Outline of Business Results for FY2019

Performance Highlights for FY2019

The Okigin Group recorded net income attributable to owners of the parent of ¥5.5 billion.
Ordinary income decreased due to a decrease in gain on sales of stocks and other securities and fees and commissions, despite an increase in interest on loans and discounts.
Ordinary profit also decreased due to increases in credit-related costs and non-personnel expenses (decreased earnings).

FY2019 Business Performance

(¥ billion)	Consolidated	Non-consolidated
Ordinary Income	52.1	37.0
Ordinary Profit	8.1	6.7
Net Income	5.5	4.9

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

Outline of Results

(¥ billion)

[Consolidated]	FY18	FY19	YoY change
Ordinary income	53.5	52.1	(1.3)
Ordinary profit	10.5	8.1	(2.4)
Net income (*)	7.1	5.5	(1.6)

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

[Non-consolidated]	FY18	FY19	YoY change
Ordinary income	39.0	37.0	(2.0)
Gross business profit	28.7	29.1	0.3
Interest income	27.3	27.9	0.5
Fees and commissions	1.9	1.6	(0.2)
Other business profit	(0.6)	(0.4)	0.1
Expenses (excluding non-recurrent items)	21.2	21.7	0.4
Personnel expenses	9.4	9.5	0.0
Non-personnel expenses	10.2	10.6	0.3
Real net business profit	7.4	7.3	(0.0)
Business profit on core banking operations	8.2	8.1	(0.1)
Gains (losses) on cancellation of investment trusts	0.1	0.7	0.5
Excluding gains (losses) on cancellation of investment trusts	8.0	7.3	(0.7)
Provision of general allowance for possible loan losses	-	(0.2)	(0.2)
Net business profit	7.4	7.5	0.1
Non-recurrent items	2.1	(0.8)	(2.9)
Recoveries of written-off claims	0.2	0.1	(0.0)
Net gains (losses) on equity securities	1.9	(0.3)	(2.2)
Bad debt disposal	0.3	1.2	0.9
Ordinary profit	9.5	6.7	(2.8)
Extraordinary gains (losses)	(0.0)	(0.0)	0.0
Income before income taxes	9.4	6.6	(2.8)
Total income taxes and other taxes	2.6	1.7	(0.8)
Net income	6.8	4.9	(1.9)

(¥ billion)

[Non-consolidated] Comparison with Forecast	Target	FY19	Difference
Ordinary Income	35.1	37.0	1.9
Business profit on core banking operations	7.0	8.1	1.1
Net business profit	7.2	7.5	0.3
Ordinary Profit	6.5	6.7	0.2
Net Income	4.6	4.9	0.3

Business performance points (Non-consolidated)

Ordinary income

Decreased by ¥2.0 billion year on year to ¥37.0 billion due to a decrease in non-recurrent income such as gain on sales of stocks and other securities, despite an increase in interest on loans and discounts (decreased revenues).

Business profit on core banking operations

Decreased by ¥0.1 billion year on year to ¥8.1 billion due to a decrease in fees and commissions and an increase in non-personnel expenses and others.

Ordinary profit

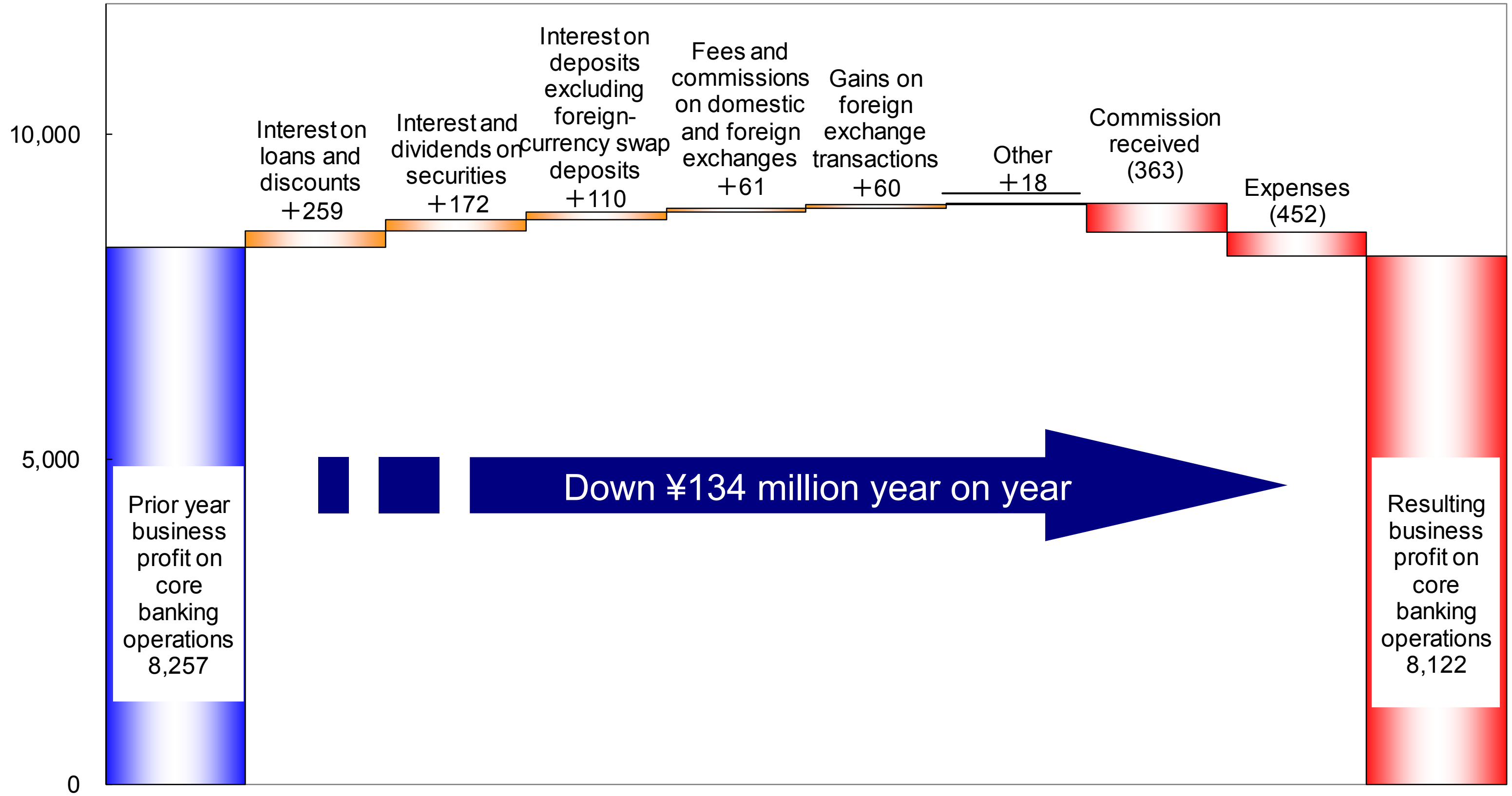
Decreased by ¥2.8 billion year on year to ¥6.7 billion due to an increase in credit cost and a decrease in gain on sales of stocks and other securities and others.

