

# Financial Summary

Third Quarter (Nine Months) ended December 31, 2018



February 8, 2019  
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 Dec. 31, 2018
<b>Assets</b>	<b>資産の部</b>		
Cash and due from banks	現金預け金	1,409,341	1,410,568
Call loans and bills bought	コールローン及び買入手形	2,681	220,010
Monetary claims bought	買入金銭債権	14,481	14,008
Trading account securities	商品有価証券	4,345	4,533
Securities	有価証券	1,489,802	1,288,059
Loans and bills discounted	貸出金	6,251,728	6,305,522
Foreign exchanges	外国為替	7,399	5,279
Lease receivables and investment assets	リース債権及びリース投資資産	49,490	51,691
Other assets	その他資産	158,667	189,252
Property, plant and equipment	有形固定資産	88,412	87,359
Intangible assets	無形固定資産	8,786	7,761
Net defined benefit asset	退職給付に係る資産	75	153
Deferred tax assets	繰延税金資産	273	487
Customers' liabilities for acceptances and guarantees	支払承諾見返	52,801	55,416
Allowance for loan losses	貸倒引当金	(37,778)	(36,577)
<b>Total assets</b>	<b>資産の部合計</b>	<b>9,500,510</b>	<b>9,603,526</b>
<b>Liabilities</b>	<b>負債の部</b>		
Deposits	預金	8,344,356	8,328,670
Negotiable certificates of deposit	譲渡性預金	77,667	275,978
Payables under repurchase agreements	売現先勘定	31,064	3,205
Payables under securities lending transactions	債券貸借取引受入担保金	145,169	68,438
Borrowed money	借入金	328,848	357,648
Foreign exchanges	外国為替	125	535
Other liabilities	その他負債	52,122	63,622
Provision for bonuses	賞与引当金	1,828	450
Provision for stocks payment	株式給付引当金	—	53
Net defined benefit liability	退職給付に係る負債	228	502
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,976	2,161
Provision for point card certificates	ポイント引当金	384	339
Reserves under special laws	特別法上の引当金	—	19
Deferred tax liabilities	繰延税金負債	30,347	24,925
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,643	2,599
Acceptances and guarantees	支払承諾	52,801	55,416
<b>Total liabilities</b>	<b>負債の部合計</b>	<b>9,069,565</b>	<b>9,184,566</b>
<b>Net assets</b>	<b>純資産の部</b>		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	72,367	72,327
Retained earnings	利益剰余金	133,386	139,994
Treasury shares	自己株式	(0)	(1,314)
<b>Total shareholders' equity</b>	<b>株主資本合計</b>	<b>326,854</b>	<b>332,108</b>
Valuation difference on available-for-sale securities	その他有価証券評価差額金	92,193	75,438
Revaluation reserve for land	土地再評価差額金	5,380	5,281
Remeasurements of defined benefit plans	退職給付に係る調整累計額	387	96
<b>Total accumulated other comprehensive income</b>	<b>その他の包括利益累計額合計</b>	<b>97,960</b>	<b>80,817</b>
Share acquisition rights	新株予約権	128	106
Non-controlling interests	非支配株主持分	6,001	5,928
<b>Total net assets</b>	<b>純資産の部合計</b>	<b>430,945</b>	<b>418,960</b>
<b>Total liabilities and net assets</b>	<b>負債及び純資産の部合計</b>	<b>9,500,510</b>	<b>9,603,526</b>

## 2. Consolidated Statements of Income and Comprehensive Income

### (1) Consolidated Statements of Income

(¥ millions)

		Nine months ended Dec. 31,	
		2017	2018
Ordinary income	経常収益	108,456	104,471
Interest income	資金運用収益	58,040	53,878
Of which, interest on loans and discounts	うち貸出金利息	46,765	45,072
Of which, interest and dividends on securities	うち有価証券利息配当金	10,768	8,334
Fees and commissions	役務取引等収益	21,763	22,113
Other ordinary income	その他業務収益	21,602	23,402
Other income	その他経常収益	7,049	5,076
Ordinary expenses	経常費用	93,315	90,048
Interest expenses	資金調達費用	3,142	2,275
Of which, interest on deposits	うち預金利息	355	314
Fees and commissions payments	役務取引等費用	9,099	8,836
Other ordinary expenses	その他業務費用	22,795	22,471
General and administrative expenses	営業経費	56,757	54,066
Other expenses	その他経常費用	1,521	2,397
Ordinary profit	経常利益	15,140	14,423
Extraordinary income	特別利益	378	590
Gain on disposal of non-current assets	固定資産処分益	378	6
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	361	266
Loss on disposal of non-current assets	固定資産処分損	168	109
Impairment loss	減損損失	193	156
Profit before income taxes	税金等調整前四半期純利益	15,157	14,747
Income taxes – current	法人税、住民税及び事業税	561	2,135
Income taxes – deferred	法人税等調整額	880	1,874
Total income taxes	法人税等合計	1,442	4,009
Profit	四半期純利益	13,714	10,737
Profit(loss) attributable to non-controlling interests	非支配株主に帰属する四半期純利益又は 非支配株主に帰属する四半期純損失(△)	(16)	267
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	13,731	10,469

