

Investor Presentation

Financial Results for the Six Months Ended
September 30, 2024



琉球銀行グループ
BANK OF THE RYUKYUS GROUP



Received the Design Award in the General Category of the 33rd (Fiscal 2024) Ryugin Bingata Design Contest
"Morning Wake Up" by Ayumi Sakimura

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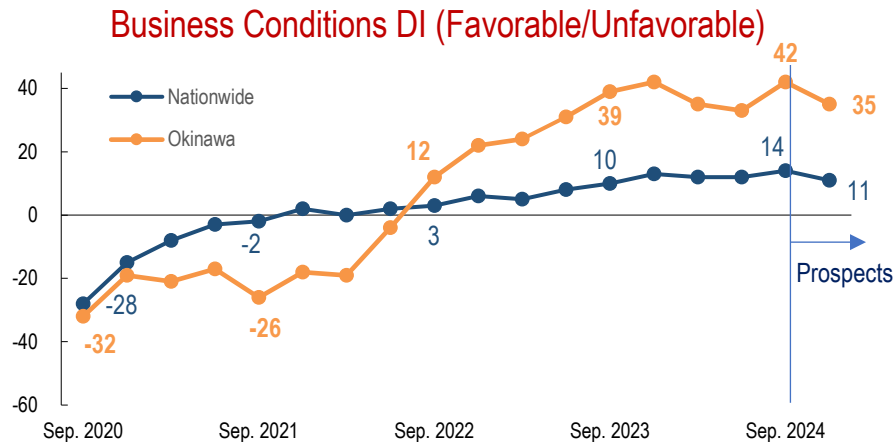
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Financial Results for the Six Months Ended September 30, 2024

Economic Overview of Okinawa Prefecture

The Okinawa economy as a whole is recovering steadily and is expected to trend toward expansion, driven by tourism demand and other factors.



Source: Bank of Japan Naha Branch



Source: Okinawa Prefecture

Economic Overview Okinawa Prefecture

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

The future outlook is for the "favorable" side to deteriorate by 7 points from September 2024 to a "favorable" side of 35 points.

Trends in Major Indicators

Tourism

Travel demand is rising both domestically and internationally, with the number of incoming tourists reaching 1 million in August 2024. This growth is expected to intensify in the future.

Consumption

Consumer sentiment remains solid, and the recovery is expected to intensify in the future.

Construction

Although there has been a slowdown in private-sector construction growth, the recovery is expected to intensify as the amount of construction work on hand remains high.

Recent Major Development Projects

Facility name	Type	Scheduled opening
JUNGLIA	Theme park	Summer 2025
Shuri Castle (restoration)	Historic site	FY 2026
Four Seasons Resort and Private Residences Okinawa	Hotel	Spring 2027

Financial Summary

Consolidated and non-consolidated income increased while profit decreased.

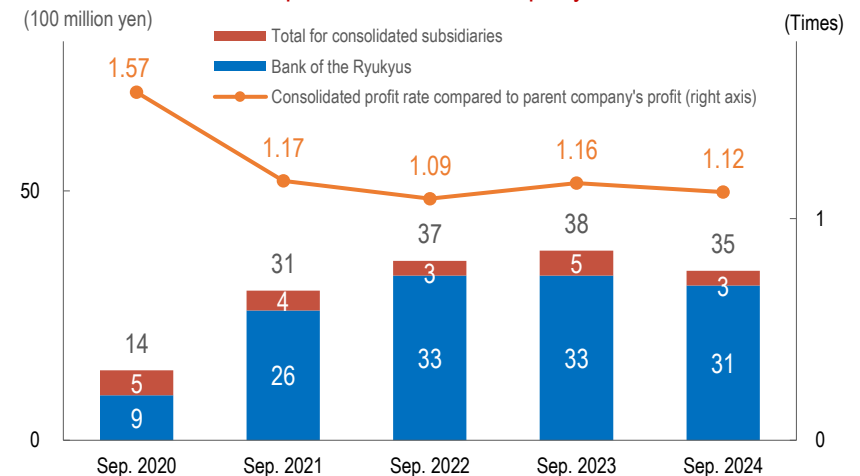
(100 million yen)

[Consolidated]	Six months ended September 30, 2024		Bank of the Ryukyus		Ryukyu Lease		RYUCOM		OCS		Ryugin DC		Ryugin Hosho	
		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year		Year on Year
Ordinary income	345	+12	226	+1	92	+9	17	+0	9	+0	9	+0	3	-0
Ordinary profit	50	-3	43	-1	2	-0	1	+0	0	+0	1	-0	2	+0
Profit attributable to owners of the parent	35	-3	31	-2	1	-0	0	+0	0	+0	1	+0	1	+0

(100 million yen)

[Non-Consolidated]	Six months ended September 30, 2024		Six months ended September 30, 2023
		Year on Year	
Ordinary income	226	+1	224
Ordinary profit	43	-1	45
Net income	31	-2	33

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



Summary of Profit/Loss Trends

(Million yen)

	Sep. 2020	Sep. 2021	Sep. 2022	Sep. 2023	Sep. 2024	Year on Year
Profit from customer services*1	1,617	2,409	2,655	2,055	2,291	236
Deposit and loan balance*2	11,530	11,563	11,334	11,214	11,284	69
Profit from service charges*3	2,777	3,129	3,439	3,447	3,918	470
Expenses	-12,690	-12,283	-12,117	-12,605	-12,910	-304
Profit/loss in Trading Division	997	1,032	982	402	2,152	1,750
Profit/loss in Securities & International Department	720	796	705	259	979	720
Interest and dividends	637	506	781	1,405	1,584	179
Gains/losses from forex and commodities trading	60	34	-195	-622	-773	-151
Balance of 5 bond accounts	173	79	31	-161	-259	-98
Balance of 3 share accounts	19	29	96	402	438	36
Policy-related investment	277	235	277	142	1,173	1,031
Net core business profit*4	2,728	3,419	3,552	2,146	3,337	1,191
Net credit costs	-1,330	582	1,093	2,212	-127	-2,339
General provision for doubtful accounts*5	-864	577	1,161	1,512	178	-1,334
Miscellaneous, corporate tax, etc.	-373	-1,346	-1,352	-1,338	-1,200	137
Net income	911	2,677	3,379	3,332	3,116	-216

*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).

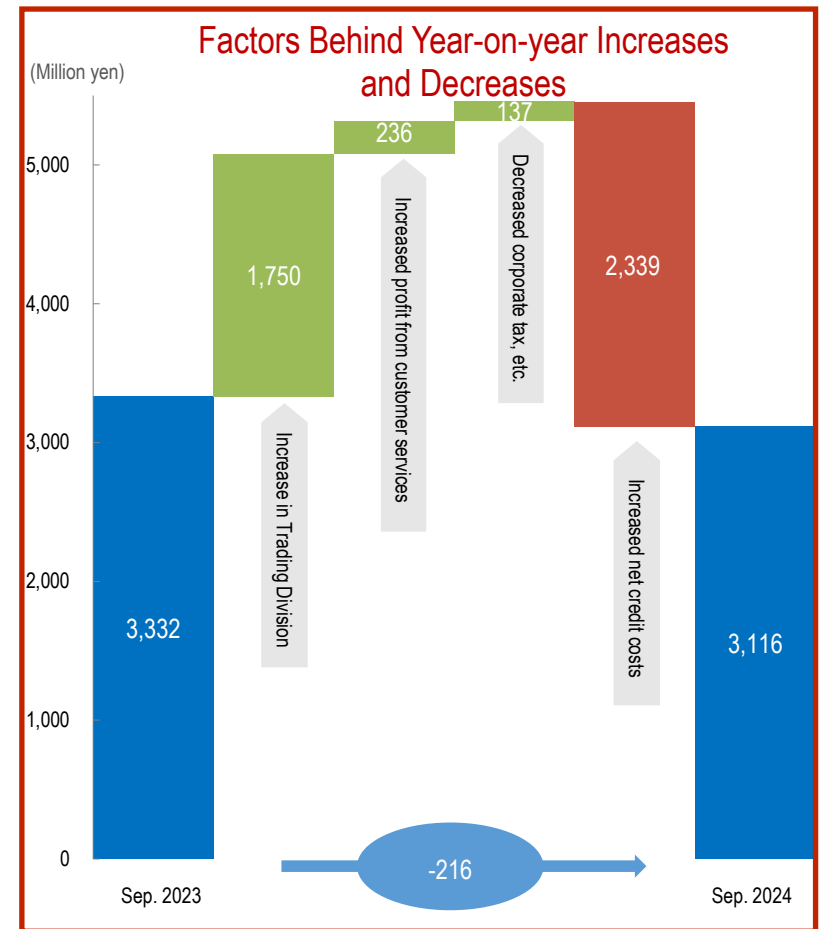
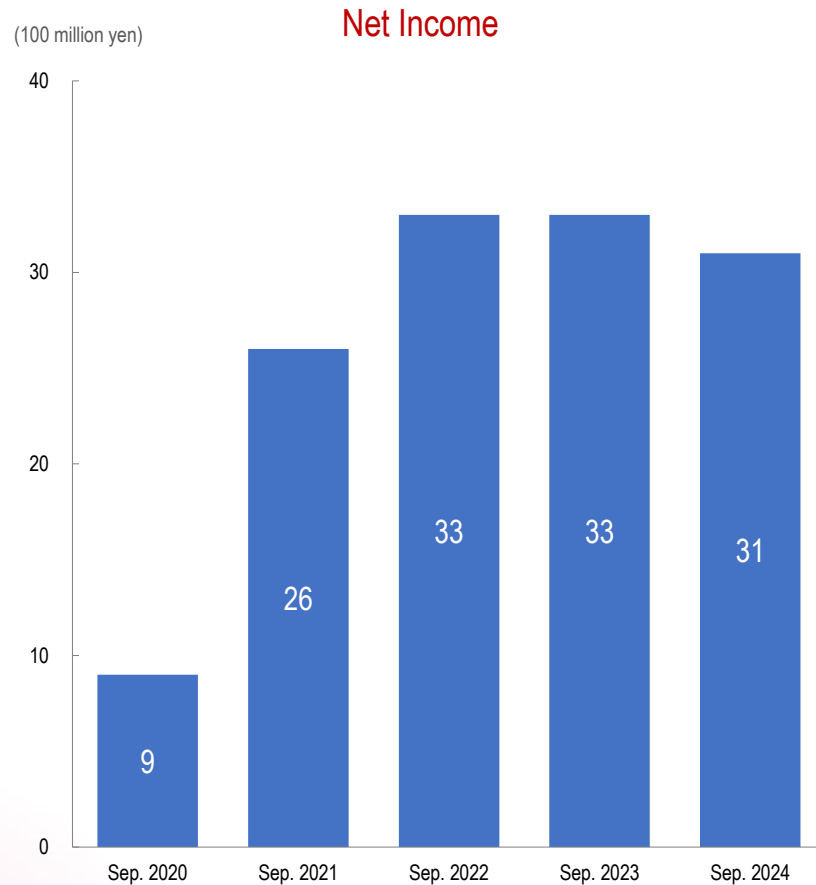
*4 Net core business profit (net business profit before general provision for doubtful accounts and profit/loss in government and other bonds (balance of 5 bond accounts)).

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



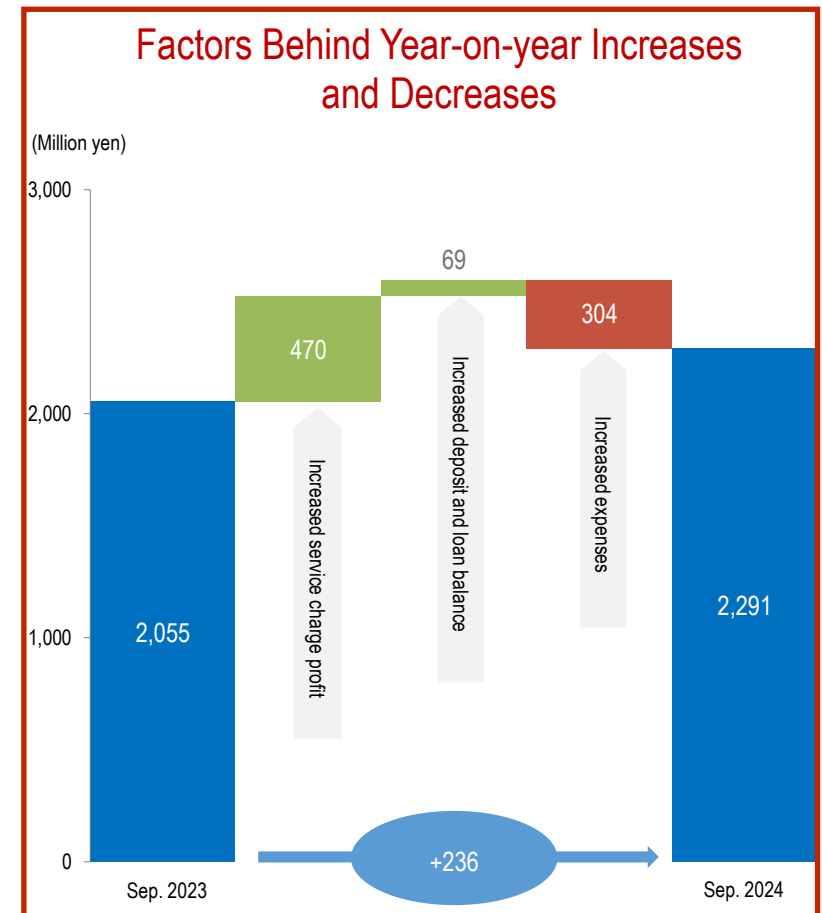
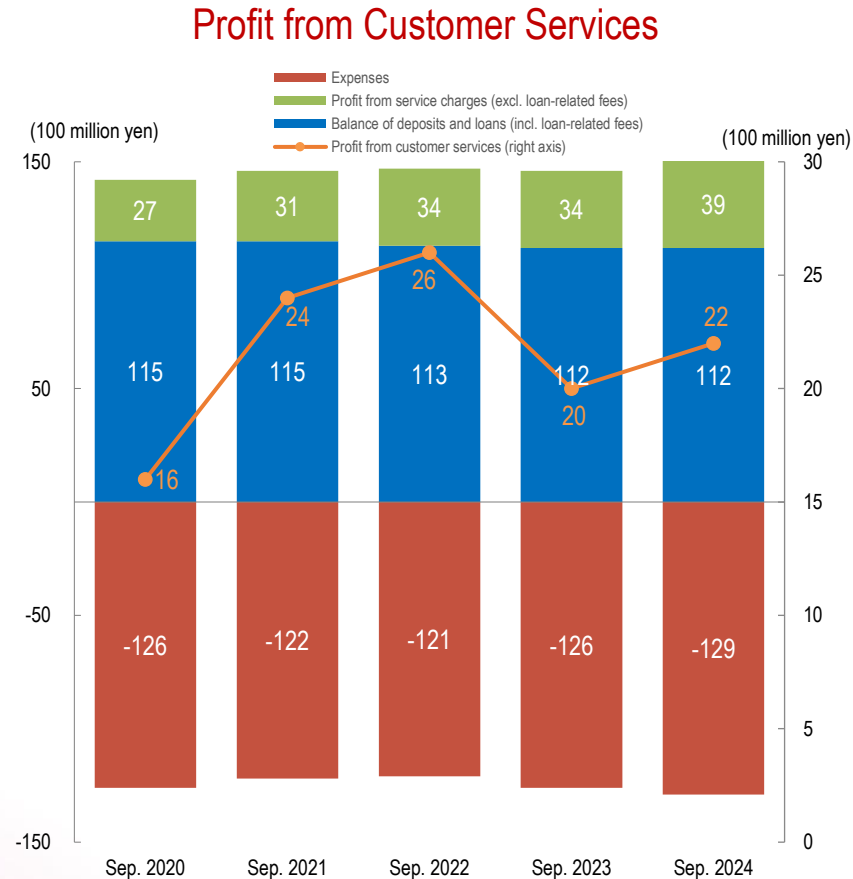
Profit/Loss for the Six Months Ended September 30, 2024

While profits increased in the Trading Division and from customer services, net income decreased due to higher credit costs resulting from the reactionary decline in reversal of provision for doubtful accounts.



Profit from Customer Services

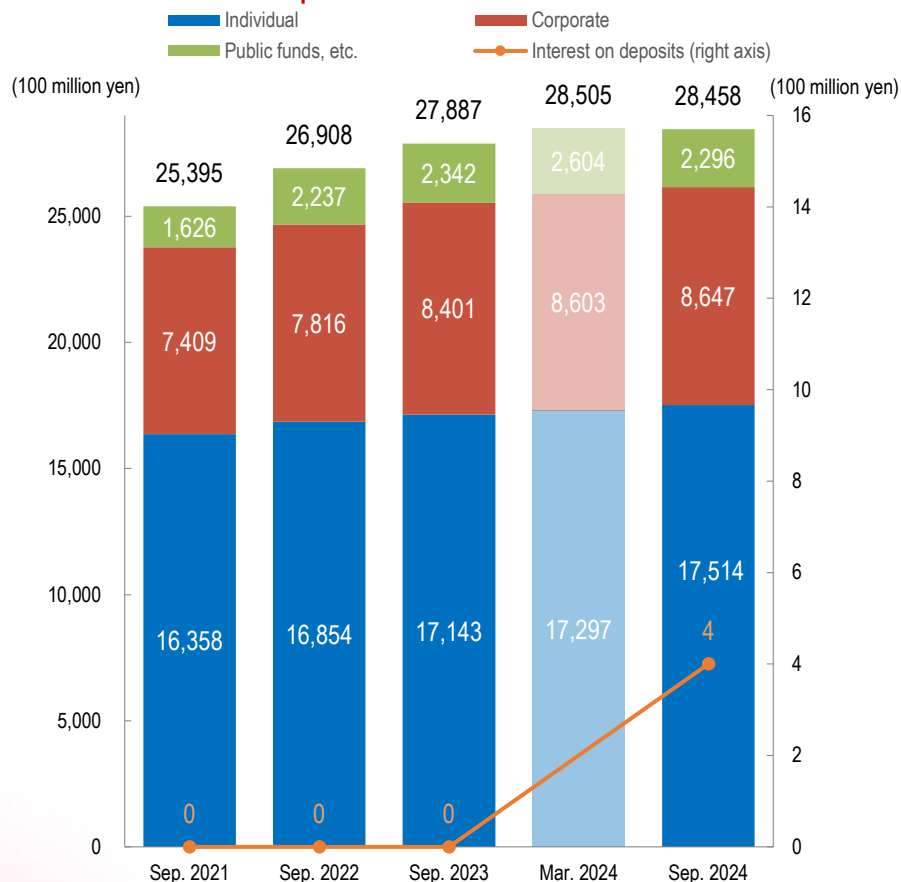
While expenses rose, especially labor costs, profit from service charges and deposit and loan balance increased, resulting in increased profit from customer services.



Profit from Customer Services - Deposits

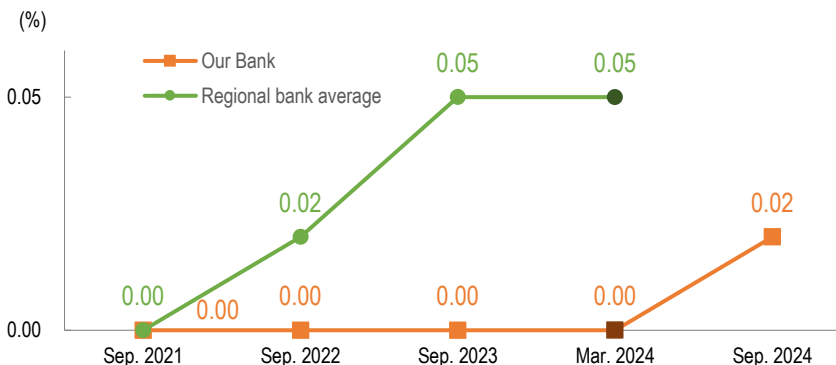
Deposit and other balances increased year on year due to increased deposits for both corporations and individuals. Interest on deposits also increased in line with higher interest rates.

Deposit and Other Balances



* Deposit and other balances include negotiable certificates of deposit.

