



琉球銀行グループ
BANK OF THE RYUKYUS GROUP

Financial Results for the six months ended September 30, 2023

Received the technical prize
in the 32nd (Fiscal 2023)

Bingata Design Contest

Technical award

“Departing Ships” by Sayano Taira



Please scan the QR
code to view the video
of the presentation by
Bank of the Ryukyus
President Yasushi
Kawakami.

— 1 —

■ Financial Results for the Fiscal Year Ended September 30, 2023

➤ Financial Summary (Consolidated/Non-Consolidated)	.... 4	➤ Overview of Forward-looking Provisioning (1/2)	.... 18
➤ Summary of Profit/Loss Trends	.... 5	➤ Overview of Forward-looking Provisioning (2/2)	.... 19
➤ Profit/Loss During the Fiscal Year Ended September 30, 2023	.... 6	➤ Net Credit Costs and Disclosed Bad Debt	.... 20
➤ Profit from Customer Services	.... 7	➤ History of Workforce Changes	.... 21
➤ Loans (1/2)	.... 8	➤ Expenses	.... 22
➤ Loans (2/2)	.... 9	➤ Mechanization Investment Plan	.... 23
➤ COVID-19 Crisis Financial Support	.... 10	➤ Capital Adequacy Ratio	.... 24
➤ Deposits, etc.	.... 11	➤ Forecast for FY 2023 (Ending March 31, 2024)	.... 25
➤ Profit from Service Charges	.... 12		
➤ Assets in Custody and Inheritance Business	.... 13		
➤ Corporate Customer Services	.... 14		
➤ Card-related Business (1/2)	.... 15		
➤ Card-related Business (2/2)	.... 16		
➤ Securities	.... 17		

— 2 —

■ Distinctive Measures

➤ Human Capital Management	.... 27
➤ Information Disclosure Based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	.... 28
➤ Measures to Address Climate Change Issues	.... 29
➤ Digital Transformation (DX) Measures	.... 30

— 3 —

■ Summary of Okinawa Economy

➤ Tankan Survey	.... 32
➤ Increase/Decrease in Population and Projected Future Households	.... 33
➤ Number of Tourists, Hotel Occupancy Rates and Room Rates	.... 34
➤ Hotel Opening Plans	.... 35
➤ Unemployment Rates, Job-openings-to-applicants Ratios, and Corporate Bankruptcies	.... 36
➤ Official Land Price and Construction Unit Price	.... 37
➤ Public Construction Contract Amounts and Backlog Amounts from Construction Order	.... 38
➤ Numbers of New Housing Construction Projects Started and Consumption Trends	.... 39

— 4 —

■ About Bank of the Ryukyus

➤ Bank of the Ryukyus Overview 41
➤ Bank of the Ryukyus History 42



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1

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Financial Summary (Consolidated/Non-Consolidated)



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Consolidated revenue and profit increased, but non-consolidated revenue increased while profit decreased.

(100 million yen)

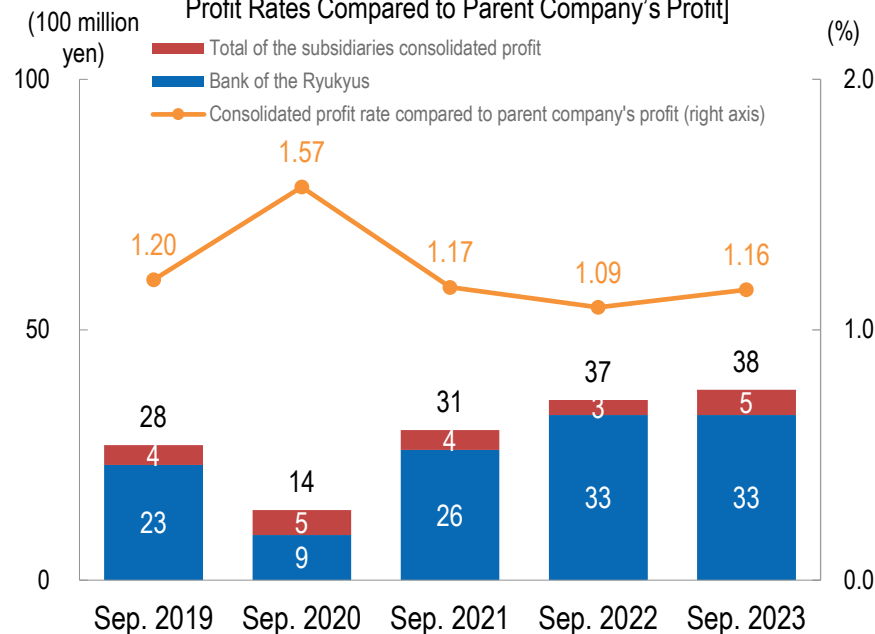
	Financial Results for FY 2023	Year on Year	Bank of the Ryukyus	Ryukyu Lease	RYUCOM	OCS	Ryugin DC	Ryugin Hosho	Other sectors
Ordinary revenue	333	41	224	83	16	9	9	3	-13
Ordinary profit	53	0	45	3	0	0	1	2	-0
Interim profit attributable to owners of the parent company	38	1	33	2	0	0	1	1	-0

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

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

(100 million yen)

	FY 2023 (Ended Sep. 2023)	Year on Year	FY 2022 (Ended Sep. 2022)
Ordinary revenue	224	21	203
Ordinary profit	45	-1	47
Interim net income	33	-0	33



Summary of Profit/Loss Trends

(Non-Consolidated: September 2019 to September 2023)

(Million yen)

	Sep. 2019	Sep. 2020	Sep. 2021	Sep. 2022	Sep. 2023	Year on Year
Profit from customer services*1	1,705	1,617	2,409	2,655	2,055	-600
Deposit and loan balance*2	11,313	11,530	11,563	11,334	11,214	-120
Profit from service charges*3	2,731	2,777	3,129	3,439	3,447	+8
Expenses	-12,339	-12,690	-12,283	-12,117	-12,605	-488
Profit/loss in Trading Division	1,923	997	1,032	982	402	-580
Profit/loss in Securities & International Department	1,698	720	796	705	259	-446
Interest and dividends	621	637	506	781	1,405	+624
Gains/losses from forex and commodities trading	107	60	34	-195	-622	-427
Balance of 5 bond accounts	672	173	79	31	-161	-192
Balance of 3 share accounts	-320	19	29	96	402	+306
Policy-related investment	224	277	235	277	142	-135
Net core business profit*4	3,301	2,728	3,419	3,552	2,146	-1,406
Net credit costs	-103	-1,330	582	1,093	2,212	+1,119
General provision for doubtful accounts*5	-57	-864	577	1,161	1,512	+351
Miscellaneous, corporate tax, etc.	-1,134	-373	-1,346	-1,352	-1,337	+14
Interim net income	2,391	911	2,677	3,379	3,332	-47

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

*2 Balance of deposits and loans (loan fee equivalent amount subtracted from loan interest. Interest on deposits is calculated based on currency swap income in real terms).

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

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

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

Profit/Loss During the Fiscal Year Ended September 30, 2023



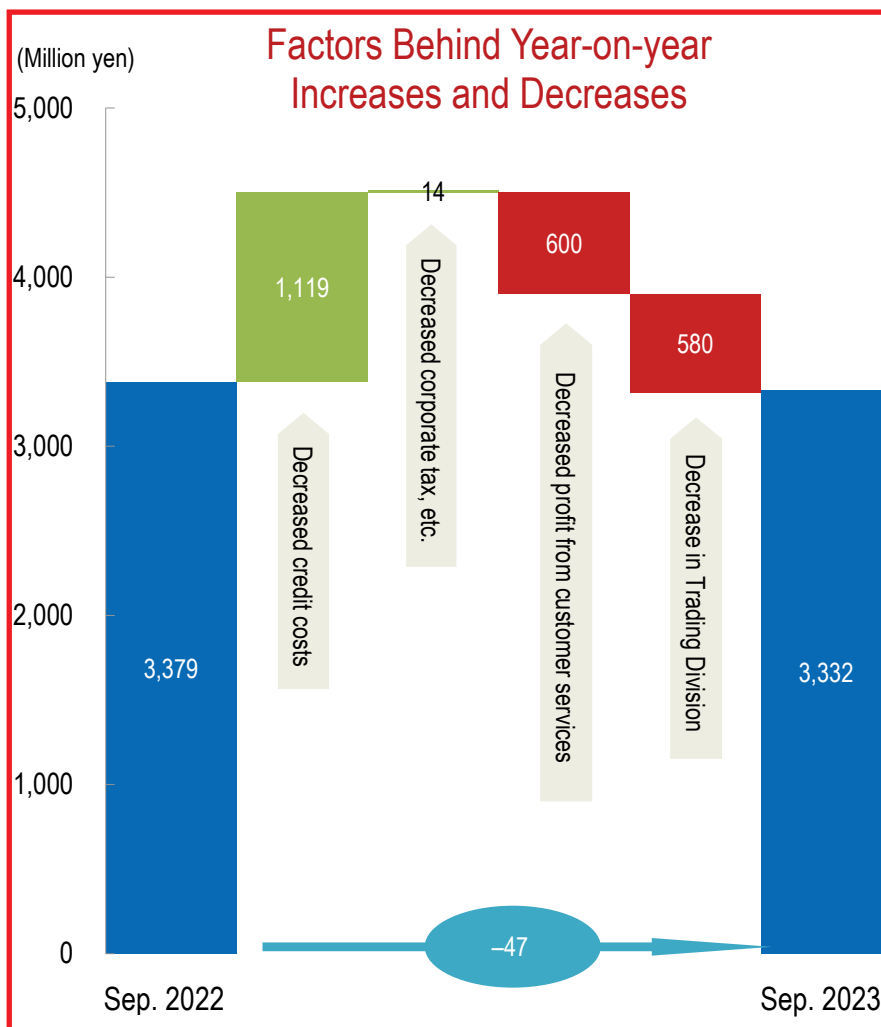
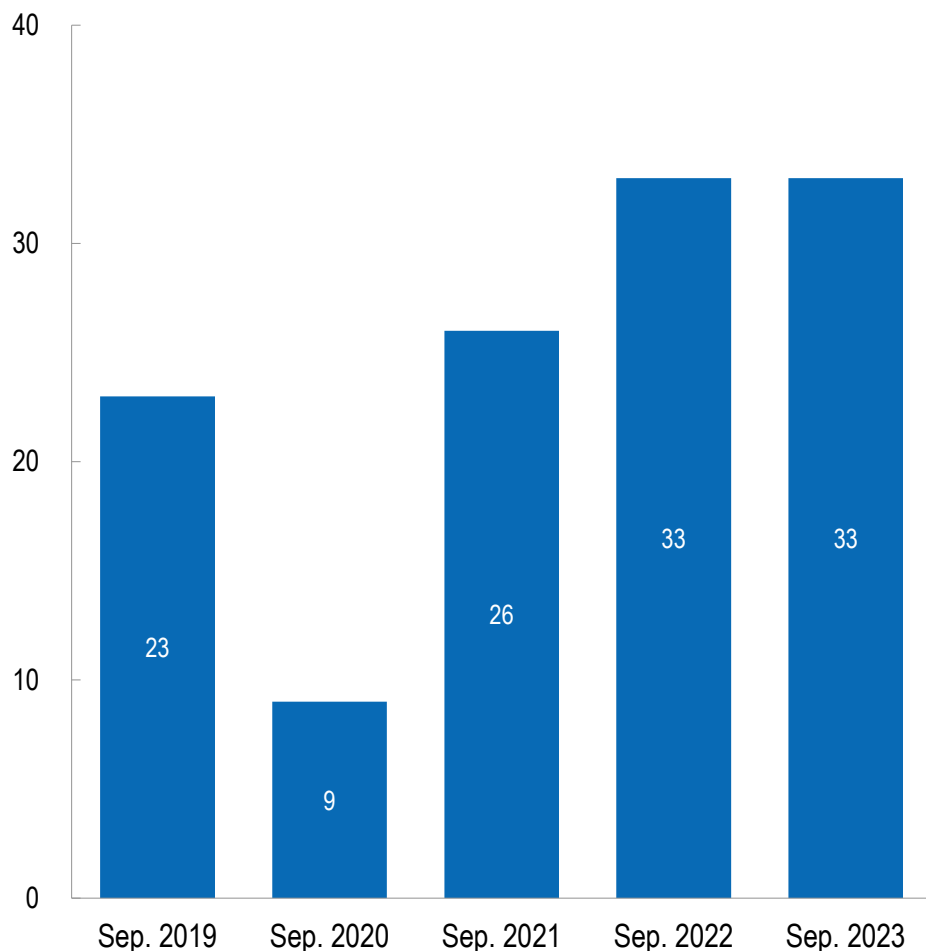
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BANK OF THE RYUKYUS GROUP

Year-on-year interim net income was nearly level, even with lower credit costs, due to decreased profit from customer services and in the Trading Division.

(100 million yen)

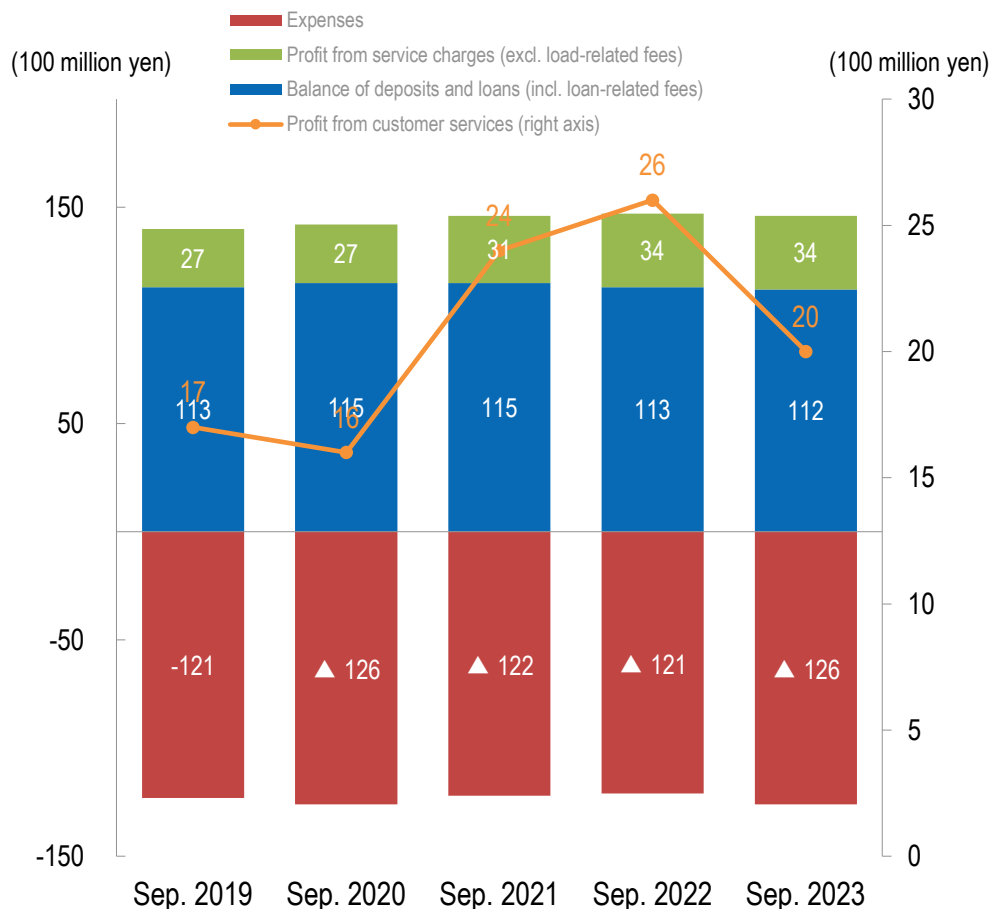
Interim net income



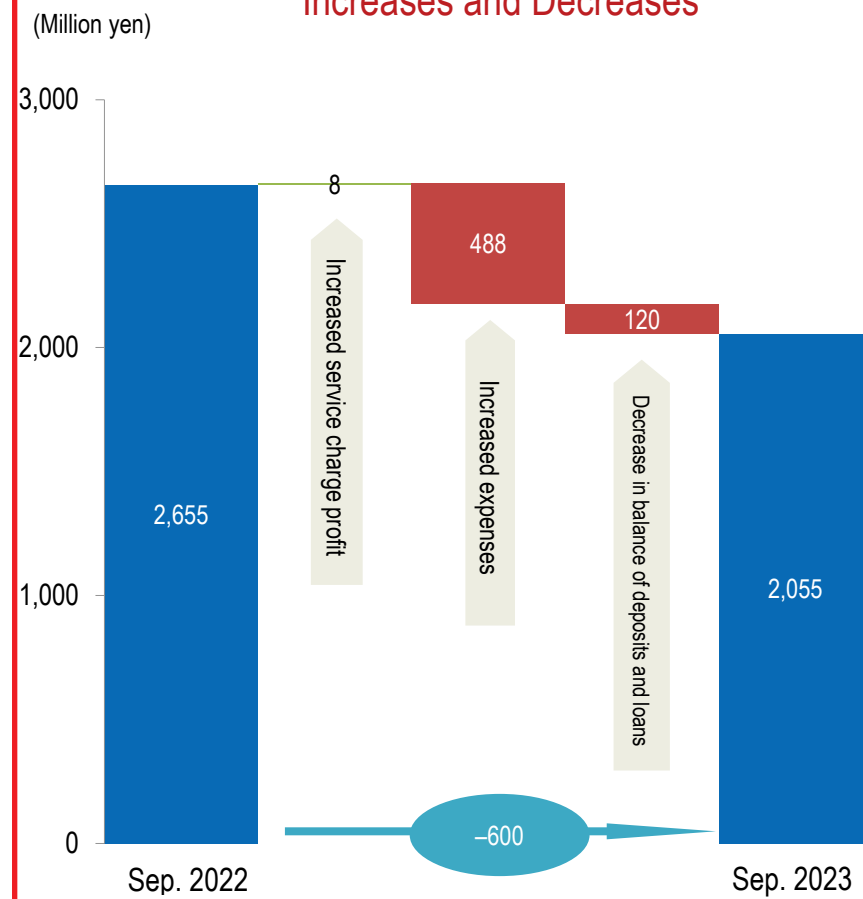
Profit from Customer Services

Profit from service charges were level year-on-year but profit from customer services decreased due to an increase in expenses and a decrease in the loan and deposit balance.

