

Investor Presentation

Financial Results for FY 2023



Received an Honorable Mention in the General Category of the 32nd (Fiscal 2023) Bingata Design Contest
"Dancing in Blue" by Mie Yamashiro

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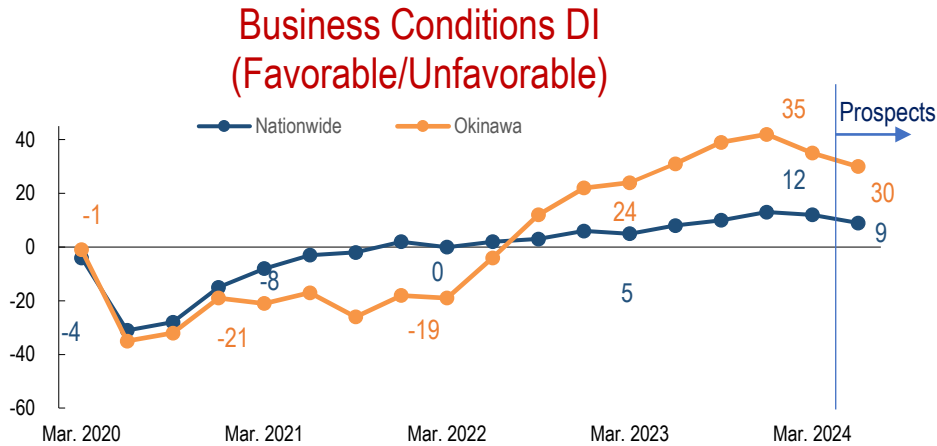
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Financial Results for the Fiscal Year Ended March 31, 2024

Economic Overview of Okinawa Prefecture

The Okinawa economy as a whole is in a recovery trend, led by the tourism industry, and is expected to continue to recover going forward in light of planned development projects.



Source: Bank of Japan Naha Branch



Source: Okinawa Prefecture

Economic Overview of Okinawa Prefecture

According to the Tankan's survey of business conditions, the economy in Okinawa Prefecture has been recovering since March 2022, and the prefecture's economy is in an expansionary trend.

The future outlook is for the "favorable" side to deteriorate by 5 points from March 2024 to a "favorable" side of 30 points.

Trends in major indicators

Tourism

Travel demand is high both domestically and internationally, with the number of inbound tourists expected to recover to the fifth highest level since the record high in FY2023. Tourism is expected to continue to expand gradually in the future.

Consumption

Consumer sentiment remains solid, and a recovery is expected to continue.

Construction

Although material prices remain high, the recovery is expected to gain momentum due to factors such as increased activity in private-sector construction.

Recent Major Development Projects

Hotel name	Type	Scheduled opening
JUNGLIA	Theme Park	Summer 2025
PGM Golf Resort Okinawa	Hotel	2026
Four Seasons Resort and Private Residences Okinawa	Hotel	Spring 2027

Financial Summary

Both consolidated and non-consolidated income increased and profit decreased.

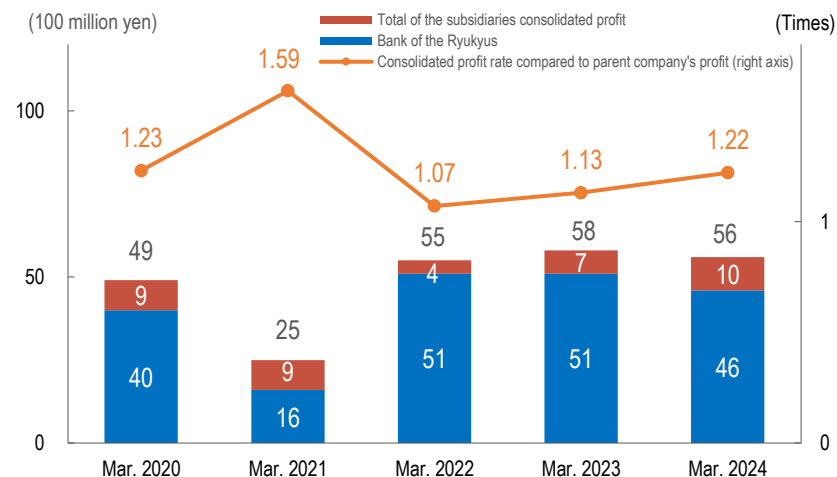
(100 million yen)

[Consolidated]	FY 2023 (Ended Mar. 2024)		Bank of the Ryukyus		Ryukyu Lease		RYUCOM		OCS		Ryugin DC		Ryugin Hosho	
		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year
Ordinary income	659	+ 58	431	+ 23	171	+ 17	35	—	19	+ 0	18	+ 1	6	- 0
Ordinary profit	84	- 0	68	- 3	5	+ 0	1	—	0	+ 0	3	- 0	5	- 0
Profit attributable to owners of the parent	56	- 2	46	- 5	3	+ 0	1	—	0	+ 0	2	- 0	3	- 0

Note: RYUCOM was established on December 1, 2022; therefore, there is no comparison with the previous fiscal year.

[Non-Consolidated]	FY 2023 (Ended Mar. 2024)	Year on Year	FY 2022 (Ended Mar. 2023)
Ordinary income	431	+ 23	407
Ordinary profit	68	- 3	72
Net income	46	- 5	51

Consolidated Net Income and Consolidated Profit Rates Compared to Parent Company's Profit



Summary of Profit/Loss Trends

(Million yen)

	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Year on Year
Profit from customer services*1	3,619	3,835	5,097	5,691	4,884	-807
Deposit and loan balance*2	22,837	23,249	23,433	23,027	22,872	-155
Profit from service charges*3	5,400	5,775	6,287	6,754	7,688	934
Expenses	-24,618	-25,189	-24,623	-24,090	-25,676	-1,586
Profit/loss in Trading Division	2,054	1,864	1,302	-312	424	736
Profit/loss in Securities & International Department	1,778	1,357	537	-988	268	1,256
Interest and dividends	1,597	1,201	1,054	1,883	2,934	1,051
Gains/losses from forex and commodities trading	149	115	60	-919	-1,277	-358
Balance of 5 bond accounts	421	89	-818	-1,690	-554	1,136
Balance of 3 share accounts	-1,089	41	-103	236	773	537
Policy-related investment	276	506	765	676	155	-521
Net core business profit*4	6,712	5,987	7,395	6,699	5,105	-1,594
Net credit costs	-869	-3,313	729	1,914	1,324	-590
General provision for doubtful accounts*5	-1,591	-2,751	880	1,987	1,993	6
Miscellaneous, corporate tax, etc.	-795	-770	-1,933	-2,098	-2,018	80
Net income	4,009	1,616	5,195	5,195	4,614	-581

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

*2 Balance of deposits and loans (incl. loan-related fees. Interest on deposits is calculated based on currency swap income in real terms).

In the fiscal year ended March 31, 2024, the amount increased year on year, excl. loan-related fees.

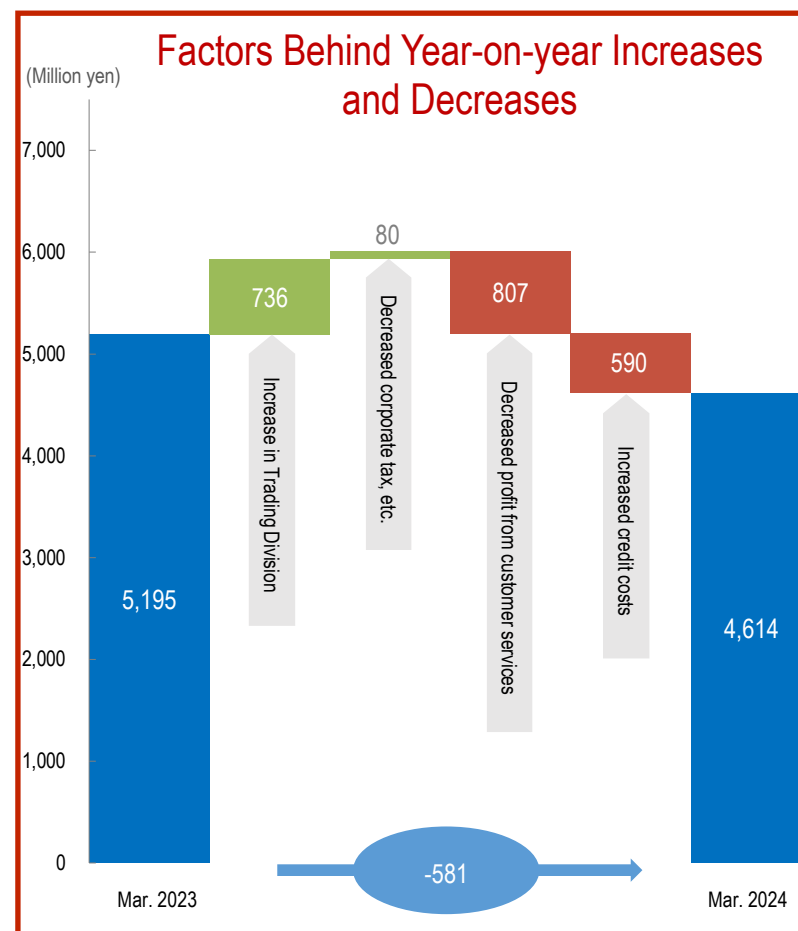
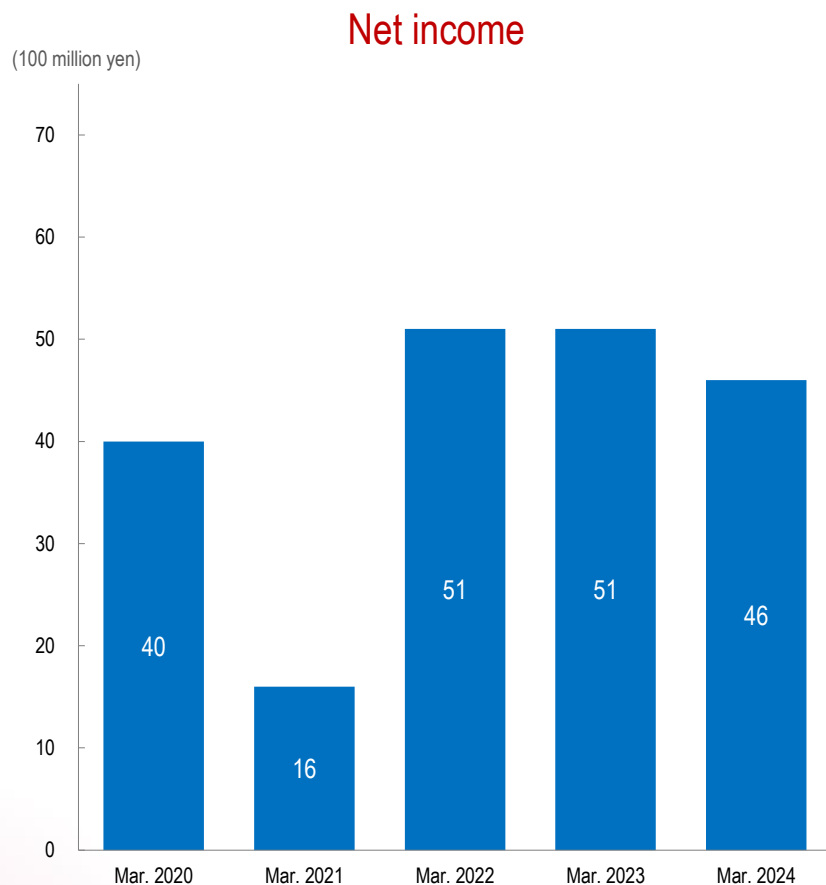
*3 Profit from service charges (excl. loan fees).

*4 Net core business profit (net business profit before general provision for doubtful accounts and profit/loss in government and other bonds (balance of 5 bond accounts)).

*5 General provision for doubtful accounts: negative amounts indicate a provision and positive amounts indicate a reversal.

Profit/Loss During the Fiscal Year Ended March 31, 2024

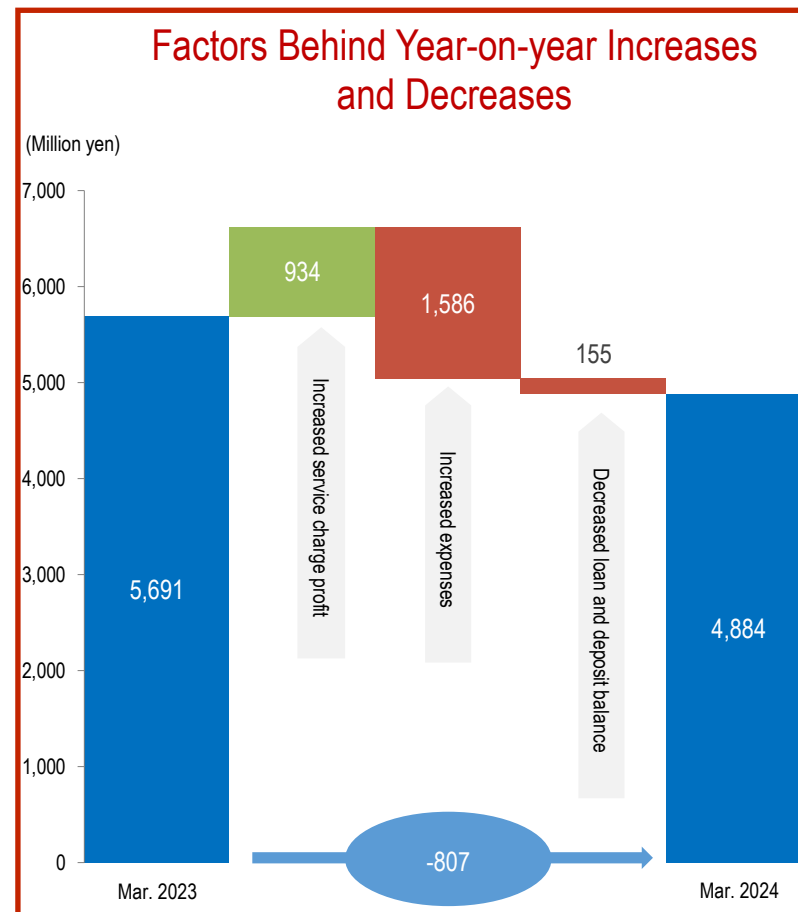
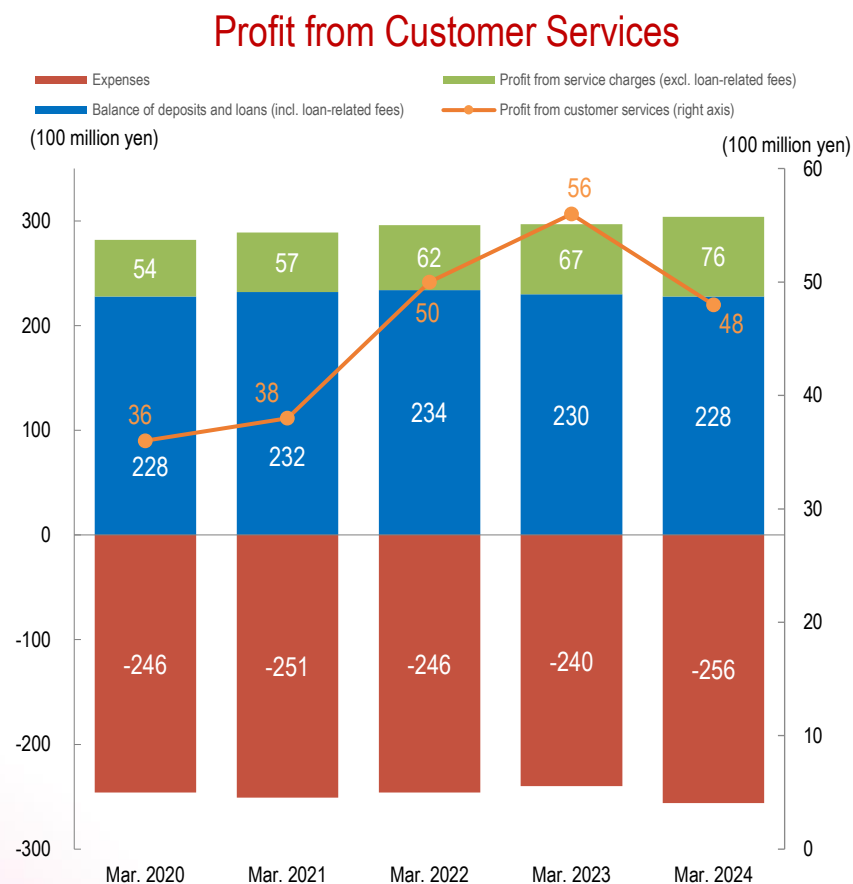
Although the Trading Division experienced an increase, net income decreased due to decreased profit from customer services and an increase in credit costs.



Profit from Customer Services

Although profit from service charges increased, profit from customer services decreased due to an increase in expenses and a decrease in the loan and deposit balance.

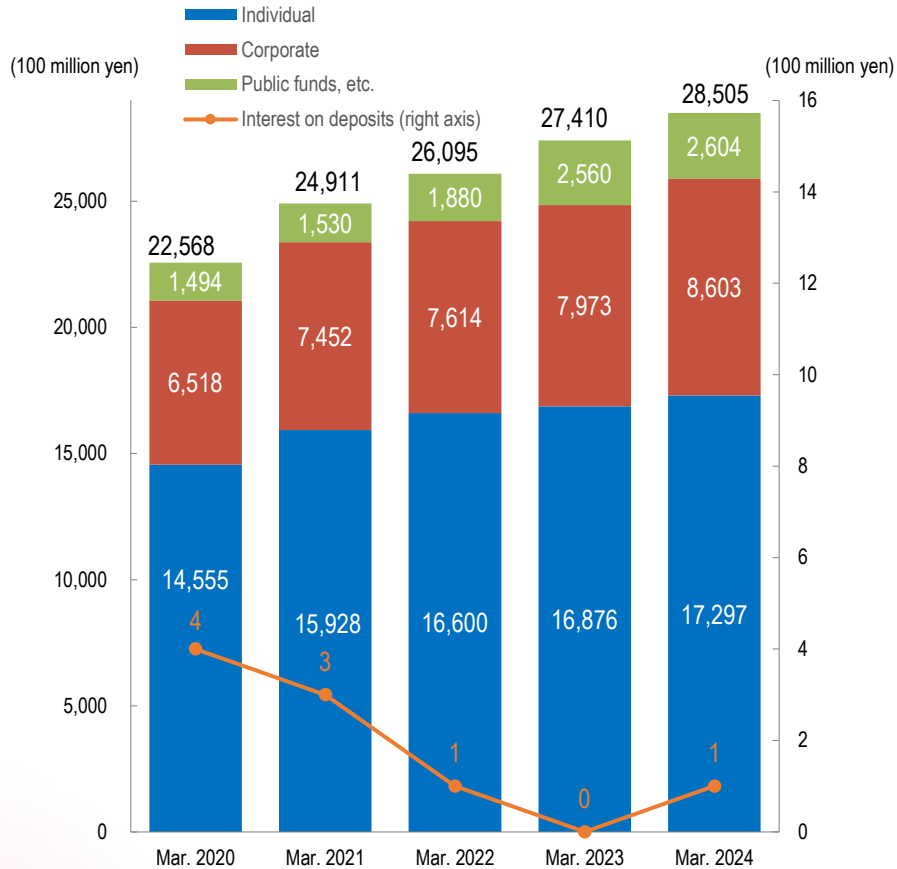
Note: The loan and deposit balance includes loan-related fees, and the decrease was mainly due to the absence of refunds of regional bank group credit life insurance premiums. Excluding loan-related fees, the loan and deposit balance increased by 113 million yen year on year.



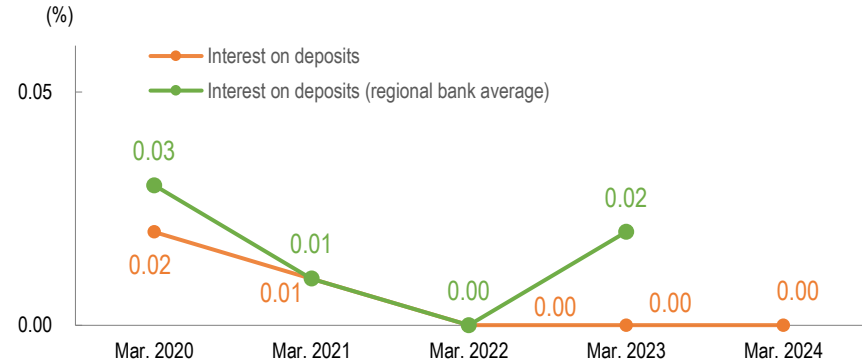
Deposits

Deposit and other balances increased for both individuals and corporations.

Deposit and Other Balances

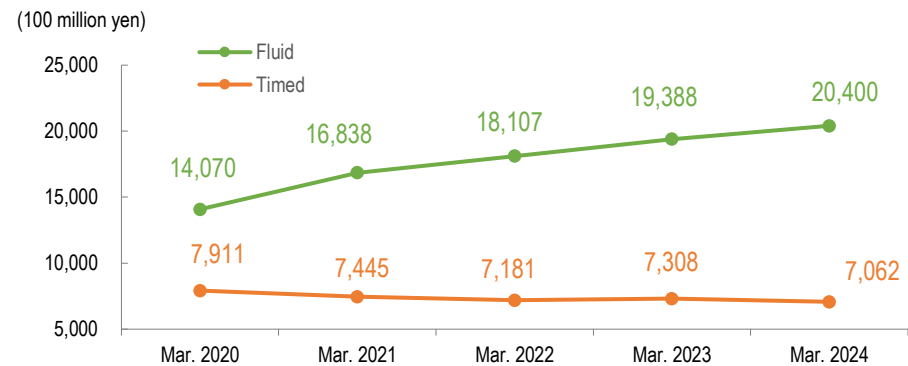


Interest on Deposits, etc.



Source: REGIONAL BANKS ASSOCIATION OF JAPAN

Averaged Liquid and Timed Deposit Balances

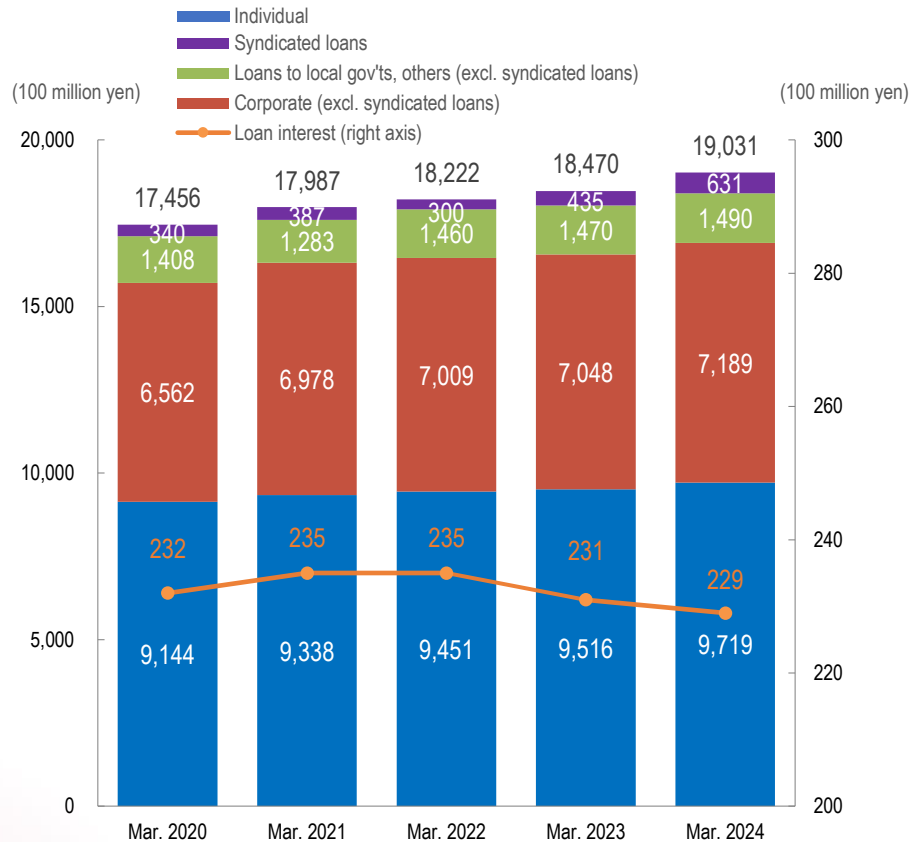


Loans

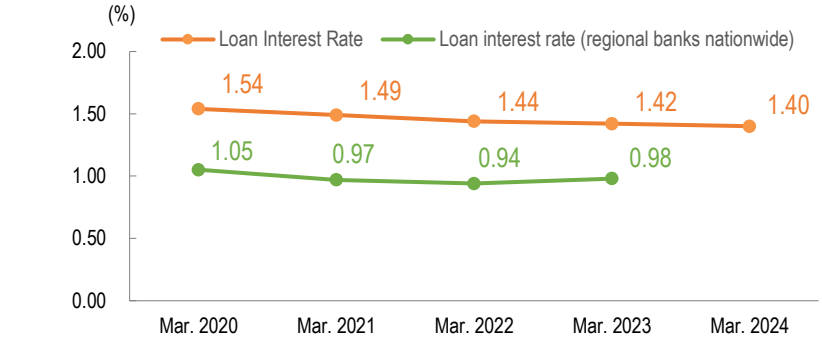
Loan balance increased mainly for corporations, individuals, and syndicated loans. Interest on loans included loan-related fees, and decreased mainly due to the absence of refunds of regional bank group credit life insurance premiums.