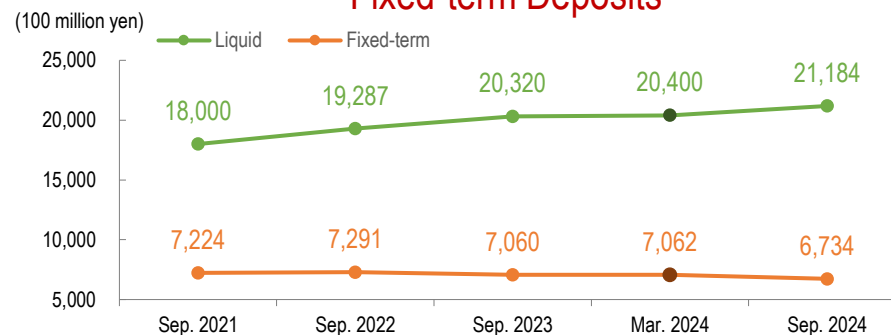
Interest on Deposits, etc.



Source: REGIONAL BANKS ASSOCIATION OF JAPAN

* Yield for Mar. 2024 is the annual yield.

Average Balance of Liquid and Fixed-term Deposits

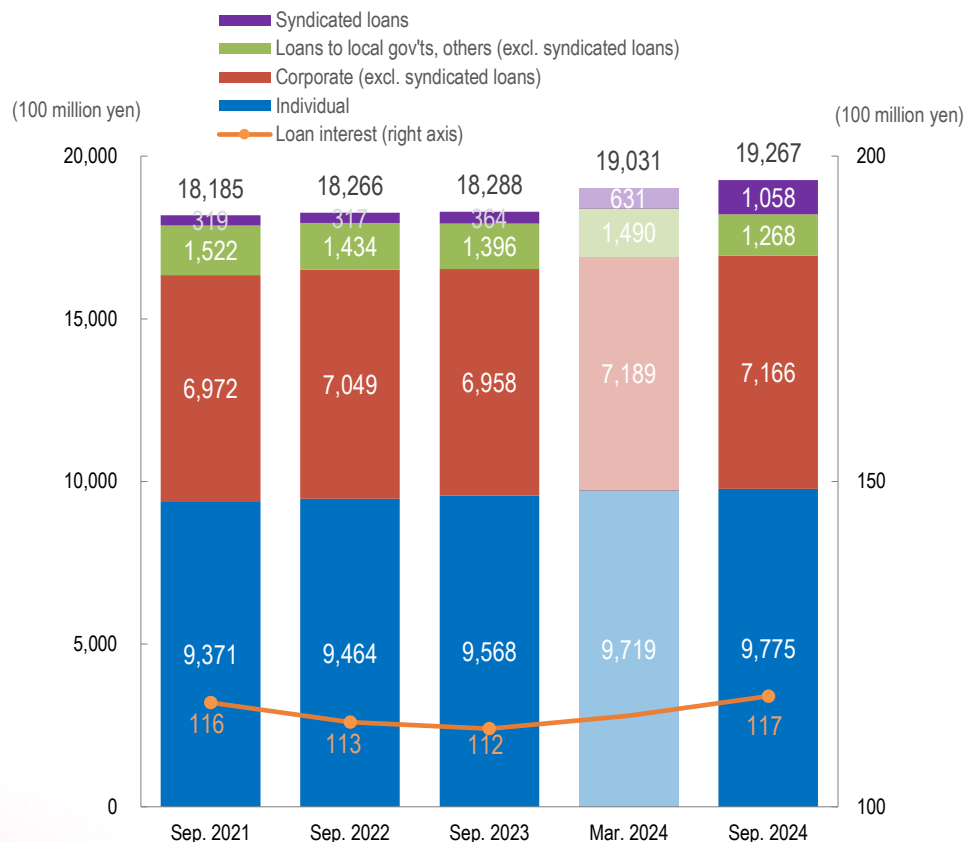


* Average balance of liquid and fixed-term deposits for Mar. 2024 is on an annual basis.

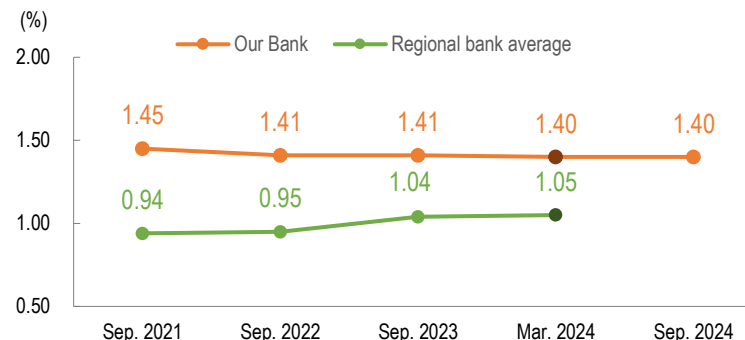
Profit from Customer Services - Loans (1)

Loan balance increased year on year mainly for corporations, individuals, and syndicated loans. Loan interest income also increased, mainly due to the higher loan balance.

Loan Balance



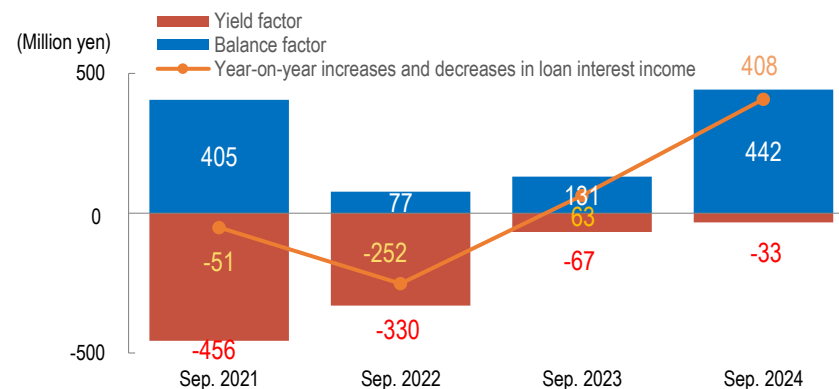
Loan Interest Rate



Source: REGIONAL BANKS ASSOCIATION OF JAPAN

* Yield for Mar. 2024 is the annual yield.

Factors Behind Increases and Decreases in Loan Interest Income

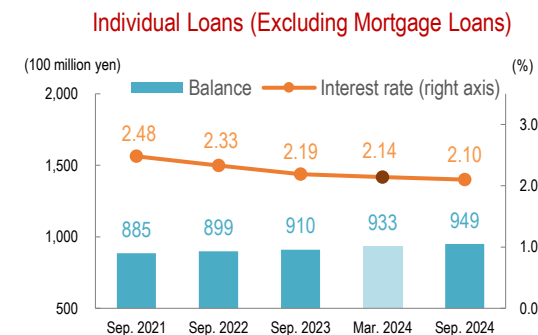
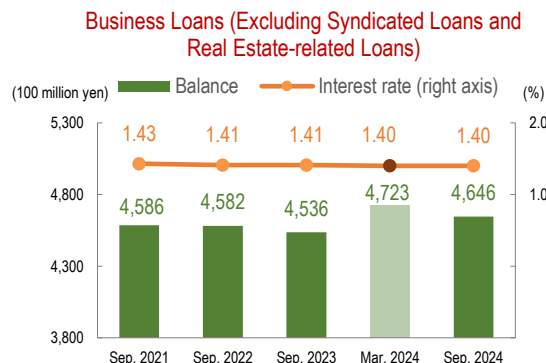
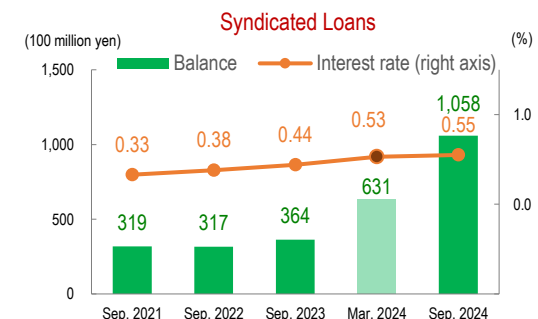
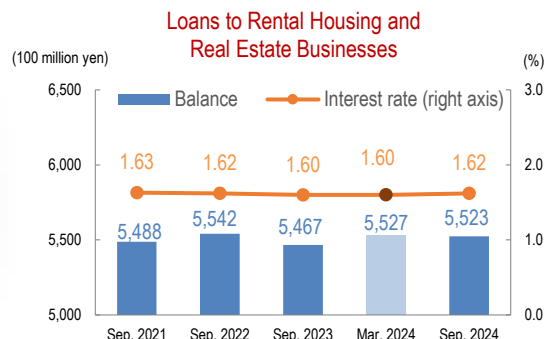
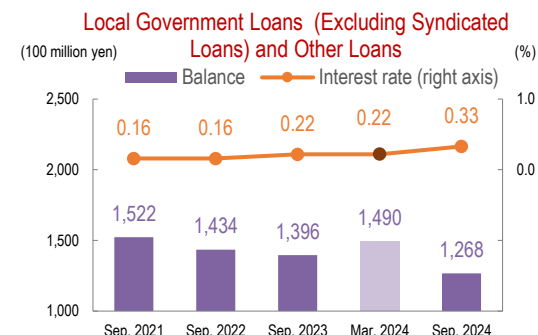
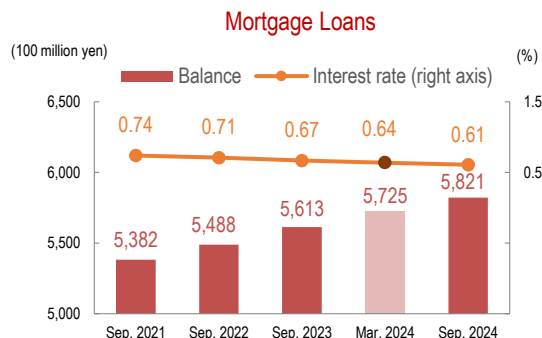
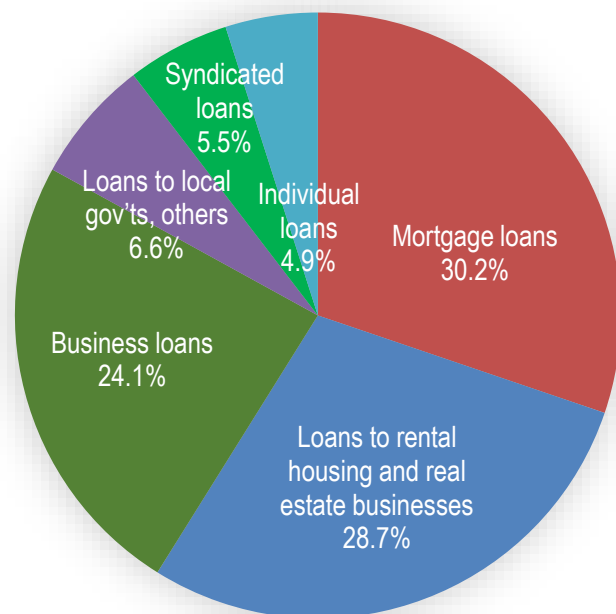


Note: Loan interest in the "Factors Behind Increases and Decreases in Loan Interest Income" graph does not include "loan-related fees." Therefore, the loan interest in the "Loan Balance" graph and the "deposit and loan balance" on page 6 do not match.

Profit from Customer Services - Loans (2) (Status of Loans by Use)

Balances increased year on year for all purposes except for “loans to local governments and others” (in particular, syndicated loans increased significantly). Yields increased on “loans to rental housing and real estate businesses,” which account for a large portion of total loans.

Breakdown of Loan Balances by Use



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

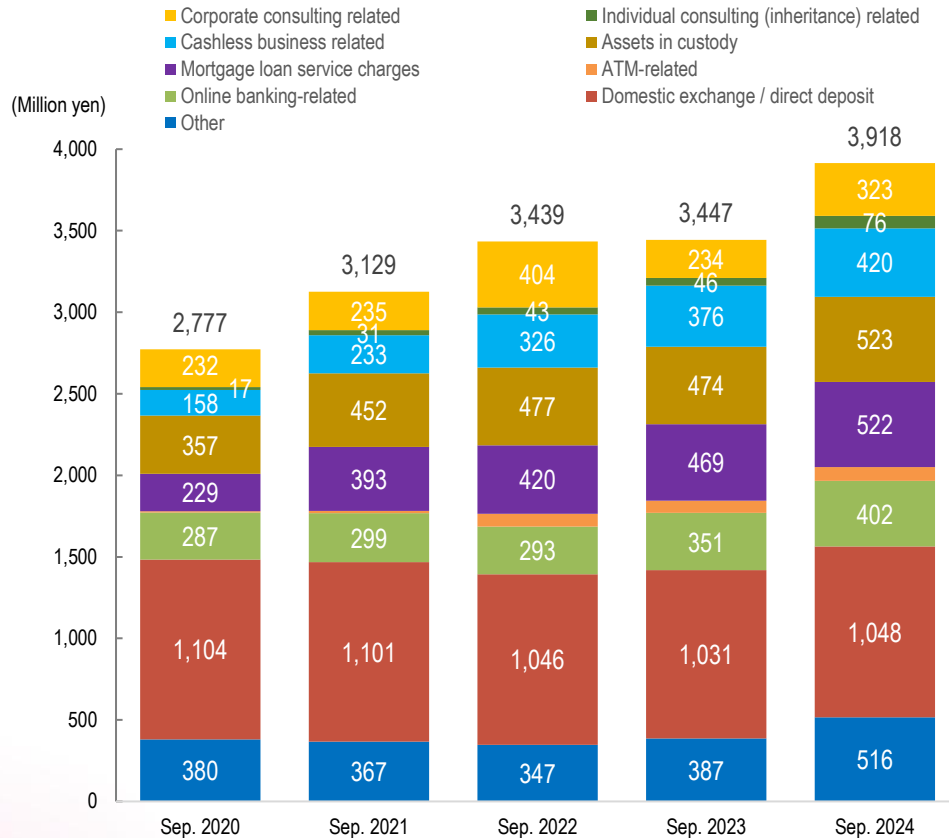
* Yield for Mar. 2024 is the annual yield.

Profit from Customer Services - Profit from Service Charges

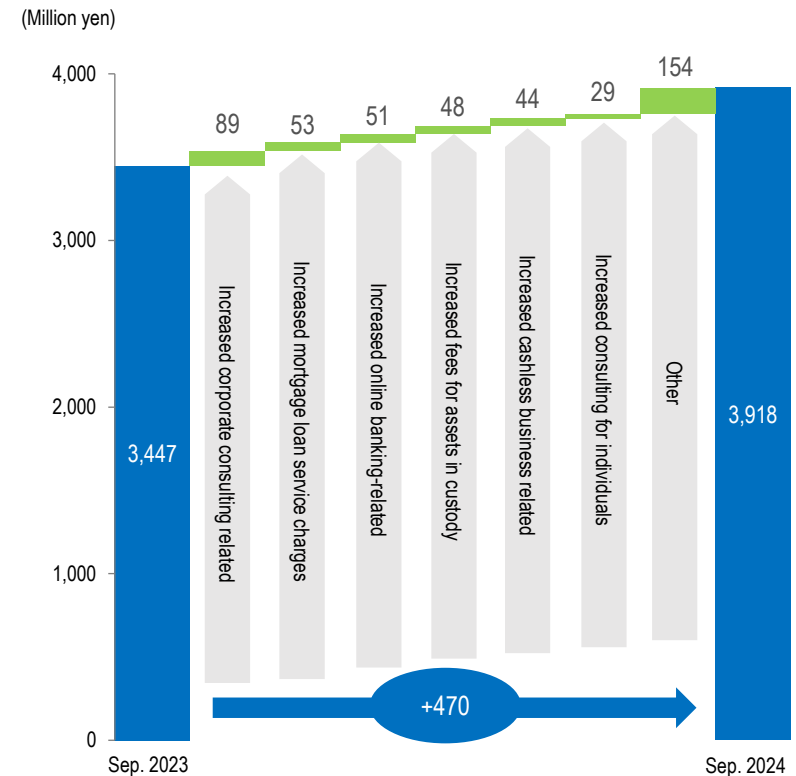
Increased in all categories, including the three key businesses (corporate and individual consulting services, cashless business).

Trends in Profit from Service Charges

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

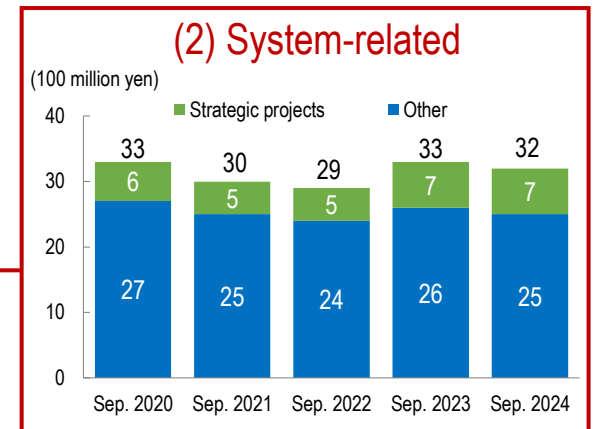
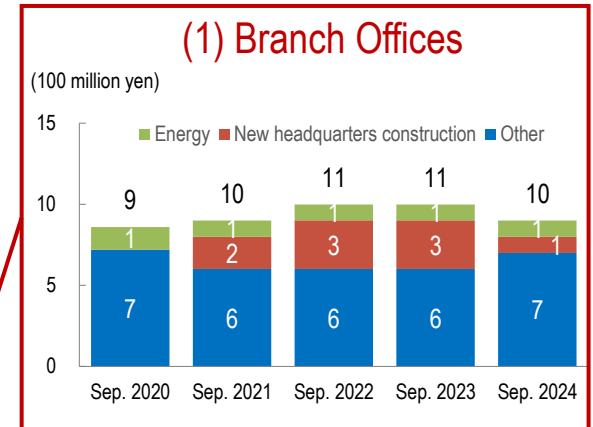
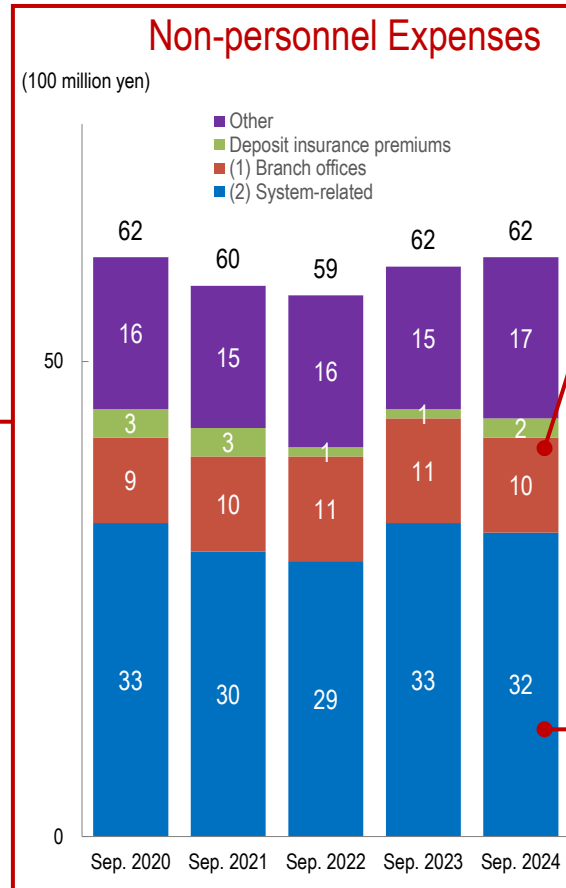
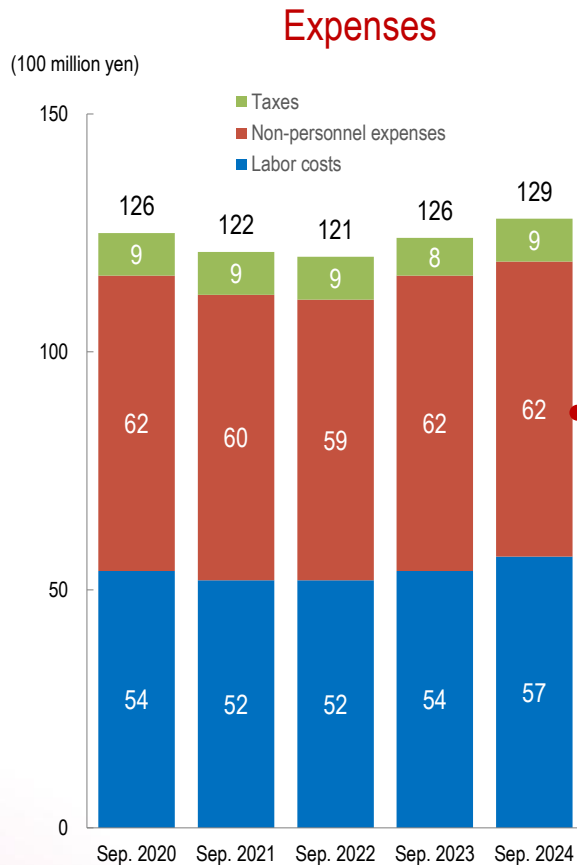


Factors Behind Year-on-year Increases and Decreases



Profit from Customer Services - Expenses

Expenses increased due to higher labor costs associated with the base pay hike.



