

Financial Summary  
Six months ended September 30, 2016



November 11, 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 Sep. 30, 2016
<b>Assets</b>	<b>資産の部</b>		
Cash and due from banks	現金預け金	718,742	733,910
Call loans and bills bought	コールローン及び買入手形	30,708	7,690
Monetary claims bought	買入金銭債権	11,673	11,324
Trading account securities	商品有価証券	5,624	5,006
Securities	有価証券	1,711,785	1,733,668
Loans and bills discounted	貸出金	5,747,173	5,941,497
Foreign exchanges	外国為替	3,388	4,454
Lease receivables and investment assets	リース債権及びリース投資資産	45,479	46,868
Other assets	その他資産	89,461	85,949
Property, plant and equipment	有形固定資産	90,084	89,390
Intangible assets	無形固定資産	10,545	9,298
Deferred tax assets	繰延税金資産	477	435
Customers' liabilities for acceptances and guarantees	支払承認見返	50,210	55,843
Allowance for loan losses	貸倒引当金	(50,836)	(45,323)
<b>Total assets</b>	<b>資産の部合計</b>	<b>8,464,519</b>	<b>8,680,014</b>
<b>Liabilities</b>	<b>負債の部</b>		
Deposits	預金	7,715,256	7,724,297
Negotiable certificates of deposit	譲渡性預金	98,212	241,064
Payables under securities lending transactions	債券貸借取引受入担保金	52,346	97,902
Borrowed money	借入金	77,796	80,359
Foreign exchanges	外国為替	53	21
Other liabilities	その他負債	58,590	53,572
Provision for bonuses	賞与引当金	1,945	1,901
Net defined benefit liability	退職給付に係る負債	785	913
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,553	1,562
Provision for point card certificates	ポイント引当金	335	521
Deferred tax liabilities	繰延税金負債	15,010	18,983
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,859	2,805
Acceptances and guarantees	支払承認	50,210	55,843
<b>Total liabilities</b>	<b>負債の部合計</b>	<b>8,074,956</b>	<b>8,279,749</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	72,328	72,344
Retained earnings	利益剰余金	112,178	119,982
Treasury shares	自己株式	(1)	(0)
<b>Total shareholders' equity</b>	<b>株主資本合計</b>	<b>305,607</b>	<b>313,427</b>
Valuation difference on available-for-sale securities	その他有価証券評価差額金	72,602	75,306
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	5,845
Remeasurements of defined benefit plans	退職給付に係る調整累計額	14	1
<b>Total accumulated other comprehensive income</b>	<b>その他の包括利益累計額合計</b>	<b>78,585</b>	<b>81,153</b>
Subscription rights to shares	新株予約権	55	71
Non-controlling interests	非支配株主持分	5,315	5,612
<b>Total net assets</b>	<b>純資産の部合計</b>	<b>389,563</b>	<b>400,265</b>
<b>Total liabilities and net assets</b>	<b>負債及び純資産の部合計</b>	<b>8,464,519</b>	<b>8,680,014</b>

## 2. Consolidated Statements of Income and Comprehensive Income

### (1) Consolidated Statements of Income

(¥ millions)

		Six months ended Sep. 30,	
		2015	2016
Ordinary income	経常収益	77,023	75,095
Interest income	資金運用収益	40,846	39,621
Of which, interest on loans and discounts	うち貸出金利息	33,490	31,884
Of which, interest and dividends on securities	うち有価証券利息配当金	6,941	7,423
Fees and commissions	役務取引等収益	15,250	15,221
Other ordinary income	その他業務収益	18,116	15,766
Other income	その他経常収益	2,809	4,486
Ordinary expenses	経常費用	60,620	60,724
Interest expenses	資金調達費用	2,107	1,613
Of which, interest on deposits	うち預金利息	869	350
Fees and commissions payments	役務取引等費用	5,828	6,087
Other ordinary expenses	その他業務費用	13,224	13,279
General and administrative expenses	営業経費	38,520	38,679
Other expenses	その他経常費用	940	1,064
Ordinary profit	経常利益	16,402	14,371
Extraordinary income	特別利益	7	0
Gain on disposal of non-current assets	固定資産処分益	7	0
Extraordinary losses	特別損失	160	283
Loss on disposal of non-current assets	固定資産処分損	101	100
Impairment loss	減損損失	59	183
Profit before income taxes	税金等調整前中間純利益	16,248	14,088
Income taxes – current	法人税、住民税及び事業税	2,063	1,254
Income taxes – deferred	法人税等調整額	3,508	2,011
Total income taxes	法人税等合計	5,572	3,265
Profit	中間純利益	10,676	10,822
Profit attributable to non-controlling interests	非支配株主に帰属する中間純利益	373	150
Profit attributable to owners of parent	親会社株主に帰属する中間純利益	10,302	10,672

