

A banner image at the top of the page. It features a blue and white background with the words 'Annual Report' in a large, light blue, serif font. Overlaid on this text are several colorful, diagonal lines in shades of red, green, and yellow, resembling a bar chart or a stylized graphic. The overall aesthetic is professional and modern.

Annual Report

Activities in Fiscal 2014

Review of Operations (non-consolidated)

Financial Summary (Non-Consolidated)

Increased revenue and earnings for two consecutive periods

	FY2014	Year-on-year change	FY2013
Ordinary revenue	38.7	+0.8	37.9
Business gross profit (a)	31.2	+1.0	30.2
Expenses (b)	22.0	+0.3	21.7
Real net business profit (c=a-b)	9.1	+0.6	8.5
Net credit costs (d)	1.5	▲1.0	2.5
Other extraordinary gain/loss (e)	0.4	+0.1	0.3
Ordinary profit (f=c-d+e)	8.0	+1.7	6.3
Net income	4.2	+0.8	3.4

* Year-on-year change increase and decrease is presented on a financial statement basis.

Financial Summary (Consolidated)

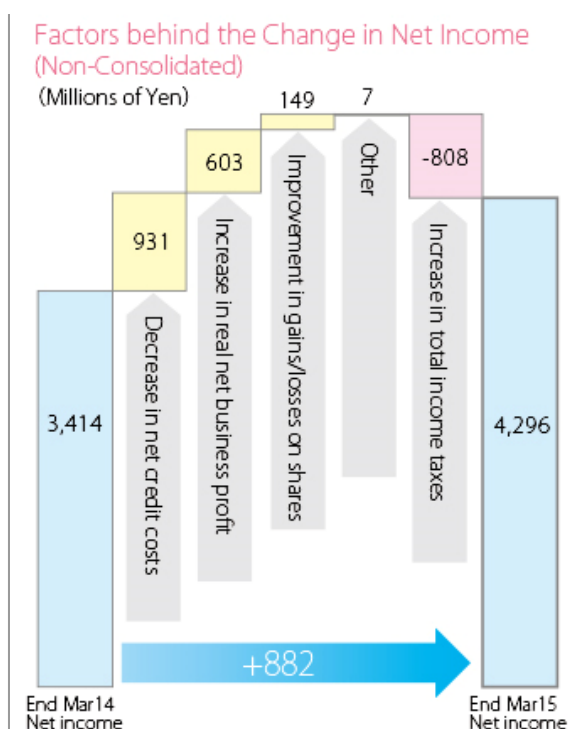
Apart from non-consolidated contributory factors, increases in revenue and earnings due to having made Ryukyu Leasing a subsidiary

	FY2014	Year-on-year change	FY2013
Ordinary revenue	55.0	+15.1	39.9
Ordinary expenses	45.4	+13.0	32.4
Ordinary profit	9.5	+2.1	7.4
Extraordinary income/loss	0.5	▲0.5	1.0
Gain on negative goodwill	0.5	▲0.6	1.1
Net income	5.5	+0.6	4.9

* Year-on-year change increase and decrease is presented on a financial statement basis.

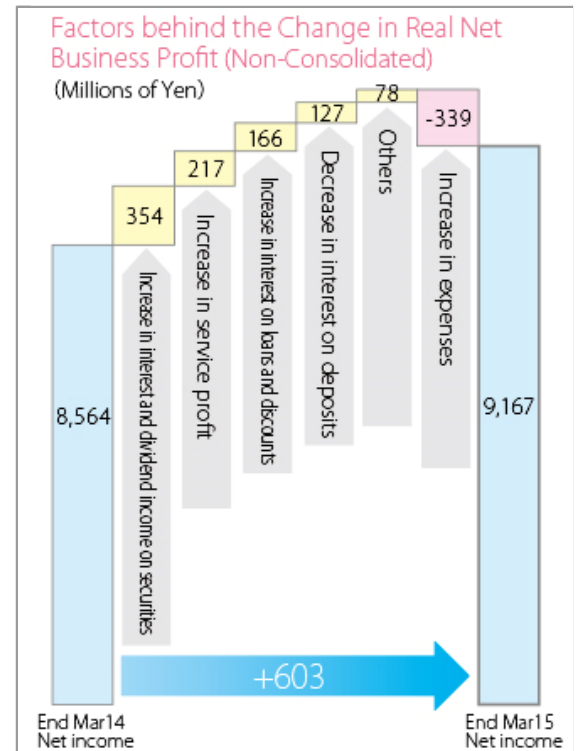
Factors Behind the Change in Net Income (Non-Consolidated)

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



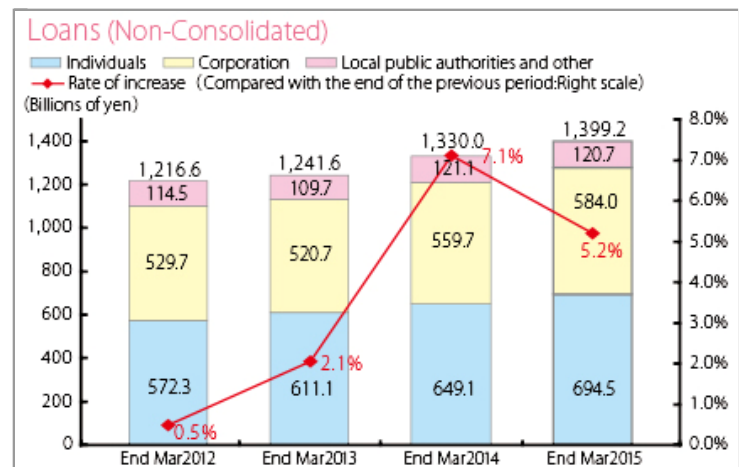
► Factors Behind the Change in Real Net Business Profit (Non-Consolidated)

