

Financial Summary

Six Months ended September 30, 2022



November 11, 2022
North Pacific Bank, Ltd.

Tokyo Stock Exchange Prime Market, Sapporo Securities Exchange: 8524

I. Financial Statements

1. Consolidated Balance Sheets

(¥ millions)

		As of Mar. 31, 2022	As of Sep. 30, 2022
Assets	資産の部		
Cash and due from banks	現金預け金	4,338,005	2,317,581
Call loans and bills bought	コールローン及び買入手形	183	423
Monetary claims bought	買入金銭債権	11,853	8,302
Trading securities	商品有価証券	2,576	2,290
Securities	有価証券	1,483,991	1,592,478
Loans and bills discounted	貸出金	7,361,881	7,670,087
Foreign exchanges	外国為替	12,390	8,327
Lease receivables and investment assets	リース債権及びリース投資資産	55,355	56,188
Other assets	その他資産	183,752	198,789
Property, plant and equipment	有形固定資産	73,541	72,365
Intangible assets	無形固定資産	3,390	2,591
Net defined benefit asset	退職給付に係る資産	1,057	1,156
Deferred tax assets	繰延税金資産	812	806
Customers' liabilities for acceptances and guarantees	支払承諾見返	53,468	73,892
Allowance for loan losses	貸倒引当金	(38,438)	(40,298)
Total assets	資産の部合計	13,543,823	11,964,982
Liabilities	負債の部		
Deposits	預金	10,563,784	10,117,661
Negotiable certificates of deposit	譲渡性預金	99,451	280,828
Securities sold under repurchase agreements	売現先勘定	14,473	20,903
Cash collateral received for securities lent	債券貸借取引受入担保金	303,985	257,724
Borrowed money	借入金	2,003,407	734,112
Foreign exchanges	外国為替	163	320
Other liabilities	その他負債	61,502	69,297
Provision for bonuses	賞与引当金	1,588	1,534
Provision for share awards	株式給付引当金	156	131
Net defined benefit liability	退職給付に係る負債	961	960
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,604	1,377
Provision for point card certificates	ポイント引当金	334	413
Reserves under special laws	特別法上の引当金	19	19
Deferred tax liabilities	繰延税金負債	15,992	5,077
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	1,858	1,851
Acceptances and guarantees	支払承諾	53,468	73,892
Total liabilities	負債の部合計	13,122,751	11,566,106
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	74,750	74,751
Retained earnings	利益剰余金	162,019	167,582
Treasury shares	自己株式	(3,053)	(3,800)
Total shareholders' equity	株主資本合計	354,817	359,634
Valuation difference on available-for-sale securities	その他有価証券評価差額金	58,284	32,040
Revaluation reserve for land	土地再評価差額金	3,654	3,647
Remeasurements of defined benefit plans	退職給付に係る調整累計額	11	5
Total accumulated other comprehensive income	その他の包括利益累計額合計	61,951	35,694
Share acquisition rights	新株予約権	37	28
Non-controlling interests	非支配株主持分	4,266	3,518
Total net assets	純資産の部合計	421,072	398,876
Total liabilities and net assets	負債及び純資産の部合計	13,543,823	11,964,982

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Six months ended Sep. 30,	
		2021	2022
Ordinary income	経常収益	61,333	64,320
Interest income	資金運用収益	33,725	35,201
Of which, interest on loans and discounts	うち貸出金利息	28,910	28,680
Of which, interest and dividends on securities	うち有価証券利息配当金	4,107	4,881
Fees and commissions	役務取引等収益	14,063	13,605
Other ordinary income	その他業務収益	12,262	12,630
Other income	その他経常収益	1,281	2,882
Ordinary expenses	経常費用	51,694	52,999
Interest expenses	資金調達費用	448	633
Of which, interest on deposits	うち預金利息	73	58
Fees and commissions payments	役務取引等費用	6,510	6,488
Other ordinary expenses	その他業務費用	10,408	10,843
General and administrative expenses	営業経費	32,350	32,418
Other expenses	その他経常費用	1,977	2,614
Ordinary profit	経常利益	9,638	11,321
Extraordinary income	特別利益	70	15
Gain on disposal of non-current assets	固定資産処分益	70	15
Extraordinary losses	特別損失	557	202
Loss on disposal of non-current assets	固定資産処分損	320	119
Impairment losses	減損損失	237	83
Profit before income taxes	税金等調整前中間純利益	9,152	11,134
Income taxes – current	法人税、住民税及び事業税	2,797	3,612
Income taxes – deferred	法人税等調整額	222	538
Total income taxes	法人税等合計	3,019	4,150
Profit	中間純利益	6,132	6,984
Profit attributable to non-controlling interests	非支配株主に帰属する中間純利益	(92)	(520)
Profit attributable to owners of parent	親会社株主に帰属する中間純利益	6,224	7,505

