

Flash Report for the Year Ended March 31, 2023 <Under Japanese GAAP>

May 12, 2023

Name of the listed company: **Okinawa Financial Group, Inc.**
 Code No.: 7350 Stock exchange: Tokyo Stock Exchange and Fukuoka Stock Exchange
 URL: <https://www.okinawafg.co.jp/>
 Representative: Masayasu Yamashiro, President and Representative Director
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 Phone: +81-98-860-2141
 Scheduled date for annual general meeting of shareholders: June 27, 2023
 Scheduled date for submission of Securities Report: June 28, 2023
 Date for initiation of dividend payments (subject to change): June 28, 2023
 Specific trading account system: not applicable
 Preparation of supplementary explanatory materials: Yes
 Results briefing held: Scheduled

* All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Operating results (¥ million)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Year ended March 31, 2023	¥52,687	4.3%	¥8,581	7.2%	¥5,835	16.4%
Year ended March 31, 2022	¥50,480	—%	¥8,004	—%	¥5,012	—%

Notes: 1. Comprehensive income

Year ended March 31, 2023: ¥(2,965) million (2,987.8% decrease)

Year ended March 31, 2022: ¥(96) million (—%)

2. Percentage figures represent year-on-year comparisons.

	Net income per share (¥)		Net income to shareholders' equity ratio	Ordinary profit to total assets	Ordinary profit to ordinary income
	Basic	Diluted			
Year ended March 31, 2023	¥251.03	¥250.54	3.7%	0.2%	16.2%
Year ended March 31, 2022	¥211.53	¥211.12	3.1%	0.2%	15.8%

Reference: Earnings from investments in equity-method affiliates

Year ended March 31, 2023: ¥— million Year ended March 31, 2022: ¥— million

Note: As the Company was established on October 1, 2021, year-on-year comparison percentages for the year ended March 31, 2022 are not presented.

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2023	¥2,876,784	¥153,666	5.3%	¥6,704.99
As of March 31, 2022	¥2,855,256	¥159,392	5.5%	¥6,829.18

Reference: Owners' equity

As of March 31, 2023: ¥153,514 million As of March 31, 2022: ¥159,239 million

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

This equity ratio is not a capital adequacy ratio stipulated in the Basel Capital Accord.

(3) Cash flows (¥ million)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Year ended March 31, 2023	¥(50,068)	¥(28,553)	¥(2,760)	¥510,739
Year ended March 31, 2022	¥188,081	¥(48,787)	¥(4,096)	¥590,636

2. Dividends

	Cash dividends per share (¥)					Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Quarter-end			Year-end	Annual			
	1st	2nd	3rd					
Year ended March 31, 2022	—	—	—	35.00	35.00	820	16.6%	0.5%
Year ended March 31, 2023	—	40.00	—	40.00	80.00	1,858	32.0%	1.1%
Year ending March 31, 2024 (forecast)	—	40.00	—	40.00	80.00		30.1%	

Notes 1. As the Company was established on October 1, 2021, figures up to the 2nd quarter-end of the year ended March 31, 2022 are not presented.

2. In the year ended March 31, 2022, The Bank of Okinawa, Ltd., which became a wholly-owned subsidiary of the Company as a result of a sole share transfer, paid an interim dividend of ¥35 per share (total dividends: ¥835 million). Combined with the year-end dividend paid by the Company, cash dividends for the year came to ¥70 per share, for the total dividends of ¥1,656 million, with a payout ratio (consolidated) of 33.2% and the dividends to net assets (consolidated) equaling 1.0%.

3. The dividend for the 2nd quarter-end of the year ended March 31, 2023 includes a commemorative dividend of ¥5.00 per share.

3. Operating Performance Forecasts for the Year Ending March 31, 2024

(April 1, 2023 to March 31, 2024)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent		Net income per share (¥)
	Amount	Percentage	Amount	Percentage	Amount	Percentage	(¥)
First half	¥26,300	(2.6)%	¥4,500	(26.4)%	¥3,000	(32.0)%	¥131.03
Full term	¥52,700	0.0%	¥9,000	4.8%	¥6,100	4.5%	¥266.42

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

***Remarks**

(1) Changes in the scope of consolidation: none

Inclusion: none

Exclusion: none

(2) Changes in accounting policies, changes in accounting estimates and restatements

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

Changes in accounting policies other than those above: not applicable

Changes in accounting estimates: not applicable

Restatements: not applicable

For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 11 of Appendix.

