



Financial Results for FY2019



琉球銀行

琉球銀行グループ
BANK OF THE RYUKYUS GROUP

Received a technical mention in the 28th (fiscal 2019) Bingata Design Contest

“Flowers Blossoming on the Way Home” by Hiroko Kyan



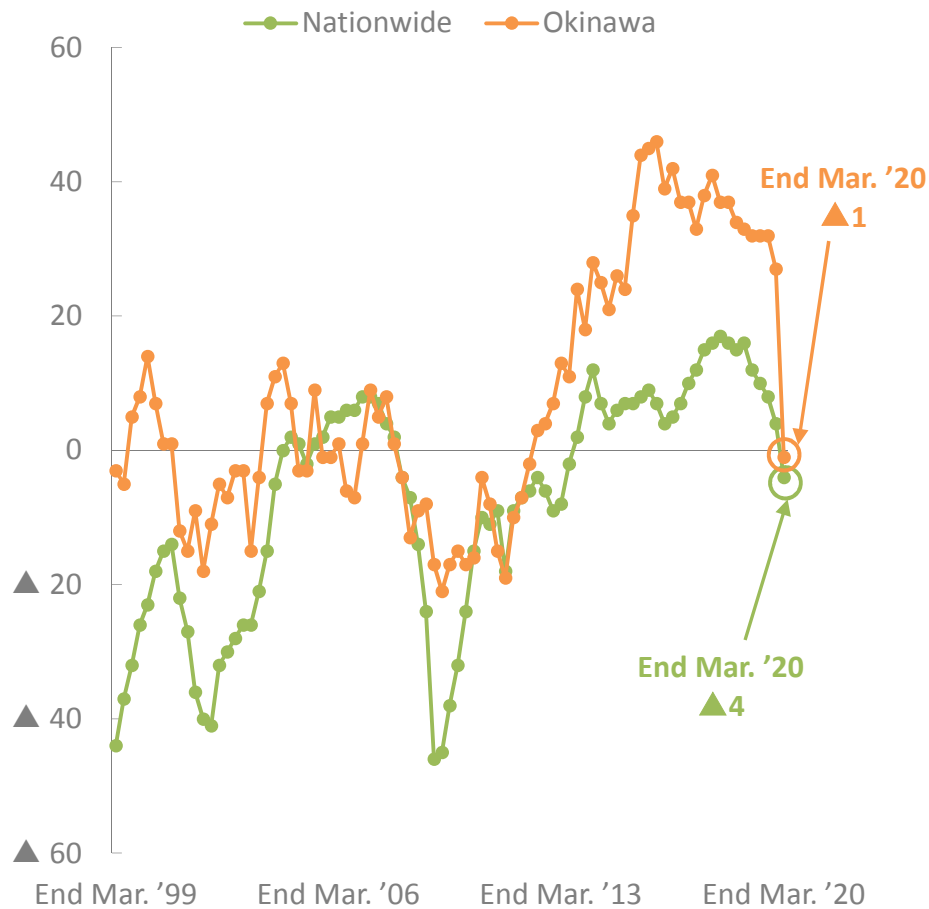
1 Economic Overview of Okinawa Prefecture

* Annual statistical indicators are based on the calendar year.

Tankan Survey

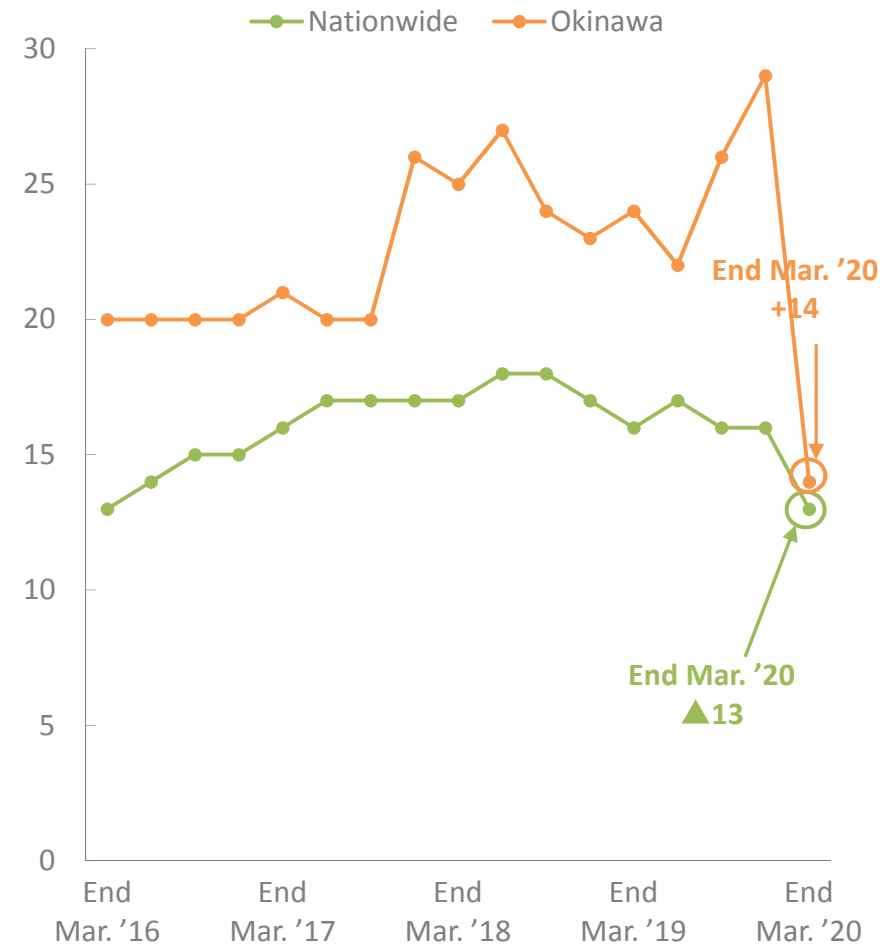
Like in other prefectures, business confidence in Okinawa fell significantly due to Covid-19.

Business Sentiment DI (Good/Bad)



* New base data has been used since Dec. 2014 and Dec. 2017 (discontinuous with the previous data).
Source: The Bank of Japan Naha Branch

Cash Flow Sentiment DI (Good/Bad)

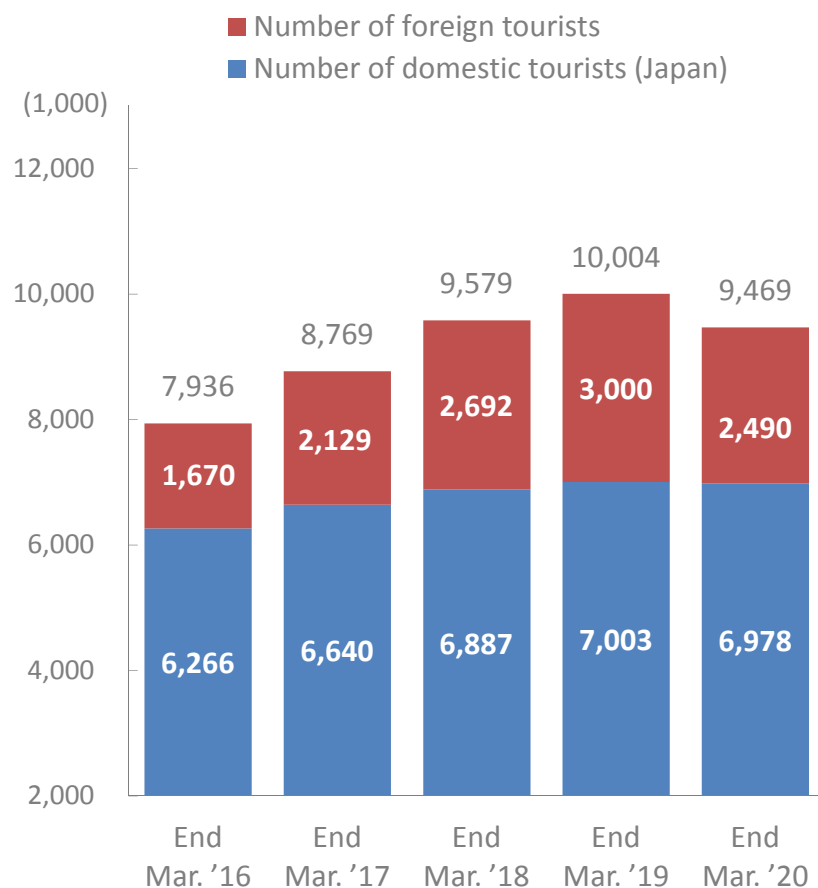


* New base figures have been used since Dec. 2014.
Source: The Bank of Japan Naha Branch

Tourism

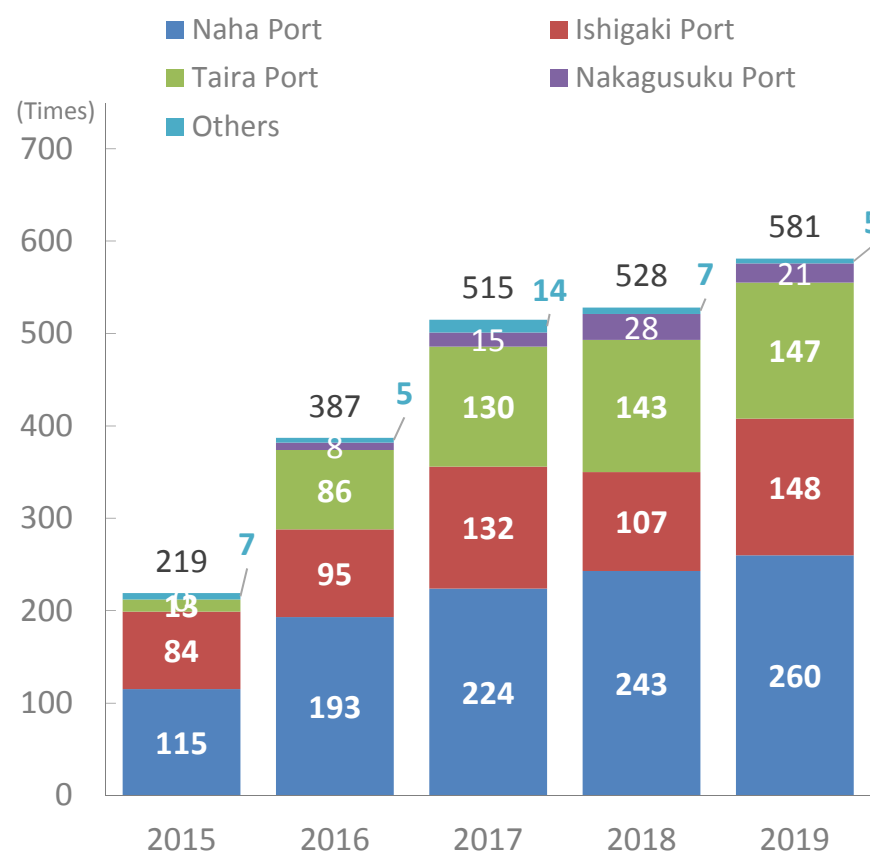
The number of tourists for FY2019 significantly decreased compared to the previous fiscal year due to Covid-19. Cruise ship calls reached an all-time high in 2019 (calendar year) but the number is expected to decrease in the future.

Number of Tourists and Tourism Revenues



Source: Okinawa Prefecture

Number of Cruise Ship Calls in Okinawa Prefecture



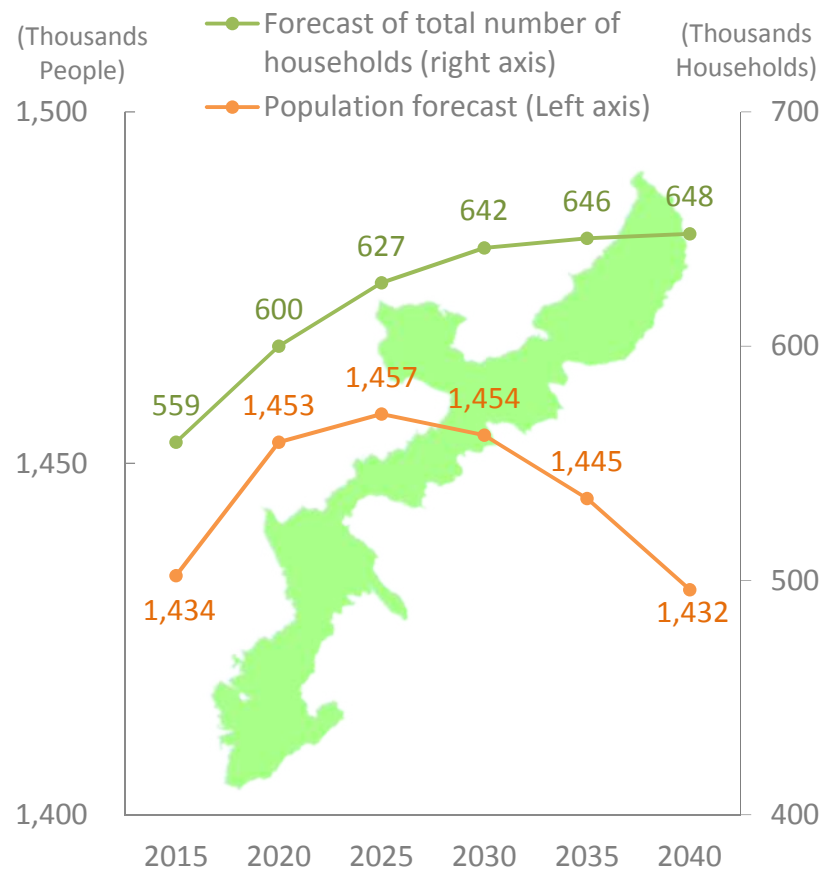
Source: Okinawa General Bureau, Cabinet Office

Population, Number of Households, and Housing Starts

Okinawa's population is expected to grow until 2025, while the number of households is expected to keep growing onward.

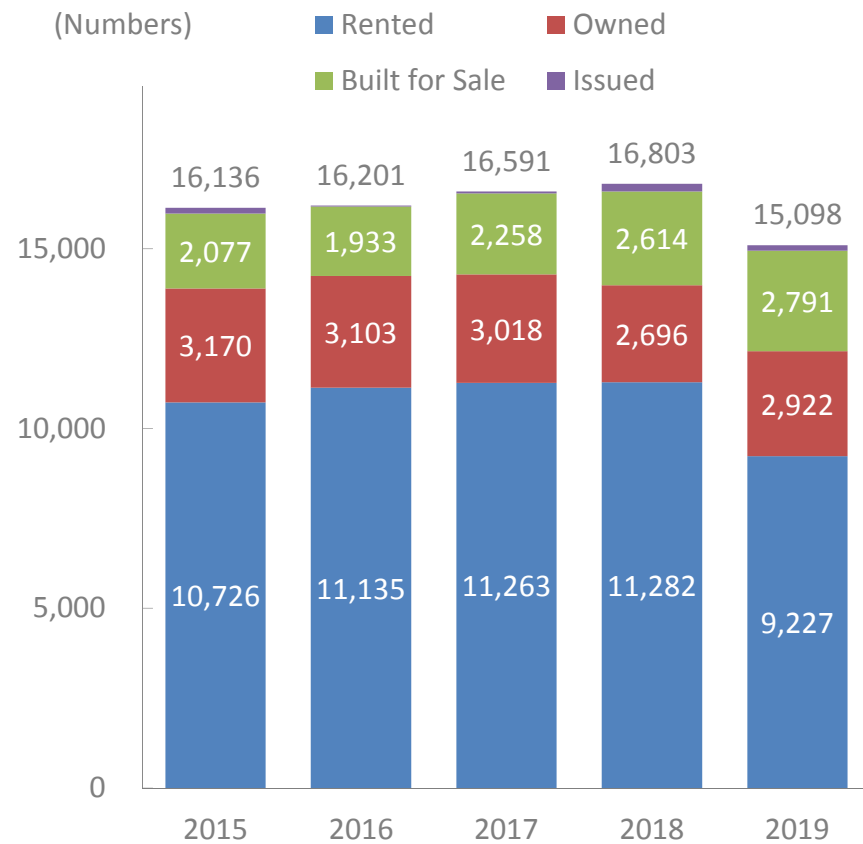
The number of new housing starts will decline as a whole due to the significant decrease in rental housing.

Okinawa's Future Population and Number of Households



Source: Data from Census and the Nansei Shoto Industrial Advancement Center (NIAC)

Okinawa Housing Starts

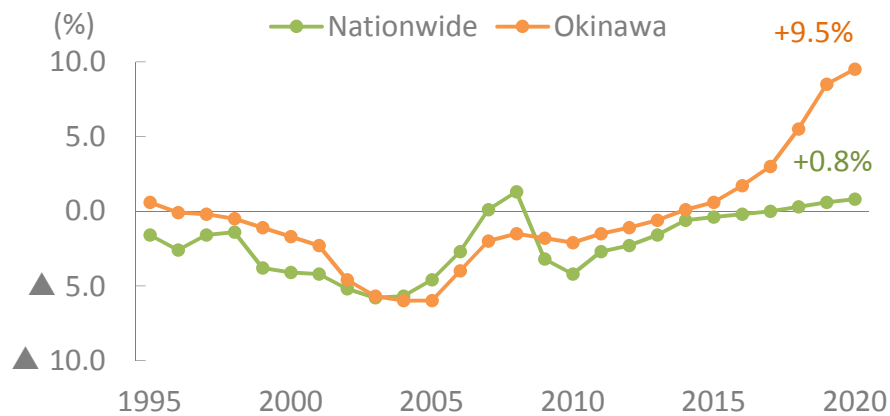


Source: "Housing Starts Statistics" by Ministry of Land, Infrastructure, Transport and Tourism

Real Estate

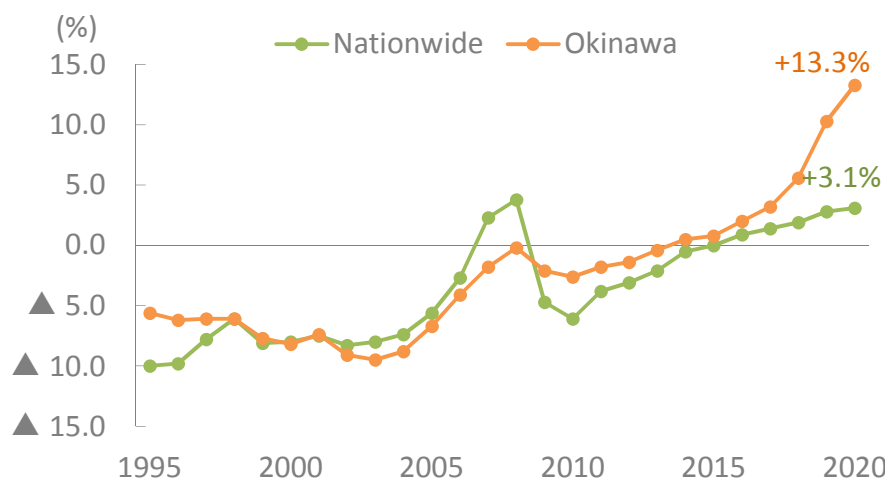
Growth rate of land prices and unit construction costs have surpassed the national average.

Price Growth Rate of Residential Areas



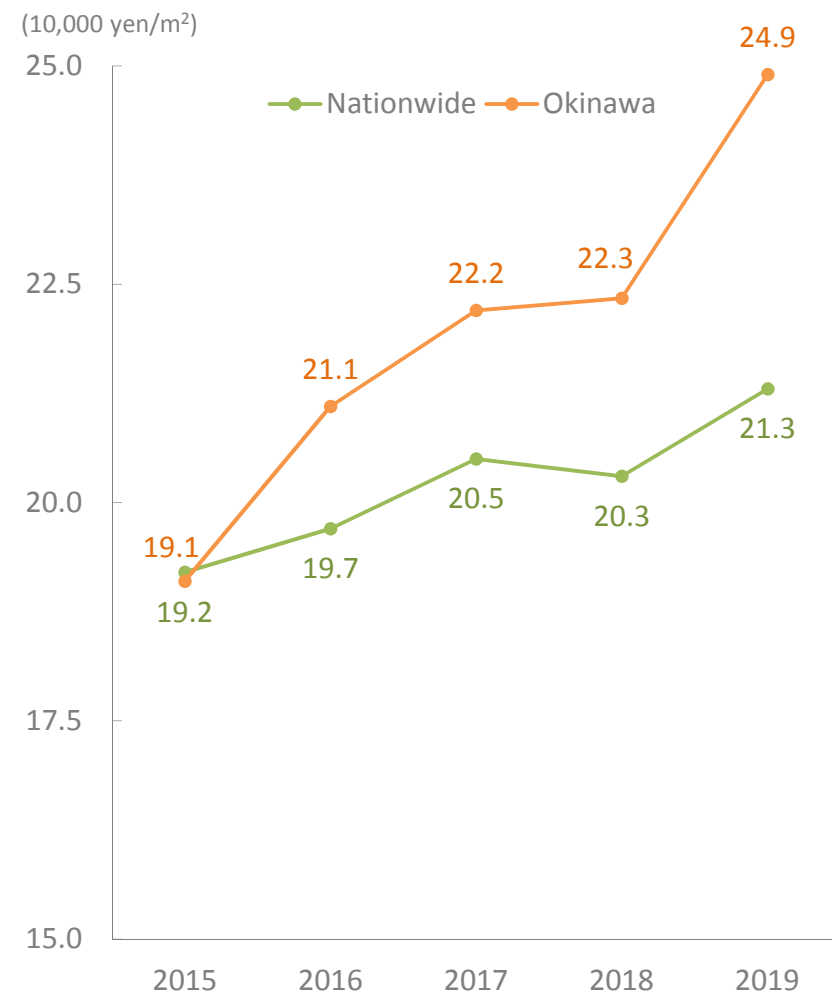
Source: Land prices listed by the ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Price Growth Rate of Commercial Areas



Source: Land prices listed by the ministry of Land, Infrastructure, Transport and Tourism (MLIT)

