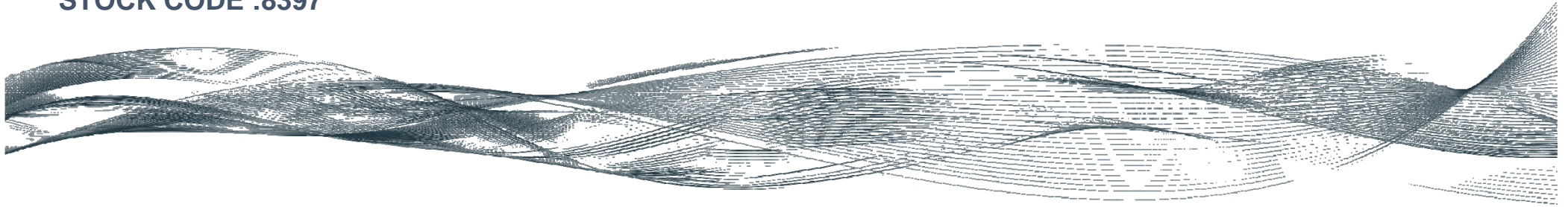


STOCK CODE :8397



The Bank of Okinawa Results Briefing Materials

May 2021

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- Outline of Business Results for FY2020
- Response to COVID-19
- Transition to a Holding Company Structure
- Initiatives to Enhance Corporate Value



We would like to express our deepest sympathies to those affected by the outbreak of the novel coronavirus (COVID-19).



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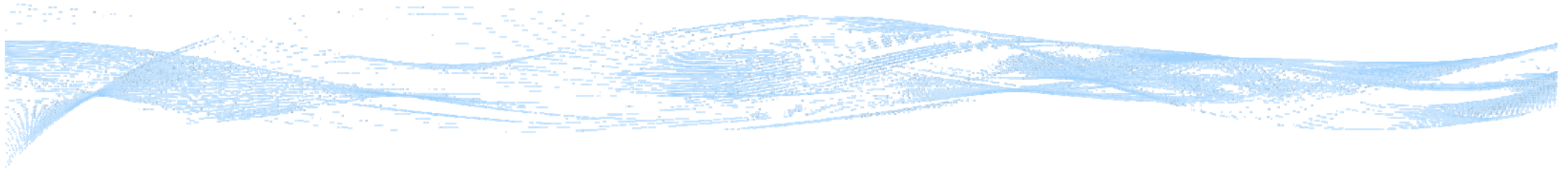
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Outline of Business Results for FY2020

1

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

2

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).

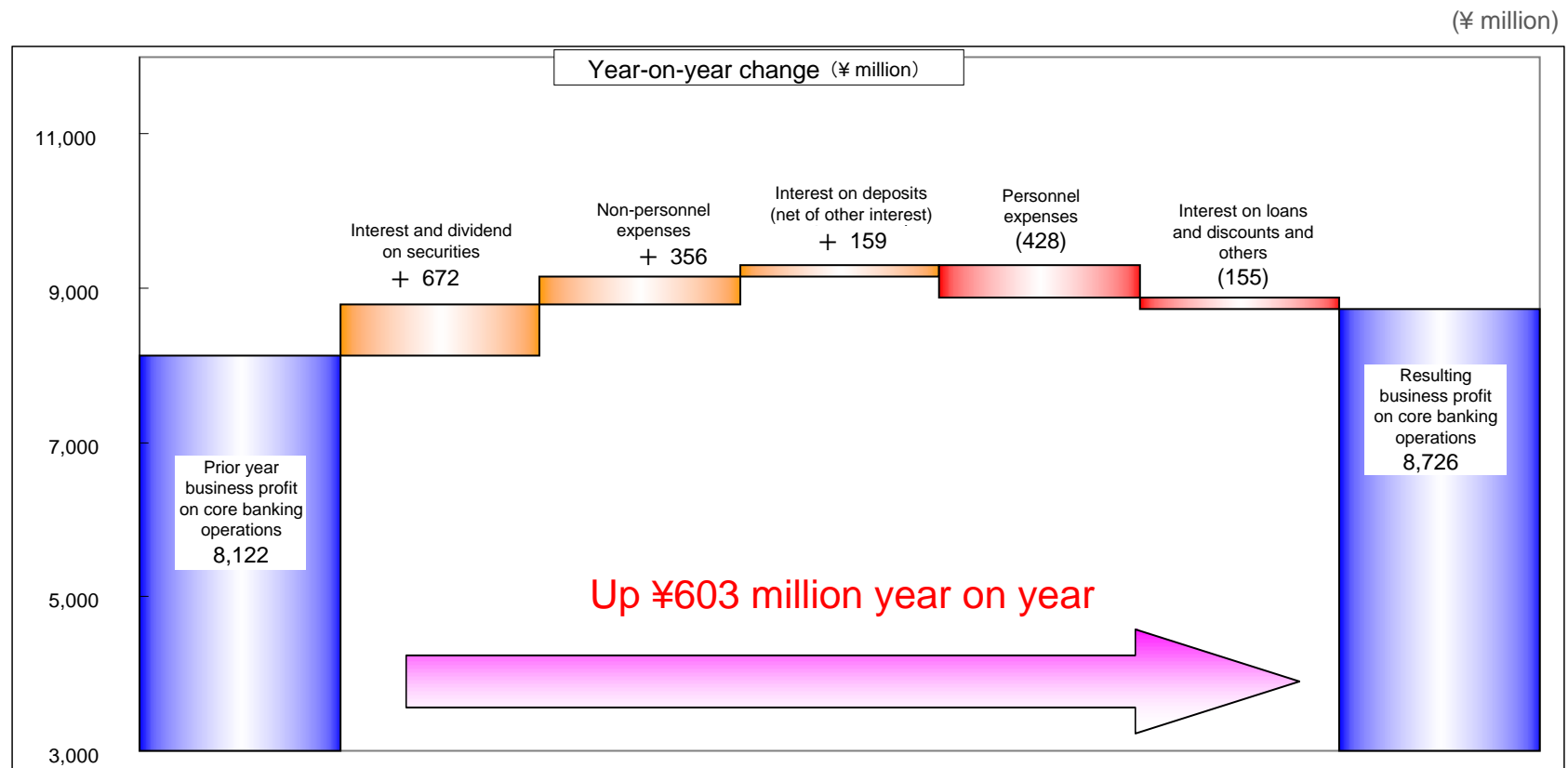
Revenues and earnings decreased due to the above factors.

3

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.



4

Deposits (Term-End Balance/Average Balance)

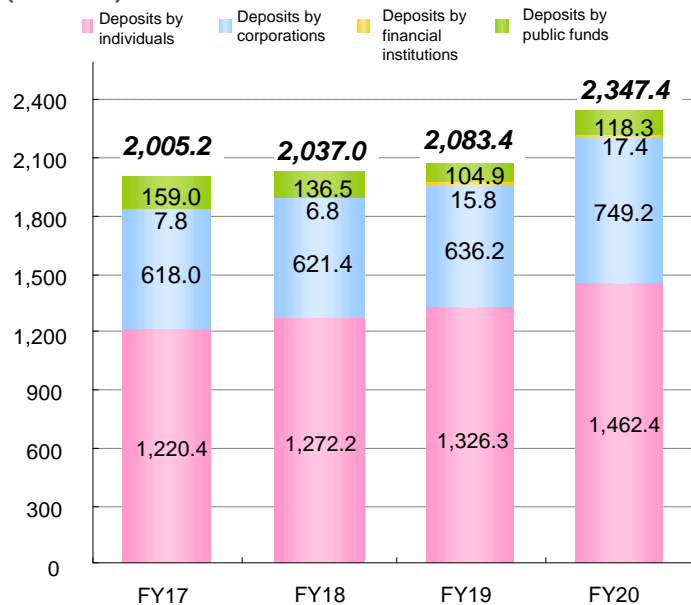


The term-end balance of total deposits rose by ¥264.0 billion to ¥2,347.4 billion. Deposits by individuals rose by ¥136.0 billion, deposits by corporations rose by ¥113.0 billion and public funds rose by ¥13.4 billion.

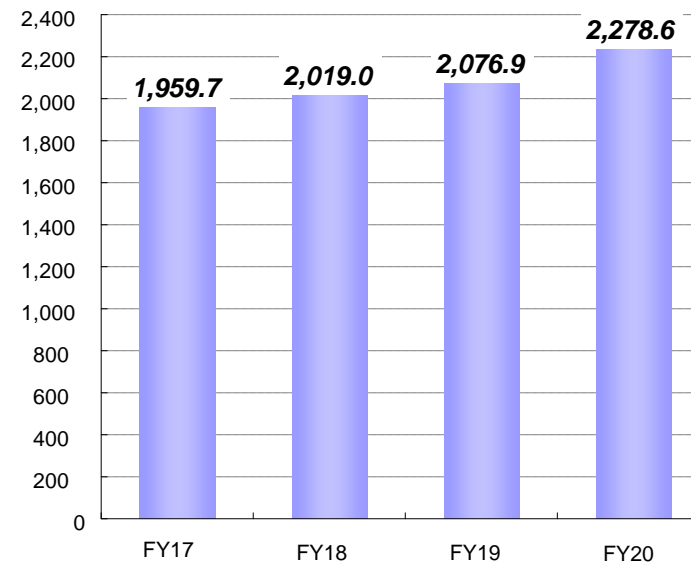
Term-end balance

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

5

Loans (Term-End Balance/Average Balance)

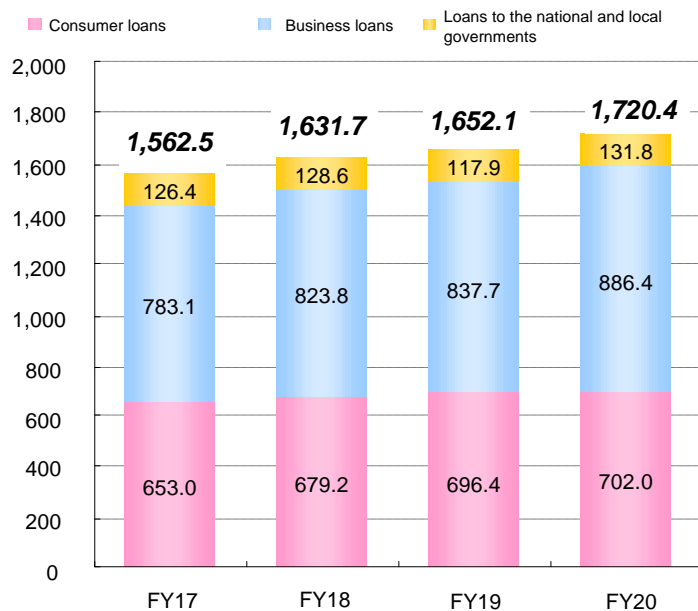


The term-end balance of total loans and bills discounted rose by ¥68.2 billion to ¥1,720.4 billion.
 Business loans and consumer loans rose by ¥48.7 billion and ¥5.6 billion, respectively.