Profit from Customer Services



Factors Behind Year-on-year Increases and Decreases

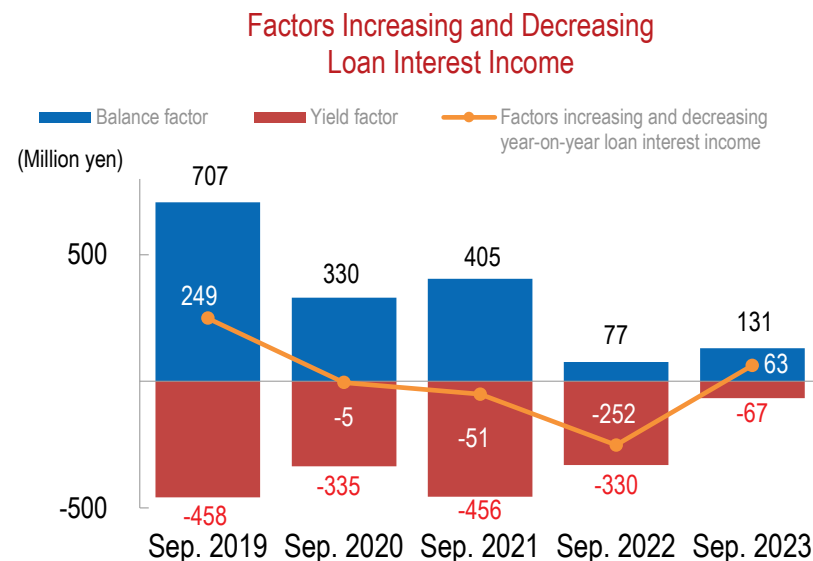
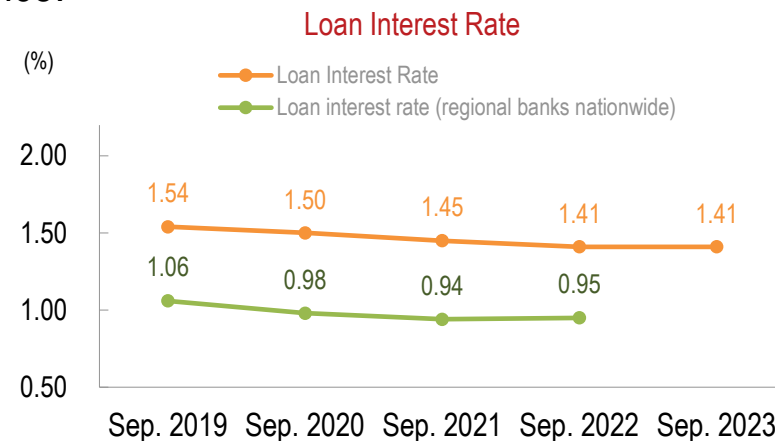
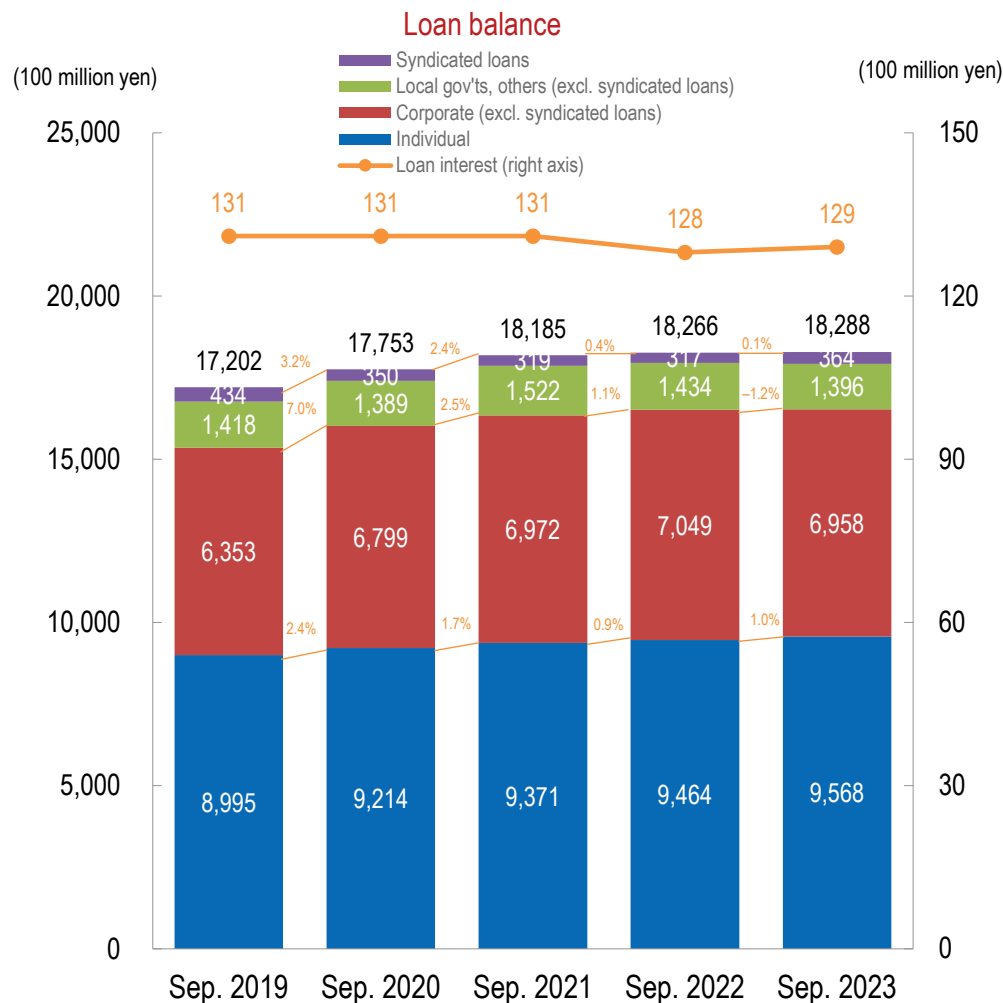


Note: Profit from Customer Services = Deposit and Loan Balance + Profit from Service Charges – Expenses

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

Loans (1/2)

Loan balance increased overall due to steady individual loan balance, despite lower loan balance for corporations and local governments. Interest on loans increased due to the decline in the loan interest rate coming to a halt and the increased loan balance.

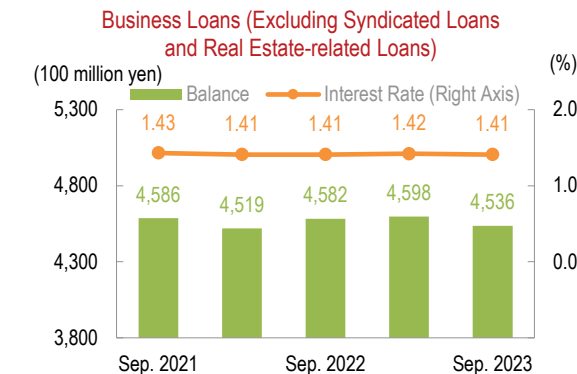
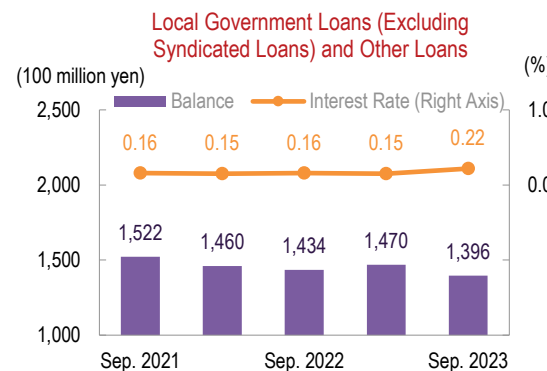
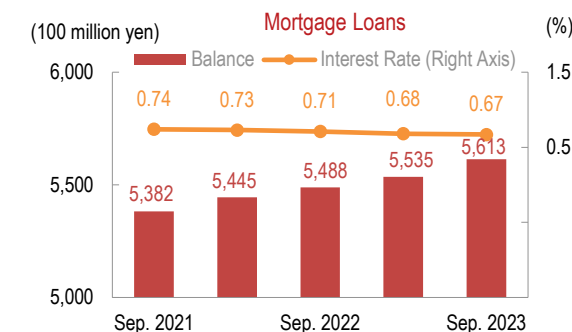
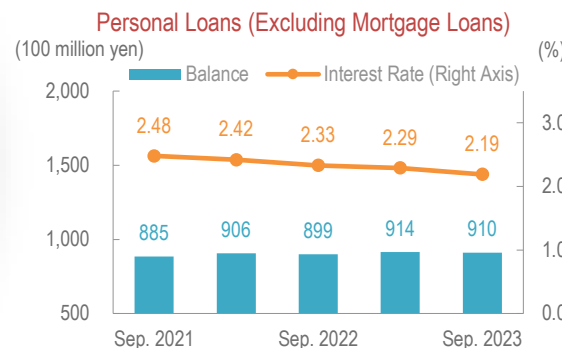
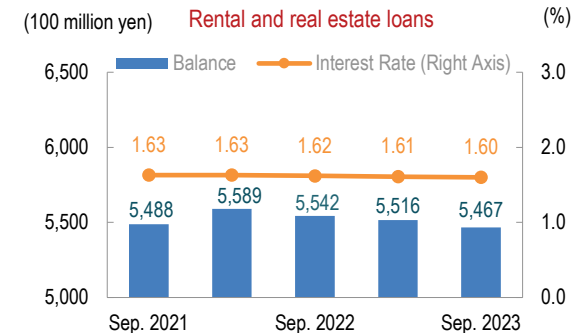
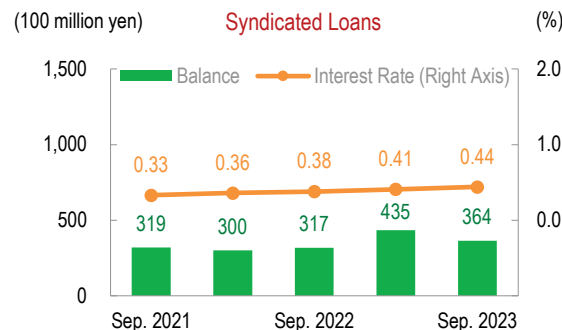
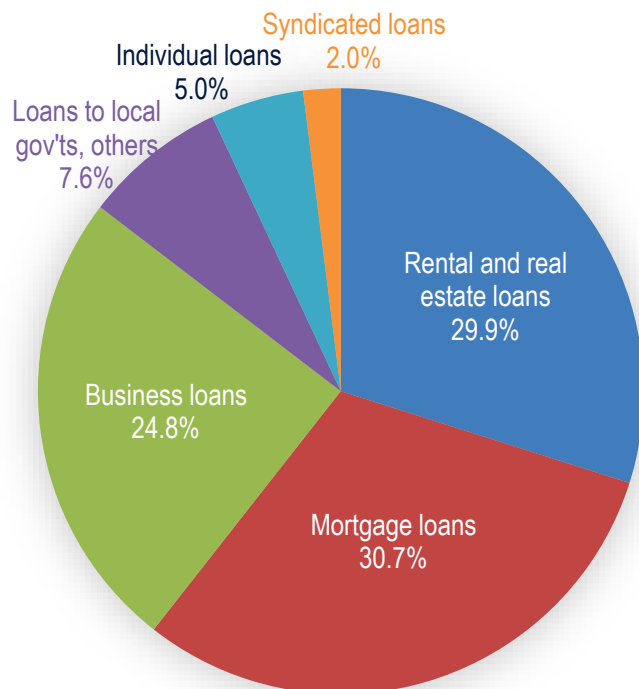


Note: On this page loan interest income is not adjusted for loan-related fees (consumer loan guarantee fees and group credit life insurance premiums), and as such, differs from the Summary of Profit/Loss Trends on Page 5 (loan and deposit balance).

Loans (2/2)

Mortgage loans remained strong. Rental and real estate loans were slow.

Breakdown of Loan Balances by Use

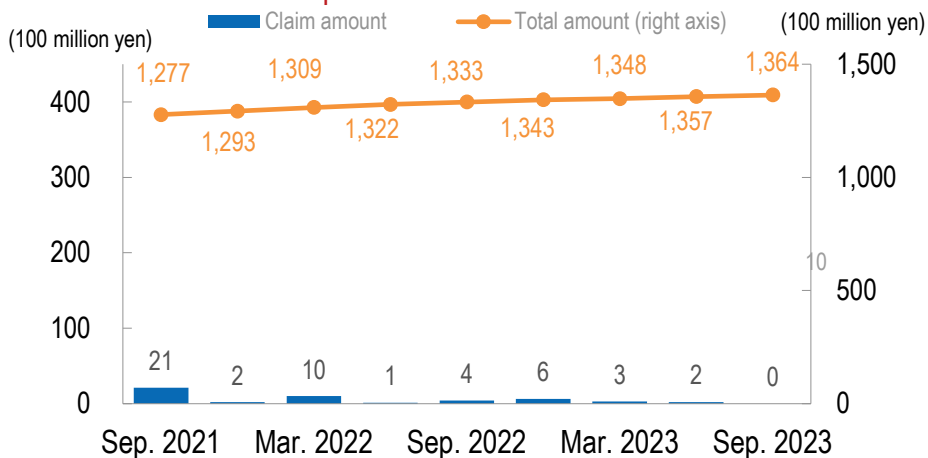


Note: Yield calculations not adjusted for loan-related fees (consumer loan guarantee fees and group credit life insurance premiums).

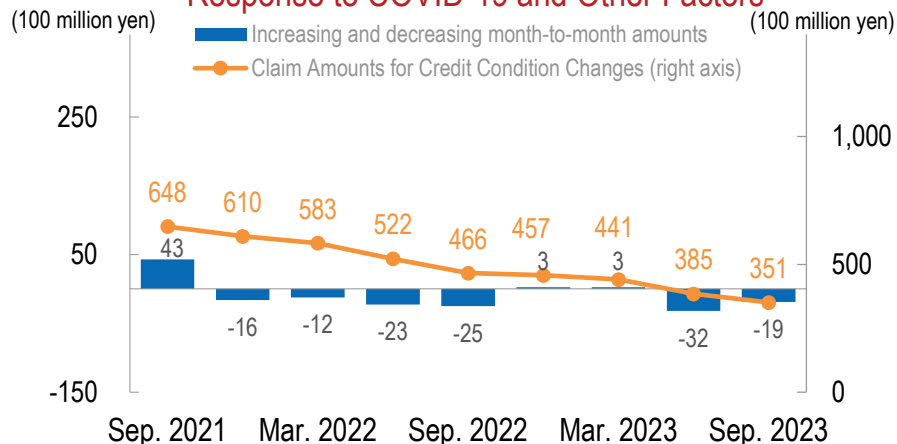
COVID-19 Crisis Financial Support

Among zero-zero loan clients, few unable to make repayment.

Trends of Provided Loan Amounts with Changed Credit Condition in Response to COVID-19 and Other Factors

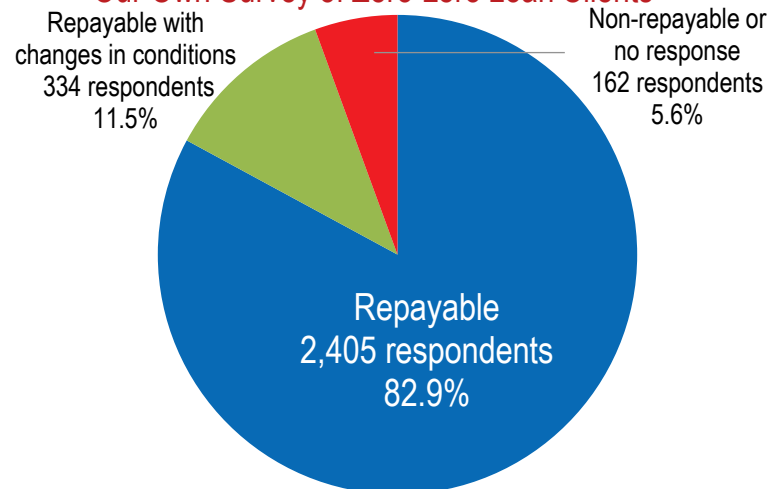


Claim Amounts for Credit Condition Changes in Response to COVID-19 and Other Factors



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.

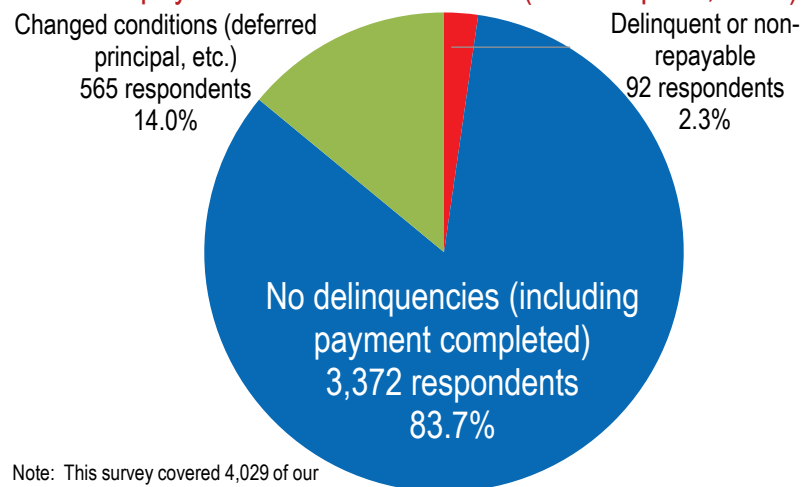
Our Own Survey of Zero-zero Loan Clients



Note: The survey was conducted over May-June 2023.

Note: The survey covered 2,901 customers with principal deferment periods remaining out of 4,029 zero-zero loan clients

Repayment of Zero-Zero Loans (as of Sep. 30, 2023)

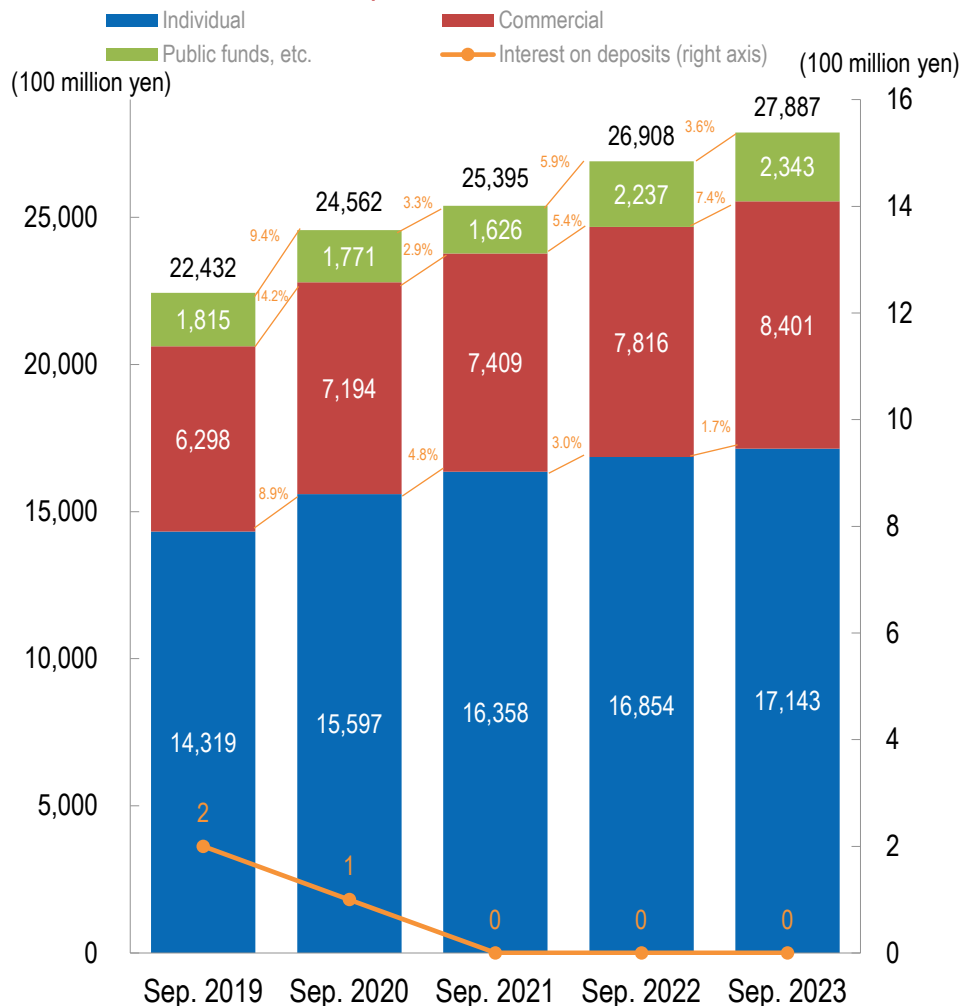


Note: This survey covered 4,029 of our zero-zero loan clients

Deposits, etc.

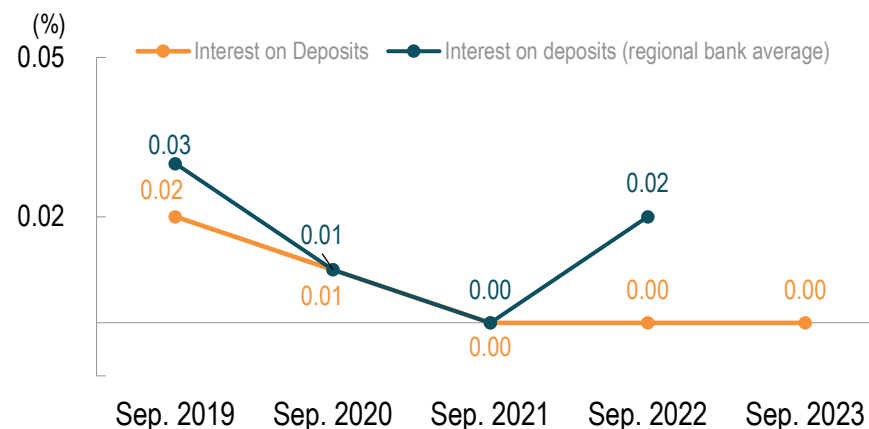
Deposit and other balances increased for both individuals and corporations, especially in corporate deposits.

