

Financial Summary

First Quarter (Three Months) ended June 30, 2019



August 5, 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, 2019	As of Jun. 30, 2019
Assets	資産の部		
Cash and due from banks	現金預け金	1,614,911	1,423,553
Call loans and bills bought	コールローン及び買入手形	858	251,363
Monetary claims bought	買入金銭債権	13,572	10,541
Trading account securities	商品有価証券	4,321	4,759
Securities	有価証券	1,265,106	1,270,912
Loans and bills discounted	貸出金	6,518,080	6,570,850
Foreign exchanges	外国為替	9,347	7,122
Lease receivables and investment assets	リース債権及びリース投資資産	51,506	52,216
Other assets	その他資産	167,298	174,703
Property, plant and equipment	有形固定資産	87,115	86,430
Intangible assets	無形固定資産	8,579	8,262
Deferred tax assets	繰延税金資産	631	598
Customers' liabilities for acceptances and guarantees	支払承諾見返	52,241	55,514
Allowance for loan losses	貸倒引当金	(33,795)	(33,855)
Total assets	資産の部合計	9,759,776	9,882,972
Liabilities	負債の部		
Deposits	預金	8,596,305	8,541,583
Negotiable certificates of deposit	譲渡性預金	74,818	361,319
Payables under securities lending transactions	債券貸借取引受入担保金	118,320	20,844
Borrowed money	借入金	405,955	397,160
Foreign exchanges	外国為替	414	258
Other liabilities	その他負債	59,103	61,713
Provision for bonuses	賞与引当金	1,751	428
Provision for share-based remuneration	株式給付引当金	71	88
Net defined benefit liability	退職給付に係る負債	409	334
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	2,278	2,151
Provision for point card certificates	ポイント引当金	431	553
Reserves under special laws	特別法上の引当金	19	19
Deferred tax liabilities	繰延税金負債	24,016	23,235
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,576	2,572
Acceptances and guarantees	支払承諾	52,241	55,514
Total liabilities	負債の部合計	9,338,715	9,467,780
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	72,485	74,737
Retained earnings	利益剰余金	143,718	143,016
Treasury shares	自己株式	(1,260)	(2,958)
Total shareholders' equity	株主資本合計	336,044	335,896
Valuation difference on available-for-sale securities	その他有価証券評価差額金	74,151	70,646
Revaluation reserve for land	土地再評価差額金	5,229	5,220
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(127)	(95)
Total accumulated other comprehensive income	その他の包括利益累計額合計	79,253	75,772
Share acquisition rights	新株予約権	106	106
Non-controlling interests	非支配株主持分	5,657	3,416
Total net assets	純資産の部合計	421,061	415,191
Total liabilities and net assets	負債及び純資産の部合計	9,759,776	9,882,972

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Three months ended Jun. 30,	
		2018	2019
Ordinary income	経常収益	35,377	32,577
Interest income	資金運用収益	18,353	17,215
Of which, interest on loans and discounts	うち貸出金利息	14,966	14,422
Of which, interest and dividends on securities	うち有価証券利息配当金	3,233	2,635
Fees and commissions	役務取引等収益	7,489	7,141
Other ordinary income	その他業務収益	7,855	7,387
Other income	その他経常収益	1,679	833
Ordinary expenses	経常費用	30,916	29,934
Interest expenses	資金調達費用	837	517
Of which, interest on deposits	うち預金利息	106	96
Fees and commissions payments	役務取引等費用	3,100	3,051
Other ordinary expenses	その他業務費用	7,635	6,993
General and administrative expenses	営業経費	18,901	18,473
Other expenses	その他経常費用	440	898
Ordinary profit	経常利益	4,461	2,642
Extraordinary income	特別利益	—	0
Gain on disposal of non-current assets	固定資産処分益	—	0
Extraordinary losses	特別損失	32	96
Loss on disposal of non-current assets	固定資産処分損	24	39
Impairment loss	減損損失	7	56
Profit before income taxes	税金等調整前四半期純利益	4,429	2,546
Income taxes – current	法人税、住民税及び事業税	537	465
Income taxes – deferred	法人税等調整額	629	753
Total income taxes	法人税等合計	1,167	1,219
Profit	四半期純利益	3,261	1,327
Profit attributable to non-controlling interests	非支配株主に帰属する四半期純利益	66	55
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	3,195	1,271

(2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Three months ended Jun. 30,	
		2018	2019
Profit	四半期純利益	3,261	1,327
Other comprehensive income	その他の包括利益	3,906	(3,517)
Valuation difference on available-for-sale securities	その他有価証券評価差額金	4,002	(3,549)
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	(95)	31
Comprehensive income	四半期包括利益	7,168	(2,190)
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	7,042	(2,201)
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	125	10

