

Financial Summary

Six Months ended September 30, 2023



November 13, 2023
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, 2023	As of Sep. 30, 2023
Assets	資産の部		
Cash and due from banks	現金預け金	2,796,033	2,609,603
Call loans and bills bought	コールローン及び買入手形	492	528
Monetary claims bought	買入金銭債権	8,350	7,899
Trading securities	商品有価証券	1,992	1,836
Securities	有価証券	1,588,951	2,013,117
Loans and bills discounted	貸出金	7,703,573	7,661,953
Foreign exchanges	外国為替	6,991	10,876
Lease receivables and investment assets	リース債権及びリース投資資産	57,203	57,949
Other assets	その他資産	235,340	206,943
Property, plant and equipment	有形固定資産	72,266	70,893
Intangible assets	無形固定資産	21,996	20,276
Net defined benefit asset	退職給付に係る資産	764	836
Deferred tax assets	繰延税金資産	943	826
Customers' liabilities for acceptances and guarantees	支払承諾見返	68,828	77,773
Allowance for loan losses	貸倒引当金	(42,755)	(44,770)
Total assets	資産の部合計	12,520,974	12,696,545
Liabilities	負債の部		
Deposits	預金	10,828,182	10,489,599
Negotiable certificates of deposit	譲渡性預金	174,937	283,543
Securities sold under repurchase agreements	売現先勘定	10,964	2,603
Cash collateral received for securities lent	債券貸借取引受入担保金	9,484	418,682
Borrowed money	借入金	941,784	924,490
Foreign exchanges	外国為替	152	303
Other liabilities	その他負債	64,790	85,360
Provision for bonuses	賞与引当金	1,516	1,507
Provision for share awards	株式給付引当金	155	139
Net defined benefit liability	退職給付に係る負債	1,366	1,319
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,149	977
Provision for point card certificates	ポイント引当金	364	389
Reserves under special laws	特別法上の引当金	19	19
Deferred tax liabilities	繰延税金負債	8,143	3,190
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	1,809	1,799
Acceptances and guarantees	支払承諾	68,828	77,773
Total liabilities	負債の部合計	12,113,649	12,291,700
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	74,751	74,751
Retained earnings	利益剰余金	167,891	172,626
Treasury shares	自己株式	(3,800)	(3,921)
Total shareholders' equity	株主資本合計	359,943	364,558
Valuation difference on available-for-sale securities	その他有価証券評価差額金	40,209	32,864
Revaluation reserve for land	土地再評価差額金	3,550	3,528
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(377)	(188)
Total accumulated other comprehensive income	その他の包括利益累計額合計	43,382	36,204
Share acquisition rights	新株予約権	28	28
Non-controlling interests	非支配株主持分	3,970	4,054
Total net assets	純資産の部合計	407,324	404,844
Total liabilities and net assets	負債及び純資産の部合計	12,520,974	12,696,545

2. Consolidated Statements of Income and Comprehensive Income

(1) Consolidated Statements of Income

(¥ millions)

		Six months ended Sep. 30,	
		2022	2023
Ordinary income	経常収益	64,320	65,083
Interest income	資金運用収益	35,201	35,059
Of which, interest on loans and discounts	うち貸出金利息	28,680	28,809
Of which, interest and dividends on securities	うち有価証券利息配当金	4,881	5,149
Fees and commissions	役務取引等収益	13,605	13,796
Other ordinary income	その他業務収益	12,630	12,592
Other income	その他経常収益	2,882	3,634
Ordinary expenses	経常費用	52,999	56,441
Interest expenses	資金調達費用	633	692
Of which, interest on deposits	うち預金利息	58	86
Fees and commissions payments	役務取引等費用	6,488	6,755
Other ordinary expenses	その他業務費用	10,843	12,618
General and administrative expenses	営業経費	32,418	33,521
Other expenses	その他経常費用	2,614	2,853
Ordinary profit	経常利益	11,321	8,642
Extraordinary income	特別利益	15	125
Gain on disposal of non-current assets	固定資産処分益	15	125
Extraordinary losses	特別損失	202	143
Loss on disposal of non-current assets	固定資産処分損	119	128
Impairment losses	減損損失	83	14
Profit before income taxes	税金等調整前中間純利益	11,134	8,624
Income taxes – current	法人税、住民税及び事業税	3,612	3,030
Income taxes – deferred	法人税等調整額	538	(975)
Total income taxes	法人税等合計	4,150	2,054
Profit	中間純利益	6,984	6,569
Profit attributable to non-controlling interests	非支配株主に帰属する中間純利益	(520)	(73)
Profit attributable to owners of parent	親会社株主に帰属する中間純利益	7,505	6,643