Deposit and Other Balances



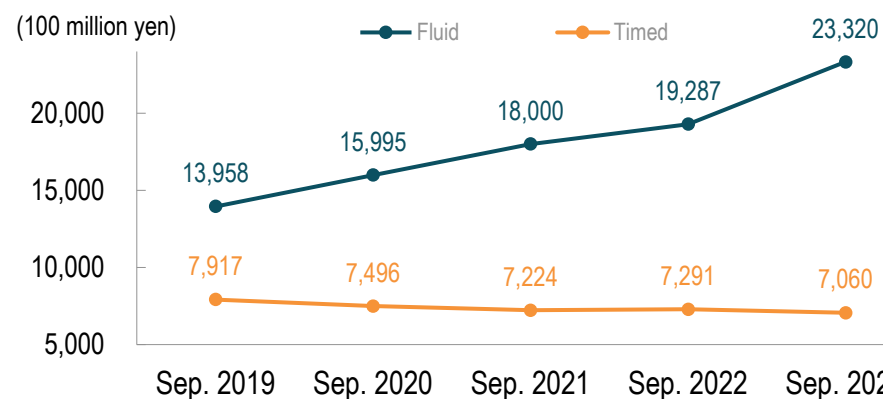
Note: Includes certificates of deposit (CDs).

Interest on Deposits, etc.



Note: Rounded down to the nearest second decimal place

Averaged Liquid and Timed Deposit Balances



Note: Does not include certificates of deposit (CDs)

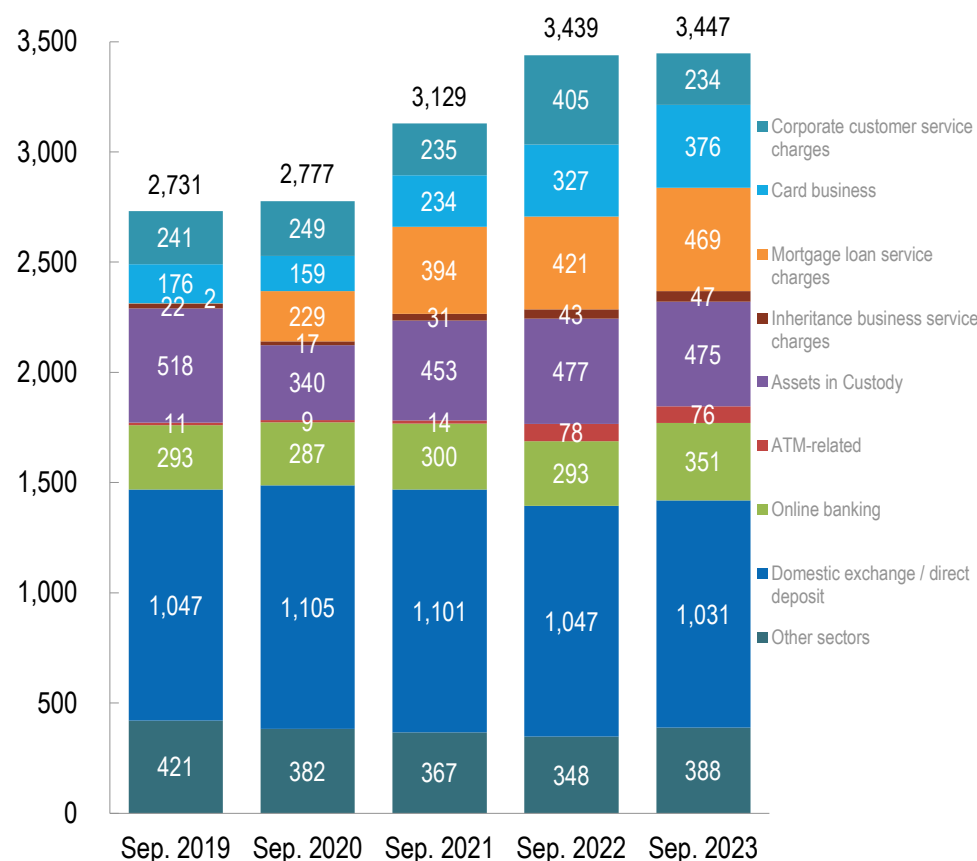
Profit from Service Charges

Online banking-related charges, card business-related charges, mortgage loan service charges increased. But profit from service charges only increased slightly due to decreased corporate customer service charges.

Trends in Profit from Service Charges

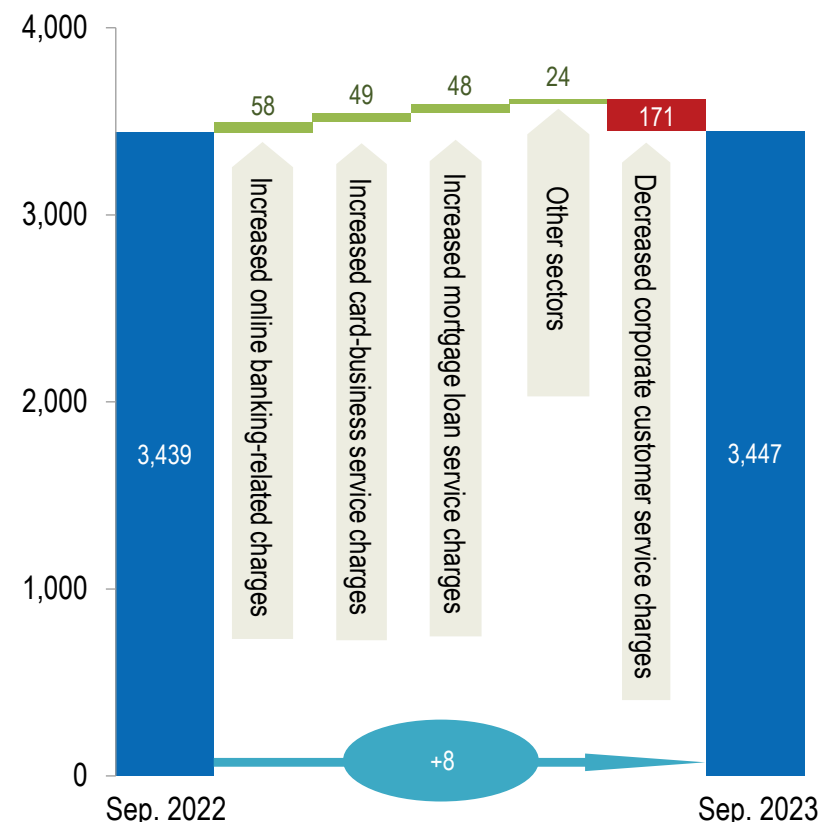
(Excluding Group Credit Life Insurance Premiums and Loan Guarantee Fees)

(Million yen)



Factors Behind Year-on-year Increases and Decreases

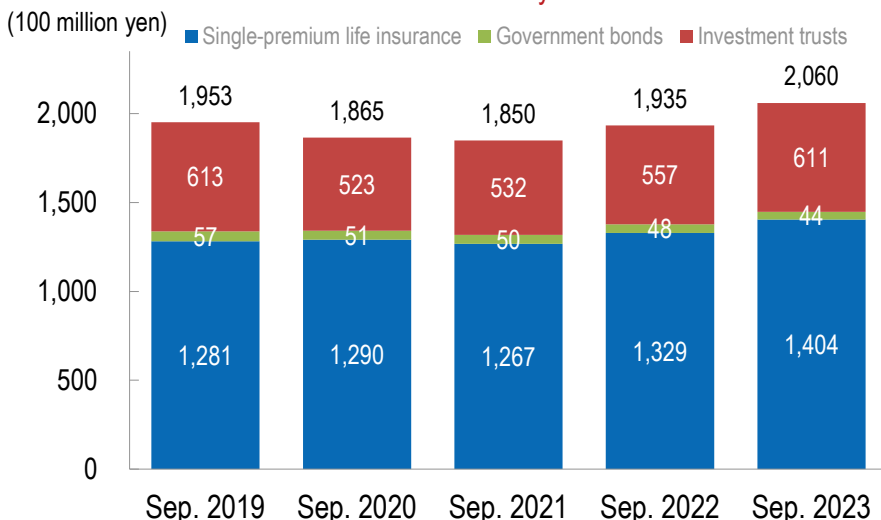
(Million yen)



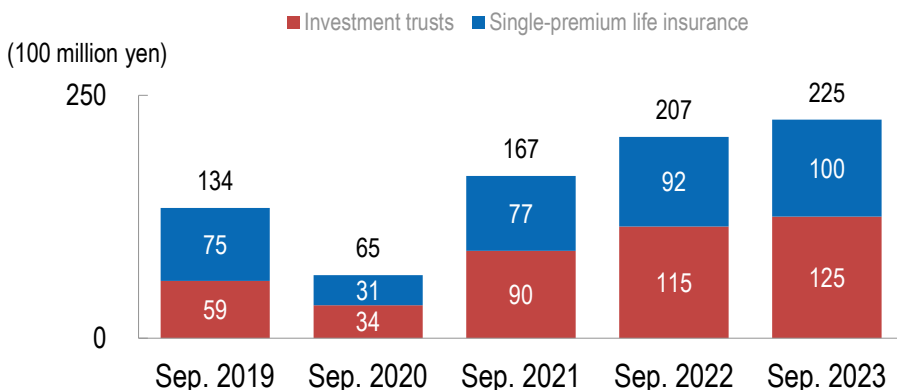
Assets in Custody and Inheritance Business

By developing sales strengthening measures for assets in custody, sales revenue from investment trusts, single-premium life insurances increased. Since our efforts in inheritance-related needs were recognized, the number of consultations and fee income from inheritance business increased.

Assets in Custody Balance

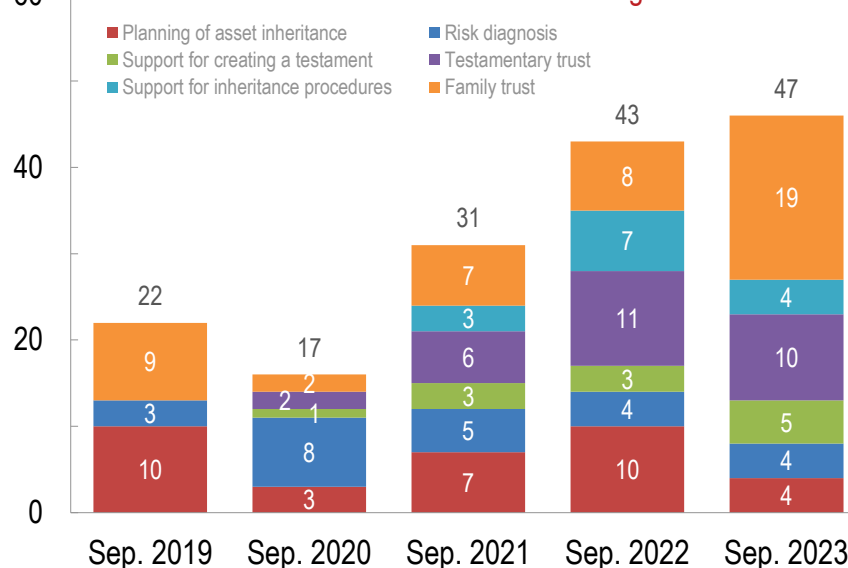


Assets on Custody Sales Revenues



(Million yen)

Inheritance business service charges



Launched “Money Trust,” a service based on our experience and know-how in the inheritance business

- Based on our previous consulting experience, we determined that we need a trust product specializing in money as one of the measures against dementia, etc.
- In February 2023, we launched “Money Trust” service, which is less expensive and requires a shorter period than those of the “Family Trust” that we have offered.

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

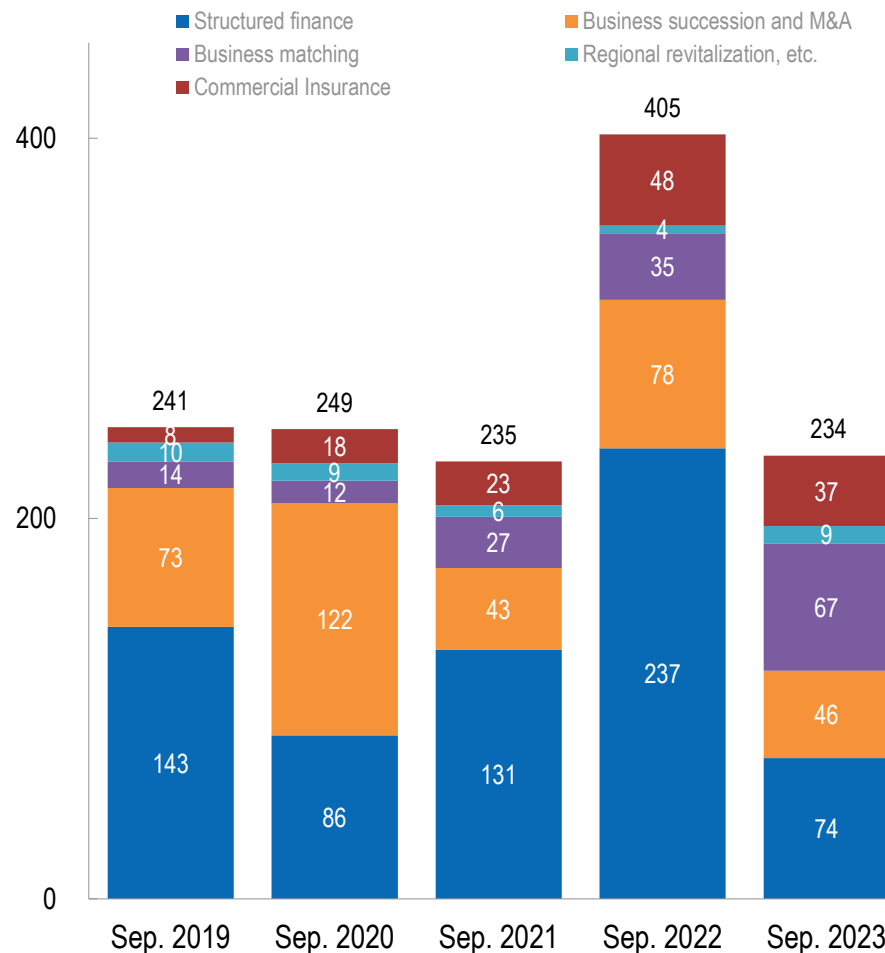


Corporate Customer Services

Overall fee income was in line with typical years. While finance service fees pulled back, all other service fees were steady. We have enhanced our ESG-related offerings and provide our customers with a diverse lineup of services.

Corporate customer service fees

(Million yen)



Primary Consulting Business Services

[Structured Finance]

- We set up non-recourse loans and syndicated loans which bring financial institutions from within and outside the prefecture for our corporate clients who need to secure large amounts of funds for large-scale projects.

[Business Succession and M&A]

- Based on the know-how that our Bank has in-sourced and developed over many years in our operations, we provide various types of advice on the handing over of management to relatives, employees, and third parties, as well as on the hand-off of company stock and business assets.

[Business Matching]

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

[Regional revitalization]

- We contribute to development of local communities through support for subsidy applications, overseas deployment, startup venture assistance, and collaboration with local governments.

[Commercial Insurance]

- This is on the rise mainly due to insurance policies for retirement benefits to executives and for employee benefits.

New Efforts

[PPP/PFI]

- We actively engaged in PPP/PFI projects in Okinawa Prefecture and started our efforts to develop regional projects together with local businesses in Okinawa Prefecture.

[Mezzanine Finance]

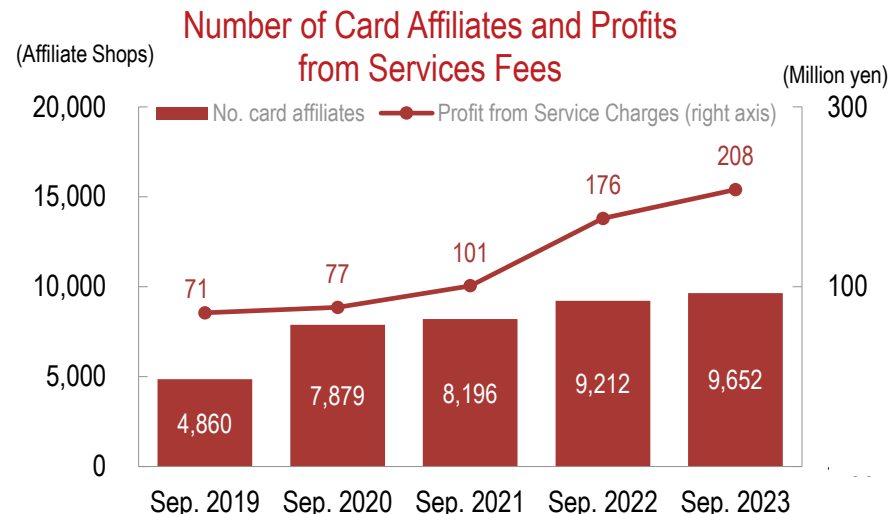
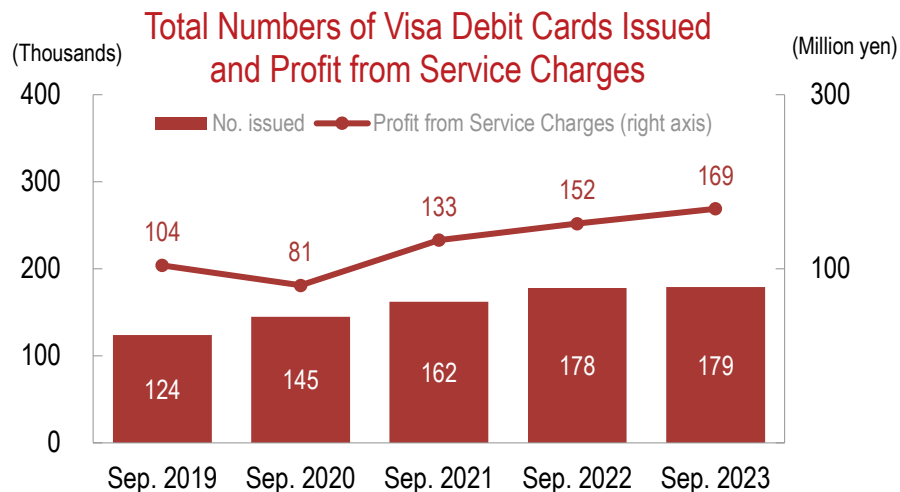
- This financing falls between bank loans and common stock. We launched this effort to expand the means of providing funds to corporate customers.

[ESG-related]

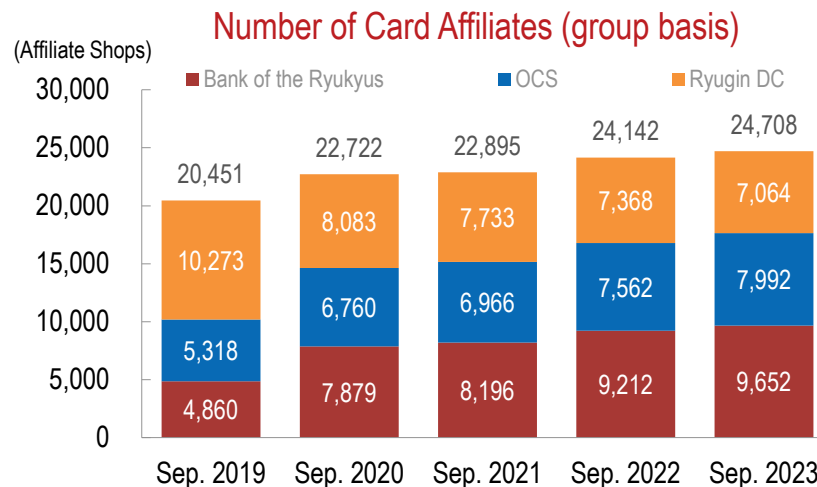
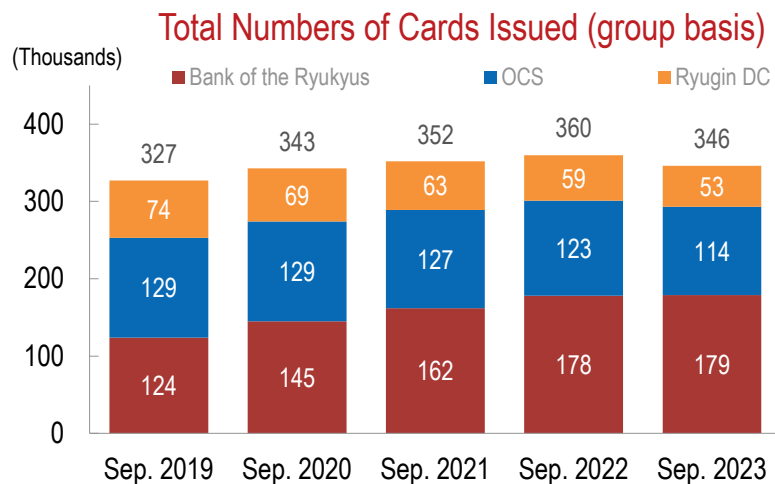
- In September 2023, we compiled our Sustainable Finance Framework and began offering Ryugin Green Loans, Ryugin Social Loans, and Ryugin Sustainability Linked Loans.

