



The Bank of Okinawa Results Briefing

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- The Business Environment in Okinawa
- Outline of Business Results for FY2017
- Business Strategies

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● Participant ●

Managing Director : Masayasu Yamashiro



The Business Environment in Okinawa

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The Bank of Okinawa, Ltd

Competitive Advantage of Okinawa's Ideal Location

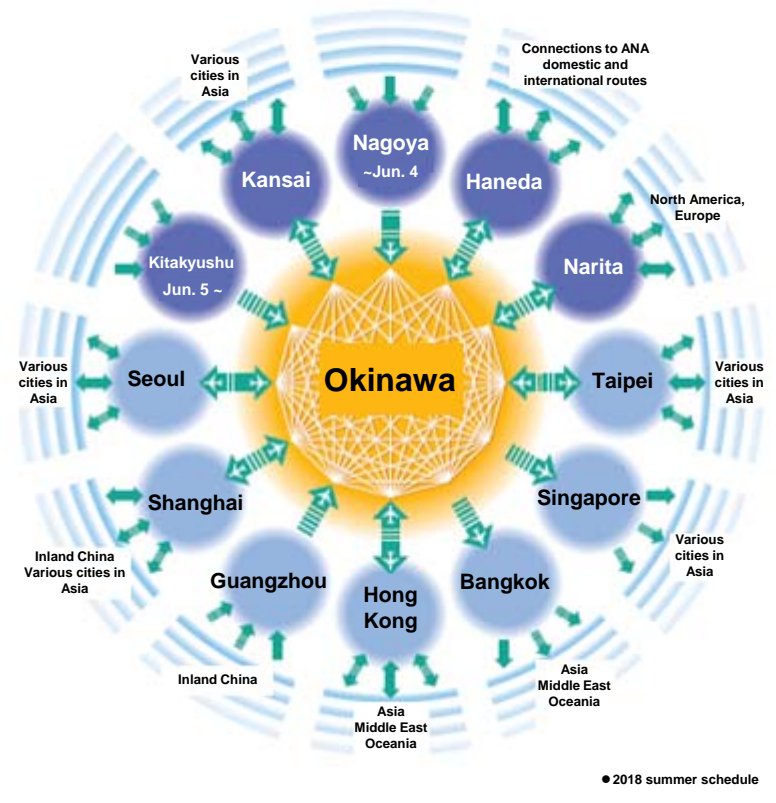
With major Asian cities within range of 4 hours, located in the heart of East Asia



Overnight freight network with Okinawa as the hub

Freight network linking major cities in Japan and Asia, centered on Naha Airport

- 1 Cargo freighter (B767-F) night services to major Asian cities
- 2 Quick connections to major Japanese cities via Haneda
- 3 21 direct domestic passenger routes
- 4 Offers express services within Asia



Source: ANA Cargo



Okinawa Growth Industry Strategy: Development as a Gateway to Asia

Okinawa Growth Industry Strategy: Development as a Gateway to Asia

Points

- 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 National Governors' Association.
- To consider growth strategies in Okinawa and cooperative measures between Okinawa and Kyushu, the Okinawa Session was established under the Conference.

State of Okinawa

- 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 highly suited as an industrial location targeting emerging markets.
- A world-class research educational institution (OIST) was opened. Startup venture firms and IT firms have entered and converged.
- A wealth of attractive regional resources (environment, agricultural products, and culture)

Basic Concept Position Okinawa as a "Gateway to Asia" hub for trade and interaction in people, products, money, and information

Okinawa's Potential "Locational Benefits" The center of East Asia

- Key cities of Tokyo, Seoul, Hong Kong, Shanghai, Taipei, Manila, etc., within 1,500km (within four hours by airplane) from Naha



International logistics hub-related industries

Concentrating products nationwide to Okinawa and expanding into Asia

- Enriching and differentiation for international expos and business meetings, including the Great Okinawa Trade Fair
- Strengthening cooperation with other regions
- Concentration of Okinawa-type industries adjacent to airports and sea ports
- Maintenance of infrastructure toward strengthening logistics hub functions



Health / Bio / Sports / ICT Industries

Making Okinawa a hub for internal and external advanced information and technology exchange

- Strengthening intellectual foundations by concentrating internal and external advanced researchers and companies
- Creating and adding value in sports-related industries
- Effective utilization of IoT and big data
- Promotion, etc., of measures in island-type environmental business, renewable energy development, and energy conservation



Industries Utilizing Regional Resources

Creating new industries in view of the Asian market through use of Okinawa's diverse biological and tourism resources, etc.

- Adding value to tourism
- Expanding production strength and adding value to agricultural and fishery products and foods produced in Okinawa
- Broadcasting artistic and cultural industries to the world



Okinawa's Potential "Knowledge Foundations"

Research and development institutions to attract and develop personnel

- Okinawa Institute of Science and Technology (OIST)
→ World-class academic and international research and education
- Okinawa Clinical Simulation Center
→ Facility for personnel development in the latest treatments



Okinawa's Potential "Regional Resources"

Subtropical climate and diversity born of an island environment

- Nature and landscape that includes blue skies and seas and mangrove forests
- Traditional entertainment and culture such as music, "eisa," and traditional dance
- Unique island produce such as *peucedanum japonicum*, turmeric, *hemerocallis fulva*, and *Ixeris*



Personnel development to support key strategic industries

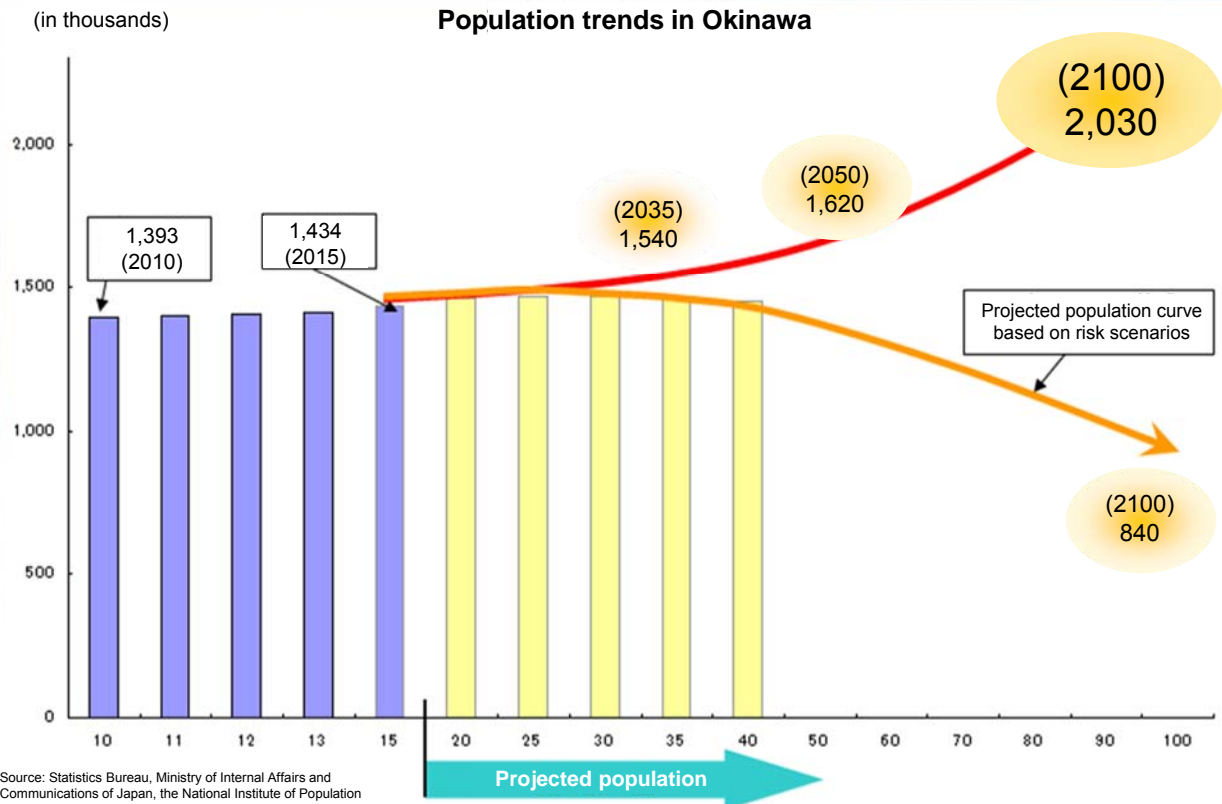
- ❖ Developing world standard global business personnel
- ❖ Personnel to create new businesses via comprehensive cooperation across industrial sectors
- ❖ Personnel with advanced technological skills

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 2030. 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

Projected future population: National Institute of Population and Social Security Research

(in thousands)	2015	2020	2025	2030	2035	2040
Okinawa	1,434	1,460	1,468	1,470	1,466	1,452
Japan	127,095	125,325	122,544	119,125	115,216	110,919

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

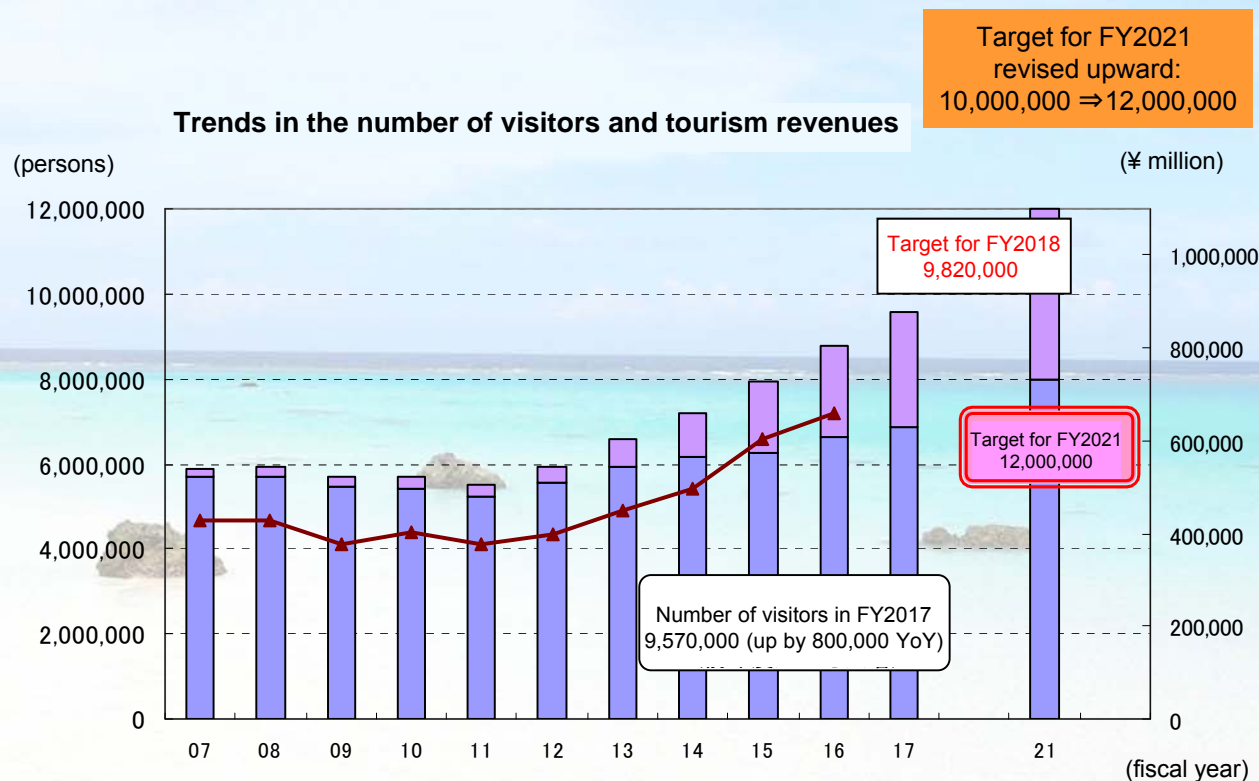
Aims to revitalize isolated islands and depopulated regions

- 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

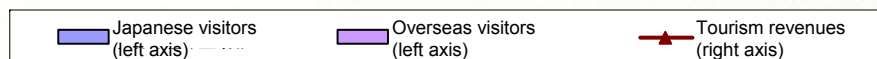


Number of Visitors to Okinawa

FY2017 marked a record 9.57 million tourists visiting Okinawa
The number of overseas tourists was 2.69 million (up 26.4% YoY), renewing a record high