Both revenues and earnings decreased due to the above factors.

Changes in Business Profit on Core Banking Operations

Business profit on core banking operations decreased by ¥134 million year on year, mainly due to a decrease in commission received and an increase in expenses, despite a increase in interest on loans and discounts.

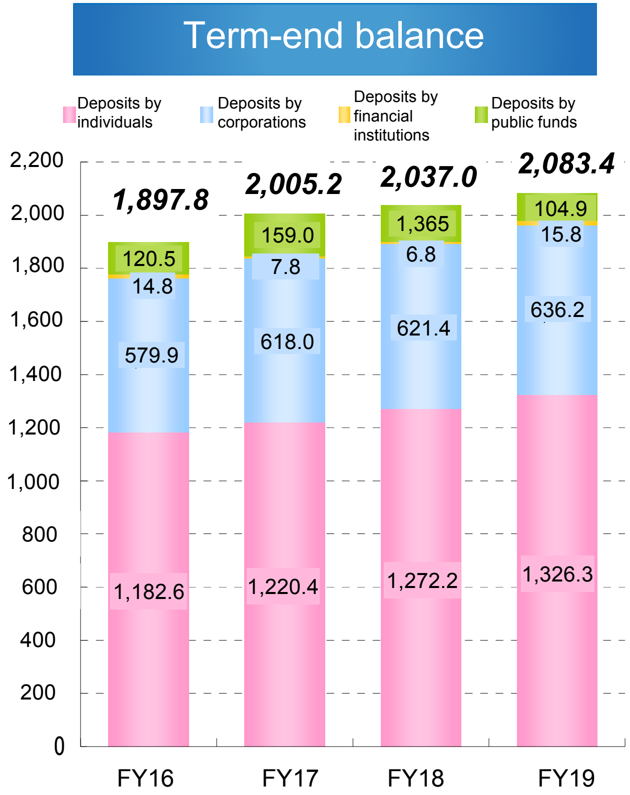
(¥ million)

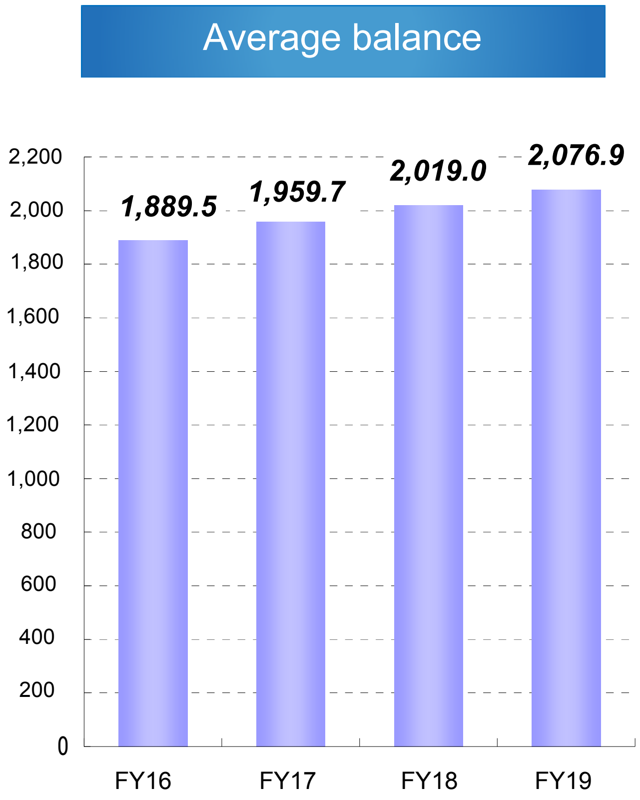


Deposits (Term-End Balance/Average Balance)

The term-end balance of total deposits rose by ¥46.3 billion to ¥2,083.4 billion.
Deposits by individuals rose by ¥54.1 billion and deposits by corporations rose by ¥14.7 billion and public funds fell by ¥31.5 billion.

(¥ 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"

