August 4, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name:	THE TOWA BANK,LTD.
Listing:	Tokyo Stock Exchange
Securities code:	8558
URL:	https://www.towabank.co.jp
Representative:	Isao Kitazume, Representative Director, President & Chief Executive Officer
Inquiries:	Yoichi Noguchi, General Manager of Finance and Accounting Department
Telephone:	+81-27-234-1111

Scheduled date to commence dividend payments:	-
Setting of trading account:	None
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	15,516	57.2	(4,850)	-	(3,017)	-
June 30, 2025	9,866	22.6	1,453	105.8	1,906	186.5

Note: Comprehensive income For the three months ended June 30, 2026: ¥(3,236) million [-%]
For the three months ended June 30, 2025: ¥3,564 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	(85.14)	-
June 30, 2025	52.53	51.89

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Consolidated capital adequacy ratio (Standard in Japan)
As of	Millions of yen	Millions of yen	%	%
June 30, 2026	2,417,047	86,070	3.5	6.64
March 31, 2026	2,416,250	90,535	3.7	6.77

Reference: Equity
As of June 30, 2026: ¥85,347 million
As of March 31, 2026: ¥89,751 million

Note: The capital adequacy ratio is calculated by dividing (total portion of year-end net assets - year-end stock acquisition rights - non-controlling shareholders' interests at the end of the fiscal year) by the total amount of year-end assets.
The "Consolidated Capital Adequacy Ratio (Domestic Standards)" is calculated based on the "Standards for Determining whether a Bank's Capital Adequacy is Appropriate in Light of the Assets Held by Banks in Light of the Assets Held by Banks (Financial Services Agency Notification No. 19 of 2018)."

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	0.00	-	35.00	35.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		0.00	-	50.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2026	2,500	(17.1)	2,500	(20.0)	70.54
Fiscal year ending March 31, 2027	5,000	-	5,500	-	155.20

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2026	35,775,873 shares
As of March 31, 2026	35,775,873 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	225,454 shares
As of March 31, 2026	339,215 shares

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

Three months ended June 30, 2026	35,439,053 shares
Three months ended June 30, 2025	36,287,312 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm:None

* Proper use of earnings forecasts, and other special matters

1. The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors.
2. Supplementary explanatory materials for financial results are attached to the financial results

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Cash and due from banks	281,491	229,461
Call loans and bills bought	607	276
Money held in trust	1,000	1,000
Securities	411,313	481,394
Loans and bills discounted	1,646,482	1,650,872
Foreign exchanges	1,032	1,274
Other assets	37,763	16,230
Tangible fixed assets	23,770	23,832
Intangible fixed assets	2,796	2,574
Retirement benefit asset	8,511	8,684
Deferred tax assets	6,268	7,600
Customers' liabilities for acceptances and guarantees	2,873	2,666
Allowance for loan losses	(7,661)	(8,820)
Total assets	2,416,250	2,417,047
Liabilities		
Deposits	2,170,932	2,206,912
Borrowed money	140,300	108,800
Foreign exchanges	137	98
Other liabilities	8,216	9,719
Provision for bonuses	485	-
Retirement benefit liability	50	50
Provision for retirement benefits for directors (and other officers)	2	0
Provision for reimbursement of deposits	68	68
Provision for contingent loss	692	701
Deferred tax liabilities	11	14
Deferred tax liabilities for land revaluation	1,945	1,944
Acceptances and guarantees	2,873	2,666
Total liabilities	2,325,715	2,330,977
Net assets		
Share capital	38,653	38,653
Capital surplus	17,502	17,502
Retained earnings	32,642	28,386
Treasury shares	(228)	(151)
Total shareholders' equity	88,570	84,390
Valuation difference on available-for-sale securities	(4,353)	(4,457)
Revaluation reserve for land	1,895	1,892
Remeasurements of defined benefit plans	3,638	3,521
Total accumulated other comprehensive income	1,180	956
Share acquisition rights	248	186
Non-controlling interests	535	536
Total net assets	90,535	86,070
Total liabilities and net assets	2,416,250	2,417,047

