

Flash Report for the First-Half Period Ended September 30, 2012 <Under Japanese GAAP>

November 9, 2012

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/>
 Representative: Yoshiaki Tamaki, President
 Contact: Noriaki Nishihira, Director & General Manager of General Planning Division
 Phone: +81-98-867-2141
 Scheduled date for submission of Interim Securities Report: November 26, 2012
 Date for initiation of dividend payments (subject to change): December 7, 2012
 Specific trading account system: not applicable
 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, 2012)

(1) Operating results (¥ million)

	Ordinary income		Ordinary profit		Net income	
1st half ended September 30, 2012	¥24,531	(2.9)%	¥4,970	(7.3)%	¥2,819	(19.0)%
1st half ended September 30, 2011	25,271	(8.3)	5,367	(14.2)	3,483	5.8

*Comprehensive Income 1st half ended September 30, 2012: ¥2,662 million (14.5% decrease)
 1st half ended September 30, 2011: ¥3,115 million (6.8% decrease)

	Net income per share (¥)	Net income per share, diluted (¥)
1st half ended September 30, 2012	¥137.42	¥137.16
1st half ended September 30, 2011	168.32	168.14

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*	Capital ratio**
As of September 30, 2012	¥1,866,760	¥121,492	6.3%	13.01%
As of March 31, 2012	1,864,838	120,155	6.2	12.95

Notes: Owners' equity

As of September 30, 2012: ¥117,618 million As of March 31, 2012: ¥116,566 million

* Equity ratio is computed by dividing term-end balance of net assets after deduction of outstanding subscription rights to shares 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 "Criteria for Judging Whether A Financial Institution's Own Capital is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Law" (Notification No. 19 of 2006, the Financial Services Agency).

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2012	¥—	¥32.50	¥—	¥32.50	¥65.00
Year ending March 31, 2013	—	32.50			
Year ending March 31, 2013 (forecast)			—	32.50	65.00

Note: Revisions to dividend payment forecasts from recently announced forecasts: not applicable

3. Operating Performance Forecasts for the Year Ending March 31, 2013

(April 1, 2012 to March 31, 2013)

	Ordinary profit		Net income		Net income per share (¥)
Full term	¥9,900	(5.2)%	¥5,500	(7.9)%	¥268.65

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

2. Revisions to operating performance forecasts from recently announced forecasts: not applicable

4. Others

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Changes in accounting policies, revisions to estimates for accounting purposes and restatements

Changes in accounting policies following revision of accounting standards, etc: applicable

Changes in accounting policies other than those attributable to the above: not applicable

Changes in estimates for accounting purposes: applicable

Restatement of revised figures: not applicable

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

As of September 30, 2012: 21,000,000 shares

As of March 31, 2012: 21,400,000 shares

Number of shares in treasury at the end of the period

As of September 30, 2012: 571,564 shares

As of March 31, 2012: 771,275 shares

Average number of shares during the period

1st half ended September 30, 2012: 20,515,986 shares

1st half ended September 30, 2011: 20,694,878 shares

5. Non-Consolidated Results for the First-Half Period (April 1 to September 30, 2012)

(1) Operating results

(¥ million)

	Ordinary income		Ordinary profit		Net income		Net income per share (¥)
1st half ended September 30, 2012	¥18,364	(1.2)%	¥4,092	(6.8)%	¥2,566	(19.4)%	¥125.07
1st half ended September 30, 2011	18,592	(9.7)	4,394	(20.0)	3,185	7.0	153.91

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

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio*	Capital ratio**
As of September 30, 2012	¥1,851,600	¥112,935	6.0%	12.28%
As of March 31, 2012	1,849,806	112,083	6.0	12.25

Notes: Owners' equity

As of September 30, 2012: ¥112,777 million As of March 31, 2012: ¥111,978 million

* Equity ratio is computed by dividing term-end balance of net assets after deduction of outstanding subscription rights to shares by the term-end balance of total assets.

** Capital ratio (on a non-consolidated basis; domestic standard) is calculated using the formula stipulated in "Criteria for Judging Whether A Financial Institution's Own Capital is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Law" (Notification No. 19 of 2006, the Financial Services Agency).

6. Non-Consolidated Operating Performance Forecasts for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(¥ million)

	Ordinary profit		Net income		Net income per share (¥)
Full term	¥8,700	3.6%	¥5,200	1.5%	¥254.00

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

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.

Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2012	As of September 30, 2012
Assets		
Cash and due from bank	¥ 42,504	¥ 36,632
Call loans and bills bought	45,939	31,014
Monetary claims bought	242	235
Securities	539,256	585,829
Loans and bills discounted	1,181,866	1,157,868
Foreign exchanges	2,425	2,368
Lease claims and lease investment assets	15,563	15,255
Other assets	15,439	15,165
Tangible fixed assets	17,844	17,915
Intangible assets	1,487	1,863
Deferred tax assets	3,696	4,111
Customers' liabilities for acceptances and guarantees	11,297	10,909
Allowance for loan losses	(12,724)	(12,408)
Total assets	1,864,838	¥1,866,760

(Continued)

	Millions of yen	
	As of March 31, 2012	As of September 30, 2012
Liabilities		
Deposits	¥1,643,063	¥1,630,653
Borrowed money	11,605	11,063
Foreign exchanges	9	39
Due to trust account	53,114	68,099
Other liabilities	17,263	16,283
Provision for bonuses	688	715
Provision for directors' bonuses	31	13
Provision for retirement benefits	5,808	5,737
Provision for directors' retirement benefits	24	22
Reserve for compensation for trust principal losses	109	85
Reserve for losses on interest refund	141	119
Reserve for reimbursement of dormant deposits	56	56
Deferred tax liabilities	0	0
Deferred tax liabilities for land revaluation	1,468	1,468
Acceptances and guarantees	11,297	10,909
Total liabilities	1,744,683	1,745,267
Net assets		
Capital stock	22,725	22,725
Capital surplus	17,629	17,629
Retained earnings	73,348	74,103
Treasury stock	(2,685)	(1,992)
Shareholders' equity	111,018	112,466
Valuation difference on available-for-sale securities	4,394	3,999
Deferred gains (losses) on hedges	-	(0)
Revaluation reserve for land	1,152	1,152
Accumulated other comprehensive income	5,547	5,152
Subscription rights to shares	105	158
Minority interests	3,483	3,715
Total net assets	120,155	121,492
Total liabilities and net assets	¥1,864,838	¥1,866,760

Consolidated Statements of Income

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Ordinary income	¥25,271	¥24,531
Interest income:	15,772	15,490
of which, Interest on loans and discounts	14,061	13,782
of which, Interest and dividends on securities	1,595	1,644
Trust fees	238	229
Fees and commissions	1,909	2,144
Other ordinary income	6,822	6,314
Other income	528	352
Ordinary expenses	19,904	19,560
Interest expenses:	2,744	1,728
of which, Interest on deposits	2,351	1,297
Fees and commissions payments	779	884
Other ordinary expenses	5,167	4,659
General and administrative expenses	10,307	10,531
Other expenses	904	1,757
Ordinary profit	5,367	4,970
Extraordinary income	—	0
Gain on disposal of noncurrent assets	—	0
Extraordinary loss	6	4
Loss on disposal of noncurrent assets	5	4
Impairment loss	0	0
Income before income taxes	5,360	4,966
Income taxes – current	1,858	2,143
Income taxes – deferred	(115)	(235)
Total income taxes	1,742	1,907
Income before minority interests	3,617	3,058
Minority interests in income	134	238
Net income	¥3,483	¥2,819

Consolidated Statements of Comprehensive Income

	Millions of yen	
	First-half period ended September	
	2011	2012
Income before minority interests	3,617	3,058
Other comprehensive income	(502)	(395)
Valuation difference on available-for-sale securities	(491)	(395)
Deferred gains (losses) on hedges	(10)	(0)
Revaluation reserve for land	(0)	(0)
Comprehensive income	3,115	2,662
Comprehensive income attributable to owners of the parent	2,980	2,424
Comprehensive income attributable to minority interests	134	237

Consolidated Statements of Changes in Net Assets

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Shareholders' equity		
Capital stock		
Balance at the beginning of the current period	¥22,725	¥22,725
Changes during the period:		
Total changes during the period	—	—
Balance at the end of the current period	¥22,725	¥22,725
Capital surplus		
Balance at the beginning of the current period	¥17,629	¥17,629
Changes during the period:		
Total changes during the period	—	—
Balance at the end of the current period	¥17,629	¥17,629
Retained earnings		
Balance at the beginning of the current period	¥68,719	¥73,348
Changes during the period:		
Dividends from surplus	(675)	(670)
Net income	3,483	2,819
Disposal of treasury stock	(3)	(0)
Retirement of treasury stock	—	(1,394)
Reversal of revaluation reserve for land	0	0
Total changes during the period	2,805	754
Balance at the end of the current period	¥71,524	74,103
Treasury stock		
Balance at the beginning of the current period	¥(2,196)	¥(2,685)
Changes during the period:		
Purchase of treasury stock	(499)	(701)
Disposal of treasury stock	12	0
Retirement of treasury stock	—	1,394
Total changes during the period	(486)	692
Balance at the end of the current period	¥(2,683)	¥(1,992)
Total shareholders' equity		
Balance at the beginning of the previous period	¥106,878	¥111,018
Changes during the period:		
Dividends from surplus	(675)	(670)
Net income	3,483	2,819
Purchase of treasury stock	(499)	(701)
Disposal of treasury stock	9	0
Retirement of treasury stock	—	—
Reversal of revaluation reserve for land	0	0
Total changes during the period	2,318	1,447
Balance at the end of the current period	¥109,196	¥112,466

