

Financial Summary
First Quarter (Three Months) ended June 30, 2016



August 5, 2016
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, 2016	As of Jun. 30, 2016
Assets	資産の部		
Cash and due from banks	現金預け金	718,742	718,400
Call loans and bills bought	コールローン及び買入手形	30,708	191,221
Monetary claims bought	買入金銭債権	11,673	10,409
Trading account securities	商品有価証券	5,624	5,280
Money held in trust	金銭の信託	—	1
Securities	有価証券	1,711,785	1,695,987
Loans and bills discounted	貸出金	5,747,173	5,810,406
Foreign exchanges	外国為替	3,388	5,359
Lease receivables and investment assets	リース債権及びリース投資資産	45,479	45,884
Other assets	その他資産	89,461	98,658
Property, plant and equipment	有形固定資産	90,084	89,663
Intangible assets	無形固定資産	10,545	9,958
Deferred tax assets	繰延税金資産	477	402
Customers' liabilities for acceptances and guarantees	支払承諾見返	50,210	54,537
Allowance for loan losses	貸倒引当金	(50,836)	(49,589)
Total assets	資産の部合計	8,464,519	8,686,582
Liabilities	負債の部		
Deposits	預金	7,715,256	7,675,922
Negotiable certificates of deposit	譲渡性預金	98,212	350,576
Payables under securities lending transactions	債券貸借取引受入担保金	52,346	48,139
Borrowed money	借入金	77,796	76,215
Foreign exchanges	外国為替	53	111
Other liabilities	その他負債	58,590	57,234
Provision for bonuses	賞与引当金	1,945	483
Net defined benefit liability	退職給付に係る負債	785	711
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,553	1,434
Provision for point card certificates	ポイント引当金	335	447
Deferred tax liabilities	繰延税金負債	15,010	19,650
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,859	2,807
Acceptances and guarantees	支払承諾	50,210	54,537
Total liabilities	負債の部合計	8,074,956	8,288,271
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	72,328	72,332
Retained earnings	利益剰余金	112,178	114,121
Treasury shares	自己株式	(1)	(1)
Total shareholders' equity	株主資本合計	305,607	307,554
Valuation difference on available-for-sale securities	その他有価証券評価差額金	72,602	79,224
Deferred gains or losses on hedges	繰延ヘッジ損益	(0)	—
Revaluation reserve for land	土地再評価差額金	5,969	5,849
Remeasurements of defined benefit plans	退職給付に係る調整累計額	14	7
Total accumulated other comprehensive income	その他の包括利益累計額合計	78,585	85,081
Subscription rights to shares	新株予約権	55	68
Non-controlling interests	非支配株主持分	5,315	5,605
Total net assets	純資産の部合計	389,563	398,311
Total liabilities and net assets	負債及び純資産の部合計	8,464,519	8,686,582

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Three months ended Jun. 30,	
		2015	2016
Ordinary income	経常収益	40,712	37,996
Interest income	資金運用収益	20,309	19,826
Of which, interest on loans and discounts	うち貸出金利息	16,726	15,982
Of which, interest and dividends on securities	うち有価証券利息配当金	3,370	3,694
Fees and commissions	役務取引等収益	7,524	7,634
Other ordinary income	その他業務収益	11,294	8,553
Other income	その他経常収益	1,583	1,981
Ordinary expenses	経常費用	30,961	31,259
Interest expenses	資金調達費用	1,045	804
Of which, interest on deposits	うち預金利息	435	185
Fees and commissions payments	役務取引等費用	2,948	3,030
Other ordinary expenses	その他業務費用	6,734	6,701
General and administrative expenses	営業経費	19,877	20,113
Other expenses	その他経常費用	355	610
Ordinary profit	経常利益	9,750	6,736
Extraordinary income	特別利益	1	0
Gain on disposal of non-current assets	固定資産処分益	1	0
Extraordinary losses	特別損失	39	230
Loss on disposal of non-current assets	固定資産処分損	11	61
Impairment loss	減損損失	28	168
Profit before income taxes	税金等調整前四半期純利益	9,712	6,506
Income taxes - current	法人税、住民税及び事業税	1,160	642
Income taxes - deferred	法人税等調整額	2,256	919
Total income taxes	法人税等合計	3,417	1,561
Profit	四半期純利益	6,295	4,945
Profit attributable to non-controlling interests	非支配株主に帰属する四半期純利益	232	130
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	6,063	4,814

(2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Three months ended Jun. 30,	
		2015	2016
Profit	四半期純利益	6,295	4,945
Other comprehensive income	その他の包括利益	5,740	6,776
valuation difference on available-for-sale securities	その他有価証券評価差額金	5,860	6,781
Deferred gains or losses on hedges	繰延ヘッジ損益	7	0
Remeasurements of defined benefit plans , net of tax	退職給付に係る調整額	(128)	(6)
Comprehensive income	四半期包括利益	12,035	11,721
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	11,586	11,431
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	449	290