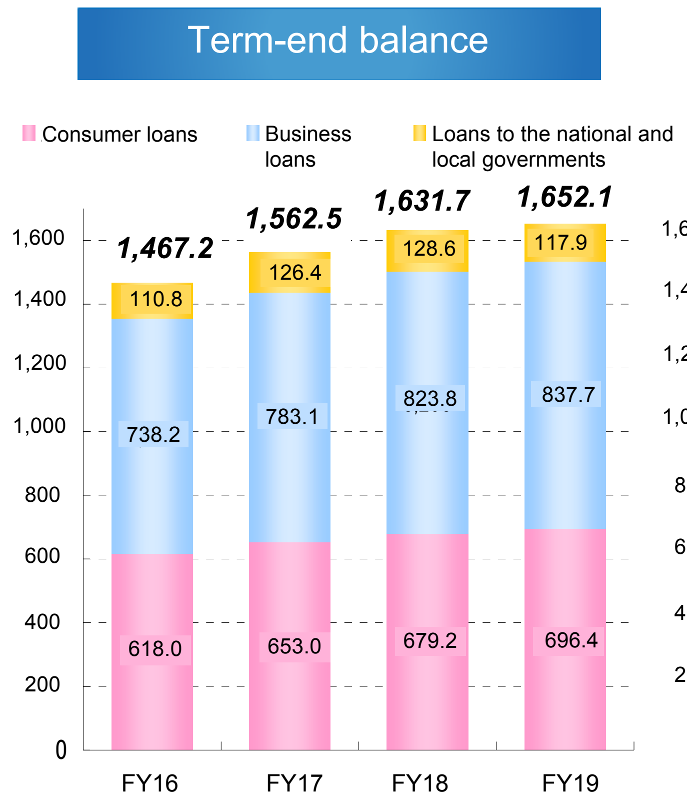
*Including trust accounts

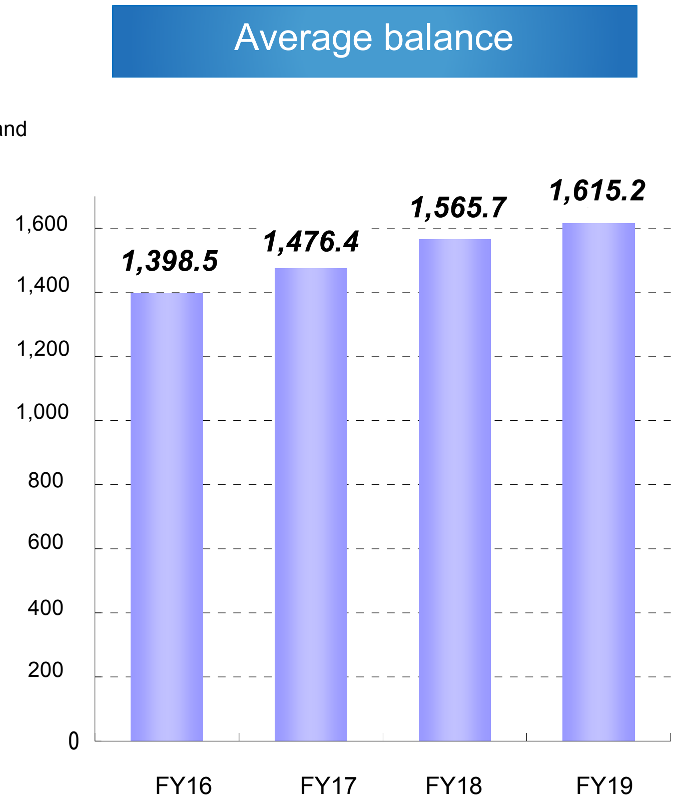
Loans (Term-End Balance/Average Balance)

The term-end balance of total loans and bills discounted rose by ¥20.4 billion to ¥1,652.1 billion.

Business loans and consumer loans rose by ¥13.9 billion and 17.1 billion, respectively.

(¥ billion)





Factors for increase in business loans:
Real estate

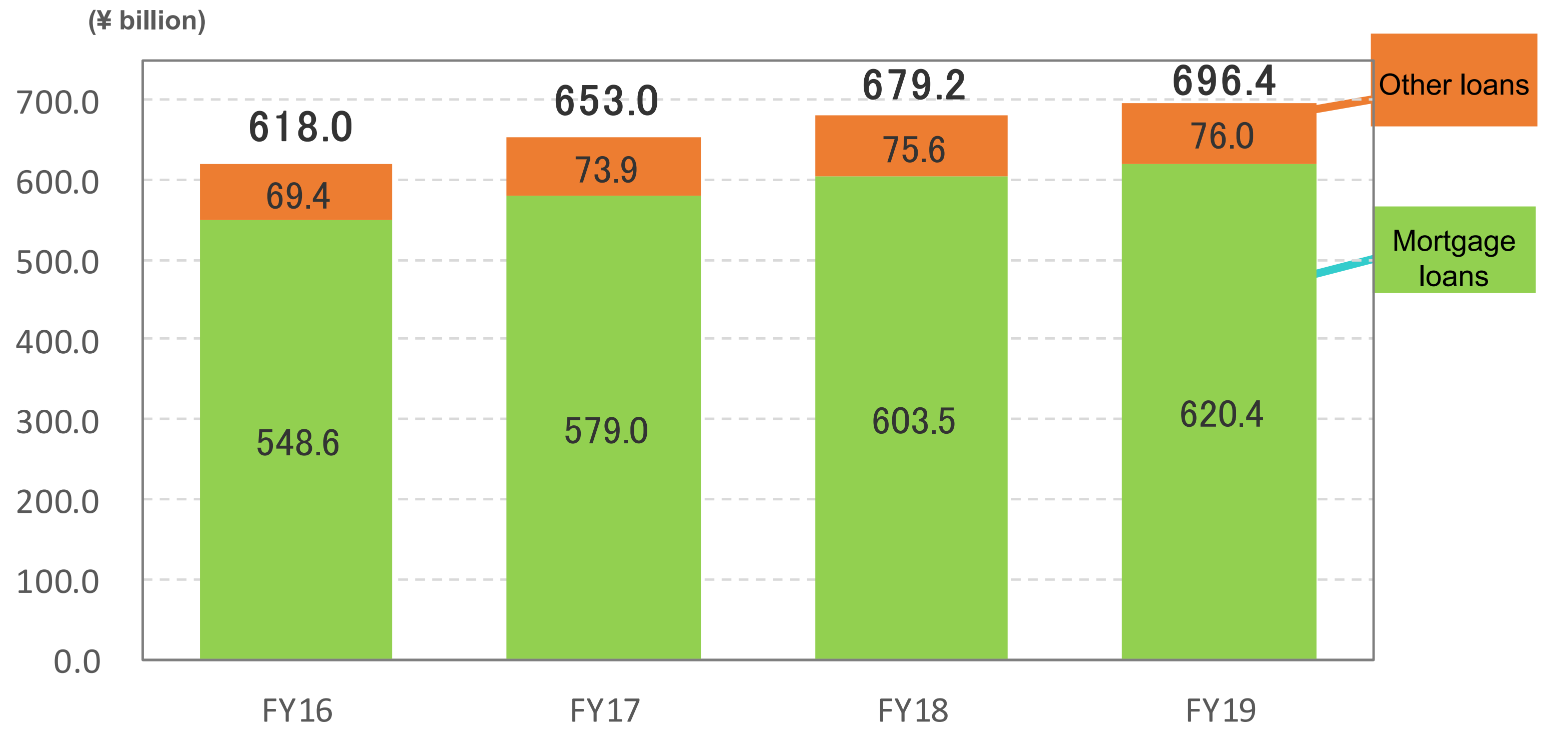
Factors for increase in consumer loans:
Mortgage loans

*Including trust accounts

Consumer Loans (Term-End Balance)

Mortgage loans rose by ¥16.8 billion, other loans rose by ¥0.3 billion.

