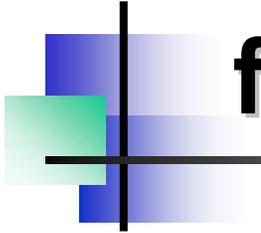


# **Outline of Business Results for FY2012**

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# Highlights for FY2012

While operating expenses climbed, interest income and commission revenues also improved  
 ⇒ resulting in a decline in revenues and increase in earnings

(¥ billion)			
Non-consolidated	FY12	FY11	YoY change
Gross business profit	30.2	28.5	+1.7
Interest income	26.9	25.6	+1.3
Fees and commissions	2.4	2.0	+0.3
Fees and commissions (excluding trust fees)	1.8	1.5	+0.3
Trust fees	0.5	0.4	+0.0
Other business profit	0.8	0.8	+0.0
Gains and losses on bond trading	0.7	0.6	+0.1
Expenses (excluding non recurrent items)	19.2	18.8	+0.4
Business profit on core banking operations	10.3	9.1	+1.2
Provision to general reserve for possible loan losses	(0.0)	(1.5)	+1.5
Net business profit	11.0	11.2	(0.2)
Nonrecurrent items	(1.7)	(2.9)	+1.1
Net gains on equity securities	(0.5)	(0.6)	+0.0
Bad debt disposal (nonrecurrent items)	1.6	2.5	(0.9)
Ordinary profit	9.3	8.3	+0.9
Extraordinary gains	(0.0)	(0.0)	+0.0
Bad debt disposal (reversal of extraordinary losses)	—	—	—
Net income	5.4	5.1	+0.3
Credit cost	1.6	1.0	+0.6
Non-performing loan ratio	1.64%	1.63%	0.01%
Capital ratio	11.88%	12.25%	(0.37%)

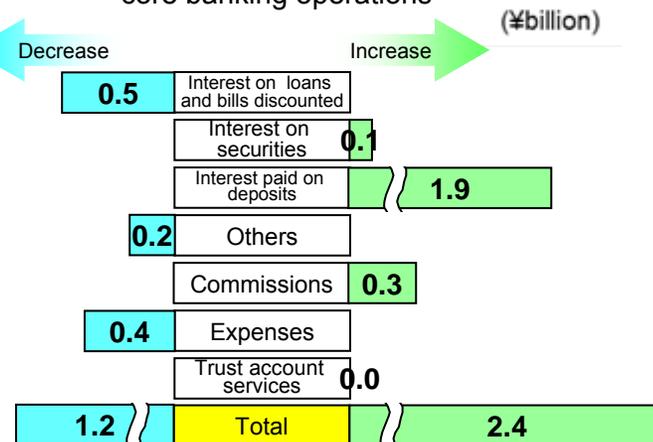
## ● Year-on-year changes

	Average balance	Yield	Interest
Loans and bills discounted	34.2 [32.9]	(0.12) [(0.12)]	(0.5) [(0.5)]
Securities	72.2	(0.05)	0.1
Deposits	16.9 [36.0]	(0.12) [(0.12)]	(1.9) [(1.9)]
Others	—	—	(0.0) [(0.0)]
<b>Total</b>	—	—	<b>1.3</b> <b>[1.3]</b>

Note) Figures in square brackets include trust accounts.

Net gains on securities are posted as +0.1

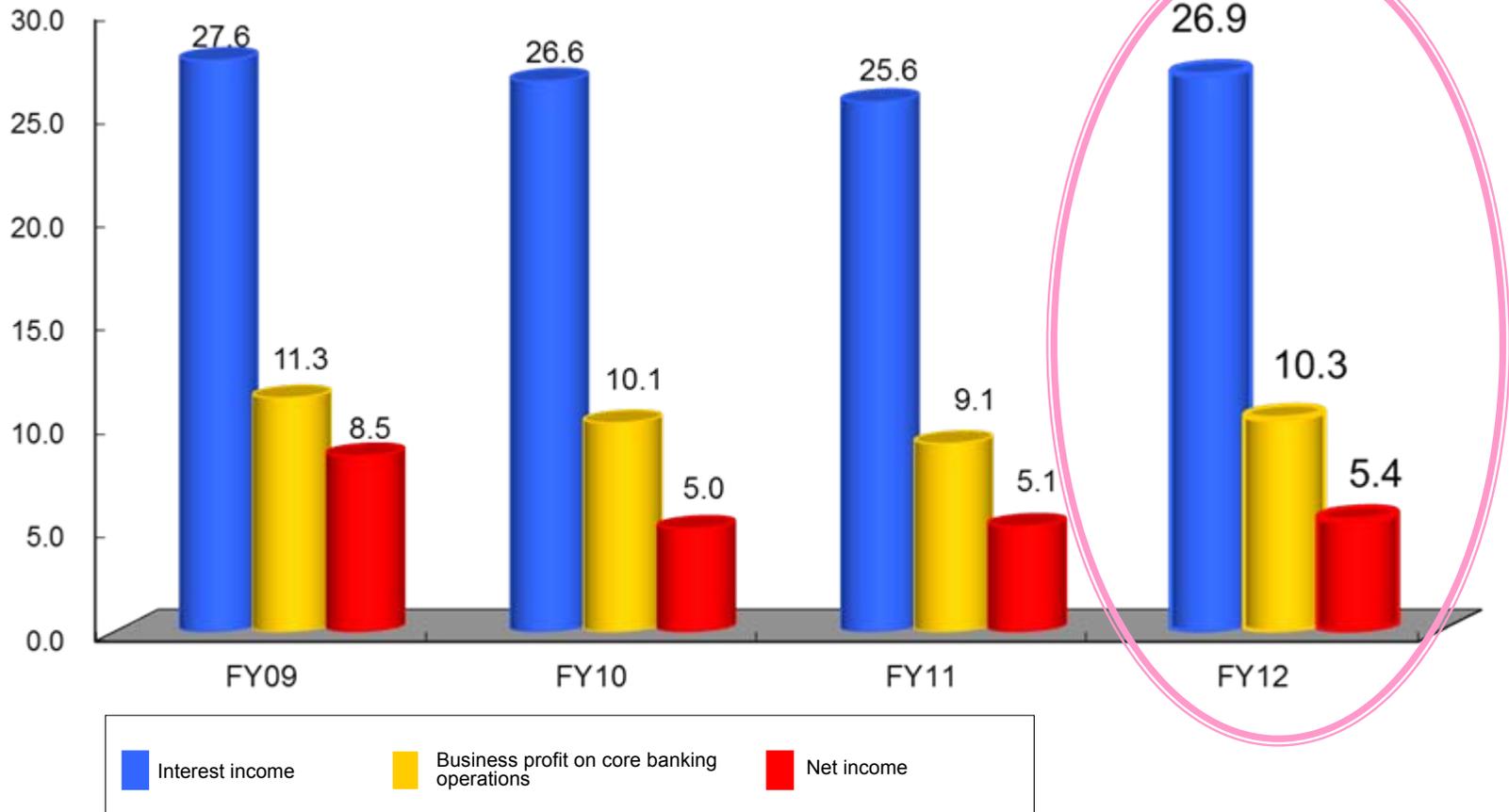
## ● YoY comparison of business profit on core banking operations



