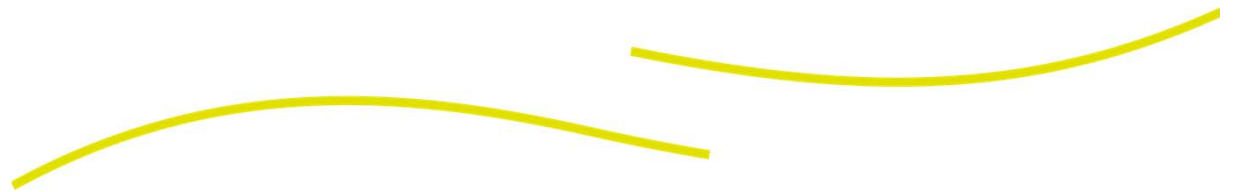


Okinawa Financial Group Results Briefing Materials



March 2023

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1

Performance Summary



(1) Performance Highlights for FY2022

OFG (Consolidated)

FY2022 Business Performance

¥ million

	FY2022	YoY
Ordinary income	52,687	2,207
Gross business profit	31,418	(1,617)
Interest income	29,185	1,303
Fees and commissions	2,771	391
Other business profit	(617)	(3,306)
Operating expenses	23,514	(964)
Credit cost	1,619	(532)
Net gains (losses) on equity securities	1,391	912
Ordinary profit	8,581	576
Extraordinary gains (losses)	(55)	(28)
Total income taxes	2,690	(210)
Net income attributable to owners of the parent	5,835	822

Business performance points

● Ordinary income

- Increased by ¥2,207 million year on year to **¥52,687 million**, mainly due to increases in interest and dividends on securities, gain on sales of stocks and other securities, and fees and commissions, despite decreases in recoveries of written-off claims, gains on foreign exchange transactions, and net gain on trading securities transactions.

● Ordinary profit

- Increased by ¥576 million year on year to **¥8,581 million**, mainly due to decreases in operating expenses, loss on sale of equity securities and credit cost, despite an increase in loss on sale of bonds.

Revenues and earnings both increased for the first time in four fiscal years due to the above factors.

● Net income attributable to owners of the parent

- Increased by ¥822 million year on year to **¥5,835 million**.

(2) Outline of Results of Major Group Companies

Major Group Companies

The Bank of Okinawa

	(¥ million)		
	FY22	FY21	YoY change
Ordinary income	37,787	35,725	2,062
Gross business profit	28,099	29,719	(1,620)
Net interest income	29,116	27,798	1,318
Gains (losses) on cancellation of investment trusts	719	107	611
Net fees and commissions	2,130	1,839	291
Other business profit	(3,147)	82	(3,229)
Expenses (excluding non-recurrent items)	21,249	22,224	(975)
Personnel expenses	9,070	9,643	(572)
Non-personnel expenses	10,647	10,895	(248)
Real net business profit	6,850	7,495	(644)
Business profit on core banking operations	9,945	7,670	2,275
Excluding gains (losses) on cancellation of investment trusts	9,226	7,562	1,663
Provision of general allowance for possible loan losses	(89)	380	(470)
Net business profit	6,940	7,114	(174)
Non-recurrent items	279	(314)	593
Recoveries of written-off claims	123	602	(478)
Net gains (losses) on equity securities	1,391	361	1,029
Bad debt disposal	1,629	1,439	189
Ordinary profit	7,219	6,799	419
Extraordinary gains (losses)	(57)	126	(183)
Income before income taxes	7,161	6,925	235
Total income taxes	2,094	2,311	(216)
Net income	5,066	4,614	451

Business performance points

Ordinary income

Increased by ¥2,062 million year on year to **¥37,787 million**, mainly due to increases in interest and dividends on securities, gain on sales of stocks and other securities and other commission received, despite decreases in recoveries of written-off claims and gains on foreign exchange transactions (**increased revenues**)

Business profit on core banking operations

Increased by ¥2,275 million year on year to **¥9,945 million**, mainly due to an increase in net interest income and a decrease in expenses

Ordinary profit

Increased by ¥419 million year on year to **¥7,219 million**, mainly due to an increase in net gains on equity securities and a decrease in credit cost (**increased earnings**)

Revenues and earnings both increased due to the above factors.

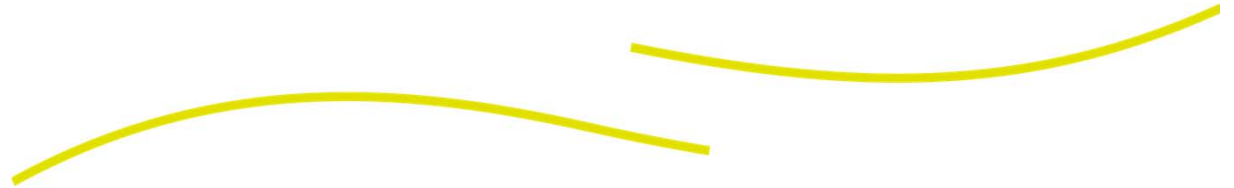
Major Group companies

¥ million

Company name	FY2022			
	Ordinary profit	YoY	Net income	YoY
Okigin General Lease	602	489	513	564
Okigin JCB	321	113	207	(35)
Okigin SPO	72	37	48	20
Okigin Securities	30	(179)	4	(341)

2

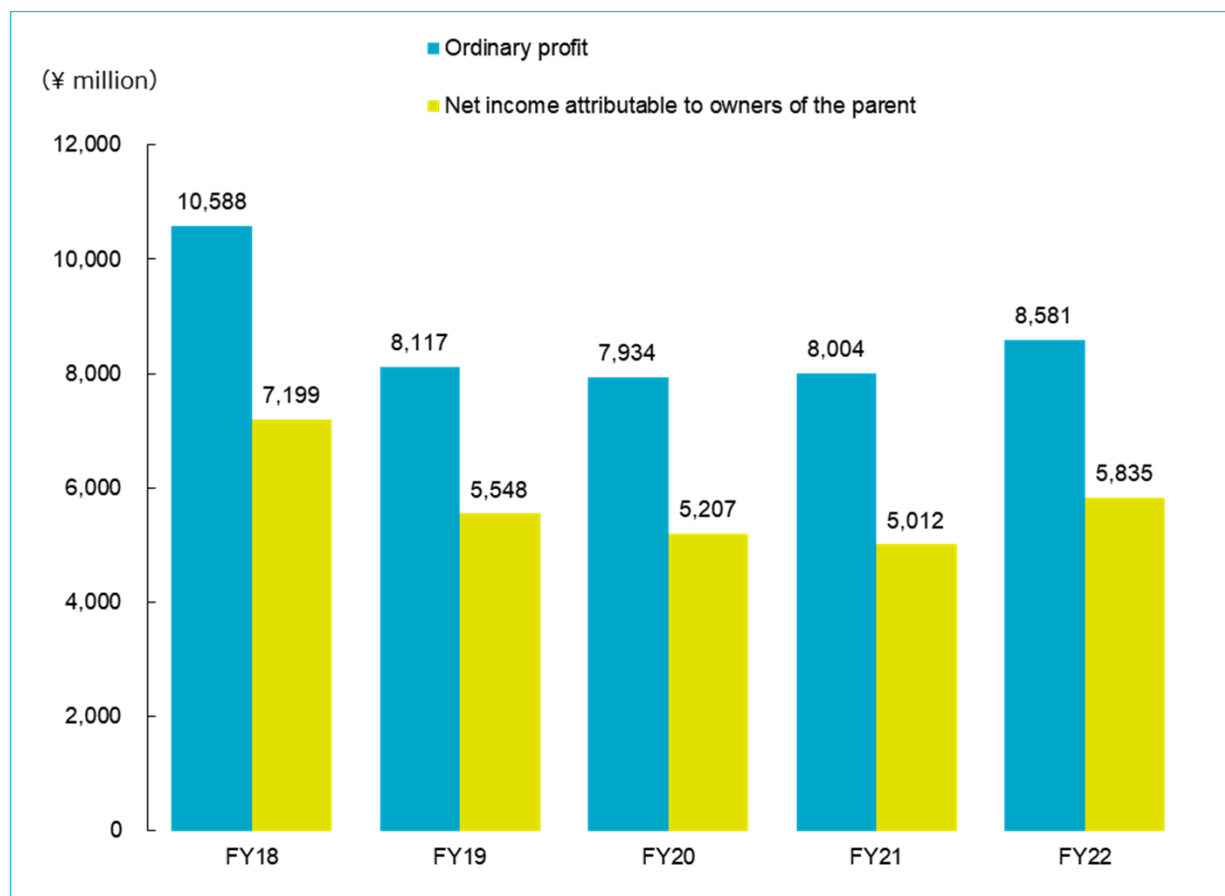
Outline of Business Results for FY2022 (i) [OFG, Consolidated]



(1) Ordinary Profit and Net Income Attributable to Owners of the Parent

OFG (Consolidated)

- Ordinary profit increased by ¥576 million year on year to ¥8,581 million, mainly due to an increase in interest income and a decrease in credit cost, despite a decrease in other business profit
- Net income attributable to owners of the parent increased by ¥822 million year on year to ¥5,835 million

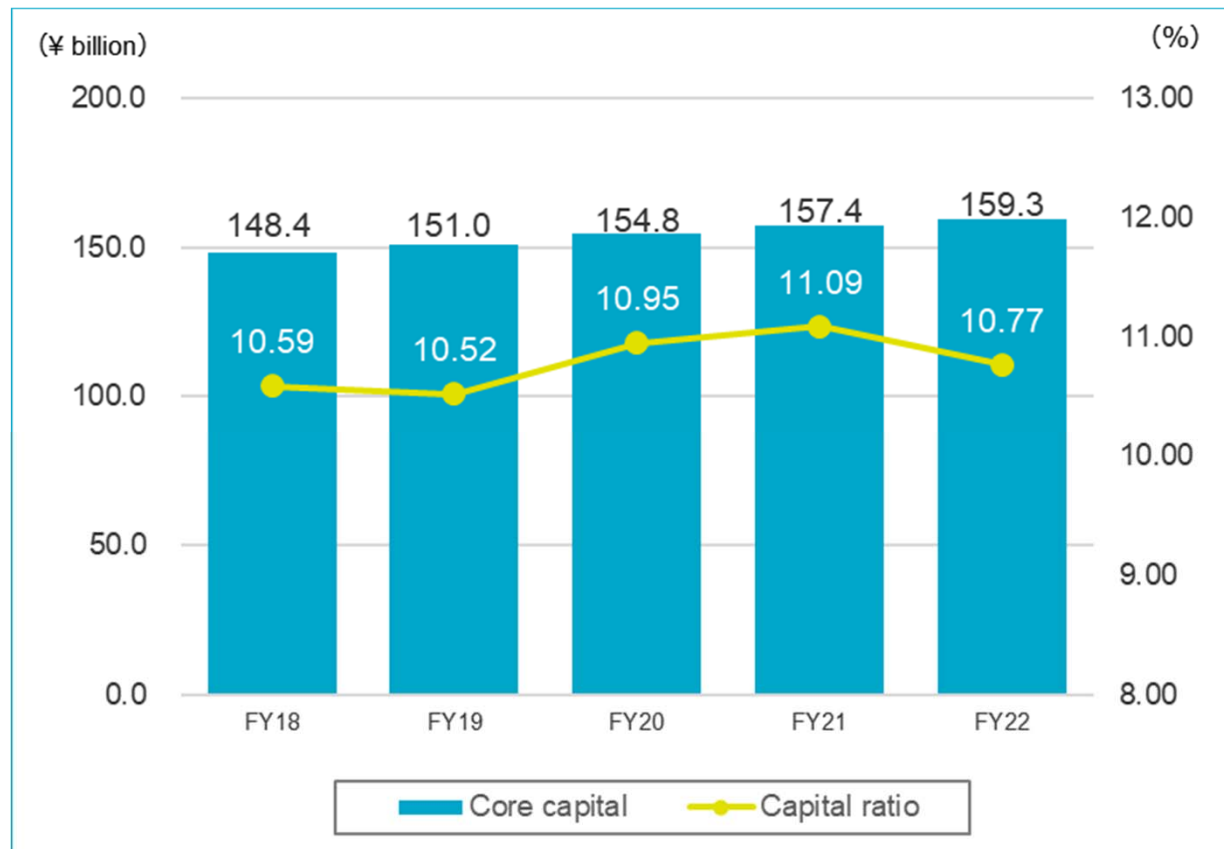


* As the Company was founded on October 1, 2021, consolidated figures for The Bank of Okinawa, Ltd. are provided for the periods prior to March 31, 2021 for reference.

(2) Capital Ratio

OFG (Consolidated)

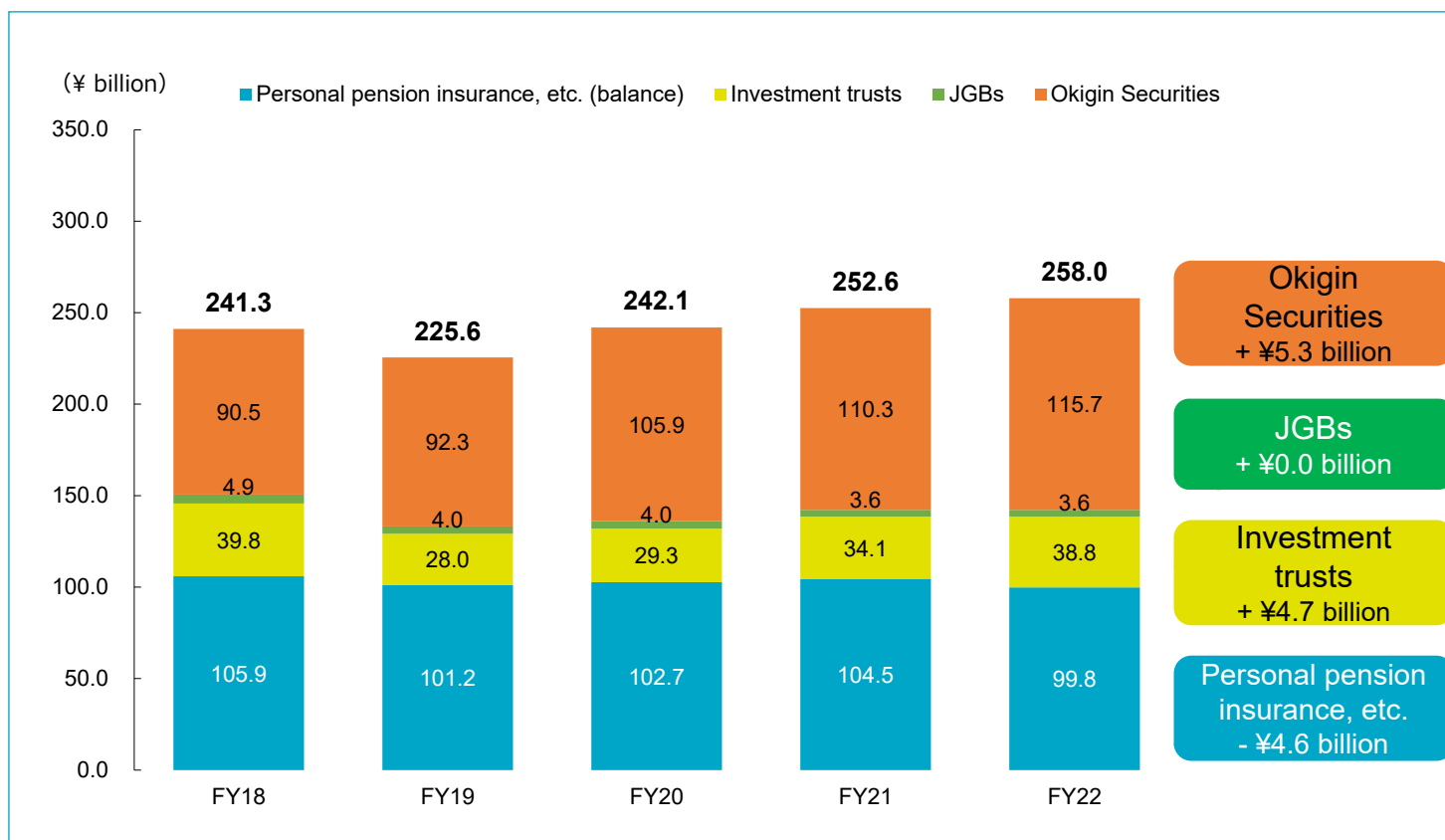
- Capital ratio (domestic standard) at 10.77%
- The capital ratio has declined due to an increase in risk-weighted assets, but soundness has been secured.



* As the Company was founded on October 1, 2021, consolidated figures for The Bank of Okinawa, Ltd. are provided for the periods prior to March 31, 2021 for reference.

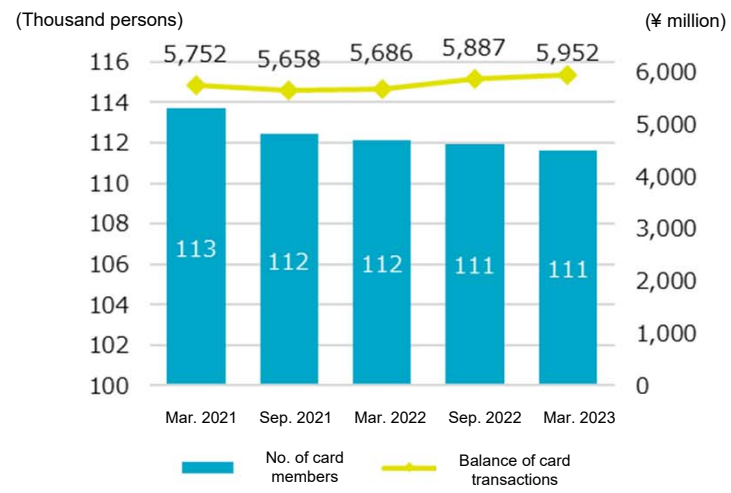
(3) Assets in Custody

- Assets in custody as a whole (The Bank of Okinawa + Okigin Securities) increased by ¥5.4 billion from the end of the previous fiscal year, mainly due to increases in investment trusts and assets in custody at Okigin Securities, despite a decrease in personal pension insurance, etc.

