

Outline of Business Results for FY2018

Performance Highlights for 2018

The Okigin Group recorded net income attributable to owners of the parent of ¥7.1 billion

Ordinary income increased due to increases in interest on loans and gains on sale of securities, despite a decrease in interest and dividends on securities (increased revenues)

Business profit on core banking operations increased mainly due to an increase in gains on foreign exchange transactions despite a decrease in fees and commissions (increased earnings)

FY2019 Business Performance Forecast

(¥ billion)	Consolidated	Non-consolidated
Ordinary Income	49.5	33.9
Ordinary Profit	7.8	6.6
Net Income	5.2	4.7

* Net income is net income attributable to owners of the parent

FY2019 Shareholder Returns

Based on our dividend policy, we have set a target of 30% of net income for the fiscal year for the total amount of shareholder returns.

Outline of Results

[Consolidated]	FY17	FY18	YoY change
Ordinary income	52.8	53.5	0.6
Ordinary profit	10.1	10.5	0.4
Net income (*)	6.8	7.1	0.3
* Net income is net income attributable to owners of the parent			
[Non-consolidated]	FY17	FY18	YoY change
Ordinary income	38.4	39.0	0.5
Gross business profit	27.8	28.7	0.8
Interest income	27.4	27.3	0.0
Fees and commissions	2.0	1.9	(0.1)
Other business profit	(1.6)	(0.6)	1.0
Expenses (excluding non-recurrent items)	21.2	21.2	0.0
Personnel expenses	9.4	9.4	0.0
Non-personnel expenses	10.3	10.2	0.0
Business profit on core banking operations	8.1	8.2	0.1
Provision of general allowance for possible loan losses	0.0	0.0	0.0
Net business profit	6.5	7.4	0.8
Non-recurrent items	2.2	2.1	(0.1)
Recoveries of written-off claims	0.3	0.2	(0.1)
Net gains (losses) on equity securities	1.7	1.9	0.1
Bad debt disposal	0.2	0.3	0.1
Ordinary profit	8.8	9.5	0.7
Extraordinary gains (losses)	0.0	0.0	0.0
Income before income taxes	8.8	9.4	0.6
Total income taxes and other taxes	2.6	2.6	0.0
Net income	6.2	6.8	0.6

[Non-consolidated] Comparison with Forecas	Target	FY18	Difference
Ordinary income	35.0	39.0	4.0
Business profit on core banking operations	7.4	8.2	0.8
Net business profit	7.3	7.4	0.1
Ordinary profit	7.4	9.5	2.1
Net income	5.1	6.8	1.7

Business performance points (Non-consolidated)

Ordinary income

Increased by ¥0.5 billion year on year to ¥39.0 billion due to increases in interest on loans, gains on sale of securities, and other interest income (increased revenues)

Business profit on core banking operations

Increased ¥0.1 billion year on year due to an increase in gains on foreign exchange transactions, despite a decrease in fees and commissions

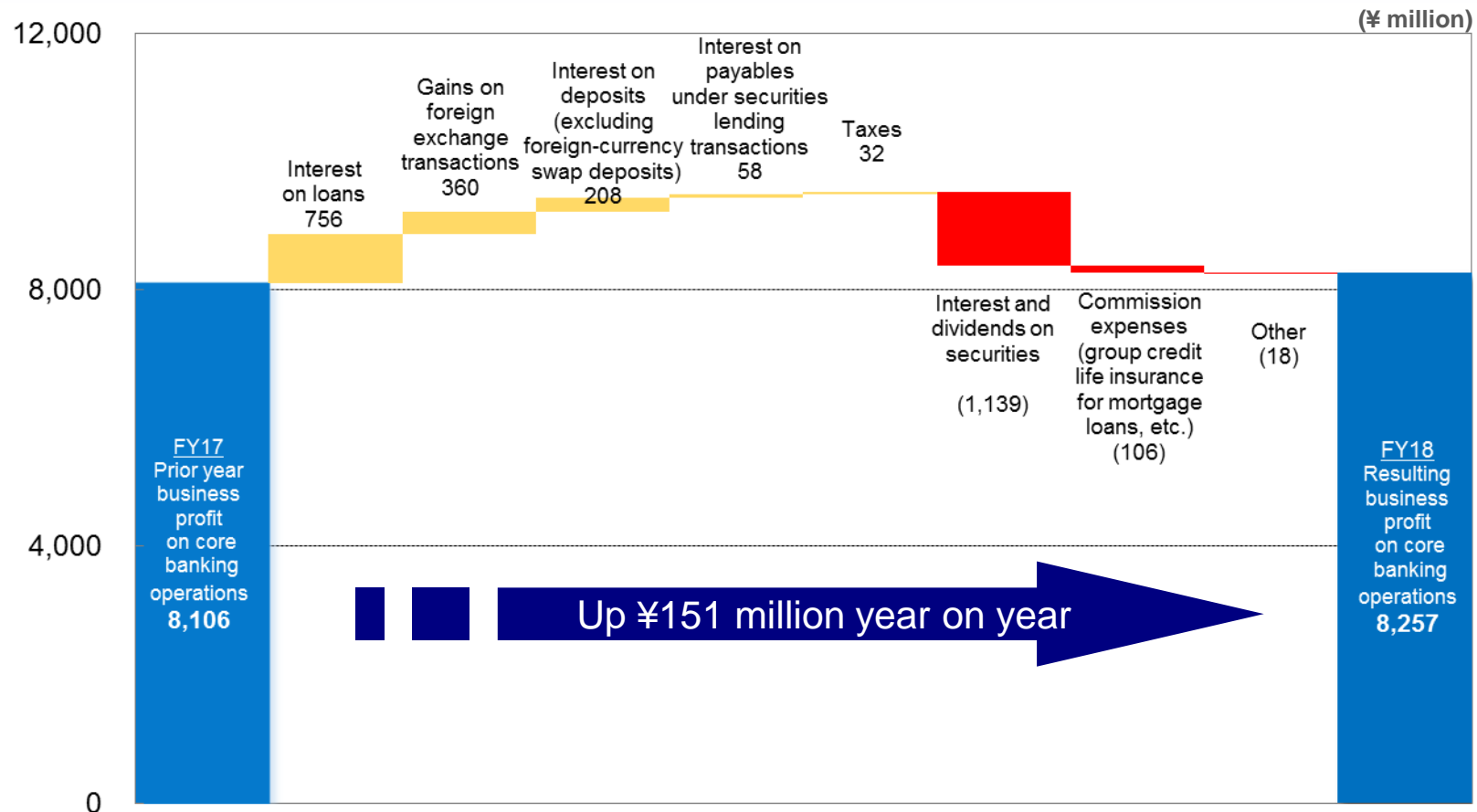
Ordinary profit

Increased ¥0.7 billion year on year to ¥9.5 billion due to an increase in gains (losses) on securities, despite a decrease in recoveries of written-off claims and an increase in credit cost

Both revenues and earnings increased due to the above factors.

