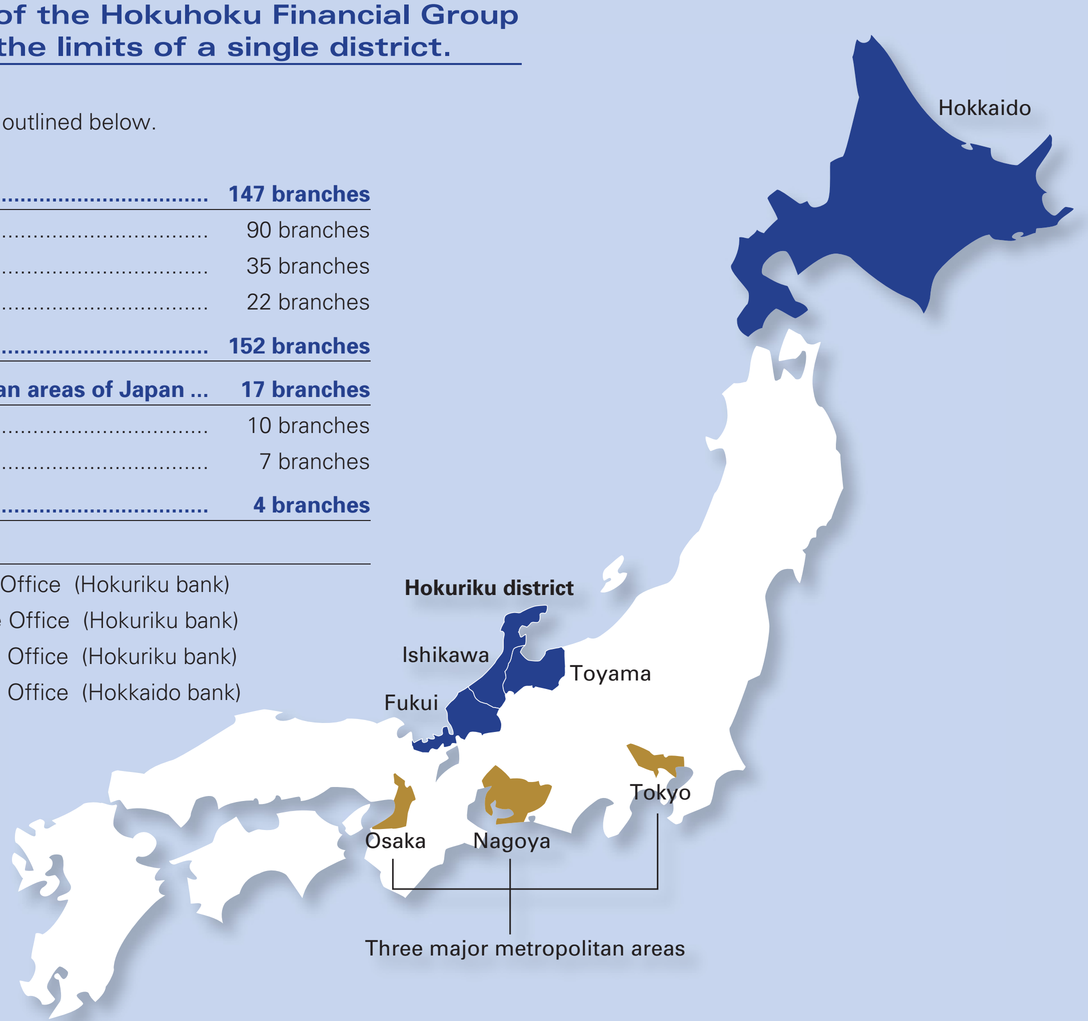
The operations of the Hokuhoku Financial Group extend beyond the limits of a single district.

Our extensive network is outlined below.

Hokuriku district	**147 branches**
Toyama prefecture	90 branches
Ishikawa prefecture	35 branches
Fukui prefecture	22 branches
Hokkaido	**152 branches**
Three major metropolitan areas of Japan	**17 branches**
Tokyo and Kanagawa	10 branches
Kinki (Osaka) and Nagoya	7 branches
Other	**4 branches**

Overseas

Shanghai Representative Office (Hokuriku bank)
Singapore Representative Office (Hokuriku bank)
New York Representative Office (Hokuriku bank)
Shenyang Representative Office (Hokkaido bank)
(As of June 30, 2008)



(from left)
Shigeo Takagi
President
(concurrently serving as president of the Hokuriku Bank, Ltd.)

Yoshihiro Sekihachi
Deputy President
(concurrently serving as president of the Hokkaido Bank, Ltd.)

First, we would like to thank all our stakeholders for their support for the Hokuhoku Financial Group, Inc. over the years.

Despite moderate expansionary momentum in the Japanese economy in fiscal 2007, economic prospects were clouded by a reduction in housing investment amid weak housing starts after the amendment of Building Standard Law, and a spreading sense of economic pessimism due to rising oil and grain market prices, which have caused raw materials costs to soar.

Since the management integration of The Hokuriku Bank and The Hokkaido Bank in September 2004, we have taken various measures to realize the objectives of the merger, strengthening our marketing capabilities, improving management efficiency, and stabilizing our business base.

Net income in fiscal 2007 totaled ¥38.6 billion on a consolidated basis, ahead of our forecasts. As a result of partial repayment of public funds during the reporting period, our capital ratio moved slightly down to 10.39% on a consolidated basis. At the same time, the ratio of non-performing loans decreased to 3.64%, meaning that we have brought it below the 4% level one year earlier than the target date of March 31, 2009. We declared a total annual dividend of ¥2.50, a ¥0.5 increase year on year.

Strategy 1: Leveraging our strengths as a wide area regional financial group

With Hokkaido and the three prefectures of the Hokuriku region as our major business base, and with a presence in Japan's three major metropolitan areas, the Group has a broad domestic banking network. We have also created one of the largest business support systems of any regional bank through our alliance with The Bank of Yokohama (the "Three Banks Overseas Information Network") which supports businesses with overseas operations. Under this initiative, we have established representative offices in Shanghai and Shenyang in China, and seconded employees to Sapporo city's Beijing business office and Toyama Prefecture's business office in Dalian. We have also established representative offices in Singapore and New York, and entered business alliances with financial institutions in Thailand and India, to offer a still broader range of support services to our customers with overseas operations.

We make full use of our wide operating network, unmatched by other regional banks, to provide tailored information to our customers to create business-matching opportunities. We hope to expand our business scale by working hand-in-hand with customers.

Strategy 2: Improving management efficiency through a joint IT system

Ability to provide superior services promptly and efficiently using IT strategies is vital for financial institutions.

The Hokuhoku Financial Group is gearing up for launch in May 2011 of the "three-bank joint IT system" developed with The Bank of Yokohama. In addition to shared backbone IT systems, systems for services provided by branches or directly accessed by the customer such as ATMs and Internet banking will be operated on a joint basis. We have begun harmonization of system operation procedures.

We have already set up a Regional Finance Marketing Study Group, Regional Bank Leasing Business Study Group, and Regional Bank Mortgage Loan Joint Study Group in partnership with other regional banks. Joint polling and research in alliance with other regional banks will help us expand our range of products and services to meet customer needs more closely, and improve our overall standards of service and solution proposal.

Strategy 3: Measures to increase enterprise value

By steadily strengthening our product-marketing capability and streamlining our management, we were able to make two repayments of public funds, in August 2007 and June 2008, leaving an outstanding balance of approximately ¥60 billion. Under vigorous Group leadership, we aim to complete these repayments ahead of schedule.

We have also been given a Single-A Flat rating (for Hokuhoku Financial Group, The Hokuriku Bank and The Hokkaido Bank) by Japan's Ratings and Investment Information Center (R&I), in recognition of our efforts to improve our financial position. We shall continue these endeavors.

Great Potential: The Hokuriku Bank and The Hokkaido Bank Network

In July 2008, several major events took place in the Hokkaido and Hokuriku areas, our main business bases.

At the G8 summit in Toyako, Hokkaido, leaders of eight major countries discussed various issues affecting international society such as global warming. The Group enthusiastically participated in the hospitality measures undertaken by the local businesses and residents for the summit. Another major event was the full opening to traffic of Tokai-Hokuriku Expressway linking Japan's Pacific coast with the Hokuriku region. This highway greatly shortens driving times between the Nagoya and Hokuriku areas, and is expected to hasten goods transportation and spur economic exchange. To help further develop trade between these two areas, the Group plans various initiatives, with a focus on supporting business-matching services for our customers through events such as business exchange meetings.

In conclusion

The Group is making steady progress under its management philosophy of promoting regional coprosperity, fairness and reliability, and leading-edge financial innovation. The business environment facing financial institutions has become more competitive with deregulation, but a concerted commitment from our executives and employees alike will enable us to further improve enterprise value, by strengthening relations with our customers, making us the financial institution they trust and prefer. I would like to thank our stakeholders for their continued support for our endeavors.

September 2008

Shigeo Takagi
President

Yoshihiro Sekihachi
Deputy President

Summary of operations (Hokuhoku Financial Group, Inc.; on a consolidated basis)

(¥ billion)

	FY2007		FY2006
		Change	
Ordinary income	261.2	18.9	242.2
Ordinary profits	66.3	(3.7)	70.0
Net income	38.6	(2.0)	40.6
Capital ratio	10.39%	-0.05%	10.44%

In the fiscal year ending March 31, 2008 the Hokuhoku Financial Group, Inc. recorded ordinary income of ¥261.2 billion, an increase of ¥18.9 billion over the previous term; ordinary profits of ¥66.3 billion (declined by ¥3.7 billion) and net income of ¥38.6 billion (declined by ¥2.0 billion). Our capital ratio stood at 10.39% as of the term-end, a decrease of 0.05 percentage points from the previous term.

Summary of Operations (Hokuriku Bank and Hokkaido Bank)

(¥ billion)

	Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank		
	FY2007		FY2006
		Change	
Ordinary income	237.6	18.6	219.0
Core gross business profit	178.9	(2.9)	181.8
Expenses	89.9	1.9	88.0
Core net business profit	88.9	(4.8)	93.8
Credit costs	24.7	(0.8)	25.6
Ordinary profits	66.2	(4.2)	70.4
Net income	40.2	0.4	39.7
NPL ratio	3.64%	-0.79%	4.43%

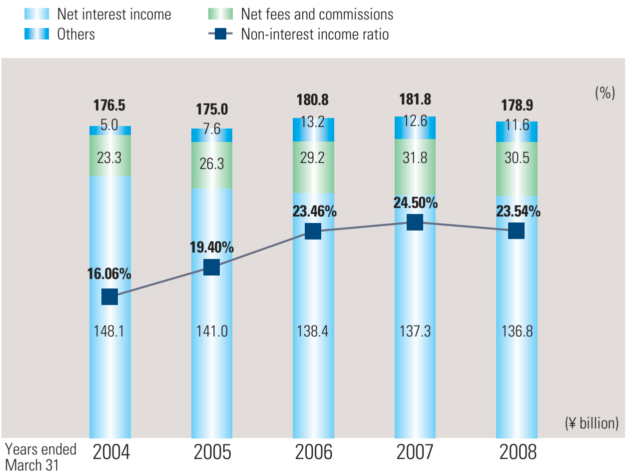
Owing to declines in income from fees and commissions and gains on derivatives transactions, as well as an increase in expenses due to investment in new computer systems, the banking subsidiaries (hereinafter, "our banks") recorded a year-on-year decline of ¥4.8 billion in core net business profit to ¥88.9 billion for the reporting term.

Despite a shrinkage in credit costs, ordinary profits recorded a fall of ¥4.2 billion to ¥66.2 billion, owing to a deterioration in equity-related gains. Net income posted a year-on-year gain of ¥0.4 billion to a record-high ¥40.2 billion, as a result of a decrease in deferred income taxes.

(¥ billion)

	Hokuriku Bank (including Hokugin Corporate)			Hokkaido Bank		
	FY2007		FY2006	FY2007		FY2006
		Change			Change	
Ordinary income	141.5	10.9	130.5	96.0	7.6	88.4
Core gross business profit	105.6	(1.4)	107.1	73.2	(1.4)	74.7
Expenses	51.1	0.5	50.5	38.8	1.4	37.4
Core net business profit	54.5	(2.0)	56.5	34.4	(2.8)	37.2
Credit costs	19.6	(2.3)	22.0	5.1	1.5	3.6
Ordinary profits	36.7	(1.7)	38.5	29.4	(2.4)	31.9
Net income	22.3	3.3	18.9	17.8	(2.9)	20.7
NPL ratio	3.72%	-0.93%	4.65%	3.52%	-0.56%	4.08%

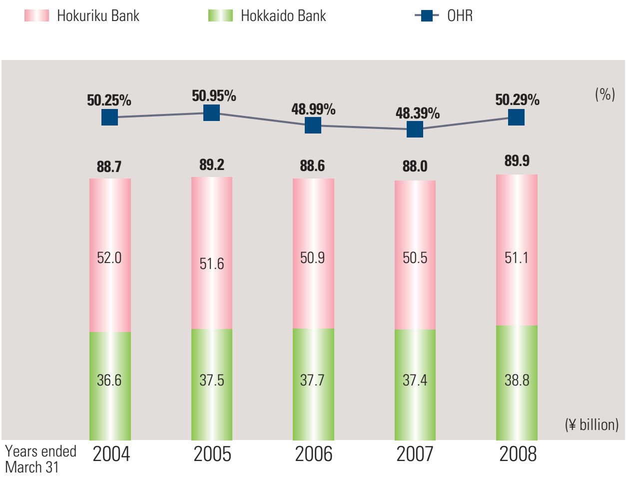
Core gross business profit (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



Core gross business profit recorded a year-on-year decrease of ¥2.9 billion to ¥178.9 billion, owing to declines in income from fees and commissions and gains on derivatives transactions.

- Core gross business profit = net interest income + net fees and commissions + other net operating income
  Equivalent to gross profit margin as employed by non-financial companies.
- Net interest income = income from interest on loans and dividends on equity shares, after deduction of interest on deposits
- Net fees and commissions = fees and commissions received relating to the investment trust and insurance sales agency businesses after deduction of corresponding expenses
- Other net operating income = income from foreign exchange transactions and financial derivatives transactions, net of expenses
- Non-interest income ratio = Non-interest income as a percentage of core gross business profit

Expenses (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)

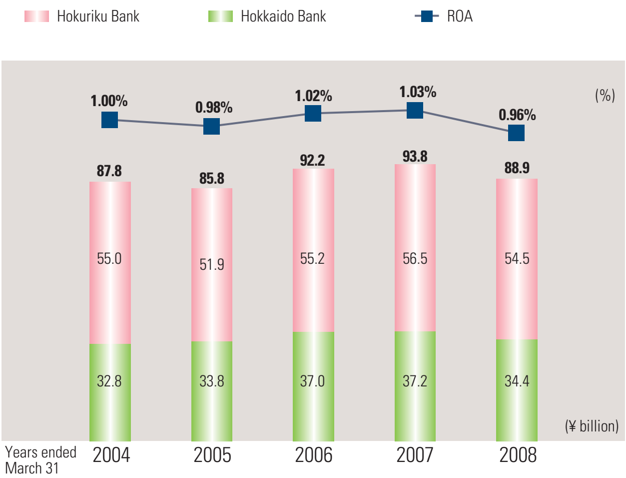


Expenses increased by ¥1.9 billion to ¥89.9 billion, as a result of investments, mainly in computer systems.

The overhead ratio (OHR) was one of the best among Japan's regional banks.

- Expenses = Personnel expenses + non-personnel expenses + taxes
  Equivalent to selling, general and administrative expenses in the case of non-financial companies
- OHR = Expenses divided by core gross business profit
  This index shows a bank's efficiency at realizing profits with a small outlay (expenses); the lower the figure the better.

Core net business profit (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)

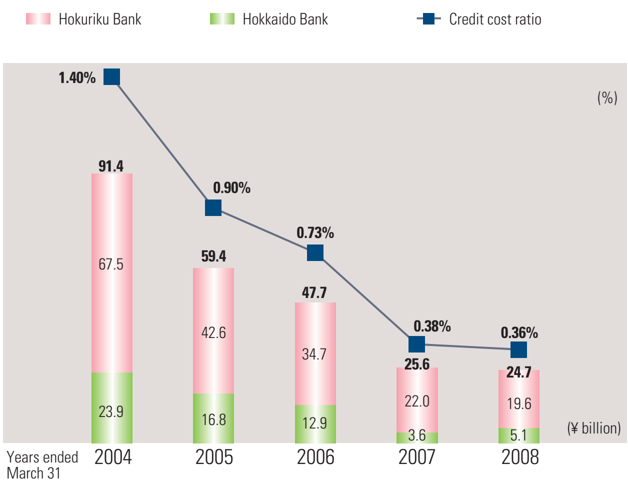


Core net business profit registered a decline of ¥4.8 billion to ¥88.9 billion, owing to a decreased amount of gross business profit and higher expenses.

The ROA of our banks was one of the best among Japan's regional banks.

- Core net business profit = core gross business profit minus expenses
  Equivalent to operating income in the case of non-financial companies, this indicates a bank's achievements in its core banking field.
- ROA = Core net business profit divided by total assets (average for the term)
  This figure indicates the effectiveness of employment of assets in the generation of profits; the higher the figure the better.

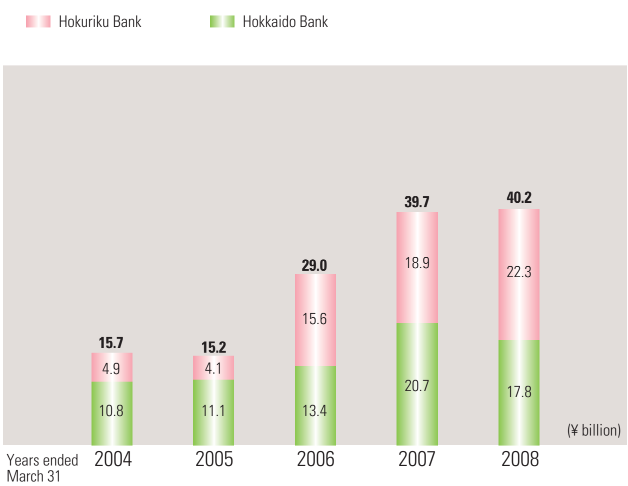
Credit costs (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



Due to a smaller number of large-scale bankruptcies during the term, as well as a smaller amount of newly emergent bad debts during the term and a general improvement in the business conditions of the customers of our banks, total credit costs registered a year-on-year decrease of ¥0.8 billion to ¥24.7 billion.

