

Financial Summary
Third Quarter (Nine Months) ended December 31, 2016



February 8, 2017
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 Dec. 31, 2016
Assets	資産の部		
Cash and due from banks	現金預け金	718,742	753,471
Call loans and bills bought	コールローン及び買入手形	30,708	201,322
Monetary claims bought	買入金銭債権	11,673	13,775
Trading account securities	商品有価証券	5,624	4,898
Securities	有価証券	1,711,785	1,768,154
Loans and bills discounted	貸出金	5,747,173	5,983,940
Foreign exchanges	外国為替	3,388	3,105
Lease receivables and investment assets	リース債権及びリース投資資産	45,479	46,991
Other assets	その他資産	89,461	103,269
Property, plant and equipment	有形固定資産	90,084	88,193
Intangible assets	無形固定資産	10,545	9,537
Deferred tax assets	繰延税金資産	477	377
Customers' liabilities for acceptances and guarantees	支払承諾見返	50,210	56,355
Allowance for loan losses	貸倒引当金	(50,836)	(45,970)
Total assets	資産の部合計	8,464,519	8,987,423
Liabilities	負債の部		
Deposits	預金	7,715,256	7,729,447
Negotiable certificates of deposit	譲渡性預金	98,212	453,092
Payables under securities lending transactions	債券貸借取引受入担保金	52,346	160,845
Borrowed money	借入金	77,796	91,101
Foreign exchanges	外国為替	53	42
Other liabilities	その他負債	58,590	64,718
Provision for bonuses	賞与引当金	1,945	496
Net defined benefit liability	退職給付に係る負債	785	977
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,553	1,595
Provision for point card certificates	ポイント引当金	335	270
Deferred tax liabilities	繰延税金負債	15,010	20,662
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,859	2,693
Acceptances and guarantees	支払承諾	50,210	56,355
Total liabilities	負債の部合計	8,074,956	8,582,299
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	72,344
Retained earnings	利益剰余金	112,178	122,477
Treasury shares	自己株式	(1)	(0)
Total shareholders' equity	株主資本合計	305,607	315,922
Valuation difference on available-for-sale securities	その他有価証券評価差額金	72,602	77,797
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	5,586
Remeasurements of defined benefit plans	退職給付に係る調整累計額	14	(4)
Total accumulated other comprehensive income	その他の包括利益累計額合計	78,585	83,378
Subscription rights to shares	新株予約権	55	86
Non-controlling interests	非支配株主持分	5,315	5,736
Total net assets	純資産の部合計	389,563	405,123
Total liabilities and net assets	負債及び純資産の部合計	8,464,519	8,987,423

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Nine months ended Dec. 31,	
		2015	2016
Ordinary income	経常収益	113,171	111,275
Interest income	資金運用収益	61,070	59,353
Of which, interest on loans and discounts	うち貸出金利息	50,294	47,841
Of which, interest and dividends on securities	うち有価証券利息配当金	10,154	11,031
Fees and commissions	役務取引等収益	22,850	22,590
Other ordinary income	その他業務収益	24,932	23,900
Other income	その他経常収益	4,317	5,429
Ordinary expenses	経常費用	90,490	93,367
Interest expenses	資金調達費用	3,177	2,530
Of which, interest on deposits	うち預金利息	1,293	497
Fees and commissions payments	役務取引等費用	8,525	8,507
Other ordinary expenses	その他業務費用	19,641	22,992
General and administrative expenses	営業経費	56,959	57,574
Other expenses	その他経常費用	2,186	1,763
Ordinary profit	経常利益	22,681	17,907
Extraordinary income	特別利益	9	2,113
Gain on disposal of non-current assets	固定資産処分益	9	2,113
Extraordinary losses	特別損失	1,021	616
Loss on disposal of non-current assets	固定資産処分損	177	207
Impairment loss	減損損失	843	408
Profit before income taxes	税金等調整前四半期純利益	21,668	19,403
Income taxes - current	法人税、住民税及び事業税	2,617	1,681
Income taxes - deferred	法人税等調整額	4,551	2,672
Total income taxes	法人税等合計	7,169	4,354
Profit	四半期純利益	14,499	15,049
Profit attributable to non-controlling interests	非支配株主に帰属する四半期純利益	490	148
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	14,008	14,901

(2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Nine months ended Dec. 31,	
		2015	2016
Profit	四半期純利益	14,499	15,049
Other comprehensive income	その他の包括利益	3,964	5,449
Valuation difference on available-for-sale securities	その他有価証券評価差額金	4,332	5,467
Deferred gains or losses on hedges	繰延ヘッジ損益	17	0
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	(385)	(18)
Comprehensive income	四半期包括利益	18,463	20,499
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	17,733	20,078
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	729	421

