



Business Strategies



Business Performance Forecasts



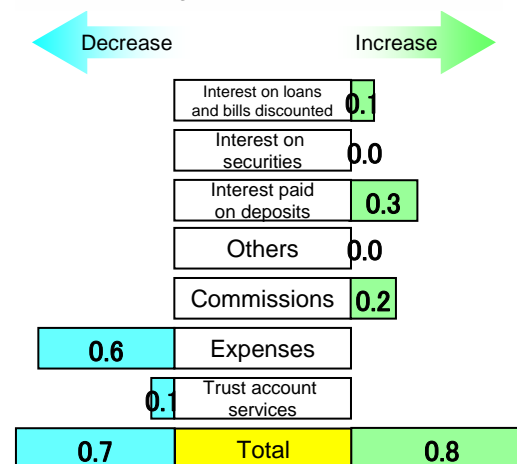
●Year-on-year changes forecast

| (¥ billion) | | | |
|---|-------|-------|------------|
| Non-consolidated | FY13 | FY14 | YoY change |
| Ordinary income | 37.1 | 36.4 | (0.7) |
| Gross business profit | 30.0 | 31.0 | +1.0 |
| Interest income | 27.3 | 27.9 | +0.6 |
| Fees and commissions | 2.5 | 2.7 | +0.1 |
| Fees and commissions (excluding trust fees) | 2.0 | 2.3 | +0.2 |
| Trust account services | 0.4 | 0.4 | (0.0) |
| Other business profit | 0.1 | 0.3 | +0.2 |
| Gains (losses) on bond trading | (0.0) | 0.2 | +0.2 |
| Expenses (excluding non-recurrent items) | 19.9 | 20.5 | +0.6 |
| Business profit on core banking operations | 10.1 | 10.2 | 0.1 |
| Provision of general allowance for possible loan losses | 0.6 | (0.0) | (0.6) |
| Net business profit | 9.4 | 10.5 | 1.0 |
| Non-recurrent items | (0.9) | (1.2) | (0.3) |
| Net gains (losses) on equity securities | 1.0 | 0.2 | (0.8) |
| Bad debt disposal (non-recurrent items) | 2.2 | 1.7 | (0.4) |
| Ordinary profit | 8.5 | 9.2 | +0.7 |
| Extraordinary gains | (0.0) | (0.0) | 0.0 |
| Net income | 4.5 | 5.7 | +1.1 |
| Credit costs | 2.8 | 1.7 | (1.1) |

| (¥ billion, %) | | | |
|----------------------------|------------------|----------------------|------------------|
| | Average balance | Yield | Interest |
| Loans and bills discounted | +47.1 [+45.7] | (0.069) [(0.069)] | 0.1 [0.1] |
| Securities | (36.8) | +0.052 | +0.0 |
| Deposits | +32.0 [+26.6] | (0.02) [(0.03)] | (0.3) [(0.5)] |
| Others | - | - | (0.0) [(0.0)] |
| Total | - | - | 0.5 [+0.6] |

Note) Figures in square brackets include trust accounts.

