Outline of Business Results for FY2013

Highlights for FY2013

While interest income and commission revenues improved, credit costs increased substantially ⇒ resulting in increase in revenues and decrease earnings

(¥ billion)

Non-consolidated	FY13	FY12	YoY change
Ordinary income	37.1	36.8	+0.3
Gross business profit	30.0	30.2	(0.2)
Interest income	27.3	26.9	+0.3
Fees and commissions	2.5	2.4	+0.1
Fees and commissions (excluding trust fees)	2.0	1.8	+0.2
Trust account services	0.4	0.5	(0.1)
Other business profit	0.1	0.8	(0.7)
Gains (losses) on bond trading	(0.0)	0.7	(0.7)
Expenses (excluding non-recurrent items)	19.9	19.2	+0.6
Business profit on core banking operations	10.1	10.3	(0.1)
Provision of general allowance for possible loan losses	0.6	(0.0)	+0.7
Net business profit	9.4	11.0	(1.5)
Non-recurrent items	(0.9)	(1.7)	+0.8
Net gains (losses) on equity securities	1.0	(0.5)	+1.5
Bad debt disposal (non-recurrent items)	2.2	1.6	+0.5
Ordinary profit	8.5	9.3	(0.7)
Extraordinary gains	(0.0)	(0.0)	(0.0)
Bad debt disposal (reversal of extraordinary losses)	-	-	-
Net income	4.5	5.4	(0.8)

Credit costs	2.8	1.6	+1.2
Non-performing loan ratio	1.72%	1.64%	0.08%
Capital ratio	11.66%	11.88%	-

* The capital ratio for FY13 was calculated according to the new standard, Basel III.

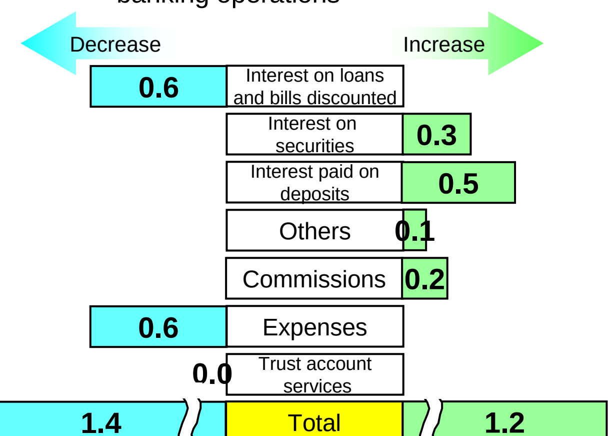
●Year-on-year changes

(¥ billion, %)

	Average balance	Yield	Interest
Loans and bills discounted	+48.6 [+47.2]	(0.15) [(0.15)]	(0.6) [(0.7)]
Securities	+1.8	+0.06	0.3
Deposits	+39.4 [+39.5]	(0.03) [(0.04)]	(0.5) [(0.6)]
Others	-	-	0.0 [0.0]
Total	-	-	0.2 [0.3]

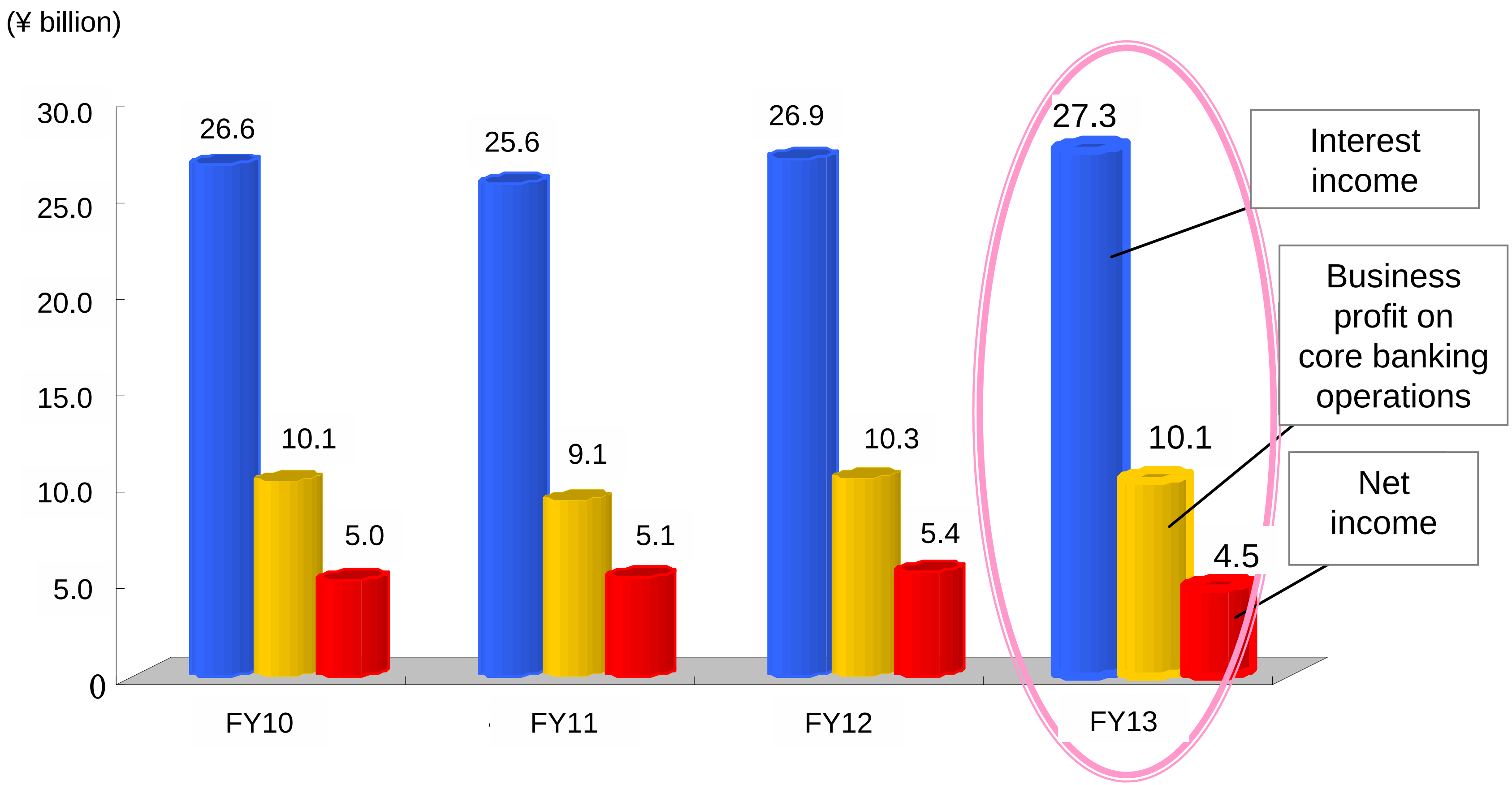
Net gains on securities are posted as +0.9

●YoY comparison of business profit on core banking operations



Earnings (Business profit on core banking operations continued to exceed the ¥10.0 billion level)

Business profit on core banking operations decreased due to higher expenses despite the rise in interest income