Card-related Business (1/2)

As both numbers of Visa debit cards issued and card affiliates steadily increased due to the resumption of socio-economic activities, charges from card users and card affiliates increased.



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



Adding compatibility with J-Debit (new scheme) to enable cashless payments for all customers with our Bank's cash cards.

Recent Main Efforts

New! 2nd Half of FY 2023

Adding compatibility with new J-Debit scheme (planned Nov. 2023)

- As part of our card affiliate services, we are adding J-Debit functions.
- We expect improved profitability due to the commission ceiling scrapped under new J-Debit scheme. We are using this opportunity to enable access to cashless payments for all customers holding our Bank cash cards.



1st Half of FY 2023

One-year anniversary of opening EC mall "YUI-Mall" for member merchants (July 2023)

- July 2023 marked one-year anniversary of EC mall "YUI-Mall" for member merchants
- Launched point service that can be used in the mall to mark one-year anniversary

Note: The operating company of "YUI-Mall" is Core Mobile Co., Ltd.



Adoption of cashless payments by prefectural public transport systems (Apr-Sep 2023)

- Apr. 2023 Ferry between Iheya Village and Unten Port
- Apr. 2023 All bus routes operated by Iriomotejima Kotsu
- Sep. 2023 NagoMaru Junkan Line community bus in Nago City

Launched campaign together with EasyCard*, Taiwan's leading e-money brand (June 2023)

- Cashback campaign exclusive to Okinawa Prefecture run from June through August 2023, advertised by airlines, tour operators, and rental car companies.

Note: EasyCard

It is a contactless IC card for transportation in Taiwan. It is electronic money, which is widely used commercially in places such as convenience stores and restaurants, as well as public transportation. The number of cards in circulation is 107.51 million, which is more than three times the number of people in Taiwan (as of Aug 2023).

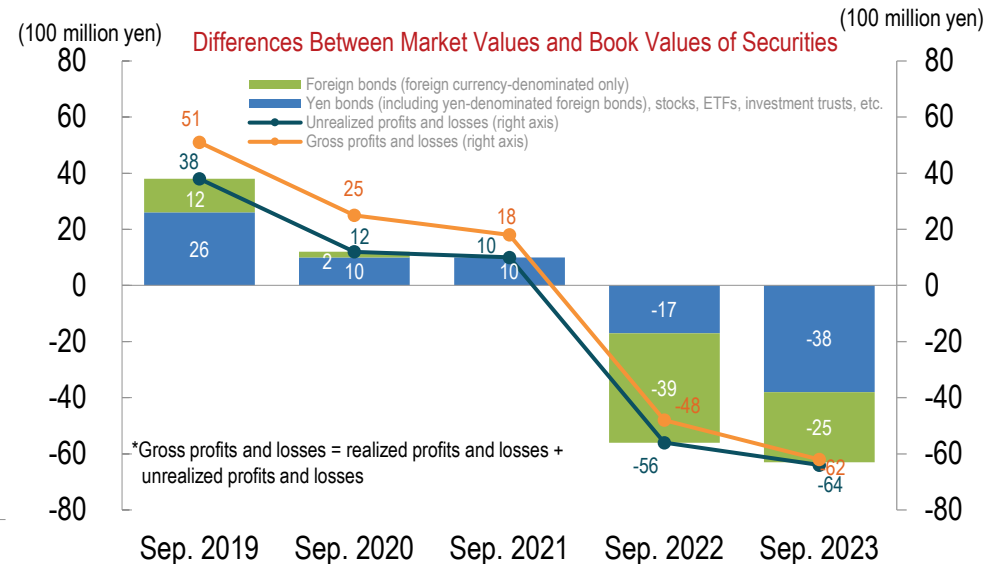
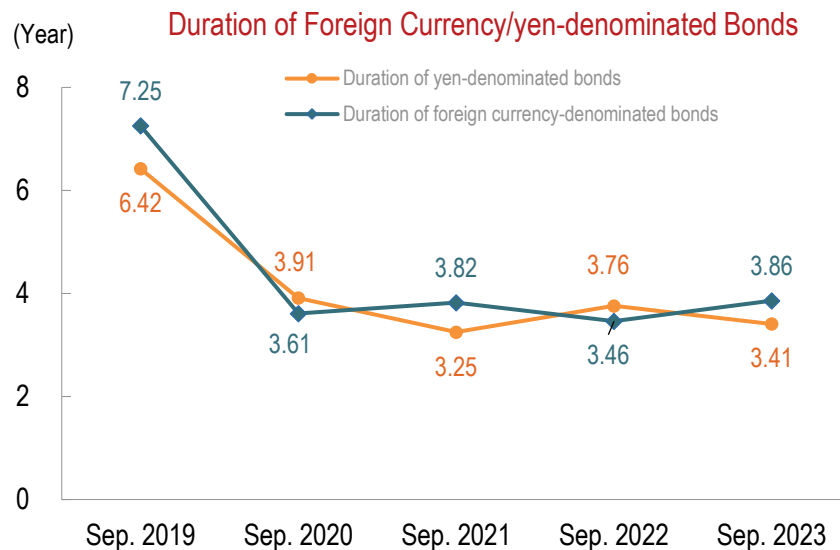
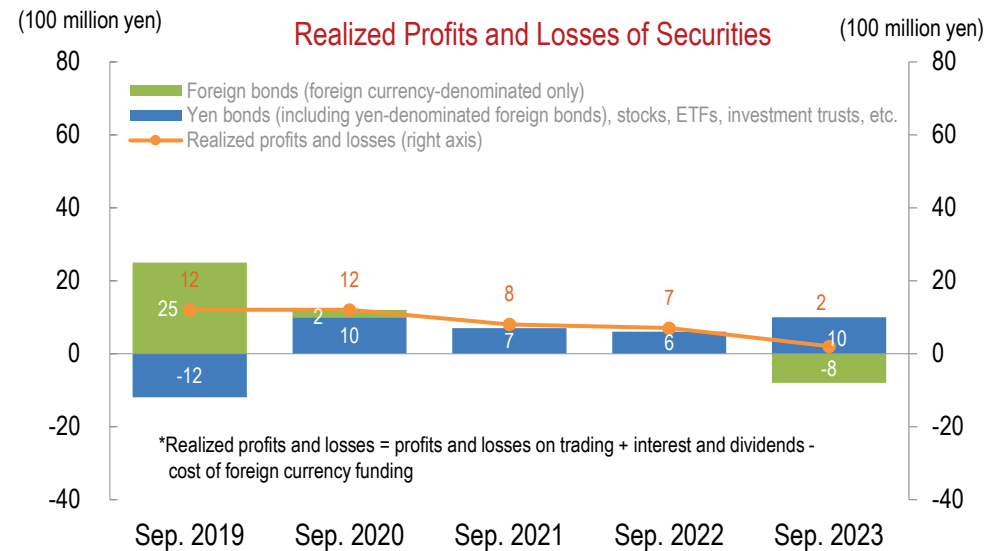
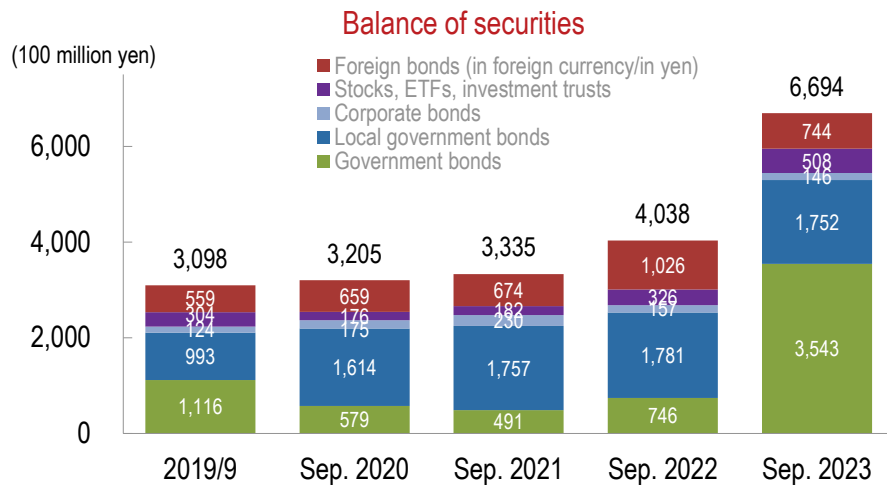


Visa Debit Cashback campaign (Jul. through Sep. 2023)



Securities

Strategically building up balance of securities, including government bonds and ETFs, with the aim improving yields over the long term.



Overview of Forward-looking Provisioning (1/2)



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[What is forward-looking provisioning]

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

[What is the purpose of introducing forward-looking provisioning?]

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

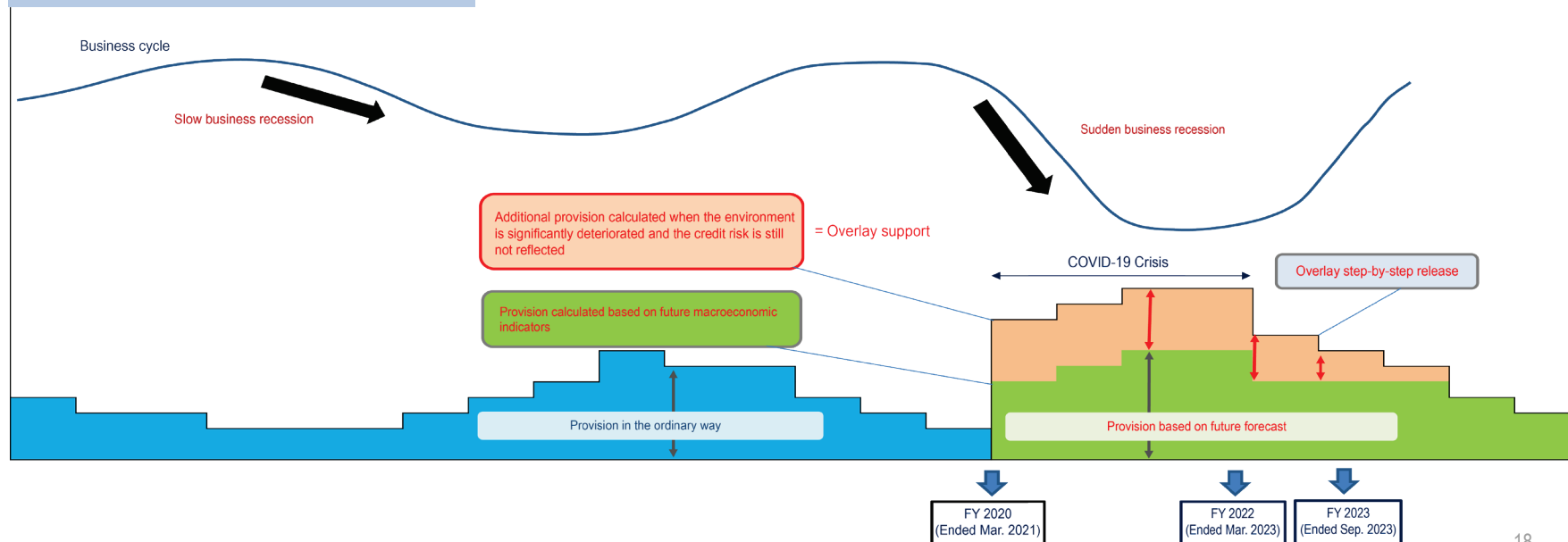
[What is overlay?]

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

[Actions when the business is improving]

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

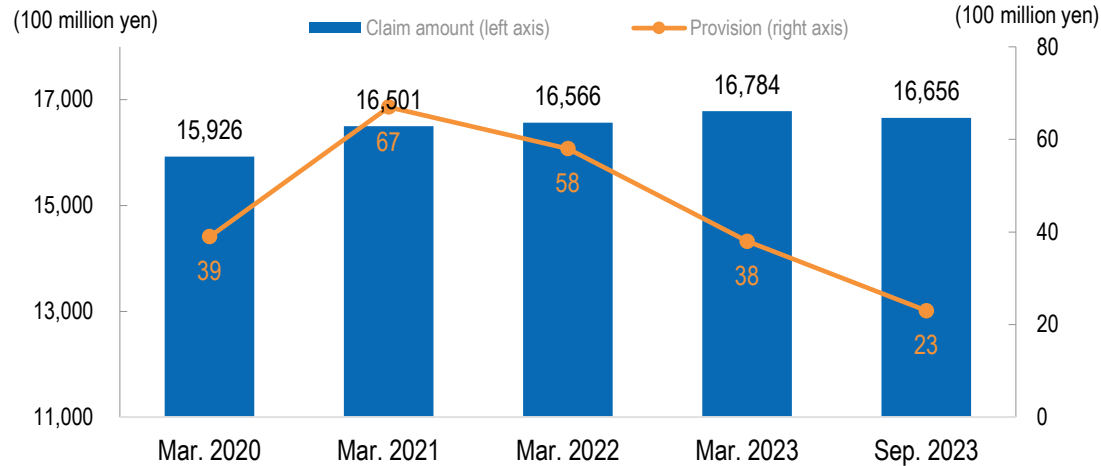
Approach Based on General Provisions



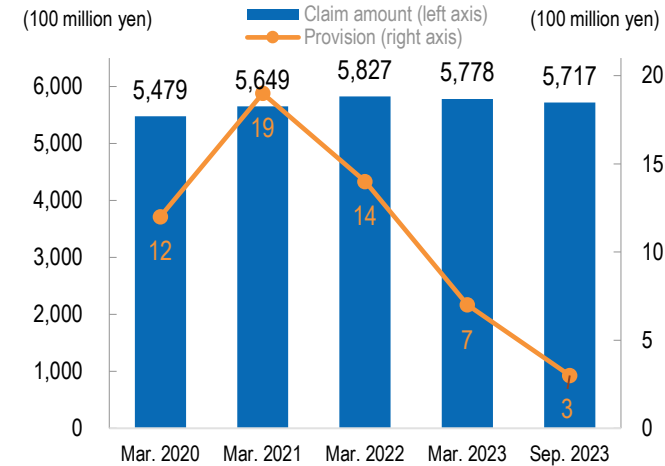
Overview of Forward-looking Provisioning (2/2)

Provisions decreased due to the improvement of various macroeconomic indicators and the release of the entire accommodation business from overlay-applied industries of accommodation, healthcare, and insurance.