Source: "Tourism Overview,"
Okinawa Prefecture



Number of port calls
by cruise ships in 2017: 515

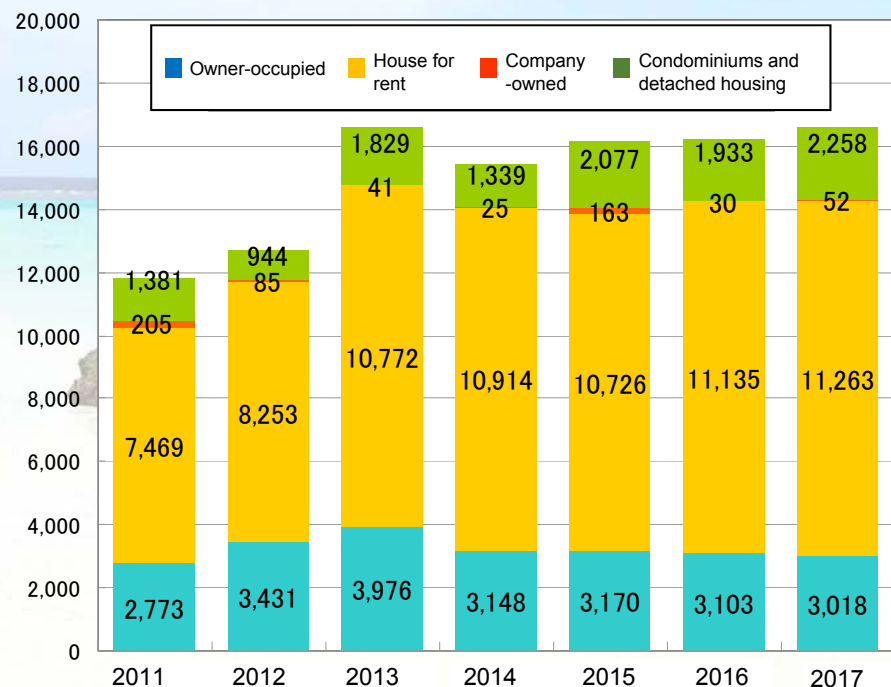
Scheduled number of
port calls in 2018: **662 (up 29%)**



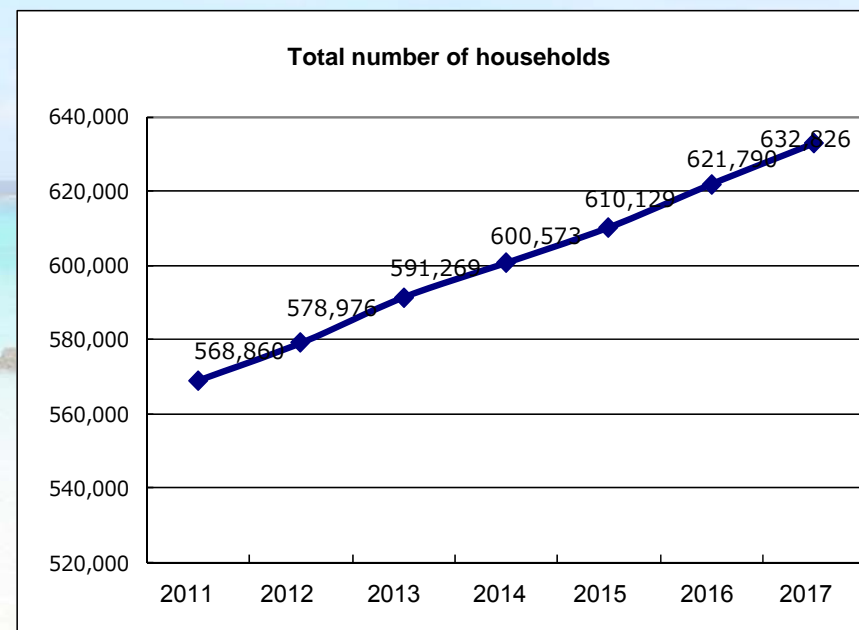
Housing Market Trends in Okinawa

- 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 number of households in Okinawa



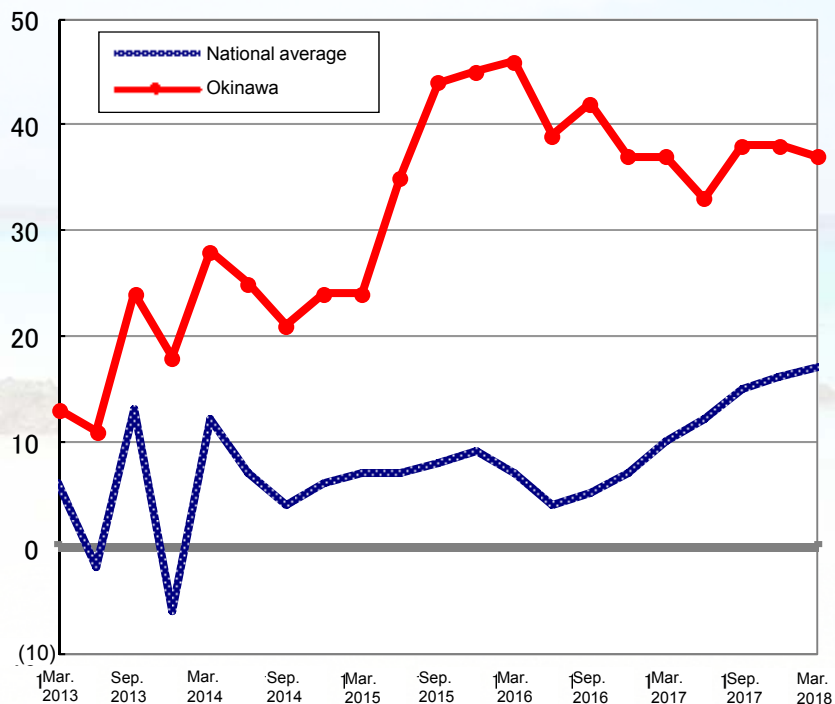
Source: Statistics Section, Planning Department, Okinawa Prefecture



Economic Trends in Okinawa 1

BOJ Tankan

BOJ Tankan Business Confidence DI



Overview

- ◆ The prefectural economy is **expanding overall**.
- ◆ In terms of **personal consumption**, 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 demand is strong and demand from foreign visitors is rising.
- ◆ 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 advancing.

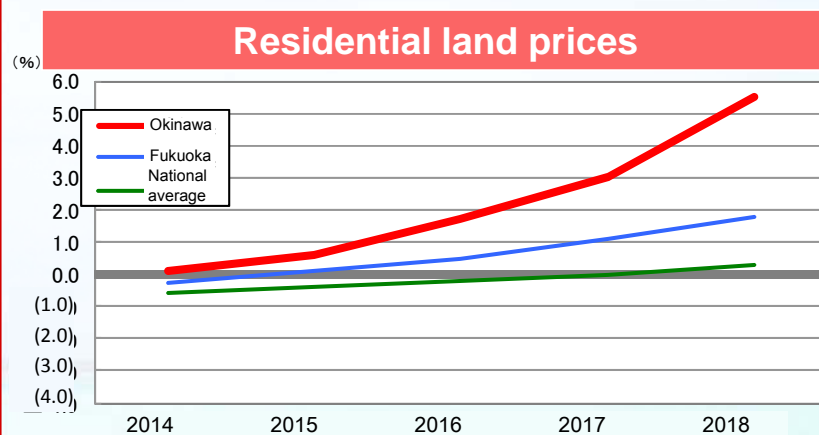
Source: BOJ Naha Branch



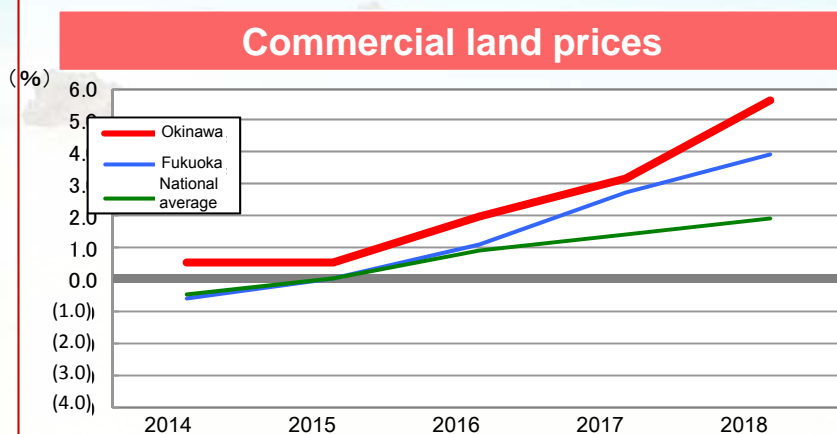
Economic Trends in Okinawa 2

Official land prices

Overview



◆ **Average residential land prices in Okinawa increased by 5.5%, after increasing 3.0% in the previous year** and continue to trend upward. Demand remains strong overall for land for both detached homes and condominiums against a backdrop of an increasing population. In particular, the Shintoshin area, the adjacent Makabi area, and other land under land readjustment programs is becoming scarce as it is very popular and there is little vacant land owing to its convenience and good environmental conditions.



◆ **Average commercial land prices in Okinawa increased by 5.6%, after increasing 3.2% in the previous year** and continue to trend upward. The main reason for rising land prices is thriving business conditions in urban areas in central Naha, including new hotel openings and new redevelopments.

Source: Ministry of Land, Infrastructure, Transport and Tourism



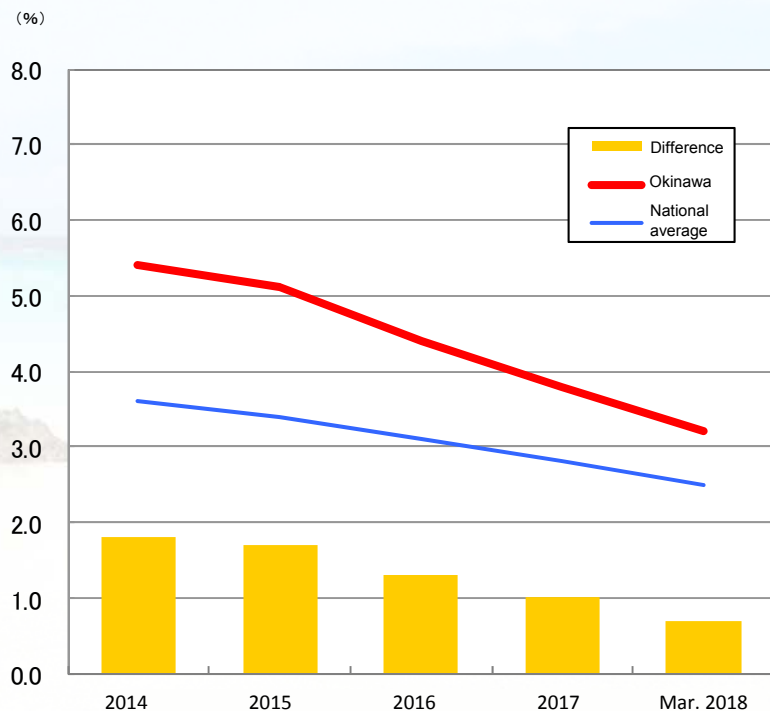
Economic Trends in Okinawa 3

Employment situation

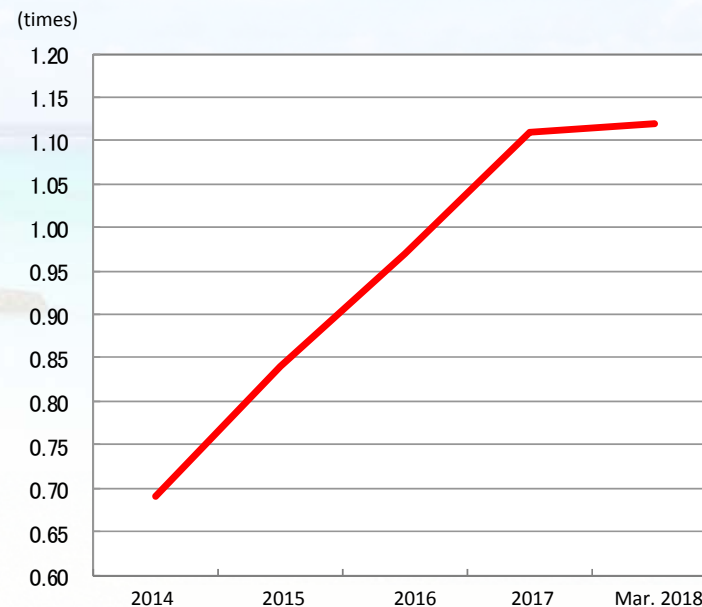
Overview

- ◆ 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.

Trends in unemployment rates



Active opening ratio



Source: Ministry of Health, Labour and Welfare, Okinawa Labour Bureau





Outline of Business Results for FY2017

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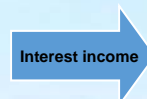
The Bank of Okinawa, Ltd

Highlights for FY2017

Ordinary income increased due to an increase in interest on loans, despite a decrease in interest and dividends on securities (increased revenues). Business profit on core banking operations increased mainly due to an increase in interest on loans and a decrease in interest on deposits (increased earnings).

