



Outline of Business Results for FY2016

① 沖縄銀行

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
Ordinary income	38.3	37.8	0.5
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
Business profit on core banking operations	7.9	10.1	(2.2)
Provision of general allowance for possible loan losses	0.1	1.0	(0.9)
Net business profit	7.7	9.5	(1.8)
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
Ordinary profit	7.8	10.7	(2.9)
Extraordinary gains (losses)	(0.1)	0.1	(0.2)
Net income	5.3	7.1	(1.8)



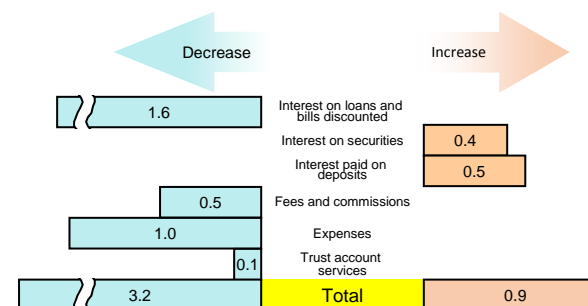
Year-on-year changes

(¥ 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
Total	-	-	(0.7)

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

YoY comparison of business profit on core banking operations



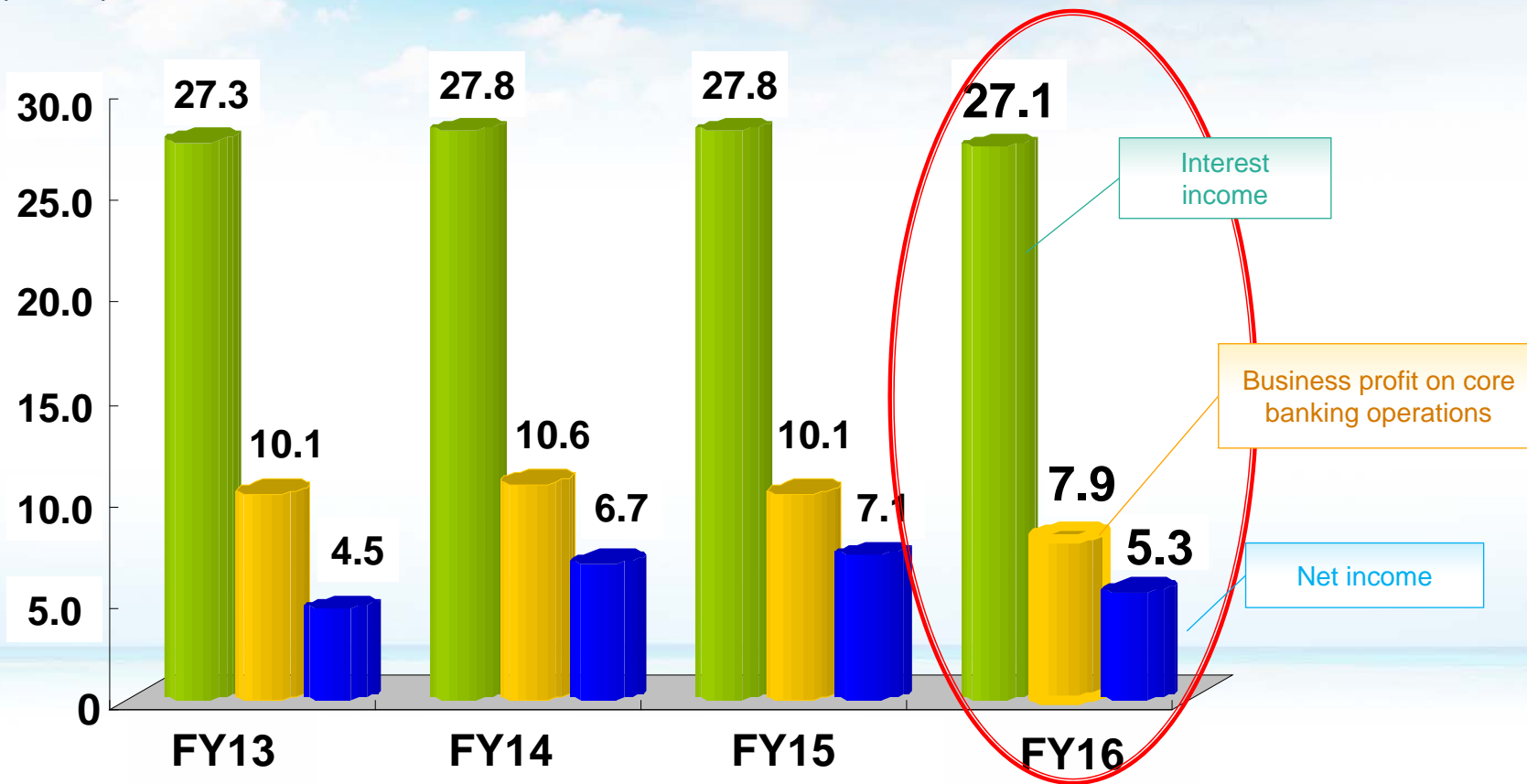
Credit costs	1.1	0.9	+0.2
Non-performing loan ratio	1.53%	1.66%	(0.13)pt
Capital ratio	10.44%	10.88%	(0.44)pt