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, 2025	Three months ended June 30, 2026
Ordinary income	9,866	15,516
Interest income	7,234	8,780
Interest on loans and discounts	5,636	6,653
Interest and dividends on securities	1,419	1,688
Fees and commissions	1,630	1,818
Other ordinary income	13	13
Other income	987	4,903
Ordinary expenses	8,413	20,367
Interest expenses	940	1,731
Interest on deposits	901	1,611
Fees and commissions payments	1,024	1,055
Other ordinary expenses	-	3,179
General and administrative expenses	5,527	5,735
Other expenses	921	8,665
Ordinary profit (loss)	1,453	(4,850)
Extraordinary income	1,006	71
Gain on disposal of non-current assets	1,006	71
Extraordinary losses	1	10
Loss on disposal of non-current assets	1	10
Profit (loss) before income taxes	2,458	(4,789)
Income taxes - current	519	7
Income taxes - deferred	23	(1,777)
Total income taxes	542	(1,770)
Profit (loss)	1,915	(3,019)
Profit (loss) attributable to non-controlling interests	9	(1)
Profit (loss) attributable to owners of parent	1,906	(3,017)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit (loss)	1,915	(3,019)
Other comprehensive income	1,649	(217)
Valuation difference on available-for-sale securities	1,709	(100)
Remeasurements of defined benefit plans, net of tax	(60)	(117)
Comprehensive income	3,564	(3,236)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,555	(3,238)
Comprehensive income attributable to non-controlling interests	9	1

(Notes on segment information, etc.)

(Segment information)

The Group's only reporting segment is Banking. In addition to the banking business, we are engaged in businesses related to financial services such as leasing, but these businesses are omitted because they are not important.

TOWA 東和銀行

First Quarter of the Fiscal Year Ending March 2027
Financial Results Digest

Regarding Q1 Earnings

1. Report from Our Bank

Regarding the Q1 earnings for the fiscal year ending March 2027, as announced on July 7, 2026, based on the decision to commence bankruptcy proceedings for Zen-Toshin Co., Ltd., 5.8 billion yen of the 8 billion yen in claims against the company, which were not secured, were fully written off. Consequently, the quarterly net profit resulted in a deficit of 3 billion yen.We deeply apologize for causing significant concern to our customers and shareholders. Currently, we are conducting verification regarding this incident and proceeding with countermeasures including prevention of recurrence. However, considering that the first quarter resulted in a deficit due to the occurrence of substantial credit costs, and taking into account the significant concern caused to our customers and shareholders, we will reduce executive compensation to clarify management responsibility.

«Details of Executive Compensation Reduction»

Representative Director, President & Executive Managing Director	Reduce monthly remuneration by 30%
Representative Director, Senior Executive Managing Director	Reduce monthly remuneration by 30%
Director, Senior Executive Managing Director	Reduce monthly remuneration by 30%
Senior Executive Managing Director (Headquarters)	Reduce monthly remuneration by 30%

Note: The current Advisor Chairman, who served as Representative Director President until June 25, 2026, shall also have a 30% reduction in monthly remuneration.

«Period»

September 2026 for 3 months.

2. Regarding Our Bank's Profitability and Soundness

As announced on March 13, 2026, our bank seized the opportunity of rising domestic interest rates due to hikes in domestic policy rates and processed securities with remaining maturities of over 3 years that held substantial unrealized losses in a lump sum, fundamentally reducing future interest rate risk. Furthermore, through active portfolio replacement on the investment side via reinvestment of funds obtained from the sale of securities, our bank's profitability has further improved.As a result, in the Q1 earnings, funds profit increased by 700 million yen year-on-year to 7 billion yen, and core business net profit increased by 600 million yen year-on-year to 2 billion yen, indicating that our main business is progressing smoothly. Additionally, the capital adequacy ratio exceeds the level required for domestic regional banks, and there are no issues regarding soundness.Regarding the full-year performance forecast for the fiscal year ending March 2027, as announced on May 12, 2026, there will be no changes. This is because approximately 5.5 billion yen in gains from the partial sale of securities (planned) will be allocated against the credit costs incurred this time, combined with the improvement in profitability of our main business.

3. Regarding Future Initiatives for Business Loans

In light of this incident, we will strive to further strengthen our credit risk management system and prevent recurrence.Furthermore, our bank will shift funds obtained from the bulk processing of securities to loans for local business operators, etc., by approximately 20 billion yen annually, thereby fulfilling our role in smoothly supplying funds to the region more than ever before.

Regarding Key Figures of the First Quarter Financial Results

※Note: Each figure is presented with fractions of the unit truncated, unless otherwise noted.

1. Deposits and Loans

Deposits increased by 44.1 billion yen year-on-year to 2.207 trillion yen, and loans increased by 42.5 billion yen year-on-year to 1.6533 trillion yen.

