



# **Business Strategies**

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# Business Performance Forecasts

(¥ billion)			
Non-consolidated	FY12	FY13	YoY change
Gross business profit	30.2	29.9	(0.3)
Interest income	26.9	26.9	(0.0)
Fees and commissions	2.4	2.8	+0.4
Fees and commissions (excluding trust fees)	1.8	2.1	+0.2
Trust fees	0.5	0.7	+0.1
Other business profit	0.8	0.1	(0.6)
Gains and losses on bond trading	0.7	(0.0)	(0.7)
Expenses (excluding non recurrent items)	19.2	20.5	+1.2
Business profit on core banking operations	10.3	9.4	(0.9)
Provision to general reserve for possible loan losses	(0.0)	0.1	+0.1
Net business profit	11.0	9.2	(1.8)
Nonrecurrent items	(1.7)	(1.3)	+0.3
Net gains on equity securities	(0.5)	0.0	+0.5
Bad debt disposal (nonrecurrent items)	1.6	1.6	(0.0)
Ordinary profit	9.3	7.8	(1.4)
Extraordinary gains	(0.0)	(0.0)	(0.0)
Net income	5.4	4.7	(0.6)
Credit cost	1.6	1.7	+0.1
Non-performing loan ratio	1.64%	1.00-1.99%	—

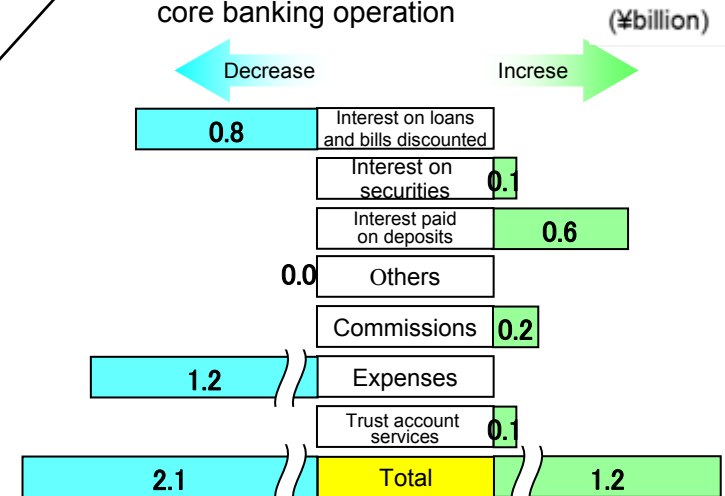
## ●Year-on-year changes forecast

(¥ billion, %)			
	Average balance	Yield	Interest
Loans and bills discounted	+33.8	(0.134)	(0.8)
	[+32.6]	[(0.135)]	[(0.8)]
Securities	+13.9	+0.016	0.1
Deposits	+5.0	(0.03)	(0.6)
	[+17.0]	[(0.047)]	[(0.7)]
Others	—	—	(0.0)
			[(0.0)]
Total	—	—	(0.0)
			[0.0]

Note) Figures in square brackets include trust accounts.

Net gains on securities are posted as zero because market forecasts are uncertain

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

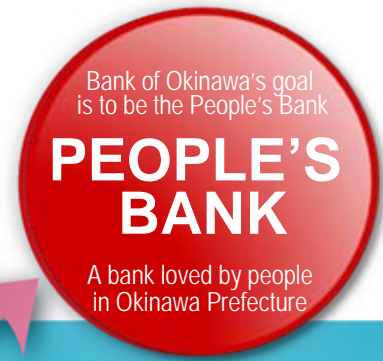


# FY2013-2014 Medium-Term Business Plan

## SPEED & SPIRITS

Improve the speed of management decision-making and evolve into a next-generation bank with customer focused strategy

**Basic Policy** Reinforcing our foundations as the top bank in Okinawa  
 Okigin's spirits make customers smile and revitalize the region



### SPEED & SPIRITS 2013~2014

Customer focused strategy

**I Management Strategies**

Strengthen sales and earning capabilities as well as promote retail sales from the customer's point of view