Changes in Business Profit on Core Banking Operations

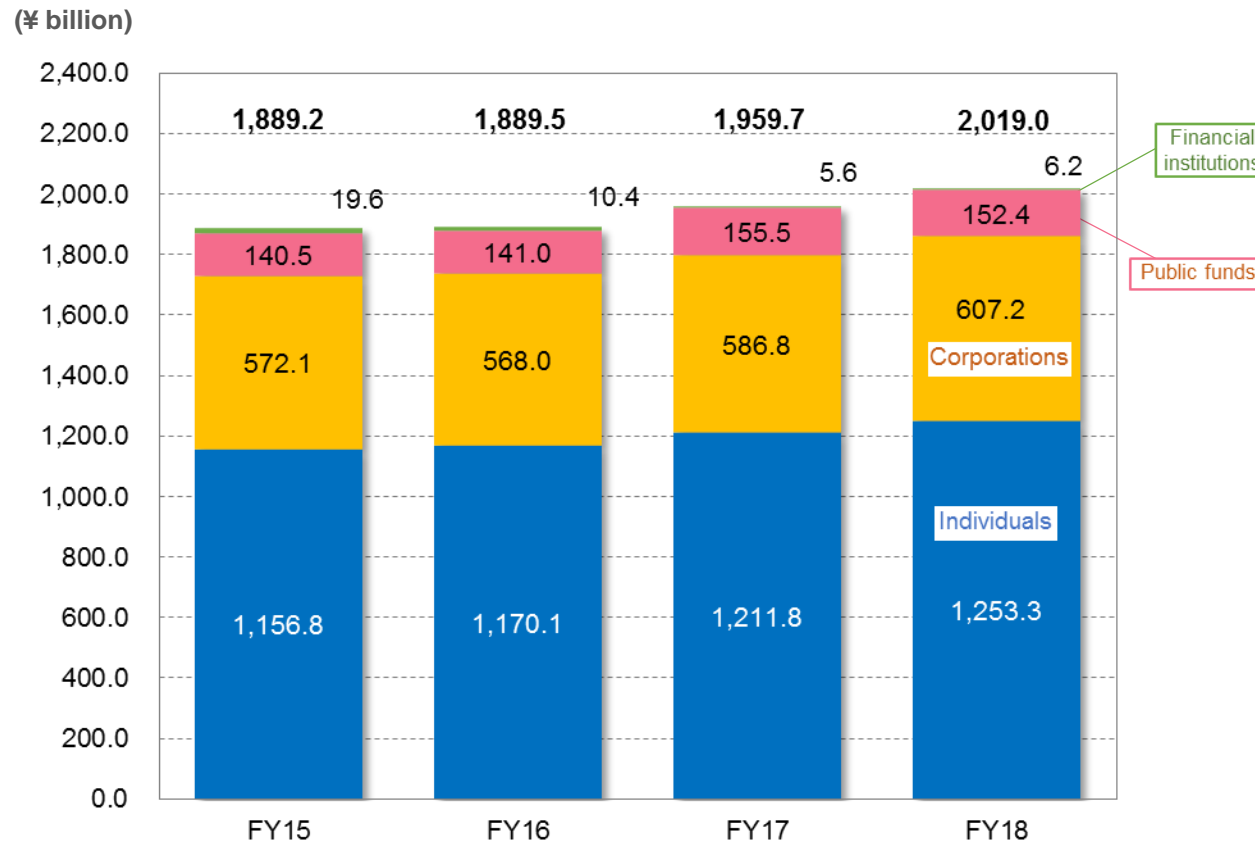
Business profit on core banking operations increased by ¥151 million year on year, mainly due to an increase in interest on loans, despite a decrease in interest and dividends on securities



Deposits (Average Balance)

Total deposits rose by ¥59.3 billion to ¥2,019.0 billion

Deposits by individuals rose by ¥41.5 billion and deposits by corporations rose by ¥20.4 billion



Deposits by individuals

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

Deposits by corporations

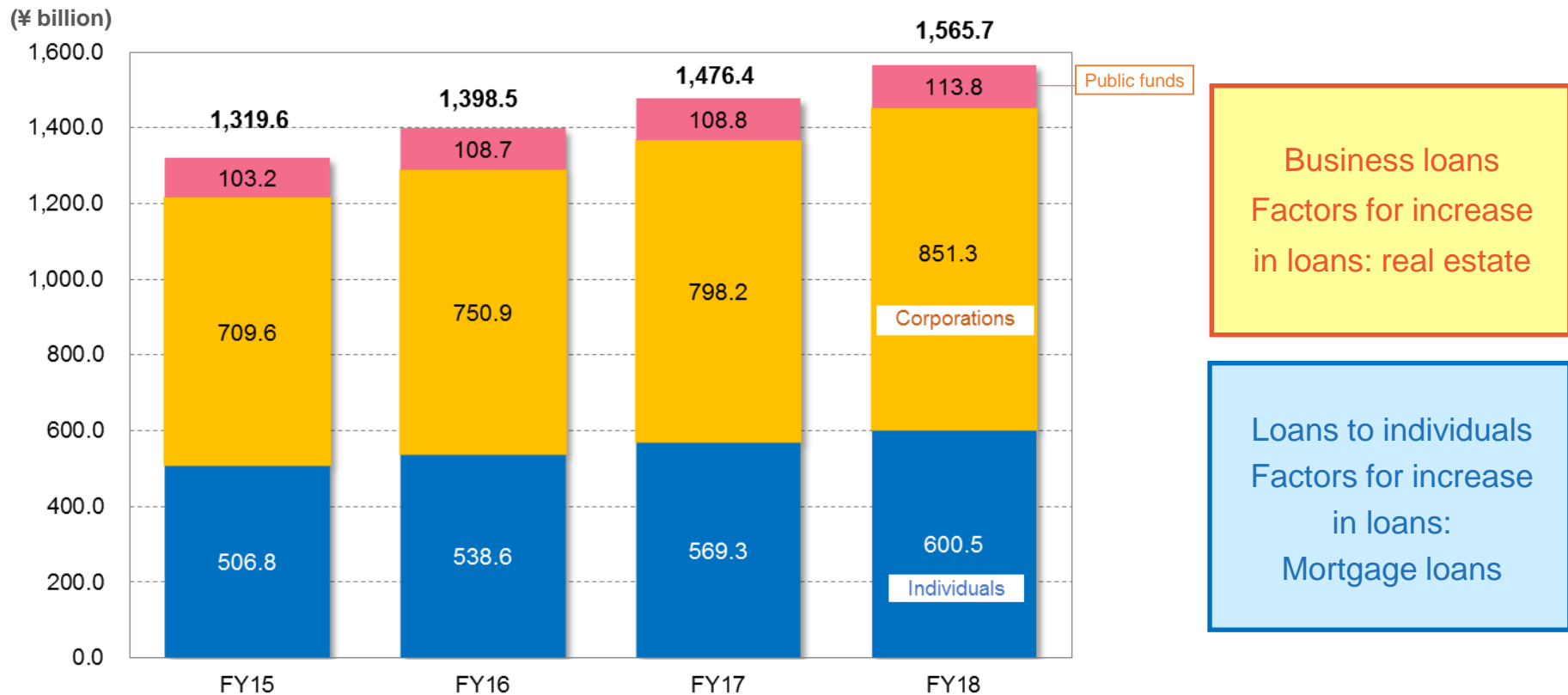
Increased liquidity in deposits due to enhanced function to trace funds by “Strong Relations Plan”