(2) Consolidated Statements of Comprehensive Income

		(¥ millions)	
		Six months ended Sep. 30,	
		2022	2023
Profit	中間純利益	6,984	6,569
Other comprehensive income	その他の包括利益	(26,462)	(6,994)
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(26,456)	(7,183)
Remeasurements of defined benefit plans, net of tax	退職給付に係る調整額	(5)	188
Comprehensive income	中間包括利益	<u>(19,478)</u>	<u>(425)</u>
Comprehensive income attributable to owners of parent	親会社株主に係る中間包括利益	(18,744)	(512)
Comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	(733)	87

3. Non-Consolidated Balance Sheets

(¥ millions)

		As of Mar. 31, 2023	As of Sep. 30, 2023
Assets	資産の部		
Cash and due from banks	現金預け金	2,794,929	2,608,208
Call loans	コールローン	492	528
Monetary claims bought	買入金銭債権	8,350	7,899
Trading securities	商品有価証券	1,975	1,741
Securities	有価証券	1,589,448	2,013,188
Loans and bills discounted	貸出金	7,762,579	7,721,211
Foreign exchanges	外国為替	6,991	10,876
Other assets	その他資産	195,673	162,176
Other	その他の資産	195,673	162,176
Property, plant and equipment	有形固定資産	70,622	69,168
Intangible assets	無形固定資産	21,873	20,161
Prepaid pension costs	前払年金費用	1,249	1,079
Customers' liabilities for acceptances and guarantees	支払承諾見返	68,828	77,773
Allowance for loan losses	貸倒引当金	(37,094)	(38,971)
Total assets	資産の部合計	12,485,921	12,655,043
Liabilities	負債の部		
Deposits	預金	10,832,981	10,493,698
Negotiable certificates of deposit	譲渡性預金	186,291	294,897
Securities sold under repurchase agreements	売現先勘定	10,964	2,603
Cash collateral received for securities lent	債券貸借取引受入担保金	9,484	418,682
Borrowed money	借入金	928,763	910,135
Foreign exchanges	外国為替	152	303
Other liabilities	その他負債	44,325	60,345
Income taxes payable	未払法人税等	3,117	2,328
Lease obligations	リース債務	3,026	2,811
Other	その他の負債	38,181	55,206
Provision for bonuses	賞与引当金	1,353	1,337
Provision for share awards	株式給付引当金	155	139
Provision for retirement benefits	退職給付引当金	1,013	987
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,149	977
Provision for point card certificates	ポイント引当金	358	381
Deferred tax liabilities	繰延税金負債	6,907	1,880
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	1,809	1,799
Acceptances and guarantees	支払承諾	68,828	77,773
Total liabilities	負債の部合計	12,094,538	12,265,944
Net assets	純資産の部		
Capital stock	資本金	121,101	121,101
Capital surplus	資本剰余金	50,015	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	14	14
Retained earnings	利益剰余金	181,928	187,286
Legal retained earnings	利益準備金	8,774	9,160
Other retained earnings	その他利益剰余金	173,154	178,126
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	172,239	177,211
Treasury shares	自己株式	(3,805)	(3,925)
Total shareholders' equity	株主資本合計	349,239	354,477
Valuation difference on available-for-sale securities	その他有価証券評価差額金	38,564	31,065
Revaluation reserve for land	土地再評価差額金	3,550	3,528
Total valuation and translation adjustments	評価・換算差額等合計	42,115	34,593
Share acquisition rights	新株予約権	28	28
Total net assets	純資産の部合計	391,383	389,099
Total liabilities and net assets	負債及び純資産の部合計	12,485,921	12,655,043

4. Non-Consolidated Statements of Income

(¥ millions)

