Investor Meeting
～ Interim Results for FY 2016 ～
(Ended September 30, 2016)

Hokuhoku Financial Group, Inc.

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Hokuhoku Financial Group, Inc.

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Management Philosophy

"Hokuhoku Financial Group" will continue to deliver comprehensive financial services with its extensive regional network to contribute to mutual prosperity with customers and the region.

Prospering together with the region

We execute social mission to prosper mutually with customers and local community.

Fair & Steady Management

We aim at fair and steady management to respond to social confidence.

Progressive & Innovative Services

We pursue creativity and innovation in vital workplace to provide attractive services.

Ⅰ. Interim Results for FY 2016

Ⅱ. Management Strategy

Financial Highlight for FY2016 1H

Hokuhoku Financial Group, Inc.

Net income attributable to owner of the parent was ¥16.7Bn
increased by ¥0.1Bn in comparison to FY2015 1H

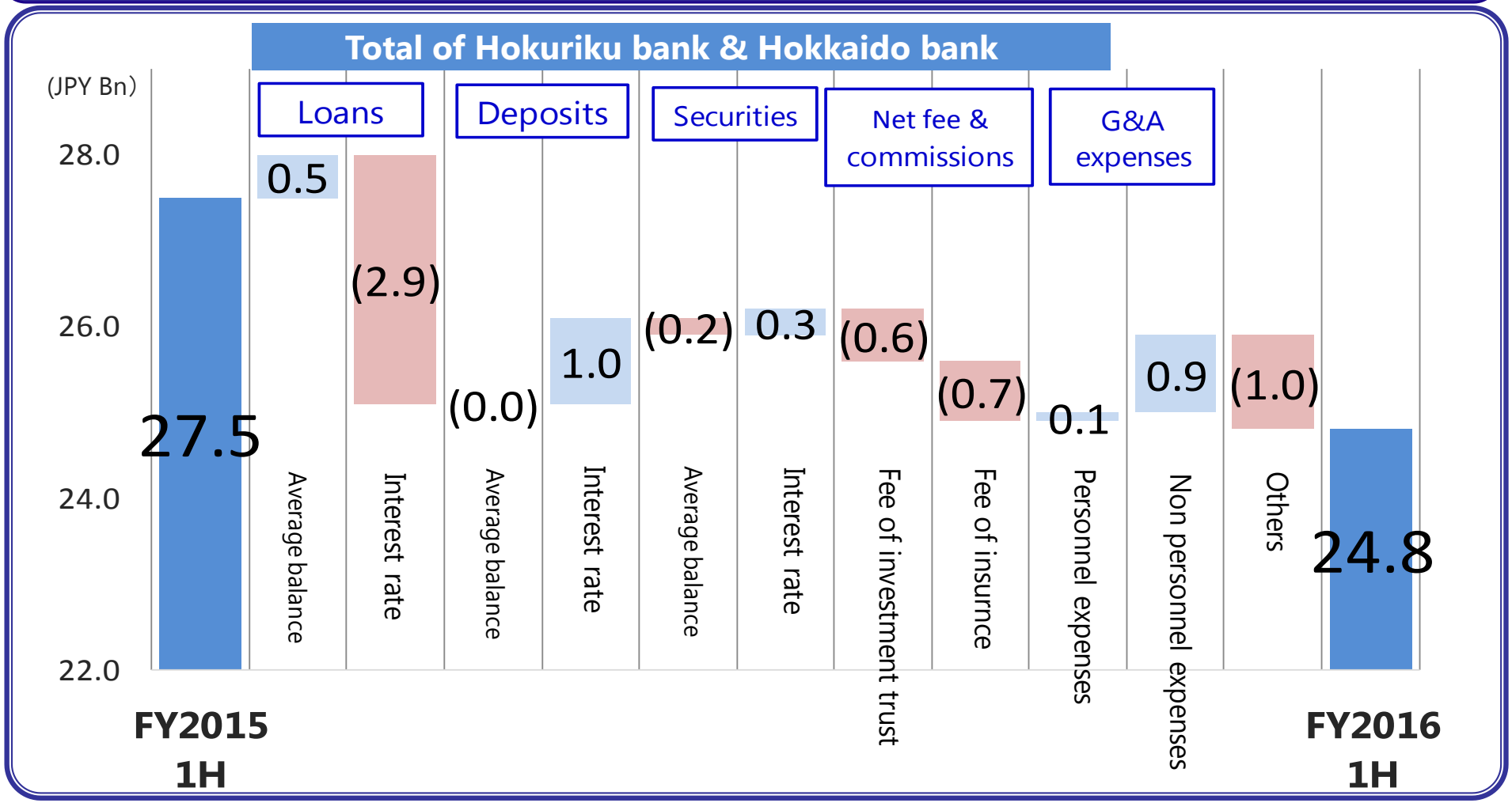
Net Income	**Interest income on loans and interest and dividends on securities decreased because negative interest rate policy caused the decline in market interest rate, and sale of investment trusts and insurance also decreased. However, net income attributable to owners of parent increased compared to the previous year due to the reduction of G&A expenses and credit costs.**
Deposits Loans Securities	**Deposits decreased due to the decrease in NCDs, although individual deposits and corporate deposits increased steadily. Loans increased mainly in business loans. Securities increased due to the increase in foreign bonds and investment trusts, although Japanese yen bonds decreased.**
Net credit cost / NPL	**Net credit costs decreased due to the decline in the rate of provision of allowance for loan losses. Non performing loans continued to decrease.**
Capital	**Consolidated capital adequacy ratio kept almost the same level as that at the end of FY2015, resulted from the increase in risk assets despite capital accumulation by profits.**

Financial Highlight for FY2016 1H
(Reason for change in core net business profits)

Hokuhoku Financial Group, Inc.

- **Core net business profits decreased by ¥2.7Bn to ¥24.8Bn compared to the previous year due to the decline in interest rate of loans, but exceeded initial expectation by ¥1.3Bn due to the reduction of G&A expenses.**

Reason for change in core net business profits

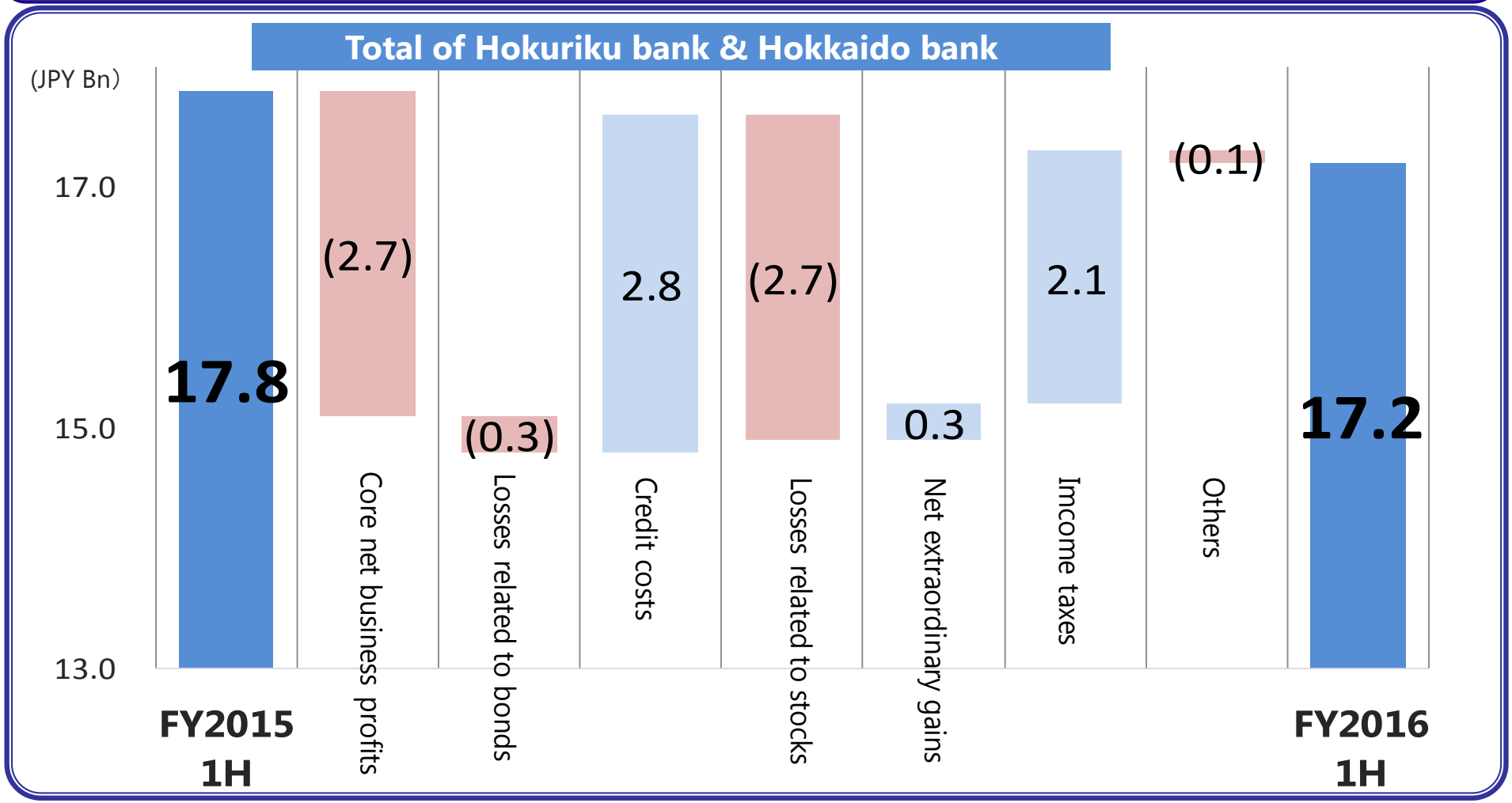


Financial Highlight for FY2016 1H (Reason for change in net income)

Hokuhoku Financial Group, Inc.

- **Net income decreased by ¥0.6Bn to ¥17.2Bn because the decrease in credit costs and income taxes compensated for the decrease in core net business profits and gains related to stocks .**

Reason for change in net income



Summary of Financial Results

Hokuhoku Financial Group, Inc.

(JPY Bn)

【Hokuhoku FG consolidated】	FY16 1H	change	Compared to plan	FY15 1H
Ordinary income	**93.9**	(5.1)	**3.9**	99.1
Ordinary profits	**23.7**	(2.4)	**4.7**	26.1
Net income attributable to owners of the parent ①	**16.7**	0.1	**4.7**	16.6

【Total of two banks】	FY16 1H	change	Compared to plan	FY15 1H
Core gross business profits	**69.4**	(3.4)	**(0.0)**	72.9
Net interest income	**59.9**	(1.6)		61.5
Net fees & commissions	**9.3**	(0.8)		10.1
Net trading income	**0.0**	(0.0)		0.0
Net other income (※1)	**0.0**	(0.9)		1.0
G&A expenses (-)	**44.5**	(0.7)	**(1.4)**	45.3
Core net business profits	**24.8**	(2.7)	**1.3**	27.5
Gains (losses) related to bonds	**0.2**	(0.3)		0.5
Net business profits (※2)	**25.0**	(3.0)		28.1
Net transfer to general allowance for loan losses (-)	**—**	(0.3)		0.3
Net business profits	**25.0**	(2.7)		27.8
Other non-recurring gains (losses)	**(1.3)**	(0.3)		(0.9)
Credit related costs (-)	**(1.1)**	(2.5)		1.3
Gains (losses) related to stocks	**(1.4)**	(2.7)		1.2
Ordinary profits	**23.7**	(3.1)	**4.2**	26.8
Net extraordinary gains (losses)	**(0.2)**	0.3		(0.6)
Income taxes (-)	**6.2**	(2.1)		8.3
Net income ②	**17.2**	(0.6)	**3.7**	17.8
Credit costs	**(1.1)**	(2.8)	**(4.1)**	1.6

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

【Hokuhoku FG consolidated】

Ordinary profits ¥23.7Bn
(-¥2.4Bn compared to FY15 1H)

Net income attributable to owners of the parent: ¥16.7Bn
(+¥0.1Bn compared to FY15 1H)

【Total of two banks】

Core net business profits ¥24.8Bn
(-¥2.7Bn compared to FY15 1H)
- Decrease in net interest income and net fee & commissions
- Decrease in G&A expenses

Ordinary profits ¥23.7Bn
(-¥3.1Bn compared to FY15 1H)
- Decrease in Credit costs
- Decrease in gains related to stocks

Net income ¥17.2Bn
(-¥0.6Bn compared to FY15 1H)
- Decrease in income taxes

Difference between ① and ② (JPY Bn)

	FY16 1H	change	FY15 1H
Difference (①-②)	**(0.4)**	0.7	(1.2)
Net income of subsidiaries	**1.2**	0.7	0.5
Amortization of the goodwill	**(1.0)**	—	(1.0)
Others	**(0.6)**	(0.0)	(0.6)

Summary of Financial Results
（Hokuriku bank・Hokkaido bank）

Hokuhoku Financial Group, Inc.

（JPY Bn）	【Hokuriku bank】 FY16 1H	change	compared to plan	FY15 1H	【Hokkaido bank】 FY16 1H	change	compared to plan	FY15 1H
Core gross business profits	**36.8**	(0.9)	**(0.1)**	37.8	**32.5**	(2.4)	**0.0**	35.0
Net interest income	**31.5**	(0.0)		31.6	**28.3**	(1.5)		29.9
Net fees & commissions	**4.7**	(0.6)		5.4	**4.5**	(0.1)		4.7
Net trading income	**0.0**	(0.0)		0.0	**—**	—		—
Net other income（※1）	**0.4**	(0.1)		0.6	**(0.3)**	(0.7)		0.3
G&A expenses (-)	**23.8**	(0.4)	**(0.6)**	24.3	**20.7**	(0.2)	**(0.7)**	21.0
Core net business profits	**12.9**	(0.5)	**0.4**	13.4	**11.8**	(2.1)	**0.8**	14.0
Gains (losses) related to bonds	**0.2**	(0.0)		0.2	**0.0**	(0.2)		0.3
Net business profits（※2）	**13.1**	(0.5)		13.7	**11.8**	(2.4)		14.3
Net transfer to general allowance for loan losses (-)	**—**	(0.1)		0.1	**—**	(0.1)		0.1
Net business profits	**13.1**	(0.4)		13.6	**11.8**	(2.3)		14.2
Other non-recurring gains (losses)	**1.3**	2.0		(0.6)	**(2.6)**	(2.3)		(0.2)
Credit related costs (-)	**(1.0)**	(1.8)		0.7	**(0.0)**	(0.6)		0.6
Gains (losses) related to stocks	**0.3**	(0.3)		0.7	**(1.8)**	(2.3)		0.5
Ordinary profits	**14.5**	1.5	**3.5**	12.9	**9.2**	(4.7)	**0.7**	13.9
Net extraordinary gains (losses)	**(0.1)**	0.4		(0.5)	**(0.1)**	(0.0)		(0.1)
Imcome taxes (-)	**3.6**	(0.4)		4.0	**2.5**	(1.6)		4.2
Net income ②	**10.7**	2.4	**3.2**	8.2	**6.5**	(3.1)	**0.5**	9.6
Credit costs	**(1.0)**	(1.9)	**(2.5)**	0.8	**(0.0)**	(0.8)	**(1.5)**	0.7

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

【Hokuriku bank】
Core net business profits: ¥12.9Bn (-¥0.5Bn compared to FY15 1H)
•Decrease in fee of insurance
Ordinary profits: ¥14.5Bn (+¥1.5Bn compared to FY15 1H)
•Decrease in credit costs

【Hokkaido bank】
Core net business profits: ¥11.8Bn (-¥2.1Bn compared to FY15 1H)
•Decrease in net interest income and net other income
Ordinary profits: ¥9.2Bn (-¥4.7Bn compared to FY15 1H)
•Decrease in gains related to stocks

Net Interest Income

Hokuhoku Financial Group, Inc.

- **Interest income on loans decreased by ¥2.4Bn due to the decline in interest rate, although average balance increased.**
- **Net interest income decreased by ¥1.6Bn due to the decrease in interest income on loans, although interest on deposits decreased.**

Breakdown of net interest income

(JPY Bn)

【Total of two banks】	FY16 1H	change	FY15 1H
Net interest income	**59.9**	(1.6)	61.5
Loans	**46.8**	(2.4)	49.3
Securities(※)	**14.4**	0.0	14.4
Deposits & NCDs (-)	**0.9**	(1.0)	1.9

※Gains on cancellation of investment trusts:¥1.4Bn
(-¥0.9Bn compared to FY15 1H)

〈Increase/decrease factors in net interest income〉

(JPY Bn)

【Total of two banks】	Avg. balance	Rate
Loans	0.5	(2.9)
Securities	(0.2)	0.3
Deposits & NCDs (-)	(0.0)	(1.0)

Avg. balance

(JPY Bn)

【Total of two banks】	FY16 1H	change	FY15 1H
Loans	**7,610.1**	89.4	7,520.7
Securities	**2,343.0**	(39.3)	2,382.3
Deposits & NCDs	**10,596.3**	(76.8)	10,673.1

Avg. rate

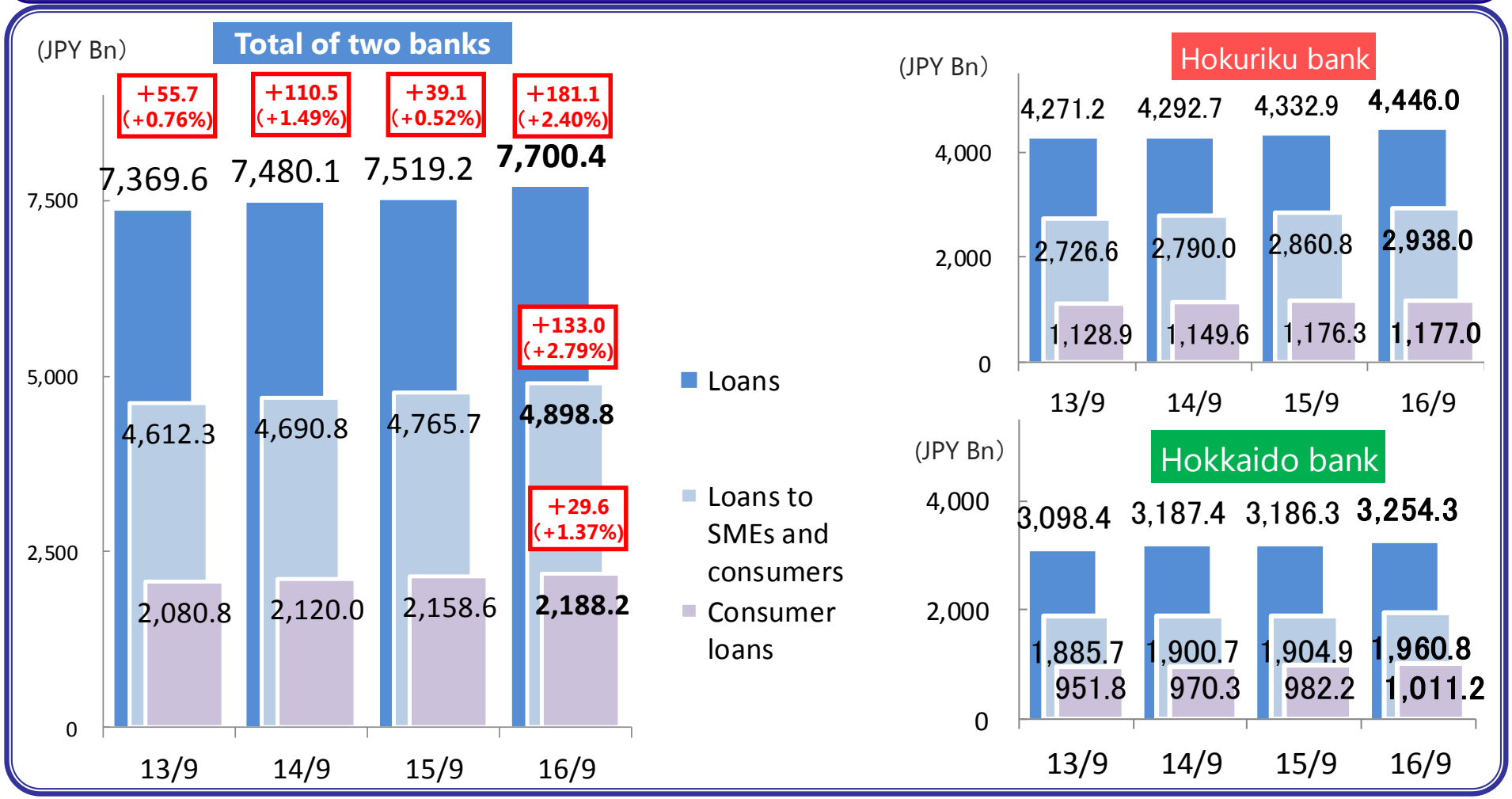
【Total of two banks】	FY16 1H	change	FY15 1H
Loans	**1.22%**	-0.08%	1.30%
Securities	**1.23%**	0.03%	1.20%
Deposits & NCDs	**0.01%**	-0.02%	0.03%

Loan Portfolio

Hokuhoku Financial Group, Inc.

