

# Investor Presentation

Financial Results for FY2024



琉球銀行グループ  
BANK OF THE RYUKYUS GROUP



Received a Grand Prize in the General Category of the 33rd (Fiscal 2024) Bingata Design Contest  
"Departure" by Sayano Taira

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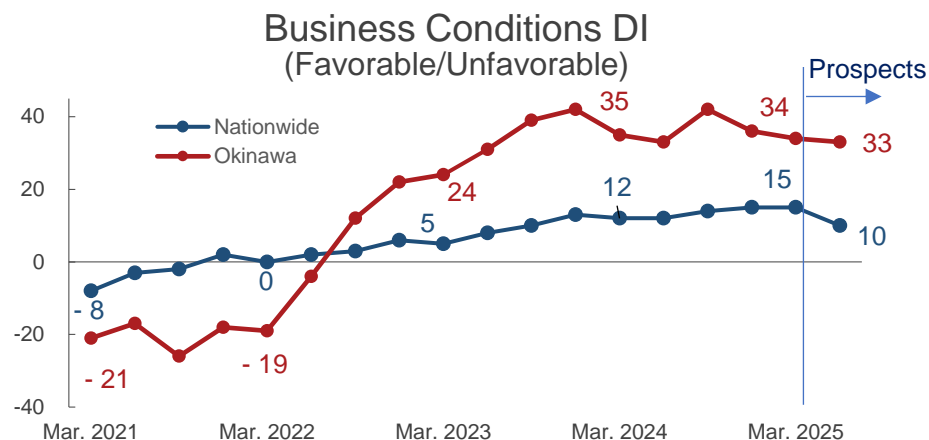
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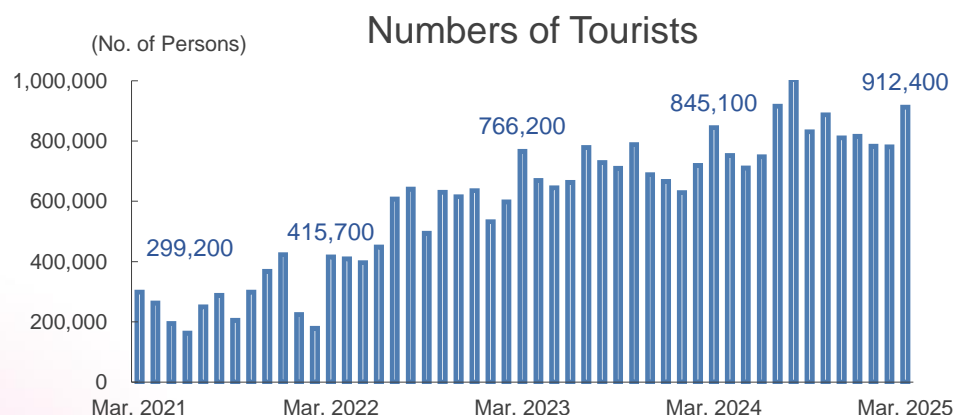
# **Financial Results for the Fiscal Year Ended March 31, 2025**

# Economic Overview of Okinawa Prefecture

The recovery is gaining momentum throughout the Okinawan economy, and the prefecture's economy is in an expansionary trend against the backdrop of strong tourism demand.



Source: Bank of Japan Naha Branch



Source: Okinawa Prefecture

## Economic Overview of Okinawa Prefecture

According to the Tankan's survey of business conditions, the prefecture's economy is in an expansionary trend against the backdrop of strong tourism demand.

The outlook for the future is for the "favorable" side to deteriorate by 1 point from March 2025 to a "favorable" side of 33.

## Trends in Major Indicators

### Tourism

Due to high travel demand in Japan and overseas, the number of tourists was strong in FY2024, the second highest on record after FY2018. Going forward, the trend of expansion is expected to intensify.

### Consumption

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

### Construction

Although there is a slowdown in the growth of private-sector construction, the recovery is expected to strengthen as the amount of construction projects on hand remains at a high level.

## Recent Major Development Projects

Hotel name	Type	Scheduled opening
JUNGLIA	Theme Park	Jul. 2025
Shuri Castle (Restored)	Historic Site	FY2026
Four Seasons Resort & Private Residence Okinawa	Hotel	Summer 2027

# Financial Summary

In consolidated terms, revenue grew but profit decreased, while for non-consolidated figures revenue and profit both increased. Net income increased year-on-year on both a consolidated and non-consolidated basis.

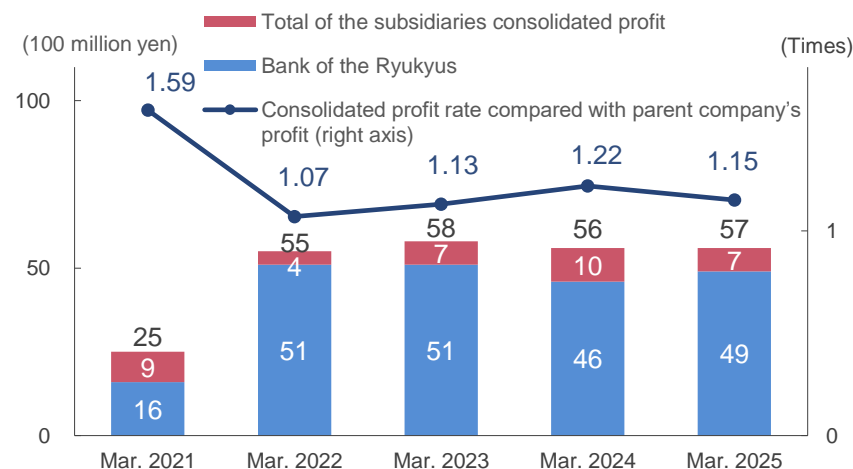
(100 million yen)

[Consolidated]	FY2024 (Ended Mar. 2025)		Bank of the Ryukyus		Ryukyu Lease		RYUCOM		OCS		Ryugin DC		Ryugin Hoshō	
		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year
Ordinary income	691	+32	450	+19	186	+14	35	+0	19	+0	21	+2	6	-0
Ordinary profit	83	-1	69	+0	5	+0	1	-0	1	+0	5	+2	5	-0
Profit attributable to owners of the parent	57	+1	49	+3	3	+0	0	-0	1	+0	4	+1	3	-0

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

(100 million yen)

[Non-Consolidated]	FY2024 (Ended Mar. 2025)		FY2023 (Ended Mar. 2024)
		Year on Year	
Ordinary income	450	+19	431
Ordinary profit	69	+0	68
Net income	49	+3	46



# Summary of Profit/Loss Trends

(Million yen)

	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025	Year on Year
<b>Profit from Customer Services<sup>*1</sup></b>	3,835	5,097	5,691	4,884	<b>4,578</b>	-306
<b>Deposit and loan balance<sup>*2</sup></b>	23,249	23,433	23,027	22,872	<b>22,759</b>	-113
<b>Profit from service charges<sup>*3</sup></b>	5,775	6,287	6,754	7,688	<b>7,769</b>	+81
<b>Expenses</b>	-25,189	-24,623	-24,090	-25,676	<b>-25,950</b>	-274
<b>Profit/loss in Trading Division</b>	1,864	1,302	-312	540	<b>3,721</b>	+3,181
<b>Profit/loss in Securities &amp; International Department</b>	1,357	537	-988	384	<b>2,180</b>	+1,795
<b>Interest and dividends</b>	1,201	1,054	1,883	2,934	<b>2,980</b>	+45
<b>Gains/losses from forex and commodities trading</b>	115	60	-919	-1,161	<b>-1,315</b>	-153
<b>Balance of 5 bond accounts</b>	89	-818	-1,690	-554	<b>-575</b>	-21
<b>Balance of 3 share accounts</b>	41	-103	236	773	<b>767</b>	-5
<b>Policy-related investment</b>	506	765	676	155	<b>1,541</b>	+1,385
<b>Net core business profit<sup>*4</sup></b>	5,987	7,395	6,699	5,105	<b>7,189</b>	+2,084
<b>Net credit costs</b>	-3,313	729	1,913	1,324	<b>-1,463</b>	-2,787
<b>General provision for doubtful accounts<sup>*5</sup></b>	-2,751	880	1,987	1,993	<b>-521</b>	-2,515
<b>Miscellaneous, corporate tax, etc.</b>	-770	-1,933	-2,097	-2,134	<b>-1,861</b>	+273
<b>Net income</b>	1,616	5,195	5,195	4,614	<b>4,975</b>	+361

\*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)

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

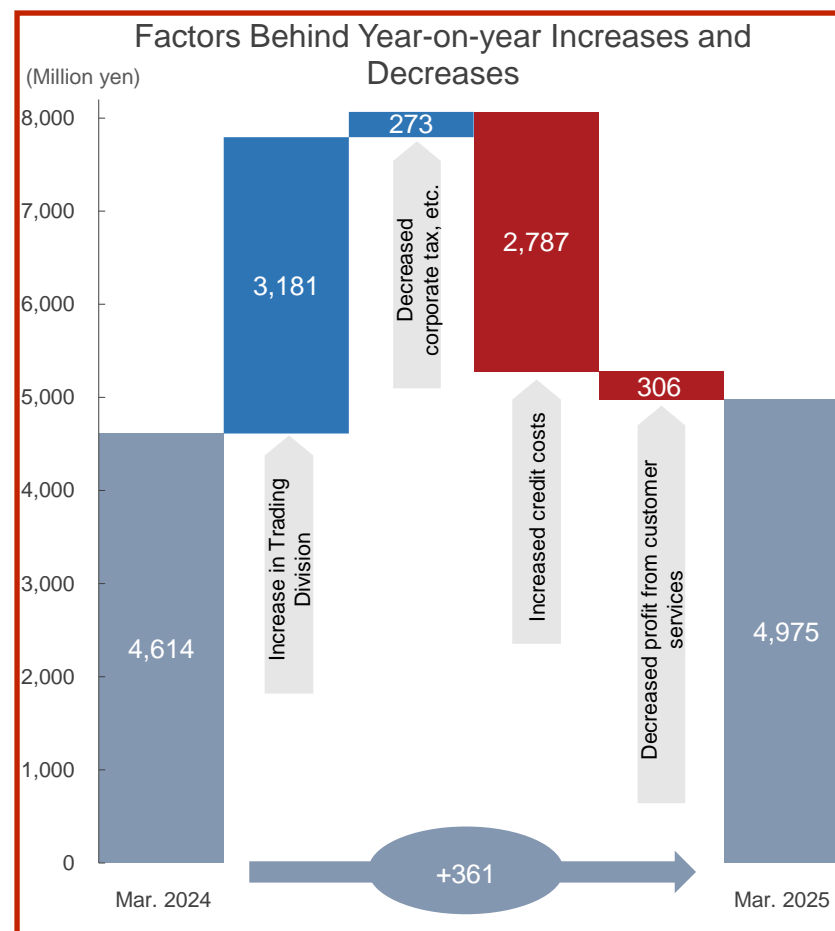
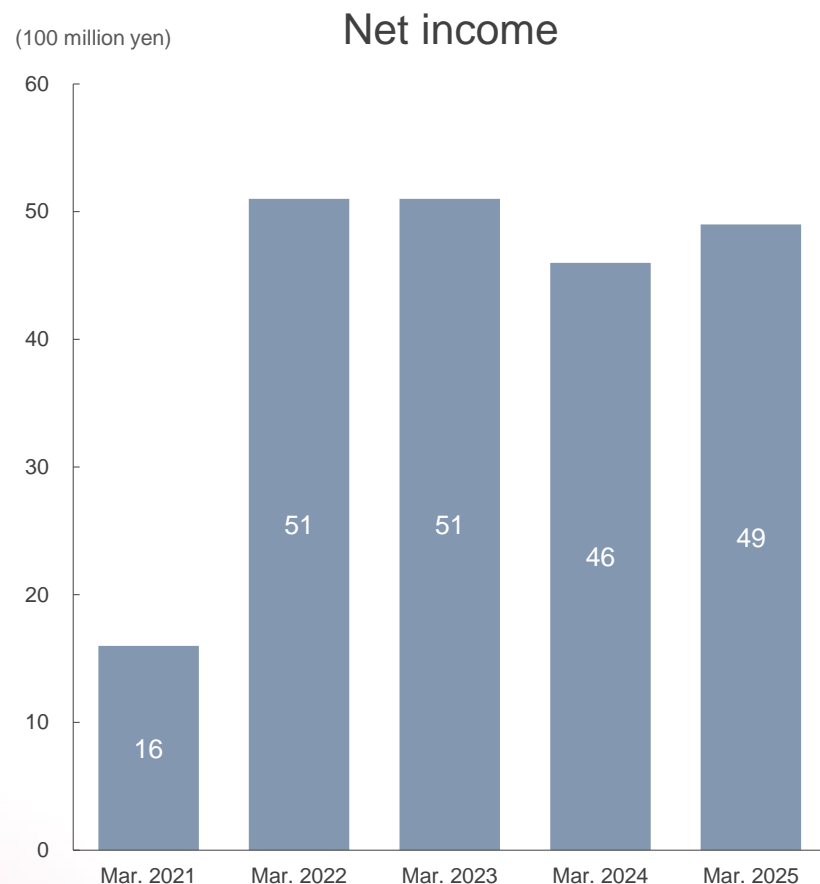
\*4 Net core business profit (net business profit before general provision for doubtful accounts and profit/loss in government and other bonds (balance of 5 bond accounts))

\*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, 2025

Net income increased as a result of a significant increase in the Trading Division, despite an increase in credit costs mainly due to the absence of a reversal of provision for doubtful accounts.

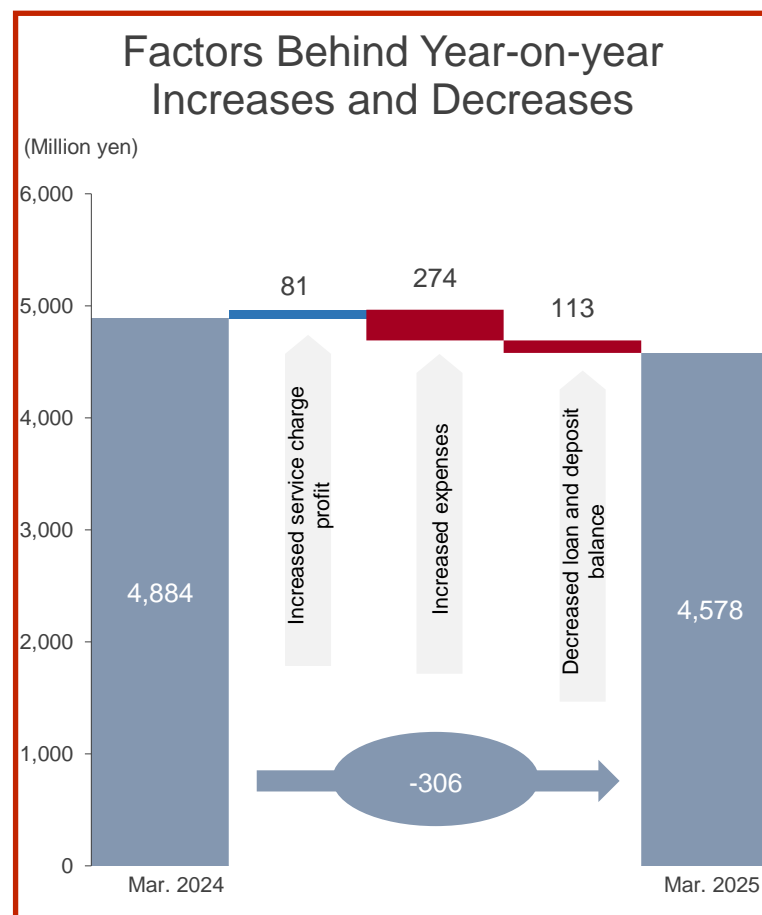
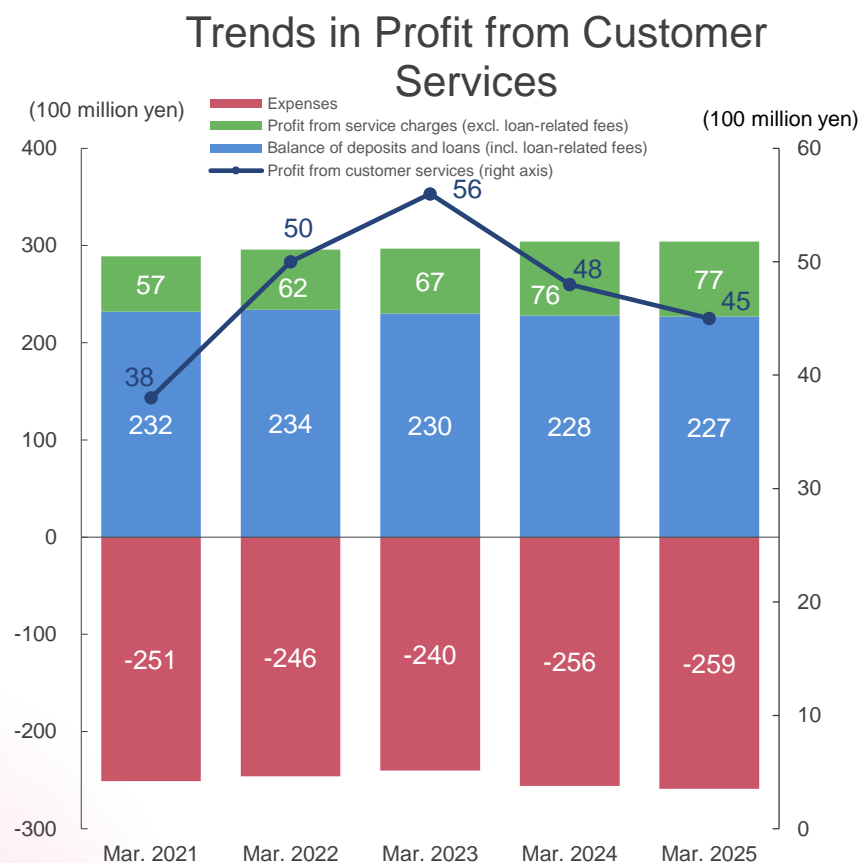




# Profit from Customer Services

Although profit from service charges increased, profit from customer services decreased due to an increase in expenses, especially labor costs, 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 a decline in refunds of group credit life insurance premiums. Excluding loan-related fees, the loan and deposit balance increased by 93 million yen year on year.

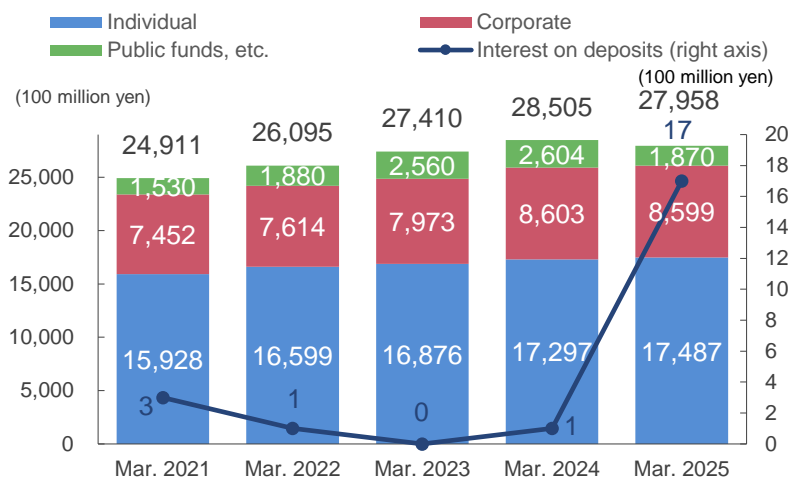




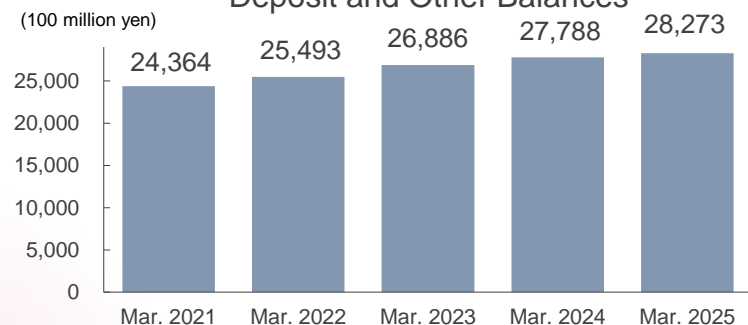
# Profit from Customer Services: Deposits

Deposits decreased year on year on the basis of year-end balance, but increased on the basis of average balance during the period. While individual deposits remained strong, the ending balance decreased due to a decline in public funds caused by special factors such as the timing of the changeover of designated financial institutions.

Deposit and Other Balances

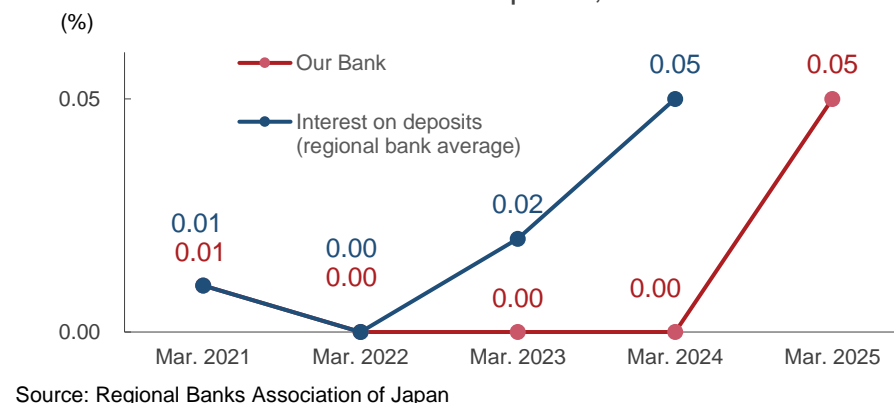


[Interim Average Balance]  
Deposit and Other Balances

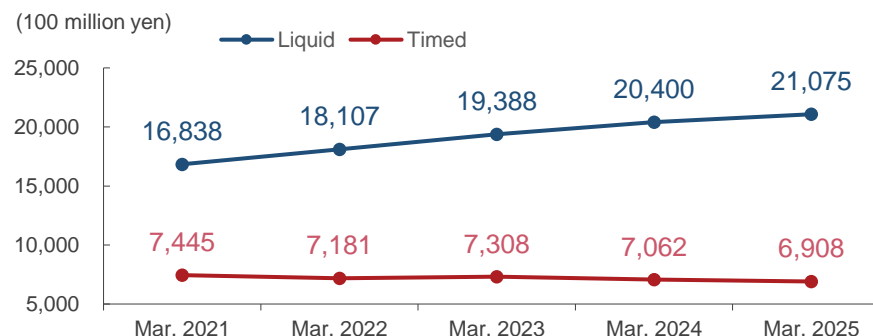


\* "Deposits, etc." includes negotiable certificates of deposit.

Interest on Deposits, etc.



Averaged Liquid and Timed Deposit Balances



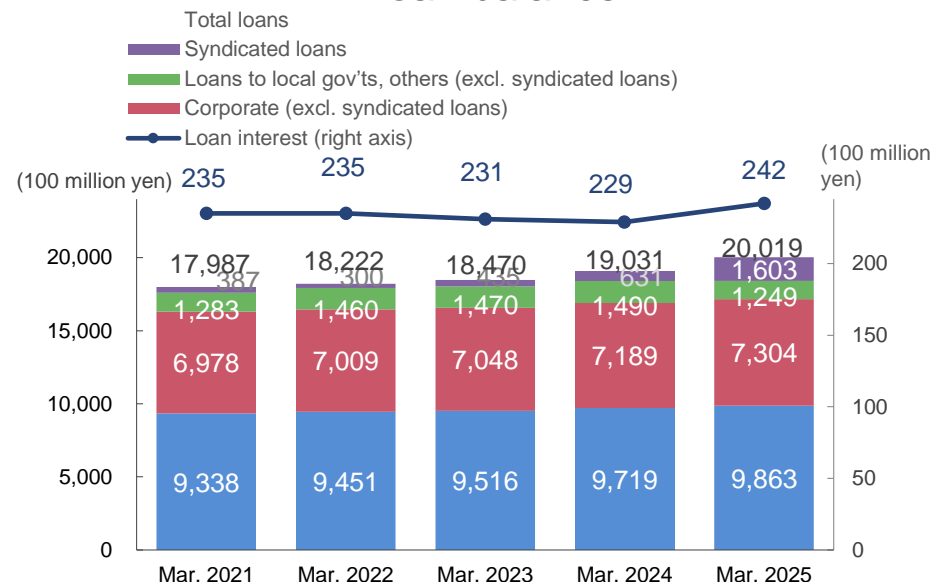
# Profit from Customer Services: Loans (1)

Loan balances remained strong and increased year-on-year. The year-end balance exceeded 2 trillion yen, reaching a record high.

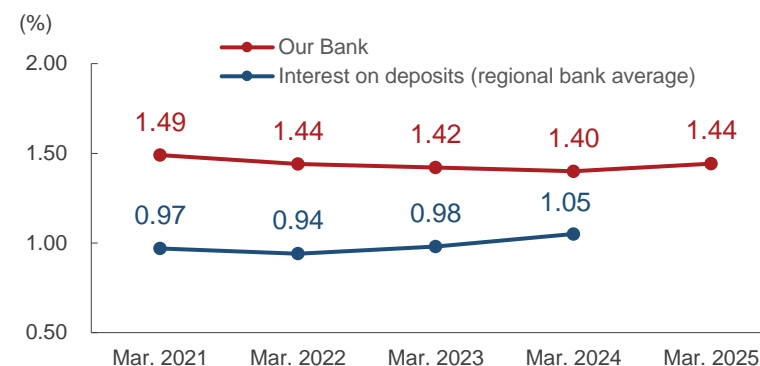
Interest on loans also increased on the back of higher balances and improved yields.

Note: Excluding loan-related fees, interest on loans increased by 1,711 million yen year on year.

## Loan balance

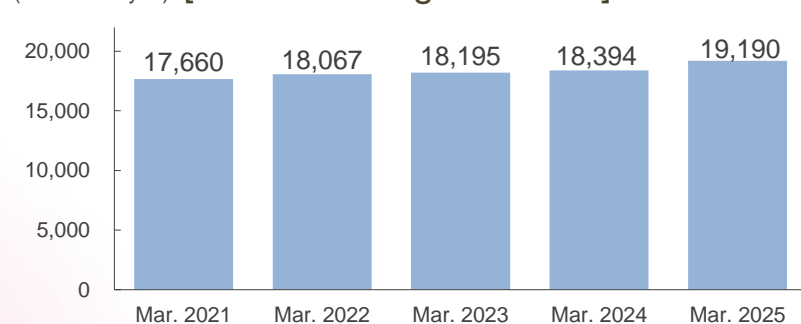


## Loan Interest Rate

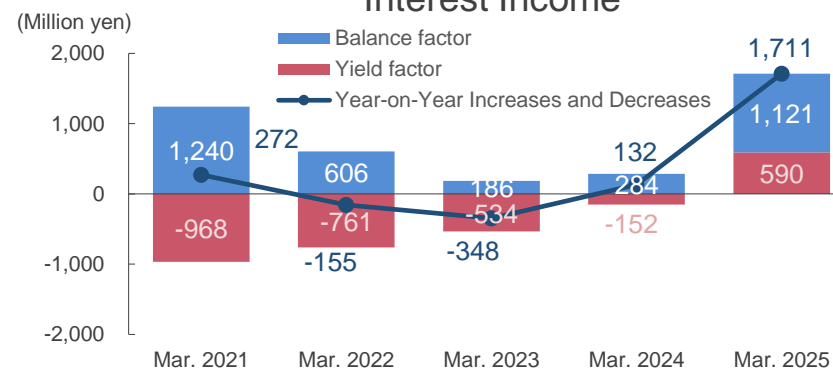


Source: Regional Banks Association of Japan

## [Interim Average Balance] Loan Balance



## Factors Increasing and Decreasing Loan Interest Income

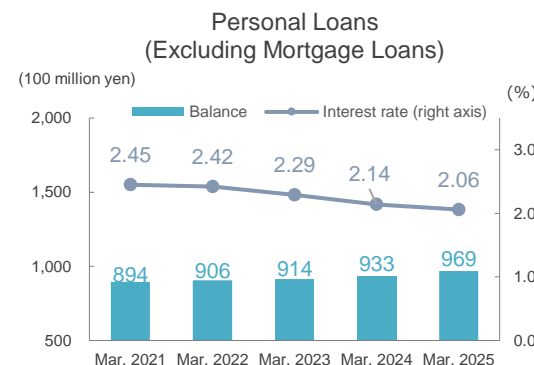
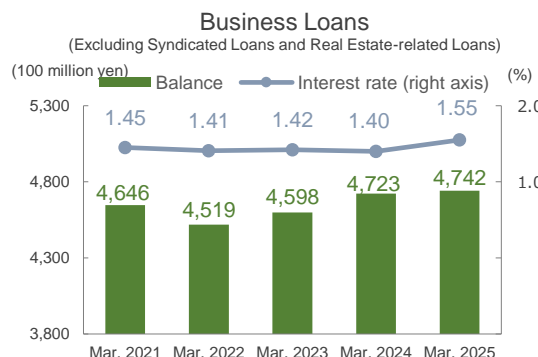
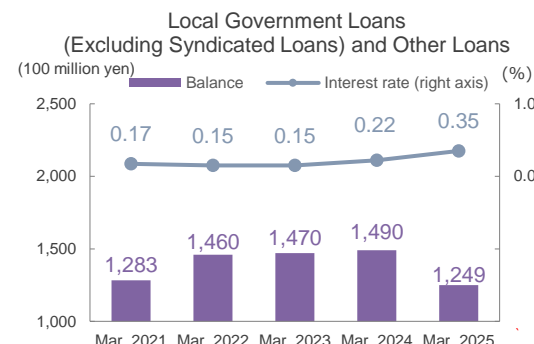
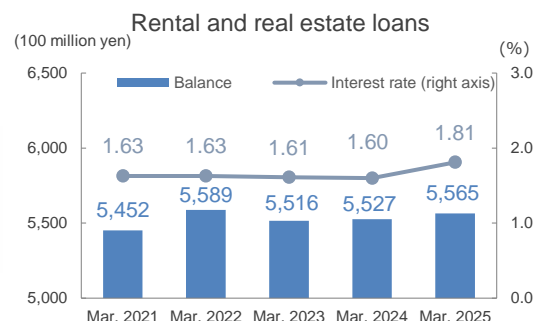
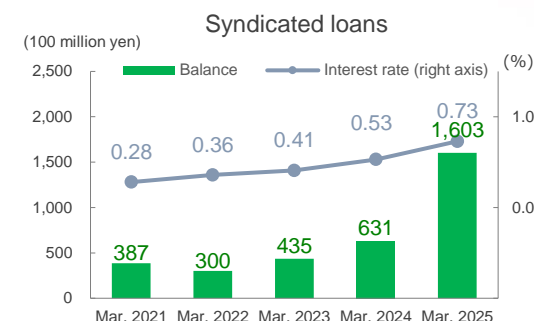
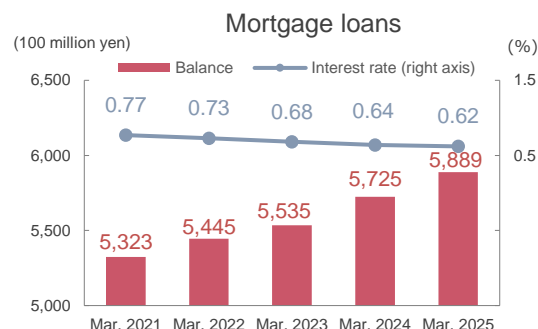
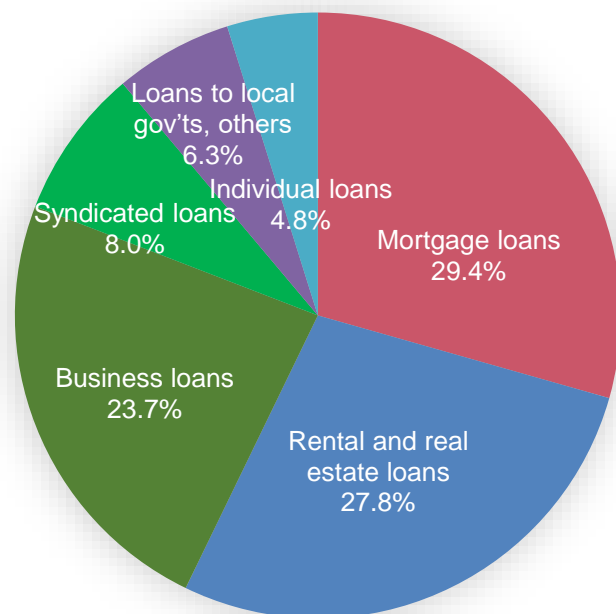


Note: Loan interest in the "Factors Increasing and Decreasing Loan Interest Income" graph does not include "loan-related fees." Therefore, it does not match the loan interest in the "Loan balance" graph and the "loan and deposit balance" on page 6.

