



By Chie Tengan

Winner of the 23rd (fiscal 2014) Bingata Design Contest presented by the Bank of the Ryukyus

Bank of the Ryukyus Management Briefing for FY2014

The Financial and Economic Environment of Okinawa Prefecture



Overview of Okinawa Prefecture

Forecast rate of economic growth

1.07% (highest in Japan: 2007-2020 forecast rate of real economic growth (Japan Center for Economic Research))

Prefectural Income (per person)

¥2.03 million (worst in Japan, 2012)
* National average: ¥2.97 million

Population growth rate

0.44% (Ranked second in Japan, 2013)
* No. 1 ranked Tokyo: 0.53%

Savings per Household

¥6.28 million (worst in Japan, 2014)
* No. 1 ranked Tokyo Metropolitan Area: ¥25.15 million
National average: ¥17.98 million

Divorce Rate * Per 1,000 of population

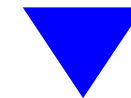
2.59 divorces (worst in Japan, 2013)

Sources: Okinawa Prefecture, Cabinet Office, Ministry of Internal Affairs and Communications






































































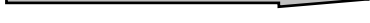





















































(Source: ALL NIPPON AIRWAYS CO., LTD)

1% Economy Japanese Resorts



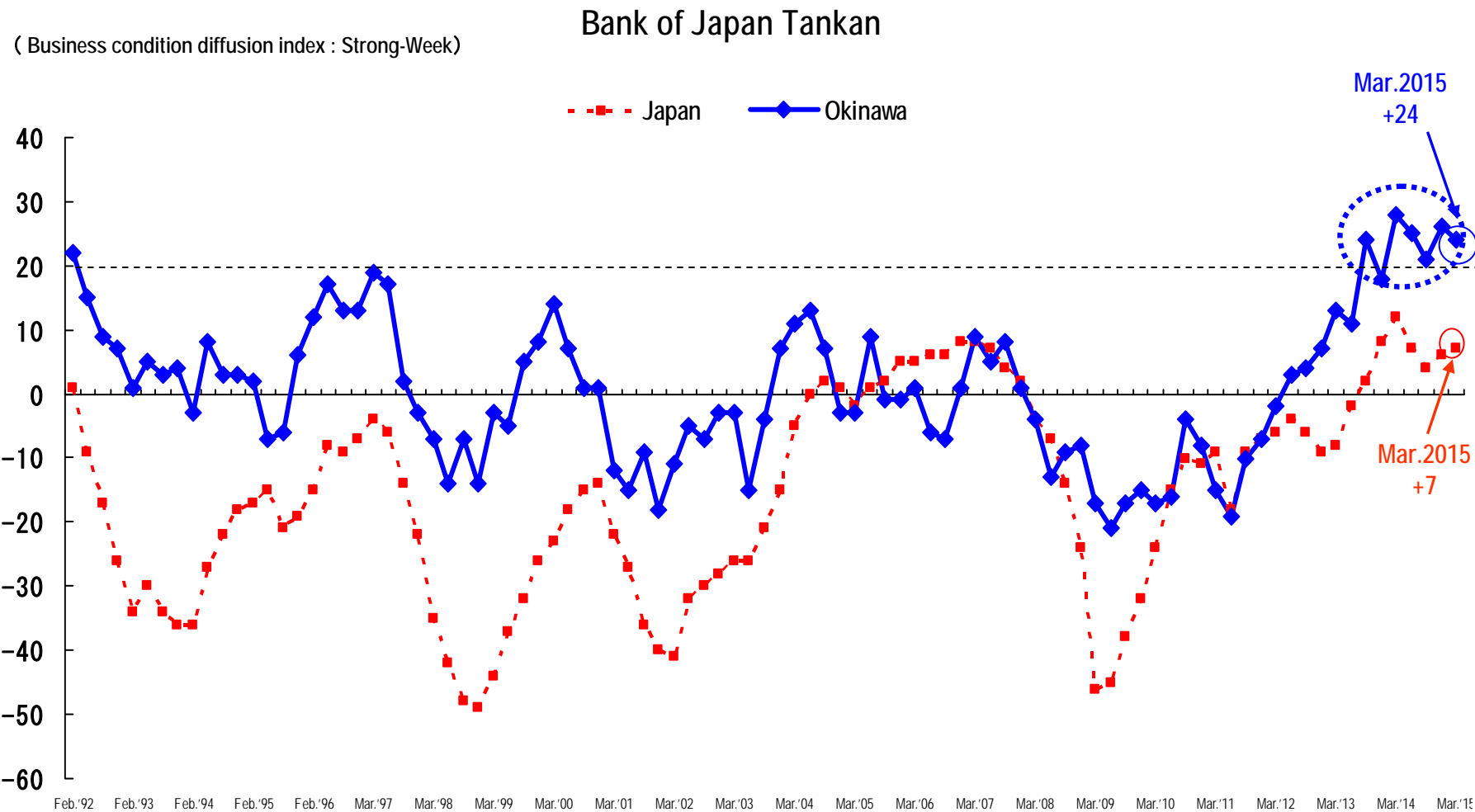
- Global Resorts
- Beach Resorts & Business Resorts

Regional Economic Climate Chart (May 2015)

	2014 ~ 2015										
	May	~	May	Personal consumption	Residential construction	Facility investment	Public works	Exports	Production activities	Tourism	Employment conditions
HOKKAIDO AREA											
TOHOKU AREA											
KANTO AREA											
KOSHINETSU AREA											
HOKURIKU AREA											
TOKAI AREA											
KINKI AREA											
CHUGOKU AREA											
SHIKOKU AREA											
KYUSYU AREA											
OKINAWA PREFECTURE											

Economic Trends (Bank of Japan Tankan)

Level exceeded 20 over five periods for first time in 23 years

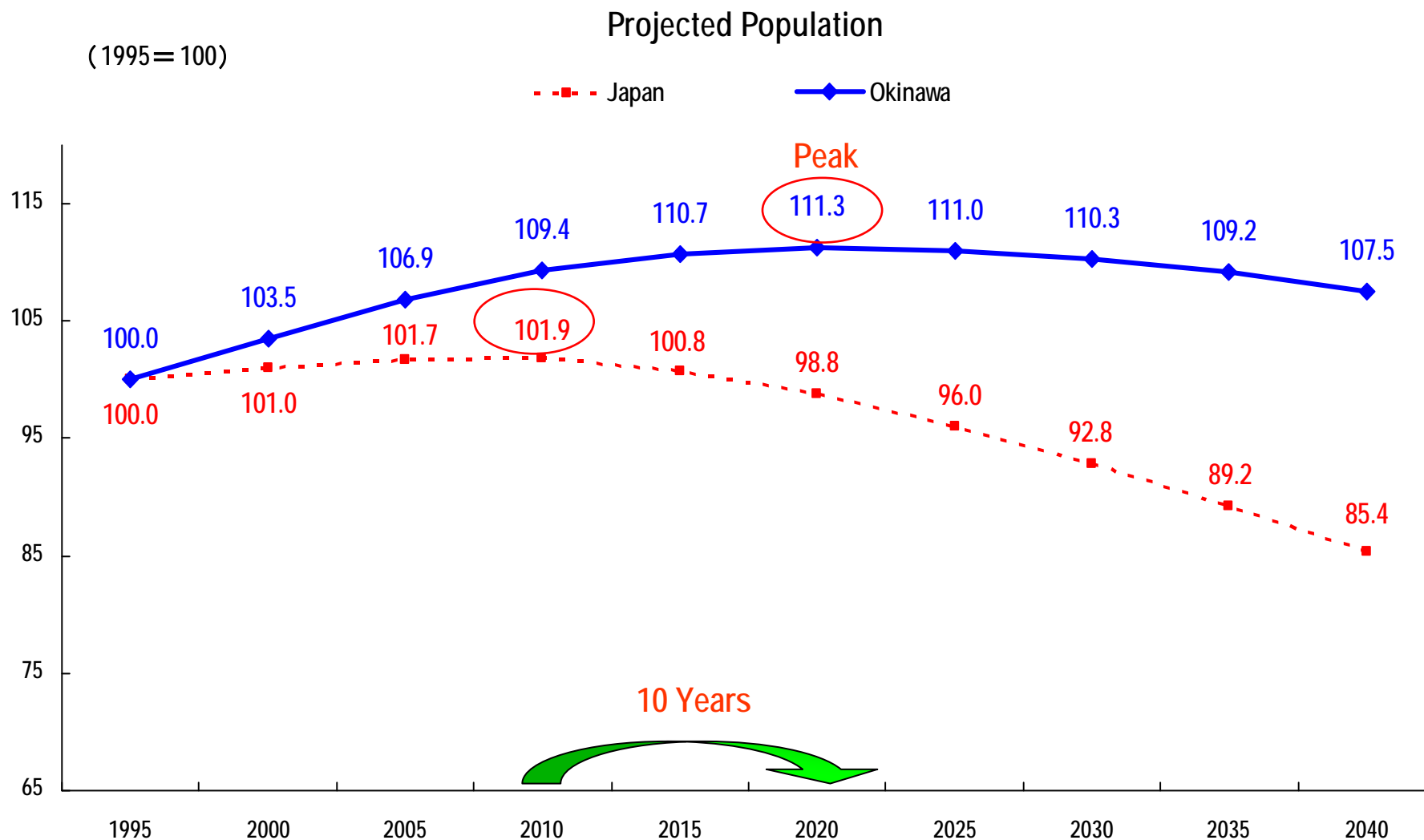


* Drawn up using "new base" numerical values from December 2014

Source: Bank of Japan, Naha Branch

Projected Population

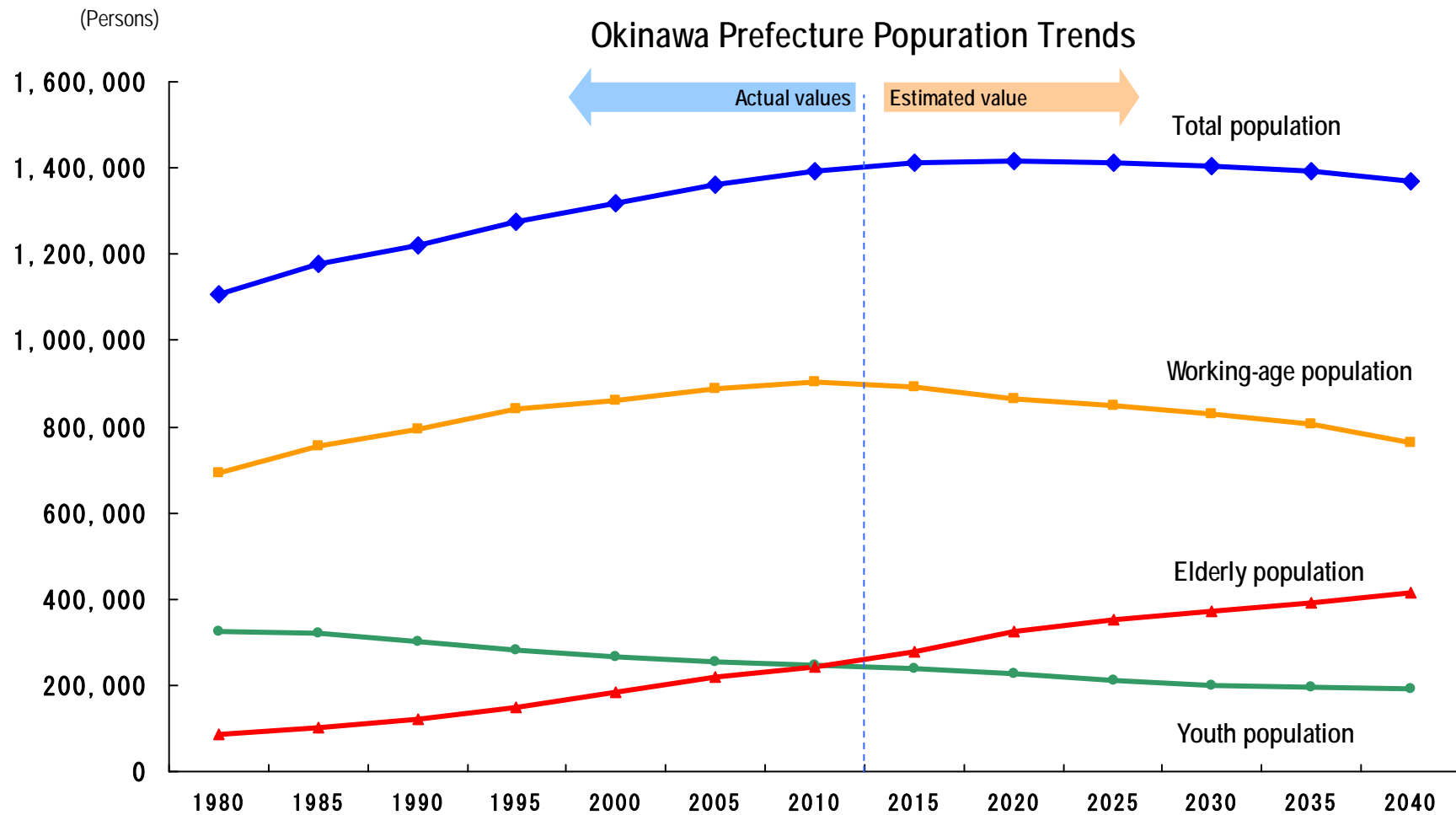
Okinawa Prefecture's population is projected to increase for the foreseeable future



(Source: Prepared from census figures provided by Japan's Ministry of Internal Affairs and Communications through to 2010 as well as estimates for 2015 and beyond provided by the National Institute of Population and Social Security Research)