(Billion Yen)

	First Quarter of Fiscal Year Ending March 2026	First Quarter of Fiscal Year Ending March 2027	Compared to the same period last year
Deposits	21,629	22,070	441
Loans and Advances	16,108	16,533	425

2. Profit and Loss Status (Top: Standalone, Bottom: Consolidated)

Core business net profit increased by 600 million yen year-on-year to 2 billion yen. Ordinary profit decreased by 6.2 billion yen year-on-year to a deficit of 4.8 billion yen. Quarterly net profit decreased by 4.9 billion yen year-on-year to a deficit of 3 billion yen.

(Billion Yen)

	First Quarter of Fiscal Year Ending March 2026	First Quarter of Fiscal Year Ending March 2027	Compared to the same period last year
Core Business Net Profit (※1)	13 –	20 –	6 –
Ordinary Profit	14 14	-48 -48	-62 -63
Quarterly Net Profit (※2)	18 19	-30 -30	-49 -49

(※1) Core operating profit is based on the standalone basis only.
(※2) Consolidated figures refer to "Net income attributable to owners of the parent company".

3. Capital Adequacy Ratio (Top: Standalone, Bottom: Consolidated)

The capital adequacy ratio decreased by 3.39 percentage points year-on-year to 6.55% (Standalone), and decreased by 3.35 percentage points year-on-year to 6.64% (Consolidated).

(%)

	First Quarter of Fiscal Year Ending March 2026	Compared to the same period last year	Compared to the same period last year
Capital Adequacy Ratio	9.94 9.99	6.55 6.64	-3.39 -3.35

4. Securities Valuation Gains/Losses

Securities valuation gains/losses for securities held to maturity decreased by 5.1 billion yen year-on-year to a deficit of 7.7 billion yen. Securities available for sale increased by 22.3 billion yen year-on-year to a deficit of 3.8 billion yen. The total increased by 17.2 billion yen year-on-year to a deficit of 11.6 billion yen.

(Billion Yen)

	First Quarter of Fiscal Year Ending March 2026	Compared to the same period last year	Compared to the same period last year
Held-to-maturity Available-for-sale securities Total	-26 -261 -288	-77 -38 -116	-51 223 172

5. Financial Rehabilitation Act Disclosure Ratio of Claims

The Financial Rehabilitation Act disclosure ratio of claims decreased by 0.06 percentage points year-on-year to 2.48%.

(%)

	First Quarter of Fiscal Year Ending March 2026	Compared to the same period last year	Compared to the same period last year
Claims disclosed pursuant to the Financial Reconstruction Law	2.54	2.48	-0.06

2026 June Fiscal Year Earnings Summary (Standalone)

(Unit: Millions of Yen)

	2025/6	2026/6	Change Amount
Gross Business Profit	6,863	**4,597**	-2,266
Core Gross Business Profit	6,862	**7,776**	914
Funds Profit	6,312	**7,074**	761
Service Transaction Income	537	**689**	151
Other Business Income	13	**-3,165**	-3,178
Gain/Loss on Government Bonds and Other Securities	1	**-3,178**	-3,180
Expenses	5,468	**5,763**	295
Substantive Business Net Profit	1,395	**-1,165**	-2,561
Core Business Net Profit	1,393	**2,012**	619
Core Business Net Profit (Excluding Investment Trust Redemption Gain/Loss)	1,393	**1,639**	245
General Loan Loss Provision(-)①	0	**1,752**	1,752
Business Net Profit	1,395	**-2,917**	-4,313
Temporary Gain/Loss	33	**-1,929**	-1,963
Non-performing Loan Processing Amount(-)②	163	**6,138**	5,975
Gain/Loss on Stocks and Related Items	0	**3,975**	3,975
Other Temporary Gain/Loss	197	**233**	36
Ordinary Profit	1,428	**-4,847**	-6,276
Special Gain/Loss	1,005	**61**	-943
Quarterly Net Profit	1,891	**-3,016**	-4,907
Credit Cost(-)(①+②)	149	**7,890**	7,741

【Main Points】

● Profit Increase due to significant increase in funds profit

・**Core Business Net Profit**

Due to the increase in loan interest from loan growth and yield improvement, and the increase in securities interest and dividends, funds profit increased significantly. As a result, core business net profit, which indicates the profitability of our main business, increased by 600 million yen year-on-year to 2.012 billion yen.