II . Digest of financial results for three months ended June 30, 2019

1. Summary (Non-Consolidated)

	Three months ended Jun.30,		Increase/ (Decrease)	(¥ millions)
	2018	2019		Six months ending Sep.30, 2019 (Forecasts)
Ordinary income	28,935	25,928	(3,007)	50,500
Core gross profit	21,501	20,761	(740)	40,500
Net interest income	17,781	17,210	(571)	
Net fees and commissions	3,413	3,073	(340)	
Net other operating income (excluding gains (losses) on bonds)	306	477	171	
Expenses (excluding non-recurring losses)	18,576	17,602	(974)	34,700
Core operating profit	2,925	3,158	233	5,800
Credit cost	(908)	249	1,157	500
Gains (losses) on securities	374	(103)	(477)	
Bonds, etc	(427)	(348)	79	
Stocks, etc	801	245	(556)	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	310	348	38	
Ordinary profit	4,517	3,154	(1,363)	6,400
Extraordinary income (losses)	(32)	(95)	(63)	
Income before income taxes	4,485	3,059	(1,426)	
Income taxes	1,144	1,054	(90)	
Net income	3,341	2,004	(1,337)	4,500
Net operating profit	2,497	2,810	313	

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)

Net operating profit = Core operating profit + Gains(losses) on bonds

2. Deposits and NCDs (Non-Consolidated)

【Average Balance】

(¥ billions)

	Three months ended Jun.30,		Increase/ (Decrease)	Year ended Mar. 31,2019 (B)	(A)–(B)
	2018	2019 (A)			
Deposits and NCDs	8,437.6	8,720.3	282.7	8,500.5	219.8
Corporate	2,333.5	2,438.8	105.2	2,319.4	119.4
Individual	5,497.7	5,693.1	195.4	5,579.1	114.0
Public sectors and financial institutions	606.3	588.4	(17.9)	601.9	(13.5)

【Outstanding Balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2019 (B)	(A)–(B)
	2018	2019 (A)			
Deposits and NCDs	8,622.5	8,921.1	298.5	8,691.6	229.5
Deposit assets	304.9	262.3	(42.5)	274.1	(11.7)
Safe custody of public bonds	135.2	110.3	(24.8)	118.0	(7.7)
Investment trusts	169.6	152.0	(17.6)	156.0	(4.0)
Total	8,927.4	9,183.5	256.0	8,965.7	217.7

<Reference>

Individual annuity insurance, etc.	646.9	695.7	48.7	685.8	9.9
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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. 31,2019 (B)	(A)–(B)
	2018	2019 (A)			
Loans and bills discounted	6,236.3	6,550.2	313.8	6,311.9	238.2
Enterprises	2,558.2	2,666.0	107.7	2,630.8	35.1
Individuals	1,768.4	1,826.5	58.0	1,784.5	41.9
Public sectors	1,909.6	2,057.6	147.9	1,896.4	161.1

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

【Outstanding Balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2019 (B)	(A)–(B)
	2018	2019 (A)			
SMEs, etc	3,504.8	3,630.0	125.2	3,675.6	(45.6)
Loans and bills discounted	6,257.7	6,628.2	370.4	6,577.2	50.9
In Hokkaido	5,215.0	5,365.5	150.5	5,347.2	18.3

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2019 (B)	(A)–(B)
	2018	2019 (A)			
Securities	1,418.2	1,271.5	(146.7)	1,265.5	5.9

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

(¥ billions)

	As of Mar.31, 2019			As of Jun.30, 2019			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)–(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	103.3	108.8	5.4	98.4	(4.9)	105.4	7.0
Stocks	87.1	89.3	2.2	80.7	(6.3)	83.6	2.8
Bonds	16.6	16.9	0.3	17.5	0.9	17.8	0.2
Others	(0.3)	2.5	2.9	0.1	0.4	4.0	3.8
Nikkei stock average (¥)			21,205	21,275			
New 10-year Japanese government bond yield (%)			(0.095)	(0.165)			

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2019 (B)	(A)–(B)
	2018	2019 (A)			
Bankrupt and quasi-bankrupt claims	27.3	24.0	(3.3)	24.4	(0.4)
Doubtful claims	36.5	39.2	2.6	39.4	(0.1)
Substandard claims	11.1	8.8	(2.3)	8.5	0.2
Total (a)	75.1	72.0	(3.0)	72.4	(0.3)
After partial direct write-offs (b) *	59.7	59.0	(0.6)	59.7	(0.7)
Normal claims	6,384.2	6,760.3	376.1	6,705.7	54.6
Total claims (c)	6,459.3	6,832.4	373.0	6,778.1	54.2
After partial direct write-offs (d) *	6,443.9	6,819.4	375.4	6,765.5	53.9
< Percentage of total claims >					(%)
(a) / (c)	1.16	1.05	(0.11)	1.06	(0.01)
(b) / (d) *	0.92	0.86	(0.06)	0.88	(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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