

Medium-Term Management Plan

Value 2023

April 2023 to March 2026



Medium-Term Management Plan “Value 2023” - Table of Contents

■ Look-back on SINKA 2020 (Previous Medium-Term Management Plan)	2
■ Bank’s Direction	
● Okinawa’s Economic Challenges and Efforts to Be Taken by Our Bank	5
● Long-Term Vision (Our Goal in 10 Years)	6
● Value Improvement Story and Overview of Medium-Term Management Plan	7
● Management Indicators of Medium-Term Management Plan	8
■ Basic Strategy 1: “Expansion of Business Foundation” - Solutions -	
● Upgrading Traditional Banking Services (Deposits, Loans, and Securities)	9
● Accompanied Support for Life Planning (Deepening Individual Consulting)	10
● Providing Advanced Financial Services (Deepening Corporate Consulting)	11
● Further Evolution of Cashless Island	12
■ Basic Strategy 2: “Practice of ESG Management” - Sustainability -	
● Enhancement of Corporate Branding	13
● Decarbonization Support for Local Communities	14
■ Basic Strategy 3: “Challenges for Change” - Transformation -	
● Enhancement of Human Capital Management (Human Investment Strategy)	15
● Transformation of Contact Points with Customers (Strategic Human Resource Arrangement)	16
● Transformation of Contact Points with Customers (Deeper Conversation through the Use of Data)	17
● Demonstration of Synergistic Effects through Group Alliances	18
● Challenges to Enter New Business Areas	19
■ Glossary	20

◆After page 9, the headings for new efforts are indicated as:



Terms with the following symbols at the end of the word are listed in the glossary from page 20 onward

*Terms related to our Bank’s own efforts

★ Financial terms and general terms

Look-back on SINKA 2020 (Previous Medium-Term Management Plan)

Recognition when developing the previous medium-term management plan

Overview of previous medium-term management plan

Assessment

Intended Profile

A true leading bank that always supports the community and contributes to its development, regardless of business climate

Structural Reform

- ✓ Transform into a flexible yet strong financial structure in order to challenge new areas while addressing changes in the business environment

Thought & Behavior Reform

- ✓ Enhance training programs, and change the awareness and behavior of executives and employees to ensure customer-oriented business operations

IT Investment Strategy

- ✓ Proactively utilize digital technology to meet diversifying customer needs, and support the work styles of employees
- ✓ Lower costs of existing system and costs for maintenance/renewal for more balanced IT investment

Group Branding Strategy

- ✓ Make the products and services of each group company available at any time, to improve the brand power and corporate value of the Bank of the Ryukyus Group

Assessment

- The capital adequacy ratio steadily increases due to improved profitability and thorough risk-weighted asset control
- Profit from customer services steadily increased in the result of diversification of profit from service charges

Issue

- We were unable to establish a framework to secure stable profit from managing securities
- Development of digital channels, especially apps, was delayed
- While there was some progress in the use of digital technology within the Bank, it has not reached the target level

[Environmental Constraints]

- **Nationwide**
 - Aging and population decline
 - Slow growth
- **Okinawa**
 - Concerns about tourism stalling
 - Concerns about sluggish real estate market
- **Financial Environment**
 - Continued low interest rates and deregulation
 - Entry of different industries: FinTech
- **Risk Management**
 1. AML/CFT*
 - Cyberattack

[Customer Trends]

- **Decreased youth**
- **Growing elderly population**
- **Non-face-to-face, done-on-web**
- **Face-to-face consultation**

Bank Issues

- **Capital Adequacy Ratio**
- **Profit from Customer Services**
- **IT Investment**

Look-back on SINKA 2020 (Figures-related)

Achievement of Numerical Targets of the Previous Medium-Term Management Plan

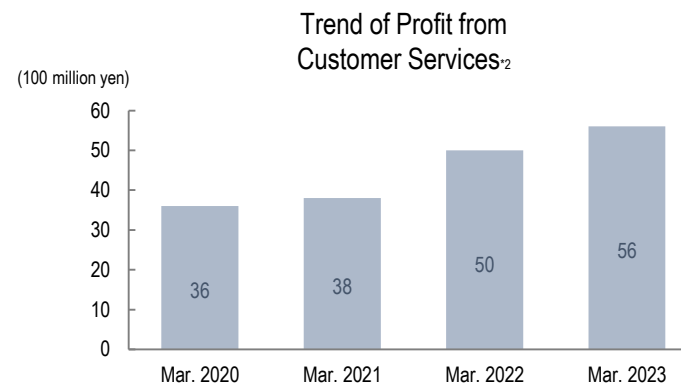
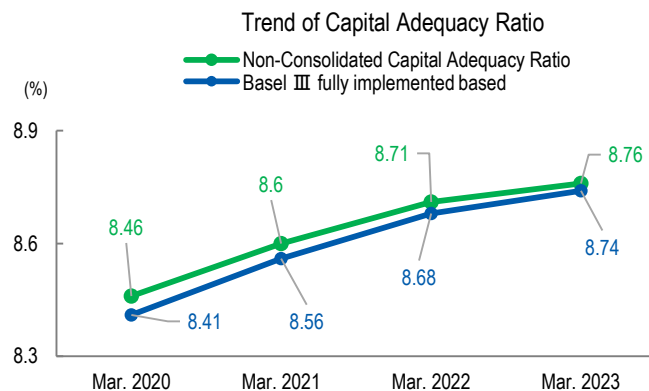
Item	Target	SINKA 2020		
		Results of FY 2020	Results of FY 2021	Results of FY 2022
Consolidated net income	5.5 billion yen	2.5 billion yen	5.5 billion yen	5.8 billion yen
Consolidated ROE★	4% or more	2.0%	4.2%	4.3%
Non-consolidated Capital Adequacy Ratio (Basel III fully implemented based)	8.5% or more	8.60% (8.56%)	8.71% (8.68%)	8.76% (8.74%)
Profit from Customer Services★	5.5 billion yen	3.8 billion yen	5.0 billion yen	5.6 billion yen
Non-consolidated Core OHR★	79% or less	81.4%	77.16%	78.5%

Priority Items

Results

The capital adequacy ratio, which was set as a management issue, steadily increased through various efforts, and remained above the 8.5% target set in the medium-term management plan

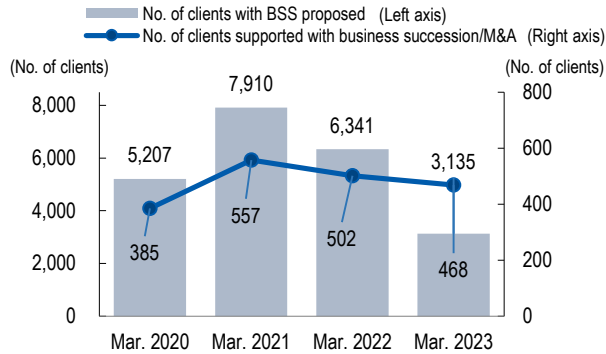
The profit from customer service is on an increasing trend due to steady results in corporate fee business, card-related business, and individual inheritance-related business



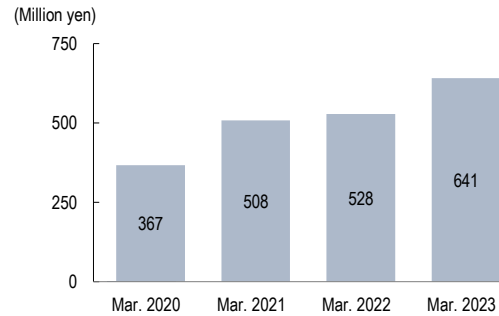
² Profit from Customer Services = Deposit and Loan Balance + Profit from Service Charges – Expenses

Look-back on SINKA 2020 (Measures-related)

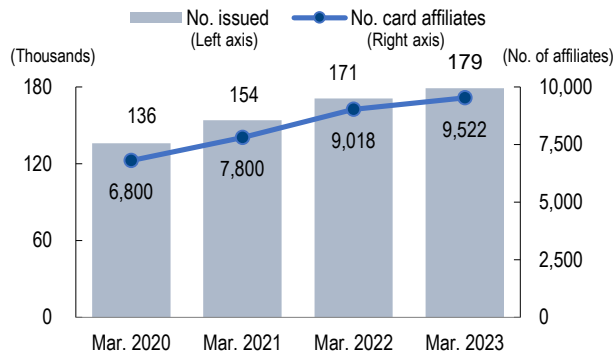
No. of Clients Supported with BSS and Business Succession/M&A



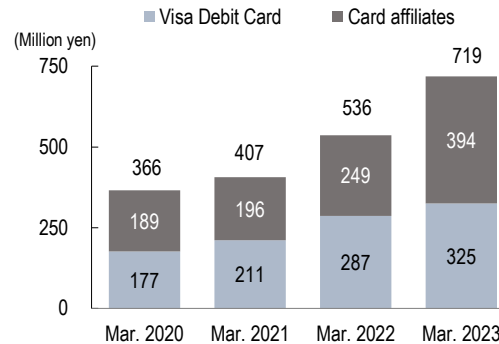
Corporate Service



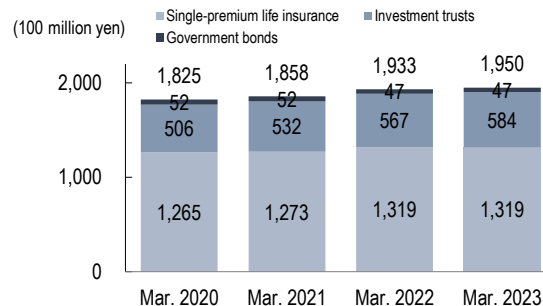
No. of Visa Debit Cards Issued and No. of Card Affiliates