(¥ billion)

Non-consolidated	FY17	FY16	YoY change
Ordinary income	38.4	38.3	0.1
Gross business profit	27.8	29.1	(1.2)
Interest income	27.4	27.1	0.2
Fees and commissions	2.0	2.2	(0.1)
Fees and commissions (excluding trust fees)	1.9	1.8	(0.0)
Trust fees	0.2	0.3	(0.1)
Other business profit	(1.6)	(0.3)	(1.3)
Gains (losses) on bond trading	(1.5)	(0.0)	(1.4)
Expenses (excluding non-recurrent items)	21.2	21.3	(0.0)
Business profit on core banking operations	8.1	7.9	0.1
Provision of general allowance for possible loan losses	(0.0)	0.1	(0.1)
Net business profit	6.5	7.7	(1.1)
Non-recurrent items	2.2	0.1	2.1
Net gains (losses) on equity securities	1.7	1.1	0.5
Bad debt disposal (non-recurrent items)	0.2	0.9	(0.7)
Ordinary profit	8.8	7.8	0.9
Extraordinary gains (losses)	(0.0)	(0.1)	0.1
Net income	6.2	5.3	0.8

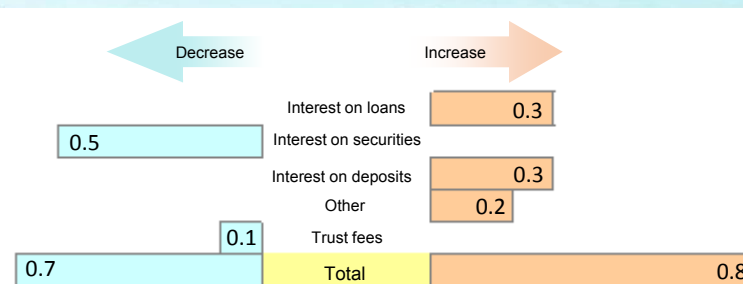


Year-on-year changes

(¥ billion, %)

	Average balance	Yield	Interest
Loans and bills discounted	+78.2	(0.06)	+0.3
Securities	(70.9)	+0.03	(0.5)
Deposits	+88.2	(0.01)	+0.3
Total	-	-	+0.2

YoY comparison of business profit on core banking operations

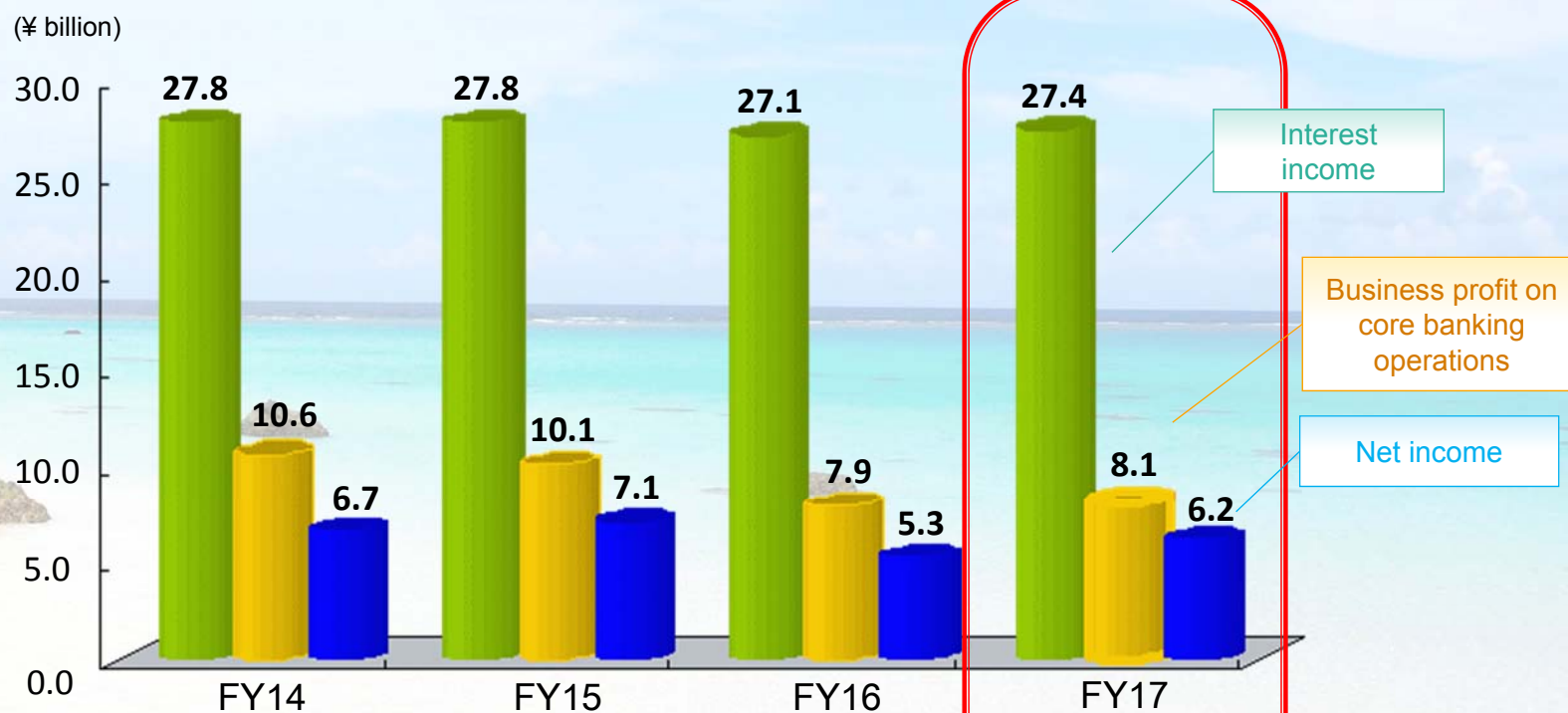


Credit costs	0.1	1.0	(0.8)
Non-performing loan ratio	1.37%	1.53%	(0.16)pt
Capital ratio	10.14%	10.44%	(0.30)pt



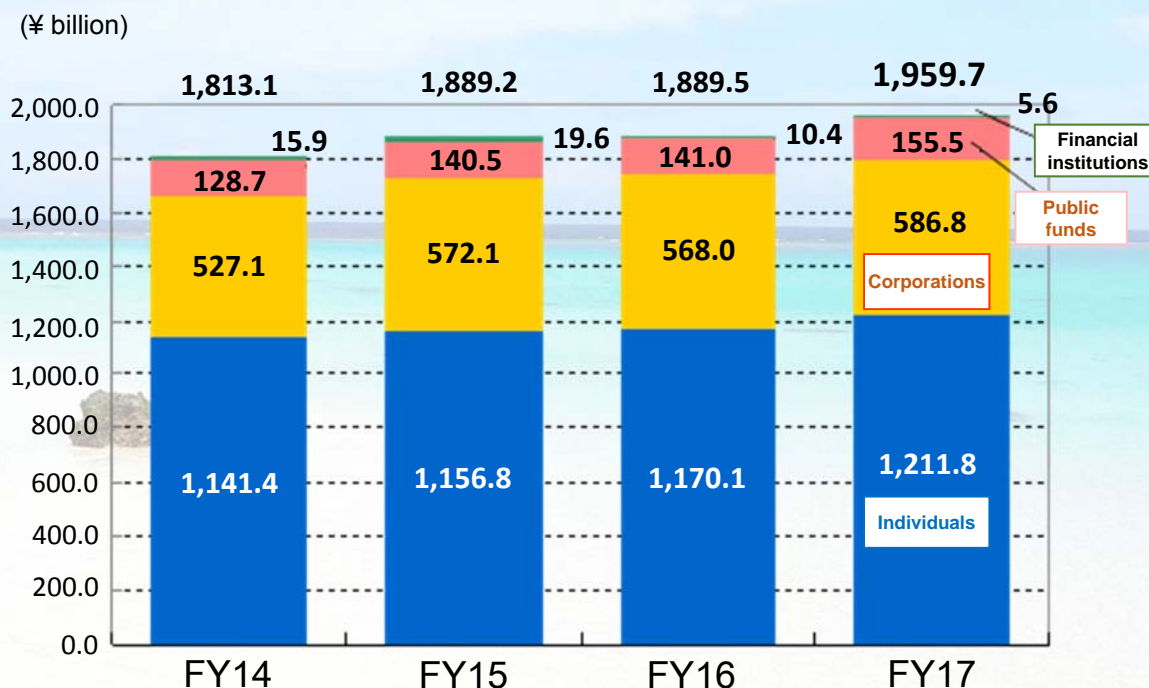
Profits

Business profit on core banking operations increased mainly due to a year-on-year increase in interest on loans, for the first time in eight years



Deposits (Average Balance)

Total deposits rose by ¥70.2 billion to ¥1,959.7 billion
Deposits by individuals rose by ¥41.7 billion and deposits by corporations rose by ¥18.8 billion



Deposits by individuals

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

Deposits by corporations

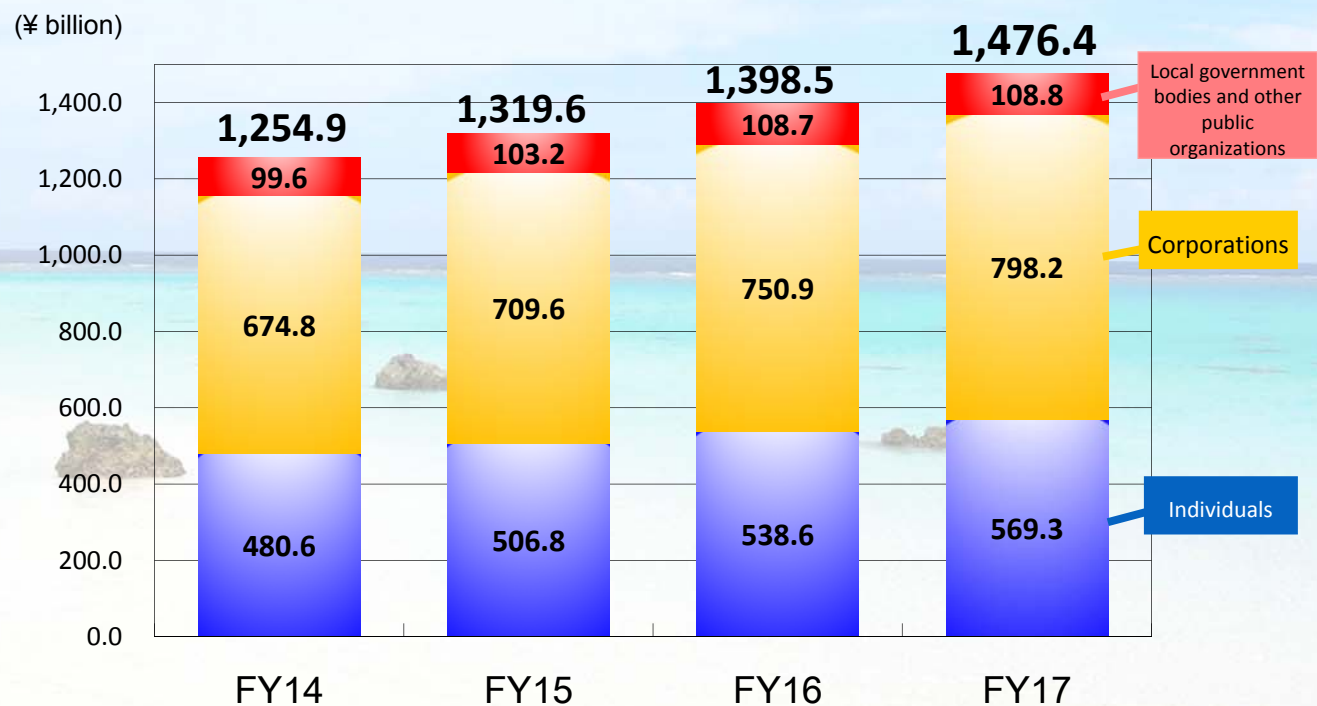
Increased liquidity in deposits due to enhanced function to trace funds by “Strong Relations Plan”

* Including trust accounts



Loans (Average Balance)

Loans to corporations rose by ¥47.3 billion, loans to individuals rose by ¥30.7 billion
 Total loans and bills discounted rose by ¥77.8 billion (+5.5%) to ¥1,476.4 billion



Business loans
 Factors for increase in loans: real estate and medical

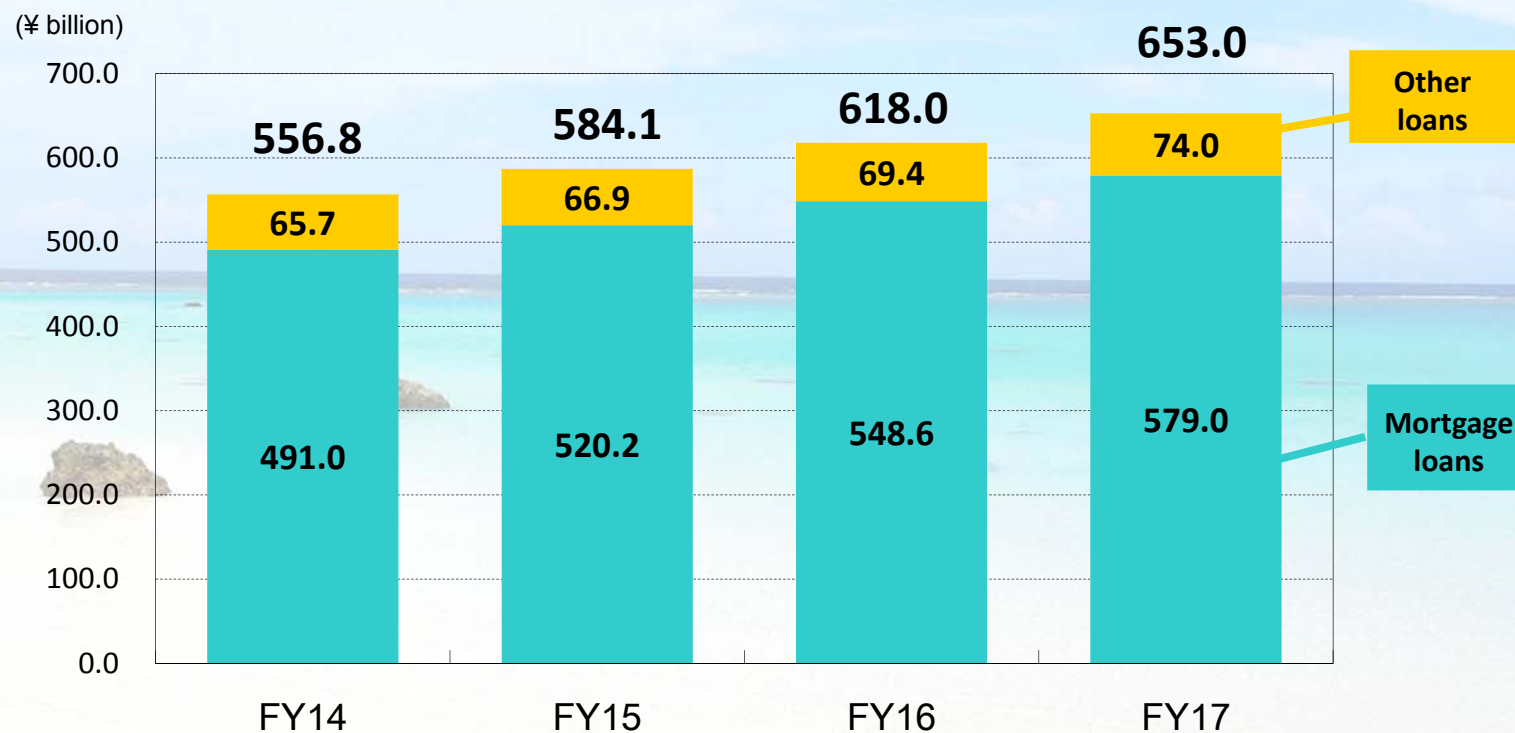
Loans to individuals
 Factors for increase in loans: Mortgage loans