II . Digest of financial results for three months ended June 30, 2016

1. Summary (Non-Consolidated)

	Three months ended Jun.30,		Increase/ (Decrease)	(¥ millions)
	2015	2016		Six months ending Sep.30, 2016 (Forecasts)
Ordinary income	33,692	31,573	(2,119)	57,800
Core gross profit	23,236	23,649	413	47,400
Net interest income	19,426	19,526	100	
Net fees and commissions	3,642	3,779	137	
Net other operating income (excluding gains (losses) on bonds)	167	343	176	
Expenses (excluding non-recurring losses)	19,610	19,715	105	38,800
Core operating profit	3,625	3,934	309	8,600
Credit cost	(780)	(1,390)	(610)	400
Gains (losses) on securities	3,982	1,113	(2,869)	
Bonds, etc	4,001	1,159	(2,842)	
Stocks, etc	(18)	(45)	(27)	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	766	363	(403)	
Ordinary profit	9,155	6,802	(2,353)	9,700
Extraordinary income (losses)	(37)	(229)	(192)	
Income before income taxes	9,117	6,572	(2,545)	
Income taxes	3,162	1,441	(1,721)	
Net income	5,954	5,131	(823)	6,800
Operating profit	7,627	5,094	(2,533)	

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. 31,2016 (B)	(A)–(B)
	2015	2016 (A)			
Deposits and NCDs	7,533.5	7,843.7	310.1	7,579.8	263.8
Corporate	2,009.9	2,129.1	119.2	2,000.6	128.4
Individual	5,062.2	5,144.1	81.8	5,098.8	45.2
Public sectors and financial institutions	461.4	570.4	109.0	480.3	90.1

【Outstanding balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2016 (B)	(A)–(B)
	2015	2016 (A)			
Deposits and NCDs	7,701.1	8,048.7	347.5	7,834.8	213.9
Deposit assets	421.5	365.5	(55.9)	387.1	(21.5)
Safe custody of public bonds	221.8	179.3	(42.4)	191.2	(11.9)
Investment trusts	199.6	186.1	(13.4)	195.8	(9.6)
Total	8,122.6	8,414.3	291.6	8,221.9	192.3

<Reference>

Individual annuity insurance, etc.	488.3	548.3	60.0	539.8	8.5
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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. 31,2016 (B)	(A)–(B)
	2015	2016 (A)			
Loans and bills discounted	5,492.5	5,762.4	269.9	5,607.2	155.2
Enterprises	2,448.2	2,566.4	118.1	2,532.5	33.8
Individuals	1,661.8	1,685.9	24.1	1,669.8	16.0
Public sectors	1,382.4	1,510.0	127.6	1,404.7	105.3

Public sector loans include loans to land development public corporations.

【Outstanding balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2016 (B)	(A)–(B)
	2015	2016 (A)			
SMEs, etc	3,301.9	3,320.6	18.6	3,409.5	(88.9)
Loans and bills discounted	5,578.8	5,863.7	284.8	5,797.8	65.9
In Hokkaido	4,931.1	5,003.0	71.8	5,085.7	(82.6)

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2016 (B)	(A)－(B)
	2015	2016 (A)			
Securities	1,690.6	1,694.2	3.6	1,710.5	(16.2)

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

(¥ billions)

	As of Mar.31, 2016			As of Jun.30, 2016			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)－(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	100.2	107.5	7.3	110.2	10.0	119.8	9.5
Stocks	68.1	68.5	0.4	76.1	7.9	76.6	0.5
Bonds	31.2	31.3	0.0	34.7	3.5	34.8	0.0
Others	0.8	7.6	6.8	(0.6)	(1.4)	8.2	8.9
Nikkei stock average (¥)	16,758			15,575			
New 10-year Japanese government bond yield (%)	(0.050%)			(0.230%)			

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2016 (B)	(A)－(B)
	2015	2016 (A)			
Bankrupt and quasi-bankrupt assets	52.7	40.2	(12.5)	42.1	(1.8)
Doubtful assets	52.2	48.5	(3.6)	50.9	(2.3)
Substandard loans	19.9	17.4	(2.5)	17.7	(0.3)
Total (a)	124.9	106.2	(18.7)	110.8	(4.6)
After partial direct write-offs (b) *	87.9	78.9	(8.9)	82.8	(3.8)
Normal assets	5,601.4	5,922.4	320.9	5,838.0	84.3
Total claims (c)	5,726.4	6,028.6	302.1	5,948.9	79.7
After partial direct write-offs (d) *	5,689.4	6,001.4	311.9	5,920.9	80.4
< Percentage of total claims >					(%)
(a) / (c)	2.18	1.76	(0.42)	1.86	(0.10)
(b) / (d) *	1.54	1.31	(0.23)	1.39	(0.08)

*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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