Projected Population

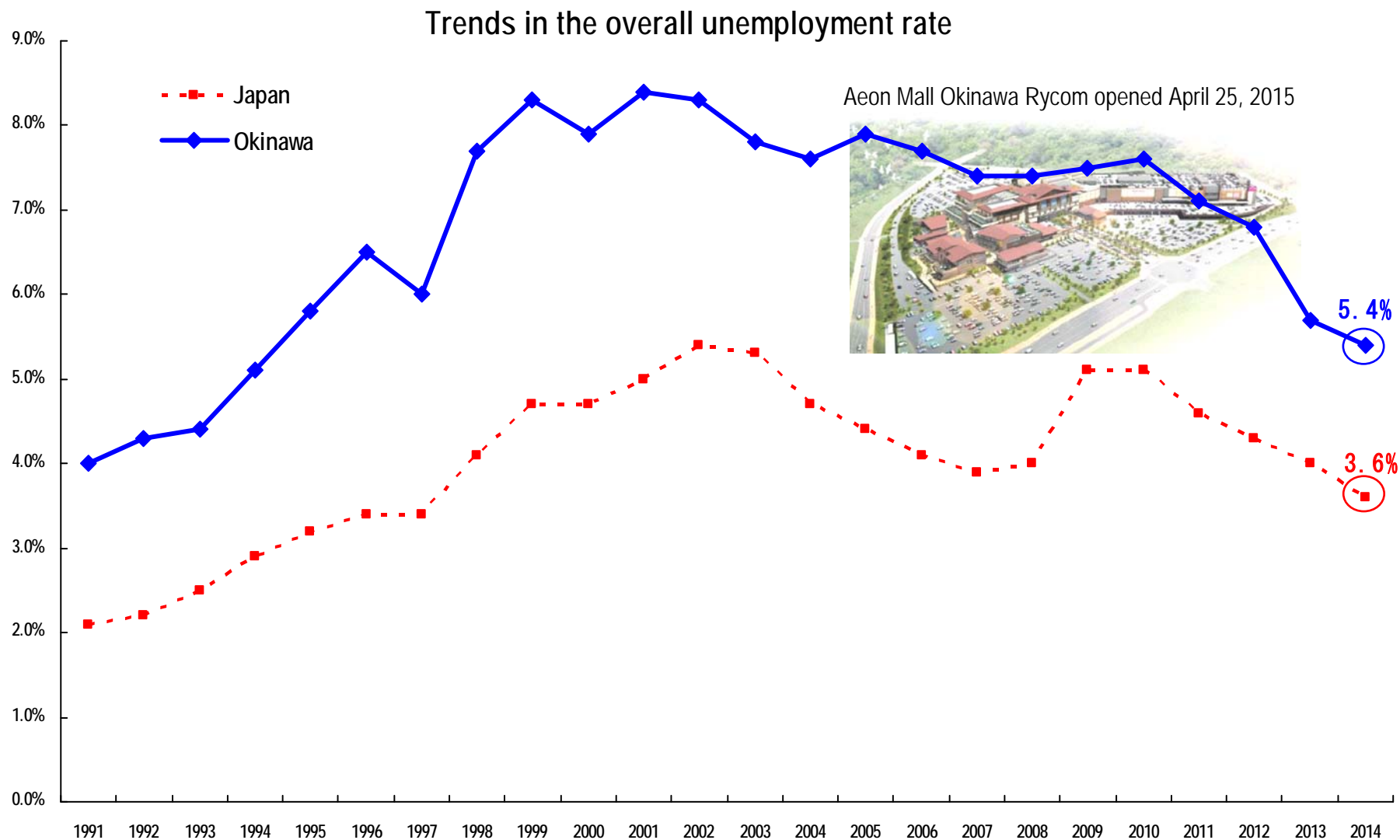
Working-Age Population Already in Decline



(References) Compiled from *National Population Census* (Ministry of Internal Affairs and Communications), *Regional Population Projections for Japan*, March 2013 projections (National Institute of Population and Social Security Research)

■ Employment

Improving trend in Employment

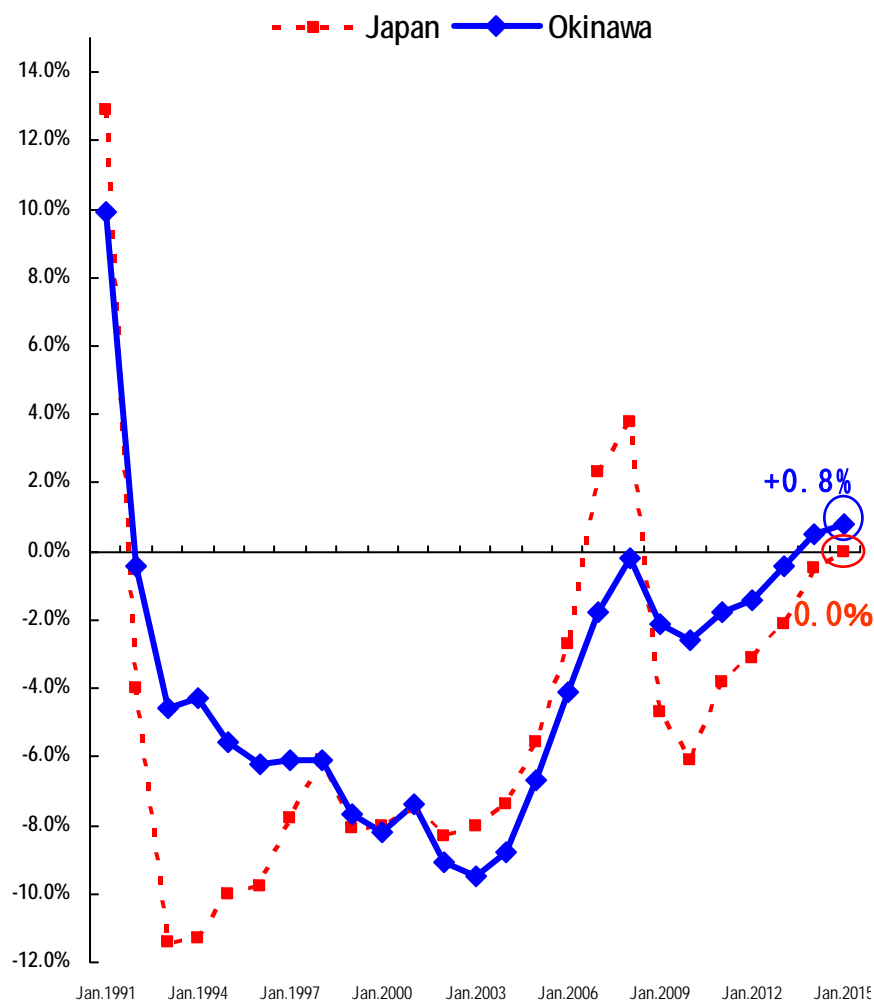


(Source: Labor force survey by Japan's Ministry of Internal Affairs and Communications)

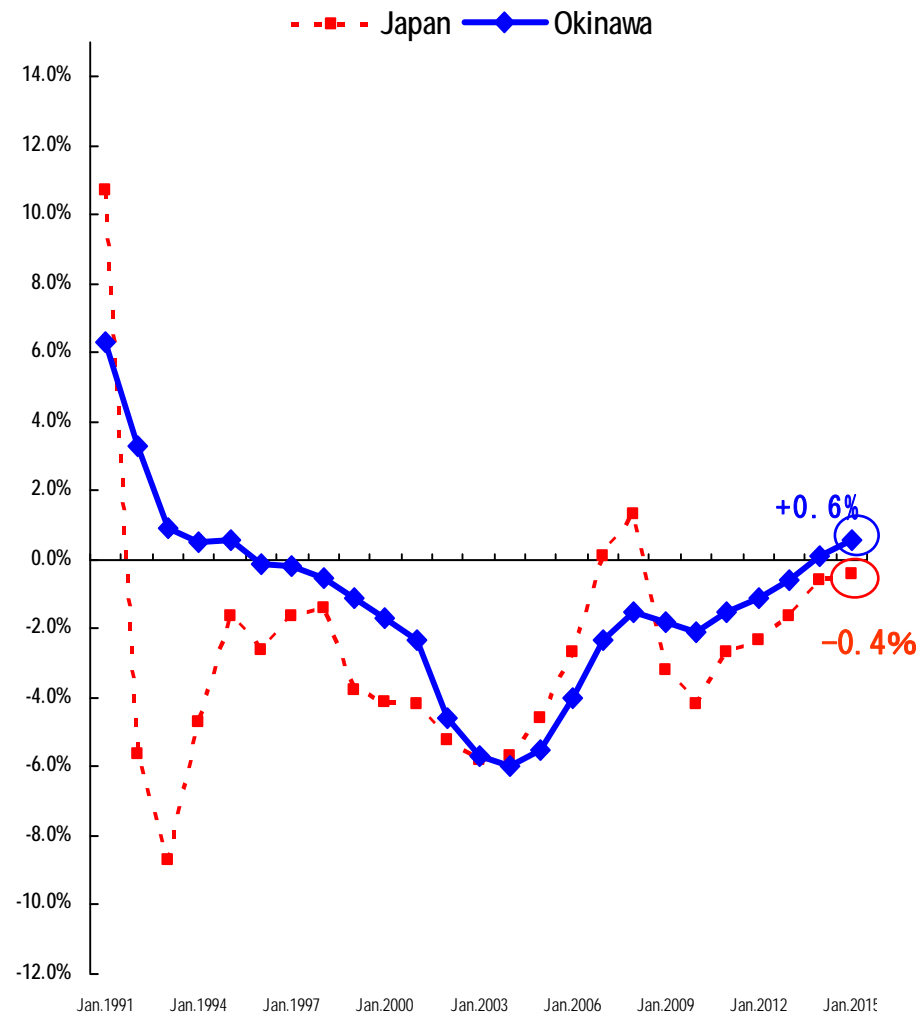
Trends in Land Prices

Upward trend in prices within the Prefecture for both commercial- and residential-use land

Commercial-use land (YoY)



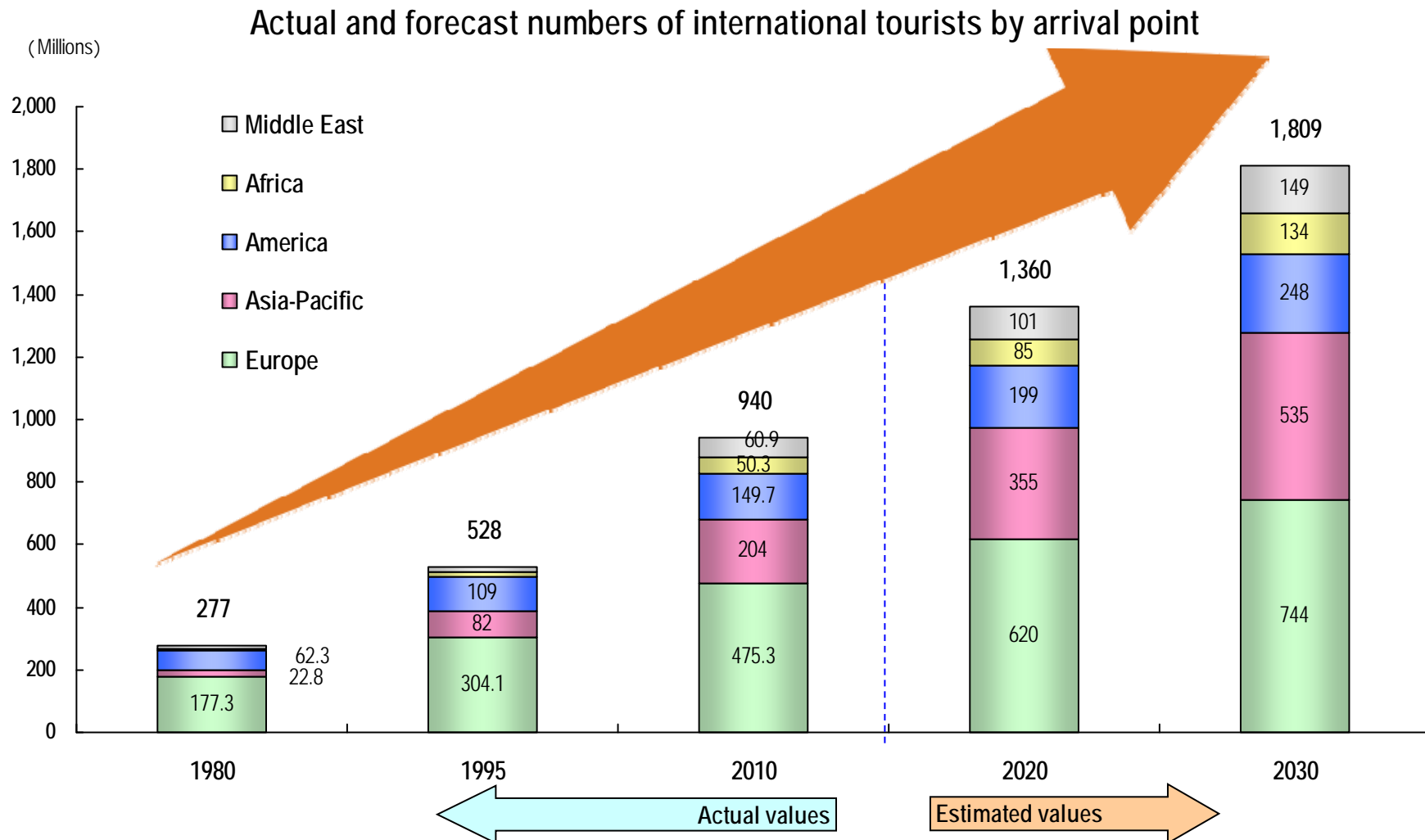
Residential-use land (YoY)



(Source: Land prices published by Japan's Ministry of Land, Infrastructure, Transport and Tourism)

Long-Term Forecasts for Tourists from Overseas

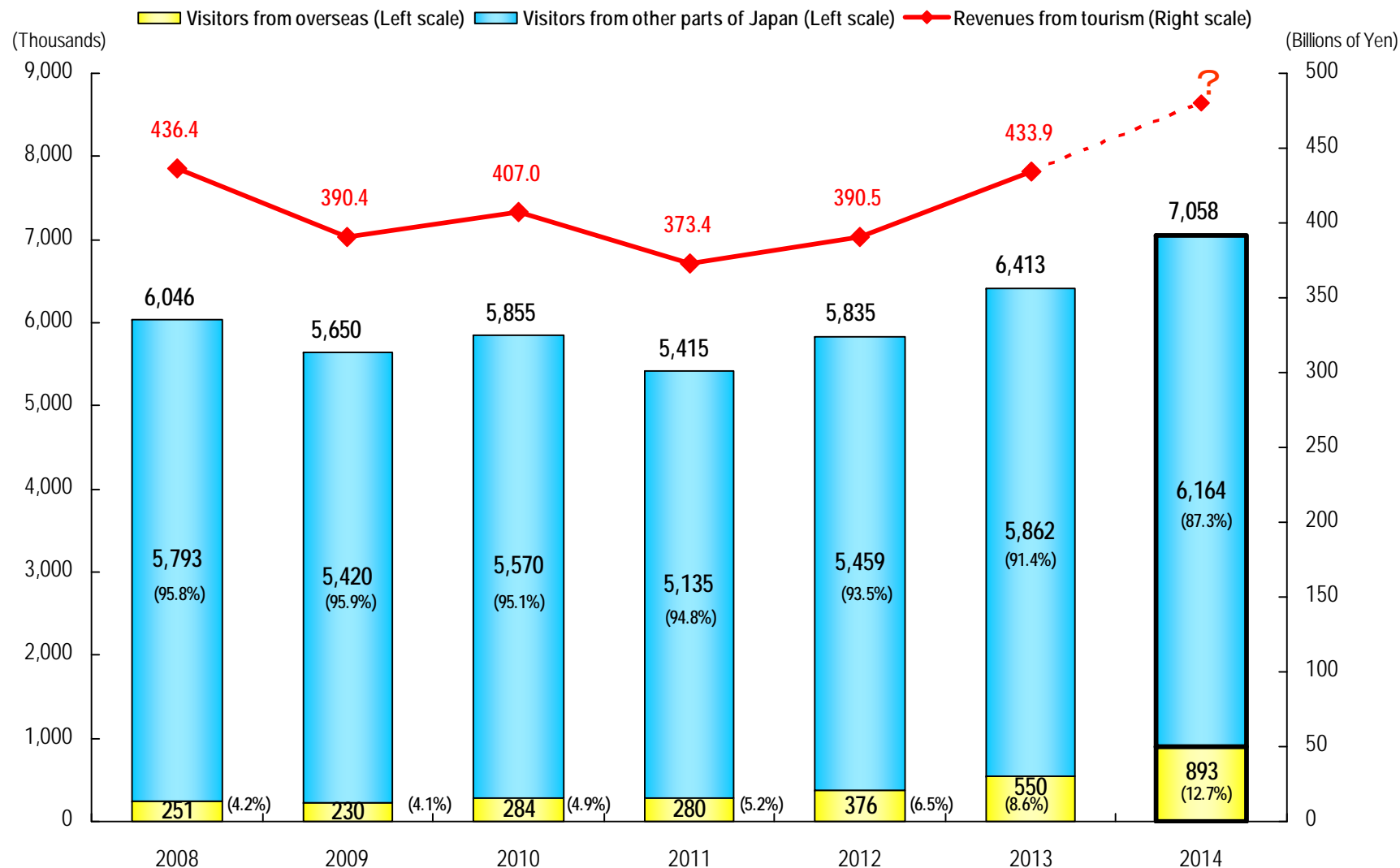
In 2013, the global number of overseas tourists is expected to reach 180 million



(Source) United Nations World Tourism Organization (UNWTO)

Tourism

For two years in succession, visitor numbers to Okinawa have been all-time highs of more than 7 million!



