



Bank of The Ryukyus, Limited and consolidated subsidiaries

Consolidated Balance Sheets

As of September 30, 2024 and March 31, 2024

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	September 30, 2024	March 31, 2024	September 30, 2024
Assets			
Cash and due from banks (Note 4)	¥ 261,813	¥ 341,755	\$ 1,834,326
Call loans and bills bought	246	246	1,729
Money held in trust (Note 4)	535	522	3,750
Securities (Notes 4, 5 and 7)	734,619	692,245	5,146,920
Loans and bills discounted (Notes 4 and 6)	1,903,100	1,881,946	13,333,567
Foreign exchanges	5,674	4,493	39,758
Lease receivables and lease investment assets (Note 7)	27,608	26,192	193,433
Other assets (Note 7)	49,852	69,448	349,276
Property, plant and equipment (Note 8)	38,132	36,110	267,163
Intangible fixed assets	3,766	3,307	26,392
Net defined benefit asset	1,675	1,705	11,737
Deferred tax assets	5,200	4,569	36,438
Customers' liabilities for acceptances and guarantees (Note 9)	7,729	12,280	54,154
Allowance for loan losses	(8,046)	(7,806)	(56,376)
Total assets	¥3,031,908	¥3,067,017	\$21,242,267
Liabilities			
Deposits (Notes 4 and 7)	¥2,816,269	¥2,793,883	\$19,731,450
Negotiable certificate of deposits (Note 4)	16,575	42,365	116,132
Payables under repurchase agreements (Note 7)	—	27,676	—
Borrowed money (Notes 4 and 7)	18,613	19,271	130,414
Foreign exchanges	122	64	858
Other liabilities	25,444	25,123	178,272
Reserve for bonuses	861	820	6,034
Reserve for director's bonuses	—	10	—
Net defined benefit liability	580	565	4,069
Reserve for retirement benefits for directors and corporate auditors	28	24	202
Reserve for contingent losses	83	76	587
Reserve for point service program	177	173	1,240
Reserve for losses on interest payment	160	176	1,123
Deferred tax liabilities for land revaluation (Note 10)	1,940	1,940	13,598
Acceptances and guarantees (Note 9)	7,729	12,280	54,154
Total liabilities	2,888,588	2,924,453	20,238,133
Net assets (Note 11)			
Capital stock	56,967	56,967	399,127
Capital surplus	14,260	14,244	99,912
Retained earnings	75,536	72,797	529,223
Treasury stock	(1,839)	(1,417)	(12,888)
Total shareholders' equity	144,924	142,590	1,015,374
Valuation difference on available-for-sale securities	(2,771)	(1,223)	(19,418)
Revaluation reserve for land (Note 10)	796	796	5,577
Remeasurements of defined benefit plans	335	337	2,352
Total accumulated other comprehensive income	(1,639)	(90)	(11,489)
Stock acquisition rights	35	64	249
Total net assets	143,320	142,564	1,004,134
Total liabilities and net assets	¥3,031,908	¥3,067,017	\$21,242,267

See accompanying notes to consolidated financial statements.

Bank of The Ryukyus, Limited and consolidated subsidiaries

Consolidated Statements of Income

For the six months ended September 30, 2024 and 2023

	Millions of yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
Income			
Interest income:			
Interest on loans and discounts.....	¥13,425	¥ 13,028	\$ 94,063
Interest and dividends on securities.....	1,679	1,478	11,766
Other interest income	147	91	1,037
Fees and commissions	6,533	5,886	45,773
Other operating income	11,102	9,935	77,785
Other income	1,671	2,930	11,707
Total income.....	34,559	33,351	242,131
Expenses			
Interest expenses:			
Interest on deposits	425	49	2,978
Other interest expenses	230	915	1,615
Fees and commissions	3,138	2,971	21,986
Other operating expenses	10,917	9,771	76,494
General and administrative expenses	14,218	13,816	99,617
Other expenses (Note 12)	575	450	4,031
Total expenses.....	29,505	27,976	206,721
Income before income taxes	5,054	5,374	35,410
Income taxes:			
Current	1,598	1,008	11,201
Deferred.....	(54)	498	(382)
Total income taxes.....	1,544	1,507	10,819
Profit	3,509	3,866	24,591
Profit attributable to owners of parent.....	¥ 3,509	¥ 3,866	\$24,591

	Yen		U.S. Dollars (Note 1)
Per share of common stock:			
Net income — basic	¥84.80	¥92.90	\$0.59
Net income — diluted	84.73	92.72	0.59
Cash dividends applicable to the year	19.00	18.50	0.16

See accompanying notes to consolidated financial statements.

Bank of The Ryukyus, Limited and consolidated subsidiaries

Consolidated Statements of Comprehensive Income

For the six months ended September 30, 2024 and 2023

	Millions of yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
Profit	¥3,509	¥3,866	\$24,591
Other comprehensive income:			
Net unrealized gains on available-for-sale securities	(1,547)	(3,110)	(10,845)
Remeasurements of defined benefit plans	(1)	10	(12)
Total other comprehensive income	(1,549)	(3,099)	(10,857)
Comprehensive income attributable to owners of the parent	¥1,960	¥ 767	\$13,734

See accompanying notes to consolidated financial statements.



