

Flash Report for the First Half Ended September 30, 2013

<Under Japanese GAAP>

November 8, 2013

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: Masayasu Yamashiro, Director & General Manager of General Planning Division
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 Scheduled date for submission of Interim Securities Report: November 22, 2013
 Date for initiation of dividend payments (subject to change): December 10, 2013
 Specific trading account system: not applicable
 Preparation of supplementary explanatory materials: Yes
 Results briefing held: 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, 2013)

(1) Operating results (¥ million)

	Ordinary income		Ordinary profit		Net income	
1st half ended September 30, 2013	¥24,764	0.9%	¥4,757	(4.2)%	¥2,476	(12.1)%
1st half ended September 30, 2012	¥24,531	(2.9)%	¥4,970	(7.3)%	¥2,819	(19.0)%

*Comprehensive Income 1st half ended September 30, 2013: ¥2,708 million (1.7% increase)
 1st half ended September 30, 2012: ¥2,662 million (14.5% decrease)

	Net income per share (¥)	
	Basic	Diluted
1st half ended September 30, 2013	¥121.21	¥120.90
1st half ended September 30, 2012	¥137.42	¥137.16

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio*
As of September 30, 2013	¥1,935,397	¥131,037	6.5%
As of March 31, 2012	¥1,959,174	¥128,941	6.3%

Notes: Owners' equity

As of September 30, 2013: ¥126,678 million As of March 31, 2013: ¥124,876 million

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

The Bank's equity ratio does not correspond to the Financial Services Agency's equity ratio announcement.

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2013	—	¥32.50	—	¥32.50	¥65.00
Year ending March 31, 2014	—	¥32.50			
Year ending March 31, 2014 (forecast)			—	¥32.50	¥65.00

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

3. Operating Performance Forecasts for the Year Ending March 31, 2014

(April 1, 2013 to March 31, 2014)

	Ordinary profit		Net income		Net income per share (¥)
Full term	¥9,200	(15.8)%	¥5,000	(16.0)%	¥245.13

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

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

***Remarks**

(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: not applicable

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

Changes in estimates for accounting purposes: not applicable

Restatement of revised figures: not applicable

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

As of September 30, 2013: 21,000,000 shares As of March 31, 2013: 21,000,000 shares

Number of shares in treasury at the end of the year

As of September 30, 2013: 562,977 shares As of March 31, 2013: 571,954 shares

Total average number of shares issued

As of September 30, 2013: 20,432,871 shares As of September 30, 2012: 20,515,986 shares

(Reference)**1. Non-Consolidated Results for the First-Half Period (April 1 to September 31, 2013)**

(1) Operating results

(¥ million)

	Ordinary income		Ordinary profit		Net income		Net income per share (¥)
							Basic
1st half ended September 30, 2013	¥18,760	2.1 %	¥3,779	(7.6)%	¥2,168	(15.4)%	¥106.11
1st ended September 30, 2012	¥18,364	(1.2)%	¥4,092	(6.8)%	¥2,566	(19.4) %	¥125.07

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

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio*
As of September 30, 2013	¥1,919,649	¥121,442	6.3%
As of March 31, 2013	¥1,943,901	¥119,920	6.1%

Notes: Owners' equity

As of September 30, 2013: ¥121,254 million As of March 31, 2013: ¥119,761 million

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

The Bank's equity ratio does not correspond to the Financial Services Agency's equity ratio announcement.

2. Non-Consolidated Operating Performance Forecasts for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

¥ million)

	Ordinary profit		Net income		Net income per share (¥)
Full term	¥8,100	(13.0)%	¥4,700	(13.4)%	¥230.42

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

Status of Audit: No audit is required for this report based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, auditing for financial disclosure purposes based on the Financial Instruments and Exchange Act was not completed.