* Figures inside () show rate of increase

(Source: Statistical overview of the number of tourists entering Okinawa Prefecture)



Financial Results for FY2014

Financial Highlights

Results

- On consolidated basis, record highs for ordinary revenue/ordinary income
- On non-consolidated basis, increased revenue and earnings for two consecutive periods

Dividends

- Dividend increase planned for first time in four years
- ✓ Annual cash dividend of 35 yen per share (increase of 5 yen)

Topics

- Ryukyu Leasing Co., Ltd. made into consolidated subsidiary
- Loan interest increased for first time in five periods
- Consolidated net income for fiscal year ending March 2016 expected to be all-time high

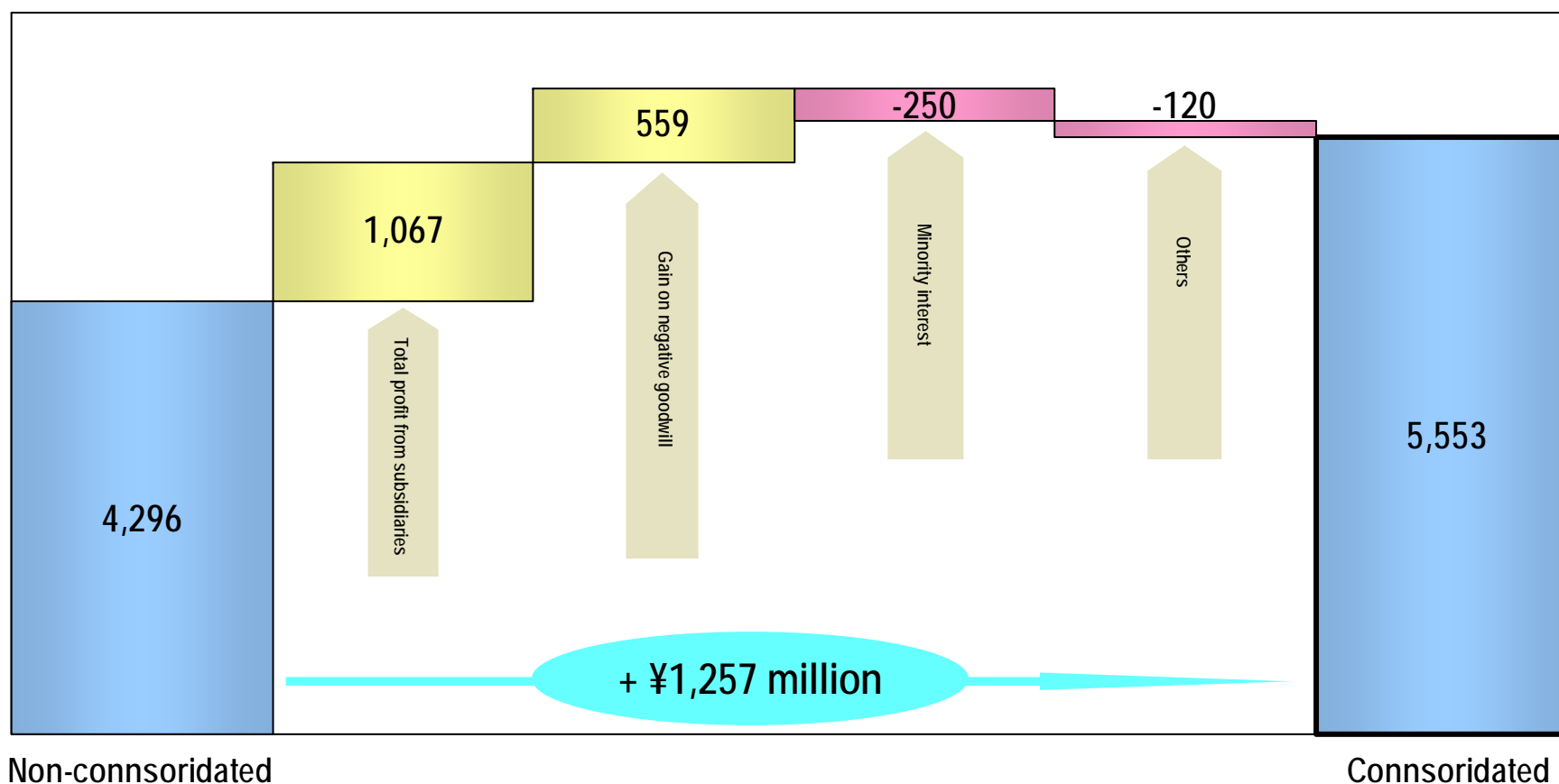
* The above-mentioned "consolidated net income for fiscal year ending March 2016" is "net income for the period attributable to parent company shareholders."

■ Factors Contributing to Non-consolidated /Consolidated Differences in Net Income for Current Fiscal Year

Non-consolidated/consolidated scale factor attributable to making Ryukyu Leasing a consolidated subsidiary: 1.29 times

Factors Contributing to Non-consolidated/Consolidated Differences in Net Income for Current Fiscal Year

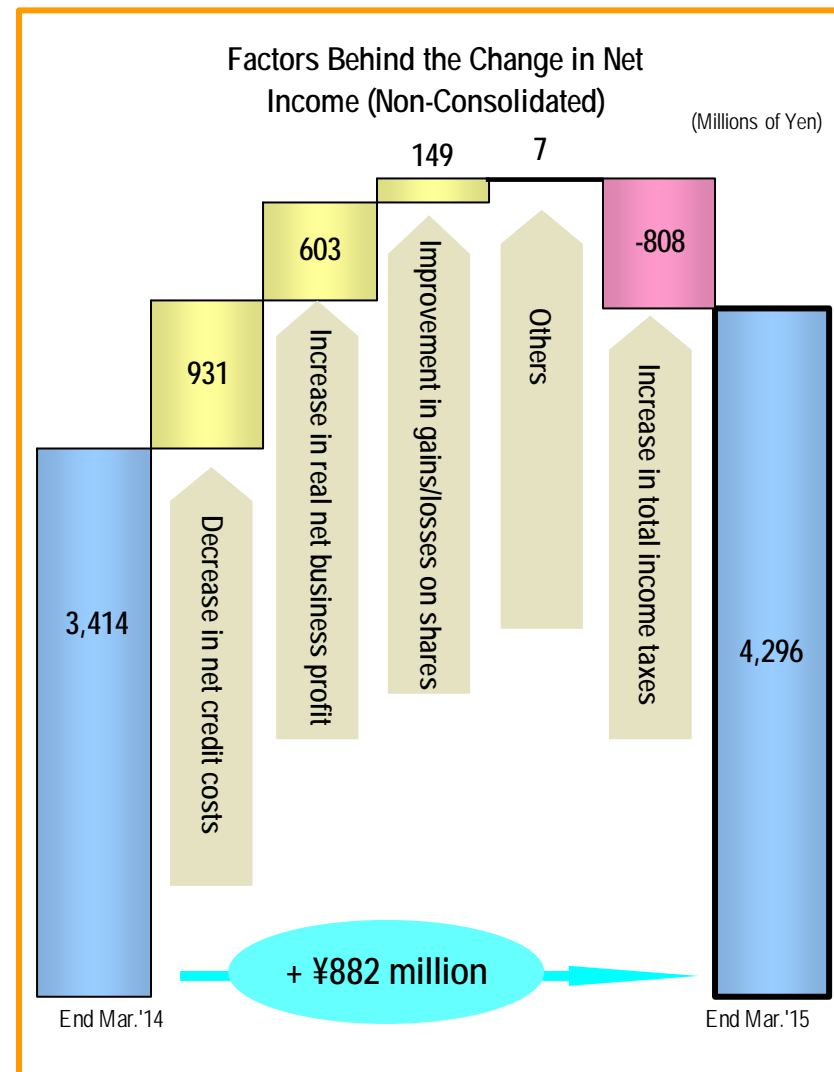
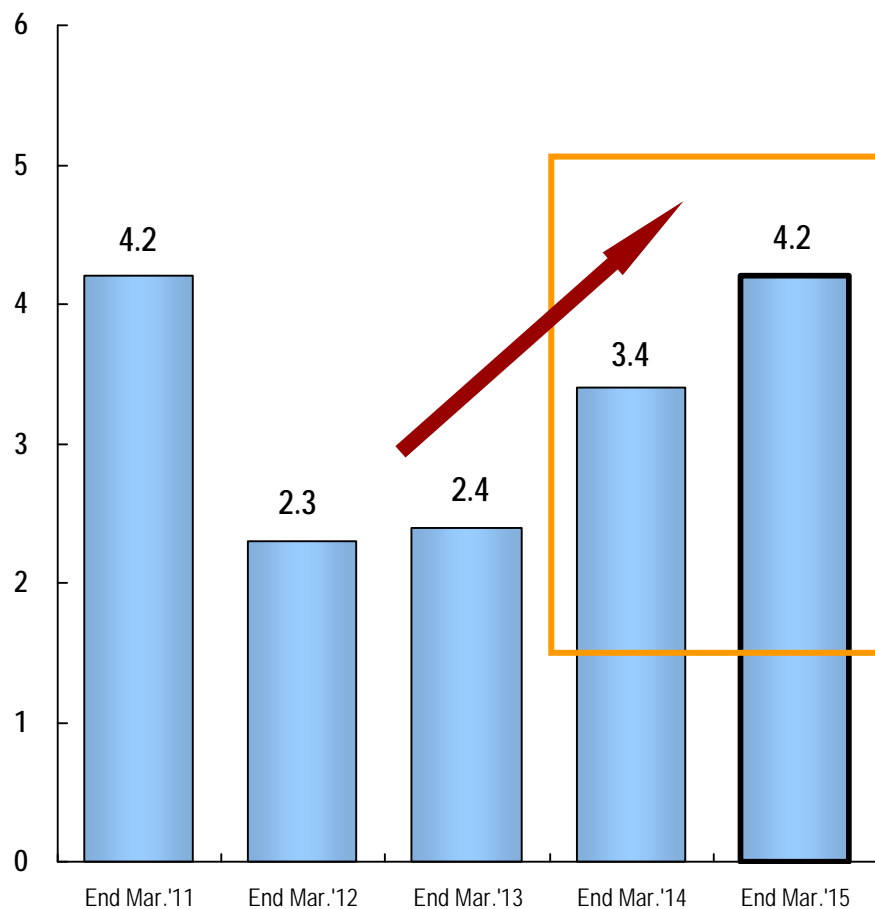
(Millions of Yen)



■ Factors Behind the Change in Net Income (Non-Consolidated)

Increase in earnings due to such factors as increase in net business profits, decrease in credit limit costs

