



琉球銀行グループ
BANK OF THE RYUKYUS GROUP

Financial Results for FY 2021

Received the grand prize in the 30th (Fiscal 2021) Bingata Design Contest

“The Cradle of Life” by Ai Yoshihama



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About Bank of the Ryukyus

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Bank of the Ryukyus Overview

Company Profile

Establishment

May 1, 1948

Capital

56.967 billion yen

Registered Address

1-11-1 Kumoji, Naha, Okinawa Prefecture
900-0015

Address for
Temporary Relocation

2-1 Higashi-machi, Naha, Okinawa Prefecture
900-0034

No. of Business
Locations

74 in Okinawa Pref., 1 in Tokyo

Total Assets

3.0277 trillion yen

Loans

1.8222 trillion yen

Deposits

2.6095 trillion yen

No. of Employees

1,349

Credit Ratings

R&I: A+
JCR: A+

Affiliated Companies

 **琉球リース** RYUKYULEASING CO., LTD.

Address
Establishment
Capital
Business Fields

1-7-1 Kumoji, Naha, Okinawa Prefecture
May 10, 1972
346 million yen (100% stock ownership by Bank of the Ryukyus)
Leasing and installment-selling of information-related devices/equipment, office equipment, and other machinery and equipment

 **リゅうぎんディーシー** RYUGIN DC CO., LTD.

Address
Establishment
Capital
Business Fields

1-7-1 Kumoji, Naha, Okinawa Prefecture
April 25, 1984
195 million yen (100% stock ownership by Bank of the Ryukyus)
Credit card, loan, and credit guarantee operations

 **OCS** OKINAWA CREDIT SERVICE CO., LTD.

Address
Establishment
Capital
Business Fields

2-3-10 Matsuyama, Naha, Okinawa Prefecture
August 26, 2008
279.12 million yen (100% stock ownership by Bank of the Ryukyus)
Credit card, personal trust purchasing mediation, and contracted acquisition operations

 **リゅうぎん保証** Ryugin Hoshou Co., Ltd.

Address
Establishment
Capital
Business Fields

Naha Port Bldg. 7th floor, 2-1 Higashi-machi, Naha, Okinawa Prefecture
July 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

 **リゅうぎん総合研究所** Ryugin Research Institute, Ltd.

Address
Establishment
Capital
Business Fields

Ryugin Hoken Kaikan 3rd floor, 1-1-9 Tsubogawa, Naha, Okinawa Prefecture
June 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.

 **リゅうぎんビジネスサービス** Ryugin Business Service Co., Ltd.

Address
Establishment
Capital
Business Fields

3-33-1 Yafuso, Urasoe, Okinawa Prefecture
September 16, 1983
10 million yen (100% stock ownership by Bank of the Ryukyus)
Cash inspection and preparation/sorting, ATM maintenance and management, and delivery operations for documents and similar

Bank of the Ryukyus History

May 1948	Precursor organization established via Military Government Ordinance No. 1
Jan. 1972	The Bank changed from special public corporation based on Military Government Ordinance to joint-stock corporation based on commercial law, and name changed to Bank of the Ryukyus, Limited
May 1972	Business operating license acquired following Government of the Ryukyu Islands' establishment of the Banking Act, and the 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 Sep. 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. 2006	Bank acquires 34 billion yen of stock from among 40 billion yen of public preferred stock and cancels it
July 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
July 2017	Ryukyu Leasing Co., Ltd. becomes wholly owned subsidiary of the Bank
May 2018	Celebrates 70th anniversary of bank founding
Sep. 2018	Capital increase through 5.6 billion yen public offering
Nov. 2019	Bank of the Ryukyus Group SDG Declaration established
Apr. 2020	SINKA 2020 Mid-Term Management Plan launched
Apr. 2020	The Bank joins the TSUBASA Alliance
Dec. 2020	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

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

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

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

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

We launched our SINKA 2020 Mid-Term Management Plan in April 2020 with the goal of serving as a true leader in the banking industry that supports the local region and contributes toward its development and growth, without being swayed by challenges brought about by economic and business climate changes. To this end, we have actively provided financial support to customers affected by the COVID-19 crisis.

Additionally, in April 2020 we joined the TSUBASA Alliance, which is headed up by The Chiba Bank, Ltd., and in January 2021 we signed an agreement to join the Okinawa Economic Revitalization Partnership together with The Bank of Okinawa, Ltd. As regional banks face increasingly tough challenges in their operating environments, Bank of the Ryukyus intends to work in mutual cooperation with other banks in order to revitalize Okinawa's economy and achieve a stronger Group overall.



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BANK OF THE RYUKYUS GROUP

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Okinawa's Economy Amid the COVID-19 Crisis

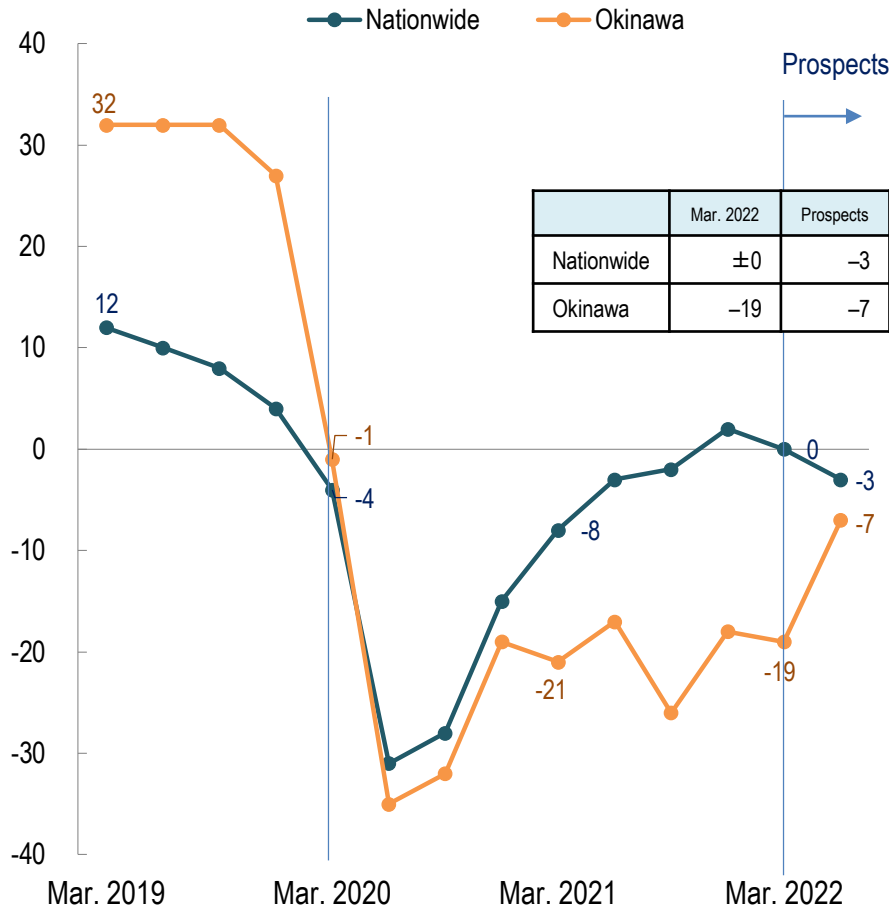


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Tourism, which is a key industry in Okinawa Prefecture, declined relative to nationwide levels.

Business Sentiment DI (Good/Bad)



Source: Bank of Japan Naha Branch data (for graph creation)

Economic Overview of Okinawa Prefecture

- The Tankan (Short-Term Economic Survey of Enterprises in Japan) showed business sentiment diffusion index (DI) bottoming out in June 2020, followed by a partial recovery that hasn't been able to rectify the continuing low-level trend.
- Future outlook dropped by 12 points to -7 on the "bad" side.

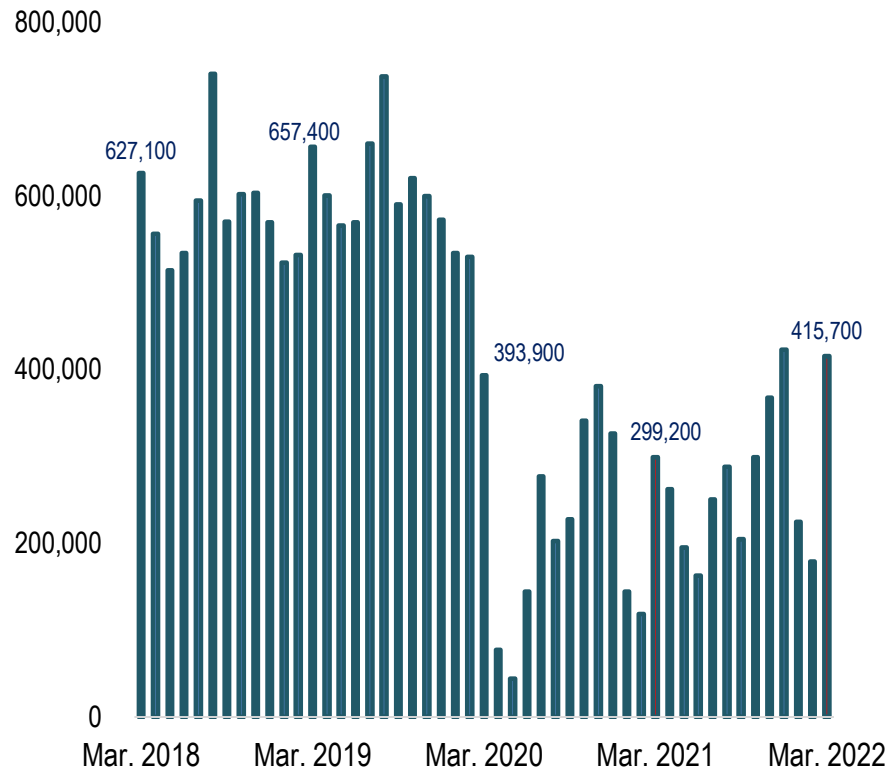
Major Indicators

- Difficult conditions persisted due to national and prefectural state-of-emergency declarations and other restrictions on tourist-related travel and activities.
- Employment is expected to exhibit a worsening trend in response to slowed tourism-industry demand.
- Public investment remained strong overall, but shows a weakening trend due to significant drops in rental housing investment.

Priority measures to prevent COVID-19 spread, state-of-emergency declarations, and similar measures implemented for more than half of FY 2021 resulted in restrictions on inter-prefecture movement, prolonging difficult conditions in the tourism industry.

(No. of Persons)

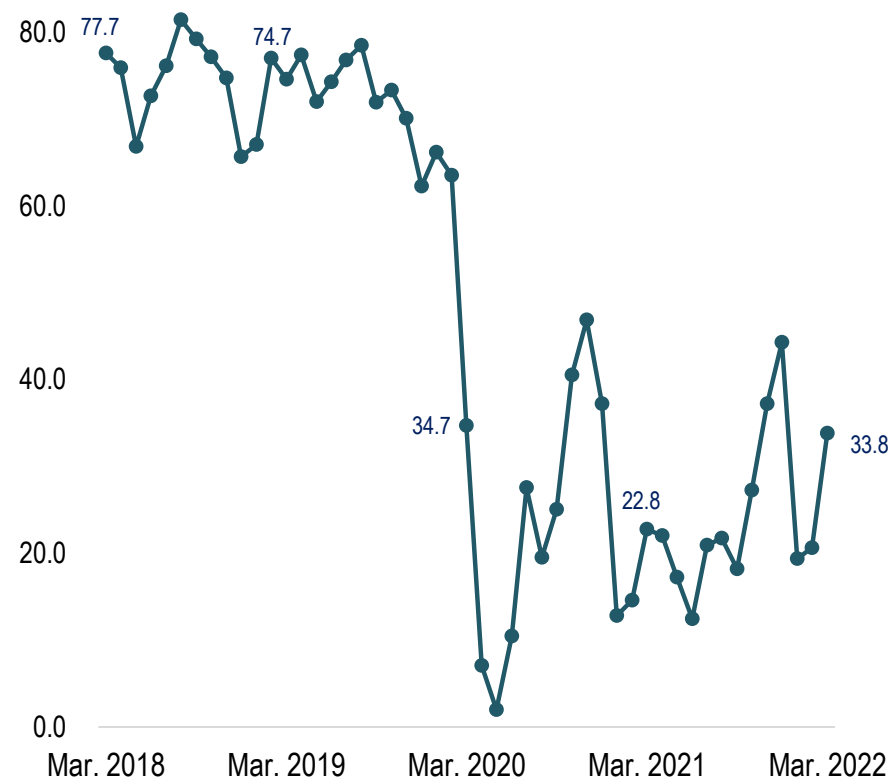
Numbers of Tourists



Source: Okinawa Prefecture government data (for graph creation)

(%)

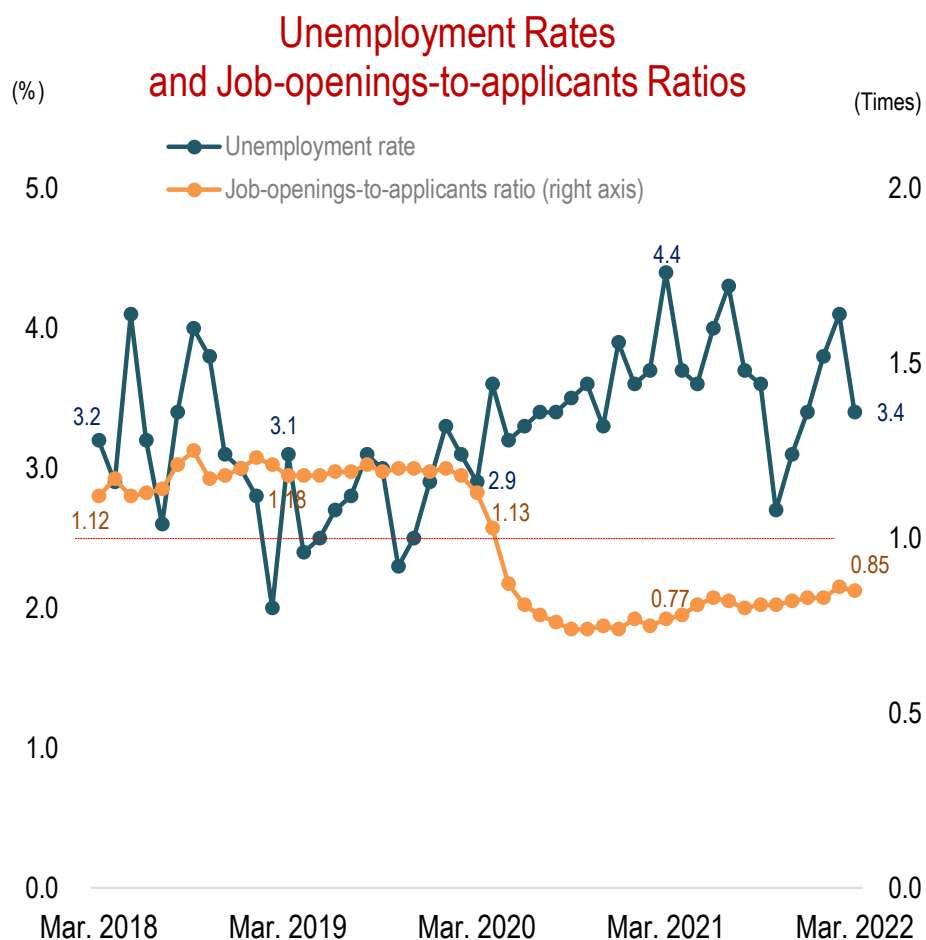
Occupancy Rates for Major Okinawa Prefecture Hotels



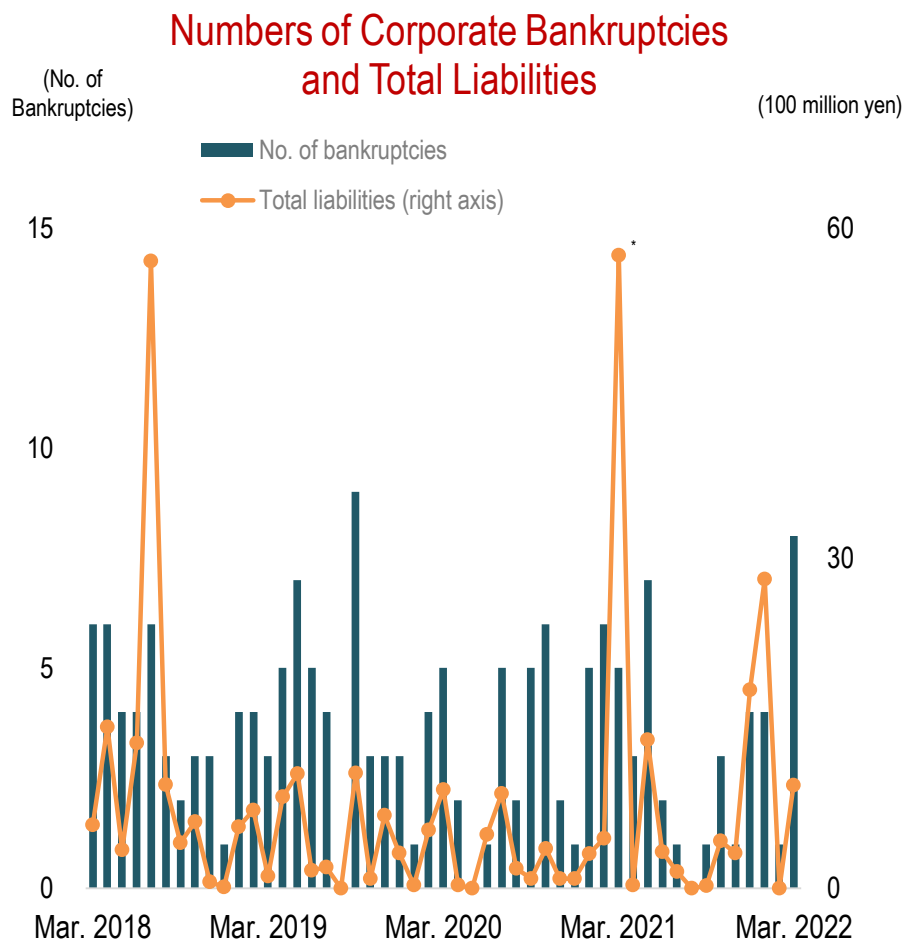
Source: Ryugin Research Institute data (for graph creation)

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

Continually declining demand in tourism, a key Okinawa Prefecture industry, and other such negative developments have led to increased unemployment rates and decreased job-openings-to-applicants ratios. However, corporate bankruptcies have leveled out thanks to government emergency fiscal measures, assistance measures by financial institutions, and other such countermeasures.



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



Source: Tokyo Shoko Research

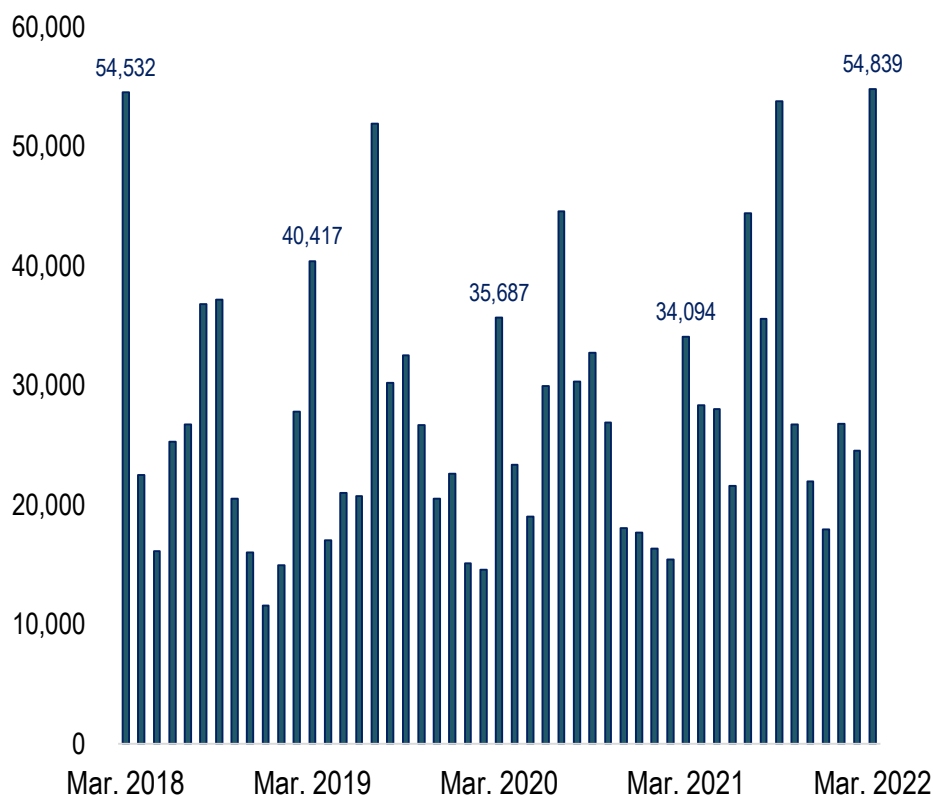
* Mar. 2021 total liabilities: approx. 5.7 billion yen
 – Accommodation industry: approx. 3.6 billion yen
 – Chemical industry: approx. 1.7 billion yen

Public Construction Contract Amounts and Numbers of New Housing Construction Projects Started

New public construction contract amounts remained strong despite the spread of COVID-19. Numbers of new housing construction projects were weak overall, primarily due to a decline in new rental housing construction continuing from FY 2020.

