



Designed by Yuka Arakaki

Bank of the Ryukyus Management Briefing For the FY2012



Top Line Revenue

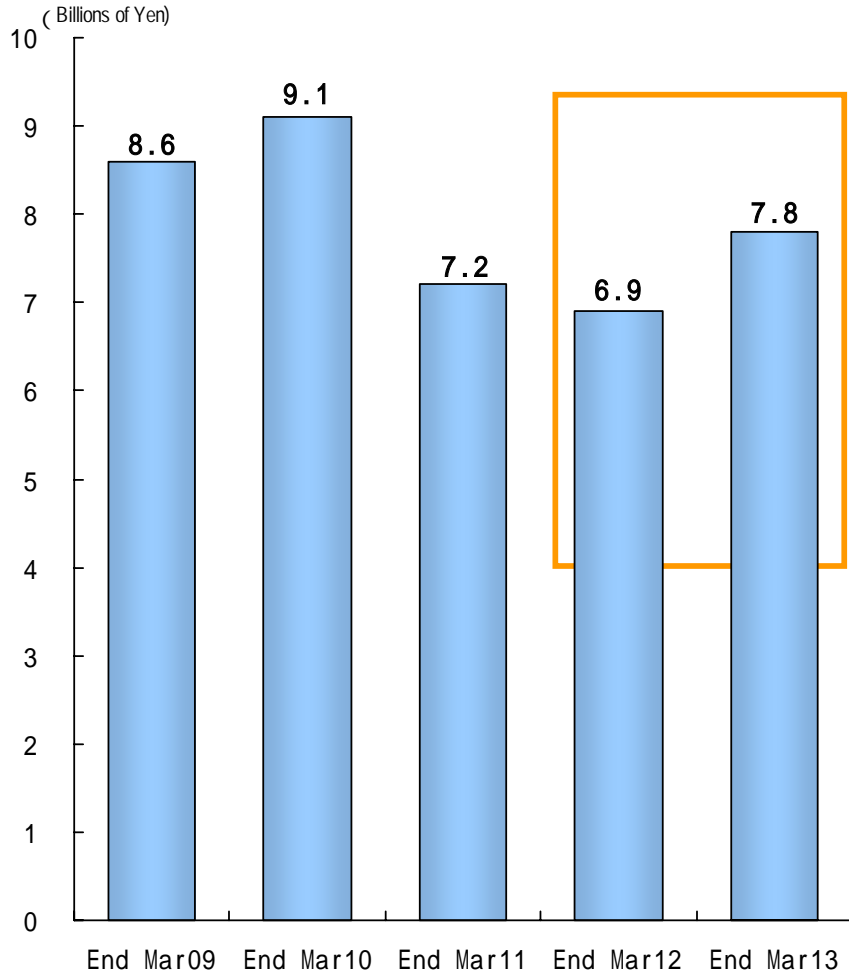
Net business profit on core banking operations increased ¥0.9 billion due to higher net interest income.

(Billions of Yen)

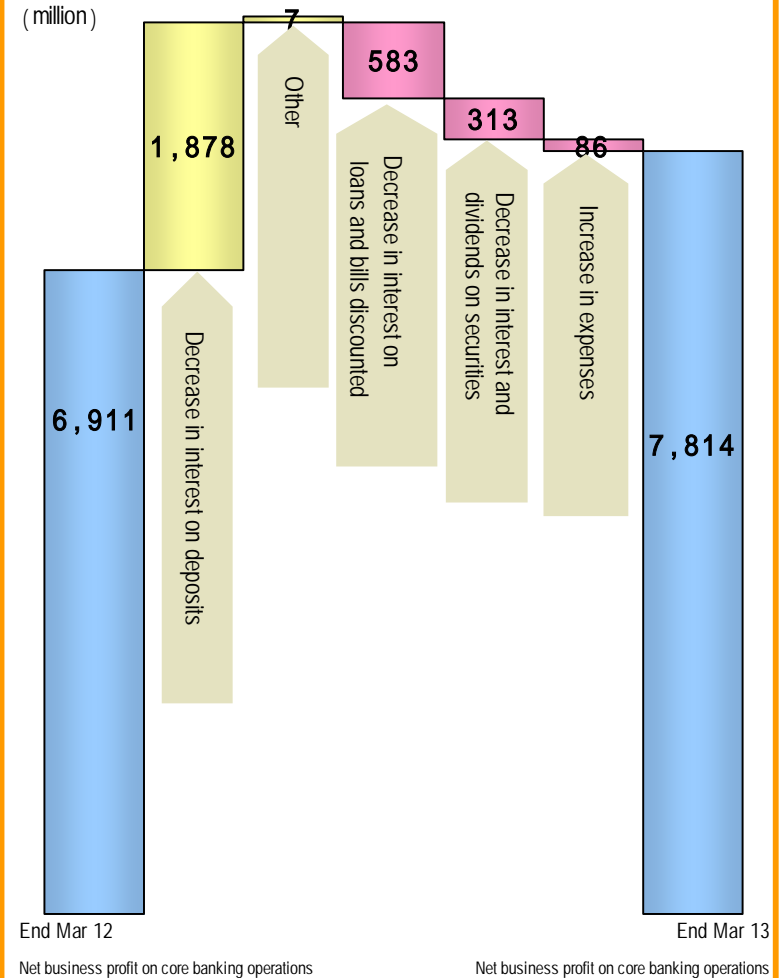
	FY2012	FY2011	Change
Business gross profit	29.3	28.5	+ 0.7
Net interest income	25.0	23.7	+ 1.2
Interest and dividend income on securities	2.4	2.7	-0.3
Fees and commissions	1.3	1.3	0
Gains/losses JGBs and other bonds	0	0.3	-0.2
Expenses	21.4	21.3	0
Personnel expenses	10.1	10.0	0
Non-personnel expenses	10.1	10.1	0
Taxes	1.1	1.1	0
Provisions to the general reserve for possible loan losses	0.4	-	+ 0.4
Net business profit	7.4	7.2	+ 0.2
Real net business profit (before provisions to the general reserve for possible loan losses)	7.8	7.2	+ 0.6
Net business profit on core banking operations (excluding gains/losses on JGBs and other bonds)	7.8	6.9	+ 0.9

Factors behind change in net business profit on core banking operations

Net business profit on core banking operations

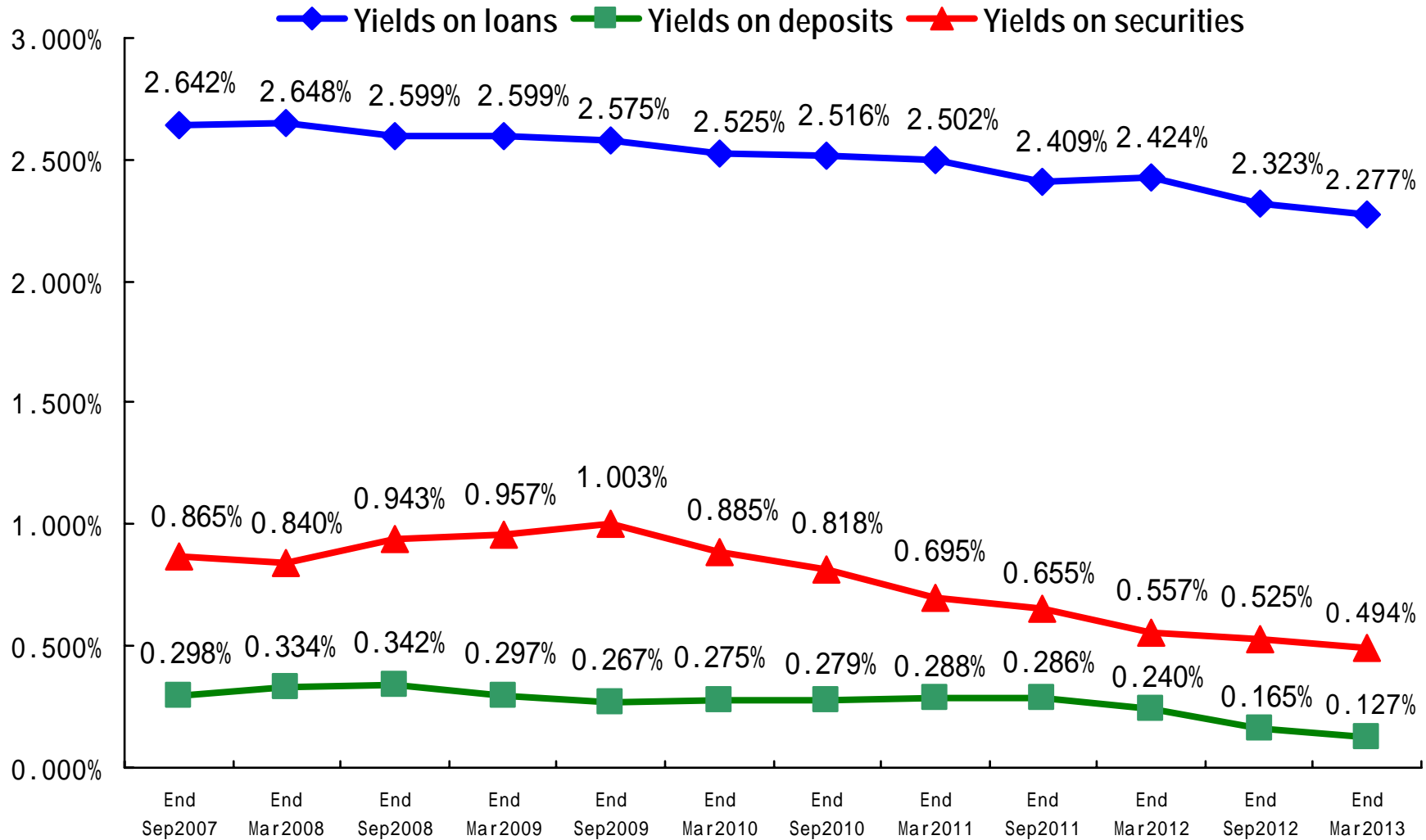


Factors behind year-on-year change in net business profit on core banking operations



