

Financial Summary

First Quarter (Three Months) ended June 30, 2017



August 4, 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, 2017	As of Jun. 30, 2017
Assets	資産の部		
Cash and due from banks	現金預け金	1,022,200	987,566
Call loans and bills bought	コールローン及び買入手形	1,322	142,711
Monetary claims bought	買入金銭債権	14,239	12,080
Trading account securities	商品有価証券	4,952	4,371
Securities	有価証券	1,729,586	1,713,036
Loans and bills discounted	貸出金	6,052,348	6,091,900
Foreign exchanges	外国為替	5,102	6,361
Lease receivables and investment assets	リース債権及びリース投資資産	47,186	47,573
Other assets	その他資産	103,610	135,387
Property, plant and equipment	有形固定資産	88,549	87,906
Intangible assets	無形固定資産	9,171	8,822
Deferred tax assets	繰延税金資産	465	470
Customers' liabilities for acceptances and guarantees	支払承諾見返	54,558	57,995
Allowance for loan losses	貸倒引当金	(39,579)	(38,923)
Total assets	資産の部合計	9,093,714	9,257,260
Liabilities	負債の部		
Deposits	預金	8,086,989	7,960,772
Negotiable certificates of deposit	譲渡性預金	75,120	367,276
Payables under securities lending transactions	債券貸借取引受入担保金	222,758	185,868
Borrowed money	借入金	160,486	166,523
Foreign exchanges	外国為替	69	28
Other liabilities	その他負債	54,307	63,639
Provision for bonuses	賞与引当金	1,943	465
Net defined benefit liability	退職給付に係る負債	1,030	948
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,615	1,655
Provision for point card certificates	ポイント引当金	369	491
Deferred tax liabilities	繰延税金負債	23,159	28,531
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,693	2,693
Acceptances and guarantees	支払承諾	54,558	57,995
Total liabilities	負債の部合計	8,685,102	8,836,888
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	72,344	72,347
Retained earnings	利益剰余金	124,280	124,663
Treasury shares	自己株式	(0)	(0)
Total shareholders' equity	株主資本合計	317,725	318,111
Valuation difference on available-for-sale securities	その他有価証券評価差額金	79,344	90,292
Revaluation reserve for land	土地再評価差額金	5,586	5,585
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(128)	(95)
Total accumulated other comprehensive income	その他の包括利益累計額合計	84,802	95,781
Subscription rights to shares	新株予約権	101	112
Non-controlling interests	非支配株主持分	5,981	6,366
Total net assets	純資産の部合計	408,611	420,371
Total liabilities and net assets	負債及び純資産の部合計	9,093,714	9,257,260

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Three months ended Jun. 30,	
		2016	2017
Ordinary income	経常収益	37,996	35,178
Interest income	資金運用収益	19,826	19,590
Of which, interest on loans and discounts	うち貸出金利息	15,982	15,510
Of which, interest and dividends on securities	うち有価証券利息配当金	3,694	3,915
Fees and commissions	役務取引等収益	7,634	7,295
Other ordinary income	その他業務収益	8,553	7,028
Other income	その他経常収益	1,981	1,263
Ordinary expenses	経常費用	31,259	31,462
Interest expenses	資金調達費用	804	995
Of which, interest on deposits	うち預金利息	185	125
Fees and commissions payments	役務取引等費用	3,030	3,214
Other ordinary expenses	その他業務費用	6,701	7,065
General and administrative expenses	営業経費	20,113	19,751
Other expenses	その他経常費用	610	435
Ordinary profit	経常利益	6,736	3,715
Extraordinary income	特別利益	0	0
Gain on disposal of non-current assets	固定資産処分益	0	0
Extraordinary losses	特別損失	230	51
Loss on disposal of non-current assets	固定資産処分損	61	30
Impairment loss	減損損失	168	20
Profit before income taxes	税金等調整前四半期純利益	6,506	3,664
Income taxes - current	法人税、住民税及び事業税	642	268
Income taxes - deferred	法人税等調整額	919	602
Total income taxes	法人税等合計	1,561	871
Profit	四半期純利益	4,945	2,793
Profit attributable to non-controlling interests	非支配株主に帰属する四半期純利益	130	17
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	4,814	2,775

(2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Three months ended Jun. 30,	
		2016	2017
Profit	四半期純利益	4,945	2,793
Other comprehensive income	その他の包括利益	6,776	11,346
valuation difference on available-for-sale securities	その他有価証券評価差額金	6,781	11,314
Deferred gains or losses on hedges	繰延ヘッジ損益	0	—
Remeasurements of defined benefit plans , net of tax	退職給付に係る調整額	(6)	32
Comprehensive income	四半期包括利益	11,721	14,139
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	11,431	13,755
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	290	384