Public Construction Contract Amounts

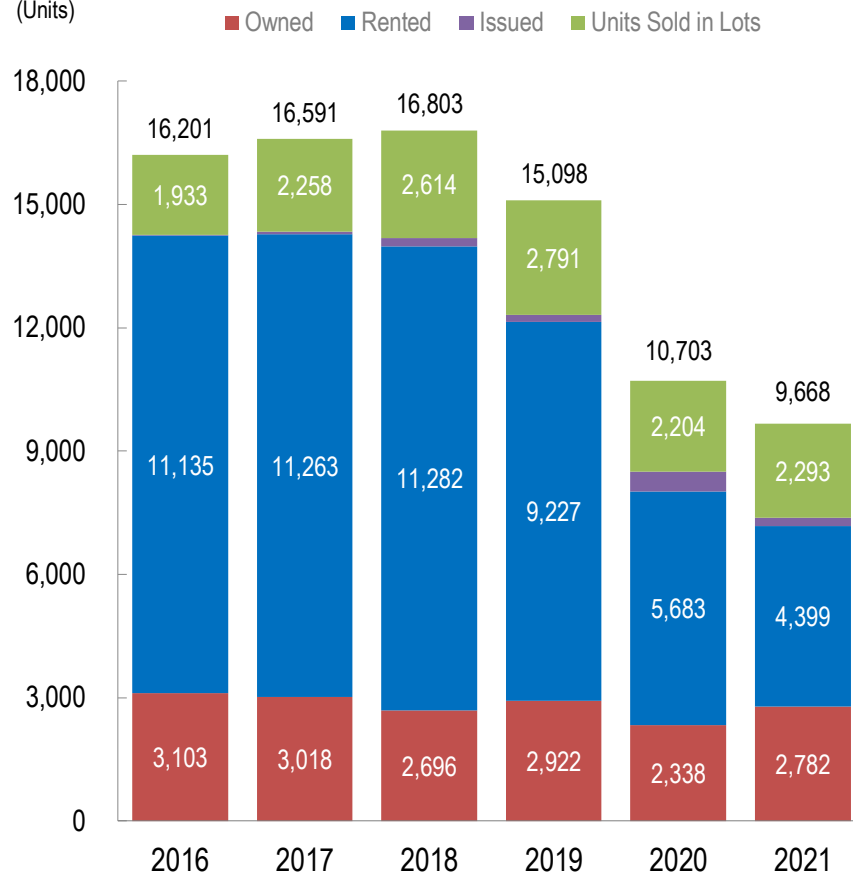
(Million yen)



Source: West Japan Construction Company Okinawa Branch

Numbers of New Housing Construction Projects Started

(Units)



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



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Financial Results for the Fiscal Year Ended March 31, 2022

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Financial Summary (Consolidated) (1/2)

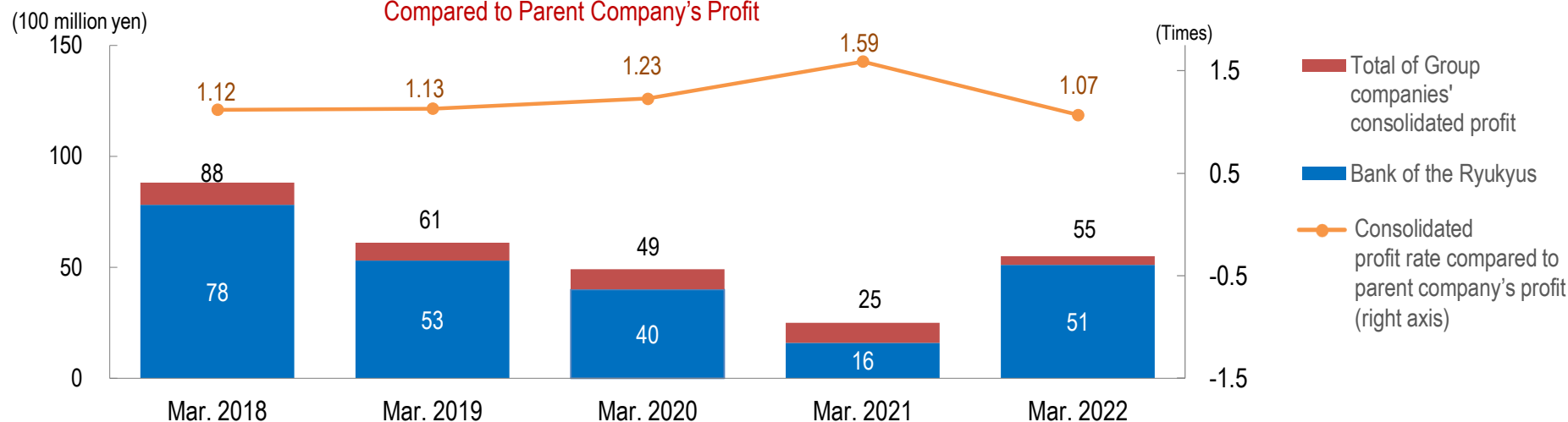
Revenue decreased and profit increased. Improvements in non-consolidated expenses and credit costs led to higher consolidated net income.

(100 million yen)

	FY 2021 (Ending Mar. 2022)		FY 2020 (Ending Mar. 2021)
		Year-on-year change	
Ordinary revenue	570	-2	572
Ordinary expenses	490	-44	534
Ordinary profit	79	41	38
Profit attributable to owners of the parent	55	30	25

Note: Year-on-year calculation is spreadsheet based.

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



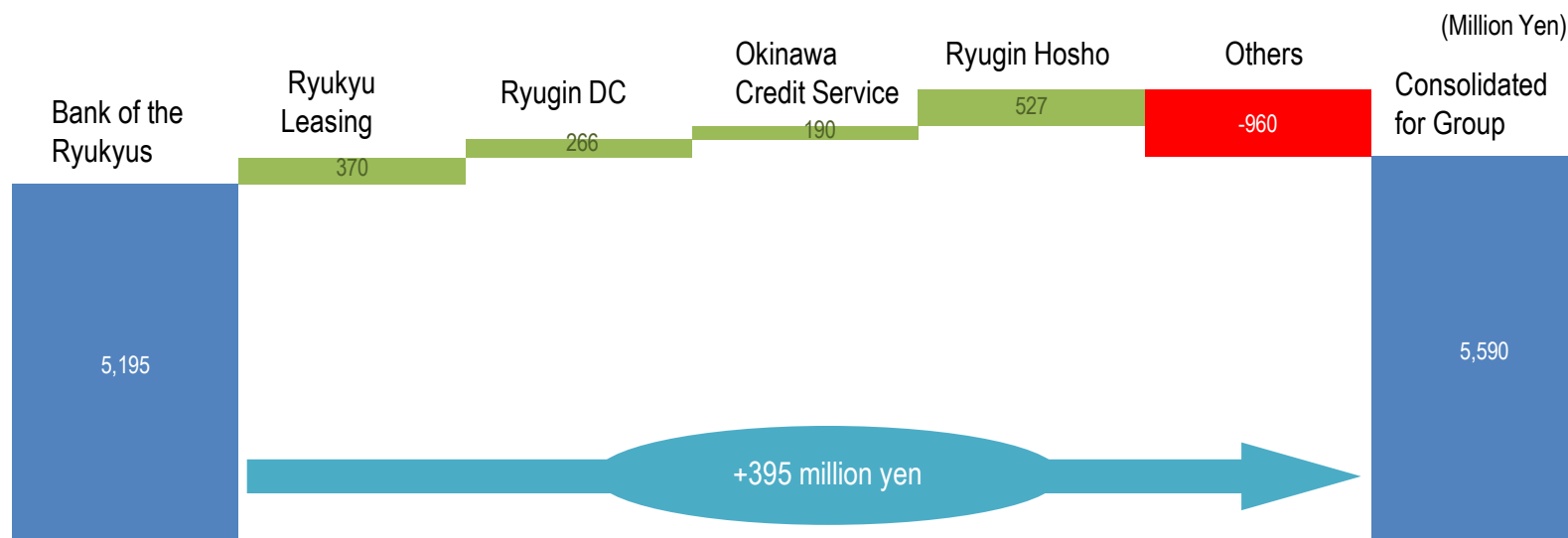
Financial Summary (Consolidated) (2/2)

Positive profit for the period was achieved for Bank of the Ryukyus Group companies.

(100 million yen)

	Bank of the Ryukyus	Ryukyu Leasing	Ryugin DC	Okinawa Credit Service	Ryugin Hosho	Others
Ordinary revenue	386	160	17	19	9	-24
Ordinary profit	69	5	4	2	7	-10
Net income	51	3	2	1	5	-9

Note: "Others" encompasses inter-company eliminations and also includes Ryugin Business Service Co., Ltd. and Ryugin Research Institute Ltd.



Financial Summary (Non-Consolidated)

Revenue and profit increased. The introduction of forward-looking provisioning in FY 2020 caused a downward credit-cost rebound.

(100 million yen)

	FY 2021 (Ending Mar. 2022)		FY 2020 (Ending Mar. 2021)
		Year-on-year change	
Ordinary revenue	386	13	373
Business gross profit (a)	310	0	310
Expenses (b)	246	-3	249
Real net business profit (c = a - b)	64	3	61
Net credit costs	-7	-40	33
Other extraordinary gains/losses	-3	3	-6
Ordinary profit	69	47	22
Net income	51	35	16

Note: Year-on-year calculation is spreadsheet based.

Summary of Profit/Loss Trends (Non-Consolidated: March 2018 to March 2022)

(Million yen)

	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Year on Year
Profit from customer services*1	3,395	3,472	3,619	3,835	5,097	+1,262
Deposit and loan balance*2	21,890	22,278	22,837	23,249	23,433	+184
Profit from service charges*3	5,277	5,347	5,400	5,775	6,287	+512
Expenses	-23,772	-24,153	-24,618	-25,189	-24,623	-566
Profit/loss in Trading Division	4,937	3,238	2,054	1,864	1,302	-562
Profit/loss in Securities & International Department	4,425	1,845	1,778	1,357	537	-820
Interest and dividends	2,911	2,298	1,597	1,201	1,054	-147
Gains/losses from forex and commodities trading	-36	821	149	115	60	-55
Balance of 5 bond accounts	387	-169	421	89	-818	-907
Balance of 3 share accounts	1,123	-730	-1,089	41	-103	-144
Policy-related investment	511	1,393	276	506	765	+259
Net credit costs	1,808	217	-869	-3,313	729	+4,042
General provision for doubtful accounts*4	850	-644	-1,591	-2,751	880	+3,631
Miscellaneous, corporate tax, etc.	-2,314	-1,553	-795	-770	-1,933	-1,163
Net income	7,826	5,374	4,009	1,616	5,195	+3,579

*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 fees).

*4 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, 2022

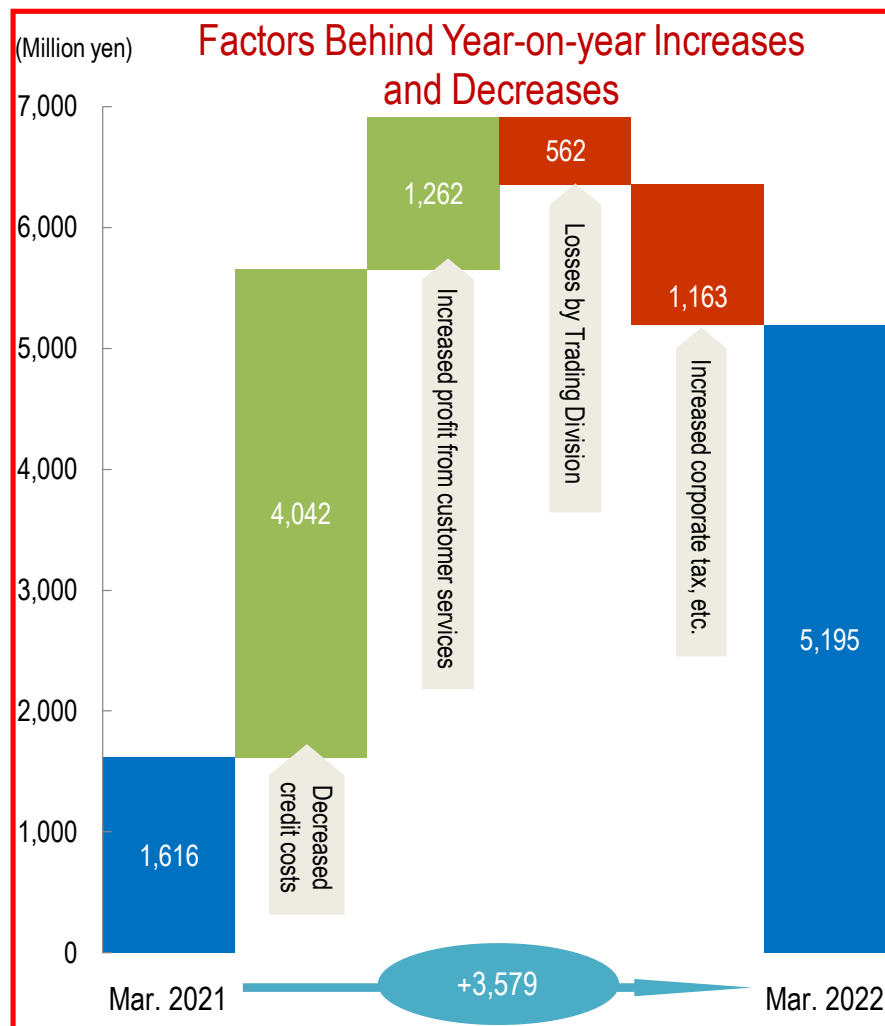
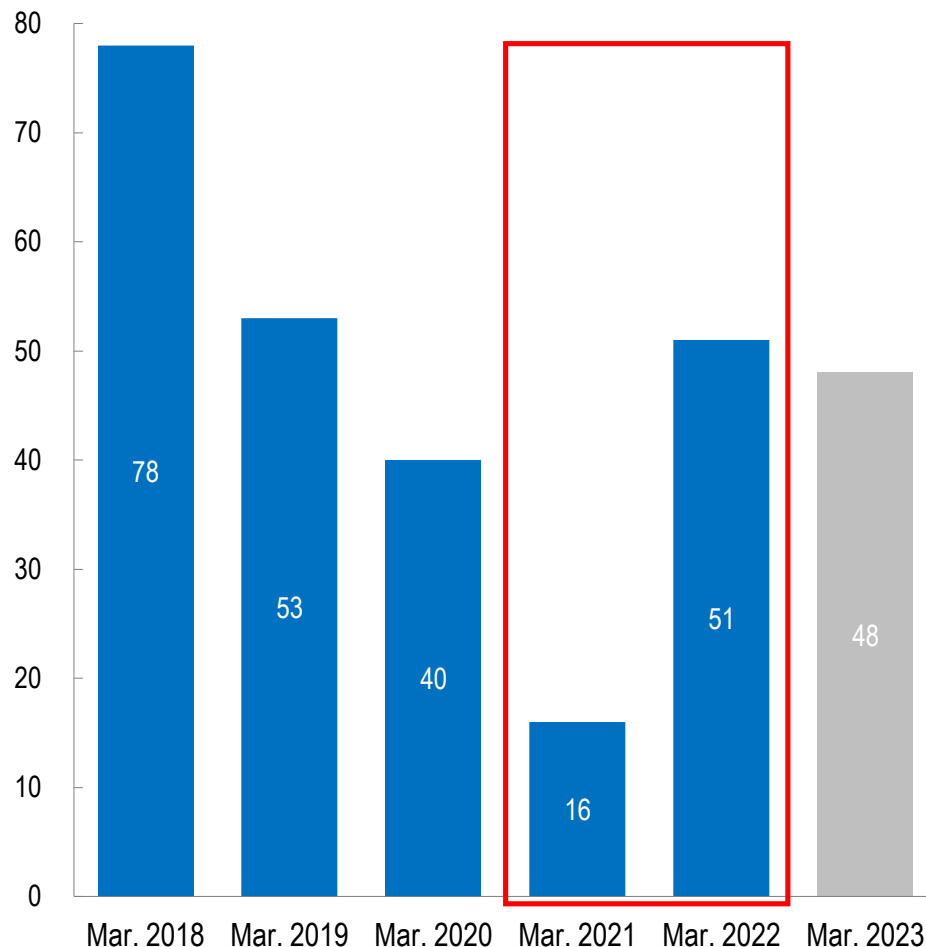


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Major profit increases were seen over the previous fiscal year due to decreased credit costs and increased profit from customer services.

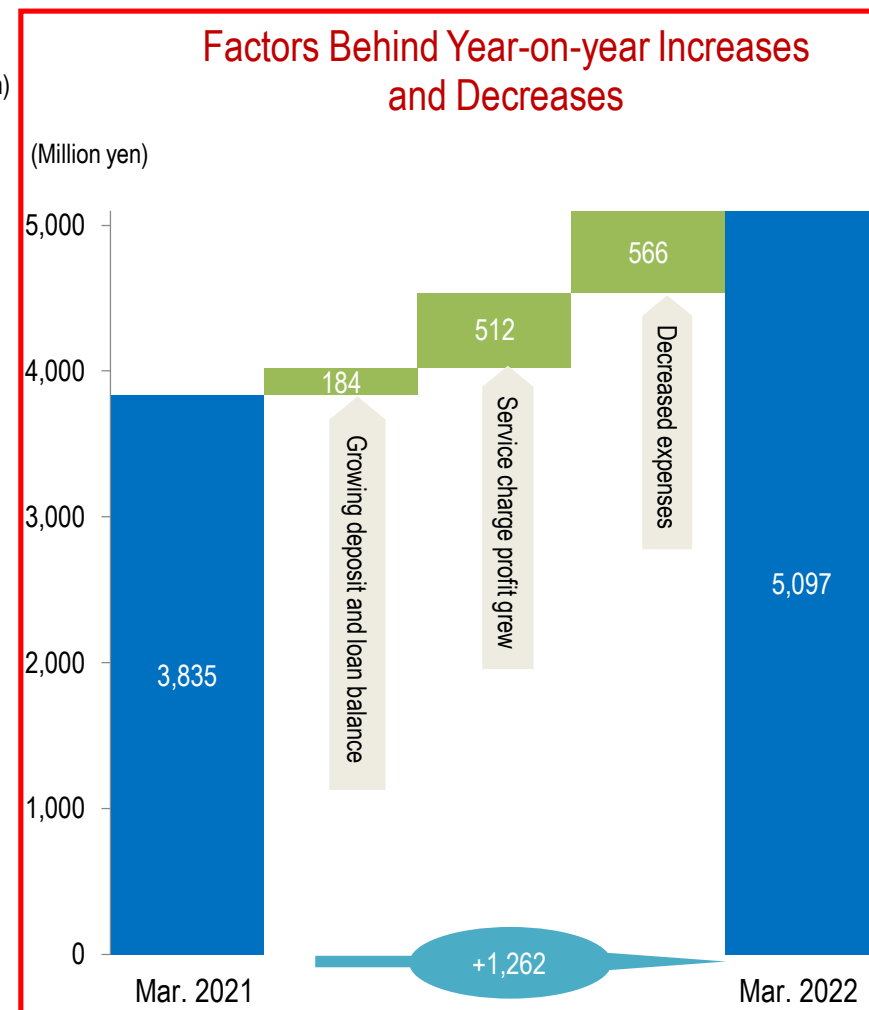
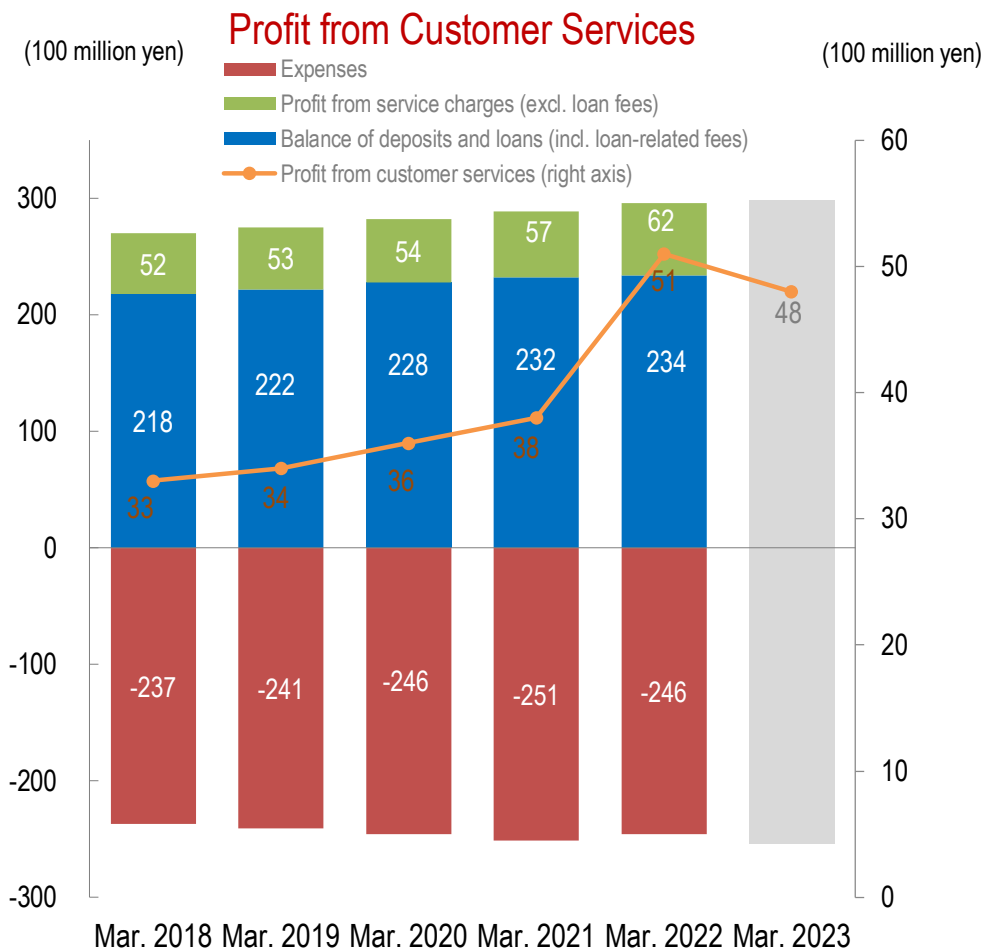
(100 million yen)

Net income



Profit from Customer Services

Service charge profit increases and expense reductions led to growing profits from customer services. Profits from service charges for mortgage loans, assets in custody and card business services helped bring service charge profit up overall.



