

Financial Summary

Third Quarter (Nine Months) ended December 31, 2019



February 10, 2020
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, 2019	As of Dec. 31, 2019
Assets	資産の部		
Cash and due from banks	現金預け金	1,614,911	1,647,524
Call loans and bills bought	コールローン及び買入手形	858	1,898
Monetary claims bought	買入金銭債権	13,572	13,893
Trading account securities	商品有価証券	4,321	4,192
Securities	有価証券	1,265,106	1,320,254
Loans and bills discounted	貸出金	6,518,080	6,718,218
Foreign exchanges	外国為替	9,347	4,153
Lease receivables and investment assets	リース債権及びリース投資資産	51,506	53,353
Other assets	その他資産	167,298	179,331
Property, plant and equipment	有形固定資産	87,115	82,183
Intangible assets	無形固定資産	8,579	7,066
Net defined benefit asset	退職給付に係る資産	—	54
Deferred tax assets	繰延税金資産	631	574
Customers' liabilities for acceptances and guarantees	支払承諾見返	52,241	55,098
Allowance for loan losses	貸倒引当金	(33,795)	(33,558)
Total assets	資産の部合計	9,759,776	10,054,239
Liabilities	負債の部		
Deposits	預金	8,596,305	8,598,232
Negotiable certificates of deposit	譲渡性預金	74,818	264,930
Payables under repurchase agreements	売現先勘定	—	3,884
Payables under securities lending transactions	債券貸借取引受入担保金	118,320	108,847
Borrowed money	借入金	405,955	485,329
Foreign exchanges	外国為替	414	273
Other liabilities	その他負債	59,103	63,541
Provision for bonuses	賞与引当金	1,751	412
Provision for share-based remuneration	株式給付引当金	71	102
Net defined benefit liability	退職給付に係る負債	409	355
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	2,278	2,920
Provision for point card certificates	ポイント引当金	431	386
Reserves under special laws	特別法上の引当金	19	19
Deferred tax liabilities	繰延税金負債	24,016	30,658
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,576	2,192
Acceptances and guarantees	支払承諾	52,241	55,098
Total liabilities	負債の部合計	9,338,715	9,617,186
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	72,485	74,741
Retained earnings	利益剰余金	143,718	147,728
Treasury shares	自己株式	(1,260)	(2,927)
Total shareholders' equity	株主資本合計	336,044	340,643
Valuation difference on available-for-sale securities	その他有価証券評価差額金	74,151	87,917
Revaluation reserve for land	土地再評価差額金	5,229	4,405
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(127)	(31)
Total accumulated other comprehensive income	その他の包括利益累計額合計	79,253	92,291
Share acquisition rights	新株予約権	106	84
Non-controlling interests	非支配株主持分	5,657	4,034
Total net assets	純資産の部合計	421,061	437,053
Total liabilities and net assets	負債及び純資産の部合計	9,759,776	10,054,239

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Nine months ended Dec. 31,	
		2018	2019
Ordinary income	経常収益	104,471	101,732
Interest income	資金運用収益	53,878	51,150
Of which, interest on loans and discounts	うち貸出金利息	45,072	43,519
Of which, interest and dividends on securities	うち有価証券利息配当金	8,334	7,164
Fees and commissions	役務取引等収益	22,113	22,034
Other ordinary income	その他業務収益	23,402	24,859
Other income	その他経常収益	5,076	3,688
Ordinary expenses	経常費用	90,048	90,657
Interest expenses	資金調達費用	2,275	1,562
Of which, interest on deposits	うち預金利息	314	275
Fees and commissions payments	役務取引等費用	8,836	9,018
Other ordinary expenses	その他業務費用	22,471	19,955
General and administrative expenses	営業経費	54,066	53,488
Other expenses	その他経常費用	2,397	6,632
Ordinary profit	経常利益	14,423	11,074
Extraordinary income	特別利益	590	1,447
Gain on disposal of non-current assets	固定資産処分益	6	1,447
Gain on bargain purchase	負ののれん発生益	550	—
Gain on step acquisitions	段階取得に係る差益	33	—
Extraordinary losses	特別損失	266	438
Loss on disposal of non-current assets	固定資産処分損	109	136
Impairment loss	減損損失	156	301
Profit before income taxes	税金等調整前四半期純利益	14,747	12,083
Income taxes – current	法人税、住民税及び事業税	2,135	4,851
Income taxes – deferred	法人税等調整額	1,874	(65)
Total income taxes	法人税等合計	4,009	4,785
Profit	四半期純利益	10,737	7,297
Profit attributable to non-controlling interests	非支配株主に帰属する四半期純利益	267	181
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	10,469	7,115

(2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Nine months ended Dec. 31,	
		2018	2019
Profit	四半期純利益	10,737	7,297
Other comprehensive income	その他の包括利益	(17,385)	14,309
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(17,094)	14,214
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	(290)	95
Comprehensive income	四半期包括利益	(6,647)	21,606
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	(6,574)	20,977
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	(72)	629