* Including trust accounts



Consumer loans (Term-End Balance)

Mortgage loans rose by ¥30.4 billion, other loans rose by ¥4.5 billion
 Consumer loans rose by ¥34.9 billion (+5.65%) year on year to ¥653.0 billion



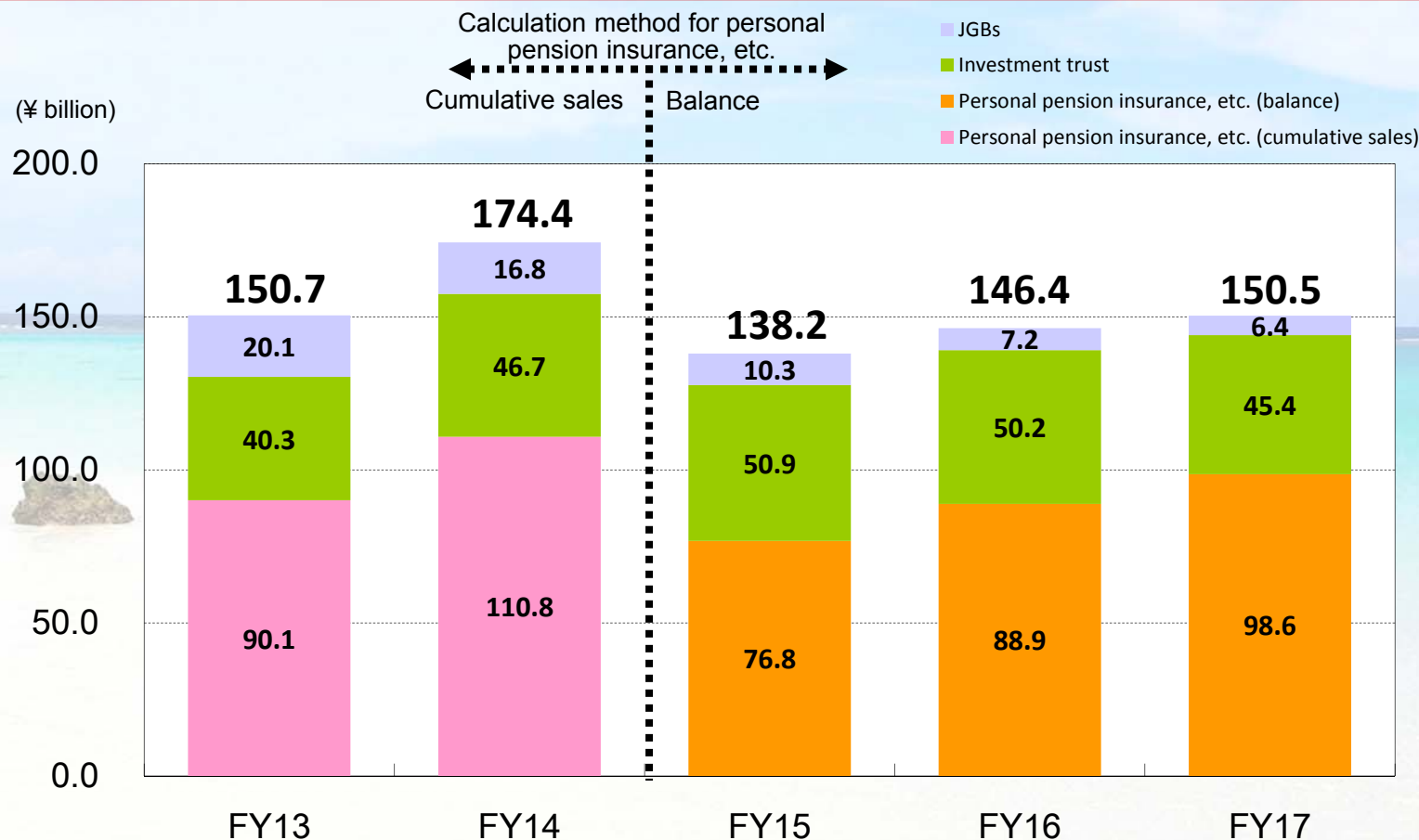
* Including trust accounts

* 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 ¥9.6 billion, and assets in custody rose by ¥4.1 billion
 Contributing to asset creation by providing high-quality services to customers (implementing the Okigin Fiduciary Duty Basic Policy)

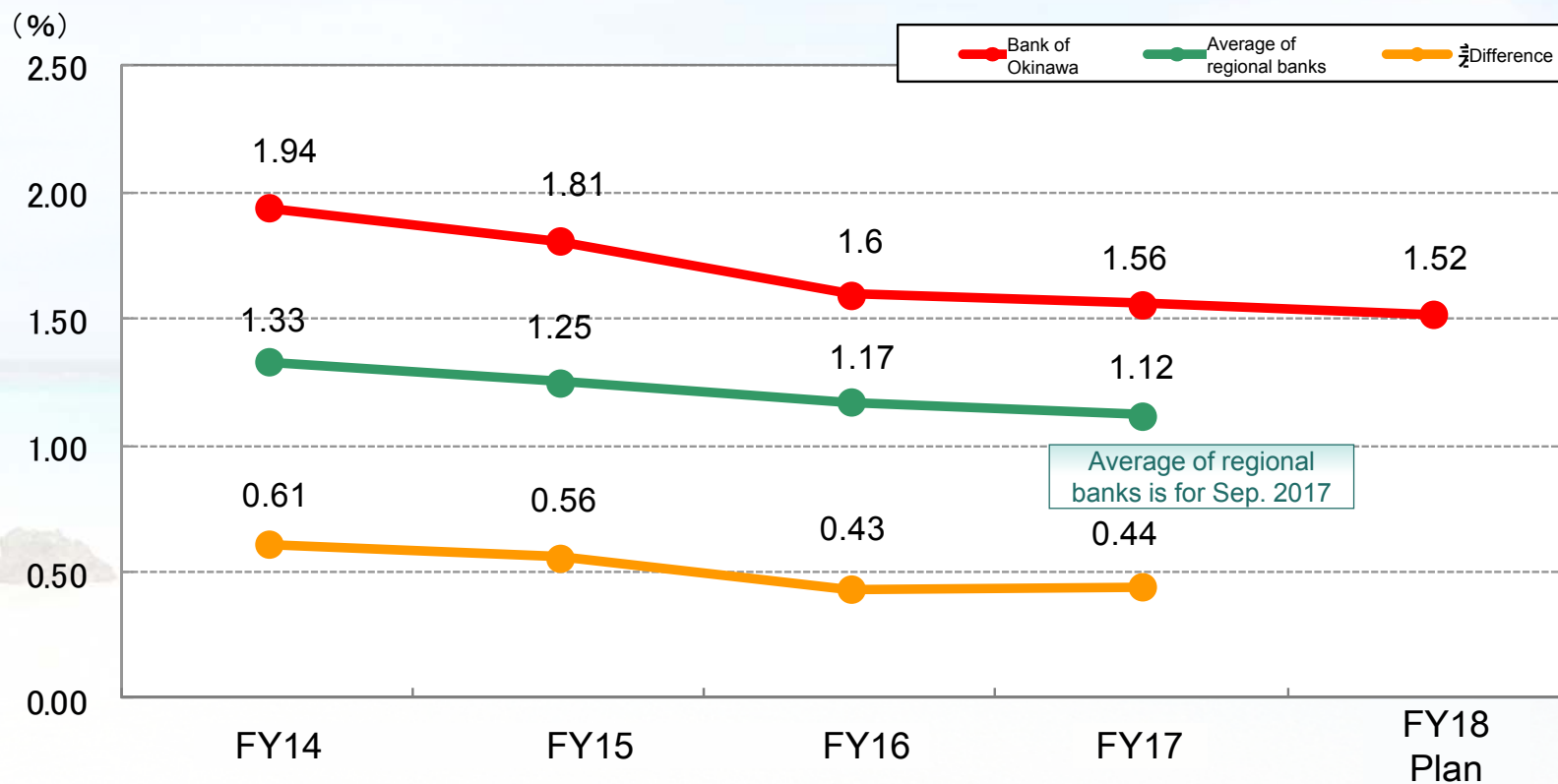


* Figures shown for FY14 and prior are cumulative sales amounts, and for FY15 and later are balances.



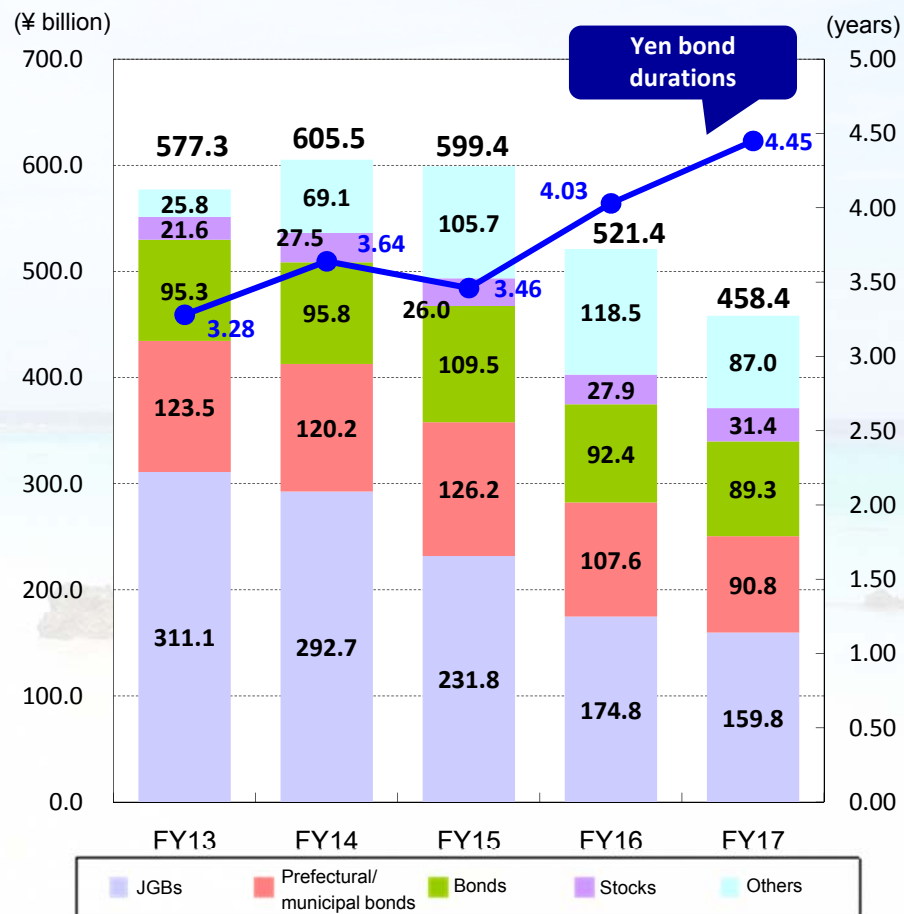
Loan / Deposit Spreads (Domestic)

