

Financial Summary

First Quarter (Three Months) ended June 30, 2018



August 3, 2018
North Pacific Bank, Ltd.

Tokyo Stock Exchange First Section, Sapporo Securities Exchange: 8524

I. Financial Statements

1. Consolidated Balance Sheets

(¥ millions)

		As of Mar. 31, 2018	As of Jun. 30, 2018
Assets	資産の部		
Cash and due from banks	現金預け金	1,409,341	1,376,539
Call loans and bills bought	コールローン及び買入手形	2,681	254,121
Monetary claims bought	買入金銭債権	14,481	13,144
Trading account securities	商品有価証券	4,345	4,377
Securities	有価証券	1,489,802	1,422,471
Loans and bills discounted	貸出金	6,251,728	6,201,095
Foreign exchanges	外国為替	7,399	6,127
Lease receivables and investment assets	リース債権及びリース投資資産	49,490	50,150
Other assets	その他資産	158,667	169,156
Property, plant and equipment	有形固定資産	88,412	87,661
Intangible assets	無形固定資産	8,786	8,528
Net defined benefit asset	退職給付に係る資産	75	140
Deferred tax assets	繰延税金資産	273	337
Customers' liabilities for acceptances and guarantees	支払承諾見返	52,801	55,043
Allowance for loan losses	貸倒引当金	(37,778)	(37,017)
Total assets	資産の部合計	9,500,510	9,611,879
Liabilities	負債の部		
Deposits	預金	8,344,356	8,250,539
Negotiable certificates of deposit	譲渡性預金	77,667	355,320
Payables under repurchase agreements	売現先勘定	31,064	23,387
Payables under securities lending transactions	債券貸借取引受入担保金	145,169	40,901
Borrowed money	借入金	328,848	360,229
Foreign exchanges	外国為替	125	434
Other liabilities	その他負債	52,122	53,504
Provision for bonuses	賞与引当金	1,828	457
Net defined benefit liability	退職給付に係る負債	228	235
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,976	2,109
Provision for point card certificates	ポイント引当金	384	515
Deferred tax liabilities	繰延税金負債	30,347	32,754
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,643	2,643
Acceptances and guarantees	支払承諾	52,801	55,043
Total liabilities	負債の部合計	9,069,565	9,178,076
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	72,367	72,392
Retained earnings	利益剰余金	133,386	134,586
Treasury shares	自己株式	(0)	(2,326)
Total shareholders' equity	株主資本合計	326,854	325,753
Valuation difference on available-for-sale securities	その他有価証券評価差額金	92,193	96,135
Revaluation reserve for land	土地再評価差額金	5,380	5,380
Remeasurements of defined benefit plans	退職給付に係る調整累計額	387	291
Total accumulated other comprehensive income	その他の包括利益累計額合計	97,960	101,808
Share acquisition rights	新株予約権	128	113
Non-controlling interests	非支配株主持分	6,001	6,127
Total net assets	純資産の部合計	430,945	433,803
Total liabilities and net assets	負債及び純資産の部合計	9,500,510	9,611,879

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Three months ended Jun. 30,	
		2017	2018
Ordinary income	経常収益	35,178	35,377
Interest income	資金運用収益	19,590	18,353
Of which, interest on loans and discounts	うち貸出金利息	15,510	14,966
Of which, interest and dividends on securities	うち有価証券利息配当金	3,915	3,233
Fees and commissions	役務取引等収益	7,295	7,489
Other ordinary income	その他業務収益	7,028	7,855
Other income	その他経常収益	1,263	1,679
Ordinary expenses	経常費用	31,462	30,916
Interest expenses	資金調達費用	995	837
Of which, interest on deposits	うち預金利息	125	106
Fees and commissions payments	役務取引等費用	3,214	3,100
Other ordinary expenses	その他業務費用	7,065	7,635
General and administrative expenses	営業経費	19,751	18,901
Other expenses	その他経常費用	435	440
Ordinary profit	経常利益	3,715	4,461
Extraordinary income	特別利益	0	—
Gain on disposal of non-current assets	固定資産処分益	0	—
Extraordinary losses	特別損失	51	32
Loss on disposal of non-current assets	固定資産処分損	30	24
Impairment loss	減損損失	20	7
Profit before income taxes	税金等調整前四半期純利益	3,664	4,429
Income taxes – current	法人税、住民税及び事業税	268	537
Income taxes – deferred	法人税等調整額	602	629
Total income taxes	法人税等合計	871	1,167
Profit	四半期純利益	2,793	3,261
Profit attributable to non-controlling interests	非支配株主に帰属する四半期純利益	17	66
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	2,775	3,195

(2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Three months ended Jun. 30,	
		2017	2018
Profit	四半期純利益	2,793	3,261
Other comprehensive income	その他の包括利益	11,346	3,906
valuation difference on available-for-sale securities	その他有価証券評価差額金	11,314	4,002
Remeasurements of defined benefit plans , net of tax	退職給付に係る調整額	32	(95)
Comprehensive income	四半期包括利益	14,139	7,168
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	13,755	7,042
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	384	125