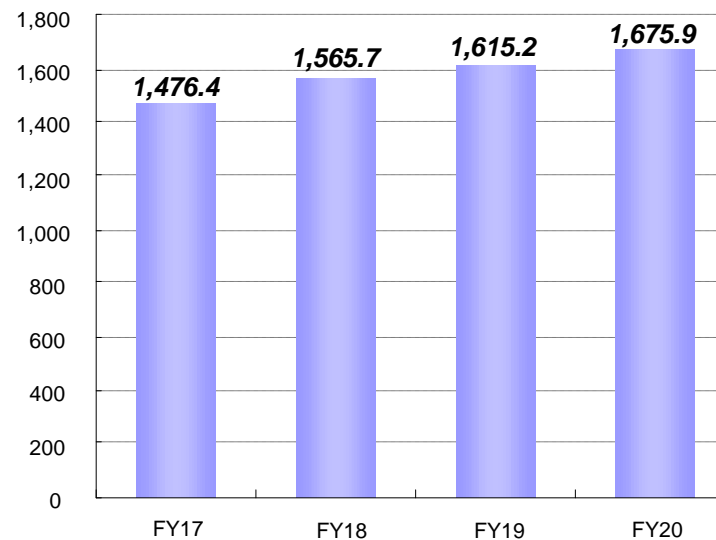
Term-end balance

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

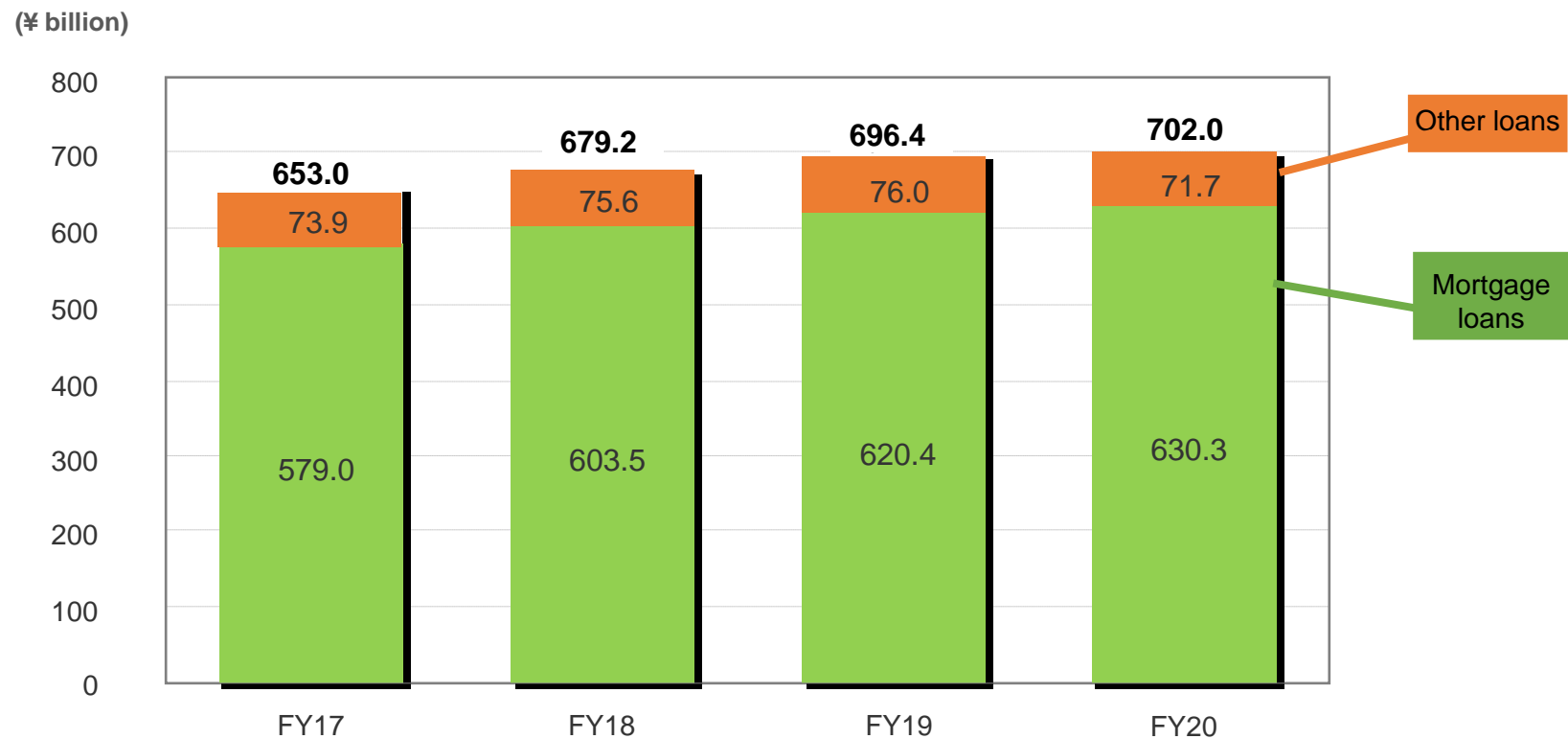
6

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

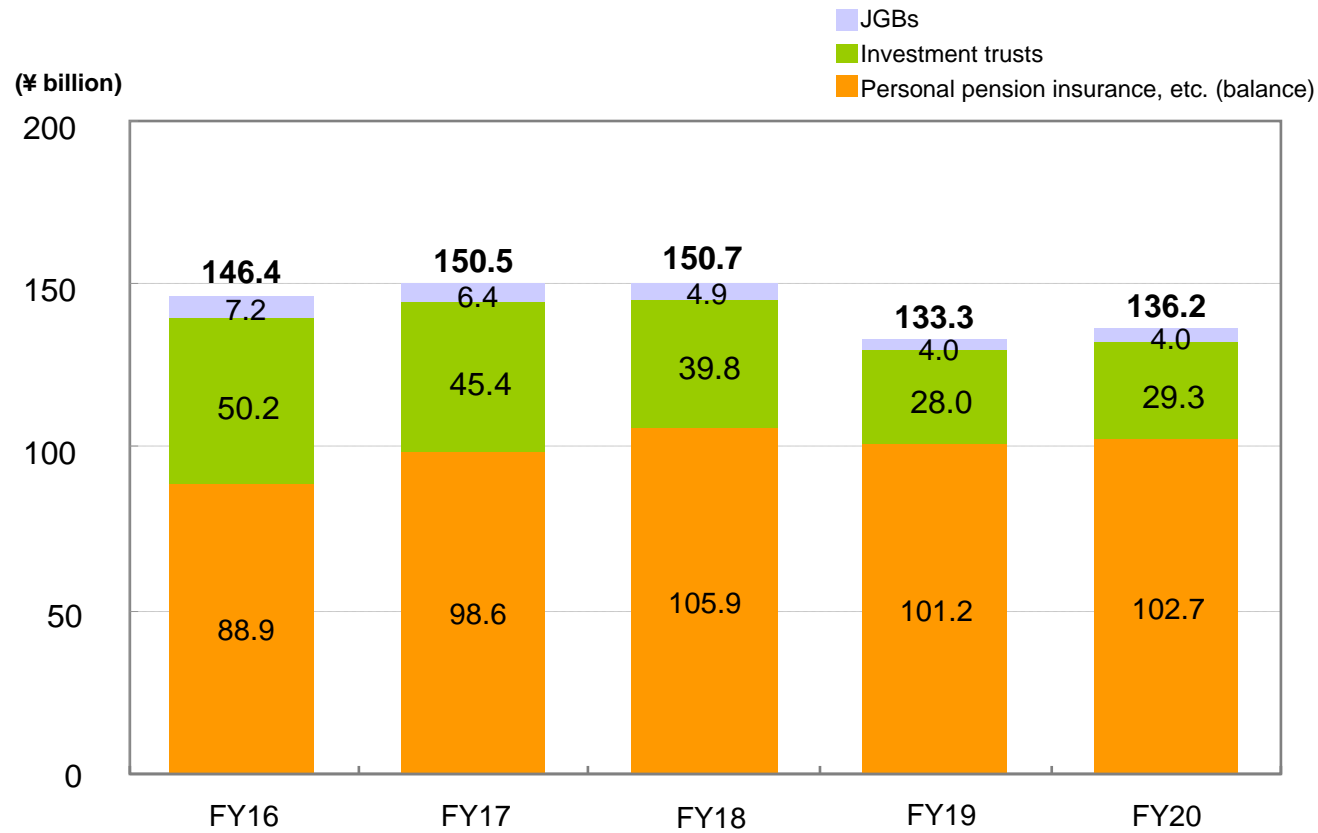
*Consumer loans: Loans provided as funds closely tied to customer lifestyles. Typically referred to as personal loans or consumer loans

7

Assets in Custody



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

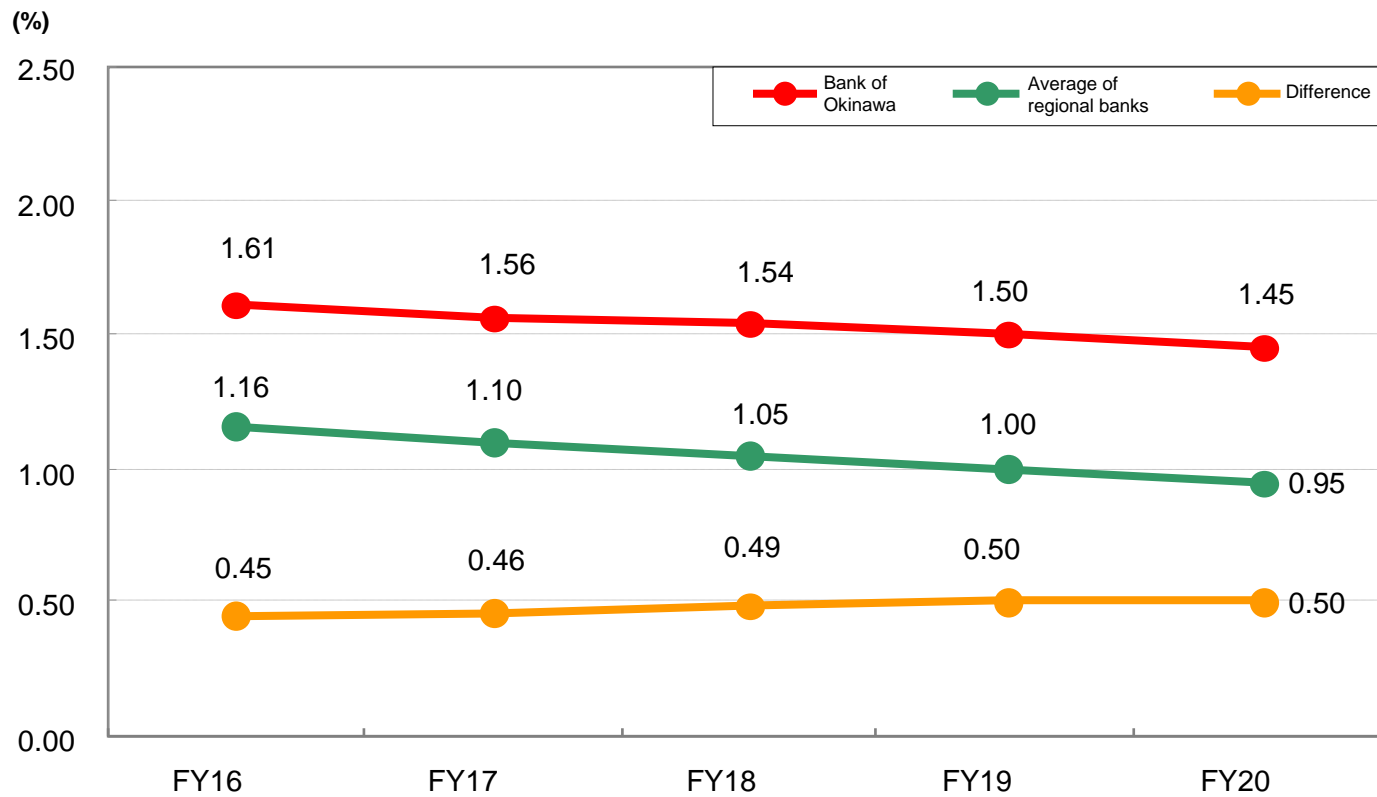




Loan / Deposit Spreads (Domestic)



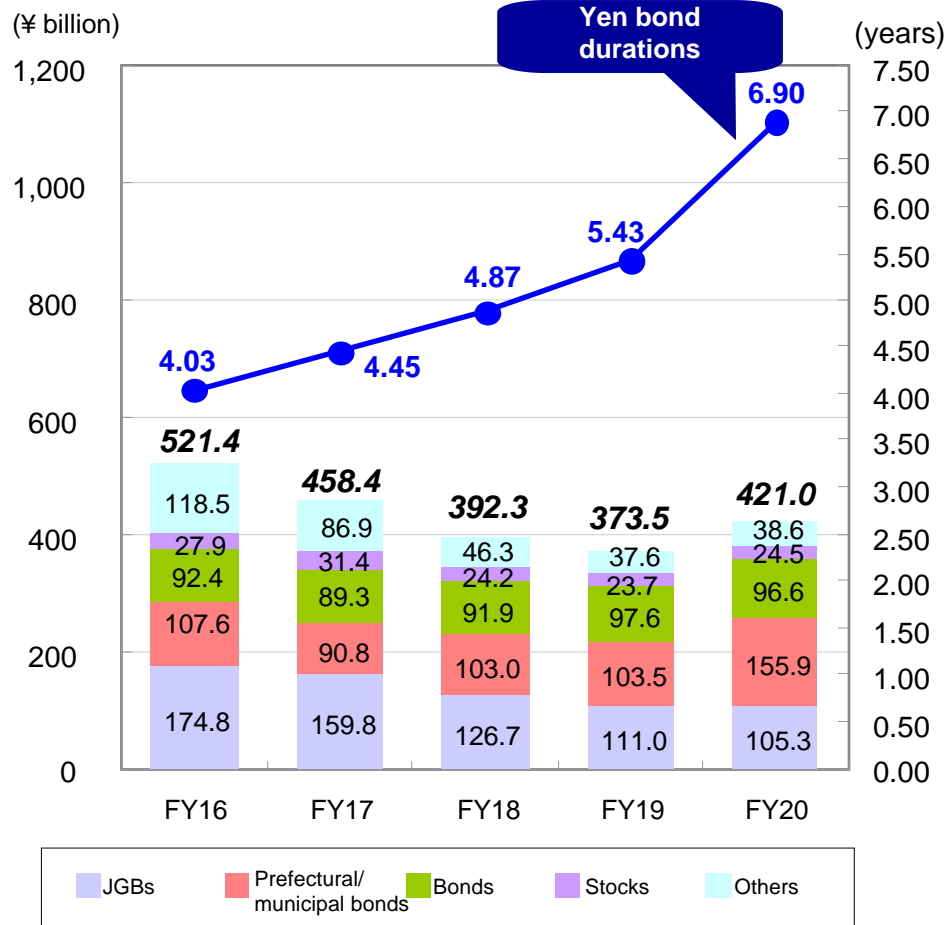
Loan / Deposit Spreads with Regional Bank Averages



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.

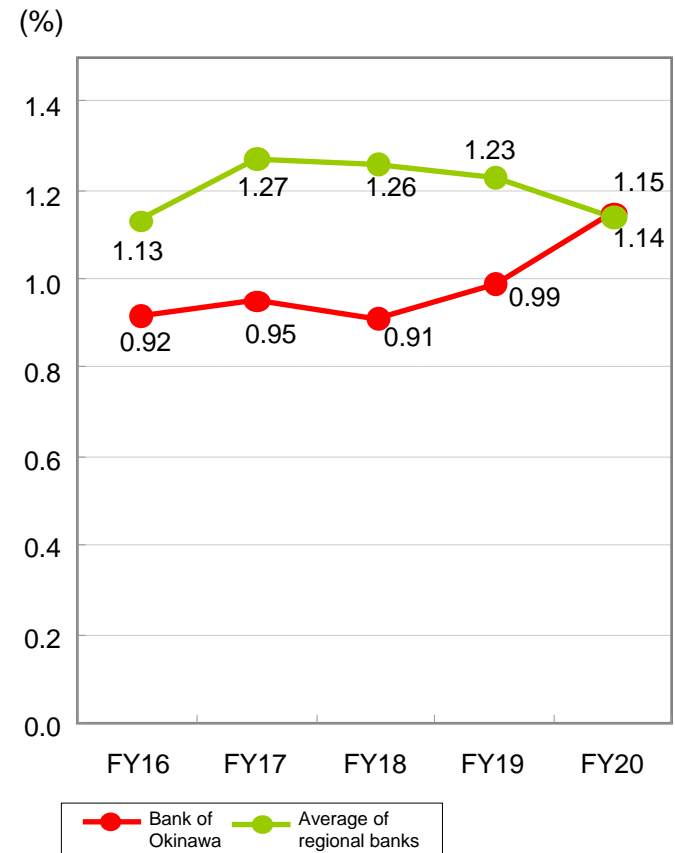


Term-end balance and yen bond durations



*The value of duration includes floating rate JGBs

Yield on securities

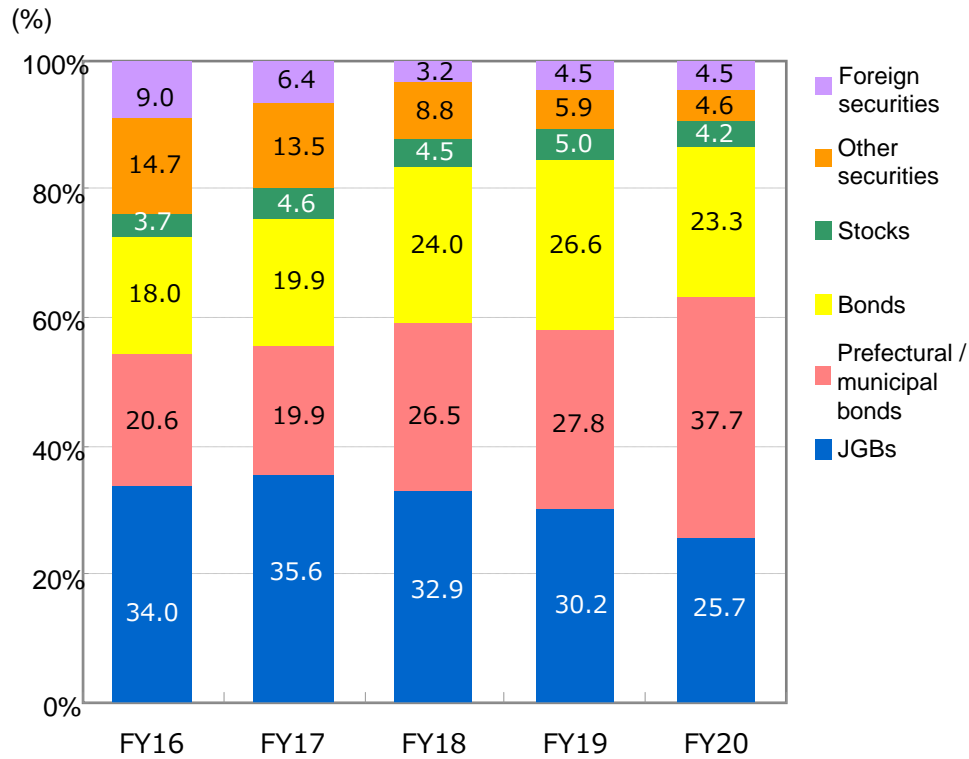


*Please see P11 for details on the calculation of averages of regional banks

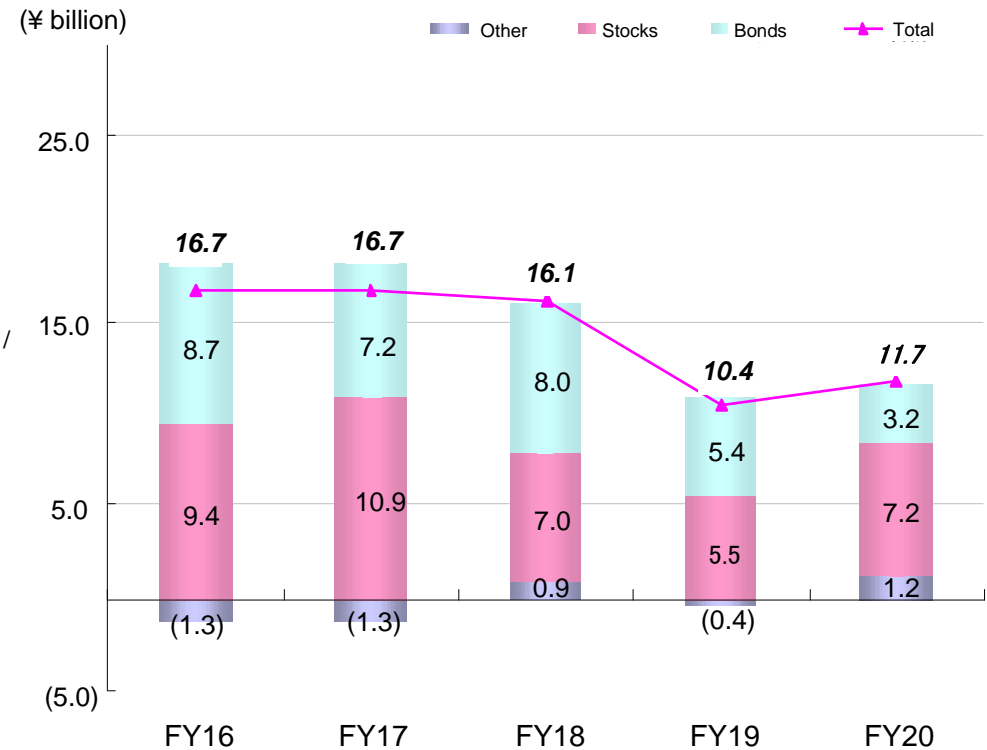


Continuation of rebalancing from yen bond holdings. Gain on valuation of securities increased by ¥1.2 billion year on year, to ¥11.7 billion.

