
Annual Report 2021



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 2021” that summarizes the Bank’s management policies, as well as its business performance for fiscal 2020.

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 2021

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.

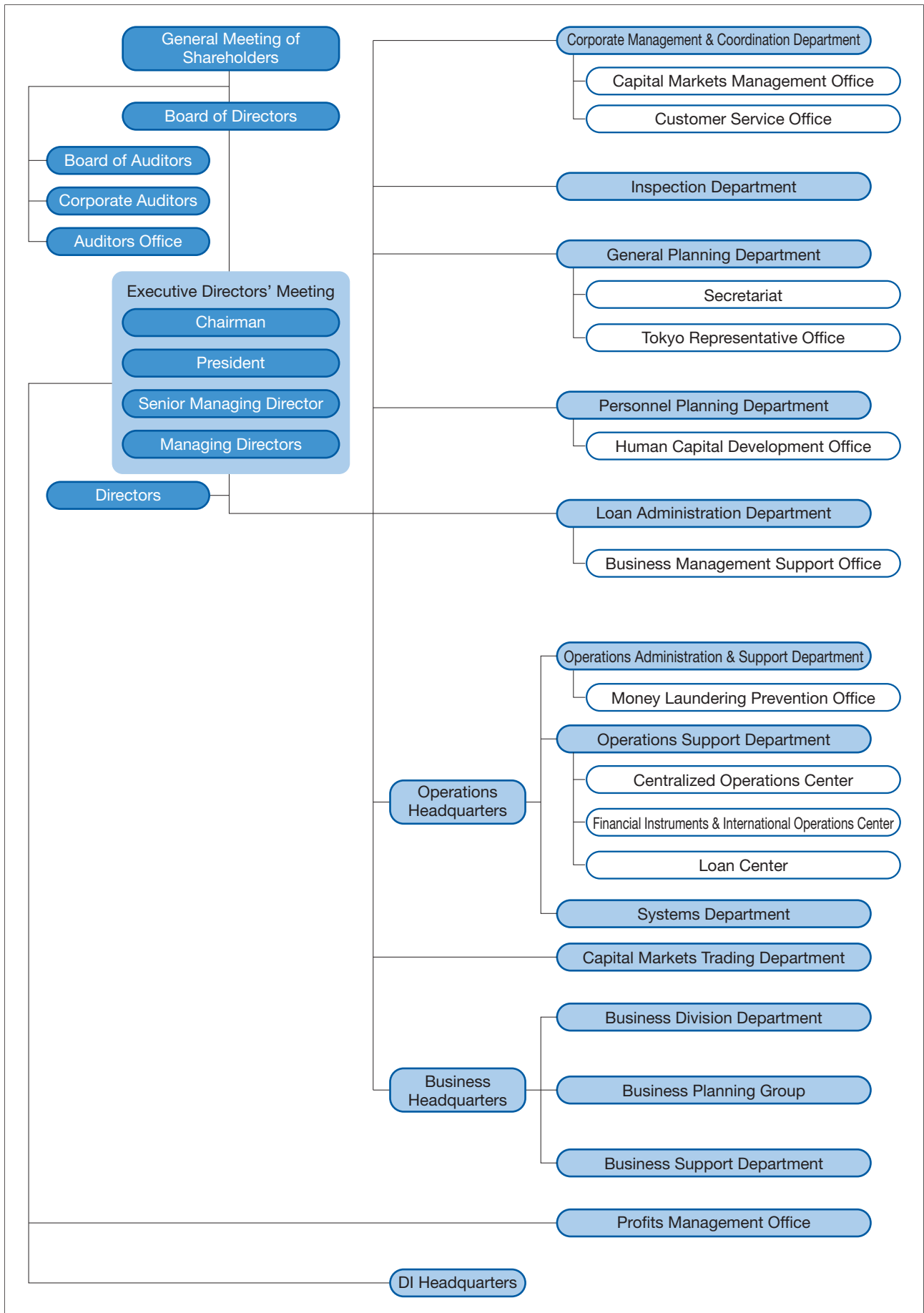
Responding to the trust of customers and shareholders