Disclaimer: 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

As of March 31, 2013 and September 30, 2013

	Millions of yen	
	2013/3	2013/9
Assets		
Cash and due from banks	¥ 46,340	¥ 40,638
Call loans and bills bought	35,734	36,636
Monetary claims bought	238	250
Securities	599,542	600,582
Loans and bills discounted	1,222,230	1,202,695
Foreign exchanges	2,766	2,519
Lease claims and lease investment assets	14,795	14,862
Other assets	15,995	15,567
Tangible fixed assets:	19,320	19,210
Intangible assets:	2,631	2,881
Deferred tax assets	1,807	1,786
Customers' liabilities for acceptances and guarantees	10,047	10,377
Allowance for loan losses	(12,277)	(12,611)
Total assets	¥1,959,174	¥1,935,397
Liabilities		
Deposits	¥1,701,553	¥1,691,807
Borrowed money	10,398	10,746
Foreign exchanges	85	19
Due to trust account	71,142	67,489
Other liabilities	28,913	15,847
Provision for bonuses	691	717
Provision for directors' bonuses	30	10
Provision for retirement benefits	5,641	5,547
Provision for directors' retirement benefits	28	19
Reserve for compensation for trust principal losses	84	194
Reserve for losses on interest refund	83	53
Reserve for reimbursement of dormant deposits	61	61
Deferred tax liabilities	0	0
Deferred tax liabilities for land revaluation	1,468	1,468
Acceptances and guarantees	10,047	10,377
Total liabilities	1,830,232	1,804,360
Net assets		
Capital stock	22,725	22,725
Capital surplus	17,629	17,629
Retained earnings	76,573	78,382
Treasury stock	(1,993)	(1,963)
Shareholders' equity	114,934	116,774
Valuation difference on available-for-sale securities	8,788	8,752
Deferred losses on hedges	—	(0)
Revaluation reserve for land	1,152	1,152
Accumulated other comprehensive Income	9,941	9,904
Subscription rights to shares	158	188
Minority interests	3,906	4,170
Total net assets	128,941	131,037
Total liabilities and net assets	¥1,959,174	¥1,935,397

Consolidated Statements of Income and Comprehensive Income

For the 1st half ended September 30, 2012 and 2013

	Millions of yen	
	2012/9	2013/9
Ordinary income	¥ 24,531	¥ 24,764
Interest income:	15,490	15,389
Interest on loans and discounts	13,782	13,500
Interest and dividends on securities	1,644	1,843
Trust fees	229	254
Fees and commissions	2,144	2,303
Other ordinary income	6,314	5,803
Other income	352	1,013
Ordinary expenses	19,560	20,006
Interest expenses:	1,728	1,300
Interest on deposits	1,297	982
Fees and commissions payments	884	948
Other ordinary expenses	4,659	5,183
General and administrative expenses	10,531	10,696
Other expenses	1,757	1,877
Ordinary profit	4,970	4,757
Extraordinary income	0	—
Gain on disposal of noncurrent assets	0	—
Extraordinary loss	4	4
Loss on disposal of noncurrent assets	4	4
Impairment loss	0	—
Income before income taxes and minority interests	4,966	4,752
Income taxes – current	2,143	1,929
Income taxes – deferred	(235)	80
Total income taxes	1,907	2,010
Income before minority interests	3,058	2,742
Minority interests in income	238	265
Net income	¥2,819	¥2,476

Consolidated Statements of Comprehensive Income

For the 1st half ended September 30, 2012 and 2013

	Millions of yen	
	2012/9	2013/9
Income before minority interests	3,058	2,742
Other comprehensive income	(395)	(34)
Valuation difference on available-for-sale securities	(395)	(33)
Deferred gains (losses) on hedges	(0)	(0)
Revaluation reserve for land	(0)	—
Comprehensive income	2,662	2,708
Comprehensive income attributable to owners of the parent	2,424	2,439
Comprehensive income attributable to minority interests	237	268

Consolidated Statements of Changes in Net Assets

For the 1st half ended September 30, 2012 and 2013

	Millions of yen	
	2012/9	2013/9
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:		
change 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	¥73,348	¥76,573
Changes during the period:		
Dividends from surplus	(670)	(663)
Net income	2,819	2,476
Disposal of treasury stock	(0)	(3)
Retirement of treasury stock	(1,394)	—
Reversal of revaluation reserve for land	0	—
Total changes during the period	754	1,809
Balance at the end of the current period	¥74,103	¥78,382
Treasury stock		
Balance at the beginning of the current period	¥ (2,685)	¥ (1,993)
Changes during the period:		
Purchase of treasury stock	(701)	(4)
Disposal of treasury stock	0	34
Retirement of treasury stock	1,394	—
Total changes during the period	692	30
Balance at the end of the current period	¥ (1,992)	¥ (1,963)
Total shareholders' equity		
Balance at the beginning of the current period	¥111,018	¥114,934
Changes during the period:		
Dividends from surplus	(670)	(663)
Net income	2,819	2,476
Purchase of treasury stock	(701)	(4)
Disposal of treasury stock	0	30
Retirement of treasury stock	—	—
Reversal of revaluation reserve for land	0	—
Total changes during the period	1,447	1,839
Balance at the end of the current period	¥112,466	¥116,774

