

Outline of Business Results for FY2020

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Performance Highlights for FY2020



The Okigin Group recorded net income attributable to owners of the parent of ¥5.2 billion.

Ordinary income decreased due to decreases in interest and dividends on securities and other interest income, despite an increase in gain on sales of stocks and other securities (decreased revenues).

Ordinary expenses decreased, mainly due to decreases in interest on deposits and losses on securities, despite an increase in credit cost. However, this was insufficient to offset the decline in ordinary income, and ordinary profit decreased (decreased earnings).

FY2020 Business Performance

(¥ billion)	Consolidated	Non-consolidated
Ordinary Income	51.7	36.4
Ordinary Profit	7.9	6.3
Net Income	5.2	4.5

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

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Outline of Results



[Consolidated]	FY19	FY20	YoY change (¥ billion)
Ordinary income	52.1	51.7	(0.4)
Ordinary profit	8.1	7.9	(0.1)
Net income (*)	5.5	5.2	(0.3)
* Net income is net income attributable to owners of the parent			
[Non-consolidated]	FY19	FY20	YoY change
Ordinary income	37.0	36.4	(0.5)
Gross business profit	29.1	29.9	0.8
Interest income	27.9	28.6	0.6
Gains (losses) on cancellation of investment trusts	0.7	0.0	(0.7)
Fees and commissions	1.6	1.6	0.0
Other business profit	(0.4)	(0.3)	0.1
Expenses (excluding non-recurrent items)	21.7	21.7	0.0
Personnel expenses	9.5	9.9	0.4
Non-personnel expenses	10.6	10.2	(0.3)
Real net business profit	7.3	8.2	0.8
Business profit on core banking operations	8.1	8.7	0.6
Excluding gains (losses) on cancellation of investment trusts	7.3	8.6	1.3
Provision of general allowance for possible loan losses	(0.2)	1.2	1.4
Net business profit	7.5	6.9	(0.5)
Non-recurrent items	(0.8)	(0.6)	0.2
Recoveries of written-off claims	0.1	0.1	(0.0)
Net gains (losses) on equity securities	(0.3)	0.0	0.3
Bad debt disposal	1.2	1.2	(0.0)
Ordinary profit	6.7	6.3	(0.3)
Extraordinary gains (losses)	(0.0)	(0.0)	0.0
Income before income taxes	6.6	6.3	(0.3)
Total income taxes and other taxes	1.7	1.8	0.0
Net income	4.9	4.5	(0.3)

[Non-consolidated] Comparison with Forecast	Target (announced in FY20 1H)	FY20	Difference (¥ billion)
Ordinary income	34.3	36.4	2.1
Business profit on core banking operations	6.5	8.7	2.2
Net business profit	5.9	6.9	1.0
Ordinary profit	5.0	6.3	1.3
Net income	3.3	4.5	1.2

Business performance points (Non-consolidated)

Ordinary income

Decreased by ¥0.5 billion year on year to ¥36.4 billion, mainly due to decreases in other interest income and gain on sale of bonds, despite increases in interest and dividends on securities and gain on sales of stocks and other securities (decreased revenues).

Business profit on core banking operations

Increased by ¥0.6 billion year on year to ¥8.7 billion, due to an increase in interest income.

Ordinary profit

Decreased by ¥0.3 billion year on year to ¥6.3 billion, mainly due to an increase in credit cost (decreased earnings).

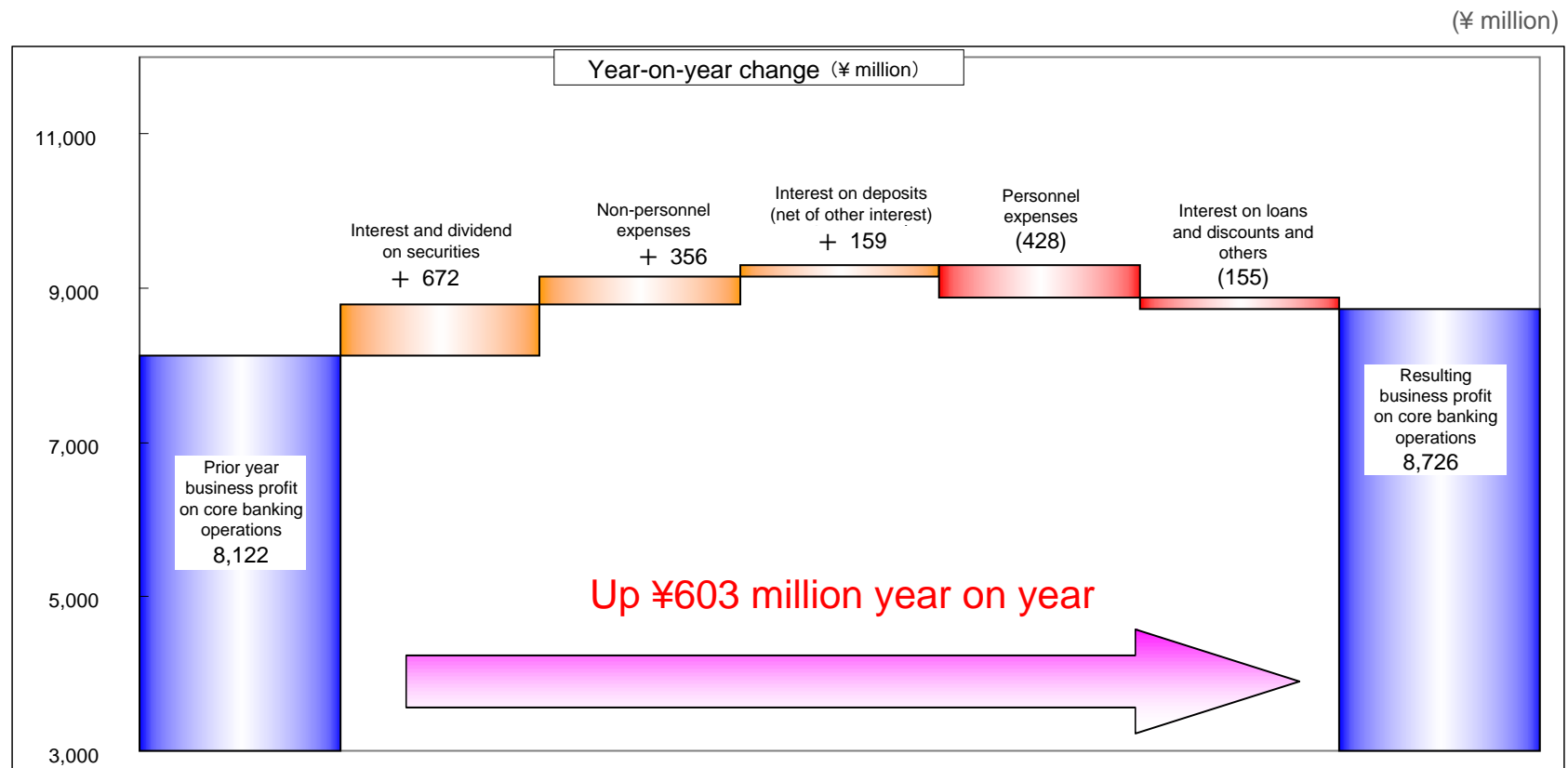
Revenues and earnings decreased due to the above factors.