II . Digest of financial results for three months ended June 30, 2017

1. Summary (Non-Consolidated)

	Three months ended Jun.30,		Increase/ (Decrease)	(¥ millions)
	2016	2017		Six months ending Sep.30, 2017 (Forecasts)
Ordinary income	31,573	28,823	(2,750)	56,000
Core gross profit	23,649	22,369	(1,280)	44,200
Net interest income	19,526	19,069	(457)	
Net fees and commissions	3,779	3,315	(464)	
Net other operating income (excluding gains (losses) on bonds)	343	(15)	(358)	
Expenses (excluding non-recurring losses)	19,715	19,225	(490)	38,200
Core operating profit	3,934	3,143	(791)	5,900
Credit cost	(1,390)	(838)	552	0
Gains (losses) on securities	1,113	27	(1,086)	
Bonds, etc	1,159	(387)	(1,546)	
Stocks, etc	(45)	414	459	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	363	31	(332)	
Ordinary profit	6,802	4,041	(2,761)	7,400
Extraordinary income (losses)	(229)	(51)	178	
Income before income taxes	6,572	3,990	(2,582)	
Income taxes	1,441	891	(550)	
Net income	5,131	3,098	(2,033)	5,400
Operating profit	5,094	2,756	(2,338)	

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. 31,2017 (B)	(A)–(B)
	2016	2017 (A)			
Deposits and NCDs	7,843.7	8,190.4	346.7	7,992.4	198.0
Corporate	2,129.1	2,260.2	131.1	2,134.1	126.1
Individual	5,144.1	5,330.7	186.6	5,215.9	114.8
Public sectors and financial institutions	570.4	599.4	28.9	642.4	(42.9)

【Outstanding balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2017 (B)	(A)–(B)
	2016	2017 (A)			
Deposits and NCDs	8,048.7	8,346.8	298.0	8,182.5	164.2
Deposit assets	365.5	324.0	(41.4)	327.9	(3.8)
Safe custody of public bonds	179.3	149.0	(30.2)	153.3	(4.2)
Investment trusts	186.1	175.0	(11.1)	174.6	0.3
Total	8,414.3	8,670.9	256.6	8,510.5	160.3

<Reference>

Individual annuity insurance, etc.	548.3	596.4	48.0	586.5	9.8
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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. 31,2017 (B)	(A)–(B)
	2016	2017 (A)			
Loans and bills discounted	5,762.4	6,083.3	320.8	5,937.9	145.3
Enterprises	2,566.4	2,538.6	(27.7)	2,584.1	(45.4)
Individuals	1,685.9	1,722.3	36.3	1,690.5	31.7
Public sectors	1,510.0	1,822.3	312.2	1,663.1	159.1

Public sector loans include loans to land development public corporations.

【Outstanding balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2017 (B)	(A)–(B)
	2016	2017 (A)			
SMEs, etc	3,320.6	3,418.1	97.5	3,468.8	(50.7)
Loans and bills discounted	5,863.7	6,148.6	284.9	6,108.8	39.7
In Hokkaido	5,003.0	5,124.7	121.6	5,160.7	(36.0)

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2017 (B)	(A)－(B)
	2016	2017 (A)			
Securities	1,694.2	1,709.5	15.2	1,727.1	(17.6)

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

(¥ billions)

	As of Mar.31, 2017			As of Jun.30, 2017			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)－(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	110.3	116.8	6.4	125.3	14.9	130.4	5.1
Stocks	90.5	90.8	0.3	105.9	15.3	106.0	0.0
Bonds	21.9	22.7	0.7	19.2	(2.7)	19.9	0.7
Others	(2.2)	3.2	5.4	0.1	2.3	4.4	4.2
Nikkei stock average (¥)	18,909			20,033			
New 10-year Japanese government bond yield (%)	0.065%			0.075%			

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2017 (B)	(A)－(B)
	2016	2017 (A)			
Bankrupt and quasi-bankrupt assets	40.2	33.1	(7.1)	32.9	0.1
Doubtful assets	48.5	40.4	(8.1)	42.7	(2.2)
Substandard loans	17.4	12.6	(4.7)	13.3	(0.6)
Total (a)	106.2	86.1	(20.0)	89.0	(2.8)
After partial direct write-offs (b) *	78.9	66.1	(12.8)	69.1	(2.9)
Normal assets	5,922.4	6,255.4	333.0	6,204.7	50.7
Total claims (c)	6,028.6	6,341.6	313.0	6,293.7	47.8
After partial direct write-offs (d) *	6,001.4	6,321.6	320.2	6,273.8	47.8
< Percentage of total claims >					(%)
(a) / (c)	1.76	1.35	(0.41)	1.41	(0.06)
(b) / (d) *	1.31	1.04	(0.27)	1.10	(0.06)

*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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