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



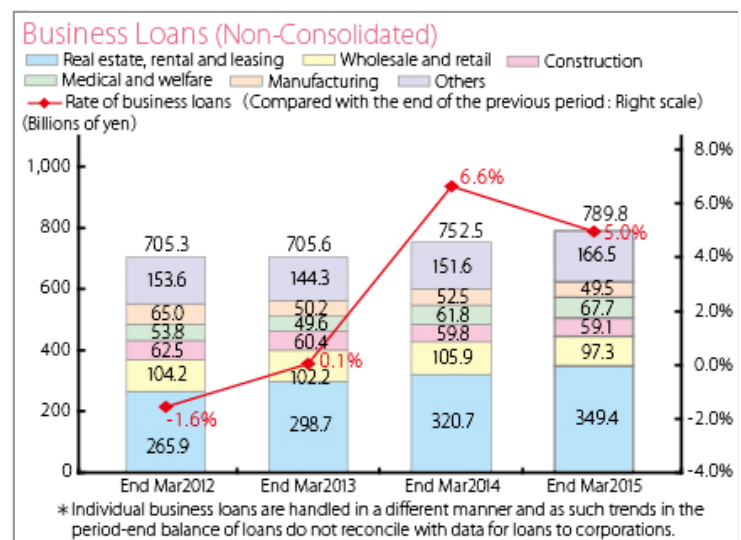
► Loans (Non-Consolidated)

Favorable increases in both private and corporate businesses



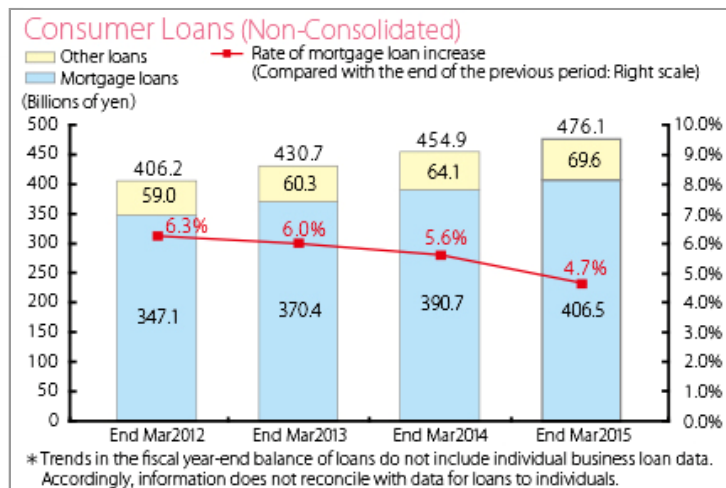
► Business Loans (Non-Consolidated)

Increase centered primarily on loans for real estate industry, including housing funds, and medical welfare



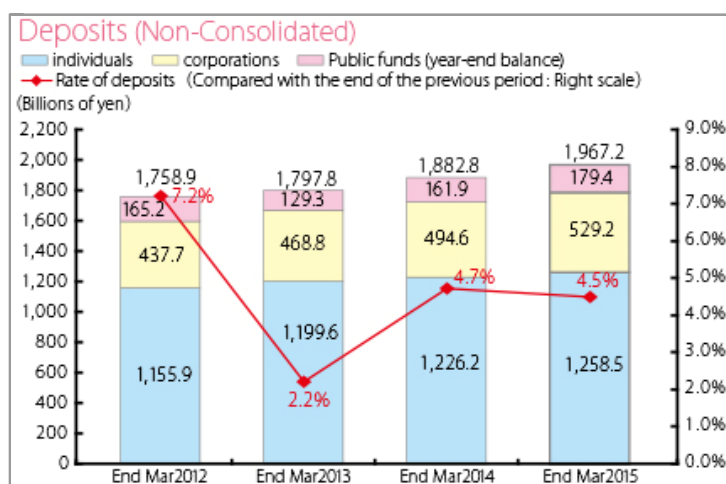
Consumer Loans (Non-Consolidated)

Favorable increase due to sales of new products and other factors



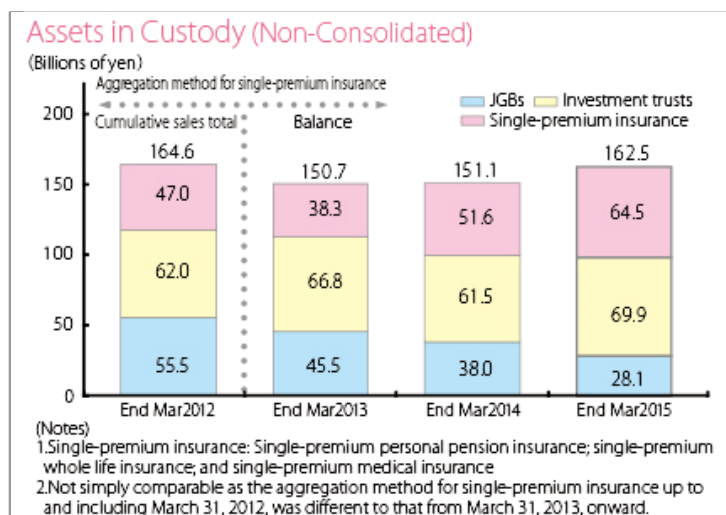
Deposits (Non-Consolidated)