● Deficit due to credit costs related to Zen-Toshin

・**Quarterly Net Profit**

As a result of the full write-off of 5.8 billion yen of the 8 billion yen in claims against Zen-Toshin Co., Ltd., which was not secured by collateral or reserves, among other factors, the quarterly net profit resulted in a deficit of 3,016 million yen.

※Note: In addition to the 5.8 billion yen mentioned above, credit costs were recorded at 7.8 billion yen as a result of an increase in the actual reserve ratio for general loan loss provisions.

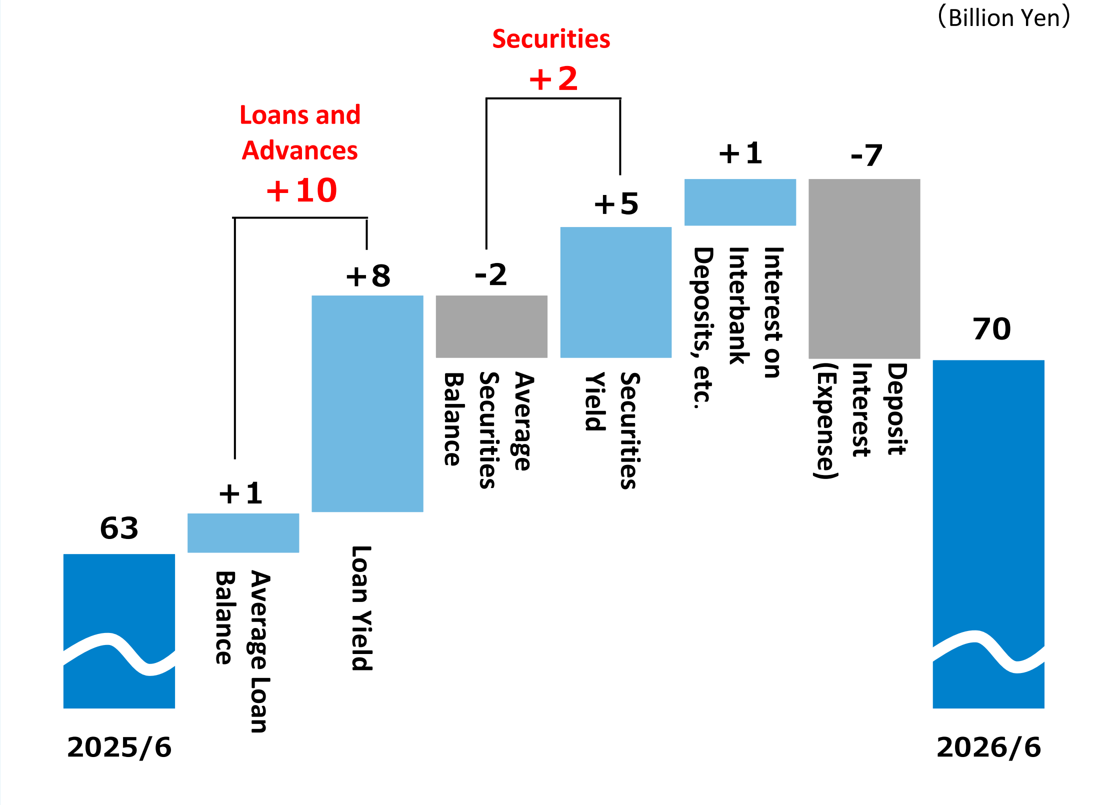
Reference: Consolidated Net Profit (Unit: Millions of Yen)

	2025/6	2026/6	Change Amount
Ordinary Profit	1,453	**-4,850**	-6,303
Net Profit Attributable to Owners of the Parent Company	1,906	**-3,017**	-4,923