Bank of The Ryukyus, Limited and consolidated subsidiaries

Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2024 and 2023

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
Shareholders' equity			
Capital stock:			
Balance at the beginning of the period	¥ 56,967	¥ 56,967	\$ 399,127
Changes during the period	—	—	—
Balance at end of the period	¥ 56,967	¥ 56,967	\$ 399,127
Capital surplus:			
Balance at the beginning of the period	¥ 14,244	¥ 14,225	\$ 99,797
Changes during the period:			
Sale of treasury stock	16	18	115
Total changes during the period	16	18	115
Balance at end of the period	¥ 14,260	¥ 14,244	\$ 99,912
Retained earnings:			
Balance at the beginning of the period	¥ 72,797	¥ 68,634	\$ 510,033
Changes during the period:			
Cash dividends	(770)	(727)	(5,401)
Profit attributable to owners of the parent	3,509	3,866	24,591
Total changes during the period	2,738	3,139	19,190
Balance at end of the period	¥ 75,536	¥ 71,774	\$ 529,223
Treasury stock:			
Balance at the beginning of the period	¥ (1,417)	¥ (1,534)	\$ (9,935)
Changes during the period:			
Purchase of treasury stock	(500)	(0)	(3,507)
Sales of treasury stock	79	117	554
Total changes during the period	(421)	117	(2,953)
Balance at end of the period	¥ (1,839)	¥ (1,417)	\$ (12,888)
Total shareholders' equity:			
Balance at the beginning of the period	¥142,590	¥138,292	\$ 999,022
Changes during the period:			
Cash dividends	(770)	(727)	(5,401)
Profit attributable to owners of the parent	3,509	3,866	24,591
Purchase of treasury stock	(500)	(0)	(3,507)
Sales of treasury stock	95	136	669
Total changes during the period	2,333	3,275	16,352
Balance at end of the period	¥144,924	¥141,568	\$1,015,374
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities:			
Balance at the beginning of the period	¥ (1,223)	¥ (1,148)	\$ (8,572)
Changes during the period:			
Net changes in items other than shareholders' equity	(1,547)	(3,110)	(10,846)
Total changes during the period	(1,547)	(3,110)	(10,846)
Balance at end of the period	¥ (2,771)	¥ (4,258)	\$ (19,418)
Revaluation reserve for land:			
Balance at the beginning of the period	¥ 796	¥ 804	\$ 5,577
Changes during the period:			
Net changes in items other than shareholders' equity	—	—	—
Total changes during the period	—	—	—
Balance at end of the period	¥ 796	¥ 804	\$ 5,577



Bank of The Ryukyus, Limited and consolidated subsidiaries

Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2024 and 2023

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
Remeasurements of defined benefit plans:			
Balance at the beginning of the period	¥ 337	¥ 52	\$ 2,363
Changes during the period:			
Net changes in items other than shareholders' equity	(1)	10	(11)
Total changes during the period	(1)	10	(11)
Balance at end of the period	¥ 335	¥ 63	\$ 2,352
Total accumulated other comprehensive income:			
Balance at the beginning of the period	¥ (90)	¥ (290)	\$ (632)
Changes during the period:			
Net changes pin items other than shareholders' equity	(1,549)	(3,099)	(10,857)
Total changes during the period	(1,549)	(3,099)	(10,857)
Balance at end of the period	¥ (1,639)	¥ (3,390)	\$ (11,489)
Stock acquisition rights			
Balance at the beginning of the period	¥ 64	¥ 160	\$ 451
Changes during the period:			
Net changes pin items other than shareholders' equity	(28)	(96)	(202)
Total changes during the period	(28)	(96)	(202)
Balance at end of the period	¥ 35	¥ 64	\$ 249
Total net assets			
Balance at the beginning of the period	¥142,564	¥138,162	\$ 998,842
Changes during the period:			
Cash dividends	(770)	(727)	(5,401)
Profit attributable to owners of the parent	3,509	3,866	24,591
Purchase of treasury stock	(500)	(0)	(3,507)
Sales of treasury stock	95	136	668
Net changes pin items other than shareholders' equity	(1,578)	(3,195)	(11,059)
Total changes during the period	755	79	5,292
Balance at end of the period	¥143,320	¥138,242	\$1,004,134

See accompanying notes to consolidated financial statements.

Bank of The Ryukyus, Limited and consolidated subsidiaries

Consolidated Statements of Cash Flows

For the six months ended September 30, 2024 and 2023

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
Cash flows from operating activities			
Income before income taxes	¥ 5,054	¥ 5,374	\$ 35,410
Depreciation	1,612	1,513	11,301
Amortization of goodwill	15	15	111
Increase (decrease) in allowance for loan losses	240	(2,119)	1,683
Increase (decrease) in reserve for bonuses	41	56	288
Increase (decrease) in reserve for directors' bonuses	(10)	(12)	(77)
(Increase) decrease in net defined benefit asset	24	28	171
Decrease (increase) in net defined benefit liability	18	25	127
Increase (decrease) in reserve for retirement benefits for directors and corporate auditors	4	(8)	30
Decrease (increase) in reserve for contingent losses	7	(8)	53
Increase (decrease) in reserve for point service program	3	(3)	27
Increase (decrease) in reserve for losses on interest payment	(16)	(26)	(116)
Interest income	(15,252)	(14,598)	(106,865)
Interest expenses	655	965	4,593
Other gains (losses), net	(505)	501	(3,544)
Increase in loans and bills discounted	(21,153)	18,176	(148,209)
Increase in deposits	22,386	30,011	156,846
Increase in negotiable certificate of deposits	(25,789)	16,248	(180,688)
Increase (decrease) in borrowed money (excepting subordinated borrowings)	(657)	(85,286)	(4,604)
Decrease (increase) in due from banks (excluding due from central bank)	(317)	(66)	(2,222)
Decrease (increase) in call loans	(0)	1,313	(2)
Increase (decrease) in payables under repurchase agreements	(27,676)	750	(193,911)
Net change in foreign exchange accounts (assets)	(1,180)	2,270	(8,273)
Net change in foreign exchange accounts (liabilities)	57	2	404
Decrease (increase) in lease receivables and lease investment assets	(1,460)	(1,512)	(10,234)
Decrease (increase) in initial clearing margin for CCP	20,000	—	140,125
Interest and dividends received	15,676	14,499	109,836
Interest paid	(466)	(978)	(3,270)
Other, net	(691)	(5,912)	(4,845)
Subtotal	(29,381)	(18,781)	(205,855)
Income taxes paid	(1,296)	(890)	(9,080)
Net cash used in operating activities	(30,677)	(19,672)	(214,935)
Cash flows from investment activities			
Purchases of securities	(155,205)	(234,311)	(1,087,409)
Proceeds from sales of securities	97,796	28,471	685,185
Proceeds from redemptions of securities	13,348	25,021	93,520
Increase in money held in trust	(5,000)	(10,000)	(35,031)
Decrease in money held in trust	5,000	10,000	35,031
Purchases of property, plant and equipment	(3,101)	(2,775)	(21,732)
Purchases of intangible fixed assets	(1,101)	(248)	(7,719)
Proceeds from sales of property, plant and equipment	122	67	855
Payments for disposal of property, plant and equipment	(16)	(8)	(116)
Net cash used in investment activities	(48,159)	(183,783)	(337,416)
Cash flows from financing activities			
Cash dividends paid	(770)	(728)	(5,402)
Payments of lease obligations	(122)	(175)	(859)
Purchases of treasury stock	(500)	(0)	(3,507)
Proceeds from sales of treasury stock	0	0	0
Net cash used in financing activities	(1,394)	(904)	(9,768)
Effect of exchange rate changes on cash and cash equivalents	(28)	63	(200)
Increase (decrease) in cash and cash equivalents	(80,259)	(204,296)	(562,319)
Cash and cash equivalents at beginning of the period	341,278	598,102	2,391,078
Cash and cash equivalents at end of the period (Note 2)	¥261,018	¥393,805	\$1,828,759

