

# Hokuhoku Financial Group

## **Interim Report**

For the six months ended September 30, 2004

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## Message from the President

We would like to thank all shareholders for the support you have given the Hokuhoku Financial Group. We are pleased to provide you with the following interim report for the six-month period ended September 2004.

On September 1, 2004 we executed a management integration of the two banks, Hokuriku Bank and Hokkaido Bank, through establishment of a holding company under the name of Hokuhoku Financial Group, Inc.

In September 2003, we had established a holding company for Hokuriku Bank and its affiliated companies under the name of the "Hokugin Financial Group, Inc." The holding company was renamed in line with the inclusion in its

holdings of the Hokkaido Bank and its affiliates. The merger gives the combined banks an extensive information network of 143 branches in three prefectures (Toyama, Fukui and Ishikawa) in the Hokuriku region, 154 branches in Hokkaido and 19 branches in three major urban areas based on Tokyo, Osaka and Nagoya. At the same time, we have created a structure to operate a broad array of financial services in a more efficient and effective manner under the unified control of the holding company.

Under our group-wide slogan "More for the local community and for our customers," we at the Hokuhoku Financial Group are determined to work hard to win the trust and support of the communities

we serve through the provision of quality financial services for local customers over the long term. In this, we will take full advantage of our strengths as a financial group operating across a broad area, equipped with a wealth of expertise and data on customers and markets gleaned through the networks hitherto separately operated by Hokuriku Bank and Hokkaido Bank.

We hope that we can count on your continued support as we pursue these initiatives.

*Shigeo Takagi*

Shigeo Takagi  
President

## Principal Performance Indicators

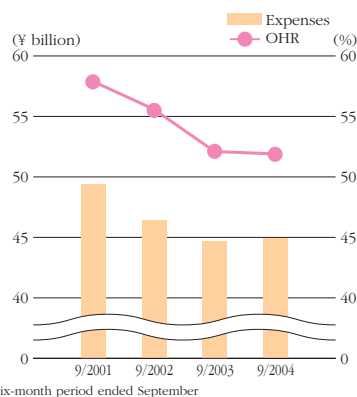
	(Billions of yen)			
	Hokuhoku FG (consolidated)	Total of two banks	Hokuriku Bank (non-consolidated)	Hokkaido Bank (non-consolidated)
Interest income	45.7	70.2	40.9	29.3
Fees and commissions	10.3	13.2	7.7	5.5
Expenses	31.9	44.9	25.9	19.0
Core business profit (Note 1)	30.0	41.6	25.1	16.4
Credit cost (Note 2)	18.8	25.4	16.9	8.5
Profit on equity securities	1.0	1.2	0.8	0.4
Income before income taxes	11.6	17.4	9.1	8.3
Net income	4.9	7.5	3.0	4.5

Notes:

- 1: [Core business profit] = [Net operating income] – ([Profit/loss on bonds] + [Provision of general reserve for possible loan losses])
- 2: Credit cost, which mainly consists of write-offs of loans, includes the provision of a general reserve for possible loan losses.
- 3: Figures for Hokuhoku FG include the relevant figures of Hokkaido Bank for the 30-day period from the 1st to the 30th of September 2004. Operations of the two banks were officially integrated on September 1st.

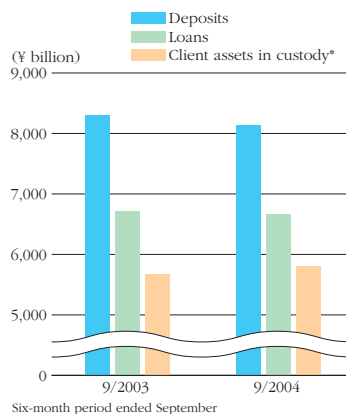
Figures represent a simple sum of the equivalent figures of the two banks to facilitate comparison with the post-merger figures.

### Streamlined management structure



(ratio of expenses to gross core business profit)

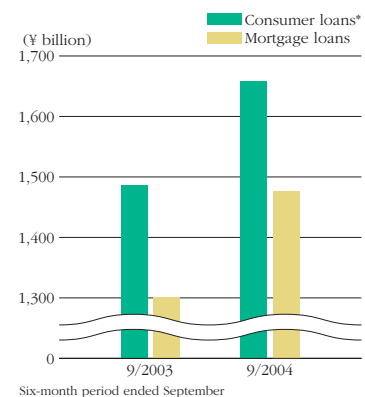
### Deposits and loans



(total sum of Hokuriku Bank and Hokkaido Bank)

\* refers to the combined balance of cash deposits, public bonds and investment trust instruments entrusted to the Bank by individual customers.