## (2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Six months ended Sep. 30,	
		2015	2016
Profit	中間純利益	10,676	10,822
Other comprehensive income	その他の包括利益	(925)	2,838
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(681)	2,850
Deferred gains or losses on hedges	繰延ヘッジ損益	13	0
Remeasurements of defined benefit plans , net of tax	退職給付に係る調整額	(257)	(12)
Comprehensive income	中間包括利益	9,751	13,660
Comprehensive income attributable to owners of parent	親会社株主に係る中間包括利益	9,181	13,363
Comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	569	296

## 3. Non-Consolidated Balance Sheets

(¥ millions)

		As of Mar. 31, 2016	As of Sep. 30, 2016
<b>Assets</b>	<b>資産の部</b>		
Cash and due from banks	現金預け金	718,615	733,668
Call loans	コールローン	30,708	7,690
Monetary claims bought	買入金銭債権	11,673	11,324
Trading account securities	商品有価証券	5,624	5,006
Securities	有価証券	1,710,549	1,731,804
Loans and bills discounted	貸出金	5,797,800	5,995,433
Foreign exchanges	外国為替	3,388	4,454
Other assets	その他資産	57,950	54,780
Other	その他の資産	57,950	54,780
Property, plant and equipment	有形固定資産	89,048	88,411
Intangible assets	無形固定資産	10,267	9,048
Customers' liabilities for acceptances and guarantees	支払承諾見返	50,210	55,843
Allowance for loan losses	貸倒引当金	(44,810)	(39,223)
<b>Total assets</b>	<b>資産の部合計</b>	<b>8,441,026</b>	<b>8,658,242</b>
<b>Liabilities</b>	<b>負債の部</b>		
Deposits	預金	7,723,235	7,731,248
Negotiable certificates of deposit	譲渡性預金	111,572	254,424
Payables under securities lending transactions	債券貸借取引受入担保金	52,346	97,902
Borrowed money	借入金	67,772	71,975
Foreign exchanges	外国為替	53	21
Other liabilities	その他負債	39,498	35,983
Income taxes payable	未払法人税等	1,846	1,085
Lease obligations	リース債務	4,775	4,838
Other	その他の負債	32,876	30,060
Provision for bonuses	賞与引当金	1,733	1,665
Provision for retirement benefits	退職給付引当金	596	697
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,553	1,562
Provision for point card certificates	ポイント引当金	323	511
Deferred tax liabilities	繰延税金負債	14,501	18,402
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,859	2,805
Acceptances and guarantees	支払承諾	50,210	55,843
<b>Total liabilities</b>	<b>負債の部合計</b>	<b>8,066,259</b>	<b>8,273,045</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	50,001	50,001
Legal capital surplus	資本準備金	50,001	50,001
Retained earnings	利益剰余金	126,106	134,068
Legal retained earnings	利益準備金	2,907	3,505
Other retained earnings	その他利益剰余金	123,199	130,563
Reserve for advanced depreciation of non-current assets	固定資産圧縮積立金	1,046	1,046
Retained earnings brought forward	繰越利益剰余金	122,152	129,516
Treasury shares	自己株式	(129)	(107)
<b>Total shareholders' equity</b>	<b>株主資本合計</b>	<b>297,079</b>	<b>305,063</b>
Valuation difference on available-for-sale securities	その他有価証券評価差額金	71,663	74,217
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	5,845
Valuation and translation adjustments	評価・換算差額等合計	77,632	80,063
Subscription rights to shares	新株予約権	55	71
<b>Total net assets</b>	<b>純資産の部合計</b>	<b>374,767</b>	<b>385,197</b>
<b>Total liabilities and net assets</b>	<b>負債及び純資産の部合計</b>	<b>8,441,026</b>	<b>8,658,242</b>

