

Initiatives to Enhance Corporate Value

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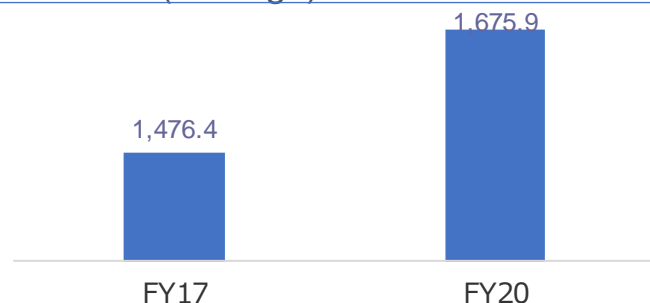
Summary of the 18th Medium-Term Business Plan



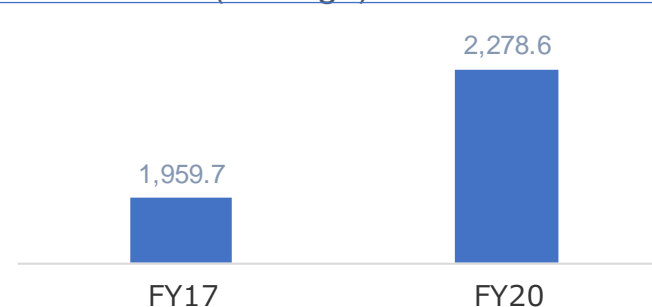
Management numerical targets	FY2017	FY2020 (targets)	FY2020 (results)
(1) ROE for consolidated net income	5.00%	Approx. 4%	3.46%
(2) Business profit on core banking operations	¥8.1 billion	Approx. ¥7.5 billion	¥8.7 billion
(3) Core OHR	72.4%	Approx. 70%	71.4%
(4) 10% increase in the number of major corporate 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)

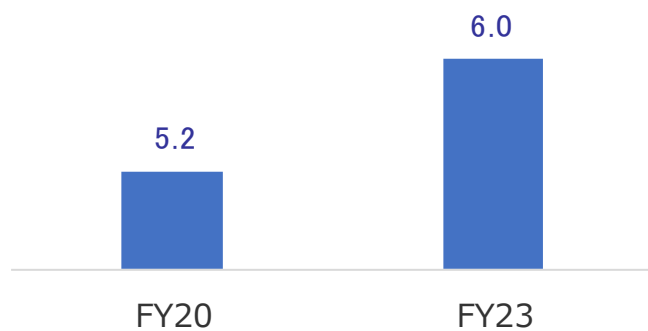


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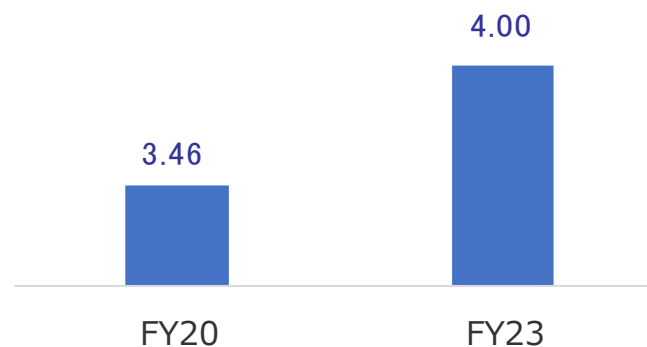
Management Indicator Targets



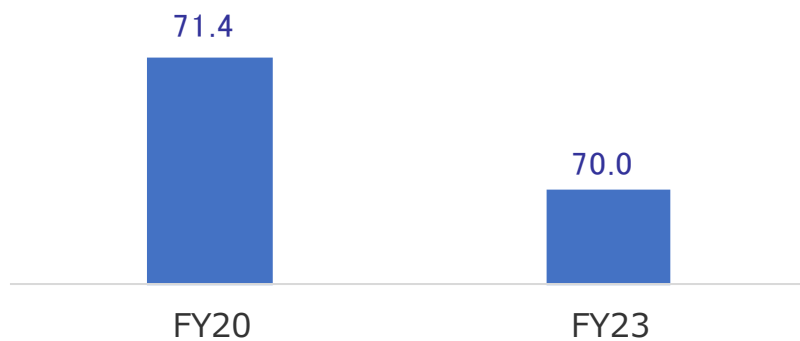
Net income attributable to owners of the parent (¥ billion)



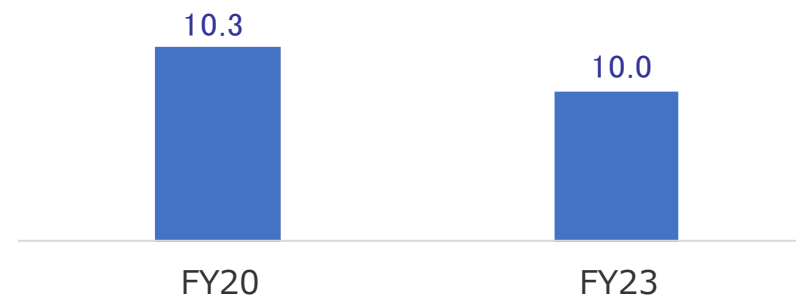
Consolidated ROE (shareholders' equity basis) (%)



Consolidated OHR (%)



Consolidated capital ratio (%)



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Business Performance Forecasts for FY2021



	(¥ billion)		
[Consolidated]	FY20	FY21 (plan)	YoY change
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]	FY20	FY21 (plan)	YoY change
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.

