

Financial Summary
Six Months ended September 30, 2020



November 11, 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, 2020	As of Sep. 30, 2020
Assets	資産の部		
Cash and due from banks	現金預け金	1,652,447	2,398,884
Call loans and bills bought	コールローン及び買入手形	1,101	20,563
Monetary claims bought	買入金銭債権	13,775	9,836
Trading account securities	商品有価証券	4,275	3,999
Securities	有価証券	1,297,414	1,374,917
Loans and bills discounted	貸出金	6,659,161	7,103,399
Foreign exchanges	外国為替	7,682	6,730
Lease receivables and investment assets	リース債権及びリース投資資産	53,128	53,848
Other assets	その他資産	193,230	175,301
Property, plant and equipment	有形固定資産	80,924	78,938
Intangible assets	無形固定資産	6,490	5,868
Deferred tax assets	繰延税金資産	723	580
Customers' liabilities for acceptances and guarantees	支払承諾見返	50,290	59,719
Allowance for loan losses	貸倒引当金	(32,604)	(33,302)
Total assets	資産の部合計	9,988,041	11,259,287
Liabilities	負債の部		
Deposits	預金	8,855,838	9,391,682
Negotiable certificates of deposit	譲渡性預金	75,996	353,617
Payables under repurchase agreements	売現先勘定	3,875	9,605
Payables under securities lending transactions	債券貸借取引受入担保金	1,136	63,366
Borrowed money	借入金	484,200	849,430
Foreign exchanges	外国為替	142	100
Other liabilities	その他負債	81,105	56,838
Provision for bonuses	賞与引当金	1,604	1,688
Provision for share-based remuneration	株式給付引当金	93	127
Net defined benefit liability	退職給付に係る負債	636	509
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	2,330	2,106
Provision for point card certificates	ポイント引当金	450	642
Reserves under special laws	特別法上の引当金	19	19
Deferred tax liabilities	繰延税金負債	18,655	28,805
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,188	2,160
Acceptances and guarantees	支払承諾	50,290	59,719
Total liabilities	負債の部合計	9,578,564	10,820,422
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	74,741	74,741
Retained earnings	利益剰余金	148,186	152,867
Treasury shares	自己株式	(2,927)	(3,153)
Total shareholders' equity	株主資本合計	341,101	345,556
Valuation difference on available-for-sale securities	その他有価証券評価差額金	60,515	84,606
Revaluation reserve for land	土地再評価差額金	4,395	4,331
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(291)	(145)
Total accumulated other comprehensive income	その他の包括利益累計額合計	64,619	88,792
Share acquisition rights	新株予約権	84	84
Non-controlling interests	非支配株主持分	3,672	4,431
Total net assets	純資産の部合計	409,476	438,864
Total liabilities and net assets	負債及び純資産の部合計	9,988,041	11,259,287

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

		(¥ millions)	
		Six months ended Sep. 30,	
		2019	2020
Ordinary income	経常収益	68,727	68,086
Interest income	資金運用収益	34,167	33,306
Of which, interest on loans and discounts	うち貸出金利息	28,989	28,933
Of which, interest and dividends on securities	うち有価証券利息配当金	4,866	4,013
Fees and commissions	役務取引等収益	14,425	13,846
Other ordinary income	その他業務収益	17,212	16,619
Other income	その他経常収益	2,923	4,314
Ordinary expenses	経常費用	61,144	58,139
Interest expenses	資金調達費用	1,031	975
Of which, interest on deposits	うち預金利息	183	133
Fees and commissions payments	役務取引等費用	6,247	6,324
Other ordinary expenses	その他業務費用	13,463	14,422
General and administrative expenses	営業経費	35,665	34,684
Other expenses	その他経常費用	4,736	1,733
Ordinary profit	経常利益	7,583	9,946
Extraordinary income	特別利益	1,434	39
Gain on disposal of non-current assets	固定資産処分益	1,434	37
Gain on bargain purchase	負ののれん発生益	—	2
Extraordinary losses	特別損失	189	520
Loss on disposal of non-current assets	固定資産処分損	112	200
Impairment loss	減損損失	76	318
Loss on step acquisitions	段階取得に係る差損	—	1
Profit before income taxes	税金等調整前中間純利益	8,828	9,465
Income taxes – current	法人税、住民税及び事業税	4,169	3,425
Income taxes – deferred	法人税等調整額	(568)	(628)
Total income taxes	法人税等合計	3,601	2,797
Profit	中間純利益	5,227	6,668
Profit attributable to non-controlling interests	非支配株主に帰属する中間純利益	158	146
Profit attributable to owners of parent	親会社株主に帰属する中間純利益	5,068	6,522

