

Outline of Business Results for FY2017

PEOPLE'S BANK

Ⓞ 沖縄銀行

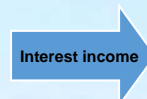
The Bank of Okinawa, Ltd

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

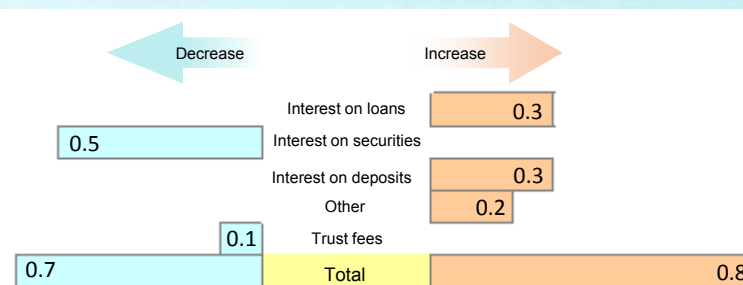


Year-on-year changes

(¥ 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

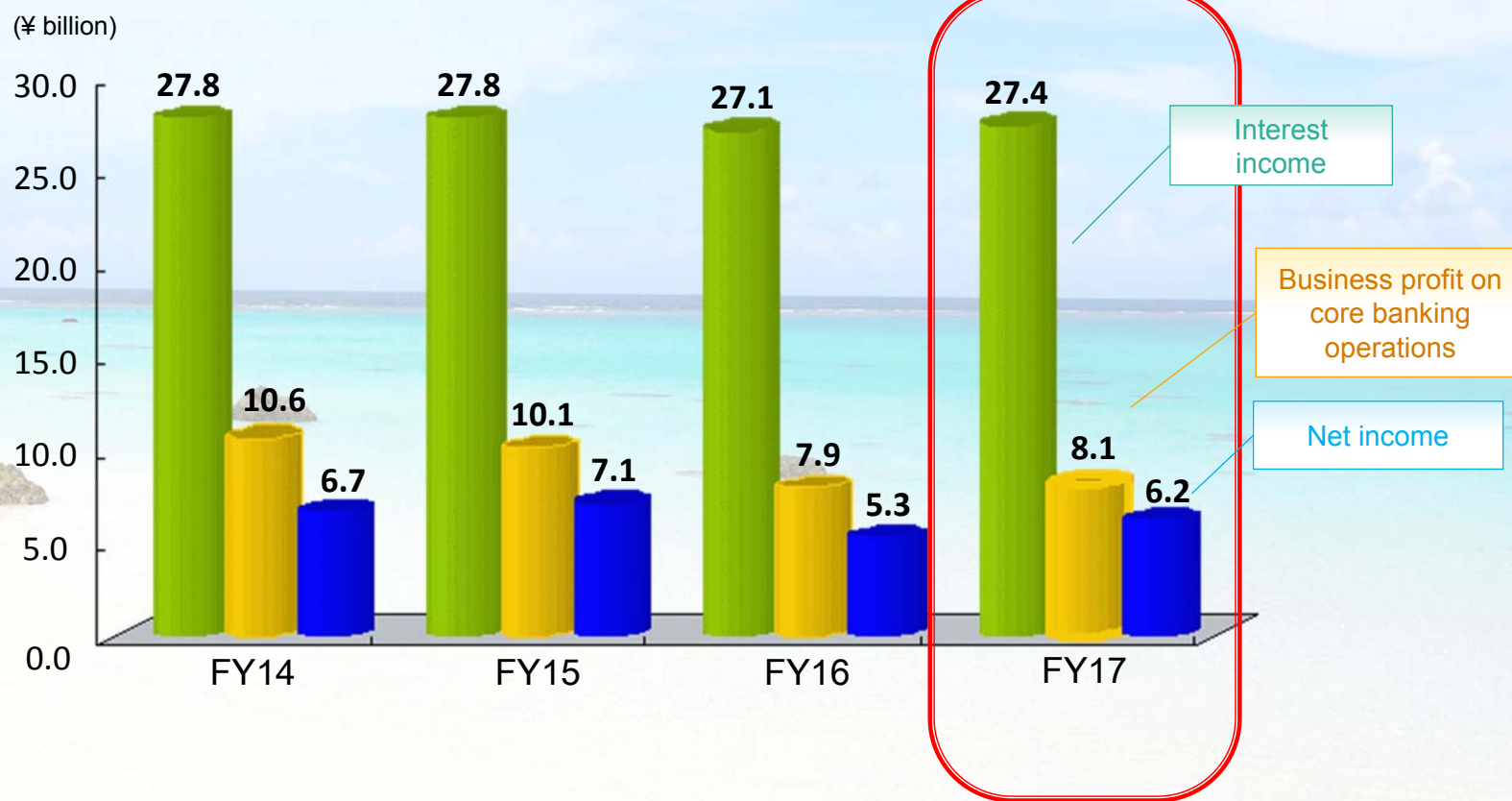


Credit costs	0.1	1.0	(0.8)
Non-performing loan ratio	1.37%	1.53%	(0.16)pt
Capital ratio	10.14%	10.44%	(0.30)pt



