

# Flash Report for the First Half Ended September 30, 2022 <Under Japanese GAAP>

November 11, 2022

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/>  
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 Scheduled date for submission of Interim Securities Report: November 29, 2022  
 Date for initiation of dividend payments (subject to change): December 9, 2022  
 Specific trading account system: not applicable  
 Preparation of supplementary explanatory materials: Yes  
 Results briefing held: Not scheduled

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

## 1. Consolidated Results for the First Half Ended September 30, 2022 (April 1 to September 30, 2022)

(1) Operating results (¥ million)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
1st half ended September 30, 2022	¥27,023	—%	¥6,114	—%	¥4,417	—%
1st half ended September 30, 2021	¥—	—%	¥—	—%	¥—	—%

Notes: 1. Comprehensive income

1st half ended September 30, 2022: ¥(3,762) million (—%)

1st half ended September 30, 2021: ¥— million (—%)

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

	Net income per share (¥)	
	Basic	Diluted
1st half ended September 30, 2022	¥189.46	¥189.08
1st half ended September 30, 2021	¥—	¥—

Note: As the Company was established on October 1, 2021, figures and year-on-year comparison percentages for the first half ended September, 2021 are not presented.

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio*
As of September 30, 2022	¥2,873,660	¥154,807	5.3%
As of March 31, 2022	¥2,855,256	¥159,392	5.5%

Reference: Owners' equity

As of September 30, 2022: ¥154,655 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.

## 2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>		
Year ended March 31, 2022	—	—	—	35.00	35.00
Year ending March 31, 2023	—	40.00	—	—	—
Year ending March 31, 2023 (forecast)	—	—	—	35.00	75.00

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

Notes: 1. As the Company was established on October 1, 2021, figures for 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. Combined with the year-end dividend paid by the Company, cash dividends for the year came to ¥70 per share.

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

### 3. Operating Performance Forecasts for the Year Ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(¥ million)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent		Net income per share (¥)
Full term	¥51,300	1.6%	¥9,000	12.4%	¥6,200	23.7%	¥265.89

Notes: 1. Revisions to operating performance forecasts from recently announced forecasts: applicable

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

**\*Remarks**

(1) Changes in the scope of consolidation: 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 Interim Consolidated Financial Statements (Changes in accounting policies)” on page 12 of Appendix.

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

As of September 30, 2022: 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 September 30, 2022: 559,429 shares

As of March 31, 2022: 558,879 shares

Average number of shares during the period

1st half ended September 30, 2022: 23,317,219 shares

1st half ended September 30, 2021: —shares

Note: As the Company was established on October 1, 2021, figures for the first half ended September 30, 2021 are not presented.

\* 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.

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\* Financial Statements for the First Half Ended September 30, 2022

## 1. Qualitative Information for the First Half Ended September 30, 2022

### (1) Explanation of Consolidated Operating Results

In the first half ended September 30, 2022, ordinary income amounted to ¥27,023 million and ordinary expenses amounted to ¥20,909 million. As a result, ordinary profit was ¥6,114 million and net income attributable to owners of the parent was ¥4,417 million.

### (2) Explanation of Consolidated Financial Position

Total assets increased by ¥18,400 million from the end of the previous fiscal year to ¥2,873.6 billion, and net assets decreased by ¥4,500 million from the end of the previous fiscal year to ¥154,800 million.

In terms of balances of key accounts, deposits in banking and trust accounts totaled ¥2,534.3 billion, an increase of ¥79,200 million from the end of the previous fiscal year, as a result of an increase in liquid deposits due to movements by corporations and individuals to secure cash on hand in the wake of the spread of COVID-19, in addition to our conventional efforts to promote transactions centered on individual deposits as well as cultivate transactions and drive employee transactions through Strong Relationship (SR) activities for corporate clients.

In terms of loans and bills discounted, in addition to increases in housing loans and loans to local government bodies, we promoted business loans in accordance with business feasibility assessments and proactively worked to support companies in the prefecture during the COVID-19 pandemic. As a result, the balance of loans and bills discounted in banking and trust accounts totaled ¥1,739.6 billion, an increase of ¥25,400 million from the end of the previous fiscal year.

In the area of securities, we endeavored to efficiently manage funds while monitoring financial market trends, mainly in domestic bonds and investment trusts. As a result, securities increased by ¥29,700 million from the end of the previous fiscal year to ¥488,000 million.