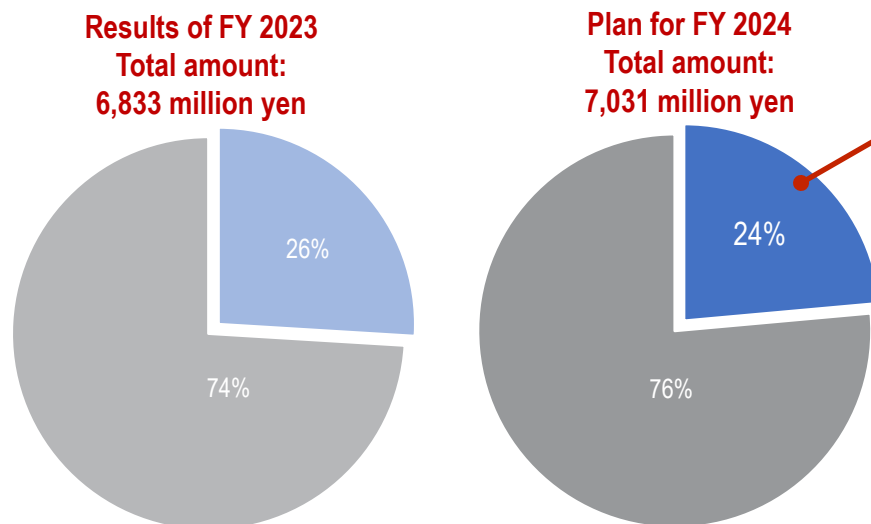
Note: [Strategic projects] Projects such as customer service and profit improvement measures (online banking, cashless related, apps, etc.)
 [Others] Projects related to systems, risks, infrastructure, aging renewal, etc.

Mechanization Investment Plan

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

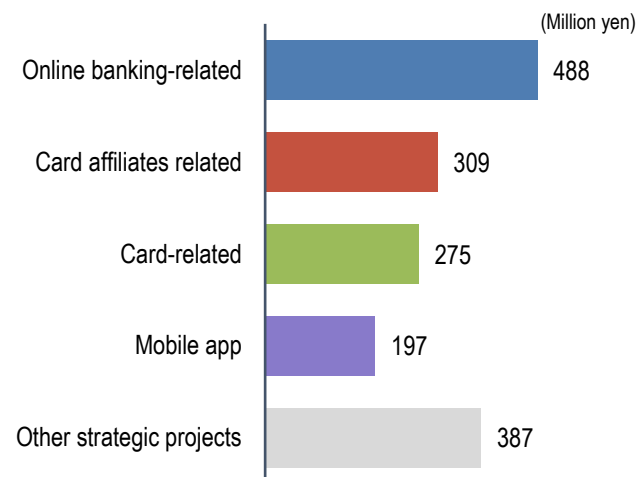
We will continue to make strategic investments in order to achieve (1) expansion of business foundation, (2) practice of ESG management, and (3) challenges for transformation, as set forth in the medium-term management plan “Value 2023.”

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



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

Breakdown of major strategic projects

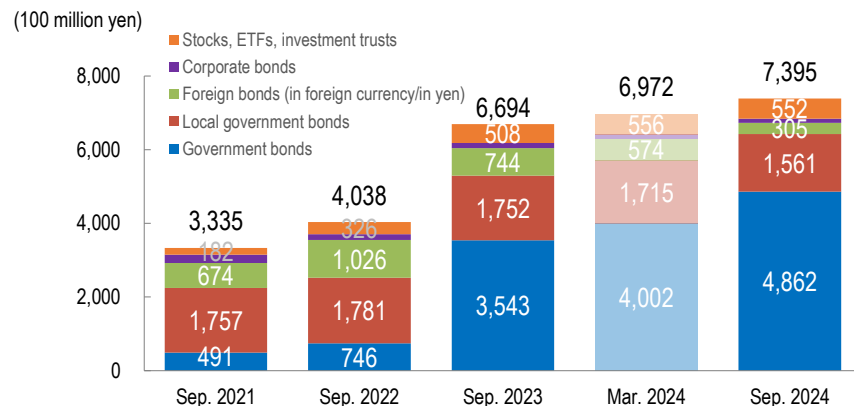


Securities

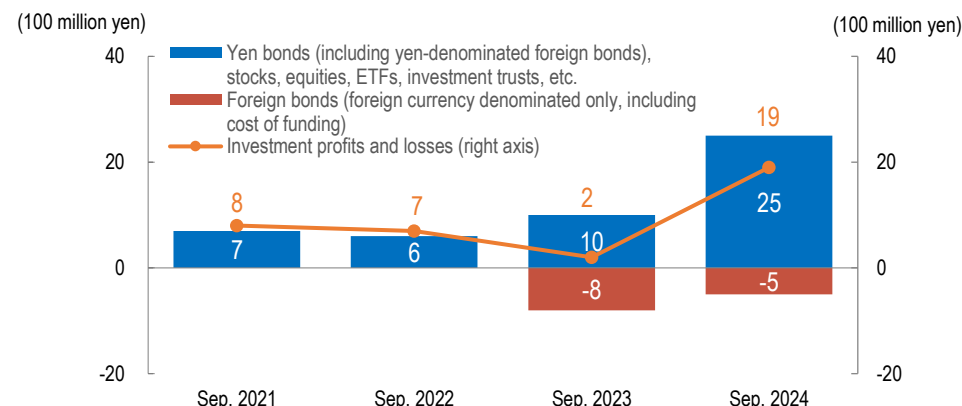
While low-yielding foreign bonds were sold, government bonds were accumulated amid rising domestic interest rates, resulting in an increase in the balance of securities.

Investment profits and losses on securities improved due to sales of stocks and equity ETFs.

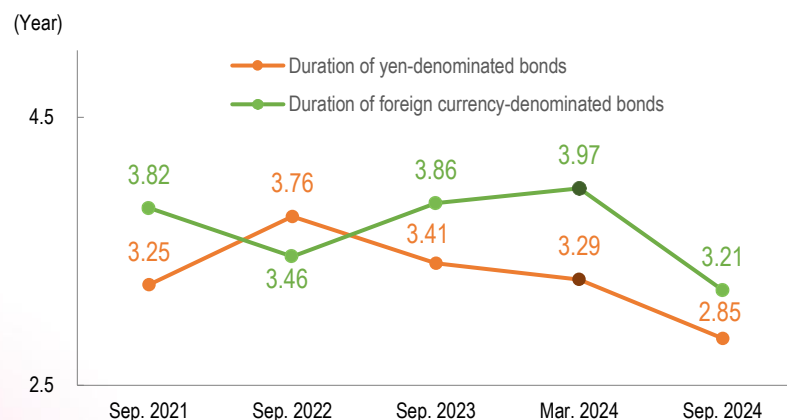
Balance of Securities



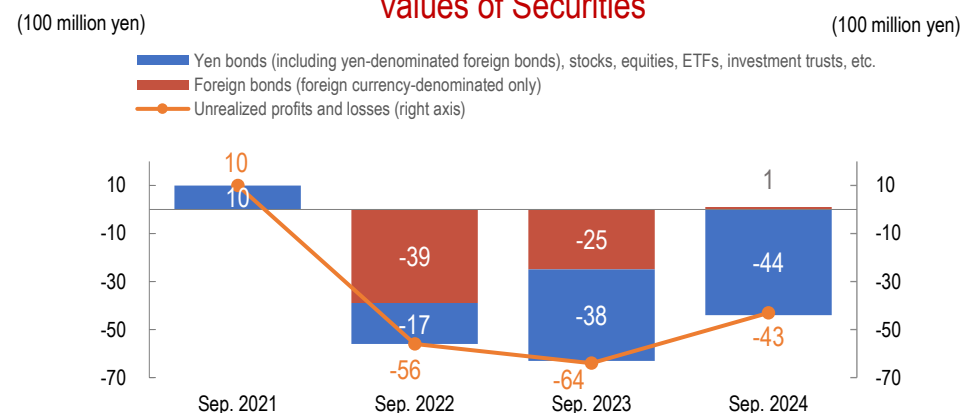
Investment Profits and Losses on Securities



Duration of Foreign Currency/Yen-denominated Bonds



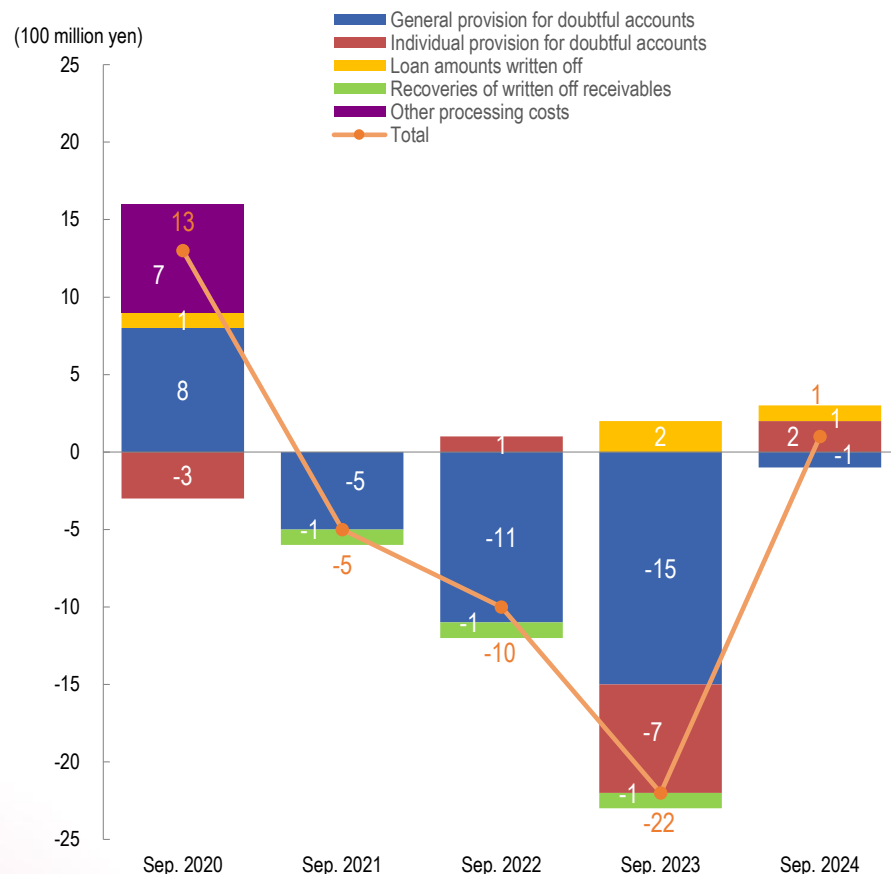
Differences Between Market Values and Book Values of Securities



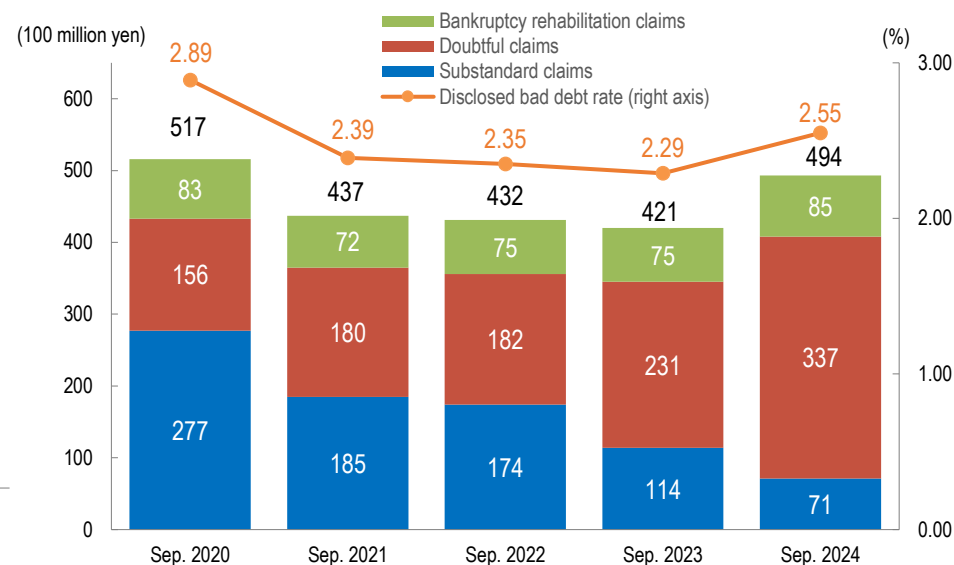
Net Credit Costs and Disclosed Bad Debt

Credit costs increased due to the reactionary decline in reversal of provision for doubtful accounts (general and specific).
Disclosed bad debt rate increased by 0.26 percentage points year on year.

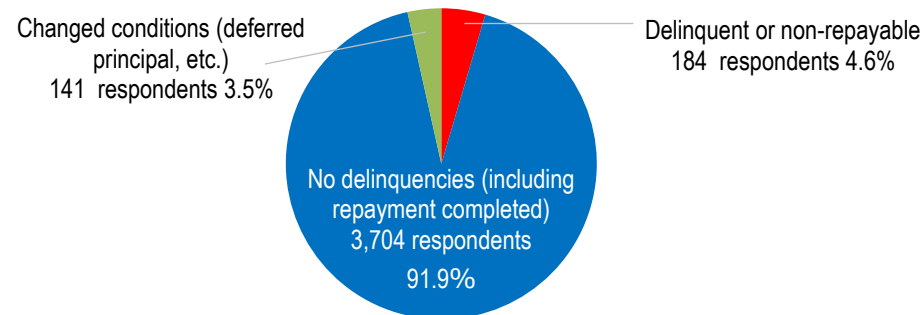
Net Credit Costs



Disclosed Bad Debt



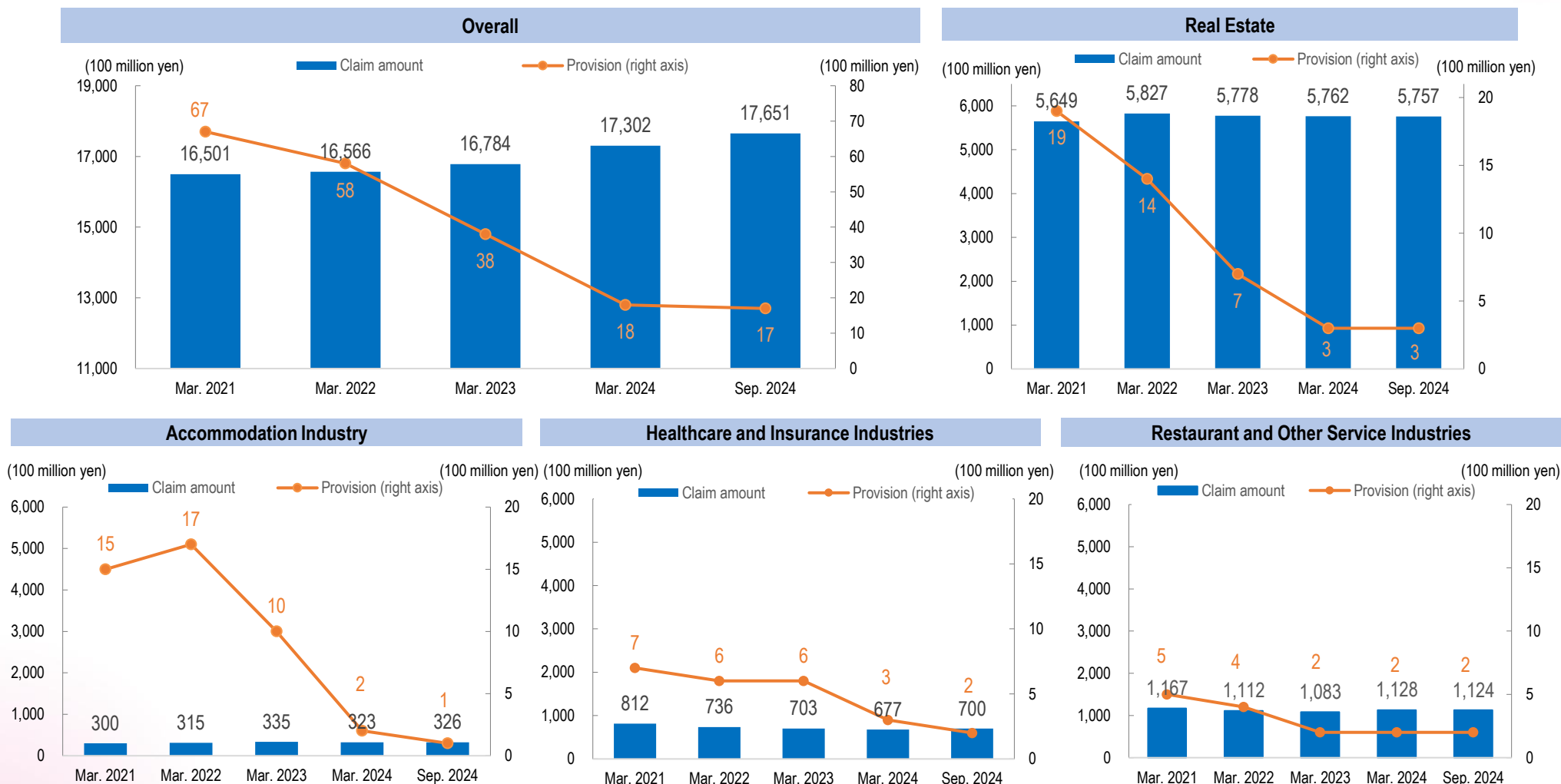
[Reference] Repayment of Zero-Zero Loans (as of Sep. 30, 2024)



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

General Provision for Doubtful Accounts

Calculation of general provision for doubtful accounts is based on “Forward-looking Provisioning.”(*) Provisions decreased mainly due to the removal of overlays(*) that had been applied to all the healthcare and insurance industries. All overlays related to the CCOVID-19 Crisis have now been removed.



Reference: Overview of Forward-looking Provisioning

What is forward-looking provisioning?

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

What is the purpose of introducing forward-looking provisioning?

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

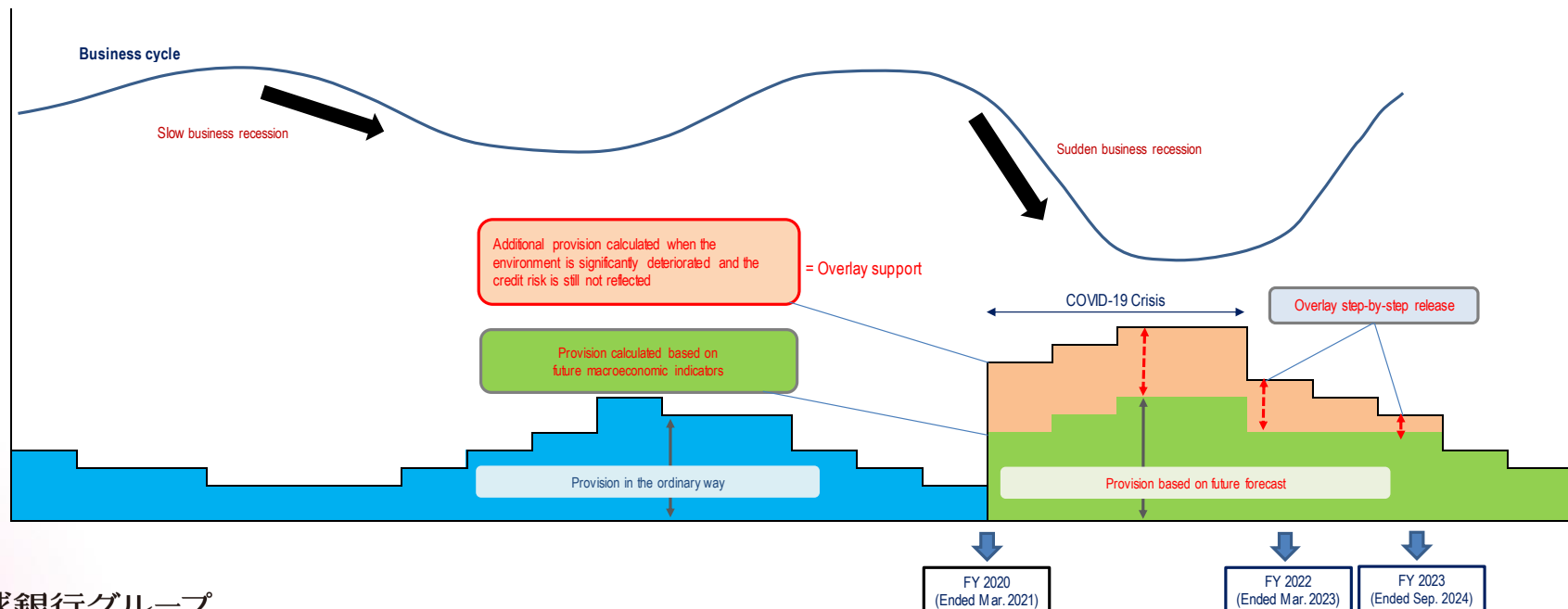
What is overlay?