・ In accordance with the change in accounting policy, some of the figures for the previous consolidated fiscal year do not match those already disclosed.

(2) Consolidated Statements of Comprehensive Income

		(¥ millions)	
		Six months ended Sep. 30,	
		2021	2022
Profit	中間純利益	6,132	6,984
Other comprehensive income	その他の包括利益	9,758	(26,462)
Valuation difference on available-for-sale securities	その他有価証券評価差額金	10,078	(26,456)
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	(319)	(5)
Comprehensive income	中間包括利益	15,891	(19,478)
Comprehensive income attributable to owners of parent	親会社株主に係る中間包括利益	15,842	(18,744)
Comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	48	(733)

3. Non-Consolidated Balance Sheets

(¥ millions)

		As of Mar. 31, 2022	As of Sep. 30, 2022
Assets	資産の部		
Cash and due from banks	現金預け金	4,336,360	2,315,534
Call loans	コールローン	183	423
Monetary claims bought	買入金銭債権	11,853	8,302
Trading securities	商品有価証券	2,576	2,290
Securities	有価証券	1,484,796	1,594,005
Loans and bills discounted	貸出金	7,420,532	7,728,519
Foreign exchanges	外国為替	12,390	8,327
Other assets	その他資産	146,309	161,032
Other	その他の資産	146,309	161,032
Property, plant and equipment	有形固定資産	72,059	70,732
Intangible assets	無形固定資産	3,245	2,458
Prepaid pension costs	前払年金費用	1,003	1,129
Customers' liabilities for acceptances and guarantees	支払承諾見返	53,468	73,892
Allowance for loan losses	貸倒引当金	(32,976)	(34,465)
Total assets	資産の部合計	13,511,805	11,932,182
Liabilities	負債の部		
Deposits	預金	10,570,550	10,121,944
Negotiable certificates of deposit	譲渡性預金	110,805	292,182
Securities sold under repurchase agreements	売現先勘定	14,473	20,903
Cash collateral received for securities lent	債券貸借取引受入担保金	303,985	257,724
Borrowed money	借入金	1,991,887	721,655
Foreign exchanges	外国為替	163	320
Other liabilities	その他負債	41,911	49,982
Income taxes payable	未払法人税等	2,801	3,154
Lease obligations	リース債務	3,376	3,180
Other	その他の負債	35,733	43,647
Provision for bonuses	賞与引当金	1,408	1,380
Provision for share awards	株式給付引当金	156	131
Provision for retirement benefits	退職給付引当金	633	644
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,604	1,377
Provision for point card certificates	ポイント引当金	327	406
Deferred tax liabilities	繰延税金負債	14,880	4,211
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	1,858	1,851
Acceptances and guarantees	支払承諾	53,468	73,892
Total liabilities	負債の部合計	13,108,114	11,548,606
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	50,014	50,015
Legal capital surplus	資本準備金	50,001	50,001
Other capital surplus	その他資本剰余金	13	14
Retained earnings	利益剰余金	175,196	181,843
Legal retained earnings	利益準備金	7,998	8,388
Other retained earnings	その他利益剰余金	167,198	173,454
Reserve for advanced depreciation of non-current assets	固定資産圧縮積立金	914	914
Retained earnings brought forward	繰越利益剰余金	166,283	172,539
Treasury shares	自己株式	(3,058)	(3,805)
Total shareholders' equity	株主資本合計	343,253	349,154
Valuation difference on available-for-sale securities	他有価証券評価差額金	56,745	30,746
Revaluation reserve for land	土地再評価差額金	3,654	3,647
Total valuation and translation adjustments	評価・換算差額等合計	60,399	34,393
Share acquisition rights	新株予約権	37	28
Total net assets	純資産の部合計	403,690	383,575
Total liabilities and net assets	負債及び純資産の部合計	13,511,805	11,932,182