- 1 Strengthen sales and earnings capabilities as well as promote retail sales
- 2 Promote IT marketing strategies
- 3 Improve the quality of loan assets

**II Personnel Strategies**

Develop employees from the customer's point of view and promote the principle: "small numbers, exceptional talent"

- 1 Develop employees from the customer's point of view
- 2 Develop employees able to make proposals suitable to each customer
- 3 life stage
- 4 Strategically assign employees

**III Organizational Strategies**

Build an organization from the customer's point of view and pass along the "OKIGIN" culture

- 1 Build an organization from the customer's point of view
- 2 Strengthen compliance systems
- 3 Introduce next-generation systems

**IV Regional Contribution Strategies**

Leverage genuine value to revitalize business and the regional from the customer's point of view

- 1 Leverage consulting functions
- 2 ALL OKIGIN FOR OKINAWA

### SPEED & PROGRESS 2011~2012

### SPEED & STEADY 2009~2010

### SPEED & STRONG 2007~2008

Build an organization by customer focused strategy

**Customer Management Committee**

Build an organization that helps improve customer and employee satisfaction by reflecting customer feedback and the needs of sales staff in management policies

**Customer Service Department**

Develop sales systems able to provide optimal financial services from the points of view of both individual and corporate customers

To become Okinawa's No. 1 bank: aim→achieve→solidify→leverage our true value

# Numerical Targets

	FY12 Results	FY14 Targets
Business profit on core banking operations	¥10.3 billion	Around ¥10 billion
ROE for core banking operations	9.54%	9.00-9.99%
Loans and other investments (Average balance)	¥1,706.5 billion	¥1,770.0 billion
Loan assets (Average balance)	¥1,154.7 billion	¥1,220.0 billion
Non-performing loan ratio	1.64%	1.00 – 1.99%
Core OHR	65.14%	65.00 – 69.99%
Capital Ratio	11.88%	12.00 – 12.99%
ROE (Consolidated)	5.26%	5.00 – 5.99%

\*ROE calculation method 
$$\frac{\text{Net income}}{(\text{Owners' equity at the start of the period}) + (\text{Owners' equity at the end of the period}) / 2}$$