See accompanying notes to consolidated financial statements.

Bank of The Ryukyus, Limited and consolidated subsidiaries

Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Bank of The Ryukyus, Limited (the “Bank”) and consolidated subsidiaries have been prepared in accordance with the Japanese Financial Instruments and Exchange Act, the Company Act of Japan, the Japanese Banking Law, and in conformity with accounting principles generally accepted in Japan and, where applicable, with the accounting and reporting guidelines prescribed by banking regulatory authorities, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In the preparation of these financial statements, certain items on the domestically issued financial statements have been reclassified and rearranged considering the convenience of readers outside Japan. Also, some of the notes to the domestically issued financial statements have been omitted in case such omissions do not affect the financial statements materially.

The Japanese yen figures in the financial statements are in millions with fractions omitted.

The U.S. dollar figures are computed solely for convenience, at the exchange rate of ¥142.73 per US\$1.00, the rate prevailing on September 30, 2024.

2. Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Bank and its seven subsidiaries.

Assets and liabilities of consolidated subsidiaries at the time of initial investment are valued at market. Amortization of consolidation adjustment is charged to income as incurred.

(b) Statement of Cash Flows

Cash and cash equivalents in the statement of cash flows represents cash, due from the Bank of Japan, deposits with other banks repayable on demand and time deposits with term of three months or less among “cash and due from banks” in the balance sheets.

(c) Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Japanese yen at the rates prevailing at the balance sheet dates.

(d) Trading Account Securities

Under the Accounting Standards for Financial Instruments, trading account securities are stated at fair value.

(e) Securities

Under the Accounting Standards for Financial Instruments, held-to-maturity debt securities are stated at amortized cost and the securities which are defined as available-for-sale securities by the standards, are stated at fair value, whenever such value is available, otherwise are stated at moving average cost or amortized cost.

Valuation difference on available-for-sale securities are reported, net of applicable income taxes as a separate component of net assets.

The assessment of securities operated as trust property in money held in trust for isolated operation, mainly for the purpose of securities operation, are stated at fair value.

(f) Derivatives

Derivatives are stated at the fair value.

(g) Hedge Accounting

i. Hedging against Interest Rate Changes

The hedge accounting method applied to hedging transactions for interest rate risk related to financial assets and liabilities is deferred hedge accounting, as stipulated in the “Treatment for Accounting and Auditing of Application of Accounting Standards for Financial Instruments in the Banking Industry” (JICPA Industry Audit Committee Guideline No. 24).

Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

The Bank assesses the effectiveness of such hedging transactions in offsetting movements of the fair value accompanying changes in interest rates by classifying the hedged items (deposits, loans) and the hedging instruments (interest swaps) by their maturity. For cash flow hedges, the Bank assesses the effectiveness of such hedging transactions in fixing cash flows by verifying the correlation between the hedged items and the hedging instruments.

The Bank applies a special treatment which is stated by the “Financial Instruments Standards” of interest rate swaps to a portion of assets and liabilities, which is placed outside the scope of the assessment of hedging effectiveness.

Consolidated subsidiaries apply an exceptional treatment of interest rate swaps to a portion of liabilities.

ii. Hedging against Currency Fluctuations

The Bank applies the deferred hedge accounting stipulated in “Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Guideline No. 25) to hedging transactions against foreign exchange risk arising from assets and liabilities in foreign currencies. Pursuant to the above mentioned report, the Bank assesses the effectiveness of foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by confirming the existence of foreign currency positions, which correspond to the foreign currency monetary claims and debts.

Consolidated subsidiaries do not apply deferred hedge accounting to hedging transactions.