### Consumer loans



(total sum of Hokuriku Bank and Hokkaido Bank)

\* including mortgage loans

## Review of Operations

### Income analysis

Core business profit represents the profitability of the core banking operations of the two banks. Hokuriku Bank succeeded in securing a high level of core business profit in the amount of ¥25.1 billion for the reporting six-month period, although it reported a year-on-year decline of ¥0.2 billion. This decline is attributable to a decrease in interest income in line with the shrinkage in business loans. The Hokuriku Bank continued to make a vigorous effort to grow consumer loans and personal assets in custody (designated for investment trust and pension insurance) with a view to improving profitability and also implemented continuous cost-cutting measures. On the other hand, Hokkaido Bank posted a core business profit of ¥16.4 billion, an increase of ¥0.8 billion year-on-year and a record-high.

This reflects the leap in revenue from fees and commissions as a result of aggressive marketing of new products and services. It is also partially attributable to the streamlining of the management structure.

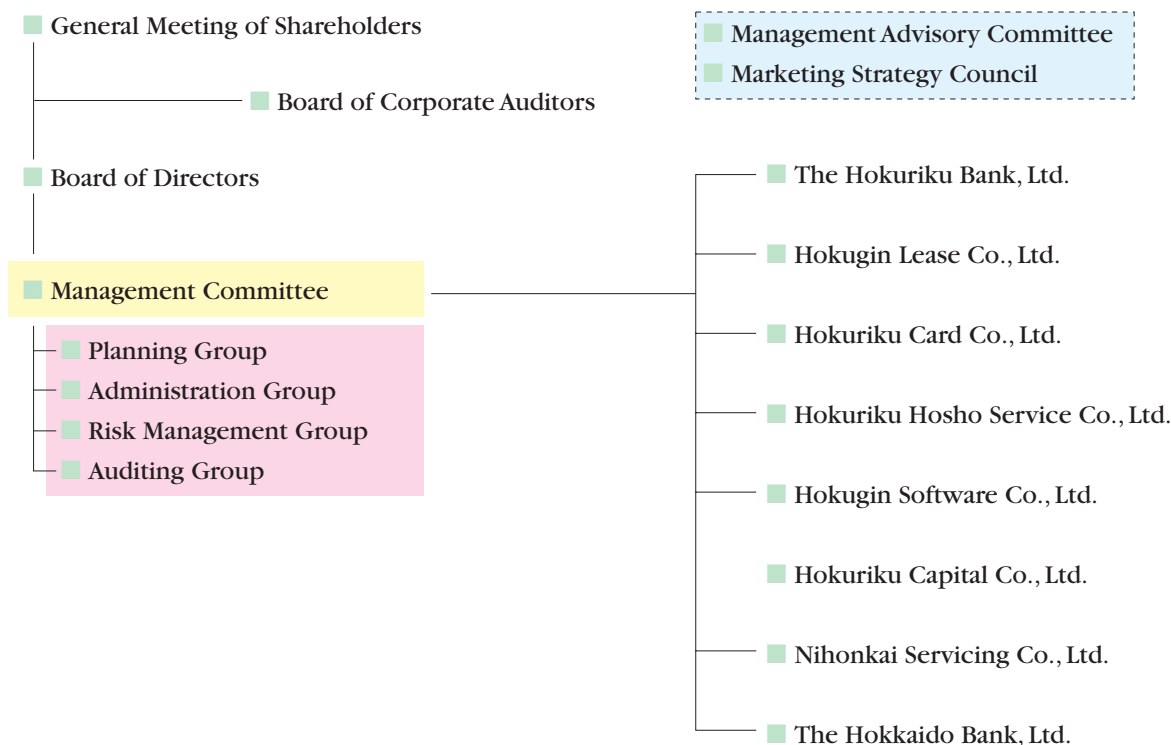
With respect to credit cost, which represents expenses arising primarily from the disposal of nonperforming loans, Hokuriku Bank reduced the total credit cost by ¥4.9 billion year-on-year to ¥16.9 billion for the reporting six-month period, while Hokkaido Bank reduced it by ¥5.3 billion to ¥8.5 billion. These favorable results are mainly attributable to the recovery of the business performances of borrowers. There were fewer cases of major bankruptcies, and the occurrence of new bad loans was down. Furthermore, our corporate customers successfully improved their performance, which led to an upgrading of their

credit ratings. In response to this, we reversed the reserve for possible loan losses.