- **Balance of loans increased by ¥181.1Bn to ¥7,700.4Bn due to the increase in business loans, individual loans and public loans.**

Balance of loans

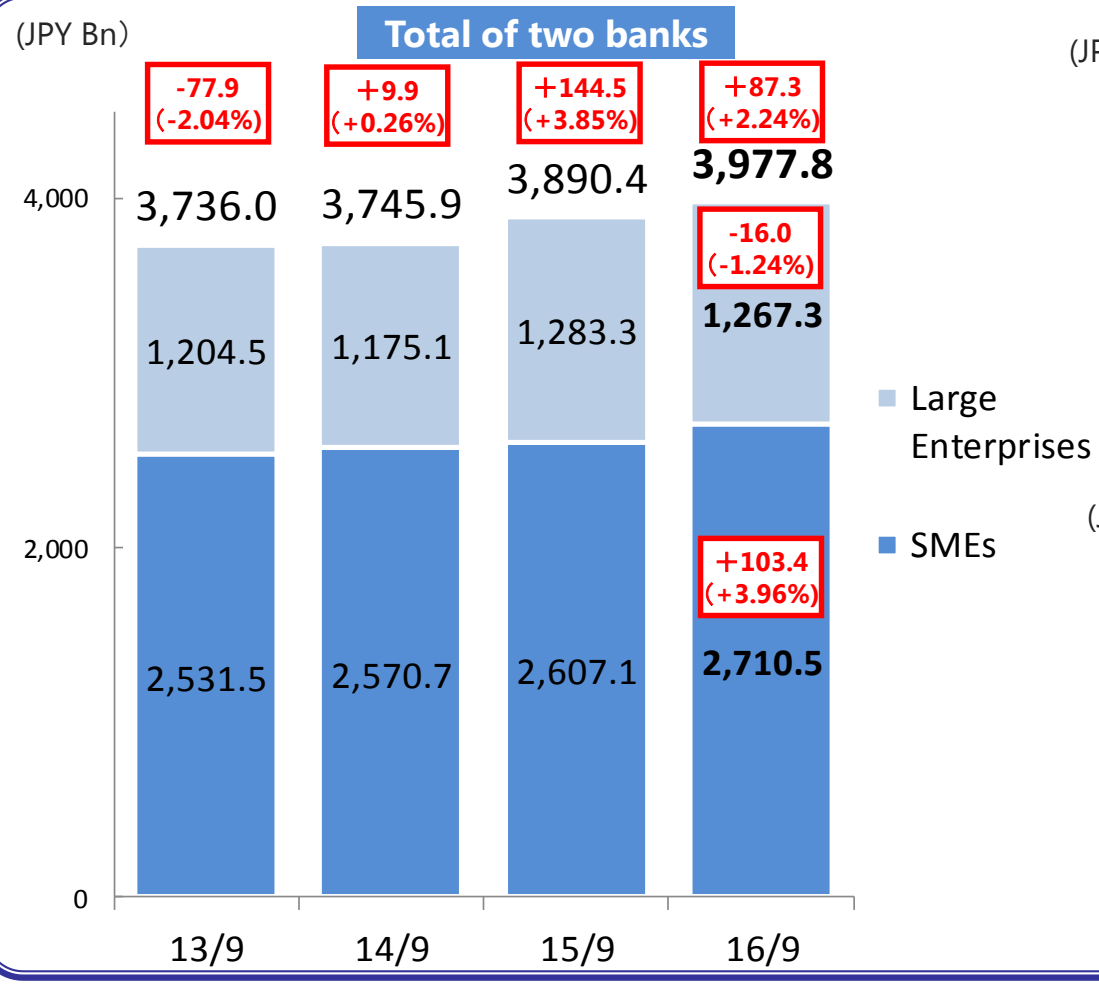


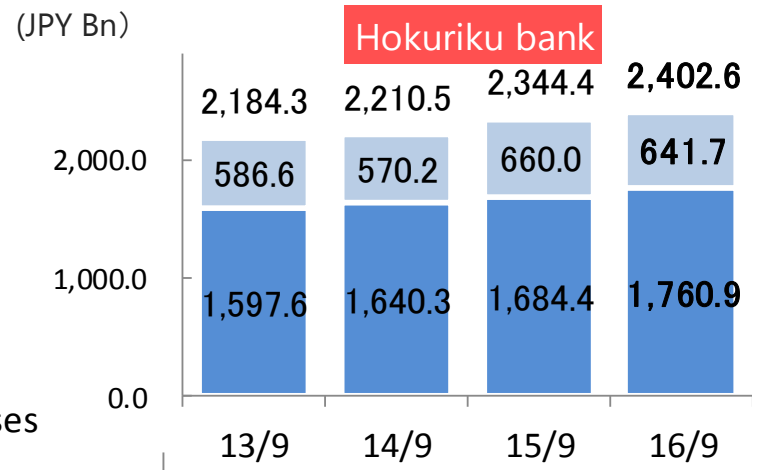
Loan portfolio (Business loans)

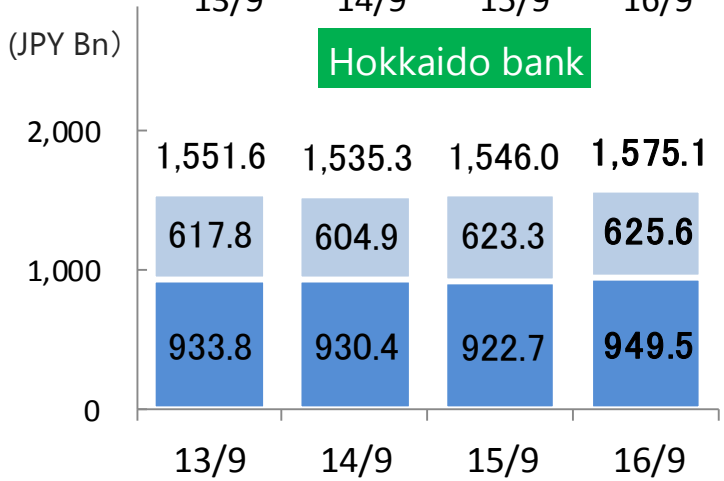
Hokuhoku Financial Group, Inc.

- **Business loans increased by ¥87.3Bn to ¥3,977.8Bn as a result of positive efforts in promoting loans to SMEs.**

Balance of business loans





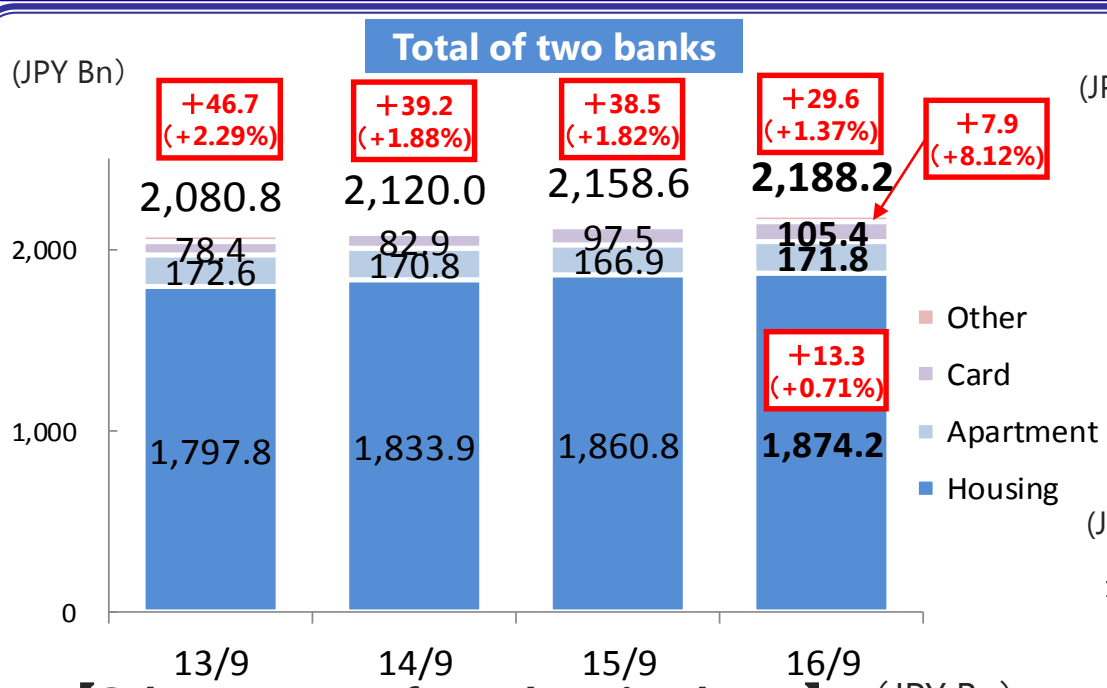


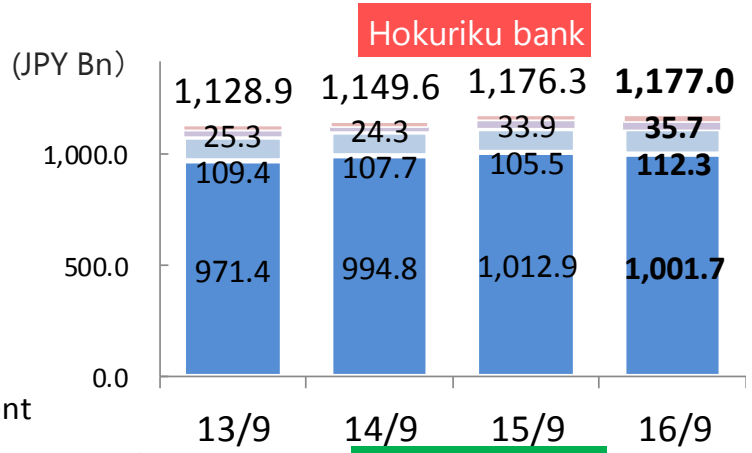
Loan Portfolio (Consumer loans)

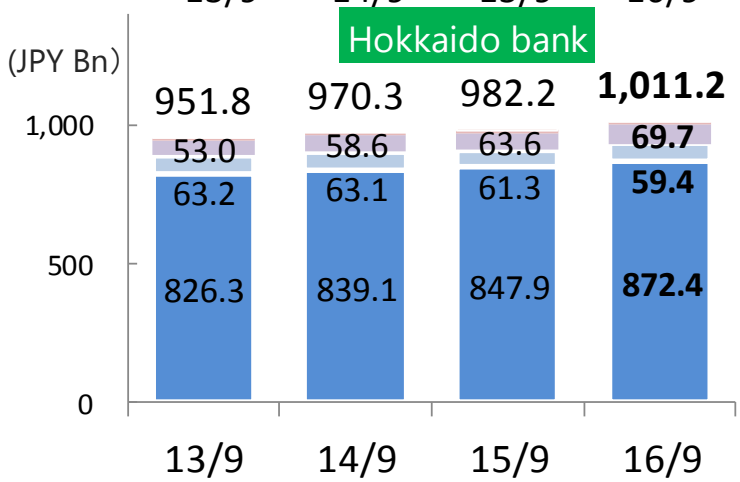
Hokuhoku Financial Group, Inc.

- **Consumer loans increased by ¥29.6Bn to ¥2,188.2Bn as a result of positive efforts in promoting housing loans and card loans.**
- **Card loans increased by ¥7.9Bn to ¥105.4Bn.**

Balance of consumer loans







【Sales amount of new housing loans】 (JPY Bn)

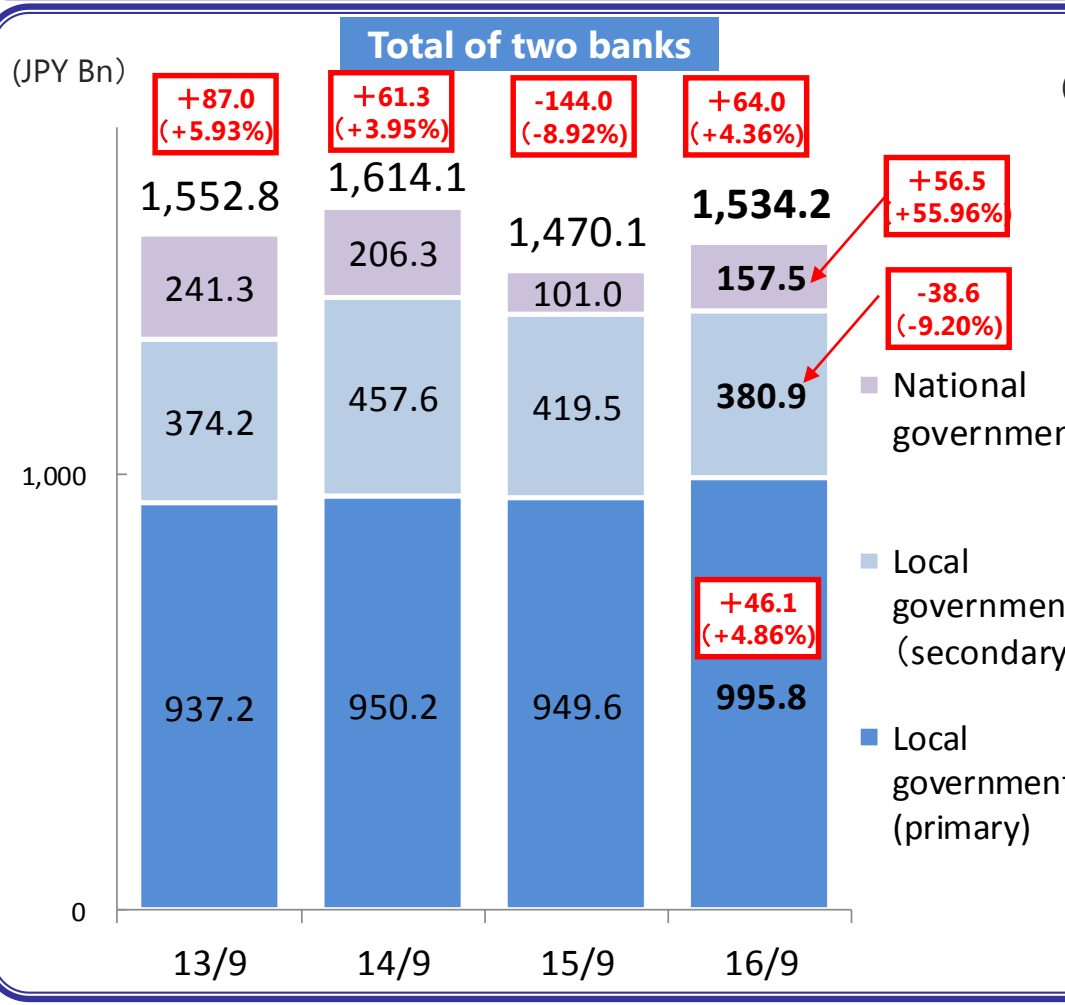
	FY13 1H	FY14 1H	FY15 1H	FY16 1H
Hokuriku bank	60.5	49.7	45.6	**43.6**
Hokkaido bank	34.0	37.1	38.2	**58.3**
Total of two banks	94.6	86.9	83.9	**102.0**

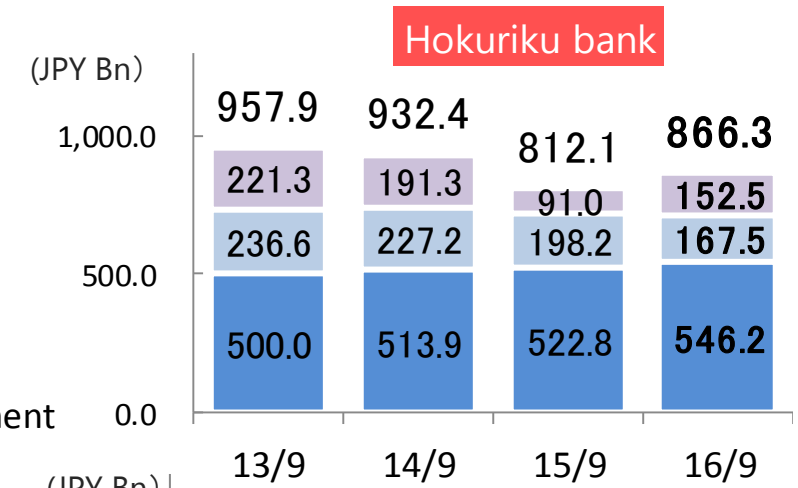
Loan Portfolio (Public loans)

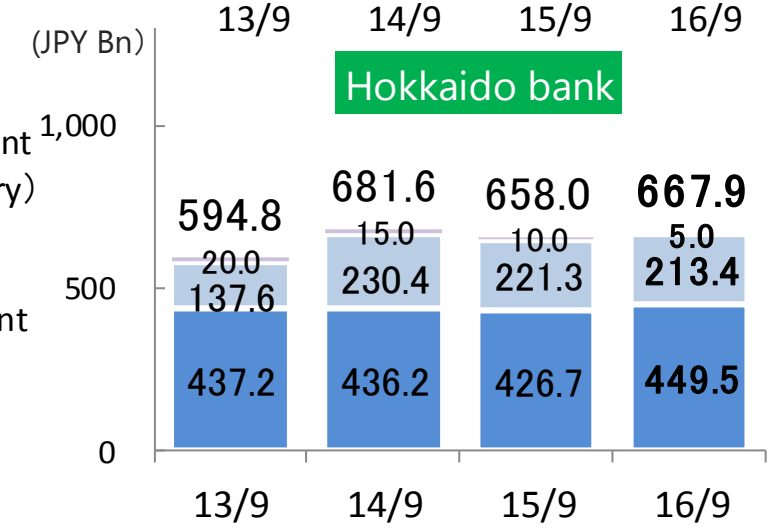
Hokuhoku Financial Group, Inc.

- **Public loans increased by ¥64.0Bn to ¥1,534.2Bn due to the increase in loans to national government and primary loans to local governments.**

Balance of public loans





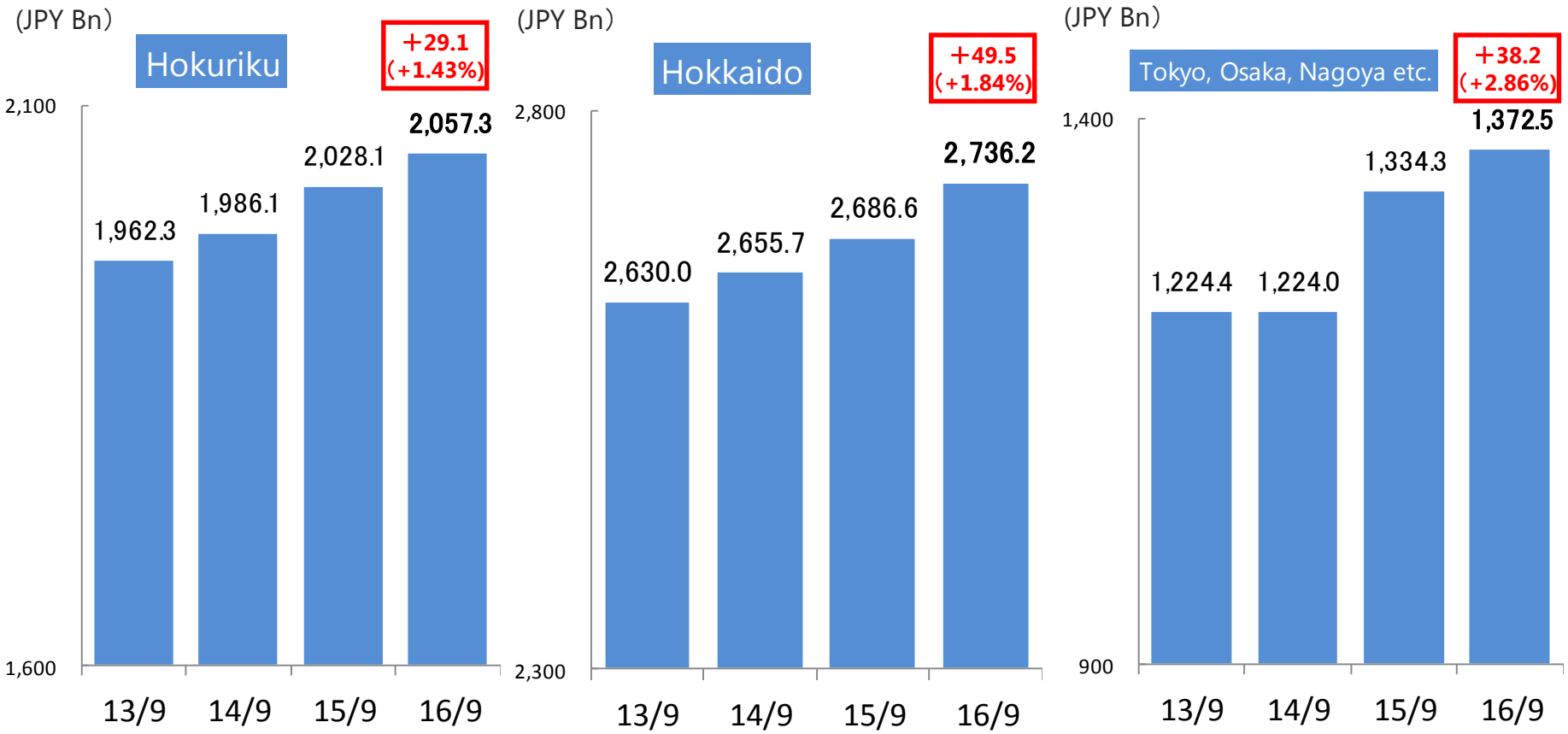


Loan Portfolio (By region)

Hokuhoku Financial Group, Inc.

