

UN
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finance
initiative

Principles for
Responsible Banking

Responsible Banking Progress Statement for PRB Signatorie



Summary

[Bank of the Ryukyus,Ltd] 2025

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Content Bank of the Ryukyus, guided by its management philosophy of "Being a bank cherished and trusted by the community, contributing to the development of local society," has established the long-term vision of "Realizing a virtuous cycle in the regional economy and growing together with the community as a financial group." Through its new mid-term management plan "Empower2025," formulated in fiscal year 2025, the bank is committed to co-creating a sustainable and valuable future. Furthermore, the Bank participates in and endorses various domestic and international initiatives, such as the TCFD and TNFD recommendations, implementing sustainability initiatives aligned with these frameworks.</p>	<p>Content We selected "Loans within Okinawa Prefecture" as a priority area for impact analysis and conducted an analysis of the current loan portfolio. Furthermore, we identified the following as key challenges in Japan and Okinawa Prefecture: "availability, accessibility, affordability, and quality of resources and services," "climate stability," "biodiversity and healthy ecosystems," and "resource circulation." Moving forward, we will advance impact analysis for Okinawa Prefecture and Bank of the Ryukyus, working toward setting targets and achieving them.</p>	<p>Content To address regional challenges, we support local decarbonization through initiatives such as establishing the "Ryukyu net ZERO Energy Partnership," offering "ZEH-specific mortgages," operating the "Ryugin ZEH Club," providing the greenhouse gas emissions calculation system "C-Turtle" free of charge to business partners, and formulating "transition plans." We also support the region's SDGs achievement through services like the "SDGs Support Service" and "Sustainable Investment and Financing."</p>
<p>Links & references <Mid-Term Management Plan "Empower 2025" P7-8> https://www.ryugin.co.jp/common/uploads/Empower2025.pdf</p>	<p>Links & references <FY2025 Financial Results Presentation Materials P6, P11> https://www.ryugin.co.jp/common/uploads/IRshiry20250513.pdf</p>	<p>Links & references <Integrated Report P73-74> https://www.ryugin.co.jp/common/uploads/integrated2025.pdf</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Content</p> <p>To achieve sustainable growth in the regional economy while reducing adverse environmental impacts, we are strengthening our collaborations with local companies, companies outside the prefecture, and regional banks nationwide. Through this cooperative framework with external companies, we are working to achieve carbon neutrality.</p>	<p>Content</p> <p>Under the supervision of the Board of Directors and the Executive Committee, we have formed a Sustainability Committee chaired by the President. The committee reviews and discusses the establishment of policies, plans, and performance indicators related to ESG measures, including natural capital, as well as the status of related initiatives. Furthermore, to practice ESG management, we are fostering internal understanding and developing human resources through initiatives such as issuing top management messages, setting ESG targets for executive compensation, encouraging the acquisition of relevant qualifications, and dispatching employees for external training.</p>	<p>Content</p> <p>As of September 2025, we have not obtained third-party assurance regarding the Principles for Responsible Banking. We will consider obtaining third-party assurance from the perspective of transparent information disclosure.</p>
<p>Links & references</p> <p><Transition Plan P27> https://www.ryugin.co.jp/common/uploads/ecarbonization_plan.pdf</p>	<p>Links & references</p> <p><Integrated Report P69> https://www.ryugin.co.jp/common/uploads/integrated2025.pdf</p> <p><Transition Plan P30> https://www.ryugin.co.jp/common/uploads/ecarbonization_plan.pdf</p>	<p>Links & references</p> <p><None></p>

Supplements

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.

Links & references

<Financial Results Presentation Materials for the Fiscal Year Ending March 2025, Pages 9-10>

<https://www.ryugin.co.jp/common/uploads/IRshiry20250513.pdf>

Bank of the Ryukyus is a regional bank headquartered in Naha City, Okinawa Prefecture. As a pillar of the regional financial infrastructure, it primarily provides deposit services, lending services, domestic exchange services, and foreign exchange services to individuals, small and medium-sized enterprises, and local governments within Okinawa Prefecture, ensuring smooth capital supply and financial services.

As of the end of March 2025, deposit balances totaled ¥2,795.8 billion. By region, Okinawa Prefecture accounted for ¥2,786.5 billion (99.7%). By type of depositor, individuals held ¥1,748.7 billion (62.5%).

As of the end of March 2025, the loan balance was ¥2.019 trillion. By region, Okinawa Prefecture accounted for ¥1.845 trillion (92.2%), and by type of borrower, individuals accounted for ¥986.3 billion (49.3%). There were no loans to overseas borrowers.