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

Actions when the business is improving

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

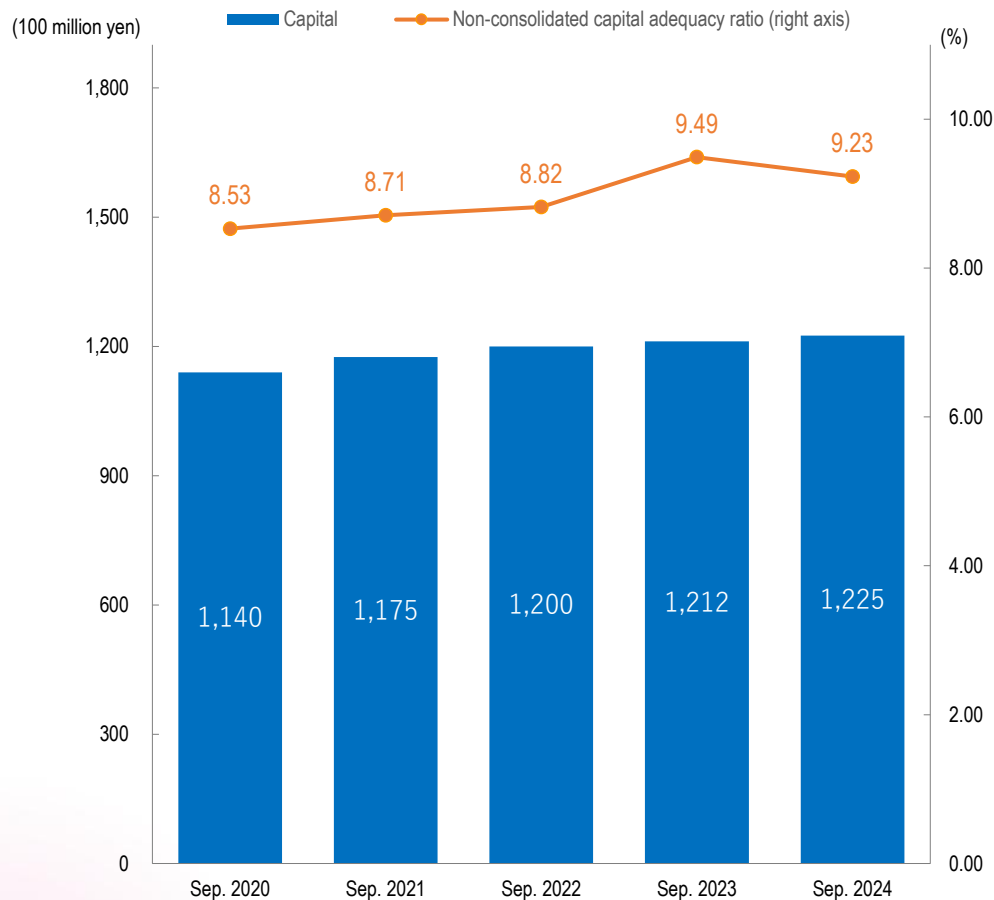
Stance on General Provisions



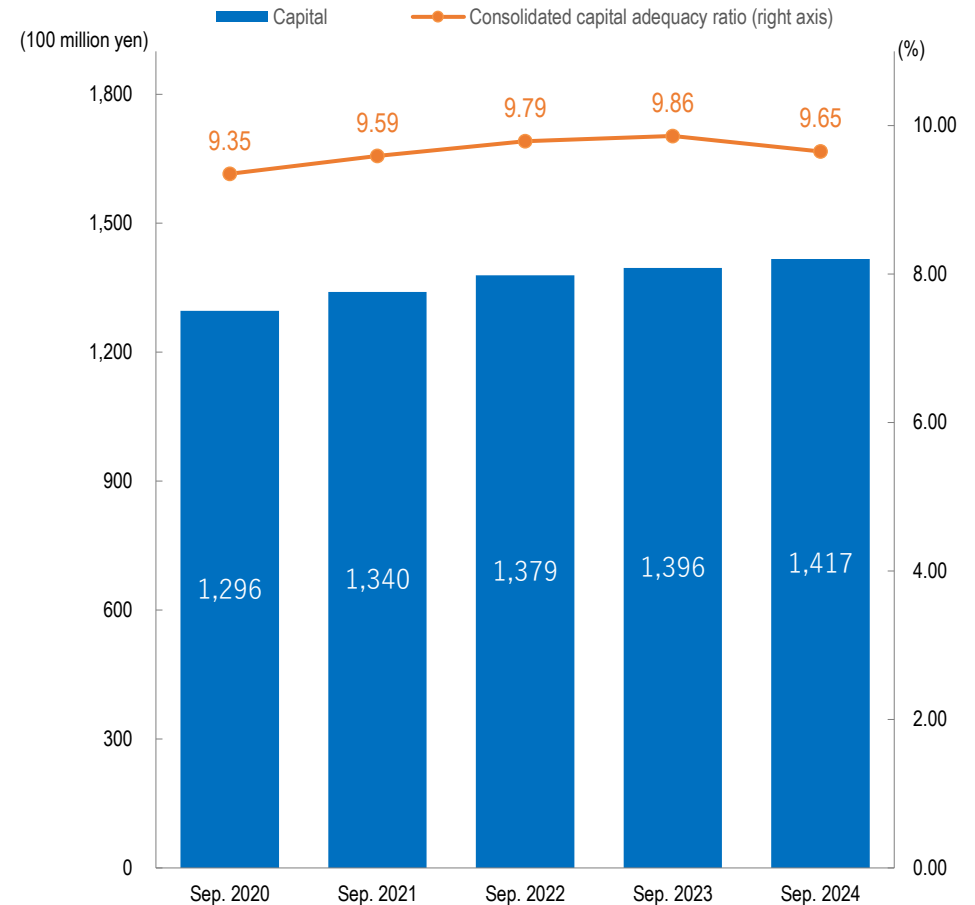
Capital Adequacy Ratio

The capital adequacy ratio was maintained in the 9% range both on a non-consolidated and consolidated basis.

Non-consolidated Regulatory Capital and Capital Adequacy Ratio

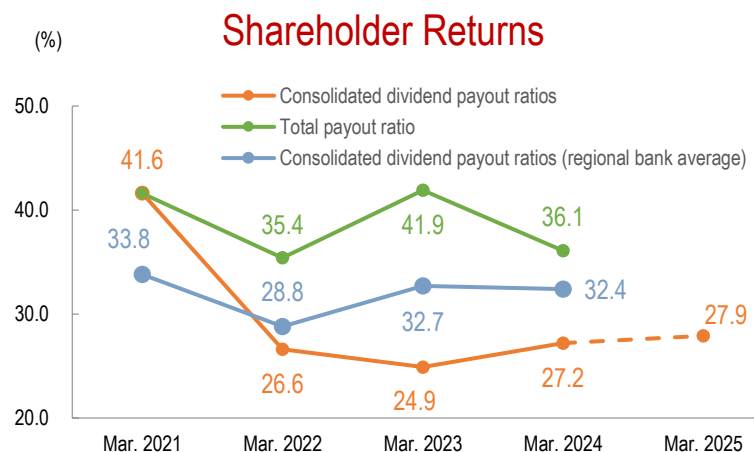
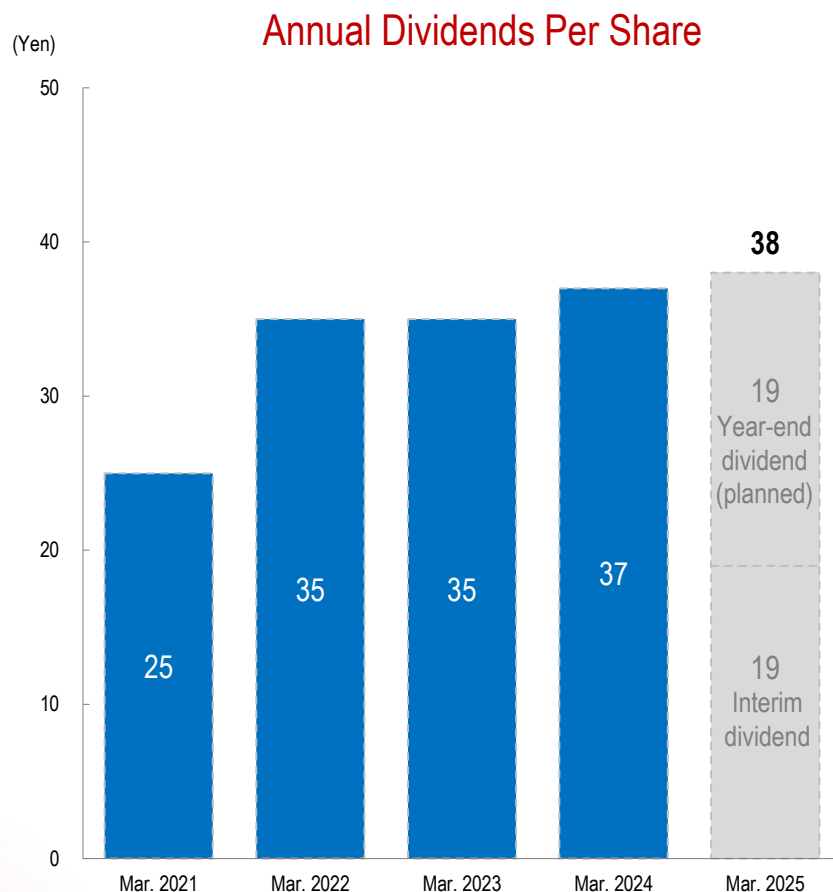


Consolidated Regulatory Capital and Capital Adequacy Ratio



Status of Dividends and Shareholder Returns

Under the basic policy to pay stable dividends, we plan to increase dividends by 1 yen for the FY 2024 (ending March 31, 2025), in light of profits and other factors.



Dividend policy for FY 2024 (ending March 31, 2025)

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

Forecast for FY 2024 (Ending March 31, 2025)

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

(100 million yen)

[Consolidated]

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

(100 million yen)

[Non-Consolidated]

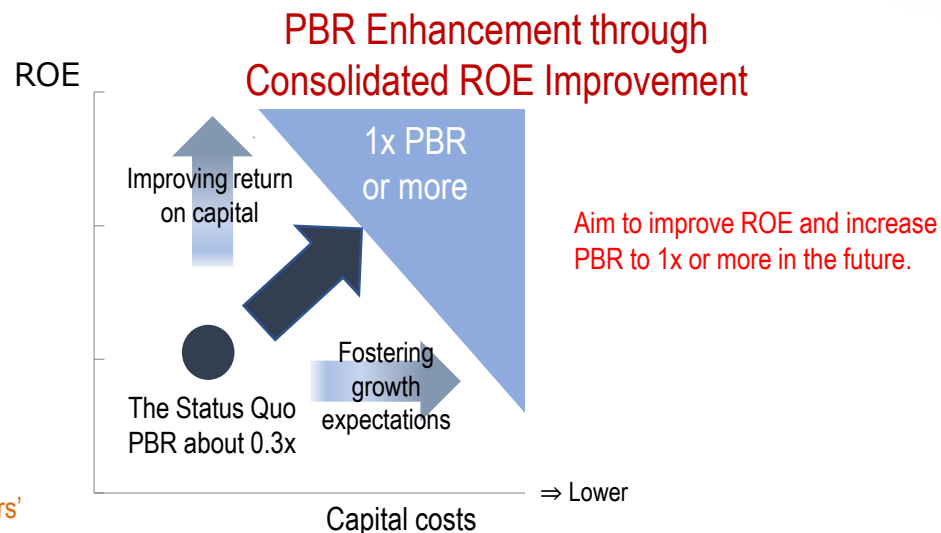
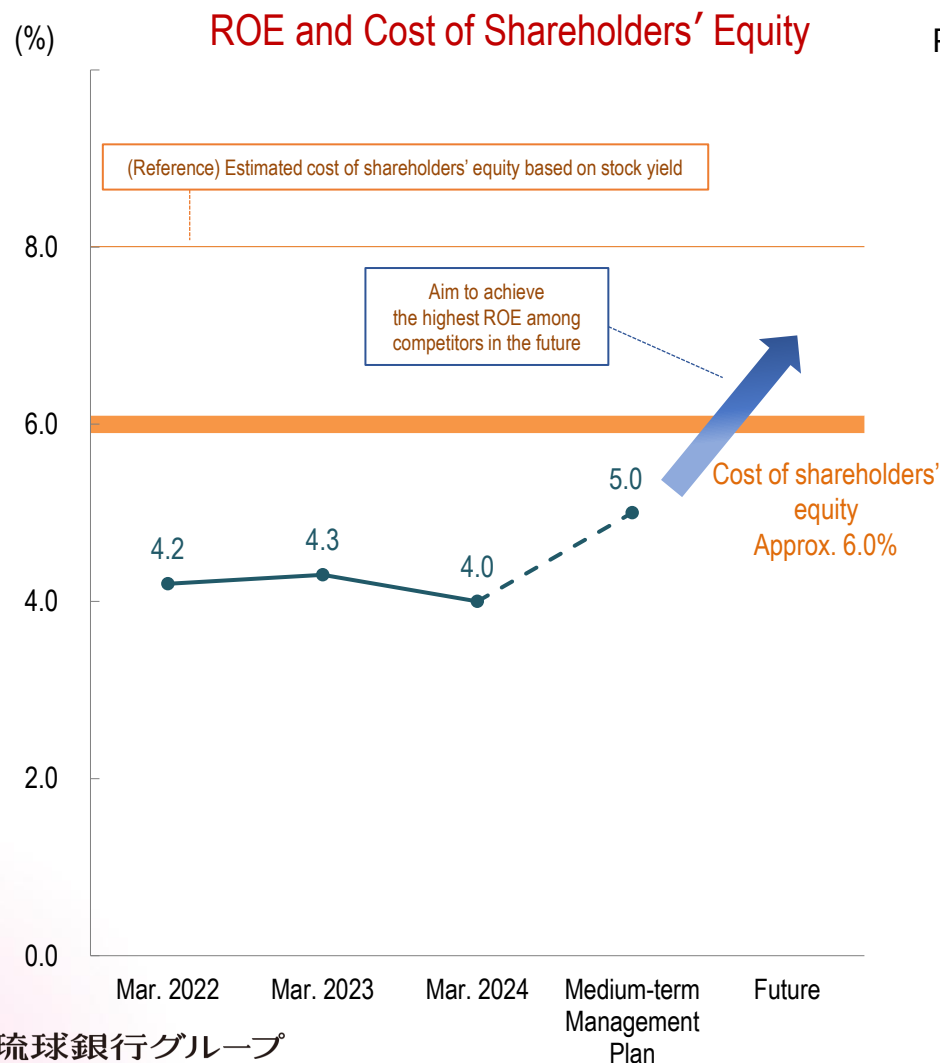
	FY 2023 (Ended Mar. 2024) Results	FY 2024 (Ending Mar. 2025)		FY 2025 (Ending Mar. 2026) Medium-Term Management Plan
		Forecast	Year on Year	
Ordinary profit	68	75	+6	—
Net income	46	52	+5	64

Progress of Initiatives to Enhance Corporate Value

Current Situation and Future Vision

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

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

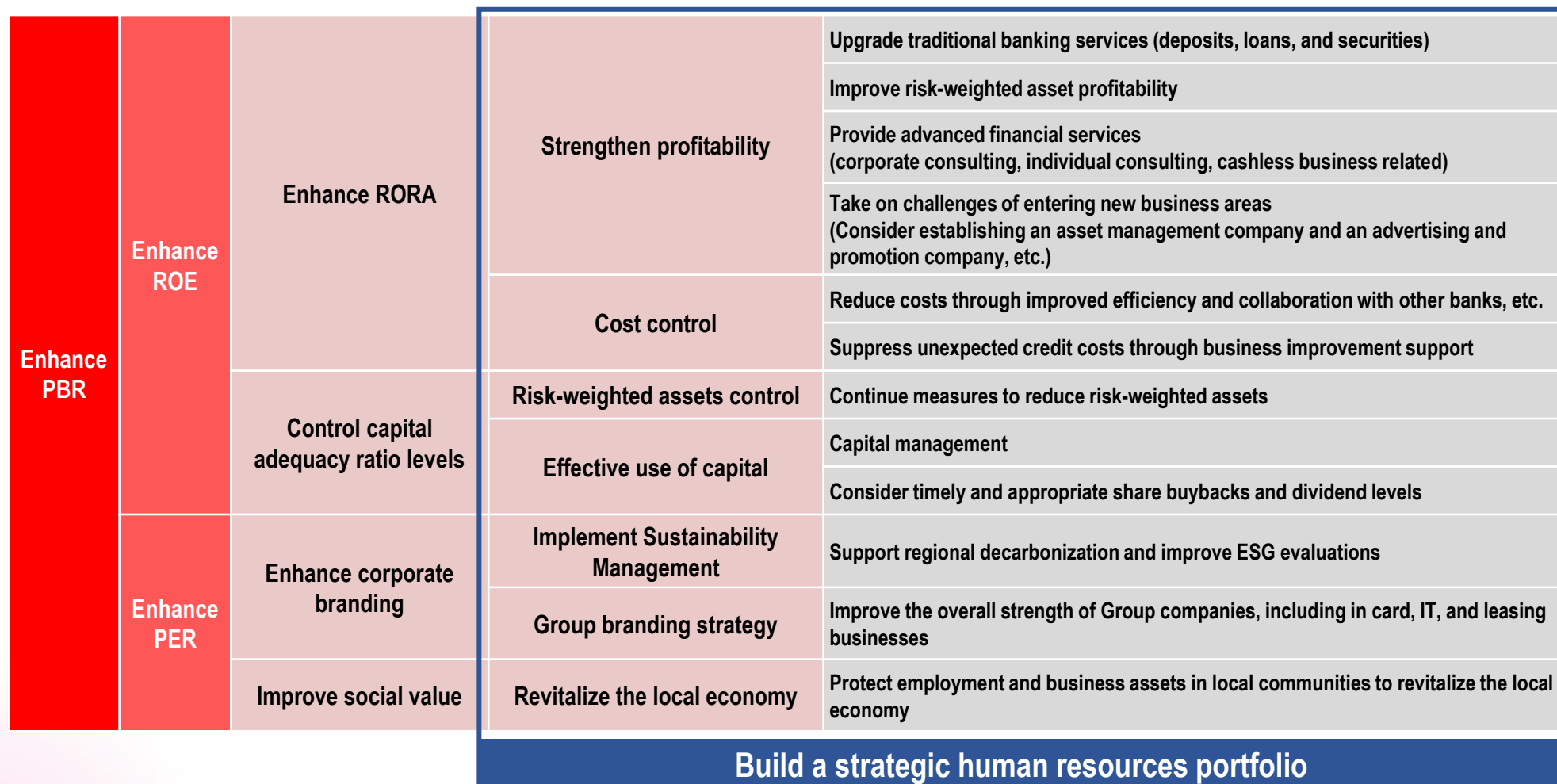


About Cost of Shareholders' Equity

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

Logic Tree for Improving Corporate Value

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

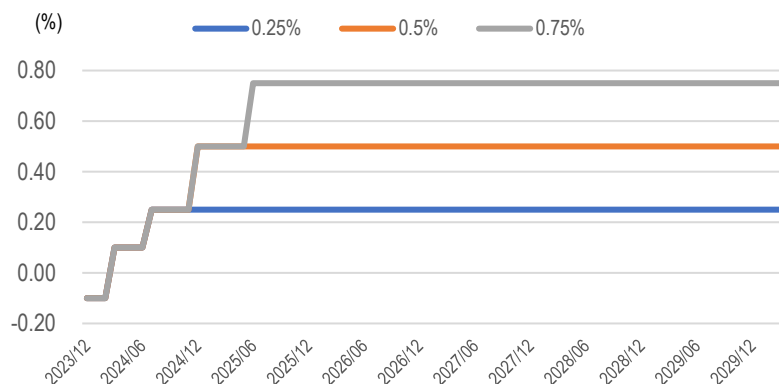


[Deposits, Loans, and Securities] Impact of Higher Interest Rates on Earnings

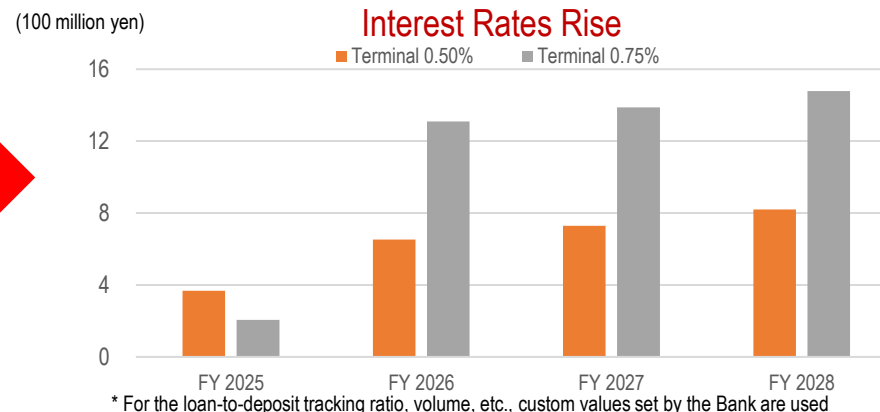
Enhance RORA
(Strengthen profitability)

