

# Financial Summary

First Quarter (Three Months) ended June 30, 2020



August 6, 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 Jun. 30, 2020
<b>Assets</b>	<b>資産の部</b>		
Cash and due from banks	現金預け金	1,652,447	1,917,304
Call loans and bills bought	コールローン及び買入手形	1,101	145,234
Monetary claims bought	買入金銭債権	13,775	11,844
Trading account securities	商品有価証券	4,275	4,156
Securities	有価証券	1,297,414	1,394,932
Loans and bills discounted	貸出金	6,659,161	6,954,959
Foreign exchanges	外国為替	7,682	4,553
Lease receivables and investment assets	リース債権及びリース投資資産	53,128	53,056
Other assets	その他資産	193,230	259,275
Property, plant and equipment	有形固定資産	80,924	80,078
Intangible assets	無形固定資産	6,490	6,221
Deferred tax assets	繰延税金資産	723	614
Customers' liabilities for acceptances and guarantees	支払承諾見返	50,290	55,960
Allowance for loan losses	貸倒引当金	(32,604)	(33,272)
<b>Total assets</b>	<b>資産の部合計</b>	<b>9,988,041</b>	<b>10,854,918</b>
<b>Liabilities</b>	<b>負債の部</b>		
Deposits	預金	8,855,838	9,272,315
Negotiable certificates of deposit	譲渡性預金	75,996	386,703
Payables under repurchase agreements	売現先約定	3,875	1,605
Payables under securities lending transactions	債券貸借取引受入担保金	1,136	2,133
Borrowed money	借入金	484,200	603,323
Foreign exchanges	外国為替	142	203
Other liabilities	その他負債	81,105	67,574
Provision for bonuses	賞与引当金	1,604	422
Provision for share-based remuneration	株式給付引当金	93	112
Net defined benefit liability	退職給付に係る負債	636	560
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	2,330	2,222
Provision for point card certificates	ポイント引当金	450	565
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	27,585
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	2,188	2,187
Acceptances and guarantees	支払承諾	50,290	55,960
<b>Total liabilities</b>	<b>負債の部合計</b>	<b>9,578,564</b>	<b>10,423,497</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	74,741	74,741
Retained earnings	利益剰余金	148,186	150,515
Treasury shares	自己株式	(2,927)	(2,926)
<b>Total shareholders' equity</b>	<b>株主資本合計</b>	<b>341,101</b>	<b>343,431</b>
Valuation difference on available-for-sale securities	その他有価証券評価差額金	60,515	79,451
Revaluation reserve for land	土地再評価差額金	4,395	4,392
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(291)	(218)
<b>Total accumulated other comprehensive income</b>	<b>その他の包括利益累計額合計</b>	<b>64,619</b>	<b>83,625</b>
Share acquisition rights	新株予約権	84	84
Non-controlling interests	非支配株主持分	3,672	4,280
<b>Total net assets</b>	<b>純資産の部合計</b>	<b>409,476</b>	<b>431,421</b>
<b>Total liabilities and net assets</b>	<b>負債及び純資産の部合計</b>	<b>9,988,041</b>	<b>10,854,918</b>

## 2. Consolidated Statements of Income and Comprehensive Income

### (1) Consolidated Statements of Income

(¥ millions)

		Three months ended Jun. 30,	
		2019	2020
Ordinary income	経常収益	32,577	35,248
Interest income	資金運用収益	17,215	16,803
Of which, interest on loans and discounts	うち貸出金利息	14,422	14,146
Of which, interest and dividends on securities	うち有価証券利息配当金	2,635	2,507
Fees and commissions	役務取引等収益	7,141	6,787
Other ordinary income	その他業務収益	7,387	8,483
Other income	その他経常収益	833	3,174
Ordinary expenses	経常費用	29,934	30,119
Interest expenses	資金調達費用	517	491
Of which, interest on deposits	うち預金利息	96	72
Fees and commissions payments	役務取引等費用	3,051	3,061
Other ordinary expenses	その他業務費用	6,993	7,795
General and administrative expenses	営業経費	18,473	17,631
Other expenses	その他経常費用	898	1,139
Ordinary profit	経常利益	2,642	5,129
Extraordinary income	特別利益	0	21
Gain on disposal of non-current assets	固定資産処分益	0	18
Gain on bargain purchase	負ののれん発生益	—	2
Extraordinary losses	特別損失	96	133
Loss on disposal of non-current assets	固定資産処分損	39	80
Impairment loss	減損損失	56	52
Loss on step acquisitions	段階取得に係る差損	—	1
Profit before income taxes	税金等調整前四半期純利益	2,546	5,016
Income taxes – current	法人税、住民税及び事業税	465	196
Income taxes – deferred	法人税等調整額	753	475
Total income taxes	法人税等合計	1,219	672
Profit	四半期純利益	1,327	4,343
Profit attributable to non-controlling interests	非支配株主に帰属する四半期純利益	55	112
Profit attributable to owners of parent	親会社株主に帰属する四半期純利益	1,271	4,231

## (2) Consolidated Statements of Comprehensive Income

(¥ millions)

		Three months ended Jun. 30,	
		2019	2020
Profit	四半期純利益	1,327	4,343
Other comprehensive income	その他の包括利益	(3,517)	19,508
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(3,549)	19,435
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	31	72
Comprehensive income	四半期包括利益	(2,190)	23,852
Comprehensive income attributable to owners of parent	親会社株主に係る四半期包括利益	(2,201)	23,240
Comprehensive income attributable to non-controlling interests	非支配株主に係る四半期包括利益	10	611