* Including trust accounts

Loans (Average Balance)

Loans to corporations rose by ¥53.1 billion, loans to individuals rose by ¥31.2 billion

Total loans and bills discounted rose by ¥89.3 billion (+6.0%) to ¥1,565.7 billion

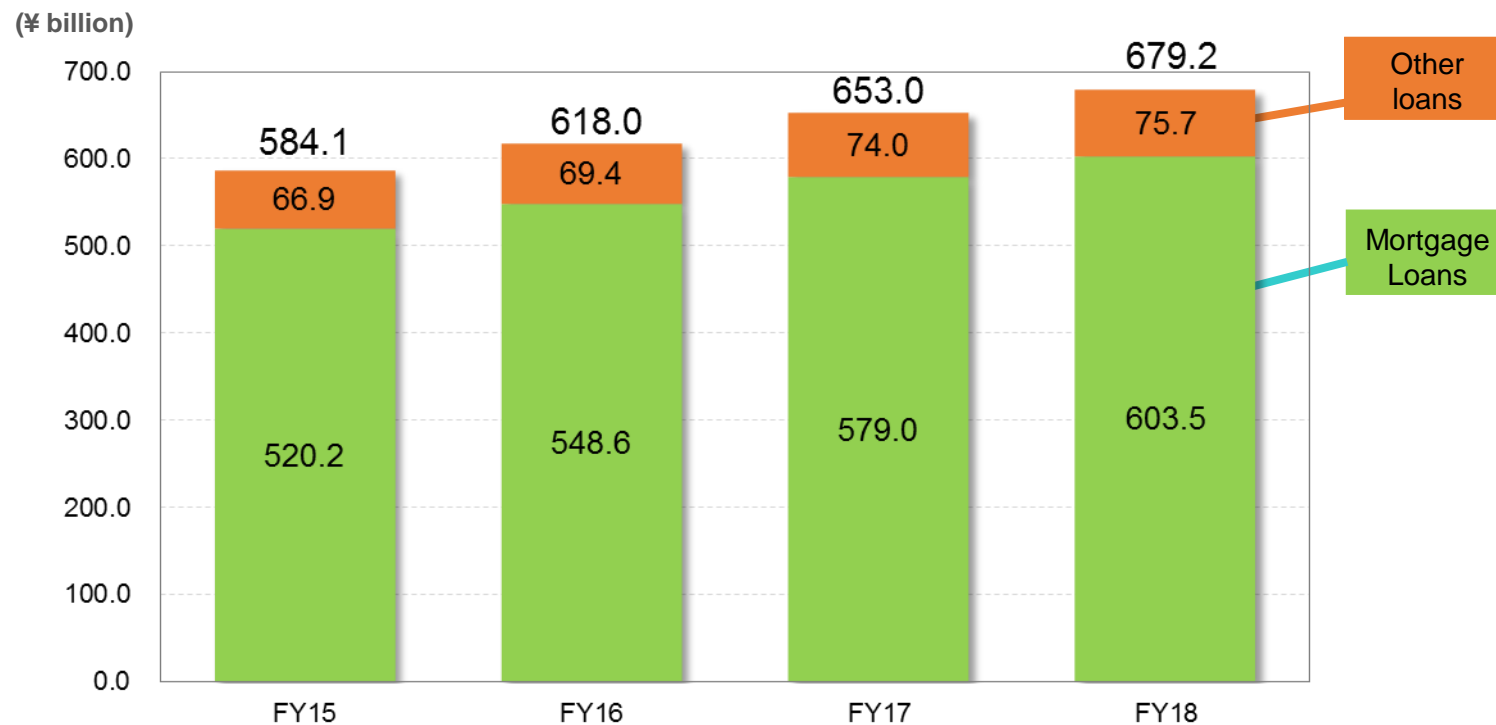


* Including trust accounts

Consumer Loans (Term-End Balance)