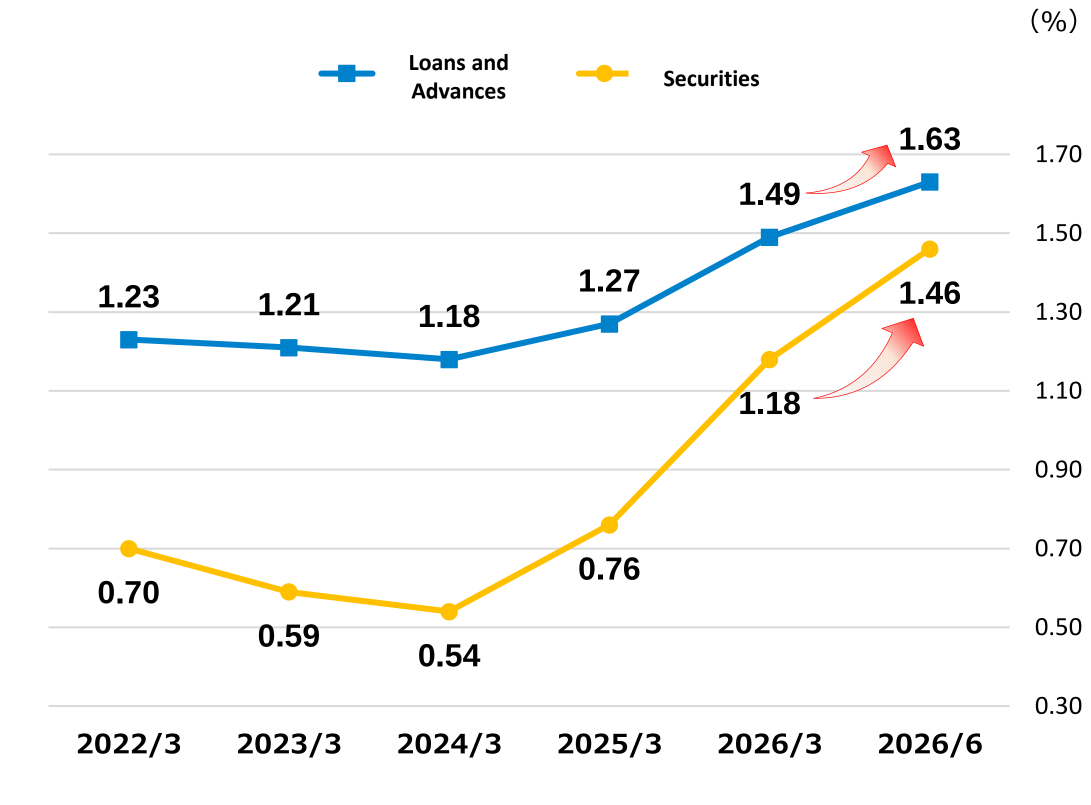
Factors Affecting Changes in Net Interest Income

- Net interest income increased by 700 million yen year-on-year to 7 billion yen, primarily due to a 1 billion yen increase in loan interest income and a 200 million yen increase in securities interest and dividends compared to the same period last year.
- As a result of promoting the switch to market interest rate-linked loans, loan yields improved. Additionally, due to the restructuring of securities holdings and the replacement with bonds reflecting the current interest rate level, securities yields improved significantly.