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, 2021)

Consolidated Balance Sheets

The Bank of Saga Ltd. and its consolidated subsidiaries
March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Assets:			
Cash and due from banks	¥ 377,496	¥ 214,707	\$ 3,409,773
Monetary claims bought	2,143	2,162	19,356
Money held in trust	862	862	7,786
Securities	602,031	521,195	5,437,909
Loans and bills discounted	2,016,168	1,765,020	18,211,254
Foreign exchanges	2,411	3,460	21,777
Lease receivables and investment assets	15,344	15,546	138,596
Other assets	13,113	11,999	118,444
Tangible fixed assets	23,245	24,378	209,962
Intangible fixed assets	1,173	1,168	10,595
Net defined benefit asset	251	—	2,267
Deferred tax assets	585	1,962	5,284
Customers' liabilities for acceptances and guarantees	11,759	11,610	106,214
Allowance for possible loan losses	(15,507)	(14,156)	(140,068)
Allowance for investment loss	(31)	(31)	(280)
Total assets	¥3,051,047	¥2,559,886	\$27,558,910
Liabilities:			
Deposits	¥2,708,585	¥2,383,241	\$24,465,585
Call money	5,092	1,741	45,994
Cash collateral received for securities lent	26,709	2,365	241,251
Borrowed money	136,753	14,429	1,235,236
Foreign exchanges	386	248	3,486
Other liabilities	27,415	23,558	247,628
Provision for bonuses	628	654	5,672
Net defined benefit liability	1,157	3,439	10,450
Reserve for directors' retirement benefits	12	21	108
Reserve for reimbursement of deposits	229	301	2,068
Deferred tax liabilities	2,782	115	25,128
Deferred tax liabilities for land revaluation	3,122	3,410	28,199
Acceptances and guarantees	11,759	11,610	106,214
Total liabilities	2,924,634	2,445,140	26,417,071
Net assets:			
Common stock	16,062	16,062	145,081
Capital surplus	13,327	13,327	120,377
Retained earnings	73,492	71,783	663,824
Treasury stock	(969)	(1,067)	(8,752)
Total shareholders' equity	101,911	100,105	920,522
Valuation difference on available-for-sale securities	17,062	8,660	154,114
Revaluation reserve for land	6,422	6,860	58,007
Remeasurements of defined benefit plans	808	(1,120)	7,298
Total valuation and translation adjustments	24,293	14,400	219,429
Share acquisition rights	206	240	1,860
Total net assets	126,412	114,746	1,141,830
Total liabilities and net assets	¥3,051,047	¥2,559,886	\$27,558,910

Consolidated Income Statements

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Income			
Interest income:			
Loans and discounts	¥18,660	¥18,338	\$168,548
Securities	4,608	4,993	41,622
Others	252	211	2,276
Fees and commissions	7,605	7,156	68,692
Other operating income	8,482	9,498	76,614
Other income	2,102	1,204	18,986
Total income	41,711	41,401	376,759
Expenses			
Interest expenses:			
Deposits	311	320	2,809
Borrowings and call money	79	85	713
Others	48	19	433
Fees and commissions payments	3,371	3,530	30,448
Other operating expenses	7,810	8,150	70,544
General and administrative expenses	22,266	22,704	201,120
Other expenses	3,930	2,498	35,498
Total expenses	37,819	37,311	341,604
Income before income taxes	3,892	4,090	35,154
Income taxes:			
Current	2,017	831	18,218
Deferred	(590)	817	(5,329)
Total income taxes	1,427	1,649	12,889
Net income	2,465	2,441	22,265
Net income attributable to owners of parent	¥ 2,465	¥ 2,441	\$ 22,265

	Yen	U.S. dollars
Per share of common stock:		
Basic net income	¥146.97	\$ 1.32

Consolidated Statements of Comprehensive Income

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net income	¥ 2,465	¥ 2,441	\$ 22,265
Other comprehensive income:	10,330	(7,062)	93,306
Valuation difference on available-for-sale securities	8,402	(7,373)	75,891
Remeasurements of defined benefit plans	1,928	311	17,414
Comprehensive income	¥12,796	¥(4,620)	\$115,581
(Breakdown)			
Comprehensive income attributable to owners of parent	¥12,796	¥(4,620)	\$115,581