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



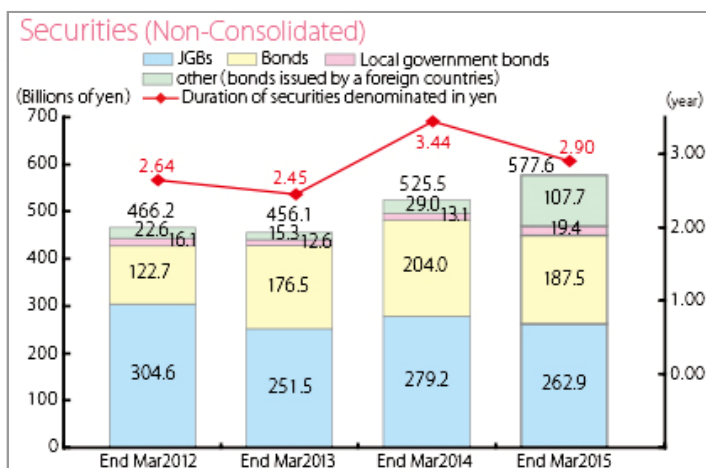
Assets in Custody (Non-Consolidated)

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



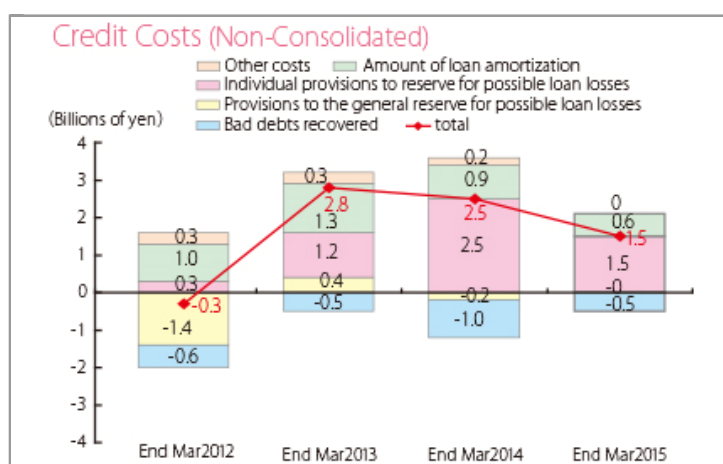
► Securities (Non-Consolidated)

Balance buildup while operations diversified



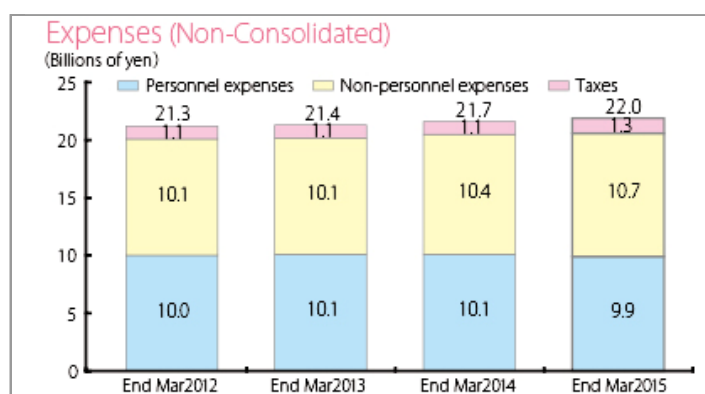
► Credit Costs (Non-Consolidated)

Decrease in credit limit costs due to such factors as decrease in transfer to allowance for doubtful individual accounts



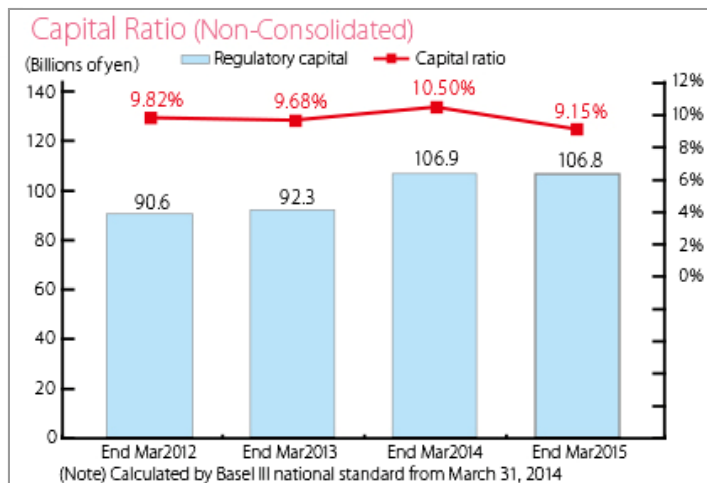
► Expenses (Non-Consolidated)

Increase in cost of equipment associated with investment in IT, including communication tools



► Capital Ratio (Non-Consolidated)

Drop in capital ratio due to increase in risk assets



► Earnings Forecasts for FY2015 (Non-Consolidated)

Four consecutive periods of increased earnings forecast for current fiscal year

Earnings Forecasts for FY2015 (Non-Consolidated)
(Billions of Yen)

