

Investor Meeting

*~Financial Results for FY 2011~
(ended March 31, 2012)*



株式会社 ほくほくフィナンシャルグループ

Hokuhoku Financial Group, Inc.

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Hokuhoku Financial Group, Inc.

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“Hokugin Corp.”, Hokuriku bank's fully-owned subsidiary for corporate revitalization, terminated its projected operations and was liquidated in September, 2009. Figures of Hokugin Corp. are partly included in the past financial results for comparison.

*Summary of Financial Results
for FY 2011*

Summary of Financial Results I-①

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

Hokuhoku Financial Group, Inc.

<Consolidated> (JPY Bn)	['12/03 Forecasts]	FY2011	change	FY2010
Ordinary income	[203.0]	207.9	(6.6)	214.6
Ordinary profits	[31.0]	38.8	1.6	37.2
Net income	[17.0]	14.1	(4.2)	18.4
<Total of two banks> (JPY Bn)				
Core gross business profits	[157.0]	156.3	0.9	155.4
Net interest income		131.1	0.4	130.7
Domestic		130.5	(0.1)	130.6
Net fees & commissions		18.9	(1.9)	20.8
Net trading income		0.5	(0.6)	1.1
Net other income (excluding gains (losses) related to bonds)		<u>(0.4)</u> 5.7	3.0	<u>(1.4)</u> 2.6
General & administrative expenses	[101.0]	(100.6)	(2.0)	(98.6)
Core net business profits	[56.0]	55.7	(1.0)	56.7
Net gains (losses) related to bonds		<u>+0.9</u> 3.6	1.9	<u>+1.7</u> 1.7
Net business profits before credit costs		59.3	0.8	58.4
Net non-recurring gains(losses)		(22.0)	(3.2)	(18.8)
Total credit costs	[20.0]	(10.4)	4.1	(14.5)
Net gains (losses) related to stocks		(5.0)	(2.2)	(2.7)
Ordinary profits	[33.0]	40.5	3.5	37.0
Net extraordinary gains (losses)		(2.6)	(0.7)	(1.9)
Income taxes		(21.2)	(5.8)	(15.4)
Net Income	[19.5]	16.6	(2.9)	19.6

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

<Consolidated>
Net income: ¥14.1Bn
-¥4.2Bn compared to FY10
... Impact of reduction in the corporate tax rate (¥5.0Bn)
<Total of two banks>
Core net business profits: ¥55.7Bn
-¥1.0Bn compared to FY10
... Decrease in Net fees and commissions and increase in G&A expenses
Ordinary profits: ¥40.5Bn
+¥3.5Bn compared to FY10
... Decrease in total credit costs
Net income: ¥16.6Bn
-¥2.9Bn compared to FY10
... Impairment loss and loss on contribution of securities to retirement benefit trust
Impact of reduction in the corporate tax rate (¥5.1Bn)

(JPY Bn)	FY2011	change	FY2010
A - B	(2.5)	(1.2)	(1.2)
Other Subsidiaries	0.8	(0.5)	1.4
Amortization of goodwill	(2.1)	0.3	(2.4)
Elimination	(0.2)	(0.1)	(0.0)

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

Hokuhoku Financial Group, Inc.

(JPY Bn)	〈Hokuriku Bank〉			〈Hokkaido Bank〉		
	FY2011	change	FY2010	FY2011	change	FY2010
Core gross business profits	88.5	(0.0)	88.5	67.8	1.0	66.8
Net interest income	73.5	0.5	73.0	57.6	(0.0)	57.6
Domestic	73.2	0.0	73.2	57.2	(0.1)	57.3
Net fees & commissions	11.6	(1.2)	12.8	7.2	(0.7)	7.9
Net trading income	0.5	(0.6)	1.1			
Net other income (excluding gains (losses) related to bonds)	2.7	1.2	1.4	<u>(0.4)</u> 3.0	1.7	<u>(1.4)</u> 1.2
General & administrative expenses	(54.2)	(0.3)	(53.8)	(46.4)	(1.6)	(44.7)
Core net business profits	34.3	(0.3)	34.6	21.4	(0.6)	22.1
Net gains (losses) related to bonds	0.1	0.8	(0.6)	<u>+0.9</u> 3.4	1.1	<u>+1.7</u> 2.3
Net business profits before credit costs	34.4	0.4	34.0	24.8	0.4	24.4
Net non-recurring gains(losses)	(8.9)	1.9	(10.9)	(13.1)	(5.1)	(7.9)
Total credit costs	(4.4)	2.6	(7.1)	(5.9)	1.4	(7.4)
Net gains (losses) related to stocks	(1.3)	0.9	(2.2)	(3.7)	(3.1)	(0.5)
Ordinary profits	27.4	4.5	22.9	13.1	(1.0)	14.1
Net extraordinary gains (losses)	(2.4)	(0.7)	(1.7)	(0.1)	0.0	(0.2)
Income taxes	(13.6)	(4.3)	(9.2)	(7.6)	(1.5)	(6.1)
Net Income	11.4	(0.5)	11.9	5.2	(2.4)	7.7

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

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

Hokuhoku Financial Group, Inc.

<Total of two banks > (JPY Bn)	Mar-12	change	Mar-11
Loans	7,287.0	45.8	7,241.1
Loans to SMEs & individuals	4,765.0	(61.3)	4,826.3
Housing & consumer loans	2,020.5	27.2	1,993.3
Securities	2,471.8	156.6	2,315.1
Deposits*	9,700.8	177.0	9,523.8
Individual deposits	6,772.2	161.2	6,610.9
Total individual assets	7,388.9	79.3	7,309.6
Individual deposits (deposits in yen)*	6,742.8	159.7	6,583.1
Investment products (for individuals)	646.0	(80.3)	726.4
Foreign currency deposits	29.3	1.5	27.8
Public bonds	256.8	(18.9)	275.8
Investment trusts	359.8	(62.9)	422.8
Balance of NPLs	236.8	16.2	220.5
NPL ratio	3.17%	0.21%	2.96%
<Consolidated> (JPY Bn)			
Capital adequacy ratio	11.72%	0.43%	11.29%
Tier1 ratio	7.82%	0.37%	7.45%
Net deferred tax assets / Tier1 capital	10.93%	(6.21%)	17.14%
Valuation difference on available- for-sale securities	39.5	22.2	17.3

*Deposits include NCD

<Total of two banks>

Loans: +¥45.8Bn compared to Mar-11

...Loans to local governments and housing loans increased

Securities: +¥156.6Bn compared to Mar-11

...Increase in government bonds

Deposits: +¥177.0Bn compared to Mar-11

...Increase in individual deposits

Total individual assets:

+¥79.3Bn compared to Mar-11

...Individual deposits increased

Balance of NPLs: +¥16.2Bn compared to Mar-11

NPL ratio: +0.21% compared to Mar-11

<Consolidated>

Capital adequacy ratio: 11.72%

Valuation difference on available-for-sale securities:

+¥39.5Bn

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

Hokuhoku Financial Group, Inc.

(JPY Bn)	〈Hokuriku Bank〉			〈Hokkaido Bank〉		
	Mar-12	change	Mar-11	Mar-12	change	Mar-11
Loans	4,233.9	(18.3)	4,252.3	3,053.0	64.2	2,988.8
Loans to SMEs & individuals	2,826.5	(44.7)	2,871.3	1,938.4	(16.5)	1,955.0
Housing & consumer loans	1,062.5	20.0	1,042.5	957.9	7.1	950.8
Securities	1,315.4	97.9	1,217.5	1,156.4	58.7	1,097.6
Deposits*	5,545.1	105.1	5,439.9	4,155.7	71.8	4,083.9
Individual deposits	3,687.2	73.9	3,613.2	3,084.9	87.2	2,997.6
Total individual assets	4,081.9	18.8	4,063.0	3,307.0	60.4	3,246.5
Individual deposits (deposits in yen)*	3,665.3	72.2	3,593.0	3,077.5	87.4	2,990.0
Investment products (for individuals)	416.5	(53.4)	470.0	229.5	(26.9)	256.4
Foreign currency deposits	21.9	1.7	20.2	7.4	(0.1)	7.5
Public bonds	168.2	(16.4)	184.7	88.6	(2.4)	91.1
Investment trusts	226.4	(38.6)	265.0	133.4	(24.3)	157.7
Balance of NPLs	153.5	9.2	144.3	83.3	7.0	76.3
NPL ratio	3.53%	0.25%	3.28%	2.66%	0.17%	2.49%
Capital adequacy ratio	11.85%	0.53%	11.32%	10.80%	0.21%	10.59%
Tier1 ratio	7.77%	0.56%	7.21%	7.17%	0.12%	7.05%
Net deferred tax assets / Tier1 capital	11.44%	(9.05%)	20.49%	12.08%	(2.65%)	14.73%
Valuation difference on available- for-sale securities	30.4	12.9	17.5	16.0	8.7	7.3

*Deposits include NCD

Breakdown of Business Profits ①

<Net interest income>

Hokuhoku Financial Group, Inc.

- Total balance of securities grew mainly in JGB, while tougher competitive environment had interest margin narrow.
- Net interest income decreased compared to FY10, although interest income on securities partly offset reduction of interest on loan

【Breakdown of net interest income (domestic)】

(JPY Bn, %)	FY2010			FY2011			change			breakdown	
	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate	Interest	Average balance	Rate
< Total of two banks >											
Net interest income			130.6			130.5			(0.1)		
Loans	6,983.4	1.75%	122.3	7,141.0	1.64%	117.3	157.6	(0.11%)	(5.0)	2.6	(7.6)
Securities	2,136.9	1.04%	22.2	2,352.4	1.02%	24.0	215.4	(0.02%)	1.8	2.2	(0.4)
Deposits & NCDs	9,217.2	0.14%	13.2	9,514.1	0.10%	9.6	296.9	(0.04%)	(3.5)	0.3	(3.9)
< Hokuriku bank >											
Net interest income			73.2			73.2			0.0		
Loans	4,096.9	1.68%	69.0	4,155.2	1.57%	65.5	58.3	(0.11%)	(3.5)	0.9	(4.5)
Securities	1,063.0	1.13%	12.0	1,222.1	1.12%	13.7	159.0	(0.01%)	1.6	1.8	(0.1)
Deposits & NCDs	5,283.6	0.15%	8.1	5,422.0	0.10%	5.7	138.3	(0.05%)	(2.3)	0.1	(2.5)
< Hokkaido bank >											
Net interest income			57.3			57.2			(0.1)		
Loans	2,886.4	1.84%	53.3	2,985.7	1.73%	51.8	99.2	(0.11%)	(1.4)	1.7	(3.2)
Securities	1,073.8	0.94%	10.1	1,130.2	0.91%	10.3	56.3	(0.03%)	0.1	0.5	(0.3)
Deposits & NCDs	3,933.5	0.12%	5.0	4,092.1	0.09%	3.8	158.5	(0.03%)	(1.2)	0.1	(1.3)

FY2012 (Projection) (Domestic)

Total of two banks		
	balance	Rate
Loans	+92.0	-0.08%
Securities	+38.0	-0.08%
Deposits	+120.0	-0.02%
Hokuriku bank		
	balance	Rate
Loans	+32.0	-0.06%
Securities	+38.0	-0.05%
Deposits	+47.0	-0.03%
Hokkaido bank		
	balance	Rate
Loans	+60.0	-0.11%
Securities	0	-0.13%
Deposits	+73.0	-0.02%

Breakdown of Business Profits ②

<Fee revenue>

Hokuhoku Financial Group, Inc.

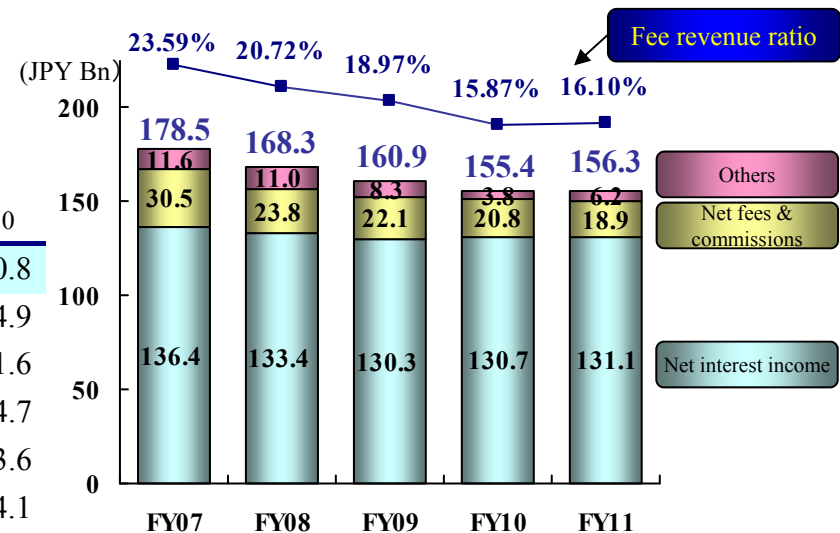
- Income from investment trust and insurance decreased
- Income from net income on derivatives increased

【Breakdown of fee revenue】

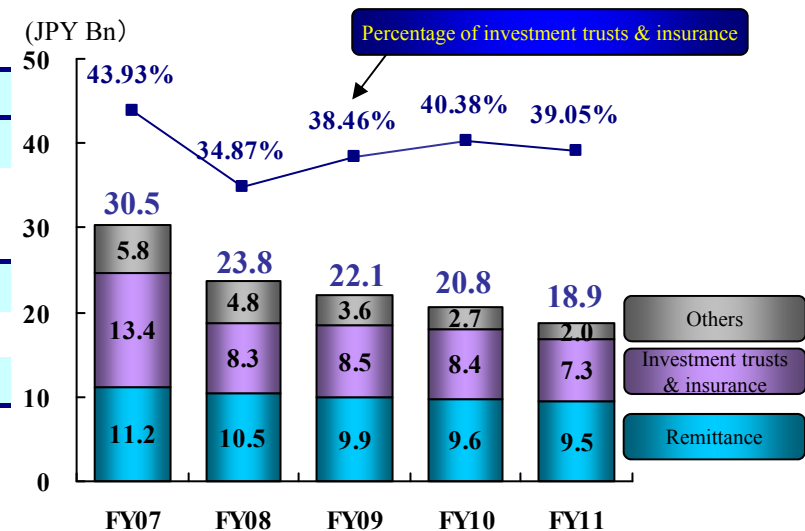
< Total of two banks > (JPY Bn)	FY2011	change	FY2010
(1) Net fees & commissions	18.9	(1.9)	20.8
Fees and commissions	33.6	(1.3)	34.9
Remittance	11.4	(0.1)	11.6
Investment trusts	4.0	(0.7)	4.7
Insurance	3.3	(0.3)	3.6
Fees and commissions payments	14.7	0.5	14.1
Remittance	1.9	(0.0)	1.9
ATM (alliance with convenience stores)	2.6	0.2	2.3
Loan related expenses	9.4	0.1	9.2
(2) Net trading income	0.5	(0.6)	1.1
(3) Net other income (excluding gains(losses) related to bonds)	5.7	3.0	2.6
gains on foreign exchange transactions	1.5	(0.0)	1.6
Net income (expenses) on derivatives	<u>(0.4)</u> 4.1	3.1	<u>(1.4)</u> 0.9
(4) Fee revenue (1)+(2)+(3)	25.1	0.5	24.6
(5) Core gross business profits	156.3	0.9	155.4
(6) Fee revenue ratio (4)/(5)	16.10%	0.23%	15.87%

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

【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>

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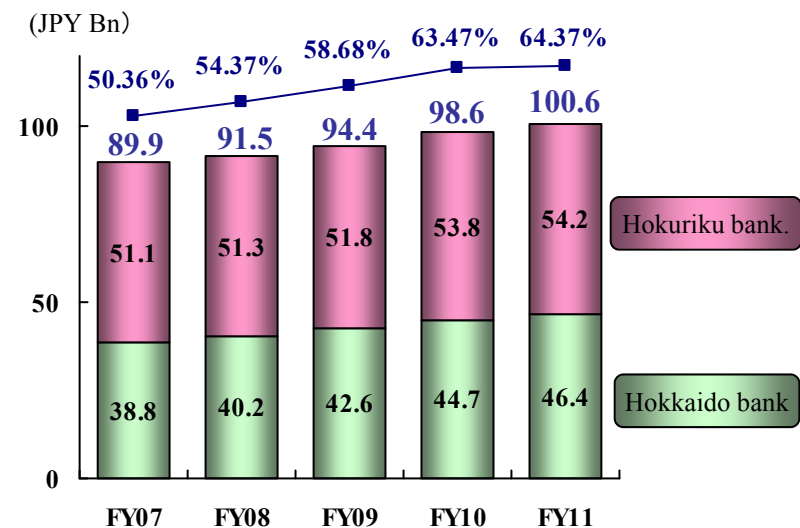
- General and administrative expenses increased due to an increase in personnel and investment in IT system.

【Breakdown of G&A expenses】

< Total of two banks > (JPY Bn)	FY2011	change	FY2010
General and administrative expenses	100.6	2.0	98.6
Personnel	45.2	0.4	44.7
Non-personnel	49.9	1.3	48.6
Taxes	5.4	0.2	5.2
OHR	64.37%	0.90%	63.47%
Number of employees (excluding temporary staffs) (A)	5,140	200	4,940
Temporary staffs (B)	3,227	(264)	3,491
Percentage of temporary staffs (B)/{(A)+(B)}	38.56%	(2.84%)	41.40%

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

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



Personnel expenses: +¥0.4Bn
 ... Increase in the number of employees

Non-personnel expenses: +¥1.3Bn
 ... Increase of investment in IT system

Net Gains (Losses) related to Securities

Hokuhoku Financial Group, Inc.