II . Digest of financial results for three months ended June 30, 2018

1. Summary (Non-Consolidated)

	Three months ended Jun.30,		Increase/ (Decrease)	(¥ millions)
	2017	2018		Six months ending Sep.30, 2018 (Forecasts)
Ordinary income	28,823	28,935	112	55,700
Core gross profit	22,369	21,501	(868)	44,200
Net interest income	19,069	17,781	(1,288)	
Net fees and commissions	3,315	3,413	98	
Net other operating income (excluding gains (losses) on bonds)	(15)	306	321	
Expenses (excluding non-recurring losses)	19,225	18,576	(649)	36,000
Core operating profit	3,143	2,925	(218)	8,200
Credit cost	(838)	(908)	(70)	800
Gains (losses) on securities	27	374	347	
Bonds, etc	(387)	(427)	(40)	
Stocks, etc	414	801	387	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	31	310	279	
Ordinary profit	4,041	4,517	476	9,400
Extraordinary income (losses)	(51)	(32)	19	
Income before income taxes	3,990	4,485	495	
Income taxes	891	1,144	253	
Net income	3,098	3,341	243	6,200
Operating profit	2,756	2,497	(259)	

Core gross profit = Net interest income + Net fees and commissions + Net other operating income(excluding gains (losses) on bonds)

Core operating profit = Core gross profit - Expenses(excluding non-recurring losses)

2. Deposits and NCDs (Non-Consolidated)

【Average balance】

(¥ billions)

	Three months ended Jun.30,		Increase/ (Decrease)	Year ended Mar. 31,2018 (B)	(A)–(B)
	2017	2018 (A)			
Deposits and NCDs	8,190.4	8,437.6	247.1	8,259.8	177.7
Corporate	2,260.2	2,333.5	73.3	2,245.4	88.1
Individual	5,330.7	5,497.7	166.9	5,399.7	97.9
Public sectors and financial institutions	599.4	606.3	6.9	614.7	(8.3)

【Outstanding balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2018 (B)	(A)–(B)
	2017	2018 (A)			
Deposits and NCDs	8,346.8	8,622.5	275.7	8,439.8	182.7
Deposit assets	324.0	304.9	(19.1)	314.3	(9.4)
Safe custody of public bonds	149.0	135.2	(13.8)	141.9	(6.7)
Investment trusts	175.0	169.6	(5.3)	172.3	(2.6)
Total	8,670.9	8,927.4	256.5	8,754.2	173.2

<Reference>

Individual annuity insurance, etc.	596.4	646.9	50.5	634.8	12.1
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Individual annuity insurance, etc. sales reflect cumulative sales amounts.

3. Loans and bills discounted (Non-Consolidated)

【Average balance】

(¥ billions)

	Three months ended Jun.30,		Increase/ (Decrease)	Year ended Mar. 31,2018 (B)	(A)–(B)
	2017	2018 (A)			
Loans and bills discounted	6,083.3	6,236.3	153.0	6,210.5	25.8
Enterprises	2,538.6	2,558.2	19.5	2,595.4	(37.1)
Individuals	1,722.3	1,768.4	46.1	1,738.5	29.9
Public sectors	1,822.3	1,909.6	87.3	1,876.6	33.0

Public sector loans include loans to government and land development public corporations.

【Outstanding balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2018 (B)	(A)–(B)
	2017	2018 (A)			
SMEs, etc	3,418.1	3,504.8	86.6	3,562.3	(57.5)
Loans and bills discounted	6,148.6	6,257.7	109.1	6,309.3	(51.5)
In Hokkaido	5,124.7	5,215.0	90.2	5,270.9	(55.9)

4. Securities (Non-Consolidated)**【Outstanding balance】**

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2018 (B)	(A)–(B)
	2017	2018 (A)			
Securities	1,709.5	1,418.2	(291.2)	1,485.8	(67.5)

5. Unrealized Gains (Losses) on Securities (Non-Consolidated)

(¥ billions)

	As of Mar.31, 2018			As of Jun.30, 2018			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)–(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	128.5	134.8	6.3	134.1	5.5	138.0	3.9
Stocks	112.6	114.5	1.9	117.5	4.9	118.4	0.9
Bonds	16.9	17.3	0.3	16.1	(0.8)	16.4	0.3
Others	(1.0)	2.9	3.9	0.4	1.4	3.1	2.6
Nikkei stock average (¥)	21,454			22,304			
New 10-year Japanese government bond yield (%)	0.045%			0.030%			

6. Problem Assets Based on the Financial Revitalization Law (Non-Consolidated)

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2018 (B)	(A)–(B)
	2017	2018 (A)			
Bankrupt and quasi-bankrupt assets	33.1	27.3	(5.7)	27.9	(0.6)
Doubtful assets	40.4	36.5	(3.8)	40.3	(3.7)
Substandard loans	12.6	11.1	(1.4)	11.7	(0.5)
Total (a)	86.1	75.1	(11.0)	80.0	(4.9)
After partial direct write-offs (b) *	66.1	59.7	(6.4)	64.6	(4.9)
Normal assets	6,255.4	6,384.2	128.7	6,426.7	(42.4)
Total claims (c)	6,341.6	6,459.3	117.7	6,506.8	(47.4)
After partial direct write-offs (d) *	6,321.6	6,443.9	122.3	6,491.3	(47.4)
< Percentage of total claims >					(%)
(a) / (c)	1.35	1.16	(0.19)	1.23	(0.07)
(b) / (d) *	1.04	0.92	(0.12)	0.99	(0.07)

*Partial direct write-offs have not been implemented. The figures as they would appear after partial direct write-offs are shown for reference.

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