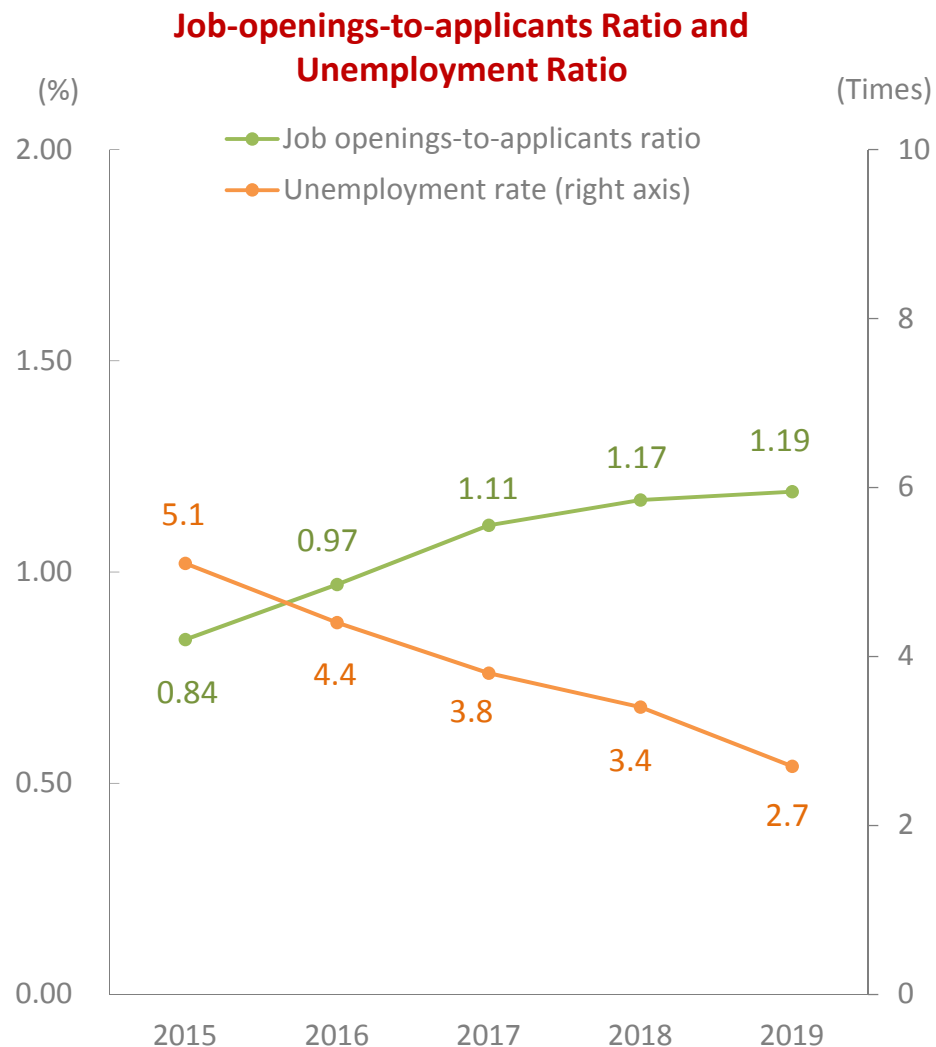
Unit construction cost



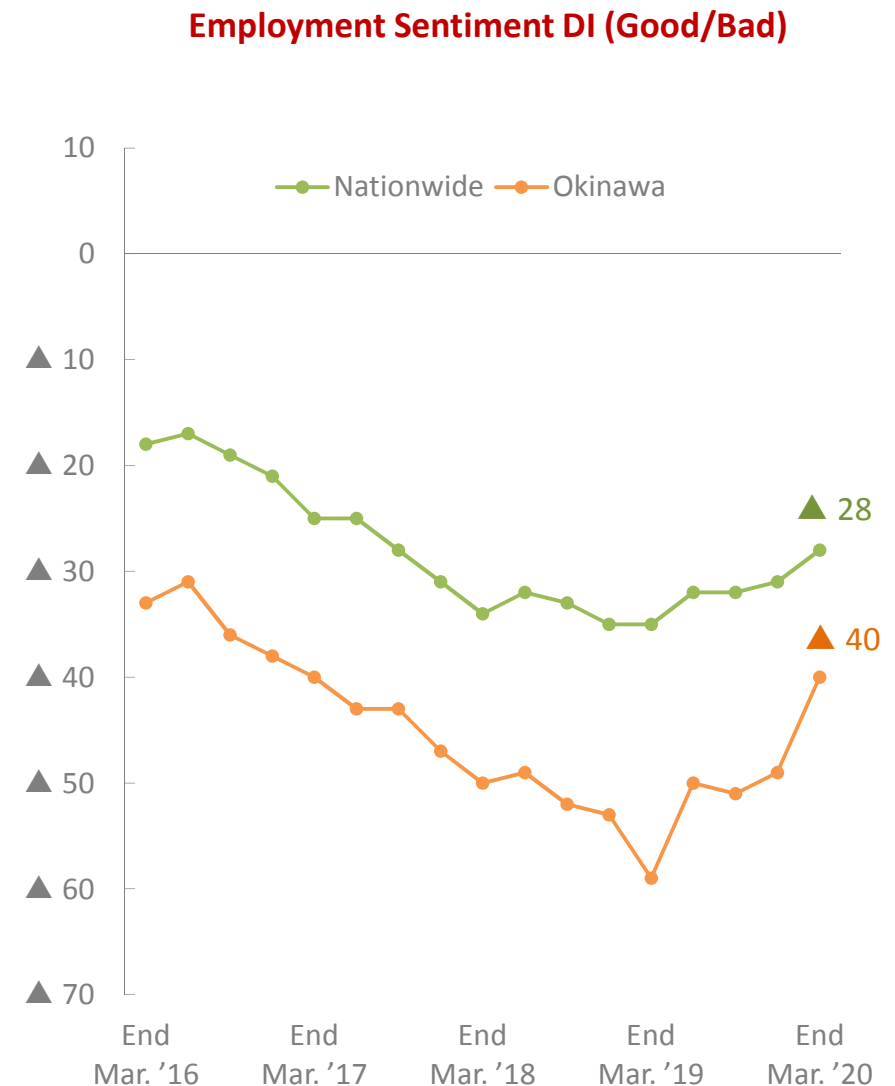
Source: Prepared by Ryugin Research Institute based on the MLIT's Housing Starts Statistics

Employment

Employment has improved, with the unemployment ratio declining up to 2019. The labor shortage is also currently improving due to Covid-19.



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



Source: The Bank of Japan Naha Branch

Economic Trends in Okinawa Prefecture

Economic conditions in Okinawa Prefecture worsened significantly (in April) mainly in the tourism-related industry, which is likely to be greatly affected by Covid-19.

Survey of Economic Trends in Okinawa (April 2020)

Compiled by Ryugin Research Institute

		-	+
Consumption-related Situation	Department stores	▲75.1	
	Supermarkets	Existing stores	1.6
		All stores	3.2
	Number of new vehicles sold	▲39.3	
	Wholesale of electrical appliances	▲0.9	
Construction-related Situation	Contract amount for public works		37.2
	Amount of construction orders received	P▲7.5	
	Cement	P▲2.9	
	Steel	▲1.3	
	Lumber	▲9.8	
Tourism-related Situation	Number of tourists	▲90.9	
	Hotels	Rate of operation	P▲70.1
		Sales proceeds	P▲91.5
	Number of visitors to tourist facilities	P▲94.6	
	Number of visitors to golf courses	▲44.6	
Other	Number of new job openings in Okinawa	▲42.0	
	Number of company bankruptcies	▲3	
	Advertising revenues	▲7.6	

* Advertising revenue: Results for March 2020

Values: Year on year (%)

Hotels' rate of operation (% point)/Number of company bankruptcies: Difference from previous year

P: Preliminary figures

Number of visitors to tourist facilities: excl. Shuri Castle Park

(Source: Ryukyu Shimpo)

Consumption-related Situation

- The sales proceeds of department stores decreased year on year for eleven consecutive months due to shortened business hours, temporary closures, and other measures to prevent the spread of Covid-19.
- The number of new vehicles sold declined year on year for seven consecutive months due to decreased demand for rental cars as well as the effect of the consumption tax hike.

Tourism-related Situation

- The number of tourists decreased year on year for four consecutive months. The number of domestic tourists decreased by approximately 90%, and no foreign tourists visited the prefecture.
- Both the rate of operation and sales proceeds of major hotels in Okinawa declined year on year.
- The number of visitors to major tourist facilities declined year on year.
- The number of visitors to golf courses decreased year on year.
- The outlook for the industry is expected to remain negative due to the following factors: uncertainty about when the global spread of Covid-19 will end; foreign tourists having difficulty in entering Japan; and domestic tourists tending not to visit other prefectures.

Employment-related Situation

- The number of new job openings declined by 42% year on year, and as a result, the number decreased compared to the same month last year for five consecutive months. Several industries (including accommodation, food service, living-related service, entertainment, and information and communication industries) saw declines.



2 Financial Results for Fiscal Year Ended March 31, 2020

Financial Summary (Non-Consolidated)

Revenue increased, but profit decreased. The decrease in profit is due to increased net credit costs and reduced profit/loss balance in the Trading Division.

(100 million yen)

	FY2019	Year-on-year change	FY2018
Ordinary income	424	+4	420
Business gross profit (a)	315	+7	308
Expenses (b)	243	+4	239
Real net business profit (c=a-b)	71	+2	69
Net credit costs (d)	8	+10	▲2
Other extraordinary gain/loss (e)	▲10	▲12	2
Ordinary profit (f=c-d+e)	53	▲20	73
Net income	40	▲13	53

* Year on year calculation is spreadsheet-based.

Financial Summary (Consolidated)

Revenue increased, but profit decreased. Consolidated profit also decreased due to our bank's situation.

(100 million yen)

	FY2019		FY2018
		Year-on-year change	
Ordinary revenue	627	+6	621
Ordinary expenses	558	+24	534
Ordinary profit	69	▲17	86
Profit attributable to owners of the parent	49	▲12	61

* Year on year calculation is spreadsheet-based.

Summary of Profit/Loss Trends

(Non-consolidated: Mar. 2016–Mar. 2020)

(Million yen)

	End Mar. '16	End Mar. '17	End Mar. '18	End Mar. '19	End Mar. '20	Year on Year
Profit from customer services *1	5,312	3,325	3,395	3,472	3,619	+147
Deposit and loan balance *2	22,901	22,127	21,890	22,278	22,837	+559
Profit from service charges *3	4,849	4,893	5,277	5,347	5,400	+53
Expenses	▲22,438	▲23,694	▲23,772	▲24,153	▲24,618	▲465
Profit/loss in Trading Division	4,171	4,386	4,937	3,238	2,054	▲1,184
Profit/loss in Securities & International Department	4,009	2,828	4,425	1,845	1,778	▲67
Interest and dividends	2,982	3,163	2,911	2,298	1,597	▲701
Gains/losses from forex and commodities trading	255	369	▲36	821	149	▲672
Class 5 bonds	734	▲691	387	▲169	421	+590
Share 3 balance of account	▲99	▲100	1,123	▲730	▲1,089	▲359
Policy-related investment	162	1,537	511	1,393	276	▲1,117
Net credit costs	▲1,310	▲806	1,808	217	▲869	▲1,086
General provision for doubtful accounts *4	▲787	▲241	850	▲644	▲1,591	▲947
Miscellaneous, corporate tax, etc.	▲3,121	▲1,893	▲2,314	▲1,553	▲795	+758
Net income	5,052	5,012	7,826	5,374	4,009	▲1,365

*1 Profit from customer services = Deposit and loan balance + Profit from service charges - Expenses

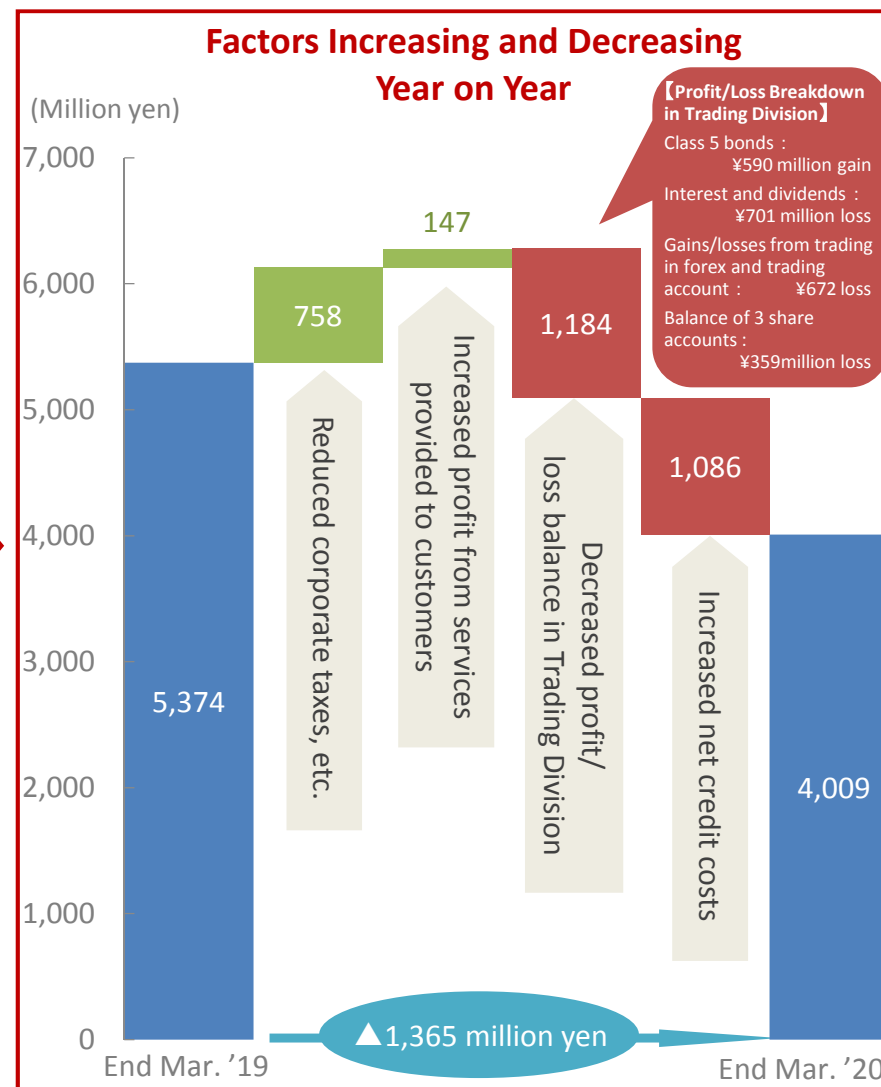
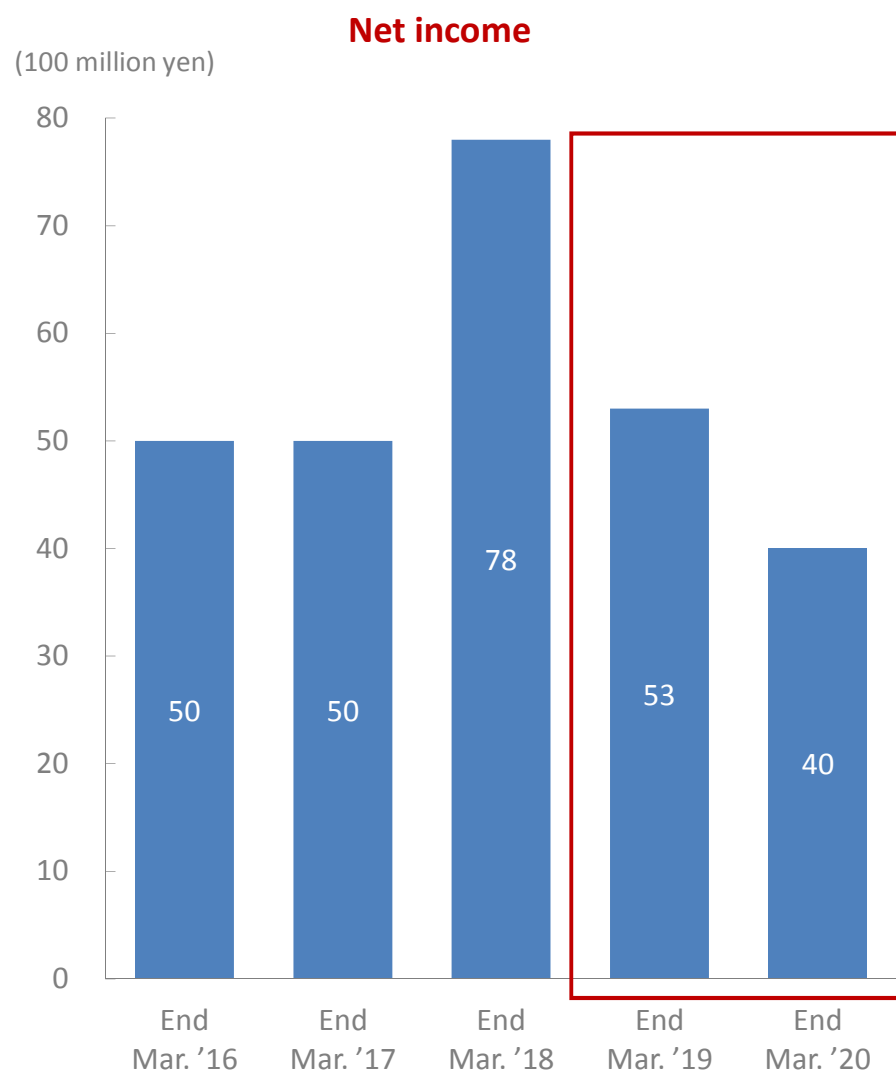
*2 Balance of deposits and loans (incl. loan-related fees: consumer loan guarantee fees, group credit life insurance premiums). Interest on deposits is calculated based on currency swap income in real terms.

*3 Profit from service charges (excl. loan fees).

*4 General provision for doubtful accounts: Negative amounts indicate a provision, and positive amounts indicate a reversal.

Profit/Loss during Fiscal Year Ended March 31, 2020

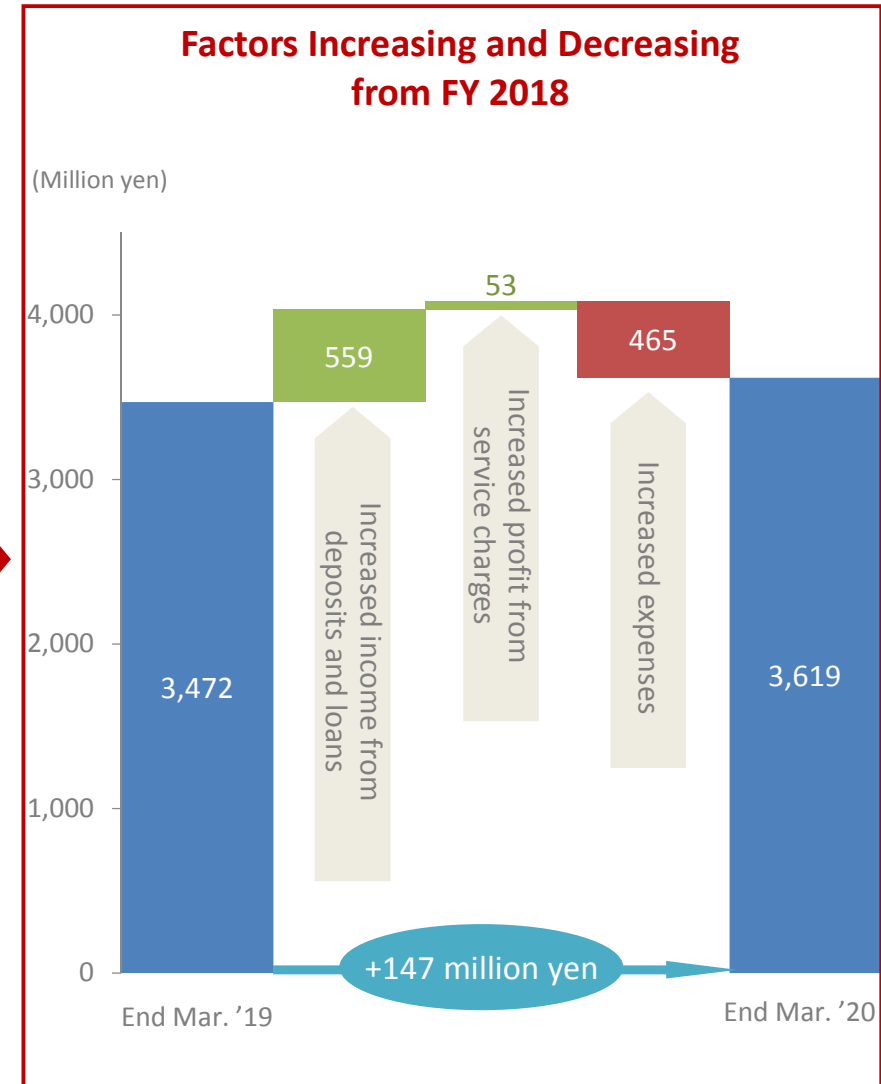
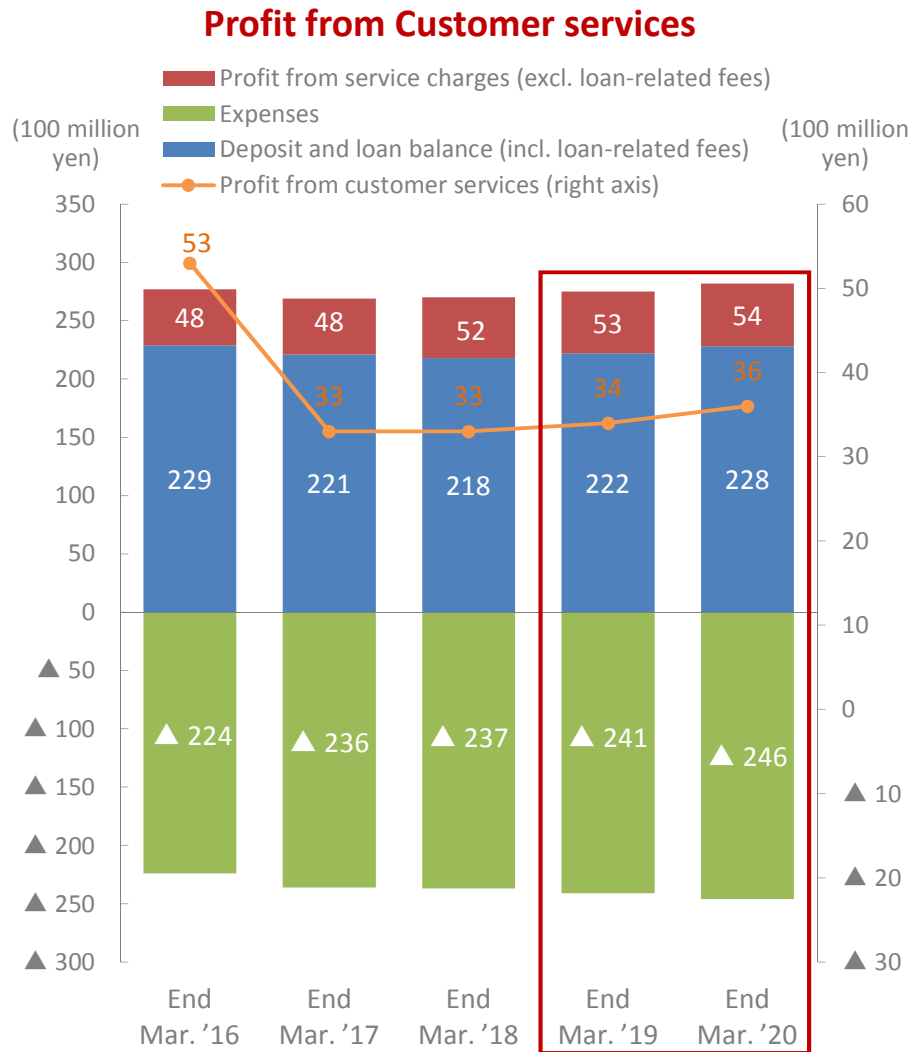
The profit from customer services increased, but total profit decreased due to increased net credit costs and decreased profit/loss balance in the Trading Division.



* "Reduced corporate taxes, etc." incl. other profit and loss balances.

Profit from Customer Services

Expenses increased, but total profit increased due to increased deposit and loan balance and profit from service charges.