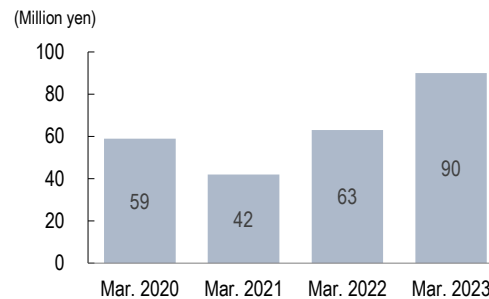
Card-related Service



Assets in Custody Balance



Inheritance-related service



Corporate Business Strategy

- ✓ For proposal-based sales activities with business assessment as the starting point, we put emphasis on the quality of proposals, and shift our focus from the number of proposals to activities producing results from the second half of 2021
- ✓ Although sales activities were significantly affected by the COVID-19 Crisis, corporate services increased mainly in structured finance

Cashless Strategy

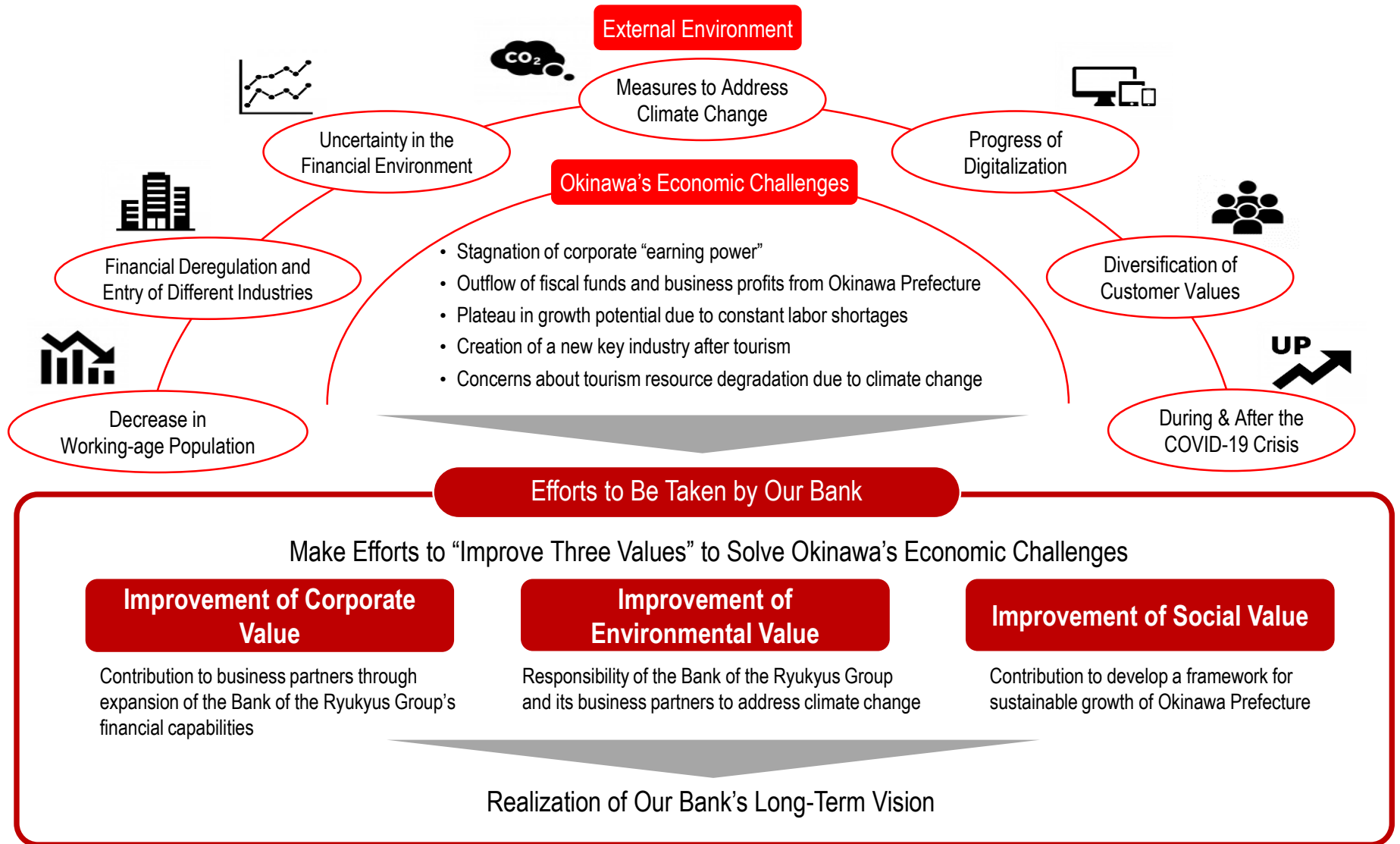
- ✓ Number of Visa Debit Cards issued and Number of card affiliates steadily increased
- ✓ Card-related services steadily increased, reflecting the increased use of cashless payments in consumer activities

Individual Business Strategy

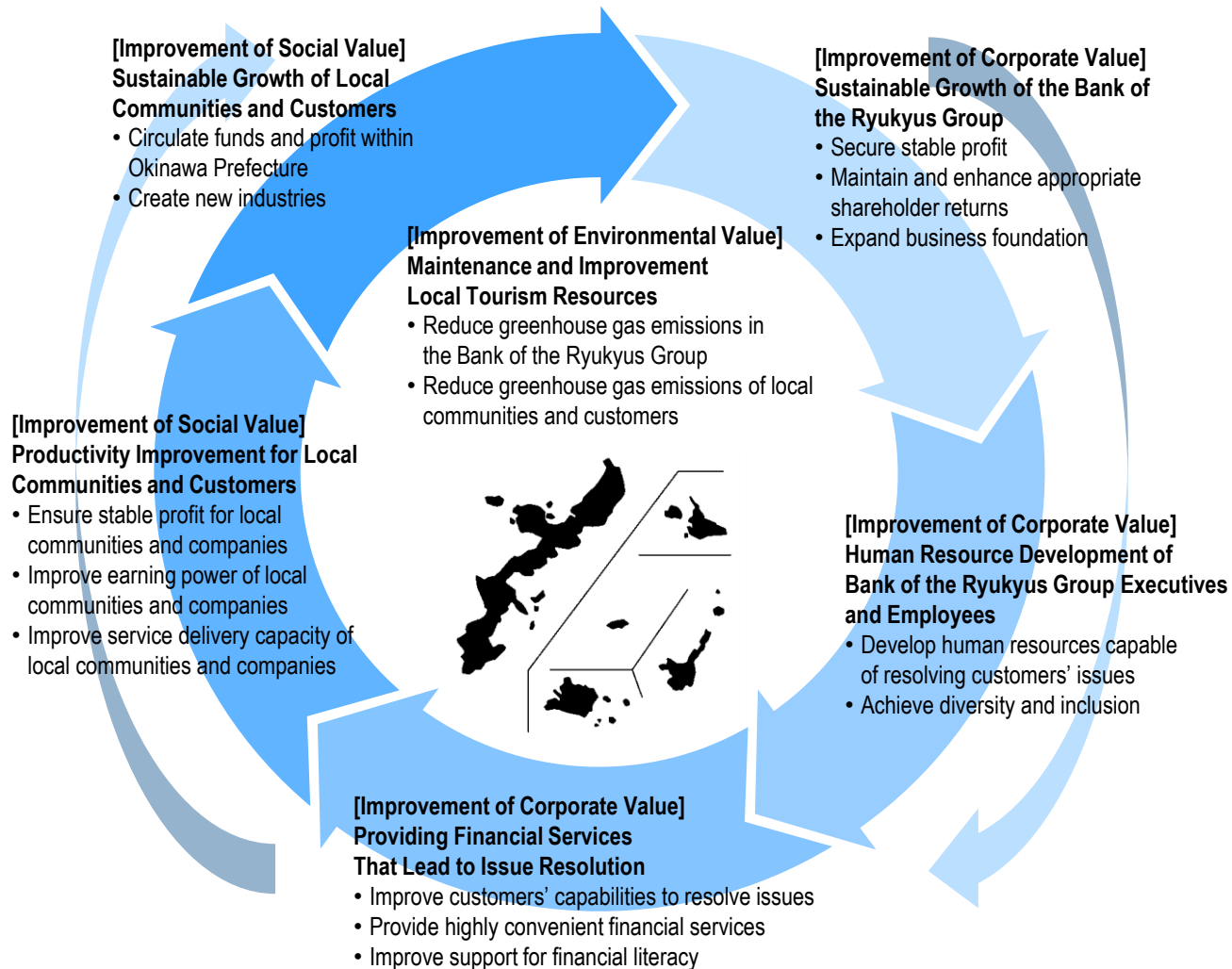
- ✓ The balance of single-premium life insurance and investment trusts increased by reviewing the sales force and enhancing the use of assets in custody promotion team
- ✓ Inheritance-related services steadily increased by promoting asset succession support using PSS* (Personal Support Sheet) as a starting point

* Personal Support Sheet (PSS):
The Bank's unique consulting tool that helps customers organize their assets and visualize future issues