Securities composition percentage (acquisition cost at term-end)



Gain (loss) on valuation of securities



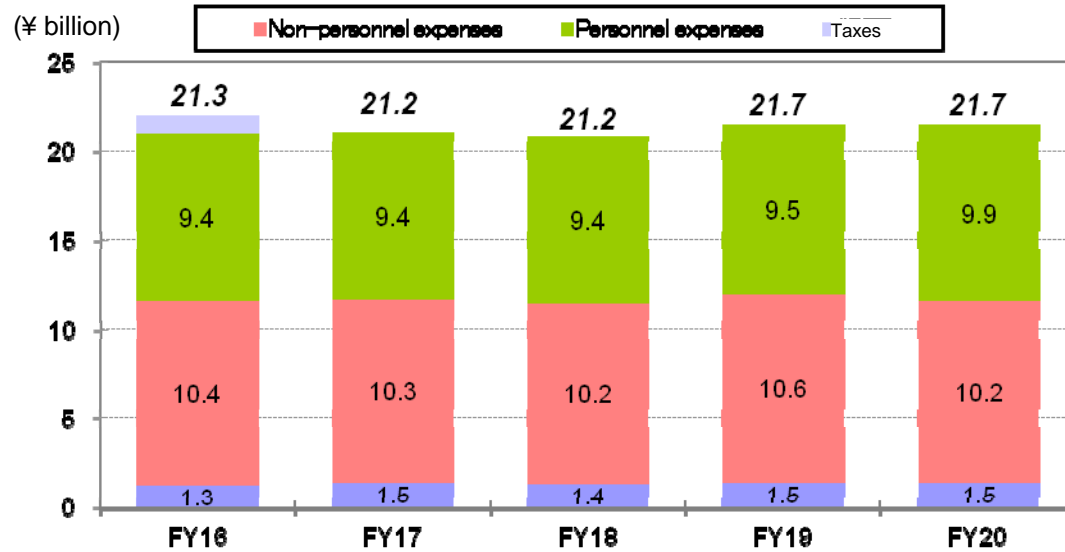
11

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.

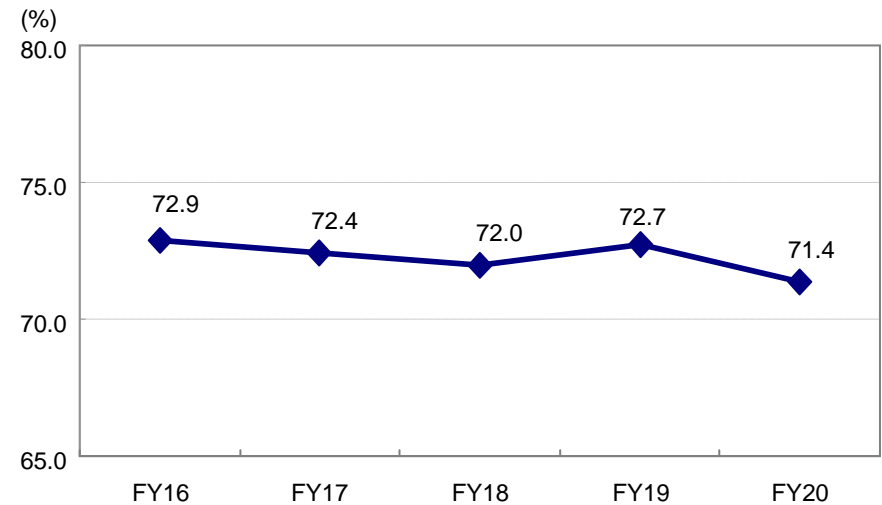
Expenses



Increase in personnel expenses

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

Core OHR



Decrease in Core OHR

12

Capital Ratio



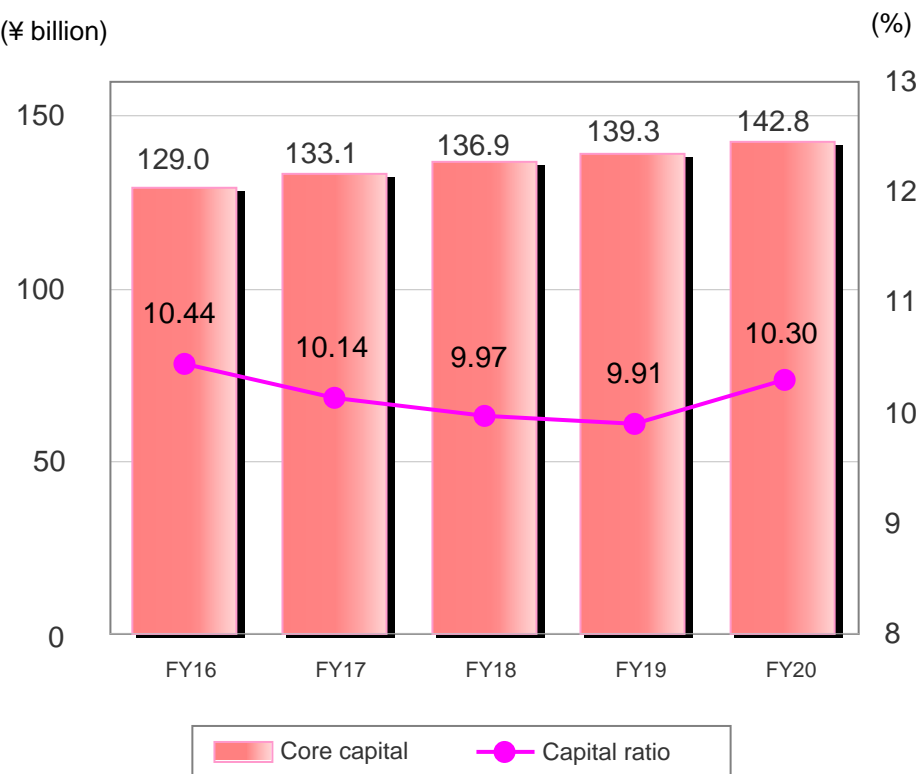
Capital ratio (domestic standard) at 10.95% (consolidated), 10.30% (non-consolidated).

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

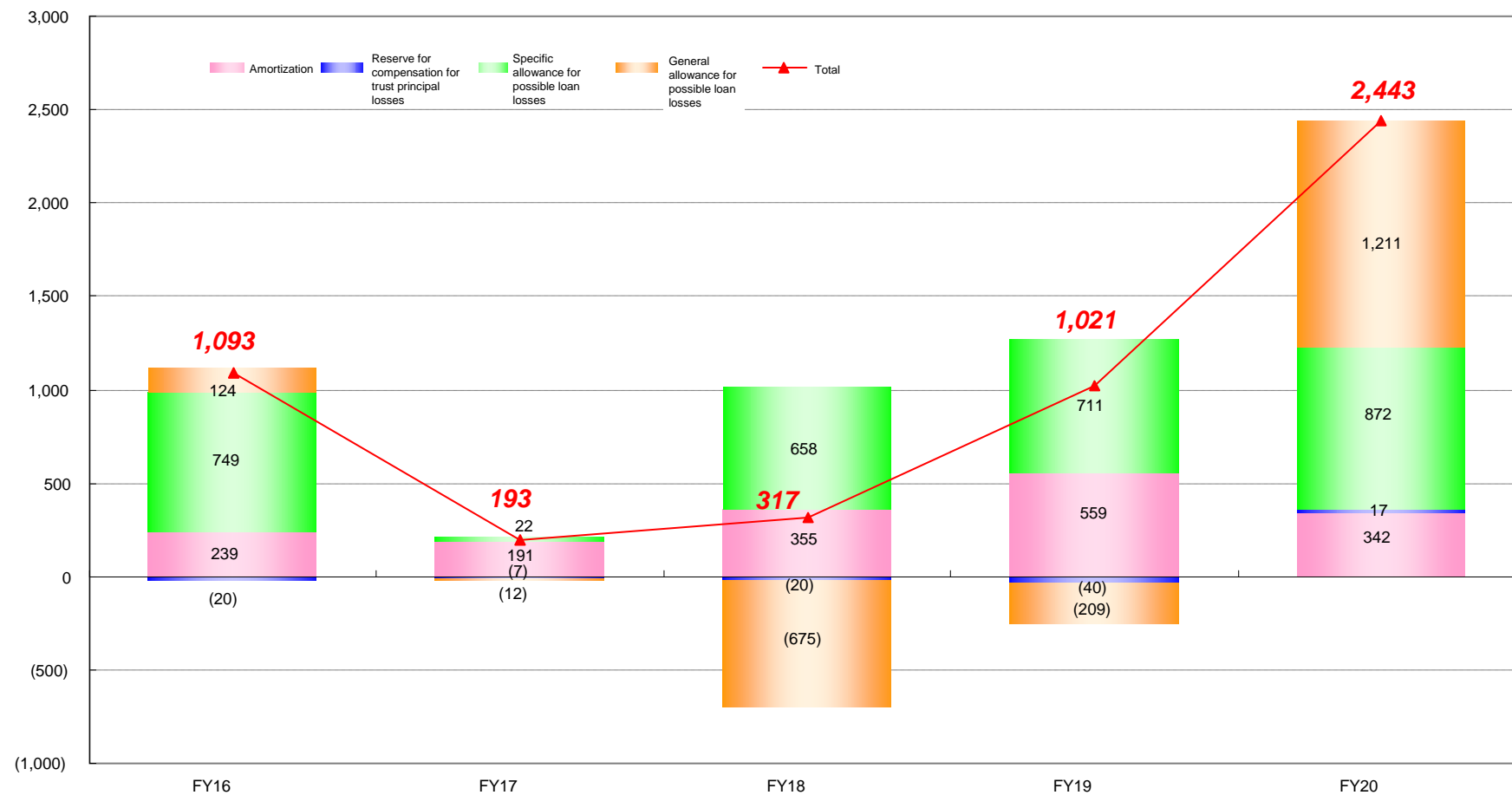
13

Credit Cost



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

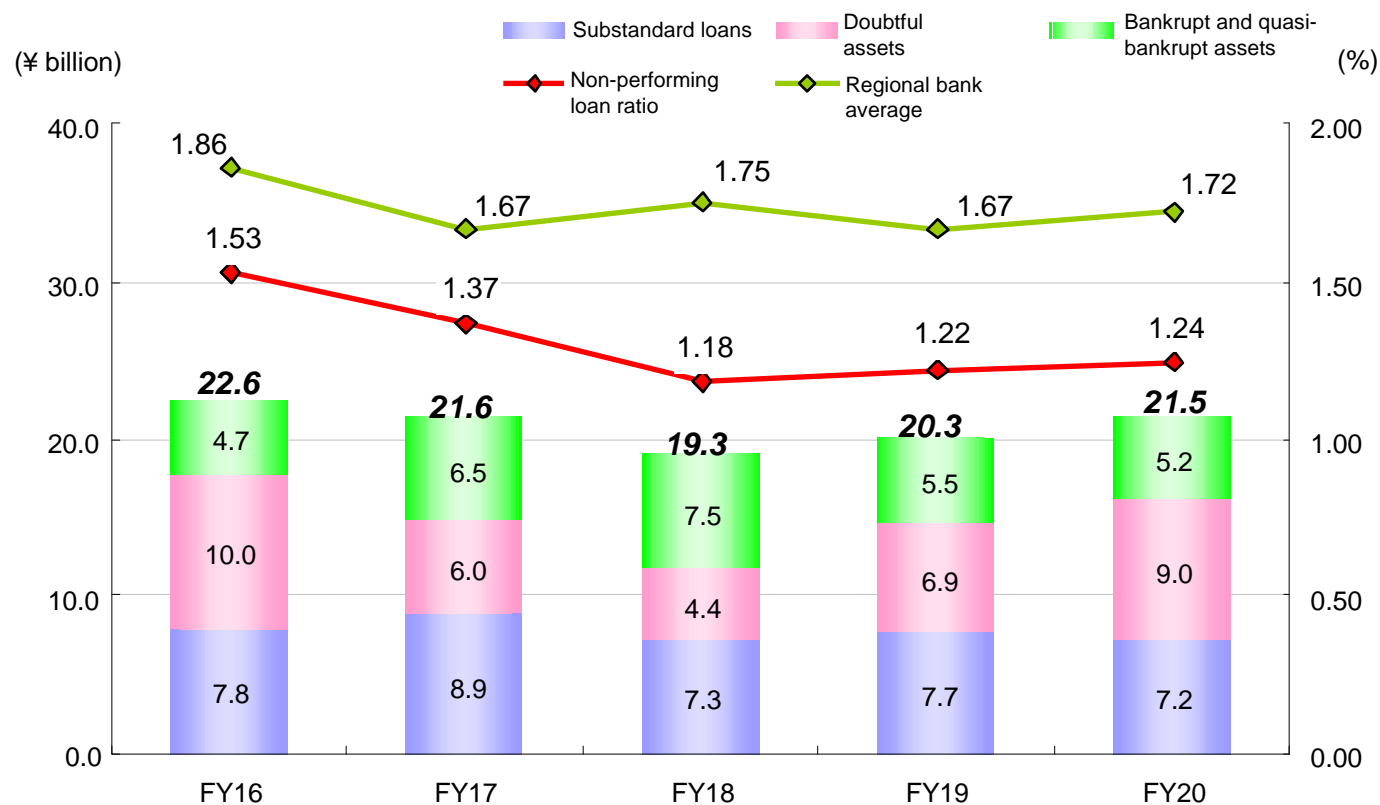
(¥ million)





¥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

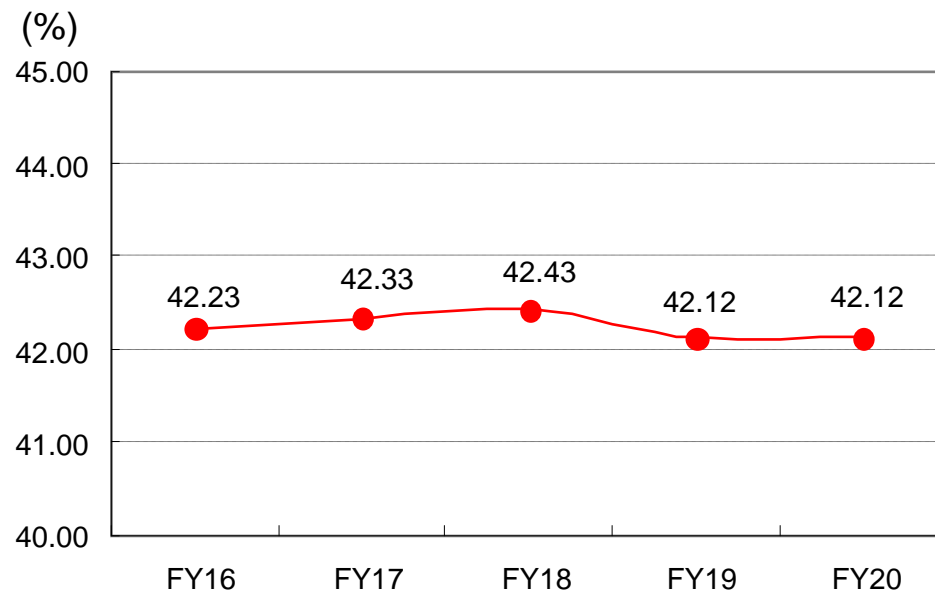


The share of loans and bills discounted and deposits both remained at a high level