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Changes in Business Profit on Core Banking Operations



Business profit on core banking operations increased by ¥603 million year on year, mainly due to a decrease in non-personnel expenses and an increase in interest and dividend on securities, despite an increase in personnel expenses.



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Deposits (Term-End Balance/Average Balance)

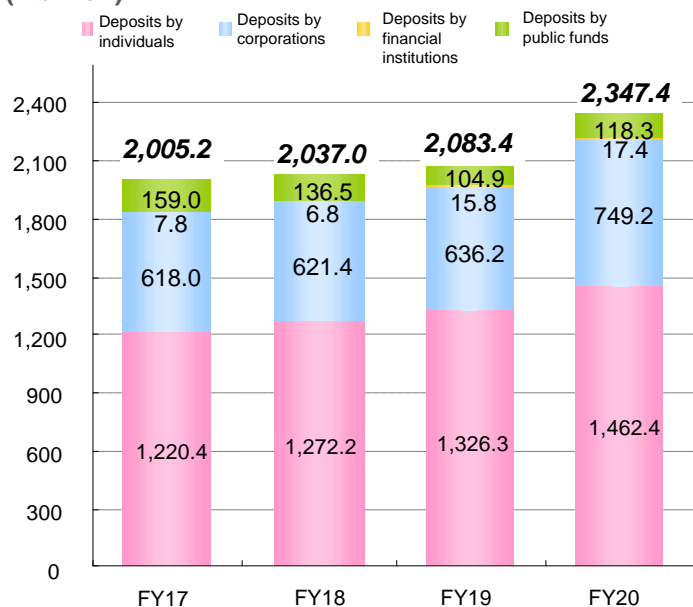


The term-end balance of total deposits rose by ¥264.0 billion to ¥2,347.4 billion. Deposits by individuals rose by ¥136.0 billion, deposits by corporations rose by ¥113.0 billion and public funds rose by ¥13.4 billion.

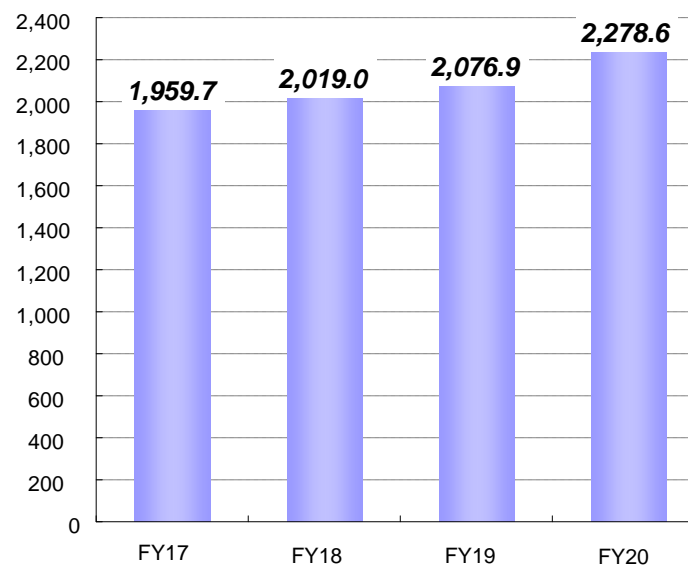
Term-end balance

Average balance

(¥ billion)



(¥ billion)



Deposits by individuals

- Slowdown in consumption activities due to the impact of COVID-19
- Opening of new salary payment and pension accounts

Deposits by corporations

- Yield from financing for COVID-19 countermeasures and the Subsidy Program for Sustaining Businesses promoted by the government
- Enhanced function to trace funds by "Strong Relations Plan"

*Including trust accounts

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Loans (Term-End Balance/Average Balance)

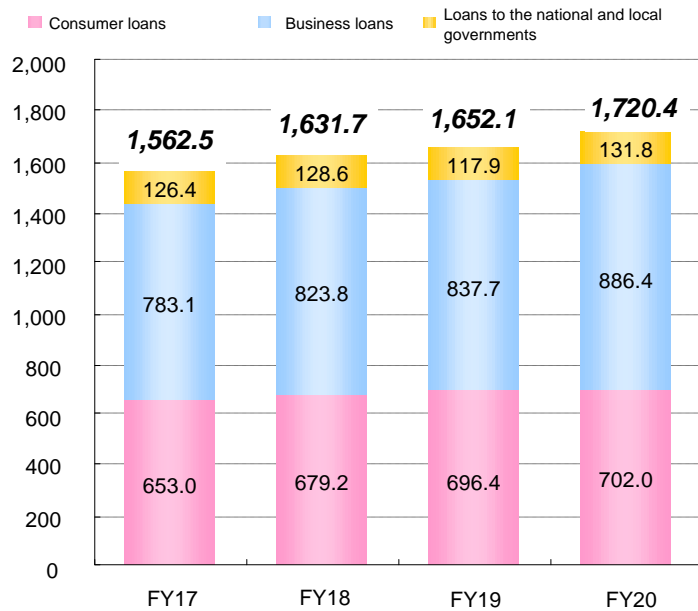


The term-end balance of total loans and bills discounted rose by ¥68.2 billion to ¥1,720.4 billion.
Business loans and consumer loans rose by ¥48.7 billion and ¥5.6 billion, respectively.

