

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 8, 2022

Company name: THE TOWA BANK, LTD.
 Stock exchange listing: Tokyo
 Stock code: 8558 URL <https://www.towabank.co.jp>
 Representative: Representative Director, Hiroshi Ebara
 President & Chief Executive Officer
 General Manager of Finance and Accounting
 Inquiries: Department Takashi Nagai TEL 027-234-1111
 Scheduled date to file Quarterly Securities Report: November 15, 2022
 Scheduled date to commence dividend payments: –
 Trading accounts: No
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	16,794	(16.5)	2,554	(27.8)	2,980	37.0
Six months ended September 30, 2021	20,132	8.6	3,539	26.6	2,173	27.0

Note: Comprehensive income Six months ended September 30, 2022 ¥(5,388) million [-%]
 Six months ended September 30, 2021 ¥395 million [(89.2)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	80.72		45.59	
Six months ended September 30, 2021	58.97		34.94	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Consolidated capital adequacy ratio (domestic rules)
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	2,598,923	118,723	4.5	10.49
As of March 31, 2022	2,566,787	125,209	4.8	10.54

Reference: Equity As of September 30, 2022 ¥117,965 million
 As of March 31, 2022 ¥124,468 million

Note: "Equity ratio" is calculated at (total net assets at the end of the period minus share acquisition rights at the end of the period minus non-controlling interests at the end of the period) divided by total assets at the end of the period.

"Consolidated capital adequacy ratio (domestic rules)" is calculated based on the "Criteria on whether the adequacy of equity capital of the bank is appropriate in light of the assets owned by the bank, etc. in accordance with the provisions of Article 14-2 of the Banking Act (Financial Services Agency Notification No. 19 of 2006).

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	25.00	25.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	25.00	25.00

Note: Revision of cash dividend forecast most recently announced: No

Note: “Cash dividends” above is the dividend information pertaining to common shares.

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	33,000	(10.5)	3,000	(19.1)	3,000	71.8	75.93

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- | | |
|------------------------------------------------------------------------------------------------|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	∴	37,180,273 shares	As of March 31, 2022	∴	37,180,273 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	∴	253,440 shares	As of March 31, 2022	∴	272,762 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	∴	36,917,442 shares	Six months ended September 30, 2021	∴	36,857,204 shares
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Overview of non-consolidated financial results

1. Non-consolidated financial results for the six months ended September 30, 2022 (interim period) (from April 1, 2022 to September 30, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Ordinary income		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	14,888	(18.6)	2,524	(26.7)	2,959	40.4
Six months ended September 30, 2021	18,296	9.4	3,444	28.0	2,106	29.6

	Basic earnings per share
	Yen
Six months ended September 30, 2022	80.16
Six months ended September 30, 2021	57.15

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Non-consolidated capital adequacy ratio (domestic rules)
	Millions of yen	Millions of yen	%	%
Six months ended September 30, 2022	2,590,118	116,210	4.4	10.49
Six months ended September 30, 2021	2,558,182	122,579	4.7	10.51

Reference: Equity As of September 30, 2022 ¥115,983 million
As of March 31, 2022 ¥122,359 million

Note: "Equity ratio" is calculated at (total net assets at the end of the period minus share acquisition rights at the end of the period) divided by total assets at the end of the period.

"Non-consolidated capital adequacy ratio (domestic rules)" is calculated based on the "Criteria on whether the adequacy of equity capital of the bank is appropriate in light of the assets owned by the bank, etc. in accordance with the provisions of Article 14-2 of the Banking Act (Financial Services Agency Notification No. 19 of 2006).

2. Forecast of non-consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Ordinary income		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	29,200	(12.0)	3,000	(16.1)	3,000	80.1	75.93

* Interim financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to THE TOWA BANK, LTD. (the "Bank") and on certain assumptions deemed to be reasonable. These statements do not purport that the Bank pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

• Dividends by share class

The dividends per share on share classes that differ in shareholders' rights from ordinary shares are broken down as follows.