		Six months ended Sep. 30,	
		2022	2023
Ordinary income	経常収益	53,342	52,733
Interest income	資金運用収益	37,198	36,341
Of which, interest on loans and discounts	うち貸出金利息	28,808	28,929
Of which, interest and dividends on securities	うち有価証券利息配当金	6,750	6,311
Fees and commissions	役務取引等収益	12,076	11,903
Other ordinary income	その他業務収益	1,183	841
Other income	その他経常収益	2,883	3,647
Ordinary expenses	経常費用	40,803	43,823
Interest expenses	資金調達費用	617	669
Of which, interest on deposits	うち預金利息	58	86
Fees and commissions payments	役務取引等費用	7,119	7,388
Other ordinary expenses	その他業務費用	631	2,066
General and administrative expenses	営業経費	30,626	31,534
Other expenses	その他経常費用	1,807	2,165
Ordinary profit	経常利益	12,538	8,910
Extraordinary income	特別利益	15	125
Extraordinary losses	特別損失	202	142
Income before income taxes	税引前中間純利益	12,352	8,893
Income taxes – current	法人税、住民税及び事業税	3,220	2,614
Income taxes – deferred	法人税等調整額	543	(987)
Total income taxes	法人税等合計	3,764	1,627
Net income	中間純利益	8,588	7,266

II . Digest of financial results for six months ended September 30, 2023

1. Summary (Non-Consolidated)

	Six months ended Sep.30,		Increase/ (Decrease)	Performance Forecast (May 15,2023)	Change from forecast
	2022	2023			
Core gross profit	42.5	40.3	(2.2)	40.7	(0.3)
Core operating profit	11.9	9.0	(2.8)	8.2	0.8
Ordinary profit	12.5	8.9	(3.6)	8.0	0.9
Net income	8.5	7.2	(1.3)	5.6	1.6
Deposits and NCDs (Average balance)	10,545.7	10,832.6	286.8		
Loans and bills discounted (Average balance)	7,618.8	7,780.4	161.6		
Capital Adequacy Ratio (Domestic) (%)	12.20%	11.40% <small>(Preliminary)</small>	(0.80%)		
ROE (%)	4.35%	3.71%	(0.64%)		

* NCDs = Negotiable certificates of deposit

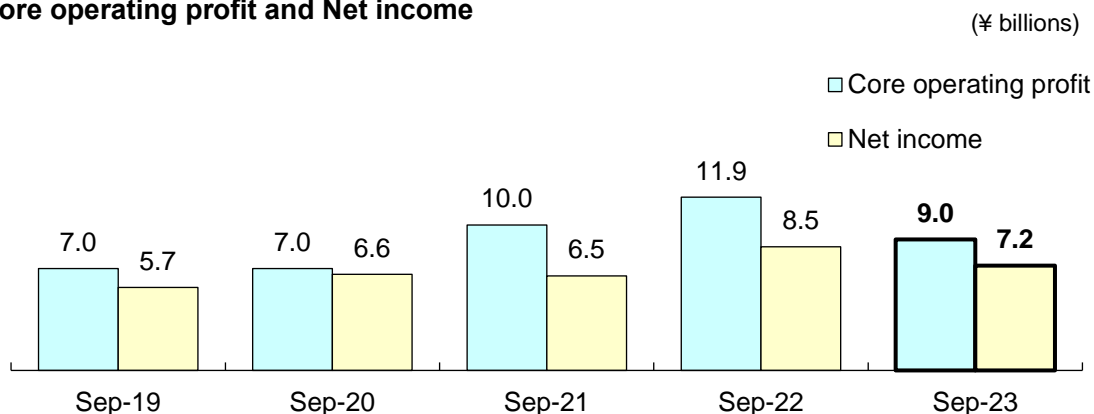
$$\text{ROE} = \frac{\text{Net income} \times 365 / 183}{(\text{Total net assets at beginning of fiscal year}^* + \text{Total net assets at end of fiscal (interim) year}^*) / 2}$$