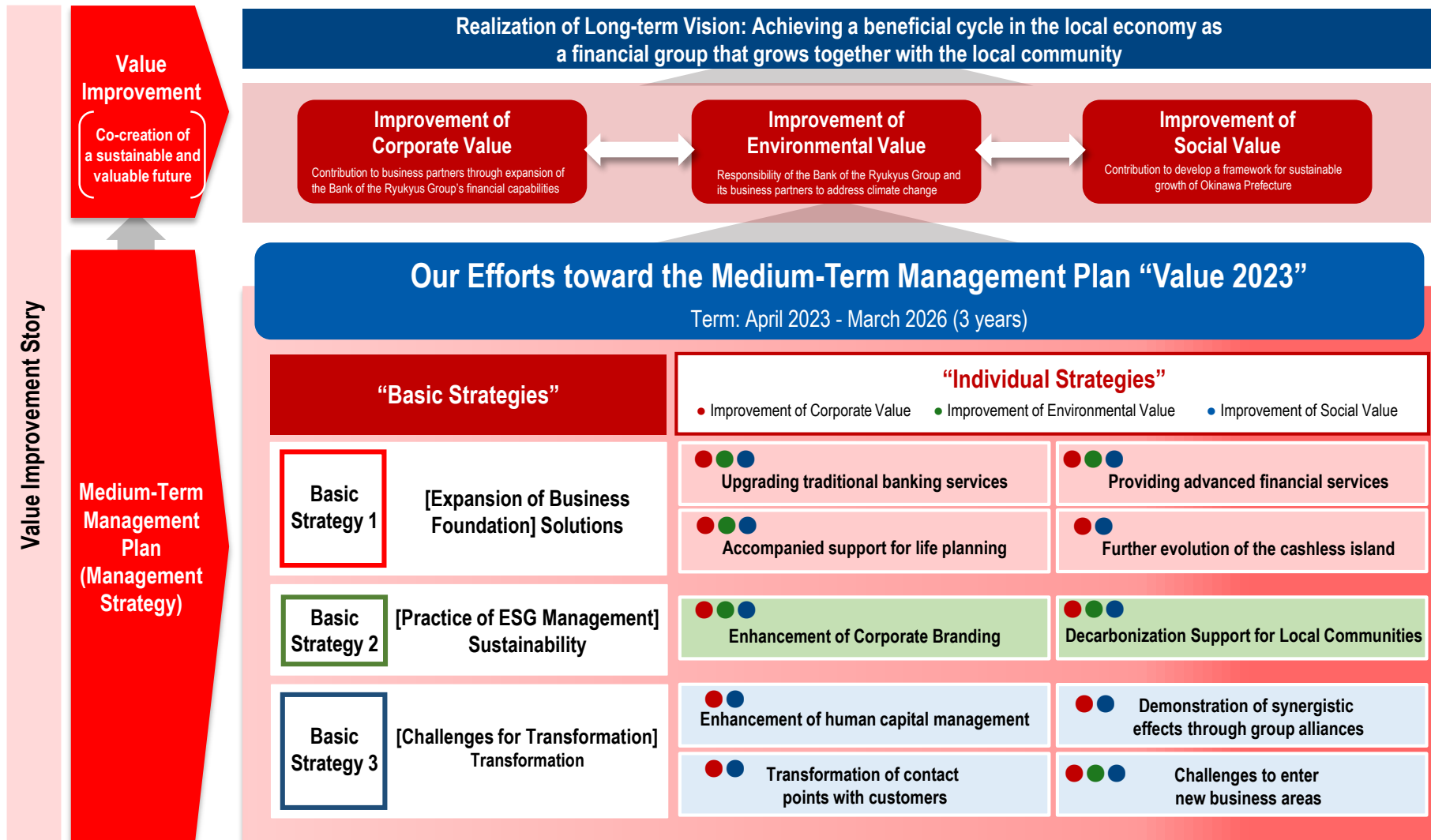
Establish the Bank's direction on the basis of changes in the social and economic environment



Achieving a beneficial cycle in the local economy as a financial group that grows together with the local community



We create a sustainable and valuable future through collaboration with local communities by improving “corporate value, environmental value, and social value” with the goal of realizing our long-term vision, “achieving a beneficial cycle in the local economy as a financial group that grows together with the local community”



Add indicators for each basic strategy to realize our long-term vision to the financial indicators

Management Target

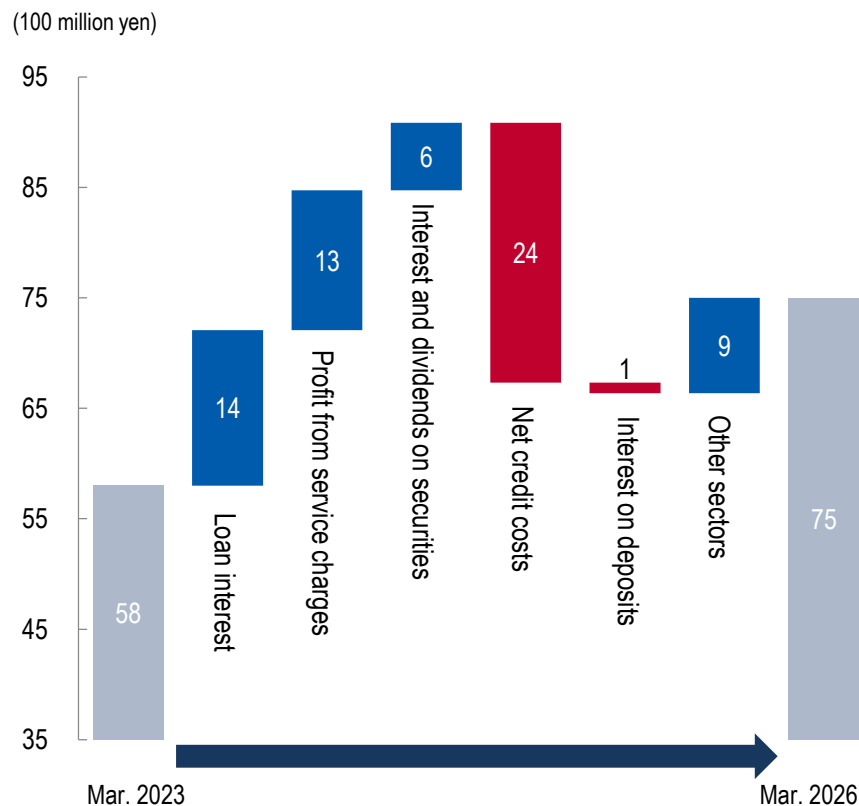
Financial Indicators	Item	Target
	Consolidated net income	7.5 billion yen
	Consolidated ROE	5.0% or more
	Consolidated capital adequacy ratio	9.7% or more
	Profit from customer services	7.2 billion yen
	Non-consolidated net core business profit	9.3 billion yen
	Non-consolidated core OHR	73.0% or less

• Profit from Customer Services = Deposit and Loan Balance + Profit from Service Charges – Expenses

Basic Strategy Indicators	Basic Strategy 1: Number of clients supported with life planning	New: 35,000 clients
	Note: Individual solutions proposed to:	Number of clients at the end of FY 2022
	<ul style="list-style-type: none"> Support for stable asset formation (NISA contracts, mortgage loans, etc.) Support for smooth asset succession 	42,957 clients
	Basic Strategy 1: Number of business owner clients that have improved productivity	Cumulative total: 6,000 clients
Note: Business owner solutions proposed to:	Results of FY 2022	
<ul style="list-style-type: none"> Companies for which one of the following indicators was lower than that of the previous term: (1) sales, (2) sales margin, (3) labor productivity, or (4) number of employees Clients of SDGs declaration destinations Clients with ESG investment/loan provided 	2,347 clients	
Basic Strategy 2: Greenhouse Gas Emissions (Scope 1 and 2)	Comparison with 2013: 45% reduction	
Basic Strategy 3: Training hours per employee	20 hours	

- New employees and employees dispatched for training are not included in the training hours

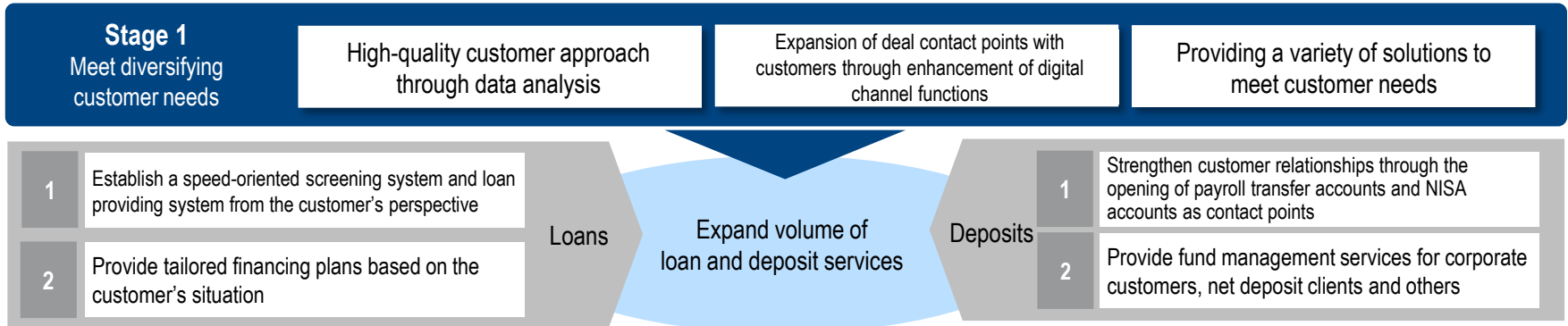
Consolidated Net Income



Shareholder Return Policy

Target to a total payout ratio of 40%, in view of the balance between profit levels and shareholder returns based on maintaining stable dividends