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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.**

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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

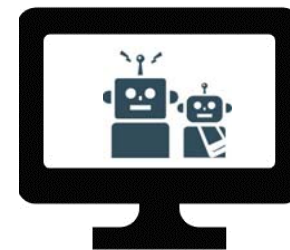
Since April 2020, we implemented a system of mutually discounted ATM usage fees with Bank of The Ryukyus, increasing the number of cash-points for customers, while simultaneously reducing the number of ATMs and MMKs by 52 in two years. In this way, we have achieved cost reductions of approximately ¥130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



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Alliances

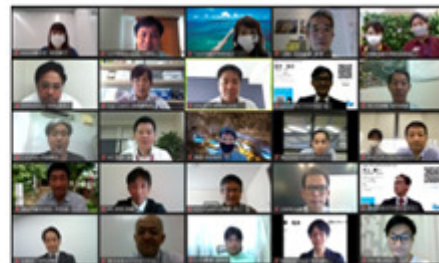


Ⓞ 沖縄銀行 三菱UFJ銀行

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.



Ⓞ 沖縄銀行 福岡銀行

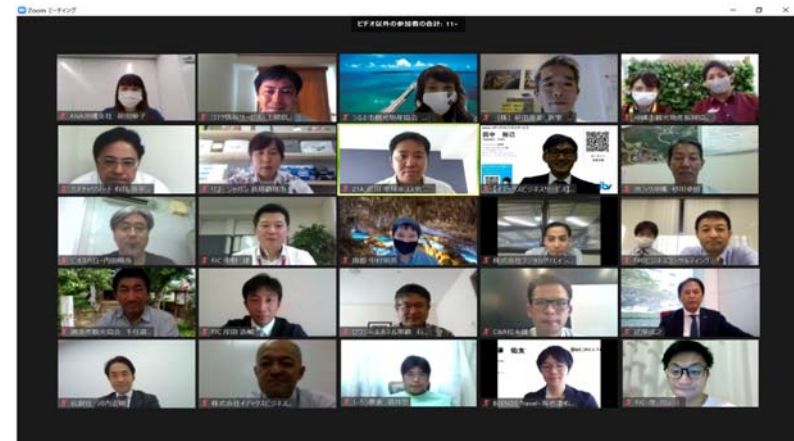
By signing a partnership agreement on regional economy revitalization with The Bank of Fukuoka to mutually introduce customers, share functions and know-how, and collaborate on other aspects of operations, we play a role in connecting the economies of Okinawa and Fukuoka prefectures, and at the same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

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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.

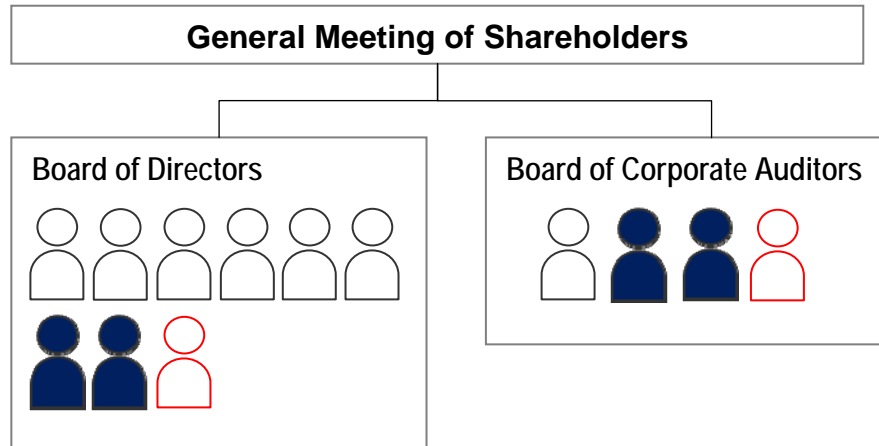


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Initiatives to Address ESG and the SDGs



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.

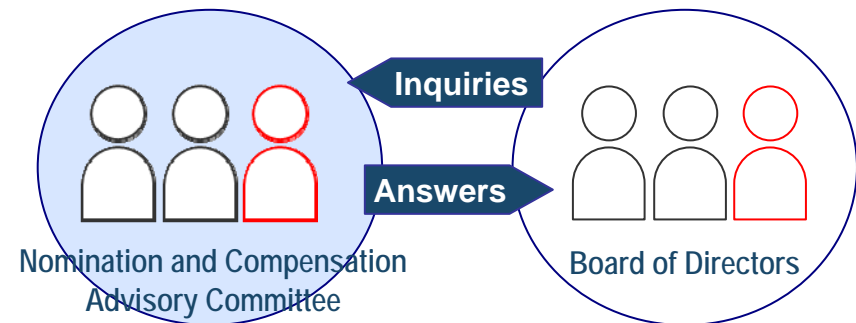
[Proportion of Female Officers]

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

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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