●YoY comparison of business profit on core banking operations



FY2013-2014 Medium-Term Business Plan

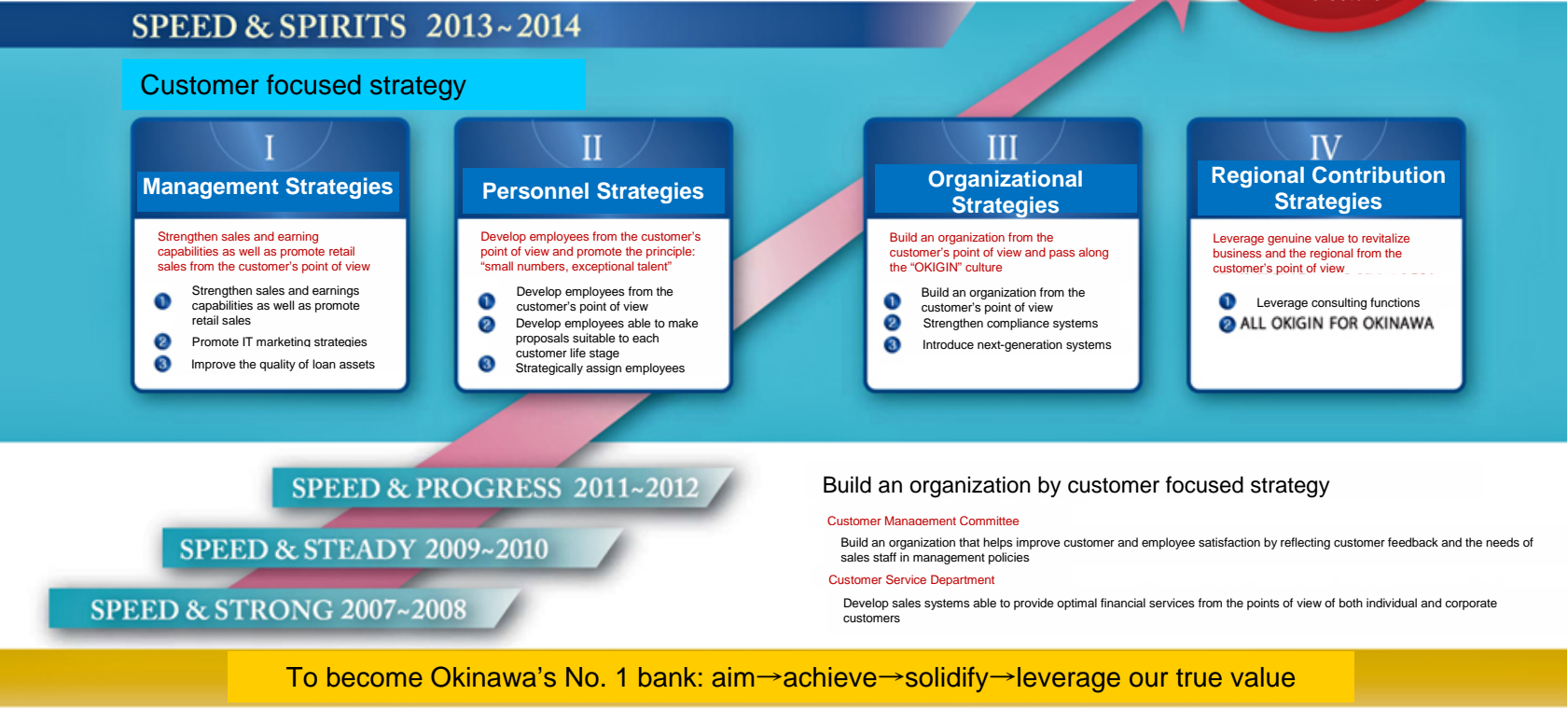
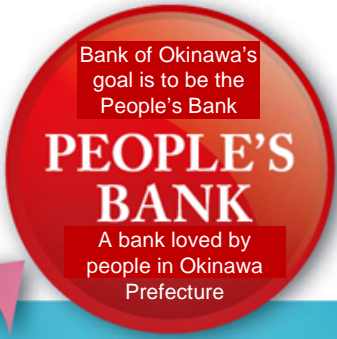


SPEED & SPIRITS

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



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





Numerical Targets

| | FY13 Results | FY14 Targets |
|--|------------------|----------------------|
| Business profit on core banking operations | ¥10.1 billion | Around ¥10.0 billion |
| ROE for core banking operations | 9.16% | Around 9% |
| Deposits (Average balance) | ¥1,745.6 billion | ¥1,770.0 billion |
| Loan assets (Average balance) | ¥1,202.0 billion | ¥1,220.0 billion |
| Non-performing loan ratio | 1.72% | 1.00 - 1.99% |
| Core OHR | 66.1% | 60.00 - 60.99% |
| Capital ratio | 11.66% | 12.00 - 12.99% |
| ROE (Consolidated) | 4.53% | Around 5% |