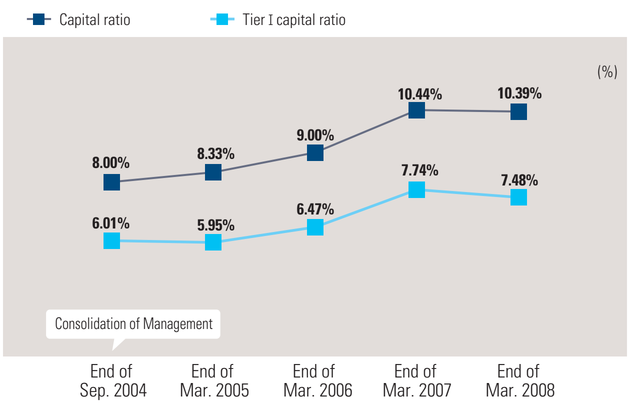
- Credit costs = amount of bad debt disposal + provisions to allowance for possible loan losses
- Credit cost ratio = total credit cost divided by average loan balance
  This index compares credit costs with the balance of outstanding loans. The lower the figure, the healthier the bank's loan portfolio.

Net income (Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



Net income edged up by ¥0.4 billion over the previous term to reach an all-time high of ¥40.2 billion.

Capital ratio (Hokuhoku Financial Group, Inc.; on a consolidated basis)

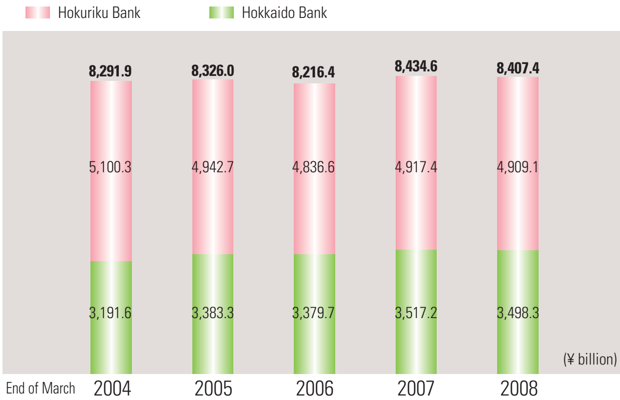


Effective from the year ended March 31, 2007, the Company has adopted the new standards (Basel II framework) for the calculation of its regulatory capital. For the previous periods ended March 31, 2006 or before, the old standards were used in the calculations.

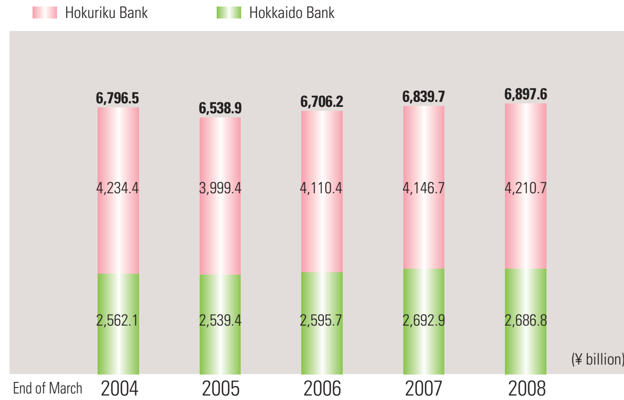
In spite of the improvement in profits, the capital ratio moved slightly downward from the previous term, by 0.05 percentage points to 10.39%, as a result of the repayment of a portion of the public funds.

- Capital ratio
  This ratio indicates the proportion of the bank's regulatory capital (capital stock, capital surplus, retained earnings and supplementary elements) to its risk-weighted assets. The higher the ratio, the healthier its financial position.
- Tier I capital ratio
  This ratio indicates the proportion of a bank's Tier I capital (the basic element of regulatory capital; basically capital stock, capital surplus, and retained earnings) to its risk-weighted assets (principally loans). The higher the ratio, the healthier its core banking operations.

Deposits
(Hokuriku Bank and Hokkaido Bank)

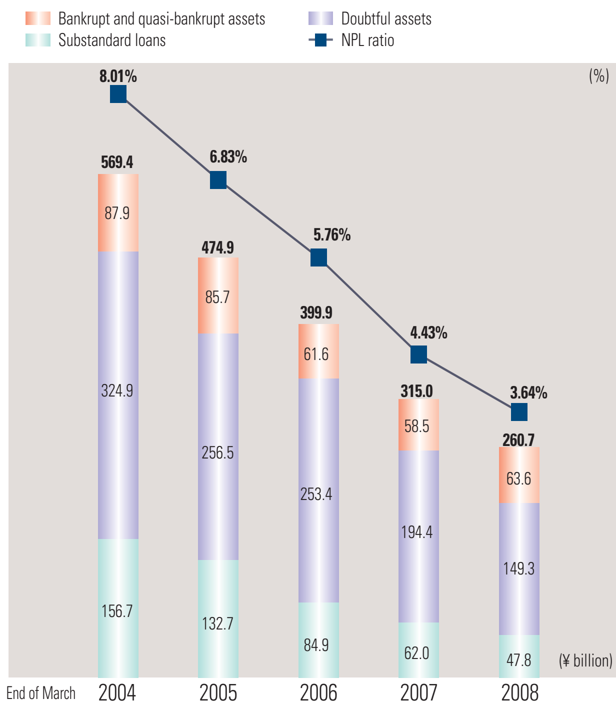


Loans and bills discounted
(Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



Formerly, Hokuriku Bank included RMBS (residential mortgage-backed securities) in the general category of loans and bills discounted, but with effect from fiscal 2005 these have been included in "call loans and bills bought." To enable comparisons, figures for prior years are shown after deduction of RMBS.

Bad debt subject to mandatory disclosure under the Financial Reconstruction Law
(Hokuriku Bank (including Hokugin Corporate) and Hokkaido Bank)



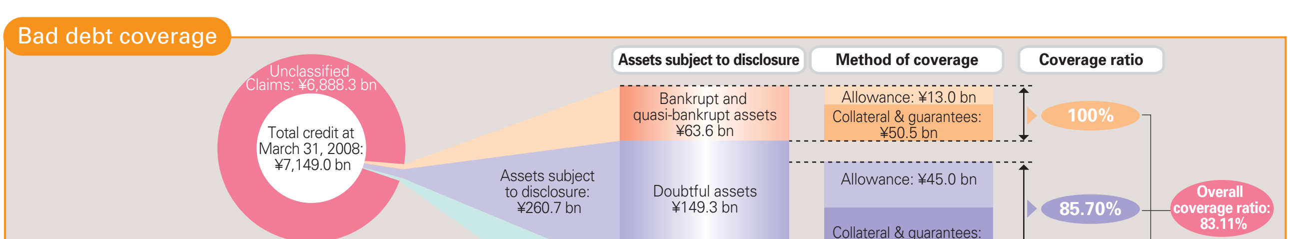
Bad debt (officially "claims") subject to mandatory disclosure under the Financial Reconstruction Law came to ¥260.7 billion, for a decline of ¥54.2 billion from the previous term-end. The NPL ratio under the Financial Reconstruction Law was at 3.64%, down by 0.79 points.

- Assets (claims) subject to mandatory disclosure under the Financial Reconstruction Law: The bank classifies both loans and other assets in line with the stipulations of the Financial Reconstruction Law.
- Assets subject to disclosure: loans, customers' liabilities for acceptances and guarantees, foreign exchanges, accrued interest, suspense payments, securities loaned, private bonds with the Bank's own guarantees (regarding claims on obligors requiring caution, loans and private bonds with the Bank's own guarantees only)

Bankrupt and quasi-bankrupt assets	This category is defined as the sum of claims on bankrupt borrowers and effectively bankrupt borrowers
Doubtful assets	This category is defined as claims on potentially bankrupt borrowers under asset self-assessment. The execution of contracts on repayment of the principal and payments of interest is highly doubtful.
Substandard loans	This category is defined as claims on borrowers requiring caution under asset self-assessment. This category comprises past due loans (three months or more) and restructured loans under the Banking Law.

- NPL ratio: Indicates NPLs (under the Financial Reconstruction Law) as a percentage of total credit. The lower the ratio, the sounder the credit portfolio.

Bad debt coverage



Of the total of ¥260.7 billion in assets subject to mandatory disclosure under the Financial Reconstruction Law, ¥147.0 billion were covered by collateral or guarantees, and ¥69.6 billion were covered by allowance for possible loan losses.The overall coverage ratio as of March 31, 2008 was thus 83.11%, indicating a sufficiently sound financial position.

Fundamental approach to group CSR

1. Basic Stance

The Hokuhoku Financial Group has positioned the fulfillment of the Group's corporate social responsibility as one of its highest management priorities. Guided by our overall corporate philosophy, we aim always to comply with the law and observe generally accepted principles of ethical behavior. The principal purpose of existence of the Group is to serve as a linchpin of the communities in which it operates by fulfilling its role as a financial services group doing business across a wide area of the country. In addition, we take seriously our obligation to contribute to the realization of a thriving economy and a sustainable society by means of active involvement in environmental preservation, as well as other activities that benefit society as a whole.

2. Definitions

1) CSR
The Hokuhoku Financial Group views its corporate social responsibilities not simply as the duty to pursue economic gains for the good of the regional economy and to contribute to the development of a sustainable society. We see our social responsibilities as also encompassing efforts to address the wide range of environmental and social issues affecting our stakeholders.

2) Our Stakeholders
We define our stakeholders as being all persons and institutions whose interests are closely linked to those of the Group, including our customers, shareholders, and employees, as well as the wider community of which we are all members.

Putting links with local customers first

We aim to enhance communication with customers on an individual basis, accurately identify their needs, and design services and products that meet those needs.

Increasing Customer Satisfaction

Hokuriku Bank: Hokuhoku Smile Declaration

Hokkaido Bank: Biggest Smile Campaign

Branch design

Hokuriku Bank: Opening of Kanazawa Financial History Museum, refurbishment in traditional style of Katsuyama Branch

Hokkaido Bank: Policy of access for wheelchair-bound customers decided, installation of automatic doors and wheelchair/pram slopes

Asset management seminar for individuals

Financial seminar at The Hokkaido Bank Academy Cafe

New products and services

Hokuriku Bank: Launch of sales of medical/cancer insurance rider products, expansion of Point Club incentive program, expansion of child-rearing support incentive system

Hokkaido Bank: Launch of New Step Forward, launch of Do Point Club, launch of medical/cancer insurance rider products

Enhanced convenience

Antifraud stickers, ATM alliance with Aeon Bank

Hokuriku Bank: No-commission ATM alliance with Fukuho Bank, service attendant for elderly and handicapped customers, installation of public notice board at all branches

Hokkaido Bank: Alliance with Seven Bank, launch of operation of multimedia terminals at branches, expansion of contracts with local governments for payment services at convenience stores

Toward high-quality consulting services

Making full use of our wide branch network, we arrange business negotiations for customers and host business matching events to support local development.

Business matching services

May 2007: Business Summit 2007 in Nagoya

September 2007: Hokkaido Food Special Business Conference in Sapporo

September 2007: "Food summit" in Kanazawa

November 2007: Hokkaido Business Forum 2007

March 2008: Local produce display in Toyama

June 2008: Business Summit 2008 in Nagoya

Banking confabs in Shanghai

December 2005: China business-matching confab in Shanghai, attended by five Japanese regional banks

July 2006: Joint banking confab in Shanghai, attended by eight Japanese regional banks ("Local produce 2006" regional bank Sino-Japanese bridge-building confab)

June 2007: Combined regional bank confab in Shanghai, attended by 11 Japanese regional banks ("Local produce 2007" regional bank Sino-Japanese bridge-building confab)

July 2008: Combined regional bank confab in Shanghai, attended by 12 Japanese regional banks ("Local produce 2008" regional bank Sino-Japanese bridge-building confab)

Support closely tailored to the needs of local companies expanding abroad

We are bolstering the Hokuhoku Group's international network to help our corporate clients expand overseas.

Agreements with overseas municipal and other government organizations

October 2004	Dalian	Hokuriku Bank
November 2005	Shenyang	Hokkaido Bank
April 2006	Shanghai	Hokuhoku Financial Group
September 2006	Liaoning	Hokuhoku Financial Group
November 2006	Vietnam govt.	Hokuriku Bank
March 2007	Changchun	Hokkaido Bank
June 2007	Suzhou	Hokuriku Bank
February 2008	Guangdong	Hokuhoku Financial Group
June 2008	Harbin	Hokkaido Bank

Alliances with overseas banks

December 2005	KASIKORNBANK (Thailand)	Hokuriku Bank
July 2006	Standard Chartered Bank	Hokuriku Bank
September 2007	State Bank of India	Hokuriku Bank

Bank customer organizations

	No. of companies
Hokuriku Chojokai	530
Hokkaido Chojokai	258
Shanghai Chojokai	150
Hokuhoku ASEAN kai	150

More dialog and better disclosure

We continuously communicate with investors and analysts for better disclosure.

IR for investors and analysts

November 2007: Investors' meeting for the fiscal 2007 interim accounts; 118 participants (Tokyo)

May 2008: Investors' meeting for the fiscal 2007 accounts; 136 participants (Tokyo)

IR overseas

July 2007: Europe (Frankfurt, Milan, Paris), U.S. (New York, Boston, San Francisco)

February 2008: Middle East

July 2008: North America (New York, Boston, Toronto, Chicago)

IR for individual investors

March 2008: IR meeting in seven cities (Toyama, Takaoka, Tonami, Uozu, Kanazawa, Komatsu, Fukui) 865 participants (Total)

General meeting of shareholders

June 2008: General meeting of shareholders for fiscal 2007 (Toyama; Sapporo via broadcast)

Creating an attractive workplace for every employee

Education and training
- Training classes (by grade and job category), on-the-job training
- Promoting self-developments, various training courses (dispatch of trainees), external and overseas training

Career development service
- Career-track change, regular employment for contracted Bank employees, in-house recruitment

Child-rearing/care support policies
- Maternity, care and nursing leave, shortened working hours

Leisure time-off
- All kinds of time-off arrangements (full one-week holiday, "refreshment" holidays, anniversary/birthday leave, etc) half-day paid leave

Broadening recruitment
- Revision of pay scale for new graduates
- Recruitment seminar for women (The Hokuriku Bank)

Advancing with regional communities

We take part in social contribution activities.

Classes in personal finance
- Participation (Mini Hokkaido Bank) in the "Kodomo no Machi Mini Sapporo 2007" for children, hosted by Sapporo city
- Banks tours for local elementary and middle school children
- Dispatch of lecturers to high schools, internships
- Dispatch of financial experts to give lectures at local universities

Support for cultural events
- Charity concert sponsorship, "Lilac" concert sponsorship
- Support for advertising for World Cultural Heritage registration

Recognition as leading emergency co-operation partner business in Toyama city

Further environmental protection measures

Support for the G8 Summit
- A portion of commission revenues on Environmental Fund contributed to the government
- Provision of stationery kits made of environment-friendly materials for Summit reporters

Eco-campaigning
- Providing eco-bags to support reduction of plastic bags in supermarkets

Launch of environment-friendly loans
Support financing for environment-friendly homebuilding

Back companies that work for the environment
- Conclusion of administrative cooperation agreement with other banks on environmental financing
- Sponsoring the television program "Kita monogatari eko shinsho" showcasing companies manufacturing eco-friendly products

Hokuriku Bank

1. 130th Anniversary Commemoration Events

To show our appreciation to all of our local clients who have continued to support Hokuriku Bank, we held a series of 130th Anniversary Commemoration Events. Starting in April in the Ishikawa area and finishing up in the Toyama area in August, we held events in seven areas in total. The events were attended by around 4,000 of our clients.

2. Refurbishment of our Katsuyama Branch

Our Katsuyama Branch started business in February 1920 as the Katsuyama branch of the 91st Bank. After a second incarnation as a branch of the 12th Bank, it became the Hokuriku Bank Katsuyama Branch in 1943. As part of Hokuriku Bank's efforts to help vitalize local areas, we refurbished our Katsuyama Branch as part of a project to recreate historical streets in Katsuyama, recreating its 1920s appearance.

3. Support and promotion for the World Heritage Registration Campaign

We put up promotional posters on the walls of our Takaoka Branch to show our support for Takaoka's bid to get the "Modern-Age Cultural Heritage Sites of Takaoka" registered as a world heritage site to mark the 400th anniversary of the modern town's birth. Based on the slogan "world heritage status for Takaoka's treasures," we provided backing for a local campaign to get the whole area designated a world heritage site in our capacity as a financial institution operating in Takaoka.

4. Relaunch of the Toyama Financial History Exhibit

In August 2006, we extended the Financial History Exhibit facility in the lobby of our Head Office and installed additional exhibits. The museum features a wide range of around 100 items ranging from nostalgic items harking back to days gone by, including documents from the Kanazawa 12th Bank and the Toyama 123rd Bank, to genuine works of art such as calendars featuring wood-block prints by Shiko Munakata. As admission is free, anyone can pop in and take a look back at the region's financial history whenever they like. We hope that it will become something of a tourist attraction.

5. Reopening of Kida Branch in new building

Our Kida Branch reopened in its new location on the first floor of the new head office building of Seiren Co. Ltd.

In an effort to offer new services to individual customers, we have introduced a range of new initiatives, including equipping the branch with low-level counters throughout, providing PCs connected to the internet for business use and adding more safety deposit boxes. The branch is also designed to enhance our brand image through the use of calming wooden surfaces and warm tones, accented with our corporate color red.

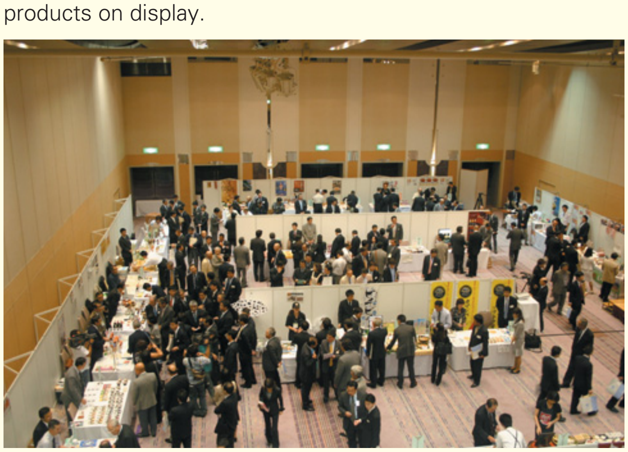
6. Opening of Teru-Teru Tei

As part of a venture aimed at revitalizing the central shopping area in Toyama and livening up the city as a whole, we have opened a theater called "the Hokuhoku Space Teru-Teru Tei" on the third floor of the Sepura Building on Chuo-dori in Toyama with several local companies. Shows at Teru-Teru Tei will be produced and hosted by Shinosuke Tatekawa from Imizu City in Toyama prefecture, who won the Award for the Arts in spring this year from the Minister of Education, Culture, Sports, Science and Technology. As the first such specialist theater in Toyama prefecture, Teru-Teru Tei will host regular rakugo comic storytelling performances and will provide a Toyama with a venue where people can go to laugh and unwind.

