

FINANCIAL STATEMENTS

2022

TOWA

THE TOWA BANK, LTD.

A Message from the President

**The Towa Bank will continue
“Supporting our customers
when and where needed by meeting
with them to collect information
and accurately ascertain their situation.”**



Hiroshi Ebara

Representative Director,
President & Chief Executive Officer

We greatly appreciate your continued patronage of the Towa Bank, Ltd. (“the Bank”).

During the fiscal year ended March 31, 2022, the Japanese economy continued to recover, despite negative factors such as the impact of the prolonged COVID-19 pandemic and supply constraints such as the shortage of semiconductors caused by a sluggish supply chain. That said, at present the situation is growing increasingly uncertain due to soaring raw material prices resulting from Russia’s invasion of Ukraine, the rapidly weakening yen, and other circumstances.

Initiatives that contribute to solving social issues adopted by the SDGs, including carbon neutrality and the promotion of active roles for women, are becoming increasingly important in the business environment surrounding regional financial institutions. In addition, the spread of COVID-19 has brought a major transformation in lifestyles and economic activity, while the services that customers demand have also changed significantly with the acceleration of efforts toward a digital transformation (DX).

Based on Plan Phoenix VI (April 1, 2021 through March 31, 2024), our business reinforcement plan, the Bank has implemented TOWA Customer Support Activities in which we work to offer essential cash flow support that creates an environment in which customers can commit themselves to core business

operations during the COVID-19 pandemic without worrying about cash flow, and made efforts to solve various issues surrounding the management environment. We also offer support of customers’ core business operations, management improvement and business rehabilitation, and asset formation. We will promote sustainable development on both sides based on our business model of shared value creation, enhancing the corporate value of our customers and the earning capabilities of both our customers and the Bank.

Under the reorganization of the Tokyo Stock Exchange’s market segments that took place in April of this year, the Bank was listed on the Tokyo Stock Exchange Prime Market. The Bank’s entire administration and our employees will work in unity with a renewed resolution to realize a sustainable society through our efforts in essential cash flow support and TOWA Customer Support Activities. We ask for your continued support.

November 2022

A handwritten signature in black ink that reads "H. Ebara". The signature is written in a cursive, flowing style.

Hiroshi Ebara

Representative Director,
President & Chief Executive Officer

Profile

Bases of Operation

Since the Bank's foundation in 1917, we have progressed as a regional bank alongside the development of local communities. Gunma Prefecture and Saitama Prefecture, which serve as the Bank's bases of operation, are successfully developing as bedroom towns of the Tokyo metropolitan area, and as industrial and tourist areas thanks to good public transport infrastructure.

Gunma Prefecture lies roughly in the middle of the Japanese islands, and is a popular "manufacturing prefecture" with an industry centered on transportation equipment. Gunma also has plentiful tourism resources such as beautiful nature and a great number of hot springs, and is visited by many vacationers and tourists throughout the year.

In Saitama Prefecture, commercial business is growing, backed by the fifth largest population in Japan. In industry, it is one of Japan's prime inland industrial prefectures, as the shipments of manufactured goods in the three industries of transportation equipment, food ingredients, and chemical engineering exceed ¥1 trillion.

We will continue to support active economic communications in the regional communities of each prefecture while building trust by helping to create affluent lives.

Service Network:



Head Office:

12-6, Honmachi 2-chome, Maebashi, Gunma
371-8560, Japan
Phone: +81-27-234-1111
URL: <https://www.towabank.co.jp>

International Department:

12-6, Honmachi 2-chome, Maebashi, Gunma
371-8560, Japan
Phone: +81-27-234-1959
Fax: +81-27-230-1735
SWIFT: TOWA JPJT

Corporate Data (As of March 31, 2022)

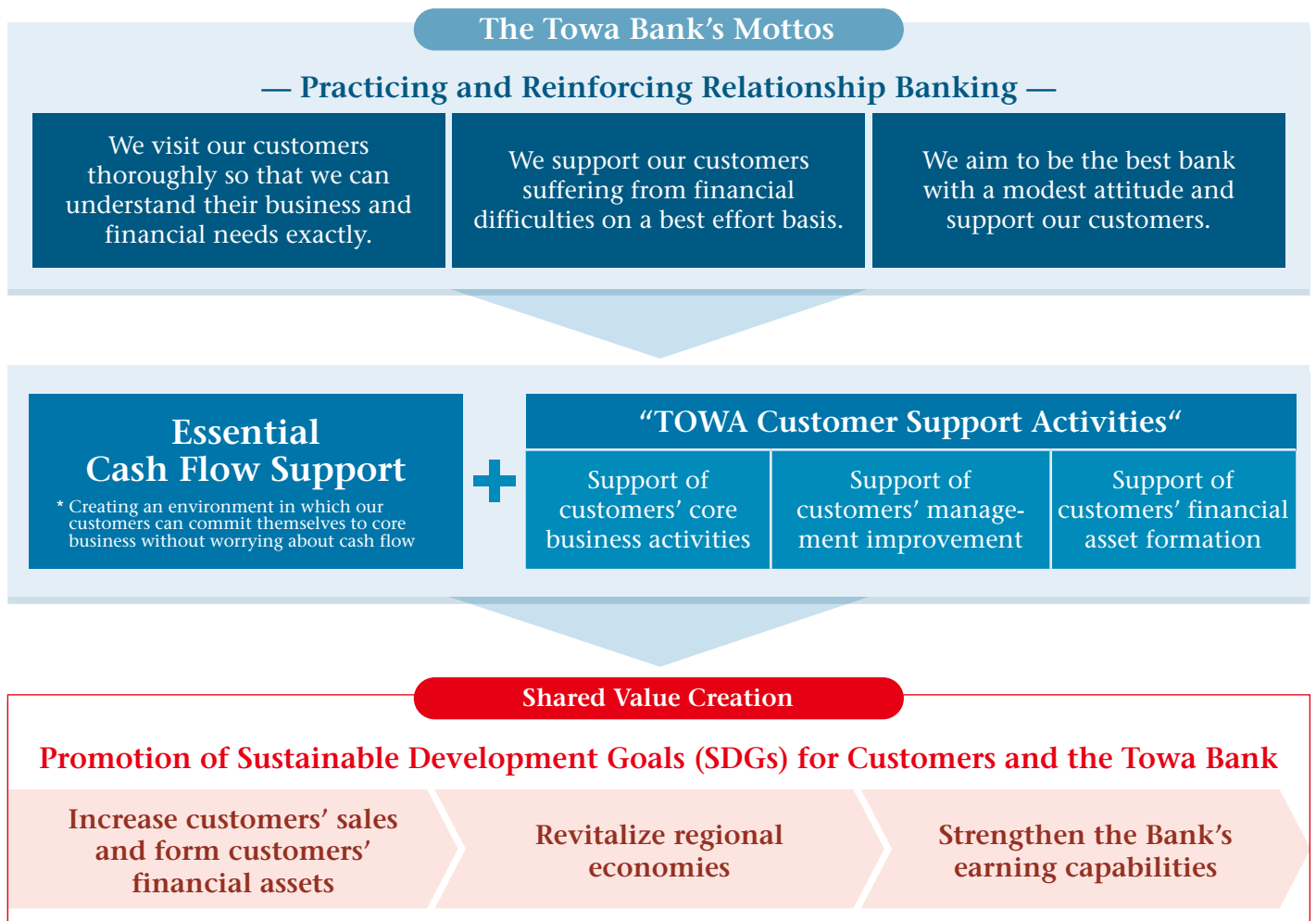
Established:	June 11, 1917	
Head Office:	12-6, Honmachi 2-chome, Maebashi, Gunma 371-8560, Japan	
Phone:	+81-27-234-1111	
URL:	https://www.towabank.co.jp	
Capital:	¥38.6 billion	
Total assets:	¥2,558.1 billion	Number of branches: 92
Deposits:	¥2,136.8 billion	Standalone ATMs: 88
Loans:	¥1,528.1 billion	Number of employees: 1,344