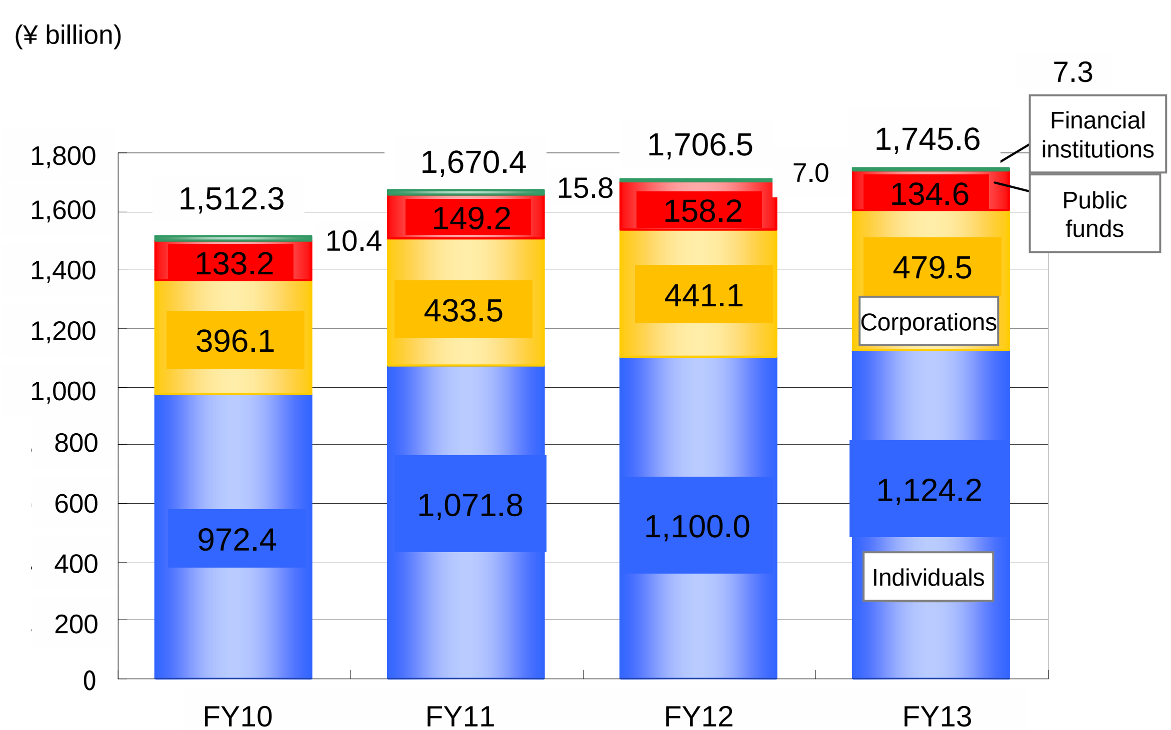


Deposits (Average Balance)

Deposits by corporations rose by ¥38.4 billion (+8.7%)

Deposits by individuals rose by ¥24.1 billion (2.2%)

Total deposits rose by ¥39.1 billion (+2.2%) to ¥1,745.6 billion



* Including trust accounts

Deposits by corporations

Increased liquidity

Enhanced function to trace funds

Deposits by individuals

Increased liquidity

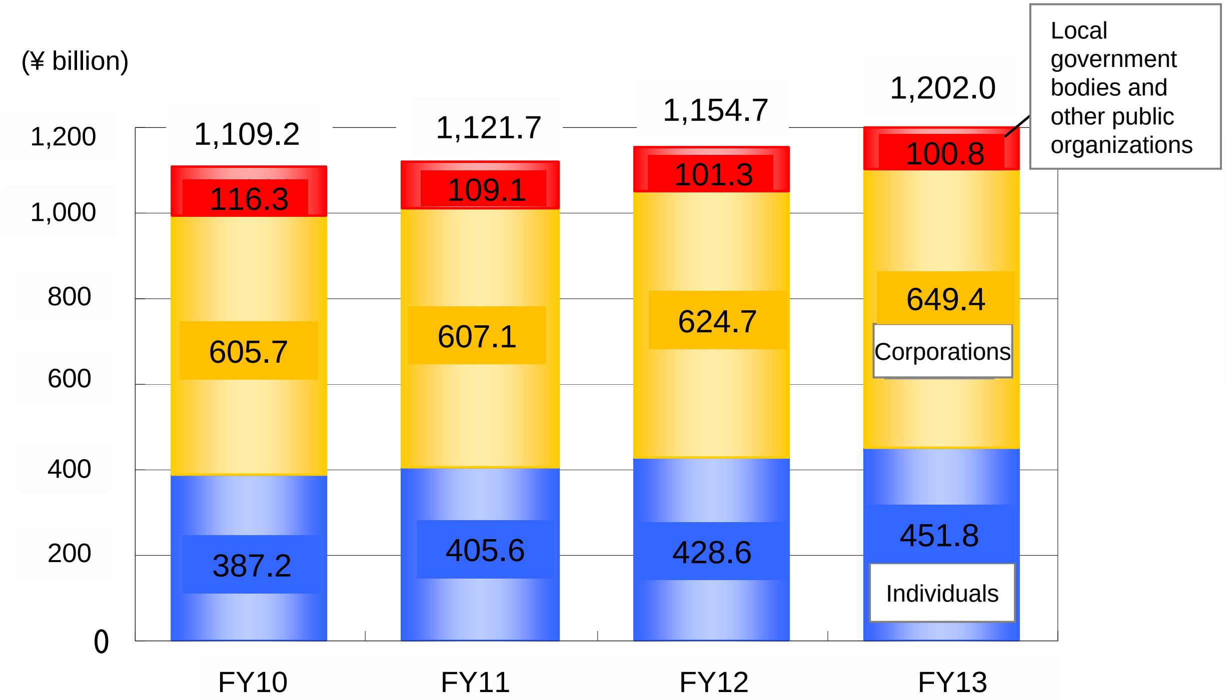
Opening of new pension and salary payment accounts

Decrease in time deposits

Maturity of deposits acquired through past promotional campaigns, etc.

Loans (Average Balance)

Business loans rose by ¥24.7 million, loans to individuals rose by ¥23.2 billion
Total loans and bills discounted rose by ¥47.2 billion (+4.1%) to ¥1,202.0 billion