Factors Affecting Changes in Net Interest Income



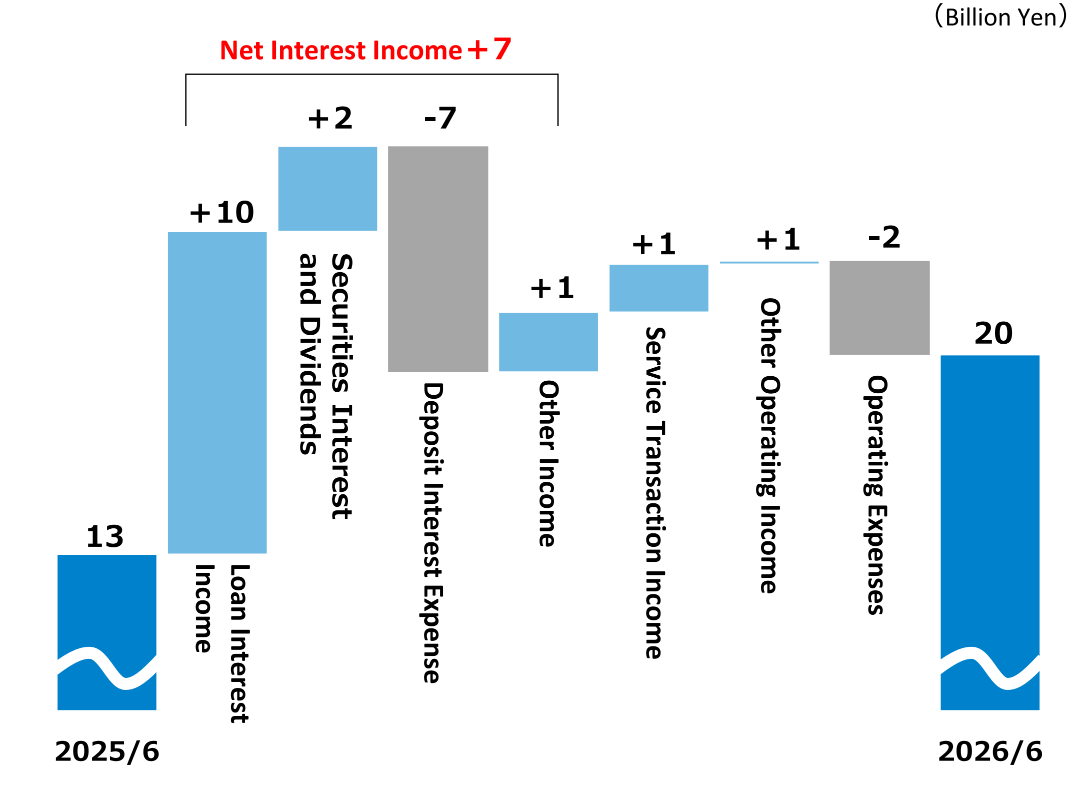
Trends in Loan and Securities Yields



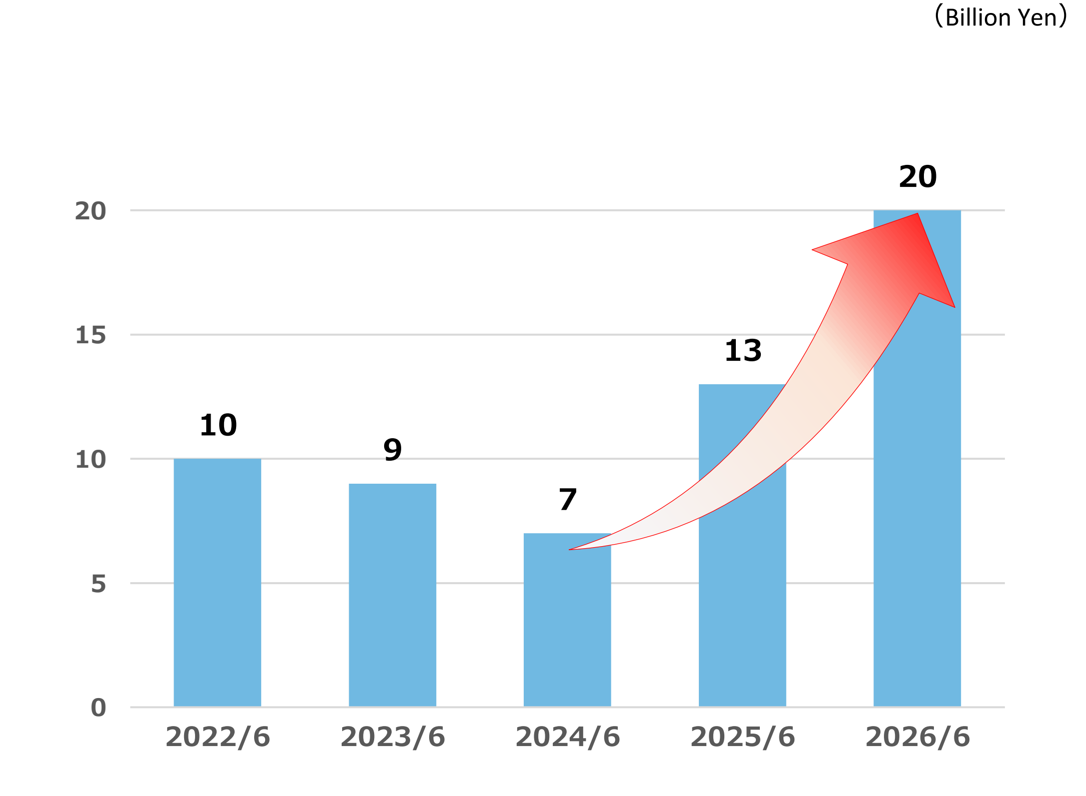
Factors Affecting Changes in Core Operating Profit

■Core Operating Profit increased by 600 million yen year-on-year to 2 billion yen, driven by an increase in Net Interest Income as well as an increase in Service Transaction Income, among other factors.
■In addition to the rise in domestic market interest rates, the portfolio switch on the investment side has been successful, and Core Operating Profit for the first quarter is progressing smoothly.