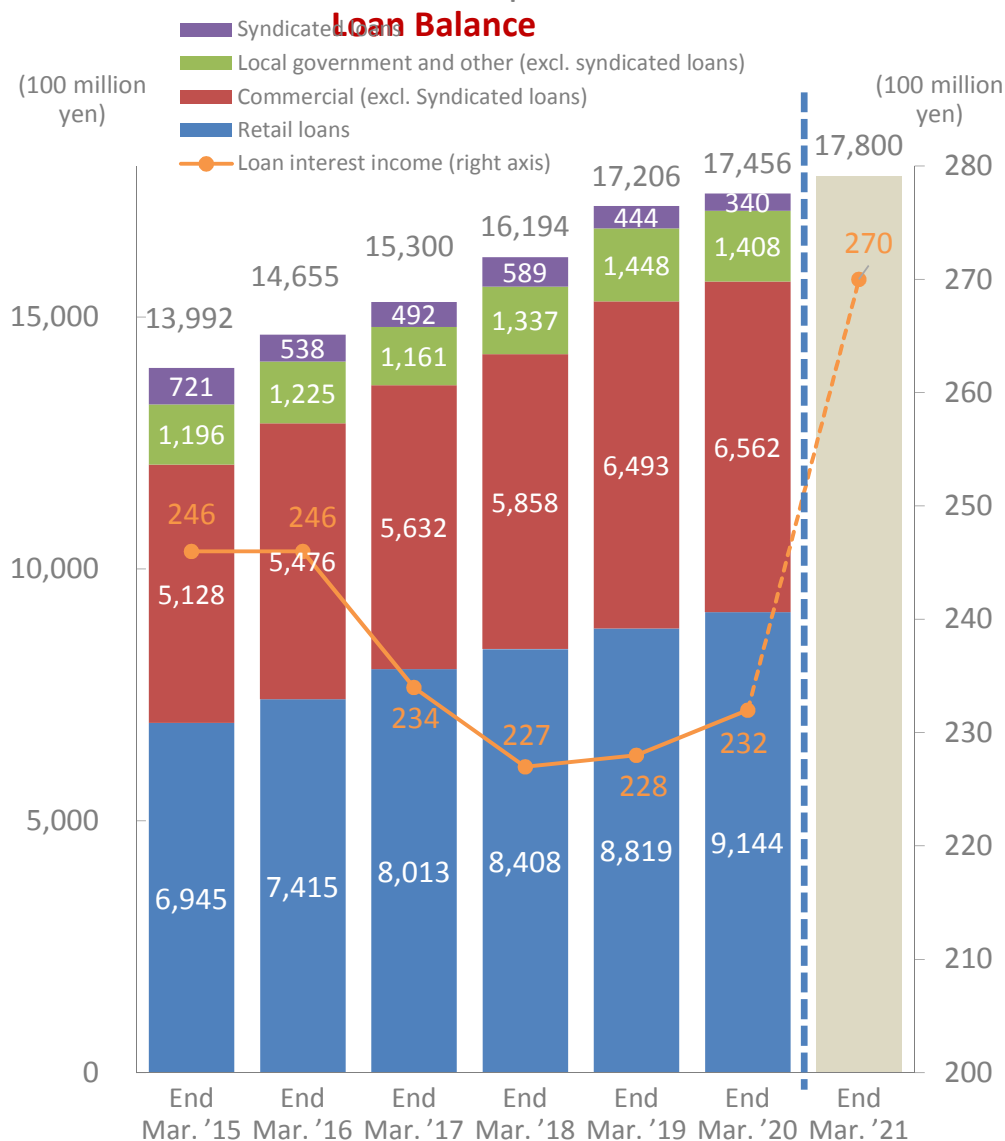


* Profit from customer services = Deposit and loan balance + Profit from service charges – Expenses

* Among balances of deposits and loans, interest on deposits is calculated based on currency swap income in real terms.

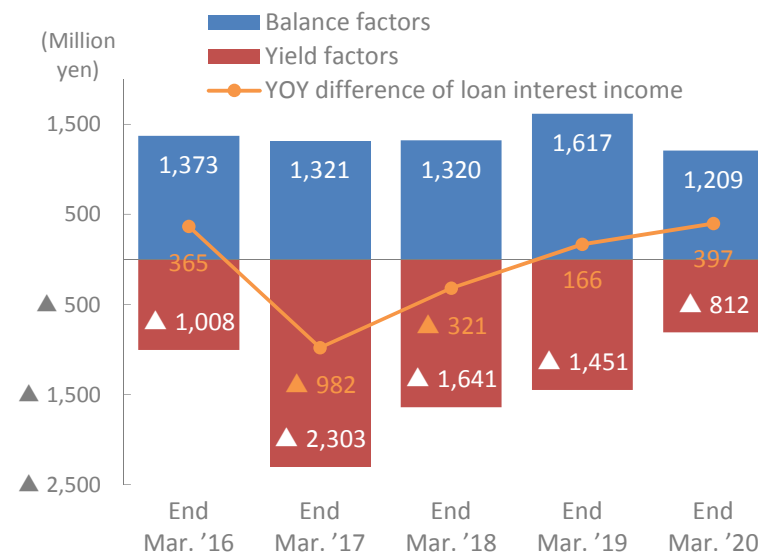
Loans

Although the yield declined, the balance steadily increased, resulting in an increase in loan interest income for two consecutive periods.

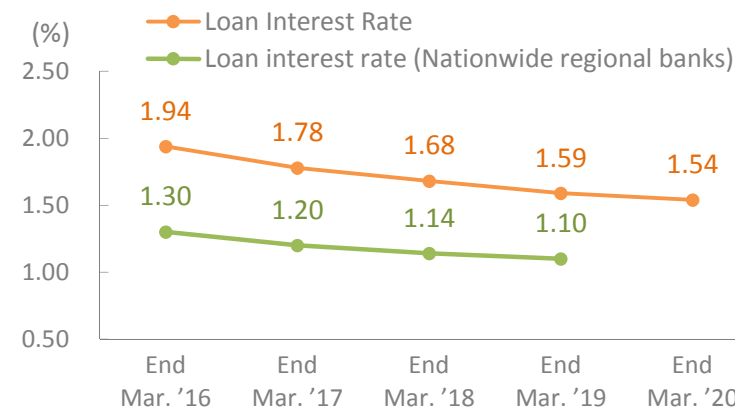


* Loan-related fees are deducted from the amount of loan interest income.

Factors Increasing and Decreasing Loan Interest Income



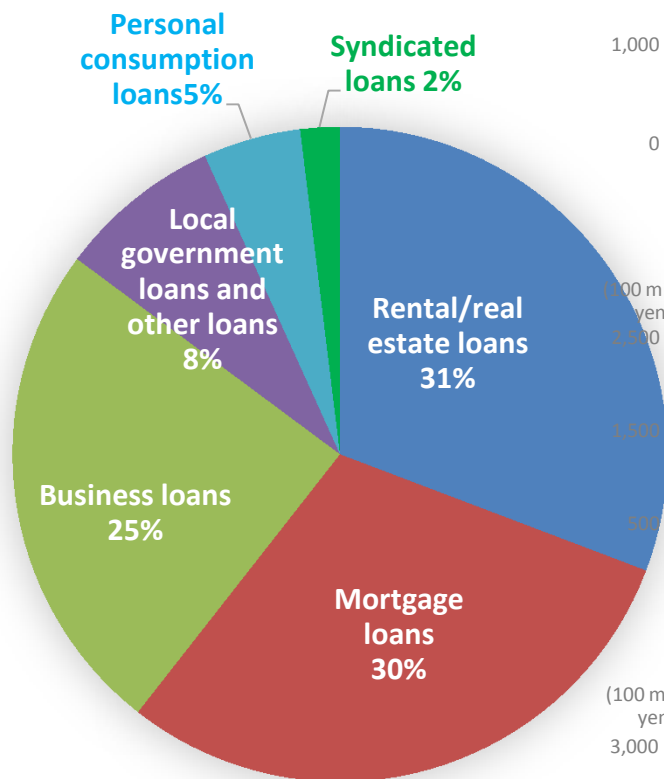
Loan Interest Rate



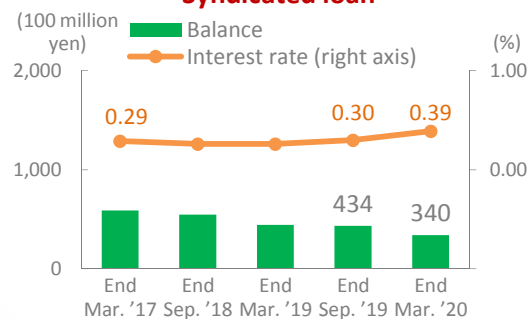
Loans

The balance of mortgage loans, especially rental housing and lending to real estate agents, is increasing. The interest rate charged to borrowers is tending to decline.

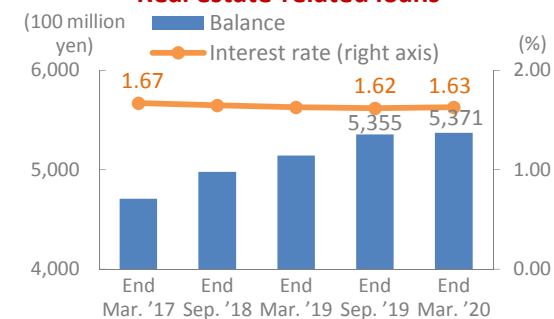
BREAKDOWN OF LOAN BALANCES BY USE



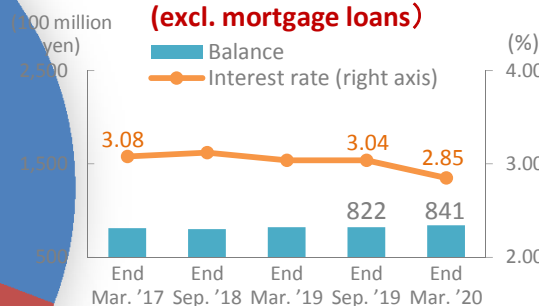
Syndicated loan



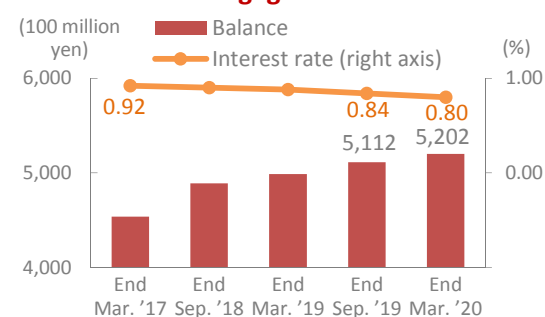
Real estate-related loans



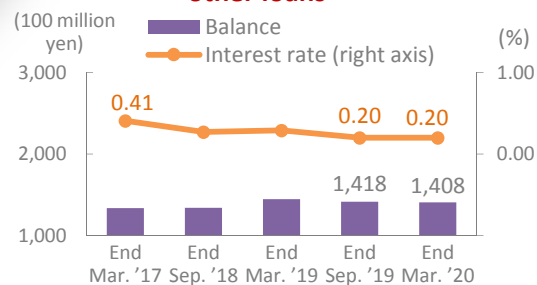
Personal loans (excl. mortgage loans)



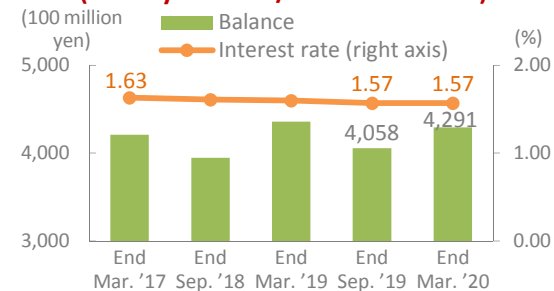
Mortgage loans



Local government loans and other loans



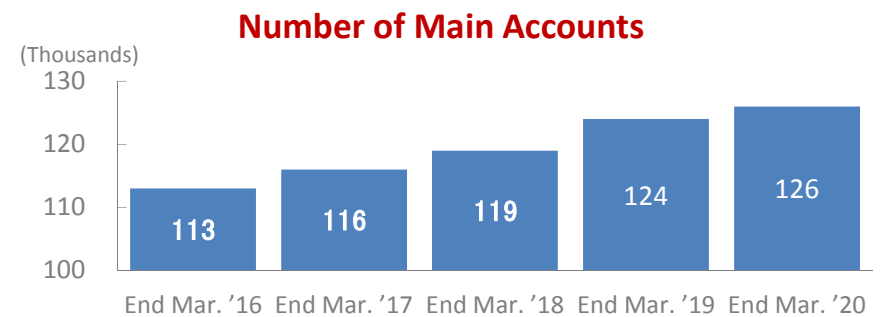
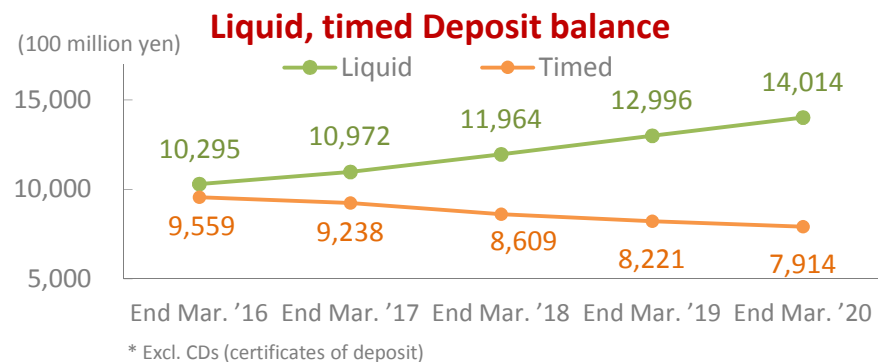
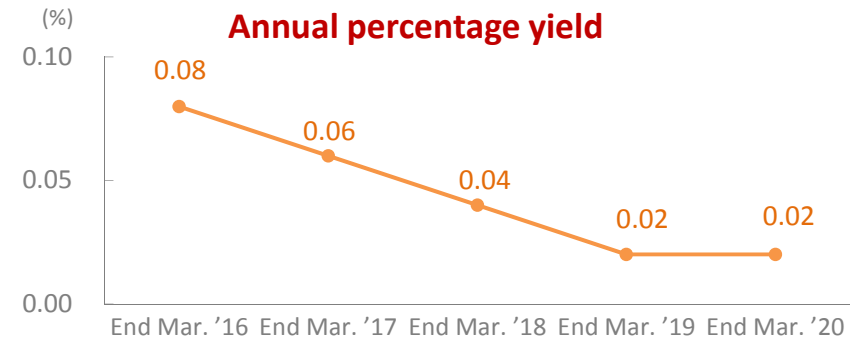
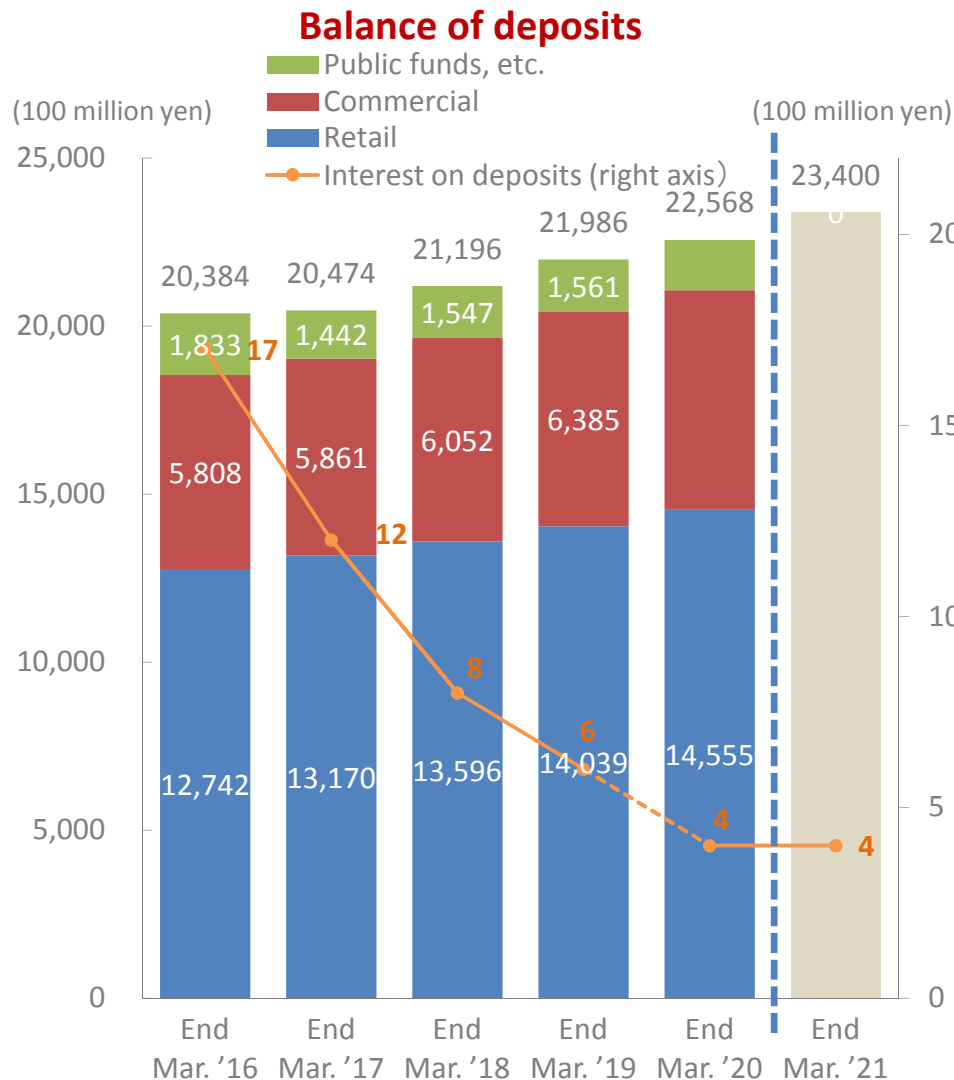
Business loans (excl. Syndicated/real estate loans)



* Loan-related fees are deducted from yield calculation.

Deposits

Deposits for both retail and corporate customers are steadily increasing. Annual percentage yield dropped due to a decline in time deposit balances.

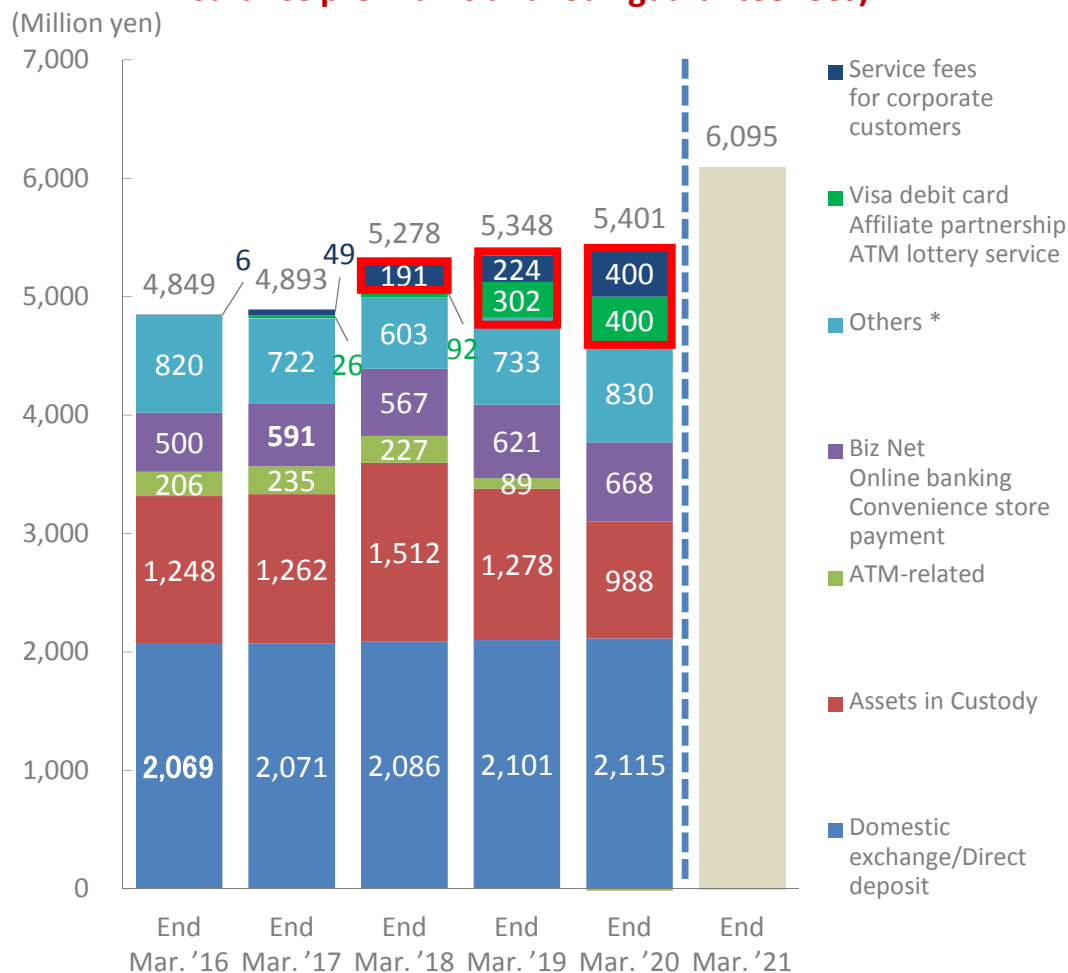


* The main account is a personal account that is used for a certain service or product, in addition to using direct deposit of payroll, pension, or mortgage loan.

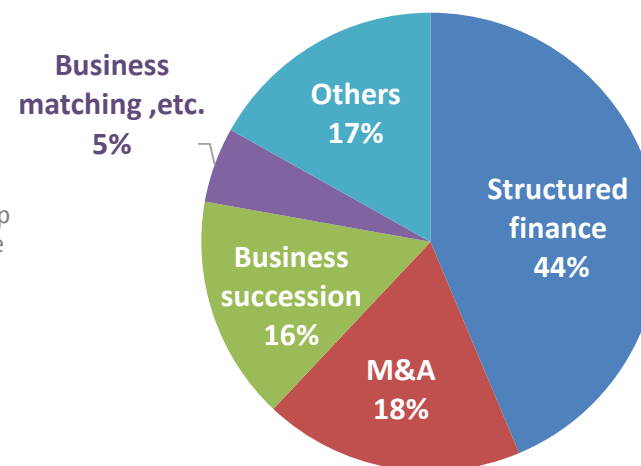
Profit from Service Charges

Profit from service charges is steadily increasing due to increased service fees for corporate customers and card-related services.

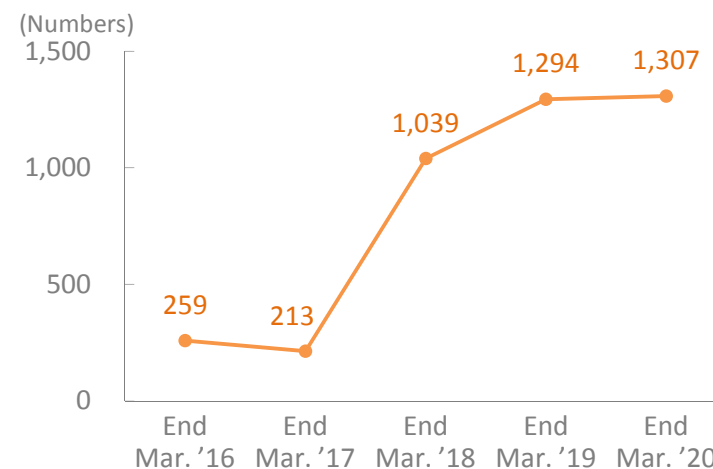
Trend of Profit from Service Charges (excl. group credit life insurance premiums and loan guarantee fees)



Percentage of Service Fees for Corporate Customers by Division



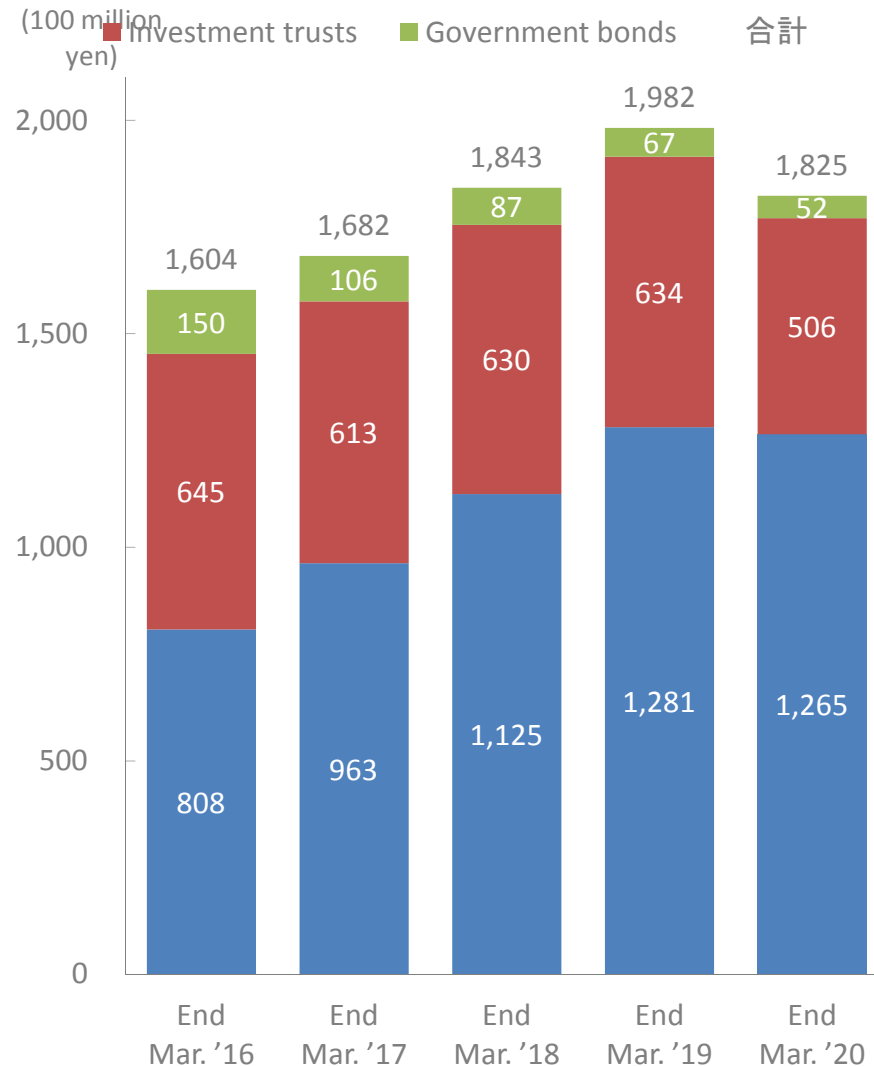
Number of visits for consulting activities



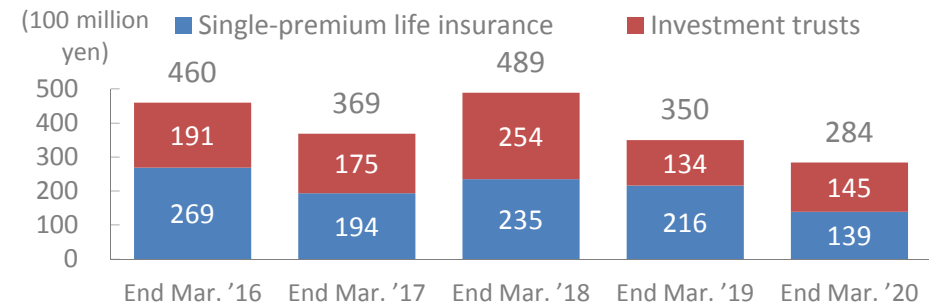
Assets in Custody

The balance of assets in custody turned negative due to a decline in net asset values of mutual funds or other factors.