*Excluding share acquisition rights

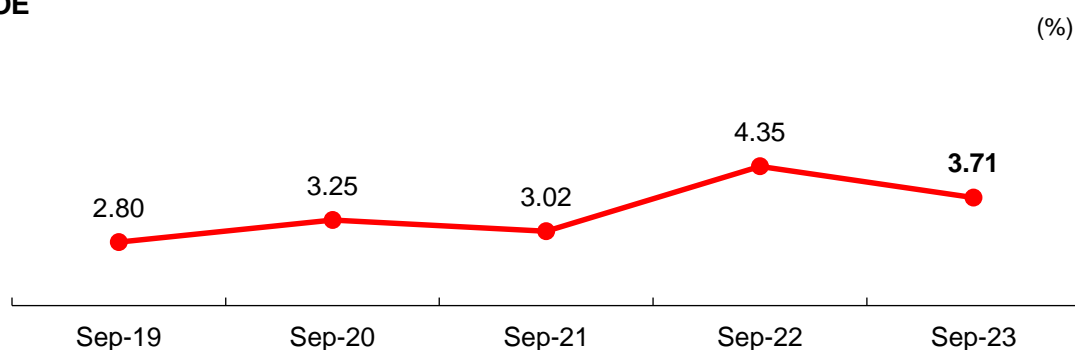
Core gross profit = Net interest income + Net fees and commissions + Net other operating income(excluding gains (losses) on bonds)

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)
	2022	2023	
Core gross profit	42.5	40.3	(2.2)
Net interest income	36.5	35.6	(0.9)
Net fees and commissions	4.9	4.5	(0.4)
Net other operating income (excluding gains (losses) on bonds)	1.0	0.1	(0.8)
Expenses(excluding non-recurring losses)	30.6	31.2	0.6
Core OHR (%)	71.94%	77.46%	5.52%
Personnel	13.2	12.8	(0.3)
Facilities	15.1	16.1	1.0
Taxes	2.2	2.1	(0.0)
Core operating profit	11.9	9.0	(2.8)
Excluding gains (losses) on cancellation of investment trusts	11.9	9.0	(2.8)
Credit cost	1.5	2.0	0.4
Gains (losses) on securities	1.4	1.3	(0.1)
Net other non-recurring income (loss)	0.6	0.4	(0.1)
Ordinary profit	12.5	8.9	(3.6)
Net income	8.5	7.2	(1.3)
Net operating profit	11.4	7.7	(3.7)

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

【Consolidated】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2022	2023	
Core gross profit	43.9	42.7	(1.1)
Ordinary profit	11.3	8.6	(2.6)
Profit attributable to owners of parent	7.5	6.6	(0.8)
Core operating profit	11.5	9.5	(2.0)
Excluding gains (losses) on cancellation of investment trusts	11.4	9.5	(1.9)
Net operating profit	11.0	8.1	(2.9)

3. Deposits and NCDs(Non-Consolidated)

【Average Balance】

(¥ billions)

	Six months ended Sep.30,		Increase/ (Decrease)
	2022	2023	
Deposits and NCDs	10,545.7	10,832.6	286.8
Yield on deposits and NCDs (%)	0.00%	0.00%	0.00%
Corporate	3,044.1	3,070.6	26.5
Individual	6,684.7	6,857.6	172.9
Public sectors and financial institutions	816.8	904.2	87.4

【Outstanding Balance】

(¥ billions)

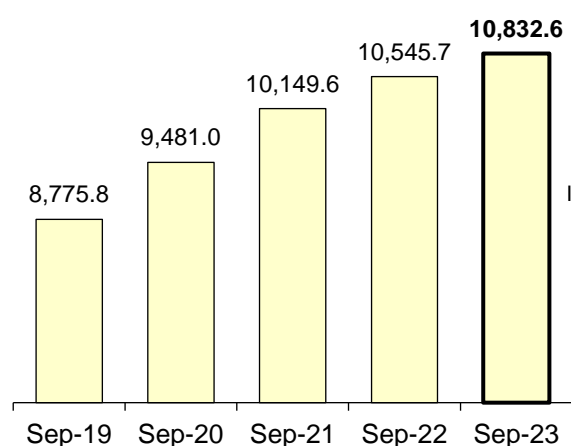
	As of Sep.30,		Increase/ (Decrease)
	2022	2023	
Deposits and NCDs	10,414.1	10,788.5	374.4
Deposit assets	244.6	255.1	10.4
Safe custody of public bonds	100.9	109.2	8.2
Investment trusts	143.6	145.8	2.1
Total	10,658.8	11,043.7	384.9