(As of the end of March 2025)

	Balance	(Balance by Region)		(Balance by Borrower Type)			
		Within Okinawa Prefecture	Outside Okinawa Prefecture	Individual	Corporations	Local Government/Public Entity Other	Syndicated loan
Deposits	¥2,795.8 billion	¥2,786.5 billion (99.7%)	¥9.2 billion (0.3%)	¥1,748.7 billion (62.5%)	¥859.9 billion (30.8%)	¥187.0 billion (6.7%)	—
Loans	¥2,019 billion	¥1.845 trillion (92.2%)	¥156.9 billion (7.8%)	¥986.3 billion (49.3%)	¥730.4 billion (36.5%) *Excluding syndicated loan	¥124.9 billion (6.2%)	¥160.3 billion (8.0%)

※Totals may not add up to 100% due to rounding.

Strategy alignment

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc.

Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

Links & references

<Mid-Term Management Plan "Empower 2025" P7-8>

<https://www.ryugin.co.jp/common/uploads/Empower2025.pdf>

<TCFD-Based Disclosure>

<https://www.ryugin.co.jp/common/uploads/n20250613TCFD.pdf>

<Information Disclosure Based on the TNFD Recommendations>

<https://www.ryugin.co.jp/common/uploads/TNFDdisclosure.pdf>

<Sustainability Policy>

<https://www.ryugin.co.jp/corporate/sustainability/>

<Ryugin Group SDGs Declaration>

<https://www.ryugin.co.jp/common/uploads/ryuginsdgs2.pdf>

<Sustainable Investment Policy>

https://www.ryugin.co.jp/common/uploads/230606_bor-group_Sustainable-Investment-Policy.pdf

<Bank of the Ryukyus Group Human Rights Policy>

https://www.ryugin.co.jp/corporate/about/human_rights_policy/

Bank of the Ryukyus, guided by its management philosophy of "Being a bank cherished and trusted by the community, contributing to the development of local society," and under its long-term vision of "Realizing a virtuous cycle in the regional economy and growing together with the community as a financial group," is working to co-create a sustainable and valuable future through its new mid-term management plan "Empower2025," formulated in fiscal 2025.

Furthermore, we have identified key issues (materiality) such as "Understanding and Addressing Climate Change Risks" and "ESG-Conscious Investment and Financing Activities." Under the supervision of the Board of Directors and the Executive Committee, the Sustainability Committee discusses various issues, including ESG measures.

In July 2021, we announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and are working to disclose information based on these recommendations. Furthermore, in March 2025, we implemented disclosures based on the Task Force on Nature-related Financial Disclosures (TNFD) recommendations, advancing initiatives aligned with international frameworks.

<Related Policies>

- Sustainability Policy
- Ryugin Group SDGs Declaration
- Sustainable Investment and Financing Policy
- Bank of the Ryukyus Group Human Rights Policy

Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target-setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Links & references

< Financial Results Presentation Materials for the Fiscal Year Ending March 2025, P6, P10-11 >
<https://www.ryugin.co.jp/common/uploads/IRshiry20250513.pdf>

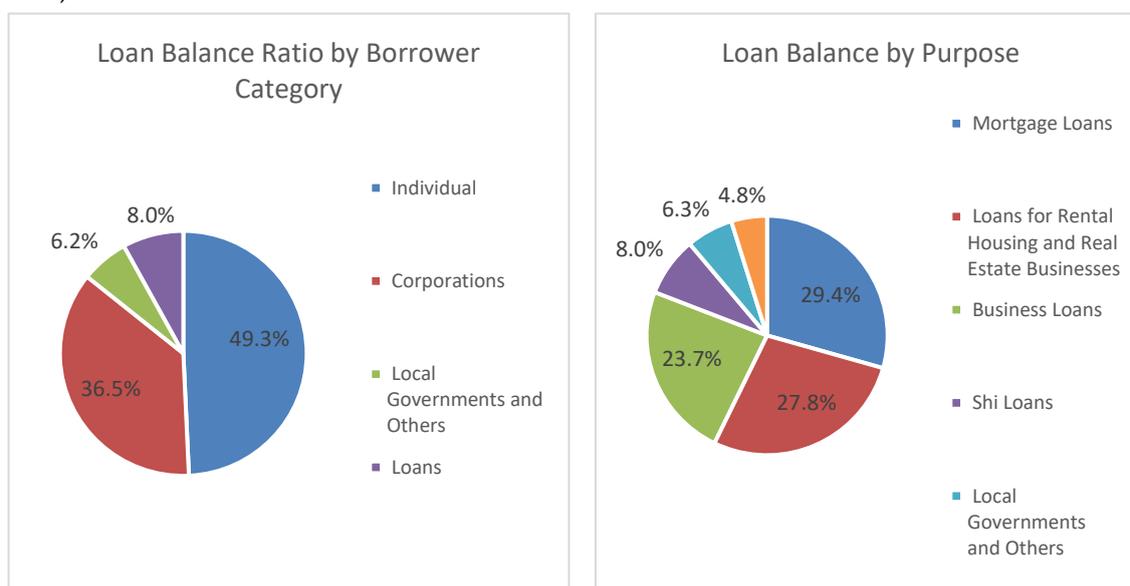
1. Scope of Impact Analysis

Bank of the Ryukyus, ¥4,578 million in customer service profits, the majority is derived from net interest income. Furthermore, as stated in Principle 1 (P4), loans directed within Okinawa Prefecture account for approximately 92% of the total. Based on the above, the impact analysis focused on "loans within Okinawa Prefecture" and conducted an analysis of the current portfolio.