Mortgage loans rose by ¥24.5 billion, other loans rose by ¥1.7 billion

Consumer loans rose by ¥26.2 billion (+4.02%) year on year to ¥679.2 billion



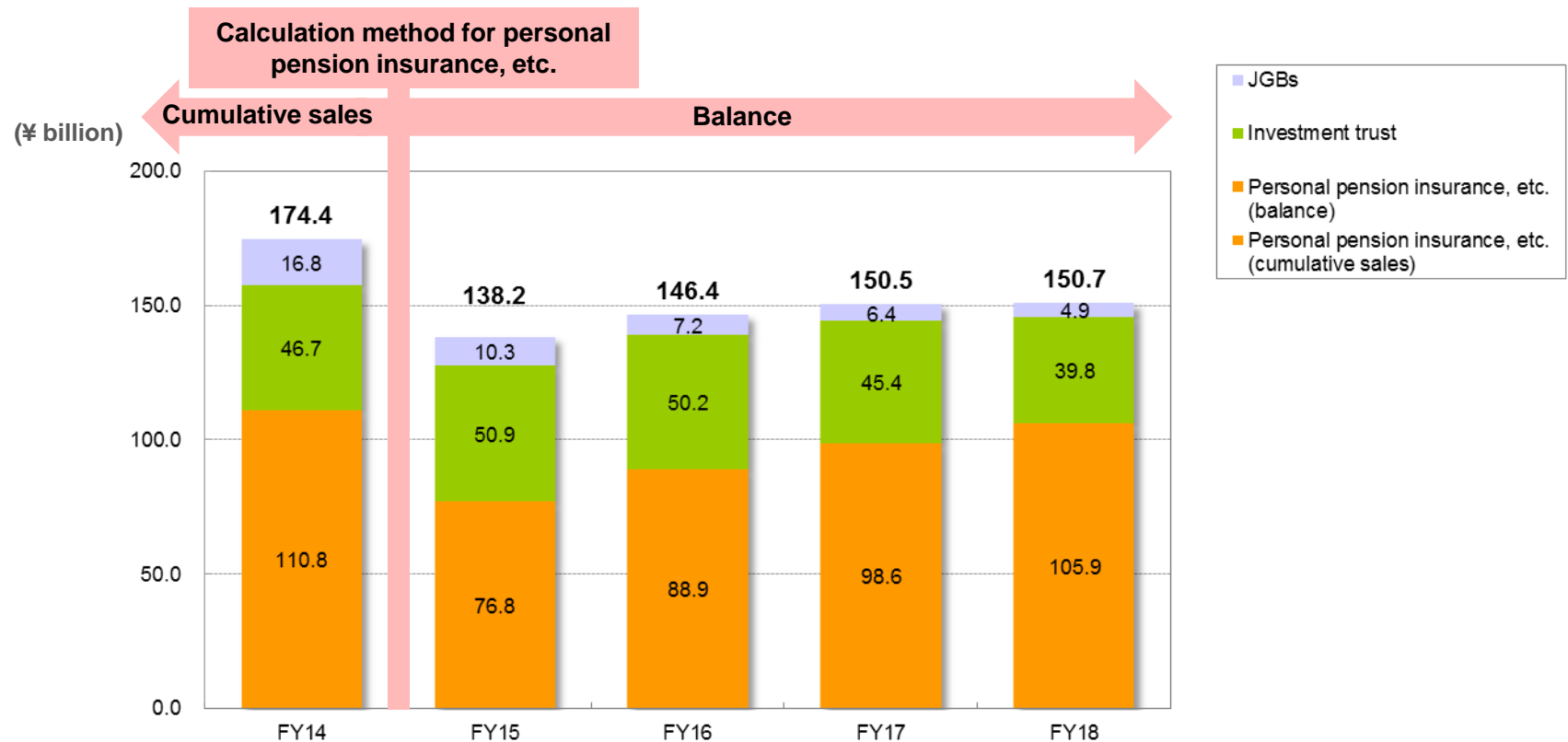
* Including trust accounts

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

Assets in Custody

Assets in custody as a whole increased by ¥0.2 billion due to an increase of ¥7.3 billion in personal pension insurance, etc., despite decreases in investment trusts and Japanese government bonds (JGBs)

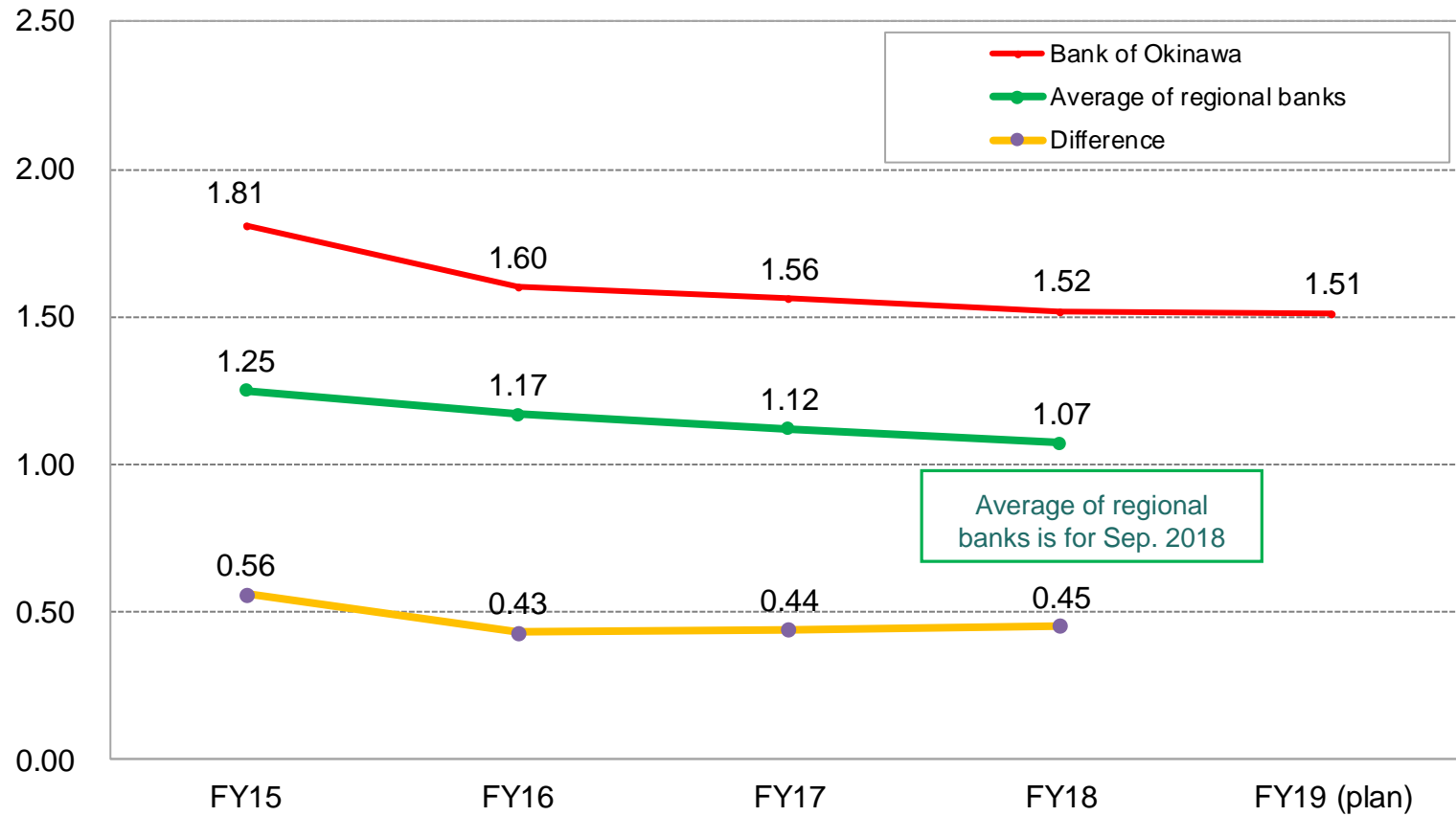
Contributing to asset creation by providing high-quality services to customers (implementing the Okigin Fiduciary Duty Basic Policy)



* Figures shown for FY2014 and prior are cumulative sales amounts, and for FY2015 and later are balances.