Profits

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

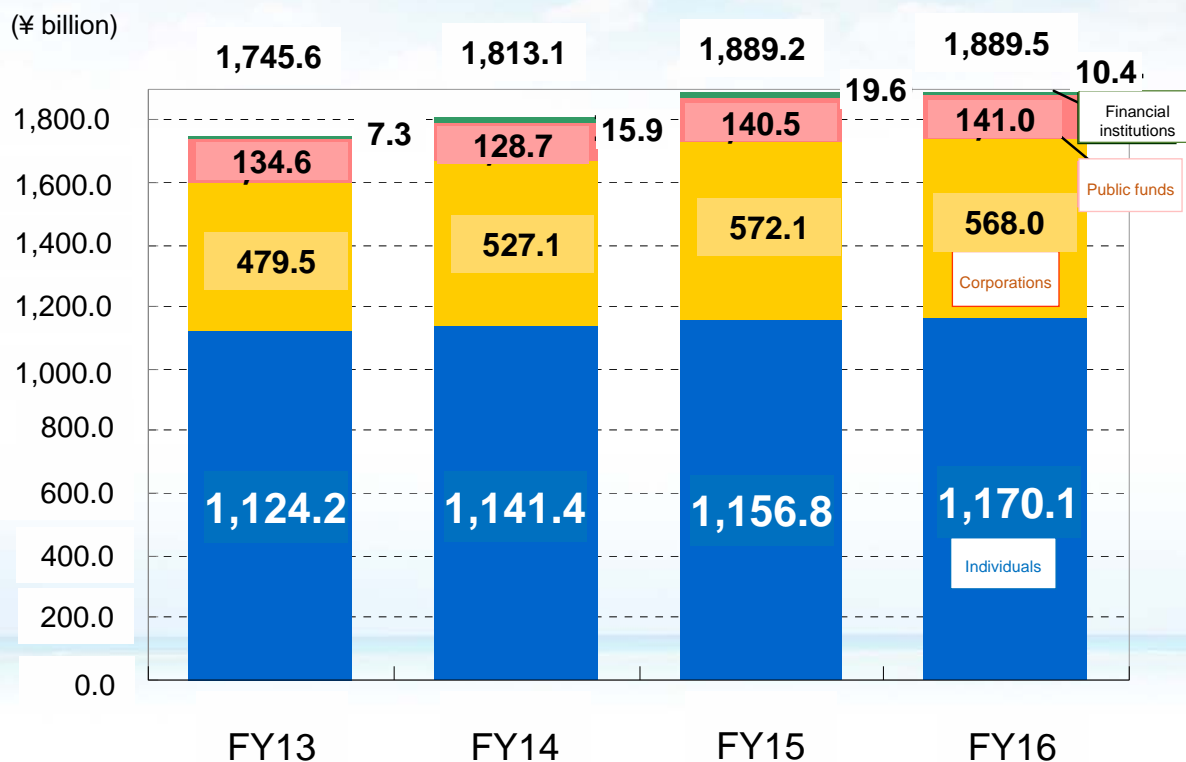
(¥ billion)



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”