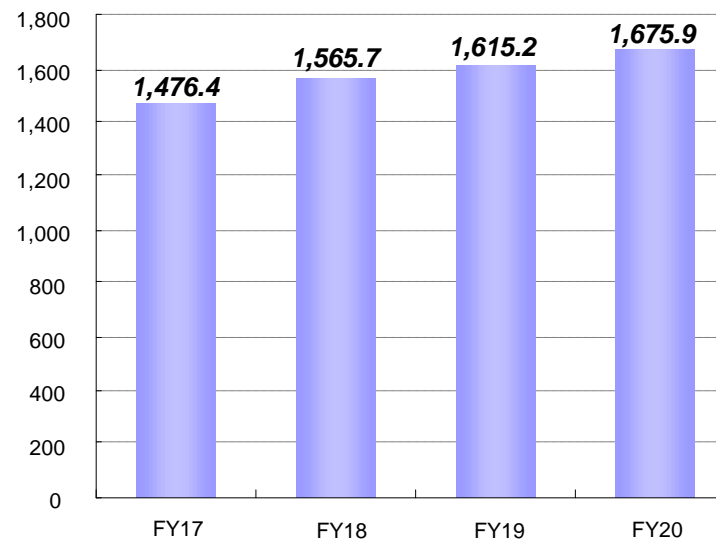
Term-end balance

Average balance

(¥ billion)



(¥ billion)



Factors for increase in business loans

Proactive lending to SMEs through loans based on business evaluation and financing for COVID-19 countermeasures

Factors for increase in consumer loans

Mortgage loans

*Including trust accounts

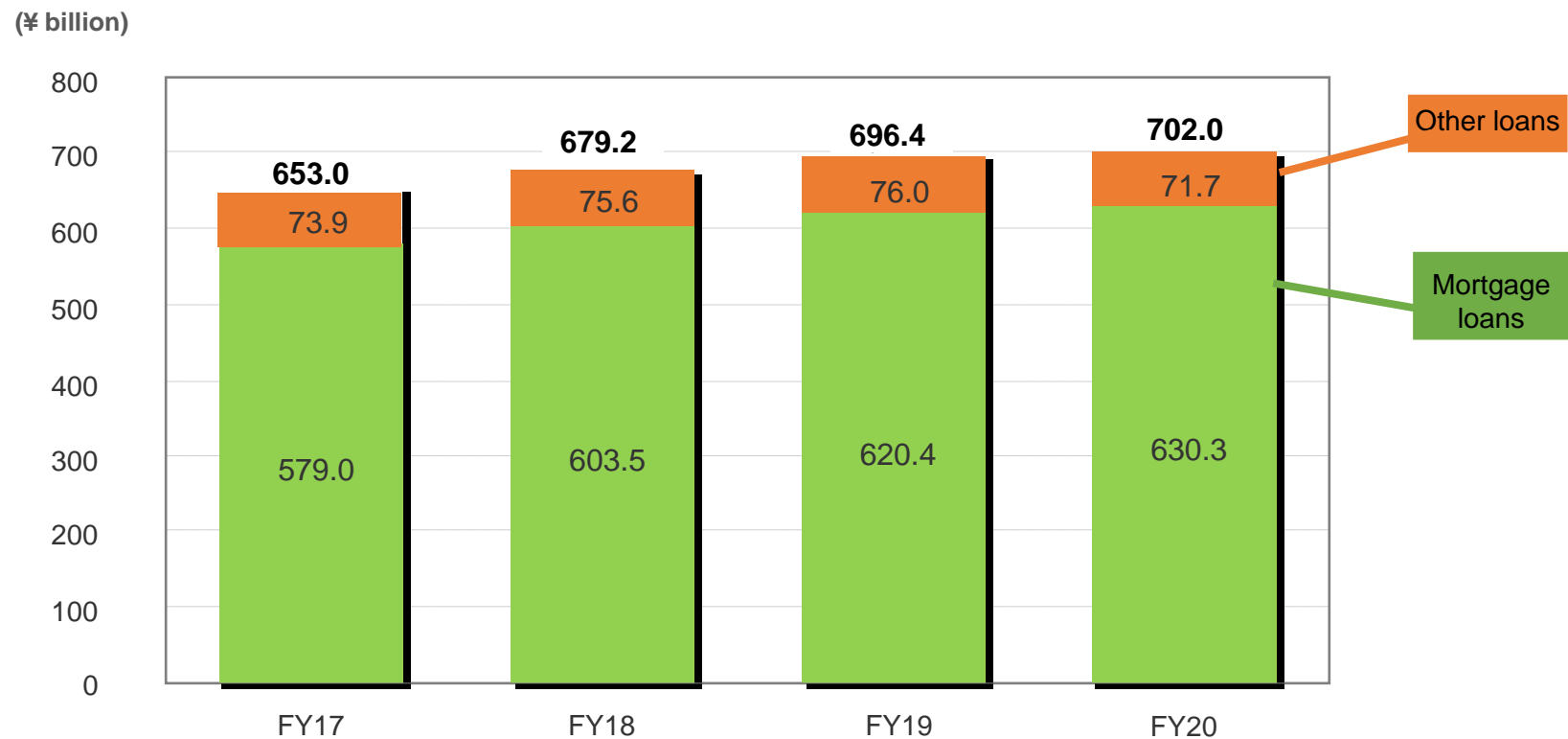
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Consumer Loans (Term-End Balance)



Mortgage loans rose by ¥9.8 billion and other loans fell by ¥4.2 billion.

Total consumer loans rose by ¥5.6 billion (+0.8%) year on year to ¥702.0 billion.



*Including trust accounts

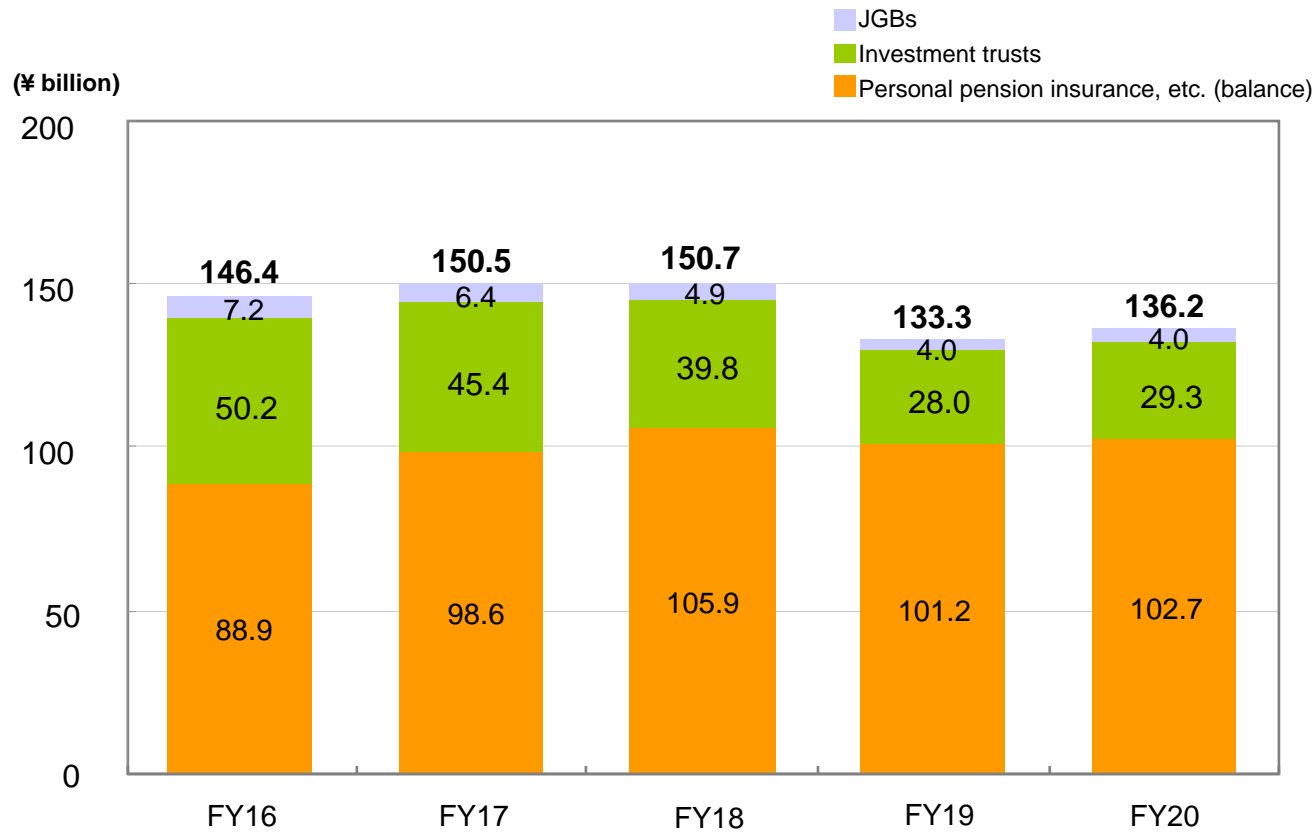
*Consumer loans: Loans provided as funds closely tied to customer lifestyles. Typically referred to as personal loans or consumer loans