4. Non-Consolidated Statements of Income

(¥ millions)

		Six months ended Sep. 30,	
		2021	2022
Ordinary income	経常収益	50,343	53,342
Interest income	資金運用収益	35,215	37,198
Of which, interest on loans and discounts	うち貸出金利息	29,025	28,808
Of which, interest and dividends on securities	うち有価証券利息配当金	5,482	6,750
Fees and commissions	役務取引等収益	12,714	12,076
Other ordinary income	その他業務収益	1,128	1,183
Other income	その他経常収益	1,285	2,883
Ordinary expenses	経常費用	40,666	40,803
Interest expenses	資金調達費用	431	617
Of which, interest on deposits	うち預金利息	73	58
Fees and commissions payments	役務取引等費用	7,134	7,119
Other ordinary expenses	その他業務費用	682	631
General and administrative expenses	営業経費	30,680	30,626
Other expenses	その他経常費用	1,736	1,807
Ordinary profit	経常利益	9,676	12,538
Extraordinary income	特別利益	70	15
Extraordinary losses	特別損失	557	202
Income before income taxes	税引前中間純利益	9,190	12,352
Income taxes – current	法人税、住民税及び事業税	2,495	3,220
Income taxes – deferred	法人税等調整額	188	543
Total income taxes	法人税等合計	2,683	3,764
Net income	中間純利益	6,506	8,588

II . Digest of financial results for six months ended September 30, 2022

1. Summary (Non-Consolidated)

	Six months ended Sep.30,		Increase/ (Decrease)	Performance Forecast (May 13,2022)	Change from forecast
	2021	2022			
Core gross profit	41.1	42.5	1.3	40.8	1.7
Core operating profit	10.0	11.9	1.8	9.8	2.1
Ordinary profit	9.6	12.5	2.8	9.0	3.5
Net income	6.5	8.5	2.0	6.2	2.3
Deposits and NCDs (Average balance)	10,149.6	10,545.7	396.0		
Loans and bills discounted (Average balance)	7,482.9	7,618.8	135.9		
Capital Adequacy Ratio (Domestic) (%)	12.11%	^(Preliminary) 12.20%	0.09%		
ROE (%)	3.02%	4.35%	1.33%		

* NCDs = Negotiable certificates of deposit

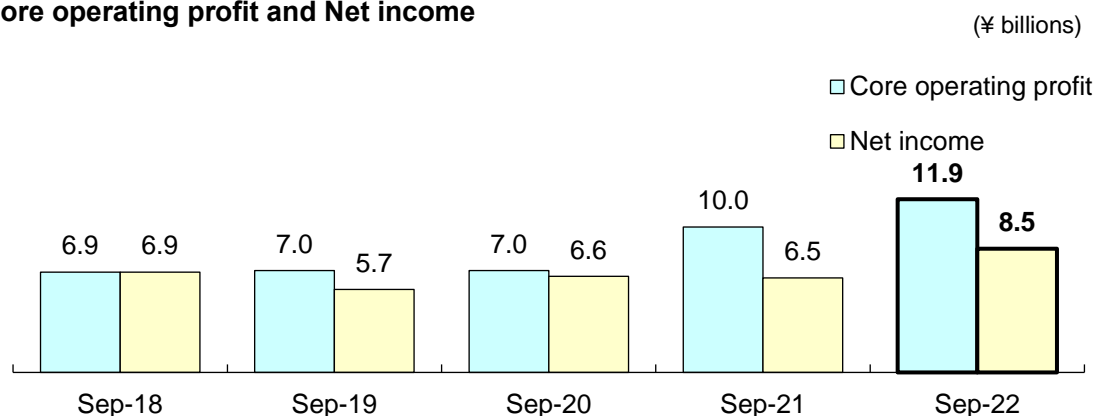
$$\text{ROE} = \frac{\text{Net income} \times 365 / 183}{(\text{Total net assets at beginning of fiscal year}^* + \text{Total net assets at end of fiscal (interim) year}^*) / 2}$$

