

# Financial Results

On a consolidated basis, in the fiscal period under review, total income decreased by ¥4,043 million year-on-year to ¥152,206 million (\$1,266 million) primarily due to a decline in income from lending activities in conjunction with a fall in interest rates. Total expenses decreased by ¥4,631 million to ¥110,837 million (\$922 million), primarily due to a decrease in net losses on sale of bonds (including Japanese government bonds) and a decline in write-offs of non-performing loans. As a result, income before income taxes and minority interests increased by ¥589 million to ¥41,369 million (\$344 million) and net income rose by ¥834 million to ¥24,843 million (\$206 million).

## Solid Growth Registered in Both Loan Balance and Deposit Balance

The loan balance (non-consolidated) at the end of the fiscal period under review increased by ¥306.2 billion during the year to ¥5,927.5 billion. Within this total, loans for the local Kyushu region accounted for 89.8%, with loans to SMEs and retail customers accounting for 77.3% of all loans.

The corresponding year-end balance of deposits, including certificates of deposit, increased by ¥392.0 billion to ¥7,130.9 billion yen. Within this total, the year-end balance of deposits from the local Kyushu region was ¥6,838.7 billion, or 95.9% of the total balance.

## Enhancing Comprehensive Business Support

We worked to address the start-up funding and consulting needs of customers aiming to expand existing businesses or develop new businesses by providing financing or investing in business development funds. We also provided support in the form of information on subsidies and financing systems, as well as helping them to commercialize new technologies through collaborations with external institutions such as local universities, public finance institutions, and regional public bodies.

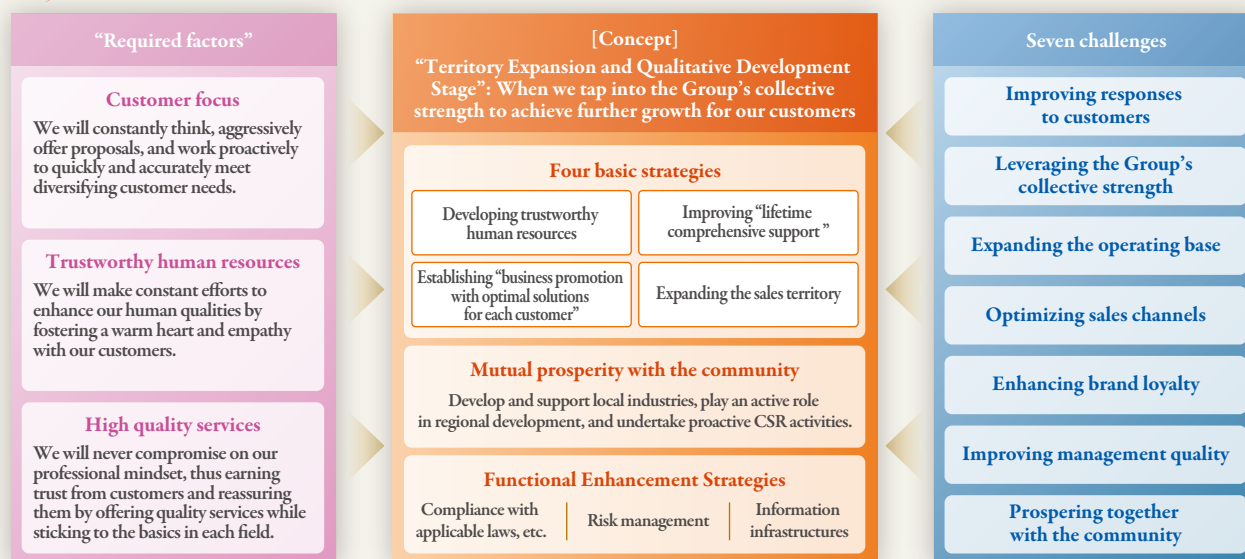
We also provided assistance to customers looking to further grow their businesses by expanding sales channels and/or investing in new business areas, including business matching, by holding business matching sessions in Japan in conjunction with organizations such as regional public bodies and other financial institutions as well as overseas business matching sessions in Shanghai and Hong Kong. Other initiatives included providing support for companies looking to expand their business activities overseas through collaborations with financial institutions outside of Japan and external experts, and consulting services to identify and find solutions to obstacles that might be hindering the growth of customers' businesses.

## Framework

Given the changes in economic and social structures and the government's economic-revitalization policy, we will tap into the Group's collective strength for further growth in the "Territorial Expansion and Qualitative Development Stage," the basic concept of the "New Stage 2014 – Working up a Sweat for Our Customers –."

**Our goal as a banking service provider in the "New Stage"**

**The leading bank in Kyushu prospering hand in hand with the local customers by providing them with top-level services in Japan**



## Supporting Revitalization of the Kyushu Economy

In January 2015, working with the Regional Economy Vitalization Corporation of Japan (REVIC), the Development Bank of Japan, and Dogan, we established the NCB Kyushu Revitalization Fund, which is aimed at providing comprehensive support to local companies with the potential to drive the Kyushu economy, ranging from improvement and reinforcement of their business bases to strategies for growth/expansion and business continuity.

In addition to a shrinking market resulting from a population decline, local businesses face increasingly fierce competition from large corporations that are expanding into provincial regions, together with a lack of business successors. Many of them require reinforcement of their financial bases and restructuring of their capital policies in order to implement the drastic measures needed to reorganize and restructure their businesses and ensure smooth succession. The NCB Kyushu Revitalization Fund is intended to provide greater growth support to local Kyushu companies harboring these types of needs.

As a local financial institution, we aim to respond to environmental and structural changes in the regional economy and society, and to assist in the comprehensive revitalization of the communities in which we operate, with a view to the revitalization and sustainable growth of the region as a whole. We

implemented a range of measures to drive economic activity in the local regions, including holding business matching sessions aimed at promoting regional products, and to revitalize industries in collaboration with external organizations such as regional public bodies and local universities, supporting industry-government-academic collaboration to develop new regional industries and businesses, and supporting projects for vitalizing urban centers.

## Key Points of FY2015 Operating Policy Based on New Medium-term Business Plan

In fiscal 2015, we will work to boost our brand power by developing and reliably supplying the highest-quality products and services, and will strive to enhance brand loyalty by delivering services that exceed expectations and leave lasting positive impressions among our customers, centered on the four basic strategies that we have set forth under our new Medium-term Business Plan.

Going forward, our management and staff will refocus on our roots as a regional financial institution and persevere with efforts to revitalize the regional economy.

I would like to take this opportunity to request your ongoing understanding of and support for the Nishi-Nippon City Bank Group in its future endeavors.

## Basic Strategies Underpinning the “Territory Expansion/Qualitative Development Stage”

We will further enhance the Group’s comprehensive financial strength by linking the four basic strategies together.