* ROE calculation formula

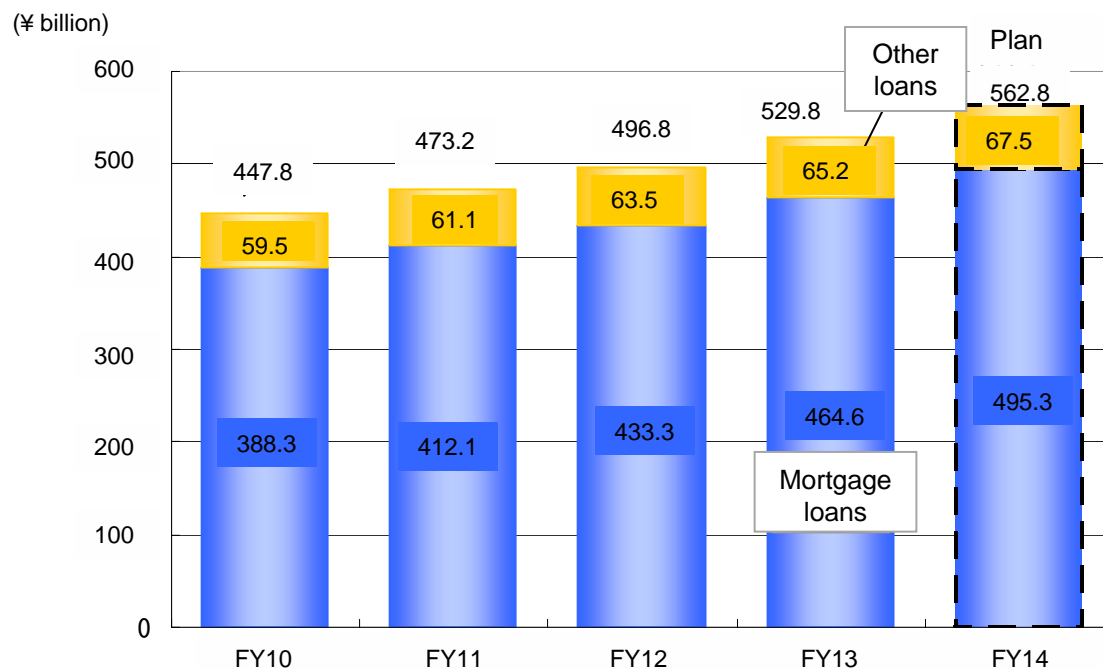
$$\frac{\text{Net income}}{(\text{Shareholders' equity at the beginning of period} + \text{shareholders' equity at the end of period}) / 2}$$