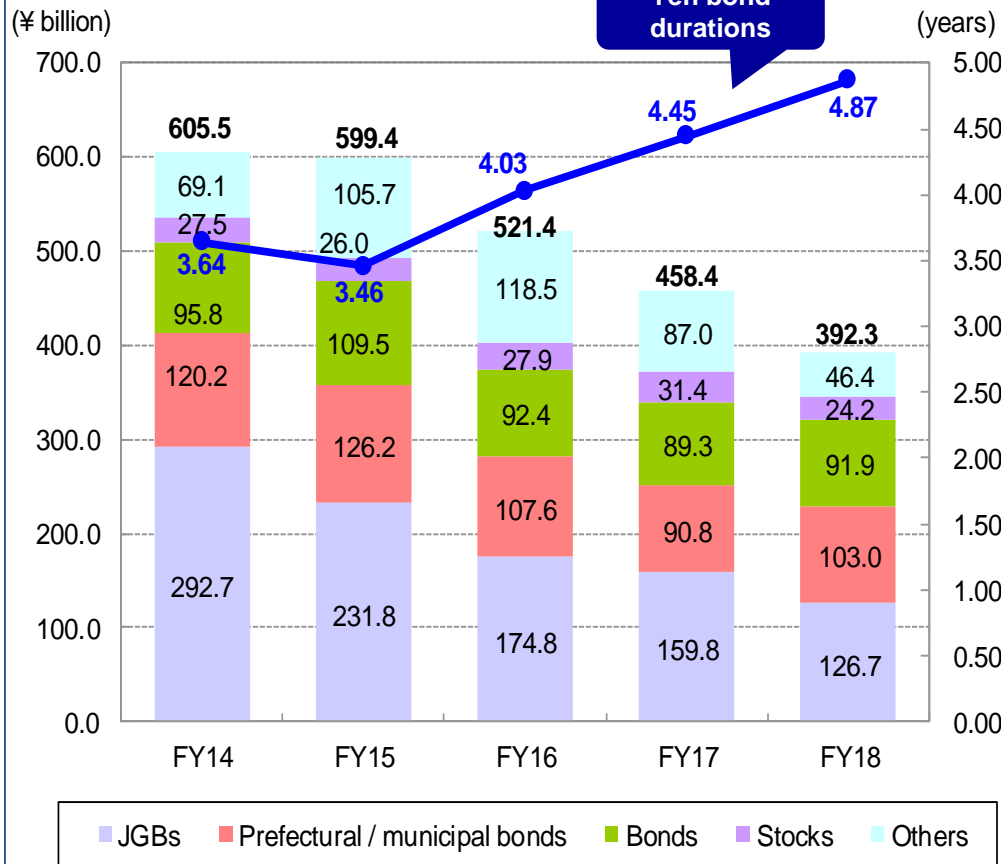
Loan / Deposit Spreads (Domestic)

Loan / Deposit Spreads with Regional Bank Averages



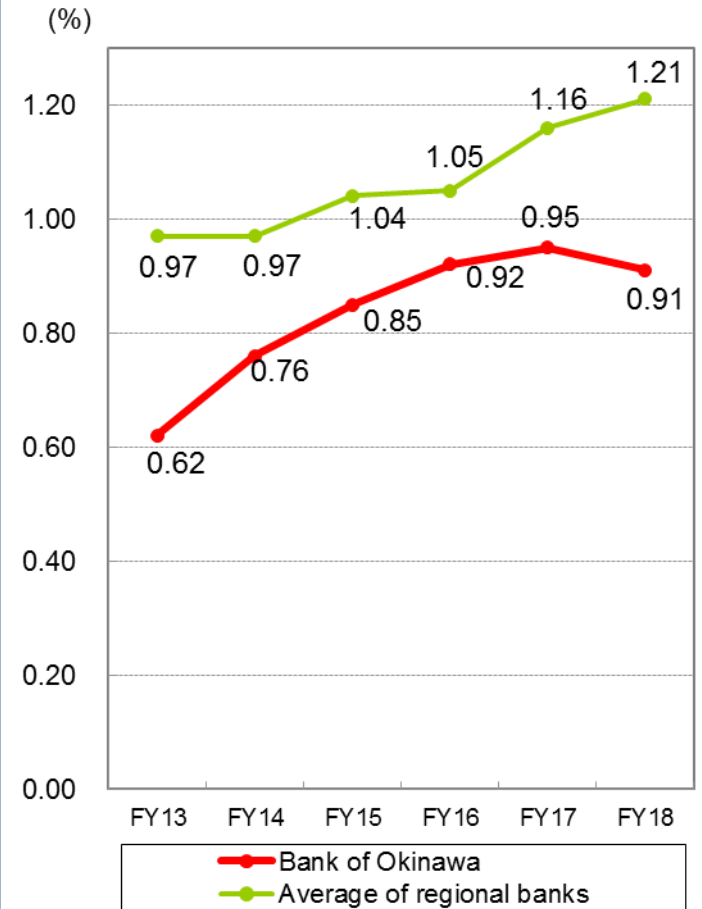
Securities (Term-End Balance)