Hokkaido Bank

1. The Hokkaido Special Food Business Conference

On September 10, 2007, we co-hosted the Hokkaido Food Special Business Conference in along with Hokkaido Government. This was the fourth time that we have staged this event, which has been up and running with the aim of helping Hokkaido-based food and beverage manufacturers to expand their sales channels since fiscal 2005. A total of 45 food and drinks manufacturers exhibited at the event, including a number of Hokuriku Bank clients, giving them the chance to wholeheartedly promote their products to around 220 managers and buyers from participating retailers nationwide, supermarkets, department stores and other chains. The event also provided the venue for a total of 376 business meetings through parallel individual sessions. Among customers was Hokkaido Governor Harumi Takahashi, who came along to the event for a look at the various high-added value Hokkaido food products on display.



2. Victory parade for the Hokkaido Nippon-Ham Fighters

2007 saw the Hokkaido Nippon-Ham Fighters claim victory in pro baseball's Pacific League for the second year in a row. To mark the occasion, a victory parade was held in central Sapporo on November 24. In our capacity as a local financial institution, we celebrated the team's achievement by showering the parade with confetti from Head Office. This time, we appealed to people throughout Hokkaido to send in confetti for the first time, enabling us to add the finishing touches to the parade with the approximately 250kg of confetti that we received. As well as confetti, we also received a great many messages for the team and its players, all of which were handed over to the team owner after the parade.

3. Decision to set up a representative office in Sakhalin

We have decided to open a representative office in the city of Yuzhno-Sakhalinsk in the Russian province of Sakhalin. Amidst ongoing large-scale international oil and natural gas projects, Sakhalin is experiencing remarkable economical growth, resulting in wide-ranging and increasingly active economic exchange with Hokkaido, which is in close geographical proximity to the province. Locating a base in Sakhalin will enable us to provide support to clients in Hokkaido for business operations in Russia, mainly through provision of up-to-date information not only on the province but also the rest of Russia's Far East. Assuming that we are granted approval by the Russian federal authorities, we plan to open the new office by the end of fiscal 2008.

4. Russia seminar

On May 26, we held a seminar entitled "Recent Developments in Russia and Future Economic Exchange between Russia and Hokkaido." A total of 74 guests from 52 of our clients attended the seminar, which featured talks from Akira Muto, Director of the Ministry of Foreign Affairs' Russia Division (European Affairs Bureau) and Tsutomu Yorozuya, Deputy Chairman of the League of Residents of Chishima Habomai Islands (Kuril islands).

5. Conclusion of an economic cooperation agreement with Harbin

On June 16, we concluded an economic cooperation agreement with the Economy Cooperation and Promotion Bureau of Harbin Government, located in the Chinese province of Heilongjiang. This is the first time that the Harbin Economy Cooperation and Promotion Bureau, the government body responsible for attracting overseas investors to the city, has concluded an economic cooperation agreement with a Japanese financial institution. In addition to exchanging information on the two countries' legal and economic systems, investment conditions and current projects, this agreement provide support to companies on both sides for economic transactions and entry into new markets through aggressive business-matching. This means that the Hokuhoku Financial Group has now concluded economic cooperation agreements with four major cities in China's three northeastern provinces (Dalian, Shenyang, Changchun and Harbin), resulting in an even stronger China business support structure for our clients.

6. Support for the Toyako G8 Summit in Hokkaido

From July 7 to 9, the town of Toyako in Hokkaido hosted this year's G8 Summit meeting, the main theme of which was global environment issues. We at Hokkaido Bank got involved in a range of support initiatives relating to the summit. In addition to assigning personnel to assist the Hokkaido Toyako Summit Preparation Council, the organization responsible for preparing the summit, we also donated a portion of the sales commissions from our Environmental Fund investment trust products to the council, sponsored environment-themed radio and television shows, provided stationery and other supplies to Japanese and overseas media and took part in the 2008 Exhibition on the Environment held in the run-up to the summit.

Working to achieve stable earnings, with the goal of repaying public funds

Based on the Law on Emergency Measures to Revitalize the Functions of the Financial System, the Company issued a total of ¥120.03 billion in preferred stock, which was placed to specified banks. To facilitate the repayment of these public funds, we revised our Plan for Sound Management in November 2008, four years after the initial announcement. Because of this, we revised our earnings targets, setting new targets for achievement by March 2012.

According to the plan, the Group will strive to ensure stable profitability by utilizing its unique and extensive regional network to realize the goals of integration, which include strengthening marketing capabilities, increasing management efficiency, and cementing customer loyalty.

The Bank bought back a portion of these preferred shares in the amount of ¥35 billion in August 2007 and in the amount of ¥25 billion in June 2008, leaving a balance of public funds for repayment in the approximate amount of ¥60 billion. We will continue to pursue the Plan for Sound Management so as to repay the entire public fund amount as soon as possible.

Summary of the Preferred Stock issued by the Company (as of the end of September, 2008)

Type	Preferred stock (Type 1)	Preferred stock (Type 4)
Number of shares issued	50 million shares	61.4 million shares
Total value	¥25 billion	¥34.998 billion
Dividends	¥7.70 per share	¥6.62 per share
Acquisition price	¥314.40 (on and after July 31, 2008; subject to change according to the market price* of ordinary shares of common stock of the Company)	¥313.90 (on and after August 1, 2008; subject to change according to the market price* of ordinary shares of common stock of the Company)
Acquisition period	From September 26, 2003 to July 29, 2010	From September 1, 2004 to July 31, 2010
Dates for mandatory acquisition	July 30, 2010	August 1, 2010

Note: The term "market price" here refers to the average closing price of the Company's common stock on the Tokyo Stock Exchange over a 30-trading-day period beginning with the trading day 45 trading days prior to July 31 (in the case of Preferred stock (Type 1)) or August 1 (in the case of Preferred stock (Type 4)) every year.

Goals and strategy of the management integration

1. Strengthening Marketing Capabilities

While Hokkaido and the Hokuriku region will remain the Company's main operational bases, we plan to extend our network of sales offices over a wider region of Japan, including the three major metropolitan areas. In this way, we aim to differentiate ourselves from the other regional financial institutions and achieve stronger marketing power.

- Strengthening businesses matching functions using its extensive regional network
- Engaging in transactions with corporations' trading partners and employees, using the customer bases of the two banks
- Strengthening solution and proposal ability by sharing the know-how of the two banks

2. Increasing Management Efficiency

The Group will strive to create a highly profitable and efficient operation system that more efficiently utilizes management resources by integrating and reorganizing redundant infrastructure in Hokkaido, while stressing the maintenance and strengthening of excellent relationships with customers of both banks.

- Rebuilding an efficient and effective network of branches
- Combining back-office operations and mail delivery services of the two banks within Hokkaido

3. Raising Customer Loyalty

The Group is working to create a stable asset portfolio by utilizing an operating base that extends over two geographical areas with different economic environments to become a regional financial group supported by customers and enjoying the firm trust of the financial markets.

- Building an asset portfolio diversified across a wide area and a wide range of industries by utilizing extensive regional operations
- Implementing stable capital and dividend policies through the absorption by the holding company of fluctuations in the profits of its subsidiary banks and companies

We set the following four items as targets in the plan for restoring management soundness to improve profitability, efficiency, and soundness. The plan will be implemented through March 2012.

We will continue to work to ensure stable earnings by improving our management efficiency. We intend to put aside sufficient retained earnings to allow the early repayment of our public funds debt, and looking toward the future following this repayment, we will be taking active steps to improve our customer services and strengthen our marketing capabilities with the aim of earning the unshakeable trust of both our customers and the financial markets.

Profitability, Efficiency and Soundness under Plan for Sound Management

Further improving our top-class earning capability among the regional banks

Target for March 2012

Net business profit: ¥87.7 billion

Net income: ¥37.3 billion

Investments and measures to raise efficiency, aimed at strengthening marketing capabilities, and improving service convenience and financial soundness

Target for March 2012

OHR 52.03%

Early repayment of public funds, building up sufficient retained earnings

Target for March 2012

Balance of retained earnings of ¥230.9 billion

Stabilization of financial base

Capital ratio after repayment of public funds will be maintained in approximately 9% and Tier I capital ratio in approximately 6%.

Income (Hokuriku Bank + Hokkaido Bank) (¥ billion)

	March 2008	March 2009 (Projected)	March 2010 (Projected)	March 2011 (Projected)	March 2012 (Projected)
Gross business profit	181.8	173.0	177.8	180.3	182.9
Expenses	89.9	93.0	95.0	95.6	95.2
(OHR)	(49.45%)	(53.76%)	(53.45%)	(53.02%)	(52.03%)
Net business profit	93.7	79.9	82.7	84.7	87.7
Core business profit	88.6	81.5	82.7	84.7	87.7
Total credit costs	25.5	28.0	22.0	22.0	22.0
Ordinary income	65.0	44.0	58.7	60.1	63.4
Net income	39.0	49.0	34.7	35.3	37.3

Balance of retained earnings (Hokuhoku Financial Group + Hokuriku Bank + Hokkaido Bank)

	March 2008	March 2009 (Projected)	March 2010 (Projected)	March 2011 (Projected)	March 2012 (Projected)
Balance of retained earnings	133.9	149.3	175.6	202.7	230.9

Consolidated capital ratio (Hokuhoku Financial Group)

	March 2008	March 2009 (Projected)	March 2010 (Projected)	March 2011 (Projected)	March 2012 (Projected)
Consolidated capital ratio	10.39%	10.47%	10.74%	10.92%	11.05%
Tier I capital ratio	7.48%	7.45%	7.85%	8.27%	8.70%

OHR = Expenses/Gross business profit

Core business profit = Net business profit + Provision for general allowance for loan losses – Gains (losses) related to bonds

Credit costs includes transfer to allowance for loan losses

Balance of retained earnings = Retained earnings – Legal reserve

We will strengthen our system of corporate governance and increase management transparency.

Basic Approach

The holding company and all its member companies regard strengthening and upgrading corporate governance as a management priority. We have drawn up a basic policy — our management philosophy — covering all our activities from management strategy-setting and decision-making down. We share basic values and philosophies through the Hokuhoku Financial Group Code of Conduct, for the increased corporate value and the further economic development of Hokuriku and Hokkaido.

Corporate Governance

We have established a decision-making system with the Shareholders' Meeting and Board of Directors at the top, enabling quick decision-making, as day-to-day operational authority has been delegated. Bodies such as the Management Committee are able to respond quickly to specific and detailed matters based on basic policies set by the Board of Directors. Furthermore, in addition to the Management Committee, a Market Strategy Committee, which works to disseminate information on the operation policy throughout the Company, and a Management Advisory Committee, which is composed of independent specialists and is responsible for checks and follow-up of the Plan for Sound Management, have been established. In this way we have built a system for effective decision-making, implementation, evaluation, and improvements. In addition, the Board of Directors decides basic policies on internal controls, and is taking the steps needed to create an effective internal control system.

The following are the main bodies in this system:

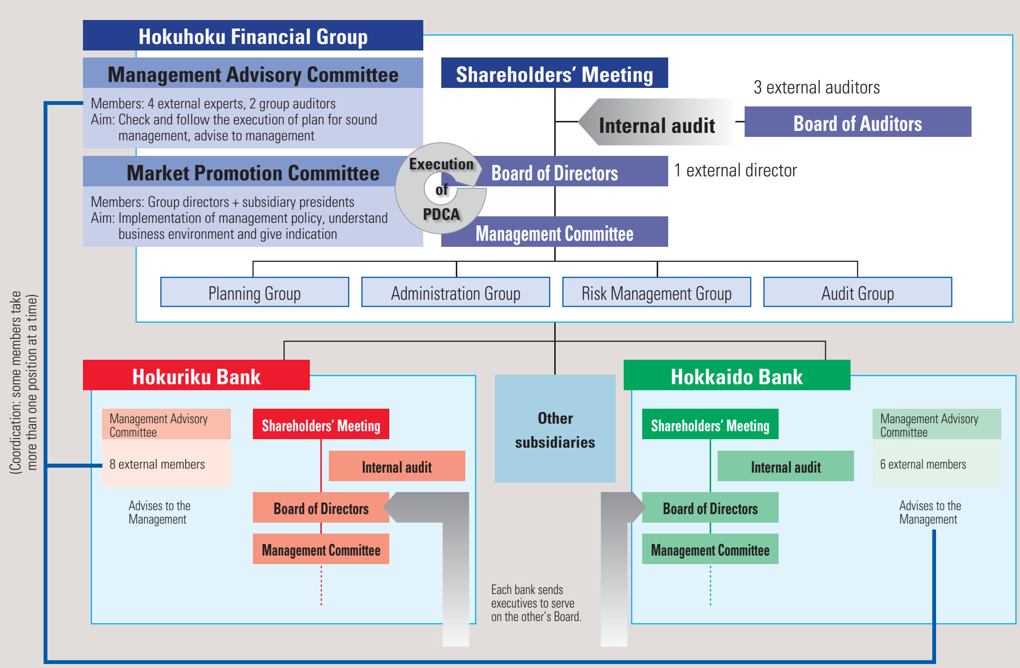
(1) Board of Directors: Responsible for decisions related to important management policies involving the Group as a whole; and for overseeing the general management, and risk management and auditing conducted by the holding company and its subsidiaries.

(2) Board of Auditors: Determines auditing policies and assigns specific duties to particular statutory auditors, and monitors the performance of their duties by the directors.

(3) Management Committee: Composed of standing directors of the Company, this body makes decisions — based on the basic policies laid down by the Board of Directors — on matters relating to operational policies involving the entire Group and on the implementation of important tasks by specific divisions.

(4) Management Advisory Committee: Responsible for improving the transparency of Group management and increasing the precision implementation of the Plan for Sound Management by reflecting proposals made from a specialist's point of view in management.

(5) Market Promotion Committee: Composed of the executive directors and presidents of subsidiaries; is responsible for disseminating important management policies and similar items throughout the Group and for ensuring that business policy implementation reflects executive decisions by verifying each member's management situation.



The Group rigorously observes all laws and corporate regulations.

Philosophy on Compliance (observance of laws and regulations)

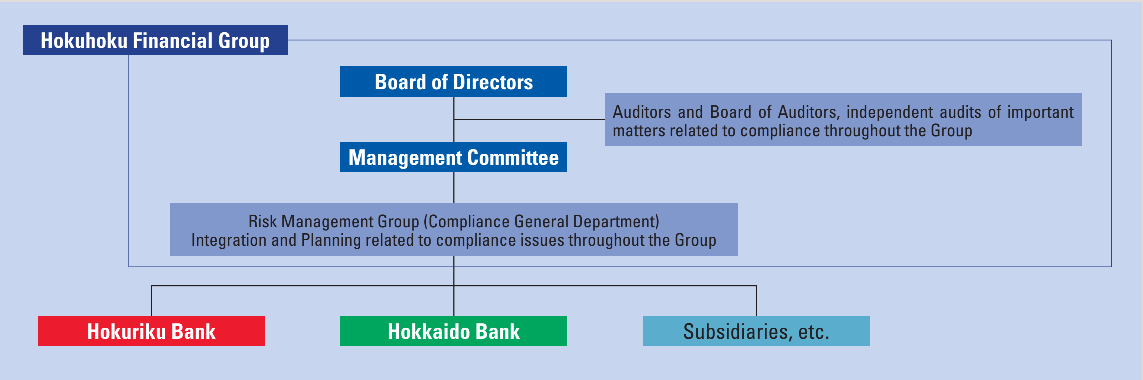
We position compliance as our most important management task and recognize that an incomplete compliance system can weaken our business foundation. Therefore, we are implementing a basic compliance policy as described below, and are striving to conduct fair and honest corporate activity.

To establish a compliance system for the entire Group, we have worked in cooperation with each member company to establish various compliance regulations and organizational systems to ensure that each member company has a compliance policy in place.

We have created the positions of General Compliance Manager, as the executive in charge of implementing all compliance measures within the Group, and a General Manager for Eliminating the Influence of Organized Crime, as the person responsible for the Group's resolute response to all organized crime issues and for ensuring that the Group has no connections with criminal elements.

In addition, we have established a Compliance Program, a concrete plan to realize our compliance goals, and are systematically working to create a compliance system and to raise management and employees' awareness of compliance issues.

We have also created a compliance office at each Hokuriku Bank and Hokkaido Bank branch, and at each Group company, to aggressively work to implement measures to educate employees about and develop awareness of the need for compliance.



Basic Compliance Policy

1. Recognition of the Group's basic mission and social responsibilities

As a regional financial institution, the Group recognizes its public duties and social responsibilities and strives to gain greater trust through the conduct of sound business operations.

2. Providing quality financial services

By providing high-quality, integrated financial services, the Group will contribute to the stable economic and social development of the region and to a better life for its customers.

3. Strict observance of laws and regulations

The Group strictly observes all relevant laws and regulations, and conducts business in a trustworthy and honest fashion that conforms to its own standards of corporate ethics and to social norms.

4. Elimination of ties with criminal elements

The Group contributes to a healthy society by resolutely refusing to associate or work with persons known to be connected with organized crime.

5. Ensuring management transparency

The Group aims for a highly transparent management and organizational culture, and strives for accurate disclosure and swift decision-making.

The Group is striving to build a risk management system appropriate for risks to which it is exposed.

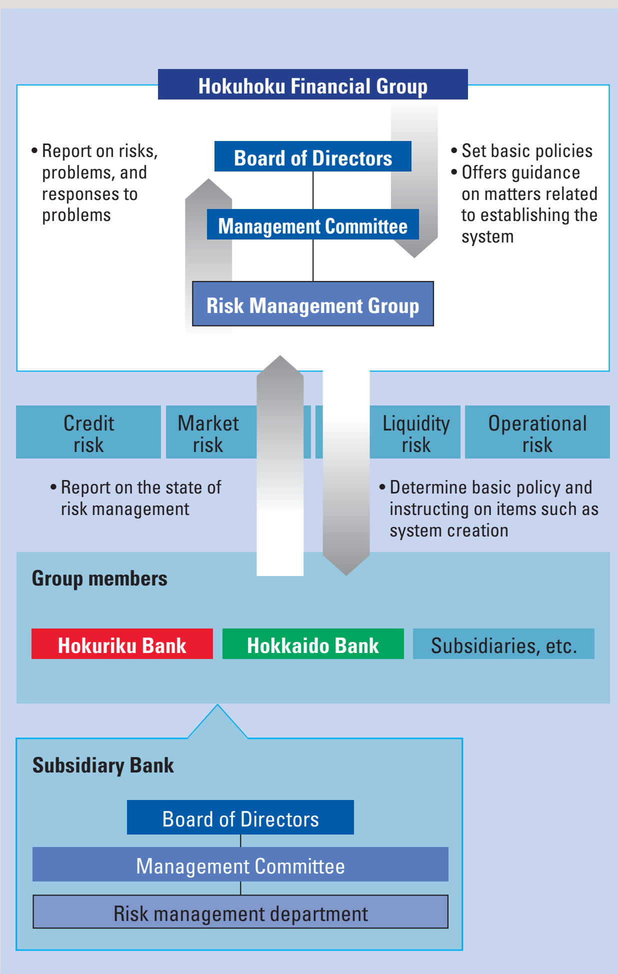
The Hokuhoku Financial Group Risk Management System

Amid financial liberalization and globalization, finance services are becoming more diversified and complex, and financial institutions are exposed to various risks, including credit risk, market risk, liquidity risk, and operational risk.