Strategy for Consumer Loans



**Mortgage loans +¥30.7 billion, Other loans +¥2.3 billion
Consumer loans ¥562.8 billion (+6.2% YoY)**



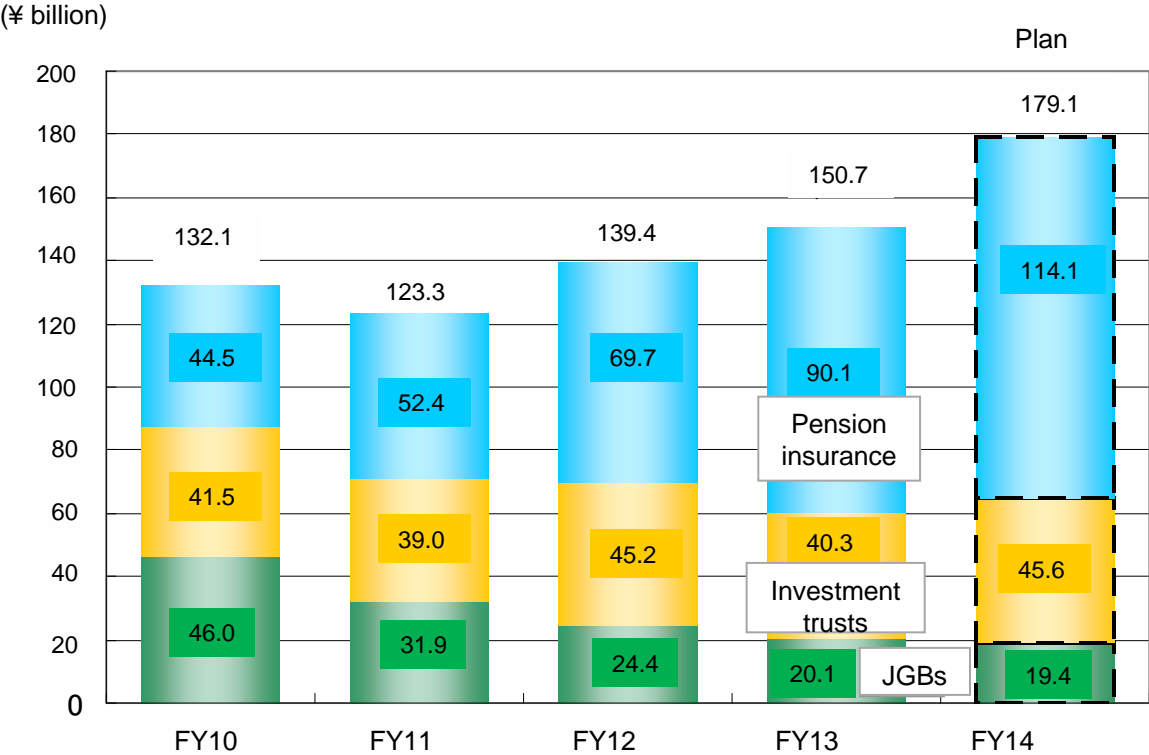
- Solid housing demand
- Higher personal spending on the back of improving economic outlook



Strategy for Assets in Custody



Boost sales focusing mainly on investment trusts and pension insurance



Pension insurance
Targeted sales volume
¥24.0 billion

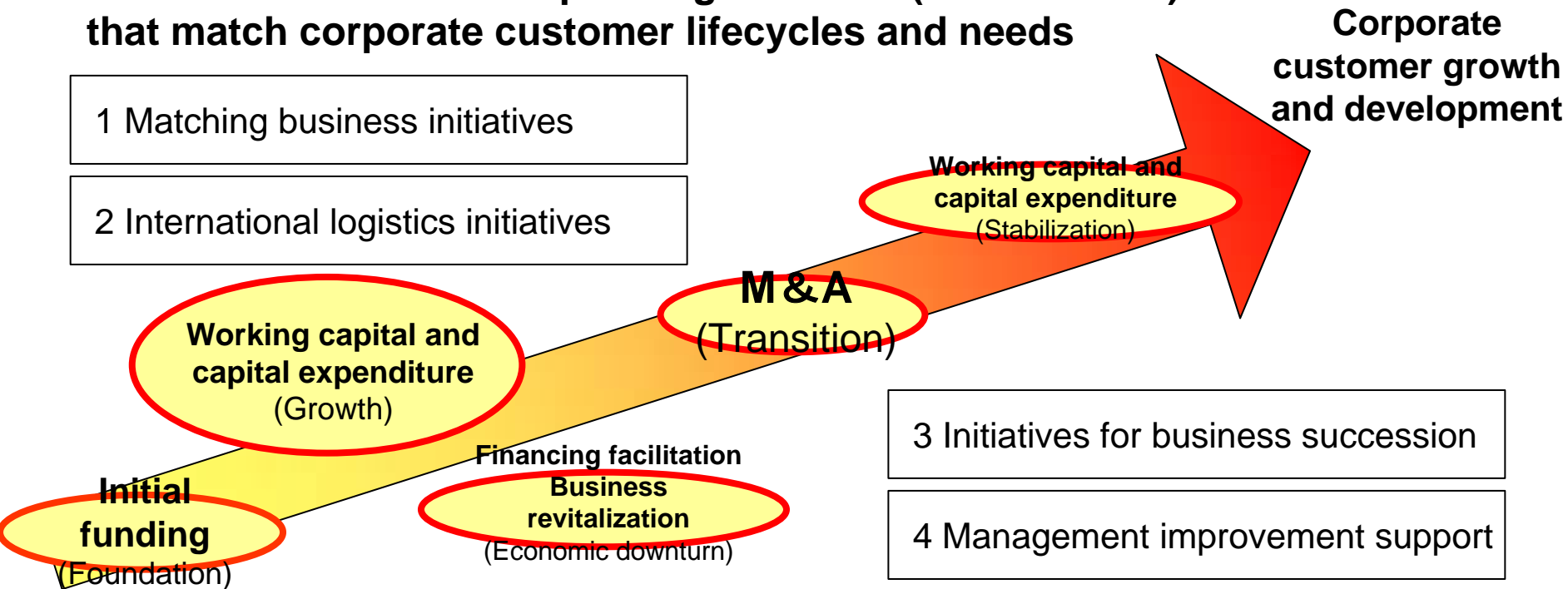
Investment trust
Targeted sales volume
¥14.0 billion