Term-end balance and Yen bond durations



* The value of duration includes floating rate JGBs

Yield on securities

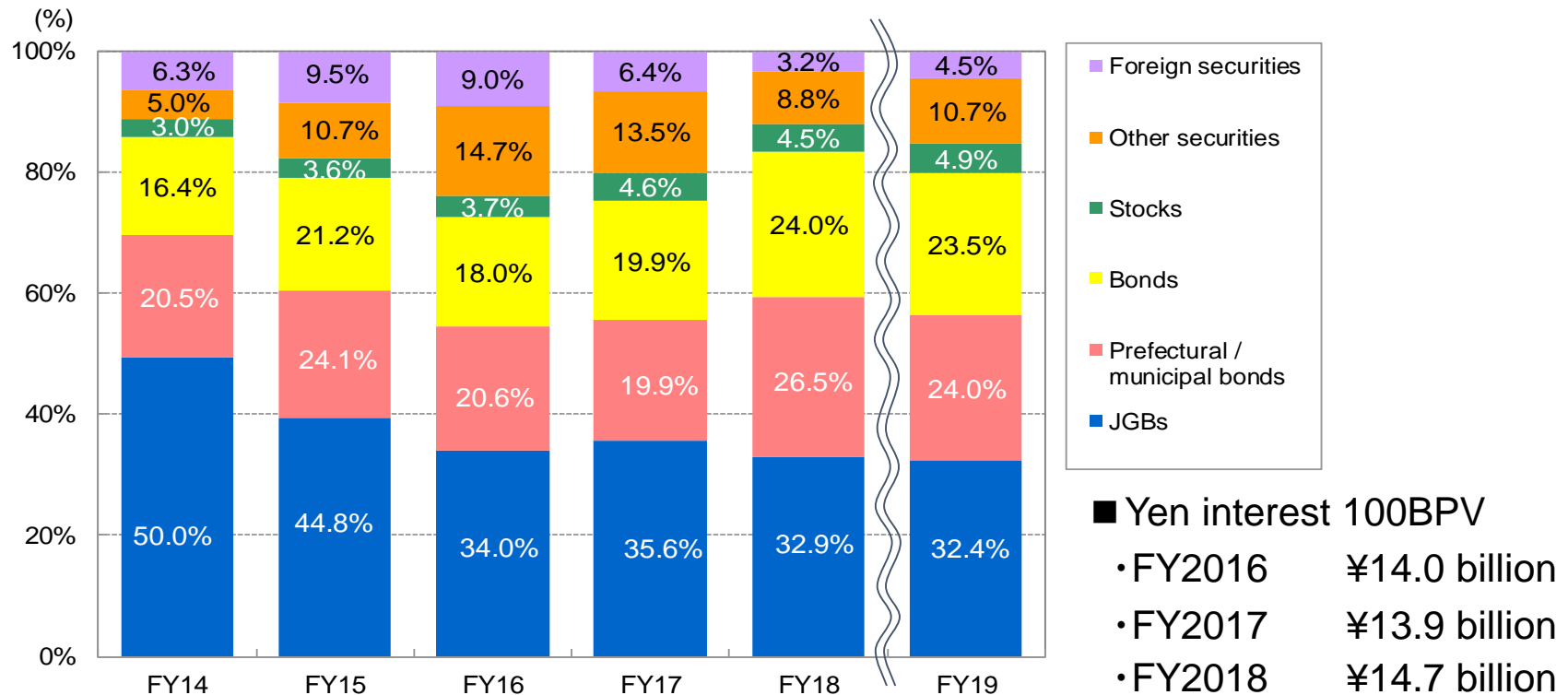


* Average of regional banks in FY18 is average of regional banks for Sep. 2018.

Securities Allocation

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

Securities composition percentage (acquisition cost at term-end)

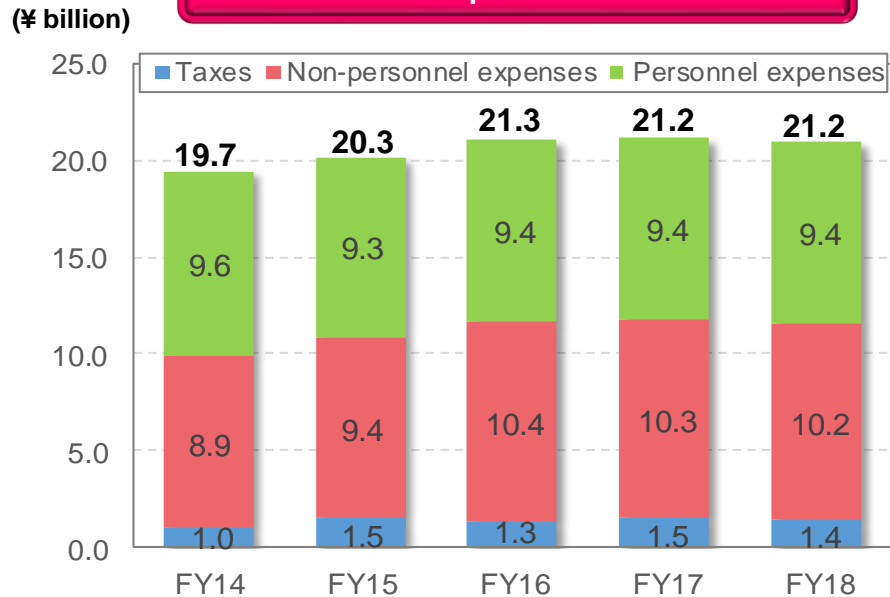


Expenses

Slight decrease in expenses due to decrease in non-personnel expenses (down ¥6 million YoY)

Core OHR was 72.0%, down 0.4 points due to factors such as an increase in gross business profit on core banking operations

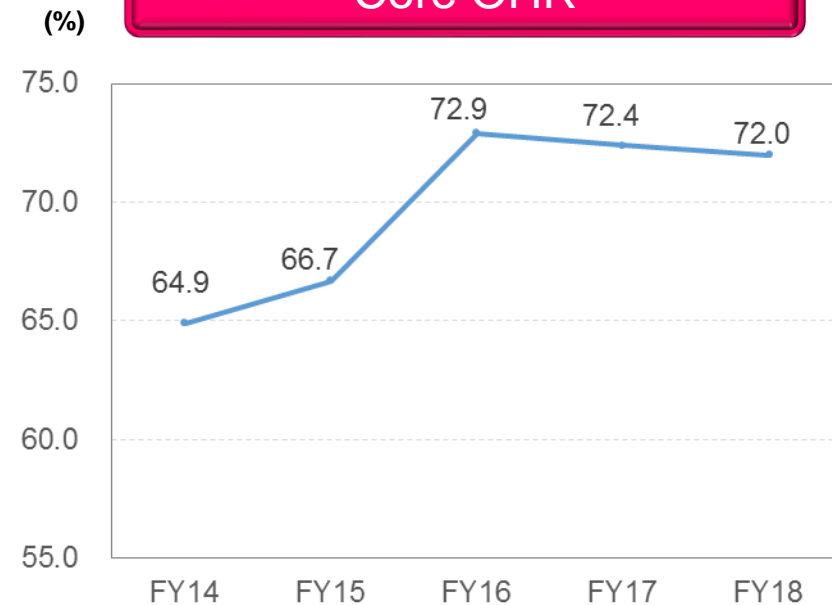
Expenses



Personnel expenses were unchanged

Decrease in depreciation and amortization expenses
Decrease in operations consignment expenses
Overall non-personnel expenses were flat

