

Flash Report for the First-Half Period Ended September 30, 2010 <Under Japanese GAAP>

November 12, 2010

Name of the listed company: **The Bank of Okinawa, Ltd.**
 Code No.: 8397 Stock exchange: Tokyo Stock Exchange and Fukuoka Stock Exchange
 URL: <http://www.okinawa-bank.co.jp/>
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 Scheduled date for submission of Interim Securities Report: November 26, 2010
 Date for initiation of dividend payments (subject to change): December 10, 2010
 Preparation of supplemental explanatory materials: applicable
 Holding of quarterly results briefing session: not applicable

* All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the First-Half Period (April 1 to September 30, 2010)

(1) Operating results	(¥ million)					
	Ordinary income		Ordinary profit		Net income	
1st half ended September 30, 2010	¥27,559	3.0%	¥6,256	(6.4)%	¥3,292	(23.7)%
1st half ended September 30, 2009	26,738	(2.6)	6,687	128.8	4,315	378.0
	Net income per share (¥)			Net income per share, diluted (¥)		
1st half ended September 30, 2010	¥157.37			¥157.33		
1st half ended September 30, 2009	204.17			—		

Note: Percentage figures for ordinary income, ordinary profit and net income represent year-on-year comparisons.

(2) Financial position	(¥ million)				
	Total assets	Net assets	Equity ratio*	Net assets per share (¥)	Capital ratio**
As of September 30, 2010	¥1,690,524	¥113,598	6.5%	¥5,330.92	13.21%
As of March 31, 2010	1,610,665	111,378	6.7	5,195.69	12.76

Notes: Owners' equity

As of September 30, 2010: ¥110,758 million As of March 31, 2010: ¥108,732 million

* Equity ratio is computed by dividing term-end balance of net assets after deduction of outstanding share subscription rights and minority interests by the term-end balance of total assets.

** Capital ratio (on a consolidated basis; domestic standard) is calculated using the formula stipulated in the 2006 Financial Services Agency Notification No.19 based on Article 14-2 of the Banking Law.

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2010	¥—	¥32.50	¥—	¥32.50	¥65.00
Year ending March 31, 2011	—	32.50			
Year ending March 31, 2011 (forecast)			—	32.50	65.00

Note: Revisions to dividend payment forecasts during the reporting period: not applicable

3. Operating Performance Forecasts for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

	(¥ million)						
	Ordinary income		Ordinary profit		Net income		Net income per share (¥)
Full term	¥53,100	(2.7)%	¥11,100	(26.0)%	¥5,600	(41.4)%	¥268.60

Notes: 1. Percentage figures represent year-on-year comparisons.

2. Revisions to performance forecasts during the reporting period: applicable

4. Others

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: not applicable

(3) Number of ordinary shares issued at the end of the period

As of September 30, 2010: 21,400,000 shares As of March 31, 2010: 21,815,881 shares

Number of shares in treasury at the end of the period

As of September 30, 2010: 623,401 shares As of March 31, 2010: 888,553 shares

Average number of shares during the period

1st half ended September 30, 2010: 20,919,700 shares 1st half ended September 30, 2009: 21,136,440 shares

5. Non-Consolidated Results for the First-Half Period (April 1 to September 30, 2010)

(1) Operating results

(¥ million)

	Ordinary income		Ordinary profit		Net income		Net income per share
							(¥)
1st half ended September 30, 2010	¥20,595	5.2%	¥5,495	(7.5)%	¥2,975	(23.5)%	¥142.25
1st half ended September 30, 2009	19,558	(1.9)	5,941	117.3	3,891	286.2	184.10

Note: Percentage figures represent year-on-year comparisons.

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio*	Net assets per share (¥)	Capital ratio**
As of September 30, 2010	¥1,672,761	¥107,535	6.4%	¥5,173.69	12.80%
As of March 31, 2010	1,595,354	105,781	6.6	5,054.69	12.39

Notes: Owners' equity

As of September 30, 2010: ¥107,491 million As of March 31, 2010: ¥105,781 million

* Equity ratio is computed by dividing term-end balance of net assets after deduction of outstanding share subscription rights and minority interests by the term-end balance of total assets.

** Capital ratio (on a non-consolidated basis; domestic standard) is calculated using the formula stipulated in the 2006 Financial Services Agency Notification No.19 based on Article 14-2 of the Banking Law.