# Earning

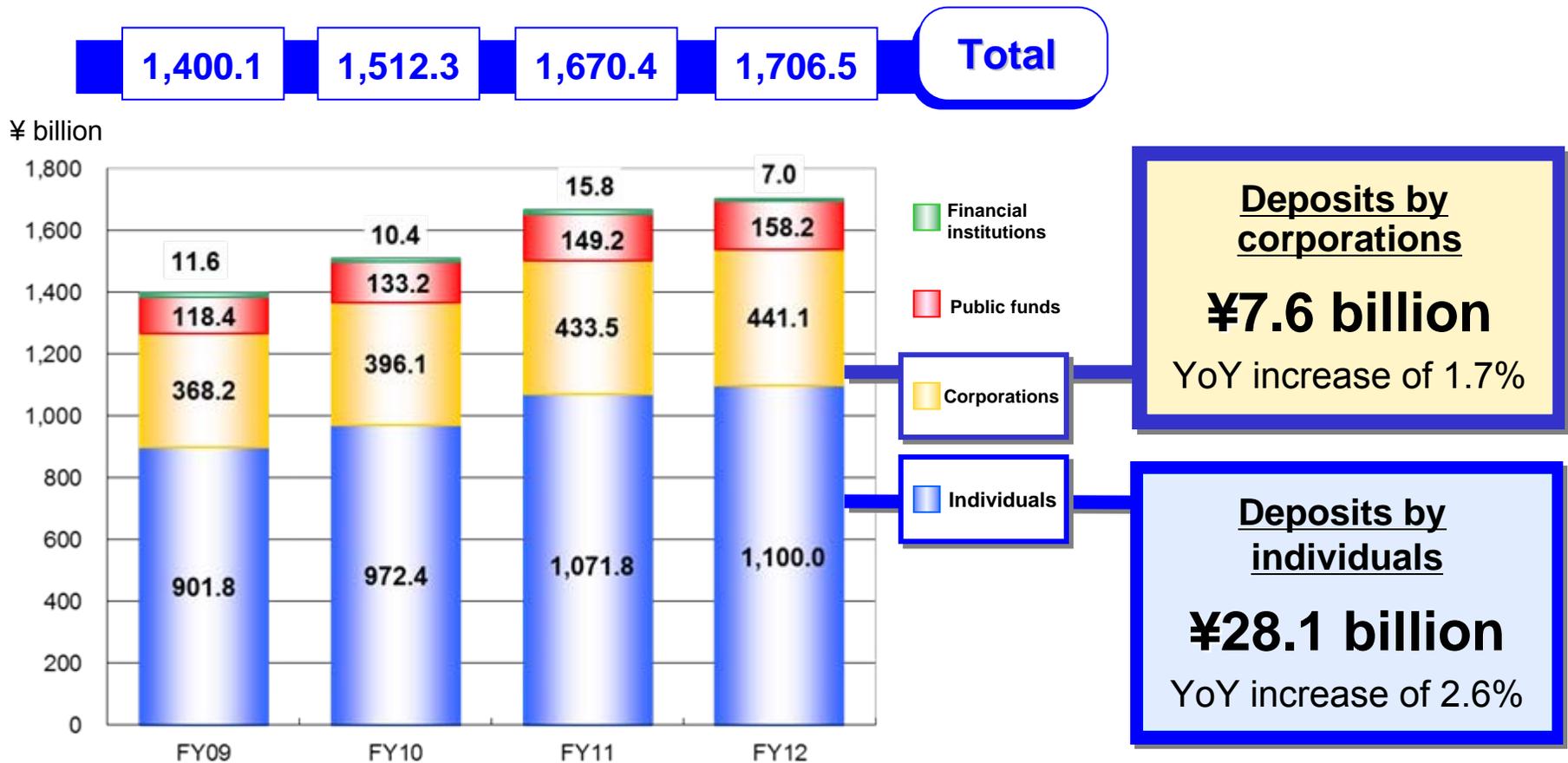
**Increase in business profit on core banking operations  
as the main factor for the increase in interest income**