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	¥ 3,224	¥ 4,394
Changes during the period:		
Net changes in items other than shareholders' equity	(491)	(395)
Total changes during the period	(491)	(395)
Balance at the end of the current period	¥ 2,733	¥ 3,999
Deferred gains (losses) on hedges		
Balance at the beginning of the current period	¥ 10	—
Changes during the period:		
Net changes in items other than shareholders' equity	(10)	(0)
Total changes during the period	(10)	(0)
Balance at the end of the current period	¥ (0)	¥ (0)
Revaluation reserve for land		
Balance at the beginning of the current period	¥ 942	¥ 1,152
Changes during the period:		
Net changes in items other than shareholders' equity	(0)	(0)
Total changes during the period	(0)	(0)
Balance at the end of the current period	¥ 941	¥ 1,152
Total accumulated other comprehensive income		
Balance at the beginning of the current period	¥ 4,177	¥ 5,547
Changes during the period:		
Net changes in items other than shareholders' equity	(502)	(395)
Total changes during the period	(502)	(395)
Balance at the end of the current period	¥ 3,675	¥ 5,152
Subscription rights to shares		
Balance at the beginning of the current period	¥ 43	¥ 105
Changes during the period:		
Net changes in items other than shareholders' equity	62	52
Total changes during the period	62	52
Balance at the end of the current period	¥ 105	¥ 158
Minority interests		
Balance at the beginning of the current period	¥ 3,151	¥ 3,483
Changes during the period:		
Net changes in items other than shareholders' equity	128	232
Total changes during the period	128	232
Balance at the end of the current period	¥ 3,280	¥ 3,715

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Total net assets		
Balance at the beginning of the current period	¥114,250	¥120,155
Changes during the period:		
Dividends from surplus	(675)	(670)
Net income	3,483	2,819
Purchase of treasury stock	(499)	(701)
Disposal of treasury stock	9	0
Reversal of revaluation reserve for land	0	0
Net changes in items other than shareholders' equity	(311)	(110)
Total changes during the period	2,007	1,337
Balance at the end of the current period	¥116,257	¥121,492

Consolidated Statements of Cash Flows

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Cash flows from operating activities		
Income before income taxes	¥ 5,360	¥ 4,966
Depreciation and amortization	804	721
Impairment loss	0	0
Change in allowance for loan losses	(335)	(316)
Change in provision for bonuses	16	26
Change in provision for directors' bonuses	(16)	(18)
Change in provision for retirement benefits	17	(71)
Change in provision for directors' retirement benefits	(9)	(2)
Change in reserve for compensation for trust principal losses	(43)	(23)
Change in reserve for losses on interest refund	19	(21)
Interest income	(15,772)	(15,490)
Interest expenses	2,744	1,728
Loss (gain) related to securities transactions	(205)	(55)
Loss on disposal of noncurrent assets	5	4
Net change in loans and bills discounted	15,213	23,997
Net change in deposits	109,226	(12,410)
Net change in borrowed money (excluding subordinated loans)	(1,237)	(542)
Net change in due from banks (excluding due from the Bank of Japan)	(20)	-
Net change in call loans and others	(59,081)	14,932
Net change in foreign exchange – assets	104	57
Net change in foreign exchange – liabilities	(45)	29
Net change in due to trust account	(1,489)	14,985
Interest received	16,320	15,940
Interest paid	(2,433)	(4,055)
Other	1,519	1,793
Subtotal	70,664	46,176
Income taxes paid	(2,251)	(1,178)
Net cash provided by (used in) operating activities	68,412	44,997
Cash flows from investing activities		
Purchases of securities	(214,851)	(207,851)
Proceeds from sales of securities	97,481	118,420
Proceeds from maturities of securities	47,504	41,051
Increase in money held in trust	(600)	(900)
Decrease in money held in trust	600	900
Purchases of tangible fixed assets	(131)	(641)
Proceeds from sales of tangible fixed assets	94	98
Purchases of intangible assets	(103)	(550)
Net cash provided by (used in) investing activities	(70,005)	(49,473)
Cash flows from financing activities		
Cash dividends paid	(675)	(670)
Cash dividends paid to minority shareholders	(5)	(5)
Purchase of treasury stock	(499)	(701)
Proceeds from sales of treasury stock	-	0
Net cash provided by (used in) financing activities	(1,180)	(1,377)
Effect of exchange rate changes on cash and cash equivalents	(29)	(19)
Net change in cash and cash equivalents	(2,802)	(5,872)
Cash and cash equivalents at beginning of year	37,438	42,274
Cash and cash equivalents at end of current period	¥ 34,636	36,402