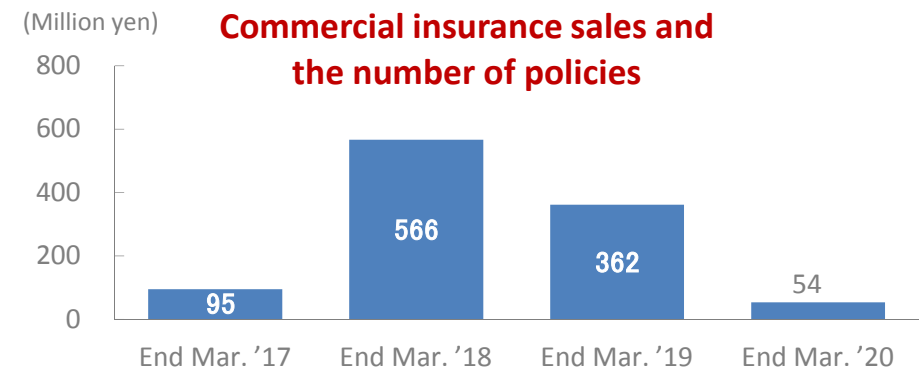
Assets in custody balance



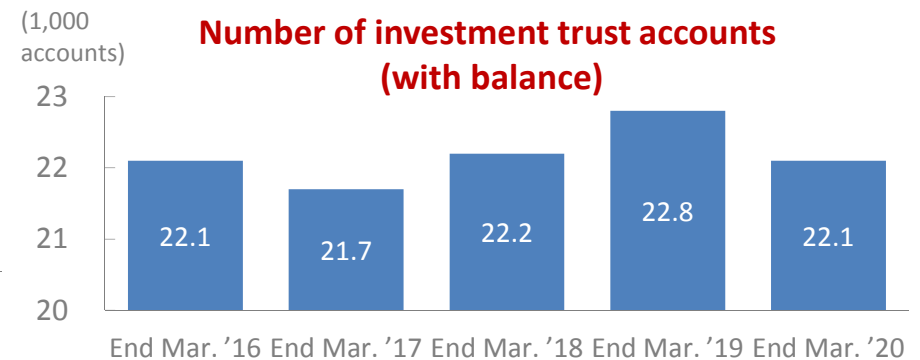
Assets on custody sales revenue



Commercial insurance sales and the number of policies



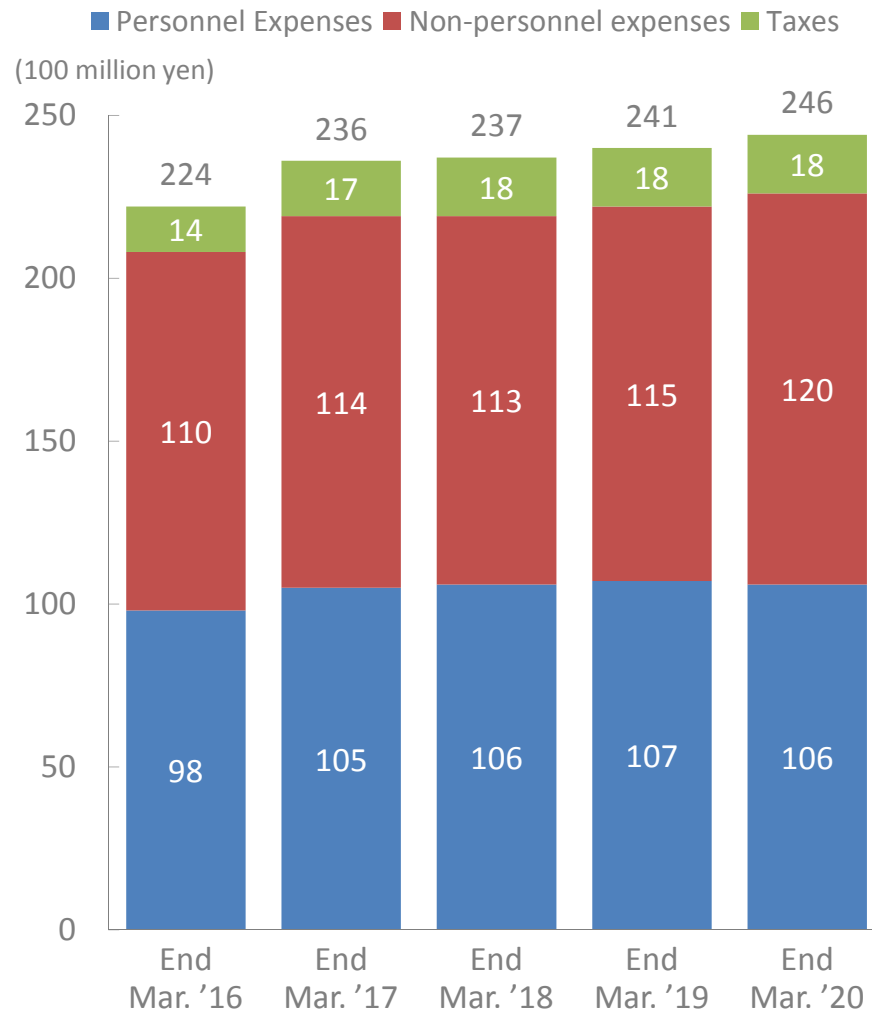
Number of investment trust accounts (with balance)



Expenses

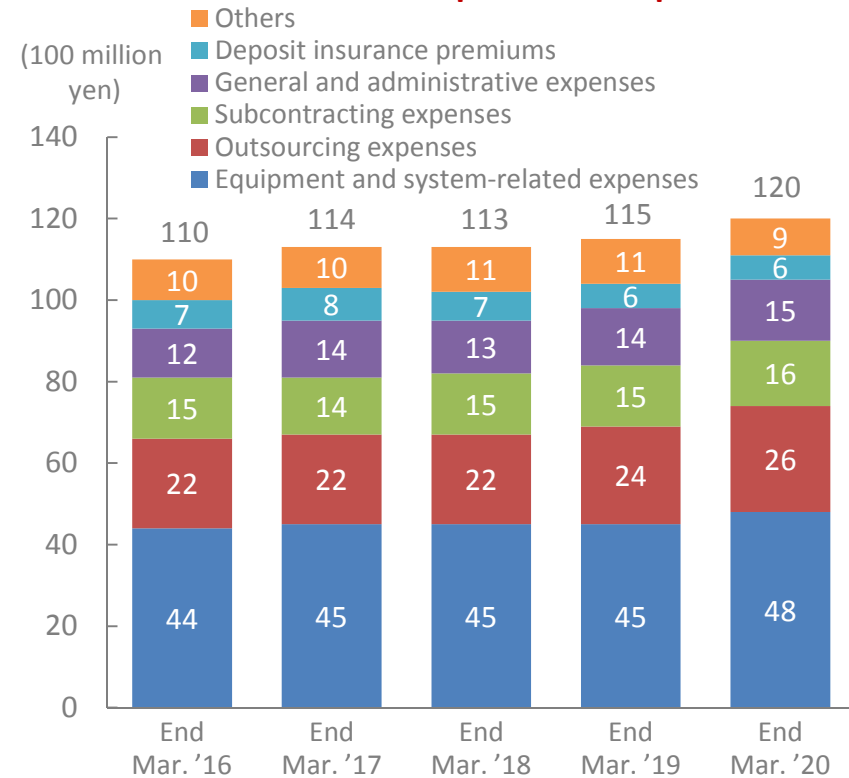
Personnel expenses decreased due to a reduction in number of personnel. Non-personnel expenses increased due to investment to streamline operations and ensure various revenue sources.

Expenses



* Personnel expenses include employees' past salaries with respect to retirement benefits, and impacts (loss/profit) of actuarial differences.

Breakdown of non-personnel expenses



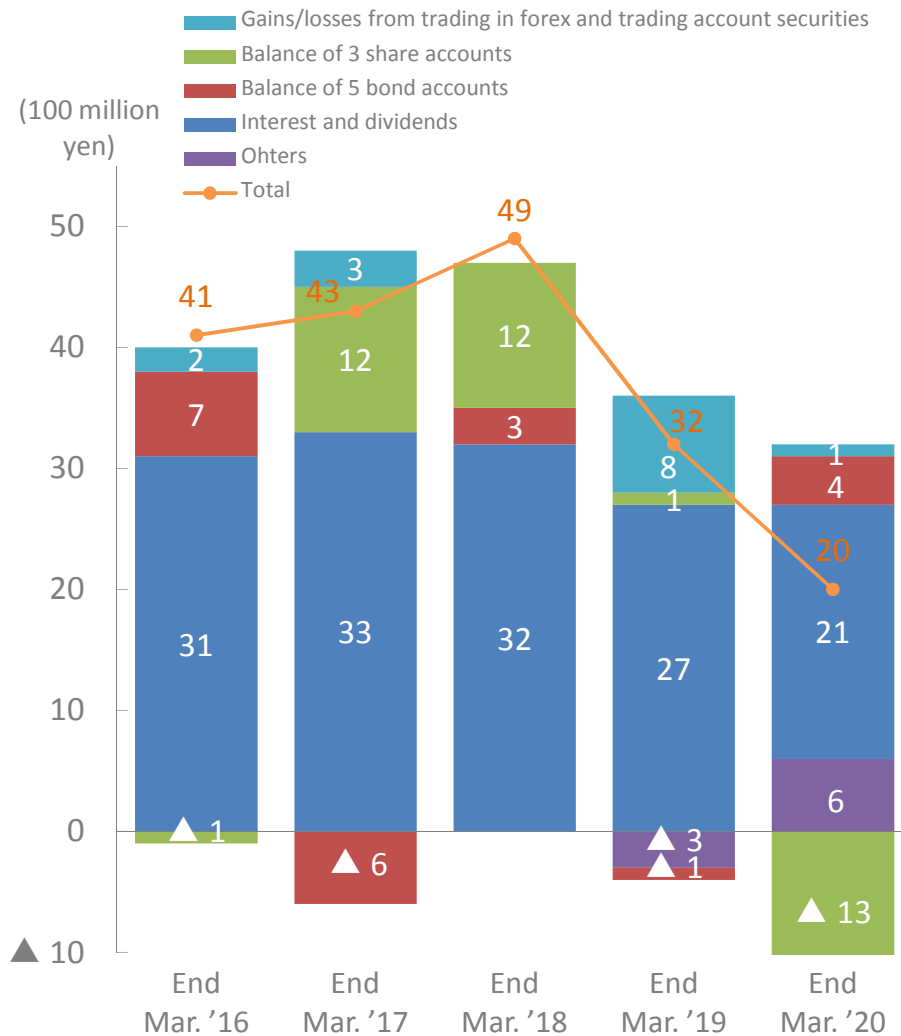
Major factors of increased non-personnel expenses in FY 2019 include:

- Amortization expenses related to next-generation systems (TfACE, FTB, etc.) introduced in sales offices
- Expenses for card payment terminals (consumer return initiative)
- Consulting fees for stronger risk management, and so on.

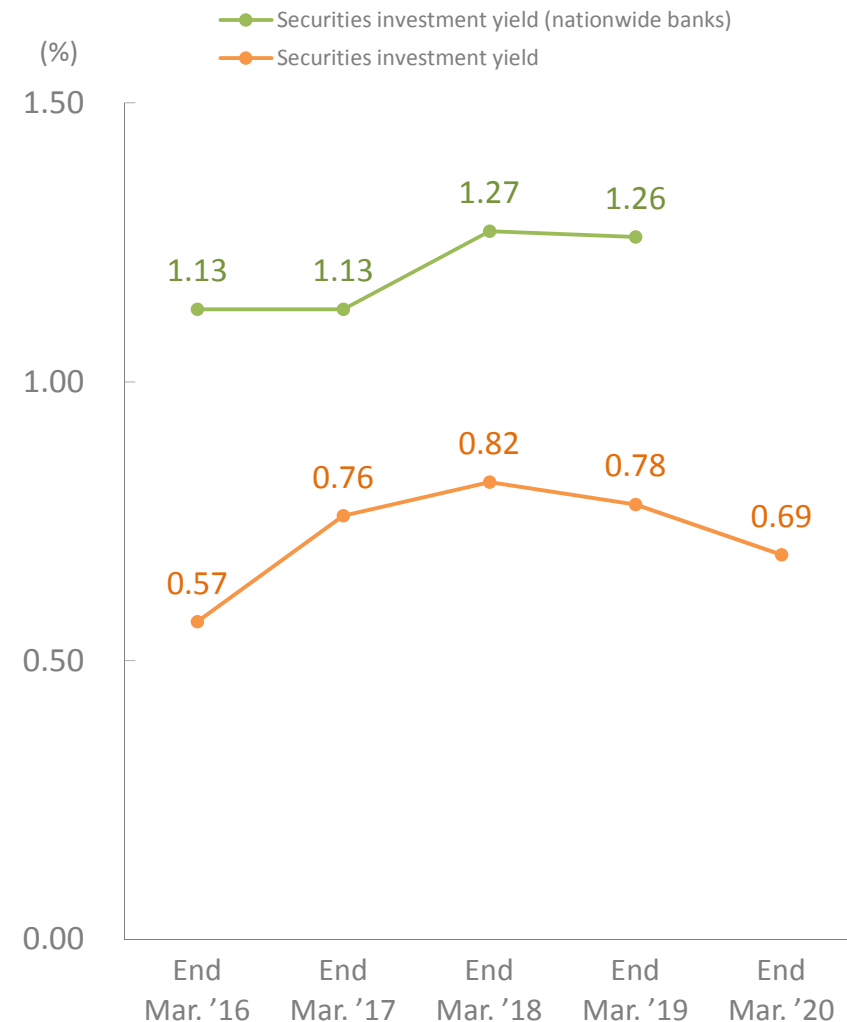
Securities

The profit/loss balance in the Trading Division decreased due to the decreased profit from forex trading, balance of three share accounts, interest and dividends, etc.

Profit/loss in Trading Division

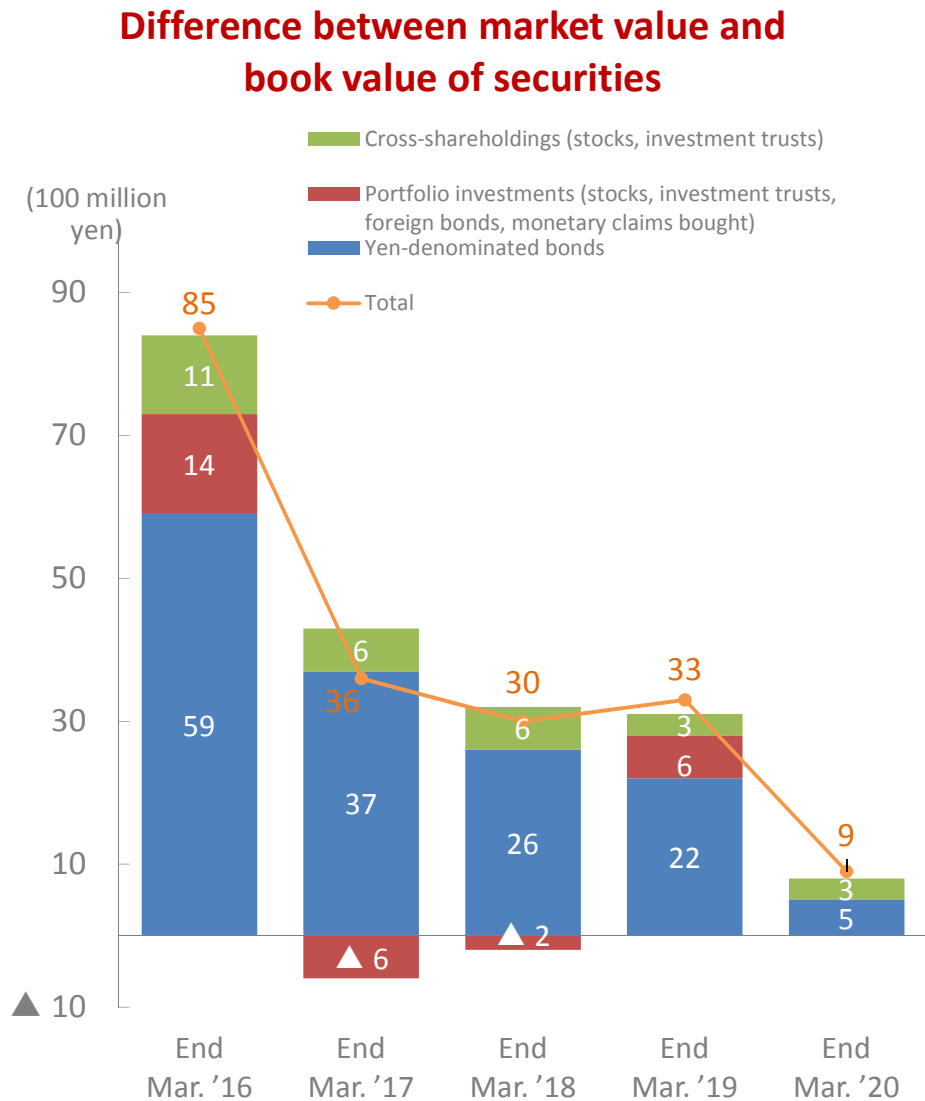
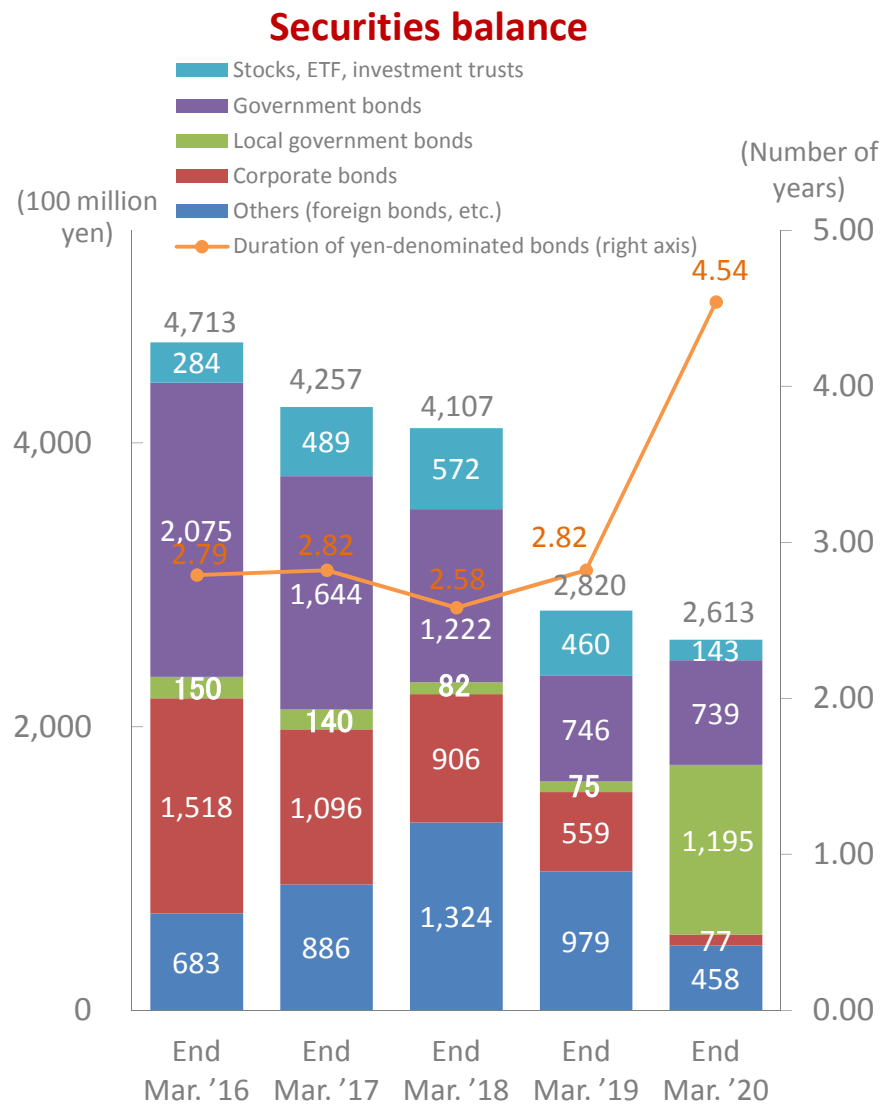


Securities investment yield



Securities

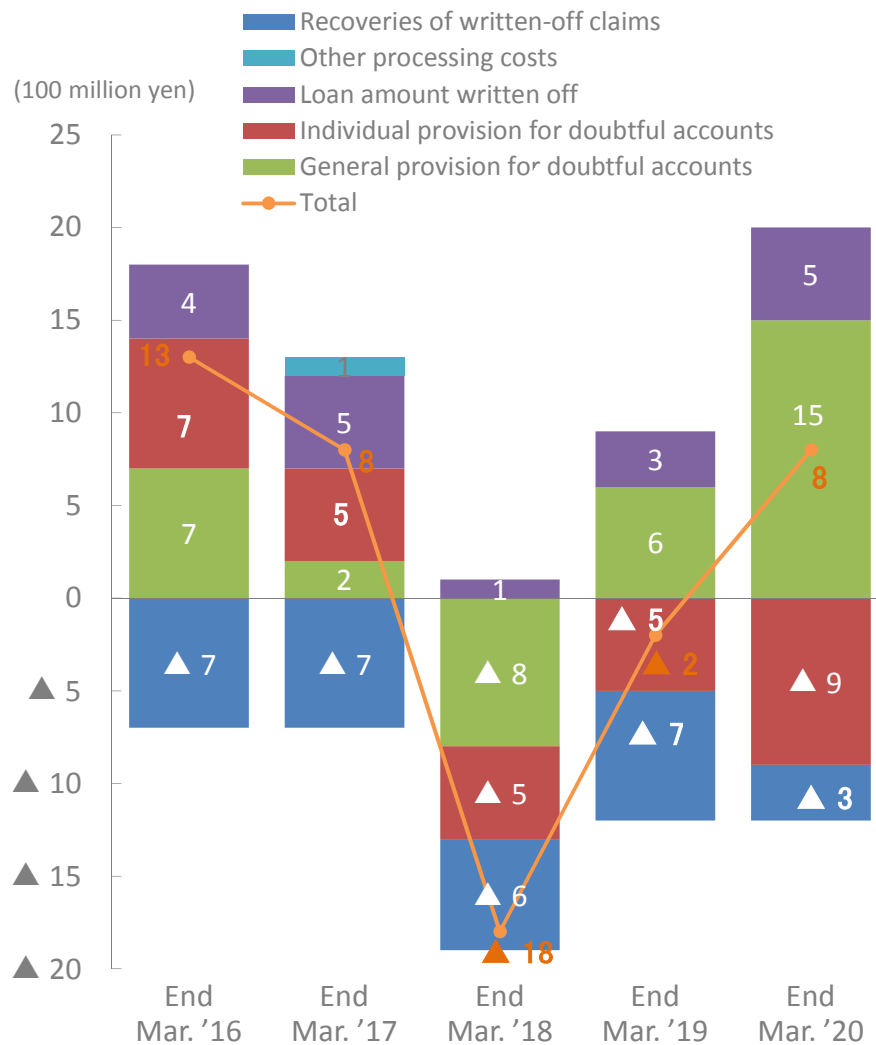
An increase in local government bonds led to the prolonged duration of the bonds. The securities balance moved to a risk-off position.