Customer Service Profit	¥4,578 million
Deposits and Loans Balance	¥22,759 million
Including Service Revenue	¥7,769 million
Of which Expenses	▲¥25,950 million

2. Current Status of Loan Portfolio

The composition of Bank of the Ryukyus' loan portfolio is as shown in the figure below. By borrower type, individual loans account for 49.3%, corporate loans 36.5%, and loans to local governments and similar entities 6.2%. By loan purpose, real estate-related loans account for 57.2% (mortgage loans 29.4% + loans to rental housing businesses and real estate businesses 27.8%).



3. Examination of Key Issues in Japan and Okinawa Prefecture

In conducting the impact analysis of "loans within Okinawa Prefecture" discussed in sections 1 and 2 above, we examined the environmental, social, and economic needs and priorities in Japan and Okinawa Prefecture.

For this analysis, we used the "Impact Analysis for Banks Context Module" provided by UNEP FI. This tool incorporates pre-loaded international country-specific impact needs. By further inputting Okinawa Prefecture's regional characteristics, it enables visualization of key challenges for both Japan and Okinawa Prefecture. When inputting Okinawa Prefecture's regional characteristics, we referenced documents such as the "New Okinawa 21st Century Vision Basic Plan (Okinawa Promotion Plan)" formulated by Okinawa Prefecture.

<Situation in Japan and Okinawa Prefecture>

While the main areas of needs show largely similar trends in Japan and Okinawa Prefecture, a notable difference is the high-need for "Individual Dignity and Safety" in Okinawa Prefecture. This stems from regional challenges such as the issue of "Child Poverty" and the high "Risk of Natural Disasters" inherent to its island geography.

Another significant impact areas along with most needed impact topics, are as follows:

(1) Availability, accessibility, affordability, quality of resources & services

- Highest Need: Culture & heritage
- Next highest demand: Water, Housing, Information