Note: Excluding loan-related fees, interest on loans increased by 132 million yen year on year.

Loan balance

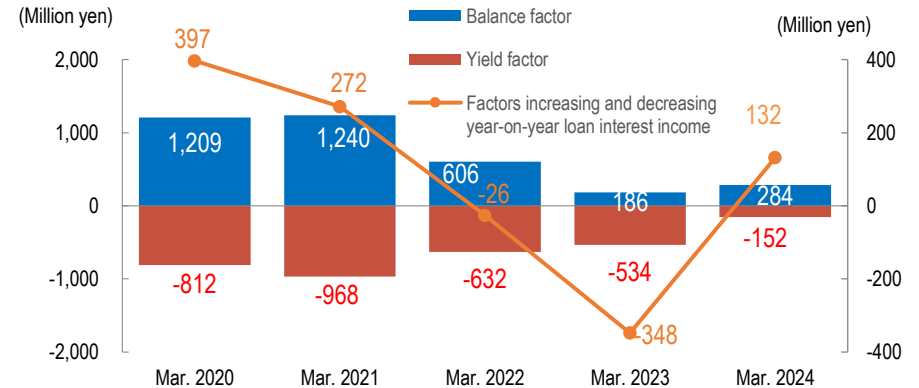


Loan Interest Rate



Source: REGIONAL BANKS ASSOCIATION OF JAPAN

Factors Increasing and Decreasing Loan Interest Income



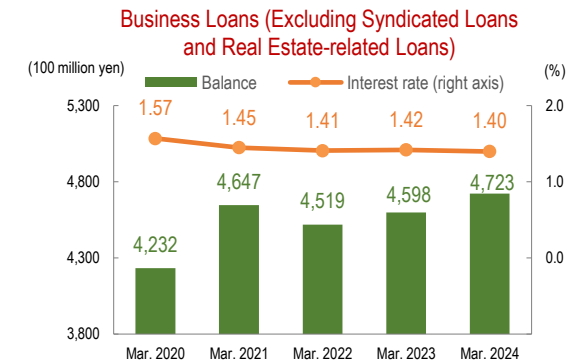
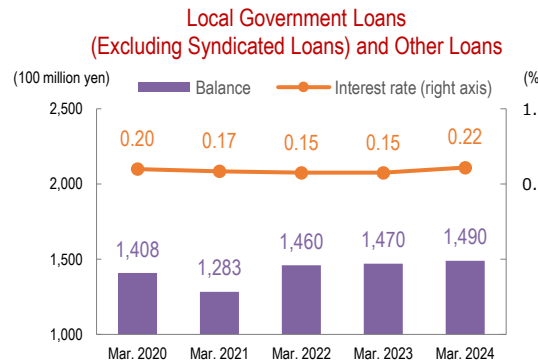
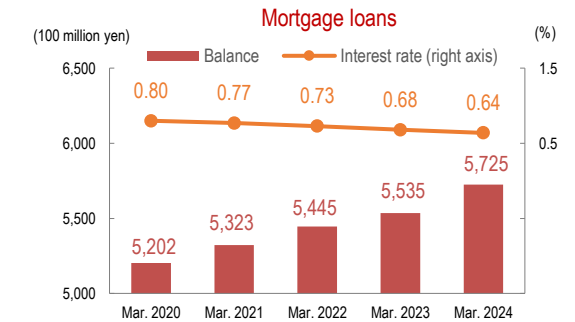
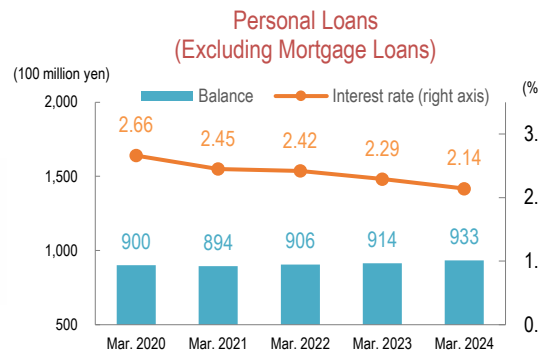
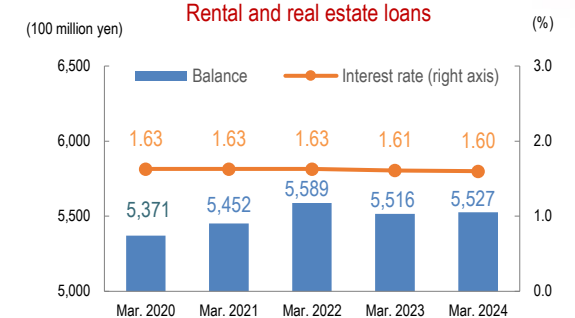
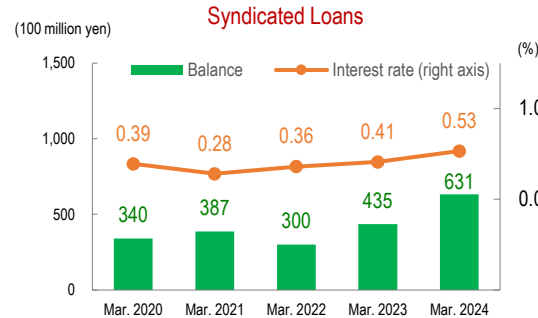
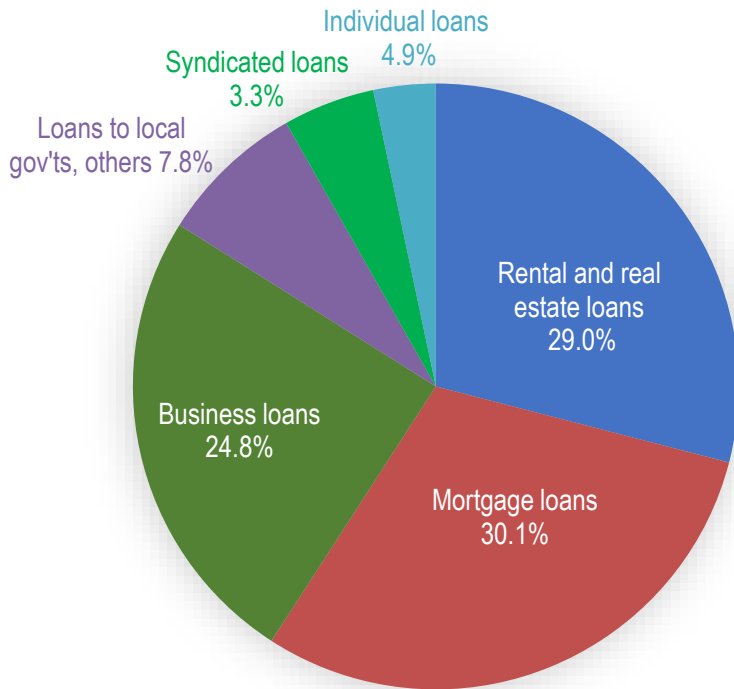
Note: Loan interest in the "Loan balance" graph includes "loan-related fees (consumer loan guarantee fees and group credit life insurance premiums)." Interest on loans decreased mainly due to the absence of refunds of regional bank group credit life insurance premiums.

Note: Loan interest in the "Factors Increasing and Decreasing Loan Interest Income" graph does not include "loan-related fees." Therefore, the loan interest in the "Loan balance" graph and the "loan and deposit balance" on page 6 do not match.

Status of Loans

Balances increased for all purposes, especially in mortgage loans and business loans. Yields on rental and real estate loans, mortgage loans, and business loans, which account for a high proportion of total loans, decreased.

Breakdown of Loan Balances by Use



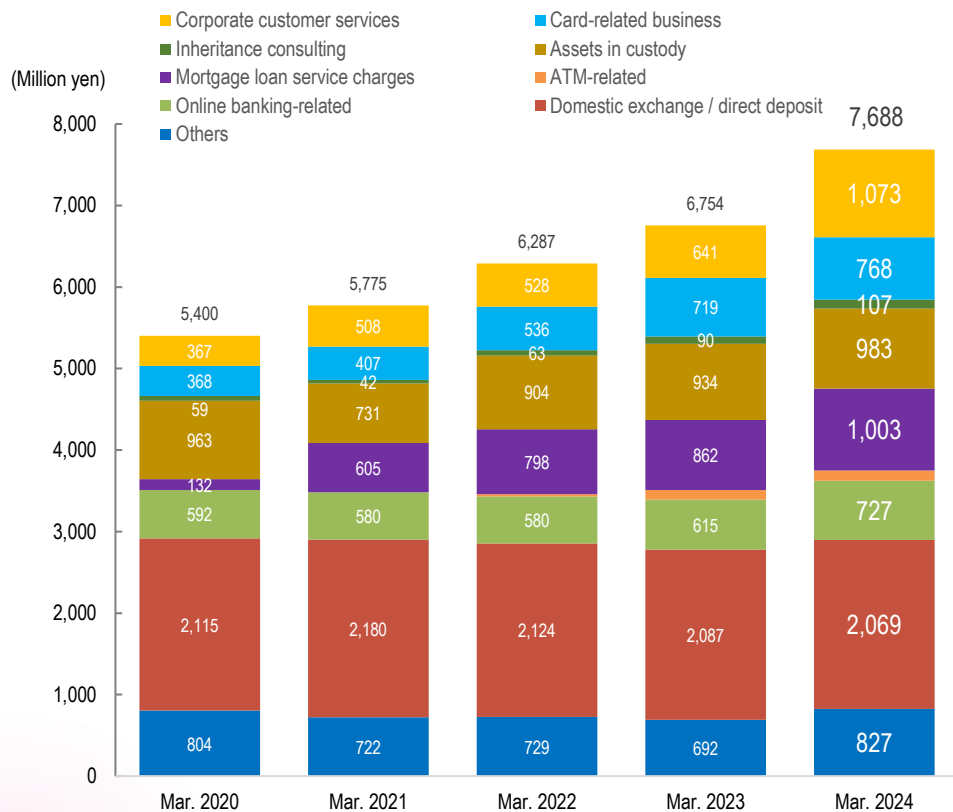
Note: Loan-related fees do not include loan-related fees (consumer loan guarantee fees and group credit life insurance premiums).

Profit from Service Charges

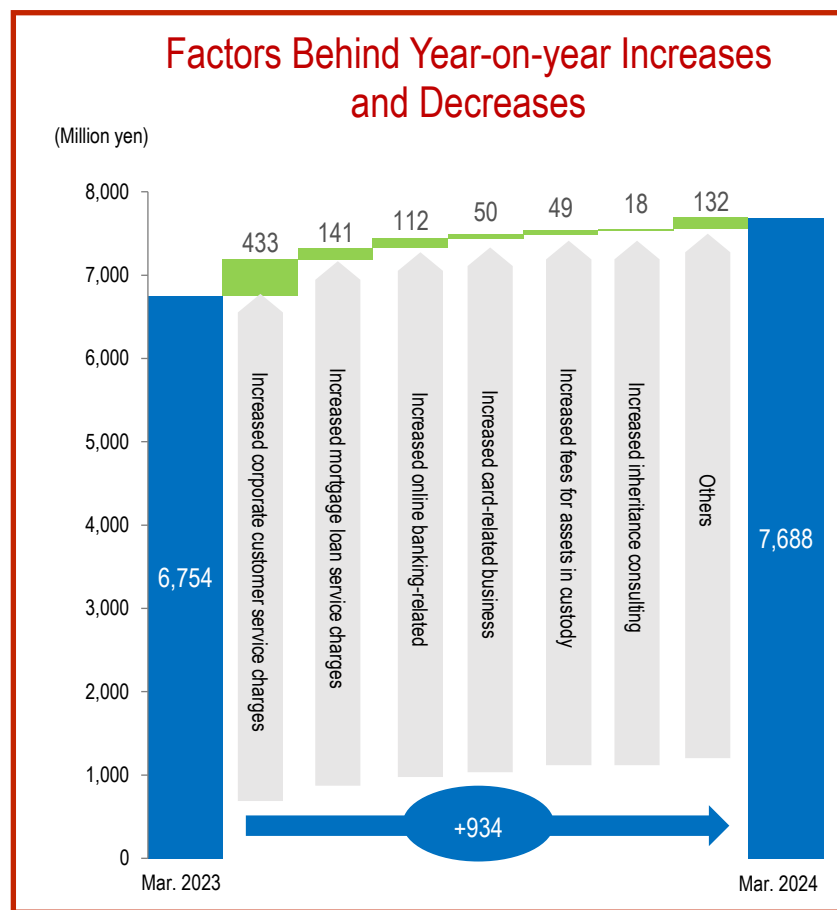
Corporate customer service charges increased significantly. In addition to the three key businesses (Corporate Customer Services, Card Business, and Inheritance Consulting), there was an increase in all categories excluding domestic exchange and direct deposit.

Trends in Profit from Service Charges

(Excluding Group Credit Life Insurance Premiums and Loan Guarantee Fees)



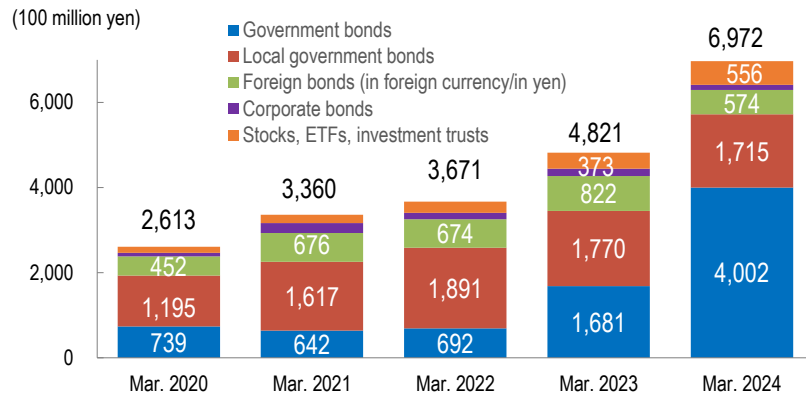
Factors Behind Year-on-year Increases and Decreases



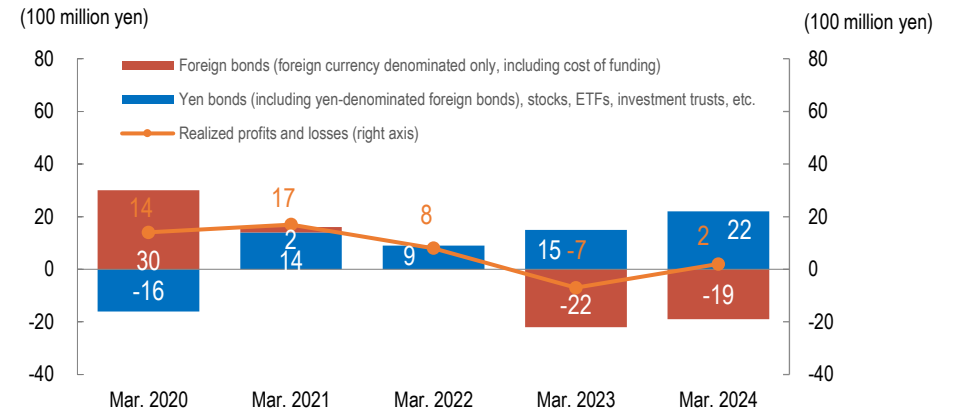
Securities

Strategically building up balance of securities, including risk-weighted assets, with the aim of improving profits over the medium to long term. In terms of realized profits and losses of securities, the Bank secured profits through the sale of equity ETFs, etc. while continuing to sell low-yield foreign bonds.

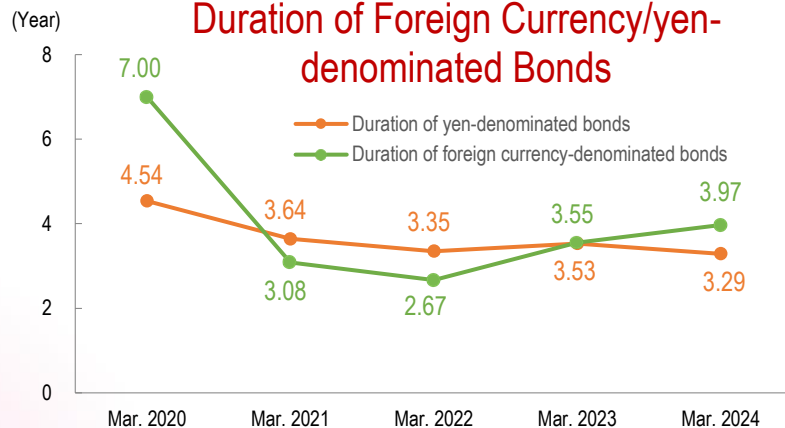
Balance of securities



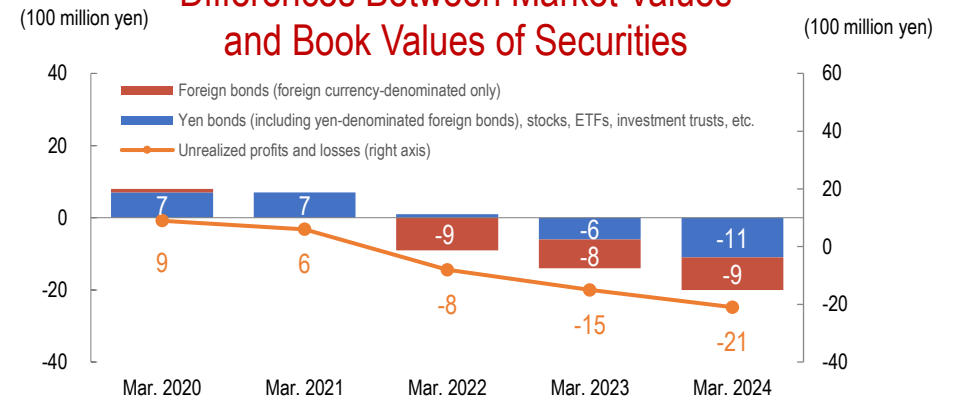
Realized Profits and Losses of Securities



Duration of Foreign Currency/yen-denominated Bonds



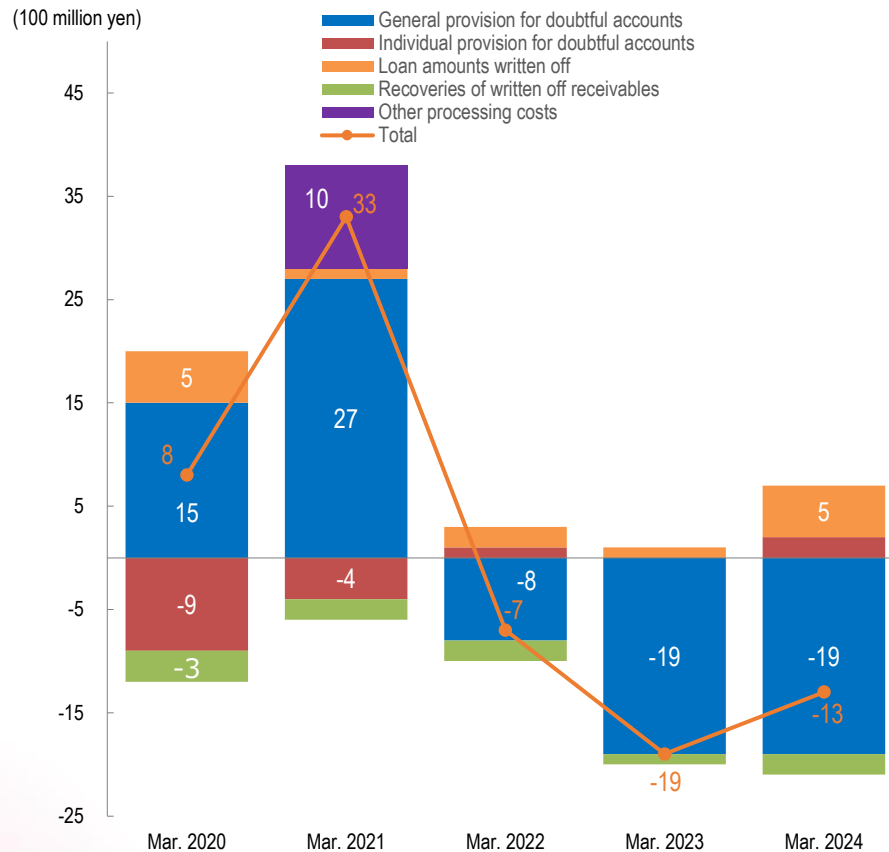
Differences Between Market Values and Book Values of Securities



Net Credit Costs and Disclosed Bad Debt

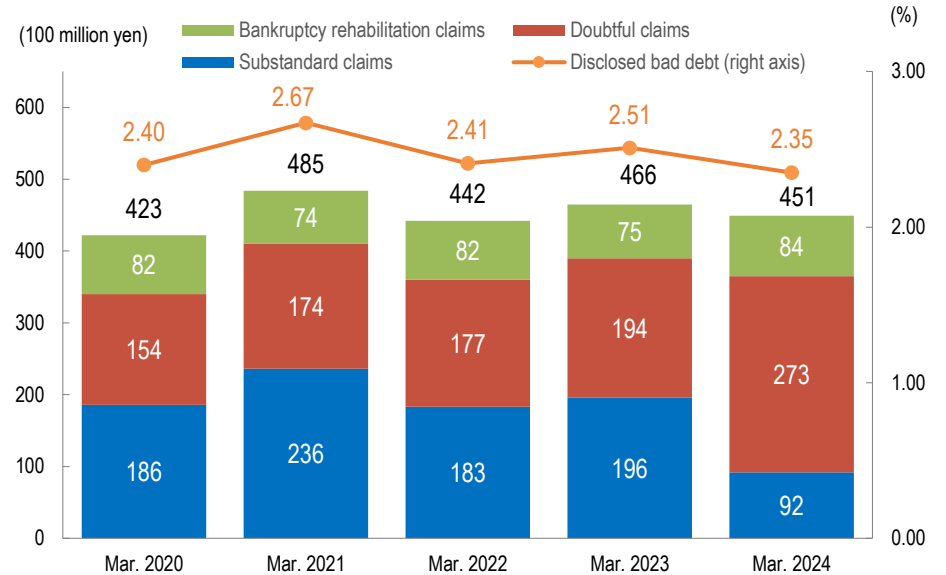
General provision for doubtful accounts is based on “Forward-looking Provisioning”^(*) Despite a reversal due to the release of overlay^(*) in the accommodation industry and the healthcare and insurance industries, net credit cost increased due to an increase in the loan amounts written off. Disclosed bad debt improved by 0.16 point.

Net Credit Costs

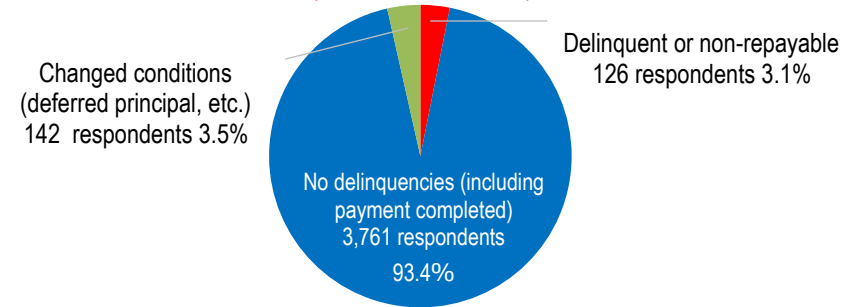


Note: For details on “Forward-looking Provisions,” please refer to page 16.

