

Flash Report for the Year Ended March 31, 2022 <Under Japanese GAAP>

May 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/>
 Representative: Masayasu Yamashiro, President and Representative Director
 Contact: Toru Uchima, General Manager, General Planning Division
 Phone: +81-98-860-2141
 Scheduled date for annual general meeting of shareholders: June 24, 2022
 Scheduled date for submission of Securities Report: June 28, 2022
 Date for initiation of dividend payments (subject to change): June 27, 2022
 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, 2022 (April 1, 2021 to March 31, 2022)

(1) Operating results (¥ million)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Year ended March 31, 2022	¥50,480	—%	¥8,004	—%	¥5,012	—%
Year ended March 31, 2021	¥—	—%	¥—	—%	¥—	—%

Notes: 1. Comprehensive income

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

Year ended March 31, 2021: ¥— 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, 2022	¥211.53	¥211.12	3.1%	0.2%	15.8%
Year ended March 31, 2021	¥—	¥—	—%	—%	—%

Reference: Earnings from investments in equity-method affiliates

Year ended March 31, 2022: ¥— million

Year ended March 31, 2021: ¥— million

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

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2022	¥2,855,256	¥159,392	5.5%	¥6,829.18
As of March 31, 2021	¥—	¥—	—%	¥—

Reference: Owners' equity

As of March 31, 2022: ¥159,239 million

As of March 31, 2021: ¥— million

Notes 1. 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. As the Company was established on October 1, 2021, figures as of March 31, 2021 are not presented.

(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, 2022	¥188,081	¥(48,787)	¥(4,096)	¥590,636
Year ended March 31, 2021	¥—	¥—	¥—	¥—

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

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, 2021	—	—	—	—	—	—	—%	—%
Year ended March 31, 2022	—	—	—	35.00	35.00	820	16.6%	0.5%
Year ending March 31, 2023 (forecast)	—	40.00	—	35.00	75.00		35.8%	

Notes 1. As the Company was established on October 1, 2021, figures for the year ended March 31, 2021 and those 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 ending March 31, 2023 (forecast) 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 (¥)
First half	¥24,700	—%	¥3,700	—%	¥2,400	—%	¥—
Full term	¥49,400	(2.1)%	¥7,500	(6.2)%	¥4,900	(2.2)%	¥210.14

Note: Percentage figures represent year-on-year comparisons. As the Company was established on October 1, 2021, year-on-year comparison percentages for the first half of the year ending March 31, 2023 are not presented.

***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 Consolidated Financial Statements (Changes in accounting policies)” on page 10 of Appendix.

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

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

As of March 31, 2021: —shares

Number of treasury shares at the end of the period

As of March 31, 2022: 558,879 shares

As of March 31, 2021: —shares

Average number of shares during the period

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

Year ended March 31, 2021: —shares

Notes 1. As the Company was established on October 1, 2021, figures for the year ended March 31, 2021 are not presented.

2. As the Company is a company established on October 1, 2021 through a sole share transfer, the average number of ordinary shares during the period 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. For details, please refer to “1. Overview of Operating Results etc., (1) Overview of Operating Results,” on page 2 of Appendix.

Consolidated Balance Sheets

As of March 31, 2022

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

(Continued)