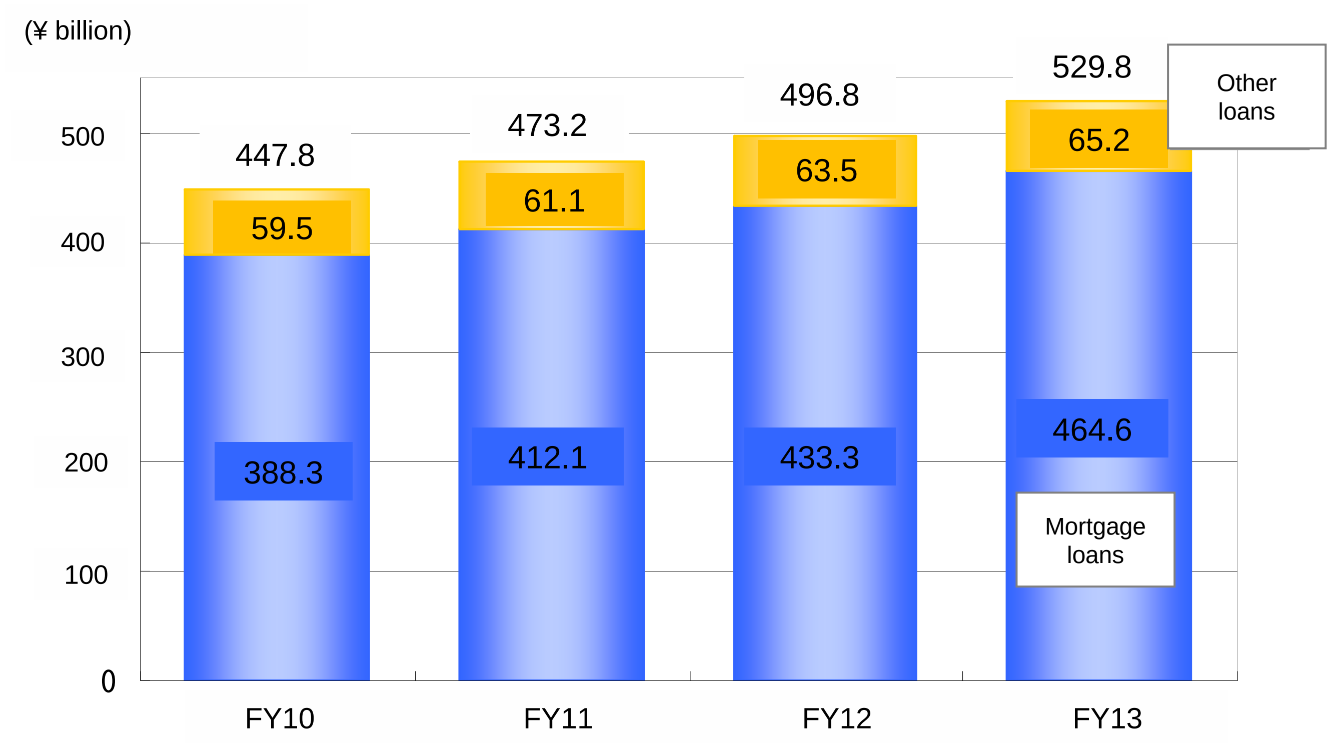
* Including trust accounts

Business loans
Factors for increase in loans:
Apartment loans

Loans to individuals
Factors for increase in loans:
Mortgage loans
Apartment loans

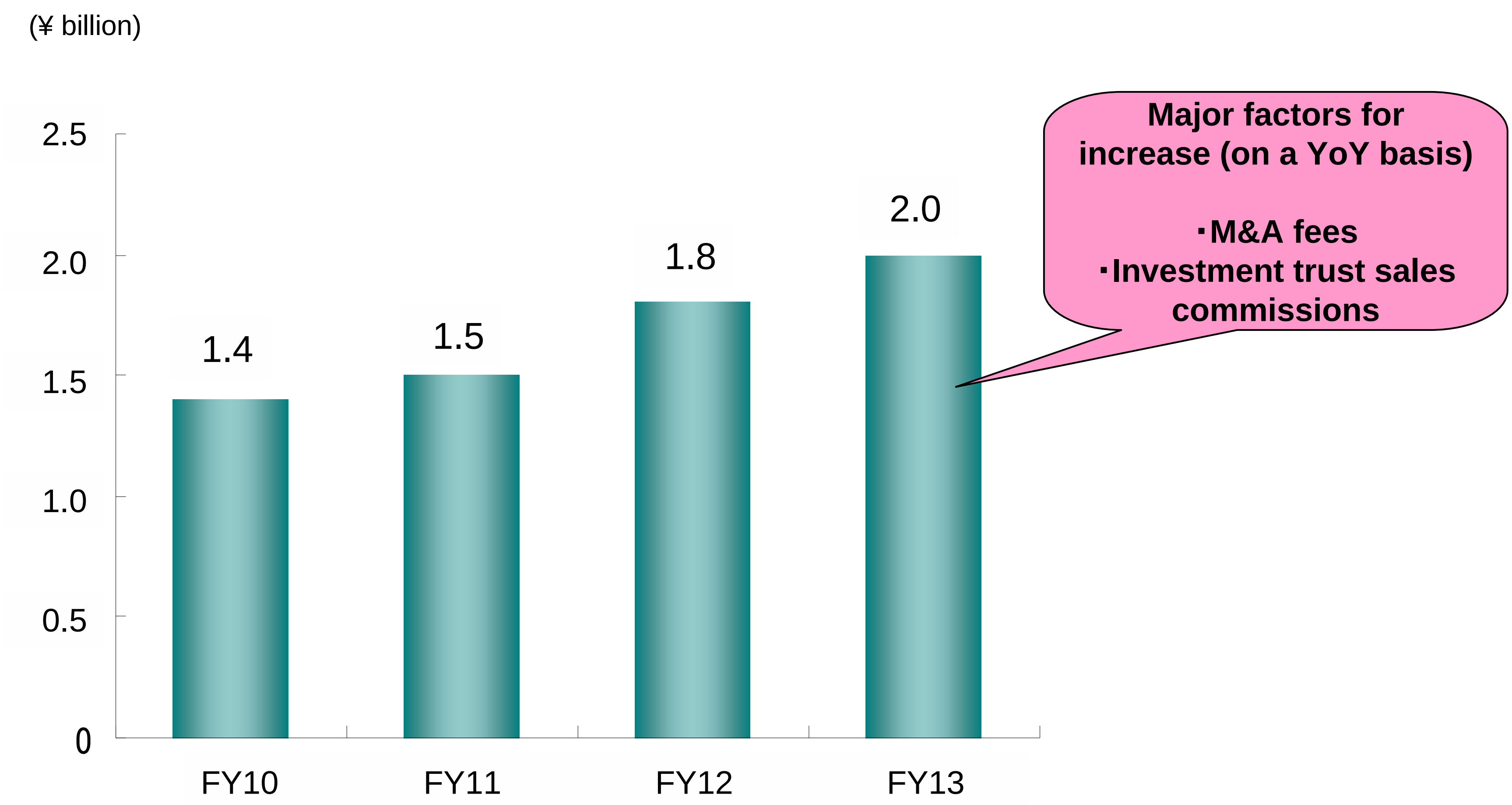
Loans to Individuals (Term-End Balance)

Mortgage loans rose by ¥31.3 billion, other loans rose by ¥1.7 billion
Loans to individuals rose by ¥33.0 billion (+6.6%) year on year to ¥529.8 billion