(2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Six months ended Sep. 30,	
		2019	2020
Profit	中間純利益	5,227	6,668
Other comprehensive income	その他の包括利益	7,026	24,853
Valuation difference on available-for-sale securities	その他有価証券評価差額金	6,962	24,708
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	63	145
Comprehensive income	中間包括利益	12,253	31,522
Comprehensive income attributable to owners of parent	親会社株主に係る中間包括利益	11,872	30,759
Comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	380	762

3. Non-Consolidated Balance Sheets

(¥ millions)

		As of Mar. 31, 2020	As of Sep. 30, 2020
Assets	資産の部		
Cash and due from banks	現金預け金	1,651,806	2,397,629
Call loans	コールローン	1,101	20,563
Monetary claims bought	買入金銭債権	13,775	9,836
Trading account securities	商品有価証券	4,275	3,999
Securities	有価証券	1,298,086	1,374,049
Loans and bills discounted	貸出金	6,718,936	7,161,686
Foreign exchanges	外国為替	7,682	6,730
Other assets	その他資産	155,610	136,360
Other	その他の資産	156,610	136,360
Property, plant and equipment	有形固定資産	79,934	77,960
Intangible assets	無形固定資産	6,392	5,797
Prepaid pension costs	前払年金費用	99	—
Customers' liabilities for acceptances and guarantees	支払承諾見返	50,290	59,719
Allowance for loan losses	貸倒引当金	(25,192)	(26,361)
Total assets	資産の部合計	9,962,798	11,227,973
Liabilities	負債の部		
Deposits	預金	8,864,762	9,399,028
Negotiable certificates of deposit	譲渡性預金	87,350	364,971
Payables under repurchase agreements	売現先勘定	3,875	9,605
Payables under securities lending transactions	債券貸借取引受入担保金	1,136	63,366
Borrowed money	借入金	474,890	838,819
Foreign exchanges	外国為替	142	100
Other liabilities	その他負債	61,503	36,145
Income taxes payable	未払法人税等	3,868	3,201
Lease obligations	リース債務	4,356	4,047
Other	その他の負債	53,279	28,896
Provision for bonuses	賞与引当金	1,398	1,480
Provision for share-based remuneration	株式給付引当金	93	127
Provision for retirement benefits	退職給付引当金	33	15
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	2,330	2,106
Provision for point card certificates	ポイント引当金	443	635
Deferred tax liabilities	繰延税金負債	17,926	27,359
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,188	2,160
Acceptances and guarantees	支払承諾	50,290	59,719
Total liabilities	負債の部合計	9,568,366	10,805,642
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	50,005	50,005
Legal capital surplus	資本準備金	50,001	50,001
Other capital surplus	その他資本剰余金	4	4
Retained earnings	利益剰余金	162,678	167,454
Legal retained earnings	利益準備金	6,440	6,829
Other retained earnings	その他利益剰余金	156,238	160,624
Reserve for advanced depreciation of non-current assets	固定資産圧縮積立金	1,042	1,042
Retained earnings brought forward	繰越利益剰余金	155,195	159,582
Treasury shares	自己株式	(2,932)	(3,158)
Total shareholders' equity	株主資本合計	330,852	335,402
Valuation difference on available-for-sale securities	その他有価証券評価差額金	59,099	82,512
Revaluation reserve for land	土地再評価差額金	4,395	4,331
Total valuation and translation adjustments	評価・換算差額等合計	63,495	86,844
Share acquisition rights	新株予約権	84	84
Total net assets	純資産の部合計	394,431	422,330
Total liabilities and net assets	負債及び純資産の部合計	9,962,798	11,227,973