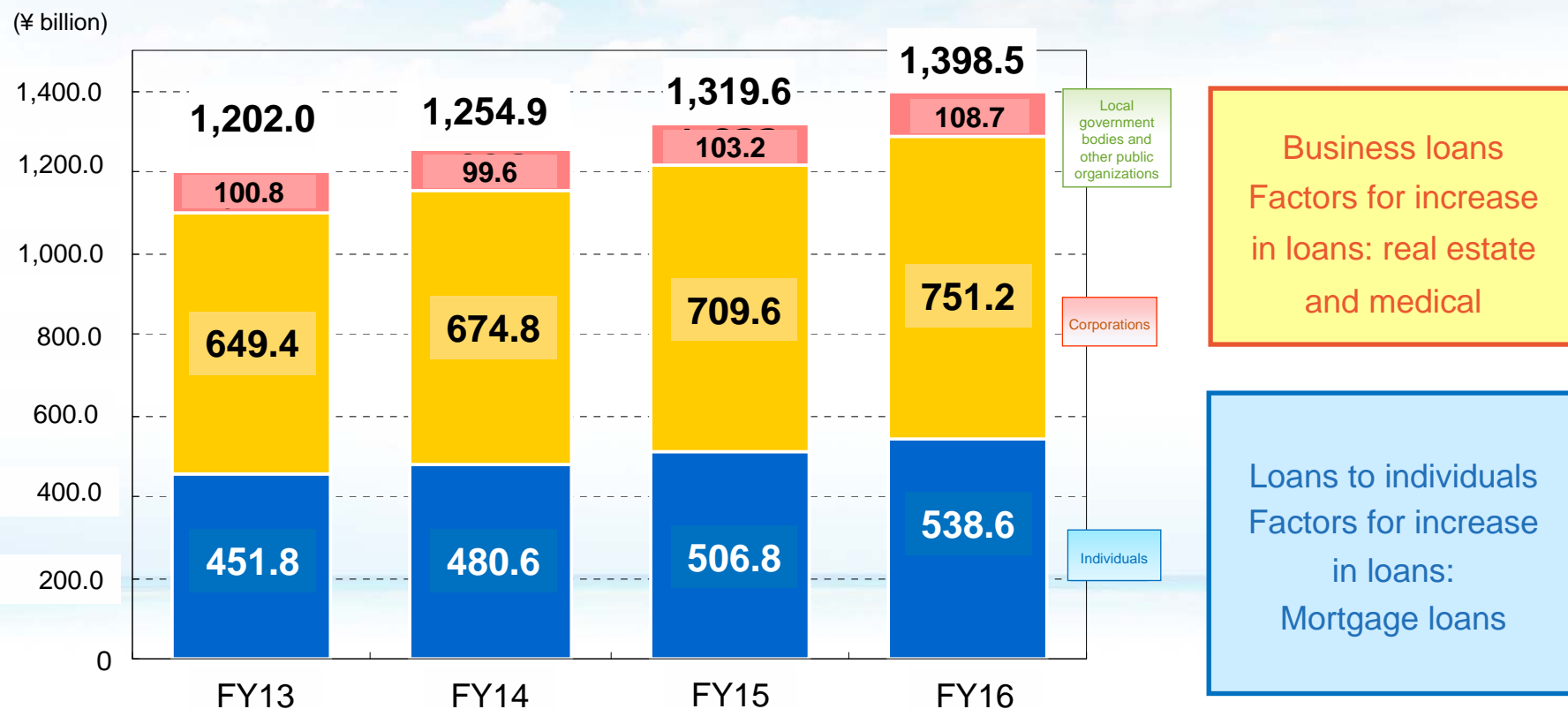


* Including trust accounts

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

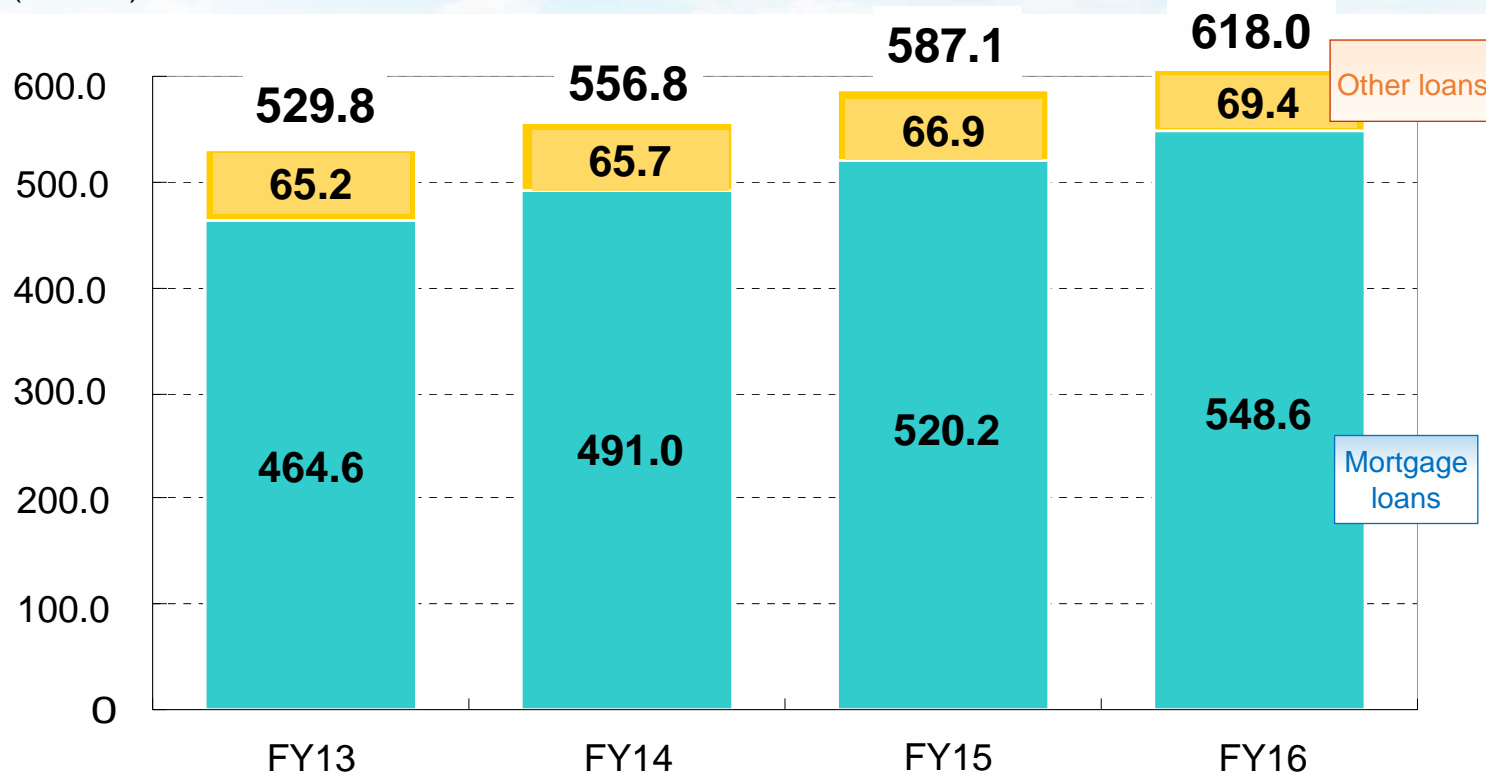


Consumer loans (Term-End Balance)



**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

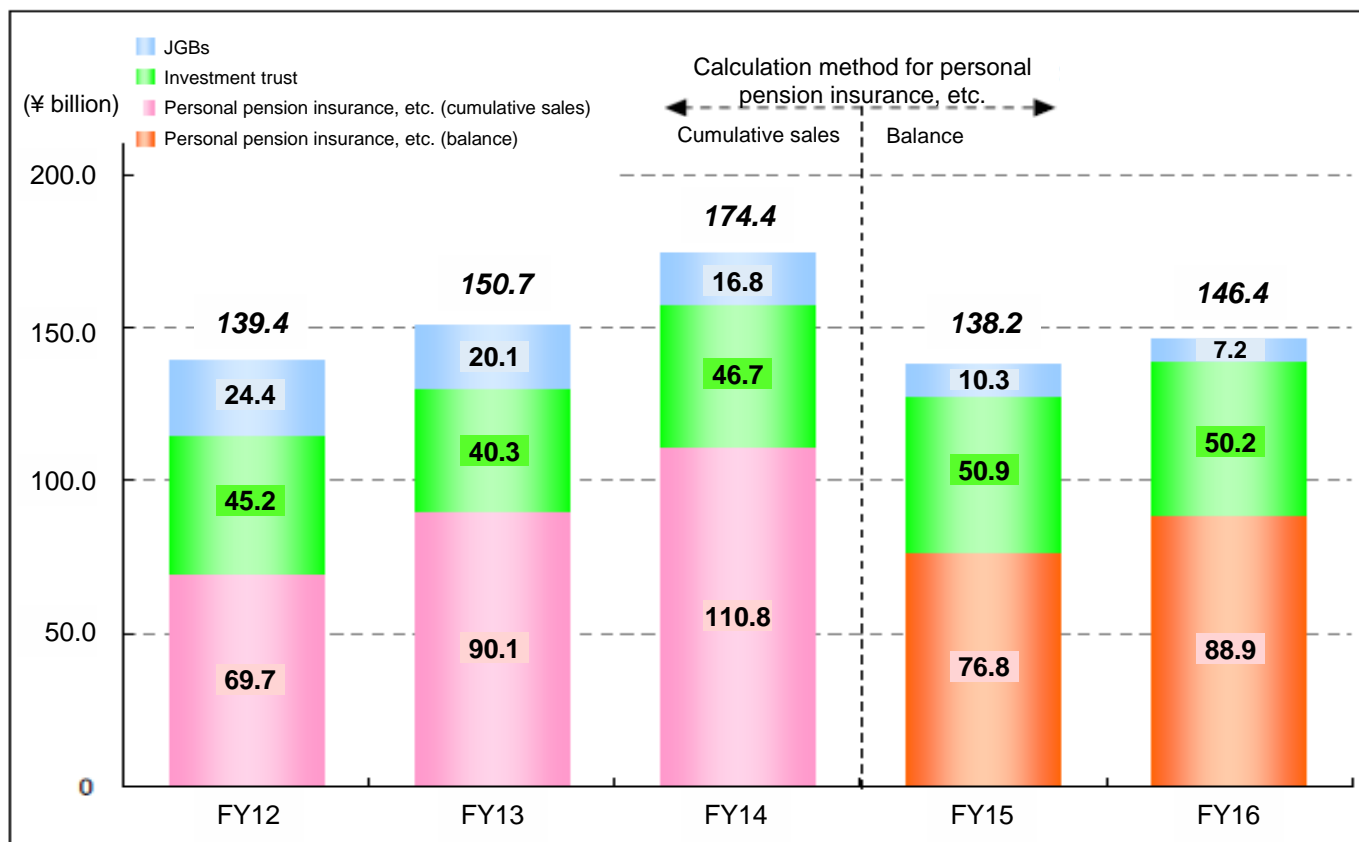
* Consumer loans: Loans provided as funds closely tied to customer lifestyles. Typically referred to as personal loans or consumer loans