6. Non-Consolidated Operating Performance Forecasts for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(¥ million)

	Ordinary income		Ordinary profit		Net income		Net income per share
							(¥)
Full term	¥39,300	(1.1)%	¥10,000	(24.9)%	¥5,400	(37.1)%	¥259.01

Note: Percentage figures represent year-on-year comparisons.

Presentation of Implementation Status of Interim Audit Procedures

This quarterly financial report is exempt from an interim audit based on the Financial Instruments and Exchange Law. An interim audit had not been completed for the interim consolidated financial statements and interim financial statements at the time this quarterly financial report was disclosed.

Notes on Appropriate Use of Business Performance Forecasts and Other Special Matters

1. Because the Bank falls under the category of a special purpose company (a company that conducts business as stipulated in Article 17-5, Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Corporate Information), it prepares an interim consolidated financial statement and an interim financial statement for the first-half fiscal period.

2. Forward-looking statements, including performance forecasts, contained in this material are based on information available to the management of the Bank at the time of writing, as well as assumptions deemed to be reasonable. Actual results may differ substantially due to various factors. The above performance forecasts (consolidated performance forecasts and non-consolidated performance forecasts for the fiscal year ending March 31, 2011) have been revised from the full-term performance forecasts announced on May 13, 2010.

Consolidated Balance Sheets

	Millions of yen	
	As of September 30, 2010	As of March 31, 2010
Assets		
Cash and due from bank	¥ 38,266	¥ 34,463
Call loans and bills bought	63,972	37,550
Monetary claims bought	231	196
Securities	424,951	352,887
Loans and bills discounted	1,103,366	1,125,898
Foreign exchanges	2,802	1,544
Lease claims and lease investment assets	18,147	18,786
Other assets	16,473	17,125
Tangible fixed assets	18,498	18,867
Intangible assets	1,173	1,258
Deferred tax assets	3,362	3,127
Customers' liabilities for acceptances and guarantees	12,459	12,661
Allowance for loan losses	(13,181)	(13,703)
Total assets	¥1,690,524	¥1,610,665

(Continued)

	Millions of yen	
	As of September 30, 2010	As of March 31, 2010
Liabilities		
Deposits	¥1,498,989	¥1,426,137
Borrowed money	14,465	14,042
Foreign exchanges	77	87
Due to trust account	23,033	17,228
Other liabilities	19,211	20,136
Provision for bonuses	704	684
Provision for directors' bonuses	11	—
Provision for retirement benefits	5,848	5,919
Provision for directors' retirement benefits	19	287
Reserve for compensation for trust principal losses	187	233
Reserve for losses on interest refund	183	132
Reserve for reimbursement of dormant deposits	55	55
Deferred tax liabilities	0	—
Deferred tax liabilities for land revaluation	1,679	1,679
Acceptances and guarantees	12,459	12,661
Total liabilities	1,576,926	1,499,287
Net assets		
Capital stock	22,725	22,725
Capital surplus	17,629	17,630
Retained earnings	66,853	65,704
Treasury stock	(2,194)	(3,177)
Shareholders' equity	105,013	102,882
Valuation difference on available-for-sale securities	4,778	4,899
Deferred gains (losses) on hedges	23	8
Revaluation reserve for land	942	942
Valuation and translation adjustments	5,744	5,849
Subscription rights to shares	43	—
Minority interests	2,796	2,646
Total net assets	113,598	111,378
Total liabilities and net assets	¥1,690,524	¥1,610,665

Consolidated Statements of Income

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Ordinary income	¥26,738	¥27,559
Interest income:	16,548	16,175
of which, Interest on loans and discounts	14,439	14,248
of which, Interest and dividends on securities	1,952	1,805
Trust fees	171	175
Fees and commissions	1,875	1,881
Other ordinary income	7,658	8,749
Other income	484	577
Ordinary expenses	20,051	21,303
Interest expenses:	2,131	2,390
of which, Interest on deposits	1,929	2,118
Fees and commissions payments	710	722
Other ordinary expenses	5,630	5,497
General and administrative expenses	9,974	9,965
Other expenses	1,604	2,728
Ordinary profit	6,687	6,256
Extraordinary income	212	177
Gain on disposal of noncurrent assets	2	0
Reversal of allowance for loans losses	—	—
Recoveries of written-off claims	165	130
Reversal of reserve for compensation of trust fund principal losses	43	46
Reversal of reserve for reimbursement of dormant deposits	—	—
Extraordinary loss	65	260
Loss on disposal of noncurrent assets	16	38
Impairment loss	49	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	221
Income before income taxes and minority interests	6,833	6,173
Income taxes – current	2,074	2,906
Income taxes – deferred	346	(185)
Total income taxes	2,421	2,720
Income before minority interests		3,452
Minority interests in income	96	160
Net income	¥ 4,315	¥3,292