## II . Digest of financial results for three months ended June 30, 2020

### 1. Summary (Non-Consolidated)

	Three months ended Jun.30,		Increase/ (Decrease)	(¥ millions)
	2019	2020		Six months ending Sep.30, 2020 (Forecasts)
Ordinary income	25,928	27,898	1,970	50,000
Core gross profit	20,761	20,103	(658)	39,400
Net interest income	17,210	16,978	(232)	
Net fees and commissions	3,073	2,657	(416)	
Net other operating income (excluding gains (losses) on bonds)	477	467	(10)	
Expenses (excluding non-recurring losses)	17,602	16,718	(884)	33,500
Core operating profit	3,158	3,385	227	5,800
Excluding gains (losses) on cancellation of investment trusts	3,158	3,385	227	
Credit costs	249	702	453	1,500
Gains (losses) on securities	(103)	2,364	2,467	
Bonds, etc	(348)	(279)	69	
Stocks, etc	245	2,643	2,398	
Net other non-recurring income (loss) (including gains (losses) on money held in trust)	348	291	(57)	
Ordinary profit	3,154	5,337	2,183	6,100
Extraordinary income (losses)	(95)	(112)	(17)	
Income before income taxes	3,059	5,224	2,165	
Income taxes	1,054	624	(430)	
Net income	2,004	4,600	2,596	4,100
Net operating profit	2,810	3,105	295	

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. 31,2020 (B)	(A)–(B)
	2019	2020 (A)			
Deposits and NCDs	8,720.3	9,249.1	528.7	8,771.3	477.8
Corporate	2,438.8	2,607.2	168.3	2,419.8	187.4
Individual	5,693.1	5,938.3	245.2	5,766.1	172.1
Public sectors and financial institutions	588.4	703.5	115.1	585.3	118.2

### 【Outstanding Balance】

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2020 (B)	(A)–(B)
	2019	2020 (A)			
Deposits and NCDs	8,921.1	9,678.1	757.0	8,952.1	726.0
Deposit assets	262.3	230.0	(32.3)	223.1	6.9
Safe custody of public bonds	110.3	98.6	(11.7)	101.1	(2.5)
Investment trusts	152.0	131.4	(20.5)	121.9	9.4
<b>Total</b>	<b>9,183.5</b>	<b>9,908.2</b>	<b>724.7</b>	<b>9,175.2</b>	<b>733.0</b>

&lt;Reference&gt;

Individual annuity insurance, etc.	695.7	730.2	34.4	723.4	6.7
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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. 31,2020 (B)	(A)–(B)
	2019	2020 (A)			
Loans and bills discounted	6,550.2	6,778.4	228.2	6,657.6	120.7
Enterprises	2,666.0	2,775.1	109.1	2,723.4	51.7
Individuals	1,826.5	1,896.3	69.7	1,852.3	44.0
Public sectors	2,057.6	2,106.9	49.2	2,081.9	24.9

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, 2020 (B)	(A)–(B)
	2019	2020 (A)			
SMEs, etc	3,630.0	3,872.1	242.0	3,725.0	147.0
Loans and bills discounted	6,628.2	7,013.0	384.8	6,718.9	294.1
In Hokkaido	5,365.5	5,574.0	208.4	5,388.8	185.1

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2020 (B)	(A)–(B)
	2019	2020 (A)			
Securities	1,271.5	1,394.1	122.6	1,298.0	96.0

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

(¥ billions)

	As of Mar.31, 2020			As of Jun.30, 2020			
	Net (B)	Unrealized gains	Unrealized losses	Net (A)	(A)–(B)	Unrealized gains	Unrealized losses
Unrealized gains (losses) on securities	83.7	93.6	9.9	110.1	26.3	121.1	11.0
Stocks	81.9	82.1	0.2	110.1	28.2	110.3	0.1
Bonds	9.0	10.8	1.8	5.8	(3.1)	9.9	4.0
Others	(7.2)	0.6	7.8	(5.9)	1.2	0.9	6.8
Nikkei stock average (¥)			18,917	22,288			
New 10-year Japanese government bond yield (%)			0.005	0.030			

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

(¥ billions)

	As of Jun.30,		Increase/ (Decrease)	As of Mar.31, 2020 (B)	(A)–(B)
	2019	2020 (A)			
Bankrupt and quasi-bankrupt claims	24.0	23.9	(0.0)	24.3	(0.4)
Doubtful claims	39.2	34.8	(4.4)	36.1	(1.2)
Substandard claims	8.8	12.0	3.2	9.5	2.5
Total (a)	72.0	70.9	(1.1)	70.0	0.8
After partial direct write-offs (b) *	59.0	57.7	(1.3)	56.9	0.7
Normal claims	6,760.3	7,143.1	382.8	6,842.8	300.3
Total claims (c)	6,832.4	7,214.0	381.6	6,912.9	301.1
After partial direct write-offs (d) *	6,819.4	7,200.9	381.4	6,899.8	301.0
< Percentage of total claims >					(%)
(a) / (c)	1.05	0.98	(0.07)	1.01	(0.03)
(b) / (d) *	0.86	0.80	(0.06)	0.82	(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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