(2) Climate stability

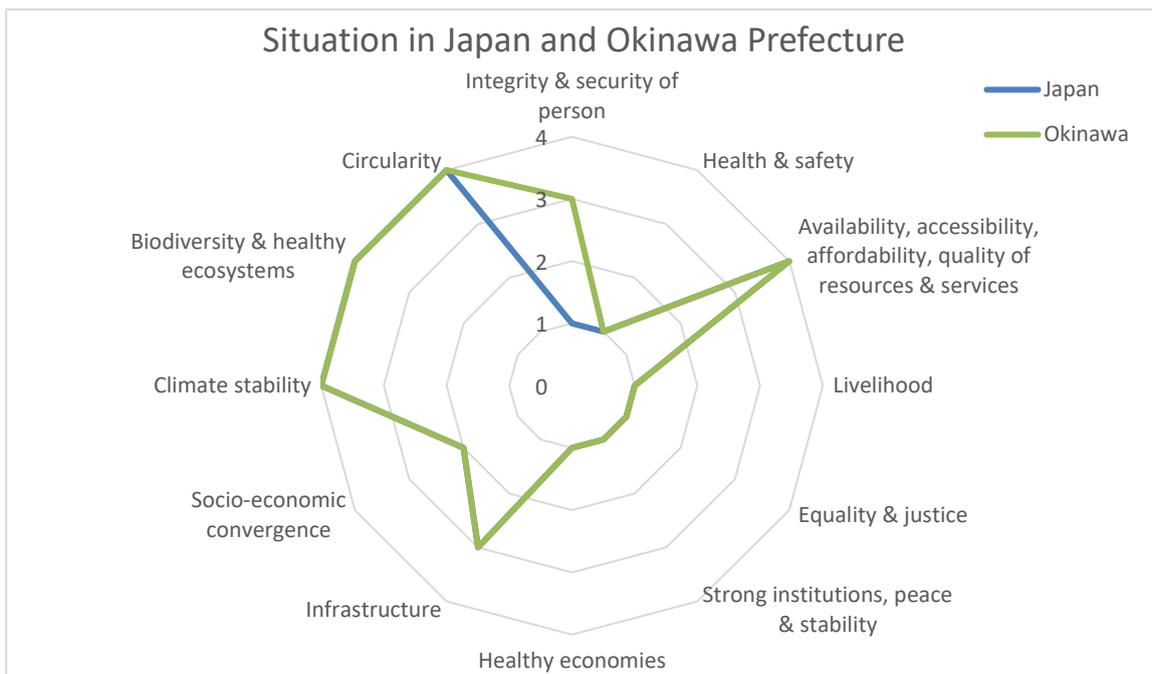
- Highest demand: Climate stability

(3) Biodiversity & healthy ecosystems

- Highest Need: Species
- Next highest need: Waterbodies

(4) Circularity

- Highest Need: Resource intensity, Waste

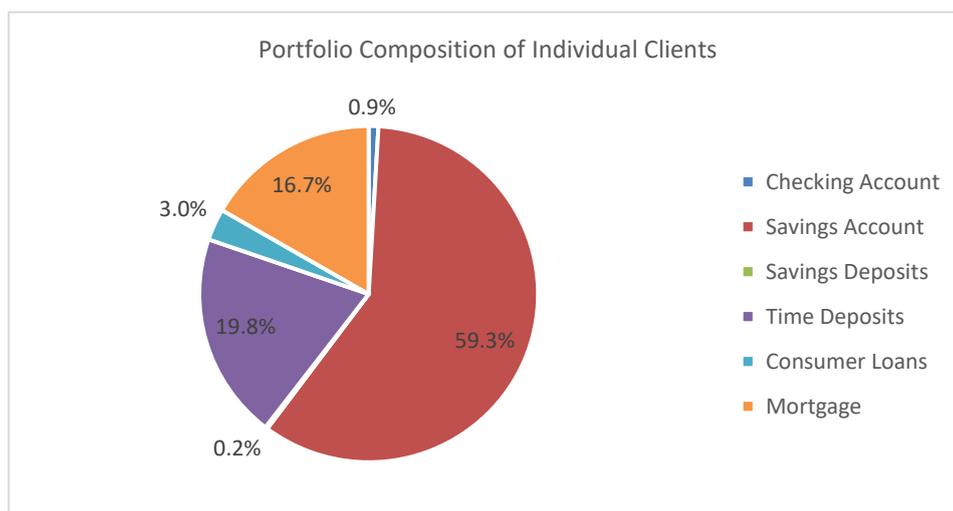


4. Portfolio Analysis

(1) Portfolio Composition of Individual Clients

This analysis examined the portfolio of individual customers (retail banking), which accounts for 62.5% of deposits and 49.3% of loans in Bank of the Ryukyus's portfolio. The analysis utilized the Consumer Banking (identification) Module provided by UNEP FI, employing the balance ratio by product and the results from Section 3. "Examination of Key Issues in Japan and Okinawa Prefecture" (P7) as input data.

Within the retail customer portfolio composition, demand deposits account for 59.3%, time deposits for 19.8%, and mortgages for 16.7%, representing significant proportions. It is necessary to examine the impact these portfolios exert.



(2) Impact Analysis

Impact analysis using the Consumer Banking (identification) Module provided by UNEP FI indicates the following impacts from Bank of the Ryukyus's retail customer portfolio.

① Impact of Loans

Positive impacts include effects on "the availability, accessibility, affordability, and quality of resources and services" and "socioeconomic convergence."

This reflects the positive societal impact of enhancing access to various resources and services—as exemplified by mortgages facilitating homeownership—and smoothing socioeconomic capital flows through financial intermediation.

On the other hand, negative impacts are indicated on "availability, accessibility, affordability, and quality of resources and services," "socioeconomic convergence," "climate stability," and "resource circulation."

This includes concerns such as excessive debt due to over-lending and increased CO2 emissions from housing construction and service usage.

② Impact Analysis of Deposits

Positive impacts include effects on the "availability, accessibility, affordability, and quality of resources and services."

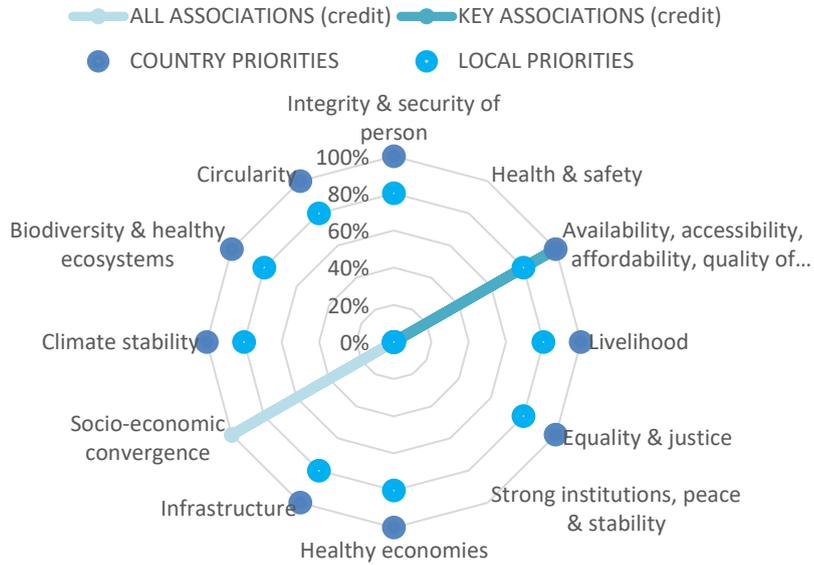
This is considered a positive impact because deposits support asset formation and enhance the availability of various services.

No areas with significant negative impacts were identified for deposits.

Going forward, we will further refine these analyses and conduct impact analyses on portfolios beyond individual customers.

