



# Fiscal 2016 Results Briefing

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- Outline of Business Results for FY2016
- Business Strategies

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● Participant ●

**President: Yoshiaki Tamaki**






# The Business Environment in Okinawa



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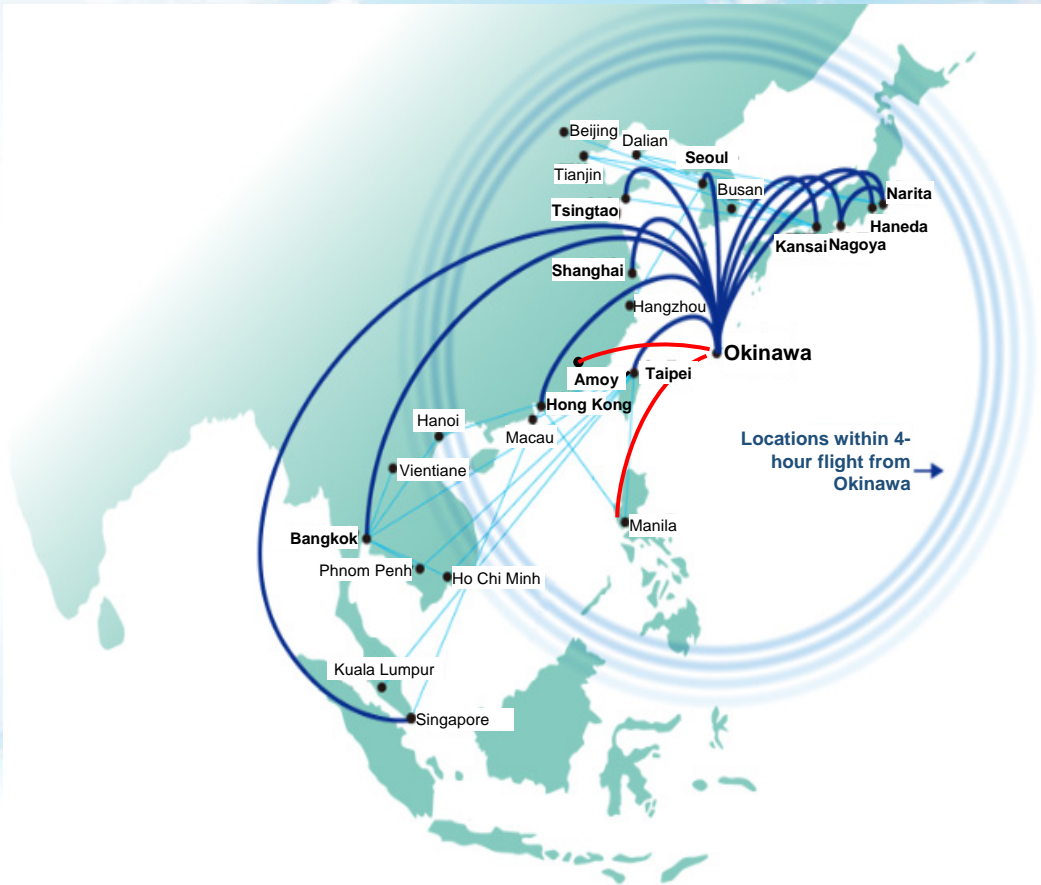


The Bank of Okinawa, Ltd

# Competitive Advantage of Okinawa's Ideal Location



**With major Asian cities within range of 4 hours, located in the heart of East Asia**



Okinawa	City	Flight Time
→	Seoul	2h 10min
→	Tsingtao	2h 50min
→	Shanghai	2h 5min
→	Taipei	1h 30min
→	Hong Kong	2h 35min
→	Bangkok	4h 25min
→	Singapore	5h
→	Amoy <small>(From October 2015)</small>	2h
→	Manila <small>(From October 2015)</small>	3h
→	Narita	2h 25min
→	Haneda	2h 20min
→	Nagoya	2h 15min
→	Kansai	1h 50min

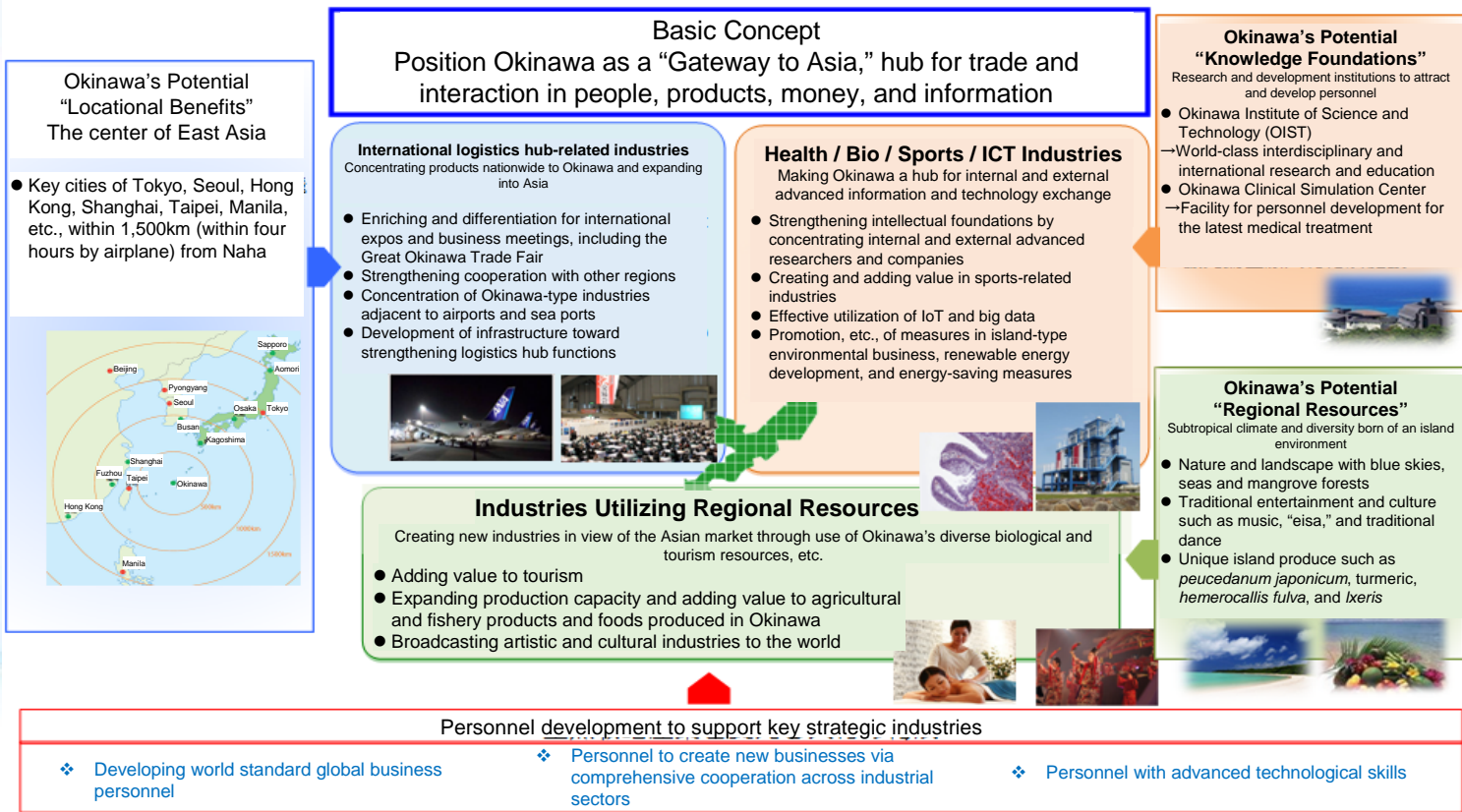


# Okinawa Growth Industry Strategy: Development as a Gateway to Asia



## Okinawa Growth Industry Strategy: Development as a Gateway to Asia

- |        |   |                  |   |
|--------|---|------------------|---|
| Points | <ul style="list-style-type: none"> <li>The Conference of Industrial Competitiveness in Kyushu and Okinawa was established to consider growth strategies in the Kyushu and Okinawa regions, in light of an emergency resolution by the Japan Revitalization Strategy and the National Governors' Association.</li> <li>To consider growth strategies in Okinawa and cooperative measures between Okinawa and Kyushu, the Okinawa Subcommittee was established under the Conference.</li> </ul> | State of Okinawa | <ul style="list-style-type: none"> <li>An international air cargo hub business began in 2009 to connect various Asian cities with the mainland, utilizing the locational benefits of Okinawa. Okinawa is well suited as an industrial location targeting emerging markets.</li> <li>A world-class research educational institution (OIST) was opened. Drug discovery startup venture firms and IT firms have entered and converged.</li> <li>A wealth of attractive regional resources (environment, agricultural products, and culture)</li> </ul> |
|--------|---|------------------|---|



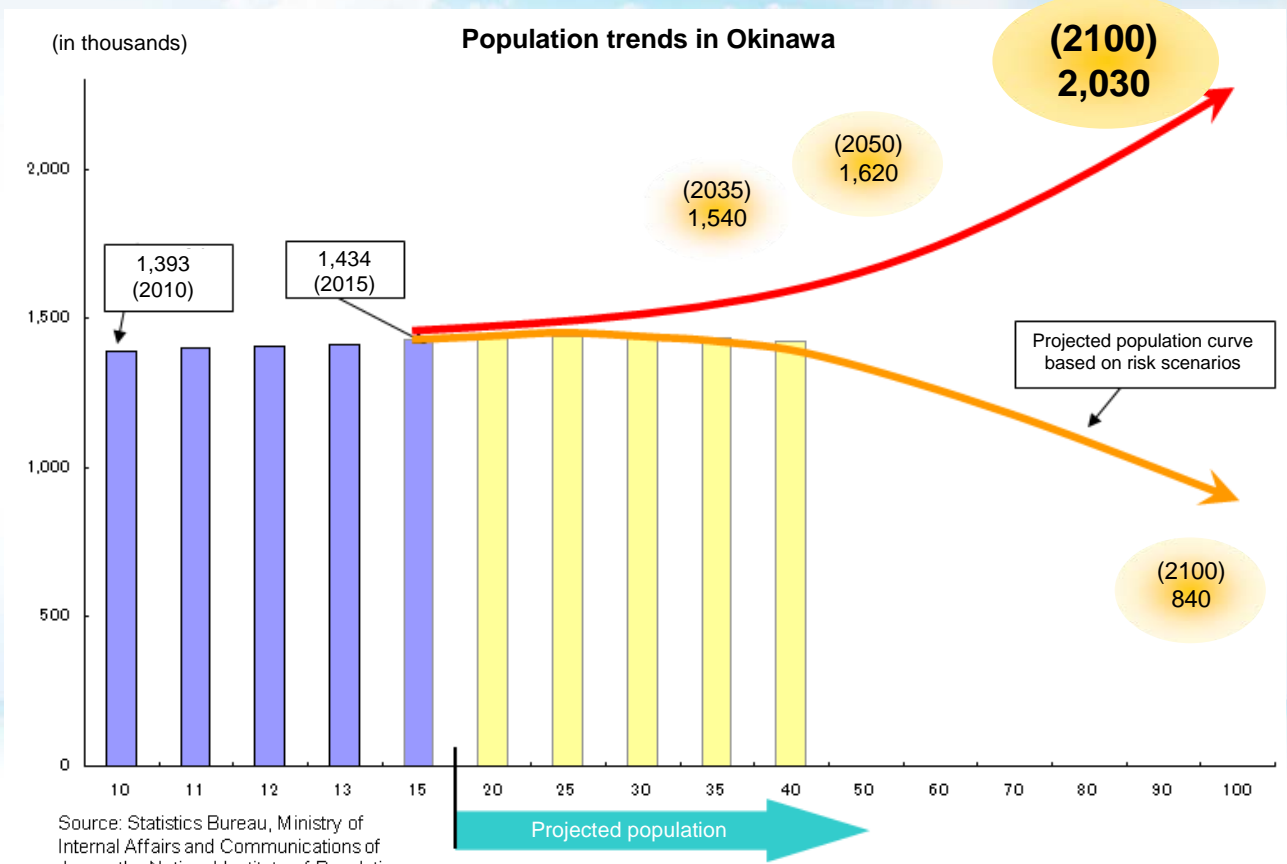
Source: Okinawa Subcommittee Report, The Conference of Industrial Competitiveness in Kyushu and Okinawa



# Population of Okinawa (Future Prospects)



**The population of Okinawa is expected to take a downward turn in and after 2025. Population is on the increase at this stage, but active steps towards population growth are being taken now.**



Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan, the National Institute of Population and Okinawa Prefecture

### Efforts to facilitate natural increase in population

- Creation of a society that allows people to marry, give birth to and raise children without undue worries
- Elimination of childcare waiting list
- Promotion of "health and longevity in Okinawa" campaign

### Efforts to enhance growth of society

- Creation of a dynamic society that is open to society
- Job creation and securing diverse human resources
- Increasing tourists and visitors

### Aims to revitalize isolated islands and depopulated regions

- Creation of a society that delivers well-balanced and sustainable population growth
- Improvement of conditions for long-term residence
- Industrial development by demonstrating attractive regional characteristics



# Number of Visitors to Okinawa



**FY2016 marked a record 8.76 million tourists visiting Okinawa**  
**The number of overseas tourists was 2.12 million (up 27% YoY), renewing a record high**



Source: The Fifth Okinawa Prefecture Basic Plan for Tourism Promotion

■ Japanese visitors (left axis)    
 ■ Overseas visitors (left axis)    
 ▲ Tourism revenues (right axis)

Number of port call by cruise ships in 2016: 387  
 Scheduled number of port call in 2017: **502 (up 30%)**