Disclosed Bad Debt



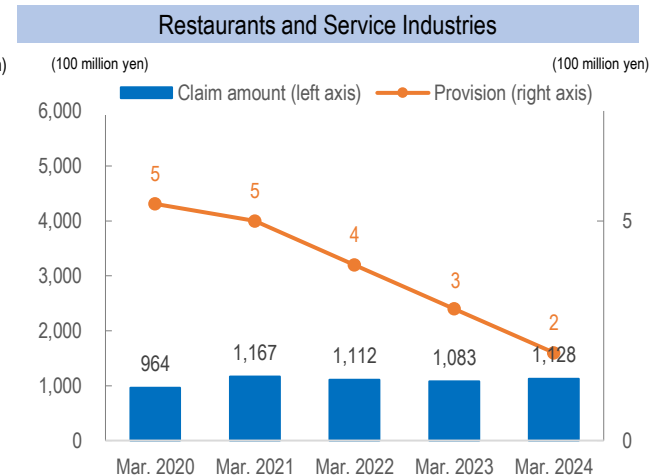
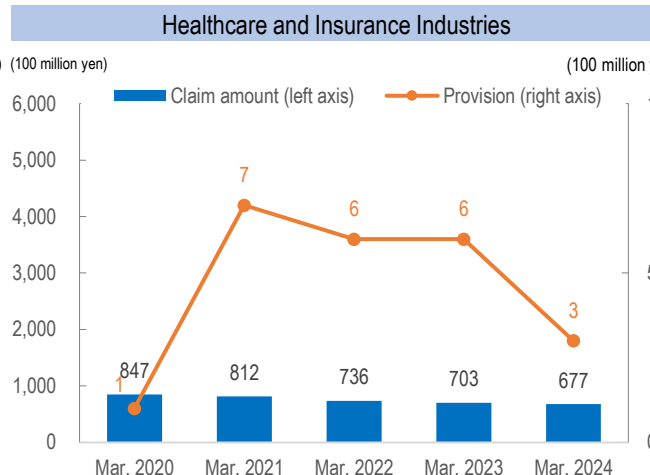
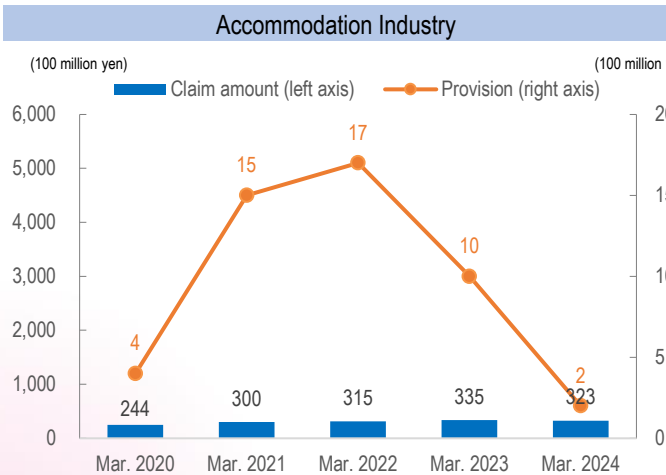
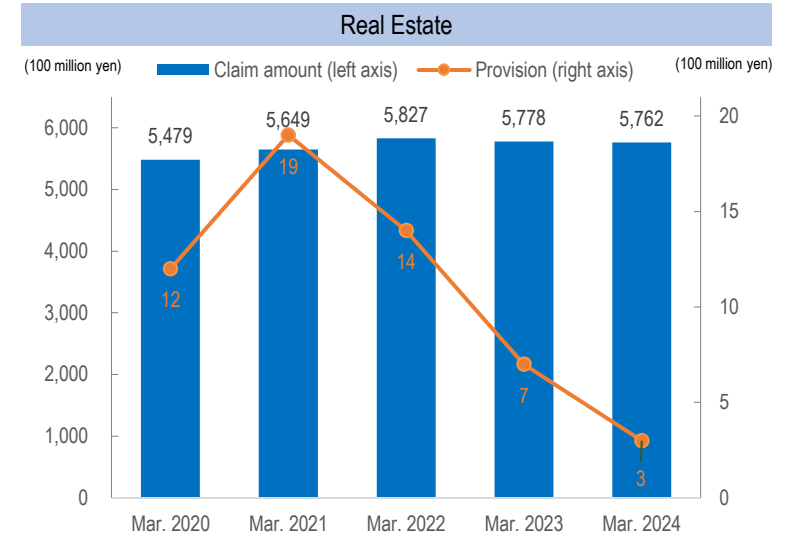
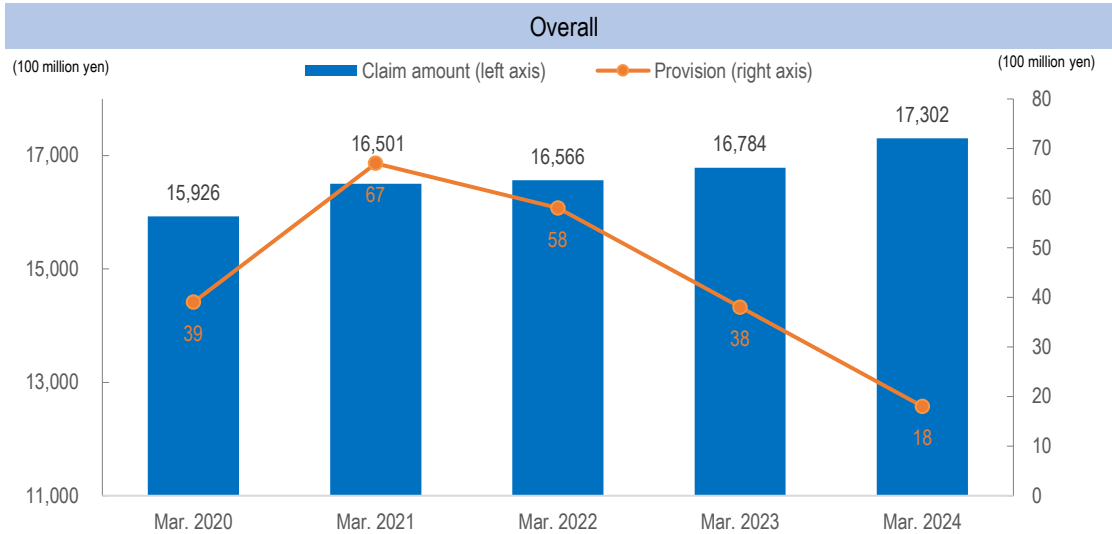
[Reference] Repayment of Zero-Zero Loans (as of Mar. 31, 2024)



Note: This survey covered 4,029 of our zero-zero loan clients

Provisions

Calculation of general provision for doubtful accounts is based on “Forward-looking Provisioning”^(*) Provisions decreased due to the improvement of various macroeconomic indicators and the release of all of the accommodation business and some of the healthcare and insurance industries from overlay-applied industries^(*).



Reference: Overview of Forward-looking Provisioning

What is forward-looking provisioning?

It is a method of rationally estimating future risks based on future macroeconomic indicators and the current/future outlook in the business cycle, allowing us to be well-prepared for future losses and crises.

What is the purpose of introducing forward-looking provisioning?

It was introduced in FY 2020 (Ended Mar. 2021), in reaction to the expansion of the COVID-19 Crisis. This bolsters our financial resilience to economic-environment downturns in the future and makes it possible to focus firmly on forward-looking sales efforts, thus cultivating a framework that supports customers without fear of additional credit costs.

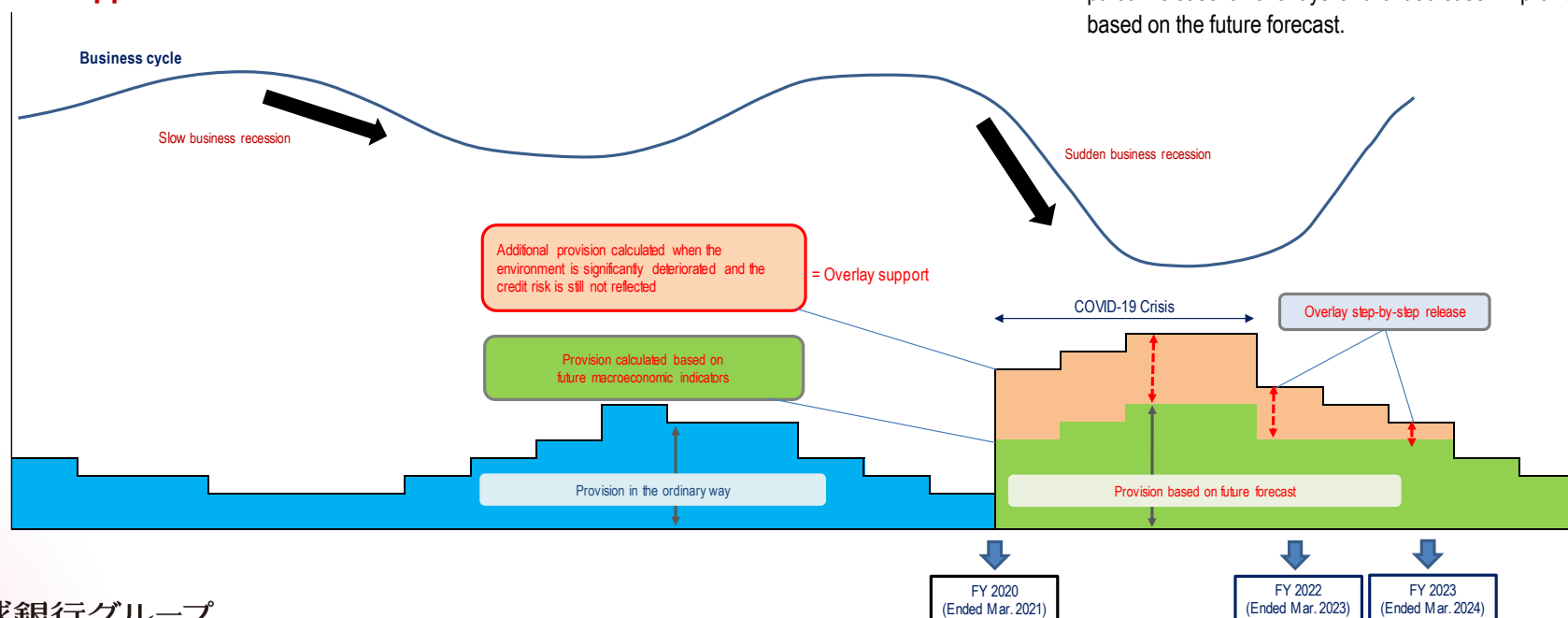
[What is overlay?]

This is a method to calculate additional provisions for specific industries when the external environment changes significantly.

Actions when the business is improving

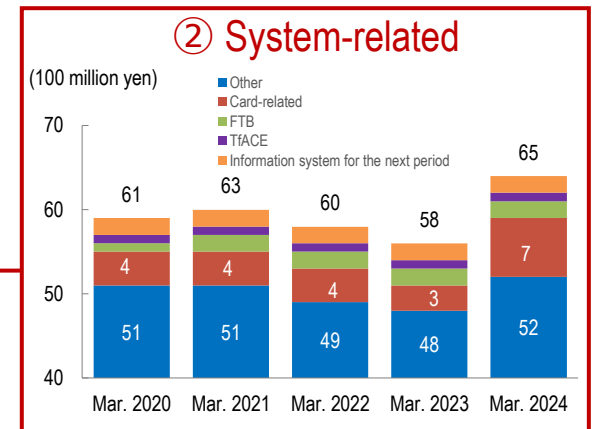
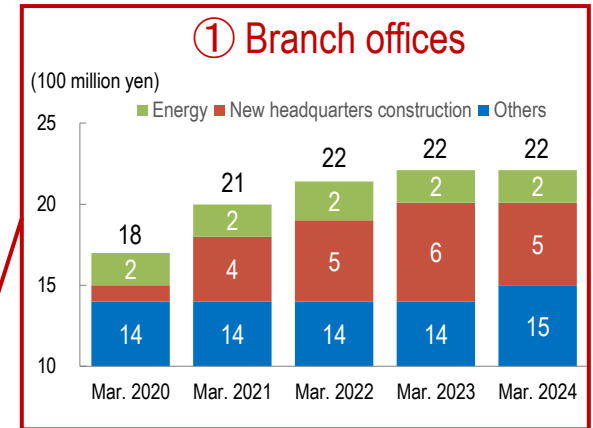
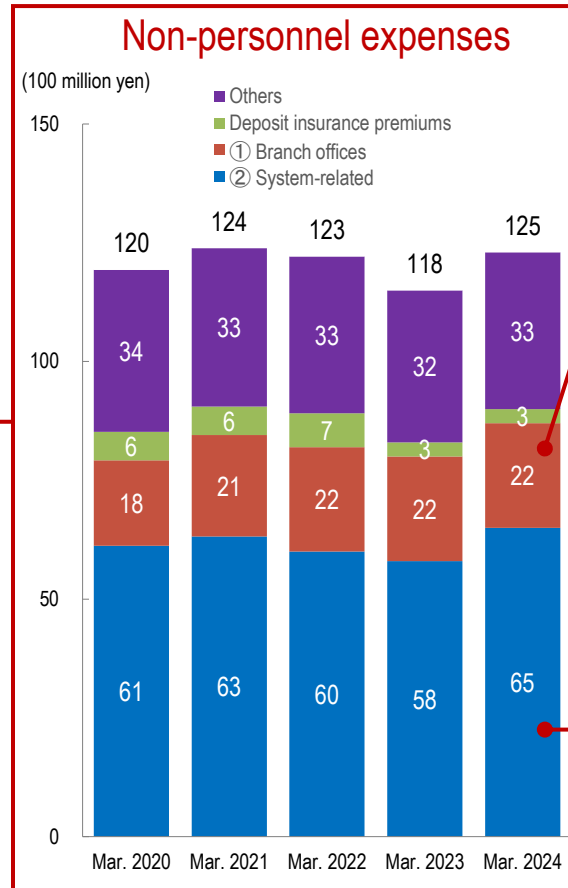
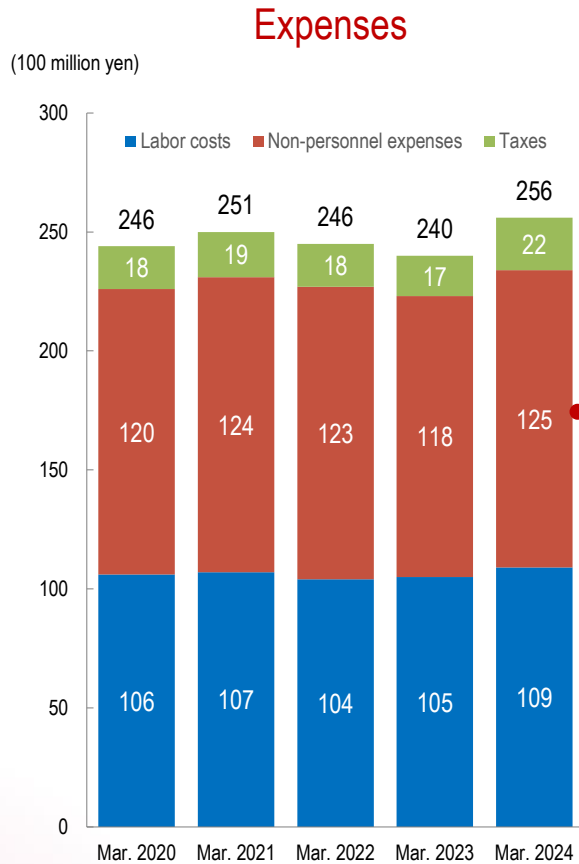
If the business condition index shows continuous improvement, net credit costs will be reversed due to the partial release of overlays and a decrease in provisions based on the future forecast.

Approach Based on General Provisions



Expenses

Expenses increased partly due to system-related expenses (non-personnel expenses), an increase in labor costs, and an increase in consumption tax due to the purchase of the Naha Port Building.



Note: FTB: Self-service terminals in the form of tablets at teller counters
 Note: TFACE: Next-generation terminals at branches

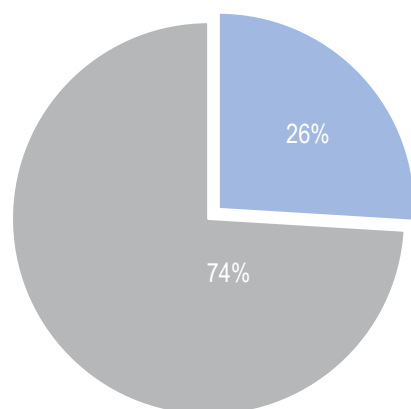
Mechanization Investment Plan

In the mechanization investment plan for FY 2024, mechanization investment for customer service and profit improvement measures, etc. accounts for approximately 24% of the total investment.

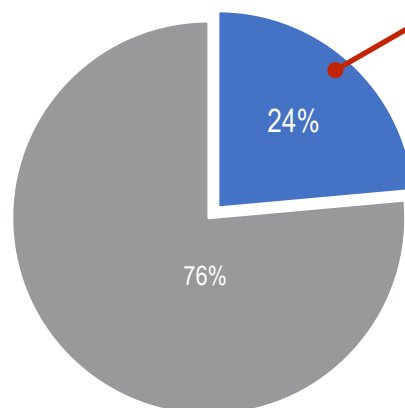
We will continue to make strategic investments in order to achieve (1) expansion of our business foundation, (2) practice of ESG management, and (3) challenges for change, as set forth in the medium-term management plan “Value 2023.”

Actual results of FY 2023 and the mechanization investment plan for FY 2024

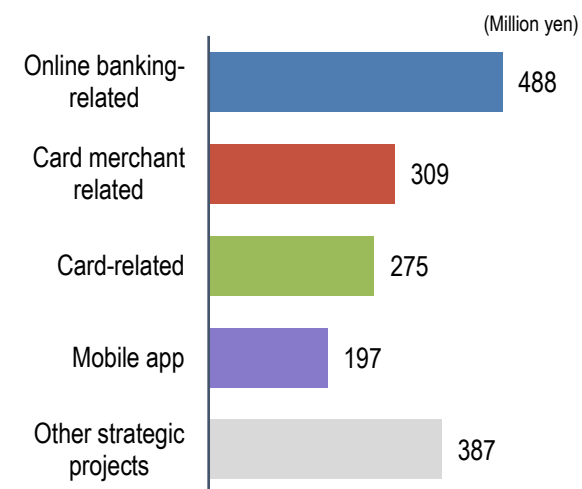
Results of FY 2023
Total amount: 6,833 million yen



Plan for FY 2024
Total amount: 7,031 million yen



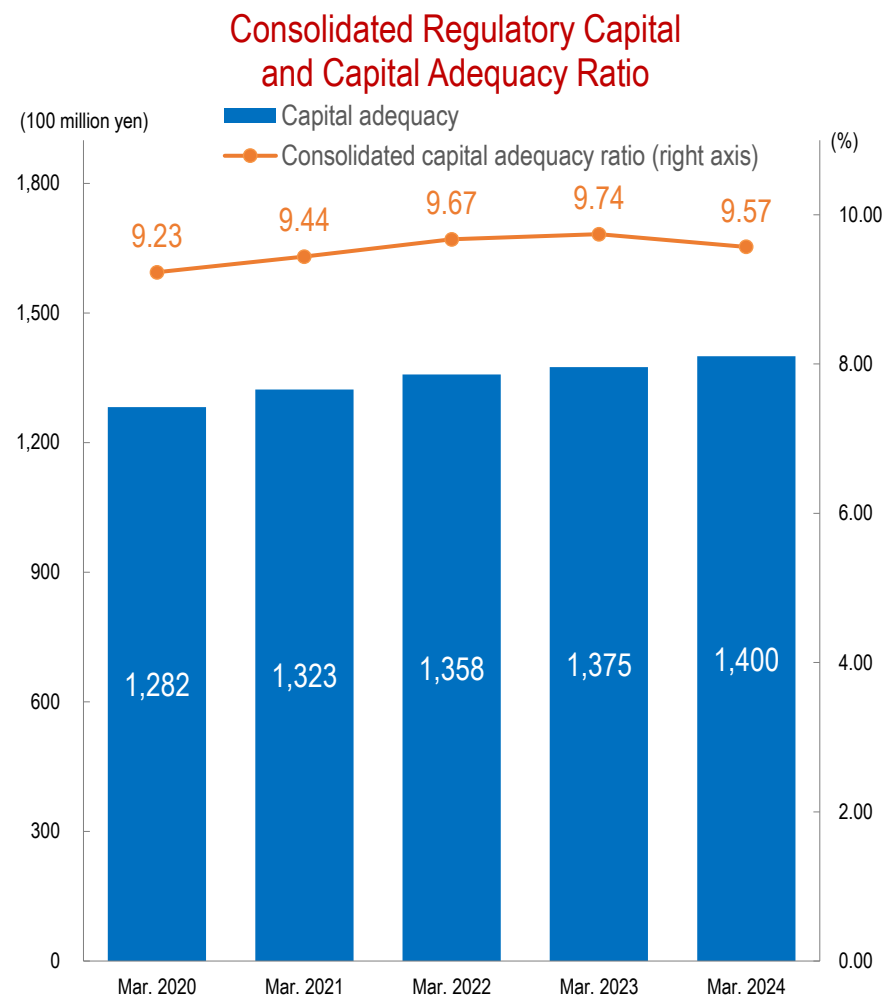
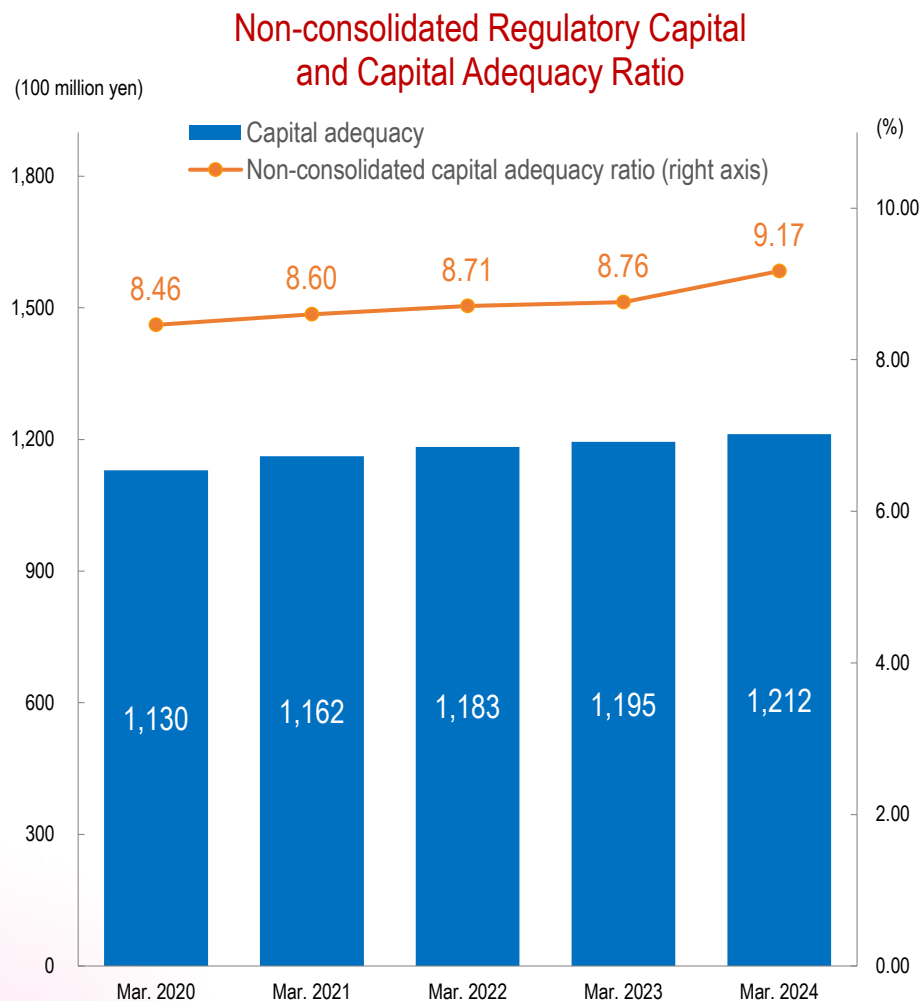
Breakdown of major strategic projects



Note: [Strategic projects] Projects such as customer service improvement measures and profit improvement measures
[Others] Projects related to systems, risks, foundations, aging, renewal, etc.