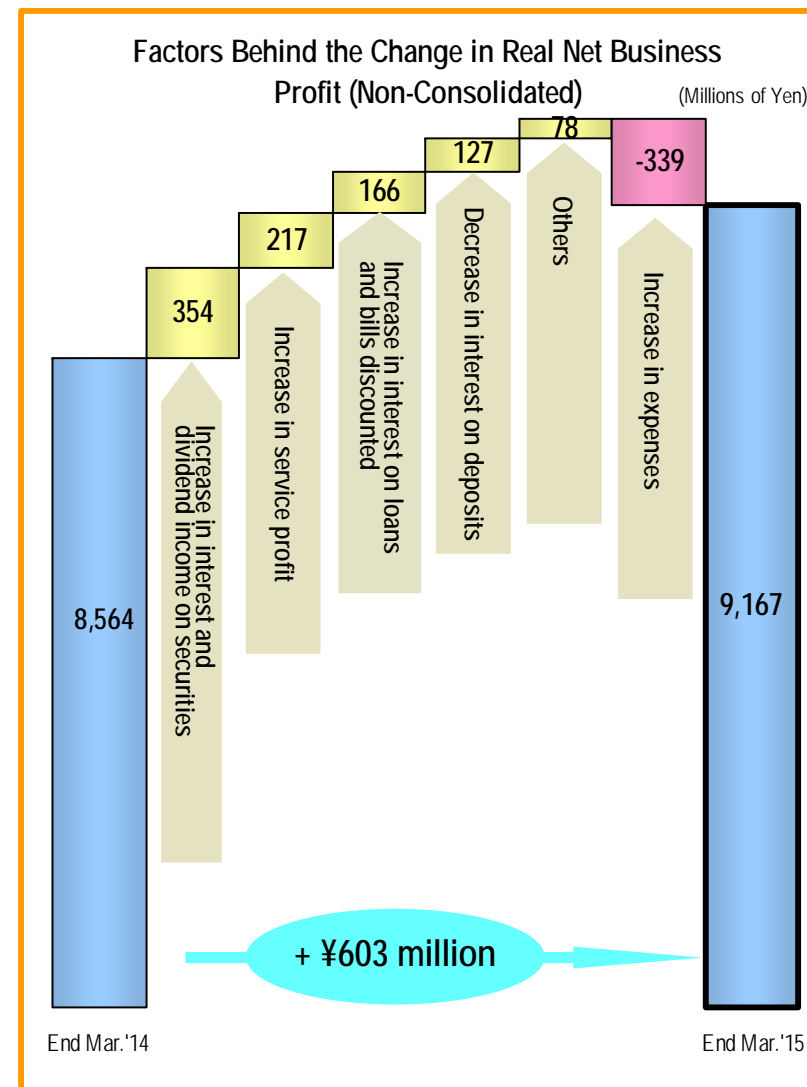
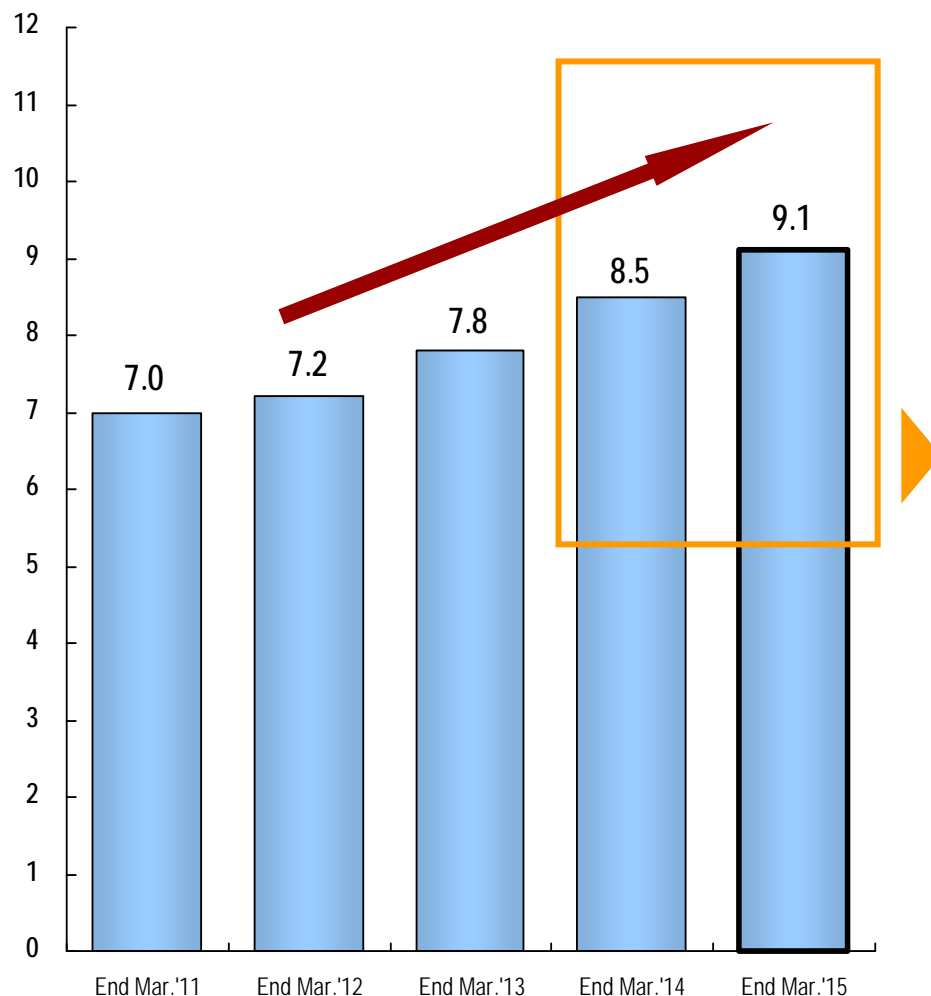
(Billions of Yen)



Factors Behind the Change in Real Net Business Profit (Non-Consolidated)

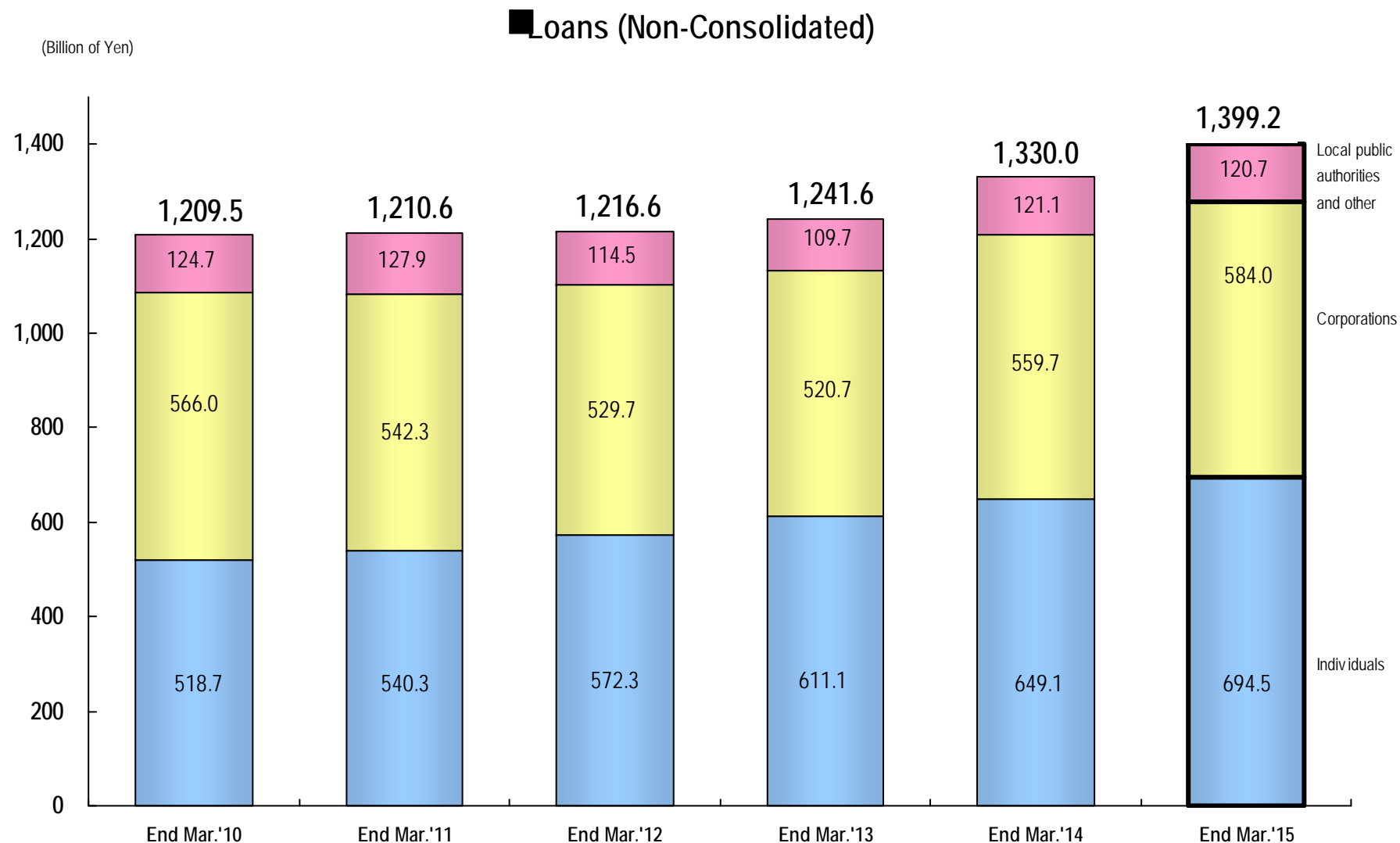
Four consecutive periods of increases due to such factors as increases in interest and dividends on securities

(Billions of Yen)



Loans (Non-Consolidated)

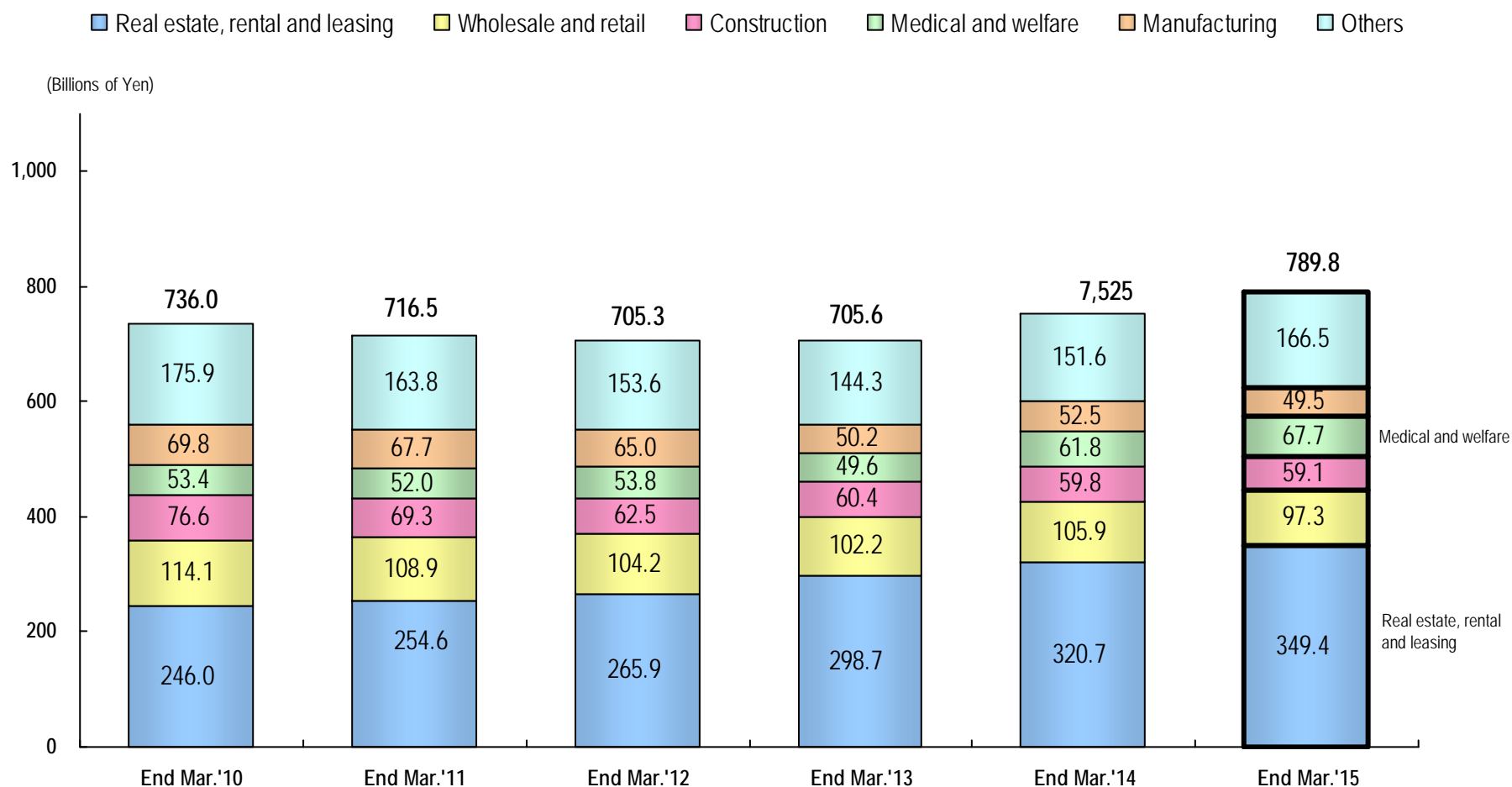
Favorable increases in both private and corporate businesses



Business Loans (Non-Consolidated)

Increase mainly in loans to the real estate sector including apartment loans as well as the medical and welfare sector

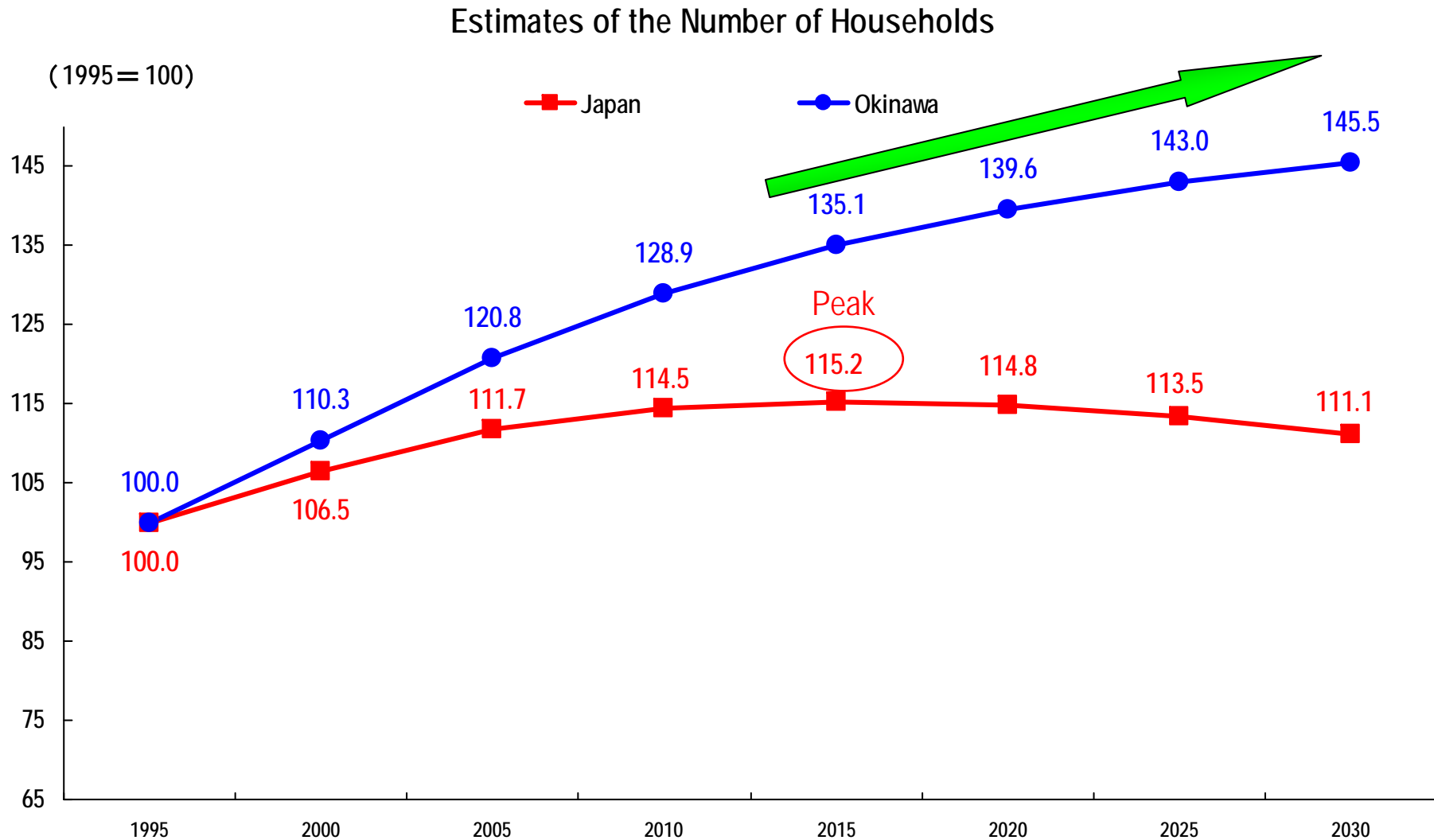
Business Loans (Non-Consolidated)



* Individual business loans are handled in a different manner and as such data does not reconcile with data for loans to corporations on page 16