Yields

Yields



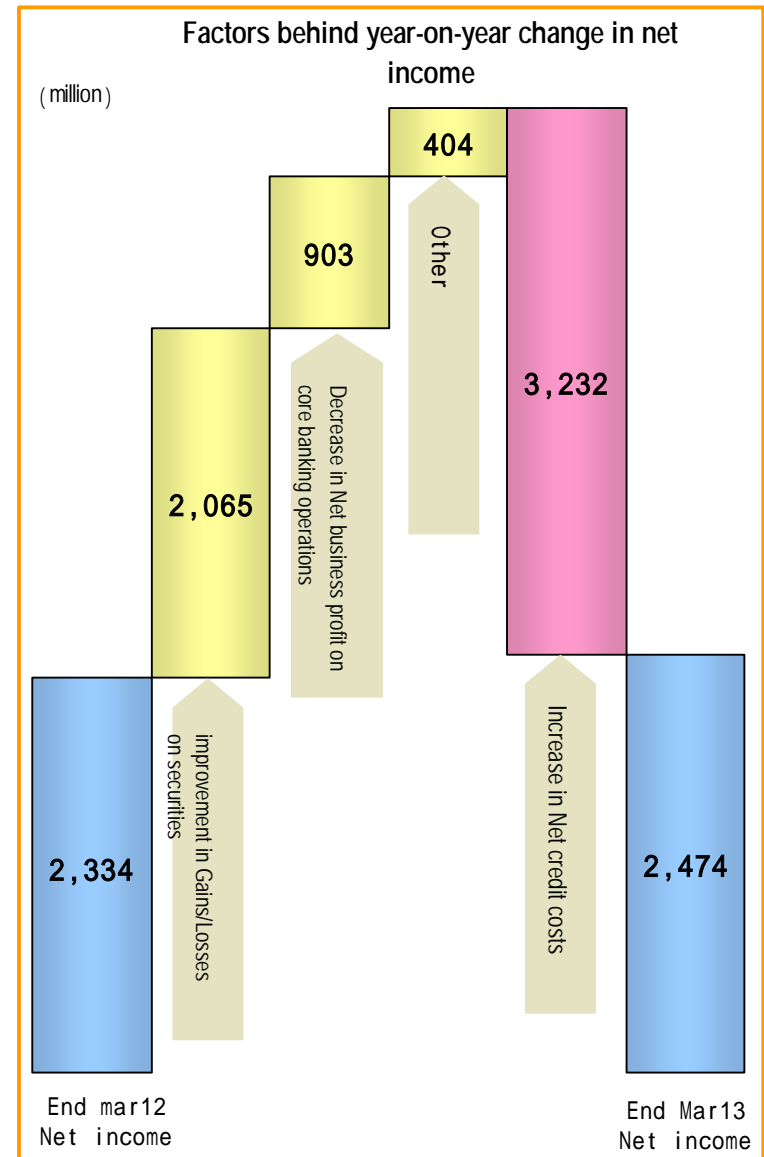
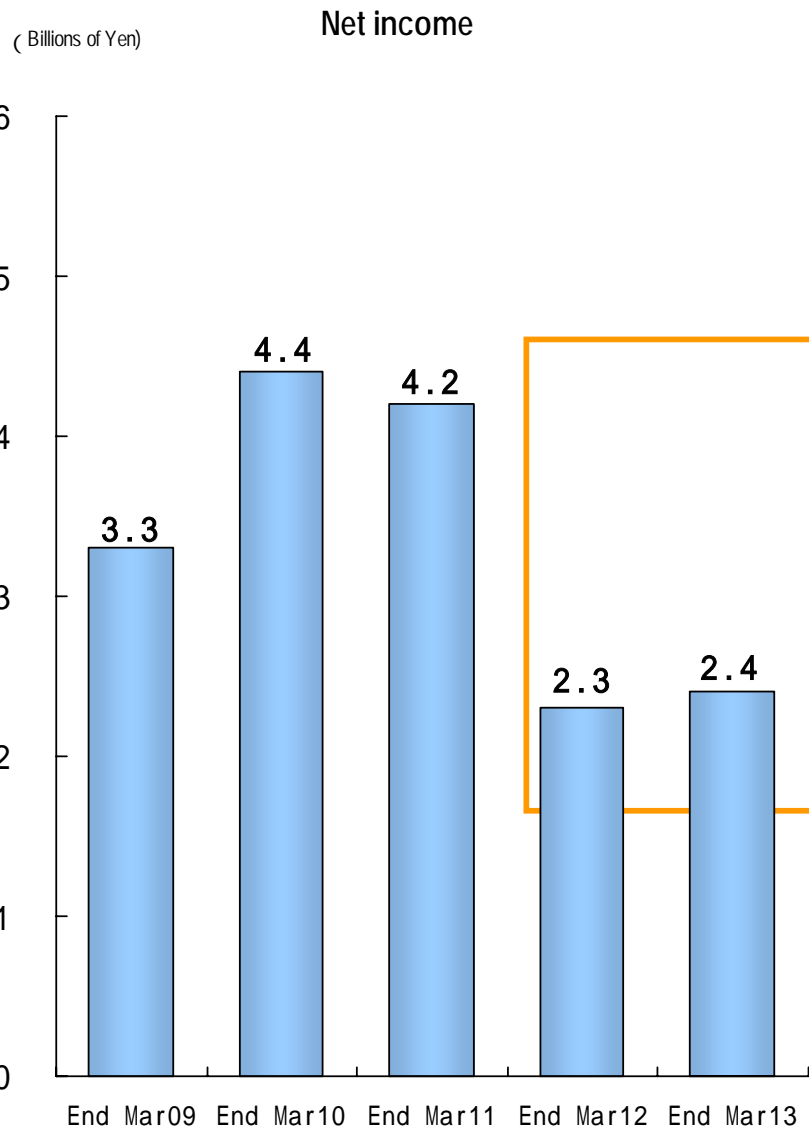
Net income

Net credit costs increased on rebound from previous year, but net profit secured

	FY2012	FY2011	Change (Billions of Yen)
Net business profit on core banking operations	7.8	6.9	+ 0.9
Provisions to the general reserve for possible loan losses	0.4	-	+ 0.4
Gains/losses JGBs and other bonds	0.0	0.3	-0.2
Extraordinary gain/loss	-2.9	-1.9	-0.9
Credit costs	3.0	1.3	+ 1.6
Gains/losses on stock transactions	-0.2	-2.6	+ 2.3
Reversal of reserve for possible loan losses	-	1.0	-1.0
Gains from bad debts recovered	0.5	0.6	-0.1
Ordinary profit	4.5	5.2	-0.7
Income before income taxes	4.4	5.2	-0.7
Total income taxes	2.0	2.9	-0.9
Net income	2.4	2.3	+ 0.1
Net credit costs	2.8	-0.3	+ 3.2