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

As of March 31, 2023: 23,876,382 shares

As of March 31, 2022: 23,876,382 shares

Number of treasury shares at the end of the period

As of March 31, 2023: 980,888 shares

As of March 31, 2022: 558,879 shares

Average number of shares during the period

Year ended March 31, 2023: 23,244,016 shares

Year ended March 31, 2022: 23,698,225 shares

Notes 1. As the Company is a company established on October 1, 2021 through a sole share transfer, the average number of ordinary shares during the fiscal year ended March 31, 2022 was computed by using the average number of shares of The Bank of Okinawa, Ltd. for the period from April 1, 2021 to September 30, 2021, and the average number of shares of the Company for the period from October 1, 2021 to March 31, 2022.

* These consolidated financial results are outside the scope of audit by certified public accountants or audit corporations.

* Explanation on the appropriate use of forecasted financial results, and other special remarks:

Forward-looking statements, including performance forecasts, contained in this material are based on information available to the management of the Company at the time of writing, as well as assumptions deemed to be reasonable. The Company has no intention of guaranteeing their achievement. Actual results may differ substantially due to various factors.

Consolidated Balance Sheets

As of March 31, 2022 and March 31, 2023

	(Japanese)	Millions of yen	
		2022	2023
Assets	(資産の部)		
Cash and due from banks	現金預け金	¥590,646	¥510,739
Monetary claims bought	買入金銭債権	584	1,967
Money held in trust	金銭の信託	1,715	1,361
Securities	有価証券	458,284	475,661
Loans and bills discounted	貸出金	1,713,092	1,783,318
Foreign exchanges	外国為替	7,206	15,672
Lease claims and lease investment assets	リース債権及びリース投資資産	16,478	16,790
Other assets	その他資産	45,061	45,478
Tangible fixed assets:	有形固定資産	20,278	19,530
Buildings	建物	4,190	4,259
Land	土地	11,710	11,764
Tangible lease assets	リース資産	167	171
Construction in progress	建設仮勘定	1,033	1,117
Other tangible fixed assets	その他の有形固定資産	3,176	2,217
Intangible assets:	無形固定資産	3,312	4,253
Software	ソフトウェア	1,789	1,462
Intangible lease assets	リース資産	3	0
Other intangible assets	その他の無形固定資産	1,519	2,790
Deferred tax assets	繰延税金資産	3,532	7,184
Customers' liabilities for acceptances and guarantees	支払承諾見返	6,424	6,486
Allowance for loan losses	貸倒引当金	(11,361)	(11,659)
Total assets	資産の部合計	¥2,855,256	¥2,876,784

(Continued)

		Millions of yen	
	(Japanese)	2022	2023
Liabilities	(負債の部)		
Deposits	預 金	¥2,441,503	¥2,528,123
Borrowed money	借 用 金	209,730	150,263
Foreign exchanges	外 国 為 替	29	27
Due to trust account	信 託 勘 定 借	12,559	10,769
Other liabilities	そ の 他 負 債	20,130	21,454
Provision for bonuses	賞 与 引 当 金	843	890
Provision for directors' bonuses	役 員 賞 与 引 当 金	27	29
Net defined benefit liability	退 職 給 付 に 係 る 負 債	2,863	3,333
Provision for directors' retirement benefits	役 員 退 職 慰 労 引 当 金	46	40
Provision for stock-based compensation	株 式 報 酬 引 当 金	183	239
Reserve for compensation for trust principal losses	信 託 元 本 補 填 引 当 金	39	-
Reserve for losses on interest refund	利 息 返 還 損 失 引 当 金	31	50
Reserve for reimbursement of dormant deposits	睡 眠 預 金 払 戻 損 失 引 当 金	201	134
Reserves under special laws	特 別 法 上 の 引 当 金	5	5
Deferred tax liabilities	繰 延 税 金 負 債	76	99
Deferred tax liabilities for land revaluation	再 評 価 に 係 る 繰 延 税 金 負 債	1,168	1,168
Acceptances and guarantees	支 払 承 諾	6,424	6,486
Total liabilities	負 債 の 部 合 計	2,695,864	2,723,117
Net assets	(純資産の部)		
Capital stock	資 本 金	20,000	20,000
Capital surplus	資 本 剰 余 金	23,991	23,991
Retained earnings	利 益 剰 余 金	113,398	117,475
Treasury stock	自 己 株 式	(1,398)	(2,401)
Shareholders' equity	株 主 資 本 合 計	155,991	159,066
Valuation difference on available-for-sale securities	そ の 他 有 価 証 券 評 価 差 額 金	3,142	(4,827)
Deferred losses on hedges	繰 延 ヘ ッ ジ 損 益	-	(647)
Revaluation reserve for land	土 地 再 評 価 差 額 金	1,270	1,270
Remeasurements of defined benefit plans	退 職 給 付 に 係 る 調 整 累 計 額	(1,164)	(1,346)
Accumulated other comprehensive income	そ の 他 の 包 括 利 益 累 計 額 合 計	3,248	(5,552)
Subscription rights to shares	新 株 予 約 権	152	152
Total net assets	純 資 産 の 部 合 計	159,392	153,666
Total liabilities and net assets	負 債 及 び 純 資 産 の 部 合 計	¥2,855,256	¥2,876,784