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Assets in Custody



Assets in custody as a whole increased by ¥2.9 billion, due to increases in all items.

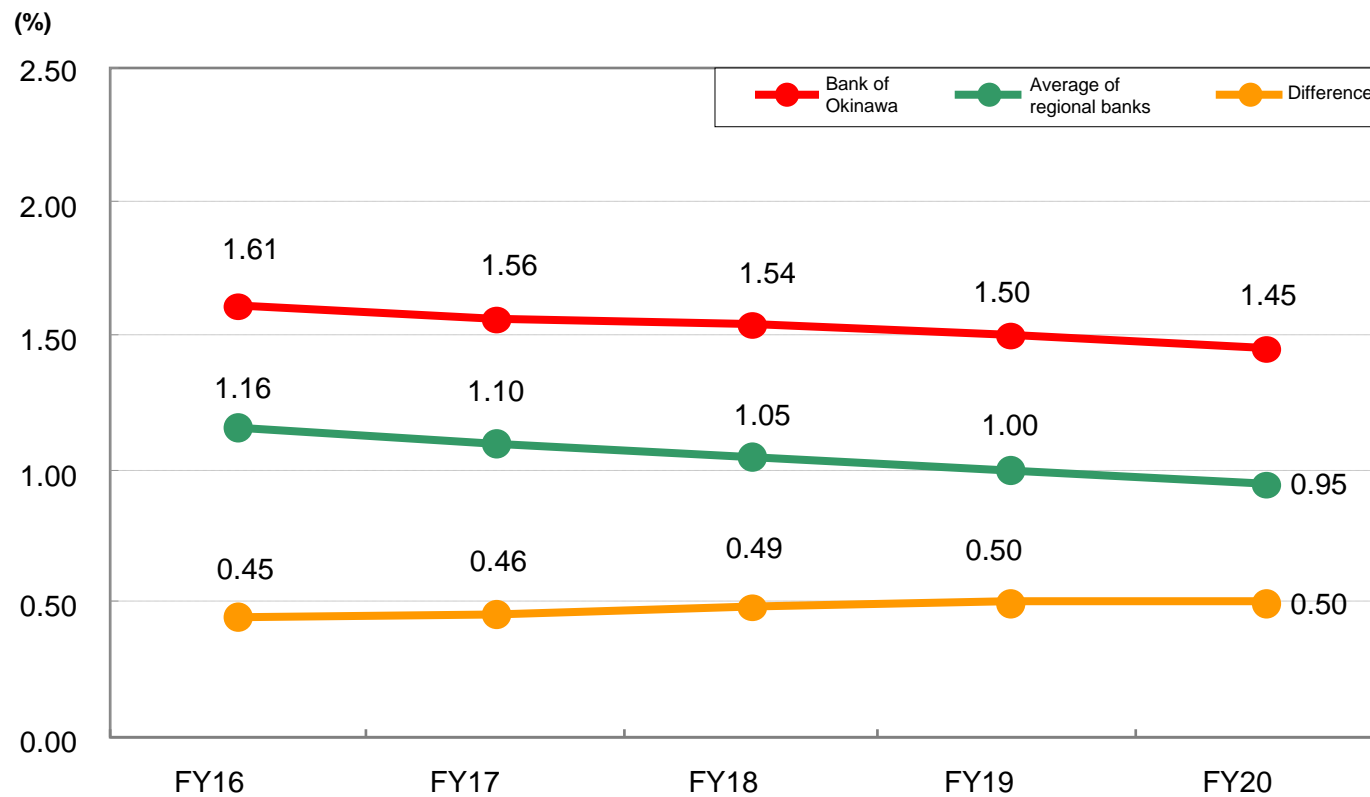




Loan / Deposit Spreads (Domestic)