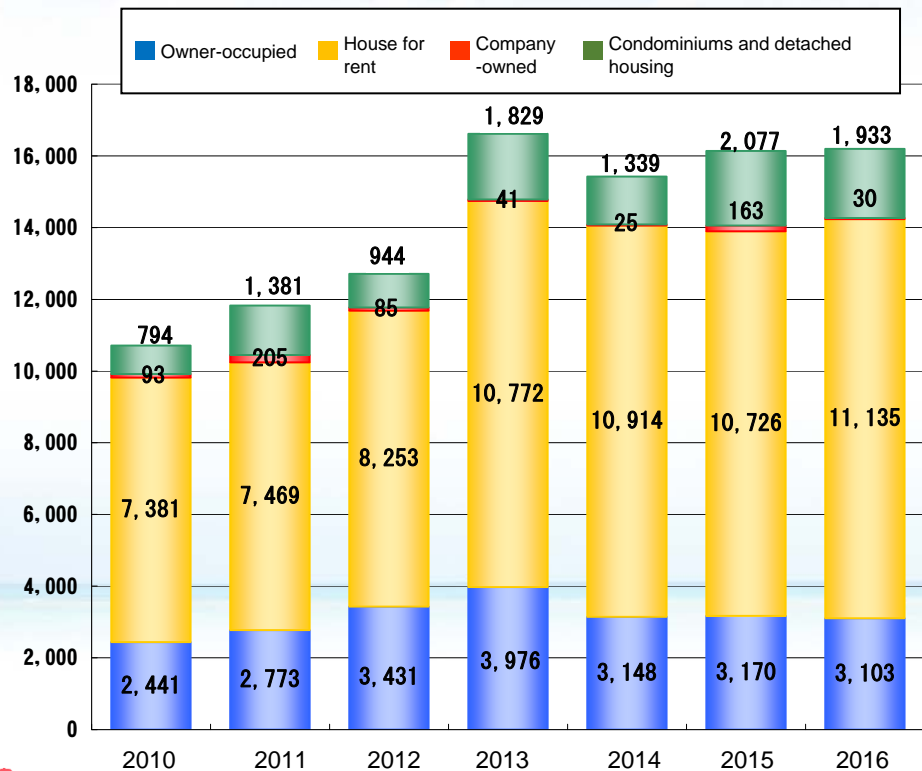


# Housing Market Trends in Okinawa

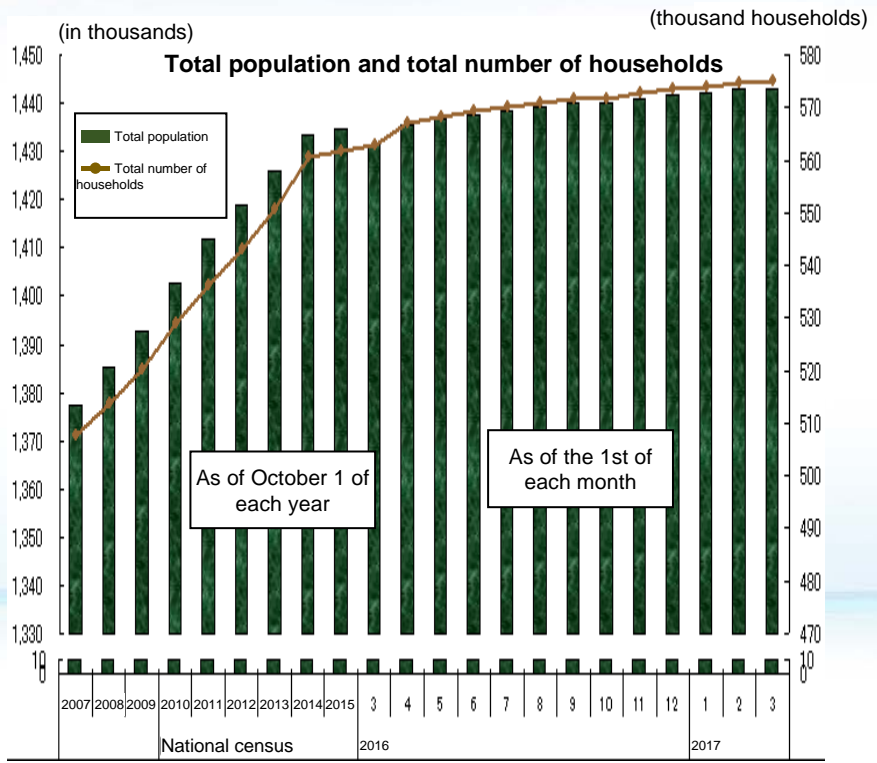


- Housing market in Okinawa remains strong
- According to the national census 2015, growth rate of population and number of households are both the highest in Japan

Number of new housing starts by housing type



Total population and total number of households in Okinawa



Source: Statistics Section, Planning Department, Okinawa Prefecture

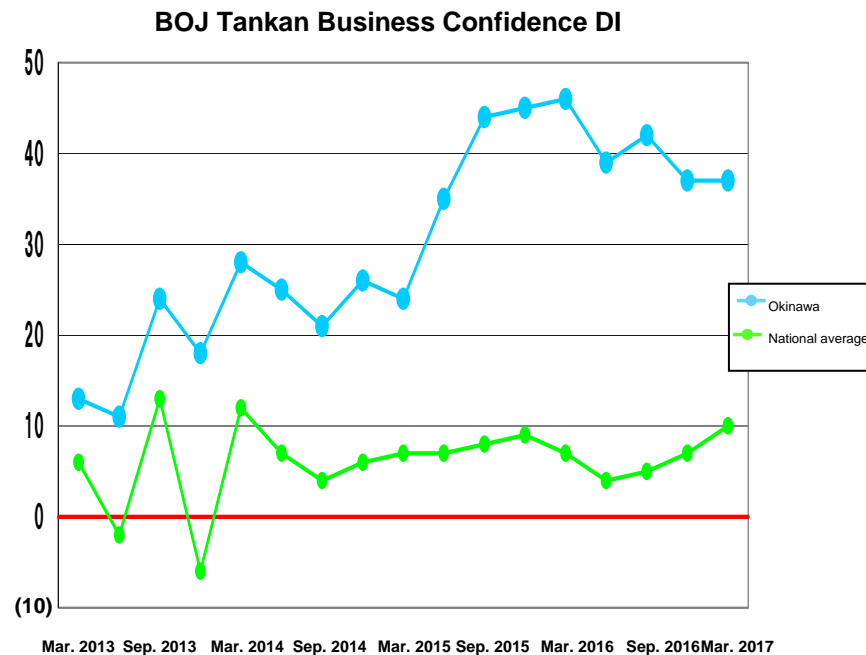




# Economic Trends in Okinawa 1



## BOJ Tankan



### Overview

- ◆ The prefectural economy is expanding overall.
- ◆ In terms of personal spending, trends are strong against a backdrop of an increase in the prefecture's population, tourism demand, and an improved employment and earnings environment within the prefecture. In terms of tourism, performance is favorable as domestic visitor demand is strong and demand from foreign visitors is on a rising trend. In construction-related terms, public investment is solid. Additionally, residential investment is trending at high levels against a backdrop of an increase in the prefecture's population. In terms of employment and earnings trends, improvement is significantly advancing.

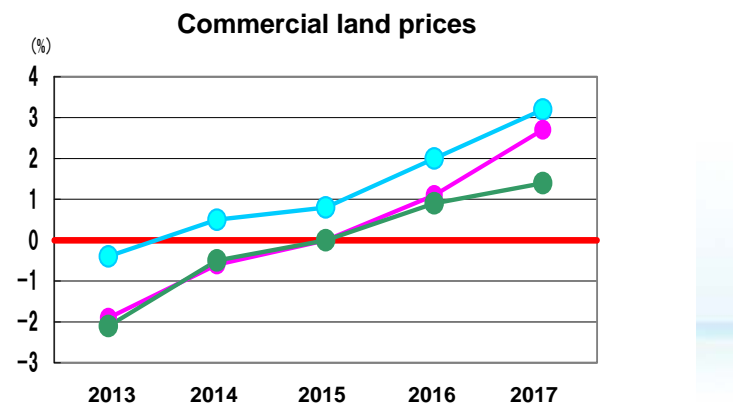
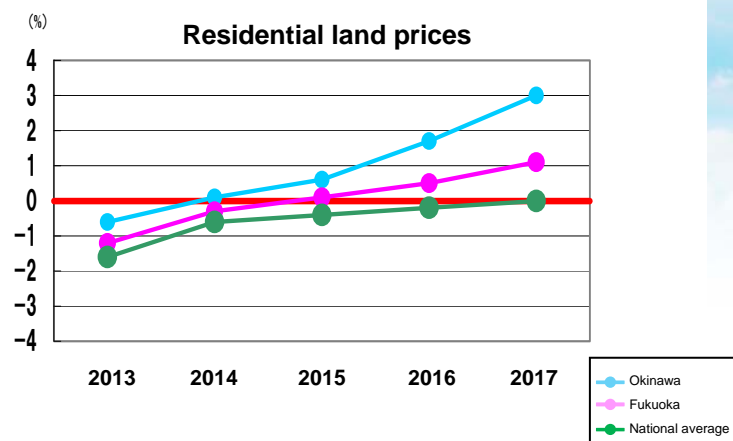
Source: BOJ Naha Branch



## Economic Trends in Okinawa 2



### Official land prices



#### Overview

◆ In land for residential use, demand remains strong overall for both detached homes and condominiums against a backdrop of an increasing population.

In particular, in central Naha, the Shintoshin area, and the Makabi area, demand is vigorous for land for detached homes and condominiums, and due to the scarcity of suitable land, the growth rate has exceeded the previous year in some areas.

◆ In land for commercial use, demand for land for use as storefronts and hotels, etc., remains solid against a backdrop of an increase in both domestic and foreign tourists.

Source: Ministry of Land, Infrastructure, Transport and Tourism

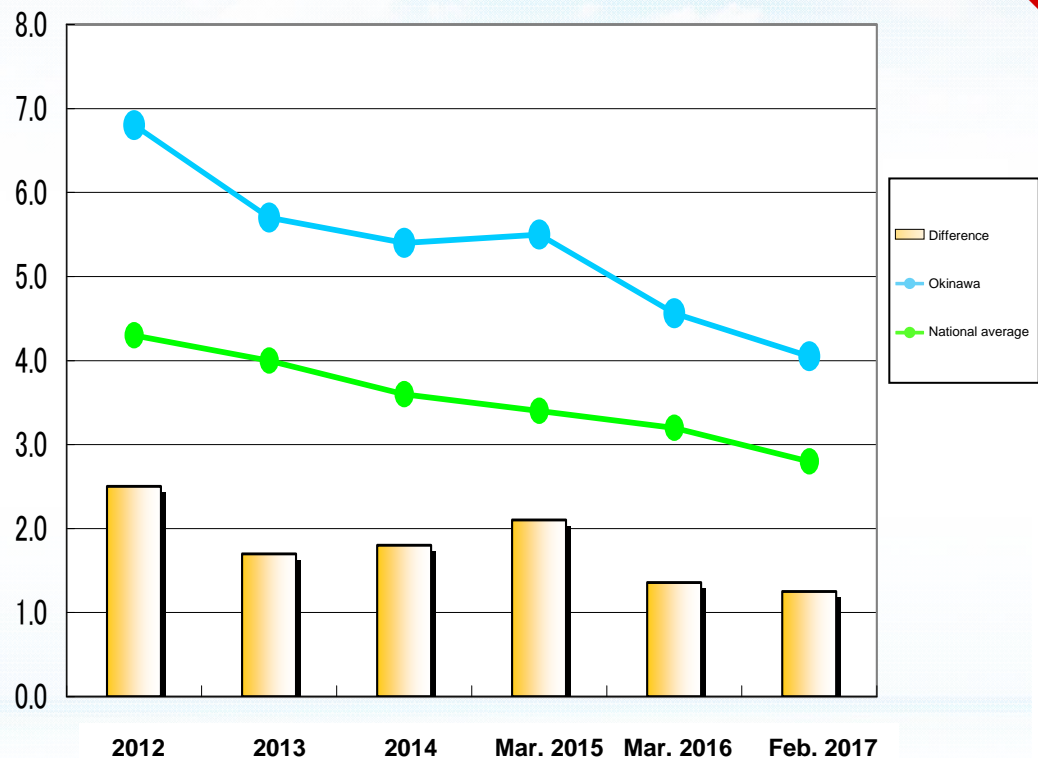


# Economic Trends in Okinawa 3



## Employment situation

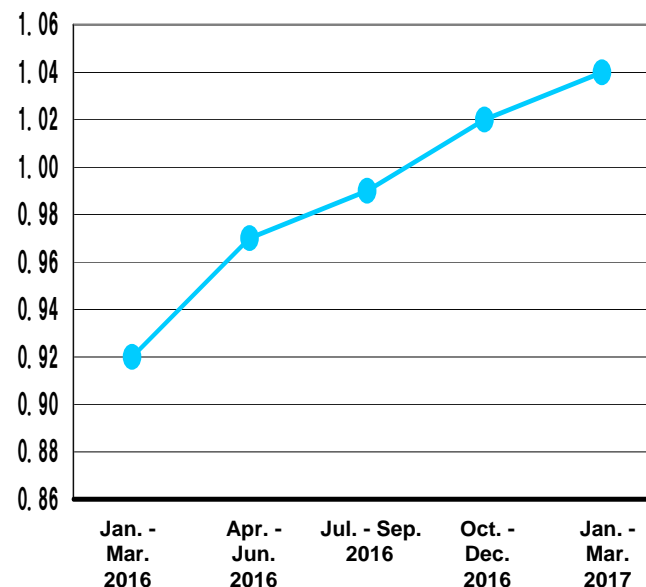
Trends in unemployment rates (%)



Source: Okinawa Prefecture, Ministry of Internal Affairs and Communications

◆ In the past, Okinawa suffered nearly twice the unemployment rate of the national average, but the rates have steadily fallen, becoming closer to the national level.

