Investor Meeting

～Interim Results for FY 2008～

(ended September 30, 2008)

株式会社 ほくほくフィナンシャルグループ

Hokuhoku Financial Group, Inc.

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Summary of Interim Results for FY 2008

Summary of Interim Results I-①

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

Hokuhoku Financial Group,Inc.

〈Consolidated〉 (JPY Bn)	Released on 09/26/2008 〔'08/09 Forecasts〕	FY08 1H	change	FY07 1H
Ordinary income	〔123.0〕	123.8	(1.9)	125.7
Ordinary profits	〔21.5〕	19.6	(13.0)	32.7
Net income	〔37.0〕	37.5	21.0	16.4 A
〈Total of two banks〉 (JPY Bn)				
Core gross business profits	〔87.0〕	**87.5**	**(2.8)**	**90.4**
Net interest income		66.3	(1.5)	67.9
Domestic		65.5	(2.1)	67.6
Net fees & commissions		13.3	(3.0)	16.4
Net trading income		0.9	0.5	0.3
Net other income (excluding gains (losses) related to bonds)		6.9	1.2	5.6
General & administrative expenses	〔46.0〕	(45.6)	(0.6)	(44.9)
Core net business profits	〔41.0〕	**41.9**	**(3.5)**	**45.4**
Net gains (losses) related to bonds		(1.6)	(2.1)	0.5
Net business profits before credit costs		40.2	(5.7)	45.9
Total credit costs	〔13.0〕	(15.6)	(2.7)	(12.8)
Net gains (losses) related to stocks		(3.5)	(2.4)	(1.1)
Ordinary profits	〔22.5〕	**20.0**	**(11.9)**	**32.0**
Net extraordinary gains (losses)		(0.2)	2.5	(2.7)
Income taxes		18.6	31.6	(13.0)
Net Income	〔38.5〕	**38.5**	**22.2**	**16.2** B

〈Consolidated〉
Net income:
+¥21.0Bn compared to FY07 1H

〈Total of two banks〉
Core net business profits:
-¥3.5Bn compared to FY07 1H
・・・Decrease in gross business profits and increase in G&A expenses

Ordinary profits:
-¥11.9Bn compared to FY07 1H
・・・ Increase in total credit costs and losses related to stocks

Net income:
+¥22.2Bn compared to FY07 1H
・・・Decrease in income taxes-deferred

(JPY Bn)	FY08 1H	change	FY07 1H
A - B	(0.9)	(1.2)	0.2
Other Subsidiaries	0.3	(0.5)	0.9
Amortization of goodwill	(1.2)	(0.0)	(1.1)
Elimination	(0.1)	(0.5)	0.4

Summary of Interim Results Ⅰ-②

<P/L : Non-Consolidated, each bank>

Hokuhoku Financial Group,Inc.

(JPY Bn)	〈Hokuriku Bank〉 FY08 1H	change	FY07 1H	〈Hokkaido Bank〉 FY08 1H	change	FY07 1H
Core gross business profits	**50.0**	**(3.3)**	**53.3**	**37.5**	**0.4**	**37.0**
Net interest income	37.6	(0.9)	38.6	28.6	(0.6)	29.2
Domestic	37.1	(1.6)	38.8	28.3	(0.5)	28.8
Net fees & commissions	8.2	(1.9)	10.1	5.1	(1.1)	6.2
Net trading income	0.9	0.5	0.3	-	-	-
Net other income (excluding gains (losses) related to bonds)	3.2	(0.9)	4.2	3.7	2.2	1.4
General & administrative expenses	(25.7)	(0.1)	(25.6)	(19.8)	(0.5)	(19.2)
Core net business profits	**24.2**	**(3.4)**	**27.7**	**17.6**	**(0.1)**	**17.7**
Net gains (losses) related to bonds	(0.4)	(0.6)	0.1	(1.1)	(1.5)	0.3
Net business profits before credit costs	23.7	(4.0)	27.8	16.4	(1.6)	18.1
Total credit costs	(10.0)	(1.1)	(8.8)	(5.6)	(1.6)	(3.9)
Net gains (losses) related to stocks	(3.3)	(3.1)	(0.2)	(0.2)	0.6	(0.8)
Ordinary profits	**10.2**	**(8.6)**	**18.9**	**9.8**	**(3.2)**	**13.0**
Net extraordinary gains (losses)	(0.1)	1.7	(1.9)	(0.0)	0.7	(0.8)
Income taxes	20.6	28.3	(7.7)	(1.9)	3.3	(5.2)
Net Income	**30.7**	**21.4**	**9.2**	**7.7**	**0.8**	**6.9**

Summary of Interim Results Ⅱ-①

<B/S : Consolidated and Total of two Banks>

Hokuhoku Financial Group,Inc.

〈Total of two banks〉 (JPY Bn)	Sep-08	change	Sep-07
Loans	7,006.3	111.3	6,895.0
Loans to SMEs & individuals	4,977.0	(47.3)	5,024.4
Housing & consumer loans	1,872.0	80.1	1,791.8
Securities	1,745.8	47.5	1,698.3
Deposits	8,551.8	112.7	8,439.0
Individual deposits	6,048.4	232.2	5,816.1
Total individual assets	6,865.2	135.1	6,730.0
Individual deposits (deposits in yen)	6,027.5	231.0	5,796.5
Investment products (for individuals)	837.6	(95.9)	933.5
Foreign currency deposits	20.8	1.2	19.6
Public bonds	324.8	(6.1)	331.0
Investment trusts	491.9	(90.9)	582.9

〈Total of two banks〉 (JPY Bn)	Sep-08	change	Mar-08
Balance of NPLs	253.1	(7.5)	260.7
NPL ratio	3.48%	(0.16%)	3.64%

〈Consolidated〉 (JPY Bn)	Sep-08	change	Mar-08
Capital adequacy ratio	10.39%	0.00%	10.39%
Tier1 ratio	7.36%	(0.12%)	7.48%
Net deferred tax assets / Tier1 capital	24.08%	7.98%	16.10%

Valuation difference on available- for-sale securities	(24.9)	(15.8)	(9.0)

〈Total of two banks〉

Loans: +¥111.3Bn compared to Sep-07
・・・Mainly due to the increase of housing loans

Securities: +¥47.5Bn compared to Sep-07
・・・Mainly due to the increase of local bonds

Deposits: +¥112.7Bn compared to Sep-07
・・・Mainly due to the increase of individual deposits

Total individual assets:
+¥135.1Bn compared to Sep-07
・・・Individual deposits increased, and investment trusts decreased

Balance of NPLs: -¥7.5Bn compared to Mar-08
NPL ratio: -0.16% compared to Mar-08
・・・NPL ratio continued to decrease

〈Consolidated〉

Capital adequacy ratio: 10.39%
・・・Repaid public funds (¥25.0Bn)

Valuation difference on available-for-sale securities: -¥24.9Bn
・・・Mainly due to the increase of unrealized losses on bonds
・・・No assets related to Sub-prime loans are contained in our portfolio

Summary of Interim Results Ⅱ-②

<B/S : Non-Consolidated, each bank>

Hokuhoku Financial Group,Inc.

	〈Hokuriku Bank〉			〈Hokkaido Bank〉		
(JPY Bn)	Sep-08	change	Sep-07	Sep-08	change	Sep-07
Loans	4,245.9	54.6	4,191.3	2,760.3	56.6	2,703.6
Loans to SMEs & individuals	2,969.9	(62.3)	3,032.3	2,007.1	15.0	1,992.1
Housing & consumer loans	954.2	63.7	890.4	917.7	16.3	901.4
Securities	833.7	(6.3)	840.0	912.0	53.8	858.2
Deposits	4,962.6	41.3	4,921.3	3,589.1	71.4	3,517.7
Individual deposits	3,388.0	122.9	3,265.0	2,660.4	109.3	2,551.0
Total individual assets	3,913.2	45.3	3,867.9	2,951.9	89.7	2,862.1
Individual deposits (deposits in yen)	3,372.6	122.0	3,250.5	2,654.9	108.9	2,545.9
Investment products (for individuals)	540.6	(76.6)	617.3	297.0	(19.2)	316.2
Foreign currency deposits	15.3	0.8	14.5	5.4	0.3	5.1
Public bonds	211.2	(15.0)	226.3	113.5	8.8	104.7
Investment trusts	313.9	(62.5)	376.5	177.9	(28.4)	206.4
	Sep-08	change	Mar-08	Sep-08	change	Mar-08
Balance of NPLs	159.7	(3.8)	163.5	93.5	(3.7)	97.2
NPL ratio	3.60%	(0.12%)	3.72%	3.29%	(0.23%)	3.52%
Capital adequacy ratio	10.26%	0.16%	10.10%	9.68%	(0.45%)	10.13%
Tier1 ratio	7.12%	0.18%	6.94%	6.94%	(0.80%)	7.74%
Net deferred tax assets / Tier1 capital	29.26%	10.07%	19.19%	19.58%	5.85%	13.73%
Valuation difference on available- for-sale securities	(3.9)	(6.6)	2.7	(10.9)	(9.1)	(1.7)

Breakdown of Business Profits①

<Net interest income>

Hokuhoku Financial Group,Inc.

➢ **Although average balances of loans and securities increased, loan-deposit margin decreased.**
⇒ Rise of deposit rate, decline of loan rate by intensified competition.

【Breakdown of net interest income (domestic)】

(JPY Bn, %)	FY2007 1H			FY2008 1H			change			breakdown		FY2007		
	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate	Average balance	Rate	Interest
〈Total of two banks〉														
Net interest income			67.4			65.3			(2.1)					135.7
Loans	6,721.1	2.04%	69.0	6,858.6	2.03%	69.9	137.5	(0.01%)	0.9	1.4	(0.4)	6,773.9	2.07%	140.3
Securities	1,638.7	1.03%	8.5	1,700.3	0.98%	8.3	61.5	(0.05%)	(0.1)	0.3	(0.4)	1,644.3	1.03%	17.0
Deposits & NCDs	8,427.4	0.25%	10.5	8,561.3	0.30%	13.3	133.9	0.05%	2.7	0.1	2.5	8,404.2	0.26%	22.4
〈Hokuriku bank〉														
Net interest income			38.5			37.0			(1.5)					78.0
Loans	4,066.8	1.98%	40.3	4,167.2	1.94%	40.6	100.3	(0.04%)	0.2	0.9	(0.7)	4,100.2	2.00%	82.0
Securities	781.2	1.02%	4.0	783.8	1.02%	4.0	2.5	0.00%	0.0	0.0	0.0	783.4	1.08%	8.4
Deposits & NCDs	4,863.7	0.25%	6.2	4,941.1	0.31%	7.8	77.3	0.06%	1.6	0.1	1.5	4,855.6	0.27%	13.3
〈Hokkaido bank〉														
Net interest income			28.8			28.3			(0.5)					57.7
Loans	2,654.2	2.15%	28.6	2,691.4	2.17%	29.3	37.1	0.02%	0.6	0.4	0.2	2,673.6	2.17%	58.2
Securities	857.5	1.05%	4.5	916.5	0.94%	4.3	59.0	(0.11%)	(0.1)	0.2	(0.4)	860.8	0.99%	8.5
Deposits & NCDs	3,563.6	0.24%	4.3	3,620.2	0.29%	5.4	56.6	0.05%	1.0	0.0	0.9	3,548.6	0.25%	9.0

FY2008 (Projection)
(Domestic)

Total of two banks	Average balance	Rate
Loans	+170.0	-0.04%
Securities	+ 60.0	+0.02%
Deposits & NCDs	+150.0	+0.05%

Hokuriku bank	Average balance	Rate
Loans	+120.0	-0.07%
Securities	+ 10.0	-0.01%
Deposits & NCDs	+110.0	+0.05%

Hokkaido bank	Average balance	Rate
Loans	+ 50.0	+0.02%
Securities	+ 50.0	+0.04%
Deposits & NCDs	+ 40.0	+0.05%

Breakdown of Business Profits ②

<Fee revenue>

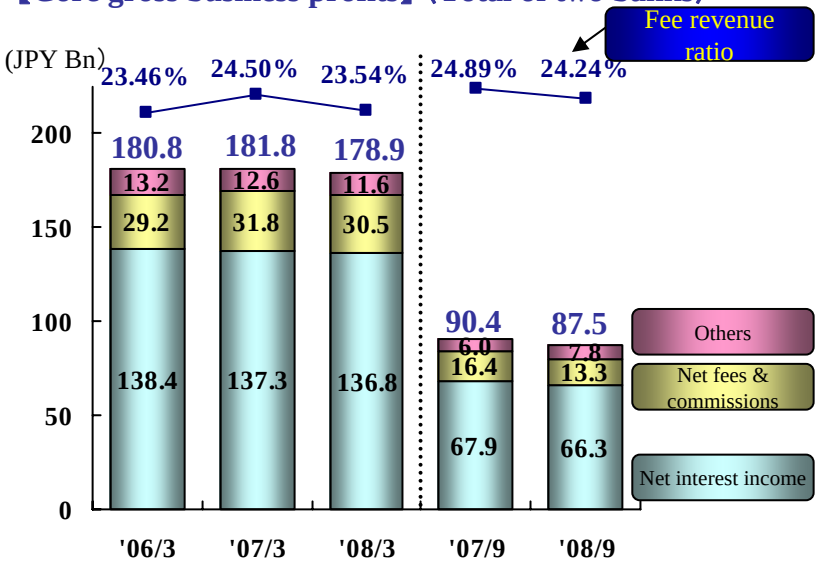
Hokuhoku Financial Group,Inc.