# Profit from Customer Services: Loans (2) (Status by Use)

The balance increased year-on-year for all uses except for “Loans to local gov’ts, others.” Yields also rose for all loans except for those to individuals.

## Breakdown of Loan Balances by Use



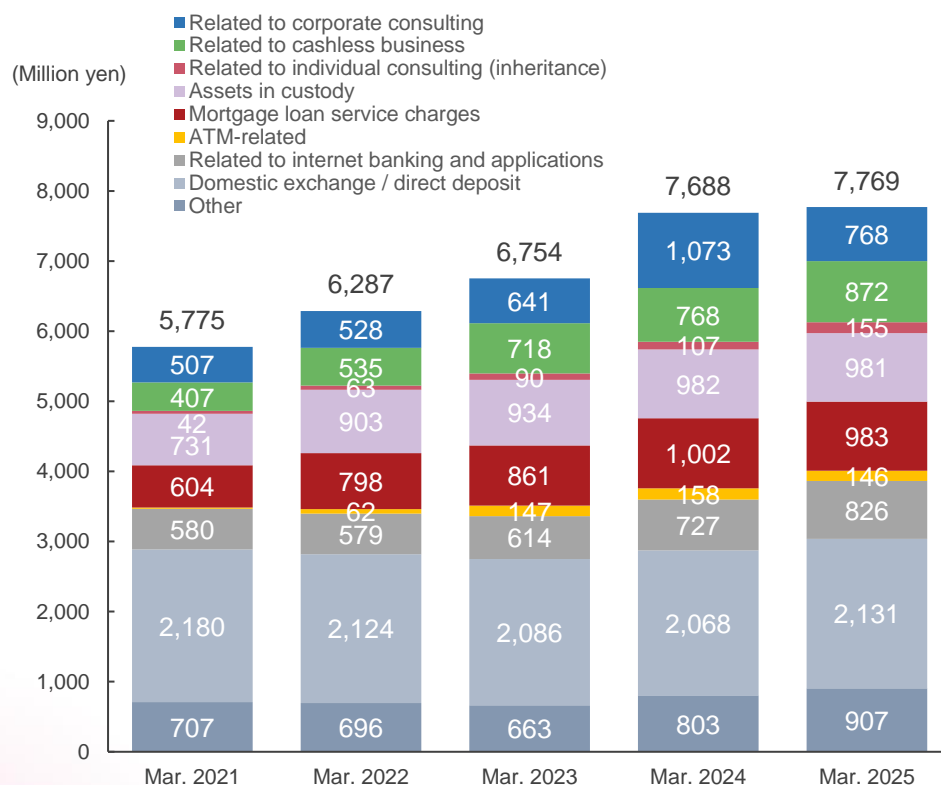
Note: Yields do not include loan-related fees (consumer loan guarantee fees and group credit life insurance premiums).

# Profit from Customer Services: Profit from Service Charges

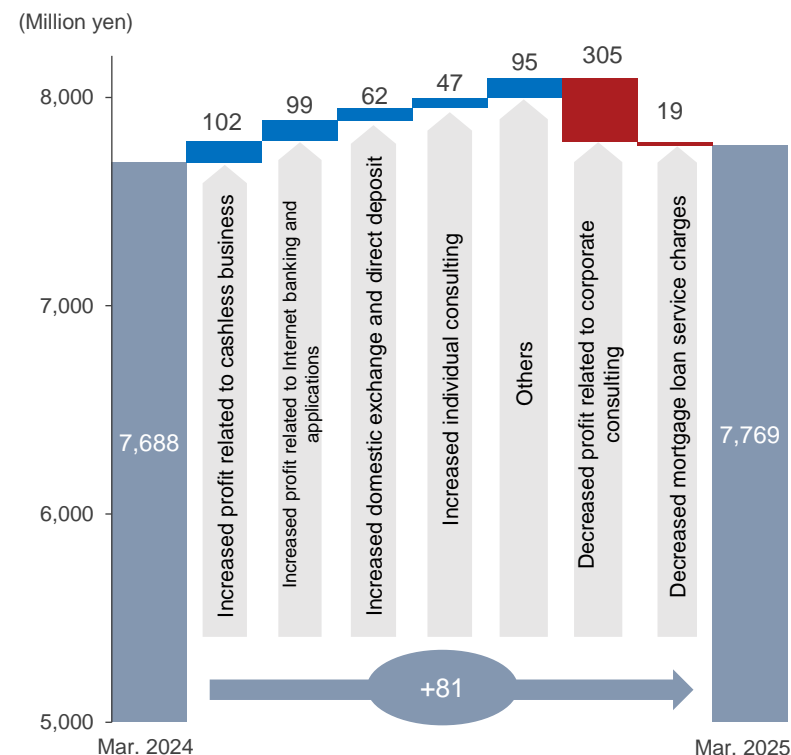
Of the three key businesses (corporate consulting, individual consulting, and cashless businesses), the corporate consulting business saw a decrease due to a reactionary decline from large-lot projects in the previous fiscal year, while the individual consulting business and the cashless business remained strong. Overall profit from service charges increased.

## Trends in Profit from Service Charges

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

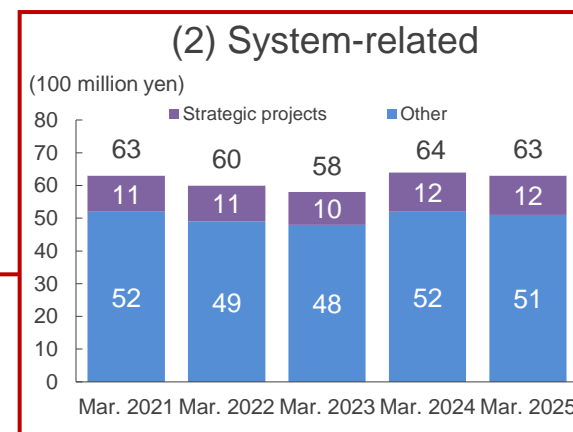
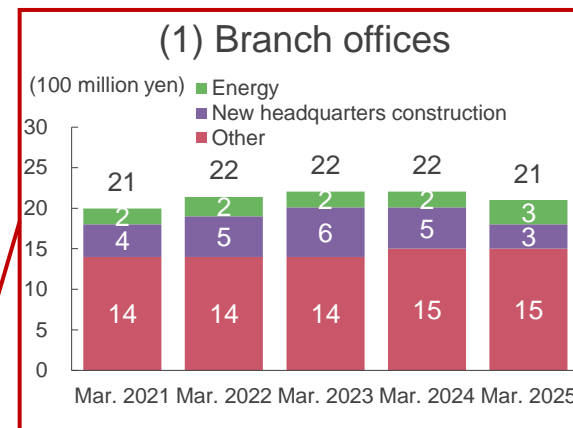
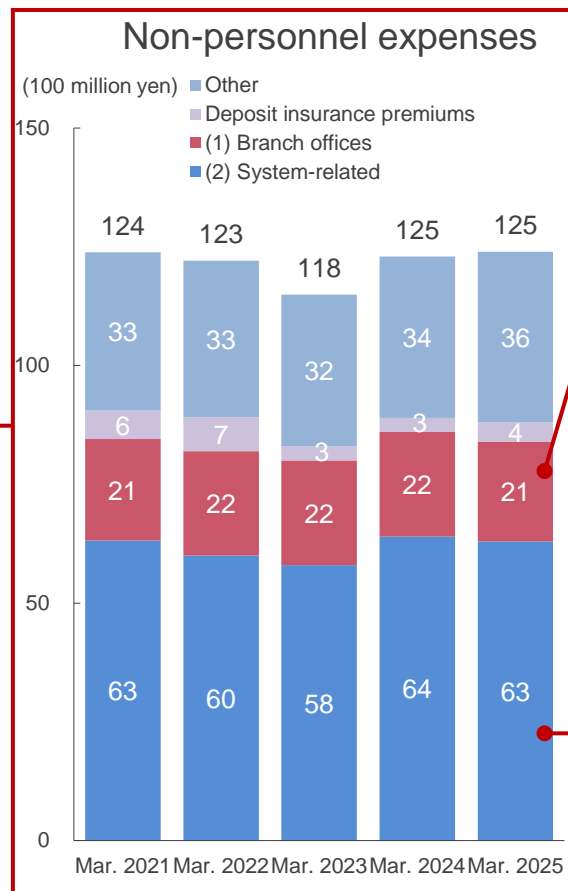
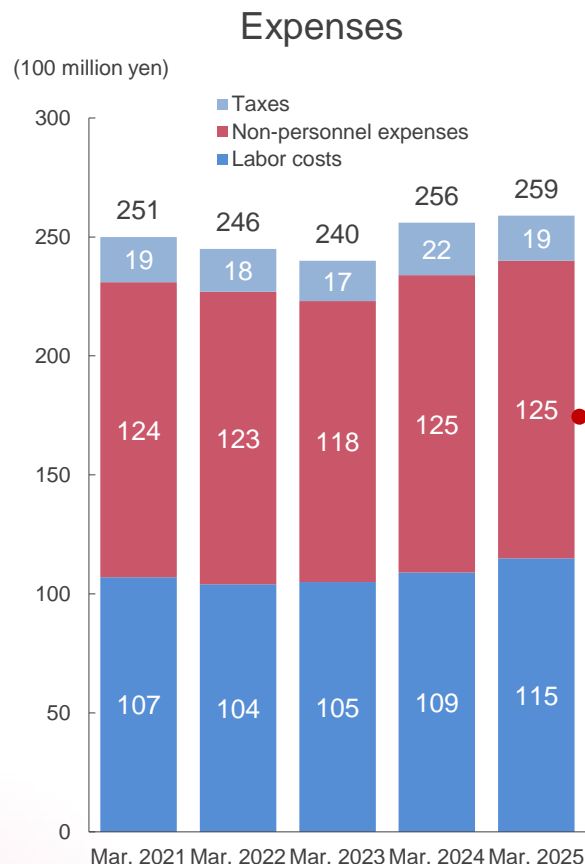


## Factors Behind Year-on-year Increases and Decreases



# Profit from Customer Services: Expenses

Expenses increased due to higher labor costs associated with base-pay increases. Investments in human capital and system-related (strategic projects) investments will continue.



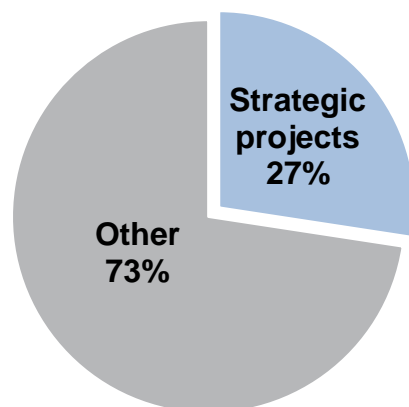
\*[Strategic projects] Projects such as customer service improvement measures and profit improvement measures (Internet banking, cashless-related, apps, etc.)  
 [Other] Projects related to systems, risks, foundations, aging, renewal, etc.

# Mechanization Investment Plan

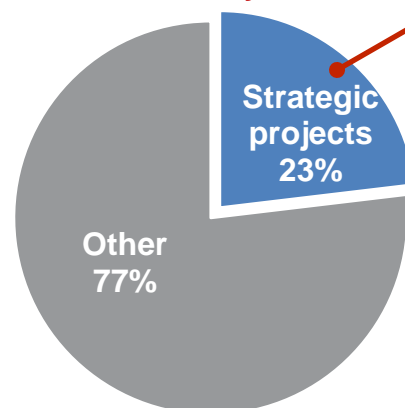
In the mechanization investment plan for FY2025, mechanization investment for customer service and profit improvement measures, etc. accounts for approximately 23% of the total investment. Strategic investments will continue.

## Actual results of FY2024 and the mechanization investment plan for FY2025

**Results of FY2024**  
Total amount: 6,741 million yen



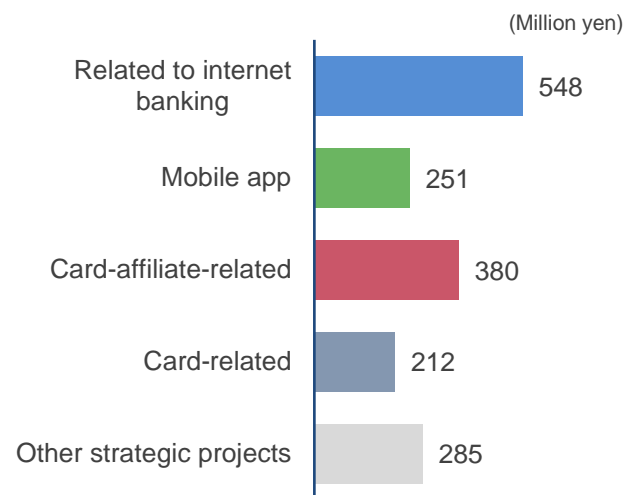
**Plan for FY2025**  
Total amount: 7,256 million yen



(Note)[Strategic projects] Projects such as customer service improvement measures and profit improvement measures (Internet banking, cashless-related, apps, etc.)

[Other] Projects related to systems, risks, foundations, aging, renewal, etc.

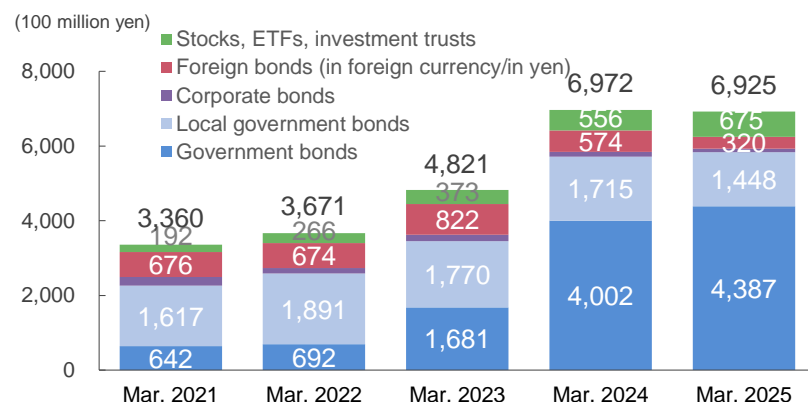
## Breakdown of major strategic projects



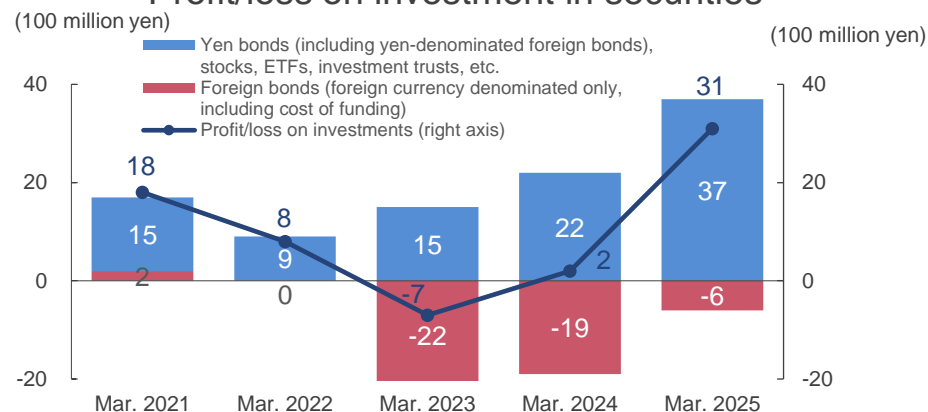
# Securities

While JGBs were accumulated against the backdrop of rising domestic interest rates, the balance of securities decreased largely due to redemptions of local government bonds and sales of low-yielding foreign bonds. Gains and losses on investment in securities improved due to sales of stocks and equity ETFs.

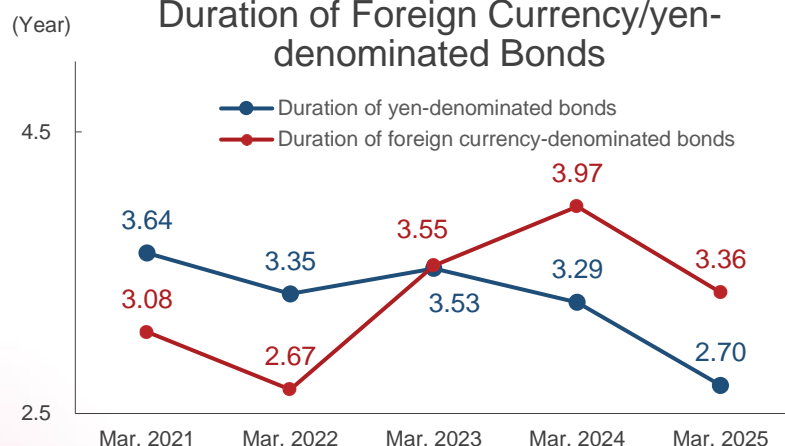
## Balance of securities



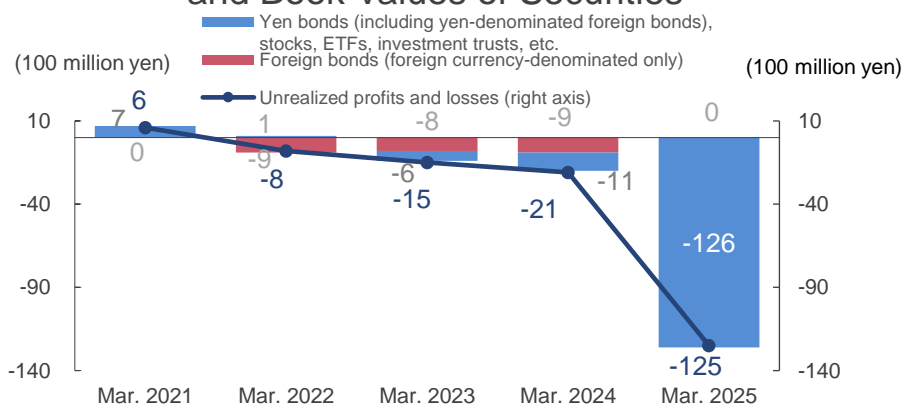
## Profit/loss on investment in securities



## Duration of Foreign Currency/yen-denominated Bonds



## Differences Between Market Values and Book Values of Securities

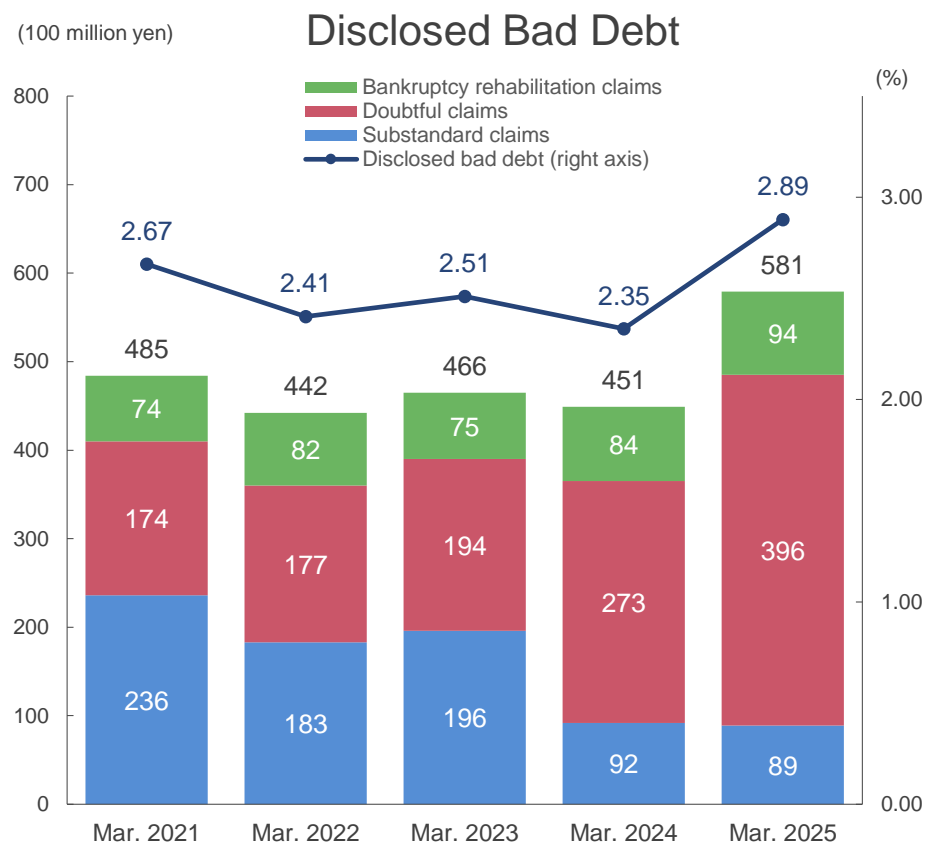
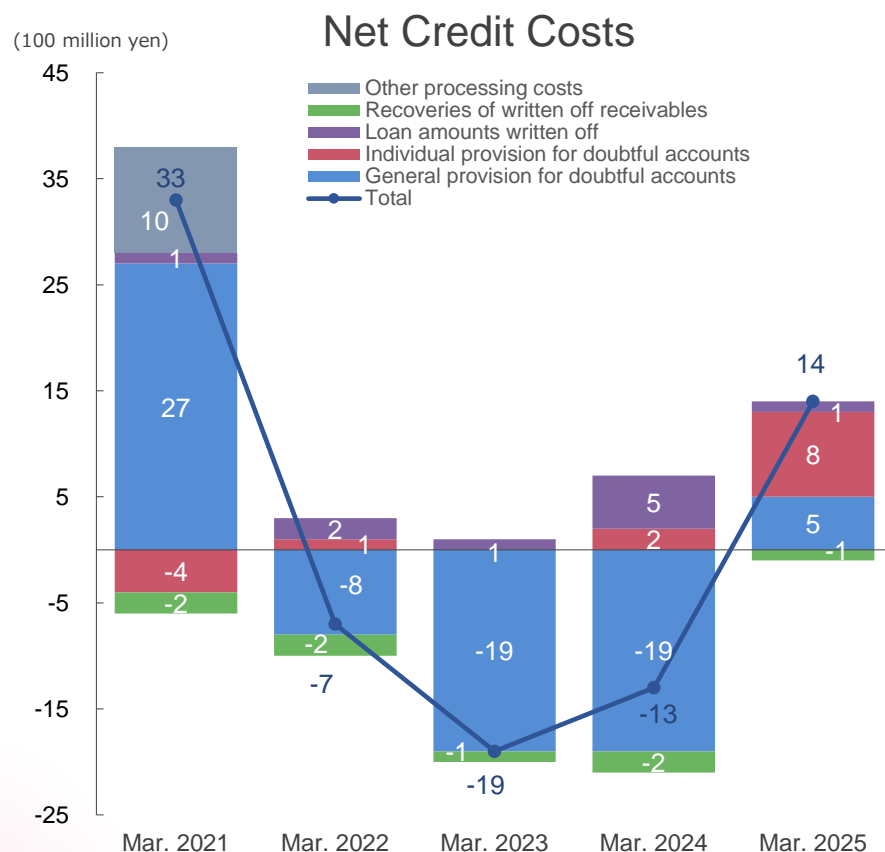




# Net Credit Costs and Disclosed Bad Debt

The general provision for doubtful accounts was converted to a provision due to forward-looking provisions based on an environment of increased uncertainty. Credit costs as a whole increased, partly due to an increase in individual provision for doubtful accounts.

There was an increase in disclosed bad debt overall due to an increase in doubtful claims as a result of worsening business conditions for loan borrowers.



# 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?

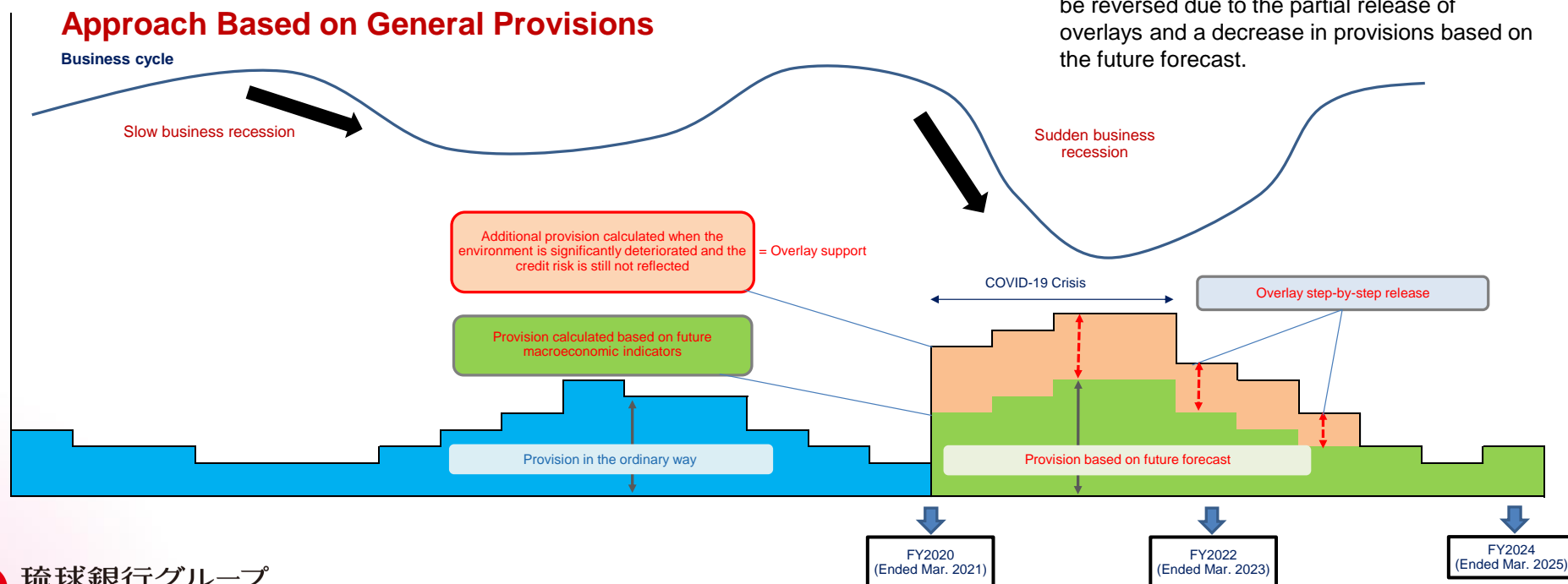
It was introduced in FY2020 (Ended Mar. 2021), in reaction to the expansion of the COVID-19 Crisis. This bolsters our financial resilience to economic-environment downturns in the future and makes it possible to focus firmly on forward-looking sales efforts, thus cultivating a framework that supports 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.