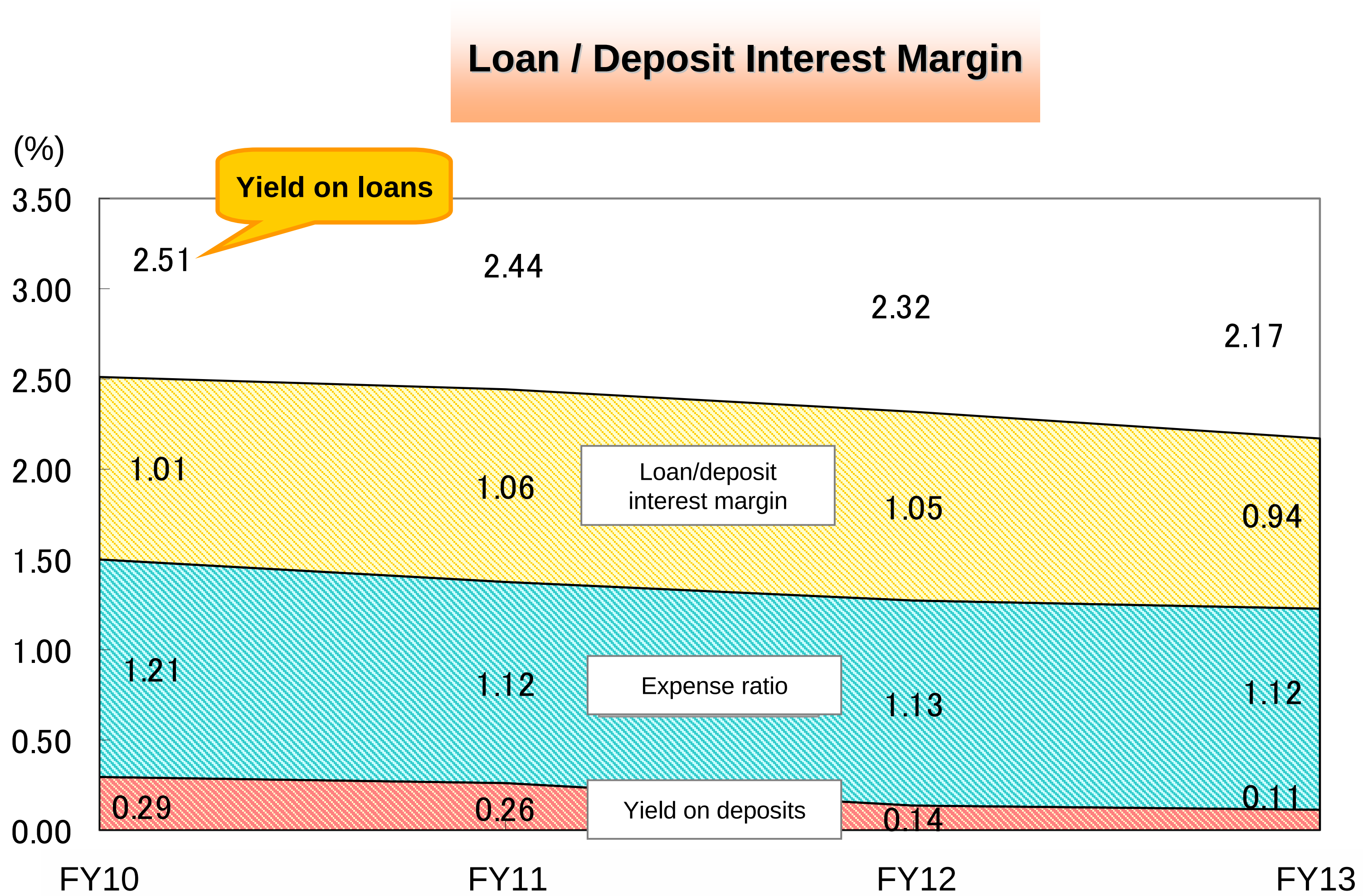


* Including trust accounts

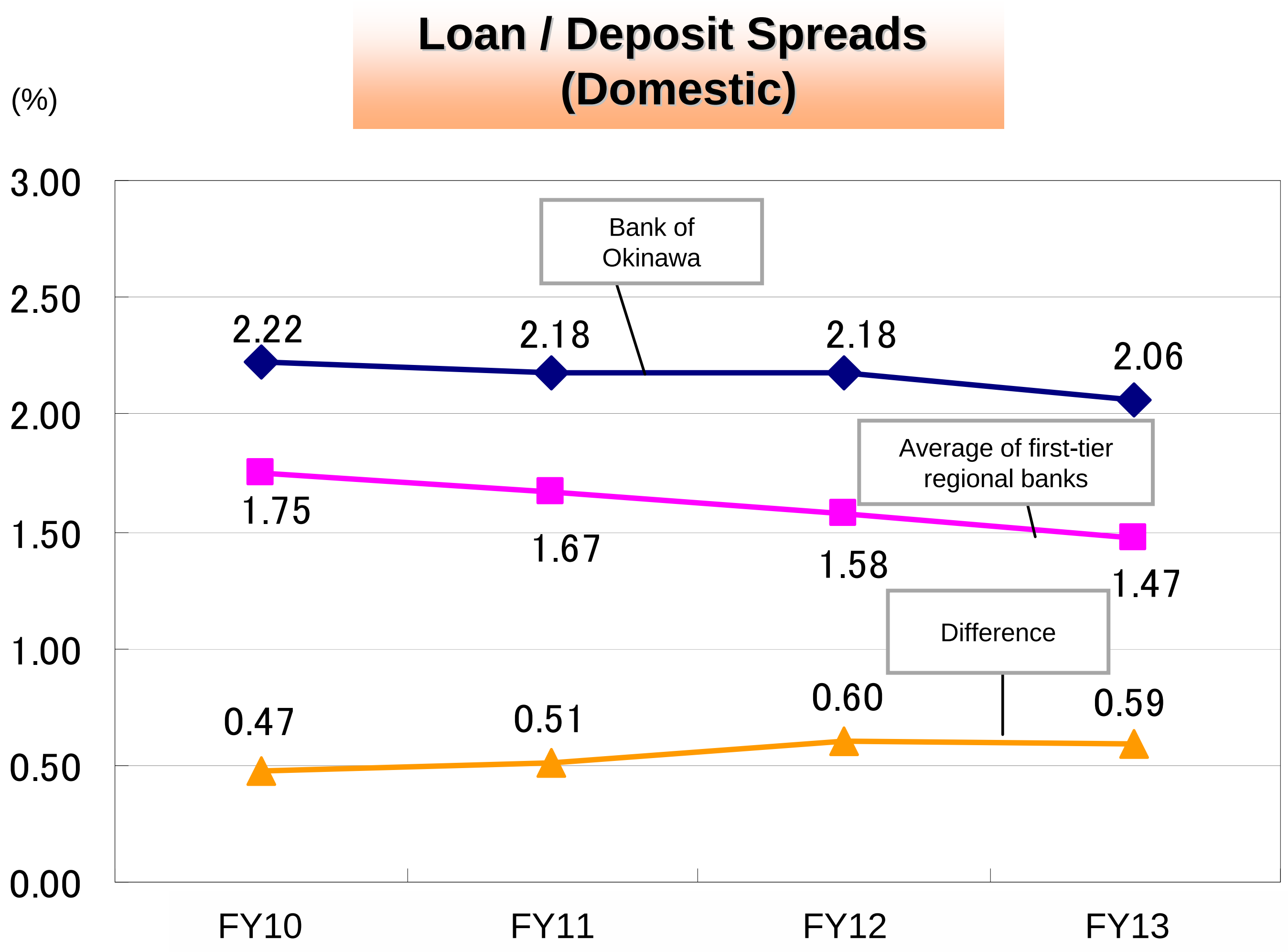
Fees and Commissions (Excluding Trust Fees)



Loan / Deposit Interest Margin (Domestic)