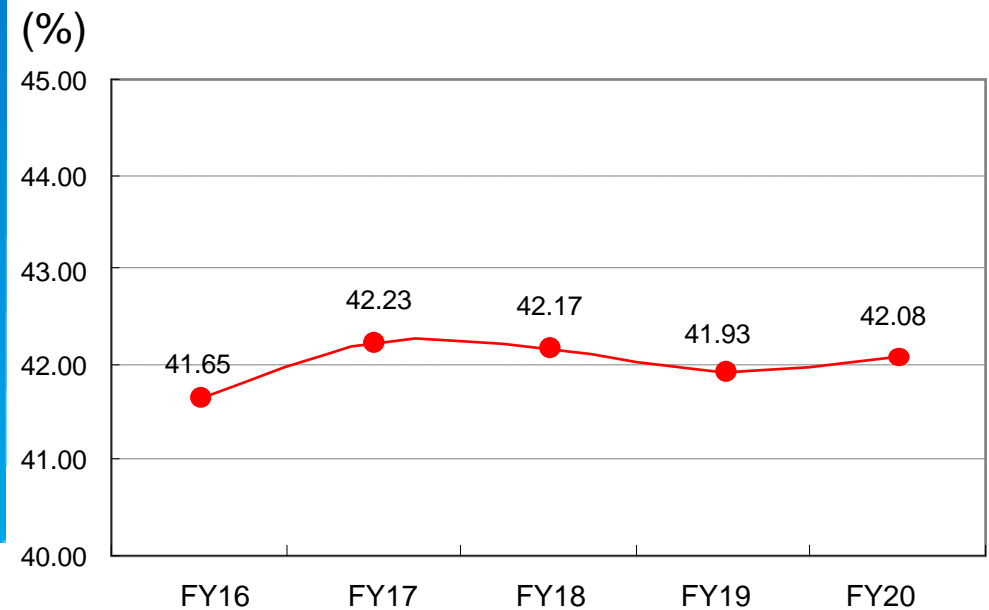
Loans and bills discounted: 42.12% (down 0.00 percentage points YoY)

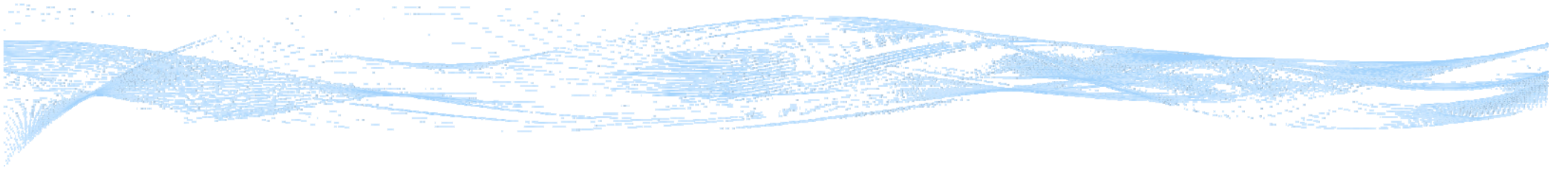
Deposits: 42.08% (up 0.15 percentage points YoY)

Loans and bills discounted (average balance)



Deposits (average balance)





Response to COVID-19

1

Status of Response to COVID-19



Response to COVID-19

Jan. 2020 Established helpdesks in response to emergence of COVID-19

Mar. 2020 Began to offer loans to support countermeasures against COVID-19

Apr. 2020 Interviewed approx. 6,000 corporate customers, and offered possible support measures

Jun. 2020 Established the Okinawa Future Support Office to support customers affected by the COVID-19 pandemic

Oct. 2020 Participated in the Go To Eat Campaign Okinawa Consortium

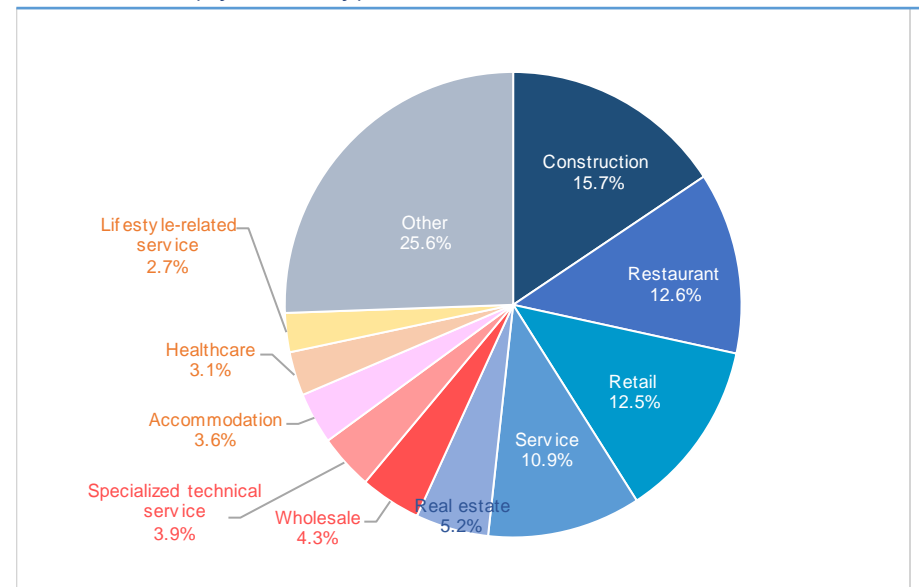
COVID-19-Related Loans

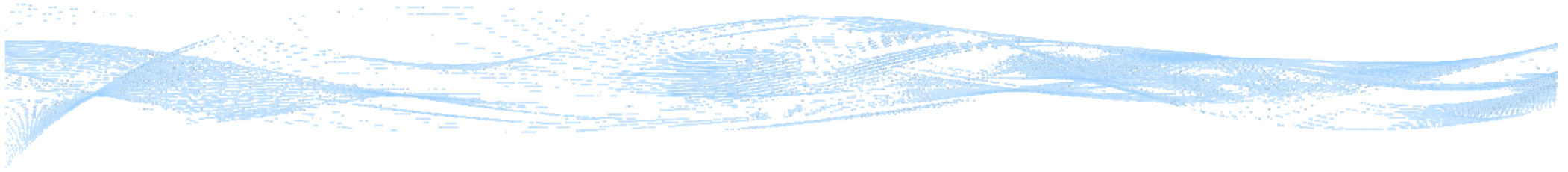
Prompt cash-flow support for customers

- One-stop service as a financial institution (proxy applications to local governments for a variety of certifications)
- Branch Manager authorization for loans to support countermeasures against COVID-19

	Number	Amount (¥ billion)
Conditional loans	4,455	82.2
Proper loan	227	5.0
Changed conditions	4,071	200.5

New Loans (by Industry)





Transition to a Holding Company Structure



We will shift anticipated risks into growth opportunities, and strengthen our initiatives aimed at resilient sustainability management based on the SDGs, and our initiatives friendly to the global environment.

Anticipated Risks

Increasingly intense competition including financial institutions in Okinawa

- Entry of banks from outside Okinawa Prefecture
- Entry of competitors from other industries

Financial environment

- Persistence of low interest rates

Increase in population and number of households

- Population will increase until 2030
- Both population and number of households will decrease in the long term

Progress of digitalization

- Increase in the digital native generation
- Shift to non-face-to-face transactions
- Potential expansion of new business domains

Growth Opportunities

Local economy

- Gradual recovery in the number of tourists visiting Okinawa
- Large-scale hotel developments
- Progress of infrastructure improvement

Our business platform

- Practice regional involvement and contribution
- Increase number of major corporate and major individual customers, based on customer trust
- Provide full services as a group with finance at its core



[Future Population Estimates: National Institute of Population and Social Security Research]

(Thousand people)	2015	2020	2025	2030	2035	2040
Okinawa	1,434	1,460	1,468	1,470	1,466	1,452
Japan	127,095	125,325	122,544	119,125	115,216	110,919

*Resilient: able to respond flexibly to economic downturns such as disasters and adverse business conditions, and use these as a springboard to achieve even greater growth.

2

Reasons and Objectives of the Transition to a Holding Company



- We will build a structure that will keep growing in the next 10 years in order to adapt to the rapid changes in social structure.
- By creating the future together with the regional community and evolving from a “full-service financial group” into a “full-service group with finance at its core” rooted in the community, we aim to solve local issues through comprehensive services including non-financial services, thereby enhancing the local value and achieving sustainable growth for the Holding Company Group.

Expansion of business areas

We will further strengthen group synergies by expanding our business areas to solve the increasingly diverse and complex issues facing the regional community.

Diversification of sources of income

The environment surrounding regional financial institutions is changing rapidly, with negative interest rates and the entry of other industries, and we aim to secure future profits by changing and adapting our organizational structure.

Strengthening corporate governance

By adopting a holding company structure to strengthen group governance, we aim to achieve sustainable growth and development of the regional community and the Holding Company Group.

Allocation of corporate resources

We aim to make strategic investments by identifying redundant operations in the Group and allocating corporate resources.

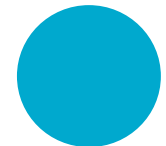
The Bank of Okinawa



**Full-service financial group
(Turn Okigin Securities into a subsidiary)**



**Full-service group
(New business areas)**



3

Management Philosophy of the Holding Company (1)



The Holding Company shall establish the philosophy of the Okinawa Financial Group by setting forth the mission that the Holding Company Group should fulfill for its stakeholders under the group management philosophy, together with the ideal vision, and the Three Values, which are the values to be shared by all officers and employees.

1 Group management philosophy (mission)

Regional involvement and contribution

The mission of the Okinawa Financial Group is to **contribute to the region** through efforts to enhance the value of the regional community (creating sustainable social value, enriching people's lives and increasing prefectural income) based on **close involvement with the region** and by achieving mutual and sustainable growth.

2 Vision (ideal vision of the Holding Company Group)

A full-service group with finance at its core that grows together with the region by providing customer experience through support in financial and non-financial business areas.

3 Code of conduct (values: value judgments): Three Values

Impress

We will provide new value to the regional community and prioritize offering impressive and inspiring services to customers.

Create

We will provide the best customer-oriented services and create a future with passion and new ideas.

Challenge

We will take on challenges with a spirit of creativity and innovation to provide new business areas to our customers.



The Holding Company will establish a new brand slogan for the Group in conjunction with the transition to the holding company structure as a way to embody our commitment to Okinawa.



Brand Slogan

Create Value & Innovation - Co-creating a “new” Okinawa experience -

Designing the future with new ideas and co-creating a “new” Okinawa experience with our customers

Concept behind the slogan

Although we make constant adaptations to changes in the business environment, our values which have been passed down since the founding of The Bank of Okinawa remain unchanged. We want to connect with customers, meet their expectations, and make every effort to improve the value of the regional community. Based on such values, we promise to take on challenges by implementing innovative ideas.

The goal of the slogan “**Create Value & Innovation - Co-creating a “new” Okinawa experience -**,” is to co-create a “new” experience with and for our customers and the community, and to be a presence that opens up the future for local residents and companies while expanding our horizons.

5

Group Structure (Steps for Transition to Holding Company)



Step 1

The Bank will become a wholly-owned subsidiary of the Holding Company by establishing the Holding Company through a sole-share transfer by the Bank, effective October 1, 2021.

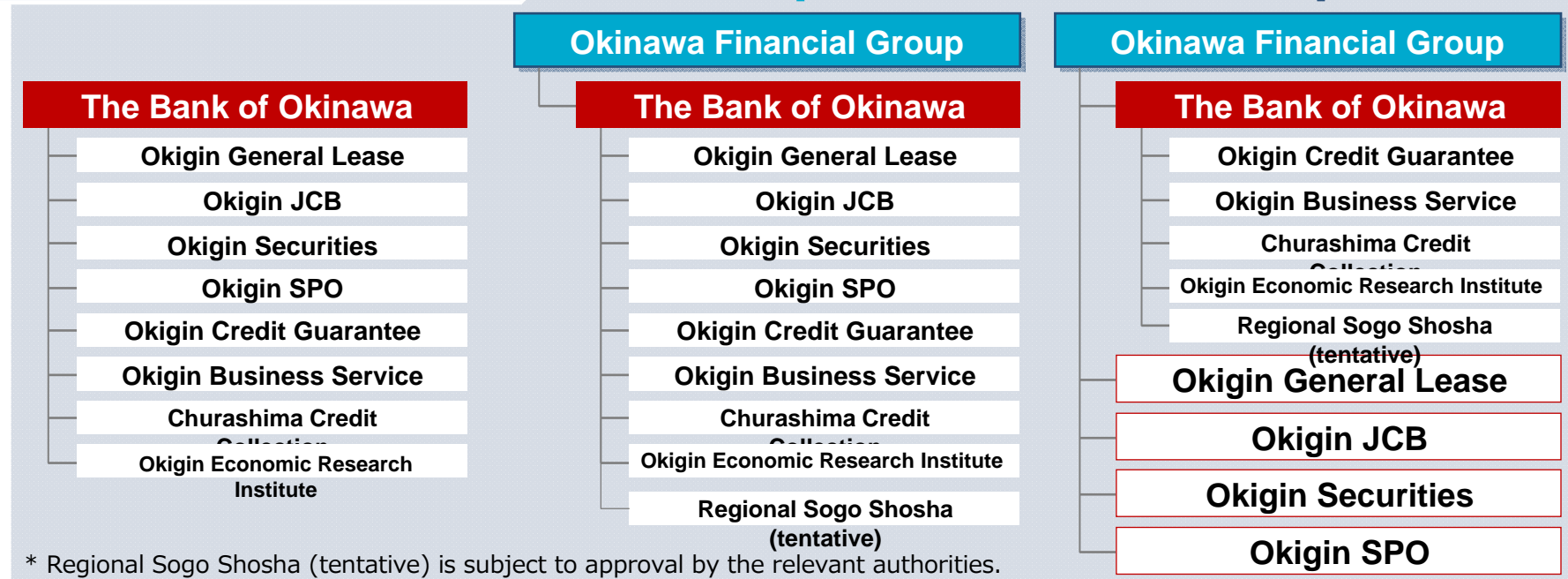
Step 2

After the establishment of the Holding Company, from the standpoint of further enhancing collaboration and synergy within the Group, the Bank's consolidated subsidiaries, namely The Okigin General Lease, Okigin JCB, Okigin Securities and Okigin SPO, will be restructured as directly invested companies of the Holding Company, primarily through distribution in kind of all the shares held by the Bank to the Holding Company.

