

# Financial Summary

Third Quarter (Nine Months) ended December 31, 2017



February 8, 2018  
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 Dec. 31, 2017
<b>Assets</b>	<b>資産の部</b>		
Cash and due from banks	現金預け金	1,022,200	1,022,960
Call loans and bills bought	コールローン及び買入手形	1,322	152,918
Monetary claims bought	買入金銭債権	14,239	14,647
Trading account securities	商品有価証券	4,952	4,387
Securities	有価証券	1,729,586	1,603,542
Loans and bills discounted	貸出金	6,052,348	6,266,575
Foreign exchanges	外国為替	5,102	7,496
Lease receivables and investment assets	リース債権及びリース投資資産	47,186	48,774
Other assets	その他資産	103,610	145,942
Property, plant and equipment	有形固定資産	88,549	88,806
Intangible assets	無形固定資産	9,171	8,391
Deferred tax assets	繰延税金資産	465	411
Customers' liabilities for acceptances and guarantees	支払承諾見返	54,558	58,548
Allowance for loan losses	貸倒引当金	(39,579)	(37,661)
Total assets	資産の部合計	9,093,714	9,385,741
<b>Liabilities</b>	<b>負債の部</b>		
Deposits	預金	8,086,989	8,080,242
Negotiable certificates of deposit	譲渡性預金	75,120	301,397
Call money and bills sold	コールマネー及び売渡手形	—	2,260
Payables under repurchase agreements	売現先勘定	—	50,635
Payables under securities lending transactions	債券貸借取引受入担保金	222,758	169,541
Borrowed money	借入金	160,486	194,545
Foreign exchanges	外国為替	69	196
Other liabilities	その他負債	54,307	57,326
Provision for bonuses	賞与引当金	1,943	468
Net defined benefit liability	退職給付に係る負債	1,030	871
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,615	1,815
Provision for point card certificates	ポイント引当金	369	335
Deferred tax liabilities	繰延税金負債	23,159	31,012
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,693	2,672
Acceptances and guarantees	支払承諾	54,558	58,548
Total liabilities	負債の部合計	8,685,102	8,951,868
<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	72,344	72,367
Retained earnings	利益剰余金	124,280	133,273
Treasury shares	自己株式	(0)	(0)
Total shareholders' equity	株主資本合計	317,725	326,741
Valuation difference on available-for-sale securities	その他有価証券評価差額金	79,344	95,080
Revaluation reserve for land	土地再評価差額金	5,586	5,537
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(128)	(31)
Total accumulated other comprehensive income	その他の包括利益累計額合計	84,802	100,586
Subscription rights to shares	新株予約権	101	116
Non-controlling interests	非支配株主持分	5,981	6,427
Total net assets	純資産の部合計	408,611	433,872
Total liabilities and net assets	負債及び純資産の部合計	9,093,714	9,385,741

## 2. Consolidated Statements of Income and Comprehensive Income

### (1) Consolidated Statements of Income

(¥ millions)

		Nine months ended Dec. 31,	
		2016	2017
Ordinary income	経常収益	111,275	108,456
Interest income	資金運用収益	59,353	58,040
Of which, interest on loans and discounts	うち貸出金利息	47,841	46,765
Of which, interest and dividends on securities	うち有価証券利息配当金	11,031	10,768
Fees and commissions	役務取引等収益	22,590	21,763
Other ordinary income	その他業務収益	23,900	21,602
Other income	その他経常収益	5,429	7,049
Ordinary expenses	経常費用	93,367	93,315
Interest expenses	資金調達費用	2,530	3,142
Of which, interest on deposits	うち預金利息	497	355
Fees and commissions payments	役務取引等費用	8,507	9,099
Other ordinary expenses	その他業務費用	22,992	22,795
General and administrative expenses	営業経費	57,574	56,757
Other expenses	その他経常費用	1,763	1,521
Ordinary profit	経常利益	17,907	15,140
Extraordinary income	特別利益	2,113	378
Gain on disposal of non-current assets	固定資産処分益	2,113	378
Extraordinary losses	特別損失	616	361
Loss on disposal of non-current assets	固定資産処分損	207	168
Impairment loss	減損損失	408	193
Profit before income taxes	税金等調整前四半期純利益	19,403	15,157
Income taxes – current	法人税、住民税及び事業税	1,681	561
Income taxes – deferred	法人税等調整額	2,672	880
Total income taxes	法人税等合計	4,354	1,442
Profit	四半期純利益	15,049	13,714
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	148	(16)
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	14,901	13,731

## (2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Nine months ended Dec. 31,	
		2016	2017
Profit	四半期純利益	15,049	13,714
Other comprehensive income	その他の包括利益	5,449	16,295
Valuation difference on available-for-sale securities	その他有価証券評価差額金	5,467	16,198
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	(18)	96
Comprehensive income	四半期包括利益	20,499	30,010
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	20,078	29,564
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	421	446