Core OHR



Increase in consumption tax, etc.
Overall taxes were flat

Capital Ratio

Capital ratio (domestic standard) at 9.97%

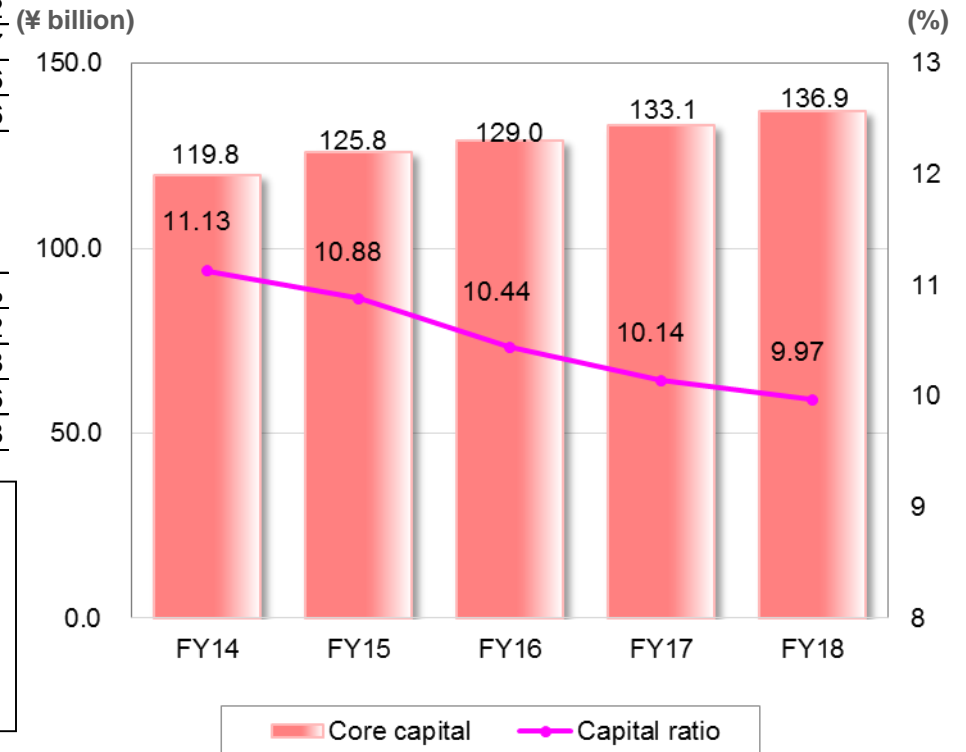
Although the capital ratio declined due to an increase in loans, soundness has been secured

[Consolidated]	FY17	FY18	(¥ million, %) YoY change
Capital ratio	10.80%	10.59%	(0.21)%
Capital	144,509	148,401	3,892
Basic elements of core capital	145,697	149,884	4,187
Adjustments to core capital	1,187	1,483	296
Risk-weighted assets	1,337,968	1,400,164	62,196

[Non-consolidated]	FY17	FY18	YoY change
Capital ratio	10.14%	9.97%	(0.17)%
Capital	133,193	136,985	3,792
Basic elements of core capital	134,293	138,341	4,048
Adjustments to core capital	1,100	1,356	256
Risk-weighted assets	1,312,973	1,373,061	60,088

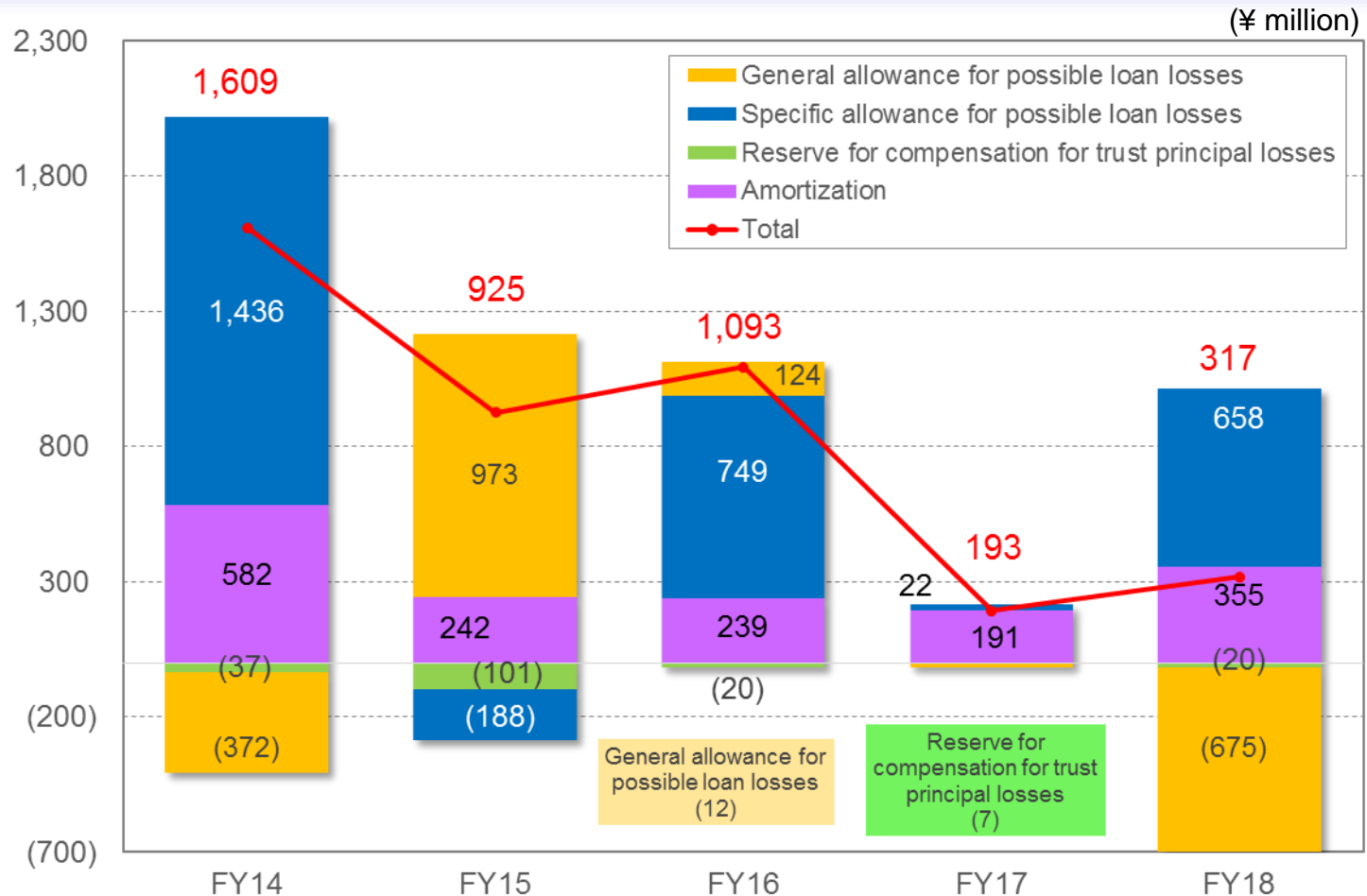
Although capital ratio has decreased, soundness has been secured due to an increase in Risk-weighted assets largely attributable to increases in Loans to SMEs and individuals, reflecting the robust Okinawan economy. The capital ratio of the Bank exceeds 9.73%, the average capital ratio of domestic standard regional banks in the term ended September 2018.