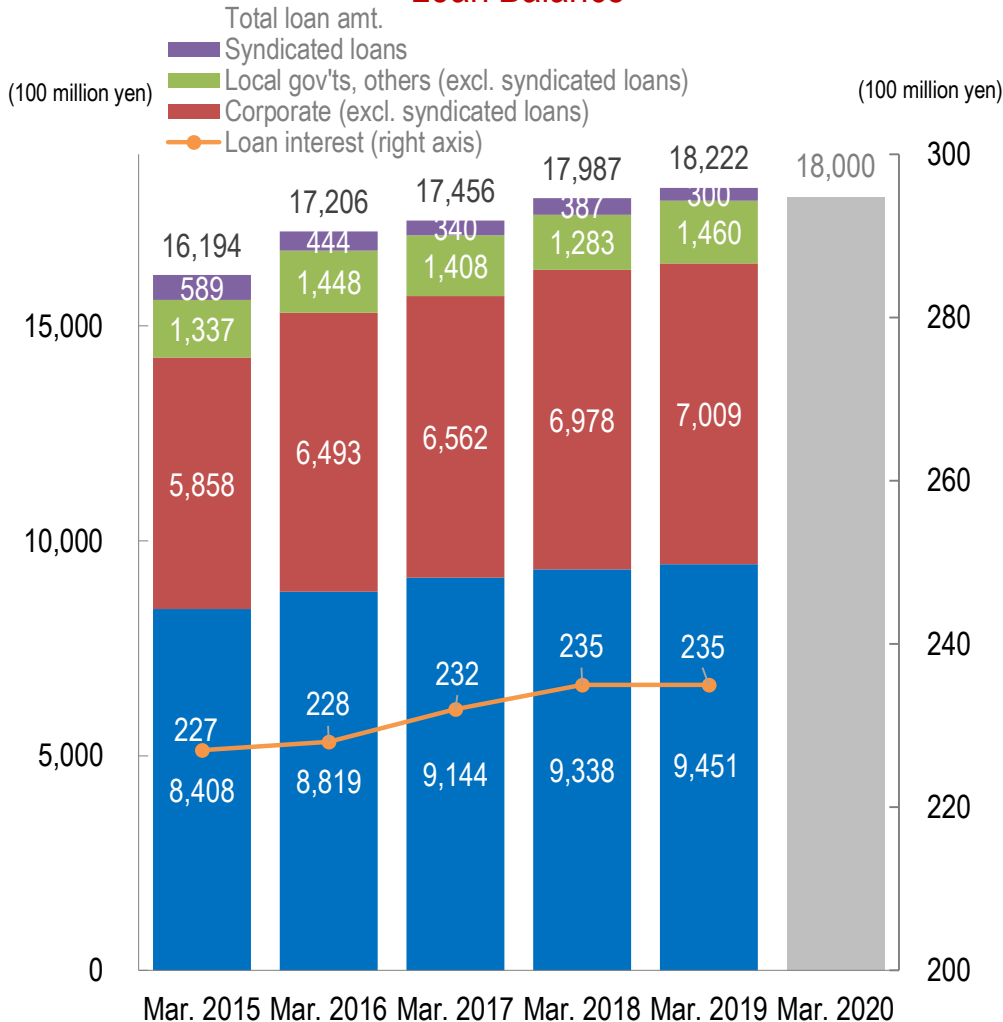
Note: Profit from Customer Services = Deposit and Loan Balance + Profit from Service Charges – Expenses

Note: For balances of deposits and loans, interest on deposits is calculated based on currency swap income in real terms.

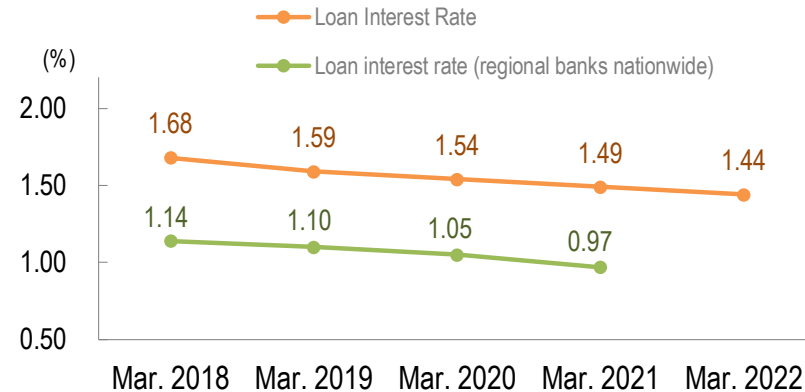
Loans (1/2)

Slowed loan-balance growth rates and loan interest rate declines resulted in flattening out of loan interest changes.

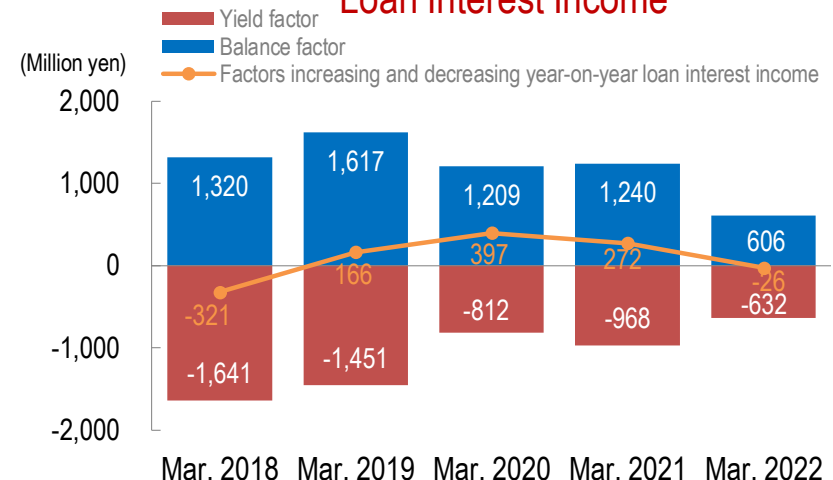
Loan Balance



Loan Interest Rate



Factors Increasing and Decreasing Loan Interest Income

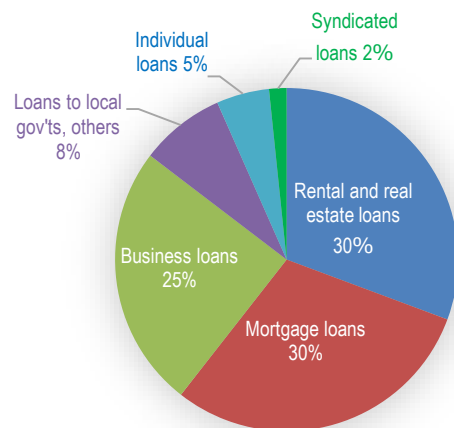


Note: Loan-related fees (consumer loan guarantee fees and group credit life insurance premiums) are deducted from the amount of loan interest income.

Loans (2/2)

Personal loans, mortgage loans and similar showed steady increases, but decreasing funding demand by businesses and other issues resulted in a lower business-loan balance.

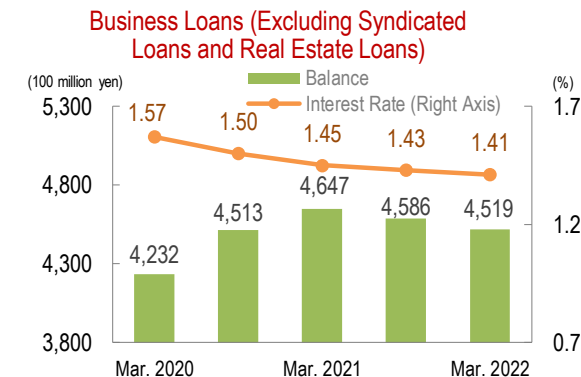
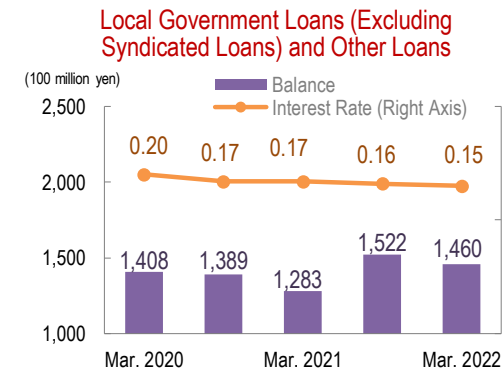
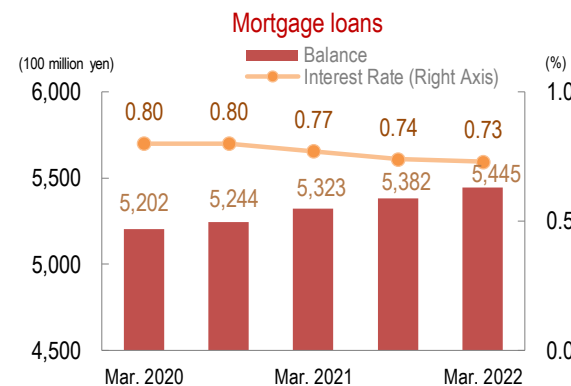
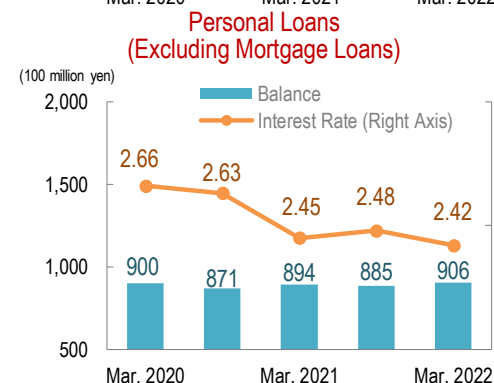
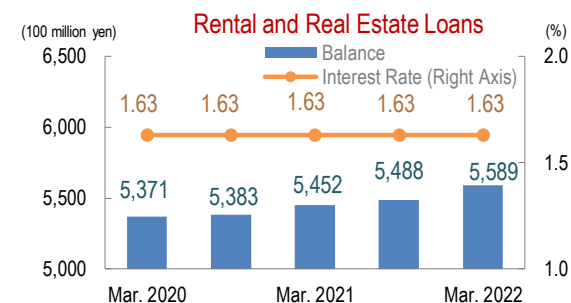
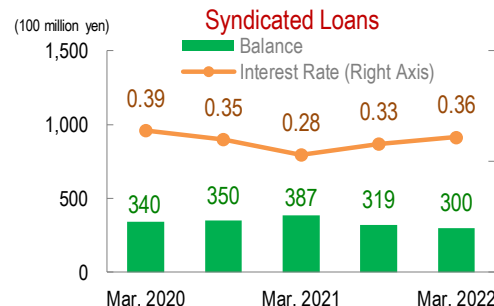
Breakdown of Loan Balances by Use



Note: Loan-related fees (consumer loan guarantee fees and group credit life insurance premiums) are deducted from yield calculation.

Interest Rate Conditions for Loans (Effectively Interest-free and Unsecured) to Local Governments

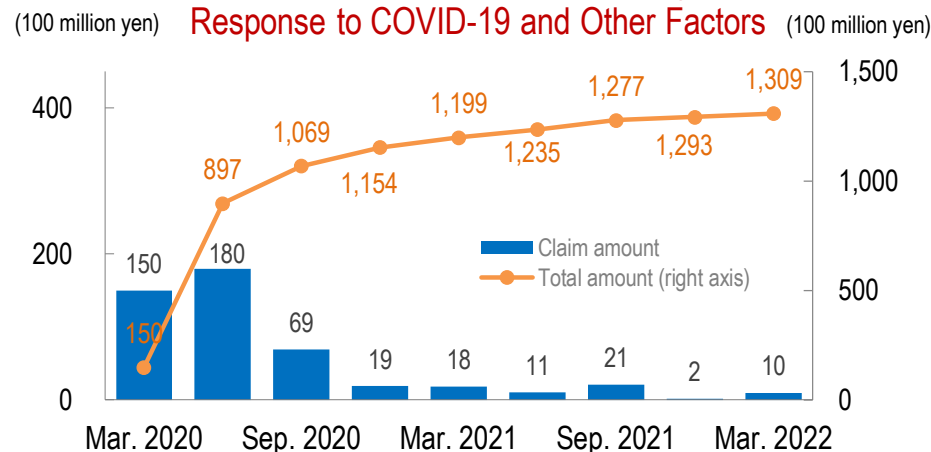
Local Gov't	Base Rate (Fixed)
Tokyo Metropolis	1.7%
Nara Pref.	2.175% (with 1.9% subsidized by nat'l gov't)
Fukuoka Pref.	1.3%
Kagoshima Pref.	1 year or less: 1.4% More than 1 year, max. 3 years: 1.6% More than 3 years, max. 5 years: 1.7%
Okinawa Pref.	0.8%



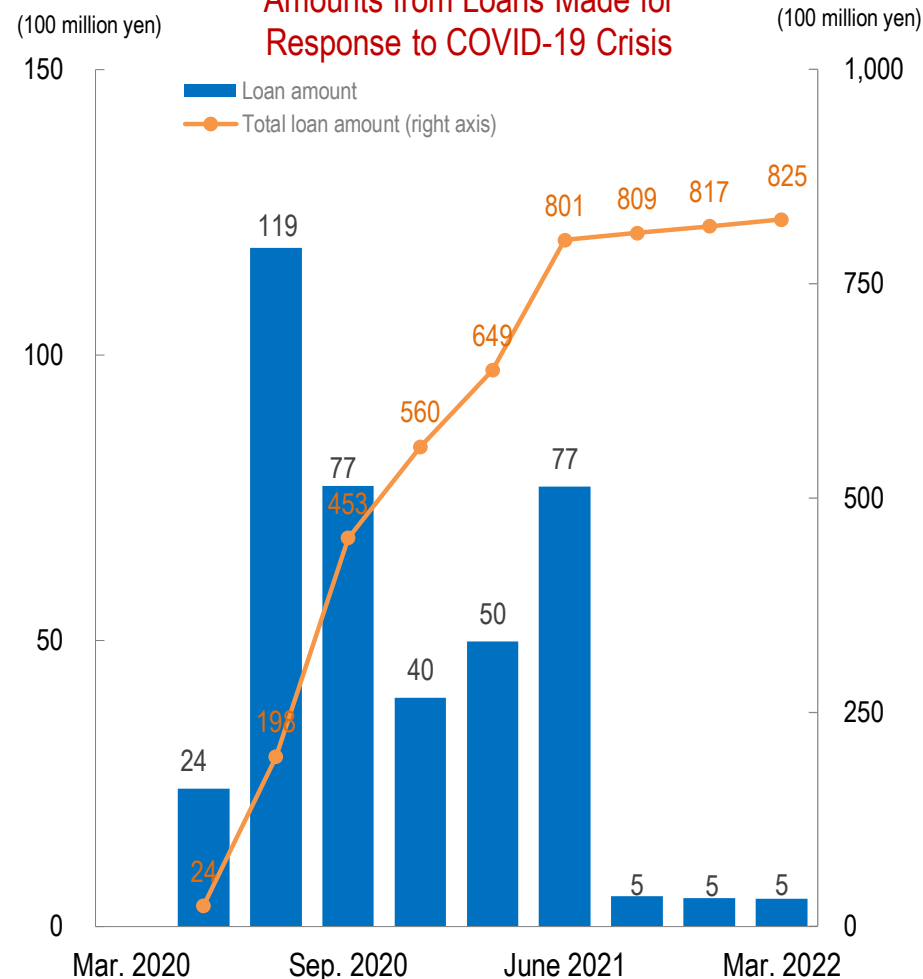
COVID-19 Crisis Financial Support

Amounts for credit condition changes and new loans in response to the COVID-19 crisis leveled out due to easing of economic-activity restrictions and similar changes.