- **Hokuhoku FG has 308 branches in its main market of Hokuriku (Toyama, Ishikawa and Fukui) and Hokkaido, and 20 branches mainly in the metropolitan area. We promote loans in each area through this branch network.**

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

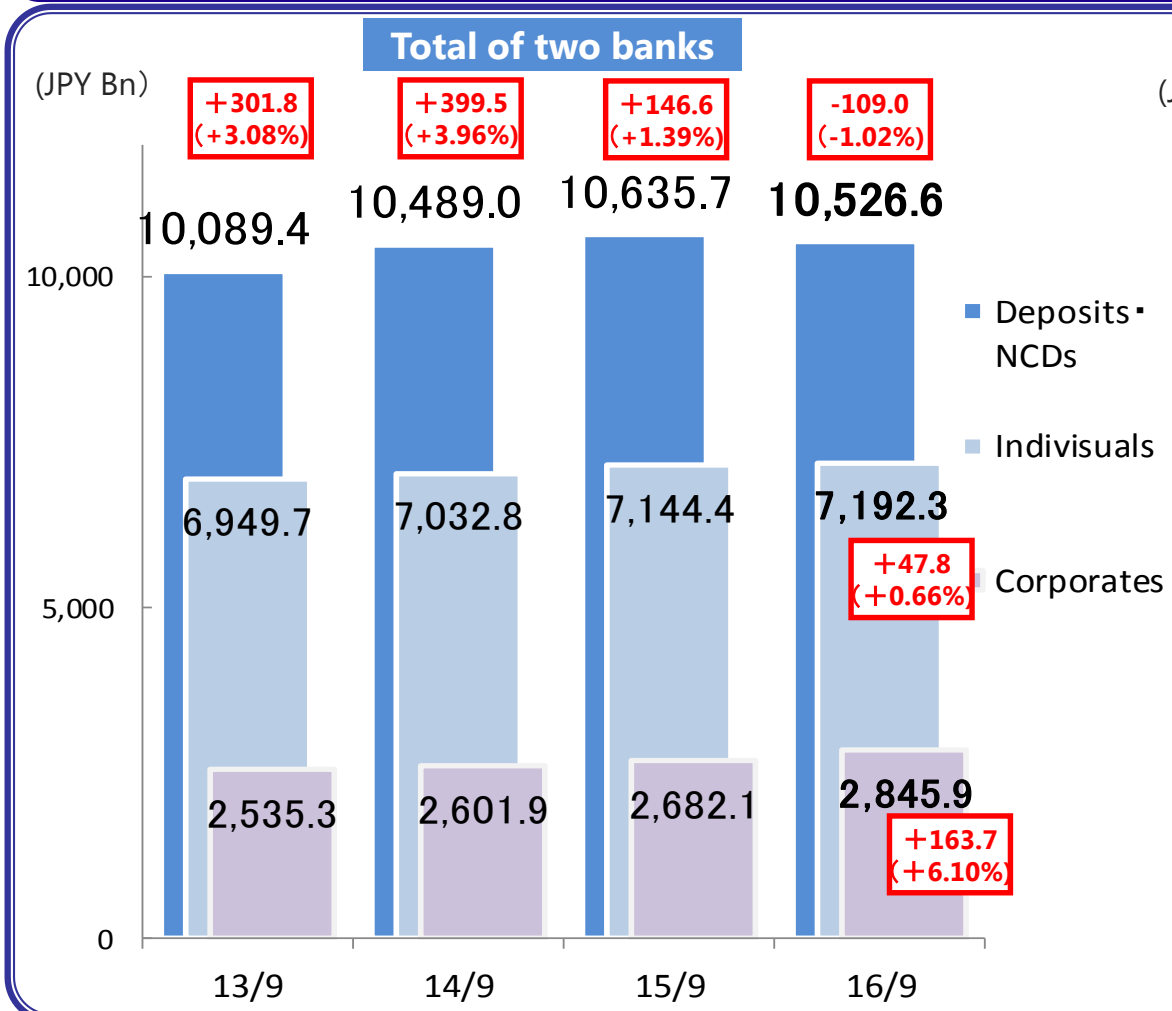


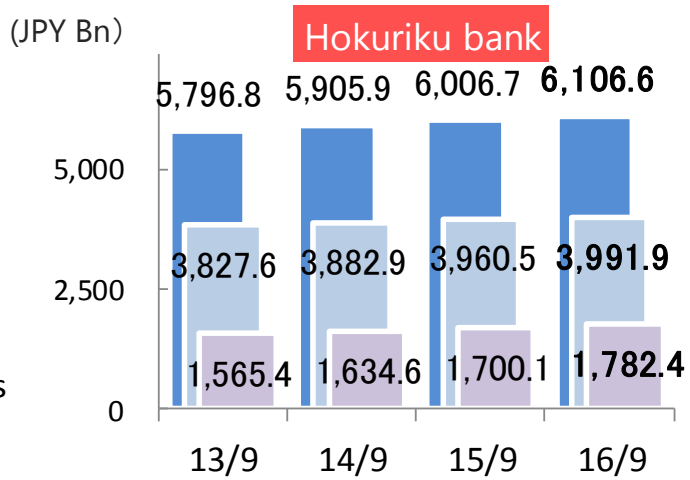
Deposits & NCDs

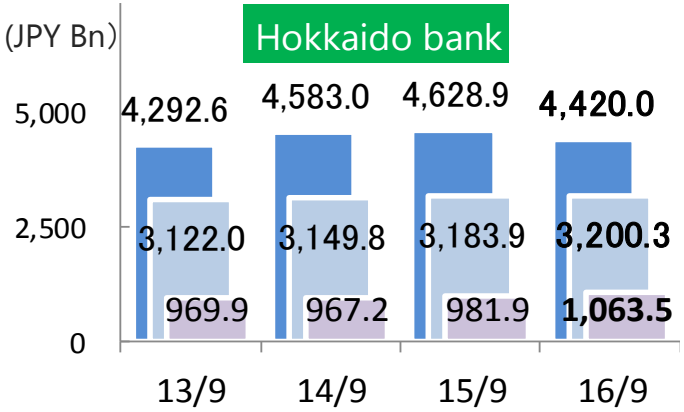
Hokuhoku Financial Group, Inc.

- **Balance of deposits decreased by ¥109.0Bn to ¥10,526.6Bn due to the decrease in NCDs, although individual and corporate deposits increased.**

Balance of deposits & NCDs





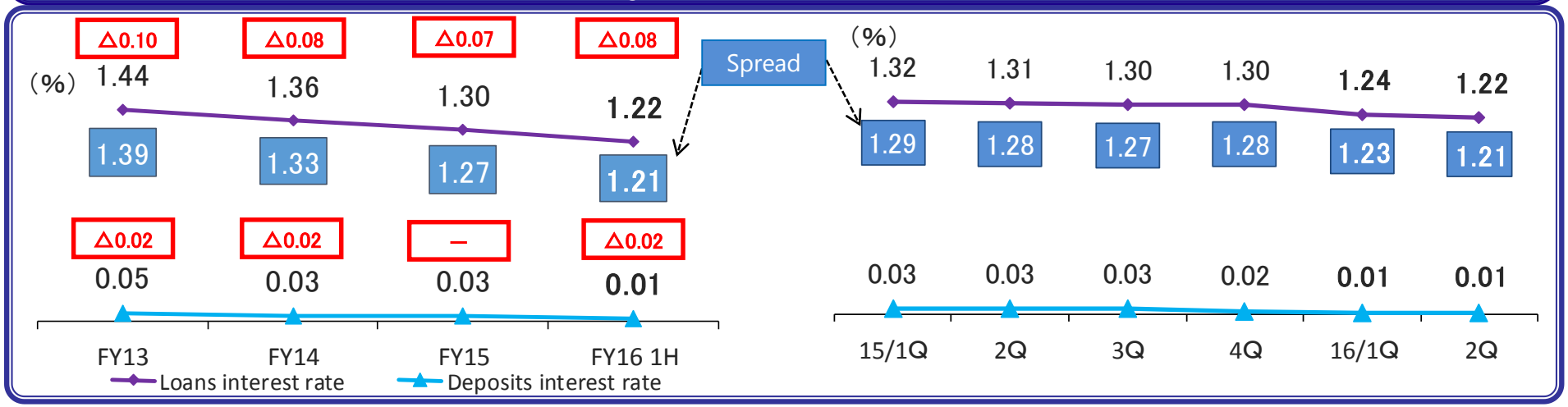


Interest Margins (Total of two banks)

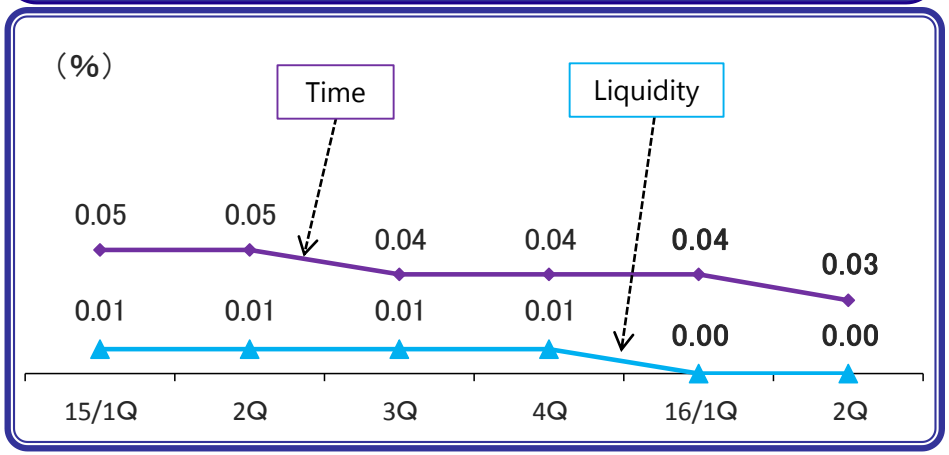
Hokuhoku Financial Group, Inc.

- **Average interest rates of loans decreased by 0.08 points to 1.22% due to the decline in market interest rate caused by the negative interest rate policy. However, the rate decline is in line with the initial projection.**

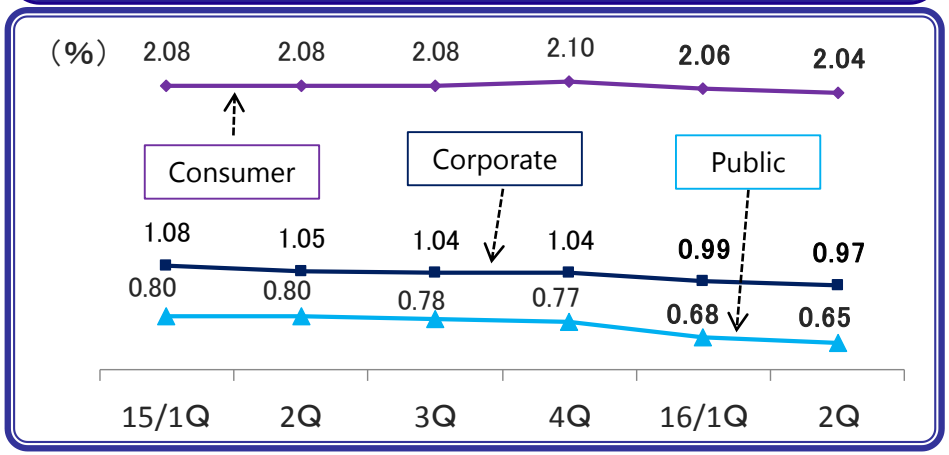
Interest rate of yen dominated loans and deposits



Interest rate of yen dominated deposits



Interest rate of yen dominated loans

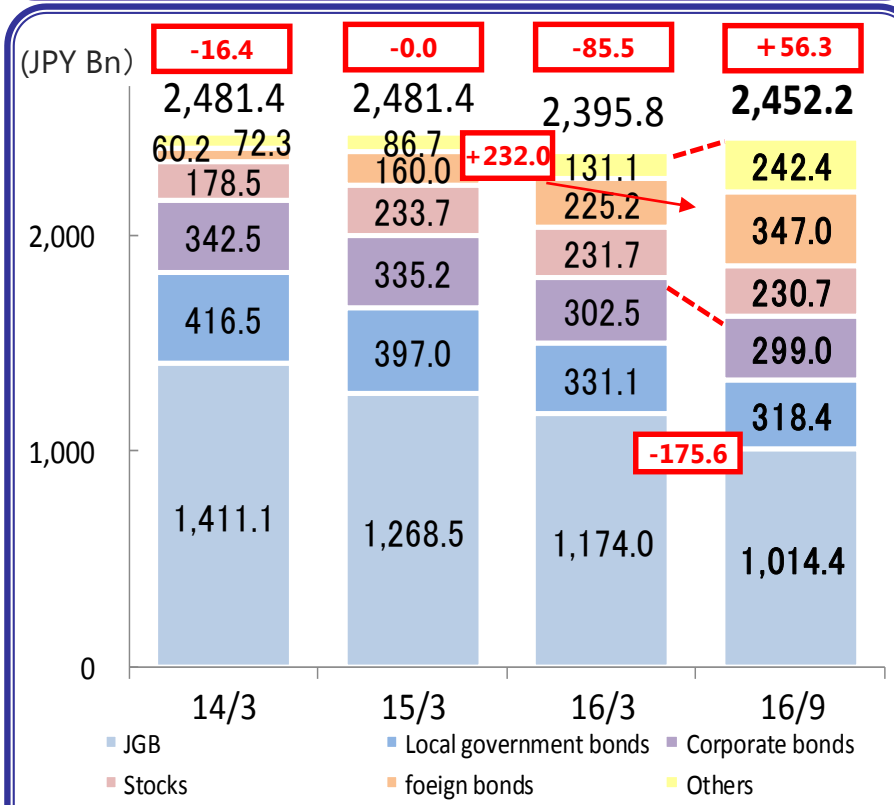


Securities Portfolio

Hokuhoku Financial Group, Inc.

- Balance of securities increased by ¥56.3Bn to ¥2,452.2Bn due to the increase in foreign bonds and investment trusts, although Japanese yen bonds decreased.
- Unrealized gains decreased by ¥5.9Bn to ¥110.6Bn.

Balance of securities



Duration of yen denominated bonds (year)

14/3	15/3	16/3	16/9
3.45	3.05	2.92	**2.93**

Valuation difference

(JPY Bn)

【Total of two banks】	16/9	change	16/3
Available-for-sale securities	**110.6**	(5.9)	116.6
Stocks	**70.6**	(2.8)	73.5
Bonds	**36.4**	(3.4)	39.8
Others	**3.5**	0.3	3.2

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

(JPY Bn)

【Total of two banks】	FY16 1H	change	FY15
Balance	**1,632.0**	(175.6)	1,807.7
Floating-rate JGBs (CMT)	**355.6**	(21.6)	377.2
Avg. yield	**0.66%**	0.03%	0.63%
VaR	**7.1**	(6.7)	13.8

Net Fee and Commission Income

Hokuhoku Financial Group, Inc.

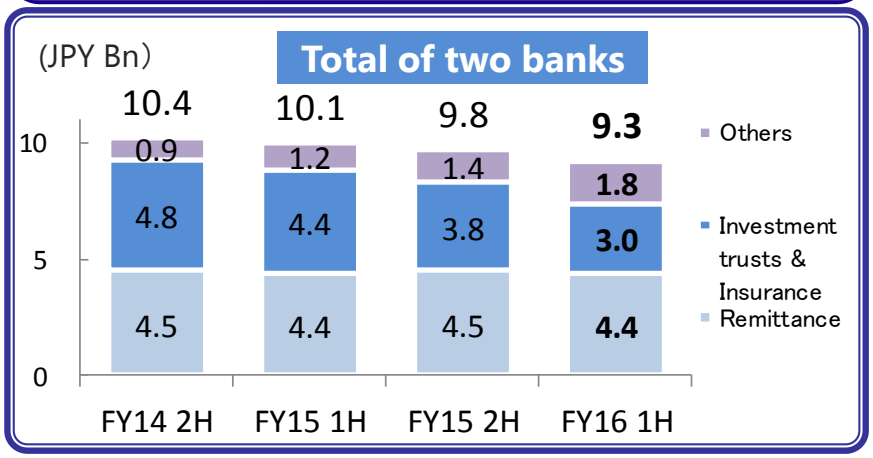
- **Net fees and commissions decreased by ¥0.8Bn due to the decrease in sales of investment trusts and insurance.**
- **Fee revenue decreased by ¥1.8Bn to ¥9.4Bn due to the decrease in net fees and commissions and net other income.**

Fee revenue

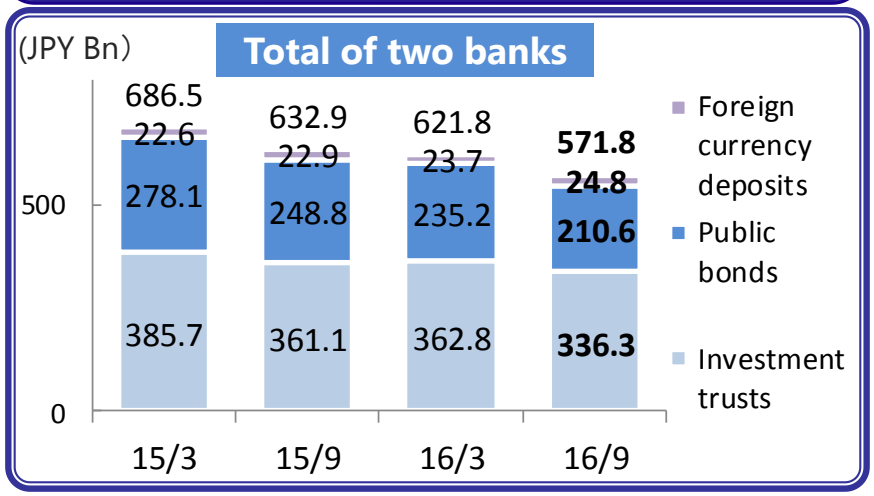
(JPY Bn)

【Total of two banks】	FY16 1H	change	FY15 1H
① Net fees and commissions	**9.3**	(0.8)	10.1
Fees and commissions	**17.0**	(0.8)	17.9
Remittance	**5.3**	(0.0)	5.4
Investment trusts	**1.8**	(0.6)	2.4
Insurance	**1.2**	(0.7)	2.0
Fees and commissions payments	**7.6**	(0.0)	7.7
Remittance	**0.9**	(0.0)	0.9
Loan related expenses	**4.8**	(0.0)	4.9
② Net trading income	**0.0**	(0.0)	0.0
③ Net other income(excluding gains (losses) related to bonds)	**0.0**	(0.9)	1.0
Gains on foreign exchange transaction	**0.0**	(0.5)	0.5
Net income (expences) on derivatives	**0.0**	(0.4)	0.4
④ Fee revenue ①+②+③	**9.4**	(1.8)	11.3
⑤ Core gross business profits	**69.4**	(3.4)	72.9
⑥ Fee revenue ratio ④/⑤	**13.7%**	-1.9%	15.5%

Net fees and commissions



Balance of investment products for individuals

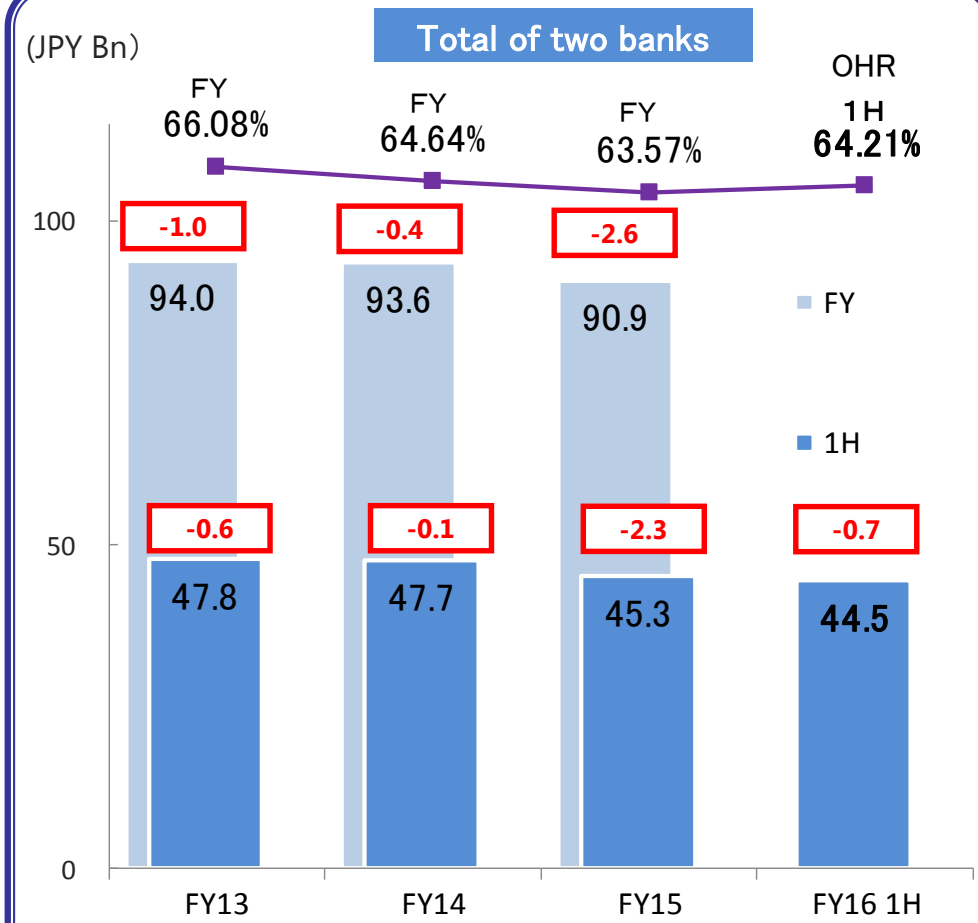


G&A Expenses

Hokuhoku Financial Group, Inc.