- **Fees from investment trusts decreased owing to the deteriorated market environment.**
- **Fees from insurance increased.**
- **Net income on derivatives increased.**

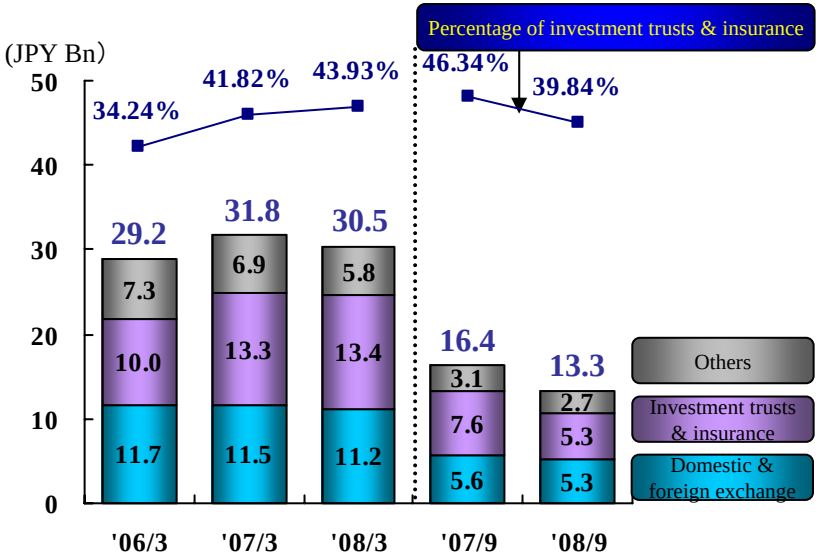
【Breakdown of fee revenue】

〈Total of two banks〉 (JPY Bn)	FY08 1H	change	FY07 1H
(1) Net fees & commissions	13.3	(3.0)	16.4
Fees and commissions	19.9	(2.8)	22.8
Remittance	6.4	(0.2)	6.6
Investment trusts	2.7	(3.0)	5.8
Insurance	2.5	0.6	1.8
Fees and commissions payments	6.5	0.1	6.3
Remittance	1.0	(0.0)	1.0
ATM (alliance with convinience stores)	1.0	0.0	0.9
Loan related expenses	4.1	0.0	4.1
(2) Net trading income	0.9	0.5	0.3
(3) Net other income (excluding gains(losses) related to bonds)	6.9	1.2	5.6
Net gains (losses) on foreign exchange transactions	4.1	(1.2)	5.3
Net income (expenses) on derivatives	2.8	2.4	0.3
(4) Fee revenue (1)+(2)+(3)	21.2	(1.2)	22.5
(5) Core gross business profits	87.5	(2.8)	90.4
(6) Fee revenue ratio (4)/(5)	24.24%	(0.65%)	24.89%

【Core gross business profits】〈Total of two banks〉



【Net fees and commissions】〈Total of two banks〉



Breakdown of Business Profits ③

<General and administrative expenses>

Hokuhoku Financial Group,Inc.

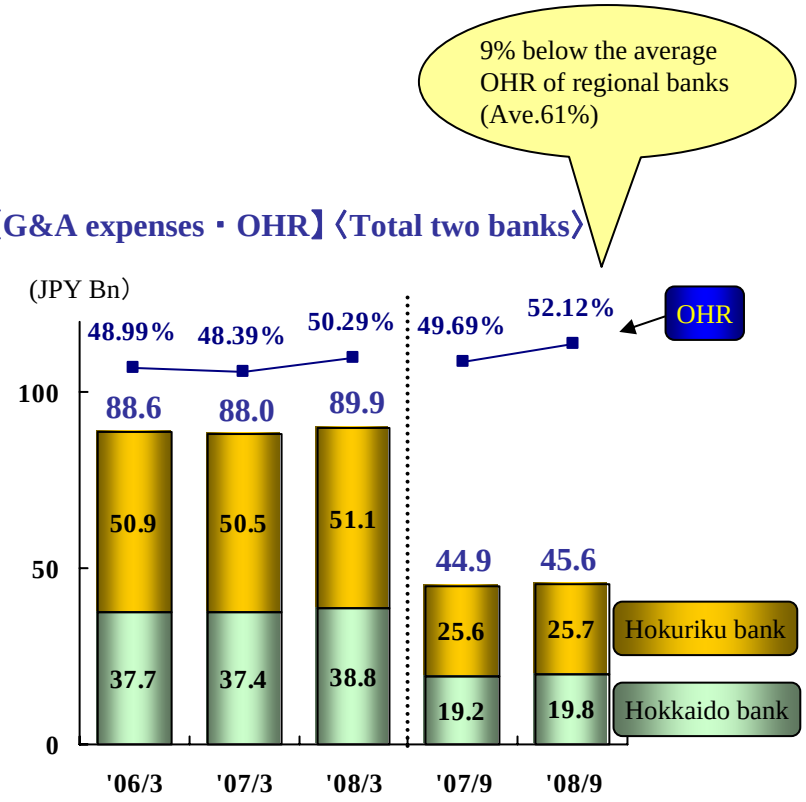
➢ General and administrative expenses increased due to the increase in personnel and IT system.

【Breakdown of G&A expenses】

〈Total of two banks〉 (JPY Bn)	FY08 1H	change	FY07 1H
General and administrative expenses	45.6	0.6	44.9
Personnel	20.5	0.4	20.1
Non-personnel	22.4	0.3	22.1
Taxes	2.6	(0.0)	2.6
OHR	52.12%	2.43%	49.69%
Number of employees (excluding temporary staffs) (A)	4,414	74	4,340
Temporary staffs (B)	4,166	126	4,040
Percentage of temporary staffs (B)/{(A)+(B)}	48.55%	0.34%	48.21%

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

【G&A expenses・OHR】〈Total two banks〉



Personnel expenses: +¥0.4Bn
・・・Increase the number of staff to beef up marketing capabilities

Non-personnel expenses: +¥0.3Bn
・・・IT system, etc

Net Gains (Losses) related to Securities

Hokuhoku Financial Group,Inc.

- **Net gains (losses) related to bonds: -¥1.6Bn ･･･Lehman bonds, etc**
- **Net gains (losses) related to stocks: -¥3.5Bn**
  ･･･Impairment loss mainly due to decline of stock prices

【Net gains (losses) related to securities】

	〈Total of two banks〉			〈Hokuriku bank〉			〈Hokkaido bank〉		
(JPY Bn)	FY08 1H	change	FY07 1H	FY08 1H	change	FY07 1H	FY08 1H	change	FY07 1H
Gains (losses) on bonds	(1.6)	(2.1)	0.5	(0.4)	(0.6)	0.1	(1.1)	(1.5)	0.3
Gains on sales	1.1	0.5	0.6	0.6	0.5	0.1	0.5	(0.0)	0.5
Losses on sales	1.0	0.8	0.1	0.0	0.0	0.0	1.0	0.8	0.1
Losses on redemption	0.6	0.6	—	—	—	—	0.6	0.6	—
Losses on devaluation	1.1	1.1	—	1.1	1.1	—	—	—	—
Gains (losses) on stocks	(3.5)	(2.4)	(1.1)	(3.3)	(3.1)	(0.2)	(0.2)	0.6	(0.8)
Gains on sales	0.3	(0.0)	0.3	0.3	(0.0)	0.3	0.0	(0.0)	0.0
Losses on sales	0.0	(0.3)	0.3	0.0	(0.0)	0.0	0.0	(0.3)	0.3
Losses on devaluation	3.8	2.7	1.1	3.6	3.0	0.5	0.2	(0.3)	0.5

"Impairment loss" is recognized on the following assets classified based on self-assessment.

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

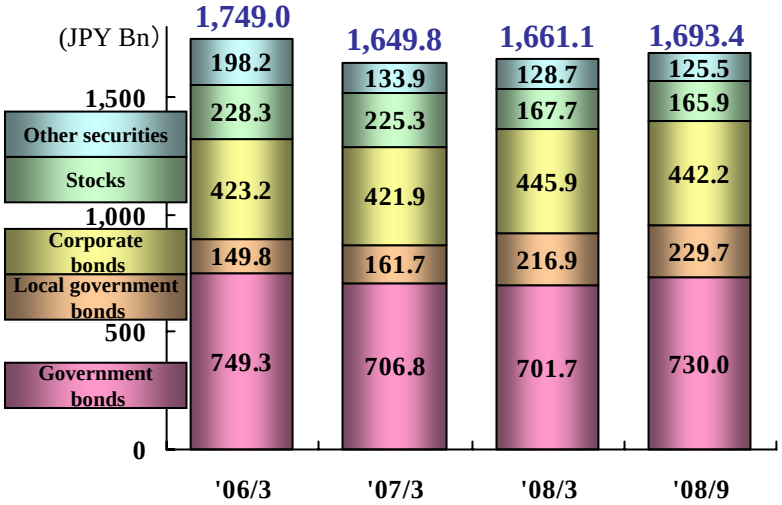
Securities Portfolio and Valuation Difference ①

- **Government bonds and Local government bonds led the increase of total balance of securities.**
- **Unrealized losses on bonds increased.**

【Balance of securities】

〈Consolidated〉 (JPY Bn)	Sep-08	change	Mar-08
Securities	1,693.4	32.3	1,661.1
Government bonds	730.0	28.2	701.7
Local government bonds	229.7	12.7	216.9
Corporate bonds	442.2	(3.6)	445.9
Stocks	165.9	(1.8)	167.7
Other Securities	125.5	(3.1)	128.7

【Balance of securities】



【Valuation difference】

〈Consolidated〉 (JPY Bn)	Acquisition cost (1)			Balance sheet amount (2)			Valuation difference (2)-(1)		
	Sep-08	change	Mar-08	Sep-08	change	Mar-08	Sep-08	change	Mar-08
Available-for-sale securities	1,489.3	59.7	1,429.6	1,464.4	43.8	1,420.6	(24.9)	(15.8)	(9.0)
Stocks	122.5	(0.6)	123.1	136.8	0.4	136.4	14.2	1.0	13.2
Bonds	1,243.9	58.5	1,185.4	1,215.0	45.7	1,169.3	(28.8)	(12.8)	(16.0)
Other	122.8	1.8	121.0	112.5	(2.2)	114.8	(10.2)	(4.0)	(6.2)

➢ No securitization products related to Sub-prime nor SIV are included in our portfolio

【 Balance of securitization products 】

<Total of two banks> （JPY Bn）

	As of Sep 30, 2008					
		Securitization Products				
			RMBS	CMBS	CDO	ABS
Securities	1,745.8	(△0.4) 26.8	(△0.4) 22.2	(△0.0) 0.3	(△0.0) 1.4	(△0.0) 2.6
Japanese government bonds	726.4	–	–	–	–	–
Japanese local government bonds	229.7	–	–	–	–	–
Japanese corporate bonds	447.2	(△0.0) 3.6	(△0.0) ＊1 0.8	(△0.0) 0.3	(△0.0) 0.9	(△0.0) 1.3
Japanese stocks	216.8	–	–	–	–	–
Foreign bonds	82.8	(△0.4) 23.2	(△0.4) ＊2 21.4	–	(△0.0) ＊3 0.4	(△0.0) ＊4 1.2
Other securities	42.6	–	–	–	–	–
Money held in trust	5.8	(△0.0) 1.8	–	(△0.0) 1.8	–	(△0.0) 0.0
Commercial paper and other debt purchased	167.1	136.4	＊1 132.3	1.8	–	2.2

Note： Numbers in parentheses show the valuation difference.

(*1) Most of RMBS are backed by mortgage loans held by domestic financial institutions.

(*2) RMBS in foreign bonds are guaranteed by Ginnie Mae.

(*3) Only ¥0.4bn of CDO, rated AAA, in foreign bonds is related to CDS.

(*4) ABS, rated A, in foreign bonds are backed by convertible bonds or euro yen bonds issued by Japanese-related companies or SPCs.

➢ Floating rate government bonds are valued by market price.

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

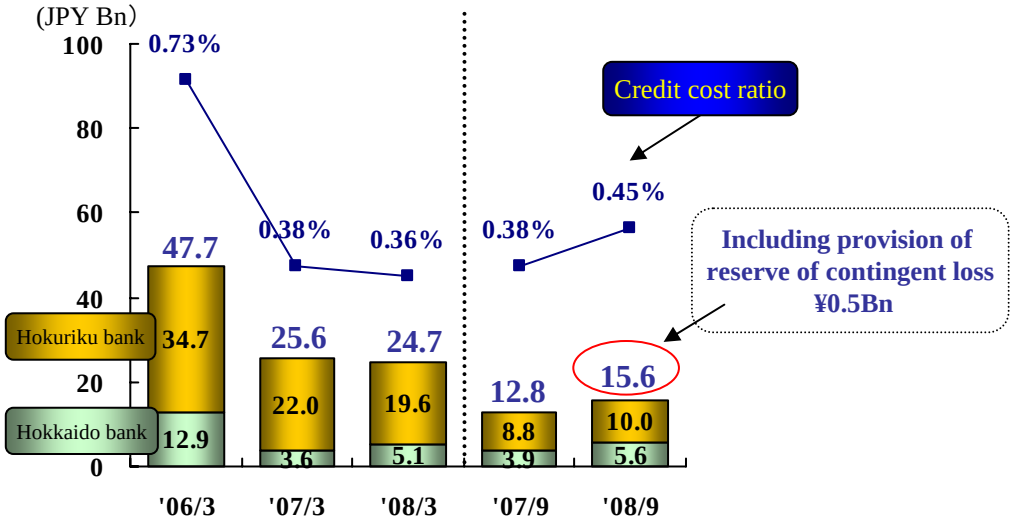
	<Total of two banks>	＜Hokuriku Bank＞	＜Hokkaido Bank＞
Valuation difference（market value）	(24.2)	(6.1)	(18.1)
（Reference) Valuation difference（rationally calculated value）	1.7	3.0	(1.2)
（Reference) Capital ratio by rationally calculated value	Consolidated 10.70%	10.35%	9.99%

Credit Costs and Non-Performing Loan

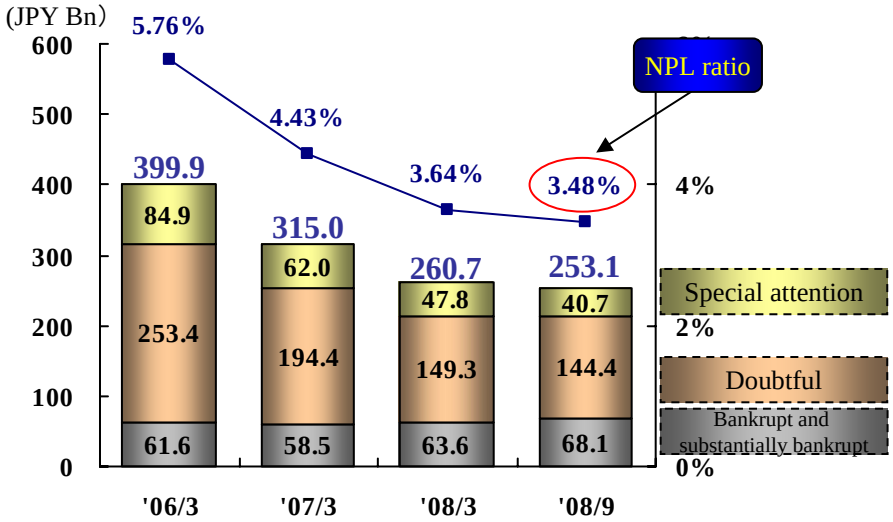
Hokuhoku Financial Group,Inc.