	FY2015	Year-on-year change	FY2014
Ordinary revenue	38.7	0	38.7
Ordinary profit	7.3	-0.7	8.0
Net income	4.8	+0.6	4.2

► Earnings Forecasts for FY2015 (Consolidated)

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

Earnings Forecasts for FY2015 (Consolidated)
(Billions of Yen)

	FY2015	Year-on-year change	FY2014
Ordinary revenue	57.4	+2.4	55.0
Ordinary profit	8.9	-0.6	9.5
Net income attributable to parent company shareholders	9.9	+4.4	5.5

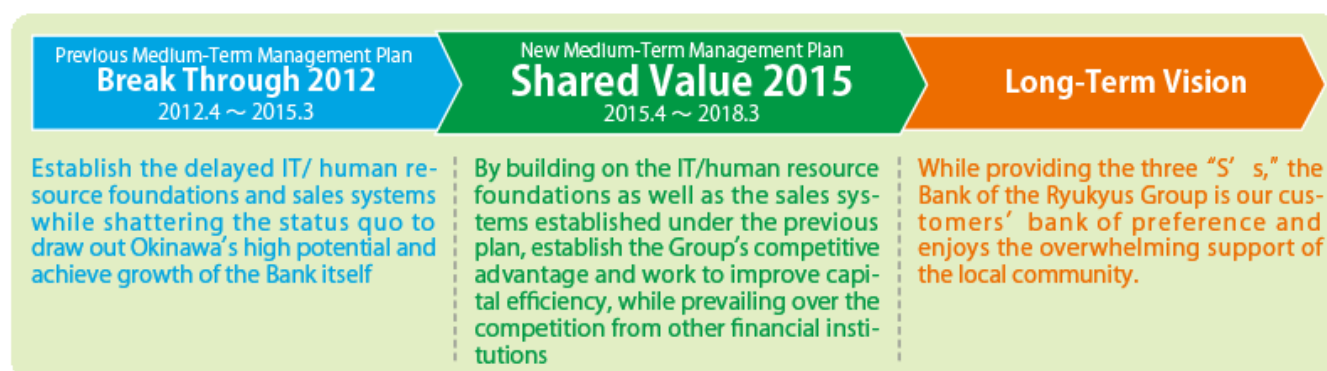
(Note)
Due to a revision to the "Accounting Standard for Business Combinations," the previous method for disclosing net income for the period has been changed to "net income attributable to the parent company's shareholders."

Shared Value 2015

New Medium-Term Management Plan: Shared Value 2015

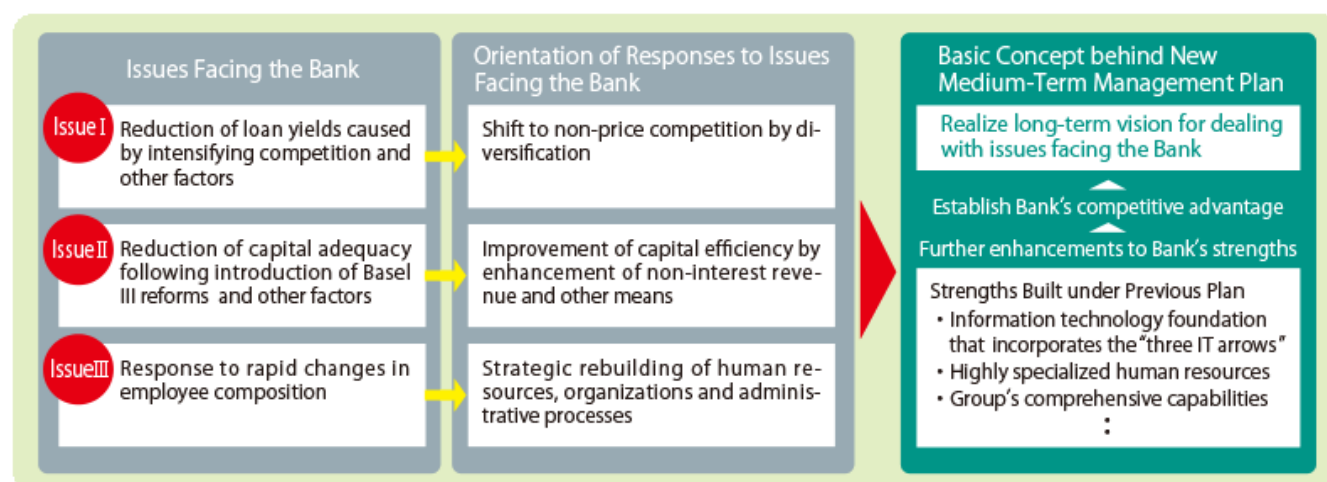
► Positioning of New Medium-Term Management Plan

Enabling the evolution of the previous plan, the New Medium-Term Management Plan is designed to strengthen the ability of the Bank of the Ryukyus to respond to changes in its management environment by establishing its competitive advantage.