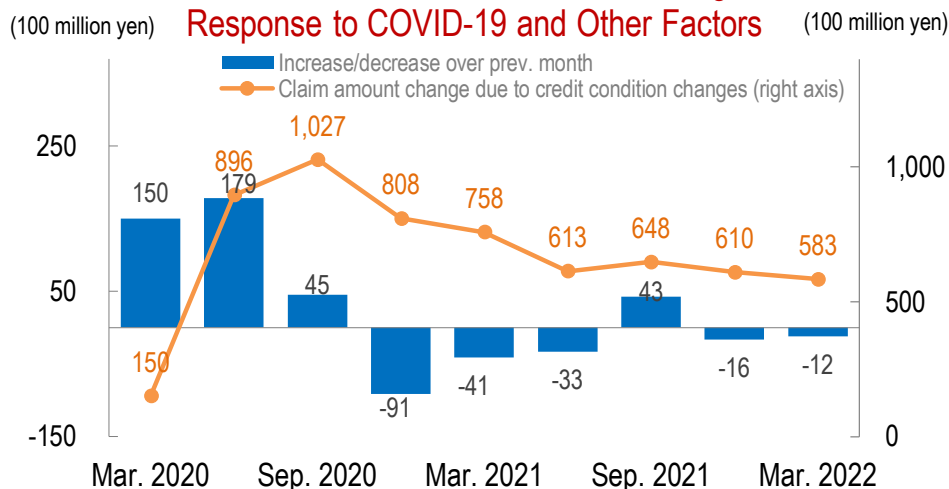
Amounts for Credit Condition Changes in Response to COVID-19 and Other Factors



Amounts from Loans Made for Response to COVID-19 Crisis



Claim Amounts for Credit Condition Changes in Response to COVID-19 and Other Factors



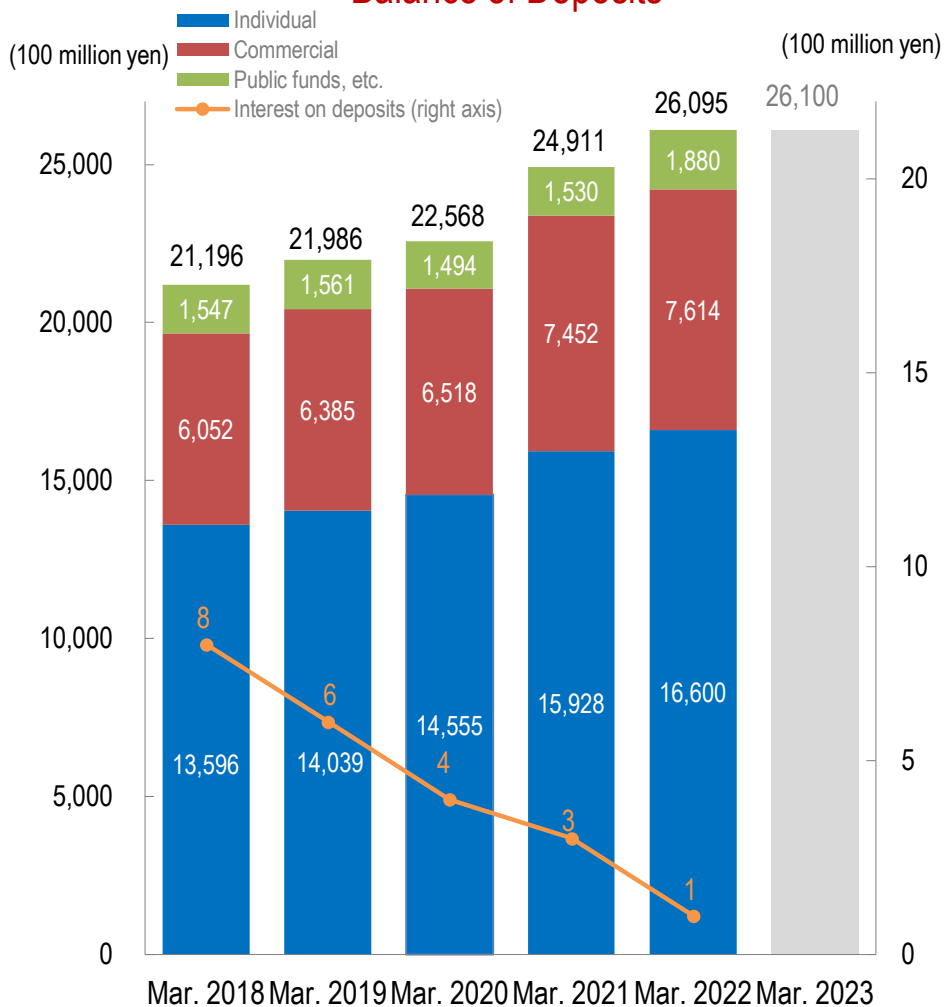
Note: Claim amounts for which principal payment has resumed following start of the changed-condition period by the creditor are subtracted from the claim amounts for credit condition changes shown in the graph.

Note: Regarding loans made for response to the COVID-19 crisis, amounts in the graph are reached by adding together loans from the prefectural Small and Medium Enterprise Safety Net Fund and COVID-19 Infection Countermeasures Fund (applications no longer accepted as of March 2021).

Deposits

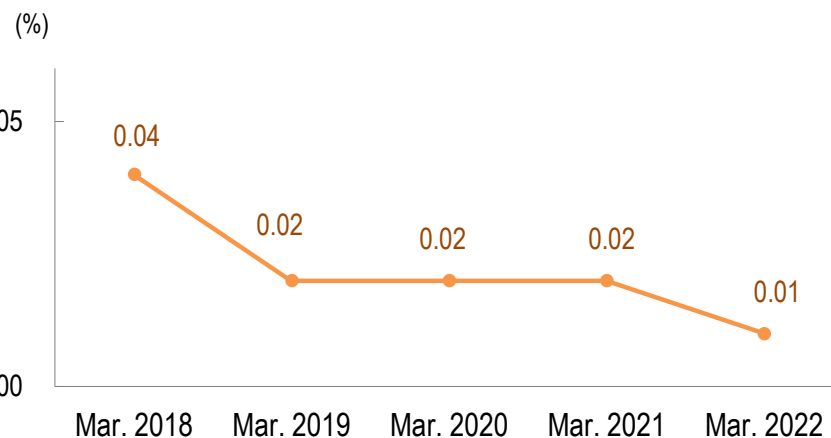
The balance of deposits exhibited a rising trend thanks primarily to yields from COVID-19 subsidies, financing support and other such measures.

Balance of Deposits



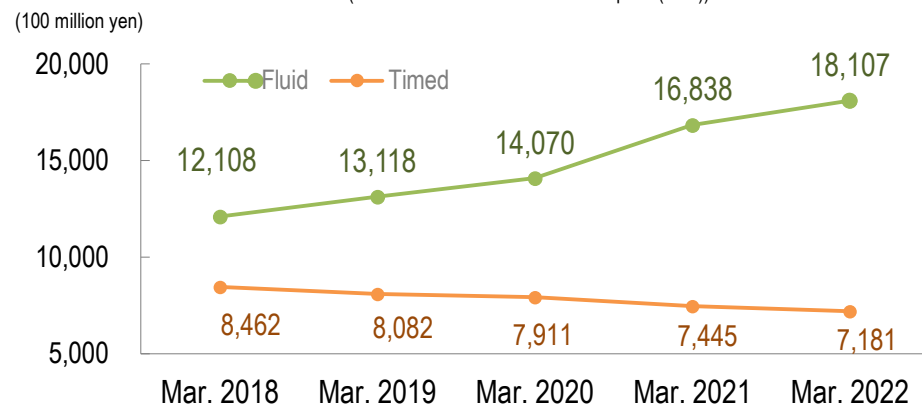
Note: Includes certificates of deposit (CDs).

Annual Percentage Yields



Averaged Liquid and Timed Deposit Balances

(Does not include certificates of deposit (CDs))

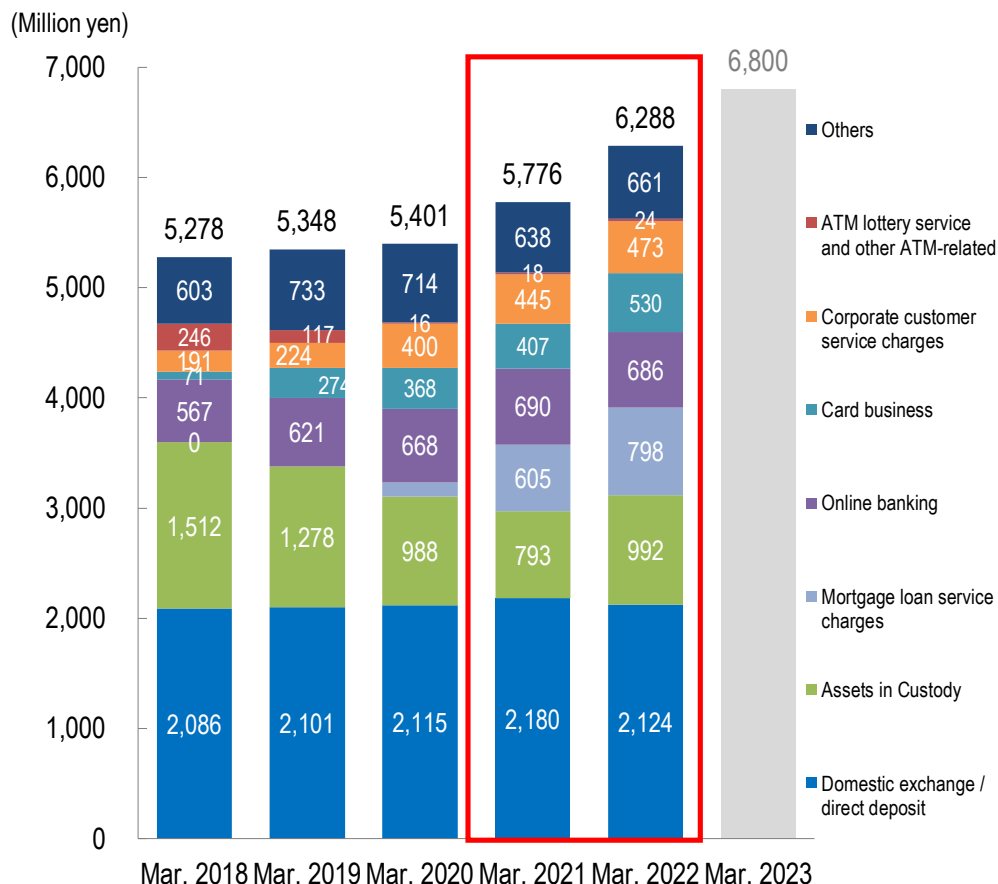


Profit from Service Charges

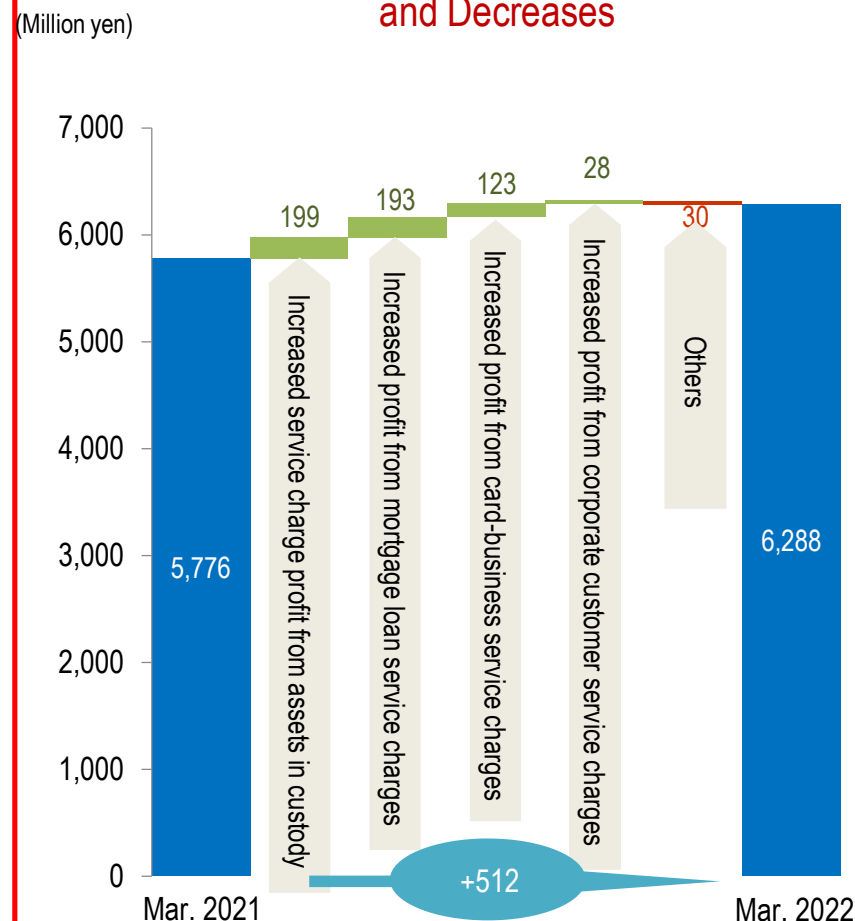
Service charges for assets in custody, mortgage loans, card business services and similar drove increased service charge profit.

Trends in Profit from Service Charges

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



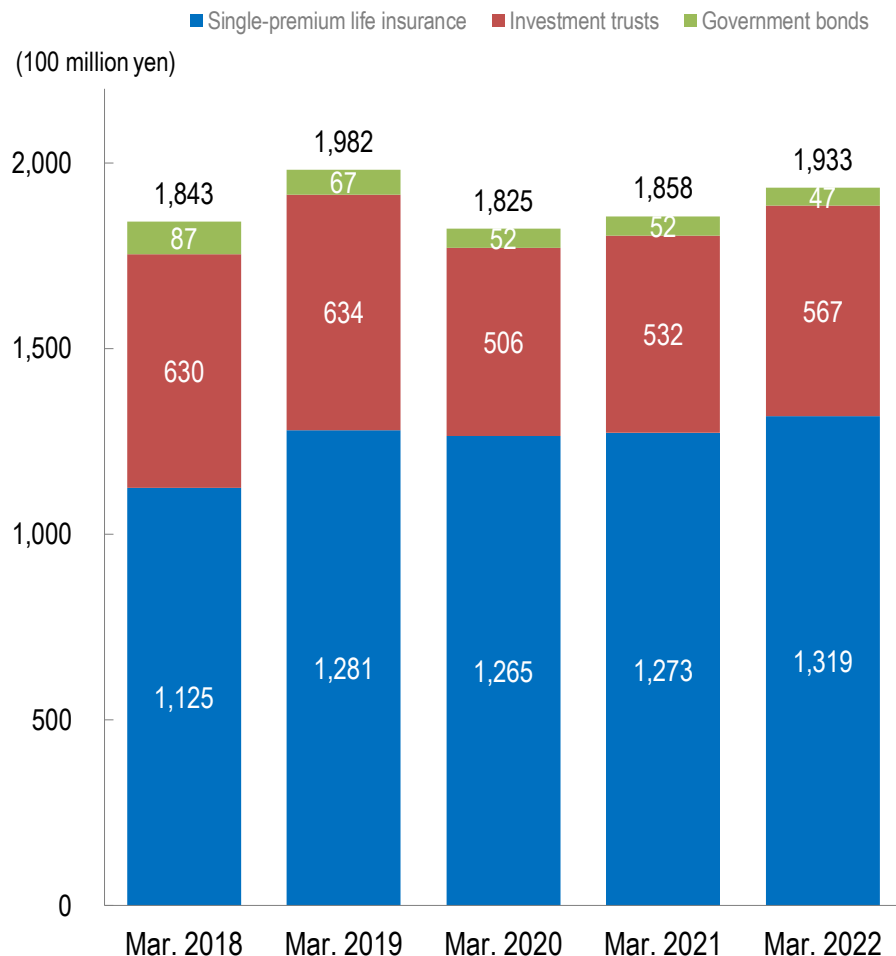
Factors Behind Year-on-year Increases and Decreases



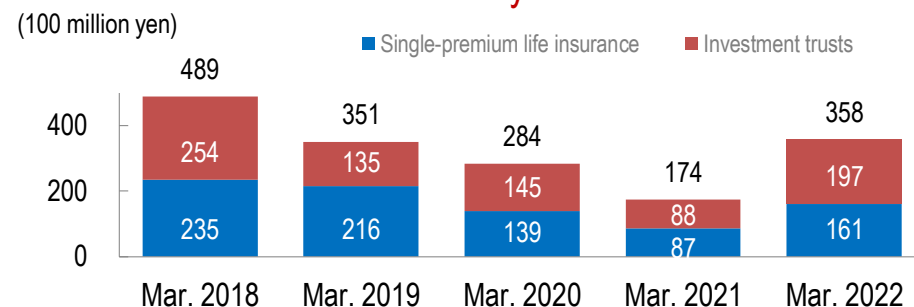
Assets in Custody

Sales strengthening measures for assets in custody led to increased sales for investment trusts, single-premium life insurance and commercial insurance.

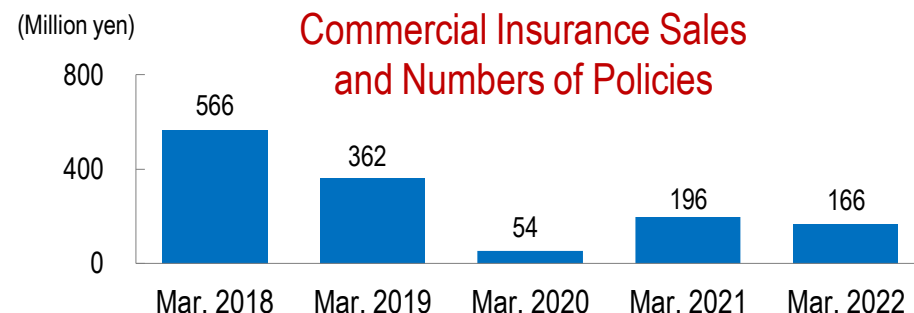
Assets in Custody Balance



Assets on Custody Sales Revenues



Commercial Insurance Sales and Numbers of Policies



Sales Strengthening Measures (From April 2021) for Assets in Custody

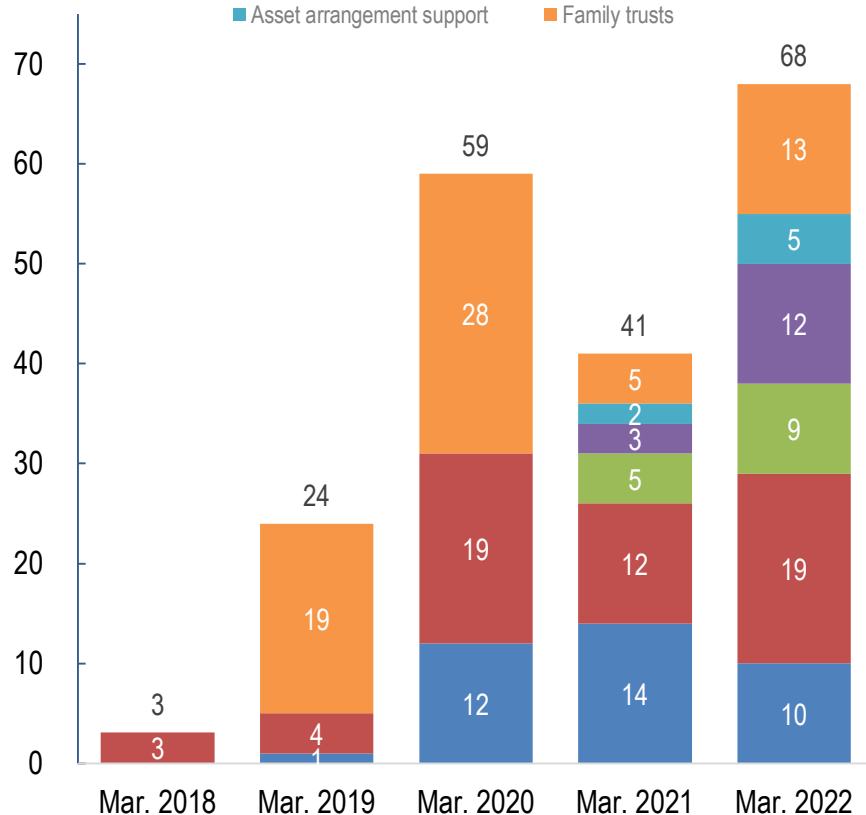
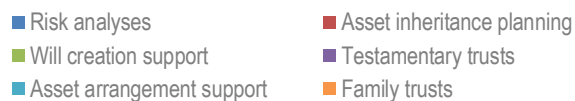
- We added more members to our Assets in Custody Promotion Team to strengthen assets in custody sales, and assigned these personnel to all blocks throughout the prefecture.
- By offering strengthened sales support, led by the Assets in Custody Promotion Team, for retail-field personnel training, we worked to foster human resources capable of proposing products and services better suited to each customer's current situation and stage in life, thus strengthening asset inheritance consulting services, asset management consulting services and so forth.

Retail Customer Services

We have pursued retail-customer asset inheritance support services since FY 2017, and by further disseminating and raising awareness of endeavors to solve inheritance-related problems and issues we have boosted revenues from services fees for retail customers.

Service Fees for Retail Customers

(Million yen)



Retail-customer Asset Inheritance Support Approaches

Comprehensive Asset Inheritance Support Services for Retail Customers

- Step 1: Assess current circumstances (determine family make-up, create asset inventory, confirm inheritance-related intentions)
- Step 2: Conduct risk analysis (estate partition measures, funds for tax obligations, etc.)
- Step 3: Create asset inheritance plan and provide related support

(Following asset inheritance plan creation, we provide support for testamentary trust investments, family trusts, etc.)