Profits

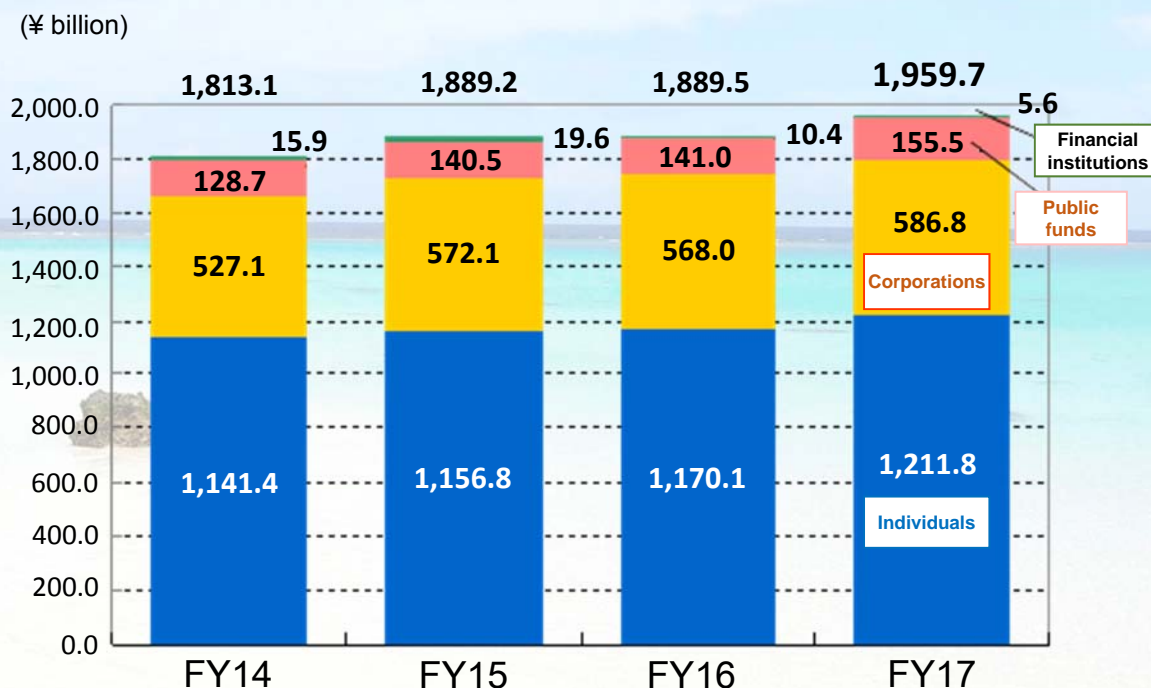
Business profit on core banking operations increased mainly due to a year-on-year increase in interest on loans, for the first time in eight years



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

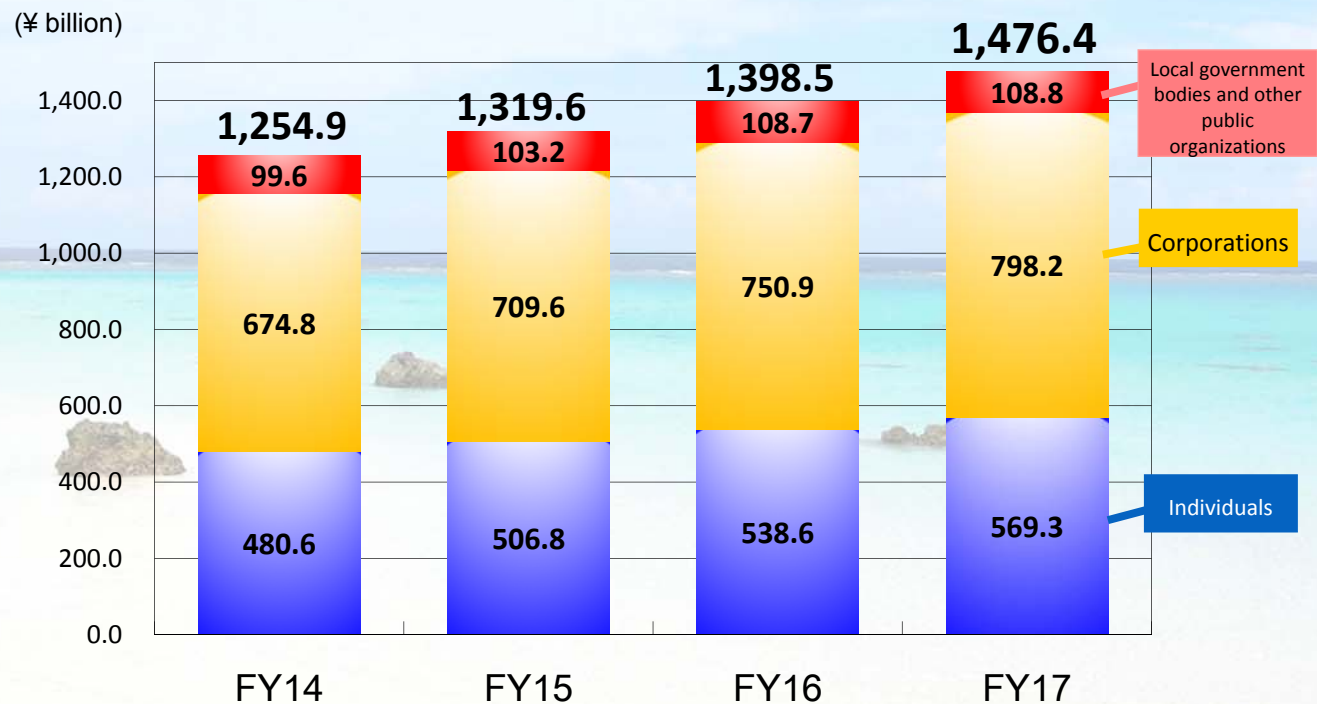
Increased liquidity in deposits due to enhanced function to trace funds by "Strong Relations Plan"

