

THE BANK OF SAGA

Annual Report 2024

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 2024” that summarizes the Bank’s management policies, as well as its business performance for fiscal 2023.

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 2024

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

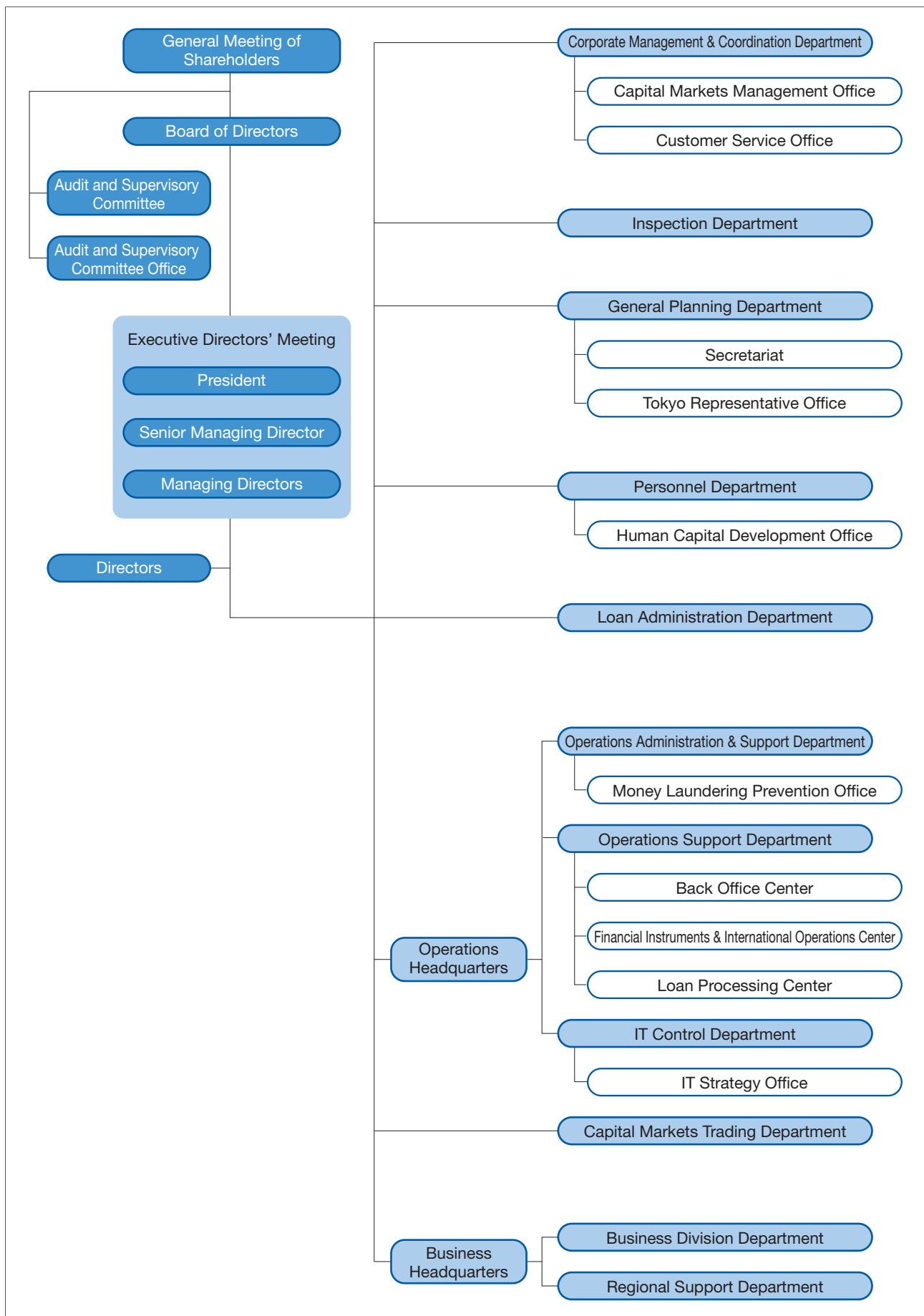
As a regional bank with its roots deeply embedded in the community, the Bank promotes the development of local industries and dedicates itself to assuring a high standard of living for regional residents and enriching the regional culture.