- Net gains (losses) related to bonds: +¥3.6Bn
- Net gains (losses) related to stocks: -¥5.0Bn

Nikkei Average Mar-11 ¥9,755
Mar-12 ¥10,083

【Net gains (losses) related to securities】

(JPY Bn)	〈Total of two banks〉			〈Hokuriku bank〉			〈Hokkaido bank〉		
	FY2011	change	FY2010	FY2011	change	FY2010	FY2011	change	FY2010
Net Gains (losses) on bonds	3.6	1.9	1.7	0.1	0.8	(0.6)	3.4	1.1	2.3
Gains on sales	5.3	0.1	5.2	0.1	0.1	0.0	5.1	0.0	5.1
Gains on redemption	-	(0.0)	0.0	-	-	-	-	(0.1)	0.1
Losses on sales	1.0	(2.1)	3.1	-	(0.6)	0.6	1.0	(1.5)	2.5
Losses on redemption	0.6	0.6	-	-	-	-	0.6	0.6	-
Losses on devaluation	0.0	(0.2)	0.3	-	-	-	0.0	(0.2)	0.3
Net Gains (losses) on stocks	(5.0)	(2.2)	(2.7)	(1.3)	0.9	(2.2)	(3.7)	(3.1)	(0.5)
Gains on sales	0.2	(0.3)	0.5	0.0	(0.4)	0.5	0.1	0.0	0.0
Losses on sales	0.4	0.0	0.4	0.2	(0.0)	0.3	0.1	0.1	0.0
Losses on devaluation	4.7	1.9	2.8	1.0	(1.2)	2.3	3.6	3.1	0.5

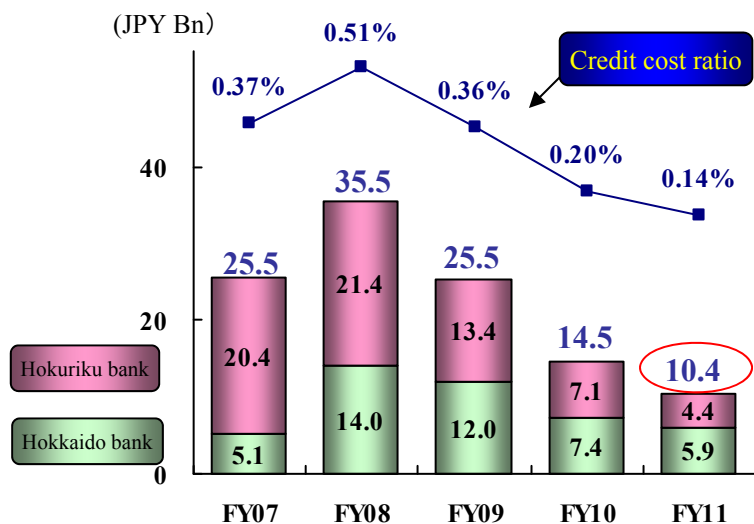
Impairment loss	Assets requiring caution	“Market value has fallen below its acquisition cost”
	Normal Assets	“Market value has fallen 50% or more from its acquisition cost, or market value has fallen more than 30% to less than 50% and market price has been below the certain level”

Credit Costs and Non-Performing Loan

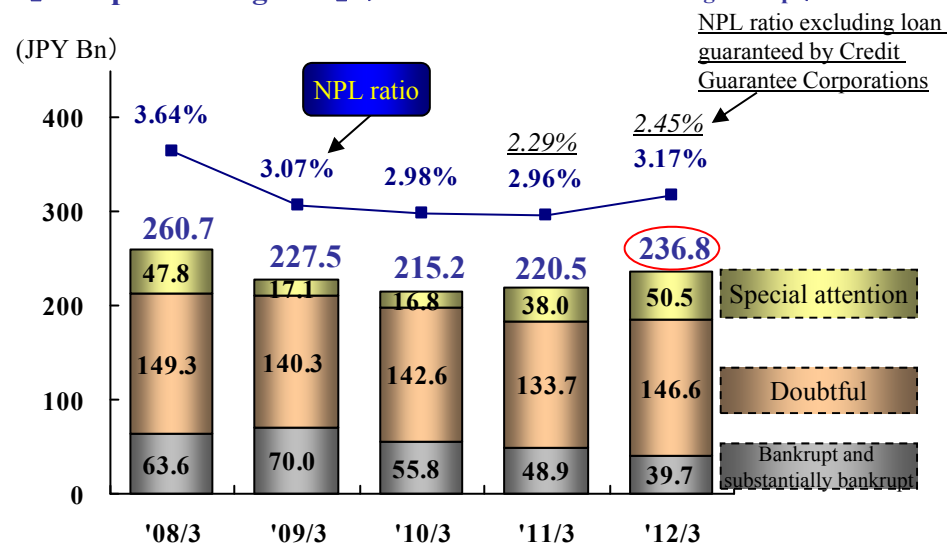
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- Total credit costs were ¥10.4Bn (-¥4.1Bn compared to FY10), Credit cost ratio was 0.14% (-0.06% compared to FY10)
- NPL ratio was 3.17% (+0.21% compared to Mar-11)

【Total credit costs】〈Total of two banks〉



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



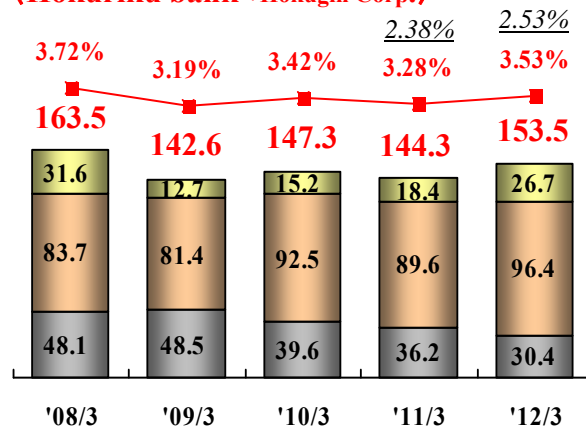
※ Total credit costs

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

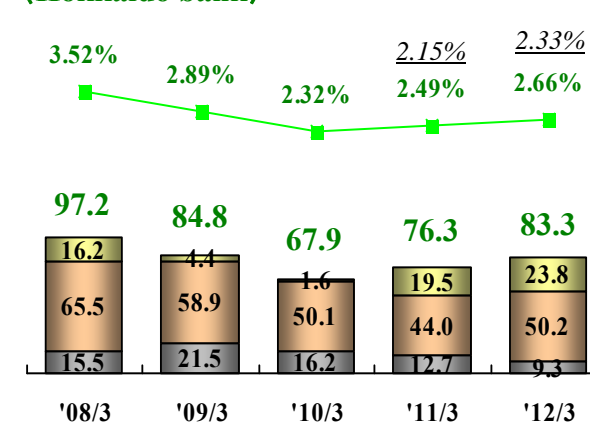
※ Credit cost ratio

= Total credit costs ÷ Average balance of Loans

〈Hokuriku bank +Hokugin Corp.〉



〈Hokkaido bank〉



Capital Adequacy Ratio

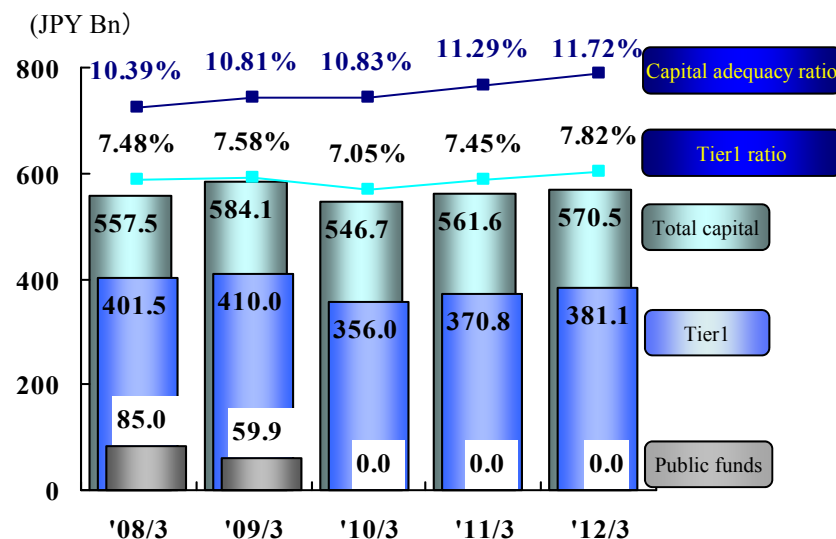
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➤ Capital adequacy ratio was 11.72% (+0.43% from Mar-11).

【Capital adequacy ratio】

〈Consolidated〉 (JPY Bn)	Mar-12	change	Mar-11
Capital adequacy ratio	11.72%	0.43%	11.29%
Tier1 ratio	7.82%	0.37%	7.45%
Tier1 capital	381.1	10.2	370.8
Preferred shares (Private sector)	53.7	–	53.7
Tier2 capital	190.5	(1.4)	191.9
Total capital	570.5	8.9	561.6
Risk-weighted assets	4,868.1	(104.0)	4,972.1
Credit risk portion	4,567.1	(94.8)	4,662.0
Operational risk portion	300.9	(9.1)	310.1

【Capital adequacy ratio and public funds】



〈Hokuriku bank〉

(JPY Bn)	Mar-12	change	Mar-11
Capital adequacy ratio	11.85%	0.53%	11.32%
Tier1 ratio	7.77%	0.56%	7.21%
Tier1 capital	212.6	7.9	204.6
Tier2 capital	111.5	(5.0)	116.6
Total Capital	324.1	2.8	321.2
Risk-weighted assets	2,735.0	(101.3)	2,836.4

〈Hokkaido bank〉

(JPY Bn)	Mar-12	change	Mar-11
Capital adequacy ratio	10.80%	0.21%	10.59%
Tier1 ratio	7.17%	0.12%	7.05%
Tier1 capital	150.8	2.2	148.5
Tier2 capital	76.4	1.6	74.7
Total Capital	227.2	3.9	223.2
Risk-weighted assets	2,103.6	(3.5)	2,107.1

Deferred Tax Assets

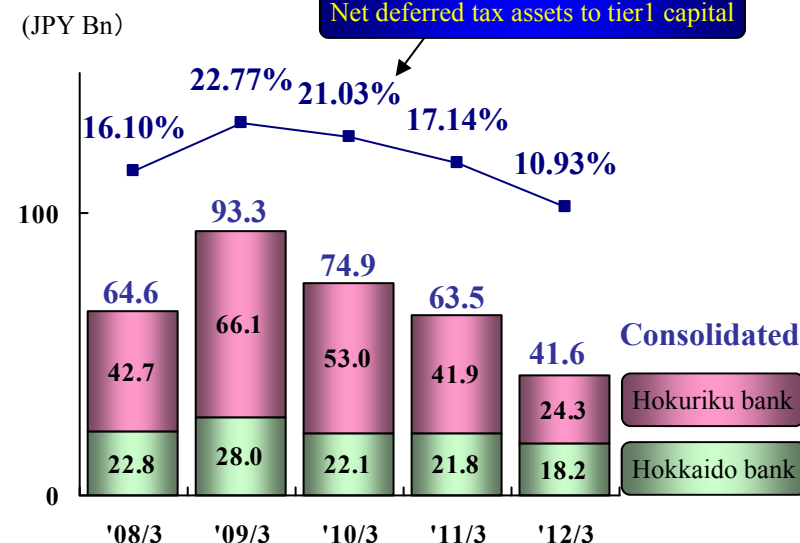
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- Net deferred tax assets : ¥41.6Bn (-¥21.9Bn compared to Mar-11)
- Net deferred tax assets to tier1 capital : 10.93% (-6.21% compared to Mar-11)

【Breakdown of deferred tax assets】

〈Consolidated〉 (JPY Bn)	Mar-12	change	Mar-11
Allowance for loan losses	57.4	(7.0)	64.4
Depreciation	1.4	(0.4)	1.8
Provision for retirement benefits	15.9	(1.4)	17.4
Loss on valuation of securities	13.6	(0.8)	14.5
Other	5.3	(1.0)	6.4
Operating loss carryforwards	11.7	(8.8)	20.6
(1) Deferred tax assets	105.5	(19.8)	125.3
(2) Valuation allowance	39.7	(3.5)	43.3
(3) Total deferred tax assets (1)-(2)	65.8	(16.2)	82.0
(4) Deferred tax liabilities	24.1	5.6	18.5
(5) Net deferred tax assets (3)-(4)	41.6	(21.9)	63.5

【Deferred tax assets】



(JPY Bn)	〈Hokuriku bank〉		
	Mar-12	change	Mar-11
(1) Deferred tax assets	72.6	(18.3)	90.9
(2) Valuation allowance	33.6	(3.8)	37.4
(3) Total deferred tax assets (1)-(2)	38.9	(14.4)	53.4
(4) Deferred tax liabilities	14.6	3.1	11.4
(5) Net deferred tax assets (3)-(4)	24.3	(17.6)	41.9

(JPY Bn)	〈Hokkaido bank〉		
	Mar-12	change	Mar-11
(1) Deferred tax assets	28.7	(0.9)	29.6
(2) Valuation allowance	3.3	0.4	2.9
(3) Total deferred tax assets (1)-(2)	25.3	(1.4)	26.7
(4) Deferred tax liabilities	7.0	2.2	4.8
(5) Net deferred tax assets (3)-(4)	18.2	(3.6)	21.8

【Earnings Forecasts for FY 2012】

〈Consolidated〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2011
Ordinary income	98.0	194.0	(13.9)
Ordinary profits	16.0	31.0	(7.8)
Net income	9.0	18.0	3.8

【Dividend Forecasts for FY 2012】

〈Non-consolidated〉

	Interim	Year-end	Annual	Change from FY2011
Dividend per common share	–	¥3.75	¥3.75	–
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00	–

〈Total of two banks〉

(JPY Bn)	Interim Forecasts	Full year Forecasts	Change from FY2011
Ordinary income	91.0	180.0	(13.0)
Core gross business profits	74.5	148.5	(7.8)
G&A expenses	49.5	99.0	(1.6)
Core net business profits	25.0	49.5	(6.2)
Total credit costs	7.5	15.0	4.5
Ordinary profits	17.0	32.5	(8.0)
Net income	10.5	20.0	3.3

〈Hokuriku bank〉

	Interim Forecasts	Full year Forecasts	Change from FY2011
Ordinary income	50.0	100.0	(5.4)
Core gross business profits	42.5	85.0	(3.5)
G&A expenses	26.5	53.0	(1.2)
Core net business profits	16.0	32.0	(2.3)
Total credit costs	4.0	8.0	3.5
Ordinary profits	10.5	21.0	(6.4)
Net income	6.5	13.0	1.5

〈Hokkaido bank〉

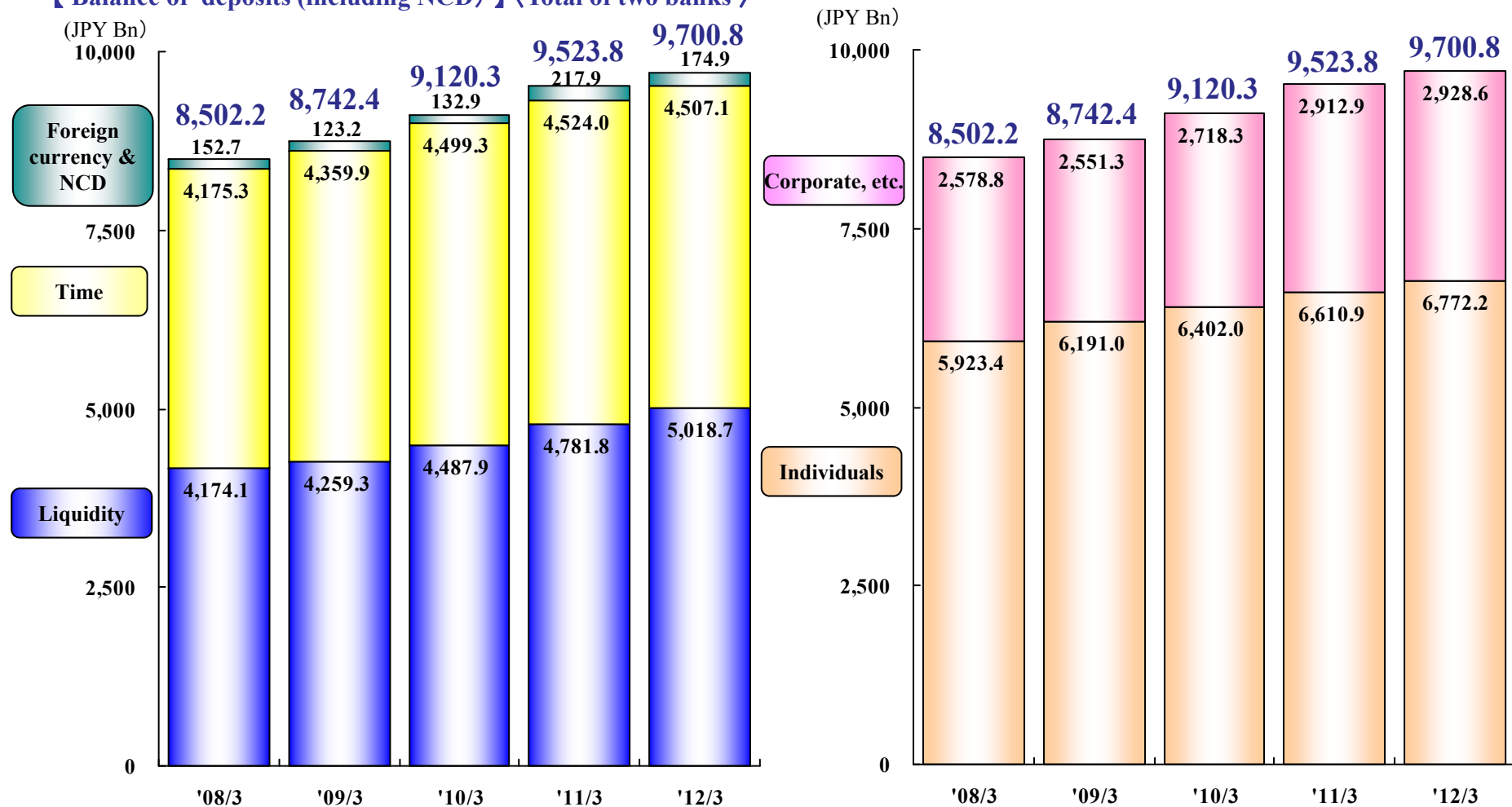
	Interim Forecasts	Full year Forecasts	Change from FY2011
Ordinary income	41.0	80.0	(7.5)
Core gross business profits	32.0	63.5	(4.3)
G&A expenses	23.0	46.0	(0.4)
Core net business profits	9.0	17.5	(3.9)
Total credit costs	3.5	7.0	1.0
Ordinary profits	6.5	11.5	(1.6)
Net income	4.0	7.0	1.7

Deposits

Hokuhoku Financial Group, Inc.