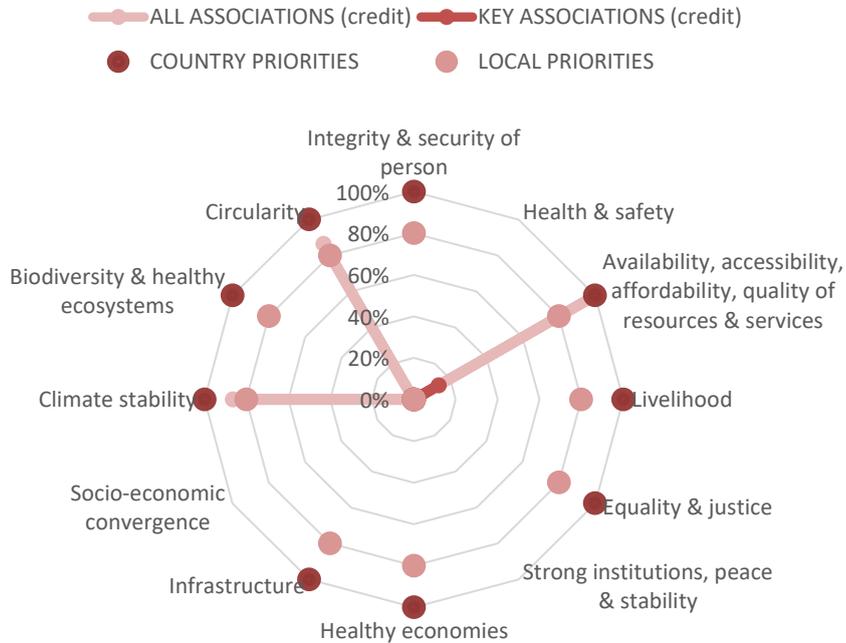
※Please refer to pages 9-11 for the impact analysis results (graphs) related to loans and deposits.

POSITIVE IMPACTS (CREDIT)



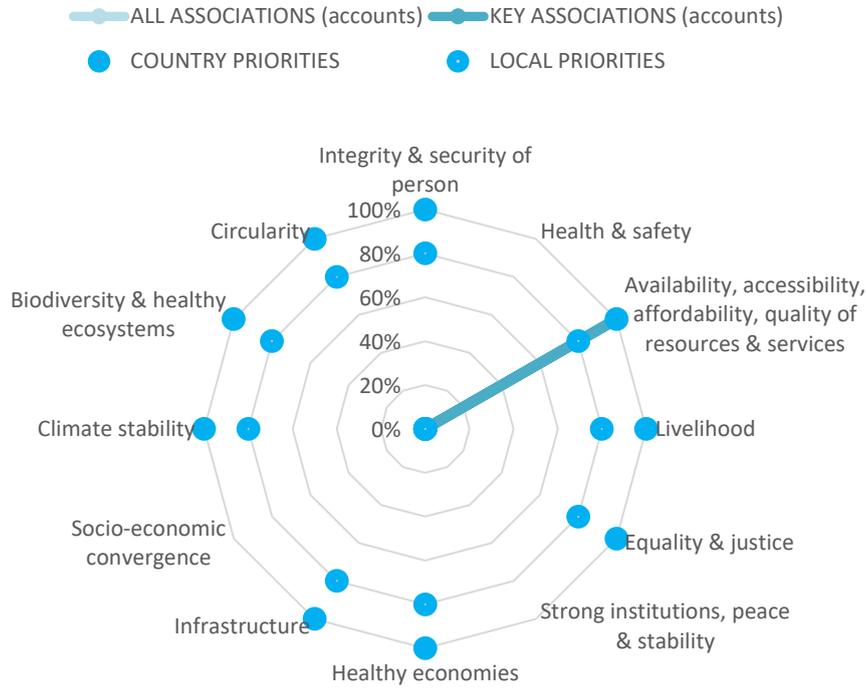
**the dots do not represent a value. They only show if an impact area is a priority in the countries/locations (based on data in the Context Module).*

NEGATIVE IMPACTS (CREDIT)



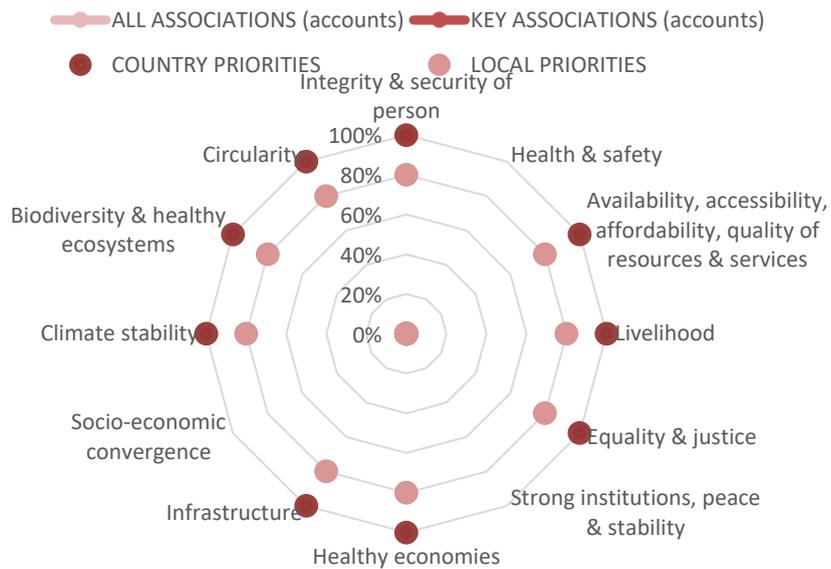
**the dots do not represent a value. They only show if an impact area is a priority in the countries/locations (based on data in the Context Module).*