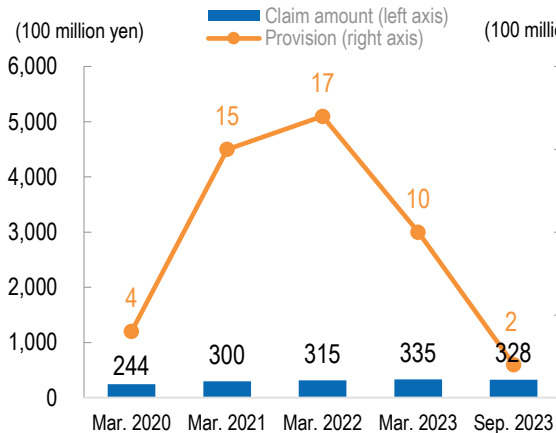
Overall



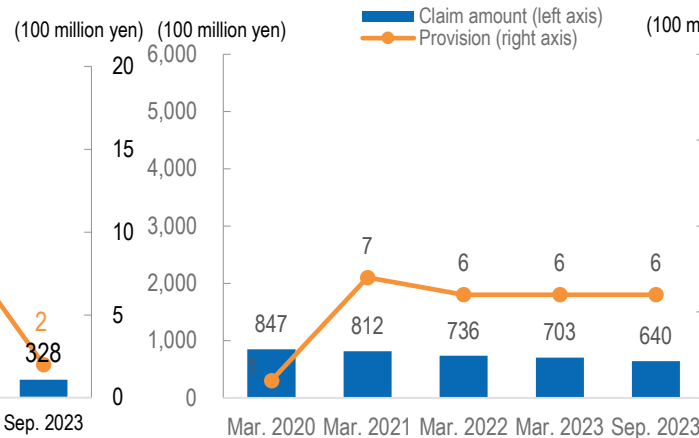
Real estate



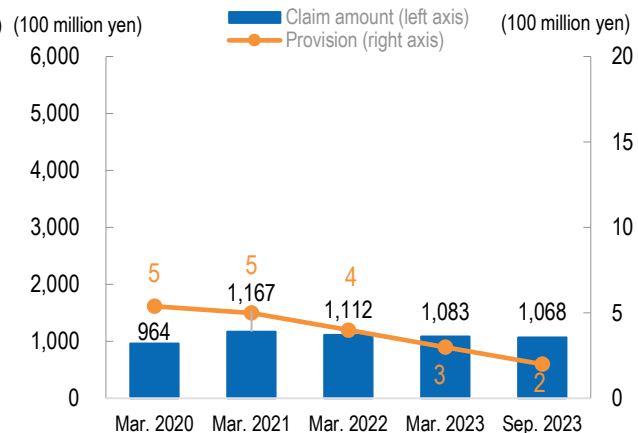
Accommodation Industry



Healthcare and Insurance Industries



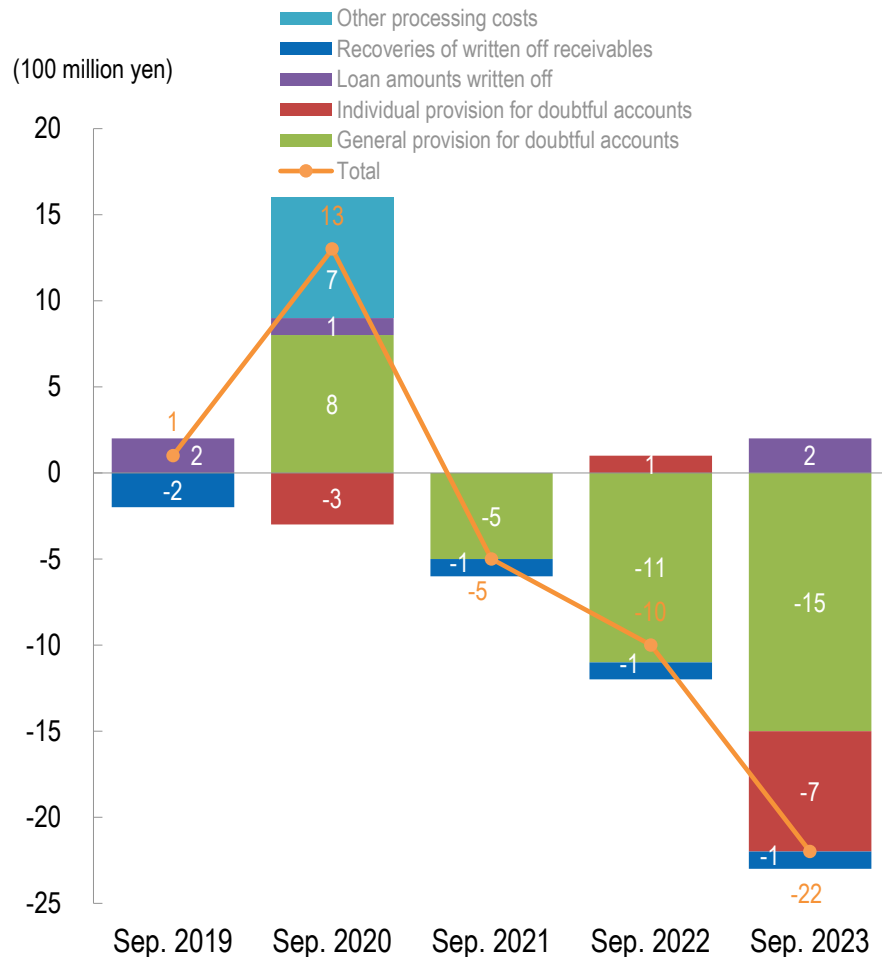
Restaurants and Service Industries



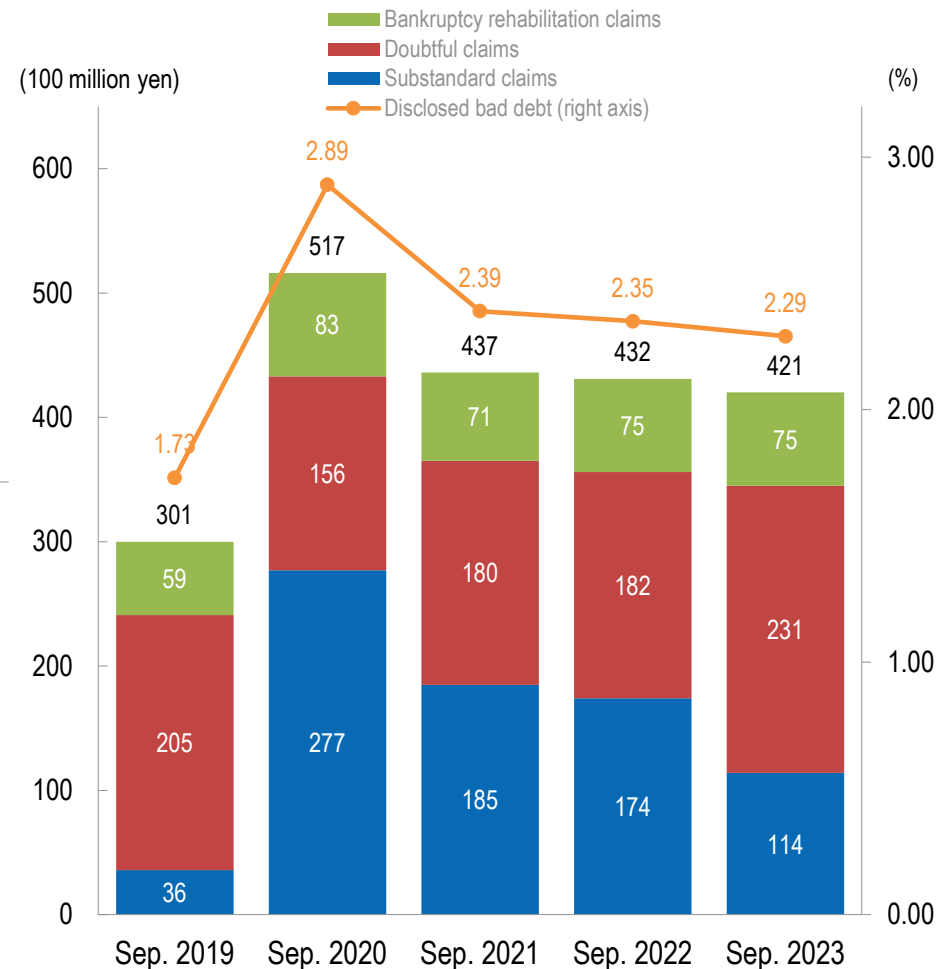
Net Credit Costs and Disclosed Bad Debt

Net credit cost decreased due to reversal caused by total release of overlay in the accommodation industry and improvement of provision ratio.

Net Credit Costs

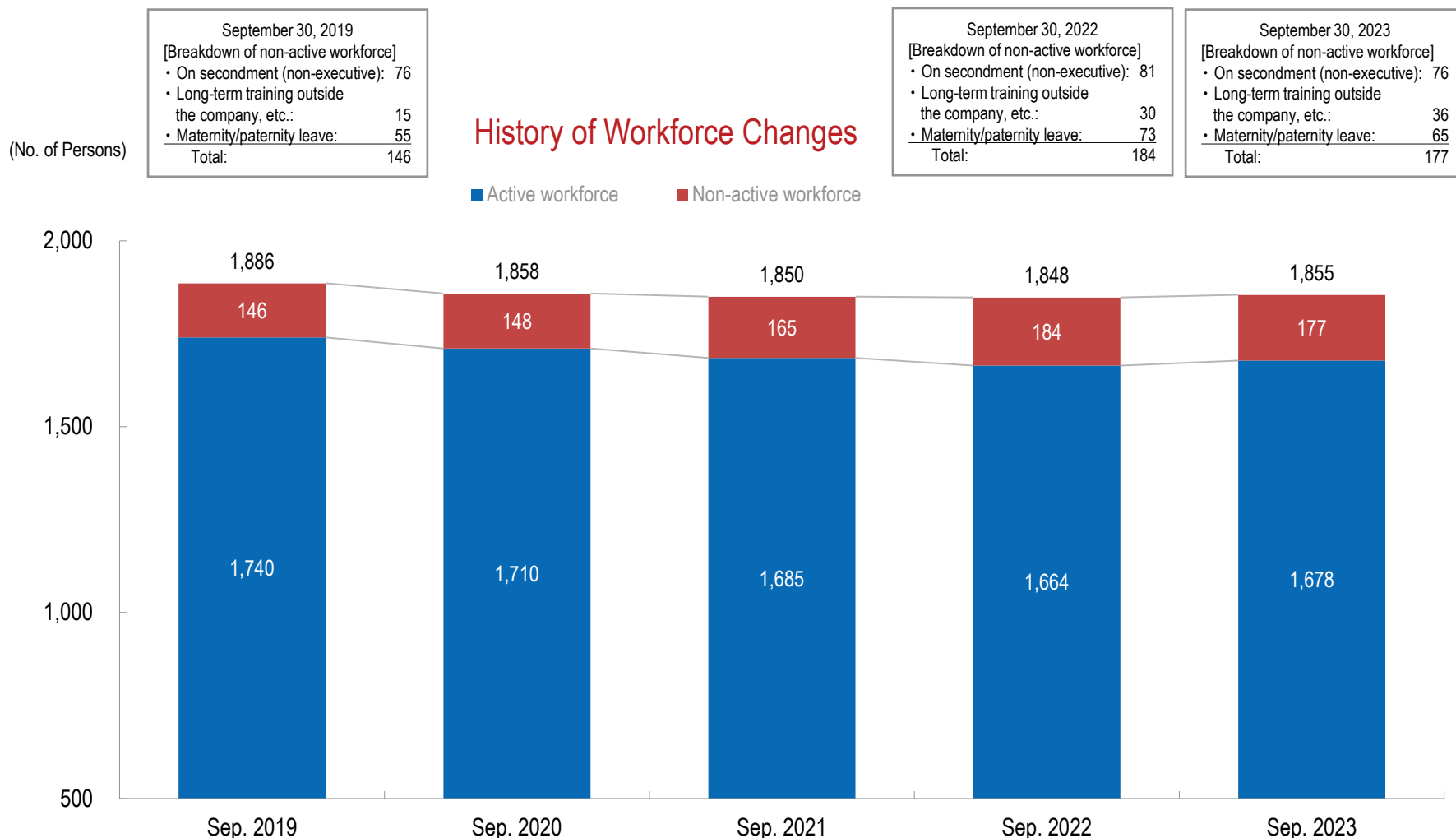


Disclosed Bad Debt



History of Workforce Changes

Total workforce and active workforce increased. Despite the continued increase in long-term training outside the company, the non-active workforce decreased due to the decline in maternity leave.

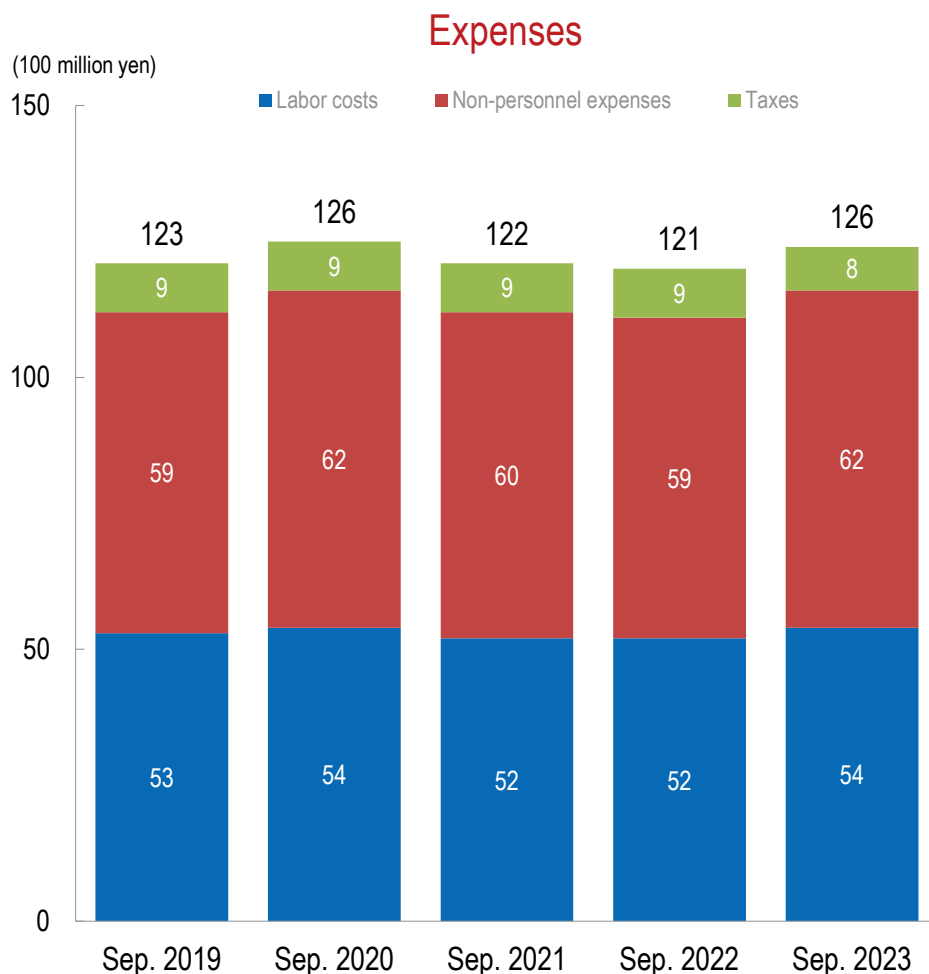


Note: The number of active employees: The figure obtained by subtracting employees on secondment (non-executive), on long-term training outside the company, and on maternity/paternity leave, etc. from the total number of employees, and adding in employees seconded from outside.

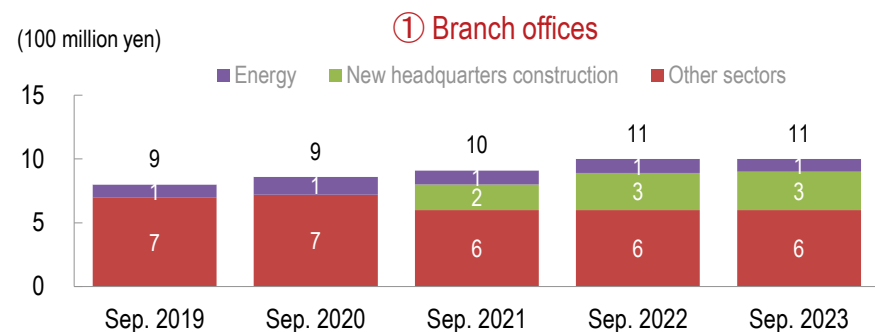
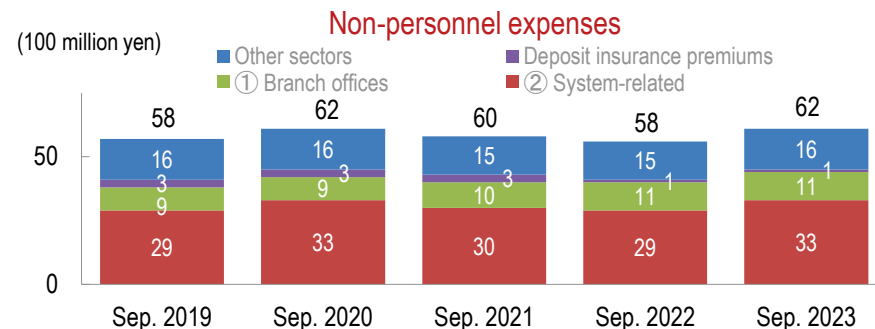
Note: Non-active workforce: employees on secondment (non-executive), long-term training, maternity/paternity leave

Expenses

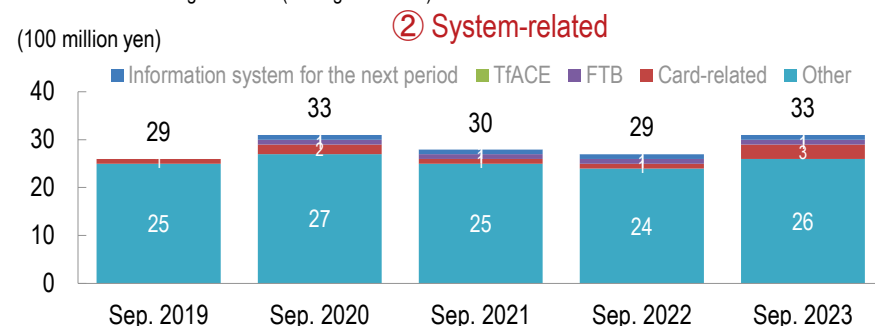
Non-personnel expenses increased due to forward-looking investments for the card business. With labor costs also rising due to headcount additions and base-pay increases, expenses increased year-on-year.



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



Note: Expenses related to the construction of new headquarters are expected to continue through FY 2025 (Ending Mar. 2026)



Note: FTB: Self-service terminals in the form of tablets at teller counters

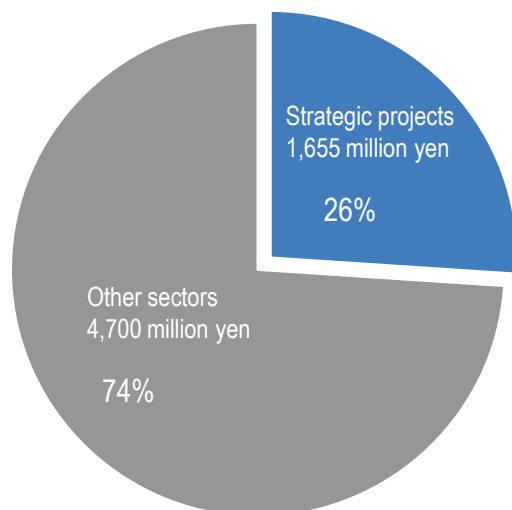
Note: TfACE: Next-generation terminals at branches

Mechanization Investment Plan

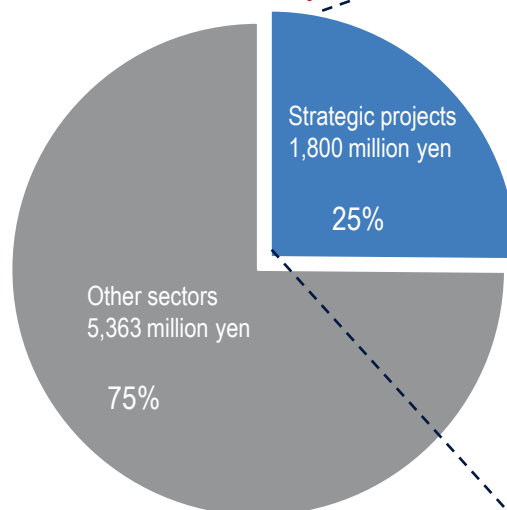
In the mechanization investment plan for FY 2023, mechanization investment for customer service and profit improvement measures, etc. accounts for approximately 25% of the total investment. We will continue to make strategic investments in order to achieve (1) expansion of our business foundation, (2) practice of ESG management, and (3) challenges for change, as set forth in the medium-term management plan “Value 2023.”

Actual results of FY 2022 and the mechanization investment plan for FY 2023

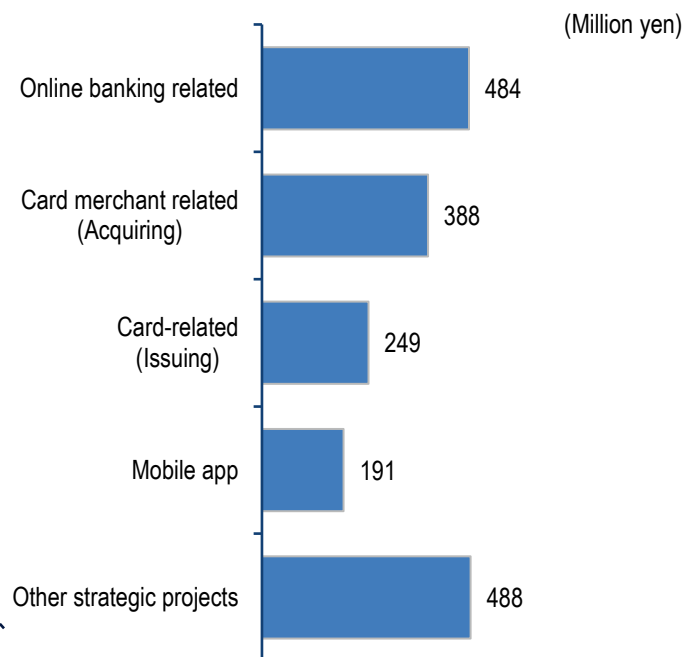
Results of FY 2022
6,356 million yen



Plan for FY 2023
7,164 million yen



Breakdown of major strategic projects

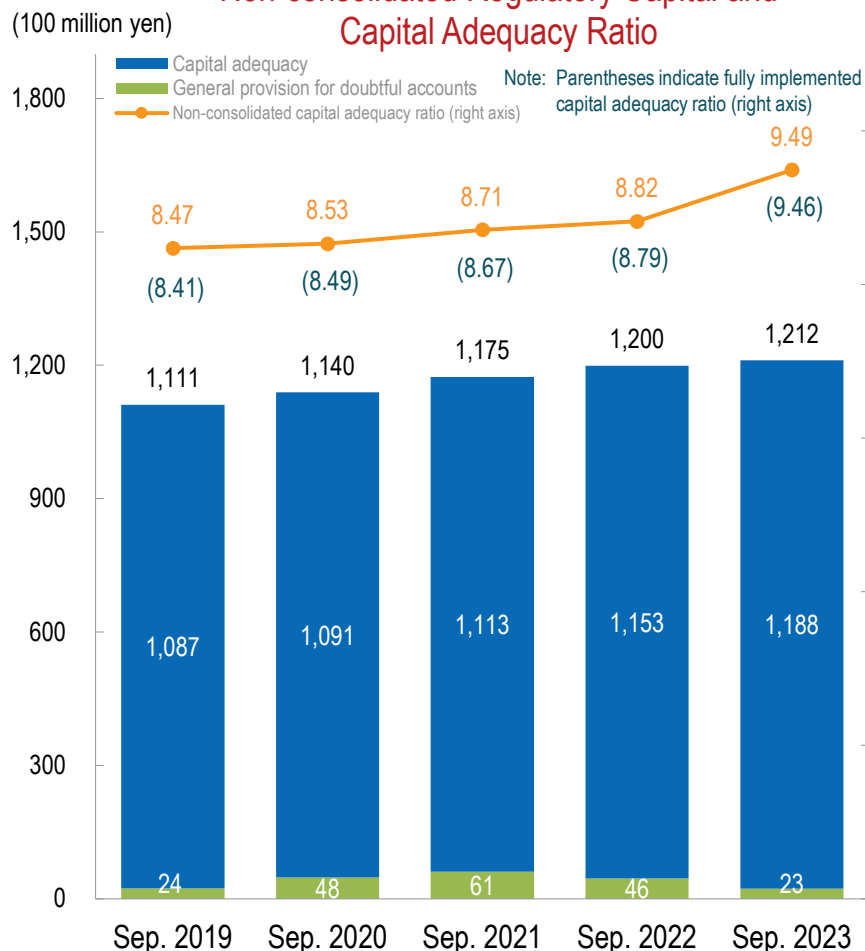


Note: [Strategic projects] Projects such as customer service improvement measures and profit improvement measures
[Others] Projects related to systems, risks, foundations, aging, renewal, etc.