Consequently, Hokuriku Bank posted income before income taxes of ¥9.1 billion and net income of ¥3.0 billion, up ¥7.6 billion and ¥0.4 billion, respectively, year-on-year. Hokkaido Bank recorded an increase in income before income taxes of ¥6.1 billion, to ¥8.3 billion, and net income by ¥1.3 billion year-on-year, to ¥4.5 billion.

On a consolidated basis, income before income taxes for the reporting six-month amounted to ¥11.6 billion, and net income to ¥4.9 billion. The reader should note that these figures are inclusive of the relevant amounts of Hokkaido Bank for the period after management integration into the Hokuhoku Financial Group on September 1, 2004.

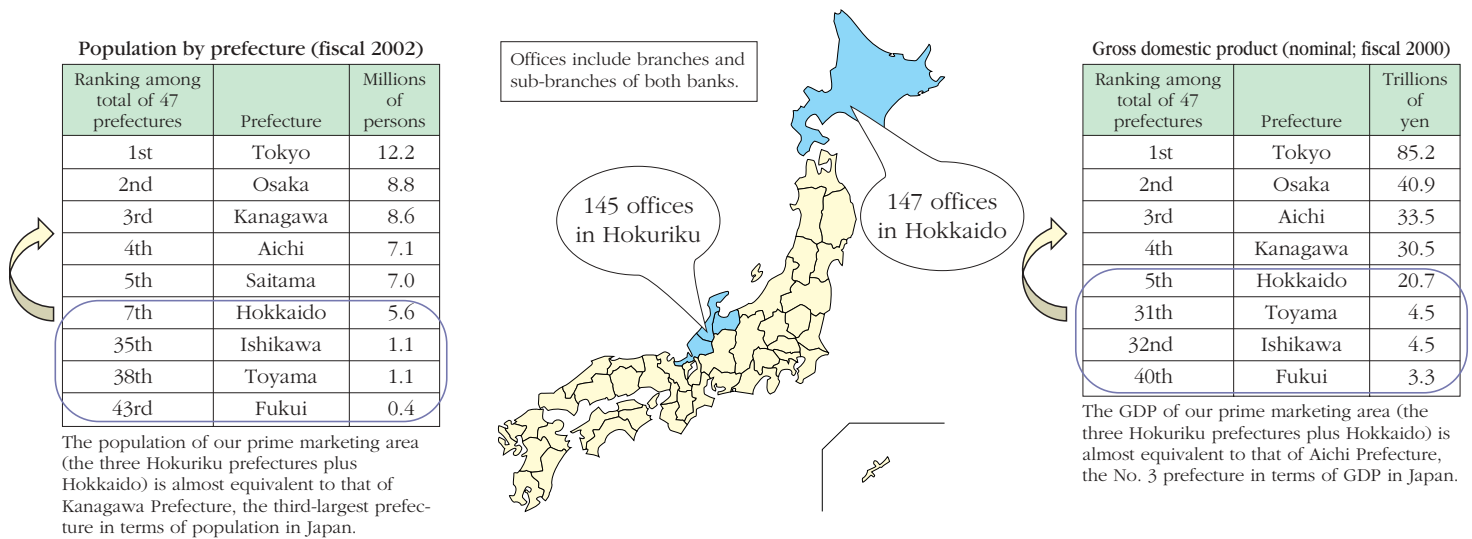
## Organizational Structure



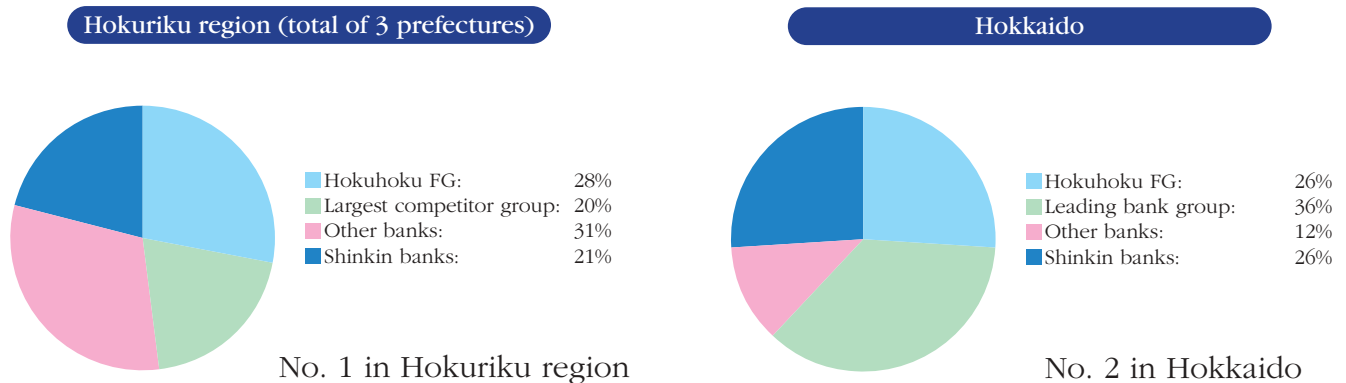
Name	Lines of Business
The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd.	Commercial bank
Hokugin Lease Co., Ltd.	Leasing
Hokuriku Card Co., Ltd.	Credit card operations, loan guarantees
Hokuriku Hosho Service Co., Ltd.	Credit guarantees
Hokugin Software Co., Ltd.	Software development
Hokuriku Capital Co., Ltd.	Venture capital, IPO consulting
Nihonkai Servicing Co., Ltd.	Servicer