Trends in Capital and Capital Ratio (non-consolidated)



Credit Cost

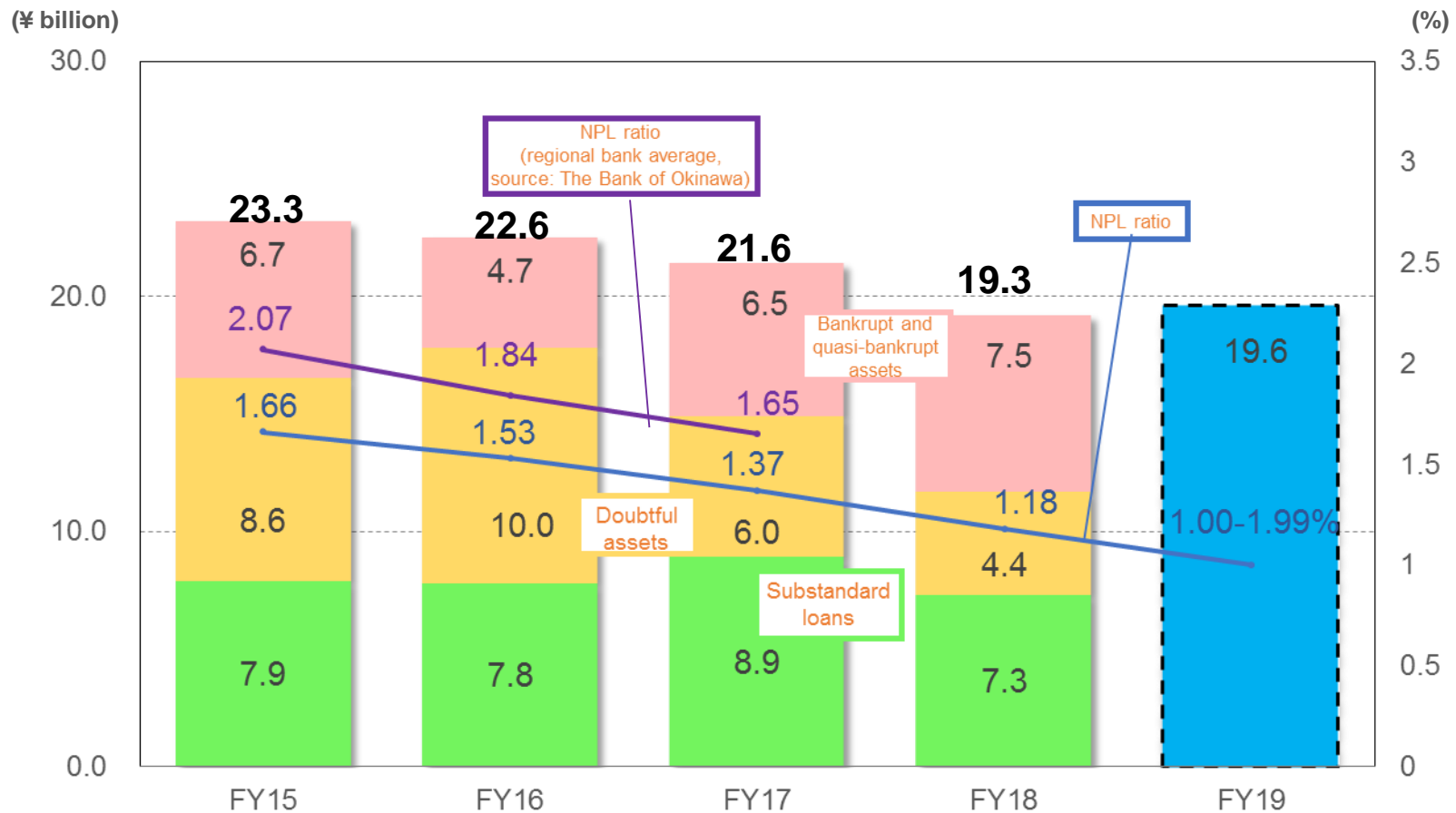
In overall terms, credit cost increased by ¥123 million year on year to ¥317 million



Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

¥19.3 billion (1.18%)

Remained at low level, below the regional bank average of 1.65%



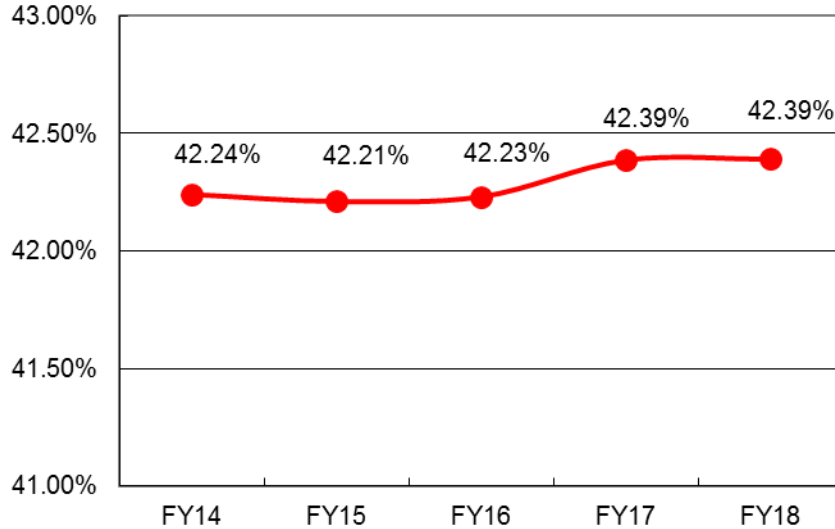
Our Share of the Market Served by the Three Okinawan Regional Banks

The share of loans and deposits both remained at a high level

Loans: 42.39% (± 0.00 points YoY)

Deposits: 42.14% (down 0.25 points YoY)

**Loans
(average balance)**



**Deposits
(average balance)**