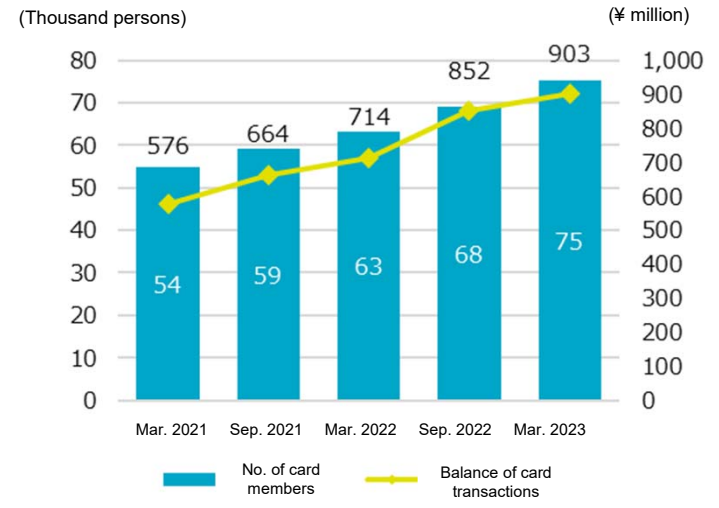


(4) Cashless Services

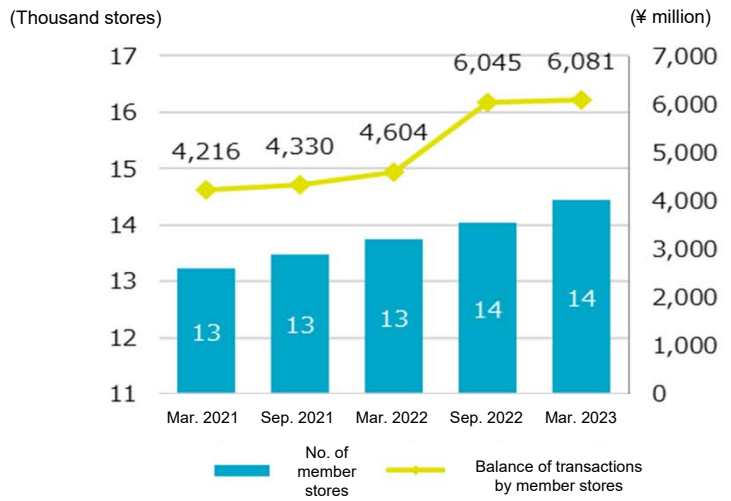
No. of JCB card members and transaction amount



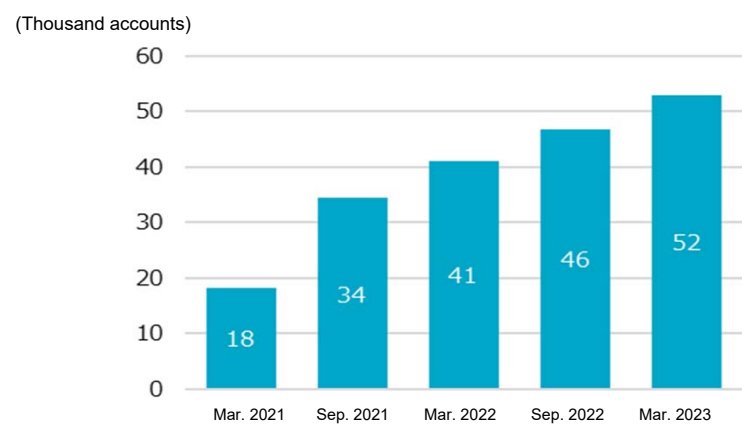
No. of JCB debit members and transaction amount



No. of JCB member stores and net sales



No. of OKI Pay registered accounts



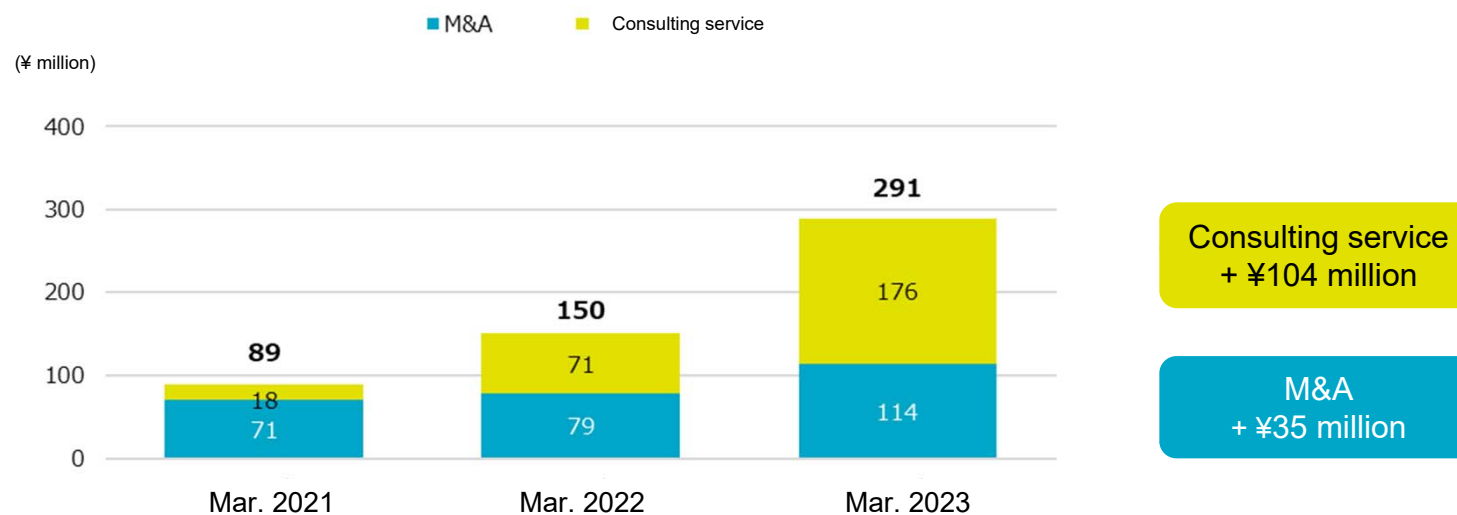
*Transaction amount and net sales: Monthly average amount used for each fiscal year to which the indicated months belong

(5) Income from Customer Supporting Businesses

The Bank of Okinawa + Future Okinawa

- The Company actively engages in non-financial supporting services by leveraging group synergies. M&A and consulting services for the current fiscal year have been solid since the establishment of Future Okinawa, with a year-on-year increase of ¥140 million.

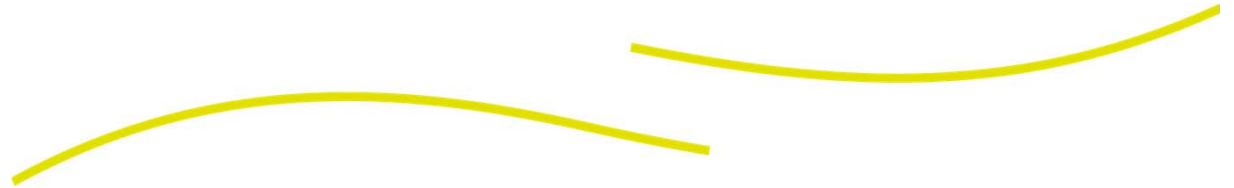
Income from Customer Supporting Businesses



* Future Okinawa Co., Ltd., a subsidiary of The Bank of Okinawa, was established in June 2021.

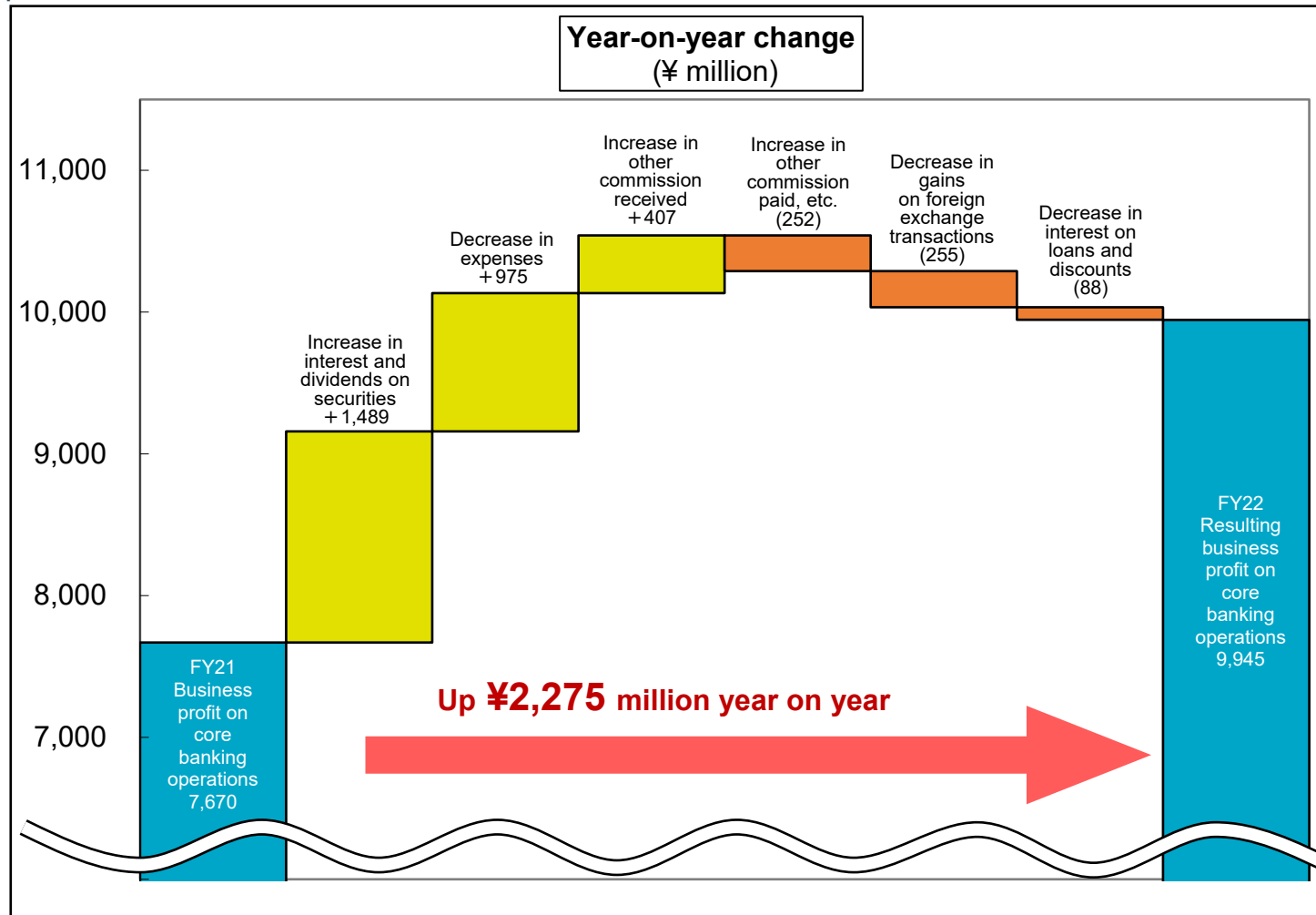
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Outline of Business Results for FY2022 (ii) [The Bank of Okinawa, Non-consolidated]



(1) Changes in Business Profit on Core Banking Operations

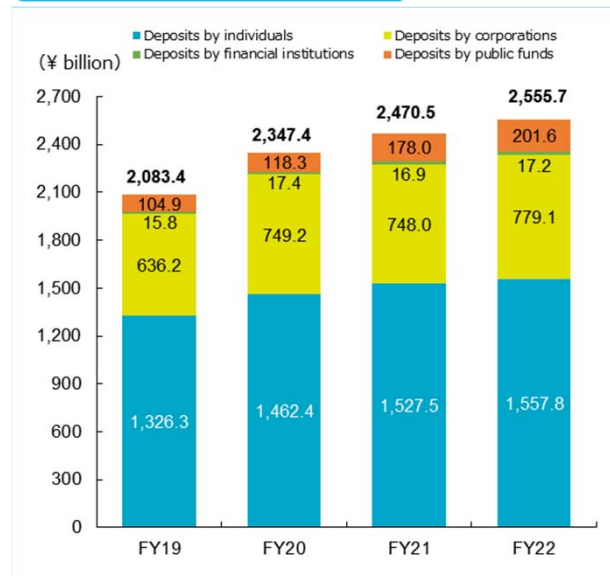
- Business profit on core banking operations increased by ¥2,275 million year on year to ¥9,945 million, mainly due to an increase in interest and dividends on securities and a decrease in expenses.



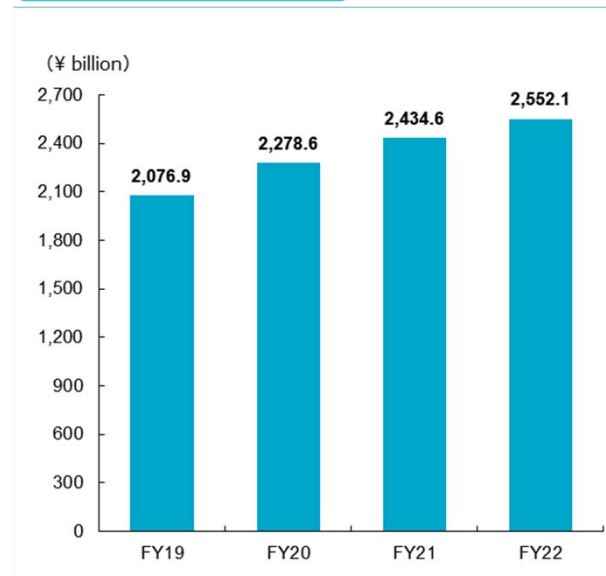
(2) Deposits (Term-End Balance/Average Balance)

- The term-end balance of total deposits rose by ¥85.2 billion (+3.45%) from the end of the previous fiscal year, to ¥2,555.7 billion.
- Deposits by individuals rose by ¥30.3 billion, deposits by corporations rose by ¥31.1 billion and public funds rose by ¥23.6 billion.

Term-end balance



Average balance



Deposits by individuals

- Increases in acceptance of salary payment, pension and retirement bonus
- Results are attributable to a moderate recovery in consumption activities resulting from the impact of COVID-19

Deposits by corporations

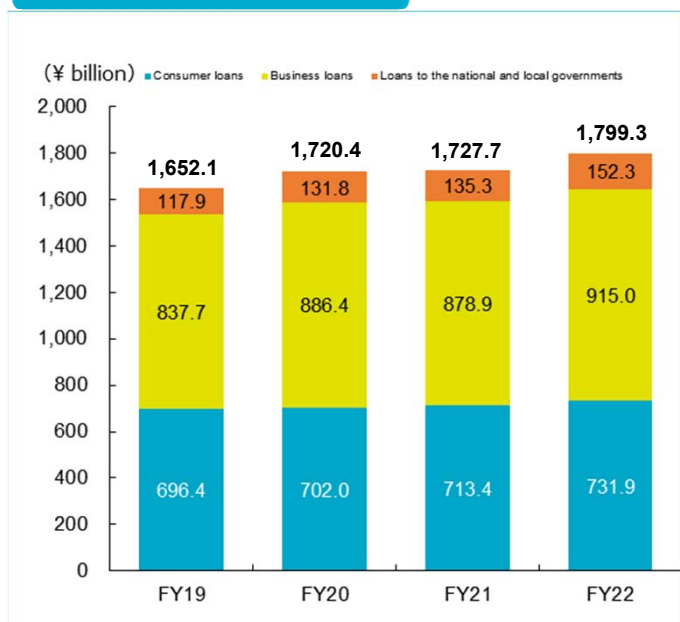
- Increased due to enhanced function to trace funds by “Strong Relations Plan”
- Increased due to resumption of economic activities

*Including trust accounts.

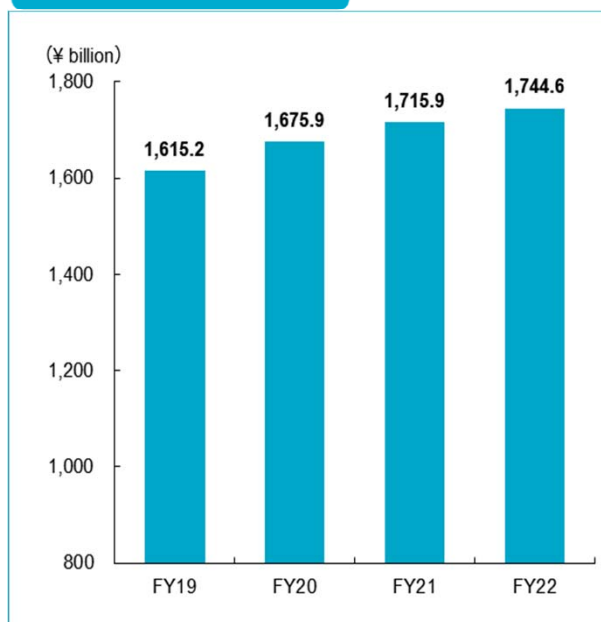
(3) Loans (Term-End Balance/Average Balance)

- The term-end balance of total loans and bills discounted rose by ¥71.5 billion (+4.14%) from the end of the previous fiscal year, to ¥1,799.3 billion.
- Business loans increased by ¥36.1 billion, and consumer loans rose by ¥18.4 billion.

Term-end balance



Average balance



Factors for increase in business loans

Based on business evaluation,
 • Active promotion of loans to address funding demand associated with resumption of economic activities
 • Ongoing financial support amid the COVID-19 impact

Factors for increase in consumer loans

Increase in housing / condominium loans due to strengthened relationships with partners and the continuous sales promotion, such as speedy examination of loans

*Including trust accounts.

(4) Consumer Loans (Term-End Balance)

- Consumer loans rose by ¥18.4 billion (+2.59%) from the end of the previous fiscal year to ¥731.9 billion.
- Of these, housing loans rose by ¥16.7 billion and other loans rose by ¥1.7 billion.

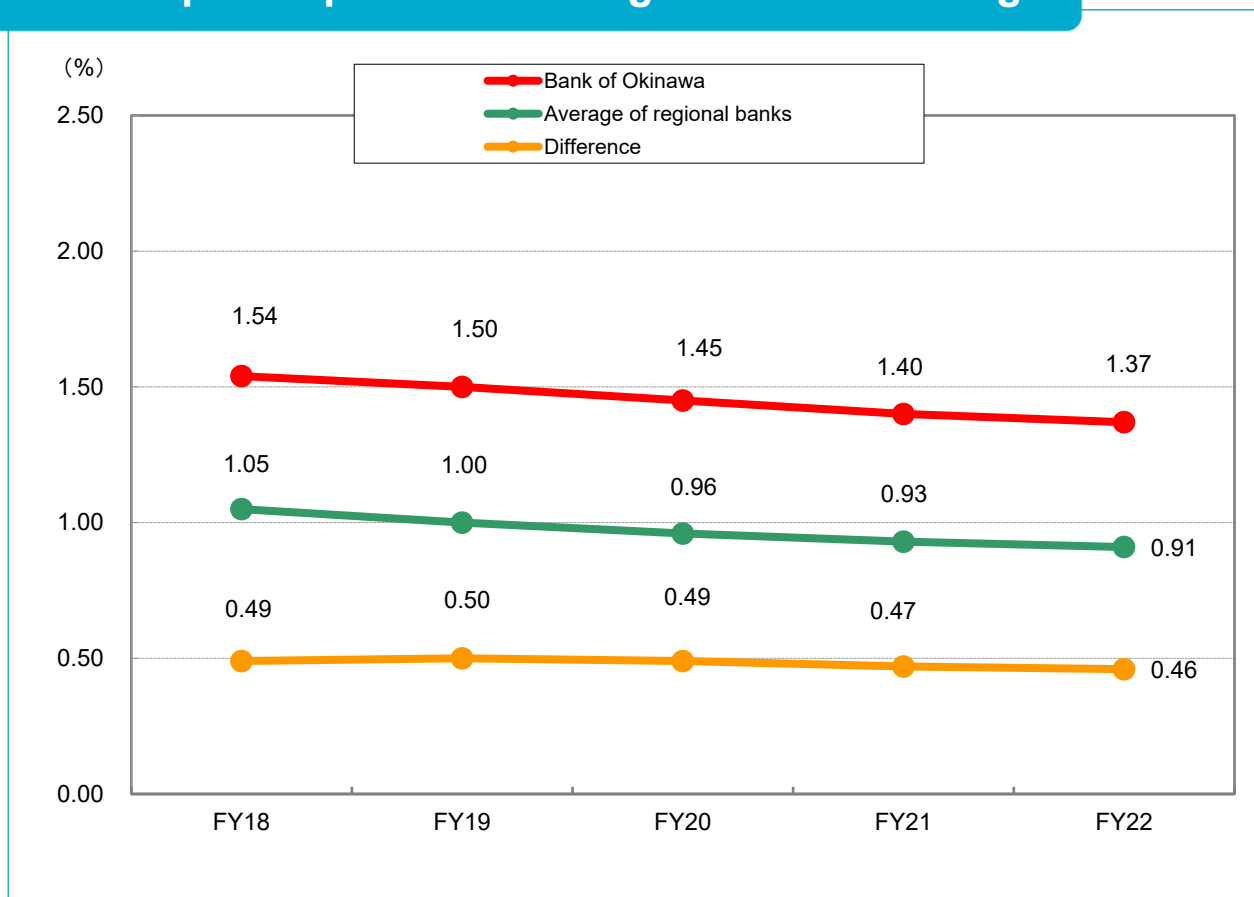


*Including trust accounts.