POSITIVE IMPACTS (CURRENT ACCOUNTS AND SAVINGS)



**the dots do not represent a value. They only show if an impact area is a priority in the countries/locations (based on data in the Context Module).*

NEGATIVE IMPACTS (CURRENT ACCOUNTS AND SAVINGS)



**the dots do not represent a value. They only show if an impact area is a priority in the countries/locations (based on data in the Context Module).*

Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

Links & references

<Integrated Report P81>

<https://www.ryugin.co.jp/common/uploads/integrated2025.pdf>

Currently, Bank of the Ryukyus has set the following goals based on materiality considerations. Going forward, we plan to further advance our impact analysis to identify the most significant impact areas and establish appropriate SMART goals (※1) aligned with the Responsible Banking Principles, including the following objectives.

※1 SMART Goals

(S) Specific: Goals are stated using clear and "concrete" expressions and language.

Consider how the goal contributes to meeting people's needs and societal objectives, and what impact it can achieve.

(M) Measurable: Quantify the goal to make it "measurable." Using numbers enables visualization of progress toward the goal.

(A) Achievable: Ensure goals are realistic and attainable.

(R) Relevant: Confirm that the set goals are "relevant" to the areas where the bank can have the greatest impact.

At least one connection to the SDGs, the Paris Agreement, or region-specific frameworks is required.

(T) Time-bound: Set a "deadline" for achieving the goal.

Set specific and ambitious deadlines, similar to those established in the SDGs or the Paris Agreement.

(Source: Ministry of the Environment, Signing and Implementation Guide for the Principles for Responsible Banking (PRB))

<Goal 1: Carbon Neutrality Target>

(1) Scope 1 and 2 GHG Emission Reduction Target: Achieve carbon neutrality by fiscal year 2027

(2) Scope 3 GHG Emission Reduction Target: Achieve carbon neutrality by fiscal year 2050

(3) Scope 3 Category 15: Mortgage Reduction Target: 35% reduction by fiscal year 2030 (compared to fiscal year 2021)

<Goal 2: Sustainable Investment and Financing Goals>

Target Amount: Cumulative ¥500 billion from FY2023 to FY2030 (including ¥300 billion for environmental projects)

Definition of Sustainable Investment and Financing

- Finance aligned with international principles and domestic guidelines
- Financing related to ZEH promotion
- Financing that contributes to job creation through start-ups, business succession, and M&A
- Other financing consistent with the purpose of sustainable investment and financing

(including lease transactions (※2))

※2 Includes lease transactions by RYUKYULEASING CO., LTD. that align with the purpose of sustainable investment and financing as part of the Bank of the Ryukyus Group's initiatives.

Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Client and Customer engagement

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

<Integrated Report P73-74>

<https://www.ryugin.co.jp/common/uploads/integrated2025.pdf>

Bank of the Ryukyus is addressing regional challenges under its long-term vision: "A financial group that realizes a virtuous cycle in the regional economy and grows together with the community." Specific initiatives are as follows.

1. Supporting Regional Decarbonization

(1) Establishing the "Ryukyu net ZERO Energy Partnership"

In September 2022, we established the "Ryukyu net ZERO Energy Partnership (ZEP Ryukyu)" to promote the adoption of ZEH and energy-efficient homes within Okinawa Prefecture. This partnership brings together businesses involved in ZEH and energy-efficient home construction. Led by Bank of the Ryukyus, we collaborate with housing construction and design businesses to enhance expertise in ZEH and energy-efficient housing construction. We provide support through activities such as seminars.

(2) Providing ZEH-Specific Home Loans

We offer ZEH-specific home loans for end-users acquiring ZEH (including ZEH-level) homes built by ZEP Ryukyu partner businesses, and handle all inquiries regarding ZEH and energy-efficient housing.

(3) Operation of the Ryugin ZEH Club

In November 2023, we launched the "Ryugin ZEH Club" initiative for customers utilizing our ZEH-specific home loans. Specifically, we collect the amount of greenhouse gases reduced by our ZEH-specific home loan users—who are end-users of ZEP Ryukyu—convert this into credits, and sell the resulting emission rights to local businesses requiring them. The proceeds from these sales are reinvested into Okinawa Prefecture's decarbonization efforts, creating a cycle that further promotes greenhouse gas emission reductions. Through this club, we provide customers with opportunities to contribute to the environment while also aligning our core business activities with solving social issues and creating economic value.