Consolidated Statements of Changes in Net Assets

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Shareholders' equity		
Capital stock		
Balance at the end of the previous period	¥22,725	¥22,725
Changes during the period	—	—
Balance at the end of the current period	¥22,725	¥22,725
Capital surplus		
Balance at the end of the previous period	¥17,630	¥17,630
Changes during the period:		
Disposal of treasury stock	—	—
Retirement of treasury stock	—	(0)
Total change during the period	—	(0)
Balance at the end of the current period	¥17,630	¥17,629
Retained earnings		
Balance at the end of the previous period	¥57,430	¥65,704
Changes during the period:		
Dividends from surplus	(636)	(680)
Net income	4,315	3,292
Retirement of treasury stock	—	(1,463)
Reversal of revaluation reserve for land	6	—
Total changes during the period	3,685	1,148
Balance at the end of the current period	¥61,116	¥66,853
Treasury stock		
Balance at the end of the previous period	¥(2,171)	¥(3,177)
Changes during the period:		
Purchase of treasury stock	(496)	(480)
Disposal of treasury stock	—	—
Retirement of treasury stock	—	1,463
Total changes during the period	(496)	983
Balance at the end of the current period	¥(2,667)	¥(2,194)
Total shareholders' equity		
Balance at the end of the previous period	¥95,614	¥102,882
Changes during the period:		
Dividends from surplus	(636)	(680)
Net income	4,315	3,292
Purchase of treasury stock	(496)	(480)
Disposal of treasury stock	—	—
Reversal of revaluation reserve for land	6	—
Total changes during the period	3,189	2,131
Balance at the end of the current period	¥98,804	¥105,013

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of the previous period	¥ 574	¥ 4,899
Changes during the period:		
Net changes in items other than shareholders' equity	3,914	(120)
Total changes during the period	3,914	(120)
Balance at the end of the current period	¥ 4,488	¥ 4,778
Deferred gains (losses) on hedges		
Balance at the end of the previous period	¥ 35	¥ 8
Changes during the period:		
Net changes in items other than shareholders' equity	(14)	15
Total changes during the period	(14)	15
Balance at the end of the current period	¥ 21	¥ 23
Revaluation reserve for land		
Balance at the end of the previous period	¥ 970	¥ 942
Changes during the period:		
Net changes in items other than shareholders' equity	(6)	—
Total changes during the period	(6)	—
Balance at the end of the current period	¥ 963	¥ 942
Total valuation and translation adjustments		
Balance at the end of the previous period	¥ 1,579	¥ 5,849
Changes during the period:		
Net changes in items other than shareholders' equity	3,893	(105)
Total changes during the period	3,893	(105)
Balance at the end of the current period	¥ 5,473	¥ 5,744
Subscription rights to shares		
Balance at the end of the previous period	¥ —	¥ —
Changes during the period:		
Net changes in items other than shareholders' equity	—	43
Total changes during the period	—	43
Balance at the end of the current period	¥ —	¥ 43
Minority interests		
Balance at the end of the previous period	¥ 2,276	¥ 2,646
Changes during the period:		
Net changes in items other than shareholders' equity	96	150
Total changes during the period	96	150
Balance at the end of the current period	¥ 2,373	¥ 2,796

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Total net assets		
Balance at the end of the previous period	¥ 99,471	¥111,378
Changes during the period:		
Dividends from surplus	(636)	(680)
Net income	4,315	3,292
Purchase of treasury stock	(496)	(480)
Disposal of treasury stock	—	—
Reversal of revaluation reserve for land	6	—
Net changes in items other than shareholders' equity	3,989	88
Total changes during the period	7,178	2,219
Balance at the end of the current period	¥106,650	¥113,598