Business Model

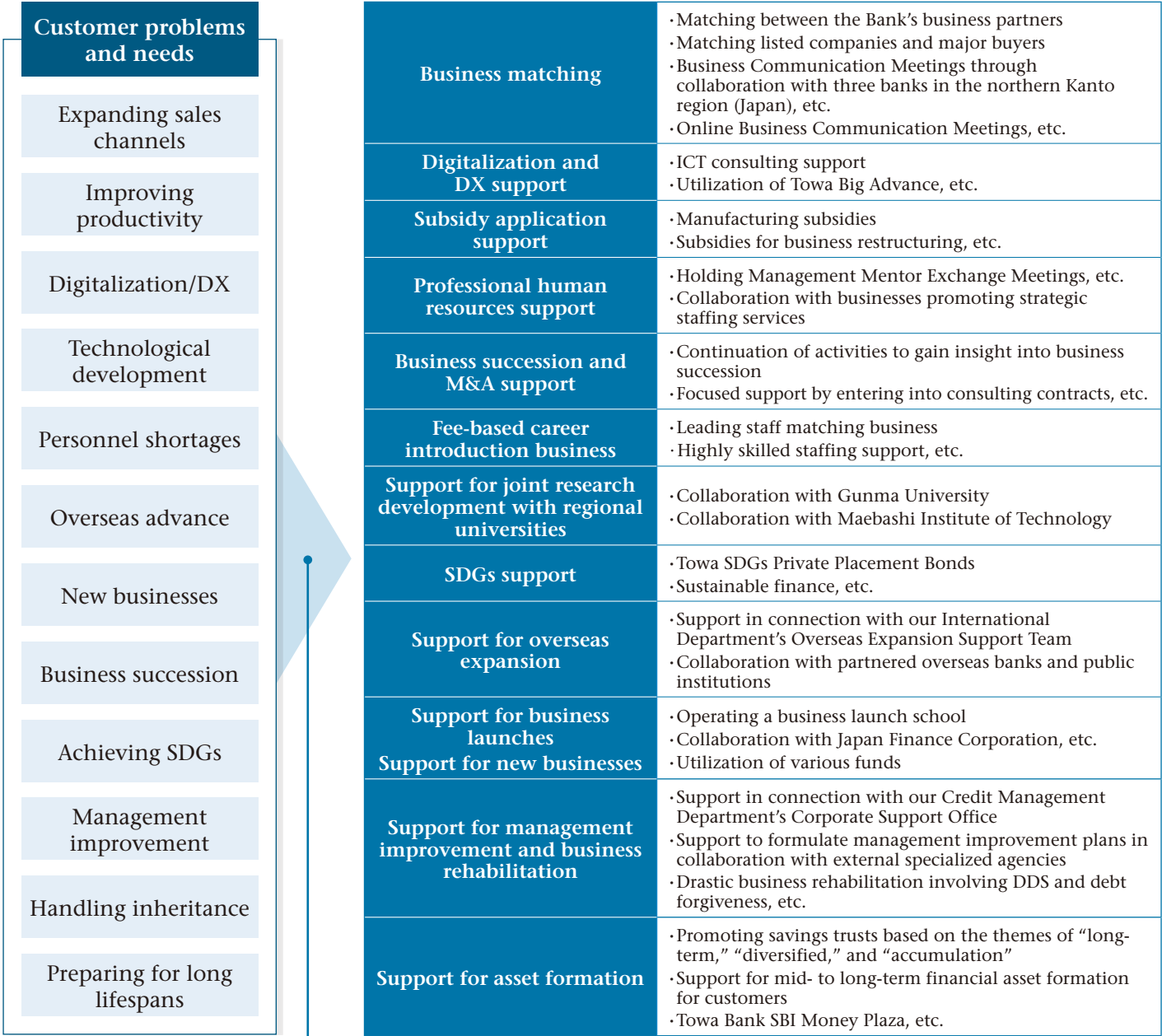
The Towa Bank’s entire administration and employees work in unity with a business model of “shared value creation,” which involves enhancing the corporate value of our customers, revitalizing regional economies, and strengthening the Bank’s earning capabilities by practicing the TOWA Customer Support Activities which work to create an environment in which customers can commit themselves to core business operations without worrying about cash flow, and supporting customers’ core business operations, management improvement and business rehabilitation, and asset formation with the following three mottos in mind: Supporting our customers when and where needed by “meeting with them to collect information,” “accurately ascertaining their situation,” and “never forgetting our modest origins.” Beginning in October 2020, to create an environment in which customers can commit themselves to core business operations without worrying about cash flow during the COVID-19 pandemic, we started essential cash flow support as accompanying support in which we create an annual cash flow chart in cooperation with our customers, and offer cash flow support on an annual basis. We also support core business operations to resolve problems or address needs that are picked out during that process.

This support consists of business feasibility assessments through the creation of annual cash flow charts in cooperation with our customers, assessing cash flow and business contents, and sharing management problems and needs with customers. This helps to solve customers’ problems from the aspects of finance and core business. With this support, we aim to increase the sustainability of the customer’s business, and tie this to improvements in corporate value, while strengthening the Bank’s earning capabilities and consequently allowing us to reduce credit costs. We also work to ensure that main and next-tier customers do not discontinue the businesses on which they work so earnestly.



Initiatives for Customer Support Activities

After assessing and accumulating customers' problems through our daily activities, the Bank offers various kinds of support with the cooperation of the head office and branches and the collaboration with external specialized agencies. This includes increasing net sales through business matching; improving productivity through subsidy applications; supporting dispatches of specialized employees through Management Mentor Exchange Meetings; supporting joint research development with regional universities; supporting overseas advance; supporting business launches through measures such as operating business launch schools; supporting improvements of management for customers in difficult situations such as changes to lending conditions; and supporting asset formation through the Bank's promoters.



Assess and accumulate customer problems and needs through our daily activities

■ Business Communication Meetings

The Bank has so far held on 16 occasions the Towa Shinseikai Business Communication Meeting, sponsored by Towa Shinseikai, which is composed of our customers. Backed by various municipal bodies including Gunma Prefecture and various organizations, it is also attended by business partners from Tsukuba Bank and Tochigi Bank based on the collaboration with three banks in the northern Kanto region (Japan). The meetings have provided openings to expand business opportunities.