4. Non-Consolidated Statements of Income

		(¥ millions)	
		Six months ended Sep. 30,	
		2019	2020
Ordinary income	経常収益	54,969	52,939
Interest income	資金運用収益	34,704	34,007
Of which, interest on loans and discounts	うち貸出金利息	29,078	29,054
Of which, interest and dividends on securities	うち有価証券利息配当金	5,315	4,594
Fees and commissions	役務取引等収益	13,528	12,742
Other ordinary income	その他業務収益	3,512	1,862
Other income	その他経常収益	3,223	4,326
Ordinary expenses	経常費用	47,062	43,387
Interest expenses	資金調達費用	1,013	958
Of which, interest on deposits	うち預金利息	183	133
Fees and commissions payments	役務取引等費用	7,427	6,956
Other ordinary expenses	その他業務費用	548	846
General and administrative expenses	営業経費	34,116	33,168
Other expenses	その他経常費用	3,956	1,457
Ordinary profit	経常利益	7,907	9,551
Extraordinary income	特別利益	1,434	37
Extraordinary losses	特別損失	189	518
Income before income taxes	税引前中間純利益	9,152	9,070
Income taxes – current	法人税、住民税及び事業税	3,874	3,176
Income taxes – deferred	法人税等調整額	(486)	(765)
Total income taxes	法人税等合計	3,387	2,411
Net income	中間純利益	5,765	6,659

II . Digest of financial results for six months ended September 30, 2020

1. Summary (Non-Consolidated)

	Six months ended Sep.30,		Increase/ (Decrease)	Performance Forecast (May 12,2020)	Change from forecast
	2019	2020			
Core gross profit	41.1	39.9	(1.1)	39.4	0.5
Core operating profit	7.0	7.0	(0.0)	5.8	1.2
Ordinary profit	7.9	9.5	1.6	6.1	3.4
Net income	5.7	6.6	0.8	4.1	2.5
Deposits and NCDs (Average balance)	8,775.8	9,481.0	705.1		
Loans and bills discounted (Average balance)	6,598.4	6,957.5	359.0		
Capital Adequacy Ratio (Domestic) (%)	12.47%	12.35%	(0.12%)		
ROE (%)	2.80%	3.25%	0.45%		

* NCDs = Negotiable certificates of deposit

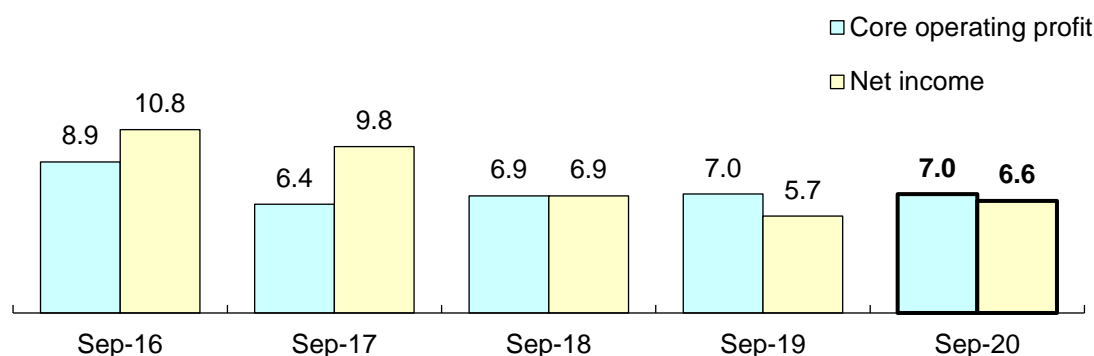
$$\text{ROE} = \frac{\text{Net income} \times 365 / 183}{(\text{Total net assets at beginning of fiscal year} + \text{Total net assets at end of fiscal (interim) year}) / 2}$$

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)