- **Total credit costs was ¥15.6Bn (+¥2.7Bn compared to Sep-07),Credit cost ratio was 0.45% (+0.07%)**
- **NPL ratio was 3.48% (-0.16% compared to Mar-08) ･･･continues to decrease**

【Total credit costs】〈Total of two banks〉



【Non-performing loan】〈Total of two banks〉



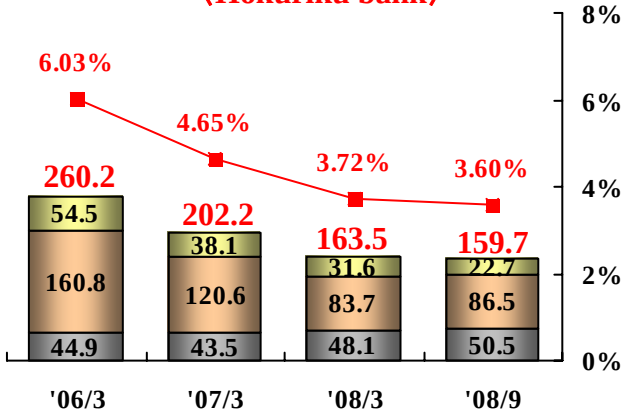
※Total credit costs

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

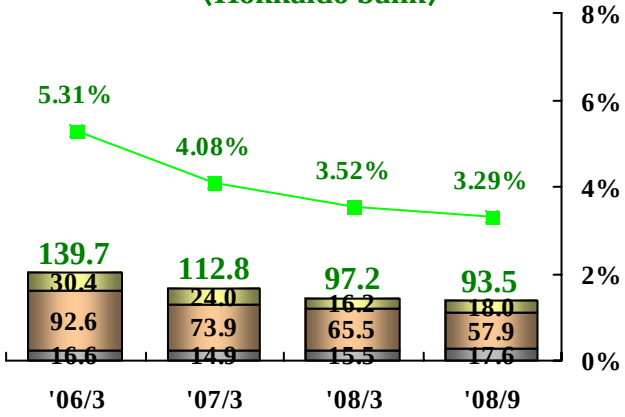
※Credit cost ratio

＝Total credit costs ÷ Average balance of Loans

〈Hokuriku bank〉



〈Hokkaido bank〉



Capital Adequacy Ratio

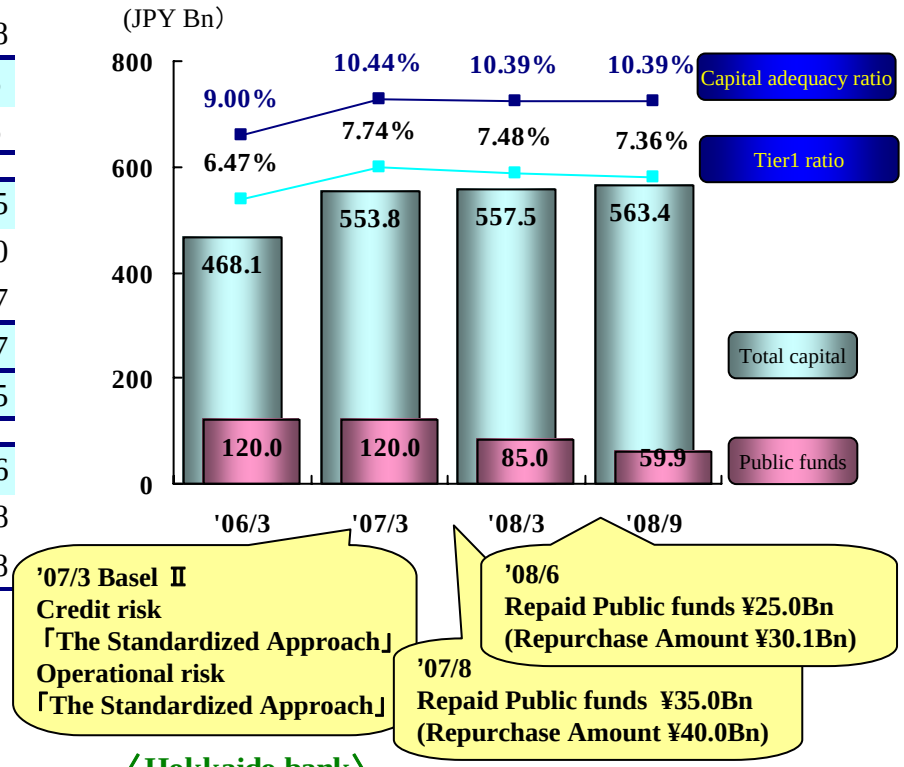
Hokuhoku Financial Group,Inc.

- **Capital adequacy ratio was 10.39% (±0.00% from Mar-08).**
- **Repaid public funds ¥25.0Bn in Jun-08, the outstanding balance is ¥59.9Bn.**

【Capital adequacy ratio】

(JPY Bn)	Sep-08	change	Mar-08
Capital adequacy ratio	10.39%	0.00%	10.39%
Tier1 ratio	7.36%	(0.12%)	7.48%
Tier1 capital	398.8	(2.7)	401.5
Preferred shares (Public funds)	59.9	(25.0)	85.0
Preferred shares (Private sector)	53.7	-	53.7
Tier2 capital	166.0	8.3	157.7
Total capital	563.4	5.8	557.5
Risk-weighted assets	5,417.7	55.0	5,362.6
Credit risk portion	5,071.2	54.4	5,016.8
Operational risk portion	346.4	0.6	345.8

【Capital adequacy ratio and public funds】



【Outlier ratio】

	〈Hokuriku bank〉			〈Hokkaido bank〉		
(JPY Bn)	Sep-08	change	Mar-08	Sep-08	change	Mar-08
Total interest rate risk	33.3	(2.8)	36.2	32.1	3.3	28.7
Outlier ratio	10.12%	(1.04%)	11.16%	15.06%	1.83%	13.23%

Deferred Tax Assets

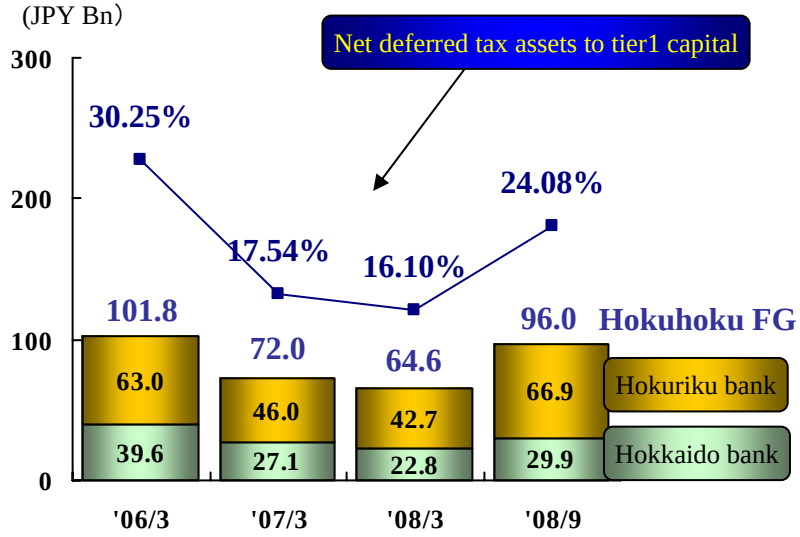
Hokuhoku Financial Group,Inc.

- **Net deferred tax assets : ¥96.0Bn (+¥31.3Bn compared to Mar-08)**
- **Net deferred tax assets to tier1 capital ratio : 24.08% (+7.98% compared to Mar-08)**

【Breakdown of deferred tax assets】

〈Consolidated〉 (JPY Bn)	Sep-08	change	Mar-08
Allowance for loan losses	76.6	0.7	75.9
Depreciation	2.0	(0.0)	2.0
Reserve for retirement benefits	15.7	0.1	15.6
Loss on valuation of securities	11.7	(1.0)	12.8
Valuation difference on available-for-sale securities	9.6	5.4	4.2
Other	4.9	0.0	4.8
Operating loss carryforwards	29.0	(0.6)	29.7
(1) Deferred tax assets	149.8	4.5	145.3
(2) Valuation allowance	47.0	(26.6)	73.6
(3) Total deferred tax assets (1)-(2)	102.8	31.1	71.6
(4) Deferred tax liabilities	6.7	(0.2)	6.9
(5) Net deferred tax assets (3)-(4)	96.0	31.3	64.6

【Change of deferred tax assets】



(JPY Bn)	〈Hokuriku bank〉 Sep-08	change	Mar-08	〈Hokkaido bank〉 Sep-08	change	Mar-08
(1) Deferred tax assets	106.8	(1.0)	107.8	32.8	5.1	27.7
(2) Valuation allowance	39.3	(24.5)	63.8	2.7	(1.9)	4.7
(3) Total deferred tax assets (1)-(2)	67.5	23.5	43.9	30.1	7.0	23.0
(4) Deferred tax liabilities	0.6	(0.5)	1.1	0.1	(0.0)	0.1
(5) Net deferred tax assets (3)-(4)	66.9	24.1	42.7	29.9	7.1	22.8

Forecasts

【Earnings Forecasts】

〈Consolidated〉

(JPY Bn)	Interim Results	**Full year Forecasts**	Change from FY2007
Ordinary income	123.8	**246.0**	(15.2)
Ordinary profits	19.6	**43.0**	(23.3)
Net income	37.5	**46.5**	7.8

【Dividend Forecasts】

〈Non-consolidated〉

	Interim	Year-end	**Annual**	Change from FY2007
Dividend per common share	-	¥3.00	¥3.00	¥0.50
Dividend per preferred share (Type1)	¥3.85	¥3.85	¥7.70	-
Dividend per preferred share (Type4)	¥3.31	¥3.31	¥6.62	-
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00	-

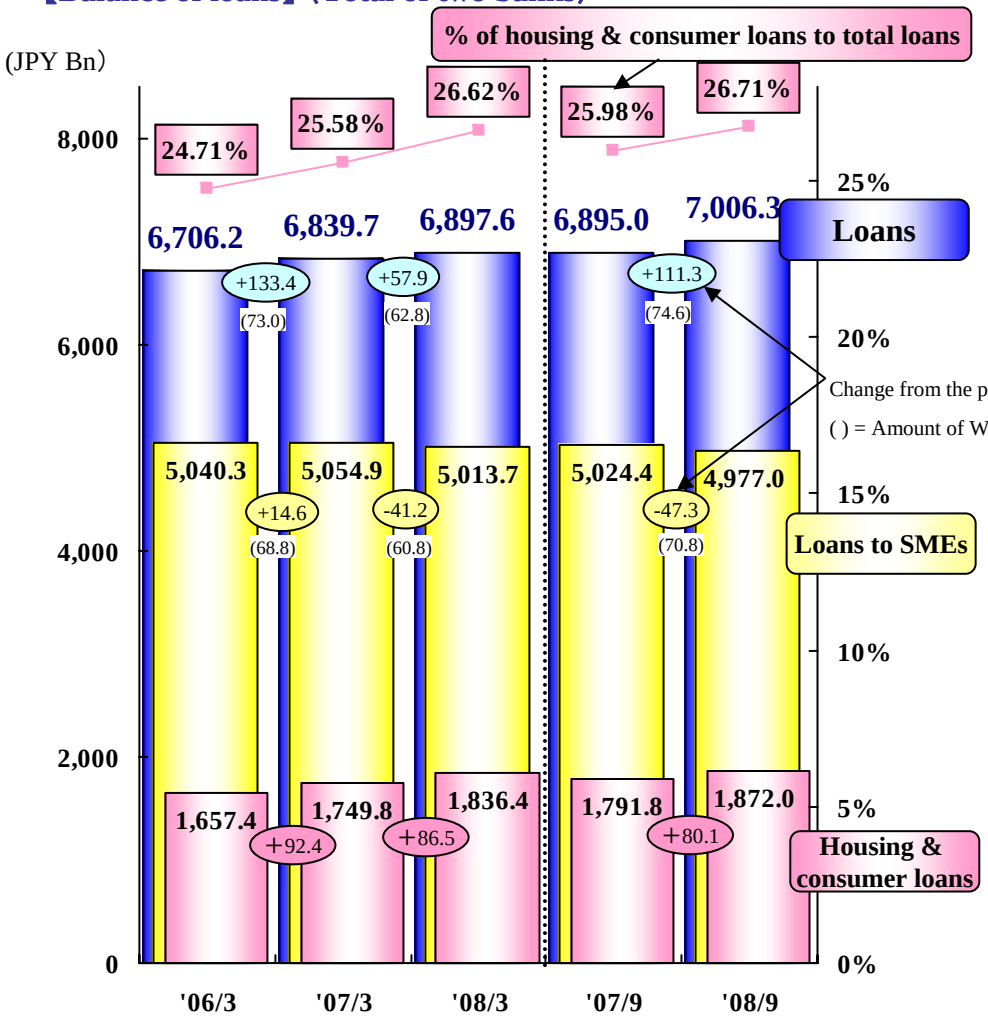
(JPY Bn)	〈Total of two banks〉			〈Hokuriku bank〉			〈Hokkaido bank〉		
	Interim Results	**Full year Forecasts**	Change from FY2007	Interim Results	**Full year Forecasts**	Change from FY2007	Interim Results	**Full year Forecasts**	Change from FY2007
Ordinary income	113.2	**224.0**	(13.6)	65.5	**130.0**	(11.5)	47.7	**94.0**	(2.0)
Core gross business profits	87.5	**174.0**	(4.9)	50.0	**100.0**	(5.6)	37.5	**74.0**	0.7
G&A expenses	45.6	**93.0**	3.0	25.7	**52.0**	0.8	19.8	**41.0**	2.1
Core net business profits	41.9	**81.0**	(7.9)	24.2	**48.0**	(6.5)	17.6	**33.0**	(1.4)
Total credit costs	15.6	**28.0**	3.2	10.0	**20.0**	0.3	5.6	**8.0**	2.8
Ordinary profits	20.0	**44.0**	(22.2)	10.2	**20.0**	(16.7)	9.8	**24.0**	(5.4)
Net income	38.5	**49.0**	8.7	30.7	**33.0**	10.6	7.7	**16.0**	(1.8)