Factors Affecting Changes in Core Operating Profit



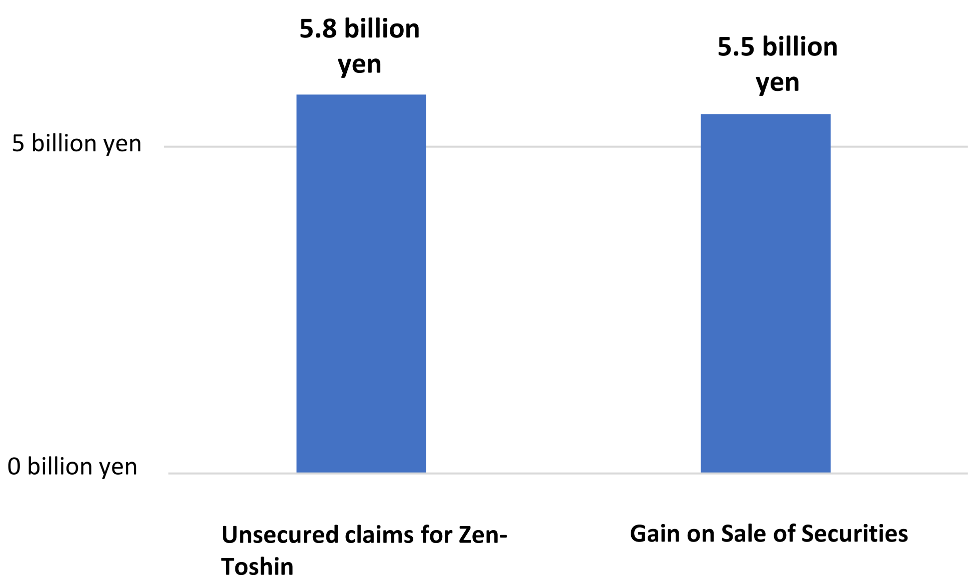
Status of Core Operating Profit



Regarding Full-Year Performance Forecast (No Revision)

- Regarding the credit costs incurred this time, as announced on July 14, 2026, we will allocate approximately 5.5 billion yen in gains from the partial sale of securities.
- Coupled with the improvement in the profitability of our core business, there are no changes to the full-year performance forecast for the fiscal year ending March 2027 and the second quarter (cumulative) forecast announced on May 12, 2026.

Sale of Securities



Standalone Performance Forecast

(Million Yen)

	Ordinary Income	Quarterly Net Income
Second Quarter (Cumulative)	2,500	2,500
Full Year	5,000	5,500

Consolidated Performance Forecast

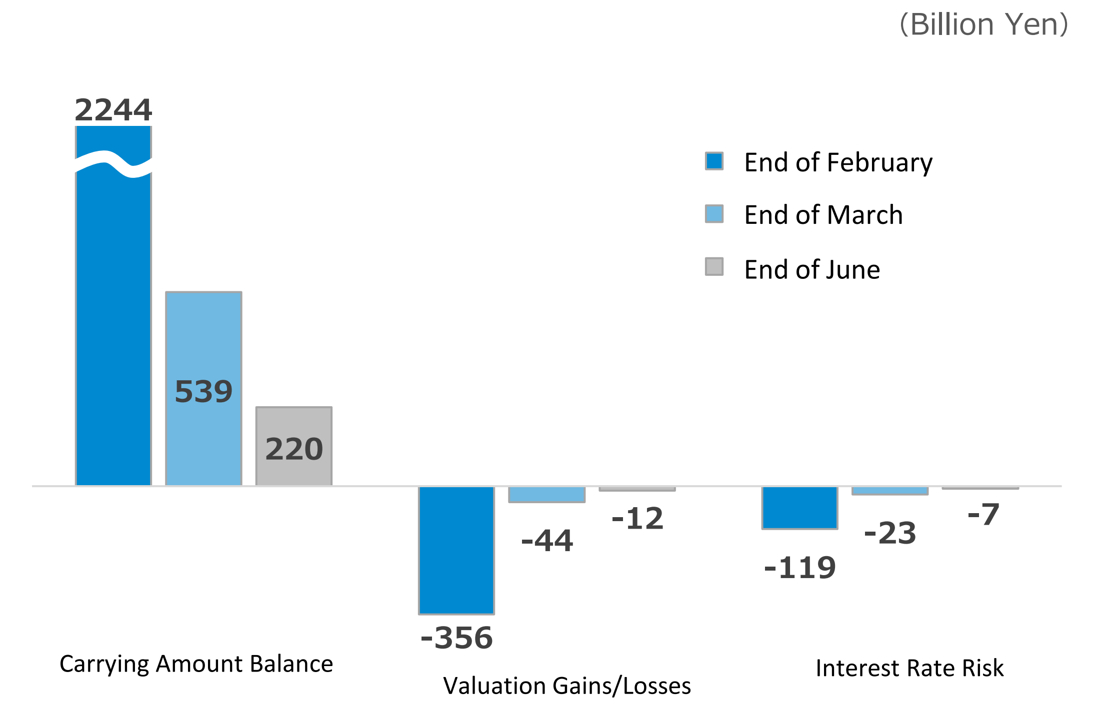
(Million Yen)