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

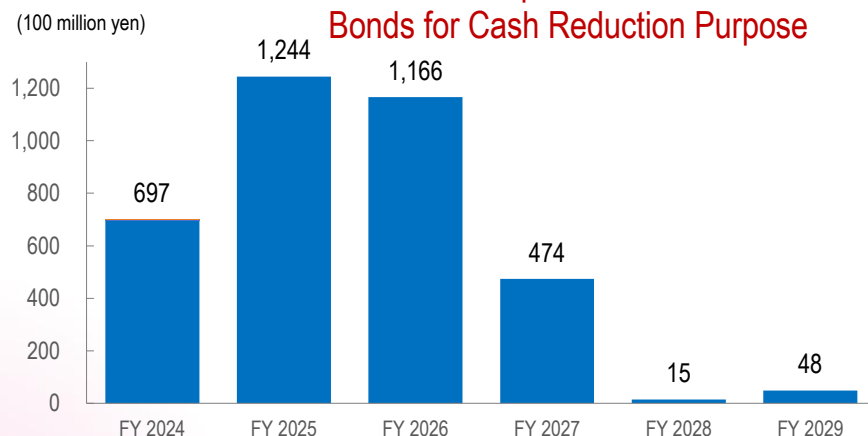
Terminal Rate Assumption Path



Estimated Profit Increase When
Interest Rates Rise

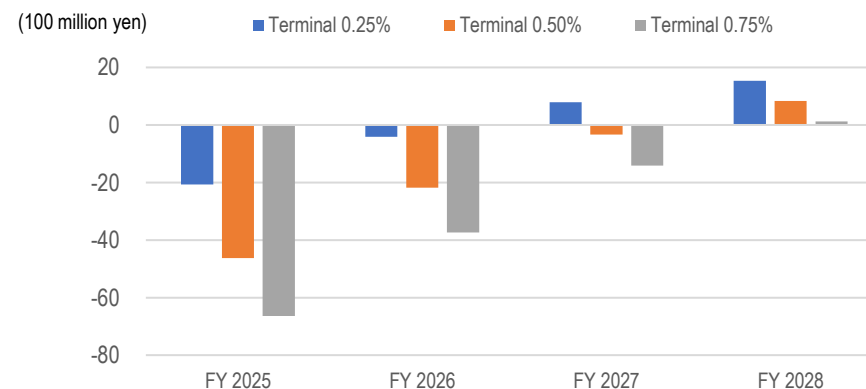


Scheduled Redemption of Yen-denominated
Bonds for Cash Reduction Purpose



* Bonds for cash reduction purpose are coupons of about 0%, which are due for redemption in October 2024 or later.

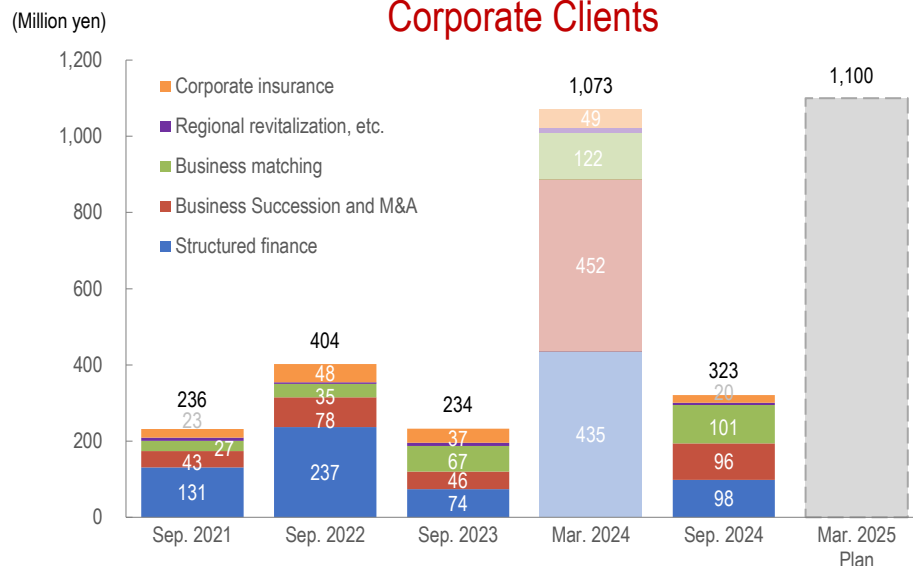
Unrealized Gains/Losses on Yen-denominated
Bonds When Interest Rates Rise



[Provide Advanced Financial Services] Corporate Consulting

Corporate consulting-related fees are on the rise, driven by structured finance, business succession, and M&A, which have been increasingly handled in-house. The number of consultations has been increasing steadily, and the Bank aims to further increase earnings.

Consulting-related Fee Income for Corporate Clients



New Efforts

[ESG-related]

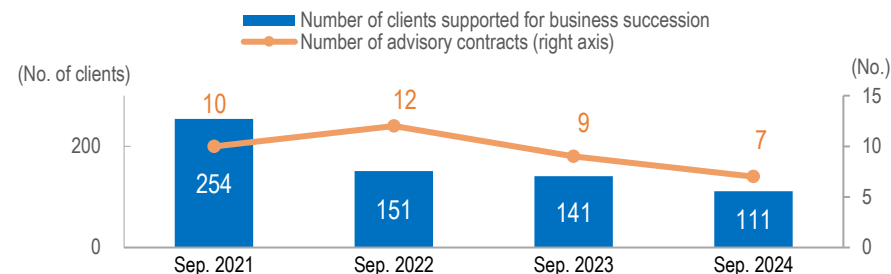
- In September 2023, we compiled our Sustainable Finance Framework and began offering Ryugin Green Loans, Ryugin Social Loans, and Ryugin Sustainability Linked Loans. The following shows the respective contract results, first as a regional bank in the prefecture.

Sep. 2023 Ryugin Sustainability Linked Loan

Jul. 2024 Ryugin Green Loan

Sep. 2024 Ryugin Social Loan

Number of Business Succession Support Deals and Advisory Contracts



Number of M&A Support Deals and Advisory Contracts



Changes in Structured Finance Consultations



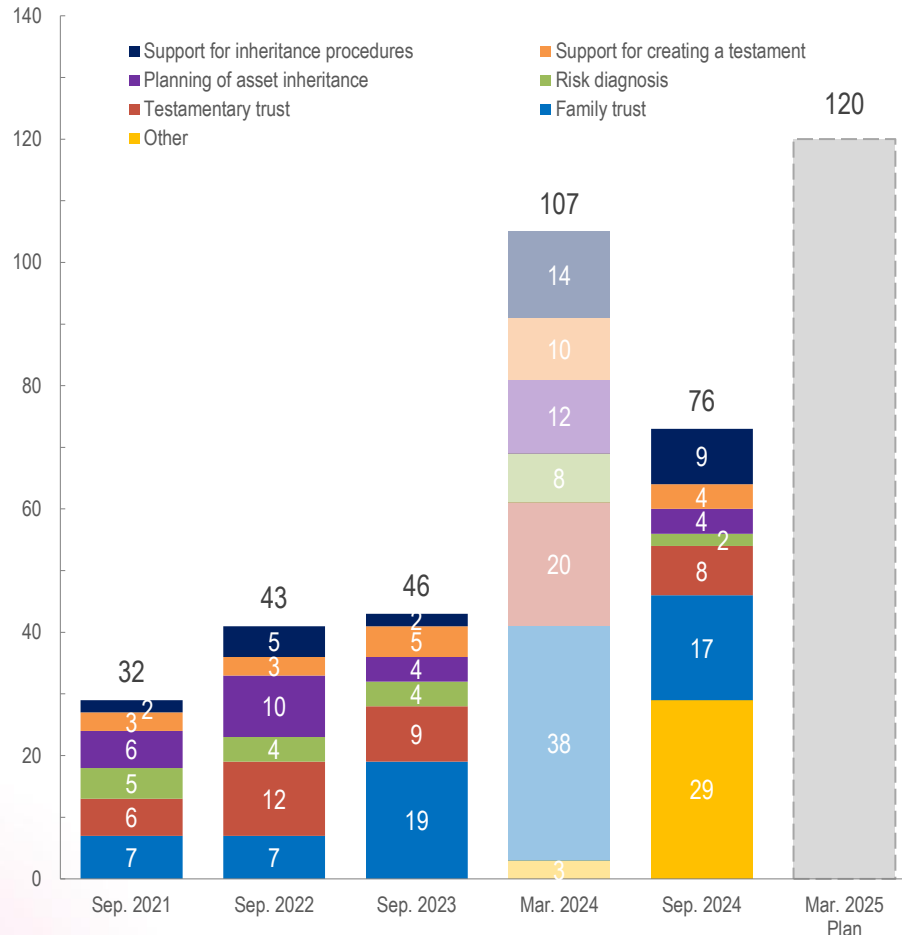
[Provide Advanced Financial Services]

Individual Consulting (1) Inheritance-related

Enhance RORA
(Strengthen profitability)

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

(Million yen) **Fees related to Individuals Consulting (Inheritance)**



* Profit from service charges for Mar. 2024 is the annual result

New Team Formed to Deepen and Expand Consulting Services for Individuals

- For the purpose of deepening and expanding consulting services for individuals, the Assets In Custody Promotion Team and the Inheritance Consulting Team were merged to create a one-stop framework for providing services ranging from asset formation and management to asset succession.
- We formulated "Guide to Inheritance Procedures," which summarizes various procedures required at the time of and after inheritance, including those outside financial institutions, and strengthened our activities. As a result, applications for estate liquidation support services increased approximately three-fold compared to the previous fiscal year.

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

- 2018: Ryugin Family Trust, risk diagnosis, and planning of asset inheritance
- 2019: Testamentary trust and estate liquidation support services
- 2023: Money Trust
- 2024: Real Estate Trust

Reference: Number of Inheritance Consulting Contracts



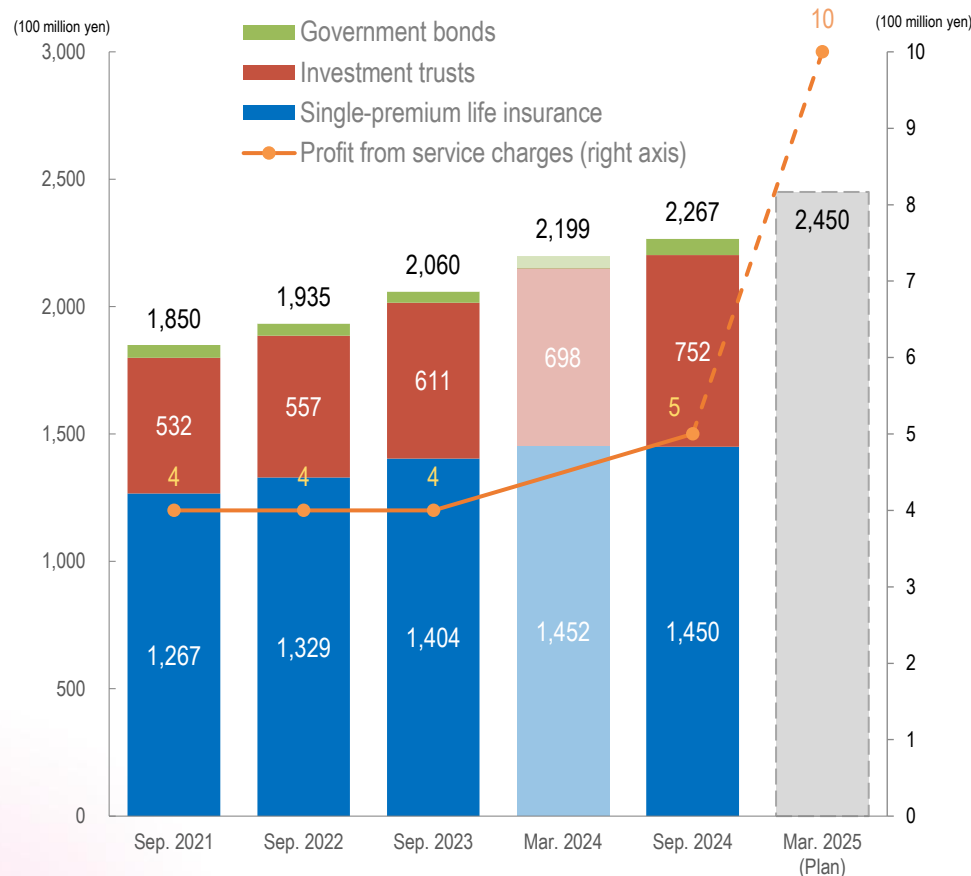
[Provide Advanced Financial Services]

Individual Consulting (2) Assets in Custody

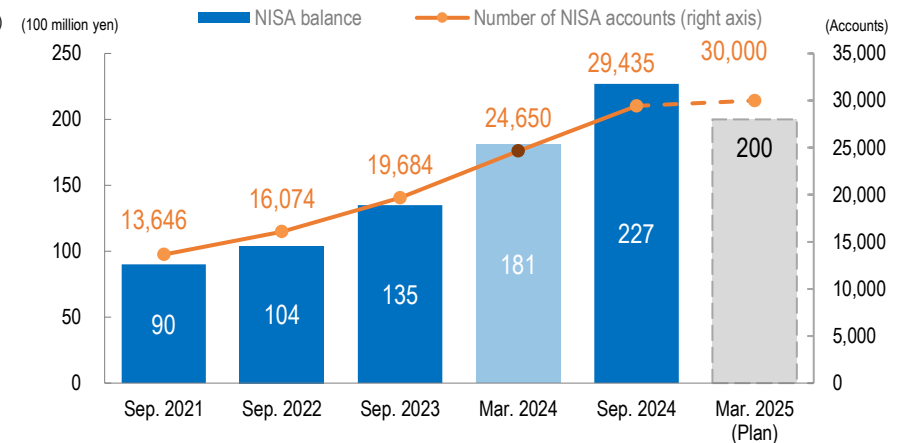
Enhance RORA
(Strengthen profitability)

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

Assets in Custody Balance and Profits



NISA Balance and Number of Accounts

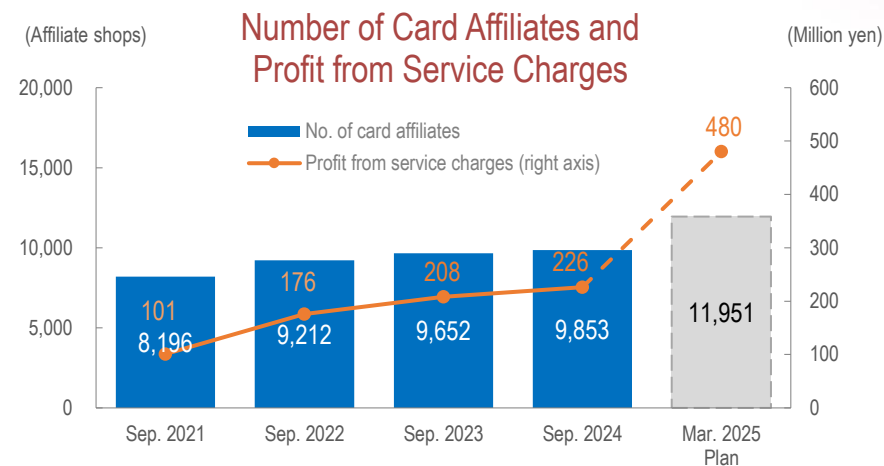
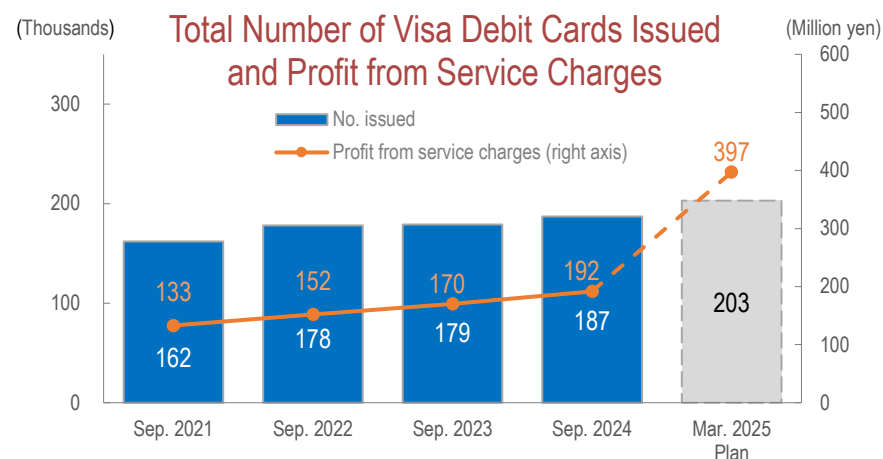


Mutual Fund Trading Functions added to Ryugin App

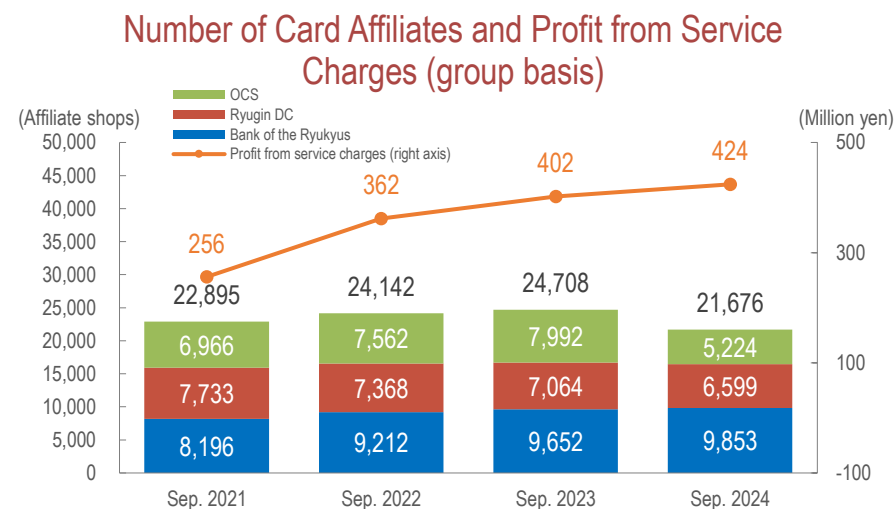
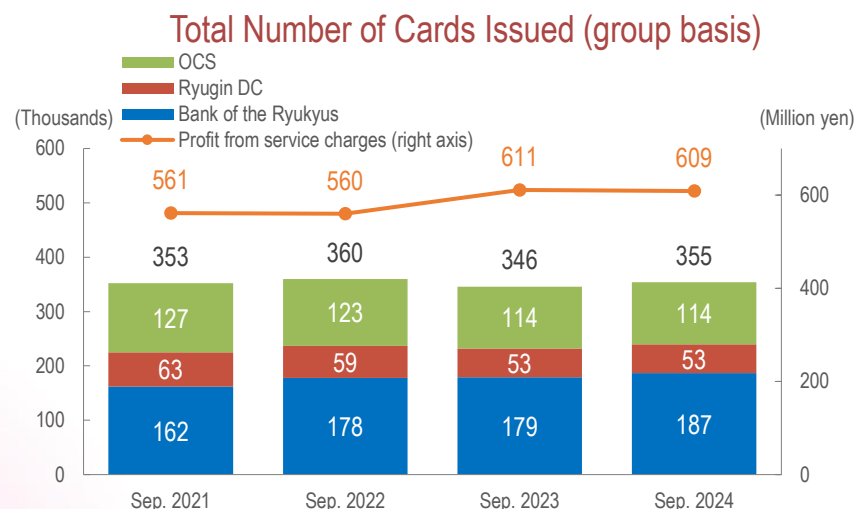
- In August 2024, functions for mutual fund trading were added to the Ryugin App, a banking app for smartphones. A full suite of transactions, such as mutual fund account openings, product purchases/redemptions, and balance inquiries can now be done in the app.
- In addition to also handling NISA account openings, commissions on product purchases are less expensive than those on over-the-counter contracts, contributing to an increase in NISA balances and the number of accounts.