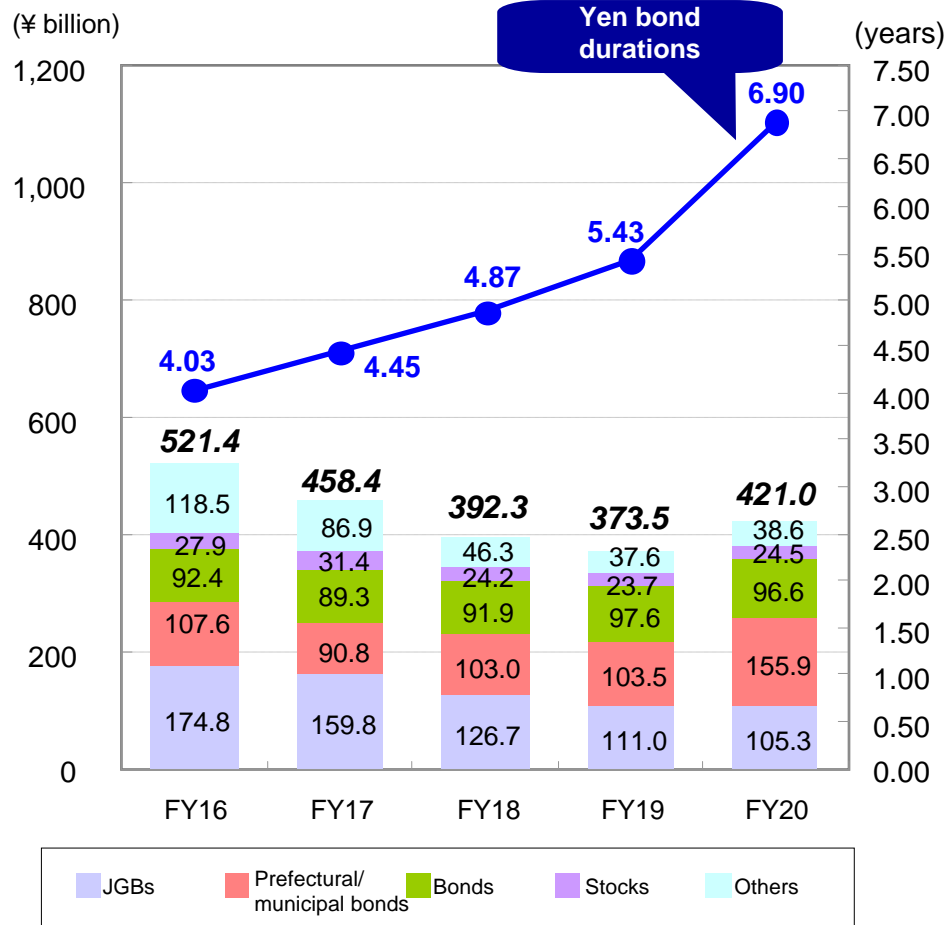
Loan / Deposit Spreads with Regional Bank Averages



Averages of regional banks are prepared by the Bank based on the financial results of regional banks posted on the website of the Regional Banks Association of Japan. However, because data for the fiscal year (ending March 31) is published in June each year, the average of regional banks for FY20 1H is used for FY20.