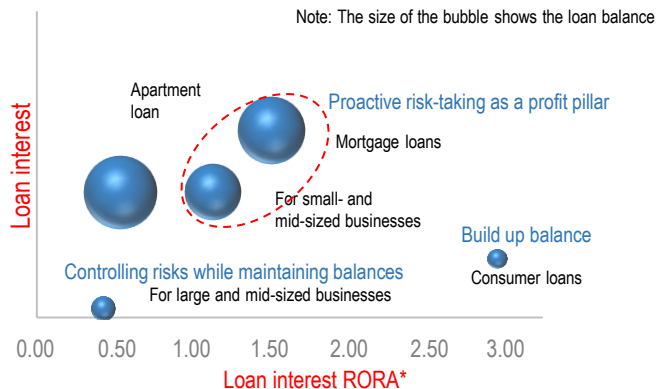
Expand the business foundation and improve corporate value by upgrading traditional banking services



Stage 2 Start full-scale RAF* management → Centrally manage “business strategy,” “financial strategy,” and “risk-taking strategy”

Direction to Secure Loan Profitability

Set direction in accordance with characteristics, and secure profit commensurate with risk



*RORA = Loan interest ÷ ((Risk-weighted assets at end of previous fiscal year + Risk-weighted assets at end of current fiscal year) ÷ 2)

New Securities Management Policy

Secure stable returns on securities management through risk-taking on the basis of management capabilities

Grow Portfolio
Increase yields in the medium to long term

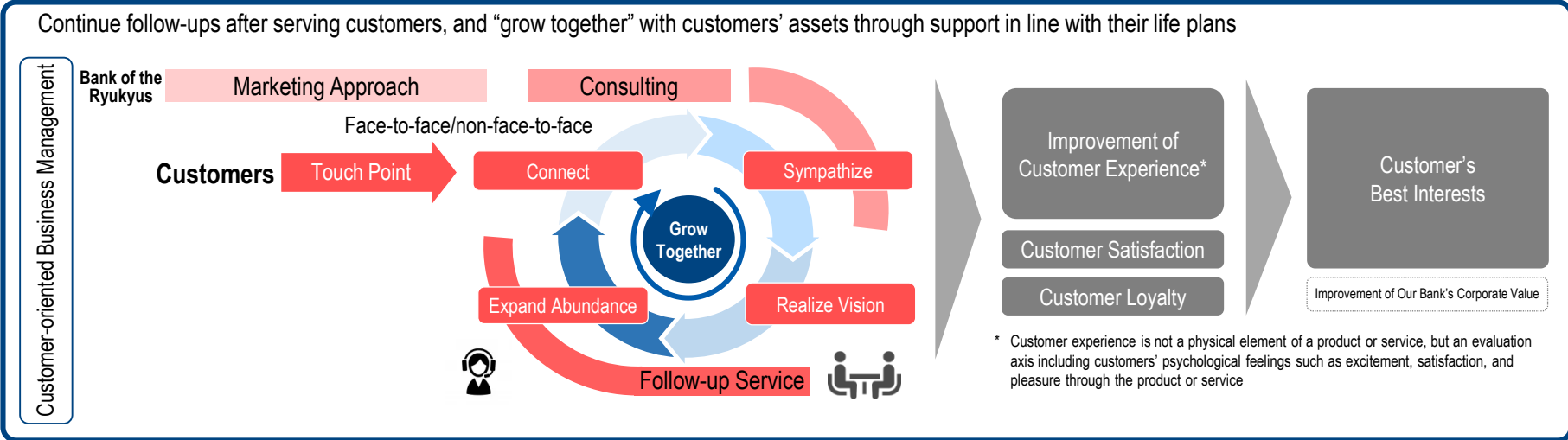


Stage 3
Transition to FIRB*
(Foundation Internal Rating Based Approach)
Credit risk management System advancement

- Establish appropriate management decisions and risk-taking policies that reflect the risk characteristics of the portfolio and are conscious of pricing and capital efficiency commensurate with risk
- Build a robust business management system by advancing internal controls and risk management systems
- Fostering an environment suitable to develop specialized human resources

Deeply understand customers as an accompanied life planning supporter to provide the best interests

Accompanied Support for Life Planning



Deepening of Individual Consulting Services

Analyze the customer’s current situation using the “Personal Support Sheet (PSS)*” and other tools to develop an optimal, tailored plan

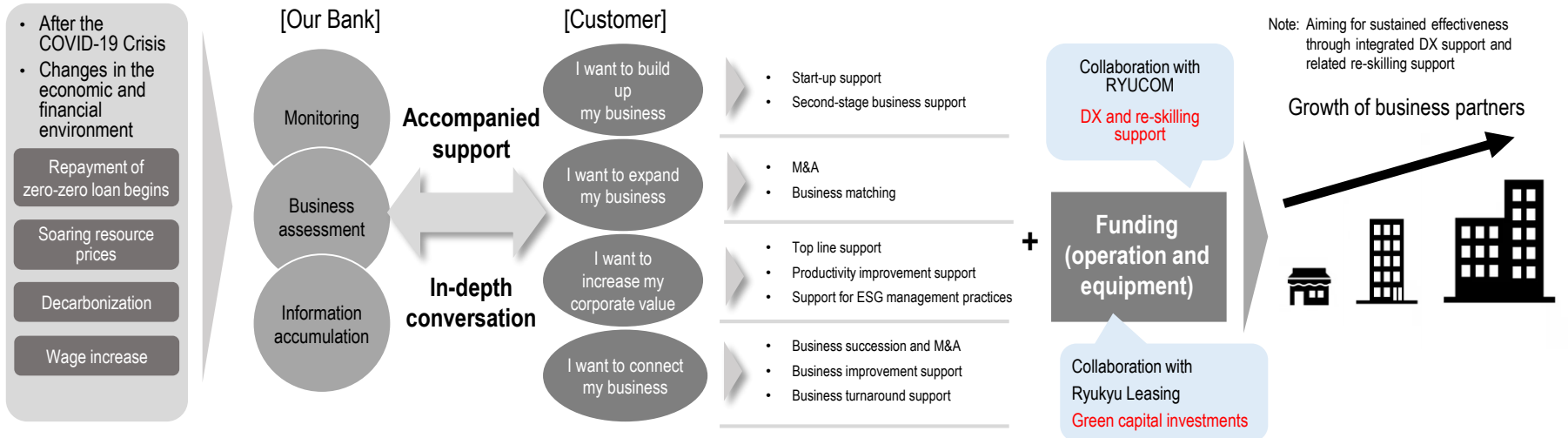
Note: Personal Support Sheet (PSS): The Bank’s unique consulting tool that helps customers organize their assets and visualize future issues

Individual Consulting		
Life Planning Consulting	Inheritance & Asset Succession Consulting	
<p>Asset Formation, Management and Financing</p> <ul style="list-style-type: none"> Investment trusts/Life insurance NISA/iDeCo Mortgage loans 	<p>Smooth Asset Succession [Before Inheritance]</p> <ul style="list-style-type: none"> Family trust (money and land) Reverse mortgage loans Living testamentary trust 	<p>Smooth Asset Succession [After Inheritance]</p> <ul style="list-style-type: none"> Support for testament creation Testamentary trust Asset utilization support
		<ul style="list-style-type: none"> Inheritance loan Inheritance procedure service Real estate matching Business succession consulting M&A consulting

Provide “high quality solution services” to meet diversifying customer needs, leading to improvements in corporate value

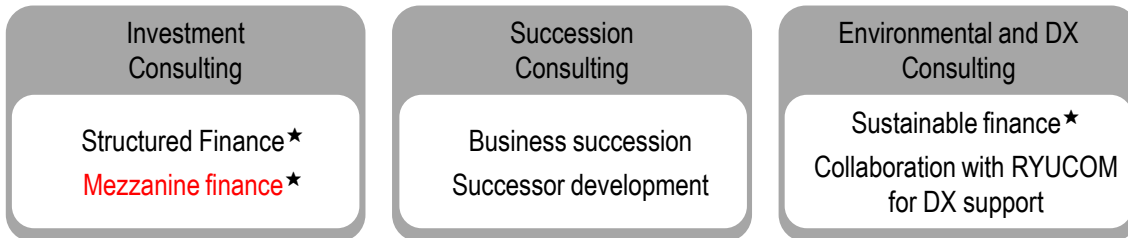
Protect Employment and Business Assets in Local Communities to Revitalize the Local Economy

- Reinforce support system for customers with deteriorating financial conditions due to excessive debt caused by the COVID-19 Crisis, rising purchase prices caused by soaring resource prices, etc.
- Enhance DX and re-skilling support* systems that lead to resolve customers’ issues by collaborating with Bank of the Ryukyus Group (RYUCOM and Ryukyu Leasing)

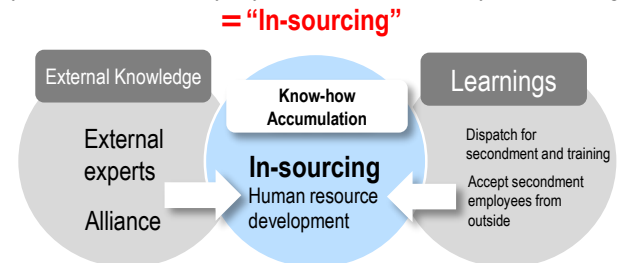


Expansion of Consulting Areas to Meet Diversified and Advanced Needs

Enhance the Group’s overall capabilities and develop a wide range of consulting functions to meet the diversified and advanced needs of business partners