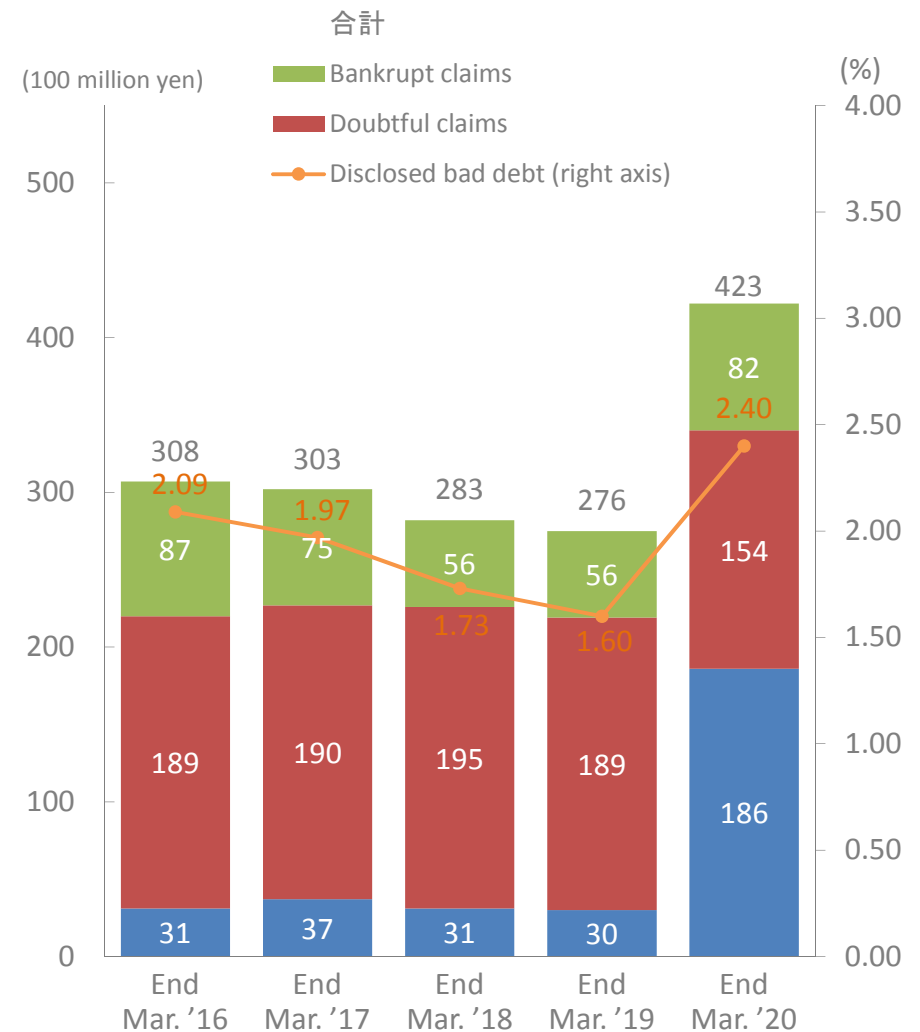
Net Credit Costs/Disclosed Bad Debt

The general provision for doubtful accounts and substandard claims increased due to Covid-19 (changes of conditions, etc.).

Net credit costs



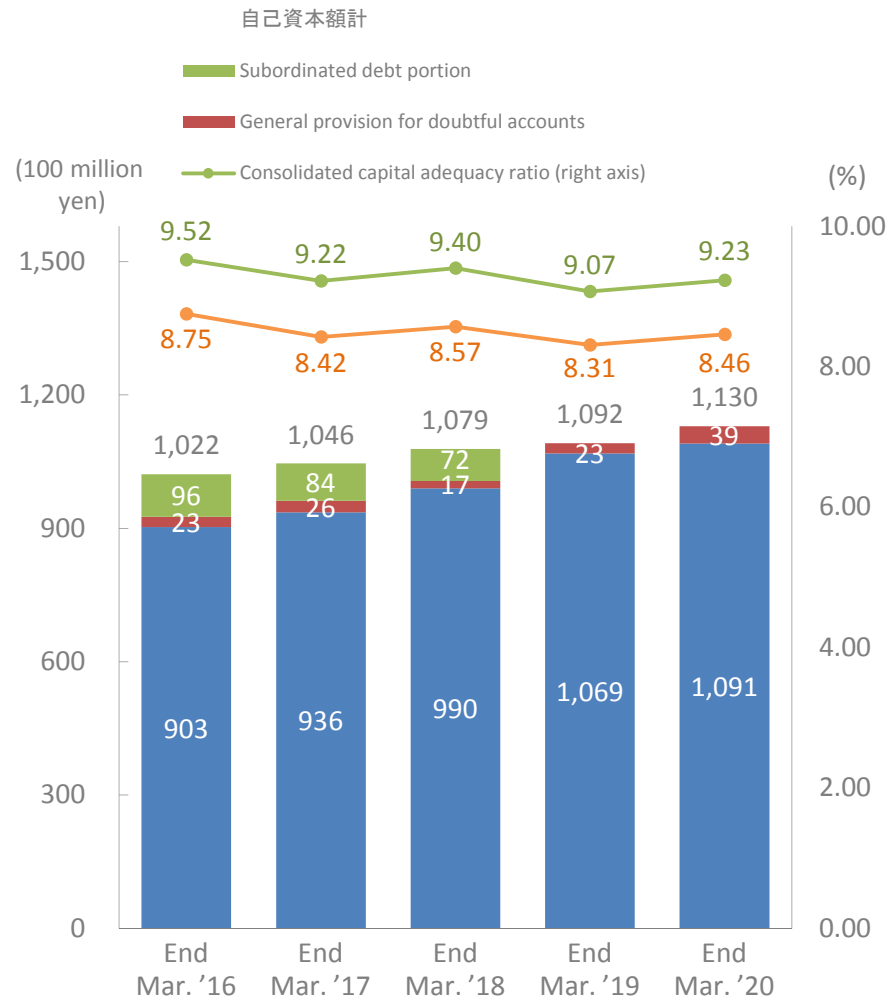
Disclosed bad debt



Capital Adequacy Ratio

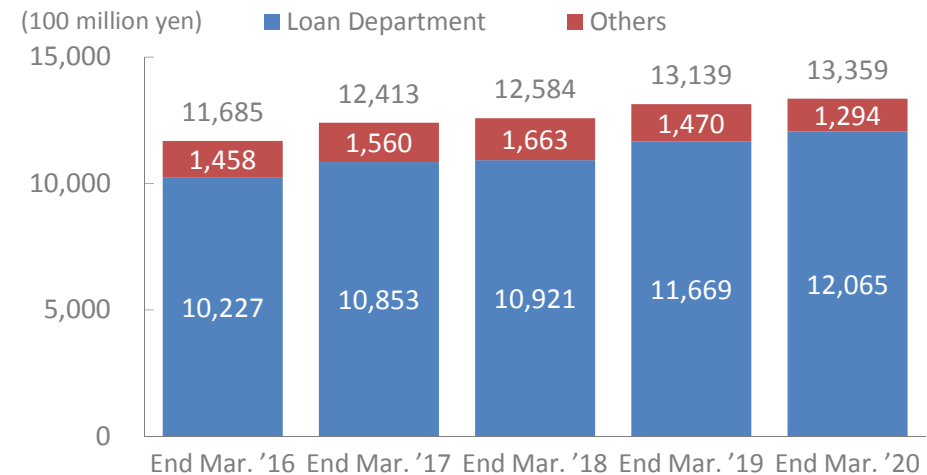
The capital adequacy ratio increased due to stronger management of risk assets in addition to accumulation of profit and allowance for doubtful accounts.

Regulatory capital and capital adequacy rate

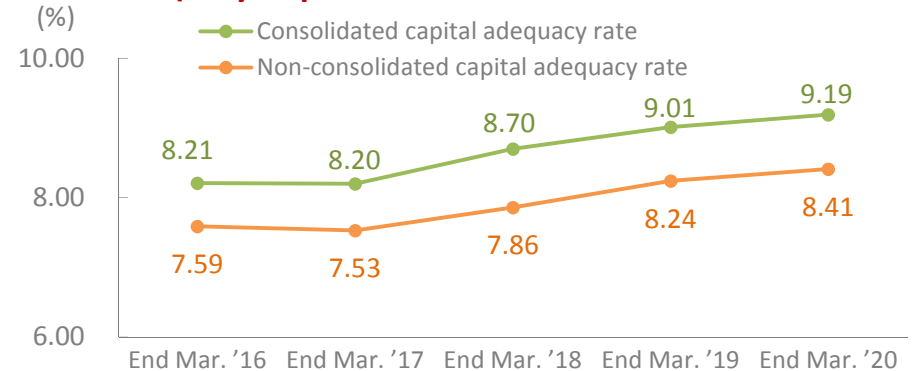


* In Sep. 2018, public offering was made to raise capital (5.6 billion yen). In Oct. 2018, subordinated debt (12 billion yen) was repaid before the maturity date.

Risk assets



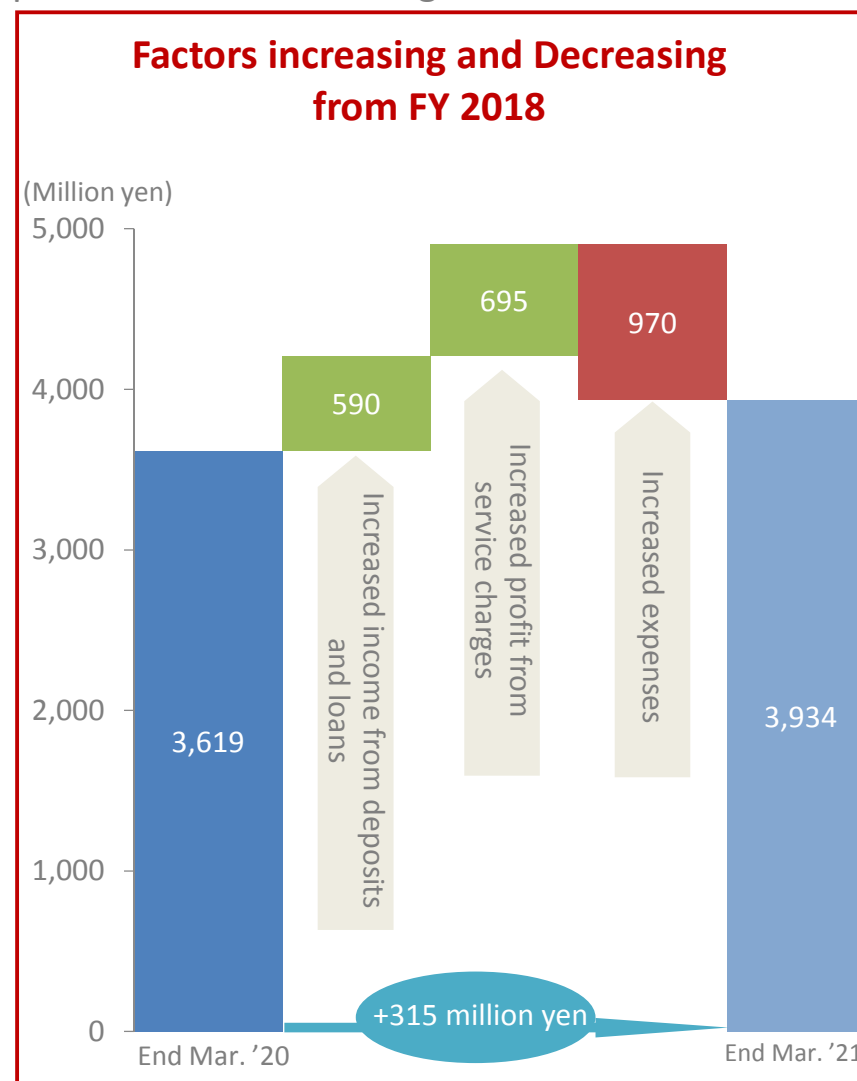
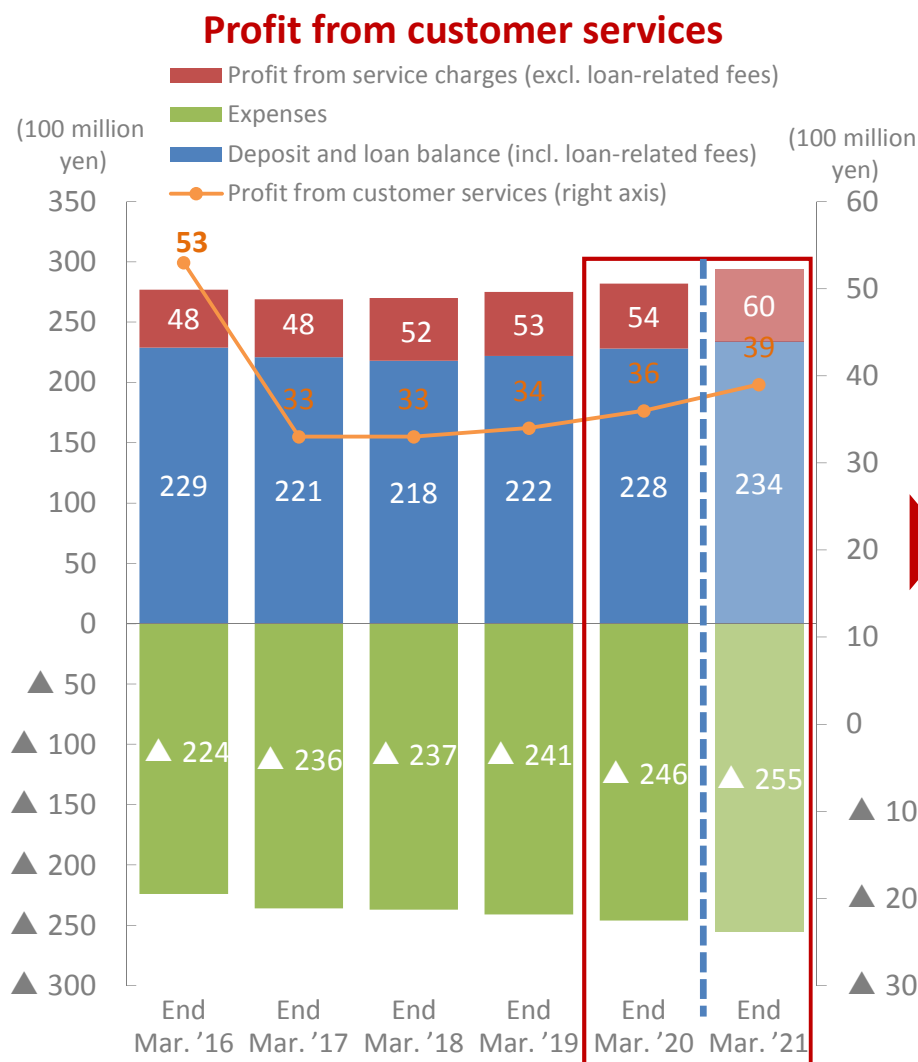
Capital adequacy rate (fully implemented under Basel III)



* The fully implemented capital adequacy ratio was calculated by setting capital computation of subordinated debt and the difference in land revaluation as zero, and summing up the entire amount of intangible fixed assets and prepaid pension cost as adjusted capital.

Profit from Customer Services Plan

Although expenses increased due to continued necessary investments, profit is expected to grow due to improved balance of deposits and loans and increased profit from service charges.

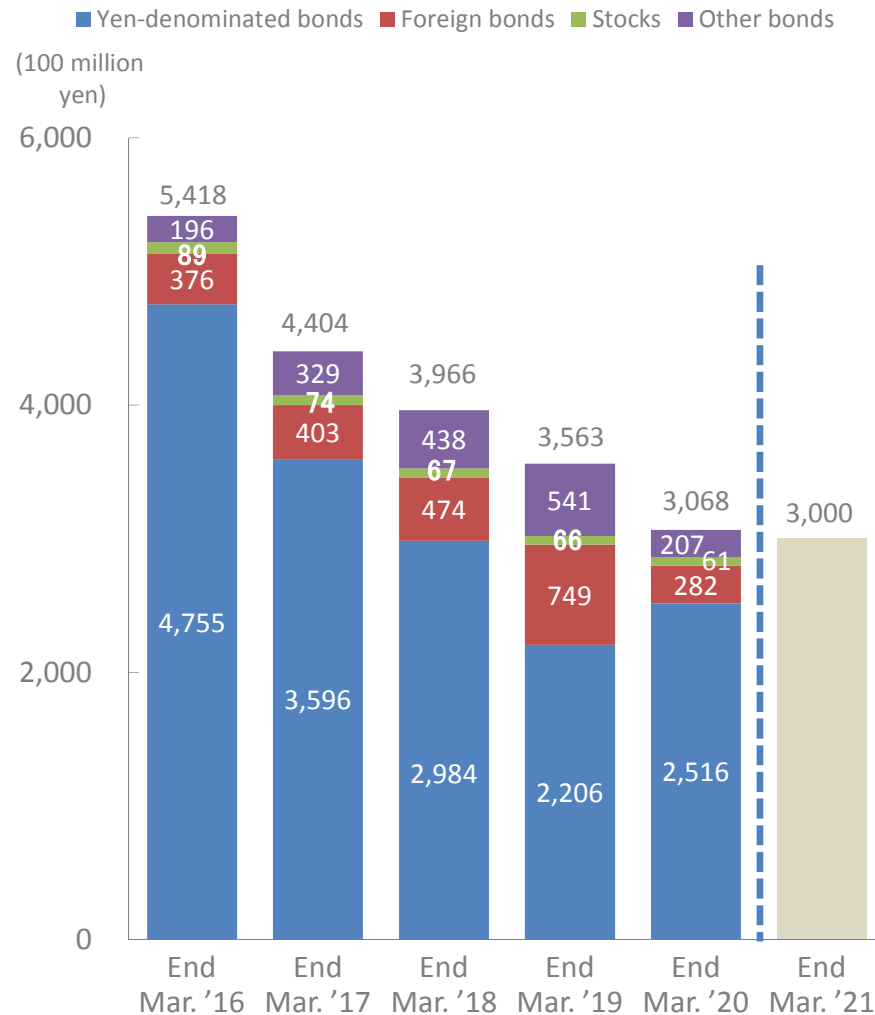


* Profit from customer services = Deposit and loan balance + Profit from service charges – Expenses
 Among balances of deposits and loans, interest on deposits is calculated based on currency swap income in real terms.

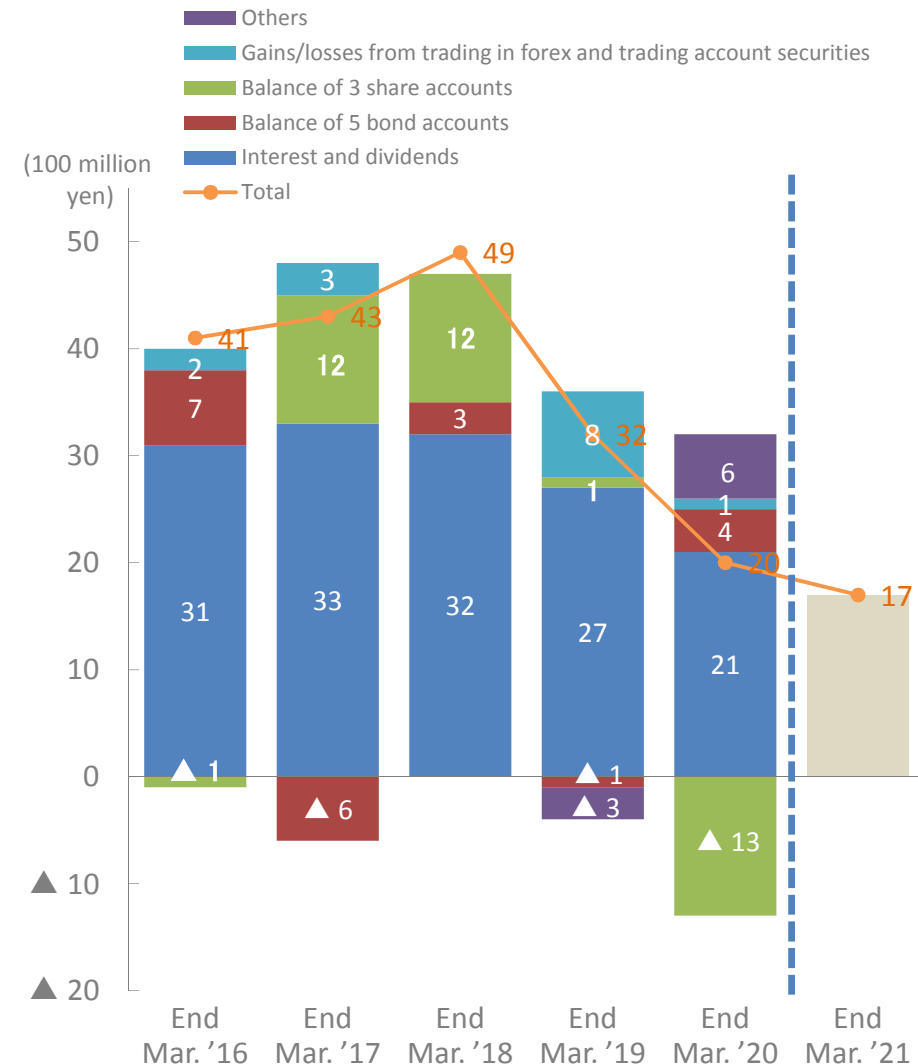
Concept and Planning for Securities Operations

Operations of securities reduce risks, ensuring further profit gains.

