

THE BANK OF SAGA

Annual Report 2025

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 2025” that summarizes the Bank’s management policies, as well as its business performance for fiscal 2024.

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 2025

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

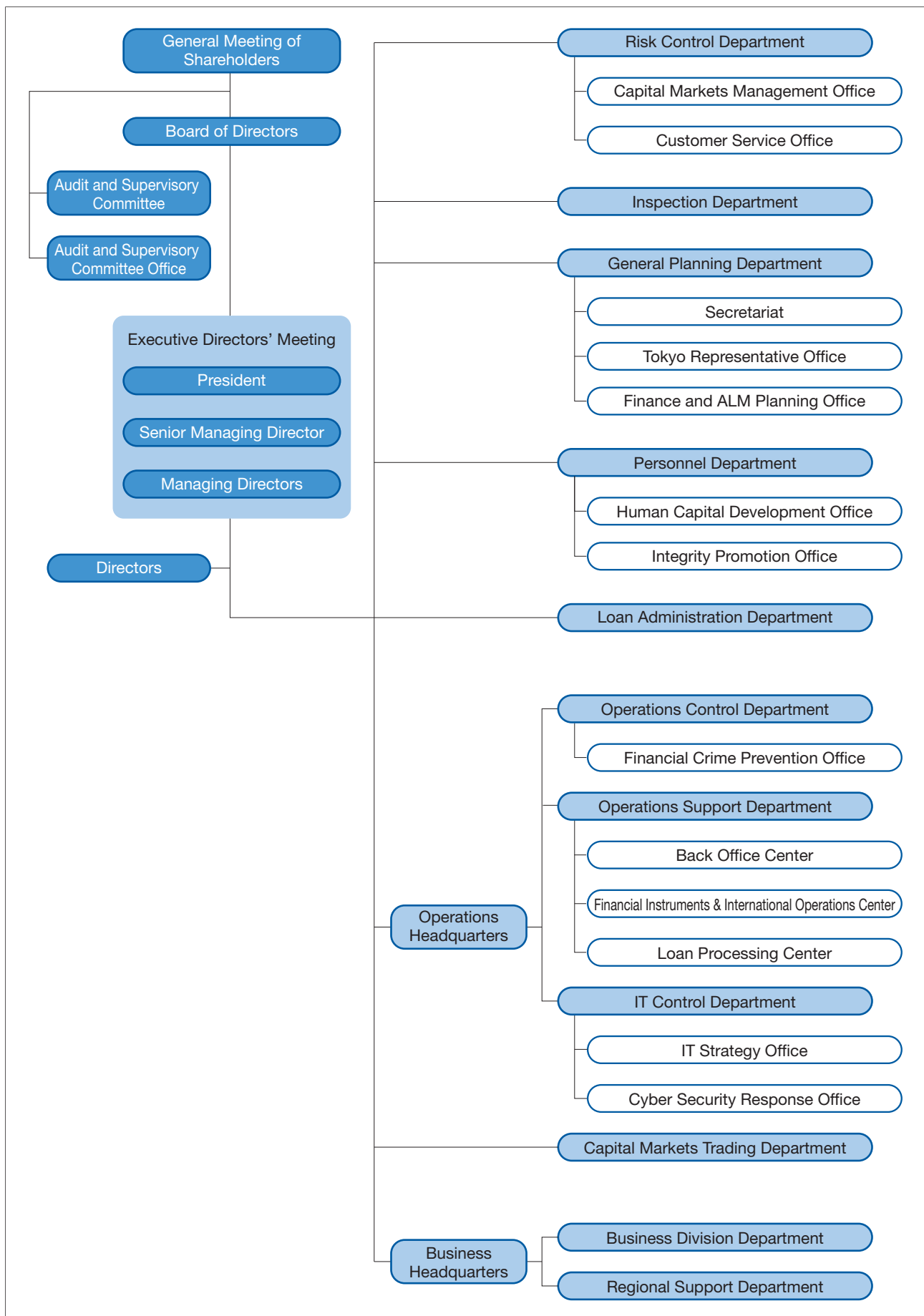
As a regional bank with its roots deeply embedded in the community, the Bank promotes the development of local industries and dedicates itself to assuring a high standard of living for regional residents and enriching the regional culture.