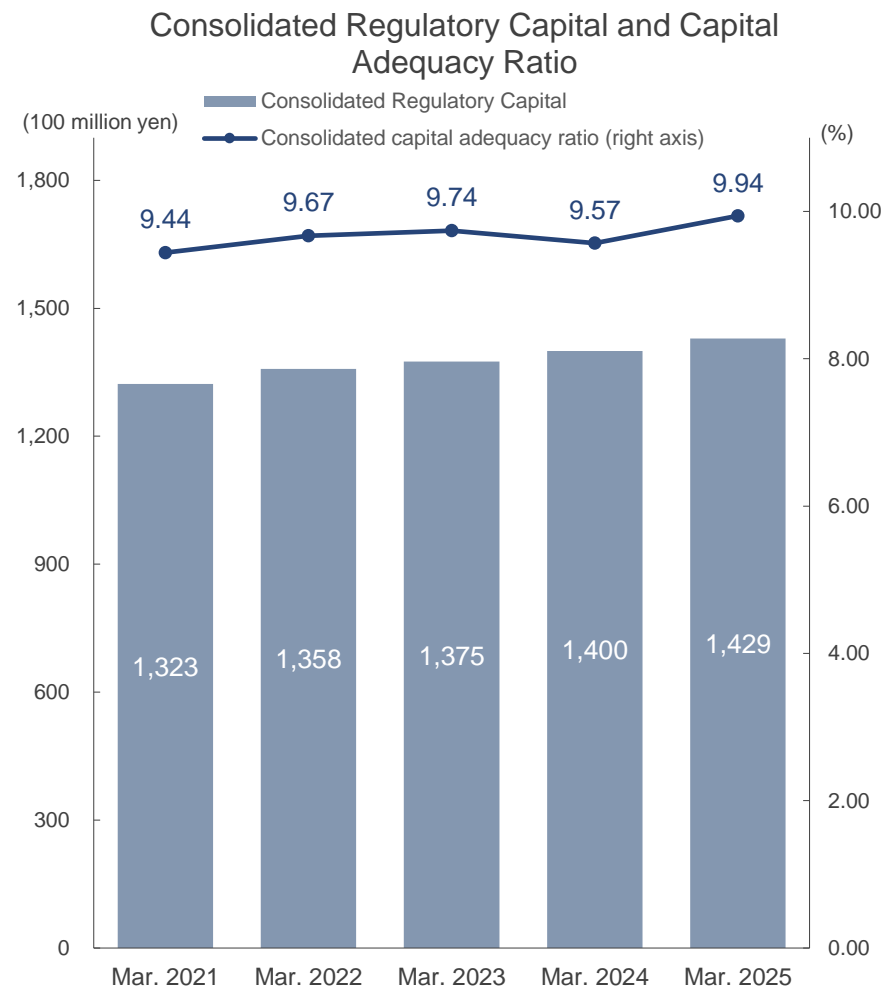
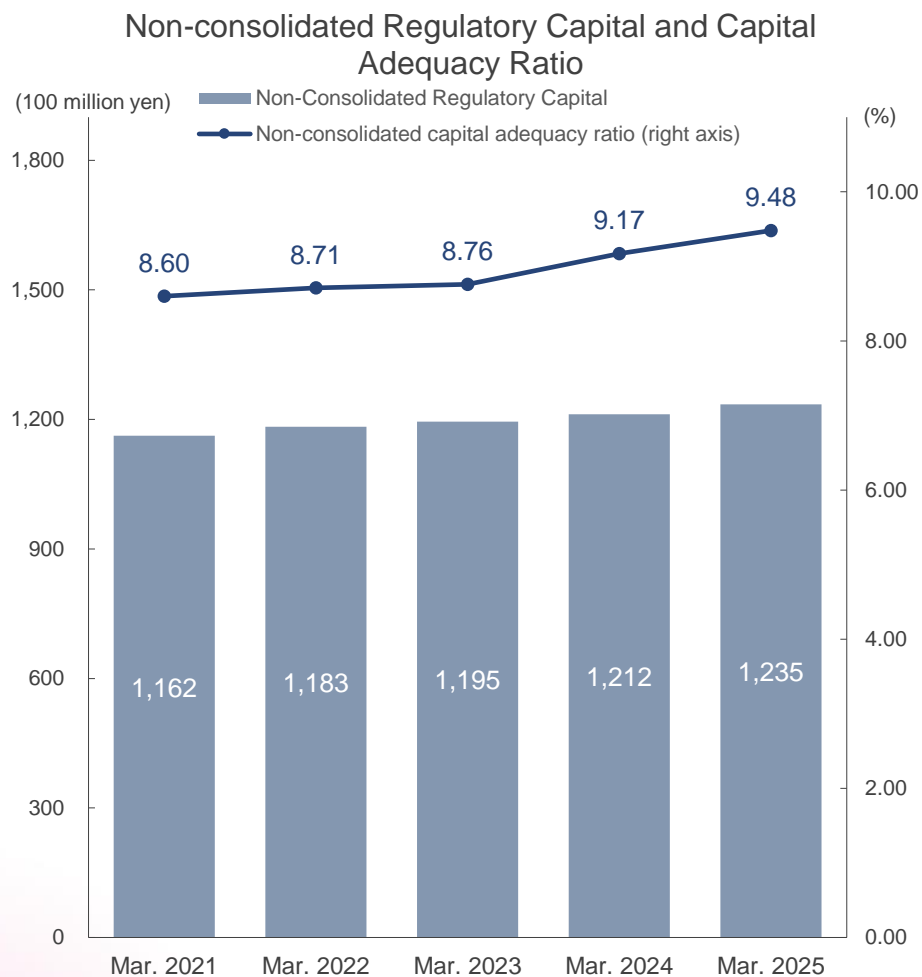
## Actions when the business is improving

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.



# Capital Adequacy Ratio

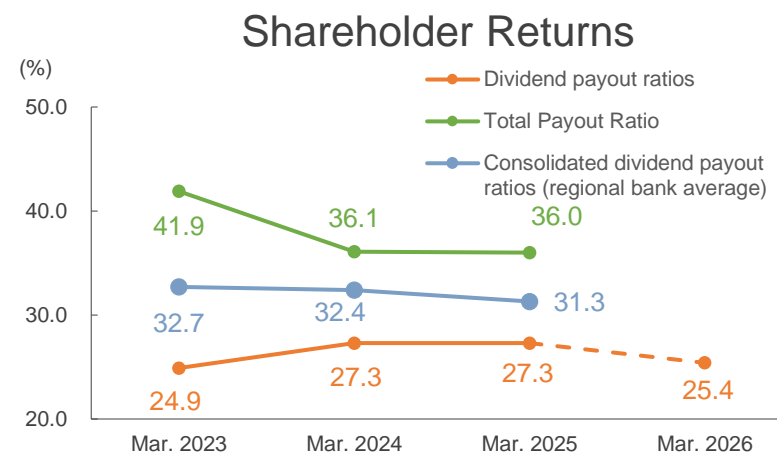
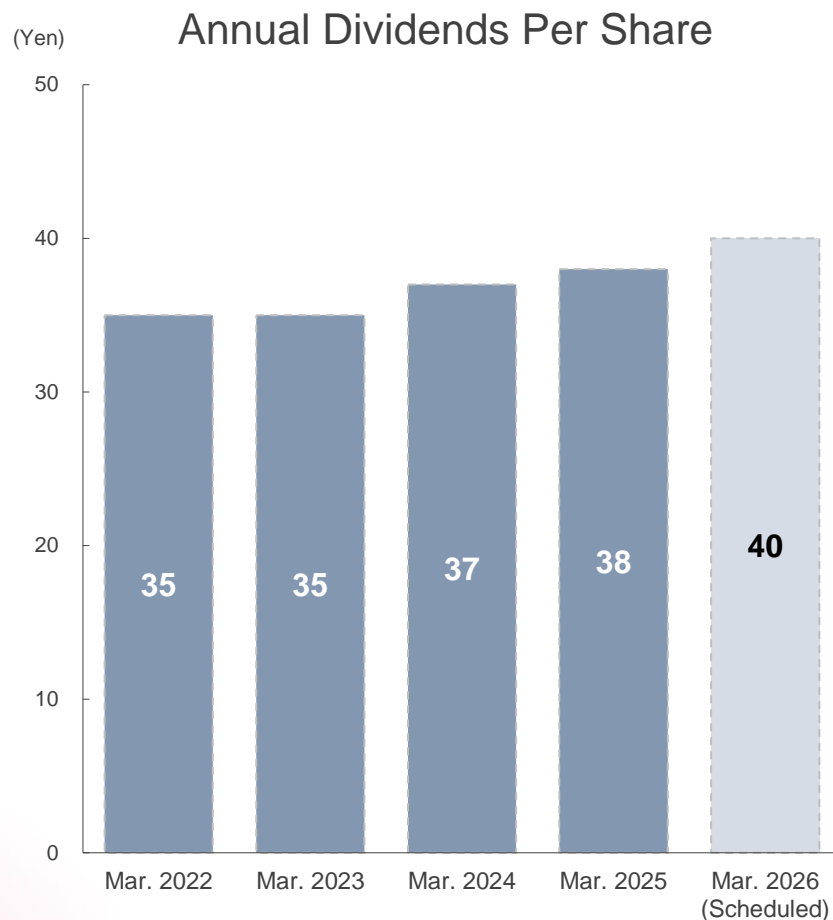
The capital adequacy ratio increased both on a non-consolidated and consolidated basis, maintaining the 9% range.



# Status of Dividends and Shareholder Returns

The Company's basic policy is to pay stable dividends. In view of factors such as the profit situation, the dividend for FY2024 (ended March 31, 2025) was increased by 1 yen.

The dividend for FY2025 (ending March 31, 2026) is scheduled to be increased by 2 yen.



## Dividend for FY2024 (ended March 31, 2025)

For FY2024 (ended March 31, 2025), the annual dividend per share was 38 yen, an increase of 1 yen from the previous fiscal year.

## Dividend for FY2025 (ending March 31, 2026)

In light of future forecasts of the Bank's performance and other factors, the annual dividend FY2025 (ending March 31, 2026) will be 40 yen per share, an increase of 2 yen per share.

# Forecast for FY2025 (Ending March 31, 2026)

Although expenses are expected to increase due to improved working conditions, including base-pay increases, as well as expenses incurred in relation to the relocation to the new head office, we expect to see an increase in profits in the fiscal year ending March 31, 2026, as the balance of deposits and loans and interest and dividends on securities exceed the increase in expenses.

(100 million yen)

## [Consolidated]

	FY2024 (Ended Mar. 2025) Results	FY2025 (Ending Mar. 2026)		FY2027 (Ending Mar. 2028) Medium-Term Management Plan
		Forecast	Year on Year	
Ordinary profit	83	95	+11	—
Profit attributable to owners of the parent	57	65	+7	90

(100 million yen)

## [Non-Consolidated]

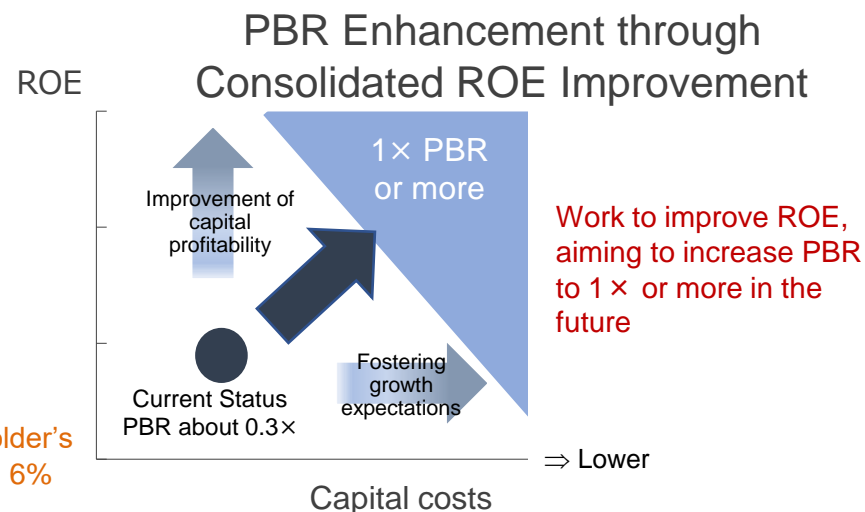
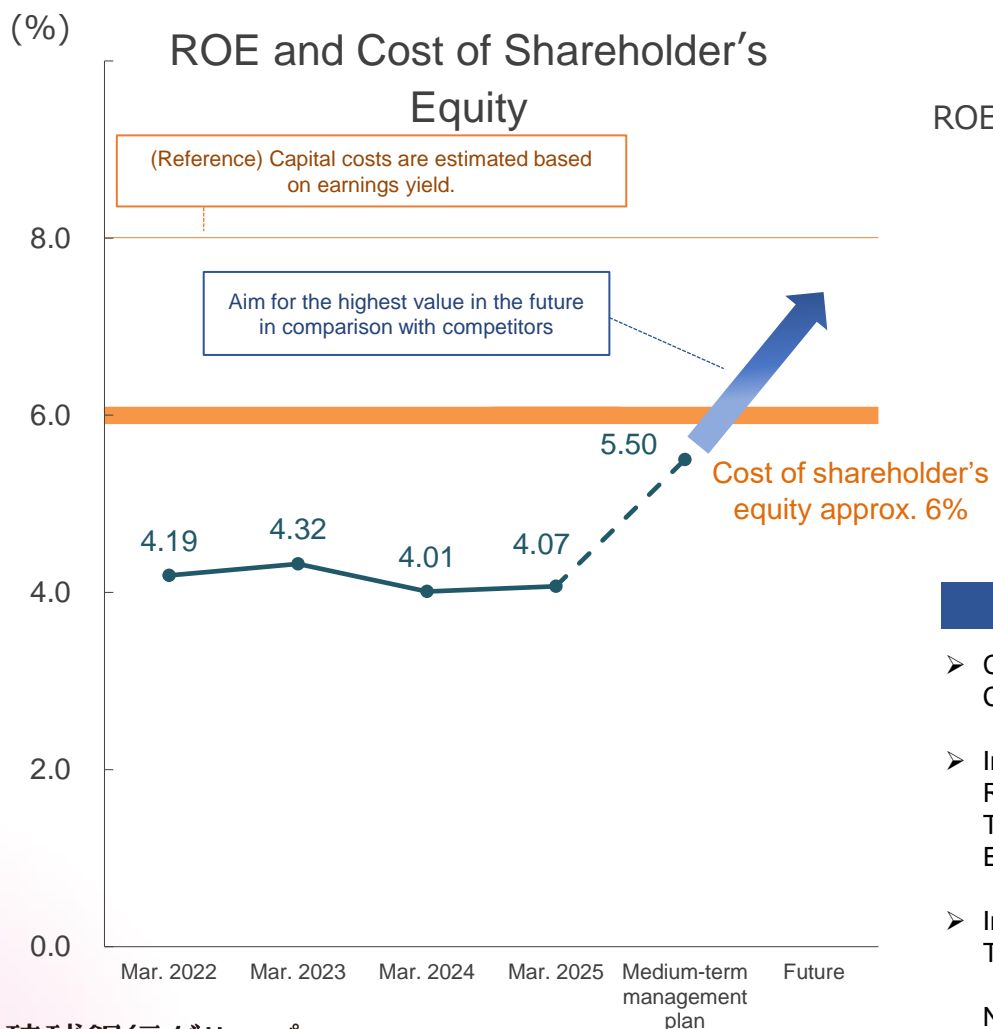
	FY2024 (Ended Mar. 2025) Results	FY2025 (Ending Mar. 2026)		FY2027 (Ending Mar. 2028) Medium-Term Management Plan
		Forecast	Year on Year	
Ordinary profit	69	80	+10	—
Net income	49	54	+4	79

## **Corporate Value Enhancement Initiatives**

# 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.  

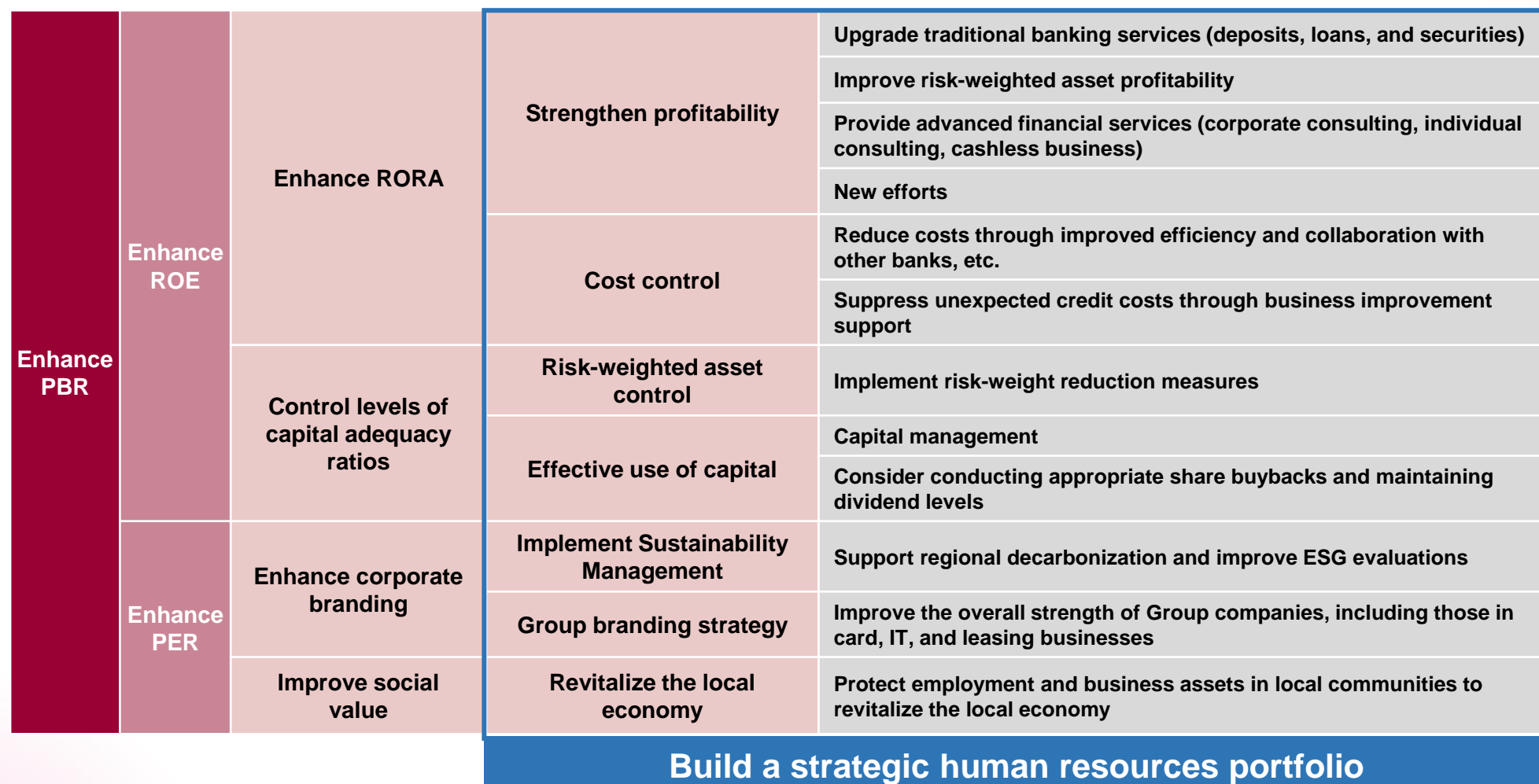
$$\text{CAPM} = \text{Risk-free rate} + \text{The Bank's beta value} \times \text{Equity risk premium}$$
- Indicators used in calculations
  - Risk-free Rate : Yield of 10-year government bonds
  - The Bank's beta value : For TOPIX
  - Equity risk premium : Expected rate of return above a certain level
- Indicator term
  - The 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 Enhancing Corporate Value

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.

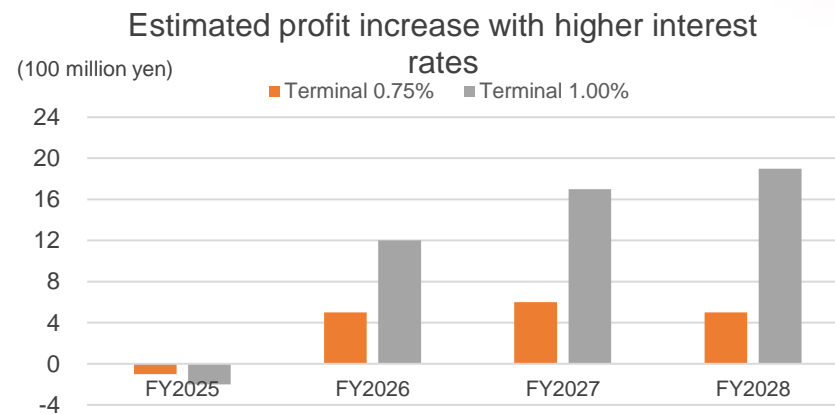
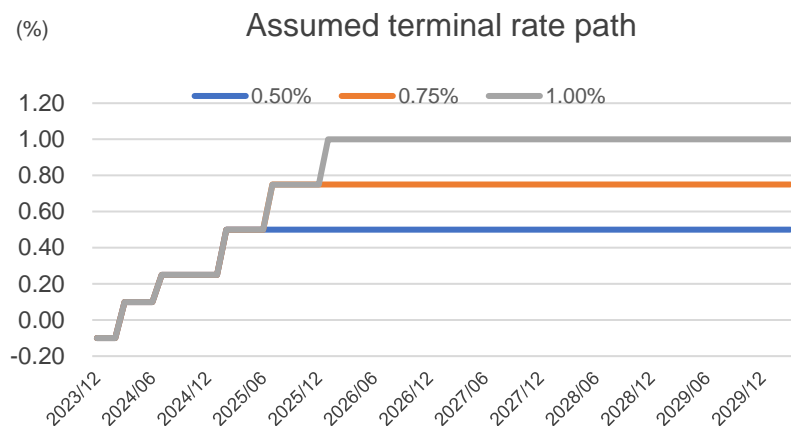


# [Deposits/Loans/Securities]

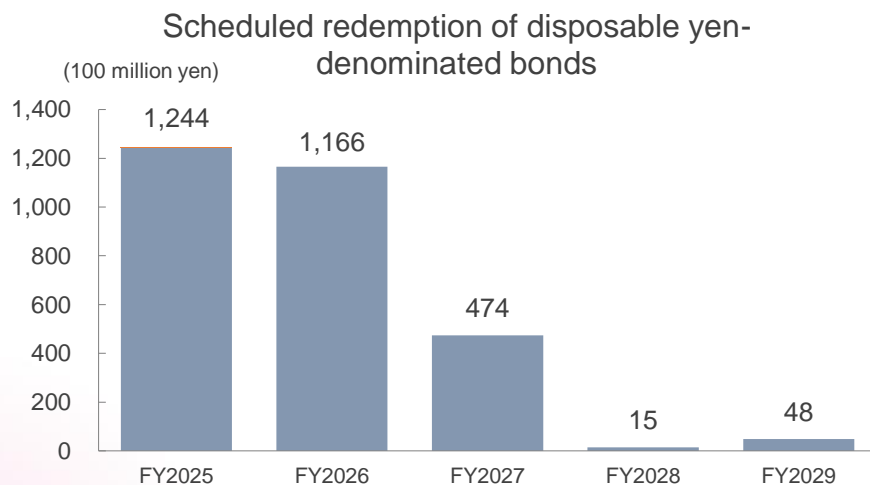
## Impact of Rising Interest Rates on Profit

Enhance RORA  
(Strengthen Profitability)

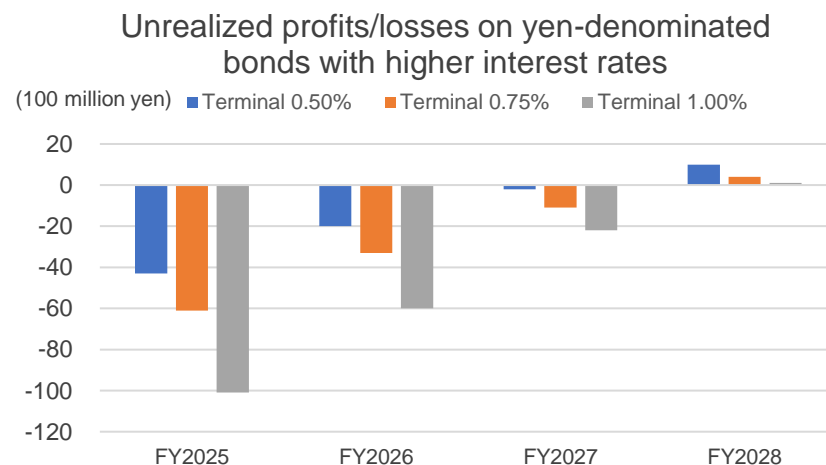
If interest rates rise on the assumed interest rate path, earnings are expected to increase, despite a temporary increase in valuation losses.



Note: The deposit-loan matching rate, volume, etc. are proprietary values set by the Bank.



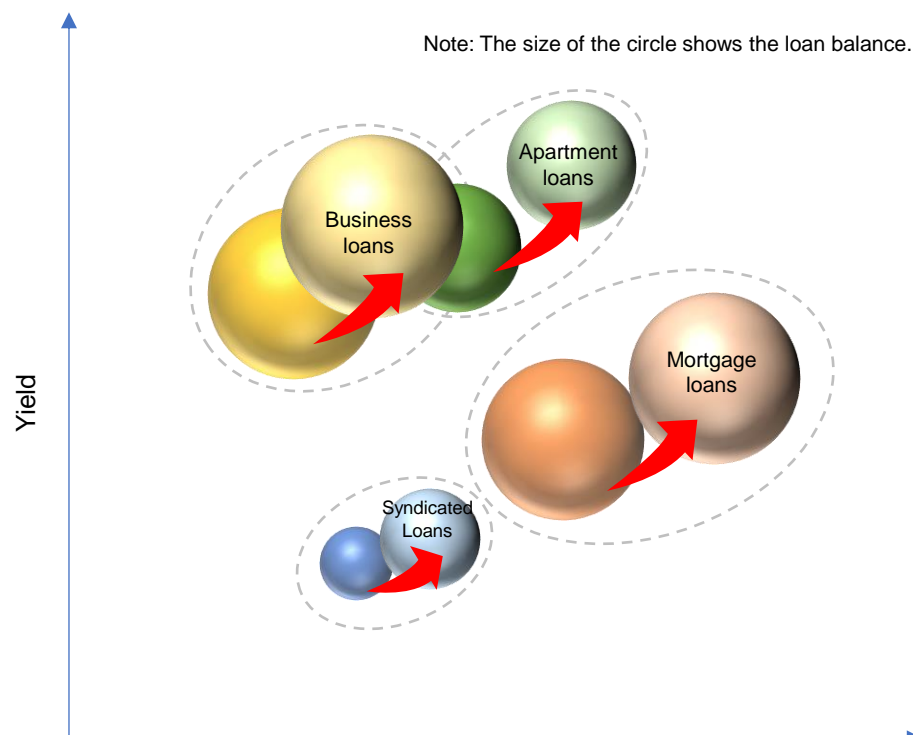
Note: Disposable bonds refer to bonds with a coupon of about 0% and redemption schedule of April 2025 or later.



# Risk-weighted Asset Profitability Improvement

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

**ALM/RAF advancement**

## Initiative policy for each loan category

Loan Category	Initiative Policy
(1) Mortgage loans	<ul style="list-style-type: none"> <li>RORA is the highest and profitability is relatively high.</li> <li>Mortgage loans are recognized as a core product for households.</li> <li>Actively increase the balance as a pillar of individual income.</li> </ul>
(2) Apartment loans	<ul style="list-style-type: none"> <li>Actively promote in view of the regional characteristics of the increase in the number of households.</li> <li>Accurately identify the differing demands depending on the region within the prefecture.</li> <li>Scrutinize information on the target property and implement appropriate pricing.</li> </ul>
(3) Business loans	<ul style="list-style-type: none"> <li>Encourage aggressive demand for funds generated by economic recovery and an increase in the number of tourists.</li> <li>Adopt a problem-solving sales approach by taking advantage of the strengths of the corporate business sector.</li> <li>Introduce market interest rate-linked products and proactively identify customer needs.</li> <li>Aim to increase the balance and improve profitability at the same time.</li> </ul>
(4) Syndicated loans	<ul style="list-style-type: none"> <li>Given the changing interest rate environment, adopt a more proactive approach to syndicated loans than our previous passive approach taken at the time of the negative interest rate policy.</li> <li>Simultaneously aim to improve profitability by increasing balances and raising interest rates.</li> </ul>

## Changes to syndicated loan policy

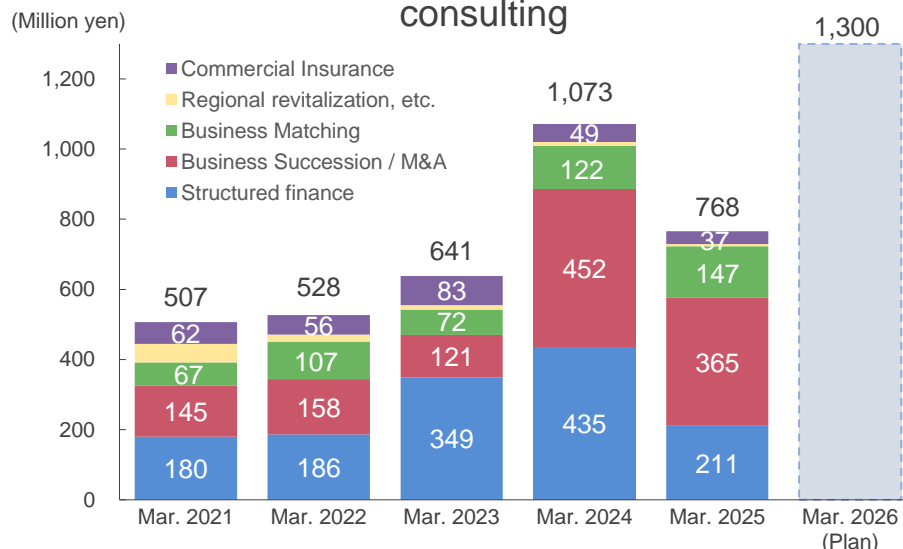
Pre-changes	Post-changes
<ul style="list-style-type: none"> <li>In principle, invest in low-yielding assets with a risk weight (RW) of around 0% to avoid hitting negative interest rates.</li> </ul>	<ul style="list-style-type: none"> <li>From an asset allocation perspective, actively accumulate assets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

# [Provision of Advanced Financial Services] Consulting for Corporate Customers

Enhance RORA  
(Strengthen Profitability)

For structured finance, despite a reactionary decline from large-lot deals in the previous fiscal year, all items, including business succession and M&A, remained strong. As the number of consultations has been favorable, we aim to further expand earnings in the future.

Trends in fee income related to corporate consulting



## New Efforts

### [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. The following are the first contracts signed by a regional bank in the prefecture.