From February 2022, the Bank has held the second full-year online Business Communication Meeting from the perspective of preventing the spread of COVID-19. We conducted individual business meetings with major corporations and consultations with technical experts online, in which a total of 13 companies have participated.



16th Towa Shinseikai Business Communication Meeting

■ Management Mentor Exchange Meetings

We were the first regional bank to hold a Management Mentor Exchange Meeting, when we did so in July 2014 in collaboration with the Kanto Bureau of Economy, Trade and Industry, building a bridge to bring together retired employees of major corporations who have specialist knowledge or expertise and customers who are struggling with shortages of specialist human resources. We have held the event every year since then, alternating between Gunma Prefecture and Saitama Prefecture.

The August 2021 Management Mentor Exchange Meeting was held online from the perspective of preventing the spread of COVID-19, and was attended by 20 companies.



8th Management Mentor Exchange Meeting (held online)

■ Business Launch School

At the 5th Business Launch School held in November 2021 with co-sponsorship by Gunma University, Maebashi Institute of Technology, and Kyoai Gakuen University, 16 people (including 7 women) interested in entrepreneurship participated in lectures featuring practical content.

The course was practical in nature, with, among other things, two graduates of the Business Launch School who have already started their own businesses presenting their experiences. Once the lectures finished, our Relationship Banking Promotion Department offered continuing support, including help with drafting business plans and introductions to customers.



Presentations by graduates of the Business Launch School

■ Regional Digitalization Seminar

In June 2021, we became the first regional bank in Japan to enter into a collaboration agreement for regional revitalization with JR East Marketing & Communications, Inc. Under this agreement, we will work to offer business matching between our customers and JR East Group companies, develop new products and conduct tourism campaigns, among other efforts.

In October 2021, a Regional Digitalization Seminar was held at the Gunma Prefectural Office to discuss how DX can be used to solve regional issues.



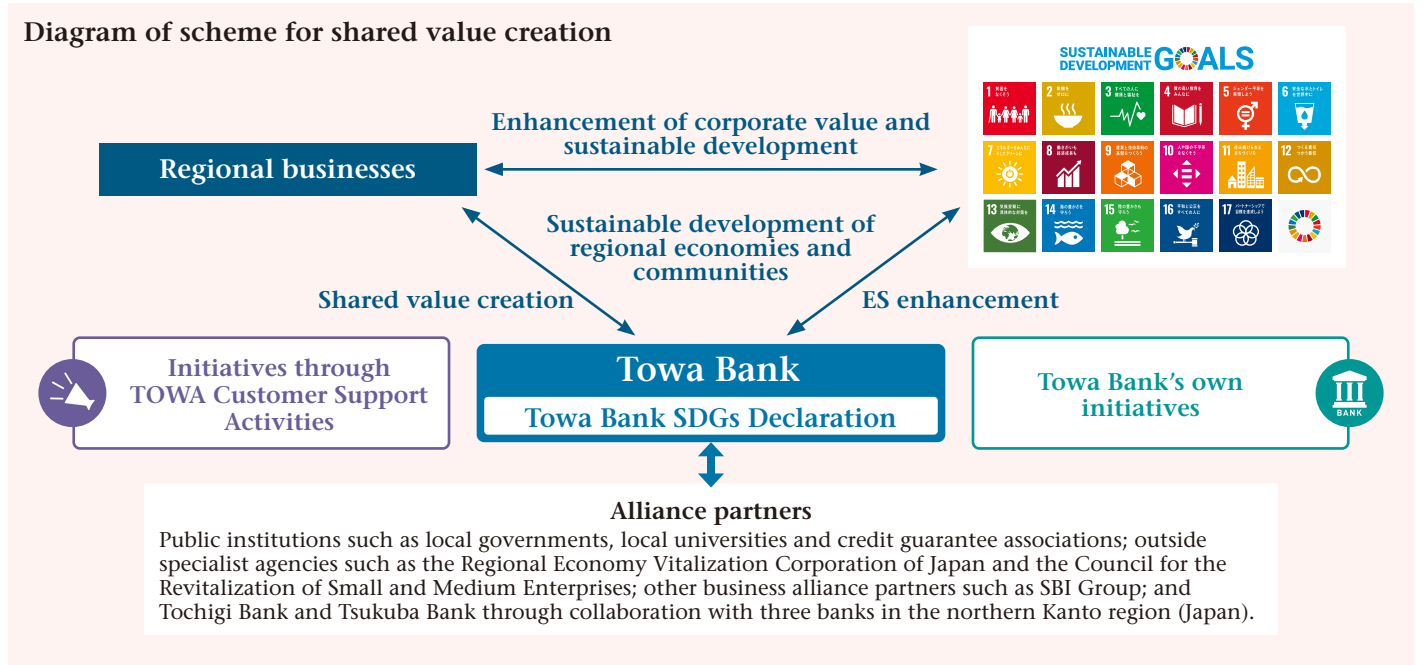
Regional Digitalization Seminar

Initiatives for SDGs/ESG

The Bank's business model is based on shared value creation and efforts to strengthen our earning capabilities by working to enhance the corporate value of our customers through TOWA Customer Support Activities, which include business expansion and regional job creation. We believe these efforts themselves represent the SDGs from the perspective of promoting the sustainable development of regional economies and communities.

In April 2019, the Bank formulated the Towa Bank SDGs Declaration, which laid out our approach to the SDGs and the segments in which we will work proactively. Based on this Declaration, we will continue to implement a variety of measures aimed at achieving the SDGs.

Diagram of scheme for shared value creation



Segments in which the Towa Bank works proactively

1. Promotion of TOWA Customer Support Activities



2. Contributions to Regional Communities



3. Expansion of Fields for Employees to Play Active Roles



Initiatives through TOWA Customer Support Activities

- Business expansion, job creation, management rationalization, etc., through support for core business operations
- Support for core business operations regarding ESG (renewable energy, hiring of people with disabilities, etc.)
- Support for establishment of SDGs declarations
- ESG regional financial promotion project
- SDGs Private Placement Bonds
- Business continuation through business succession and M&A

Towa Bank's own initiatives

- Response to climate change
- Holding lectures at local universities (Gunma University, Takasaki City University of Economics, etc.)
- Acquisition of Platinum Kurumin certification
- Acquisition of Eruboshi Certification
- Acquisition of certification as a Health and Productivity Management Outstanding Organization
- Oze Environmental Beautification Campaign
- TOWA Prefectural Citizens' Culture Lectures
- Towa Yoiko Theater
- Gunma Marathon volunteers



Initiatives through TOWA Customer Support Activities

The Towa Bank supports its customers' core business operations by focusing on ESG factors in their businesses and products, holds seminars to promote understanding and practice of SDGs/ESG, and supports schools, local governments, and nature conservation organizations, etc., through an SDGs Private Placement Bonds program.

Towa SDGs Private Placement Bonds

We handle Towa SDGs Private Placement Bonds as a means of smooth financing to companies that aid the sustainable development of regional economies and society. With these bonds, the companies can select either a donation or endowment equivalent to 0.2% of the issued amount to bodies such as schools, child welfare facilities, or environmental organizations. So far, 56 bonds have been issued for a total of ¥7,600 million.