Estimates of the Number of Households

Continued increase in the number of households

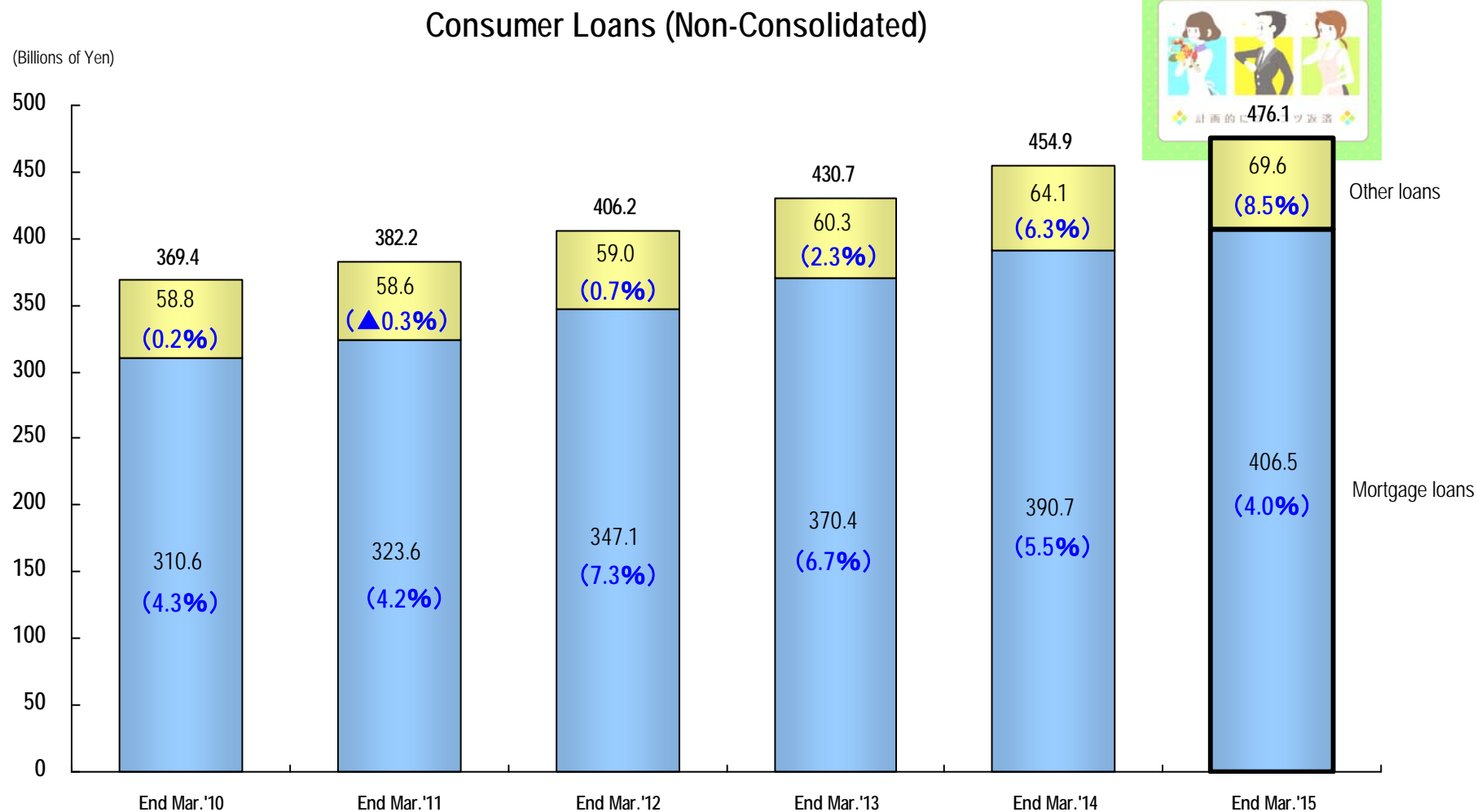


(Source: Prepared from estimates as of March 2014 provided by the National Institute of Population and Social Security Research)

■ Consumer Loans (Non-Consolidated)

Favorable increase due to sales of new products and other factors

しあわせの
ローンラインナップ
監督貸付型

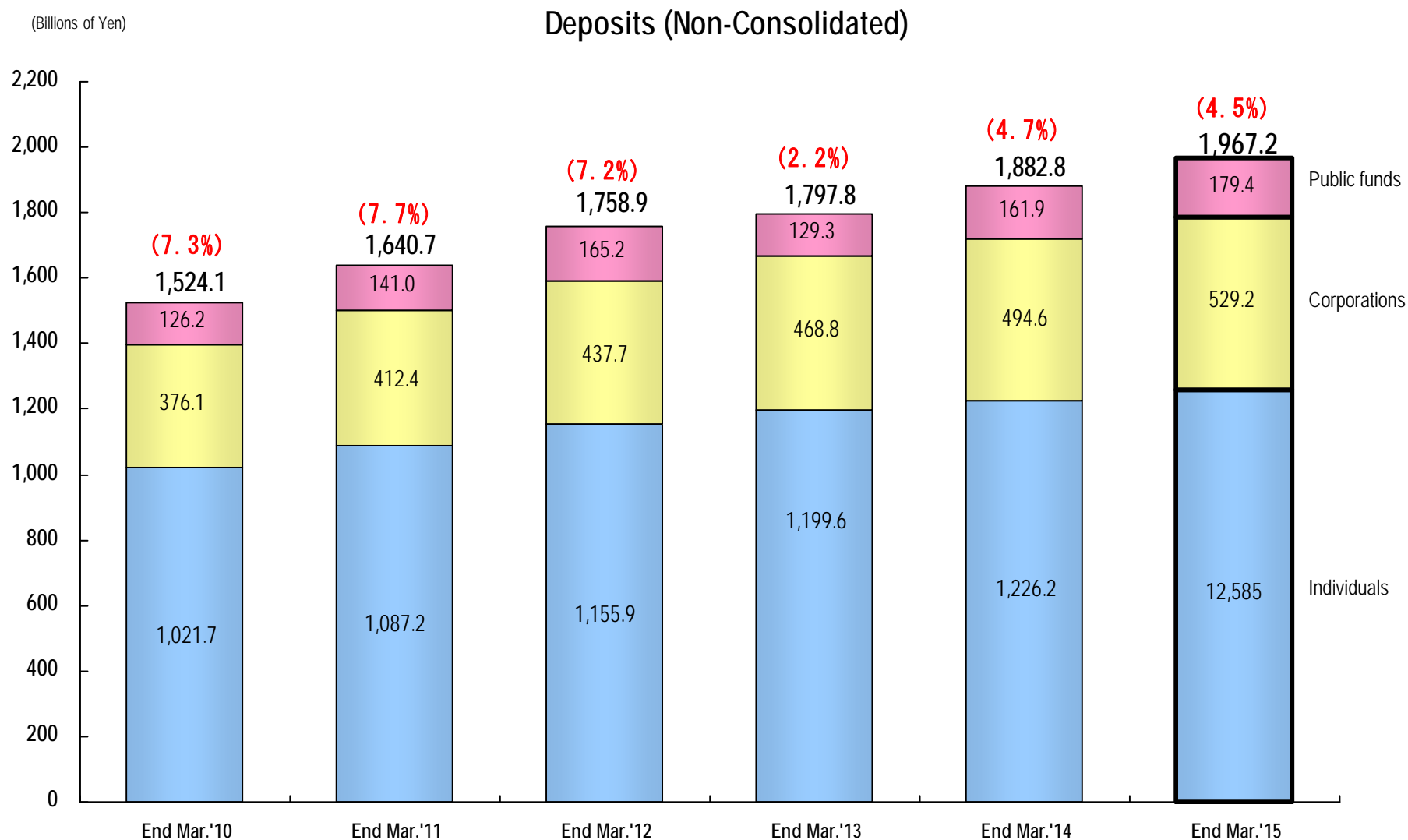


* Data does not include individual business loans and as such does not reconcile with data for loans to individuals on page 16

* Figures inside () show rate of increase

Deposits (Non-Consolidated)

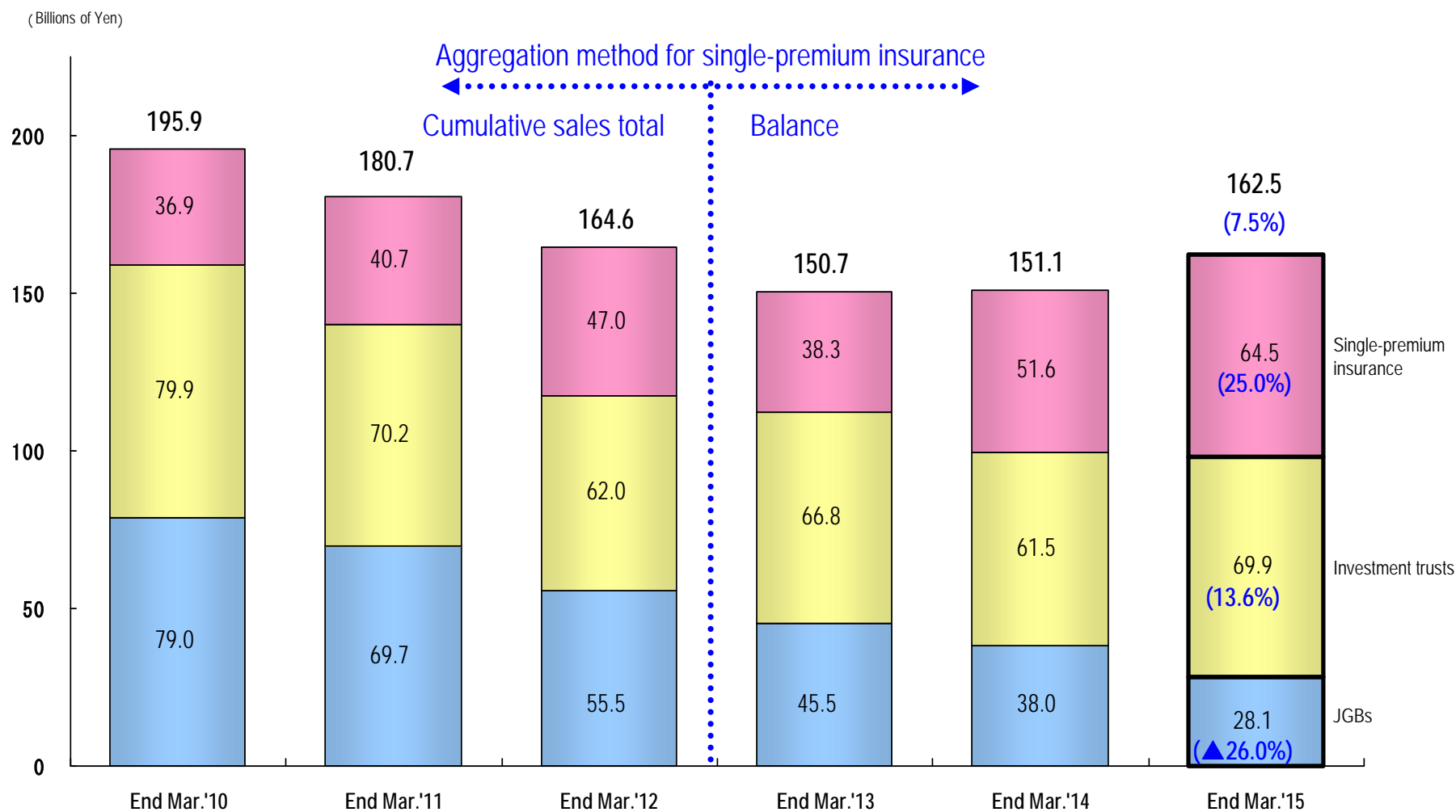
Increases in personal, corporate and public funds, exceeding ¥1,900 billion yen



* Figures inside () show rate of increase

Assets in Custody (Non-Consolidated)

Balance of assets in custody increased due to favorable sales of insurance and investment trusts



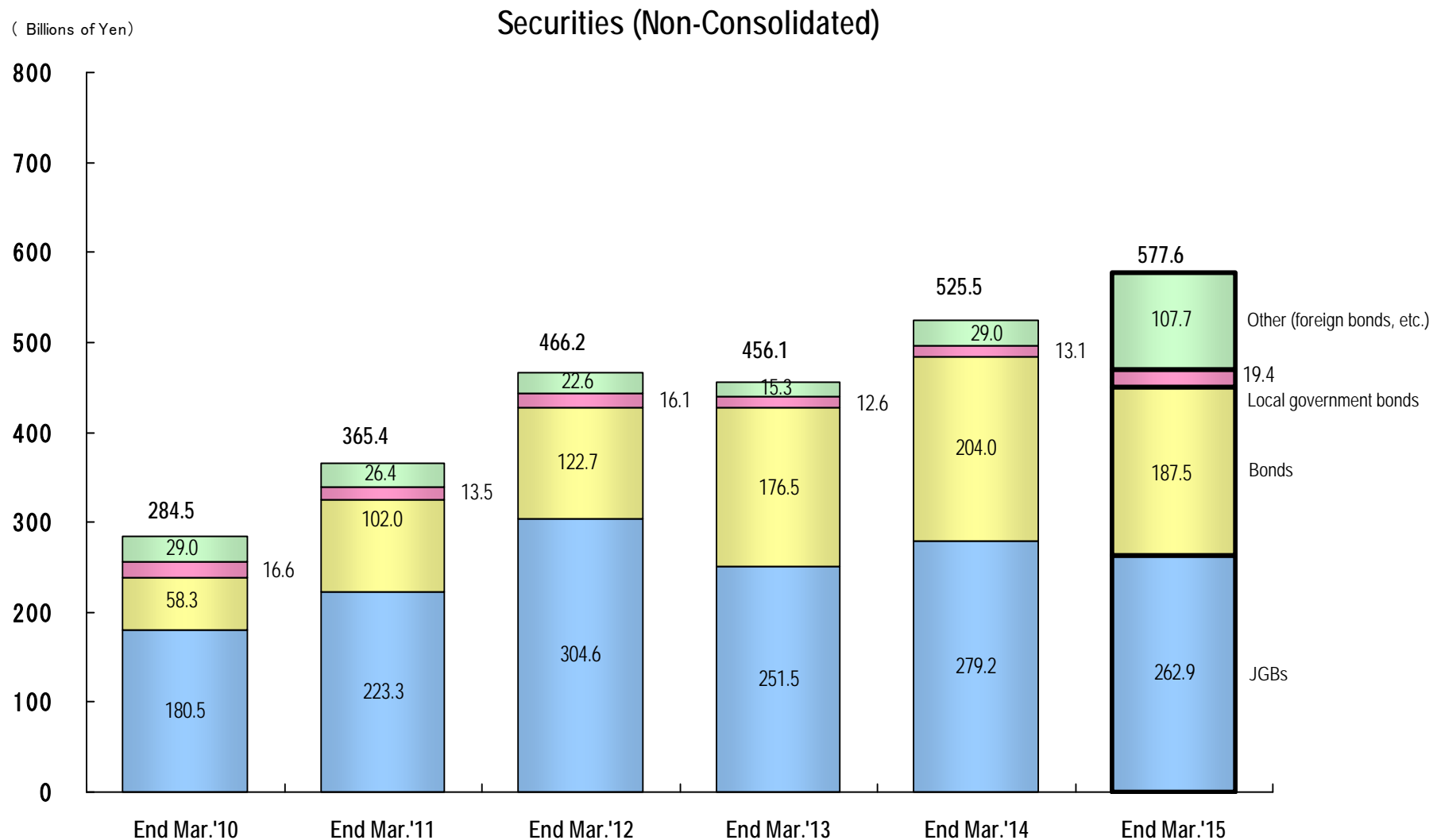
* Single-premium insurance: Contract value of single-premium individual pension insurance, single-premium whole life insurance, and single-premium medical care insurance