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



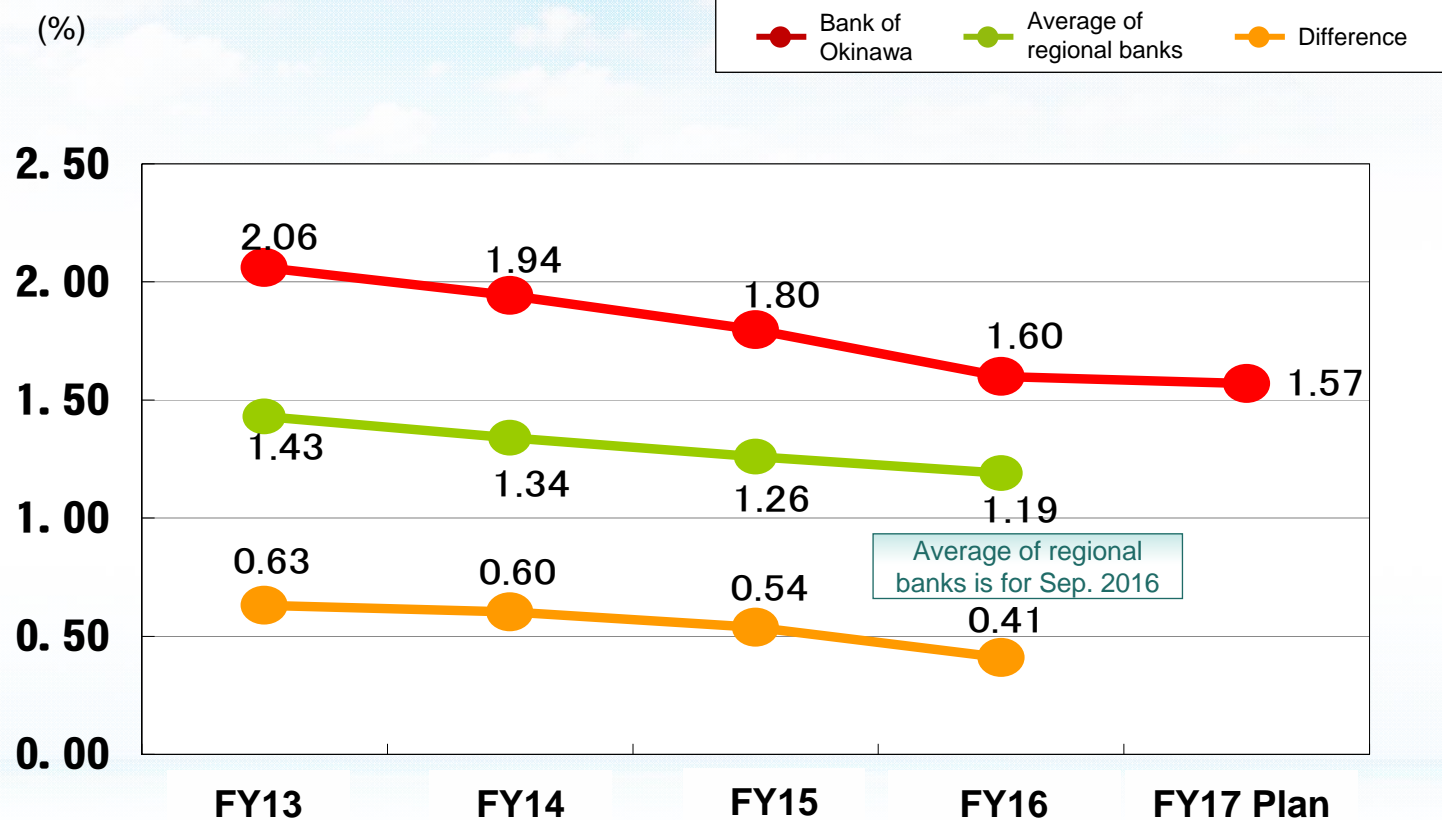
* Figures shown for FY14 and prior are cumulative sales amounts, and for FY15 and later are balances.



Loan / Deposit Spreads (Domestic)



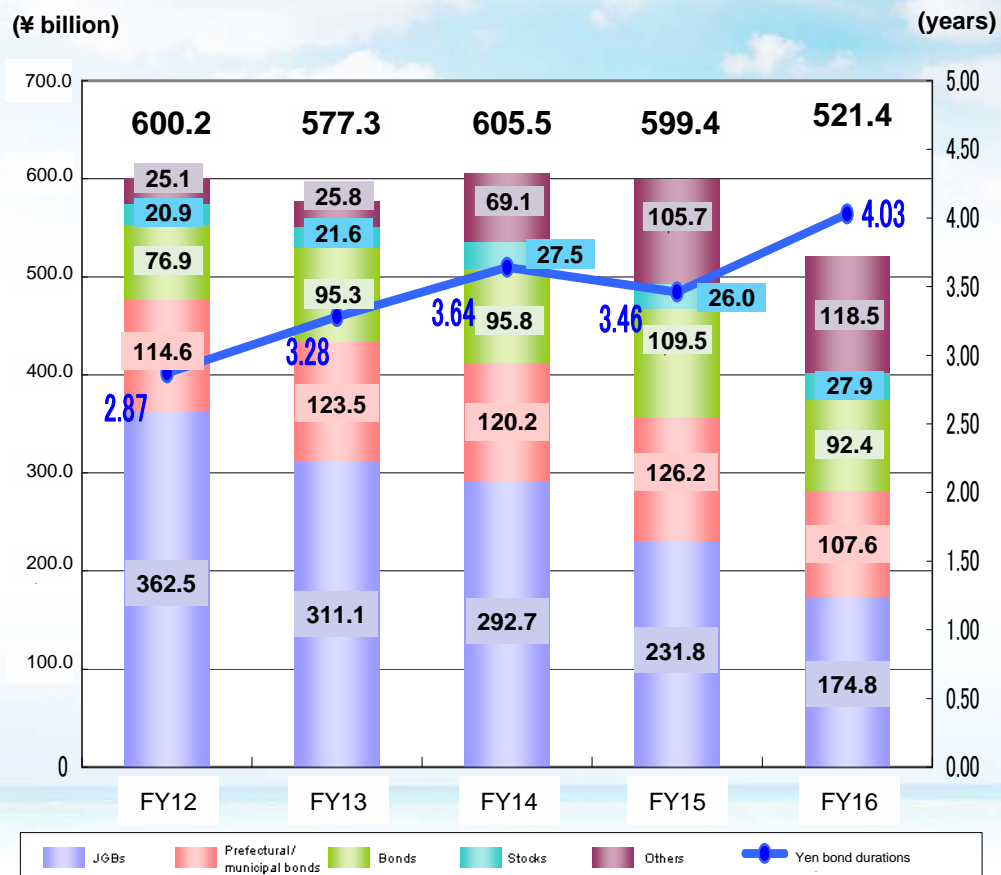
Loan / Deposit Spreads with Regional Bank Averages