Utilization of the Towa Regional Vitalization Fund

In October 2021, the Towa Regional Vitalization Fund made an investment in SANU Ouryo-chi Inc., its third investment deal. Sanu Inc., which is the parent company of SANU Ouryo-chi Inc., is a provider of a subscription service of wood cabins that it built in areas of abundant nature in the suburbs of central Tokyo and rents to registered members. Through this funding, the business will operate its service at “Forest of Ouryouji” in the Kita-Karuizawa region, a leading tourist resort area in Gunma Prefecture. This investment will not only contribute to improving the environment for accommodations in the Kita-Karuizawa area and the promotion of local attractions, but will also revitalize the region through collaboration with local food and beverage and activities businesses and the creation of employment opportunities. Through the Fund, the Bank is committed to providing growth capital that can aid in regional revitalization.

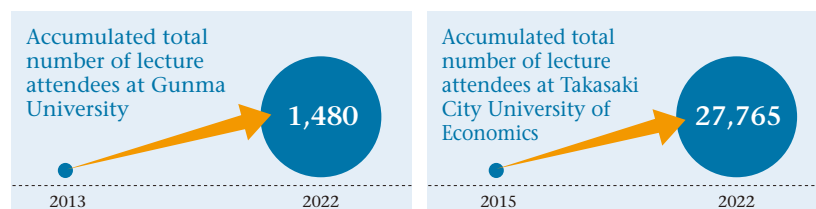


Towa Bank's own initiatives

The Towa Bank is actively engaged in educational activities in cooperation with local universities, promoting active roles for women and supporting a good balance between work and childcare. The Bank also actively practices community-based corporate social responsibility (CSR) activities such as the vitalization of local culture and environmental preservation projects.

Educational Activities through Collaboration with Regional Universities

As part of social contribution activities, we conduct lectures at Gunma University and Takasaki City University of Economics, at which the Bank's executives and employees, including the president, serve as instructors. Unlike lectures given by university instructors, these courses are based on the perspective of those actually involved in financial business operations, and are thus of great interest to those attending. Participants can also receive official credit for the lectures, and the program has been well received as a unique initiative in Japan, contributing to the improvement of financial literacy in the region.



Formulation of the Basic Policy on Sustainability and Response to Climate Change

Initiatives on the TCFD Recommendations

The Towa Bank is in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*, and is working to enhance its disclosure in line with them.



* TCFD Recommendations: The Task Force on Climate-related Financial Disclosures was established by the Financial Stability Board. It recommends companies disclose information about climate-related risks and opportunities, etc.



Governance

In addition to promoting disclosure in line with the TCFD recommendations, the Bank has adopted a structure under which deliberations related to climate change response and important matters are conducted in the Sustainability Committee, which is chaired by the president, and the content of these discussions is reported to the Board of Directors.



Strategy

The Bank is working under the Towa Bank SDGs Declaration and the Basic Policy on Sustainability (see page 10) to increase our customers' corporate value and revitalize regional economies, and to achieve shared value creation aiming to strengthen the Bank's earning capabilities.

Looking ahead, we will continue to position environmental preservation, including response to climate change, as an important management theme in order to realize a sustainable society, and promote initiatives from the perspectives of both opportunity and risk.

Opportunities

By engaging in initiatives such as green finance for renewable energy projects and so forth, as well as transition finance for shifting to decarbonization or low carbon business models, we will support local communities and our customers. **(Envisaged timeline: short term to long term)**

Risks

The bank recognizes climate change-related risks as physical risks associated with damage due to increasing abnormal weather and natural disasters, and transitions risks as we become decarbonized society, such as complying with increased regulations and shifting to decarbonization technologies.

- 1. Physical Risks**
The occurrence of natural disasters and so forth due to climate change is expected to increase credit risks for our customers whose assets or business activities are affected, and to create operational risks for the Bank's branches affected by disasters. **(Envisaged timeline: medium term to long term)**
- 2. Transition Risks**
With climate-related regulatory tightening and the advance of technological innovation for decarbonization, our customers whose business activities are affected are expected to present an increased credit risk. **(Envisaged timeline: short term to long term)**

Scenario Analysis

Going forward, to apprehend the impacts of climate change-related risks and opportunities on the Bank, we will examine methods for conducting scenario analysis and so forth.

Carbon-Related Assets

Carbon-related assets (electric power, energy-sector exposures*) make up **0.21%** of the Bank's credit balance (as of the end of February, 2022).

* Excluding water services business and renewable energy power generation business





Risk Management

- The Bank recognizes climate change-related risks as important risks that have an impact on its business and financial position. We strive to build a system to manage them based on our Basic Policy on Risk Management.
- The Bank has formulated the Basic Policy on Sustainability Conscious Investments and Loans (see page 11) for investments and loans that have the potential to impact the environment and society from a perspective of climate change countermeasures and realizing a sustainable society.



Metrics and Targets

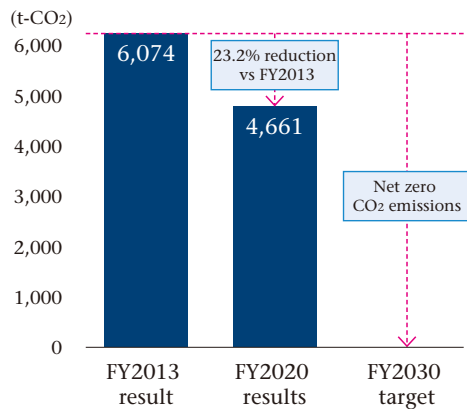
- The Bank is strengthening its initiatives to reduce greenhouse gas (GHG) emissions by utilizing green energy and so forth through the Gunma Decarbonization Consortium.* We have adopted a CO₂ emissions reduction target of net-zero emissions by FY2030.

The Bank's FY2020 CO₂ emissions were down 23.2% compared to FY2013.

* The Gunma Decarbonization Consortium

A consortium that aims to make "Gunma Prefecture an environment for abundance and sustainability," by having financial institutions, including the Bank, cooperate with local companies, governments, and universities to advance planning for clean energy produced and consumed locally, and reduce GHG emissions.

CO₂ Emissions Reduction Target and Results



	FY2013 results	FY2020 results	FY2030 target
CO ₂ emissions	6,074	4,661	0
(Of which, Scope 1)	1,141	979	—
(Of which, Scope 2)	4,933	3,682	—
CO ₂ emissions reduction ratio	—	23.2%	Net zero

* The above CO₂ emissions are the total of Scope 1 (direct emissions) and Scope 2 (indirect emissions) aggregated in accordance with the periodic reporting standard of the Act on the Rational Use of Energy.

- Execution Target for Investments and Loans that Contribute to Climate Change Countermeasures (Cumulative Execution Amount)
 - FY2022–FY2030 ¥200.0 billion

Basic Policy on Sustainability

The Towa Bank Group will work to resolve various social issues, such as environmental issues including climate change, through the TOWA Customer Support Activities, which the Bank undertakes to increase customers' corporate value and revitalize regional economies and local communities. We will contribute to the realization of a sustainable society by creating shared value that aims both to develop regional economies, including the Bank, and increase environmental and social value.