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.



Consolidated Balance Sheets

The Bank of Saga Ltd. and its consolidated subsidiaries
March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Assets:			
Cash and due from banks	¥ 201,844	¥ 72,968	\$ 1,333,095
Monetary claims bought	2,289	2,333	15,117
Money held in trust	9,854	862	65,081
Securities	690,060	697,091	4,557,558
Loans and bills discounted	2,192,445	2,180,479	14,480,186
Foreign exchanges	3,158	2,787	20,857
Lease receivables and investment assets	15,402	14,935	101,723
Other assets	12,931	11,653	85,403
Tangible fixed assets	24,049	23,293	158,833
Intangible fixed assets	1,439	945	9,503
Net defined benefit asset	4,603	1,835	30,400
Deferred tax assets	4,343	8,139	28,683
Customers' liabilities for acceptances and guarantees	11,887	9,083	78,508
Allowance for possible loan losses	(13,510)	(17,133)	(89,227)
Allowance for investment loss	(31)	(31)	(204)
Total assets	¥3,160,769	¥3,009,245	\$20,875,563
Liabilities:			
Deposits	¥2,946,716	¥2,786,872	\$19,461,832
Cash collateral received for securities lent	50,754	65,692	335,209
Borrowed money	6,575	6,442	43,425
Foreign exchanges	92	80	607
Other liabilities	18,099	27,194	119,536
Provision for bonuses	626	598	4,134
Net defined benefit liability	276	1,210	1,822
Reserve for directors' retirement benefits	16	10	105
Reserve for reimbursement of deposits	130	170	858
Deferred tax liabilities	20	120	132
Deferred tax liabilities for land revaluation	3,007	3,008	19,859
Acceptances and guarantees	11,887	9,083	78,508
Total liabilities	3,038,204	2,900,483	20,066,072
Net assets:			
Common stock	16,062	16,062	106,082
Capital surplus	13,327	13,327	88,019
Retained earnings	85,849	80,824	566,996
Treasury stock	(881)	(929)	(5,818)
Total shareholders' equity	114,356	109,284	755,273
Valuation difference on available-for-sale securities	(284)	(6,751)	(1,875)
Deferred gains or losses on hedges	34	—	224
Revaluation reserve for land	6,272	6,273	41,423
Remeasurements of defined benefit plans	1,907	(304)	12,594
Total accumulated other comprehensive income	7,930	(782)	52,374
Share acquisition rights	277	259	1,829
Total net assets	122,564	108,761	809,484
Total liabilities and net assets	¥3,160,769	¥3,009,245	\$20,875,563

Consolidated Income Statements

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Income			
Interest income:			
Loans and discounts	¥20,198	¥19,222	\$133,399
Securities	8,351	7,405	55,154
Others	338	488	2,232
Fees and commissions	8,702	8,337	57,473
Other operating income	9,631	8,519	63,608
Other income	6,038	4,287	39,878
Total income	53,260	48,262	351,760
Expenses			
Interest expenses:			
Deposits	122	579	805
Borrowings, call money and bills sold	19	63	125
Others	3,132	1,823	20,685
Fees and commissions payments	3,201	3,199	21,141
Other operating expenses	16,315	12,548	107,753
General and administrative expenses	20,394	19,903	134,693
Other expenses	2,382	2,572	15,732
Total expenses	45,569	40,692	300,964
Income before income taxes	7,690	7,569	50,789
Income taxes:			
Current	980	1,805	6,472
Deferred	491	273	3,242
Total income taxes	1,472	2,078	9,721
Net income	6,218	5,491	41,067
Net income attributable to owners of parent	¥ 6,218	¥ 5,491	\$ 41,067
	Yen		U.S. dollars
Per share of common stock:			
Basic net income	¥370.09	¥327.05	\$ 2.44
Diluted net income	366.50	324.04	2.42