Non-Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2012	As of September 30, 2012
Assets		
Cash and due from banks	¥ 42,100	¥ 36,155
Call loans	45,939	31,014
Monetary claims bought	242	235
Securities	539,939	586,505
Loans and bills discounted	1,190,455	1,166,575
Foreign exchanges	2,425	2,368
Other assets:	5,125	4,339
Other	5,125	4,339
Tangible fixed assets	17,313	17,471
Intangible assets	1,388	1,738
Deferred tax assets	2,437	2,938
Customers' liabilities for acceptances and guarantees	11,297	10,909
Allowance for loan losses	(8,857)	(8,650)
Total assets	¥1,849,806	1,851,600

(Continued)

	Millions of yen	
	As of March 31, 2012	As of September 30, 2012
Liabilities		
Deposits	¥1,655,115	¥1,642,753
Borrowed money	980	900
Foreign exchanges	9	39
Due to trust account	53,114	68,099
Other liabilities:	9,337	8,183
Income taxes payable	770	1,888
Lease obligations	705	599
Asset retirement obligations	317	320
Other	7,543	5,374
Provision for bonuses	569	592
Provision for directors' bonuses	22	11
Provision for retirement benefits	5,641	5,564
Reserve for compensation for trust principal losses	109	85
Reserve for reimbursement of dormant deposits	56	56
Deferred tax liabilities for land revaluation	1,468	1,468
Acceptances and guarantees	11,297	10,909
Total liabilities	1,737,722	1,738,664
Net assets		
Capital stock	22,725	22,725
Capital surplus:	17,623	17,623
Legal capital surplus	17,623	17,623
Retained earnings:	68,767	69,268
Legal retained earnings	9,535	9,535
Other retained earnings:	59,231	59,733
General reserve	52,920	56,420
Retained earnings brought forward	6,311	3,312
Treasury stock	(2,685)	(1,992)
Shareholders' equity	106,430	107,624
Valuation difference on available-for-sale securities	4,394	3,999
Deferred gains (losses) on hedges	-	(0)
Revaluation reserve for land	1,152	1,152
Valuation and translation adjustments	5,547	5,152
Subscription rights to shares	105	158
Total net assets	112,083	112,935
Total liabilities and net assets	¥1,849,806	¥1,851,600

Non-Consolidated Statements of Income

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Ordinary income	¥18,592	¥18,364
Interest income:	15,335	15,065
of which, Interest on loans and discounts	13,642	13,373
of which, Interest and dividends on securities	1,586	1,637
Trust fees	238	229
Fees and commissions	1,894	2,135
Other ordinary income	668	608
Other income	456	326
Ordinary expenses	14,197	14,271
Interest expenses:	2,677	1,678
of which, Interest on deposits	2,367	1,308
Fees and commissions payments	1,157	1,244
Other ordinary expenses	93	63
General and administrative expenses	9,603	9,827
Other expenses	664	1,458
Ordinary profit	4,394	4,092
Extraordinary income	—	0
Gain on disposal of noncurrent assets	—	0
Extraordinary loss	5	4
Loss on disposal of noncurrent assets	4	4
Impairment loss	0	0
Income before income taxes	4,389	4,088
Income taxes – current	1,486	1,844
Income taxes – deferred	(282)	(321)
Total income taxes	1,204	1,522
Net income	¥ 3,185	¥ 2,566