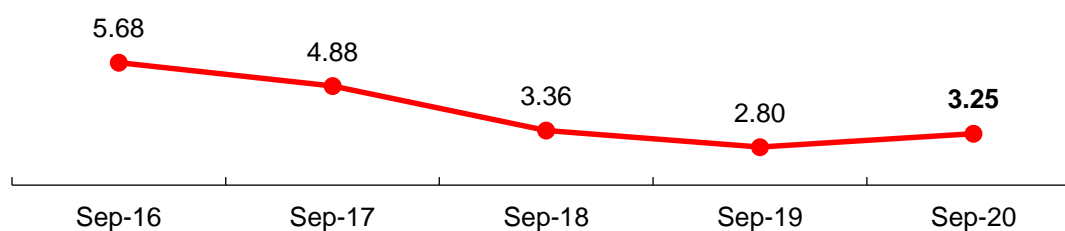
○ Core operating profit and Net income

(¥ billions)



○ ROE

(%)



2. Income Summary

【Non-Consolidated】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2019	2020	
Core gross profit	41.1	39.9	(1.1)
Net interest income	33.6	33.0	(0.6)
Net fees and commissions	6.1	5.7	(0.3)
Net other operating income (excluding gains (losses) on bonds)	1.3	1.1	(0.1)
Expenses(excluding non-recurring losses)	34.0	32.9	(1.0)
Core OHR (%)	82.74%	82.37%	(0.37%)
Personnel	14.1	13.8	(0.2)
Facilities	17.4	16.6	(0.8)
Taxes	2.4	2.3	(0.0)
Core operating profit	7.0	7.0	(0.0)
Excluding gains (losses) on cancellation of investment trusts	7.0	7.0	(0.0)
Credit cost	(0.2)	1.3	1.5
Gains (losses) on securities	(0.8)	3.1	4.0
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	1.4	0.6	(0.8)
Ordinary profit	7.9	9.5	1.6
Net income	5.7	6.6	0.8

【Consolidated】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2019	2020	
Core gross profit	43.4	42.1	(1.2)
Ordinary profit	7.5	9.9	2.3
Profit attributable to owners of parent	5.0	6.5	1.4
Core operating profit	7.8	7.7	(0.1)
Excluding gains (losses) on cancellation of investment trusts	7.8	7.7	(0.1)

3. Deposits and NCDs(Non-Consolidated)

【Average Balance】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2019	2020	
Deposits and NCDs	8,775.8	9,481.0	705.1
Yield on deposits and NCDs (%)	0.00%	0.00%	(0.00%)
Corporate	2,416.0	2,685.6	269.6
Individual	5,720.7	6,038.7	318.0
Public sectors and financial institutions	639.0	756.5	117.4

【Outstanding Balance】

(¥ billions)

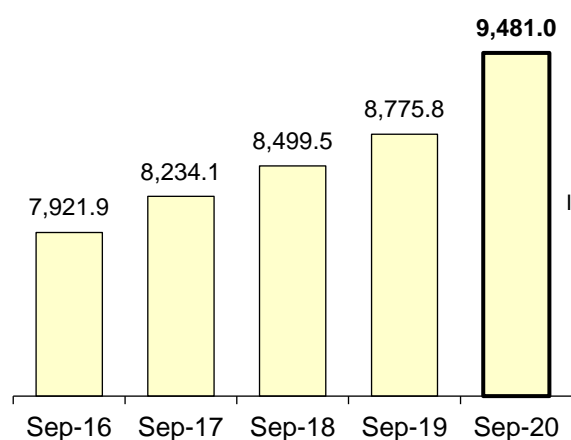
	As of Sep.30,		Increase/ (Decrease)
	2019	2020	
Deposits and NCDs	8,714.1	9,764.0	1,049.8
Deposit assets	256.9	233.3	(23.5)
Safe custody of public bonds	105.7	99.3	(6.4)
Investment trusts	151.1	133.9	(17.1)
Total	8,971.0	9,997.3	1,026.2

* Deposit assets = Safe custody of public bonds + Investment trusts
Investment trusts are stated at fair value.