(Continued)

	Millions of yen	
	2012/9	2013/9
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	¥ 4,394	¥ 8,788
Changes during the period:		
Net changes in items other than shareholders' equity	(395)	(36)
Total changes during the period	(395)	(36)
Balance at the end of the current period	¥ 3,999	¥ 8,752
Deferred losses on hedges		
Balance at the beginning of the current period	¥ —	¥ —
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	¥ (0)	¥ (0)
Revaluation reserve for land		
Balance at the beginning of the current period	¥ 1,152	¥ 1,152
Changes during the period:		
Net changes in items other than shareholders' equity	(0)	—
Total changes during the period	(0)	—
Balance at the end of the current period	¥ 1,152	¥ 1,152
Total accumulated other comprehensive income		
Balance at the beginning of the current period	¥ 5,547	¥ 9,941
Changes during the period:		
Net changes in items other than shareholders' equity	(395)	(37)
Total changes during the period	(395)	(37)
Balance at the end of the current period	¥ 5,152	¥ 9,904
Subscription rights to shares		
Balance at the beginning of the current period	105	158
Changes during the period:		
Net changes in items other than shareholders' equity	52	30
Total changes during the period	52	30
Balance at the end of the current period	158	188
Minority interests		
Balance at the beginning of the current period	¥ 3,483	¥ 3,906
Changes during the period:		
Net changes in items other than shareholders' equity	232	263
Total changes during the period	232	263
Balance at the end of the current period	¥ 3,715	¥ 4,170

(Continued)

	Millions of yen	
	2012/9	2013/9
Total net assets		
Balance at the beginning of the current period	¥ 120,155	¥ 128,941
Changes during the period:		
Dividends from surplus	(670)	(663)
Net income	2,819	2,476
Purchase of treasury stock	(701)	(4)
Disposal of treasury stock	0	30
Reversal of revaluation reserve for land	0	—
Net changes in items other than shareholders' equity	(110)	256
Total changes during the period	1,337	2,095
Balance at the end of the current period	¥121,492	¥131,037

Consolidated Statements of Cash Flows

For the 1st half ended September 30, 2012 and 2013

	Millions of yen	
	2012/9	2013/9
Cash flows from operating activities		
Income before income taxes and minority interests	¥ 4,966	¥ 4,752
Depreciation and amortization	721	848
Impairment loss	0	—
Change in allowance for loan losses	(316)	333
Change in provision for bonuses	26	25
Change in provision for directors' bonuses	(18)	(20)
Change in provision for retirement benefits	(71)	(94)
Change in provision for directors' retirement benefits	(2)	(8)
Change in reserve for compensation for trust principal losses	(23)	109
Change in reserve for losses on interest refund	(21)	(30)
Interest income	(15,490)	(15,389)
Interest expenses	1,728	1,300
Loss on related to securities transactions	(55)	(369)
Loss on disposal of noncurrent assets	4	4
Net change in loans and bills discounted	23,997	19,534
Net change in deposits	(12,410)	(9,746)
Net change in borrowed money (excluding subordinated loans)	(542)	347
Net change in call loans and others	14,932	(913)
Net change in foreign exchange – assets	57	246
Net change in foreign exchange – liabilities	29	(65)
Net change in due to trust account	14,985	(3,652)
Interest received	15,940	16,297
Interest paid	(4,055)	(1,476)
Other	1,793	(974)
Subtotal	46,176	11,059
Income taxes paid	(1,178)	(3,008)
Net cash provided by operating activities	44,997	8,051
Cash flows from investing activities		
Purchases of securities	(207,851)	(188,581)
Proceeds from sales of securities	118,420	131,719
Proceeds from maturities of securities	41,051	46,567
Increase in money held in trust	(900)	—
Decrease in money held in trust	900	—
Purchases of tangible fixed assets	(641)	(1,854)
Proceeds from sales of tangible fixed assets	98	95
Purchases of intangible assets	(550)	(1,047)
Net cash used in investing activities	(49,473)	(13,101)
Cash flows from financing activities		
Cash dividends paid	(670)	(663)
Cash dividends paid to minority shareholders	(5)	(5)
Purchase of treasury stock	(701)	(4)
Proceeds from sales of treasury stock	0	—
Net cash used in financing activities	(1,377)	(673)
Effect of exchange rate changes on cash and cash equivalents	(19)	22
Net change in cash and cash equivalents	(5,872)	(5,701)
Cash and cash equivalents at beginning of year	42,274	46,110
Cash and cash equivalents at end of year	¥ 36,402	¥ 40,408