*Excluding share acquisition rights

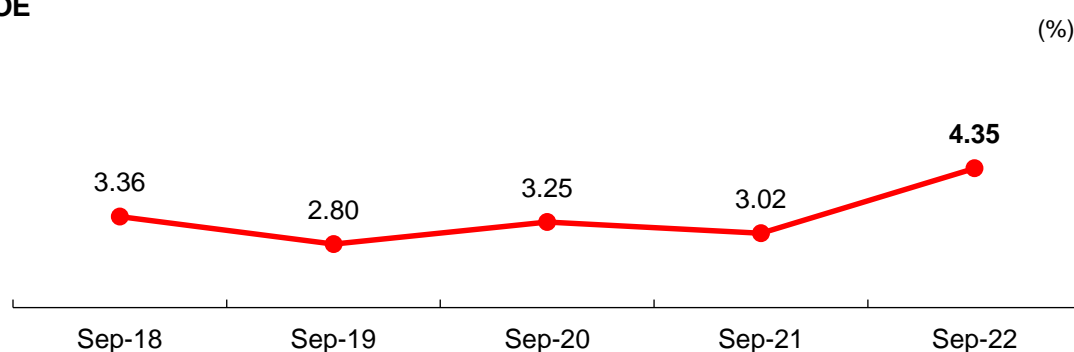
Core gross profit = Net interest income + Net fees and commissions + Net other operating income(excluding gains (losses) on bonds)

Core operating profit = Core gross profit - Expenses(excluding non-recurring losses)

○ Core operating profit and Net income



○ ROE



2. Income Summary

【Non-Consolidated】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2021	2022	
Core gross profit	41.1	42.5	1.3
Net interest income	34.7	36.5	1.7
Net fees and commissions	5.5	4.9	(0.6)
Net other operating income (excluding gains (losses) on bonds)	0.7	1.0	0.2
Expenses(excluding non-recurring losses)	31.1	30.6	(0.4)
Core OHR (%)	75.57%	71.94%	(3.63%)
Personnel	13.6	13.2	(0.3)
Facilities	15.3	15.1	(0.2)
Taxes	2.1	2.2	0.0
Core operating profit	10.0	11.9	1.8
Excluding gains (losses) on cancellation of investment trusts	10.0	11.9	1.8
Credit cost	1.5	1.5	(0.0)
Gains (losses) on securities	(0.0)	1.4	1.4
Net other non-recurring income (loss)	1.2	0.6	(0.5)
Ordinary profit	9.6	12.5	2.8
Net income	6.5	8.5	2.0
Net operating profit	9.6	11.4	1.7

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

【Consolidated】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2021	2022	
Core gross profit	43.0	43.9	0.9
Ordinary profit	9.6	11.3	1.6
Profit attributable to owners of parent	6.2	7.5	1.2
Core operating profit	10.2	11.5	1.2
Excluding gains (losses) on cancellation of investment trusts	10.2	11.4	1.2
Net operating profit	9.9	11.0	1.1

3. Deposits and NCDs(Non-Consolidated)

【Average Balance】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2021	2022	
Deposits and NCDs	10,149.6	10,545.7	396.0
Yield on deposits and NCDs (%)	0.00%	0.00%	(0.00%)
Corporate	3,083.4	3,044.1	(39.3)
Individual	6,389.7	6,684.7	294.9
Public sectors and financial institutions	676.4	816.8	140.4

【Outstanding Balance】

(¥ billions)

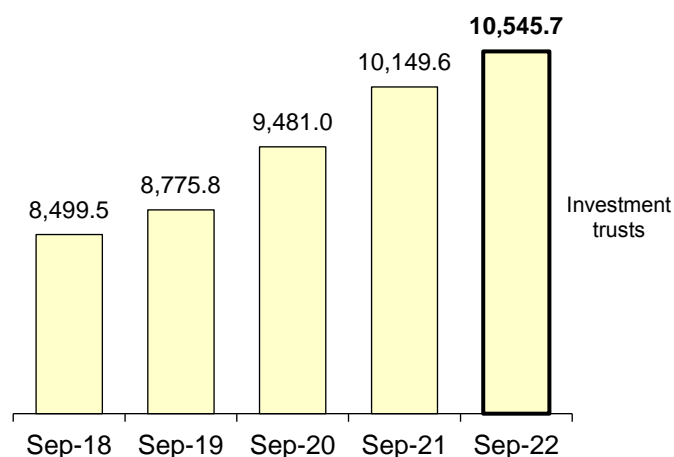
	As of Sep.30,		Increase/ (Decrease)
	2021	2022	
Deposits and NCDs	10,023.7	10,414.1	390.3
Deposit assets	252.7	244.6	(8.0)
Safe custody of public bonds	102.5	100.9	(1.5)
Investment trusts	150.2	143.6	(6.5)
Total	10,276.5	10,658.8	382.2