Securities (Term-End Balance)

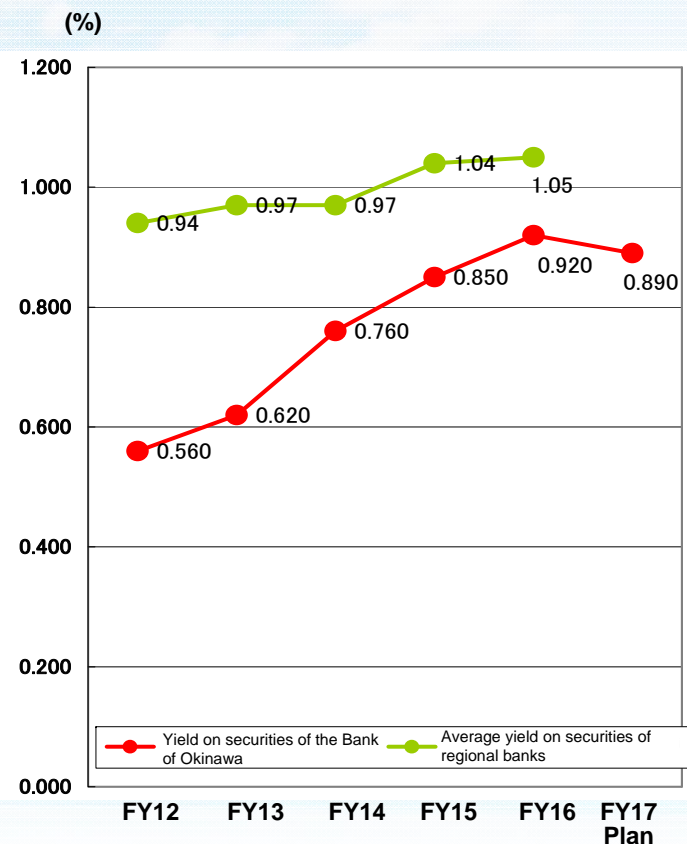


Term-end balance and Yen bond durations



* The value of duration includes floating rate JGBs

Yield on securities



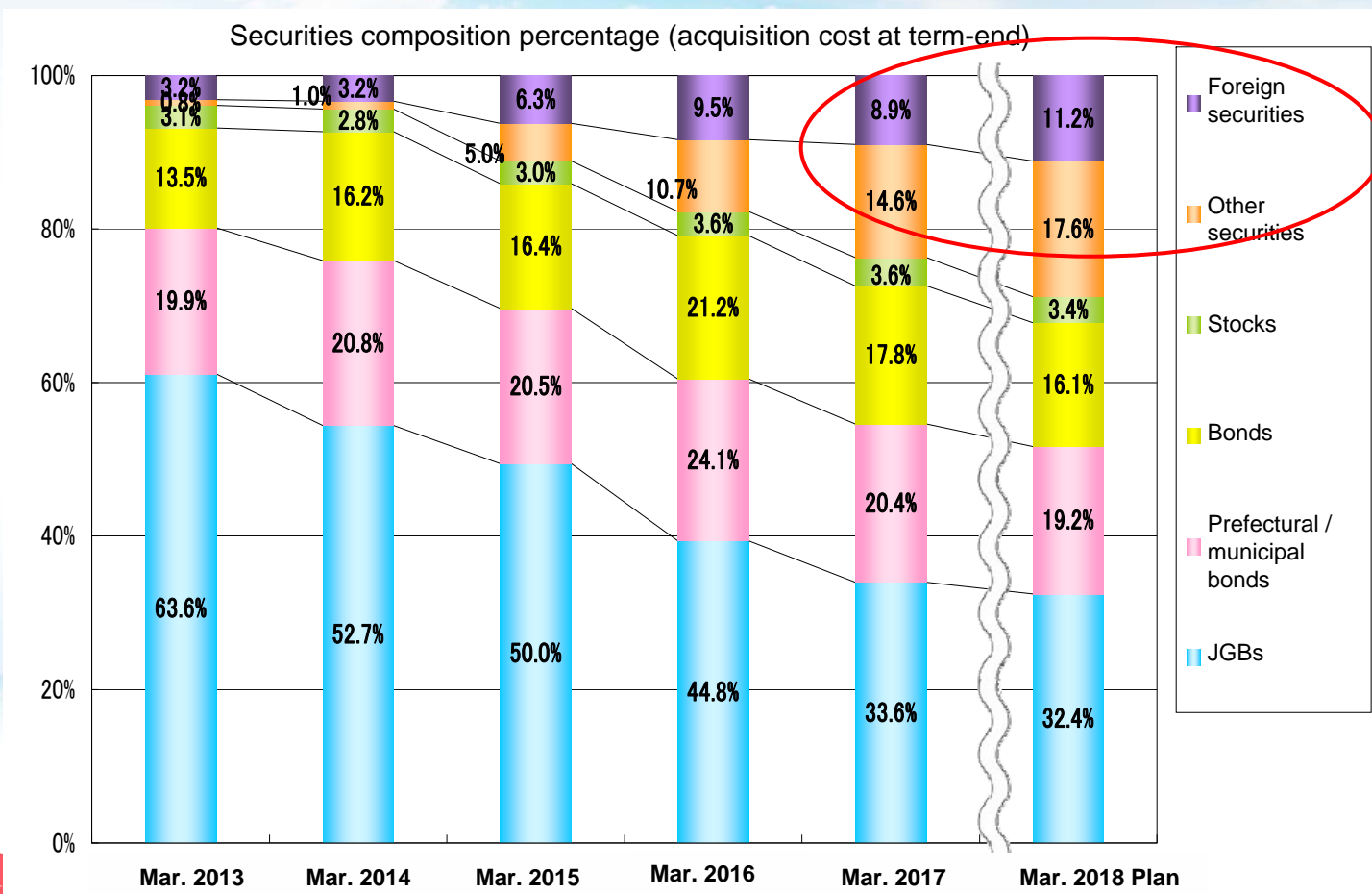
* Average of regional banks in FY16 is average of regional banks for Sep. 2016



