Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 5, 2024

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

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended June 30, 2024	8,045	(3.8)	705	5.4	665	59.6
Three months ended June 30, 2023	8,364	4.5	669	(35.1)	416	(72.9)

Note: Comprehensive income Three months ended June 30, 2024 ¥(5,529) million [–%]
Three months ended June 30, 2023 ¥1,449 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	17.97	13.85
Three months ended June 30, 2023	11.28	6.55

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Consolidated capital adequacy ratio (domestic rules)
	Millions of yen	Millions of yen	%	%
As of June 30, 2024	2,418,619	95,296	3.9	8.77
As of March 31, 2024	2,405,654	118,605	4.8	10.06

Reference: Equity As of June 30, 2024 ¥94,544 million
As of March 31, 2024 ¥117,820 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, 2024	–	0.00	–	35.00	35.00
Year ending March 31, 2025	–				
Year ending March 31, 2025 (Forecast)		0.00	–	30.00	30.00

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.”

Note: The year-end dividend for the fiscal year ended March 31, 2024 includes a commemorative dividend of ¥10.00 to commemorate the completion of repayment of public funds.

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	1,000	(50.0)	750	(51.0)	20.26
Full year	2,000	(53.8)	1,500	(57.5)	40.53

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

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2024	37,180,273 shares	As of March 31, 2024	37,180,273 shares

Number of treasury shares at the end of the period

As of June 30, 2024	118,592 shares	As of March 31, 2024	175,401 shares

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

Three months ended June 30, 2024	37,006,531 shares	Three months ended June 30, 2023	36,926,220 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* 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, 2024	–	0.00	–	27.68	27.68

Notes: 1. Amount to be paid in per share: ¥200

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

Year ended March 31, 2024

(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

3. At the Board of Directors meeting held on May 9, 2024, the Bank resolved to acquire the shares of Class 2 Preferred Stock as treasury shares and cancel the shares and to repay the public funds. It carried out as follows.

Class of shares acquired	Class 2 Preferred Stock
Number of shares acquired	7,500,000 shares
Payment method for share acquisition	Cash
Acquisition value per share	¥2,171.80
Total amount of shares acquired	¥16,288,500,000
Acquiree	The Resolution and Collection Corporation
Date of acquisition and cancellation	May 14, 2024
Method of cancellation	By using other capital surplus as the source of funds.

Note: The capital surplus was decreased by ¥16,288 million due to the cancellation.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Cash and due from banks	195,486	207,184
Call loans and bills bought	454	628
Money held in trust	3,992	2,994
Securities	557,317	563,662
Loans and bills discounted	1,576,961	1,574,558
Foreign exchanges	3,065	683
Other assets	37,367	37,239
Tangible fixed assets	22,466	22,899
Intangible fixed assets	3,564	3,760
Retirement benefit asset	4,745	4,925
Deferred tax assets	3,470	3,467
Customers' liabilities for acceptances and guarantees	3,843	3,808
Allowance for loan losses	(7,080)	(7,192)
Total assets	2,405,654	2,418,619
Liabilities		
Deposits	2,152,798	2,189,765
Borrowed money	120,390	119,190
Foreign exchanges	139	243
Other liabilities	6,654	7,492
Provision for bonuses	449	–
Retirement benefit liability	53	54
Provision for retirement benefits for directors (and other officers)	0	0
Provision for reimbursement of deposits	133	133
Provision for contingent loss	580	628
Deferred tax liabilities	8	8
Deferred tax liabilities for land revaluation	1,997	1,997
Acceptances and guarantees	3,843	3,808
Total liabilities	2,287,048	2,323,322
Net assets		
Share capital	38,653	38,653
Capital surplus	17,500	17,500
Retained earnings	72,512	55,380
Treasury shares	(139)	(94)
Total shareholders' equity	128,526	111,439
Valuation difference on available-for-sale securities	(15,104)	(21,233)
Revaluation reserve for land	2,147	2,147
Remeasurements of defined benefit plans	2,251	2,190
Total accumulated other comprehensive income	(10,705)	(16,895)
Share acquisition rights	249	222
Non-controlling interests	535	530
Total net assets	118,605	95,296
Total liabilities and net assets	2,405,654	2,418,619

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Ordinary income	8,364	8,045
Interest income	5,524	5,697
Interest on loans and discounts	4,586	4,694
Interest and dividends on securities	906	950
Fees and commissions	1,530	1,593
Other ordinary income	447	18
Other income	862	735
Ordinary expenses	7,695	7,339
Interest expenses	36	100
Interest on deposits	28	88
Fees and commissions payments	917	968
Other ordinary expenses	17	7
General and administrative expenses	5,125	5,234
Other expenses	1,597	1,029
Ordinary profit	669	705
Extraordinary income	–	–
Extraordinary losses	3	1
Loss on disposal of non-current assets	3	1
Profit before income taxes	665	704
Income taxes - current	184	9
Income taxes - deferred	65	34
Total income taxes	250	44
Profit	414	660
Loss attributable to non-controlling interests	(1)	(4)
Profit attributable to owners of parent	416	665

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	414	660
Other comprehensive income	1,034	(6,189)
Valuation difference on available-for-sale securities	1,080	(6,128)
Remeasurements of defined benefit plans, net of tax	(45)	(61)
Comprehensive income	1,449	(5,529)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,452	(5,524)
Comprehensive income attributable to non-controlling interests	(2)	(4)