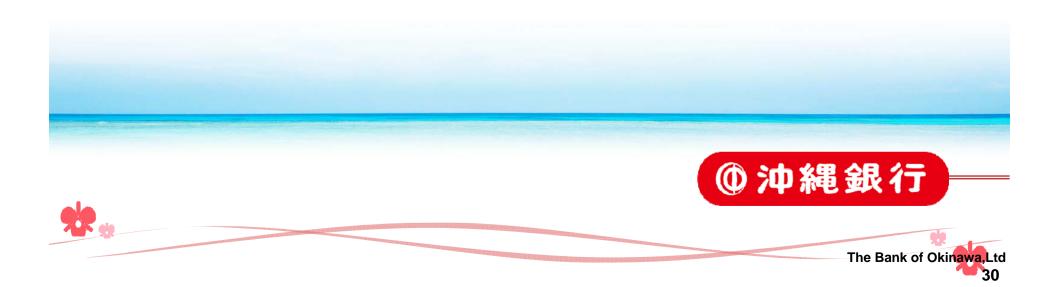


Business Strategies



From Customer Focused Operational Reforms to New Value Creation

1. Outline of Medium-Term Business Plan "CHANGE FOR VALUE - Three Years of New Value Creation -" (1)

17th Medium-Term Business Plan CHANGE FOR VALUE - Three Years of New Value Creation - April 2015 to March 2018 (3 years)

- From "Customer focused operational reforms (change)" to "Customer focused new value creation" -

We will continue to grow together with regional customers as the "PEOPLE'S BANK," most loved by people in Okinawa, by materializing "operational reforms (change)" for the new era with our customer focused attitude that we have built to create and offer "customer focused new value" based on the well-established attitude.

Three basic strategies to undertake in "Three Years of New Value Creation"

"Customer focused"operational reforms

"Customer focused" new value creation

- Operational reforms materializing "customer's point of view" (Delegation of power, downsizing, streamlining)
- Initiative toward fundamental improvement of customer waiting time
- Establishing sales structure which customers can feel the "attraction"
- Establish and put into practice the PDCA cycle for high quality human resource development
- Expand service value at "customer contact point (sales base)"
- Materialize new services combined with our brand strategy

Productivity improvement using strategic information _

- Materialize PDCA that is backed by information

 Build strategies to utilize IT, whose value will be acknowledged by customers (Shift from using IT for streamlining to value creation)

Materialization of a new sustainable business model whose value will be recognized by customers

Contribute to revitalization of regional communities as the No.1 bank in the region

3. Customer Focused Operational Reforms -Step towards New Value Creation-

Thorough operational reforms and challenge for "services beyond customers' expectation"

★ Steadily implement operational reforms without exceptions towards the 60th anniversary of the Bank's founding on July 10, 2016, the second year of the Plan, based on "customer focused" attitude

★ Thoroughly reform operation to the highest level achievable by each employee (beyond branches' expectation) during the first and second year of the Plan. Establish system to focus on "new services beyond customers' expectation" for the third year of the Plan.

Year	Target	Measures	Expected outcome
Year 1 (FY2015)	Elimination of the causes of customers' discontent (customer focused operational reforms)	Realization of operational reforms through authority delegation, HQ reforms and branch operational reforms (operational reform project)	Customer focused thorough operational reforms (review on operational process) Establish PDCA cycle (result verification based on specific numerical targets)
Year 2 (FY2016)	Meet customers' expectation (establish new operational process)	Set up and establish the PDCA cycle (inc. KPI measurement system) that supports the continuous operational reforms for higher customer satisfaction	Establish system for continuous operation of the PDCA cycle built during Year 1 Materialize Okigin Brand Strategy
Year 3 (FY2017)	Surpass customers' expectation (customer focused new value creation)	Health Supporting Bank From Shinryo to Bankoku Shinryo Bank Further utilization of information and IT	Offer new service (non-interest rate- related value)



Achievements of "Customer Focused" Strategy - Clarifying the Top Priorities to Address -

Medium-Term Business Plan - CHANGE FOR VALUE -

Priority	Basic concept				
1. Customer satisfaction	The significance of our existence is "customer satisfaction" through implementation of "management philosophy (deeply rooted in the community/contribution to the community)," and we define this as the top priority in order to survive the era of great competition.				
2. Employee satisfaction	We will realize the "PEOPLE'S BANK," loved by people in Okinawa, filled with motivation and dynamics of our employees, by putting into practice that "customer satisfaction" is the true reward for working				
3. Profitability	Complete operational reforms to strengthen the top line revenue backed by customer satisfaction				
4. Soundness	Maintain the No.1 soundness within the prefecture and contribute to continued development of Okinawa				
5. Scale / share in prefecture	Steadily expand our customer base by being chosen by the customers, through increasing customer satisfaction level				

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Review on the first year of the Plan During the first year of the Medium-Term Business Plan, we worked to materialize the operational reforms through (1) delegation of authority, (2) branch operational reforms and (3) HQ reforms, aiming to eliminate the causes of customers' discontent. Progress on management numerical

targets was	Management numerical targets	FY14(Result)	FY15(Result)	FY17(Target)
Profitability	(1) ROE for consolidated net income	6.08%	6.16%	6.00% - 6.99%
	(2) Business profit on core banking operations	¥10.6 billion	¥9.9 billion	Around ¥11.0 billion
Growth potential	(3) 25% increase in the number of major corporate customers	5,735	5,868	7,000
	(4) 25% increase in the number of major individual customers	278,955	291,402	350,000
Soundness	(5) Non-performing loan ratio	1.61%	1.66%	Around 2%
	(6) Capital ratio	11.13%	10.88%	Around 11%
VP				

People's Bank

The second year (FY2016) of the Medium-Term Business Plan

1. Business environment

Establishment of new business models in light of the future population decline
Quantitative and qualitative monetary easing with negative interest rates pushing down yields on investment of funds

♦ Fierce competitive environment with financial institutions in other regions expanding into Okinawa

2. Key initiatives

Introduction of tablets

750 tablets to be introduced in FY16 Business operation utilizing tablets Sale of financial products (May 2016) Individual Ioan application (June 2016) Proposal for assets in custody (planned in July 2016) CIPS linkage (planned in January 2017) Sale of insurance (during FY2016) Filing and inheritance (during FY2016)

Centralize administrative task

Further centralize branch administrative task at HQ Centralize financing, deposit and common administrative task at the administrative division

Strengthen non-over-the-counter channel

Introduce app for opening smartphone accounts (planned in July 2016)

Introduce ATMs at convenience stores (planned in July 2016 Set up Direct Banking Office (centralize non-over-thecounter channels)

Expected outcomes

Reduce customers' burden Ease burden of branches and HQ Strengthen sales and proposal capacities Strengthen product development capabilities

Reduce administrative processing time Relieve branches from administrative task

Improve customers' convenience Increase business opportunities

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ffer non-interest rate-related value

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