### (3) Explanation of Consolidated Financial Results Forecasts

With regard to the consolidated financial results forecasts for the fiscal year ending March 31, 2023, based on the results of the first half ended September 30, 2022, we have revised the forecasted figures announced on May 11, 2022 to ordinary income of ¥51,300 million (up ¥1,900 million compared with the previous announcement), ordinary profit of ¥9,000 million (up ¥1,500 million compared with the previous announcement), and net income attributable to owners of the parent of ¥6,200 million (up ¥1,300 million compared with the previous announcement).

## 2. Interim Consolidated Financial Statements

### (1) Consolidated Balance Sheets

As of March 31, 2022 and September 30, 2022

	(Japanese)	Millions of yen	
		2022/3	2022/9
<b>Assets</b>	(資産の部)		
Cash and due from banks	現金預け金	¥590,646	¥549,492
Monetary claims bought	買入金銭債権	584	1,667
Money held in trust	金銭の信託	1,715	1,393
Securities	有価証券	458,284	488,014
Loans and bills discounted	貸出金	1,713,092	1,738,622
Foreign exchanges	外国為替	7,206	8,116
Lease claims and lease investment assets	リース債権及びリース投資資産	16,478	16,369
Other assets	その他資産	45,061	42,533
Tangible fixed assets	有形固定資産	20,278	19,782
Intangible assets	無形固定資産	3,312	3,808
Deferred tax assets	繰延税金資産	3,532	6,752
Customers' liabilities for acceptances and guarantees	支払承諾見返	6,424	8,076
Allowance for loan losses	貸倒引当金	(11,361)	(10,969)
<b>Total assets</b>	<b>資産の部合計</b>	<b>¥2,855,256</b>	<b>¥2,873,660</b>

(Continued)

		Millions of yen	
	(Japanese)	2022/3	2022/9
<b>Liabilities</b>	(負債の部)		
Deposits	預 金	¥2,441,503	¥2,521,661
Borrowed money	借 用 金	209,730	151,408
Foreign exchanges	外 国 為 替	29	44
Due to trust account	信 託 勘 定 借	12,559	11,675
Other liabilities	そ の 他 負 債	20,130	20,551
Provision for bonuses	賞 与 引 当 金	843	871
Provision for directors' bonuses	役 員 賞 与 引 当 金	27	14
Net defined benefit liability	退 職 給 付 に 係 る 負 債	2,863	2,855
Provision for directors' retirement benefits	役 員 退 職 慰 労 引 当 金	46	33
Provision for stock-based compensation	株 式 報 酬 引 当 金	183	183
Reserve for compensation for trust principal losses	信 託 元 本 補 填 引 当 金	39	38
Reserve for losses on interest refund	利 息 返 還 損 失 引 当 金	31	40
Reserve for reimbursement of dormant deposits	睡 眠 預 金 払 戻 損 失 引 当 金	201	140
Reserves under special laws	特 別 法 上 の 引 当 金	5	5
Deferred tax liabilities	繰 延 税 金 負 債	76	83
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	8,076
Total liabilities	負 債 の 部 合 計	2,695,864	2,718,852
<b>Net assets</b>	(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	116,995
Treasury stock	自 己 株 式	(1,398)	(1,399)
Shareholders' equity	株 主 資 本 合 計	155,991	159,587
Valuation difference on available-for-sale securities	そ の 他 有 価 証 券 評 価 差 額 金	3,142	(5,164)
Deferred losses on hedges	繰 延 ヘ ッ ジ 損 益	—	38
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)	(1,076)
Accumulated other comprehensive income	そ の 他 の 包 括 利 益 累 計 額 合 計	3,248	(4,932)
Subscription rights to shares	新 株 予 約 権	152	152
Total net assets	純 資 産 の 部 合 計	159,392	154,807
Total liabilities and net assets	負 債 及 び 純 資 産 の 部 合 計	¥2,855,256	¥2,873,660