II . Digest of financial results for Nine months ended December 31, 2019

1. Summary (Non-Consolidated)

	Nine months ended Dec.31,		Increase/ (Decrease)	(¥ millions)
	2018	2019		Fiscal year ending Mar.31, 2020 (Forecasts)
Ordinary income	82,850	80,024	(2,826)	101,000
Core gross profit	63,672	61,858	(1,814)	82,200
Net interest income	51,935	50,171	(1,764)	
Net fees and commissions	10,316	9,850	(466)	
Net other operating income (excluding gains (losses) on bonds)	1,420	1,836	416	
Expenses (excluding non-recurring losses)	52,807	51,042	(1,765)	68,900
Core operating profit	10,865	10,815	(50)	13,300
Excluding gains (losses) on cancellation of investment trusts	10,767	10,795	28	
Credit cost	(221)	551	772	1,000
Gains (losses) on securities	1,167	(904)	(2,071)	
Bonds, etc	(1,545)	1,679	3,224	
Stocks, etc	2,713	(2,583)	(5,296)	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	1,645	1,628	(17)	
Ordinary profit	13,899	10,987	(2,912)	15,000
Extraordinary income (losses)	(259)	1,009	1,268	
Income before income taxes	13,639	11,997	(1,642)	
Income taxes	3,761	4,366	605	
Net income	9,878	7,631	(2,247)	10,500
Net operating profit	9,319	12,495	3,176	

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)

Net operating profit = Core operating profit + Gains (losses) on bonds

2. Deposits and NCDs (Non-Consolidated)

【Average Balance】

(¥ billions)

	Nine months ended Dec.31,		Increase/ (Decrease)	Six months ended Sep. 30,2019 (B)	(A)－(B)
	2018	2019 (A)			
Deposits and NCDs	8,505.9	8,780.1	274.2	8,775.8	4.3
Corporate	2,320.6	2,419.7	99.0	2,416.0	3.7
Individual	5,551.5	5,739.1	187.5	5,720.7	18.3
Public sectors and financial institutions	633.7	621.3	(12.4)	639.0	(17.7)

【Outstanding Balance】

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2019 (B)	(A)－(B)
	2018	2019(A)			
Deposits and NCDs	8,624.5	8,882.2	257.7	8,714.1	168.1
Deposit assets	274.3	248.8	(25.5)	256.9	(8.0)
Safe custody of public bonds	124.8	102.9	(21.9)	105.7	(2.8)
Investment trusts	149.5	145.9	(3.6)	151.1	(5.1)
Total	8,898.8	9,131.1	232.2	8,971.0	160.0

<Reference>

Individual annuity insurance, etc.	673.6	717.1	43.4	709.0	8.0
------------------------------------	-------	-------	------	-------	-----

Individual annuity insurance, etc. sales reflect cumulative sales amounts.

3. Loans and bills discounted (Non-Consolidated)

【Average Balance】

(¥ billions)

	Nine months ended Dec.31,		Increase/ (Decrease)	Six months ended Sep. 30,2019 (B)	(A)－(B)
	2018	2019(A)			
Loans and bills discounted	6,271.0	6,625.9	354.8	6,598.4	27.4
Enterprises	2,606.8	2,705.8	98.9	2,684.4	21.4
Individuals	1,777.4	1,843.8	66.4	1,832.5	11.2
Public sectors	1,886.7	2,076.2	189.4	2,081.4	(5.2)

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

【Outstanding Balance】

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2019(B)	(A)－(B)
	2018	2019(A)			
SMEs, etc	3,658.0	3,752.7	94.7	3,677.4	75.3
Loans and bills discounted	6,365.1	6,778.0	412.8	6,620.2	157.7
In Hokkaido	5,290.7	5,428.4	137.6	5,351.8	76.5

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

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2019 (B)	(A)–(B)
	2018	2019(A)			
Securities	1,288.0	1,319.5	31.5	1,276.9	42.6

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

(¥ billions)

	As of Sep.30, 2019			As of Dec.31, 2019			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)–(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	112.8	116.9	4.0	122.5	9.7	124.7	2.1
Stocks	93.1	93.4	0.2	105.0	11.8	105.1	0.1
Bonds	17.6	17.9	0.3	12.4	(5.2)	13.1	0.7
Others	1.9	5.4	3.5	5.0	3.0	6.4	1.3
Nikkei stock average (¥)				21,755			
New 10-year Japanese government bond yield (%)				(0.215%)			
				23,656			
				(0.025%)			

6. Disclosed claims under the Financial Reconstruction Law (Non-Consolidated)

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2019(B)	(A)–(B)
	2018	2019(A)			
Bankrupt and quasi-bankrupt claims	26.4	25.4	(0.9)	25.1	0.3
Doubtful claims	37.5	33.1	(4.4)	32.9	0.1
Substandard claims	10.5	9.9	(0.6)	9.5	0.3
Total (a)	74.6	68.5	(6.0)	67.6	0.8
After partial direct write-offs (b) *	59.5	54.5	(5.0)	53.7	0.7
Normal claims	6,494.3	6,909.3	415.0	6,755.0	154.3
Total claims (c)	6,568.9	6,977.9	408.9	6,822.6	155.2
After partial direct write-offs (d) *	6,553.9	6,963.8	409.9	6,808.7	155.0
< Percentage of total claims >					(%)
(a) / (c)	1.13	0.98	(0.15)	0.99	(0.01)
(b) / (d) *	0.90	0.78	(0.12)	0.78	0.00

* Partial direct write-offs have not been implemented.

The figures as they would appear after partial direct write-offs are shown for reference.

Please be cautious this report is an English translation of the Japanese original. Please refer to the Japanese version for more information.