# Situation in Prime Marketing Areas and Medium-Term Goals

## Population and GDP of prime marketing areas



## Group's market share (loan balance) in Hokuriku and Hokkaido



## Key goals for attainment of financial soundness

	(¥ billion)	
	Figures as of March 2004	Target figures for March 2008
Core business profit .....	87.8	98.9
Net income .....	15.7	42.1
ROA (core business profit divided by averaged total assets) .....	0.96%	1% or over
Overhead expenses as a percentage of gross profit on core business operations .....	50.77%	46.48%
Retained earnings*1 .....	37.8	129.9
Capital ratio (on a consolidated basis) .....	7.55%*2	9.18%
Bad debt ratio*3 .....	8.01%	up to 5.99%
Employees (excl. short-term contract staff) .....	4,832	4,280
Branches .....	255	245

\*1 Retained earnings represent the total sum of those recorded by the two banks and the holding company (the HokuGin Financial Group as of March 2004).

\*2 Capital ratio as of March 2004 is based on the figures recorded by the HokuGin Financial Group and the Hokkaido Bank, both on a consolidated basis. The respective combined figures are employed as the numerator and denominator for the calculation formula.

\*3 Bad debt as a percentage of total loan balance

Note: Figures represent a simple sum of the equivalent figures of the two banks, unless otherwise specified.

# FINANCIAL SECTION\*

## Consolidated Interim Balance Sheet (Unaudited)

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries (As of September 30, 2004)

	Millions of yen	Thousands of U.S. dollars
	2004	2004
<b>ASSETS</b>		
Cash and Due from Banks .....	¥ 394,269	\$ 3,550,380
Call Loans and Bills Bought .....	80,177	721,999
Commercial Paper and Other Debt Purchased .....	17,961	161,746
Trading Assets .....	9,699	87,340
Money Held in Trust .....	25,856	232,834
Securities .....	1,377,509	12,404,412
Loans and Bills Discounted .....	6,633,533	59,734,652
Foreign Exchanges .....	16,241	146,254
Other Assets .....	95,190	857,189
Premises and Equipment .....	121,957	1,098,218
Deferred Tax Assets .....	138,783	1,249,741
Goodwill .....	41,394	372,753
Customers' Liabilities for Acceptances and Guarantees .....	239,385	2,155,658
Reserve for Possible Loan Losses .....	(200,839)	(1,808,552)
<b>Total Assets .....</b>	<b>¥8,991,121</b>	<b>\$80,964,624</b>
<b>LIABILITIES, MINORITY INTERESTS, AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Deposits .....	¥8,176,087	\$73,625,281
Pledged Money for Securities Lending Transactions .....	42,507	382,776
Trading Liabilities .....	819	7,378
Borrowed Money .....	58,823	529,704
Foreign Exchanges .....	134	1,215
Corporate Bonds .....	32,740	294,822
Other Liabilities .....	56,905	512,433
Reserve for Employee Bonuses .....	23	215
Reserve for Employee Retirement Benefit .....	10,602	95,471
Deferred Tax Liabilities on Land Revaluation .....	7,991	71,962
Acceptances and Guarantees .....	239,385	2,155,658
<b>Total Liabilities .....</b>	<b>8,626,021</b>	<b>77,676,915</b>
<b>Minority Interests .....</b>	<b>403</b>	<b>3,632</b>
<b>Shareholders' Equity</b>		
Capital Stock .....	50,000	450,248
Capital Surplus .....	272,289	2,451,952
Retained Earnings .....	30,318	273,016
Land Revaluation Excess .....	11,774	106,029
Net Unrealized Gains on Available-for-Sale Securities .....	603	5,435
Less, Treasury Stock .....	(289)	(2,603)
<b>Total Shareholders' Equity .....</b>	<b>364,696</b>	<b>3,284,077</b>
<b>Total Liabilities, Minority Interests, and Shareholders' Equity .....</b>	<b>¥8,991,121</b>	<b>\$80,964,624</b>