¥ billion



# Deposits (Average Balance)

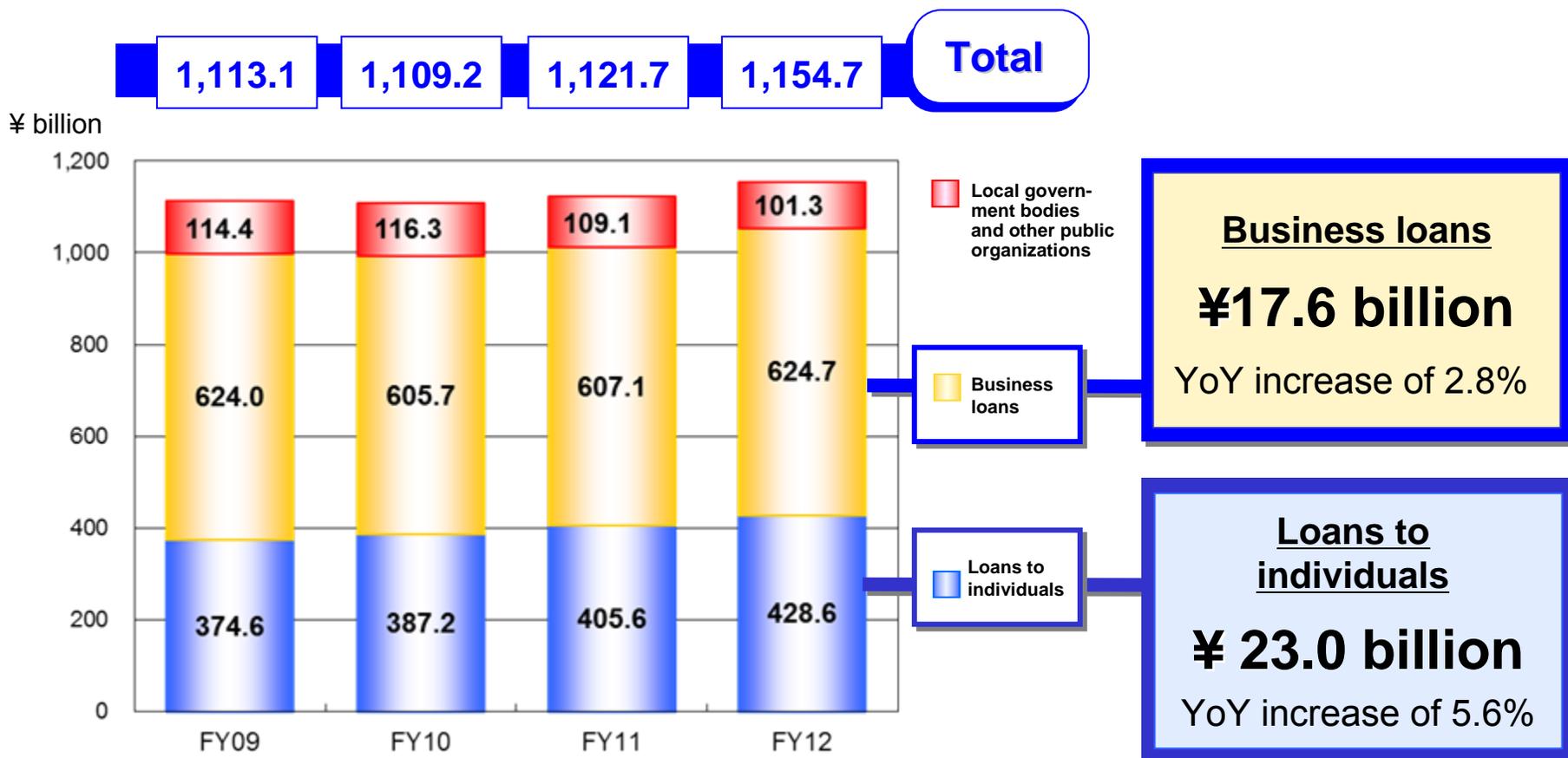
Rises seen in deposits by both individuals and corporations  
**¥1,706.5 billion** (up ¥36.0 bn YoY)



\* Including trust accounts

# Loans (Average Balance)

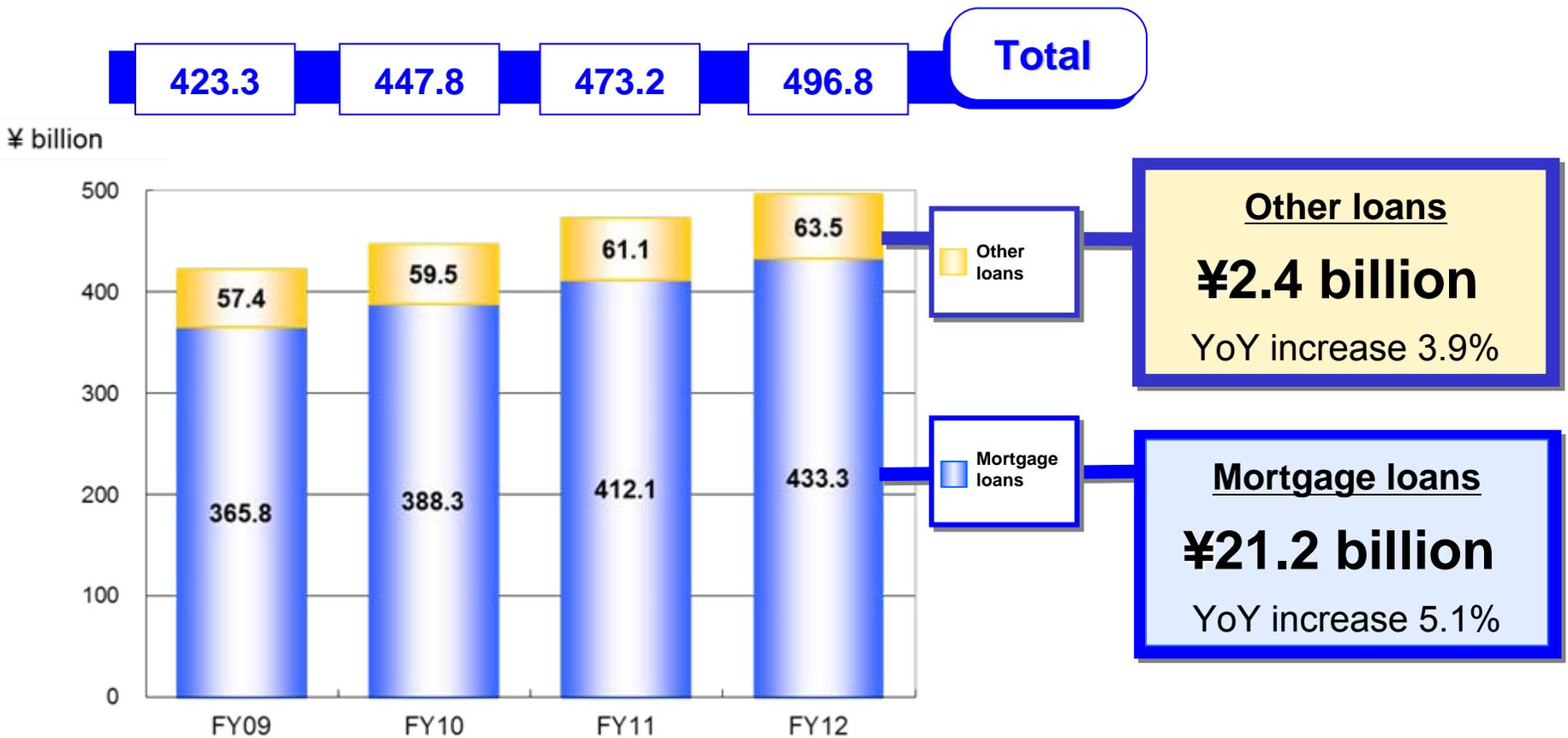
Both business loans and loans to individuals rose  
**¥1,154.7 billion** (up ¥33.0 bn YoY)