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

○ Deposits and NCDs

(Average Balance)

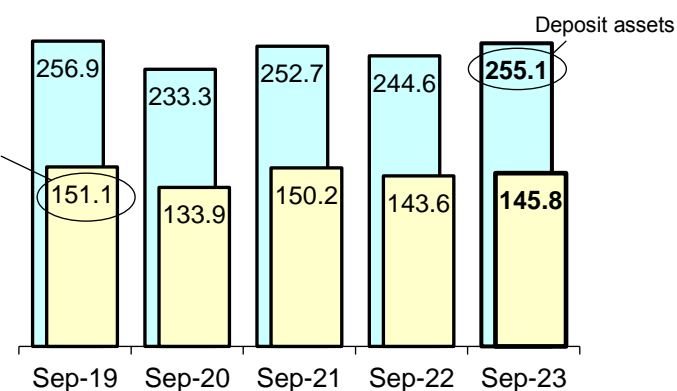
(¥ billions)



○ Deposit assets and Investment trusts

(Outstanding Balance)

(¥ billions)



4. Loans and bills discounted (Non-Consolidated)

【Average Balance】

	Six months ended Sep.30,		Increase/ (Decrease)
	2022	2023	
Loans and bills discounted	7,618.8	7,780.4	161.6
Yield on loans and bills discounted (%)	0.75%	0.74%	(0.01%)
Enterprises	3,010.9	3,003.4	(7.4)
Individuals	2,054.6	2,152.9	98.3
Housing loans	1,926.0	2,023.9	97.8
Consumer loans	128.6	129.0	0.4
Public sectors	2,553.2	2,624.0	70.8

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

【Outstanding Balance】

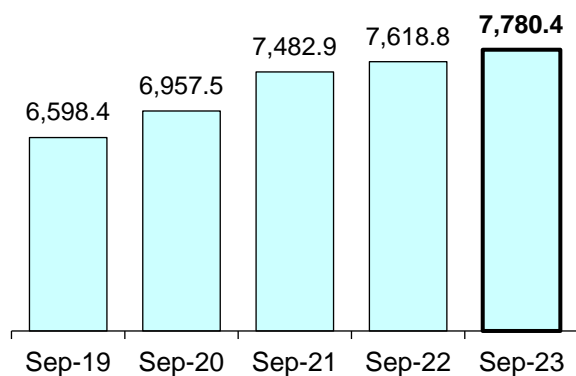
	As of Sep.30,		Increase/ (Decrease)
	2022	2023	
Loans and bills discounted	7,728.5	7,721.2	(7.3)
Enterprises	3,011.1	3,023.2	12.0
Individuals	2,077.7	2,174.6	96.9
Public sectors	2,639.6	2,523.3	(116.3)
SMEs, etc	4,192.1	4,226.7	34.6
In Hokkaido	5,756.6	5,770.6	14.0

* SMEs, etc = SMEs + Individuals

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

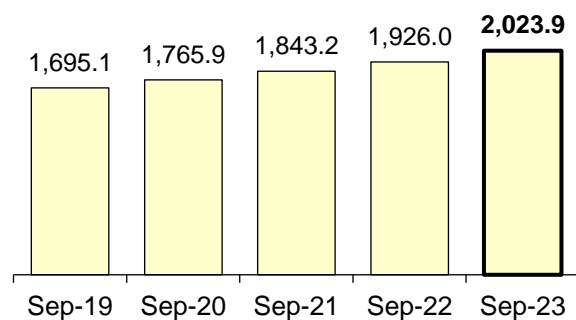
○ Loans and bills discounted (Average Balance)

(¥ billions)



○ Housing loans (Average Balance)