	Ordinary Income	Net Income Attributable to Owners of the Parent Company
Second Quarter (Cumulative)	2,500	2,500
Full Year	5,000	5,500

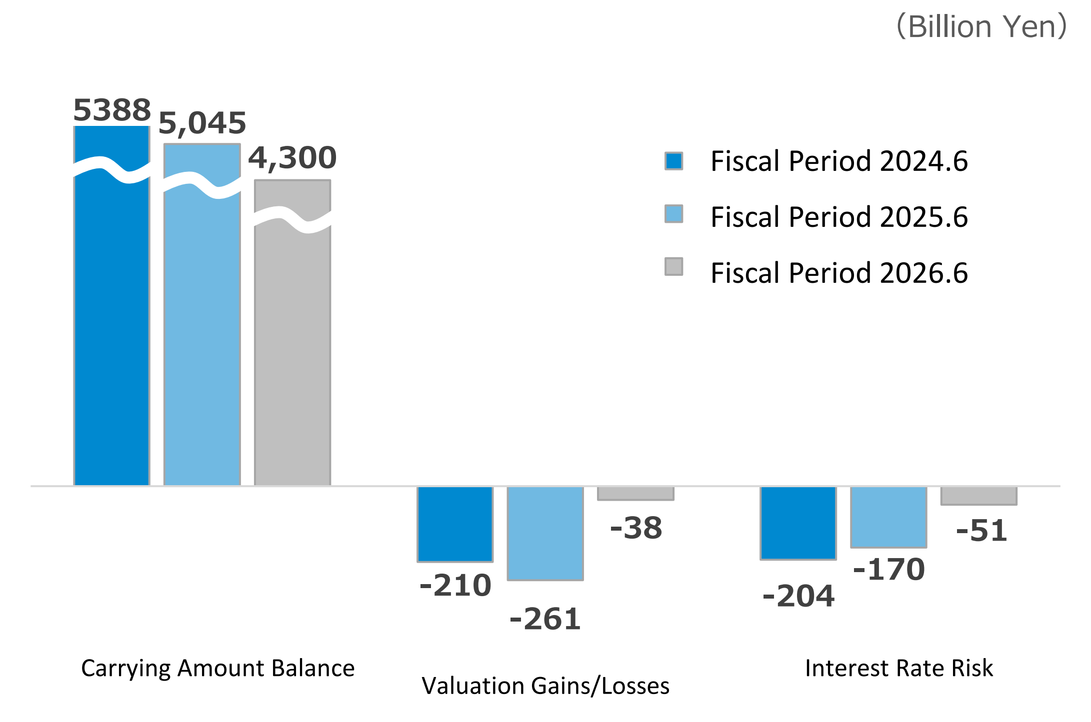
Status of Lump-Sum Processing of Securities

- Regarding the lump-sum processing of securities announced on March 13,2026, of the 224.4 billion yen in bonds with remaining maturities exceedingthree years that were targeted, 202.4 billion yen had been sold by the endof June. As a result, valuation gains/losses were reduced to negative 1.2billion yen and interest rate risk was reduced to negative 0.7 billion yen.
- As a result, both the valuation gains/losses and interest rate risk of other securities significantly improved. Given that profitability was further enhanced through portfolio replacement on the investment side, we have determined that the intended objectives have been achieved. Consequently, the series of processes will be concluded for the time being. Going forward, we will make appropriate judgments as needed based on the status of interest rate risk and other factors regarding the entire portfolio of securities.

Bonds Subject to Lump-Sum Processing



Other Securities



＜Contact Information＞

THE TOWA BANK, LTD. Corporate Planning Department

Planning & Public Relations, Saito

e-mail 91003@mb.towabank.co.jp

Tel+81-27-230-1502