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

○ Deposits and NCDs

(Average Balance)

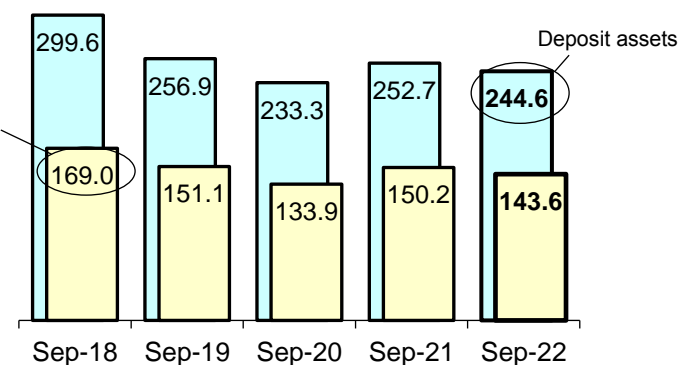
(¥ billions)



○ 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)
	2021	2022	
Loans and bills discounted	7,482.9	7,618.8	135.9
Yield on loans and bills discounted (%)	0.77%	0.75%	(0.02%)
Enterprises	3,053.0	3,010.9	(42.1)
Individuals	1,974.3	2,054.6	80.3
Housing loans	1,843.2	1,926.0	82.8
Consumer loans	131.1	128.6	(2.5)
Public sectors	2,455.5	2,553.2	97.7

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

【Outstanding Balance】

(¥ billions)

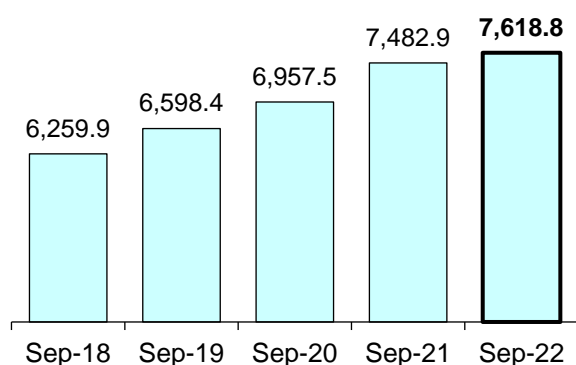
	As of Sep.30,		Increase/ (Decrease)
	2021	2022	
Loans and bills discounted	7,406.1	7,728.5	322.3
Enterprises	3,043.9	3,011.1	(32.7)
Individuals	1,988.9	2,077.7	88.7
Public sectors	2,373.3	2,639.6	266.3
SMEs, etc	4,092.4	4,192.1	99.7
In Hokkaido	5,824.1	5,756.6	(67.4)

* SMEs, etc = SMEs + Individuals

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

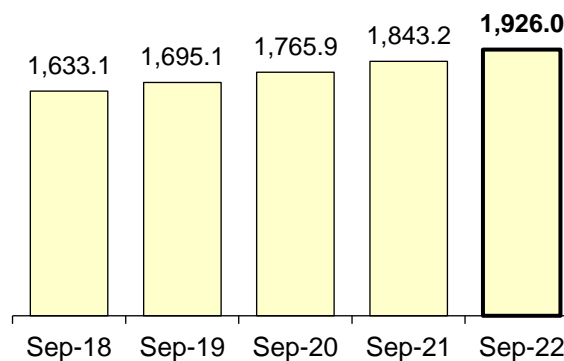
○ Loans and bills discounted (Average Balance)

(¥ billions)



○ Housing loans (Average Balance)