\* Including trust accounts

# Loans to Individuals (Term-End Balance)

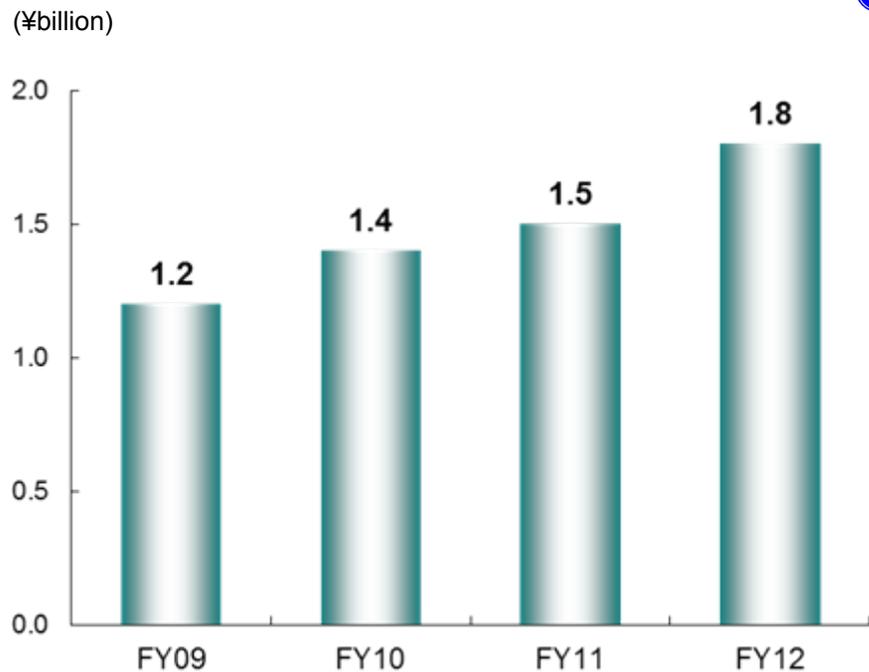
**Steady trend thanks to stronger initiatives taken at loan FP (Financial Planner) Station facilities**  
**Loans to individuals: ¥496.8 billion (up ¥23.6 bn YoY)**



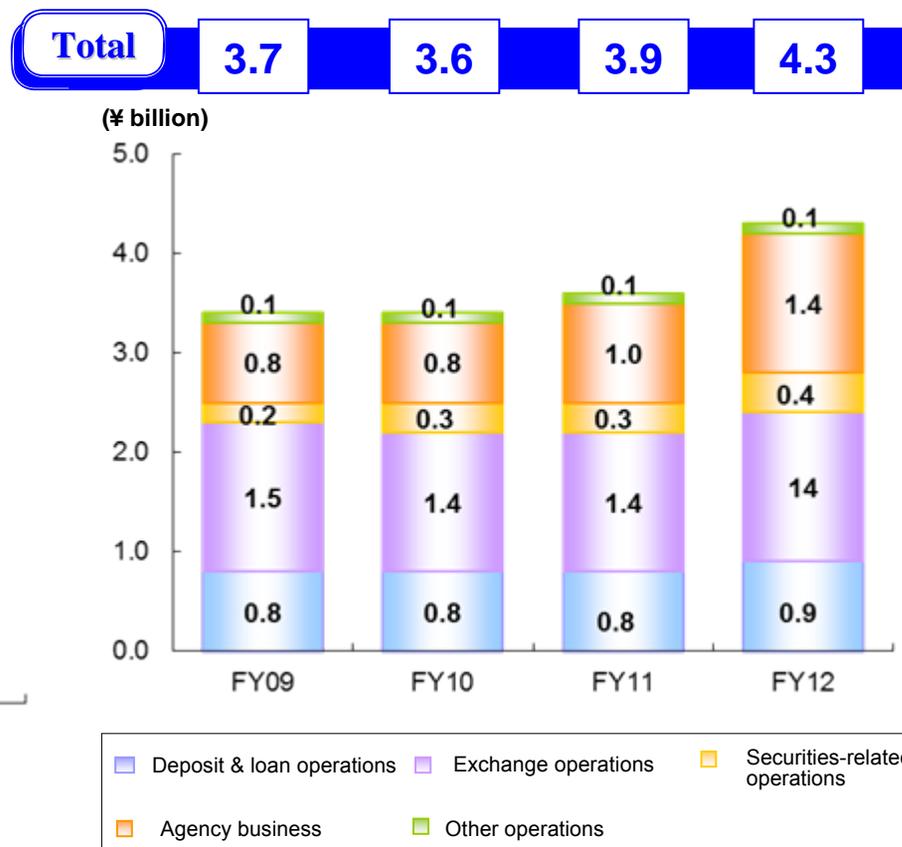
\* Including trust accounts

# Fees and Commissions (Excluding Trust Fees)

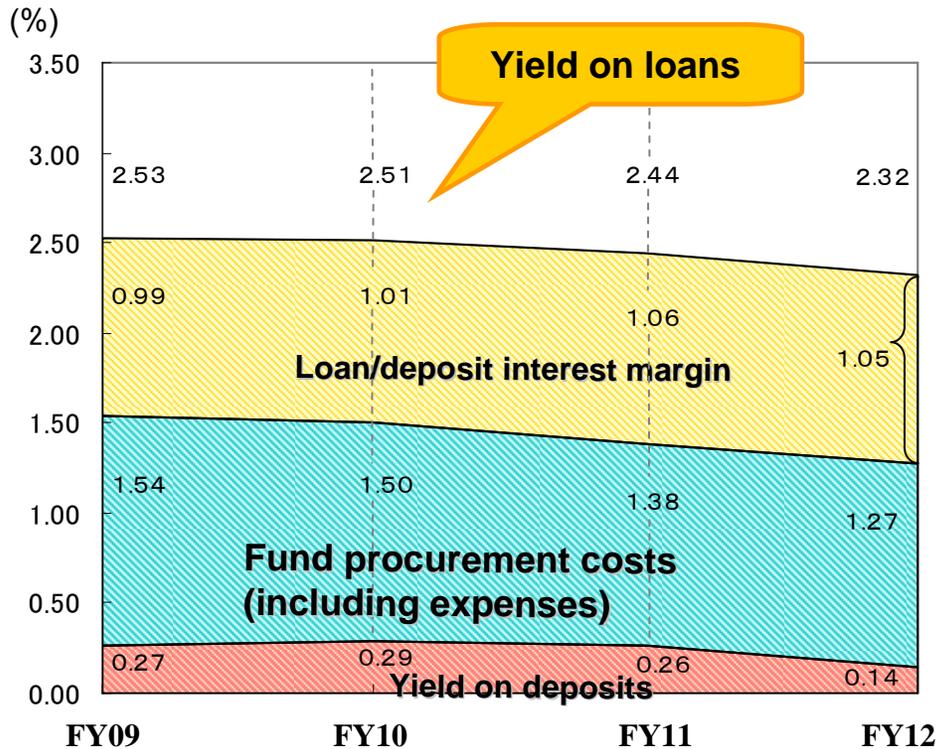
**Fees and commissions**  
(excluding trust fees)



