

Profile of NAGANO BANK

2022

Financial Statements

March 31, 2022



NAGANO BANK

## *Profile*

Nagano Bank is a regional bank established in 1950. It is based in Nagano Prefecture in central Japan. Since its founding, the bank has worked tirelessly to contribute to local communities by offering a wide range of financial products and services.

As of March 31, 2022, we operate 52 branches in Nagano Prefecture and 1 branch in Tokyo. At the same time, total deposits stood at ¥1,073 billion (US\$8,774 million) and total assets at ¥1,259 billion (US\$10,292 million).

Moreover, the bank got listed in the Second Section of the Tokyo Stock Exchange in March 1997. The listing was subsequently moved to the First Section in September 1998, and additional capital was raised via third-party allotments of shares in 1999 to further improve the bank's equity and gradually build a strong business foundation. Moreover, after the restructuring of the Tokyo Stock Exchange in April 2022, Nagano Bank is now listed on the Standard Market.

## *Message from the Management*

I would like to express my appreciation to all stakeholders for their patronage and loyal support of Nagano Bank. We have published this disclosure report to provide stakeholders with a deeper understanding of the bank's operations and an easy-to-understand explanation of our business results and initiatives for the fiscal year that ended on March 31, 2022. We hope you will take the time to read this disclosure report and find it useful.

In accordance with the 11th medium-term management plan Nagano Bank began implementing in 2019 under the slogan "Continuous innovation and progress", we are focusing on small and medium-sized businesses and retail customers to position ourselves as "Nagano Prefecture's home bank." That will enable us to streamline the expansion of our business operations and management practices, thereby becoming even more efficient.

The economy of Nagano Prefecture is the foundation of our business, which is why the uncertainties surrounding the COVID-19 pandemic have become a heavy burden for us as well. Tourism is a major local industry and will probably take a long time to rebound. We also operate in an environment difficult for our customers and the regional economy, facing issues such as rising commodity and energy prices and a declining population.

These are the circumstances in which we have begun implementing our 12th medium-term management plan in April 2022. With the slogan "Creating a future for you and with you — towards new community values", we aim to be a reliable regional partner for everyone by offering valuable and comprehensive financial services to facilitate the growth and development of the local economy. To achieve that, we will come together and pursue these aims every single day.

July 2022



Hitoshi Nishizawa, President

## Non-Consolidated Balance Sheets

As of March 31, 2022 and 2021

	Millions of yen		Thousands of U.S.dollars
	2022	2021	2022
<b>Assets</b>			
Cash and due from banks	¥ 193,924	¥ 113,239	\$ 1,584,483
Call loans	5,000	10,000	40,853
Securities	395,282	374,608	3,229,700
Loans and bills discounted	647,880	642,404	5,293,571
Foreign exchanges	2,343	2,485	19,146
Other assets	9,284	10,527	75,862
Tangible fixed assets	8,503	8,770	69,479
Intangible fixed assets	616	612	5,037
Prepaid pension cost	694	640	5,674
Deferred tax assets	822	—	6,718
Customers' liabilities for acceptances and guarantees	1,556	1,403	12,715
Allowance for loan losses	(6,213)	(6,181)	(50,765)
<b>Total assets</b>	<b>¥ 1,259,696</b>	<b>¥ 1,158,511</b>	<b>\$ 10,292,478</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits	¥ 1,073,849	¥ 1,052,012	\$ 8,774,000
Borrowed money	127,814	43,446	1,044,324
Foreign exchanges	0	—	0
Bonds with subscription rights to shares	—	2,965	—
Other liabilities	9,085	5,138	74,235
Provisions	973	1,016	7,954
Deferred tax liability	—	1,507	—
Acceptances and guarantees	1,556	1,403	12,715
<b>Total liabilities</b>	<b>¥ 1,213,280</b>	<b>¥ 1,107,492</b>	<b>\$ 9,913,229</b>
<b>Net assets</b>			
Capital stock	¥ 13,017	¥ 13,017	\$ 106,360
Capital surplus	9,681	9,681	79,100
Retained earnings	23,973	23,196	195,880
Treasury stock	(585)	(598)	(4,787)
<b>Total shareholders' equity</b>	<b>¥ 46,086</b>	<b>¥ 45,296</b>	<b>\$ 376,554</b>
<b>Total valuation and translation adjustments</b>	<b>¥ 328</b>	<b>¥ 5,721</b>	<b>\$ 2,685</b>
Subscription rights to shares	1	1	9
<b>Total net assets</b>	<b>¥ 46,416</b>	<b>¥ 51,019</b>	<b>\$ 379,248</b>
<b>Total liabilities and net assets</b>	<b>¥ 1,259,696</b>	<b>¥ 1,158,511</b>	<b>\$ 10,292,478</b>

Notes:1. Japanese yen figures are expressed in millions. Broken-down numbers may therefore not add up to the indicated sum total.