- **G&A expenses decreased by ¥0.7Bn to ¥44.5Bn due to the decrease in non-personnel expenses. OHR increased by 0.64 points due to the decrease in core gross business profits, although G&A expenses decreased.**

G&A expenses and OHR



OHR=G&A expenses / Core gross business profits

Increase/decrease factors in G&A expenses

(JPY Bn)

【Total of two banks】	FY16 1H	change	FY15 1H
Personnel	**21.8**	(0.1)	21.9
Non-personnel	**19.5**	(0.9)	20.4
Taxes	**3.2**	0.3	2.8
G&A expenses	**44.5**	(0.7)	45.3

Number of employees

【Total of two banks】	16/9	change	15/9
Employees (exculding temporary	**5,242**	(32)	5,274
Temporary staffs	**3,062**	(5)	3,067

Net Credit Costs

Hokuhoku Financial Group, Inc.

➢ **Credit costs decreased by ¥2.8Bn to ¥-1.1Bn because the financial condition of clients were stable.**

Increase/decrease factors in net credit costs

(JPY Bn)

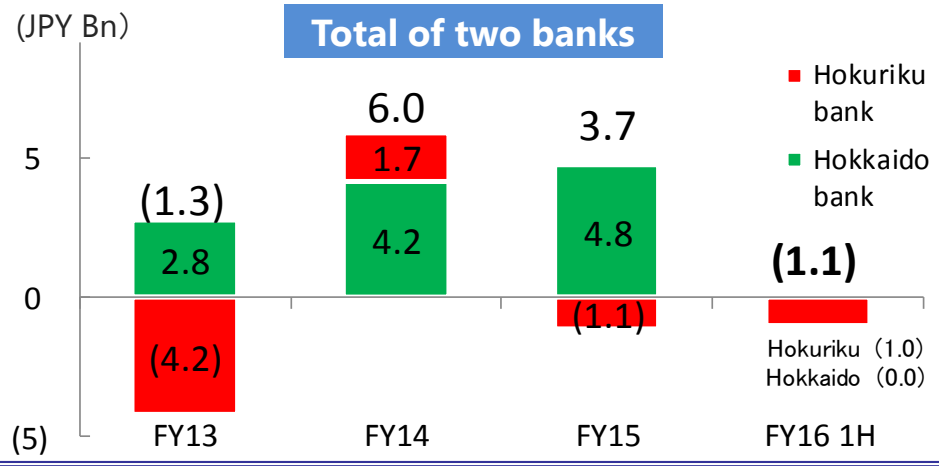
	FY16 1H	change	FY15 1H
Net credit costs	**(1.1)**	(2.8)	1.6
Net transfer to general allowance for loan losses	-	(0.3)	0.3
Credit related costs	**(1.1)**	(2.5)	1.3
Net transfer to specific allowance for loan losses	-	(0.9)	0.9

〈Increase/decrease factors in specific allowance for loan losses〉

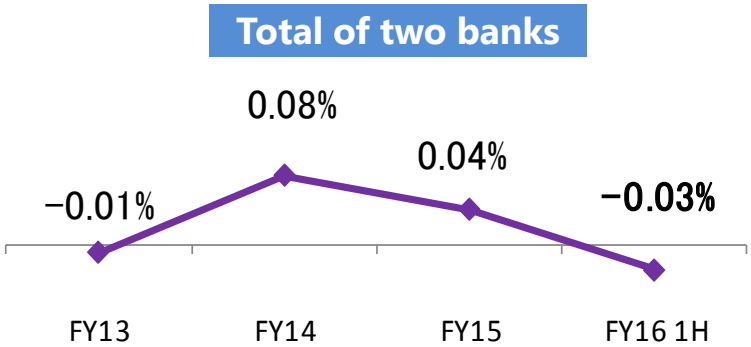
(JPY Bn)

	FY16 1H	change	FY15 1H
New downgrades	**2.9**	(1.0)	3.9
New upgrades	**(0.7)**	(0.0)	(0.7)
Decrease in collateral value, etc.	**0.3**	(0.0)	0.3
Collections, etc.	**(3.6)**	(1.4)	(2.2)

Net credit costs



Credit cost ratio



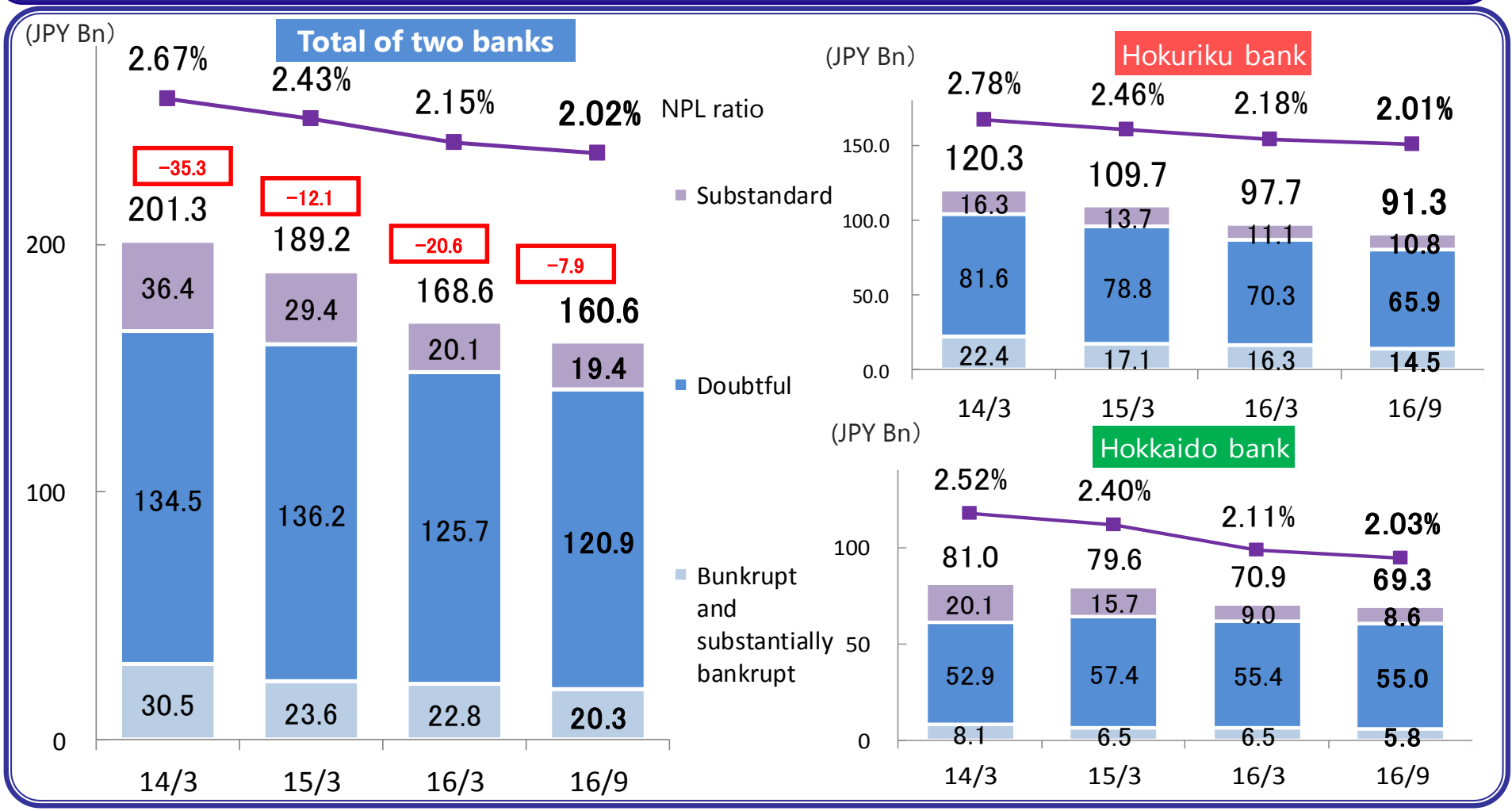
(Net credit costs / Average balance of loans)

Non-Performing Loan

Hokuhoku Financial Group, Inc.

- **Balance of Non performing loans decreased by ¥7.9Bn to ¥160.6Bn, and NPL ratio decreased by 0.13 points to 2.02%.**

Balance of non-performing loan



Non-Performing Loan

Hokuhoku Financial Group, Inc.

- **Rate of preservation of doubtful loans was about 90%, and that of substandard loans was about 80%.**

Coverage on Disclosed Claims under the Financial Reconstruction Law

(JPY Bn)

【Total of two banks】		Loans	Collateral・Guarantee	Allowance for loan losses	Rate of allowance	Rate of preservation
Bankrupt and substantially bankrupt	16/9	**20.3**	**17.7**	**2.4**	**100.00%**	**100.00%**
	16/3	22.8	19.8	2.9	100.00%	100.00%
	change	(2.5)	(2.1)	(0.4)	-	-
Doubtful	16/9	**120.9**	**74.6**	**33.9**	**73.34%**	**89.79%**
	16/3	125.7	78.4	34.4	72.89%	89.81%
	change	(4.7)	(3.8)	(0.4)	0.45%	-0.02%
Substandard	16/9	**19.4**	**14.6**	**0.7**	**14.92%**	**78.86%**
	16/3	20.1	15.5	0.7	15.89%	80.88%
	change	(0.6)	(0.9)	(0.0)	-0.97%	-2.02%
Total	16/9	**160.6**	**107.0**	**37.1**	**69.32%**	**89.76%**
	16/3	168.6	113.8	38.0	69.58%	90.13%
	change	(7.9)	(6.8)	(0.9)	-0.26%	-0.37%

Capital

Hokuhoku Financial Group, Inc.

➢ **Capital adequacy ratio decreased by 0.02 points to 10.28% due to increase in risk assets, despite capital accumulation by profits.**

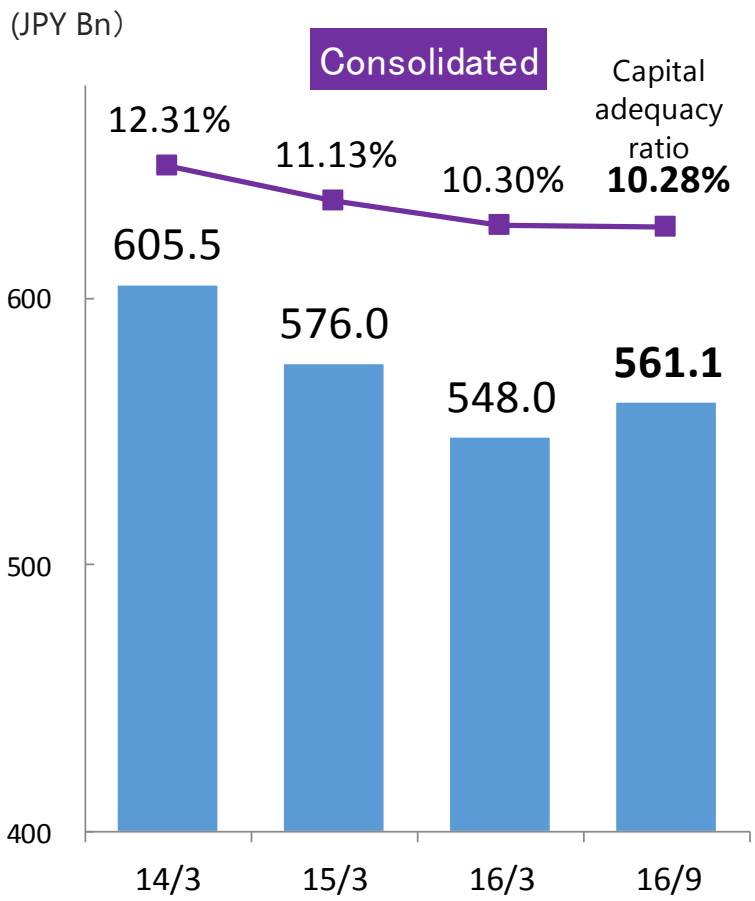
Capital and risk-weighted assets

〈Basel Ⅲ, Domestic Standard〉

(JPY Bn)

【Consolidated】	Transitional arrangements			Full implementation
	16/9	change	16/3	16/9
Capital	**561.1**	13.0	548.0	421.5
Instruments and reserves	**579.7**	11.8	567.8	442.5
Regulatory adjustments (-)	**18.5**	(1.2)	19.7	20.9
Risk-weighted assets	**5,455.8**	137.4	5,318.3	5,442.6
Capital adequacy ratio	**10.28%**	△ 0.02%	10.30%	7.74%

Capital adequacy ratio



Interest rate risk in banking book

(JPY Bn)

【Total of two banks】	16/9	change	16/3
Total interest rate risk	**27.7**	14.6	13.0

Ⅰ. Interim Results for FY 2016

Ⅱ. Management Strategy

The Medium-term Management Plan

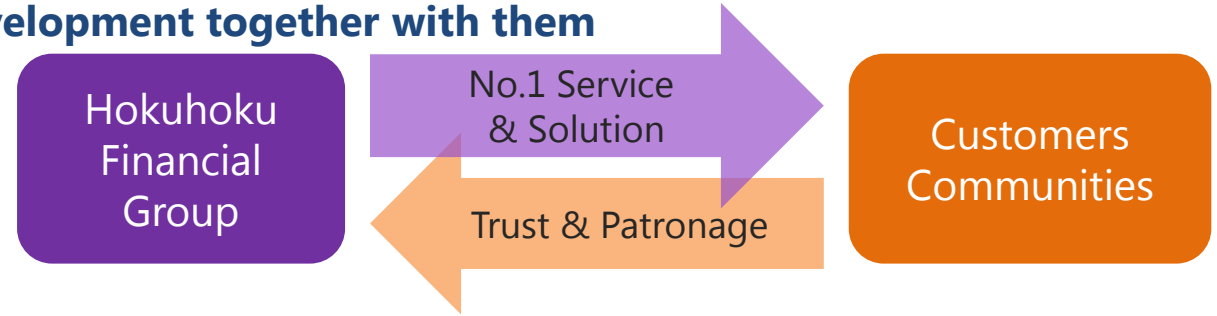
Hokuhoku Financial Group, Inc.

Plan period

From Apr-16 to Mar-19

Target Corporate Profile

We contribute to customers and local communities by providing No.1 financial service and solution, and achieve growth and development together with them



Concept

We will develop an efficient and sustainable business model and pursue group synergy effect to contribute to the growth of regional economy in the changing business environment

- ✓ Aging and decline of the population
- ✓ Business expansion overseas
- ✓ Shrinking local economy, etc.

Change business model
Pursuit of synergies

The Medium-term Management Plan

Hokuhoku Financial Group, Inc.

3 basic policies

① Strengthening Marketing Capabilities

Exceed customers' expectations

- Provide effective consulting and sales promotion in accordance with the life stage of each customer
- Offer solutions by assessing the customers' business possibilities and by utilizing our broad network
- Invest in IT and infrastructure to provide advanced service
- Establish a new securities company to expand business area

② Improving Management Efficiency

Enhance competitiveness by establishing efficient operations

- Optimize business process in branches and headquarters to relocate management resources
- Integrate systems and back-office operations

③ Strengthening Management Foundation

Earn trust from local community and customers

- Build up a sound financial position by stably accumulating profit
- Assure corporate compliance

The Medium-term Management Plan

Hokuhoku Financial Group, Inc.

Market policy

Personal Clients	Investment Products	Extend customer base and sales of investment trusts and insurance
	Loans	Gain further market share by extending various products and improving user convenience
Corporate Clients		Become the most reliable regional bank by constantly contributing to local businesses
Investment in securities / Risk Capital Management		Increase and diversify investment in securities, appropriately controlling market risk including interest rate risk, etc.
Management efficiency		Establish efficient management by streamlining operations, while improving customer services
Capital Policy		Establish a sound financial base and keep stable dividend policy

The Medium-term Management Plan

Hokuhoku Financial Group, Inc.

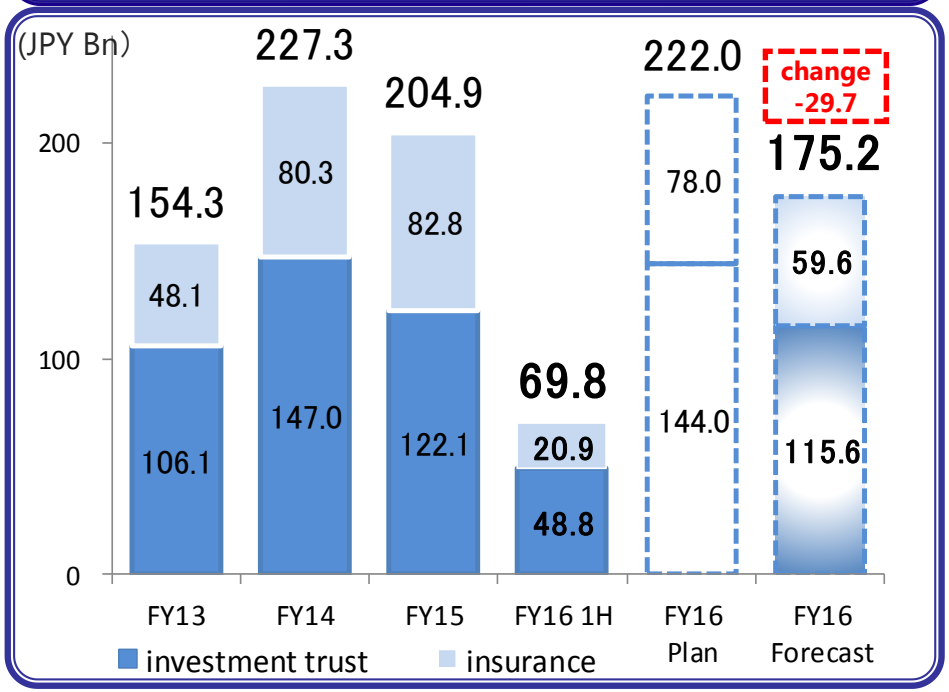
Financial targets

(JPY Bn)	Total of two banks			Hokuriku bank			Hokkaido bank		
	FY15 result	FY18 plan	Compared to FY15	FY15 result	FY18 plan	Compared to FY15	FY15 result	FY18 plan	Compared to FY15
Ave.balance of deposits	10,163.4	**10,560.0**	**396.5**	5,860.9	**6,150.0**	**289.1**	4,302.5	**4,410.0**	**107.4**
Ave.balance of loans	7,545.7	**7,760.0**	**214.2**	4,348.8	**4,440.0**	**91.1**	3,196.8	**3,320.0**	**123.1**
Core gross business profits	143.0	**134.5**	**(8.5)**	75.3	**71.0**	**(4.3)**	67.6	**63.5**	**(4.1)**
G&A expenses	90.9	**93.0**	**2.0**	48.6	**49.0**	**0.3**	42.2	**44.0**	**1.7**
Core net business profits	52.0	**41.5**	**(10.5)**	26.6	**22.0**	**(4.6)**	25.3	**19.5**	**(5.8)**
Credit related costs	3.7	**6.0**	**2.2**	(1.1)	**3.0**	**4.1**	4.8	**3.0**	**(1.8)**
Net income attributable to	28.8	**23.0**	**(5.8)**	16.5	**14.0**	**(2.5)**	13.4	**10.0**	**(3.4)**
(Consolidated) Capital adequacy	10.3%	**9.6%**	**-0.7%**	9.8%	**8.8%**	**-1.0%**	10.2%	**9.0%**	**-1.2%**
OHR	63.57%	**69.14%**	**5.57%**	64.57%	**69.01%**	**4.44%**	62.47%	**69.29%**	**6.82%**

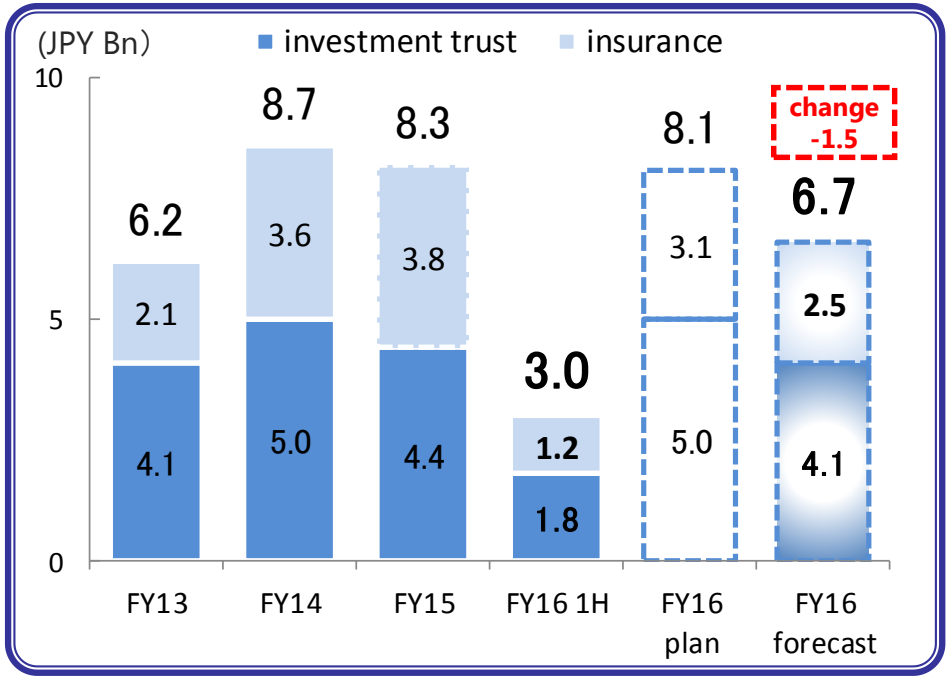
Personal Clients ~Investment products~

Hokuhoku Financial Group, Inc.