* 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

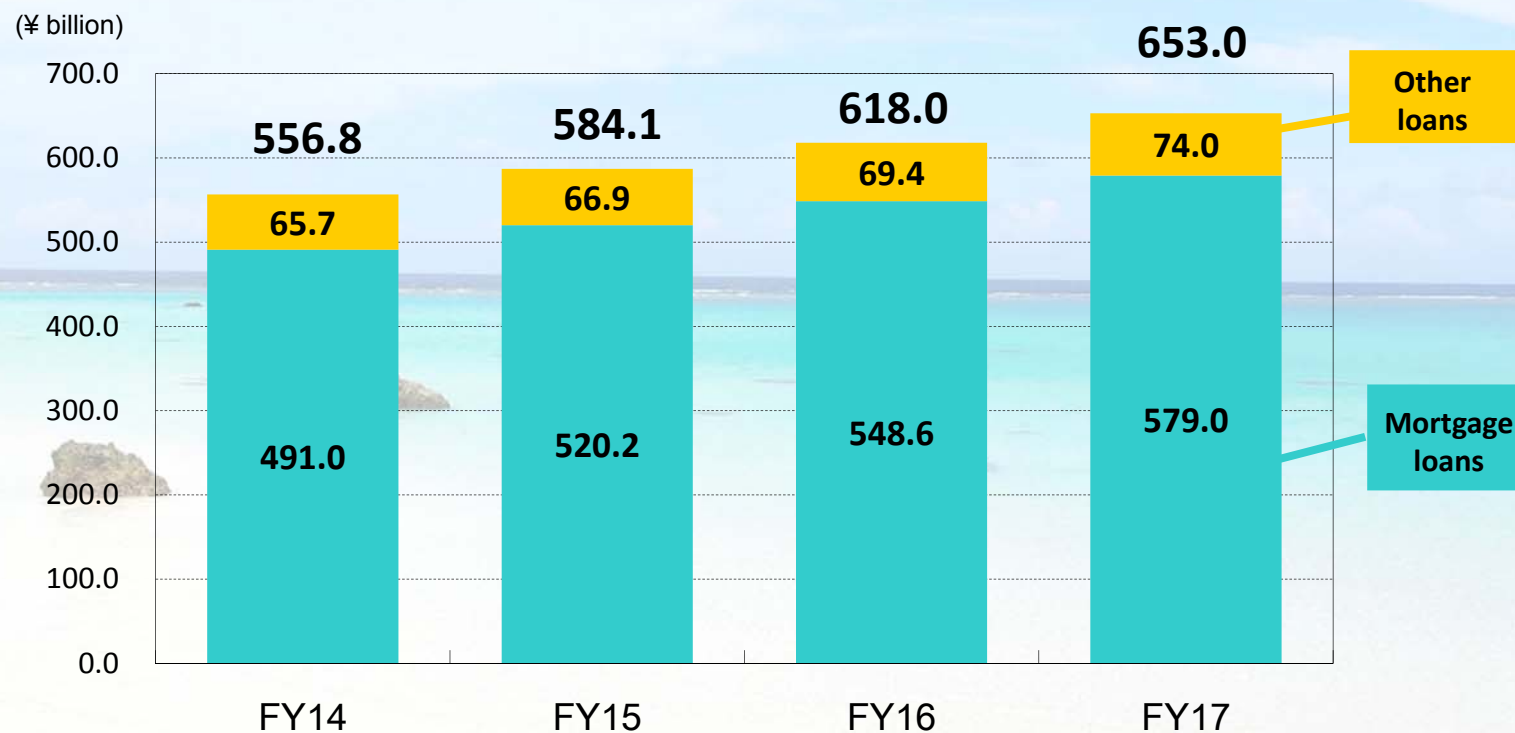
Loans to individuals
 Factors for increase in loans: Mortgage loans