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, 2025 and 2024

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------------------------|-------------------|-------------------|------------------------------|
| | 2025 | 2024 | 2025 |
| Assets: | | | |
| Cash and due from banks | ¥ 270,964 | ¥ 201,844 | \$ 1,812,225 |
| Monetary claims bought | 2,359 | 2,289 | 15,777 |
| Money held in trust | 1,008 | 9,854 | 6,741 |
| Securities | 578,901 | 690,060 | 3,871,729 |
| Loans and bills discounted | 2,248,279 | 2,192,445 | 15,036,643 |
| Foreign exchanges | 2,356 | 3,158 | 15,757 |
| Lease receivables and investment assets | 16,463 | 15,402 | 110,105 |
| Other assets | 11,786 | 12,931 | 78,825 |
| Tangible fixed assets | 25,384 | 24,049 | 169,769 |
| Intangible fixed assets | 2,335 | 1,439 | 15,616 |
| Net defined benefit asset | 6,513 | 4,603 | 43,559 |
| Deferred tax assets | 9,528 | 4,605 | 63,723 |
| Customers' liabilities for acceptances and guarantees | 14,045 | 11,887 | 93,933 |
| Allowance for possible loan losses | (12,108) | (13,510) | (80,979) |
| Allowance for investment loss | (31) | (31) | (207) |
| Total assets | ¥3,177,787 | ¥3,161,031 | \$21,253,257 |
| Liabilities: | | | |
| Deposits | ¥2,966,153 | ¥2,946,716 | \$19,837,834 |
| Cash collateral received for securities lent | 38,768 | 50,754 | 259,283 |
| Borrowed money | 6,427 | 6,575 | 42,984 |
| Foreign exchanges | 590 | 92 | 3,945 |
| Other liabilities | 31,353 | 18,099 | 209,691 |
| Provision for bonuses | 624 | 626 | 4,173 |
| Net defined benefit liability | 272 | 276 | 1,819 |
| Reserve for directors' retirement benefits | 8 | 16 | 53 |
| Reserve for reimbursement of deposits | 114 | 130 | 762 |
| Deferred tax liabilities for land revaluation | 3,051 | 3,007 | 20,405 |
| Acceptances and guarantees | 14,045 | 11,887 | 93,933 |
| Total liabilities | 3,061,412 | 3,038,184 | 20,474,933 |
| Net assets: | | | |
| Common stock | 16,062 | 16,062 | 107,423 |
| Capital surplus | 13,327 | 13,327 | 89,131 |
| Retained earnings | 91,469 | 86,131 | 611,750 |
| Treasury stock | (121) | (881) | (809) |
| Total shareholders' equity | 120,737 | 114,639 | 807,497 |
| Valuation difference on available-for-sale securities | (13,609) | (284) | (91,017) |
| Deferred gains or losses on hedges | 728 | 34 | 4,868 |
| Revaluation reserve for land | 6,290 | 6,272 | 42,067 |
| Remeasurements of defined benefit plans | 2,051 | 1,907 | 13,717 |
| Total accumulated other comprehensive income | (4,538) | 7,930 | (30,350) |
| Share acquisition rights | 175 | 277 | 1,170 |
| Total net assets | 116,374 | 122,847 | 778,317 |
| Total liabilities and net assets | ¥3,177,787 | ¥3,161,031 | \$21,253,257 |