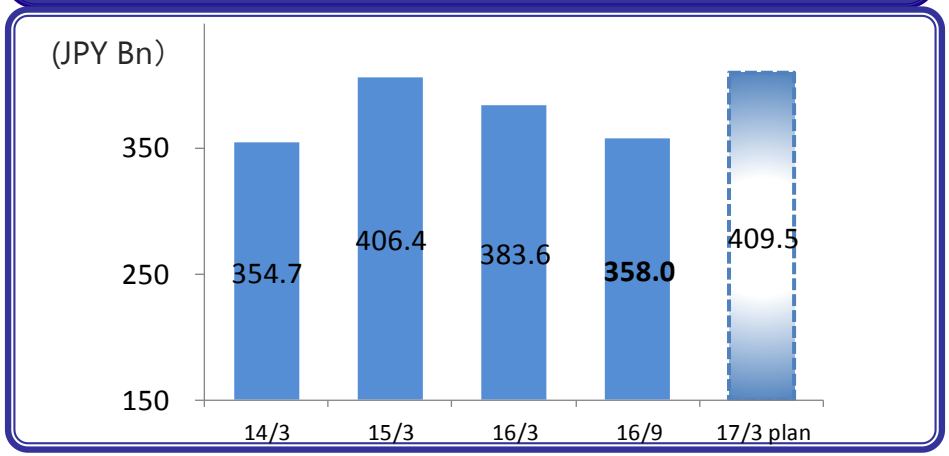
Sales amounts of investment products



Fees from investment products



Balance of investment trust



Policy

- Enhance product line-up of investment trusts and Insurance
- Improve consulting skills by employee training
- Promote the use of Jr. NISA and iDeCo
- Comply with the Fiduciary duty

Personal Clients ~Hokuhoku Tokai Tokyo Securities~

Hokuhoku Financial Group, Inc.

"Hokuhoku Tokai Tokyo Securities" opens on January 4, 2017

Hokuhoku Financial Group, Inc.

Hokuriku bank **Hokkaido bank**

東海東京フィナンシャル・ホールディングス
TOKAI TOKYO FINANCIAL HOLDINGS, INC.

Tokai Tokyo Securities Co., Ltd.

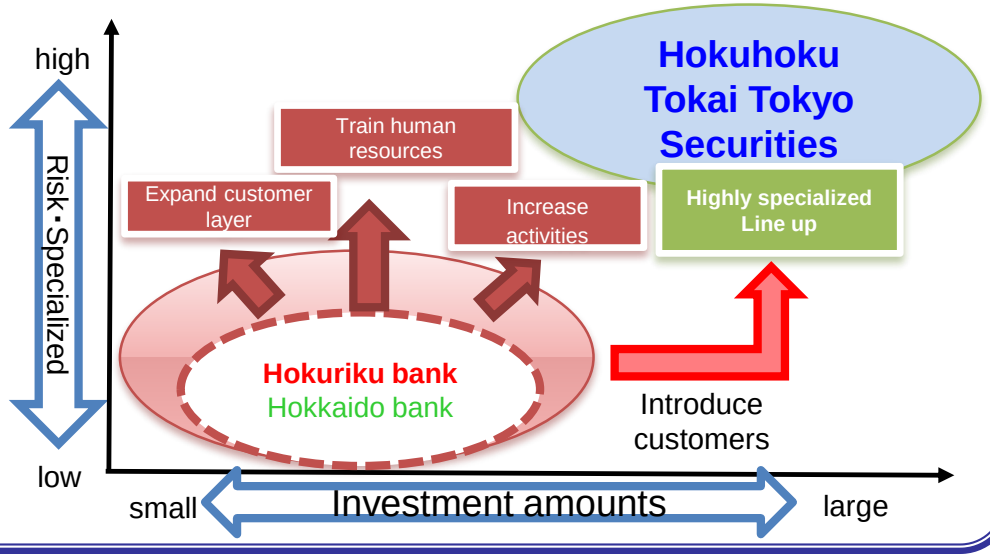
Investment ratio 60%

Hokuhoku Tokai Tokyo Securities

Investment ratio 40%

Become a leading bank-affiliated securities house in the area by fully leveraging on both the close-knit operational network of Hokuhoku FG and the experience and the operational function of Tokai Tokyo FH.

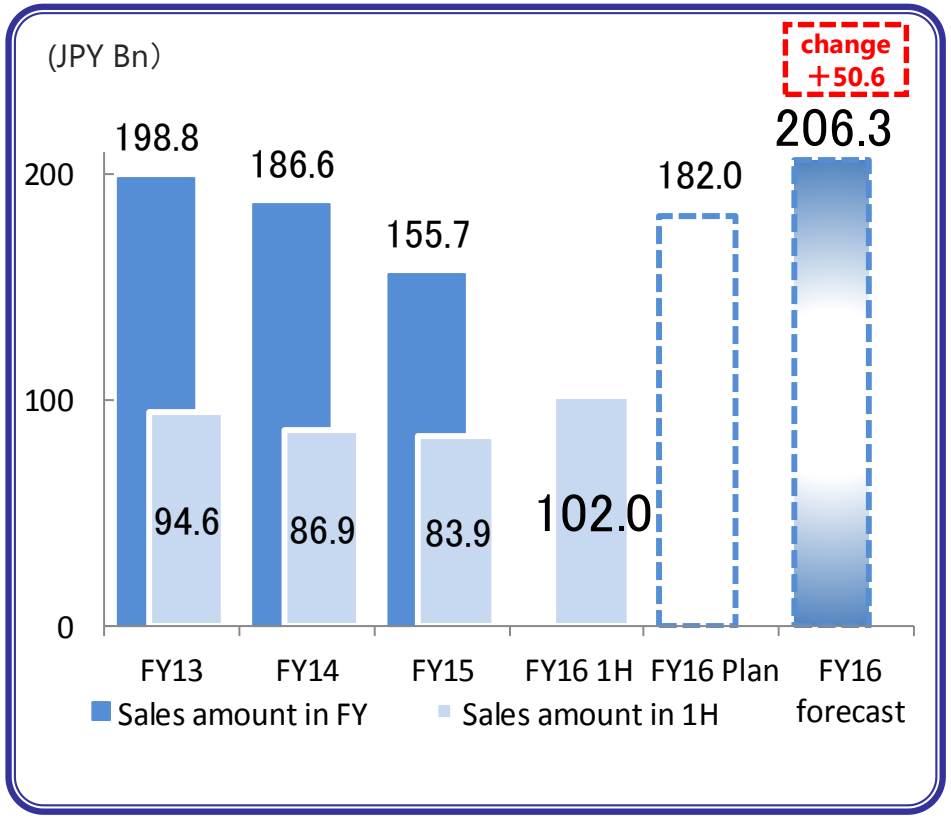
Corporate name	Hokuhoku Tokai Tokyo Securities Co., Ltd
Opening day	January 4, 2017
Capital	Capital stock 1.25 JPY Bn
Branch	Toyama Sapporo Kanazawa



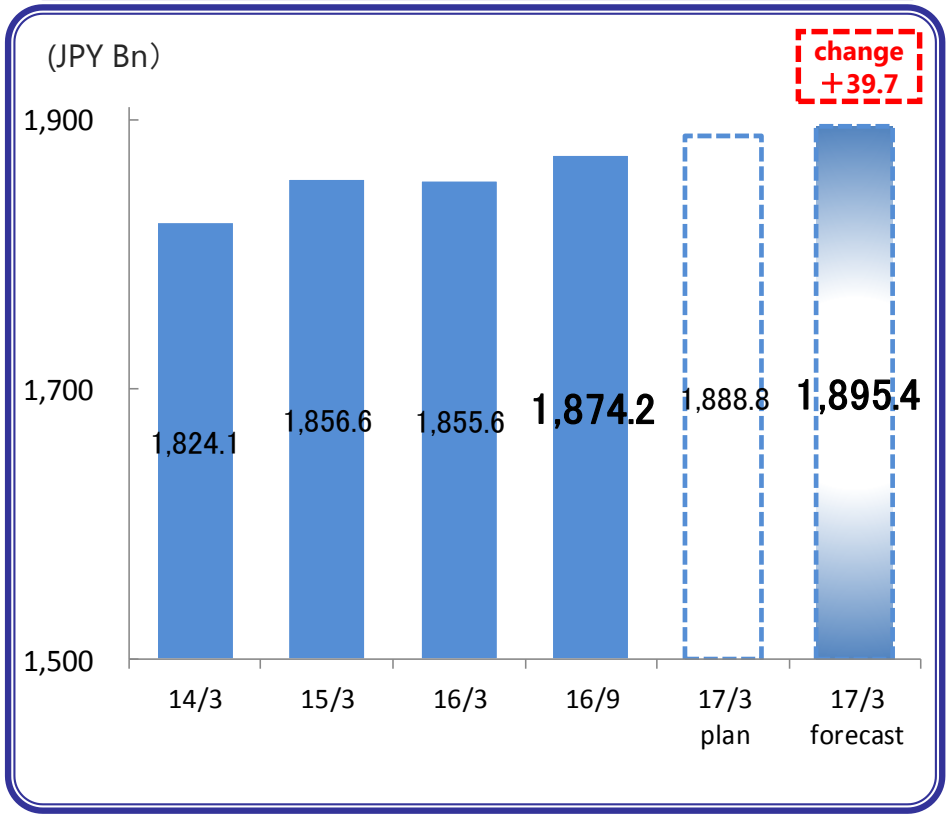
Personal Clients ~Housing Loans~

Hokuhoku Financial Group, Inc.

Sales amount of new housing loans



Balance of housing loans



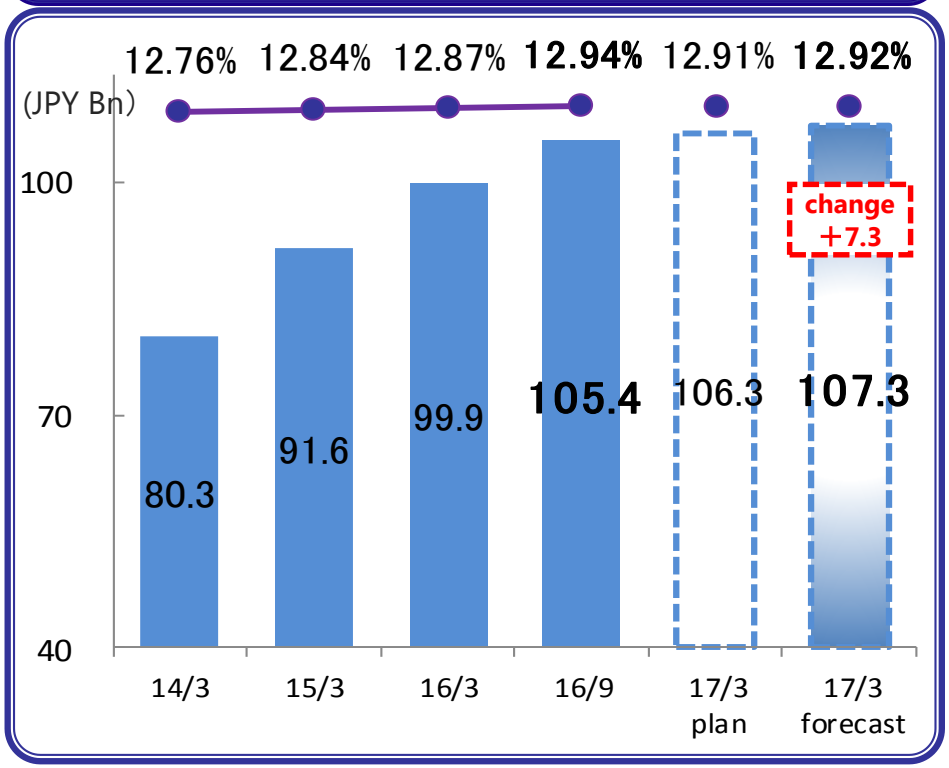
Policy

- Improve product lineups
- Improve functions of Housing Loan Plazas
- Improve user conveniences of Internet banking and websites
- Build solid relationships with house constructors

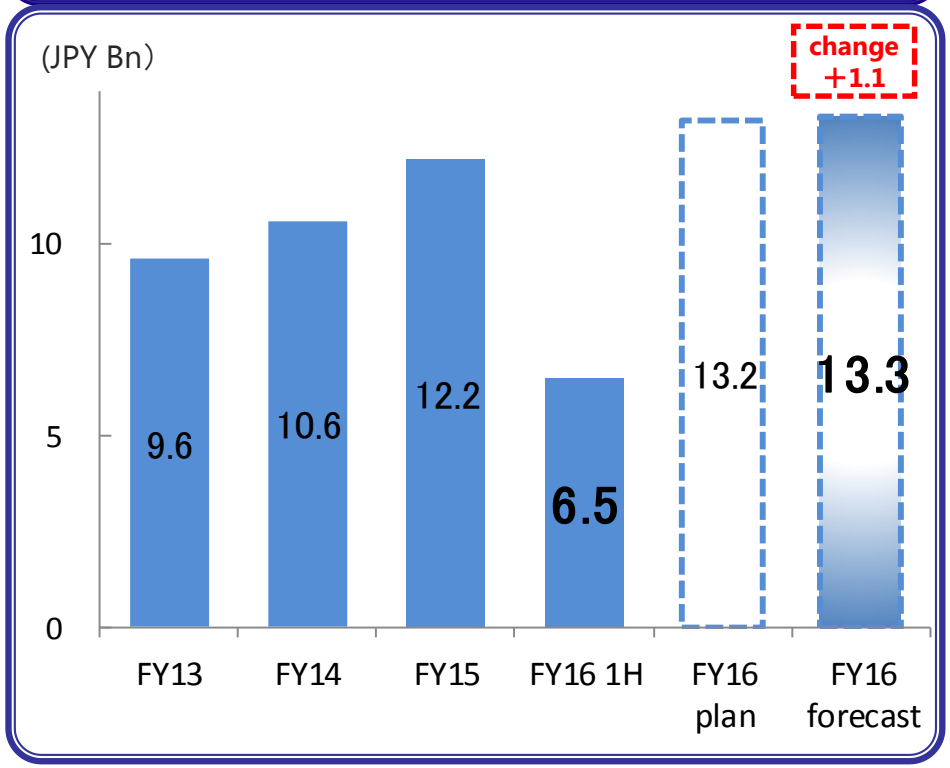
Personal Clients ~Card Loans~

Hokuhoku Financial Group, Inc.

Balance of card loans



Interest income of card loans



Policy

- Expand advertisements by TV commercials, websites and SNSs, etc.
- Simplify the procedures for loan applications and develop various ways of applications
- Improve the screening model by accumulated credit risk data

Corporate Clients

Hokuhoku Financial Group, Inc.

Offer solutions based on business evaluation

Hokuhoku FG | **Local companies**

① **Share customers' needs and problems**

② **Find appropriate resolutions**

③ **Offer practical and efficient solutions**
- Expertise, know-how, and information networks
- Extensive network expanding in Japan, China, Southeast Asia, and Russia

Business problems
- Growth strategies
- Human resources
- Business expansion
- Business succession

etc.

④ **Build relationships**

⑤ **Gain the further market share and contribute to revitalization of local economies**

Policy

『Share customers' needs and problems⇒Find appropriate resolutions⇒Offer practical and efficient solutions⇒Build relationships』
Establish process of sales activity

Contribute to revitalization of local economies and gain further market share

Hokuriku Bank
Select " The Support Theme" for each customer , standing on the customer's perspective

Hokkaido Bank
Strategically select customers to provide intensive support of the bank

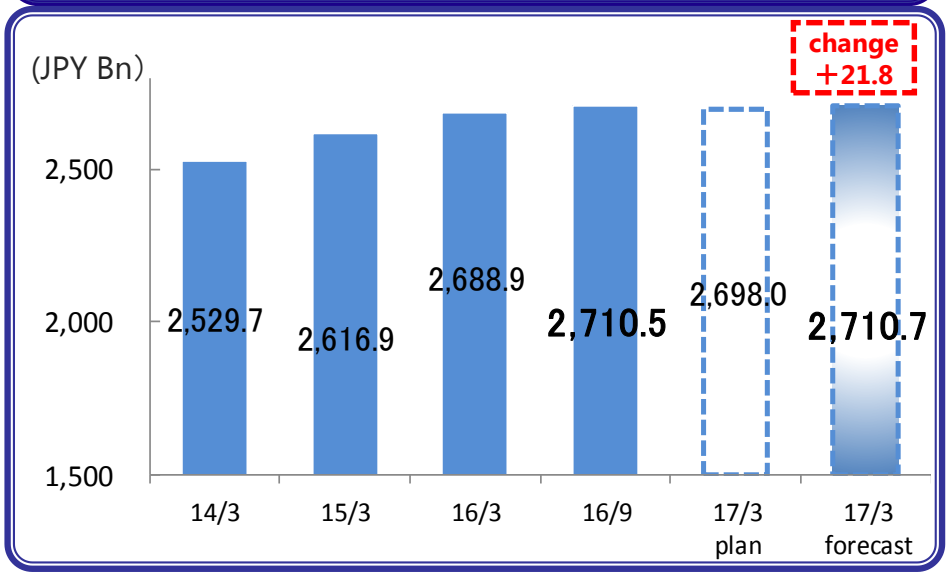
Approach to growth market

Agriculture	Medical・Welfare	Sightseeing
Agricultural fund, Business matching for "6th industrialization"	Loans specialized for medical and welfare, strengthening support team	Loans for lodging and traveler transportation industry

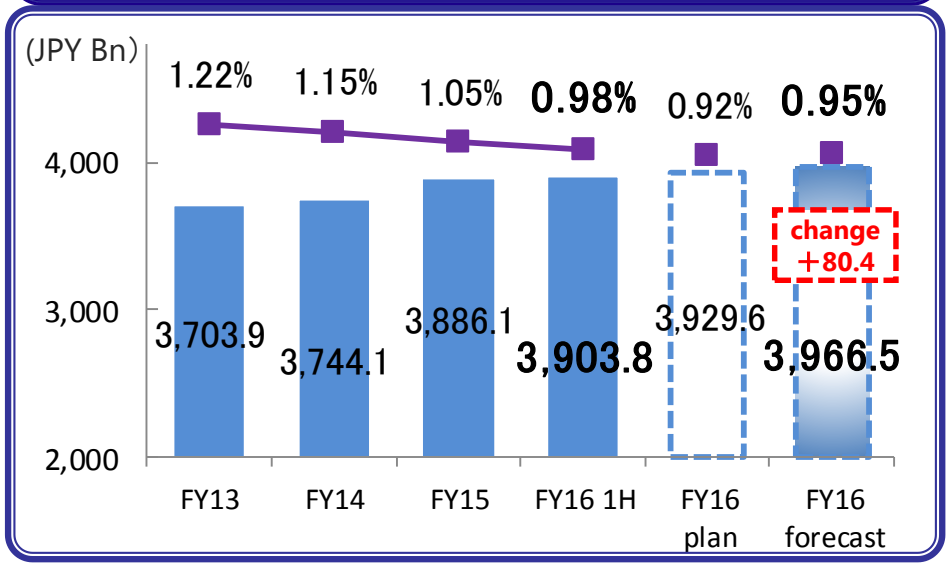
Corporate Clients

Hokuhoku Financial Group, Inc.