Class 2 Preferred Stock	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	26.12	26.12
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	26.20	26.20

Notes: 1. Revision of cash dividend forecast most recently announced: No

2. Amount to be paid in per share: ¥200

3. Number and formula used as the basis for the calculation of dividends per share

(1) Year ended March 31, 2022

(i) Calculation formula

Dividends per share = amount to be paid in per share x (Japanese yen TIBOR + 1.15%)

(*) Calculated on the assumption that the amount to be paid in per share is ¥2,000, considering the effect of the consolidation of shares (effective October 1, 2017).

(ii) Japanese yen TIBOR

Japanese yen TIBOR (12 months) as of April 1, 2021 = 0.15636%

(iii) Number of issued shares

7,500,000 shares

(2) Year ending March 31, 2023 (forecast)

(i) Calculation formula

Dividends per share = amount to be paid in per share x (Japanese yen TIBOR + 1.15%)

(*) Calculated on the assumption that the amount to be paid in per share is ¥2,000, considering the effect of the consolidation of shares (effective October 1, 2017).

(ii) Japanese yen TIBOR

Japanese yen TIBOR (12 months) as of April 1, 2022 = 0.16000%

(iii) Number of issued shares

7,500,000 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Cash and due from banks	376,579	402,447
Call loans and bills bought	–	1,143
Trading securities	0	0
Money held in trust	9,985	4,001
Securities	595,291	591,073
Loans and bills discounted	1,525,600	1,537,915
Foreign exchanges	832	954
Other assets	31,708	34,742
Tangible fixed assets	21,952	21,741
Intangible fixed assets	3,250	3,049
Retirement benefit asset	1,544	1,917
Deferred tax assets	4,913	4,905
Customers' liabilities for acceptances and guarantees	3,598	3,782
Allowance for loan losses	(8,469)	(8,751)
Total assets	2,566,787	2,598,923
Liabilities		
Deposits	2,135,975	2,190,191
Borrowed money	292,990	277,590
Foreign exchanges	84	46
Other liabilities	5,776	5,507
Provision for bonuses	447	443
Retirement benefit liability	43	46
Provision for retirement benefits for directors (and other officers)	1	–
Provision for reimbursement of deposits	216	176
Provision for contingent loss	372	409
Deferred tax liabilities	7	9
Deferred tax liabilities for land revaluation	2,063	1,997
Acceptances and guarantees	3,598	3,782
Total liabilities	2,441,577	2,480,200
Net assets		
Share capital	38,653	38,653
Capital surplus	17,500	17,500
Retained earnings	66,990	69,002
Treasury shares	(217)	(202)
Total shareholders' equity	122,927	124,953
Valuation difference on available-for-sale securities	(2,341)	(10,569)
Revaluation reserve for land	2,298	2,147
Remeasurements of defined benefit plans	1,584	1,433
Total accumulated other comprehensive income	1,541	(6,988)
Share acquisition rights	219	227
Non-controlling interests	520	531
Total net assets	125,209	118,723
Total liabilities and net assets	2,566,787	2,598,923

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Ordinary income	20,132	16,794
Interest income	11,862	11,289
Interest on loans and discounts	9,367	9,280
Interest and dividends on securities	2,376	1,907
Fees and commissions	3,104	3,027
Other ordinary income	1,312	39
Other income	3,852	2,437
Ordinary expenses	16,592	14,239
Interest expenses	108	82
Interest on deposits	91	65
Fees and commissions payments	1,773	1,743
Other ordinary expenses	190	12
General and administrative expenses	9,965	9,869
Other expenses	4,554	2,532
Ordinary profit	3,539	2,554
Extraordinary income	63	1,038
Gain on disposal of non-current assets	63	1,038
Extraordinary losses	170	13
Loss on disposal of non-current assets	2	5
Impairment losses	168	7
Profit before income taxes	3,432	3,580
Income taxes - current	998	512
Income taxes - deferred	236	79
Total income taxes	1,234	591
Profit	2,198	2,988
Profit attributable to non-controlling interests	24	8
Profit attributable to owners of parent	2,173	2,980