Securities Allocation



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



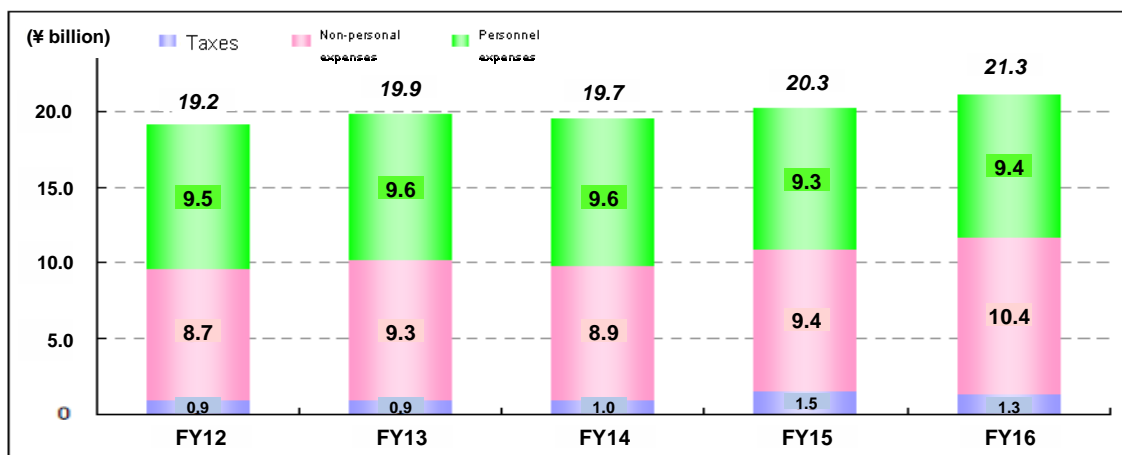
- Yen interest 100BPV
 - FY2014 ¥17.8 billion
 - FY2015 ¥16.7 billion
 - FY2016 ¥14.0 billion

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**

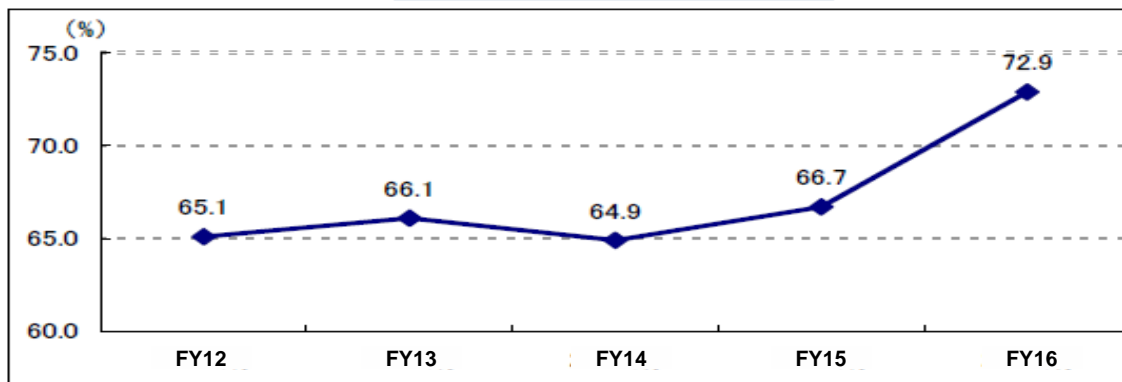
Expenses



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)

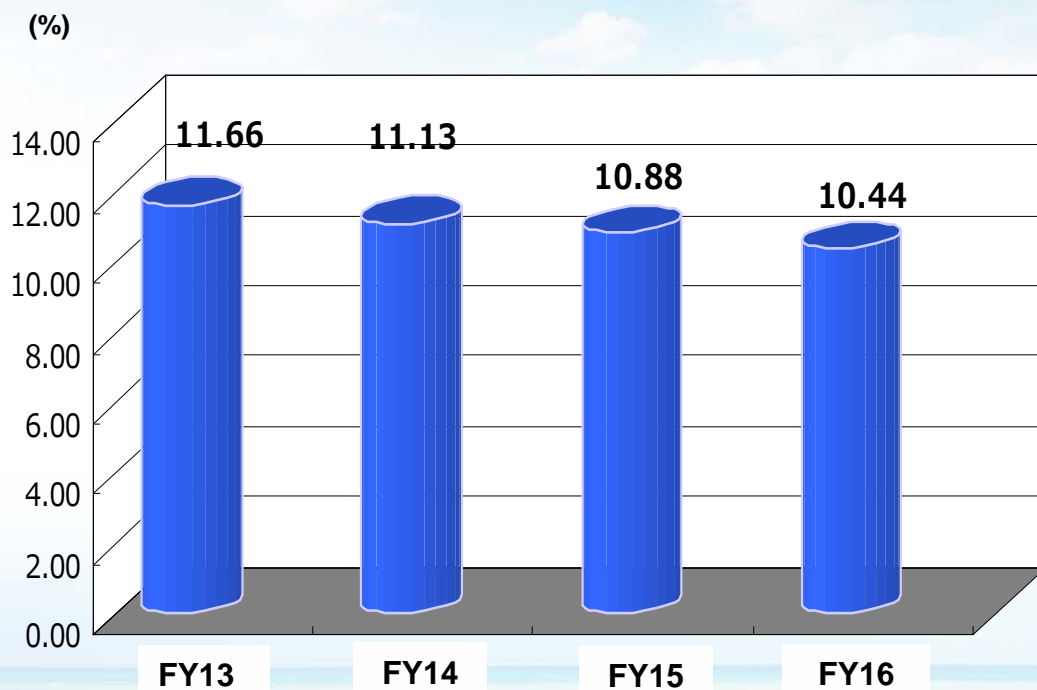


Capital Ratio (Basel III Standard)



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.