Basic Policy on Sustainability Conscious Investments and Loans

The Towa Bank will implement TOWA Customer Support Activities, in which it works to increase corporate value and revitalize regional economies and local communities. Through these, we will proactively engage in investments and loans to help realize a sustainable environment and society by solving customer issues. Moreover, for investment and loans to businesses and other entities that are highly likely to have a significant impact on the environment and society, we will strive to mitigate and avoid negative impacts.

1. Development of regional economies

Our motto is “meeting with our customers to collect information,” and supporting them when and where needed. By carrying out both TOWA Customer Support Activities and Essential Cash Flow Support we provide investment and loans that are truly for the sake of the customer.

2. Realizing a decarbonized society

We will accurately respond to the physical risks associated with climate change acceleration, such as natural disasters, and to customers’ business risks associated with the transition to a decarbonized society. At the same time, we will utilize green energy produced locally for local consumption by the Gunma Decarbonization Consortium, and make investments and loans to actively encourage customers’ initiatives towards decarbonization.

3. Response to coal-fired thermal power plant businesses

Coal-fired thermal power has a high potential for much greater GHG emissions than other methods for generating power. Therefore, the Bank does not provide investment or loans where funds will be used to build new coal-fired thermal power plants, or extend existing plants.

4. Protection of biodiversity and ecosystems

Through communication with customers, the Bank conducts investment and loans with sufficient care to ensure that the recipient is making efforts in their business activities to protect biodiversity and ecosystems. In particular, as deforestation can have a negative impact on climate change and ecosystems, the Bank does not provide investment and loans for deforestation of high conservation value forests (HCVFs^{*1}), such as natural forests. We also make investment and loan decisions giving consideration first to the prevention of illegal deforestation, the status of acquisition of international certification (FSC^{*2}, PEFC^{*3}), and effective use of domestic lumber. In palm oil development, since there are concerns regarding ecosystem destruction, infringement of aboriginal people’s rights, and human rights issues such as child labor in the deforestation of natural forests and development of peat bogs, we give careful consideration to the status of acquisition of international certification (RSPO^{*4}) and trouble with local communities before making investment or loans.

5. Respect for human rights

Based on the UN Guiding Principles on Business and Human Rights,^{*5} we will actively support “human rights due diligence”^{*6}, including in customers’ supply chains, and conduct investments and loans that are sufficiently considerate of respect for human rights.

6. Elimination of development and manufacture of inhumane weapons

Regardless of the intended use of funds, the Bank will not provide investment and loans to companies engaged in the development and manufacture of inhuman weapons, such as nuclear weapons, biological, or chemical weapons, anti-personnel mines, and cluster munitions.

*1 High Conservation Value Forests: Forests whose protection is regarded as highly necessary from various perspectives, regardless of national or regional laws.

*2 Forest Stewardship Council: An international non-profit organization established for the purpose of spreading appropriate and responsible forest management globally with a view to environmental conservation.

*3 Programme for the Endorsement of Forest Certification Schemes: A non-profit organization for certifying that the individual forest certification systems formulated by each country are compatible internationally.

*4 Roundtable on Sustainable Palm Oil: An organization that aims to formulate globally trusted certification standards for promoting the production and use of sustainable palm oil.

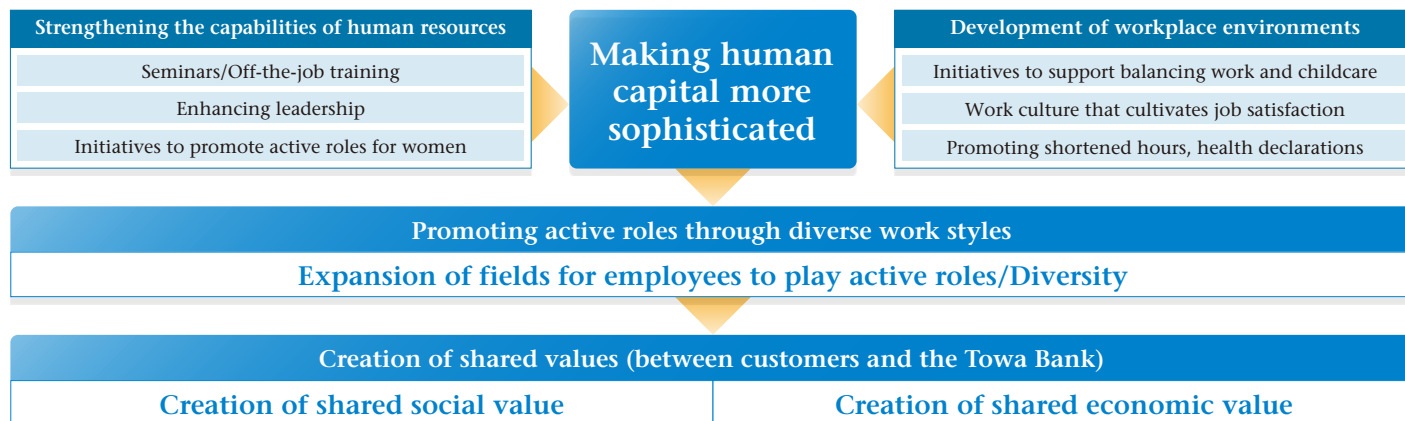
*5 Under the UN’s 2008 “Protect, Respect and Remedy Framework” for human rights (Ruggie Report), the importance of human rights due diligence has been proposed, and in 2011 the “Guiding Principles on Business and Human Rights,” was established as an action guideline that companies worldwide should follow.

*6 This refers to companies apprehending the human rights risks associated with business activities and taking measures for prevention and mitigation, including forced labor and child labor in the supply chain.

Promoting Active Roles for Human Resources and Creating Environments

For sophistication of human capital, the source of value creation

The Towa Bank views its employees as one key form of capital (human capital) that serves as a source of value creation, and works on making this human capital more sophisticated. Concretely, the Bank views strengthening the capabilities of human resources and development of workplace environments as inseparable, and is working on developing human resources who can play active roles in our business models of essential cash flow support and TOWA Customer Support Activities. The Bank will continue to work on creating values that are shared between customers and the Bank by cultivating human resources with both high ambitions and abilities.



1. Strengthening the Capabilities of Human Resources

■ Enhancing off-the-job training including seminars

Based on our human resource development program, we hold seminars such as a practical training seminar for public relations and a seminar to strengthen relationship banking skills, and work on the rapid development of young employees. Additionally, we broadcast training videos related to cash flow support for public relations officers through our Credit Administration Department, incorporate topics such as cash flow support, etc., into various seminars for young employees, and aim to develop employees who can practically implement TOWA Customer Support Activities and essential cash flow support, which are the Bank's business models.

■ Enhancing leadership

Each year, we select around 15 employees to acquire advanced practical lending abilities, and hold a seminar to develop leaders to practice lending over a total of 18 days. During that time, we strive to improve abilities to assess business feasibility and support business rehabilitation, which are necessary for cash flow support and core business operations support, and work on developing employees with leadership skills, who will become the admiration of young employees.