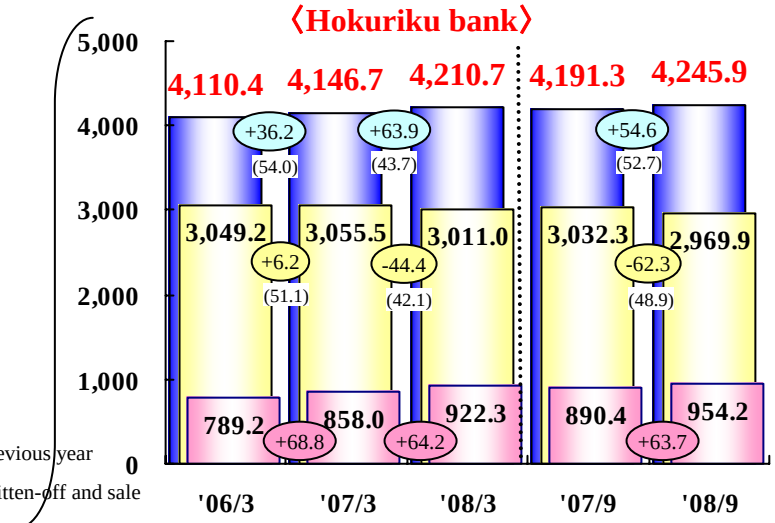
Operating Performance

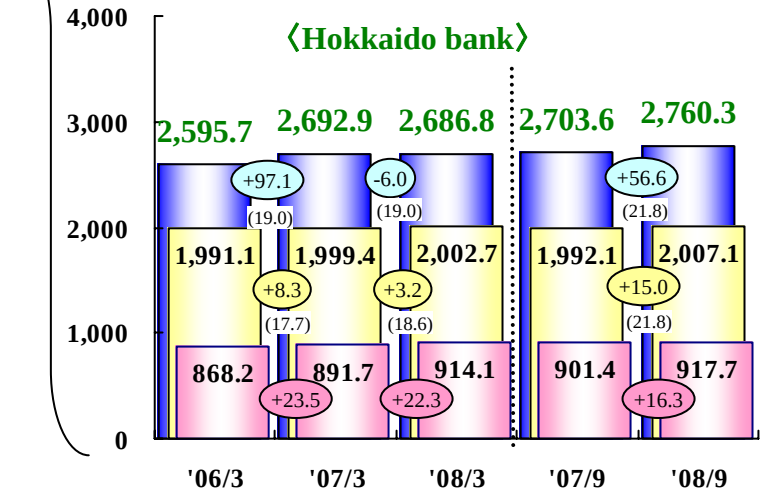
Loans

- **Loans** **+¥111.3Bn(+1.6%) compared to Sep-07**
- **Loans to SMEs and individuals** **-¥47.3Bn(-0.9%) compared to Sep-07**
- **Housing and consumer loans** **+¥80.1Bn(+4.4%) compared to Sep-07**

【Balance of loans】〈Total of two banks〉





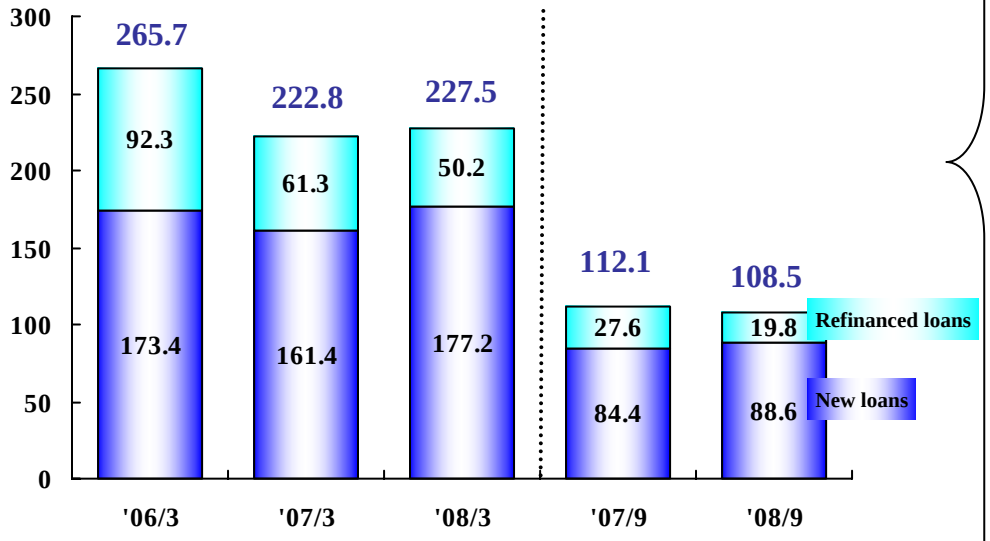


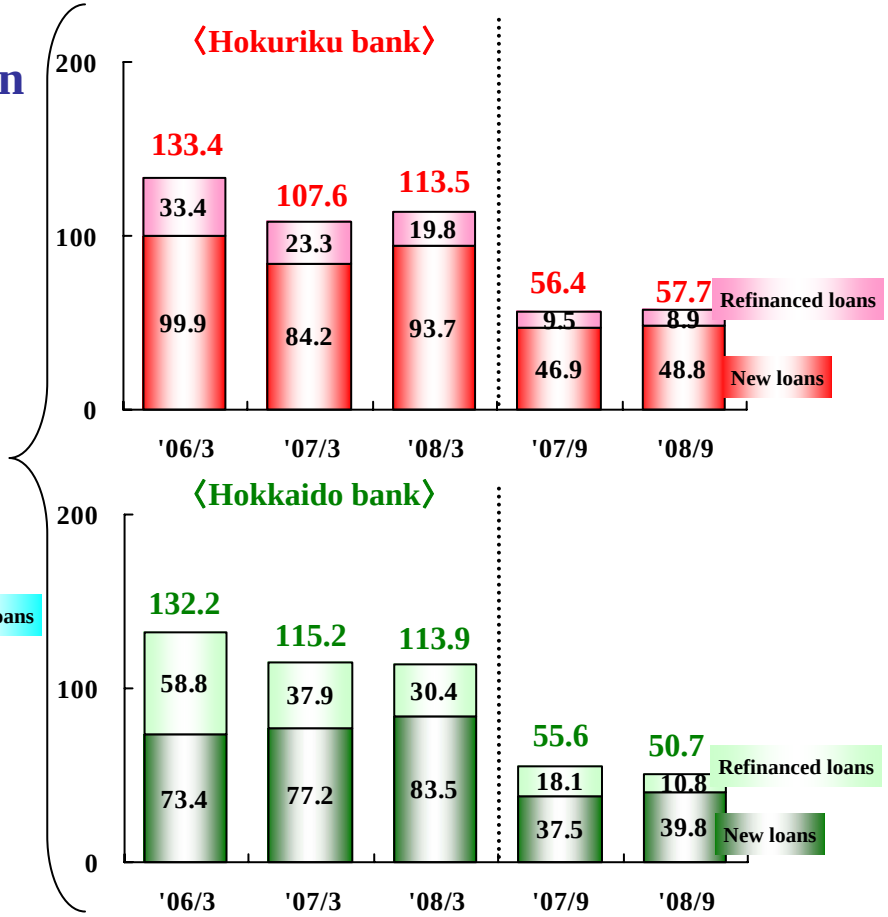
Housing Loans

- **Sales amount of residential housing loans kept the same level as previous year.**
- **Balance of housing loans increased by ¥37.4Bn compared to Mar-08.**

【Sales amount of residential housing loans】〈Total of two banks〉

(JPY Bn)





【Balance of housing loans】

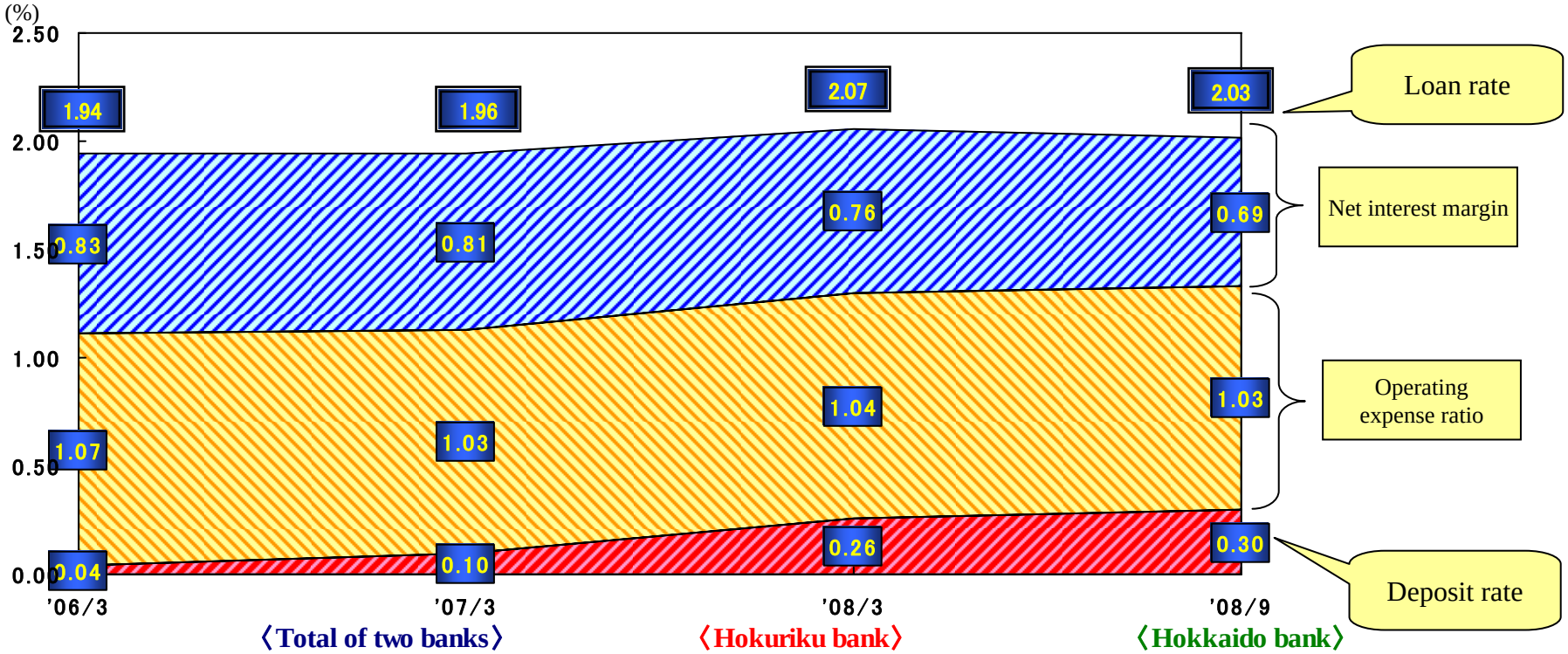
	〈Total of two banks〉				〈Hokuriku bank〉				〈Hokkaido bank〉			
(JPY Bn)	Mar-06	Mar-07	Mar-08	Sep-08	Mar-06	Mar-07	Mar-08	Sep-08	Mar-06	Mar-07	Mar-08	Sep-08
Housing loans	1,517.5	1,619.0	1,712.2	1,749.7	702.9	778.9	849.4	882.6	814.5	840.0	862.8	867.0
Residential housing loans	1,378.8	1,457.3	1,536.0	1,568.6	658.8	708.5	758.6	783.5	720.0	748.7	777.3	785.1
Apartment loans	138.6	161.7	176.3	181.0	44.1	70.4	90.8	99.1	94.5	91.3	85.4	81.8

Interest Margins①

Hokuhoku Financial Group,Inc.

- **Loan rate** **-0.04% compared to FY2007**
- **Deposit rate** **+0.04% compared to FY2007**
- **Net interest margin** **-0.07% compared to FY2007**

【Interest margin between loans and deposits (Domestic operations)】〈Total of two banks〉



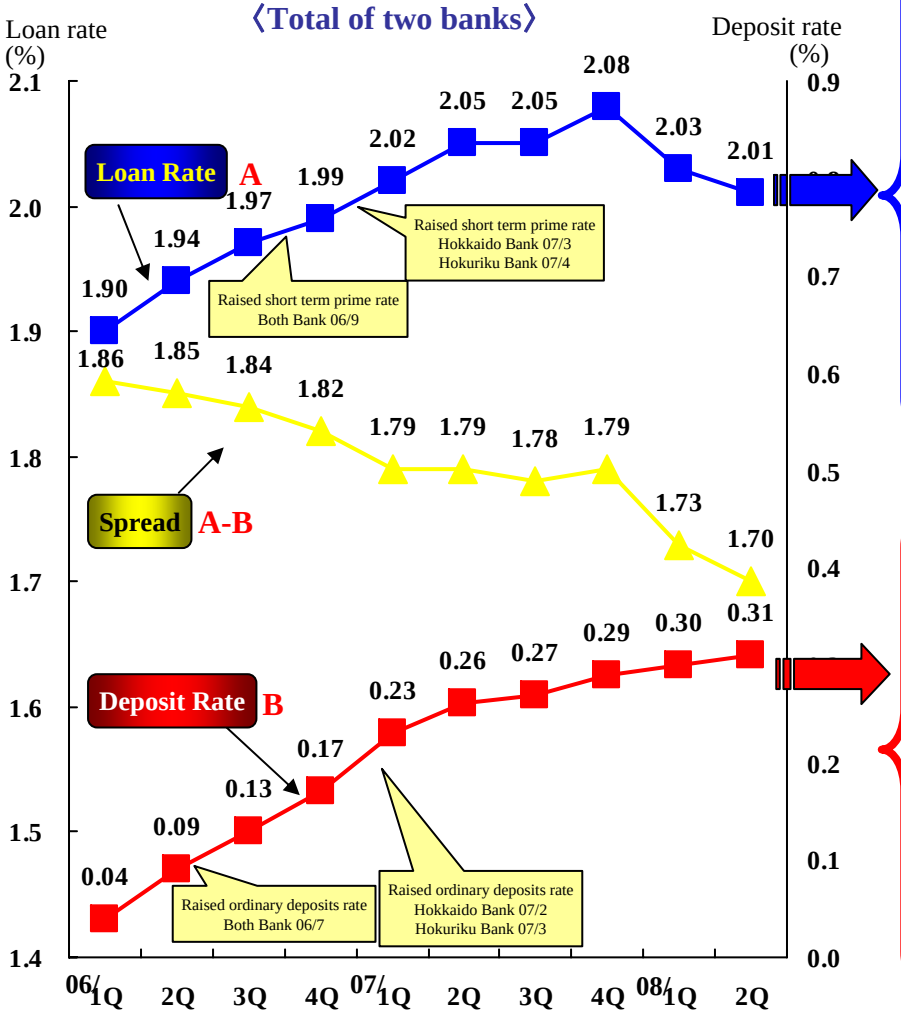
(%)	〈Total of two banks〉 FY05	FY06	FY07	FY08 1H	〈Hokuriku bank〉 FY05	FY06	FY07	FY08 1H	〈Hokkaido bank〉 FY05	FY06	FY07	FY08 1H
Loan rate	1.94	1.96	2.07	2.03	1.85	1.88	2.00	1.94	2.09	2.07	2.17	2.17
Net interest margin	0.83	0.81	0.76	0.69	0.75	0.75	0.70	0.61	0.95	0.92	0.85	0.80
Operating expense ratio	1.07	1.03	1.04	1.03	1.04	1.02	1.01	1.00	1.10	1.05	1.06	1.07
Deposit rate	0.04	0.10	0.26	0.30	0.05	0.10	0.27	0.31	0.03	0.09	0.25	0.29

Interest Margins②

Hokuhoku Financial Group,Inc.