Current status

Step 1

Step 2



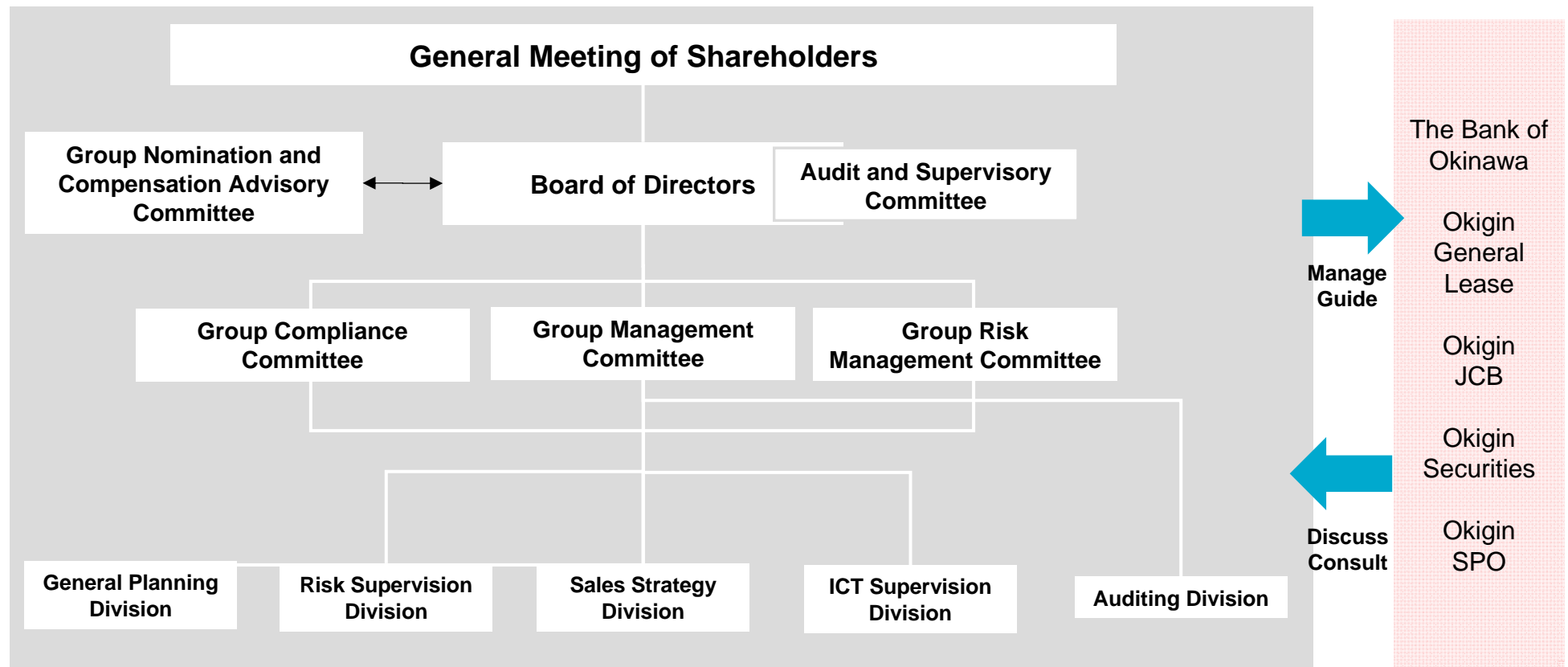
* Regional Sogo Shosha (tentative) is subject to approval by the relevant authorities.

6

Management Structure of the Holding Company

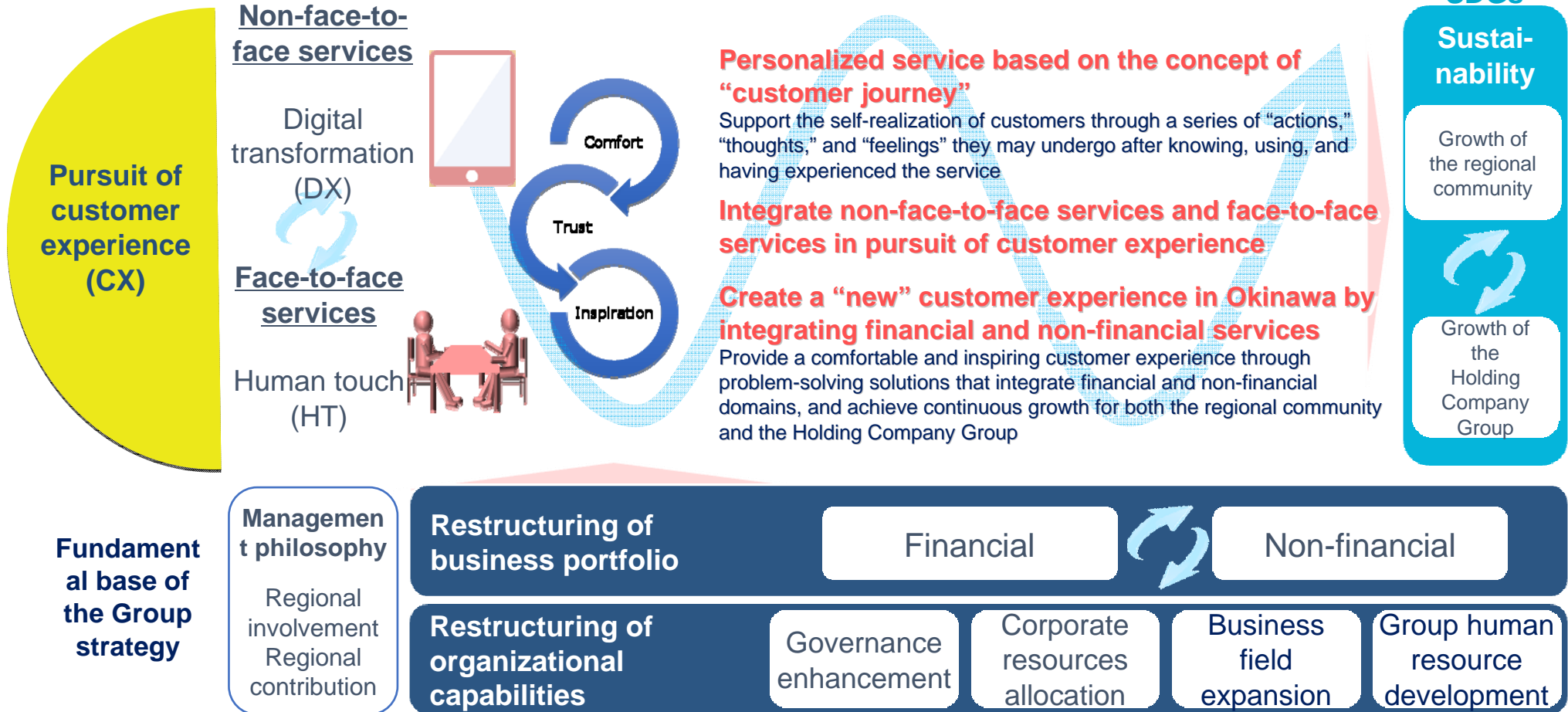


- In addition to strengthening governance through the Holding Company, we will build a framework for prompt decision-making and efficient business operations by delegating authority for business execution.
- The Holding Company will strengthen the Group's comprehensive capabilities by specializing in the management and supervision of the Group's management.





Drive sustainable growth in the regional community by pursuing customer experience through full-services



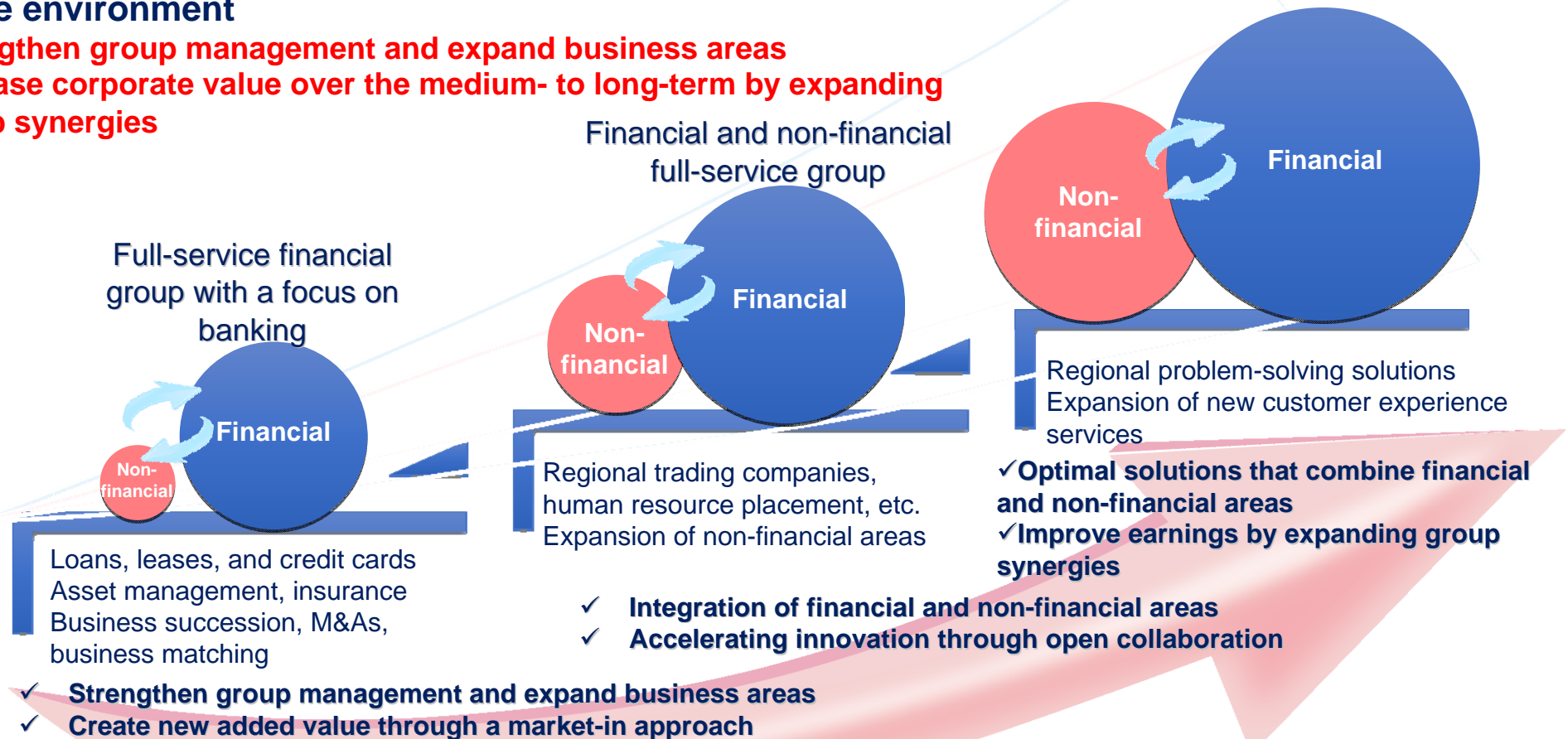
* Digital transformation refers to the continuous transformation of organizations and business models through the use of data and digital technologies to fundamentally change the way value is delivered.
 * Human touch refers to high value-added face-to-face services that support a new customer experience and customer self-realization, excluding mechanical counter operations.
 * Customer journey is a concept that defines the image of the person who uses a service, analyzes their behavior, thoughts, and feelings, and captures the scenario from recognition to consideration to use in chronological order (the series of experiences is compared to a "journey").



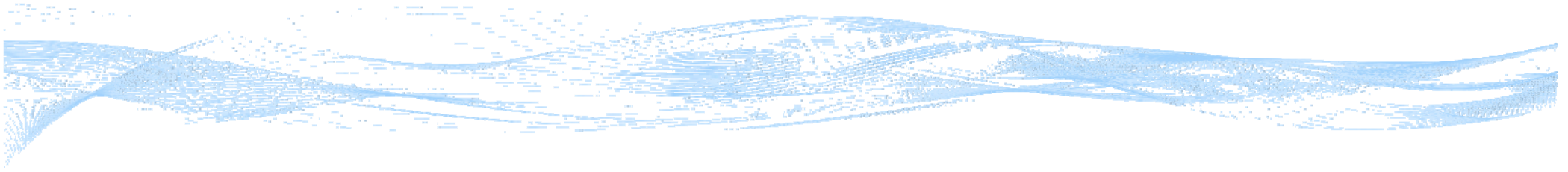
Become a full-service group with finance at its core that leads the region through self-transformation that adapts to changes in the environment

Strengthen group management and expand business areas
Increase corporate value over the medium- to long-term by expanding group synergies

Full-service group with finance at its core that leads the regional community



Restructuring of organizational capabilities and business portfolio
 → Securing a sustainable competitive advantage and profit opportunities



Initiatives to Enhance Corporate Value

1

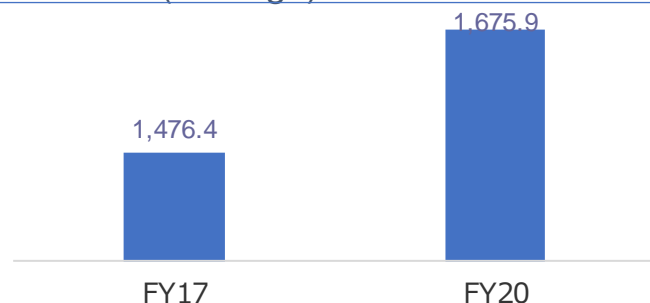
Summary of the 18th Medium-Term Business Plan



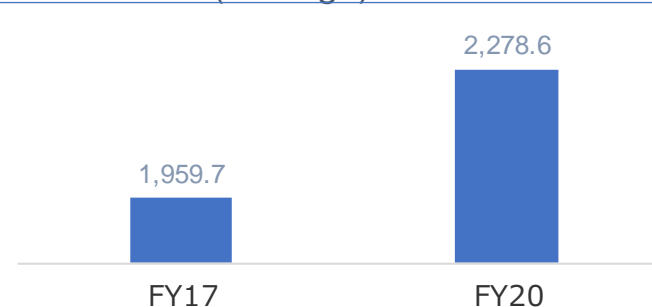
Management numerical targets	FY2017	FY2020 (targets)	FY2020 (results)
(1) ROE for consolidated net income	5.00%	Approx. 4%	3.46%
(2) Business profit on core banking operations	¥8.1 billion	Approx. ¥7.5 billion	¥8.7 billion
(3) Core OHR	72.4%	Approx. 70%	71.4%
(4) 10% increase in the number of major corporate customers	7,285	Approx. 8,000	9,011
(5) 10% increase in the number of major individual customers	323,784	Approx. 350,000	338,274
(6) Non-performing loan ratio	1.37%	Approx. 1%	1.24%
(7) Capital ratio	10.14%	9% level	10.30%

*ROE for consolidated net income shown on a shareholders' equity basis.

Loan balance (average) (¥ billion)



Deposits balance (average) (¥ billion)

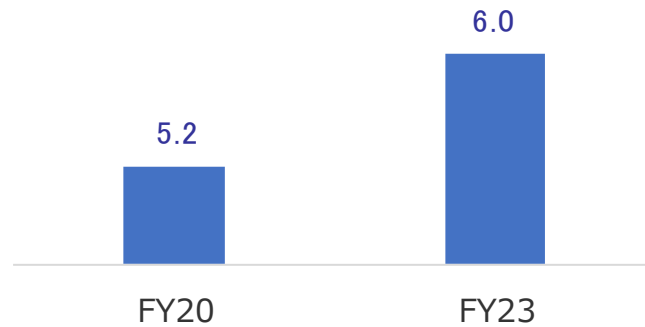


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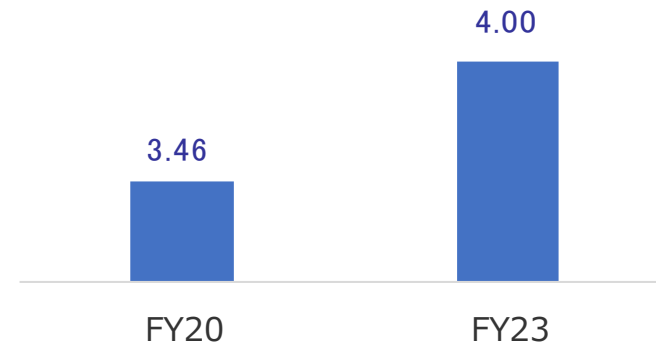
Management Indicator Targets



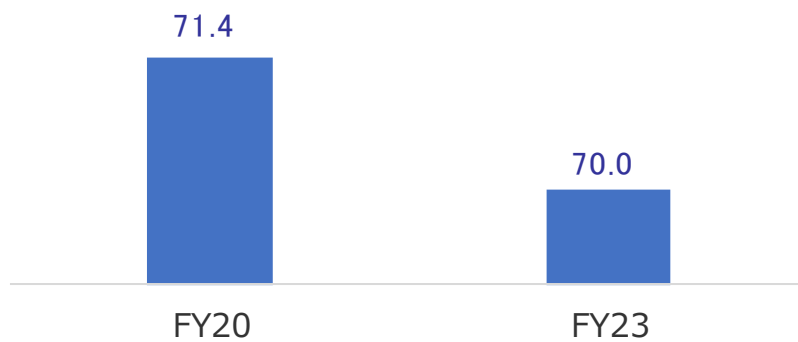
Net income attributable to owners of the parent (¥ billion)