Average Securities Balance



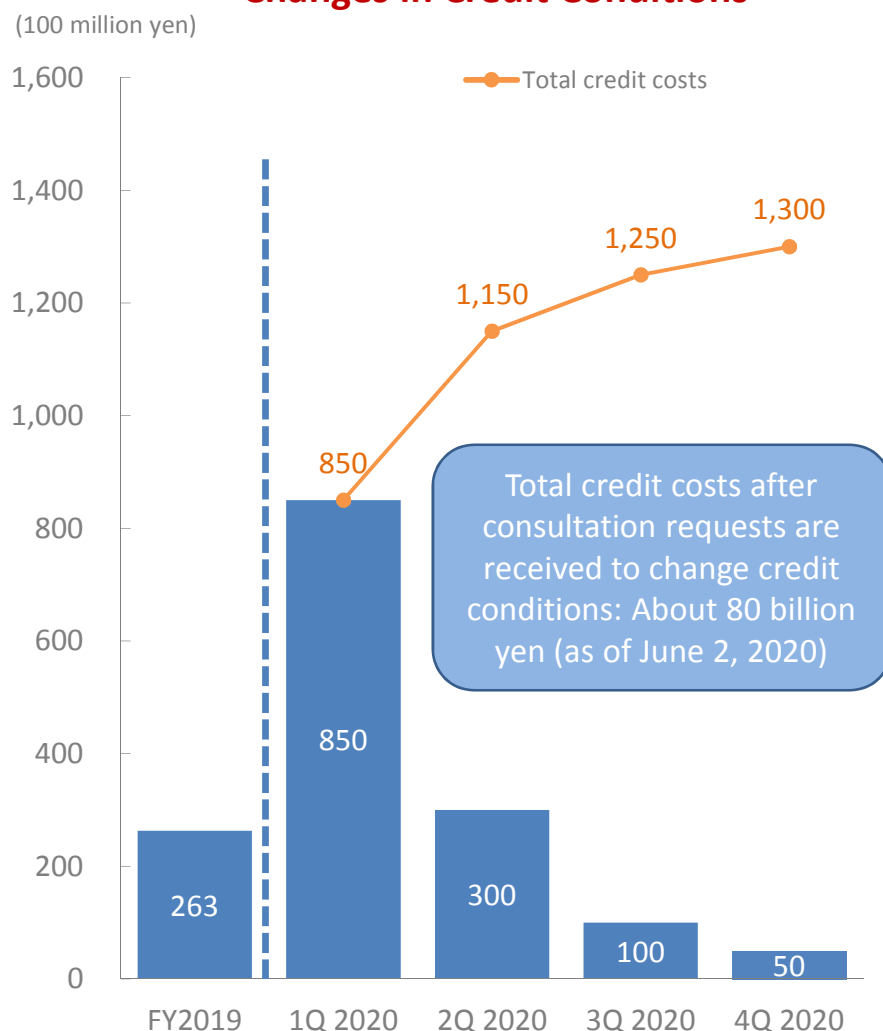
Profit/Loss Balance in Trading Division



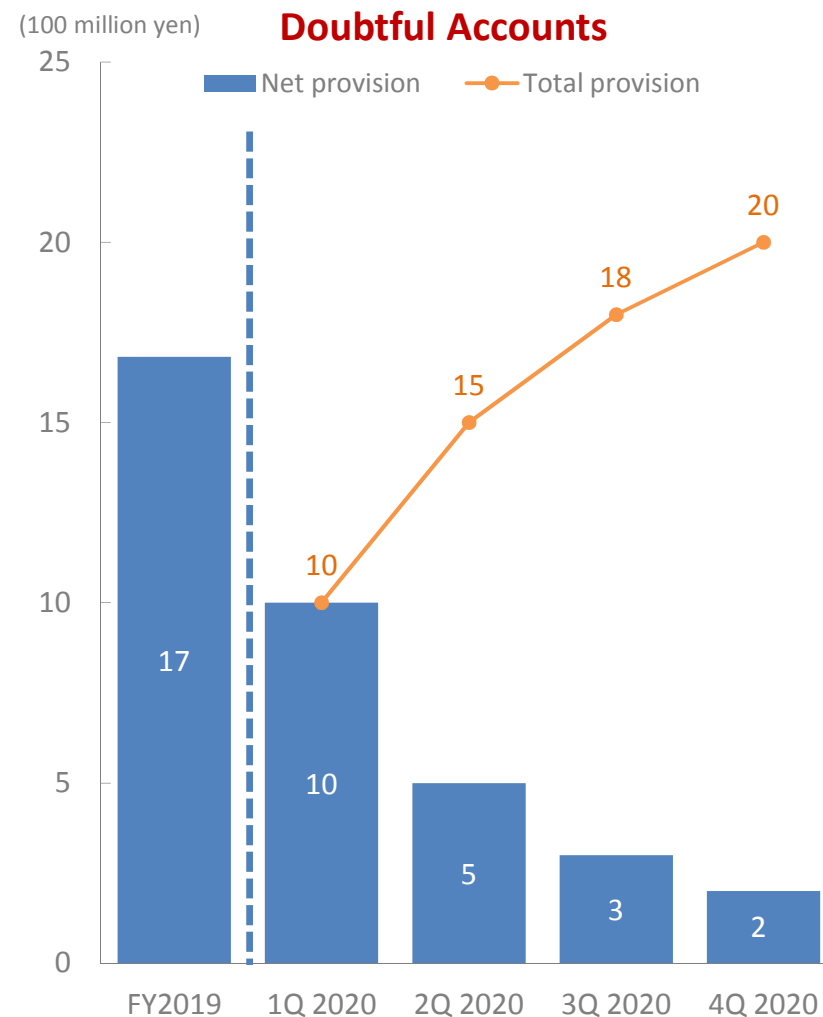
Responses to Covid-19

Actively committed to supporting customers in terms of funding. Customers will continue to be affected by Covid-19 during FY2020.

Changes in Credit Conditions



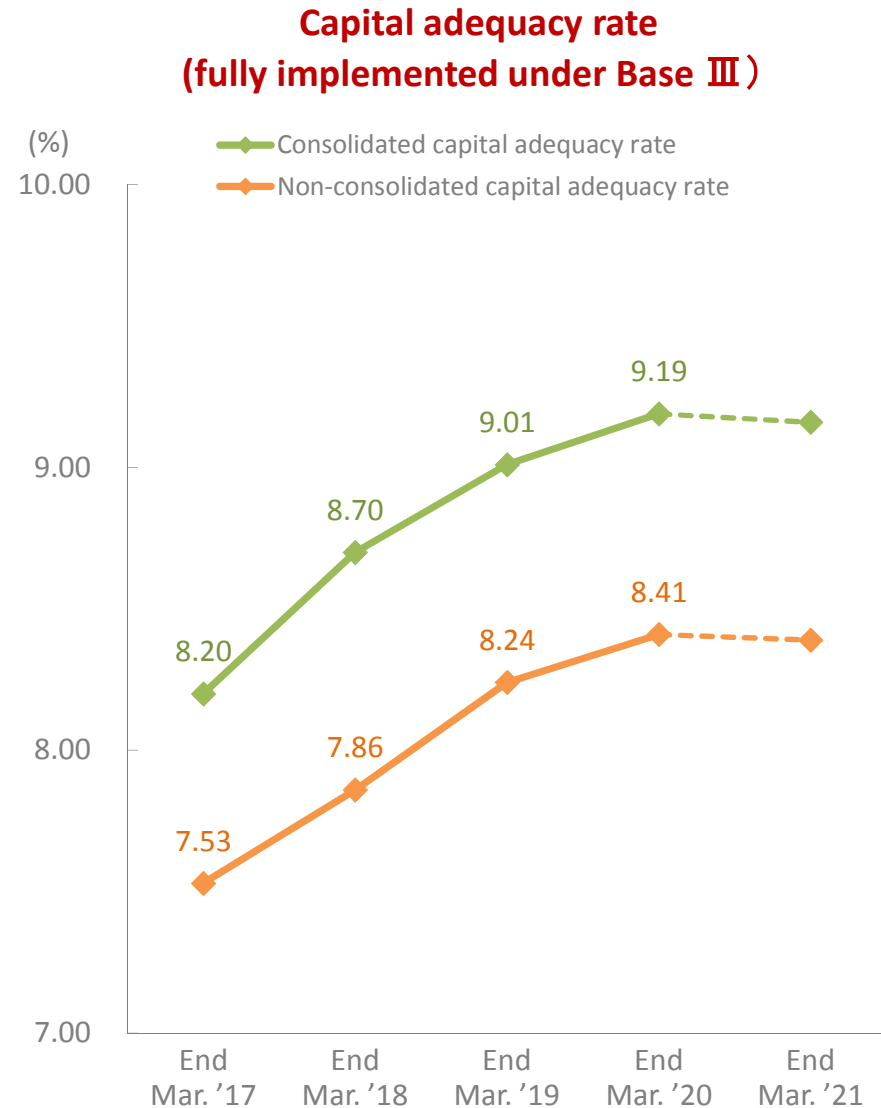
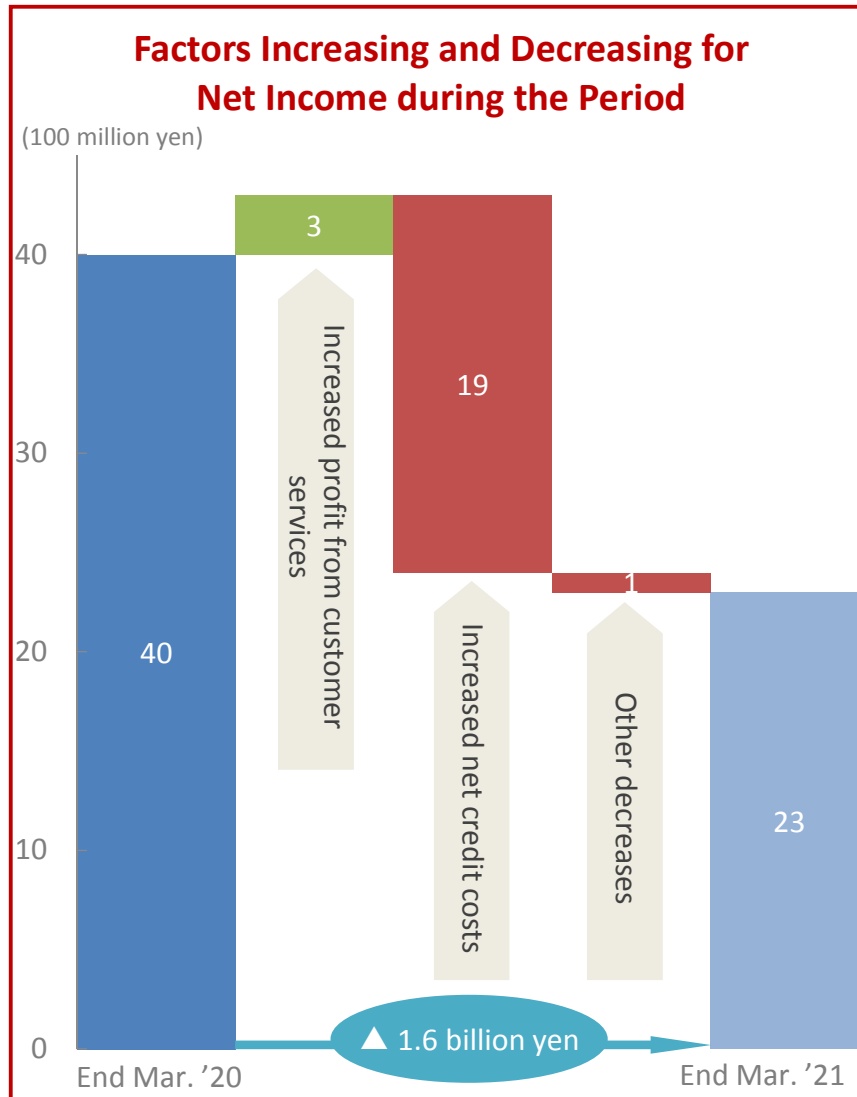
General Provision for Doubtful Accounts



* Costs for FY2019 are calculated based on the actual costs, and costs for FY2020 are calculated based on consultation status on or before June 2 of the fiscal year. Doubtful accounts during 1Q 2020 are calculated based on reversal of allowance for FY2019, but the reversal is not included in the calculation for doubtful accounts after 2Q 2020.

Net Income during the Period and Capital Adequacy Ratio in FY2020 Plan

Net income is decreasing. The capital adequacy ratio is expected to remain nearly flat.



Forecast for FY 2020 (ending March 31, 2021)

Profit is expected to decline for both non-consolidated and consolidated financial results due to Covid-19.

Non-consolidated

(100 million yen)

	FY 2020 (ending Mar. '21)		FY 2019 (ended Mar. '20) Results
	Forecast	Year on Year	
Ordinary income	395	▲ 29	424
Ordinary profit	38	▲ 15	53
Net income	23	▲ 17	40

Consolidated

(100 million yen)

	FY 2020 (ending Mar. '21)		FY 2019 (ended Mar. '20) Results
	Forecast	Year on Year	
Ordinary income	600	▲ 27	627
Ordinary profit	50	▲ 19	69
Profit attributable to owners of the parent	30	▲ 19	49

* Year on year calculation is spreadsheet-based.



3

Business Strategy

SINKA2020

Period :

April 1, 2020 to March 31, 2023

Mid-Term Management Plan (Basic Strategy for SINKA 2020)

This Mid-Term Management Plan focuses on four basic strategies based on the understanding of the current situation.

Understanding of the Current Situation

Environmental Restrictions

Nationwide

Aging of society/
Reduction in
population

Okinawa

Potential downturn
in tourism

Financial Environment

Continued low
interest rate/Easing
of regulations

Risk Management

AML/CFT

Low growth

Potential downturn
in real estate
industry

Participation in
FinTech from
different industries

Cyber attacks

Trend of Customers: Customers' Needs/ Various Contacts with Customers

Decreasing younger
customers

Growing elderly
customers

Emergence of
millennials/
Widening of digital gap

Non-face-to-face
online completion

Face-to-face
consultations

Challenges We Face

Capital adequacy ratio

- ✓ Asset management
- ✓ Different types of revenue sources

Profit from customer services

- ✓ Increased profit from service charges
- ✓ Cost reduction

IT investment

- ✓ Active new investments
- ✓ Reduction in existing costs

Direction of the Management Strategy based on the Awareness of the Current Situation

Basic Strategies

Structural Reform

- ✓ Strengthen our bank's finances in order to enter new fields while responding to changes in the management environment.

Think and Act Reform

- ✓ Improve training systems and change the awareness of officers and employees to ensure customer-oriented service operation.

IT Investment Strategy

- ✓ Support employees in the workplace as well as try to meet increasingly diverse customer needs, by actively using digital technologies.
- ✓ Work on reducing costs for existing systems and maintenance/repair to leverage active and passive investments in IT assets according to the situation.

Group Brand Strategy

- ✓ Ensure that customers can access products and services of each group company at any time, and strive to enhance the brand strength and corporate value of the Bank of The Ryukyus group.

Mid-Term Management Plan (Individual Strategies for SINKA 2020)

Nine individual strategies have been created based on four basic strategies.

		4 Basic Strategies			
Revenue Category	1. Channel Strategy*	Structure		IT Investment	
	2. Cashless Strategy*		Think and Act	IT Investment	Brand
	3. Retail Business Strategy*	Structure	Think and Act	IT Investment	Brand
	4. Corporate Business Strategy*	Structure	Think and Act		
	5. Contributions to Okinawa	Structure		IT Investment	Brand
Management Category	6. Intended Operation of Sales Offices*	Structure	Think and Act	IT Investment	
	7. Human Resource Strategy*	Structure	Think and Act		Brand
	8. Business Management	Structure	Think and Act	IT Investment	Brand
	9. Group Brand Strategy*		Think and Act		Brand

Ideal State

To be a true leading bank that contributes to community growth at all times, regardless of the situation.

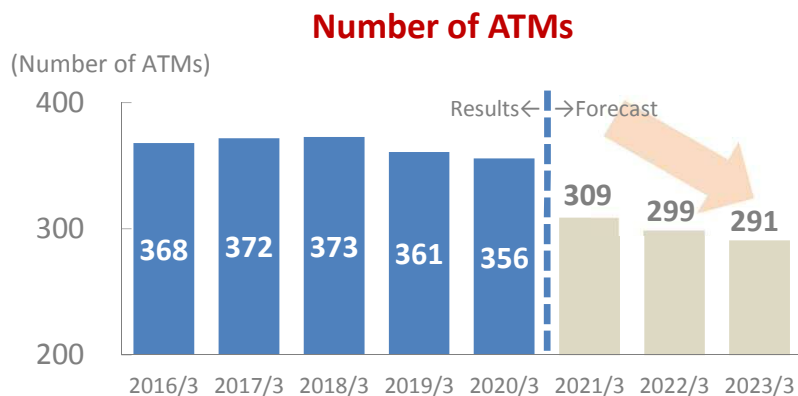
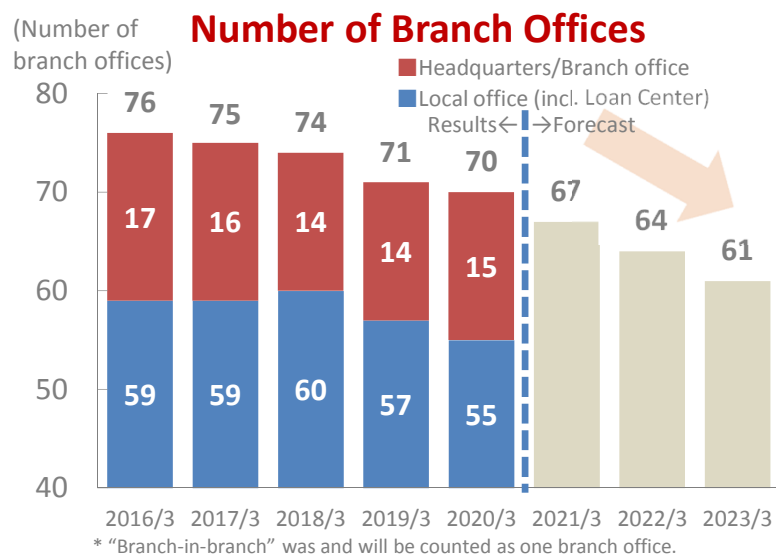
* Major individual strategies written in red are explained in detail in the following pages.

Channel Strategy (Promoting Non-Face-to-Face Services)

Reducing fixed costs by promoting “branch-in-branch (multiple branches in one location)” and releasing a mobile banking app.

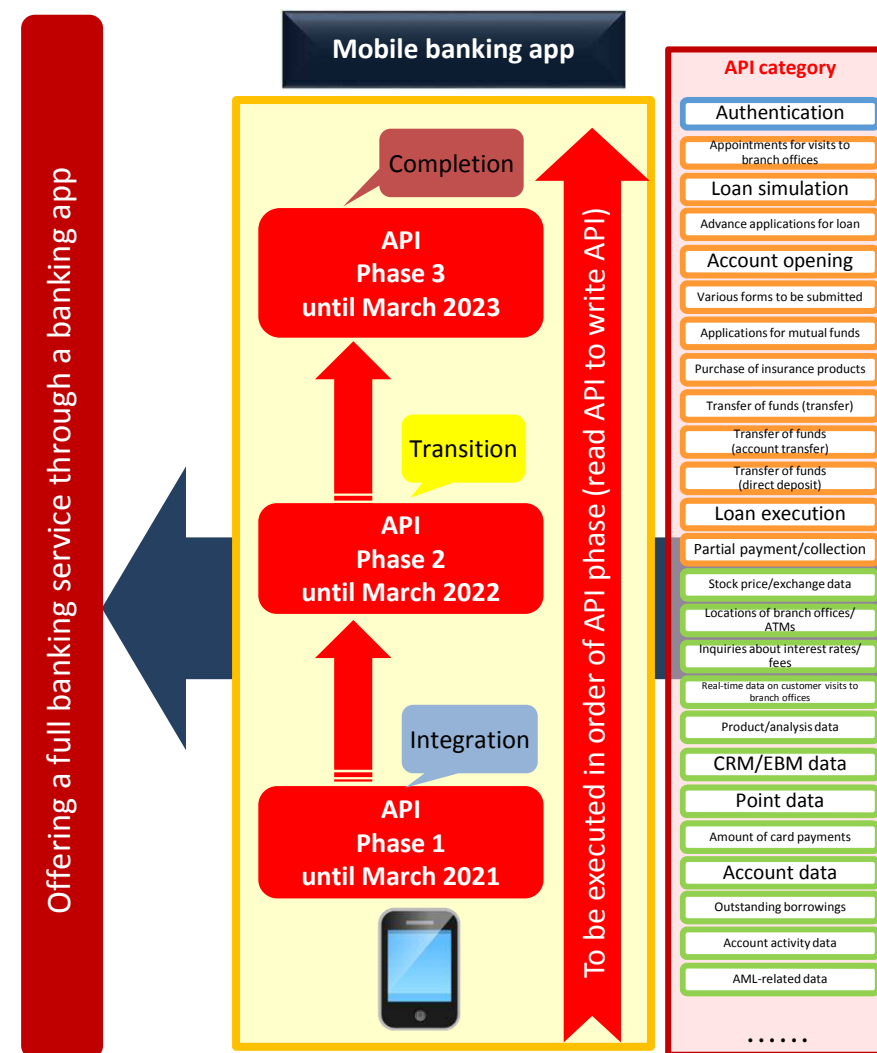
Reduction in the number of branch offices and ATMs

- Promote “branch-in-branch” to replace less profitable branch offices; Expected to close about 10 branch offices during the mid-term management plan.
- Reduce the number of ATMs, most of which are unprofitable with a low rate of operation, by using ATM connections to other banks.



Development of a mobile banking app

- Newly joined TSUBASA Alliance on April 27, 2020.
- Aim to provide a mobile banking app that offers a full banking service by using the API platform of TSUBASA Alliance.



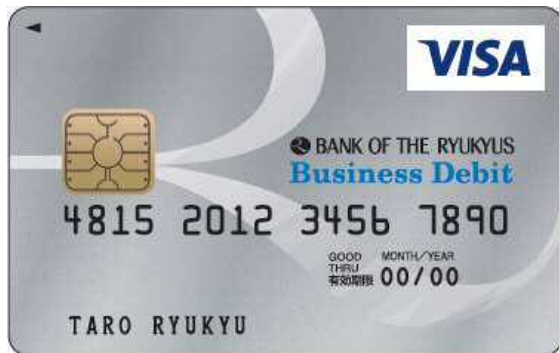
Cashless Strategy (Ryugin Visa Debit Card)

Offering new functional cards such as corporate cards and contactless cards, to expand the number of our card customers.

Issuance of Ryugin Visa Debit Card (Oct. 2015)

Mar. 2018	Support for 3-D Secure began
Jul. 2018	Immediate card issuance over the bank counter began
Sep. 2018	Issuance of Ryugin Visa Business Debit Card for corporate customers began
Dec. 2019	Number of cards issued exceeded 130 thousand (total of retail customers and corporate customers)
Jul. 2020	Visa Touch payment to become available

Business Debit Card for Corporations



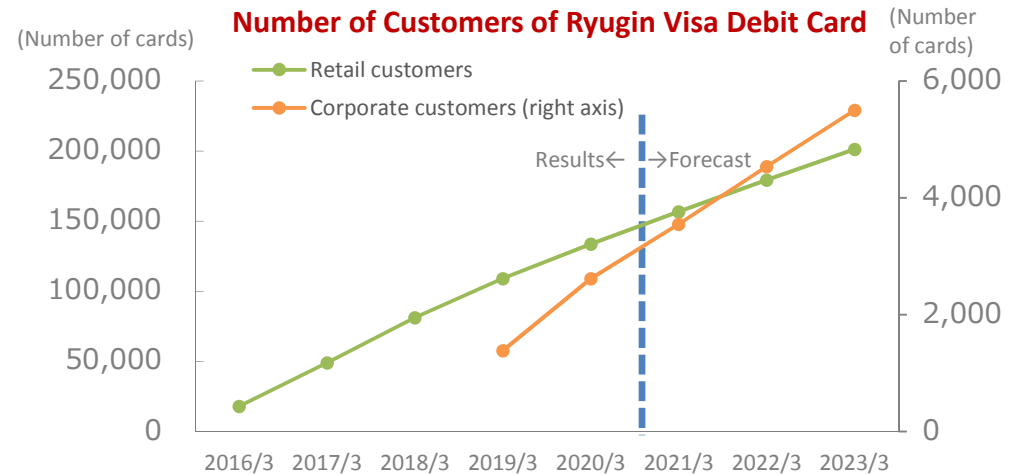
Visa Touch Payment

Visa Touch payment is available in stores with a  sticker.