[Provide Advanced Financial Services] Cashless-related (1)

Due to the increases in the number of Visa debit cards issued and card affiliates, charges from card users and card affiliates increased. Against the backdrop of the recovery in inbound tourism, the Bank aims for further expansion in the future.



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



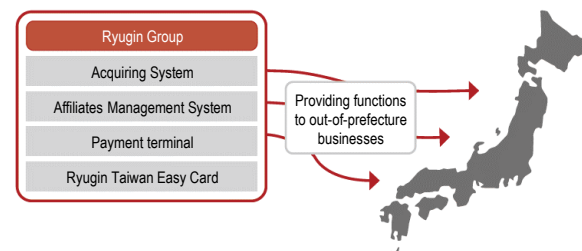
[Provide Advanced Financial Services] Cashless-related (2)

In addition to providing the cashless platform established by the Ryugin Group to financial institutions outside the prefecture, the introduction of touch payments for public transportation in the prefecture and the support of new banknotes in cashless ticket vending machines have contributed to the revitalization of the local economy and the promotion of digitalization. We will continue to expand our own offerings.

Toward the Realization of a Cashless Island

Out-of-prefecture expansion of cashless platform

- We have provided the cashless platform established by the Ryugin Group, with Bank of Saga launching cashless merchant services.
- Through this collaboration, we have been able to contribute to the advancement of cashless systems in Bank of Saga's operating area.
- The Bank will continue to provide the platform to financial institutions outside the prefecture and promote cashless initiatives in each region.



Promoting the introduction of touch payments for public transport

- Mar. 2024: Launched a boarding service enabling touch payment by credit card, etc. on public transport (route buses, boats) in the Yaeyama area. Now introduced for all buses and ferries.
- Mar. 2024: Launched a boarding service enabling touch payment by credit card, etc. on some route buses on Okinawa's main island.

Planned measures during FY 2024:

- Mar. 2025: Launch a boarding service enabling touch payment by credit card, etc. (planned) on some route buses on Miyakojima Island.
- Mar. 2025: Launch a boarding service enabling touch payment by credit card, etc. (planned) on Okinawa Urban Monorail "Yui Rail."



Bus fare box

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

Promotion of cashless ticket vending machines compatible with new banknotes

- Provides cashless ticket vending machines that support numerous payment methods, including credit card, e-money, and QR code payment.
- Also compatible with new banknotes issued from July 3, 2024.
- Installed at several local government offices and restaurants in Okinawa Prefecture. Cashless operations are contributing to improved operational efficiency.



Take on Challenges of Entering New Business Areas

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

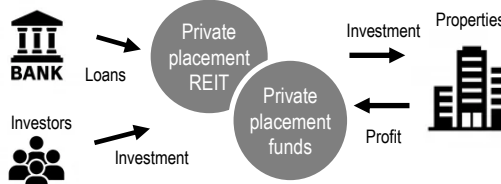
Efforts for Consulting with Local Communities

- ✓ Consulting support services for the government side of PPP/PFI projects will be provided by Ryugin Research Institute Ltd. from FY 2025.
- ✓ The Ryugin Group will collaborate with the government and private sector to solve regional issues through PPP/PFI projects, while building a system to circulate profit from PPP/PFI projects within the prefecture.



Consider Establishment of an Asset Management Company

- ✓ Consider the establishment of a subsidiary to manage a private REIT or a subsidiary for private fund management to improve the social value of Okinawa Prefecture by creating job opportunities and attracting tourists through investment in properties that contribute to urban development and revitalization of local communities, as well as the securing of experts and expansion of the investment property pipeline.



Start of Corporate Advertising Distribution Services Using Digital Signage

- ✓ This fiscal year, digital signage will be installed in the lobbies and ATM corners of banking offices in the prefecture to promote the Bank's services and to provide information to customers in the event of incidents.
- ✓ Preparations are underway to launch a corporate advertising distribution service that will display advertisements of client companies on the above digital signage.
- ✓ This is a measure for ensuring effective use of existing assets (installed equipment and creditworthiness as a financial institution) and is intended to support client companies in improving their top lines and as a door-knocking tool to expand business partners.
- ✓ A trial will be conducted in the fourth quarter of FY 2024, with the goal of rolling out to all banking offices in FY 2025.

[Image of signage installation]



	2024	2025	2026
Human resource development, etc.			
Establishment of JV contracting system			
Establishment of independent contracting system			

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

Support Regional Decarbonization and Improve ESG Evaluations

Enhancement of Corporate Branding
(Implement Sustainability Management)

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

Signed PRB (Principles for Responsible Banking)

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

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

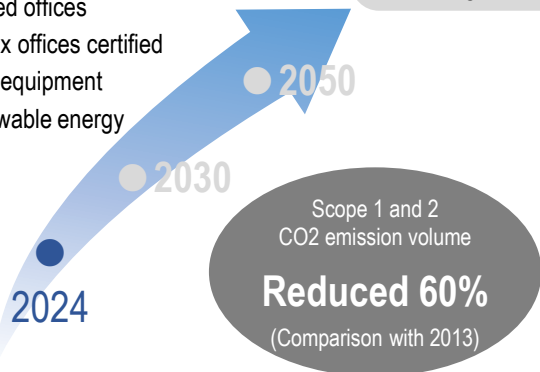
Decarbonization of the Bank of the Ryukyus Group Itself

Achieved the target of greenhouse gas emission reduction ahead of schedule

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



FY 2023 CDP Rating "A-"



Participation in Initiatives

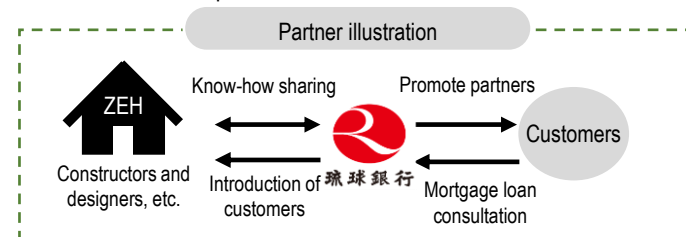


Decarbonization Support for Local Communities

Demonstration of Leadership in Promoting ZEH in Local Communities

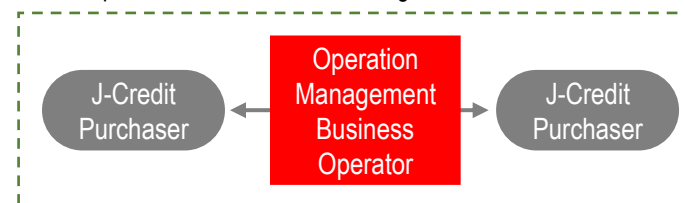
"ZEP-Ryukyu," an alliance to promote the spread of ZEH, was launched in 2022.

Note: 125 members as of September 30, 2024



Entry into J-Credit Operation and Management Business

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



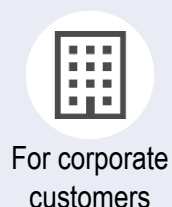
Note: J-Credit Scheme: A system in which the government certifies the amount of reduced greenhouse gas emission achieved through the use of energy-efficient facilities and renewable energy facilities, etc. as credits

ESG-conscious Investment and Financing Activities, etc.

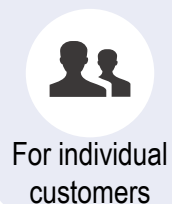
Enhancement of Corporate Branding
(Implement Sustainability Management)

Expand products and services handled that contribute to solving ESG issues, including climate change.

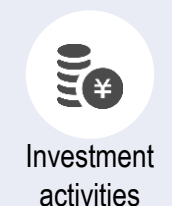
Products & Services Lineup



- Ryugin SDGs Support Service
 - Support business operators' SDG initiatives
- Ryugin Sustainable Finance
 - Support solution of social issues and enhancement of corporate value of business partners through such finance



- Ryugin ZEH Mortgage Loan
 - Provide economic benefits to customers by offering preferential interest rates on housing loans and apartment loans for properties that have received ZEH or BELS certifications, and actively promote the spread of ZEH in the prefecture



- Ryukyu Fund (managed by Ryukyu Capital)
 - Participate and invest in Ryukyu Fund, which was formed by companies in Okinawa Prefecture, including the Bank (the fund is responsible for supplying funds to companies in the prefecture to contribute to business succession and medium- to long-term business expansion, mainly through capital support)



- Selected for the Ministry of the Environment's 2024 Transition Planning and Engagement Practice Program
 - Develop a transition plan for carbon neutrality in 2050 and establish an engagement system for decarbonization of investees in accordance with the plan

Sustainability-related Profit

[Profit from ZEH Mortgage Loan]



[ZEH Mortgage Loan]

Started ZEH Mortgage Loan in September 2022. As of September 30, 2024, the amount of newly executed loans exceeded 30 billion yen.

[Financing for business operators (cumulative total)]

* Commission income only

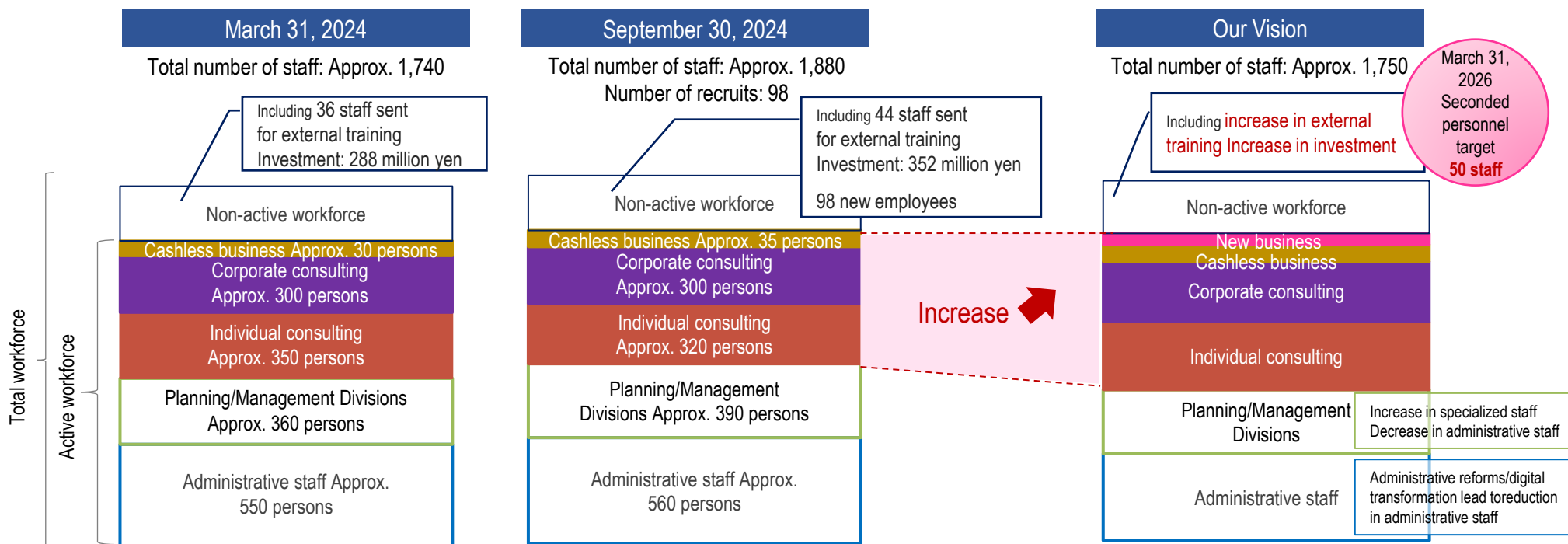


* Total from Apr. 2023 to Sep. 2024

The main financing is Sustainability Linked Loans executed in September 2023. Green loans also executed in July 2024 and social loans in October 2024.

Build a Strategic Human Resources Portfolio

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



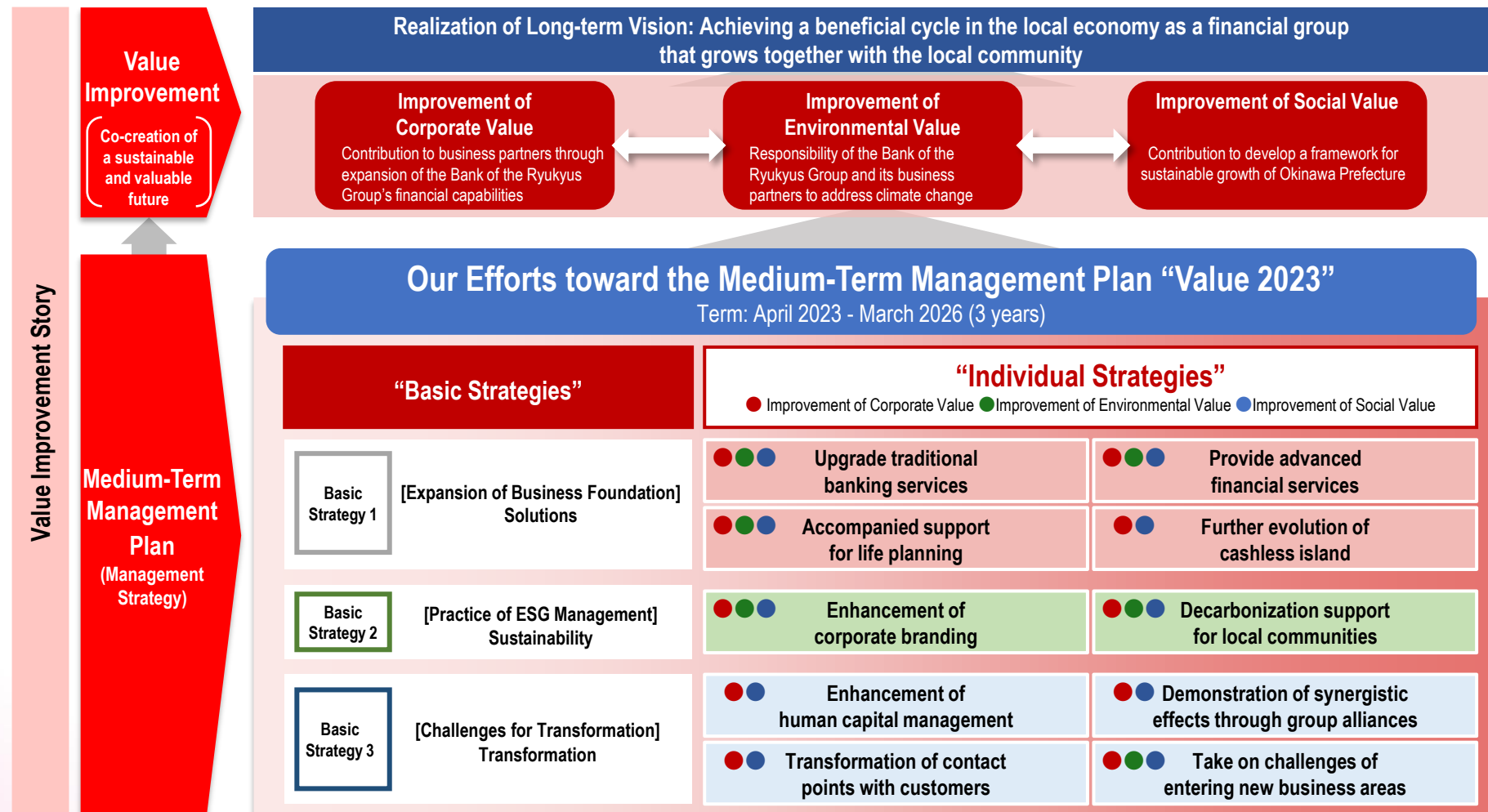
[Destinations where trainees are placed upon their return (cumulative total for Sep. 2020 to Sep. 2024)]

Department	No. of persons	Department	No. of persons
Corporate/individual consulting	31	New business	1
Cashless business	5	Planning/Management Divisions, etc.	14
		Total	51

Progress of the Medium-Term Management Plan

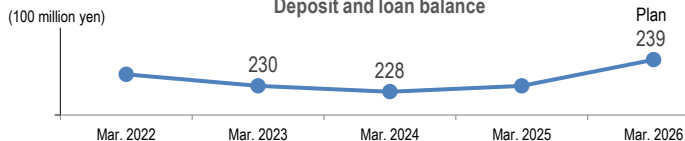
Overview of the Medium-Term Management Plan

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



Progress and Outlook for the Profit/Loss Plan

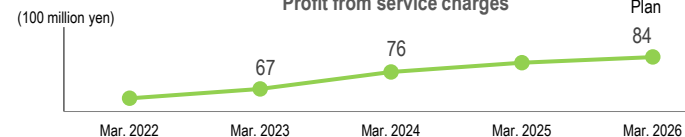
Deposit and loan balance



[Deposit and loan balance]

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

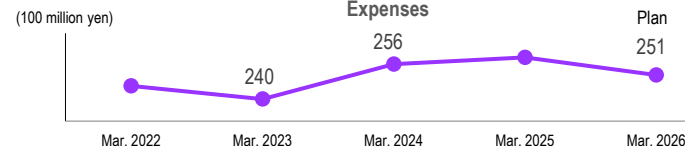
Profit from service charges



[Profit from Service Charges]

Increased due to expansion of existing major businesses such as consulting services for corporate and individual clients and cashless business service charges.

