Translation

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

November 12, 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 file Semi-annual Securities Report: November 13, 2024
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 six months ended September 30, 2024 (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	16,776	(3.0)	2,066	3.2	1,196	(21.9)
Six months ended September 30, 2023	17,301	3.0	2,001	(21.6)	1,531	(48.5)

Note: Comprehensive income Six months ended September 30, 2024 ¥(1,866) million [–%]
Six months ended September 30, 2023 ¥(5,498) million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	32.29	28.01
Six months ended September 30, 2023	41.43	23.79

(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, 2024	2,411,170	98,971	4.0	8.79
As of March 31, 2024	2,405,654	118,605	4.8	10.06

Reference: Equity As of September 30, 2024 ¥98,203 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).”
Note: In accordance with a resolution of the Board of Directors meeting held on May 9, 2024, 7,500,000 treasury shares were acquired by purchasing Class 2 Preferred Stock related to public funding, and then cancelled on May 14, 2024. In accordance with this cancellation of shares, the consolidated capital adequacy ratio was reduced by approximately 1.31%.

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	–	0.00			
Year ending March 31, 2025 (Forecast)			–	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
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 six months ended September 30, 2024: 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, 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 September 30, 2024	119,105 shares	As of March 31, 2024	175,401 shares

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

Six months ended September 30, 2024	37,034,147 shares	Six months ended September 30, 2023	36,965,188 shares

(Overview of non-consolidated financial results)

1. Non-consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	14,738	(4.4)	2,050	3.0	1,179	(22.5)
Six months ended September 30, 2023	15,429	3.6	1,989	(21.1)	1,523	(48.5)

	Basic earnings per share
	Yen
Six months ended September 30, 2024	31.84
Six months ended September 30, 2023	41.20

(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, 2024	2,401,139	95,720	3.9	8.75
As of March 31, 2024	2,395,194	115,247	4.8	10.05

Reference: Equity As of September 30, 2024 ¥95,486 million

As of March 31, 2024 ¥114,997 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).”

Note: In accordance with a resolution of the Board of Directors meeting held on May 9, 2024, 7,500,000 treasury shares were acquired by purchasing Class 2 Preferred Stock related to public funding, and then cancelled on May 14, 2024. In accordance with this cancellation of shares, the non-consolidated capital adequacy ratio was reduced by approximately 1.32%.

2. Forecast of non-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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Full year	2,000	(53.5)	1,500	(57.2)	40.53

* Semi-annual financial results reports are exempt from interim 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, 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.

Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Cash and due from banks	195,486	183,815
Call loans and bills bought	454	613
Money held in trust	3,992	2,995
Securities	557,317	561,924
Loans and bills discounted	1,576,961	1,592,152
Foreign exchanges	3,065	731
Other assets	37,367	36,902
Tangible fixed assets	22,466	23,232
Intangible fixed assets	3,564	3,607
Retirement benefit asset	4,745	5,037
Deferred tax assets	3,470	3,418
Customers' liabilities for acceptances and guarantees	3,843	3,725
Allowance for loan losses	(7,080)	(6,985)
Total assets	2,405,654	2,411,170
Liabilities		
Deposits	2,152,798	2,183,196
Borrowed money	120,390	116,190
Foreign exchanges	139	111
Other liabilities	6,654	5,760
Provision for bonuses	449	449
Retirement benefit liability	53	57
Provision for retirement benefits for directors (and other officers)	0	1
Provision for reimbursement of deposits	133	100
Provision for contingent loss	580	608
Deferred tax liabilities	8	9
Deferred tax liabilities for land revaluation	1,997	1,989
Acceptances and guarantees	3,843	3,725
Total liabilities	2,287,048	2,312,199
Net assets		
Share capital	38,653	38,653
Capital surplus	17,500	17,500
Retained earnings	72,512	55,916
Treasury shares	(139)	(94)
Total shareholders' equity	128,526	111,976
Valuation difference on available-for-sale securities	(15,104)	(18,043)
Revaluation reserve for land	2,147	2,141
Remeasurements of defined benefit plans	2,251	2,128
Total accumulated other comprehensive income	(10,705)	(13,772)
Share acquisition rights	249	233
Non-controlling interests	535	534
Total net assets	118,605	98,971
Total liabilities and net assets	2,405,654	2,411,170

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, 2023	Six months ended September 30, 2024
Ordinary income	17,301	16,776
Interest income	10,849	11,362
Interest on loans and discounts	9,194	9,567
Interest and dividends on securities	1,597	1,666
Fees and commissions	3,160	3,396
Other ordinary income	459	36
Other income	2,832	1,981
Ordinary expenses	15,300	14,710
Interest expenses	72	324
Interest on deposits	55	296
Fees and commissions payments	1,845	1,972
Other ordinary expenses	17	10
General and administrative expenses	10,006	10,255
Other expenses	3,357	2,147
Ordinary profit	2,001	2,066
Extraordinary income	–	–
Extraordinary losses	22	119
Loss on disposal of non-current assets	10	1
Impairment losses	12	117
Profit before income taxes	1,978	1,947
Income taxes - current	323	375
Income taxes - deferred	123	376
Total income taxes	447	752
Profit	1,531	1,195
Loss attributable to non-controlling interests	(0)	(1)
Profit attributable to owners of parent	1,531	1,196

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,531	1,195
Other comprehensive income	(7,029)	(3,061)
Valuation difference on available-for-sale securities	(6,938)	(2,938)
Remeasurements of defined benefit plans, net of tax	(91)	(122)
Comprehensive income	(5,498)	(1,866)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,497)	(1,865)
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated statements of changes in equity