Consolidated Income Statements

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2025 and 2024

| | Millions of yen | | Thousands of U.S. dollars |
|----------------------------------------------------|-----------------|----------------|---------------------------|
| | 2025 | 2024 | 2025 |
| Income | | | |
| Interest income: | | | |
| Loans and discounts | ¥22,062 | ¥20,198 | \$147,552 |
| Securities | 9,544 | 8,351 | 63,830 |
| Others | 452 | 338 | 3,023 |
| Fees and commissions | 9,635 | 8,702 | 64,439 |
| Other operating income | 8,828 | 9,631 | 59,042 |
| Other income | 4,708 | 6,038 | 31,487 |
| Total income | 55,231 | 53,260 | 369,388 |
| Expenses | | | |
| Interest expenses: | | | |
| Deposits | 1,634 | 122 | 10,928 |
| Borrowings, call money and bills sold | 32 | 19 | 214 |
| Others | 2,092 | 3,132 | 13,991 |
| Fees and commissions payments | 3,427 | 3,201 | 22,920 |
| Other operating expenses | 15,986 | 16,315 | 106,915 |
| General and administrative expenses | 20,120 | 20,394 | 134,563 |
| Other expenses | 1,471 | 2,382 | 9,838 |
| Total expenses | 44,769 | 45,569 | 299,418 |
| Income before income taxes | 10,462 | 7,690 | 69,970 |
| Income taxes: | | | |
| Current | 2,301 | 980 | 15,389 |
| Deferred | 664 | 491 | 4,440 |
| Total income taxes | 2,965 | 1,472 | 19,830 |
| Net income | 7,496 | 6,218 | 50,133 |
| Net income attributable to owners of parent | ¥ 7,496 | ¥ 6,218 | \$ 50,133 |
| | Yen | | U.S. dollars |
| Per share of common stock: | | | |
| Basic net income | ¥444.35 | ¥370.09 | \$ 2.97 |
| Diluted net income | 441.27 | 366.50 | 2.95 |

Consolidated Statements of Comprehensive Income

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2025 and 2024

| | Millions of yen | | Thousands of U.S. dollars |
|-------------------------------------------------------|------------------|----------------|---------------------------|
| | 2025 | 2024 | 2025 |
| Net income | ¥ 7,496 | ¥ 6,218 | \$ 50,133 |
| Other comprehensive income: | (12,575) | 8,713 | (84,102) |
| Valuation difference on available-for-sale securities | (13,324) | 6,467 | (89,111) |
| Deferred gains or losses on hedges | 694 | 34 | 4,641 |
| Revaluation reserve for land | (87) | — | (581) |
| Remeasurements of defined benefit plans | 143 | 2,212 | 956 |
| Comprehensive income | ¥ (5,078) | ¥14,932 | \$(33,962) |
| (Breakdown) | | | |
| Comprehensive income attributable to owners of parent | ¥ (5,078) | ¥14,932 | \$(33,962) |

Consolidated Statements of Changes in Net Assets

The Bank of Saga Ltd. and its consolidated subsidiaries
Year ended March 31, 2025

| | 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, 2024 | ¥16,062 | ¥13,327 | ¥86,131 | ¥(881) | ¥114,639 | ¥ (284) | ¥ 34 | ¥6,272 | ¥1,907 | ¥ 7,930 | ¥ 277 | ¥122,847 |
| Changes during the fiscal year | | | | | | | | | | | | |
| Dividends from surplus | | | (1,432) | | (1,432) | | | | | | | (1,432) |
| Net income attributable to owners of parent | | | 7,496 | | 7,496 | | | | | | | 7,496 |
| Purchase of treasury stock | | | | (2) | (2) | | | | | | | (2) |
| Disposal of treasury stock | | | (83) | 225 | 142 | | | | | | | 142 |
| Cancellation of treasury stock | | | (537) | 537 | — | | | | | | | — |
| Reversal of revaluation reserve for land | | | (105) | | (105) | | | | | | | (105) |
| Net changes other than shareholders' equity (net) | | | | | | (13,324) | 694 | 18 | 143 | (12,469) | (101) | (12,570) |
| Total changes during the fiscal year | — | — | 5,338 | 760 | 6,098 | (13,324) | 694 | 18 | 143 | (12,469) | (101) | (6,472) |
| Balance at March 31, 2025 | ¥16,062 | ¥13,327 | ¥91,469 | ¥(121) | ¥120,737 | ¥(13,609) | ¥728 | ¥6,290 | ¥2,051 | ¥ (4,538) | ¥ 175 | ¥116,374 |