○ Deposits and NCDs

(Average Balance)

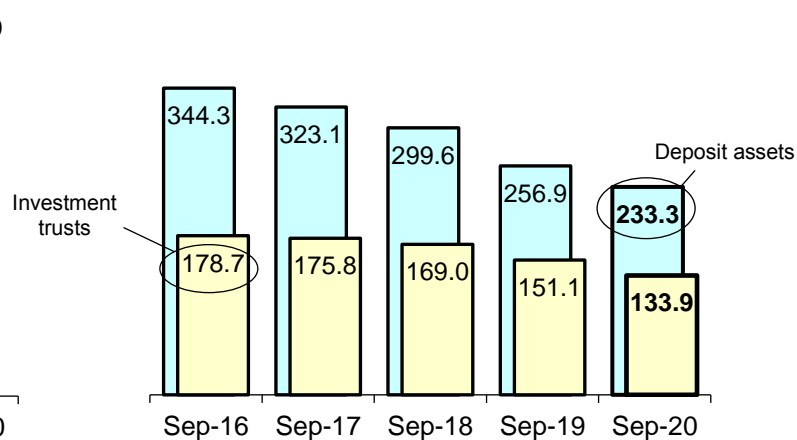
(¥ billions)



○ Deposit assets and Investment trusts

(Outstanding Balance)

(¥ billions)



4. Loans and bills discounted (Non-Consolidated)

【Average Balance】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2019	2020	
Loans and bills discounted	6,598.4	6,957.5	359.0
Yield on loans and bills discounted (%)	0.87%	0.83%	(0.04%)
Enterprises	2,684.4	2,879.0	194.6
Individuals	1,832.5	1,899.8	67.2
Housing loans	1,695.1	1,765.9	70.8
Consumer loans	137.4	133.8	(3.5)
Public sectors	2,081.4	2,178.6	97.1

* Consumer loans = Car loans ,card loans ,etc.

【Outstanding Balance】

(¥ billions)

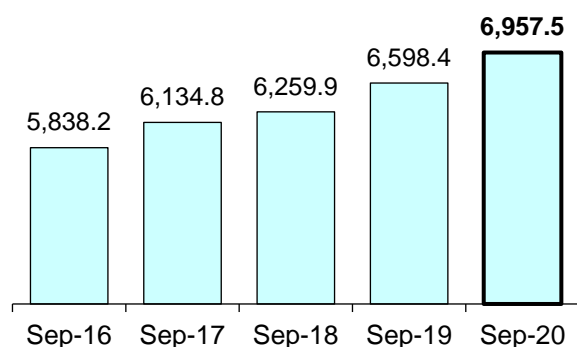
	As of Sep.30,		Increase/ (Decrease)
	2019	2020	
Loans and bills discounted	6,620.2	7,161.6	541.4
Enterprises	2,728.9	3,009.4	280.4
Individuals	1,856.0	1,912.6	56.6
Public sectors	2,035.2	2,239.5	204.3
SMEs, etc	3,677.4	3,989.9	312.5
In Hokkaido	5,351.8	5,653.7	301.8

* SMEs, etc = SMEs + Individuals

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

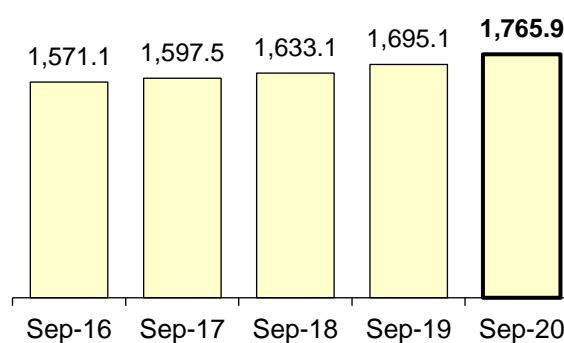
○ Loans and bills discounted (Average Balance)

(¥ billions)



○ Housing loans (Average Balance)

(¥ billions)