*Consumer loans: Loans provided as funds closely tied to customer lifestyles. Typically referred to as personal loans or consumer loans

(5) Loan / Deposit Spreads (Domestic)

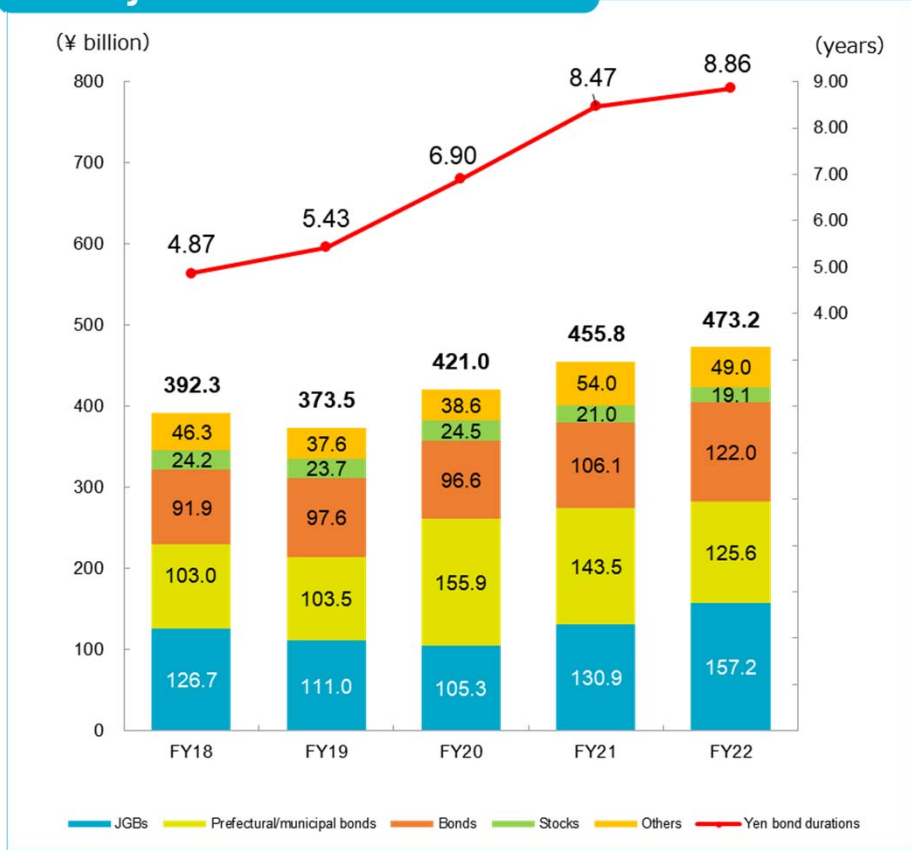
Loan / Deposit Spreads with Regional Bank Averages



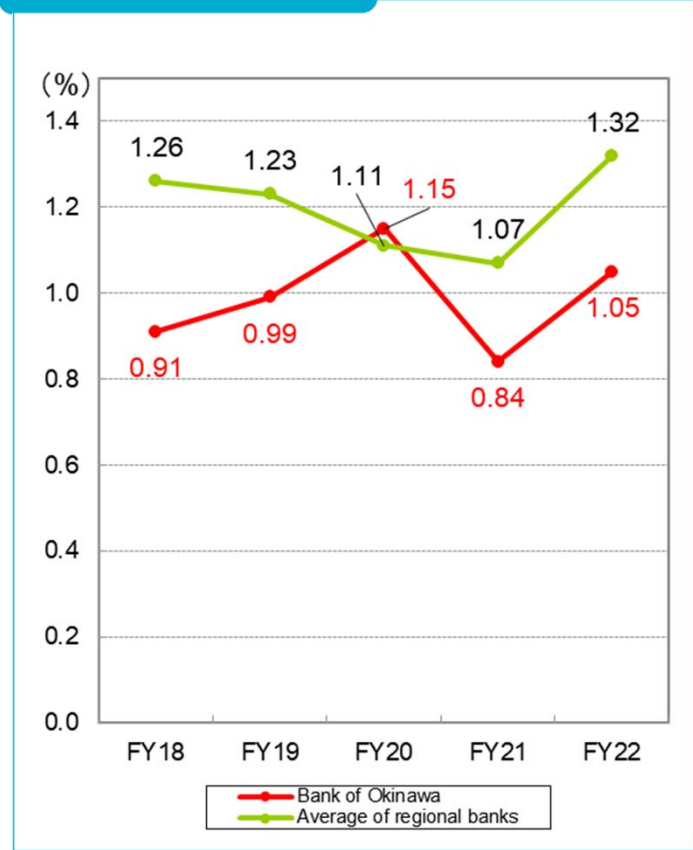
Averages of regional banks are prepared by the Bank based on the financial results of regional banks posted on the website of the Regional Banks Association of Japan. However, because data for the fiscal year (ending March 31) is published in June each year, the average of regional banks for FY22 1H is used for FY22.

(6) Securities (Term-End Balance)

Term-end balance and yen bond durations



Yield on securities

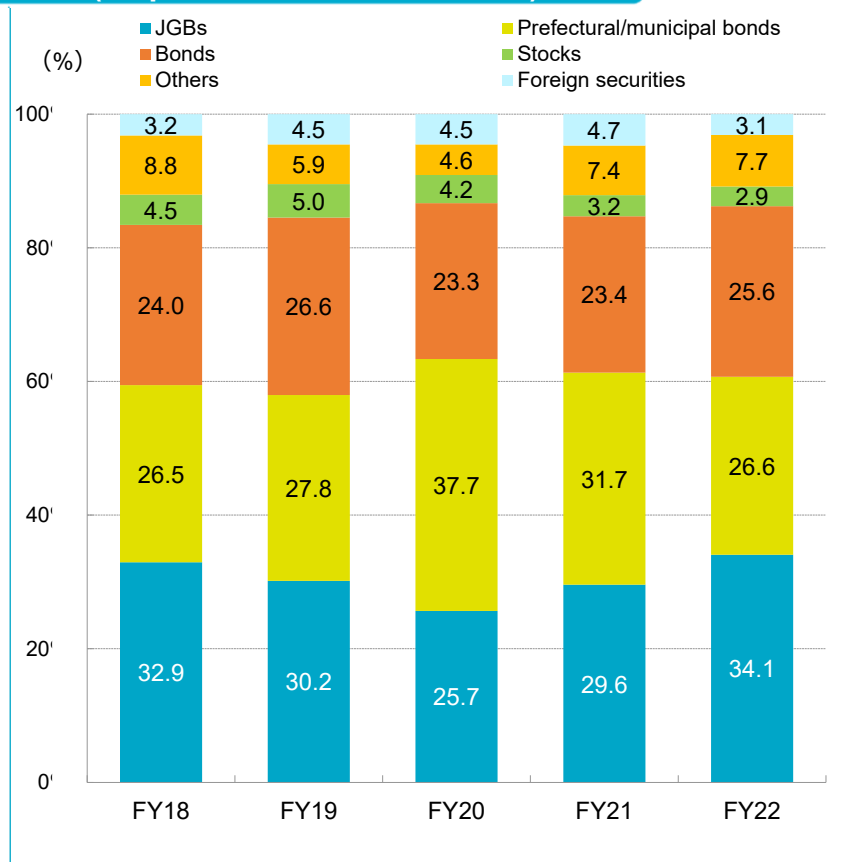


*Please see P17 for details on the calculation of averages of regional banks

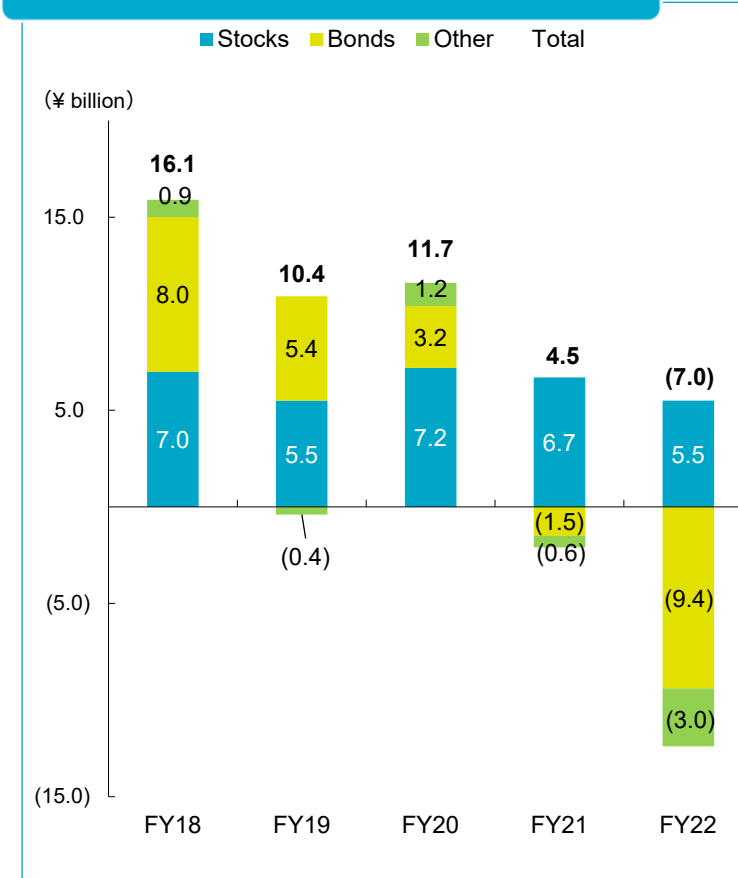
(7) Securities Allocation and Changes in Valuation Gain/Loss

- Continuation of rebalancing from yen bond holdings. Gain on valuation of securities decreased by ¥11.6 billion year on year, to ¥(7.0) billion.

Securities composition percentage
(acquisition cost at term-end)

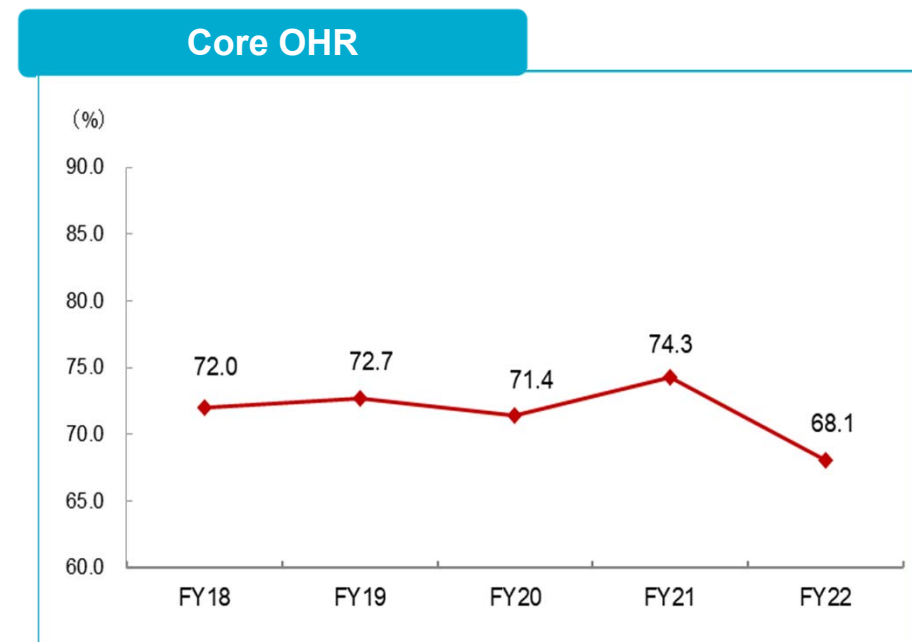
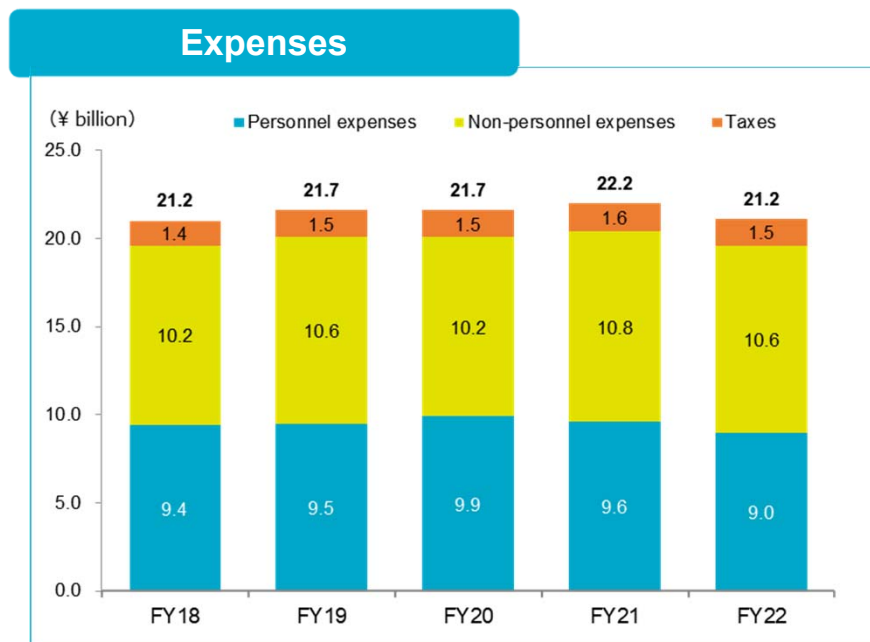


Gain (loss) on valuation of securities



(8) Expenses

- Expenses decreased by ¥975 million year on year due to decreases in personnel expenses and non-personnel expenses.
- Core OHR was 68.1%, down 6.2 percentage points year on year, partly due to the increase in business profit on core banking operations.



Decrease in
personnel
expenses

Decrease in
non-personnel
expenses

Decrease in
Core OHR

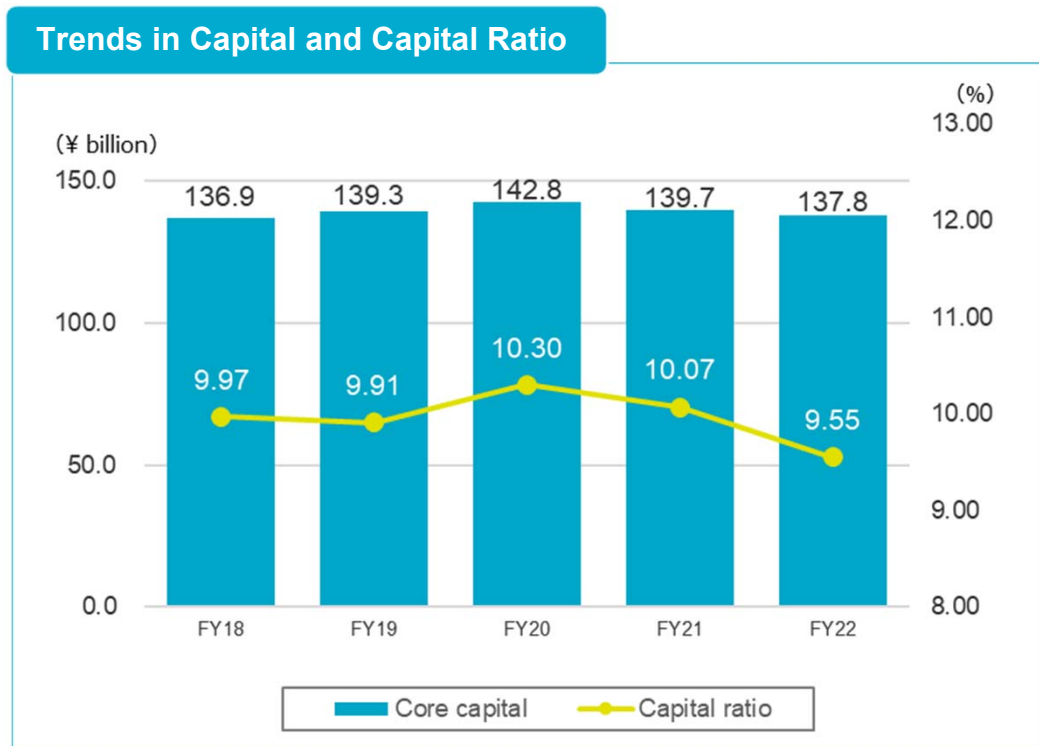
(9) Capital Ratio

- Capital ratio (domestic standard) at 9.55%
- The capital ratio has dropped due to a decrease in capital, but soundness has been secured.