■ Initiatives to promote active roles for women

We assign women with ambition and abilities to core business operations such as credit and corporate planning departments, while actively promoting them to the Customer Relations Division and asset formation promoters.



Column 1

Career Formation That Helps Women Shine

① What are your future goals?

▶ Currently, in addition to providing individual customers with suggestions for their assets under management, I also work to provide corporate clients with proposals for business financing, cash flow support, and other services. My goal is to work not only with existing customers but to increase the number of new customers who may not yet be doing business with the Bank by utilizing our network to proactively offer them core business operations support and other services from now on.

② Is the work environment comfortable for women?

▶ The Bank has a system that allows female employees engaged in customer relations to switch to less physically demanding work if they become pregnant, while remaining in the Customer Relations Division. Because the working environment is comfortable for women, we can continue our work in customer relations with peace of mind.



Sayuri Iizuka

Customer Relations Division, Maebashi-Kita Branch

Column 2

Enhancing Expertise and Experience through DX Support Operations

① What kind of work do you do?

- ▶ I provide DX support services for small and medium-sized corporate clients. I mainly support customers in improving their back-office operations, primarily accounting operations, and in deploying business applications. Currently, I only support the customers of branches that provide DX support on a trial basis, but we plan to expand the service to all of our branches in the future.

② How did you acquire your skills?

- ▶ I underwent a training program at an outside firm for about three months. I had no knowledge of DX before I was assigned to this department, and had a hard time learning the contents of the training program, but I learned a wide range of topics, from basic operation of PCs, networks, and application tools to information security. I am now working on my own to acquire more knowledge so that I can be of help to our customers in improving their operational efficiency.



Ryo Sekiguchi
Consulting Department

2. Development of Workplace Environments

■ Initiatives to support balancing work and childcare

As a means to support balancing work and childcare, we work on creating an environment in which it is easy to use various systems such as childcare leave (a maximum period of seven days starting from the first day of childcare leave given as paid leave), shortened work hours for childcare, and paid half-day vacations.

■ Creating a work culture that cultivates job satisfaction

We work on developing human resources, developing environments, and providing opportunities so that all employees, regardless of age, sex, academic background, or place of origin can play active roles and be satisfied with their jobs.

■ Initiative to promote shortened work hours

We work to promote shortened work hours by, for example, setting targets for leaving times and improving awareness of working hours at branch manager meetings and seminars for managerial staff, etc.



Platinum Kurumin
certification
acquired in 2017

Column 3

Working to Achieve Diversity & Inclusion

The Towa Bank is focusing on strengthening its human resource capabilities and improving its workplace environment in order to put its TOWA Customer Support Activities business model into practice.

First, to strengthen our human resource capabilities, we have created an environment in which many of our employees can improve their skills not only through rank-based training and practical training, but also through Saturday study sessions in which employees participate of their own volition, as well as web seminars with content designed to allow them to learn about the topics of their choice.

Next, with regard to development of the workplace environment, we are working to support balancing work and childcare, and to create a work culture that cultivates a sense of fulfillment and job satisfaction. In 2017, we acquired the Platinum Kurumin certification in recognition of our efforts to support childcare, and in 2022, we obtained Stage Three of Eruboshi Certification, recognizing our efforts to further women's participation and advancement in the workplace. In this way, we are striving to create a system in which all employees can devote themselves to their work with a sense of satisfaction and security.

Based on our dual goals of strengthening our human resource capabilities and putting in place an improved workplace, we are nurturing employees who can put the Towa Bank business model into practice and encouraging ambitious employees to take on new challenges.



Shinichi Ebara
General Manager of the Human Resources Department

■ Health declaration

The Towa Bank implements TOWA Customer Support Activities with the following three mottos in mind: Supporting our customers when and where needed by “meeting with them to collect information,” “accurately ascertaining their situation,” and “never forgetting our modest origins.” We believe that maintaining and improving the health of employees is critical to continuing these initiatives, and are carrying out the initiatives. In addition, we have been certified as a Health and Productivity Management Organization.



Consolidated Balance Sheets

The Towa Bank, Ltd. and Consolidated Subsidiaries

March 31,	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2022	2021	2022
Assets:			
Cash and due from banks	¥ 376,579	¥ 383,664	\$ 3,076,878
Call loans and bills purchased	0	3,708	0
Trading account securities	0	0	4
Money held in trust	9,985	9,990	81,590
Securities	595,291	596,874	4,863,886
Loans and bills discounted	1,525,600	1,502,820	12,465,073
Foreign exchange	832	1,928	6,800
Other assets	31,708	28,990	259,073
Tangible fixed assets	21,952	22,864	179,365
Buildings	4,248	4,574	34,712
Land	15,792	16,386	129,037
Lease assets (tangible)	50	53	409
Construction in progress	70	4	572
Other tangible assets	1,790	1,844	14,633
Intangible fixed assets	3,250	2,881	26,559
Software	3,016	1,072	24,644
Other intangible assets	234	1,809	1,914
Retirement benefit asset	1,544	345	12,616
Deferred tax assets	4,913	2,265	40,149
Customers' liabilities for acceptances and guarantees	3,598	3,853	29,400
Reserve for possible loan losses	(8,469)	(8,707)	(69,201)
Total assets	¥2,566,787	¥2,551,480	\$20,972,198

Notes: 1. Yen figures have been rounded omitting numbers below the million mark, in accordance with the Financial Instruments and Exchange Act of Japan and generally accepted accounting principles and practices in Japan.

2. The United States dollar amounts represent conversions of Japanese yen, for convenience only, at the exchange rate of ¥122.39 to US\$1.00, the rate prevailing on March 31, 2022.

March 31,	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2022	2021	2022
Liabilities:			
Deposits	¥2,135,975	¥2,104,845	\$17,452,206
Call money and bills sold	292,990	—	2,393,904
Borrowed money	84	298,715	691
Foreign exchange	5,776	33	47,196
Other liabilities	447	5,724	3,656
Accrued employee bonuses	43	432	358
Net defined benefit liability	38	38	311
Reserve for director retirement benefits	1	1	11
Reserve for reimbursement of dormant deposits	216	287	1,769
Reserve for contingent loss	372	364	3,042
Deferred tax liabilities	7	12	61
Deferred tax liability for land revaluation	2,063	2,066	16,860
Acceptances and guarantees	3,598	3,853	29,400
Total liabilities	2,441,577	2,416,376	19,949,160
Net assets:			
Shareholders' equity:			
Capital stock	38,653	38,653	315,824
Capital surplus	17,500	17,500	142,991
Retained earnings	66,990	66,576	547,354
Treasury stock, at cost	(217)	(304)	(1,780)
Total shareholders' equity	122,927	122,425	1,004,391
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	(2,341)	8,033	(19,134)
Land revaluation account	2,298	2,276	18,781
Remeasurements of defined benefit plans	1,584	1,612	12,946
Total accumulated other comprehensive income	1,541	11,922	12,594
Stock acquisition rights	219	265	1,796
Non-controlling interests	520	490	4,255
Total net assets	125,209	135,103	1,023,037
Total liabilities and net assets	¥2,566,787	¥2,551,480	\$20,972,198