## 4. Non-Consolidated Statements of Income

(¥ millions)

		Six months ended Sep. 30,	
		2015	2016
Ordinary income	経常収益	63,097	61,736
Interest income	資金運用収益	41,043	40,151
Of which, Interest on loans and discounts	うち貸出金利息	33,584	31,977
Of which, Interest and dividends on securities	うち有価証券利息配当金	7,044	7,860
Fees and commissions	役務取引等収益	14,071	14,357
Other ordinary income	その他業務収益	5,041	2,400
Other income	その他経常収益	2,940	4,827
Ordinary expenses	経常費用	47,819	47,536
Interest expenses	資金調達費用	2,079	1,591
Of which, Interest on deposits	うち預金利息	870	351
Fees and commissions payments	役務取引等費用	6,471	6,674
Other ordinary expenses	その他業務費用	923	709
General and administrative expenses	営業経費	37,693	37,792
Other expenses	その他経常費用	650	769
Ordinary profit	経常利益	15,277	14,199
Extraordinary income	特別利益	267	0
Extraordinary losses	特別損失	160	283
Income before income taxes	税引前中間純利益	15,384	13,916
Income taxes - current	法人税、住民税及び事業税	1,564	1,041
Income taxes - deferred	法人税等調整額	3,571	2,039
Total income taxes	法人税等合計	5,136	3,081
Net income	中間純利益	10,247	10,835

## II. Digest of financial results for six months ended September 30, 2016

### 1. Summary (Non-Consolidated)

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)	Performance Forecast (May 12,2016)	Change from forecast
	2015	2016			
Core gross profit	46.9	46.7	(0.1)	47.4	(0.7)
Core operating profit	8.8	8.9	0.0	8.6	0.3
Ordinary profit	15.2	14.1	(1.0)	9.7	4.4
Net income	10.2	10.8	0.5	6.8	4.0
Deposits and NCDs (Average balance)	7,561.8	7,921.9	360.0		
Loans and bills discounted (Average balance)	5,550.4	5,838.2	287.8		
Capital Adequacy Ratio (Domestic) (%)	10.36%	11.73%			
ROE (%)	5.71%	5.68%	(0.03%)		

\* NCDs = Negotiable certificates of deposit

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

\*Excluding subscription rights to shares

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)

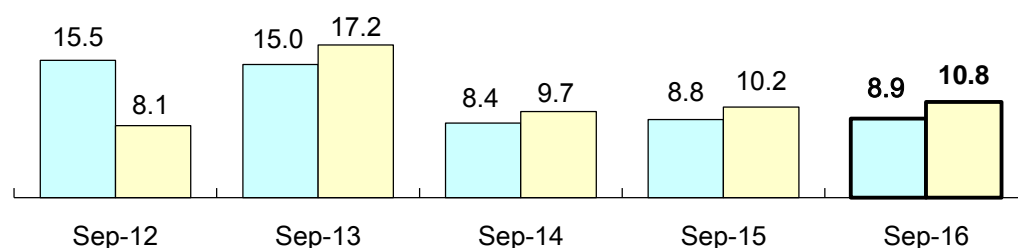
Capital Adequacy Ratio 2015 : SA(standardized approach)

Capital Adequacy Ratio 2016 : FIRB(foundation internal ratings-based approach)