	(¥ million, %)		
	FY22	FY21	YoY change
Capital ratio	9.55	10.07	(0.52)
Capital	137,849	139,766	(1,916)
Basic elements of core capital	140,660	141,942	(1,282)
Adjustments to core capital (-)	2,810	2,176	633
Risk-weighted assets	1,442,725	1,387,710	55,014

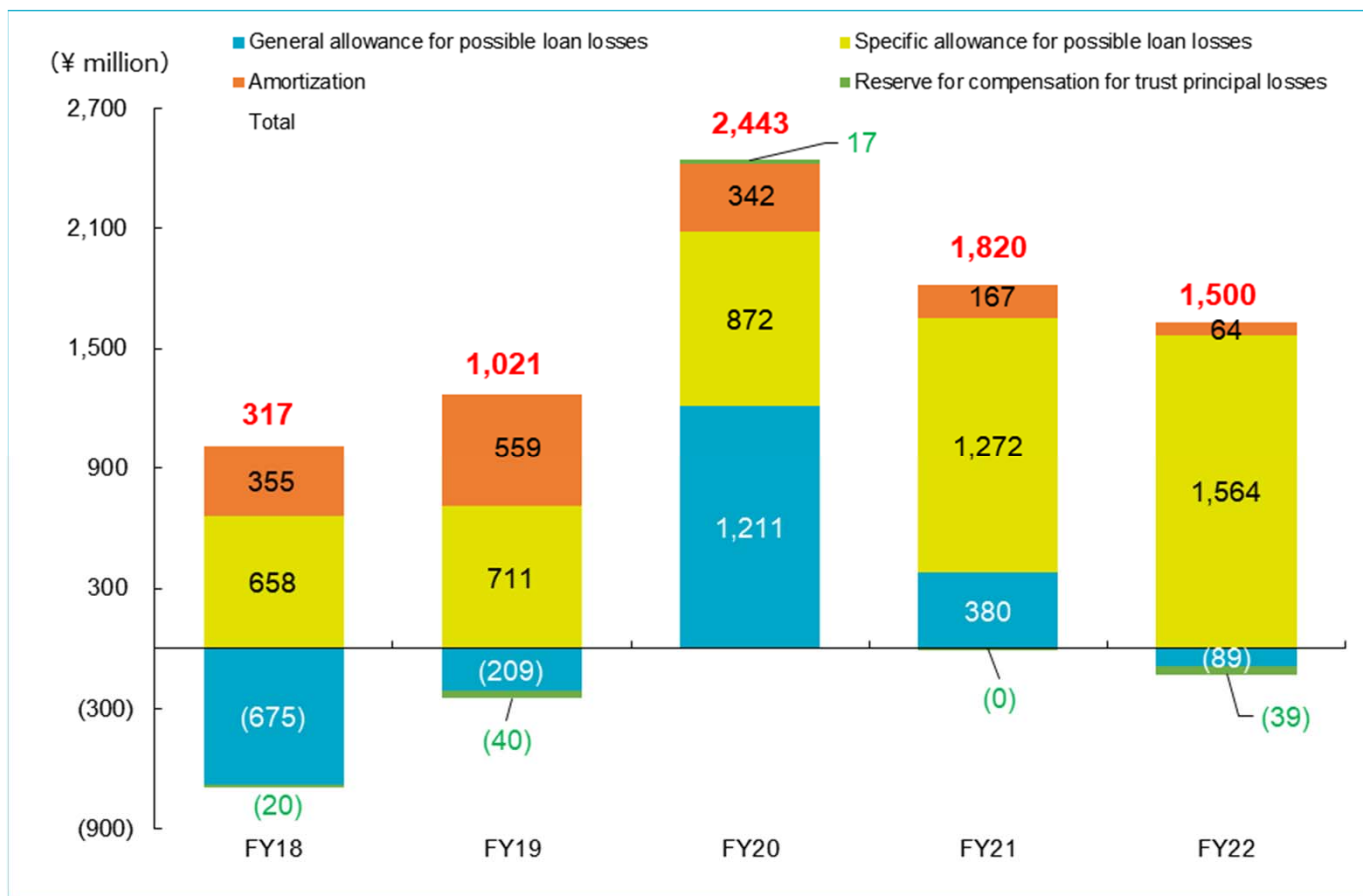
While risk-weighted assets increased due to an increase in loans associated with resumption of economic activities, the non-consolidated capital ratio for The Bank of Okinawa has declined due to a decrease in capital because of increased payment of dividends to the parent company (OFG). The capital ratio of the Bank is below the average non-consolidated capital ratio of 9.63% of domestic standard regional banks in 1H FY2022, but soundness has been secured.

*Please see P17 for details on the calculation of averages of regional banks



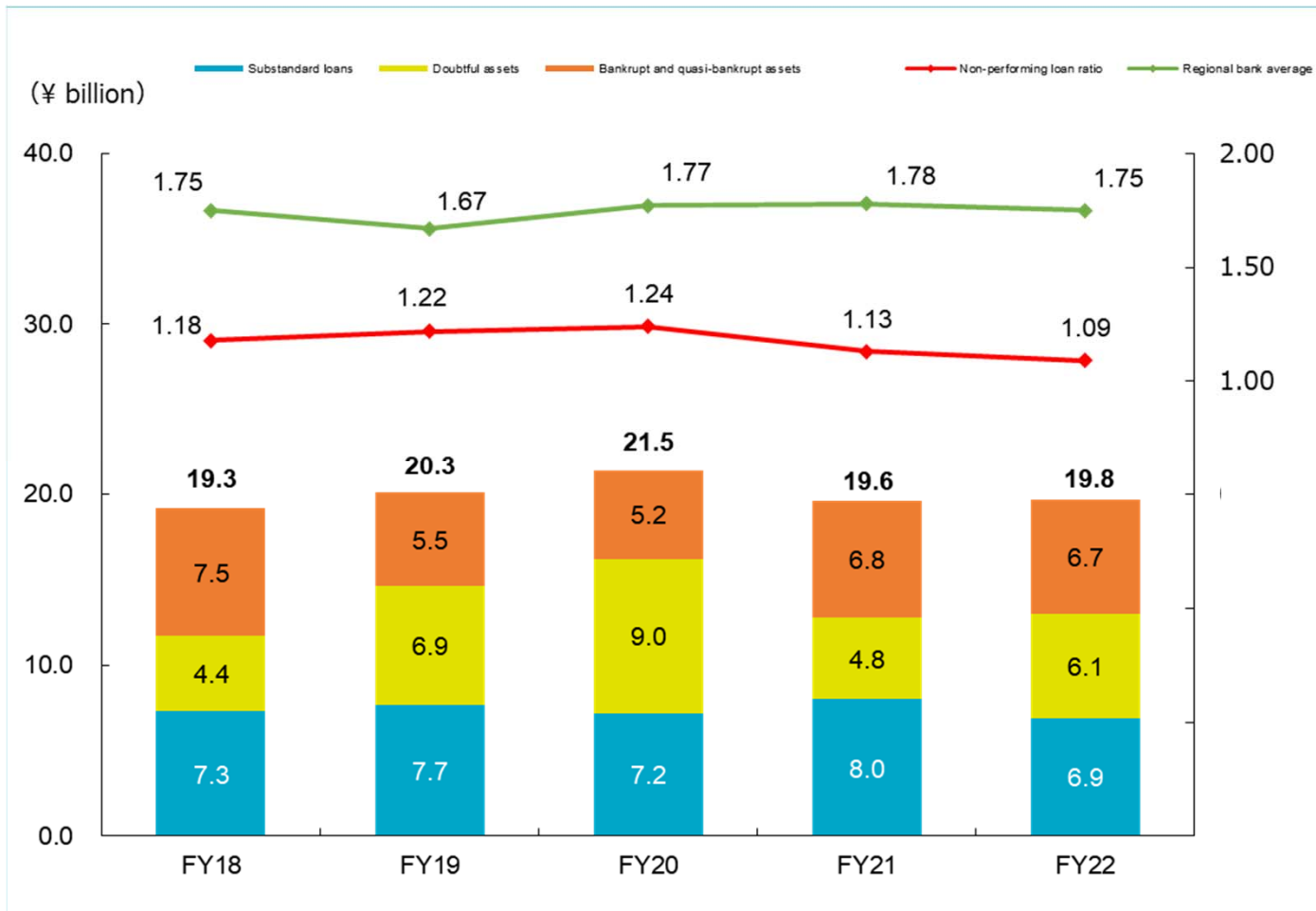
(10) Credit Cost

- In overall terms, credit cost decreased by ¥319 million year on year to ¥1,500 million.



(11) Mandatory Disclosure of Bad Debt under the Financial Reconstruction Law

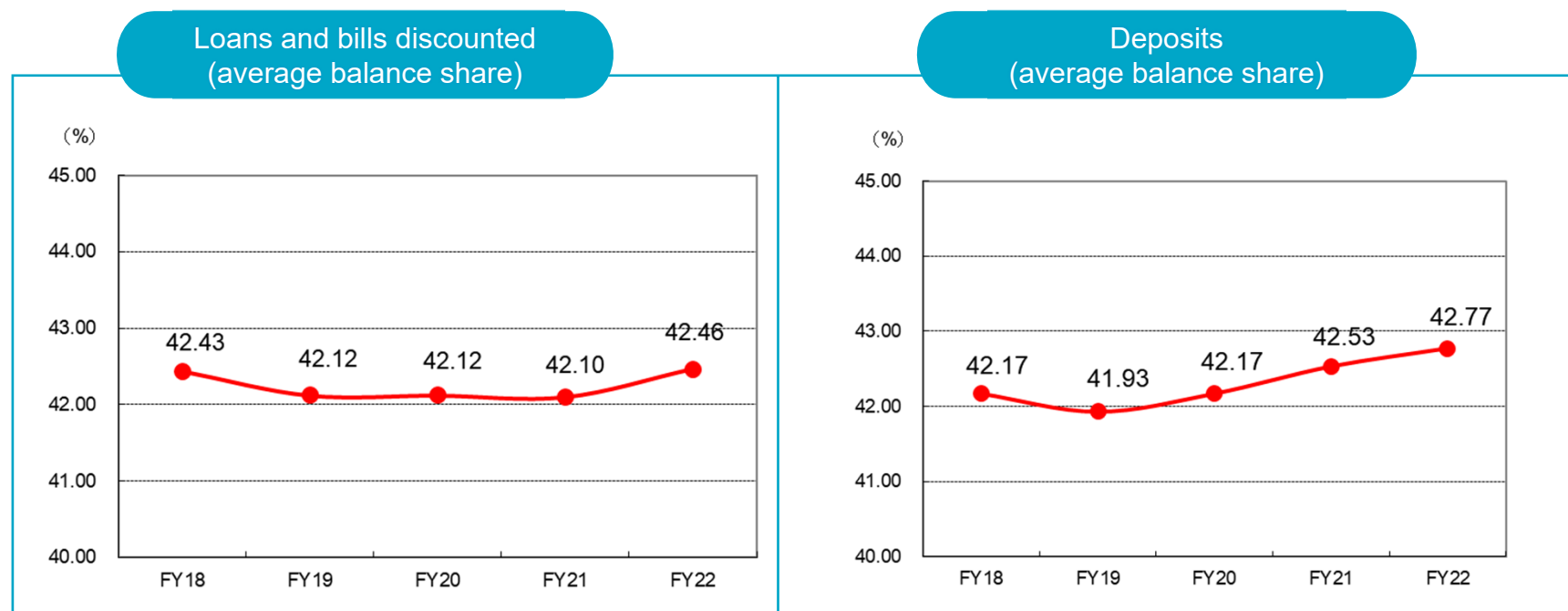
- ¥19.8 billion (non-performing loan ratio: 1.09%)
- Remained at low level, below the regional bank average of 1.75%



*Please see P17 for details on the calculation of averages of regional banks

(12) Our Share of the Market Served by the Three Okinawan Regional Banks

- The share of loans and bills discounted and deposits both remained at a high level
- Loans and bills discounted: 42.46% (up 0.36 percentage points YoY)
- Deposits: 42.77% (up 0.24 percentage points YoY)



(13) Business Profit on Customer Services

	FY22	FY21	(¥ million, %) FY20
(1) Loans and bills discounted average balance	1,743,591	1,714,978	1,674,979
(2) Yield on loans and bills discounted	1.379	1,407	1.465
(3) Yield on deposits	0.008	0.006	0.016
(4) Loan / deposit spread ((2) - (3))	1.371	1.401	1.449
(5) Net fees and commissions	2,130	1,839	1,683
(6) Operating expenses	21,513	22,463	22,075
(7) Business profit on customer services	4,521	3,402	3,878
(8) Deposits average balance	2,539,439	2,420,015	2,261,194
(9) Business profit margin on customer services	0.178	0.140	0.171

* (7) = (1) × (4) + (5) - (6)

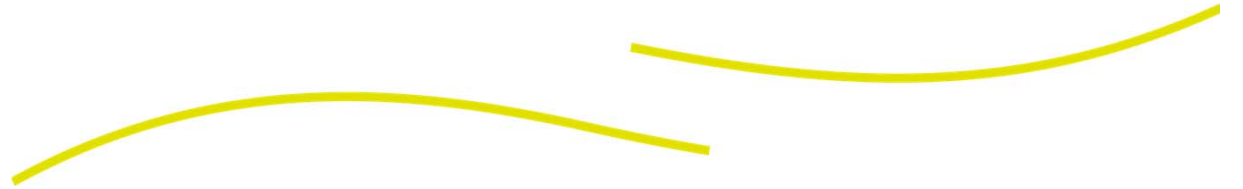
* (9) = (7) ÷ (8) × 100

* Items (1) through (4) and (8) are from banking account.

* Item (4) is the overall spread for domestic and international operations.

4

Outline of the 1st Medium-Term Business Plan



(1) Outline of the Medium-Term Business Plan

Name

1st Medium-Term Business Plan (October 2021 – March 2024)
Create Value & Innovation - Co-creating a “new” Okinawa experience -

Group Vision

To provide enhanced customer experience (CX) and contribute to the resilient and sustainable growth of the regional community as a full-service group with finance at its core

Four Pillars

Strategy I	Strategy II	Strategy III	Strategy IV
Group strength to lead the regional community	Provide services through a market-in approach	Optimization of group management resources	Human resources development to lead Group growth
 <ul style="list-style-type: none"> Strengthen the Group governance function and further strengthen Group solidarity through the transition to a holding company structure Strengthen collaboration within the Group and with outside companies, aiming for the integration of financial and non-financial domains Build Group strength to achieve sustainable development, addressing regional development, regional issues, and improving productivity 	 <ul style="list-style-type: none"> Integration of human touch and digital services to meet customer needs Provide solutions services through intra-Group collaboration 	 <ul style="list-style-type: none"> Allocate management resources to growth areas to create the non-financial domain and strengthen competitive advantages in the financial domain Shift management resources to the human touch through continuing operational reforms 	 <ul style="list-style-type: none"> Enhance consulting capacity to contribute to problem solving and quality asset formation Establish Group training systems to enable the Group to provide a one-stop service

Basic Policy

Further advancement of Group governance

Group Governance

- Establish Group-wide strategy and monitor implementation at each company
- Expedite business execution by transferring authority to each company

Group Synergies

- Establish a platform to provide one-stop service
- Open innovation through collaboration and alliances with external companies

Risk Governance

- Establish risk management preparedness across the Group
- Continue to strengthen cybersecurity measures

Compliance

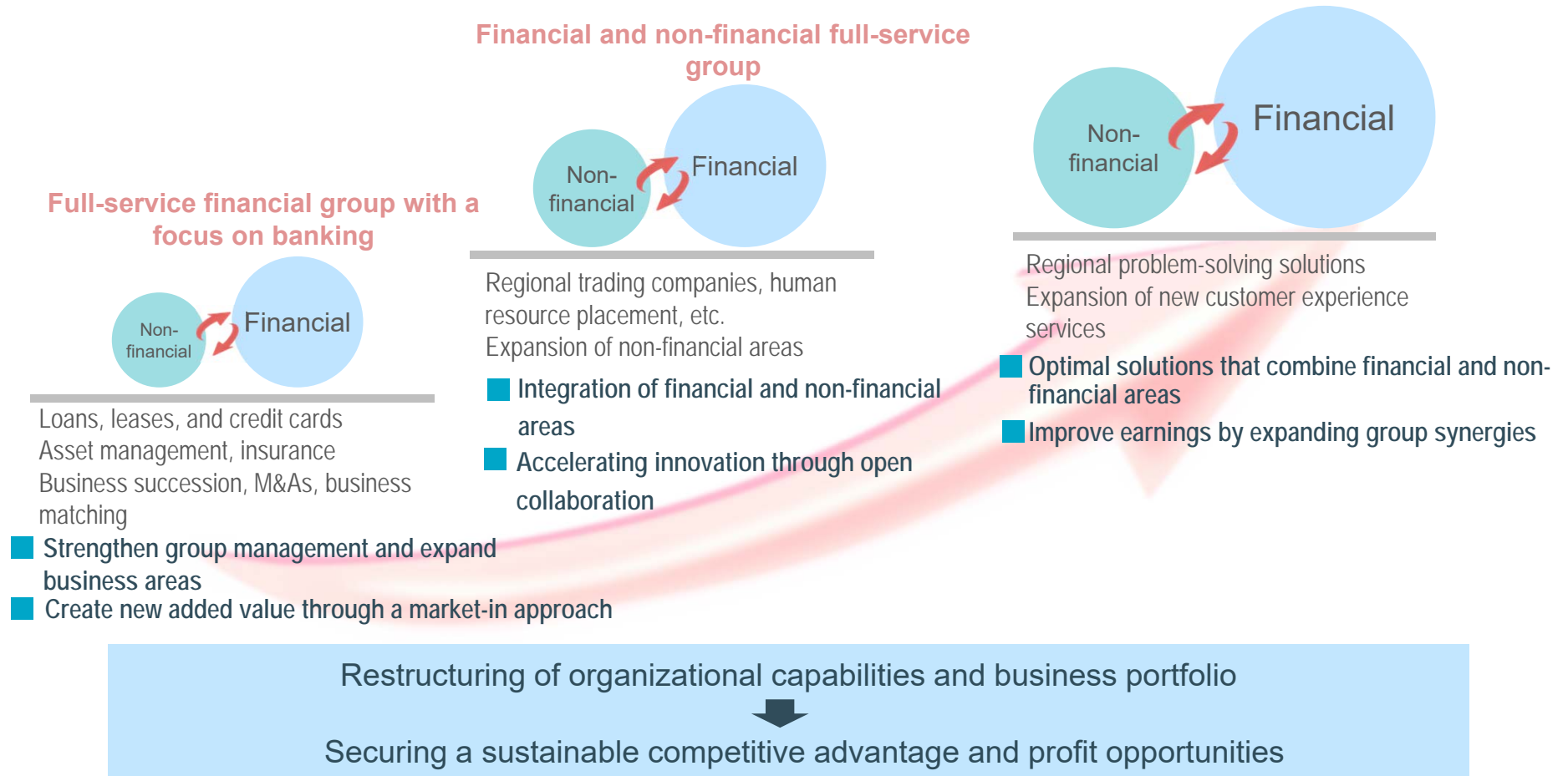
- Ensure thorough understanding of compliance based on principles
- Continue to strengthen measures to combat money laundering and the financing of terrorism

(2) Business Model under the Holding Company Structure

Become a full-service group with finance at its core that leads the region through self-transformation that adapts to changes in the environment

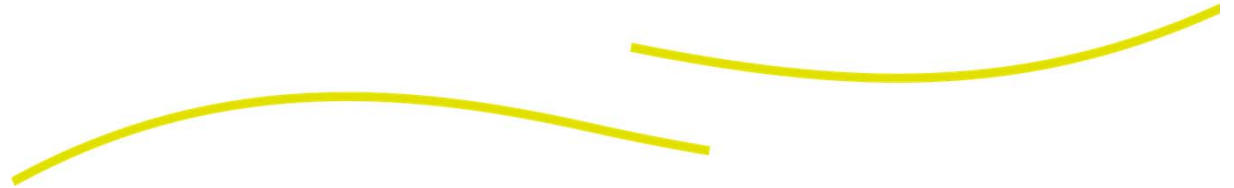
Strengthen group management and expand business areas
Increase corporate value over the medium- to long-term by expanding group synergies

Full-service group with finance at its core that leads the regional community



5

Status of Efforts on Medium-Term Business Plan



(1) Strategy I Group Strength to Lead the Regional Community (i)

■ Signed a comprehensive partnership agreement with 10 towns and villages in remote islands

<Purpose>

- Partnership for regional development and prosperity of communities in remote islands

<Contents>

- Signed a comprehensive partnership agreement with Zamami Village in March 2022
- As part of regional revitalization efforts based on the comprehensive partnership agreement, held a CS seminar for employees of Zamami village office
- Signed a comprehensive partnership agreement with 9 towns and villages in remote islands in January 2023
- Analyzed the current status of issues on each remote island based on open data and implemented measures to solve them

<Municipalities that signed the agreement (in the Japanese syllabary order)>

Aguni Village (Mayor Shuichi Takara), Ie Village (Mayor Masahide Nashiro), Izena Village (Mayor Mamoru Okuma), Iheya Village (Mayor Ritsuo Naka), Kitadaito Village (Mayor Mitsumasa Miyagi), Kumejima Town (Mayor Hideo Momohara), Zamami Village (Mayor Tetsu Miyasato), Tokashiki Village (Mayor Takehiro Shinzato), Tonaki Village (Mayor Akira Higa), Minamidaito Village (Mayor Toshiharu Aragaki)



■ Donations to 3 towns and villages in remote islands using a taxation system to support local revitalization (Corporate version of Hometown Tax)

<Purpose>

- Local revitalization through supporting municipalities' local development projects

<Contents>

- Strengthen support to towns and villages in remote islands based on a comprehensive partnership agreement
- Donations of ¥5 million each (for a total of ¥15 million) to 3 towns and villages (Kumejima Town, Zamami Village and Kitadaito Village)



(1) Strategy I Group Strength to Lead the Regional Community (ii)

■ Supporting the TCFD recommendations

Okinawa Financial Group perceives the environment and climate change response as key issues, and actively engages in and strengthens efforts for information disclosure in line with the TCFD recommendations.