\*Notes: 1. The accompanying consolidated financial statements and non-consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and the Banking Law of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. In preparing these financial statements, certain reclassifications and rearrangements have been made to the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

2. The yen amounts are stated in millions of yen by discarding amounts less than ¥1 million.

3. The U.S. dollar amounts are translated solely for convenience, at the rate of ¥111.05=\$1.00 as of September 30, 2004.

# Consolidated Interim Statement of Income and Retained Earnings (Unaudited)

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries (For the six months ended September 30, 2004)

	Millions of yen	Thousands of U.S. dollars
	2004	2004
<b>Income</b>		
Interest Income:		
Interest on Loans and Discounts .....	¥45,338	\$408,270
Interest and Dividends on Securities .....	4,815	43,366
Other Interest Income .....	448	4,039
Fees and Commissions .....	13,325	119,998
Trading Profit .....	1,234	11,116
Other Operating Income .....	11,822	106,458
Other Income .....	4,961	44,676
<b>Total Income</b> .....	<b>81,946</b>	<b>737,923</b>
<b>Expenses</b>		
Interest Expenses:		
Interest on Deposits .....	2,574	23,184
Other Interest Expenses .....	2,246	20,231
Fees and Commissions .....	2,955	26,612
Other Operating Expenses .....	8,093	72,881
General and Administrative Expenses .....	31,977	287,959
Other Expenses .....	22,496	202,584
<b>Total Expenses</b> .....	<b>70,344</b>	<b>633,451</b>
Income before Income Taxes and Minority Interest .....	11,601	104,472
Income Taxes:		
Current .....	727	6,551
Deferred .....	5,897	53,106
Minority Interests in Net Income .....	58	526
<b>Net Income</b> .....	<b>¥ 4,918</b>	<b>\$ 44,289</b>
<b>Capital Surplus</b>		
Balance, Beginning of Period .....	¥105,408	\$ 949,198
Additions .....	166,880	1,502,754
Gains on Sale of Treasury Stock .....	67	607
Increase due to Newly Consolidated Subsidiaries .....	166,813	1,502,147
<b>Balance, End of Period</b> .....	<b>272,289</b>	<b>2,451,952</b>
<b>Retained Earnings</b>		
Balance, Beginning of Period .....	27,228	245,192
Additions .....	5,234	47,136
Net Income .....	4,918	44,289
Reversal of Land Revaluation Excess .....	313	2,826
Increase due to Newly Consolidated Subsidiaries .....	2	21
Deductions .....	2,144	19,312
Cash Dividends .....	2,141	19,288
Decrease due to Wider Scope of Application of Equity Method .....	2	24
<b>Balance, End of Period</b> .....	<b>¥ 30,318</b>	<b>\$ 273,016</b>

# Consolidated Interim Statement of Cash Flows (Unaudited)

Hokuhoku Financial Group, Inc. and Consolidated Subsidiaries (For the six months ended September 30, 2004)