* Not simply comparable as the aggregation method for single-premium insurance up to and including March 31, 2012, was different to that from March 31, 2013, onward

* Figure within () for March 31, 2014, shows rate of increase

Securities (Non-Consolidated)

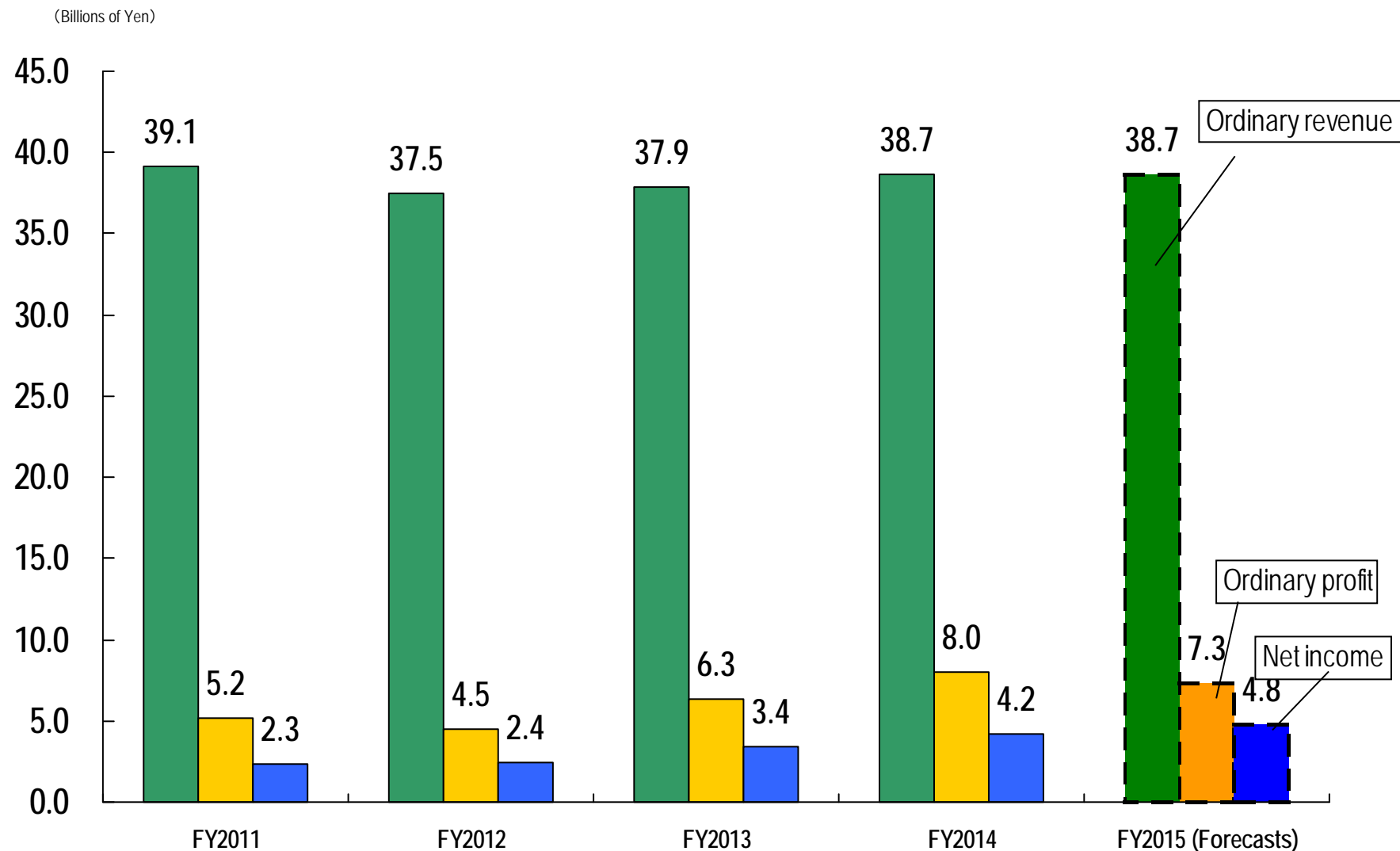
Balance buildup while operations diversified



Earnings Forecasts for FY2015 (Non-Consolidated)

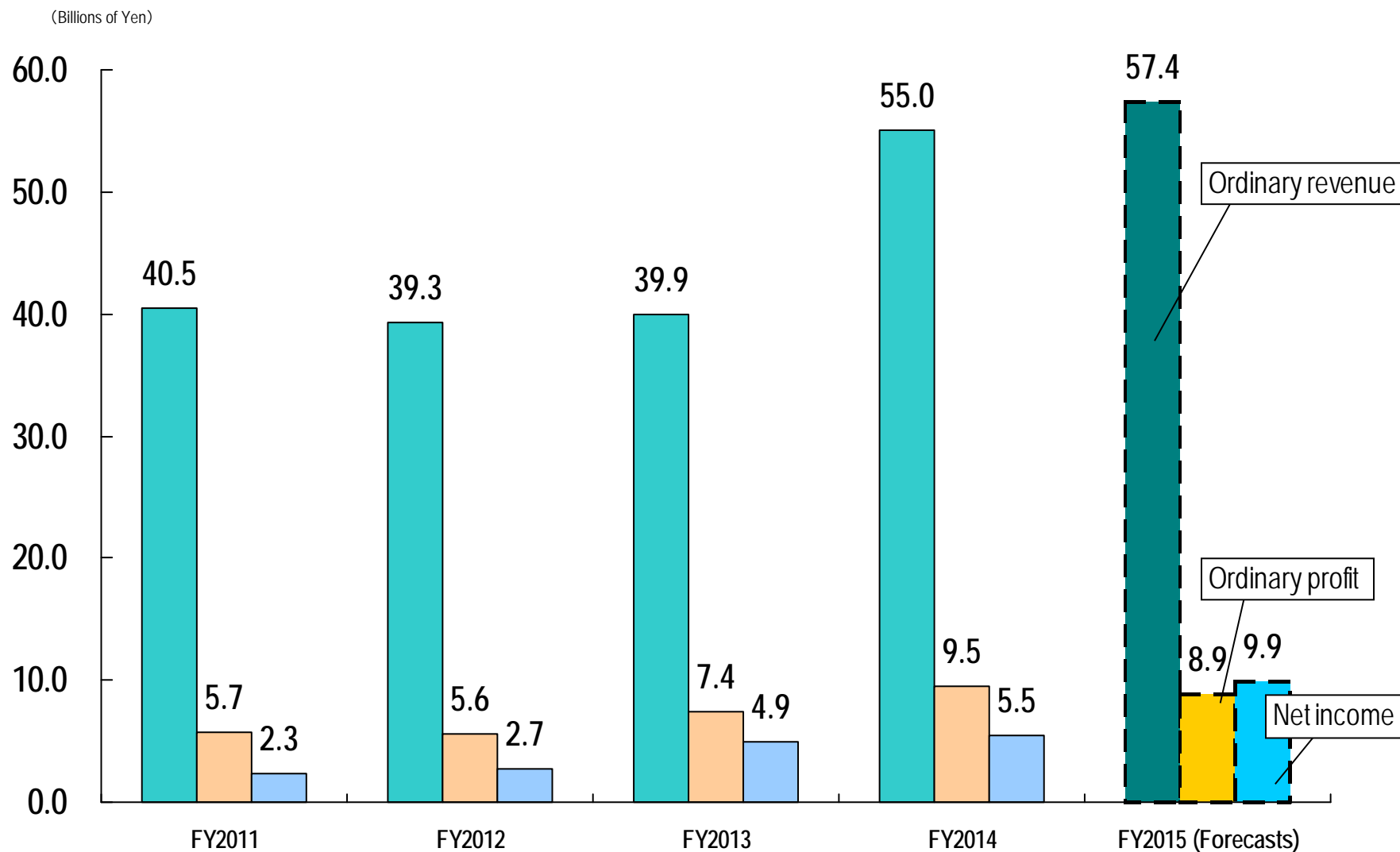


Four consecutive periods of increased earnings forecast for current fiscal year



Earnings Forecasts for FY2015 (Consolidated)

Significant increase in earnings ultimately expected following the making of OCS, Ltd. into a subsidiary



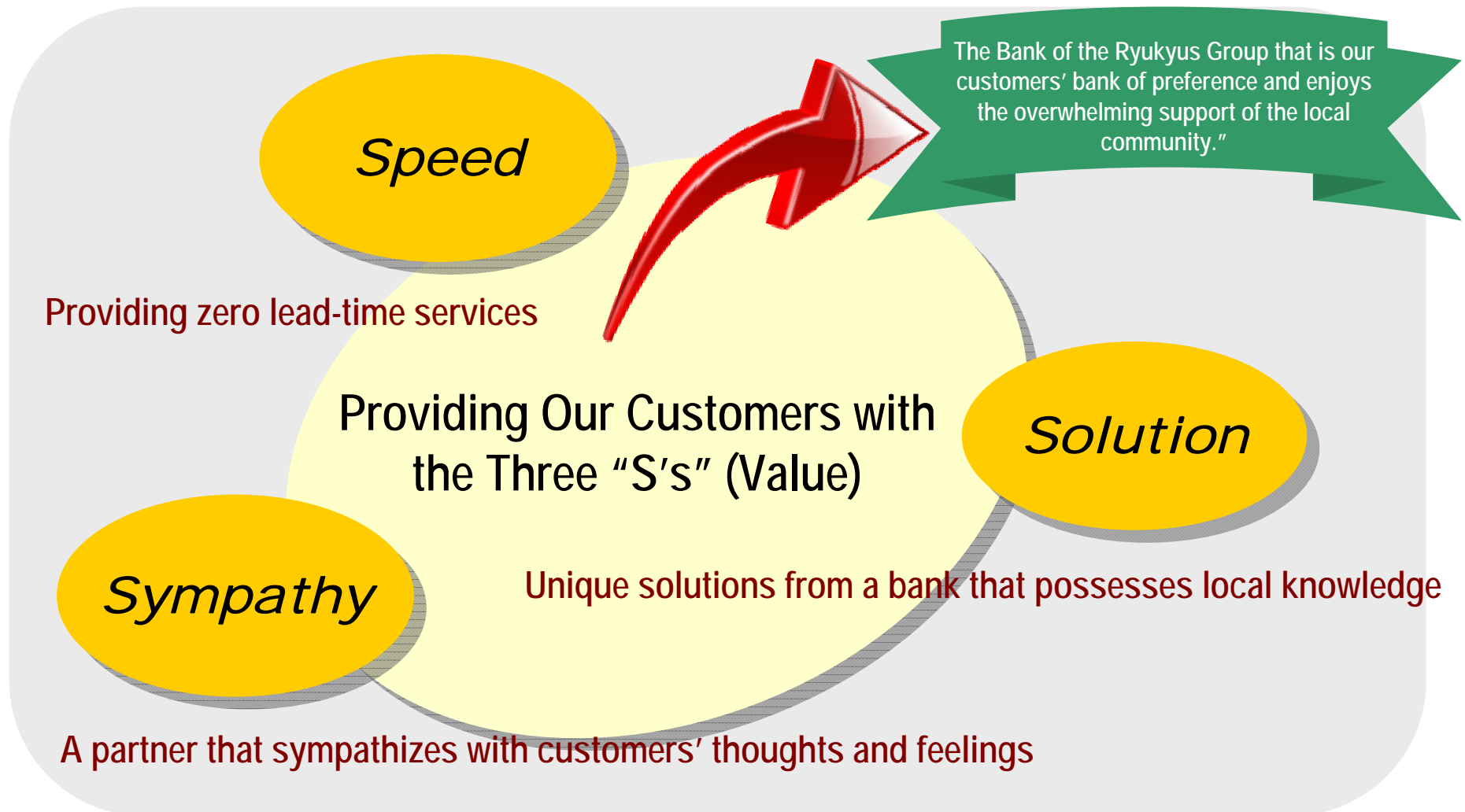
* "Consolidated net income for fiscal year ending March 2016" is "net income for the period attributable to parent company shareholders."

Bank of the Ryukyus Strategy



■ Long-Term Vision

■ By providing value that is unmatched by other financial institutions and unique to us, we aim to remain “the Bank of the Ryukyus Group that is our customers’ bank of preference and enjoys the overwhelming support of the local community.”