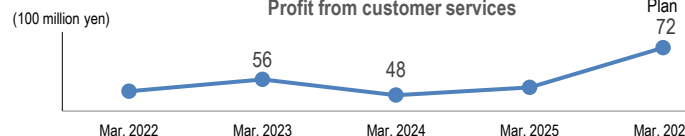
Expenses



[Expenses]

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

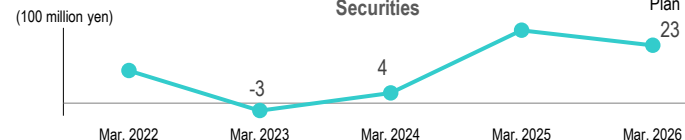
Profit from customer services



[Profit from Customer Services]

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

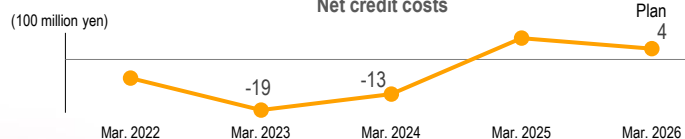
Securities



[Securities]

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

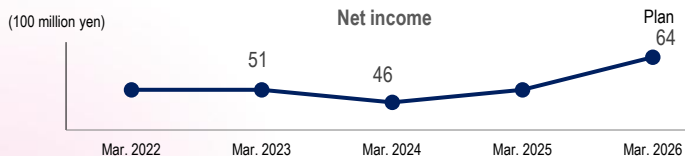
Net credit costs



[Net Credit Costs]

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

Net income



[Net Income]

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

Management Targets and Results

Financial Indicators	Item	Medium-term Management Plan Target FY 2025 (Ending Mar. 2026)	Six months ended Sep. 30, 2024 Results	FY 2023 (Ended Mar. 2024) Results
	Consolidated net income	7.5 billion yen	3.5 billion yen	5.6 billion yen
	Consolidated ROE	5.0% or more	4.9%	4.0%
	Consolidated capital adequacy ratio	9.7% or more	9.65%	9.57%
	Non-consolidated profit from customer services	7.2 billion yen	2.2 billion yen	4.8 billion yen
	Non-consolidated net core business profit	9.3 billion yen	3.3 billion yen	5.1 billion yen
	Non-consolidated core OHR	73.0% or less	76.9%	83.5%

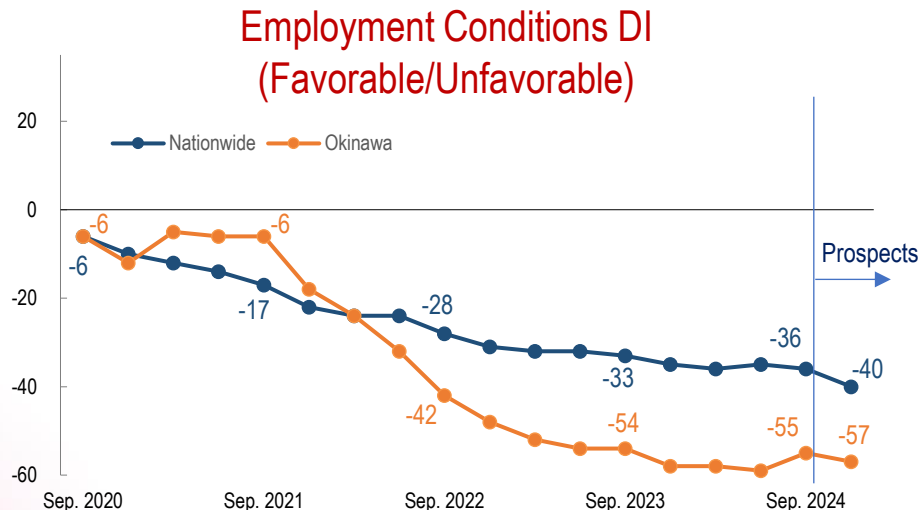
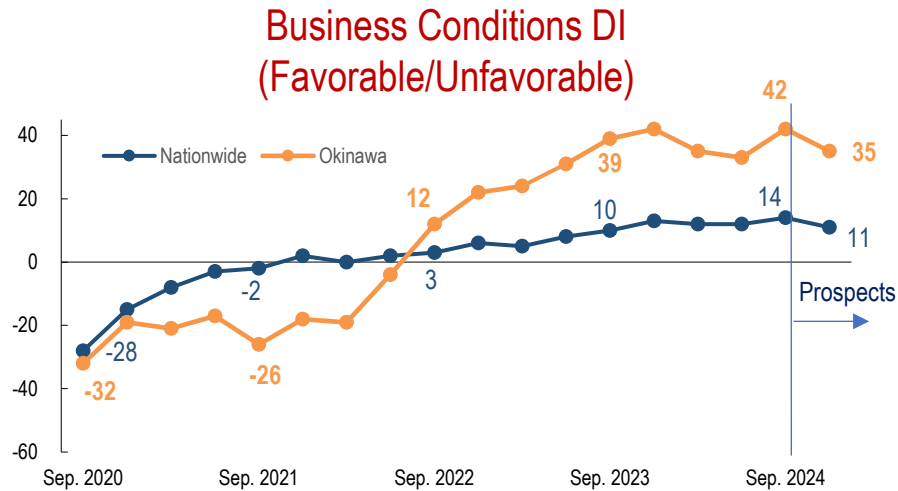
• Profit from Customer Services = Deposit and Loan Balance + Profit from Service Charges - Expenses

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

Summary of Okinawa Economy

Tankan/Economic Overview of Okinawa Prefecture

The prefectural economy is in an expansionary trend.



Economic Overview Okinawa Prefecture

- According to the Tankan's survey of business conditions, the economy in Okinawa Prefecture has been recovering since March 2022, and is expected to continue to expand in the immediate future.
- The future outlook is for the "favorable" side to deteriorate by 7 points from September 2024 to a "favorable" side of 35 points.

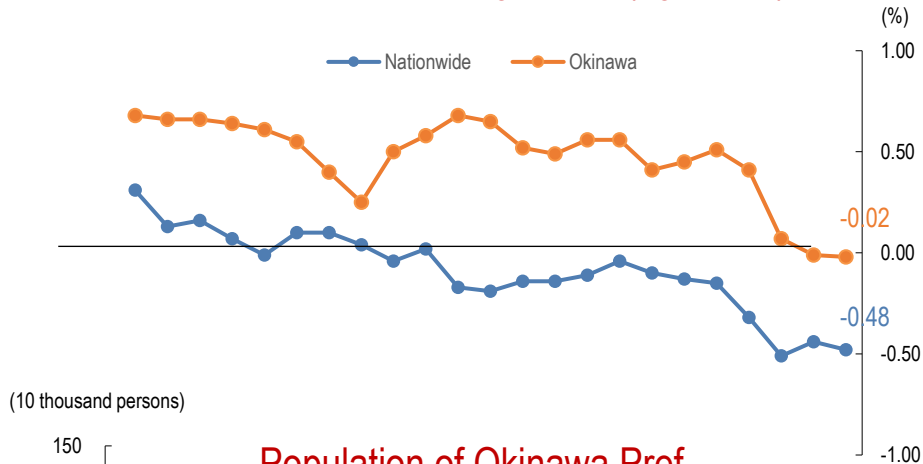
Trends in Major Indicators

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

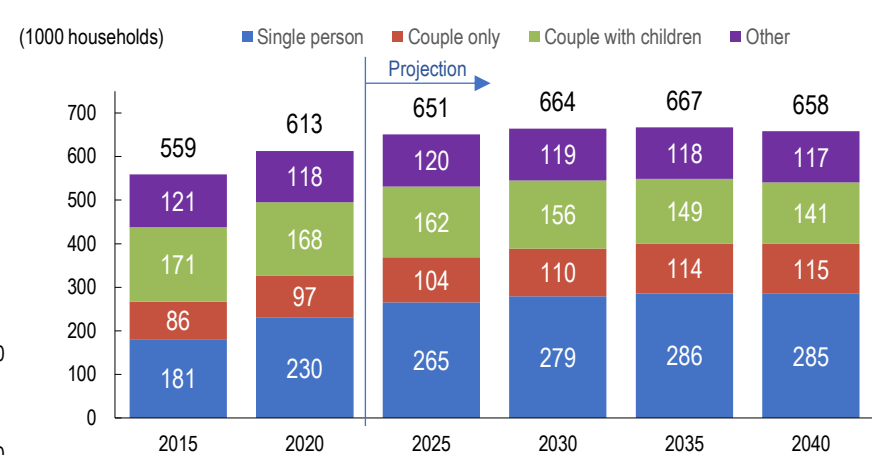
Increase/Decrease in Population and Projected Future Households

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

Population Change Rate (right axis)

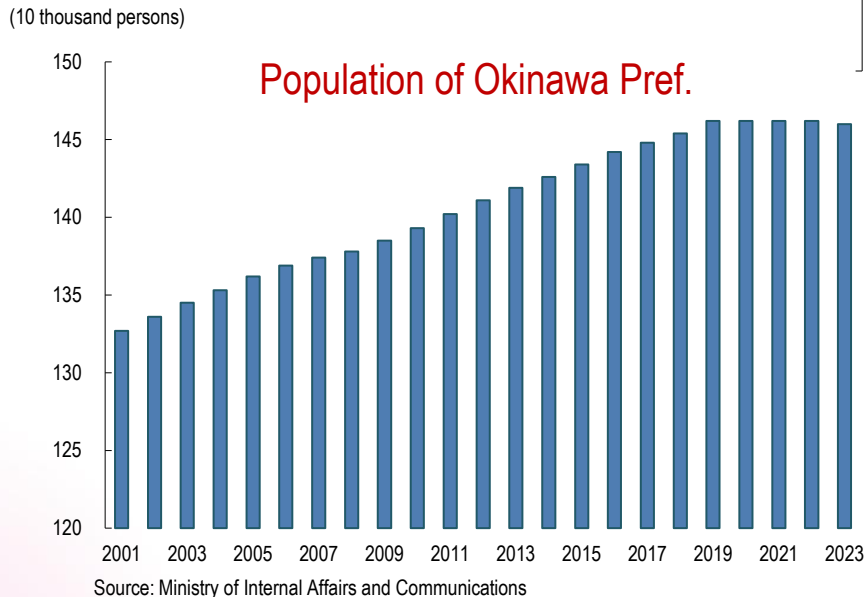


Projected Okinawa Prefecture Households



Source: Ryugin Research Institute Ltd.

Population of Okinawa Pref.



Source: Ministry of Internal Affairs and Communications

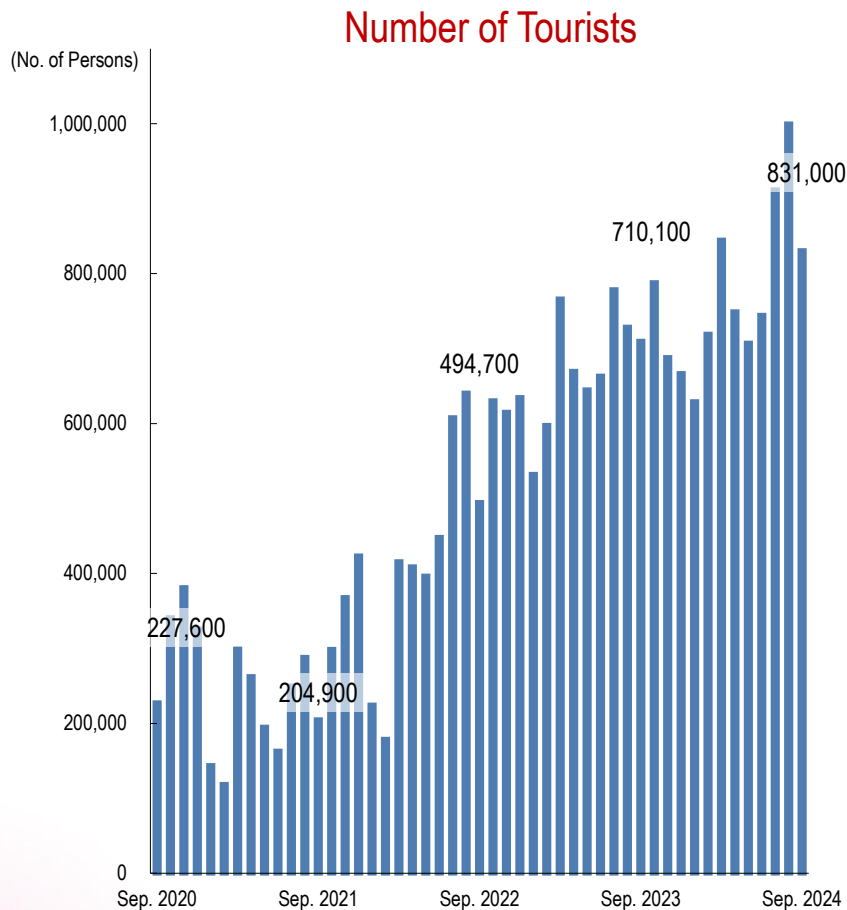
Estimated Population of Okinawa Prefecture in 2050

- Comparing the estimated population in 2050 with that of 2020, Okinawa Prefecture's population decline rate of 5.2% is the smallest in Japan. The population is expected to decrease in 46 prefectures other than Tokyo. The national population decline rate is 17.0%.
- In 2050, the estimated percentage of population aged 65 and over in the nation is 37.1%, while that in Okinawa Prefecture will be 33.6%, the second lowest in the nation next to Tokyo at 29.6%. On the other hand, the percentage of population aged 0-14 has been the highest in the nation since 2020 and is estimated to be 13.8% in 2050 (9.9% nationwide).

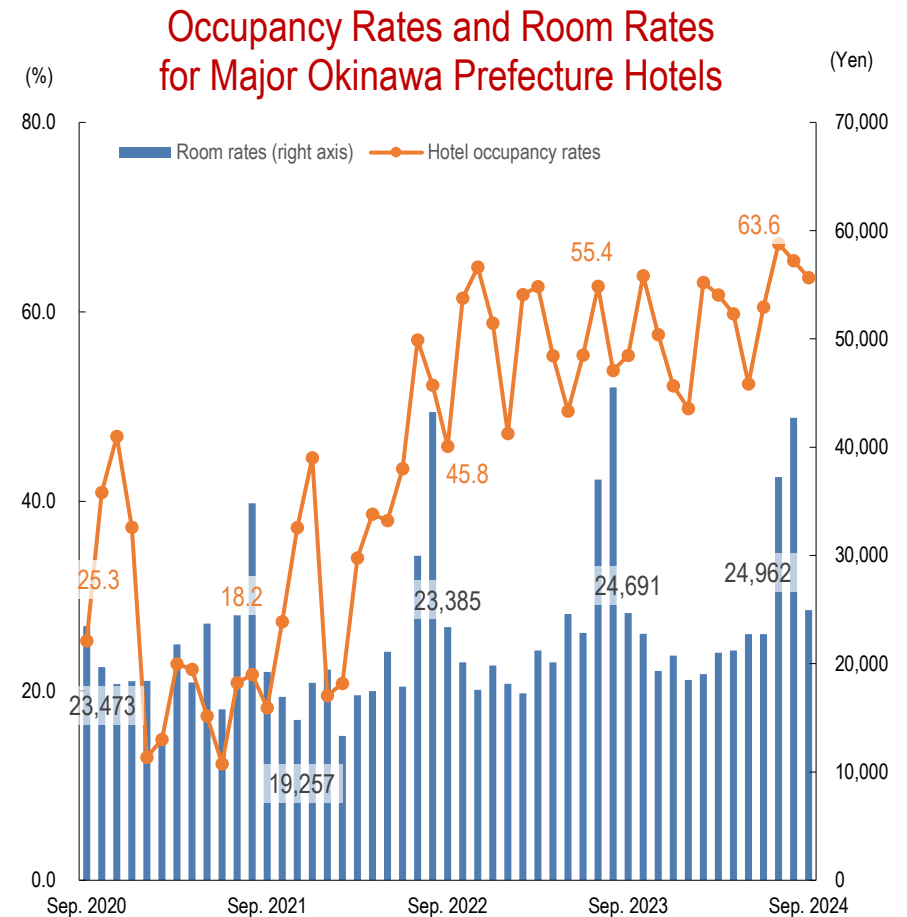
Source: National Institute of Population and Social Security Research

Number of Tourists, Hotel Occupancy Rates and Room Rates

The tourism-related sector's growth is gaining momentum due to rising tourism demand. The number of incoming tourists in August 2024 reached 1 million for the first time after the COVID-19 Crisis.



Source: Okinawa Prefecture



Source: Ryugin Research Institute Ltd.

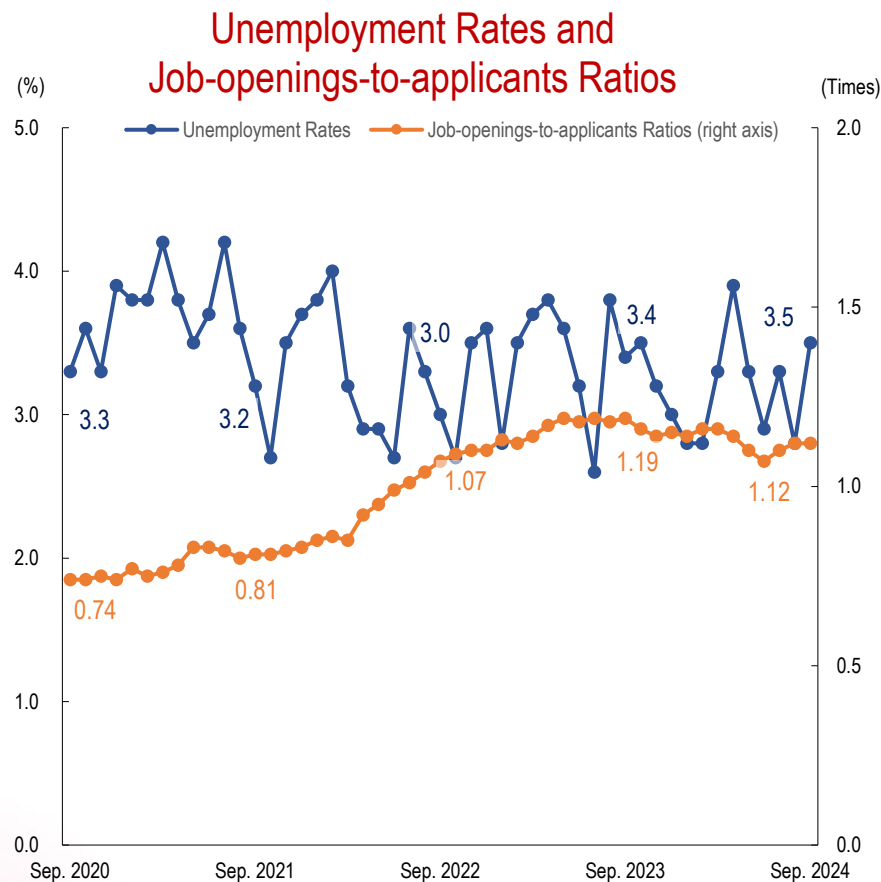
Hotel and Theme Park Opening Plans in the Prefecture

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

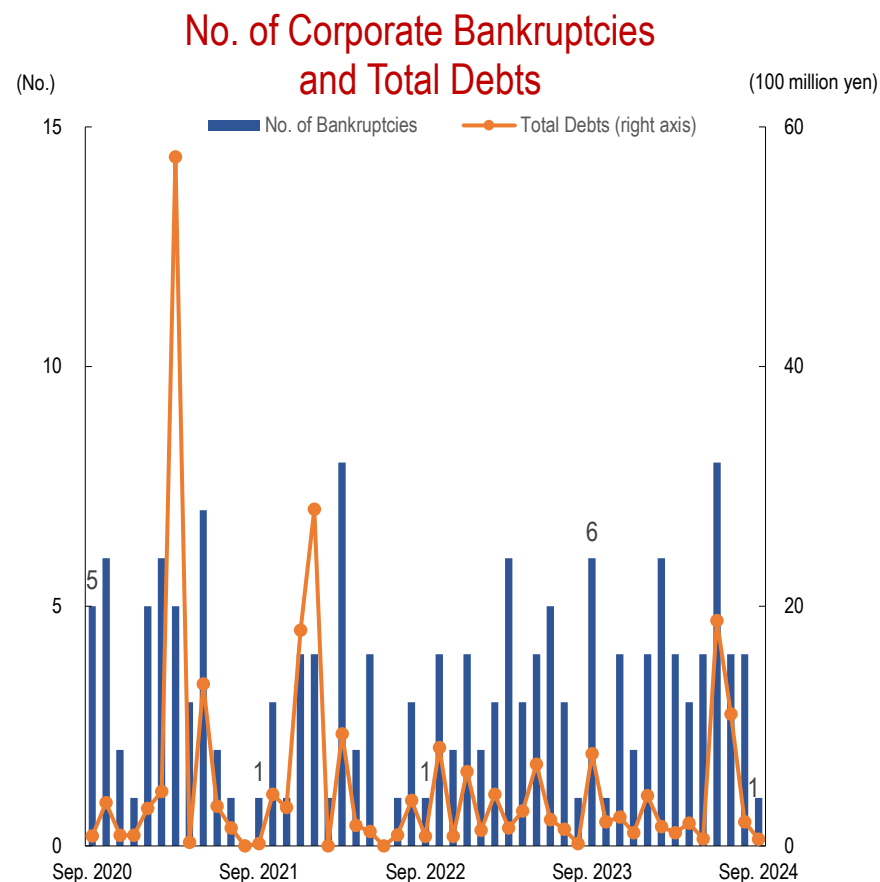
Opening date	Location	Facility name	No. of guest rooms, etc.
Summer 2025	Nakijin village	JUNGLIA	Theme park
FY 2025	Ogimi village	Grandvrio Resort Okinawa (tentative)	Hotel 4 above-ground floors; 200 rooms
2026	Fuchaku, Onna village	PGM Golf Resort Okinawa	Hotel 200 rooms
Spring 2026	Mihama, Chatan town	Chatan PRJ (tentative name)	Hotel 18 floors, 209 rooms
FY 2026	Naha city	Shuri Castle (restoration)	Historic site
Mar. 2027	Senagajima, Tomigusuku city	Senagajima Hotel Annex	Hotel 9 floors, 127 rooms
Spring 2027	Onna Communication Site at Onna	Four Seasons Resort & Private Residence Okinawa	Hotel 280 rooms