We recognize that risk management is one of our most important management tasks, and are working to improve profitability, ensure sound management, and to strengthen our risk management system in order to win the trust of shareholders and creditors and to protect customers' deposits.

In particular, while each Group company has created a risk management department, the Group as a whole is working toward integrated risk management through close cooperation between these departments. Serving as an overall risk management unit, the Risk Management Group has drawn up the Risk Management Rules and a Basic Risk Management Policy. In addition, based on this basic policy, each member company has established a risk management system corresponding to the scope and type of risk that it is exposed to, and works to manage risk in an appropriate manner.

We have strengthened corporate governance, and ensure sound management by having each group company submit reports on risk management, by giving appropriate instructions on risk management issues, and by reporting on risk management matters and problems for discussion to the Board of Directors and other management units.



Credit Risk Management

Credit risk is the risk that, as a result of such factors as the deterioration of a customer's business situation, it will become impossible to recover principal or interest. For banks, with their mission to act as financial intermediaries, this is an unavoidable risk, but in Hokuhoku Financial Group we endeavor to maintain and enhance the soundness of our assets through the development and strengthening of a structure for the management of credit risk.

With regard to organization and structure, we ensure strict separation of the officers and units responsible for business promotion and for screening, conducting rigorous screening and management in a way that does not influence business promotion.

When making individual credit judgments, rigorous screening is carried out in accordance with our credit policy, which lays down matters such as standards and principles. For this purpose we endeavor to improve system support and also actively develop the credit inspection structure by such means as training to enhance screening capabilities.

In addition, we endeavor to prevent bad debts from arising by carrying out follow-up monitoring after financings have been executed, and at the same time take steps to enhance the soundness of assets by building a structure for the administration of bad debts in separate categories, and strengthening our capabilities to assist corporate rehabilitation.

The subsidiary banks conduct assessments of credit risk through the use of internal rating systems*, and they compute forecast loss rates for each individual obligor category, thereby endeavoring to ensure the appropriate interest rates to match risk. Based on our management rules for credit limits, we seek to enhance credit risk management by such means as curbing the risk of credit concentration: the aggregate of marketability credit and off-balance-sheet credit.

We will continue to raise the quality of our credit risk management and to position ourselves to address the new BIS regulations.

* Internal rating system: A system in which borrowers are categorized according to creditworthiness and then given ratings after examining them comprehensively, including by ranking them in accordance with factors such as financial condition and company characteristics.

Market risk management

Market risk is the risk of loss resulting from fluctuations in market rates such as interest rates and exchange rates. This is an unavoidable risk when conducting lending and deposit-taking business or other businesses involving marketability, and in recent years it has become increasingly complex.

In light of the importance of market risk management, Hokuhoku Financial Group has established asset-liability management committees in the subsidiary banks, and manages market risk in its lending and deposit-taking business and other activities, while endeavoring to conduct its management in a manner that ensures stable earnings.

(1) Interest-rate risk management

Given the different time structures of assets such as loans and of liabilities such as deposits, the subsidiary banks are constantly exposed to interest-rate risk. However, they have a good understanding of their asset-liability structure and conduct unitary management of interest-rate risk, also making effective use of interest-rate swaps and other derivatives transactions to mitigate and manage interest-rate risk.

(2) Risk management in market-related business

The units in charge of transacting market-related business engage in that business in accordance with an array of strict operating rules that include basic policies on risk management and limits on transaction amounts.

Additionally, risk management units are established separately from the operating units and use various risk management systems to monitor the risk situation, and report to senior management.

Liquidity risk management

In order to ensure stable cash management, based on our management rules for liquidity risk we gain an accurate grasp of the funding and investment situations of our subsidiary banks, and take scrupulous care to ensure that fund management is conducted smoothly.

In addition, the subsidiary banks maintain adequate payment reserve assets that are readily convertible into cash, such as government bonds, creating a structure that is resilient to abrupt changes in the market environment.

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Operational risk management

The new BIS regulations, which came into effect on March 31, 2007, also include operational risk within the framework of the capital ratio regulations. In the Hokuhoku Financial Group we will both address the requirements of the new BIS regulations and at the same time will seek to maintain and enhance the level of customer confidence by taking scrupulous care to prevent the occurrence of any impropriety, accidents, or other problems.

(1) Administrative risk management

The Group prevents the occurrence of administrative problems caused by accidents, and ensures rapid yet accurate administrative processing by enhancing the standard of administration in a variety of ways, including by laying down various rules, improving its administrative processing systems, dispensing guidance from its head office, centralizing branch administration, and introducing equipment to automate procedures.

In addition, in order to avoid administrative and other risks of all kinds and to prevent problems, we conduct internal audits and are establishing mutual checking system and strict administrative processing systems.

(2) System risk management

With the greater sophistication of financial business and growth in transaction volume it is becoming increasingly important to ensure that computer systems do not fail, and that systems operate in a stable manner.

The Group has formulated its basic rules for system risk management (System Risk Standards) and other regulations, establishing a rigorous management and operating structure, and implementing a variety of security management measures.

(3) Contingency plans

The Group regards risk management as one of its most important management priorities, and therefore endeavors to enhance it. In addition, however, it takes steps to ensure that in the unlikely event that a disaster or other unforeseen event occurs, its effects are minimized and business continuity can be achieved. To that end it formulates contingency plans and manuals to give guidance on dealing with specific emergency situations, so as to position itself to cope with crises.

Integrated risk management

As set out above, the Group faces a diversity of risks, and so to ensure that risk is not excessive relative to equity capital it is incumbent on it to assess each risk by using a common yardstick and then to grasp and manage the risk that it bears.

To achieve this we have formulated our management rules for integrated risk, under which we quantify credit risk, market risk, operational risk, and other risks belonging to various categories and we estimate maximum loss and identify it in an integrated form. Based on that, to make effective use of our limited capital we make allocations of risk capital funded from Tier I capital, thereby managing risk by limiting it to within permissible management limits.

CONSOLIDATED BALANCE SHEETS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
March 31	2008	2007	2008
Assets			
Cash and due from banks (Note 22)	**¥ 282,827**	¥ 251,379	**$ 2,822,913**
Call loans and bills bought	**81,521**	230,000	**813,673**
Receivables under securities borrowing transactions	**—**	21,785	**—**
Monetary claims bought	**185,898**	199,938	**1,855,457**
Trading assets (Note 4)	**7,952**	9,290	**79,369**
Money held in trust (Note 27)	**7,277**	14,941	**72,633**
Securities (Notes 5, 10 and 27)	**1,661,169**	1,649,859	**16,580,195**
Loans and bills discounted (Notes 6 and 10)	**6,871,383**	6,813,479	**68,583,527**
Foreign exchanges (Note 7)	**14,029**	15,657	**140,025**
Other assets (Note 10)	**159,454**	121,217	**1,591,518**
Tangible fixed assets (Notes 8 and 14)	**133,480**	133,324	**1,332,277**
Intangible fixed assets	**42,025**	44,536	**419,455**
Deferred tax assets (Note 21)	**64,657**	72,086	**645,347**
Customers' liabilities for acceptances and guarantees (Note 9)	**159,456**	180,190	**1,591,546**
Allowance for loan losses	**(103,169)**	(119,544)	**(1,029,738)**
Total assets	**¥9,567,964**	¥9,638,142	**$95,498,197**

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities, and net assets			
Liabilities			
Deposits (Notes 10 and 11)	**¥8,435,625**	¥8,458,269	**$84,196,278**
Call money and bills sold (Note 10)	**40,000**	31,573	**399,241**
Payables under securities lending transactions (Note 10)	**6,492**	42,777	**64,802**
Trading liabilities (Note 4)	**1,563**	718	**15,609**
Borrowed money (Notes 10 and 12)	**225,762**	223,445	**2,253,348**
Foreign exchanges (Note 7)	**270**	411	**2,701**
Bonds payable (Note 13)	**66,500**	71,210	**663,739**
Other liabilities	**154,373**	116,758	**1,540,809**
Reserve for employee bonuses	**—**	30	**—**
Reserve for employee retirement benefits (Note 26)	**11,052**	11,323	**110,311**
Reserve for contingent loss	**599**	—	**5,982**
Reserve for reimbursement of deposits	**2,777**	—	**27,723**
Deferred tax liabilities for revaluation	**9,061**	9,087	**90,442**
Acceptances and guarantees (Note 9)	**159,456**	180,190	**1,591,546**
Total liabilities	**9,113,535**	9,145,793	**90,962,531**
Net assets			
Capital stock (Note 15)	**70,895**	70,895	**707,606**
Capital surplus	**253,234**	293,268	**2,527,545**
Retained earnings (Note 16)	**125,950**	93,072	**1,257,113**
Treasury stock	**(421)**	(447)	**(4,207)**
Total shareholders' equity	**449,658**	456,788	**4,488,057**
Valuation difference on available-for-sale securities (Note 27)	**(4,722)**	26,078	**(47,139)**
Deferred gains or losses on hedges	**(16)**	(20)	**(166)**
Revaluation reserve for land (Note 14)	**8,918**	8,957	**89,020**
Total valuation and translation adjustments	**4,179**	35,016	**41,715**
Minority interests	**590**	543	**5,894**
Total net assets	**454,428**	492,348	**4,535,666**
Total liabilities and net assets	**¥9,567,964**	¥9,638,142	**$95,498,197**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended March 31	2008	2007	2008
Income			
Interest income:			
Interest on loans and discounts	¥141,966	¥130,641	$1,416,972
Interest and dividends on securities	19,164	19,422	191,282
Interest on receivables under resale agreements	210	132	2,099
Interest on receivables under securities borrowing transaction	6	6	62
Interest on deposits with other banks	917	652	9,157
Other interest income	3,626	4,407	36,196
Fees and commissions (Note 18)	47,275	47,670	471,862
Trading income (Note 19)	1,289	1,411	12,872
Other operating income	34,491	31,141	344,261
Other income	12,617	10,302	125,935
Total income	261,565	245,788	2,610,698
Expenses			
Interest expenses:			
Interest on deposits	23,852	11,361	238,075
Interest on payables under securities lending transactions	523	876	5,224
Interest on borrowings and rediscounts	1,954	1,238	19,505
Interest on bonds payable	1,972	1,823	19,688
Other interest expenses	1,175	2,321	11,728
Fees and commissions (Note 18)	11,209	10,658	111,884
Other operating expenses	17,352	18,088	173,196
General and administrative expenses	96,743	93,528	965,598
Provision of allowance for loan losses	24,448	25,620	244,019
Other expenses (Note 20)	19,331	7,671	192,949
Total expenses	198,563	173,190	1,981,866
Income before income taxes and minority interests	63,002	72,598	628,832
Income taxes (Note 21):			
Current	1,338	2,094	13,357
Deferred	22,961	29,748	229,180
Minority interests in net income	62	113	627
Net income	¥ 38,640	¥ 40,642	$ 385,668

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Thousands		Millions of yen				
	Issued number of shares of common stock	Issued number of shares of preferred stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	1,391,630	336,432	¥70,895	¥293,268	¥ 93,072	¥ (447)	¥456,788
Changes during the year							
Cash dividends	—	—	—	—	(5,801)	—	(5,801)
Net income	—	—	—	—	38,640	—	38,640
Purchase of treasury stock	—	—	—	—	—	(40,168)	(40,168)
Disposition of treasury stock	—	—	—	(18)	—	180	162
Retirement of treasury stock	—	(70,000)	—	(40,015)	—	40,015	—
Reversal of revaluation reserve for land	—	—	—	—	38	—	38
Increase due to the change of the interest of associated company	—	—	—	—	—	(1)	(1)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the year	—	(70,000)	—	(40,033)	32,878	26	(7,129)
Balance as of March 31, 2008	1,391,630	266,432	¥70,895	¥253,234	¥125,950	¥ (421)	¥449,658

	Millions of yen					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2007	¥26,078	¥(20)	¥8,957	¥35,016	¥543	¥492,348
Changes during the year						
Cash dividends	—	—	—	—	—	(5,801)
Net income	—	—	—	—	—	38,640
Purchase of treasury stock	—	—	—	—	—	(40,168)
Disposition of treasury stock	—	—	—	—	—	162
Retirement of treasury stock	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	—	38
Increase due to the change of the interest of associated company	—	—	—	—	—	(1)
Net changes of items other than shareholders' equity	(30,801)	3	(38)	(30,836)	46	(30,790)
Total changes during the year	(30,801)	3	(38)	(30,836)	46	(37,919)
Balance as of March 31, 2008	¥ (4,722)	¥(16)	¥8,918	¥ 4,179	¥590	¥454,428

	Thousands		Millions of yen				
	Issued number of shares of common stock	Issued number of shares of preferred stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	1,286,630	336,432	¥50,000	¥272,576	¥57,542	¥(303)	¥379,814
Changes during the year							
Issuance of new shares	105,000	—	20,895	20,689	—	—	41,584
Cash dividends	—	—	—	—	(5,218)	—	(5,218)
Net income	—	—	—	—	40,642	—	40,642
Purchase of treasury stock	—	—	—	—	—	(157)	(157)
Disposition of treasury stock	—	—	—	2	—	10	12
Reversal of revaluation reserve for land	—	—	—	—	105	—	105
Increase due to the change of the interest of associated company	—	—	—	—	—	3	3
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during the year	105,000	—	20,895	20,691	35,529	(143)	76,973
Balance as of March 31, 2007	1,391,630	336,432	¥70,895	¥293,268	¥93,072	¥(447)	¥456,788

	Millions of yen					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2006	¥17,136	—	¥9,063	¥26,199	¥451	¥406,465
Changes during the year						
Issuance of new shares	—	—	—	—	—	41,584
Cash dividends	—	—	—	—	—	(5,218)
Net income	—	—	—	—	—	40,642
Purchase of treasury stock	—	—	—	—	—	(157)
Disposition of treasury stock	—	—	—	—	—	12
Reversal of revaluation reserve for land	—	—	—	—	—	105
Increase due to the change of the interest of associated company	—	—	—	—	—	3
Net changes of items other than shareholders' equity	8,942	(20)	(105)	8,817	92	8,909
Total changes during the year	8,942	(20)	(105)	8,817	92	85,882
Balance as of March 31, 2007	¥26,078	¥(20)	¥8,957	¥35,016	¥543	¥492,348

	Thousands of U.S. dollars (Note 1)				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	$707,606	$2,927,122	$ 928,956	$ (4,466)	$4,559,218
Changes during the year					
Cash dividends	**—**	**—**	**(57,900)**	**—**	**(57,900)**
Net income	**—**	**—**	**385,668**	**—**	**385,668**
Purchase of treasury stock	**—**	**—**	**—**	**(400,926)**	**(400,926)**
Disposition of treasury stock	**—**	**(181)**	**—**	**1,804**	**1,623**
Retirement of treasury stock	**—**	**(399,396)**	**—**	**399,396**	**—**
Reversal of revaluation reserve for land	**—**	**—**	**389**	**—**	**389**
Increase due to the change of the interest of associated company	**—**	**—**	**—**	**(15)**	**(15)**
Net changes of items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**
Total changes during the year	**—**	**(399,577)**	**328,157**	**259**	**(71,161)**
Balance as of March 31, 2008	**$707,606**	**$2,527,545**	**$1,257,113**	**$ (4,207)**	**$4,488,057**

	Thousands of U.S. dollars (Note 1)					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2007	$260,291	$(200)	$89,409	$349,500	$5,428	$4,914,146
Changes during the year						
Cash dividends	**—**	**—**	**—**	**—**	**—**	**(57,900)**
Net income	**—**	**—**	**—**	**—**	**—**	**385,668**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**(400,926)**
Disposition of treasury stock	**—**	**—**	**—**	**—**	**—**	**1,623**
Retirement of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**
Reversal of revaluation reserve for land	**—**	**—**	**—**	**—**	**—**	**389**
Increase due to the change of the interest of associated company	**—**	**—**	**—**	**—**	**—**	**(15)**
Net changes of items other than shareholders' equity	**(307,430)**	**34**	**(389)**	**(307,785)**	**466**	**(307,319)**
Total changes during the year	**(307,430)**	**34**	**(389)**	**(307,785)**	**466**	**(378,480)**
Balance as of March 31, 2008	**$ (47,139)**	**$(166)**	**$89,020**	**$ 41,715**	**$5,894**	**$4,535,666**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended March 31	2008	2007	2008
1. Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 63,002	¥ 72,598	$ 628,832
Depreciation	15,988	16,111	159,587
Impairment losses on fixed assets	244	48	2,445
Amortization of goodwill	2,265	2,265	22,610
Equity in earnings of affiliates	0	(13)	4
Increase (decrease) in allowance for loan losses	(16,375)	(40,470)	(163,443)
Increase (decrease) in reserve for contingent loss	599	—	5,982
Increase (decrease) in reserve for employee bonuses	(30)	6	(299)
Increase (decrease) in reserve for employee retirement benefits	(271)	(508)	(2,709)
Increase (decrease) in reserve for reimbursement of deposits	2,777	—	27,723
Interest income	(165,891)	(155,263)	(1,655,769)
Interest expenses	29,477	17,622	294,220
Losses (gains) on securities	(787)	1,949	(7,857)
Losses (gains) on money held in trust	172	(78)	1,725
Losses (gains) on foreign exchange	1,355	(51)	13,528
Losses (gains) on sales of fixed assets	496	799	4,951
Net decrease (increase) in trading assets	1,338	177	13,355
Net increase (decrease) in trading liabilities	845	(37)	8,437
Net decrease (increase) in loans and bills discounted	(57,903)	(135,210)	(577,941)
Net increase (decrease) in deposits	(34,492)	211,915	(344,269)
Net increase (decrease) in negotiable certificates of deposit	11,848	42,468	118,258
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	(5,182)	173,690	(51,723)
Net decrease (increase) in due from banks (excluding deposits with the Bank of Japan)	(97,270)	(12,325)	(970,865)
Net decrease (increase) in call loans, bills bought, commercial paper and other debt purchased	162,518	(214,577)	1,622,100
Net decrease (increase) in receivables under securities borrowing transactions	21,785	(21,785)	217,439
Net increase (decrease) in call money and bills sold	8,427	(285,927)	84,110
Net increase (decrease) in payables under securities lending transactions	(36,284)	(65,100)	(362,156)
Net decrease (increase) in foreign exchanges (assets)	1,628	(841)	16,257
Net increase (decrease) in foreign exchanges (liabilities)	(140)	65	(1,402)
Issuance and redemption of bonds payable (excluding subordinated bonds payable)	(810)	(10)	(8,085)
Interest income-cash basis	148,454	132,274	1,481,726
Interest expense-cash basis	(20,550)	(12,478)	(205,119)
Other, net	(8)	1,007	(86)
Subtotal	37,227	(271,677)	371,566
Income taxes paid	(2,620)	(872)	(26,152)
Net cash provided by (used in) operating activities	34,607	(272,550)	345,414
2. Cash flows from investing activities:			
Purchases of securities	(683,863)	(271,486)	(6,825,667)
Proceeds from sales of securities	490,793	198,875	4,898,629
Proceeds from redemption of securities	128,516	173,594	1,282,733
Proceeds from sales of money held in trust	7,432	10,500	74,181
Proceeds from fund management	19,209	19,504	191,727
Purchases of tangible fixed assets	(16,279)	(13,091)	(162,487)
Proceeds from sales of tangible fixed assets	819	686	8,180
Purchases of intangible fixed assets	(1,861)	(2,667)	(18,583)
Net cash provided by (used in) investing activities	(55,233)	115,914	(551,287)
3. Cash flows from financing activities:			
Proceeds from issuance of subordinated borrowed money	12,500	20,000	124,763
Repayment of subordinated borrowed money	(5,000)	(5,000)	(49,905)
Repayment of subordinated bonds	(3,900)	—	(38,926)
Expenditures for fund procurement	(2,893)	(2,356)	(28,880)
Proceeds from issuance of new shares	—	41,584	—
Dividends paid	(5,801)	(5,218)	(57,900)
Dividends paid to minority stockholders	(0)	—	(4)
Purchases of treasury stock	(40,168)	(157)	(400,926)
Proceeds from sales of treasury stock	162	12	1,623
Net cash provided by (used in) financing activities	(45,101)	48,864	(450,155)
4. Effect of exchange rate changes on cash and cash equivalents	(95)	19	(953)
5. Net increase (decrease) in cash and cash equivalents	(65,822)	(107,751)	(656,981)
6. Cash and cash equivalents at beginning of the year	231,158	338,909	2,307,196
7. Cash and cash equivalents at end of the year (Note 22)	¥165,335	¥231,158	$1,650,215

See notes to consolidated financial statements.