(h) Depreciation and Amortization**i. Depreciation of Property, Plant and Equipment (excluding lease assets)**

Depreciation of property, plant and equipment is computed on the straight-line method by the applying service life of each and every asset ranging as follows:

Buildings 5 to 50 years

Equipment 3 to 20 years

Depreciation of property, plant and equipment of consolidated subsidiaries is computed mainly on the fixed percentage on declining balance method applying the estimated service life of each and every asset.

ii. Amortization of Intangible Fixed Assets (excluding lease assets)

Intangible fixed assets are amortized on a straight-line basis. The costs of development of computer software for internal use are amortized over a useful life of five years.

iii. Amortization of Lease Assets

Lease assets in “Property, plant and equipment” of the finance leases other than those that transfer the ownership of leased property to the lessees is computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(i) Allowance for Loan Losses

Claims to borrowers who are legally bankrupt such as by bankruptcy or special liquidation (“bankrupt borrowers”) and claims to borrowers who are in a similar situation (“substantially bankrupt borrowers”), the amount remaining after deducting the amount expected to be collected through disposal of collateral and execution of guarantees from the book value after direct write-offs as described in the notes below is recognized as allowance for loan losses. For loans to borrowers who are not currently legally bankrupt but are likely to become bankrupt in the future (“potentially bankrupt borrowers”), the amount of the allowance for loan losses is calculated by deducting the estimated amount collectible through disposal of collateral and guarantees from the book value after direct write-offs as described in the notes below, and the remaining amount, which is deemed necessary based on a comprehensive assessment of the borrowers’ solvency, is recorded as allowance for loan losses.

For claims other than the above, the allowance for loan losses is provided based on the amount of expected losses for the next three years for “borrowers in need of caution” (borrowers for whom all or part of their claims are in need of caution, such as borrowers with problematic loan terms, borrowers with performance problems, borrowers with weak or unstable business conditions, or borrowers with problematic financial conditions), the expected losses for the next three years are recorded in the allowance for loan losses. For claims to borrowers other than “substandard borrowers” and borrowers whose business conditions are favorable and whose financial conditions are considered normal (“normal borrowers”), the expected losses for the next one year are included in the allowance for doubtful accounts. The expected loss amount is calculated by determining the expected loss ratio based on the expected macroeconomic indicators for the future and adding necessary adjustments such as future projections. Borrowers requiring caution other than normal

Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

borrowers and borrowers requiring supervision are grouped by industry, credit rating, and other categories based on the risk characteristics of the credit portfolio.

All claims are assessed by the business-related division based on the self-assessment standards for assets, and the results of the assessments are audited by the asset auditing division, which is independent from the relevant divisions.

For loans with collateral or guarantees to bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers, the amount of collateral value and the amount collectible through the execution of guarantees are deducted directly from the balance of loans receivable as estimated uncollectible amounts, which amounted to ¥2,234 million (US\$15,652 thousand) as of September 30, 2024.

The allowance for loan losses of consolidated subsidiaries is provided for general receivables in an amount deemed necessary by taking into consideration the historical write-off ratio and other factors, and for specific doubtful accounts in an amount deemed uncollectible by individually considering the possibility of collection.

(j) Reserve for Bonuses

Reserve for bonuses are provided for the payment of employees' bonuses in the amount deemed necessary for the estimated bonus payment in the future attributable to the reporting period.

(k) Reserve for Directors' Bonuses

Reserve for bonuses are provided for the payment of directors' bonuses in the amount deemed necessary for the estimated bonus payment in the future attributable to the reporting period.

(l) Reserve for Retirement Benefits for Directors and Corporate Auditors

Reserve for retirement benefits for directors and corporate auditors are provided at the amount that would be paid in accordance with the internally established rule at the end of reporting period if they were retired on that date.

(m) Reserve for Retirement Benefits

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to each service period.

Actuarial differences of the plans are amortized from the following fiscal year over the set period (12 years) within the average remaining service period of the employees at the time of occurrence.

Prior service costs are amortized over the set period (12 years) within the average remaining service period of the employees at the time of occurrence.

Consolidated subsidiaries adopt simplified method for the calculation of liability for retirement benefits and pension expenses using necessary payment of voluntary retirement as the projected benefit obligation.

(n) Reserve for Contingent Losses

Reserve for contingent losses is provided at the amount deemed necessary to cover possible future losses from default of loans under the responsibility-sharing system on guarantees of loans with the Credit Guarantee.

(o) Reserve for Point Service Program

Reserve for point service program is provided to cover the costs of credit card point at the amount deemed necessary based on an estimate of the future use of points.

(p) Reserve for Losses on Interest Payment

Reserve for losses on interest payment is provided to cover possible losses on the repayment of interest to be received from customers that exceeds the upper limit of interest rates prescribed under the Interest Rate Restriction Act.

(q) Significant Revenues and Expenses

- i. Revenue from contracts with customers is recognized when the promised property or services are received by the customer. The amount of revenue recognized is calculated based on the amount expected to be received in exchange for the property or services.
- ii. Consolidated subsidiaries engaged in the leasing business recognize revenues and expenses related to finance lease transactions when lease fees are received.
- iii. Certain consolidated subsidiaries recognize revenues from the credit purchase brokerage business and the individual credit purchase brokerage business on a due date basis, primarily using the seven-eighths method.
- iv. Certain consolidated subsidiaries recognize revenue from software development operations based on the degree of progress made on each project task.

Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(r) Amortization Method and Period of Goodwill

Goodwill is amortized by the straight-line method over 5 years.

(s) Profit and Losses on the Cancellation and Redemption of Investment Trusts

Regarding the profit and loss on the cancellation and redemption of investment trusts (except for ETF), it is indicated as "Interest and dividends on securities" if the aggregation of all issues made profit, while it is shown as "Other operating expenses" if such aggregation turned out as loss.

3. Changes in Significant Accounting Policies (Application of Accounting Standard for Income Taxes)

The "Accounting Standard for Corporate, Inhabitant and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022) and others are applied from the beginning of the current interim consolidated accounting period.

The "Accounting Standard for Income Taxes" (ASBJ Statement No. 27, October 28, 2022) is applied from the beginning of the current interim period, and income taxes, inhabitant taxes, and enterprise taxes on income for the current fiscal year are calculated based on the transactions from which they arise.

Income taxes, inhabitants' taxes, and enterprise taxes on income for the current fiscal year are separately recognized in profit or loss, shareholders' equity, and other comprehensive income, depending on the source of transactions, etc. This change in accounting policy has no impact on the consolidated interim financial statements.