## (2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Nine months ended Dec. 31,	
		2017	2018
Profit	四半期純利益	13,714	10,737
Other comprehensive income	その他の包括利益	16,295	(17,385)
Valuation difference on available-for-sale securities	その他有価証券評価差額金	16,198	(17,094)
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	96	(290)
Comprehensive income	四半期包括利益	30,010	(6,647)
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	29,564	(6,574)
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	446	(72)

## II . Digest of financial results for Nine months ended December 31, 2018

### 1. Summary (Non-Consolidated)

	Nine months ended Dec.31,		Increase/ (Decrease)	(¥ millions)
	2017	2018		Fiscal year ending Mar.31, 2019 (Forecasts)
Ordinary income	88,414	82,850	(5,564)	110,700
Core gross profit	65,592	63,672	(1,920)	89,300
Net interest income	55,466	51,935	(3,531)	
Net fees and commissions	10,148	10,316	168	
Net other operating income (excluding gains (losses) on bonds)	(22)	1,420	1,442	
Expenses (excluding non-recurring losses)	55,171	52,807	(2,364)	71,300
Core operating profit	10,421	10,865	444	18,000
Credit cost	(1,653)	(221)	1,432	1,500
Gains (losses) on securities	1,157	1,167	10	
Bonds, etc	(2,287)	(1,545)	742	
Stocks, etc	3,445	2,713	(732)	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	2,097	1,645	(452)	
Ordinary profit	15,330	13,899	(1,431)	20,500
Extraordinary income (losses)	16	(259)	(275)	
Income before income taxes	15,346	13,639	(1,707)	
Income taxes	1,233	3,761	2,528	
Net income	14,113	9,878	(4,235)	13,500
Operating profit	8,133	9,319	1,186	

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. 30,2018 (B)	(A)－(B)
	2017	2018 (A)			
Deposits and NCDs	8,261.8	8,505.9	244.1	8,499.5	6.3
Corporate	2,247.1	2,320.6	73.4	2,317.6	3.0
Individual	5,375.8	5,551.5	175.7	5,528.8	22.6
Public sectors and financial institutions	638.7	633.7	(5.0)	653.0	(19.2)

### 【Outstanding Balance】

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2018 (B)	(A)－(B)
	2017	2018(A)			
Deposits and NCDs	8,399.0	8,624.5	225.4	8,502.5	121.9
Deposit assets	321.0	274.3	(46.6)	299.6	(25.2)
Safe custody of public bonds	145.0	124.8	(20.2)	130.5	(5.7)
Investment trusts	175.9	149.5	(26.4)	169.0	(19.4)
<b>Total</b>	<b>8,720.1</b>	<b>8,898.8</b>	<b>178.7</b>	<b>8,802.1</b>	<b>96.7</b>

&lt;Reference&gt;

Individual annuity insurance, etc.	621.9	673.6	51.7	662.1	11.5
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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. 30,2018 (B)	(A)－(B)
	2017	2018(A)			
Loans and bills discounted	6,175.0	6,271.0	96.0	6,259.9	11.1
Enterprises	2,577.5	2,606.8	29.2	2,579.6	27.2
Individuals	1,733.4	1,777.4	43.9	1,769.6	7.7
Public sectors	1,863.9	1,886.7	22.7	1,910.6	(23.9)

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, 2018(B)	(A)－(B)
	2017	2018(A)			
SMEs, etc	3,581.6	3,658.0	76.3	3,572.7	85.2
Loans and bills discounted	6,324.4	6,365.1	40.7	6,268.0	97.1
In Hokkaido	5,278.1	5,290.7	12.6	5,205.0	85.7

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

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2018 (B)	(A)－(B)
	2017	2018(A)			
Securities	1,599.7	1,288.0	(311.6)	1,393.8	(105.7)

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

(¥ billions)

	As of Sep.30, 2018			As of Dec.31, 2018			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)－(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	120.2	125.5	5.2	105.0	(15.1)	110.1	5.1
Stocks	107.2	108.6	1.4	91.7	(15.4)	92.6	0.9
Bonds	13.1	14.0	0.8	15.9	2.7	16.3	0.3
Others	(0.1)	2.8	3.0	(2.7)	(2.5)	1.1	3.8
Nikkei stock average (¥)				24,120			
New 10-year Japanese government bond yield (%)				0.125%			
				20,014			
				(0.010%)			

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

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2018(B)	(A)－(B)
	2017	2018(A)			
Bankrupt and quasi-bankrupt assets	30.5	26.4	(4.0)	28.0	(1.5)
Doubtful assets	42.4	37.5	(4.9)	37.7	(0.1)
Substandard loans	10.6	10.5	(0.0)	10.0	0.5
Total (a)	83.6	74.6	(8.9)	75.7	(1.1)
After partial direct write-offs (b) *	65.1	59.5	(5.5)	59.8	(0.2)
Normal assets	6,441.8	6,494.3	52.4	6,395.0	99.2
Total claims (c)	6,525.4	6,568.9	43.4	6,470.8	98.0
After partial direct write-offs (d) *	6,506.9	6,553.9	46.9	6,454.8	99.0
< Percentage of total claims >					(%)
(a) / (c)	1.28	1.13	(0.15)	1.17	(0.04)
(b) / (d) *	1.00	0.90	(0.10)	0.92	(0.02)

\*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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