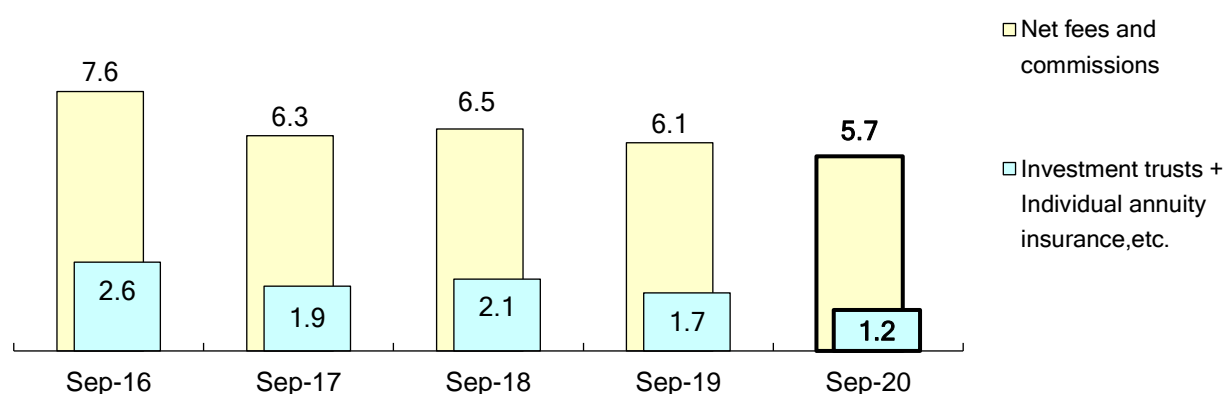
5. Fees and commissions (Non-Consolidated)

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2019	2020	
Fees and commissions	13.5	12.7	(0.7)
Of which, domestic and foreign exchanges	3.9	4.0	0.0
Of which, investment trusts	0.6	0.5	(0.1)
Of which, individual annuity insurance, etc.	1.0	0.6	(0.4)
Fees and commissions payments	7.4	6.9	(0.4)
Of which, group credit life insurance	3.2	3.3	0.1
Of which, guarantee	2.4	1.9	(0.5)
Net fees and commissions	6.1	5.7	(0.3)

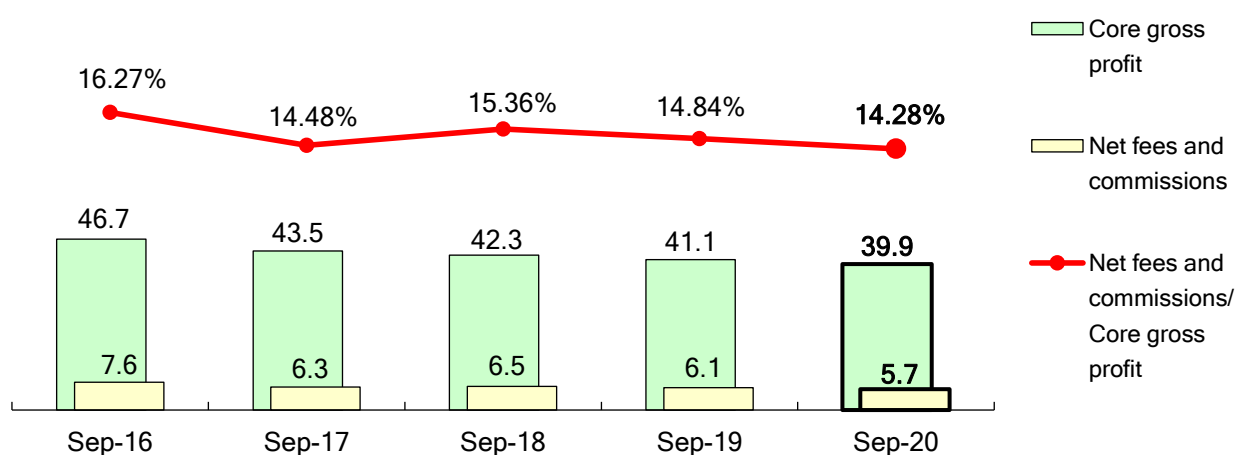
○ Net fees and commissions

(¥ billions)



○ Core gross profit and Net fees and commissions

(¥ billions)