Non-Consolidated Balance Sheets

As of March 31, 2013 and September 30, 2013

	Millions of yen	
	2013/3	2013/9
Assets		
Cash and due from banks:	¥ 45,895	¥ 40,134
Call loans	35,734	36,636
Monetary claims bought	238	250
Securities	600,210	601,244
Loans and bills discounted:	1,231,003	1,212,149
Foreign exchanges:	2,766	2,519
Other assets:	4,634	3,478
Other assets	4,634	3,478
Tangible fixed assets:	18,885	18,797
Intangible assets:	2,457	2,707
Deferred tax assets	761	849
Customers' liabilities for acceptances and guarantees	10,047	10,377
Allowance for loan losses	(8,733)	(9,494)
Total assets	¥1,943,901	¥1,919,649
Liabilities		
Deposits:	¥1,713,568	¥1,704,729
Borrowed money	900	890
Foreign exchanges	85	19
Due to trust account	71,142	67,489
Other liabilities:	20,561	7,010
Income taxes payable	2,848	1,643
Lease obligations	538	477
Asset retirement obligations	322	324
Other	16,852	4,564
Provision for bonuses	571	594
Provision for directors' bonuses	22	9
Provision for retirement benefits	5,467	5,363
Reserve for compensation for trust principal losses	84	194
Reserve for reimbursement of dormant deposits	61	61
Deferred tax liabilities for land revaluation	1,468	1,468
Acceptances and guarantees	10,047	10,377
Total liabilities	¥1,823,981	¥1,798,206

(Continued)

	Millions of yen	
	2013/3	2013/9
Net assets		
Capital stock	¥22,725	¥22,725
Capital surplus:	17,623	17,623
Legal capital surplus	17,623	17,623
Retained earnings:	71,466	72,967
Legal retained earnings	9,535	9,535
Other retained earnings:	61,931	63,431
General reserve	56,420	60,420
Retained earnings brought forward	5,511	3,011
Treasury stock	(1,993)	(1,963)
Shareholders' equity	109,821	111,352
Valuation difference on available-for-sale securities	8,787	8,749
Deferred losses on hedges	—	(0)
Revaluation reserve for land	1,152	1,152
Valuation and translation adjustments	9,940	9,901
Subscription rights to shares	158	188
Total net assets	119,920	121,442
Total liabilities and net assets	¥1,943,901	¥1,919,649

Non-Consolidated Statements of Income

For the 1st half ended September 30, 2012 and 2013

	Millions of yen	
	2012/9	2013/9
Ordinary income	¥18,364	¥18,760
Interest income:	15,065	14,974
Interest on loans and discounts	13,373	13,101
Interest and dividends on securities	1,637	1,835
Trust fees	229	254
Fees and commissions	2,135	2,293
Other ordinary income	608	260
Other income	326	977
Ordinary expenses	14,271	14,980
Interest expenses:	1,678	1,256
Interest on deposits	1,308	989
Fees and commissions payments:	1,244	1,203
Other ordinary expenses:	63	417
General and administrative expenses	9,827	10,260
Other expenses:	1,458	1,843
Ordinary profit	¥4,092	¥3,779
Extraordinary income	0	—
Gain on disposal of noncurrent assets	0	—
Extraordinary loss	4	4
Loss on disposal of noncurrent assets	4	4
Impairment loss	0	—
Income before income taxes	4,088	3,775
Income taxes – current	1,844	1,634
Income taxes – deferred	(321)	(27)
Total income taxes	1,522	1,607
Net income	¥ 2,566	¥ 2,168