	Millions of yen	Thousands of U.S. dollars
	2004	2004
<b>I. Cash Flows from Operating Activities</b>		
Income before Income Taxes and Minority Interest .....	¥ 11,601	\$ 104,473
Depreciation .....	7,280	65,565
Amortization of Goodwill .....	105	946
Equity in Earnings of Affiliates .....	2	25
Increase in Reserve for Possible Loan Losses .....	7,474	67,311
Increase in Reserve for Employee Bonuses .....	1	17
Decrease in Reserve for Employee Retirement Benefit .....	(457)	(4,123)
Interest Income .....	(50,602)	(455,675)
Interest Expenses .....	4,821	43,414
Gain on Securities Transactions .....	(1,222)	(11,013)
Loss on Money Held in Trust .....	4	41
Gain on Foreign Exchange Translations .....	(142)	(1,280)
Loss on Sales of Premises and Equipment .....	1,183	10,660
Decrease in Trading Assets .....	721	6,501
Decrease in Trading Liabilities .....	(127)	(1,148)
Net Decrease in Loans and Bills Discounted .....	65,315	588,167
Net Decrease in Deposits (excluding NCDs) .....	(212,345)	(1,912,160)
Net Increase in NCDs .....	42,693	384,450
Net Increase in Borrowed Money (excluding subordinated loans) .....	2,100	18,912
Net Decrease in Due from Banks (excluding Central Bank) .....	7,474	67,307
Net Decrease in Call Loans .....	126,254	1,136,917
Net Decrease in Call Money .....	(13,800)	(124,268)
Net Decrease in Pledged Money for Securities Lending Transactions .....	(3,974)	(35,788)
Net Increase in Foreign Exchanges (Assets) .....	(1,556)	(14,014)
Net Decrease in Foreign Exchanges (Liabilities) .....	(69)	(624)
Net Decrease in Corporate Bonds .....	(10)	(90)
Interest Income Received .....	47,707	429,608
Interest Expenses Paid .....	(4,828)	(43,484)
Other .....	6,634	59,745
Subtotal .....	42,242	380,392
Income Taxes Paid .....	(613)	(5,526)
Net Cash Provided by Operating Activities .....	41,628	374,866
<b>II. Cash Flows from Investing Activities</b>		
Purchases of Securities .....	(125,540)	(1,130,482)
Proceeds from Sale of Securities .....	93,049	837,906
Proceeds from Redemption of Bonds .....	61,775	556,286
Increase in Money Held in Trust .....	(1,420)	(12,787)
Revenue from Investment Activities .....	4,305	38,770
Purchases of Premises and Equipment .....	(717)	(6,458)
Proceeds from Sale of Premises and Equipment .....	496	4,473
Net Cash Provided by Investing Activities .....	31,949	287,708
<b>III. Cash Flows from Financing Activities</b>		
Payments to Financing Activities .....	(1,049)	(9,449)
Dividends Paid .....	(2,141)	(19,288)
Dividends Paid to Minority Shareholders .....	(53)	(482)
Purchase of Own Shares for inclusion in Treasury Stock .....	(40)	(365)
Proceeds from Sale of Treasury Stock .....	1,254	11,300
Net Cash Used in Financing Activities .....	(2,030)	(18,284)
<b>IV. Effects of Changes in Exchange Rates on Cash and Cash Equivalents .....</b>	<b>19</b>	<b>176</b>
<b>V. Net Increase in Cash and Cash Equivalents .....</b>	<b>71,567</b>	<b>644,466</b>
<b>VI. Cash and Cash Equivalents at Beginning of Period .....</b>	<b>184,308</b>	<b>1,659,686</b>
<b>VII. Increase in Cash and Cash Equivalents Due to Newly Consolidated Subsidiaries .....</b>	<b>130,175</b>	<b>1,172,227</b>
<b>VIII. Cash and Cash Equivalents at End of Period .....</b>	<b>¥386,051</b>	<b>\$3,476,379</b>

## Non-Consolidated Interim Balance Sheets (Unaudited)

The Hokuriku Bank, Ltd. (As of September 30, 2004 and 2003)

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>ASSETS</b>			
Cash and Due from Banks .....	¥ 105,401	¥ 110,210	\$ 949,136
Call Loans and Bills Bought .....	80,074	70,000	721,067
Commercial Paper and Other Debt Purchased .....	17,948	9,273	161,627
Trading Assets .....	5,035	3,144	45,344
Money Held in Trust .....	2,413	2,415	21,730
Securities .....	737,789	983,744	6,643,760
Loans and Bills Discounted .....	4,252,268	4,275,564	38,291,474
Foreign Exchanges .....	11,954	10,437	107,646
Other Assets .....	30,671	36,533	276,198
Premises and Equipment .....	75,104	81,170	676,312
Deferred Tax Assets .....	89,673	99,523	807,501
Customers' Liabilities for Acceptances and Guarantees .....	170,783	150,047	1,537,898
Reserve for Possible Loan Losses .....	(120,898)	(99,029)	(1,088,690)
Total Assets .....	¥5,458,218	¥5,733,035	\$49,151,003
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits .....	¥4,960,150	¥5,206,973	\$44,665,918
Pledged Money for Securities Lending Transactions .....	24,022	68,633	216,322
Trading Liabilities .....	819	921	7,378
Borrowed Money .....	76,953	76,967	692,964
Foreign Exchanges .....	85	197	771
Other Liabilities .....	28,520	32,724	256,822
Reserve for Employee Retirement Benefit .....	133	1,215	1,200
Reserve for Possible Losses on Sale of Loans .....	—	662	0
Deferred Tax Liabilities on Land Revaluation .....	7,991	8,901	71,962
Acceptances and Guarantees .....	170,783	150,047	1,537,898
Total Liabilities .....	5,269,459	5,547,244	47,451,235
<b>Shareholders' Equity</b>			
Capital Stock .....	140,409	140,409	1,264,381
Capital Surplus .....	14,998	14,998	135,065
Appropriated for Statutory Reserve .....	14,998	14,998	135,065
Retained Earnings .....	23,006	23,395	207,176
Appropriated for Statutory Reserve .....	1,646	231	14,827
Unappropriated Retained Earnings .....	21,360	23,164	192,349
Net Income .....	3,047	2,639	27,447
Land Revaluation Excess .....	11,774	13,115	106,029
Net Unrealized Losses on Available-for-Sale Securities .....	(1,430)	(6,127)	(12,883)
Total Shareholders' Equity .....	188,759	185,791	1,699,768
Total Liabilities and Shareholders' Equity .....	¥5,458,218	¥5,733,035	\$49,151,003

