
Annual Report 2022



Message from the Management

I would like to take this opportunity to express our heartfelt gratitude for your continuous patronage and support for the Bank of Saga.

We are pleased to present you our “Annual Report 2022” that summarizes the Bank’s management policies, as well as its business performance for fiscal 2021.

The Bank contributes to the sustainable development of the regional community and economy utilizing the synergies within the Bank’s Group to respond appropriately to the rapidly changing management environment and customer needs.

We hope that we can count on your never-ending patronage and kind support as we pursue these endeavors going forward.

July 2022

Hideaki Sakai, President

The Bank’s Fundamental Thinking

A Clear Perspective on the Future with a View to Regional Development

Management Policy

In its commitment to maintaining “close relationships with the citizens of its region and sound, stable management,” the Bank of Saga provides high-quality financial services and contributes to local community development through its operations as a regional financial institution.

Basic Management Principles

Contributing to local community development

As a regional bank with its roots deeply embedded in the community, the Bank promotes the development of local industries and dedicates itself to assuring a high standard of living for regional residents and enriching the regional culture.

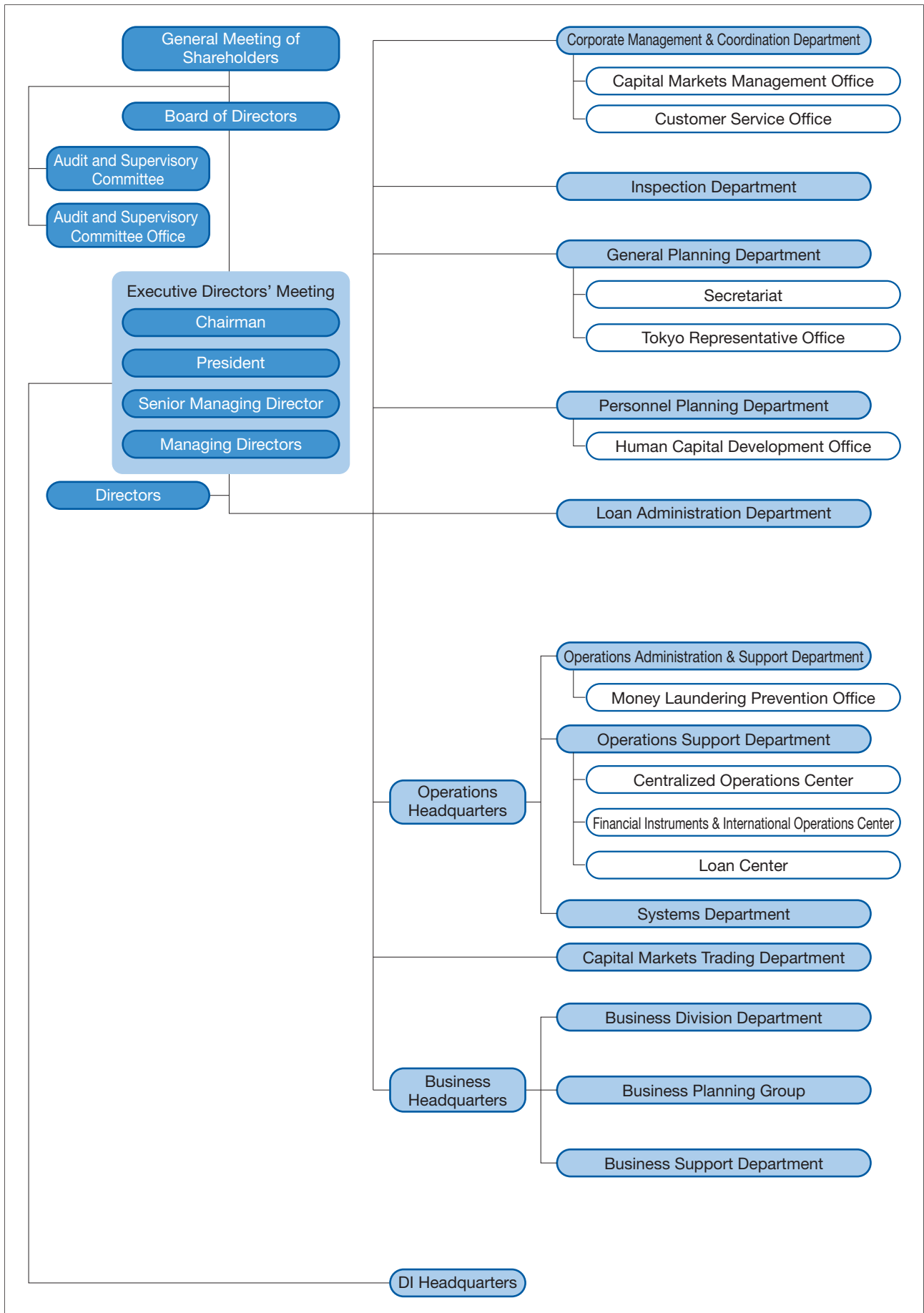
Responding to the trust of customers and shareholders