(4) Free Provision of the Greenhouse Gas Emissions Calculation System "C-Turtle" to Business Partners

In May 2025, we began offering the greenhouse gas emissions calculation system "C-Turtle" free of charge to our business partners, aiming to achieve carbon neutrality in Okinawa Prefecture. By visualizing our business partners' greenhouse gas emissions, we aim to enhance the accuracy of Bank of the Ryukyus' financed emissions (Scope 3 Category 15) calculations and strengthen engagement with our investment and financing partners, thereby working to reduce financed emissions.

(5) Formulation of Transition Plan

In March 2025, we formulated a "Transition Plan" to achieve a decarbonized society, defining our engagement strategy with clients.

We will prioritize the "transportation industry," a high CO2 emitting sector in Okinawa Prefecture, and initially focus engagement efforts on customers with a moderate level of awareness regarding decarbonization. To implement effective engagement, our branches and headquarters will collaborate to provide appropriate engagement tools and solutions tailored to the stage of each client's progress.

2. Supporting Regional SDGs Achievement

(1) Providing SDGs Support Services

We help corporate and individual business clients visualize their progress toward achieving the SDGs. We support the creation of customized SDGs declarations and provide ongoing support, including tracking progress against the declared goals.

(2) Provision of Sustainable Investment and Financing

We have established a Sustainable Finance Framework that complies with international principles and domestic guidelines, and offer three products: Ryugin Green Loans, Ryugin Social Loans, and Ryugin Sustainability-Linked Loans.

In addition, we provide financing that contributes to job creation, such as start-ups, business succession, and M&A, as well as financing that is consistent with the purpose of sustainable investment and financing (including lease transactions by group companies).

Through sustainable investment and financing, we support our customers' efforts to solve environmental and social issues and realize sustainable local communities.

Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

Links & references

<Integrated Report P73>

<https://www.ryugin.co.jp/common/uploads/integrated2025.pdf>

The results of the above initiatives are as follows.

<Results by Product/Service>

Products/Services, etc.	Results
ZEP Ryukyu Membership Count	140
ZEH-Specific Mortgage Loan Amount (Cumulative)	¥46.8 billion
ZEH Club Membership	132
Number of SDGs Support Services Provided	656
Sustainable Investment and Financing Amount (Cumulative)	¥110.8 billion

※ZEP Ryukyu membership count as of end of June 2025; others as of end of March 2025.

※The greenhouse gas emissions calculation system "C-Turtle" is not included as it began operation in May 2025.

<Sustainability-Related Revenue Performance (as of end of March 2025)>

	Actual
Sustainable Investment/Financing-Related Revenue (Fee Income Only)	Approx. ¥1.1 billion

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Links & references

<Transition Plan P27>

https://www.ryugin.co.jp/common/uploads/ecarbonization_plan.pdf

<Integrated Report P68>

<https://www.ryugin.co.jp/common/uploads/integrated2025.pdf>

< News Release >

<https://www.ryugin.co.jp/corporate/news/88026/>

To achieve sustainable growth in the regional economy while reducing adverse environmental impacts, we are strengthening our collaboration with local companies, companies outside the prefecture, and regional banks nationwide to work toward achieving carbon neutrality.

While individual companies face limitations in decarbonization, building cooperative frameworks with these external entities enables us to promote effective emissions reductions and accelerate initiatives for sustainable energy use and environmental impact reduction.

< Collaboration Achievements with Companies Inside and Outside the Prefecture >

Date of Agreement	Partner	Agreement Name/Initiative Details
February 2022	Mitsui Sumitomo Insurance Company, Limited	Comprehensive Partnership Agreement on Promoting ESG Finance and SDGs
February 2022	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Comprehensive Partnership Agreement on Promoting ESG Finance and SDGs
June 2022	The Okinawa Electric Power Company, Incorporated	Comprehensive Partnership Agreement for Realizing a Decarbonized Society
August 2025	OKINAWA CELLULAR TELEPHONE COMPANY SAN-A CO.,LTD.	Conservation of Nature and Biodiversity through the Restoration of Endangered Species and Blue Carbon Creation

< Collaboration Achievements with Regional Banks Nationwide >

Date of Agreement	Partner	Alliance/Agreement Name
April 2020	10 Regional Banks Nationwide	TSUBASA ALLIANCE
January 2024	13 regional banks in Kyushu, Okinawa, and Yamaguchi	Kyushu-Okinawa Banking Alliance Semiconductor Solutions

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Governance Structure for Implementation of the Principles