### ○ Core operating profit and Net income

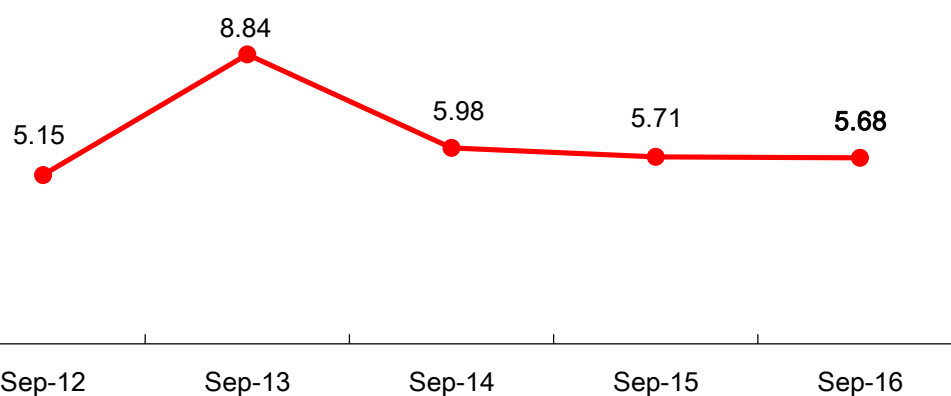
(¥ billions)

□ Core operating profit  
□ Net income



### ○ ROE

(%)



## 2. Income Summary

### 【Non-Consolidated】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2015	2016	
Core gross profit	46.9	46.7	(0.1)
Net interest income	38.9	38.5	(0.4)
Net fees and commissions	7.5	7.6	0.0
Net other operating income (excluding gains (losses) on bonds)	0.3	0.5	0.1
Expenses(excluding non-recurring losses)	38.0	37.7	(0.2)
Core OHR (%)	81.05%	80.77%	(0.28%)
Personnel	15.9	15.6	(0.2)
Facilities	18.9	18.9	(0.0)
Taxes	3.1	3.1	0.0
Core operating profit	8.8	8.9	0.0
Credit cost	(1.2)	(2.9)	(1.6)
Gains (losses) on securities	3.5	1.2	(2.2)
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	1.5	1.0	(0.5)
Ordinary profit	15.2	14.1	(1.0)
Net income	10.2	10.8	0.5

### 【Consolidated】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2015	2016	
Core gross profit	49.3	48.4	(0.8)
Ordinary profit	16.4	14.3	(2.0)
Profit attributable to owners of parent	10.3	10.6	0.3
Core operating profit	10.4	9.7	(0.6)



### 3. Deposits and NCDs (Non-Consolidated)

#### 【Average Balance】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2015	2016	
Deposits and NCDs	7,561.8	7,921.9	360.0
Yield on deposits and NCDs (%)	0.02%	0.01%	(0.01%)
Corporate	1,987.6	2,116.6	129.0
Individual	5,080.4	5,169.0	88.6
Public sectors and financial institutions	493.8	636.2	142.4

#### 【Outstanding Balance】

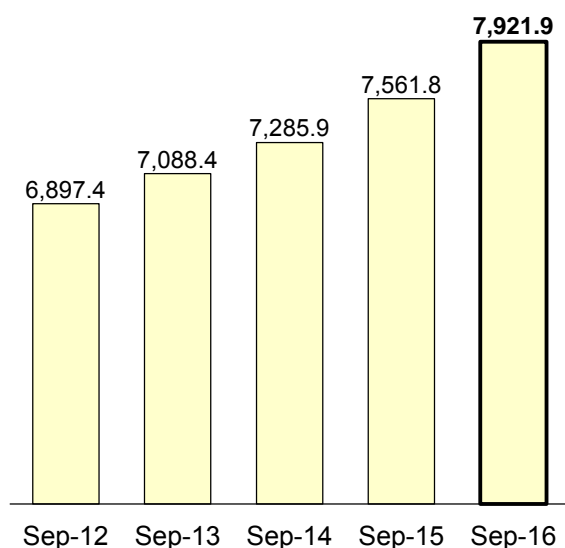
(¥ billions)

	As of Sep.30,		Increase/ (Decrease)
	2015	2016	
Deposits and NCDs	7,615.9	7,985.6	369.7
Deposit assets	400.0	344.3	(55.7)
Safe custody of public bonds	208.9	165.6	(43.3)
Investment trusts	191.1	178.7	(12.4)
<b>Total</b>	<b>8,015.9</b>	<b>8,329.9</b>	<b>314.0</b>
<Reference> Individual annuity insurance, etc.	509.0	562.1	53.0

\* Deposit assets = Safe custody of public bonds + Investment trusts  
Investment trusts are stated at fair value.  
Individual annuity insurance, etc. sales reflect cumulative sales amounts.