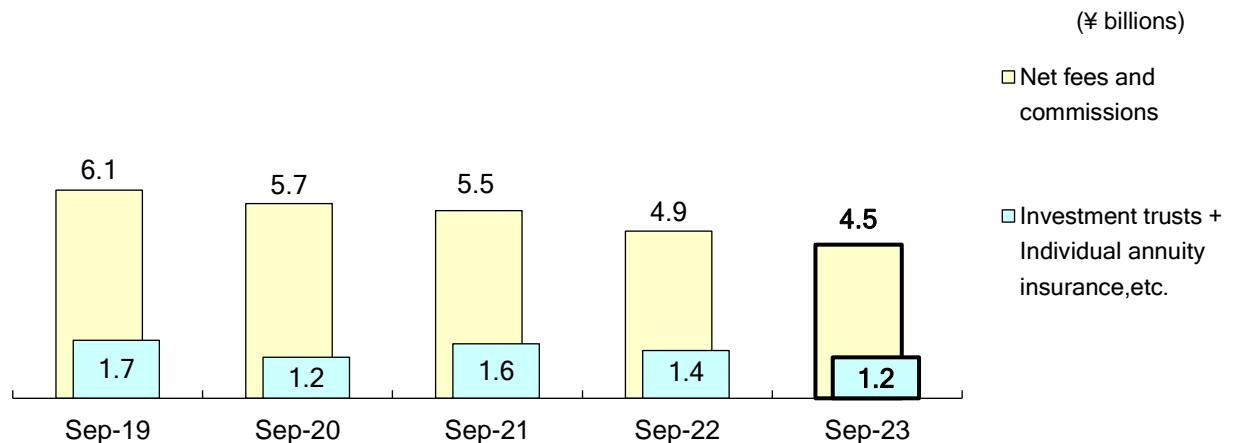
(¥ billions)



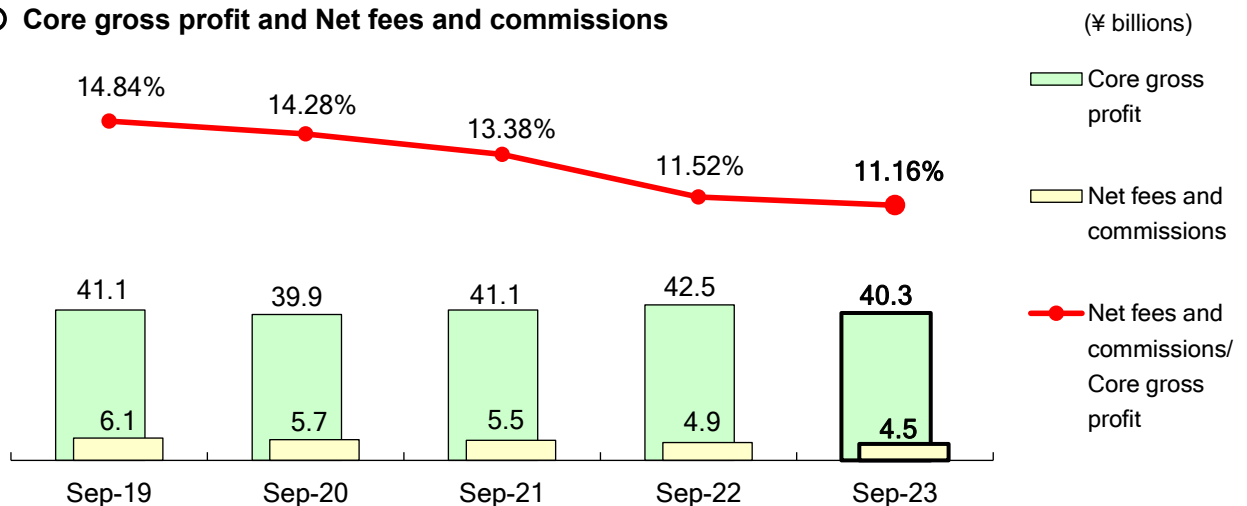
5. Fees and commissions (Non-Consolidated)

	Six months ended Sep.30,		Increase/ (Decrease)
	2022	2023	
Fees and commissions	12.0	11.9	(0.1)
Of which, domestic and foreign exchanges	3.0	3.0	(0.0)
Of which, investment trusts	0.5	0.5	(0.0)
Of which, individual annuity insurance, etc.	0.9	0.7	(0.1)
Fees and commissions payments	7.1	7.3	0.2
Of which, group credit life insurance	3.7	4.0	0.2
Of which, Fees and commissions on domestic and foreign exchanges	0.2	0.2	(0.0)
Of which, guarantee	1.8	1.9	0.0
Net fees and commissions	4.9	4.5	(0.4)