TCFD is an abbreviation for the Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) in December 2015, based on a request of G20 Finance Ministers and Central Bank Governors Meeting, for the purpose of considering climate-related disclosures and financial institutions' responses to climate change. TCFD announced recommendations to promote appropriate disclosure of information on climate change factors in June 2017.

■ Established CO₂ emissions reduction targets as Okinawa Financial Group

Based on the Okinawa Financial Group Sustainability Policy, we established CO₂ emissions reduction targets (Scope 1 and Scope 2) by FY2030, in order to promote sustainability management for resolving environmental and societal issues.

	FY2030 Target
Scope 1: Direct emissions from the consumption of owned or controlled sources (gas, gasoline, etc.)	Achieve carbon neutrality (*), or net zero
Scope 2: Indirect emissions from the generation of purchased energy (use of electricity and heat, etc.)	

* Deduct from CO₂ emissions the sum of CO₂ absorption and CO₂ removal and set the total to zero

<Measures for the target>

Switch to renewable energy-derived electricity; Utilize renewable energy (introduce solar power generation equipment); Transform corporate facilities to ZEB; Introduce energy-efficient power supply devices; Electrify inhouse vehicles, Adopt carbon offsetting



(1) Strategy I Group Strength to Lead the Regional Community (iii)

Comprehensive partnership with The Okinawa Electric Power Company to achieve a decarbonized society

<Partnership>

- We introduced “Uchina – CO₂-free Menu” at our headquarters building

<Partnership going forward>

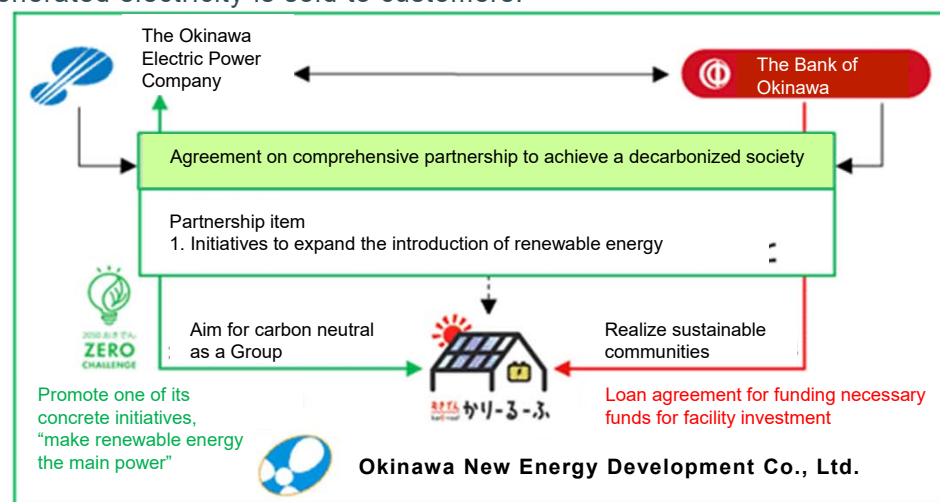
- Initiatives to expand the introduction of renewable energy
- Initiatives to expand the introduction of, and transition to, environmentally-friendly energy
- Educational activities aimed at achieving a decarbonized society
- Educate the next generation in the region, and other forms of collaboration in line with the purpose of the agreement



Provision of loans for expanded introduction of The Okinawa Electric Power Group’s karE-roof (Borrowing roof)

To expand introduction of karE-roof* (Borrowing roof) business provided by Okinawa New Energy Development Co., Ltd. of The Okinawa Electric Power Group, we concluded a loan agreement for funding necessary funds for facility investment.

(*) A service to install solar power generation equipment and storage batteries with zero initial investment to be borne by customers. The generated electricity is sold to customers.



[Status of karE-roof introduction] (FY2021)

- Solar power generation equipment: approx. 836 kW
- Amount of CO₂ reduction: approx. 826 t-CO₂/year

(1) Strategy I Group Strength to Lead the Regional Community (iv)

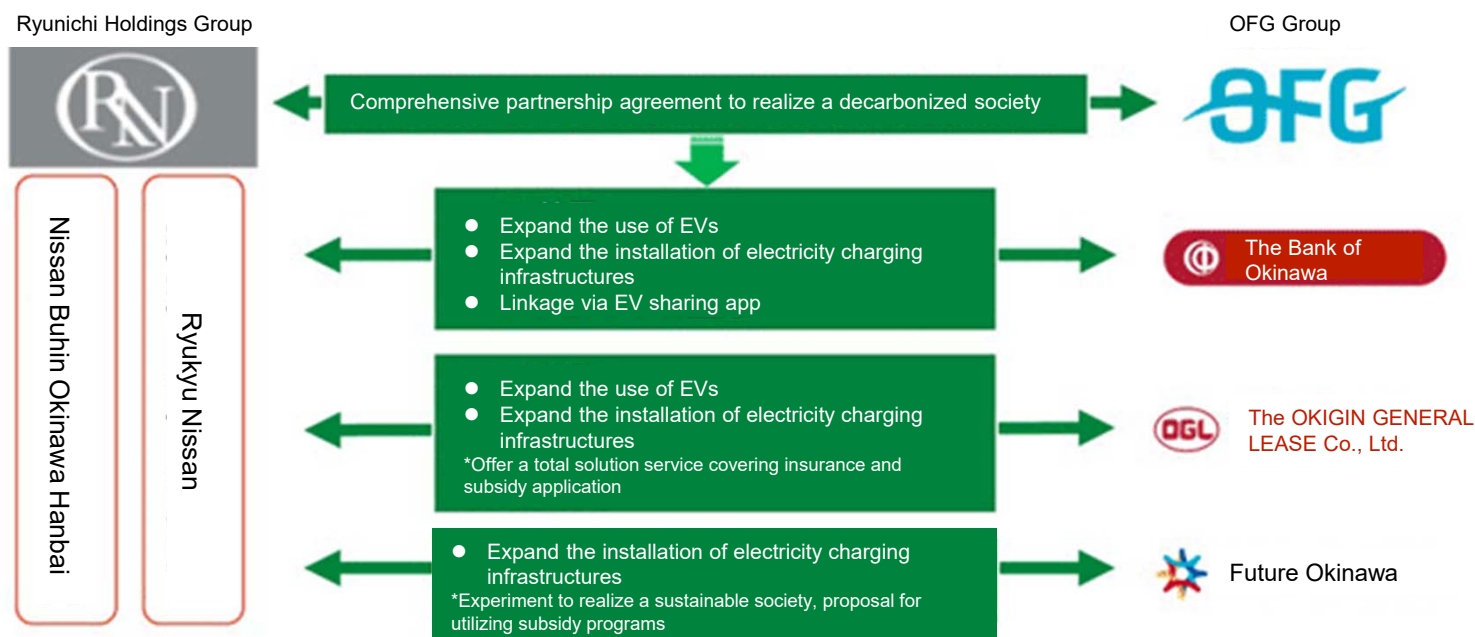
- Signed a comprehensive partnership agreement with Ryunichi Holdings, Inc. to realize a decarbonized society

<Purpose>

- Resolve local issues to realize a decarbonized society and achieve a sustainable society in Okinawa Prefecture

<Contents of partnership>

- Initiatives to expand the use of EVs with consideration for reducing environmental impact
- Initiatives to expand the installation of electricity charging infrastructures with consideration for reducing environmental impact
- Initiatives to expand the use of carsharing utilizing digital technologies
- Educational activities aimed at achieving a decarbonized society, etc.



*Both Groups are to sign individual agreements with group companies as needed

(1) Strategy I Group Strength to Lead the Regional Community (v)

■ Signed a comprehensive partnership agreement with Microsoft Japan and opened Microsoft Base Naha

<Purpose>

- Strengthen DX support system for enterprises in Okinawa Prefecture; Strengthen systems to contribute to increasing productivity and expanding sales and profit

<Contents>

- (i) DX awareness programs to enterprises in the prefecture (seminars, information distribution in cooperation with Microsoft Japan)
- (ii) Operation and utilization of Microsoft Base Naha by Future Okinawa (distribution of DX information, hands-on experience of cutting-edge technologies, etc.)



■ Acquisition of DX certification provided by the Ministry of Economy, Trade and Industry (OFG, The Bank of Okinawa and Okigin SPO)

<Purpose>

- Realize our aspiration to “Lead the region with full services utilizing advanced ICT” in the 1st Medium-Term Business Plan
- Establishment of organizational structure to promote DX, etc.



[Digital Transformation Certification]

Digital Transformation Certification is an initiative in which the Ministry of Economy, Trade and Industry certifies companies that are recognized as ready to promote digital transformation as “DX-certified operators” based on the Act on Facilitation of Information Processing. Valuation standards include development of management visions, DX strategies and internal systems, among others.

(2) Strategy II Provide Services through a Market-in Approach (i)

■ Digitalization of customer contact points

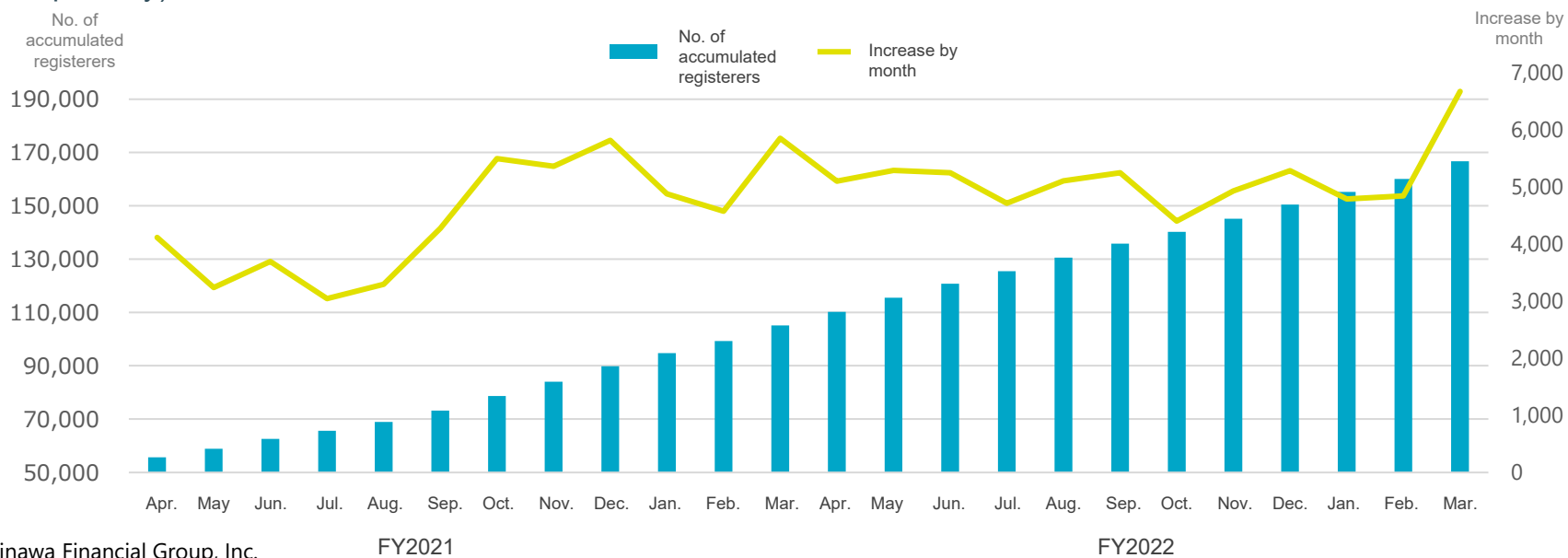
● Enhance Okigin Smart functions and promote usage

Number of registrars in FY2022 exceeded 61,000 persons, for an accumulated total of over 166,000 persons.

Phased enhancement of functions is underway to improve convenience.

<Contents of enhancement in functions>

- Add card loan borrowing and repayment functions
- Add JCB debit card application function
- Raise the upper limit on remittance to other banks (from ¥0.1 million per day to ¥1 million per day)



(2) Strategy II Provide Services through a Market-in Approach (ii)

■ Digitalization of customer contact points

● Expand the lineup of individual loans completing online

Expanding products since the service provision start in March 2021

<Applicable products>

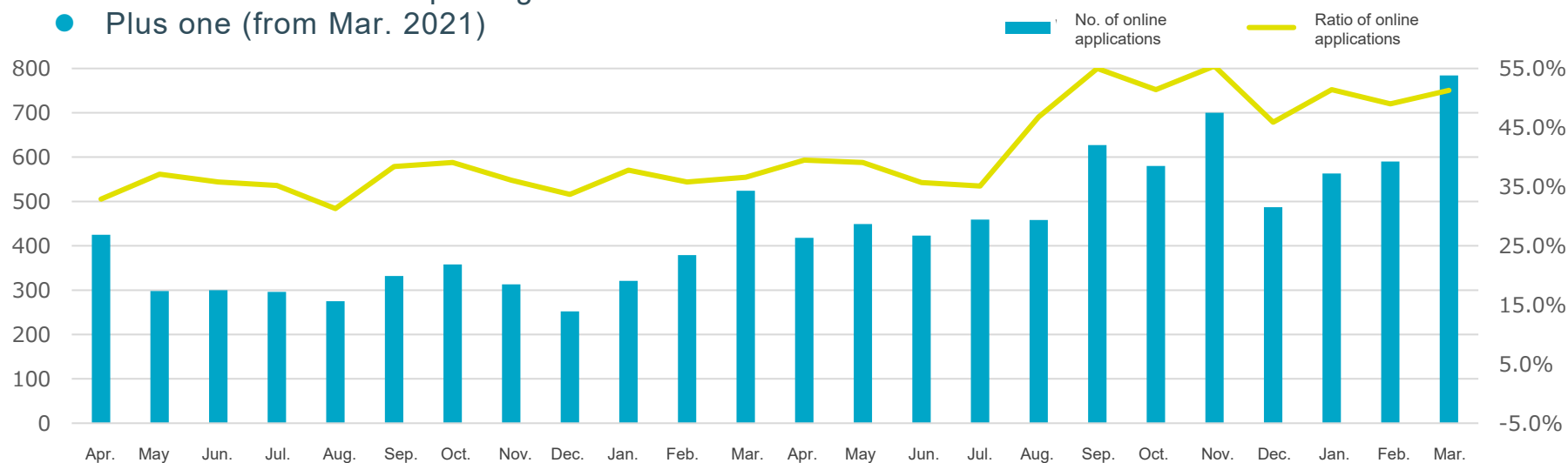
- Cattleya Card Loan (from Feb. 2023)
- Cattleya Card Loan Select (from Feb. 2023)
- Timely Loan (from Feb. 2022)
- Salary Transfer Accounts Loan (from Feb. 2022)
- Consolidated account package loan
- Plus one (from Mar. 2021)

● Promote the use of online loan applications

Encouraging the use of non-face-to-face online application with no need for visiting banks.

<Ratio of online applications>

- FY2021: 35.6%
- **FY2022: 46.4% (up 10.8%)**



(2) Strategy II Provide Services through a Market-in Approach (iii)

■ Digitalization of customer contact points

● Expand the use of Okigin Big Advance

<Number of members>

- As of March 31, 2023: 3.064

<Number of cases business matching was used>

- FY2021: 137
- **FY2022: 223**
(+86 cases year on year)

<Example of a business matching case>

Teruya Shokuhin Co., Ltd. and Arakaki Kami Confectionery Store

Through using Okigin Big Advance, we proposed utilization of okara (residue after making tofu) for disposal, expansion of sales destinations and lowering raw material costs for confectionery production, which gave birth to Chinsuko biscuits made of okara



● Start provision of The Bank of Okinawa Mikatano service (from Dec. 2022)

In cooperation with Money Forward, Inc., started provision of the following 3 services:

- **Mikatano invoice management** (compliant to invoice system)
- **Mikatano fund management**
- **Mikatano works** (compliant to the Act concerning Preservation of Electronic Books)



(2) Strategy II Provide Services through a Market-in Approach (iv)

■ Provide new value corresponding to ESG and SDGs, and increase value of local communities

● Preferential interest rates on housing loans for the acquisition of ZEH (from Oct. 2022)

<Purpose>

- Support and promote the acquisition of ZEH(*) by offering preferential interest rates on loans
(*) Abbreviation for net Zero Energy House. Housing that achieves energy savings by improving insulation performance and the efficiency of facilities, etc., and that reduces energy consumption to practically zero or less by introducing electricity fueled by renewable energy sources such as solar power.

<Details of preferential treatment>

Can be selected from either of the following:

- (i) Special fixed annual interest rate of 0.5% for the first 5 years
- (ii) Special annual interest rates of minus 0.1% from the scheduled interest rates for the entire loan period

● Start provision of “Okigin sustainable loans” (from Feb. 2023)

<Purpose>

- Strengthen support for companies working to solve global warming and climate change issues and for companies working on decarbonization of their business operations

<Outline of product>

- Sustainability-linked loan-type
Reduce interest rates based on achievement of greenhouse gas emission reduction targets, etc.
- Green loan-type
Finance capital investment relating to renewable energy, etc.