* 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



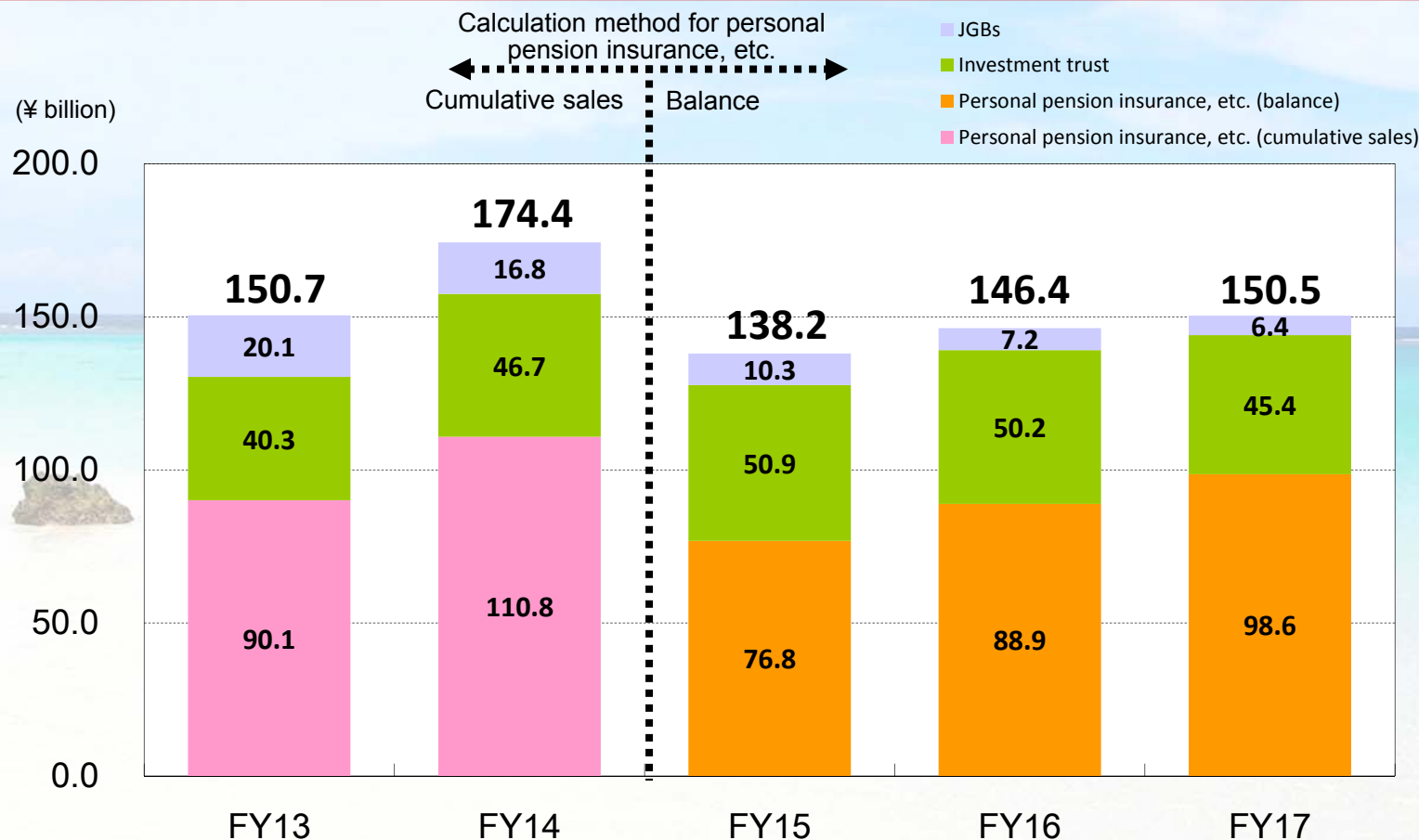
* Including trust accounts

* 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)

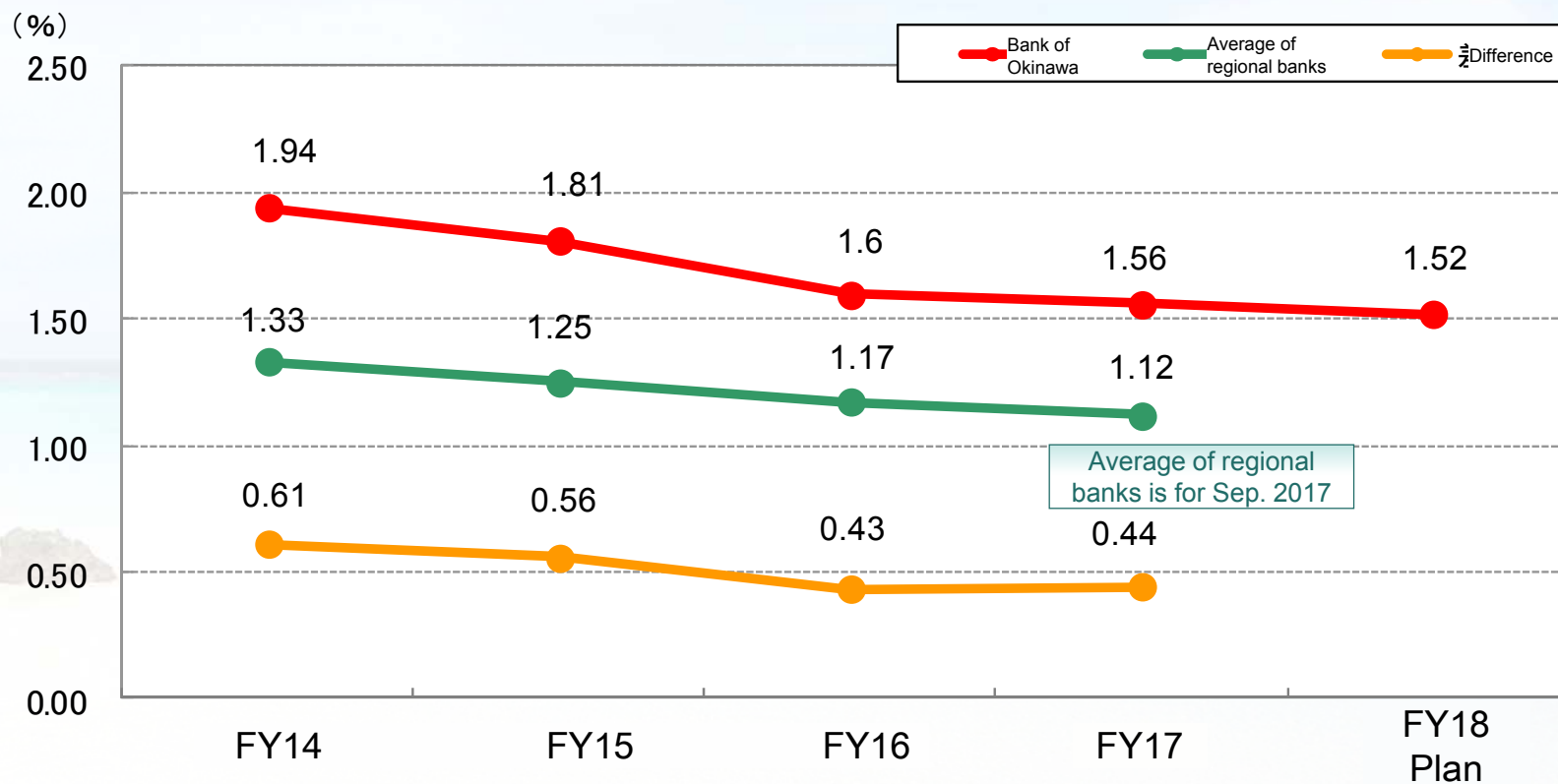


* Figures shown for FY14 and prior are cumulative sales amounts, and for FY15 and later are balances.