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Hokuhoku Financial Group, Inc. (the "Company") prepared under the Japanese Financial Instruments and Exchange Law and its related accounting regulations.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the consolidated financial statements do not necessarily agree with the sum of the individual amounts. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 to US$1. The U.S. dollar amounts are then rounded to thousands. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

Certain changes in account name have been made to the prior period's financial statements to conform to the presentation used for the year ended March 31, 2008.

2. Scope of Consolidation

On September 26, 2003, the Company was formed as a holding company for The Hokuriku Bank Ltd. by way of stock transfers ("kabushiki-iten"), and on September 29, 2003, Hokugin Lease Co., Ltd., Hokuriku Card Co., Ltd., Hokuriku Hosho Services Co., Ltd. and Hokugin Software Co., Ltd. came under the control of the Company. Nihonkai Services Co., Ltd. was formed as a wholly-owned subsidiary of the Company on December 25, 2003.

On September 1, 2004, The Hokkaido Bank, Ltd. and Dogin Business Service, Ltd., its consolidated subsidiary, became the Company's consolidated subsidiaries by a way of stock-to-stock exchange ("kabushiki-kokan").

On March 1, 2006, Dogin Card Co., Ltd., formerly an equity-method affiliate of the Company, was included in the scope of consolidation after the Company's subsidiary, Hokkaido Bank, acquired additional shares of Dogin Card.

The consolidated financial statements as of March 31, 2008 include the accounts of the Company and its 15 subsidiaries (together, the "Group"). The consolidated subsidiaries are listed below.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in one associated company is accounted for by the equity method. The associated company is also listed below.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

Consolidated subsidiaries	Capital (¥mil)	Ownership (%)
Hokuriku Bank, Ltd.	140,409	100.00
Hokkaido Bank, Ltd.	93,524	100.00
Hokugin Lease Co., Ltd.	100	70.25
Hokuriku Card Co., Ltd.	36	87.39
Hokuriku Hosho Services Co., Ltd.	50	100.00
Hokugin Software Co., Ltd.	30	100.00
Nihonkai Services Co., Ltd.	500	100.00
Hokugin Business Services Co., Ltd.	30	(100.00)
Hokugin Office Services Co., Ltd.	20	(100.00)
Hokugin Real Estate Services Co., Ltd.	100	(100.00)
Hokugin Shisankanri Co., Ltd.	100	(100.00)
Hokuriku International Cayman Ltd.	US$1,000	(100.00)
Hokugin Corporate Co., Ltd.	100	(100.00)
Dogin Business Service, Ltd.	50	(100.00)
Dogin Card Co., Ltd.	1,226	(100.00)

Notes: 1. Ownership figures in parentheses are inclusive of cross-shareholdings.
2. The two subsidiaries whose balance sheet date differs from the date of the Company are consolidated using their financial statements based on their tentative settlement of accounts at the consolidated balance sheet date.

Associated company	Capital (¥mil)	Ownership (%)
Hokuriku Capital Co., Ltd.	250	(38.75)

Note: Ownership figure in parentheses is inclusive of cross-shareholdings.

Assets and liabilities of consolidated subsidiaries are valued at fair value at the respective dates of acquisition, and goodwill and negative goodwill is amortized using the straight-line method over 20 years and 5 years, respectively.

3. Significant Accounting Policies

(1) Trading assets/liabilities and trading income/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheets on a trade date basis. Income and losses on trading purpose transactions are recognized on a trade date basis, and recorded as "Trading income" and "Trading losses."

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

"Trading income" and "Trading losses" include interest received or paid during the fiscal year, the year-on-year valuation differences of securities and monetary claims and the year-on-year valuation difference of the derivatives assuming that the settlement will be made in cash.

The Group presents foreign currency translation differences arising from currency swaps for trading purposes as "Trading assets" or "Trading liabilities" on a gross basis, pursuant to the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

(2) Securities

As for securities other than trading purposes, debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method.

Securities other than trading purpose securities and held-to-maturity securities are classified as available-for-sale securities. Shares in available-for-sale securities that have market prices are carried at their average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Available-for-sale securities with no available market prices are carried at cost or amortized cost using the moving-average method. Valuation difference on available-for-sale securities, net of income taxes, are included in "Net assets."

Securities included in money held in trust are carried in the same method as for securities mentioned above.

(3) Derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

(4) Depreciation method

a. Tangible fixed assets

The Company and the consolidated banking subsidiaries depreciate their equipment on the declining-balance method and their premises principally on the straight-line method.

The estimated useful lives of major items are as follows:

Buildings: 6 to 50 years

Equipment: 3 to 20 years

Consolidated non-banking subsidiaries depreciate their equipment and premises principally on the declining-balance method over their expected useful life.

Lease assets are depreciated on the straight-line method over the number of years until their lease expires, and their estimated disposal value at that time serves as their residual value. An additional depreciation is recorded in order to provide for any possible contingency involving customers, and such expense in the year ended March 31, 2008 is ¥132 million and comes to ¥237 million on an accumulated basis.

b. Intangible fixed assets

Intangible fixed assets are depreciated on the straight-line method, and capitalized software for internal use owned by consolidated subsidiaries is depreciated using the straight-line method over its estimated useful life (mainly six years).

(5) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(6) Allowance for loan losses

Allowance for loan losses of consolidated banking subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ("effectively bankrupt borrowers"), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy, a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For other claims, after classification, the allowance is provided based on the historical loan-loss ratio.

Branches and credit supervisory departments assess all claims in accordance with the internal rules for self-assessment of assets, and the credit review department, independent from these operating sections, audits their assessment. The allowance is provided based on the results of these assessments.

The Company and its non-banking consolidated subsidiaries also carry out asset self-assessment utilizing the similar methods to those employed by the consolidated subsidiaries engaging in banking operations to make provisions for doubtful accounts in the amount deemed necessary.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off was ¥135,533 million ($1,352,768 thousand) and ¥163,826 million at March 31, 2008 and 2007, respectively.

(7) Reserve for employee bonuses

Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the respective fiscal year.

(8) Reserve for employee retirement benefits

Reserve for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal-year end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end.

Unrecognized prior service costs are amortized using the straight-line method, over eight or nine years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method, over eight or nine years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Unrecognized net transitional obligation from the initial application of the new accounting standard for employee retirement benefits (¥28,464 million) is amortized primarily using straight-line method over 15 years.

(9) Reserve for contingent loss

Reserve for contingent loss is provided for possible losses in accordance with the Joint Responsibility System of Credit Guarantee Corporations which was introduced on October 1, 2007.

(10) Reserve for reimbursement of deposits

Reserve for reimbursement of deposits which were not previously recognized as liabilities under certain conditions is provided for possible losses on the future claims of withdrawal based on the historical reimbursement experience.

Formerly, deposits which were derecognized from liabilities were expended when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amounts as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Law and Reserve for Retirement of Benefits to Director and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No.42) for the year ended March 31, 2008. As a result, Income before income taxes and minority interests decreased by ¥2,777 million ($27,723 thousand).

(11) Translation of foreign currency assets and liabilities

Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date.

(12) Lease transactions

Financing leases excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.

(13) Accounting for significant hedges

a. Interest risk hedges

The consolidated banking subsidiaries hedge interest rate risks arising from their financial assets and liabilities by employing the technique known as "individual hedging" that establishes a specific position to directly hedge a particular item. Such hedges, limited to certain assets and liabilities, are accounted for by the deferred method or, where appropriate interest rate swaps are involved, by the special rule method.

b. Foreign currency risk hedges

The consolidated banking subsidiaries hedge currency exchange fluctuation risks arising from their foreign currency denominated financial assets and liabilities. Such hedges are accounted for by the deferred method specified in the "Accounting and Auditing Treatments in Banking Business in Accounting for Foreign Currency Denominated Transactions and Others" (JICPA Industry Audit Committee Report No. 25).

The effectiveness of hedges is assessed as follows: where currency swap transactions and exchange swap transactions are used as hedging instruments to offset exchange fluctuation risks arising from foreign currency denominated financial assets and liabilities, it is assessed by verifying the agreement of the amounts of the designated hedging instruments with corresponding hedged foreign currency financial assets and liabilities.

Consolidated non-banking subsidiaries are not engaged in hedging operations using derivative transactions.

(14) Per share information

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted earnings per share reflects the potential dilution that could occur if preferred stocks were converted into common stocks.

(15) Accounting for consumption tax

National and local consumption taxes are accounted for by the tax exclusion method.

However, a range of consumption taxes on equipment and premises that cease qualifying for exclusion is expensed as incurred.

(16) Accounting for income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(17) Cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand and demand deposits with the Bank of Japan.

4. Trading Accounts

Trading accounts as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
Assets	**2008**	2007	**2008**
Trading securities	**¥4,125**	¥6,349	**$41,175**
Trading-related financial derivatives	**3,826**	2,940	**38,194**
Total	**¥7,952**	¥9,290	**$79,369**

	Millions of yen		Thousands of U.S. dollars
Liabilities	**2008**	2007	**2008**
Trading-related financial derivatives	**¥1,563**	¥718	**$15,609**
Total	**¥1,563**	¥718	**$15,609**

5. Securities

Securities as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Japanese government bonds	**¥ 701,755**	¥ 706,877	**$ 7,004,245**
Japanese local government bonds	**216,978**	161,707	**2,165,670**
Japanese corporate bonds	**445,971**	421,966	**4,451,253**
Japanese stocks	**167,742**	225,348	**1,674,241**
Other securities	**128,722**	133,960	**1,284,786**
Total	**¥1,661,169**	¥1,649,859	**$16,580,195**

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Bills discounted	¥ 124,166	¥ 141,093	$ 1,239,310
Loans on bills	586,733	687,112	5,856,211
Loans on deeds	5,111,434	4,961,956	51,017,416
Overdrafts	1,049,048	1,023,316	10,470,590
Total	¥6,871,383	¥6,813,479	$68,583,527

Loans and bills discounted include loans to borrowers under bankruptcy proceedings, overdue loans, loans overdue for at least three months and restructured loans.

The amounts of these loans are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Loans to borrowers under bankruptcy proceedings	¥ 22,756	¥ 23,526	$ 227,131
Overdue loans	193,383	233,667	1,930,164
Loans overdue for at least three months	172	232	1,720
Restructured loans	47,643	61,809	475,534
Total	¥263,955	¥319,235	$2,634,549

These amounts represent the amount before deduction of the allowance for loan losses.

7. Foreign Exchanges

Foreign exchanges as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Assets			
Due from foreign banks	¥ 7,751	¥ 7,150	$ 77,365
Foreign exchange bills bought	2,039	2,478	20,358
Foreign exchange bills receivable	4,238	6,029	42,302
Total	¥14,029	¥15,657	$140,025
Liabilities			
Due to foreign banks	¥ 82	¥ 216	$ 819
Foreign exchange bills sold	184	158	1,841
Foreign exchange bills payable	4	35	41
Total	¥ 270	¥ 411	$ 2,701

8. Tangible fixed assets

The accumulated depreciation amounted to ¥162,428 million ($1,621,209 thousand) and ¥164,884 million as of March 31, 2008 and 2007, respectively.

The book value of tangible fixed assets adjusted for gains on sales of replaced assets amounted to ¥3,898 million ($38,915 thousand) and ¥3,835 million as of March 31, 2008 and 2007, respectively.

9. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees is also shown on the assets side, which represents the Bank's right of indemnity from the applicants.

Guarantees obligations on securities issued by private placement (pursuant to Article 2, Clause 3 of the Japanese Financial Instruments and Exchange Law) amounted to ¥112,895 million ($1,126,812 thousand) and ¥112,115 million as of March 31, 2008 and 2007, respectively.

10. Pledged Assets

Assets that are pledged as collateral as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Assets that are pledged as collateral:			
Securities	¥175,406	¥186,049	$1,750,741
Loans and bills discounted	370,693	253,347	3,699,900
Obligations corresponding to collateral assets:			
Deposits	¥ 61,268	¥ 48,089	$ 611,525
Payables under securities lending transactions	6,492	42,777	64,802
Call money and bills sold	30,000	30,000	299,431
Borrowed money	172,300	177,200	1,719,733

In addition to the assets presented above, the following assets were pledged as collateral relating to transactions on exchange settlements or as substitutes for futures transaction margins as of March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Securities	¥204,844	¥186,590	$2,044,556
Other assets	58	58	580

Other assets included guarantee deposits of ¥4,449 million ($44,415 thousand) and ¥4,730 million as of March 31, 2008 and 2007, respectively.

11. Deposits

Deposits as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current deposits, ordinary deposits, saving deposits and deposits at notice	¥4,009,612	¥4,260,437	$40,020,087
Time deposits and installment savings	4,157,401	3,980,785	41,495,174
Other deposits	173,817	134,100	1,734,881
Subtotal	¥8,340,831	¥8,375,324	$83,250,142
NCDs	94,793	82,945	946,136
Total	¥8,435,625	¥8,458,269	$84,196,278

12. Borrowed Money

Borrowed money includes ¥50,500 million ($504,042 thousand) and ¥43,000 million of subordinated borrowed money as of March 31, 2008 and 2007, respectively.

13. Bonds Payable

Bonds payable include ¥66,500 million ($663,739 thousand) and ¥70,400 million of subordinated bonds as of March 31, 2008 and 2007, respectively.

14. Revaluation Reserve for Land

Under the "Law Concerning Land Revaluation," Hokuriku Bank, Ltd. revaluated its own land for business operation as of March 31, 1998. The revaluation gain is included in net assets as "Revaluation reserve for land." The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥22,068 million ($220,264 thousand) and ¥22,124 million as of March 31, 2008 and 2007, respectively.

15. Capital Stock

Information with respect to capital stock of the Company as of March 31, 2008 and 2007 is as follows:

	2008	2007
Number of shares:		
Authorized:		
Common	**2,800,000,000**	2,800,000,000
Preferred (Type 1)	**400,000,000**	400,000,000
Preferred (Type 2)	**200,000,000**	200,000,000
Preferred (Type 3)	**200,000,000**	200,000,000
Preferred (Type 4)	**90,000,000**	90,000,000
Preferred (Type 5)	**110,000,000**	110,000,000
Issued and outstanding:		
Common	**1,391,630,146**	1,391,630,146
Preferred (Type 1)	**80,000,000**	150,000,000
Preferred (Type 4)	**79,000,000**	79,000,000
Preferred (Type 5)	**107,432,000**	107,432,000

(1) Preferred Stock (Type 1 and Type 4)

Preferred stocks (Type 1 and Type 4) are noncumulative and nonparticipating for dividend payments, and stockholders of the preferred stock are not entitled to vote at a general meeting of stockholders except when the proposal to pay the prescribed dividends to stockholders is not submitted to the general meeting of stockholders or is rejected at the general meeting of stockholders.

Annual dividends per share of preferred stock (Type 1 and Type 4) are paid to stockholders by ¥7.70 and ¥6.62, respectively.

In cases of liquidation distribution, stockholders of preferred stock (Type 1 and Type 4) will receive ¥500 and ¥570 per share, respectively, and will not have the right to participate in any further liquidation distribution.

The Company may, at any time, purchase and retire preferred stocks out of earnings available for distribution to the stockholders.

Stockholders of preferred stock (Type 1 and Type 4) may request the Company to convert their preferred stocks into common stocks. The period during which the conversion may be requested (the "conversion period") and the terms and conditions of conversion with respect to preferred stock (Type 1 and Type 4) were determined by the resolution made in accordance with the provisions of the Corporate Law of Japan ("the Corporate Law"), of a stockholders meeting of the Company. The conditions of conversion of preferred stock (Type 1 and Type 4) were determined by the resolution of the Board of Directors relating to the issuance of the relevant preferred stocks. The conversion period and conversion price* of each type of preferred stock are as follows:

Preferred stock (Type 1): September 1, 2004 to July 29, 2010 ¥402.10
Preferred stock (Type 4): September 1, 2004 to July 31, 2010 ¥402.10

* Conversion prices are reset and adjusted pursuant to the appointed rules governing conversion of the preferred stocks.