- Deposits +¥177.0Bn(+1.85%) compared to Mar-11
- Liquidity +¥236.9Bn(+4.95%) compared to Mar-11
- Individuals +¥161.2Bn(+2.43%) compared to Mar-11

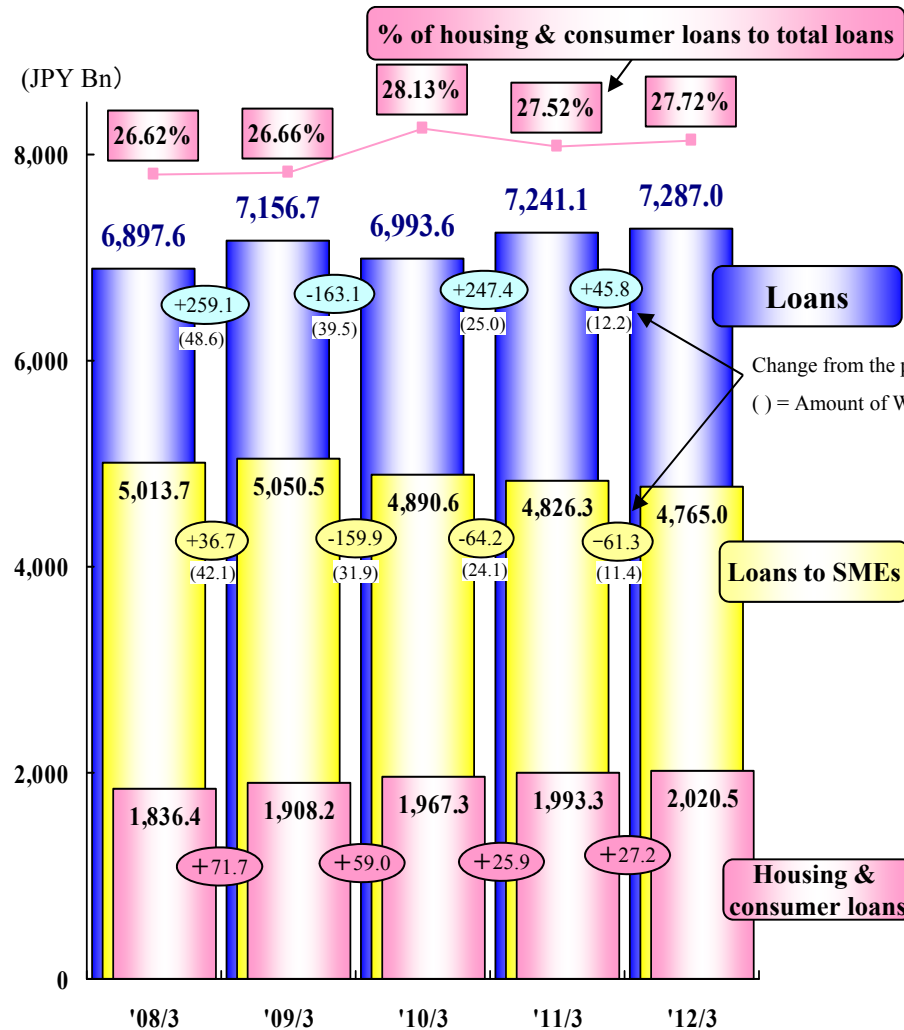
【 Balance of deposits (including NCD) 】 〈 Total of two banks 〉



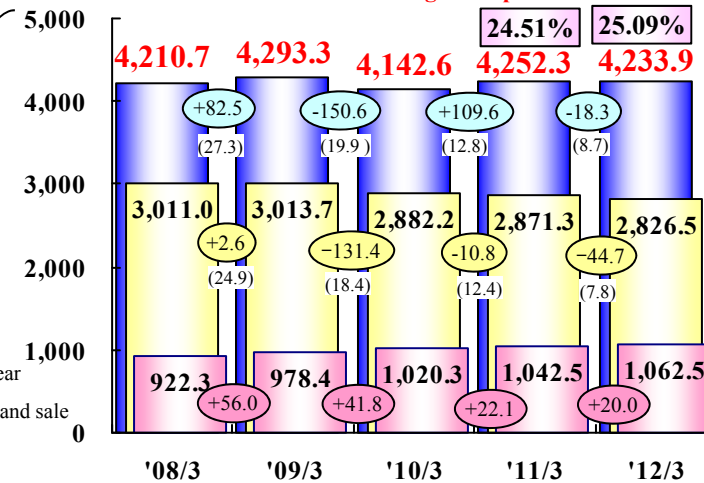
Loans

- Loans **+¥45.8Bn(+0.63%)** compared to Mar-11
- Loans to SMEs and individuals **-¥61.3Bn(-1.27%)** compared to Mar-11
- Housing and consumer loans **+¥27.2Bn(+1.36%)** compared to Mar-11

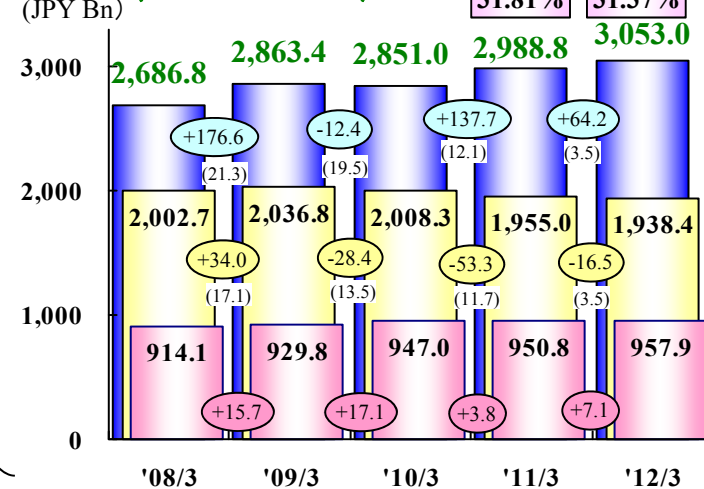
【Balance of loans】〈Total of two banks +Hokugin Corp.〉



(JPY Bn) 〈Hokuriku bank +Hokugin Corp.〉



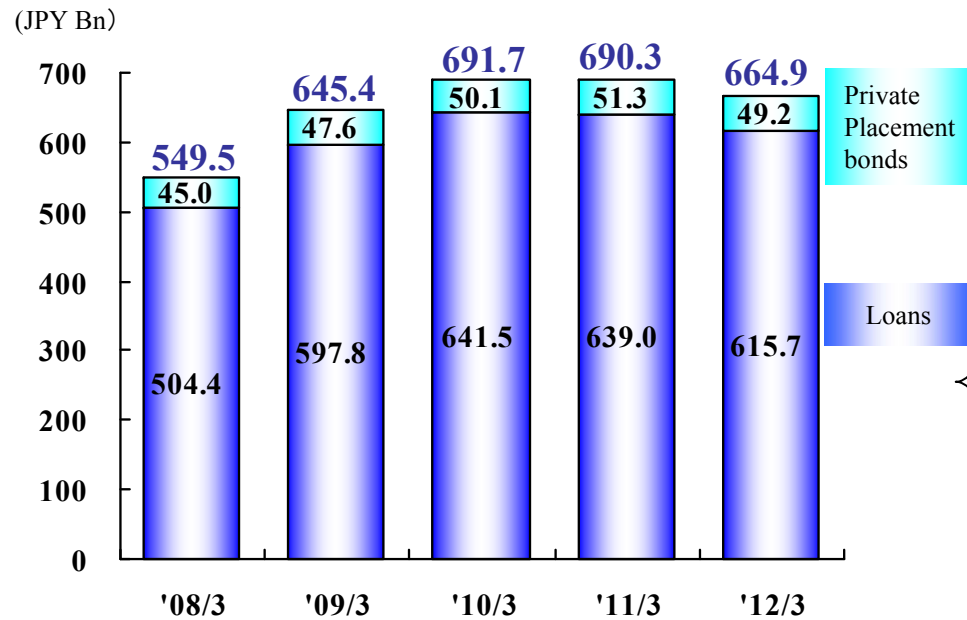
(JPY Bn) 〈Hokkaido bank〉



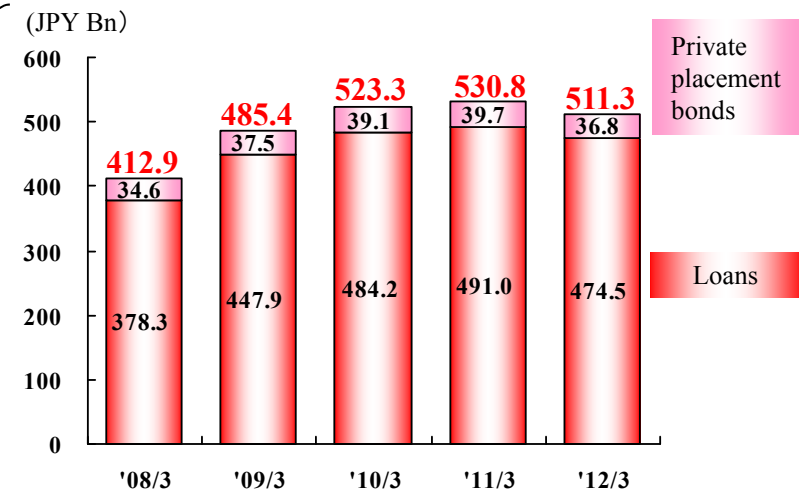
Loan guaranteed by Credit Guarantee Corporations (CGCs) (Maruho Loan) Hokuhoku Financial Group, Inc.

➤ Balance of loan guaranteed by CGCs : -¥25.3Bn(-3.67%) compared to Mar-11.

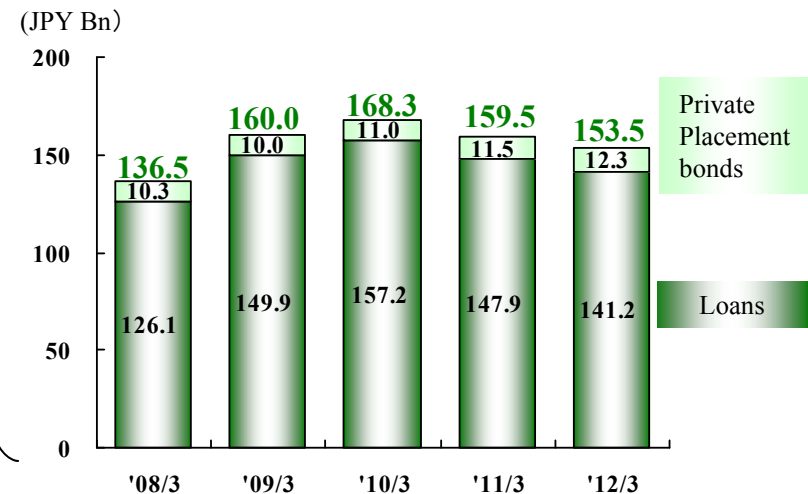
【Balance of loans guaranteed by CGCs】
 〈Total of two banks +Hokugin Corp.〉



〈Hokuriku bank +Hokugin Corp.〉



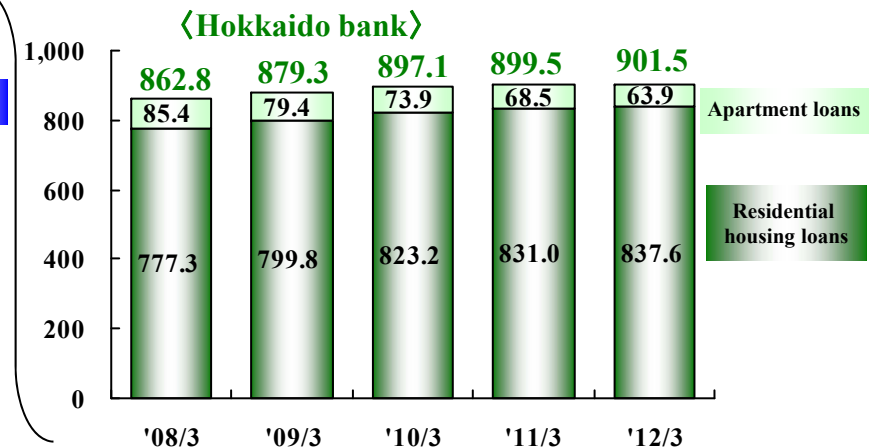
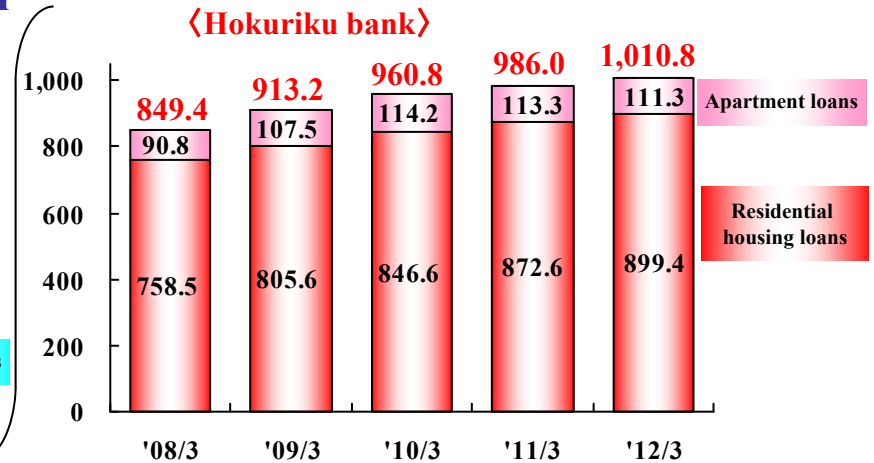
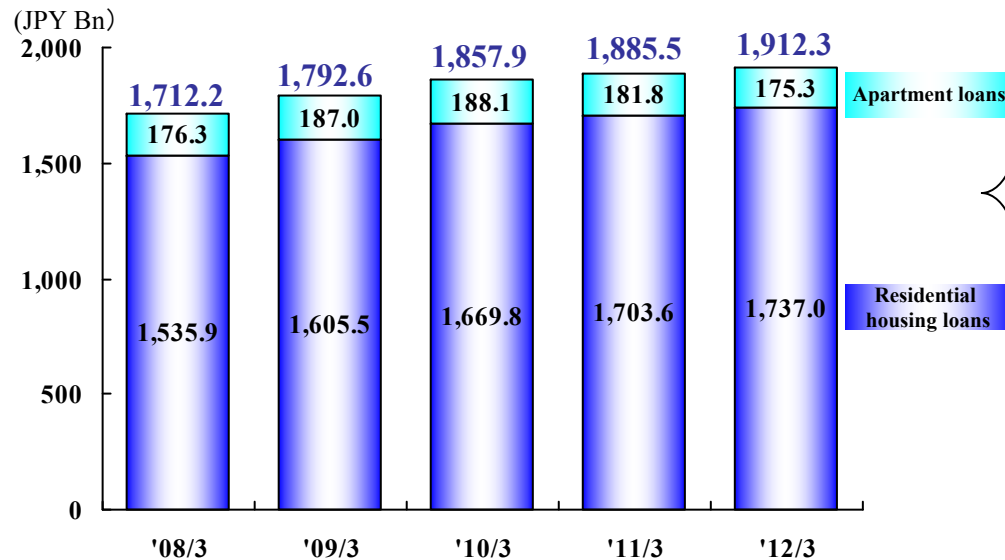
〈Hokkaido bank〉



Housing Loans

➤ Balance of housing loans increased by ¥26.8Bn (+1.42%) compared to Mar-11.

【Balance of residential housing loans】〈Total of two banks〉

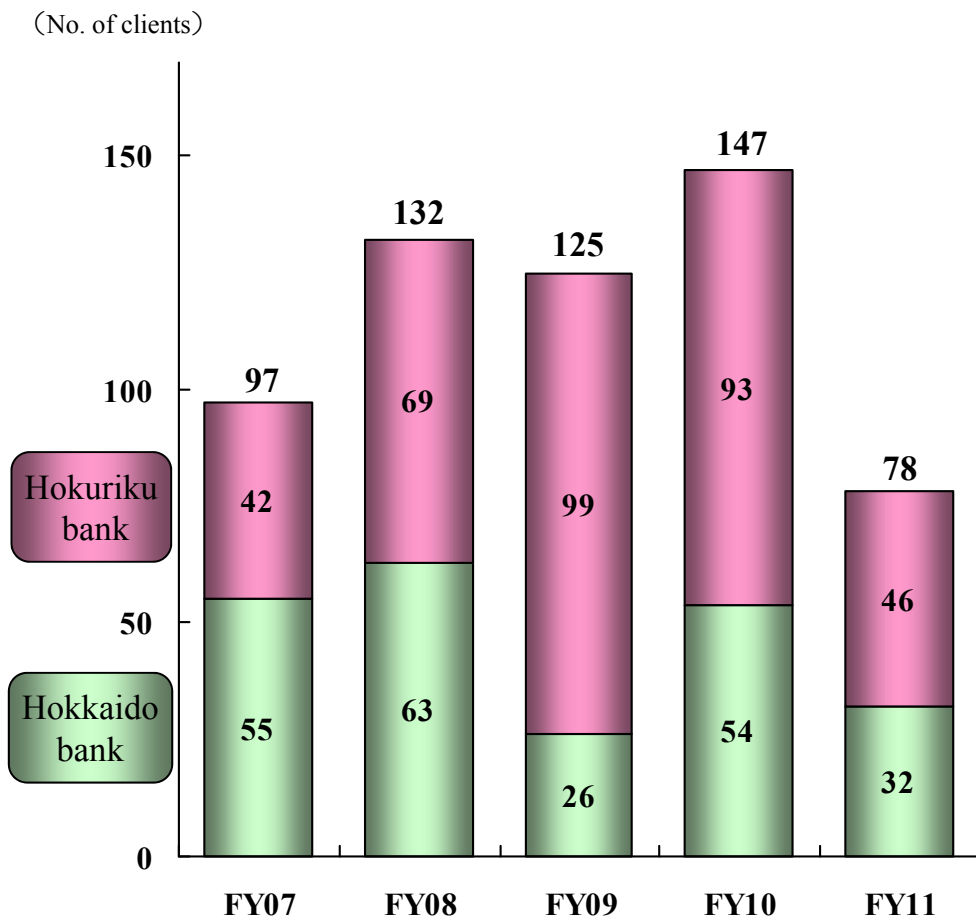


【Sales amount of housing loans】

(JPY Bn)	〈Total of two banks〉				
	FY07	FY08	FY09	FY10	FY11
Sales amount of residential housing loans	227.5	218.6	209.5	189.4	188.0
New loans	177.2	176.5	141.3	125.7	132.6
Refinanced loans	50.2	42.1	68.2	63.7	55.3