4. Financial Instruments

(1) Fair Values of Financial Instruments

A table below shows book values, fair values and difference of financial instruments as of September 30, 2024. A part of financial instruments, for which no fair values are obtainable such as unlisted stocks, are excluded from the table. (Please see (Note).)

The financial instruments immaterial in terms of consolidated balance sheet amounts are omitted.

	Millions of Yen			Thousands of U.S. Dollars		
	Consolidated balance sheet amount	Fair value	Difference	Consolidated balance sheet amount	Fair value	Difference
(1) Money held in trust	¥ 535	¥ 535	¥ —	\$ 3,748	\$ 3,748	\$ —
(2) Securities						
Held-to-maturities debt securities	81,293	81,050	(243)	569,558	567,855	(1,703)
Available-for-sale securities	649,471	649,471	—	4,550,347	4,550,347	—
(3) Loans and bills discounted	1,903,100			13,333,567		
Allowance for loan losses (*1)	(4,913)			(34,422)		
Total loans and bills discounted	1,898,186	1,902,913	4,726	13,299,138	13,332,257	33,111
Total assets	2,629,486	2,633,970	4,483	18,422,798	18,454,214	31,409
(1) Deposits	2,816,269	2,815,837	432	19,731,444	19,728,417	3,027
(2) Negotiable certificate of deposit	16,575	16,575	—	116,128	116,128	—
(3) Borrowed money	18,613	18,539	74	130,407	129,889	518
Total liabilities	2,851,459	2,850,952	506	19,977,993	19,974,441	3,545
Derivative transactions (*2)						
Transactions not accounted for as hedge transactions	176	176	—	1,233	1,233	—
Transactions accounted for as hedge transactions	—	—	—	—	—	—
Total derivative transactions	176	176	—	1,233	1,233	—

(*1) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.

(*2) Derivative transactions recorded in other assets and other liabilities are presented as a lump sum. Net receivables and payables arising from derivative transactions are presented on a net basis. A net payable is presented in parentheses.

Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Note) The following table lists financial instruments, the fair value of which is extremely difficult to determine: Fair Values of Financial Instruments exclude these instruments.

	Consolidated balance sheet amount	
	Millions of Yen	Thousands of U.S. Dollars
Securities		
(1) Unlisted stocks (*1) (*2)	¥2,276	\$15,946
(2) Investments in associations (*3)	1,578	11,056

(*1) In accordance with Paragraph 5 of the "Guidance on Disclosure of Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), unlisted stocks are not subject to disclosure of fair value.

(*2) For the six months ended September 30, 2024, no impairment loss on unlisted stocks.

(*3) In accordance with Paragraph 24-16 of the "Guidance on Disclosure of Fair Value of Financial Instruments" (ASBJ Guidance No. 31, June 17, 2021), Investments in associations are not subject to disclosure of fair value.

(2) Breakdown of financial instruments by fair value level

The fair value of financial instruments is categorized into the following three levels according to the observability and materiality of the inputs used to calculate the fair value.

Level 1: Fair value calculated based on quoted market prices for the asset or liability for which the fair value is calculated that are quoted in an active market among the inputs used to calculate the observable fair value.

Level 2: Fair value calculated using inputs to observable fair value other than Level 1 inputs.

Level 3: Fair value calculated using inputs related to the calculation of unobservable fair value.

When more than one input that has a significant effect on the calculation of fair value is used, the fair value is classified as the level that has the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

i. Financial instruments recorded in the interim consolidated balance sheets at fair value

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Money held in trust	¥ —	¥ 535	¥—	¥ 535
Available-for-sale securities				
Japanese government bond	407,257	—	—	407,257
Local government bonds	—	156,195	—	156,195
Corporate bonds	—	8,989	—	8,989
Stocks	1,229	—	—	1,229
Other	30,675	44,876	—	75,551
Derivative transactions				
Currency transactions	—	194	—	194
Total	¥429,161	¥210,790	¥—	¥649,952
Derivative transactions				
Currency transactions	—	18	—	18
Total	¥ —	¥ 18	¥—	¥ 18

Bank of The Ryukyus, Limited and consolidated subsidiaries

Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Money held in trust	\$ —	\$ 3,748	\$—	\$ 3,748
Available-for-sale securities				
Japanese government bond	2,853,338	—	—	2,853,338
Local government bonds	—	1,094,339	—	1,094,339
Corporate bonds	—	62,979	—	62,979
Stocks	8,611	—	—	8,611
Other	214,916	314,412	—	529,328
Derivative transactions				
Currency transactions	—	1,359	—	1,359
Total	\$3,006,803	\$1,476,844	\$—	\$4,553,717
Derivative transactions				
Currency transactions	—	126	—	126
Total	\$ —	\$ 126	\$—	\$ 126

Notes: 1. Available-for-sale securities do not include investment trusts, etc., to which the treatment in Paragraph 24-9 of the “Guidance on Accounting Standard for Measurement of Fair Value (ASBJ Guidance No. 31, June 17, 2021)” is applied. The amount of investment trusts, etc. to which the treatment in Paragraph 24-9 is applied is ¥248 million (US\$1,738 thousand).