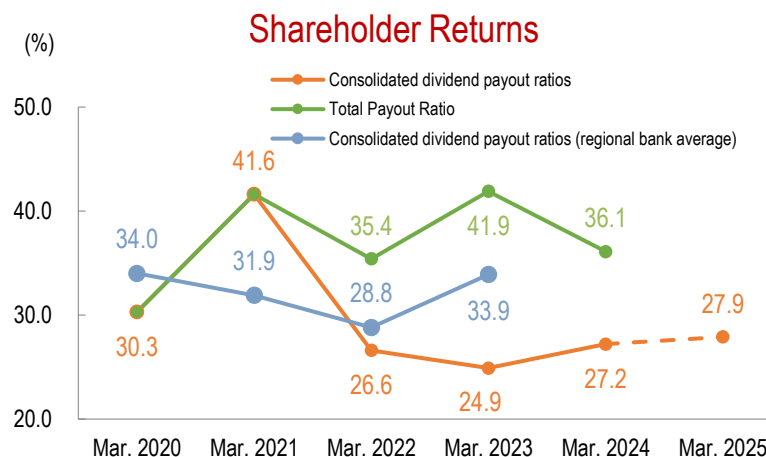
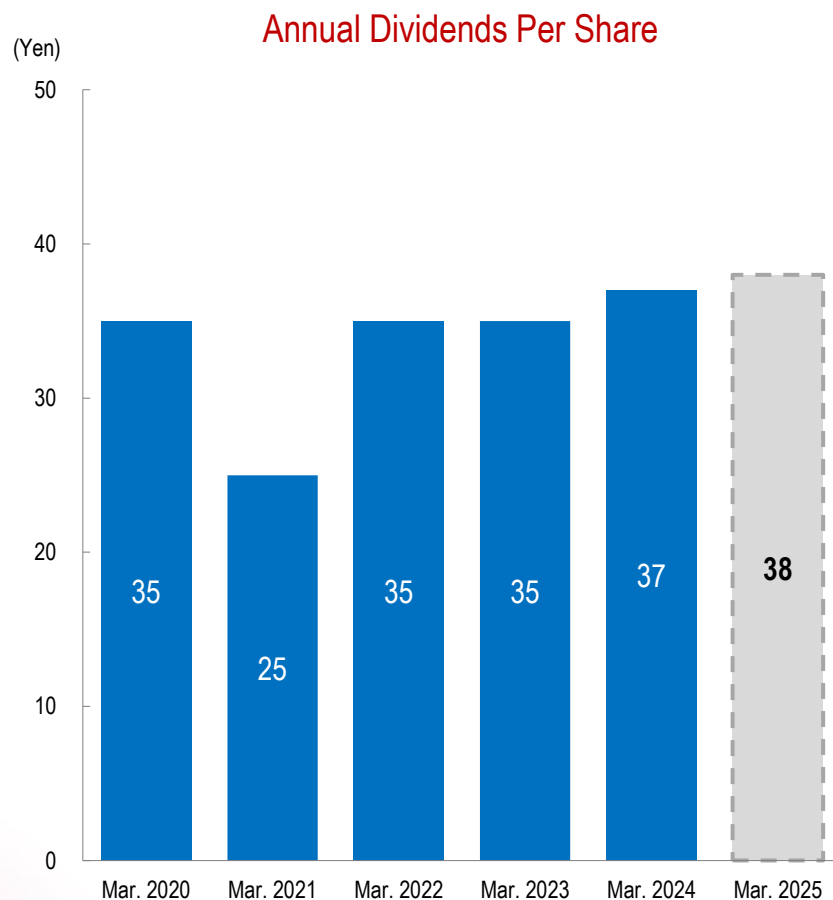
Capital Adequacy Ratio

Non-consolidated capital adequacy ratio increased steadily. Consolidated capital adequacy ratio continued to increase steadily, despite a reduction in special factors for the fiscal year under review.



Status of Dividends and Shareholder Returns

The basic policy is to pay stable dividends, and the total payout ratio for FY 2023 (ended March 31, 2024) was 36.1% as the result of share buybacks. In view of the profit situation, the dividend for FY 2023 (ended March 31, 2024) was increased by 2 yen. We expect to increase dividends by 1 yen for FY 2024 (ending March 31, 2025)



Dividend for FY 2023 (ended March 31, 2024)

For FY 2023 (ended March 31, 2024), the annual dividend per share was 37 yen, an increase of 2 yen from the previous fiscal year.

Dividend for FY 2024 (ending March 31, 2025)

Based on the recovery trend in business confidence in Okinawa Prefecture and on the future forecasts of the Bank's performance, we intend to increase the annual dividends per share by 1 yen to 38 yen for FY 2024 (ending March 31, 2025), in order to further enhance shareholder returns.

Forecast for FY 2024 (Ending March 31, 2025)

Although expenses are expected to increase due to improved working conditions, including base-pay increases, we expect to see an increase in profits in the fiscal year ending March 31, 2025 as the balance of deposits and loans and interest and dividends on securities exceed the increase in expenses.

(100 million yen)

[Consolidated]

	FY 2023 (Ended Mar. 2024) Results	FY 2024 (Ending Mar. 2025)		FY 2025 (Ending Mar. 2026) Medium-Term Management Plan
		Forecast	Year on Year	
Ordinary profit	84	85	+0	-
Profit attributable to owners of the parent	56	57	+0	75

(100 million yen)

[Non-Consolidated]

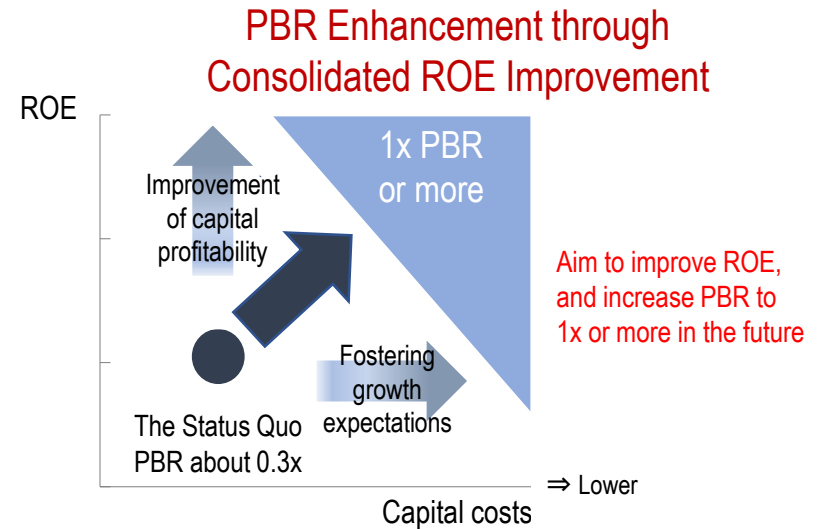
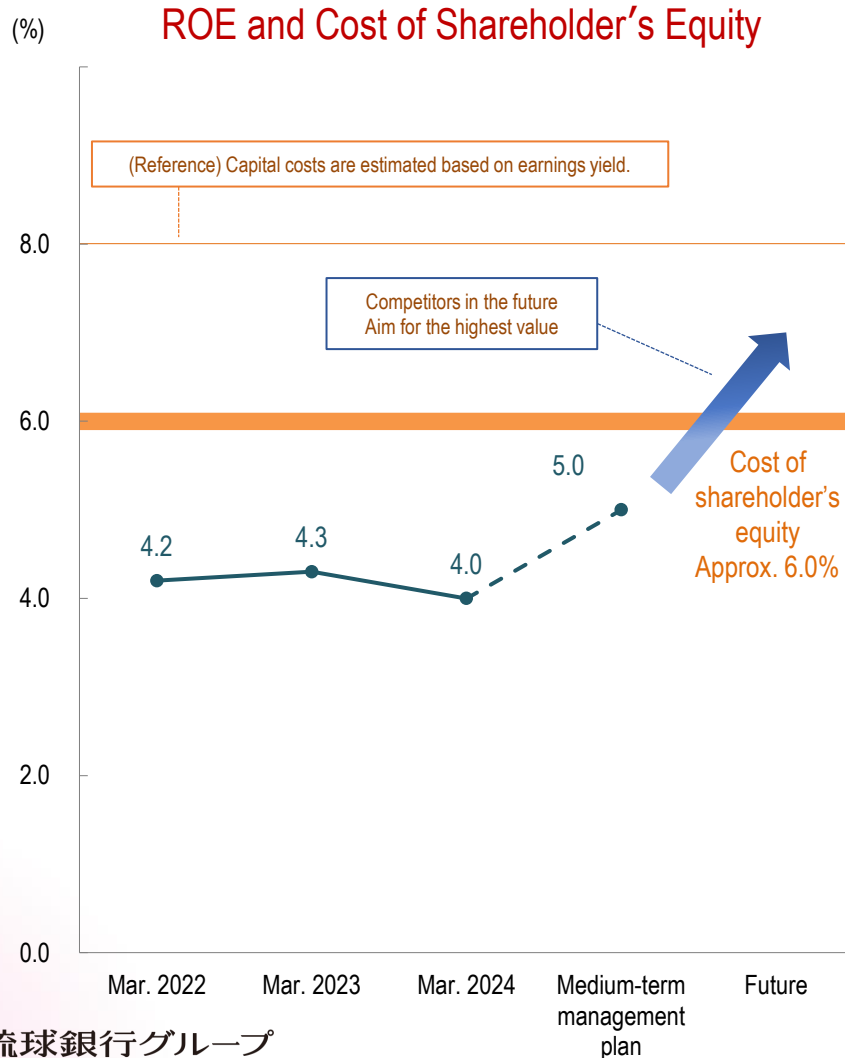
	FY 2023 (Ended Mar. 2024) Results	FY 2024 (Ending Mar. 2025)		FY 2025 (Ending Mar. 2026) Medium-Term Management Plan
		Forecast	Year on Year	
Ordinary profit	68	75	+6	-
Net income	46	52	+5	64

Initiatives to Enhance Corporate Value ~ Toward Improving PBR ~

Current Situation and Future Vision

We recognize that ROE is below the level of capital costs.

We will continuously endeavor to improve PBR while keeping capital costs in mind with the aim of achieving the highest ROE among regional banks in the future.

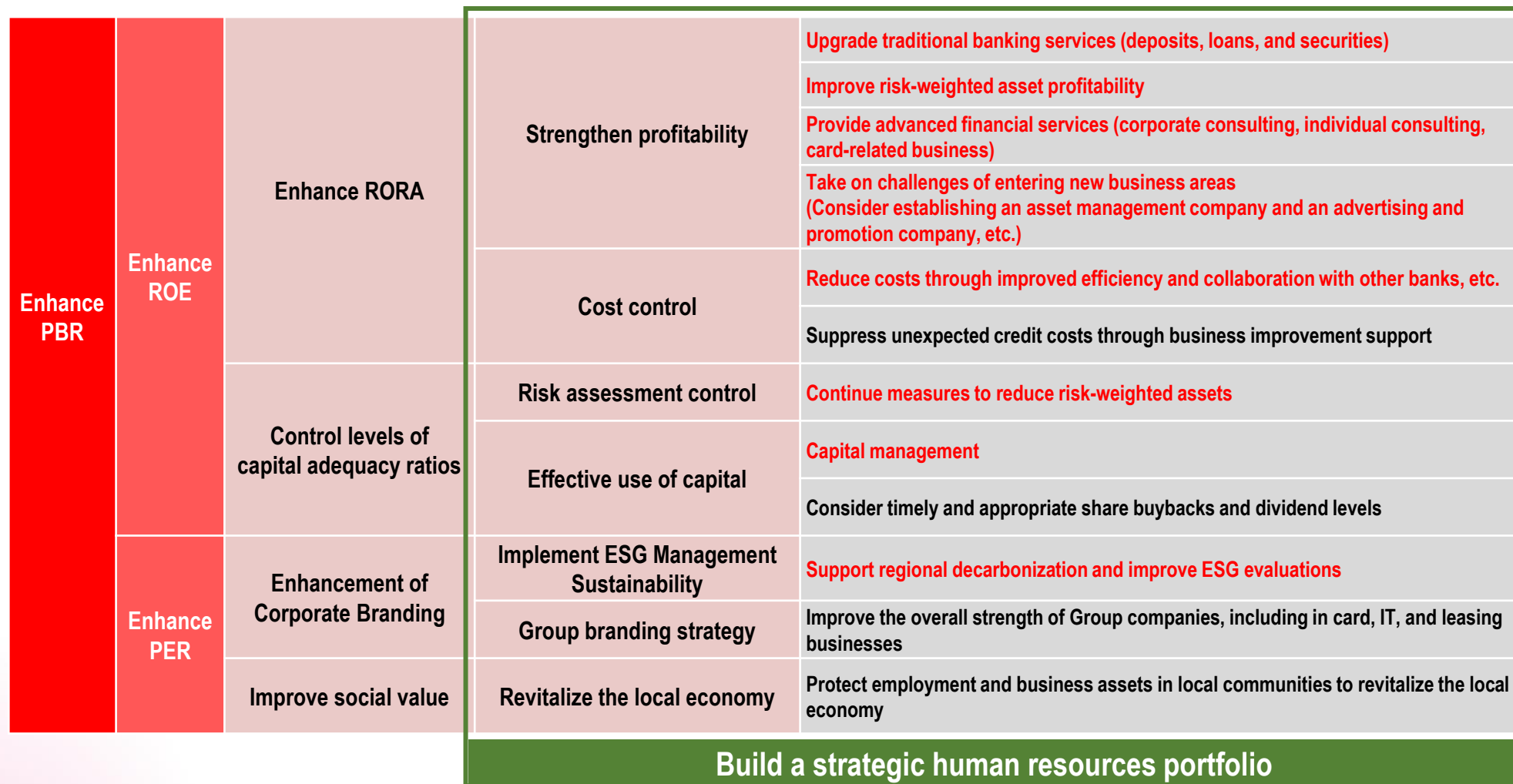


About the Cost of Shareholder's Equity

- Calculate the cost of shareholder's equity using CAPM.
CAPM = Risk-free rate + our Bank's beta value × Equity risk premium
 - Indicators used in calculations
 - Risk-free rate : Yield of 10-year government bonds
 - Bank's beta value : For TOPIX
 - Equity risk premium : Expected rate of return above a certain level
 - Indicator term
 - Bank's beta value : Average remaining life of the overall assets under management or 5 years
- Note: A number of years with high sensitivity is used in the calculations.

Logic Tree for Improving PBR

We aim to improve enterprise value (PBR) by improving ROE with an emphasis on the quality of profits, and improving PER by implementing measures to reduce capital costs through information disclosure, etc. We will build a strategic human resources portfolio to advance these initiatives.

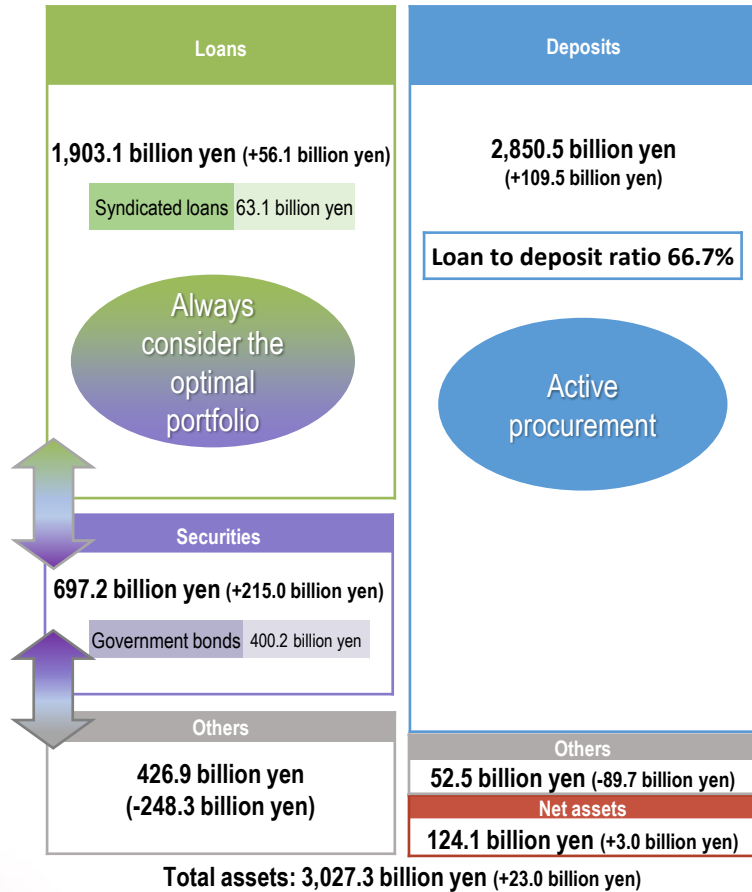


Upgrade traditional banking services (deposits, loans, and securities)

Enhance RORA
(Strengthen profitability)

We will implement ALM reforms to achieve appropriate asset allocation in line with interest rate conditions. We aim to maximize profitability.

Vision for ALM Reforms



ALM reforms

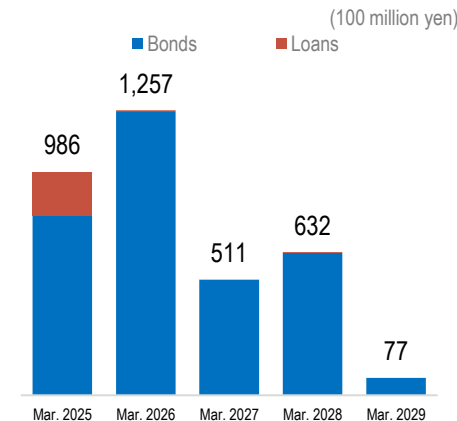
Earning Assets through Rising Yen Interest Rates

Interest rate events	Details/impact
① Abolish YCC	<ul style="list-style-type: none"> Rising yields on new bond investments New issue rate increases on marketable fixed-rate loans
② Negative interest rates lifted (-0.1% ⇒ +0.1%)	<ul style="list-style-type: none"> Rising yields on short-term funds Monetizing the Bank of Japan's current account balance
③ Further increase in policy interest rates (Next stage)	<ul style="list-style-type: none"> Yields rise each time interest rates on market interest rate loans are revised Yields on deposits and short-term premium loans also rise

[Redemption of low-yield debt]

- Claims offered at around 0% interest rate to avoid hitting negative interest rates
- Direct to assets with interest depending on the redemption status

- Scheduled repayment of disposable debt

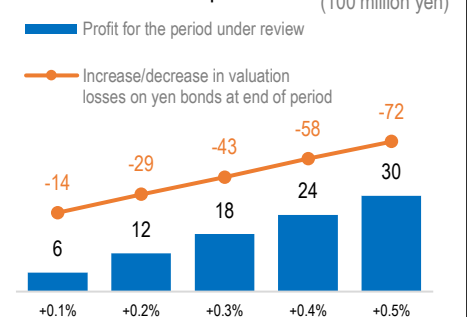


[Impact of interest rate fluctuations on net interest income]

<Prerequisites>

- Calculate annualized profitability for each interest rate increase based on the short-term plan portfolio for FY 2024
- Simulation covers deposits, loans, securities, and short-term investment assets

- Calculation results of profit effect during interest rate rise phase



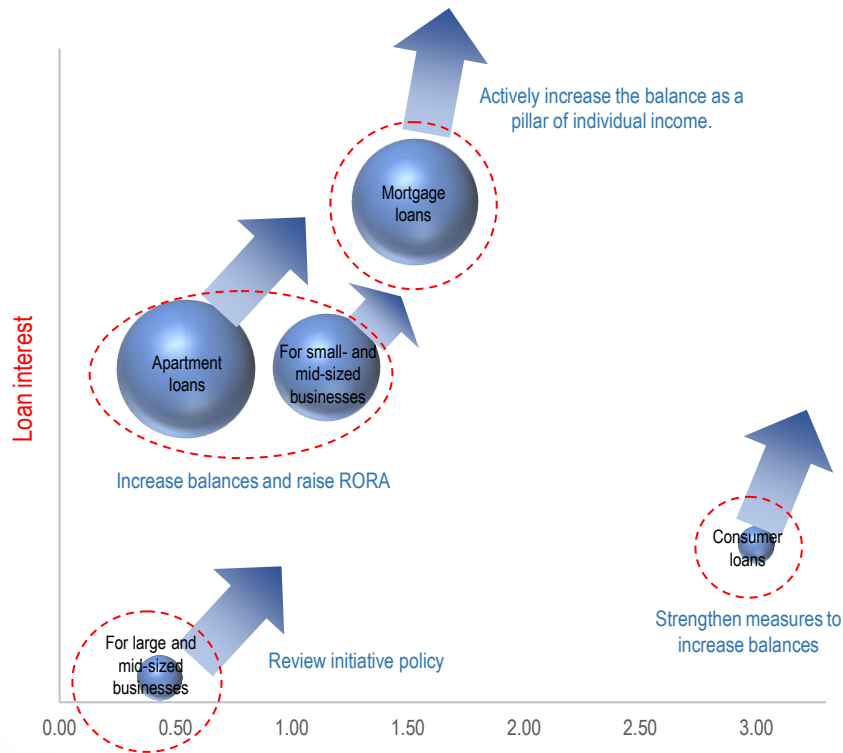
Note: Loan interest rates are calculated using the Bank's proprietary matching rate.

Improve Risk-weighted Asset Profitability

The ALM Committee and the RAF Committee continue to discuss the direction to be taken in line with the nature of the loans. We will strive to maximize profitability relative to risk.

Vision for RORA Improvement

Note: The size of the bubble shows the loan balance



Note: $RORA = \text{Loan interest} \div ((\text{Risk-weighted assets at end of previous fiscal year} + \text{Risk-weighted assets at end of current fiscal year}) \div 2)$

ALM reforms / RAF advancement

Initiative policy for each loan category

Loan category	Initiative Policy
① Mortgage loans	<ul style="list-style-type: none"> RORA is moderate and profitability is relatively high. Mortgage loans are recognized as a core product for households. Actively increase the balance as a pillar of individual income.
② Apartment loans	<ul style="list-style-type: none"> Actively promote in view of the regional characteristics of the increase in the number of households. Accurately identify the differing demands depending on the region within the prefecture. Closely watch rent conditions and implement appropriate pricing.
③ For small- and mid-sized businesses	<ul style="list-style-type: none"> Support active demand for funds due to economic recovery. Adopt a problem-solving sales approach by taking advantage of the strengths of the corporate business sector. Aim to increase the balance and improve profitability at the same time.
④ Consumer loans	<ul style="list-style-type: none"> RORA is at its highest but the balance is low due to product characteristics. Review product quality, including new products, and develop a product lineup that meets customer needs. Through the above, accurately capture demand and increase our balance.
⑤ For large and mid-sized businesses	<ul style="list-style-type: none"> Given the current interest rate environment, adopt a more proactive approach to syndicated loans than our previous passive approach. Introduce market interest rate-linked products and proactively identify customer needs. Simultaneously aim to improve profitability by increasing balances and raising interest rates.