6. Securities (Non-consolidated)

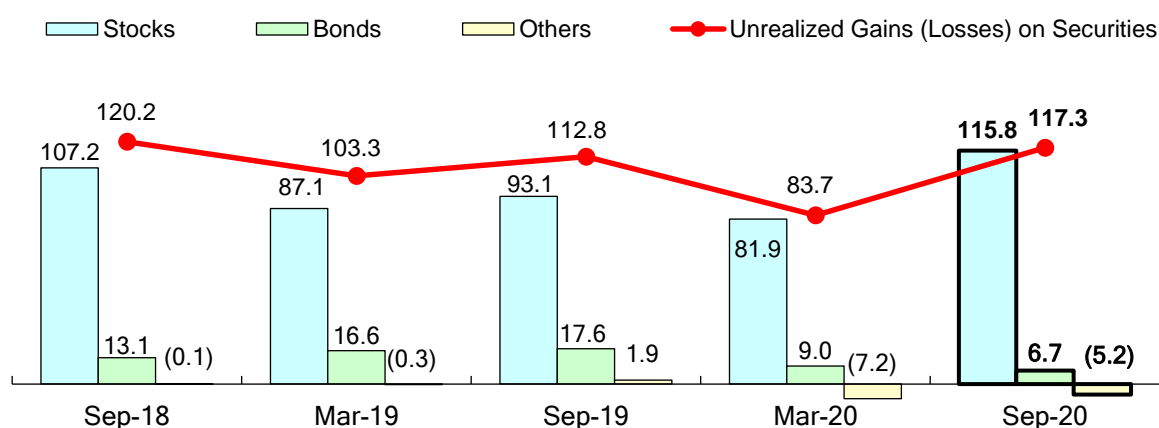
(¥ billions)

	As of Mar.31, 2020		As of Sep.30, 2020		Increase/ (Decrease)	
	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)
Stocks	46.3	81.9	47.5	115.8	1.1	33.9
Bonds	1,073.4	9.0	1,120.5	6.7	47.0	(2.3)
Others	87.2	(7.2)	81.4	(5.2)	(5.7)	1.9
Total	1,206.9	83.7	1,249.4	117.3	42.5	33.5
Nikkei stock average (¥)	18,917		23,185		4,268	
New 10-year Japanese government bond (JGB) yield (%)	0.005%		0.015%		0.010%	

* Excluding trading account securities, capital investment in Investment Partnership.

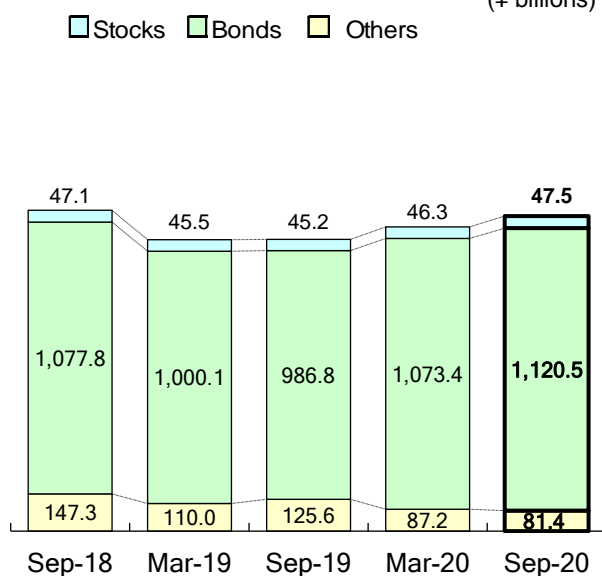
○ Unrealized Gains (Losses) on Securities

(¥ billions)



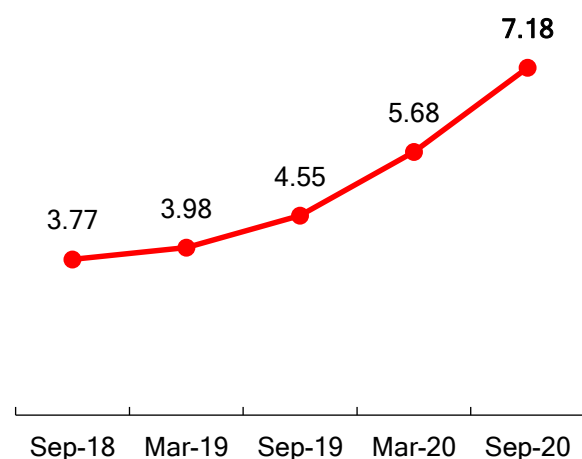
○ Acquisition cost on Securities

(¥ billions)