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**

For the 1st half ended September 30, 2022

	(Japanese)	Millions of yen 2022/9
<b>Ordinary income</b>	経 常 収 益	¥27,023
Interest income:	資 金 運 用 収 益	14,521
Interest on loans and discounts	(うち貸出金利息)	12,308
Interest and dividends on securities	(うち有価証券利息配当金)	2,034
Trust fees	信 託 報 酬	39
Fees and commissions	役 務 取 引 等 収 益	2,699
Other ordinary income	そ の 他 業 務 収 益	7,732
Other income	そ の 他 経 常 収 益	2,030
<b>Ordinary expenses</b>	経 常 費 用	20,909
Interest expenses:	資 金 調 達 費 用	165
Interest on deposits	(うち預金利息)	94
Fees and commissions payments	役 務 取 引 等 費 用	1,494
Other ordinary expenses	そ の 他 業 務 費 用	7,065
General and administrative expenses	営 業 経 費	11,881
Other expenses	そ の 他 経 常 費 用	302
Ordinary profit	経 常 利 益	6,114
<b>Extraordinary income</b>	特 別 利 益	0
Gain on disposal of noncurrent assets	固 定 資 産 処 分 益	0
<b>Extraordinary loss</b>	特 別 損 失	54
Loss on disposal of noncurrent assets	固 定 資 産 処 分 損	54
Income before income taxes	税 金 等 調 整 前 中 間 純 利 益	6,060
Income taxes – current	法 人 税、住 民 税 及 び 事 業 税	1,488
Income taxes – deferred	法 人 税 等 調 整 額	154
Total income taxes	法 人 税 等 合 計	1,642
Net income	中 間 純 利 益	4,417
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益	¥4,417



## Consolidated Statements of Comprehensive Income

For the 1st half ended September 30, 2022

	<i>(Japanese)</i>	Millions of yen 2022/9
Net income	中 間 純 利 益	¥4,417
Other comprehensive income	そ の 他 の 包 括 利 益	(8,180)
Valuation difference on available-for-sale securities	そ の 他 有 価 証 券 評 価 差 額 金	(8,307)
Deferred losses on hedges	繰 延 ヘ ッ ジ 損 益	38
Remeasurements of defined benefit plans	退 職 給 付 に 係 る 調 整 額	88
Comprehensive income	中 間 包 括 利 益	(3,762)
Comprehensive income attributable to owners of the parent	親 会 社 株 主 に 係 る 中 間 包 括 利 益	(3,762)

### (3) Consolidated Statements of Changes in Net Assets

For the 1st half ended September 30, 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	20,000	23,991	113,398	(1,398)	155,991
Changes during the period	当 中 間 期 変 動 額					
Dividends from surplus	剰 余 金 の 配 当			(820)		(820)
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益			4,417		4,417
Purchase of treasury stock	自 己 株 式 の 取 得				(1)	(1)
Net changes in items other than shareholders' equity	株主資本以外の項目の当中間期変動額(純額)					
Total changes during the period	当 中 間 期 変 動 額 合 計	—	—	3,597	(1)	3,596
Balance at the end of the current period	当 中 間 期 末 残 高	20,000	23,991	116,995	(1,399)	159,587

	(Japanese)	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
		その他の包括利益累計額						
		Valuation difference on available-for-sale securities	Deferred losses on hedges	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	繰延ヘッジ損益	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 中 間 期 変 動 額							
Dividends from surplus	剰 余 金 の 配 当							(820)
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益							4,417
Purchase of treasury stock	自 己 株 式 の 取 得							(1)
Net changes in items other than shareholders' equity	株主資本以外の項目の当中間期変動額(純額)	(8,307)	38	—	88	(8,180)	—	(8,180)
Total changes during the period	当 中 間 期 変 動 額 合 計	(8,307)	38	—	88	(8,180)	—	(4,584)
Balance at the end of the current period	当 中 間 期 末 残 高	(5,164)	38	1,270	(1,076)	(4,932)	152	154,807