Non-Consolidated Balance Sheets

	Millions of yen	
	As of September 30, 2010	As of March 31, 2010
Assets		
Cash and due from banks	¥ 37,729	¥ 34,005
Call loans	63,972	37,550
Monetary claims bought	231	196
Securities	425,664	353,597
Loans and bills discounted	1,112,557	1,138,622
Foreign exchanges	2,802	1,544
Other assets	5,290	5,444
Tangible fixed assets	17,604	17,809
Intangible assets	1,049	1,120
Deferred tax assets	1,989	1,732
Customers' liabilities for acceptances and guarantees	12,459	12,661
Allowance for loan losses	(8,588)	(8,932)
Total assets	¥1,672,761	¥1,595,354

(Continued)

	Millions of yen	
	As of September 30, 2010	As of March 31, 2010
Liabilities		
Deposits	¥1,508,577	¥1,436,822
Borrowed money	—	—
Foreign exchanges	77	87
Due to trust account	23,033	17,228
Other liabilities:	12,866	14,205
Income taxes payable	2,677	3,993
Lease obligations	954	1,044
Asset retirement obligations	288	—
Other	8,946	9,168
Provision for bonuses	581	562
Provision for directors' bonuses	9	—
Provision for retirement benefits	5,698	5,766
Provision for directors' retirement benefits	—	269
Reserve for compensation for trust principal losses	187	233
Reserve for reimbursement of dormant deposits	55	55
Deferred tax liabilities for land revaluation	1,679	1,679
Acceptances and guarantees	12,459	12,661
Total liabilities	1,565,226	1,489,572
Net assets		
Capital stock	22,725	22,725
Capital surplus:	17,623	17,624
Legal capital surplus	17,623	17,623
Other capital surplus	—	0
Retained earnings:	63,592	62,760
Legal retained earnings	9,535	9,535
Other retained earnings:	54,057	53,224
General reserve	51,720	44,520
Retained earnings brought forward	2,337	8,704
Treasury stock	(2,194)	(3,177)
Shareholders' equity	101,747	99,932
Valuation difference on available-for-sale securities	4,778	4,898
Deferred gains (losses) on hedges	23	8
Revaluation reserve for land	942	942
Valuation and translation adjustments	5,744	5,849
Subscription rights to shares	43	—
Total net assets	107,535	105,781
Total liabilities and net assets	¥1,672,761	¥1,595,354

Non-Consolidated Statements of Income

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Ordinary income	¥19,558	¥20,595
Interest income:	16,075	15,717
of which, Interest on loans and discounts	13,983	13,805
of which, Interest and dividends on securities	1,943	1,798
Trust fees	171	175
Fees and commissions	1,883	1,882
Other ordinary income	965	2,233
Other income	461	586
Ordinary expenses	13,617	15,099
Interest expenses:	2,040	2,305
of which, Interest on deposits	1,944	2,134
Fees and commissions payments	1,225	1,118
Other ordinary expenses	27	49
General and administrative expenses	9,182	9,299
Other expenses	1,141	2,326
Ordinary profit	5,941	5,495
Extraordinary income	167	155
Gain on disposal of noncurrent assets	2	0
Reversal of allowance for loan losses	—	—
Recoveries of written-off claims	121	107
Reversal of reserve for compensation of trust fund principal losses	43	46
Reversal of reserve for reimbursement of dormant deposits	—	—
Extraordinary loss	65	258
Loss on disposal of noncurrent assets	15	35
Impairment loss	49	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	221
Income before income taxes	6,043	5,392
Income taxes – current	1,775	2,625
Income taxes – deferred	376	(208)
Total income taxes	2,151	2,416
Net income	¥ 3,891	¥ 2,975