Loan / Deposit Spreads with Regional Bank Averages



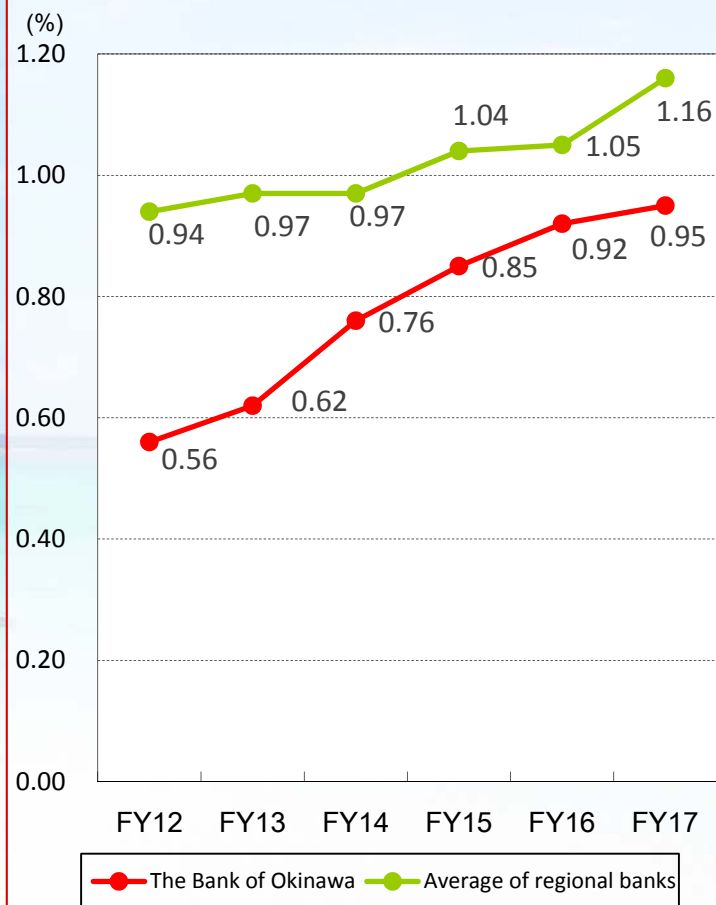
Securities (Term-End Balance)

Term-end balance and Yen bond durations



* The value of duration includes floating rate JGBs

Yield on securities



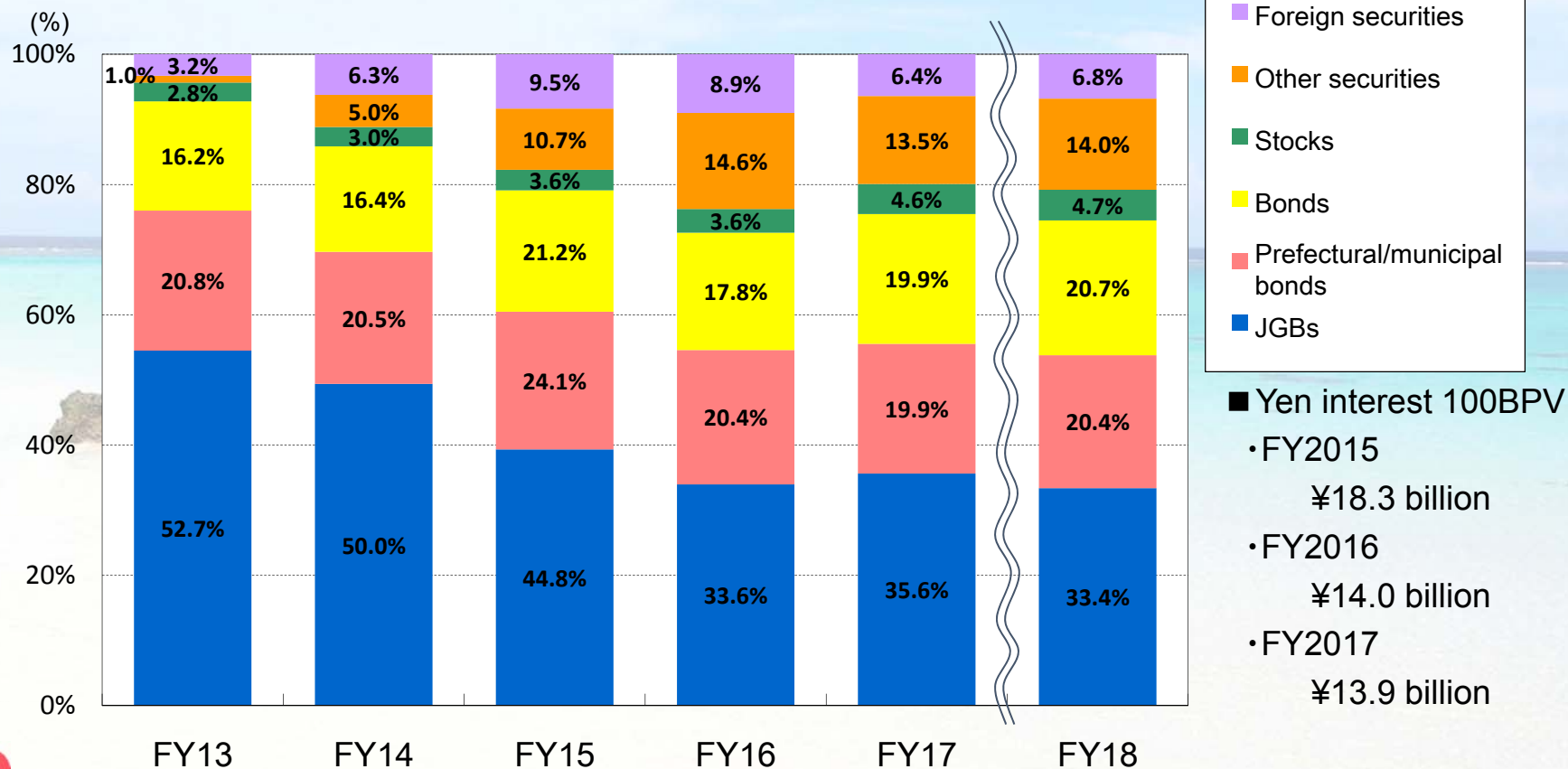
* Average of regional banks in FY17 is average of regional banks for Sep. 2017



Securities Allocation

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

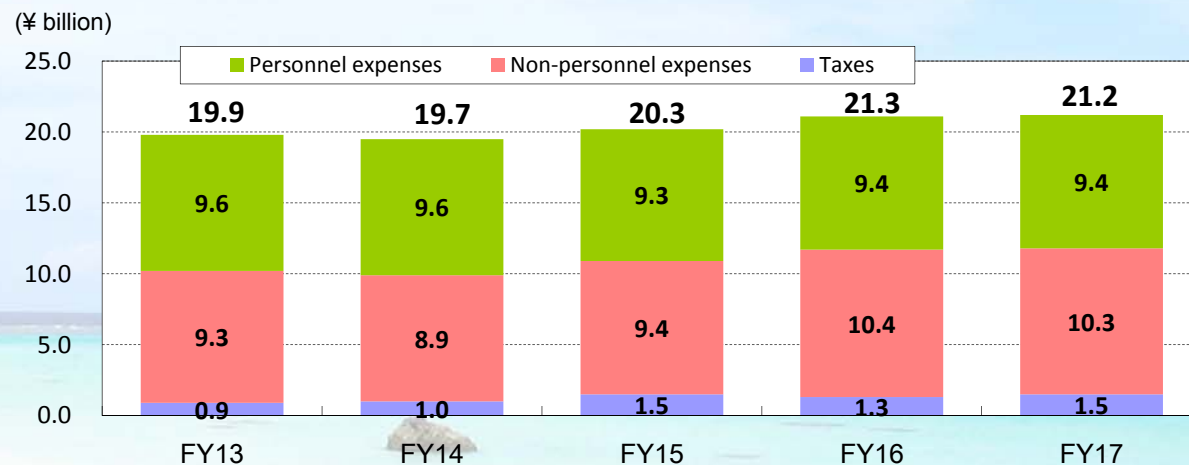
Securities composition percentage (acquisition cost at term-end)



Expenses

**Decrease in expenses due to decrease in non-personnel expenses (down ¥0.1 billion YoY)
Core OHR was 72.4%, down 0.5 points due to factors such as an increase in gross business profit on core banking operations**

Expenses



Personnel expenses were unchanged

Decrease in depreciation and amortization expenses
Decrease in deposit insurance
Overall non-personnel expenses were flat

Core OHR



Increase in consumption tax, etc.
(up ¥0.1 billion)



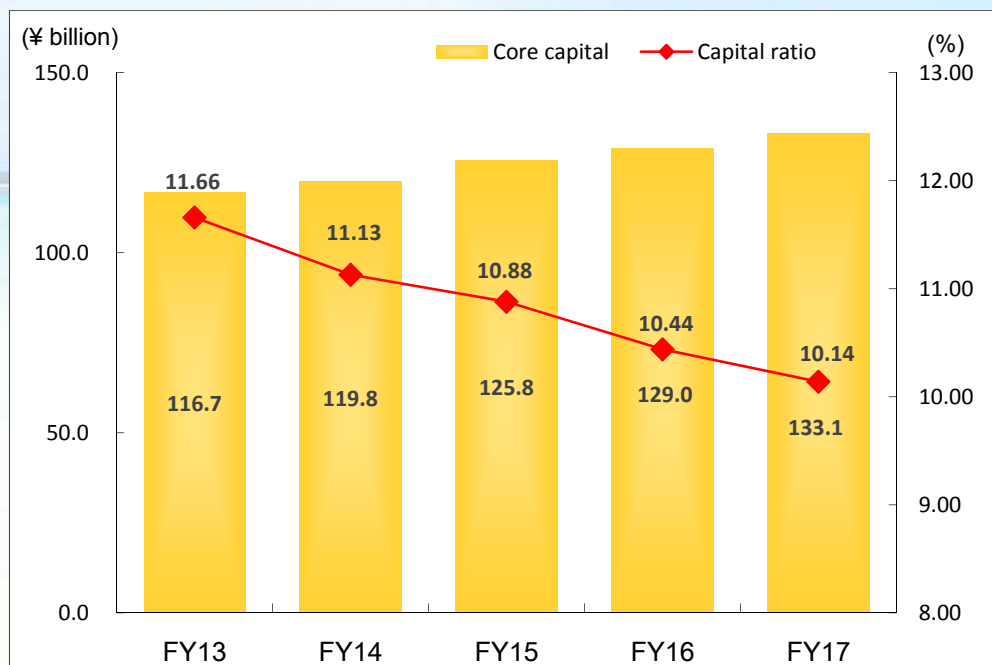
Capital Ratio (Basel III Standard)

Capital ratio (domestic standard) at 10.14%

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 2017 (domestic standard): 10.03%

Source: Regional Banks Association of Japan



Outlier Ratio

<Reference>	Total interest rate risk	Outlier ratio
End of December 2017	¥7,054 million	5.318%

Yen: 1 percentile, Foreign currencies: 99 percentile

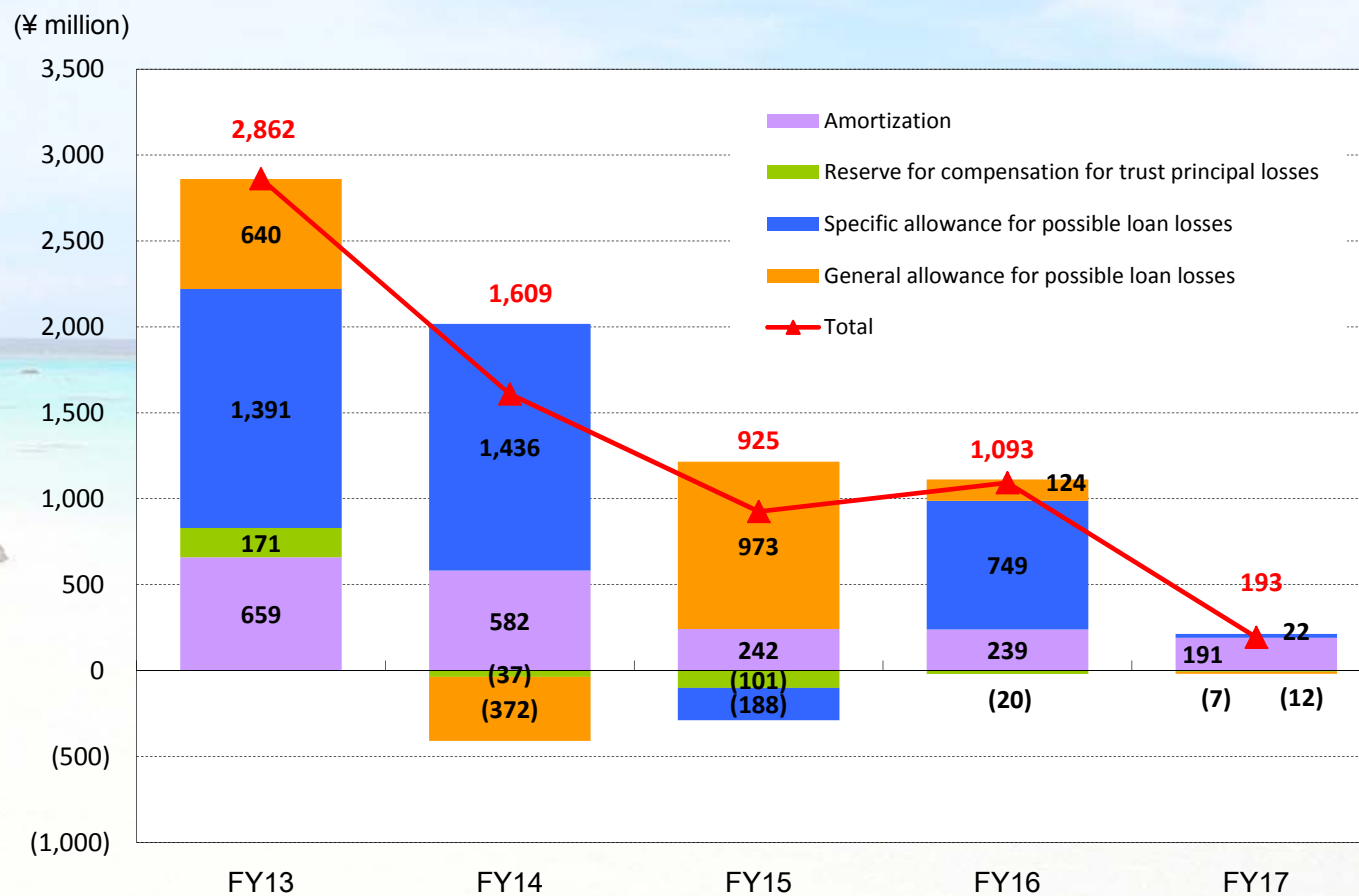
Core deposits are assumed to be 50% of the term-end balance of liquid deposits.
The average maturity is assumed to be 2.5 years.