Consolidated Statements of Income

The Towa Bank, Ltd. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2022	2021	2022
Income:			
Interest on loans and discounts	¥18,647	¥19,065	\$152,357
Interest and dividends on securities	4,213	3,835	34,424
Other interest income	237	148	1,943
Fees and commissions	6,081	6,003	49,690
Other operating income	1,399	1,368	11,431
Other income	6,391	6,016	52,223
Total income	36,970	36,437	302,071
Expenses:			
Interest on deposits	169	235	1,385
Interest on call money and bills sold	(1)	(10)	(10)
Interest on payables under securities lending transactions	0	—	0
Interest on borrowings and rediscounts	34	35	283
Other interest expenses	0	0	1
Fees and commissions	3,461	3,448	28,282
Other operating expenses	219	1,003	1,793
General and administrative expenses	19,751	20,210	161,382
Other expenses	9,912	7,568	80,990
Total expenses	33,548	32,491	274,110
Income before income taxes	3,422	3,946	27,961
Income taxes:			
Current	1,495	1,463	12,217
Deferred	133	(68)	1,091
Total income taxes	1,628	1,394	13,309
Profit	1,793	2,551	14,651
Profit attributable to non-controlling interests	47	56	389
Profit attributable to owners of parent	¥ 1,745	¥ 2,495	\$ 14,262
Profit attributable to owners of parent per share (in yen and U.S. dollars):			
Basic	¥ 42.01	¥ 62.36	\$ 0.34
Diluted	27.22	42.04	0.22

Consolidated Statements of Comprehensive Income

The Towa Bank, Ltd. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2022	2021	2022
Profit	¥ 1,793	¥2,551	\$ 14,651
Other comprehensive income (loss):			
Valuation difference on available-for-sale securities	(10,380)	2,271	(84,812)
Remeasurements of defined benefit plans	(27)	1,803	(228)
Total other comprehensive income (loss)	(10,407)	4,075	(85,040)
Comprehensive income (loss)	¥ (8,614)	¥6,626	\$(70,388)
Comprehensive income (loss) attributable to:			
Owners of parent	¥ (8,657)	¥6,566	\$(70,735)
Non-controlling interests	42	60	347

Consolidated Statements of Changes in Net Assets

The Towa Bank, Ltd. and Consolidated Subsidiaries

	Millions of yen (Note 1)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	¥38,653	¥17,500	¥66,576	¥(304)	¥122,425
Changes in items during the period:					
Profit attributable to owners of parent			1,745		1,745
Dividends from surplus			(1,298)		(1,298)
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		87	88
Increase/Decrease for other reasons			(22)		(22)
Changes in items other than shareholders' equity during the period (net amount) ...					
Total changes in items during the period	0	0	425	87	513
Balance at March 31, 2022	¥38,653	¥17,500	¥66,990	¥(217)	¥122,927

	Millions of yen (Note 1)						
	Accumulated other comprehensive income (loss)						
	Valuation difference on available-for-sale securities	Land revaluation account	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2021	¥ 8,033	¥2,276	¥1,612	¥ 11,922	¥265	¥490	¥135,103
Changes in items during the period:							
Profit attributable to owners of parent							1,745
Dividends from surplus							(1,298)
Purchase of treasury stock							(0)
Disposal of treasury stock							88
Increase/Decrease for other reasons							(22)
Changes in items other than shareholders' equity during the period (net amount) ...	(10,374)	22	(27)	(10,380)	(45)	42	(10,384)
Total changes in items during the period	(10,374)	22	(27)	(10,380)	(45)	42	(9,871)
Balance at March 31, 2022	¥ (2,341)	¥2,298	¥1,584	¥ 1,541	¥219	¥520	¥125,209

Thousands of U.S. dollars (Note 2)					
Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	\$315,824	\$142,985	\$543,973	\$(2,491)	\$1,000,292
Changes in items during the period:					
Profit attributable to owners of parent			14,262		14,262
Dividends from surplus			(10,609)		(10,609)
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		6		718	724
Increase/Decrease for other reasons			(180)		(180)
Changes in items other than shareholders' equity during the period (net amount) ...					
Total changes in items during the period	0	6	3,474	711	4,192
Balance at March 31, 2022	\$315,824	\$142,991	\$547,354	\$(1,780)	\$1,004,391

Thousands of U.S. dollars (Note 2)							
Accumulated other comprehensive income (loss)							
	Valuation difference on available-for-sale securities	Land revaluation account	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at April 1, 2021	\$ 65,636	\$18,601	\$13,174	\$ 97,411	\$2,171	\$4,004	\$1,103,880
Changes in items during the period:							
Profit attributable to owners of parent							14,262
Dividends from surplus							(10,609)
Purchase of treasury stock							(7)
Disposal of treasury stock							724
Increase/Decrease for other reasons							(180)
Changes in items other than shareholders' equity during the period (net amount) ...	(84,770)	179	(228)	(84,818)	(375)	347	(84,846)
Total changes in items during the period	(84,770)	179	(228)	(84,818)	(375)	347	(80,653)
Balance at March 31, 2022	\$(19,134)	\$18,781	\$12,946	\$ 12,594	\$1,796	\$4,255	\$1,023,037

Consolidated Statements of Cash Flows

The Towa Bank, Ltd. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 2)
	2022	2021	2022
Cash flows from operating activities:			
Income before income taxes	¥ 3,422	¥ 3,946	\$ 27,961
Depreciation and amortization	1,427	1,355	11,662
Loss on impairment of fixed assets	319	118	2,610
Increase (decrease) in reserve for possible loan losses	(238)	2,835	(1,949)
Increase (decrease) in reserve for employee bonuses	14	(8)	120
Increase (decrease) in reserve for reimbursement of dormant deposits	(71)	(80)	(584)
Increase (decrease) in reserve for contingent loss	8	(129)	66
Increase (decrease) in net defined benefit liabilities	(1,233)	(665)	(10,075)
Increase (decrease) in provision for directors' retirement benefits	(0)	0	(5)
Interest income	(23,098)	(23,049)	(188,727)
Interest expenses	203	260	1,661
Loss (gain) on disposal of tangible fixed assets	(29)	26	(238)
(Increase) decrease in trading account securities	0	14	0
Loss (gain) on securities — net	(2,576)	(1,653)	(21,054)
Loss (gain) on money held in trust	2	5	17
Foreign exchange loss (gain) — net	(609)	(166)	(4,984)
Net (increase) decrease in loans	(22,779)	(46,689)	(186,124)
Net increase (decrease) in deposits	31,129	123,034	254,350
Net increase (decrease) in borrowings excluding subordinated debt	(5,725)	126,102	(46,777)
Net (increase) decrease in due from banks other than the Bank of Japan	(129)	(32)	(1,057)
Net (increase) decrease in call loans and others	3,708	938	30,303
Net increase (decrease) in call money and others	0	(27,000)	0
Net (increase) decrease in foreign exchange — assets	1,096	(1,376)	8,955
Net increase (decrease) in foreign exchange — liabilities	51	13	421
Interest received	24,311	23,144	198,642
Interest paid	(243)	(303)	(1,989)
Other	(2,528)	136	(20,662)
Subtotal	6,432	180,778	52,554
Income taxes paid	(1,433)	(2,560)	(11,710)
Net cash provided by (used in) operating activities	4,998	178,218	40,844
Cash flows from investing activities:			
Purchases of tangible fixed assets	(598)	(1,248)	(4,890)
Purchases of securities	(150,418)	(147,536)	(1,229,007)
Proceeds from sale of tangible fixed assets	339	53	2,776
Proceeds from sale of securities	55,252	47,524	451,449
Purchases of intangible fixed assets	(899)	(1,704)	(7,349)
Proceeds from redemption of securities	85,409	69,591	697,847
Payments for asset retirement obligations	(3)	(81)	(25)
Proceeds from decrease of money held in trust	1	1	13
Net cash provided by (used in) investing activities	(10,915)	(33,398)	(89,183)
Cash flows from financing activities:			
Proceeds from exercise of stock options	0	0	0
Purchases of treasury stock	(0)	(177)	(7)
Dividends paid	(1,298)	(1,670)	(10,609)
Net cash provided by (used in) financing activities	(1,299)	(1,848)	(10,615)
Net increase (decrease) in cash and cash equivalents	(7,215)	142,971	(58,952)
Cash and cash equivalents at beginning of year	382,887	239,916	3,128,425
Cash and cash equivalents at end of year	¥ 375,672	¥ 382,887	\$ 3,069,473

