

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 7, 2023

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: Yoichi Noguchi TEL 027-234-1111
 Department
 Scheduled date to file Quarterly Securities Report: November 14, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	17,301	3.0	2,001	(21.6)	1,531	(48.5)
Six months ended September 30, 2022	16,794	(16.5)	2,554	(27.8)	2,980	37.0

Note: Comprehensive income Six months ended September 30, 2023 ¥(5,498) million [-%]
 Six months ended September 30, 2022 ¥(5,388) million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	41.43		23.79	
Six months ended September 30, 2022	80.72		45.59	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Consolidated capital adequacy ratio (domestic rules)
	Millions of yen	Millions of yen	%	%
As of September 30, 2023	2,414,563	111,093	4.5	10.25
As of March 31, 2023	2,390,395	117,688	4.8	10.43

Reference: Equity As of September 30, 2023 ¥110,337 million
 As of March 31, 2023 ¥116,907 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, 2023	–	0.00	–	25.00	25.00
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (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. For information on dividends for class shares (unlisted), which have different shareholder rights than for common shares issued by the bank, please see “Dividends by share class.”

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Full year	2,500	(37.2)	2,000	(51.1)	48.54

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, 2023
(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: No
- 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, 2023	37,180,273 shares	As of March 31, 2023	37,180,273 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2023	174,661 shares	As of March 31, 2023	254,381 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	36,965,188 shares	Six months ended September 30, 2022	36,917,442 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Overview of non-consolidated financial results

1. Non-consolidated financial results for the six months ended September 30, 2023 (interim period) (from April 1, 2023 to September 30, 2023)

(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, 2023	15,429	3.6	1,989	(21.1)	1,523	(48.5)
Six months ended September 30, 2022	14,888	(18.6)	2,524	(26.7)	2,959	40.4

	Basic earnings per share
	Yen
Six months ended September 30, 2023	41.20
Six months ended September 30, 2022	80.16

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Non-consolidated capital adequacy ratio (domestic rules)
	Millions of yen	Millions of yen	%	%
As of September 30, 2023	2,405,549	109,158	4.5	10.24
As of March 31, 2023	2,381,584	115,670	4.8	10.44

Reference: Equity As of September 30, 2023 ¥108,933 million
As of March 31, 2023 ¥115,420 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, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Full year	2,500	(36.7)	2,000	(50.8)	48.54

* 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, 2023	–	0.00	–	26.20	26.20
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (Forecast)			–	27.68	27.68

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, 2023

(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

(2) Year ending March 31, 2024 (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 3, 2023 = 0.23364%

(iii) Number of issued shares

7,500,000 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	188,346	221,514
Call loans and bills bought	1,108	628
Trading securities	0	–
Money held in trust	3,998	3,993
Securities	568,660	557,547
Loans and bills discounted	1,562,298	1,564,660
Foreign exchanges	663	766
Other assets	37,302	37,327
Tangible fixed assets	21,892	22,067
Intangible fixed assets	3,228	3,314
Retirement benefit asset	1,807	2,198
Deferred tax assets	4,635	4,499
Customers' liabilities for acceptances and guarantees	3,447	3,558
Allowance for loan losses	(6,995)	(7,514)
Total assets	2,390,395	2,414,563
Liabilities		
Deposits	2,144,412	2,184,621
Borrowed money	115,890	106,090
Foreign exchanges	161	71
Other liabilities	5,736	5,990
Provision for bonuses	446	447
Retirement benefit liability	48	51
Provision for retirement benefits for directors (and other officers)	–	0
Provision for reimbursement of deposits	124	134
Provision for contingent loss	432	497
Deferred tax liabilities	9	9
Deferred tax liabilities for land revaluation	1,997	1,997
Acceptances and guarantees	3,447	3,558
Total liabilities	2,272,706	2,303,469
Net assets		
Share capital	38,653	38,653
Capital surplus	17,500	17,500
Retained earnings	70,116	70,513
Treasury shares	(202)	(138)
Total shareholders' equity	126,068	126,528
Valuation difference on available-for-sale securities	(12,243)	(19,181)
Revaluation reserve for land	2,147	2,147
Remeasurements of defined benefit plans	935	844
Total accumulated other comprehensive income	(9,160)	(16,190)
Share acquisition rights	250	225
Non-controlling interests	531	530
Total net assets	117,688	111,093
Total liabilities and net assets	2,390,395	2,414,563

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, 2022	Six months ended September 30, 2023
Ordinary income	16,794	17,301
Interest income	11,289	10,849
Interest on loans and discounts	9,280	9,194
Interest and dividends on securities	1,907	1,597
Fees and commissions	3,027	3,160
Other ordinary income	39	459
Other income	2,437	2,832
Ordinary expenses	14,239	15,300
Interest expenses	82	72
Interest on deposits	65	55
Fees and commissions payments	1,743	1,845
Other ordinary expenses	12	17
General and administrative expenses	9,869	10,006
Other expenses	2,532	3,357
Ordinary profit	2,554	2,001
Extraordinary income	1,038	–
Gain on disposal of non-current assets	1,038	–
Extraordinary losses	13	22
Loss on disposal of non-current assets	5	10
Impairment losses	7	12
Profit before income taxes	3,580	1,978
Income taxes - current	512	323
Income taxes - deferred	79	123
Total income taxes	591	447
Profit	2,988	1,531
Profit (loss) attributable to non-controlling interests	8	(0)
Profit attributable to owners of parent	2,980	1,531