2. The reconciliation of the beginning balance to the ending balance for investment trusts, etc., to which Paragraph 24-9 is applied, is omitted because the amounts shown in the consolidated balance sheets are immaterial.

ii. Financial instruments other than those recorded in the interim consolidated balance sheets at fair value

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturities debt securities				
Japanese government bond	¥78,678	¥ —	¥ —	¥ 78,678
Local government bonds	—	—	—	—
Corporate bonds	—	—	2,372	2,372
Loans and bills discounted	—	—	1,902,913	1,902,913
Total	¥78,678	¥ —	¥1,905,285	¥1,983,963
Deposits	—	2,815,837	—	2,815,837
Negotiable certificate of deposit	—	16,575	—	16,575
Borrowed money	—	18,539	—	18,539
Total	¥ —	¥2,850,952	¥ —	¥2,850,952

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturities debt securities				
Japanese government bond	\$551,237	\$ —	\$ —	\$ 551,237
Local government bonds	—	—	—	—
Corporate bonds	—	—	16,619	16,619
Loans and bills discounted	—	—	13,332,257	13,332,257
Total	\$551,237	\$ —	\$13,348,875	\$13,900,112
Deposits	—	19,728,417	—	19,728,417
Negotiable certificate of deposit	—	116,128	—	116,128
Borrowed money	—	129,889	—	129,889
Total	\$ —	\$19,974,441	\$ —	\$19,974,441

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Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

5. Market Value Information for Securities

Market values and valuation difference on securities with fair value as of September 30, 2024 were as follows:

i. Held-to-Maturity Debt Securities

	Millions of Yen			Thousands of U.S. Dollars		
	Consolidated balance sheet amount	Acquisition costs	Difference	Consolidated balance sheet amount	Acquisition costs	Difference
Fair value exceeded consolidated balance sheet amount:						
Japanese government bond	¥10,029	¥10,091	¥ 61	\$ 70,266	\$ 70,700	\$ 427
Corporate bonds	1,300	1,343	43	9,108	9,409	301
Sub-total	¥11,329	¥11,435	¥ 105	\$ 79,374	\$ 80,116	\$ 736
Fair value not exceeded consolidated balance sheet amount:						
Japanese government bond	¥68,929	¥68,587	¥(342)	\$482,933	\$480,537	\$(2,396)
Corporate bonds	1,035	1,028	(6)	7,251	7,202	(42)
Sub-total	69,964	69,615	(349)	490,184	487,739	(2,445)
Total	¥81,293	¥81,050	¥(243)	\$569,558	\$567,855	\$(1,703)

ii. Available-for-Sale Securities

	Millions of Yen			Thousands of U.S. Dollars		
	Consolidated balance sheet amount	Acquisition costs	Difference	Consolidated balance sheet amount	Acquisition costs	Difference
Fair value exceeded consolidated balance sheet amount:						
Equity stocks	¥ 948	¥ 462	¥ 485	\$ 6,642	\$ 3,237	\$ 3,398
Bonds:						
Japanese government bond	24,982	24,956	26	175,030	174,848	182
Municipal bonds	182	182	0	1,275	1,275	0
Corporate bonds	1,802	1,799	3	12,625	12,604	21
Other	31,726	30,739	986	222,280	215,365	6,908
Sub-total	¥ 59,642	¥ 58,140	¥ 1,502	\$ 417,866	\$ 407,343	\$ 10,523
Fair value not exceeded consolidated balance sheet amount:						
Equity stocks	¥ 280	¥ 309	¥ (28)	\$ 1,962	\$ 2,165	\$ (196)
Bonds:						
Japanese government bond	382,274	384,698	(2,423)	2,678,302	2,695,285	(16,976)
Municipal bonds	156,012	157,519	(1,507)	1,093,057	1,103,615	(10,558)
Corporate bonds	7,186	7,232	(46)	50,347	50,669	(322)
Other	44,073	45,611	(1,537)	308,786	319,561	(10,769)
Sub-total	589,828	595,370	(5,542)	4,132,474	4,171,302	(38,829)
Total	¥649,471	¥653,511	¥(4,040)	\$4,550,347	\$4,578,652	\$(28,305)

6. Loans and Bills Discounted

Of loans on which accrual of interest is suspended due to delayed or unpaid state of repayment of principal and interest or to other reasons, loans to borrowers regarded as being bankrupt by the Bank amount to ¥11,404 million (US\$79,899 thousand) and to ¥10,831 million as of September 30, 2024 and March 31, 2024, respectively. Loans on which accrual of interest is suspended but the borrowers of which are not regarded as being bankrupt or the bank intends to assist for restructuring or to support amount to ¥33,772 million (US\$236,615 thousand) and ¥27,414 million as of September 30, 2024 and March 31, 2024, respectively. Loans, repayment of which is delinquent for three months or more, but which do not come under the aforementioned categories, amount to ¥1,011 million (US\$7,083 thousand) and ¥875 million as of

Bank of The Ryukyus, Limited and consolidated subsidiaries

Notes to Consolidated Financial Statements

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September 30, 2024 and March 31, 2024, respectively. Besides these loans, there are loans, conditions of which have been moderated like exemption of interest, lowering of interest rate, deferment of repayment of principal etc., in order to assist the borrowers in restructuring or for other purposes, totaling ¥6,621 million (US\$46,388 thousand) and ¥8,867 million as of September 30, 2024 and March 31, 2024, respectively.

7. Pledged Assets

Assets pledged as collateral As of September 30, 2024 and March 31, 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	September 30, 2024	March 31, 2024	September 30, 2024
Lease receivables and lease investment assets	¥16,824	¥16,362	\$117,873
Securities	12,885	41,416	90,275
Other assets	8,788	8,844	61,571
Due from banks	10	10	70

Liabilities secured by assets pledged as collateral were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	September 30, 2024	March 31, 2024	September 30, 2024
Deposits	¥25,741	¥ 7,352	\$180,348
Borrowed money	18,560	19,215	130,036
Due from banks	—	27,676	—

In addition to the above, the following items are pledged as collateral for exchange settlement transactions and futures trading margins, etc.

	Millions of Yen		Thousands of U.S. Dollars
	September 30, 2024	March 31, 2024	September 30, 2024
Marketable securities	¥17,833	¥1,114	\$124,942
Other assets	37	37	259
Due from banks	15	15	105

There is nothing pledged as collateral for the borrowings of unconsolidated subsidiaries and affiliates.