Consolidated Statements of Income

For the year ended March 31, 2022 and the year ended March 31, 2023

Millions of yen

	(Japanese)	2022	2023
Ordinary income	経常収益	¥50,480	¥52,687
Interest income:	資金運用収益	28,174	29,602
Interest on loans and discounts	貸出金利息	24,821	24,712
Interest and dividends on securities	有価証券利息配当金	3,026	4,518
Interest on call loans and bills bought	コールローン利息及び買入手形利息	(6)	(49)
Interest on deposits with banks	預け金利息	306	292
Other interest income	その他の受入利息	25	128
Trust fees	信託報酬	85	79
Fees and commissions	役務取引等収益	5,321	5,775
Other ordinary income	その他業務収益	14,536	14,636
Other income:	その他経常収益	2,363	2,593
Recoveries of written-off claims	償却債権取立益	827	332
Reversal of reserve for compensation for trust principal losses	信託元本補填引当金戻入益	0	39
Other ordinary income	その他の経常収益	1,536	2,221
Ordinary expenses	経常費用	42,476	44,106
Interest expenses:	資金調達費用	292	417
Interest on deposits	預金利息	153	203
Interest on call money and bills sold	コールマネー利息及び売渡手形利息	0	0
Interest on payables under securities lending transactions	債券貸借取引支払利息	0	–
Interest on borrowings and rediscounts	借入金利息	40	32
Interest expenses on interest rate swaps	金利スワップ支払利息	–	96
Other interest expenses	その他の支払利息	97	84
Fees and commissions payments	役務取引等費用	2,941	3,004
Other ordinary expenses	その他業務費用	11,847	15,254
General and administrative expenses	営業経費	24,478	23,514
Other expenses:	その他経常費用	2,916	1,916
Provision of allowance for loans losses	貸倒引当金繰入額	1,705	1,256
Other	その他の経常費用	1,211	660
Ordinary profit	経常利益	8,004	8,581
Extraordinary income	特別利益	8	4
Gain on disposal of noncurrent assets	固定資産処分益	8	4
Extraordinary loss	特別損失	35	60
Loss on disposal of noncurrent assets	固定資産処分損	35	60
Income before income taxes	税金等調整前当期純利益	7,976	8,525
Income taxes – current	法人税、住民税及び事業税	2,892	2,662
Income taxes – deferred	法人税等調整額	8	27
Total income taxes	法人税等合計	2,901	2,690
Net income	当期純利益	5,075	5,835
Net income attributable to non-controlling interests	非支配株主に帰属する当期純利益	62	–
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益	¥5,012	¥5,835

Consolidated Statements of Comprehensive Income

For the year ended March 31, 2022 and the year ended March 31, 2023

		Millions of yen	
	(Japanese)	2022	2023
Net income	当期純利益	¥5,075	¥5,835
Other comprehensive income	その他の包括利益	(5,171)	(8,800)
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(4,994)	(7,970)
Deferred losses on hedges	繰延ヘッジ損益	—	(647)
Remeasurements of defined benefit plans	退職給付に係る調整額	(177)	(182)
Comprehensive income	包括利益	(96)	(2,965)
Comprehensive income attributable to owners of the parent	親会社株主に係る包括利益	(157)	(2,965)
Comprehensive income attributable to non-controlling interests	非支配株主に係る包括利益	¥61	—

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2022

(Millions of yen)