The Bank seeks to enhance its services to assure continued customer satisfaction.
It satisfies the expectations of its shareholders as well by pursuing management that responds quickly and accurately to changes in the times.

Improving employee welfare

The Bank seeks to ensure that every employee enjoys an affluent life by providing an optimal working environment and cultivating a corporate climate that emphasizes respect for others.

Organization



(as of June 30, 2022)

Consolidated Balance Sheets

The Bank of Saga Ltd. and its consolidated subsidiaries
March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Assets:			
Cash and due from banks	¥ 301,833	¥ 377,496	\$ 2,466,157
Monetary claims bought	2,164	2,143	17,681
Money held in trust	862	862	7,043
Securities	662,989	602,031	5,417,019
Loans and bills discounted	2,146,060	2,016,168	17,534,602
Foreign exchanges	3,534	2,411	28,874
Lease receivables and investment assets	15,120	15,344	123,539
Other assets	11,619	13,113	94,934
Tangible fixed assets	23,165	23,245	189,271
Intangible fixed assets	1,021	1,173	8,342
Net defined benefit asset	194	251	1,585
Deferred tax assets	3,490	585	28,515
Customers' liabilities for acceptances and guarantees	9,233	11,759	75,439
Allowance for possible loan losses	(17,231)	(15,507)	(140,787)
Allowance for investment loss	(31)	(31)	(253)
Total assets	¥3,164,026	¥3,051,047	\$25,851,997
Liabilities:			
Deposits	¥2,796,335	¥2,708,585	\$22,847,740
Call money and bills sold	5,874	5,092	47,994
Cash collateral received for securities lent	48,363	26,709	395,154
Borrowed money	154,154	136,753	1,259,531
Foreign exchanges	148	386	1,209
Other liabilities	28,849	27,415	235,713
Provision for bonuses	614	628	5,016
Net defined benefit liability	1,215	1,157	9,927
Reserve for directors' retirement benefits	19	12	155
Reserve for reimbursement of deposits	220	229	1,797
Deferred tax liabilities	154	2,782	1,258
Deferred tax liabilities for land revaluation	3,054	3,122	24,953
Acceptances and guarantees	9,233	11,759	75,439
Total liabilities	3,048,240	2,924,634	24,905,956
Net assets:			
Common stock	16,062	16,062	131,236
Capital surplus	13,327	13,327	108,889
Retained earnings	76,541	73,492	625,386
Treasury stock	(978)	(969)	(7,990)
Total shareholders' equity	104,951	101,911	857,512
Valuation difference on available-for-sale securities	4,264	17,062	34,839
Revaluation reserve for land	6,267	6,422	51,205
Remeasurements of defined benefit plans	51	808	416
Total accumulated other comprehensive income	10,583	24,293	86,469
Share acquisition rights	250	206	2,042
Total net assets	115,786	126,412	946,041
Total liabilities and net assets	¥3,164,026	¥3,051,047	\$25,851,997

Consolidated Income Statements

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Income			
Interest income:			
Loans and discounts	¥18,674	¥18,660	\$152,577
Securities	5,280	4,608	43,140
Others	547	252	4,469
Fees and commissions	7,957	7,605	65,013
Other operating income	8,789	8,482	71,811
Other income	2,655	2,102	21,692
Total income	43,904	41,711	358,722
Expenses			
Interest expenses:			
Deposits	289	311	2,361
Borrowings, call money and bills sold	23	79	187
Others	78	48	637
Fees and commissions payments	3,166	3,371	25,868
Other operating expenses	8,804	7,810	71,933
General and administrative expenses	20,460	22,266	167,170
Other expenses	4,406	3,930	35,999
Total expenses	37,230	37,819	304,191
Income before income taxes	6,674	3,892	54,530
Income taxes:			
Current	2,382	2,017	19,462
Deferred	215	(590)	1,756
Total income taxes	2,598	1,427	21,227
Net income	4,076	2,465	33,303
Net income attributable to owners of parent	¥ 4,076	¥ 2,465	\$ 33,303