Strategic Systems

Management Philosophy

A bank that is cherished and enjoys the trust of those in the local area and contributes to the development of local communities

Long-Term Vision

While providing the three "S's," the Bank of the Ryukyus Group is our customers' bank of preference and enjoys the overwhelming support of the local community

Speed

Solution

Sympathy

New Medium-Term Management Plan

Shared Value 2015

-Establishing value provided to customers by displaying the Group's comprehensive capabilities-
(April 2015 to March 2018)

Growth Strategies

Promote comprehensive trading by building solid customer relations

Capability Strategy

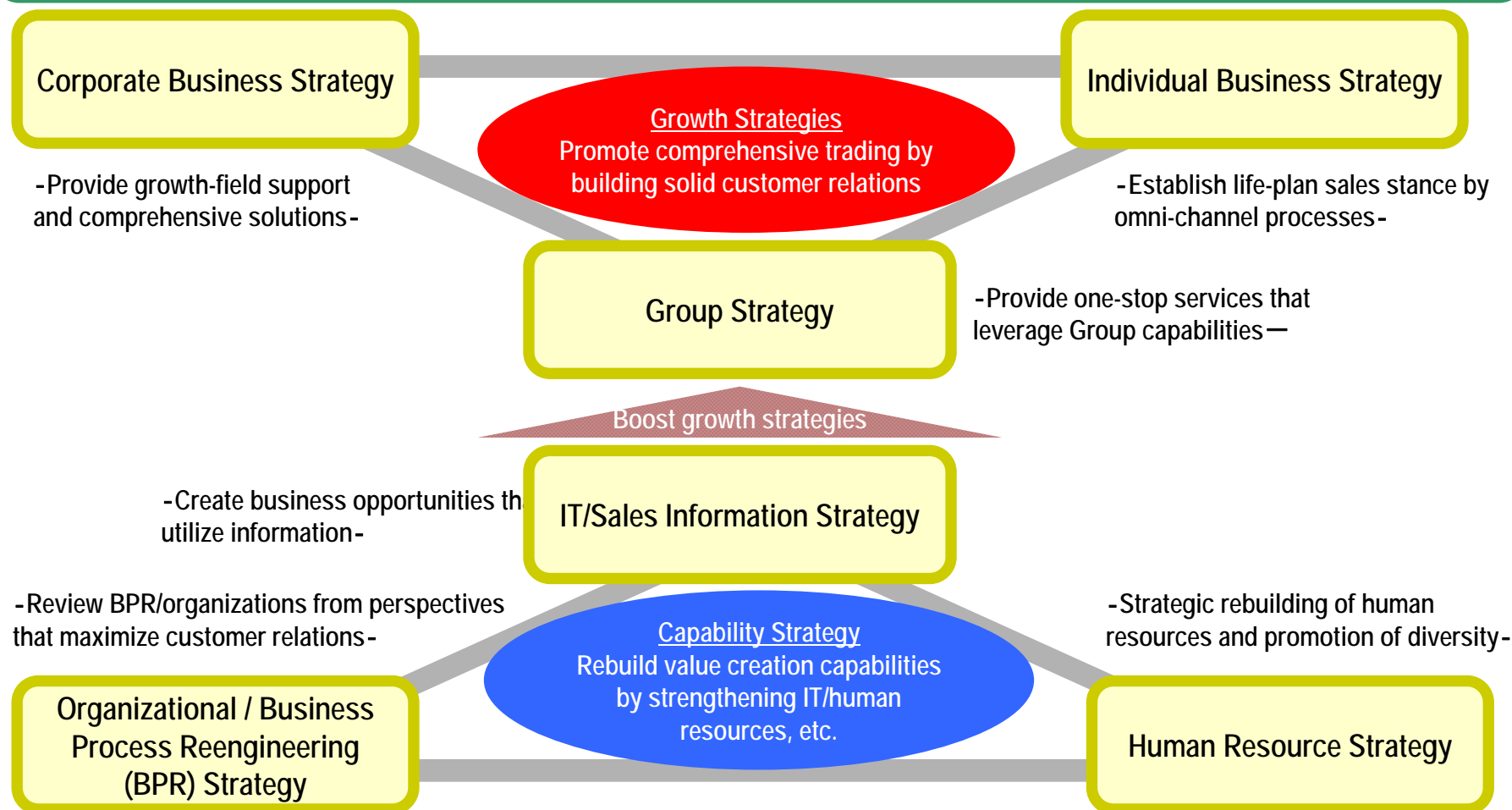
Rebuild value creation capabilities by strengthening IT/human resources, etc.

Firm stance on compliance with laws, etc., strengthening of risk management, governance

New Medium-Term Management Plan (April 2015 to March 2018)

Shared Value 2015

— Establishing value provided to customers by displaying the Group's comprehensive capabilities —

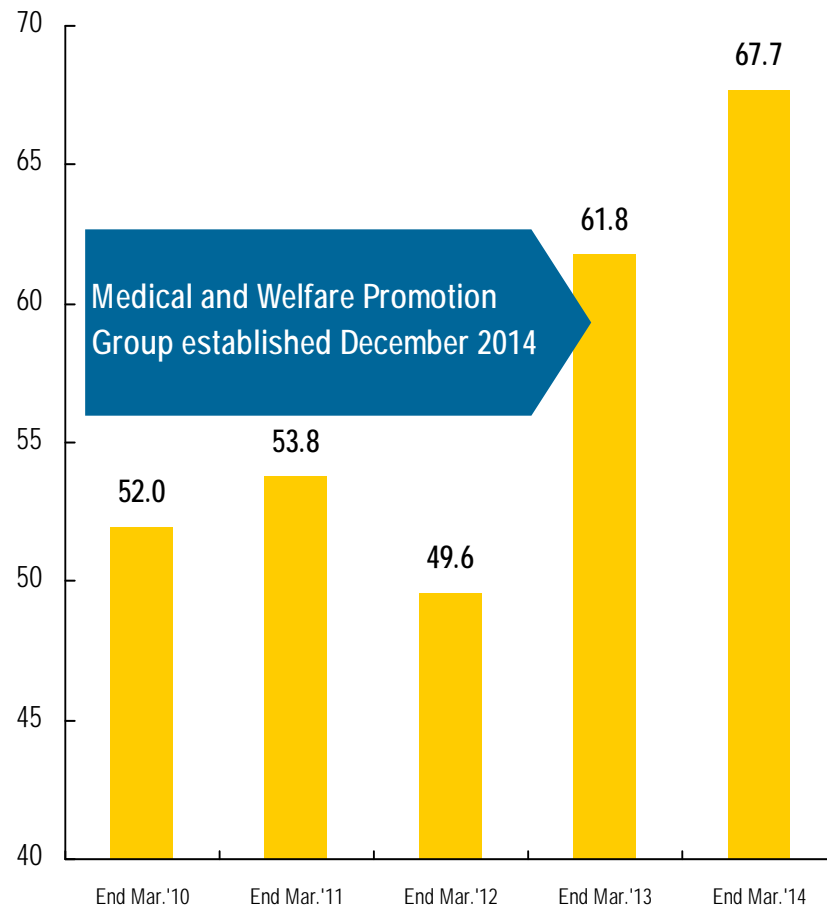


Medical/Welfare Field (Corporate Business Strategy)

Based on declining birth rate and growing proportion of elderly people, strengthen support systems geared toward medical/welfare field

Trends in Outstanding Loans for Medical/Welfare Field

(Billions of Yen)



Development of Human Resources Familiar with Medical Management

In top class of nationwide banks in terms of number of holders of medical manager examination qualifications



Holding of Medical Seminars



Support for Ryugin Sixth Industrialization Fund (Corporate Business Strategy)



Proactively support business development, etc. by Ryugin Sixth Industrialization Fund

Fund Composition



Holding of Seminars



2nd

There is still time!

Agricultural Business
Revitalization Seminars

Ryugin Sixth Industrialization
Fund and Halal Market

Seminars held at
five venues in
Okinawa, including
Sakishima Islands

NOMURA Agri-Planning and Advisory

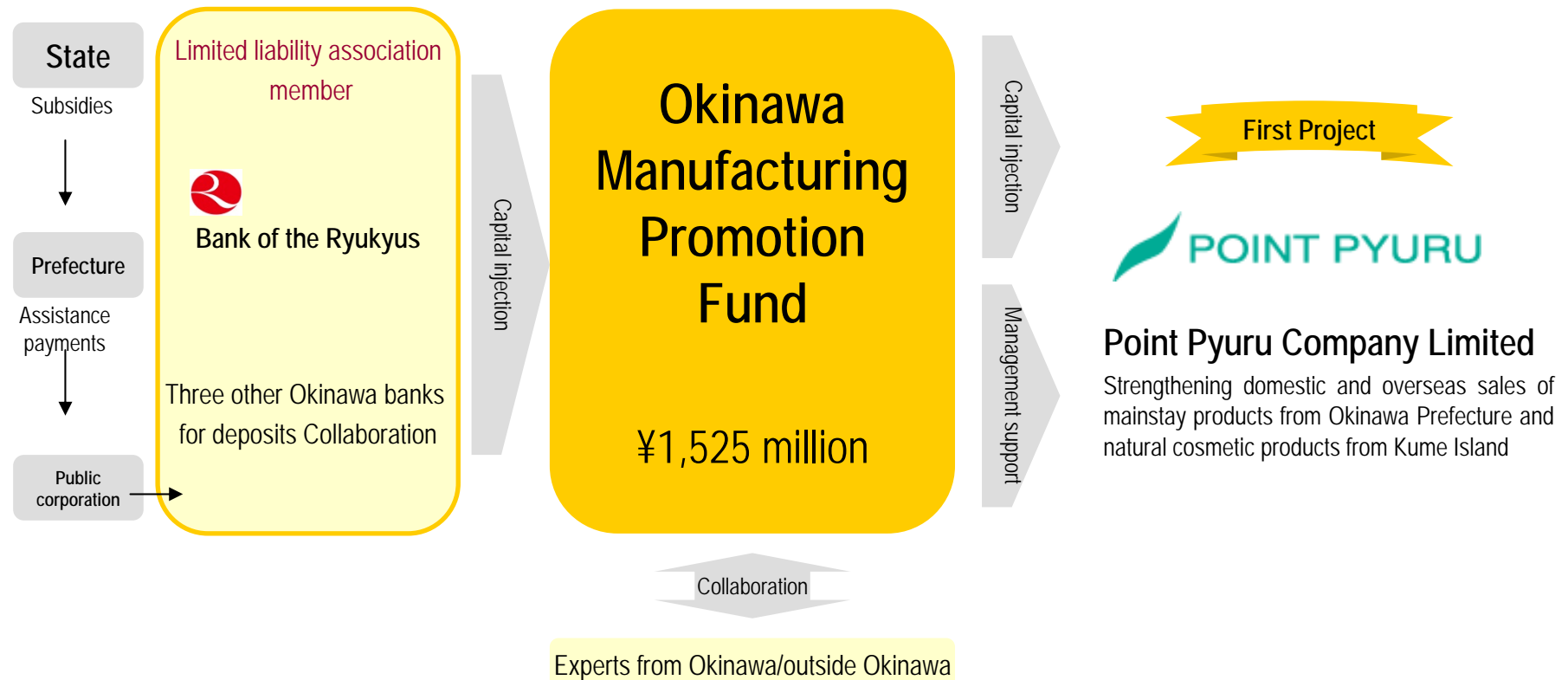
Moku Moku Rural Industry Research Laboratories Co., Ltd.

Support for Manufacturing (Corporate Business Strategy)



Injection of capital into fund to support manufacturing industry development in Okinawa

Okinawa Manufacturing Promotion Fund

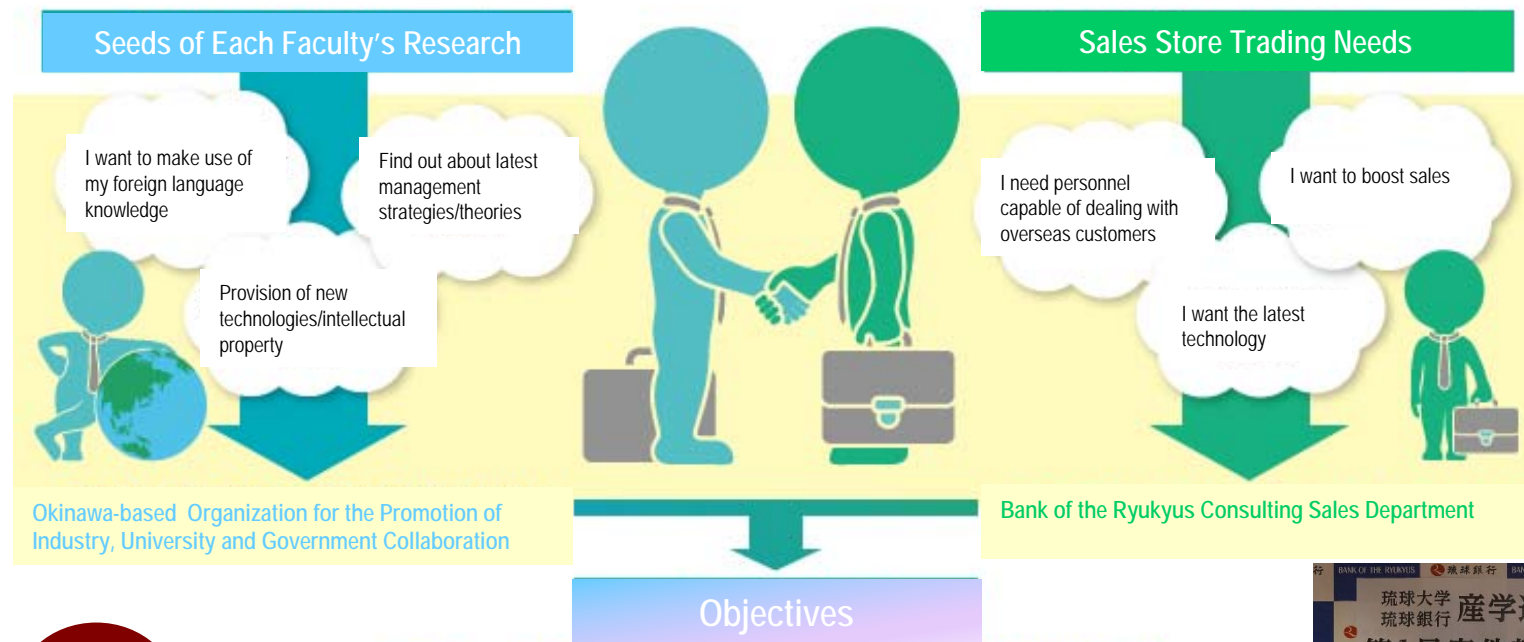


Industry-Academia Collaboration (Corporate Business Strategy)



Utilizing Bank of the Ryukyus networks to match University of the Ryukyus with local companies

Industry-Academia-Government Partnership Agreement with University of the Ryukyus



First Project
in Okinawa

Zero-emission Technology Okinawa

Areas of joint research :

Composition (mixing) of concrete repair material made with fly ash (coal ash) and performance-related research, including resistance to salt damage



■ Sales Channel Expansion Support (Corporate Business Strategy)



Support for overseas development by joint holding of business forum by three Okinawan financial institutions