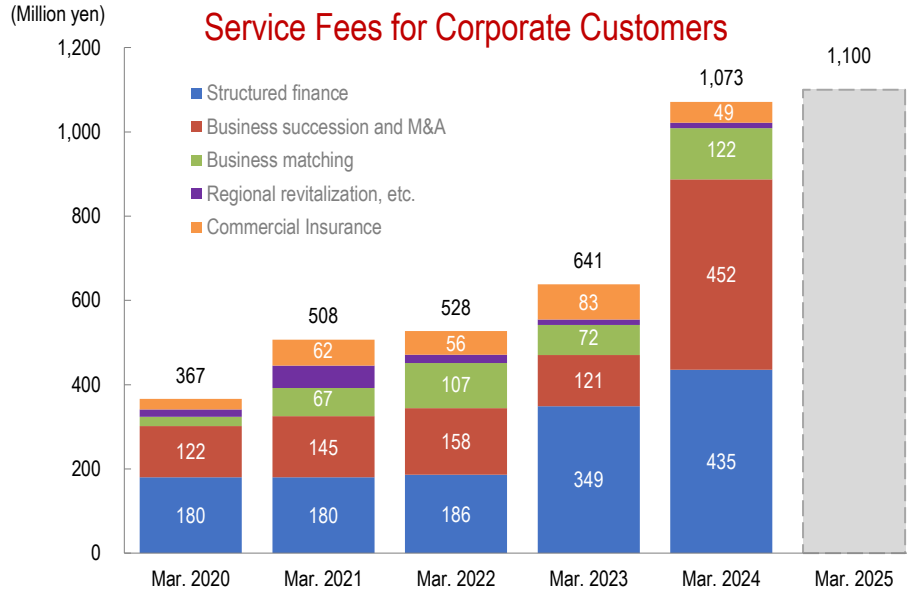
Changes to syndicated loan policy

Pre-changes	Post-changes
<ul style="list-style-type: none"> In principle, invest in low-yielding assets with a risk weight (RW) of around 0% to avoid hitting negative interest rates. 	<ul style="list-style-type: none"> From an asset allocation perspective, actively accumulate assets as a portfolio taking into account the fact that profitability is increasing due to rising interest rates.

Provide Advanced Financial Services (Corporate Consulting)

Enhance RORA
(Strengthen profitability)

Fees for corporate services are on the rise, driven by structured finance, business succession, and M&A, which have been increasingly handled in-house. The number of consultations has been increasing steadily, and the Bank has also started handling sustainable finance. Going forward, we aim to further increase earnings.



Main Structured Finance Results		
	Four Seasons Resort & Private Residences Okinawa (Tentative name)	Theme park in the north
Loan origination date	Oct. 2023	Sep. 2022
Development location	Onna village	Former Orion Arashiyama Golf Course
Co-arrangers	The Tokyo Star Bank, Limited	The Shoko Chukin Bank, Ltd.
Participating financial institutions	22 financial institutions (Including the TSUBASA Alliance)	13 financial institutions
Scheduled opening	Spring 2027	2025

New Efforts

[Mezzanine Finance]

- This financing falls between bank loans and common stock. We launched this effort to expand the means of providing funds to corporate customers.

[ESG-related]

- In September 2023, we compiled our Sustainable Finance Framework and began offering Ryugin Green Loans, Ryugin Social Loans, and Ryugin Sustainability Linked Loans.

Note: Actual results of FY 2023: 400 million yen in Ryugin Sustainability Linked Loans

Reference: Changes in Structured Finance Consultations

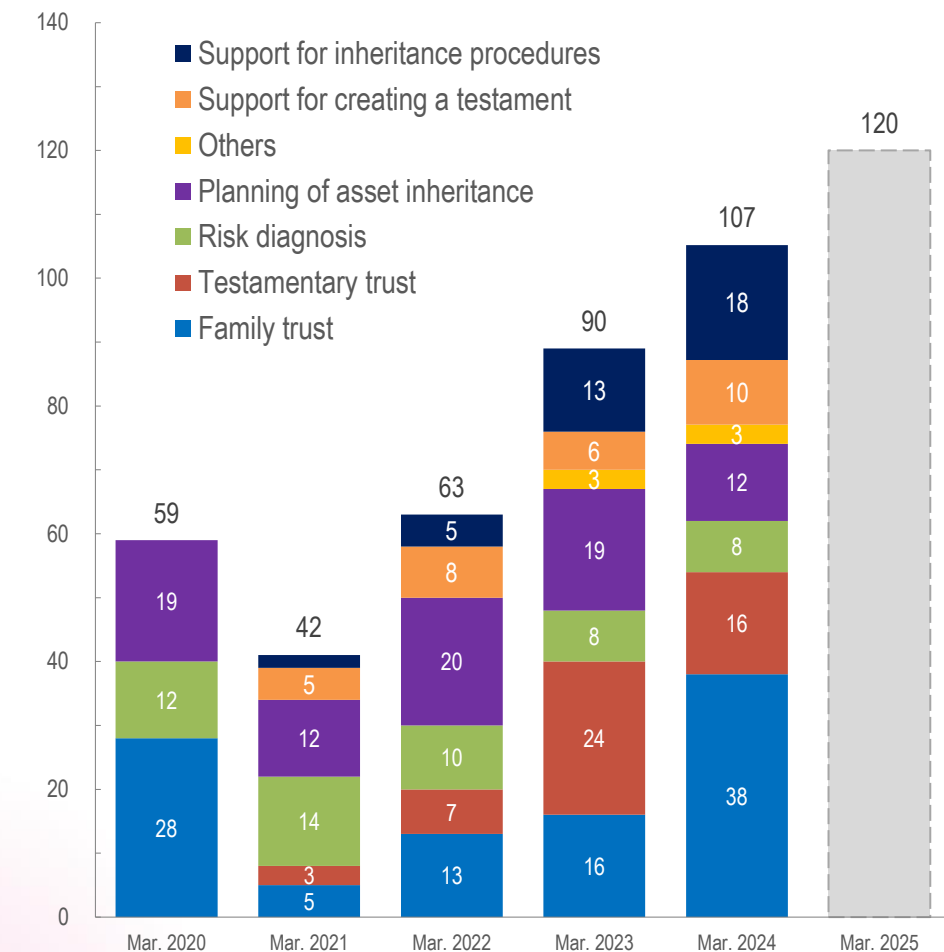


Provide Advanced Financial Services (Individual Consulting 1/2)

Enhance RORA
(Strengthen profitability)

Our efforts to address inheritance needs have been recognized, and the number of consultations and contracts is on the rise. Going forward, we aim to further expand the business.

Profits from Inheritance Consulting Fees



Actively hold seminars filled with inheritance consulting experience and expertise

- From FY 2024, we will publish columns in various media, including newspapers, and hold regular seminars based on the diverse experience and expertise we have gained from providing more than 500 inheritance consulting services per year.
- We not only developed new products based on customer feedback, but also reviewed the content of our existing products as appropriate. In addition to launching real estate trusts, we reduced and flattened fixed fees for inheritance procedure services.

Note: Products and efforts related to inheritance, and commencement date
 2018: Ryugin Family Trust, risk diagnosis, and planning of asset inheritance
 2019: Testamentary trust and inheritance procedure service
 2023: Money Trust
 2024: Real Estate Trust

Reference: Numbers of inheritance consulting contracts

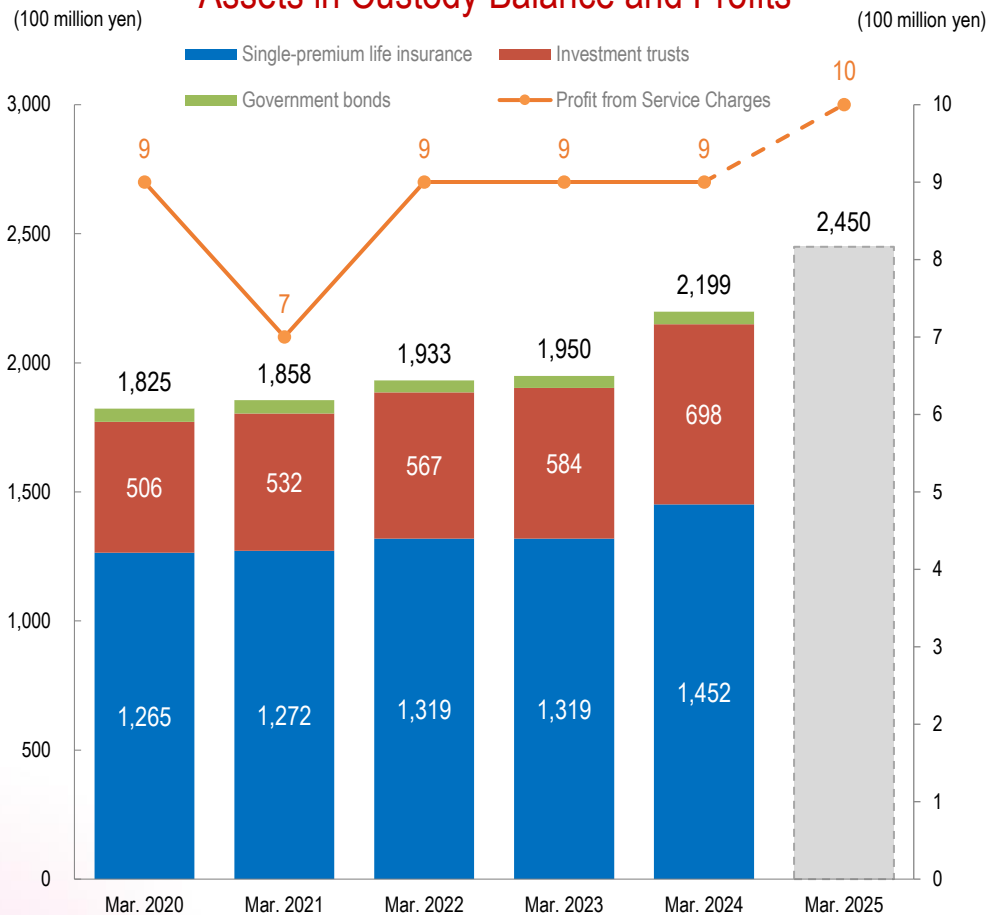


Provide Advanced Financial Services (Individual Consulting 2/2)

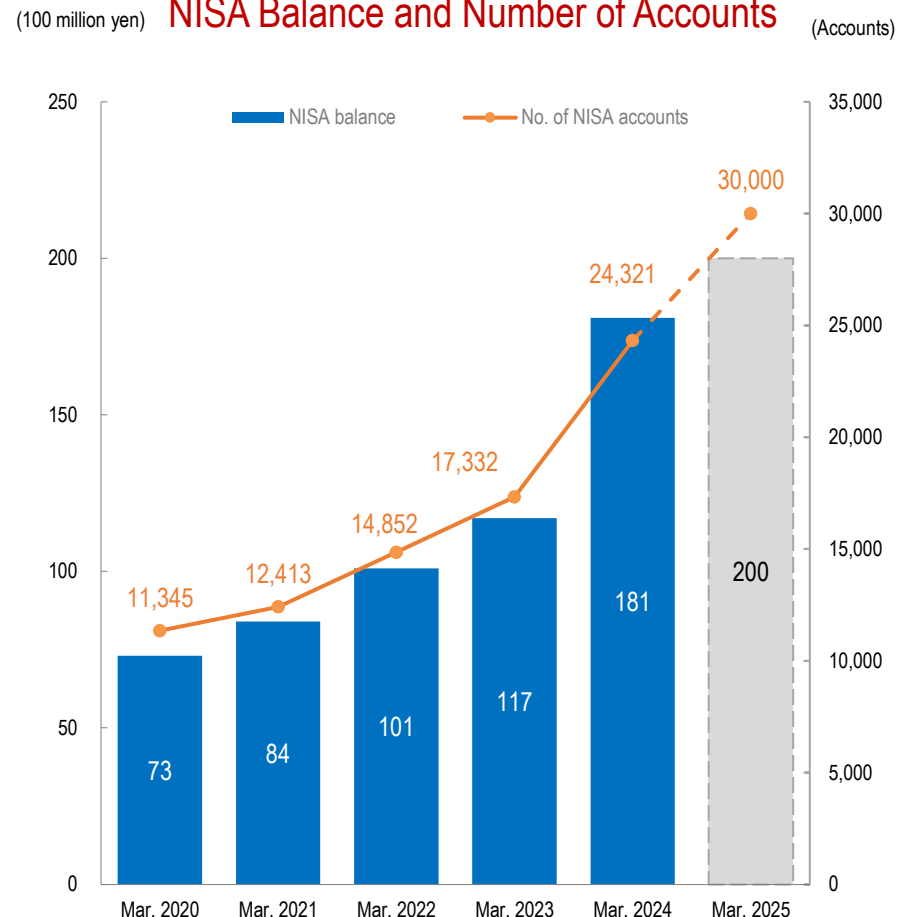
Enhance RORA
(Strengthen profitability)

In addition to the success of measures to strengthen proposal capabilities, the market remained strong and the balance of investment trusts and single-premium life insurances increased. Based on the continued promotion of NISA, the Bank aims to increase profits by providing total support for individual transactions, from asset formation and management to inheritance planning.

Assets in Custody Balance and Profits



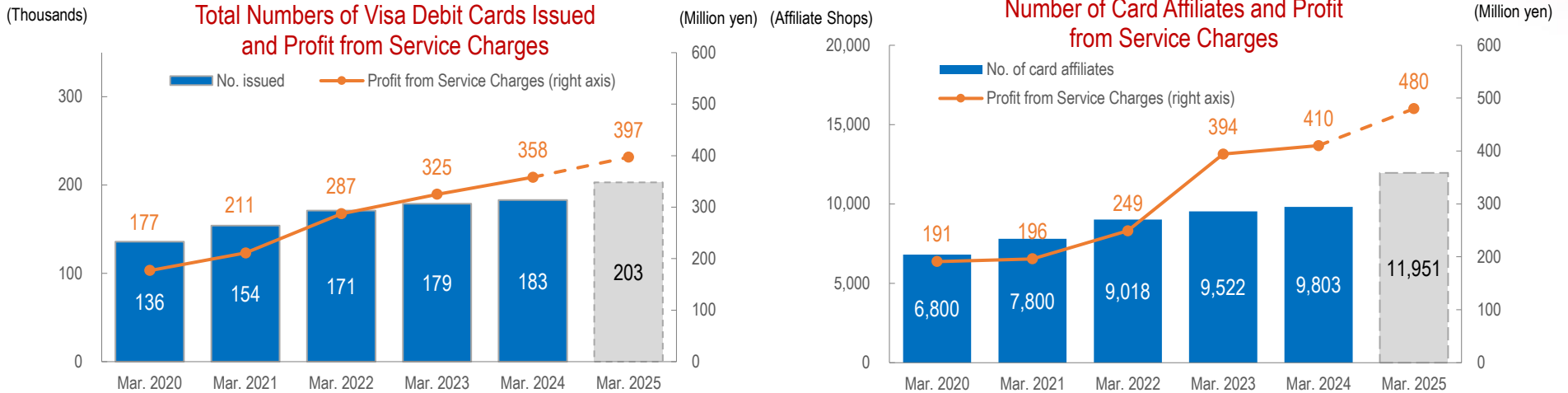
NISA Balance and Number of Accounts



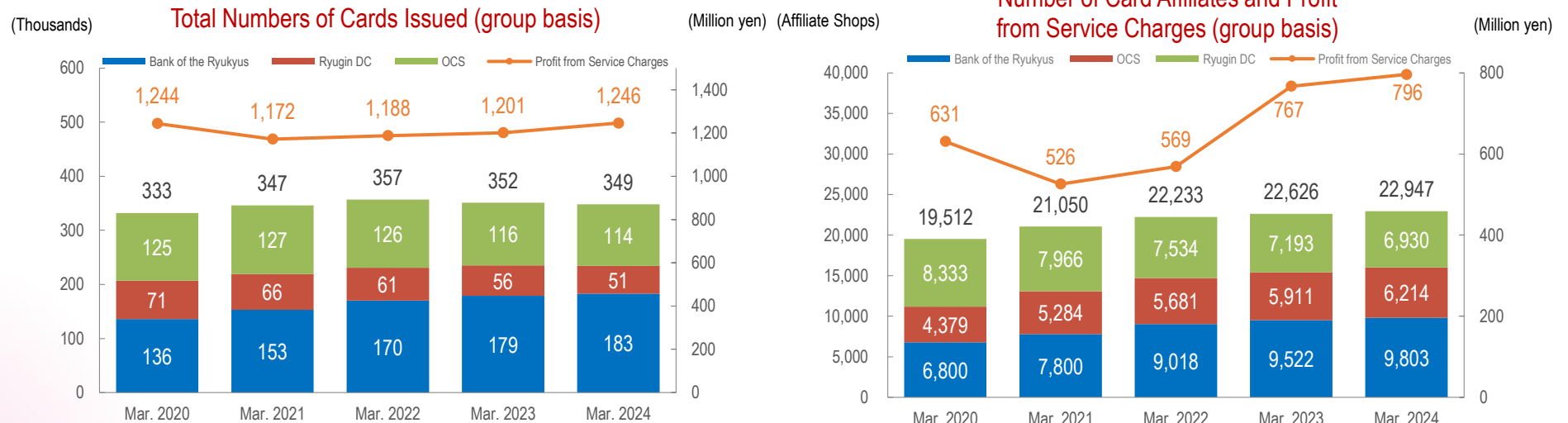
Provide Advanced Financial Services (Card-related Business 1/2)

Enhance RORA
(Strengthen profitability)

As both numbers of Visa debit cards issued and card affiliates steadily increased, charges from card users and card affiliates increased. Against the backdrop of the recovery in inbound tourism, the Bank aims for further expansion in the future.



Note: Card-related business on Group basis (Bank of the Ryukyus, OCS, Ryugin DC)



Note: Card-related business on Group basis (Bank of the Ryukyus, OCS, Ryugin DC)

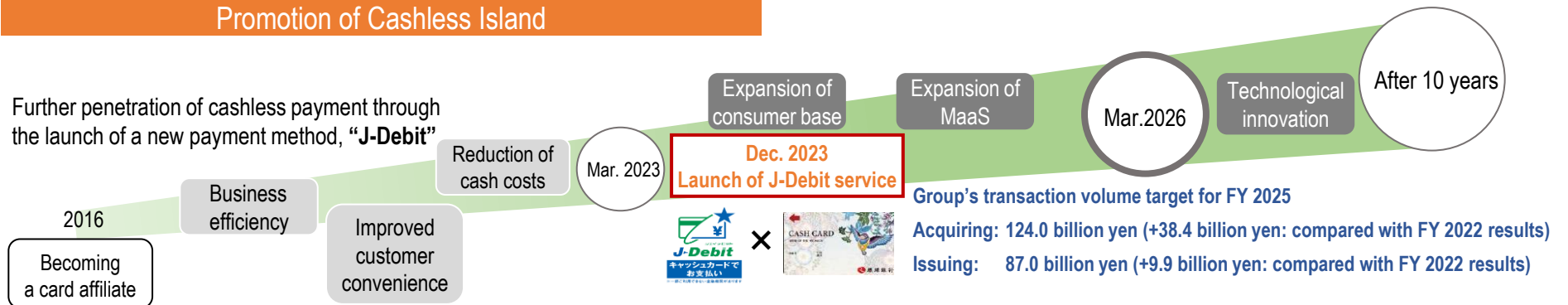
Provide Advanced Financial Services (Card-related Business 2/2)

Enhance RORA
(Strengthen profitability)

We aim to expand cashless payments to realize a cashless island. We have started supporting the new J-Debit scheme as a new payment method. We are using this opportunity to enable access to cashless payments for all customers holding our Bank cash cards.

Toward the Realization of a Cashless Island

Promotion of Cashless Island



Promoting the introduction of touch payments for public transport

- Apr. 2023: Launched a boarding service enabling touch payment by credit card, etc. on some bus routes on Iriomote Island.
- Sep. 2023: Launched a boarding service enabling touch payment by credit card, etc. on community buses in Nago City.
- Mar. 2024: Launched a boarding service enabling touch payment by credit card, etc. on public transport (bus routes, boats) in the Yaeyama area. Now introduced for all buses and ferries.
- Mar. 2024: Launched a boarding service enabling touch payment by credit card, etc. on some bus routes on Okinawa’s main island.



Bus fare box

↑ Touch your card against the terminal on the screen above.
(Mobile Suica can also be used.)

Expanding cashless regional cooperation agreements

Expanding Cashless Regional Cooperation Agreements

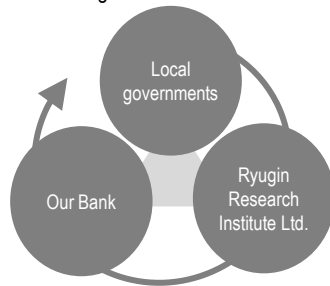


Take on Challenges of Entering New Business Areas

Aim to strengthen and expand our business foundation and revenue opportunities by taking on the challenges of entering new business areas with the aim of providing advanced financial services.

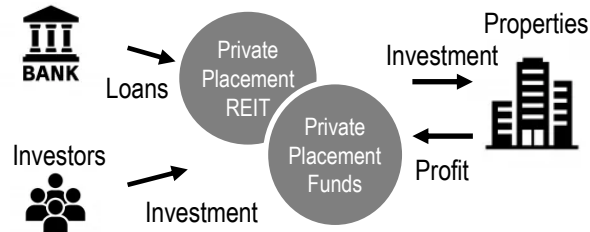
Efforts for Consulting with Local Communities

- ✓ 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



Consider Establishment of an Asset Management Company

- ✓ Consider the 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.



Consider Establishment of an Advertising and Promotion Company

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



	2024	2025	2026
Human resource development	[Green arrow pointing right]		
Establishment of JV contracting system		[Green arrow pointing right]	
Establishment of independent outsourcing system			[Green arrow pointing right]

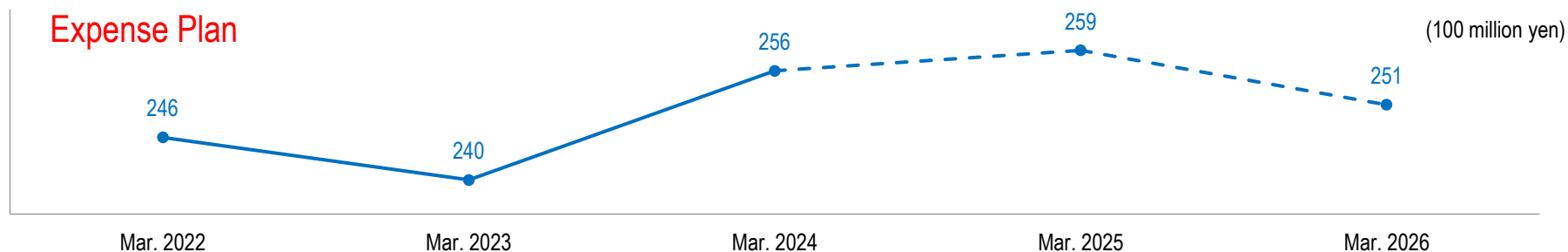
	2024	2025	2026
Human resource development	[Green arrow pointing right]		
Establishment of asset management company and investment company, etc.		[Green arrow pointing right]	
New companies begin operations			[Green arrow pointing right]

	2024	2025	2026
Human resource development	[Green arrow pointing right]		
Digital signage installed and operated at all branches	[Green arrow pointing right]		
Consider establishment of advertising company		[Green arrow pointing right]	

Reduce Costs through Improved Efficiency and Collaboration with Other Banks, etc.

Enhance RORA
(Cost control)

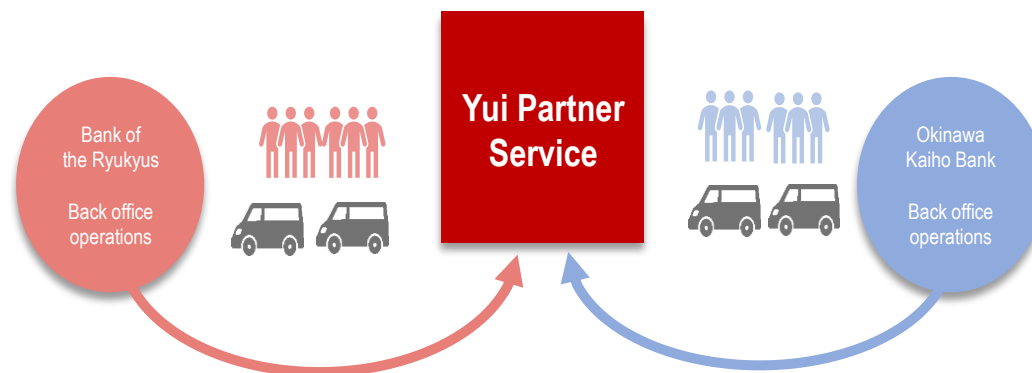
Expenses increased more than planned partly due to system-related expenses, an increase in base pay, and an increase in consumption tax due to the purchase of the Naha Port Building. As we approach the final year of the Medium-Term Management Plan, we will aim to reduce expenses through collaboration with other banks, etc.