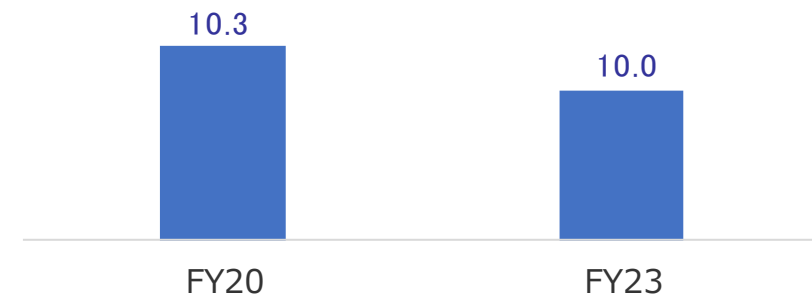
Consolidated ROE (shareholders' equity basis) (%)



Consolidated OHR (%)



Consolidated capital ratio (%)



3

Business Performance Forecasts for FY2021



	(¥ billion)		
	FY20	FY21 (plan)	YoY change
[Consolidated]			
Ordinary income	51.7	49.0	(2.7)
Ordinary profit	7.9	5.6	(2.3)
Net income attributable to owners of the parent	5.2	3.5	(1.7)
[Non-consolidated]			
Ordinary income	36.4	33.9	(2.5)
Gross business profit	29.9	29.0	(0.9)
Interest income	28.6	27.2	(1.3)
Of which, gains (losses) on cancellation of investment trusts	0.0	-	(0.0)
Fees and commissions	1.6	1.6	(0.0)
Other business profit	(0.3)	0.2	0.5
Expenses (excluding non-recurrent items)	21.7	22.4	0.6
Personnel expenses	9.9	9.8	(0.1)
Non-personnel expenses	10.2	11.1	0.8
Real net business profit	8.2	6.5	(1.6)
Business profit on core banking operations	8.7	6.5	(2.1)
Business profit on core banking operations (excluding gains (losses) on cancellation of investment trusts)	8.6	6.5	(2.1)
Provision of general allowance for possible loan losses	1.2	0.4	(0.8)
Net business profit	6.9	6.1	(0.7)
Non-recurrent items	(0.6)	(1.3)	(0.7)
Recoveries of written-off claims	0.1	0.0	(0.0)
Net gains (losses) on equity securities	0.0	-	(0.0)
Bad debt disposal	1.2	1.8	0.6
Ordinary profit	6.3	4.8	(1.4)
Extraordinary gains (losses)	(0.0)	(0.0)	(0.0)
Income before income taxes	6.3	4.8	(1.5)
Total income taxes and other taxes	1.8	1.4	(0.3)
Net income	4.5	3.3	(1.1)

Business performance points

Consolidated basis

Net income attributable to owners of the parent is forecast to decrease by ¥1.7 billion to ¥3.5 billion due to an expected decline in non-consolidated net income.

Ordinary income

A decrease is expected in interest and dividends on securities, in addition to declines in gain on sale of bonds and gain on sales of stocks and other securities.

	(¥ billion)		
	Average balance	Yield on securities	Interest
Loans and bills discounted	+41.0	(0.027)%	0.0
Securities	+51.9	(0.462)%	(1.4)
Deposits	+103.8	(0.002)%	(0.0)

Business profit on core banking operations

Business profit on core banking operations is forecast to decrease due to a decrease in interest income, along with an increase in non-personnel expenses.

Ordinary profit

Ordinary profit is forecast to decrease due to a decrease in business profit on core banking operations, along with an increase in bad debt disposal.

4

Business Profit on Customer Services



	(¥ million, %)		
	FY18	FY19	FY20
(1) Loans and bills discounted average balance	1,564,373	1,614,026	1,674,979
(2) Yield on loans and bills discounted	1.560	1.524	1.465
(3) Yield on deposits	0.044	0.053	0.016
(4) Loan / deposit spread ((2) - (3))	1.516	1.471	1.449
(5) Fees and commissions	1,943	1,650	1,683
(6) Operating expenses	21,582	21,908	22,075
(7) Business profit on customer services	4,077	3,483	3,878
(8) Deposits average balance	1,993,637	2,055,095	2,261,194
(9) Business profit margin on customer services	0.204	0.172	0.171

***(7)** = **(1)** × **(4)** + **(5)** - **(6)**

***(9)** = **(7)** ÷ **(8)**

*Items **(1)** through **(4)** and **(8)** are from banking account.

*Item **(4)** is the overall spread for domestic and international operations.

5

Optimization of Management Resources



Continuing optimization of branch networks

	Number of branches
Relocation	1
Branch-in-branch	7

Reviews of locations and branch-in-branch initiatives are carried out to pursue greater convenience for customers and the optimization of management resources. This allows us to increase the number of staff at branches and achieve cost reductions (approximately ¥100 million/year).

	Number reduced
Reduction in ATMs	32
Reduction in MMKs	20

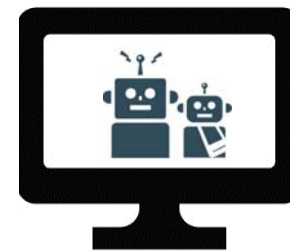
Since April 2020, we implemented a system of mutually discounted ATM usage fees with Bank of The Ryukyus, increasing the number of cash-points for customers, while simultaneously reducing the number of ATMs and MMKs by 52 in two years. In this way, we have achieved cost reductions of approximately ¥130 million/year.

Centralization of operations at head office

- Expanded the centralization of clerical work for loan execution at head office
⇒Reduced the time taken to prepare and send claims documentation
- Centralized self-assessment at head office
⇒Centralized operations at head office and reduced clerical work at branches
- Enhanced ATM functions
⇒Repaired magnetic error on cards at ATMs, achieving greater customer convenience

Utilization of digital tools

- We aim to improve the efficiency of operations through digitalization and automation, including the use of groupware, chatbots (automatic response utilizing AI) and RPA.



6

Alliances

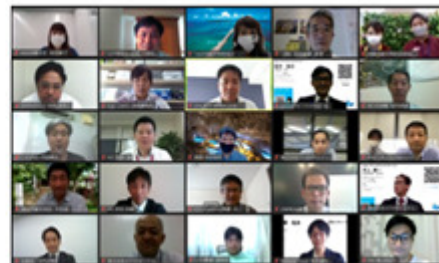


① 沖縄銀行 三菱UFJ銀行

The Bank has concluded a comprehensive partnership agreement on regional revitalization with MUFG Bank, Ltd., in order to promote industry in Okinawa Prefecture. By combining MUFG Bank's information, insight, and networking function in Japan and overseas, with our consulting function and corporate network, we will strengthen our regional revitalization initiatives across the public and private sectors.

4th Okigin Churashima Business Meeting (Tourism Edition)

The Bank of Okinawa, Ltd. joined with MUFG Bank, Ltd., the Okinawa branch office of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, and FFG Business Consulting Co., Ltd. to provide a total of 77 business meeting opportunities over two days with tourism business operators in Okinawa Prefecture (24 companies) struggling with declining profits and customer numbers due to the impact of COVID-19 as well as business solution providers (15 companies) aiming to solve these issues.



① 沖縄銀行 福岡銀行

By signing a partnership agreement on regional economy revitalization with The Bank of Fukuoka to mutually introduce customers, share functions and know-how, and collaborate on other aspects of operations, we play a role in connecting the economies of Okinawa and Fukuoka prefectures, and at the same time, contribute to the revitalization of the regional economy through the provision of business support to our customers.

Okinawa-Fukuoka Future Support Business Meeting (Online Business Meeting)

Suppliers: Each company or branch of The Bank of Okinawa

Buyers: FFG Head Office Building (Fukuoka)

DIAGONAL RUN TOKYO (Tokyo)





沖縄銀行

琉球銀行

On January 29, 2021, we concluded a comprehensive business partnership agreement (the Okinawa Economic Revitalization Partnership) with Bank of The Ryukyus, Ltd. The aims of the partnership include business cooperation to contribute to economic development in Okinawa Prefecture, and cost reductions through joint back-office operations.

Matters for consideration in the initial fiscal year

Local revitalization working group

- Implementation of a joint management consultation meeting through cooperation with support organizations
- Implementation of joint business meetings, events, etc.
- Implementation of joint training for employees

Back-office working group

- Standardization of application documents for inheritance business

Loan and deposit trends in Okinawa Prefecture (¥ billion)

Average balance in Okinawa Prefecture	FY07	FY17	Change
Deposits	3,204.7	4,768.9	+1,564.2
Loans	2,494.4	3,598.9	+1,104.5

Source: BOJ Naha Branch

Matters for consideration in subsequent fiscal years

Local revitalization working group

- Collaboration on M&A and business succession
- Collaboration on large-scale projects
- Collaboration on syndicated loans

Back-office working group

- Common ATMs
- Common cash delivery and internal mail delivery, etc.
- Common foreign currency operations

Population of Okinawa Prefecture (Thousand)

	2010	2020	Change
Population	1,395	1,459	+64
Households	536	617	+81

Source: Okinawa Prefecture

8

Initiatives to Address ESG and the SDGs



Awarded as an “example of an innovative effort” by a financial institution, etc. to contribute to regional revitalization

We concluded an Agreement on Collaboration and Cooperation with an NPO, NIJINOHASHI FUND, which provides support for children’s cafeterias and other sites for children in Naha City, and collaborated and cooperated with it to work to support children. We considered and constructed support schemes for the NPO, utilized the Bank’s networks to seek funding for its activities, publicized these activities, and participated in volunteer activities. We connect local companies and individuals with the NPO and local children, and contribute to building systems for “locals supporting locals,” and creating a society where companies and people help and support each other.



Source: Towns, People and Work Revitalization Headquarters, Cabinet Secretariat

Preferential interest rates for USD-denominated time deposits

We applied preferential interest rates for individuals and companies that invested ¥300 thousand or more in automatically-renewed USD-denominated time deposits (1-month), valid until the expiration of the initial month.

As part of our activities based on the Okigin Group SDGs Declaration, we donated part of the fees and commissions on domestic and foreign exchanges for foreign currency-denominated time deposits to Okinawa Prefecture (Okinawa Children’s Future Support Citizens Movement), implementing support for the children who will create Okinawa’s future.

Initiative to abolish passbooks for ordinary deposits

For every new account opened, and every account for which the holder opted out of paper passbooks, the Bank donated ¥100 to a group engaged in local contribution activities such as poverty countermeasures in Okinawa Prefecture.





Promotion of female participation and career advancement

On January 20, 2020, we obtained the third and highest rank of Eruboshi Certification from the Minister of Health, Labour and Welfare, as a company that engages in outstanding initiatives, etc. related to the promotion of female participation and career advancement. (Eruboshi is a certification system based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace that came into effect in April 2016.)

The certification criteria comprise five items for assessment: recruitment, continued employment, working style (including working hours), proportion of female managers, and diverse career paths. The Bank was assessed as having fulfilled the certification criteria for all items, and was awarded the third and highest rank of certification. We will continue to promote a range of initiatives with the aim of being an organization where diverse human resources, including female employees, can play an active role. The results of our initiatives are published on the Database of Companies Promoting Women's Participation and Advancement in the Work Place.



Recognized under the Certified Health & Productivity Management Organization Recognition Program (large enterprise category)

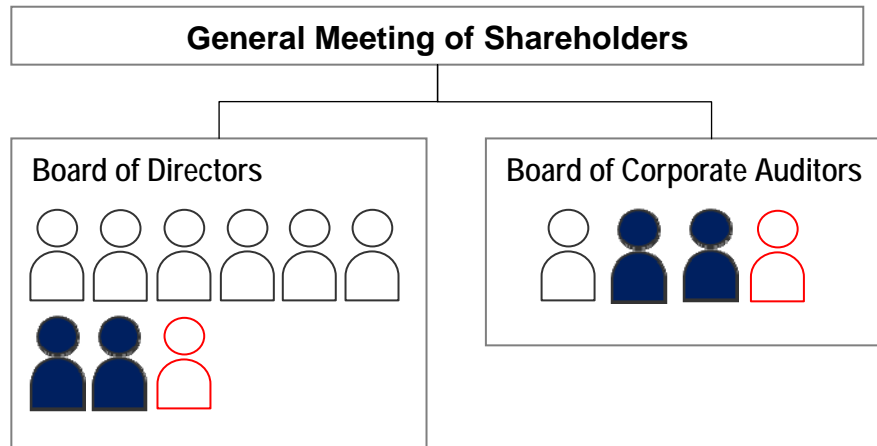
We were recognized under the large enterprise category of the 2021 Certified Health & Productivity Management Organization Recognition Program, a program jointly implemented by the Ministry of Economy, Trade and Industry of Japan and the Nippon Kenko Kaigi. This was the fourth consecutive year since 2018 that we were recognized under this category.

The Bank declared its support for health in 2005, to mark its participation in Okinawa Prefecture's unified health promotion movement Healthy Okinawa 21, and the entire Okigin Group has come together as one to engage in a range of health promotion activities. We will continue to endeavor to heighten the health awareness of all officers and employees of the Okigin Group, to promote health and productivity among their own families, workplaces, customers, and local communities.





Proportion of Outside Officers



[Proportion of Independent Outside Directors]

3 out of 9 = 33%

The Corporate Governance Code requires companies listed on the market that will succeed the 1st Section of the Tokyo Stock Exchange to have a minimum of one third Outside Directors, a requirement which the Bank already fulfills.

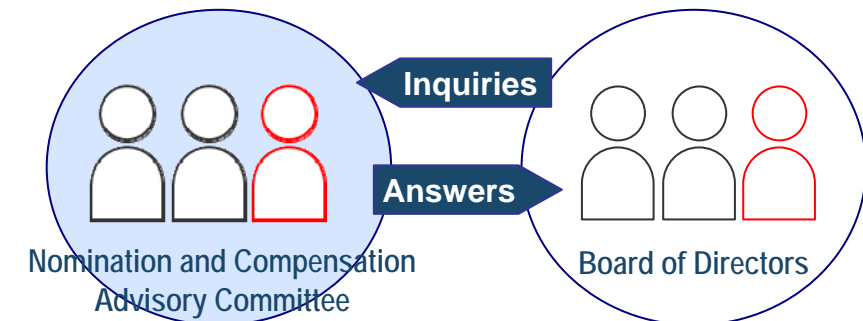
[Proportion of Female Officers]

2 out of 13 = 15.4%

We are achieving diversity with a proportion of female officers exceeding 9.2%, the proportion indicated by the Gender Equality Bureau Cabinet Office for the banking sector.

Nomination and Compensation Advisory

Established the Nomination and Compensation Advisory Committee as a voluntary advisory body to the Board of Directors regarding the nomination and compensation of Directors, etc.



- Appointment of a female Independent Outside Director
- Secure transparency and objectivity in the evaluation and determination processes regarding the nomination and compensation of Directors and Corporate Auditors
- Continue to strengthen corporate governance



- Policy on Cross-Shareholding: Clarify policy to reduce cross-held shares and report on the purpose of any cross-held shares to the Board of Directors
- Secure transparency and objectivity in the nomination and compensation determination process by establishing a voluntary Nomination and Compensation Advisory Committee

(Excerpt from Corporate Governance Report)

[Principles 1-4]

○ Policy on Cross-Held Shares

The Bank holds cross-held shares when deemed necessary for improving the sustainable corporate value of our business partners and the Group.

The Bank verifies the necessity of cross-shareholding by looking at the mid- to long-term economic rationality, future prospects, relationship with the regional economy, etc. for each stock. With comparison and verification of the stock to capital costs, etc., as well as to the standard yield expected when the Bank makes loans, the Bank will reduce shareholdings that are deemed unnecessary in terms of economic rationality. The purpose of cross-shareholding, etc. is reported to and verified by the Board of Directors each year.

In addition to looking at cross-shareholdings in light of capital costs, the Bank verifies and compares cross-shareholdings with the standard yield expected when making loans, and the purpose, etc., of holding the shares is reported annually to the Board of Directors. Based on the report, the Bank reduced cross-shareholdings during the fiscal year ended March 31, 2021.

	FY18	FY19	FY20	Difference
Cross-held stocks	16 stocks	15 stocks	14 stocks	(1) stock

10

Basic Policy on Dividends



Strengthen management structure and continue stable dividends

The Bank will flexibly use capital with the aim of optimizing capital efficiency and make stable returns to shareholders while maintaining a sound capital ratio to reinforce its management structure.

Basic Policy on Dividends

The Bank's basic policy on appropriation of surplus is to aim to strengthen its management structure while providing stable dividends in light of the public nature of the banking business.