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

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



Source: Okinawa Prefecture, Ministry of Health, Labour and Welfare

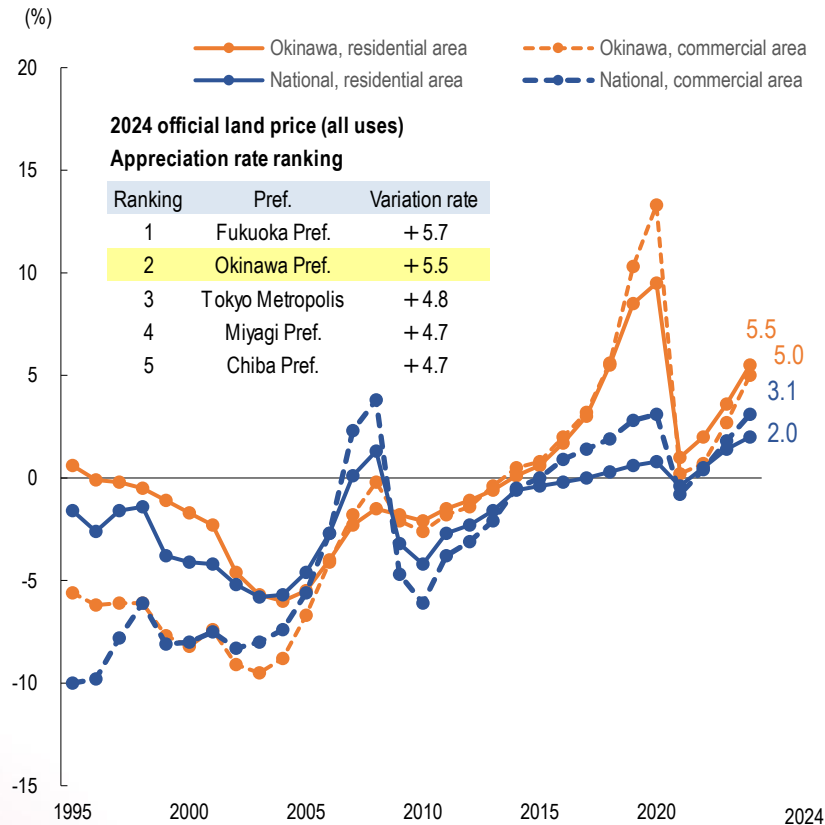


Source: Tokyo Shoko Research
 Note: [Total debts as of March 2021: approx. 5.7 billion yen]
 * Accommodation industry: approx. 3.6 billion yen
 * Chemical engineering products manufacturing: approx. 1.7 billion yen

Official Land Price and Construction Unit Price

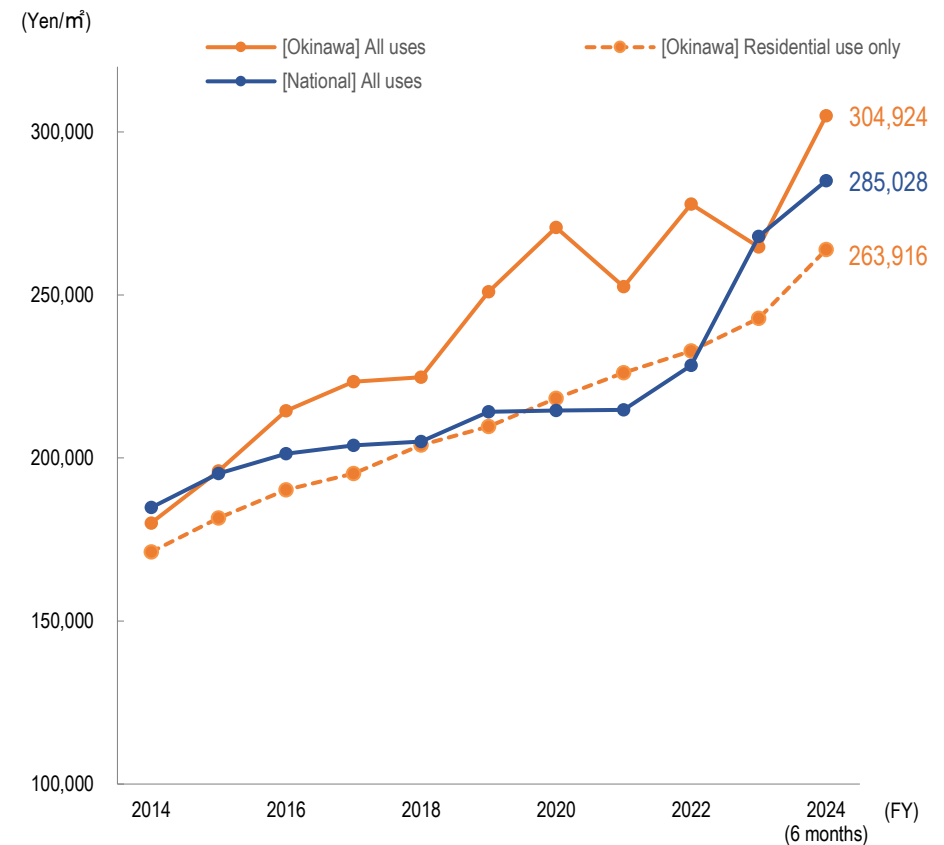
Official land prices increased 5.5% year on year on average for all land uses, representing an increase for the eleventh straight year and a gain of 1.9 percentage points year on year, with residential land rising the highest in the nation. Construction unit prices are also high compared to the national level.

Variation Rate of Official Land Price



Source: Ministry of Land, Infrastructure, Transport and Tourism

Trends in Construction Unit Price

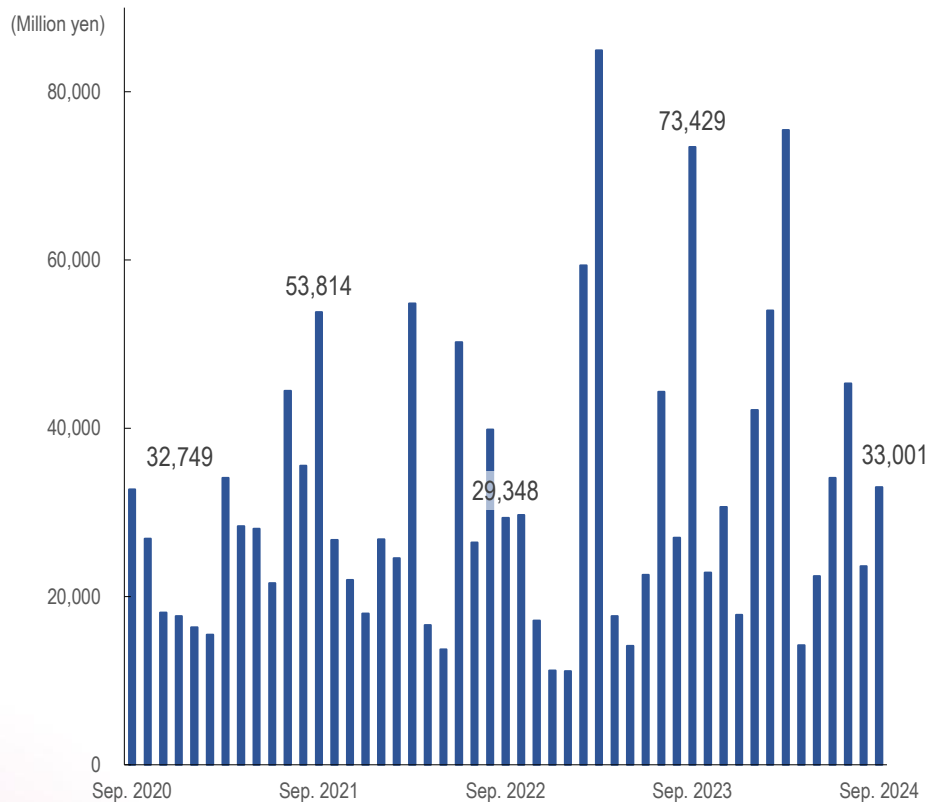


Source: Ministry of Land, Infrastructure, Transport and Tourism

Public Construction Contract Amounts and Backlog Amounts from Construction Order

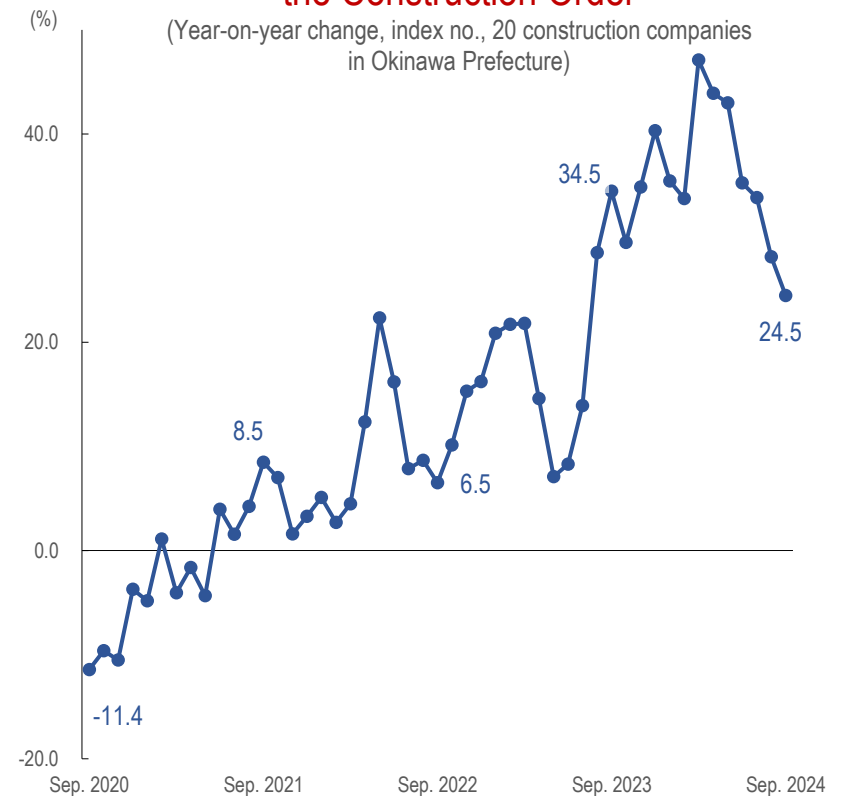
The backlog amount from construction orders continues to be firm.

Public Construction Contract Amounts



Source: West Japan Construction Surety Co., Ltd., Okinawa Branch

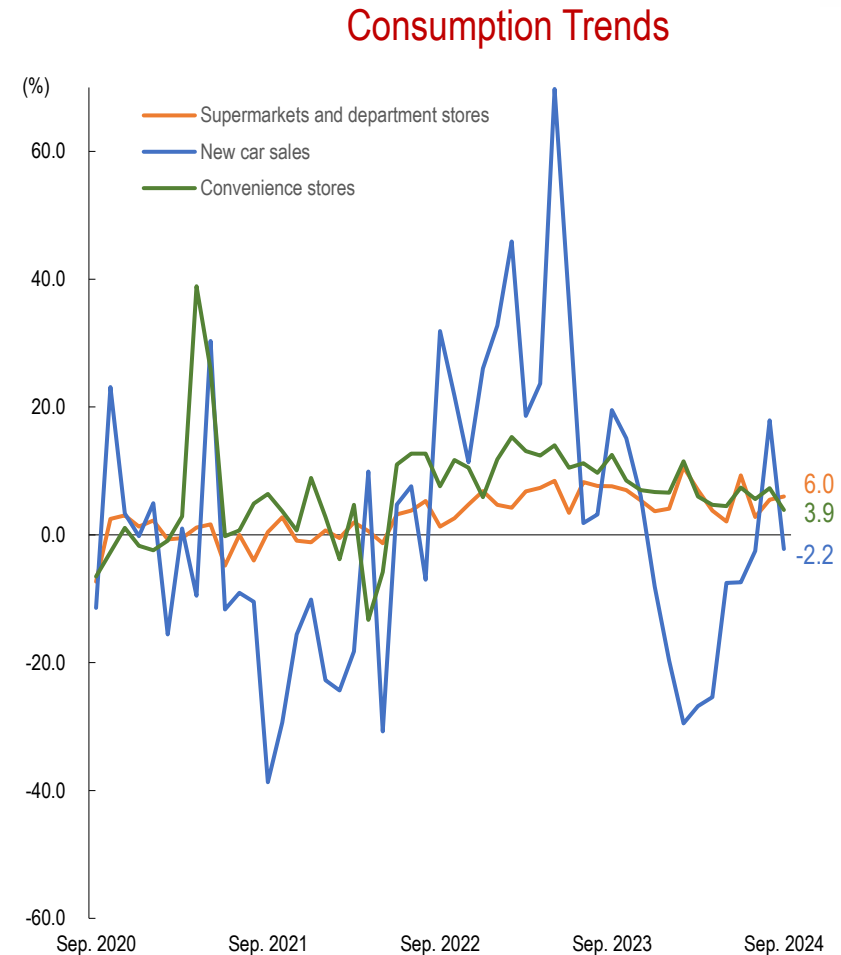
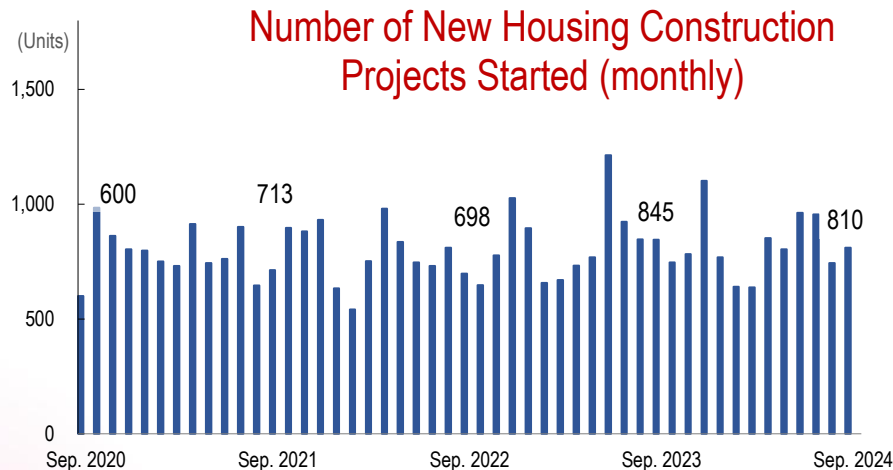
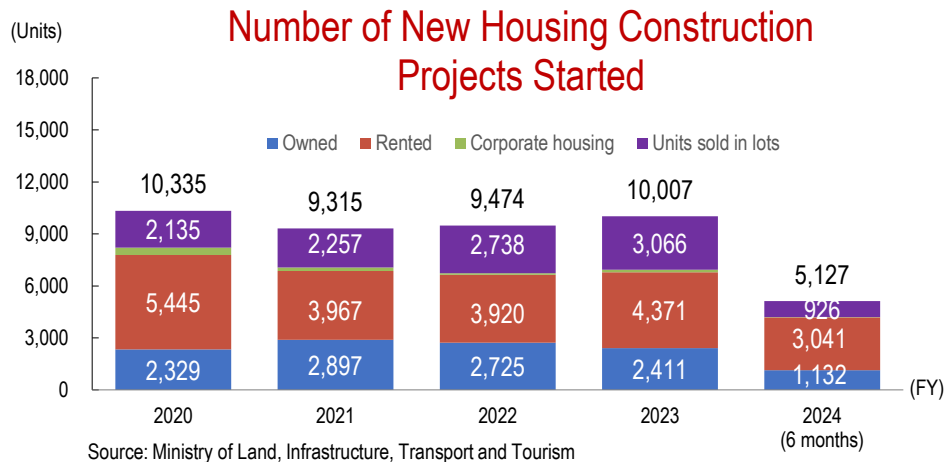
The Variation Rate of Backlog Amounts from the Construction Order



Source: Ryugin Research Institute Ltd.

Number of New Housing Construction Projects Started and Consumption Trends

Number of new housing construction projects started are slightly below the pace of the previous year. Consumption trends remain firm in the retail sector.



About Bank of the Ryukyus

Bank of the Ryukyus Overview

Company Profile	
Establishment	May 1, 1948
Capital	56.967 billion yen
Registered Address	900-0015 1-11-1 Kumoji, Naha, Okinawa Prefecture
Address for Temporary Relocation	900-0034 2-1 Higashi-machi, Naha, Okinawa Prefecture
No. of Business Locations	74 in Okinawa Pref., 1 in Tokyo
Total Assets	2.9906 trillion yen
Loans	1.9267 trillion yen
Deposits	2.8458 trillion yen
No. of Employees	1,471
Credit Ratings	R&I : A+ JCR : A+

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

(As of September 30, 2024)

Bank of the Ryukyus History

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

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

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

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

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

Okinawa Credit Service Co., Ltd., which handles credit-card business and personal credit 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 changes were implemented in order to strengthen the Group as a whole, thus ensuring provision of high value to our customers.

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

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



Glossary

Profit from Customer Services	<p>This is an important indicator that the Bank has established that places importance on management strategy, and mainly indicates profits from customer departments, such as branches.</p> <p>Calculated as deposit and loan balance + profit from service charges - expenses.</p>
ROE	<p>An abbreviation for Return on Equity, which refers to the return on shareholders' equity.</p> <p>An indicator of how effectively a company uses the capital it receives from shareholders, and how much profit it is generating.</p>
PBR	<p>An abbreviation for Price to Book Ratio, which refers to the stock price per share divided by the book value per share.</p> <p>An indicator used to evaluate stock prices, calculated by dividing market capitalization by total net assets.</p>
PER	<p>An abbreviation for Price to Earning Ratio, which refers to the share price relative to the earnings per share.</p> <p>An indicator used by investors to evaluate stocks and make investment decisions based on a company's growth potential and future profit outlook, etc.</p>
CAPM	<p>An abbreviation for Capital Asset Price Model, which is a model primarily used to calculate a company's capital cost.</p> <p>An indicator used to determine if profitability exceeding the capital cost is being secured in comparison with ROE.</p>
Risk-free Rate	<p>Refers to the rate of return that an investor can receive without incurring risk.</p> <p>The yield on national bonds such as government bonds is frequently used.</p>
Equity Risk Premium	<p>Refers to the return an investor can expect by investing in the risk of the stock market.</p> <p>Calculated by subtracting the risk-free rate from the rate of return on investments in stocks.</p>
PPP/PFI	<p>PPP (Public Private Partnership) refers to a partnership between a public entity and the private sector for public projects. PFI (Private Finance Initiative) is one of the frameworks of PPP, a method to construct, maintain, and operate public facilities, etc., utilizing private-sector funds, management capabilities, and technical expertise.</p>
ZEB and ZEH	<p>ZEB stands for Net Zero Energy Building and ZEH for Net Zero Energy House.</p> <p>These are buildings (ZEB) or houses (ZEH) that aim to reduce the annual primary energy balance consumed to zero.</p>
BELS	<p>Abbreviation for Building-Housing Energy-efficiency Labeling System.</p> <p>The energy-saving performance of a building is evaluated by a third-party evaluation agency and indicated by the number of stars.</p>

About This Document

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

Information is based on guidelines of published data, and some totals presented in this document may not add up due to rounding. In addition, because calculations may involve the use of our unique definitions for illustration and comparison purposes, the numbers presented in this document may not match the published figures.

This document contains information about the future (forward-looking information) such as forecasts, outlooks, objectives and plans concerning the Bank of the Ryukyus. Said forward-looking information was created based on information available as of November 12, 2024 and does not represent a guarantee of future performance.

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