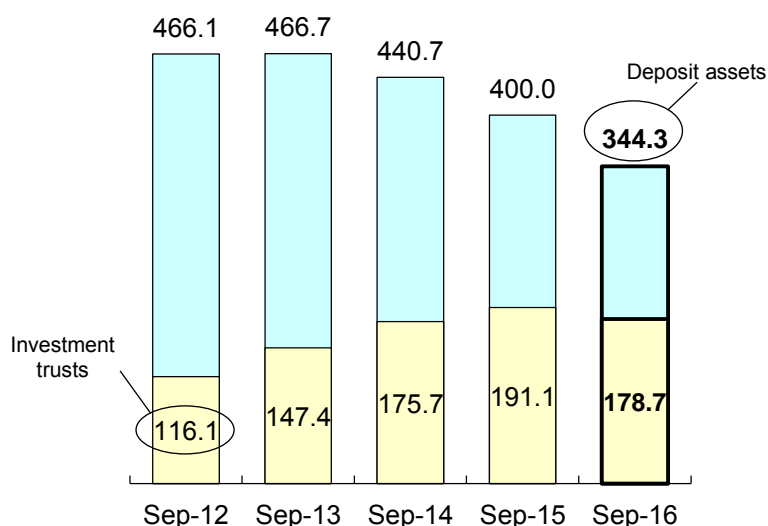
#### ○ Deposits and NCDs (Average Balance)

(¥ 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)
	2015	2016	
Loans and bills discounted	5,550.4	5,838.2	287.8
Yield on loans and bills discounted (%)	1.20%	1.09%	(0.11%)
Enterprises	2,488.9	2,563.6	74.6
Individuals	1,661.5	1,683.8	22.3
Of which, residential loans	1,562.1	1,571.1	9.0
Of which, card loans	28.2	38.9	10.7
Public sectors	1,399.8	1,590.6	190.8

##### 【Outstanding Balance】

(¥ billions)

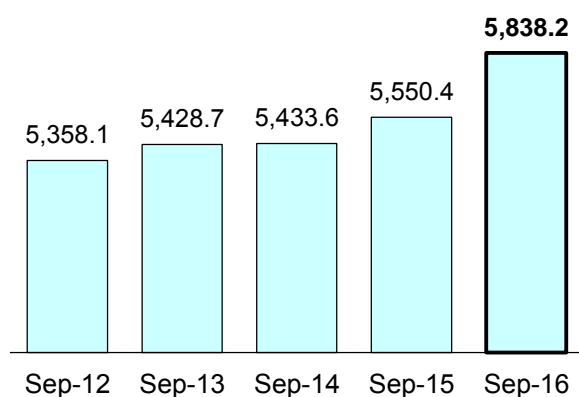
	As of Sep.30,		Increase/ (Decrease)
	2015	2016	
Loans and bills discounted	5,590.9	5,995.4	404.5
Enterprises	2,548.4	2,609.2	60.7
Individuals	1,669.9	1,689.1	19.1
Public sectors	1,372.5	1,697.0	324.5
SMEs, etc	3,350.6	3,409.9	59.3
In Hokkaido	4,944.5	5,061.7	117.1

\*SMEs, etc = SMEs + Consumer loans

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

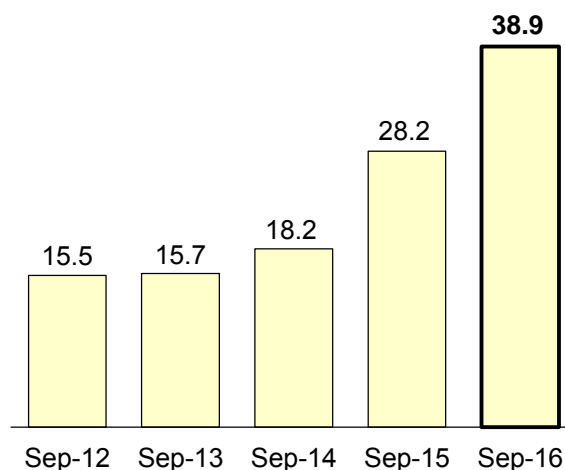
##### ○ Loans and bills discounted (Average Balance)