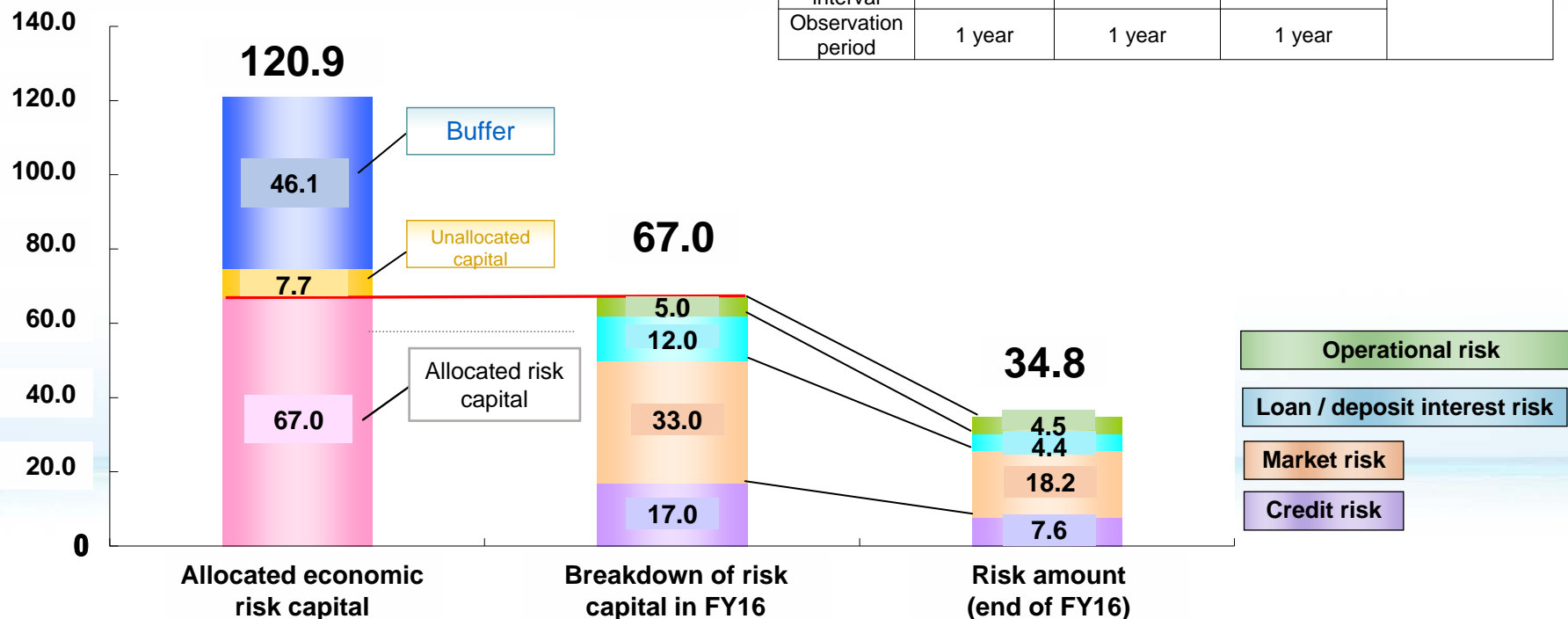
Risk Management - Capital Allocation -

Controlling risks within the scope of core capital

■ Basis for risk calculation

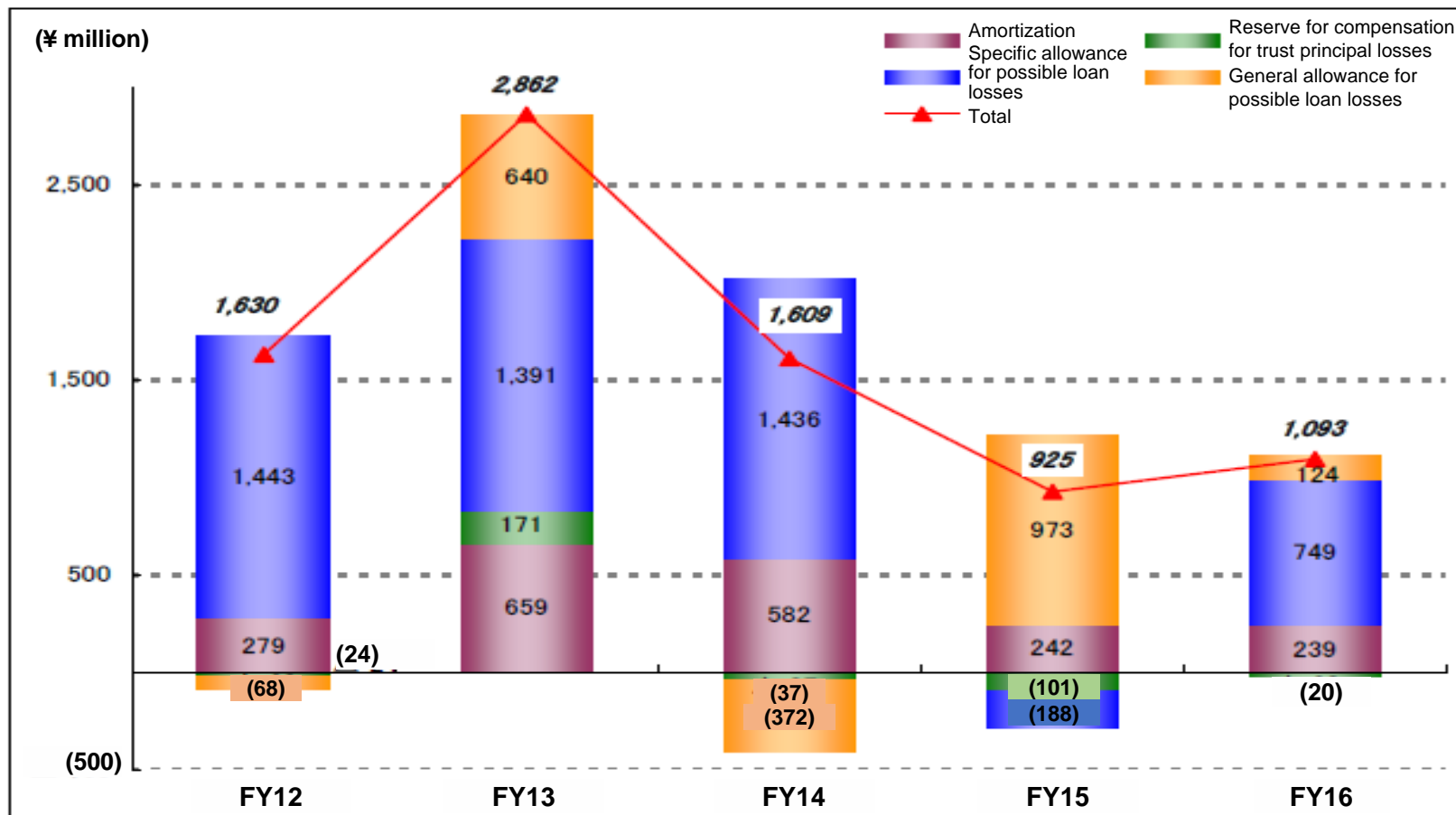
	Credit risk	Market risk	Loan / deposit interest risk	Operational risk
Holding Period	1 year	Strategic share holdings: 1 year Others: 1 month	1 year	Basic indication approach (BIA)
Confidence interval	99%	99%	99%	
Observation period	1 year	1 year	1 year	