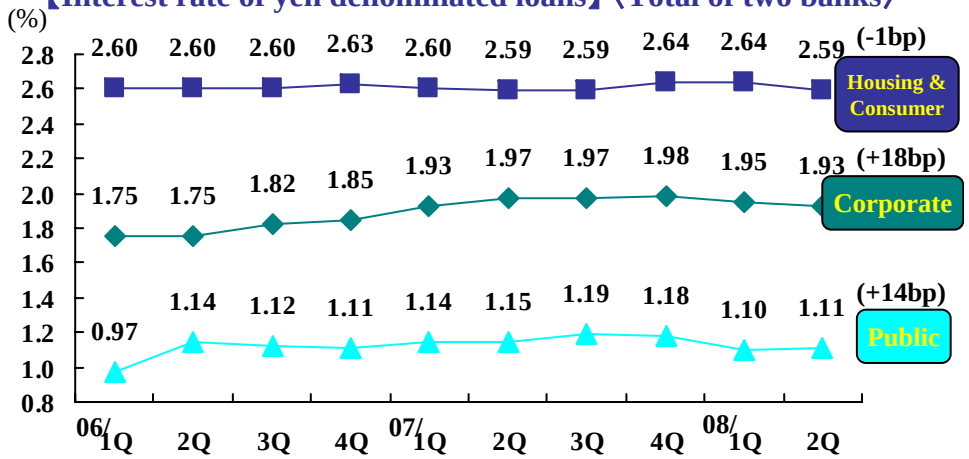
- ’08/2Q Loan rate : 2.01% (+0.11% compared to ’06/1Q)
- ’08/2Q Deposit rate : 0.31% (+0.27% compared to ’06/1Q)

【Interest rate of yen denominated loans and deposits】〈Total of two banks〉



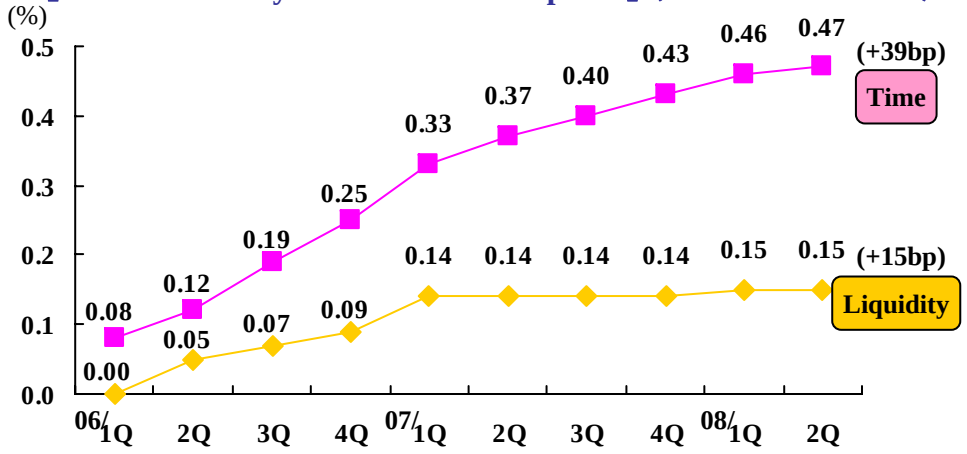
※ Internal management base

【Interest rate of yen denominated loans】〈Total of two banks〉



※ Before partial direct write-offs

【Interest rate of yen denominated deposits】〈Total of two banks〉



※ ( )= change from 06/1Q

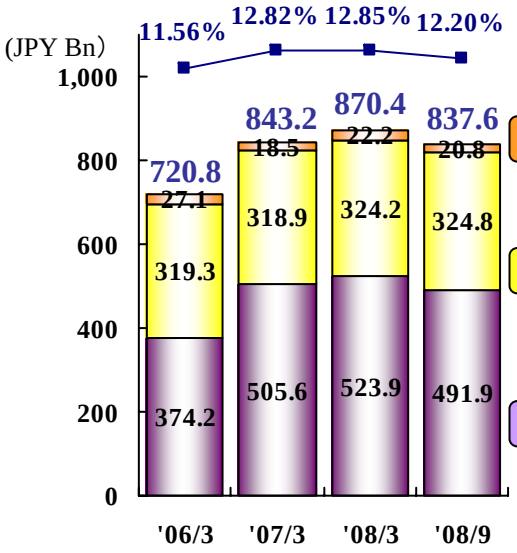
Investment Products

Hokuhoku Financial Group,Inc.

- **Balance of investment products : -¥32.7Bn compared to Mar-08 (Investment trusts -¥31.9Bn)**
  - ⇒ **Sales amount of insurance increased, sales amount of investment trusts decreased owing to the deteriorated market environment.**

【Balance of investment products】

〈Total of two banks〉

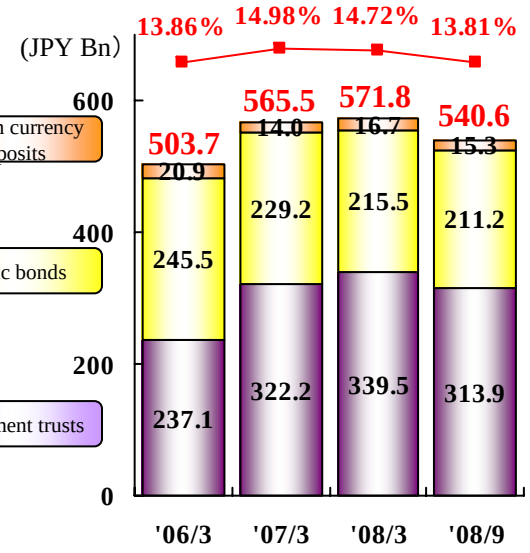


Foreign currency deposits

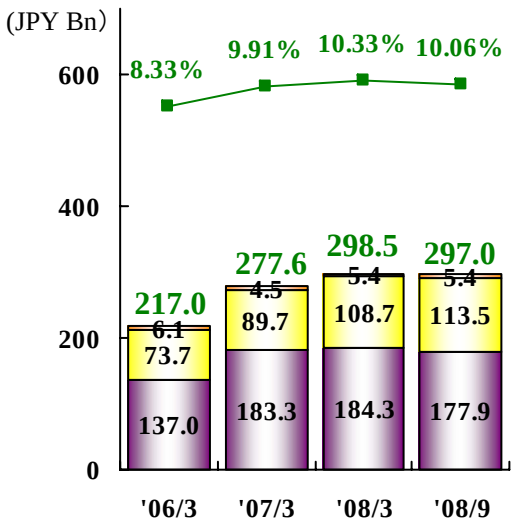
Public bonds

Investment trusts

〈Hokuriku bank〉



〈Hokkaido bank〉



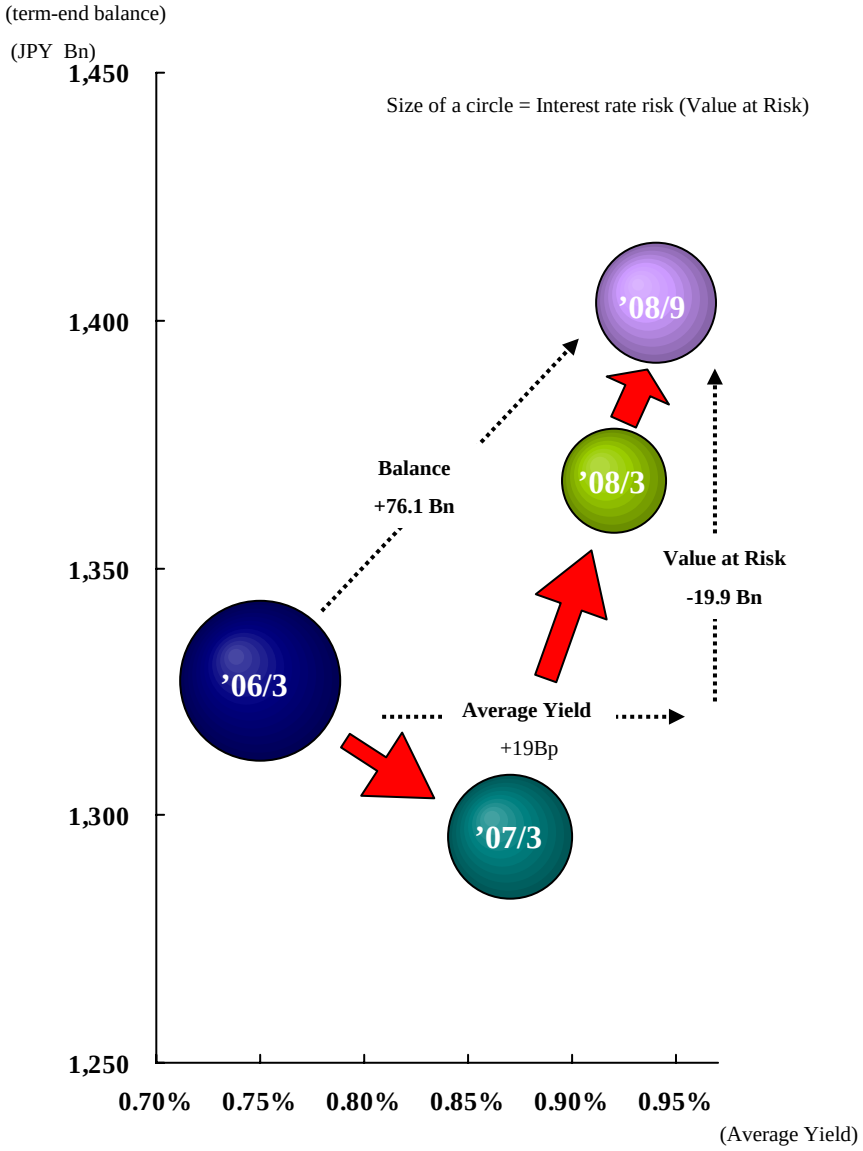
【Sales amount of investment products and Fees】

	〈Total of two banks〉				〈Hokuriku bank〉				〈Hokkaido bank〉			
(JPY Bn)	FY06 2H	FY07 1H	FY07 2H	FY08 1H	FY06 2H	FY07 1H	FY07 2H	FY08 1H	FY06 2H	FY07 1H	FY07 2H	FY08 1H
Sales amount of investment trusts	186.8	189.9	71.9	59.3	135.9	142.2	47.5	32.9	50.9	47.7	24.3	26.3
Sales amount of insurance	48.0	36.9	46.7	50.6	33.8	22.4	34.5	35.4	14.2	14.5	12.2	15.1
Fees from investment trusts	5.3	5.8	3.1	2.7	3.6	4.2	2.0	1.7	3.0	1.6	1.1	1.0
Fees from insurance	2.2	1.8	2.5	2.5	1.6	1.2	1.8	1.9	1.6	0.6	0.7	0.5

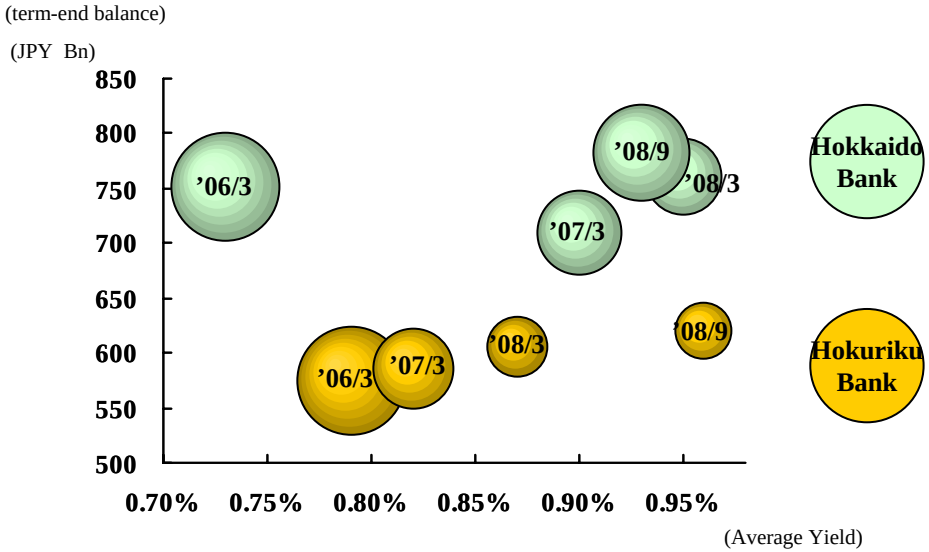
Bond Portfolio *(yen denominated bonds)*

Hokuhoku Financial Group,Inc.