(¥ billions)



##### ○ Card loans (Average Balance)

(¥ billions)



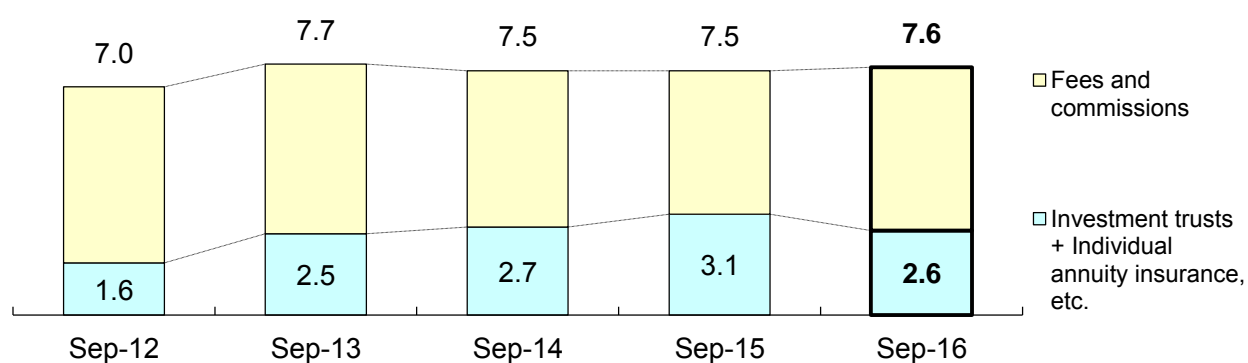
## 5. Fees and commissions (Non-Consolidated)

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2015	2016	
Fees and commissions	14.0	<b>14.3</b>	0.2
Of which, domestic and foreign exchanges	4.0	<b>4.1</b>	0.0
Of which, investment trusts	1.5	<b>0.9</b>	(0.6)
Of which, individual annuity insurance, etc.	1.5	<b>1.7</b>	0.1
Fees and commissions payments	6.4	<b>6.6</b>	0.2
Of which, group credit life insurance	3.1	<b>3.3</b>	0.1
Of which, guarantee	1.6	<b>1.6</b>	0.0
<b>Net fees and commissions</b>	7.5	<b>7.6</b>	0.0

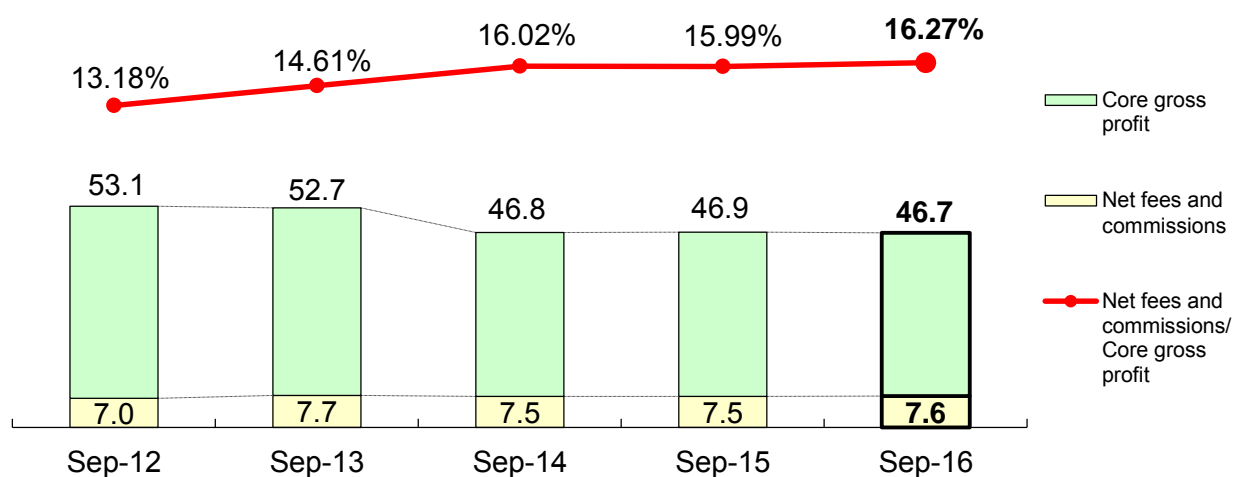
### ○ Net fees and commissions

(¥ billions)