Non-Consolidated Statements of Changes in Net Assets

For the 1st half ended September 30, 2012 and 2013

	Millions of yen	
	2012/9	2013/9
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	¥52,920	¥56,420
Changes during the period:		
Transfer to general reserve	3,500	4,000
Total changes during the period	3,500	4,000
Balance at the end of the current period	¥56,420	¥60,420
Retained earnings brought forward:		
Balance at the beginning of the current period	¥ 6,311	¥ 5,511
Changes during the period:		
Dividends from surplus	(670)	(663)
Net income	2,566	2,168
Transfer to general reserve	(3,500)	(4,000)
Disposal of treasury stock	(0)	(3)
Retirement of treasury stock	(1,394)	—
Reversal of revaluation reserve for land	0	—
Total changes during the period	(2,998)	(2,499)
Balance at the end of the current period	¥ 3,312	¥ 3,011

(Continued)

	Millions of yen	
	2012/9	2013/9
Total retained earnings:		
Balance at the beginning of the current period	¥68,767	¥71,466
Changes during the period:		
Dividends from surplus	(670)	(663)
Net income	2,566	2,168
Transfer to general reserve	—	—
Disposal of treasury stock	(0)	(3)
Retirement of treasury stock	(1,394)	—
Reversal of revaluation reserve for land	0	—
Total changes during the period	501	1,500
Balance at the end of the current period	¥69,268	¥72,967
Treasury stock		
Balance at the beginning of the current period	¥(2,685)	¥(1,993)
Changes during the period:		
Purchase of treasury stock	(701)	(4)
Disposal of treasury stock	0	34
Retirement of treasury stock	1,394	—
Total changes during the period	692	30
Balance at the end of the current period	¥(1,992)	¥(1,963)
Total shareholders' equity		
Balance at the beginning of the current period	¥106,430	¥109,821
Changes during the period:		
Dividends from surplus	(670)	(663)
Net income	2,566	2,168
Purchase of treasury stock	(701)	(4)
Disposal of treasury stock	0	30
Retirement of treasury stock	—	—
Reversal of revaluation reserve for land	0	—
Total changes during the period	1,194	1,531
Balance at the end of the current period	¥107,624	¥111,352
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	¥ 4,394	¥ 8,787
Changes during the period:		
Net changes in items other than shareholders' equity	(394)	(37)
Total changes during the period	(394)	(37)
Balance at the end of the current period	¥ 3,999	¥ 8,749
Deferred losses on hedges		
Balance at the beginning of the current period	¥ —	¥ —
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	¥ (0)	¥ (0)

(Continued)

	Millions of yen	
	2012/9	2013/9
Revaluation reserve for land		
Balance at the beginning of the current period	¥ 1,152	¥ 1,152
Changes during the period:		
Net changes in items other than shareholders' equity	(0)	—
Total changes during the period	(0)	—
Balance at the end of the current period	¥ 1,152	¥ 1,152
Total valuation and translation adjustments		
Balance at the beginning of the current period	¥ 5,547	¥9,940
Changes during the period:		
Net changes in items other than shareholders' equity	(394)	(38)
Total changes during the period	(394)	(38)
Balance at the end of the current period	¥ 5,152	¥9,901
Subscription rights to shares		
Balance at the beginning of the current period	¥105	¥158
Changes during the period:		
Net changes in items other than shareholders' equity	52	30
Total changes during the period	52	30
Balance at the end of the current period	¥158	¥188
Total net assets		
Balance at the beginning of the current period	¥112,083	¥119,920
Changes during the period:		
Dividends from surplus	(670)	(663)
Net income	2,566	2,168
Purchase of treasury stock	(701)	(4)
Disposal of treasury stock	0	30
Reversal of revaluation reserve for land	0	—
Net changes in items other than shareholders' equity	(342)	(8)
Total changes during the period	851	1,522
Balance at the end of the current period	¥112,935	¥121,442

(Note) Trust Assets and Liabilities

(Millions of Yen)

Assets		
Items	Consolidated result from previous fiscal year (As of March 31, 2013)	Consolidated result from reporting fiscal year (As of September 30, 2013)
Loans and bills discounted	5,198	4,717
Other receivables	3	3
Loaned money from banking account	71,142	67,489
Total	76,344	72,210

Liabilities		
Items	Consolidated result from previous fiscal year (As of March 31, 2013)	Consolidated result from reporting fiscal year (As of September 30, 2013)
Money held in trust	76,344	72,210
Total	76,344	72,210