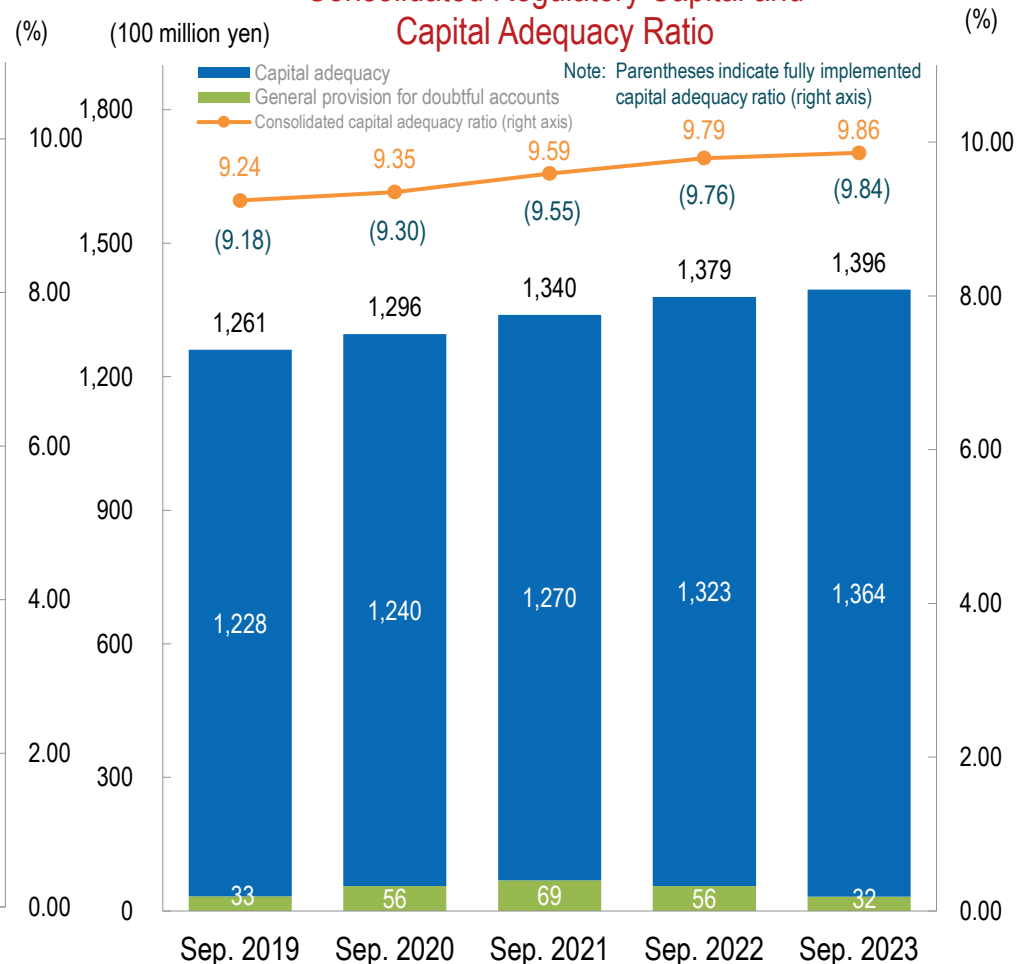
Capital Adequacy Ratio

Non-consolidated capital adequacy ratio increased sharply due to refined credit risk reduction methods, etc. Consolidated capital adequacy ratio increased steadily.

Non-consolidated Regulatory Capital and Capital Adequacy Ratio



Consolidated Regulatory Capital and Capital Adequacy Ratio



Note: Figures based on full implementation are calculated on the assumption that the current capital adequacy regulations (finalization of Basel III) will be applied, that there will be no capitalization of subordinated debt and land revaluation reserves, and that all of the intangible fixed assets and prepaid pension costs, etc. will be recorded as capital adjustments.

Forecast for FY 2023 (Ending March 31, 2024) 琉球銀行グループ BANK OF THE RYUKYUS GROUP

Although loan interest and profit from service charges are expected to increase with the recovery of the business climate in Okinawa Prefecture, we still expect an increase in funding costs caused by a strategic accumulation in securities, an increase in labor costs induced by improved working conditions, and an increase in non-personnel expenses including capital investment to deal with new paper money, and the introduction of digital signage in all banking offices including ATMs outside of offices for prompt information delivery in case of ATM failure, etc. As such, our earnings forecasts for the fiscal year ending March 2024 are unchanged.

Please note that some of the above-mentioned increases in expenses are temporary, and profits are expected to increase from FY 2024 onward.

(100 million yen)

[Consolidated]	FY 2023 (Ending Mar. 2024)		FY 2022 (Ended Mar. 2023) Results
	Forecast	Year on Year	
Ordinary revenue	622	22	600
Ordinary profit	74	-10	84
Net profit attributable to owners of the parent company	51	-7	58

(100 million yen)

[Non-Consolidated]	FY 2023 (Ending Mar. 2024)		FY 2022 (Ended Mar. 2023) Results
	Forecast	Year on Year	
Ordinary revenue	403	-4	407
Ordinary profit	58	-14	72
Net income	40	-11	51



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BANK OF THE RYUKYUS GROUP

2

Distinctive Measures

- Human Capital
- Information Disclosure Based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Measures to Address Climate Change Issues
- Digital Transformation (DX) Measures

Received the technical prize in the 32nd (Fiscal 2023)

Bingata Design Contest

Technical award

“Departing Ships” by Sayano Taira

Developing and Utilizing Diverse Human Resources

Initiatives to Improve Expertise

We have developed human resources up for the challenge of tackling new business fields in addition to traditional banking operations, but under the medium-term management plan “Value 2023,” we have further increased long-term training to offer more opportunities to learn a wide variety of specialist skills.

Breakdown of long-term training outside the company (as of March 2023)

Industry or Business	No. of Workers on Training	Industry or Business	No. of Workers on Training
Banking	6	IT	2
Credit	3	Finance	2
Leasing	3	Medical consulting	1
Public sector	3	Tourism	1
Think tank	4	SMEs, universities	3
Transportation industry	3	Total	31

Securing Diverse Human Resources

We are working to secure diverse human resources by broadening our recruitment activities, including actively hiring not just new college graduates but also human resources with diverse work histories.

We recruit employees with experience at other banks through regional bank talent banks, not just as skilled-up workers but also to actively bring in workers with different perspectives and experiences. Additionally, we are continuously appointing temporary workers as full-time employees. Many employees hired temporarily are working as full-time employees.

Results of FY 2022

Mid-career Recruits	19
Workers with no financial industry experience	15
Mid-career recruits from regional talent pools*	1
Appointed as full-time employees	15

Note: Regional talent banks are a system of supporting career continuation by referring workers resigning to move out of prefecture to regional banks in their new location

Promoting the Success of Women

In order to develop female managers, we are running management training programs for female workers on the verge of management roles. We are creating an environment enabling women to step up to challenges, including changing the promotion system to ensure that years of service are not adversely affected by the taking of maternity leave, child care leave, and family care leave. As a result, the percentage of female workers in management positions had increased from 17.4% at the end of March 2018 to 23.1% at the end of March 2023.

In recognition of our efforts, in April 2023 we were awarded with the highest level “Eruboshi” (Level 3) certification as a company that promotes the participation and advancement of women in the workforce.



Health Management Initiatives

In order to eliminate such health problems as lack of exercise and growing obesity, we are working to establish specific numerical targets. We highlight improved performance of every single employee as the expected benefit of health management. As measurement indicators of this, we are using presenteeism, absenteeism, and work engagement indicators.

In recognition of our initiatives, we have been certified for the fourth consecutive year as a Certified Health & Productivity Management Outstanding Organization under the Certified Health & Productivity Management Outstanding Organizations Recognition Program run by METI and Nippon Kenko Kaigi.



Item	Target	FY 2022
Obesity	35%	37%
Presenteeism	80%	78%
Absenteeism	58 days	53 days
Work engagement	4.5	4.7

Note: Absenteeism is average number of days absent per worker taking sick leave.

Information Disclosure Based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

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

Scenario	Physical Risk Based on 2°C and 4°C Temperature-rise Scenarios*1
Data	Bank collateral properties and typhoon damage data, hazard maps, etc.
Scope of analysis	Loss from effects on collateral value of Bank-owned real estate (buildings) from typhoon damage, heavy rain damage and other weather-related damage and damage to facilities and equipment at Bank branches
Period of analysis	Through 2050
Analysis results	Increase in credit-related expenses: Approximately 300 million yen Damage caused to facilities and equipment at branch locations: Approx. 500 million to 1.1 billion yen

Transition Risk

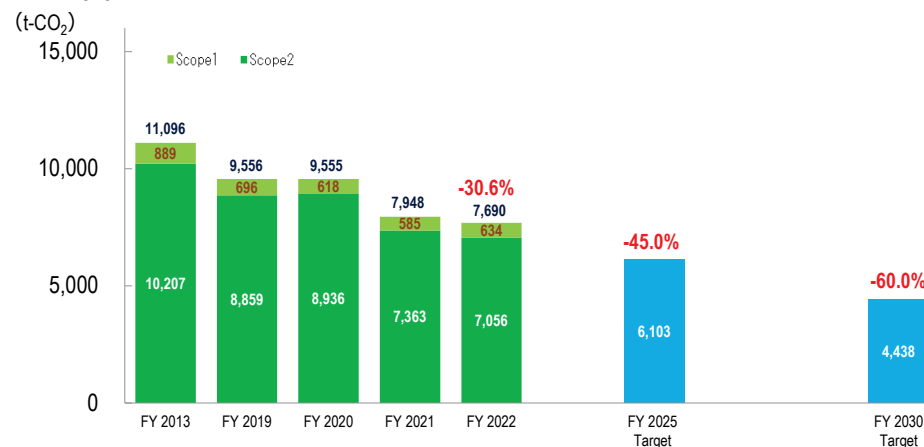
Scenario	IEA net zero emission scenario
Data	Bank credit cost data, macroeconomic indicators, etc.
Scope of analysis	Tourism (accommodation, restaurants, etc.) sector and electricity, gas, and water sectors
Period of analysis	Through 2050
Analysis results	Increase in credit-related expenses: Approximately 3 to 8 billion yen An additional increase of approximately 900 million yen likely in the case of a sudden pandemic or other event

*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 are targeting a **60 percent reduction** from the FY 2013 level.



Note: GHG emissions for FY 2022 came to 4,817t-CO₂ (approximately 56.5% reduction vs. FY 2013) when excluding "Uchina CO₂ free menu plan," a renewable energy source that uses non-fossil certificates.

Scope 3 Greenhouse Gas Emissions

Our Scope 3 GHG Emissions for Categories 1-15

	(t-CO ₂)			
	FY 2019	FY 2020	FY 2021	FY 2022
Category 1 (Purchased Goods and Services)	7,008	8,054	7,395	5,994
Category 2 (Capital Goods)	6,188	5,789	2,248	3,722
Category 3 (Fuel- and Energy-related Activities Not Included in Scope 1 or Scope 2)	785	774	712	703
Category 6 (Business Travel)	203	202	200	229
Category 7 (Employee Commuting)	795	704	698	795
Category 15 (Investments)	-	*194,842	*191,515	28,515,955

* For FY 2020 and FY 2021, Category 15 (Investments) emissions calculated only for mortgage loans and commercial real estate (apartment loans)

* For FY 2022 GHG emissions (Scope 1-3), we have received third-party verification to ensure authenticity, accuracy, and transparency.

Measures to Address Climate Change Issues

Our Bank's Own Measures

Expansion of Environmentally Friendly Branch Offices

	Certification	GHG reduction rate	Site	Completion
1	Nearly ZEB	76%	Motobu Branch	Oct. 2018
2	ZEB Ready	64%	Urasoe Branch and Makiminato Branch	Oct. 2021
3	ZEB Ready	66%	Chatan Branch	Aug. 2022
4	ZEB Ready	51%	Gushikawa Branch	Aug. 2022
5	ZEB	100%	Moromi Branch	Scheduled for FY 2024
6	ZEB Oriented	45%	Headquarters building	Scheduled for FY 2025

Note: ZEB: Net Zero Energy Building

Increase in Financing to Help Solve ESG Matters

For corporate customers	<ul style="list-style-type: none"> Ryugin SDGs Loan Ryugin ECO Power Interest subsidy program for regional decarbonization projects run by the Ministry of the Environment Ryugin Sustainability Linked Loan, etc.
For individual customers	<ul style="list-style-type: none"> Mortgage loans specific to ZEH
Investment activities	<ul style="list-style-type: none"> Investment in green bonds issued to raise funds for environmental conservation, including climate change countermeasures and renewable energy Planning and participation in Ryukyu Fund, which supplies financing for business succession to business owners within the prefecture. (Established by 30 Okinawa Prefecture companies, including the Bank, and managed by Ryukyu Capital.)

Start of J-Credit Operation and Management Business (scheduled for Nov. 2023)

- We plan to be the first bank in Japan to launch a J-Credit operation and management business.
- We were also selected by the Ministry of the Environment in July 2023 as a financial institution to be supported under the ESG Regional Finance Promotion Program for 2023 and will continue consideration for creation of regional circular economy leveraging J-Credit.

4th ESG Finance Awards Japan

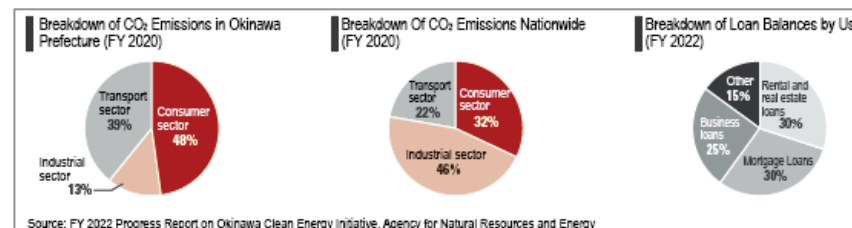
Indirect Financing Division Received "Special Award"

- In Okinawa Prefecture, the consumer sector (households, businesses) accounts for 48 percent of CO₂ emissions, 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.
- In light of such characteristics of Okinawa Prefecture as well as our loan portfolio, we launched ZEP Ryukyu*. The award was given in recognition of realistic initiatives focused on expansion of ZEH through mortgage loans and improvement by builders and contractors.



* ZEP Ryukyu: Ryukyu net Zero Energy Partnership. An alliance launched in 2022 to promote the spread of ZEH* (the alliance of ZEH and low-energy housing builders had 104 participating companies as of end of Oct. 2023).

* ZEH: Net Zero Energy Housing



Other Activities and External Recognition

- Received B rating from CDP (Dec. 2022)
- Joined GX League (May 2023)

Digital Transformation (DX) Measures

Made IT-related company RYUCOM a subsidiary

- The new RYUCOM (the company that took over the IT business from the former RYUCOM), which was newly established through a corporate split, became a wholly owned subsidiary of the Bank of the Ryukyus in December 2022 after obtaining approval, etc., for the advanced banking service company.
- Aiming to improve resolution of issues through local DX and re-skilling support.

[Reference] Overview of former RYUCOM: FY ended Mar. 2022

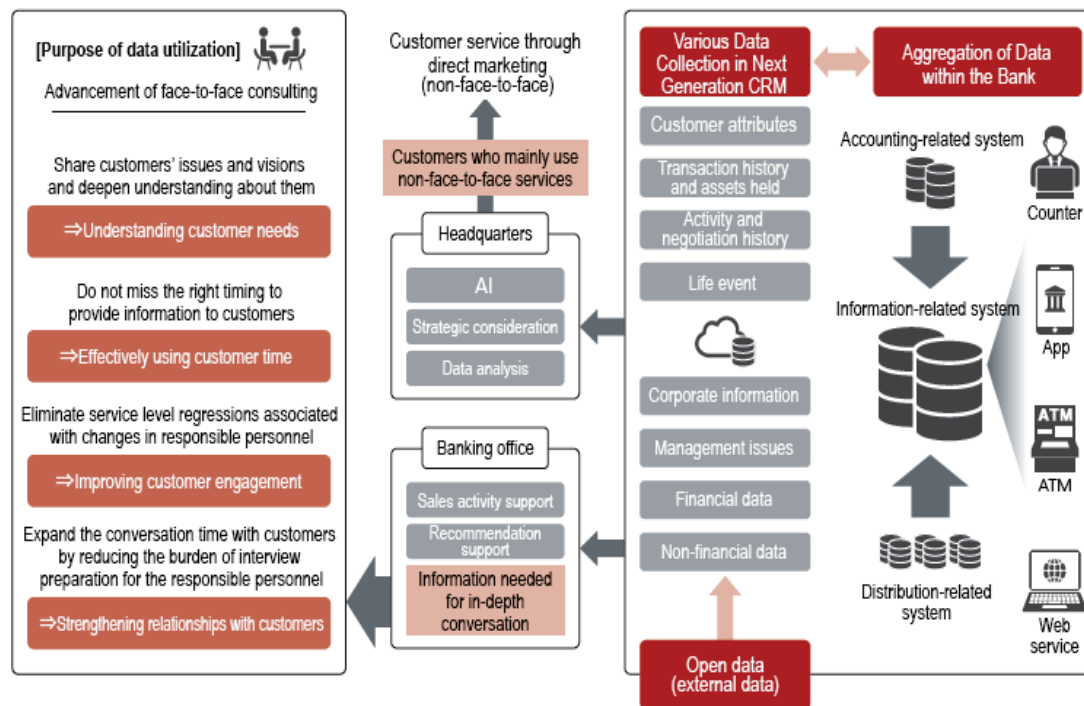
Establishment	Dec. 1973	Net sales	3,330 million yen
Details of the business	IT-related business	Net income for the current FY	196 million yen
Capital	50 million yen	Total Assets	5,429 million yen
No. of Employees	223	Net asset	2,460 million yen

Established Digital Transformation Office

- In April 2023, we established the Digital Transformation Office within the General Planning Department to achieve overall optimization of the digital transformation initiatives pursued individually by various divisions and departments of the Bank.
- Its main activities are as follows.
 - ✓ Proposing basic guidelines for digital transformation
 - ✓ Establishing guidelines for data use
 - ✓ Planning and proposing key digital transformation strategies across departments and divisions
 - ✓ Improving operational efficiency by utilizing digital technologies
 - ✓ Developing digital human resources

Data Utilization through Restructuring CRM and SFA

- We are restructuring CRM and SFA for advancement of face-to-face consultations. (To launch Feb. 2025)
- Additionally, we are working to optimize both face-to-face and non-face-to-face channels through advancement of non-face-to-face services.