Consolidated Statements of Comprehensive Income

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net income	¥ 6,218	¥ 5,491	\$ 41,067
Other comprehensive income:	8,713	(11,371)	57,545
Valuation difference on available-for-sale securities	6,467	(11,016)	42,711
Deferred gains or losses on hedges	34	—	224
Remeasurements of defined benefit plans	2,212	(355)	14,609
Comprehensive income	¥14,932	¥ (5,880)	\$ 98,619
(Breakdown)			
Comprehensive income attributable to owners of parent	¥14,932	¥ (5,880)	\$ 98,619

Consolidated Statements of Changes in Net Assets

The Bank of Saga Ltd. and its consolidated subsidiaries
Year ended March 31, 2024

	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	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at April 1, 2023	¥16,062	¥13,327	¥80,824	¥(929)	¥109,284	¥(6,751)	¥—	¥6,273	¥ (304)	¥ (782)	¥259	¥108,761
Changes during the fiscal year												
Dividends from surplus			(1,175)		(1,175)							(1,175)
Net income attributable to owners of parent			6,218		6,218							6,218
Purchase of treasury stock				(1)	(1)							(1)
Disposal of treasury stock			(19)	49	29							29
Reversal of revaluation reserve for land			1		1							1
Net changes other than shareholders' equity (net)						6,467	34	(1)	2,212	8,712	17	8,730
Total changes during the fiscal year	—	—	5,024	47	5,072	6,467	34	(1)	2,212	8,712	17	13,802
Balance at March 31, 2024	¥16,062	¥13,327	¥85,849	¥(881)	¥114,356	¥ (284)	¥34	¥6,272	¥1,907	¥7,930	¥277	¥122,564

	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	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Total net assets
Balance at April 1, 2023	\$106,082	\$88,019	\$533,808	\$(6,135)	\$721,775	\$(44,587)	\$ —	\$41,430	\$ (2,007)	\$ (5,164)	\$1,710	\$718,321
Changes during the fiscal year												
Dividends from surplus			(7,760)		(7,760)							(7,760)
Net income attributable to owners of parent			41,067		41,067							41,067
Purchase of treasury stock				(6)	(6)							(6)
Disposal of treasury stock			(125)	323	191							191
Reversal of revaluation reserve for land			6		6							6
Net changes other than shareholders' equity (net)						42,711	224	(6)	14,609	57,539	112	57,658
Total changes during the fiscal year	—	—	33,181	310	33,498	42,711	224	(6)	14,609	57,539	112	91,156
Balance at March 31, 2024	\$106,082	\$88,019	\$566,996	\$(5,818)	\$755,273	\$ (1,875)	\$224	\$41,423	\$12,594	\$52,374	\$1,829	\$809,484