	Yen	U.S. dollars
Per share of common stock:		
Basic net income	¥242.97	\$ 1.98
Diluted net income	240.93	1.96

Consolidated Statements of Comprehensive Income

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Net income	¥ 4,076	¥ 2,465	\$ 33,303
Other comprehensive income:	(13,555)	10,330	(110,752)
Valuation difference on available-for-sale securities	(12,798)	8,402	(104,567)
Remeasurements of defined benefit plans	(757)	1,928	(6,185)
Comprehensive income	¥ (9,479)	¥12,796	\$ (77,449)
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ (9,479)	¥12,796	\$ (77,449)

Consolidated Statements of Changes in Net Assets

The Bank of Saga Ltd. and its consolidated subsidiaries
Year ended March 31, 2022

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at April 1, 2021	¥16,062	¥13,327	¥73,492	¥(969)	¥101,911	¥17,062	¥6,422	¥808	¥24,293	¥206	¥126,412
Cumulative effects of changes in accounting policies			(7)		(7)						(7)
Restated balance at April 1, 2021	16,062	13,327	73,484	(969)	101,904	17,062	6,422	808	24,293	206	126,404
Changes during the fiscal year											
Dividends from surplus			(1,174)		(1,174)						(1,174)
Net income attributable to owners of parent			4,076		4,076						4,076
Purchase of treasury stock				(9)	(9)						(9)
Reversal of revaluation reserve for land			154		154						154
Net changes other than shareholders' equity (net)						(12,798)	(154)	(757)	(13,710)	44	(13,665)
Total changes during the fiscal year	—	—	3,056	(9)	3,047	(12,798)	(154)	(757)	(13,710)	44	(10,618)
Balance at March 31, 2022	¥16,062	¥13,327	¥76,541	¥(978)	¥104,951	¥ 4,264	¥6,267	¥ 51	¥10,583	¥250	¥115,786

	Thousands of U.S. dollars										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at April 1, 2021	\$131,236	\$108,889	\$600,473	\$ (7,917)	\$832,674	\$139,406	\$52,471	\$6,601	\$198,488	\$1,683	\$1,032,862
Cumulative effects of changes in accounting policies			(57)		(57)						(57)
Restated balance at April 1, 2021	131,236	108,889	600,408	(7,917)	832,617	139,406	52,471	6,601	198,488	1,683	1,032,796
Changes during the fiscal year											
Dividends from surplus			(9,592)		(9,592)						(9,592)
Net income attributable to owners of parent			33,303		33,303						33,303
Purchase of treasury stock				(73)	(73)						(73)
Reversal of revaluation reserve for land			1,258		1,258						1,258
Net changes other than shareholders' equity (net)						(104,567)	(1,258)	(6,185)	(112,018)	359	(111,651)
Total changes during the fiscal year	—	—	24,969	(73)	24,895	(104,567)	(1,258)	(6,185)	(112,018)	359	(86,755)
Balance at March 31, 2022	\$131,236	\$108,889	\$625,386	\$ (7,990)	\$857,512	\$ 34,839	\$51,205	\$ 416	\$ 86,469	\$2,042	\$ 946,041