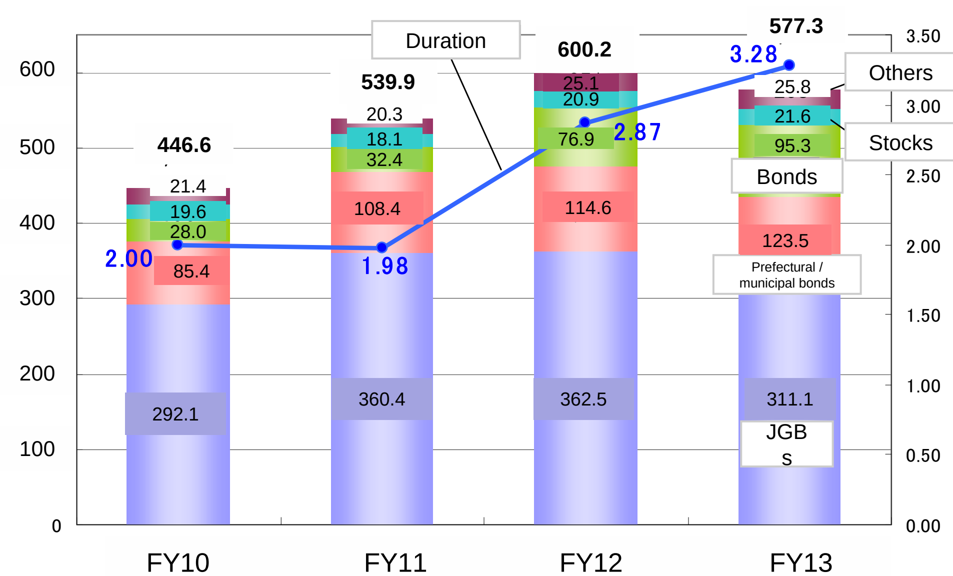


Loan / Deposit Spreads (Domestic)

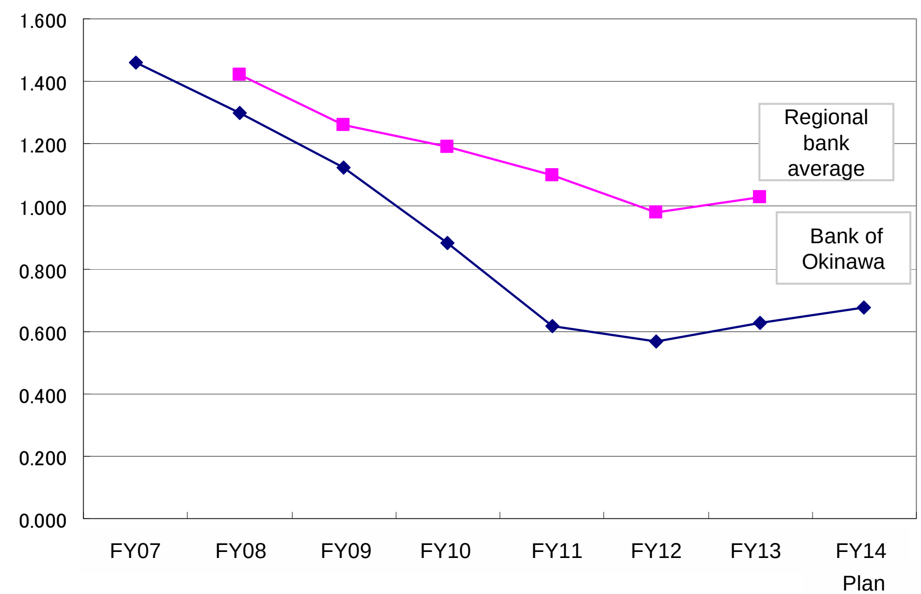


Securities (Term-End Balance)

Term-end balance and average duration



Yield on securities

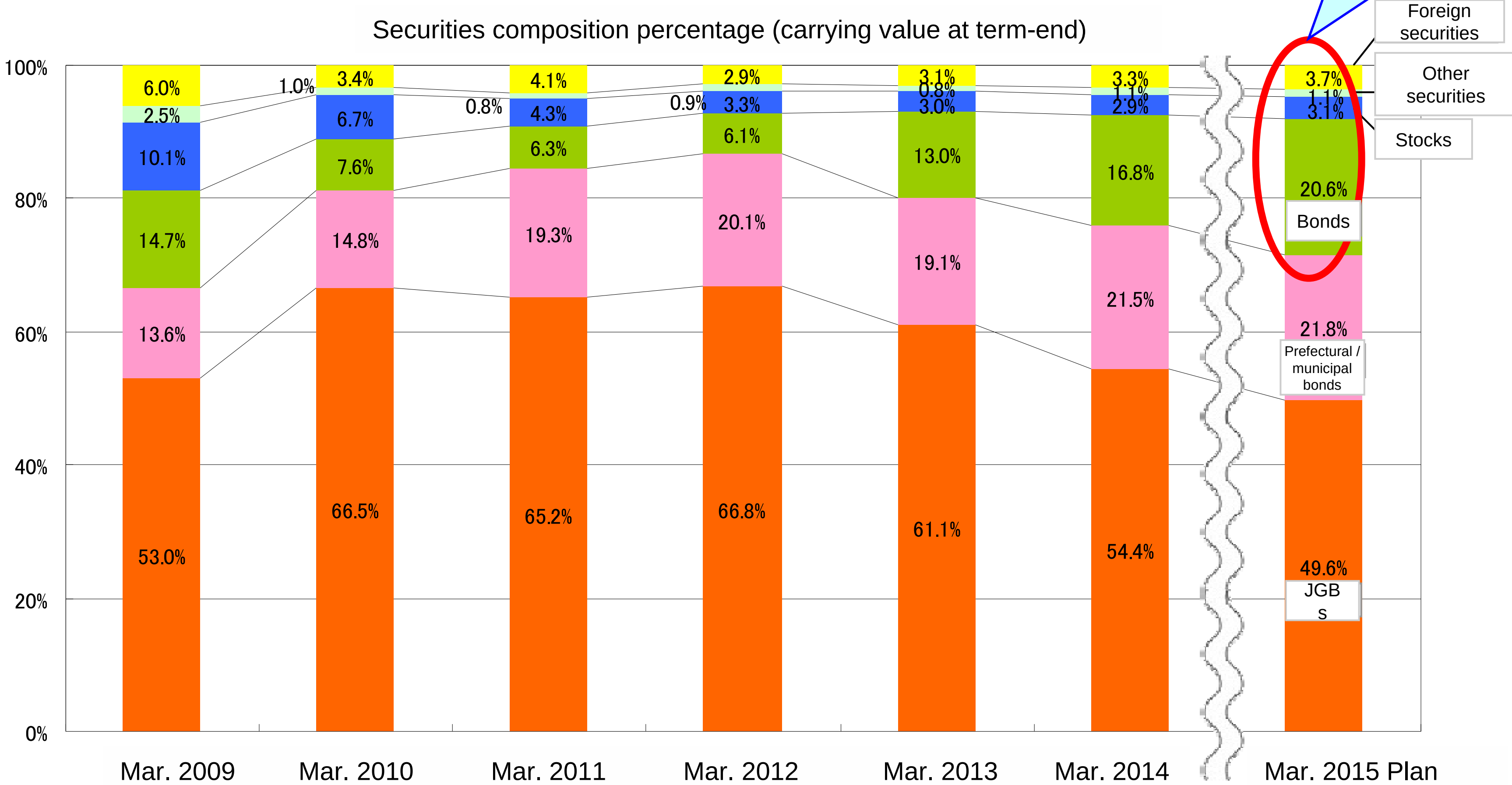


Securities Allocation

Review of allocation (improve allocation so it is not concentrated on JGBs)