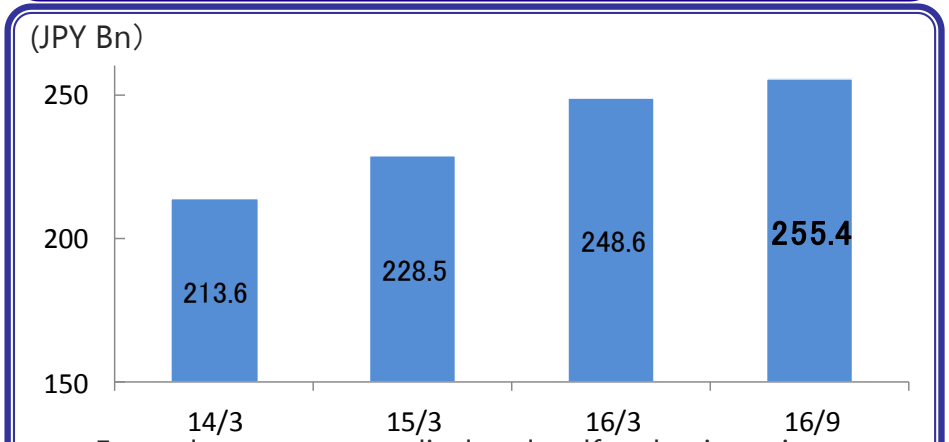
Balance of Loans to SMEs



Ave. balance and rate of business loans

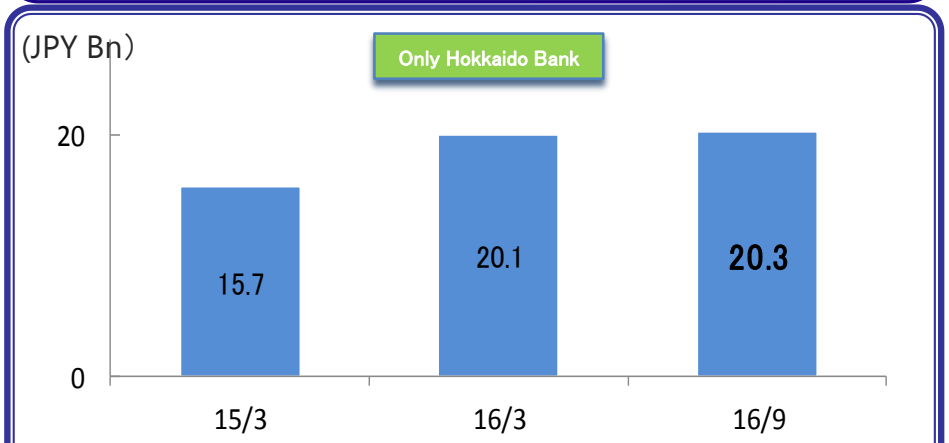


Medical and Welfare



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

Agriculture etc.

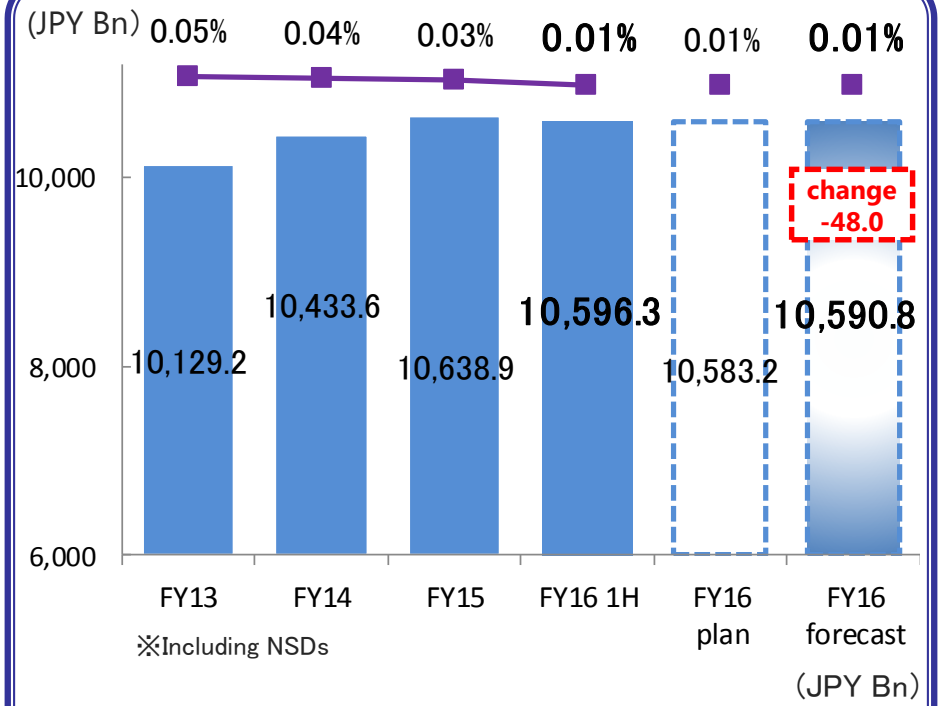


- Support "6th industrialization" in which agricultural and food companies expand their business.

Forecast for Deposits & Loans

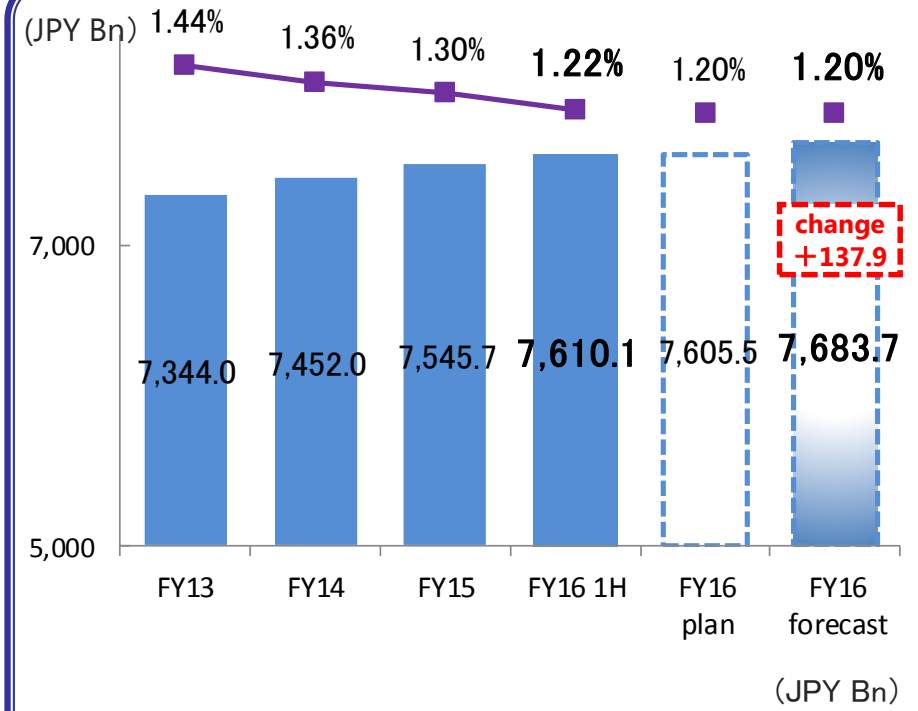
Hokuhoku Financial Group, Inc.

Ave. balance and rate of deposits



【Total of two banks】	FY2015	FY2016 forecast	change	compared to plan
Ave. balance	10,638.9	**10,590.8**	(48.0)	7.6
Ave. rate	0.03%	**0.01%**	-0.02%	-
Interest expense	3.6	**1.7**	(1.8)	(0.0)

Ave. balance and rate of Loans

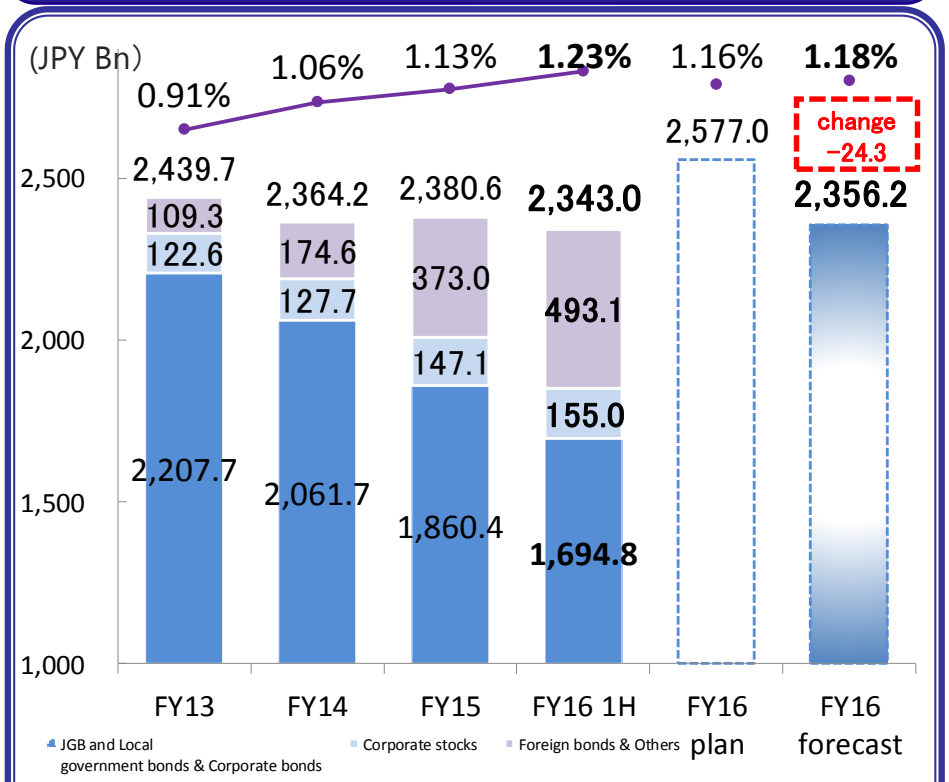


【Total of two banks】	FY2015	FY2016 forecast	change	compared to plan
Ave. balance	7,545.7	**7,683.7**	137.9	78.2
Ave. rate	1.30%	**1.20%**	-0.10%	—
Interest income	98.2	**92.6**	(5.5)	0.8

Securities Operation

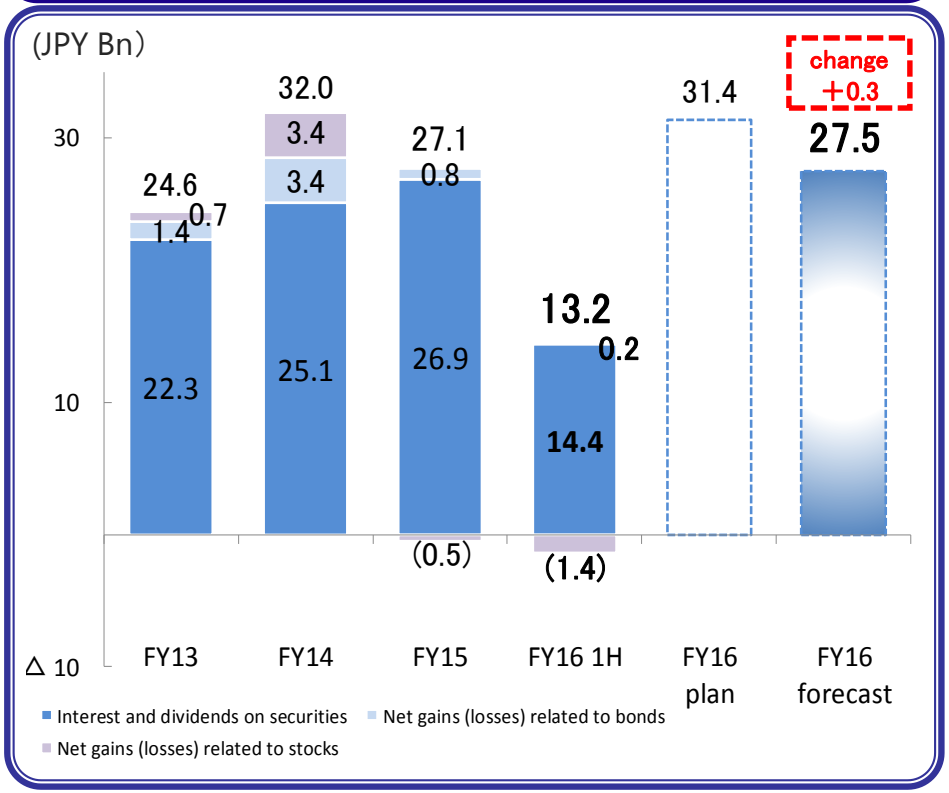
Hokuhoku Financial Group, Inc.

Ave. balance and rate of securities



【Total of two banks】	FY2015	FY2016 forecast	change	compared to plan
Ave. balance	2,380.6	**2,356.2**	(24.3)	(200.7)
Ave. rate	1.13%	**1.18%**	0.05%	0.02%
Interest income	26.9	**27.9**	1.0	(1.8)

Profits on securities



Policy

Increase and diversify investment in securities, appropriately controlling market risk including interest rate risk, etc.

G&A Expenses Operation

Hokuhoku Financial Group, Inc.

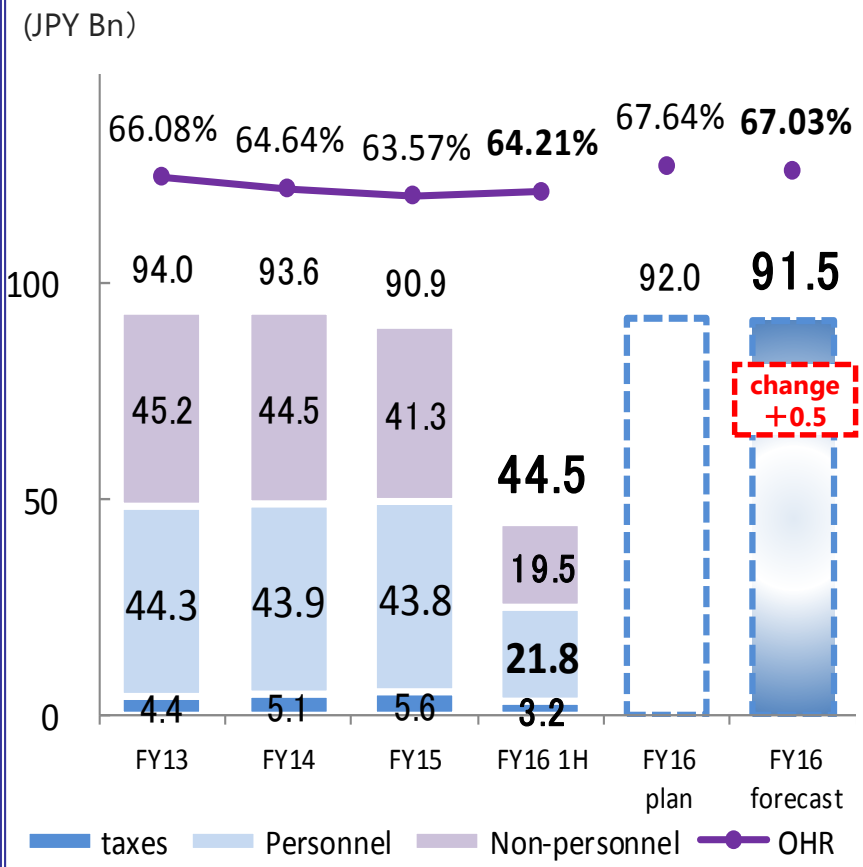
Improve efficiency

- Increase efficiency through IT investment
- Expand centralized back office operations
- Realize group synergies (integrate operational rules, facility and system management, etc.)

- Increase the number of contact with customers
- Shift personnel to sales departments
- Maintain needed branches and services in countryside

Improvement of customer satisfaction and cost competitiveness

G&A Expenses・OHR



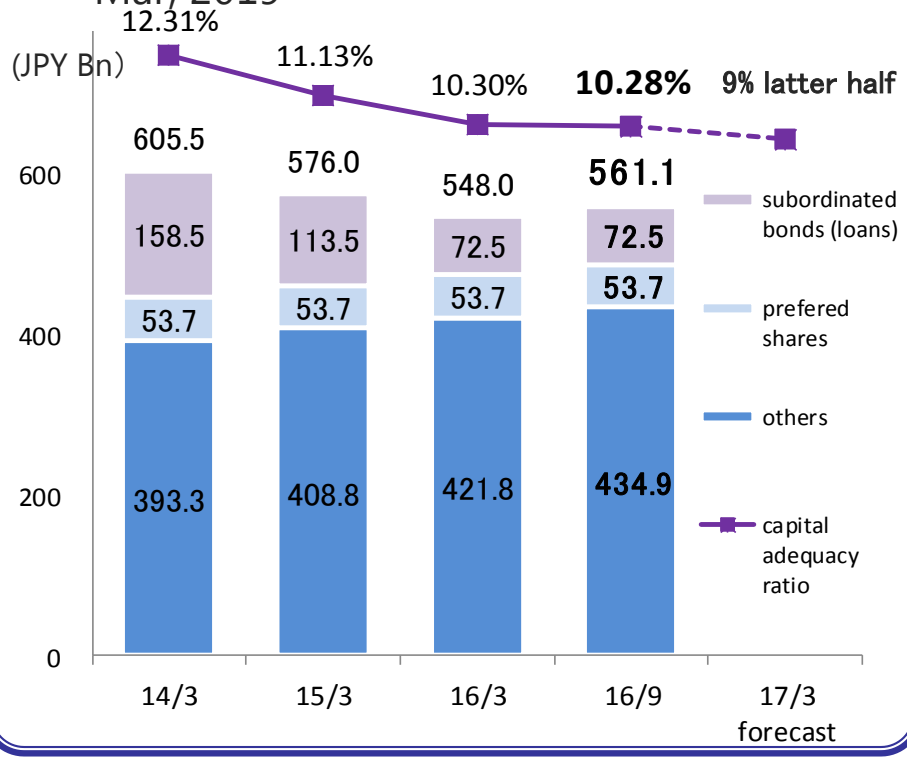
OHR=G&A expenses / Core gross business profits

Capital Policy

Hokuhoku Financial Group, Inc.

Capital Policy / Capital adequacy ratio

■ Consolidated capital adequacy ratio is expected to be about 9.5% at the end of Mar, 2019



ROE

12/3	13/3	14/3	15/3	16/3	16/9	17/3 forecast
3.2%	4.0%	5.8%	5.5%	5.3%	**6.1%**	**4% latter half**

Dividends per common share

■ We will continuously focus on making steady dividend payments, while paying attention to the capital adequacy ratio under the future profit plan and expected changes in regulations.

FY10～12	FY13	FY14	FY15	FY16 forecast
¥37.50	¥40.00	¥42.50	¥42.50	**¥42.50**

- Hokuhoku Financial Group, Inc. implemented a common stock consolidation at a ratio of ten stocks to one stock on October 1, 2016.
- The above dividends including those of past years are calculated taking this stock consolidation into account.

＜Share buyback＞

In July, 2017

30 million stocks

Total cost of acquisition ： ¥3.58Bn

Forecasts for FY2016
The Progress of The Medium-Term Management Plan

Hokuhoku Financial Group, Inc.

Forecasts for FY2016

(JPY Bn)

【Consolidated】	FY16 forecast	change	compared to plan
Ordinary income	**182.0**	(10.5)	2.0
Ordinary profits	**39.5**	(6.9)	4.5
Net income attributable to owners	**27.0**	(1.8)	4.0

Dividend forecasts for FY16

	Interim	Year-end	Anuual
Dividend per common share	—	¥42.50	¥42.50
Dividend per preferred share (Type5)	¥7.50	¥7.50	¥15.00

- Hokuhoku Financial Group, Inc. implemented a common stock consolidation at a ratio of ten stocks to one stock on October 1, 2016. The above dividend forecast for Fiscal 2016 is calculated taking this stock consolidation into account.

Forecasts for FY2016【Hokuriku bank / Hokkaido bank】

(Bn JPY)	【Total of two banks】			【Hokuriku bank】			【Hokkaido bank】		
	FY16 forecast	change	compared to plan	FY16 forecast	change	compared to plan	FY16 forecast	change	compared to plan
Ordinary income	**167.0**	(11.9)	2.5	**89.0**	(4.3)	1.0	**78.0**	(7.5)	1.5
Core gross business profits	**136.5**	(6.5)	0.5	**72.5**	(2.8)	0.5	**64.0**	(3.6)	-
G&A expenses	**91.5**	0.5	(0.5)	**49.0**	0.3	-	**42.5**	0.2	(0.5)
Core net business profits	**45.0**	(7.0)	1.0	**23.5**	(3.1)	0.5	**21.5**	(3.8)	0.5
Net credit costs	**2.0**	(1.7)	(4.0)	**0.5**	1.6	(2.5)	**1.5**	(3.3)	(1.5)
Ordinary profits	**39.5**	(7.2)	4.0	**23.5**	(3.2)	3.5	**16.0**	(4.0)	0.5
Net income	**28.0**	(1.9)	4.0	**17.0**	0.4	3.5	**11.0**	(2.4)	0.5

Forecasts for FY2016
The Progress of The Medium-Term Management Plan

Hokuhoku Financial Group, Inc.