# Marketing Strategy Policy

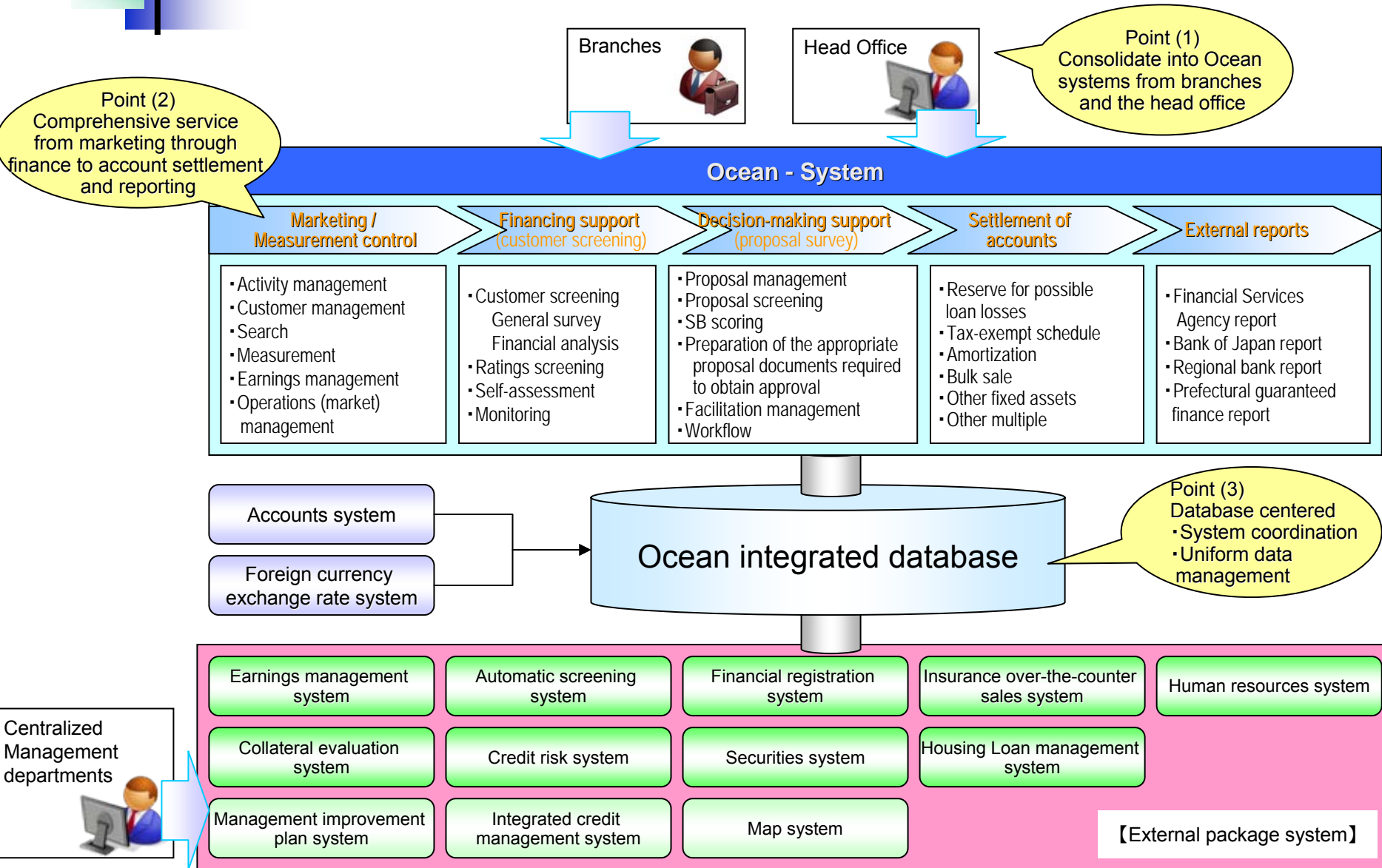
## Retail marketing promotion hybrid engine

Promote loans that are  
deeply rooted in people's  
(consumers') lives

Increase assets in custody

**Consolidate and share information**  
**Engage in efficient marketing utilizing the OCEAN system**

# Overview of OCEAN system



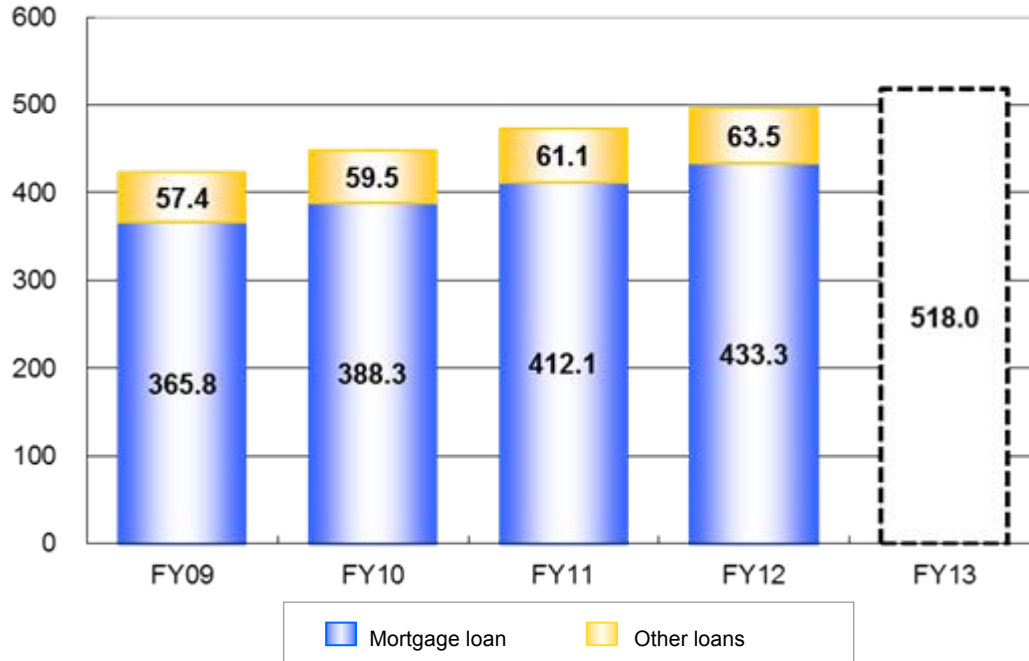
# Strategy for loans that are deeply rooted in people's lives