September 2023: "Ryugin Sustainability Linked Loans"

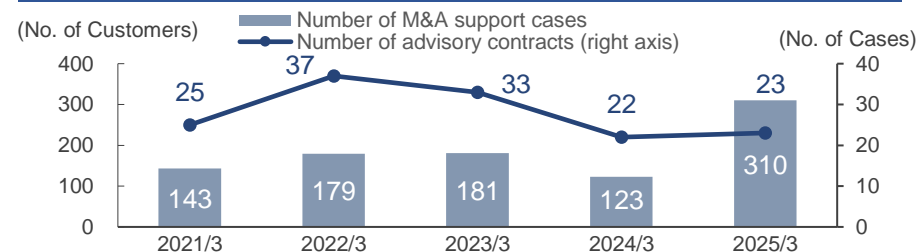
July 2024: "Ryugin Green Loans"

September 2024: "Ryugin Social Loans"

## Number of Business Succession Support Cases and Number of Advisory Contracts



## Number of M&A Support Cases and Number of Advisory Contracts



## Changes in Structured Finance Consultations



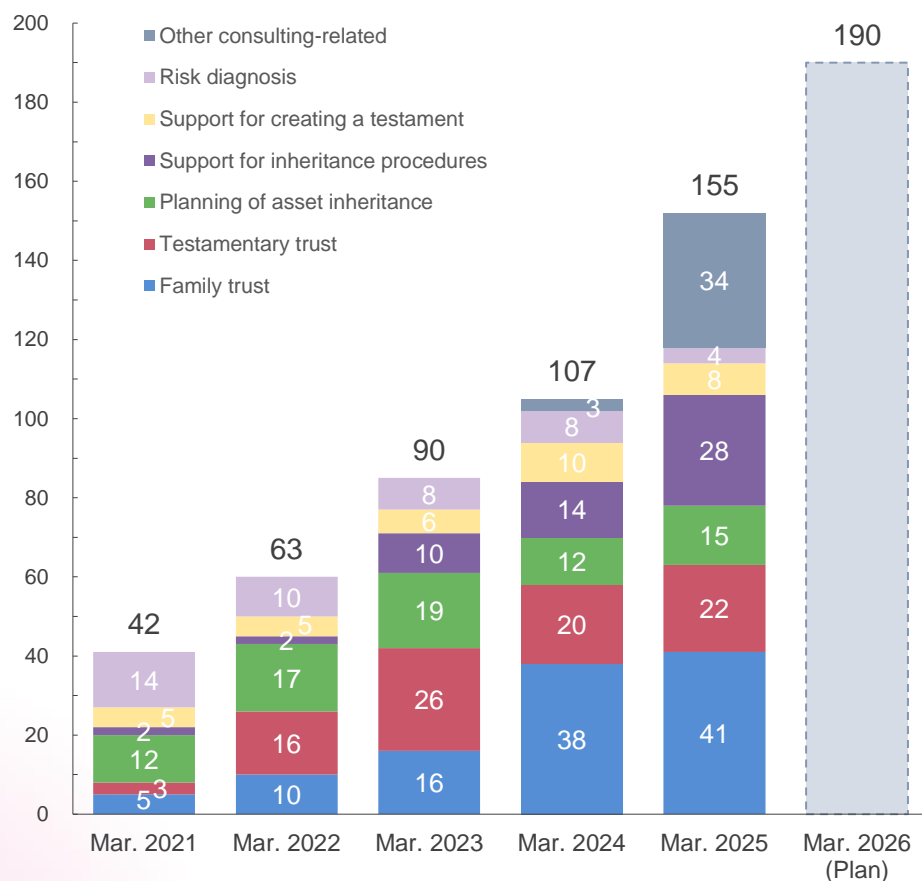
# [Provision of Advanced Financial Services]

## Consulting for Individual Customers: (1) Inheritance-Related

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

### Trends in fees related to individual consulting (inheritance)

(Million yen)



### Efforts to Deepen and Expand Consulting for Individual Customers

- Introduction of post-retirement life diagnostic form  
This is a service that organizes the customer's life background, future hopes, and issues along the three axes of "health, funds, and inheritance" and compiles them into a visualized diagnostic report. We began trial operation in the second half of 2024, with full-scale introduction beginning in FY2025.
- To deepen and expand consulting services for individuals, we merged the assets under the custody promotion team and the inheritance consulting team into one and established a one-stop system for asset formation, asset management, and asset inheritance.

Note: Products and efforts related to inheritance, and their respective commencement dates

2018: Ryugin Family Trust, risk diagnosis, and planning of asset inheritance

2019: Testamentary trust and inheritance procedure support service

2023: Money Trust

2024: Real Estate Trust

### Reference: Numbers of inheritance consulting contracts



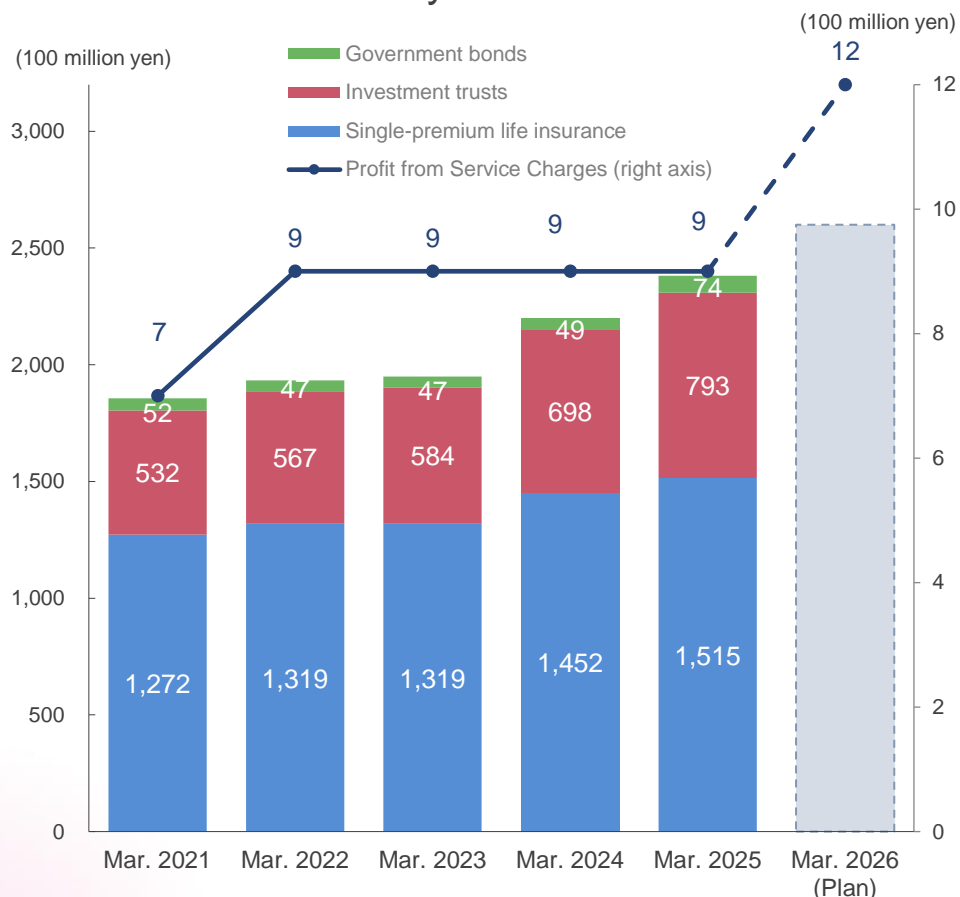
# [Provision of Advanced Financial Services]

## Consulting for Individual Customers: (2) Assets in Custody

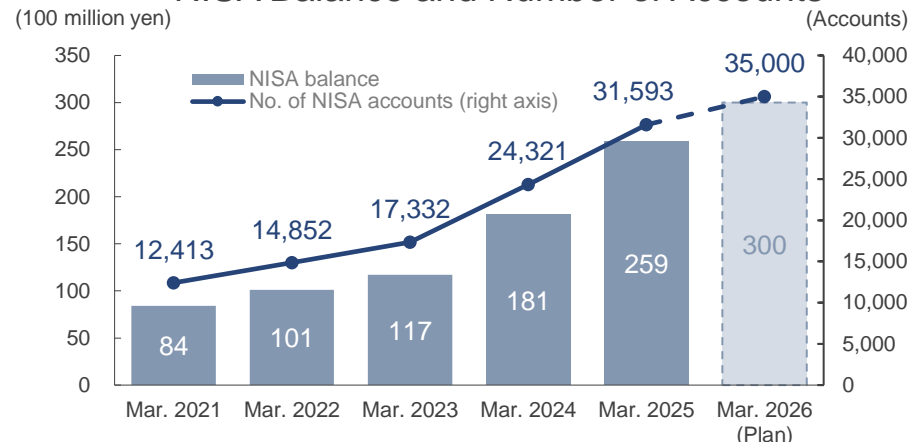
Enhance RORA  
(Strengthen Profitability)

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 insurance increased. Based on the continued promotion of NISA, the Bank aims to increase profits by providing total support for life plans, from asset formation and management to inheritance planning.

### Assets in Custody Balance and Profits



### NISA Balance and Number of Accounts



### The investment trust trading functionality was added to the Ryugin App.

- In August 2024, the investment trust transaction function was added to the "Ryugin App," a banking application for smartphones. A series of transactions, such as opening an investment trust account, purchasing and cancelling products, and inquiring about balances, can now be completed within the application.
- In addition to supporting the opening of NISA accounts, commissions on product purchases are less expensive than those on over-the-counter contracts, contributing to increases in NISA balances and the number of accounts.

Number of investment trust accounts  
opened via Ryugin App  
(Aug. 2024 to Mar. 2025)

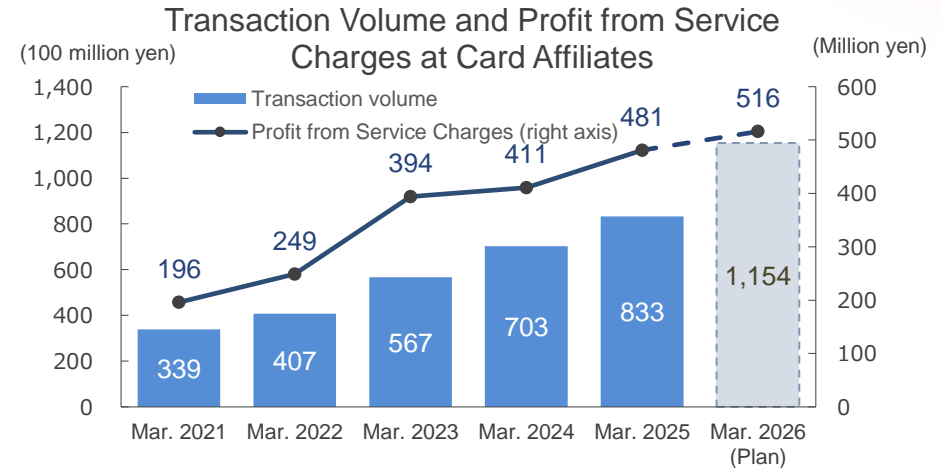
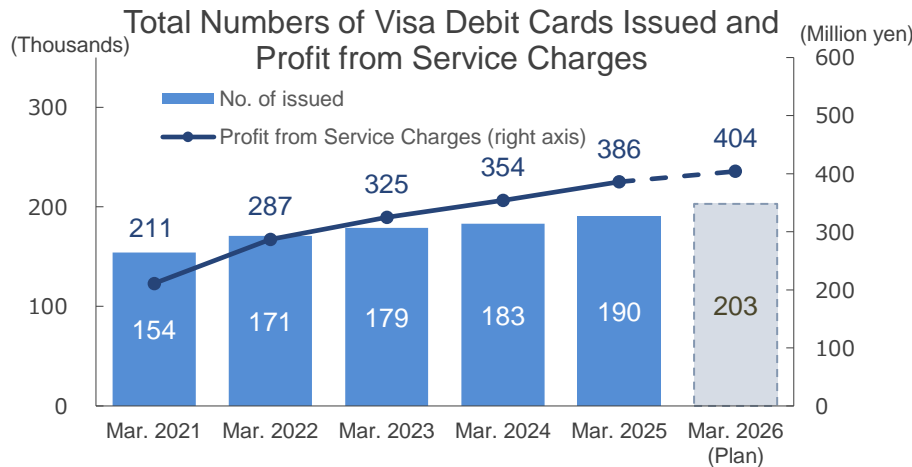
Cumulative Total

**1,808**

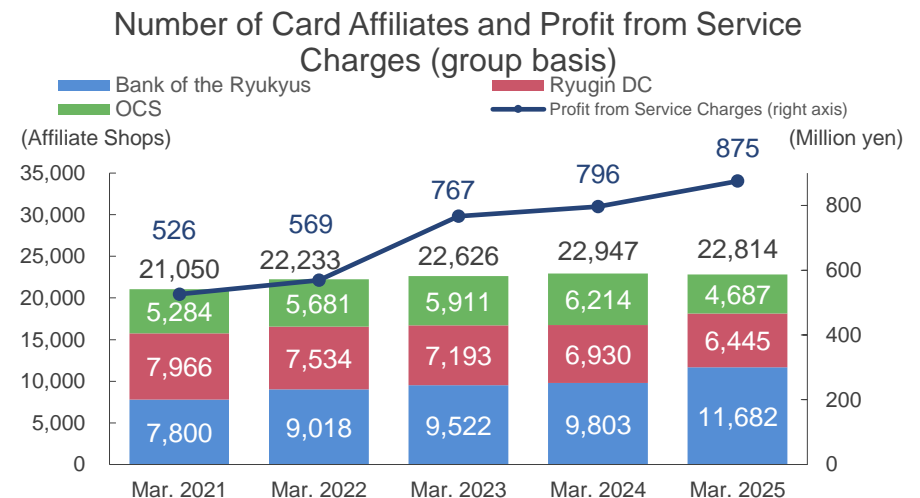
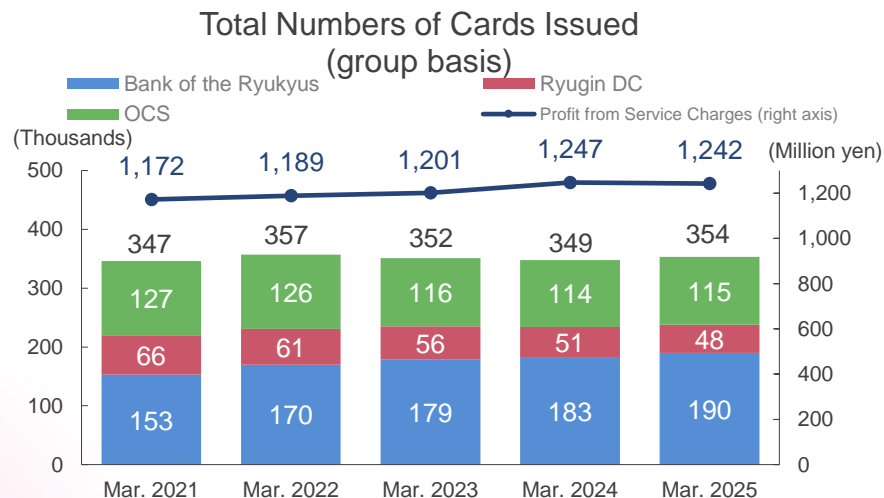
# [Provision of Advanced Financial Services] Cashless Business

Enhance RORA  
(Strengthen Profitability)

As both the number of Visa debit cards issued and their availability at card affiliates increased, charges from card users and card affiliates increased. Against the backdrop of the recovery in inbound tourism and other factors, the Bank aims for further expansion in the future.



## Reference: Cashless business on Group basis (Bank of the Ryukyus, OCS, Ryugin DC)





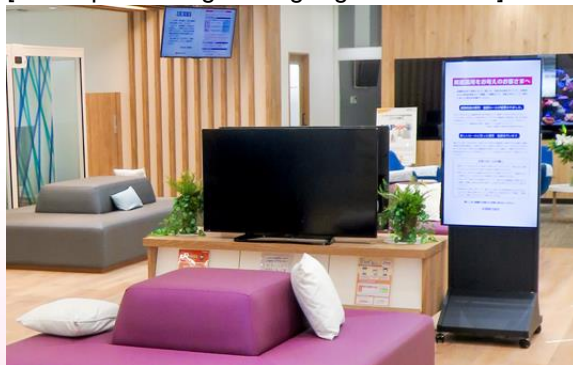
# New Efforts

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.

## Launch a Corporate Advertisement Distribution Service Utilizing Digital Signage

- ✓ Installed digital signage displays in the lobbies and ATM corners of our branches in the prefecture to promote the Bank's services and provide guidance to customers in the event of an incident.
- ✓ This is an initiative to make effective use of existing assets (installed equipment and creditworthiness as a financial institution) and is intended to support client companies in improving their top line and to use them as client engagement tools to expand our business partners.
- ✓ Launched pre-sales of the "Corporate Advertisement Distribution Service" in January 2025; it displays advertisements of our business partners on the aforementioned digital signage in some areas.
- ✓ Sales will begin in March 2025 at all branches (54 branches in the prefecture). Started to distribute ads in May.

[Conceptual Image of Signage Installation]

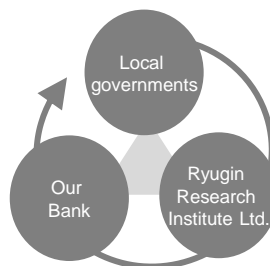


## Efforts for Consulting with Local Communities

- ✓ As the Ryukyus Group, work to solve regional issues through PPP/PFI projects in collaboration with the government and private sector, while building a system to circulate the profit from PPP/PFI projects within the prefecture.
- ✓ "Ryugin Research Institute Ltd." will be responsible for providing consulting support for the government side of PPP/PFI projects from 2025 onward.
- ✓ In March 2025, Ryugin Research Institute was commissioned by some local governments in the prefecture to conduct simple sounding work. Work in progress
- ✓ Planning to hold study sessions for public-private partnership projects with several local governments in the prefecture in the future.

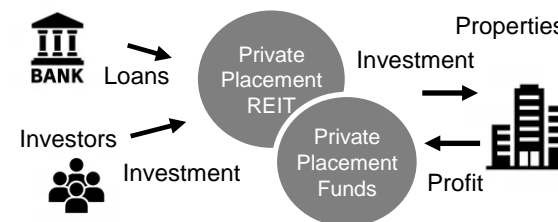
### [Outline of Operations]

- Recognize the challenges faced by local governments and provide support that covers steps from the project ideation stage to project monitoring.
- Consider implementing various methods for formulating projects of public-private partnerships



## Consider Established of an Asset Management Company

- ✓ Consider the establishment of a subsidiary to manage a private REIT and private investment, the acquisition of specialists, and the expansion of investment property pipelines, with the aim of improving 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.



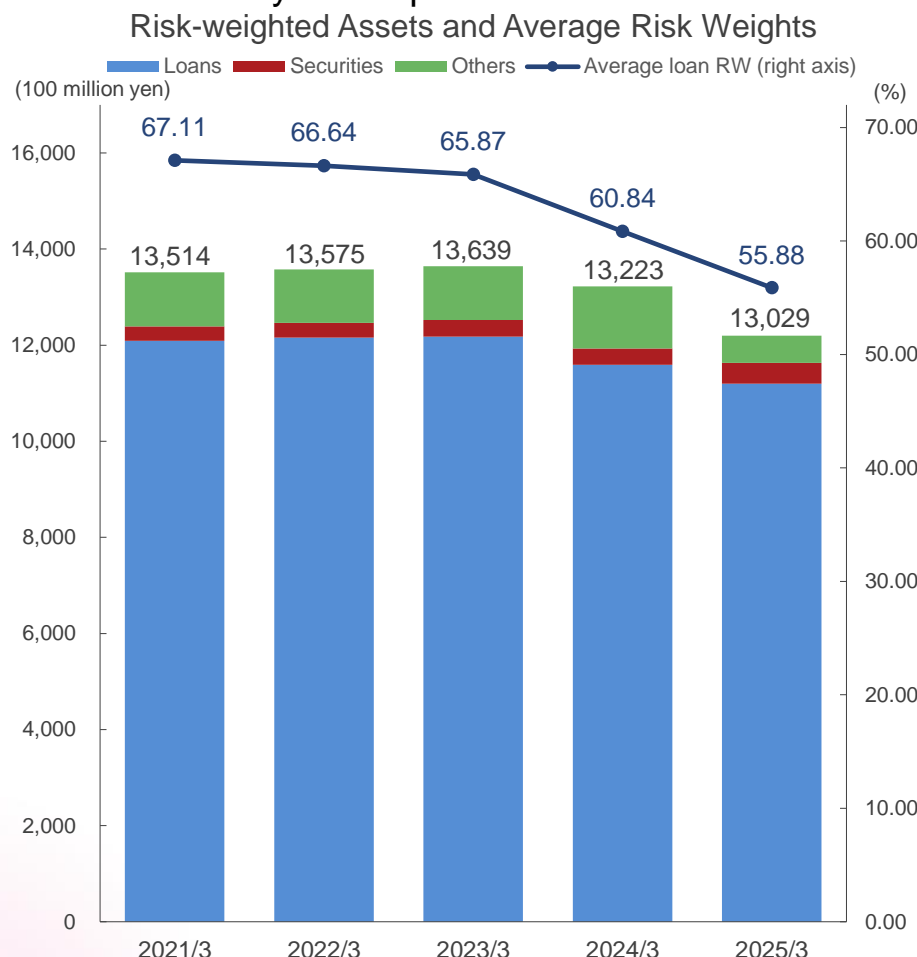
	2024	2025	2026
Human resource development, etc.			
Established of asset management company and investment company, etc.			
New companies begin operations			

# Implement Risk-Weight Reduction Measures

Control of Capital Levels  
(Risk-Weighted Asset Control)

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.



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"> <li>Determine the appropriate risk weight for each borrower through advanced risk-weighted asset assessment.</li> <li>Determine profitability with appropriate risk/return ratio even for low-interest borrowers. The number of business partners has increased, thereby contributing to increased profits.</li> </ul>
(2) Make operational risk calculation methods more sophisticated	<ul style="list-style-type: none"> <li>Reduce risk assets by applying internal ILM calculations.</li> <li>Contribute to an increase in the ratio following approval by authorities.</li> </ul>

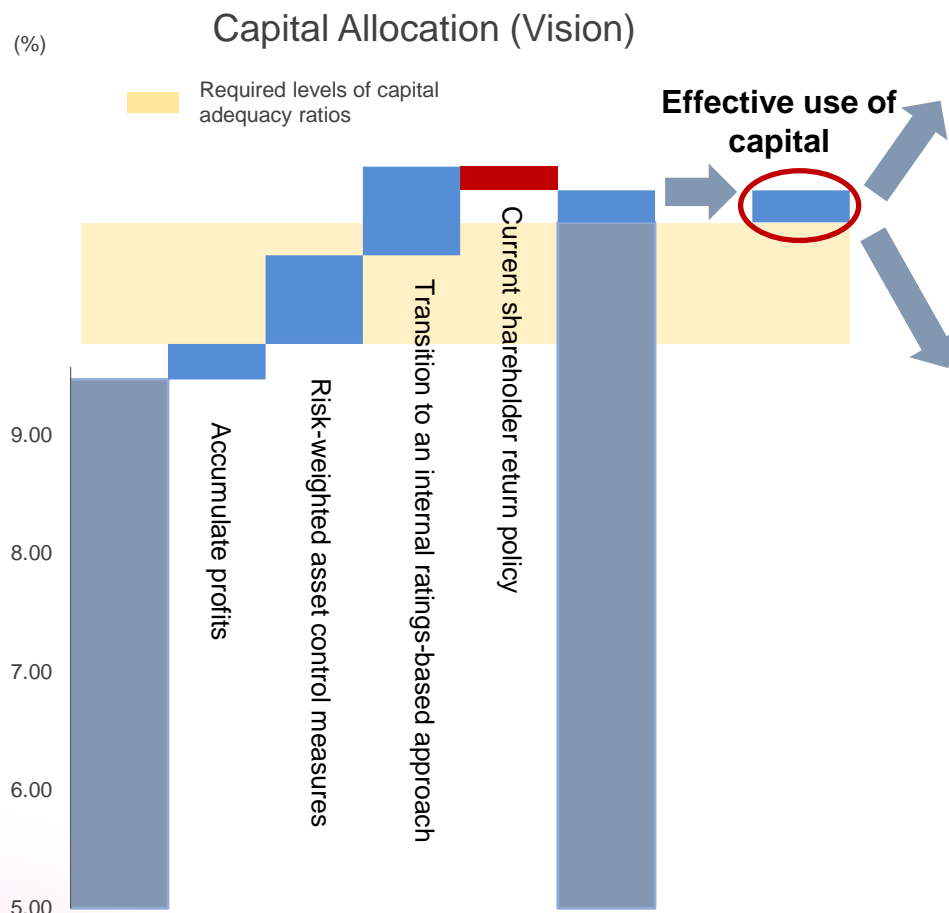
Past Major Risk Control Measures	
Measures	Effect on increase in capital adequacy ratios
(1) Identify all residential real estate LTV	<ul style="list-style-type: none"> <li>Contribute to an approx. 0.3% increase in capital adequacy ratio</li> </ul>
(2) Consolidated affiliates obtain external ratings	<ul style="list-style-type: none"> <li>Contribute to an approx. 0.1% increase in capital adequacy ratio</li> </ul>
(3) Refine CRM application	<ul style="list-style-type: none"> <li>Contribute to an approx. 0.6% increase in capital adequacy ratio</li> </ul>
(4) Identify LTV of real estate-related exposure	<ul style="list-style-type: none"> <li>Contribute to an approx. 0.2% increase in capital adequacy ratio</li> </ul>

\* The figures for March 2025 reflect compliance with the finalization of Basel III.

# 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.

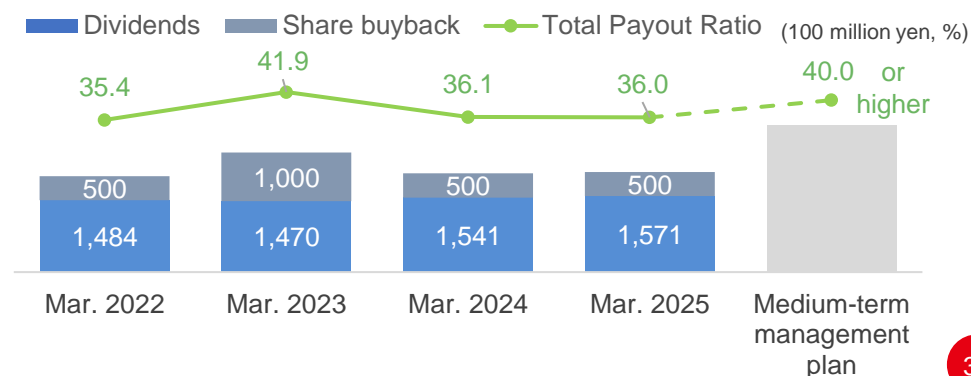


## Response to the Phase of Rising Interest Rates

Item	Details
<b>Loans</b>	<ul style="list-style-type: none"> <li>Initiatives for new financing such as mezzanine finance</li> </ul>
<b>Securities</b>	<ul style="list-style-type: none"> <li>Building strategic portfolios and increasing balances</li> </ul>
<b>Investment in new businesses</b>	<ul style="list-style-type: none"> <li>Consider establishment of an asset management company</li> </ul>

## Enhance shareholder returns

Item	Details
<b>Dividends</b>	<ul style="list-style-type: none"> <li>Maintain stable dividends and continually review dividend levels</li> <li>Consider future revision of the basic dividend policy</li> </ul>
<b>Share buyback</b>	<ul style="list-style-type: none"> <li>Continue to consider share buybacks at appropriate levels</li> </ul>



# Regional Decarbonization Support and ESG Evaluation Improvement

Enhance Corporate Branding  
(Implement Sustainability Management)

Promote initiatives that contribute to increasing economic value by solving social issues, and expand product and service offerings that contribute to solving ESG issues, including climate change.

## Main Product and Service Lineup



Products/  
Services

- Ryugin SDGs Support Service
- Ryugin Sustainable Finance
- Ryugin ZEH-Exclusive Mortgage Loans



Investment  
Activities

- Ryukyu Fund (managed by Ryukyu Capital Co., Ltd.)
  - Participation and investment in the Ryukyus Fund, which was formed by companies in Okinawa, including the Bank (the fund is responsible for supplying funds to companies in Okinawa that contribute to business succession and medium- to long-term business expansion, mainly through capital support).

## Key Initiatives Driving Decarbonization in Okinawa

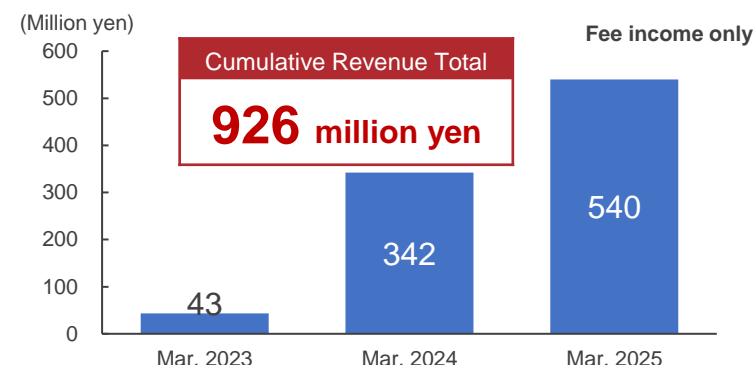


Information  
Disclosure

- Formulate a “transition plan” to a decarbonized society
  - Announced March 2025. First initiative of its kind among financial institutions in the prefecture.
- Implement TNFD disclosure
  - Became the first financial institution in the prefecture to disclose information based on TNFD recommendations in March 2025.
- Received an “A-” rating from CDP
  - For the second consecutive year, received the second-highest rating of “A-”

## Sustainability-Related Revenue Results

[Trends in Revenue from ZEH-Exclusive Mortgage Loans]



[ZEH Mortgage Loans]

Launched “ZEH-exclusive mortgage loan” in September 2022. As of the end of March 2025, the newly executed amount exceeded 46 billion yen.

[Results of Financing for Business Operators (Cumulative Total)]

Note: Fee income only

Cumulative Total of Actual Loans

**28,272 million yen**

Cumulative Revenue Total

**198 million yen**

Note: Cumulative total from Apr. 2023 to Mar. 2025

Executed a Sustainability Linked Loan in September 2023 as a key financing initiative.

Also executed a Green Loan in July 2024 and a Social Loan in October.



琉球銀行グループ  
BANK OF THE RYUKYUS GROUP

\* Please also refer to “Leading the Resolution of Regional Challenges (Sustainability Initiatives)” in the Mid-term Management Plan on page 57.

## **Overview of Medium-Term Management Plan “Empower 2025”**

# Review of Medium-Term Management Plan “Value 2023”

## Review of Value 2023

### [Enhance Net Interest Income]

We have worked to increase net interest income by instilling our ALM strategy of comprehensively managing assets and liabilities with a focus on deposit and loan operations. We have improved profitability by improving our interest rate asset portfolio of loans and securities, while controlling risks, and we are nearing completion of a framework that enables flexible response to changes in the interest rate environment.

### [Enhance Service Charge Profit]

We were able to deepen our three key businesses of corporate consulting, individual consulting, and cashless services, and the profit from service charges has been growing steadily.