Any preferred stock (Type 1 and Type 4) with respect to which conversion has not been requested during the conversion period shall be mandatorily converted, as of the date immediately following the last day of the conversion period (the "mandatory conversion date"), into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the average of the daily closing prices per share of common stock in regular transactions at the Tokyo Stock Exchange on each of the 30 consecutive trading days (excluding any day on which the closing price is not available) commencing on the 45th trading day preceding the mandatory conversion date. If such average price is less than ¥150 and ¥137.50, in the case of preferred stock (Type 1 and Type 4), respectively, then the preferred stock shall be converted into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the relevant amount described above:

Preferred stock (Type 1): ¥500 per share
Preferred stock (Type 4): ¥570 per share

(2) Preferred stock (Type 5)

Preferred stock (Type 5) is noncumulative and nonparticipating for dividend payments, and stockholders of the preferred stock (Type 5) are not entitled to vote at a general meeting of stockholders except when the proposal to pay the prescribed dividends to stockholders is not submitted to the general meeting of stockholders or is rejected at the general meeting of stockholders.

Annual dividends per share of preferred stock (Type 5) are paid to stockholders by ¥15.00.

16. Shareholders' Equity

Since May 1, 2006, Japanese banks have been subject to the Banking Law and the Corporate Law, which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/decreases and transfer of common stock, reserve and surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by a formula stipulated by the Corporate Law.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of net assets.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

17. Per Share Information

	Yen	
	2008	2007
Net assets per share	¥225.62	¥227.57
Basic earnings per share	¥ 25.81	¥ 27.93
Diluted earnings per share	¥ 23.48	¥ 23.05

Reconciliation of the differences between basic and diluted earnings per share for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen	Thousands of shares	Yen
	Net income	Weighted average shares	Earnings per share
For the year ended March 31, 2008:			
Basic earnings per share			
Net income available to common stockholders	¥35,889	1,390,354	¥25.81
Effect of dilutive securities			
Preferred stock	1,138	186,203	
Diluted earnings per share			
Net income for computation	¥37,028	1,576,557	¥23.48
For the year ended March 31, 2007:			
Basic earnings per share			
Net income available to common stockholders	¥37,353	1,337,204	¥27.93
Effect of dilutive securities			
Preferred stock	1,677	355,749	
Diluted earnings per share			
Net income for computation	¥39,031	1,692,954	¥23.05

18. Fees and Commissions

Fees and commissions for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Fees and commissions (income)			
Deposits and loans	¥11,121	¥11,097	$111,001
Remittances and transfers	13,205	13,661	131,804
Securities-related business	9,470	9,553	94,528
Others	13,478	13,358	134,529
Total	¥47,275	¥47,670	$471,862

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Fees and commissions (expenses)			
Remittances and transfers	¥ 2,156	¥ 2,212	$ 21,528
Others	9,052	8,446	90,356
Total	¥11,209	¥10,658	$111,884

19. Trading Income and Losses

	Millions of yen		Thousands of U.S. dollars
(a) Trading income	2008	2007	2008
Income from trading securities	¥ 250	¥ 350	$ 2,502
Income from trading derivatives	1,038	1,060	10,370
Total	¥1,289	¥1,411	$12,872

	Millions of yen		Thousands of U.S. dollars
(b) Trading losses	2008	2007	2008
Losses on trading securities	—	—	—
Total	—	—	—

20. Other Expenses

Included in other expenses for the fiscal year ended March 31, 2008 and 2007 were write-offs of loans and bills discounted of ¥1,282 million ($12,796 thousand) and ¥1,035 million, impairment losses on stocks and other securities of ¥8,482 million ($84,661 thousand) and ¥595 million, losses on sales of loans of ¥1,719 million ($17,165 thousand) and ¥1,795 million, respectively.

21. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.43% for the years ended March 31, 2008 and 2007, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which generated deferred tax assets and liabilities at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Allowance for loan losses	¥ 75,921	¥ 92,043	$ 757,771
Depreciation	2,083	2,127	20,792
Reserve for employee retirement benefits	15,608	14,231	155,788
Loss on valuation of securities	12,827	11,072	128,030
Valuation difference on available-for-sale securities	4,208	—	42,007
Other	4,896	3,404	48,875
Operating loss carryforwards	29,777	43,252	297,213
Subtotal	145,323	166,132	1,450,476
Less: Valuation allowance	73,681	75,984	735,421
Total deferred tax assets	71,641	90,148	715,055
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ —	¥ 17,218	$ —
Book-value correction for securities	6,073	—	60,618
Other	910	842	9,090
Total deferred tax liabilities	6,984	18,061	69,708
Net deferred tax assets	¥ 64,657	¥ 72,086	$ 645,347

22. Cash and Cash Equivalents

The reconciliations of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and due from banks" in consolidated balance sheets as of March 31, 2008 and 2007, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash and due from banks in balance sheet	¥282,827	¥251,379	$2,822,913
Due from banks except for deposits with the Bank of Japan	(117,492)	(20,221)	(1,172,698)
Cash and cash equivalents in the statements of cash flows	¥165,335	¥231,158	$1,650,215

23. Commitment Lines

Loan agreements and commitment line agreements relating to loans are agreements, which oblige the Group to lend funds up to a certain limit agreed in advance. The Group makes the loans upon the request of an obligor to draw down funds under such loan agreements, as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balance relating to these loan agreements amounted to ¥2,247,264 million ($22,430,026 thousand) and ¥2,275,536 million as of March 31, 2008 and 2007, respectively, out of which, ¥2,206,850 million ($22,026,657 thousand) and ¥2,225,144 million related to loans where the term of the agreement is one year or less, or unconditional cancellation of the agreement is allowed at any time, as of March 31, 2008 and 2007, respectively.

In many cases the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements which allow the Group either to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial condition, or when it is necessary to do so in order to protect the Group's credit. The Group takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Bank and its consolidated subsidiaries in the form of real estate, securities etc. on signing the loan agreement, or in accordance with the Group's established internal procedures confirming the obligor's financial condition etc. at regular intervals.

24. Segment Information

(a) Segment information by business

For the fiscal years ended March 31, 2008 and 2007 consolidated results by business segment are as follows:

	Millions of yen					
	2008					
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I. Ordinary income						
(1) Ordinary income from outside customers	¥ 235,686	¥16,417	¥ 9,153	¥ 261,257	¥ —	¥ 261,257
(2) Ordinary income from intersegment transactions	1,915	1,385	6,804	10,106	(10,106)	—
Total	237,602	17,803	15,958	271,363	(10,106)	261,257
Ordinary expenses	173,650	17,448	13,417	204,516	(9,576)	194,940
Ordinary profits (loss)	¥ 63,952	¥ 354	¥ 2,540	¥ 66,846	¥ (529)	¥ 66,317
II. Identifiable assets	¥9,546,268	¥45,428	¥157,976	¥9,749,674	¥(181,709)	¥9,567,964
Depreciation expense	5,958	9,639	390	15,988	—	15,988
Losses on impairment of fixed assets	244	—	—	244	—	244
Capital expenditures	7,585	10,190	365	18,141	—	18,141

	Millions of yen					
	2007					
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I. Ordinary income						
(1) Ordinary income from outside customers	¥ 217,318	¥16,750	¥ 8,199	¥ 242,268	¥ —	¥ 242,268
(2) Ordinary income from intersegment transactions	1,509	1,385	6,553	9,448	(9,448)	—
Total	218,828	18,136	14,752	251,716	(9,448)	242,268
Ordinary expenses	150,821	17,700	12,384	180,906	(8,655)	172,251
Ordinary profits (loss)	¥ 68,006	¥ 435	¥ 2,368	¥ 70,810	¥ (792)	¥ 70,017
II. Identifiable assets	¥9,602,495	¥46,366	¥176,393	¥9,825,255	¥(187,113)	¥9,638,142
Depreciation expense	5,594	10,123	393	16,111	—	16,111
Losses on impairment of fixed assets	48	—	0	48	—	48
Capital expenditures	4,985	10,558	215	15,759	—	15,759

	Thousands of U.S. dollars					
	2008					
	Banking	Lease	Other business	Total	Elimination or corporate	Consolidated
I. Ordinary income						
(1) Ordinary income from outside customers	$ 2,352,397	$163,864	$ 91,361	$ 2,607,622	$ —	$ 2,607,622
(2) Ordinary income from intersegment transactions	19,120	13,832	67,919	100,871	(100,871)	—
Total	2,371,517	177,696	159,280	2,708,493	(100,871)	2,607,622
Ordinary expenses	1,733,207	174,159	133,925	2,041,291	(95,582)	1,945,709
Ordinary profits (loss)	$ 638,310	$ 3,537	$ 25,355	$ 667,202	$ (5,289)	$ 661,913
II. Identifiable assets	$95,281,652	$453,428	$1,576,768	$97,311,848	$(1,813,651)	$95,498,197
Depreciation expense	59,472	96,214	3,901	159,587	—	159,587
Losses on impairment of fixed assets	2,445	—	—	2,445	—	2,445
Capital expenditures	75,706	101,712	3,652	181,070	—	181,070

(b) Segment information by location

As operations in Japan, in terms of all segments and total assets for all segments, accounted for more than 90% of total ordinary profits, information by location has been omitted.

(c) Segment information about the ordinary profits from international operations

As ordinary profits from international operations accounted for less than 10% of total ordinary profits, information about the ordinary profits from international operations has been omitted.

25. Lease Transactions

Finance lease transactions that do not transfer ownership of the leased property to the lessee for the years ended March 31, 2008 and 2007 are as follows:

(Lessee)

Pro forma information with respect to the leased property, such as acquisition cost, accumulated depreciation and net book value at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Acquisition cost	¥4,207	¥3,736	$41,999
Accumulated depreciation	1,763	1,191	17,602
Net book value	¥2,444	¥2,544	$24,397

Pro forma amounts of obligations under finance lease at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Within one year	¥ 690	¥ 595	$ 6,894
Over one year	1,753	1,948	17,504
Total	¥2,444	¥2,544	$24,398

Pro forma information concerning lease payments and depreciation expense for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Lease payments	¥659	¥435	$6,582
Depreciation expense	659	435	6,582

The method of calculating the pro forma amounts of depreciation expense for the years ended March 31, 2008 and 2007 are as follows:

Depreciation is computed based on the straight-line method over the period of lease, with no residual value.

(Lessor)

Acquisition cost, accumulated depreciation and balance at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Acquisition cost	¥46,459	¥48,609	$463,714
Accumulated depreciation	21,735	22,927	216,947
Balance at year-end	¥24,723	¥25,681	$246,767

The pro forma amounts of lease receivable under finance lease at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Within one year	¥ 8,953	¥ 9,491	$ 89,365
Over one year	17,615	17,683	175,824
Total	¥26,569	¥27,175	$265,189

Lease payments received and depreciation expense for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Lease payments received	¥10,717	¥11,508	$106,975
Depreciation expense	9,636	10,104	96,186

26. Retirement Benefits

(a) Overview of the Group's retirement benefit plans

The Hokuriku Bank, Ltd., provides defined benefit programs that include a corporate pension plan, a qualified retirement pension plan and a retirement lump sum grant. At the time of retirement, employees may be issued a premium retirement grant that is not subject to inclusion in the actuarial computation of projected benefit obligations in conformity to the standards for accounting for retirement benefits. The Hokuriku Bank, Ltd., was approved by the Minister of Health, Labor and Welfare on February 17, 2003, to be relieved of the obligation to administer the future payment service of the government mandated portion of its employees pension fund. The Hokuriku Bank, Ltd. was further approved on March 1, 2005, to switch from the employees pension fund to a corporate pension fund.

The Hokkaido Bank, Ltd., provides defined benefit arrangements that combine a retirement lump sum grant and an employees pension fund plan. The Hokkaido Bank, Ltd., was approved by the Minister of Health, Labor and Welfare on March 26, 2004, to be relieved of the obligation to administer the future payment service of the government mandated portion of the employees pension fund.

The consolidated domestic subsidiaries other than the two noted above provide retirement lump sum grants.

The Company's employees are all on loan from its subsidiaries, and are covered by the retirement benefit program of the subsidiaries from which they each come.

The Hokuriku Bank, Ltd., has established benefit trust arrangements as a part of its plan assets.

(b) Retirement benefit

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Projected benefit obligations (A)	**¥(93,264)**	¥(92,942)	**$(930,878)**
Plan assets at fair value (B)	**61,510**	82,140	**613,941**
Projected benefit obligations in excess of plan assets (C) = (A) + (B)	**(31,753)**	(10,801)	**(316,937)**
Unrecognized transitional obligation (D)	**13,270**	15,165	**132,450**
Unrecognized actuarial differences (E)	**14,081**	(7,765)	**140,546**
Unrecognized prior service costs (F)	**(4,502)**	(6,500)	**(44,939)**
Net projected benefit obligations recognized on the consolidated balance sheets (G) = (C) + (D) + (E) + (F)	**(8,904)**	(9,902)	**(88,880)**
Prepaid pension costs (H)	**2,147**	1,421	**21,431**
Reserve for employee retirement benefits (G) – (H)	**¥(11,052)**	¥(11,323)	**$(110,311)**

(c) Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Service costs	**¥2,042**	¥1,960	**$20,385**
Interest costs on projected benefit obligations	**2,098**	2,092	**20,944**
Expected return on plan assets	**(2,252)**	(1,946)	**(22,486)**
Amortization of unrecognized prior service costs	**(1,997)**	(1,997)	**(19,942)**
Amortization of unrecognized actuarial differences	**(91)**	(959)	**(918)**
Amortization of transitional obligation	**1,895**	1,895	**18,921**
Other (additional payments, including premium retirement benefits)	**287**	341	**2,872**
Net periodic retirement benefit expenses	**¥1,981**	¥1,386	**$19,776**

(d) Assumptions for calculation of projected benefit obligations

	2008	2007
(1) Discount rate	**2.0% – 2.5%**	2.0% – 2.5%
(2) Expected rate of return on pension assets	**3.5% – 4.0%**	3.0% – 4.0%
(3) Method of benefit attribution	**Straight-line method**	Straight-line method
(4) Period of amortization of unrecognized prior service costs	**8 or 9 years**	8 or 9 years
(5) Period of amortization of unrecognized actuarial differences	**8 or 9 years**	8 or 9 years
(6) Period of amortization of transitional obligation	**15 years**	15 years

27. Market Value of Securities and Money Held in Trust

(1) Securities

The market value of securities at March 31, 2008 and 2007 was as follows:

1. The amounts shown in the following tables include trading securities classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and commercial papers and beneficiary claims on loan trusts classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheets.
2. Investments in subsidiaries and affiliates have no market quotations.

(a) Securities classified as trading purposes

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Consolidated balance sheet amount	**¥4,125**	¥6,349	**$41,176**
Valuation gains included in the earnings for the fiscal year	**39**	4	**399**

(b) Bonds classified as held-to-maturity with market value

	Millions of yen				
March 31, 2008	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	**¥13,854**	**¥14,278**	**¥423**	**¥423**	**¥ —**
Japanese local government bonds	**10,878**	**10,901**	**22**	**22**	**0**
Japanese corporate bonds	**53,459**	**53,269**	**(189)**	**41**	**230**
Other	**17,135**	**16,938**	**(196)**	**19**	**216**
Total	**¥95,327**	**¥95,387**	**¥ 59**	**¥507**	**¥447**

	Millions of yen				
March 31, 2007	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	¥11,837	¥11,966	¥ 129	¥142	¥ 13
Japanese local government bonds	10,963	10,966	3	6	3
Japanese corporate bonds	57,746	57,728	(17)	70	88
Other	18,973	18,625	(347)	17	365
Total	¥99,521	¥99,288	¥(233)	¥237	¥470

	Thousands of U.S. dollars				
March 31, 2008	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	**$138,285**	**$142,514**	**$4,229**	**$4,229**	**$ —**
Japanese local government bonds	**108,579**	**108,806**	**227**	**228**	**1**
Japanese corporate bonds	**533,579**	**531,688**	**(1,891)**	**412**	**2,303**
Other	**171,026**	**169,059**	**(1,967)**	**194**	**2,161**
Total	**$951,469**	**$952,067**	**$ 598**	**$5,063**	**$4,465**

Note: Market value is calculated by using market prices at the fiscal year-end.

(c) Available-for-sale securities with market value

	Millions of yen				
March 31, 2008	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	**¥ 123,196**	**¥ 136,411**	**¥13,215**	**¥22,579**	**¥ 9,364**
Bonds	**1,185,426**	**1,169,342**	**(16,083)**	**4,949**	**21,032**
Japanese government bonds	**705,534**	**687,900**	**(17,634)**	**2,072**	**19,707**
Japanese local government bonds	**204,864**	**206,099**	**1,235**	**1,772**	**536**
Japanese corporate bonds	**275,027**	**275,342**	**315**	**1,104**	**789**
Other	**121,064**	**114,862**	**(6,202)**	**792**	**6,994**
Total	**¥1,429,687**	**¥1,420,616**	**¥ (9,070)**	**¥28,321**	**¥37,391**

March 31, 2007	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
	Millions of yen				
Stocks	¥ 128,673	¥ 189,891	¥61,218	¥64,006	¥ 2,788
Bonds	1,117,355	1,092,252	(25,103)	602	25,705
Japanese government bonds	715,076	695,039	(20,037)	97	20,134
Japanese local government bonds	152,558	150,743	(1,814)	308	2,123
Japanese corporate bonds	249,720	246,468	(3,251)	195	3,447
Other	115,857	116,850	992	2,946	1,953
Total	¥1,361,886	¥1,398,994	¥37,107	¥67,555	¥30,447

March 31, 2008	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
	Thousands of U.S. dollars				
Stocks	**$ 1,229,628**	**$ 1,361,530**	**$131,902**	**$225,367**	**$ 93,465**
Bonds	**11,831,780**	**11,671,252**	**(160,528)**	**49,401**	**209,929**
Japanese government bonds	**7,041,966**	**6,865,959**	**(176,007)**	**20,690**	**196,697**
Japanese local government bonds	**2,044,756**	**2,057,091**	**12,335**	**17,691**	**5,356**
Japanese corporate bonds	**2,745,058**	**2,748,202**	**3,144**	**11,020**	**7,876**
Other	**1,208,350**	**1,146,447**	**(61,903)**	**7,905**	**69,808**
Total	**$14,269,758**	**$14,179,229**	**$ (90,529)**	**$282,673**	**$373,202**

Note: Consolidated balance sheet amount is determined as follows:
Stocks — Average market price during one month before the fiscal year-end
Bonds and other — Market price at the fiscal year-end

(d) Available-for-sale securities sold during the years ended March 31, 2008 and 2007

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Proceeds from sales	**¥474,673**	¥190,377	**$4,737,730**
Gains on sales	**10,160**	1,504	**101,416**
Losses on sales	**891**	2,884	**8,898**

(e) Securities with no available market value

March 31	Millions of yen		Thousands of U.S. dollars
	Consolidated balance sheet amount		
	2008	2007	**2008**
Bonds classified as held-to-maturity	**¥ 36,627**	¥ 33,977	**$ 365,580**
Privately placed bonds	**36,627**	33,977	**365,580**
Available-for-sale securities	**264,689**	286,009	**2,641,879**
Unlisted stocks	**31,087**	35,029	**310,285**
Unlisted foreign securities	**1**	1	**12**
Other	**233,601**	250,979	**2,331,582**

(f) Change in classification of securities

Not applicable.