Active opening ratio (seasonally adjusted) (times)





# Outline of Business Results for FY2016



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# Highlights for FY2016



**Ordinary income increased due to an increase in interest and dividends on securities, despite a decrease in interest on loans and bills discounted (increased revenues). Ordinary profit decreased mainly due to decreases in interest income and fees and commissions and an increase in credit costs (decreased earnings).**

(¥ billion)

Non-consolidated	FY16	FY15	YoY change
<b>Ordinary income</b>	<b>38.3</b>	<b>37.8</b>	<b>0.5</b>
Gross business profit	29.1	30.9	(1.8)
Interest income	27.1	27.8	(0.7)
Fees and commissions	2.2	2.6	(0.4)
Fees and commissions (excluding trust fees)	1.9	2.3	(0.3)
Trust account services	0.3	0.3	(0.1)
Other business profit	(0.3)	0.3	(0.6)
Gains (losses) on bond trading	(0.1)	0.3	(0.4)
Expenses (excluding non-recurrent items)	21.3	20.3	+1.0
<b>Business profit on core banking operations</b>	<b>7.9</b>	<b>10.1</b>	<b>(2.2)</b>
Provision of general allowance for possible loan losses	0.1	1.0	(0.9)
<b>Net business profit</b>	<b>7.7</b>	<b>9.5</b>	<b>(1.8)</b>
Non-recurrent items	0.1	1.2	(1.1)
Net gains (losses) on equity securities	1.1	0.7	+0.4
Bad debt disposal (non-recurrent items)	1.0	(0.0)	+1.0
<b>Ordinary profit</b>	<b>7.8</b>	<b>10.7</b>	<b>(2.9)</b>
Extraordinary gains (losses)	(0.1)	0.1	(0.2)
<b>Net income</b>	<b>5.3</b>	<b>7.1</b>	<b>(1.8)</b>



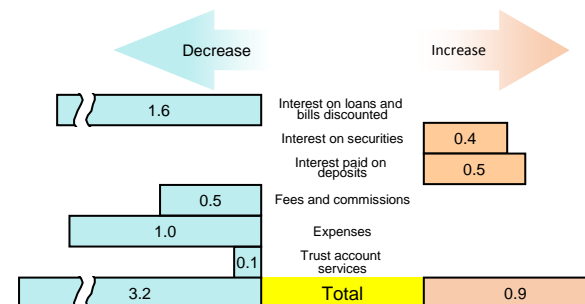
## Year-on-year changes

(¥ billion, %)

	Average balance	Yield	Interest
Loans and bills discounted	+79.5	(0.218)	(1.6)
Securities	(8.9)	+0.078	+0.4
Deposits	+9.0	(0.027)	+0.5
Others	-	-	+0.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(0.7)</b>

Gains and losses on securities increased by ¥0.1 billion year on year

## YoY comparison of business profit on core banking operations



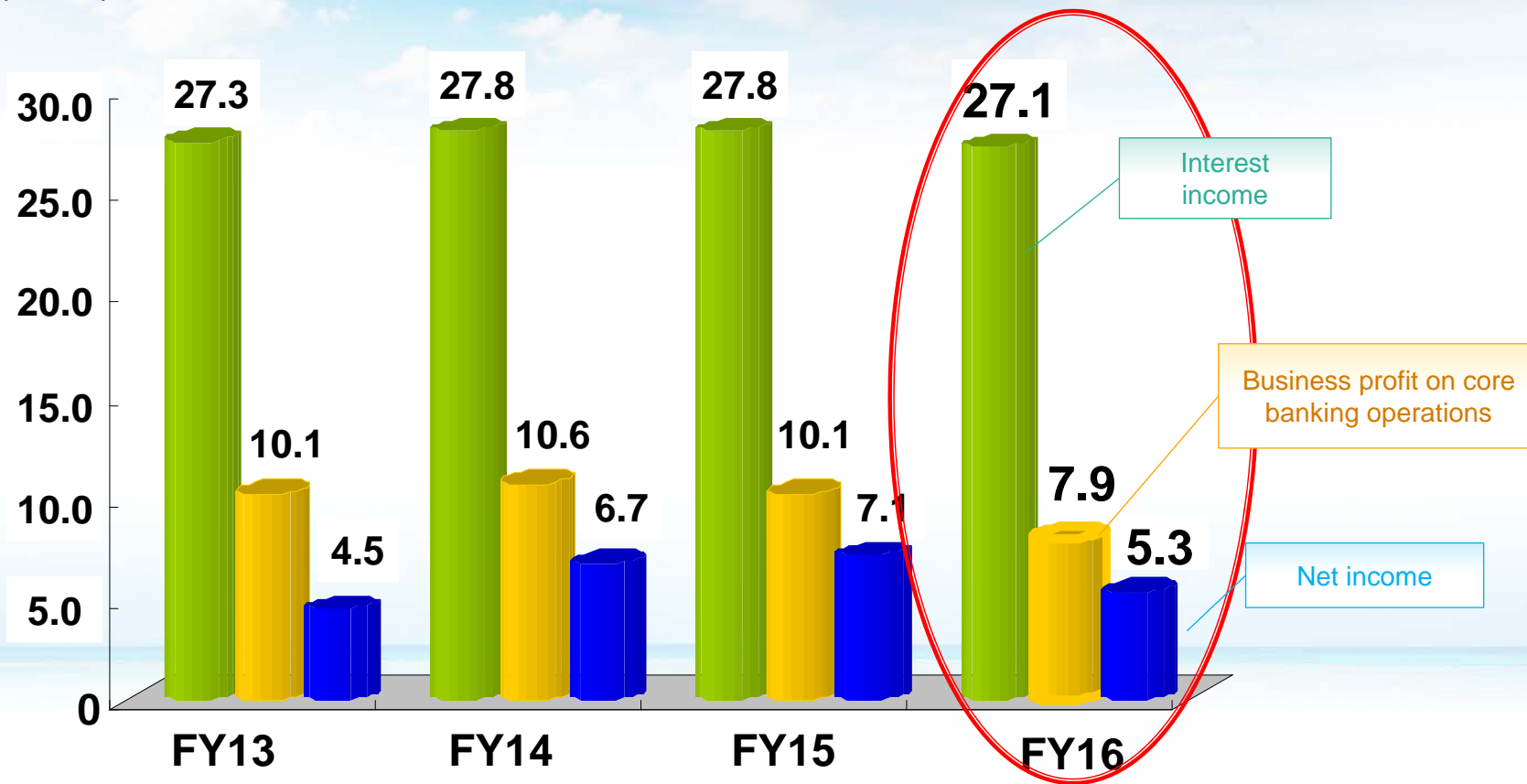
Credit costs	1.1	0.9	+0.2
Non-performing loan ratio	1.53%	1.66%	(0.13)pt
Capital ratio	10.44%	10.88%	(0.44)pt



# Profits

Business profit on core banking operations decreased mainly due to a decrease in yield on loans and increase in expenses

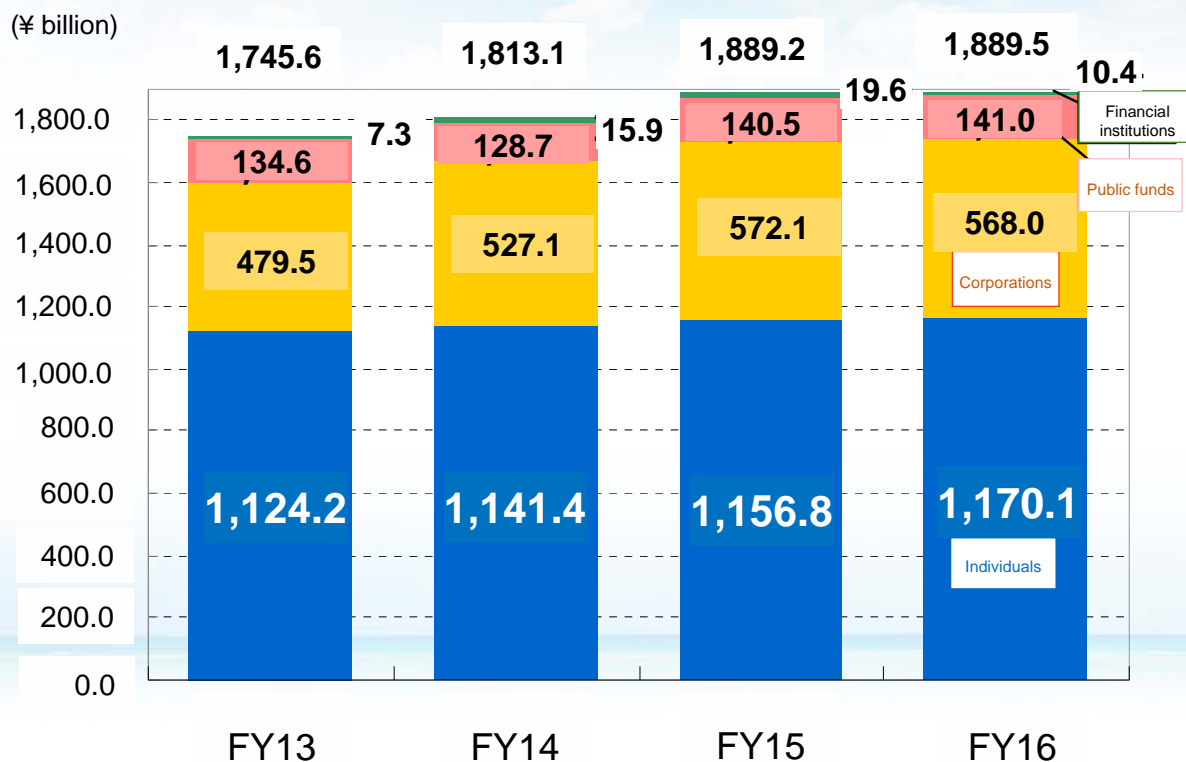
(¥ billion)



## Deposits (Average Balance)



**Total deposits rose by ¥0.2 billion to ¥1,889.5 billion**  
**Deposits by individuals rose by ¥13.5 billion and deposits by corporations decreased by ¥4.1 billion**



### Deposits by individuals

Increased liquidity in deposits due to continued efforts for opening of new salary payment and pension accounts

### Deposits by corporations

Increased liquidity in deposits due to enhanced function to trace funds by "Strong Relations Plan"

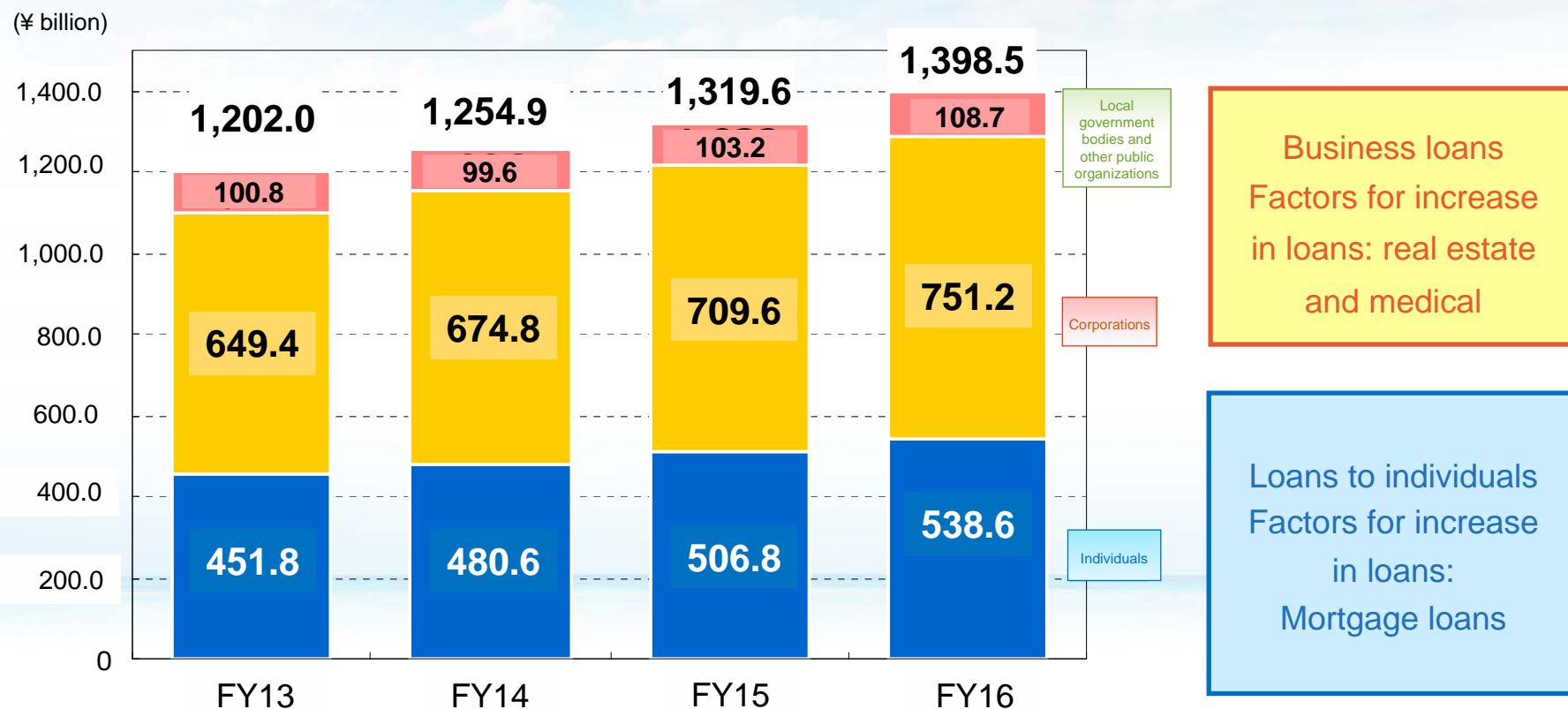
\* Including trust accounts



## Loans (Average Balance)



Loans to corporations rose by ¥41.6 billion, loans to individuals rose by ¥31.8 billion  
 Total loans and bills discounted rose by ¥78.9 billion (+5.9%) to ¥1,398.5 billion