**Business remains steady thanks to the most extensive branch network in Okinawa Prefecture**

**Services offered by Loan FP (Financial Planner) Stations enhanced**

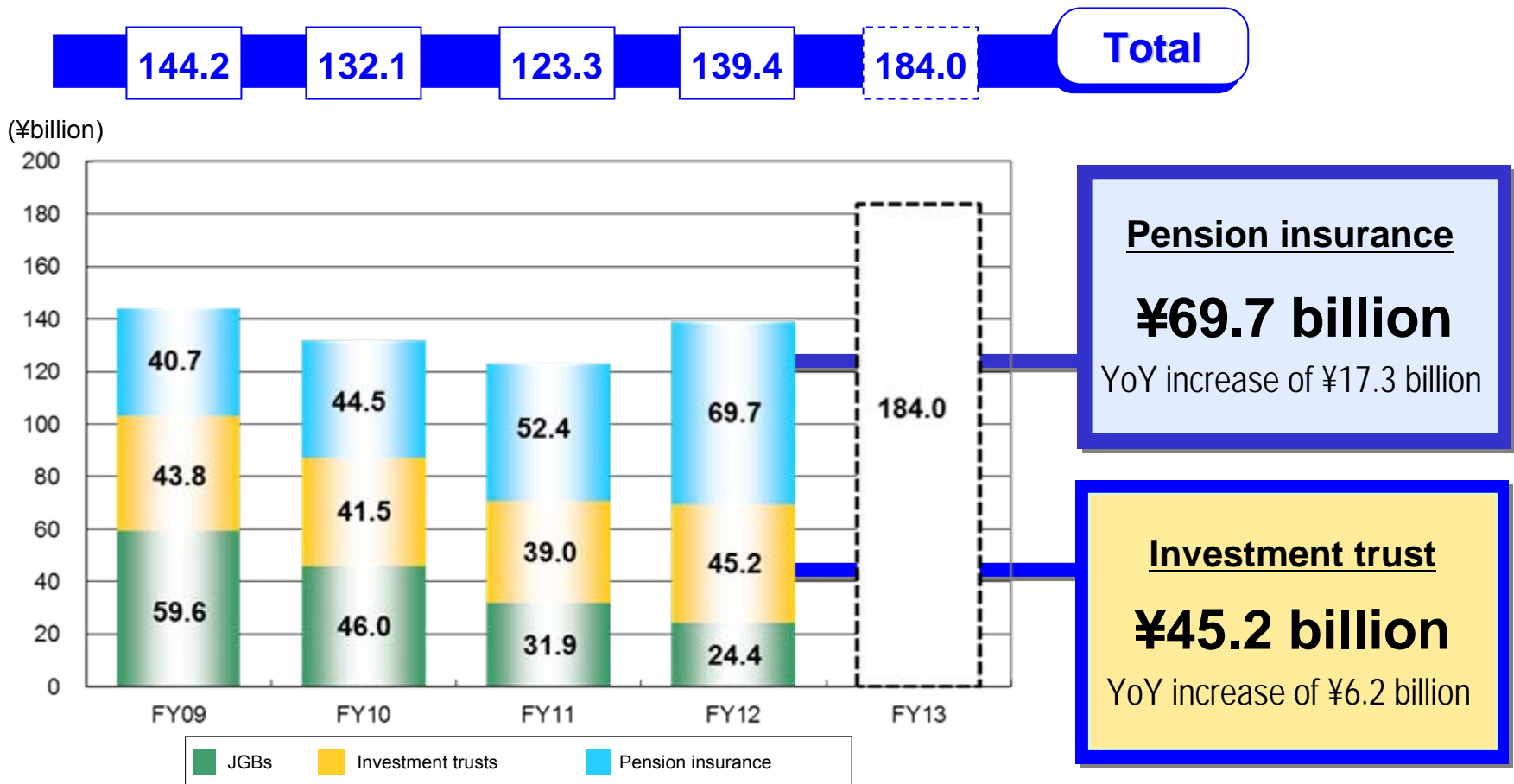


(¥ billion)