* Pension insurance totals are cumulative sums sold.
* Sales target added to the balance as of the end of the previous fiscal year for the fiscal year ending March 31, 2015 excluding contract and other cancellations (Figures take into account redemption of JGBs)



Initiatives to Revitalize and Develop Local Communities

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



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

Initiatives to Revitalize and Develop Local Communities (Foundation and Growth Support)

Foundation Support

As an “authorized support organization” defined by the Act for Facilitating New Business Activities of Small and Medium-sized Enterprises, the Bank of Okinawa has implemented the following supporting services:

- Providing start-up business owners with useful information as well as assistance at the time of grant applications
- Dispatch of professionals in cooperation with member organizations comprising the local SME platform

(Results for FY13)

| Support item | No. of cases |
|---|--------------|
| 1. Foundation support for small-scale business owners, etc. (Assistance in the formulation of business or finance plans) | 90 |
| 2. Assistance in the establishment of new medical businesses | 15 |
| 3. Dispatch of professionals | 2 |

Initiatives for business growth (Support for the cultivation of markets)

Participation in the “Okinawa Great Trade Fair Pre-Trade Fair”

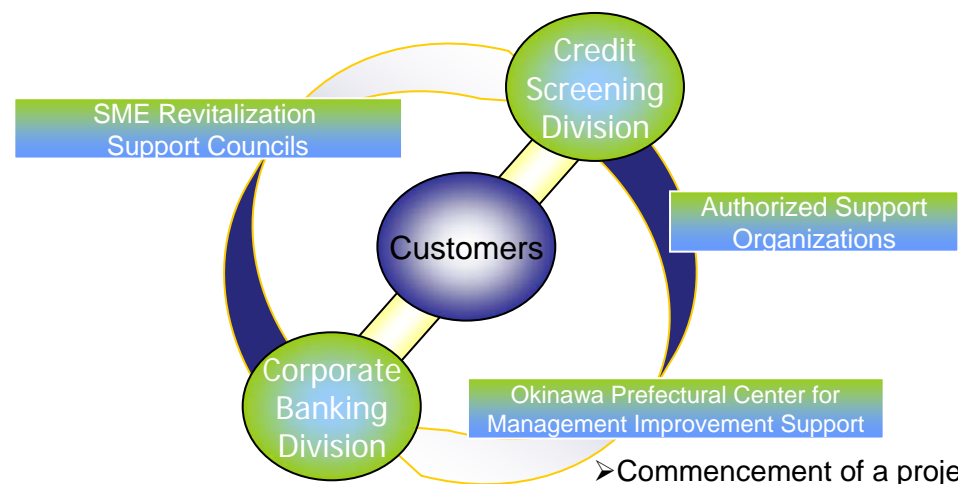
The Bank of Okinawa co-hosted and participated in the “Okinawa Great Trade Fair Pre-Trade Fair”, a large, national-scale trade fair for visitors from around the world, with an eye to raising the status of “The Bank of Okinawa Churashima Trade Fair” to a prefectural level business fair.

