

Affirmed BBB/Stable rating on senior debts of Hokuto Bank  
December 21, 2010

<Rationale>

The Hokuto Bank, Ltd. is a regional bank headquartered in Akita City, Akita Prefecture, which holds a fund volume of about 1 trillion yen. It seems that its relatively rapid development in retail business including opening of in-store branches and improvement in sales method of the assets in custody by utilizing Shonai Bank's know-how has contributed to the strengthening of fees and commissions. The Bank's core net business income has been increasing since it bottomed in the fiscal year ended March 31, 2008, and this income for the 2nd quarter of the fiscal year ending March 31, 2011 was higher than the income a year earlier thanks to cutback in expenses. Although its consolidated NPL ratio (after partial direct write-offs) was 3.89% at the end of September 2010, down 1.36% from the ratio at the end of March 2010, the level including partial direct write-offs was a slightly high. Its consolidated Tier 1 capital ratio increased sharply by 2.72% from a year earlier to 7.83% at the end of September 2010 due mainly to injection of public funds amounting 10 billion yen into it. However, this ratio excluding public funds and deferred tax assets is slightly weak. JCR affirmed the "BBB" rating for the Bank, taking into consideration the fact that while there have been improvements and progress in earnings power and disposal of non-performing loans, there remains room for improvement in the quality of loan assets and capital.

Issuer: The Hokuto Bank, Ltd.

<Affirmation>

Senior debts: BBB/Stable