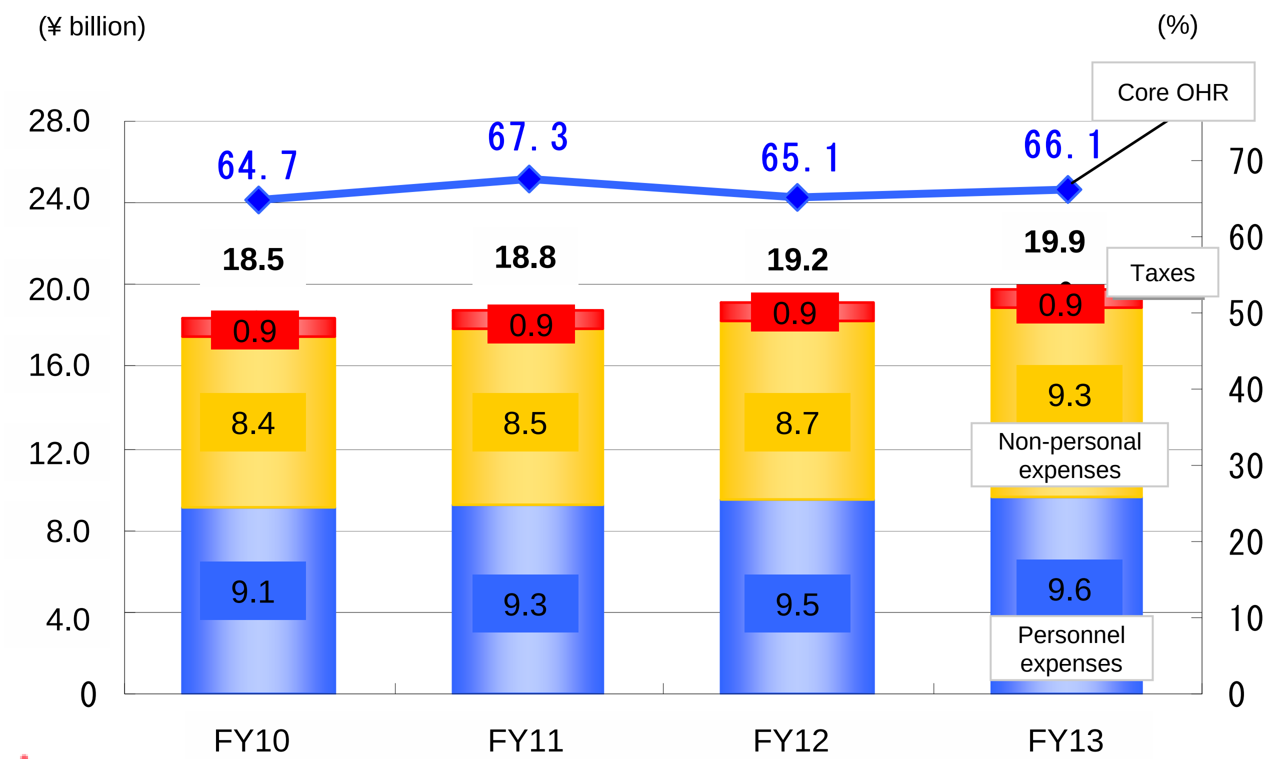
Pursuing higher yields while controlling risks

Investments to be emphasized in the future



Expenses

¥19.9 billion (up ¥0.6 bn YoY)

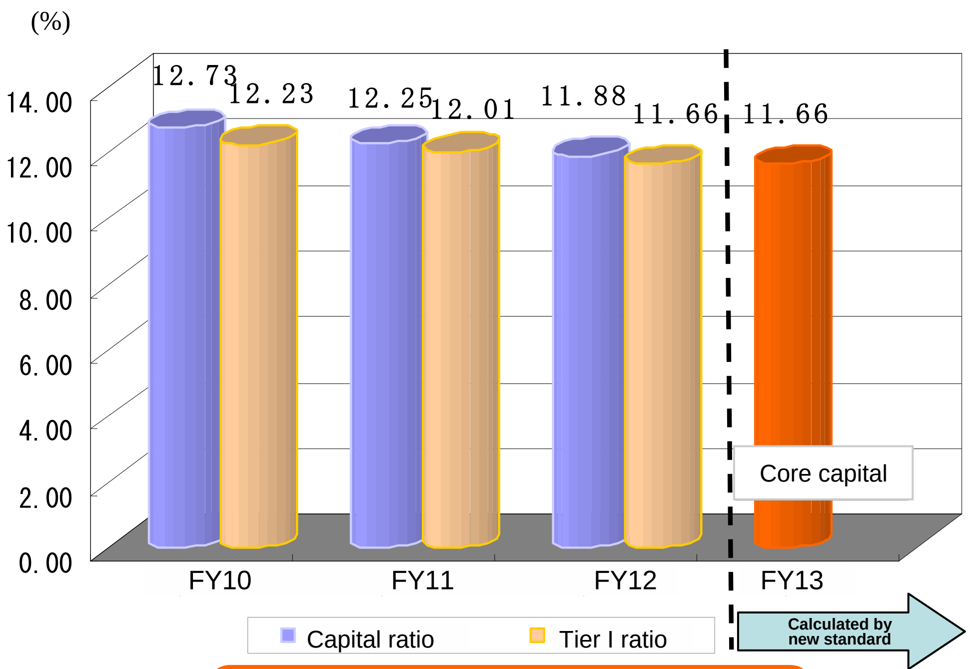


Non-personal expenses increased (up ¥0.5 billion) mainly due to an increase in office consignment expenses

Personnel expenses increased (up ¥ 0.1 billion) owing partly to higher expenses incurred by temporary hiring

Capital Ratio (Basel III Standard)

Capital ratio (domestic standard) **at 11.66%**



Average capital ratio of regional banks in the term ended March 2014
Capital ratio: 11.60%