○ Net fees and commissions



○ Core gross profit and Net fees and commissions



6. Securities (Non-consolidated)

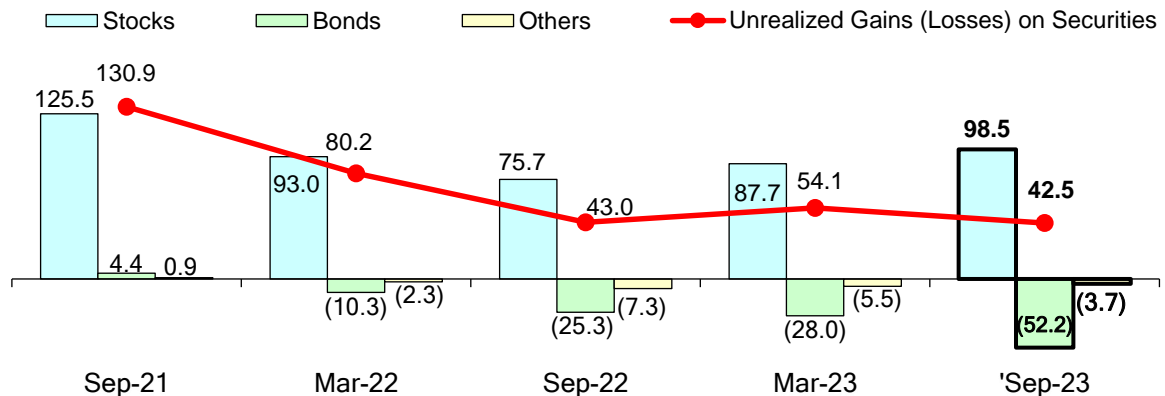
(¥ billions)

	As of Mar.31, 2023		As of Sep.30, 2023		Increase/ (Decrease)	
	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)	Acquisition cost	Unrealized Gains (Losses)
Stocks	42.5	87.7	42.2	98.5	(0.2)	10.8
Bonds	1,350.6	(28.0)	1,791.8	(52.2)	441.1	(24.2)
Others	132.0	(5.5)	126.9	(3.7)	(5.0)	1.7
Total	1,525.2	54.1	1,961.0	42.5	435.7	(11.5)
Nikkei stock average (¥)	28,041		31,857		3,816	
New 10-year Japanese government bond (JGB) yield (%)	0.320%		0.765%		0.445%	

* Excluding trading securities, capital investment in Investment Partnership.

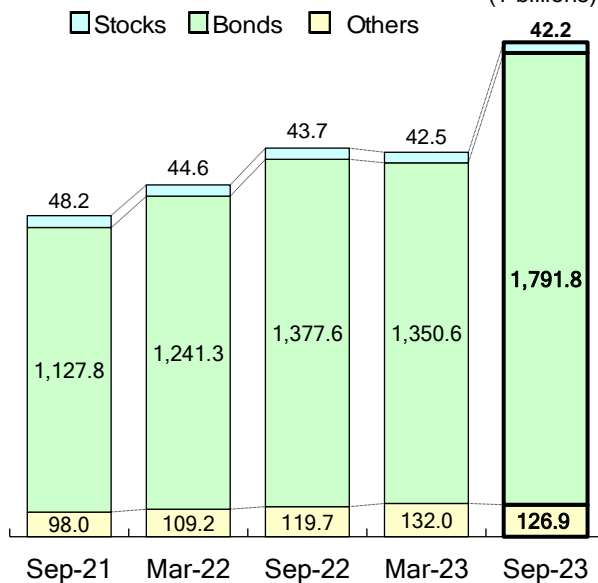
○ Unrealized Gains (Losses) on Securities

(¥ billions)