Policy on Shareholder Returns

Common dividend

Regardless of performance, we aim for a yearly common dividend of ¥70.

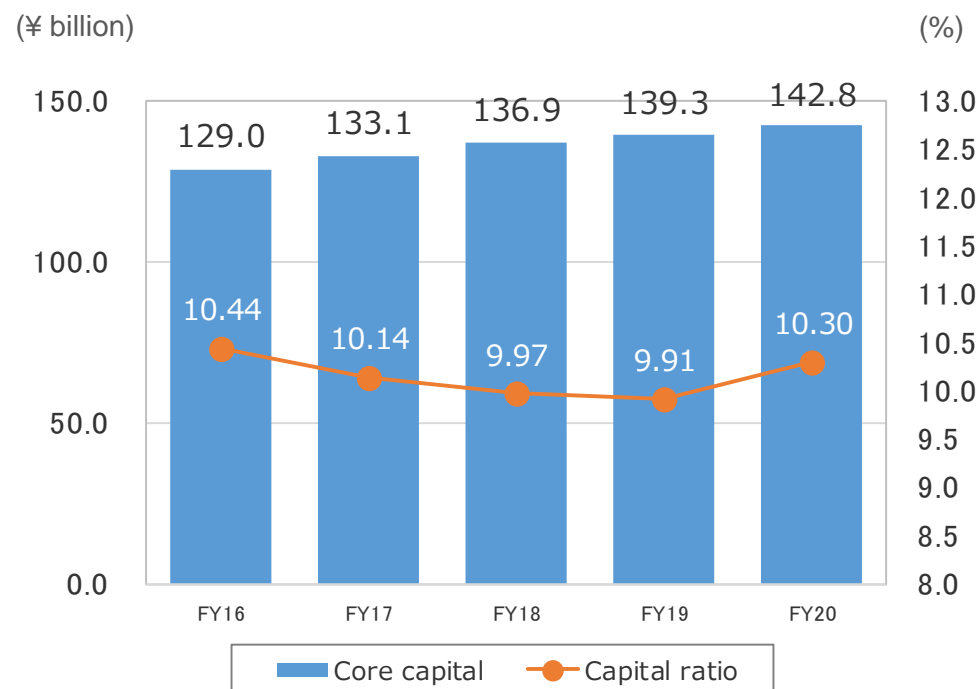
Performance-linked dividend

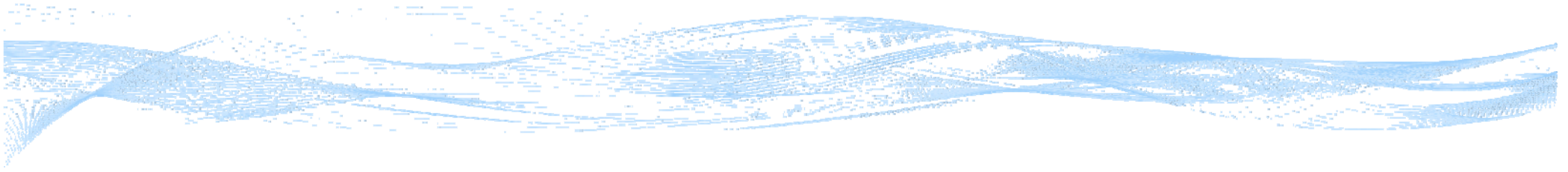
If the Bank's net income for the fiscal year exceeds ¥7.0 billion, we will consider paying a special dividend.

Total return ratio

The Bank sets a target of 30% of net income for the fiscal year for total shareholder returns.

Capital Ratio Trends





Supplemental Materials

Business Performance

(¥ billion)

[Non-consolidated]	FY17	FY18	FY19	FY20	YoY change
Ordinary income	38.4	39.0	37.0	36.4	(0.5)
Gross business profit	27.8	28.7	29.1	29.9	0.8
Interest income	27.4	27.3	27.9	28.6	0.6
Gains (losses) on cancellation of investment trusts		0.1	0.7	0.0	(0.7)
Fees and commissions	2.0	1.9	1.6	1.6	0.0
Fees and commissions (excluding trust fees)	1.8	1.7	1.5	1.5	0.0
Trust fees	0.2	0.1	0.1	0.1	(0.0)
Other business profit	(1.6)	(0.6)	(0.4)	(0.3)	0.1
Gains (losses) on bond trading	(1.5)	(0.8)	(0.7)	(0.5)	0.2
Expenses (excluding non-recurrent items)	21.2	21.2	21.7	21.7	0.0
Real business profit	6.5	7.4	7.3	8.2	0.8
Business profit on core banking operations	8.1	8.2	8.1	8.7	0.6
Excluding gains (losses) on cancellation of investment trusts		8.0	7.3	8.6	1.3
Provision of general allowance for possible loan losses	(0.0)	-	(0.2)	1.2	1.4
Net business profit	6.5	7.4	7.5	6.9	(0.5)
Non-recurrent items	2.2	2.1	(0.8)	(0.6)	0.2
Net gains (losses) on equity securities	1.7	1.9	(0.3)	0.0	0.3
Bad debt disposal (non-recurrent items)	0.2	0.3	1.2	1.2	0.0
Ordinary profit	8.8	9.5	6.7	6.3	(0.3)
Extraordinary gains (losses)	(0.0)	(0.0)	(0.0)	(0.0)	0.0
Net income	6.2	6.8	4.9	4.5	(0.3)
Credit cost	0.1	0.3	1.0	2.4	1.4
Non-performing loan ratio	1.37%	1.18%	1.22%	1.24%	0.02pt
Capital ratio	10.14%	9.97%	9.91%	10.30%	0.39%

Term-End Balance, Average Balance, Yield, and Loan Balance by Industrial Segment

Term-end balance / Average balance / Yield

(¥ billion)

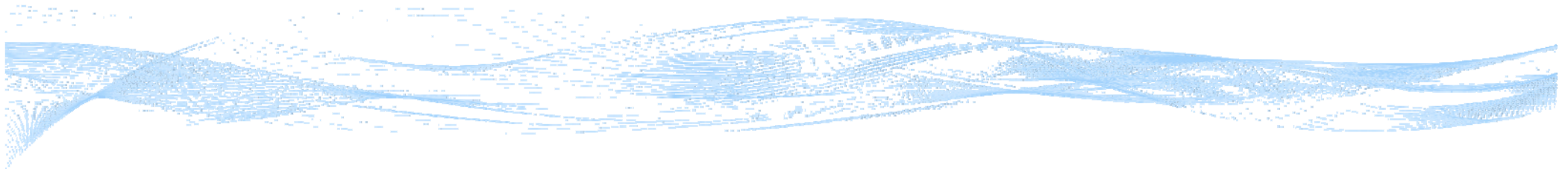
		FY17	FY18	FY19	FY20
Loans and bills discounted	Term-end balance	1,562.5	1,631.7	1,652.1	1,720.4
	Average balance	1,476.4	1,565.7	1,615.2	1,675.9
	Yield on securities	1.60%	1.56%	1.52%	1.46%
Securities	Term-end balance	458.4	392.3	373.5	421.0
	Average balance	503.6	403.5	387.9	391.9
	Yield on securities	0.95%	0.91%	0.99%	1.15%
Deposits	Term-end balance	2,005.2	2,037.0	2,083.4	2,347.4
	Average balance	1,959.7	2,019.0	2,076.9	2,278.6
	Yield on securities	0.04%	0.02%	0.02%	0.01%

* Term-end and average balances are calculated on the basis of loan and bill discounted/deposit balances of the banking and trust accounts.

* Yields on loans and bills discounted and deposits are those used for domestic operations only.

Loan balance by industrial segment

	FY17	FY18	FY19	FY20
Manufacturing	35.3	34.8	34.4	37.3
Agriculture and forestry	1.9	2.3	2.5	2.6
Fishery	0.4	0.5	0.6	0.9
Mining and quarrying of stone and gravel	3.7	3.4	3.2	2.7
Construction	49.6	51.4	54.5	62.1
Electricity, gas, heat and water supply	6.6	10.2	12.8	13.8
Telecommunications	11.2	11.2	11.4	11.1
Transport and postal activities	16.2	12.5	10.3	11.8
Wholesaling and retailing	100.9	99.7	94.1	99.8
Finance and insurance	22.6	20.8	22.8	21.8
Real estate, and goods rental and leasing	454.8	502.6	522.6	527.3
Miscellaneous services	177.0	182.5	184.4	211.7
Local government bodies	126.4	128.6	117.9	131.8
Others	555.4	570.6	580.0	585.1
Total	1,562.5	1,631.7	1,652.1	1,720.4



The Business Environment in Okinawa

Profile of Okinawa Prefecture

Rate of change in population

(%)

Rank	Prefecture	Rate of change
1	Tokyo	7.1
2	Okinawa	3.9
3	Saitama	2.7
4	Kanagawa	2.4
5	Aichi	2.1
6	Shiga	1.1
7	Chiba	0.8
8	Osaka	-0.4
9	Fukuoka	-0.7
10	Kyoto	-3.1
National average		-2.2

Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan, Population Estimates

Rate of natural increase/decrease in population

(%)

Rank	Prefecture	Index
1	Okinawa	2.0
2	Tokyo	-1.1
3	Aichi	-1.3
4	Shiga	-1.6
5	Kanagawa	-2.0
6	Saitama	-2.5
7	Fukuoka	-2.6
8	Chiba	-3.0
9	Osaka	-3.1
10	Hyogo	-3.6
National average		-3.8

Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan, Population Estimates

Regional brand survey

(Points)

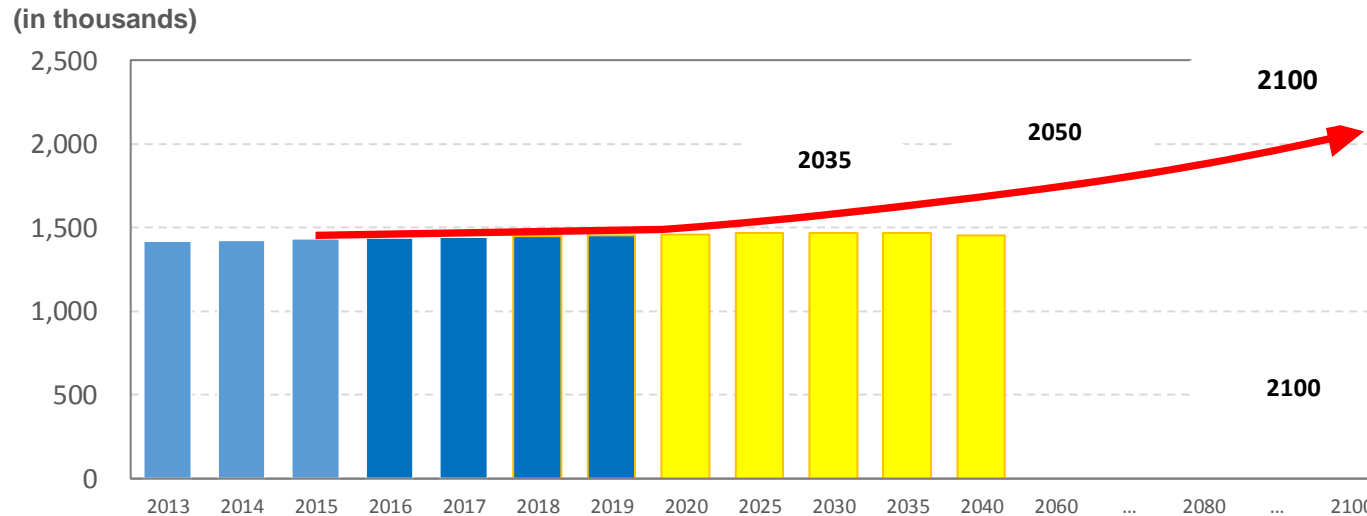
Rank	Prefecture	Attractiveness
1	Hokkaido	60.8
2	Kyoto	49.9
3	Okinawa	44.1
4	Tokyo	36.4
5	Kanagawa	34.7
6	Osaka	31.9
7	Nara	30.6
8	Nagano	30.5
9	Fukuoka	29.6
10	Ishikawa	29.2

Source: Brand Research Institute, Inc., Regional Brand Survey 2020

Population of Okinawa (Future Prospects)

The population of Okinawa is expected to take a downward turn in and after 2030

Population is on the increase at this stage, but active steps towards population growth are being taken now



(in thousands)	2015	2020	2025	2030	2035	2040
Okinawa	1,434	1,460	1,468	1,470	1,466	1,452
Japan	127,095	125,325	122,544	119,125	115,216	110,919

Source: Statistics Bureau, Ministry of Internal Affairs and Communications of Japan

Efforts to facilitate natural increase in population

Creation of a society that allows people to marry, give birth and raise children without undue worries

- Elimination of childcare waiting list
- Promotion of "health and longevity in Okinawa" campaign

Efforts to enhance growth of society

Creation of a dynamic society that is open to society

- Job creation and securing diverse human resources
- Increasing tourists and visitors

Aims to revitalize isolated islands and depopulated regions

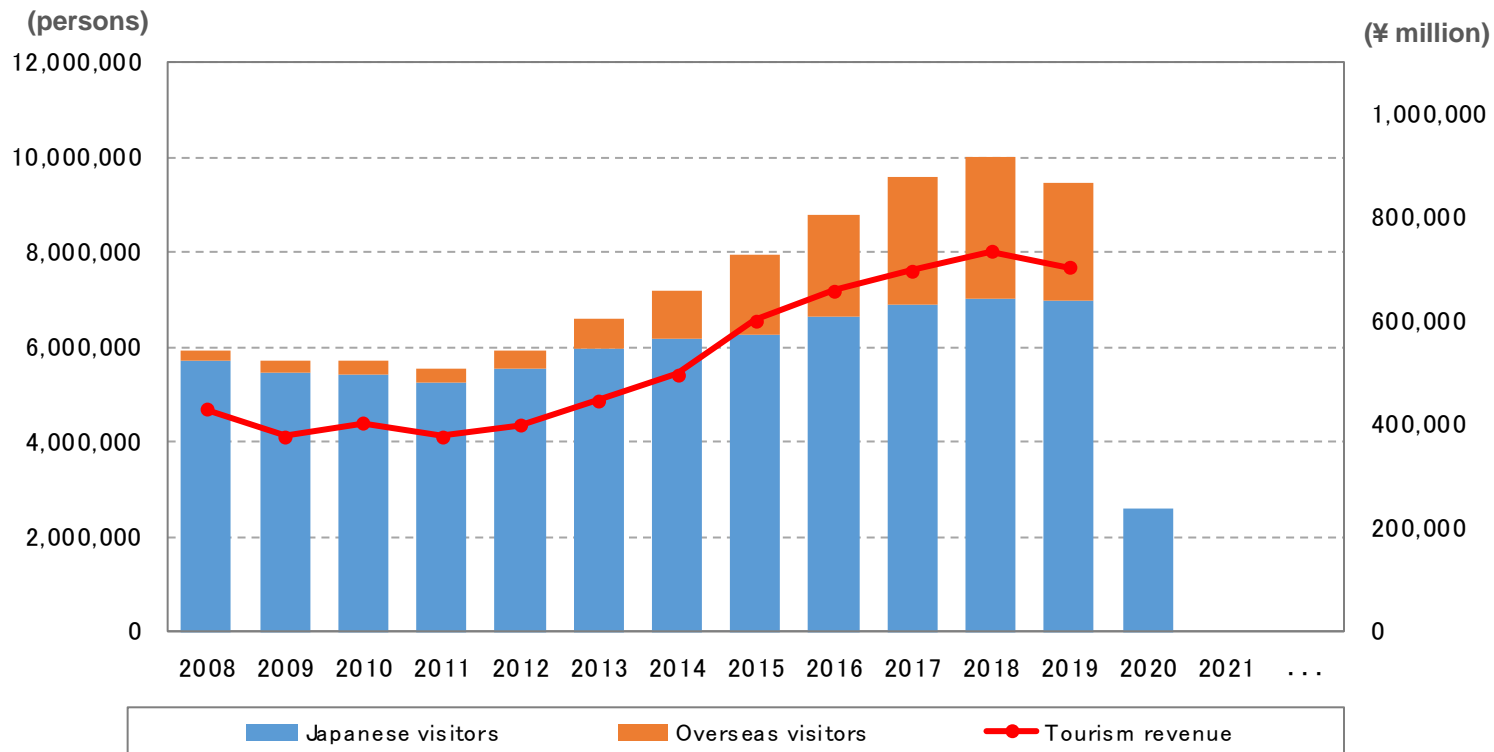
Creation of a society that delivers well-balanced and sustainable population growth

- Improvement of conditions for long-term residents
- Industrial development by demonstrating attractive regional characteristics

Number of Visitors to Okinawa

- The number of tourists visiting Okinawa in FY2020 was 2.58 million, due to the impact of the COVID-19 outbreak.
- No overseas tourists visited Okinawa for the first time since its reversion to Japan (there were 2.49 million overseas tourists in FY2019).