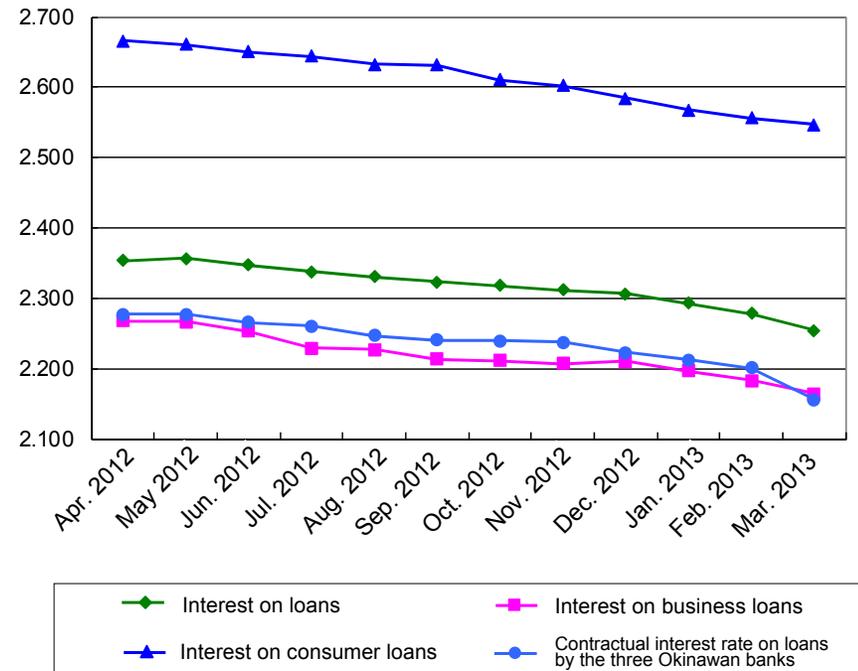
**Commissions earned**



# Loan / Deposit Interest Margin (Domestic)



Monthly movements of yield on loans



Source: Bank of Okinawa, BOJ Naha Branch

# Securities (Term-End Balance)

Balance

Unrealized gains (losses)

353.5

446.6

539.9

600.2

Total

8.3

5.5

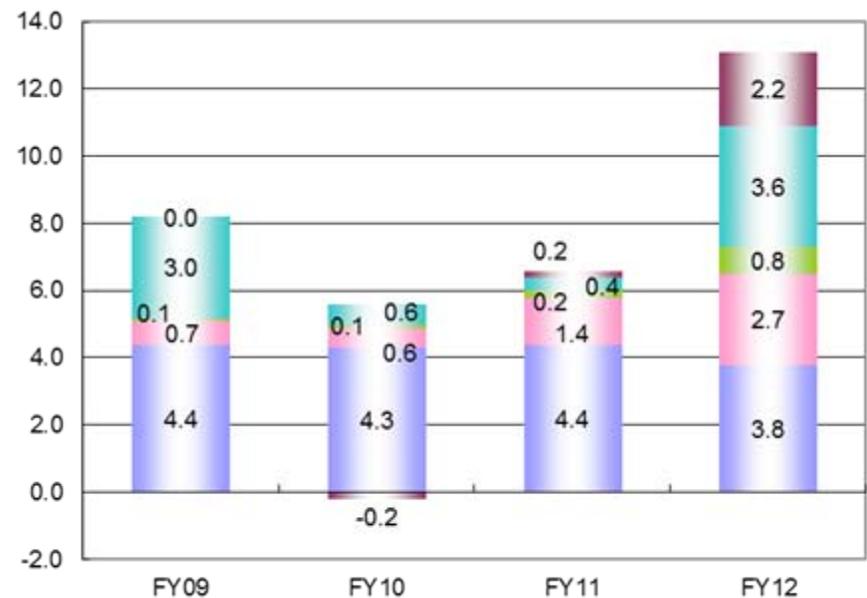
6.8

13.2

(¥billion)



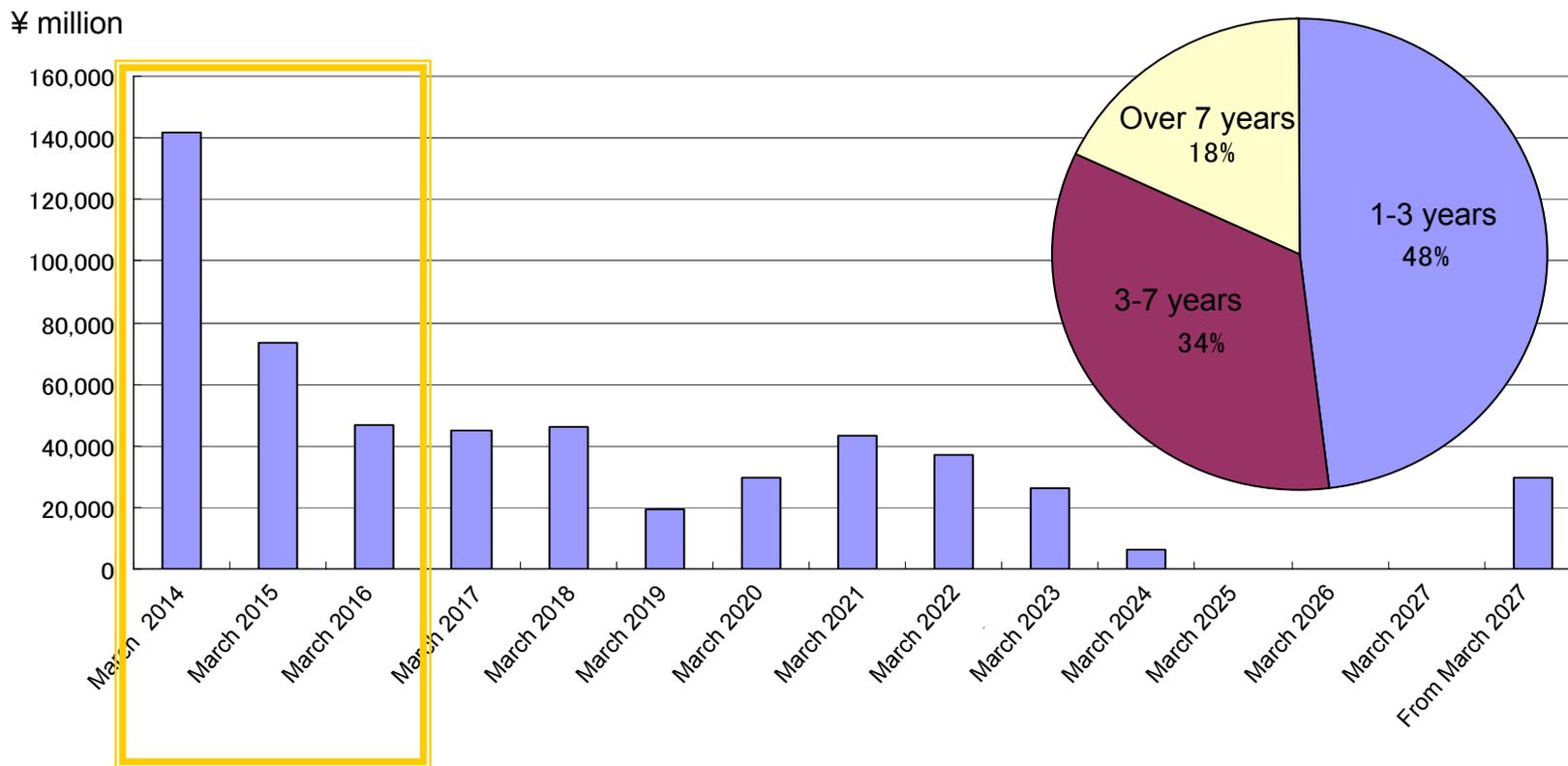
(¥billion)