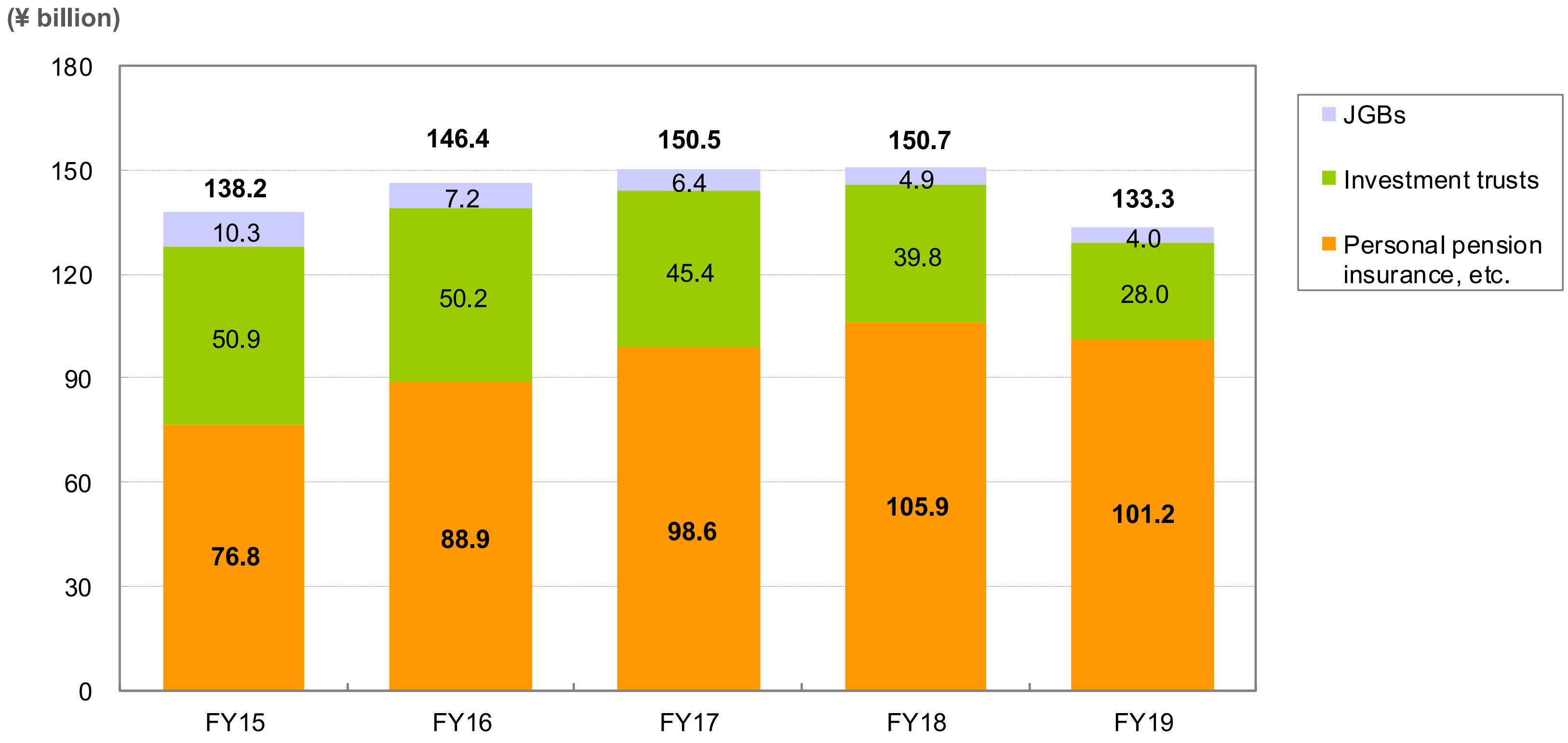
Consumer loans rose by ¥17.1 billion (+2.52%) year on year to ¥696.4 billion.



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

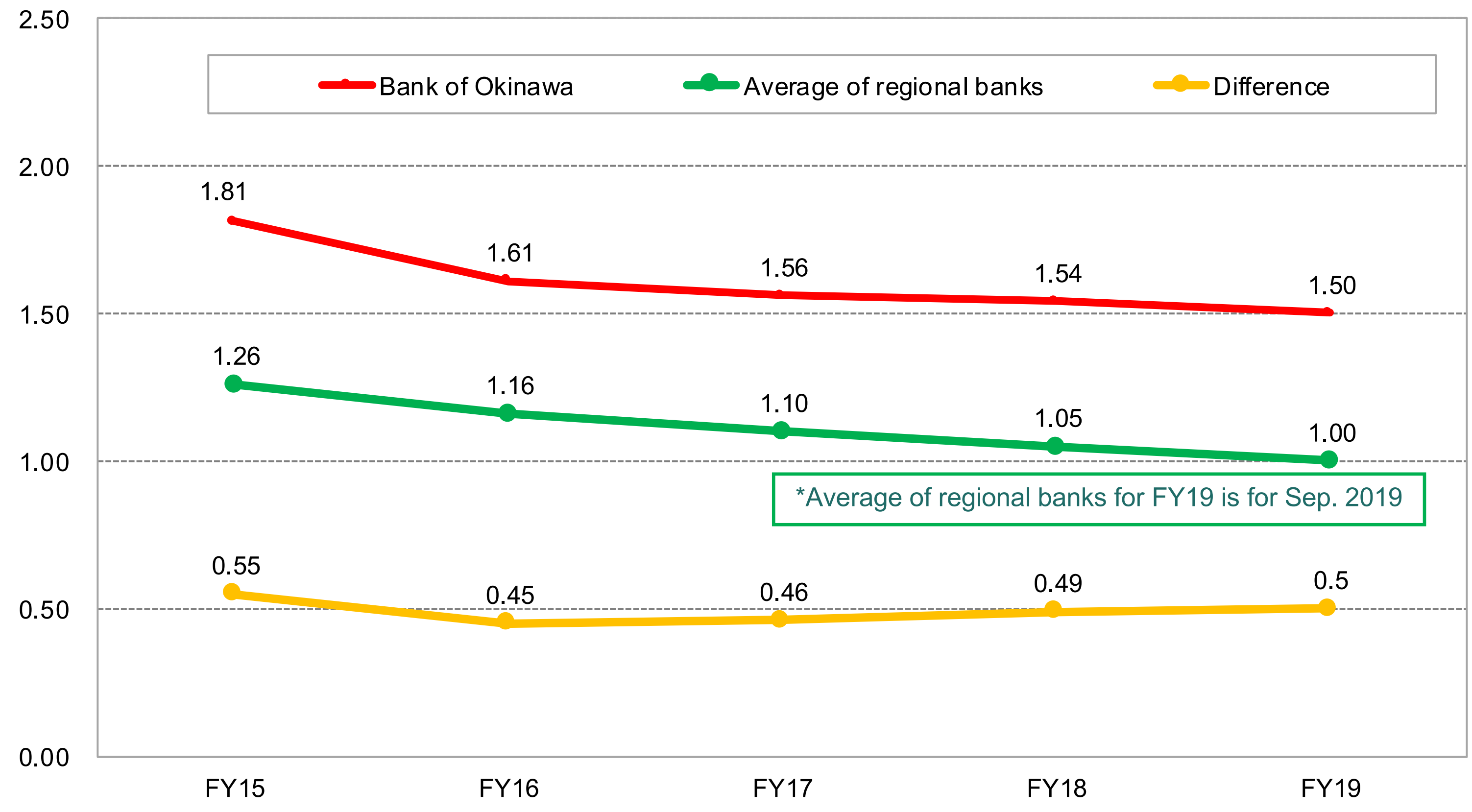
Assets in Custody

Assets in custody as a whole decreased by ¥17.4 billion due to decreases in all items.