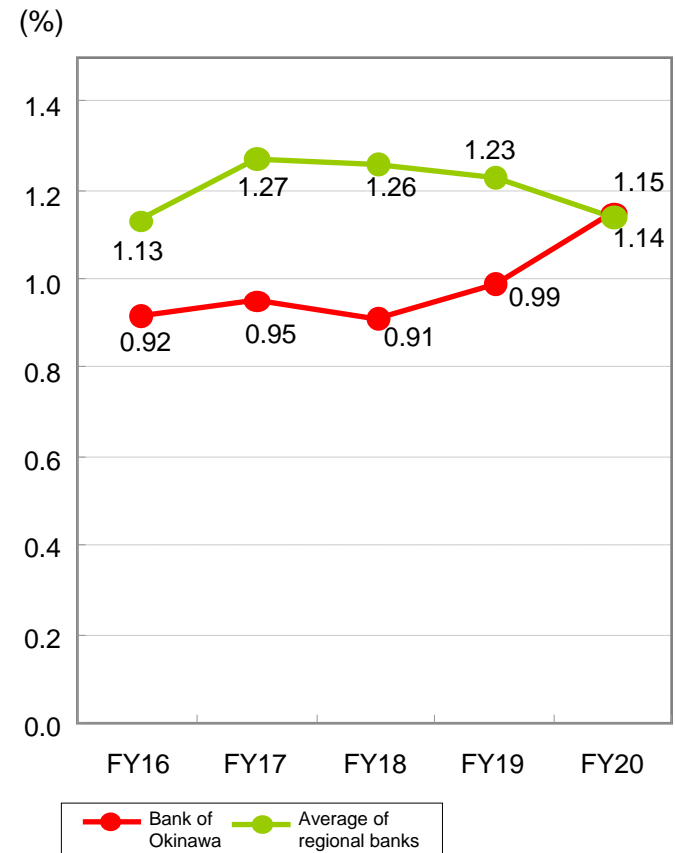


Term-end balance and yen bond durations



*The value of duration includes floating rate JGBs

Yield on securities

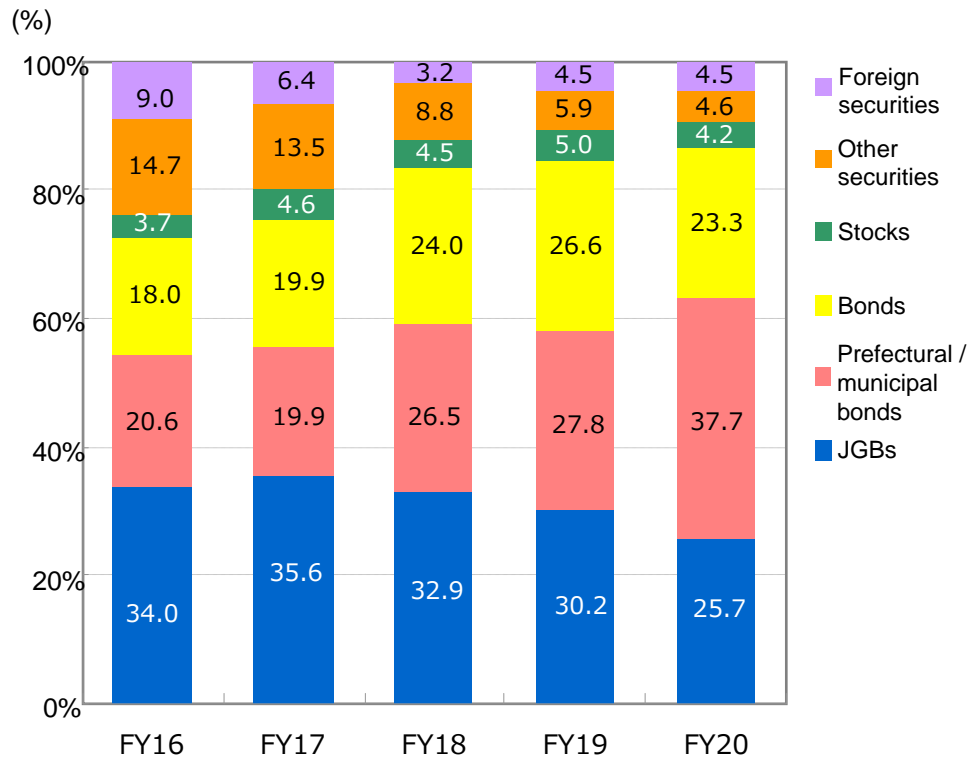


*Please see P11 for details on the calculation of averages of regional banks

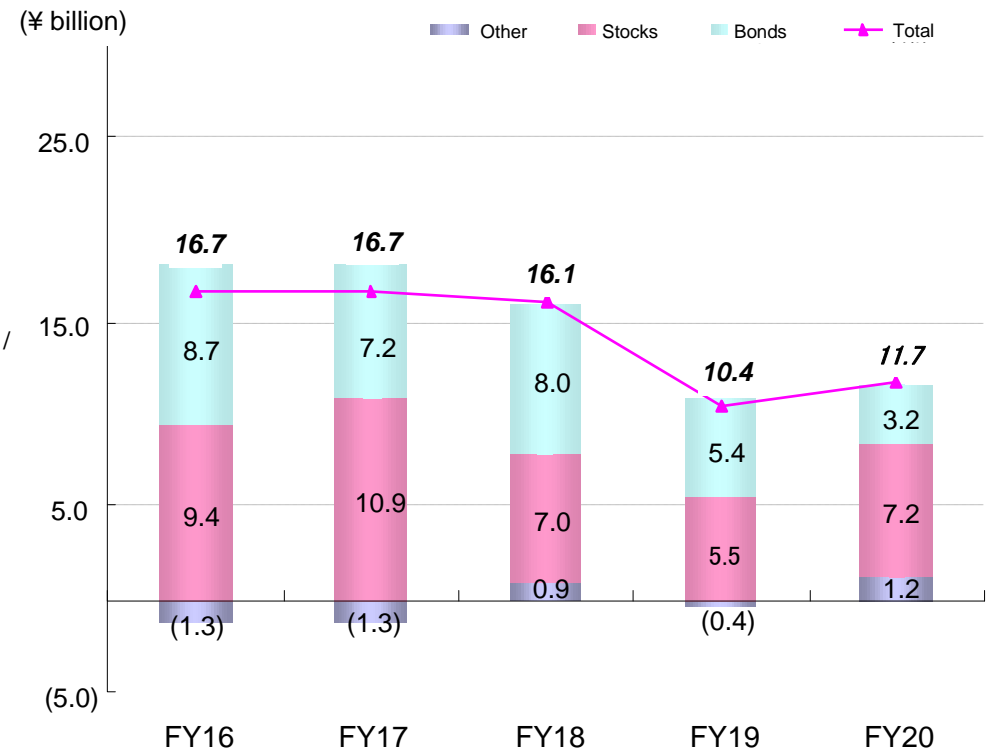


Continuation of rebalancing from yen bond holdings. Gain on valuation of securities increased by ¥1.2 billion year on year, to ¥11.7 billion.

Securities composition percentage (acquisition cost at term-end)



Gain (loss) on valuation of securities



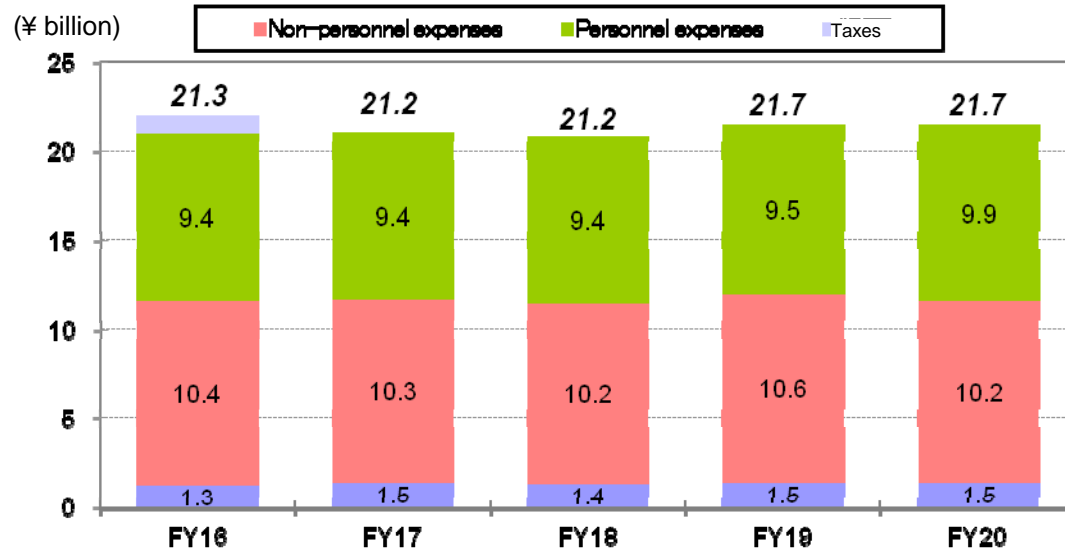
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Expenses



Expenses increased slightly (up ¥6.5 million) due to an increase in personnel expenses, despite a decrease in non-personnel expenses.
 Core OHR was 71.4%, down 1.3 percentage points year on year, due to the increase in business profit on core banking operations.

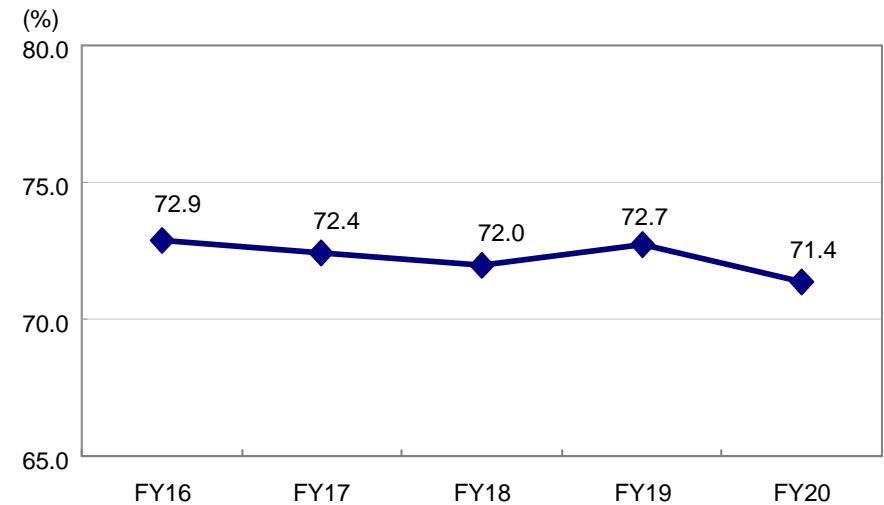
Expenses



Increase in personnel expenses

Decrease in non-personnel expenses (operations consignment expenses, travel expenses, supplies expenses, etc.)