	(Japanese)	Shareholders' equity				
		株主資本				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		資本金	資本剰余金	利益剰余金	自己株式	株主資本合計
Balance at the beginning of the current period	当 期 首 残 高	22,725	19,655	111,393	(1,544)	152,229
Cumulative effects of changes in accounting policies	会計方針の変更による累積的影響額			(57)		(57)
Balance at the beginning of the current period reflecting changes in accounting policies	会計方針の変更を反映した当期首残高	22,725	19,655	111,336	(1,544)	152,171
Changes during the period	当 期 変 動 額					
Changes due to share transfer	株式移転による変動	(2,725)	2,725			—
Change in capital surplus due to changes in equity interest of consolidated subsidiaries	連結子会社に対する持分変動に伴う資本剰余金の増減		1,618			1,618
Dividends from surplus	剰 余 金 の 配 当			(1,671)		(1,671)
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益			5,012		5,012
Purchase of treasury stock	自 己 株 式 の 取 得				(1,105)	(1,105)
Disposal of treasury stock	自 己 株 式 の 処 分		1		32	33
Retirement of treasury stock	自 己 株 式 の 消 却		(8)	(1,210)	1,219	—
Reversal of revaluation reserve for land	土地再評価差額金の取崩			(68)		(68)
Net changes in items other than shareholders' equity	株主資本以外の項目の当期変動額(純額)					
Total changes during the period	当 期 変 動 額 合 計	(2,725)	4,336	2,061	146	3,819
Balance at the end of the current period	当 期 末 残 高	20,000	23,991	113,398	(1,398)	155,991

(Millions of yen)

	(Japanese)	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
		その他の包括利益累計額						
		Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
		その他有価証券評価差額金	土地再評価差額金	退職給付に係る調整累計額	その他の包括利益累計額合計			
Balance at the beginning of the current period	当 期 首 残 高	8,135	1,201	(987)	8,350	157	2,876	163,612
Cumulative effects of changes in accounting policies	会計方針の変更による累積的影響額							(57)
Balance at the beginning of the current period reflecting changes in accounting policies	会計方針の変更を反映した当期首残高	8,135	1,201	(987)	8,350	157	2,876	163,555
Changes during the period	当 期 変 動 額							
Changes due to share transfer	株式移転による変動							—
Change in capital surplus due to changes in equity interest of consolidated subsidiaries	連結子会社に対する持分変動に伴う資本剰余金の増減							1,618
Dividends from surplus	剰余金の配当							(1,671)
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益							5,012
Purchase of treasury stock	自己株式の取得							(1,105)
Disposal of treasury stock	自己株式の処分							33
Retirement of treasury stock	自己株式の消却							—
Reversal of revaluation reserve for land	土地再評価差額金の取崩							(68)
Net changes in items other than shareholders' equity	株主資本以外の項目の当期変動額(純額)	(4,993)	68	(177)	(5,101)	(4)	(2,876)	(7,983)
Total changes during the period	当期変動額合計	(4,993)	68	(177)	(5,101)	(4)	(2,876)	(4,163)
Balance at the end of the current period	当 期 末 残 高	3,142	1,270	(1,164)	3,248	152	—	159,392

For the year ended March 31, 2023

(Millions of yen)

	(Japanese)	Shareholders' equity				
		株主資本				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		資本金	資本剰余金	利益剰余金	自己株式	株主資本合計
Balance at the beginning of the current period	当 期 首 残 高	20,000	23,991	113,398	(1,398)	155,991
Changes during the period	当 期 変 動 額					
Dividends from surplus	剰余金の配当			(1,757)		(1,757)
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益			5,835		5,835
Purchase of treasury stock	自己株式の取得				(1,002)	(1,002)
Net changes in items other than shareholders' equity	株主資本以外の項目の当期変動額(純額)					
Total changes during the period	当期変動額合計	—	—	4,077	(1,002)	3,074
Balance at the end of the current period	当 期 末 残 高	20,000	23,991	117,475	(2,401)	159,066

(Millions of yen)

	(Japanese)	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
		その他の包括利益累計額						
		Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
		その他 有価証券 評価差額金	土地再評価 差額金	退職給付 に係る 調整累計額	その他の 包括利益 累計額合計			
Balance at the beginning of the current period	当 期 首 残 高	3,142	—	1,270	(1,164)	3,248	152	159,392
Changes during the period	当 期 変 動 額							
Dividends from surplus	剰 余 金 の 配 当							(1,757)
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益							5,835
Purchase of treasury stock	自 己 株 式 の 取 得							(1,002)
Net changes in items other than shareholders' equity	株主資本以外の項目の当期変動額(純額)	(7,970)	(647)	—	(182)	(8,800)	—	(8,800)
Total changes during the period	当 期 変 動 額 合 計	(7,970)	(647)	—	(182)	(8,800)	—	(5,725)
Balance at the end of the current period	当 期 末 残 高	(4,827)	(647)	1,270	(1,346)	(5,552)	152	153,666