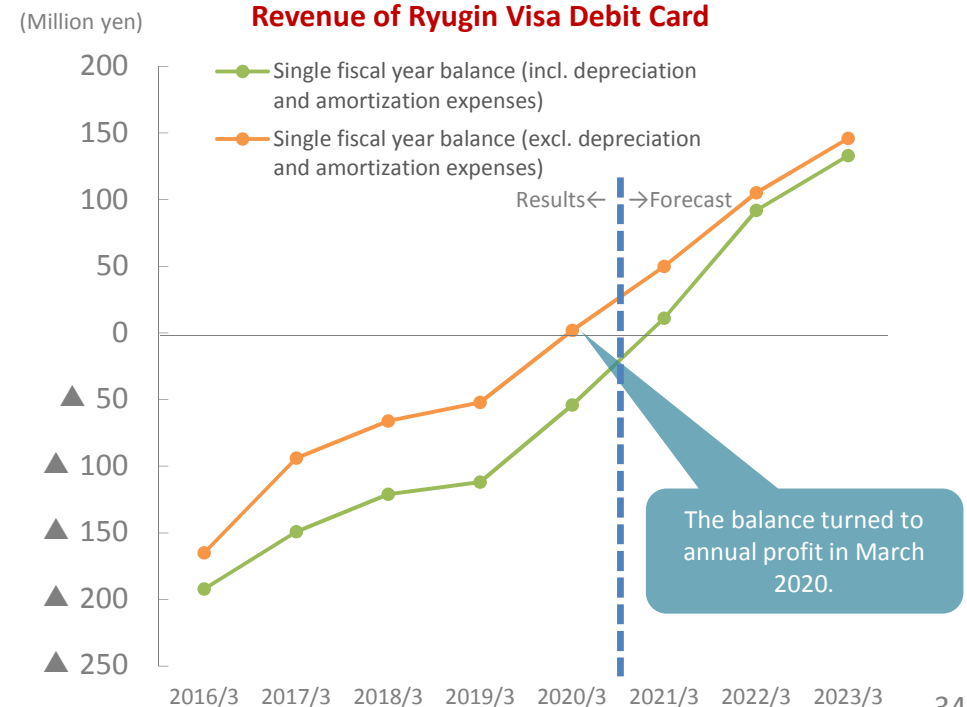
Payment is completed immediately just by touching your card on the reader at a cash register, without giving your signature and security code.



Number of Customers of Ryugin Visa Debit Card



Revenue of Ryugin Visa Debit Card



Cashless Strategy (Card Affiliates)

Speeding up the process of gaining card affiliates to realize “Cashless Islands.”

Efforts to Realize “Cashless Islands”

Acquiring: enabling all kinds of payment to be completed with one terminal

Over 30 brands will be accepted, the highest number in the industry.

Existing Features (23 brands):

- ✓ Card (Credit/Debit/Prepaid)
- ✓ Electronic money
- ✓ QR code (Alipay/WeChat Pay)

New Features and Services
(to be introduced):

- ✓ QR code (Domestic brands)
- ✓ Vending machine/Ticket machine
- ✓ EC payment



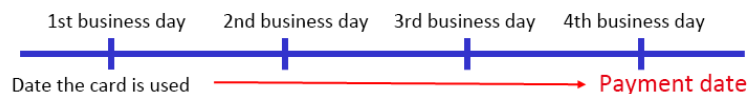
Various payment cycles according to needs of card affiliates

- Enable card affiliates to be paid every day for better financing by effectively using the feature that our bank is engaged in card affiliate services.

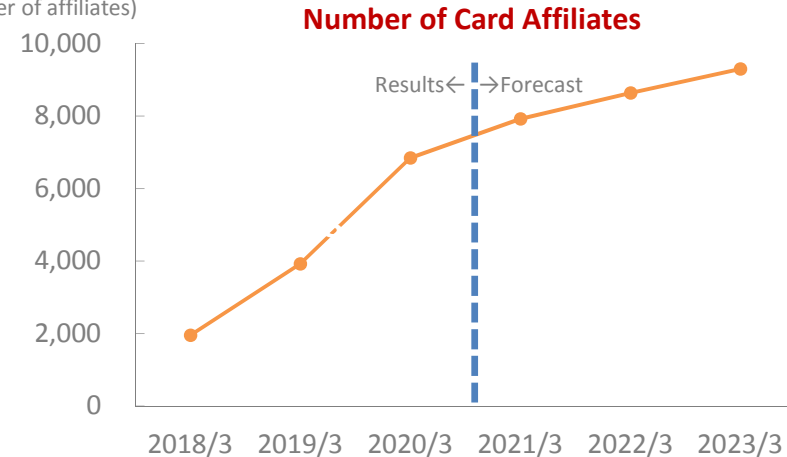
Payment Schedule for Ryugin Card Affiliate Services

Type	Closing Dates	Payment Date
Everyday Payments	Everyday	4th business day after the date the card is used
Six Payments	5th, 10th, 15th, 20th, 25th, last day of the month	6th business day after the closing date
Three Payments	10th day	20th day
	20th day	Last day of the month
	Last day of the month	10th day of the next month
Two Payments	15th day	Last day of the month
	Last day of the month	15th day of the next month

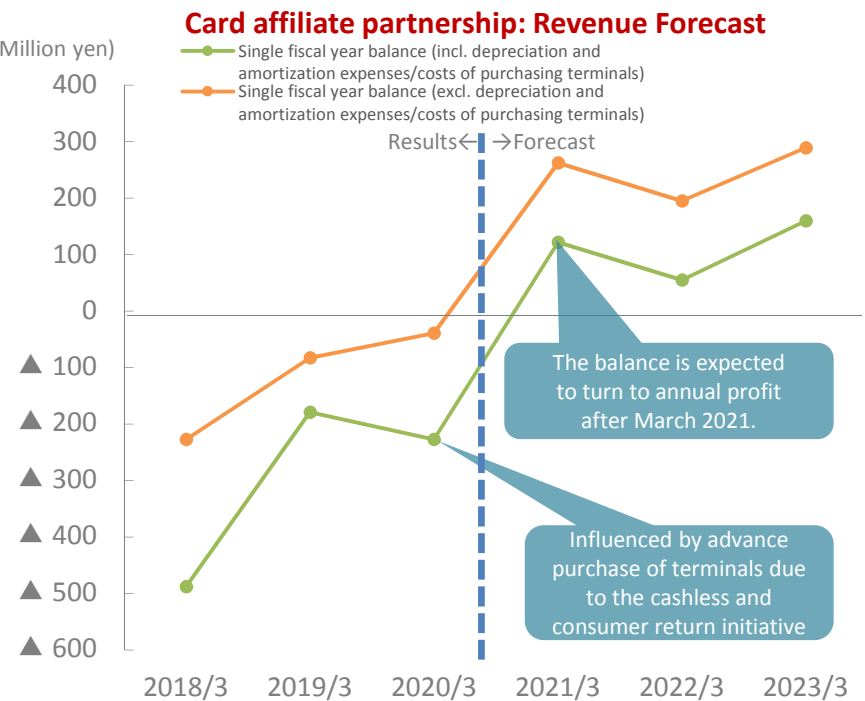
Everyday Payments: only for Visa and MasterCard



(Number of affiliates)



(Million yen)

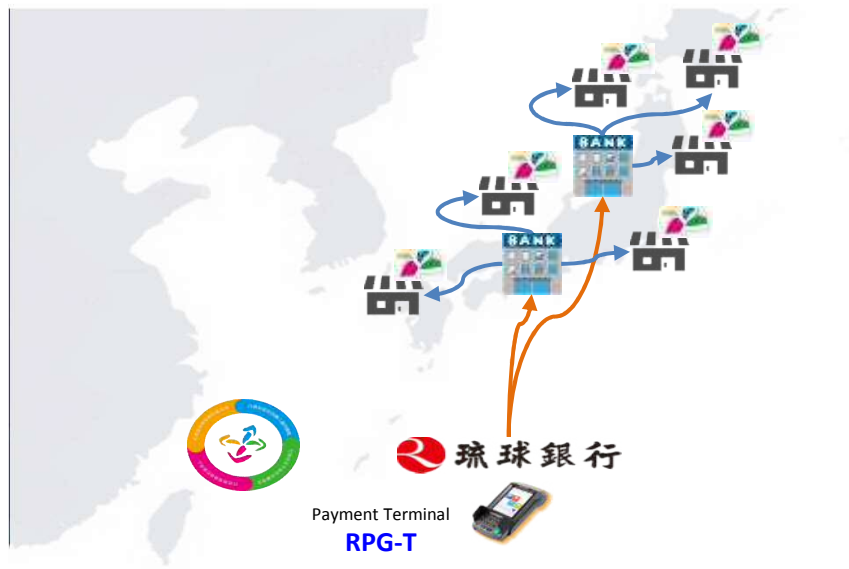


Cashless Strategy (Easy Card)

Allowing “Easy Cards,” which have the largest share in Taiwan, to be used in Japan and seeking to promote use of the card across the nation.

Creation of a platform for accepting Easy Cards and domestic deployment of the cards

- Establish a domestic gateway that allows Easy Cards to be used.
- Look for card affiliates as an acquirer in Okinawa prefecture (payment is made by our RPG-T terminal).
- Enter into agency relationships with other financial institutions outside the prefecture and seek to deploy the card nationwide.



What is Easy Card?

It is a contactless transport IC card for using subways, buses, etc. in Taiwan. The card is also increasingly used for commercial purposes such as purchasing at convenience stores and eating at restaurants, and is the leading IC card in Taiwan. The number of cards issued is 78.9 millions (as of September 2019), which is over three times the population of Taiwan.

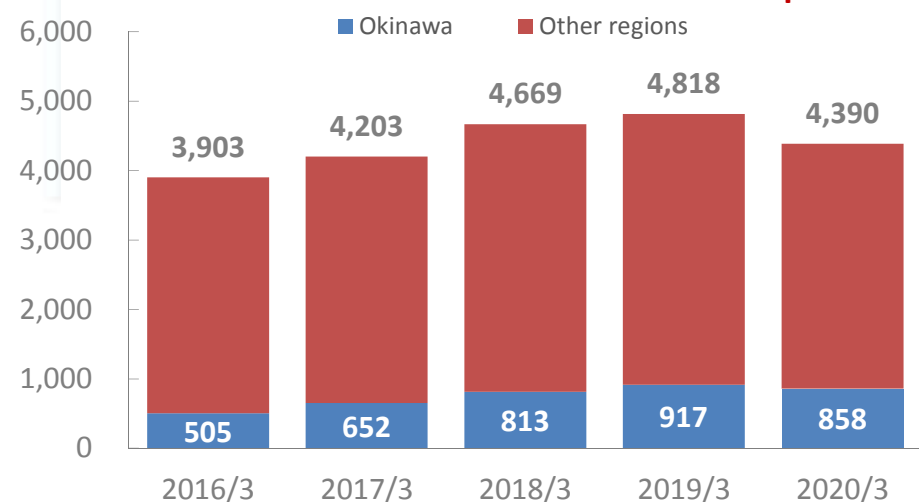
Operating entity: 悠遊卡股份有限公司 (EASY CARD CORPORATION)*

* A large Taiwanese company, with 39.7% of shares owned by Taipei City

Deployment Schedule for Easy Cards

2020	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Development of the platform	→							
Card affiliates start to receive applications				↔				
Cards become available for use							↔	

Number of Taiwanese Visitors to Japan



Source: Japan National Tourism Organization (JNTO)

Retail Business Strategy (Streamlining Sales of Assets in Custody)

Actively installing new systems to reduce administrative workload for staff, and strengthening the sales capability by using resources.

Installing a compliance system at a bank counter (Jan. 2015)

Staff confirms customer's intentions and explains our products via a tablet



Installing a system that manages and issues prospectuses (Aug. 2018)

Print and issue a prospectus



Installing a negotiation recording system (that allows third-party staff to confirm the details before an agreement is made) (Oct. 2016)

HQ staff confirms the customer's understanding of the details by Skype



Applications for investment in mutual funds are to be made in paperless form (scheduled in Aug. 2020)

Customer makes an application via a tablet (electronic signature)



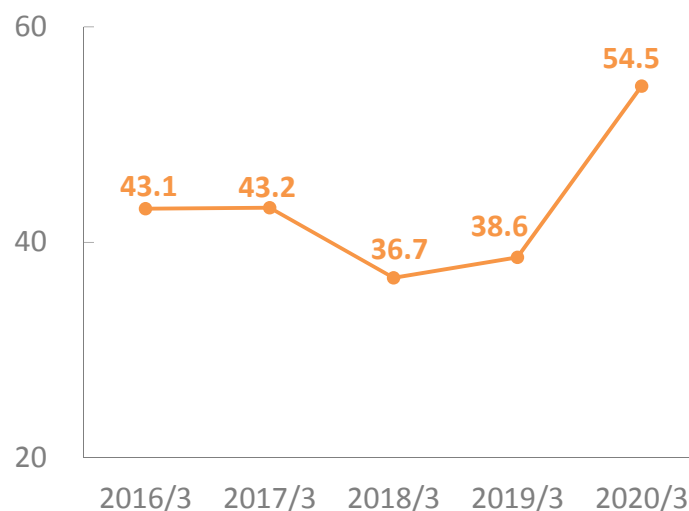
Installing an archive system "Azukari" (May. 2015)

Storing documents submitted by customers electronically



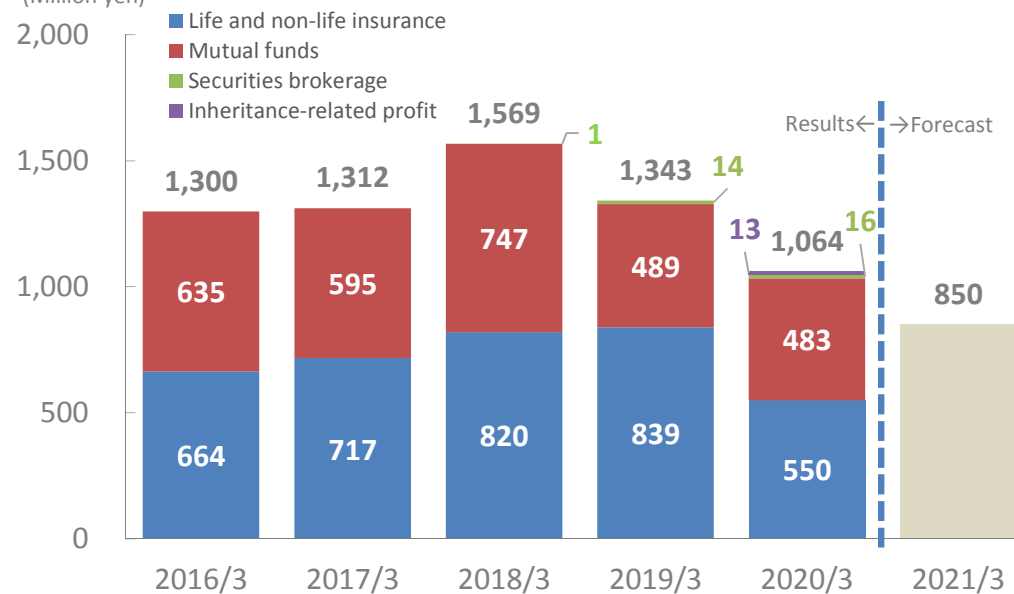
Visiting Hours of Individual Sales Agents

(Hours/month)



Profit from Service Charges related to Assets in Custody

(Million yen)

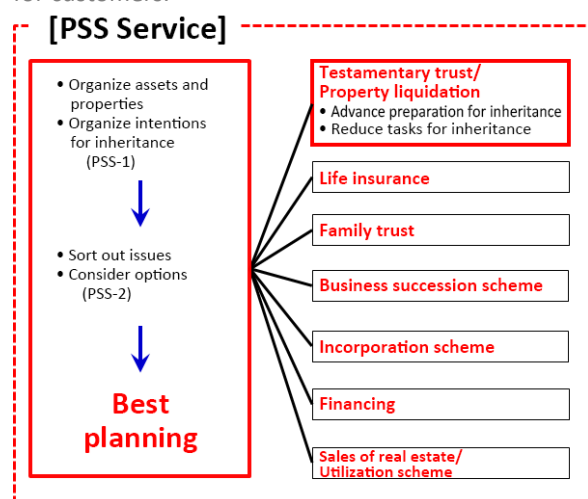


Retail Business Strategy (Inheritance Support Services)

Approaching new/unexplored customers through inheritance consulting services for high-net-worth individuals, and testamentary-trust services, and inheritance procedure support services.

Started property inheritance consulting services for high-net-worth individuals (Jun. 2018)

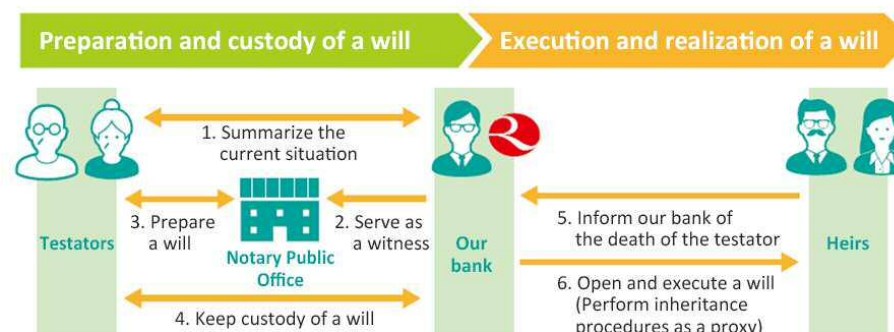
- Entered the property inheritance consulting business and started a fee-based service that prepares a Personal Support Sheet (PSS), a summary of assets and liabilities.
- Committed ourselves to providing a variety of solutions created by planning, thereby offering a one-stop service that is highly convenient for customers.



Started providing support to create a testamentary trust and perform inheritance procedures (Oct. 2019)

- Started a testamentary-trust and inheritance procedure service, the first bank to do so among all financial institutions with head offices in Okinawa.
- To differentiate our bank services from those of other banks, improve Customer Services (CS) through comprehensive proposals based on the following: 1. entry into unexplored markets in Okinawa; 2. strengthening relationships between heirs and their family members (generation after generation of heirs); and 3. understanding all properties and assets.
- Expected to increase profit through the inheritance business by actively using data entered in the PSS.

What is a testamentary trust?



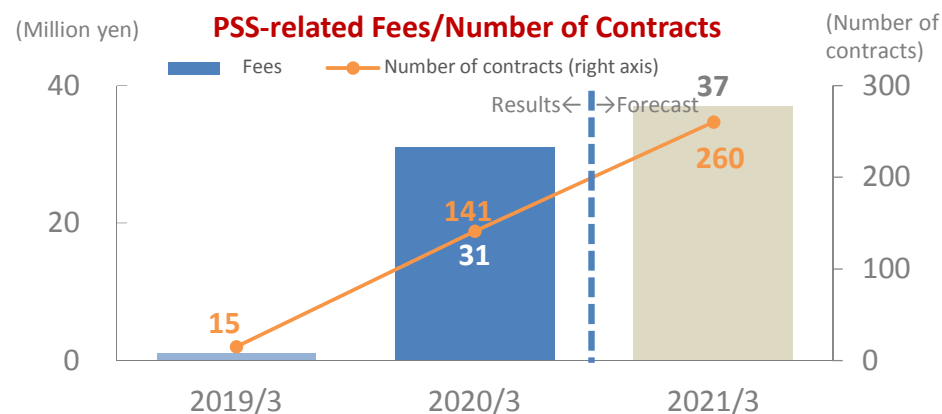
Will Preparation:

- Step 1 **Summarization of current status:** Summarize the family structure and property details of a testator
- Step 2 **Preparation of will:** Prepare a formal will with a witness present
- Step 3 **Custody of will:** Keep custody of the formal will

When Inheritance Occurs:

- Step 4 **Sharing the contents of will:** Tell each heir the details of the will
- Step 5 **Execution of will:** Handle inheritance procedures on behalf of heirs*

* If no will is prepared, the handling of inheritance procedures (preparing an inventory of assets, and supporting discussions about the division of the estate) is called **"Property Liquidation."**



Retail Business Strategy (Development of Attractive Products)

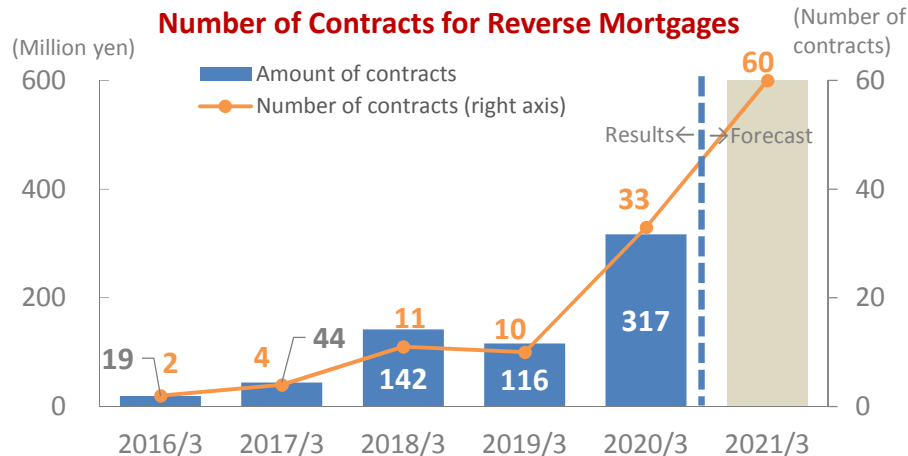
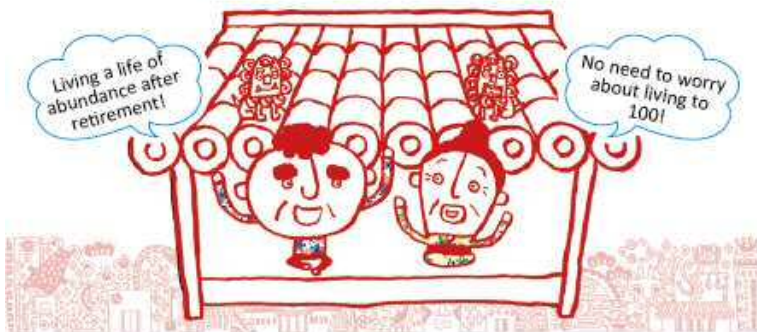
Providing new products that accurately meet potential needs of customers to broaden their options.

Reverse Mortgages (Apr. 2015)

- Loans for elderly aged 60 and older with no upper age limit
- Available even if an applicant lives together with family members
- Possible to add the amount of real estate other than the applicant's own house to the evaluation amount

Reverse Mortgage Yu-Yu Life from Age 60

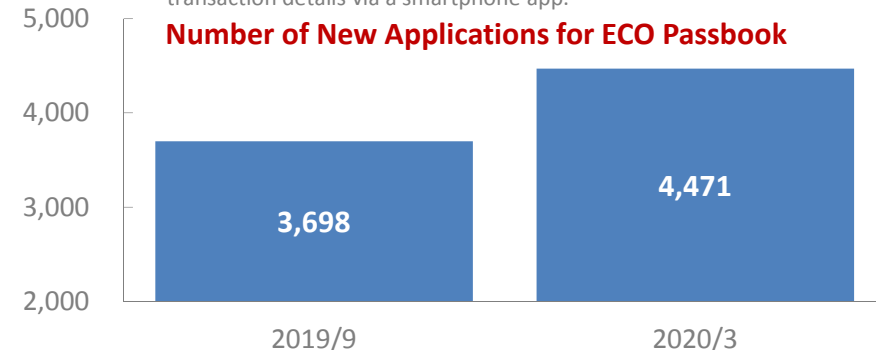
—Secured Loans from Age 60—



Ryugin ECO Passbook (Feb. 2019)

- "Ryugin ECO Passbook" involves an online application for a saving account for which no passbook is issued.
- The holder of the saving account can check the account balance and transaction details via a smartphone app.

(Number of new applications)

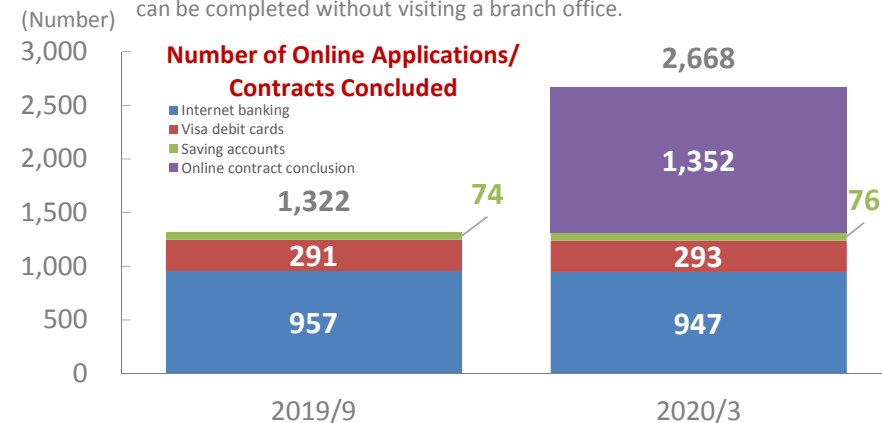


* September includes the results of the first half, and March includes the second half of the fiscal year.