# Domestic Bonds (Term to Maturity by Year)

**Approximately 48% of domestic bonds held are of a medium- and short-term nature of between one and three years**

While the downside risk of a drop in prices owing mainly to an increase in interest rates is ever present, expectations of an upswing in yields as a result of reinvestment (due to modification of coupons of floating rate government bonds)



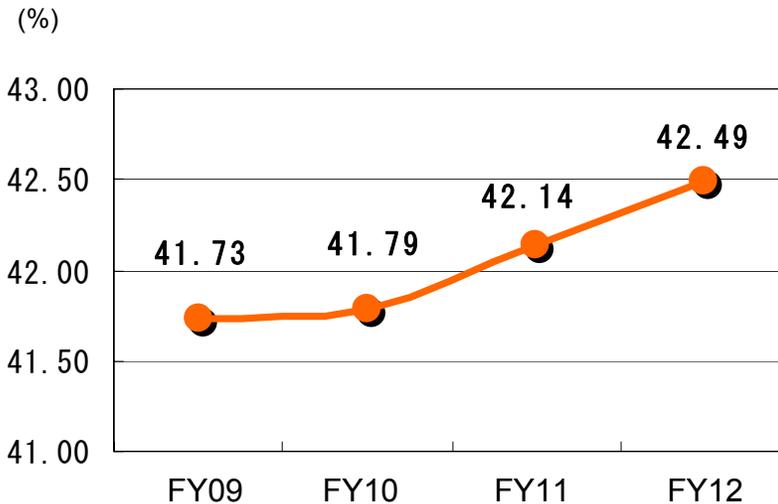
# Our Share of the Market Served by the Three Okinawan Regional Banks (FY2012)

Increase in shares of loans; deterioration in shares of deposits

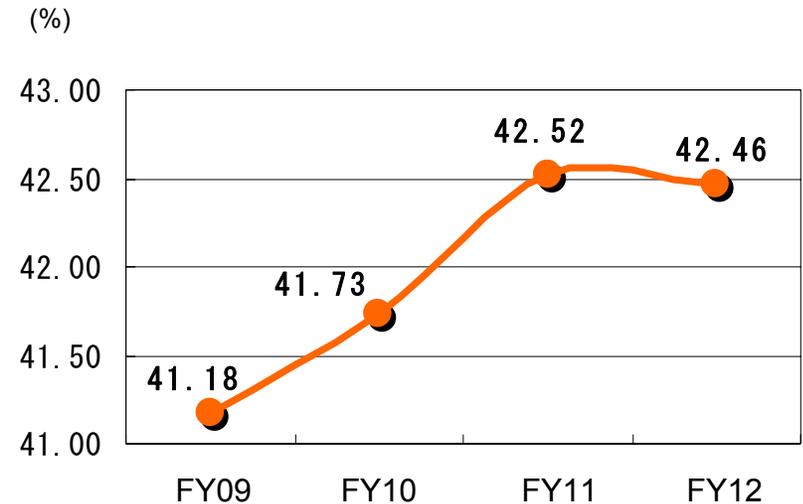
**Loans: 42.49%** (up 0.37 points YoY)

**Deposits: 42.46%** (down 0.06 points)

**Deposits**  
(average balance)



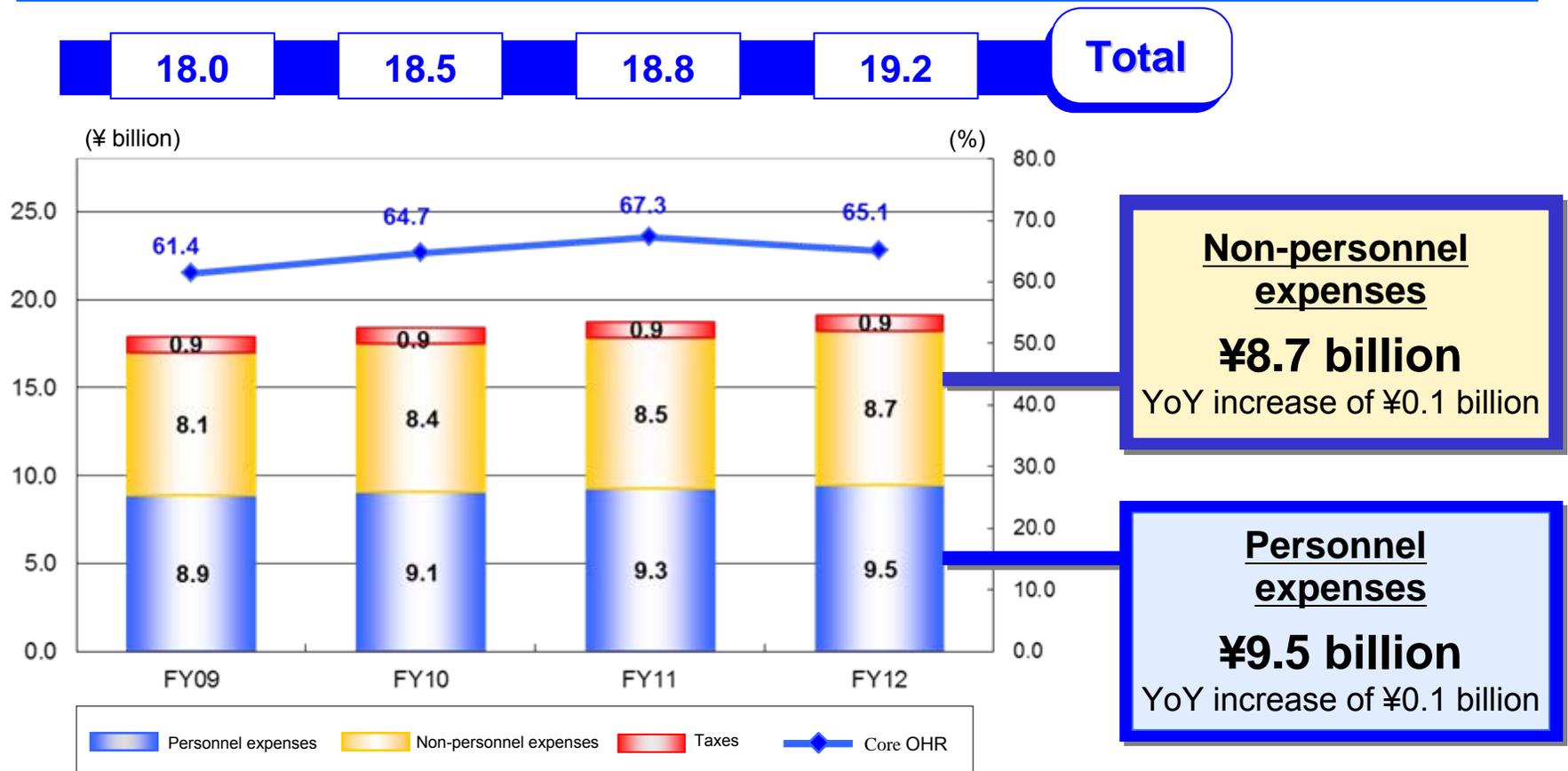
**Loans**  
(average balance)