Certified as a "DX Certified Business Operator"

- Bank of the Ryukyus was certified as a "DX certified business operator" as the fourth company (fifth case) in Okinawa Prefecture under the DX (digital transformation) certification system established by the Ministry of Economy, Trade and Industry. (Aug. 2022)





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3

Summary of Okinawa Economy

Received the technical prize in the 32nd (Fiscal 2023)

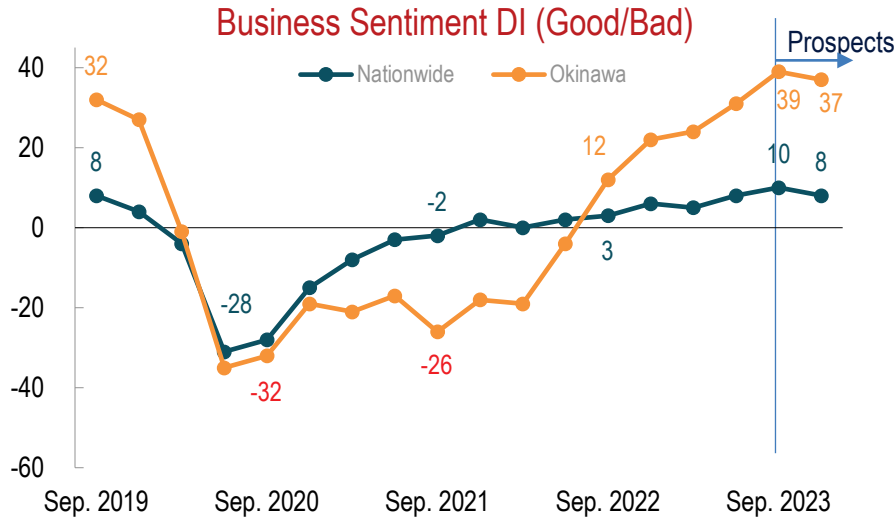
Bingata Design Contest

Technical award

“Departing Ships” by Sayano Taira



Due to the resumption of socio-economic activities, the tourism industry has been recovering.

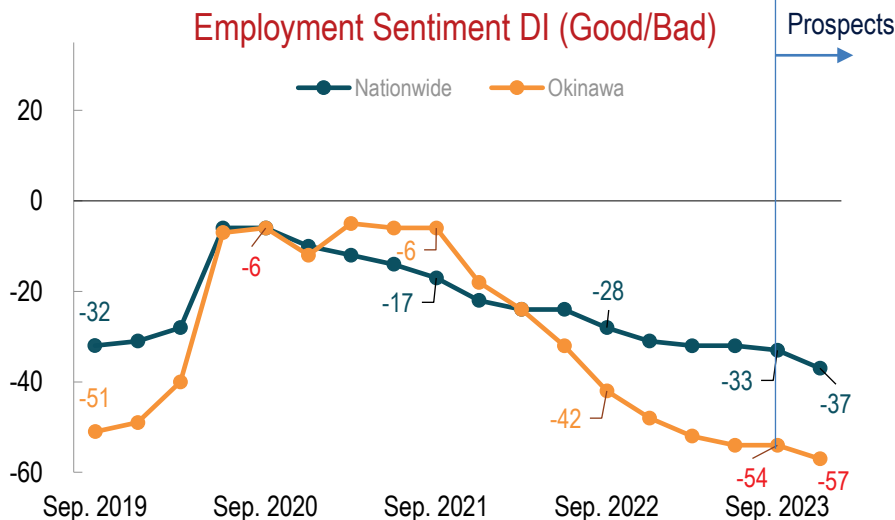


Economic Overview of Okinawa Prefecture

- According to the Tankan's business sentiment DI, the economy in Okinawa Prefecture has continued to recover since March 2022.
- Future outlook deteriorated by 2 points from September 2023 but stands at 37 on the "good" side.

Major Indicators

- Tourism continues to recover, due in part to the lifting of COVID-19 movement restrictions and continued nationwide travel support, with the number of both domestic and foreign tourists to Okinawa Prefecture rising.
- The employment situation continues to improve due to the expansion of tourism demand. On the other hand, companies, especially in the service industry, are experiencing growing labor shortages.
- Public investment is currently increasing. Residential investment is ceasing to fall.



Source: Bank of Japan Naha Branch

Increase/Decrease in Population and Projected Future Households



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The total population in Okinawa Prefecture has nearly remained unchanged, but declined for the first time since the reversion of Okinawa to Japan in 1972.

However, the number of households is likely to continue increasing for now.

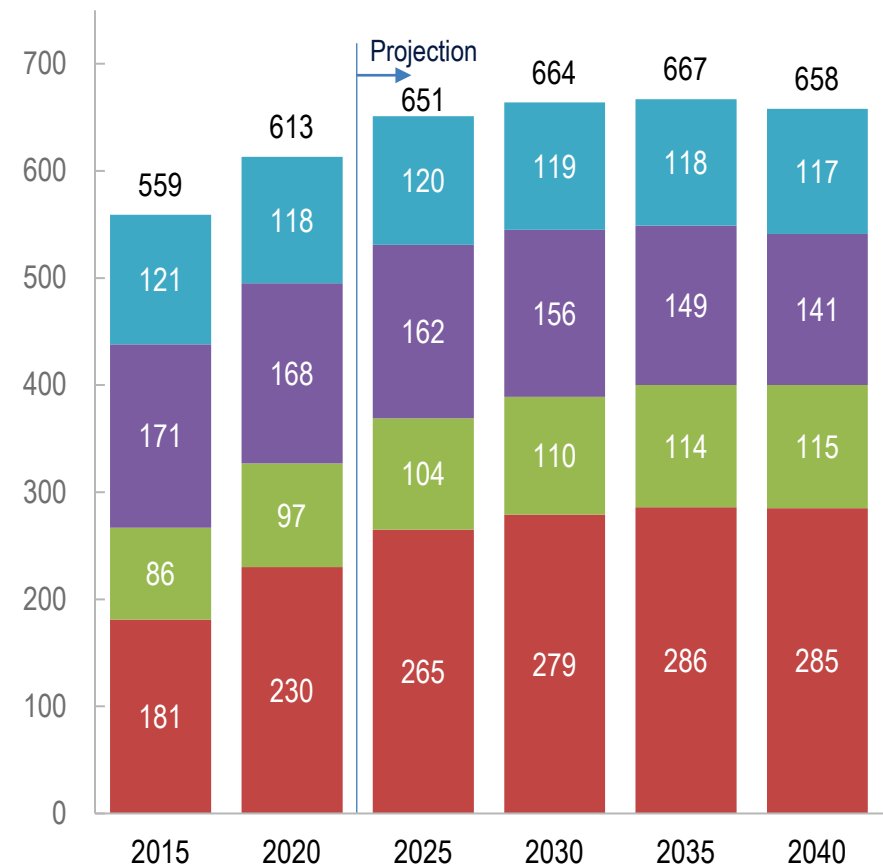
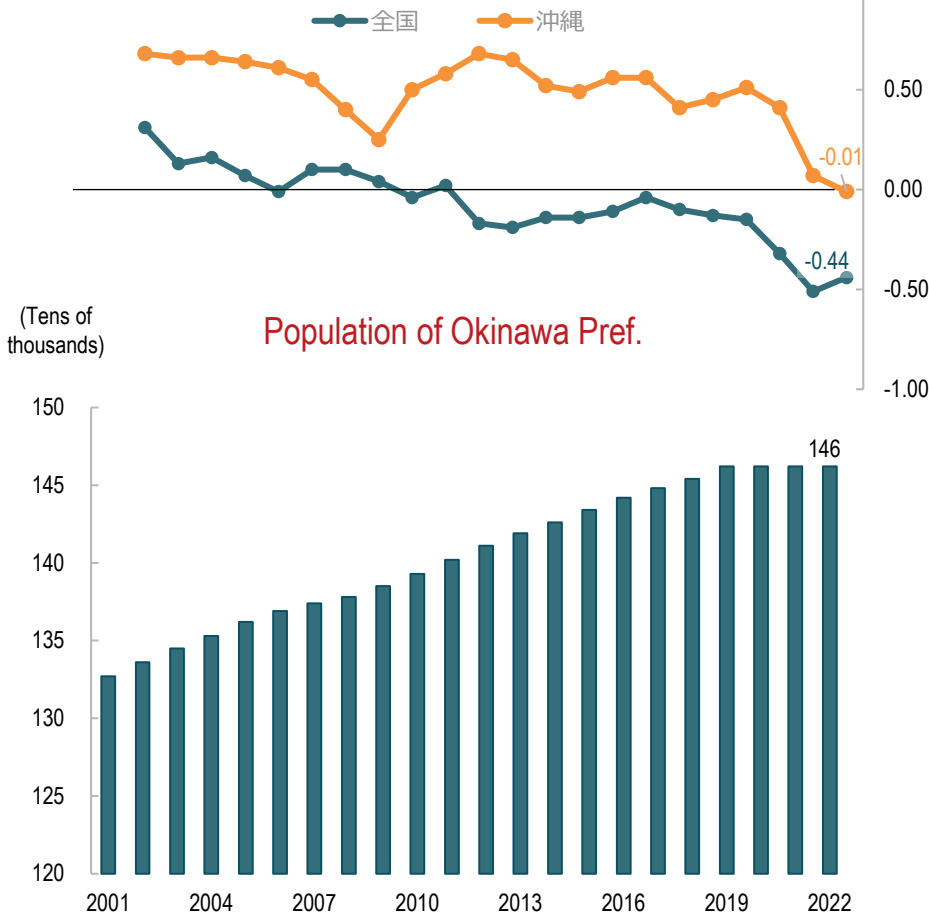
Population Change Rate (Right Axis)

(%)

(Thousands of households)

Projected Okinawa Prefecture Households

Single person Couple only Couple with children Other



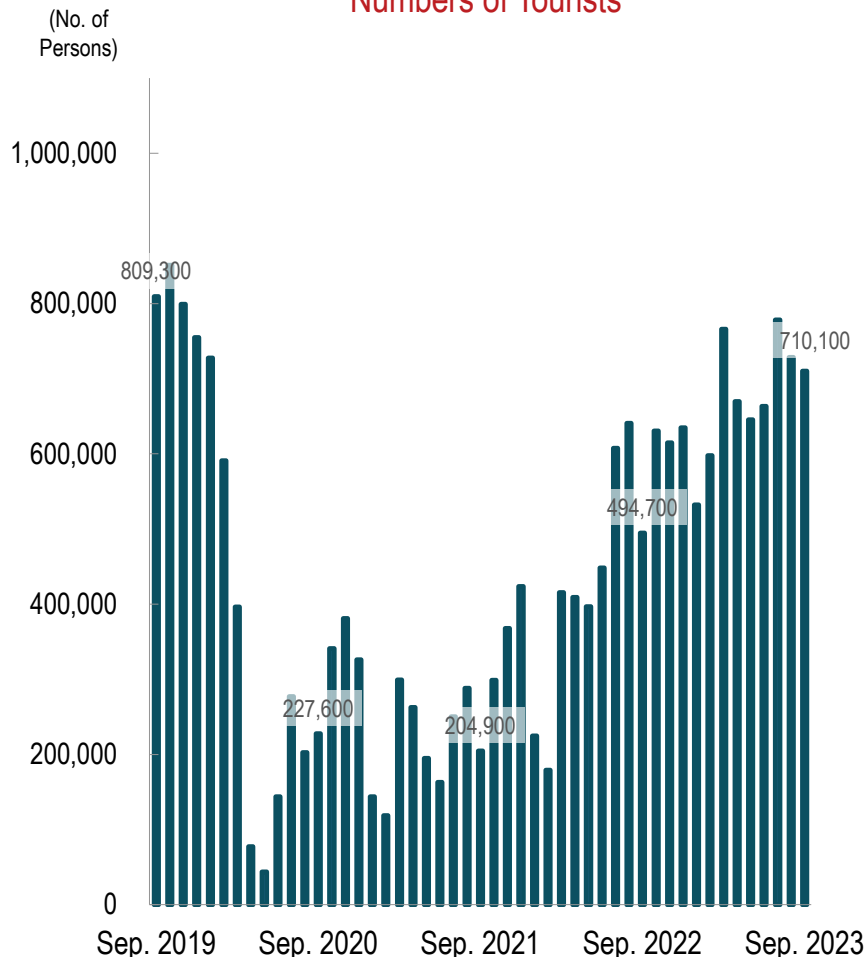
Number of Tourists, Hotel Occupancy Rates and Room Rates



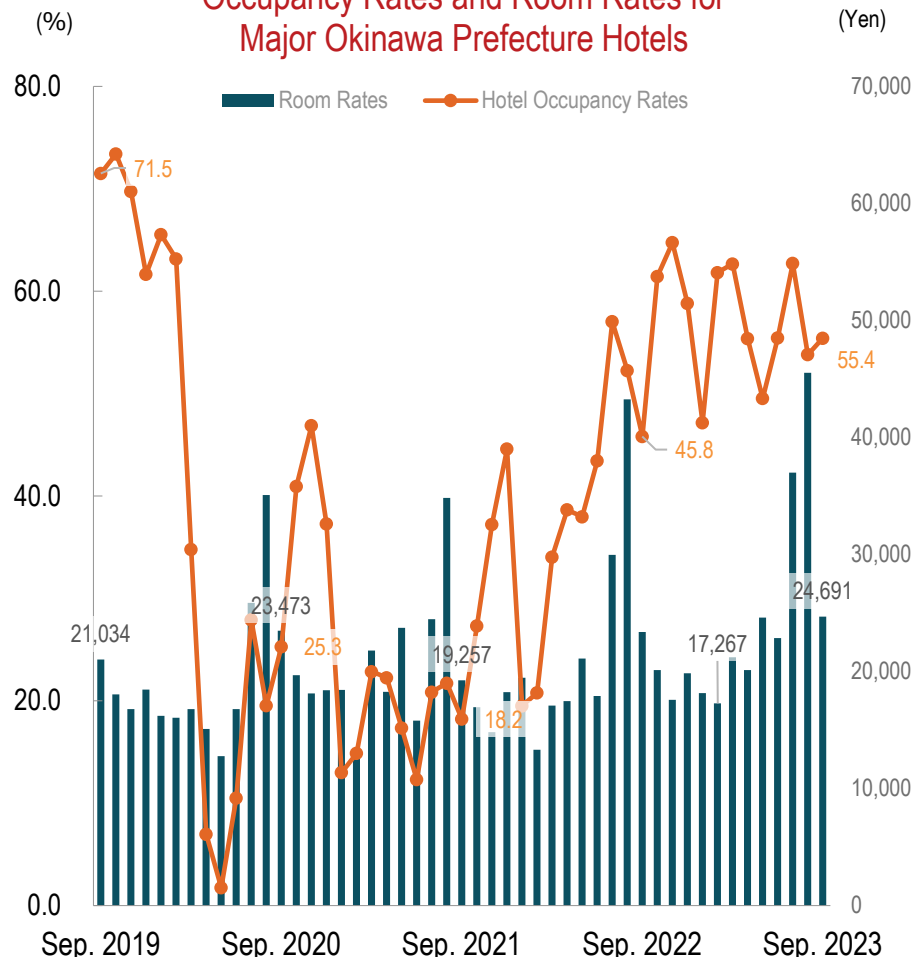
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The number of tourists remained strong due to the lifting of movement restrictions against COVID-19, continued national travel assistance program, the resumption of airline services, and acceptance of cruise ships. Hotel occupancy rates are also returning to 2019 levels, prior to the COVID-19 crisis.

Numbers of Tourists



Occupancy Rates and Room Rates for Major Okinawa Prefecture Hotels



Hotel Opening Plans

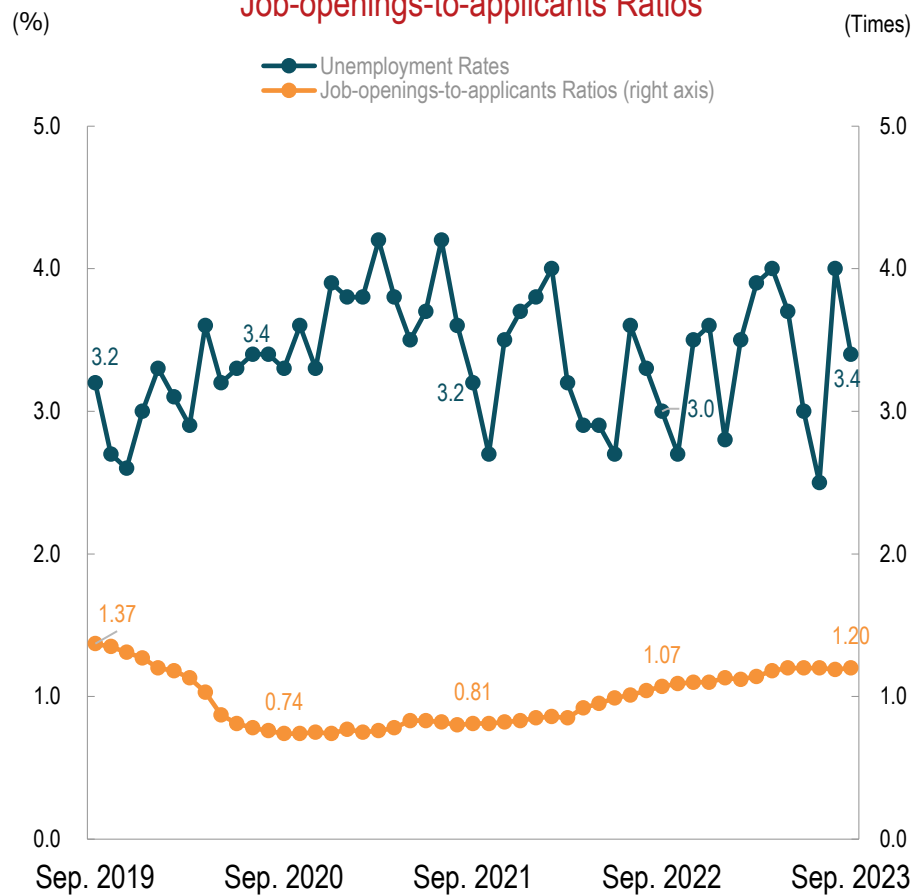
Investment in Okinawa also remain strong, and openings, including for luxury hotels, are expected in 2023 and beyond.

Opening date	Address	Hotel name	No. of rooms
Jun. 18, 2023	Kugai Hirara, Miyakojima city	Hilton Okinawa Miyako Island Resort	8 floors, 329 rooms
Jun. 20, 2023	Kumoji, Naha city	Southwest Grand Hotel	12 above-ground floors, 88 rooms
Jun. 30, 2023	Irabu, Miyakojima city	Feliz Villa Suite Irabujima Nagahama Bay	7 villas
Aug. 1, 2023	Moromizato, Okinawa city	REF Okinawa Arena by VESSEL HOTELS	150 rooms, 9 styles
Aug. 12, 2023	Koki, Nago city	Twin-Line Hotel Yanbaru Okinawa Japan	11 above-ground floors; 92 rooms, 4 styles
2024	Hirara, Miyakojima city	Rosewood Miyakojima	55 villas
2025	Ogimi village	Grandvrio Resort Okinawa (tentative)	4 above-ground floors; 200 rooms
2026	Fuchaku, Onna village	PGM Golf Resort Okinawa	200 rooms
2026	Mihama, Chatan town	Chatan PRJ (tentative name)	18 floors, 209 rooms
2027	Onna Communication Site at Onna	Four Seasons Resort and Private Residences Okinawa	280 rooms

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

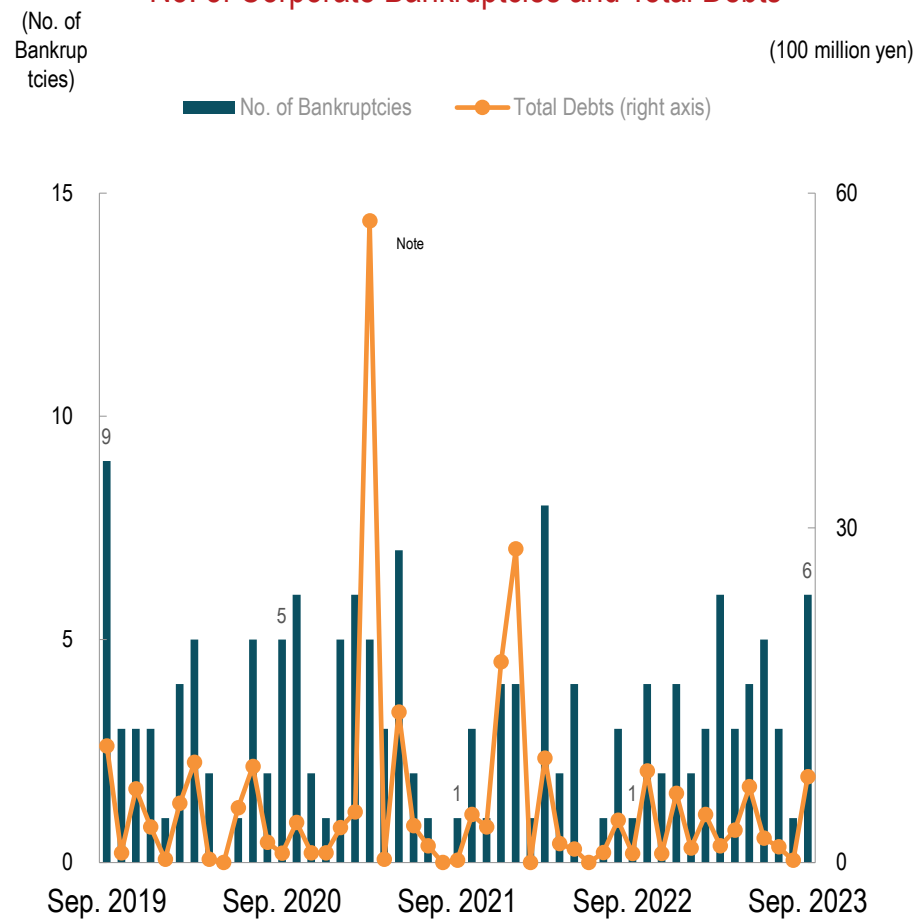
In the job market, there is a worker shortage due to growing tourism demand. The number of corporate bankruptcies has been calm.