## II . Digest of financial results for Nine months ended December 31, 2017

### 1. Summary (Non-Consolidated)

(¥ millions)

	Nine months ended Dec.31,		Increase/ (Decrease)	Fiscal year ending Mar.31, 2018 (Forecasts)
	2016	2017		
Ordinary income	90,660	88,414	(2,246)	114,300
Core gross profit	70,010	65,592	(4,418)	
Net interest income	57,417	55,466	(1,951)	
Net fees and commissions	11,862	10,148	(1,714)	
Net other operating income (excluding gains (losses) on bonds)	730	(22)	(752)	
Expenses (excluding non-recurring losses)	56,252	55,171	(1,081)	
Core operating profit	13,757	10,421	(3,336)	
Credit cost	(2,344)	(1,653)	691	
Gains (losses) on securities	160	1,157	997	
Bonds, etc	(1,096)	(2,287)	(1,191)	
Stocks, etc	1,257	3,445	2,188	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	1,121	2,097	976	
Ordinary profit	17,383	15,330	(2,053)	19,600
Extraordinary income (losses)	1,496	16	(1,480)	
Income before income taxes	18,880	15,346	(3,534)	
Income taxes	4,019	1,233	(2,786)	
Net income	14,861	14,113	(748)	13,600
Operating profit	12,660	8,133	(4,527)	

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. 30,2017 (B)	(A)－(B)
	2016	2017 (A)			
Deposits and NCDs	7,972.4	8,261.8	289.3	8,234.1	27.7
Corporate	2,129.0	2,247.1	118.1	2,239.4	7.7
Individual	5,189.4	5,375.8	186.3	5,356.0	19.7
Public sectors and financial institutions	653.9	638.7	(15.1)	638.5	0.1

### 【Outstanding Balance】

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2017 (B)	(A)－(B)
	2016	2017(A)			
Deposits and NCDs	8,201.0	8,399.0	197.9	8,258.2	140.7
Deposit assets	339.9	321.0	(18.8)	323.1	(2.0)
Safe custody of public bonds	158.6	145.0	(13.5)	147.3	(2.2)
Investment trusts	181.2	175.9	(5.2)	175.8	0.1
Total	8,541.0	8,720.1	179.1	8,581.4	138.7

&lt;Reference&gt;

Individual annuity insurance, etc.	570.3	621.9	51.6	610.3	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. 30,2017 (B)	(A)－(B)
	2016	2017(A)			
Loans and bills discounted	5,897.1	6,175.0	277.8	6,134.8	40.1
Enterprises	2,578.4	2,577.5	(0.8)	2,554.1	23.4
Individuals	1,687.5	1,733.4	45.8	1,725.7	7.6
Public sectors	1,631.2	1,863.9	232.7	1,854.9	9.0

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, 2017(B)	(A)－(B)
	2016	2017(A)			
SMEs, etc	3,449.3	3,581.6	132.3	3,513.0	68.5
Loans and bills discounted	6,041.6	6,324.4	282.7	6,230.5	93.9
In Hokkaido	5,142.4	5,278.1	135.7	5,204.5	73.6

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

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2017 (B)	(A)－(B)
	2016	2017(A)			
Securities	1,765.9	1,599.7	(166.1)	1,660.1	(60.4)

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

(¥ billions)

	As of Sep.30, 2017			As of Dec.31, 2017			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)－(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	126.3	131.3	4.9	132.1	5.7	137.0	4.8
Stocks	107.2	107.5	0.3	112.4	5.1	113.2	0.8
Bonds	18.9	19.4	0.5	18.4	(0.5)	18.8	0.3
Others	0.1	4.2	4.1	1.2	1.1	4.9	3.6
Nikkei stock average (¥)				22,764			
New 10-year Japanese government bond yield (%)				0.045%			
				20,356			
				0.060%			

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

(¥ billions)

	As of Dec.31,		Increase/ (Decrease)	As of Sep.30, 2017(B)	(A)－(B)
	2016	2017(A)			
Bankrupt and quasi-bankrupt assets	37.4	30.5	(6.9)	29.5	0.9
Doubtful assets	45.1	42.4	(2.6)	44.6	(2.1)
Substandard loans	15.4	10.6	(4.8)	10.7	(0.1)
Total (a)	98.0	83.6	(14.4)	84.9	(1.3)
After partial direct write-offs (b) *	73.4	65.1	(8.3)	67.4	(2.3)
Normal assets	6,128.4	6,441.8	313.4	6,341.7	100.1
Total claims (c)	6,226.5	6,525.4	298.9	6,426.7	98.7
After partial direct write-offs (d) *	6,201.9	6,506.9	305.0	6,409.2	97.7
< Percentage of total claims >					
(a) / (c)	1.57	1.28	(0.29)	1.32	(0.04)
(b) / (d) *	1.18	1.00	(0.18)	1.05	(0.05)

\*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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