# Expenses

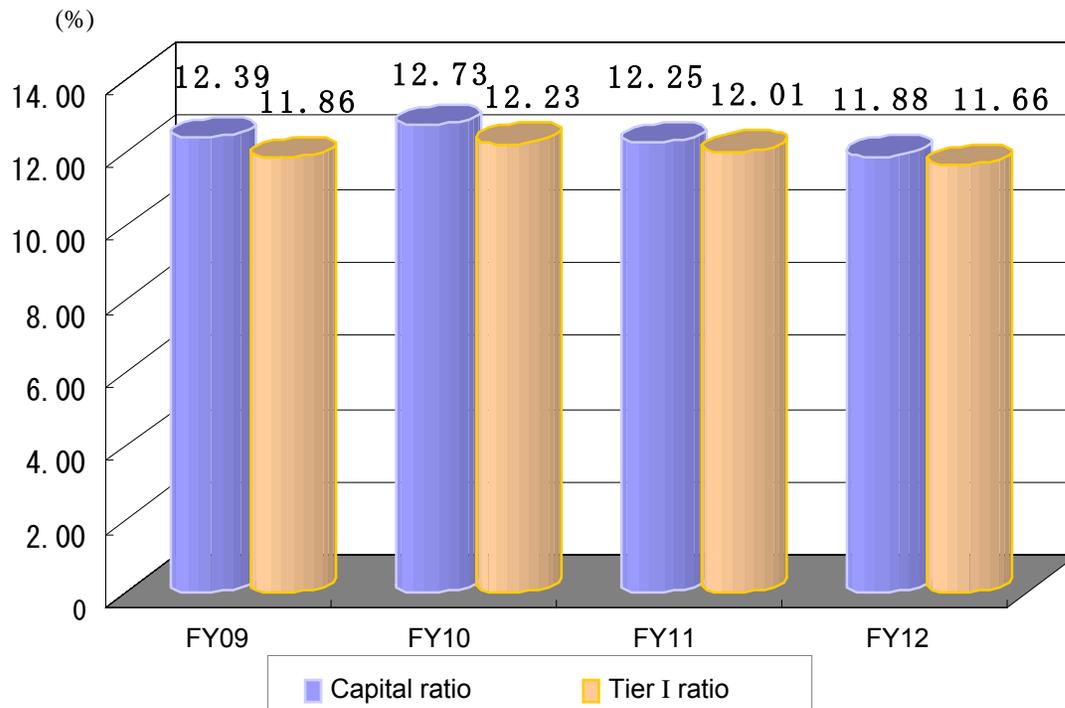
Increase in personnel expenses due mainly to higher retirement benefit expenses;  
increase in non-personnel expenses owing largely to higher deposit insurance premiums

**¥19.2 billion** (up ¥0.4 bn YoY)



# Capital Ratio and Tier I Ratio

**Capital ratio (domestic standard) at 11.88%, down 0.37% YoY**  
**Tier I ratio at 11.66%, down 0.35% YoY**



Average capital ratio of regional banks  
in the term ended March 2013  
 Capital ratio: 11.47%  
 Tier I ratio: 9.94%

Source: Bank of Okinawa

Compliance with Basel II

Credit risk: Standardized approach (SA)

Operational risk: Basic indication approach (BIA)