## Non-Consolidated Interim Statements of Income (Unaudited)

The Hokuriku Bank, Ltd. (For the six months ended September 30, 2004 and 2003)

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts .....	¥40,827	¥43,135	\$367,651
Interest and Dividends on Securities .....	4,276	5,704	38,506
Other Interest Income .....	414	369	3,731
Fees and Commissions .....	10,602	8,494	95,477
Trading Profit .....	1,223	1,011	11,019
Other Operating Income .....	1,580	2,421	14,236
Other Income .....	4,584	9,036	41,283
Total Income .....	63,509	70,172	571,903
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits .....	2,442	3,844	21,990
Other Interest Expenses .....	2,099	2,190	18,905
Fees and Commissions .....	2,817	2,187	25,369
Other Operating Expenses .....	187	957	1,686
General and Administrative Expenses .....	26,840	27,678	241,701
Other Expenses .....	19,999	31,809	180,091
Total Expenses .....	54,385	68,668	489,742
Income before Income Taxes .....	9,123	1,504	82,161
Income Taxes:			
Current .....	45	48	405
Deferred .....	6,030	(1,183)	54,309
Net Income .....	3,047	2,639	27,447
Retained Earnings Brought Forward from Previous Period .....	17,998	18,782	162,076
Transfer from Land Revaluation Excess .....	313	1,743	2,826
Unappropriated Retained Earnings at End of Period .....	¥21,360	¥23,164	\$192,349

## Non-Consolidated Interim Balance Sheets (Unaudited)

The Hokkaido Bank, Ltd. (As of September 30, 2004 and 2003)

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>ASSETS</b>			
Cash and Due from Banks .....	¥ 288,106	¥ 249,312	\$ 2,594,383
Call Loans and Bills Bought .....	103	595	932
Commercial Paper and Other Debt Purchased .....	4	4	45
Trading Assets .....	4,663	5,313	41,996
Money Held in Trust .....	23,443	5,057	211,104
Securities .....	660,033	651,106	5,943,567
Loans and Bills Discounted .....	2,413,965	2,434,344	21,737,643
Foreign Exchanges .....	4,287	2,383	38,608
Other Assets .....	17,112	12,647	154,097
Premises and Equipment .....	29,537	29,631	265,981
Deferred Tax Assets .....	50,186	61,709	451,931
Customers' Liabilities for Acceptances and Guarantees .....	36,644	43,002	329,984
Reserve for Possible Loan Losses .....	(73,646)	(93,860)	(663,185)
<b>Total Assets .....</b>	<b>¥3,454,441</b>	<b>¥3,401,247</b>	<b>\$31,107,086</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits .....	¥3,244,771	¥3,121,019	\$29,219,018
Pledged Money for Securities Lending Transactions .....	18,484	60,139	166,454
Bills Sold .....	—	38,900	—
Foreign Exchanges .....	49	58	444
Other Liabilities .....	13,996	11,831	126,035
Reserve for Employee Retirement Benefit .....	10,293	11,427	92,690
Reserve for Possible Losses on Sale of Loans .....	—	1,270	—
Acceptances and Guarantees .....	36,644	43,002	329,984
<b>Total Liabilities .....</b>	<b>3,324,240</b>	<b>3,287,649</b>	<b>29,934,625</b>
<b>Shareholders' Equity</b>			
Capital Stock .....	93,524	93,524	842,179
Capital Surplus .....	16,795	16,795	151,239
Appropriated for Statutory Reserve .....	16,795	16,795	151,239
Retained Earnings .....	12,873	3,225	115,927
Appropriated for Statutory Reserve .....	510	—	4,593
Unappropriated Retained Earnings .....	12,363	3,225	111,334
Net Income .....	4,530	3,225	40,798
Net Unrealized Gains on Available-for-Sale Securities .....	7,009	77	63,116
Less, Treasury Stock .....	—	(23)	—
<b>Total Shareholders' Equity .....</b>	<b>130,201</b>	<b>113,597</b>	<b>1,172,461</b>
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>¥3,454,441</b>	<b>¥3,401,247</b>	<b>\$31,107,086</b>