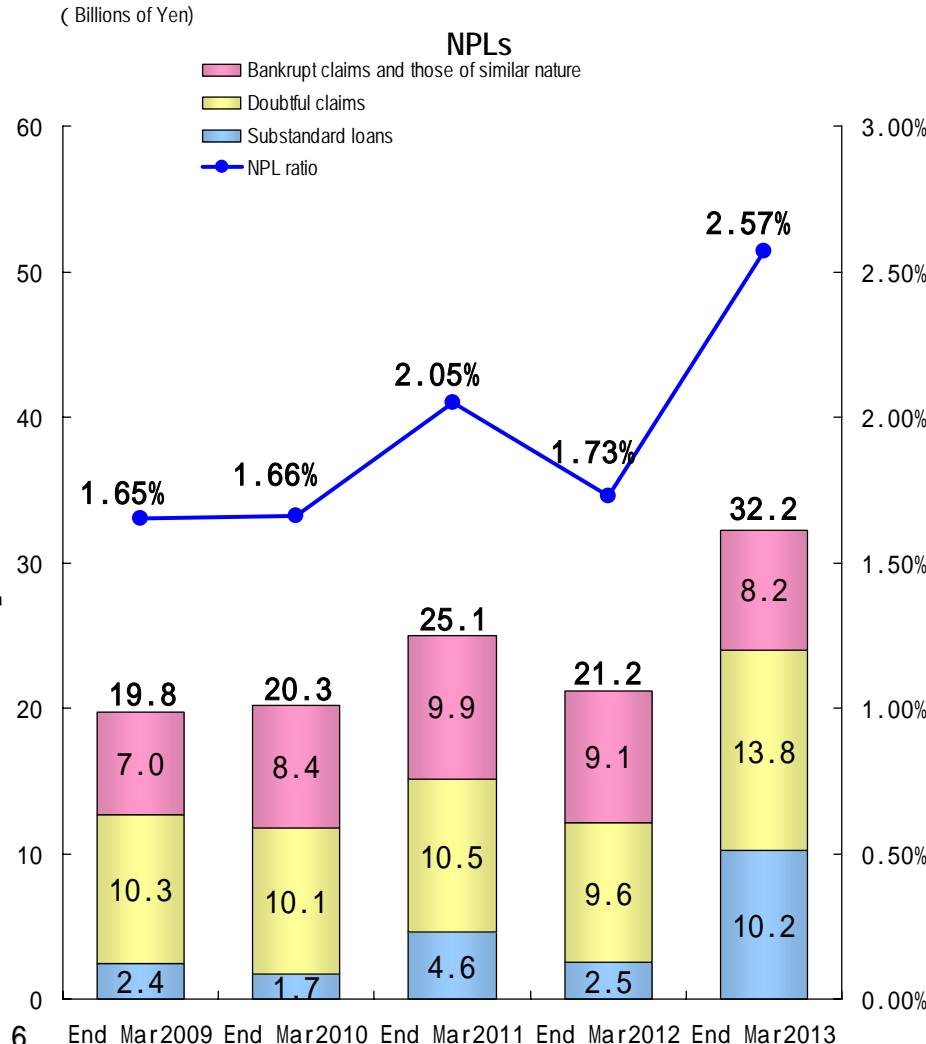
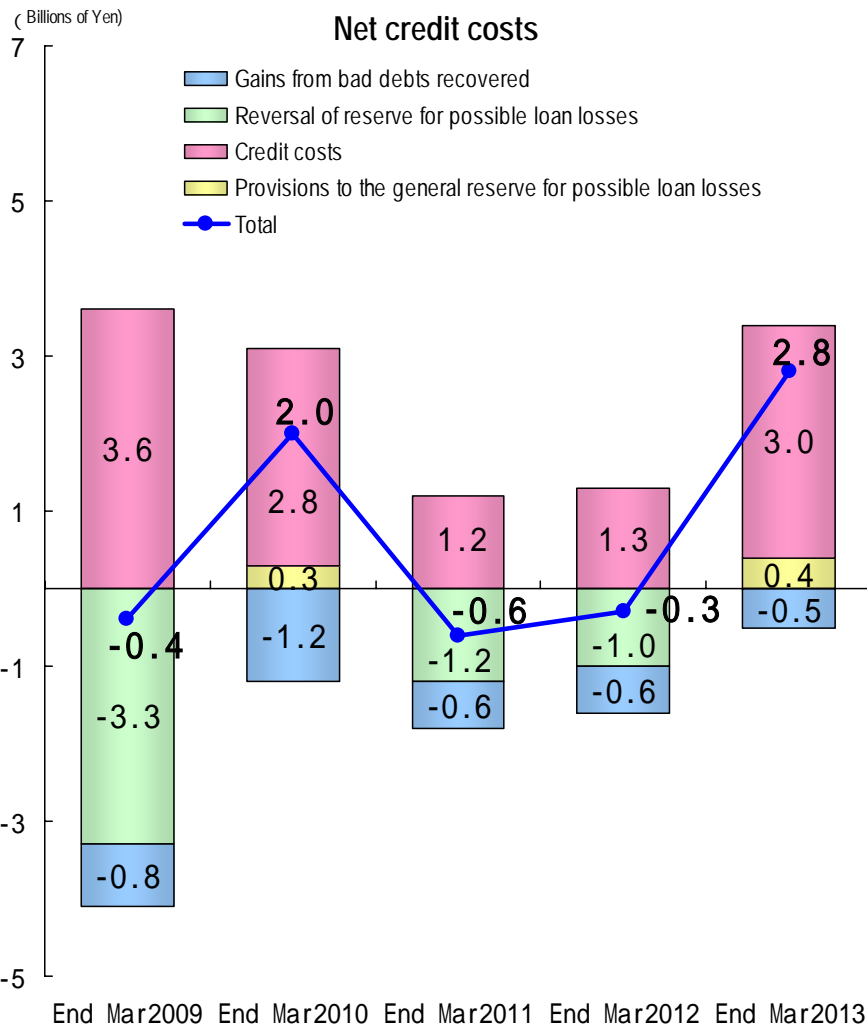
* Net credit costs = Provisions to the general reserve for possible loan losses + Credit costs - Reversal of reserve for possible loan losses - Gains from bad debts recovered

Factors behind change in net income



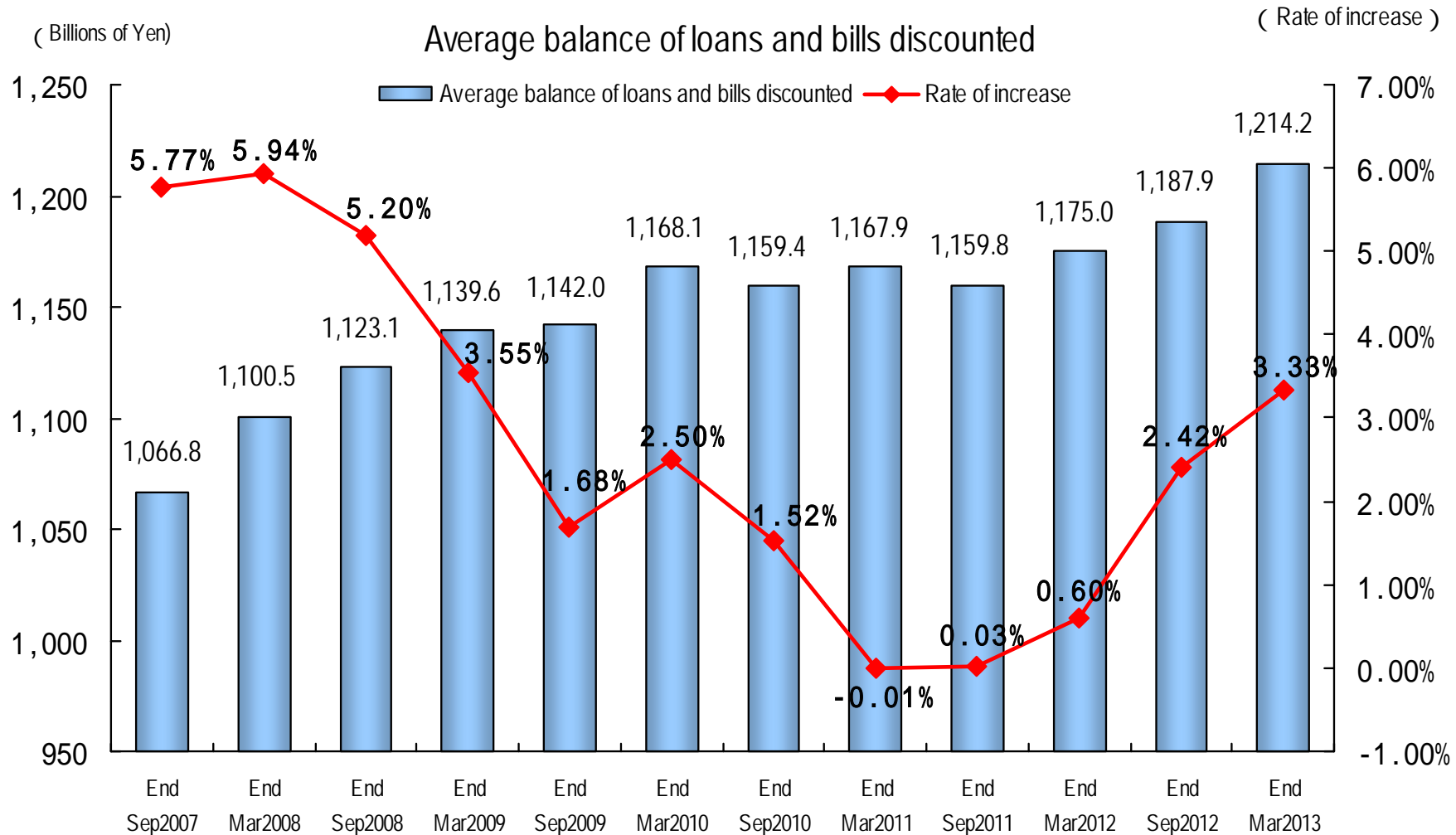
Credit costs

NPL disposal progressing steadily



Loans (Average balance)