Consolidated Statements of Cash Flows

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash flows from operating activities:			
Income before income taxes	¥ 6,674	¥ 3,892	\$ 54,530
Depreciation	990	1,042	8,088
Impairment losses	228	728	1,862
Increase (decrease) in allowance for possible loan losses	1,724	1,350	14,086
Increase (decrease) in allowance for investment loss	(0)	(0)	(0)
Increase (decrease) in provision for bonuses	(13)	(26)	(106)
(Increase) decrease in net defined benefit asset	(291)	1,105	(2,377)
Increase (decrease) in net defined benefit liability	(681)	(867)	(5,564)
Increase (decrease) in reserve for directors' retirement benefits	6	(9)	49
Increase (decrease) in reserve for reimbursement of deposits	(8)	(72)	(65)
Interest income	(24,502)	(23,521)	(200,196)
Interest expenses	392	440	3,202
(Gain) loss on securities transactions	(65)	(678)	(531)
(Gain) loss on money held in trust	(11)	(12)	(89)
Net exchange (gain) loss	(1)	(2)	(8)
(Gain) loss on disposal of properties	1	(518)	8
Net (increase) decrease in loans and bills discounted	(129,892)	(251,147)	(1,061,295)
Net increase (decrease) in deposits	88,361	325,884	721,962
Net increase (decrease) in negotiable certificates of deposit	(611)	(541)	(4,992)
Net increase (decrease) in borrowed money (other than subordinated borrowings)	17,401	122,324	142,176
Net (increase) decrease in due from banks (other than the Bank of Japan)	5,046	381	41,228
Net (increase) decrease in call loans	(21)	18	(171)
Net increase (decrease) in call money	782	3,351	6,389
Net increase (decrease) in cash collateral received for securities lent	21,653	24,344	176,918
Net (increase) decrease in foreign exchange assets	(1,122)	1,049	(9,167)
Net increase (decrease) in foreign exchange liabilities	(238)	137	(1,944)
Net (increase) decrease in lease receivables and investment assets	223	202	1,822
Interest received	24,607	23,804	201,054
Interest paid	(400)	(484)	(3,268)
Other, net	(9,522)	45	(77,800)
Subtotal	710	232,223	5,801
Payments of income taxes	(2,697)	(685)	(22,036)
Refund of income taxes	0	663	0
Net cash provided by (used in) operating activities	(1,987)	232,201	(16,234)
Cash flows from investing activities:			
Purchase of securities	(250,458)	(212,555)	(2,046,392)
Proceeds from sales of securities	118,797	76,462	970,643
Redemption of securities	65,173	68,346	532,502
Decrease in money held in trust	11	12	89
Purchase of tangible fixed assets	(1,009)	(944)	(8,244)
Purchase of intangible fixed assets	(157)	(403)	(1,282)
Proceeds from sales of tangible fixed assets	195	1,222	1,593
Net cash provided by (used in) investing activities	(67,446)	(67,859)	(551,074)
Cash flows from financing activities:			
Payments of cash dividends	(1,173)	(1,173)	(9,584)
Purchase of treasury stock	(9)	(0)	(73)
Proceeds from exercise of stock options	—	0	—
Net cash provided by (used in) financing activities	(1,183)	(1,173)	(9,665)
Translation adjustments of cash and cash equivalents	1	2	8
Net increase (decrease) in cash and cash equivalents	(70,615)	163,170	(576,967)
Cash and cash equivalents at beginning of the year	370,725	207,554	3,029,046
Cash and cash equivalents at end of the year	¥300,109	¥370,725	\$2,452,071

Date of Establishment:	March 9, 1882	Number of Shareholders:	7,827
Date of Incorporation:	July 11, 1955	Number of Branches:	103 (Saga: 61, Fukuoka: 38, Nagasaki: 3, Tokyo: 1)
Capital:	¥16,062 million	Number of Sales Branches:	75 (Saga: 45, Fukuoka: 26, Nagasaki: 3, Tokyo: 1)
Head Office:	7-20, Tojin 2-chome, Saga City, Saga, Japan	Number of Out-of-Branch ATMs:	66 (excluding one ATM currently out of operation)
Number of Employees:	1,212		

* The number of sales branches states the number after the branch-in-branch method integration.

Directors and Corporate Auditors

(as of June 30, 2022)

Yoshihiro Jinnouchi	Chairman	Yoichiro Kuchiishi	Director (Deputy General Manager, Business Headquarters, and General Manager, Business Department)
Hideaki Sakai	Representative Director and President	Makoto Noguchi	Director (General Manager, Systems Department, Operations Headquarters)
Kazuyuki Tsutsumi	Senior Managing Director (Representative Director)	Naoto Furutachi	Outside Director
Shinzaburo Nakamura	Managing Director (General Manager, DI Headquarters)	Kentaro Tomiyoshi	Outside Director
Toru Unoike	Managing Director (General Manager, Business Headquarters)	Yoshiaki Jono	Director; Standing Audit and Supervisory Committee Member
Shigeyuki Yamasaki	Director (General Manager, Operations Headquarters)	Syuichi Idera	Outside Director; Audit and Supervisory Committee Member
Hiroshi Koso	Director (General Manager, Saga Minami Block; General Manager, Head Office Business Department; and General Manager, Gofukumachi Branch)	Toshiaki Tanaka	Outside Director; Audit and Supervisory Committee Member
		Takumi Ikeda	Outside Director; Audit and Supervisory Committee Member

Note: The following are Outside Directors as stipulated in Article 2, Paragraph 15 of the Companies Act: Directors Naoto Furutachi and Kentaro Tomiyoshi; and Directors serving as Audit and Supervisory Committee Members Syuichi Idera, Toshiaki Tanaka, and Takumi Ikeda.