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.

Credit Cost

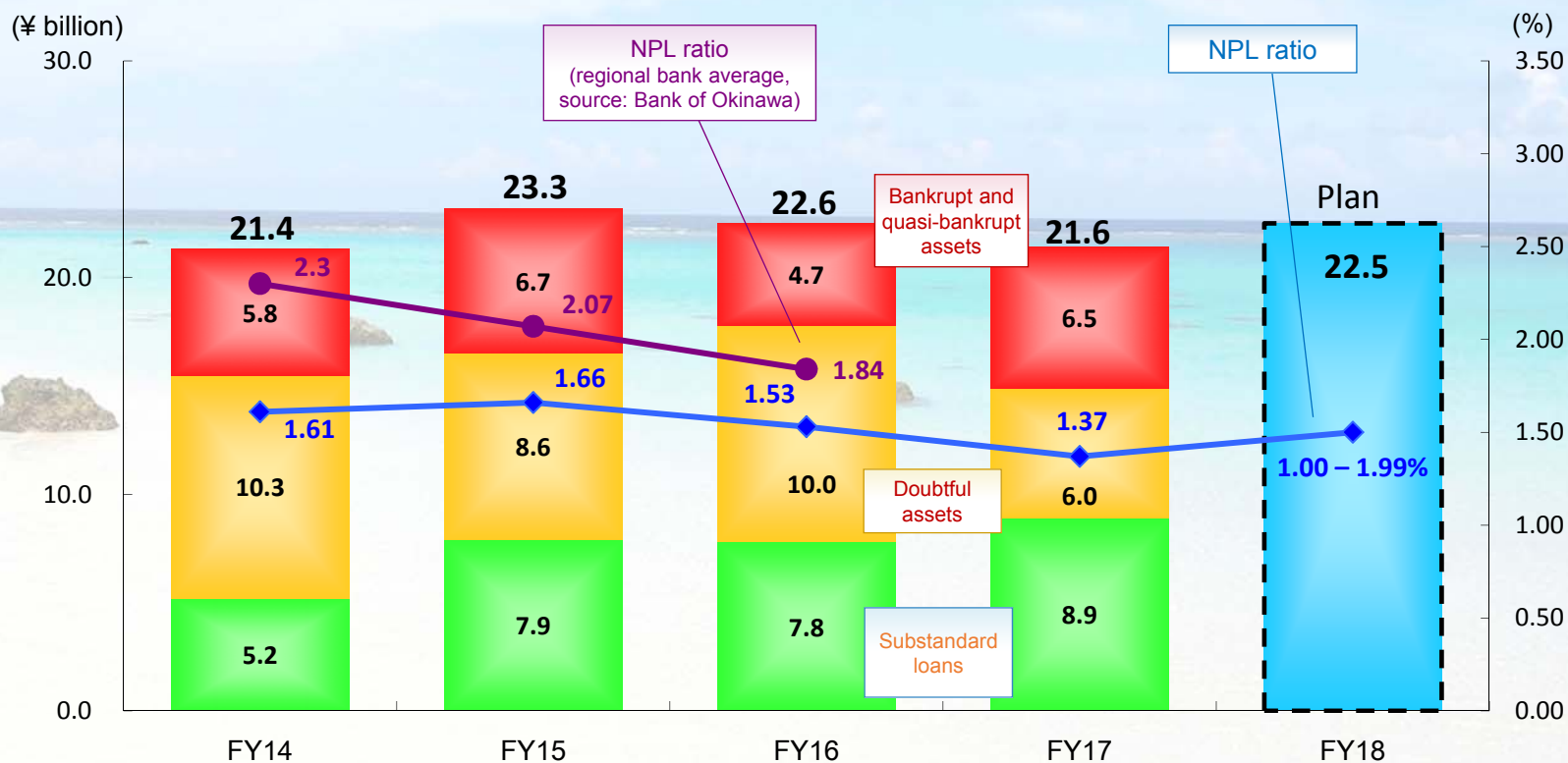
In overall terms, credit cost declined by ¥0.9 billion year on year to ¥193 million



Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

¥21.6 billion (1.37%)

Remained at low level, below the regional bank average of 1.84%



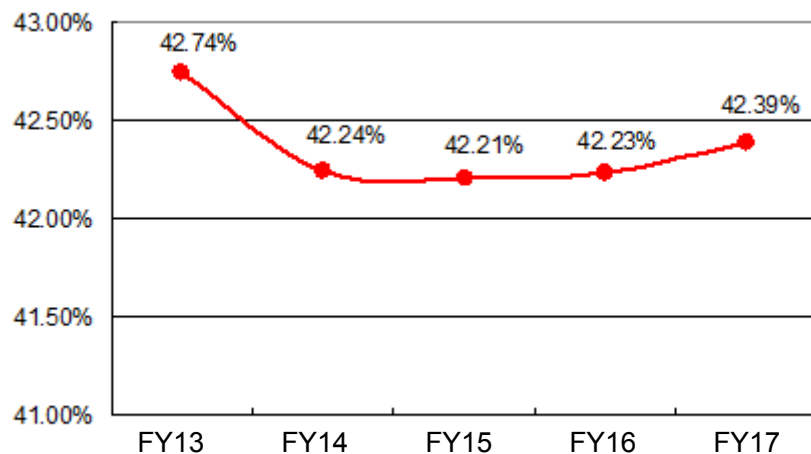
Our Share of the Market Served by the Three Okinawan Regional Banks (FY2017)

The share of loans and deposits both increased.

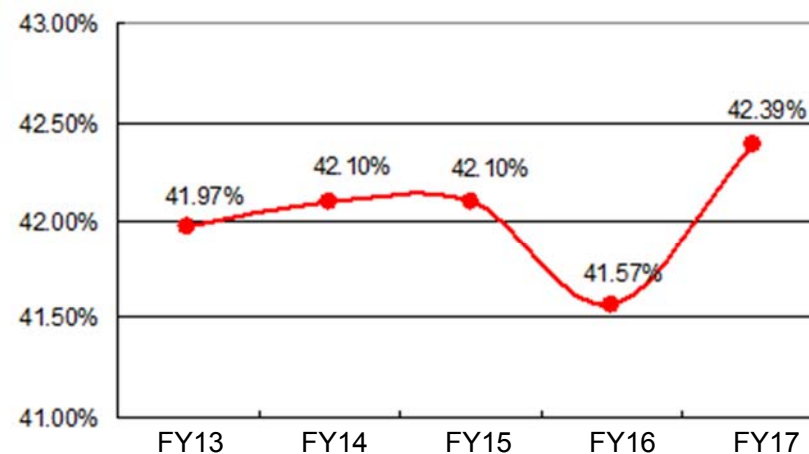
Loans: 42.39% (up 0.16 points YoY)

Deposits: 42.39% (up 0.82 points YoY)

Loans
(average balance)



Deposits
(average balance)



Business Strategies

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Results of the 17th Medium-Term Business Plan (Management Numerical Targets)

	Management numerical targets	FY17 (Target)	FY17 (Result)	Changes in the environment
Profitability	(1) ROE for consolidated net income	Around 4.5%	5.0%	Introduction of negative interest rates Declining productive population Aging society Advancing digitalization Workstyle reform
	(2) Business profit on core banking operations	¥7.2 billion	¥8.1 billion	
Growth potential	(3) 25% increase in the number of major corporate customers	7,000	7,285	
	(4) 25% increase in the number of major individual customers	350,000	323,784	
Soundness	(5) Non-performing loan ratio	Around 2%	1.37%	
	(6) Capital ratio	Around 11%	10.14%	

*ROE for consolidated net income shown on a shareholders' equity basis.



Results of the 17th Medium-Term Business Plan (Operational Reforms)

▷ We have utilized the time generated by reforms aimed at making operations more streamlined and efficient to increase facetime with customers, thereby enhancing our sales capabilities (increasing the value of our services)

- (1) Increasing operational efficiency: delegation of power, introduction of open teller machines, MIRAI, machines for immediate cash-card issuance, etc.
- (2) Increasing facetime with customers: introduction of Direct Banking Office, Okigin App, JCB Debit Cards, etc.
- (3) Increasing productivity: introduction of individual loan applications with tablets, CIPS with tablets, TKC FinTech, etc.

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

Shifting personnel to focus on corporate banking and client relations

Increasing opportunities for facetime with customers

	FY14	FY17	Change
Corporate banking	114 people	159 people	+45
Client relations	117 people	171 people	+54
Total	231 people	330 people	+99

- ▷ Owing to the effects of operational reforms, we succeeded in reducing overtime hours by 64,000 hours across the Bank during the period of the 17th Medium-Term Business Plan.
- ▷ On the other hand, we are implementing training programs so personnel can immediately adapt to the personnel shifts.



18th Medium-Term Business Plan

Business Environment Surrounding Okigin

Global Trends

Ongoing steady economic recovery

Geopolitical risks

National Trends

Regional revitalization
(declining and aging population)

Competition with other business
formats

Services changing with advancement
of ICT

Trends in Okinawa

Okinawa 21st Century Vision

Okinawa Population Increase Plan

Okinawa Asia Economic Strategy
Initiative

Strong public and private construction demand

Naha Airport runway expansion project
Okinawa Urban Monorail extension project
Resort hotel plans, etc.

Tourists: robust inbound tourism

8.76 million in FY2016
(6.64 mn domestic; 2.12 mn overseas)

Growing population and number of households

Measures are being implemented to increase
the population, including natural increase and
social growth, as the population and number of
households are expected to decline long-term

Intensifying competition among financial institutions in Okinawa

We will build a business model that is
sustainable amid intensifying competition,
including entry into Okinawa by banks from
outside the prefecture and online banks

Projected future population: National Institute of Population and Social Security Research

(in thousands)	2015	2020	2025	2030	2035	2040
Okinawa	1,434	1,460	1,468	1,470	1,466	1,452
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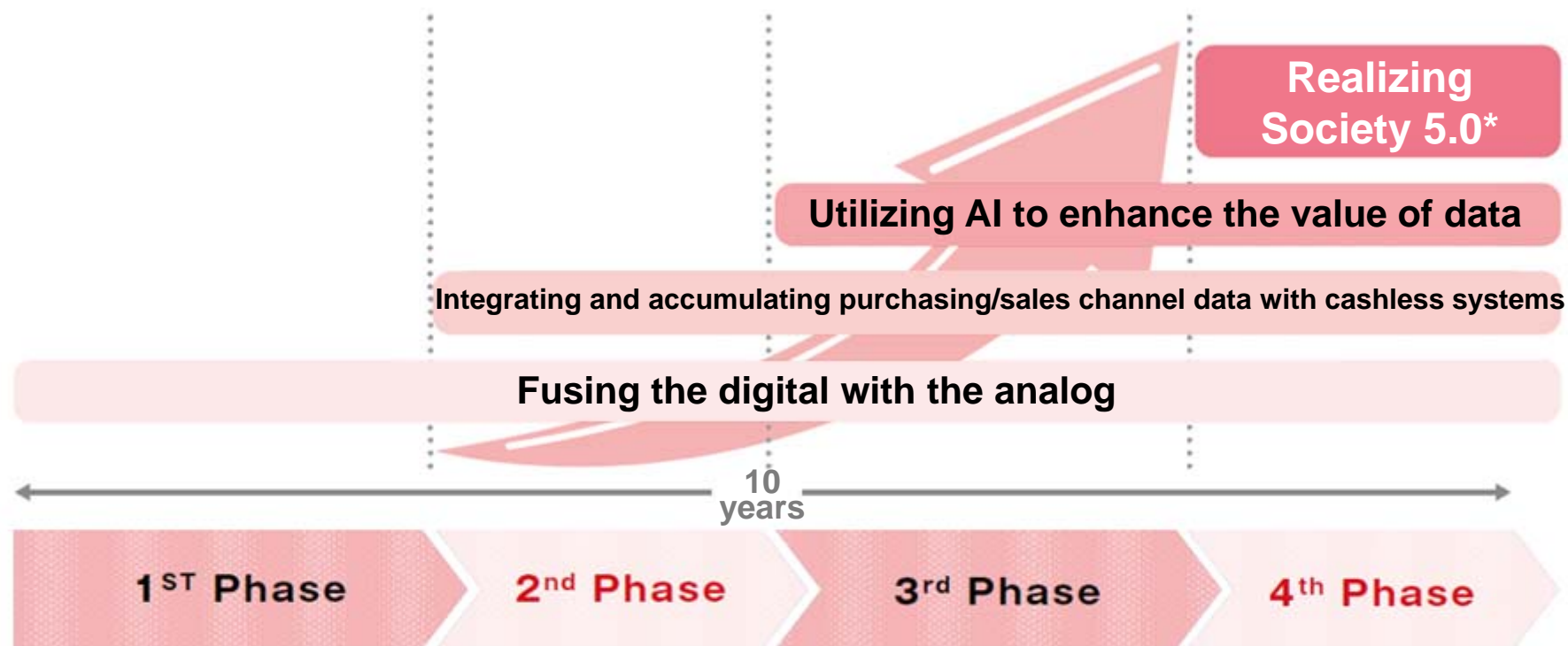


18th Medium-Term Business Plan

4. The Aspiration of the Okigin Group

Aspiration: the Okigin Group utilizing advanced ICT to grow with the region

We aspire to become the No. 1 bank in the region that grows in tandem with the community, improving customer convenience through ICT digital transformation and realizing excellent customer experience by fusing the digital with the analog (Face to Face).