Increase mainly in mortgage and apartment loans

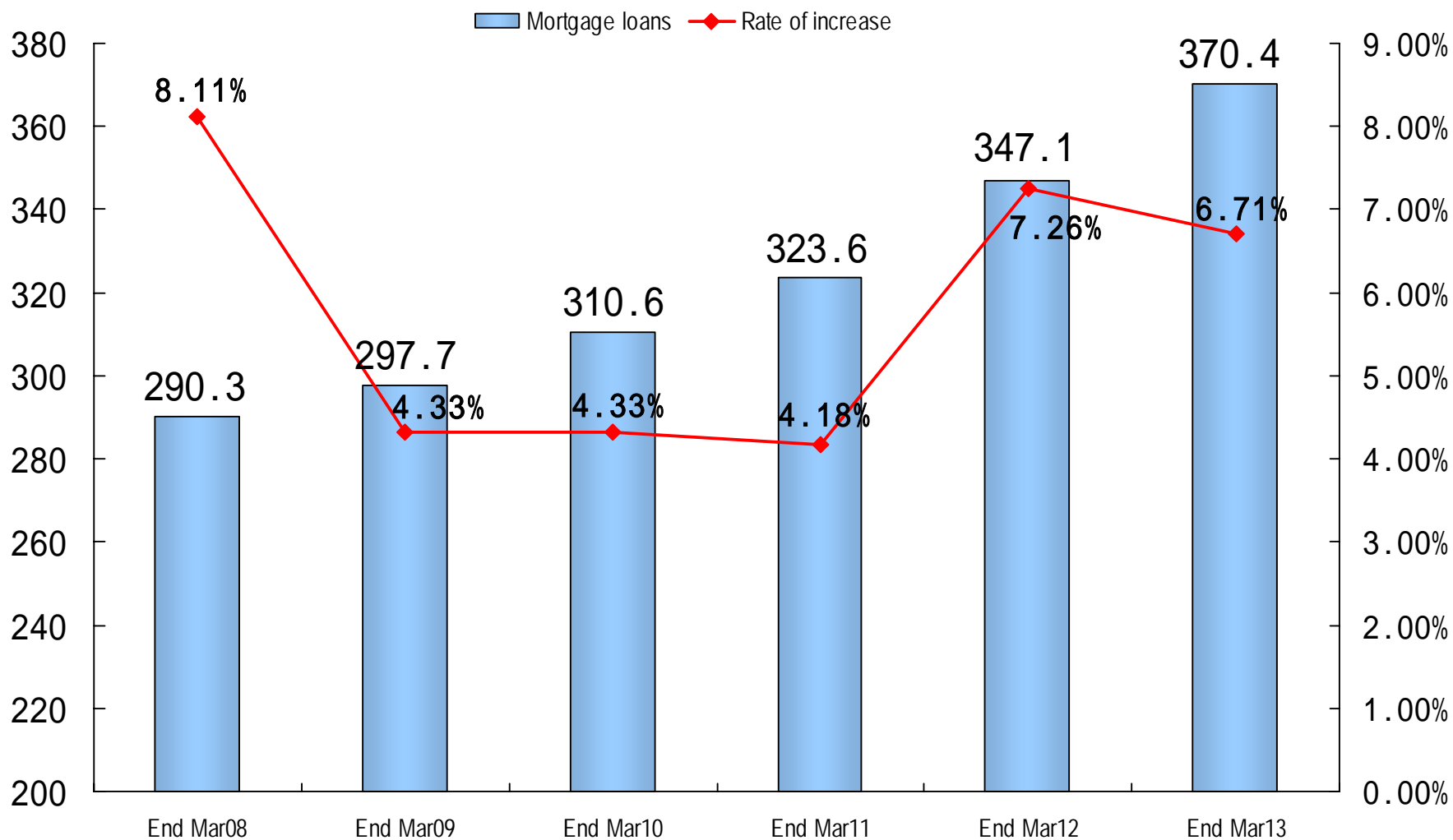


Mortgage loans (year-end balance)

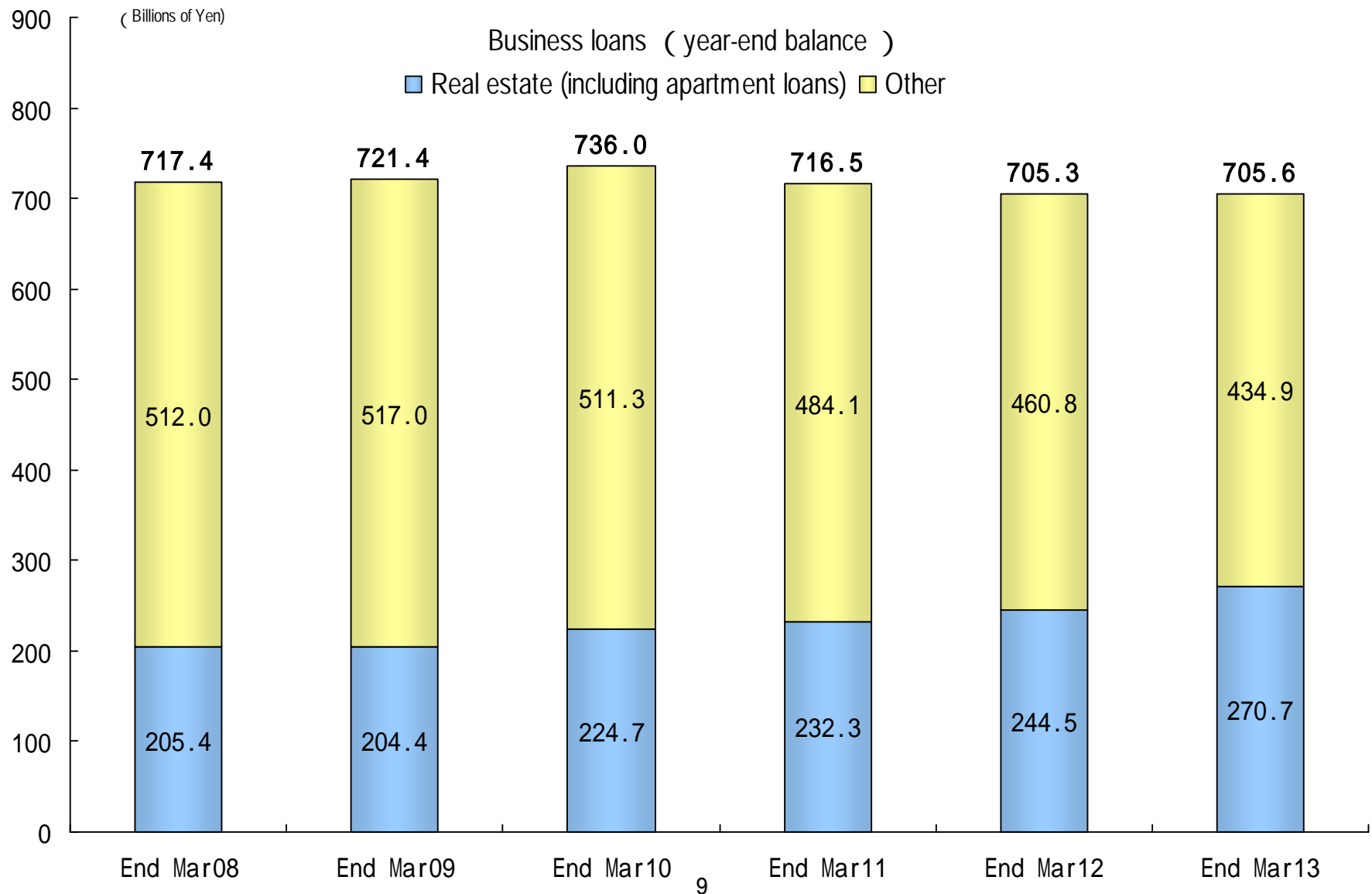
(Billions of Yen)

Mortgage loans (year-end balance)

(Rate of increase)



Business loans (year-end balance)