2. The U.S. dollar amount corresponds to an exchange rate of JPY 122.39 to USD 1.00, the rate prevailing as of March 31, 2022 (last business day of the fiscal year).

**Non-Consolidated Statements of Income**

For the years ended March 31, 2022 and 2021

	millions of yen		Thousands of U.S.dollars
	2022	2021	2022
<b>Income</b>			
Interest on loans and discounts	¥ 7,570	¥ 7,765	\$ 61,854
Interest and dividends on securities	3,522	5,908	28,784
Interest on call loans	6	5	51
Other interest income	191	42	1,562
Fees and commissions	1,665	1,411	13,605
Other operating income	628	776	5,135
Other income	914	844	7,468
<b>Total income</b>	<b>¥ 14,498</b>	<b>¥ 16,754</b>	<b>\$ 118,462</b>
<b>Expenses</b>			
Interest on deposits	¥ 119	¥ 188	\$ 978
Interest on call money	(0)	(0)	(0)
Other interest expenses	45	73	372
Fees and commissions	1,504	1,528	12,291
Other operating expenses	770	2,432	6,298
General and administrative expenses	9,589	10,020	78,348
Other expenses	727	950	5,940
<b>Total expenses</b>	<b>¥ 12,756</b>	<b>¥ 15,192</b>	<b>\$ 104,229</b>
Income before income taxes	1,741	1,561	\$ 14,232
Income taxes-current	484	440	3,958
Income taxes-deferred	26	30	216
<b>Net income</b>	<b>¥ 1,231</b>	<b>¥ 1,090</b>	<b>\$ 10,058</b>

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***Loans based on the Financial Reconstruction Act  
as well as the status of risk-monitored loans***

As of March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Bankrupt and quasi-bankrupt loans <sup>1</sup>	¥ 4,134	¥ 4,101	\$ 33,782
Doubtful loans <sup>2</sup>	10,362	11,035	84,665
Substandard loans <sup>3</sup>	1,820	288	14,871
Loans delinquent for 3 months or more <sup>4</sup>	—	—	—
Restructured loans <sup>5</sup>	1,820	288	14,871
Subtotal	16,317	15,425	133,319
Performing loans	637,341	631,545	5,207,460
<b>Total</b>	<b>¥ 653,658</b>	<b>¥ 646,971</b>	<b>\$ 5,340,779</b>

- Notes:
1. Bankrupt and quasi-bankrupt loans are loans where either bankruptcy proceedings or a reorganization or rehabilitation process has commenced after the debtor has been declared bankrupt or quasi-bankrupt.
  2. Doubtful loans are loans where debtors have not been declared bankrupt but their financial position or operating result has deteriorated and contractually due loan repayments or interest payments are unlikely to be made.
  3. Substandard loans are loans delinquent for 3 months or more or loans that have been restructured.
  4. Loans delinquent for 3 months or more are loans where loan repayments or interest payments were due, as contractually agreed, at least three months prior, but where the loan cannot be classified as "bankrupt and quasi-bankrupt" or "doubtful".
  5. Restructured loans are loans where the debtor aspires to a management reorganization or seeks support in the form of a reduced interest rate, deferred interest payments, deferred loan repayments, debt forgiveness, or other agreements beneficial to the debtor to ensure that "bankrupt and quasi-bankrupt", "doubtful", or "delinquent" conditions do not apply.
  6. Japanese yen figures are expressed in millions. Broken-down numbers may therefore not add up to the indicated sum total.
  7. The U.S. dollar amount corresponds to an exchange rate of JPY 122.39 to USD 1.00, the rate prevailing as of March 31, 2022 (last business day of the fiscal year).

## Risk Management System

Evolving regulatory frameworks, internationalization and derivatives trading are only some of the elements of the changing world of finance.