Establishment of joint venture with Okinawa Kaiho Bank, Ltd.

By establishing a joint venture that will take over the cash transportation, internal mail delivery, and other operations of the two banks, both banks aim to consolidate, reorganize and streamline their operations, thereby reducing costs for cash and mail deliveries. In addition, the reduced frequency of cash transportation and internal mail delivery at both banks will also contribute to a reduction in CO2 emissions in Okinawa Prefecture.

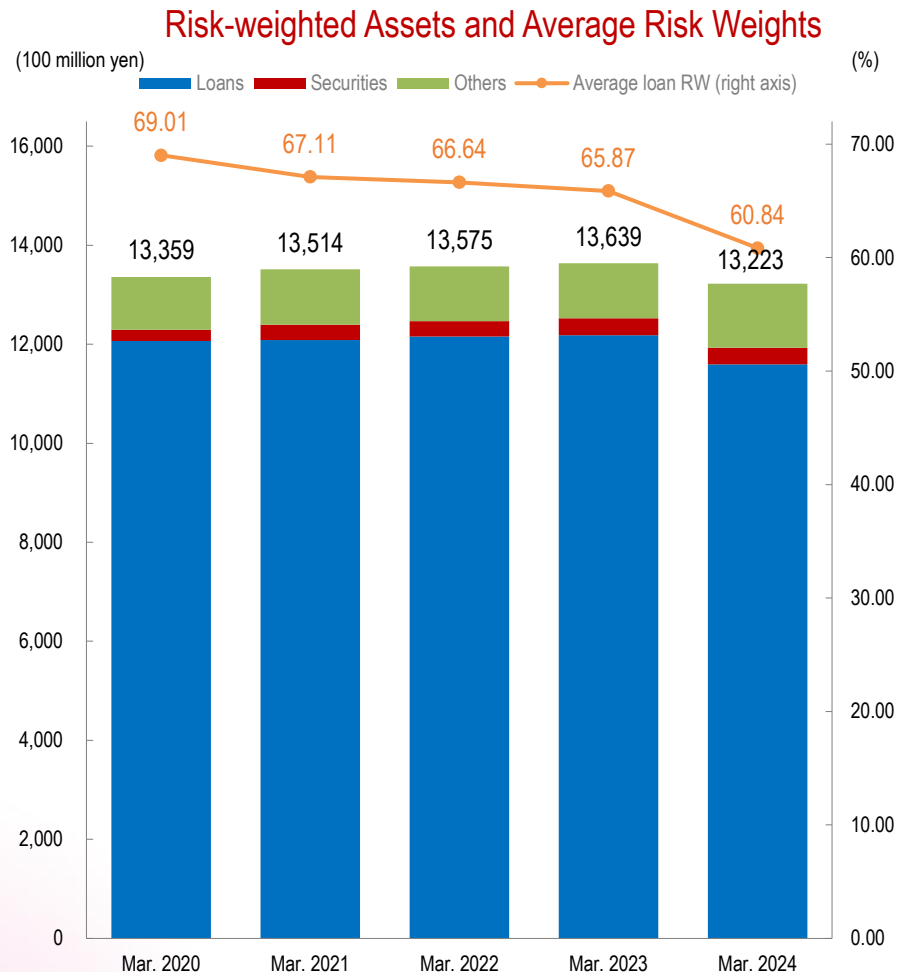
Trade name	Yui Partner Service Corporation
Address	3-33-1 Yafuso, Urasoe, Okinawa Prefecture
Details of the business	General cargo vehicle transportation business, security, etc.
Capital	10 million yen
Establishment	Feb. 2023
Start date of operations	Dec. 2023
Shareholders and shareholding ratio	Bank of the Ryukyus: 50%, Okinawa Kaiho Bank: 50%



Continue Measures to Reduce Risk-weighted Assets

By refining our Risk Weight (RW) assessment, we have been able to effectively reduce risk assets, thereby contributing to an increase in our capital adequacy ratio.

In the future, we aim to transition to an internal ratings-based approach, increase our capital adequacy ratio, and effectively build up assets.



Past Major Risk Control Measures

Measures	Effect on increase in capital adequacy ratios
① Identify all residential real estate LTV	Contribute to an approx. 0.3% increase in capital adequacy ratio
② Consolidated affiliates obtain external ratings	Contribute to an approx. 0.1% increase in capital adequacy ratio
③ Refine CRM application	Contribute to an approx. 0.6% increase in capital adequacy ratio

Risk Asset Control Measures Related to Finalized Regulations

Measures	Details and effect on increase in capital adequacy ratios
① Identify LTV of real estate-related exposure	<ul style="list-style-type: none"> Accurately identify the LTV of real estate-related exposure Identify LTV of real estate-related exposure. If all cases are addressed, a decline in the ratio can be prevented.
② Make operational risk calculation methods more sophisticated	<ul style="list-style-type: none"> Reduce risk assets by applying internal ILM calculations. Contribute to an increase in the ratio following approval by authorities.

Future Vision

In progress	Details and effect on increase in capital adequacy ratios
① Transition to an internal ratings-based approach	<ul style="list-style-type: none"> Determine the appropriate risk weight for each borrower through advanced risk-weighted asset assessment. Determine profitability with appropriate risk/return ratio even for low-interest borrowers. The number of business partners has increased, thereby contributing to increased profits.

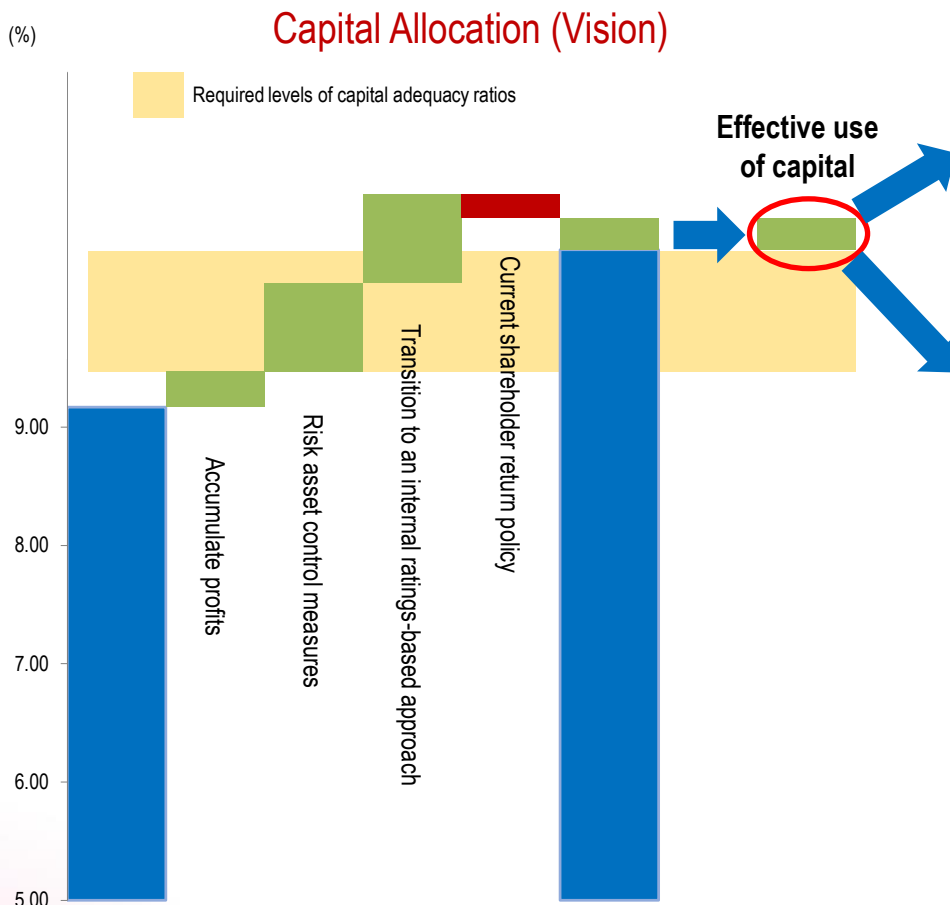
Effects if Everything is Achieved

Capital adequacy ratio: **+2.0%** approximately (including past measures)

Capital Management

Control of capital levels
(Effective use of capital)

We will define a level at which a capital adequacy ratio of 8% or more can be maintained even in the event of unforeseen circumstances. While bearing in mind the level of capital adequacy ratio, we will increase assets to maximize future profits and proactively return profits to shareholders.

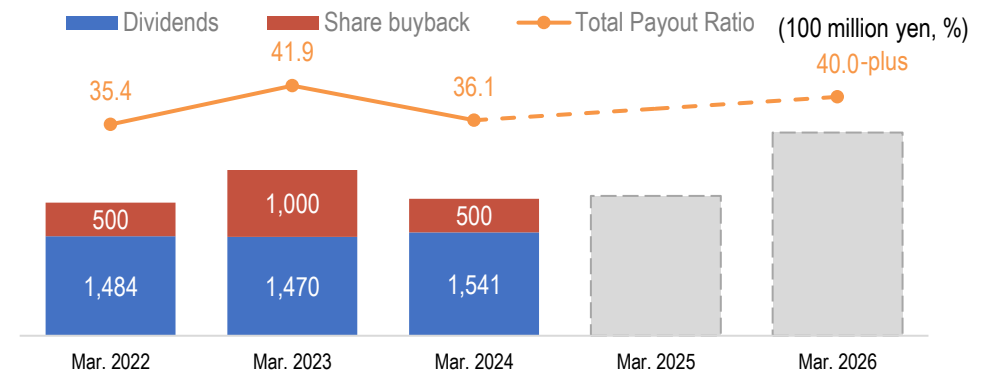


Challenges in an era of rising interest rates

Item	Details
Loans	• Initiatives for new financing such as mezzanine finance
Securities	• Building strategic portfolios and increasing balances
Investment in new businesses	• Consider establishment of an asset management company

Enhance shareholder returns

Item	Details
Dividends	• Maintain stable dividends and continually review dividend levels • Consider future revision of the basic dividend policy
Share buyback	• Continue to consider share buybacks at appropriate levels



Support Regional Decarbonization and Improve ESG Evaluations

Enhancement of Corporate Branding
(Implement Sustainability Management)

Signed PRB in March 2024. Going forward, we will promote initiatives that will lead to solving social issues and increasing economic value.

Signed PRB (Principles for Responsible Banking)

On March 29, 2024, we signed the Principles for Responsible Banking (PRB) advocated by the United Nations Environment Programme Finance Initiative (UNEP FI) with the aim of encouraging banks to engage in business activities that are consistent with the Sustainable Development Goals (SDGs) and the Paris Agreement.

Note: Bank of the Ryukyus is the third domestic regional bank (regional bank Group) to sign the principles.

Decarbonization of the Bank of the Ryukyus Group Itself

Achieved the target of greenhouse gas emission reduction ahead of schedule

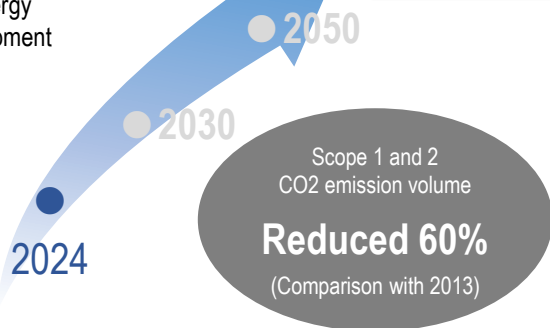
- Accelerate introduction of energy efficient equipment
- Make Urasoe Building (IT Center) energy efficient
- Expand ZEB certified offices
*As of Mar. 2024: Six offices certified
- Generate renewable energy
Consider acquiring equipment

[Paris Agreement]
2050
The challenge to be carbon neutral



FY 2023

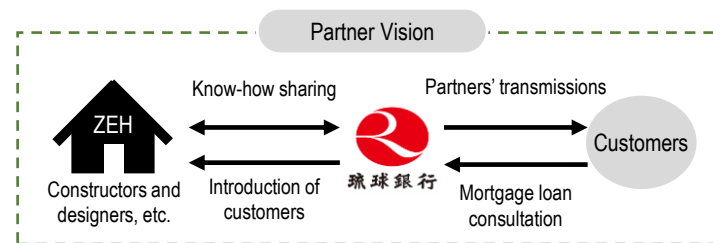
CDP evaluation: **[A-]**



Decarbonization Support for Local Communities

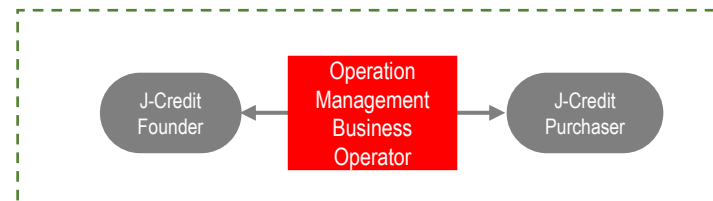
Demonstration of Leadership in Promoting ZEH in Local Communities

“ZEP-Ryukyu,” an alliance to promote the spread of ZEH, was launched in 2022.
Note: 115 members as of March 31, 2024



Entry into J-Credit Operation and Management Business

In order to promote decarbonization through the local circulation of J-Credit, we became the first bank in Japan to enter the J-Credit management business in 2023.



Note: J-Credit Scheme: A system in which the government certifies the amount of greenhouse gas emissions' reductions achieved through the use of energy-saving equipment and renewable energy as credits.

Participation in initiatives

CDP

GX League

Principles for Responsible
Banking (PRB)

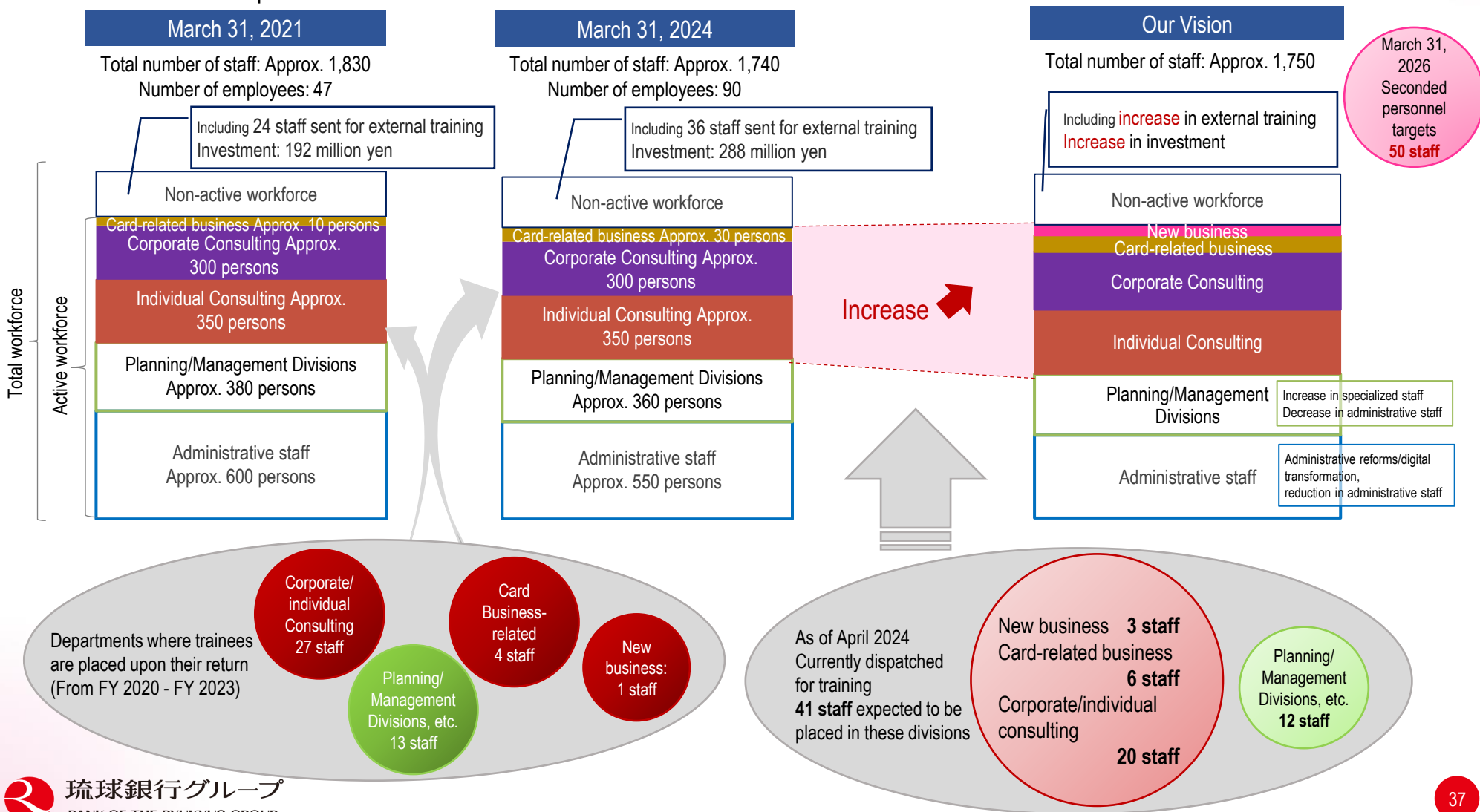
Task Force on
Climate-related
Financial Disclosures

Financial principles for
the 21st century



Build a Strategic Human Resources Portfolio

In order to implement various measures and provide advanced financial services, we will increase opportunities for employees to acquire a wide range of specialized skills, including by increasing external secondments for training purposes, and build a strategic human resources portfolio.



Reference: Various Rankings

Okinawa Main Bank Ranking

Okinawa Prefectural Ranking
Survey: Apr. 2024

1st

The Bank has been ranked **1st for 14 consecutive years** in TEIKOKU DATABANK, Ltd.'s "Main Bank Rankings."

NIKKEI Financial Bank Ranking

National ranking
Survey: Feb. 2024

5th

The Bank was ranked highly in four out of the five categories of convenience, product service, customer service, corporate attitude, and profitability.

Note: No. 1 among regional banks

Convenience: 6th
Product service: 1st
Customer service: 6th
Corporate attitude: 2nd

Highly Ranked for "Growth Environment for Those in their 20s"

National ranking
Survey: Jan. 1, 2023 - Nov. 24, 2023

5th

In a survey by OpenWork Inc. on T.V. Asahi's "Morning Show," the Bank was recognized for its **efforts in the growth and development of those in their 20s** and in the environment.

Certified Health & Productivity Management Outstanding Organization

White
500
certification

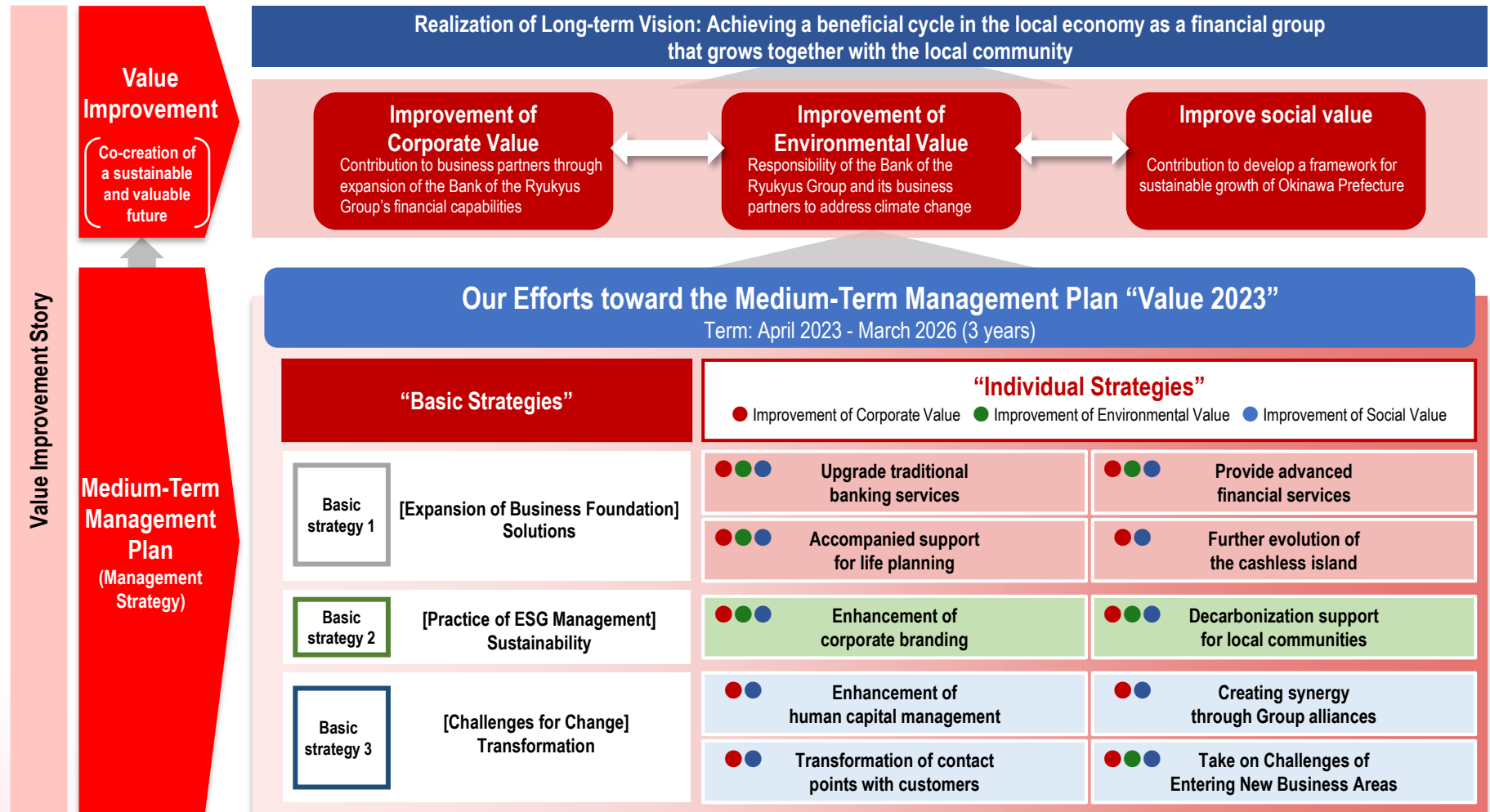
The Company has been certified for five consecutive years under the Certified Health & Productivity Management Outstanding Organizations Recognition Program jointly implemented by the Ministry of Economy, Trade and Industry and by the NIPPON KENKO KAIGI.

In FY 2024, the Bank was designated a **Certified Health & Productivity Management Outstanding Organization 2024 (White 500)**, which is a certification given to the top 500 companies.

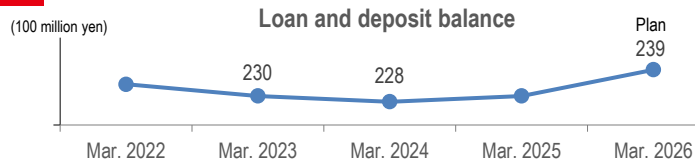
Progress of the Medium-Term Management Plan

Overview of the Medium-Term Management Plan

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 of “achieving a beneficial cycle in the local economy as a financial group that grows together with the local community.”

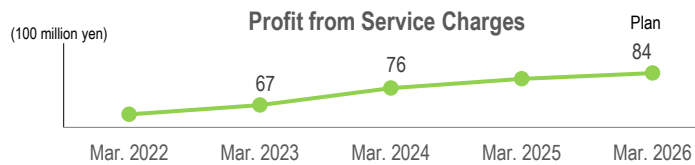


Progress and Outlook for the Profit/Loss Plan



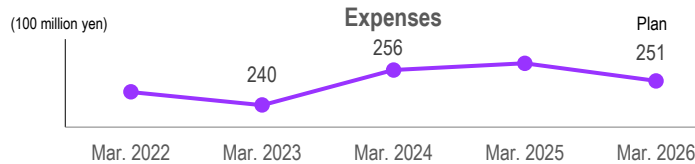
(Loan and deposit balance)

Interest on loans increased and the loan and deposit balance increased due to greater demand for funds within the prefecture as the economy recovered.



(Profit from Service Charges)

Increased due to the expansion of existing core businesses, including card-related business, corporate services, and individual consulting.