*Society 5.0: As defined in government growth strategies, a human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space (source: Growth Strategy 2017, Japan's Economic Revitalization Bureau, Cabinet Secretariat)

18th Medium-Term Business Plan (Basic Policy)

5. Basic Policy of the 18th Medium-Term Business Plan (Tagline, Vision)

Tagline

18th Medium-Term Business Plan: Basic Policy

HAND IN HAND WITH CUSTOMERS – Create the Future –

- Utilize the full strength of the Okigin Group to create a sustainable future for the next generation together with local communities
- Increase opportunities for facetime with customers and create value by utilizing the time generated by operational reforms and skilful human resources
- Create the future for customers and the Okigin Group by supporting customers' formation of quality assets and business continuity

Period

April 2018 – March 2021 (three years)

Vision

A bank that works on new concepts and creates new value together with customers



Carrying on the creation of new value set forth in the 17th Medium-Term Business Plan, our greatest mission is to contribute to the advancement of the regional economy based on new concepts to extend our business domain and expand services with the comprehensive capabilities of the Okigin Group. We aim to become a comprehensive financial services provider that creates new value together with our customers.



18th Medium-Term Business Plan

6. Basic Policy of the 18th Medium-Term Business Plan (2)

Strategies in the New Medium-Term Business Plan



<p>Strategy I</p>	<p>Exert comprehensive capabilities (Group profitability reforms)</p>	<p>Focus on across-the-board measures of the Okigin Group, and enhance profitability on a consolidated basis</p> <ul style="list-style-type: none"> (1) Enhance our comprehensive financial services operations (increasing convenience for customers with banking, leases, securities, credit cards, etc.) (2) Enhance profitability by overhauling operations at Group companies, etc.
<p>Strategy II</p>	<p>Create shared value (Service capability reforms)</p>	<p>Provide new services that utilize FinTech and ICT (simple, convenient, good value, peace of mind) and further reform operations</p> <ul style="list-style-type: none"> (1) Reform products and services, and obtain support from customers (2) Reform operational processes, and reform operations to support customers and branches
<p>Strategy III</p>	<p>Allocate management resources (Cost reforms)</p>	<p>Effectively allocate management resources, and develop a cost awareness (verify return on costs)</p> <ul style="list-style-type: none"> (1) Reform conventional branch strategies and client relations activities, and allocate resources to investment in digital systems (2) Effectively allocate human resources to branches and growth areas
<p>Strategy IV</p>	<p>Reform workstyles (Personnel system reforms)</p>	<p>Reform workstyles and improve productivity, in order to create true employee satisfaction</p> <ul style="list-style-type: none"> (1) Revise the personnel system (2) Skilful human resources (enhance consulting capabilities, contribute to formation of quality assets)

Implementing rules and principles

Demonstrate governance functions to steadily implement strategies



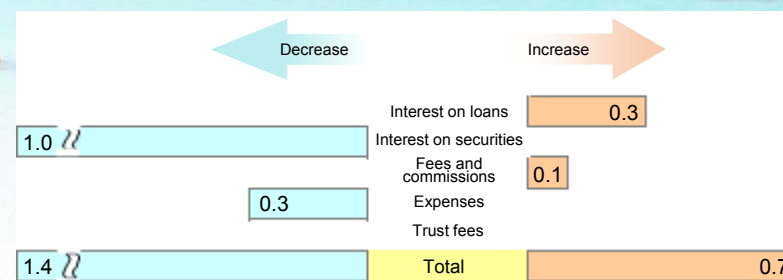
Business Performance Forecasts for FY2018

Non-consolidated	¥ billion		
	FY18	YoY comparison	
		FY17	YoY
Ordinary income	35.0	38.4	(3.4)
Gross business profit	29.0	27.8	1.2
Interest income	26.8	27.4	(0.5)
Fees and commissions	2.2	2.0	0.1
Fees and commissions (excluding trust fees)	2.0	1.8	0.2
Trust fees	0.1	0.2	(0.0)
Other business profit	0.0	(1.6)	1.6
Gains (losses) on bond trading	0.0	(1.5)	1.5
Expenses (excluding non-recurrent items)	21.6	21.2	0.3
Business profit on core banking operations	7.4	8.1	(0.7)
Provision of general allowance for possible loan losses	0.0	(0.0)	0.0
Net business profit	7.3	6.5	0.7
Non-recurrent items	0.0	2.2	(2.1)
Net gains (losses) on equity securities	0.5	1.7	(1.2)
Bad debt disposal (non-recurrent items)	0.8	0.2	0.6
Ordinary profit	7.4	8.8	(1.4)
Extraordinary gains (losses)	0.0	(0.0)	0.0
Net income	5.1	6.2	(1.0)
Credit costs	0.8	0.1	0.6

■ Year-on-year changes forecast of interest income

	Average balance	Yield	Interest
Loans and bills discounted	+70.1	(0.05)	+0.3
Securities	(81.3)	(0.07)	(1.0)
Deposits	+58.0	(0.00)	+0.0
Total	—	—	(0.5)

■ YoY comparison of business profit on core banking operations



Business Profit on Customer Services

(¥ million, %)

	FY18	FY17	FY16
(1) Loans average balance	1,544,779	1,474,628	1,396,392
(2) Yield on loans	1.555	1.604	1.668
(3) Yield on deposits	0.039	0.042	0.061
(4) Loan / deposit spread ((2) - (3))	1.516	1.562	1.607
(5) Fees and commissions	2,231	2,084	2,264
(6) Operating expenses	21,942	21,691	21,743
(7) Business profit on customer services ((1) × (4) + (5) - (6))	3,709	3,426	2,960
(8) Deposits average balance	1,982,962	1,924,919	1,836,628
(9) Business profit margin on customer services ((7) ÷ (8))	0.187	0.178	0.161

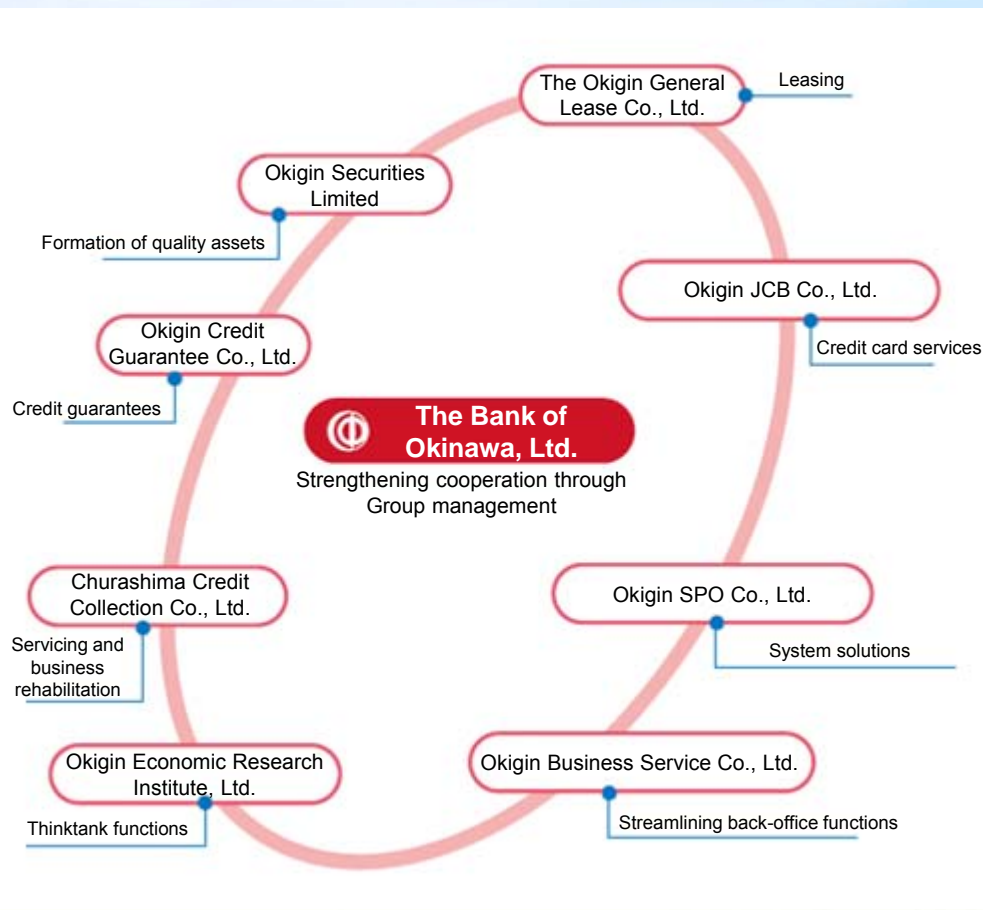
*Business profit margin on customer services = loans balance × loan / deposit spread + fees and commissions – operating expenses / deposits (average balance) (excerpt from FY2016 Financial Report, p16)

*Items (1) through (4) and (8) are from banking account.



Group Strategy

Enhancing service capabilities as a comprehensive financial services provider:
meet customers' needs for asset formation and opportunities to generate income



Create systems to facilitate the provision of comprehensive financial services

- In order to build on our strength as a comprehensive financial group, we will build systems to facilitate the provision of a range of services to customers as a “one-stop provider.”
- We will act as an “asset management concierge” (consulting plaza) for customers, including combined banking and securities branches.

Thorough implementation of measures for “Bank-securities cooperation”

- Launch of customer referral to Okigin Securities (June 2017). Search for broad customer needs.
- Holding joint seminars with Okigin Securities to promote improvement of financial literacy, aimed at shifting from savings to investment.

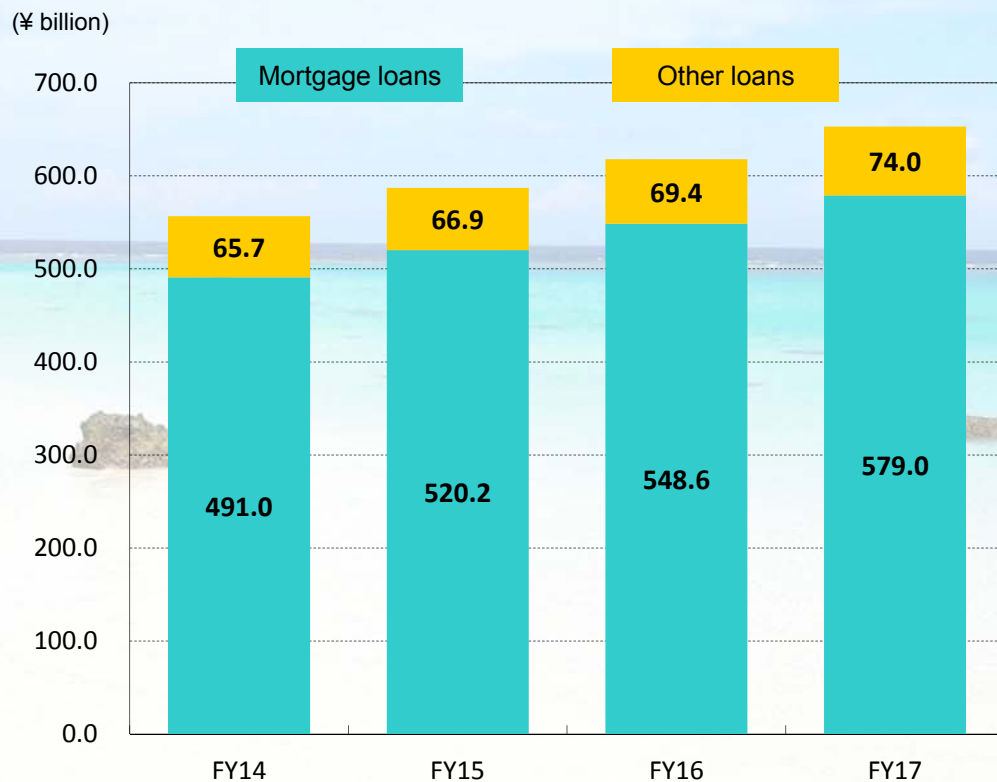


- ◆ Quality asset formation for customers
- ◆ Supporting customers' business continuity



Strategy for Consumer Loans

**Plan: Mortgage loans executed: ¥64.0 billion (YoY comparison of average balance: +3.5%)
YoY comparison of average balance of other loans: +4.39%**