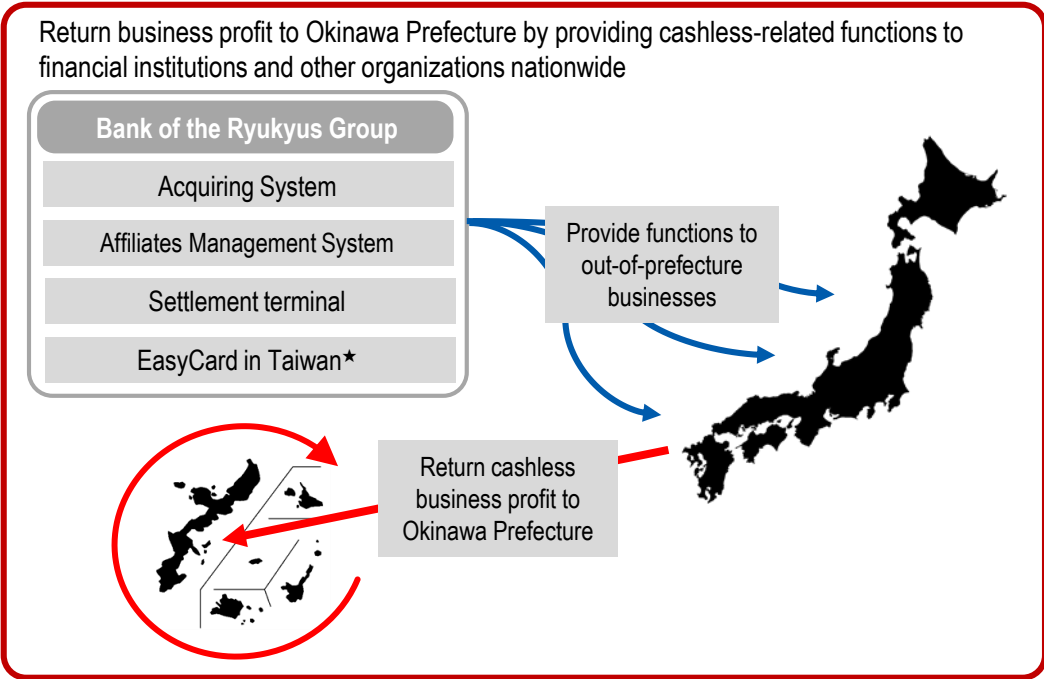


Deliver high-quality financial services to local customers solely by the Bank of the Ryukyus Group without any outsourcing

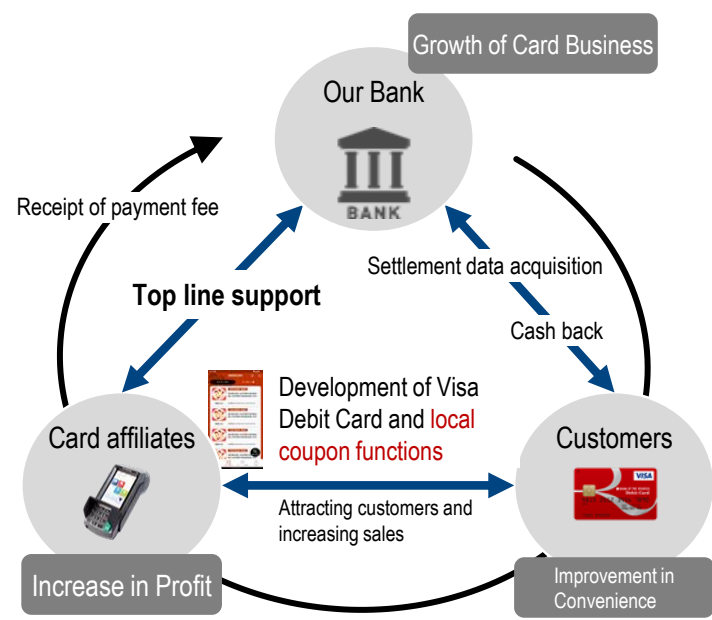


Contribute to improving the earning power of the local communities as a platform provider that promotes cashless payment

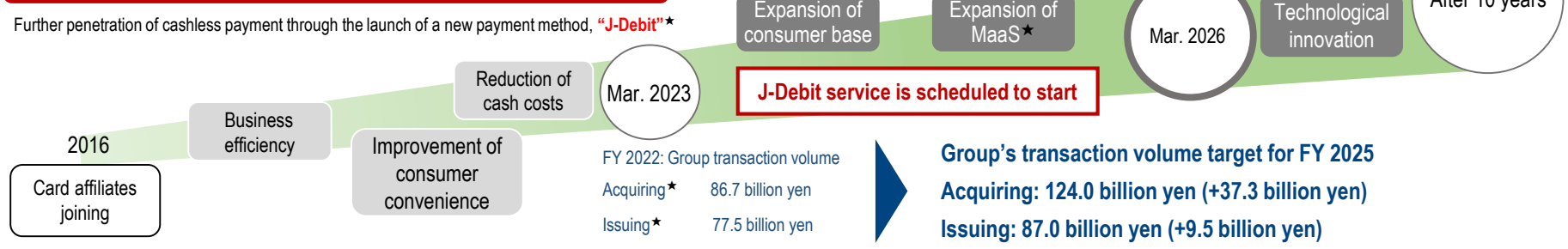
Demonstrate Functions as a Cashless Platform Provider



Expand Card Transaction Volume through Collaboration with Card Affiliates



Promotion of Cashless Island



Achieve sustainable growth of the “Bank of the Ryukyus Group” through practice of ESG management, leading to improvement of corporate, environmental, and social values

E = Environment

Decarbonization of the Bank of the Ryukyus Group Itself

Achieved the target of greenhouse gas emission reduction ahead of schedule

- Accelerate introduction of energy efficient & conservation equipment
- Make Urasoe Building (IT Center) energy efficient & conservative
- Expand ZEB certified offices
*As of Mar. 2023: Four offices certified
- Response for signing of PRB*
- Generate renewable energy
Consider acquiring equipment



[Paris Agreement]
2050
The challenge to be carbon neutral

Steadily promote reductions based on the contents in the IPCC* Sixth Assessment Report

Scope 1 and 2
CO2 emission volume
Reduced 60%
(Comparison with 2013)

● 2030

● 2025

Scope 1 and 2
CO2 emission volume
Reduced 45%
(Comparison with 2013)



May 2022
New headquarters building obtained “ZEB Oriented”
certification (scheduled for completion in 2025)



FY 2022
Obtained CDP★ rating of **“B”**

2022

S = Social

- Improve organizational performance by promoting diversity
- Create a safe and secure work environment
- Increase in job satisfaction and engagement
- Support to solve social issues through contribution activities to local communities

Major Cases in FY 2022

- Introduction of a “side job system”
- Launch of “TSUBASA Diversity and Inclusion Declaration” and “TSUBASA Cross Mentoring System”

G = Governance

- Enhance management transparency
- Disclose information and advance conversation
- Instill and establish corporate culture
- Enhance conversation opportunities between management and employees
- Improve ESG external assessment

Major Cases in FY 2022

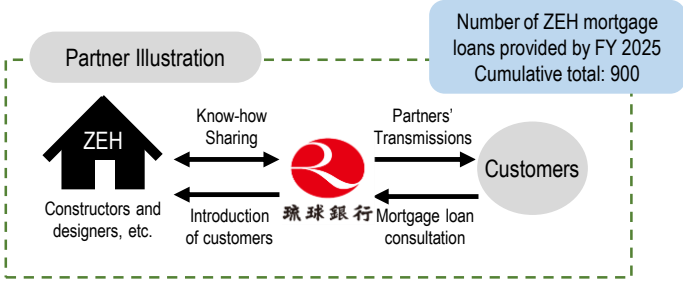
- Publication of Integrated Report
- Revision of internal reporting system (Compliance Hotline)

Support customers' decarbonization through collaboration with local communities and expansion of product lineups, improving environmental value

Demonstration of Leadership in Promoting ZEH in Local Communities

Efforts to reduce CO2 emissions targeting the residence sector, which accounts for approximately 60% of the Bank's loan portfolio

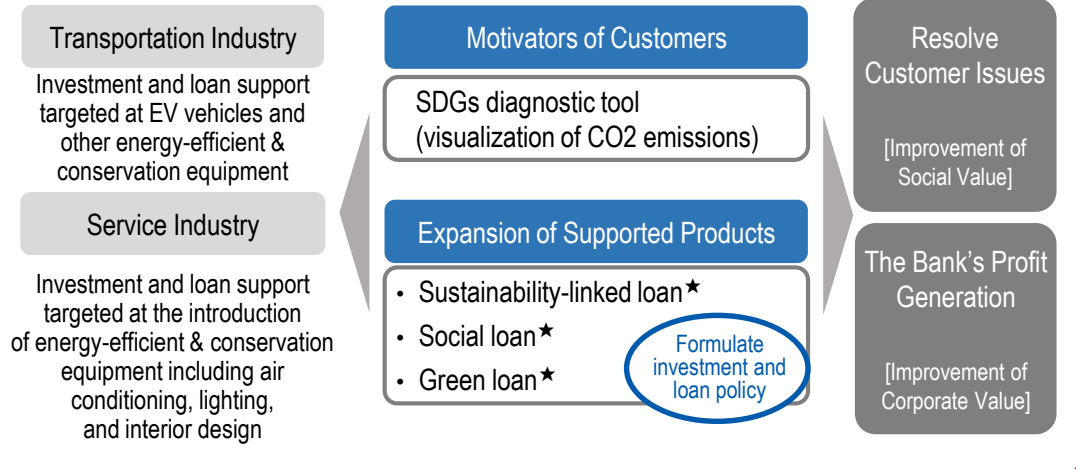
Launched an alliance to popularize ZEH called "Ryukyu net ZERO Energy Partnership*" (collaboration of companies involved in ZEH and energy-efficient & conservation housing construction)" in 2022