Bank of the Ryukyus Support System

Even Distribution of Sales and In-bank Service Operations Among Sales Representatives and Tellers

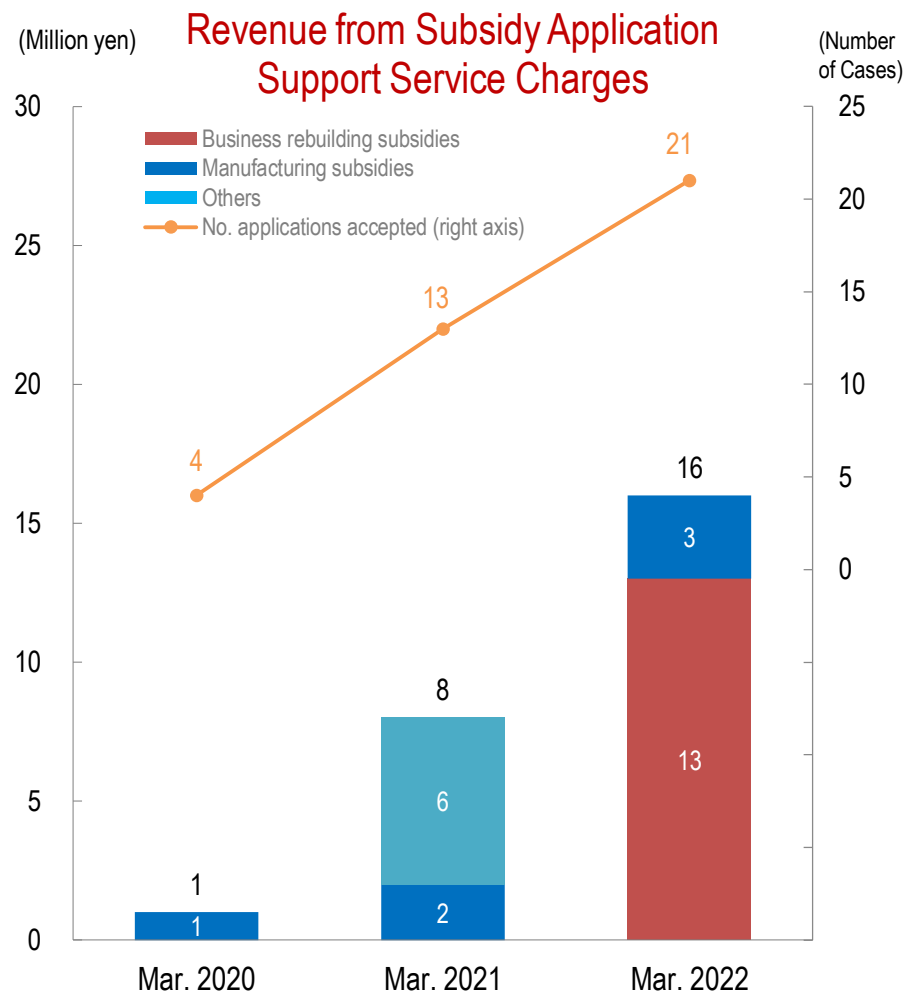
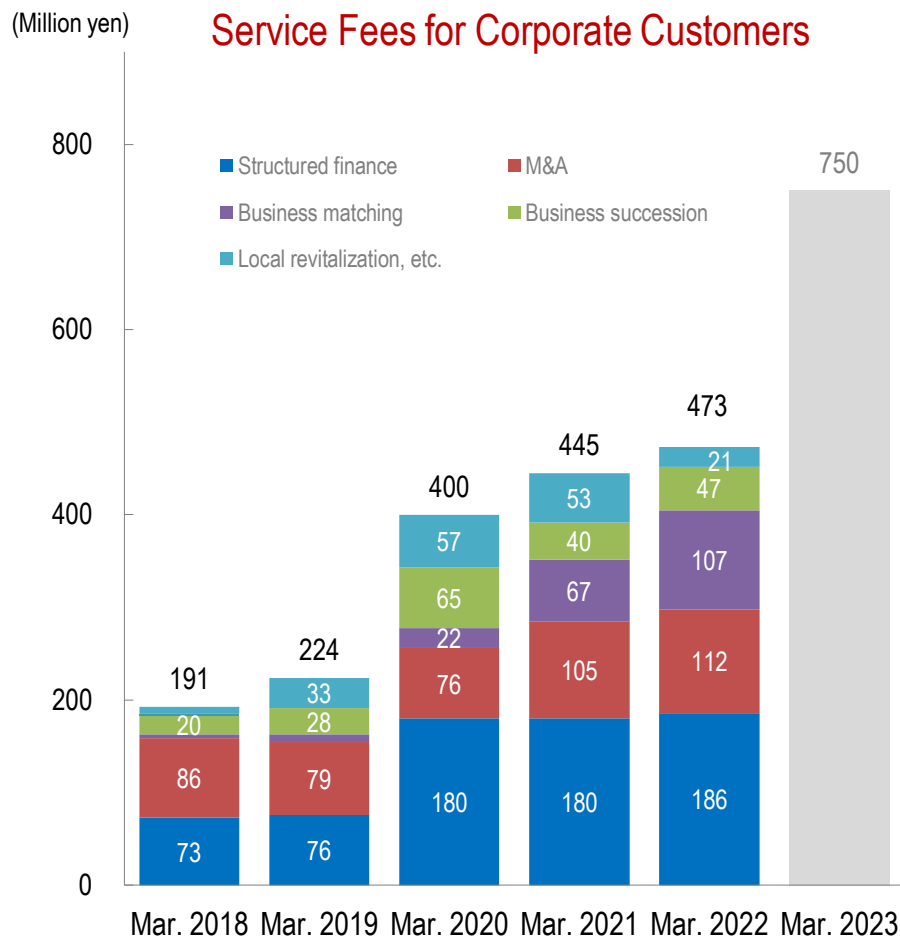
- Increasingly wide range of inheritance-related needs brought about by changes in thinking (regarding inheritance) due to the COVID-19 pandemic
- Provision of high-quality operations and services for customers, and maximizing of sales strengths to provide solutions
- Under headquarters leadership, cultivation of human resources who provide products and services optimized to each customer's current situation and stage in life



Corporate Customer Services

Revenue from service charges remained relatively unchanged. There was a trend toward increased M&A consultations due to the COVID-19 pandemic.

We provided support for businesses who wished to rebuild and thus applied for business rebuilding subsidies.

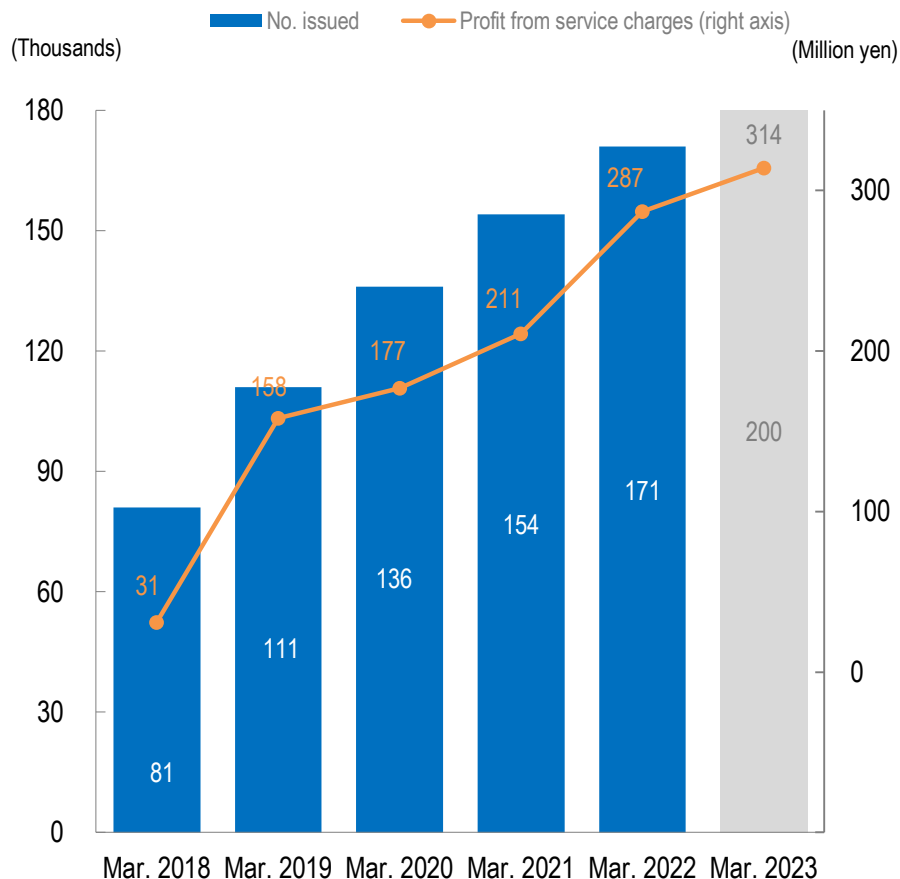


Note: Service charge revenues from subsidy support services shown here are based on contracts.

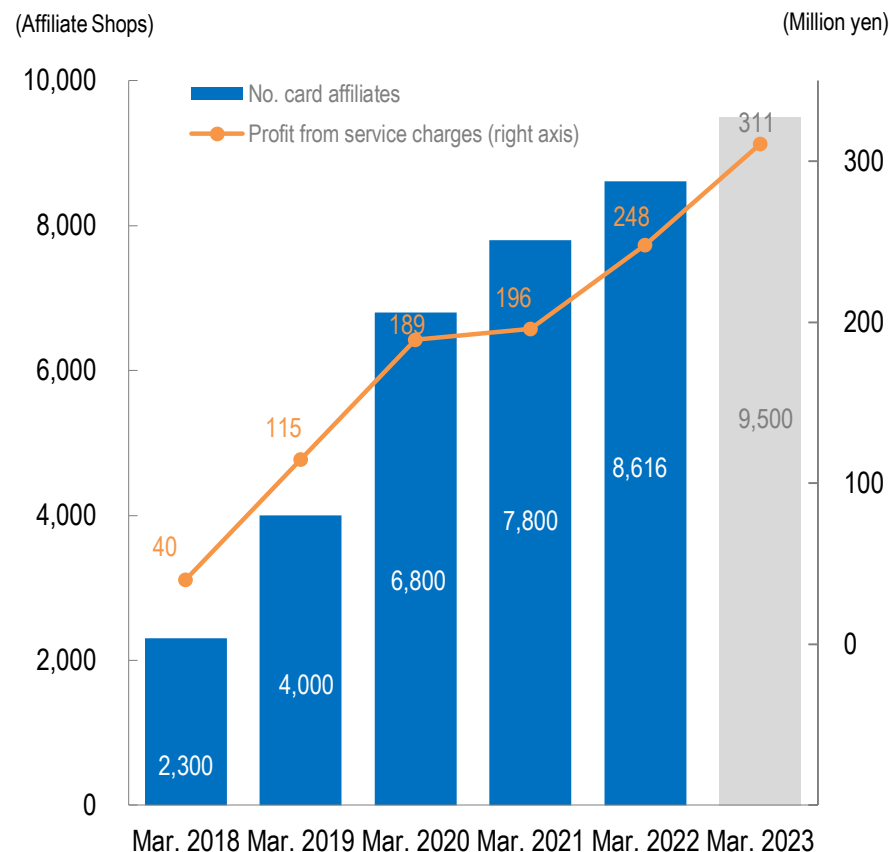
Card-related Business (1/2)

Numbers of Visa debit card issuances and card affiliates both grew steadily, and service charge profits from card usages and affiliates increased despite the COVID-19 pandemic.

Numbers of Visa Debit Cards Issued
and Service Charge Profits



Numbers of Card Affiliates
and Service Charge Profits



Card-related Business (2/2)

Numbers of new members grew for Visa debit cards with contactless payment functionality. Payment terminal functions are becoming increasingly sophisticated at card-affiliate locations as we accelerate efforts to sign up new affiliates.

Ryugin Visa Debit Card

- Oct. 2015 Began offering the Ryugin Visa Debit Card
- July 2018 Began immediate, over-the-counter issuance of cards at Ryugin locations
- Sep. 2018 Began issuing the corporate-customer Ryugin Visa Debit Card

Main Efforts in Recent Times

Issuance of Debit Cards with Visa Touch Payment Feature (July 2020)



Card Affiliate Services

- Jan. 2017 Began offering customer services for card affiliates
- May 2018 Began offering electronic money services (five main brands)
- Sep. 2019 Began support for METI cashless and customer return initiative
- July 2021 Began offering card-affiliate services for the UnionPay international payment services brand

Newly Added Brands



- In response to growing demand nationwide for QR code payment support, we offer QR-based payment services through five major service brands.
- We now offer support for 28 brands at affiliate locations, achieving the widest-reaching brand support in a single payment terminal among all such terminal types in Japan.

Main Efforts in Recent Times

Began Offering Ticket Vending Machines with Cashless Payment Functionality (Mar. 2021)

- Our bank lends ticket vending machines with built-in touch-panel settlement terminals to affiliates. These machines support credit card, electronic money, QR code and cash payments.
- The technology was developed jointly by our bank and The Chiba Bank, Limited, in collaboration with Toshiba Tech Corporation and the TSUBASA Alliance.



Began Offering Cards for International Payment Brand “UnionPay” (Feb. 2022)

- In July 2021, we became the first regional bank in Japan to obtain a brand license (Principle Member license) for UnionPay. We began offering QR-code-based payment services using UnionPay in August 2021, and payment services via UnionPay cards (plastic cards) in February 2022.

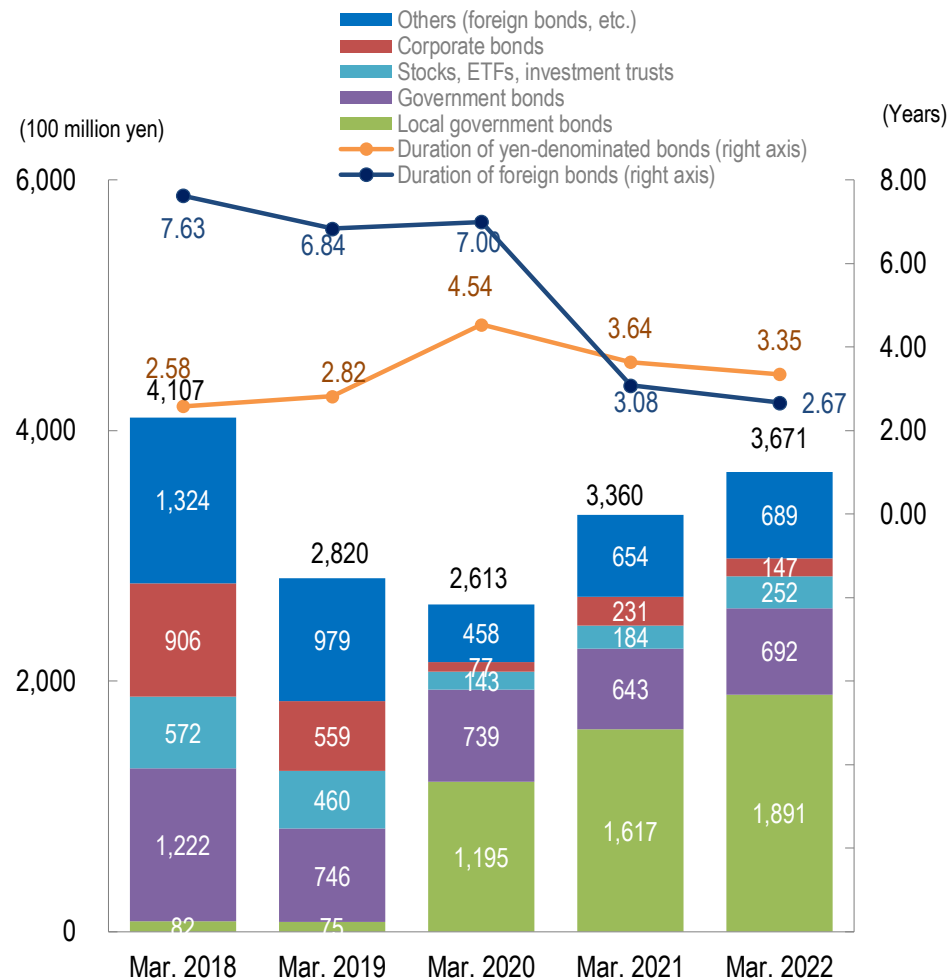
* UnionPay Cards

UnionPay-brand cards are used widely throughout China and also issued 70 other countries and regions worldwide. Outside of China, a total of 160 million cards have been issued.

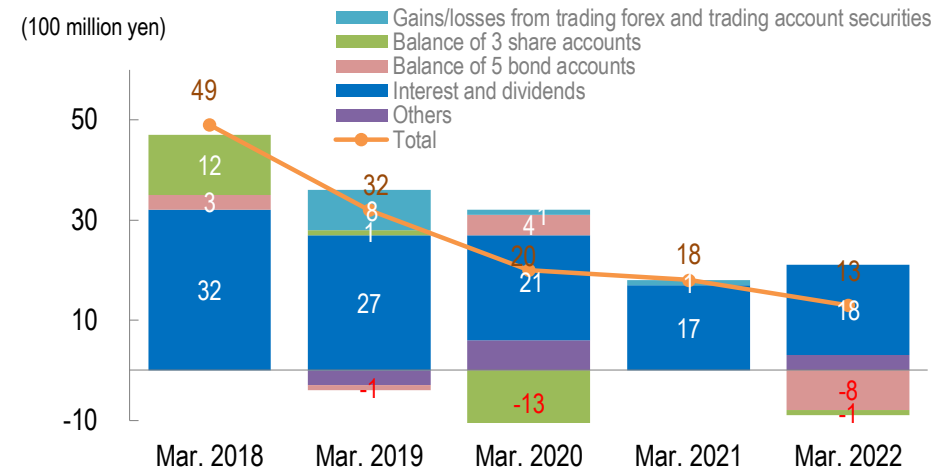


As interest rates rose both domestically and internationally, we determined loss amounts while conducting bond swap sales in order to bolster yields. We expect these efforts to contribute toward improved interest revenues from FY 2022 onward.

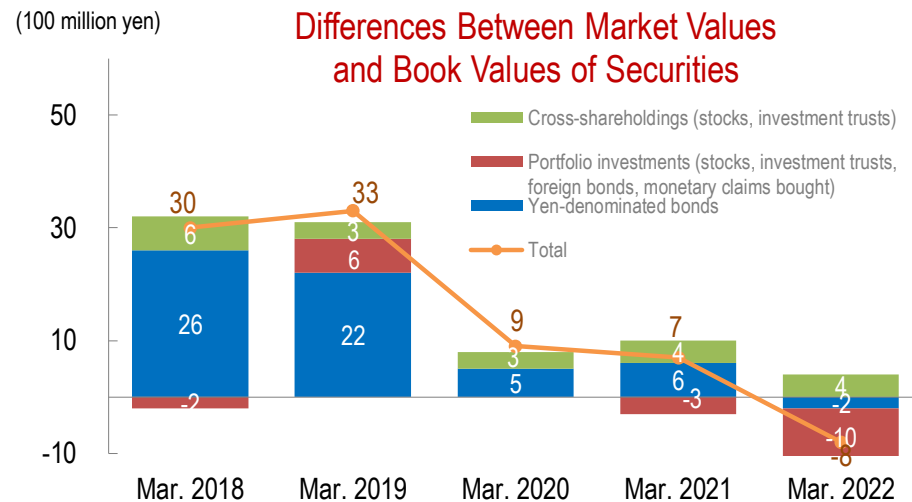
Securities Balances and Deflation



Profit/loss in Trading Division



Differences Between Market Values and Book Values of Securities

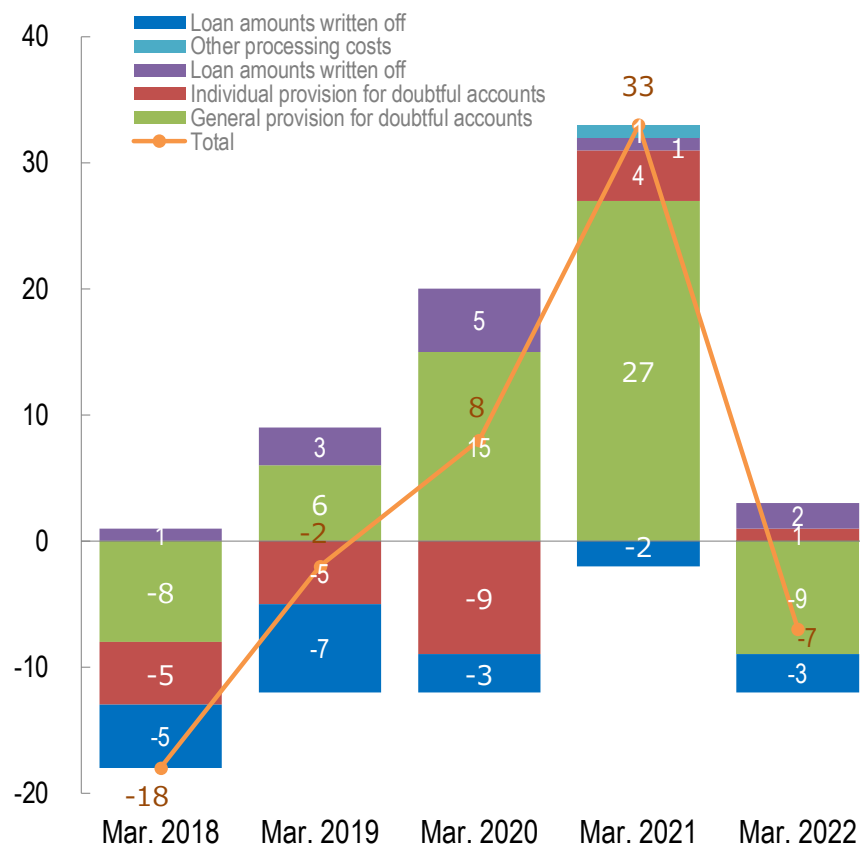


Net Credit Costs and Disclosed Bad Debt

We introduced forward-looking provisioning in FY 2020. A reversal in credit cost trends was seen due to restarting of capital repayments by some businesses, improvements in economic indicators and other factors.