# Strategy for Assets in Custody

Boost sales focusing mainly on investment trusts and pension insurance



\* Pension insurance totals are cumulative sums sold.

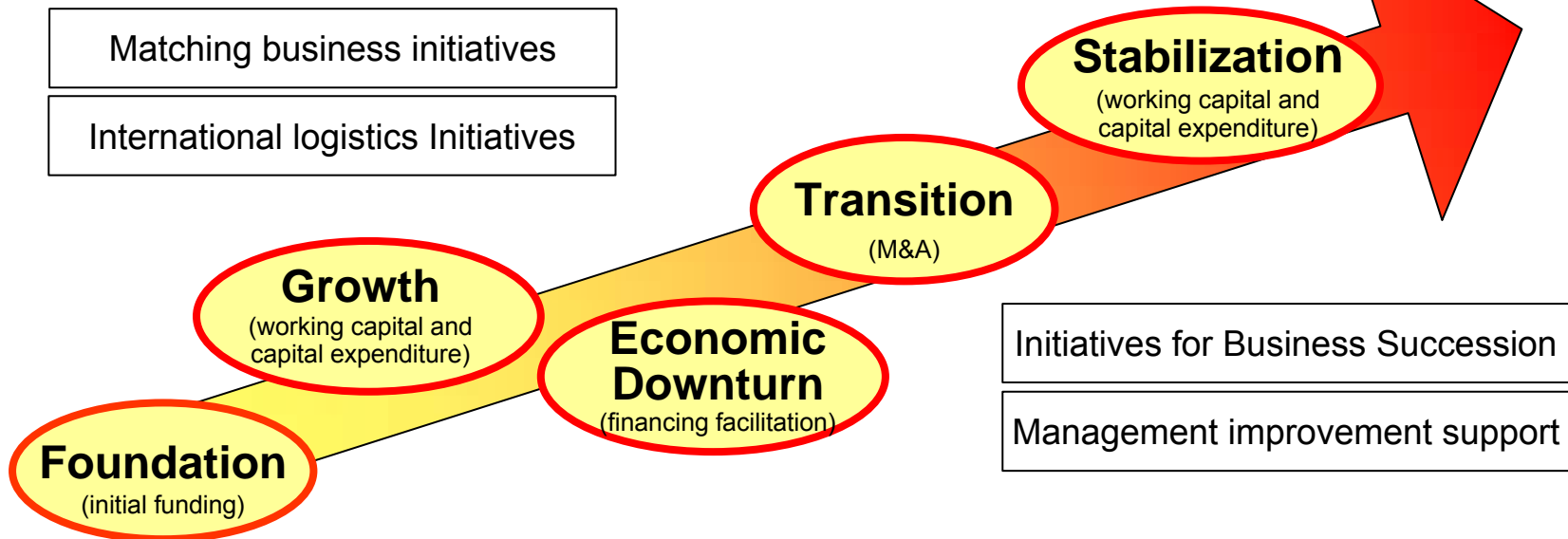
\* Note: Sales target added to the balance as of the end of previous fiscal year for the fiscal year ending March 31, 2013 excluding contract and other cancellations



# The Bank of Okinawa's operating activities (SR Activities)

The Bank of Okinawa's operating activities (SR Activities)  
that match corporate customer lifecycles and needs