### [Invest in Human Capital]

We recognize that the above achievements are the result of measures, such as the development of professional human resources in each field. We will continue to invest in human capital to expand our high-quality services and solution menus, thereby increasing our earnings.

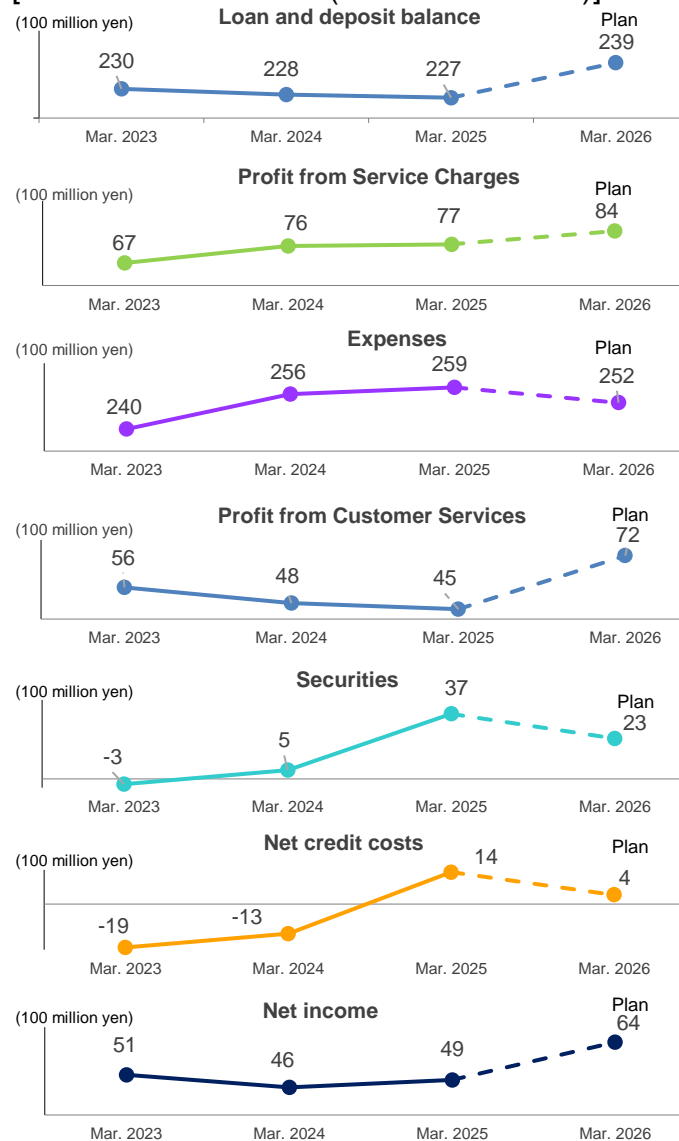
### [Cost-Related]

While we continued to make human capital and systems-related investments (strategic projects), we also worked to control non-personnel expenses through various cost-cutting measures. Credit costs have also been properly managed through continued forward-looking provisioning.

### [Summary and New Medium-Term Management Plan]

Despite the impact of COVID-19 and changes in the interest rate environment, we recognize that a solid earnings base that can withstand these changes is almost complete. On the other hand, the business environment that was envisioned when the previous Medium-Term Management Plan was formulated has changed dramatically in terms of prices, labor shortages, higher labor costs, and the interest rate environment, while the global economy has also become more uncertain. In order to adapt to this major change in the environment, we have now completed the previous Medium-Term Management Plan one year ahead of schedule and formulated a new Medium-Term Management Plan.

## [Actual Profits/Losses (non-consolidated)]



Note: Balance of deposits and loans (incl. loan-related fees; interest on deposits is calculated based on currency swap income in real terms)  
 Note: Profit from service charges (excl. loan-related fees)

## Management Targets and Results

Item	FY2023 (Ended Mar. 2024) Results	FY2024 (Ended Mar. 2025) Results	Medium-Term Management Plan Targets (FY2025 Ending Mar. 2026)
Consolidated Net Income	5.6 billion yen	5.7 billion yen	7.5 billion yen
Consolidated ROE	4.01%	4.07%	5.0% or higher
Consolidated capital adequacy ratio	9.57%	9.94%	9.7% or higher
Non-consolidated profit from customer services	4.8 billion yen	4.5 billion yen	7.2 billion yen
Non-consolidated net core business profit	5.1 billion yen	7.1 billion yen	9.3 billion yen
Non-consolidated core OHR	83.5%	78.3%	73.0% or lower

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

(Note) For details, please refer to the Medium-Term Management Plan

# Medium-Term Management Plan “Empower 2025”: All for Okinawa Vision of the Bank of Ryukyus

## Management Philosophy

A bank that is valued and trusted by the local community and contributes to the development of regional society

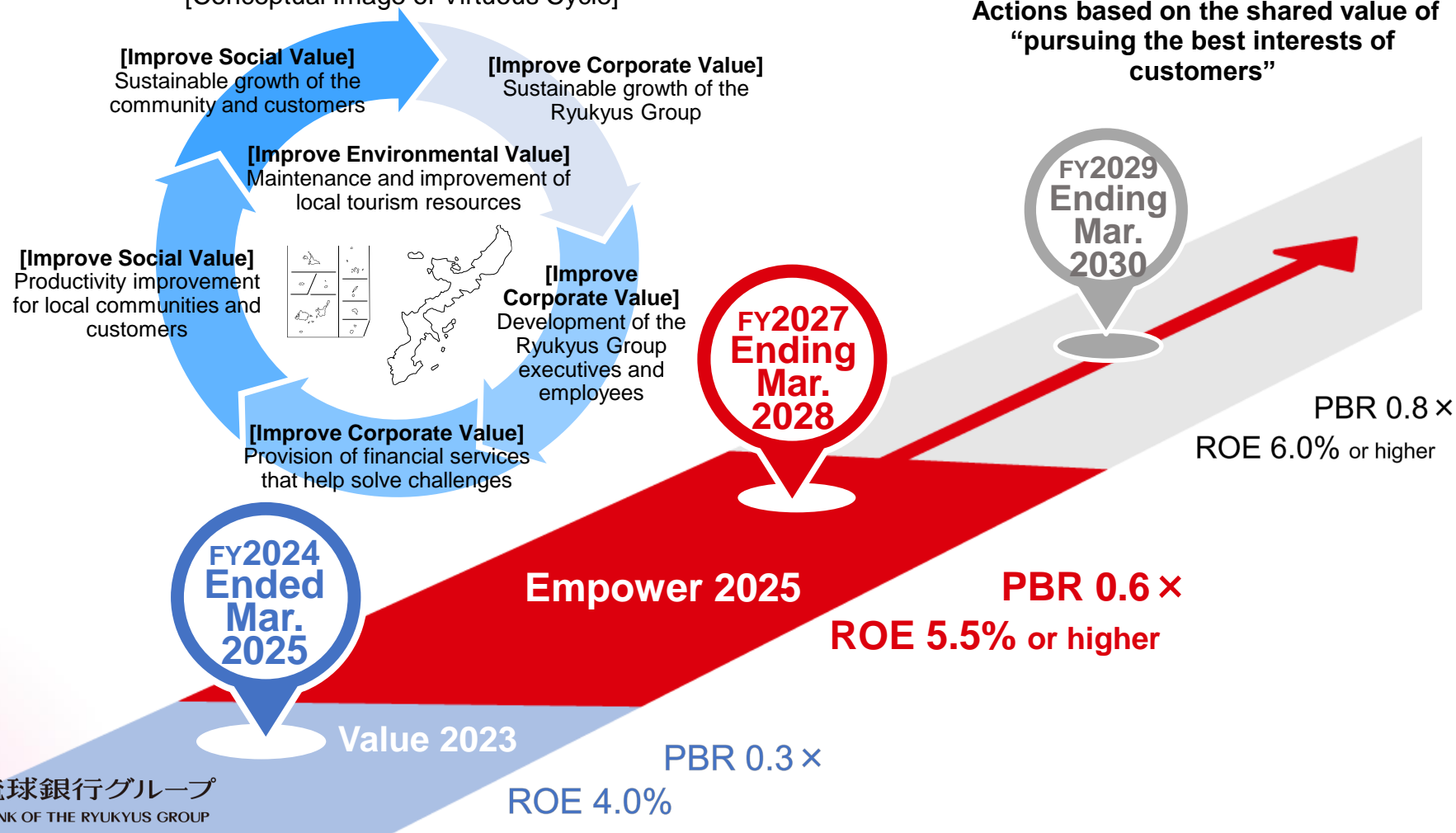
[Conceptual Image of Virtuous Cycle]

## Long-Term Vision

A financial group that grows together with the local community by achieving a beneficial cycle in the local economy

## Corporate Culture

An “open and vibrant corporate culture,” where executives and employees can work vigorously, elevating one another  
Actions based on the shared value of “pursuing the best interests of customers”

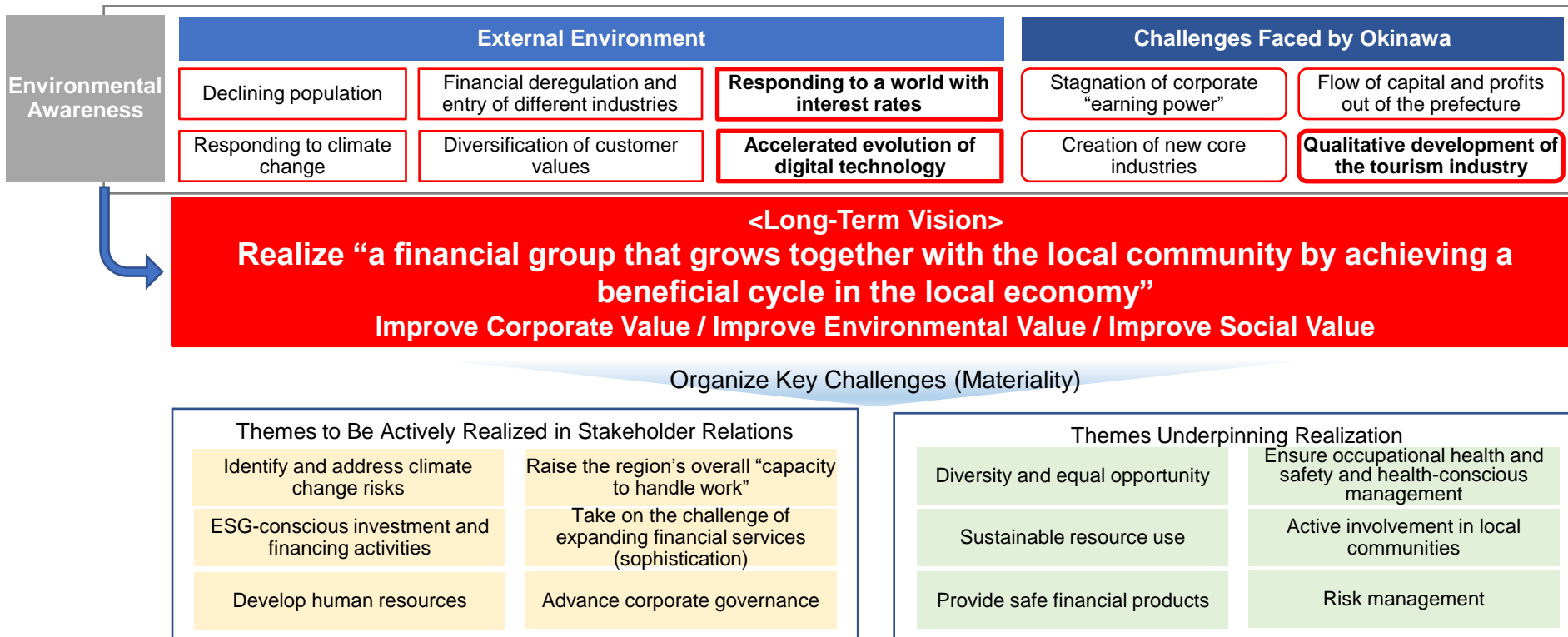




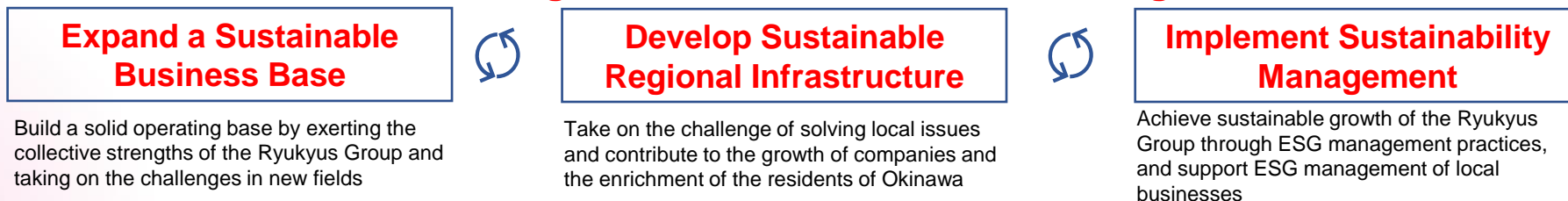
# Medium-Term Management Plan “Empower 2025”: All for Okinawa

## Changing Environment and Challenges and What the Bank Should Address

Aim to realize our long-term vision by responding strongly and flexibly to drastic changes in the environment



## Take on the Challenge of the New Medium-Term Management Plan



# Medium-Term Management Plan “Empower 2025”: All for Okinawa

## Overview

Medium-Term Management Plan “Empower 2025”: All for Okinawa  
April 2025 – March 2028 (3 Years)

Invest resources in growth areas in Okinawa

Theme

Design Okinawa's  
Growth Story

Solve Local  
Challenges

Create New  
Corporate Value

### Key Strategies

#### Strengthen the Management of Deposits, Loans, and Securities

- ◆ Create a system that attracts deposits
  - ✓ Enhancement of proposal capabilities, expansion of active accounts
- ◆ Create and expand demand for funds in Okinawa
  - ✓ Human resource allocation based on market analysis
- ◆ Execute strategic management of securities

#### Lead the Resolution of Regional Challenges

- ◆ Implement practical ESG management
  - ✓ Industry-government-academia-finance collaboration, J-credit project, collaboration with ZEP Ryukyu
- ◆ Enhance solution menus
  - ✓ Creation of start-up companies, support for urban development, etc.
- ◆ Implement hands-on consulting

#### Strengthening Group Collaboration and Utilize Alliances

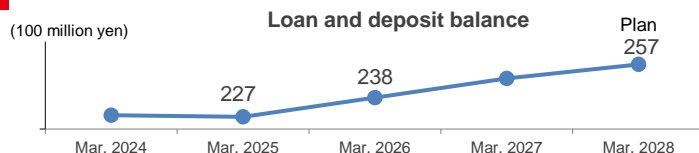
- ◆ Improve profitability through mutual collaboration
  - ✓ Administrative consulting, out-of-prefecture syndicated loan joint origination
- ◆ Demonstrate synergies to improve operational efficiency
- ◆ Jointly develop new businesses

### Increase and Optimize Human Capital Investment

- ◆ Enhance the over-the-counter service level by developing highly specialized and robust talent and their strategic placement and rotation
  - ✓ Enhancement of reskilling support for executives and employees, strengthening of DX talent development, creation of additional capacity by improving operational efficiency and taking on challenges in new areas, expansion of the early training system for young employees, and internal rotation of specialized personnel

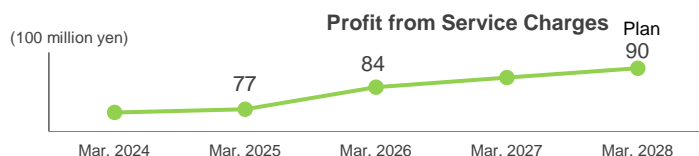
# Medium-Term Management Plan “Empower 2025”: All for Okinawa

[Profit and Loss Plan During the Medium-Term Management Plan (Non-Consolidated)]



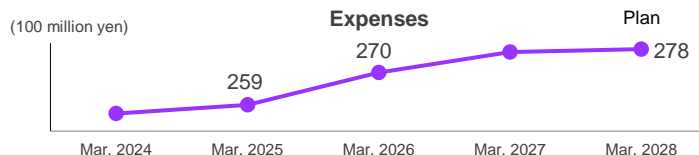
## [Loan and Deposit Balance]

Interest on loans increased and the loan and deposit balance increased, mainly due to greater demand for funds within the prefecture as well as higher yields.



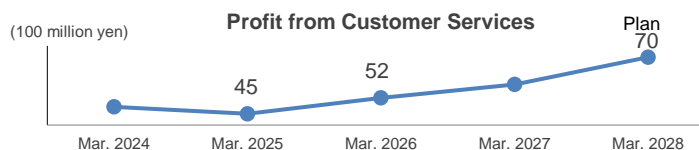
## [Profit from Service Charges]

Increased due to the expansion of existing core businesses, including businesses related to corporate and individual consulting and cashless-related fees.



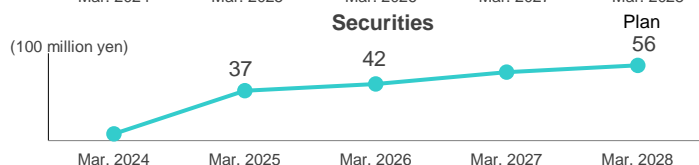
## [Expenses]

Expected to increase due to factors, such as an increase in labor costs resulting from improved working conditions and an increase in property expenses resulting from system investment and head-office relocation as well as an increase in consumption tax. We will continue to seek reductions toward the final year of the management plan.



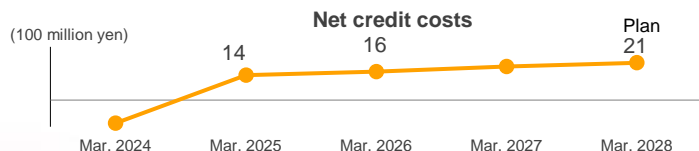
## [Profit from Customer Services]

Although expenses will increase, we plan to exceed 7.0 billion yen in the fiscal year ending March 2028 due to increases in loan and deposit balance and profit from service charges.



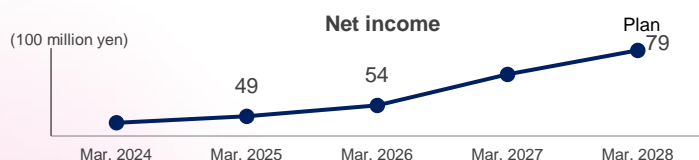
## [Securities]

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 is expected to exceed the 5.5-billion-yen level and grow into a pillar of revenue by the final year of the management plan.



## [Net Credit Costs]

Despite a reversal of general provision for doubtful accounts until the fiscal year ended Mar. 2024, it has turned to a provision in the fiscal year ended Mar. 2025. We will continue to conservatively incorporate the occurrence of net credit costs into the plan from the fiscal year ending Mar. 2026 onward.



## [Net Income]

We expect an upward trend to continue from the fiscal year ending Mar. 2026 onward, reaching almost 8 billion yen in the fiscal year ending Mar. 2028.

## Management Targets

Financial Indicators	Item	Targets
	Consolidated Net Income	9 billion yen
	Non-Consolidated Net Core Business Profit	12 billion yen
	Non-Consolidated Core OHR	70.0% or lower
	Consolidated ROE	5.5% or higher
Basic Strategy Indicators	Consolidated Capital Adequacy Ratio	Approx. 10.0%
	Executed Amount of Ryugin Sustainable Finance	300 billion yen
	Number of Cases of Life Support for Okinawa Residents	35,000
	Growth in Number of Start-Ups Created in Okinawa	1.5 times the 2023 level
	Numbers of Tourists	12 million visitors

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

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



琉球銀行グループ  
BANK OF THE RYUKYUS GROUP

Note: Balance of deposits and loans (incl. loan-related fees; interest on deposits is calculated based on currency swap income in real terms)  
Note: Profit from service charges (excl. loan-related fees)

## **Medium-Term Management Plan “Empower 2025”**

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New Head Office Building Scheduled to Open in April 2026



Starting in fiscal year 2025, we will launch a new Medium-Term Management Plan, “Empower 2025.” We have concluded the previous Medium-Term Management Plan, “Value 2023,” ahead of schedule and formulated a new plan. With the arrival of “a world with interest rates” and the growing uncertainty of the global economy, especially in the U.S., and the business environment surrounding the Bank undergoing significant changes, we felt it necessary to review the Bank’s management strategy. That said, we will maintain the overall direction of our long-term vision, aiming to become “a financial group that grows together with the community by realizing a virtuous cycle in the local economy.” The title “Empower” reflects our strong intention to support the future economic revitalization of Okinawa Prefecture through various initiatives.

As a regional financial institution, our mission is to be close to the community and contribute to the growth of the local economy and the resolution of its challenges, and fulfilling this mission will also enhance our corporate value.

Okinawa holds significant growth potential. In addition to a growing tourism industry that takes advantage of its attractive nature and traditional culture, the region has the geographical advantage of being in the center of East Asia, and is expected to continue to grow. As a regional financial institution based in Okinawa, we believe that it is our responsibility to actively contribute to solving the challenges that will arise as Okinawa continues to grow in the future. For example, to ensure the sustainability of Okinawa’s tourism industry, which leverages “nature” as a tourism resource, we will take the lead in addressing climate change. We aim to realize a virtuous cycle in which Okinawa grows through our efforts, and as a result, the Bank also grows, thereby increasing its corporate value.

The foundation of all initiatives is talent. In order to respond to various challenges in the region, the Bank will strengthen human capital investments, aimed at upgrading its areas of strength and to take on challenges in new business areas. We will cultivate talent with advanced expertise who can fully demonstrate their capabilities in solving regional challenges. By fostering such talent, we aim to build an organization empowered by individuals and turn that into our strength.

The key strategies listed in “Empower 2025” are intended to demonstrate how the Bank will contribute to Okinawa’s economic growth and the resolution of regional challenges. Based on the belief, “All for Okinawa,” we are determined to play a central role in Okinawa’s growth. We are committed to creating new corporate value by solving local challenges in Okinawa.

President      **Ken Shimabukuro**

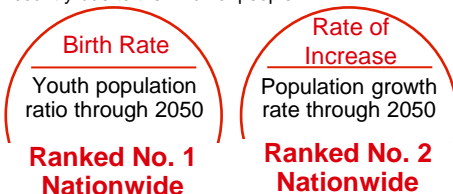
# Direction of the Medium-Term Management Plan



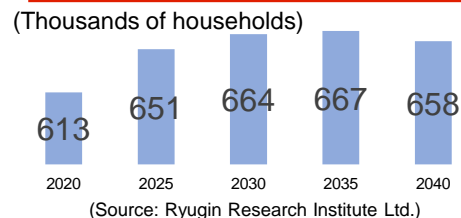
Okinawa Prefecture is one of the most demographically stable regions in Japan. In addition, Okinawa's appeal includes its mild climate and rich natural environment, traditional culture born from trade with Asian countries, and its geographical advantage of being located in the center of a huge East Asian market. We believe that the region will be transformed into a gateway that leads Japan in the future through the concentration of new industries under the concept of strengthening and expanding the functions of Naha Airport.

## Prefecture with Stable Population Increase/Decrease

Population decline is slower than in the rest of the country due to the influx of people

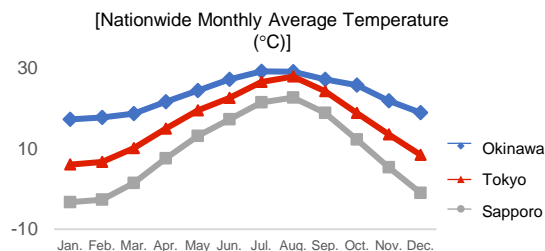


## Projected Number of Households



## Mild climate and rich natural environment

- Warm subtropical oceanic climate throughout the year
- An island prefecture with blue seas and evergreen forests
- Hotspot for global biodiversity



## Traditional Culture Shared with the World

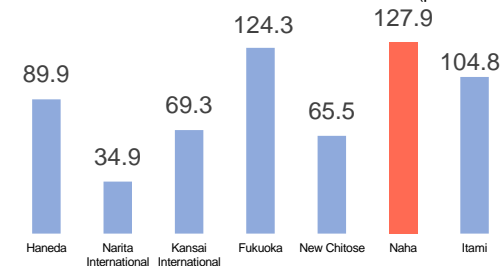
- Gusoku and related properties of the Ryukyu Kingdom (World Cultural Heritage)
- Traditional dyed and woven fabrics, Ryukyu lacquerware and pottery
- Court cuisine and Awamori
- Birthplace of karate that is spreading throughout the world



## Hub of East Asia

- Within 4 hours by air to major cities
- Naha Airport is booming compared with the rest of Japan due to a recovery in passenger volume

[Number of Passengers per Square Meter of Airport Passenger Terminal] (FY2023) (persons/m<sup>2</sup>)

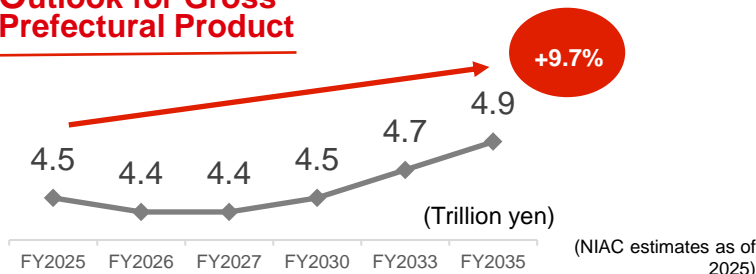


(Source: Ryugin Research Institute Ltd.)



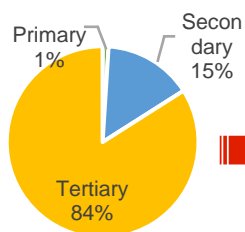
The prefecture's economy is expected to grow further, centered on tourism-related industries, which are the core industries of Okinawa Prefecture. The opening of a large theme park in the north is expected to trigger the formation of a virtuous circle model that will promote a shift from quantity to quality in tourism services, investment in urban development, etc., and improvement in the living standards of local residents.

## Outlook for Gross Prefectural Product



## Industrial Structure

**Ranked 2nd nationwide** in percentage of tertiary industry (average 71.4%)

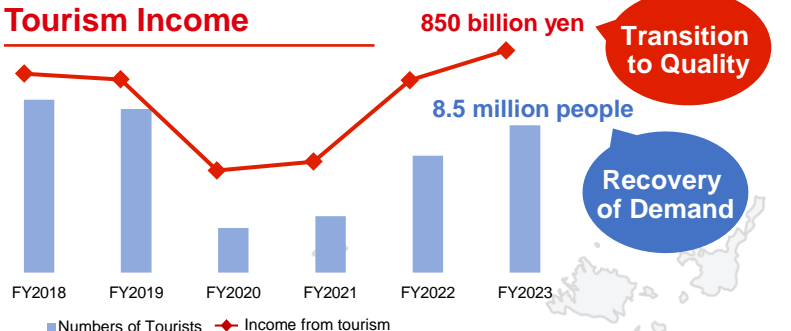


The percentage of retail, transportation, and accommodation and food services:

15%

(Created based on data of Okinawa Prefecture)

## Number of Tourists and Tourism Income



(Created based on data of Okinawa Prefecture)

## Future Movements in Tourism-Related Industries

### Introduction of a Tourism Tax

- Work to realize safe, secure, and comfortable tourism.
- Realize a sustainable tourism economy (elimination of overtourism)



### Tourist Destination Branding

- Restoration of Shuri Castle and opening of JUNGLIA
- Development of resort hotels such as Rihga Royal Resort (Chatan Town) and Four Seasons (Onna Village)

## Initiatives of the Ryukyus Group

- Promotion of structured finance
- Proposal of cashless services to tourism-related industries
- Return of revenue generated from within Okinawa to the prefecture (In collaboration with Ryukyu Capital)
- Support for PFI projects and remote island development
- Support for the succession of traditions and culture (Continuation of the Bingata Design Contest, etc.)
- Research and proposal for tourism-related industries (Utilization of Ryugin Research Institute Ltd.)



(The 33rd Bingata Design Contest Award Ceremony)

Development projects in the cities of Naha, Urasoe, and Ginowan, centered on the vast site planned for base reversion, are attracting attention.

To promote such development projects, it is necessary to attract investments and companies from outside the prefecture and overseas. As a regional financial institution, we will proactively take on challenges of creating new industries, including start-ups, creating a mechanism that leads to industrial clusters, and collaborating with capital from outside the prefecture.

## Development and Urban Planning Along Okinawa's Main Artery

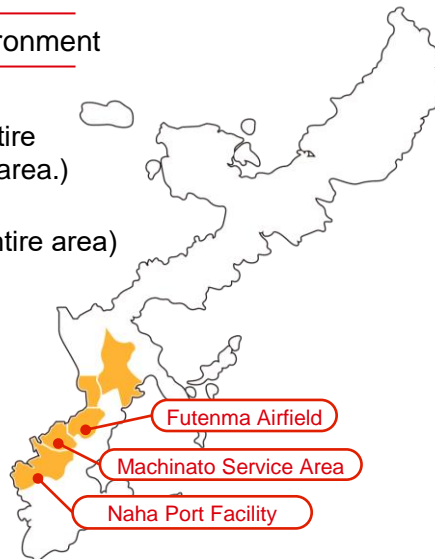
- Launch of Gateway (GW) 2050 Projects (public-private projects that bring together local governments, companies, and organizations in the prefecture)
- Create internationally competitive industries through enhancement of airport functions and extensive development of the sites planned for base reversion, etc.
- Aim to strengthen ties with OIST for global development

## OIST (Okinawa Institute of Science and Technology Graduate University)

- Form a world-class research center
- Accept researchers and students of diverse cultures and nationalities from around the world, especially Asia

## Naha City – Okinawa City Environment

- **Population: 700,000**  
(About 50% of the prefecture's entire population is concentrated in this area.)
- **Area: 144 km<sup>2</sup>**  
(About 6.3% of the prefecture's entire area)
- **Site planned for base reversion: 800 ha (8 km<sup>2</sup>)**  
(Equivalent to approximately 170 Tokyo Domes)
  - Futenma Airfield
  - Machinato Service Area
  - Naha Port Facility



## Movement Toward Future Prefectural Economic Development

Enhancement and expansion of airport functions

Introduction of various transportation functions

Global industrial clustering

Creation and revitalization of new industries

Development of a diverse and highly skilled workforce

New technologies that contribute to decarbonization

Promotion of startup creation from Okinawa

Formation of bases for talent development for new industries

## Initiatives of the Ryukyus Group

Leading economic revitalization through business expansion, succession, revitalization, etc.