Net Credit Costs

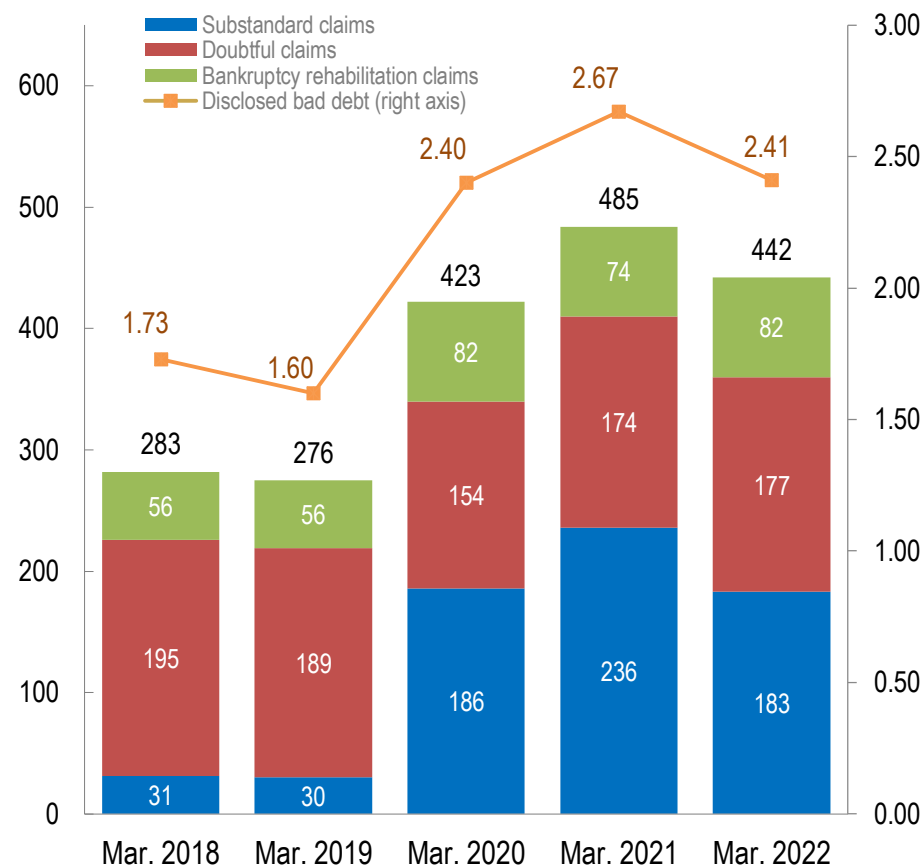
(100 million yen)



Disclosed Bad Debt

(100 million yen)

(%)

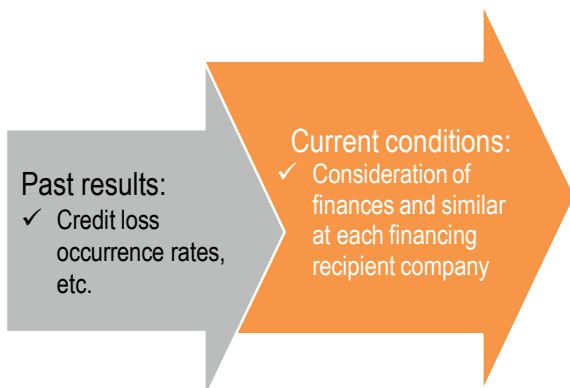


Overview of Forward-looking Provisioning (1/2)

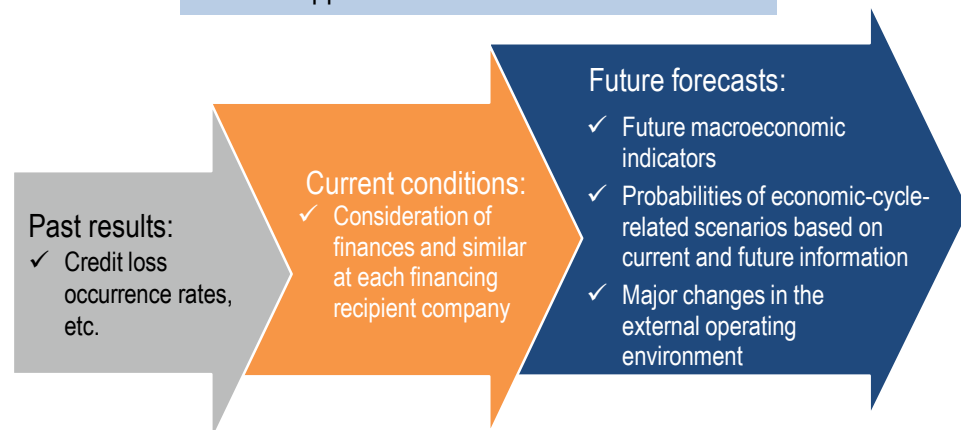
By switching to a more rational estimation method for future risk calculation that takes consideration of macroeconomic indicators, probabilities of economic-cycle-related scenarios based on current and future information, and assessment methods that factor in the presence or lack of major changes in the external operating environment, we have strengthened our standing against future potential loss and risk.

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.

Standard Approach Based on General Provisions



Current Approach Based on General Provisions



Provision for Doubtful Accounts Calculation Process

Provision for
Doubtful Accounts

= Receivables Balance ×

Predicted Loss Rate

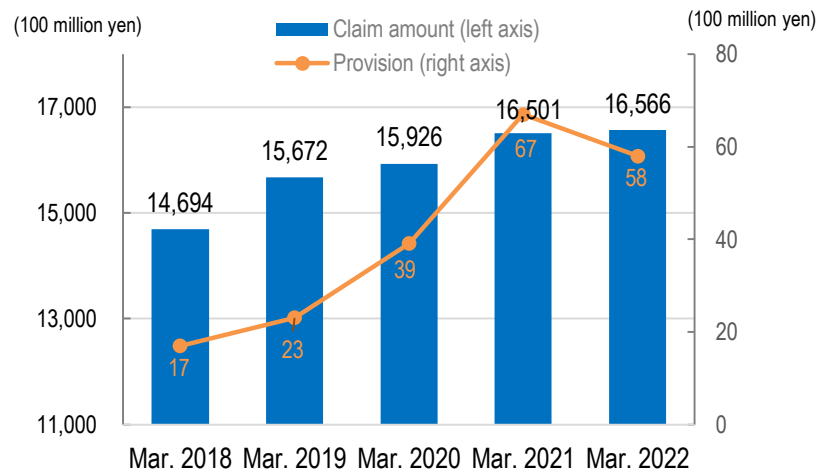
Standard approach: calculation based on past bad debts

New approach (improved): calculation based on **future** economic forecasts and similar factors

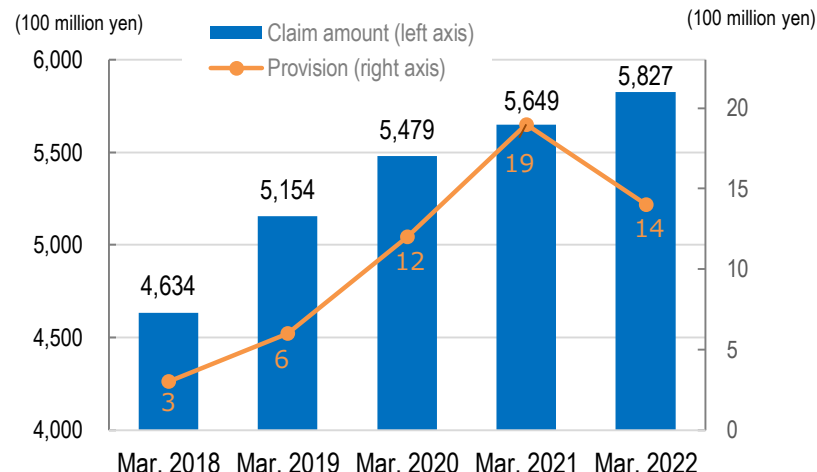
Overview of Forward-looking Provisioning (2/2)

Repayments by some businesses (primarily in real estate) were restarted. Provision amount decreased due to credit rating rank increases.

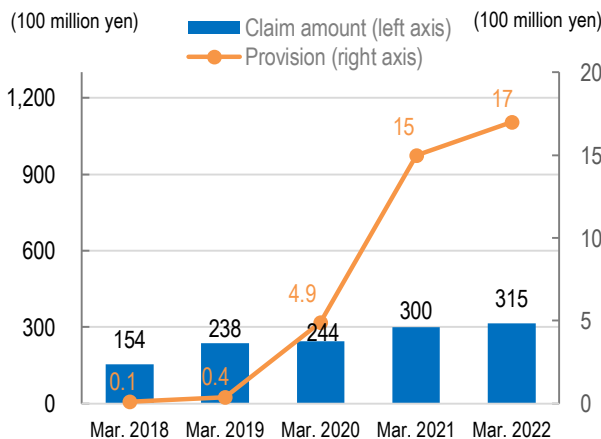
Overall



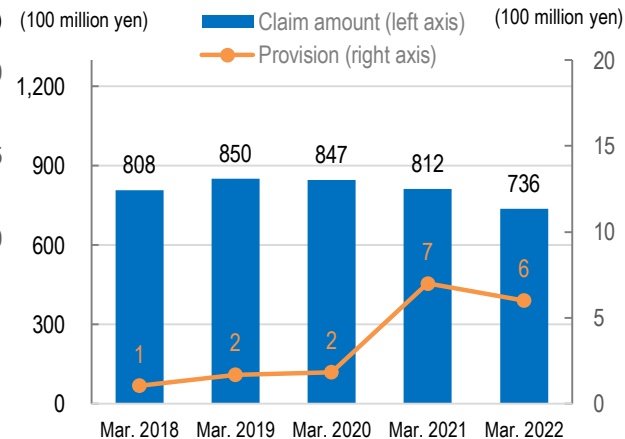
Real Estate Industry



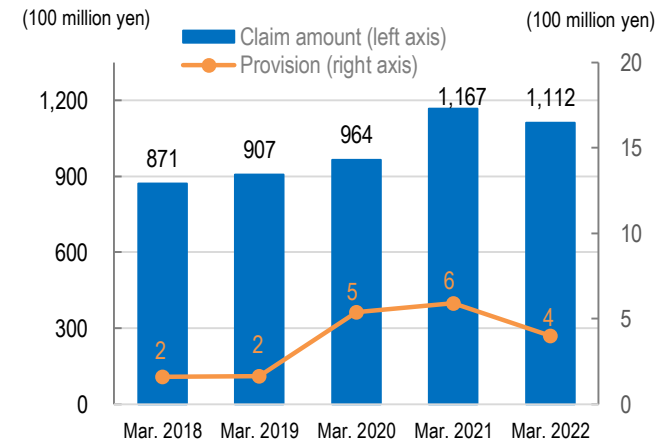
Accommodation Industry



Healthcare and Insurance Industries

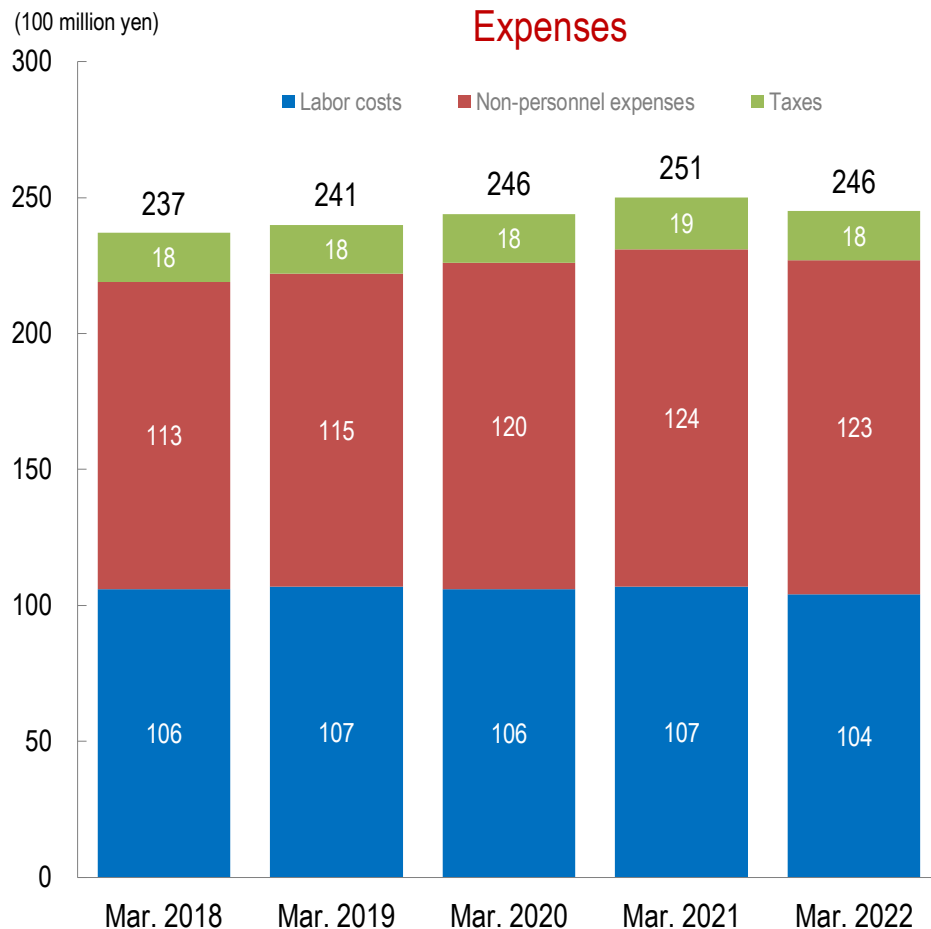


Restaurants and Service Industries

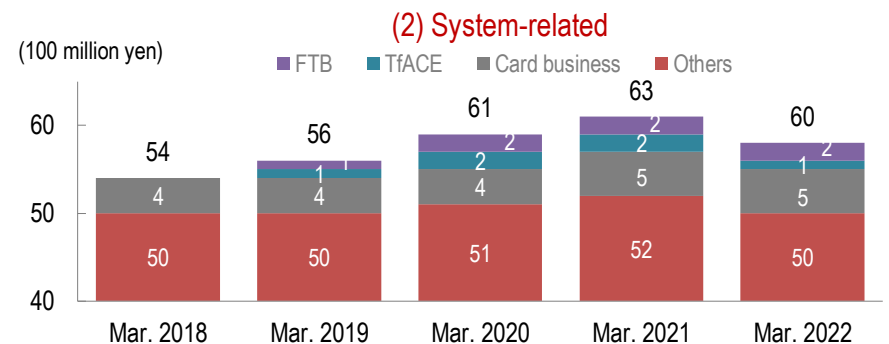
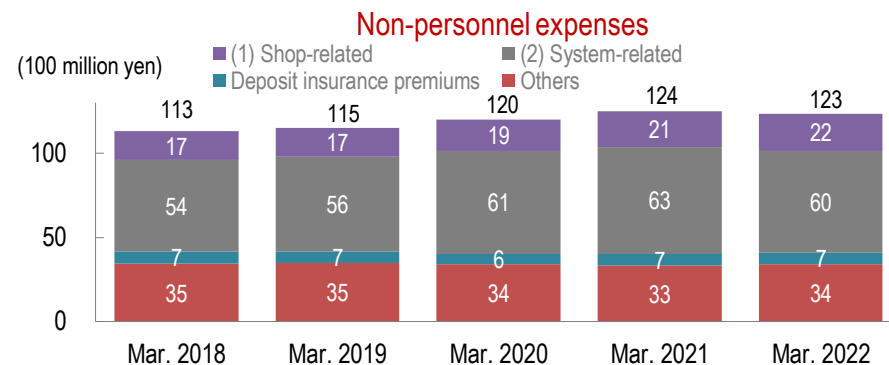


Expenses

Despite increased non-personnel expenses including new-headquarters construction outlays and other future-oriented investments, we achieved reduced system-related expenses overall compared with the previous fiscal year.



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



FTB: Flexible & Traditional Bank. A semi-self-service, tablet-type terminal system for in-bank services.

TfACE: Next-generation tablets used at bank locations.

Forward-looking Mechanization Investment Plan

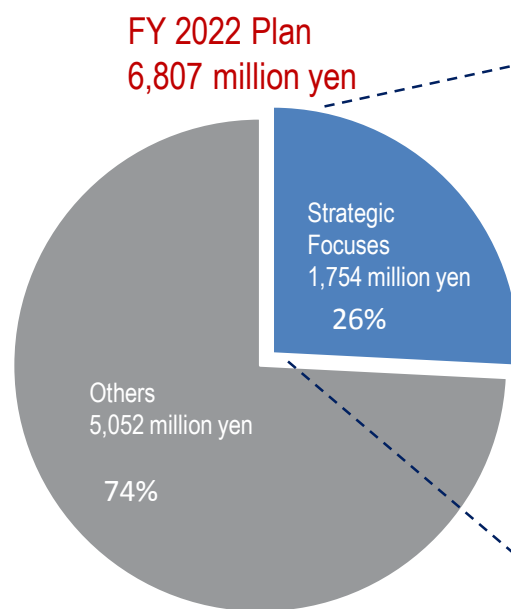
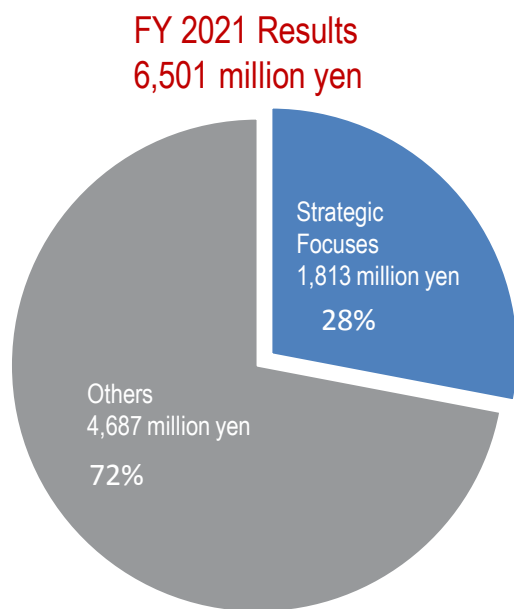


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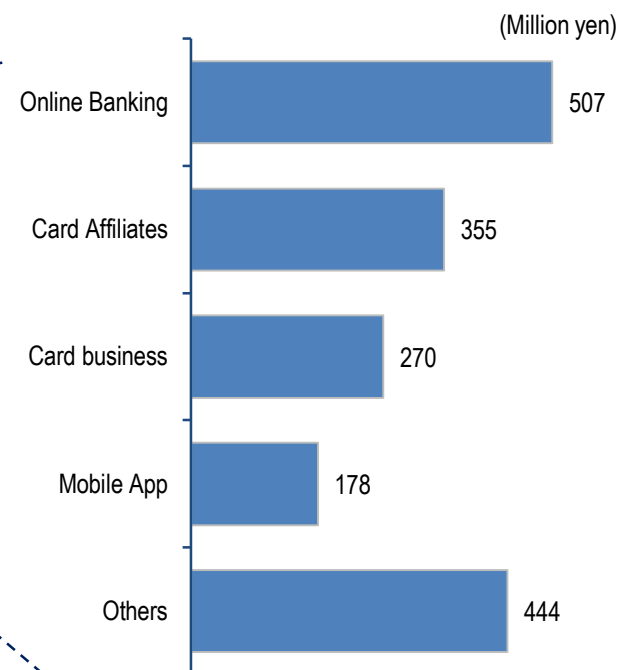
In our FY 2022 mechanization investment plan, investment toward mechanization aimed at customer service improvements, increased profits and other such improvements accounted for more than 26 percent of the total.