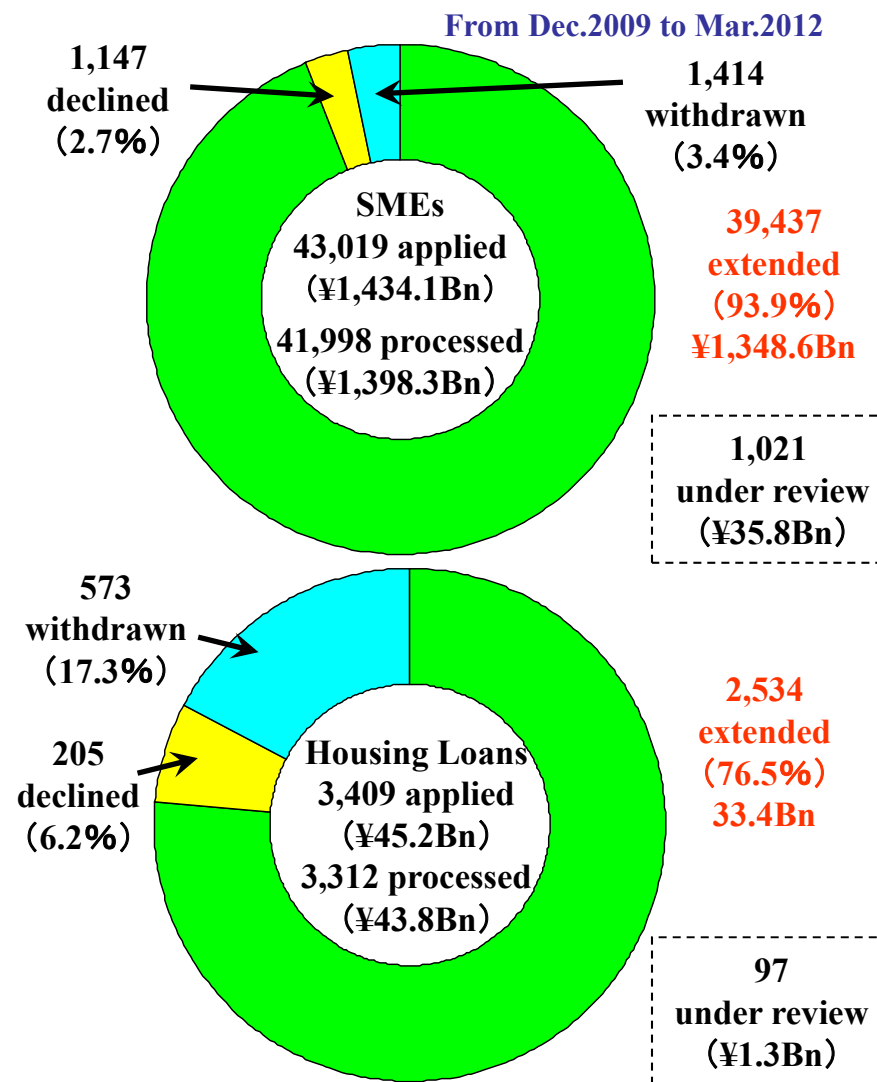
〈Hokuriku bank〉					〈Hokkaido bank〉				
FY07	FY08	FY09	FY10	FY11	FY07	FY08	FY09	FY10	FY11
113.5	110.8	104.7	96.1	99.8	113.9	107.7	104.8	93.2	88.1
93.7	90.8	71.9	59.5	65.9	83.5	85.6	69.4	66.1	66.7
19.8	20.0	32.7	36.6	33.9	30.4	22.0	35.4	27.0	21.4

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



*Number of clients whose borrower's category is revised upward due to management improvement support

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

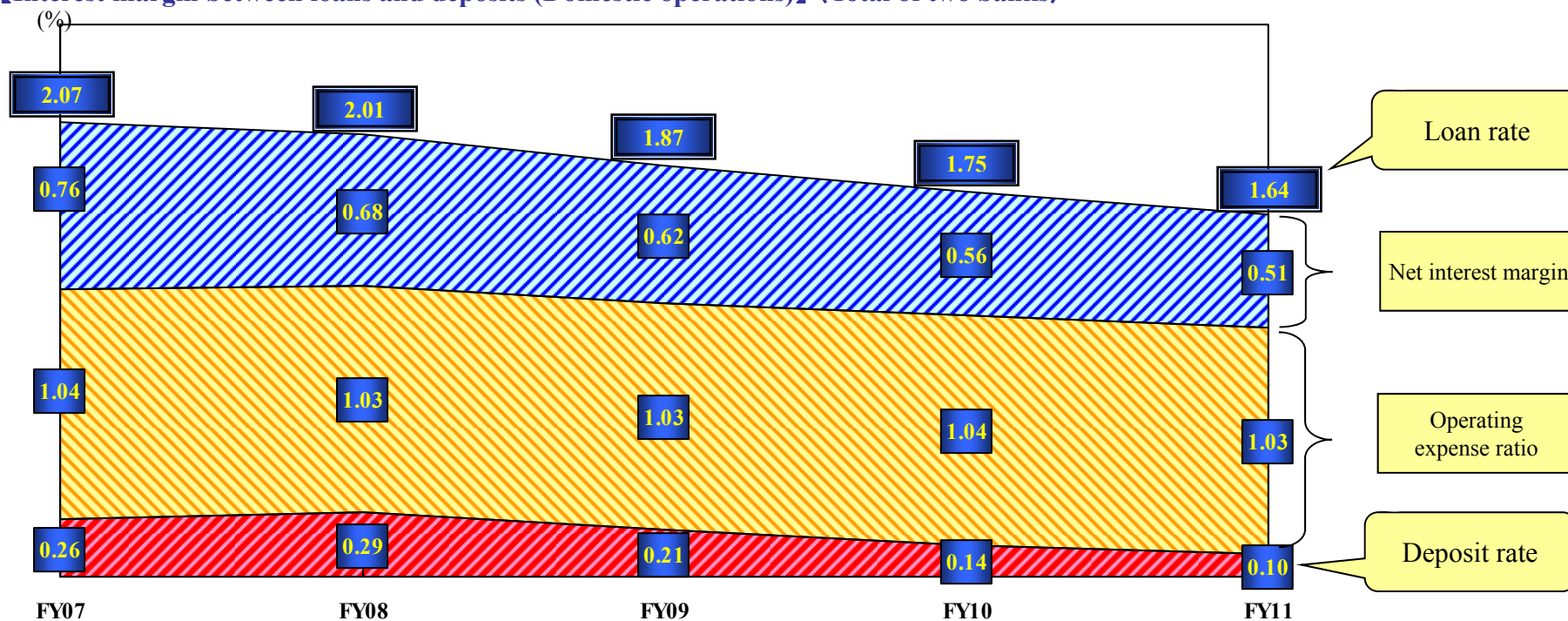


**“Declined” includes cases pending for more than 3 months since applied.

Interest Margins ①

- Loan rate -0.11% compared to FY2010
- Deposit rate -0.04% compared to FY2010
- Net interest margin -0.05% compared to FY2010

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

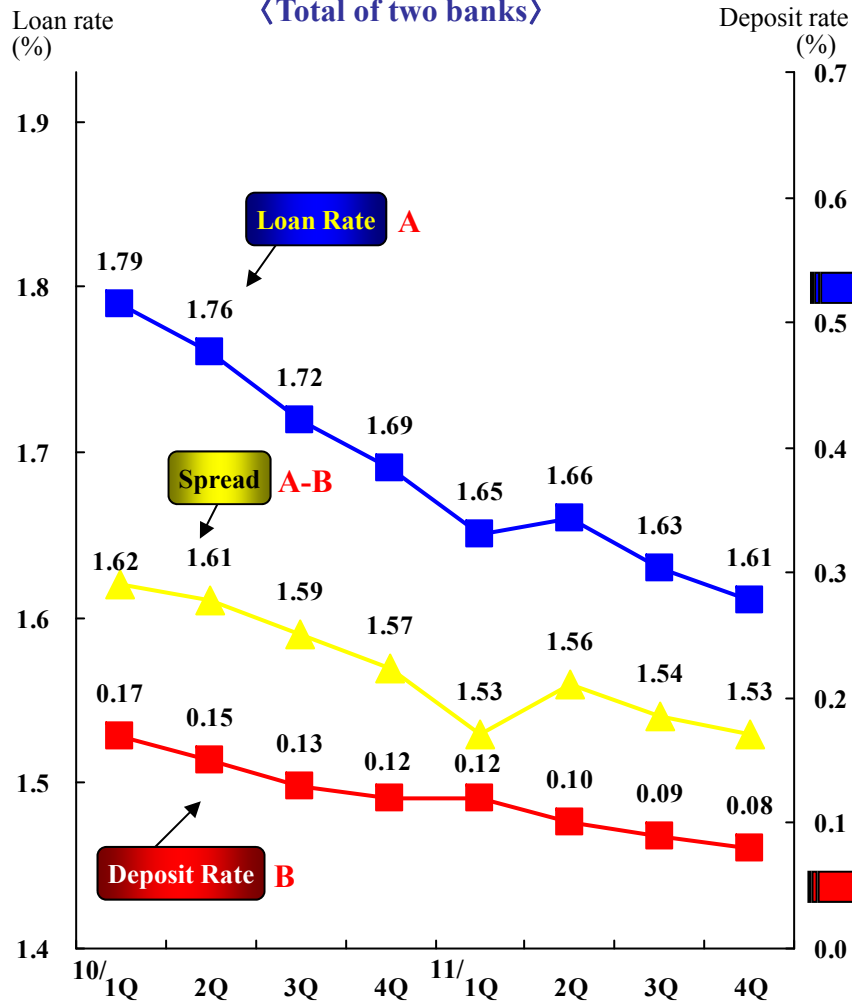


($\%$)	<Total of two banks>					<Hokuriku bank>					<Hokkaido bank>				
	FY07	FY08	FY09	FY10	FY11	FY07	FY08	FY09	FY10	FY11	FY07	FY08	FY09	FY10	FY11
Loan rate	2.07	2.01	1.87	1.75	1.64	2.00	1.93	1.80	1.68	1.57	2.17	2.14	1.98	1.84	1.73
Net interest margin	0.76	0.68	0.62	0.56	0.51	0.70	0.62	0.59	0.54	0.50	0.85	0.78	0.68	0.60	0.52
Operating expense ratio	1.04	1.03	1.03	1.04	1.03	1.01	1.00	0.98	0.99	0.97	1.06	1.08	1.10	1.11	1.11
Deposit rate	0.26	0.29	0.21	0.14	0.10	0.27	0.30	0.22	0.15	0.10	0.25	0.27	0.19	0.12	0.09

Interest Margins ②

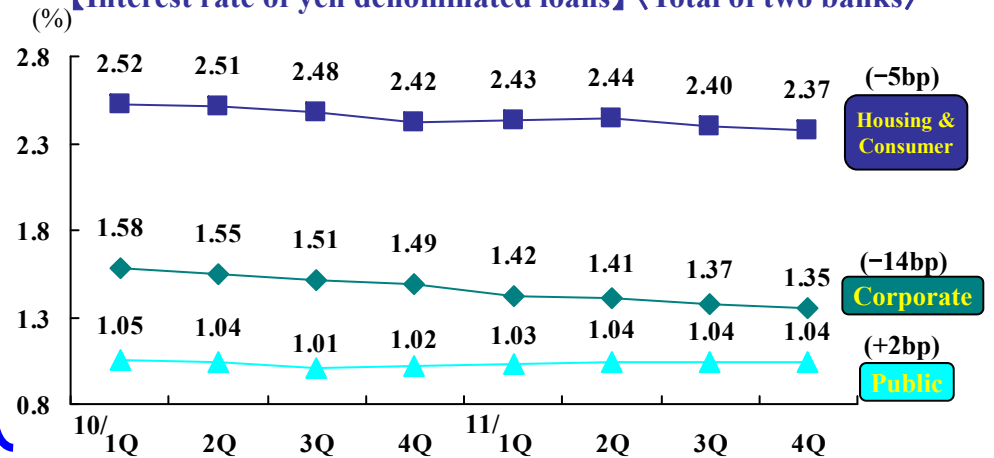
- '11/4Q Loan rate : 1.61% (-0.08% compared to '10/4Q)
- '11/4Q Deposit rate : 0.08% (-0.04% compared to '10/4Q)

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



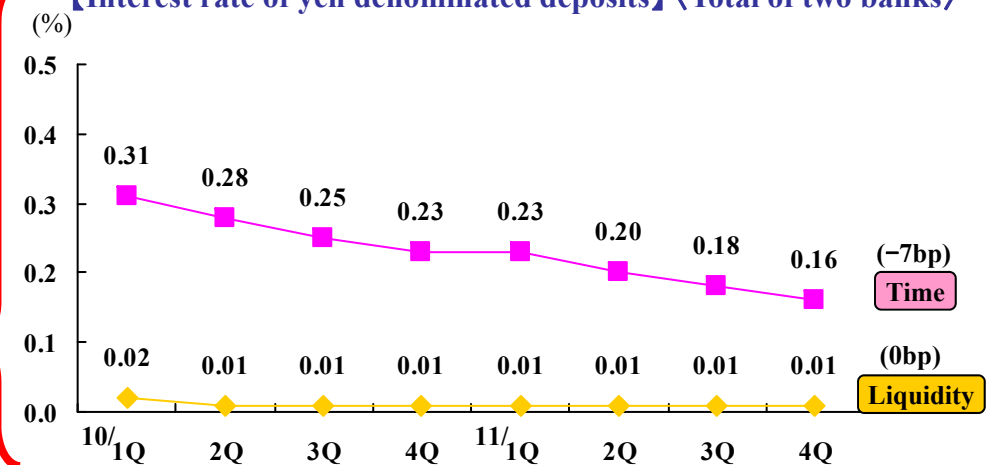
※ Internal management base

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



※ Before partial direct write-offs

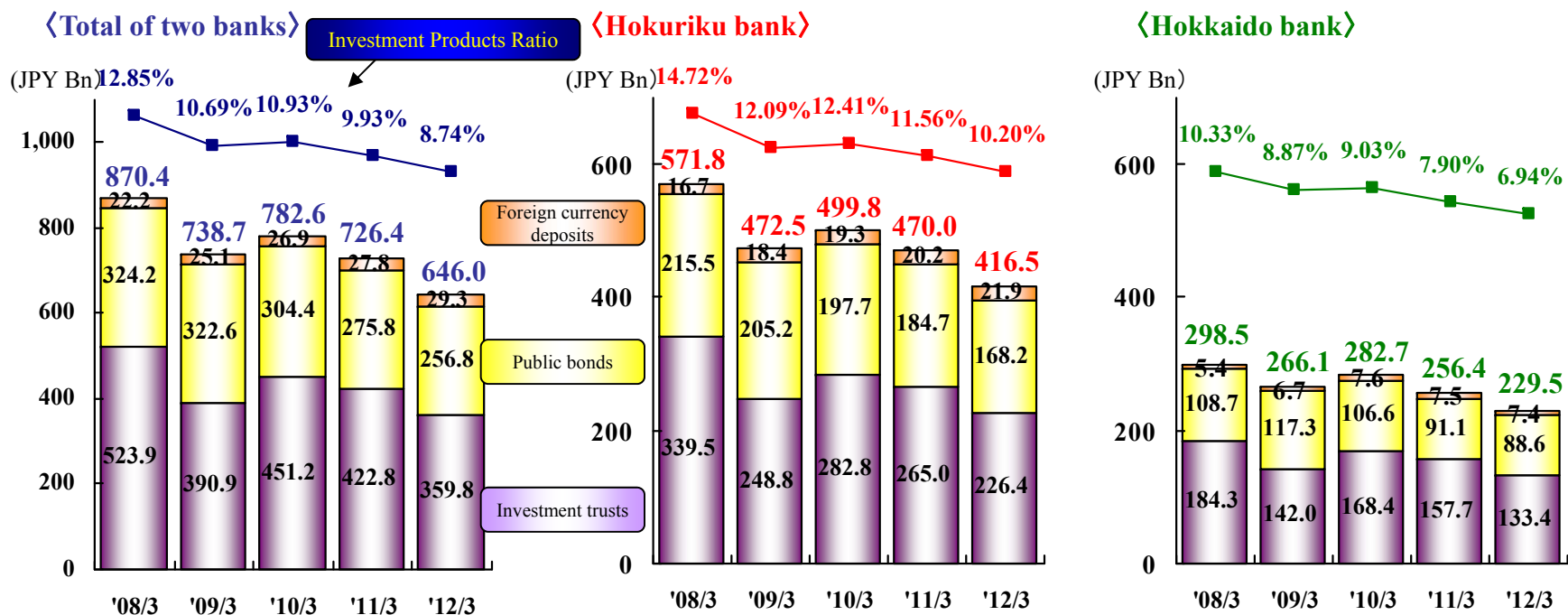
【Interest rate of yen denominated deposits】 〈Total of two banks〉



※ () = change from 10/4Q 20

➤ Sales of both investment trusts and insurance decreased

【Balance of investment products】



【Sales amount of investment products and Fees】

(JPY Bn)	〈Total of two banks〉				〈Hokuriku bank〉				〈Hokkaido bank〉			
	FY08	FY09	FY10	FY11	FY08	FY09	FY10	FY11	FY08	FY09	FY10	FY11
Sales amount of investment trusts	84.2	138.3	121.3	98.7	44.0	104.6	89.4	68.9	40.1	33.7	31.8	29.7
Sales amount of insurance	82.9	94.4	116.8	108.3	55.5	51.4	74.7	66.2	27.3	42.9	42.0	42.0
Fees from investment trusts	4.3	5.3	4.7	4.0	2.7	3.7	3.2	2.6	1.6	1.5	1.5	1.3
Fees from insurance	3.9	3.2	3.6	3.3	2.9	2.1	2.5	2.2	1.0	1.1	1.0	1.0

Securities Portfolio

Hokuhoku Financial Group, Inc.