(Bn JPY)	FY2015	FY2016 1H	FY2016 forecast	FY2018 plan
Ave.balance of deposits	10,163.4	**10,345.2**	**10,339.8**	**10,560.0**
Ave.balance of loans	7,545.7	**7,610.1**	**7,683.7**	**7,760.0**
Core gross business profits	143.0	**69.4**	**136.5**	**134.5**
G&A expenses	90.9	**44.5**	**91.5**	**93.0**
Core net business profits	52.0	**24.8**	**45.0**	**41.5**
Credit related costs	3.7	**(1.1)**	**2.0**	**6.0**
Net income attributable to owners of the parent	28.8	**16.7**	**27.0**	**23.0**
(Consolidated) Capital adequacy ratio	10.30%	**10.28%**	**9% latter half**	**9.55%**
OHR	63.57%	**64.21%**	**67.03%**	**69.14%**

Corporate Governance / Train Human Resources

Hokuhoku Financial Group, Inc.

Strengthen Corporate governance

- Number of outside directors **increased from 1 to 2** （Jun. 2015）
  4 among12 directors and auditors are independent outside officers
- Established「**Guideline of corporate governance**」（Oct. 2015）
  specify the basic concept of corporate governance and the function of the board of directors and auditors
- Established「**The committee of corporate governance**」
  Consist of 2 outside directors, 2 outside auditors, 1 full time auditor
  Functions：・exchange information among outside officers
  ・advice important things, including the matters of nomination and remuneration of directors
  ・acquire knowledge of our company and industry

Train Human Resources

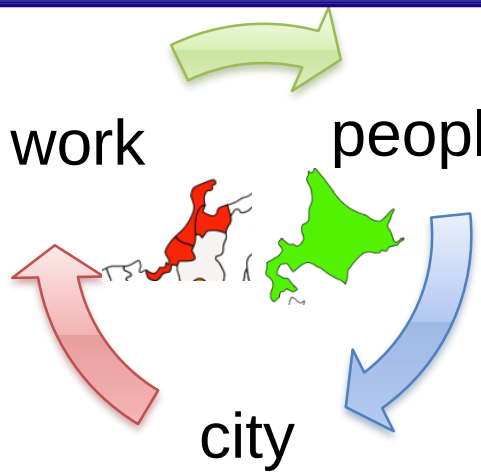
- **Improve consulting and proposal abilities**
  Completion of training system, gradual level up by visualization of knowledge and level
- **Train managers and candidates**
  Train future managers, improve ability of management and leadership
- **Female advancement**
  Support for career formation, appoint women managers

Regional Revitalization / Local Contribution Activities

Hokuhoku Financial Group, Inc.

Activities for regional revitalization

Cooperate with local governments



The number of local governments concluding cooperate agreement

35 cities

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

Local social contribution activities

Primary school children bank experience

Art museum

Curling meet

Planting activities

YOSAKOI Soran Festival

Appendix

Outline of Hokuhoku FG and Two Banks ①

Hokuhoku Financial Group, Inc.

(As of September 30, 2016)

	Hokuhoku FG	Hokuriku Bank	Hokkaido Bank
Date of establishment	September 26, 2003	July 31, 1943 （Started business in 1877）	March 5, 1951
Location of head office	Toyama City, Toyama	Toyama City, Toyama	Sapporo City, Hokkaido
Capital	¥ 70,895 million	¥ 140,409.52 million	¥ 93,524.01million
Shares issued and outstanding (As of October 1, 2016)	・Common stock 132,163,014* ・Preferred stock (Type5) 107,432,000	・Common stock 1,047,542,335	・Common stock 486,634,512 ・Preferred stock(Type2) 107,432,000
Total assets	(consolidated) ¥ 11,942.3 billion	¥ 7,026.7 billion	¥ 4,876.2 billion
Deposits & NCD	(consolidated) ¥ 10,503.0 billion	¥ 6,106.6 billion	¥ 4,420.0 billion
Loans	(consolidated) ¥ 7,679.7 billion	¥ 4,446.0 billion	¥ 3,254.3 billion
Capital adequacy ratio	（consolidated）10.28 %	（non-consolidated）9.48 %	（non-consolidated）10.05 %
Employees	20 (fulltime workers)	2,877	2,365
Ratings	A（R&I）	A（R&I）、A-(S&P)	A（R&I）、A（JCR）

* Hokuhoku Financial Group, Inc. implemented a common stock consolidation at a ratio of ten stocks to one stock on October 1, 2016.

Outline of Hokuhoku FG and Two Banks ②

Hokuhoku Financial Group, Inc.

- **Hokuhoku Financial Group, Inc.**
  - **The Hokuriku Bank, Ltd.**
    - Hokugin Business Service Co., Ltd.
  - **Hokugin Lease Co., Ltd.**
    - **Hokuriku Card Co., Ltd.**
      - **Hokuriku Hosho Services Co., Ltd.**
        - **Hokugin Software Co., Ltd.**
          - **Hokuhoku Services Co., Ltd.**
            - **Hokuhoku Capital Co., Ltd.**
  - **The Hokkaido Bank, Ltd.**
    - Dogin Business Service, Ltd.
      - Dogin Card., Ltd.
        - Dogin Regional Research Institute Co., Ltd.

NEW!

Hokuhoku Tokai Tokyo Securities Co., Ltd.

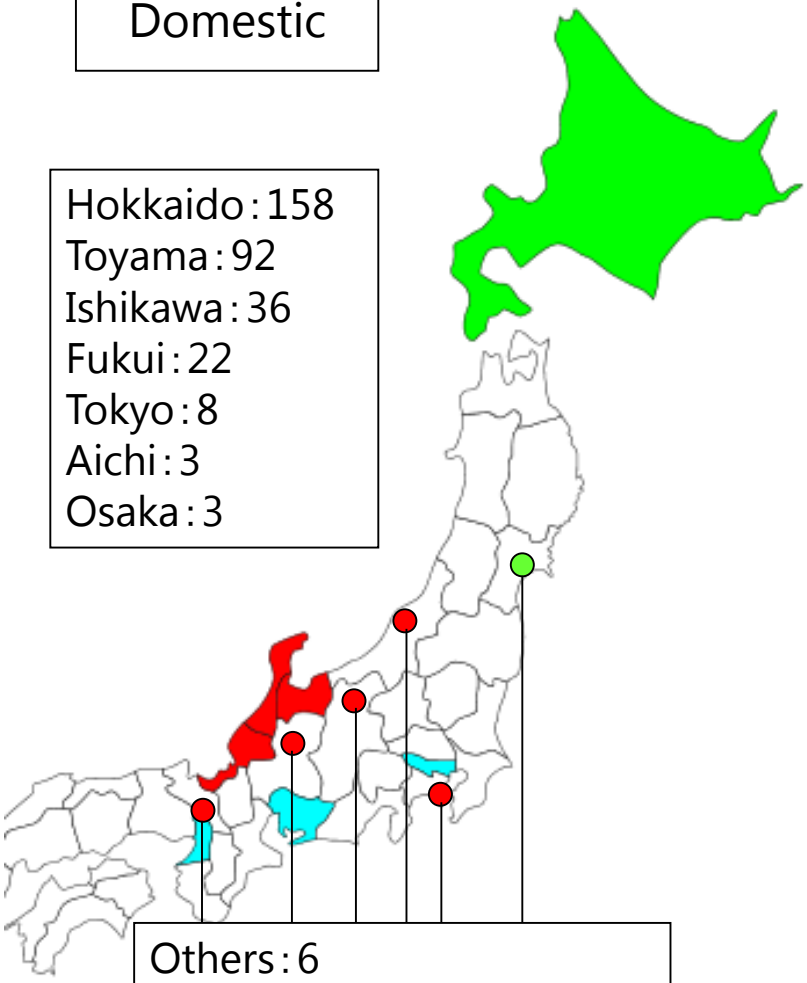
In January 2017, "Hokuhoku Tokai Tokyo Securities Co., Ltd," is going to be established by Tokai Tokyo Financial Holdings and us.
We will respond to diverse customer needs of asset management.

Outline of Hokuhoku FG and Two Banks ③

Hokuhoku Financial Group, Inc.

Domestic

Hokkaido : 158
Toyama : 92
Ishikawa : 36
Fukui : 22
Tokyo : 8
Aichi : 3
Osaka : 3



Others : 6
Sendai, Yokohama, Niigata, Nagano, Takayama, Kyoto

Oversea

・Representative offices

1. New York
2. London
3. Bangkok
4. Singapore
5. Shanghai
6. Dalian
7. Shenyang
8. Vladivostok
9. Yuzhno-Sakhalinsk

About Hokuhoku FG ③
Historical Data (Hokuhoku FG)

Hokuhoku Financial Group, Inc.

（JPY Bn）

<Consolidated>	FY2012 Full year	FY2013 Interim	FY2013 Full year	FY2014 Interim	FY2014 Full year	FY2015 Interim	FY2015 Full year	FY2016 Interim
Ordinary income	199.1	95.2	190.9	96.4	193.9	99.1	192.5	93.9
Ordinary profits	29.3	23.5	49.4	21.8	48.1	26.1	46.4	23.7
Net income attributable to owners of the parent	18.1	12.3	27.3	13.8	28.2	16.6	28.8	16.7
Capital adequacy ratio	11.88%	12.04%	12.31%	11.38%	11.13%	10.89%	10.30%	10.28%
<Total of two banks>								
Core gross business profits	145.5	71.5	142.2	72.0	144.8	72.9	143.0	69.4
General & administrative expenses	95.1	47.8	94.0	47.7	93.6	45.3	90.9	44.5
Core net business profits	50.3	23.7	48.2	24.3	51.2	27.5	52.0	24.8
Net gains(losses) related to securities	0.4	1.0	2.2	3.2	6.9	1.8	0.2	(1.2)
Credit costs	17.0	0.0	(1.3)	3.0	6.0	1.6	3.7	(1.1)
Ordinary profits	30.0	23.3	48.5	22.3	47.1	26.8	46.7	23.7
Net income	19.5	12.6	27.5	14.8	28.2	17.8	29.9	17.2
ROA	0.47%	0.43%	0.44%	0.43%	0.45%	0.48%	0.45%	0.42%
OHR	65.37%	66.87%	66.08%	66.17%	64.64%	62.18%	63.57%	64.21%
Loans	7,402.0	7,369.6	7,336.3	7,480.1	7,561.7	7,519.2	7,599.6	7,700.4
Deposits (including NCD)	10,008.1	10,089.4	10,172.0	10,489.0	10,651.3	10,635.7	10,502.6	10,526.6
Securities	2,497.8	2,540.4	2,481.4	2,433.8	2,481.4	2,423.1	2,395.8	2,452.2
Non performing loan	236.7	216.1	201.3	196.9	189.2	176.3	168.6	160.6
NPL ratio	3.11%	2.85%	2.67%	2.56%	2.43%	2.28%	2.15%	2.02%

About Hokuhoku FG ④
Historical Data (Hokuriku Bank)

Hokuhoku Financial Group, Inc.

（JPY Bn）

	FY2012 Full year	FY2013 Interim	FY2013 Full year	FY2014 Interim	FY2014 Full year	FY2015 Interim	FY2015 Full year	FY2016 Interim
Ordinary income	103.0	48.5	97.7	48.0	94.0	46.3	93.3	45.8
Core gross business profits	82.3	38.9	77.0	38.1	76.5	37.8	75.3	36.8
General & administrative expenses	50.9	25.8	50.5	25.9	50.4	24.3	48.6	23.8
Core net business profits	31.4	13.0	26.4	12.2	26.0	13.4	26.6	12.9
Net gains(losses) related to securities	(1.2)	0.6	1.6	2.7	3.6	1.0	0.4	0.6
Credit costs	9.3	(0.9)	(4.2)	0.8	1.7	0.8	(1.1)	(1.0)
Ordinary profits	18.3	13.9	30.4	12.5	24.5	12.9	26.7	14.5
Net income	12.3	7.2	17.8	7.8	14.6	8.2	16.5	10.7
Capital adequacy ratio	11.78%	11.95%	12.40%	10.98%	10.61%	10.31%	9.78%	9.48%
ROA	0.52%	0.42%	0.42%	0.38%	0.40%	0.40%	0.40%	0.37%
OHR	61.84%	66.39%	65.65%	67.98%	65.94%	64.31%	64.57%	64.77%
Loans	4,332.7	4,271.2	4,227.6	4,292.7	4,365.3	4,332.9	4,383.4	4,446.0
Deposits (including NCD)	5,726.2	5,796.8	5,909.0	5,905.9	6,076.0	6,006.7	6,117.6	6,106.6
Securities	1,269.6	1,296.1	1,238.3	1,219.1	1,275.4	1,272.1	1,343.9	1,384.2
Non performing loan	148.4	134.2	120.3	114.1	109.7	102.9	97.9	91.3
NPL ratio	3.34%	3.06%	2.78%	2.60%	2.46%	2.33%	2.18%	2.01%

About Hokuhoku FG ⑤
Historical Data (Hokkaido Bank)

Hokuhoku Financial Group, Inc.

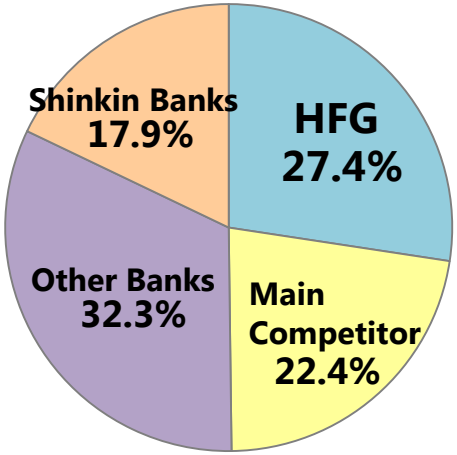
（JPY Bn）

	FY2012 Full year	FY2013 Interim	FY2013 Full year	FY2014 Interim	FY2014 Full year	FY2015 Interim	FY2015 Full year	FY2016 Interim
Ordinary income	81.6	40.2	80.2	41.6	85.4	45.4	85.5	40.5
Core gross business profits	63.1	32.6	65.2	33.9	68.3	35.0	67.6	32.5
General & administrative expenses	44.2	21.9	43.4	21.7	43.1	21.0	42.2	20.7
Core net business profits	18.9	10.6	21.7	12.1	25.1	14.0	25.3	11.8
Net gains(losses) related to securities	1.7	0.3	0.6	0.5	3.2	0.8	(0.1)	(1.8)
Credit costs	7.6	0.9	2.8	2.1	4.2	0.7	4.8	(0.0)
Ordinary profits	11.6	9.4	18.0	9.8	22.6	13.9	20.0	9.2
Net income	7.2	5.4	9.6	7.0	13.5	9.6	13.4	6.5
Capital adequacy ratio	11.23%	11.08%	10.76%	10.79%	10.75%	10.45%	10.23%	10.05%
ROA	0.41%	0.45%	0.47%	0.51%	0.53%	0.58%	0.52%	0.49%
OHR	69.98%	67.44%	66.60%	64.14%	63.18%	59.88%	62.47%	63.57%
Loans	3,069.3	3,098.4	3,108.6	3,187.4	3,196.4	3,186.3	3,216.1	3,254.3
Deposits (including NCD)	4,281.9	4,292.6	4,262.9	4,583.0	4,575.3	4,628.9	4,384.9	4,420.0
Securities	1,228.2	1,244.3	1,243.1	1,214.6	1,205.9	1,150.9	1,051.9	1,068.0
Non performing loan	88.2	81.9	81.0	82.8	79.6	73.3	70.9	69.3
NPL ratio	2.79%	2.56%	2.52%	2.50%	2.40%	2.21%	2.11%	2.03%

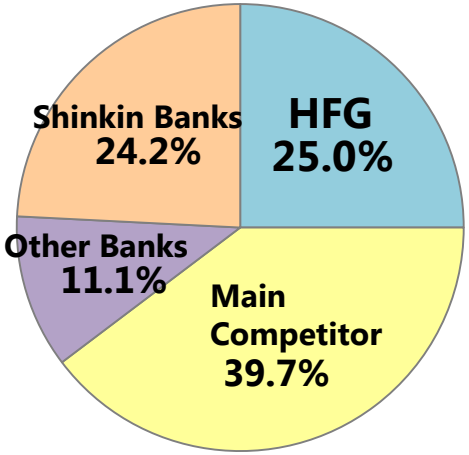
About Hokuhoku FG ⑥
Market Share in Our Home Market (Loans, Mar-16)

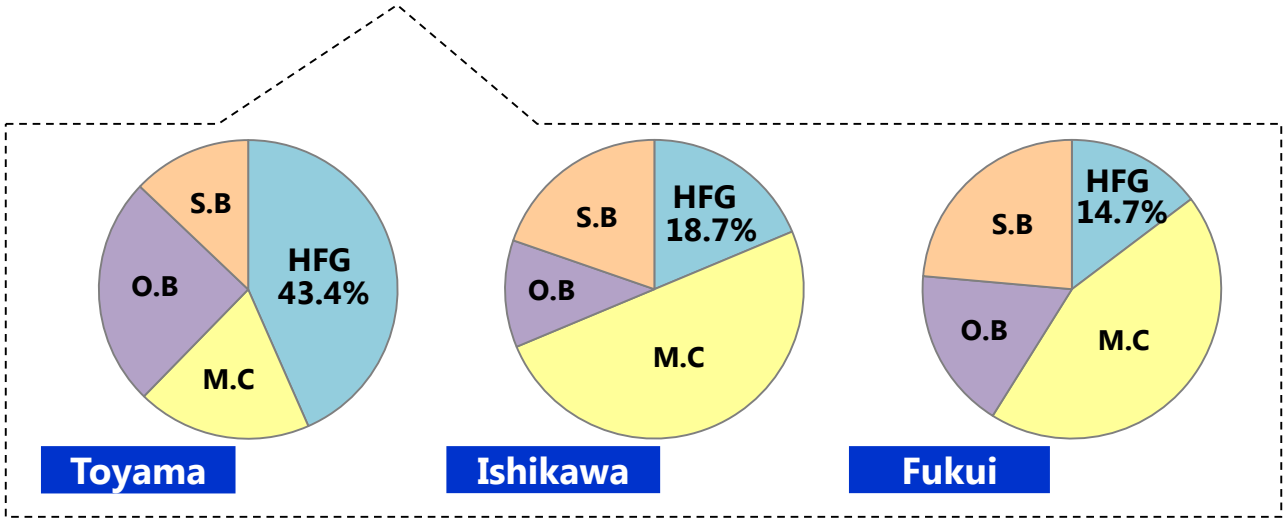
Hokuhoku Financial Group, Inc.

Hokuriku Area



Hokkaido Area



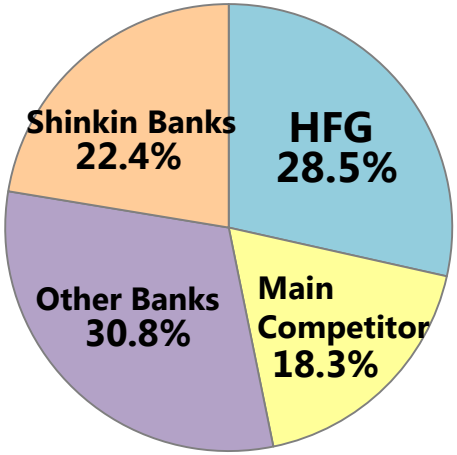


*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

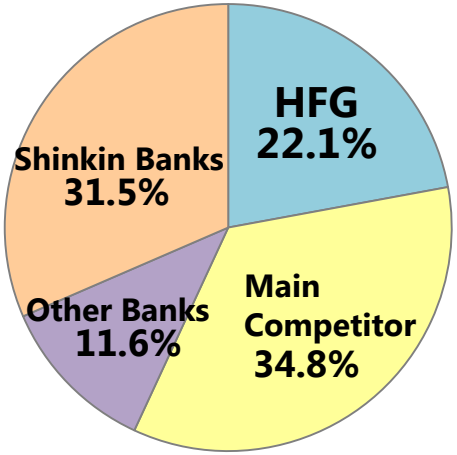
About Hokuhoku FG ⑦
Market Share in Our Home Market (Deposits, Mar-16)

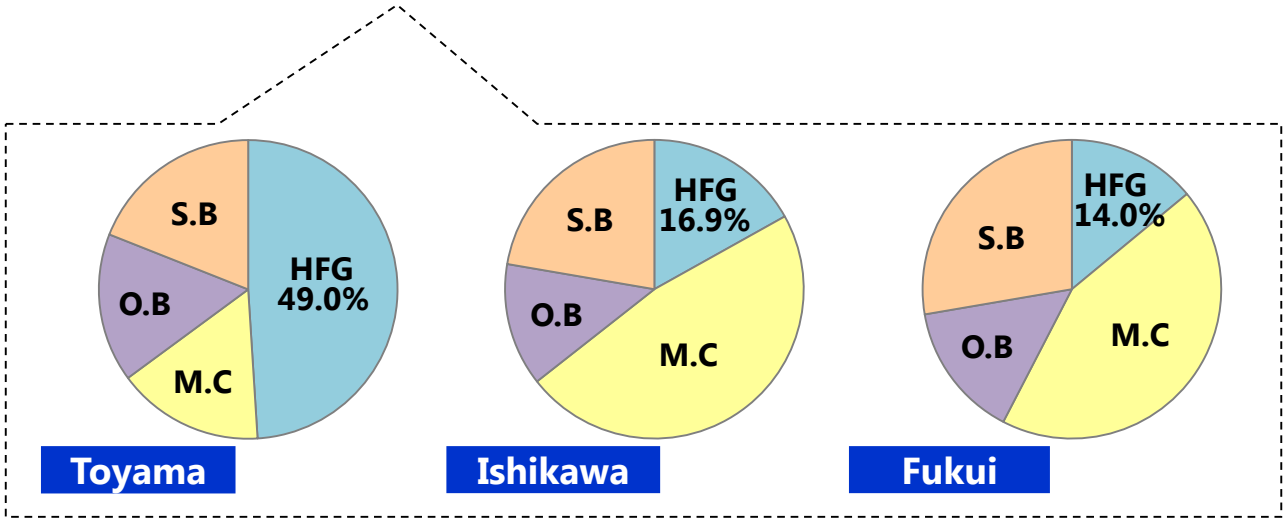
Hokuhoku Financial Group, Inc.