Third Business Forum to Convey Okinawa's Culinary and Visual Charms Held June 4



【Overview】

Participating companies

68 Companies

- ◇Operators of food-related businesses 49
- ◇Tourism company operators 19

Invited buyers

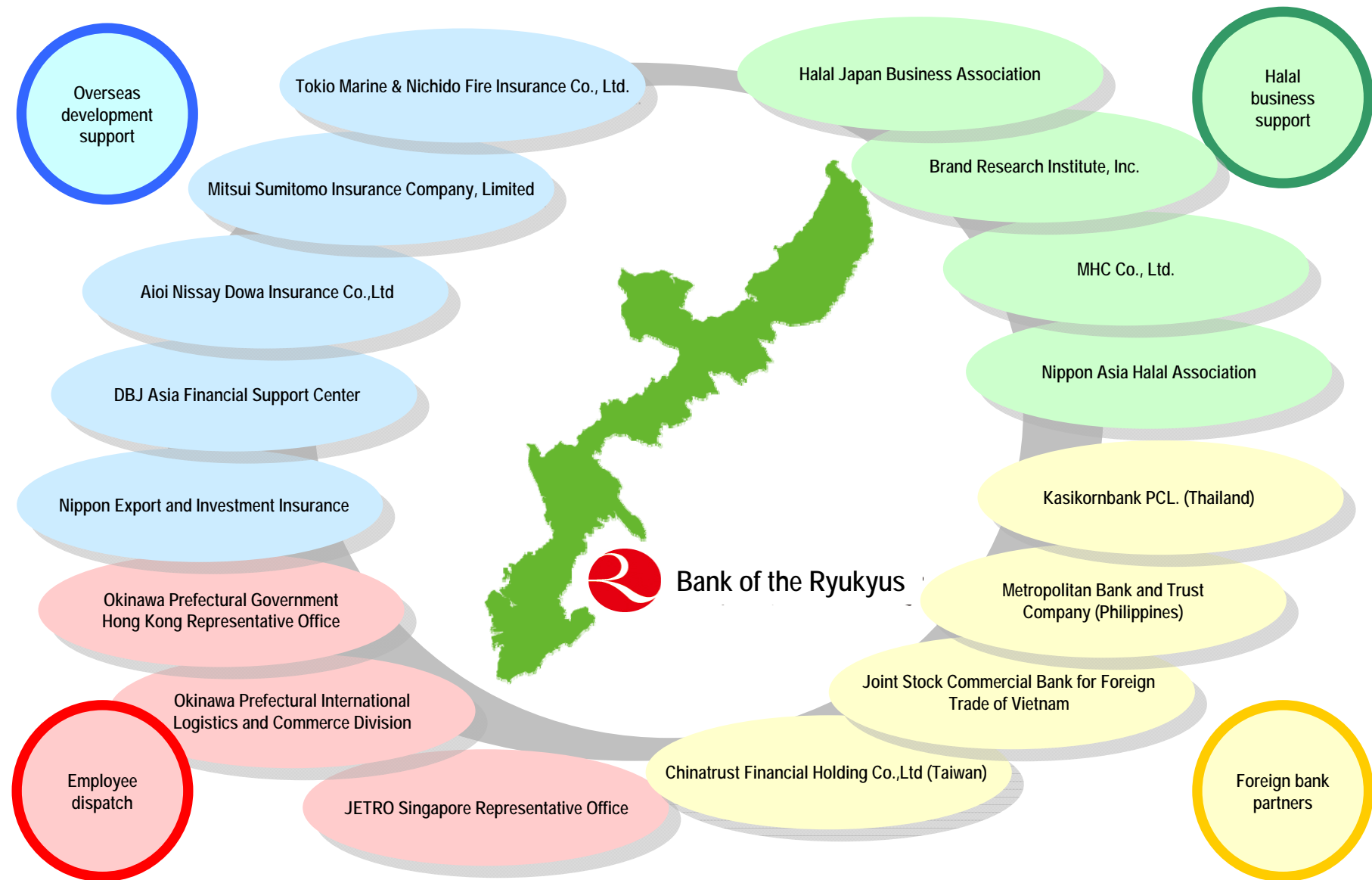
29 Companies

- ◇Operators of food-related businesses 26
- ◇Tourism company operators 3



Overseas Networks

Building frameworks capable of responding to various overseas development needs



Expansion of Product/Service Lineups (Individual Business Strategy)

Expansion of product/service lineups in tune with customers' varying life plans

Products that meet customer needs

An Okinawan Bank First!



Cashback loan sales
commenced January 2015!

An Okinawan Bank First!



Reverse mortgage sales
commenced March 2015!!

An Okinawan Bank First!

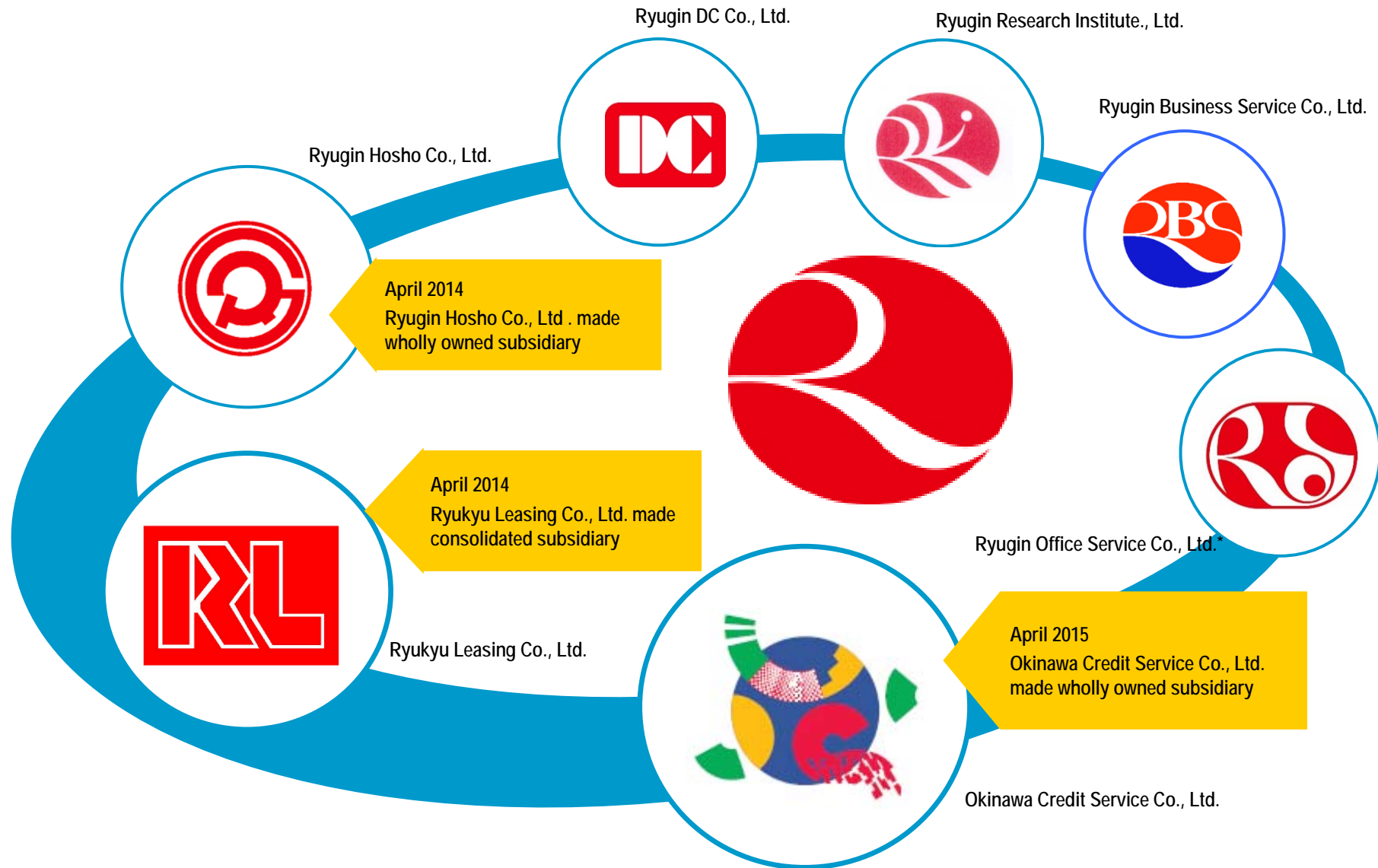


Pet insurance sales
commenced June 2015!!!

Hugely Popular

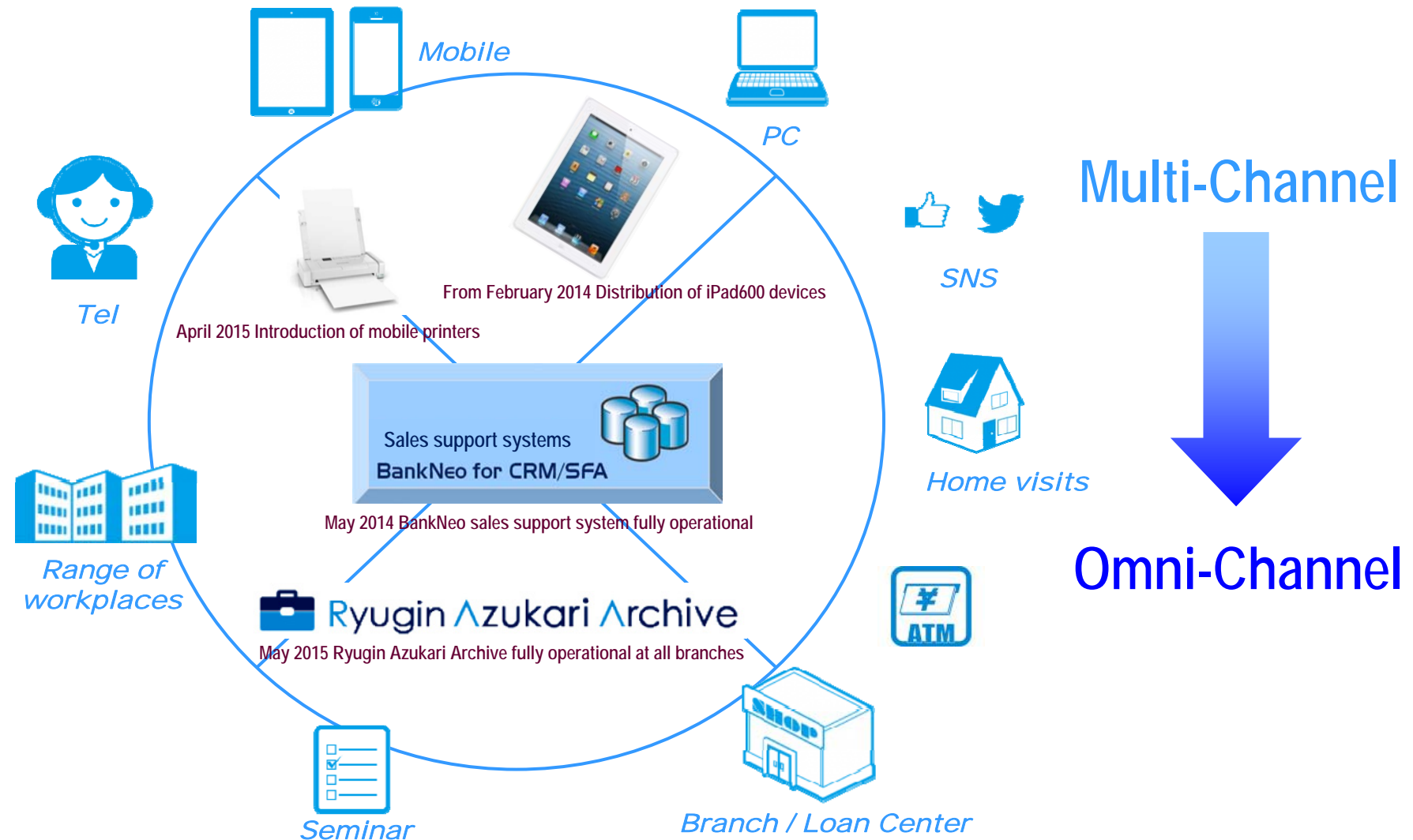
■ Group Strategy

Provide comprehensive services that leverage Group capabilities



IT/Sales Information Strategy

Evolution of One-to-One marketing



Organizational/Business Process Reengineering (BPR) Strategy

Develop branches that make customers feel at home



Makabi Branch opened
March 2013

Ohjana Branch opened
February 2015



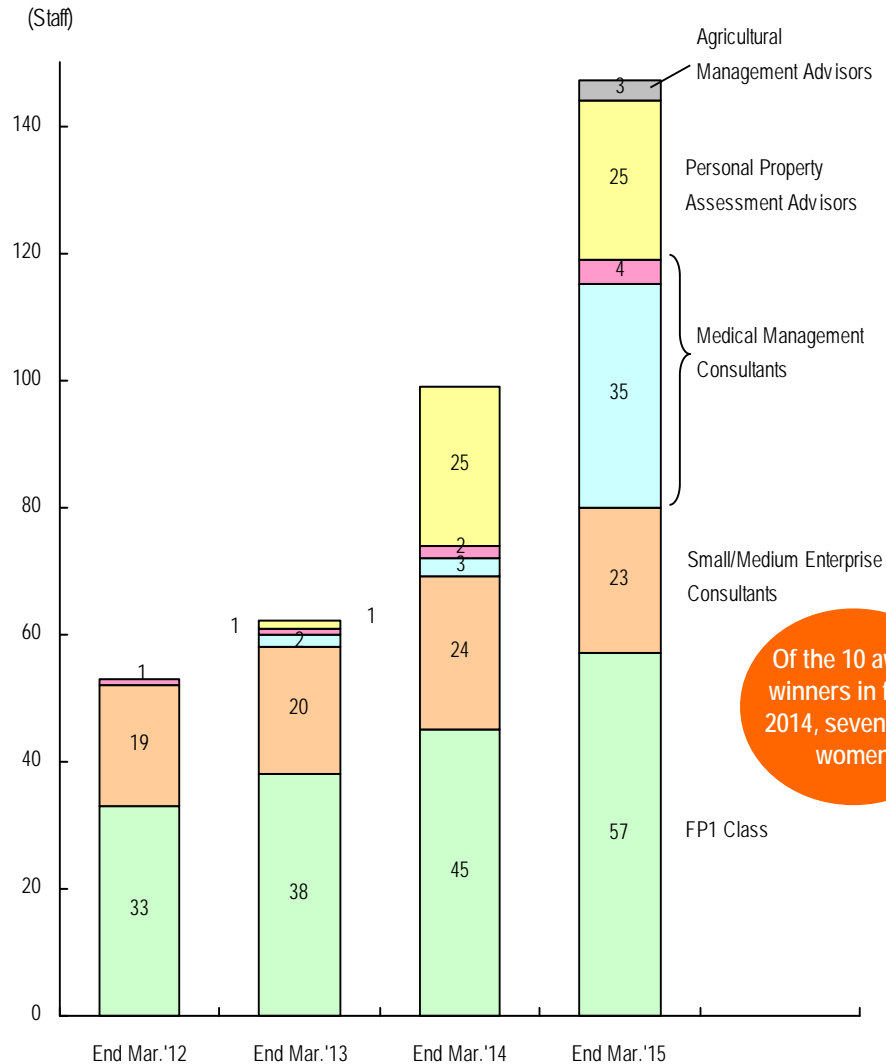
Chatan Loan Center
opened September 2013



Human Resource Strategy

Train human resources who have provided expertise based on high level of their capabilities

Trends in Numbers of Professionally Qualified Personnel



Azukari Archive Meisters



Dispatch of individual award winners for overseas training



■ About This Presentation



All enquiries regarding this presentation should be addressed to:

Bank of the Ryukyus, Limited
General Planning Department
Telephone: +81-98-860-3787
Fax: +81-98-862-3672
E-mail: ryugin@ryugin.co.jp

The information in this presentation is on a non-consolidated basis unless otherwise specified.

Information is based on summaries of published data, and some totals presented in this presentation may not add up due to rounding.

This material contains information about the future (forward-looking information) such as forecasts, outlooks, objectives and plans concerning the Bank. The forward-looking information was created based on information available as of May 14, 2015 and does not represent a guarantee of future performance. Certain assumptions and hypotheses are used for the description of forward-looking information, but these assumptions and hypotheses could be inaccurate from an objective perspective and may not materialize in the future. Forward-looking information involves risks and uncertainties, and we ask readers to refer to the brief notes on the settlement of accounts and securities report of the Bank for more details. The Bank will not update the forward-looking information contained in this material.