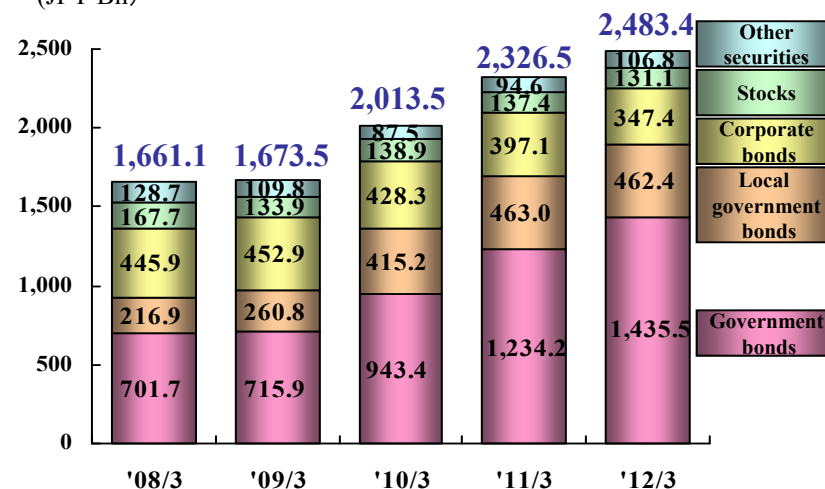
- Total balance of securities grew owing to increases in JGBs
- Valuation difference of bonds increased compared to Mar-11

【Balance of securities】

〈Consolidated〉 (JPY Bn)	Mar-12	change	Mar-11
Securities	2,483.4	156.9	2,326.5
Government bonds	1,435.5	201.2	1,234.2
Local government bonds	462.4	(0.5)	463.0
Corporate bonds	347.4	(49.7)	397.1
Stocks	131.1	(6.2)	137.4
Other Securities	106.8	12.2	94.6

【Balance of securities】

(JPY Bn)



【Valuation difference】

〈Consolidated〉 (JPY Bn)	Acquisition cost (1)			Balance sheet amount (2)			Valuation difference (2)-(1)		
	Mar-12	change	Mar-11	Mar-12	change	Mar-11	Mar-12	change	Mar-11
Available-for-sale securities	2,431.1	145.3	2,285.7	2,470.7	167.6	2,303.1	39.5	22.2	17.3
Stocks	98.2	(9.3)	107.6	100.9	(6.1)	107.1	2.7	3.1	(0.4)
Bonds	2,138.9	139.6	1,999.3	2,177.0	157.1	2,019.9	38.1	17.5	20.5
Other	193.9	15.0	178.8	192.7	16.6	176.0	(1.2)	1.5	(2.8)

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

<Reference>

Valuation difference	Total of two banks	Hokuriku Bank	Hokkaido Bank
Theoretical price	5.7	4.1	1.5
Market price	3.3	4.1	(0.8)

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

	Hokuriku Bank	Hokkaido Bank
Total interest rate risk	1.3	5.1
Outlier ratio 99 Percentile	0.41%	2.27%

Bond Portfolio (yen denominated bonds)

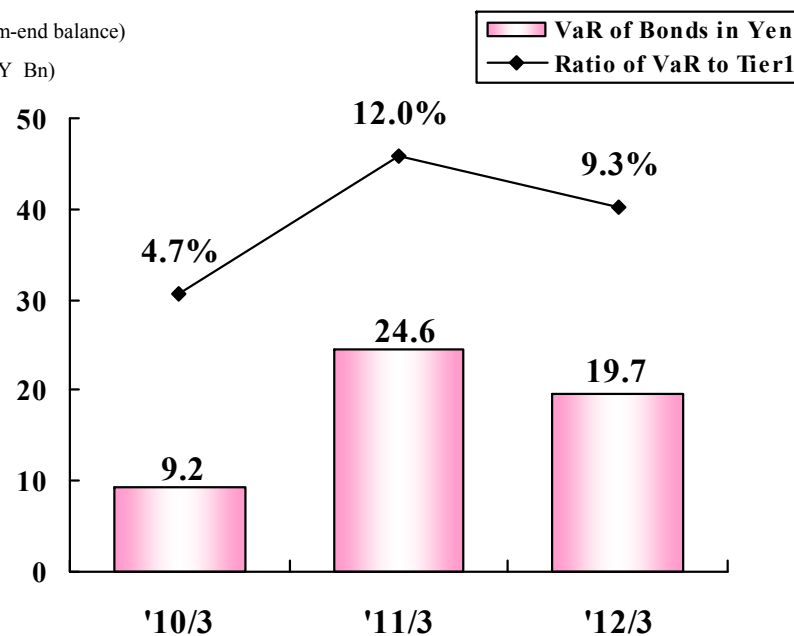
Hokuhoku Financial Group, Inc.

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

〈Hokuriku bank〉

(term-end balance)

(JPY Bn)

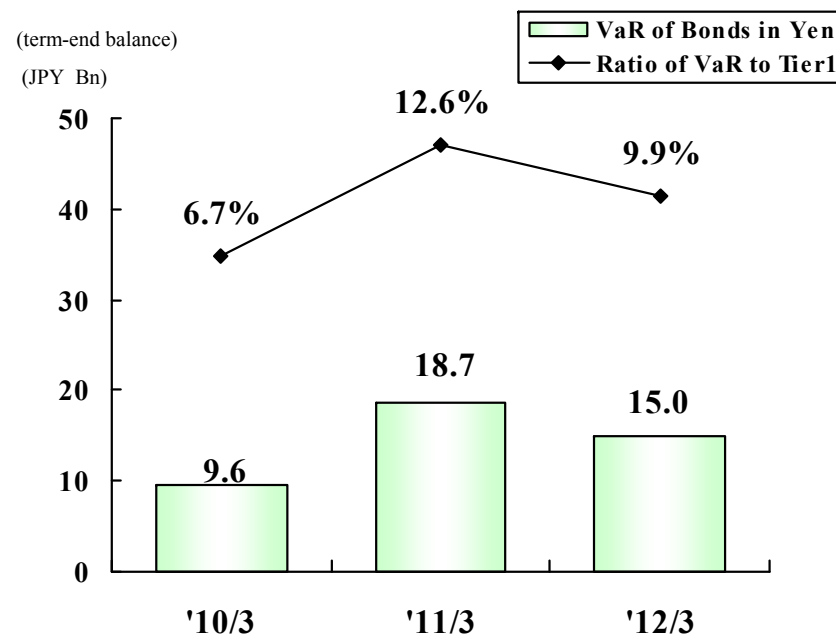


	'11/3	'12/3
Hokuriku Bank		
Term-end Balance (¥Bn)	1,083.5	1,177.3
Floating rate government bonds	221.6	226.1
Average Yield (%)	1.04%	1.04%
Duration (year)	4.24	4.44
Value at Risk (¥Bn)*	24.6	19.7

〈Hokkaido bank〉

(term-end balance)

(JPY Bn)



	'11/3	'12/3
Hokkaido Bank		
Term-end Balance (¥Bn)	1,003.3	1,060.5
Floating rate government bonds	160.0	133.6
Average Yield (%)	0.85%	0.76%
Duration (year)	3.49	3.90
Value at Risk (¥Bn)*	18.7	15.0

* VaR: Variance-covariance method('11/3), historical method('12/3)

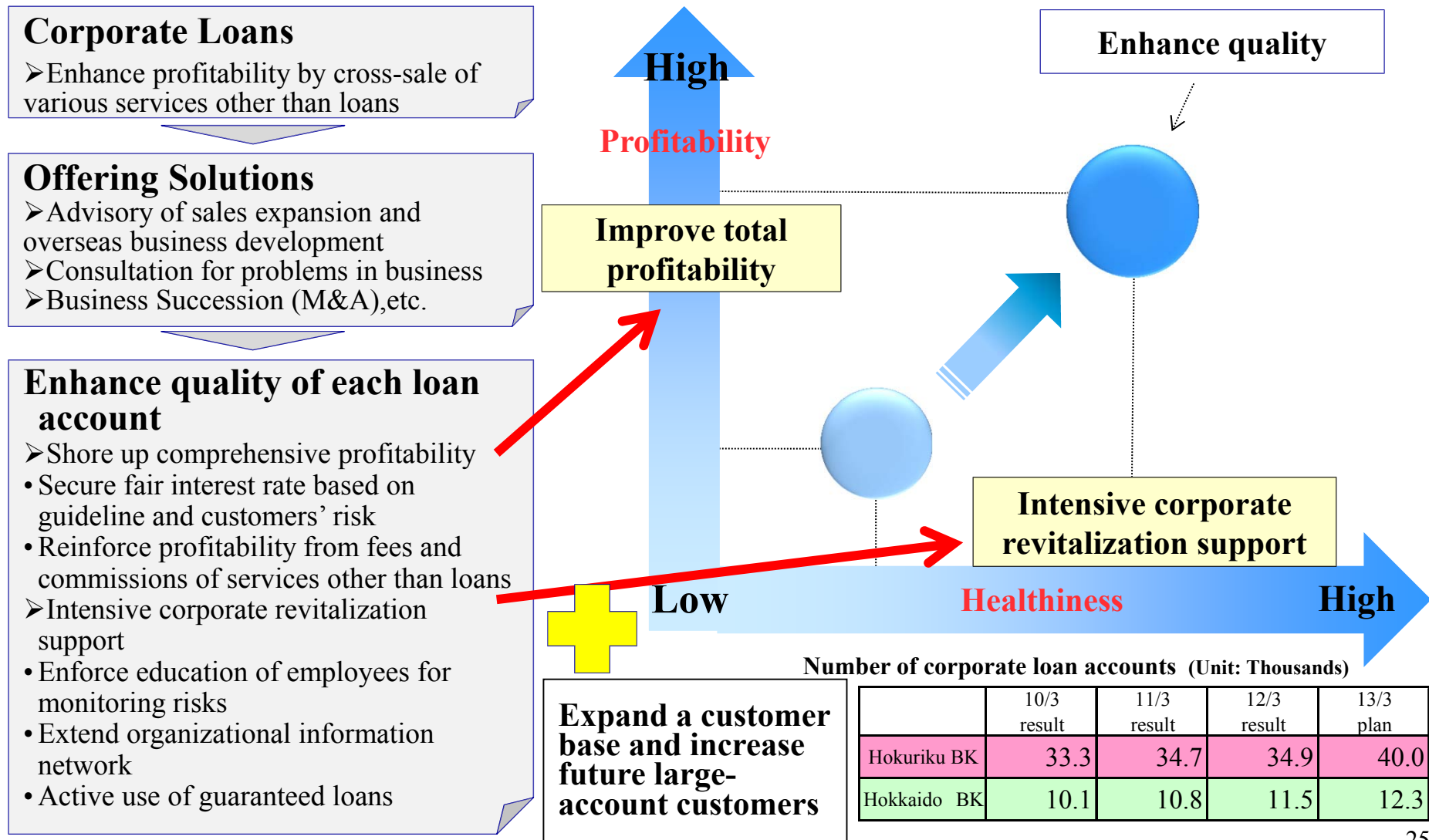
Management Strategy

Strengthening Marketing Capabilities ①

Corporate Clients

Hokuhoku Financial Group, Inc.

- Shore up profitability and healthiness in loan account of corporate customers by providing solutions.
- Expand a customer base and increase future large-account customers.



Strengthening Marketing Capabilities ②

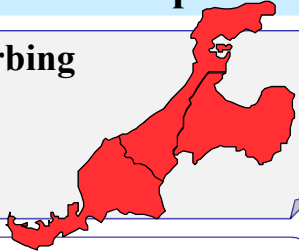
Business Matching

Hokuhoku Financial Group, Inc.

- Create business chance by supporting local growing industries and overseas business development of customers
- Expand business opportunities from public works and regional project

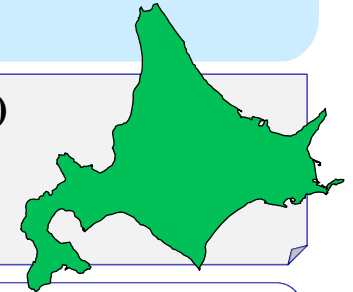
Activate regional economy by absorbing vitality of foreign economy

- ✓ Assist to establish sales channel in foreign market



Local growing industry (Agriculture)

- ✓ Further reinforce regional agriculture and make related business sustainable



- Business matching conference in China

International Mould Metalworking Exhibition
Guangdong (Nov. 2011)



Business Matching Fair in Ningbo
Zhejiang Province
(July 2012)



- Business promotion by agri-business office

Vegetable Factory



Agricultural Management School



Projects in our region

- **New regular airline routes in the region**
 - Peach Aviation launched Sapporo-Osaka route (Mar. 2012)
 - China Airlines launched Toyama-Taipei route (Apr. 2012)
 - Jetstar plans to launch Sapporo-Osaka route (July 2012)
- **Hokuriku Bullet Train**
 - Scheduled to start operation by the end of March 2015
- **Hokkaido Special Food Zone**
 - Start promotion in April 2012 ⇒ Aim to establish export base of food by attracting growing related industries in a large food-supplying district

“Food” Special Business Matching Fair
(Feb. 2012 Toyama)



3rd Hokkaido “Tourism” Business Matching Fair
(Jun. 2012 Sapporo)
Invited travel agent companies from China



Strengthening Marketing Capabilities ③ Overseas Network

Hokuhoku Financial Group, Inc.

- Hokuriku Bank opened representative office in Bangkok in Mar. 2012 to enhance support for clients' business development in Southeast Asia
- Hokkaido Bank strengthened business support in Fareast Russia (Maritime Territory in Continent) in April 2012

Bangkok Rep. Office



- On-site support for clients developing business in Thailand, Vietnam, Cambodia, Laos and Myanmar

Dalian office of Toyama Pref. Beijing office of Sapporo city

Shengyang

Yuzhno-Sakhalinsk

Expand support to Continent

Dalian

Deeper coverage in Southeast Asia

Bangkok

Shanghai

Fareast Russia (Continent)



- Dispatched our employee to Vladivostok and Khabarovsk for inspecting business environment
- Partnership agreement with Savings Bank of the Russian Federation (May 2012)

Business Partnership

- **Foreign Banks**
Bank of China, KASIKORNBANK, Vietcombank, Gazprombank, State bank of India, etc.
- **Foreign governments**
Dalian-city, Shengyang-city, Shanghai-city, Vietnam Government, Khabarovsk-city, Sakhalin Province, etc.
- **Domestic financial institutions**
NEXI, ORIX
Tokio Marine & Nichido Fire Insurance Co., Ltd.
- **Association of clients**
Hokuriku Choujou Association
Hokkaido Choujou Association, etc.

Singapore

USA and Europe



London



New York

Strengthening Marketing Capabilities ④

Overseas Business Support

Hokuhoku Financial Group, Inc.

- Expand variety of services and provide them for clients developing business internationally.
- Create business chance by exporting business seeds

Service menus

- Direct sales of loan to overseas subsidiaries of regional corporate clients **New**
- Sales of export and investment insurance of NEXI as agent **New**
- Sales of ORIX's overseas lease as agent **New**
- 24-hour automatic payment of NACCS **New**
- Sale of worldwide prepaid card as agent **New**

Direct sales of loan to overseas subsidiaries of regional corporate clients



Nov. 2011 Singapore (US\$)
 Dec. 2011 & Mar 2012 China (US\$)
 Apr. 2012 Bangkok (US\$)
 May 2012 China (Yuan)

Satisfy financial needs of overseas subsidiaries by domestic branches

Regional corporate clients → Hokuriku BK Domestic Branches → Overseas Subsidiaries

Apply for loan and guarantee Loan and remittance

Dig out financial needs and tighten relationship

- ✓ Joint sales with seaborne-goods contractor (freight forwarder) to customers
- ✓ Active use of TV/Web conference system with overseas representative offices
- ✓ Trade Seminar
- ✓ Business Matching Conference
- ✓ Arrange inspection tour
- ✓ Business strategy based on regional advantage

Investment Seminar (Indonesia)



Business Support in Fareast Russia

➤ **Model Farm**
 Hokkaido Bank started to research construction of "Model Farm in cold area" with a regional clients (an agriculture production organization) in the suburbs of Khabarovsk.



Employee Education

- ✓ Enhancement of overseas training (Increase in numbers of trainee, Expand training period)
- ✓ Dispatch trainee to overseas office of JETRO
- ✓ Language training in Liaoning university
- ✓ Financial aid for employees going to language schools

Challenge Forum 2012
 (for clients considering expansion of sales in foreign countries)



➤ **Support of partnership for regional house builders**

Hokkaido Bank arranged partnership agreement between regional constructor and Sakhalin association of constructors, which promote business matching and expand sales channel of house builders with know-how of protection against the cold.

Strengthening Marketing Capabilities ⑤

Personal Customers

Hokuhoku Financial Group, Inc.

- Build up solid and continuous earnings base by forming life-long relationship through housing loan, salary deposit and payment service for utilities
- Steady increase in deposits from personal customers and proposal of portfolio rebalance of financial products

Become the Main Bank

➤ Salary deposit & Pension Transfer accounts

Increase salary deposit accounts by mileage program and new type of credit card with digital money (Kitaca) attached.



Proactive sales promotion of pension transfer accounts by “Investment Package” for retired workers and Pension Consultation Event



➤ Payment of Utilities

Start accepting payment application via internet

<Number of customers using service of salary deposit/ pension transfer>

(Unit: Thousands)	10/3 result	11/3 result	12/3 result	13/3 plan
Hokuriku BK	734.3	746.4	771.7	800
Hokkaido BK	864.4	873.1	922.7	950

Housing loans

➤ Preferential service for members of housing loan users' club



➤ Exhaustive sales marketing for refinance needs of clients of other banks in specific areas using digital map

➤ Start sales of housing loans backed by less restrictive group life insurance from June 2012

Individual assets

➤ Steady increase in individual deposits

- “Long Value”, ”Wonderful One”, Time deposit with lottery

➤ Suggest portfolio rebalance of financial products

- Joint consultation with Insurance Advisor or skilled employee from head office
- Establish special team for after-sales follow-up of investment trust

➤ Start sales of investment trust and foreign currency deposits via internet

➤ Suggest business succession to corporate owners

- Regulation change in sales of life insurance

➤ Joint development of financial marketing model.

- Plan joint development of advanced marketing model until 2013 with other several regional banks. (MCIF)

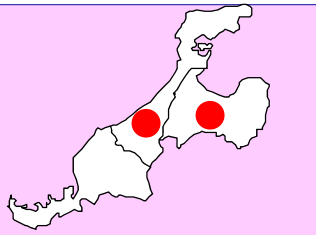

Strengthening Marketing Capabilities ⑥

Branch Strategy and Employee Training

Hokuhoku Financial Group, Inc.