(2) Strategy II Provide Services through a Market-in Approach (v)

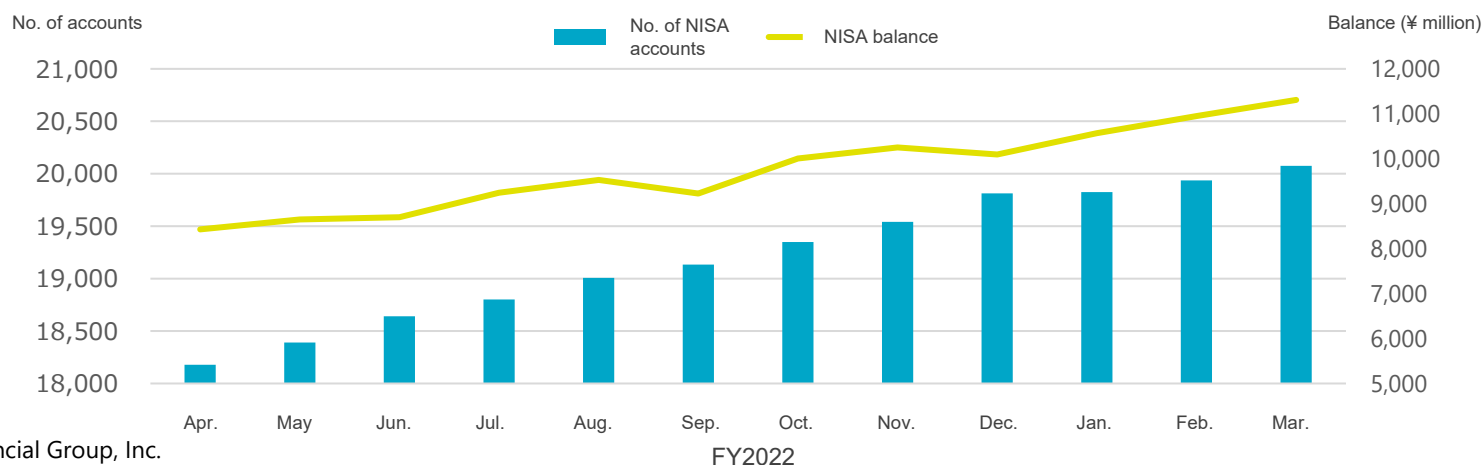
■ Formulate and announce Okinawa Financial Group Fiduciary Duty Basic Policy

Compiled Fiduciary Duty Basic Policy for Okinawa Financial Group and announced on March 27, 2023.

Okinawa Financial Group Fiduciary Duty Basic Policy	
1	Formulate and announce customer-oriented business operation policy
2	Pursue best interests of customers
3	Manage conflict of interest appropriately to safeguard customers' interests
4	Clarify commission fees to be borne by customers
5	Provide important information to customers in an easy-to-understand manner
6	Offer products and services tailored to each stage in life of customers
7	Framework to appropriately motivate employees for them to pursue best interests of customers

■ Asset formation support based on customers' life planning

Offer NISA and other investment trusts to support customers' asset formation based on their life planning.



(3) Strategy III Optimization of Group Management Resources (i)

■ Cost reduction and operational reform

While striving for cost reduction based on a Group-wide effort, increase productivity through operational reform

- **Reduce non-personnel expenses**

Results (FY2022): down ¥560 million (year on year)

* Reduction by paperless operation and review of costs

- **Reduce personnel expenses**

Results (FY2022): down ¥240 million (year on year)

* Reduced overtime allowances by increasing operational efficiency and productivity

* **Reduced overtime allowances by ¥210 million year on year on a non-consolidated basis for The Bank of Okinawa**

- **Operational reform**

Target (FY2023): Generate manpower equivalent to 100 persons

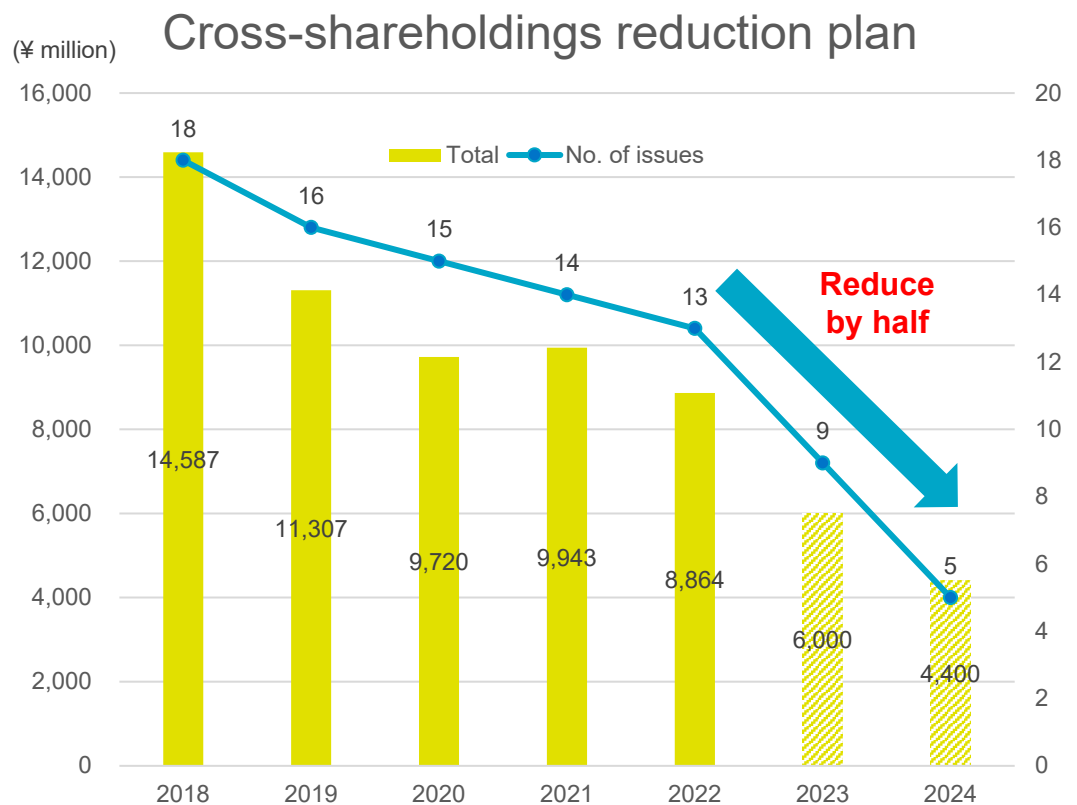
* Initiatives implemented:

- Generate manpower by reviewing operations
- Ensure paperless operation (eliminate paper documents for operations and teller work)
- Systematize various procedures and eliminate vouchers
- Review and centralize head office operation and review operational systems
- Review products and services (shift to non-face-to-face service and review of lineup, etc.)

(3) Strategy III Optimization of Group Management Resources (ii)

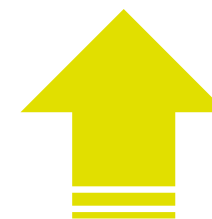
Reduction of cross-shareholdings

Reduce listed stocks held by The Bank of Okinawa to allocate resources to growth strategies and to shift to shareholder returns.



* Indicates trend by year. Shaded bars are forecasts.

Increase corporate value



Growth strategies

- Expand business areas and diversify source of revenue
- Broaden market-in strategies
- Strengthen consulting service
- Allocation to DX strategies

Shareholder returns

- Strengthen shareholder returns

(4) Strategy IV Human Resources Development to Lead Group Growth (i)

■ Certified as Okinawa Human Resource Development Company

The Bank of Okinawa was certified as Okinawa Human Resource Development Company in December 2020.

Aim to remain “**a company excellent in human resources development, where employees feel motivated to work and can pursue upskilling and career advancement**”



■ Strengthen development of specialized human resources

To nurture personnel to be engaged in consulting service, we encourage the acquisition of various professional qualifications (figures below represent the number of qualified persons as of March 31, 2023)

- **M&A Senior Experts: 255 (the highest count in financial institutions nationwide)**
- **Business Succession and M&A Experts: 88**
- **1st-grade Financial Planners: 57**
- **Small and Medium sized Enterprise Consultants: 38**
- **Securities Analysts: 8**
- **Certified Internal Auditors (CIA) : 1**



■ Strengthen DX promotion supporting system

Intensively foster personnel who support customers' DX promotion on a Group-wide basis (figures below represent the number of qualified persons as of March 31, 2023)

- **IT Passport qualified employees: 184**
- **IT Coordinators : 11**
- **Cloud engineers (AWS/Azure certified employees): 1**
- **Data scientists (Statistical Test certified employees): 4**
- **Cybersecurity personnel (Registered Information Security Specialists): 2**

(4) Strategy IV Human Resources Development to Lead Group Growth (ii)

■ Initiatives to pursue diverse career goals

- **Expand job challenging program to the entire Group** to allocate personnel across Group companies
- Offer opportunities for employees to take on a challenge of pursuing their career goals and promote lively exchange of personnel within the Group

■ Promotion of Group's reform of working practices

Implementing reforms to improve employee engagement through enhancing programs, etc.

- **Wage increase of over 5%**
- **Launch a flex-time system**
- **Reduce average overtime hours:**
reduce by approx. 8.6 hours per month
(FY2021: 20.9 h ⇒ FY2022: 12.3 h)
- **Secondary job permitted by application**
- **Grandchild care leave**
- **Childcare leave for male employees, etc.**

■ Diversity promotion

- **Mandatory paid childcare leave for male employees**
- **Strengthen efforts to achieve the proportion of female managers(*) of 30% by March 2024**
Group as a whole (FY2021: 24.4% ⇒ FY2022: 27.8%)
The Bank of Okinawa (FY2021: 26.4% ⇒ FY2022: 28.9%)
(* Positions equivalent to section chief or higher)



(4) Strategy IV Human Resources Development to Lead Group Growth (iii)

Secure human resources stably

In order to stably secure human resources capable of contributing to growth of local communities, we focus on recruitment of new graduates. We were ranked top at job hunting events hosted by local newspaper companies.

**“Job Hunting Fair 2024” hosted by
The Ryukyu Shimpo Co., Ltd.**

**Ranking of most popular companies
to work for new graduates**

		Points
1	The Bank of Okinawa	559
2	(Other company in the prefecture)	446
3	(Other company in the prefecture)	359
4	(Other company in the prefecture)	298
5	(Other company in the prefecture)	255

Ryukyu Shimpo (offprint) dated Wednesday, April 26, 2023

**“Times Job Hunting Forum” hosted by
Okinawa Times**

**Comprehensive ranking of most
popular companies to work for
new graduates**

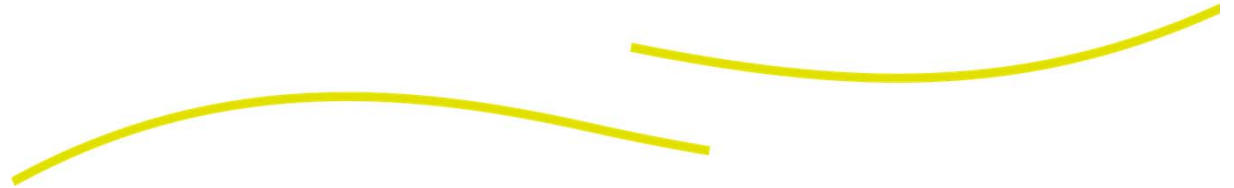
		Points
1	The Bank of Okinawa	539
2	(Other company in the prefecture)	490
3	(Other company in the prefecture)	290
4	(Other company in the prefecture)	209
5	(Other company in the prefecture)	203

Okinawa Times (Job Hunting Times) dated Wednesday, March 29, 2023



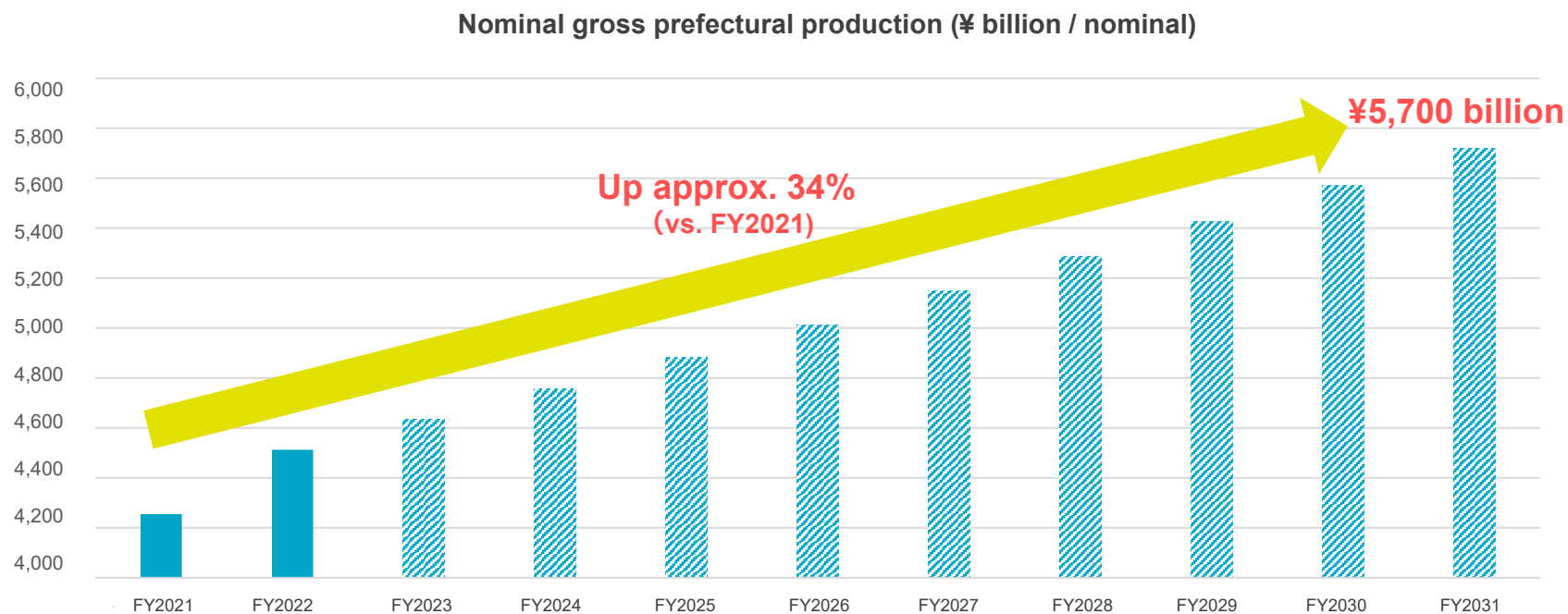
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Growth Strategies of the Group



(1) Business Environment (Economic Outlook in Okinawa Prefecture)

“New Okinawa 21st Century Vision Basic Plan,” the master plan announced by Okinawa Prefecture, forecasts a gross prefectural production reaching **approx. ¥5,700 billion in FY2031**, on account of a value-added tourism industry leveraging Okinawan characteristics and an increase in labor productivity through DX promotion in various industries. Okinawa Financial Group **aims to contribute to development of the prefectural economy, while at the same time achieving a dramatic growth.**



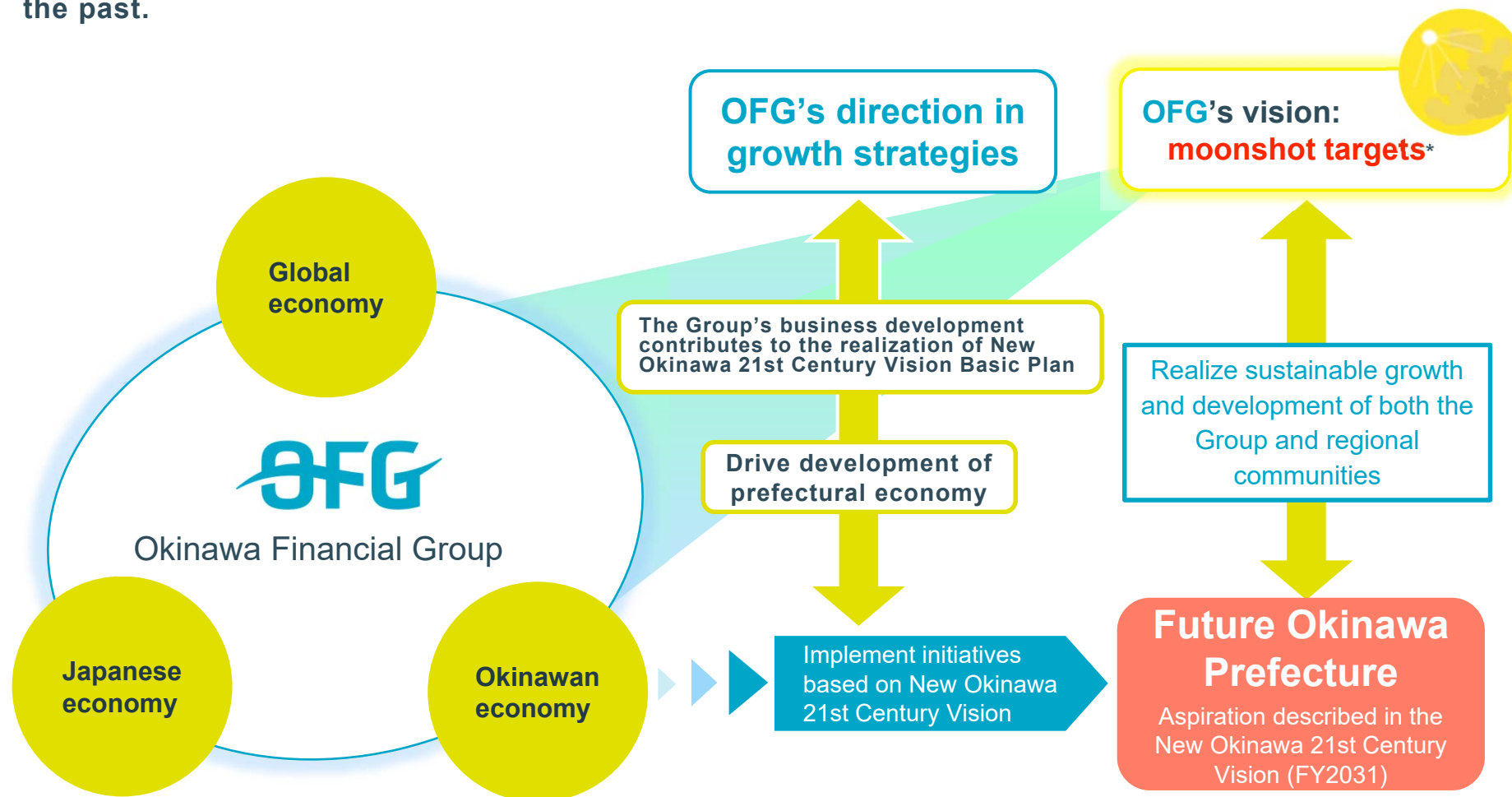
Source: “New Okinawa 21st Century Vision Basic Plan (Draft)” by Okinawa Prefecture (* shaded bars in nominal gross prefectural production are the estimates by the Company based on the source)

<Factors>

Increase in the number of days spent by tourists and improvement in the quality of tourism (Yambaru area in the northern mainland was registered as a world natural heritage, construction of a theme park started in the northern area, etc.), **improvement of transportation infrastructure** (Naha Airport second runway, which was put into service in March 2020, started full-fledged operation, the second cruising berth was put into service, etc.)