\* Including trust accounts



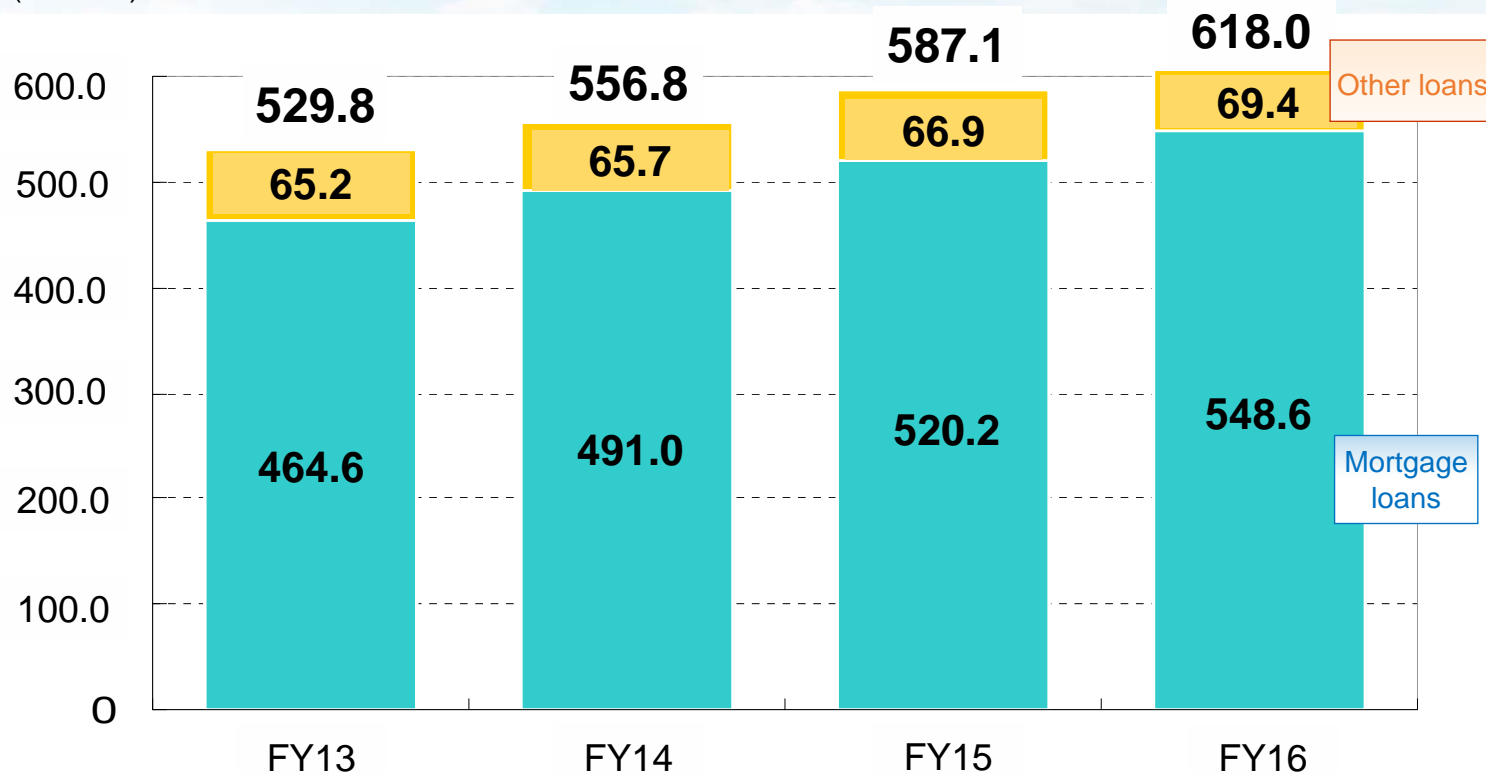


## Consumer loans (Term-End Balance)



**Mortgage loans rose by ¥28.3 billion, other loans rose by ¥2.5 billion  
Consumer loans rose by ¥30.8 billion (+5.2%) year on year to ¥618.0 billion**

(¥ billion)



\* Including trust accounts

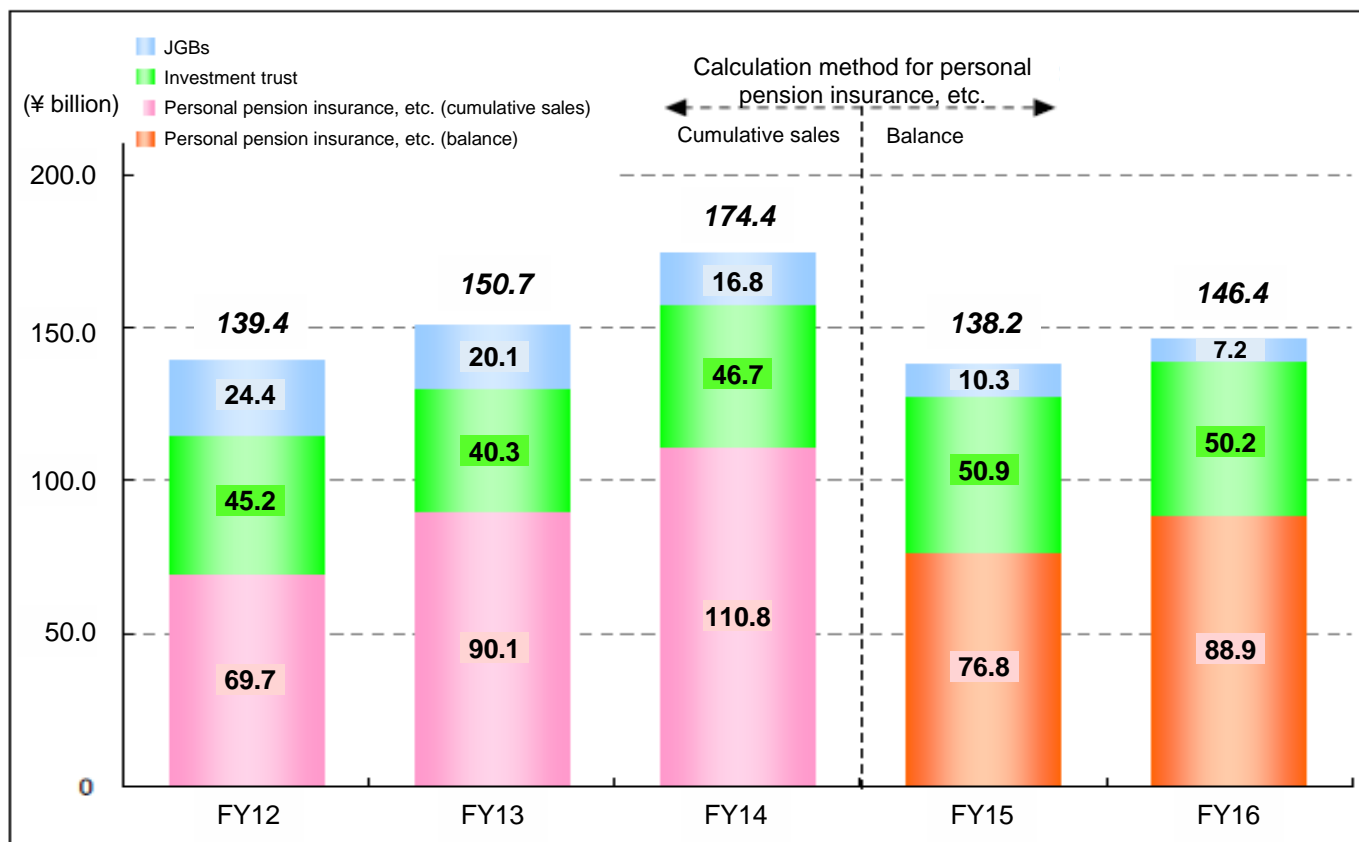
\* Consumer loans: Loans provided as funds closely tied to customer lifestyles. Typically referred to as personal loans or consumer loans



## Assets in Custody



**Personal pension insurance, etc., rose by ¥12.1 billion, and assets in custody rose by ¥8.2 billion**  
**Contributing to asset creation by providing high-quality services to customers**



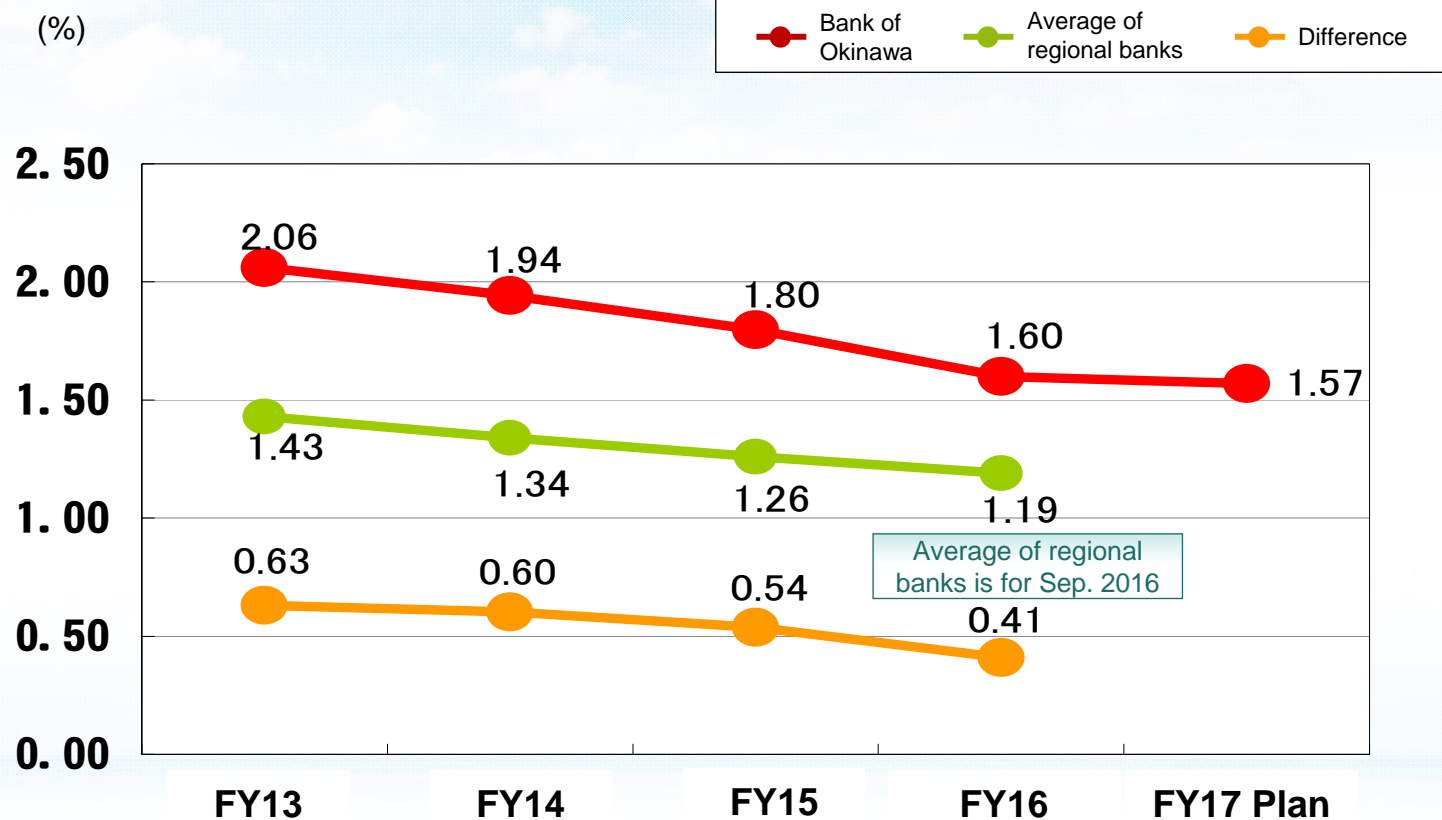
\* Figures shown for FY14 and prior are cumulative sales amounts, and for FY15 and later are balances.



# Loan / Deposit Spreads (Domestic)



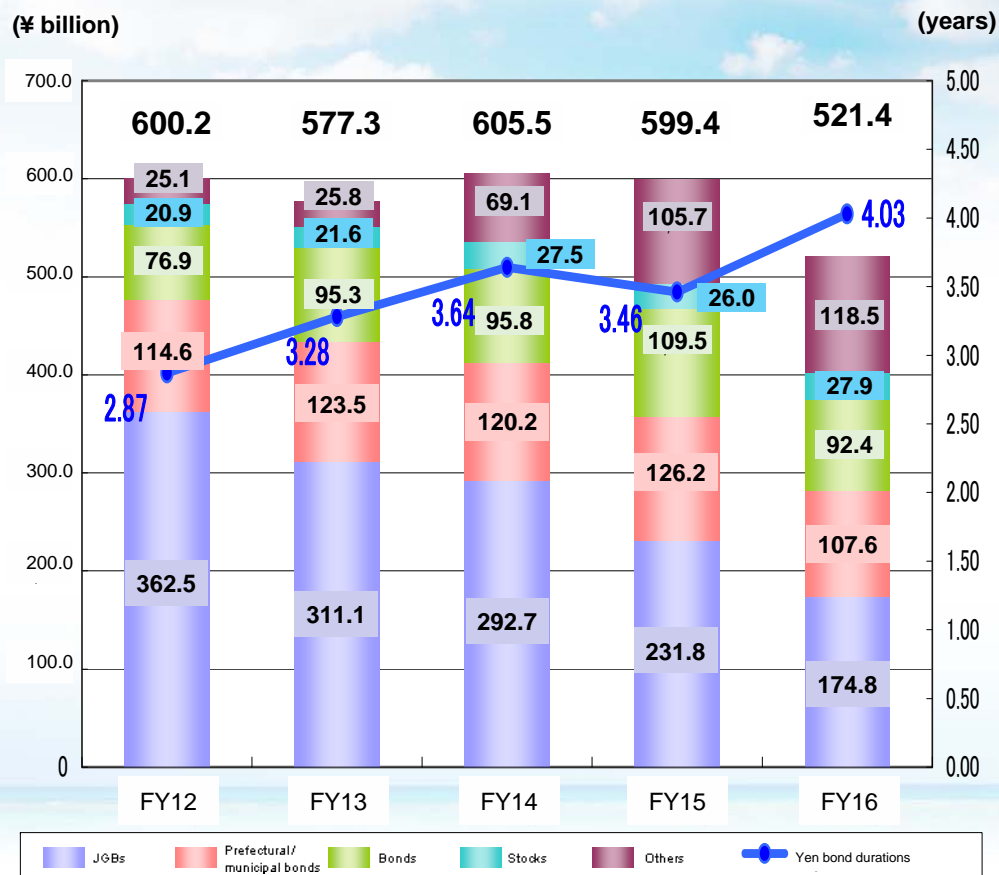
## Loan / Deposit Spreads with Regional Bank Averages