- Held on November 14 and 15, 2013
- Participation of 131 exhibitors and 102 buyers
- Approximately 1,600 individual business meetings took place in two days
- 119 staff members from the Bank of Okinawa collaborated in the administration of the fair



Initiatives to Revitalize and Develop Local Communities

(Corporate Management Improvement and Business Revitalization Support)



- Professional business consultants for SMEs
- Public support organizations certified by the government
- Tax accountants, SME management consultants, lawyers and bankers from financial institutions, etc. practicing in Okinawa

- Commencement of a project to provide assistance in the formulation of management improvement plans with collaboration from authorized support organizations
- A designated window for businesses, which provides necessary funds to finance up to two-thirds of relevant expenses (maximum ¥2 million)

| Status of Application to SME Revitalization Support Councils | | | | |
|---|---|-----------|---------|---------|
| | | FY03-FY12 | 1H FY13 | 2H FY13 |
| | | | | Total |
| | Number of applications submitted to Councils | 84 | 8 | 12 |
| Current situation concerning the use of a "program implemented by authorized support organizations to assist in the formulation of management improvement plans" | (of which, submitted to the Bank of Okinawa) | 50 | 6 | 6 |
| | Percentage of applications submitted to the Bank of Okinawa | 59.5% | 75.0% | 50.0% |
| | | | | 59.6% |
| Holding study sessions for authorized support organizations and briefing meetings at all the Bank's branches inviting lecturers from the Small and Medium Enterprises Department, Economy, Trade and Industry Division, Okinawa General Bureau of the Cabinet Office. | | | | |
| The Bank of Okinawa has received 44 applications, representing 63.7% of a total of 69 applications submitted in Okinawa Prefecture. | | | | |

The Bank of Okinawa is committed to providing support for its customers in their management improvement and business revitalization, in proactive collaboration with external professionals, etc., as necessary.

Initiatives to Revitalize and Develop Local Communities

(Business Succession and M&A Support)



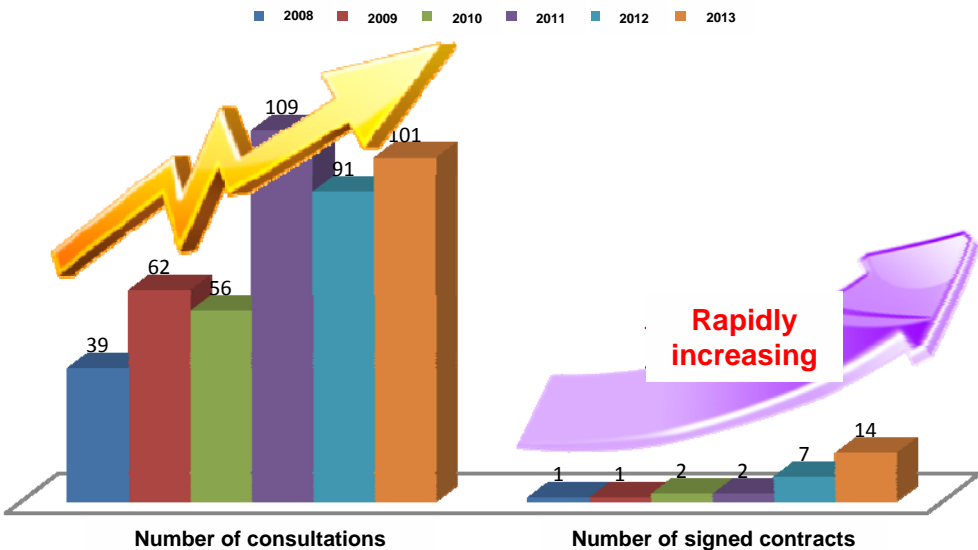
Challenges faced by regional SMEs

- More than 65 years have passed since World War II ended and now many SMEs are managed by older founders [average age of 57.5].
- [85%] of business owners in Okinawa have yet to name or decide upon their successors.
- Many of them often consult with [tax accountants] and [lawyers] for advice.
- One of the critically important issues related to business succession is [finance].

Support system at the Bank of Okinawa

- In 2008, the Bank of Okinawa established a division to promote business successions.
- In 2010, the Bank launched a business succession loan (the only provider of such loan in Okinawa).
- The Bank holds business succession seminars.
- It has run Okigin Business Successor School for five years in a row.