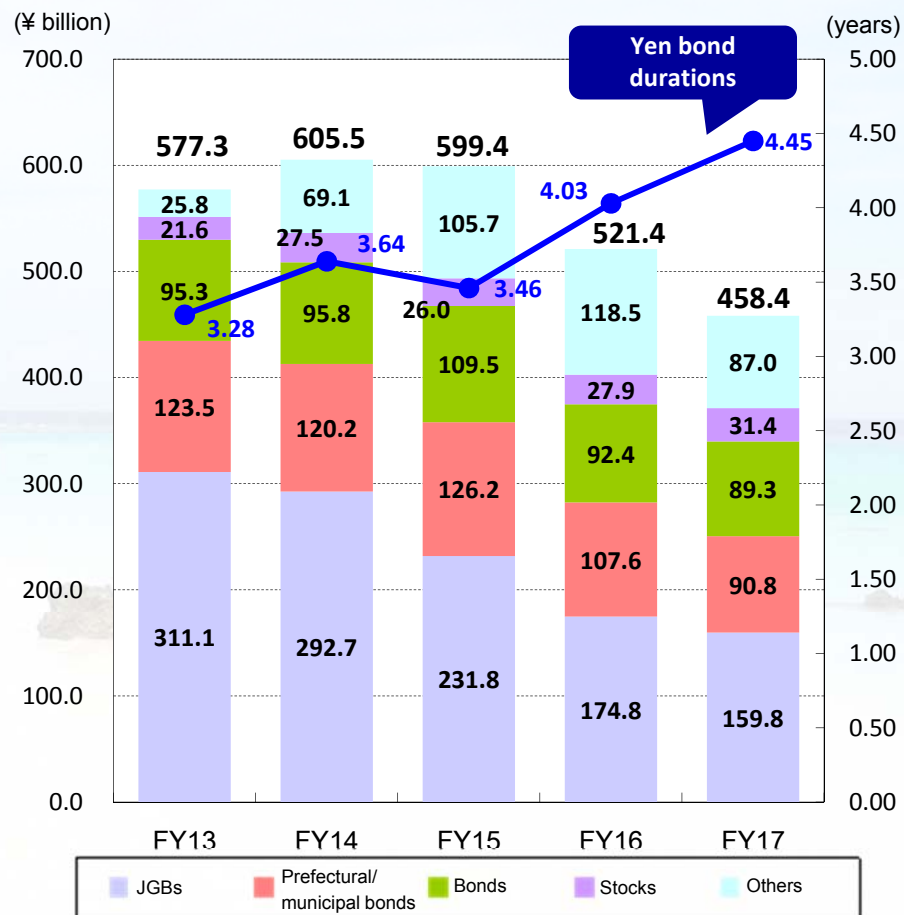
Loan / Deposit Spreads (Domestic)

Loan / Deposit Spreads with Regional Bank Averages



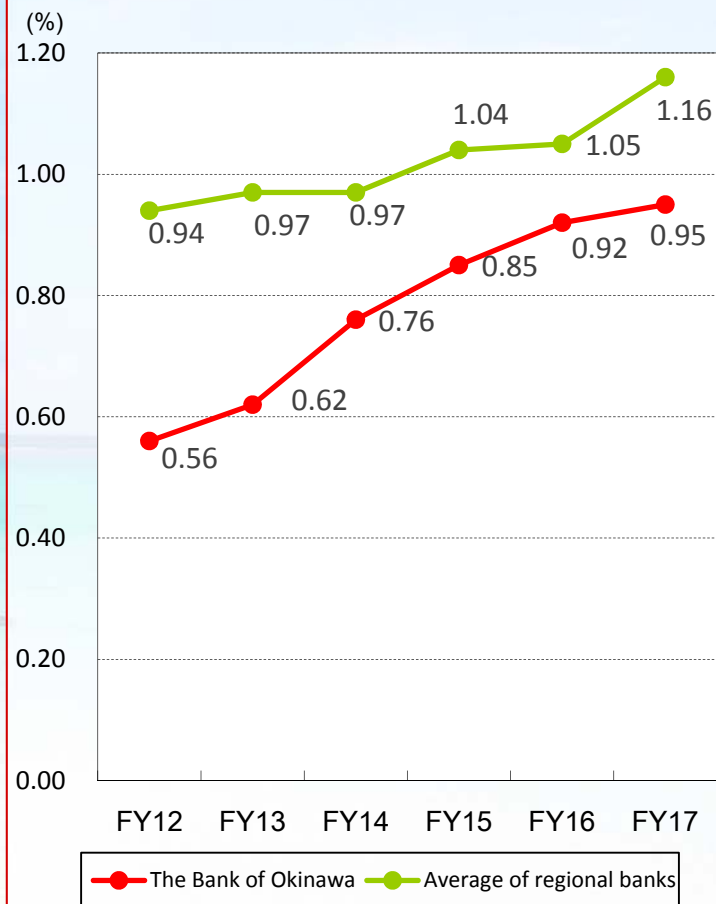
Securities (Term-End Balance)