Loan / Deposit Spreads (Domestic)

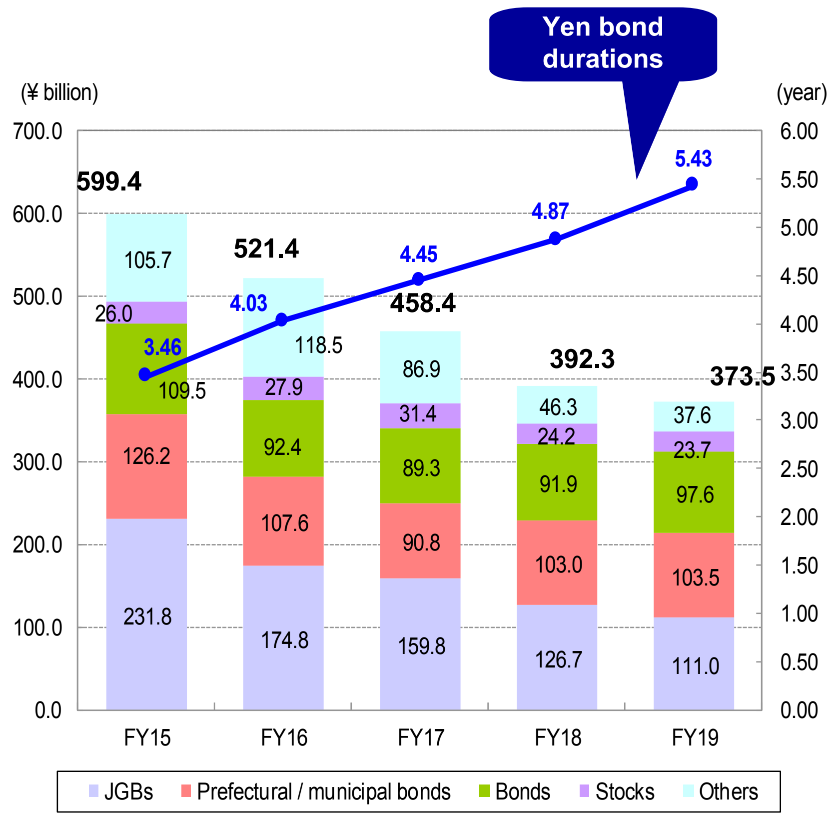
Loan / Deposit Spreads with Regional Bank Averages



*Averages of regional banks are based on the financial results of regional banks posted on the website of the Regional Banks Association of Japan.

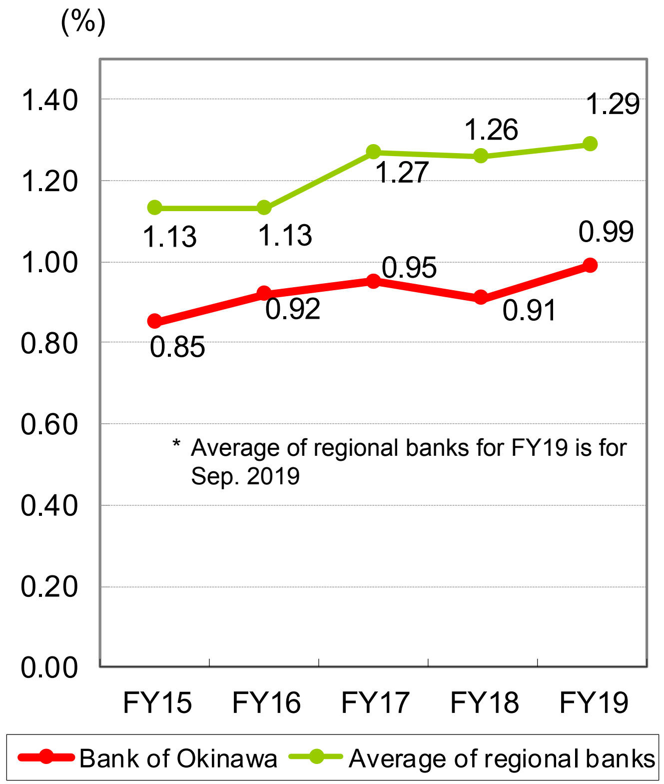
Securities (Term-End Balance)