Non-Consolidated Statements of Changes in Net Assets

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Shareholders' equity		
Capital stock		
Balance at the beginning of the current period	¥22,725	¥22,725
Changes during the period:		
Total changes during the period	—	—
Balance at the end of the current period	¥22,725	¥22,725
Capital surplus		
Legal capital surplus:		
Balance at the beginning of the current period	¥17,623	¥17,623
Changes during the period:		
Total changes during the period	—	—
Balance at the end of the current period	¥17,623	¥17,623
Total capital surplus:		
Balance at the beginning of the current period	¥17,623	¥17,623
Changes during the period:		
Total changes during the period	—	—
Balance at the end of the current period	¥17,623	¥17,623
Retained earnings		
Legal retained earnings:		
Balance at the beginning of the current period	¥ 9,535	¥ 9,535
Changes during the period:		
Total changes during the period	—	—
Balance at the end of the current period	¥ 9,535	¥ 9,535
Other retained earnings:		
General reserve:		
Balance at the beginning of the current period	¥51,720	¥52,920
Changes during the period:		
Transfer to general reserve	1,200	3,500
Total changes during the period	1,200	3,500
Balance at the end of the current period	¥52,920	¥56,420

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Retained earnings brought forward:		
Balance at the beginning of the current period	¥ 3,736	¥ 6,311
Changes during the period:		
Dividends from surplus	(675)	(670)
Net income	3,185	2,566
Transfer to general reserve	(1,200)	(3,500)
Disposal of treasury stock	(3)	(0)
Retirement of treasury stock	—	(1,394)
Reversal of revaluation reserve for land	0	0
Total changes during the period	1,307	(2,998)
Balance at the end of the current period	¥ 5,044	¥ 3,312
Total retained earnings:		
Balance at the beginning of the current period	¥64,992	¥68,767
Changes during the period:		
Dividends from surplus	(675)	(670)
Net income	3,185	2,566
Transfer to general reserve	—	—
Disposal of treasury stock	(3)	(0)
Retirement of treasury stock	—	(1,394)
Reversal of revaluation reserve for land	0	0
Total changes during the period	2,507	501
Balance at the end of the current period	¥67,499	¥69,268
Treasury stock		
Balance at the beginning of the current period	¥(2,196)	¥(2,685)
Changes during the period:		
Purchase of treasury stock	(499)	(701)
Disposal of treasury stock	12	0
Retirement of treasury stock	—	1,394
Total changes during the period	(486)	692
Balance at the end of the current period	¥(2,683)	¥(1,992)
Total shareholders' equity		
Balance at the beginning of the current period	¥103,145	¥106,430
Changes during the period:		
Dividends from surplus	(675)	(670)
Net income	3,185	2,566
Purchase of treasury stock	(499)	(701)
Disposal of treasury stock	9	0
Retirement of treasury stock	—	—
Reversal of revaluation reserve for land	0	0
Total changes during the period	2,020	1,194
Balance at the end of the current period	¥105,165	¥107,624
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	¥ 3,224	¥ 4,394

Changes during the period:		
Net changes in items other than shareholders' equity	(491)	(394)
Total changes during the period	(491)	(394)
Balance at the end of the current period	¥ 2,733	¥ 3,999

(Continued)

	Millions of yen	
	First-half period ended September 30	
	2011	2012
Deferred gains (losses) on hedges		
Balance at the beginning of the current period	¥ 10	—
Changes during the period:		
Net changes in items other than shareholders' equity	(10)	(0)
Total changes during the period	(10)	(0)
Balance at the end of the current period	¥ (0)	¥ (0)
Revaluation reserve for land		
Balance at the beginning of the current period	¥ 942	¥ 1,152
Changes during the period:		
Net changes in items other than shareholders' equity	(0)	(0)
Total changes during the period	(0)	(0)
Balance at the end of the current period	¥ 941	¥ 1,152
Total valuation and translation adjustments		
Balance at the beginning of the current period	¥ 4,177	¥ 5,547
Changes during the period:		
Net changes in items other than shareholders' equity	(502)	(394)
Total changes during the period	(502)	(394)
Balance at the end of the current period	¥ 3,675	¥ 5,152
Subscription rights to shares		
Balance at the beginning of the current period	¥ 43	¥ 105
Changes during the period:		
Net changes in items other than shareholders' equity	62	52
Total changes during the period	62	52
Balance at the end of the current period	¥ 105	¥ 158
Total net assets		
Balance at the beginning of the current period	¥107,365	¥112,083
Changes during the period:		
Dividends from surplus	(675)	(670)
Net income	3,185	2,566
Purchase of treasury stock	(499)	(701)
Disposal of treasury stock	9	0
Reversal of revaluation reserve for land	0	0
Net changes in items other than shareholders' equity	(439)	(342)
Total changes during the period	1,580	851
Balance at the end of the current period	¥108,946	¥112,935