Source: Bank of Okinawa

Outlier Ratio

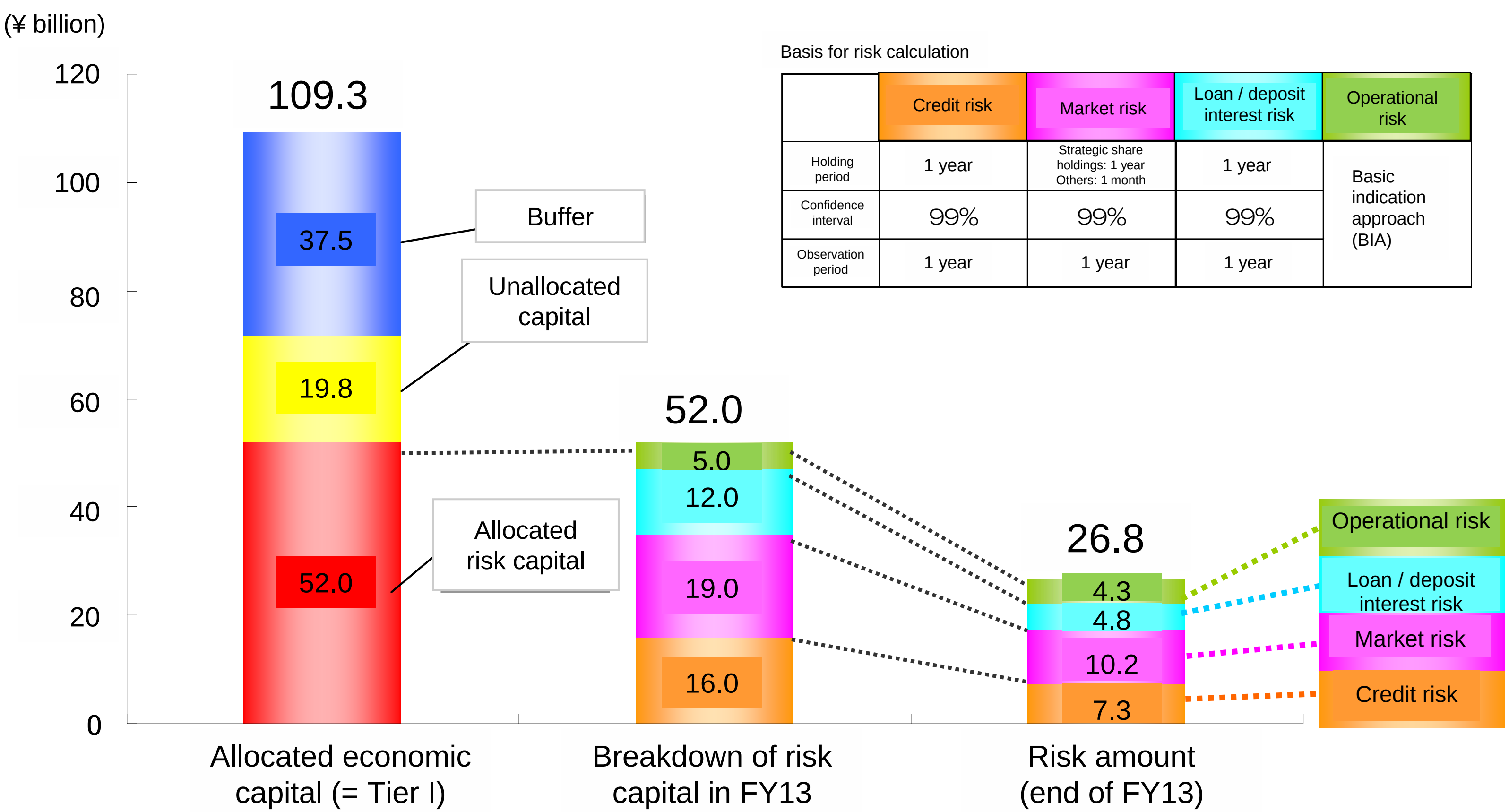
	Total interest rate risk	Outlier ratio
End of March 2014	¥4,202 million	3.59%

Percentile standard

Core deposits are assumed to be 50% of the term-end balance of liquid deposits. The average maturity is assumed to be 2.5 years.

Risk Management ― Capital Allocation ―

Controlling risks within the scope of Tier I

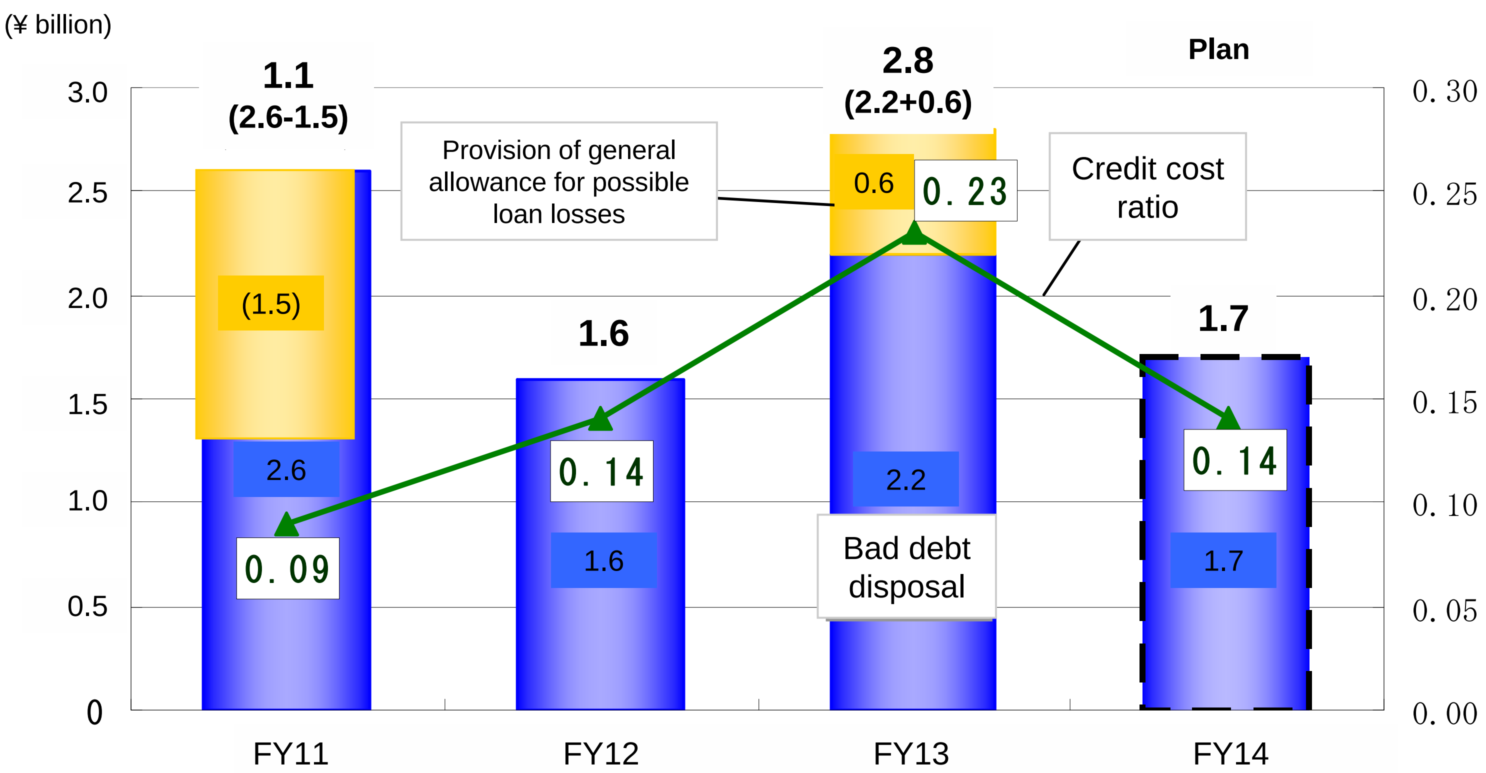


Basis for risk calculation

	Credit risk	Market risk	Loan / deposit interest risk	Operational risk
Holding period	1 year	Strategic share holdings: 1 year Others: 1 month	1 year	Basic indication approach (BIA)
Confidence interval	99%	99%	99%	
Observation period	1 year	1 year	1 year	