(g) Redemption schedule of available-for-sale securities with maturities and held-to-maturity bonds

March 31, 2008	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
	Millions of yen			
Bonds	**¥222,776**	**¥625,987**	**¥368,651**	**¥147,289**
Japanese government bonds	**120,085**	**212,022**	**223,249**	**146,397**
Japanese local government bonds	**21,002**	**115,956**	**80,019**	**—**
Japanese corporate bonds	**81,688**	**298,008**	**65,382**	**892**
Other	**13,267**	**43,666**	**35,118**	**14,329**
Total	**¥236,043**	**¥669,654**	**¥403,770**	**¥161,619**

March 31, 2007	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
	Millions of yen			
Bonds	¥120,063	¥550,937	¥418,312	¥201,236
Japanese government bonds	52,568	204,479	250,931	198,897
Japanese local government bonds	9,438	82,198	70,070	—
Japanese corporate bonds	58,056	264,259	97,310	2,339
Other	6,625	49,416	39,909	15,083
Total	¥126,689	¥600,354	¥458,222	¥216,320

March 31, 2008	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
	Thousands of U.S. dollars			
Bonds	**$2,223,539**	**$6,248,000**	**$3,679,523**	**$1,470,105**
Japanese government bonds	**1,198,579**	**2,116,204**	**2,228,262**	**1,461,200**
Japanese local government bonds	**209,625**	**1,157,364**	**798,681**	**—**
Japanese corporate bonds	**815,335**	**2,974,432**	**652,580**	**8,905**
Other	**132,420**	**435,841**	**350,521**	**143,025**
Total	**$2,355,959**	**$6,683,841**	**$4,030,044**	**$1,613,130**

(2) Money Held in Trust

(a) Money held in trust classified as trading purposes

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Consolidated balance sheet amount	**¥4,780**	¥7,423	**$47,714**
Valuation gains (losses) included in profit/loss during the year	**(36)**	56	**(360)**

(b) Money held in trust classified as held-to-maturity

Not applicable

(c) Other money held in trust

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Acquisition cost	**¥2,500**	¥7,500	**$24,952**
Consolidated balance sheet amount	**2,496**	7,517	**24,918**
Net unrealized gains	**(3)**	17	**(34)**
Unrealized gains	**0**	29	**1**
Unrealized losses	**3**	11	**35**

Note: Consolidated balance sheet amount is calculated by using market prices at the fiscal year-end.

(3) Net Unrealized Gains on Available-for-Sale Securities and Other Money Held in Trust

	Millions of yen		Thousands of U.S. dollars
March 31	**2008**	2007	**2008**
Net unrealized gains	**¥(9,073)**	¥37,125	**$(90,564)**
Available-for-sale securities	**(9,070)**	37,107	**(90,530)**
Other money held in trust	**(3)**	17	**(34)**
Net deferred taxes (liabilities)	**4,208**	(11,352)	**42,008**
Net unrealized gains (losses) (before following adjustments)	**(4,864)**	25,772	**(48,556)**
(–) Minority interests	**0**	16	**10**
(+) The Group's interest in net unrealized gains on available-for-sale securities held by affiliates accounted for by the equity method	**142**	322	**1,427**
Net unrealized gains	**¥(4,722)**	¥26,078	**$(47,139)**

28. Derivatives

The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd. (together, the “Banks”) use swaps, futures, forward and option contracts, and other similar types of contracts based on either interest rates, foreign exchange rates or securities prices.

The purpose for using financial derivative products are 1) to meet the hedging needs of customers, 2) to reduce market risks related to the assets and liabilities and 3) for trading purposes under the strict risk management structure.

Derivative transactions are accompanied by losses arising from credit risk and losses resulting from market risk.

Derivatives transactions entered into by the Banks have been made in accordance with its risk management policies and procedures, and positions, gain- and-loss amounts, risk amounts and other information regarding the status of trading transactions are reported to the management board.

· Interest Rate-Related Transactions

	Millions of yen		
March 31, 2008	Contract Value	Market Value	Recognized Gain (Loss)
Over-the-counter transactions			
Swaps			
Receive/fixed and pay/floating	**¥644,990**	**¥5,031**	**¥ 5,031**
Receive/floating and pay/fixed	**678,218**	**(2,130)**	**(2,130)**
Options/sell	**387,051**	**(2,813)**	**5,525**
Options/buy	**379,396**	**2,815**	**2,815**
Others/sell	**53,974**	**(221)**	**2,183**
Others/buy	**32,438**	**184**	**(452)**
Total	**/**	**¥2,867**	**¥12,973**

	Millions of yen		
March 31, 2007	Contract Value	Market Value	Recognized Gain (Loss)
Over-the-counter transactions			
Swaps			
Receive/fixed and pay/floating	¥573,425	¥(3,840)	¥ (3,840)
Receive/floating and pay/fixed	602,067	7,232	7,232
Options/sell	362,062	(867)	7,244
Options/buy	352,339	866	866
Others/sell	87,362	(359)	2,782
Others/buy	56,456	397	(397)
Total	/	¥ 3,428	¥13,887

	Thousands of U.S. dollars		
March 31, 2008	Contract Value	Market Value	Recognized Gain (Loss)
Over-the-counter transactions			
Swaps			
Receive/fixed and pay/floating	**$6,437,669**	**$50,221**	**$ 50,221**
Receive/floating and pay/fixed	**6,769,323**	**(21,261)**	**(21,261)**
Options/sell	**3,863,173**	**(28,084)**	**55,151**
Options/buy	**3,786,773**	**28,104**	**28,104**
Others/sell	**538,726**	**(2,207)**	**21,797**
Others/buy	**323,768**	**1,845**	**(4,520)**
Total	**/**	**$28,618**	**$129,492**

· Foreign Exchange-Related Transactions

	Millions of yen		
March 31, 2008	Contract Value	Market Value	Recognized Gain (Loss)
Over-the-counter transactions			
Swaps	**¥ 68,042**	**¥ 298**	**¥ 298**
Forward contracts/sell	**15,819**	**344**	**344**
Forward contracts/buy	**15,158**	**(712)**	**(712)**
Options/sell	**848,434**	**(71,417)**	**(2,253)**
Options/buy	**848,434**	**71,417**	**18,372**
Total	**/**	**¥ (69)**	**¥16,049**

March 31, 2007	Millions of yen Contract Value	Market Value	Recognized Gain (Loss)
Over-the-counter transactions			
Swaps	¥ 66,074	¥ 300	¥ 300
Forward contracts/sell	20,501	(576)	(576)
Forward contracts/buy	25,012	292	292
Options/sell	662,654	(27,230)	18,315
Options/buy	662,654	27,229	(8,063)
Total	/	¥ 15	¥10,267

March 31, 2008	Thousands of U.S. dollars Contract Value	Market Value	Recognized Gain (Loss)
Over-the-counter transactions			
Swaps	**$ 679,132**	**$ 2,984**	**$ 2,984**
Forward contracts/sell	**157,897**	**3,434**	**3,434**
Forward contracts/buy	**151,301**	**(7,108)**	**(7,108)**
Options/sell	**8,468,259**	**(712,816)**	**(22,493)**
Options/buy	**8,468,259**	**712,817**	**183,379**
Total	**/**	**$ (689)**	**$160,196**

At March 31, 2008 and 2007, the Group had no outstanding derivatives contracts in stock related transactions, bond related transactions, commodity related transactions and credit derivative transactions.

29. Subsequent Events

(1) Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2008 were approved at the Company's general stockholders meeting held on June 25, 2008:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥2.50 per share on common stock	¥3,476	$34,699
Cash dividends, ¥3.85 per share on preferred stock (Type 1)	308	3,074
Cash dividends, ¥3.31 per share on preferred stock (Type 4)	261	2,610
Cash dividends, ¥7.50 per share on preferred stock (Type 5)	805	8,042

(2) Acquisition and Retirement of a Portion of Preferred Stock

The Company resolved the acquisition and retirement of the following preferred stock at the meeting of the Board of Directors held on June 23, 2008:

Type of preferred stock acquired	Preferred Stock (Type 1)	Preferred Stock (Type 4)
Total number of stock acquired	30,000,000 shares	17,600,000 shares
Acquisition price per share (yen)	¥600.60	¥687.08
Total acquisition cost (yen)	¥18,018,000,000	¥12,092,608,000
Name of the seller	The Resolution and Collection Corporation	The Resolution and Collection Corporation
Date of acquisition and retirement	June 26, 2008	June 26, 2008

Capital surplus was decreased by ¥30,110 million ($300,535 thousand) as a result of the retirement of the preferred stock in the above.

To the Board of Directors
Hokuhoku Financial Group, Inc.

We have audited the accompanying consolidated balance sheets of Hokuhoku Financial Group, Inc. (the "Company") and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hokuhoku Financial Group, Inc. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information
As discussed in Note 29 to the consolidated financial statements, the Company resolved the acquisition and retirement of the preferred stock at the meeting of the Board of Directors held on June 23, 2008.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon

June 25, 2008

Member of Ernst & Young Global

Deloitte Touche Tohmatsu

June 25, 2008

Member of Deloitte Touche Tohmatsu

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

The Hokuriku Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
March 31	2008	2007	2008
Assets			
Cash and due from banks	¥ 189,431	¥ 140,378	$ 1,890,722
Call loans and bills bought	30,519	120,000	304,621
Monetary claims bought	185,805	199,885	1,854,534
Trading assets	5,463	6,078	54,534
Money held in trust	—	2,426	—
Securities	820,950	853,235	8,193,933
Loans and bills discounted	4,197,098	4,124,931	41,891,388
Foreign exchanges	8,385	9,970	83,692
Other assets	81,848	55,032	816,933
Tangible fixed assets	65,732	64,931	656,075
Intangible fixed assets	3,452	3,880	34,460
Deferred tax assets	42,780	46,053	426,997
Customers' liabilities for acceptances and guarantees	89,640	101,676	894,709
Allowance for loan losses	(51,084)	(57,759)	(509,876)
Allowances for investment losses	(58)	(58)	(579)
Total assets	¥5,669,966	¥5,670,665	$56,592,143

	Millions of yen		Thousands of U.S. dollars
Liabilities and net assets			
Liabilities			
Deposits	¥4,955,752	¥4,976,321	$49,463,548
Call money and bills sold	40,000	31,573	399,241
Payables under securities lending transactions	6,492	13,880	64,803
Trading liabilities	1,566	718	15,631
Borrowed money	249,335	246,256	2,488,631
Foreign exchanges	191	373	1,911
Other liabilities	76,982	51,171	768,364
Reserve for employee retirement benefits	285	209	2,850
Reserve for contingent loss	270	—	2,699
Reserve for reimbursement of deposits	2,232	—	22,279
Deferred tax liabilities for revaluation	9,061	9,087	90,442
Acceptances and guarantees	89,640	101,676	894,709
Total liabilities	5,431,811	5,431,268	54,215,108
Net assets			
Capital stock	140,409	140,409	1,401,432
Capital surplus	14,998	14,998	149,704
Retained earnings	71,645	54,411	715,101
Total shareholders' equity	227,054	209,820	2,266,237
Valuation difference on available-for-sale securities	2,198	20,642	21,944
Deferred gains or losses on hedges	(16)	(23)	(166)
Revaluation reserve for land	8,918	8,957	89,020
Total valuation and translation adjustments	11,100	29,577	110,798
Total net assets	238,155	239,397	2,377,035
Total liabilities and net assets	¥5,669,966	¥5,670,665	$56,592,143

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

The Hokuriku Bank, Ltd.

Years ended March 31	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Income			
Interest income:			
Interest on loans and discounts	¥ 82,696	¥ 76,148	$ 825,396
Interest and dividends on securities	10,431	9,953	104,115
Interest on deposits with other banks	911	640	9,099
Other interest income	3,286	3,279	32,805
Fees and commissions	25,082	25,597	250,352
Trading income	1,150	1,265	11,483
Other operating income	8,342	8,879	83,268
Other income	9,404	4,748	93,864
Total income	141,306	130,512	1,410,382
Expenses			
Interest expenses:			
Interest on deposits	14,743	6,972	147,155
Interest on payables under securities lending transactions	505	851	5,046
Interest on borrowings and rediscounts	2,961	2,394	29,562
Other interest expenses	1,173	2,315	11,712
Fees and commissions	6,584	6,368	65,719
Other operating expenses	0	1	1
General and administrative expenses	50,784	49,332	506,881
Provision of allowance for loan losses	19,404	21,666	193,675
Other expenses	11,867	2,625	118,449
Total expenses	108,024	92,528	1,078,200
Income before income taxes	33,281	37,983	332,182
Income taxes:			
Current	201	88	2,006
Deferred	11,852	19,256	118,303
Net income	¥ 21,227	¥ 18,638	$ 211,873

NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

The Hokkaido Bank, Ltd.

	Millions of yen		Thousands of U.S. dollars
March 31	2008	2007	2008
Assets			
Cash and due from banks	¥ 92,224	¥ 110,593	$ 920,498
Call loans and bills bought	51,001	110,000	509,052
Receivables under securities borrowing transactions	—	21,785	—
Monetary claims bought	1	0	14
Trading account securities	2,488	3,203	24,835
Money held in trust	7,277	12,514	72,633
Securities	893,897	850,659	8,922,021
Loans and bills discounted	2,686,873	2,692,922	26,817,777
Foreign exchanges	5,643	5,687	56,333
Other assets	56,507	46,883	563,999
Tangible fixed assets	26,781	25,747	267,310
Intangible fixed assets	3,004	2,791	29,993
Deferred tax assets	22,828	27,144	227,852
Customers' liabilities for acceptances and guarantees	28,171	30,269	281,185
Allowance for loan losses	(35,834)	(44,074)	(357,670)
Total assets	¥3,840,867	¥3,896,127	$38,335,832
Liabilities and net assets			
Liabilities			
Deposits	¥3,546,510	¥3,541,316	$35,397,851
Payables under securities lending transactions	—	28,896	
Borrowed money	40,000	85,900	399,241
Foreign exchanges	79	37	790
Other liabilities	47,566	34,923	474,759
Reserve for employee retirement benefits	10,415	10,785	103,960
Reserve for contingent loss	328	—	3,283
Reserve for reimbursement of deposits	545	—	5,444
Acceptances and guarantees	28,171	30,269	281,185
Total liabilities	3,673,617	3,732,130	36,666,513
Net assets			
Capital stock	93,524	93,524	933,467
Capital surplus	16,795	16,795	167,632
Retained earnings	57,445	42,942	573,365
Total shareholders' equity	167,764	153,261	1,674,464
Valuation difference on available-for-sale securities	(515)	10,732	(5,145)
Deferred gains or losses on hedges	—	3	—
Total valuation and translation adjustments	(515)	10,735	(5,145)
Total net assets	167,249	163,997	1,669,319
Total liabilities and net assets	¥3,840,867	¥3,896,127	$38,335,832

NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

The Hokkaido Bank, Ltd.

Years ended March 31	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars 2008
Income			
Interest income:			
Interest on loans and discounts	**¥58,728**	¥53,783	**$586,169**
Interest and dividends on securities	**9,408**	9,404	**93,910**
Interest on receivables under resale agreements	**210**	132	**2,099**
Interest on deposits with other banks	**0**	0	**0**
Other interest income	**346**	1,135	**3,454**
Fees and commissions	**18,306**	18,478	**182,717**
Other operating income	**7,178**	3,082	**71,646**
Other income	**1,970**	2,443	**19,665**
Total income	**96,148**	88,461	**959,660**
Expenses			
Interest expenses:			
Interest on deposits	**9,257**	4,486	**92,395**
Interest on payables under securities lending transactions	**17**	25	**179**
Interest on borrowings and rediscounts	**964**	612	**9,624**
Other interest expenses	**1**	6	**17**
Fees and commissions	**6,297**	5,810	**62,853**
Other operating expenses	**1,787**	2,254	**17,836**
General and administrative expenses	**39,370**	37,914	**392,954**
Provision of allowance for loan losses	**4,133**	3,622	**41,252**
Other expenses	**5,859**	2,051	**58,483**
Total expenses	**67,687**	56,782	**675,593**
Income before income taxes	**28,460**	31,678	**284,067**
Income taxes:			
Current	**61**	64	**617**
Deferred	**10,582**	10,896	**105,629**
Net income	**¥17,815**	¥20,717	**$177,821**

The Hokuhoku Financial Group is composed of the holding company and 15 consolidated subsidiaries and one affiliate. Our core business is banking, and we also provide a wider range of services including leases, credit cards, financing, and venture capital. The following is a diagram of our business.