Consolidated Statements of Cash Flows

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash flows from operating activities:			
Income before income taxes	¥ 7,690	¥ 7,569	\$ 50,789
Depreciation	1,007	842	6,650
Impairment losses	6	129	39
Increase (decrease) in allowance for possible loan losses	(3,622)	(98)	(23,921)
Increase (decrease) in allowance for investment loss	(0)	(0)	(0)
Increase (decrease) in provision for bonuses	27	(16)	178
(Increase) decrease in net defined benefit asset	(527)	(1,804)	(3,480)
Increase (decrease) in net defined benefit liability	3	(353)	19
Increase (decrease) in reserve for directors' retirement benefits	5	(8)	33
Increase (decrease) in reserve for reimbursement of deposits	(39)	(50)	(257)
Interest income	(28,887)	(27,117)	(190,786)
Interest expenses	3,275	2,468	21,630
(Gain) loss on securities transactions	1,864	2,086	12,310
(Gain) loss on money held in trust	—	(3)	—
Net exchange (gain) loss	(1)	4	(6)
(Gain) loss on disposal of properties	(225)	(96)	(1,486)
Net (increase) decrease in loans and bills discounted	(11,965)	(34,418)	(79,023)
Net increase (decrease) in deposits	159,908	(9,348)	1,056,125
Net increase (decrease) in negotiable certificates of deposit	(64)	(114)	(422)
Net increase (decrease) in borrowed money (other than subordinated borrowings)	132	(147,712)	871
Net (increase) decrease in due from banks (other than the Bank of Japan)	4,922	(4,863)	32,507
Net (increase) decrease in call loans	43	(169)	283
Net increase (decrease) in call money	—	(5,874)	—
Net increase (decrease) in cash collateral received for securities lent	(14,937)	17,329	(98,652)
Net (increase) decrease in foreign exchange assets	(370)	746	(2,443)
Net increase (decrease) in foreign exchange liabilities	12	(68)	79
Net (increase) decrease in lease receivables and investment assets	467	185	3,084
Interest received	27,032	26,487	178,535
Interest paid	(3,232)	(2,363)	(21,346)
Other, net	(28,068)	(9,592)	(185,377)
Subtotal	114,457	(186,225)	755,940
Payments of income taxes	(1,403)	(2,592)	(9,266)
Refund of income taxes	2	—	13
Net cash provided by (used in) operating activities	113,056	(188,817)	746,687
Cash flows from investing activities:			
Purchase of securities	(312,601)	(307,650)	(2,064,599)
Proceeds from sales of securities	265,272	177,868	1,752,011
Redemption of securities	80,275	86,984	530,182
Increase in money held in trust	(9,000)	—	(59,441)
Decrease in money held in trust	6	3	39
Purchase of tangible fixed assets	(1,583)	(1,132)	(10,455)
Purchase of intangible fixed assets	(811)	(223)	(5,356)
Proceeds from sales of tangible fixed assets	357	427	2,357
Net cash provided by (used in) investing activities	21,915	(43,722)	144,739
Cash flows from financing activities:			
Payments of cash dividends	(1,174)	(1,173)	(7,753)
Purchase of treasury stock	(1)	(10)	(6)
Proceeds from exercise of stock options	0	0	0
Net cash provided by (used in) financing activities	(1,176)	(1,184)	(7,766)
Translation adjustments of cash and cash equivalents	1	(4)	6
Net increase (decrease) in cash and cash equivalents	133,797	(233,728)	883,673
Cash and cash equivalents at beginning of the year	66,380	300,109	438,412
Cash and cash equivalents at end of the year	¥ 200,178	¥ 66,380	\$ 1,322,092

Date of Establishment:	March 9, 1882
Date of Incorporation:	July 11, 1955
Capital:	¥16,062 million
Head Office:	7-20, Tojin 2-chome, Saga City, Saga, Japan
Number of Employees:	1,143

Number of Shareholders:	7,737
Number of Branches:	103 (Saga: 61, Fukuoka: 38, Nagasaki: 3, Tokyo: 1)
Number of Sales Branches:	72 (Saga: 42, Fukuoka: 26, Nagasaki: 3, Tokyo: 1)
Number of Out-of-Branch ATMs:	62

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

Directors and Corporate Auditors

(as of June 30, 2024)

Hideaki Sakai	Representative Director and President
Toru Unoike	Senior Managing Director General Manager, Business Headquarters (Representative Director)
Hiroshi Koso	Managing Director
Yoshiaki Jono	Managing Director
Makoto Noguchi	Managing Director General Manager, Operations Headquarters
Yoichiro Kuchiishi	Director General Manager, Saga Minami Block General Manager, Head Office Business Department General Manager, Gofukumachi Branch
Koji Kanagae	Director General Manager, Karatsu Block General Manager, Karatsu Branch General Manager, Karatsu Ekimae Branch
Sadaki Sakai	Director Deputy General Manager, Business Headquarters General Manager, Business Department

Hideki Nakashima	Director General Manager, Fukuoka Chuo Block General Manager, Fukuoka Branch General Manager, Watanabedori Branch General Manager, Tenjin Branch
Kentaro Tomiyoshi	Outside Director
Keiji Kono	Outside Director
Koichiro Miyoshi	Director; Audit and Supervisory Committee Member
Toshiaki Tanaka	Outside Director; Audit and Supervisory Committee Member
Takumi Ikeda	Outside Director; Audit and Supervisory Committee Member
Emi Fukuda	Outside Director; Audit and Supervisory Committee Member