Furthermore, we continued with strategic investments into our (1) channel strategy, (2) cashless strategy, (3) retail business strategy and (4) corporate business strategy as laid out in the SINKA 2020 Mid-Term Management Plan.

FY 2021 Results and FY 2022 Mechanization Investment Plan



Breakdown of Major Strategic Focuses

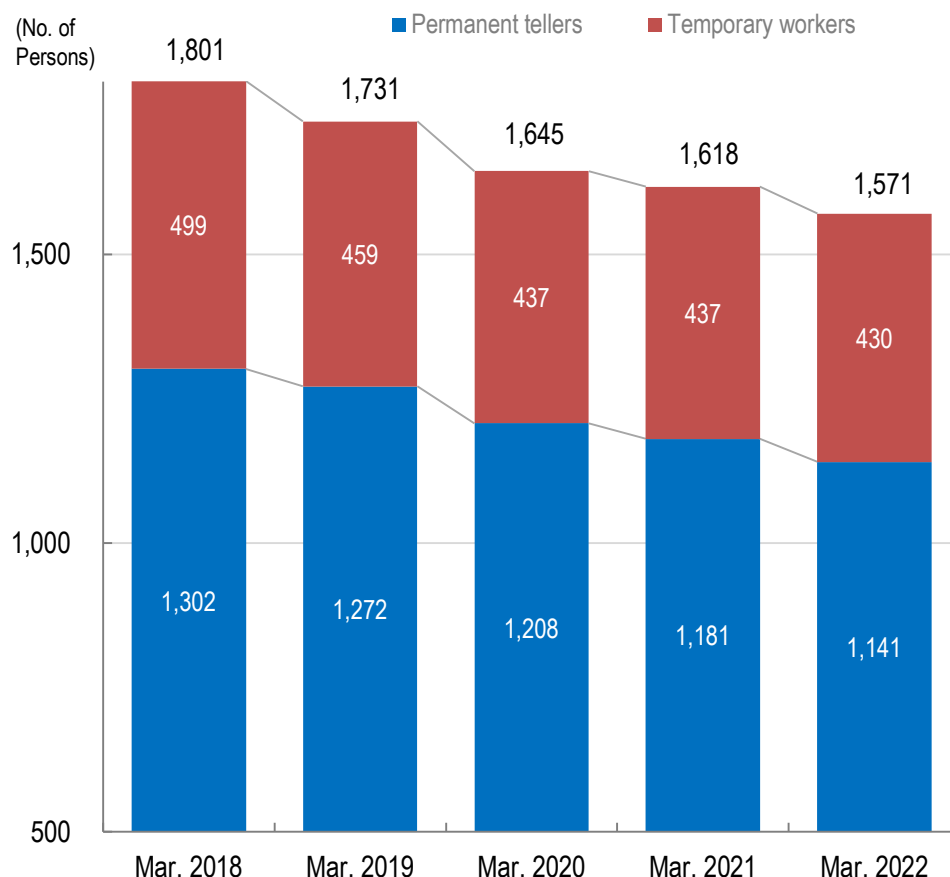


Note: "Strategic Focuses": Investment toward measures to improve customer services, profits, etc.

"Others": Investments related to systems/frameworks, risk, business foundations, renovations and updates for aging buildings/equipment, etc.

We reduced workforce size as well as individual workloads to simultaneously bring down labor costs and strengthen customer communication.

Changes in Workforce Size



Note: "Workforce" here refers to all employees including those sent in as temporary workers from outside organizations, minus research personnel, personnel dispatched by the Bank to other organizations, employees on leave, and similar.

Main Measures to Reduce Labor Demand at Bank Locations

Introduction of Barcode and QR Code Reader Functionality (Feb. 2022)

- Use of barcode and QR code reader functions enables reading of barcodes on payment forms as well as QR codes used in unique RYU-QR services*¹ developed by Bank of the Ryukyus
 - Handheld barcode / QR code scanners were installed at all bank locations to shorten customer wait times and improved work efficiency
- *¹ RYU-QR: A proprietary system developed by Bank of the Ryukyus used for creating payment forms that include QR codes.

Dissemination of Flexible & Traditional Bank (FTB) System at All Locations (Aug. 2021)

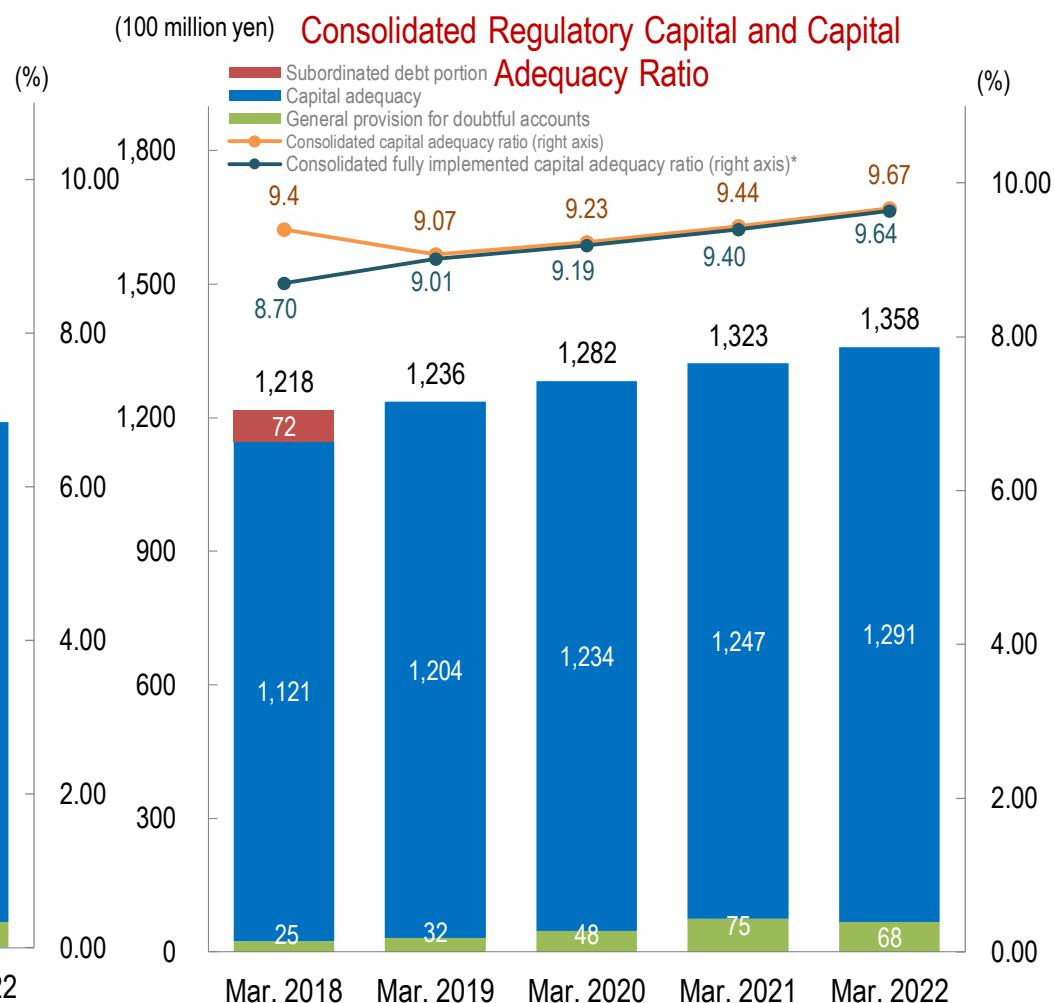
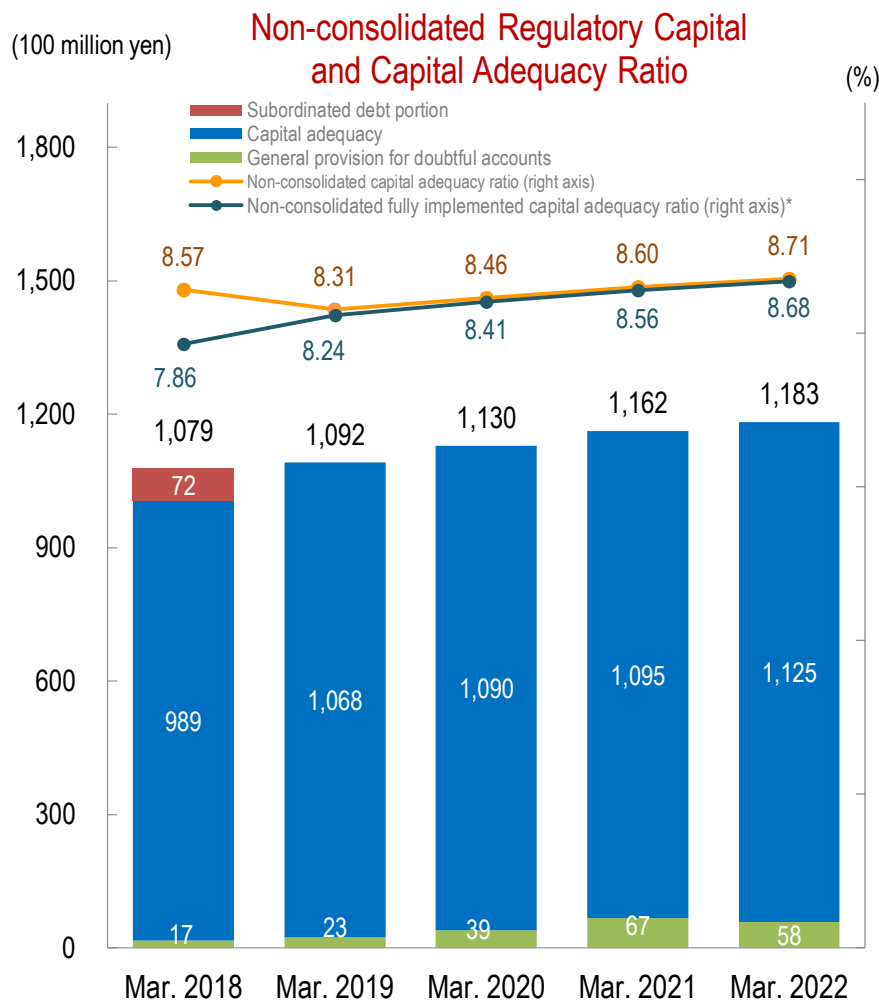
- Use of semi-self-operated tablet devices, and significantly reducing bank counter staff workloads and numbers of tellers
- Completed introduction of semi-self-operated tablet devices at all locations in first half of FY 2021, thus eliminating the use of paper printouts and personal seals and doing away with unnecessary operations

Remote Consultation Counter (Nov. 2021)

- Establishment of a "Remote Consultation Counter" for the Ajya Branch, which handles forex, to enable communication of tellers with specialized knowledge who can handle consultations regarding forex, inheritance issues, etc.
- Increased operational efficiency for in-bank teller services through concentration of highly specialized consultation operations at the headquarters rather than distribution among individual locations (previous approach)

Capital Adequacy Ratio

We bolstered financial support measures prepared in response to the COVID-19 crisis, and our capital adequacy ratio increased steadily.

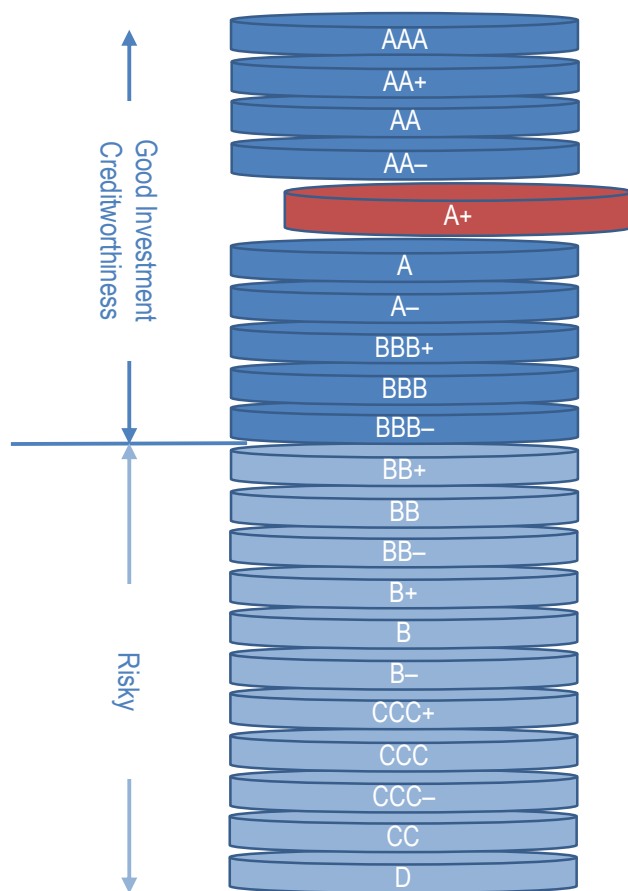


* Based on application of current capital adequacy ratio calculation requirements (final version of Basel III), the fully implemented capital adequacy ratio was calculated by setting capital computation of subordinated debt and the difference in land revaluation as zero, and summing up the entire amount of intangible fixed assets and prepaid pension cost as adjusted capital.

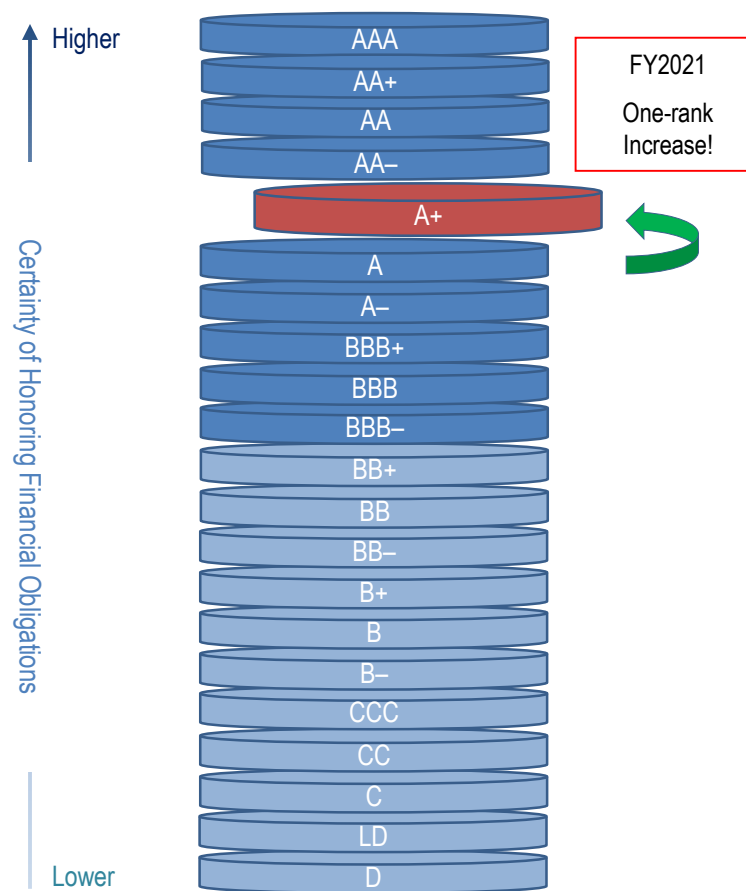
Outside Credit Ratings

The credit score assigned to our bank by the Japan Credit Rating Agency (JCR) for FY was upgraded from A to A+. As a result, Bank of the Ryukyus now has an A+ credit score, which is the fifth highest possible score, from both Rating and Investment Information (R&I) and JCR.

Rating and Investment Information (R&I)



Japan Credit Rating Agency (JCR)



Note: "Outside credit ratings" refers to impartial assessment and evaluation of a bank's financial situation, its operating environment and similar factors by a third-party credit rating organization in order to determine the bank's creditworthiness, financial soundness, etc.

Forecast for FY 2022 (Ending March 31, 2023) 琉球銀行グループ BANK OF THE RYUKYUS GROUP

We expect to achieve zero credit costs in FY 2022, and thanks to the rebound this year gains of approximately 700 million yen are forecasted. Profit decline is expected for both non-consolidated and consolidated financial results.

Non-Consolidated

(100 million yen)

	FY 2022 (Ending Mar. 2023)		FY 2021 (Ending Mar. 2022) Completed
	Forecast	Year-on-year change	
Ordinary revenue	374	-12	386
Ordinary profit	67	-2	69
Net income	48	-3	51

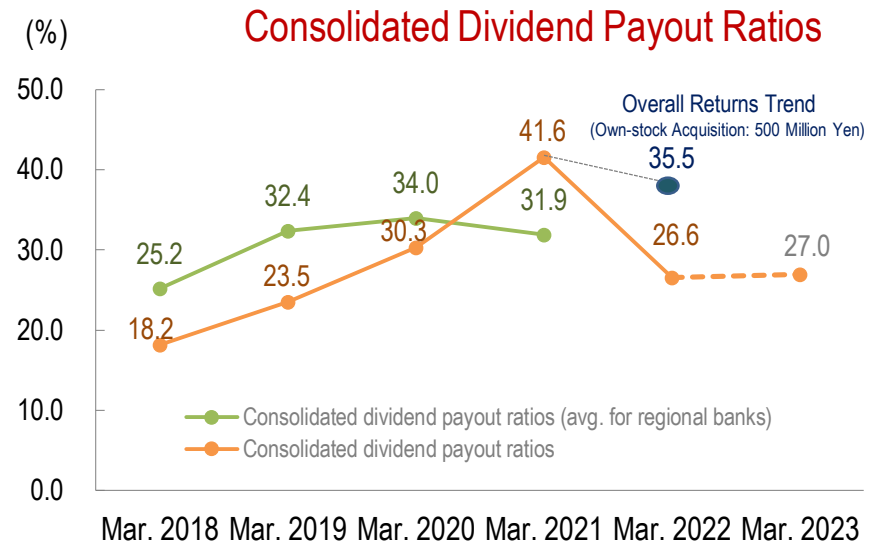
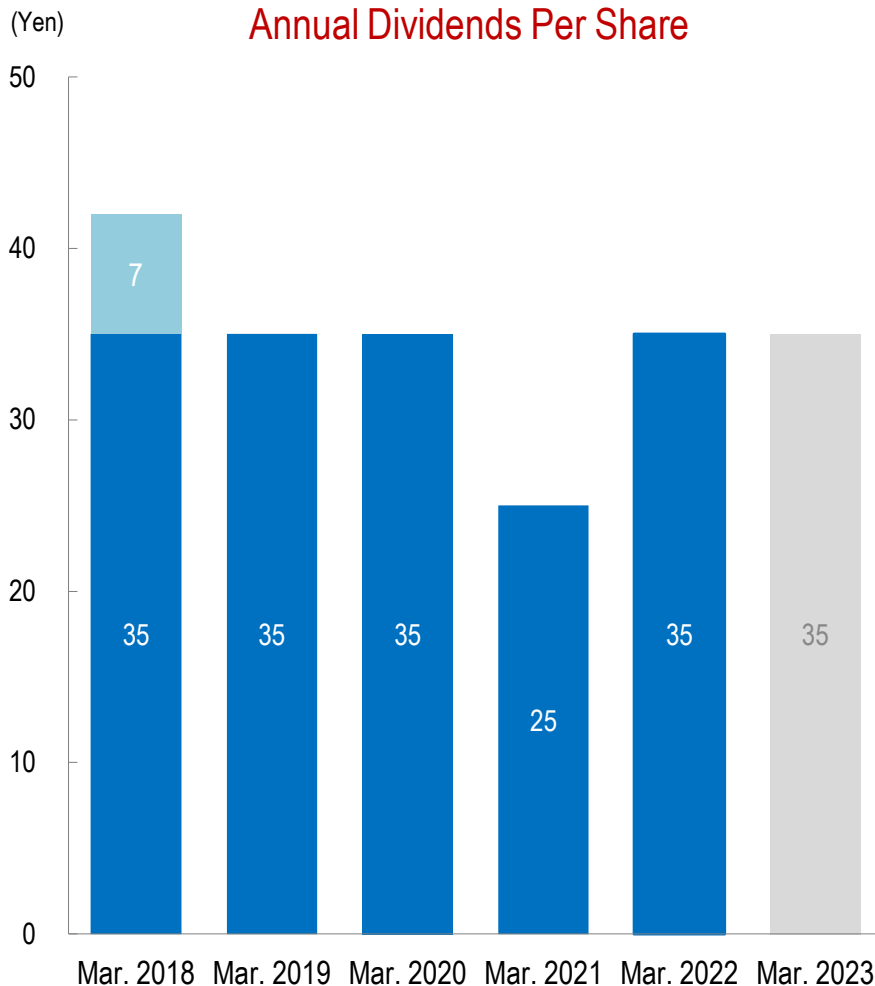
Consolidated

(100 million yen)

	FY 2022 (Ending Mar. 2023)		FY 2021 (Ending Mar. 2022) Completed
	Forecast	Year-on-year change	
Ordinary revenue	560	-10	570
Ordinary profit	80	+1	79
Profit for the period attributable to owners of the parent	55	-0	55

Note: Year-on-year calculation is spreadsheet based.