【Bond portfolio; balance, yield, and Value at risk】
〈Total of two banks〉



〈Hokuriku bank〉〈Hokkaido bank〉



	Mar-06	Mar-07	Mar-08	Sep-08
Total of two banks				
Term-end Balance (¥Bn)	1,327.3	1,295.5	1,367.6	1,403.4
Average Yield (%)	0.75%	0.87%	0.92%	0.94%
Duration (year)	3.07	2.72	2.29	2.33
Value at Risk (¥Bn)	45.2	27.6	19.6	25.3
Hokuriku Bank				
Term-end Balance (¥Bn)	575.1	586.0	606.1	620.8
Average Yield (%)	0.79%	0.82%	0.87%	0.96%
Duration (year)	3.70	3.21	2.85	2.41
Value at Risk (¥Bn)	21.2	12.3	7.1	5.8
Hokkaido Bank				
Term-end Balance (¥Bn)	752.2	709.4	761.5	782.6
Average Yield (%)	0.73%	0.90%	0.95%	0.93%
Duration (year)	2.59	2.32	1.85	2.27
Value at Risk (¥Bn)	24.0	15.2	12.4	19.4

※ Internal management base

Management Strategy

Financial Target

【Statement of Income】 (Total of two banks) (JPY bn)

	Mar-08 Results	Mar-09 Plan	Mar-10 Plan	Mar-11 Plan	Mar-12 Plan	Comparison to Mar-12(plan) & Mar-08(results)
Gross Business Profits	181.8	173.0	177.8	180.3	182.9	1.1
Expenses	89.9	93.0	95.0	95.6	95.2	5.3
Expenses related to development of banking system	13.4	14.4	16.5	16.9	16.5	3.1
(OHR) (*1)	(49.45%)	(53.76%)	(53.45%)	(53.02%)	(52.03%)	(2.58%)
Net Business Profits	91.8	79.9	82.7	84.7	87.7	-4.1
Core Business Profits (*2)	88.6	81.5	82.7	84.7	87.7	-0.9
Disposal of Non-performing loans (*3)	25.5	28.0	22.0	22.0	22.0	-3.5
Ordinary Profits	65.0	44.0	58.7	60.1	63.4	-1.6
Net Income	39.0	49.0	34.7	35.3	37.3	-1.7

【Balance of Retained Earnings】 (Hokuhoku FG + Hokuriku Bank + Hokkaido Bank)

	Mar-08 Results	Mar-09 Plan	Mar-10 Plan	Mar-11 Plan	Mar-12 Plan	Comparison to Mar-12(plan) & Mar-08(results)
Balance of Retained Earnings	133.9	149.3	175.6	202.7	230.9	97.0

【Capital Ratio】 (Hokuhoku FG Consolidated base)

	Mar-08 Results	Mar-09 Plan	Mar-10 Plan	Mar-11 Plan	Mar-12 Plan	Comparison to Mar-12(plan) & Mar-08(results)
Capital Ratio	10.39%	10.47%	10.74%	10.92%	11.05%	0.66%
Tier Ⅰ Ratio	7.48%	7.45%	7.85%	8.27%	8.70%	1.22%

Maintaining top-level profitability among regional banks
[Mar-12 Plan] Net Business Profits JPY 87.7Bn
Net Income JPY 37.3Bn

Planning to increase strategic investment on joint development of banking system and simultaneously maintaining management efficiency.
[Mar-12 Plan] OHR 52.03%

Disposal of non-performing loans is projected to go stable

Sucuring sufficient amount of retained earnings for earlier repayment of public funds
[Mar-10 Plan] Retained earnings JPY 175.6Bn
Amount remaining of public funds JPY 59.9Bn
Compulsory Conversion of Preferred Stocks Jul & Aug '10

Establishing stable financial foundation
[After repayment of public funds]
Consolidated Capital Ratio Around 9%
Consolidated Tier Ⅰ Ratio Around 6%

Note
*1 OHR = Expenses / Gross Business Profit
*2 Core Business Profit = Net Business income + Provision on general reserve for possible loans – gains/losses on bonds
*3 Disposal of non-performing loans includes provision on general reserve for possible loan losses
*4 Balance of Retained Earnings excludes legal earned reserve

Strategy in Retail Banking

Hokuhoku Financial Group,Inc.

Strengthen Our Retail Banking Business

Develop and open new type of branch to further improve customers' convenience

Number of branch 246 (Mar.2008) → 250 (Mar.2012) (+4)

Increase the number of staff to beef up marketing capabilities

Number of employees 4,318 (Mar.2008) → 4,425 (Mar.2012) (+107)

New type of branch that meets customers' needs

"Hokugin Dream Center" **(Hokuriku Bank)**
"Personal Branch" **(Hokkaido Bank)**

(Branch for personal customers only)
Mainly provide asset management and loan consultation services
Open on both weekdays and holidays

" Personal Branch" opened

(Oct.2008) Tonden (Sapporo)
(Dec.2008) Ainosato (Sapporo)

"Hokugin Loan Plaza" **(Hokuriku Bank)**
"Housing Loan Plaza" **(Hokkaido Bank)**
"Rapid Branch"

Number of spots focusing on personal transactions (as of Sep-08)

Hokugin Loan Plaza:	53 (29 out of which are open on weekends)
Housing Loan Plaza :	12 (2 out of which are open on Saturdays)
Rapid Branch	open on 24/7

Enhancing customer service by diversifying distribution channels

Expanding network of ATMs in convenience stores.

E-net, Lawson (2 Banks)
Circle-K, Sunkus (Hokuriku Bank)
Seven Bank (Hokkaido Bank)
ATM Card Loan (Hokkaido Bank)

"Hokugin Point Club" **(Hokuriku Bank)**
"Step Do" **(Hokkaido Bank)**

The above two service programs provide preferential fees and commissions to member customers. The "Step Do" also offers mileage points applicable to other allied services.
Number of members (as of Sep-08):

"Hokugin Point Club"	882 thousand
"Step Do"	591 thousand

Making our internet banking services more convenient

"Direct A" (Internet Service) (Hokuriku Bank)
Started selling investment trust through internet (Dec-08) (Hokkaido Bank)

Expanding Retail Banking Business

Fully Capitalizing on Our Own Network

Increasing contact with customers

"SS" Campaign
＊ "SS" = "Shoe Spirit (Footwork)" and " Speed & Service"
Campaign to boost loan sales (Hokuriku Bank)

Providing products that meet customers' needs

"Hokuhoku Fund"
(A Joint product with Hokkaido Credit Guarantee Corporation)

"Support Pack"(Hokuriku Bank)
"Target", "Advance Ⅲ" (Hokkaido Bank)

Expanding cooperation with Academic institutions and local governments
Promoting local industries

Building comprehensive alliances with regional universities and technical colleges.

Promoting venture capital business through Hokuhoku Capital Co., Ltd.

Supporting manufacturers
"Agri-Partners" (Hokkaido Bank)

Providing solutions

Each of 2 banks has Consulting Division in head office providing cutting-edge solutions to clients.
M&A, Business succession, IPO, Overseas business development, Personnel program, etc

Supporting corporate revival

Each of 2 banks has the special team to support corporate revival programs.
The number of clients whose credit ratings are improved :
29(Hokuriku), 39(Hokkaido)

Expanding business with small businesses

Each of 2 banks offers professional services at "Hokugin Business Center" and "Business Loan Plaza"

Providing quality information through internet site

2,883(Hokuriku Bank) and 2,132(Hokkaido Bank) corporate members register our internet professional service in which they consult managerial problems With lawyers, accountants and experts

Diversifying product lines for individual customers

Enhancing loan consultation services

Hokuriku Bank

Hokugin Loan Plaza：53 spots（29 are open on weekends)

Hokkaido Bank

Dogin Housing Loan Plaza：12 spots　(2 are open on Saturdays)

Diversified product lines

Hokuriku Bank

・Housing Loan packed with insurance coverage of 8 diseases
・ "Yume Home Wide", "Venus"
・**Housing Loan packed with Carbon offset products** (Jul-08)
・Sales of "Super NOW" (card loan) to salary workers

Hokkaido Bank

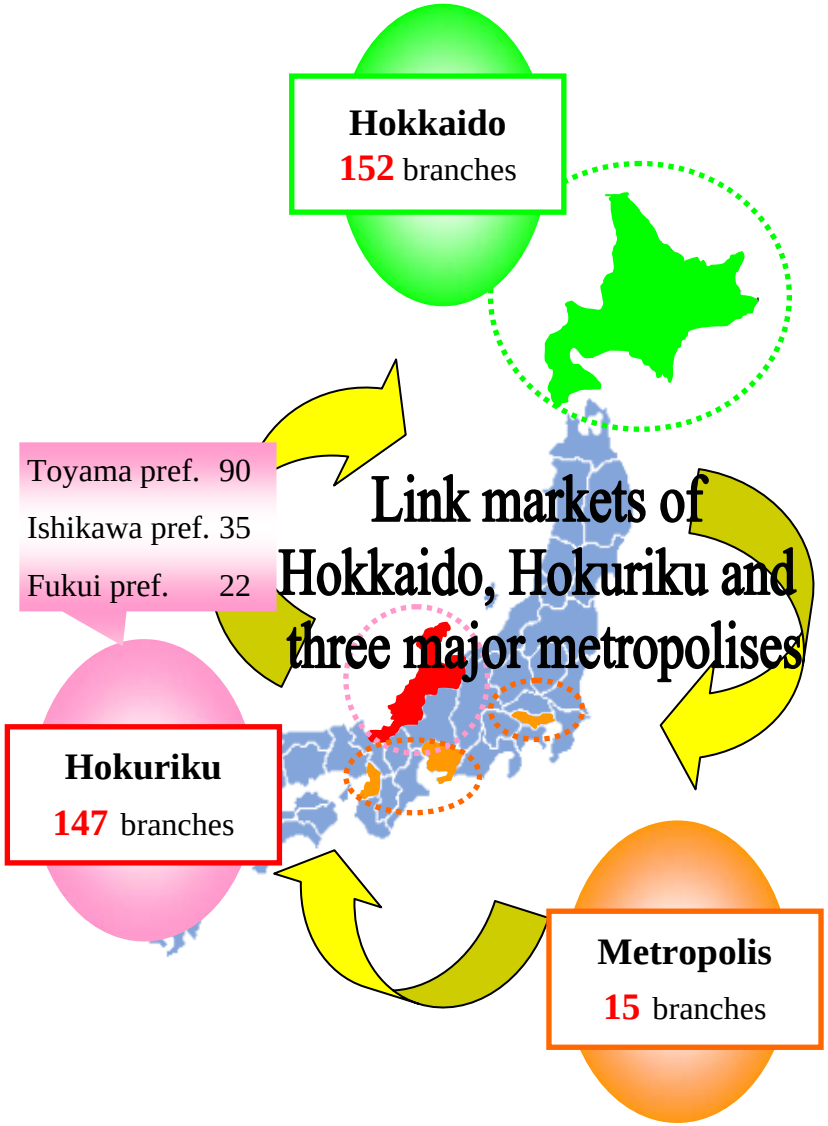
・Housing Loan packed with insurance coverage of 8 diseases
・**Housing Loan packed with Carbon offset products** (Jul-08)
・ "Rapid" (card loan), "ATM Card Loan", "Dogin Best Free Loan"

Building alliance with house builders

Solid relationsips with sales staff of house builders.（Numbers of membership are as of Sep-08）
"Hokugin Dream Kai"（5,080 members registered）, "Hokugin Reform Club"(237 companies registered）
Conference of sales staff of house builders
（200 participants in Sapporo (Jun-08) and 100 participants in Obihiro(Oct-08))

Extensive Regional Network

Unique business model by capitalizing on extensive regional network



Events for Business Matching

Mar-08 : Product selection 2008 in Toyama

Commemorating open of Tokai-Hokuriku Highway, the event was held to introduce and promote local produce, and boost exchanges between local municipalities and businesses.

Jun-08 : Business summit 2008 in Nagoya

A Joint event for business matching with Ogaki Kyoritsu Bank.
(800 business talks negotiated)

Aug-08 : Hokkaido food special business conference in Tokachi

Invited food-related business companies and held conference, workshop and on-site tour of agricultural organizations.

Sep-08 :5th Hokkaido food special business conference

A Joint event with Hokkaido local government.
(About 300 managers & buyers participated. 320 business talks negotiated .)

Business Matching Services

Total of two banks	FY2006	FY2007	1st half of FY2008
Total Number of business created through our business matching services	2,549	2,605	1,098
Creating new partnership/market	1,900	1,925	751
Real estate information	649	680	347
			(JPY Bn)
Sales amout of loans	30.4	25.2	31.2
New loans	14.0	17.8	10.8
Underwriting private placement bonds	3.4	1.4	1.2
Collection of non-performing loans	6.0	3.8	2.0

Overseas Business Support

Hokuhoku Financial Group,Inc.

We support clients expanding into overseas market

Planning

London
Hokuriku

Russian Yuzhno-Sakhalinsk
Hokkaido

Business matching conference
Jul-08 (Shanghai)
Sponsored by 12 regional banks
Jul-08 (Dalian)
Sponsored by Hokuhoku FG
Oct-08(Shenyang)
Sponsored by FG, Sapporo city and the Sapporo chamber of commerce and industry

Agreement with overseas government
【FG】 Shanghai city, Liaoning ministry, Guangdong ministry
【Hokuriku】Dalian city, Vietnamese government, Suzhou City
【Hokkaido】Shenyang city, Changchun city, Harbin City

Sponsoring Workshop
Jun-08 "Finance business in Islamic countries"
Jul-08 "Selling products in China"
Sep-08 "Business in Vietnam"

Business partnership for overseas business with other financial institutions.
KASIKORNBANK, Standard Chartered Bank, State Bank of India,Mizuho Corporate Bank, Yokohama Bank(overseas information network of three banks)

Associations of clients in China and ASEAN (Sep-08)

Hokuriku Choujou Association	992 companies
Hokkaido Choujou Association	261 companies
Shanghai Choujou Association	160 companies
Hokuhoku ASEAN Association	150 companies

Our support

- **Preparatory inspection**
- **Searching business partners**
- **Setting up factories / subsidiary companies**
- **Applying for authorization of local government**
- **Legal / tax matters**
- **Trading Procedure**
- **Opening bank account**
- **Fund borrowing**
- **Information Exchange**
- **Supporting overseas staff**

Cementing Customer Loyalty

<Capital policy>

Hokuhoku Financial Group,Inc.

Aiming to accumulate retained earnings enough to repay outstanding public funds (¥59.9Bn) by March 2009

Target (after repayment of public funds)

⇒Capital adequacy ratio 9%

⇒Tier1 capital ratio 6%

After repayment of public funds,

- **Looking to increase in dividend of common stocks to the same level before injection of public funds**
- **Looking to repurchase of preferred stocks owed by private sector stockholders, Aiming to achieve Tier1l ratio of 8%**
- **Enhancing stockholder return (Dividend increase, Common stock buyback, etc.)**

Type	Type 1 preferred stock	Type 4 preferred stock
Number of stocks	50 million stocks	61.4 million stocks
Issue price	@ JPY 500	@ JPY 570
Outstanding Amount	JPY 25.0 Bn	JPY 34.998 Bn
Dividend(yield)	@ JPY 7.70 (1.54%)	@ JPY 6.62 (1.16%)
Conversion price (As of Sep-2008)	@ JPY 314.40 Reset Date : 31-July (#1)	@ JPY 313.90 Reset Date : 1-August (#1)
Mandatory conversion date	30-July-2010	1-August-2010

(Note #1) Average price of the closing prices of common stock traded on TSE, of the first 30 trading days during the 45 trading days prior to the corresponding date.

Jun-08 — Repaid public funds : ¥25.0Bn (Repurchased amount : ¥30.1Bn)

Aug-07 — Repaid public funds : ¥35.0Bn (Repurchased amount : ¥40.0Bn)

Oct-06 — Issued common stocks: ¥41.5Bn

Mar-06 — Repaid public funds : ¥10.0Bn (Subordinated loan)

Sep-05 — Repaid public funds : ¥10.0Bn (Subordinated loan)

Sep-05 — Issued subordinate bonds : ¥20.0Bn

Mar-05 — Issued subordinate bonds : ¥20.0Bn

Sep-04 — Management Integration

Rating

May-08	A (R&I)
Feb-08	A- (JCR)
Mar-06	BBB+ (JCR)
Mar-05	BBB (JCR)

Appendix

About Japanese Regional Banks ①

Financial Institutions in Japan

Hokuhoku Financial Group,Inc.