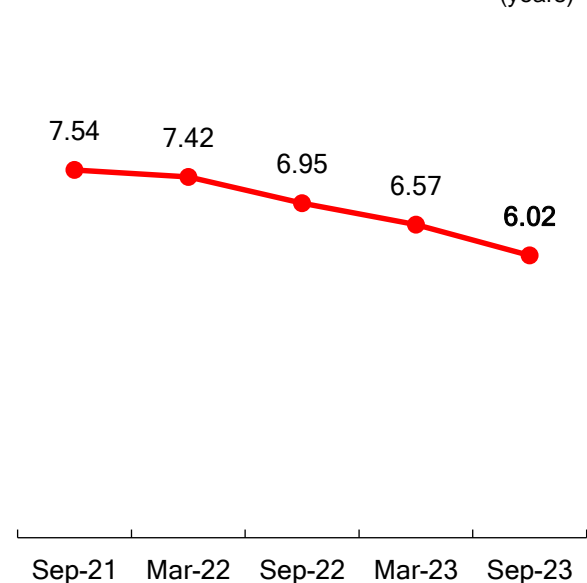
○ Acquisition cost on Securities

(¥ billions)



○ Average duration to maturity of yen bonds

(years)



* Including floating-rate JGBs

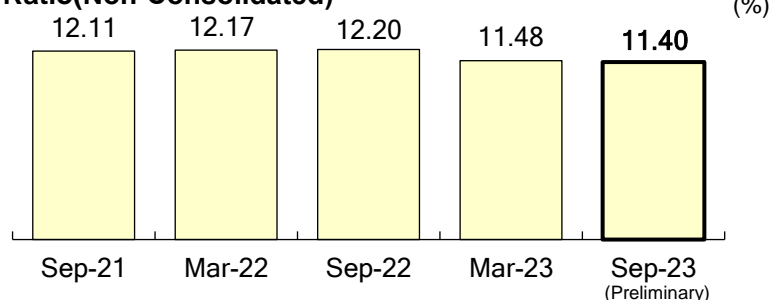
7. Capital Adequacy Ratio (Domestic)

(¥ billions)

	Non-Consolidated			Consolidated		
	As of Sep.30, 2022	As of Sep.30, 2023 (Preliminary)	Increase/ (Decrease)	As of Sep.30, 2022	As of Sep.30, 2023 (Preliminary)	Increase/ (Decrease)
Capital Adequacy Ratio (%)	12.20%	11.40%	(0.80%)	12.50%	11.66%	(0.84%)
Capital	342.9	327.0	(15.9)	358.0	341.3	(16.6)
Risk-adjusted assets	2,810.4	2,866.8	56.4	2,863.1	2,926.3	63.2

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

○ Capital Adequacy Ratio(Non-Consolidated)

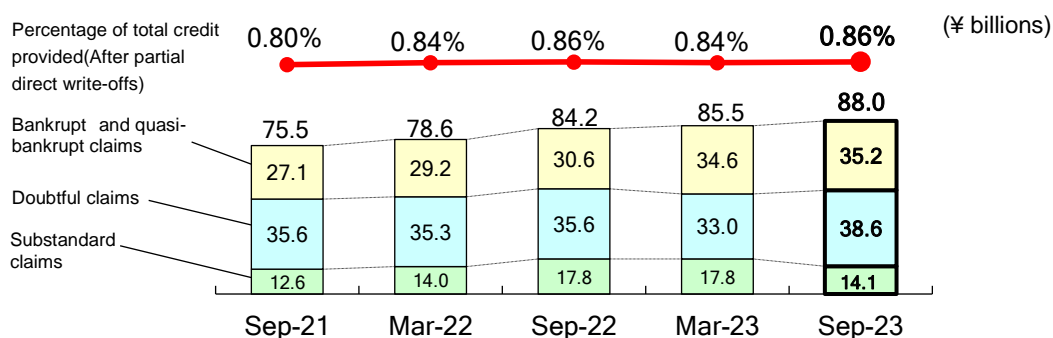


8. Claims based on the Banking Act and the Act on Emergency Measures for Revitalizing Financial Functions (Non-Consolidated)

(¥ billions)

	As of Sep.30,		Increase/ (Decrease)
	2022	2023	
Bankrupt and quasi-bankrupt claims	30.6	35.2	4.5
Doubtful claims	35.6	38.6	2.9
Substandard claims	17.8	14.1	(3.7)
Loans overdue for more than 3 months	0.8	0.3	(0.5)
Restructured loans	17.0	13.8	(3.1)
Disclosed claims under the Financial Reconstruction Law	84.2	88.0	3.8
Percentage of total credit provided (%)	1.06%	1.11%	0.05%
After partial direct write-offs (%) *	0.86%	0.86%	0.00%

* 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.