## (4) Consolidated Statements of Cash Flows

For the 1st half ended September 30, 2022

	(Japanese)	Millions of yen 2022/9
<b>Cash flows from operating activities</b>	営業活動によるキャッシュ・フロー	
Income before income taxes	税金等調整前中間純利益	¥6,060
Depreciation and amortization	減価償却費	1,006
Change in allowance for loan losses	貸倒引当金の増減(△)	(392)
Change in provision for bonuses	賞与引当金の増減額(△は減少)	27
Change in provision for directors' bonuses	役員賞与引当金の増減額(△は減少)	(12)
Change in net defined benefit liability	退職給付に係る負債の増減額(△は減少)	117
Change in provision for directors' retirement benefits	役員退職慰労引当金の増減額(△は減少)	(13)
Change in reserve for compensation for trust principal losses	信託元本補填引当金の増減(△)	(1)
Change in reserve for losses on interest refund	利息返還損失引当金の増減額(△は減少)	8
Change in reserve for reimbursement of dormant deposits	睡眠預金払戻損失引当金の増減(△)	(60)
Interest income	資金運用収益	(14,521)
Interest expenses	資金調達費用	165
Losses related to securities transactions	有価証券関係損益(△)	70
Loss on disposal of noncurrent assets	固定資産処分損益(△は益)	54
Net change in loans and bills discounted	貸出金の純増(△)減	(25,529)
Net change in deposits	預金の純増減(△)	80,158
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(△)	(58,321)
Net change in call loans and others	コールローン等の純増(△)減	(1,083)
Net change in foreign exchange – assets	外国為替(資産)の純増(△)減	(909)
Net change in foreign exchange – liabilities	外国為替(負債)の純増減(△)	14
Net change in due to trust account	信託勘定借の純増減(△)	(883)
Interest received	資金運用による収入	14,601
Interest paid	資金調達による支出	(180)
Other	その他	(1,210)
Subtotal	小計	(834)
Income taxes paid	法人税等の支払額	(2,252)
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	(2,639)
<b>Cash flows from investing activities</b>	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	(101,837)
Proceeds from sales of securities	有価証券の売却による収入	29,724
Proceeds from maturities of securities	有価証券の償還による収入	34,256
Purchases of tangible fixed assets	有形固定資産の取得による支出	(233)
Proceeds from sales of tangible fixed assets	有形固定資産の売却による収入	116
Purchases of intangible assets	無形固定資産の取得による支出	(830)
Net cash used in investing activities	投資活動によるキャッシュ・フロー	(38,803)
<b>Cash flows from financing activities</b>	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	(820)
Purchase of treasury stock	自己株式の取得による支出	(1)
Net cash used in financing activities	財務活動によるキャッシュ・フロー	(821)
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	1,110
Net change in cash and cash equivalents	現金及び現金同等物の増減額(△は減少)	(41,154)
Cash and cash equivalents at beginning of the current period	現金及び現金同等物の期首残高	590,636
Cash and cash equivalents at end of the current period	現金及び現金同等物の中間期末残高	¥549,482

## **(5) Notes to Interim Consolidated Financial Statements**

(Notes on Premise of Going Concern)

Not applicable

(Changes in Accounting Policies)

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter, "Fair Value Measurement Implementation Guidance") from the beginning of the first half ended September 30, 2022, and the new accounting policy stipulated in the Fair Value Measurement Implementation Guidance will apply prospectively in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance.

The adoption of this implementation guidance has no impact on the interim consolidated financial statements.

(Additional Information)

(Impact of COVID-19 on allowance for loan losses)

The COVID-19 pandemic is expected to continue to affect the economy for some time to come. Given this expectation, we assume that there will be a significant impact on the credit risk of loans and bills discounted and so forth for the Group's specific portfolios. In accordance with this assumption, in order to provide for anticipated losses, we have estimated the deterioration of anticipated future operating performance, and have recorded an allowance for loan losses for specific portfolios using the anticipated loss rate, calculated by modifying the historical loan loss ratio. These assumptions are uncertain, and the allowance for loan losses may increase or decrease going forward if the COVID-19 situation or the impact on the future operating performance of a particular industry changes.

## (6) (Reference) Trust Assets and Liabilities

Among consolidated companies, only one company, The Bank of Okinawa, Ltd., operates a trust business in accordance with the Act on Engagement in Trust Business by Financial Institutions.

(Millions of yen)

Assets			
資産			
Items		Consolidated result from previous fiscal year (As of March 31, 2022)	Consolidated result from reporting fiscal year (As of September 30, 2022)
科目		前連結会計年度 (2022年3月31日)	当中間連結会計期間 (2022年9月30日)
Loans and bills discounted	貸 出 金	1,081	1,010
Other receivables	そ の 他 債 権	0	0
Loaned money from banking account	銀 行 勘 定 貸	12,559	11,675
Total	合 計	13,641	12,687

(Millions of yen)

Liabilities			
負債			
Items		Consolidated result from previous fiscal year (As of March 31, 2022)	Consolidated result from reporting fiscal year (As of September 30, 2022)
科目		前連結会計年度 (2022年3月31日)	当中間連結会計期間 (2022年9月30日)
Money held in trust	金 銭 信 託	13,641	12,687
Total	合 計	13,641	12,687