Source: Home page of Regional Banks Association of Japan

1 Central Bank - Bank of Japan

2 **Private Financial Institutions**

Hokuhoku Financial Group, Inc.
(Hokuriku Bank, Hokkaido Bank)

Institutions that accept deposits

- **Banks**
  - City banks
  - **Regional banks**
  - Member banks of the Second Association of Regional Banks (Tier Ⅱ regional banks)
  - Trust banks
  - Foreign banks in Japan
  - Japan Post (Japan Post Bank), Other banks
- Cooperative Financial Institutions
  - Shinkin banks, Credit cooperatives, Labour banks, Agricultural cooperatives,Fishery cooperatives
- Federations of Cooperative Financial Institutions
  - Shinkin Central Bank (the central financial institution for the Shinkin banks)
  - The Shinkumi Federation Bank (the national federation of credit cooperatives)
  - The Rokinren Bank (the national federation of Labour Banks)
  - The Norinchukin Bank (the central bank for the Japanese agricultural, forestry, and fishery cooperatives)
    - Credit federations of agricultural cooperatives
    - Credit federations of fishery cooperatives
  - The Shoko Chukin Bank (the central cooperative bank for commerce and industry)

Other private Financial Institutions

Securities	– Securities companies, Securities finance companies etc
Insurance	– Life insurance companies, Non-life insurance companies etc
Others	– Consumer credit companies, Business loan companies, Leasing companies etc

3 Public Financial Institutions

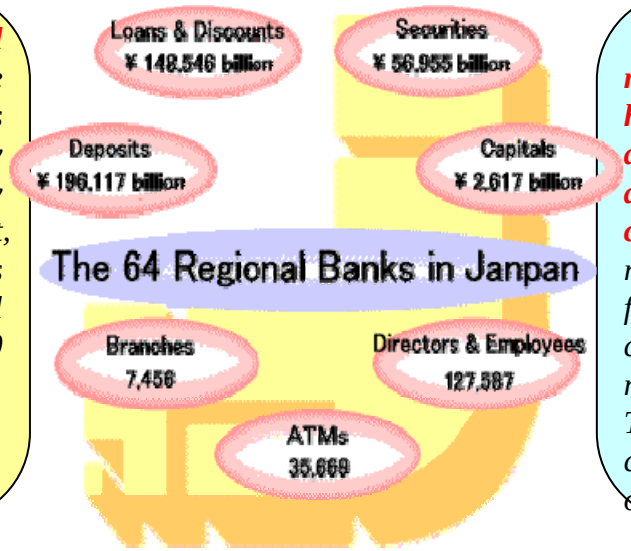
Development Bank of Japan, Japan Finance Corporation, Japan Housing Finance Agency etc

About Japanese Regional Banks ②

Outline of Regional Banks

Outline of Regional Banks

As of March 31, 2008, there are 64 regional banks. *Headquarters for regional banks are located in major and mid-size cities throughout the country, around which they have built major business bases. The majority of their loan customers, more than 75 percent, are local small and medium-sized companies and consumers. As for deposits, individual deposits account for approximately 70 percent of all deposits.*

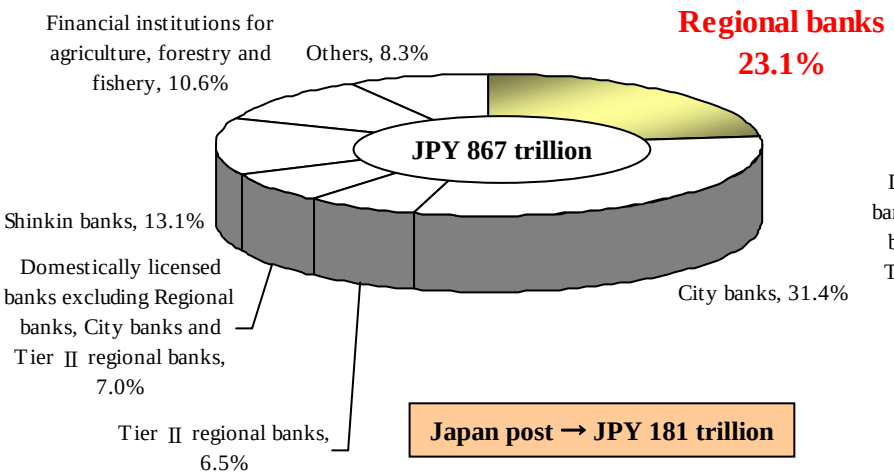


Main Financial Institutions in the Regions

The regional banks have branch networks mainly in the prefectures where their headquarters are located, totaling approximately 7,400 branches and approximately 35,600 ATMs all over the country. *Through these networks, the regional banks have fulfilled various financial needs of their customers, mainly consisting of individuals and small and medium-sized enterprises in the regions. They have also been playing main roles in contributing to promotion and development of the regional communities.*

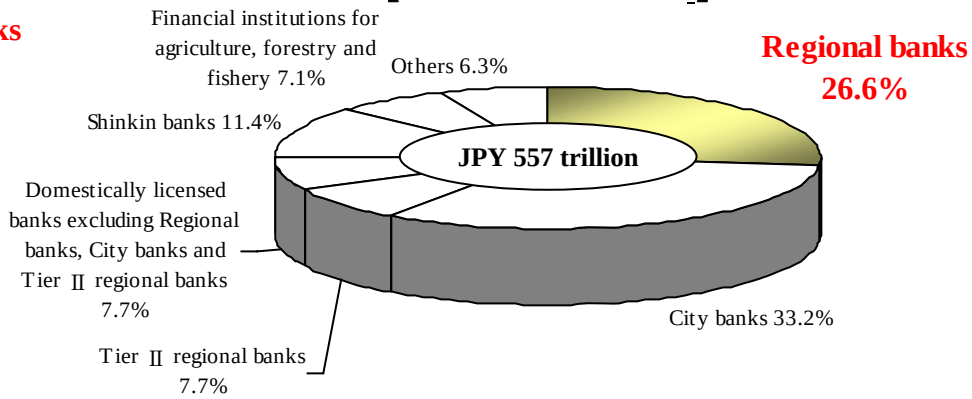
Shares of Deposits and Loans of Private Financial Institutions

【Deposits】



Japan post → JPY 181 trillion

【Loans and discounts】



Source: Home page of Regional Banks Association of Japan

History of Hokuhoku FG

Hokuriku area

1877
Established in Ishikawa prefecture — **Ishikawa**

1878
Established in Fukui prefecture — **Fukui**

1879
Established in Toyama prefecture — **Toyama**

History of integration

1943
Hokuriku Bank established

Hokkaido area

Trade between Hokkaido and Hokuriku area flourished in the 19th century, and A lot of people immigrated from Hokuriku to Hokkaido.

"Kita-Mae" Ship

1899
Established 1st branch in Hokkaido — **Hokkaido**

1951
Hokkaido Bank established

September 2004
"Hokuhoku" FG was born.

Goals and Strategy of the Management Integration

- **Strengthening Marketing Capabilities**
- **Increasing Management Efficiency**
- **Cementing Customer Loyalty**

Goals and Strategy of the Management Integration

Strengthening Marketing Capabilities

We possess a wide network including Japan's three major metropolises in addition to our main operational bases, Hokkaido and Hokuriku, and we aim to differentiate ourselves from other financial institutions and achieve stronger marketing power by linking our information and clients.

- Beefing up the business matching services by utilizing our extensive regional network
- Extending services with corporations, their trading partners and employees by capitalizing on the customer bases of the two banks
- Enhancing the proposal and solution services by sharing the know-how of the two banks

Increasing Management Efficiency

We will create a highly profitable and efficient operating system, which allows us to integrate redundant infrastructure in Hokkaido and capitalize on management resources more efficiently, while placing continuous emphasis on maintaining and developing solid relationships with customers of two banks.

- Rebuilding an efficient and effective network of branches
- Sharing the system of back-offices for efficient operation. Integrating mail delivery services and back-office services of two banks in Hokkaido.

Cementing Customer Loyalty

We will create a more stable asset portfolio and become a highly-trusted and widely-supported regional financial group through extending services in two geographical areas with different economic environment.

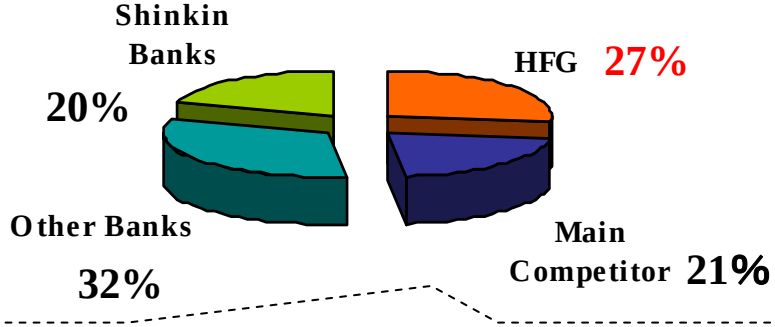
- Building an asset portfolio diversified across various geographical areas and a wide range of industries
- Implementing a comprehensive capital structure that enables a steady repayment of public funds

About Hokuhoku FG ①

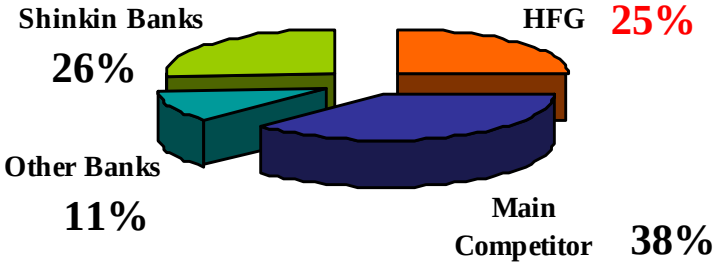
Hokuhoku Financial Group,Inc.

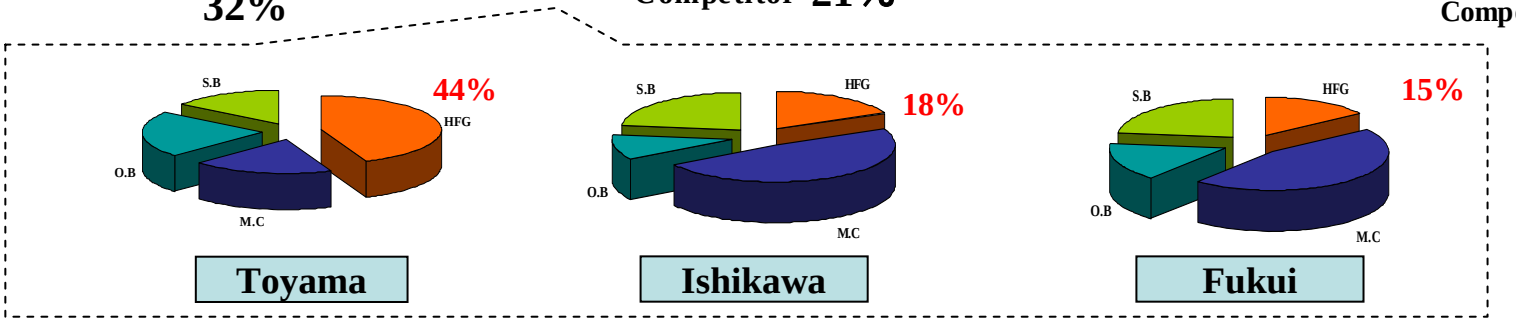
Market Share in Our Home Market (Loans, Mar-08)

Hokuriku Area



Hokkaido Area





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

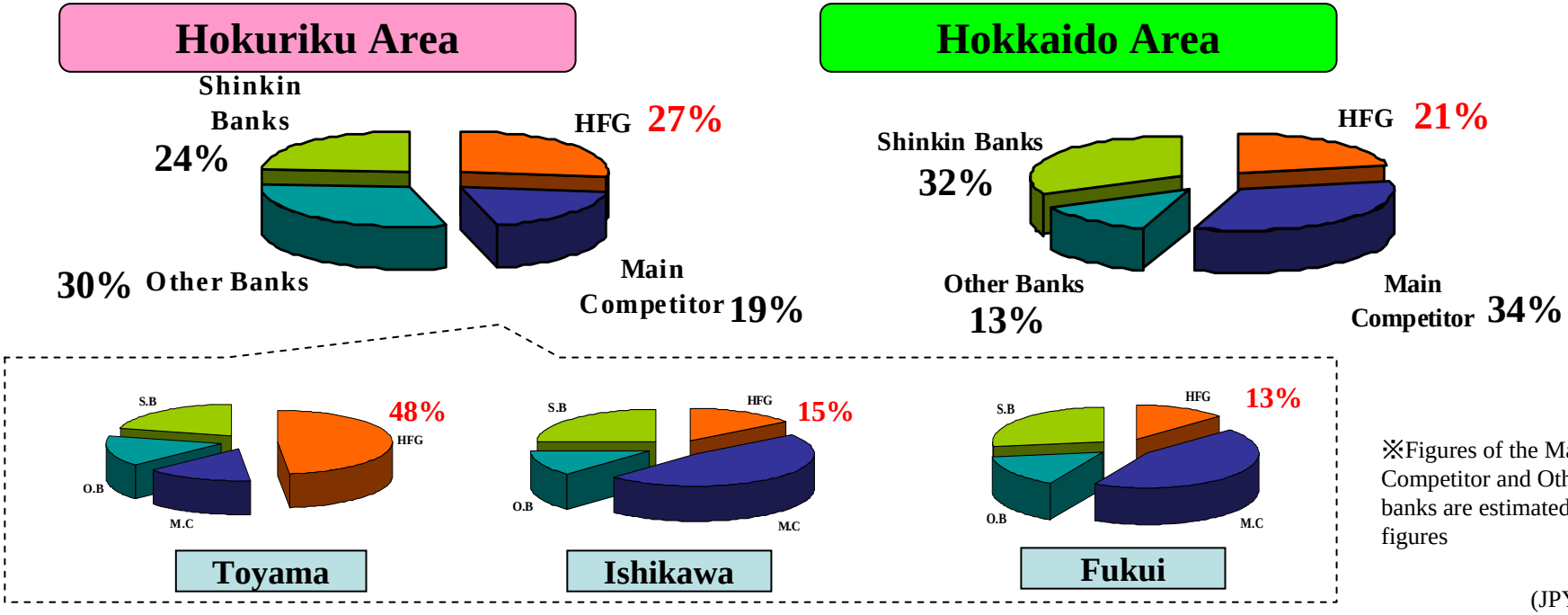
(JPY Bn)

	Hokuriku Area	Toyama Pref.	Ishikawa Pref.	Fukui Pref.	Hokkaido Area
Banks	7,147.7(79.6%)	2,731.8(84.7%)	2,616.6(76.6%)	1,799.3(76.9%)	8,919.8(74.1%)
HFG	2,400.2(26.7%)	1,421.1(44.0%)	615.4(18.0%)	363.5(15.5%)	2,989.5(24.8%)
Hokuriku Bank	2,400.2(26.7%)	1,421.1(44.0%)	615.4(18.0%)	363.5(15.5%)	512.6(4.3%)
Hokkaido Bank	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	2,476.9(20.6%)
Main Competitor	1,869.6(20.8%)	607.4(18.8%)	1,647.7(48.3%)	1,068.5(45.6%)	4,627.9(38.5%)
Shinkin Banks	1,833.4(20.4%)	494.4(15.3%)	797.1(23.4%)	541.7(23.1%)	3,110.5(25.9%)
Total	8,981.1(100 %)	3,226.2(100 %)	3,413.7(100%)	2,341.0(100%)	12,030.3(100%)

About Hokuhoku FG ②

Hokuhoku Financial Group,Inc.