(2) Future of Okinawa Prefecture and OFG's Vision

Taking to heart the future aspiration of Okinawa Prefecture, Okinawa Financial Group aims for giant leap that realizes sustainable growth and development of both the Group and regional communities, in order to lead development of local economy, grow and achieve the vision together with the prefecture. To that end, we **formulate and challenge very aggressive targets (moonshot targets), which are not an extension of the past.**



*Moonshot targets refer to grand goals or challenges that are very difficult to be achieved but will have a significant impact when achieved.

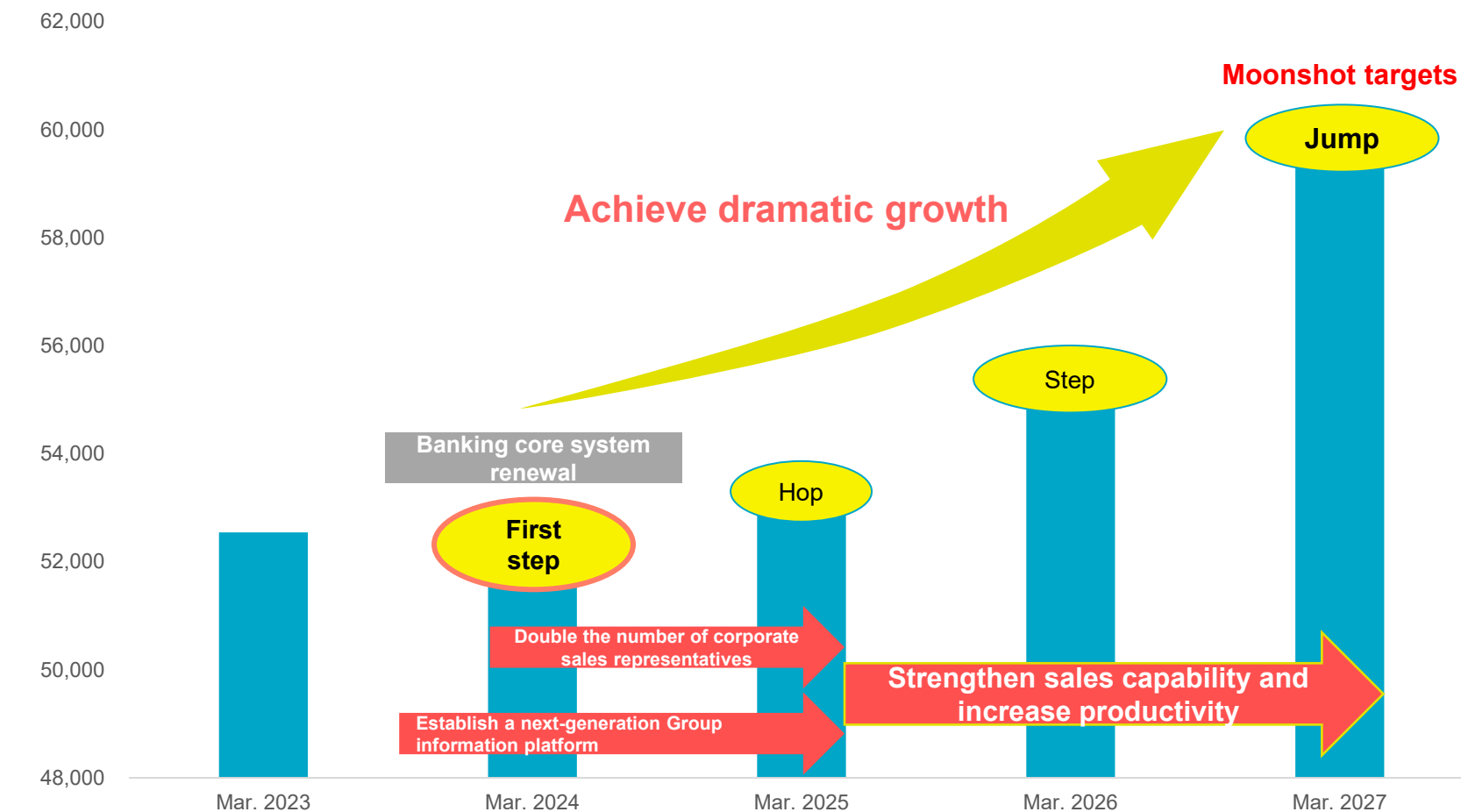
(3) Management Indicators to Pursue under Moonshot Targets (i)

- As the management indicators under the 1st Medium-Term Business Plan are generally achievable, we will disclose aggressive targets for the third year (FY2023) and **launch initiatives early to achieve them**, aiming for dramatic growth and development.
- Moonshot targets **are increase of approx. ¥10.0 billion in consolidated ordinary income vs FY2021, ¥10.0 billion level in consolidated net income, which is a double of FY2021, and consolidated ROE of approx. 6.0%.**

Item	FY2021 results	FY2022 results	FY2023 forecast	1st Medium-Term Business Plan target (FY2023)	FY2026 Moonshot Targets	Remarks
Consolidated ordinary income	¥50.4 billion	¥52.6 billion	¥52.7 billion	Unannounced	¥60.0 billion	Achieve growth through top-line expansion
Consolidated net income	¥5.0 billion	¥5.8 billion	¥6.1 billion	¥6.0 billion	¥10.0 billion	Net income of ¥10.0 billion level
Consolidated ROE (shareholders' equity basis)	3.25%	3.70%	Unannounced	Approx. 4%	Approx. 6%	Increase in corporate value by improving ROE
Consolidated capital ratio	11.09%	10.77%	Unannounced	Approx. 10%	Approx. 11%	Maintain the highest level in the prefecture

(4) Rough Plan for Ordinary Income to Achieve Moonshot Targets

Toward achieving consolidated ordinary income of ¥60.0 billion, we are **doubling the number of corporate sales representatives to increase interest on loans and discounts and non-interest income** and preparing for establishment of a **next-generation Group information platform designed to increase productivity of the entire Group**. Based on these intra-Group work environment, we aim for dramatic growth toward achieving moonshot targets.



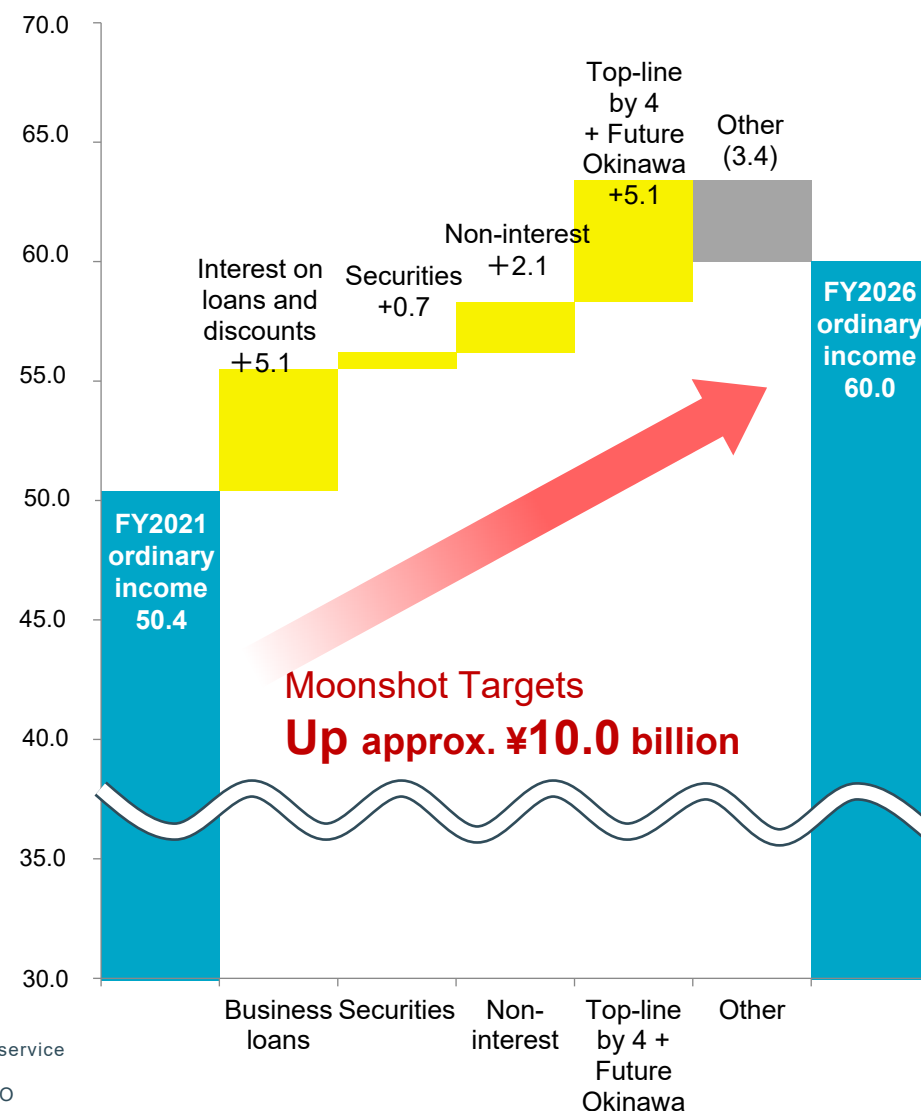
(¥ million)

(5) Breakdown of Growth Items by Top-line Expansion (i)

Breakdown of growth items

- FY2026 moonshot target: top-line of ¥60.0 billion
- With interest on loans and discounts, non-interest income, and top-line expansion driven by Group companies, aim for an increase of approx. ¥10.0 billion from FY2021

Item	FY2021 results	FY2026 Moonshot Targets	Change
Interest on loans and discounts	¥24.1 billion	¥29.2 billion	¥5.1 billion
Interest and dividends on securities	¥3.6 billion	¥4.3 billion	¥0.7 billion
Non-interest income*1	¥2.6 billion	¥4.7 billion	¥2.1 billion
Top-line 4 companies*2 + Future Okinawa	¥15.9 billion	¥21.0 billion	¥5.1 billion
Other*3	¥4.1 billion	¥0.6 billion	¥(3.4) billion
Total	¥50.4 billion	¥60.0 billion	¥9.6 billion



*1 Non-interest income: investment trusts, insurance, M&A, business matching, cashless service and other commission fees

*2 Top-line 4 companies: Okigin General Lease, Okigin JCB, Okigin Securities, Okigin SPO

*3 Other: internal transactions, etc.

Brand slogan

Create Value & Innovation

Creating new ideas for Okinawa, together

Design the future with new ways of thinking and co-create new ideas with customers

Our stance behind the slogan

Even amidst changes in business environment and in adapting to these changes, we remain with a set of values that we have inherited since the founding of The Bank of Okinawa.

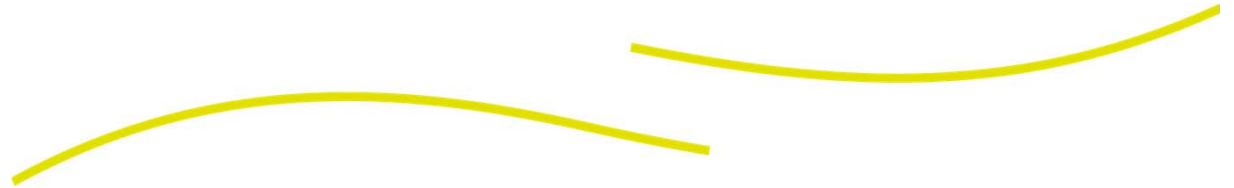
We are eager to stand with our customers, to exceed their expectations and to enhance the value of the local economy. With these values in mind, we pledge to take on a challenge with new ways of thinking.

“Create Value & Innovation - creating new ideas for Okinawa, together” is a slogan under which we aim to co-create new ideas for customers and regions and become the one that unlocks the future of people and companies in the community based on a broader perspective.

Masayasu Yamashiro
President and Representative Director

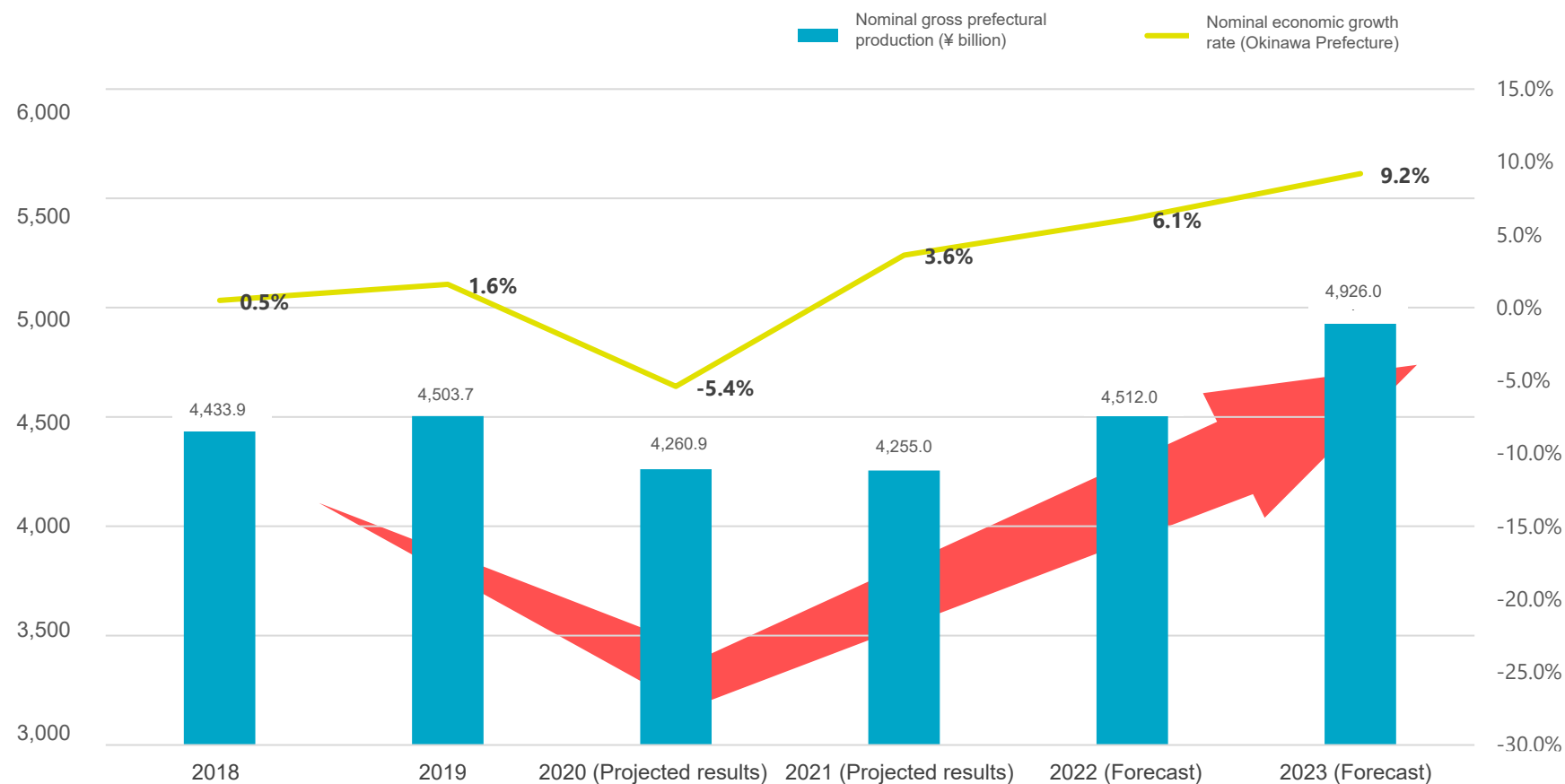
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<Supplemental Materials> Trends in Economy in Okinawa



(1) Gross Prefectural Production and Economic Growth Rate

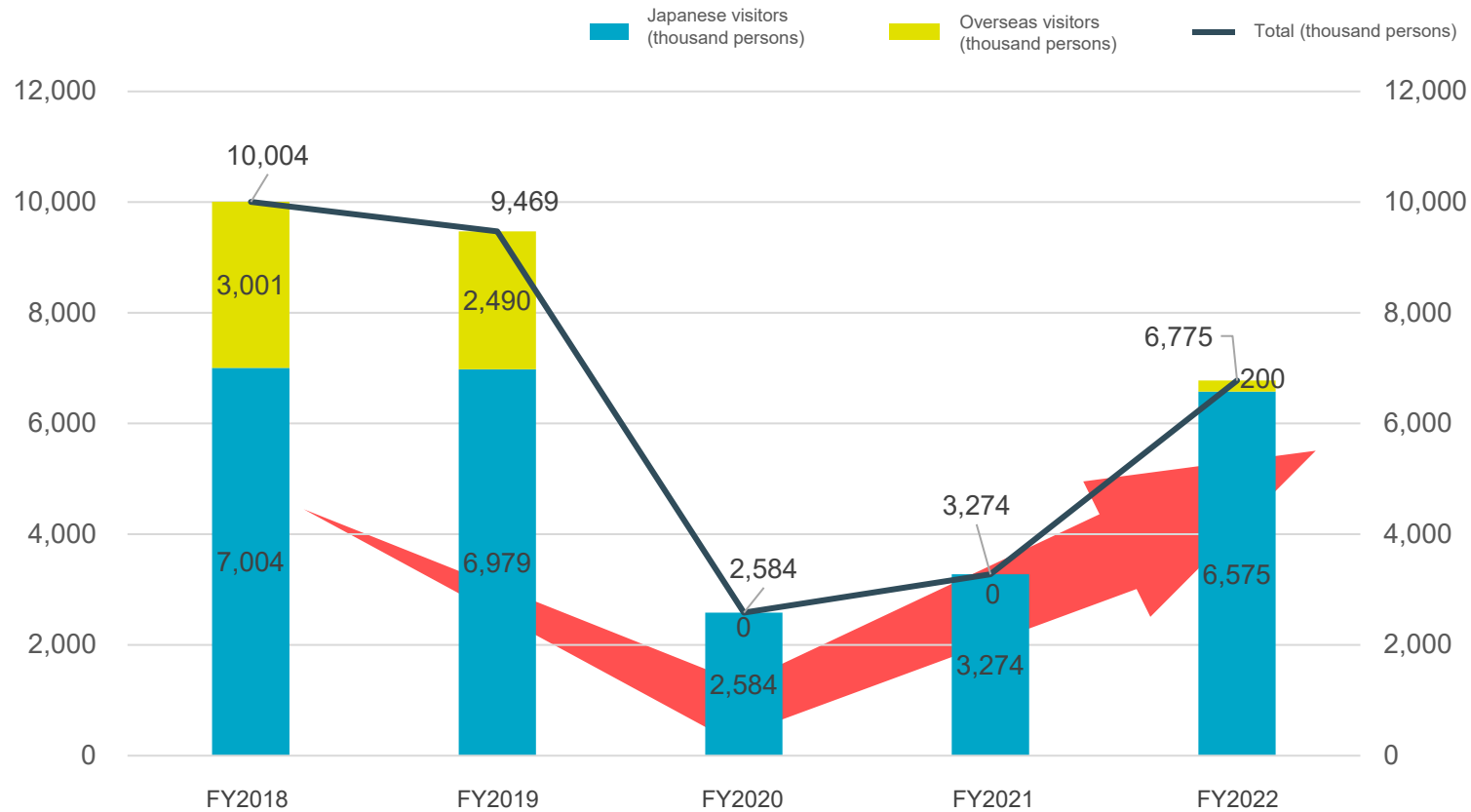
Both gross prefectural production and economic growth rate are showing signs of recovery from declines due to COVID-19. FY2022 is expected to see economic growth exceeding the year-earlier level.