Consolidated Statements of Cash Flows

For the year ended March 31, 2022 and the year ended March 31, 2023

		Millions of yen	
		(Japanese)	
			2022 2023
Cash flows from operating activities	営業活動によるキャッシュ・フロー		
Income before income taxes	税金等調整前当期純利益	¥7,976	¥8,525
Depreciation and amortization	減価償却費	2,113	2,033
Change in allowance for loan losses	貸倒引当金の増減(△)	1,514	298
Change in provision for bonuses	賞与引当金の増減額(△は減少)	11	47
Change in provision for directors' bonuses	役員賞与引当金の増減額(△は減少)	-	1
Change in net defined benefit liability	退職給付に係る負債の増減額(△は減少)	125	209
Change in provision for directors' retirement benefits	役員退職慰労引当金の増減額(△は減少)	10	(6)
Change in provision for stock-based compensation	株式報酬引当金の増減(△)	27	56
Change in reserve for compensation for trust principal losses	信託元本補填引当金の増減(△)	(0)	(39)
Change in reserve for losses on interest refund	利息返還損失引当金の増減額(△は減少)	(15)	18
Change in reserve for reimbursement of dormant deposits	睡眠預金払戻損失引当金の増減(△)	(46)	(66)
Interest income	資金運用収益	(28,174)	(29,602)
Interest expenses	資金調達費用	292	417
Losses related to securities transactions	有価証券関係損益(△)	(261)	1,972
Loss on disposal of noncurrent assets	固定資産処分損益(△は益)	27	55
Net change in loans and bills discounted	貸出金の純増(△)減	(6,876)	(70,225)
Net change in deposits	預金の純増減(△)	126,447	86,620
Net change in borrowed money (excluding subordinated loans)	借入金(劣後特約付借入金を除く)の純増減(△)	63,466	(59,466)
Net change in due from banks (excluding due from Bank of Japan)	預け金(日銀預け金を除く)の純増(△)減	210	10
Net change in call loans and others	コールローン等の純増(△)減	63	(1,383)
Net change in foreign exchange – assets	外国為替(資産)の純増(△)減	(1,882)	(8,466)
Net change in foreign exchange – liabilities	外国為替(負債)の純増減(△)	18	(1)
Net change in due to trust account	信託勘定借の純増減(△)	(2,676)	(1,789)
Interest received	資金運用による収入	28,121	28,619
Interest paid	資金調達による支出	(367)	(431)
Other	その他	68	(3,903)
Subtotal	小計	190,194	(46,495)
Income taxes paid	法人税等の支払額	(2,112)	(4,020)
Income taxes refund	法人税等の還付額	-	447
Net cash used in operating activities	営業活動によるキャッシュ・フロー	188,081	(50,068)
Cash flows from investing activities	投資活動によるキャッシュ・フロー		
Purchases of securities	有価証券の取得による支出	(124,657)	(193,945)
Proceeds from sales of securities	有価証券の売却による収入	25,428	108,256
Proceeds from maturities of securities	有価証券の償還による収入	54,384	59,147
Purchases of tangible fixed assets	有形固定資産の取得による支出	(2,998)	(686)
Proceeds from sales of tangible fixed assets	有形固定資産の売却による収入	281	259
Purchases of intangible assets	無形固定資産の取得による支出	(1,226)	(1,585)
Net cash used in investing activities	投資活動によるキャッシュ・フロー	(48,787)	(28,553)

Millions of yen

	(Japanese)	2022	2023
Cash flows from financing activities	財務活動によるキャッシュ・フロー		
Cash dividends paid	配当金の支払額	¥(1,671)	¥(1,757)
Cash dividends paid to non-controlling interests	非支配株主への配当金の支払額	(2)	-
Purchase of treasury stock	自己株式の取得による支出	(1,105)	(1,002)
Proceeds from sales of treasury stock	自己株式の売却による収入	0	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	連結の範囲の変更を伴わない子会社株式の取得による支出	(1,316)	-
Net cash used in financing activities	財務活動によるキャッシュ・フロー	(4,096)	(2,760)
Effect of exchange rate changes on cash and cash equivalents	現金及び現金同等物に係る換算差額	542	1,484
Net change in cash and cash equivalents	現金及び現金同等物の増減額(△は減少)	135,740	(79,897)
Cash and cash equivalents at beginning of the current period	現金及び現金同等物の期首残高	454,896	590,636
Cash and cash equivalents at end of the current period	現金及び現金同等物の期末残高	¥590,636	¥510,739