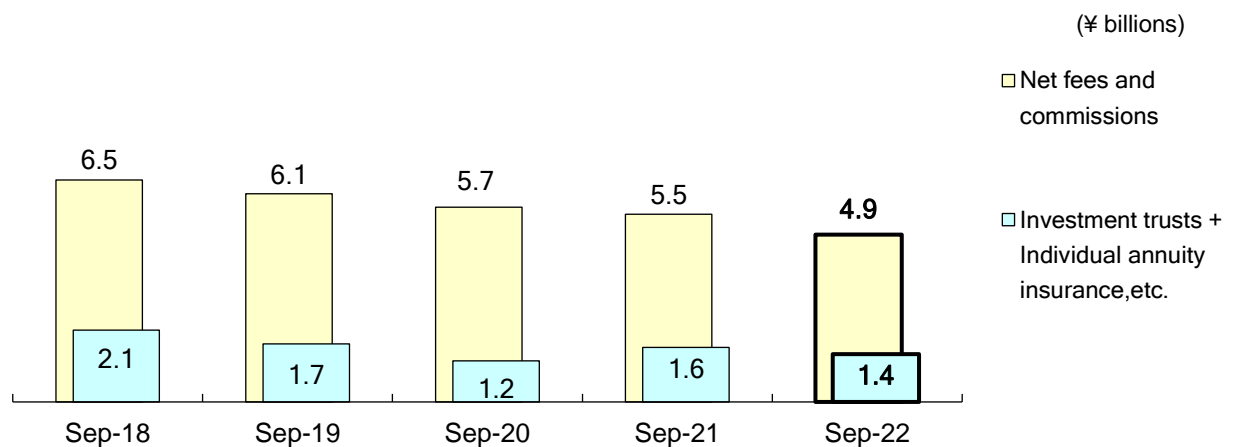
(¥ billions)



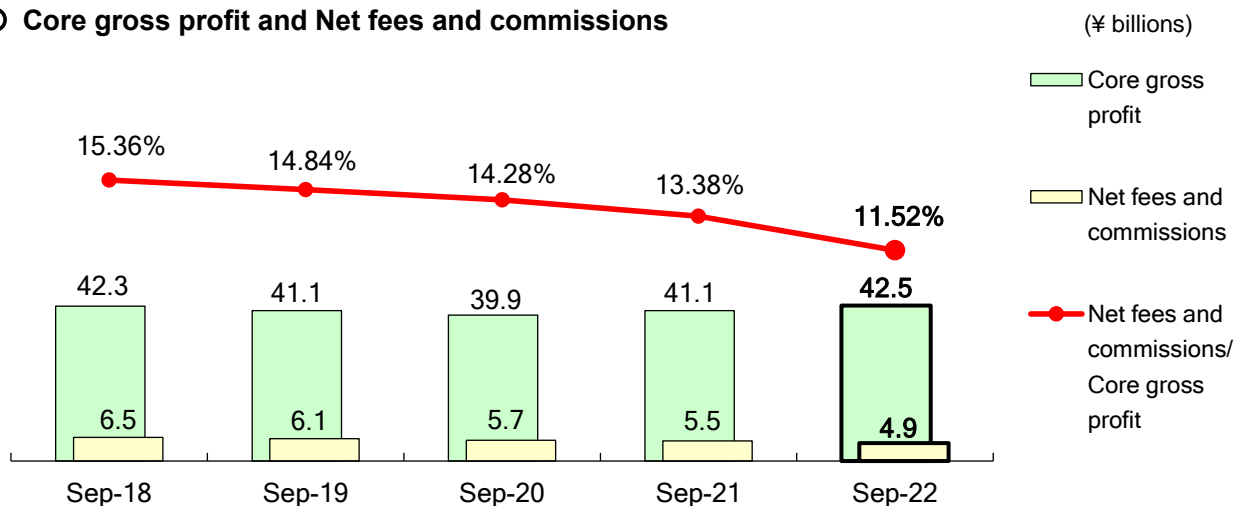
5. Fees and commissions (Non-Consolidated)

	Six months ended Sep.30,		Increase/ (Decrease)
	2021	2022	
Fees and commissions	12.7	12.0	(0.6)
Of which, domestic and foreign exchanges	3.7	3.0	(0.6)
Of which, investment trusts	0.7	0.5	(0.1)
Of which, individual annuity insurance, etc.	0.9	0.9	(0.0)
Fees and commissions payments	7.1	7.1	(0.0)
Of which, group credit life insurance	3.5	3.7	0.2
Of which, guarantee	1.8	1.8	0.0
Net fees and commissions	5.5	4.9	(0.6)