Advancement of finance functions

Creation of start-up companies

Support for expansion into Asia and expansion of PE investment

Support for urban development

Support for accepting foreign talent

Support for local decarbonization

Development of English-speaking talent



OKINAWA STARTUP PROGRAM  
2024-2025  
DEMODY (Project Announcement)

## Management Philosophy

A bank that is valued and trusted by the local community and contributes to the development of regional society

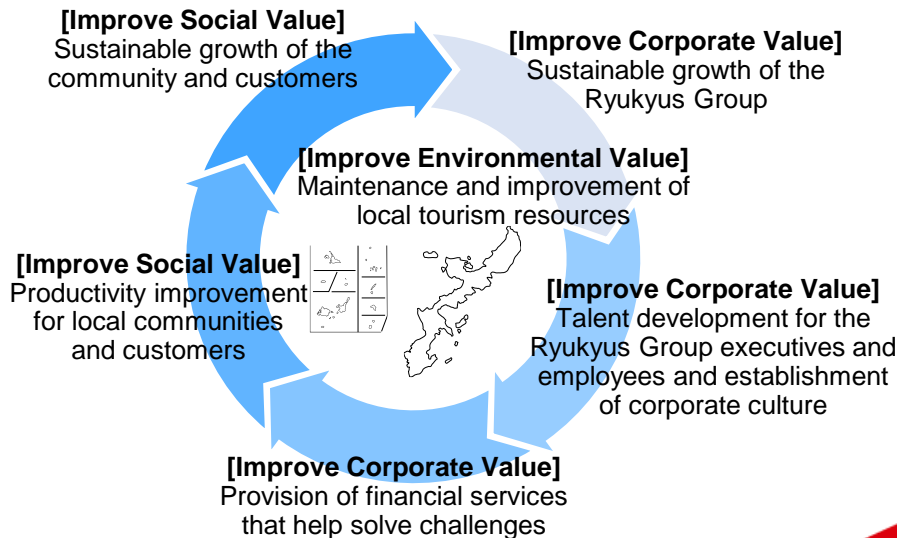
## Long-Term Vision

A financial group that grows together with the local community by achieving a beneficial cycle in the local economy

## Corporate Culture

An “open and vibrant corporate culture,” where executives and employees can work vigorously, elevating one another  
Actions based on the shared value of “pursuing the best interests of customers”

[Conceptual Image of Virtuous Cycle]



**FY2024  
Ended  
Mar.  
2025**

Value 2023

PBR 0.3 ×  
ROE 4.0%

**Empower 2025**

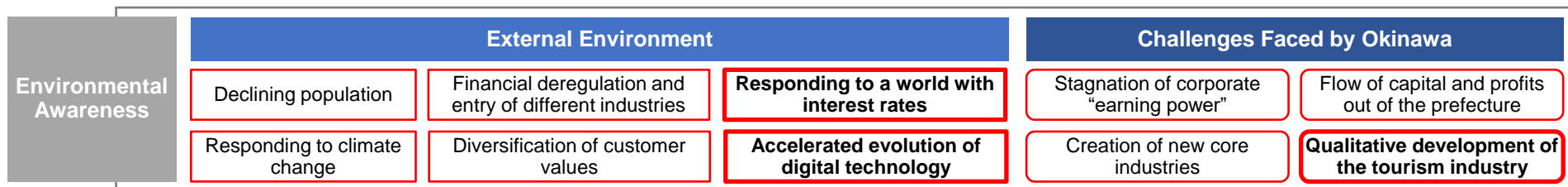
**FY2027  
Ending  
Mar.  
2028**

**PBR 0.6 ×  
ROE 5.5% or higher**

**FY2029  
Ending  
Mar.  
2030**

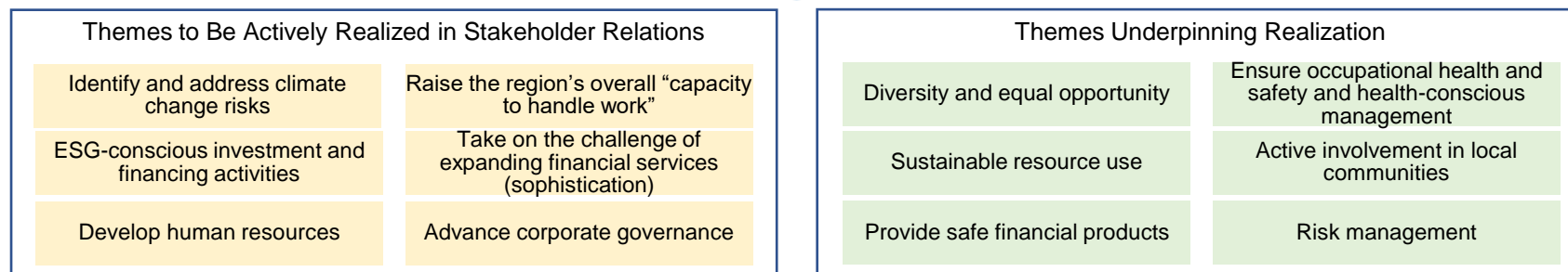
**PBR 0.8 ×  
ROE 6.0% or higher**

**Aim to realize our long-term vision by responding strongly and flexibly to drastic changes in the environment**



**<Long-Term Vision>**  
**Realize "a financial group that grows together with the local community by achieving a beneficial cycle in the local economy"**  
**Improve Corporate Value / Improve Environmental Value / Improve Social Value**

Organize Key Challenges (Materiality)



## Take on the Challenge of the New Medium-Term Management Plan

### Expand a Sustainable Business Base

Build a solid operating base by exerting the collective strengths of the Ryukyus Group and taking on the challenges in new fields



### Develop Sustainable Regional Infrastructure

Take on the challenge of solving local issues and contribute to the growth of companies and the enrichment of the residents of Okinawa



### Implement Sustainability Management

Achieve sustainable growth of the Ryukyus Group through ESG management practices, and support ESG management of local businesses

## Medium-Term Management Plan “Empower 2025”: All for Okinawa April 2025 – March 2028 (3 Years)



### Key Strategies

#### Strengthen the Management of Deposits, Loans, and Securities

- ◆ Create a system that attracts deposits
- ◆ Create and expand demand for funds in Okinawa
- ◆ Execute strategic management of securities

#### Lead the Resolution of Regional Challenges

- ◆ Implement practical ESG management
- ◆ Enhance solution menus
- ◆ Implement hands-on consulting

#### Strengthening Group Collaboration and Utilize Alliances

- ◆ Improve profitability through mutual collaboration
- ◆ Demonstrate synergies to improve operational efficiency
- ◆ Jointly develop new businesses

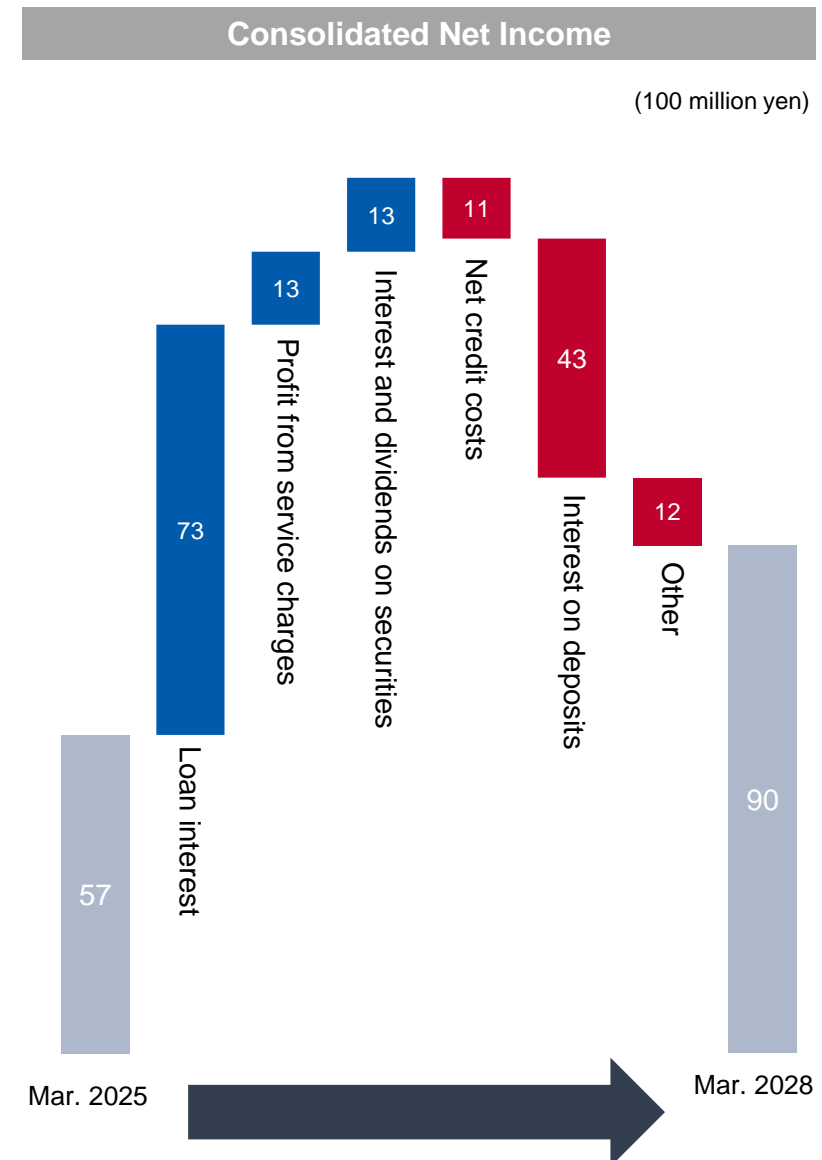
### Increasing and Optimizing Human Capital Investment

- ◆ Enhance the over-the-counter service level by developing highly specialized and robust talent and their strategic placement and rotation

## Set financial and strategic indicators and targets to realize the long-term vision

	Indicators	Targets for FY2027
Financial Indicators	Consolidated Net Income	9 billion yen
	Non-Consolidated Net Core Business Profit	12 billion yen
	Non-Consolidated Core OHR	70.0% or lower
	Consolidated ROE	5.5% or higher
	Consolidated Capital Adequacy Ratio	Approx. 10.0%
Strategy Indicators	Executed Amount of Ryugin Sustainable Finance	300 billion yen
	Number of Cases of Life Support for Okinawa Residents*	35,000
	Growth in Number of Start-Ups Created in Okinawa	1.5 times the 2023 level
	Numbers of Tourists	12 million

Note: Number of customers to whom we propose individual-oriented solutions (support for asset formation, such as NISA and mortgage loans, and asset succession)



# Key Strategies

**Aim to expand the earnings base by increasing the number of Ryugin fans who use the Bank as their main account and ensuring stable deposit funding, thereby realizing optimal asset management**

## Acquire Sticky Deposit Accounts

### 1. Strengthen the capability to make proposals in response to life/business events

- Strengthen and maintain face-to-face sales capabilities
- Improve timeliness through the operation of a new sales support system (CRM)

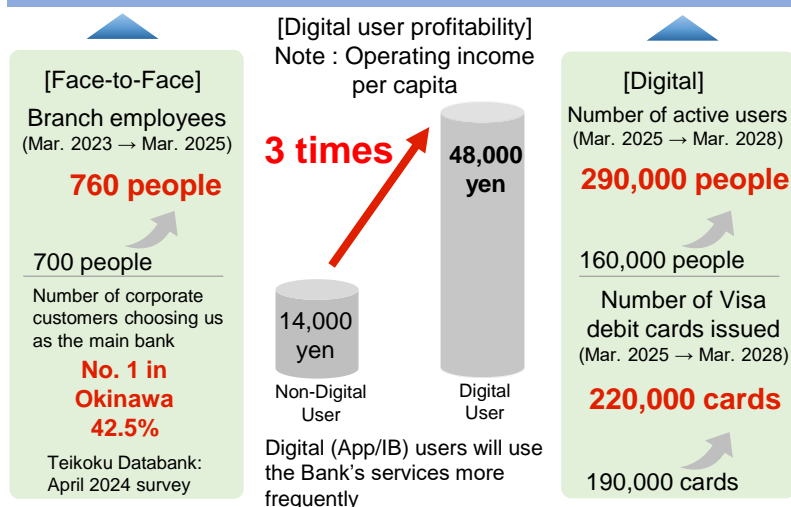
### 2. Expand active accounts

- Increase customer convenience through the use of apps
- Increase the value of account holding by centralizing income (salary transfers, pensions, etc.), expenditures (settlements, loans, etc.), and savings (NISA, etc.)

### 3. Revitalize transactions originating from corporate customers

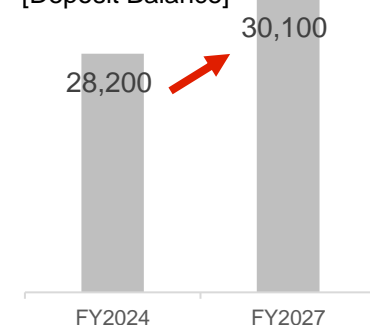
- Win accounts through promotion of card affiliates
- Enhance employee transactions

#### Integration of "Face-to-Face Services" and "Digital Services"

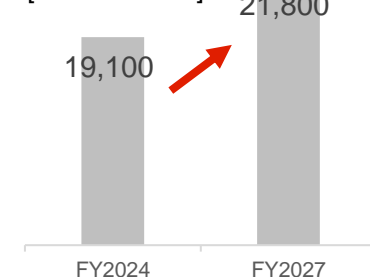


## Numerical Targets

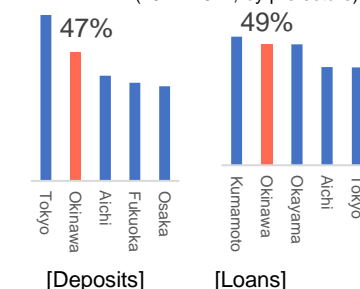
[Deposit Balance] (100 million yen)



[Loan Balance] (100 million yen)



(Reference) Rate of increase in deposits and loans over the past 10 years (2014–2024, by prefecture)



## Expand Loan Volume and Build a Profitable Portfolio

### 1. Allocate human resources based on market analysis

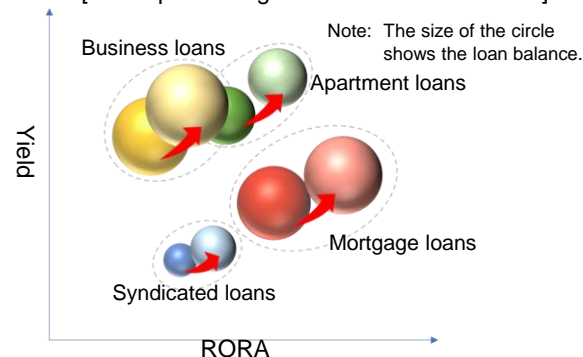
- Areas where future demand for funds can be expected
- Develop new financing customers with future growth potential

### 2. Risk-return optimization

- Invest with emphasis on RORA, and implement optimal diversification by region, industry, and interest rate type
- Introduce dynamic pricing based on risk and return

### 3. Respond to demand for hotels, rental houses and housing, backed by an increase in the number of tourists and households

#### [Conceptual Image of RORA Enhancement]



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



Establish risk management that integrates deposits, loans, and securities investment divisions, and aim to secure stable earnings in the market through risk-taking that takes into account business management capabilities

## Expand Securities Investment

### 1. Portfolio Strategy

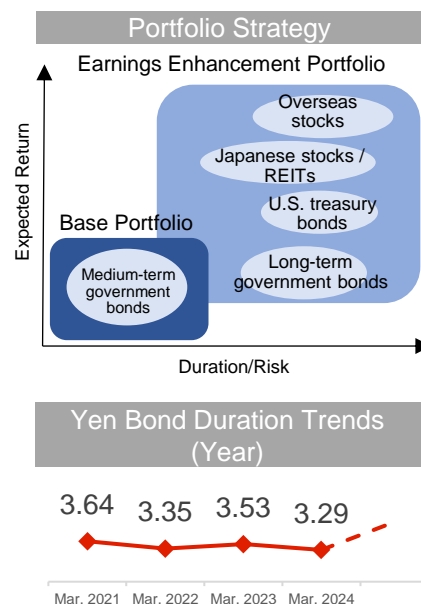
Work to improve the overall risk-return balance by incorporating an earnings-enhancing portfolio around the base portfolio

### 2. Build a Yen Bond Portfolio

- (1) Replace low-coupon bonds with high-coupon bonds through redemption reinvestment for the base portfolio
- (2) Conduct strategic operations based on macro and market scenarios
- (3) Flexibly adjust durations in response to changes in the interest rate environment

### 3. Develop and produce talent with strong finance backgrounds

- (1) Continue external training
- (2) Implement rotational assignment of operational personnel
- (3) Continue internal recruitment system



## Yen Bond Portfolio Simulation

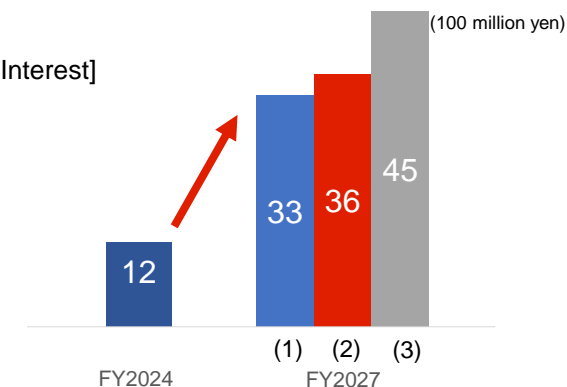
### [Prerequisites]

- Reinvest annual redemptions in 5-year government bonds.
- Timing of policy rate hikes:  
Pattern (1) 0.50%  
Pattern (2) Up to 0.75% in July 2025  
Pattern (3) Up to 1.00% in January 2026

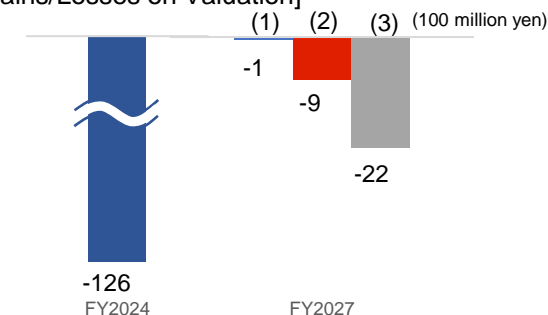
### Policy Interest Rates:

0.50% 0.75% 1.00%

### [Interest]



### [Gains/Losses on Valuation]



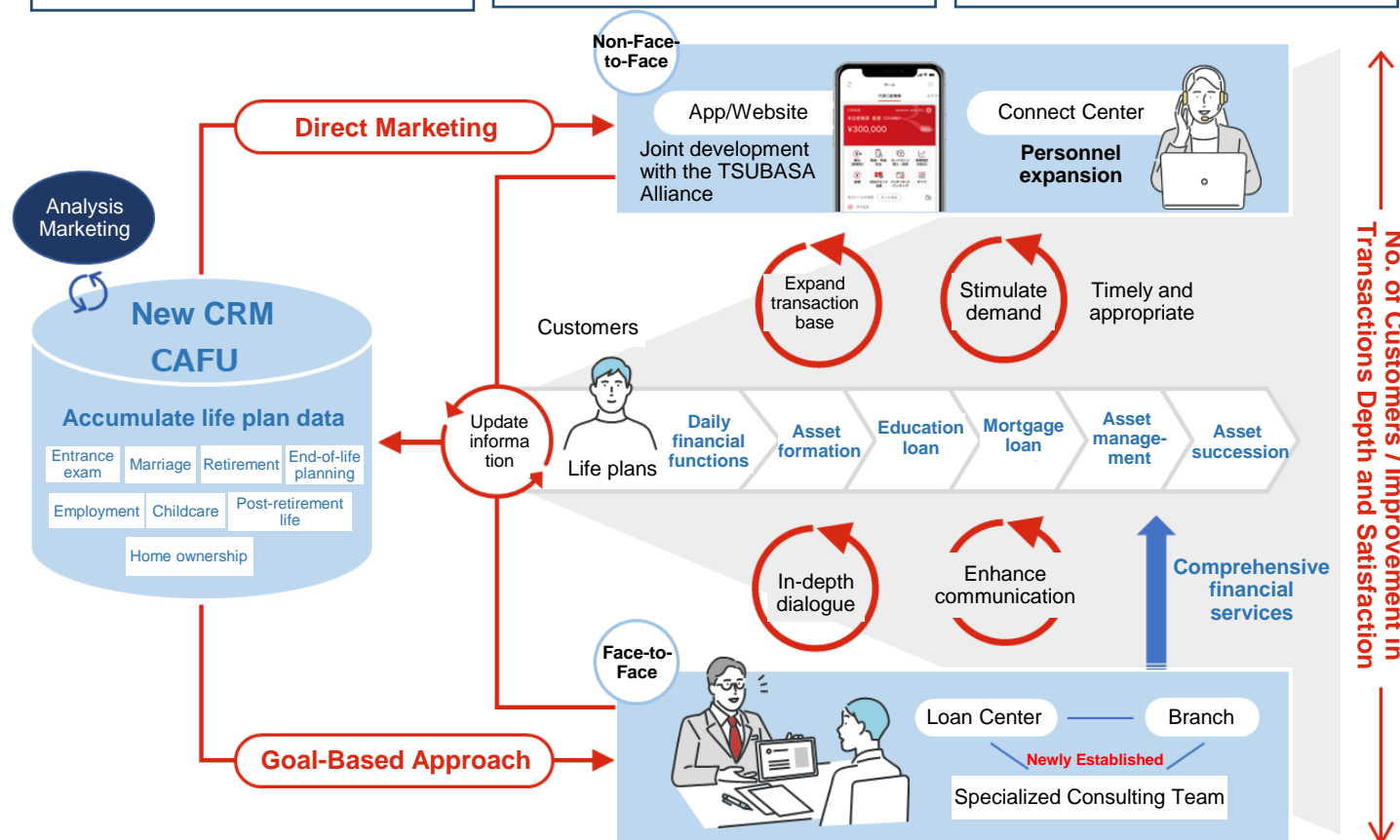
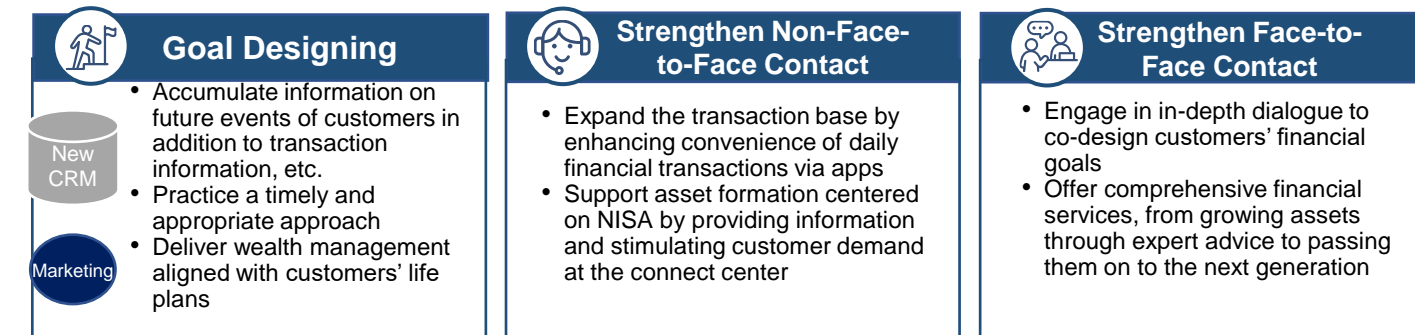
## Marketable Loans as an Alternative to Bond Investments

- Work to implement syndicated loan management with RORA in mind, taking into account the interest rate environment and spread levels
- Work to reduce risks through diversification based on high credit ratings and on a geographic and industrial basis

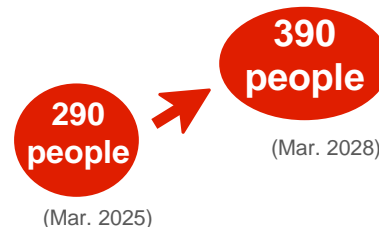
## Advance Market Risk Management

- Practice efficient and flexible fund management through appropriate allocation of capital through RAF/ALM
- Introduce the concept of core deposits into bond investment to enhance capital efficiency based on a more realistic interest rate risk

Transform into a structure that generates sustainable profits by accumulating and nurturing the assets entrusted by customers through the implementation of a goal-based approach using a variety of points of contact

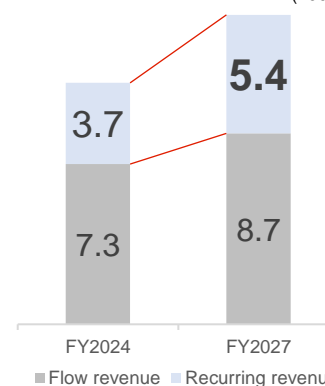


No. of Individual Consulting Professionals



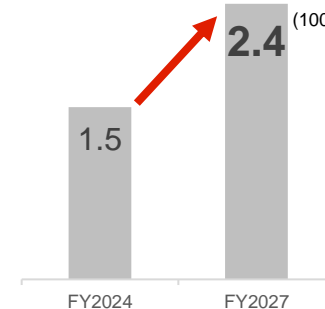
[Fees for Assets in Custody]

(100 million yen)



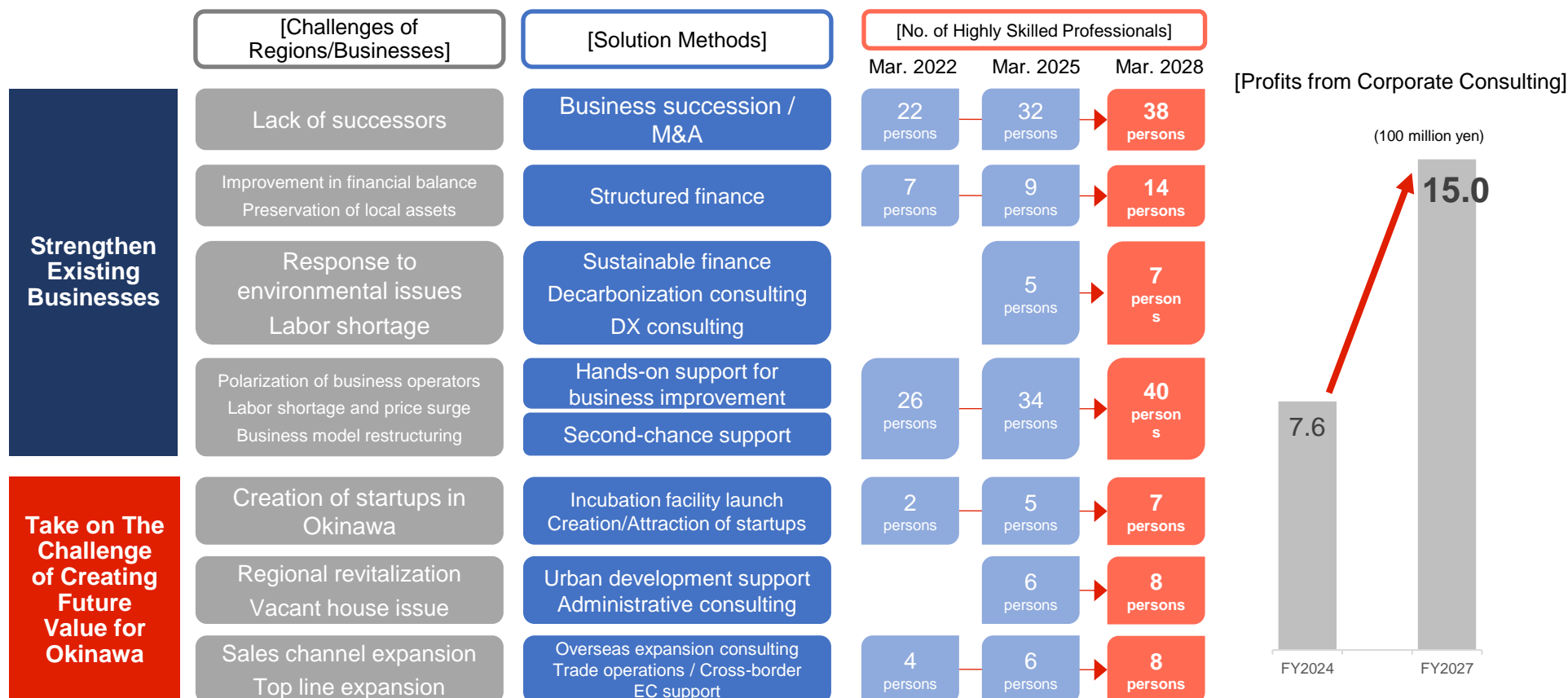
[Profits from Inheritance Consulting]

(100 million yen)



Contribute to the creation of future value for Okinawa Prefecture by further evolving the strengths we have cultivated and expanding our efforts to resolve challenges

Take on the challenge of creating future value for Okinawa through unified efforts across the Ryukyus Group



Contribute to the growth of the prefectural economy while improving convenience for prefectural residents and visitors by creating a cashless island, and expand the trade area by providing payment platforms outside the prefecture

## Platform Offering

### Provision of platforms, licenses, etc. owned by the Bank

- Expand sales base through collaboration with POS system vendors and settlement providers in diverse industries
- Expand collaboration on the strength of principal licenses
- Support the settlement business for out-of-prefecture financial institutions/businesses
- Expand introduction of payment systems to public transportation in the prefecture

## Promotion System with All Bank Employees

- Expand services to all branches
- Dedicated headquarters team for high-level projects  
2 credit counselors present → Further increase

## Solutions Offered by the Bank



POS register



Payment-specific terminal RPG-T



琉球銀行グループ  
BANK OF THE RYUKYUS GROUP

VISA



UnionPay  
银联



悠遊卡公司  
EASycard Corp.

[More than 50 brands are supported.]