Term-end balance and Yen bond durations



*The value of duration includes floating rate JGBs

Yield on securities



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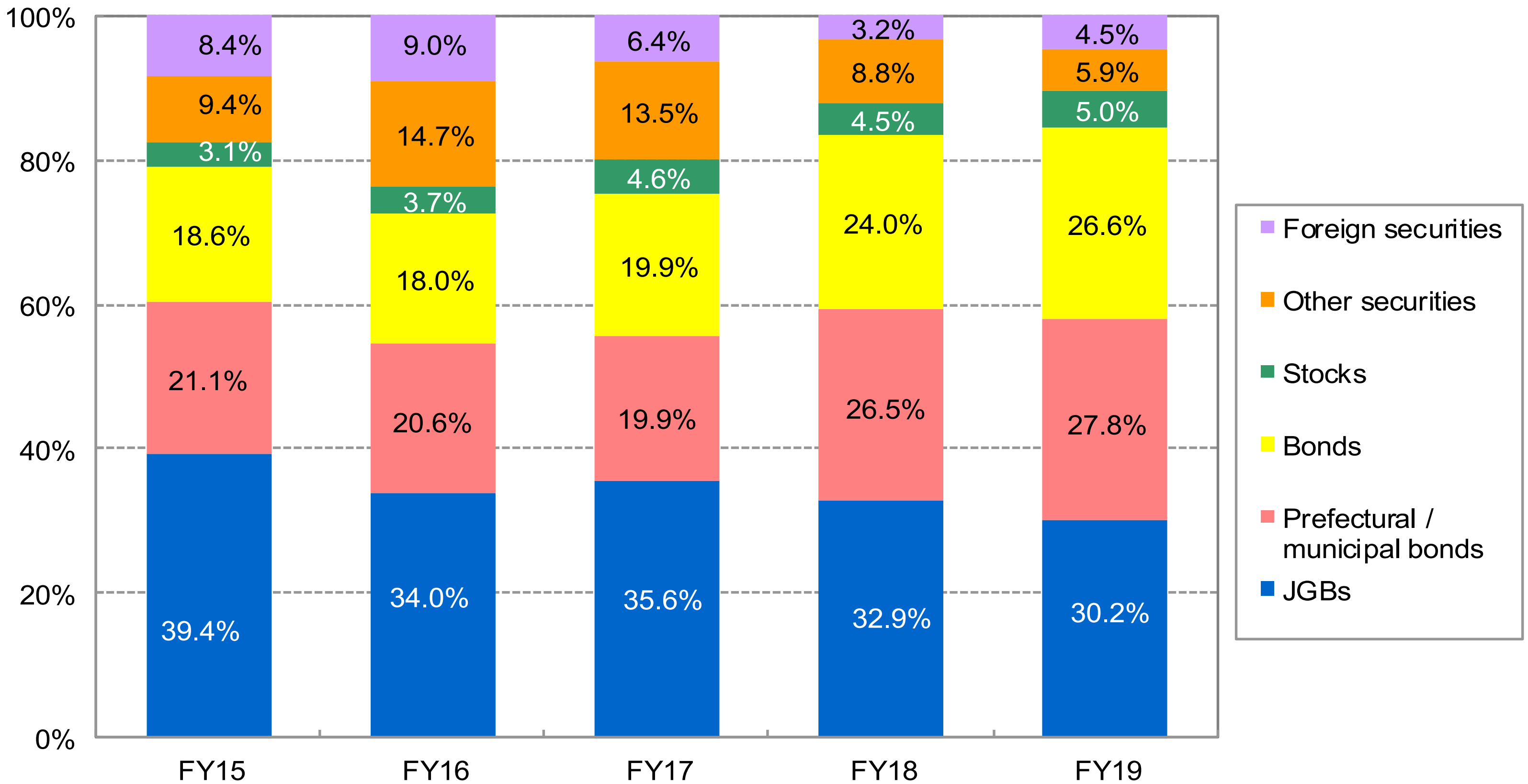
Securities Allocation

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

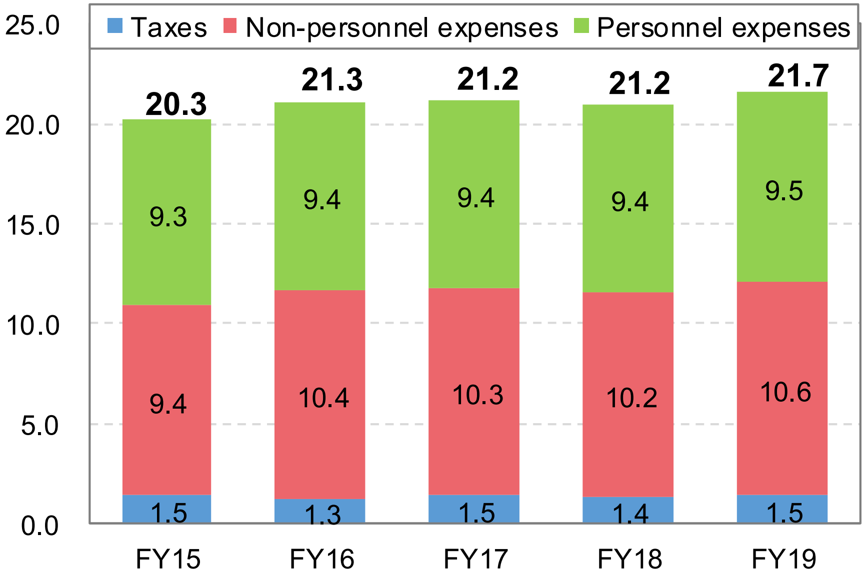
Securities composition percentage (acquisition cost at term-end)



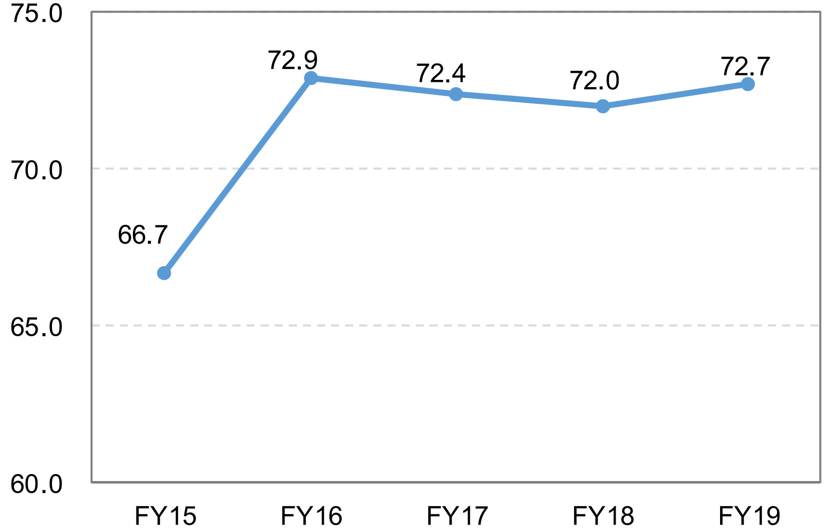
Expenses

Increase in expenses (to ¥452 million) due to an increase in non-personnel expenses (up ¥353 million YoY). Core OHR was 72.7%, up 0.7 points year on year.