### ○ Core gross profit and Net fees and commissions

(¥ billions)



## 6. Securities (Non-Consolidated)

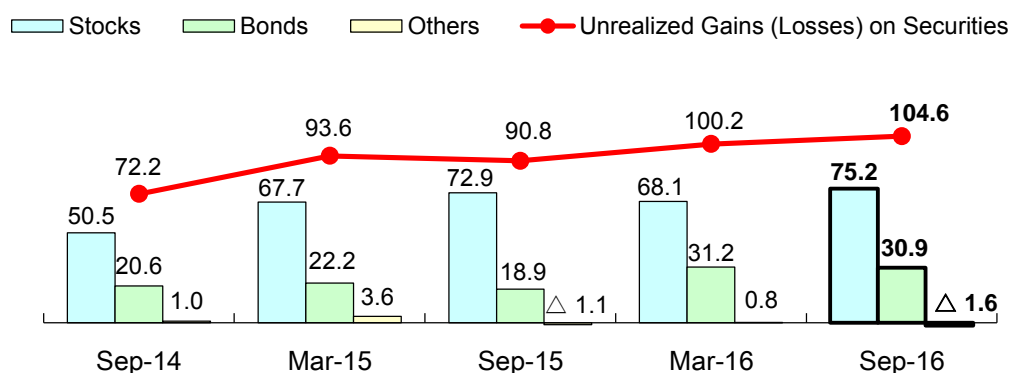
(¥ billions)

	As of Mar.31, 2016		As of Sep.30, 2016		Increase/ (Decrease)	
	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)
Stocks	56.1	68.1	<b>55.3</b>	<b>75.2</b>	(0.7)	7.1
Bonds	1,243.5	31.2	<b>1,240.4</b>	<b>30.9</b>	(3.0)	(0.2)
Others	310.6	0.8	<b>331.3</b>	<b>(1.6)</b>	20.7	(2.4)
<b>Total</b>	<b>1,610.2</b>	<b>100.2</b>	<b>1,627.1</b>	<b>104.6</b>	<b>16.8</b>	<b>4.3</b>
Nikkei stock average (¥)		16,758	<b>16,449</b>			(309)
New 10-year Japanese government bond (JGB) yield (%)		(0.050%)	<b>(0.085%)</b>			(0.035%)

\* Excluding trading account securities

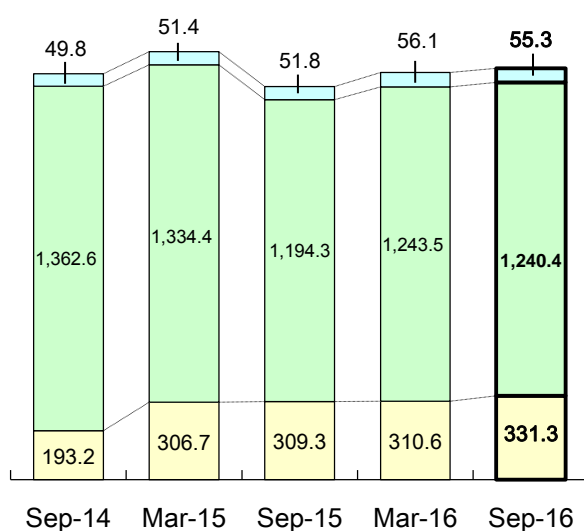
### ○ Unrealized Gains (Losses) on Securities

(¥ billions)