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,198	2,988
Other comprehensive income	(1,803)	(8,376)
Valuation difference on available-for-sale securities	(1,664)	(8,225)
Remeasurements of defined benefit plans, net of tax	(139)	(151)
Comprehensive income	395	(5,388)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	373	(5,398)
Comprehensive income attributable to non-controlling interests	21	10

Consolidated statements of changes in equity
Six months ended September 30, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	38,653	17,500	66,576	(304)	122,425
Cumulative effects of changes in accounting policies			(11)		(11)
Restated balance	38,653	17,500	66,565	(304)	122,414
Changes during period					
Dividends of surplus			(1,298)		(1,298)
Profit attributable to owners of parent			2,173		2,173
Disposal of treasury shares		0		87	88
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(14)		(14)
Net changes in items other than shareholders' equity					
Total changes during period	–	0	861	87	949
Balance at end of period	38,653	17,500	67,426	(217)	123,363

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,033	2,276	1,612	11,922	265	490	135,103
Cumulative effects of changes in accounting policies						(11)	(23)
Restated balance	8,033	2,276	1,612	11,922	265	478	135,080
Changes during period							
Dividends of surplus							(1,298)
Profit attributable to owners of parent							2,173
Disposal of treasury shares							88
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							(14)
Net changes in items other than shareholders' equity	(1,661)	14	(139)	(1,786)	(66)	21	(1,830)
Total changes during period	(1,661)	14	(139)	(1,786)	(66)	21	(881)
Balance at end of period	6,372	2,290	1,473	10,136	199	499	134,199

Six months ended September 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	38,653	17,500	66,990	(217)	122,927
Changes during period					
Dividends of surplus			(1,118)		(1,118)
Profit attributable to owners of parent			2,980		2,980
Disposal of treasury shares		(2)		16	14
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			151		151
Transfer from retained earnings to capital surplus		1	(1)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	2,011	15	2,026
Balance at end of period	38,653	17,500	69,002	(202)	124,953

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(2,341)	2,298	1,584	1,541	219	520	125,209
Changes during period							
Dividends of surplus							(1,118)
Profit attributable to owners of parent							2,980
Disposal of treasury shares							14
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							151
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity	(8,227)	(151)	(151)	(8,530)	7	10	(8,512)
Total changes during period	(8,227)	(151)	(151)	(8,530)	7	10	(6,485)
Balance at end of period	(10,569)	2,147	1,433	(6,988)	227	531	118,723

Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Cash and due from banks	376,532	402,400
Call loans	–	1,143
Trading securities	0	0
Money held in trust	9,985	4,001
Securities	595,308	591,084
Loans and bills discounted	1,528,195	1,540,475
Foreign exchanges	832	954
Other assets	21,347	24,659
Other	21,347	24,659
Tangible fixed assets	21,871	21,655
Intangible fixed assets	3,239	3,038
Deferred tax assets	5,606	5,532
Customers' liabilities for acceptances and guarantees	3,598	3,782
Allowance for loan losses	(8,334)	(8,609)
Total assets	2,558,182	2,590,118
Liabilities		
Deposits	2,136,864	2,191,269
Borrowed money	287,400	272,000
Foreign exchanges	84	46
Other liabilities	3,829	3,647
Income taxes payable	741	615
Lease liabilities	45	40
Asset retirement obligations	274	291
Other	2,767	2,699
Provision for bonuses	439	435
Provision for retirement benefits	734	143
Provision for reimbursement of deposits	216	176
Provision for contingent loss	372	409
Deferred tax liabilities for land revaluation	2,063	1,997
Acceptances and guarantees	3,598	3,782
Total liabilities	2,435,603	2,473,907
Net assets		
Share capital	38,653	38,653
Capital surplus	17,500	17,500
Legal capital surplus	17,500	17,500
Other capital surplus	0	–
Retained earnings	66,462	68,453
Legal retained earnings	3,190	3,414
Other retained earnings	63,272	65,039
Retained earnings brought forward	63,272	65,039
Treasury shares	(217)	(202)
Total shareholders' equity	122,399	124,405
Valuation difference on available-for-sale securities	(2,338)	(10,568)
Revaluation reserve for land	2,298	2,147
Total valuation and translation adjustments	(40)	(8,421)
Share acquisition rights	219	227
Total net assets	122,579	116,210
Total liabilities and net assets	2,558,182	2,590,118