Expenses



Core OHR



Increase in personnel expenses

Increase in non-personnel expenses (such as communication expenses, advertising expenses and consulting fees)

Increase in Core OHR

Capital ratio (domestic standard) at 9.91%
Although the capital ratio declined due to an increase in loans and bills discounted, soundness has been secured

(¥ million, %)

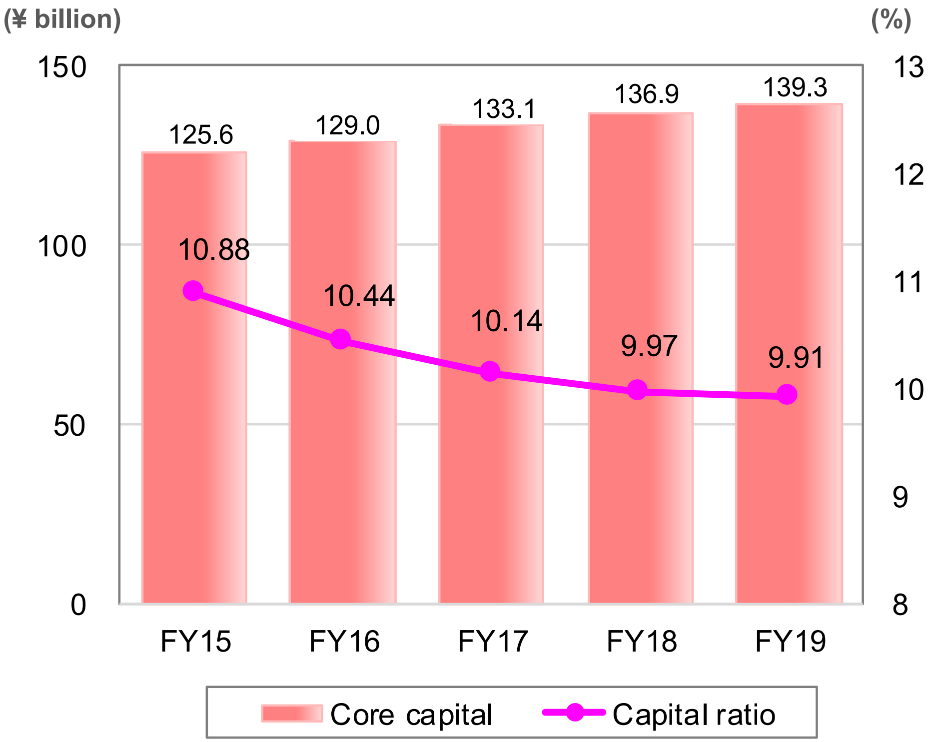
[Consolidated]	FY18	FY19	YoY change
Capital ratio	10.59%	10.52%	(0.07%)
Capital	148,401	151,057	2,656
Basic elements of core capital	149,884	152,488	2,604
Adjustments to core capital	1,483	1,430	(52)
Risk-weighted assets	1,400,164	1,434,626	34,462

[Non-consolidated]	FY18	FY19	YoY change
Capital ratio	9.97%	9.91%	(0.06%)
Capital	136,985	139,372	2,387
Basic elements of core capital	138,341	140,706	2,364
Adjustments to core capital	1,356	1,333	(22)
Risk-weighted assets	1,373,061	1,405,305	32,243

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. The capital ratio of the Bank exceeds 9.59%, the average capital ratio of domestic standard regional banks in the term ended September 2019.

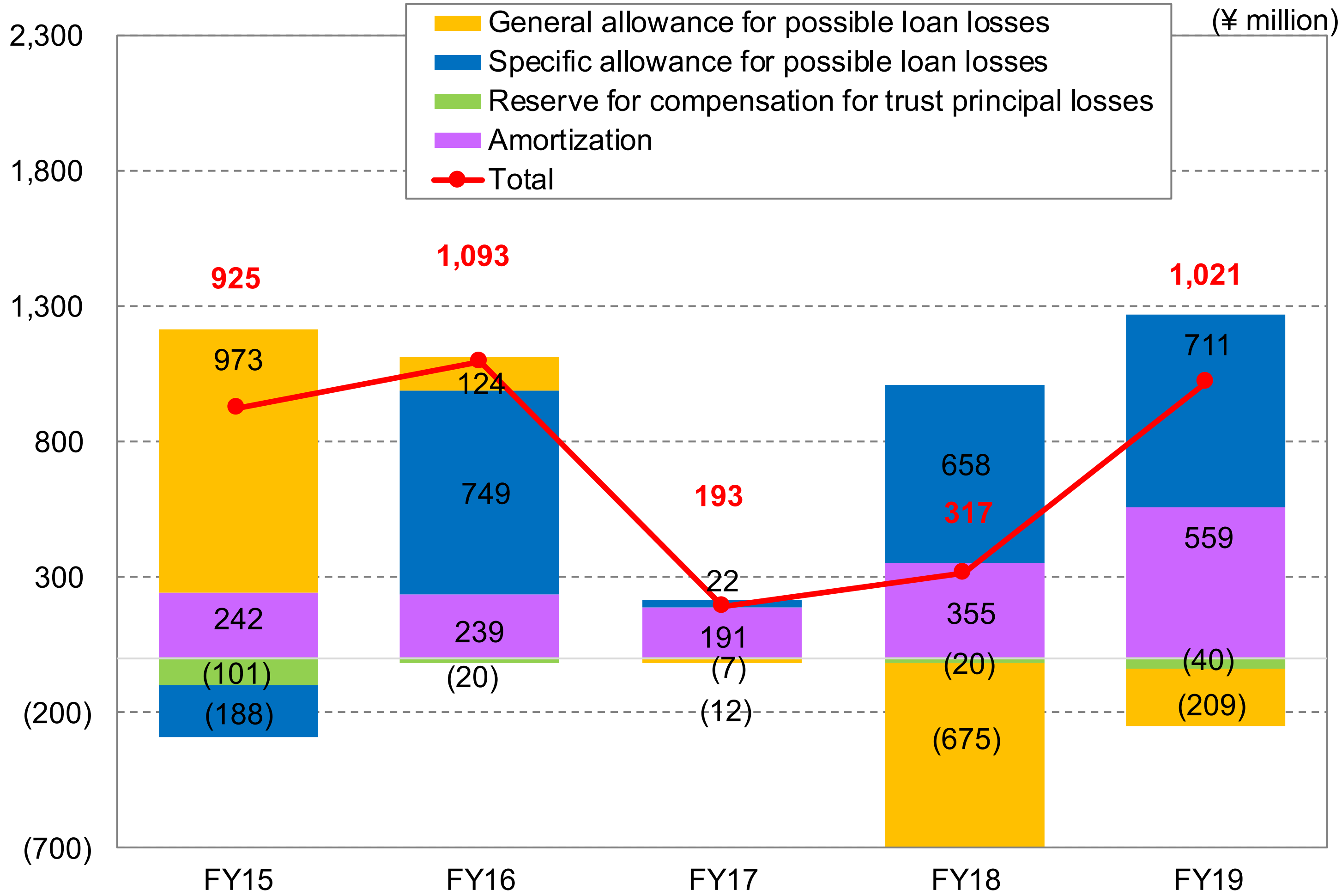
*Averages of regional banks are calculated by the Bank based on the financial results of regional banks posted on the website of the Regional Banks Association of Japan.

