

Financial Highlights

For the Third Quarter of FY 2018

(April 1, 2018 through December 31, 2018)



THE HOKKOKU BANK, LTD.

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(Note)

All numbers and ratios less down unit have been rounded down.

The amounts, ratios or any other information presented herein have not been audited.

The Hokkoku Bank, Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheets

(Millions of yen)

| | March 31, 2018 | December 31, 2018 |
|---|------------------|-------------------|
| Assets: | | |
| Cash and due from banks | 1,094,772 | 1,069,333 |
| Call loans and bills bought | 54,561 | — |
| Monetary claims bought | 3,637 | 4,083 |
| Trading account securities | 167 | 77 |
| Money held in trusts | 13,531 | 13,648 |
| Securities | 1,060,597 | 1,072,923 |
| Loans and bills discounted | 2,402,114 | 2,531,480 |
| Foreign exchanges | 11,963 | 13,477 |
| Lease receivables and investment in leased assets | 29,602 | 32,309 |
| Other assets | 77,464 | 71,663 |
| Tangible fixed assets | 34,155 | 33,590 |
| Intangible fixed assets | 9,385 | 9,774 |
| Deferred tax assets | 168 | 159 |
| Customers' liabilities for acceptances and guarantees | 17,544 | 17,398 |
| Reserve for possible loan losses | △36,774 | △37,824 |
| Total assets | 4,772,893 | 4,832,094 |

(Millions of yen)

| | March 31, 2018 | December 31, 2018 |
|---|------------------|-------------------|
| Liabilities: | | |
| Deposits | 3,362,662 | 3,432,053 |
| Negotiable certificates of deposit | 76,821 | 64,701 |
| Call money and bills sold | 696,969 | 771,933 |
| Payables under repurchase agreements | 93,828 | 112,740 |
| Guarantee deposit under securities lending transactions | 197,918 | 129,178 |
| Borrowed money | 3,977 | 2,751 |
| Foreign exchanges | 7 | 22 |
| Other liabilities | 21,353 | 23,269 |
| Reserve for bonuses | 806 | — |
| Net defined benefit liability | 15,239 | 14,467 |
| Reserve for directors' retirement benefits | 26 | 29 |
| Reserve for management board incentive plan trust | 453 | 511 |
| Reserve for reimbursement of deposits | 263 | 251 |
| Reserve for loss on interest repayment | 59 | 44 |
| Reserve for customer service points | 139 | 123 |
| Deferred tax liabilities | 14,320 | 6,530 |
| Deferred tax liability arising from revaluation of land | 1,724 | 1,724 |
| Acceptances and guarantees | 17,544 | 17,398 |
| Total liabilities | 4,504,115 | 4,577,731 |
| Net Assets: | | |
| Common stock | 26,673 | 26,673 |
| Capital surplus | 12,854 | 12,854 |
| Retained earnings | 167,344 | 172,679 |
| Treasury shares | △5,138 | △5,141 |
| Total shareholders' equity | 201,734 | 207,065 |
| Net unrealized gains on available-for-sale securities | 60,762 | 40,276 |
| Net deferred gains or losses on hedging instruments | △2 | △25 |
| Land revaluation surplus | 2,371 | 2,371 |
| Remeasurements of defined benefit plans | △3,745 | △3,102 |
| Total accumulated other comprehensive income | 59,386 | 39,519 |
| Non-controlling interests | 7,656 | 7,777 |
| Total net assets | 268,777 | 254,362 |
| Total liabilities and net assets | 4,772,893 | 4,832,094 |

Consolidated Statements of Income

(Millions of yen)