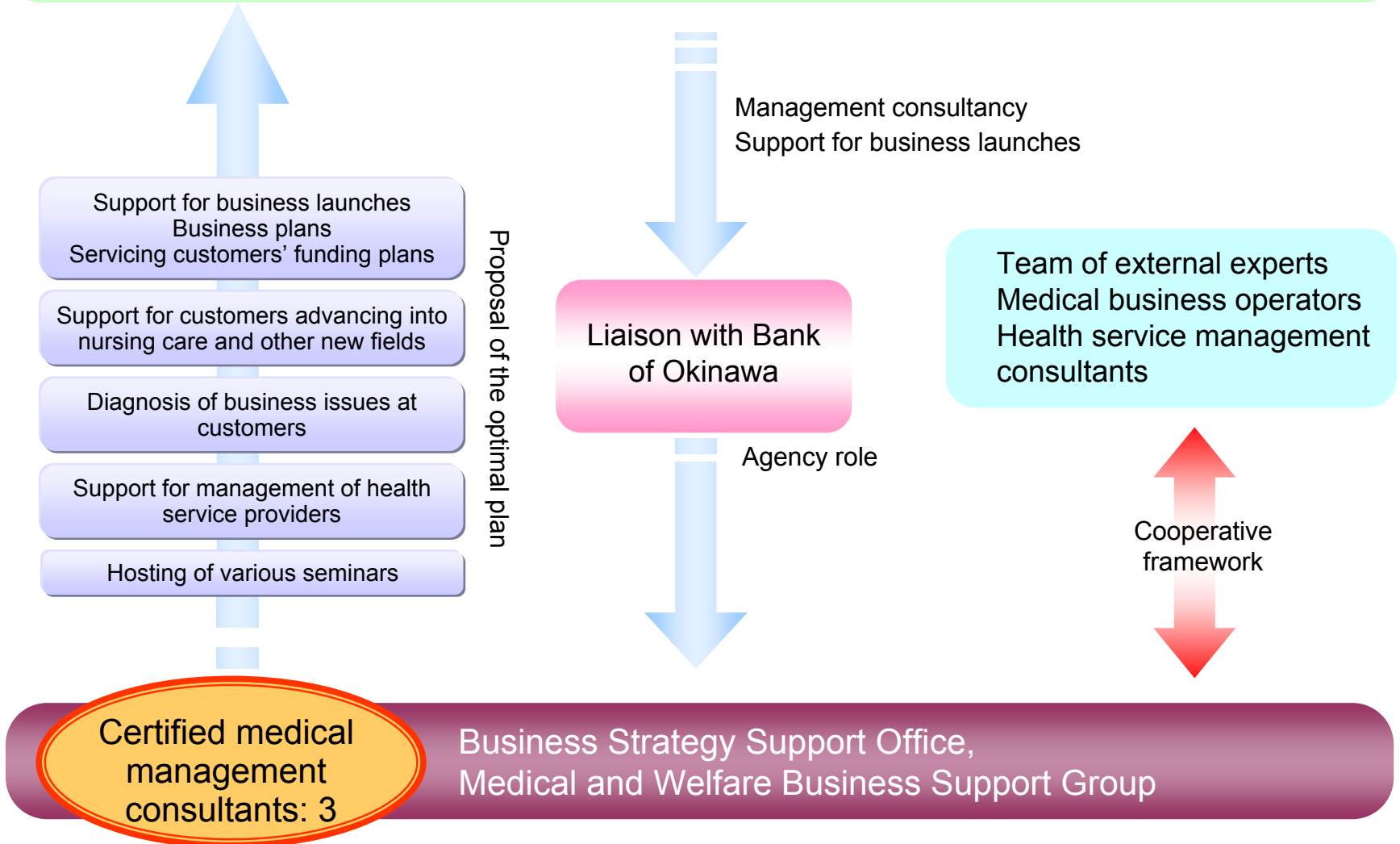
Corporate  
customer growth  
and development