Hokuriku Area



Hokkaido Area



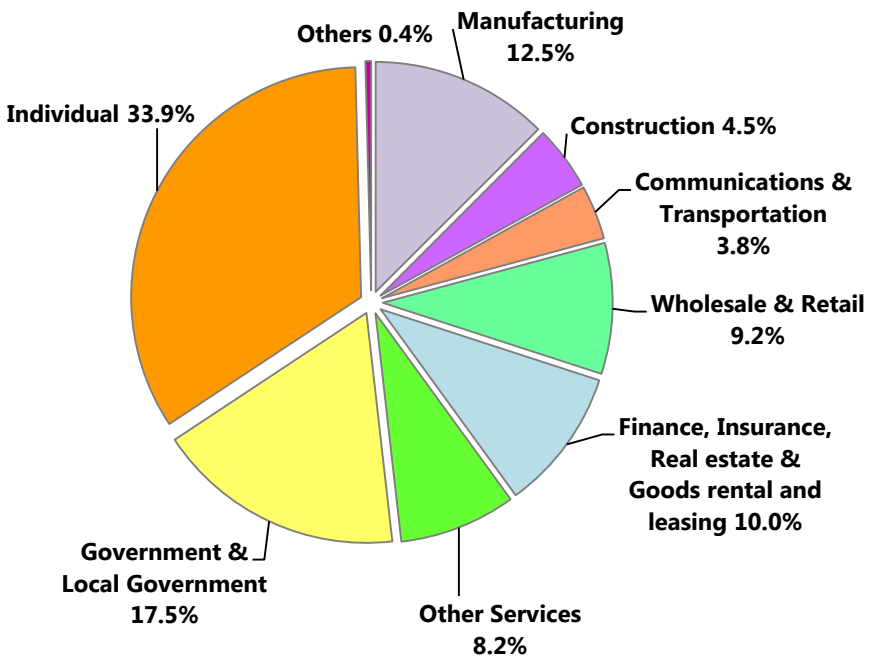


*Data of the Main Competitor and Other banks are estimated figures. They don't include Japan Post Bank.

About Hokuhoku FG ⑧
Lending in the Region by Industry (Sep-16)

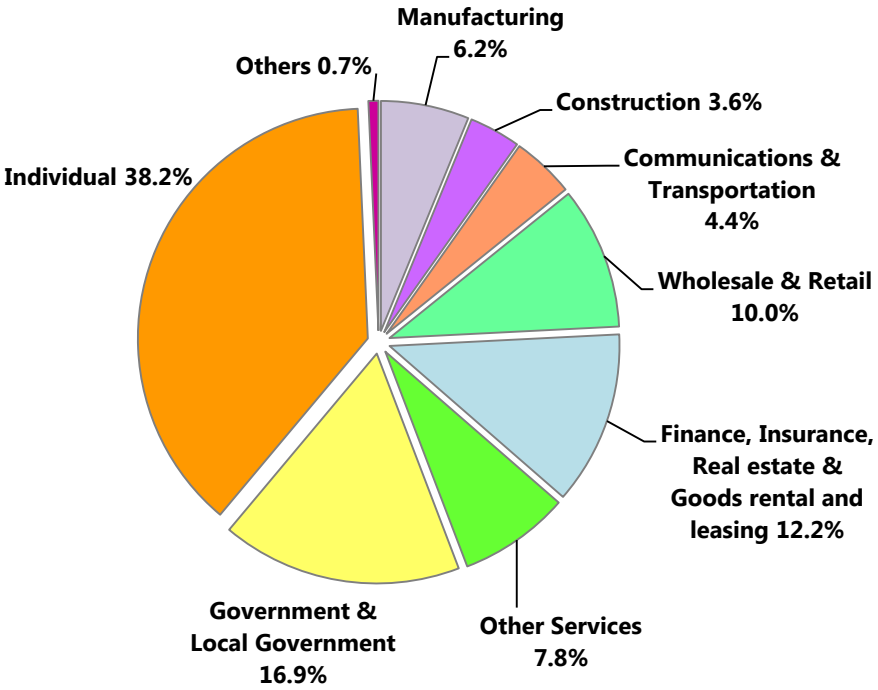
Hokuhoku Financial Group, Inc.

Hokuriku Bank



Region: Toyama, Ishikawa, Fukui, Hokkaido

Hokkaido Bank



Region: Hokkaido

About Japanese Regional Banks ①
Financial Institutions in

Hokuhoku Financial Group, Inc.

Source: Home page of Japanese Bankers Association of Japan

1 Central Bank - Bank of Japan

2 **Private financial institutions**

Hokuhoku Financial Group (Hokuriku Bank, Hokkaido Bank)

Depository institutions

- **Banks**
  - City banks
  - **Regional banks**
  - Member banks of the Second Association of Regional Banks(Tier Ⅱ regional banks)
  - Foreign banks
  - Trust banks
  - Others
- Cooperative-type financial institutions
  - Shinkin Central Bank (the central financial institution for the Shinkin banks)
  - Shinkumi Federation Bank (the national federation of credit cooperatives)
  - Rokinren Bank (the national federation of Labour Banks)
  - Norinchukin Bank (the central bank for the Japanese agricultural, forestry, and fishery cooperatives)
    - Credit federations of agricultural cooperatives
    - Credit federations of fishery cooperatives

Other financial institutions

- Insurance companies — Life insurance companies, Non-life insurance companies etc.
- Securities firms

3 Public financial institutions

- Government financial institutions
  - Japan Finance Corporation — Japan Bank for International Cooperation
  - Okinawa Development Finance Corporation
- Joint corporation by local governments
  - Japan Finance Organization for Municipalities
  - Development Bank of Japan, Inc., The Shoko Chukin Bank, Japan Post Bank Co., Japan Post Insurance Co.

About Japanese Regional Banks ②
Outline of Regional Banks

Hokuhoku Financial Group, Inc.

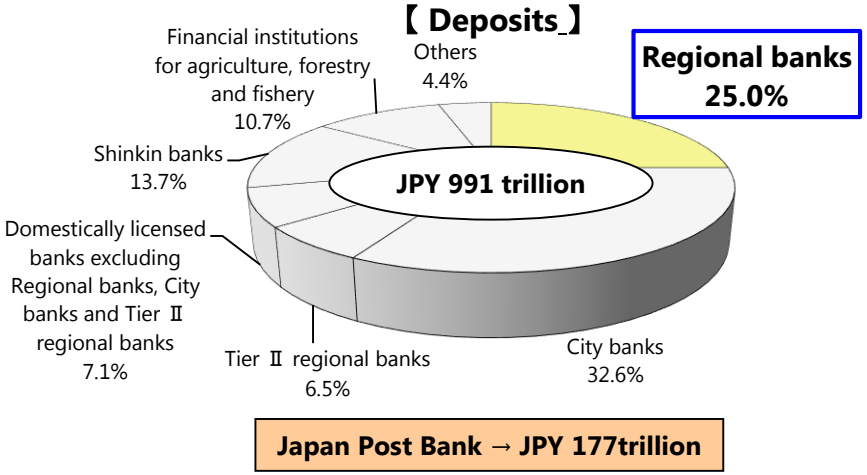
Outline of Regional Banks

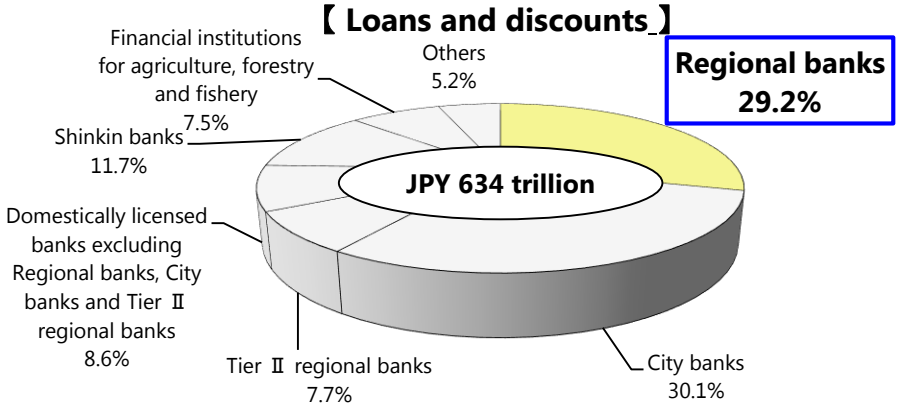
The 64 regional banks in Japan, as leading banks in the regions, serve the diverse financial needs of local clients such as individuals, companies, and local governments, through a dense branch networks and ATMs in the regions.

In order to contribute to strengthening industrial competitiveness in the region, the regional banks also support business improvement and business expansion of client companies by demonstrating their consulting function.

Moreover, in order to provide stable financial service even when facing various changes in environment, regional banks work to maintain sound management and reinforce financial bases, strengthening corporate, governance. Regional banks also comply with international banking regulations.

Shares of Deposits and Loans of Private Financial Institutions (Mar-16)





Source: Home page of Regional Banks Association of Japan

The Present Condition of the Regional Economy ①
Economic Conditions

Hokuhoku Financial Group, Inc.

October-16

	Monthly Economic Report (By the Cabinet Office)	Regional Economic Report (By Bank of Japan)	
	All Japan	Hokuriku Area	Hokkaido Area
Economic Trend	On a moderate recovery	Has continued to recover	Recovering moderately
Public Investment	Hold firm	Increasing	Increasing moderately
Business Investment	Improvement appears to be pausing	Increasing steadily	At a High level
Private consumption	Hold firm as a whole	Picking up	Recovering
Housing construction	Flat recently	Increasing	Picking up moderately
Production	Showing movements of picking up	More or less flat at a high level	Increasing moderately
Employment & Income	Improving	Improving steadily	Improving steadily
Consumer prices	Flat	Has been at a modest negative	Below the previous year's level
The number of bankrupt companies	Almost flat	Calm movement	Calm movement

The Present Condition of the Regional Economy ②
Characteristics of Our Main Business Area

Hokuhoku Financial Group, Inc.

Population and Square Measure ＊1

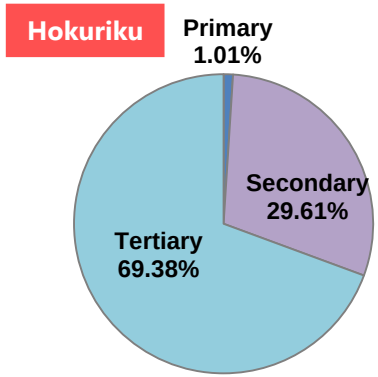
	Toyama Prefecture a	Ishikawa Prefecture b	Fukui Prefecture c	Total a+b+c	Hokkaido	**Total**
Population (Ranking)	1.07Mn (37th)	1.16Mn (34th)	0.79Mn (43rd)	3.02Mn	5.40Mn (8th)	**8.42Mn**
Square Measure (Ranking) ㎢	4,248 (33rd)	4,186 (35th)	4,190 (34th)	—	83,457 (1st)	—

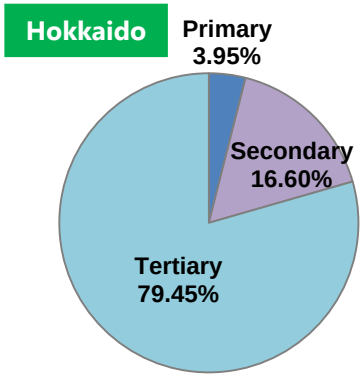
Gross Prefectural Product ＊1, 2

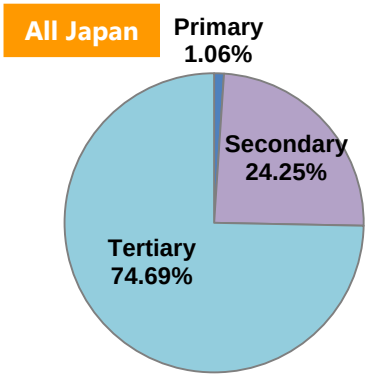
(JPY Bn)

	Toyama a	Ishikawa b	Fukui c	Total a + b + c	Hokkaido	**Total**
GPP (Proportion) (Ranking)	4,356.5 (0.86%) (32nd)	4,544.8 (0.89%) (28th)	3,127.0 (0.61%) (42nd)	12,028.5 (2.36%)	18,268.7 (3.59%) (8th)	**30,297.3 (6.00%)**

Industrial Structure ＊2







Number of businesses ＊1

(Thousand)

Hokkaido	242
Hokuriku	161
Toyama	54
Ishikawa	63
Fukui	43

Data source : ＊1 Ministry of Internal Affairs and Communications , ＊2 Cabinet Office

The Present Condition of the Regional Economy ②
Characteristics of Our Main Business Area

Hokuhoku Financial Group, Inc.

Sightseeing

Hokuriku Shinkansen started in March 2015 and Hokkaido Shinkansen started in March 2016 !

Hokuriku

・Number of overnight guests staying in Hokuriku area increased due to the effect of Hokuriku Shinkansen.

Total Number of overnight guests
Toyama : 3.9million (+14.3%)
Ishikawa : 8.7million (+15.7%)
Fukui : 4.1million (+9.8%)

Growth rate of overnight guests staying in Toyama is 4th rank in Japan, after opening Hokuriku Shinkansen. (Ishikawa is 5th rank.)

Main tourist attractions and events in Hokuriku area

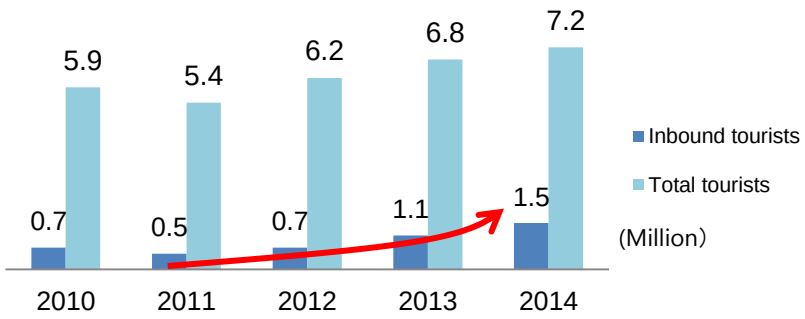
Toyama	Ishikawa	Fukui
Tateyama Kurobe Alpine Route	Kenroku-en	Tojinbo Cliffs
Kurobe Gorge	Yamashiro Onsen	Ichijodani Asakura Clan Ruins
Owara-bon	21st Century Museum of Contemporary Art	Fukui Prefecture Dinosaur Museum

Hokkaido

・Many people visit in Hakodate. In particular, tourists from metropolitan area and Tohoku area are increased.
Number of tourists using Hokkaido Shinkansen seems to show a net increase (year on year +77%), because number of tourists using Hakodate Airport isn't reduced.

・Inbound tourists are increased, because of new flying of international scheduled flight, continuation of weak yen trend and various promotion.

Numbers of tourists visiting Hokkaido



Source : Japan Tourism Agency, Toyama Prefecture, Fukui Prefecture, Hokkaido Prefecture, Bank of Japan Hakodate Branch

The Present Condition of the Regional Economy ③
Characteristics of Our Main Business Area

Hokuhoku Financial Group, Inc.

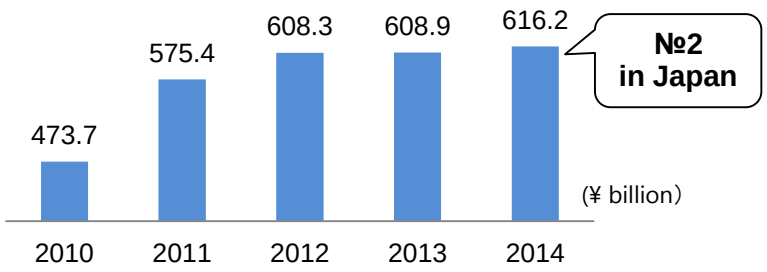
Manufacturing

Weight of secondary industry in Hokuriku area is high compared to the national average.

Toyama

- Pharmaceuticals account for a high proportion of the chemical industry. There are many local medium-sized pharmaceutical companies and major pharmaceutical company's factories.
- There are also major aluminum building material companies and related subcontractors. Toyama has the largest share of the Japanese shipment value of aluminum sash.

Toyama Pref. pharmaceutical product production



Ishikawa

- Textile industry is a main industry from a long time ago. Recently, textile products made in Ishikawa has been decreased due to the competition with foreign products and production reduction of major textile companies. However, share of synthetic fiber fabric accounts for 30% in domestic market.
- 6 companies in Ishikawa were selected as global niche top companies.

*Global niche top companies have achieved excellent results in developing business overseas.

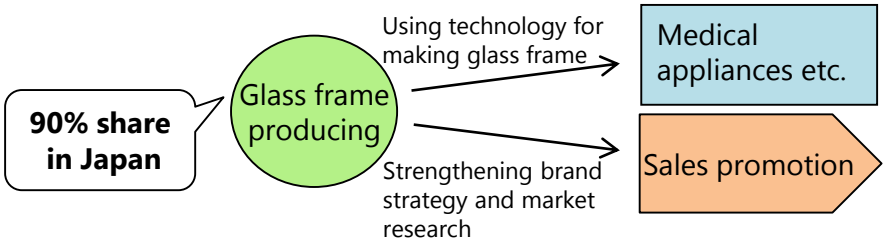
Number of companies selected "Global niche top companies"

1st	Tokyo（24 companies）
2nd	Osaka（18 companies）
3rd	Aichi（8 companies）
4th	**Ishikawa（6 companies）**

Fukui

- Fukui is known as a textile producing area as well as Ishikawa. Electronic component & device industry has high weight in Fukui industry.
- Fukui is also famous for the glass frame producing.

Activities to flourish glass frame producing in Fukui



Source : Bank of Japan Kanazawa Branch, Bank of Japan Toyama local office, Bank of Japan Fukui local office, Ishikawa Prefectural government, Ministry of Health, Labour and Welfare

The Present Condition of the Regional Economy ②
Characteristics of Our Main Business Area

Hokuhoku Financial Group, Inc.

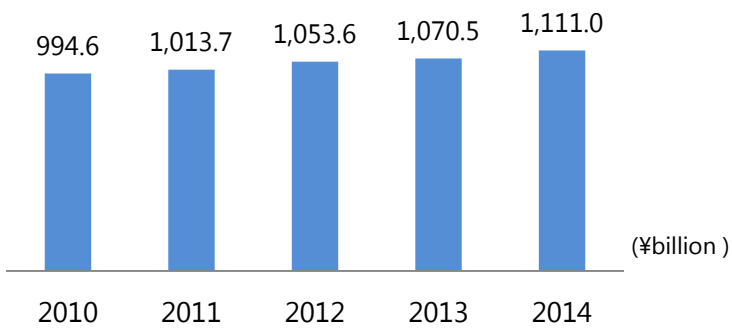
Agriculture・Fishing industry

Agricultures, forestry and fisheries in Hokkaido, which supply approximately 20% of domestically-supplied calories, significantly contribute to a stable food supply in Japan.

Agriculture

・In Hokkaido, agriculture makes use of a large area of cultivated acreage, which accounts for 25% of Japan's total cultivated area. Hokkaido contributes 13.2% of the total agricultural output of Japan.

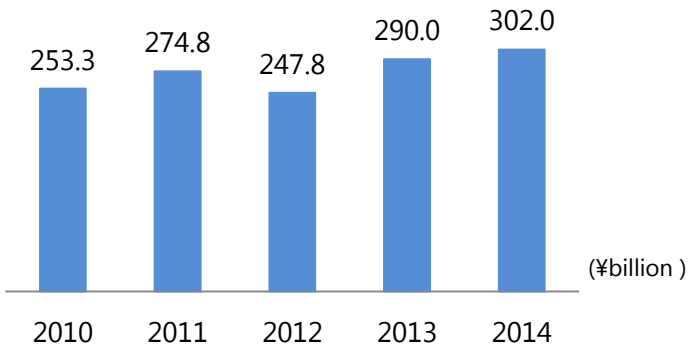
Value of agricultural production of Hokkaido



Fishing industry

・Fishing industry is a core industry in Hokkaido.
・The amount of fisheries and aquaculture productions in Hokkaido is No.1 in Japan with No.1 quality.

Value of fishery production of Hokkaido



・"Food Cluster" Activities・・・The activities promote to create an integrated food industry unique to Hokkaido.

Transition of businesses related agriculture

	Processing of agricultural products	Farm stand	Tourist farm	Farm guesthouse	Farm restaurant
2012	1,170	1,240	450	300	170
2013	1,220	1,320	480	320	170

Source : Department of agriculture, Hokkaido government , Department of Fishery and Forestry, Hokkaido government

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