

# Financial Results

On a consolidated basis, in the fiscal period under review, total income increased by ¥2,764 million year-on-year to ¥154,970 million (\$1,375 million) primarily due to an increase in gain on sales of stocks and other securities. Total expenses increased by ¥2,177 million to ¥113,014 million (\$1,002 million), primarily due to an increase in provision of allowance for loan losses. As a result, income before income taxes and minority interests increased by ¥587 million to ¥41,956 million (\$372 million) and profit (loss) attributable to owners of parent rose by ¥2,078 million to ¥26,921 million (\$238 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 ¥292.6 billion during the year to ¥6,220.1 billion. Within this total, loans for the local Kyushu region accounted for 89.8%, with loans to SMEs and retail customers accounting for 77.9% of all loans.

The corresponding year-end balance of deposits, including certificates of deposit, increased by ¥417.0 billion to ¥7,547.9 billion yen. Within this total, the year-end balance of deposits from the local Kyushu region was ¥7,127.9 billion, or 94.4% 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

When it comes to bringing research seeds to the market, universities in rural areas are more likely to face challenges in raising funds, such as scarcity of venture capital, than their counterparts in central areas. To offer a solution to this issue, the Bank and Kyushu TLO Company, Limited have taken the initiative in setting up a fund to support commercialization of research seeds from the universities in Kyushu.

With contributions mainly from private businesses in the Kyushu region, this business-academia venture fund provides a link between universities' research outcomes and other forms of intellectual property and a variety of know-how possessed by Kyushu TLO Company, regional private businesses, and the Bank. In a bid to bridge the gap that is said to exist between inventions generated from basic research and commercialization of new products (the so-called "valley of death"), this framework provides hands-on support throughout the entire process, from the early investment stage prior to commercialization all the way to the growth stage.

It is expected that incubating new industries by tapping into universities' intellectual property through this fund will create job opportunities for talented individuals, thereby revitalizing the regional community.

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 FY2016 Operating Policy Based on New Medium-term Business Plan

Fiscal 2016 marks the final year of the current Medium-term Business Plan. With a focus on the four basic strategies laid out in the Plan, we will work to boost our brand power by developing and reliably supplying the highest-quality products and services, and we will strive to enhance brand loyalty by delivering services that exceed expectations and leave lasting positive impressions with our customers. Through these efforts, we are determined to attain the targets laid out in the 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.