Millions of yen

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

Consolidated Statements of Income

For the year ended March 31, 2022

Millions of yen

	(Japanese)	2022
Ordinary income	経 常 収 益	¥50,480
Interest income:	資 金 運 用 収 益	28,174
Interest on loans and discounts	貸 出 金 利 息	24,821
Interest and dividends on securities	有 価 証 券 利 息 配 当 金	3,026
Interest on call loans and bills bought	コ ー ル ロ ー ン 利 息 及 び 買 入 手 形 利 息	(6)
Interest on deposits with banks	預 け 金 利 息	306
Other interest income	そ の 他 の 受 入 利 息	25
Trust fees	信 託 報 酬	85
Fees and commissions	役 務 取 引 等 収 益	5,321
Other ordinary income	そ の 他 業 務 収 益	14,536
Other income:	そ の 他 経 常 収 益	2,363
Recoveries of written-off claims	償 却 債 権 取 立 益	827
Reversal of reserve for compensation for trust principal losses	信 託 元 本 補 填 引 当 金 戻 入 益	0
Other ordinary income	そ の 他 の 経 常 収 益	1,536
Ordinary expenses	経 常 費 用	42,476
Interest expenses:	資 金 調 達 費 用	292
Interest on deposits	預 金 利 息	153
Interest on call money and bills sold	コ ー ル マ ネ ー 利 息 及 び 売 渡 手 形 利 息	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 用 金 利 息	40
Other interest expenses	そ の 他 の 支 払 利 息	97
Fees and commissions payments	役 務 取 引 等 費 用	2,941
Other ordinary expenses	そ の 他 業 務 費 用	11,847
General and administrative expenses	営 業 経 費	24,478
Other expenses:	そ の 他 経 常 費 用	2,916
Provision of allowance for loans losses	貸 倒 引 当 金 繰 入 額	1,705
Other	そ の 他 の 経 常 費 用	1,211
Ordinary profit	経 常 利 益	8,004
Extraordinary income	特 別 利 益	8
Gain on disposal of noncurrent assets	固 定 資 産 処 分 益	8
Extraordinary loss	特 別 損 失	35
Loss on disposal of noncurrent assets	固 定 資 産 処 分 損	35
Income before income taxes	税 金 等 調 整 前 当 期 純 利 益	7,976
Income taxes – current	法 人 税、住 民 税 及 び 事 業 税	2,892
Income taxes – deferred	法 人 税 等 調 整 額	8
Total income taxes	法 人 税 等 合 計	2,901
Net income	当 期 純 利 益	5,075
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

Consolidated Statements of Comprehensive Income

For the year ended March 31, 2022

		Millions of yen
	(Japanese)	2022
Net income	当期純利益	¥5,075
Other comprehensive income	その他の包括利益	(5,171)
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(4,994)
Remeasurements of defined benefit plans	退職給付に係る調整額	(177)
Comprehensive income	包括利益	(96)
Comprehensive income attributable to owners of the parent	親会社株主に係る包括利益	(157)
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

Consolidated Statements of Cash Flows

For the year ended March 31, 2022

Millions of yen

	(Japanese)	2022
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
Depreciation and amortization	減価償却費	2,113
Change in allowance for loan losses	貸倒引当金の増減(Δ)	1,514
Change in provision for bonuses	賞与引当金の増減額(Δは減少)	11
Change in net defined benefit liability	退職給付に係る負債の増減額(Δは減少)	125
Change in provision for directors' retirement benefits	役員退職慰労引当金の増減額(Δは減少)	10
Change in provision for stock-based compensation	株式報酬引当金の増減(Δは減少)	27
Change in reserve for compensation for trust principal losses	信託元本補填引当金の増減(Δ)	(0)
Change in reserve for losses on interest refund	利息返還損失引当金の増減額(Δは減少)	(15)
Change in reserve for reimbursement of dormant deposits	睡眠預金払戻損失引当金の増減(Δ)	(46)
Interest income	資金運用収益	(28,174)
Interest expenses	資金調達費用	292
Losses related to securities transactions	有価証券関係損益(Δ)	(261)
Loss on disposal of noncurrent assets	固定資産処分損益(Δは益)	27
Net change in loans and bills discounted	貸出金の純増(Δ)減	(6,876)
Net change in deposits	預金の純増減(Δ)	126,447
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(Δ)	63,466
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(Δ)減	210
Net change in call loans and others	コールローン等の純増(Δ)減	63
Net change in foreign exchange – assets	外国為替(資産)の純増(Δ)減	(1,882)
Net change in foreign exchange – liabilities	外国為替(負債)の純増減(Δ)	18
Net change in due to trust account	信託勘定借の純増減(Δ)	(2,676)
Interest received	資金運用による収入	28,121
Interest paid	資金調達による支出	(367)
Other	その他	68
Subtotal	小計	190,194
Income taxes paid	法人税等の支払額	(2,112)
Net cash provided by operating activities	営業活動によるキャッシュ・フロー	188,081
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)
Proceeds from sales of securities	有価証券の売却による収入	25,428
Proceeds from maturities of securities	有価証券の償還による収入	54,384
Purchases of tangible fixed assets	有形固定資産の取得による支出	(2,998)
Proceeds from sales of tangible fixed assets	有形固定資産の売却による収入	281
Purchases of intangible assets	無形固定資産の取得による支出	(1,226)
Net cash used in investing activities	投資活動によるキャッシュ・フロー	(48,787)

Millions of yen

	(Japanese)	2022
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)
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)
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)
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
Net change in cash and cash equivalents	現金及び現金同等物の増減額(Δは減少)	135,740
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
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