Outlier Ratio

	Total interest rate risk	Outlier ratio
End of March 2013	¥2,560 million	2.25%

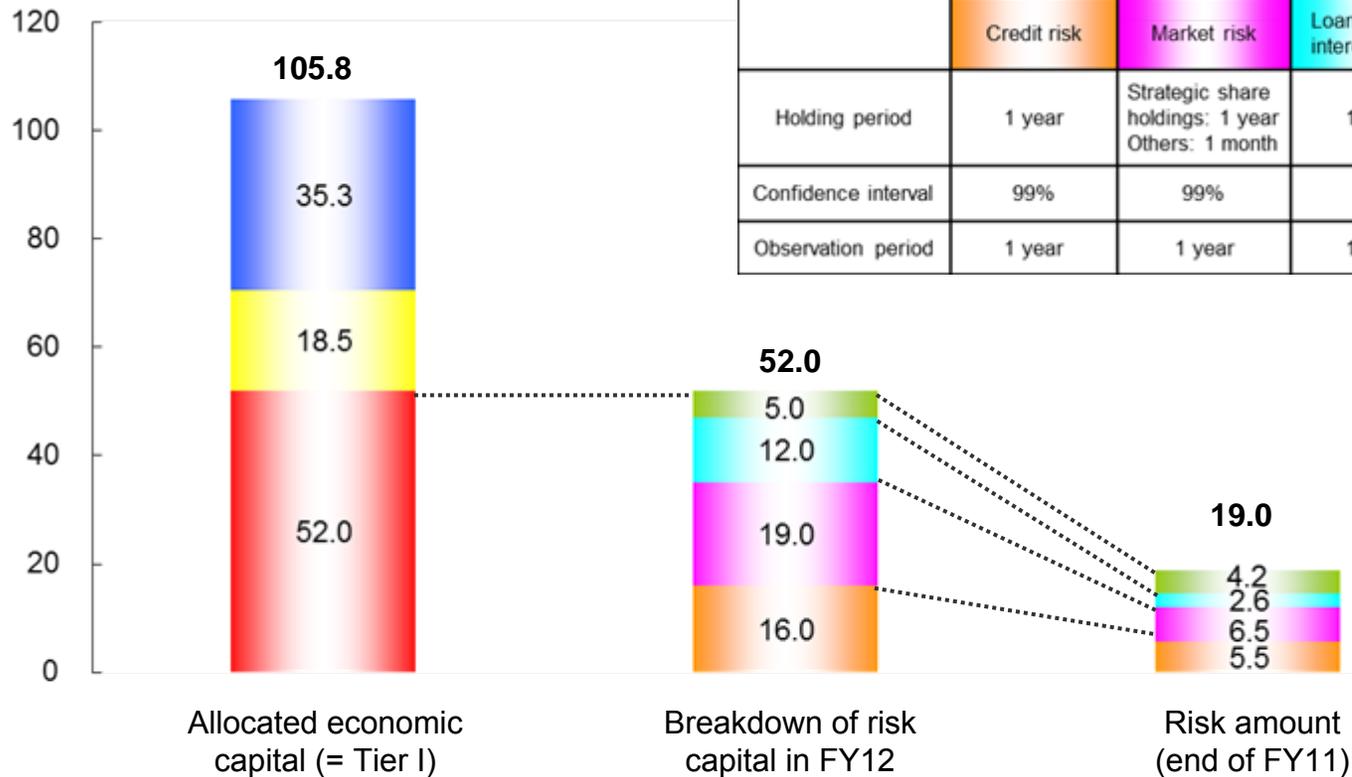
Percentile standard

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

# Risk Management – Capital Allocation –

## Controlling risks within the scope of Tier I

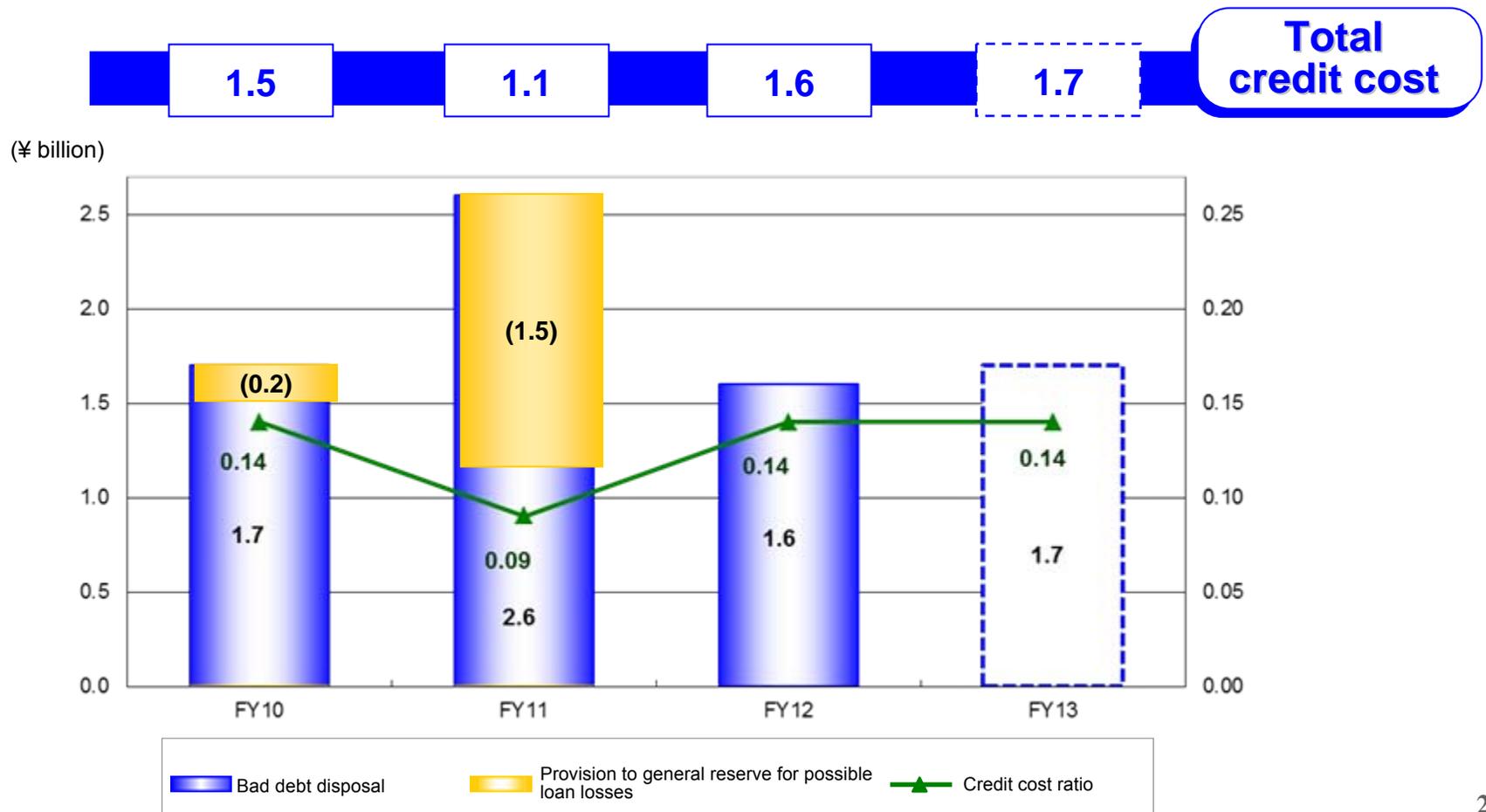
(¥ billion)



# Credit Cost

Increase in credit costs owing mainly to a decrease in reversal of provision to general reserve for possible loan losses

**¥1.6 billion** (up 0.5 bn YoY)



# Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

**Non-performing loan (NPL) ratio up 0.01 of a percentage reflecting an increase of substandard loans (due to deterioration in borrower classifications) ¥20.5 billion (1.64%)**