Non-Consolidated Statements of Changes in Net Assets

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Shareholders' equity		
Capital stock		
Balance at the end of the previous period	¥22,725	¥22,725
Changes during the period	—	—
Balance at the end of the current period	¥22,725	¥22,725
Capital surplus		
Legal capital surplus:		
Balance at the end of the previous period	¥17,623	¥17,623
Changes during the period	—	—
Balance at the end of the current period	¥17,623	¥17,623
Other capital surplus:		
Balance at the end of the previous period	¥ 0	¥ 0
Changes during the period:		
Disposal of treasury stock	—	—
Retirement of treasury stock	—	(0)
Total changes during the period	—	(0)
Balance at the end of the current period	¥ 0	¥ —
Total capital surplus:		
Balance at the end of the previous period	¥17,624	¥17,624
Changes during the period:		
Disposal of treasury stock	—	—
Retirement of treasury stock	—	(0)
Total changes during the period	—	(0)
Balance at the end of the current period	¥17,624	¥17,623
Retained earnings		
Legal retained earnings:		
Balance at the end of the previous period	¥ 9,535	¥ 9,535
Changes during the period	—	—
Balance at the end of the current period	¥ 9,535	¥ 9,535
General reserve:		
Balance at the end of the previous period	¥42,920	¥44,520
Changes during the period:		
Transfer to general reserve	1,600	7,200
Total changes during the period	1,600	7,200
Balance at the end of the current period	¥44,520	¥51,720

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Retained earnings brought forward:		
Balance at the end of the previous period	¥ 3,003	¥ 8,704
Changes during the period:		
Dividends from surplus	(636)	(680)
Net income	3,891	2,975
Transfer to general reserve	(1,600)	(7,200)
Retirement of treasury stock	—	(1,463)
Reversal of revaluation reserve for land	6	—
Total changes during the period	1,661	(6,367)
Balance at the end of the current period	¥ 4,664	¥ 2,337
Total retained earnings:		
Balance at the end of the previous period	¥55,458	¥62,760
Changes during the period:		
Dividends from surplus	(636)	(680)
Net income	3,891	2,975
Transfer to general reserve	—	—
Retirement of treasury stock	—	(1,463)
Reversal of revaluation reserve for land	6	—
Total changes during the period	3,261	832
Balance at the end of the current period	¥58,720	¥63,592
Treasury stock		
Balance at the end of the previous period	¥(2,171)	¥(3,177)
Changes during the period:		
Purchase of treasury stock	(496)	(480)
Disposal of treasury stock	—	—
Retirement of treasury stock	—	1,463
Total changes during the period	(496)	983
Balance at the end of the current period	¥(2,667)	¥(2,194)
Total shareholders' equity		
Balance at the end of the previous period	¥93,636	¥99,932
Changes during the period:		
Dividends from surplus	(636)	(680)
Net income	3,891	2,975
Reversal of revaluation reserve for land	6	—
Purchase of treasury stock	(496)	(480)
Disposal of treasury stock	—	—
Total changes during the period	2,765	1,814
Balance at the end of the current period	¥96,402	¥101,747
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of the previous period	¥ 574	¥ 4,898
Changes during the period:		
Net changes in items other than shareholders' equity	3,913	(119)
Total changes during the period	3,913	(119)
Balance at the end of the current period	¥ 4,488	¥ 4,778

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2009	2010
Deferred gains (losses) on hedges		
Balance at the end of the previous period	¥ 35	¥ 8
Changes during the period:		
Net changes in items other than shareholders' equity	(14)	15
Total changes during the period	(14)	15
Balance at the end of the current period	¥ 21	¥ 23
Revaluation reserve for land		
Balance at the end of the previous period	¥ 970	¥ 942
Changes during the period:		
Net changes in items other than shareholders' equity	(6)	—
Total changes during the period	(6)	—
Balance at the end of the current period	¥ 963	¥ 942
Total valuation and translation adjustments		
Balance at the end of the previous period	¥ 1,580	¥ 5,849
Changes during the period:		
Net changes in items other than shareholders' equity	3,892	(104)
Total changes during the period	3,892	(104)
Balance at the end of the current period	¥ 5,472	¥ 5,744
Subscription rights to shares		
Balance at the end of the previous period	¥ —	¥ —
Changes during the period:		
Net changes in items other than shareholders' equity	—	43
Total changes during the period	—	43
Balance at the end of the current period	¥ —	¥ 43
Total net assets		
Balance at the end of the previous period	¥ 95,216	¥105,781
Changes during the period:		
Dividends from surplus	(636)	(680)
Net income	3,891	2,975
Reversal of revaluation reserve for land	6	—
Purchase of treasury stock	(496)	(480)
Disposal of treasury stock	—	—
Net changes in items other than shareholders' equity	3,892	(61)
Total changes during the period	6,657	1,753
Balance at the end of the current period	¥101,874	¥107,535