- Improve customer convenience and construct effective branch network to eliminate blank area by upgrade of sub-branch to branch
- Fortify management capabilities, raise middle management holding wide experience and foster young employees as workforce for more efficient business development

Branch Network


Consultation Car
(Started to use in Feb.2012)

Upgrade to branch in Nov. 2011




Fujinoki

Upgrade to branch in Nov. 2011




Izumino

Upgrade to branch in Nov. 2011

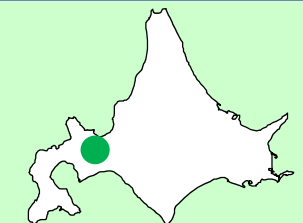


Hiraoka Park


Upgrade to major branch in July 2012



Hokuei



Open in Aug. 2013



Souen

Employee Training

Top Management

Raise management capabilities

- ✓ Seminar sponsored by bank or other institutions (Mental healthcare, etc)
- ✓ Appointment as Mentor for first branch managers
- ✓ Self-assessment of management capability

Middle Management

Expand skill and experience

- ✓ “Trainee Program” for specific skills (Foreign exchange, Loan screening, Dealing of financial products. Internal audit, etc)
- ✓ Dispatch to other industries for widening general business skills
- ✓ Study session in branch by lecturer from head office (Upgrade skills in administration, collection and cancellation of loans)
- ✓ Raise management skills for experienced female workers

Young employees

Intensively educate prerequisites as workforce

- ✓ “Curriculum for young workers” (Negotiation skills for selling loans)
- ✓ Seminar of negotiation skills to sales person and tellers (Strengthen sales skills to personal customers)
- ✓ Economic Seminar (Increase topics in business conversation)

Strategic use of human assets with skills in specific areas

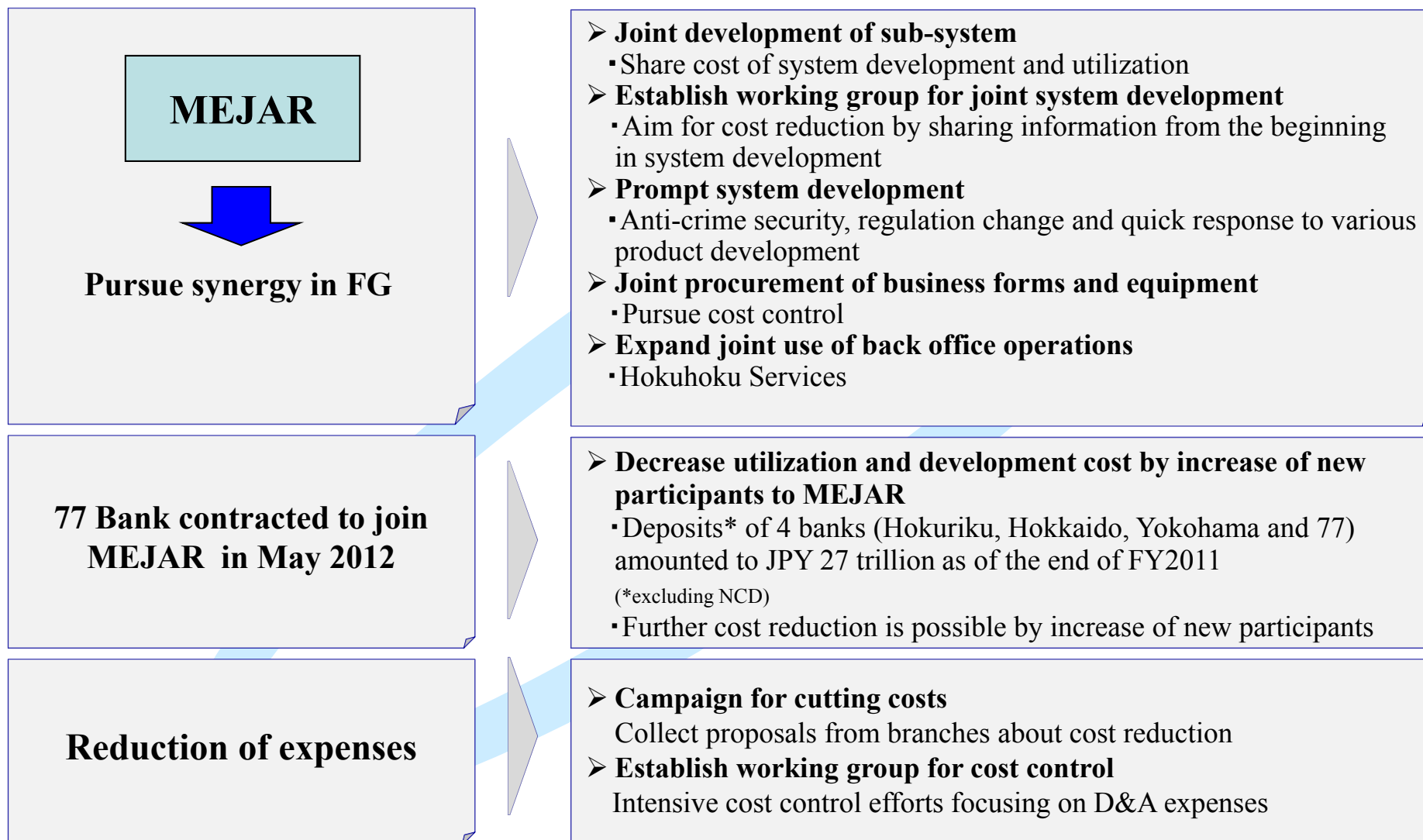
- ✓ Periodical recruitment of CPAs and Lawyers (16 CPAs and apprentices, 3 lawyers)
- ✓ Prolonged promotion of middle management and re-employment of workers already retired.

Enhancing Management Efficiency

Reduction of Expenses

Hokuhoku Financial Group, Inc.

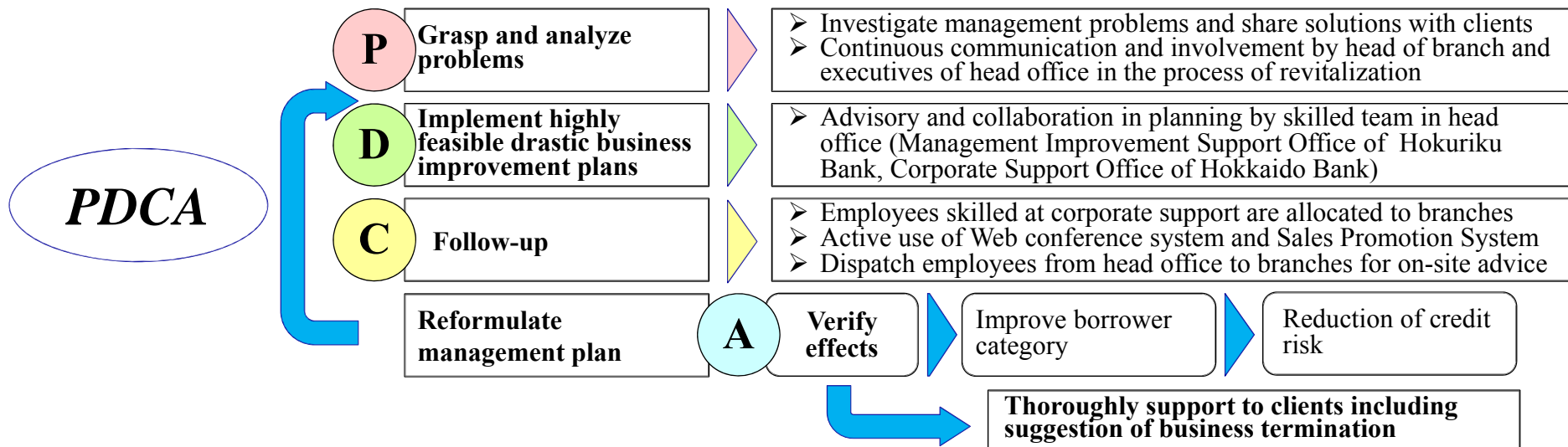
- Accelerate management efficiency by introduction of joint banking system (MEJAR)
- Pursue cost control and squeeze out funds for strategic investment



Stabilizing Financial Base ①

Management support in response to the termination of financial facilitation

- Provide intensive management support by our company-wide consultation capability
- Make PDCA-cycle function in the process of corporate revitalization by initiative of branches



Hokuriku Bank		Result of management support for corporate clients (FY2011)				Hokkaido Bank	
Number of corporate clients using loans at the beginning of FY2011* (a)	16,740	Ratio of clients specified as target for management support (b/a) *	3.9%	Number of corporate clients using loans at the beginning of FY2011 * (a)	4,755	Ratio of clients specified as target for management support* (b/a)	6.4%
Number of clients specified as target for management support (b)	659	Ratio of clients making revitalization plan (c/b)	95.9%	Number of clients specified as target for management support (b)	302	Ratio of clients making revitalization plan (c/b)	98.0%
Number of clients making revitalization plan (c)	632	Ratio of clients that improved borrower category (d/c)	7.0%	Number of clients making revitalization plan (c)	296	Ratio of clients that improved borrower category (d/c)	10.6%
Number of clients that improved borrower category (d)	46			Number of clients that improved borrower category (d)	32		

* Clients categorized as normal borrower are excluded in number of clients and percentage 32

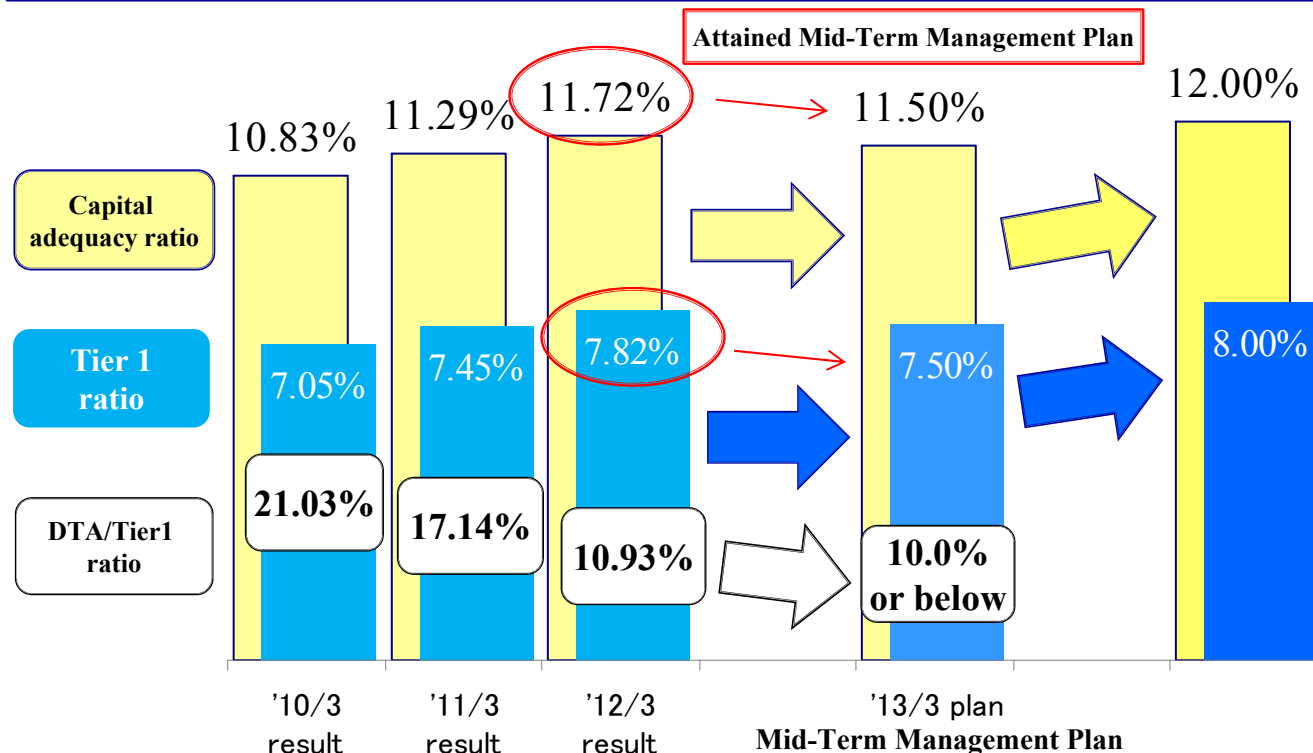
Stabilizing Financial Base ②

Capital Policy

Hokuhoku Financial Group, Inc.

- Attained target figures of mid-term management plan in capital adequacy ratio (Tier 1 ratio) as of term-end of FY 2011
- Continue to raise capital adequacy ratio to prepare for new regulation.
- Resolved in May 2012 to buy back our own shares up to the lower of JPY4.0 Bn and 30 million shares in order to enhance shareholder value

Capital adequacy ratio (Tier 1 ratio) <FG consolidated>



Basic Policies

Aim for 12% of Capital adequacy ratio and 8% of Tier1 ratio

Consider concurrently for new regulations in capital adequacy ratio and for step-by-step increase in dividends of common shares

(JP¥)

	10/3 result	11/3 result	12/3 result	13/3 plan
Dividends per common share	3.5	3.75	3.75	3.75

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



Disaster agreement with Toyama Pref.

Consultation Car
(Also available in emergency)

Events for 60th anniversary of Hokkaido Bank

An art Exhibition supported by Hokkaido Bank



Cooperation agreement with regional academic institutions

Hokuriku Bank supported to dispatch university students to foreign countries.



Dogin Forest Campaign

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

Hokugin Management School

Management Seminar for future Corporate Management



Support regional academic activities

Hokkaido Bank introduced Rakuno Gakuen University to Russian agricultural university and supported regional agricultural research.



Eco-friendly Branch (Hokuriku Bank)

Solar power generation equipment and LED advertising boards are used.

Hokkaido Bank FORTIUS

Hokkaido Bank sponsors FORTIUS, local women's curling team.



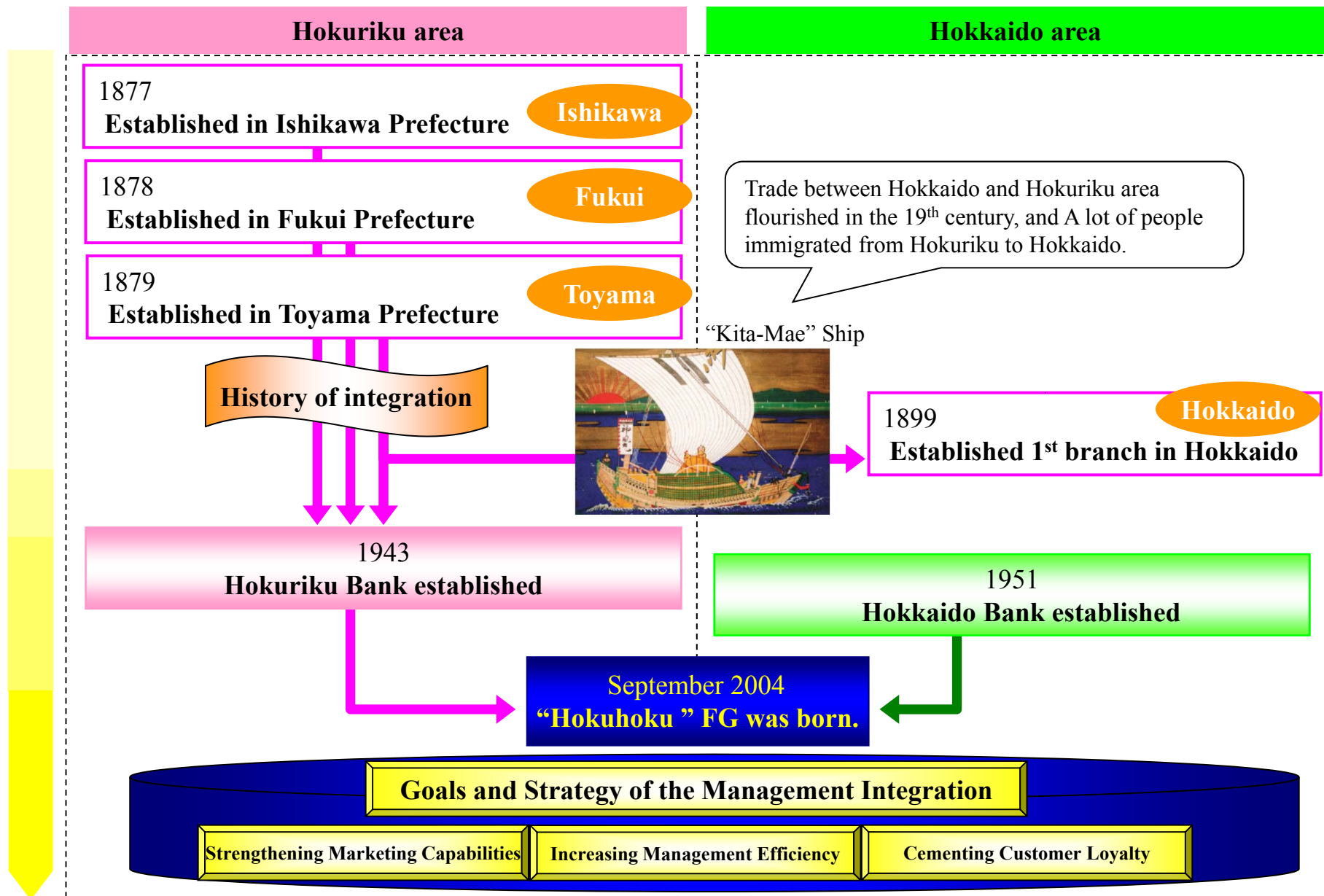
Appendix

About Hokuhoku FG ①
Outline of Hokuhoku FG and Two Banks

Hokuhoku Financial Group, Inc.

(As of March 31, 2012)

	Hokuhoku FG	Hokuriku Bank	Hokkaido Bank
Date of establishment	September 26, 2003	July 31, 1943 (Started business in 1877)	March 5, 1951
Location of headoffice	1-2-26 Tsutsumicho-dori, Toyama City	1-2-26 Tsutsumicho-dori, Toyama City	4-1 Odori Nishi, Chuo-ku, Sapporo City
Capital	¥ 70,895 million	¥ 140,409.52 million	¥ 93,524.01 million
Shares issued and outstanding	Common stock 1,391,630,146 Preferred stock(Type5) 107,432,000	Common stock 1,047,542,335	Common stock 486,634,512 Preferred stock(Type2) 107,432,000
Total assets	(consolidated) ¥ 10,629.3 billion	¥ 6,067.3 billion	¥ 4,498.4 billion
Deposits & NCD	(consolidated) ¥ 9,670.2 billion	¥ 5,545.1 billion	¥ 4,155.7 billion
Loans	(consolidated) ¥ 7,272.6 billion	¥ 4,233.9 billion	¥ 3,053.0 billion
Capital adequacy ratio	(consolidated) 11.72%	(non-consolidated) 11.85%	(non-consolidated) 10.80%
Employees	57 (13 fulltime workers)	2,755	2,385
Ratings	A(R&I)、A(JCR)	A(R&I)、A(JCR)	A(R&I)、A(JCR)
Branches (Domestic) (Overseas)		140 branches, 48 sub-branches 6 representative offices	132 branches, 7 sub-branches 2 representative offices



Three key strategies for management integration

Strengthening Marketing Capabilities

Capitalizing our extensive network in Japan's three major metropolises, in addition to our main operational bases, Hokkaido and Hokuriku, we aim to differentiate ourselves from other regional banks and strengthen our marketing capability further.

- Beef up the business matching services by utilizing our extensive regional network
- Enhance the proposal and solution services by sharing the know-how of the two banks
- Extend service scope for corporations, their trading partners and employees by capitalizing on the customer base of the two banks

Increasing Management Efficiency

We will establish a highly profitable and efficient operating platform by integrating redundant infrastructure in Hokkaido and leveraging management resources more efficiently, while continuing to focus on maintaining and developing solid relationships with customers of the both two banks.