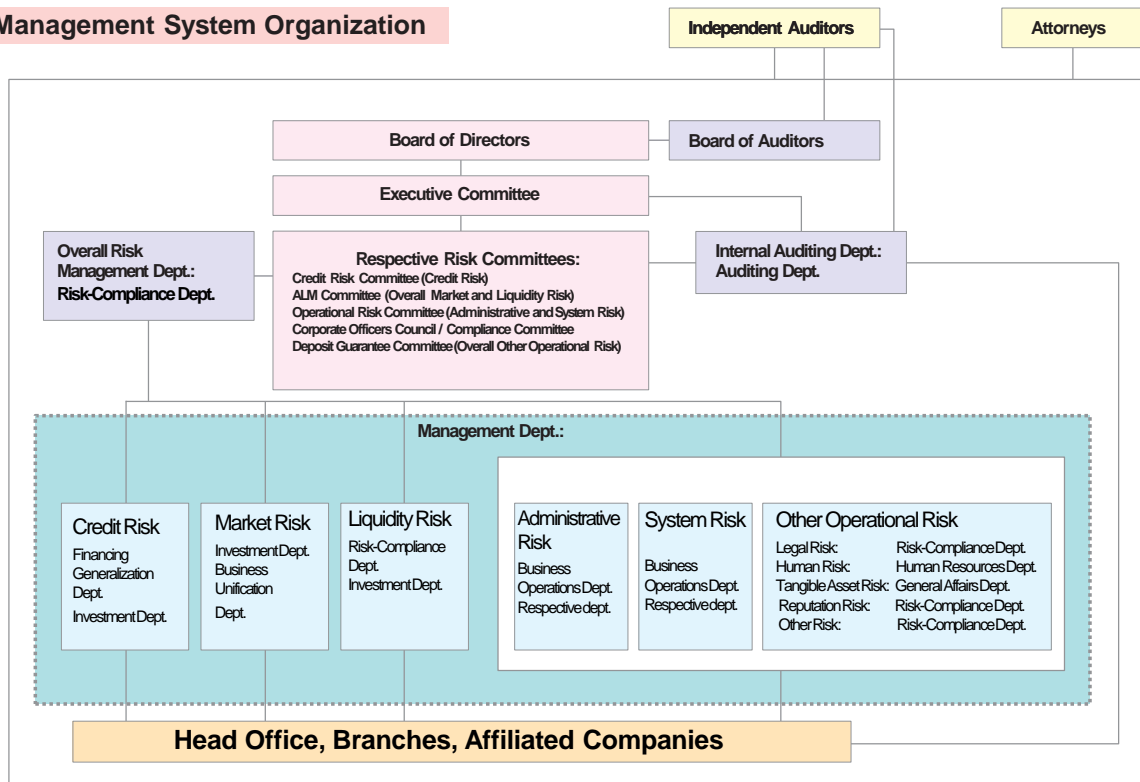
It is necessary to ensure more diversification and find ways to deal with increasingly complex settings for financial organizations to be able to find new business opportunities. For this reason, risk management in the financial sector is more important than ever.

To ensure that our financial situation remains sound and revenue growth develops as anticipated within this environment, we consider risk management an issue of the highest priority and therefore engage in ongoing efforts to strengthen our comprehensive risk management system.

The main risks financial institutions are exposed to include credit risk, market risk, liquidity risk and operational risk. To adequately address these issues, Nagano Bank has drafted internal policies and regulations to clearly define responsibilities within the organization in regards to risk management. Furthermore, to monitor the effectiveness of our risk management system, we conduct internal audits that are carried out by the Main Audit Department and also implement external audits performed by an affiliated certified accountant. In addition, to align the risk management practices of our entire organization, we have established a Risk Management Section within the Risk-Compliance Department.

Also, we provide integrated management of “earnings, risks and capital” by applying this comprehensive risk management to Risk Appetitive Framework. The frame of risk management will develop into the frame of business management.

### Risk Management System Organization



## Corporate Data

As of March 31, 2022

Founded: November 1950  
Capital stock: ¥13,017 million  
Number of Employees: 633

## Board of Directors

As of June 30, 2022

<b>President</b>	Hitoshi Nishizawa	<b>Directors</b>	Kazuyuki Koide	<b>Standing Auditor</b>	Shinji Horikawa
<b>Managing Directors</b>	Koichi Osawa		Hiroyuki Agata	<b>Auditors</b>	Mika Godo
	Sachio Miyazaki		Jun Yamashita		Hayato Todoroki
			Sayuri Uchikawa		Seiichiro Furihata
			Keizo Futatsugi		
			Akira Iguchi		

## Service Network

As of March 31, 2022

**Head Office** Address: 2-9-38, Nagisa, Matsumoto City,  
Nagano 390-8708, Japan  
Phone: +81-263-27-3311  
URL: <https://www.naganobank.co.jp/>  
Email: [enagagin@naganobank.co.jp](mailto:enagagin@naganobank.co.jp)

**Tokyo Branch** Address: 2-12-6, Uchikanda, Chiyoda-ku,  
Tokyo 101-0047, Japan  
Phone: +81-3-3258-6351

**Securities & International  
Department** Address: 2-9-38, Nagisa, Matsumoto City,  
Nagano 390-8708, Japan  
Phone: +81-263-27-3311  
Fax: +81-263-28-6550  
SWIFT: NAGAJPJZ

**Number of Branches** Nagano: 52 Offices  
Tokyo: 1 Office

**Money Exchange Offices** 11 Offices



THE NAGANO BANK, LTD.

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