In addition, "Other assets" include the following

	Millions of Yen		Thousands of U.S. Dollars
	September 30, 2024	March 31, 2024	September 30, 2024
Initial margins of futures markets	¥2,238	¥ 2,214	\$15,680
Guarantee money	879	880	6,158
Initial clearing margin for CCP	—	20,000	—

8. Property, Plant and Equipment

The accumulated depreciation amounted to ¥21,255 million (US\$148,918 thousand) and ¥20,670 million, as of September 30, 2024 and March 31, 2024, respectively.

9. Customers' Liabilities for Acceptances and Guarantees

The Bank provides guarantees for liabilities of its customers for payment of loans from other financial institutions and for letters of credit. As a contra account, "customers' liabilities for acceptances and guarantees" is shown on the assets side, indicating the Bank's right of indemnity from the applicants.

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Notes to Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

10. Revaluation Reserve for Land

In accordance with the Law concerning the Revaluation of Land, which took effect March 31, 1998, the Bank revalued land held for its operations on that date.

Unrealized gain is shown in shareholders' equity net of applicable income taxes as "revaluation reserve for land."

11. Net Assets

(a) Common Stock

The Bank has 65,000 thousand authorized shares of common stock, of which 43,108 thousand shares were issued and outstanding as of September 30, 2024.

(b) Legal Reserve

The Japanese Banking Law provides that an amount equivalent to at least 20 percent of cash payments, which are made as an appropriation of retained earnings, be appropriated as a legal reserve until a total of such reserve and capital surplus equals 100 percent of stated capital. The reserve is, in principle, not available for dividends but may be used to reduce a deficit or may be transferred to stated capital. The reserve is included in retained earnings on the balance sheets.

(c) Cash Dividends

Year-end dividends are authorized after the close of each period to which they relate and are reflected in the statements of income when declared and paid.

12. Other Expenses

"Other expenses" for the six months ended September 30, 2024, includes the following:

	Millions of Yen	Thousands of U.S. Dollars
Provision for allowance for loan losses	¥273	\$1,913
Direct charge-off of loans	116	813
Loss on sales of securities.....	43	301

Bank of The Ryukyus, Limited

Non-Consolidated Balance Sheets

As of September 30, 2024 and March 31, 2024

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	September 30, 2024	March 31, 2024	September 30, 2024
Assets			
Cash and due from banks	¥ 259,291	¥ 341,129	\$ 1,816,654
Call loans and bills bought	246	246	1,729
Money held in trust	535	522	3,750
Securities	739,594	697,222	5,181,774
Loans and bills discounted	1,926,795	1,903,134	13,499,580
Foreign exchanges	5,674	4,493	39,758
Other assets	11,544	32,123	80,882
Property, plant and equipment	34,977	32,944	245,058
Intangible fixed assets	3,574	3,106	25,044
Prepaid pension cost	1,335	1,359	9,356
Deferred tax assets	4,115	3,620	28,831
Customers' liabilities for acceptances and guarantees	7,566	12,043	53,012
Allowance for loan losses	(4,638)	(4,637)	(32,501)
Total assets	¥2,990,611	¥3,027,311	\$20,952,927
Liabilities			
Deposits	¥2,822,259	¥2,801,171	\$19,773,418
Negotiable certificate of deposits	23,575	49,365	165,175
Payables under repurchase agreements	—	27,676	—
Borrowed money	53	55	377
Foreign exchanges	122	64	858
Other liabilities	9,612	9,911	67,348
Reserve for bonuses	703	667	4,926
Reserve for directors' bonuses	—	10	—
Reserve for retirement benefits	142	139	1,000
Reserve for contingent losses	83	76	587
Deferred tax liabilities for land revaluation	1,940	1,940	13,598
Acceptances and guarantees	7,566	12,043	53,012
Total liabilities	2,866,061	2,903,123	20,080,299
Net assets			
Capital stock	56,967	56,967	399,127
Capital surplus	12,840	12,840	89,962
Other capital surplus	82	66	579
Retained earnings:			
Legal retained earnings	4,213	4,059	29,522
Other retained earnings	54,243	52,051	380,042
Treasury stock	(1,839)	(1,417)	(12,889)
Total shareholders' equity	126,507	124,567	886,343
Valuation difference on available-for-sale securities	(2,789)	(1,239)	(19,541)
Revaluation reserve for land	796	796	5,577
Total valuation and translation adjustments	(1,993)	(443)	(13,964)
Stock acquisition rights	35	64	249
Total net assets	124,550	124,187	872,628
Total liabilities and net assets	¥2,990,611	¥3,027,311	\$20,952,927

Notes: 1. The Japanese yen amounts stated in non-consolidated financial statements have been rounded down to the nearest million yen.

2. The conversion of Japanese yen amounts into U.S. dollars has been made at the exchange rate of ¥142.73 per US\$1.00, the rate prevailing on September 30, 2024.

Bank of The Ryukyus, Limited

Non-Consolidated Statements of Income

For the six months ended September 30, 2024 and 2023

	Millions of yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
Income			
Interest income:			
Interest on loans and discounts	¥13,362	¥12,953	\$ 93,618
Interest and dividends on securities	1,867	1,485	13,084
Other interest income	147	90	1,033
Fees and commissions	5,402	4,743	37,852
Other operating income	232	3,206	1,627
Other income	1,608	—	11,265
Total income	22,619	22,480	158,479
Expenses			
Interest expenses:			
Interest on deposits	425	49	2,978
Other interest expenses	181	878	1,269
Fees and commissions	3,143	2,986	22,022
General and administrative expenses	12,910	12,605	90,454
Other expenses	1,591	1,411	11,151
Total expenses	18,251	17,931	127,874
Income before income taxes	4,368	4,549	30,605
Income taxes:			
Current	1,169	619	8,195
Deferred	82	596	575
Total income taxes	1,251	1,216	8,770
Net income	¥ 3,116	¥ 3,332	\$ 21,835

	Yen		U.S. Dollars (Note 2)
Per share of common stock:			
Net income.....	¥75.31	¥80.07	\$0.53
Cash dividends applicable to the year	19.00	18.50	0.13

Notes: 1. The Japanese yen amounts stated in non-consolidated financial statements have been rounded down to the nearest million yen.
2. The conversion of Japanese yen amounts into U.S. dollars has been made at the exchange rate of ¥142.73 per US\$1.00, the rate prevailing on September 30, 2024.