Term-end balance and Yen bond durations



* The value of duration includes floating rate JGBs

Yield on securities



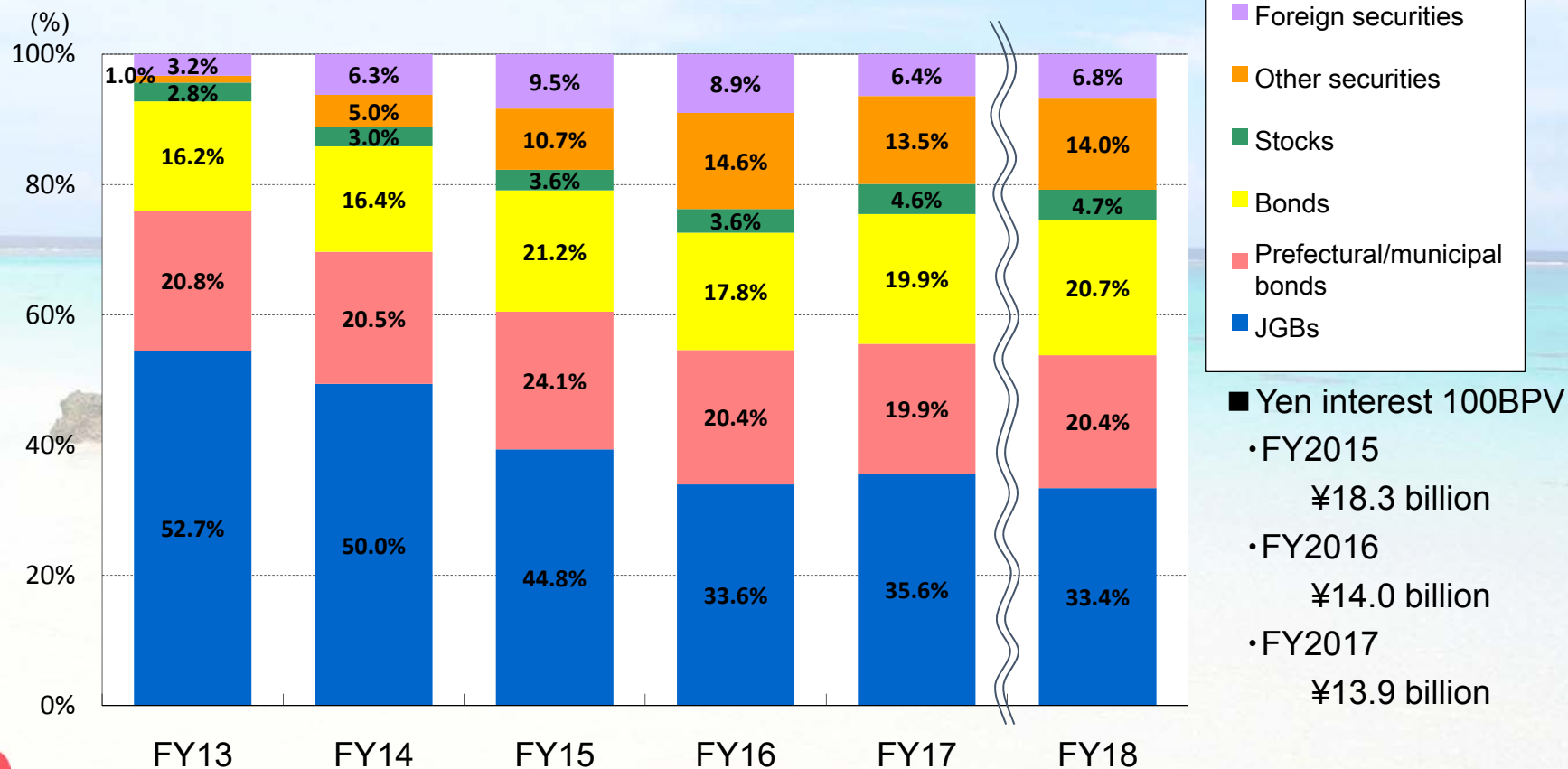
* Average of regional banks in FY17 is average of regional banks for Sep. 2017



Securities Allocation

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

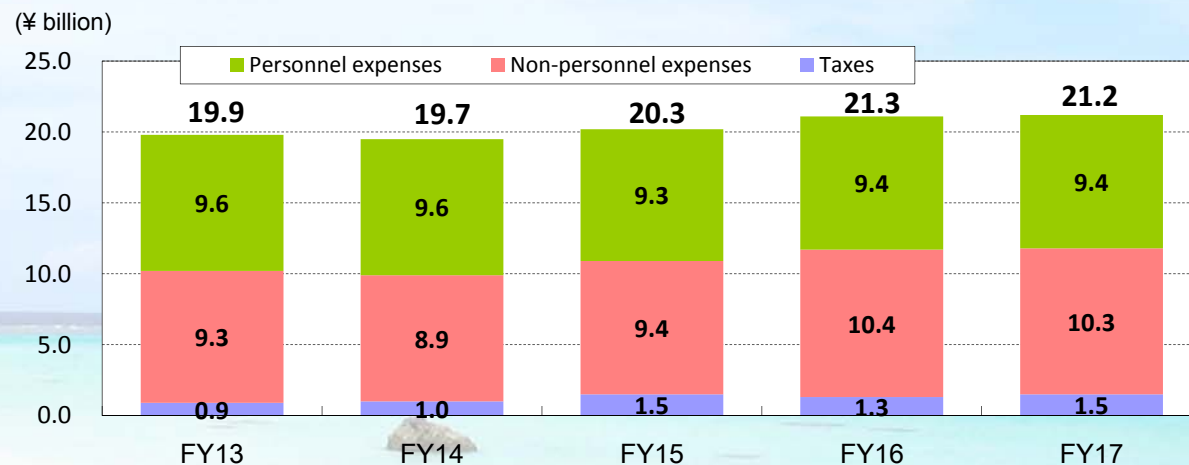
Securities composition percentage (acquisition cost at term-end)



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)