► Concept of New Medium-Term Management Plan with Regard to Issues Facing the Bank

Deals with issues facing the Bank by further enhancing its strengths and establishing competitive advantage

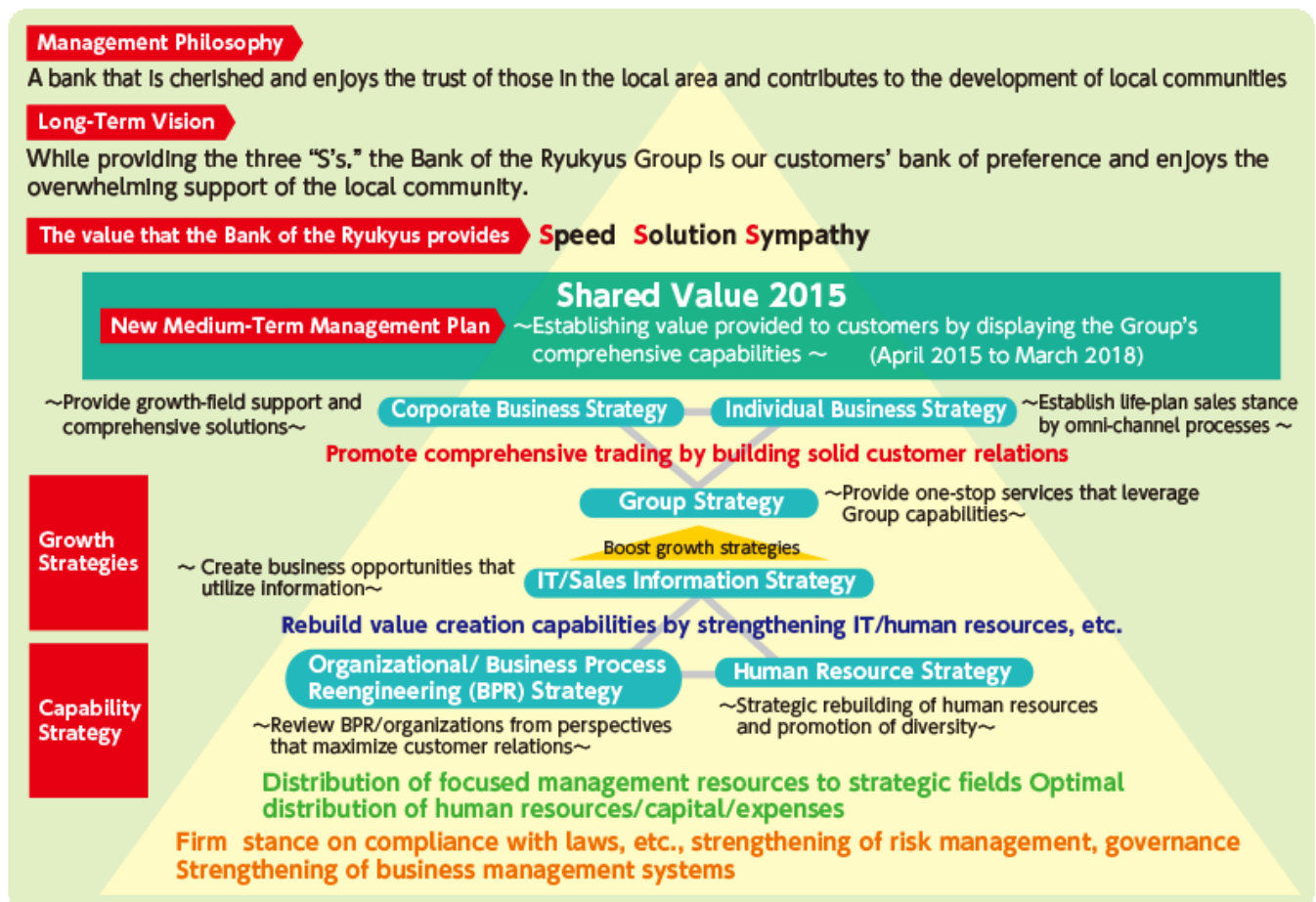


► Long-Term Vision

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."



Overall Picture of New Medium-Term Management Plan



Management Policy

Forging Stronger Bonds of Trust with the Local Community

Management Philosophy

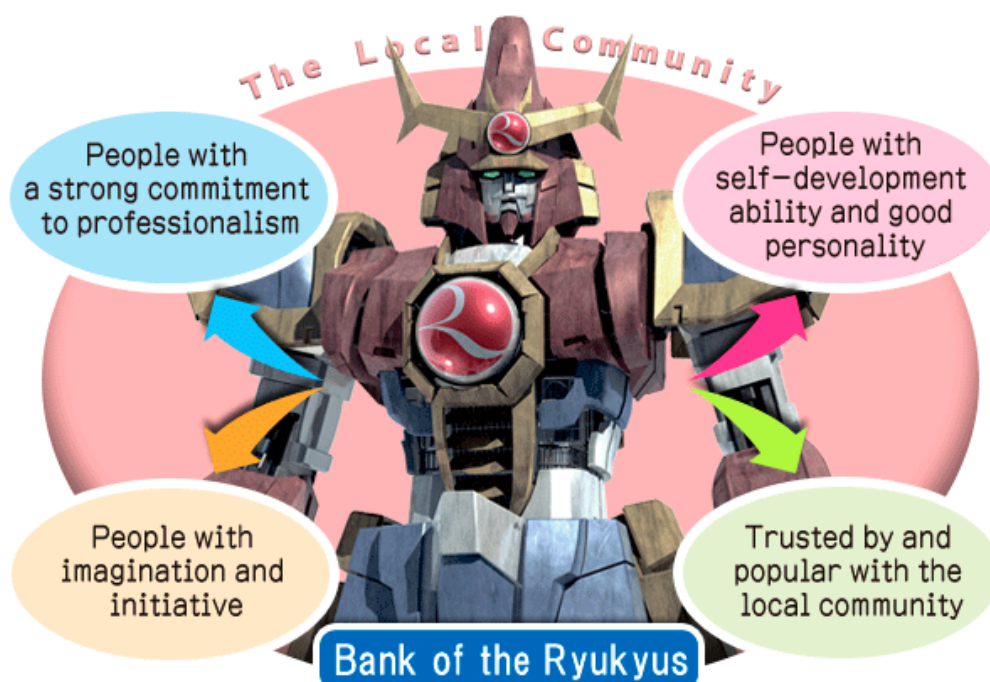
Bank of the Ryukyus (“the Bank”) has long followed a management philosophy of fostering a relationship of trust with the local community so as to contribute to the development of regional society. To continue putting this philosophy into practice in the future, the Bank and its group will enhance the range and quality of services offered, while establishing sound management practices that will enable us to cope with any change in the business environment. By so doing, we aim to meet the needs of the local community.