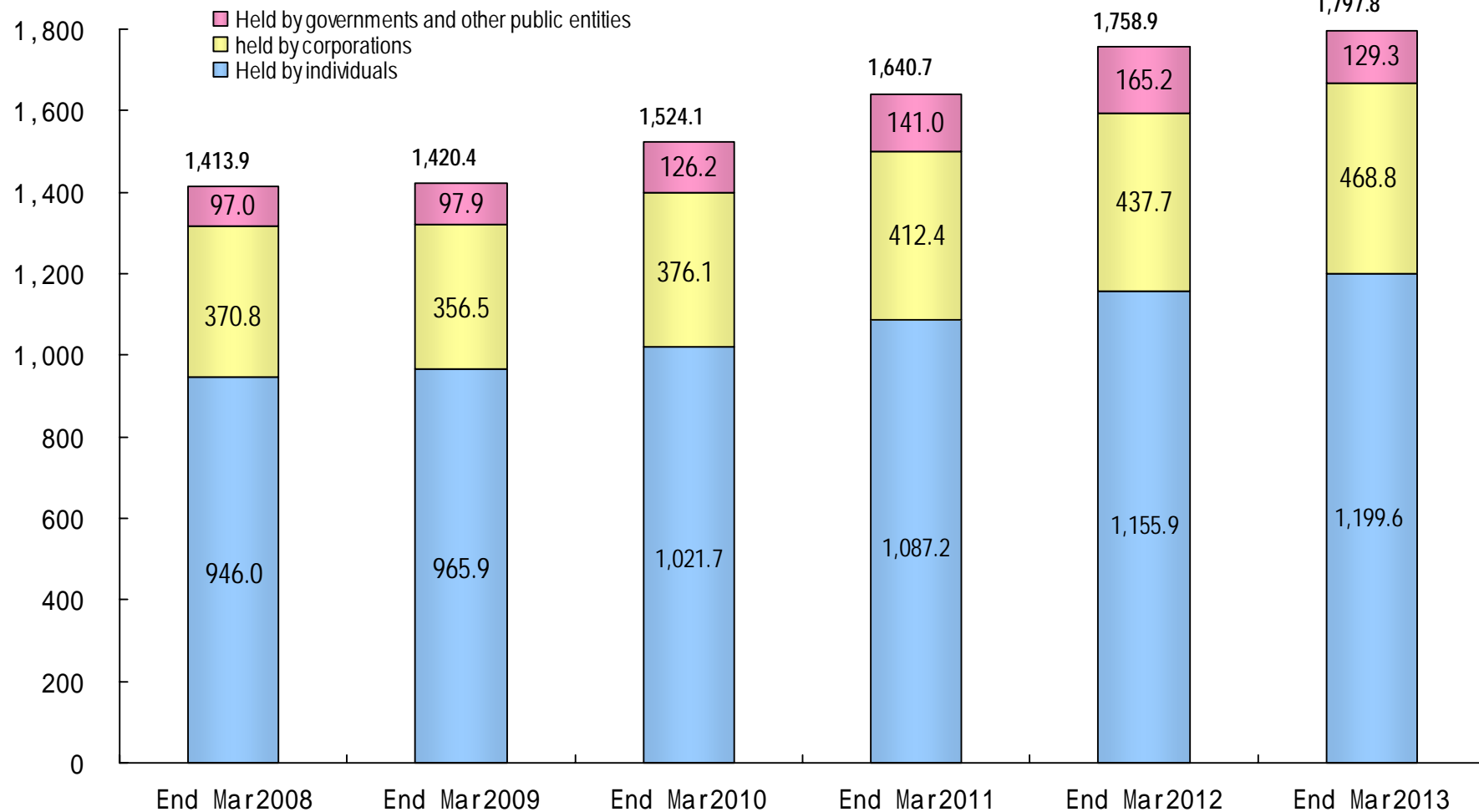


Balance of individual deposits (year-end balance)

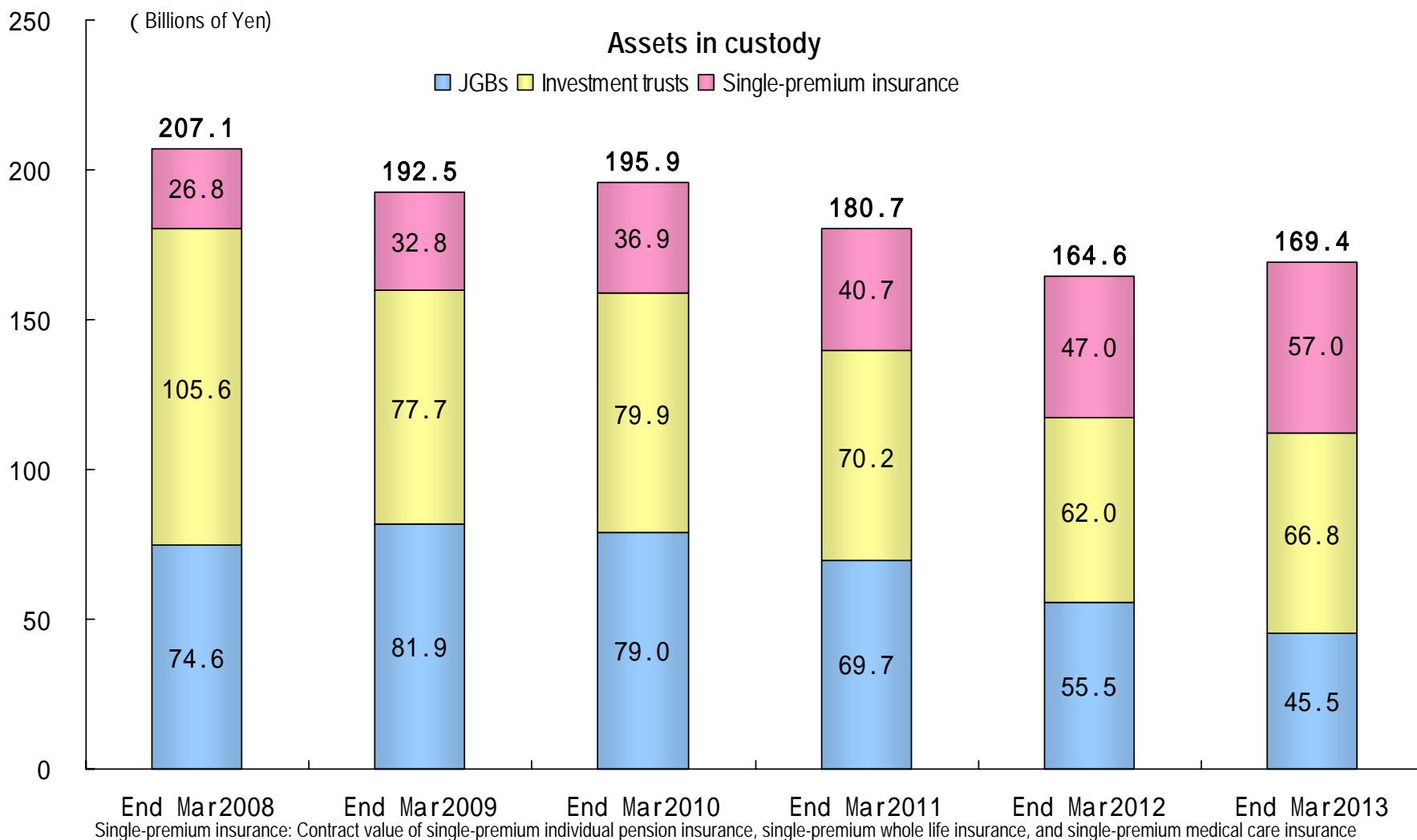
Individual and corporate deposits were strong

(Billions of Yen)

Balance of deposits (year-end)