FY 2022 ESG Award
Indirect Financing Division Received "Special Award"

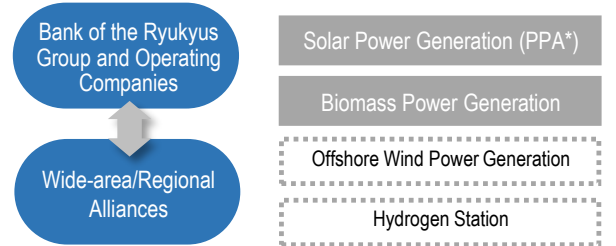
Support Top Sectors in the Loan Portfolio to Reduce CO2

Aiming to maximize the local CO2 reduction effect mainly targeting the "transportation sector," which is considered to be the largest CO2 emitter in Okinawa Prefecture, and the "service industry," which is the top sector in the Bank's loan portfolio ⇒ **Scope 3* target achieved**



Consideration of Entering Renewable Energy Business

Engage in research and development for renewable energy-related fields through proactive alliances with government and different industries, and explore the possibility of introducing renewable energy suited to local communities



* PPA (Power Purchase Agreement): A business operator leases the roof or idle land of a facility owned by a company or local government and installs power generation equipment for free of charge, and the company or local government uses the electricity generated at its facility, reducing CO2 emissions

Entry into J-Credit Operation and Management Business

Consider entering into the J-Credit* operation and management business to promote decarbonization

* J-Credit system: The government certifies the amount of reduced greenhouse gas emission achieved through the use of renewable energy in energy-efficient & conservation facilities as credits



Prepare to provide a higher level of service to customers by increasing the total workforce to create sufficient capacity to take training courses

New Approach to Human Investment

Purpose of Human Investment	Targeted Business for Investment	Investment Method
Upgrade traditional banking services	<ul style="list-style-type: none"> Individual and corporate consulting services Securities and market investment service Risk management services Auditing services Cashless payment service IT system management services 	<ul style="list-style-type: none"> Re-skilling of human resources in the bank <ul style="list-style-type: none"> Talent management system Support for self-directed learning Dispatch for external training Dispatch for/acceptance of external secondment Acquisition of knowledge from outside (cross-sectional exchange)
Challenge to enter new business areas to be able to provide advanced financial services on our own	<ul style="list-style-type: none"> Mezzanine finance services Asset management services Private REIT services PPP/PFI consulting services Data science services Marketing services Other new business areas 	<ul style="list-style-type: none"> Securing specialized human resources <ul style="list-style-type: none"> Recruitment of experienced personnel Accumulation of knowledge through alliances Acceptance of highly qualified human resources on secondment Concentrated development of human resources in the bank <ul style="list-style-type: none"> Dispatch to external secondment (cross-border study) Dispatch to educational institutions

Preparation of a Stage for Success

Promoting Women's Success

- Assignment of dedicated personnel
- Use of an in-house daycare center
- Support for returning to work after maternity/paternity leave
- Career training for young employees
- Management training
- Introduction of cross-mentoring system

Enhancement of HR System

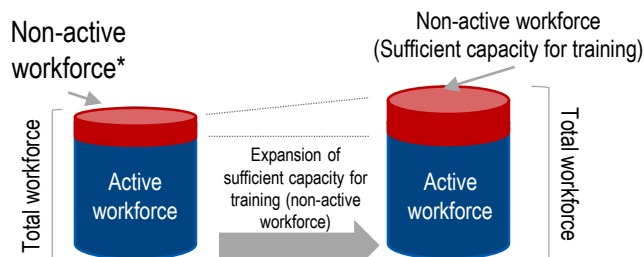
- Introduction of a multi-track personnel promotion system
- Revision of continuous employment system
- Consideration of introducing an employee share-based payments system
- Implementation of measures to improve engagement
- Support for self-directed career development

Health Management Practice

- Launch of health management committee
- Acquisition of White 500*
- Proactive information disclosure

Increase the Total Workforce to Create Sufficient Capacity to Take Training Courses

Lead the Effects of Human Investment to Improvement of Corporate Value



Improve the quality of human resources through human investment, and labor costs (human investment), which are increased due to the increase in total workforce, are recovered through the receipt of compensation for the high quality services provided

Training hours per person	10 hours/year (FY 2022)	➔	20 hours/year (FY 2025)
Number of human resources dispatched for professional training	31 persons/year (FY 2022)	➔	50 persons/year (FY 2025)

Note: Training hours per person: New employees and employees dispatched for training are excluded

* Non-active workforce: Anyone on maternity/paternity leave, childcare leave, sick leave, on general assignment, or dispatched for training, etc.

Transform banking offices into “places to deepen relationships with customers”

Policy for Improving Administrative Efficiency

Expand current efforts

Clarify priorities for improving administrative efficiency/customer convenience

Administrative Transformation

- Enhance “FTB” (tablet reception) functionality
- Expand slips with QR codes and consignment barcode processing

Reduce administrative work at banking offices as much as possible

Priority 1

Priority 2

Priority 3

Digital Transformation

- Enhance Bank of the Ryukyus App functionality
- Expand the number of offices capable for remote consultation

Expansion of non-face-to-face transaction

Centralization at headquarters

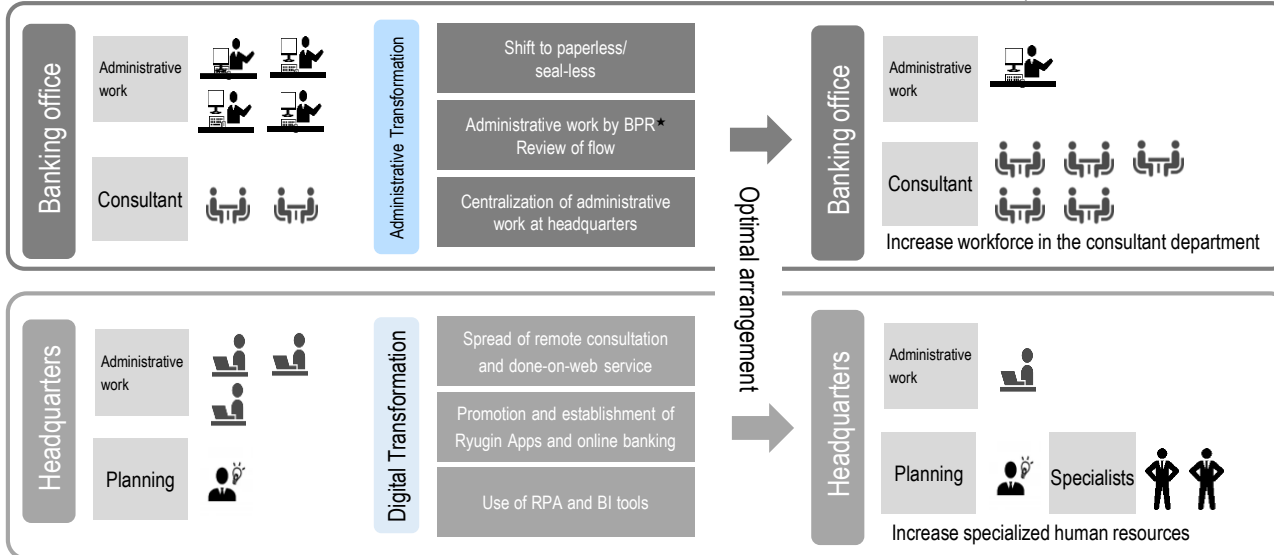
Improvement of operational efficiency in centralized administrative departments

Strategic Personnel Allocation through Achievement of Administrative Efficiency

<The Status Quo>

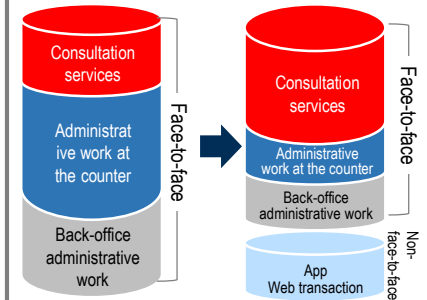
<Transformation Driver>

<Increase in Consultants and Specialized Human Resources>



Intended profile for banking offices

Make the banking office counter a place to deepen relationships with customers



[Advancement of non-face-to-face services]

- Direct customers to non-face-to-face channels that have no waiting time
- Improve service level of non-face-to-face channels

- Individual customers: Apps
- Corporate customers: Web services

Successfully reduce waiting time when customers visit our office by introducing an office visit reservation system

Provide “one-stop service” at banking offices in which one person handles all customer consultations, including deposits, investments and loans through a “full flat system”

Note: Full-flat system: A system to assign responsible personnel with the skills of providing both administrative procedures and consulting services to customers

Utilize data by restructuring CRM and SFA★ to deepen understanding about customers to resolve their issues

Data Utilization through Restructuring CRM and SFA

[Purpose of data utilization]