(¥ billion)



Credit Cost

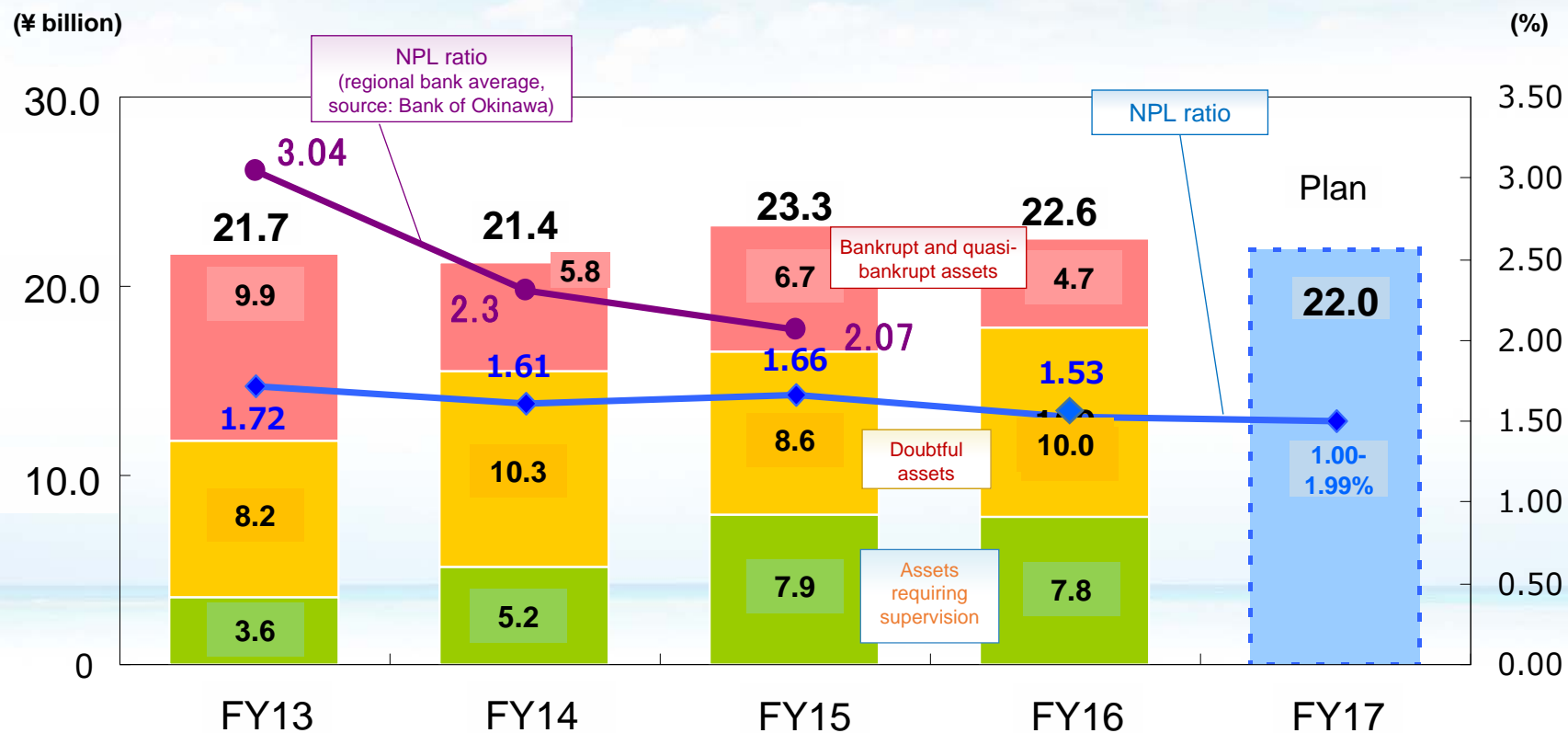
Provision of specific allowance for possible loan losses rose by ¥0.9 billion year on year due to decline in rank of debts in major customers
In overall terms, credit cost rose by ¥0.1 billion year on year to ¥1.0 billion



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)

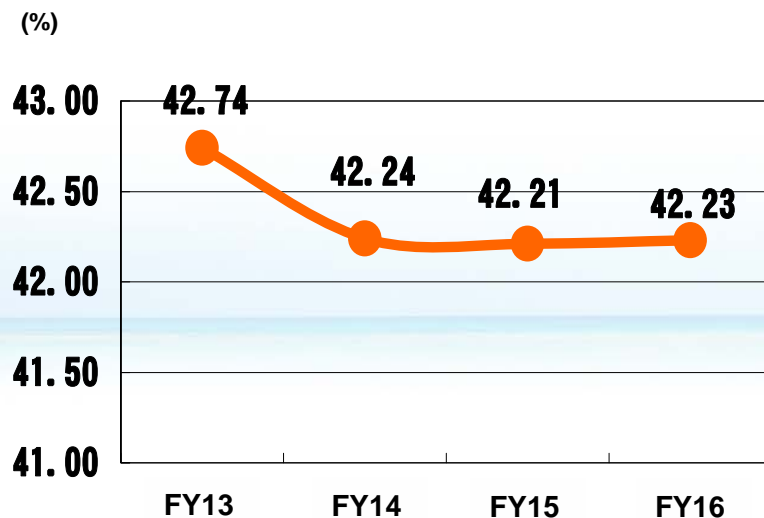


While the share of loans increased, the share of deposits decreased due to a decrease in marketable deposits with high interest.

Loans: 42.23% (up 0.02 points YoY)

Deposits: 41.57% (down 0.53 points YoY)

Loans
(average balance)



Deposits
(average balance)