# Securities (Term-End Balance)

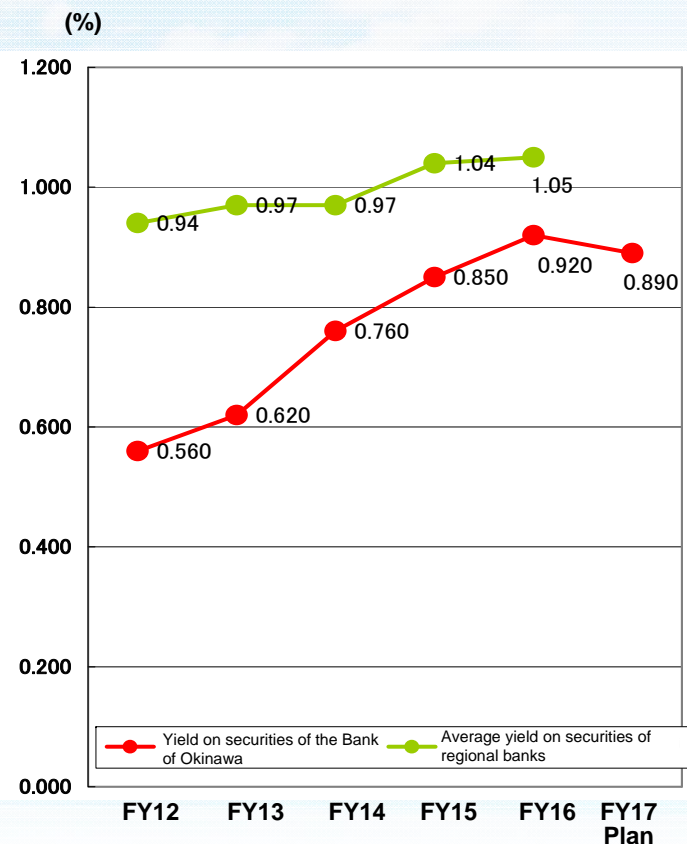


## Term-end balance and Yen bond durations



\* The value of duration includes floating rate JGBs

## Yield on securities



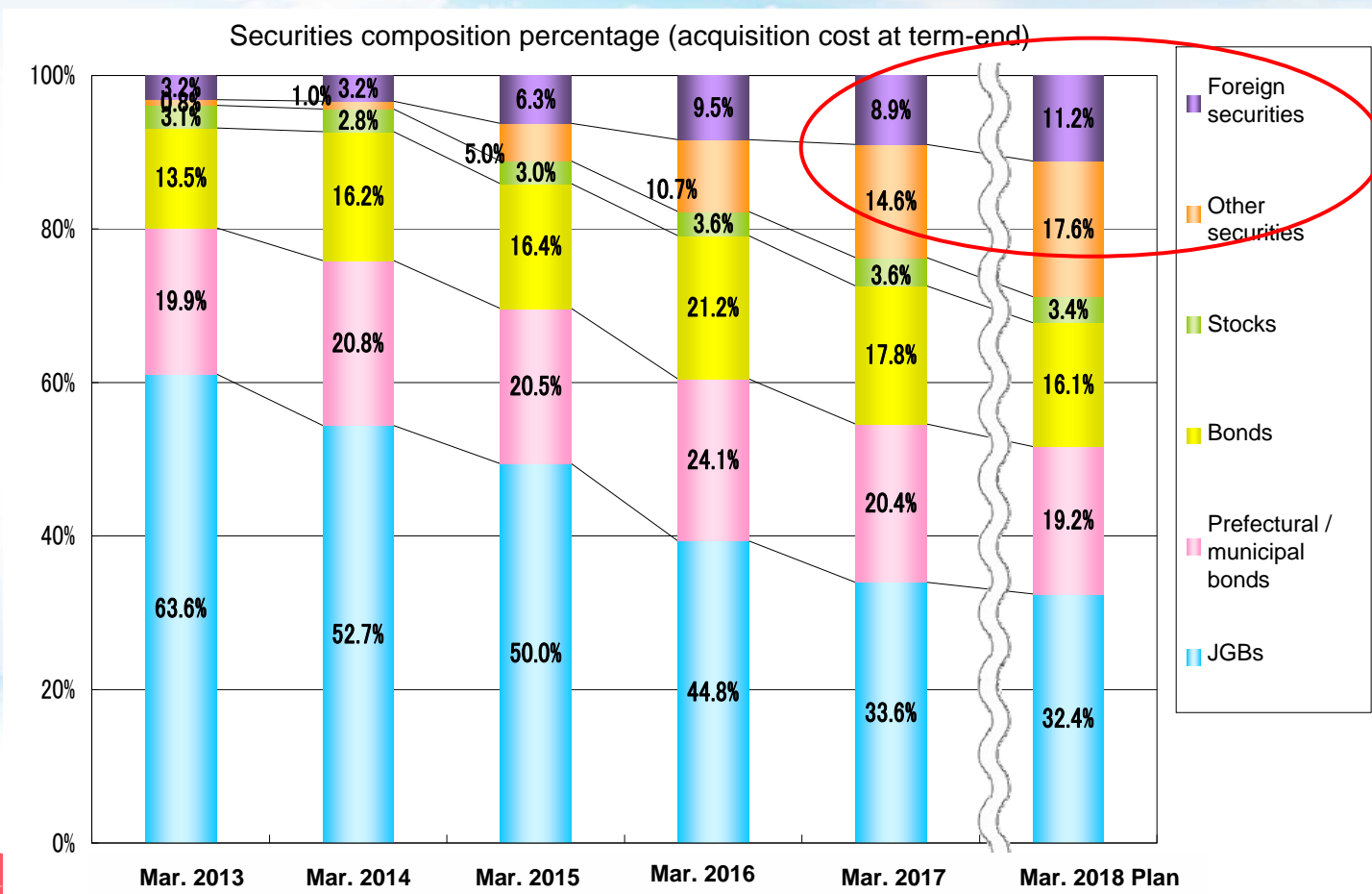
\* Average of regional banks in FY16 is average of regional banks for Sep. 2016



# Securities Allocation



**Continuation of rebalancing from yen bond holdings (such as JGBs)**



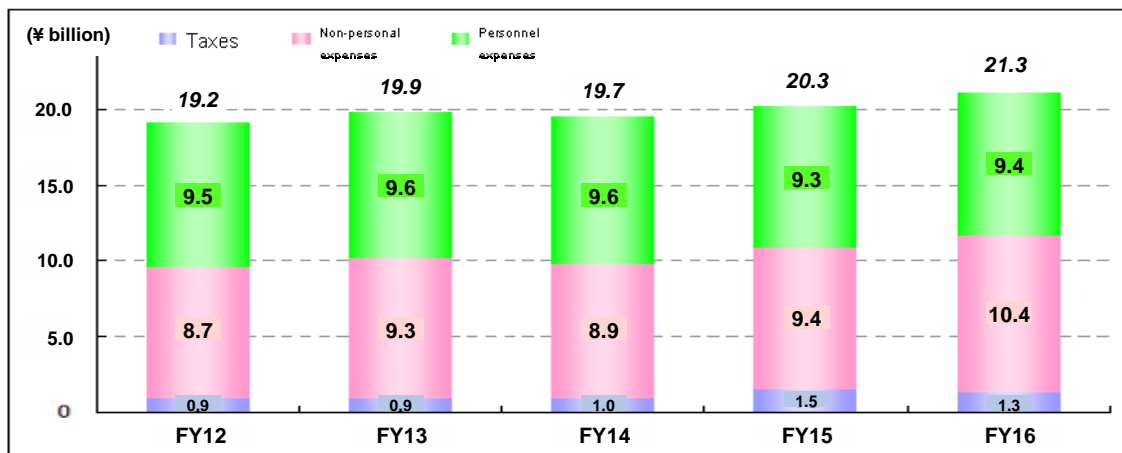
- Yen interest 100BPV
- FY2014      ¥17.8 billion
- FY2015      ¥16.7 billion
- FY2016      ¥14.0 billion

# Expenses



**Increase in expenses due to increase in non-personal expenses (+¥1.0 billion YoY)  
Core OHR was 72.9%, up 6.2 points due to factors such as a decrease in gross business profit on core banking operations**

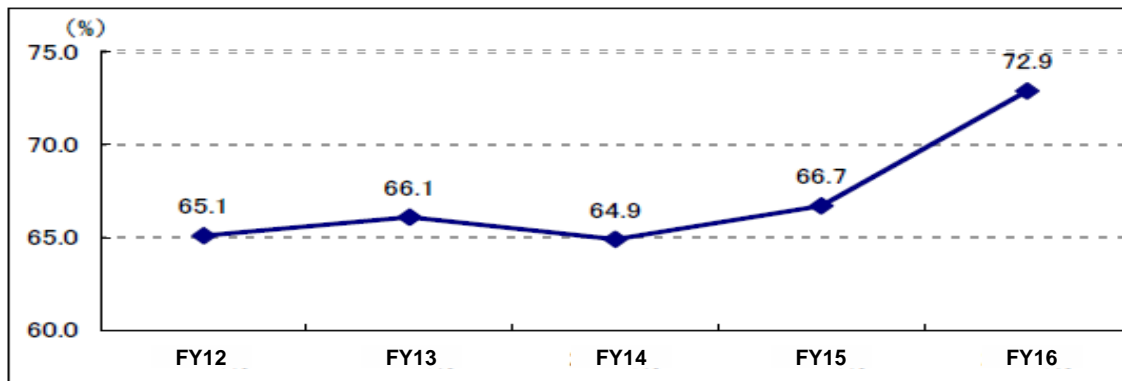
Expenses



Personnel expenses was flat

Increase in business consignment expenses  
Increase in depreciation and amortization expenses (up ¥1.0 billion)

Core OHR



Decrease etc. in consumption tax (down ¥0.1 billion)

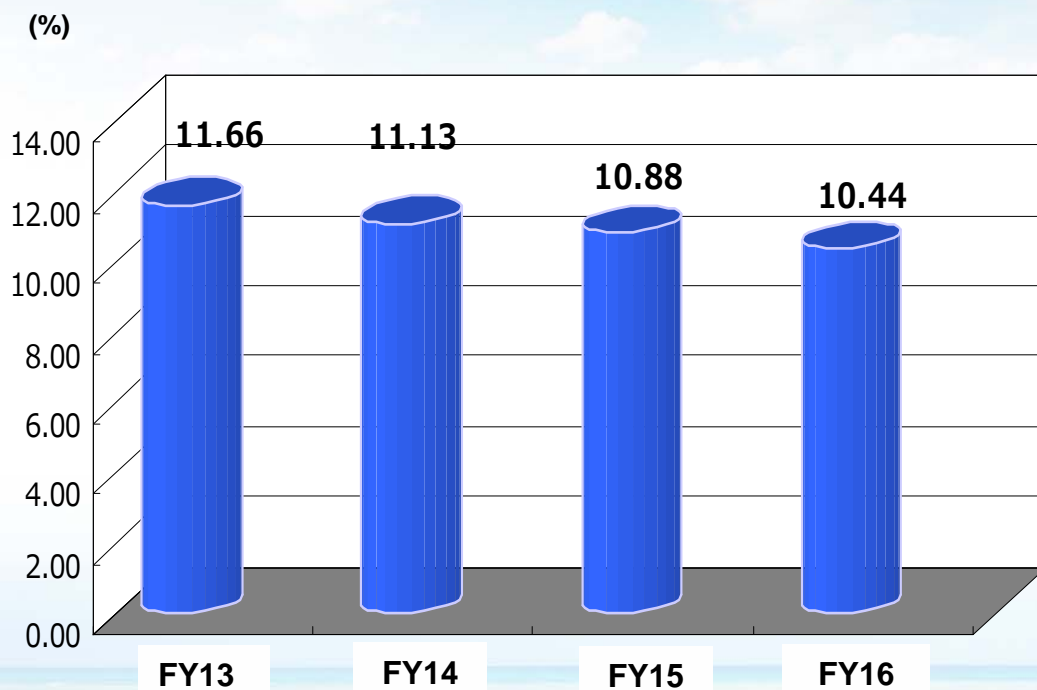


## Capital Ratio (Basel III Standard)



**Capital ratio (domestic standard) at 10.44%**

**Although the capital ratio declined due to an increase in loans, soundness has been secured**



Average capital ratio of regional banks in the term ended September 2016 (domestic standard): 10.21%

Source: Regional Banks Association of Japan

### Outlier Ratio

<Reference>	Total interest rate risk	Outlier ratio
End of December 2016	¥5,662 million	4.36%

Yen: 1 percentile, Foreign currencies: 99 percentile

Core deposits are assumed to be 50% of the term-end balance of liquid deposits.

The average maturity is assumed to be 2.5 years.



Basel III refers to new capital ratio regulations to maintain the soundness of banks engaged in international operations, announced in September 2010 by the Basel Committee on Banking Supervision, composed of financial supervisory agencies in key countries.

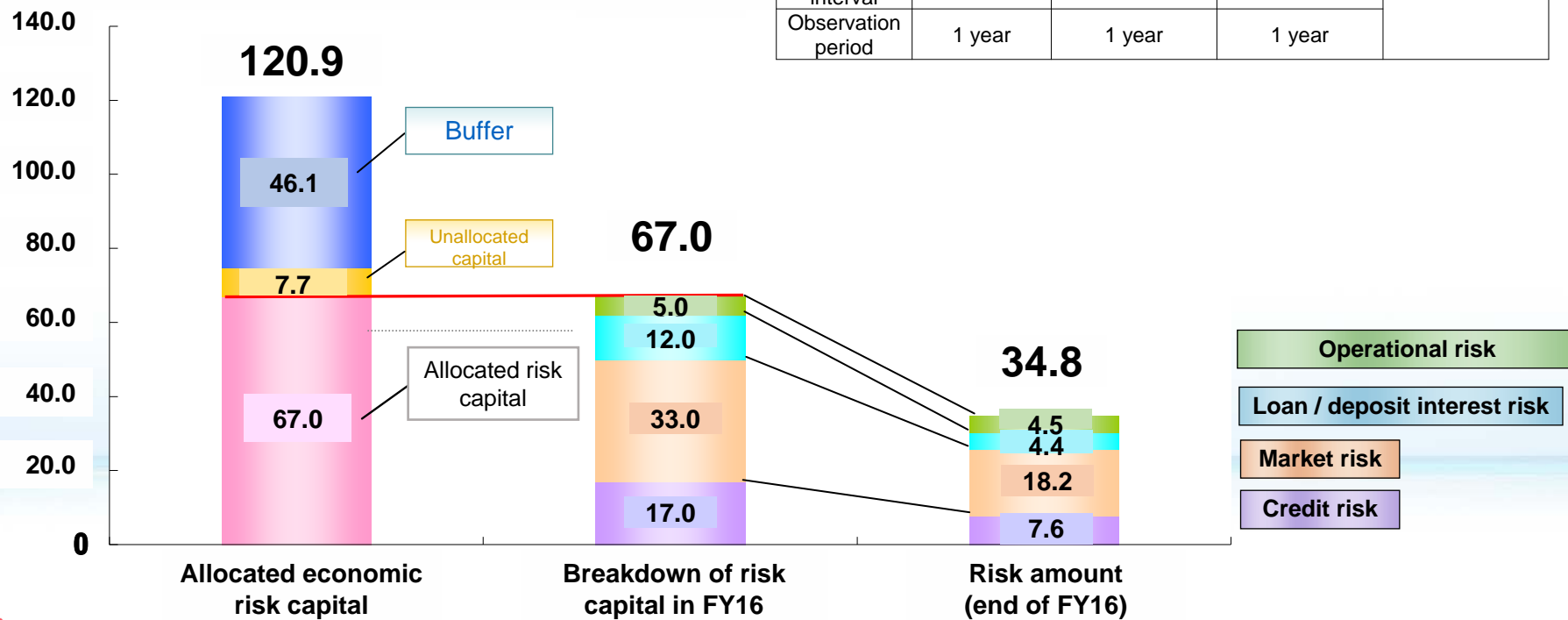
# Risk Management - Capital Allocation -