## Non-Consolidated Interim Statements of Income (Unaudited)

The Hokkaido Bank, Ltd. (For the six months ended September 30, 2004 and 2003)

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>Income</b>			
Interest Income:			
Interest on Loans and Discounts .....	¥26,688	¥27,305	\$240,331
Interest and Dividends on Securities .....	3,278	2,552	29,524
Other Interest Income .....	151	146	1,361
Fees and Commissions .....	8,066	7,227	72,639
Other Operating Income .....	848	496	7,638
Other Income .....	1,635	2,107	14,724
Total Income .....	40,668	39,835	366,217
<b>Expenses</b>			
Interest Expenses:			
Interest on Deposits .....	807	951	7,272
Other Interest Expenses .....	3	6	35
Fees and Commissions .....	2,562	2,290	23,071
Other Operating Expenses .....	221	106	1,995
General and Administrative Expenses .....	19,325	19,577	174,029
Other Expenses .....	9,430	14,712	84,917
Total Expenses .....	32,350	37,645	291,319
Income before Income Taxes .....	8,317	2,189	74,898
Income Taxes:			
Current .....	32	33	289
Deferred .....	3,754	(1,069)	33,811
Net Income .....	4,530	3,225	40,798
Retained Earnings Brought Forward from Previous Period .....	7,833	—	70,536
Unappropriated Retained Earnings at End of Period .....	¥12,363	¥ 3,225	\$111,334



# Hokuhoku Financial Group, Inc.

## ✦ Service Network

### Head Office

2-26, Tsutsumicho-dori 1-chome, Toyama 930-8637

URL: <http://www.hokuhoku-fg.co.jp/>

Telephone: +81-76-423-7331

E-mail: [honsha1@hokuhoku-fg.co.jp](mailto:honsha1@hokuhoku-fg.co.jp)

(Hokuriku Bank)

### International Department

2-26, Tsutsumicho-dori 1-chome, Toyama 930-8637

Telephone: +81-76-423-7111

E-mail: [kokusaibu@hokugin.co.jp](mailto:kokusaibu@hokugin.co.jp)

### International Operational Center

2-10, Nihonbashi-Muromachi 3-chome, Chuo-ku, Tokyo 103-0022

Telephone: +81-3-3231-7329

Facsimile: +81-3-3270-5028

E-mail: [b.office@hokugin.co.jp](mailto:b.office@hokugin.co.jp)

SWIFT Address: RIKB JP JT

(Hokkaido Bank)

### Foreign Business Support Center

1, Nishi 4-chome, Odori, Chuo-ku, Sapporo 060-8676

Telephone: +81-11-233-1093

Facsimile: +81-11-231-3133

E-mail: [schikaku@cello.ocn.ne.jp](mailto:schikaku@cello.ocn.ne.jp)

SWIFT Address: HKDB JP JT

Number of Domestic Offices: 253

(Hokuriku Bank 132, Hokkaido Bank 121)

### Overseas Offices

(Hokuriku Bank)

#### New York Representative Office

780 Third Avenue, 28th Floor, New York, NY 10017, USA

Telephone: +1-212-355-3883

Facsimile: +1-212-355-3204

E-mail: [nyrep@hokugin.com](mailto:nyrep@hokugin.com)

#### Shanghai Representative Office

HSBC Tower, 28th Floor, 101 Yin Cheng East Rd.,

Pudong, Shanghai, People's Republic of China

Telephone: +86-21-6841-0058

Facsimile: +86-21-6841-2701

E-mail: [hokugin@online.sh.cn](mailto:hokugin@online.sh.cn)

#### Singapore Representative Office

6 Battery Road #17-04, Singapore 049909

Telephone: +65-6534-0010

Facsimile: +65-6534-0070

E-mail: [hokuriku@singnet.com.sg](mailto:hokuriku@singnet.com.sg)