Investment trusts and single-premium insurance increased

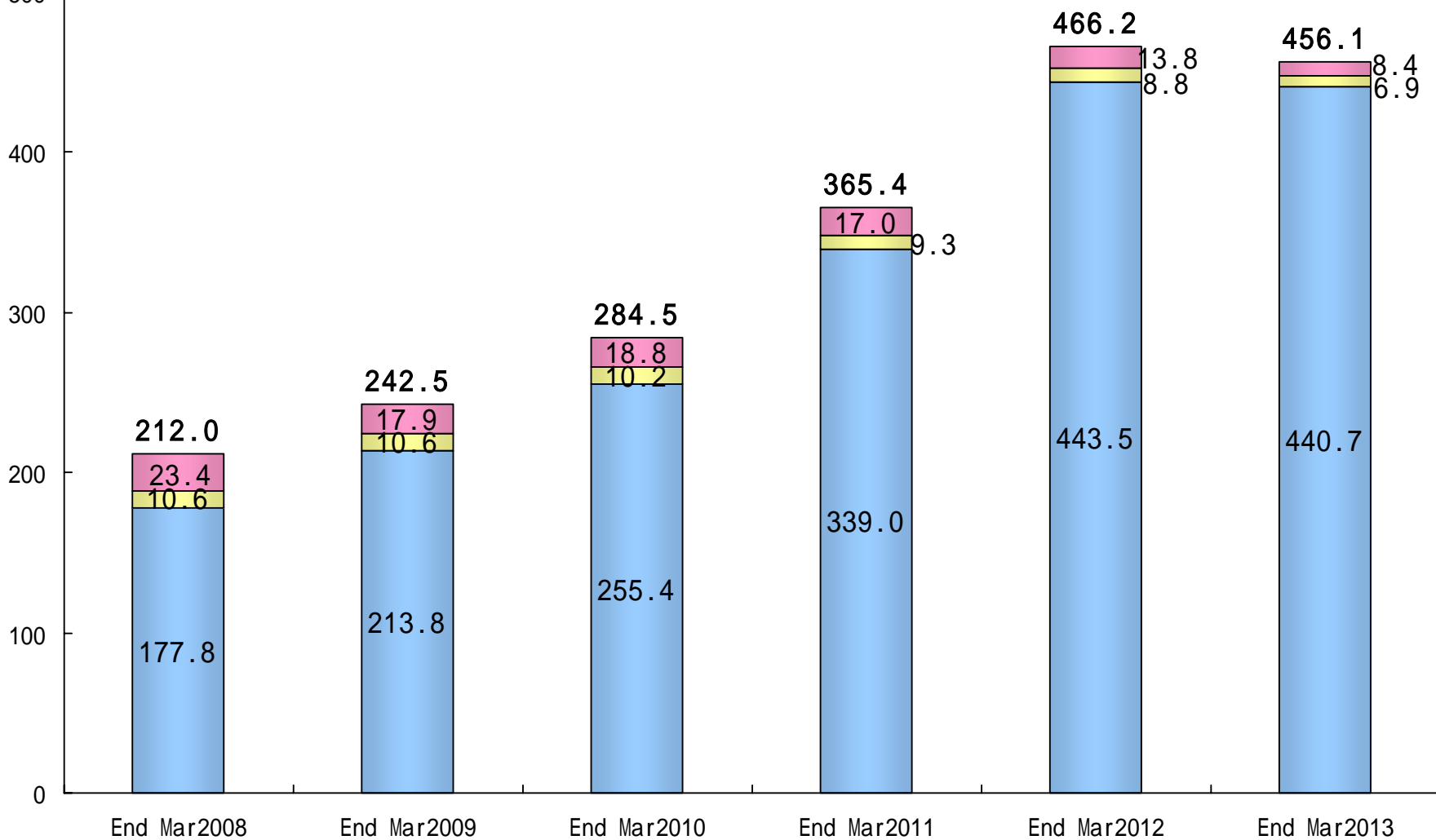


Securities (year-end balance)

(Billions of Yen)

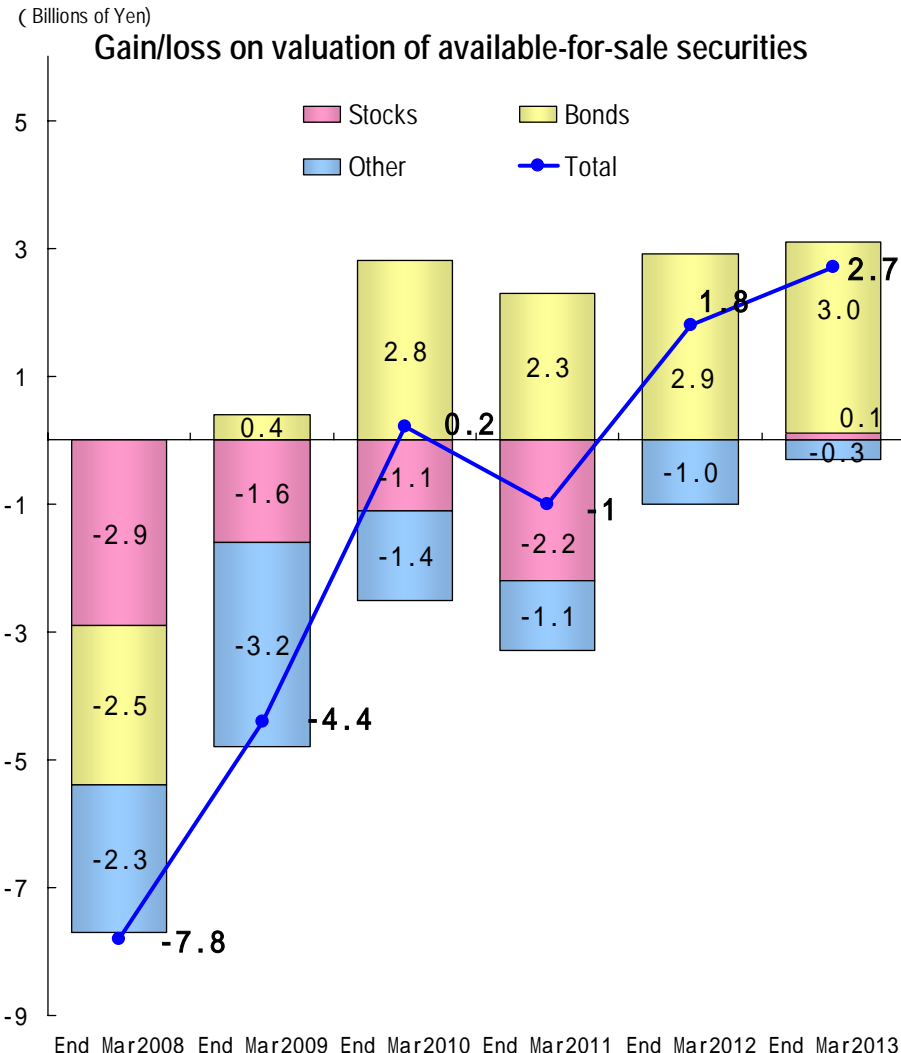
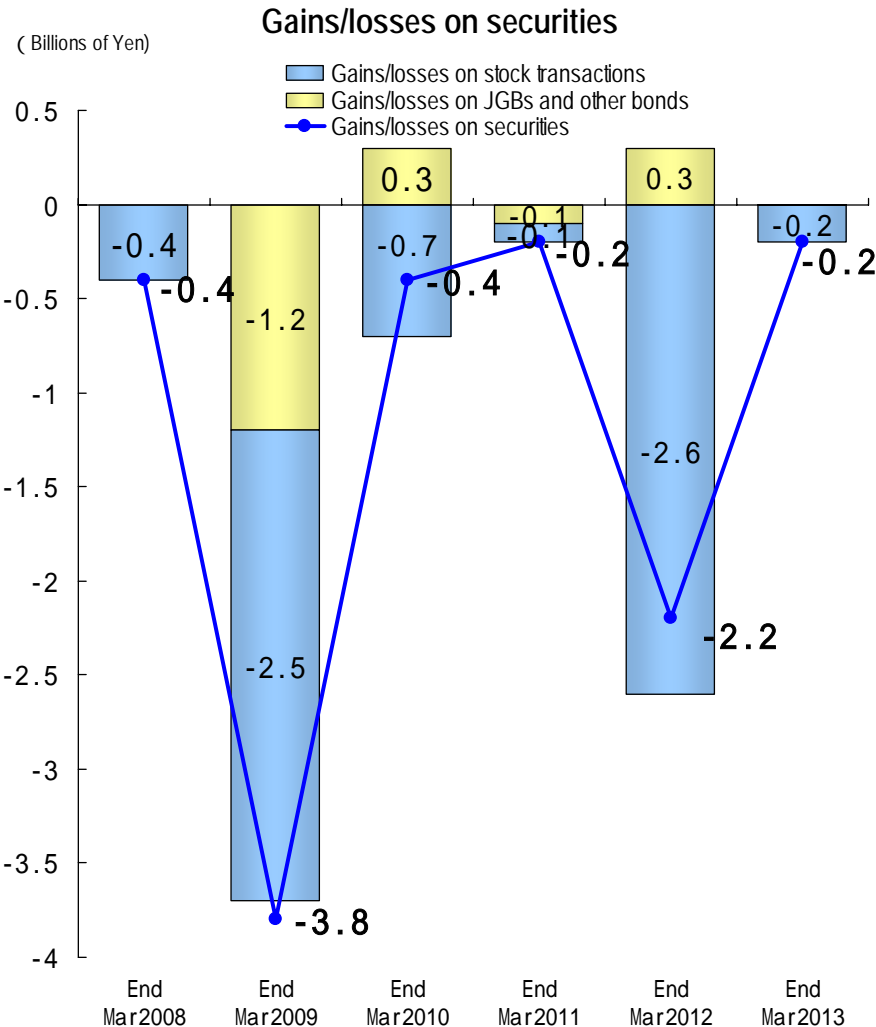
Balance of securities (year-end)