## Controlling risks within the scope of core capital

■ Basis for risk calculation

	Credit risk	Market risk	Loan / deposit interest risk	Operational risk
Holding Period	1 year	Strategic share holdings: 1 year Others: 1 month	1 year	Basic indication approach (BIA)
Confidence interval	99%	99%	99%	
Observation period	1 year	1 year	1 year	

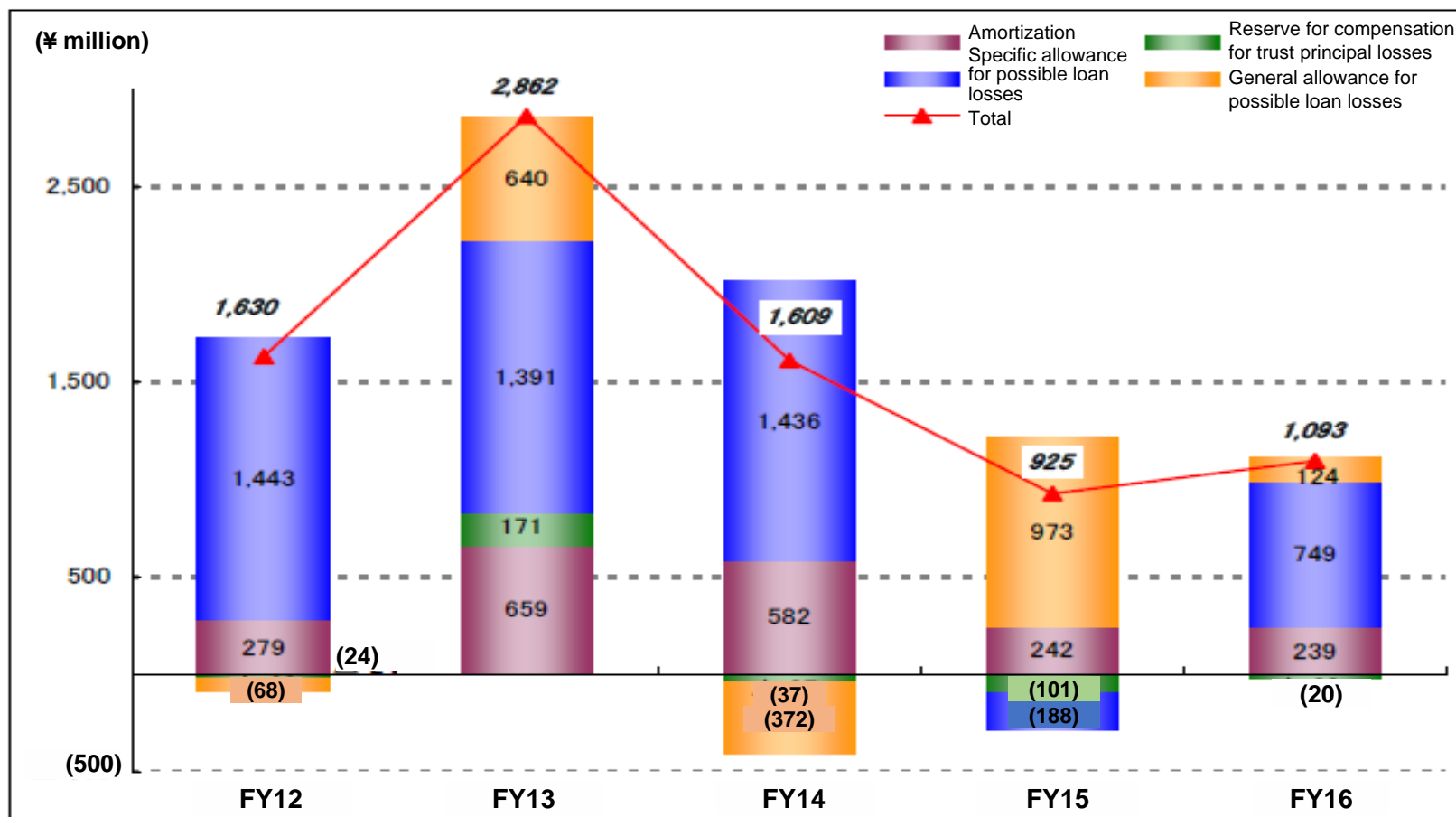
(¥ billion)





# Credit Cost

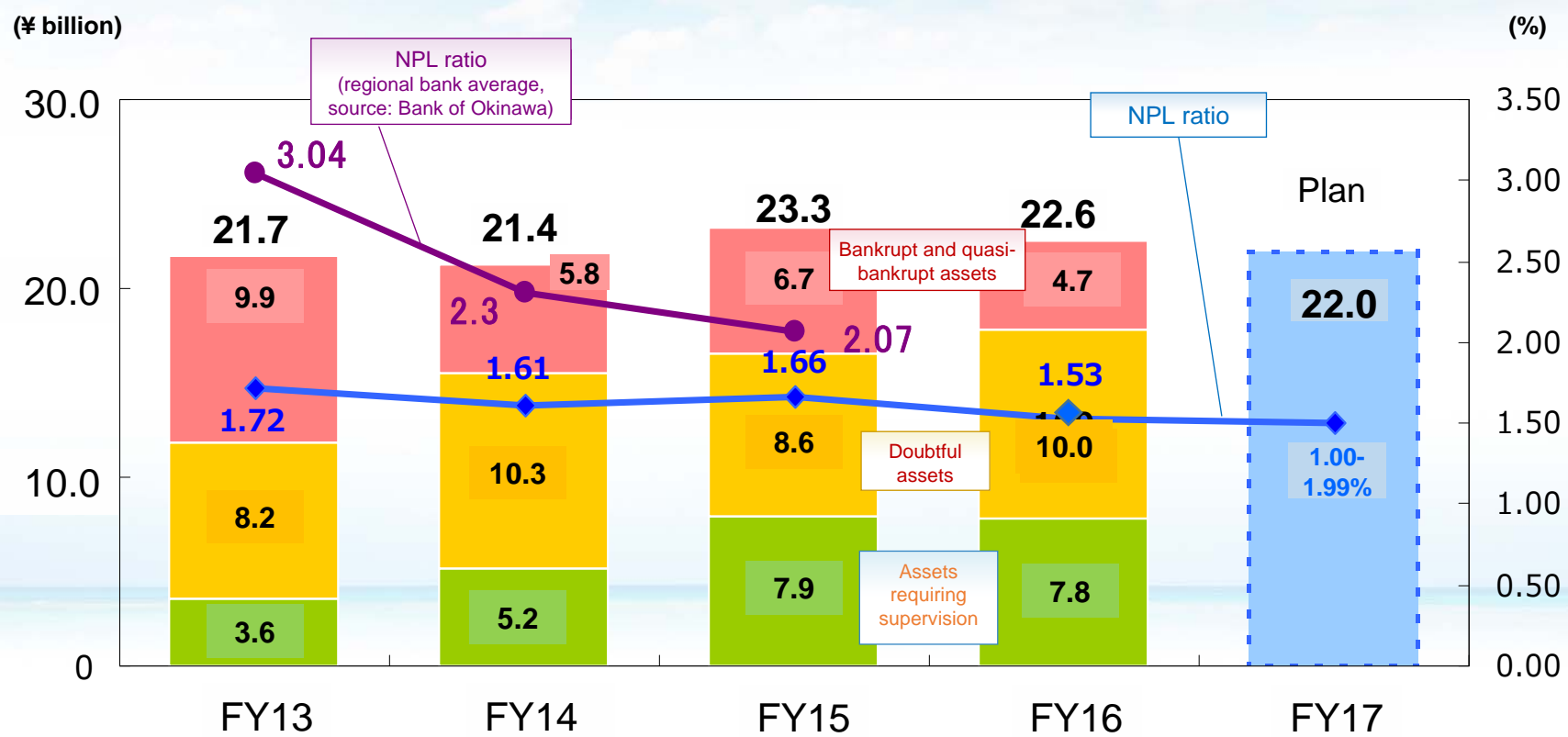
**Provision of specific allowance for possible loan losses rose by ¥0.9 billion year on year due to decline in rank of debts in major customers**  
**In overall terms, credit cost rose by ¥0.1 billion year on year to ¥1.0 billion**



# Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law



**¥22.6 billion (1.53%)**  
 Remained at low level, below the regional bank average of 2.07%



## Our Share of the Market Served by the Three Okinawan Regional Banks (FY2016)

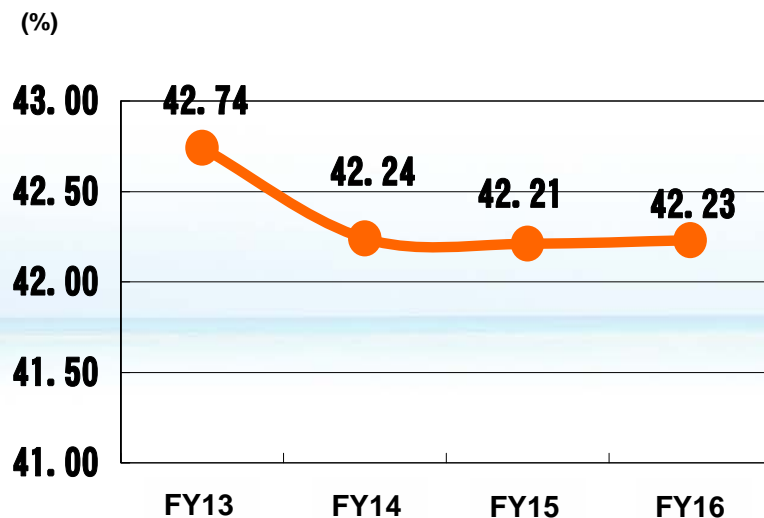


**While the share of loans increased, the share of deposits decreased due to a decrease in marketable deposits with high interest.**

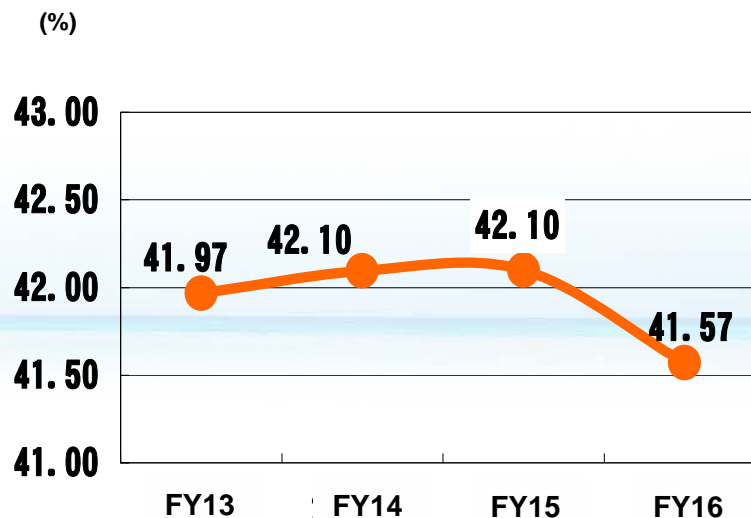
**Loans: 42.23% (up 0.02 points YoY)**

**Deposits: 41.57% (down 0.53 points YoY)**

**Loans**  
(average balance)



**Deposits**  
(average balance)





# Business Strategies

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# 17th Medium-Term Business Plan



FY14 to FY16: Customer satisfaction and employee satisfaction are the top priority

## 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 –”

- From “Customer focused operational reforms (change)<sup>(1)</sup>” 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

- 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”

#### “Customer focused” new value creation

- 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



# 17th Medium-Term Business Plan



## Achievements of “Customer Focused” Strategy - Clarifying the Top Priorities to Address

### Medium-Term Business Plan - CHANGE FOR VALUE -

Priority	Basic concept
<p><b>1</b> Customer satisfaction</p>	<p>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.</p>
<p><b>2</b> Employee satisfaction</p>	<p>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</p>
<p><b>3</b> Profitability</p>	<p>Complete operational reforms to strengthen the top line revenue backed by customer satisfaction</p>
<p><b>4</b> Soundness</p>	<p>Maintain the No.1 soundness within the prefecture and contribute to continued development of Okinawa</p>
<p><b>5</b> Scale / share in prefecture</p>	<p>Steadily expand our customer base by being chosen by the customers, through increasing customer satisfaction level</p>



## Second Year of Medium-Term Business Plan



During the second year of the Medium-Term Business Plan, we worked to (1) Utilize IT toward increasing efficiency and concentration of operations, (2) Concentrate functions in administrative divisions, and (3) Diversify channels, aiming to satisfy customers' expectations.