Source: Statistics Division, Department of Planning, Okinawa Prefectural Government, and Nansei Shoto Industrial Advancement Center

(2) Number of Visitors to Okinawa

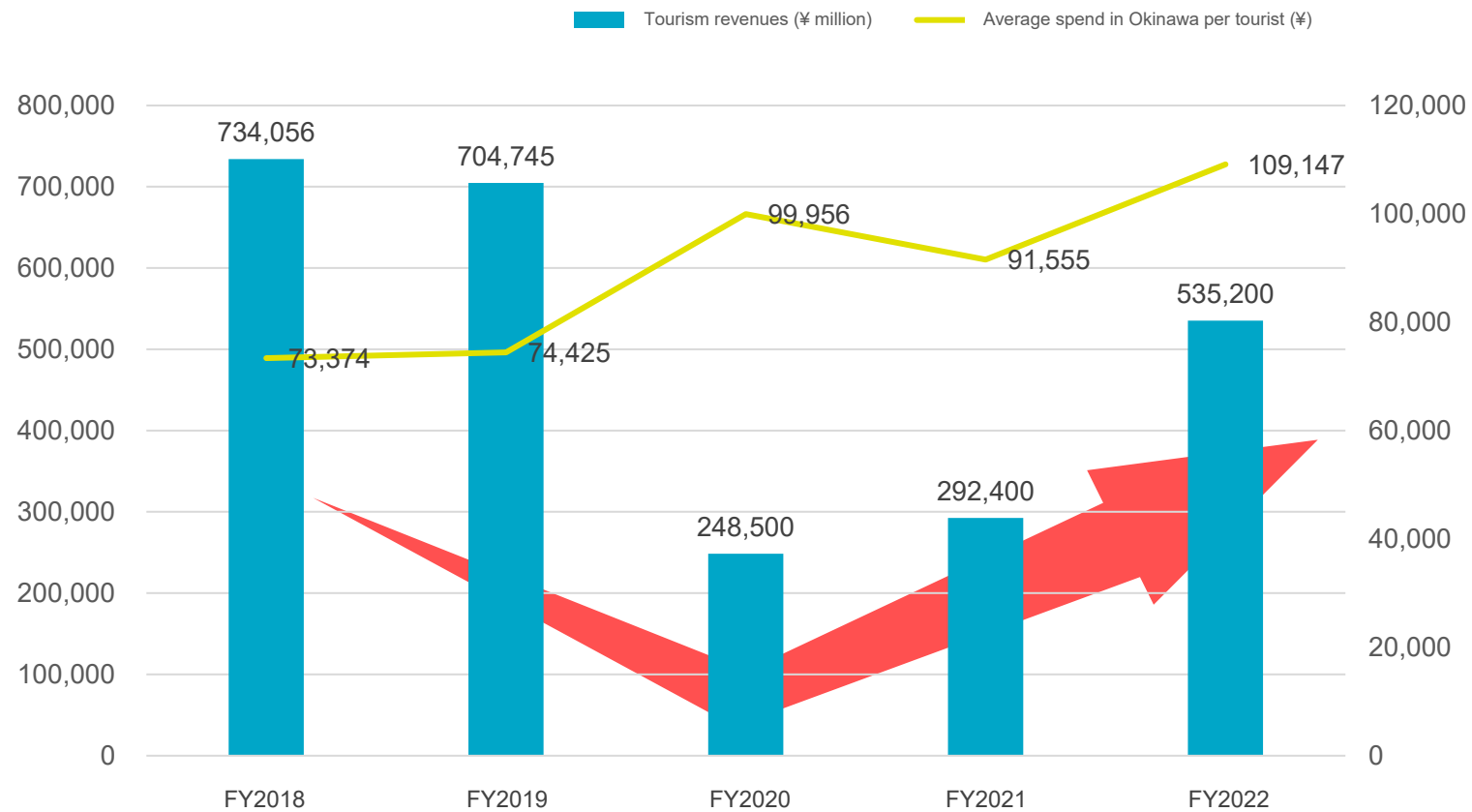
Number of Japanese visitors is recovering to the pre-pandemic level. With resumption of full-scale acceptance of international flights at Naha Airport and cruise ships, number of overseas visitors is expected to drive the increase.



Source: Tourism Policy Division, Department of Culture, Tourism and Sports, Okinawa Prefectural Government

(3) Tourism Revenues and Average Spend in Okinawa per Tourist

Average spend in Okinawa per tourist in FY2022 exceeded ¥100,000. Okinawa Prefecture is encouraging further the increase in spend and longer stays in the prefecture, aiming for a shift from quantity to quality.

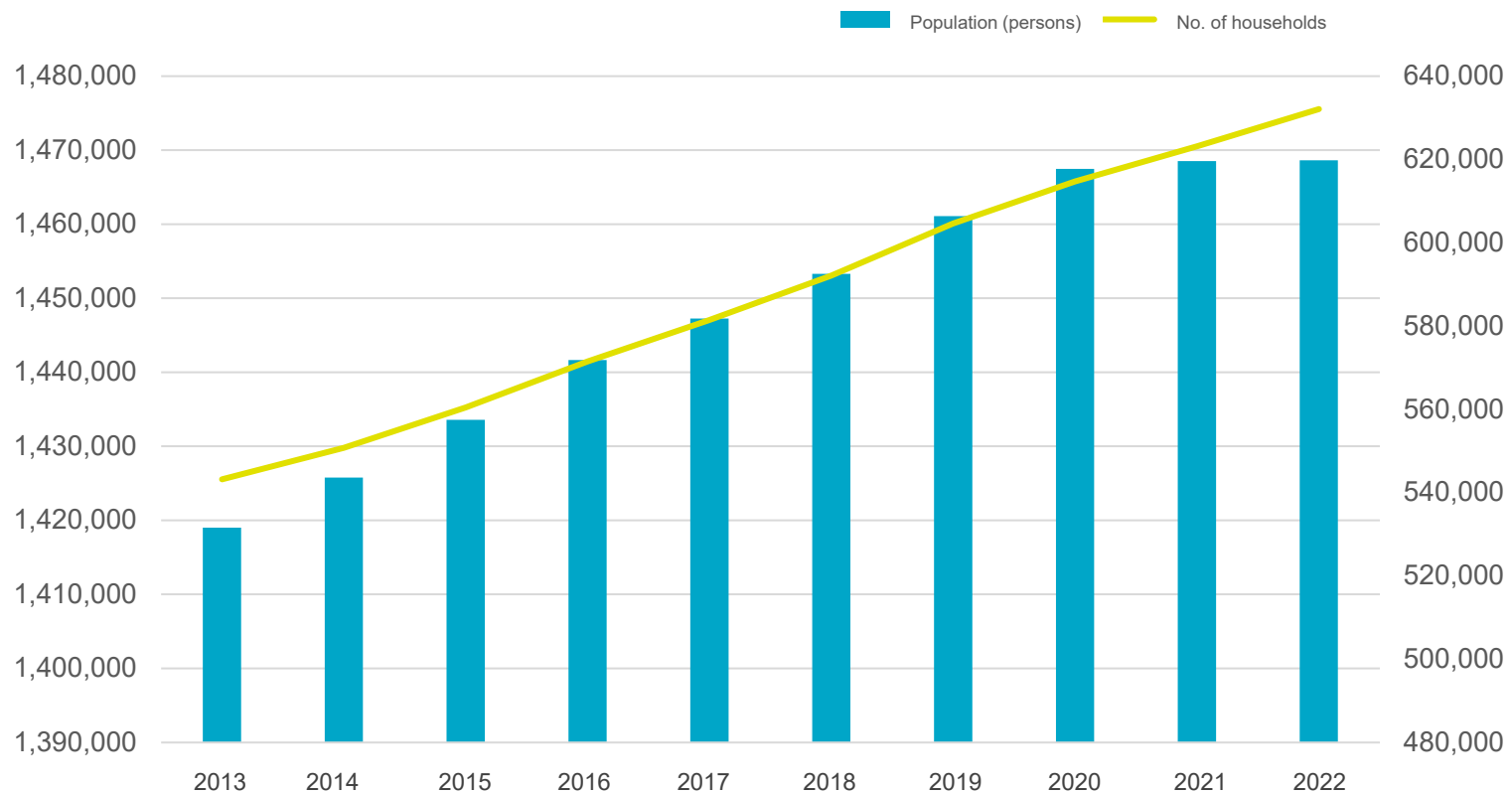


Source: Tourism Policy Division, Department of Culture, Tourism and Sports, Okinawa Prefectural Government

(4) Population and Number of Households in Okinawa

Population remains solid despite some decreases on a monthly basis in FY2022.
“Okinawa 21st Vision YugafushimaZukuri Plan”(*) announced by Okinawa Prefectural Government forecasts an increase to approx. 1,500,000 people in 2035, as a population estimate if we successfully realize a society desired by the prefecture.

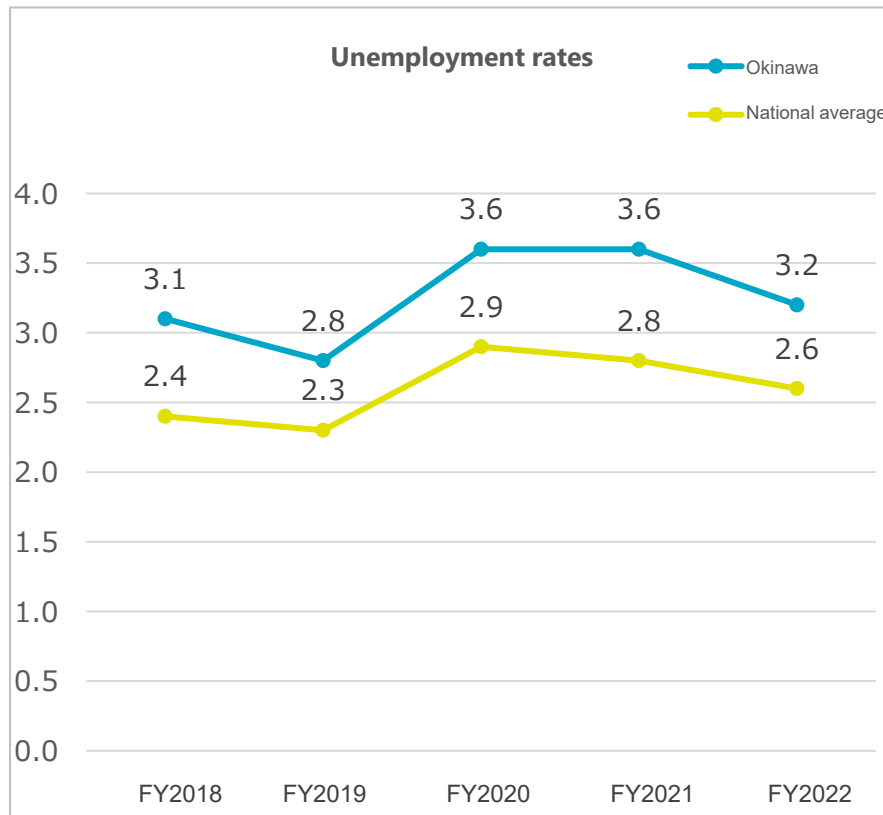
*A plan by Okinawa Prefectural Government (Planning Coordination Division, Department of Planning) based on the nation's “The 2nd Phase Comprehensive Strategy for the Creation of Towns, People and Work”: announced in March 2020, revised in March 2022



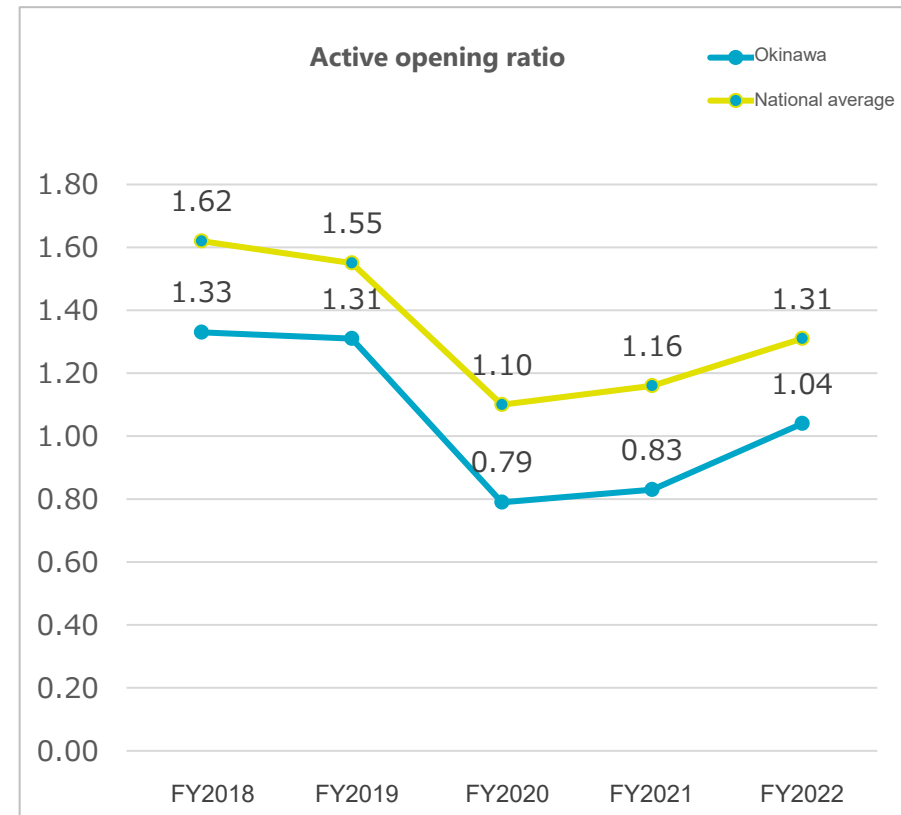
Source: Statistics Division, Department of Planning, Okinawa Prefectural Government (Figures are as of October 1 each year)

(5) Employment

Unemployment rates and active opening ratio are both trending toward improvement. Active opening ratio was above 1.0 level for the first time in three years.



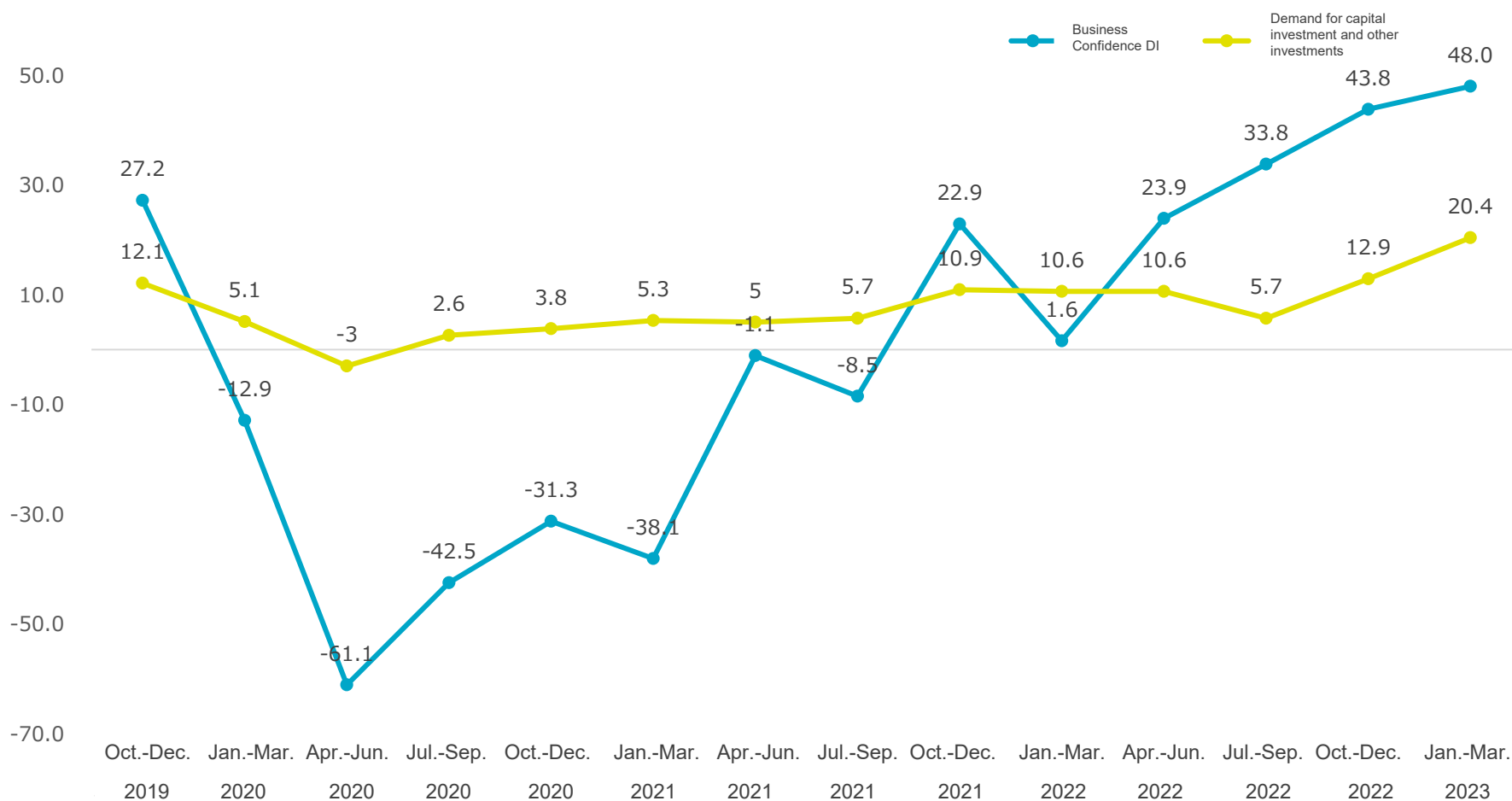
Source: Statistics Division, Okinawa Prefectural Government



Source: Okinawa Labour Bureau

(6) Business Confidence DI and Demand for Capital Investment and Other Investments

Business Confidence DI and demand for capital investment and other investments are all on the rise. If this trend continues in line with growth in prefectural economy and recovery in tourism, more funding needs are expected for working capital and capital expenditures.



Source: Okigin Economic Research Institute