Credit Cost

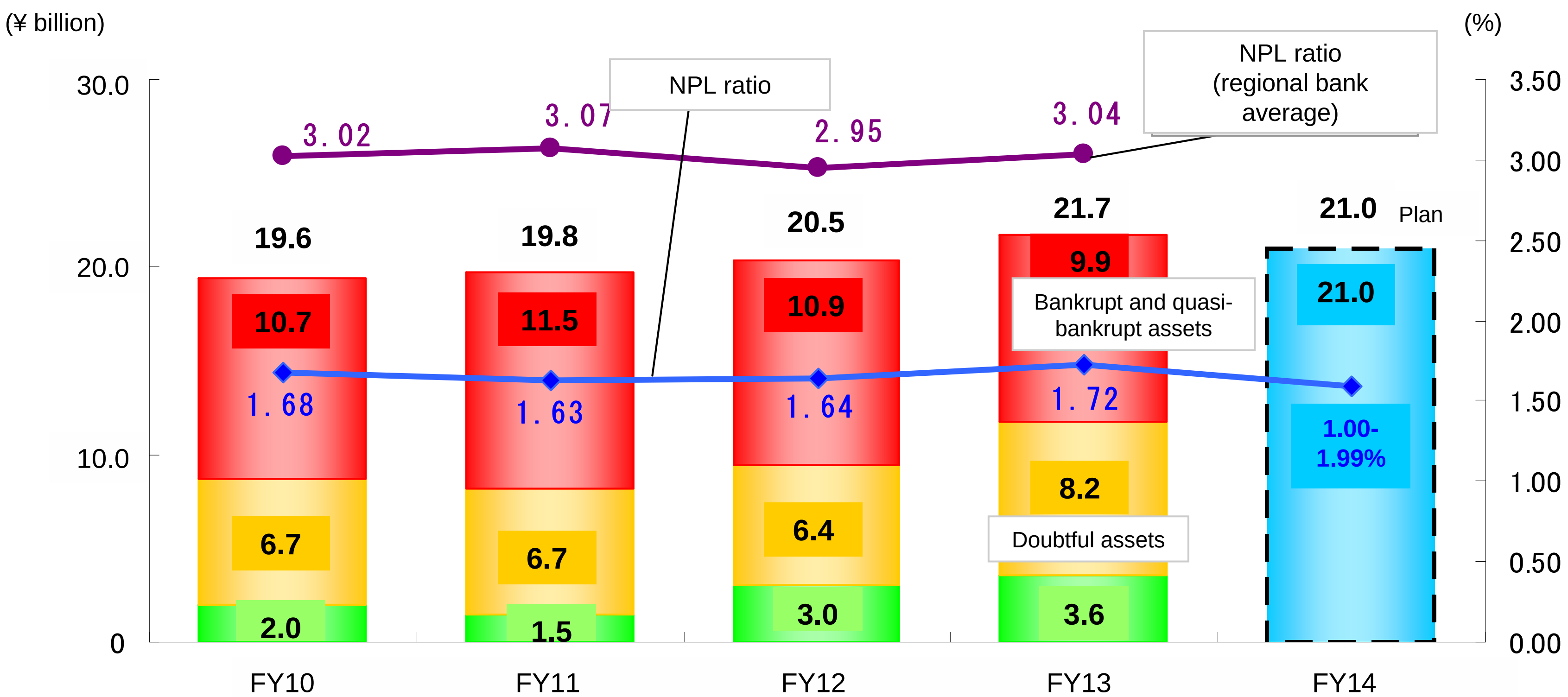
Reflecting the rise in historical default rates of normal assets and assets requiring caution, and further drops in prime borrower rating, credit cost amounted to ¥2.8 billion (up ¥1.2 bn YoY)



Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

¥21.7 billion (1.72%)

Non-performing loan (NPL) ratio up 0.08% reflecting an increase in doubtful assets



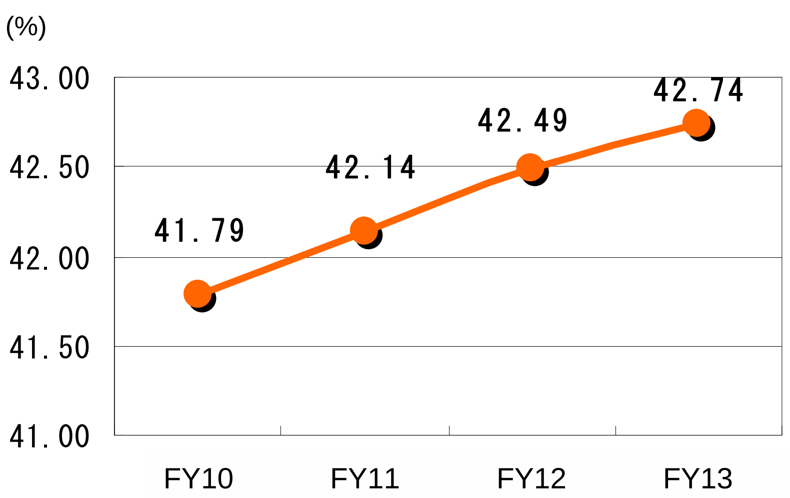
Our Share of the Market Served by the Three Okinawan Regional Banks (FY2013)

Increase in shares of loans; deterioration in shares of deposits

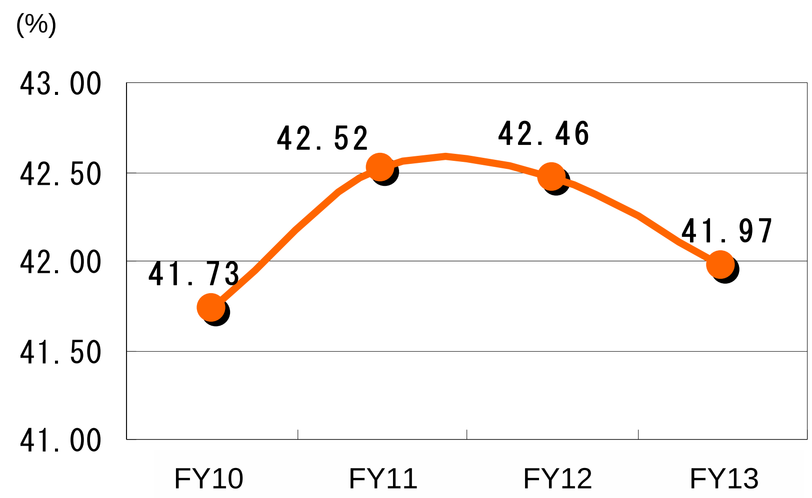
Loans: 42.74% (up 0.25 points YoY)

Deposits: 41.97% (down 0.49 points YoY)

Loans
(average balance)



Deposits
(average balance)



Comparison with Other Okinawan Regional Banks (FY2013)

	Bank of Okinawa (Increase in revenues, decrease in earnings)	Bank A (Increase in revenues and earnings)	Bank B (Decrease in revenues, increase in earnings)
Ordinary income	¥37.1 billion	¥37.9 billion	¥12.6 billion
Business profit on core banking operations	¥10.1 billion	¥8.4 billion	¥2.0 billion
Net income	¥4.5 billion	¥3.4 billion	¥1.3 billion
Capital ratio	11.66%	10.50%	9.83%
Loan/deposit spreads	2.06%	2.04%	2.39%
Core OHR	66.18%	71.87%	80.13%
ROE	4.13%	3.91%	4.06%
Loans (Average balance)	¥1,202.0 billion	¥1,247.7 billion	¥362.9 billion
Deposits (Average balance)	¥1,745.6 billion	¥1,836.4 billion	¥577.3 billion
Market capitalization	¥91.5 billion	¥52.9 billion	—
PBR (consolidated)	0.72 times	0.6 times	—