■ Bonds ■ Stocks ■ Other



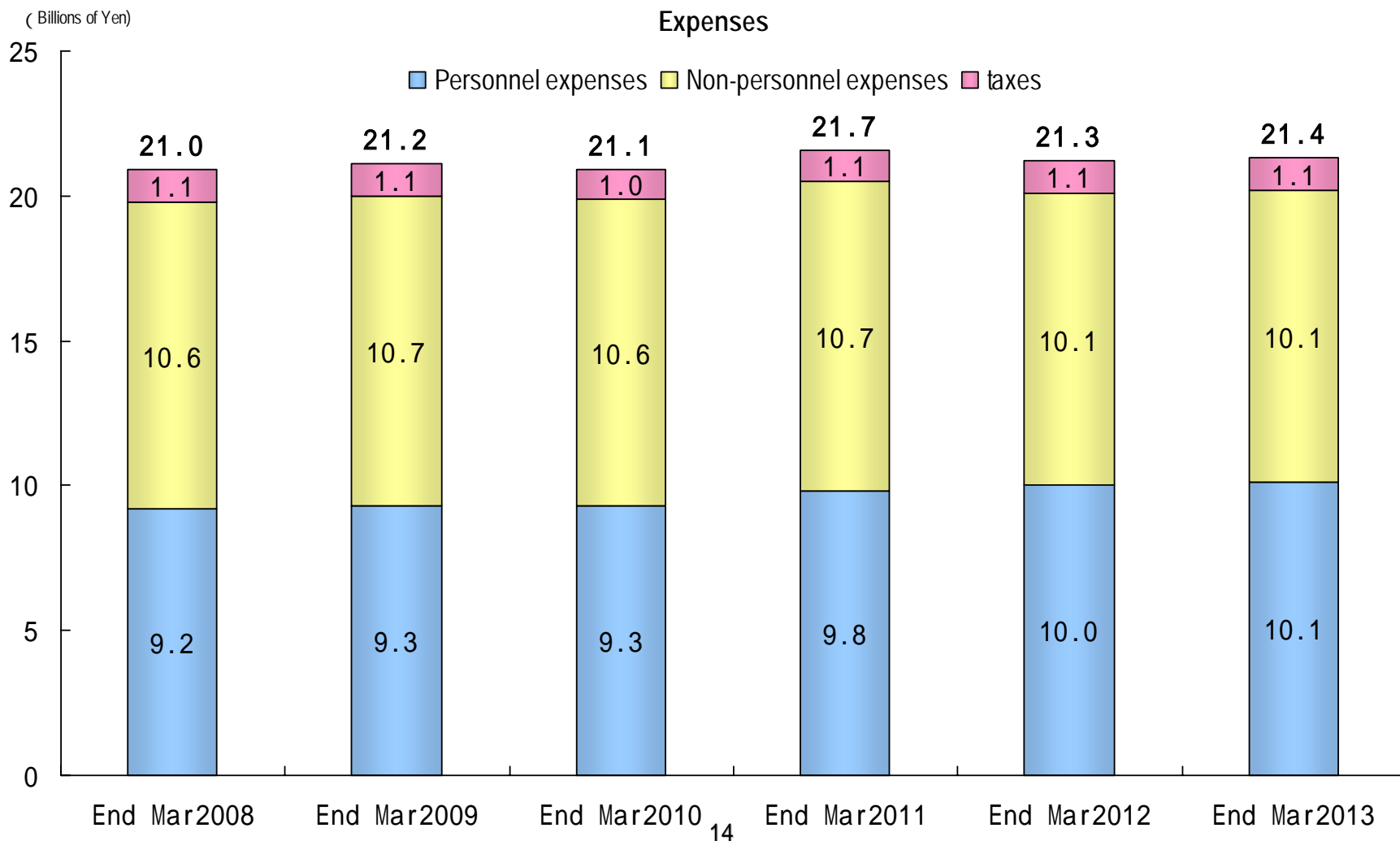
Gains/losses on securities and valuation gain/loss

Gains/losses on securities improved on rebound from previous year in response to impairment loss on stock



Expenses

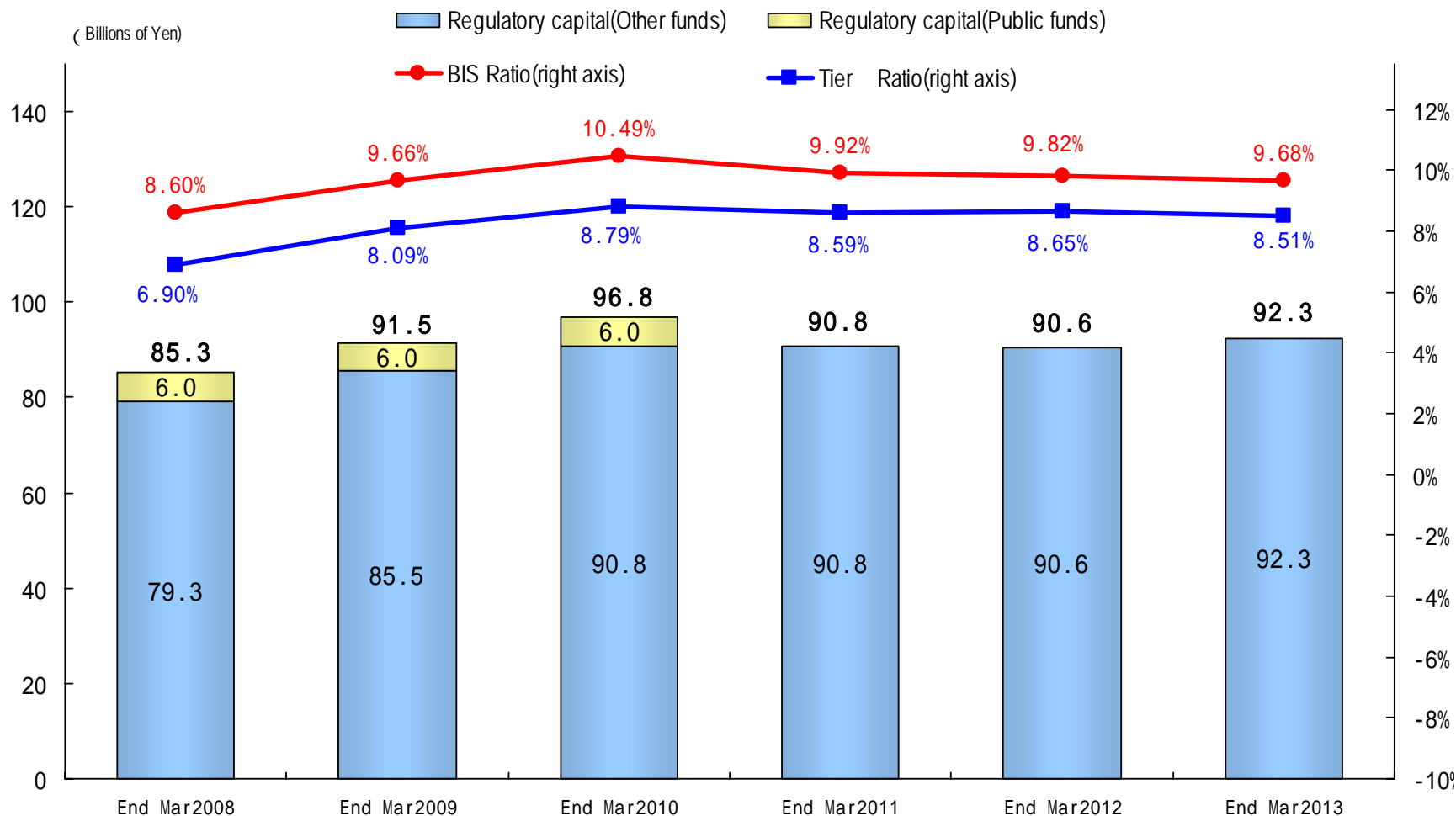
Expenses were largely unchanged from the previous fiscal year