## Function Offering

Expand the cashless market base in the prefecture

Partnership agreements with local governments  
(Entered into by 19 cities, towns, and villages)

Expand to markets outside the prefecture

Improve convenience of public transportation

Further Expansion

Mar. 2025



Introduction to Okinawa Urban Monorail



Local bus



Ferry



Provide payment systems for diverse modes of transportation

Provide services to a large theme park



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Growth of a strong county economy,  
Lateral support for the tourism industry

[Group's Cashless Transaction Volume]

Results of FY2022

164 billion yen

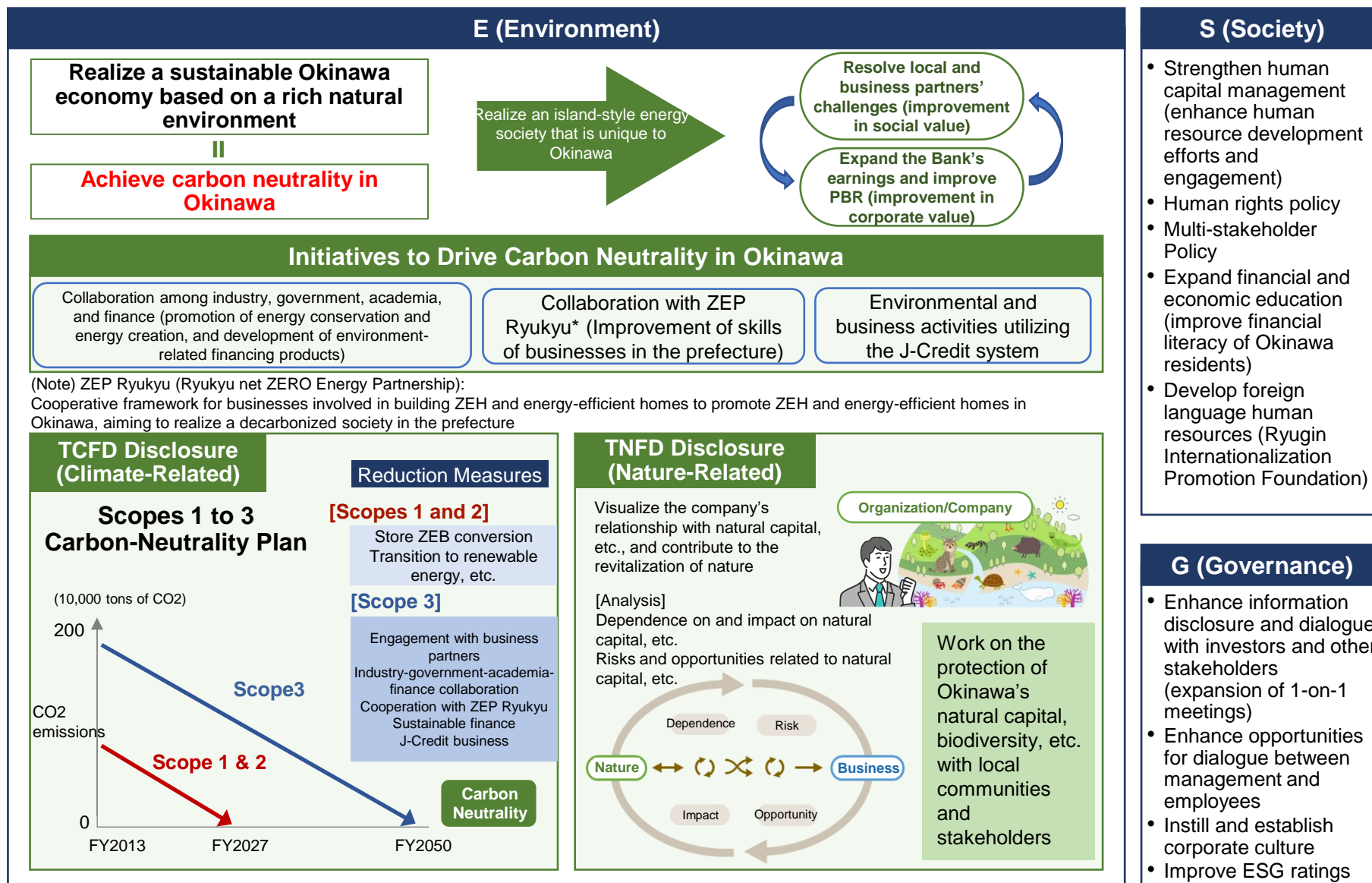
Results of FY2024

199 billion yen

Targets for FY2027

300 billion yen

Contribute to the protection of Okinawa's natural environment and the realization of sustainable local communities by implementing ESG management, including carbon neutral initiatives





Set up an optimal human resource portfolio linked to business strategy and actively invest in human resources needed to build the portfolio

## Basic Concept of Human Resource Investment for Strategic Human Resource Portfolio Development

Objectives of Human Resource Investment	Investment Operations	Investment Methods
<p>Build a solid business infrastructure</p> <p>Upgrade the Bank's strengths</p>	<ul style="list-style-type: none"> <li>Individual and corporate consulting operations</li> <li>Securities and market investment operations</li> <li>Risk management</li> <li>Audit operations</li> <li>Cashless business</li> <li>IT systems management operation</li> </ul>	<p>Reskilling of Internal Human Resources</p> <ul style="list-style-type: none"> <li>Fostering digital knowledge</li> <li>Training of planning human resources (outsourced)</li> <li>Talent management system</li> <li>Autonomous learning support</li> <li>External training / Secondment</li> <li>Improvement of language skills (English)</li> </ul> <p>Securing Specialized Human Resources</p> <ul style="list-style-type: none"> <li>Strengthening of career recruitment activities</li> <li>Acceptance of specialized personnel on secondment</li> <li>Accumulation of knowledge through alliances</li> </ul>
<p>Take on challenges of entering new business areas</p> <p>Provide advanced financial services internally</p>	<ul style="list-style-type: none"> <li>Structured finance operations</li> <li>Capital operations</li> <li>Overseas-related operations</li> <li>Asset management operations</li> <li>Other new business areas</li> </ul>	

## Development of Human Resource Growth Stages

### New Personnel Management

- Promotion of specialist courses
- Support for autonomous career development (open recruitment system, FA system)
- Support for senior citizens' success
- Expansion of the employee stock ownership association to group companies
- Introduction of alumni

### Promotion of Women's Empowerment

- Improvement in the percentage of female managers (34%)
- Succession plan practice
- Expansion of the cross-mentoring system
- Dispatch of directors to group companies
- Enrichment of in-house childcare and care for sick children

### Well-Being-Conscious Management Practice

- White 500 certification
- Recognition as a Sports Yell Company
- Acquisition of the Platinum Eruboshi Certification
- Acquisition of Kurumin

## Create Extra Capacity to Take on New Business Challenges Through DX Promotion

Current Personnel Composition		Portfolio Staffing Structure to Pursue	
(50 persons dispatched for external training)		(50 persons dispatched for external training)	
Size of active workforce: 1,700 persons		Size of active workforce: 1,700 persons	
Headquarters	<p>Planning/Management Branch Support Division</p> <p>Customer Support Division</p>	Headquarters	<p>Planning/Management Branch Support Division</p> <p>Customer Support Division</p>
Branch		Branch	

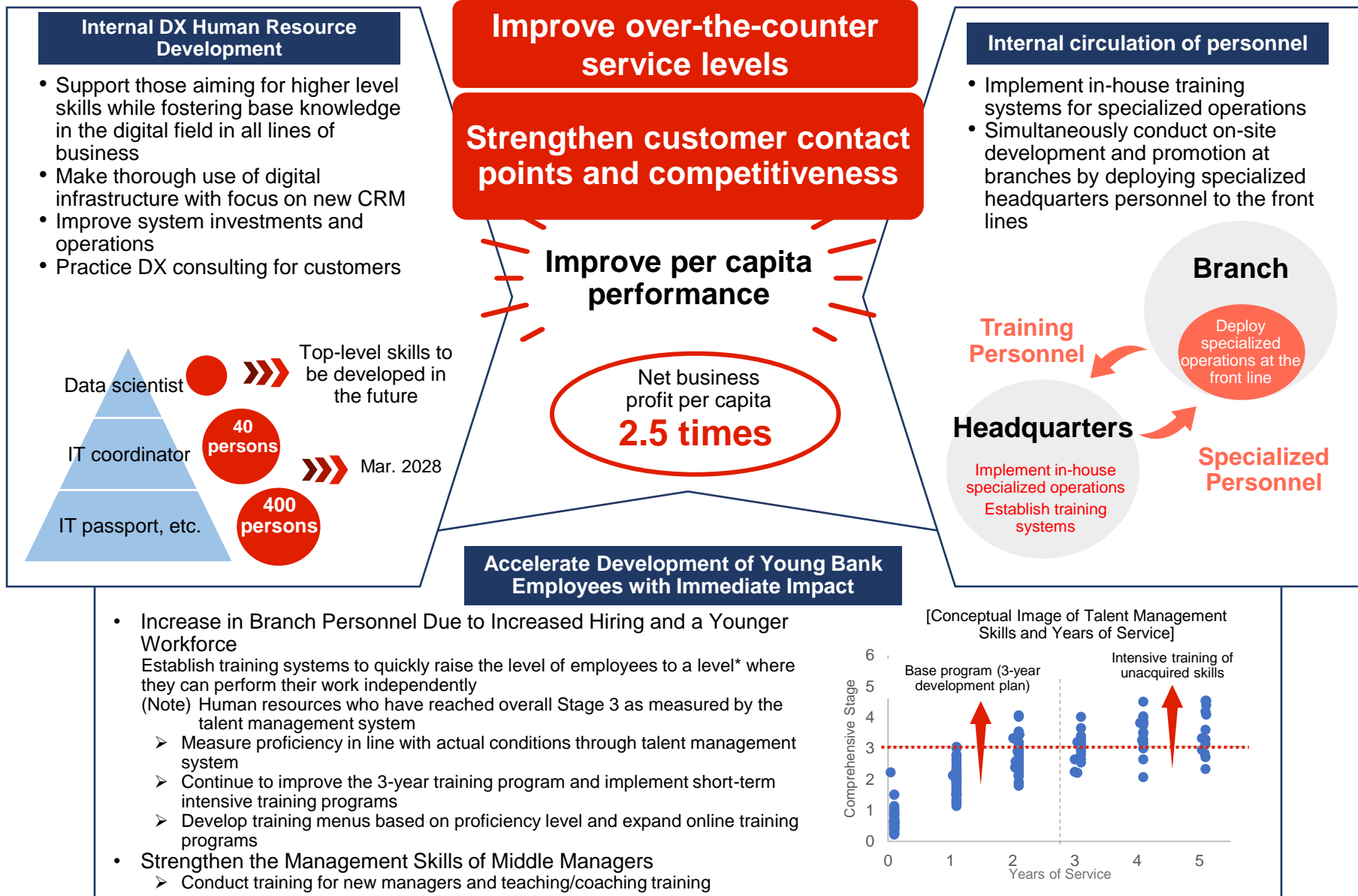
### [Creation of Extra Capacity in Headquarters Operations]

- Reform business processes through BPR and the use of digital technology (generative AI and low-code development.)
- Accelerate decision-making through advanced data analysis

### [Operational Streamlining at Branches]

- Reduce administrative work through the use of generative AI
- Improve timeliness through use of new CRM

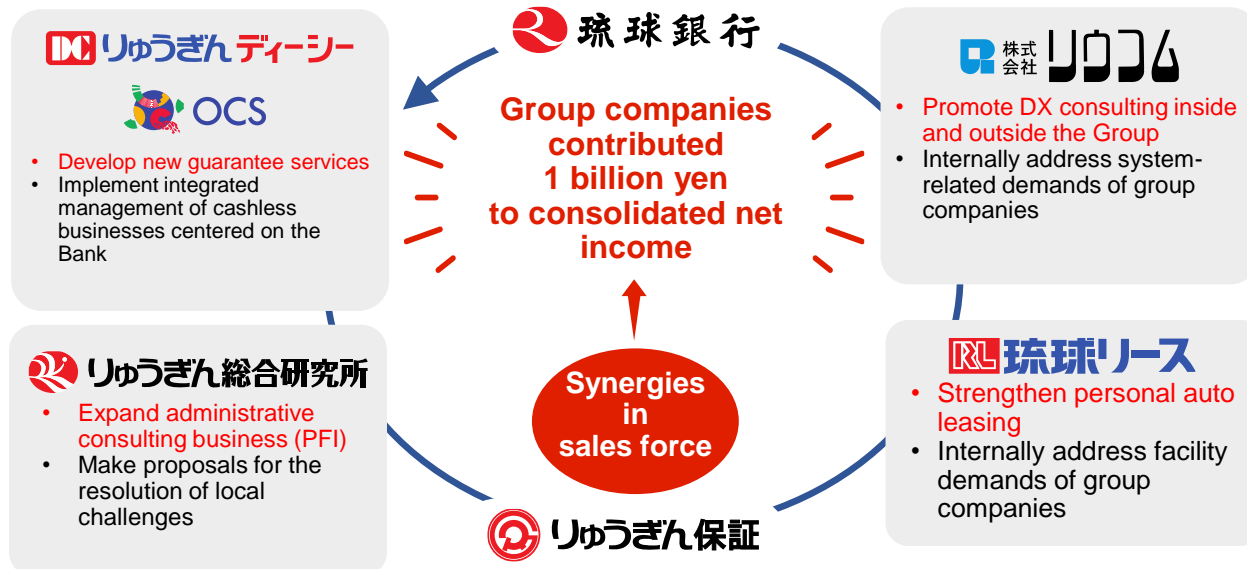
Enhance our competitiveness by positioning specialized talent at the forefront, while developing DX human resources and quickly improving the competitiveness of young employees



Expand the Bank's business base with diverse services, and contribute to the development of Okinawa Prefecture by leveraging the comprehensive strengths of the Ryukyus Group and its wide range of alliances in and outside the prefecture

## Demonstrate the Group's Comprehensive Strengths

Assign the right personnel to the right places by consolidating information through intra-group personnel exchanges



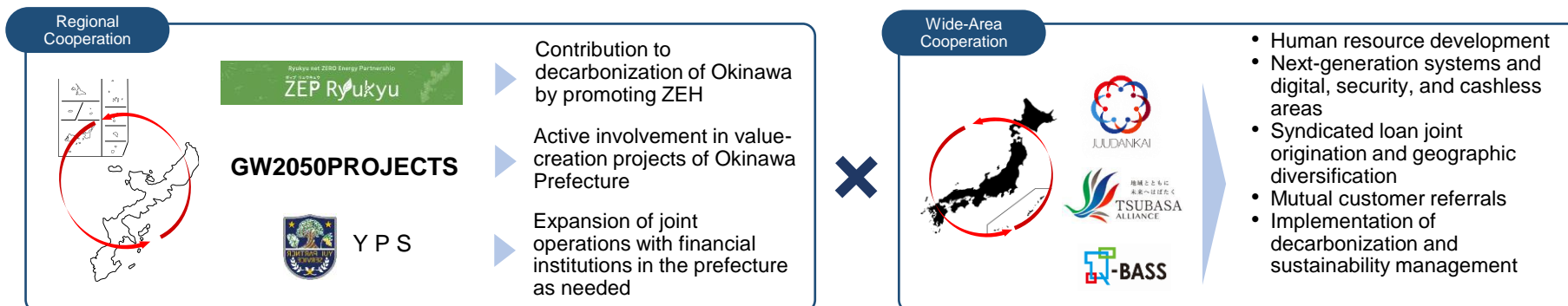
## Community Revitalization Operations



**New Main Office**  
Scheduled to open in April 2026  
(Hotel attached)

Contribute to regional revitalization through effective use of real estate owned by the Bank

## Generate Synergies with Diverse Alliances





Enhance the social value of Okinawa Prefecture as well as the corporate value of our business partners and the Bank through new efforts

## Business Launch / Startups

Support for start-up companies from Okinawa

**Incubation facility launch**

- ◆ Support start-ups and new business ventures of companies
- ◆ Expand the base of startups through collaboration with academic institutions (University of the Ryukyus, OIST)
- ◆ Provide venture debt, private equity and other investments and loans

## Efforts to Revitalize Local Communities

Contribute to building an economic development model for Okinawa by supporting urban development



## Overseas Business

Support for expansion overseas (mainly Taiwan and other Asian countries)

- ◆ Establish a foothold for companies to expand into Taiwan
- ◆ Provide consulting, business matching, and trading services for expansion into Taiwan
- ◆ Consider private asset investment services



## Expected effects on Okinawa Prefecture

Creation of new industries



Top-line improvement for business operators



Local job creation



Corporate growth



Income improvement for prefectural residents and local consumption expansion



Population growth (social growth)

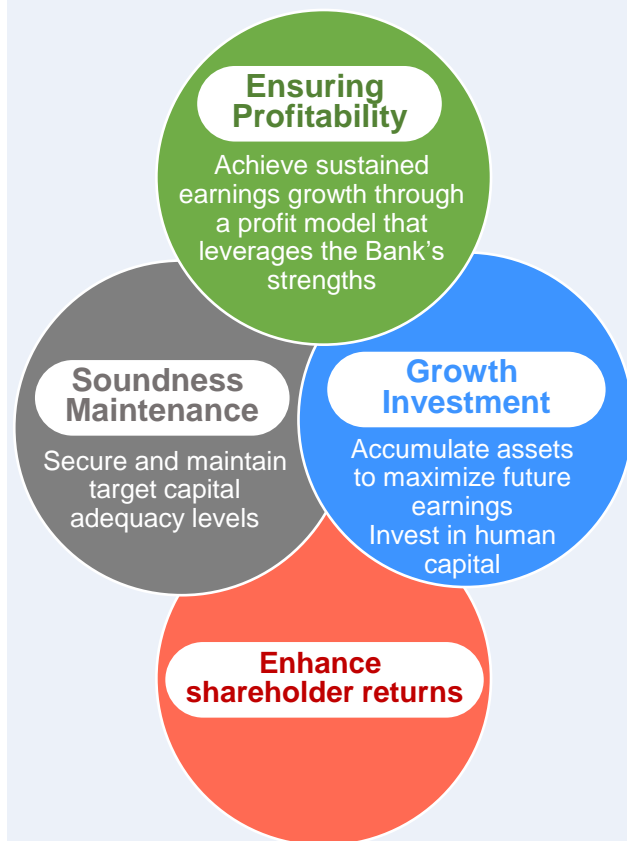


Attracting investment into the prefecture / Preventing outflow

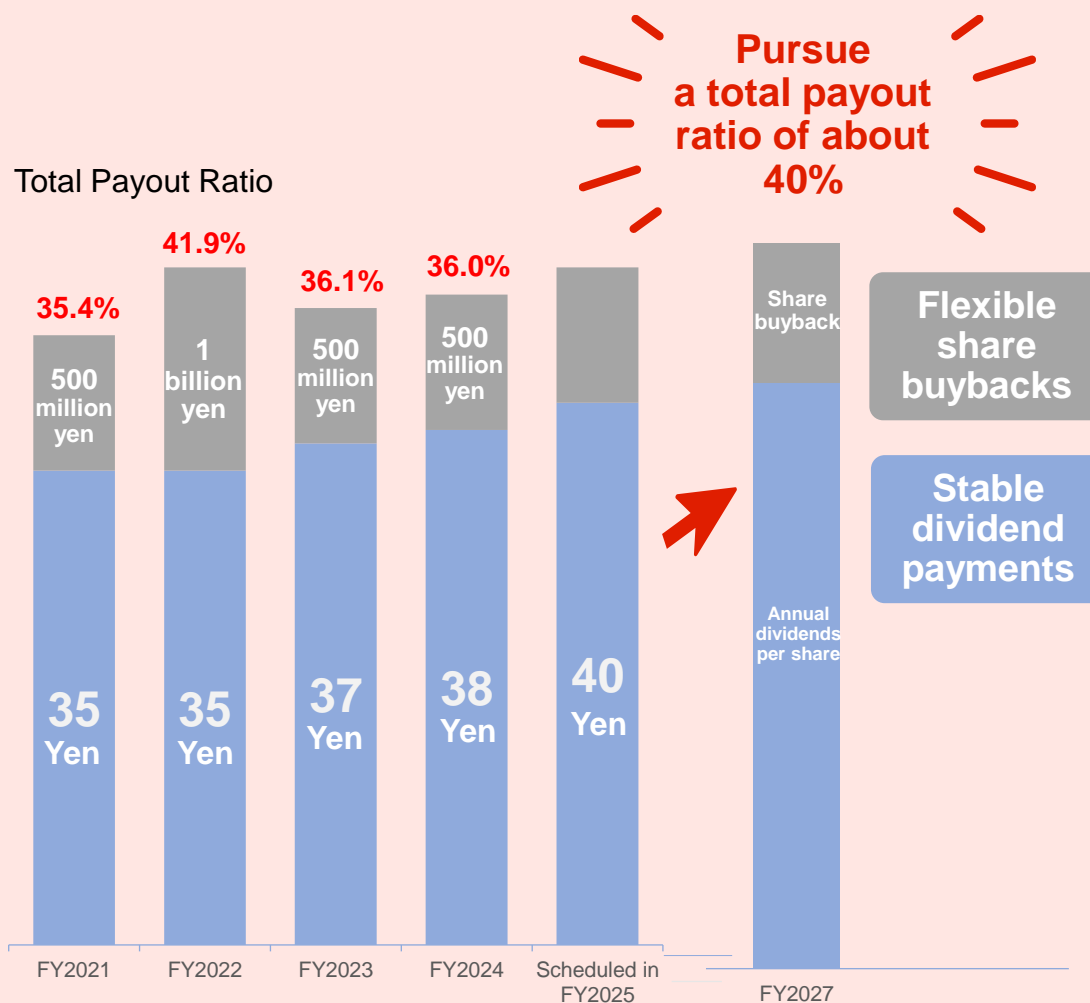


Aiming to sustainably increase corporate value, enhance profitability and improve shareholder returns based on a balance between soundness and growth investment

## Basic Concept



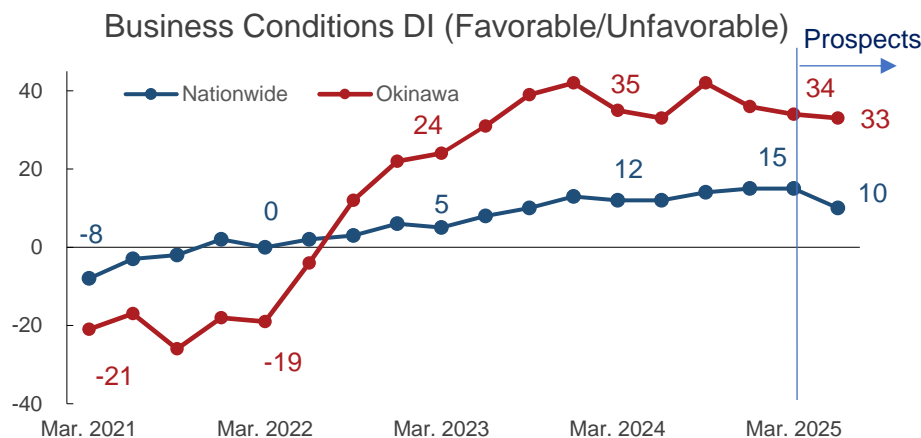
## Enhance Shareholder Returns



# 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 fall by 1 point from March 2025 to a “favorable” side of 33.

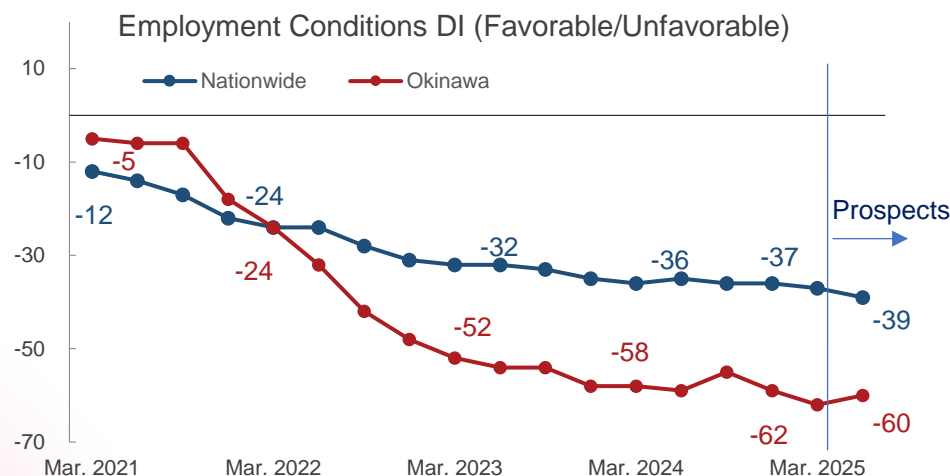
## Trends in Major Indicators

■ Personal consumption is increasing slowly.

■ Tourism is in an expansionary trend.

■ Public investment is increasing. Capital investment is recovering. Housing investment has been weak.

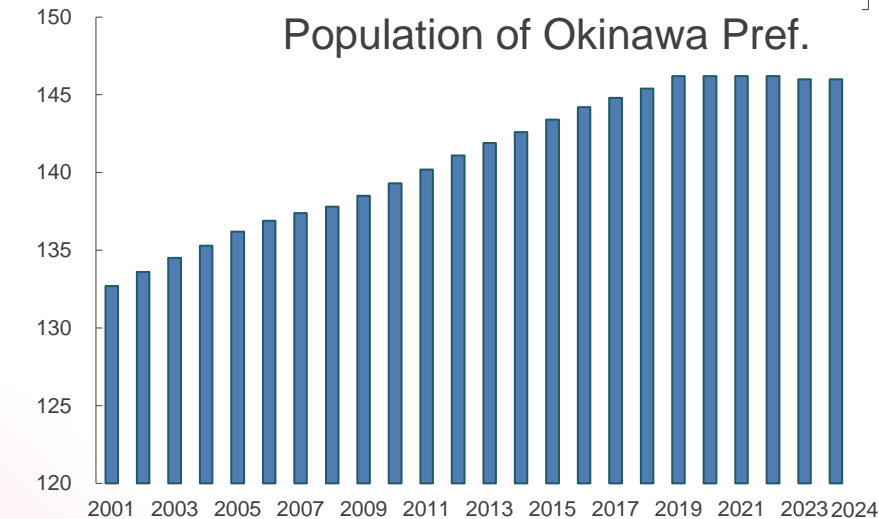
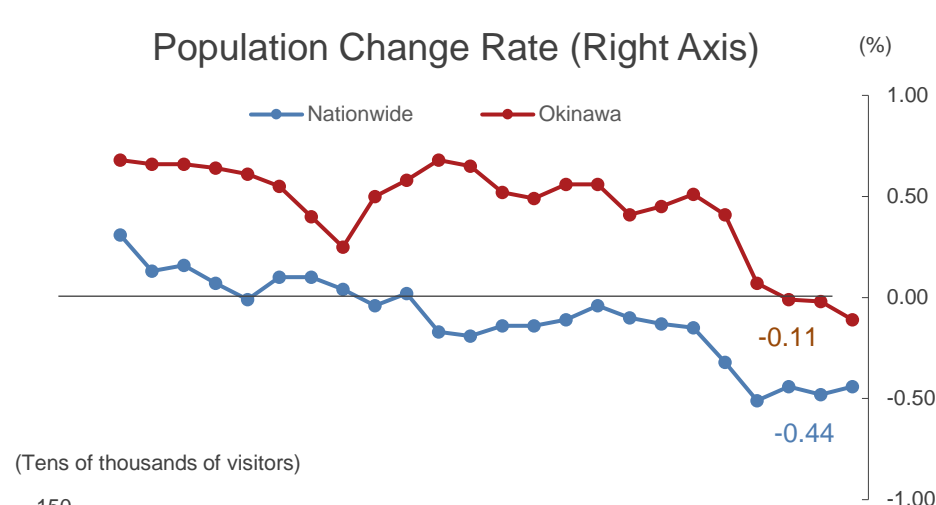
■ The employment sentiment DI remains below the national average, and companies' sense of a labor shortage has not been resolved.



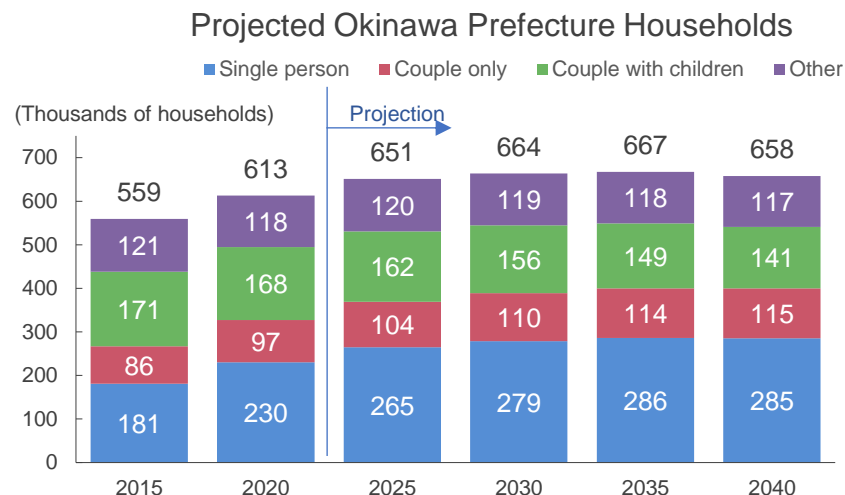
Source: Bank of Japan Naha Branch

# 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.

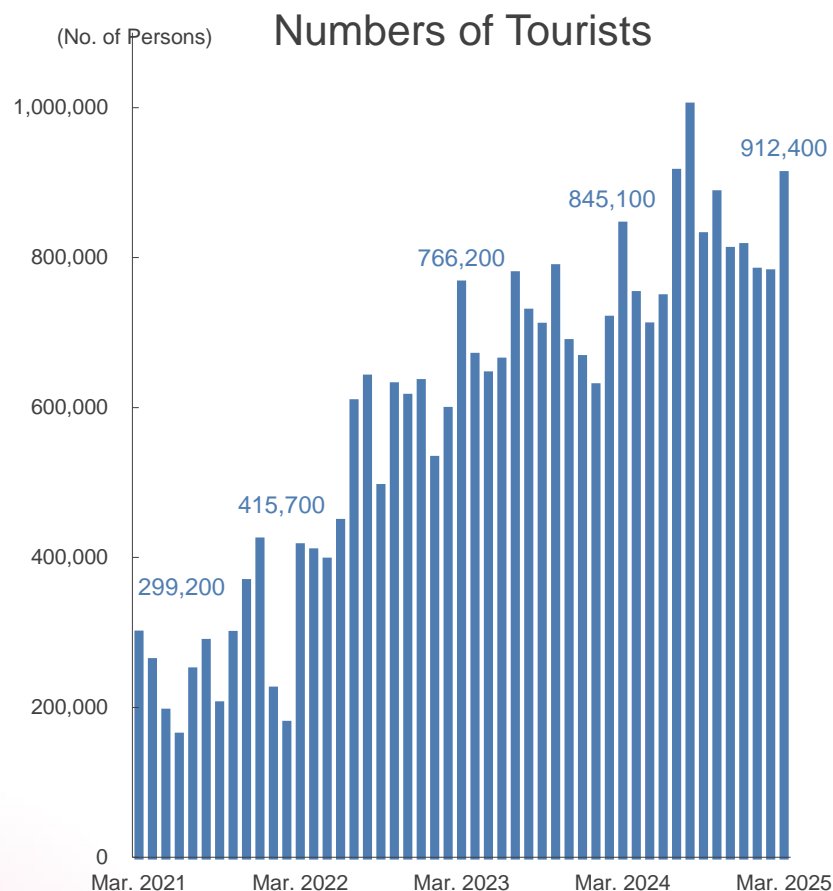
## Estimated Population of Okinawa Prefecture in 2050

- Comparing the estimated population as of 2050 with that of 2020, Okinawa Prefecture's population decline rate of 5.2% is the smallest in Japan. Population is expected to decrease in 46 prefectures other than Tokyo. The national rate of decline was 17.0%.
- As of 2050, the percentage of the population aged 65 and older in Okinawa Prefecture is projected to be 33.6% compared with the national average of 37.1%, the second lowest after Tokyo at 29.6%. Meanwhile, the percentage of the population aged between 0 and 14 has consistently been the highest in Japan since 2020, and is estimated to be 13.8% in 2050 (9.9% nationally).