Dividends for the coming fiscal year will be on par with those paid this fiscal year based on the basic dividend policy.



Basic Dividend Policy and Dividend Payouts

Basic Dividend Policy

- Our basic policy on dividend payouts is to continue strengthening internal reserves while paying dividends based on comprehensive and thorough consideration of business results, the financial environment, future shareholder value improvements and other such factors.

March 2021 Dividend Payouts

- Dividend payouts for the fiscal year ended March 31, 2021 fell in response to the impacts of the COVID-19 pandemic.

Note: Mar. 2018 dividends included a commemorative payout of 7 yen in celebration of the 70th anniversary of the Bank's founding.



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4

Distinctive Measures

- Information Disclosure Based on the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations
- Responses to Climate Change Issues
- Measures Through Our Alliances
- COVID-19 Crisis Responses and Okinawa's Economic Outlook
- Digital Transformation (DX) Measures

Received the grand prize in the 30th (Fiscal 2021) Bingata Design Contest

“The Cradle of Life” by Ai Yoshihama



Governance

Sustainability Committee

- With the president as Sustainability Committee chairperson, the board member in charge of General Planning Department as Committee vice-chairperson, and managers of relevant departments and divisions as members of the committee, deliberation and discussion on various ESG (environmental, social and governance) issues is carried out once per quarter, and results are reported to the Board of Directors.

Sustainability Subcommittee

- With the General Planning Department manager as Sustainability Subcommittee chairperson, discussion is held in collaboration with all relevant departments and divisions regarding implementation of concrete measures aimed at achieving zero carbon emissions.

Strategy: Scenario-based Analysis (Risk Amounts through 2050)

Physical Risk Based on 2°C and 4°C Temperature-rise Scenarios*1

- Loss from effects on collateral value of Bank-owned real estate (buildings) from typhoon damage, heavy rain damage and other weather-related damage (additional credit-related costs as part of overall credit-related costs):
Approx. 400 million yen
- Damage caused to facilities and equipment at Bank branch locations:
Approx. 500 million to 1.1 billion yen

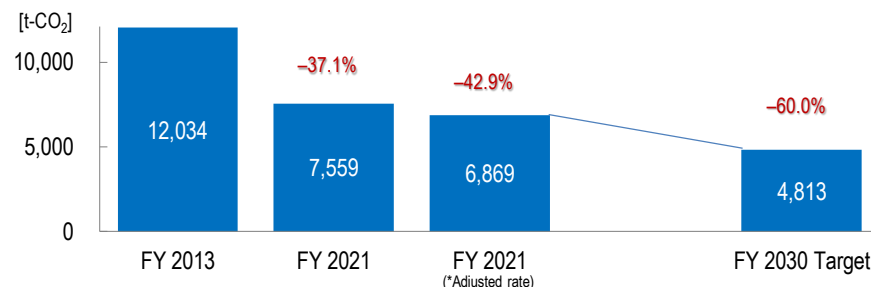
Transition Risk

- Additional credit-related costs resulting from cost increases related to carbon tax introduction as well as business model changes, increase of capital investment and similar in response to energy-source shifts for the electricity, gas and water sectors; and additional credit-related costs due to air travel restrictions along with resulting tourist number declines and other changes in the restaurants and lodging sector:
Approx. 5.1 billion yen (max.)

*1 Analysis based on the lowest-temperature-rise scenario (RCP 2.6; 2°C temperature rise) and highest-temperature-rise scenario (RCP 8.5; 4°C temperature rise) from among 100-year temperature-rise scenarios formulated based on Intergovernmental Panel on Climate Change (IPCC) research.

Indicators and Targets

Scope 1 and 2 Greenhouse Gas Emissions

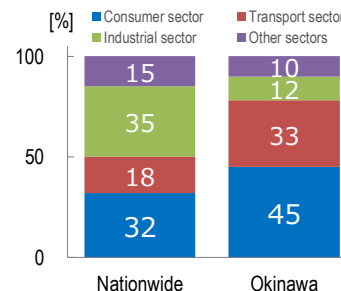


- With a deadline of FY 2030, we have set the target of a **60 percent reduction** from the FY 2013 level.

* The 42.9% adjusted rate was calculated with consideration for the Bank's use of the "Uchina CO₂ free menu" plan offered by the Okinawa Electric Power Company, which features electricity derived from renewable energy sources.

Scope 3 Greenhouse Gas Emissions

- CO₂ emission volumes from the consumer sector (households) in Okinawa Prefecture accounted for 45 percent, which is higher than the national average. Therefore, it is necessary to reduce CO₂ emissions from the consumer sector in order to achieve the end goal of a zero-carbon-emissions society.
- When carrying out calculations for scope 3 category 15, "Investments," we focused on mortgage loans, apartment loans and other individual consumer loans which account for roughly 60 percent of the Bank's total loan portfolio, and calculated per-household CO₂ emissions based on calculation methods stipulated by Partnership for Carbon Accounting Financials (PCAF).



Scope 3 Category 15: Investments

	FY 2013	FY 2020	Increase/Decrease
Greenhouse gas emissions from households (unit: t-CO ₂)	155,634	194,842	125.1%
Financing for mortgage and apartment loans (unit: 100 millions of yen)	6,507	8,272	127.1%

Future Measures Related to TCFD and Scope 3 Emissions

Reducing Scope 3 Greenhouse Gas Emissions

- Through financing promotion measures aimed at zero-energy homes (ZEHs), zero-energy buildings (ZEBs), and buildings certified under the Building-Housing Energy-efficiency Labeling System (BELS), we are taking proactive steps to reduce greenhouse gas emission volumes for Okinawa Prefecture as a whole.
- Regarding greenhouse gas emissions for Scope 3 Category 15, “Investments,” we will conduct deliberations and discussions via the Sustainability Committee and publicize reduction targets at a later date.

Measures in Response to Regional Environmental Issues

SDG Support Services for Okinawa Prefecture Businesses

- We provide support for visual representation and tracking of progress toward achievement of Sustainable Development Goals (SDGs), as well as creation of SDG-related declarations, among corporations and independent business operators in Okinawa Prefecture.
- By providing the best possible solutions to our customers, we serve as trusted partners in efforts to track progress toward goals stated in SDG declarations and achievement of the SDGs themselves.

Comprehensive Partnership Agreement with The Okinawa Electric Power Company, Incorporated. Aimed at Zero Carbon Emissions Throughout Society

- Bank of the Ryukyus has signed a comprehensive partnership agreement with The Okinawa Electric Power Company, Incorporated. with the goals of achieving society-wide zero carbon emissions for Okinawa Prefecture along with sustainable development and growth for regional society and its natural environments.

New Loan Products in Response to Environmental Issues

Addition of ZEHs*¹ and BELS*² Certified Buildings/Homes as Mortgage and Apartment Loan Preferential Interest Rate Eligible Categories

- By adding ZEHs, which are environmentally friendly, certified homes, as well as BELS-certified apartment buildings and homes, as loan categories eligible for preferential interest rates, we are actively pursuing financing carried out with consideration for the environment.

*1 “Zero-energy homes,” referring to houses with net-zero energy consumption. These homes achieve major energy-use reductions while maintaining living environment quality through the use of high-efficiency systems, while also making use of renewable energy sources, to contribute toward the goal of net-zero annual primary-energy consumption.

*2 Building-Housing Energy-efficiency Labeling System. A certification system based on assessment by a third-party institution of energy-conservation performance for newly built and existing buildings and houses.

Bank Efforts Aimed at Solutions to Environmental Problems

First-ever ZEB* Certification for an Okinawa Prefecture Financial Institution

- The Bank of the Ryukyus headquarters building has been certified as “Nearly ZEB” and the Urasoe-Makiminato Branch building as “ZEB Ready.”



ZEB* Certification for the New, Under-construction Headquarters Building



- The new headquarters building, for which construction was started in May 2022, has received “ZEB Oriented” certification thanks to its use of energy- and resource-saving environmental measures.

* “Zero-energy building,” referring to a building with net-zero energy consumption. Buildings are ZEB-certified in one of four categories based on their annual energy-consumption reduction rate: a building with a reduction rate of 100% or more is certified as “ZEB,” a building with a 75% or higher rate as “Nearly ZEB,” a building with a 50% or higher rate as “ZEB Ready,” and a building with 40% or higher rate as “ZEB Oriented.”

Introduction of the “Uchina CO₂ Free Menu” Plan

- Bank of the Ryukyus adopted The Okinawa Electric Power Company, Incorporated.’s “Uchina CO₂ free menu” plan in November 2021, which features electricity derived from renewable energy sources, in order to reduce Bank CO₂ emission amounts.

Measures Through Our Alliances

While calling upon the knowledge and experience of multiple alliances and their member organizations, we strive to achieve more sophisticated financial services.

TSUBASA Alliance

Establishment of the Business Strategy Department within Joint-stock Corporation TSUBASA Alliance Co., Ltd.

- The newly established Business Strategy Department carries out planning, makes declarations and engages in other such efforts aimed at joint pursuits and consolidation of efforts related to shared problems and challenges in the areas of “digital transformation (DX) measures,” “human resource training and diversity,” “ESG (environmental, social and governance) issues” and the Sustainable Development Goals (SDGs), “information collection and utilization,” “measures related to new business,” and more.

Use of the Shared TSUBASA Fintech Platform and API Collaboration with Zaim

- Zaim Inc. provides Japan’s largest-scale online household accounting service for non-corporate users, through which users can register their bank account and credit card information in order to create automated home account books while managing assets for multiple accounts at once.
- By interlinking our application programming interface (API) with Zaim’s software, we provide safe and seamless collaboration between Bank of the Ryukyus and Zaim services.

Provision of the “Bank of the Ryukyus App” Smartphone Banking App

- The Bank of the Ryukyus App utilizes the TSUBASA Fintech shared platform to provide a wide range of financial services in a trustworthy, straightforward and convenient manner.



The TSUBASA Alliance is a wide-reaching alliance framework comprising 11 regional-bank members. These include The Chiba Bank, The Daiichi Bank, Chugoku Bank, The Iyo Bank, The Toho Bank, North Pacific Bank, Hokuetsu Bank, The Musashino Bank, Shiga Bank, The Gunma Bank, and Bank of the Ryukyus.



Okinawa Economic Revitalization Partnership

Standardization of Paperwork and Processes for Deposits and Other Inheritance-related Procedures

- By unifying paperwork and procedures, including inheritance-related notice submissions, between Bank of the Ryukyus and The Bank of Okinawa, we strive to reduce the burden on heirs and offer greater customer convenience.

Provision of All-inclusive Inheritance Procedures in One Place

- As an extension of the abovementioned efforts to standardize inheritance-related paperwork and processes, we have made it possible for customers to complete procedures all at one location in cases where separate procedures would normally be required at two different banks. This is made possible by having the customer come to just one of the two banks in question, and then having that one bank receive and process all necessary paperwork for both organizations.

“Yorozu Support Center” Business Consultations for SMEs and Smaller-scale Business Operators

- The Yorozu Support Center was established in the Yaeyama region to provide reliable support for local business operators, aiming to promote more sustainable economic development in the area and help customers who face troubles amid the COVID-19 crisis.
- The Center offers free consultations with specialists regarding business management and operations, helping Bank of the Ryukyus provide support to an even wider range of business customers.

The Okinawa Economic Revitalization Partnership is a comprehensive partnership agreement between Bank of the Ryukyus and The Bank of Okinawa intended to reduce costs through joint efforts aimed at Okinawa Prefecture economic revitalization, sharing of back-office tasks, and other such endeavors while maintaining the independence, unique corporate brands and customer bases of each banking corporation.

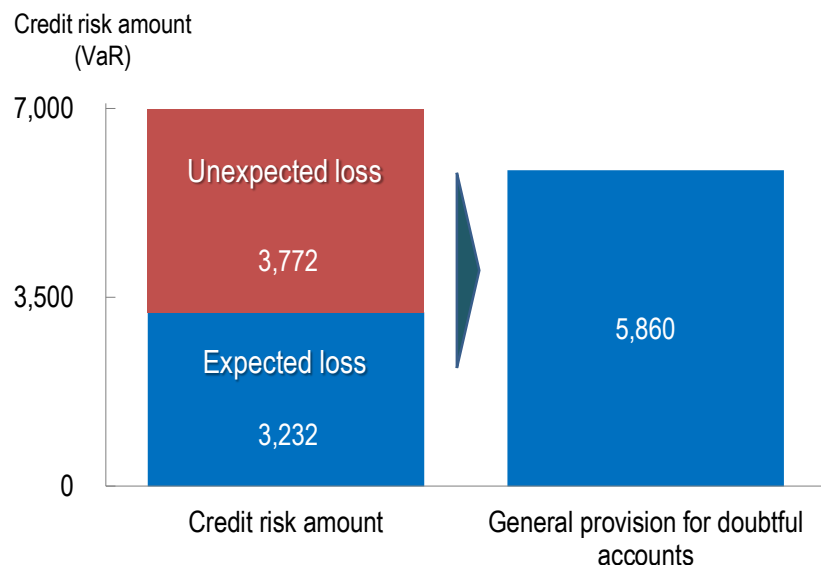
COVID-19 Crisis Responses and Okinawa's Economic Outlook

Bank of the Ryukyus utilizes forward-looking provisioning to achieve a framework that supports customers without fear of additional credit costs. This approach is an example of “moves toward recovery” as described *Regional Economic Trends*, a government document released in June 2022 that covers economic and business conditions within Okinawa Prefecture

Forward-looking Provisioning

Ensuring Sufficient Provisioning Amid the COVID-19 Crisis

- The general provision for doubtful accounts was 5.8 billion yen as of March 31, 2022, with expected loss exceeding 3.2 billion. We achieved 83 percent preservation in regard to the 7.0 billion yen of total credit risk, which includes unexpected loss.



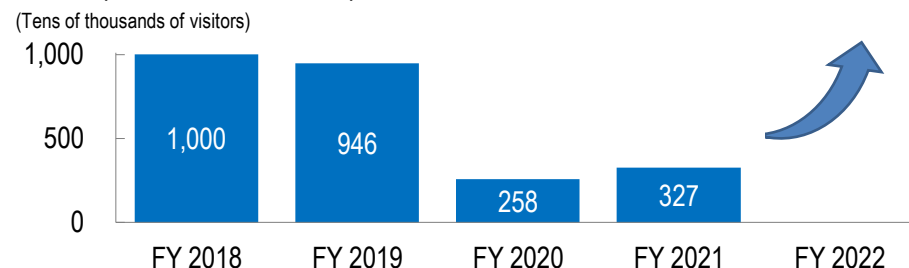
Expected loss: Average predicted loss value for loans, with consideration taken for the possibility of irrecoverable debt, over a specified time period.

Unexpected loss: For a loan portfolio comprising multiple loans, the maximum predicted loss amount based on a fixed probability, minus the average expected loss amount.

Tourism in Okinawa Prefecture

Changes in Okinawa Prefecture Tourist Numbers and Future Outlook

- Numbers of tourists visiting Okinawa Prefecture during the 2022 Golden Week holiday period is forecasted to increase by 2.6 times over the previous year (approximately 213,000 visitors). Tourists have been taking responsibility for preparing and implementing COVID-19 infection countermeasures, and we are seeing a gradual return to normal socio-economic activity.
- In addition, Naha Airport has made a decision to once again begin admitting tourists from abroad arriving on international flights for the first time in two years, starting in June. Numbers of visitors from Taiwan, South Korea and other parts of the world are expected to rise.



Excerpts from Cabinet Office's *Regional Economic Trends in Okinawa*
(Published June 2, 2022)

	Previous (March 2022)	Most Recent (June 2022)	
Economic-climate determination	Trends toward recovery seem weak as conditions caused by COVID-19 pandemic remain challenging	Indications of moves toward recovery	↑
Tourism	Currently weak	Indications of moves toward recovery	↑
Individual consumption [delete]	Recently, moves toward recovery at a standstill	Recently, moves toward recovery visible	↑
Employment	As conditions caused by COVID-19 pandemic remain challenging, weak trend continues but signs of employment-related recovery are visible	Indications of moves toward recovery	↑

Digital Transformation (DX) Measures

Through the use of digital technologies, we are striving to bolster our productivity, earning capacity and corporate value while contributing to the local region.

Working-style Revolutions

Switch to Microsoft Cloud Services (Office 365) for In-house Information Sharing

- We have switched our software over to Microsoft cloud services including Office 365. These include a portal site as well as various information-sharing tools such as portal services, e-mail, scheduling, chat functions, an in-house social media platform, and more.
- These abovementioned software adoptions enable the use of workflow and information sharing tools on all devices in bank operations (computers, iPads and iPhones), and facilitate more efficient operations and communication.

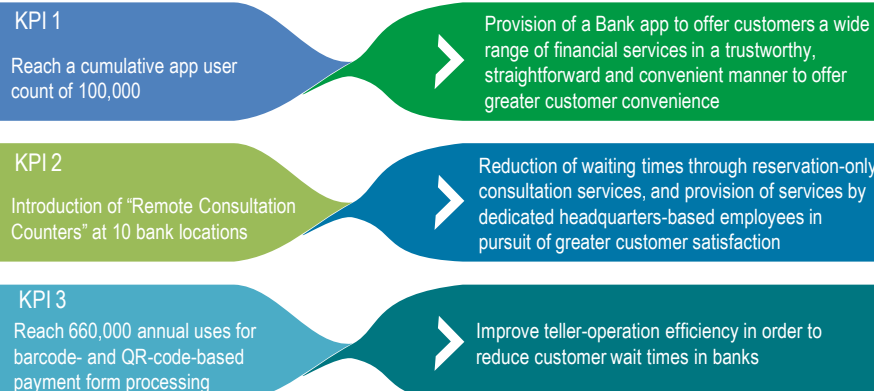
Creation of a DX promotion framework

Assignment of Dedicated DX Personnel for the General Planning Department and Creation of a DX Promotion Framework Based on Inter-departmental Cooperation Under the Bank-established DX Standardization Policy

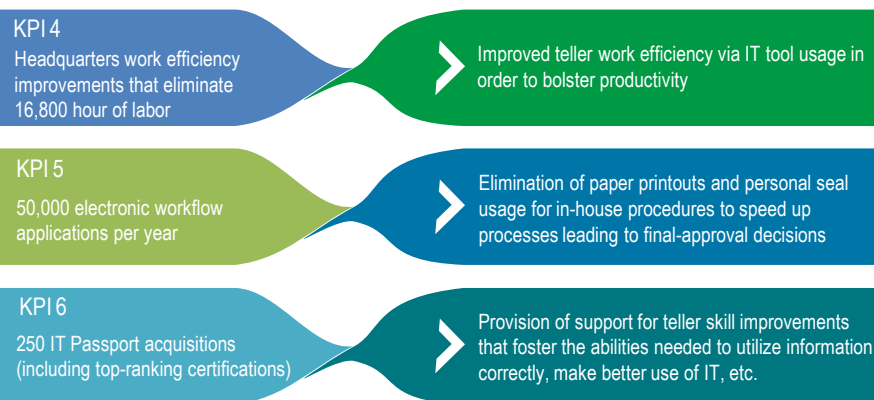
Departments/Divisions in Charge	Activities
General Planning Department	<ul style="list-style-type: none"> • Establishment of a Bank policy based on DX-related investigations and research • Overall supervision of operational efficiency improvements at headquarters and branches
Human Resources Department	<ul style="list-style-type: none"> • Establishment of the overall vision/targets for DX-related human resources • Securing and training of DX-related human resources
Payments Department	<ul style="list-style-type: none"> • Promotion of cashless-payment-related business • Expansion and improvements to customer services (app, commercial-customer portal site, etc.)
Commercial Customers Department	<ul style="list-style-type: none"> • Provision of ICT consulting services for customers
Administrative Division	<ul style="list-style-type: none"> • In-house digitalization of operations via Microsoft Office 365, Teams, etc. • Provision of system-related support for operational efficiency improvements at headquarters and branches

Six Key Performance Indicators (KPIs) for Achieving DX

KPIs Aimed at Customer Service Improvements



KPIs Aimed at Teller Working Style Improvements



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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 10, 2022 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.