Market environment

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

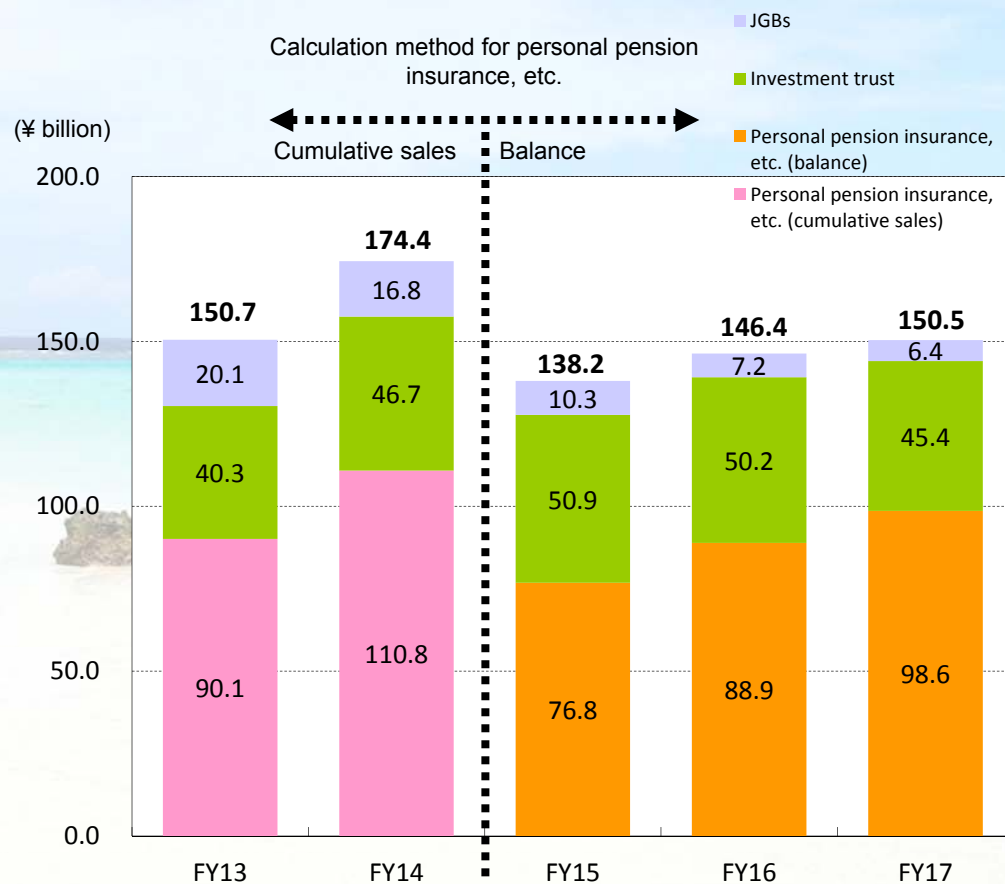
Okigin's strategies

- ◆ **Promotion of mortgage loans and apartment loans**
 - Strengthening relationships with customers and housing manufacturers
 - Differentiated products (non-guaranteed mortgages, new group credit services)
- ◆ **Strengthen loan sales**
 - Strengthen promotion of automotive loans
 - Strengthen online marketing
- ◆ **Digital strategy**
 - Promote Okigin App (account opening, loan applications)
 - Promote JCB Debit Cards (promote cashless transactions)
 - People's App (information distribution app)
 - Promote "Wallet+" (check balance and transaction history, targeted deposits)



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

Promote customers' asset formation to accumulate higher balances



Okigin's strategies

- ◆ **Enhancement of dedicated staff**
 - Tracking by dedicated staff for assets in custody
 - Acceptance of seconded staff to the Bank from securities and insurance companies / mid-career recruitment
 - Holding joint seminars with Okigin Securities
- ◆ **Shortening time required for procedures with tablets**
 - Accepting applications for both investment trusts and insurance by tablet
 - Introduction 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, promoting funded investment trusts**
 - Promoting by holding seminars and campaigns
 - Expanding customer base with funded investment trusts



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

Cooperation with experts and support institutions

- Supporting applications for subsidies to support the enhancement of manufacturing, business, and service management capabilities
- Support through Manufacturing Development Funds
- Support business start-up using business succession

FY2017 Results

Work item	
1. Support medical business start-up	8 cases
2. Management advisory meeting in cooperation with the Yorozu support base	23 times
3. Okigin Manager Training School	5 times total

Initiatives for business growth (assisting sales channel cultivation)

Participated in The Great Okinawa Trade Fair 2017

For the sake of the success of the 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 27-28, 2017 at Okinawa Convention Center
- About 3,300 individual meetings were held during the two-day fair
- About 100 employees of the Bank supported the 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

Utilization of SME Business Rehabilitation Support Co-operative		2003 - 2014	2015	2016	2017	Total
	No. of cases handled by co-operative (cases)	126	15	11	11	163
	(of which, cases involving the Bank) (cases)	72	9	5	9	95
	Ratio	57.1%	60.0%	45.5%	81.8%	58.3%
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 259 applications of all Okinawa, 154 applications (59.4%) were handled by the Bank.					



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]

- ◆ June 2018 Kokuba Branch
- ◆ August 2018 Motobu Branch



Haebaru Branch



Nago Branch



Itoman Branch



Shareholder Returns

Commemorating the **60th anniversary of the Bank's founding**, the 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. The Bank has maintained an annual dividend of ¥70 even after the share split.

	FY13	FY14	FY15	FY16	FY17
Share price (yen)	4,355	5,040	3,695	4,260	4,490
Common dividend (yen)	65	70	70	70	70
Commemorative dividend (yen)	0	0	15	0	0
Total dividends (yen)	65	70	85	70	70
Dividend yield (%)	1.49%	1.38%	2.30%	1.64%	1.55%
Share buy back (million yen) (Note)	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

PEOPLE'S BANK

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The Bank of Okinawa, Ltd

Business Performance

(¥ billion)

Non-consolidated	FY14	FY15	FY16	FY17	YoY change
Ordinary income	36.4	37.8	38.3	38.4	0.1
Gross business profit	30.5	30.8	29.1	27.8	(1.3)
Interest income	27.8	27.8	27.1	27.4	0.3
Fees and commissions	2.3	2.6	2.2	2.0	(0.2)
Fees and commissions (excluding trust fees)	2.0	2.3	1.9	1.9	(0.1)
Trust fees	0.3	0.3	0.3	0.2	(0.1)
Other business profit	0.3	0.3	(0.3)	(1.6)	(1.3)
Gains (losses) on bond trading	0.2	0.3	(0.3)	(1.5)	(1.4)
Expenses (excluding non-recurrent items)	19.7	20.3	21.3	21.2	(0.1)
Business profit on core banking operations	10.6	10.1	7.9	8.1	0.2
Provision of general allowance for possible loan losses	(0.3)	1.0	0.1	(0.0)	0.1
Net business profit	11.2	9.5	7.7	6.5	(1.2)
Non-recurrent items	(1.2)	1.2	0.1	2.2	2.1
Net gains (losses) on equity securities	0.1	0.7	1.1	1.7	0.6
Bad debt disposal (non-recurrent items)	1.9	(0.0)	1.0	0.2	(0.8)
Ordinary profit	9.9	10.7	7.8	8.8	1.0
Extraordinary gains (losses)	(0.1)	0.1	(0.1)	(0.0)	0.1
Net income	6.7	7.1	5.3	6.2	0.9
Credit costs	1.6	0.9	1.1	0.1	(1.0)
Non-performing loan ratio	1.61%	1.66%	1.53%	1.37%	(0.16)pt
Capital ratio	11.13%	11.13%	10.44%	10.14%	(0.30)pt



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

Term-end balance / Average balance / Yield

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

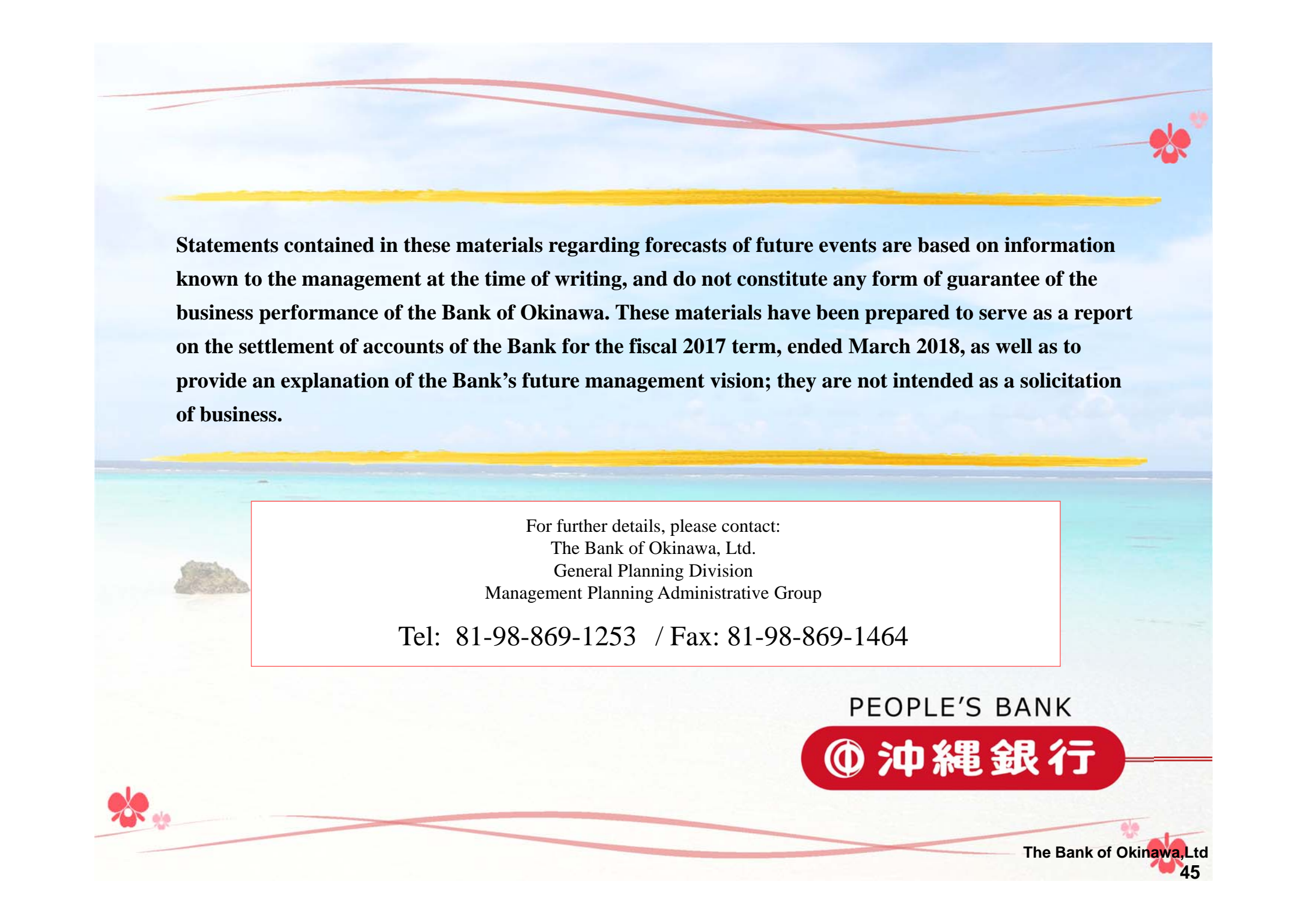
* Yields on loans and deposits are those used for domestic operations only.

		(¥ billion)			
		FY14	FY15	FY16	FY17
Loans	Term-end balance	1,313.8	1,392.3	1,467.2	1,562.5
	Average balance	1,254.9	1,319.6	1,398.5	1,476.4
	Yield	2.03%	1.89%	1.66%	1.60%
Securities	Term-end balance	605.5	599.4	521.4	458.4
	Average balance	567.7	583.5	574.6	503.6
	Yield	0.76%	0.85%	0.92%	0.95%
Deposits	Term-end balance	1,865.4	1,880.1	1,897.8	2,005.2
	Average balance	1,813.1	1,889.2	1,889.5	1,959.7
	Yield	9.00%	0.08%	0.06%	0.04%

Loan balance by industrial segment

	FY14	FY15	FY16	FY17
Manufacturing	37.0	37.0	35.3	35.3
Agriculture and forestry	0.8	1.1	1.3	2.0
Fishery	0.5	0.5	0.5	0.5
Mining and quarrying of stone and gravel	1.8	3.7	3.5	3.7
Construction	42.1	43.2	45.8	49.6
Electricity, gas, heat and water supply	6.9	7.3	4.9	6.6
Telecommunications	8.9	9.9	9.9	11.2
Transport and postal activities	16.6	18.9	17.9	16.2
Wholesaling and retailing	107.1	104.9	102.4	100.9
Finance and insurance	26.3	30.0	27.9	22.7
Real estate, and goods rental and leasing	326.4	363.5	402.9	454.9
Miscellaneous services	143.0	155.0	169.7	177.0
Local government bodies	100.0	102.0	110.9	126.4
Others	496.5	515.2	534.5	555.5
Total	1,313.9	1,392.3	1,467.2	1,562.5





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 2017 term, ended March 2018, as well as to provide an explanation of the Bank's future management vision; they are not intended as a solicitation of business.

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