| | Nine Months ended December 31, 2017 | Nine Months ended December 31, 2018 |
|---|--|--|
| Ordinary income | 53,773 | 51,222 |
| Interest income | 33,086 | 31,181 |
| Interest on loans and discounts | 20,174 | 19,774 |
| Interest and dividends on securities | 12,489 | 10,973 |
| Fees and commissions | 7,215 | 7,491 |
| Other operating income | 9,736 | 9,538 |
| Other income | 3,734 | 3,011 |
| Ordinary expenses | 37,995 | 38,638 |
| Interest expense | 2,140 | 3,253 |
| Interest on deposits | 305 | 270 |
| Fees and commissions | 2,217 | 2,395 |
| Other operating expenses | 8,385 | 7,492 |
| General and administrative expenses | 23,052 | 22,854 |
| Other expenses | 2,198 | 2,642 |
| Ordinary profit | 15,777 | 12,584 |
| Extraordinary income | 275 | 0 |
| Extraordinary losses | 861 | 98 |
| Profit before income taxes | 15,191 | 12,485 |
| Income taxes | 4,449 | 4,255 |
| Current | 4,738 | 3,708 |
| Deferred | △289 | 546 |
| Profit | 10,742 | 8,230 |
| Profit attributable to non-controlling interests | 338 | 276 |
| Profit attributable to owners of parent | 10,403 | 7,954 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Nine Months Ended December 31, 2017 | Nine Months Ended December 31, 2018 |
|---|--|--|
| Profit | 10,742 | 8,230 |
| Other comprehensive income | 25,639 | △20,016 |
| Net unrealized gains on available-for-sale securities | 24,856 | △20,635 |
| Net deferred gains or losses on hedging instruments | 22 | △23 |
| Remeasurements of defined benefit plans | 760 | 642 |
| Comprehensive income | 36,381 | △11,785 |
| Owners of the parent | 35,530 | △11,912 |
| Non-controlling interests | 851 | 126 |

Financial Highlights (consolidated)

Consolidated Operating Results

(Millions of yen)

| | Nine Months ended December 31, 2017 (B) | Nine Months ended December 31, 2018 (A) | (A)–(B) |
|---|---|---|---------|
| Ordinary income | 53,773 | 51,222 | △2,551 |
| Ordinary profit | 15,777 | 12,584 | △3,193 |
| Profit attributable to owners of parent | 10,403 | 7,954 | △2,449 |
| Earnings per share-basic(yen) | 352.92 | 275.06 | △77.86 |
| Earnings per share-diluted(yen) | — | — | — |

Note: The Hokkoku Bank, Ltd. implemented a common stock consolidation at a ratio of ten stocks to one stock on October 1, 2017.

The above earnings per share-basic(yen) and earnings per share-diluted(yen) are calculated on the assumption that this stock consolidation took place at the beginning of the previous year.

Earnings per share-diluted(yen) is not indicated as there is no amount of share-diluted.

(%)

| | March 31, 2018 (B) | December 31, 2018 (A) | (A)–(B) |
|------------------|-----------------------|--------------------------|---------|
| Net assets ratio | 5.4 | 5.1 | △0.3 |

Note: Net assets ratio = (Total Net Assets – Non-controlling Interests) / Total Assets

Forecasts for the year ending March 31, 2019

(Millions of yen)

| | Year ending March 31, 2019 |
|--|----------------------------|
| Ordinary profit | 13,500 |
| Profits attributable to owners of parent | 8,500 |
| Earnings per share-basic(yen) | 293.93 |

Note: Revision of earnings forecasts from the latest announcement: No

Soundness of Assets (non-consolidated)

Disclosed Assets Based on the Financial Reconstruction Law (Before partial direct write-off)

(Billions of yen)

| | December 31, 2017 (B) | December 31, 2018 (A) | (A)–(B) |
|-------------------------------|--------------------------|--------------------------|---------|
| Bankrupt or De facto Bankrupt | 8 | 8 | — |
| Doubtful | 51 | 47 | △4 |
| Special Attention | 2 | 1 | △1 |
| Subtotal (C) | 61 | 57 | △4 |
| Normal assets | 2,463 | 2,573 | 110 |
| Total (D) | 2,525 | 2,631 | 106 |

| | | | |
|---------------|------|------|-------|
| (C) / (D) (%) | 2.43 | 2.18 | △0.25 |
|---------------|------|------|-------|

Disclosed Assets Based on the Financial Reconstruction Law (After partial direct write-off)

(Billions of yen)

| | December 31, 2017 (B) | December 31, 2018 (A) | (A)–(B) |
|-------------------------------|--------------------------|--------------------------|---------|
| Bankrupt or De facto Bankrupt | 7 | 7 | — |
| Doubtful | 51 | 47 | △4 |
| Special Attention | 2 | 1 | △1 |
| Subtotal (C) | 60 | 56 | △4 |
| Normal assets | 2,463 | 2,573 | 110 |
| Total (D) | 2,523 | 2,630 | 107 |

| | | | |
|---------------|------|------|-------|
| (C) / (D) (%) | 2.38 | 2.13 | △0.25 |
|---------------|------|------|-------|