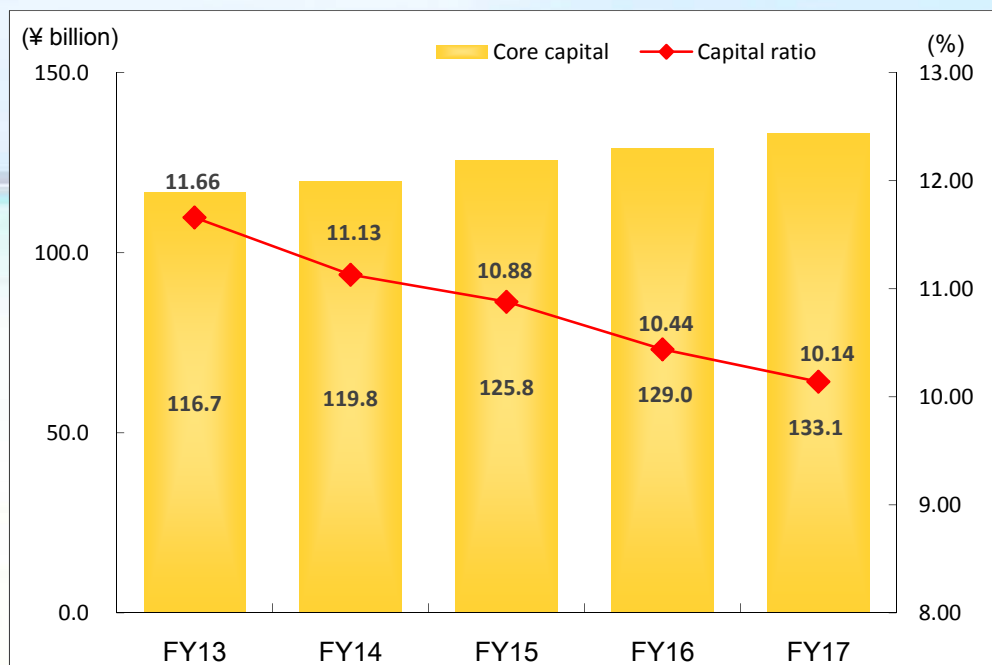
Capital Ratio (Basel III Standard)

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

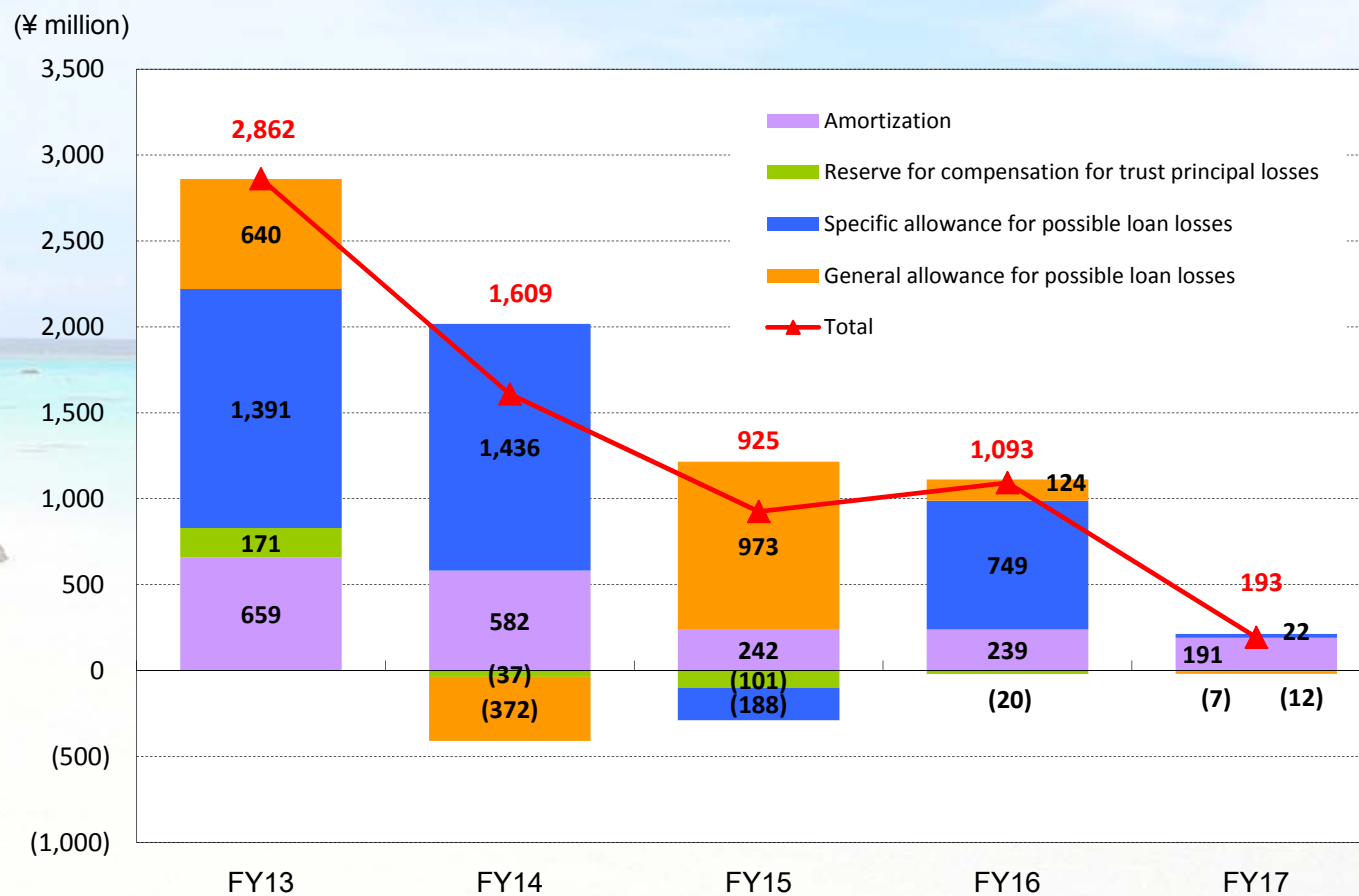
Core deposits are assumed to be 50% of the term-end balance of liquid deposits.
The average maturity is assumed to be 2.5 years.