	Management numerical targets	FY14 (Result)	FY15 (Result)	FY16 (Result)	FY17
Profitability	(1) ROE for consolidated net income	6.08%	6.16%	4.45%	Around 4.5%
	(2) Business profit on core banking operations	¥10.6 billion	¥10.1 billion	¥7.9 billion	¥7.2 billion
Growth potential	(3) 25% increase in the number of major corporate customers	5,735	5,868	6,588	7,000
	(4) 25% increase in the number of major individual customers	278,955	291,402	298,084	350,000
Soundness	(5) Non-performing loan ratio	1.61%	1.66%	1.53%	Around 2%
	(6) Capital ratio	11.13%	10.88%	10.44%	Around 11%



# Positioning of the Third Year of Medium-Term Business Plan

Toward realizing the long-term vision, a transitional year to the 18th Medium-Term Business Plan

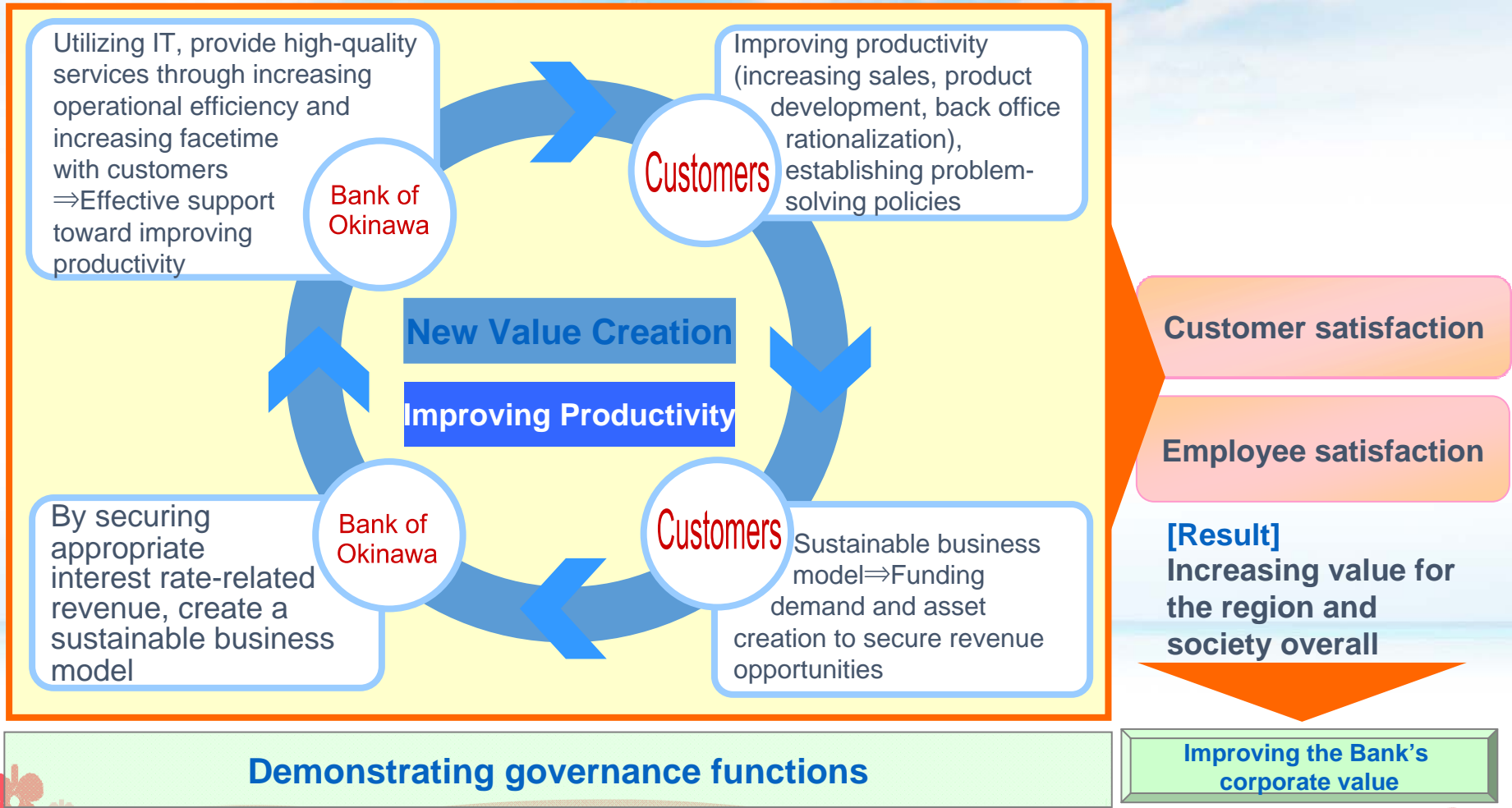






# Ongoing efforts

## New Value Creation and Improving Productivity

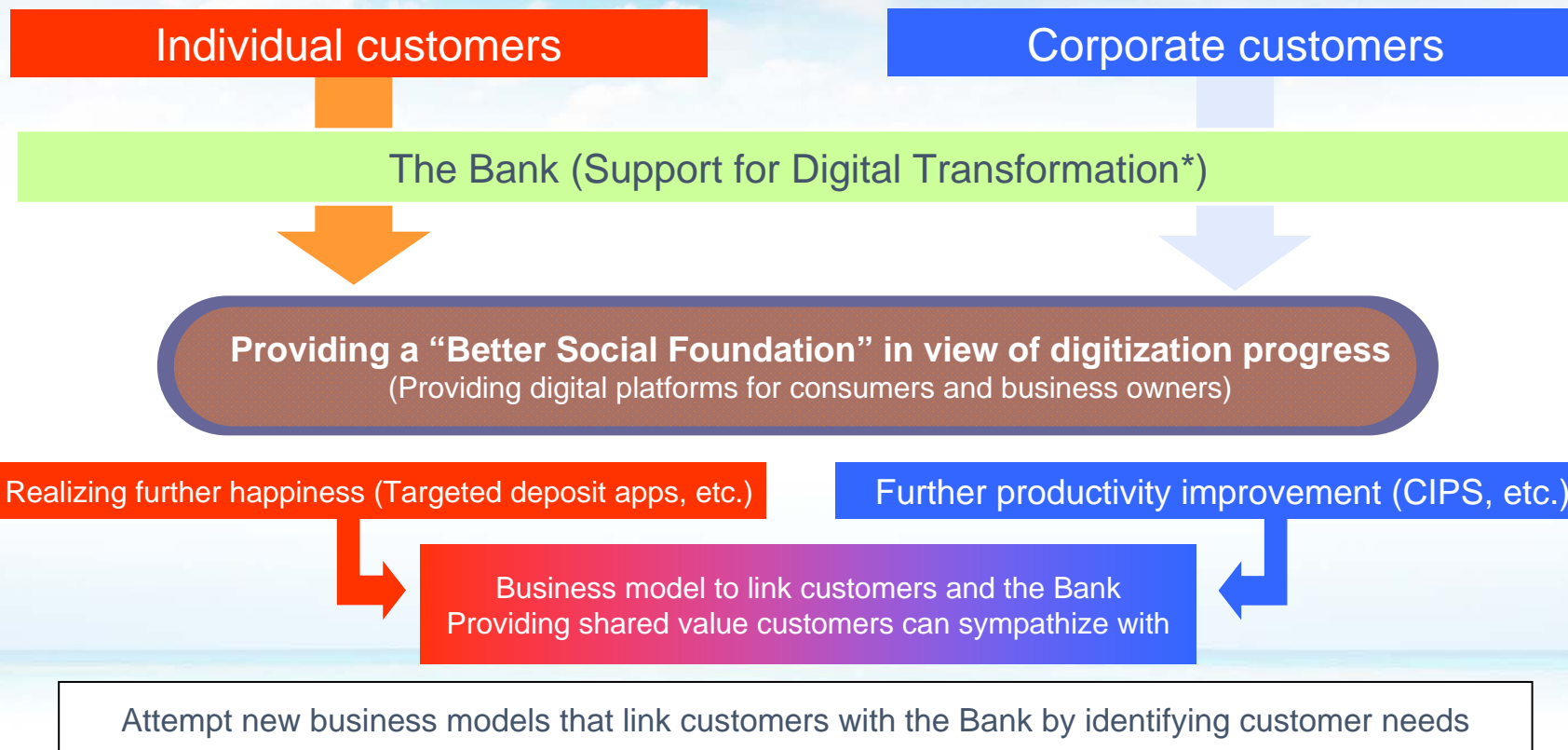


## Third Year (FY2017) of Medium-Term Business Plan



Creating new value through service innovation (Realizing non-interest rate-related value through new services)

- From “Customer Focused Operational Reforms (Change)” to “Customer Focused New Value Creation” -



\*The proliferation of IT to improve peoples' lives in various ways



# Business Performance Forecasts for FY2017



(¥ billion)

Non-consolidated	FY16	FY17	YoY change
Ordinary income	38.3	35.2	(3.0)
Gross business profit	29.1	29.2	+0.0
Interest income	27.1	27.0	(0.1)
Fees and commissions	2.2	2.2	(0.0)
Fees and commissions (excluding trust fees)	1.9	2.0	+0.0
Trust account services	0.3	0.3	(0.1)
Other business profit	(0.3)	(0.1)	+0.2
Gains (losses) on bond trading	(0.1)	0.3	+0.4
Expenses (excluding non-recurrent items)	21.3	21.7	+0.4
<b>Business profit on core banking operations</b>	<b>7.9</b>	<b>7.2</b>	<b>(0.7)</b>
Provision of general allowance for possible loan losses	0.1	0.0	(0.1)
<b>Net business profit</b>	<b>7.7</b>	<b>7.4</b>	<b>(0.2)</b>
Non-recurrent items	0.1	0.0	(0.1)
Net gains (losses) on equity securities	1.1	0.7	(0.4)
Bad debt disposal (non-recurrent items)	1.0	0.6	(0.3)
<b>Ordinary profit</b>	<b>7.8</b>	<b>7.5</b>	<b>(0.3)</b>
Extraordinary gains (losses)	(0.1)	(0.0)	+0.0
<b>Net income</b>	<b>5.3</b>	<b>5.3</b>	<b>+0.0</b>
Credit costs	1.1	0.7	(0.4)

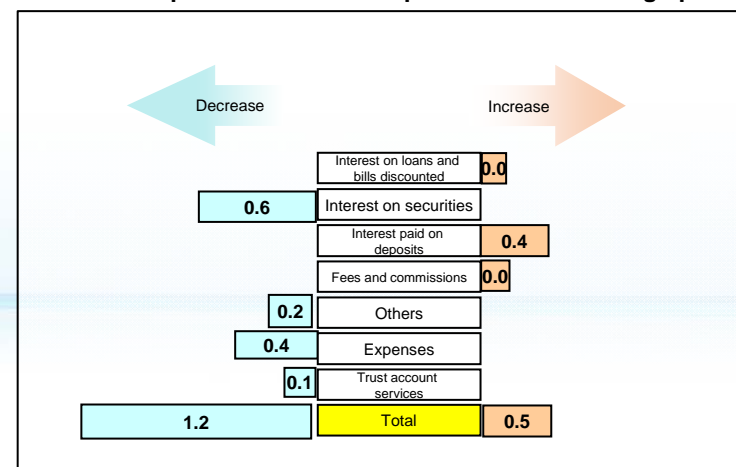
Interest income  
→

## Year-on-year changes forecast of interest income

(¥ billion, %)

	Average balance	Yield	Interest
Loans and bills discounted	+54.1	(0.05)	0.0
Securities	(46.6)	(0.03)	(0.6)
Deposits	+26.7	(0.03)	+0.4
Others	—	—	+0.0
<b>Total</b>	<b>—</b>	<b>—</b>	<b>(0.1)</b>

## YoY comparison of business profit on core banking operations

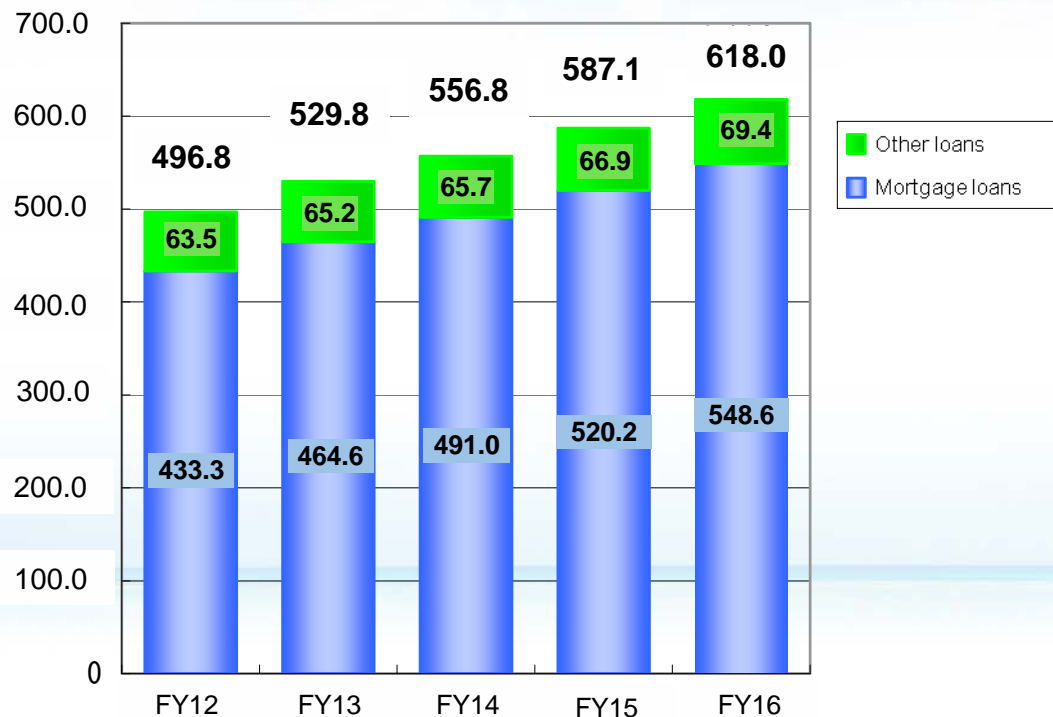


# Strategy for Consumer Loans



**Plan: Mortgage loans executed: ¥60.0 billion (YoY comparison of average balance: +3.67%)  
YoY comparison of average balance of other loans: +4.39%**

(¥ billion)



## Market environment

- ◆ Solid housing demand (growth in population and number of households)
- ◆ Higher personal spending on the back of improving economic outlook

## Okigin's strategies

- ◆ **Promotion of mortgage loans and apartment loans**
  - ・Strengthening promotion through housing manufacturer tasks and loan FPS
- ◆ **Strengthen the sales of small scale and high-yield products**
  - ・Cross-sell to housing loan clients (Card Loan Select)
  - ・Strengthen the sales of card loans (Plus-one Check-it)
  - ・**Strengthen promotion of automotive loans (Campaign)**
- ◆ **Improving convenience via the "Okigin App"**
  - ・**Okigin App (functions added in March 2017)**
    - Open deposit accounts
    - Individual loan application (additional function)
    - Search for branches and ATMs (additional function)