Non-consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Ordinary income	18,296	14,888
Interest income	11,863	11,288
Interest on loans and discounts	9,370	9,280
Interest and dividends on securities	2,374	1,905
Fees and commissions	2,818	2,724
Other ordinary income	1,312	39
Other income	2,301	836
Ordinary expenses	14,851	12,363
Interest expenses	93	65
Interest on deposits	91	65
Fees and commissions payments	1,615	1,572
Other ordinary expenses	190	12
General and administrative expenses	9,739	9,603
Other expenses	3,212	1,109
Ordinary profit	3,444	2,524
Extraordinary income	63	1,038
Extraordinary losses	170	13
Profit before income taxes	3,337	3,550
Income taxes - current	994	511
Income taxes - deferred	236	79
Total income taxes	1,230	591
Profit	2,106	2,959

Non-consolidated statements of changes in equity

Six months ended September 30, 2021

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
					Retained earnings brought forward				
Balance at beginning of period	38,653	17,500	–	17,500	2,930	63,186	66,117	(304)	121,966
Changes during period									
Dividends of surplus						(1,298)	(1,298)		(1,298)
Provision of legal retained earnings					259	(259)	–		–
Profit						2,106	2,106		2,106
Disposal of treasury shares			0	0				87	88
Purchase of treasury shares								(0)	(0)
Reversal of revaluation reserve for land						(14)	(14)		(14)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	0	0	259	534	794	87	882
Balance at end of period	38,653	17,500	0	17,500	3,190	63,721	66,911	(217)	122,848

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	8,031	2,276	10,307	265	132,539
Changes during period					
Dividends of surplus					(1,298)
Provision of legal retained earnings					–
Profit					2,106
Disposal of treasury shares					88
Purchase of treasury shares					(0)
Reversal of revaluation reserve for land					(14)
Net changes in items other than shareholders' equity	(1,658)	14	(1,644)	(66)	(1,710)
Total changes during period	(1,658)	14	(1,644)	(66)	(827)
Balance at end of period	6,372	2,290	8,663	199	131,712

Six months ended September 30, 2022

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
					Retained earnings brought forward				
Balance at beginning of period	38,653	17,500	0	17,500	3,190	63,272	66,462	(217)	122,399
Changes during period									
Dividends of surplus						(1,118)	(1,118)		(1,118)
Provision of legal retained earnings					223	(223)	–		–
Profit						2,959	2,959		2,959
Disposal of treasury shares			(2)	(2)				16	14
Purchase of treasury shares								(0)	(0)
Reversal of revaluation reserve for land						151	151		151
Transfer from retained earnings to capital surplus			1	1		(1)	(1)		–
Net changes in items other than shareholders' equity									
Total changes during period	–	–	(0)	(0)	223	1,767	1,990	15	2,005
Balance at end of period	38,653	17,500	–	17,500	3,414	65,039	68,453	(202)	124,405

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	(2,338)	2,298	(40)	219	122,579
Changes during period					
Dividends of surplus					(1,118)
Provision of legal retained earnings					–
Profit					2,959
Disposal of treasury shares					14
Purchase of treasury shares					(0)
Reversal of revaluation reserve for land					151
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	(8,229)	(151)	(8,381)	7	(8,373)
Total changes during period	(8,229)	(151)	(8,381)	7	(6,368)
Balance at end of period	(10,568)	2,147	(8,421)	227	116,210