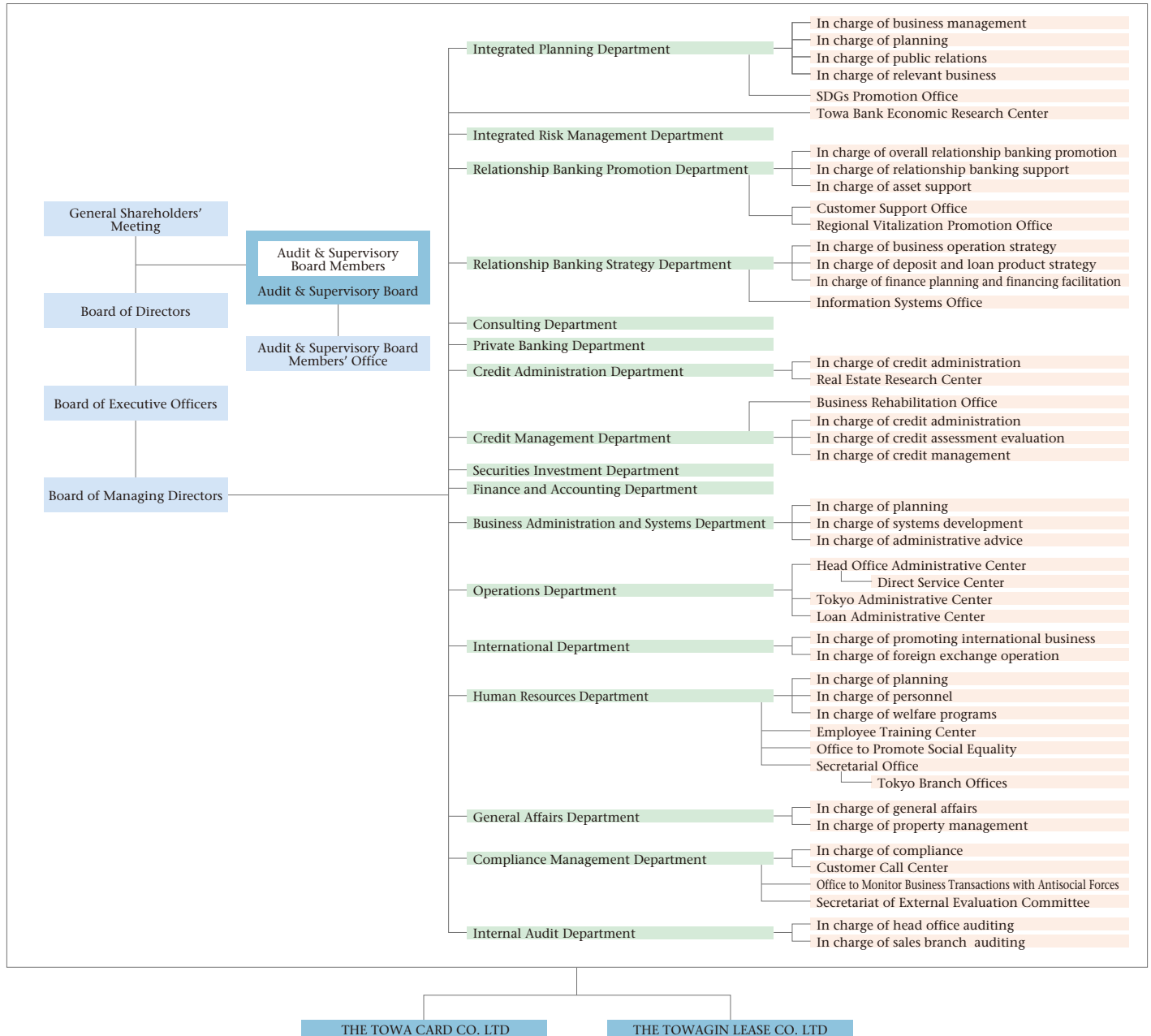
Supplementary Information

Consolidated Capital Ratio *(Domestic Standard)*

[Basel III]	Millions of yen (Note 1)	Thousands of U.S. dollars (Note 2)
<i>March 31,</i>	2022	2022
Core capital: instruments and reserves	¥ 127,678	\$1,043,211
Core capital: adjustment amount of instruments and reserves	4,345	35,503
Total qualifying capital	¥ 123,333	\$1,007,708
Risk-adjusted assets:		
On-balance-sheet assets	¥1,109,216	\$9,062,966
Off-balance-sheet assets	9,480	77,465
Credit value adjustment amount	1,641	13,415
Risk-weighted credit equivalent amount	1,120,339	9,153,847
Amount related to operational risk-equivalent	49,264	402,523
Total	¥1,169,604	\$9,556,371
Capital ratio	10.54%	

Business Organization Chart

(As of April 1, 2022)



Directors, Executive Officers, and Audit & Supervisory Board Members

(As of June 29, 2022)

Representative Director
President & Chief Executive Officer

Hiroshi Ebara

Representative Director
Vice President & Executive Officer

Hiroyuki Sakurai

Director
Senior Managing Executive Officer

Isao Kitazume

Director
Managing Executive Officer

Shinichiro Suzuki

Directors (Outside)

Takeshi Mizuguchi

Rikako Onishi

Hideto Tago

Senior Managing Executive Officer

Toru Kobayashi

Managing Executive Officers

Kazuyoshi Shiraiishi

Takahisa Wasada

Susumu Okabe

Executive Officers

Hiroshi Nagasawa

Yukihiko Tsukagoshi

Tatsuya Ishizeki

Hiroshi Iijima

Masahiko Hijikata

Audit & Supervisory Board Members

Kiyomi Osawa*

Masami Hashimoto*

Shinichi Kato**

Junko Saito**

* Full-Time Audit & Supervisory Board Member

** Outside Audit & Supervisory Board Member