Bank of The Ryukyus, Limited

Non-Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2024 and 2023

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
Shareholders' equity			
Capital stock:			
Balance at the beginning of the period	¥ 56,967	¥ 56,967	\$399,127
Changes during the period	—	—	—
Balance at end of the period	¥ 56,967	¥ 56,967	\$399,127
Capital surplus:			
Balance at the beginning of the period	¥ 12,840	¥ 12,840	\$ 89,962
Changes during the period	—	—	—
Balance at end of the period	¥ 12,840	¥ 12,840	\$ 89,962
Other capital surplus:			
Balance at the beginning of the period	¥ 66	¥ 47	\$ 464
Changes during the period:			
Sales of treasury stock	16	18	115
Total changes during the period	16	18	115
Balance at end of the period	¥ 82	¥ 66	\$ 579
Total capital surplus:			
Balance at the beginning of the period	¥ 12,906	¥ 12,887	\$ 90,426
Changes during the period:			
Sales of treasury stock	16	18	115
Total changes during the period	16	18	115
Balance at end of the period	¥ 12,922	¥ 12,906	\$ 90,541
Retained earnings:			
Legal retained earnings:			
Balance at the beginning of the period	¥ 4,059	¥ 3,759	\$ 28,442
Changes during the period:			
Cash dividends	154	145	1,080
Total changes during the period	154	145	1,080
Balance at end of the period	¥ 4,213	¥ 3,905	\$ 29,522
Retained earnings brought forward:			
Balance at the beginning of the period	¥ 52,051	¥ 49,226	\$364,688
Changes during the period:			
Cash dividends	(925)	(872)	(6,481)
Net income	3,116	3,332	21,835
Total changes during the period	2,191	2,459	15,354
Balance at end of the period	¥ 54,243	¥ 51,686	\$380,042
Total retained earnings:			
Balance at the beginning of the period	¥ 56,111	¥ 52,986	\$393,130
Changes during the period:			
Cash dividends	(770)	(727)	(5,401)
Net income	3,116	3,332	21,835
Total changes during the period	2,345	2,605	16,434
Balance at end of the period	¥ 58,457	¥ 55,591	\$409,564

Bank of The Ryukyus, Limited

Non-Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2024 and 2023

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
Treasury stock:			
Balance at the beginning of the period	¥ (1,417)	¥ (1,534)	\$ (9,935)
Changes during the period:			
Purchase of treasury stock	(500)	(0)	(3,507)
Sales of treasury stock	79	117	553
Total changes during the period	(421)	117	(2,954)
Balance at end of the period.....	¥ (1,839)	¥ (1,417)	\$ (12,889)
Total shareholders' equity:			
Balance at the beginning of the period	¥124,567	¥121,307	\$872,748
Changes during the period:			
Cash dividends	(770)	(727)	(5,401)
Net income.....	3,116	3,332	21,835
Purchase of treasury stock	(500)	(0)	(3,507)
Sales of treasury stock	95	136	668
Total changes during the period	1,940	2,741	13,595
Balance at end of the period.....	¥126,507	¥124,048	\$886,343
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities:			
Balance at the beginning of the period	¥ (1,239)	¥ (1,151)	\$ (8,686)
Changes during the period:			
Net changes in items other than shareholders' equity	(1,549)	(3,120)	(10,855)
Total changes during the period	(1,549)	(3,120)	(10,855)
Balance at end of the period.....	¥ (2,789)	¥ (4,271)	\$ (19,541)
Revaluation reserve for land:			
Balance at the beginning of the period	¥ 796	¥ 804	\$ 5,577
Changes during the period:			
Net changes in items other than shareholders' equity	—	—	—
Total changes during the period	—	—	—
Balance at end of the period.....	¥ 796	¥ 804	\$ 5,577
Total valuation and translation adjustments:			
Balance at the beginning of the period	¥ 443	¥ (346)	\$ 3,109
Changes during the period:			
Net changes in items other than shareholders' equity	(1,549)	(3,120)	(10,855)
Total changes during the period	(1,549)	(3,120)	(10,855)
Balance at end of the period.....	¥ (1,993)	¥ (3,466)	\$ (13,964)
Stock acquisition rights:			
Balance at the beginning of the period	¥ 64	¥ 160	\$ 451
Changes during the period:			
Net changes in items other than shareholders' equity	(28)	(96)	(202)
Total changes during the period	(28)	(96)	(202)
Balance at end of the period.....	¥ 35	¥ 64	\$ 249

Bank of The Ryukyus, Limited

Non-Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2024 and 2023

	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
Total net assets			
Balance at the beginning of the period	¥124,187	¥121,121	\$870,090
Changes during the period:			
Cash dividends	(770)	(727)	(5,401)
Net income	3,116	3,332	21,835
Purchase of treasury stock	(500)	(0)	(3,507)
Sales of treasury stock	95	136	668
Net changes in items other than shareholders' equity	(1,578)	(3,216)	(11,057)
Total changes during the period	362	(475)	2,538
Balance at end of the period	¥124,550	¥120,645	\$872,628

Notes: 1. The Japanese yen amounts stated in non-consolidated financial statements have been rounded down to the nearest million yen.

2. The conversion of Japanese yen amounts into U.S. dollars has been made at the exchange rate of ¥142.73 per US\$1.00, the rate prevailing on September 30, 2024.