Number of business successions and M&A deals supported by the Bank of Okinawa



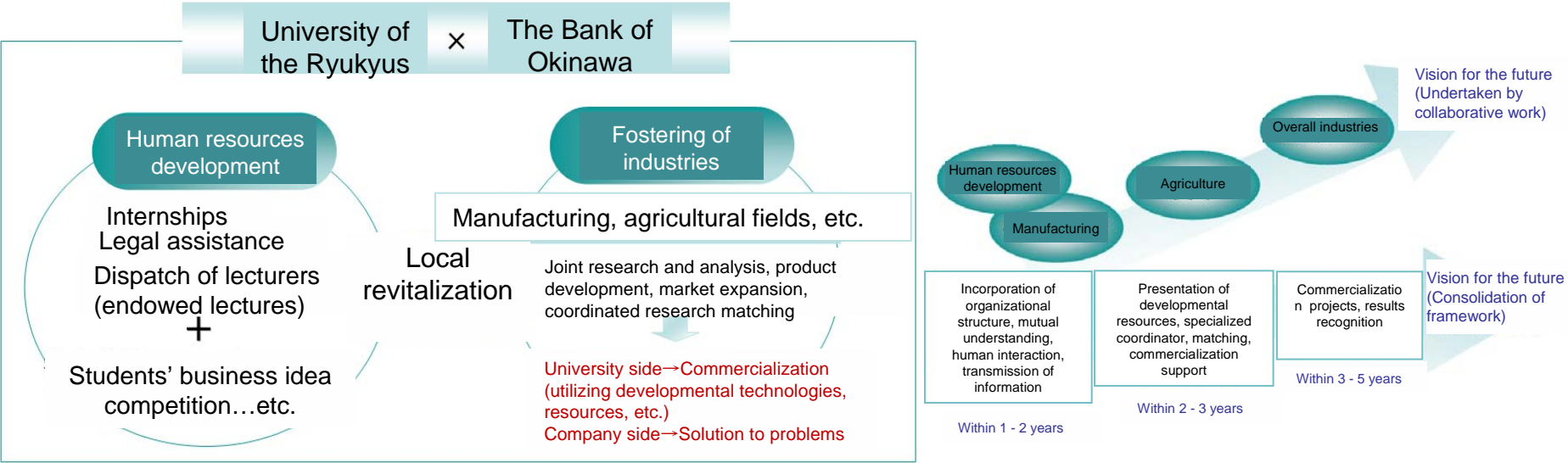
Initiatives to Revitalize and Develop Local Communities

(Cooperation Among Industry, Academia, Government and Financial Institutions)

Contribution to local community through cooperation among industry, academia, government and financial institutions

Conclusion of an agreement to collaborate with the Integrated Innovation Center for Community, University of the Ryukyus

As a regional financial institution deeply rooted in local communities, the Bank of Okinawa signed an agreement with the University of the Ryukyus to collaborate on the revitalization of local communities, **by leveraging their combined capabilities, i.e. the Bank's consulting function and corporate network and the university's personnel and intellectual resources.** The Bank of Okinawa will strive to contribute to the realization of a self-supporting economy, envisaged by the 21st Century Vision of Okinawa Prefecture.



Branch Network Strategy and Shareholder Returns



Branch network strategy

- ◆ October 2014 Moromi Branch scheduled to relocate and re-open for business
- ◆ April 2015 Haebaru Branch scheduled to relocate and re-open for business
- ◆ May 2015 Nago Branch scheduled to relocate, be newly built and re-opened for business

Shareholder returns

| | FY10 | FY11 | FY12 | FY13 | FY14 (forecast) |
|-----------------------------------|------|------|------|------|-----------------|
| Dividend (yen) | 65 | 65 | 65 | 65 | 65 |
| Payout ratio (%) | 23.2 | 22.4 | 22.3 | 25.0 | 22.0 |
| Own share purchases (million yen) | 478 | 498 | 700 | 602 | - |
| Shareholder return ratio (%) | 31.4 | 30.8 | 34.1 | 36.4 | - |