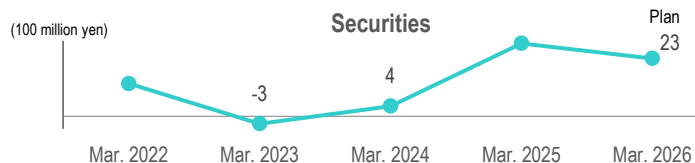
(Expenses)

An increase is expected due to increased labor costs resulting from improved working conditions, and increased property expenses resulting from system investment. We will continue to seek reductions toward the final year of the management plan.



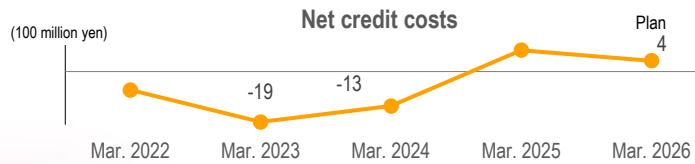
(Profit from Customer Services)

Although expenses will increase, we plan to exceed 7.0 billion yen in the fiscal year ending March 2026 due to increases in loan and deposit balance and profit from service charges.



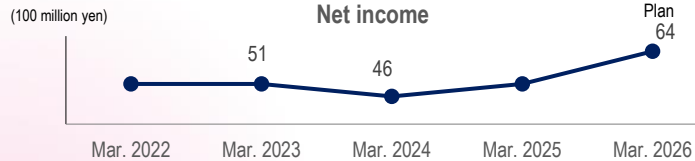
(Securities)

We expect an increase in interest income due to a decrease in foreign currency procurement costs and an increase in yields. By accumulating the balance, it will grow into a pillar of revenue for the final year of the management plan.



(Net credit costs)

Despite a reversal of general provision for doubtful accounts due to the economic recovery until the fiscal year ended Mar. 2024, we have conservatively incorporated the occurrence of net credit costs into the plan from the fiscal year ending Mar. 2025 onwards.



(Net income)

We expect this to reverse course from the fiscal year ending Mar. 2025 onwards, reaching 6.4 billion yen in the fiscal year ending Mar. 2026.

Management Targets and Results

Item	Medium-Term Management Plan	FY 2023 Results
	FY 2025 (Ending Mar. 2026)	(Ending Mar. 2024)
Consolidated Net Income	7.5 billion yen	5.6 billion yen
Consolidated ROE	5.0% or more	4.0%
Consolidated capital adequacy ratio	9.7% or more	9.57%
Non-consolidated profit from customer services	7.2 billion yen	4.8 billion yen
Non-consolidated net core business profit	9.3 billion yen	5.1 billion yen
Non-consolidated core OHR	Less than 73.0%	83.5%

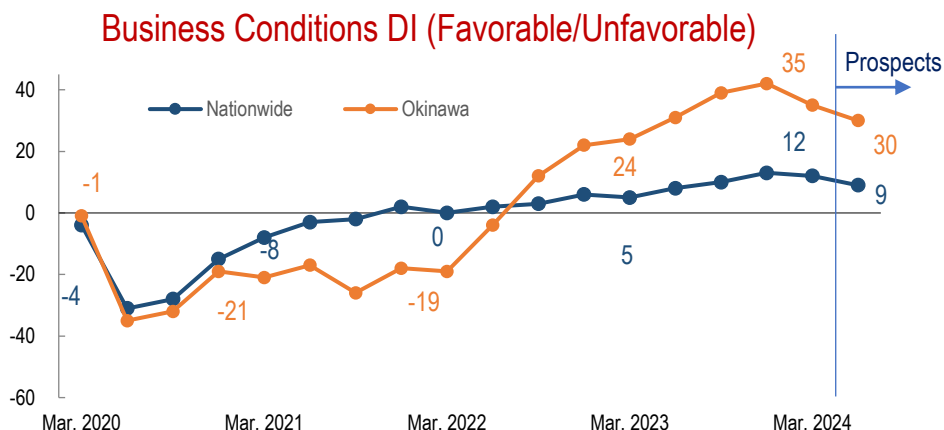
• Profit from Customer Services = Deposit and Loan Balance + Profit from Service Charges – Expenses

Note: For details, please refer to the Medium-Term Management Plan.

Summary of Okinawa Economy

Tankan/Economic Overview of Okinawa Prefecture

The prefectural economy is in an expansionary trend.

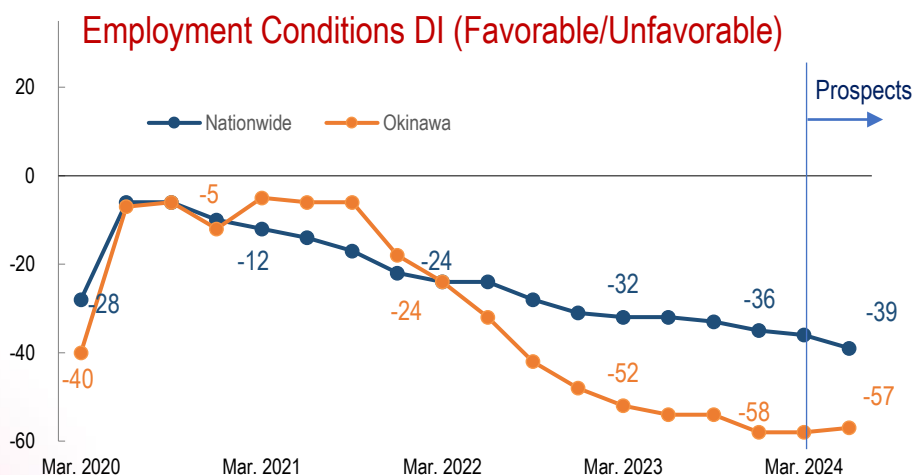


Economic Overview of Okinawa Prefecture

- According to the Tankan's business conditions DI, the economy in Okinawa Prefecture has been recovering since March 2022, and is expected to continue to expand in the immediate future.
- The outlook for the future is for the "favorable" side to deteriorate by 5 points from March 2024 to a "favorable" side of 30.

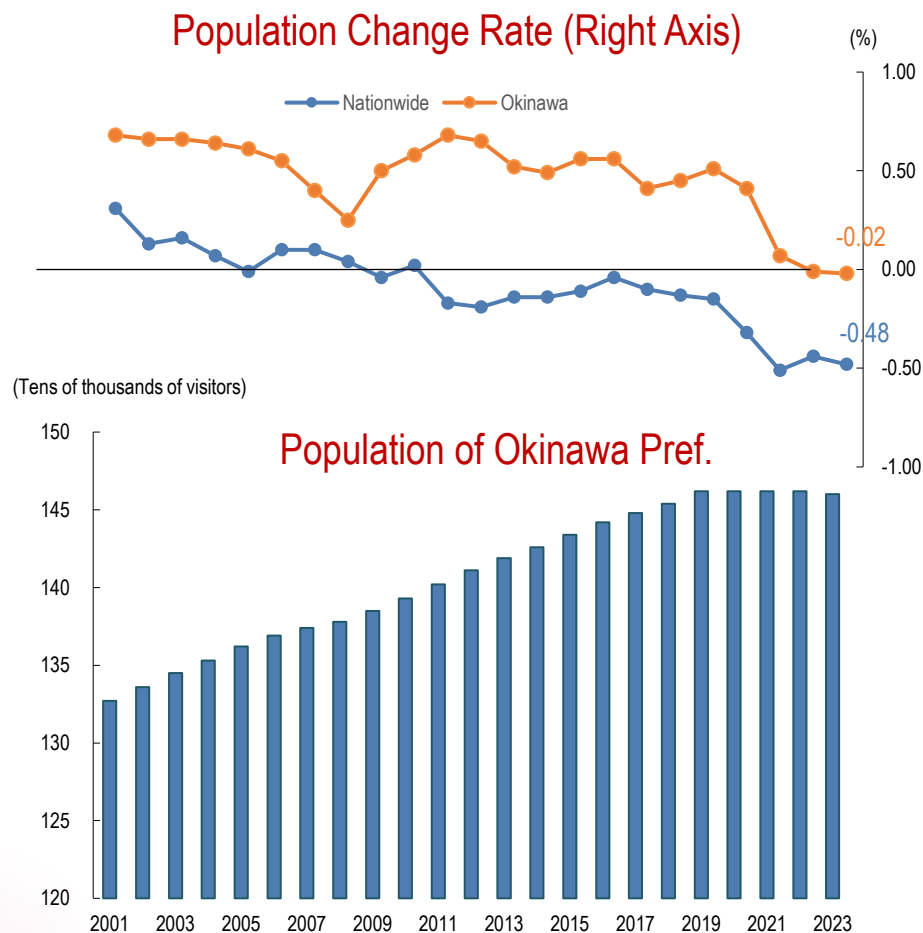
Trends in major indicators

- Personal consumption is increasing slowly.
- Tourism is in an expansionary trend.
- Public investment is currently increasing. Capital investment is recovering. Residential investment remains firm.
- The employment sentiment DI remains below the national average, and companies' sense of a labor shortage has not been resolved.

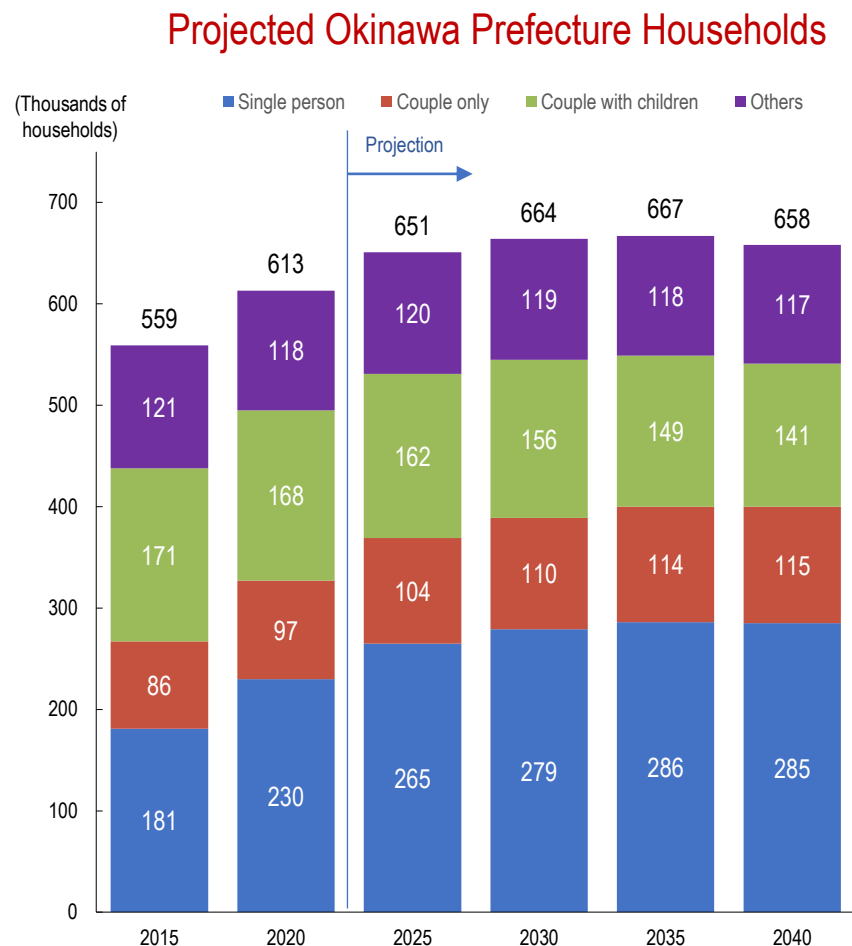


Increase/Decrease in Population and Projected Future Households

The total population in Okinawa Prefecture has remained nearly unchanged, but declined for the first time since 2022. However, the number of households is likely to continue increasing for now.



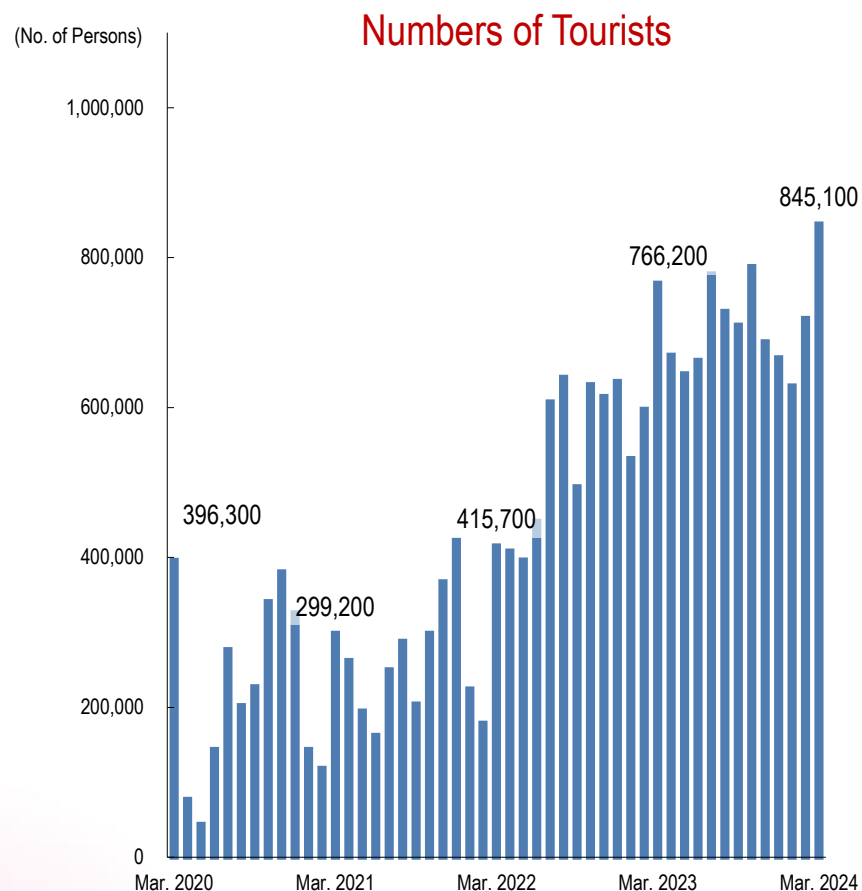
Source: Ministry of Internal Affairs and Communications



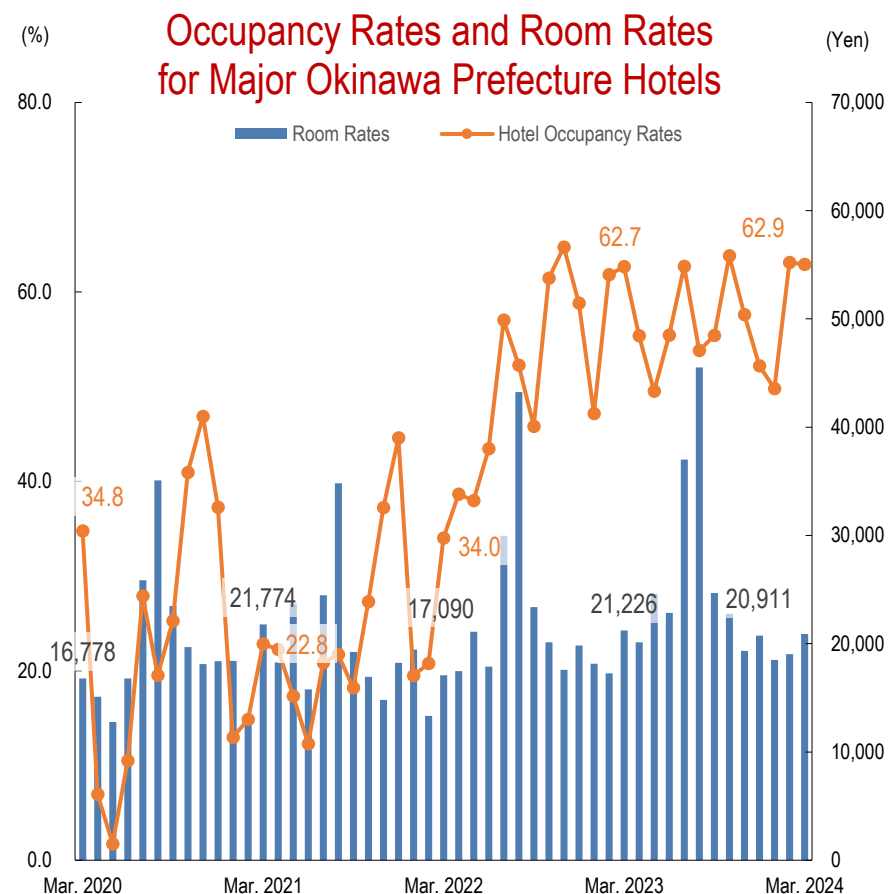
Source: Ryugin Research Institute Ltd.

Number of Tourists, Hotel Occupancy Rates and Room Rates

The number of tourists in FY 2023 recovered to the fifth highest level ever due to the lifting of movement restrictions against COVID-19, and the resumption of international air routes and cruise ships, etc.



Source: Okinawa Prefecture



Source: Ryugin Research Institute Ltd.

Hotel and Theme Park Opening Plans

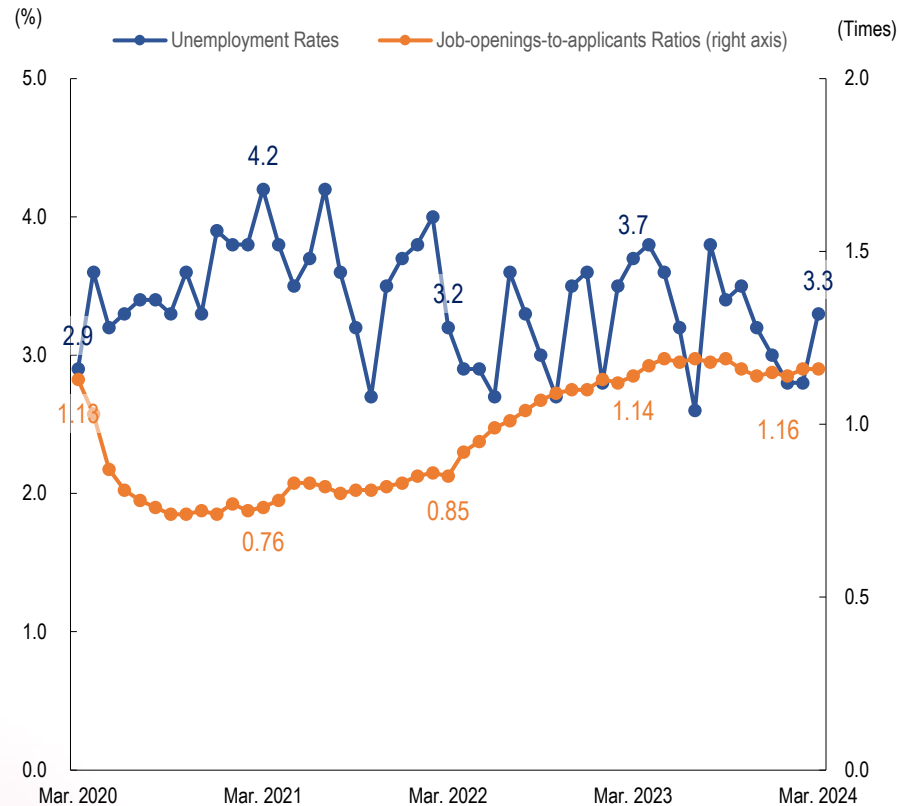
Investment in Okinawa remains strong, and openings, including for luxury hotels, are expected to continue into the future.

Opening date	Location	Hotel name	No. of rooms
Apr. 11, 2024	Senagajima, Tomigusuku city	THE SENAGAJIMA STORYLINE	Hotel 101 condominium-style rooms
2024	Hirara, Miyakojima city	Rosewood Miyakojima	Hotel 55 villas
Summer 2025	Nakijin village	JUNGLIA	Theme Park
FY 2025	Ogimi village	Grandvrio Resort Okinawa (tentative)	Hotel 4 above-ground floors; 200 rooms
2026	Fuchaku, Onna village	PGM Golf Resort Okinawa	Hotel 200 rooms
Spring 2026	Mihama, Chatan town	Chatan PRJ (tentative name)	Hotel 18 floors, 209 rooms
Mar. 2027	Senagajima, Tomigusuku city	Senagajima Hotel Annex	Hotel 9 floors, 127 rooms
Spring 2027	Onna Communication Site at Onna	Four Seasons Resort & Private Residence Okinawa	Hotel 280 rooms

Unemployment Rates, Job-openings-to-applicants Ratios, and Corporate Bankruptcies

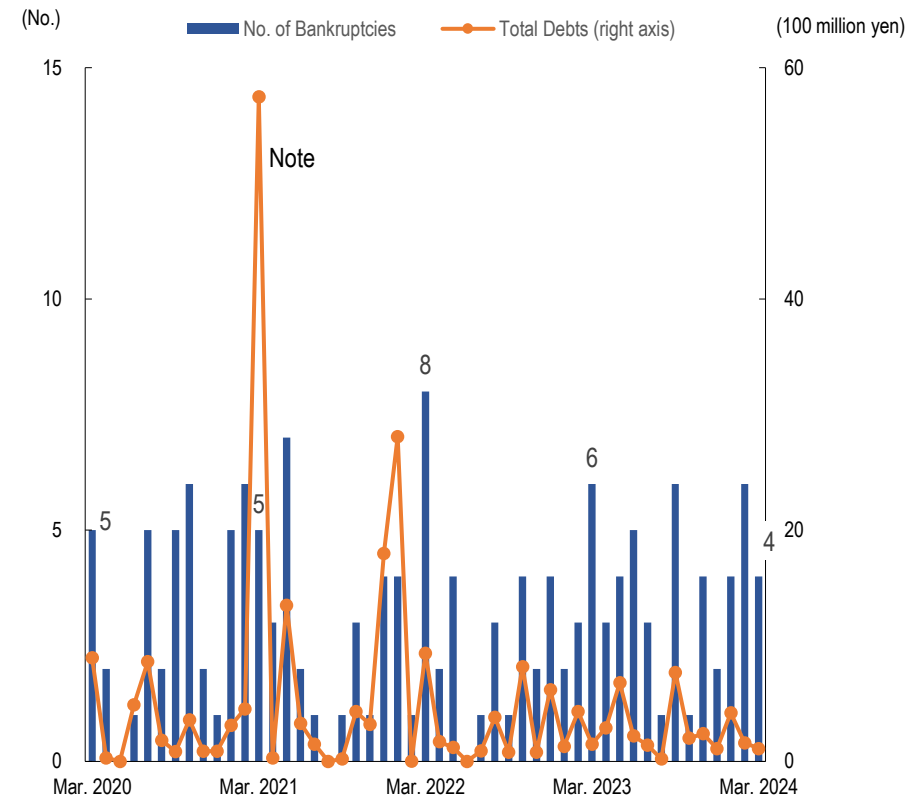
Regarding the employment situation, the job-openings-to-applicants ratio remains above 1. The number of corporate bankruptcies has been calm.