Consolidated Statements of Changes in Net Assets

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

	Millions of yen										
	Shareholders' equity					Valuation and translation adjustments					
	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 valuation and translation adjustments	Share acquisition rights	Total net assets
Balance at March 31, 2020	¥16,062	¥13,327	¥71,783	¥(1,067)	¥100,105	¥ 8,660	¥6,860	¥(1,120)	¥14,400	¥240	¥114,746
Changes during the fiscal year											
Dividends from surplus			(1,173)		(1,173)						(1,173)
Net income attributable to owners of parent			2,465		2,465						2,465
Purchase of treasury stock				(0)	(0)						(0)
Disposal of treasury stock			(20)	98	77						77
Reversal of revaluation reserve for land			437		437						437
Net changes other than shareholders' equity (net)						8,402	(437)	1,928	9,893	(34)	9,858
Total changes during the fiscal year	—	—	1,708	97	1,806	8,402	(437)	1,928	9,893	(34)	11,665
Balance at March 31, 2021	¥16,062	¥13,327	¥73,492	¥ (969)	¥101,911	¥17,062	¥6,422	¥ 808	¥24,293	¥206	¥126,412

	Thousands of U.S. dollars										
	Shareholders' equity					Valuation and translation adjustments					
	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 valuation and translation adjustments	Share acquisition rights	Total net assets
Balance at March 31, 2020	\$145,081	\$120,377	\$648,387	\$(9,637)	\$904,209	\$ 78,222	\$61,963	\$(10,116)	\$130,069	\$2,167	\$1,036,455
Changes during the fiscal year											
Dividends from surplus			(10,595)		(10,595)						(10,595)
Net income attributable to owners of parent			22,265		22,265						22,265
Purchase of treasury stock				(0)	(0)						(0)
Disposal of treasury stock			(180)	885	695						695
Reversal of revaluation reserve for land			3,947		3,947						3,947
Net changes other than shareholders' equity (net)						75,891	(3,947)	17,414	89,359	(307)	89,043
Total changes during the fiscal year	—	—	15,427	876	16,312	75,891	(3,947)	17,414	89,359	(307)	105,365
Balance at March 31, 2021	\$145,081	\$120,377	\$663,824	\$(8,752)	\$920,522	\$154,114	\$58,007	\$ 7,298	\$219,429	\$1,860	\$1,141,830