Advancement of face-to-face consulting

Share customers' issues and visions and deepen understanding about them

⇒ Understanding customer needs

Do not miss the right timing to provide information to customers

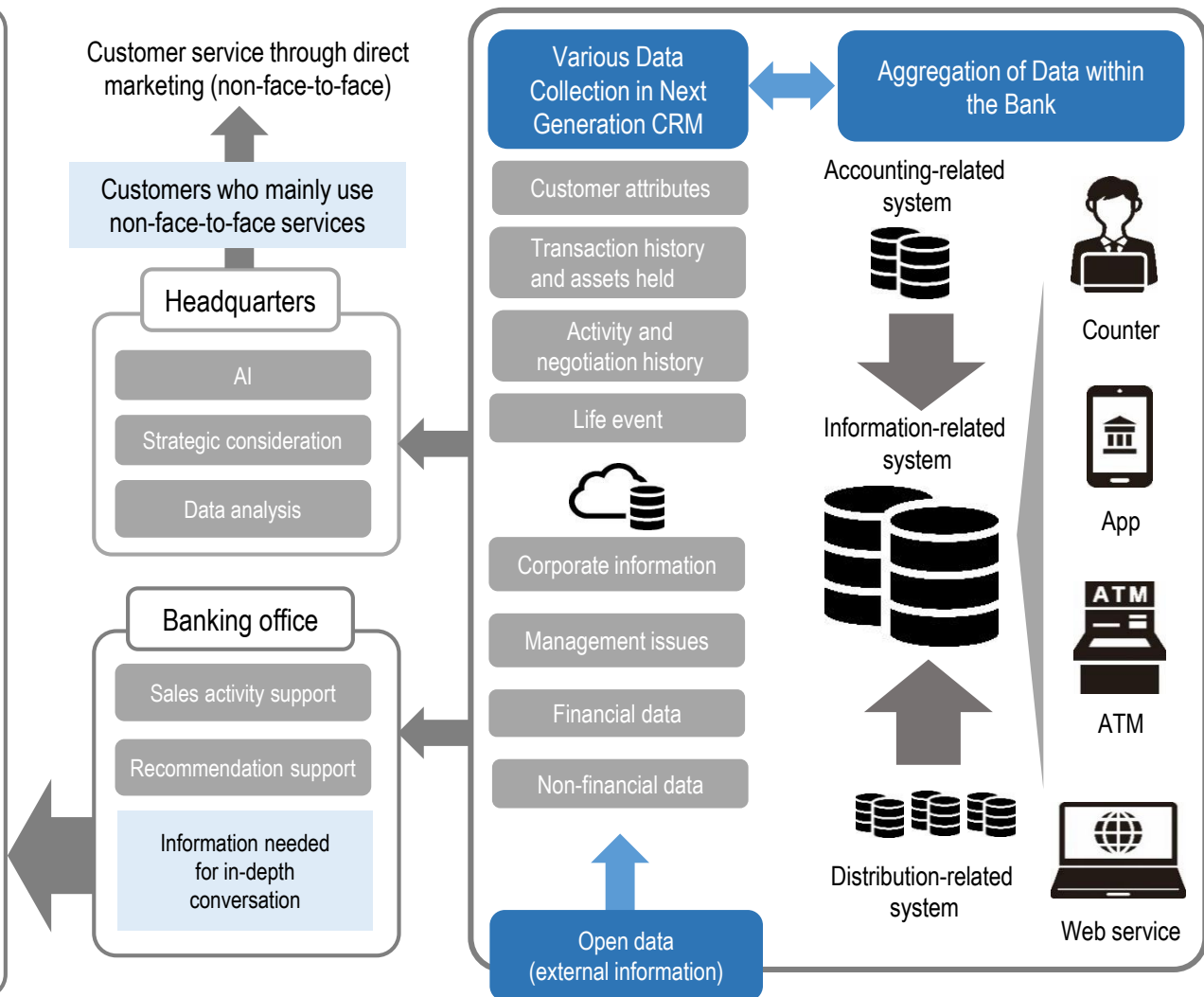
⇒ Effectively using customer time

Eliminate service level regressions associated with changes in responsible personnel

⇒ Improving customer engagement

Expand the conversation time with customers by reducing the burden of interview preparation for the responsible personnel

⇒ Strengthening relationships with customers



Expand capabilities of resolving issues through demonstration of synergies among the Bank of the Ryukyus Group companies and alliances

Demonstration of Group Synergies

IT Business
Strengthen Collaboration with RYUCOM

- Dec. 2022 Became a wholly owned subsidiary
- Resolving issues through local DX and re-skilling support

Lease Business
Ryukyu Lease

- Continuously strengthening solution offerings in collaboration with banks
- Developing businesses that address environmental and digital issues



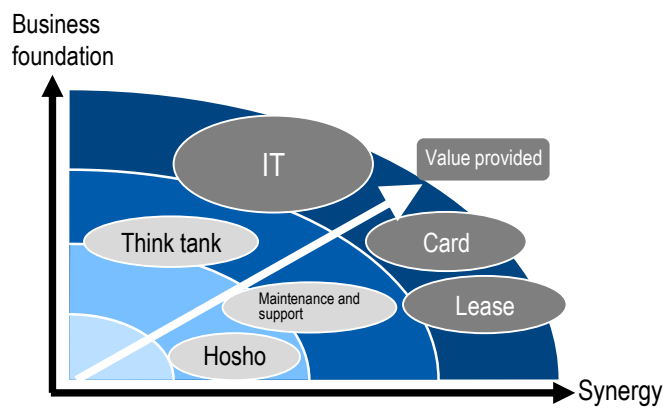
Card business: OCS and Ryugin DC

Acceleration of Human Resource Exchange

Strengthen overall capabilities by aggregating information on human resources and assigning the right personnel to the right positions across the group



Illustration of Improved Value Provided



Demonstration of Alliance Synergy

Alliance with Financial Institutions in Okinawa Prefecture

Joint venture with THE OKINAWA KAIHO BANK (established in February 2023) for joint cash transportation, intra-bank mail services, and ATM-related operations

⇒ continuing to look into further joint back-office operations

- ✓ Expansion of participating companies
- ✓ Consideration to expand corresponding business

Other Industries within Okinawa Prefecture

Demonstration of synergies of Ryukyu net ZERO Energy Partnership (collaboration of companies involved in ZEH and energy-efficient & conservation housing construction)

Community collaboration

Judankai★

Collaboration among 7 regional banks in Japan

- Shared use of core systems, etc.

TSUBASA Alliance★

Collaboration among 10 regional banks in Japan

- Collaboration in API, apps, and other wide range of areas
- Proactive exchange of human resources

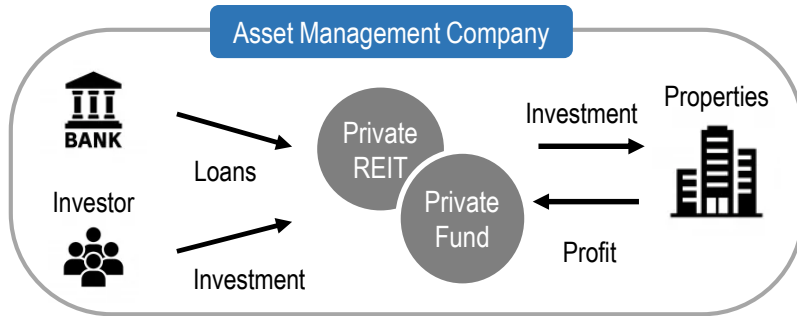


Challenges to Enter New Business Areas

Aim to expand our business foundation by challenging to enter new business areas to provide advanced financial services to our customers

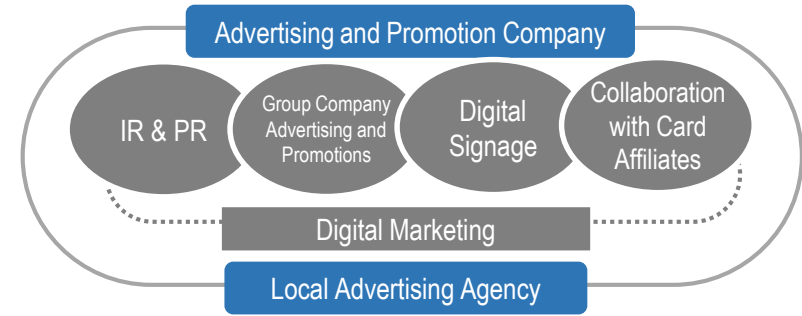
Consideration of Establishing an Asset Management Company

Considering establishment of a subsidiary to manage a private REIT★ to improve the social value of Okinawa Prefecture by creating job opportunities and attracting tourists through investment in properties that contribute to urban development and revitalization of local communities.



Consideration of Establishing an Advertising and Promotion Company

Considering establishment of an advertising and promotion company to improve corporate value by strengthening the PR capabilities of the Bank of the Ryukyus Group, including IRs and public relations, and by providing top-line support through the use of digital signage to attract customers to card affiliates, etc.