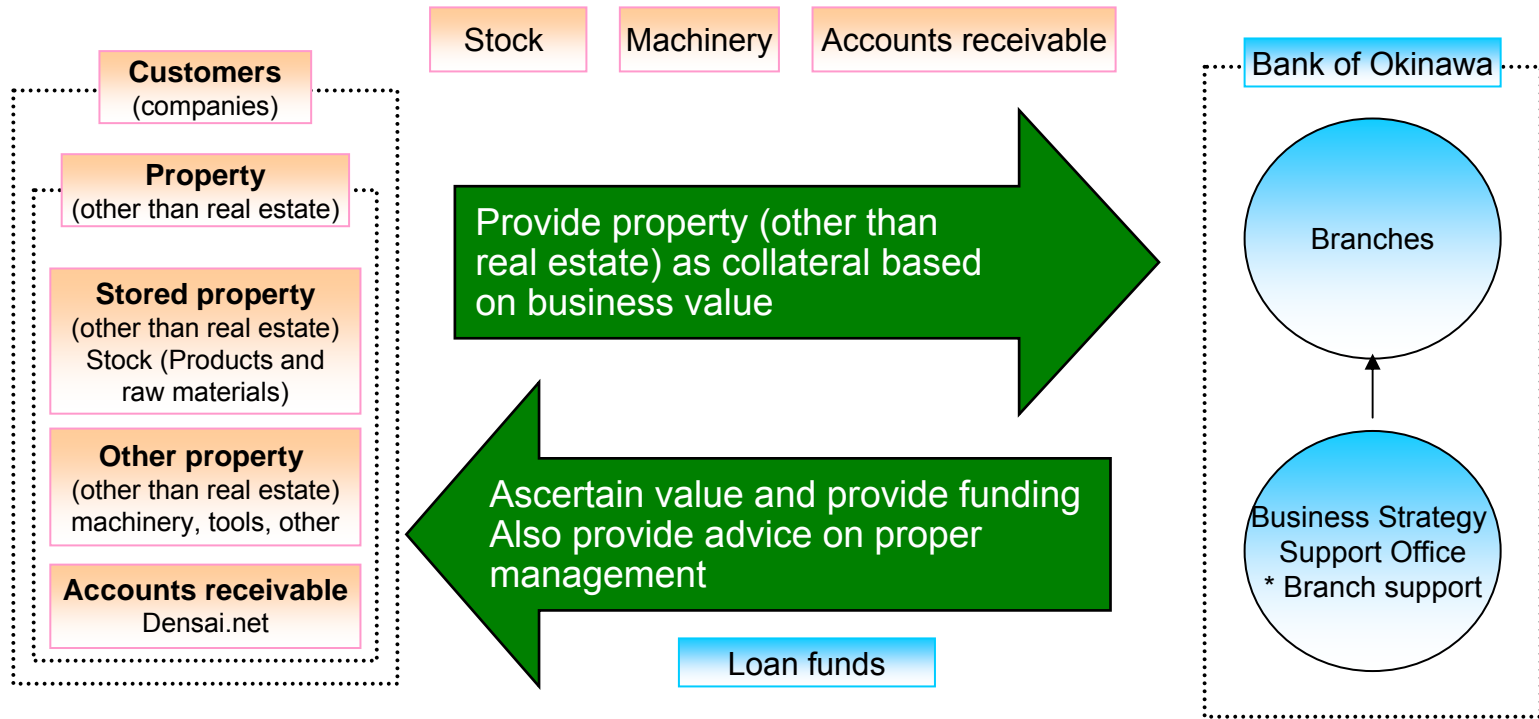
Financing deeply rooted in the community: making the most of consulting functions  
— SR activities —

# SR Activities I: Focus on Medical and Welfare Sectors

## Customer businesses in medical and welfare fields



# SR Activities II: ABL Initiatives



## Examples of collateral handled

Magnetic sensing device

Dairy cows

Prawns

Taro

# Branch Network Strategy and Shareholder Returns

## Branch network strategy

**No new branches; nevertheless,  
plans underway to renovate five aging branches**

## Shareholder returns

	FY09	FY10	FY11	FY12	FY13 <sub>(forecast)</sub>
Dividend (yen)	65	65	65	65	65
Payout ratio (%)	15.9	26.8	26.2	24.5	28.2
Own share purchases (million yen)	1,000	478	498	700	—
Shareholder return ratio (%)	27.5	36.1	35.8	37.4	—