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

Six months ended September 30, 2024

(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	72,512	(139)	128,526
Changes during period					
Dividends of surplus			(1,502)		(1,502)
Profit attributable to owners of parent			1,196		1,196
Disposal of treasury shares		(5)	–	45	39
Cancellation of treasury shares		(16,288)	–	16,288	–
Purchase of treasury shares				(16,289)	(16,289)
Reversal of revaluation reserve for land			5		5
Transfer from retained earnings to capital surplus		16,294	(16,294)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(16,595)	44	(16,550)
Balance at end of period	38,653	17,500	55,916	(94)	111,976

	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	(15,104)	2,147	2,251	(10,705)	249	535	118,605
Changes during period							
Dividends of surplus							(1,502)
Profit attributable to owners of parent							1,196
Disposal of treasury shares							39
Cancellation of treasury shares							–
Purchase of treasury shares							(16,289)
Reversal of revaluation reserve for land							5
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(2,938)	(5)	(122)	(3,066)	(16)	(1)	(3,084)
Total changes during period	(2,938)	(5)	(122)	(3,066)	(16)	(1)	(19,634)
Balance at end of period	(18,043)	2,141	2,128	(13,772)	233	534	98,971

Semi-annual non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Cash and due from banks	195,439	183,765
Call loans	454	613
Money held in trust	3,992	2,995
Securities	557,330	561,937
Loans and bills discounted	1,579,511	1,594,721
Foreign exchanges	3,065	731
Other assets	26,608	26,440
Other	26,608	26,440
Tangible fixed assets	22,374	23,136
Intangible fixed assets	3,551	3,595
Prepaid pension costs	1,507	1,976
Deferred tax assets	4,455	4,348
Customers' liabilities for acceptances and guarantees	3,843	3,725
Allowance for loan losses	(6,940)	(6,849)
Total assets	2,395,194	2,401,139
Liabilities		
Deposits	2,153,415	2,183,996
Borrowed money	114,800	110,600
Foreign exchanges	139	111
Other liabilities	4,595	3,846
Income taxes payable	667	518
Lease liabilities	26	21
Asset retirement obligations	272	274
Other	3,629	3,031
Provision for bonuses	441	440
Provision for reimbursement of deposits	133	100
Provision for contingent loss	580	608
Deferred tax liabilities for land revaluation	1,997	1,989
Acceptances and guarantees	3,843	3,725
Total liabilities	2,279,946	2,305,419
Net assets		
Share capital	38,653	38,653
Capital surplus	17,500	17,500
Legal capital surplus	17,500	17,500
Retained earnings	71,939	55,327
Legal retained earnings	3,638	3,938
Other retained earnings	68,301	51,388
Retained earnings brought forward	68,301	51,388
Treasury shares	(139)	(94)
Total shareholders' equity	127,953	111,386
Valuation difference on available-for-sale securities	(15,103)	(18,041)
Revaluation reserve for land	2,147	2,141
Total valuation and translation adjustments	(12,956)	(15,900)
Share acquisition rights	249	233
Total net assets	115,247	95,720
Total liabilities and net assets	2,395,194	2,401,139

Non-consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Ordinary income	15,429	14,738
Interest income	10,850	11,361
Interest on loans and discounts	9,195	9,567
Interest and dividends on securities	1,596	1,665
Fees and commissions	2,850	3,072
Other ordinary income	459	36
Other income	1,269	267
Ordinary expenses	13,439	12,687
Interest expenses	55	300
Interest on deposits	55	296
Fees and commissions payments	1,666	1,779
Other ordinary expenses	17	10
General and administrative expenses	9,735	9,989
Other expenses	1,963	606
Ordinary profit	1,989	2,050
Extraordinary income	–	–
Extraordinary losses	22	119
Profit before income taxes	1,967	1,931
Income taxes - current	320	375
Income taxes - deferred	123	376
Total income taxes	444	752
Profit	1,523	1,179

Non-consolidated statements of changes in equity

Six months ended September 30, 2023

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
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

Six months ended September 30, 2024

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	38,653	17,500	–	17,500	3,638	68,301	71,939	(139)	127,953
Changes during period									
Dividends of surplus						(1,502)	(1,502)		(1,502)
Provision of legal retained earnings					300	(300)	–		–
Profit						1,179	1,179		1,179
Disposal of treasury shares			(5)	(5)			–	45	39
Cancellation of treasury shares			(16,288)	(16,288)			–	16,288	–
Purchase of treasury shares								(16,289)	(16,289)
Reversal of revaluation reserve for land						5	5		5
Transfer from retained earnings to capital surplus			16,294	16,294		(16,294)	(16,294)		–
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	300	(16,912)	(16,611)	44	(16,567)
Balance at end of period	38,653	17,500	–	17,500	3,938	51,388	55,327	(94)	111,386

	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	(15,103)	2,147	(12,956)	249	115,247
Changes during period					
Dividends of surplus					(1,502)
Provision of legal retained earnings					–
Profit					1,179
Disposal of treasury shares					39
Cancellation of treasury shares					–
Purchase of treasury shares					(16,289)
Reversal of revaluation reserve for land					5
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	(2,938)	(5)	(2,944)	(16)	(2,960)
Total changes during period	(2,938)	(5)	(2,944)	(16)	(19,527)
Balance at end of period	(18,041)	2,141	(15,900)	233	95,720