Core OHR



Decrease in Core OHR

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Capital Ratio



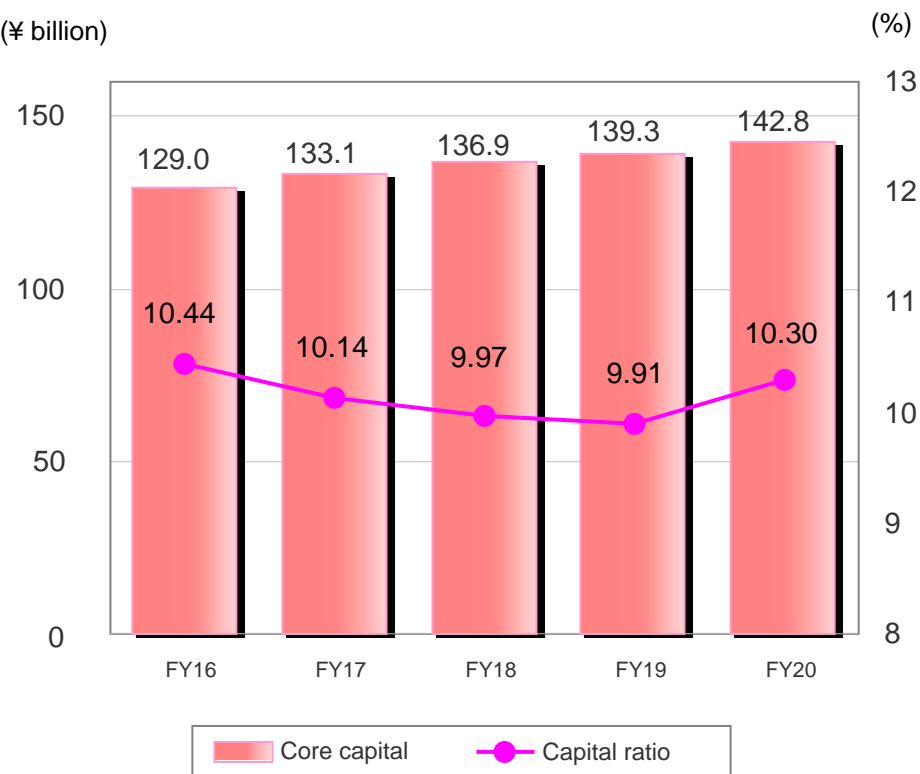
Capital ratio (domestic standard) at 10.95% (consolidated), 10.30% (non-consolidated).

The capital ratio has risen due to a decrease in risk-weighted assets, and soundness has been secured.

[Consolidated]	FY19	FY20	YoY change
Capital ratio	10.52%	10.95%	0.43%
Capital	151,057	154,889	3,831
Basic elements of core capital	152,488	157,091	4,602
Adjustments to core capital	1,430	2,201	770
Risk-weighted assets	1,434,626	1,414,102	(20,524)

[Non-consolidated]	FY19	FY20	YoY change
Capital ratio	9.91%	10.30%	0.39%
Capital	139,372	142,859	3,486
Basic elements of core capital	140,706	144,715	4,009
Adjustments to core capital	1,333	1,856	522
Risk-weighted assets	1,405,305	1,386,134	(19,171)

Trends in Capital and Capital Ratio (non-consolidated)



The capital ratio has risen due to a decrease in risk-weighted assets resulting from an increase in COVID-19 response funding (loans covered by credit guarantee), and soundness has been secured. The capital ratio of the Bank exceeds 9.63%, the average non-consolidated capital ratio of domestic standard regional banks in the term ended September 2020.

*Please see P11 for details on the calculation of averages of regional banks

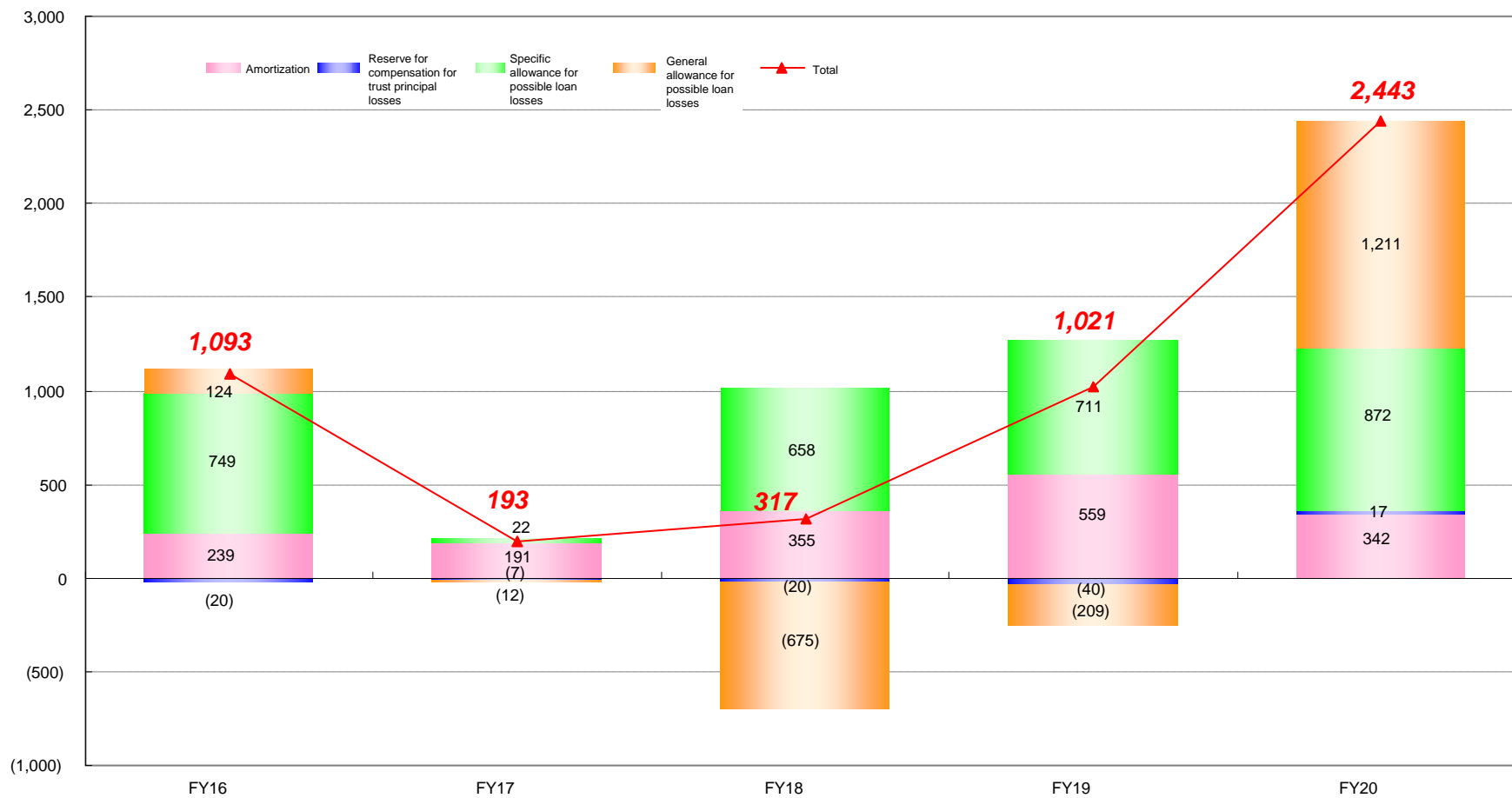
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Credit Cost



In overall terms, credit cost increased by ¥1,421 million year on year to ¥2,443 million.