Market Share in Our Home Market (Deposits, Mar-08)



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

(JPY Bn)

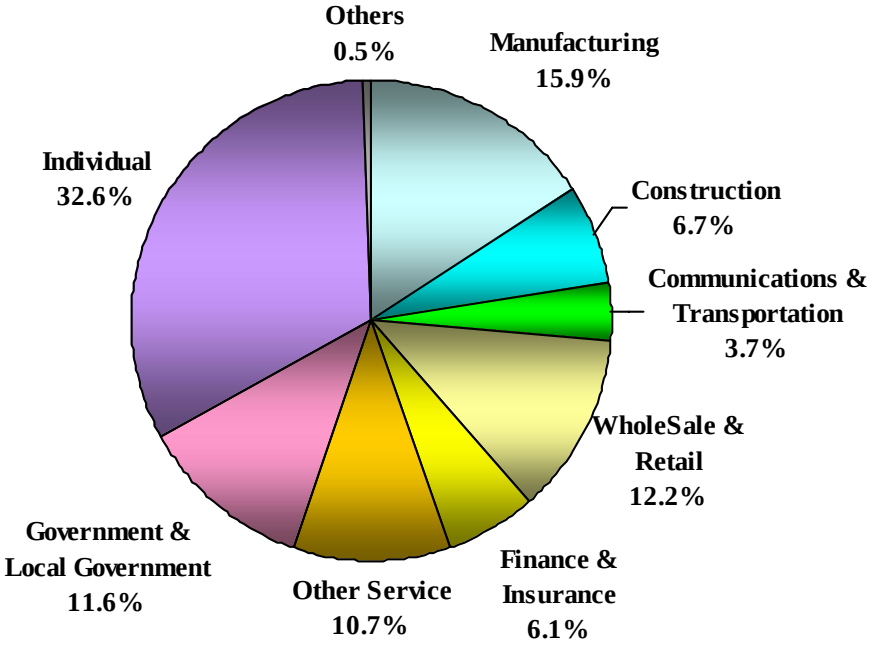
	Hokuriku Area	Toyama Pref.	Ishikawa Pref.	Fukui Pref.	Hokkaido Area
Banks	10,772.2(75.9%)	4,116.0(78.9%)	3,970.9(75.0%)	2,685.3(72.7%)	12,734.2(68.1%)
HFG	**3,799.4(26.8%)**	**2,517.1(48.3%)**	**792.6(15.0%)**	**489.6(13.3%)**	**3,988.7(21.3%)**
Hokuriku Bank	**3,799.4(26.8%)**	**2,517.1(48.3%)**	**792.6(15.0%)**	**489.6(13.3%)**	**508.8 (2.7%)**
Hokkaido Bank	**0(0.0%)**	**0(0.0%)**	**0(0.0%)**	**0(0.0%)**	**3,479.9(18.6%)**
Main Competitor	2,648.2(18.6%)	786.5(15.1%)	2,492.3(47.1%)	1,641.1(44.4%)	6,382.5(34.1%)
Shinkin Banks	3,429.0(24.1%)	1,097.8(21.1%)	1,323.7(25.0%)	1,007.4(27.3%)	5,971.8(31.9%)
Total	14,201.2(100%)	5,213.8(100%)	5,294.6(100%)	3,692.7(100%)	18,706.0(100%)

About Hokuhoku FG ③

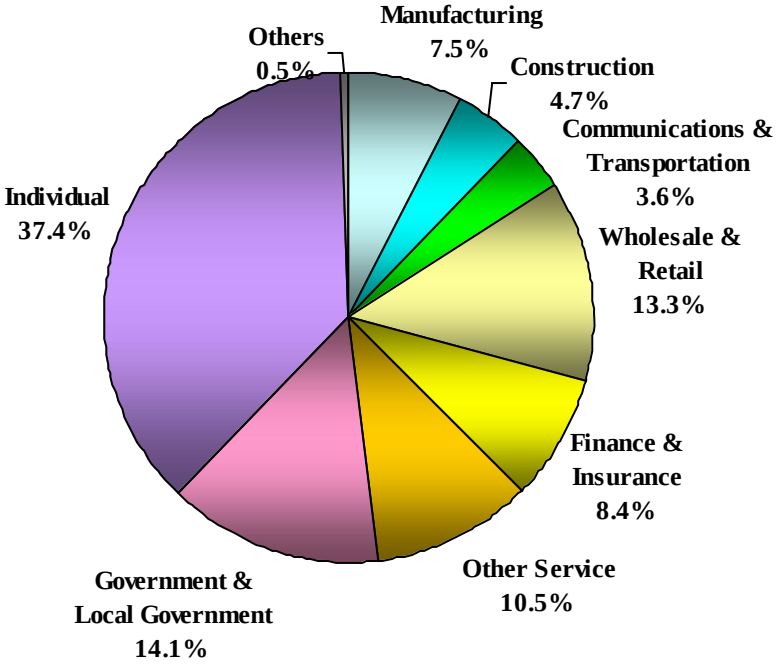
Lending in the Region by Industry (Sep-08)

Hokuhoku Financial Group,Inc.

Hokuriku Bank



Hokkaido Bank



The Present Condition of the Regional Economy ①
Characteristics of Our Main Business Area

Hokuhoku Financial Group,Inc.

Population and Square Measure

Data from Ministry of Public Management, Home Affairs, Posts and Telecommunications

	Toyama Prefecture a	Ishikawa Prefecture b	Fukui Prefecture c	Total a+b+c	Hokkaido Prefecture	**Total**
Population (Ranking)	1.11Mn (38th)	1.17Mn (35th)	0.82Mn (43rd)	3.10Mn	5.60Mn (7th)	**8.70Mn**
Density of Population (Ranking)	261.3pt (25th)	279.9pt (23rd)	195.5pt (32nd)	–	71.4pt (47th)	–
Square Measure (Ranking) km²	4,247 (33rd)	4,185 (35th)	4,189 (34th)	–	83,456 (1st)	–

Same as Osaka, Kanagawa!

1st	Tokyo
2nd	Kanagawa (8.83Mn)
3rd	Osaka (8.81Mn)

Gross Prefectural Product

(JPY Bn)

	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido	**Total**
GPP (Proportion) (Ranking)	4,680.7 (0.91%) (28th)	4,612.8 (0.89%) (29th)	3,358.4 (0.65%) (41st)	12,652.0 (2.45%)	19,741.5 (3.83%) (7th)	**32,393.6 (6.28%)**

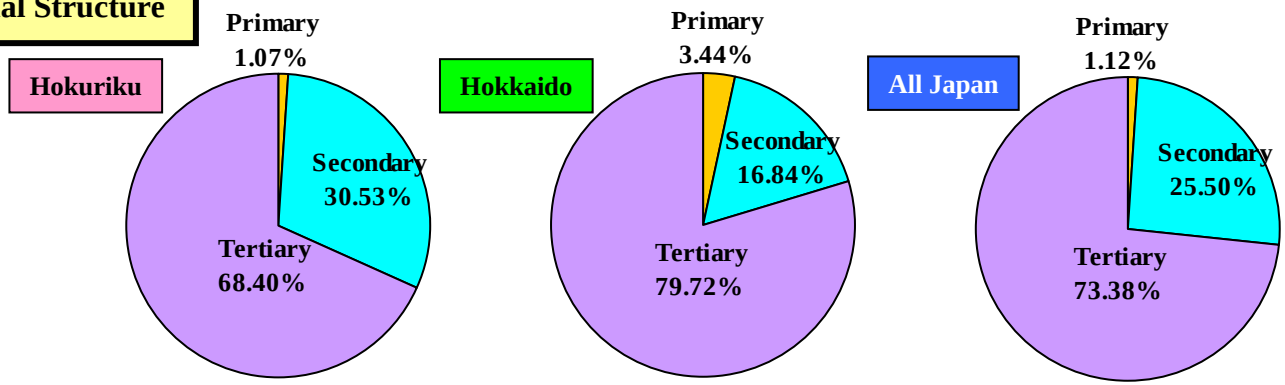
Above Kanagawa!

1st	Tokyo
2nd	Osaka
3rd	Aichi
4th	Kanagawa (31,184.3)

Same as Denmark (Europe No15) !

1st	Germany
2nd	UK
15th	Denmark (32,253.9)

Industrial Structure



The Present Condition of the Regional Economy ②
Economic Conditions

Hokuhoku Financial Group,Inc.

	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	All Japan	Hokuriku Area	Hokkaido Area
	Oct-08	Oct-08	Oct-08
Economic Trend	Weakened further	Sluggish	In a somewhat severe situation
Public Investment	Generally sluggish	Less than last year	Generally sluggish
Business Investment	In a weak tone	Declining	Solid
Private consumption	Almost flat	Weakening	In a somewhat severe situation
Housing construction	Almost flat	Generally sluggish	Sluggish
Production	Decreasing	Relatively weak	More or less flat
Employment & Income	Getting worse	Downtrend	Relatively weak
Prices	Rising moderately	Exceeding last year	Exceeding last year
The number of bankrupt companies	Increasing	Exceeding last year	Exceeding last year

The Present Condition of the Regional Economy ③
Big Projects in Hokuriku and Hokkaido Area

Hokkaido

◎Construction of the Hokkaido Bullet Train

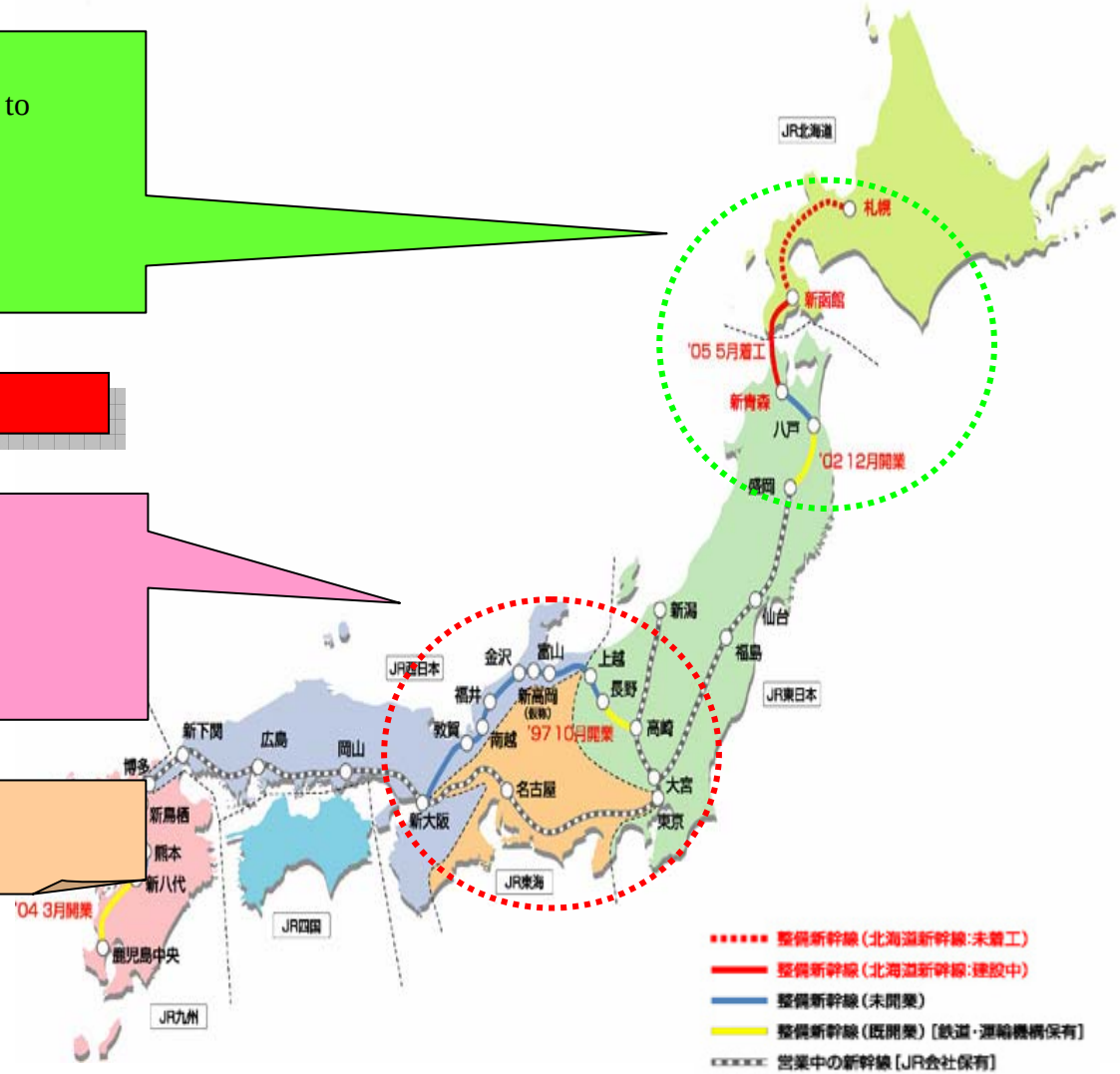
Constructing a 360 KM line from Shin-Aomori Station to Sapporo Station.
Expected to be completed in FY 2015
（Shin-Aomori Station to Shin-Hakodate Station）
Planned to be completed to Sapporo in FY 2020

Hokuriku

◎Construction of the Hokuriku Bullet Train

Constructing a 700 KM line from Tokyo to Osaka via Nagano, Toyama, Kanazawa, Fukui.
Expected to be completed in FY 2014.

◎Tokai Hokuriku Highway completed in July,2008



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