We see our Bank as: A provider of “solution-type” financial services

As a provider of “solution-type” financial services, the Bank will identify and resolve problems and issues facing the region, its corporations and its individual customers. That is the vision. Therefore, the Bank aims to promoting sustainable growth in partnership with our community, corporate and individual customers, by strengthening its capabilities in “solution-type” banking and providing a wider range of services.

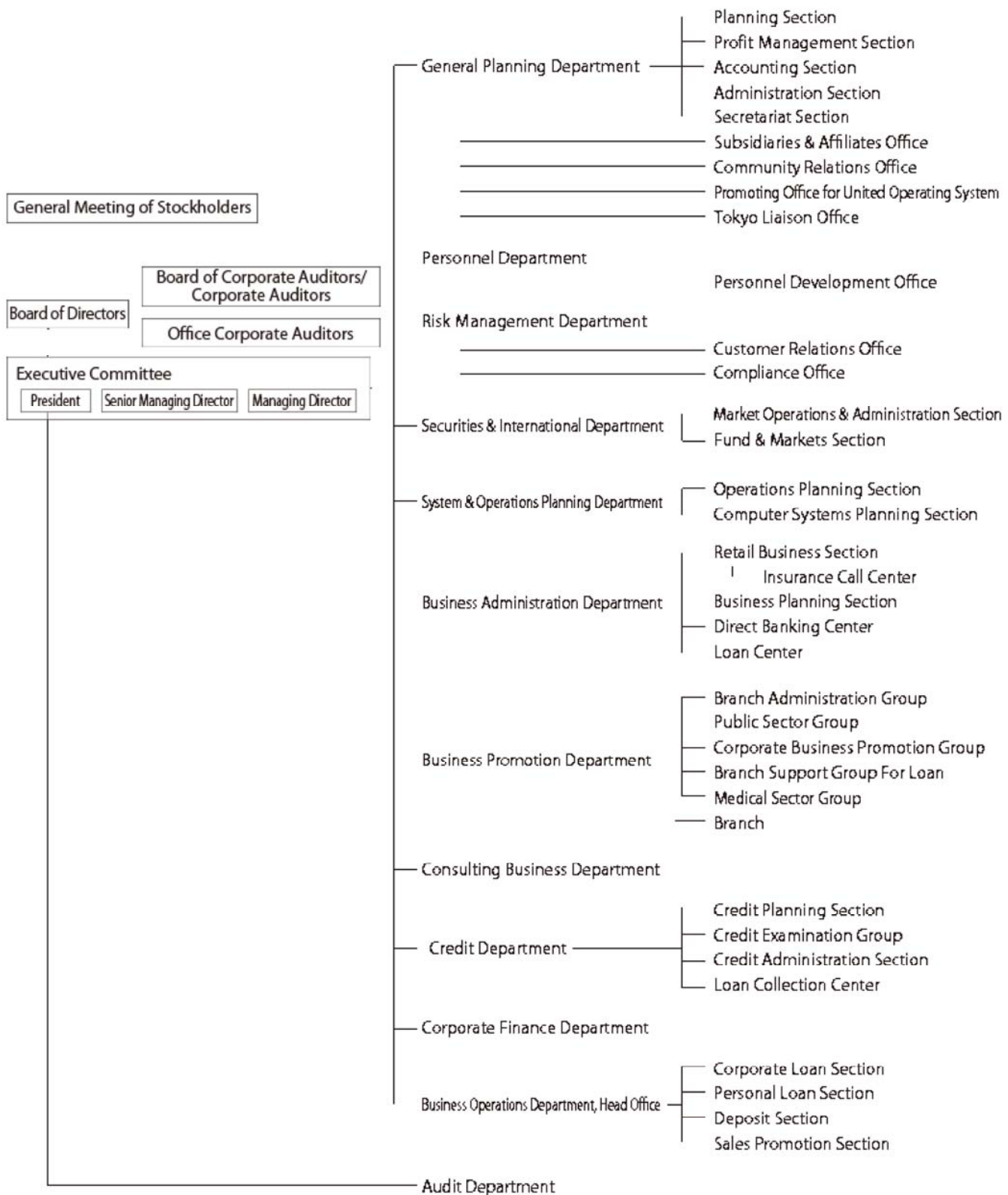
We see our employees as:

1. People with a strong commitment to professionalism
Ability to demonstrate strong business knowledge and competence. Determination to achieve goals.
2. People with imagination and initiative
Constant awareness of potential problems and a will to make changes when necessary. Ability to set an example through own initiative.
3. People with self-development ability and good personality
Persistence in self-development, to improve competence and ability to adapt to change, and willingness to embrace challenges.
4. Trusted by and popular with the local community
Ability to gain trust and support of local communities, and contribute to their growth



Organization

(As of June 25, 2015)



Profile

Bank of the Ryukyus, Ltd. was established in 1948 under an ordinance of the U.S. military for the purpose of restoring financial order and stabilizing the currency in order to facilitate the sound development of the Okinawan economy. From its founding up to the reversion of Okinawa to Japan, the Bank dedicated itself to promoting the development of the prefectural economy in its role as the region's de facto central bank.