○ Average duration to maturity of yen bonds

(years)



* Including floating-rate JGBs

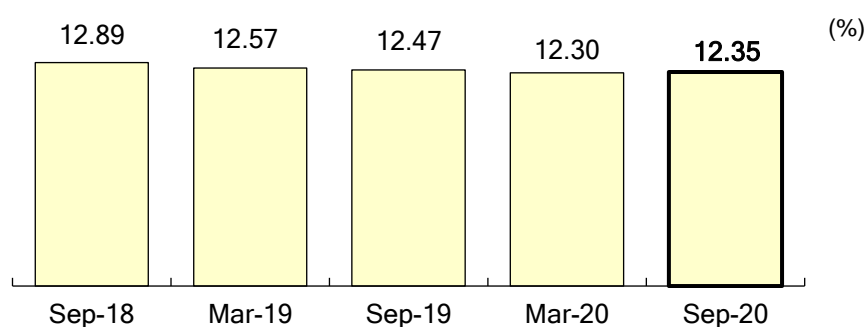
7. Capital Adequacy Ratio (Domestic)

(¥ billions)

	Non-Consolidated			Consolidated		
	As of Sep.30, 2019	As of Sep.30, 2020	Increase/ (Decrease)	As of Sep.30, 2019	As of Sep.30, 2020	Increase/ (Decrease)
Capital Adequacy Ratio (%)	12.47%	12.35%	(0.12%)	12.78%	12.65%	(0.13%)
Capital	343.7	343.8	0.0	360.7	360.1	(0.5)
Risk-adjusted assets	2,756.3	2,784.0	27.6	2,820.5	2,845.1	24.6

* The figures are calculated using the fundamental internal rating based approach (FIRB).

○ Capital Adequacy Ratio(Non-Consolidated)

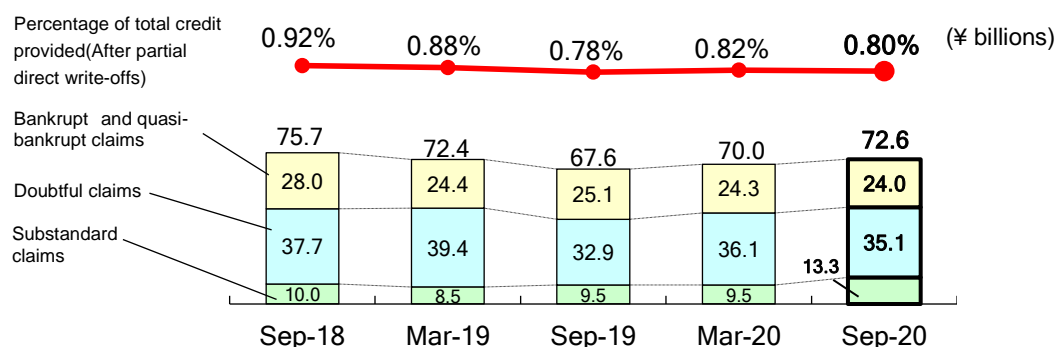


8. Disclosed claims under the Financial Reconstruction Law (Non-Consolidated)

(¥ billions)

	As of Sep.30,		Increase/ (Decrease)
	2019	2020	
Bankrupt and quasi-bankrupt claims	25.1	24.0	(1.0)
Doubtful claims	32.9	35.1	2.1
Substandard claims	9.5	13.3	3.8
Disclosed claims under the Financial Reconstruction Law	67.6	72.6	4.9
Percentage of total credit provided (%)	0.99%	0.98%	(0.01%)
After partial direct write-offs (%) *	0.78%	0.80%	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.



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