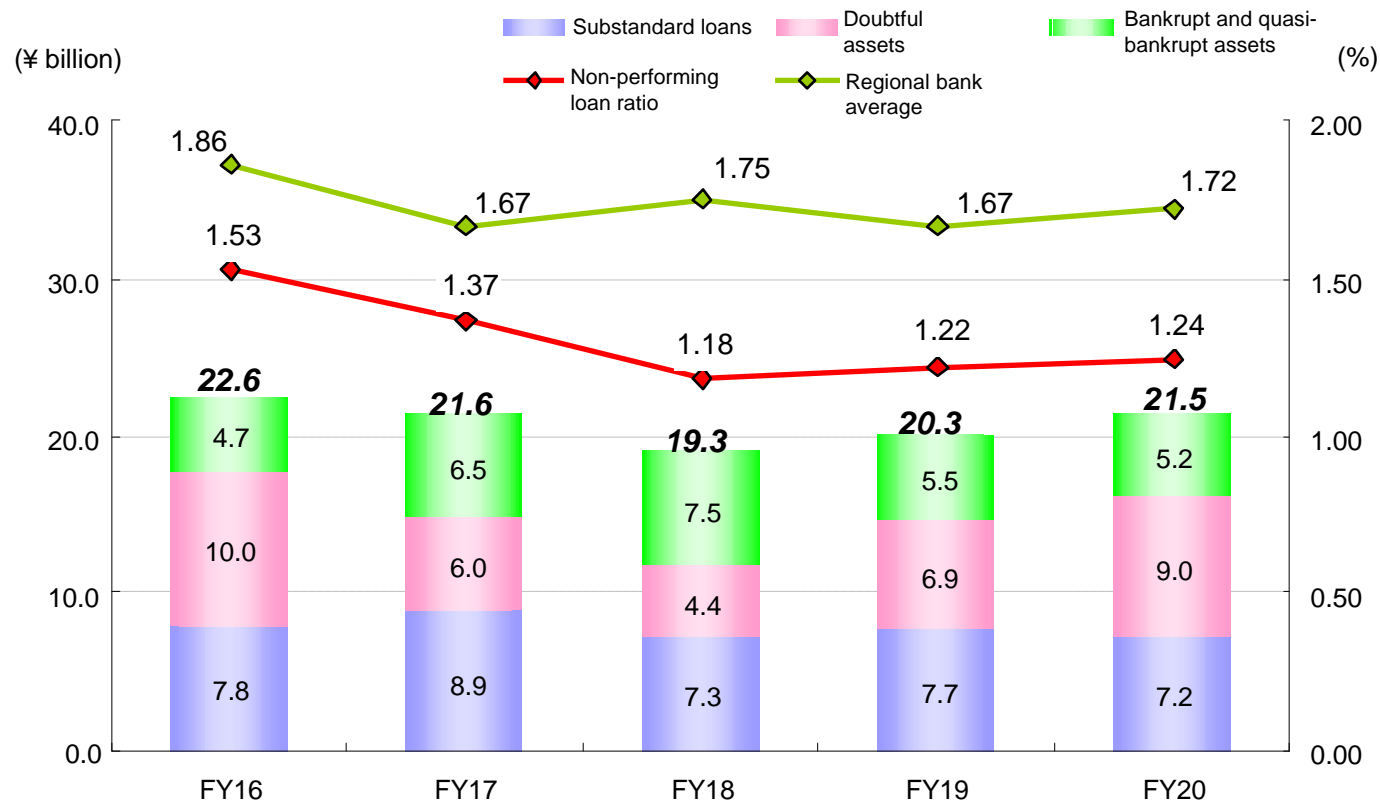
(¥ million)





¥21.5 billion (non-performing loan ratio: 1.24%).

Remained at low level, below the regional bank average of 1.72%.



*Please see P11 for details on the calculation of averages of regional banks

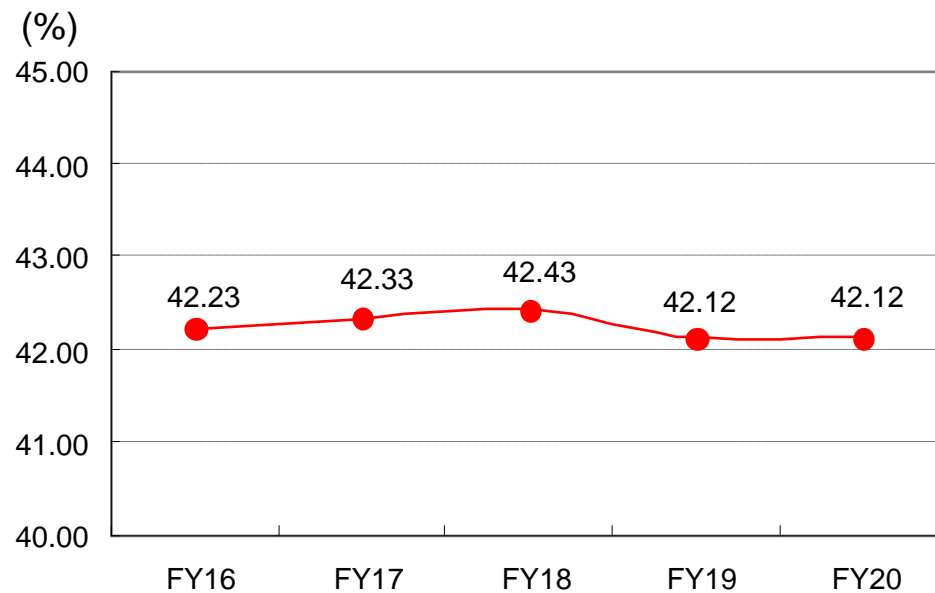


The share of loans and bills discounted and deposits both remained at a high level

Loans and bills discounted: 42.12% (down 0.00 percentage points YoY)

Deposits: 42.08% (up 0.15 percentage points YoY)

Loans and bills discounted (average balance)



Deposits (average balance)