When Okinawa was restored to Japanese sovereignty in 1972, the Bank reverted to the status of an ordinary bank subject to Japanese banking law, and as the prefecture's leading bank, it facilitated the transition to the Japanese economic and financial systems. In 1983, we became the first bank in Okinawa to be listed on the stock exchange, and in 1986 construction of our Computer Center was completed. In 1988, we established an international foundation. In this way, the Bank has been simultaneously working to strengthen its business structure and actively contribute to the prosperity of the regional community.

In June 2002, the decision was made to adopt an executive officer system, with the aim of facilitating more rapid response to changes in the banking environment, while enhancing the Bank's competitiveness as well as its level of overall efficiency.

In 2004, we introduced an Internet banking service, thereby becoming the first bank in the prefecture to offer online banking services for corporate clients.

In April 2015, we launched our new medium-term (four-year) management plan under the name Shared Value 2015.



Corporate Data

Non-Consolidated Data

Non-Consolidated Data (As of March 31, 2015)

Date of Establishment	May 1, 1948
Paid-in Capital	¥54,127 million
Total Assets	¥2,167,169million
Number of Employees	1,243
Number of Offices (including Head Office and Sub-branches)	76
Number of Shareholders	12,627
Stock Listings	Tokyo Stock Exchange & Fukuoka Stock Exchange

Service Network (As of March 31, 2015)

Head Office and Securities & International Department
11-1, Kumoji 1-chome (P.O. Box 310), Naha, Okinawa 900-0015, Japan Telex: J79827 Phone: 098-866-1212 Fax: 098-863-8504 SWIFT: RYUB JPJZ
Tokyo Branch
Kanda 21 Building 4F, 2-2-16, Kandata-cho, Chiyoda-ku, Tokyo 101-0046, Japan Phone: 03-5296-8611 Fax: 03-5296-8616

Board of Directors (As of June 25, 2015)

President	Directors	Executive Officers
Takei kinjo	Yasushi Kawakami Satoshi Gibo Keishi Fukuhara Masamitsu Arakaki Moriaki Ota	Toshiki Takehara Ryoji Toyoda Yasushi Tokashiki Yasushi Shiroma
Senior Managing Director	Standing Corporate Auditor	
Taketora Miyagi	Tamotsu Teruya	
Managing Directors	Corporate Auditors	
Komei Takara Hidehiro Hayashi Tomoyuki Matsubara		

Bank of the Ryukyus Group Companies

(As of March 31, 2015)

Ryukyu Leasing Co., Ltd.*

7-1, Kumoji 1-chome, Naha, Okinawa 900-0015, Japan
Phone: 098-866-5500
Established: May 1972
Paid-in Capital: ¥346 million
Line of Business: General leasing

Ryugin Hosho Co., Ltd.*

1-9, Tsubokawa 1-chome, Naha, Okinawa 900-0015, Japan
Phone: 098-832-1200
Established: July 1979
Paid-in Capital: ¥20 million
Line of Business: Housing loans, debt guaranty and insurance agency

Ryugin Business Service Co., Ltd.*

9-17, Kumoji 1-chome, Naha, Okinawa 900-0015, Japan
Phone: 098-863-4572
Established: September 1983
Paid-in Capital: ¥10 million
Line of Business: Cash inspection and arrangement, Cash Dispenser/ATM management and maintenance

Ryugin DC Co., Ltd.*

7-1, Kumoji 1-chome, Naha, Okinawa 900-0015, Japan
Phone: 098-862-1525
Established: April 1984
Paid-in Capital: ¥195 million
Line of Business: Credit cards, financing

Ryugin Office Service Co., Ltd.*

4-1-1, Uchima, Urasoe, Okinawa 901-2121, Japan
Phone: 098-876-7130
Established: June 1999
Paid-in Capital: ¥10 million
Line of Business: Clerical services

Ryugin Research Institute., Ltd.*

1-9, Tsubokawa 1-chome, Naha, Okinawa 900-0025, Japan
Phone: 098-835-4650
Established: June 2006
Paid-in Capital: ¥23 million
Line of Business:
Industrial, economic and financial surveys and research; planning and organization of conferences and training

*Consolidated subsidiaries

Message from the President

I would like to express my sincere gratitude to shareholders and other stakeholders of the Bank of the Ryukyus for their continued support.

This year, we have again prepared a report on the Bank's business performance and financial position for the fiscal 2014 business term (April 1, 2014 to March 31, 2015) in an effort to help as many people as possible gain a better understanding of the Bank and its operations.



Tokei Kinjo
President

Financial & Economic Environment

In the fiscal year ended March 31, 2015, the Japanese economy continued its slow recovery. Having shown weak movement on the rebound from the last-minute demand that had accompanied the April 2014 hike in Japan's consumption tax rate, consumer spending showed steady movement in the second half and was reflected in the improvement in the corporate sector that had temporarily stagnated.