Ryugin Application Website (May 2018)

Online Contract Conclusion for Personal Loans (Oct. 2019)

- Ryugin Application Website: Serves as a platform for applications for: 1. opening saving accounts; 2. issuing Visa debit cards; 3. internet banking; 4. using point services, etc.
- Online Contract Conclusion for Personal Loans: Offer individuals loan contracts that can be completed without visiting a branch office.



* September includes the results of the first half, and March includes the second half of the fiscal year.

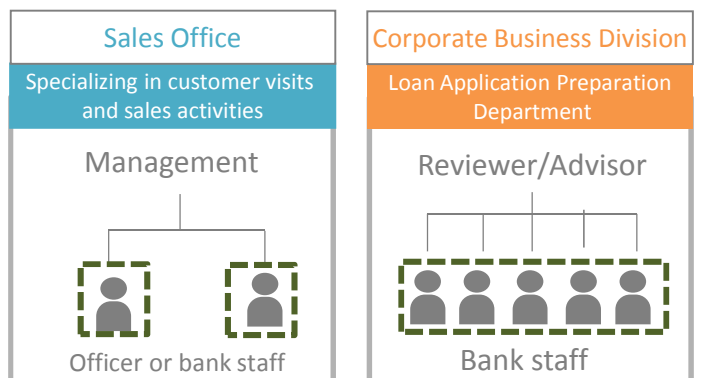
Corporate Business Strategy

(Reviewing the preparedness for business potential evaluation and sales)

Sales offices focus on customer visits due to centralization of the work of preparing loan application documents in headquarters, providing the best solutions to customers.

Reviewing the preparedness for business potential evaluation and sales (Deployed in all offices in Oct. 2019)

- Divided the tasks of business potential sales agents into sales activities in sales offices and administrative tasks of preparing loan application documents and conducting customer due diligence at corporate headquarters, thus establishing a system that improves the productivity of both sales offices and headquarters.
- Intensive OJT at headquarters to promote faster skill development of young bankers.
- Started a pilot scheme in Oct. 2018 and implemented it in all branch offices from Oct. 2019.
- Hours of customer visits per staff approximately doubled, and thus the number of business potential loan recipients increased steadily.



Purposes

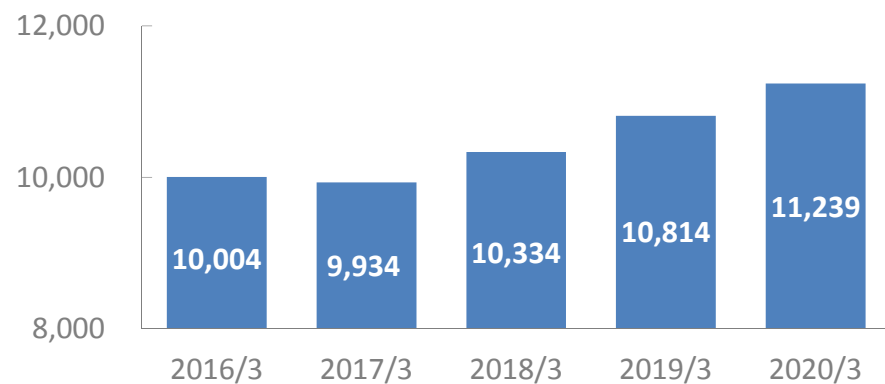
- Focus on customer visits to increase proposals
- Improve proposal skills

Purposes

- Expedite loan application process
- Intensive OJT for young bankers to be ready for work early in their careers (standardized training)

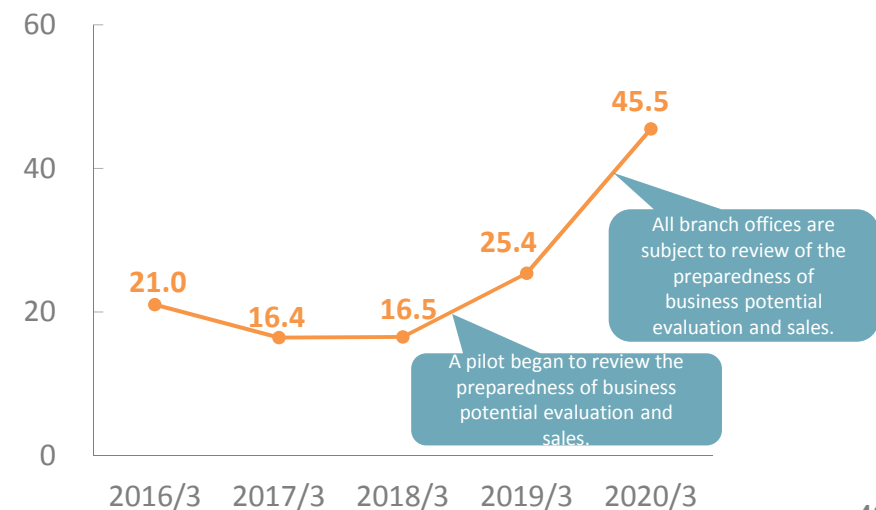
Number of Business Potential Loan Recipients

(Number of loan recipients)



Hours of Visits by Business Potential Sales Agents

(Hours/month)



Corporate Business Strategy

(Strengthening Solution Sales Capabilities)

Making effective use of customer data received from sales offices, and increasing income revenue from fees by accepting more requests for consultation.

Established the Corporate Business Division (Apr. 2017)

- Integrated consulting services for corporate customers.
- A clear fee structure to produce steady income from fees by fostering professionalism among bank staff and providing customer-centric services.
- A wide variety of professionals have been appointed, including CPAs, SME management consultants, and experienced staff from other banks and industries.
- 23 staff members as of March 31, 2020.

Service Details

Structured Finance

- Targeting corporate customers who wish to ensure long-term stable funds, we offer advice on placing private bonds and assist with arranging syndicated loans.

Business Succession

- Targeting customers considering handing over treasury shares and/or business assets, our seasoned staff and certified tax accountants offer advice such as future directions for the company and how to avoid disputes.

Mergers and Acquisitions

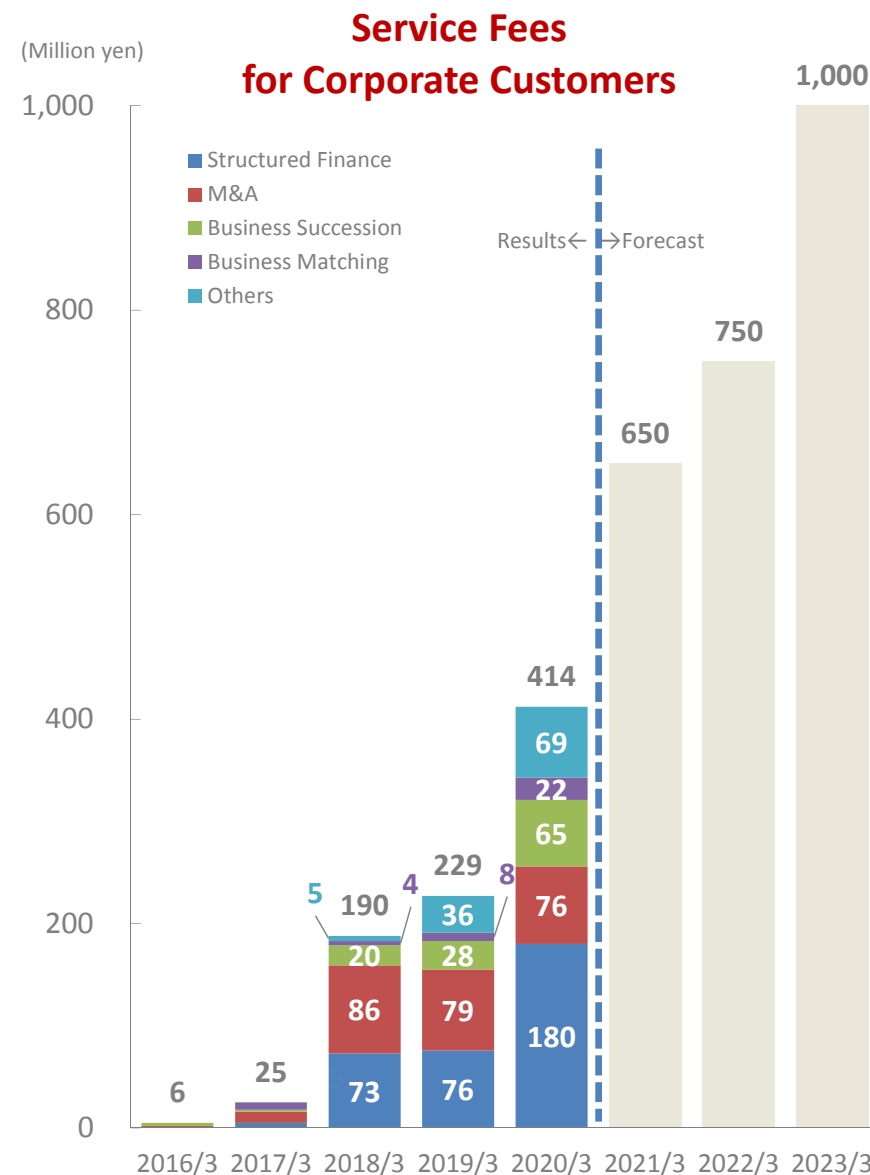
- Targeting customers who have no successors within their family or business, we offer advice on the M&A process and address concerns and questions. Using our networks inside and outside Okinawa prefecture, we introduce potential businesses that may take over the business and assist in the process to completion.

Business Matching

- Using our networks, we introduce our business partners and clients to customers and provide support to solve management issues.

Local Revitalization

- Provide support to develop business overseas, and contribute to community growth in collaboration with BOR venture funds, OKINAWA Startup Program, local government and other organizations.
- Work on solving issues facing the community, for example, by introducing foreign workers to resolve the shortage of human resources.



Visions of Sales Offices (FTB Project/Flat Cash Counter System)

Greatly reducing the administrative workload, and striking a balance between reducing labor costs and strengthening communication with customers.

FTB (Flexible & Traditional Bank) Project (Expected to carry out the pilot in Oct. 2019)

- Use tablet devices, taking the initiative in significantly reducing the workload of bank counters and the number of tellers.
- Eliminate the use of paper, seals, and operations.

Screenshot of FTB Tablet



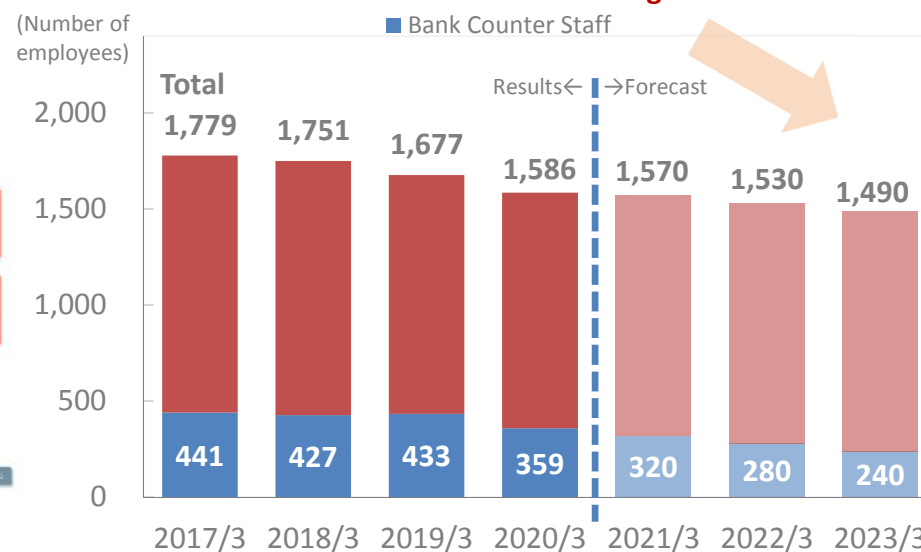
Establishing a flat cash counter system (developing multi-skilling of staff) (Oct. 2018)

- Establish a system by which all staff members working at bank counters (incl. asset management consulting) acquire the same skills in terms of counter tasks (multi-skilling).
- 1. Enhance profitability at the bank counter, 2. Improve the readiness of business potential sales agents replaced by counter staff, and 3. Establish a structure that does not require a substitute for a counter position from another department.
- Review the placement of management positions to reduce the number of tellers.

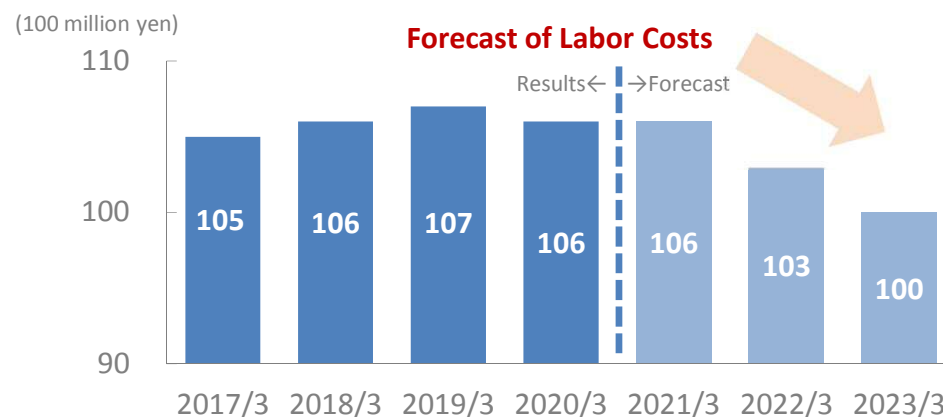
Working toward reducing staff

- Reducing the labor force and costs by limiting the hiring of new graduates and temporary workers to fill positions, and promoting external transfers, in addition to reducing the number of tellers.

Workforce Planning



* Excl. externally transferred staff and employees on leave.

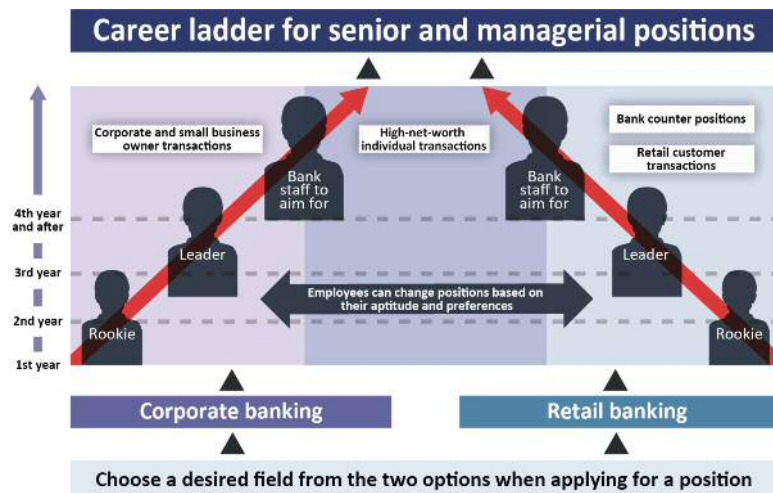


Human Resource Strategy (Reviewing the Personnel System)

Revitalizing our bank organization by providing employees with opportunities to discover career paths that enhance their expertise and promoting diversification.

Deploying the employee training system by field (Apr. 2019)

- Eliminated the hiring categories of future management positions and clerical positions, and changed the employee training program into two career fields: corporate and retail banking.
- Restructured the employee training period from the previous first five years only to throughout the employment life cycle for all levels, including management. Employees in both fields can be promoted to managerial positions (branch manager level or higher positions).



Diversification

Abolishing the policy limiting the age of management positions (Apr. 2018)

- Changed to policy that does not lower the salary of employees aged 55 or older and allows promotions and raising of their salary.

Revising promotion requirements (Apr. 2018)

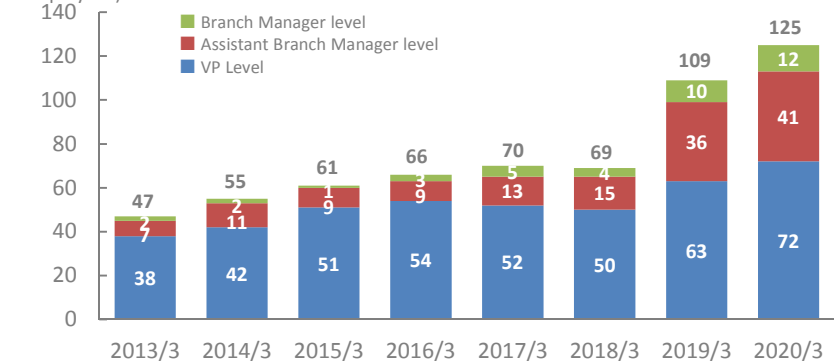
- In addition to required years of service for each requirement, maternity and childcare leaves are now factored in, increasing promotion opportunities for female employees with children.

Promoting the hiring of temporary workers (Jul. 2017)

- Expanded the opportunity for bank clerk temp-to-hire interviews from once to twice a year.
- Clearly laid out promotion qualifications (certification, etc.) and eliminated the limit of years of service.

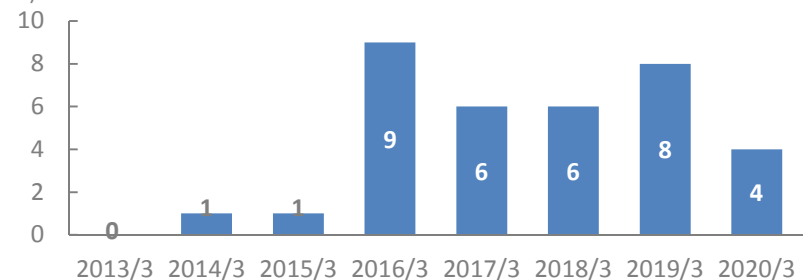
(Number of employees)

Female Management Positions



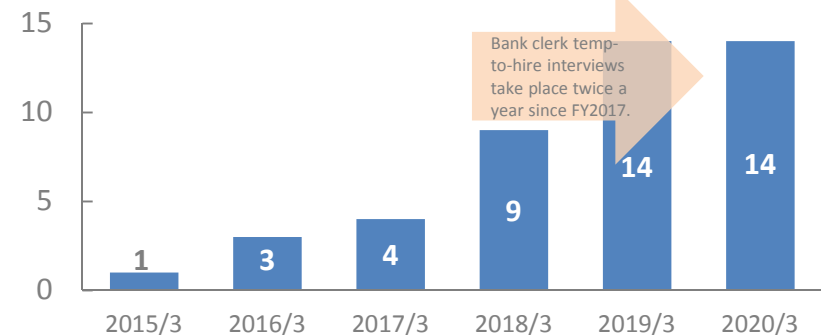
(Number of employees)

Number of Hiring Experienced Workers



(Number of employees)

Number of Temp-to-hire Bank Clerks



Human Resource Strategy (Efforts for Health Management)

Promoting employees' health to improve revitalization and productivity in our bank.

Creating a Health Management Declaration (Oct. 2019)

- Created a Health Management Declaration that provides active organizational engagement in managing and maintaining the health of employees.



Providing rental wearable devices and holding health events (Oct. 2019)

- Assist officers and employees in improving their lifestyle habits by enabling them to monitor and manage the amount of activity and sleeping conditions by providing rental wearable devices to all employees.
- Hold walking events for all officers and employees to compete with each other by using wearable devices, which encourages them to make a habit of exercising.

Support for Quitting Smoking/Efforts to Prohibit Employees from Smoking during Working Hours (Oct. 2019)

- Provide support for quitting smoking and prohibit employees from smoking during working hours (MO! SWAN Day) to prevent health problems caused by smoking and passive smoking.
- Provide money to cover out-of-pocket spending for counseling and incentives for quitting smoking.
- Gradually increase the number of non-smoking days, and aim to prohibit smoking during working hours in October 2020.



Certified as Health and Productivity Management Organization Recognition Program (Mar. 2020)

- Our bank was recognized in the category of "2020 Certified Health and Productivity Management Organization Recognition Program"* sponsored jointly by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.



* The Certified Health and Productivity Management Organization Recognition Program honors organizations that perform especially excellent health management, based on efforts in response to local issues and health promotion activities by Nippon Kenko Kaigi.

Group Brand Strategy (New Headquarters Project)

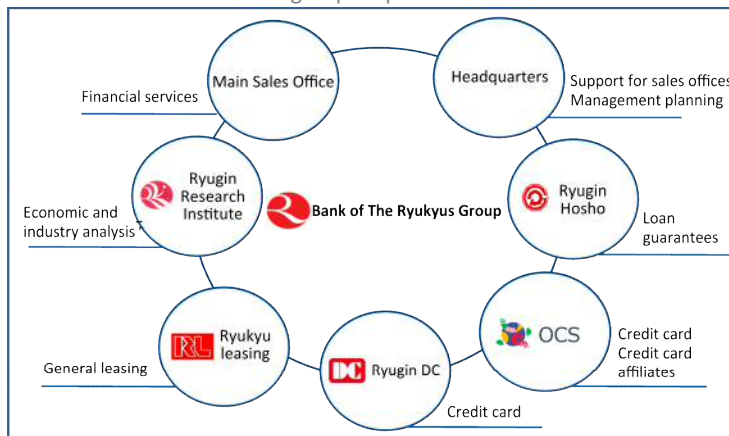
Consolidating our group's headquarters functions with a comprehensive strength. Receiving payments for rental charges, resulting in reducing a certain degree of operation costs.

Rebuilding of our headquarters building (to be completed in January 2025)

- As the current headquarters building deteriorated, we decided to rebuild the building.
- The headquarters and main sales office are to be moved to a temporary location in November 2020, and will be back to the newly constructed building in April 2025.

Consolidation of headquarters functions

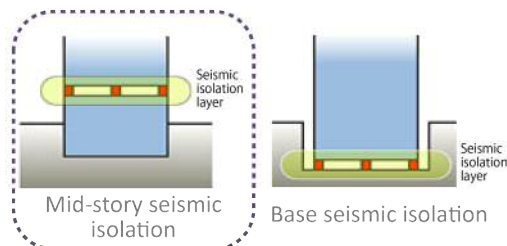
- The new headquarters building has offices of five subsidiaries, strengthening collaboration with each group corporation.



Enhancement of earthquake protection and fire prevention functions

- Apply a mid-story seismic isolation system to the building for the first time in Okinawa Prefecture to enhance earthquake protection.
- Install an emergency power generator and water receiving tank on the upper floor, strengthening the BCP.

Different seismic isolation systems



Reduction in construction costs with rental charges received

- The upper floors of our new headquarters building are to be used as a hotel. The purpose is to make effective use of extra space and create new profitable opportunities as the area is within high-level use districts.
- Enter into a basic agreement with Mitsubishi Estate Co., Ltd. which serves as a hotel operator. The Royal Park Hotels operated by the Mitsubishi Estate Group is opening shops in the new hotel.
- Receive floor rental charges for hotel space with a prospect of reduction in construction costs.

<Hotel Expenses>

Repair/
Maintenance Costs

Depreciation and
Amortization
Expenses

Gross Profit from
Floor Rentals

Reduced
Construction Costs

<Hotel Revenue>

Floor Rental
Charges



Thank you for your attention.

We appreciate your continued support for our bank.

About This Presentation

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E-mail : ryugin@ryugin.co.jp

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Information is based on guidelines of published data, and some totals presented in this document may not add up due to rounding. In addition, because calculations may involve the use of our unique definitions for illustration and comparison purposes, the numbers presented in this document may not match the published figures.

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 June 8, 2020 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 earnings briefs and annual reports of the Bank for more details. The Bank will not update the forward-looking information contained in this material.