Unemployment Rates and Job-openings-to-applicants Ratios



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

No. of Corporate Bankruptcies and Total Debts



Source: Tokyo Shoko Research Note: [Total debts as of March 2021: approx. 5.7 billion yen]

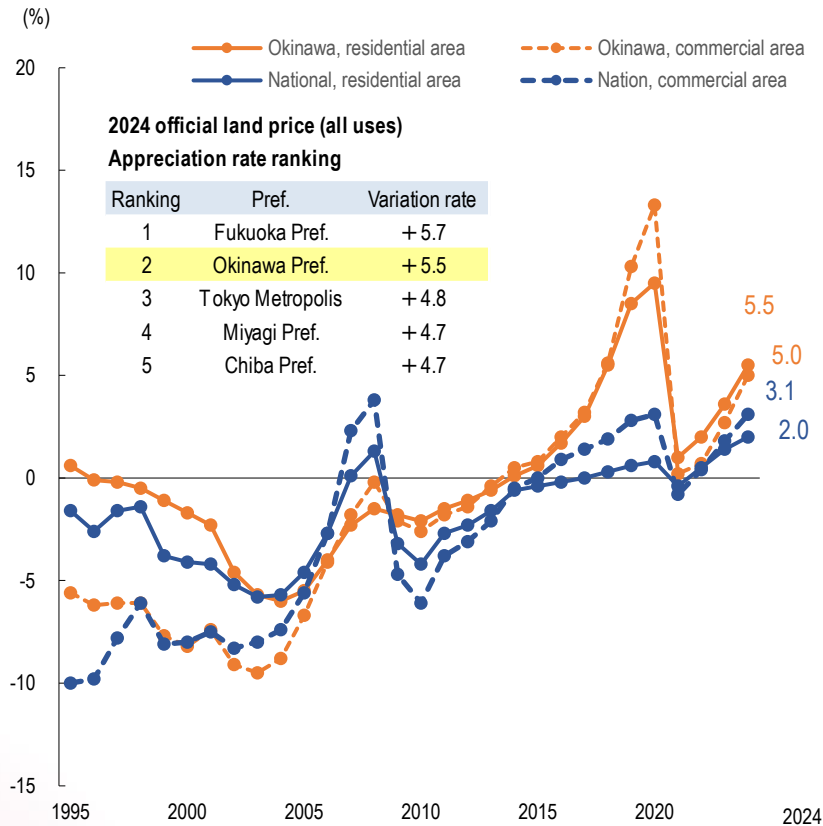
* Accommodation industry: approx. 3.6 billion yen

* Chemical engineering products manufacturing: approx. 1.7 billion yen

Official Land Price and Construction Unit Price

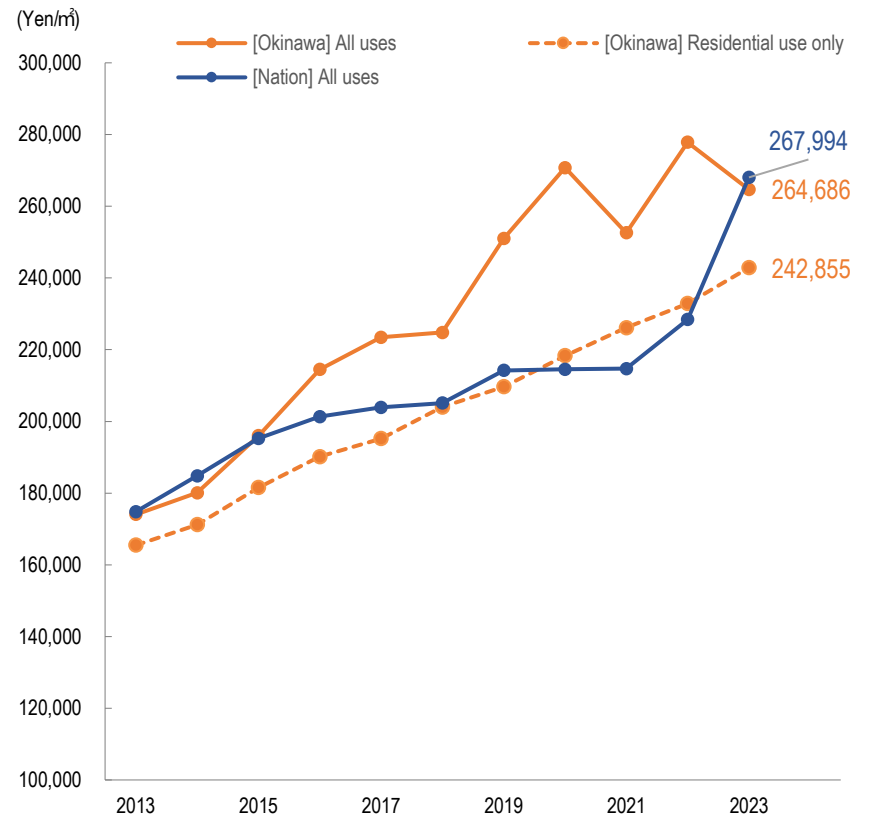
Official land prices increased 5.5% year-on-year on average for all land uses, representing an increase for the eleventh straight year and a gain of 1.9 points year-on-year. The growth rate in residential areas was the highest in the nation. Construction unit prices for housing also continued to rise.

Variation Rate of Official Land Price



Source: Ministry of Land, Infrastructure, Transport and Tourism

Trends of Construction Unit Price

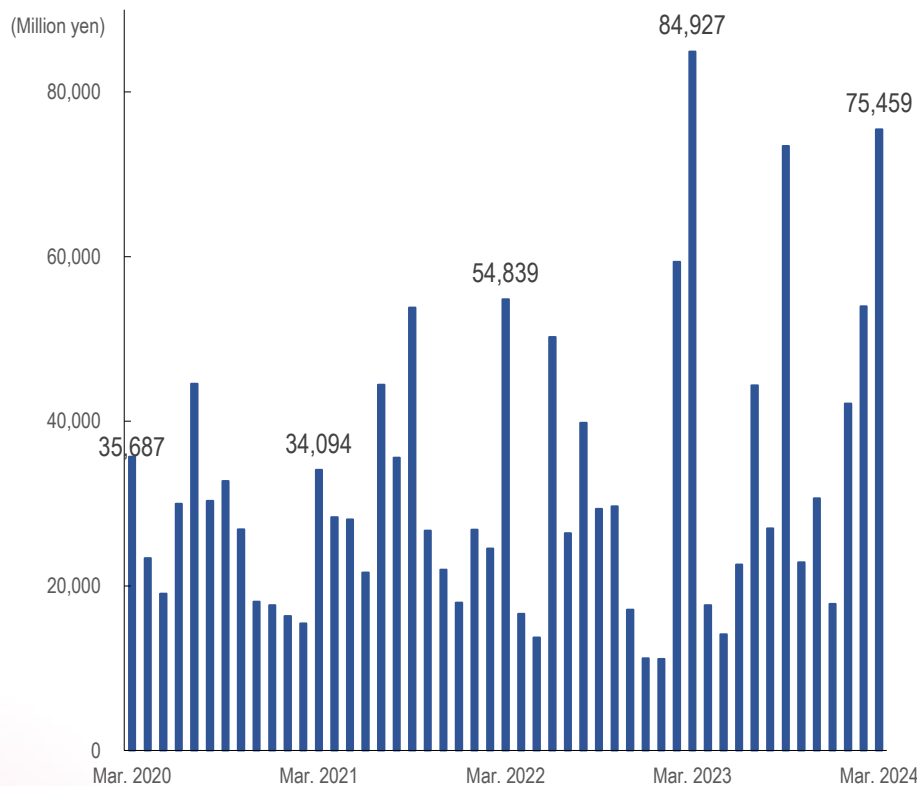


Source: Ministry of Land, Infrastructure, Transport and Tourism

Public Construction Contract Amounts and Backlog Amounts from Construction Order

Public construction contract amounts remain robust. The variation rate of backlog amounts from the construction order has also remained strong.

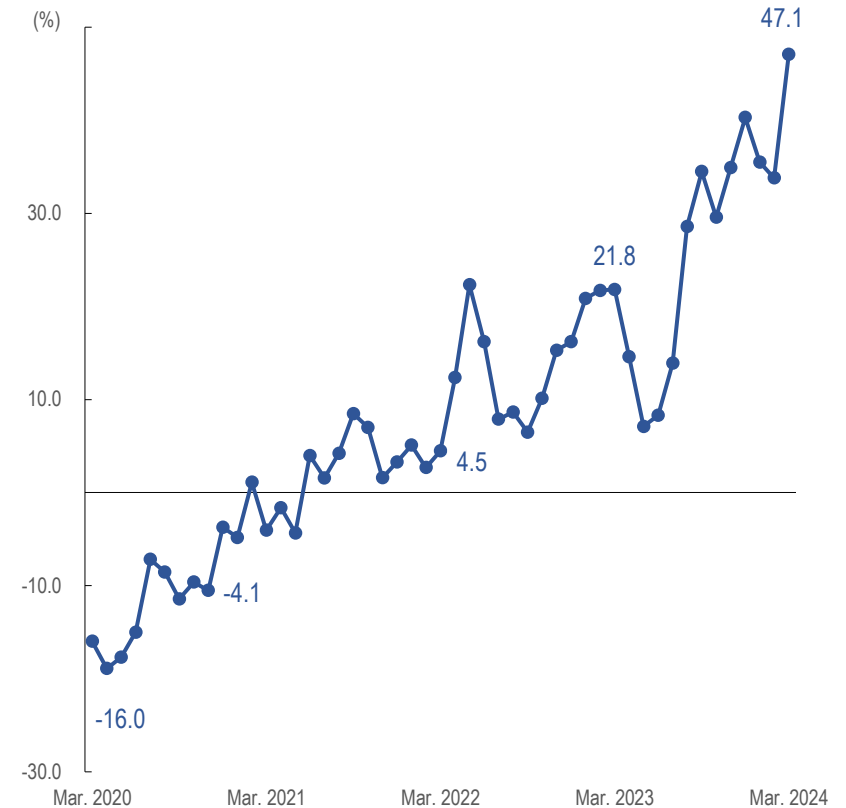
Public Construction Contract Amounts



Source: West Japan Construction Company Okinawa Branch

The Variation Rate of Backlog Amounts from the Construction Order

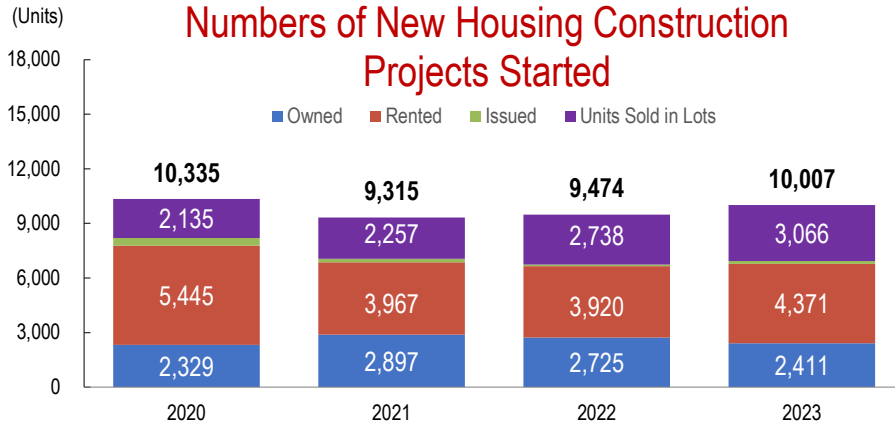
(Year-on-year, index no., 17 construction companies in Okinawa Prefecture)



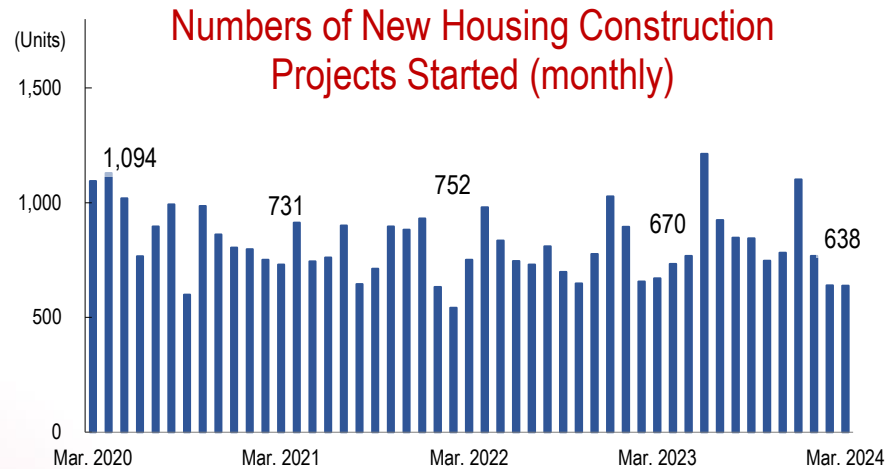
Source: Ryugin Research Institute Ltd.

Numbers of New Housing Construction Projects Started and Consumption Trends

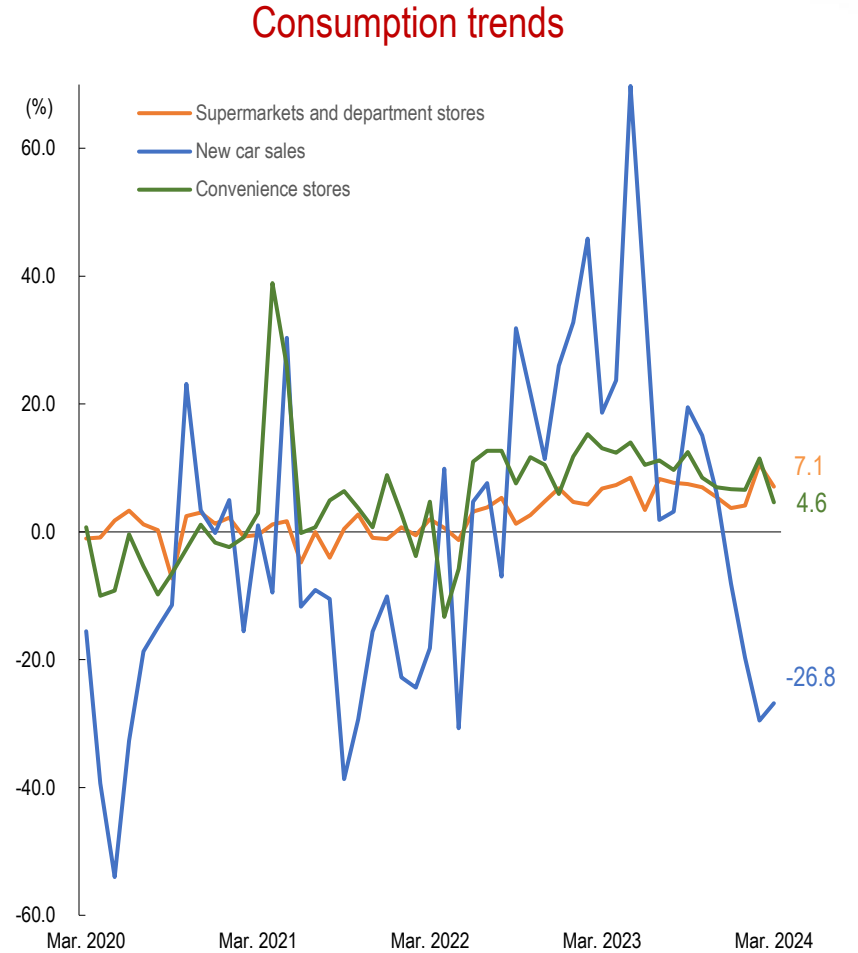
Numbers of new housing construction projects started has recovered the the 10,000 unit range on an annual basis. Consumption trends remain steady.



Source: Ministry of Land, Infrastructure, Transport and Tourism



Source: Ministry of Land, Infrastructure, Transport and Tourism



Source: Ryugin Research Institute Ltd., Bank of Japan Naha Branch, Okinawa Automobile Dealers Association

About Bank of the Ryukyus

Bank of the Ryukyus Overview

Company Profile	
Establishment	May 1, 1948
Capital	56.967 billion yen
Registered Address	900-0015 1-11-1 Kumoji, Naha, Okinawa Prefecture
Address for Temporary Relocation	900-0034 2-1 Higashi-machi, Naha, Okinawa Prefecture
No. of Business Locations	74 in Okinawa Pref., 1 in Tokyo
Total Assets	3.273 trillion yen
Loans	1.9031 trillion yen
Deposits	2.8505 trillion yen
No. of Employees	1,381
Credit Ratings	R&I : A+ JCR : A+

Affiliated Companies	
 Address Establishment Capital Business Fields	1-7-1 Kumoji, Naha, Okinawa Prefecture May 10, 1972 346 million yen (100% stock ownership by Bank of the Ryukyus) Leasing and installment-selling of information-related devices/equipment, office equipment, and other machinery and equipment
 Address Establishment Capital Business Fields	1-7-1 Kumoji, Naha, Okinawa Prefecture Dec. 1, 2022 50 million yen (100% stock ownership by Bank of the Ryukyus) System design and development, IT infrastructure services, and IT consulting
 Address Establishment Capital Business Fields	2-3-10 Matsuyama, Naha, Okinawa Prefecture Aug. 26, 2008 279 million yen (100% stock ownership by Bank of the Ryukyus) Credit card, personal trust purchasing mediation, and contracted acquisition operations
 Address Establishment Capital Business Fields	1-7-1 Kumoji, Naha, Okinawa Prefecture Apr. 25, 1984 195 million yen (100% stock ownership by Bank of the Ryukyus) Credit card, loan, and credit guarantee operations
 Address Establishment Capital Business Fields	2-1 Higashi-machi, Naha, Okinawa Prefecture Jul. 2, 1979 20 million yen (100% stock ownership by Bank of the Ryukyus) Debt obligation guarantee operations and similar in relation to real estate financing and consumer credit
 Address Establishment Capital Business Fields	1-1-9 Tsubogawa, Naha, Okinawa Prefecture Jun. 28, 2006 23 million yen (100% stock ownership by Bank of the Ryukyus) Industrial, economic and monetary surveys; research operations; and planning and operation of lecture events, training sessions, etc.
 Address Establishment Capital Business Fields	3-33-1 Yafuso, Urasoe, Okinawa Prefecture Sep. 16, 1983 10 million yen (100% stock ownership by Bank of the Ryukyus) Cash inspection and preparation/sorting, ATM maintenance and management, and delivery operations for documents and similar

Bank of the Ryukyus History

May 1948	Precursor organization established via the Military Government Ordinance No. 1
Jan. 1972	The Bank changed from special public corporation based on Military Government Ordinance to joint-stock corporation based on commercial law, and name changed to Bank of the Ryukyus, Limited
May	Business operating license acquired following Government of the Ryukyu Islands' establishment of the Banking Act Bank changed from a proclamation-based bank to a commercial bank based on the Banking Act
Oct. 1983	Becomes first corporation in Okinawa Prefecture to be listed on the stock market (Tokyo Stock Exchange 2nd Section and Fukuoka Stock Exchange) Later listed on Tokyo Stock Exchange 1st Section in September 1985
Sep. 1999	Fiscal soundness plan established based on 22.7 billion yen capital increase through third-party allocation and 40.0 billion yen in public financing (unsecured convertible bonds)
Jan. 2006	Judankai joint banking system (for 8 regional banks) launched
Oct.	Bank acquires 34 billion yen of stock from among 40 billion yen of public preferred stock and cancels it
Jul. 2010	Completes repayment of public loans to conclude fiscal soundness plan
Apr. 2015	Okinawa Credit Service Co., Ltd. becomes a consolidated subsidiary of the Bank
Jan. 2017	Begins offering customer services for Bank of the Ryukyus Card affiliates
Jul.	Ryukyu Leasing Co., Ltd. becomes wholly owned subsidiary of the Bank
May 2018	Celebrates 70th anniversary of bank founding
Sep.	Capital increase through 5.6 billion yen public offering
Nov. 2019	Bank of the Ryukyus Group SDG Declaration established
Apr. 2020	The Bank joins the TSUBASA Alliance
Dec.	Headquarters temporarily relocated to Naha Port Bldg.
Jan. 2021	The Bank enters into the Okinawa Economic Revitalization Partnership with The Bank of Okinawa
Apr. 2022	Listed on new "Prime Market" section of Tokyo Stock Exchange
Dec.	RYUCOM Co., Ltd. (IT business) becomes a consolidated subsidiary of the Bank
Feb. 2023	We established a joint venture called "Yui Partner Service Corporation" with Okinawa Kaiho Bank, Ltd.
Apr.	Medium-Term Management Plan "Value 2023" launched
Mar. 2024	We signed PRB (Principles for Responsible Banking) and announced the "Ryugin Carbon Neutral Declaration"

Bank of the Ryukyus was originally established on May 1, 1948 as a special banking organization via the Military Government Ordinance, and the US government provided 51 percent of the capital investment. The Bank was modeled after the US Federal Reserve System and Philippine National Bank, and following its initial founding was operated very much like a central bank.

In the spring of 1972, as part of preparations for Okinawa's return to Japanese sovereignty, the Bank was reorganized as a joint-stock corporation and shares in the organization held by the US government were distributed among Okinawa Prefecture citizens. As of this event, our organization began operating as a commercial bank in Japan, and in 1983 we became the first corporation from Okinawa Prefecture to be listed on the stock market.

As part of measures toward greater asset soundness for the Bank and a stronger corporate financial structure, in September 1999 we implemented a 22.7 billion yen capital increase through third-party allocation and also received 40.0 billion yen in public financing. By July 2010, we completed repayment of all public loans.

In January 2006, we were able to quickly adopt cutting-edge computing technology due to the switch to the Judankai joint banking system.

Okinawa Credit Service Co., Ltd., which handles credit-card business and personal trust purchasing mediation services, became a consolidated subsidiary of the Bank of the Ryukyus Group in April 2015, and Ryukyu Leasing Co., Ltd., which is engaged in comprehensive leasing operations, became a wholly owned subsidiary in July 2017. These and other such changes were implemented in order to strengthen the Group as a whole, thus ensuring provision of high value to our customers.

In April 2020, we joined the TSUBASA Alliance, which is headed up by The Chiba Bank, Ltd. Also, in April 2022, Bank of the Ryukyus was listed on the Tokyo Stock Exchange's new market, the Prime Market. In December of the same year, RYUCOM Co., Ltd. (IT business) became a consolidated subsidiary of the Bank.

In April 2023, we started our medium-term management plan called "Value 2023." With the long-term vision of "achieving a beneficial cycle in the local economy as a financial group that grows together with the local community," we will commit on three basic strategies "expansion of our business foundation, practice of ESG management, and challenges for change" throughout the period. We aim to achieve sustainable growth by emphasizing high-quality consulting service, activities toward decarbonization, new business development, and the cultivation of specialized human resources to implement these emphasis points.

Glossary

Profit from Customer Services	<p>This is an important indicator that the Bank has established that places importance on management strategy, and mainly indicates profits from customer departments, such as branches.</p> <p>Calculated as loan and deposit balance + profit from service charges - expenses.</p>
ROE	<p>An abbreviation for Return on Equity, which refers to the return on shareholders' equity.</p> <p>An indicator of how effectively a company uses the capital it receives from shareholders, and how much profit it is generating.</p>
PBR	<p>An abbreviation for Price to Book Ratio, which refers to the stock price per share divided by the book value per share.</p> <p>An indicator used to evaluate stock prices, calculated by dividing market capitalization by total net assets.</p>
PER	<p>An abbreviation for Price to Earning Ratio, which refers to the share price relative to the earnings per share.</p> <p>An indicator used by investors to evaluate stocks and make investment decisions based on a company's growth potential and future profit outlook, etc.</p>
CAPM	<p>An abbreviation for Capital Asset Price Model, which is a model primarily used to calculate a company's capital cost.</p> <p>An indicator used to determine if profitability exceeding the capital cost is being secured in comparison with ROE.</p>
Risk-free Rate	<p>Refers to the rate of return that an investor can receive without incurring risk.</p> <p>The yield on national bonds such as government bonds is frequently used.</p>
Equity Risk Premium	<p>Refers to the return an investor can expect by investing in the risk of the stock market.</p> <p>Calculated by subtracting the risk-free rate from the rate of return on investments in stocks.</p>
ALM	<p>An abbreviation for Asset and Liability Management, which is a strategic process for financial institutions to comprehensively manage their assets and liabilities.</p> <p>It is used as a method to aim for appropriate management and risk return, taking into account the nature, maturity, and interest rate conditions of assets and liabilities.</p>
RAF	<p>An abbreviation for Risk Appetite Framework, which is a strategic framework for discussing the degree of risk to be accepted in order to maximize profits.</p> <p>It serves as the basis for an organization's overall risk management strategy, and clarifies the risks and returns to be taken.</p>
LTV	<p>An abbreviation for Loan to Value, which is an indicator that indicates the collateral value ratio in loans, etc.</p> <p>It is used as an indicator to measure the degree of risk associated with assets with regard to bank capital adequacy ratio regulations.</p>
CRM	<p>An abbreviation for Credit Risk Mitigation, which is a credit risk mitigation measure under the Basel regulations.</p> <p>It is applied when certain conditions are met, and is used as a method of reducing risks related to assets under bank capital adequacy regulations.</p>

About This Document

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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 document contains information about the future (forward-looking information) such as forecasts, outlooks, objectives and plans concerning the Bank of the Ryukyus. Said forward-looking information was created based on information available as of May 10, 2024 and does not represent a guarantee of future performance.

Certain assumptions and hypotheses are used for descriptions of forward-looking information, but these assumptions and hypotheses may be inaccurate from an objective perspective and may not materialize in the future. Forward-looking information involves risks and uncertainties, so we ask readers to refer to earnings briefs and annual reports from the Bank for more details. The Bank will not update any forward-looking information contained in this document.