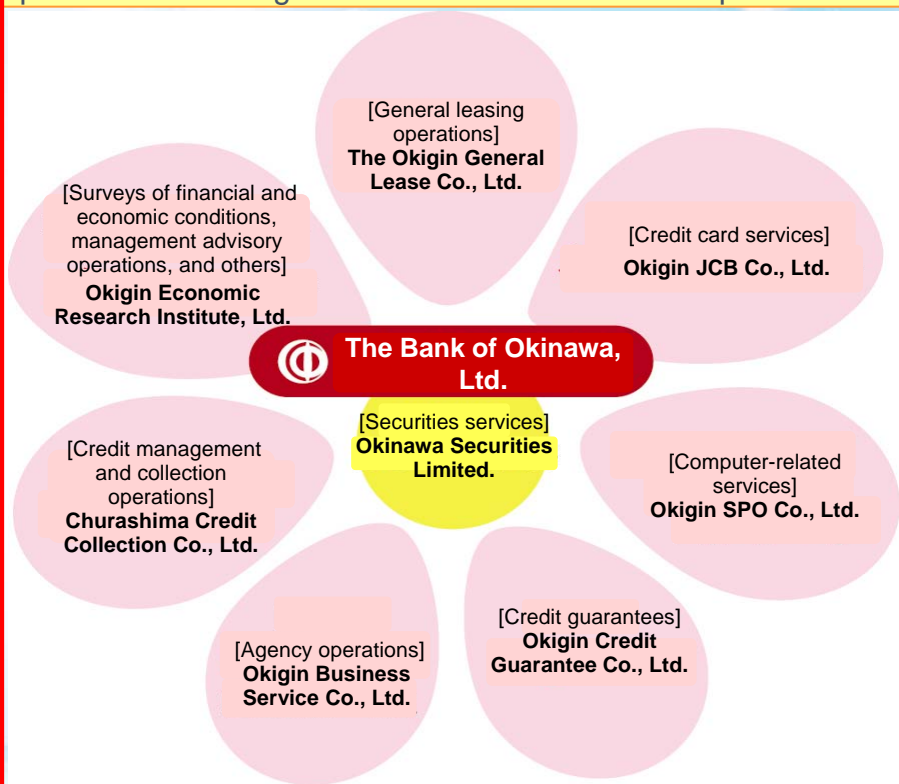


# Strategy for Securities Assets in Custody (Bank Group)



Okinawa Securities Limited. joined the Group in March 2017

Differentiation from other banks in the prefecture as the only provider of banking and securities services in the prefecture



Providing varied services as a comprehensive financial group

Thorough implementation of measures for "Bank-securities cooperation"

- ◆ **Launch of customer referral to Okinawa Securities Limited. (scheduled in June 2017)**  
Search for broad customer needs
- ◆ **Holding customer seminars, etc., by the Group to promote improvement of financial literacy within the prefecture**



**Providing high-quality services to contribute to customer asset creation from a customer perspective**

(¥ billion)

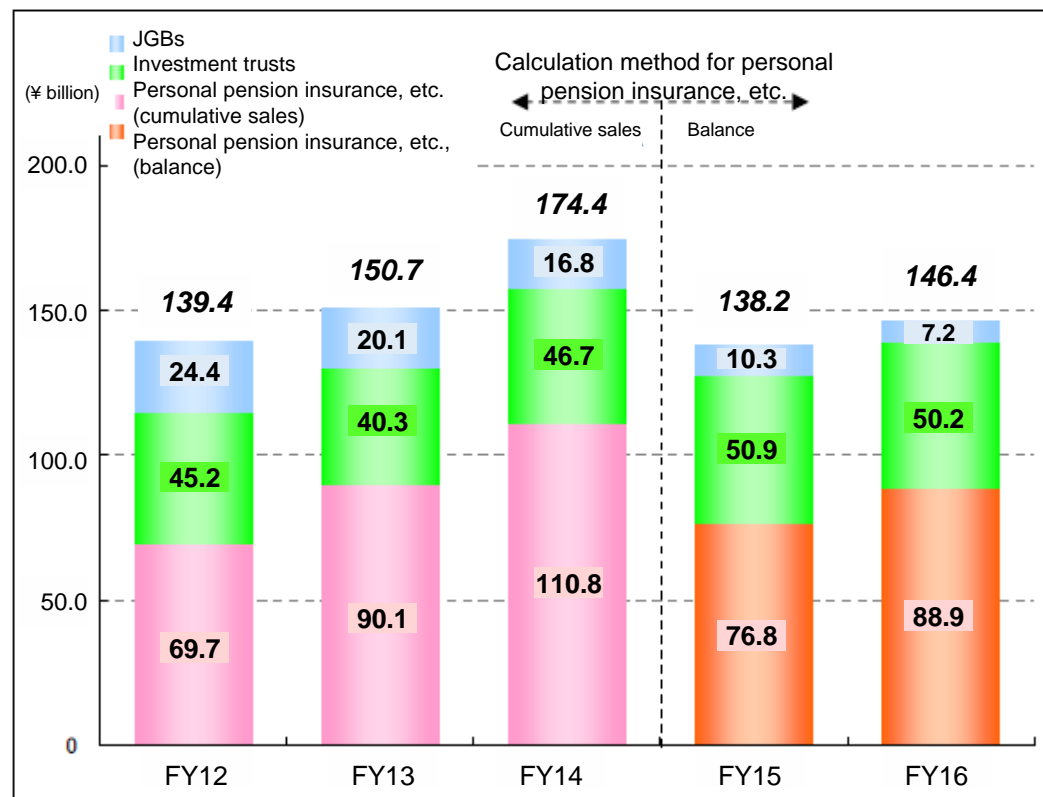
	Bank of Okinawa	Okinawa Securities	Total
Investment trusts	50.2	19.5	69.7
Bonds	7.2	6.3	13.5
Stocks	-	77.4	77.4
<b>Total</b>	<b>57.4</b>	<b>103.3</b>	<b>160.7</b>



## Strategy for Assets in Custody, etc. (Non-consolidated)



**Aim to increase balances via contributing to customer asset creation**



\* Figures shown for FY14 and prior are cumulative sales amounts, and for FY15 and later are balances.

### Okigin's strategies

#### ◆ Enhancement of dedicated staff

- Area system via dedicated staff for assets in custody
- Acceptance of seconded staff to the Bank from securities and insurance companies / Mid-career recruitment
- Holding seminars via bank-securities cooperation

#### ◆ Utilization of tablets

- Realize efficient sales activities via financial instrument sales on tablets to strengthen promotion
- Utilization of proposal tools via tablets (asset management navigator)

#### ◆ Sales of life insurance for corporate customers

- Handling products for corporate managers (May 2016)

#### ◆ Sales of iDeCo

- Holding seminars and strengthening promotion strengthening via campaigns



# Measures for Revitalization of Regional Communities (Business Start-up, Growth and Improvement)



## Cooperation with experts and support institutions

- Support application for Manufacturing Subsidies
- Support through Manufacturing Development Funds
- Support business start-up using business succession

FY2016 Results

Work item	
1. Support medical business start-up	9 cases
2. Management advisory meeting in cooperation with the Yorozu support base	13 times
3. Dispatch experts	12 cases

## Initiatives for business growth (assisting sales channel cultivation)

### Participated in The Third Great Okinawa Trade Fair

For the sake of successful Okigin Churashima Business Meeting, the Bank participated in the Great Okinawa Trade Fair, a large-scale international business exhibition, as a regular member.

- Held on November 21-22, 2016 at Okinawa Convention Center
- About 2,700 individual meetings were held during the two-day fair
- The Bank's 100 employees supported operation of the fair

## Initiatives for business improvement and rehabilitation

- Provide business improvement support utilizing CIPS (Consulting & Communication Improve management Proposal Sales), the Bank's proprietary consulting tool
- Support business improvement and rehabilitation by utilizing SME Business Rehabilitation Support Co-operative and other external organizations

	FY03-FY13	FY14	FY15	FY16	Total	
Utilization of SME Business Rehabilitation Support Co-operative	No. of case handled by Co-operative (cases)	104	22	15	11	152
	(of which, cases involving the Bank) (cases)	62	10	9	5	86
	Ratio	59.6%	45.5%	60.0%	45.5%	56.6%
Utilization of Business improvement schedule formulation support program by certified supporting institution	Held seminars regarding the certified supporting institution and all-branch explanatory meeting by inviting lecturer from SME Section, Economy and Industry Department of Okinawa General Bureau. Of 244 applications of all Okinawa, <a href="#">147 applications (60.2%) were handled by the Bank.</a>					



## Branch Network Strategy



**Efficient branch allocation through area marketing**  
**Setting up branches focusing on customer convenience**

April 2015 Haebaru Branch relocated, newly built and re-opened for business

● July 2015 Newly built Nago Branch relocated, newly built and re-opened for business

● February 2016 Itoman Branch relocated and re-opened for business

[Schedule for newly building/relocating]  
◆ February 2018 Motobu Branch  
◆ May 2018 Kokuba Branch



**Haebaru Branch**



**Nago Branch**



**Itoman Branch**





## Shareholder Returns



Commemorating the **60th anniversary of the Bank's founding**, dividend for the fiscal year ended March 31, 2016 was ¥85 per share, an increase of ¥15.

Additionally, the Bank implemented a share split (1.2 shares for 1 share) with July 1, 2016 as the effective date.

For FY16, an adjustment will not be made for the common dividend corresponding to the share split, and a common dividend of ¥70 will be paid, the same amount as the common dividend for FY15.

	FY12	FY13	FY14	FY15	FY16
Share price (yen)	3,955	4,355	5,040	3,695	4,260
Common dividend (yen)	65	65	70	70	70
Commemorative dividend (yen)	0	0	0	15	0
Total dividends (yen)	65	65	70	85	70
Dividend yield (%)	1.64%	1.49%	1.38%	2.30%	1.64%
Share buy back (million yen) (Note)	700	602	1,055	467	—

(Note) The share buy back shown is via a resolution of the Board of Directors.

	Number of shares held	Annual dividend expected (common dividend)
Before share split (FY15)	100 shares	¥7,000
After share split (FY16)	120 shares	¥8,400 (dividend increase by 20%)





# Supplemental Materials

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## Business Performance

(¥ billion)

Non-consolidated	FY13	FY14	FY15	FY16	YoY change
Ordinary income	37.1	36.4	37.8	38.3	+0.5
Gross business profit	30.0	30.5	30.9	29.1	(1.8)
Interest income	27.3	27.8	27.8	27.1	(0.7)
Fees and commissions	2.5	2.3	2.6	2.2	(0.4)
Fees and commissions (excluding trust fees)	2.0	2.0	2.3	1.9	(0.3)
Trust account services	0.4	0.3	0.3	0.3	(0.1)
Other business profit	0.1	0.3	0.3	(0.3)	(0.6)
Gains (losses) on bond trading	(0.0)	0.2	0.3	(0.1)	(0.4)
Expenses (excluding non-recurrent items)	19.9	19.7	20.3	21.3	+1.0
Business profit on core banking operations	10.1	10.6	10.1	7.9	(2.2)
Provision of general allowance for possible loan losses	0.6	(0.3)	1.0	0.1	(0.9)
Net business profit	9.4	11.2	9.5	7.7	(1.8)
Non-recurrent items	(0.9)	(1.2)	1.2	0.1	(1.1)
Net gains (losses) on equity securities	1.0	0.1	0.7	1.1	+0.4
Bad debt disposal (non-recurrent items)	2.2	1.9	(0.0)	1.0	+1.0
Ordinary profit	8.5	9.9	10.7	7.8	(2.9)
Extraordinary gains (losses)	(0.0)	(0.1)	0.1	(0.1)	(0.2)
Net income	4.5	6.7	7.1	5.3	(1.8)

Credit costs	2.8	1.6	0.9	1.1	+0.2
Non-performing loan ratio	1.72%	1.61%	1.66%	1.53%	(0.13)pt
Capital ratio (calculated under Basel III Standard for FY13)	11.66%	11.13%	10.88%	10.44%	(0.44)pt

# Term-End Balance, Average Balance, Yield, and Loan Balance by Industrial Segment



## Term-end balance / Average balance / Yield

(¥ billion, %)

		FY13	FY14	FY15	FY16
Loans	Term-end balance	1,251.4	1,313.8	1,392.3	1,467.2
	Average balance	1,202.0	1,254.9	1,319.6	1,398.5
	Yield	2.17	2.03	1.89	1.66
Securities	Term-end balance	577.3	605.5	599.4	521.4
	Average balance	583.6	567.7	583.5	574.6
	Yield	0.62	0.76	0.85	0.92
Deposits	Term-end balance	1,755.1	1,865.4	1,880.1	1,897.8
	Average balance	1,745.6	1,813.1	1,889.2	1,889.5
	Yield	0.11	0.09	0.08	0.06

## Loan balance by industrial segment

(¥ billion)


	FY13	FY14	FY15	FY16
Manufacturing	36.6	37.0	36.9	35.2
Agriculture and forestry	0.5	0.8	1.0	1.3
Fishery	0.5	0.5	0.5	0.4
Mining and quarrying of stone and gravel	1.9	1.7	3.7	3.4
Construction	44.7	42.0	43.2	45.8
Electricity, gas, heat and water supply	3.5	6.8	7.2	4.8
Telecommunications	7.2	8.9	9.9	9.8
Transport and postal activities	14.8	16.6	18.9	17.9
Wholesaling and retailing	114.8	107.1	104.9	102.3
Finance and insurance	25.0	26.3	29.9	27.9
Real estate, and goods rental and leasing	294.8	326.3	363.5	402.8
Miscellaneous services	129.5	142.9	155.0	169.6
Local government bodies	98.3	99.9	102.0	110.8
Others	478.6	496.4	515.2	534.4
<b>Total</b>	<b>1,251.4</b>	<b>1,313.8</b>	<b>1,392.3</b>	<b>1,467.2</b>

\* Term-end and average balances are calculated on the basis of loan/deposit balances of the banking and trust accounts.

\* Yields on loans and deposits are those used for domestic operations only.

\* Including trust accounts





**Statements contained in these materials regarding forecasts of future events are based on information known to the management at the time of writing, and do not constitute any form of guarantee of the business performance of the Bank of Okinawa. These materials have been prepared to serve as a report on the settlement of accounts of the Bank for the fiscal 2016 term, ended March 2017, as well as to provide an explanation of the Bank's future management vision; they are not intended as a solicitation of business.**

For further details, please contact:  
The Bank of Okinawa, Ltd.  
General Planning Division,  
Management Planning Administrative Group

Tel: 81-98-869-1253 / Fax: 81-98-869-1464



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The Bank of Okinawa, Ltd