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

Links & references

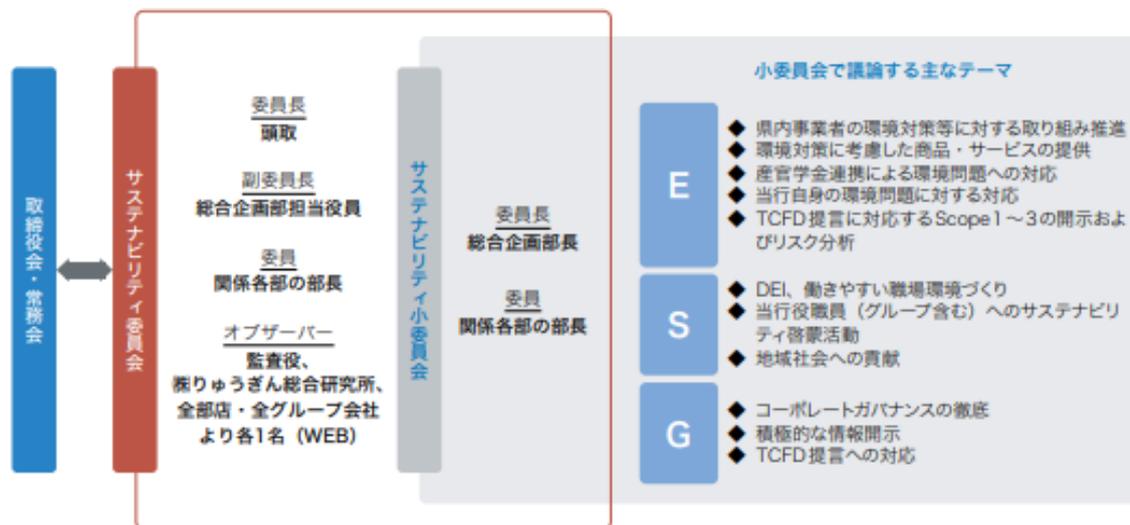
<Integrated Report P69>

<https://www.ryugin.co.jp/common/uploads/integrated2025.pdf>

Bank of the Ryukyus has established a Sustainability Committee. This committee was formed in October 2021 as a body to set policies, plans, and performance indicators related to ESG measures, including natural capital, and to review and discuss the status of initiatives.

The committee is chaired by the President, with the Executive Officer in charge of the Corporate Planning Department serving as Vice Chair. Department heads from relevant divisions serve as committee members. The committee discusses various ESG-related issues quarterly and reports to the Board of Directors quarterly.

In addition, observers including auditors, representatives from the Ryugin Research Institute (Bank of the Ryukyus Group's think tank), and one representative from each branch and group company participate in every meeting. Starting in fiscal 2025, the executive officer in charge of operations will also participate.



Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Links & references

<Transition Plan P30>

https://www.ryugin.co.jp/common/uploads/ecarbonization_plan.pdf

As a responsible bank, we are committed to internalizing ESG management practices and developing our workforce. Specific initiatives include:

1. Internal Dissemination

(1) Communication of Top Management Messages

To embed sustainability thinking as part of our corporate culture, we are strengthening communication from management to enhance company-wide awareness.

(2) ESG Targets for Executive Compensation

To achieve long-term corporate value growth, we incorporate ESG targets into bonuses paid to directors as performance-linked compensation.

(3) Sustainability Ambassador Study Sessions

We hold study sessions twice per quarter for all branch managers, loan center managers, and branch office managers, plus one representative each from headquarters section chiefs and affiliated company executives. These sessions deepen understanding toward realizing a sustainable society.

(4) Performance Recognition System

We have established a system to recognize outstanding ESG-related initiatives, promoting employee motivation and stimulating activity.

2. Human Resource Development

(1) Encouraging Qualification Acquisition

We encourage employees to obtain the Ministry of the Environment-certified "Decarbonization Advisor" qualification to support the enhancement of their expertise.

(2) External Training Assignments

We provide staff with opportunities to gain practical knowledge and experience through assignments to external organizations such as the Ministry of the Environment and the Okinawa General Affairs Bureau.

(3) Information Sharing via Internal Intranet

We share best practices to enhance internal knowledge.

Furthermore, we support staff self-development by creating an environment where learning is possible anytime, anywhere through online education.

Risk and due diligence processes and policies

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures your bank has in place to oversee these risks.

Links & references

<Sustainability Policy>

<https://www.ryugin.co.jp/corporate/sustainability/>

< Ryugin Group SDGs Declaration >

<https://www.ryugin.co.jp/common/uploads/ryuginsdgs2.pdf>

< Sustainable Investment Policy >

https://www.ryugin.co.jp/common/uploads/230606_bor-group_Sustainable-Investment-Policy.pdf

< Bank of the Ryukyus Group Human Rights Policy >

https://www.ryugin.co.jp/corporate/about/human_rights_policy/

To address environmental and social risks related to Bank of the Ryukyus's portfolio holdings, we have established the Sustainability Policy, Ryugin Group SDGs Declaration, Sustainable Investment and Financing Policy, and Bank of the Ryukyus Group Human Rights Policy.

Furthermore, through discussions in the Sustainability Committee (P15) and oversight by the Board of Directors, we will advance initiatives based on the Principles for Responsible Banking.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report