BIS Capital Ratio

Unchanged due to increase in risk assets such as loans and bills discounted

BIS Ratio



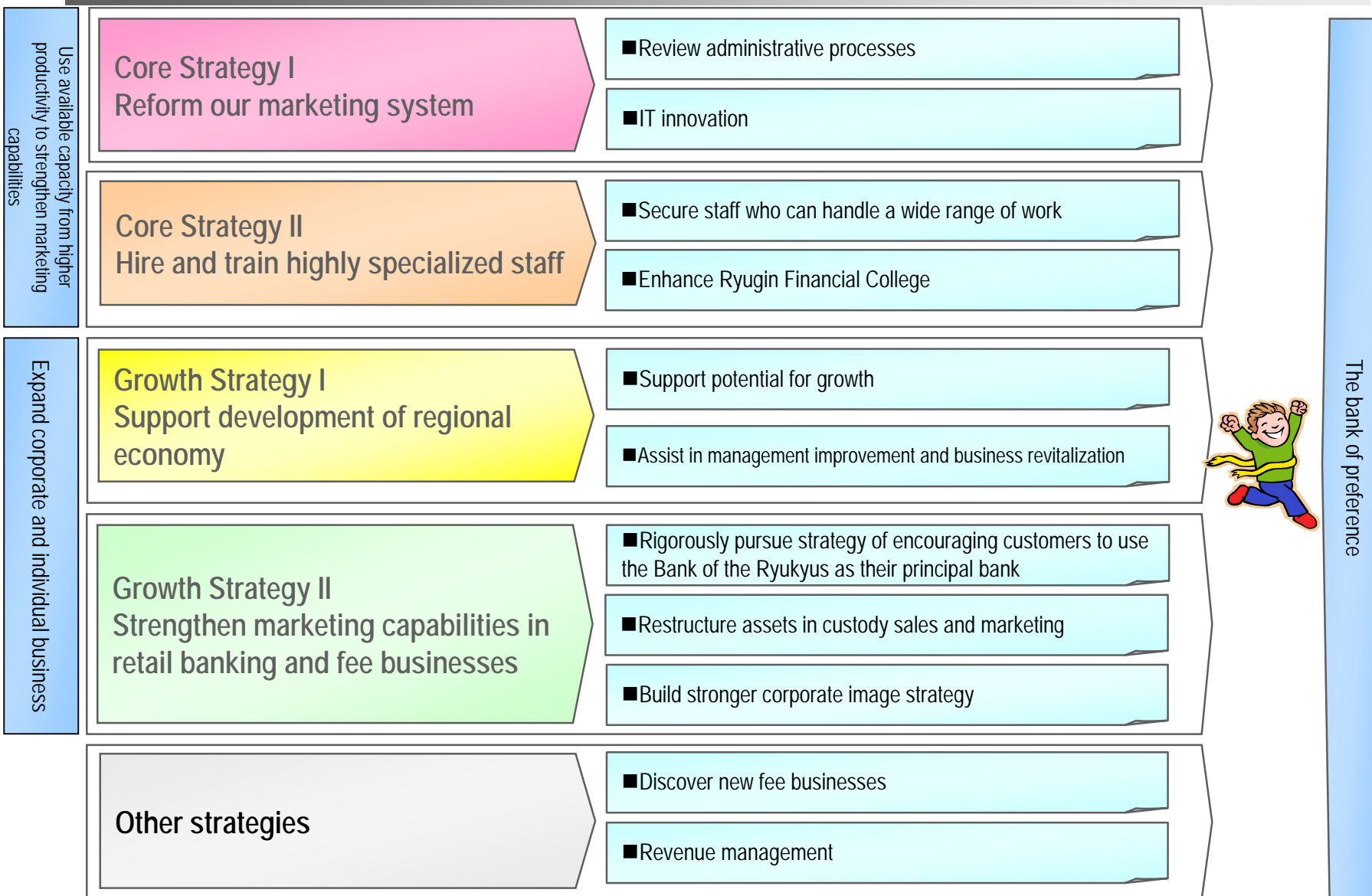
Earnings Forecast for FY 2012

Profit increase expected from service revenue improvement

(Billions of Yen)

	FY2013	FY2012	Year on year change
Business gross profit	29.3	29.3	0.0
Net business profit on core banking operations	7.7	7.8	-0.1
Ordinary income	5.0	4.5	+0.5
Net income	3.0	2.4	+0.6
Net Credit Costs	3.0	2.8	+0.2
NPL Ratio	2 ~ 3%Range	2.57%	-

Overview of short-term management plan 2013



The bank of preference

Core Strategy I (Reform our marketing system)

IT innovation

◆ Introduced Financing Support Plus in April 2012

◆ Computerized restored ledger



◆ Ability to hold paperless meeting at head office in October 2012



◆ Introduced ActiBook in November 2012



◆ Introduced investment trust index in November 2012



(Morningstar Japan K.K.)

◆ Auto-screening system, CRM, and communication tools scheduled to be introduced in fiscal 2013



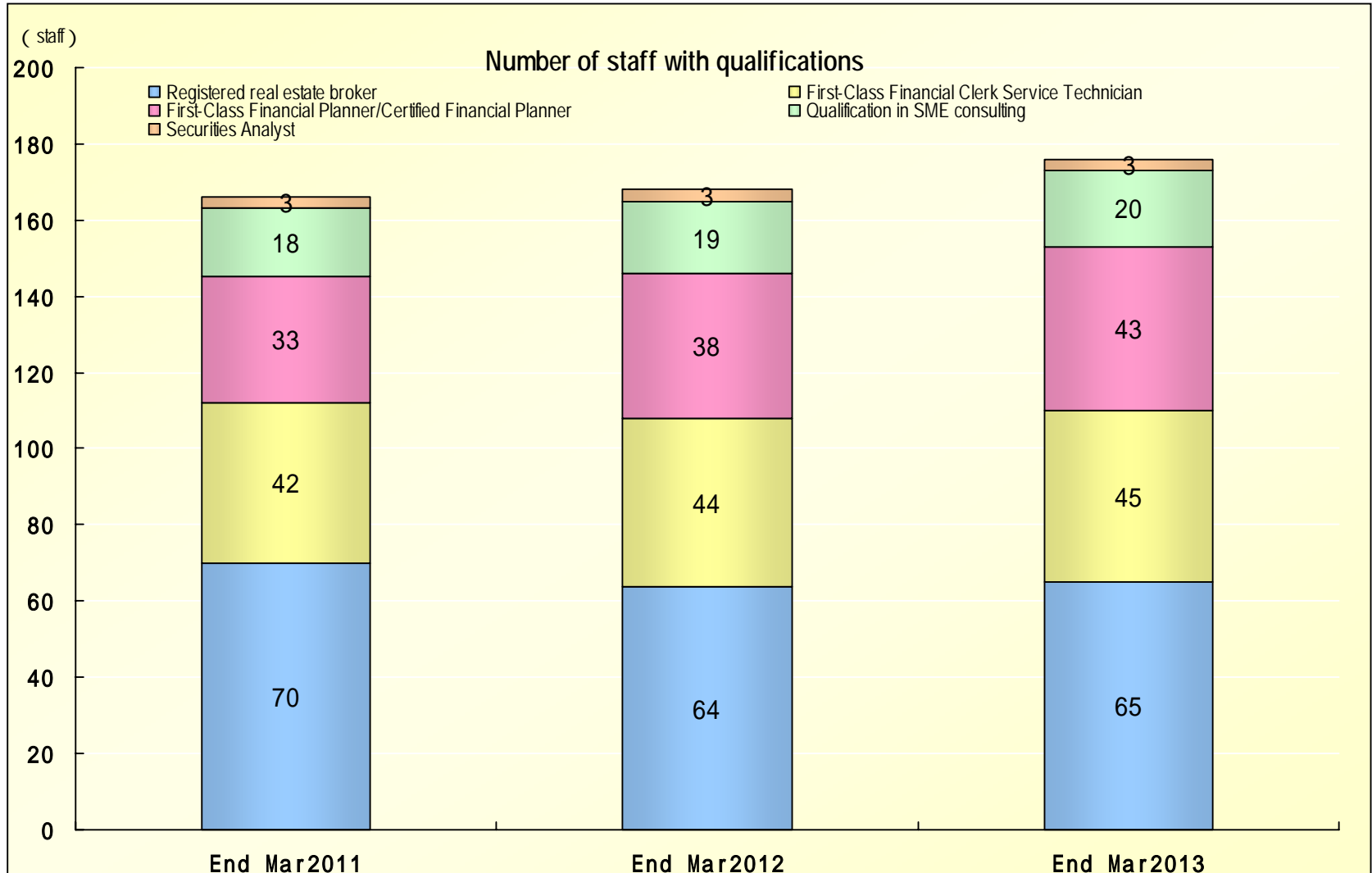
(diagram of CRM)



(diagram of auto-screening system)

Core Strategy II (Hire and train highly specialized staff)

Enhance Ryugin Financial College



Growth Strategy I (Support development of regional economy)

Support potential for growth

- ◆ Established three Loan Promotion Groups and strengthened branch support in Dec, 2012

Business
Administration
Department

Loan Sales Promotion Group

Branch Support Group For Loan

Medical Sector Group

- ◆ Offered *Teeda Power*, a loan for solar power generation facilities in August 2012

- ◆ Offered *Colle-ju*, a loan exclusively for homes for the care of the elderly in August 2012

- ◆ Offered *Active+*, a business loan in November 2012



Growth Strategy I (Support development of regional economy)

Help expand marketing channels and the Sixth Industrialization

- ◆ Jointly sponsored business forum with The Okinawa Kaiho Bank, LTD. and Koza Shinkin Bank in May 2013



(diagram)



(diagram)

- ◆ Established a business alliance with MOKUMOKU in Feb.2013



(Taken from NAPA's website)

- ◆ Collaborated on business with Nomura Agri Planning & Advisory Co., Ltd. in May 2013



(Taken from NAPA's website)

Growth Strategy II

(Strengthen marketing capabilities in retail banking and fee businesses)

- Rigorously pursue strategy of encouraging customers to use the Bank of the Ryukyus as their principal bank
- Restructure assets in custody sales and marketing

- ◆ Opened Nanbu Loan Center Plus in Haeburu-cho in Dec, 2012



Loan Center Plus

Offered individual loan and insurance consultations

- ◆ Opened Makabi Branch and Makabi Loan Center Plus in Naha City in March 2013



Build stronger corporate image strategy

- ◆ The Bank's website was completely redesigned in May 2013



- ◆ Held "14th All-Day Ryugin DAY" in May 2013



About This Presentation



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