| | 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, 2024 | \$107,423 | \$89,131 | \$576,050 | \$ (5,892) | \$766,713 | \$ (1,899) | \$ 227 | \$41,947 | \$12,754 | \$ 53,036 | \$1,852 | \$821,609 |
| Changes during the fiscal year | | | | | | | | | | | | |
| Dividends from surplus | | | (9,577) | | (9,577) | | | | | | | (9,577) |
| Net income attributable to owners of parent | | | 50,133 | | 50,133 | | | | | | | 50,133 |
| Purchase of treasury stock | | | | (13) | (13) | | | | | | | (13) |
| Disposal of treasury stock | | | (555) | 1,504 | 949 | | | | | | | 949 |
| Cancellation of treasury stock | | | (3,591) | 3,591 | — | | | | | | | — |
| Reversal of revaluation reserve for land | | | (702) | | (702) | | | | | | | (702) |
| Net changes other than shareholders' equity (net) | | | | | | (89,111) | 4,641 | 120 | 956 | (83,393) | (675) | (84,069) |
| Total changes during the fiscal year | — | — | 35,700 | 5,082 | 40,783 | (89,111) | 4,641 | 120 | 956 | (83,393) | (675) | (43,285) |
| Balance at March 31, 2025 | \$107,423 | \$89,131 | \$611,750 | \$ (809) | \$807,497 | \$(91,017) | \$4,868 | \$42,067 | \$13,717 | \$(30,350) | \$1,170 | \$778,317 |

Consolidated Statements of Cash Flows

The Bank of Saga Ltd. and its consolidated subsidiaries
Years ended March 31, 2025 and 2024

| | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------------------------------------------------------|-----------------|-----------|------------------------------|
| | 2025 | 2024 | 2025 |
| Cash flows from operating activities: | | | |
| Income before income taxes | ¥ 10,462 | ¥ 7,690 | \$ 69,970 |
| Depreciation | 1,248 | 1,007 | 8,346 |
| Impairment losses | 349 | 6 | 2,334 |
| Increase (decrease) in allowance for possible loan losses | (1,401) | (3,622) | (9,369) |
| Increase (decrease) in allowance for investment loss | (0) | (0) | (0) |
| Increase (decrease) in provision for bonuses | (1) | 27 | (6) |
| (Increase) decrease in net defined benefit asset | (1,665) | (527) | (11,135) |
| Increase (decrease) in net defined benefit liability | (4) | 3 | (26) |
| Increase (decrease) in reserve for directors' retirement benefits | (7) | 5 | (46) |
| Increase (decrease) in reserve for reimbursement of deposits | (16) | (39) | (107) |
| Interest income | (32,059) | (28,887) | (214,412) |
| Interest expenses | 3,761 | 3,275 | 25,153 |
| (Gain) loss on securities transactions | 390 | 1,864 | 2,608 |
| Net exchange (gain) loss | 0 | (1) | 0 |
| (Gain) loss on disposal of properties | 50 | (225) | 334 |
| Net (increase) decrease in loans and bills discounted | (55,834) | (11,965) | (373,421) |
| Net increase (decrease) in deposits | (26,570) | 159,908 | (177,701) |
| Net increase (decrease) in negotiable certificates of deposit | 46,007 | (64) | 307,697 |
| Net increase (decrease) in borrowed money (other than subordinated borrowings) | (147) | 132 | (983) |
| Net (increase) decrease in due from banks (other than the Bank of Japan) | 1,127 | 4,922 | 7,537 |
| Net (increase) decrease in call loans | (69) | 43 | (461) |
| Net increase (decrease) in cash collateral received for securities lent | (11,986) | (14,937) | (80,163) |
| Net (increase) decrease in foreign exchange assets | 802 | (370) | 5,363 |
| Net increase (decrease) in foreign exchange liabilities | 498 | 12 | 3,330 |
| Net (increase) decrease in lease receivables and investment assets | 1,060 | 467 | 7,089 |
| Interest received | 31,123 | 27,032 | 208,152 |
| Interest paid | (3,338) | (3,232) | (22,324) |
| Other, net | 13,145 | (28,068) | 87,914 |
| Subtotal | (23,074) | 114,457 | (154,320) |
| Payments of income taxes | (992) | (1,403) | (6,634) |
| Refund of income taxes | 340 | 2 | 2,273 |
| Net cash provided by (used in) operating activities | (23,726) | 113,056 | (158,681) |
| Cash flows from investing activities: | | | |
| Purchase of securities | (208,810) | (312,601) | (1,396,535) |
| Proceeds from sales of securities | 219,168 | 265,272 | 1,465,810 |
| Redemption of securities | 80,123 | 80,275 | 535,868 |
| Increase in money held in trust | — | (9,000) | — |
| Decrease in money held in trust | 8,844 | 6 | 59,149 |
| Purchase of tangible fixed assets | (2,581) | (1,583) | (17,261) |
| Purchase of intangible fixed assets | (1,354) | (811) | (9,055) |
| Proceeds from sales of tangible fixed assets | 16 | 357 | 107 |
| Net cash provided by (used in) investing activities | 95,407 | 21,915 | 638,088 |
| Cash flows from financing activities: | | | |
| Payments of cash dividends | (1,430) | (1,174) | (9,563) |
| Purchase of treasury stock | (2) | (1) | (13) |
| Proceeds from exercise of stock options | 0 | 0 | 0 |
| Net cash provided by (used in) financing activities | (1,433) | (1,176) | (9,584) |
| Translation adjustments of cash and cash equivalents | (0) | 1 | (0) |
| Net increase (decrease) in cash and cash equivalents | 70,247 | 133,797 | 469,816 |
| Cash and cash equivalents at beginning of the year | 200,178 | 66,380 | 1,338,804 |
| Cash and cash equivalents at end of the year | ¥ 270,425 | ¥ 200,178 | \$ 1,808,620 |

| | |
|------------------------|------------------------------------------------|
| 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: | 1,131 |

| | |
|-------------------------------|-------------------------------------------------------|
| Number of Shareholders: | 7,925 |
| Number of Branches: | 103 (Saga: 61, Fukuoka: 38, Nagasaki: 3, Tokyo: 1) |
| Number of Sales Branches: | 71 (Saga: 41, Fukuoka: 26, Nagasaki: 3, Tokyo: 1) |
| Number of Out-of-Branch ATMs: | 61 |

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

Directors and Corporate Auditors

(as of June 30, 2025)

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

| | |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hideki Nakashima | Director General Manager, Fukuoka Chuo Block General Manager, Fukuoka Branch General Manager, Watanabedori Branch General Manager, Tenjin Branch |
| Masaru Aratsu | Director, General Manager, General Planning Department |
| Kazuya Shirahama | Director, General Manager, Business Department, Business Headquarters |
| Koichiro Miyoshi | Director; Audit and Supervisory Committee Member |
| Kentaro Tomiyoshi | Outside Director |
| Keiji Kono | Outside Director |
| Toshiaki Tanaka | Outside Director Serving as Audit and Supervisory Committee Member |
| Takumi Ikeda | Outside Director Serving as Audit and Supervisory Committee Member |
| Emi Fukuda | Outside Director Serving as Audit and Supervisory Committee Member |
| Koji Tamura | Outside Director Serving as Audit and Supervisory Committee Member |