Consolidated Statements of Cash Flows

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes	¥ 3,892	¥ 4,090	\$ 35,154
Depreciation	1,042	1,352	9,411
Impairment losses	728	492	6,575
Increase (decrease) in allowance for possible loan losses	1,350	(1,613)	12,194
Increase (decrease) in allowance for investment loss	(0)	(0)	(0)
Increase (decrease) in provision for bonuses	(26)	(9)	(234)
(Increase) decrease in net defined benefit asset	1,105	—	9,981
Increase (decrease) in net defined benefit liability	(867)	144	(7,831)
Increase (decrease) in reserve for directors' retirement benefits	(9)	(0)	(81)
Increase (decrease) in reserve for reimbursement of deposits	(72)	(98)	(650)
Interest income	(23,521)	(23,542)	(212,455)
Interest expenses	440	427	3,974
(Gain) loss on securities transactions	(678)	(1,540)	(6,124)
(Gain) loss on money held in trust	(12)	12	(108)
Net exchange (gain) loss	(2)	0	(18)
(Gain) loss on disposal of properties	(518)	6	(4,678)
Net (increase) decrease in loans and bills discounted	(251,147)	(43,635)	(2,268,512)
Net increase (decrease) in deposits	325,884	87,271	2,943,582
Net increase (decrease) in negotiable certificates of deposit	(541)	(782)	(4,886)
Net increase (decrease) in borrowed money (other than subordinated borrowings)	122,324	5,718	1,104,904
Net (increase) decrease in due from banks (other than the Bank of Japan)	381	(6,584)	3,441
Net (increase) decrease in call loans	18	(30)	162
Net increase (decrease) in call money	3,351	1,741	30,268
Net increase (decrease) in cash collateral received for securities lent	24,344	(5,348)	219,889
Net (increase) decrease in foreign exchange assets	1,049	(57)	9,475
Net increase (decrease) in foreign exchange liabilities	137	109	1,237
Net (increase) decrease in lease receivables and investment assets	202	(1,254)	1,824
Interest received	23,804	24,277	215,012
Interest paid	(484)	(466)	(4,371)
Other, net	45	13,332	406
Subtotal	232,223	54,009	2,097,579
Payments of income taxes	(685)	(3,184)	(6,187)
Refund of income taxes	663	88	5,988
Net cash provided by (used in) operating activities	232,201	50,914	2,097,380
Cash flows from investing activities:			
Purchase of securities	(212,555)	(201,192)	(1,919,925)
Proceeds from sales of securities	76,462	80,614	690,651
Redemption of securities	68,346	52,557	617,342
Decrease in money held in trust	12	—	108
Purchase of tangible fixed assets	(944)	(317)	(8,526)
Purchase of intangible fixed assets	(403)	(425)	(3,640)
Proceeds from sales of tangible fixed assets	1,222	71	11,037
Net cash provided by (used in) investing activities	(67,859)	(68,692)	(612,943)
Cash flows from financing activities:			
Payments of cash dividends	(1,173)	(1,172)	(10,595)
Purchase of treasury stock	(0)	(1)	(0)
Proceeds from exercise of stock options	0	0	0
Net cash provided by (used in) financing activities	(1,173)	(1,173)	(10,595)
Translation adjustments of cash and cash equivalents	2	(0)	18
Net increase (decrease) in cash and cash equivalents	163,170	(18,952)	1,473,850
Cash and cash equivalents at beginning of the year	207,554	226,506	1,874,753
Cash and cash equivalents at end of the year	¥370,725	¥207,554	\$3,348,613

Date of Establishment:	March 9, 1882	Number of Shareholders:	7,258
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:	78 (Saga: 47, Fukuoka: 27, Nagasaki: 3, Tokyo: 1)
Head Office:	7-20, Tojin 2-chome, Saga City, Saga, Japan	Number of Out-of-Branch ATMs:	78
Number of Employees:	1,249		

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

Directors and Corporate Auditors

(as of June 30, 2021)

Yoshihiro Jinnouchi	Chairman	Hidemitsu Muta	Director (General Manager, Saga Minami Block, General Manager, Head Office Business Department, and General Manager, Gofukumachi Branch)
Hideaki Sakai	Representative Director and President	Hiroshi Koso	Director (Deputy General Manager, Business Headquarters)
Kingo Tominaga	Representative Director and Senior Managing Director (General Manager, Business Headquarters)	Naoto Furutachi	Director
Kazuyuki Tsutsumi	Managing Director	Kentaro Tomiyoshi	Director
Shinzaburo Nakamura	Managing Director (General Manager, Operations Headquarters, and General Manager, DI Headquarters)	Yoshiaki Jono	Standing Corporate Auditor
Toru Unoike	Managing Director	Syuichi Idera	Corporate Auditor
Shigeyuki Yamasaki	Director (General Manager, Karatsu Block, General Manager, Karatsu Area, General Manager, Karatsu Branch, and General Manager, Karatsu Ekimae Branch)	Toshiaki Tanaka	Corporate Auditor
		Takumi Ikeda	Corporate Auditor

(Notes) 1. Directors Naoto Furutachi and Kentaro Tomiyoshi are Outside Directors as stipulated in Article 2, Paragraph 15 of the Companies Act.
2. Corporate Auditors Syuichi Idera, Toshiaki Tanaka and Takumi Ikeda are Outside Corporate Auditors as stipulated in Article 2, Paragraph 16 of the Companies Act.