○ Net fees and commissions



○ Core gross profit and Net fees and commissions



6. Securities (Non-consolidated)

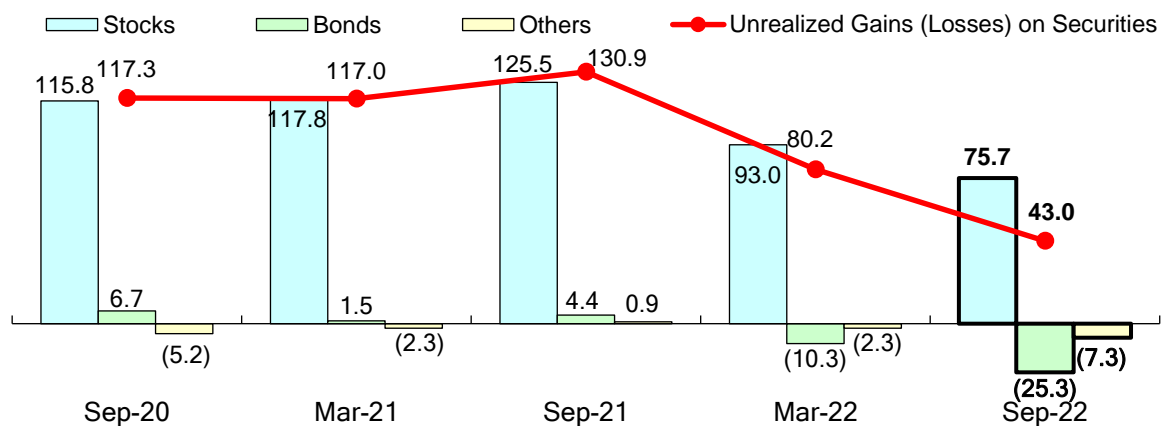
(¥ billions)

	As of Mar.31, 2022		As of Sep.30, 2022		Increase/ (Decrease)	
	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)
Stocks	44.6	93.0	43.7	75.7	(0.8)	(17.2)
Bonds	1,241.3	(10.3)	1,377.6	(25.3)	136.3	(14.9)
Others	109.2	(2.3)	119.7	(7.3)	10.5	(5.0)
Total	1,395.1	80.2	1,541.1	43.0	145.9	(37.2)
Nikkei stock average (¥)	27,821		25,937		(1,884)	
New 10-year Japanese government bond (JGB) yield (%)	0.210%		0.240%		0.030%	

* Excluding trading securities, capital investment in Investment Partnership.

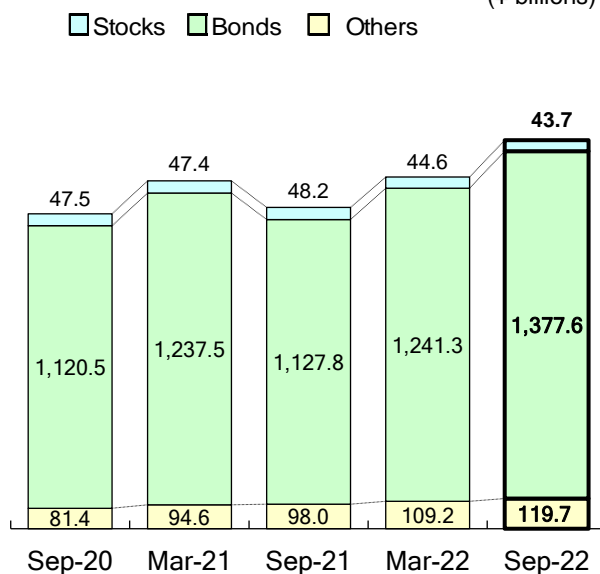
○ Unrealized Gains (Losses) on Securities

(¥ billions)