Expansion of the Investment and Loan Consulting Area

- ✓ Strengthen business finance, including structured finance and non-recourse loans★
- ✓ Expand efforts in LBO projects and corporate growth projects by utilizing **Mezzanine finance**

Enhancement of Equity Financing for Ventures and Startups

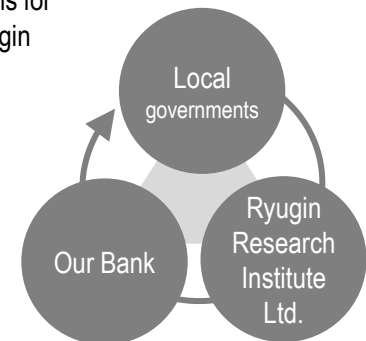
- ✓ Build networks by strengthening communication with venture capitalists and startup entrepreneurs/managers
- ✓ Enhance equity finance investment for startup companies which collaborate with Ryukyu Capital and others

Efforts for Consulting with Local Communities

- ✓ Acquire skills to provide consulting functions for **PPP and PFI*** business together with “Ryugin Research Institute Ltd.”
- ✓ Deliver stable public services to the local communities in cooperation with local governments

Note: Public Private Partnership (PPP)
⇒ A scheme to offer public services and operate facilities through collaboration with local governments

Note: PFI (Private Finance Initiative)
⇒ A scheme to utilize private funds to design, construct, and operate public facilities



Glossary 1

*Terms related to our Bank's own efforts

Term	Explanation
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism: Money Laundering is the process of making money generated by criminal activity appear to have come from a legitimate source, obscuring their source. Financing of Terrorism is funding terrorists and others for the purpose of carrying out terrorist acts. They are measures to prevent these criminal acts.
ROE	Return on Equity: An indicator showing the efficiency of capital utilization, calculated as "Profit" divided by "Average Balance of Capital Accounts." It represents the return on investment relative to shareholders' equity, becoming more important where shareholder-oriented management is desired.
OHR	Defined as "Expenses" divided by "Business Gross Profit," it is an indicator of how much expenses are spent to generate a certain amount of business gross profit. The smaller the value, the higher the efficiency.
Profit from Customer Services	Calculated as "Deposit and Loan Balance" + "Profit from Service Charges" - "Expenses," representing the Bank's ability to earn in its core business.
PSS*	Personal Support Sheet: Our Bank's own consulting tool that helps customers organize their assets and visualize future issues.
EasyCard	EasyCard: Taiwan's most widely used contactless IC card for transportation systems. In addition to use in subways and buses, it is broadly accepted for commercial uses, such as convenience stores and restaurants.
RORA	Return on Risk-Weighted Assets: An indicator showing how well a company is earning against the risks it is taking.
FIRB	One of the credit risk assessment methods used to calculate capital adequacy ratios. FIRB stands for Fundamental Internal Rating Based Approach.
RAF	Risk Appetite Framework: A management control framework consisting of a process for determining the type and level of risk to take within the scope of risk capacity and the internal control system that supports this process, in order to achieve management strategies formulated by management based on the long-term vision, social role, and management policies.
Structured finance	A funding method that is executed through the establishment of a structure, while focusing on a specific part of a corporate activity. Structured finance includes securitization of real estate focusing on assets held by a company, liquidation of loan receivables focusing on loan receivables, project finance focusing on a specific business, and lease finance focusing on the form of equipment use.
Mezzanine finance	A financing method that has a nature intermediate between debt financing (such as bank loans and issuance of corporate bonds) and equity financing (such as the issuance of common stock). Subordinated loans, subordinated bonds, and preferred shares fall under this category. They are subordinated to general loans in terms of repayment order and have priority over common stock in terms of dividend payments.
Sustainable finance	Finance that provides funds and advice to help solve issues related to environment (E), social (S), and governance (G).
Acquiring	The business of recruiting card affiliates, preparing an environment to make cards usable (installation of terminals), and making payments to affiliates for card sales. The return is the affiliate fee income on card sales from card affiliates.
Issuing	The business of recruiting cardholders, approving for credit, issuing credit cards, and collecting affiliate fees charged to cardholders for card usage. The return is a certain amount of fees (interchange fee) from the card companies (acquirer).

Glossary 2

Term	Explanation
J-Debit	A debit service that allows consumers to make payments directly at J-Debit affiliated stores using cash cards issued by their financial institution.
MaaS	Mobility as a Service: Integrating various types of transportation services into a single mobility service that is available on demand.
PRB	The official name is Principles for Responsible Banking. It is a framework for financial institutions to fulfill their social roles and responsibilities in accordance with the goals set forth in the Sustainable Development Goals (SDGs) and the Paris Agreement.
ZEB Oriented	ZEB: Zero Emission Buildings - buildings with an annual primary energy consumption of net zero or in the negative. ZEB Ready: A ZEB-sighted advanced building with highly insulated walls and highly effective energy-efficient & conservation equipment. ZEB Oriented: A ZEB Ready-sighted building with measures to achieve further energy-efficiency & conservation in addition to a highly insulated wall and highly effective energy-efficient & conservation equipment.
CDP	A non-governmental organization (NGO) that is internationally committed to environmental assessment disclosure. Each year, it surveys companies on climate change, water security, and forestry, and rates the results on an 8-point scale.
IPCC	Intergovernmental Panel on Climate Change: Comprehensively assessing and making reports on anthropogenic climate change, its impacts, and its measures from scientific and technical perspectives with a collaboration of scientists from all over the world.
Ryukyu net ZERO Energy Partnership* (ZEP Ryukyu)	ZEP Ryukyu: A partnership among companies involved in ZEH/energy-efficient & conservation housing construction with the aim of spreading ZEH/energy-efficient & conservation housings in Okinawa Prefecture to make Okinawa a decarbonized society. It aims to improve know-how related to ZEH/energy-efficient & conservation housing construction, and provide support for ZEH/energy-efficient & conservation housing construction by introducing businesses involved in energy-efficiency & conservation calculations for residential buildings. ZEP Ryukyu will provide all kinds of consultations regarding energy-efficient & conservation housing and ZEH, including subsidies, tax incentives, ZEH home loans, and referrals to building and design contractors for customers who are considering housing.
Scope 3	Scope 1: Direct emissions of greenhouse gas by the business operator itself, such as the combustion of fuels and industrial processes. Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by others. Scope 3: Indirect emissions other than Scope 1 and 2 (emissions from financing partners, etc.), consisting of 15 categories based mainly on the classification of corporate activities.
Sustainability-linked loan	A loan that sets sustainability performance targets matched with the borrower's ESG strategy to encourage the borrower to improve its sustainability performance, and incentives and disincentives are generated for the borrower depending on the achievement of these targets.
Social loan	A loan that is limited to the use of funds for socially conscious businesses.
Green loan	A loan that limits the use of funds for environmentally conscious businesses.
PPA	Power Purchase Agreement: A business operator leases the roof or idle land of a facility owned by a company or local government and installs power generation equipment for free of charge, and the company or local government uses the electricity generated at its facility, reducing CO2 emissions
J-Credit	A system that the government certifies the amount of reduced CO2 emission achieved through the introduction of energy-efficient & conservation equipment and the use of renewable energy, as well as the amount of CO2 absorption resulting from appropriate forest management as "credit." The generated credits can be used for various purposes, such as achieving the targets of the Carbon Neutrality Action Plan and carbon offsetting.

Glossary 3

Term	Explanation
PPP	Public Private Partnership: A partnership between the government and the private sector to construct, maintain, manage, and operate public facilities, so the private sector's creativity and ingenuity are utilized to achieve efficient use of financial resources and administrative efficiency.
PFI	Private Finance Initiative: A private company undertakes the construction and operation of public facilities planned by the public sector. PFI is one of the representative methods of PPP, which provides high-quality public services and improves social infrastructure by utilizing funds and technical capabilities of the private sector. While PFI aims for private companies to invest in public projects and provide public services, PPP aims for private companies and public institutions to collaborate in providing public services.
Non-recourse loan	A form of loan in which only rental profit or proceeds of the property to be financed are appropriated as the source of repayment. In a non-recourse loan, the lender's recourse is limited to the income from the property to be financed, and the debtor has no further repayment obligations.
White 500	A crown given to the top-ranking corporation in the Large Corporation Division of the Certification System for Excellent Health Management, which recognizes large corporations and small- and mid-sized companies that practice particularly excellent health management based on initiatives that meet local health issues and health promotion initiatives promoted by Nippon Kenko Kaigi.
BPR	Business process re-engineering: A fundamental review of existing operations and organization for the purpose of operational reforms, and restructuring of duties, workflow, and others from a process perspective.
Full flat system*	A system to assign responsible personnel with the skills of providing both administrative procedures and consulting services to customers.
CRM/SFA	CRM (Customer Relationship Management): A management tool to centrally manage customer-related information, including basics such as customer name, age, and attributes, as well as purchase history and preferences, providing marketing and support based on the accumulated information. SFA (Sales Force Automation): A tool that supports the sales department by managing the actions of sales members and the progress of business negotiations, called a sales support system.
Juudankai	Consists of The Yamagata Bank, Tsukuba Bank, The Musashino Bank, The Hachijuni Bank, The Awa Bank, The Miyazaki Bank, and Bank of the Ryukyus, which have agreed to share systems. In addition to the core system, it aims to share a wide range of systems as much as possible, with the goal of making efficient use of system costs by sharing products, services, and administrative procedures.
TSUBASA Alliance	A wide-area alliance comprising 10 regional-bank members, including The Chiba Bank, The Daishi Hokuetsu Bank, Chugoku Bank, The Iyo Bank, The Toho Bank, North Pacific Bank, The Musashino Bank, Shiga Bank, The Gunma Bank, and Bank of the Ryukyus, forming a network covering the entire nation from Hokkaido to Okinawa. The alliance is promoting advanced collaboration in a wide range of areas, including joint operation for FinTech and administration/systems, inheritance-related services, international services, and the use of group companies.
Private REIT	An unlisted real estate investment fund. Since the fund is unlisted, its prices directly reflect real estate assessment without being strongly influenced by financial market trends, so it is expected to diversify investment risks.