Business Diagram

Hokuhoku Financial Group, Inc

- **The Hokuriku Bank, Ltd.**
  - **Hokugin Business Services Co., Ltd.** (document management, cash management, concentrated business processing)
  - **Hokugin Office Services Co., Ltd.** (Human resource solutions)
  - **Hokugin Real Estate Services Co., Ltd.** (Property management)
  - **Hokugin Shisankanri Co., Ltd.** (Auctioning pledged properties)
  - **Hokuriku International Cayman Limited** (Finance)
  - **Hokugin Corporate Co., Ltd.** (Corporate rehabilitation)
- **Hokugin Lease Co., Ltd.** (Leasing)
- **Hokuriku Card Co., Ltd.** (Credit card operations, loan guarantees)
- **Hokuriku Hosho Services Co., Ltd.** (Credit guarantees)
- **Hokugin Software Co., Ltd.** (Software development)
- **Nihonkai Services Co., Ltd.** (Servicer)
- **Hokuhoku Capital Co., Ltd.*** (Venture capital, IPO consulting)
- **The Hokkaido Bank, Ltd.**
  - **Dogin Business Service, Ltd.** (Document management, cash management, concentrated business processing)
  - **Dogin Card Co., Ltd.** (Credit card operations, loan guarantees)

* Affiliated company

Major subsidiaries

(units: millions of yen, %)

Company name	Address	Main business activities	Established	Capital	FG's share of voting rights	Dividend
The Hokuriku Bank, Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Banking	July 31, 1943	140,409	100.00	4,032
The Hokkaido Bank, Ltd.	4-1 Odori Nishi, Chuo-ku, Sapporo City	Banking	March 5, 1951	93,524	100.00	3,313
Hokugin Lease Co., Ltd.	2-21 Aramachi, Toyama City	Leasing	July 21, 1983	100	70.25	—
Hokuriku Card Co., Ltd.	1-2-1 Shintomi-cho, Toyama City	Credit card operations, loan guarantees	March 2, 1983	36	87.39	3
Hokuriku Hosho Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Credit guarantees	December 12, 1978	50	100.00	—
Hokugin Software Co., Ltd.	1-5-25 Higashidenjigata, Toyama City	Software development	May 1, 1986	30	100.00	—
Nihonkai Services Co., Ltd.	1-6-8 Chuo-dori, Toyama City	Servicer	December 5, 2003	500	100.00	—
Hokugin Business Services Co., Ltd.	1883 Hiyodorijima, Toyama City	Document management, cash management, ATM/CD maintenance/operation, concentrated business processing	March 25, 1953	30	(100.00)	—
Hokugin Office Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Human resource solutions	March 3, 1986	20	(100.00)	—
Hokugin Real Estate Services Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Property Management	September 26, 1988	100	(100.00)	—
Hokugin Shisankanri Co., Ltd.	1-2-26 Tsutsumicho-dori, Toyama City	Auctioning pledged properties	March 7, 2000	100	(100.00)	—
Hokuriku International Cayman Limited	P.O. Box 309 Grand Cayman, Cayman Islands, British West Indies	Finance	April 27, 1993	US$1,000	(100.00)	—
Hokugin Corporate Co., Ltd.	3-2-10 Nihonbashi-Muromachi, Chuo-ku, Tokyo	Corporate rehabilitation	December 1, 2004	100	(100.00)	—
Dogin Business Service, Ltd.	4-1 Odori Nishi, Chuo-ku, Sapporo City	Document management, cash management, ATM/CD maintenance/operation, concentrated business processing	June 8, 1979	50	(100.00)	—
Dogin Card Co., Ltd.	2-2-14 Chuo-ku Minami, Sapporo City	Credit card operations, loan guarantees	June 13, 1977	1,226	(100.00)	—
Hokuhoku Capital Co., Ltd.*	1-6-8 Chuo-dori, Toyama City	Venture Capital	January 11, 1985	250	5.00 (38.75)	0

* Equity method-affiliated company

( ) Indicates voting rights involving shares held by subsidiaries

The Hokuriku Bank, Ltd.

Web site: www.hokugin.co.jp

Establishment

The origin of the Hokuriku Bank is the Kanazawa 12th National Bank, which was established on August 26, 1877 with the House of Kaga-Maeda providing 70% of the financing. The Bank was the creation of the family established by Maeda Toshiie, the founder of the Kaga clan.

A unique, extensive regional bank, Hokuriku Bank worked with leading industries, and was a leader in areas such as international operations, securities, and electronic banking. The Bank provides high-quality integrated financial services that precisely and quickly meet the needs of local customers. It will continue to contribute to regional development.

Company outline (as of March 31, 2008)

	The Hokuriku Bank, Ltd.	
Business:	Banking	
Incorporation:	July 31, 1943 (founded in 1877)	
Location of headquarters:	1-2-26 Tsutsumicho-dori, Toyama City Toyama	
President:	Shigeo Takagi	
Total assets:	¥5,669.9 billion	
Deposits (including NCDs):	¥4,955.7 billion	
Loans:	¥4,197.0 billion	
Issued shares:		
	Common stock	987,147,185
	Preferred stock (Type 1)	150,000,000
Capital ratio		
(non-consolidated):	10.10%	
Employees:	2,545	
Branches (as of June 30, 2008)		
Domestic:	186 (130 branches, 56 sub-branches)	
Overseas:	3 representative offices	

History

August 1877	Kanazawa 12th National Bank founded
February 1879	Toyama 123rd National Bank founded
January 1884	Kanazawa 12th National Bank and Toyama 123rd National Bank merged to form Toyama 12th National Bank with headquarters in Toyama City
July 1897	Toyama 12th National Bank changed name to 12th Bank
July 1943	Four banks, 12th, Takaoka, Chuetsu, and Toyama Bank, merged to form Hokuriku Bank
January 1950	Launched foreign exchange operations (first regional bank to do so)
September 1961	Listed on the Tokyo Stock Exchange
November 1961	Present head office built
January 1971	Received blanket approval to engage in correspondent banking services
November 1973	Completed first integrated online system linking all offices
March 1974	Received blanket approval to engage in foreign exchange business
July 1978	Received blanket approval to handle yen-denominated and foreign-denominated syndicated loans
October 1979	Launched second online system
November 1981	Launched online foreign exchange system
January 1984	Launched firm banking service
May 1987	Introduced VI (visual identification)
August 1990	Completed third online system
November 1993	Launched investment trust agent operations
December 1998	Launched over-the-counter sale of securities investment trusts
June 2000	Launched Internet and mobile banking services
July 2000	Completed new computer center (Alps building)
January 2001	Launched new computer system
April 2001	Launched over-the-counter sales of casualty insurance
February 2002	Third-party allocation worth ¥39.1 billion, brought new capital to ¥140.4 billion
February 2002	Launched convenience store ATM service (E-net)
October 2002	Launched over-the-counter sales of life insurance
March 2003	Took over part of the Ishikawa Bank's operations
September 2003	Established Hokugin Financial Group through share transfer, then became subsidiary of the Hokugin Financial Group
September 2004	Integrated management with Hokkaido Bank, name of parent company changed to Hokuhoku Financial Group, Inc.
December 2004	Launched securities agency operations
	Established corporate rehabilitation company Hokugin Corporate
March 2006	Entered into a contract on joint system use with Hokkaido Bank and the Bank of Yokohama

The Hokkaido Bank, Ltd.

Web site: www.hokkaidobank.co.jp

Establishment

On March 5, 1951, Hokkaido Bank was established based on the strong demand from small and medium-sized corporations in Hokkaido for funds accompanying the sudden increase in population and development of new industries in Hokkaido during the post-war recovery period.

Based on this background and as a Bank deeply rooted in Hokkaido, Hokkaido Bank considers its mission to be contributing to regional economic growth by smoothly providing funds and full financial services to its customers in Hokkaido. Hokkaido Bank has not forgotten the spirit in which it was created and is moving forward with its customers in Hokkaido.

Company outline (as of March 31, 2008)

	The Hokkaido Bank. Ltd.	
Business:	Banking	
Incorporation:	March 5, 1951	
Location of headquarters:	4-1 Odori Nishi, Chuo-ku, Sapporo City	
President:	Yoshihiro Sekihachi	
Total assets:	¥3,840.8 billion	
Deposits (including NCDs):	¥3,546.5 billion	
Loans:	¥2,686.8 billion	
Issued shares:		
	Common stock:	374,356,952
	Preferred stock (Type 1):	79,000,000
	Preferred stock (Type 2):	107,432,000
Capital ratio (non-consolidated):	10.13%	
Employees:	1,773	
Branches (as of June 30, 2008)		
Domestic:	134 (125 branches, 9 sub-branches)	
Overseas:	1 representative office	

History

March 1951	Hokkaido Bank established
April 1961	Launched foreign exchange operations
May 1962	Listed on the Sapporo Stock Exchange
August 1964	Present head office built
June 1971	Online system (first) launched
July 1976	Online system (second) launched
December 1980	Received blanket approval to engage in correspondent banking services
April 1981	Hokkaido Small and Medium Corporation Human Resource Development Fund established
June 1986	Launched online foreign exchange system
September 1987	Debuted on the first section of the Tokyo Stock Exchange
October 1990	Constructed the Higashi Sapporo Dogin Building
March 1991	Established Dogin Cultural Foundation
October 1991	Launched a new foreign exchange online system
November 1991	Constructed Dogin Building Annex
January 1993	Online system (third) launched
April 1994	Launched investment trust agent operations
December 1998	Started sales of investment trust accounts
July 1999	Issued preferred stock (Type 2) (issuance amount was ¥53.716 billion)
November 1999	Launched telephone banking service
June 2000	Launched Internet mobile banking
April 2001	Started sales of casualty insurance accounts
October 2002	Started sales of life insurance accounts
December 2003	Opened Business Loan Plaza
April 2004	Launched convenience store ATM service
September 2004	Came under management of Hokugin Financial Group, parent of Hokuriku Bank; Hokuhoku Financial Group launched
April 2005	Launched securities agency operations
March 2006	Entered into a contract on joint system use with Hokuriku Bank and the Bank of Yokohama
August 2006	Opened representative office in Shenyang, China

Hokuhoku Financial Group

President:
Shigeo Takagi

Deputy President:
Yoshihiro Sekihachi

Directors:
Satoshi Kawai
Masamichi Kondo
Hideaki Haoka
Mitsuhiro Tokuno
Akihiko Soma
Yuji Oshima

Corporate Auditors:
Toshitsugu Kawakami
Yoshihiro Minami
Yasuhiro Ishiguro
Norikiyo Hayashi

The Hokuriku Bank

President:
Shigeo Takagi

Deputy President:
Satoshi Kawai

Senior Managing Directors:
Hideaki Haoka
Mitsuhiro Tokuno

Managing Directors:
Taminori Iwasaki
Masato Matsumoto

Director:
Akihiko Soma

Corporate Auditors:
Eiichi Ueno
Kumakichi Yagi
Kenichi Nakamura
Isao Nagahara

The Hokkaido Bank

President:
Yoshihiro Sekihachi

Deputy President:
Masamichi Kondo

Directors:
Masahiro Sasahara
Hiroshi Sagayama
Satoshi Kawai

Corporate Auditors:
Hisae Goto
Tatsuhiro Ishikawa
Michio Hatamoto
Akira Ibayashi

Addresses

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北北金融控股集团简要

企业名称：北北金融控股集团股份有限公司

设立日期： 2003 年 9 月 26 日

总行地址：富山县富山市堤町通 1 丁目 2 番 26 号

集团董事长：高木繁雄（北陆银行 总行长）

副董事长：堰八义博（北海道银行 总行长）

经营目的：集团伞下的子公司的经营管理，以及连带的相关业务

资本金： 708 亿 9,500 万日元

发行股份： 普通股....................................1,391,630,146 股
第一次第 1 种优先股........... 80,000,000 股
第一次第 4 种优先股........... 79,000,000 股
第一次第 5 种优先股........... 107,432,000 股

注：第 1 种优先股和第 4 种优先股于 2008 年 6 月 26 日各回收了 30,000,000 股和 17,600,000 股。现在，第 1 种优先股和第 4 种优先股的发行量分别是 50,000,000 股和 61,400,000 股。

上市交易所： 东京证券交易所（第一部）
札幌证券交易所

简历

自从 1877 年北陆银行成立以来已经在北陆地区设立了广域性的经营网点。

从“北前船”或者说“北航船（北上的经济圈）”的交易关系和客户的需要出发还在北海道各个主要城市内设立了自己的经营网点。

北海道银行成立于 1951 年，以支援中小企业和个人业务为中心在北海道道内的各个地区都设有营业网点。

北陆银行和北海道银行于 2004 年 9 月进行了经营统合，成立了（控股公司）北北金融控股集团股份有限公司。现在，北北金融控股集团已经形成了覆盖日本北陆地区北海道以及日本三大都市圈（东京，名古屋，大阪）的巨大的地方金融网络。

2002 年 5 月 北陆银行和北海道银行缔结了全面业务协助协议

2003 年 5 月 北陆银行和北海道银行对经营统合取得一致意见

2003 年 9 月 设立北银金融控股集团股份有限公司
北陆银行成为北银金融控股集团伞下的银行

通过股份交换实现经营统合

2004 年 9 月 **北北金融控股集团股份有限公司诞生**

注：北银金融控股集团股份有限公司改名为北北金融控股集团股份有限公司。

北北金融集团的经营活动范围不是限于一个地域，而是在广泛的地域内展开着。

我们广泛的营业网点分布在下面所写的地区范围里：

北陆地区	**147 分行（或支行）**
富山县	90 分行（或支行）
石川县	35 分行（或支行）
福井县	22 分行（或支行）
北海道地区	**152 分行（或支行）**
三大都市圈	**17 分行（或支行）**
海外	**4 代表处**

上海代表处（北陆银行）
新加坡代表处（北陆银行）
纽约代表处（北陆银行）
沈阳代表处（北海道银行）
（2008 年 6 月 30 日）

（相片左边）
集团董事长
高木繁雄 *（北陆银行 总行长）*

（右边）
副董事长
堰八义博 *（北海道银行 总行长）*

感谢广大顾客和股东对本集团的支持和惠顾。

2007 年，国内经济呈现缓慢的增长趋势，因新建筑基准法的施行拖延了开工时间，住宅投资缩小，原油和谷物等国际商品市场行情的上升引起的原料价格上涨，景气减速感扩大，前景不是很明朗。

本集团于 2004 年 9 月由北陆银行和北海道银行经营统合而成，为了实现经营统合的目的我们把重点放在「强化营业力」，「经营效率化」，「经营基础的稳定化」。

2007 年度业绩，联结本期净利润达到了 386 亿日元超过了原来的预期。该年度还归还了一部分政府资金后，联结自有资本比率达到了 10.39%。另外，不良债权比率为 3.64%，提前 1 年实现了 2009 年 3 月份设定目标 3% 的范围。股息比前年增加了 50 钱，为 2.5 日元。

占略 1　发挥广区域金融集团的强项

本集团以北海道，北陆三县为主要营业基盘，在其他地区包括三大都市圈在内还拥有众多的国内营业网络。另外还设有海外网点，在中国上海和沈阳分别设立了代表处，还对札幌市北京代表处，富山县大连代表处各派遣了一名行员。本集团还与横滨银行缔结「3 行海外情报网络」的协议，以支援客户的海外业务，形成了一流地区银行支援体制。另外还在海外的新加坡、纽约设置了代表处。为提供更多的服务我们与泰国和印度的金融机关签署了业务合作协议，扩大了对客户在海外业务的服务。

我们以广区域性金融集团为特长，有效的发挥北陆银行和北海道银行的技术经验和信息网络，积极的推动商贸洽谈，提供符合地区要求的各种信息，谋求与客户共创繁荣的发展目标。

占略 2　统一系统实现业务效率化和能源节省化

有效利用 IT 战略，为客户迅速而有效的提供优质服务是当今金融机关所面临的重要课题。

本集团与横滨银行正在共同推进「3 行系统统一化」，以 2011 年 5 月开始启动为目标，除了共同利用基本系统以外，对营业网点系统和自动取款机，网上银行以及与客户直接连接的金融业务部门也将实现统一化，各种事务手续和指南也将统一起来。

另外，与其他几家银行共同组织「地域金融市场研究会」、「地银租赁业务研究会」、「地银房贷共同研究会」，加强地区银行间的跨行协作，共同调查研究，扩大开发针对客户需求的商品和服务，努力提高综合服务能力和建议能力。

占略 3 提高企业价值

扎扎实实的实现「营业力的强化」、「经营效益化」，于去年 8 月份和今年 6 月份分别归还了一部分政府资金，还剩下约 600 亿日元。本集团今后将加倍努力经营争取早日实现归还政府资金的目标。

「北北金融控股集团」、「北陆银行」、「北海道银行」获得了信用评级投资情报中心（R&I）的 A 信用评级，证明本集团得到了业界人士的认可与肯定。

今后，本集团将继续强化财务基盘。

未来前途光明的北陆和北海道网络

今年 7 月份，于北海道和北陆地区各举办过了重要活动。

一是在北海道洞爷湖町召开了「八国首脑会议」，主要成员国首脑在会议上探讨了地球温暖化对策和国际社会问题。北海道全体道民齐心协力为「八国首脑会议」圆满成功助威，本集团也积极的支持了本次活动。

另外一个是，「东海北陆汽车道」全线正式开通。这大大缩短了中京圈和北陆地区的运输距离和时间使物流快速而方便，有望期待活跃周边经济交流。为活跃中京圈和北陆地区经济交流，此间本集团主办了「经济交流会」，支援客户积极推进客户间的商务洽谈。本集团今后会积极组织这类活动。

最后

本集团将以「与地区共存」、「公正稳健」、「进取创造」的经营理念，扎扎实实的向前迈进。现在，围绕金融行业的发展环境发生了巨大的变化，由于金融限制的放宽使金融行业的竞争变得更加激烈。本集团以发展成为值得客户信赖和选择的金融机构，高举「为地区客户贡献，持续共同发展」的目标，集团上下齐心协力进一步提高企业价值。最后，愿广大客户能更加支持本集团。

董事长

高木繁雄

2008 年 9 月

营业概况（北北金融控股集团联结）

（货币单位 亿日元）

	2007 年度	前年比	2006 年度
经常收益	2,612	189	2,422
经常利润	663	− 37	700
本期净利润	386	− 20	406
自有资本比率	10.39%	− 0.05%	10.44%

本集团 2007 年度联结经常收益比前年增加了 189 亿日元为 2,612 亿日元，联结经常利润比前年减少了 37 亿日元为 663 亿日元，联结净利润比前年减少了 20 亿日元为 386 亿日元。

联结自有资本比率比前年下降 0.05% 为 10.39%。

营业概况（北陆银行、北海道银行）

（货币单位 亿日元）

	2 行合算＋其他子公司（注：其他子公司指北银 Corporate）		
	2007 年度	前年比	2006 年度
经常收益	2,376	186	2,190
业务毛利润	1,789	− 29	1,818
经费	899	19	880
业务净利润	889	− 48	938
信贷相关成本	247	− 8	256
经常利润	662	− 42	704
本期净利润	402	4	397
不良债权比率	3.64%	− 0.79%	4.43%

随着服务收费利润和金融衍生工具收益的减少再加上系统投资等经费的增加，银行原来业务的收益力即主要业务的纯利润，比前期减少 48 亿日元为 889 亿日元。

虽然信贷相关成本有所减少，但是由于股市行情的下跌导致股票严重亏损，本期经常利润比前期减少 42 亿日元为 662 亿日元。本期净利润由于法人税调整额的减少，比前期增加了 4 亿日元为 402 亿日元创了新高。

（货币单位 亿日元）

	北陆银行＋其他子公司（注：其他子公司指北银 Corporate）			北海道银行		
	2007 年度	前年比	2006 年度	2007 年度	前年比	2006 年度
经常收益	1,415	109	1,305	960	76	884
业务毛利润	1,056	− 14	1,071	732	− 14	747
经费	511	5	505	388	14	374
业务净利	545	− 20	565	344	− 28	372
信贷相关成本	196	− 23	220	51	15	36
经常利润	367	− 17	385	294	− 24	319
本期净利润	223	33	189	178	− 29	207
不良债权比率	3.72%	− 0.93%	4.65%	3.52%	− 0.56%	4.08%

Hokuhoku Financial Group, Inc.

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