Unemployment Rates and
Job-openings-to-applicants Ratios



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

No. of Corporate Bankruptcies and Total Debts



Source: Tokyo Shoko Research

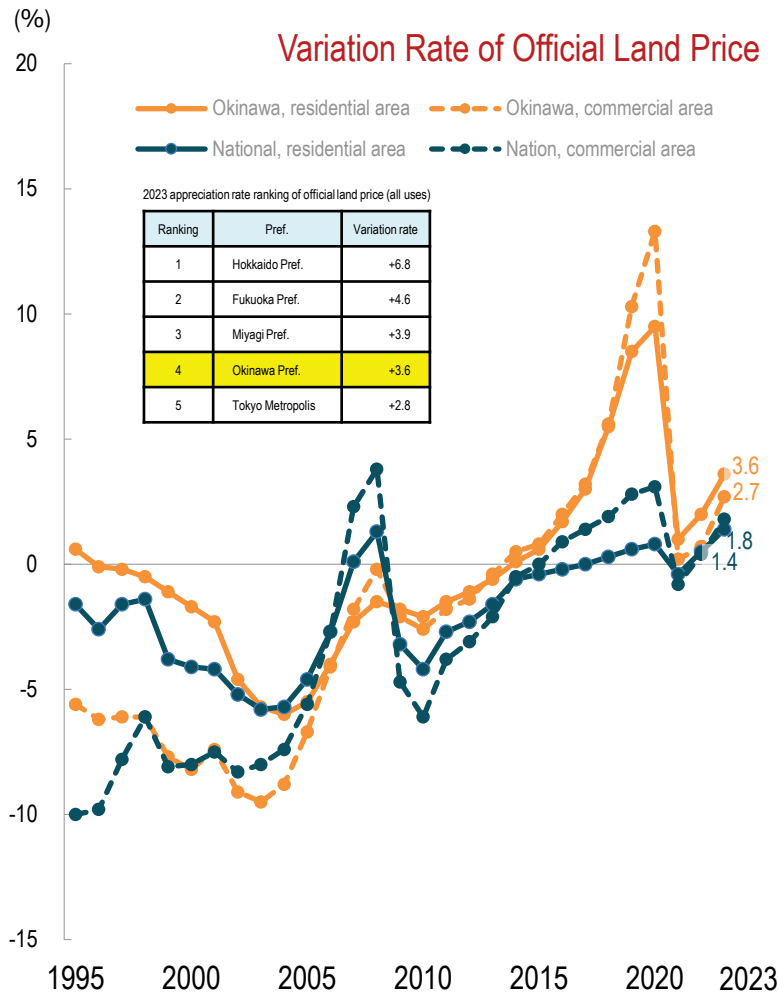
Note: [Total debts as of March 2021: approx. 5.7 billion yen]
 * Accommodation industry: approx. 3.6 billion yen
 * Chemical engineering products manufacturing: approx. 1.7 billion yen

Official Land Price and Construction Unit Price

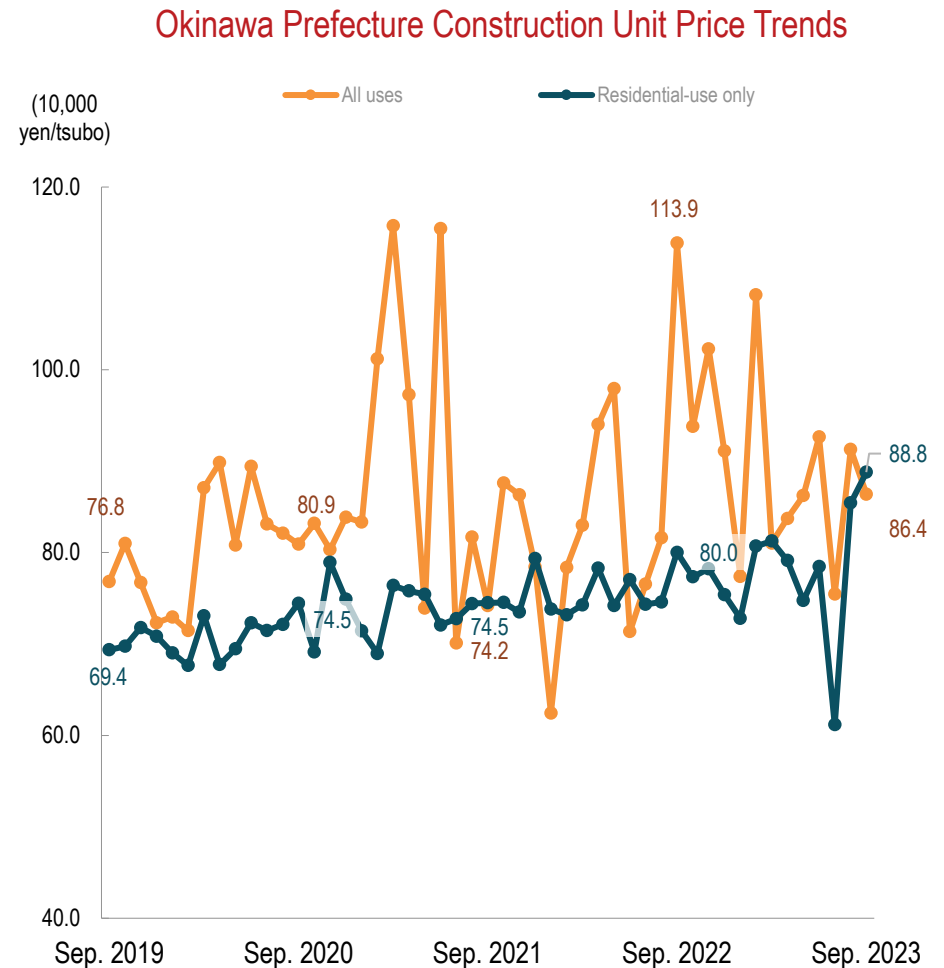


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Official land prices increased 3.6% year-on-year on average for all land uses. This is the tenth straight year of increase, and the gain was increased 1.6 points higher year-on-year. The construction unit price has been rising for residential use.



Source: Ministry of Land, Infrastructure, Transport and Tourism



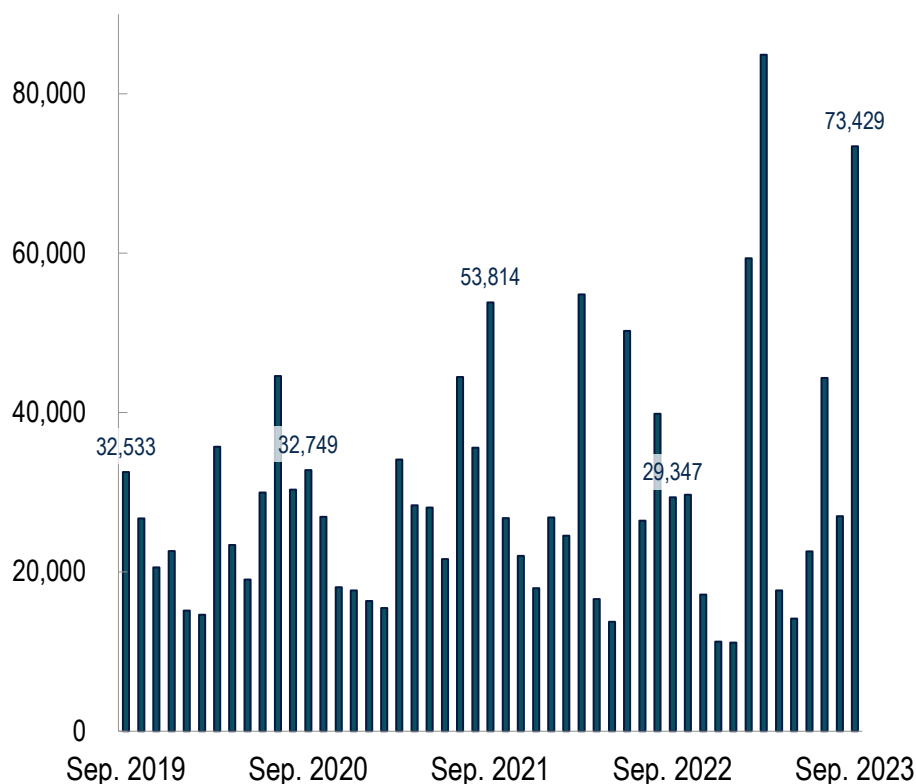
Source: Ministry of Land, Infrastructure, Transport and Tourism

Public Construction Contract Amounts and Backlog Amounts from Construction Order

Public construction contract amounts remained steady in the COVID-19 Crisis, and currently have increased significantly. The variation rate of backlog amounts from the construction order has also remained strong.

Public Construction Contract Amounts

(Million yen)

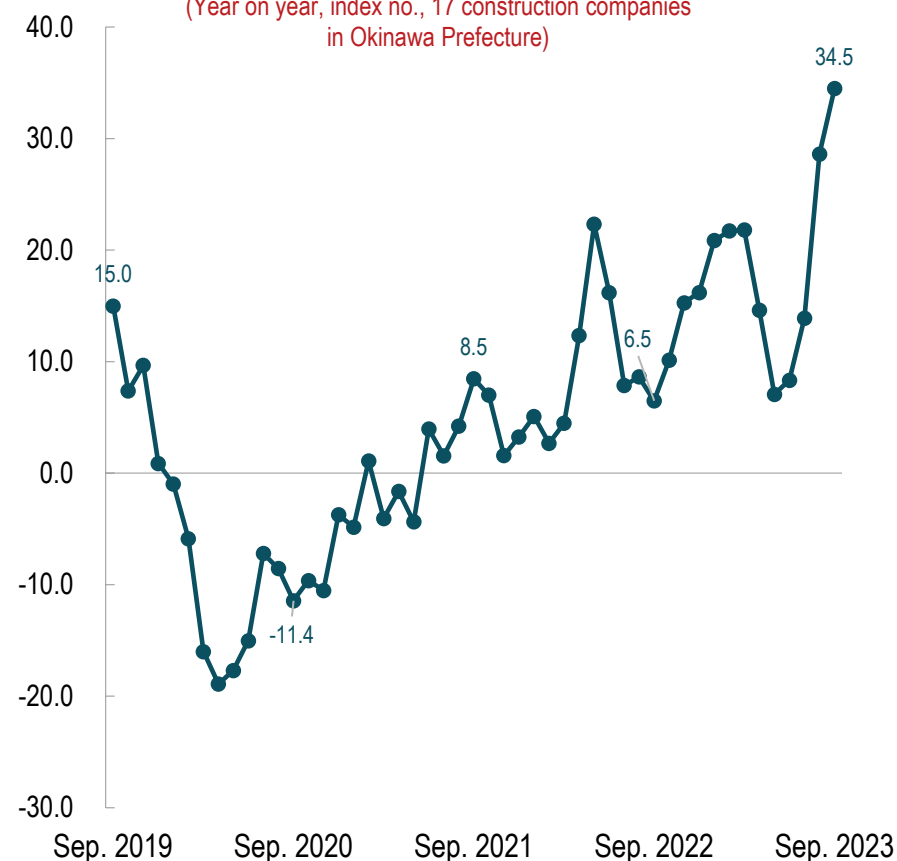


Source: West Japan Construction Company Okinawa Branch

The Variation Rate of Backlog Amounts from the Construction Order

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

(%)

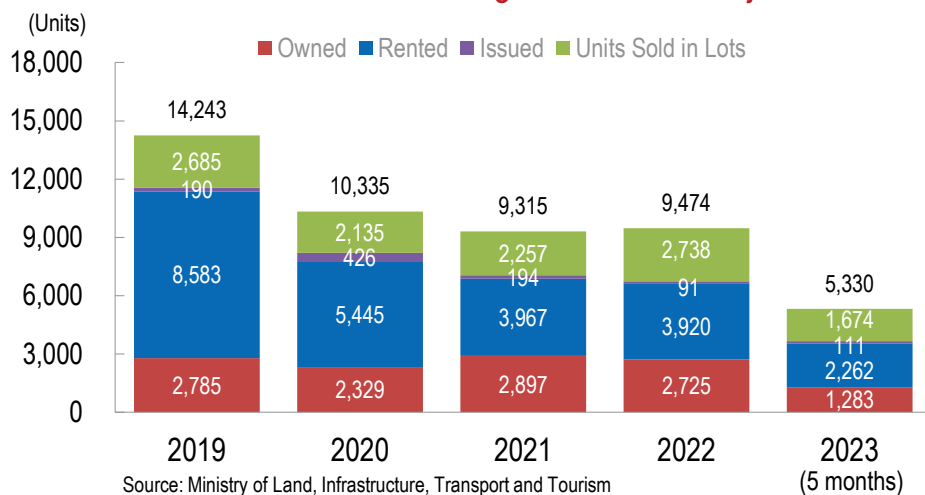


Source: Ryugin Research Institute Ltd.

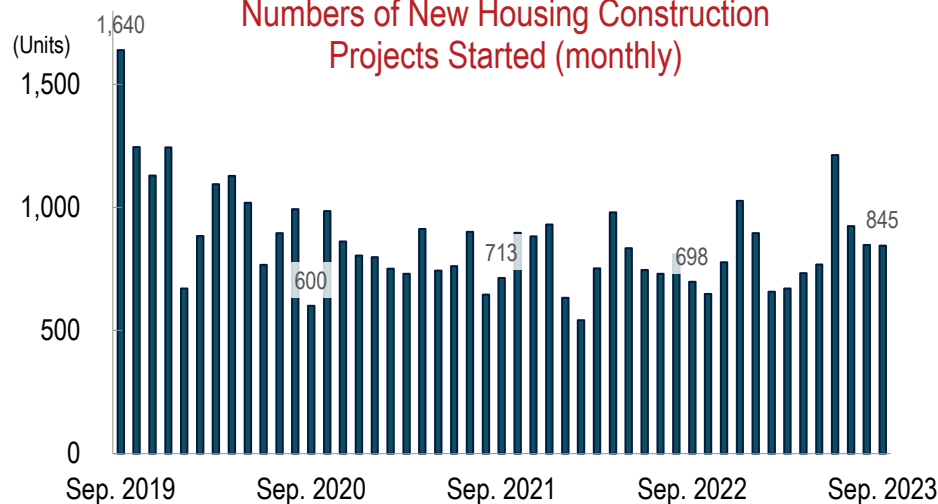
Numbers of New Housing Construction Projects Started and Consumption Trends

Uptrend in number of new housing construction projects started. Consumption trends remain steady.

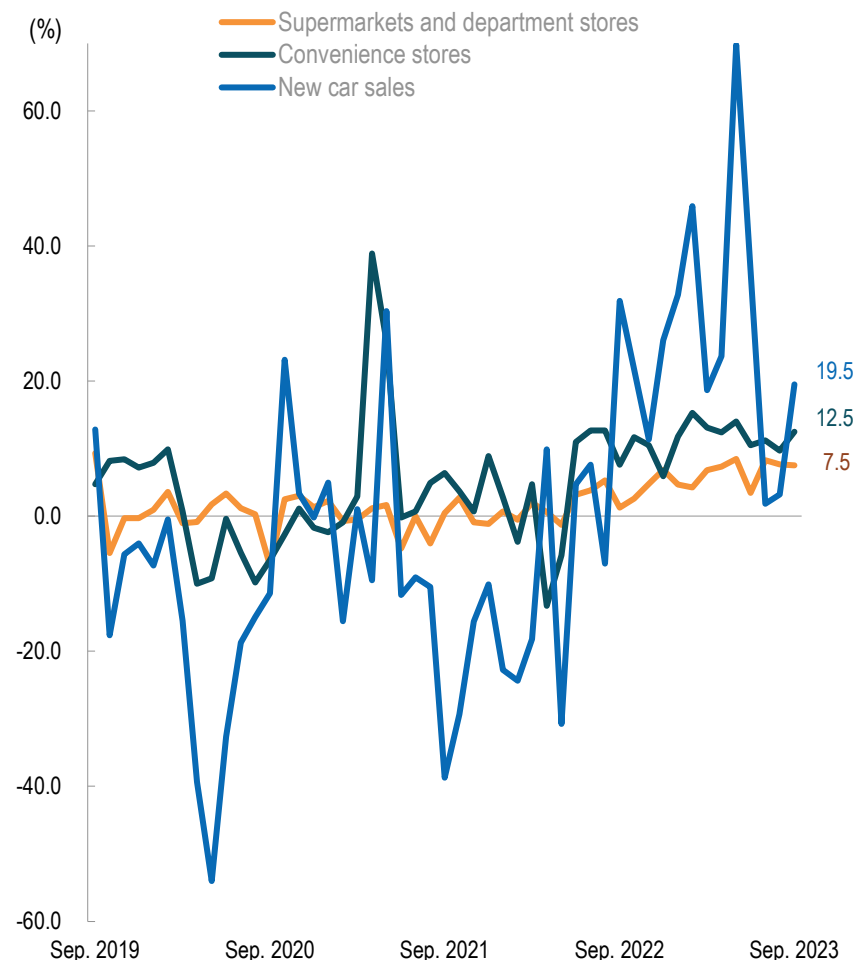
Numbers of New Housing Construction Projects Started



Numbers of New Housing Construction Projects Started (monthly)



Consumption trends





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4

About Bank of the Ryukyus

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Bingata Design Contest

Technical award

“Departing Ships” by Sayano Taira

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

2.9671 trillion yen

Loans

1.8288 trillion yen

Deposits

2.7887 trillion yen

No. of Employees

1,430

Credit Ratings

R&I : A+
JCR : A+

Affiliated Companies

琉球リース

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

琉球システム

Address
Establishment
Capital
Business Fields

1-7-1 Kumoji, Naha, Okinawa Prefecture
Dec. 1, 2022
50 million yen (100% stock ownership by Bank of the Ryukyus)
System design and development, IT infrastructure services, and IT consulting

OCS

Address
Establishment
Capital
Business Fields

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

琉球ぎんディーシー

Address
Establishment
Capital
Business Fields

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

琉球ぎん保証

Address
Establishment
Capital
Business Fields

2-1 Higashi-machi, Naha, Okinawa Prefecture
Jul. 2, 1979
20 million yen (100% stock ownership by Bank of the Ryukyus)
Debt obligation guarantee operations and similar in relation to real estate financing and consumer credit

琉球ぎん総合研究所

Address
Establishment
Capital
Business Fields

1-1-9 Tsubogawa, Naha, Okinawa Prefecture
Jun. 28, 2006
23 million yen (100% stock ownership by Bank of the Ryukyus)
Industrial, economic and monetary surveys; research operations; and planning and operation of lecture events, training sessions, etc.

琉球ぎんビジネスサービス

Address
Establishment
Capital
Business Fields

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

Bank of the Ryukyus History

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

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

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

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

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

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

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

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

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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 November 8, 2023 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.