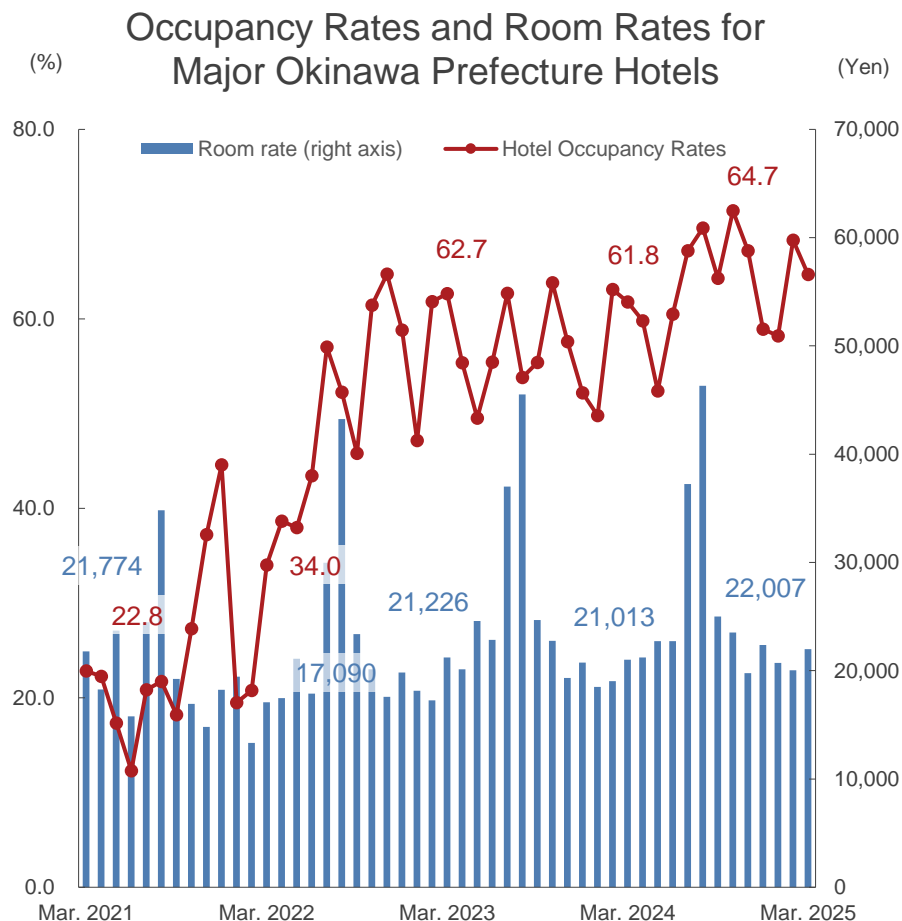
Source: National Institute of Population and Social Security Research

# Number of Tourists, Hotel Occupancy Rates and Room Rates

The tourism-related sector is showing increasing expansion due to rising tourism demand. The number of tourists in FY2024 reached the second highest level ever.



Source: Okinawa Prefecture



Source: Ryugin Research Institute Ltd.

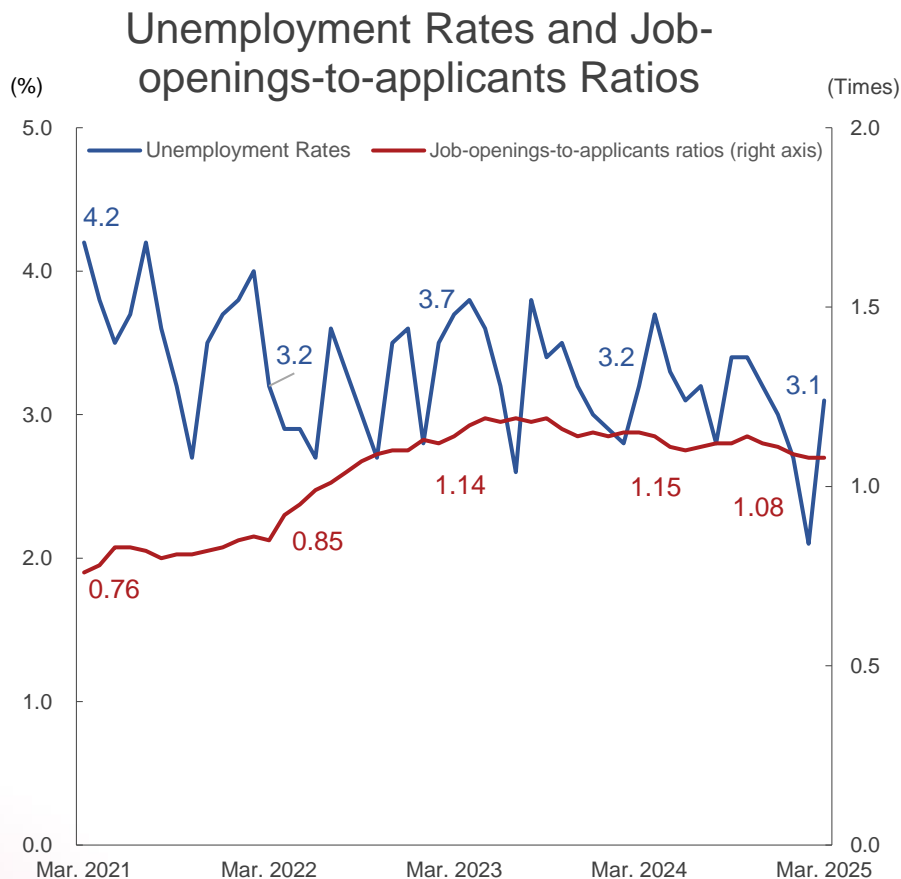
# Hotel and Theme Park Opening Plans in the prefecture

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

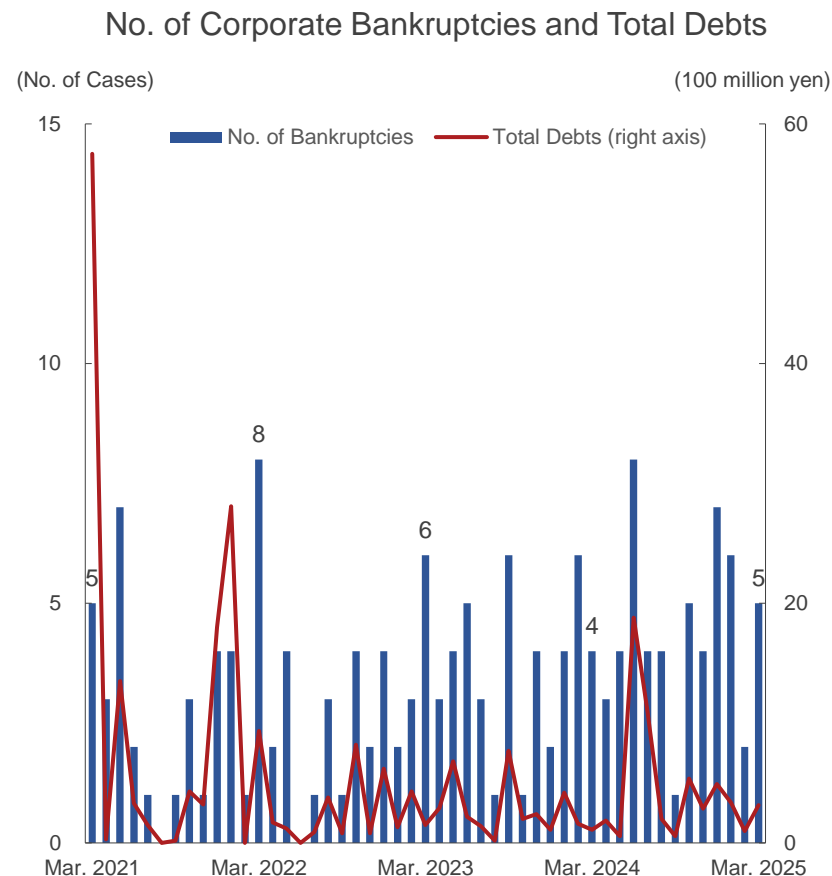
Opening date	Location	Hotel name	No. of rooms
Jul. 2025	Nakijin village	JUNGLIA	Theme Park
2026	Fuchaku, Onna village	PGM Golf Resort Okinawa	Hotel 200 rooms
Jan. 2026	Naha City	Iconic Naha	Hotel 257 rooms
Spring 2026	Mihama, Chatan town	Chatan PRJ (tentative name)	Hotel 18 floors, 209 rooms
FY2026	Naha City	Shuri Castle (Restored)	Historic Site
Spring 2027	Onna Communication Site at Onna	Four Seasons Resort & Private Residence Okinawa	Hotel 280 rooms
Summer – Fall 2028	Naha City	KOKOHOTEL Premier Naha	Hotel 17 floors, 173 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.



Source: Okinawa Prefecture, Ministry of Health, Labor and Welfare  
Revised retroactively from 2024 onward based on the new seasonal index



Source: Tokyo Shoko Research  
Note: [Total debt as of March 2021: approx. 5.7 billion yen]  
\* Accommodation industry:  
approx. 3.6 billion yen  
\* Chemical engineering product  
manufacturing:  
approx. 1.7 billion yen

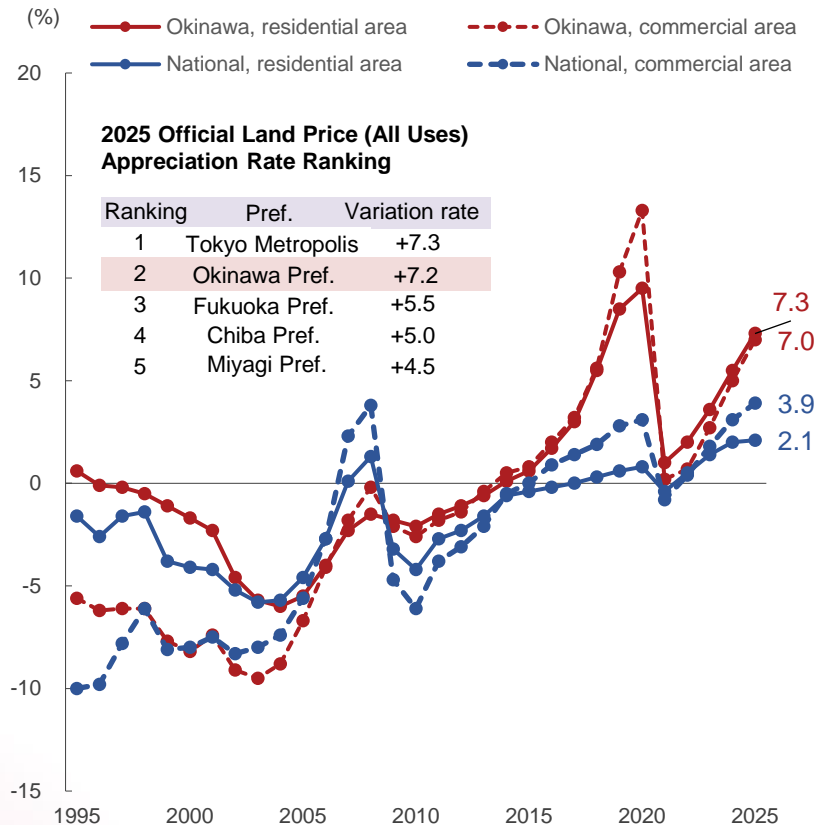




# Official Land Price and Construction Unit Price

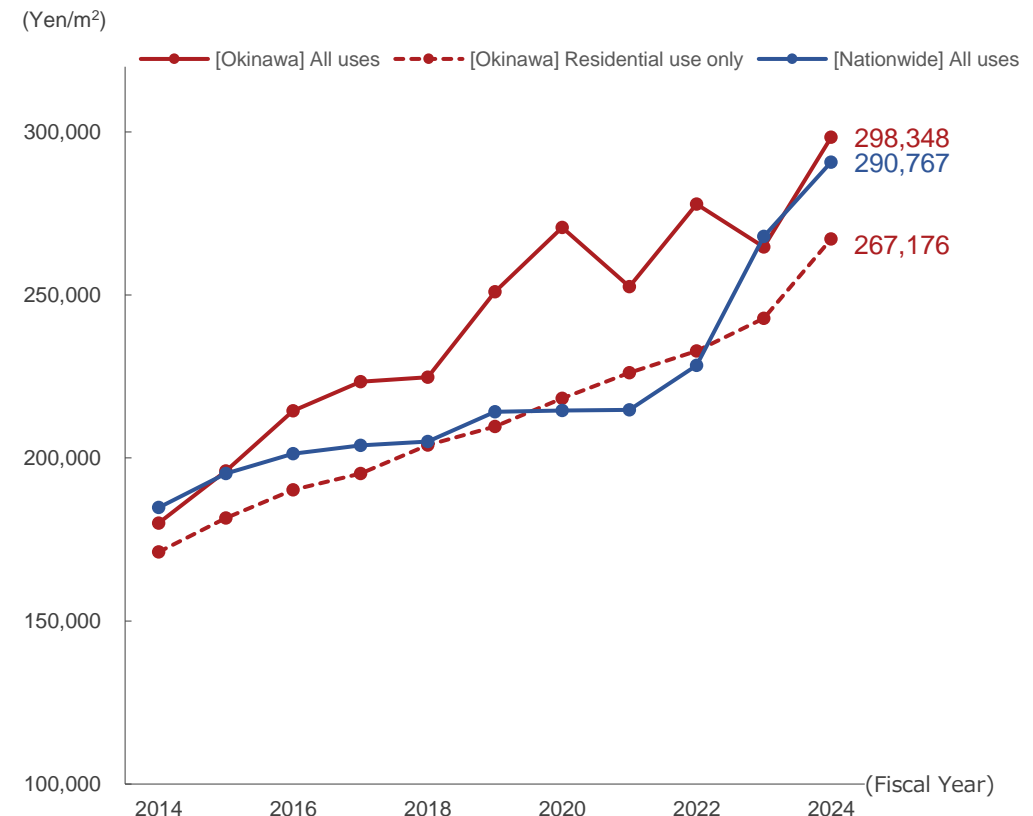
Official land prices increased 7.2% year-on-year on average for all land uses, representing an increase for the twelfth straight year with the rate of change increasing by 1.7 points year-on-year. The growth rate in residential areas was the highest in the nation. Construction costs per unit are also high compared with the national level.

## Variation Rate of Official Land Price



Source: Ministry of Land, Infrastructure, Transport and Tourism

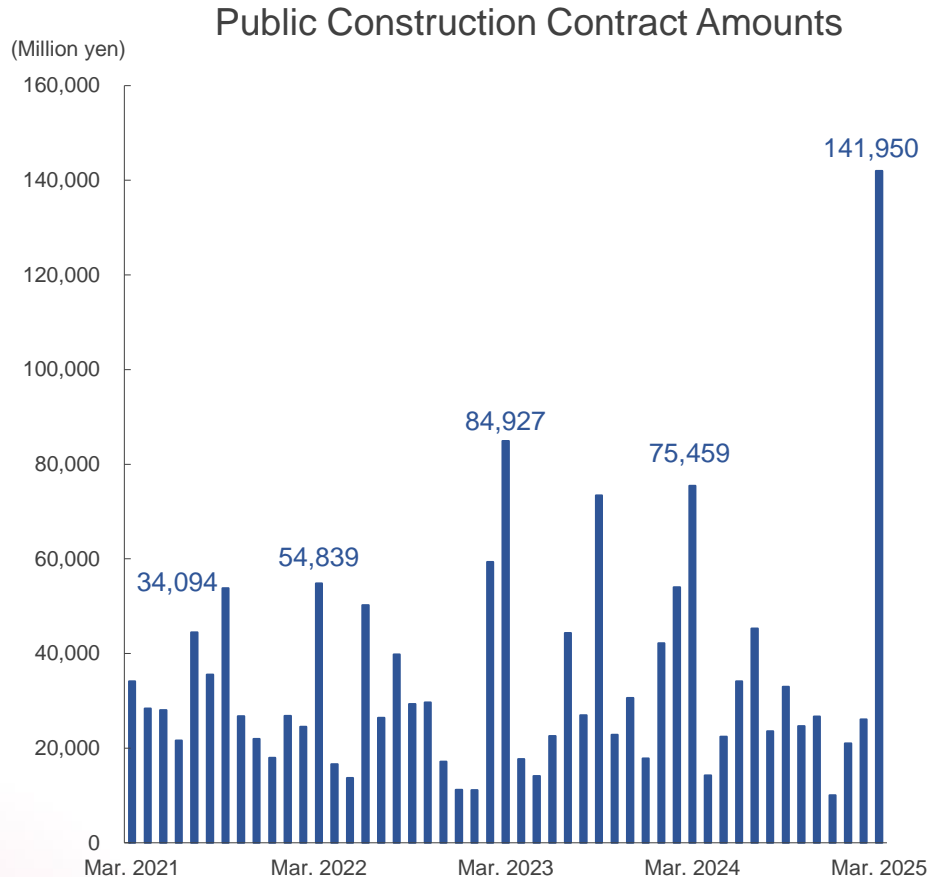
## Trends of Construction Unit Price



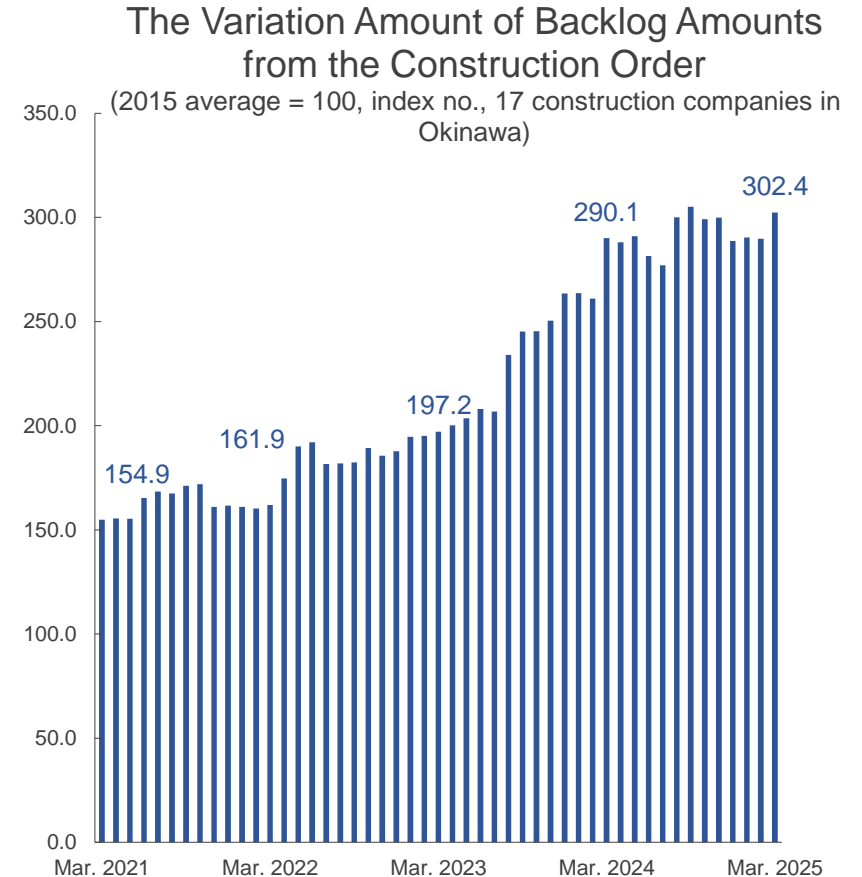
Source: Ministry of Land, Infrastructure, Transport and Tourism

# Public Construction Contract Amounts and Backlog Amounts from Construction Orders

Public construction contract amounts remain robust. Backlog amounts from construction orders have also remained strong.



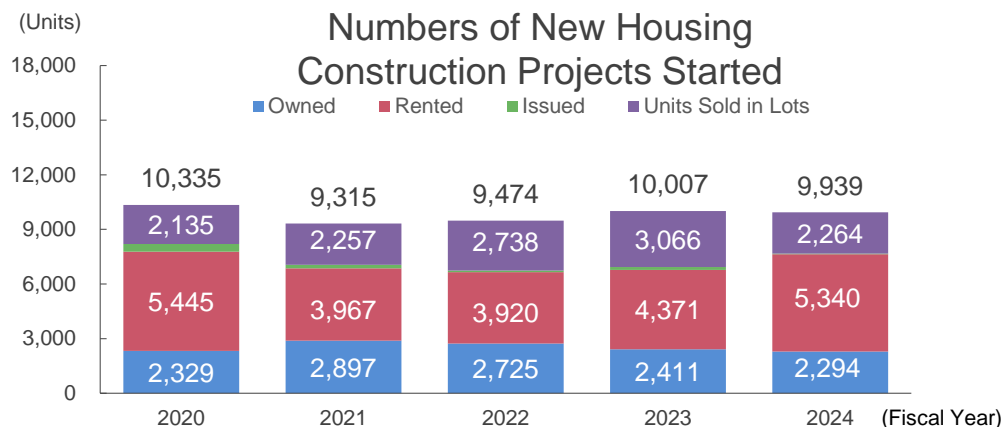
Source: West Japan Construction Company Okinawa Branch



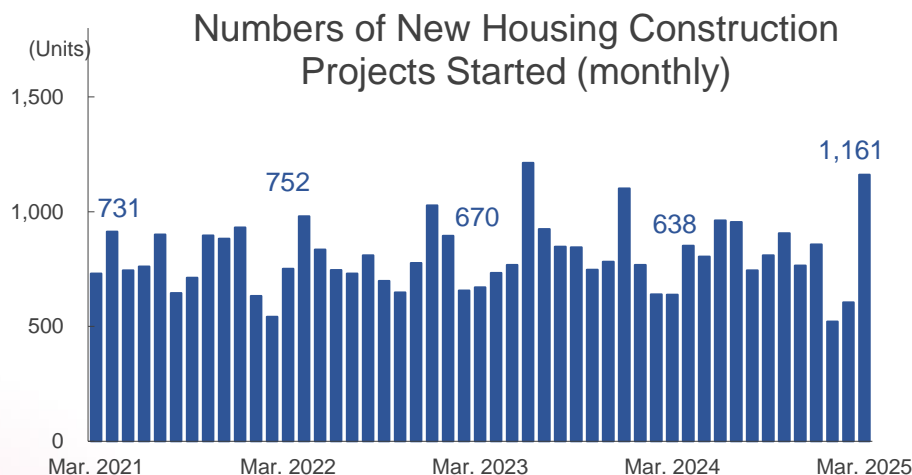
Source: Ryugin Research Institute Ltd.

# Numbers of New Housing Construction Projects Started and Consumption Trends

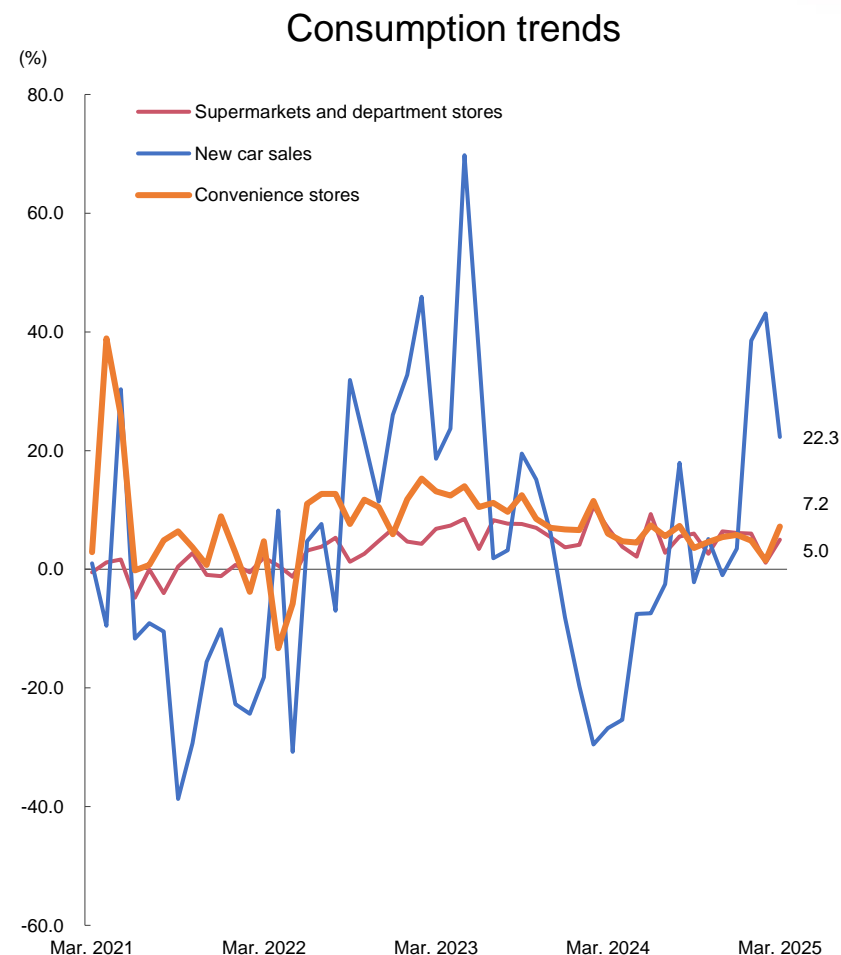
The number of new housing construction projects started declined slightly from the previous year. Consumption trends remain firm in the retail sector.



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	
Established	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	2.937 trillion yen
Loans	2.0019 trillion yen
Deposits	2.7958 trillion yen
No. of Employees	1,417
Credit Ratings	R&I : A+ JCR : A+

Affiliated Companies	
 Address Established 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 Established 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 Established 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 Established 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 Established 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 Established 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.

(As of March 31, 2025)

# Bank of the Ryukyus History

May 1948	Precursor organization established via the Military Government Ordinance No. 1
Jan. 1972	The Bank changes from a special public corporation based on Military Government Ordinance to a joint-stock corporation based on commercial law, and the name is 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
Sep. 2018	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 (transitioned)
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 sign PRB (Principles for Responsible Banking) and announce the "Ryugin Carbon Neutral Declaration"
Mar. 2025	We disclose information based on the transition plan and TNFD recommendations
Apr.	Medium-Term Management Plan "Empower 2025" launched

Bank of the Ryukyus was originally established on May 1, 1948, as a special banking organization via the Military Government Ordinance, and the U.S. government provided 51 percent of the capital investment. The Bank was modeled after the U.S. 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 U.S. 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 the 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 fiscal year 2025, we launched a new Medium-Term Management Plan, "Empower 2025." We will continue to pursue our long-term vision of becoming "a financial group that grows together with the local community by achieving a beneficial cycle in the local economy," and under the theme of "investing resources in growth areas in Okinawa," we will work to "strengthen the management of deposits, loans, and securities," "lead the resolution of regional challenges," "strengthening group collaboration and utilize alliances." In addition, we will work to "increase and optimize human capital investment" to support these efforts.



# Glossary

<b>Profit from Customer Services</b>	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. Calculated as loan and deposit balance + profit from service charges – expenses.
<b>ROE</b>	An abbreviation for Return on Equity, which refers to the return on shareholders' equity. An indicator of how effectively a company uses the capital it receives from shareholders, and how much profit it is generating.
<b>PBR</b>	An abbreviation for Price to Book Ratio, which refers to the stock price per share divided by the book value per share. An indicator used to evaluate stock prices, calculated by dividing market capitalization by total net assets.
<b>PER</b>	An abbreviation for Price to Earnings Ratio, which refers to the share price relative to the earnings per share. An indicator used by investors to evaluate stocks and make investment decisions based on a company's growth potential and future profit outlook, etc.
<b>CAPM</b>	An abbreviation for Capital Asset Pricing Model, which is a model primarily used to calculate a company's capital cost. An indicator used to determine if profitability exceeding the capital cost is being secured in comparison with ROE.
<b>Risk-free Rate</b>	Refers to the rate of return that an investor can receive without incurring risk. The yield on national bonds such as government bonds is frequently used.
<b>Equity risk premium</b>	Refers to the return an investor can expect by investing in the risk of the stock market. Calculated by subtracting the risk-free rate from the rate of return on investments in stocks.
<b>PPP/PFI</b>	PPP (Public Private Partnership) is a partnership between a public entity and the private sector for public projects. PFI (Private Finance Initiative) is one of the PPP frameworks and a method to construct, maintain, and operate public facilities, etc., utilizing private-sector funds, management capabilities, and technical skills.
<b>ZEB/ZEH</b>	They stand for Net Zero Energy Building and Net Zero Energy House, respectively. Buildings (ZEB) or houses (ZEH) that aim to reduce the annual primary energy balance consumed to zero.
<b>TNFD</b>	Abbreviation for Taskforce on Nature-related Financial Disclosures. An international organization established to develop a framework for corporate risk management and disclosure regarding natural capital, etc. The disclosure framework v1.0 was published in September 2023.
<b>CDP</b>	A non-profit organization dedicated to international disclosure of environmental assessment information. The CDP Climate Change Report surveys approximately 23,000 companies worldwide and gives them a score of A to D- based on how effectively companies are addressing issues such as climate change, deforestation, and water security.



# About This Document

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

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 13, 2025, 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.