In the Okinawan economy, there was a pause in the movement toward expansion brought about by the weakness in consumer spending on durable goods due to the rebound from the last-minute demand that had accompanied the hike in the consumption tax rate. Nevertheless, consumer spending was generally favorable in the second half of the fiscal year under review and once again showed signs of expansion because of ongoing strong performance in tourism.

Business Activities and Performance Results

In such an environment, in fiscal 2014, the final fiscal year of the Bank's "Break Through 2012" medium-term management plan, we worked to improve productivity and increase the efficiency and speed of our business by the utilization of IT. Also as part of our theme of "forging a position as the bank of preference" we expanded our corporate banking business by strengthening our efforts toward growth fields and, in addition to enhancing our personal banking business by enhancing products and services that meet the needs of our customers, worked to demonstrate our collective Group strengths

As initiatives designed to improve productivity, we made possible the progress management of loan projects through the installation of sales support systems and the centralized management of business operations. In addition, we accelerated internal administrative procedures by renovating the Company intranet and digitizing workflows, such as for approval and reporting.

In the case of our corporate banking business, we established the Ryugin Sixth Industrialization Fund to encourage growth industrialization in Okinawa's agricultural, forestry and fishery industries. For the fund's first project, we provided financing for a business operator that manufactures and sells Japanese food prepared following Halal standard. Besides jointly holding a business forum to convey Okinawa's charm with second-tier fund providers to publicize Okinawa's abundant and distinctive food products throughout Japan and overseas—as we had done in the previous fiscal year—we proactively supported the medical and welfare industries, in which growth is expected against the backdrop of an aging society, by holding medical and nursing management seminars and other events.

For our personal banking business, we upgraded and expanded each form of life insurance-related consultation, so that customers can receive advice even on Saturdays. The measures included newly opening the Makiminato, North and Central loan centers, which professionally handle all types of personal loans, as a system to provide consultation services relating to life insurance and carry out indemnity diagnostics and reviews.

We also worked to improve our products and services to meet customer needs, for example by the introduction of a group credit life insurance plan for housing and study loans that waives the coverage requirements under the group credit life insurance system.

As an initiative designed to improve the Group's overall capabilities, we made equity method affiliate Ryukyu Leasing into a consolidated subsidiary and worked to provide comprehensive financial services that leveraged the characteristics of Group companies more than ever before.

Issues Facing the Bank

In the years to come, the expansion of the Okinawan economy is expected to continue, but the competitive environment surrounding the Bank is expected to intensify, the competition from the market entry of distribution sector-related banks and regional banks from outside the prefecture adding to that from the megabanks and Internet banks.

Under these circumstances, the Bank has launched Shared Value 2015, its new medium-term management plan, from fiscal 2015. In addition to bringing about evolution in our IT and human resource foundation and in the marketing preparations that we have been developing up to now, under Shared Value 2015 we will establish competitive advantage by demonstrating the Group's overall capabilities and aim to remain the Ryugin Group that is its customers' bank of preference and enjoys the overwhelming support of the region.

Positioning compliance as the foundation of its management, the Bank will contribute to the development of local society by displaying the consulting functions that are its strength. In addition, we will work toward sustainable growth by making steady progress with our new medium-term management plan, for example by devising improvements in productivity by utilizing IT, and to improve our corporate value over the medium to long term.

July 2015
Tokei Kinjo,
President



Financial Section

Financial Data [PDF files]

Entire File	(891KB)	
Consolidated Balance Sheets	(170KB)	
Consolidated Statements of Income	(156KB)	
Consolidated Statements of Comprehensive Income	(47KB)	
Consolidated Statements of Changes in Net Assets	(298KB)	
Consolidated Statements of Cash Flows	(149KB)	
Notes to Consolidated Financial Statements	(396KB)	
Non-Consolidated Balance Sheets	(170KB)	
Non-Consolidated Statements of Income	(154KB)	
Non-Consolidated Statements of Changes in Net Assets	(293KB)	



Corporate Governance: Basic Concept and Basic Policies

Toward the realization of its corporate philosophy, the Bank of the Ryukyus fully recognizes its responsibilities to a range of stakeholders—its customers, including shareholders, employees and local communities—while building the mechanisms to carry out transparent, fair, quick and confident decision making. The Bank also regards the basic concept of corporate governance as working toward its sustainable growth and improvements in its corporate value. In fulfilling its responsibilities with regard to corporate governance, the Bank regards the following as its basic policies.

- (1) Respecting the rights of its shareholders, the Bank develops an environment in which its shareholders can exercise their rights appropriately and effectively and works to ensure the substantive equality of its shareholders.
- (2) By cooperating with its wide-ranging stakeholders, who include its shareholders, customers, employees and local communities, the Bank works to foster a corporate culture and climate that respects sound business ethics.
- (3) In addition to the appropriate disclosure of company information, including that of a non-financial nature, and working to ensure the transparency and fairness of management, the Bank works on constructive dialogue with shareholders so that its sustainable growth and corporate value increase over the medium to long term.
- (4) Given the fiduciary responsibilities and accountability that its Board of Directors and Board of Corporate Auditors have toward shareholders, the Bank devises plans for its sustainable growth and increase in its corporate value, while endeavoring to supervise business execution and ensure audit effectiveness.