- Enhance the brand power of two banks by offering distinctive and client-focused services
- Shared use of joint banking system. Integrate the back-office functions for efficient operation. Integrate mail delivery services and back-office services of two banks in Hokkaido

Cementing Customer Loyalty

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

- Build an asset portfolio diversified across various geographical areas and a wide range of industries
- Implement integrated measures to enhance a capital structure and accumulate steadily retained earnings

About Hokuhoku FG ④

Historical Data (Hokuhoku FG)

Hokuhoku Financial Group, Inc.

(JPY Bn)

<Consolidated>	FY2006	FY2007	FY2007	FY2008	FY2008	FY2009	FY2009	FY2010	FY2010	FY2011	FY2011
	Full year	Interim	Full year	Interim	Full year	Interim	Full year	Interim	Full year	Interim	Full year
Ordinary income	242.2	125.7	261.2	123.8	239.6	114.3	226.7	109.2	214.6	105.7	207.9
Ordinary profits	70.0	32.7	66.3	19.6	21.3	13.3	35.4	18.0	37.2	18.9	38.8
Net income	40.6	16.4	38.6	37.5	37.0	5.7	19.2	10.0	18.4	8.9	14.1
Capital adequacy ratio	10.44%	9.97%	10.39%	10.39%	10.81%	10.91%	10.83%	11.39%	11.29%	11.57%	11.72%

<Total of two banks> * Total of two banks + Hokugin Corp.

Core gross business profits	181.3	90.1	178.5	87.3	168.3	79.6	160.9	76.0	155.4	77.3	156.3
General & administrative expenses	87.9	44.8	89.9	45.6	91.5	47.1	94.4	48.4	98.6	51.4	100.6
Core net business profits	93.4	45.2	88.6	41.7	76.8	32.4	66.4	27.6	56.7	25.9	55.7
Net gains(losses) related to securities	(1.5)	(0.6)	(0.6)	(5.2)	(17.6)	0.8	0.2	0.8	(1.0)	1.2	(1.4)
Credit costs	26.2	13.7	25.5	16.1	35.5	16.8	25.5	8.3	14.5	6.4	10.4
Ordinary profits	70.1	30.9	65.0	19.4	21.3	14.2	36.8	18.8	37.0	19.3	40.5
Net income	39.3	15.1	39.0	37.8	37.9	11.4	26.0	11.1	19.6	9.8	16.6
ROA	1.03%	0.97%	0.95%	0.88%	0.80%	0.66%	0.68%	0.54%	0.56%	0.49%	0.53%
OHR	48.49%	49.78%	50.36%	52.19%	54.37%	59.20%	58.68%	63.67%	63.47%	66.46%	64.37%
Loans *	6,839.7	6,895.0	6,897.6	7,006.3	7,156.7	7,001.5	6,993.6	6,966.7	7,241.1	7,236.1	7,287.0
Deposits (including NCD)	8,517.6	8,549.6	8,502.2	8,650.3	8,742.4	8,930.2	9,120.3	9,223.9	9,523.8	9,534.7	9,700.8
Securities	1,703.8	1,698.3	1,714.8	1,745.8	1,725.0	1,787.6	2,015.0	2,204.1	2,315.1	2,465.8	2,471.8
Non performing loan *	315.0	291.6	260.7	253.1	227.5	214.6	215.2	214.4	220.5	229.8	236.8
NPL ratio *	4.43%	4.07%	3.64%	3.48%	3.07%	2.96%	2.98%	2.98%	2.96%	3.08%	3.17%

About Hokuhoku FG ⑤
Historical Data (Hokuriku Bank)

Hokuhoku Financial Group, Inc.

(JPY Bn)

	FY2006 Full year	FY2007 Interim	FY2007 Full year	FY2008 Interim	FY2008 Full year	FY2009 Interim	FY2009 Full year	FY2010 Interim	FY2010 Full year	FY2011 Interim	FY2011 Full year
Ordinary income	130.1	66.8	141.2	65.3	124.2	57.5	113.7	55.0	108.8	54.0	105.4
Core gross business profits	106.6	53.1	105.2	49.8	94.7	45.3	90.1	44.1	88.5	45.2	88.5
General & administrative expenses	50.5	25.6	51.1	25.7	51.3	25.8	51.8	26.5	53.8	27.7	54.2
Core net business profits	56.1	27.5	54.1	24.1	43.4	19.5	38.3	17.5	34.6	17.4	34.3
Net gains(losses) related to securities	0.6	(0.1)	(0.7)	(3.8)	(12.6)	(1.2)	(2.4)	(2.0)	(2.8)	(1.0)	(1.1)
Credit costs	22.5	9.7	20.4	10.5	21.4	7.0	13.4	2.9	7.1	1.9	4.4
Ordinary profits	38.1	17.8	35.6	9.6	8.8	9.8	19.9	12.1	22.9	13.8	27.4
Net income	18.6	8.2	21.2	30.1	26.4	7.5	15.6	7.2	11.9	6.9	11.4
Capital adequacy ratio	9.16%	9.41%	10.10%	10.26%	10.23%	10.56%	10.80%	11.27%	11.32%	11.62%	11.85%
ROA	1.05%	1.01%	0.99%	0.86%	0.77%	0.69%	0.68%	0.60%	0.59%	0.58%	0.57%
OHR	47.37%	48.17%	48.53%	51.58%	54.18%	56.95%	57.48%	60.16%	60.85%	61.32%	61.25%
Loans *	4,146.7	4,191.3	4,210.7	4,245.9	4,293.3	4,172.6	4,142.6	4,109.2	4,252.3	4,205.7	4,233.9
Deposits (including NCD)	4,976.3	4,973.7	4,955.7	5,016.1	5,092.5	5,155.8	5,306.7	5,292.6	5,439.9	5,416.5	5,545.1
Securities	853.2	840.0	820.9	833.7	858.8	858.4	1,015.9	1,088.4	1,217.5	1,285.7	1,315.4
Non performing loan *	202.2	187.1	163.5	159.7	142.6	140.1	147.3	146.1	144.3	153.1	153.5
NPL ratio *	4.65%	4.26%	3.72%	3.60%	3.19%	3.23%	3.42%	3.43%	3.28%	3.52%	3.53%

* Hokuriku Bank + Hokugin Corp.

About Hokuoku FG ⑥
Historical Data (Hokkaido Bank)

Hokuoku Financial Group, Inc.

(JPY Bn)

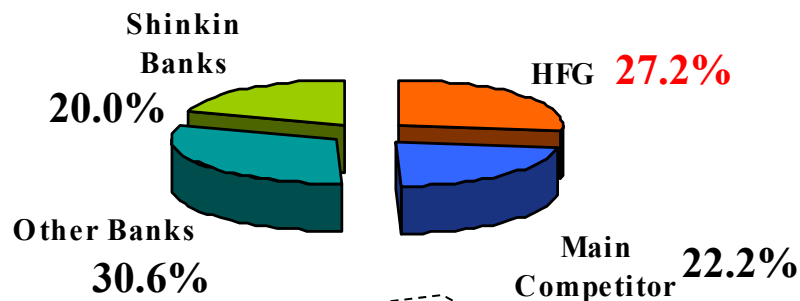
	FY2006 Full year	FY2007 Interim	FY2007 Full year	FY2008 Interim	FY2008 Full year	FY2009 Interim	FY2009 Full year	FY2010 Interim	FY2010 Full year	FY2011 Interim	FY2011 Full year
Ordinary income	88.4	46.6	96.0	47.7	94.3	46.9	93.7	44.8	87.0	43.2	87.5
Core gross business profits	74.7	37.0	73.2	37.5	73.5	34.2	70.8	31.9	66.8	32.1	67.8
General & administrative expenses	37.4	19.2	38.8	19.8	40.2	21.3	42.6	21.8	44.7	23.7	46.4
Core net business profits	37.2	17.7	34.4	17.6	33.3	12.9	28.1	10.0	22.1	8.4	21.4
Net gains(losses) related to securities	(2.1)	(0.4)	0.1	(1.3)	(4.9)	2.1	2.7	2.9	1.7	2.2	(0.2)
Credit costs	3.6	3.9	5.1	5.6	14.0	9.7	12.0	5.3	7.4	4.4	5.9
Ordinary profits	31.9	13.0	29.4	9.8	12.5	4.3	16.9	6.6	14.1	5.4	13.1
Net income	20.7	6.9	17.8	7.7	11.4	3.8	10.3	3.9	7.7	2.9	5.2
Capital adequacy ratio	9.91%	9.92%	10.13%	9.68%	10.45%	10.30%	10.19%	10.68%	10.59%	10.57%	10.80%
ROA	1.00%	0.92%	0.90%	0.90%	0.85%	0.63%	0.68%	0.47%	0.51%	0.37%	0.47%
OHR	50.08%	52.08%	52.98%	53.00%	54.62%	62.17%	60.21%	68.53%	66.93%	73.69%	68.44%
Loans	2,692.9	2,703.6	2,686.8	2,760.3	2,863.4	2,828.9	2,851.0	2,857.4	2,988.8	3,030.4	3,053.0
Deposits (including NCD)	3,541.3	3,575.9	3,546.5	3,634.1	3,649.9	3,774.4	3,813.6	3,931.3	4,083.9	4,118.2	4,155.7
Securities	850.6	858.2	893.8	912.0	866.2	929.1	999.1	1,115.7	1,097.6	1,180.1	1,156.4
Non performing loan	112.8	104.5	97.2	93.5	84.8	74.5	67.9	68.3	76.3	76.7	83.3
NPL ratio	4.08%	3.77%	3.52%	3.29%	2.89%	2.57%	2.32%	2.33%	2.49%	2.47%	2.66%

About Hokuhoku FG ⑦

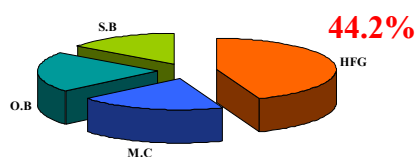
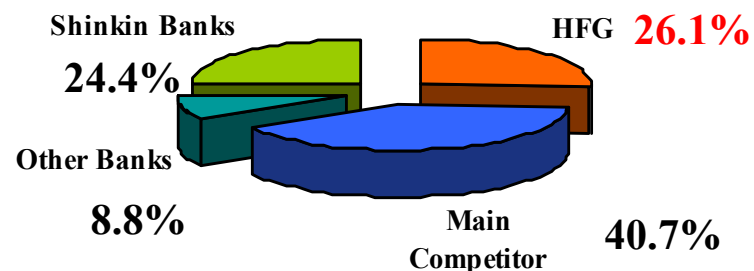
Market Share in Our Home Market (Loans, Sep-11)

Hokuhoku Financial Group, Inc.

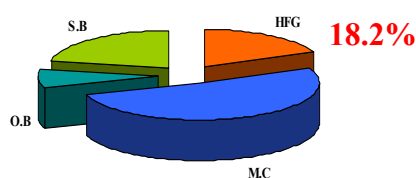
Hokuriku Area



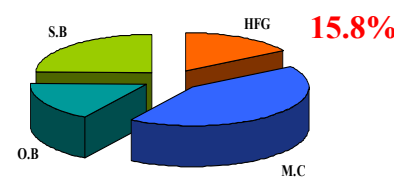
Hokkaido Area



Toyama



Ishikawa



Fukui

*Securitized loans are included in figures of HFG

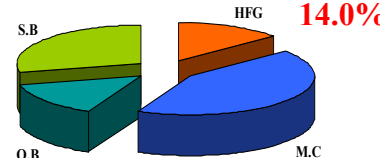
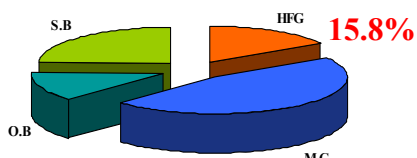
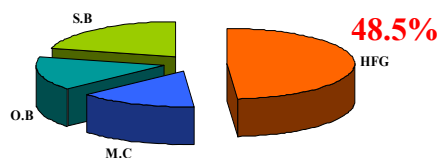
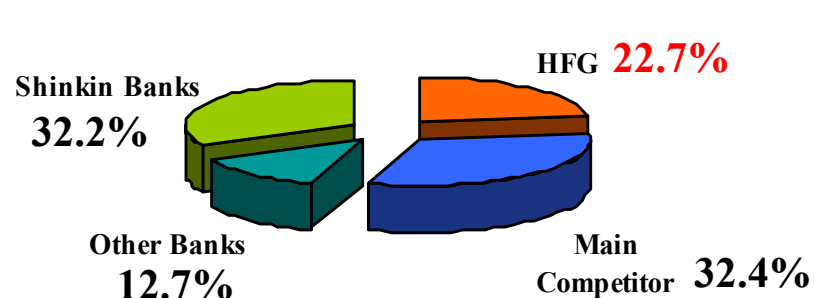
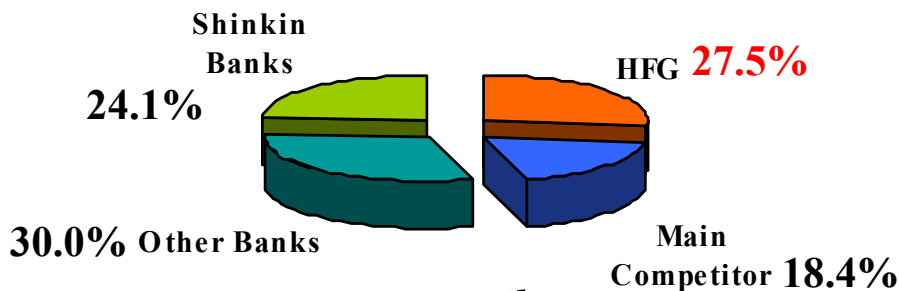
*Figures of the Main Competitor and Other banks are estimated figures

(JPY Bn)

	Hokuriku Area				Hokkaido Area
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	6,933.7(80.0%)	2,724.6(85.0%)	2,532.3(78.0%)	1,676.8(75.5%)	9,234.2(75.6%)
Hokuhoku FG(HFG)	2,355.1(27.2%)	1,415.6(44.2%)	589.5(18.2%)	349.9(15.8%)	3,182.8(26.1%)
Hokuriku Bank	2,355.1(27.2%)	1,415.6(44.2%)	589.5(18.2%)	349.9(15.8%)	518.9(4.2%)
Hokkaido Bank	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	2,663.9(21.8%)
Main Competitor	1,925.3(22.2%)	629.9(19.7%)	1,675.8(51.6%)	957.5(43.1%)	4,970.2(40.7%)
Shinkin Banks	1,738.6(20.0%)	479.3(15.0%)	714.7(22.0%)	544.5(24.5%)	2,979.1(24.4%)
Total	8,672.3(100%)	3,203.9(100%)	3,247.0(100%)	2,221.3(100%)	12,213.3(100%)

Hokuriku Area

Hokkaido Area



Toyama

Ishikawa

Fukui

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

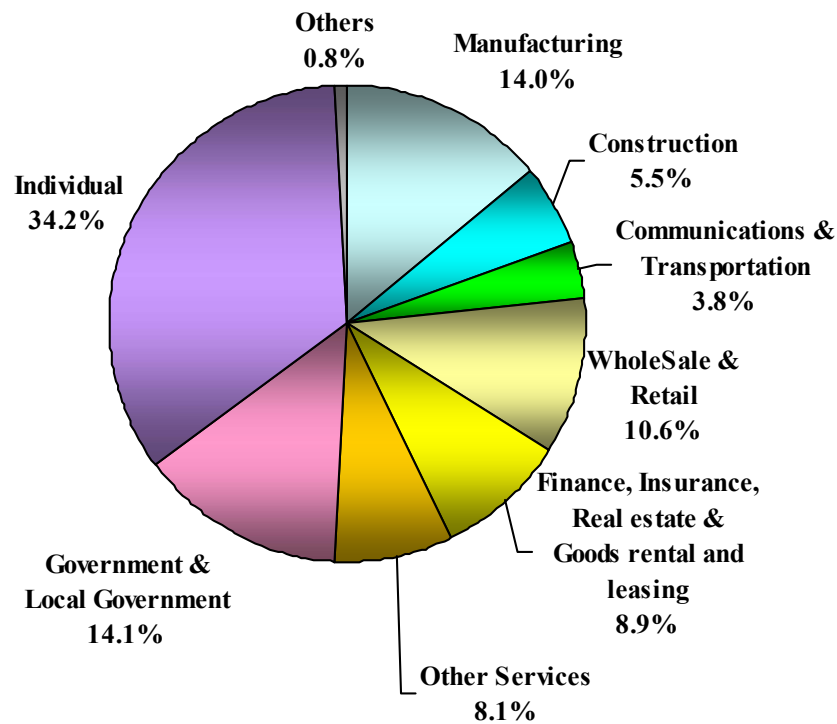
(JPY Bn)

	Hokuriku Area	Hokkaido Area			
		Toyama Pref.	Ishikawa Pref.	Fukui Pref.	
Banks	11,447.8(75.9%)	4,429.8(78.9%)	4,195.5(75.9%)	2,822.5(71.5%)	13,740.2(67.8%)
Hokuhoku FG(HFG)	4,146.5(27.5%)	2,722.0(48.5%)	872.3(15.8%)	552.0(14.0%)	4,598.1(22.7%)
Hokuriku Bank	4,146.5(27.5%)	2,722.0(48.5%)	872.3(15.8%)	552.0(14.0%)	551.9 (2.7%)
Hokkaido Bank	0(0.0%)	0(0.0%)	0(0.0%)	0(0.0%)	4,046.2(20.0%)
Main Competitor	2,781.1(18.4%)	850.3(15.1%)	2,603.7(47.1%)	1,694.7(42.9%)	6,558.9(32.4%)
Shinkin Banks	3,641.0(24.1%)	1,182.8(21.1%)	1,331.2(24.1%)	1,127.0(28.5%)	6,532.2(32.2%)
Total	15,088.8(100%)	5,612.6(100%)	5,526.7(100%)	3,949.5(100%)	20,272.4(100%)

About Hokuhoku FG ⑨
Lending in the Region by Industry (Mar-12)

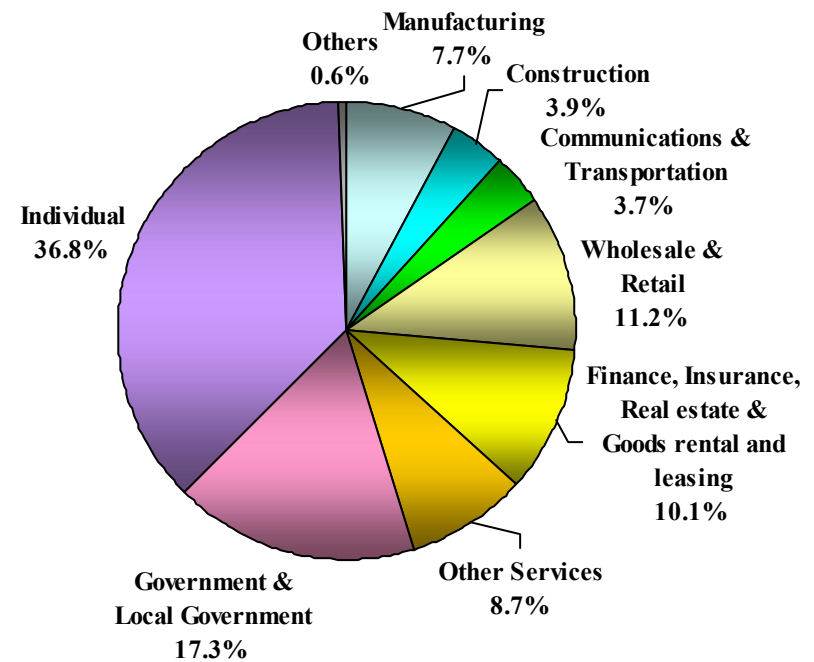
Hokuhoku Financial Group, Inc.

Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank

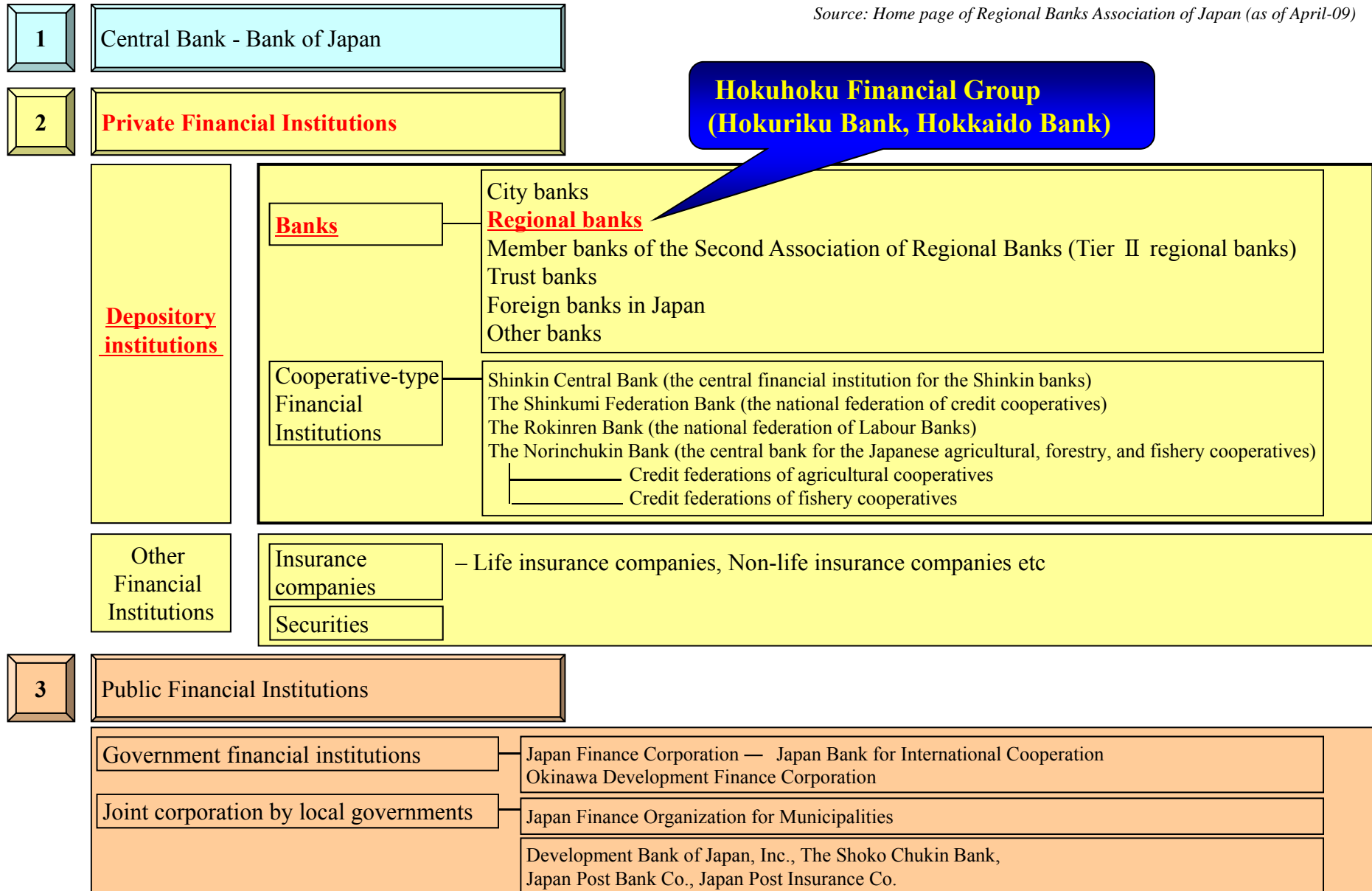


Region: Hokkaido

About Japanese Regional Banks ①

Financial Institutions in Japan

Source: Home page of Regional Banks Association of Japan (as of April-09)



About Japanese Regional Banks ②

Overview of Regional Banks

Overview of Regional Banks

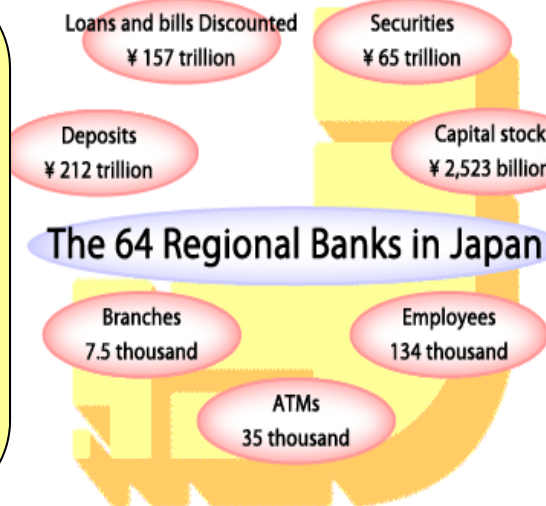
The 64 regional banks in Japan consistently enjoy wide patronage as banks that develop in step with the region.

In our ongoing quest to be financial institutions trusted by customers, the regional banks will strive to maintain soundness of management, as well as continuously be devoted to enhancing convenience for customers and to realizing vibrant regional communities.

Leading Banks in the Regions

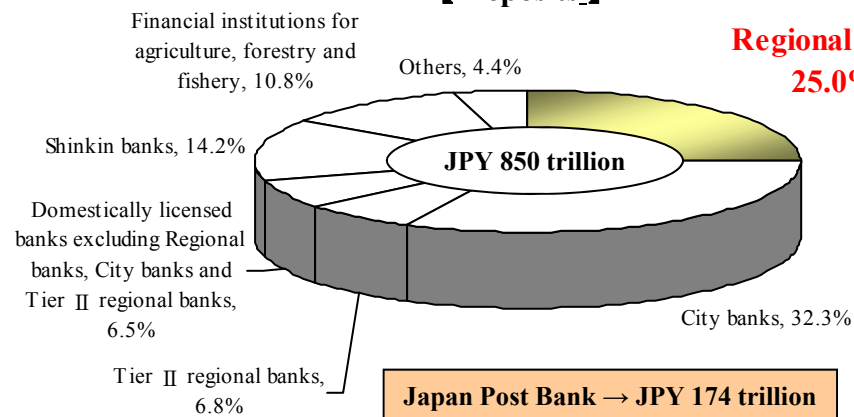
The regional banks have formed a dense branch network in the regions, mainly in the prefectures where their head offices are located, with some 7,500 branches and some 35,000 ATMs set up all over the country.

Through this branch network, the regional banks cater to the diversified financial needs of individual customers as well as medium-sized and small- and medium-sized corporate clients in the regions, and also play a leading role in regional finance for the promotion and development of regional communities.

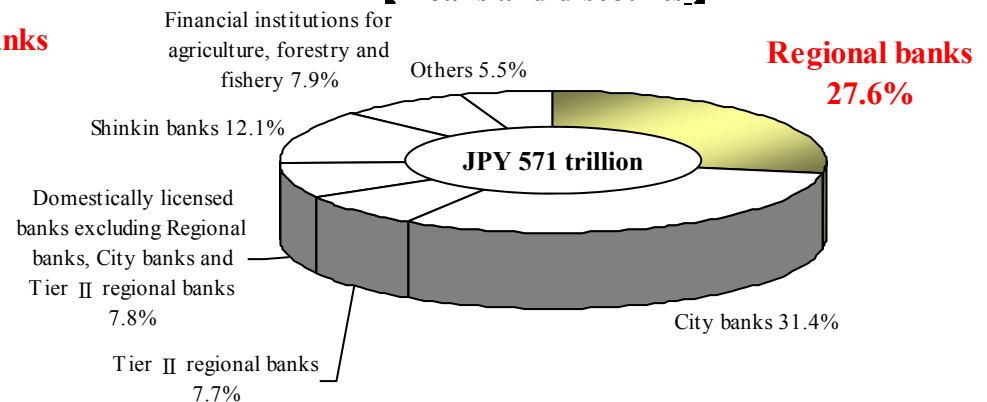


Shares of Deposits and Loans of Private Financial Institutions (Mar-11)

【 Deposits 】



【 Loans and discounts 】



Source: Home page of Regional Banks Association of Japan

The Present Condition of the Regional Economy ①

Characteristics of Our Main Business Area

Hokuhoku Financial Group, Inc.

Population and Square Measure

Data from Ministry of Internal Affairs and Communications

	Toyama Prefecture a	Ishikawa Prefecture b	Fukui Prefecture c	Total a+b+c	Hokkaido	Total
Population (Ranking)	1.09Mn (37th)	1.17Mn (34th)	0.81Mn (43rd)	3.07Mn	5.51Mn (8th)	8.58Mn
Density of Population (Ranking)	257.4pt (25th)	279.5pt (23rd)	192.4pt (32nd)	—	70.2pt (47th)	—
Square Measure (Ranking) km ²	4,248 (33rd)	4,186 (35th)	4,190 (34th)	—	83,457 (1st)	—

Scale matching for
Osaka!

1 st	Tokyo
2 nd	Kanagawa (9.05Mn)
3 rd	Osaka (8.87Mn)

Gross Prefectural Product

Data from Ministry of Internal Affairs and Communications and Cabinet Office

	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido	Total (JPY Bn)
GPP (Proportion) (Ranking)	4,096.5 (0.85%) (32th)	4,250.0 (0.88%) (31th)	3,113.1 (0.64%) (41st)	11,459.7 (2.37%)	18,052.7 (3.74%) (7th)	29,512.5 (6.11%)

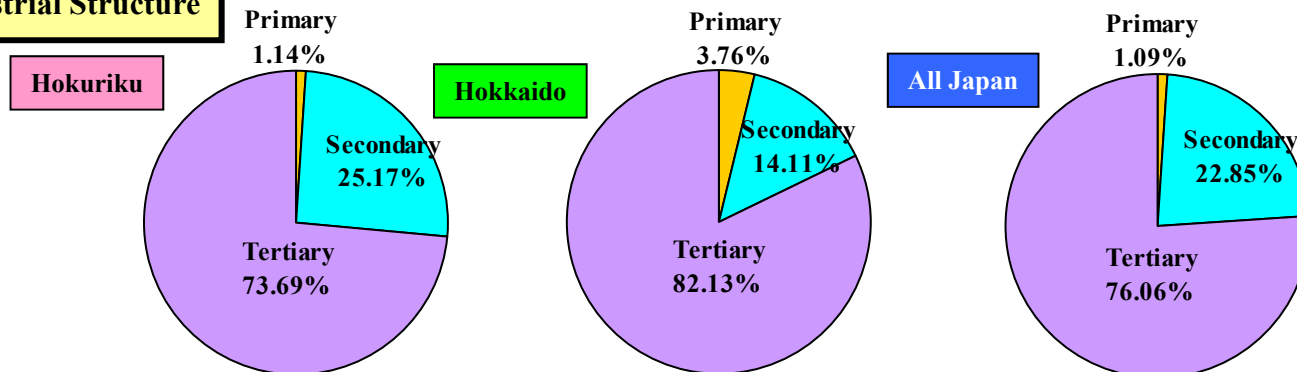
Almost equal to
Kanagawa!

(JPY Bn)

1 st	Tokyo
2 nd	Osaka
3 rd	Aichi
4 th	Kanagawa (29,747.5)

Industrial Structure

Data from Cabinet Office



Exceed Denmark
(Europe No14)

(JPY Bn)

1 st	Germany
2 nd	France
14 th	Denmark (27,200.0)

The Present Condition of the Regional Economy ②

Economic Conditions

Hokuhoku Financial Group, Inc.

Monthly Economic Report (By the Cabinet Office)

All Japan

April-12

Economic Trend	Still picking up slowly, While difficulties continue to prevail due to the Earthquake
Public Investment	Steady performance
Business Investment	Picking up recently
Private consumption	Holds firm
Housing construction	Movements of picking up
Production	Picking up slowly
Employment & Income	Still remains severe
Prices	In a mild deflationary phase
The number of bankrupt companies	Almost flat

Regional Economic Report (By Bank of Japan)

Hokuriku Area

April-12

Economic Trend	Continues to pick up as a whole
Public Investment	Declining
Business Investment	Picking up moderately
Private consumption	More or less unchanged
Housing construction	Has been weak
Production	Has been recovering
Employment & Income	Picking up
Prices	Same as the previous year's level
The number of bankrupt companies	Above the previous year's level recently

Hokkaido Area

April-12

Economic Trend	Has been more or less unchanged
Public Investment	On a declining trend
Business Investment	Has been solid
Private consumption	More or less unchanged
Housing construction	The pace of the pick-up has slowed
Production	More or less unchanged
Employment & Income	Severe, but the labor market is picking up moderately
Prices	More or less unchanged
The number of bankrupt companies	Calm movement

The Present Condition of the Regional Economy ③

Big Projects in Hokuriku and Hokkaido Area

Hokuhoku Financial Group, Inc.

Hokkaido

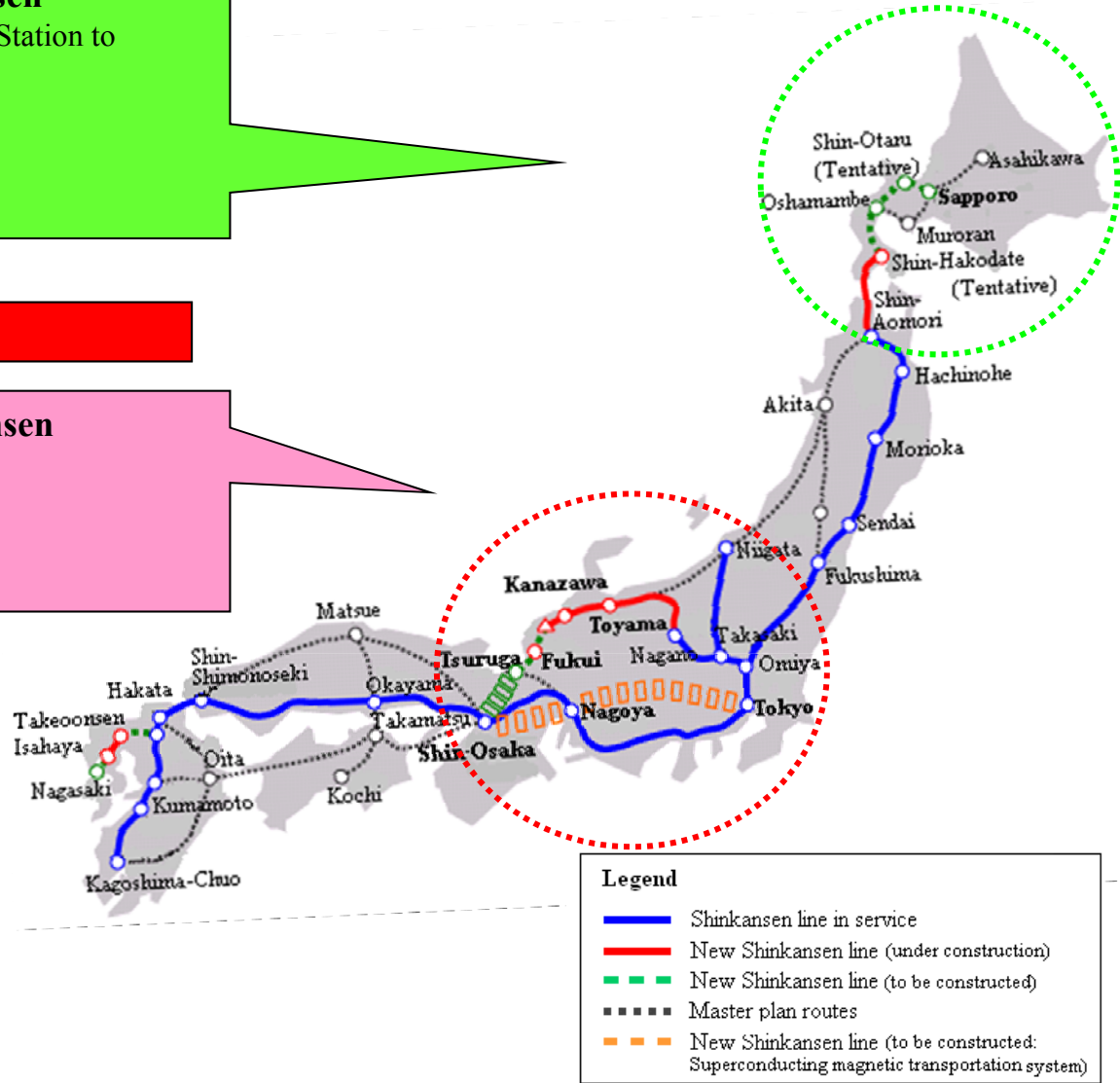
◎Construction of the Hokkaido Shinkansen
 Constructing a 360 KM line from Shin-Aomori Station to Sapporo Station.
 Expected to be completed in FY 2015
 (Shin-Aomori Station to Shin-Hakodate Station)
 Planned to be completed to Sapporo in FY 2020

Hokuriku

◎Construction of the Hokuriku Shinkansen
 Constructing a 700 KM line from Tokyo to Osaka via Nagano, Toyama, Kanazawa, Fukui.
 Expected to be completed in FY 2014
 (Tokyo Station to Kanazawa Station)



Design plan of Toyama Station



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