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

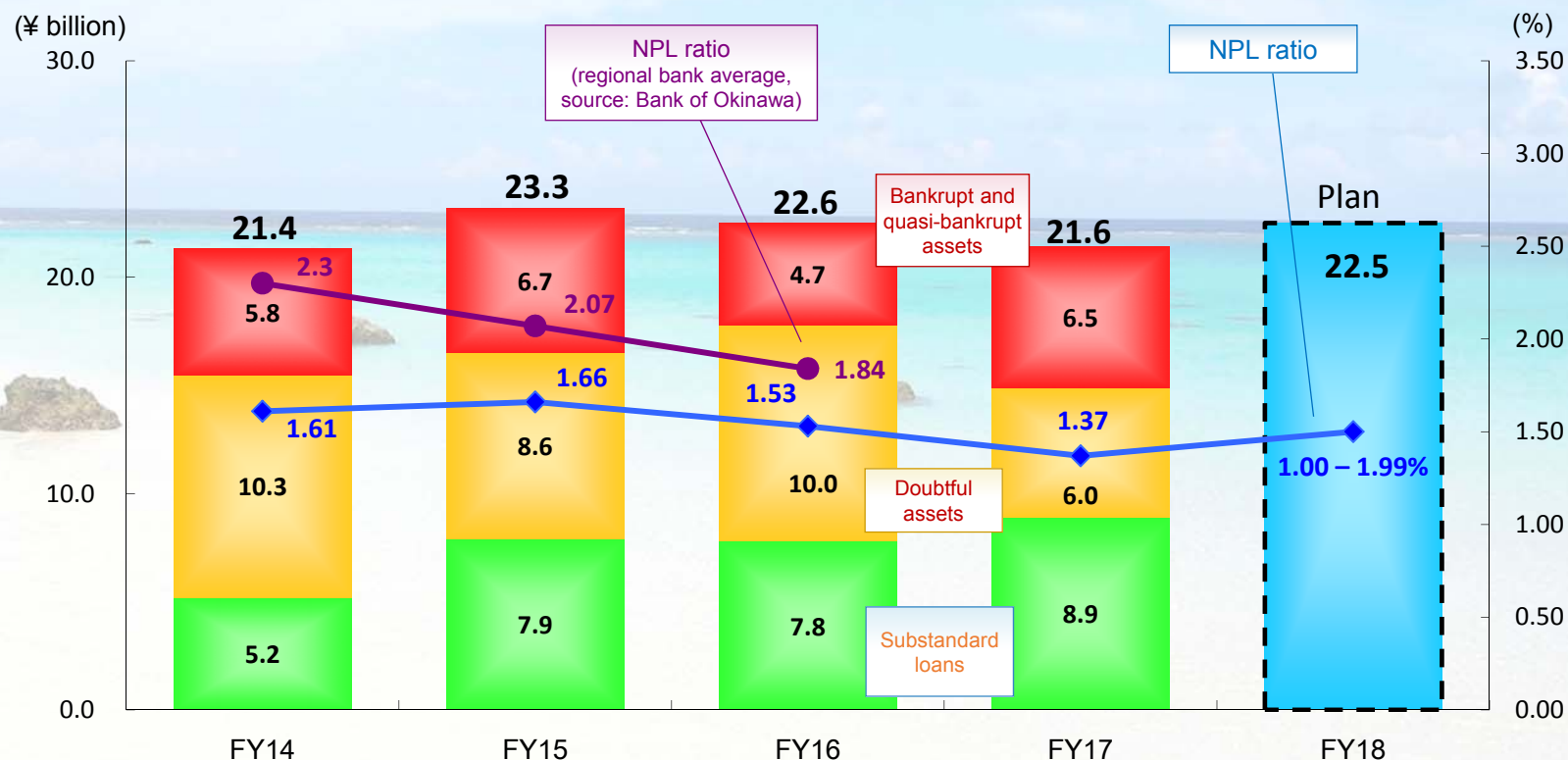
In overall terms, credit cost declined by ¥0.9 billion year on year to ¥193 million



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%



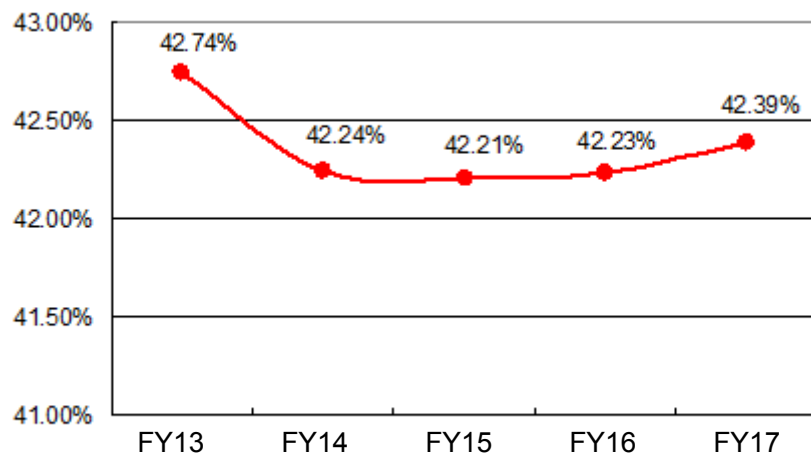
Our Share of the Market Served by the Three Okinawan Regional Banks (FY2017)

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)