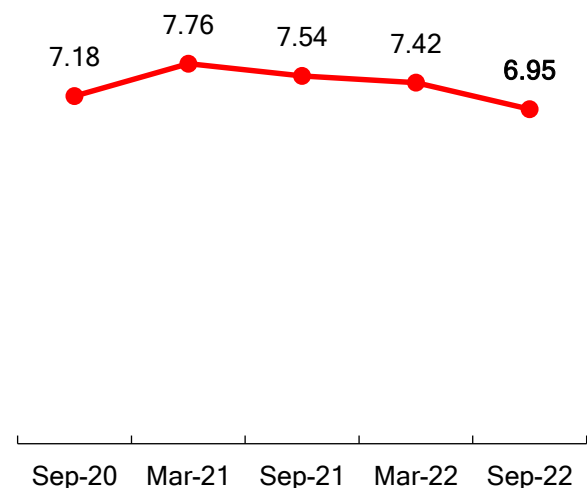
○ Acquisition cost on Securities

(¥ billions)



○ Average duration to maturity of yen bonds

(years)



* Including floating-rate JGBs

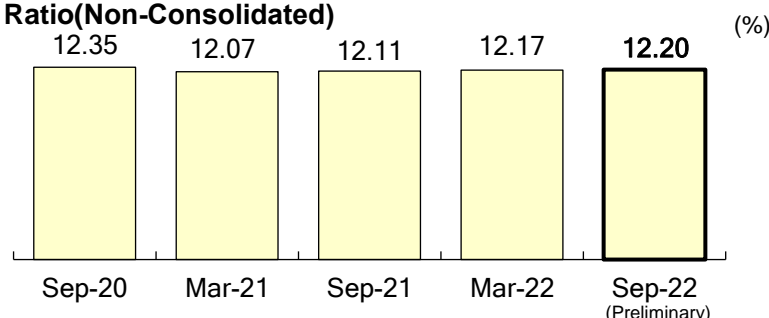
7. Capital Adequacy Ratio (Domestic)

(¥ billions)

	Non-Consolidated			Consolidated		
	As of Sep.30, 2021	As of Sep.30, 2022 (Preliminary)	Increase/ (Decrease)	As of Sep.30, 2021	As of Sep.30, 2022 (Preliminary)	Increase/ (Decrease)
Capital Adequacy Ratio (%)	12.11%	12.20%	0.09%	12.45%	12.50%	0.05%
Capital	338.4	342.9	4.5	354.2	358.0	3.7
Risk-adjusted assets	2,792.4	2,810.4	17.9	2,844.2	2,863.1	18.8

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

○ Capital Adequacy Ratio(Non-Consolidated)

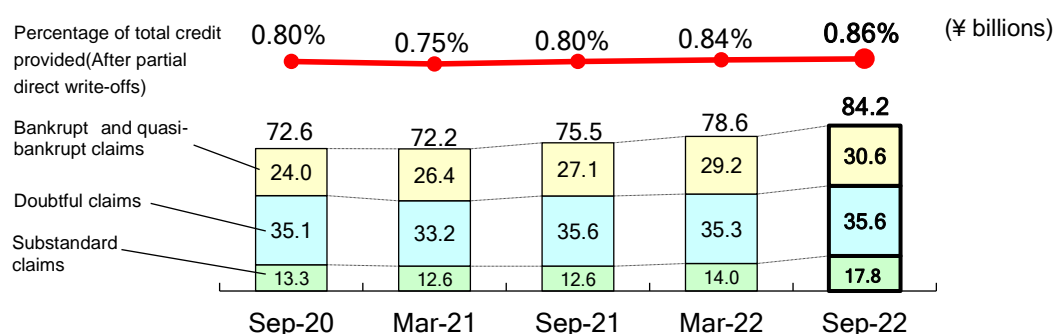


8. Claims based on the Banking Act and the Act on Emergency Measures for Revitalizing Financial Functions (Non-Consolidated)

(¥ billions)

	As of Sep.30,		Increase/ (Decrease)
	2021	2022	
Bankrupt and quasi-bankrupt claims	27.1	30.6	3.5
Doubtful claims	35.6	35.6	(0.0)
Substandard claims	12.6	17.8	5.1
Loans overdue for more than 3 months	0.6	0.8	0.1
Restructured loans	12.0	17.0	4.9
Disclosed claims under the Financial Reconstruction Law	75.5	84.2	8.6
Percentage of total credit provided (%)	0.99%	1.06%	0.07%
After partial direct write-offs (%) *	0.80%	0.86%	0.06%

* 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.