Trends in Capital and Capital Ratio (non-consolidated)



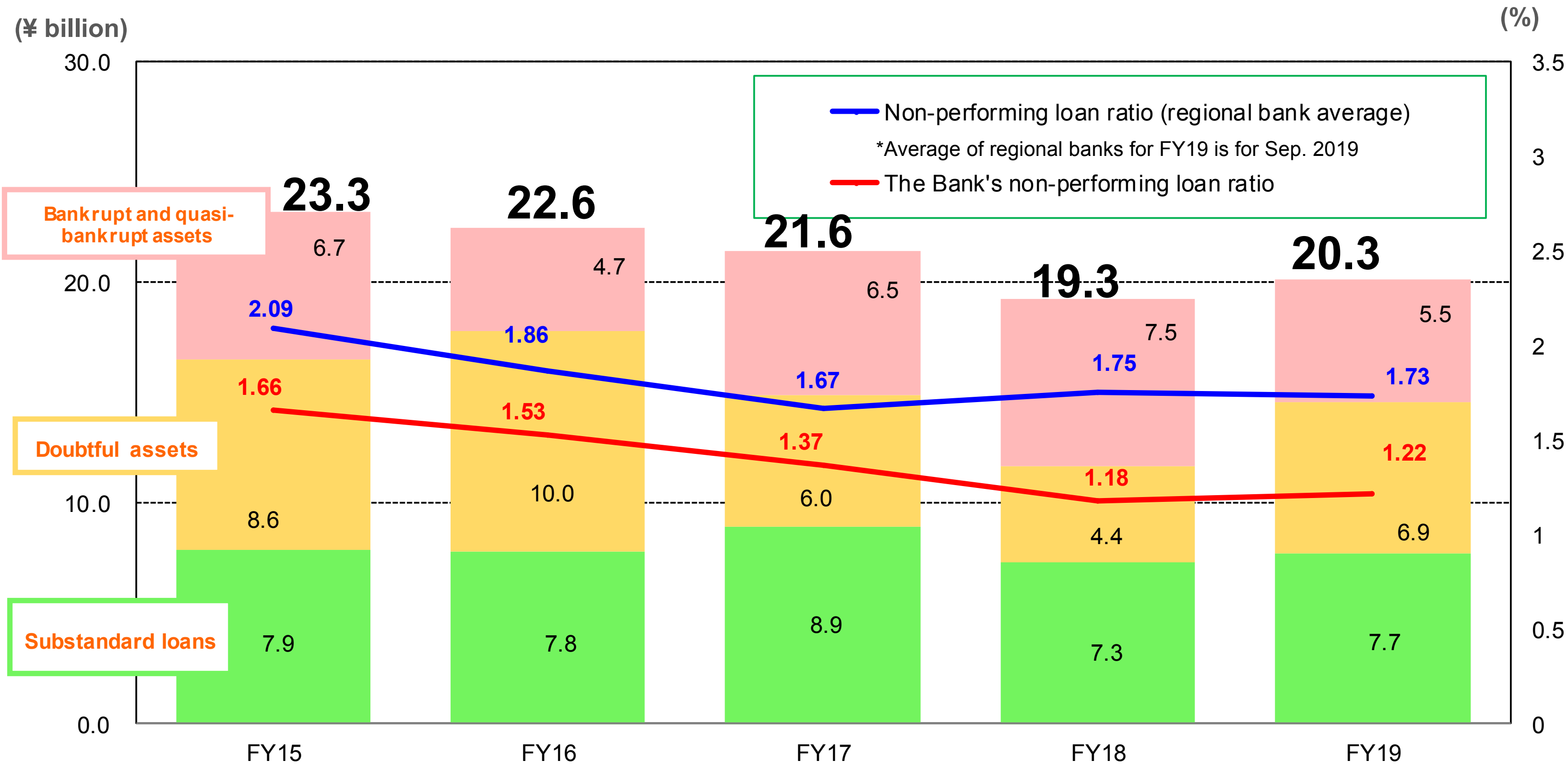
Credit Cost

In overall terms, credit cost increased by ¥704 million year on year to ¥1,021 million.



Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

¥20.3 billion (non-performing loan ratio: 1.22%).
Remained at low level, below the regional bank average of 1.73%



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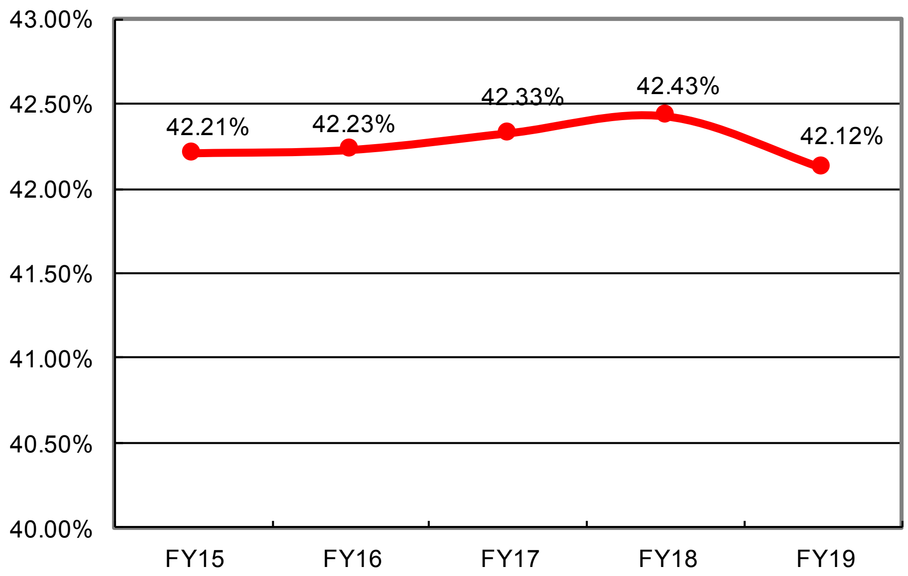
Our Share of the Market Served by the Three Okinawan Regional Banks

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

Loans and bills discounted: 42.12% (down 0.31 points YoY)

Deposits: 41.93% (down 0.24 points YoY)

Loans and bills discounted (average balance)



Deposits (average balance)