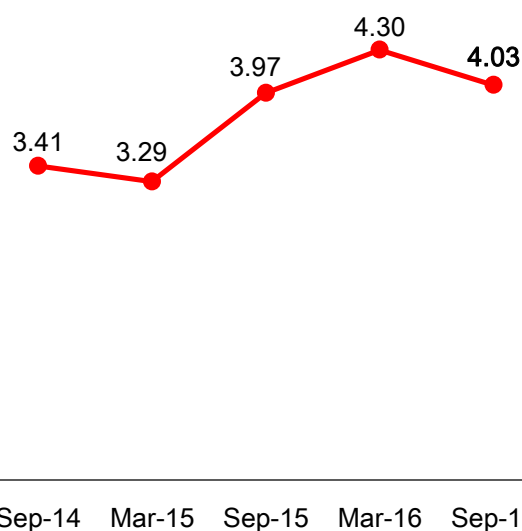
### ○ Securities (Acquisition cost)

(¥ billions)



### ○ Average duration to maturity of yen bonds

(years)

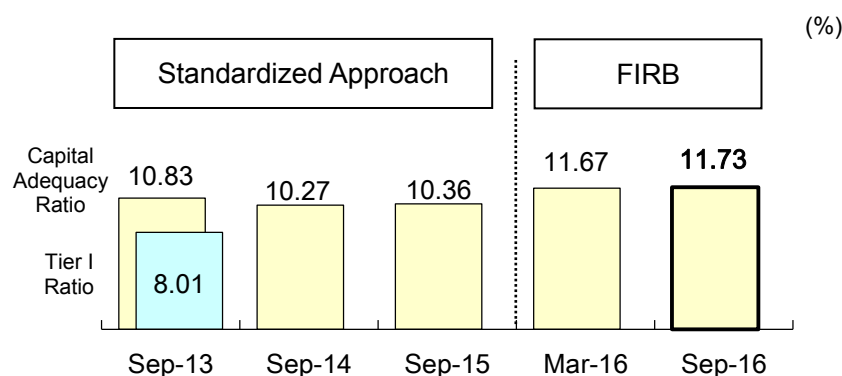


\* Including floating-rate JGBs

## 7. Capital Adequacy Ratio (Domestic)

(¥ billions)

	As of Sep.30,2015 (Standardized Approach)		As of Sep.30,2016 (FIRB)	
	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated
Capital Adequacy Ratio (%)	10.36%	10.66%	11.73%	12.04%
Capital	355.6	369.1	339.7	356.1
Risk-adjusted assets	3,431.8	3,462.7	2,894.7	2,955.7



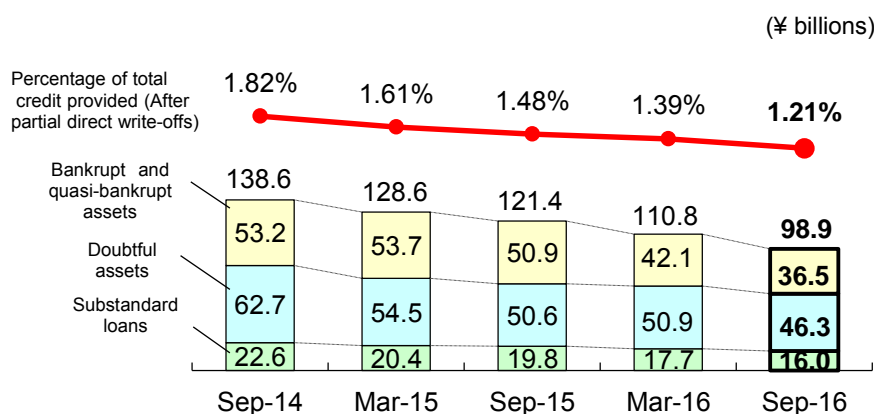
\* The ratio has been calculated in accordance with the notification of revision to Capital Adequacy Ratio (Basel III) since the end of March, 2014.

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

(¥ billions)

	As of Sep.30,		Increase/ (Decrease)
	2015	2016	
Bankrupt and quasi-bankrupt assets	50.9	36.5	(14.4)
Doubtful assets	50.6	46.3	(4.2)
Substandard loans	19.8	16.0	(3.8)
Problem assets based on the Financial Revitalization Law	121.4	98.9	(22.5)
Percentage of total credit provided (%)	2.11%	1.60%	(0.51%)
After partial direct write-offs (%) *	1.48%	1.21%	(0.27%)

\* 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.