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,988	1,531
Other comprehensive income	(8,376)	(7,029)
Valuation difference on available-for-sale securities	(8,225)	(6,938)
Remeasurements of defined benefit plans, net of tax	(151)	(91)
Comprehensive income	(5,388)	(5,498)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,398)	(5,497)
Comprehensive income attributable to non-controlling interests	10	(0)

Consolidated statements of changes in equity
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

Six months ended September 30, 2023

(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	70,116	(202)	126,068
Changes during period					
Dividends of surplus			(1,119)		(1,119)
Profit attributable to owners of parent			1,531		1,531
Disposal of treasury shares		(15)		64	48
Purchase of treasury shares				(0)	(0)
Transfer from retained earnings to capital surplus		15	(15)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	396	63	460
Balance at end of period	38,653	17,500	70,513	(138)	126,528

	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	(12,243)	2,147	935	(9,160)	250	531	117,688
Changes during period							
Dividends of surplus							(1,119)
Profit attributable to owners of parent							1,531
Disposal of treasury shares							48
Purchase of treasury shares							(0)
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(6,938)	–	(91)	(7,029)	(24)	(0)	(7,055)
Total changes during period	(6,938)	–	(91)	(7,029)	(24)	(0)	(6,595)
Balance at end of period	(19,181)	2,147	844	(16,190)	225	530	111,093

Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	188,299	221,465
Call loans	1,108	628
Trading securities	0	—
Money held in trust	3,998	3,993
Securities	568,672	557,559
Loans and bills discounted	1,564,847	1,567,238
Foreign exchanges	663	766
Other assets	26,888	26,566
Other	26,888	26,566
Tangible fixed assets	21,806	21,987
Intangible fixed assets	3,218	3,306
Prepaid pension costs	462	984
Deferred tax assets	5,043	4,867
Customers' liabilities for acceptances and guarantees	3,447	3,558
Allowance for loan losses	(6,871)	(7,372)
Total assets	2,381,584	2,405,549
Liabilities		
Deposits	2,145,580	2,185,290
Borrowed money	110,300	100,500
Foreign exchanges	161	71
Other liabilities	3,431	3,900
Income taxes payable	193	457
Lease liabilities	36	31
Asset retirement obligations	285	283
Other	2,916	3,128
Provision for bonuses	437	439
Provision for reimbursement of deposits	124	134
Provision for contingent loss	432	497
Deferred tax liabilities for land revaluation	1,997	1,997
Acceptances and guarantees	3,447	3,558
Total liabilities	2,265,913	2,296,391
Net assets		
Share capital	38,653	38,653
Capital surplus	17,500	17,500
Legal capital surplus	17,500	17,500
Retained earnings	69,564	69,951
Legal retained earnings	3,414	3,638
Other retained earnings	66,150	66,313
Retained earnings brought forward	66,150	66,313
Treasury shares	(202)	(138)
Total shareholders' equity	125,515	125,966
Valuation difference on available-for-sale securities	(12,242)	(19,180)
Revaluation reserve for land	2,147	2,147
Total valuation and translation adjustments	(10,095)	(17,033)
Share acquisition rights	250	225
Total net assets	115,670	109,158
Total liabilities and net assets	2,381,584	2,405,549

Non-consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Ordinary income	14,888	15,429
Interest income	11,288	10,850
Interest on loans and discounts	9,280	9,195
Interest and dividends on securities	1,905	1,596
Fees and commissions	2,724	2,850
Other ordinary income	39	459
Other income	836	1,269
Ordinary expenses	12,363	13,439
Interest expenses	65	55
Interest on deposits	65	55
Fees and commissions payments	1,572	1,666
Other ordinary expenses	12	17
General and administrative expenses	9,603	9,735
Other expenses	1,109	1,963
Ordinary profit	2,524	1,989
Extraordinary income	1,038	–
Extraordinary losses	13	22
Profit before income taxes	3,550	1,967
Income taxes - current	511	320
Income taxes - deferred	79	123
Total income taxes	591	444
Profit	2,959	1,523

Non-consolidated statements of changes in equity

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

Six months ended September 30, 2023

(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	3,414	66,150	69,564	(202)	125,515
Changes during period									
Dividends of surplus						(1,119)	(1,119)		(1,119)
Provision of legal retained earnings					223	(223)	–		–
Profit						1,523	1,523		1,523
Disposal of treasury shares			(15)	(15)				64	48
Purchase of treasury shares								(0)	(0)
Transfer from retained earnings to capital surplus			15	15		(15)	(15)		–
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	223	163	387	63	451
Balance at end of period	38,653	17,500	–	17,500	3,638	66,313	69,951	(138)	125,966

	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	(12,242)	2,147	(10,095)	250	115,670
Changes during period					
Dividends of surplus					(1,119)
Provision of legal retained earnings					–
Profit					1,523
Disposal of treasury shares					48
Purchase of treasury shares					(0)
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	(6,938)	–	(6,938)	(24)	(6,963)
Total changes during period	(6,938)	–	(6,938)	(24)	(6,511)
Balance at end of period	(19,180)	2,147	(17,033)	225	109,158