Trends in the number of visitors and tourism revenues

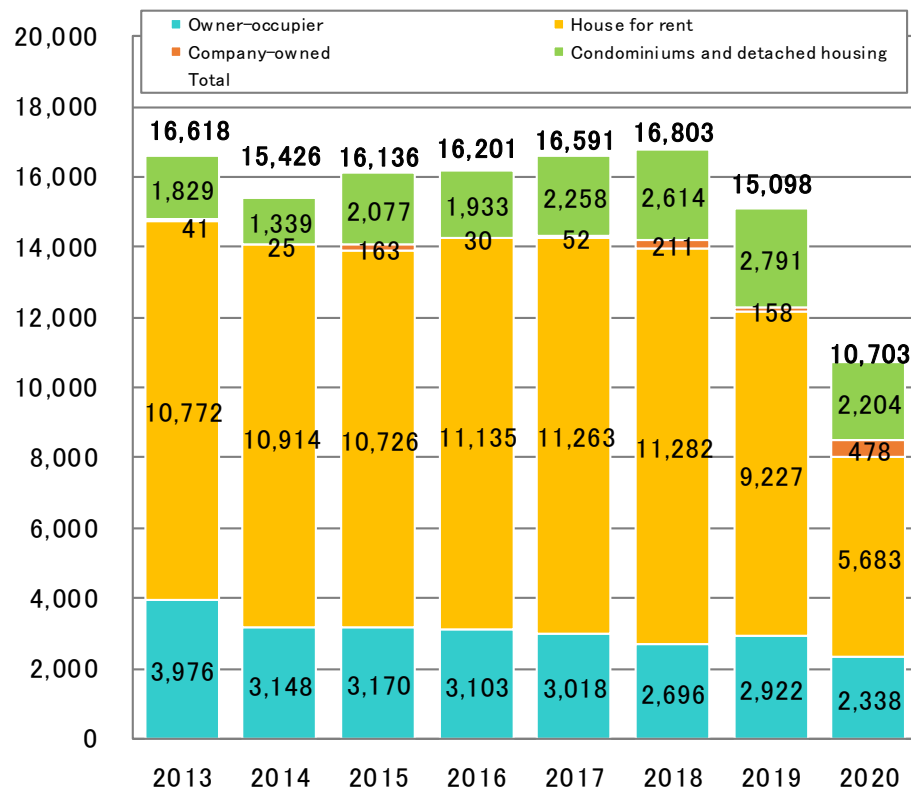


Source: Tourism Policy Division, Department of Culture, Tourism and Sports, Okinawa Prefectural Government

Housing Market Trends in Okinawa

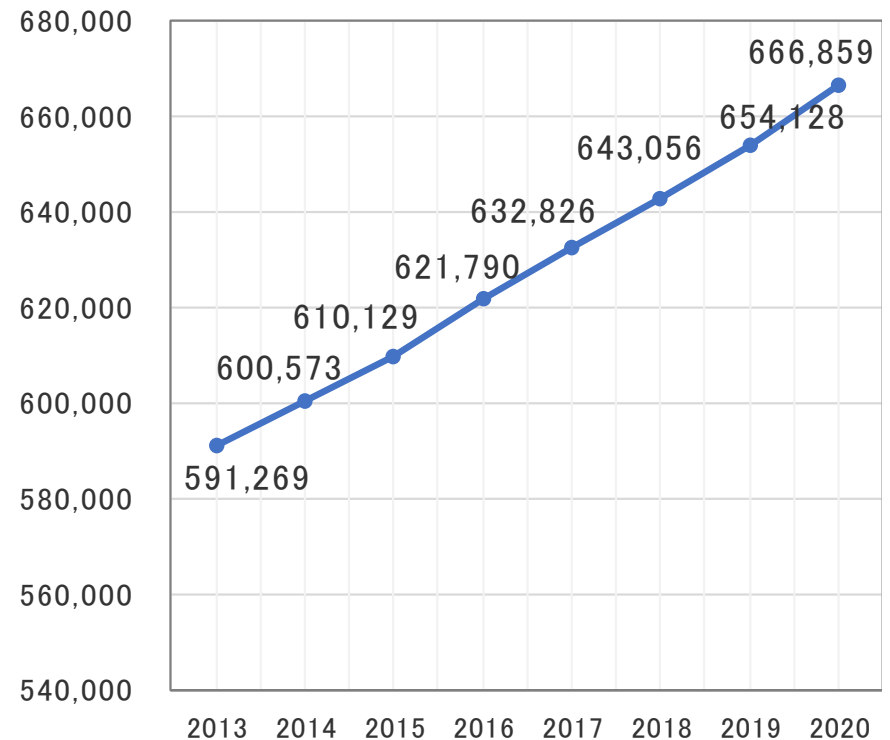
- The number of housing starts in Okinawa Prefecture has begun to decline. However, among condominiums and detached housing, the number of detached houses increased by 110 year on year to 1,170.
- According to the national census 2015, growth rate of population and number of households are both the highest in Japan.

Number of new housing starts by housing type



Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistics of Housing Starts report

Total number of households in Okinawa

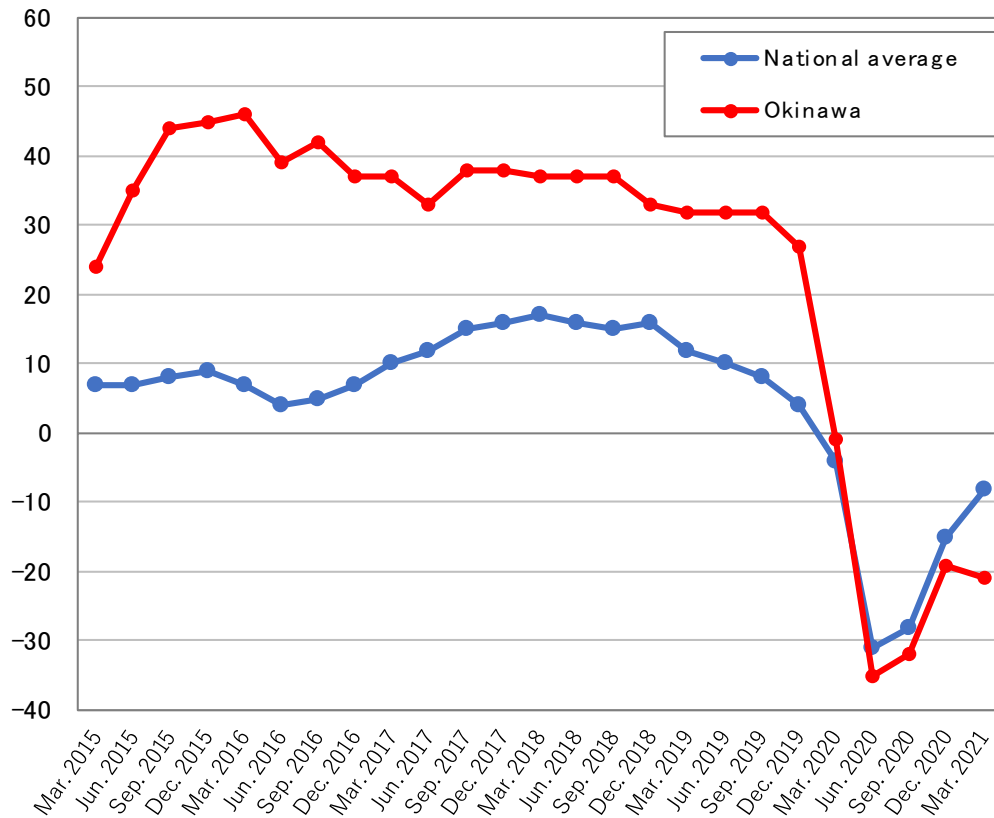


Source: Okinawa Prefectural Government, Department of Planning, Municipal Administration Division

Economic Trends in Okinawa (1)

BOJ Tankan

BOJ Tankan Business Confidence DI



Source: BOJ Naha Branch

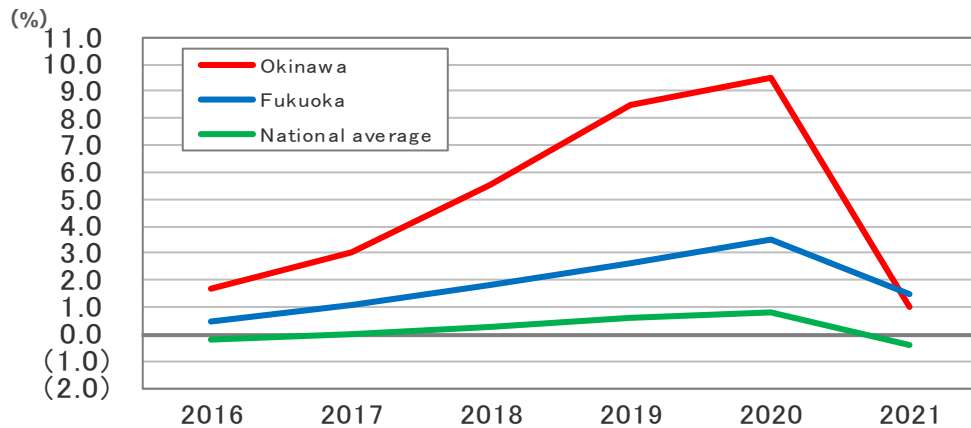
Overview

- ◆ Conditions in the prefectural economy remain challenging due to the impact of COVID-19, but there are signs of a recovery in some areas.
- ◆ Conditions for **personal consumption** also remain unfavorable.
- ◆ **Tourism** also faces adverse conditions, but some signs of a recovery are visible.
- ◆ In terms of **public investment**, performance is solid.
- ◆ The downturn in **capital investment** is slowing.
- ◆ **Residential investment** has remained weak.

Economic Trends in Okinawa (2)

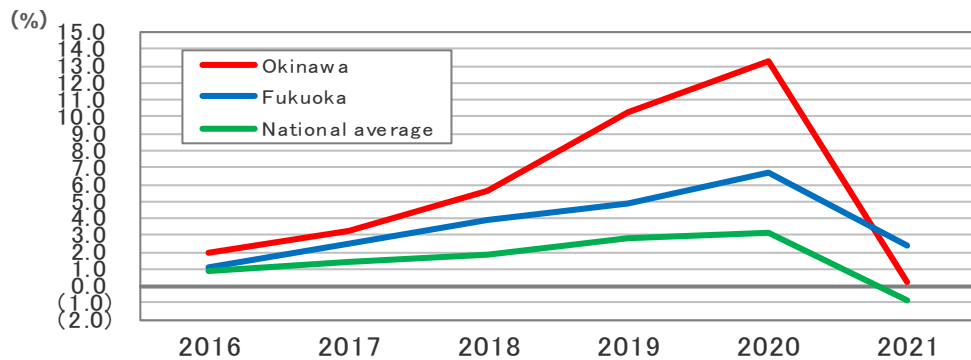
Official land prices

Residential land prices



◆ **Average residential land prices in Okinawa increased by 1.0%, after increasing 9.5% in the previous year**, as the rate of growth slowed significantly, mainly due to the impact of COVID-19. Some uncertainty remains regarding the impact of COVID-19 on land prices, but it is thought that increases in population and households will underpin continuing potential demand.

Commercial land prices



◆ **Average commercial land prices in Okinawa increased by 0.2%, after increasing 13.3% in the previous year**, falling well short of the increases seen in previous years, as a result of a significant decline in tourism demand due to COVID-19. However, an improvement in commercial land price growth can be expected from a medium- and long-term perspective, in anticipation of a recovery in tourism demand after COVID-19 is brought under control.

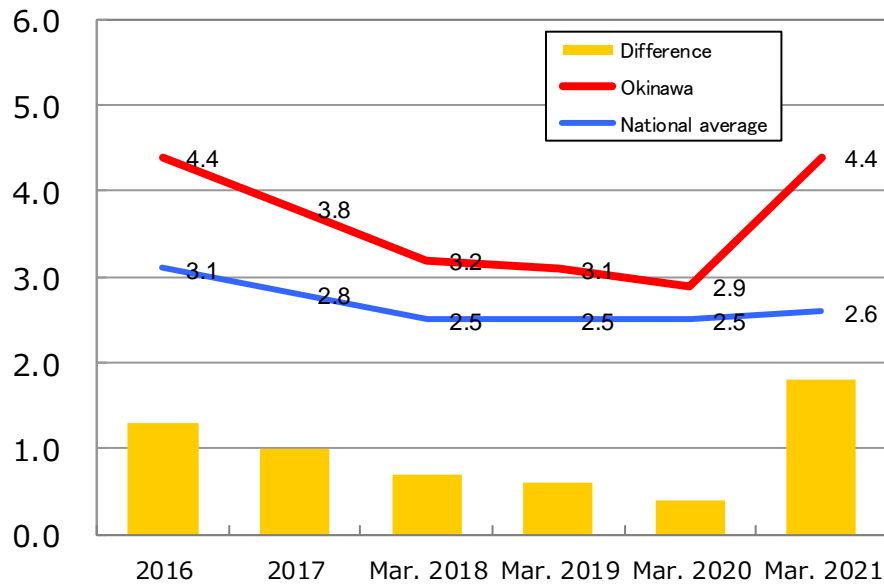
Source: Ministry of Land, Infrastructure, Transport and Tourism

Overview

Economic Trends in Okinawa (3)

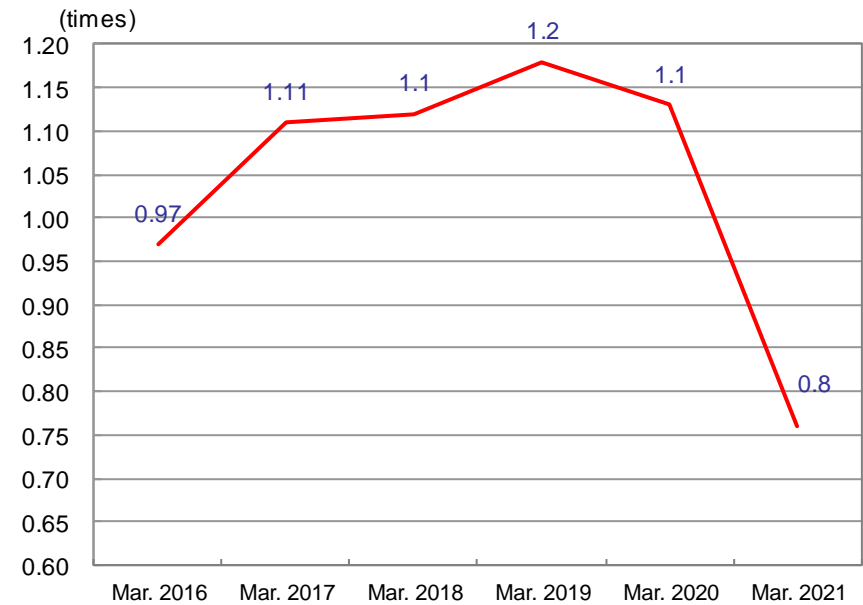
Employment situation

Trends in unemployment rates



Source: Statistics Division, Department of Planning, Okinawa Prefectural Government

Active opening ratio



Source: Okinawa Labour Bureau

Overview

- ◆ The unemployment rate, which had been in a recovery trend, deteriorated significantly due to the impact of COVID-19.

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