II . Digest of financial results for Nine months ended December 31, 2016

1. Summary (Non-Consolidated)

	Nine months ended Dec.31,		Increase/ (Decrease)	(¥ millions)
	2015	2016		Fiscal year ending Mar.31, 2017 (Forecasts)
Ordinary income	91,853	90,660	(1,193)	115,500
Core gross profit	70,193	70,010	(183)	94,800
Net interest income	58,169	57,417	(752)	
Net fees and commissions	11,541	11,862	321	
Net other operating income (excluding gains (losses) on bonds)	481	730	249	
Expenses (excluding non-recurring losses)	56,283	56,252	(31)	76,000
Core operating profit	13,910	13,757	(153)	18,800
Credit cost	594	(2,344)	(2,938)	800
Gains (losses) on securities	5,852	160	(5,692)	
Bonds, etc	3,632	(1,096)	(4,728)	
Stocks, etc	2,219	1,257	(962)	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	1,909	1,121	(788)	
Ordinary profit	21,077	17,383	(3,694)	22,200
Extraordinary income (losses)	(752)	1,496	2,248	
Income before income taxes	20,325	18,880	(1,445)	
Income taxes	6,534	4,019	(2,515)	
Net income	13,791	14,861	1,070	15,500
Operating profit	18,581	12,660	(5,921)	

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)

	Nine months ended Dec.31,		Increase/ (Decrease)	Six months ended Sep. 30,2016 (B)	(A)－(B)
	2015	2016 (A)			
Deposits and NCDs	7,567.7	7,972.4	404.6	7,921.9	50.4
Corporate	1,996.7	2,129.0	132.2	2,116.6	12.3
Individual	5,087.2	5,189.4	102.2	5,169.0	20.4
Public sectors and financial institutions	483.7	653.9	170.2	636.2	17.7

【Outstanding Balance】

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2016 (B)	(A)－(B)
	2015	2016 (A)			
Deposits and NCDs	7,739.3	8,201.0	461.7	7,985.6	215.3
Deposit assets	397.1	339.9	(57.1)	344.3	(4.3)
Safe custody of public bonds	201.5	158.6	(42.8)	165.6	(6.9)
Investment trusts	195.6	181.2	(14.3)	178.7	2.5
Total	8,136.4	8,541.0	404.5	8,329.9	211.0

<Reference>

Individual annuity insurance, etc.	521.4	570.3	48.9	562.1	8.1
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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. 30,2016 (B)	(A)－(B)
	2015	2016(A)			
Loans and bills discounted	5,578.4	5,897.1	318.7	5,838.2	58.9
Enterprises	2,515.5	2,578.4	62.8	2,563.6	14.7
Individuals	1,666.7	1,687.5	20.8	1,683.8	3.6
Public sectors	1,396.1	1,631.2	235.0	1,590.6	40.5

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, 2016 (B)	(A)－(B)
	2015	2016 (A)			
SMEs, etc	3,395.3	3,449.3	53.9	3,409.9	39.3
Loans and bills discounted	5,716.7	6,041.6	324.9	5,995.4	46.2
In Hokkaido	5,035.8	5,142.4	106.6	5,061.7	80.6

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

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2016 (B)	(A)–(B)
	2015	2016(A)			
Securities	1,691.4	1,765.9	74.4	1,731.8	34.1

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

(¥ billions)

	As of Sep.30, 2016			As of Dec.31, 2016			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)–(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	104.6	113.7	9.1	107.8	3.1	117.8	10.0
Stocks	75.2	75.6	0.3	88.3	13.1	88.4	0.0
Bonds	30.9	31.1	0.1	23.5	(7.3)	24.2	0.6
Others	(1.6)	7.0	8.6	(4.1)	(2.5)	5.1	9.2
Nikkei stock average (¥)	16,449			19,114			
New 10-year Japanese government bond yield (%)	0.085%			0.040%			

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

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2016 (B)	(A)–(B)
	2015	2016(A)			
Bankrupt and quasi-bankrupt assets	51.8	37.4	(14.3)	36.5	0.9
Doubtful assets	52.7	45.1	(7.6)	46.3	(1.2)
Substandard loans	18.6	15.4	(3.1)	16.0	(0.5)
Total (a)	123.2	98.0	(25.1)	98.9	(0.8)
After partial direct write-offs (b) *	85.4	73.4	(11.9)	74.8	(1.3)
Normal assets	5,744.2	6,128.4	384.1	6,073.4	55.0
Total claims (c)	5,867.4	6,226.5	359.0	6,172.3	54.1
After partial direct write-offs (d) *	5,829.6	6,201.9	372.2	6,148.2	53.6
< Percentage of total claims >					(%)
(a) / (c)	2.09	1.57	(0.52)	1.60	(0.03)
(b) / (d) *	1.46	1.18	(0.28)	1.21	(0.03)

*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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