

Profile of NAGANO BANK

2020

Financial Statements

March 31, 2020

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, 2020, we operate 52 branches in Nagano Prefecture and 1 branch in Tokyo. At the same time, total deposits stood at ¥1,074 billion (US\$9,875 million) and total assets at ¥1,134 billion (US\$10,427million).

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.

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, 2020. We hope you will take the time to read this disclosure report and find it useful.

Based on our 11th medium-term management plan whose implementation began in April 2019, we have already made efforts to unify management of accounts to further improve efficiency in order to deepen our relationship with small and medium-sized businesses and retail customers by positioning ourselves as "Nagano Prefecture's home bank."

The business environment we operate in is influenced by a population decline and aging society with a low birthrate. They produce a contraction of our business base. Moreover, the Bank of Japan's quantitative and qualitative monetary easing with yield curve control causes deterioration of our business earnings as well as the entries of different industries make our industry more competitive. These create an even more challenging situation. Meanwhile, vigorous activities may decrease in the local business due to the COVID-19 pandemic, while the impact of Typhoon No.19 in 2019 remains.

To overcome these aspects of the business environment, everyday business operations will take a big leap forward by making all employees a part of this process according to our 11th medium-term management plan.

It is our company's 70th anniversary in November this year. This would not have been possible without your contribution, and we deeply appreciate it.

July 2020



Hitoshi Nishizawa, President

Non-Consolidated Balance Sheets

As of March 31, 2020 and 2019

	Millions of yen		Thousands of U.S.dollars
	2020	2019	2020
Assets			
Cash and due from banks	¥ 105,062	¥ 47,201	\$ 965,385
Call loans	10,000	8,776	91,886
Securities	380,714	399,459	3,498,251
Loans and bills discounted	620,535	620,348	5,701,875
Foreign exchanges	2,735	468	25,136
Other assets	10,500	13,631	96,483
Tangible fixed assets	8,950	9,581	82,242
Intangible fixed assets	528	617	4,855
Prepaid pension cost	624	594	5,740
Customers' liabilities for acceptances and guarantees	1,437	1,412	13,209
Allowance for loan losses	(6,246)	(7,805)	(57,394)
Total assets	¥ 1,134,843	¥1,094,288	\$ 10,427,673
Liabilities and net assets			
Liabilities			
Deposits	¥ 1,074,758	¥1,031,209	\$ 9,875,574
Borrowed money	103	358	948
Foreign exchanges	—	0	—
Bonds with subscription rights to shares	2,965	2,965	27,244
Other liabilities	6,132	3,096	56,350
Provisions	1,087	1,082	9,993
Deferred tax liability	444	2,007	4,082
Acceptances and guarantees	1,437	1,412	13,209
Total liabilities	¥ 1,086,929	¥1,042,132	\$ 9,987,404
Net assets			
Capital stock	¥ 13,017	¥13,017	\$ 119,613
Capital surplus	9,681	9,681	88,956
Retained earnings	22,632	21,978	207,964
Treasury stock	(702)	(759)	(6,458)
Total shareholders' equity	44,628	¥ 43,917	410,076
Total valuation and translation adjustments	3,237	¥ 8,162	29,749
Subscription rights to shares	48	75	443
Total net assets	47,914	¥ 52,155	440,269
Total liabilities and net assets	¥1,134,843	¥1,094,288	\$ 10,427,673

Notes:1. Japanese yen figures are expressed with amounts under one million omitted. Accordingly, breakdown figures may not add up to the sum totals given.
2. U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥108.83 to US\$1.00, the prevailing rate on March 31, 2020 (the last business day of the term).

	millions of yen		Thousands of U.S.dollars
	2020	2019	2020
Income			
Interest on loans and discounts	¥ 7,981	¥ 8,396	\$ 73,342
Interest and dividends on securities	5,284	4,380	48,556
Interest on call loans	2	18	21
Other interest income	20	26	184
Fees and commissions	1,366	1,199	12,555
Other operating income	585	740	5,382
Other income	2,322	1,358	21,344
Total income	¥ 17,563	¥ 16,120	\$ 161,387
Expenses			
Interest on deposits	¥ 208	¥ 233	\$ 1,916
Interest on call money	(0)	(0)	(0)
Other interest expenses	77	78	716
Fees and commissions	1,561	1,596	14,345
Other operating expenses	1,928	891	17,716
General and administrative expenses	10,311	10,529	94,745
Other expenses	1,694	1,602	15,566
Total expenses	¥ 15,780	¥ 14,931	\$ 145,005
Income before income taxes	1,782	1,189	\$ 16,381
Income taxes-current	85	263	781
Income taxes-deferred	532	(255)	4,893
Net income	¥ 1,165	¥ 1,181	\$ 10,706

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Risk-Managed Loans under the Banking Law

As of March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Loans to legally bankrupt borrowers ¹	¥ 1,140	¥ 1,478	\$ 10,483
Loans with repayment in arrears ²	13,201	15,504	121,307
Loans repayment extended for more than three months ³	—	—	—
Loans whose terms have been eased ⁴	457	529	4,200
Total	¥ 14,799	¥ 17,512	\$ 135,991

- Notes:
- Loans to legally bankrupt borrowers refer to loans for which the accrual of interest income for accounting purposes is no longer recognized, and at the same time where the obligor is the subject of legal proceedings under the company rehabilitation law, the bankruptcy law, the civil rehabilitation law, or the commercial code; and/or where the obligor's bills are barred by clearing houses.
 - Loans with repayment in arrears refer to loans for which the accrual of interest income for accounting purposes is no longer recognized, other than those falling into the category of "loans to legally bankrupt borrowers" or loans on which the receipt of interest has been waived in order to provide support for the obligor in corporate rehabilitation efforts.
 - Loans repayment extended for more than three months or more refers to loans for which payments of principal or interest are delinquent by three months or more, as calculated from the day following the contracted payment date, but that are not within the scope of loans to legally bankrupt borrowers or loans with repayment in arrears.
 - Loans whose terms have been eased comprise loans for which lending conditions have been relaxed to promote the financial rehabilitation of obligors in distress, such as reduction of the original interest rate, forbearance of interest payment and/or principal repayment, waiver of claims, and similar measures that are outside the scope of the categories of "loans to legally bankrupt borrowers," "loans with repayment in arrears," and "loans repayment extended for more than three months or more."
 - Japanese yen figures are expressed with amounts under one million omitted. Accordingly, breakdown figures may not add up to the sum totals given.
 - U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥108.83 to US\$1.00, the prevailing rate on March 31, 2020 (the last business day of the term).

Risk Management System

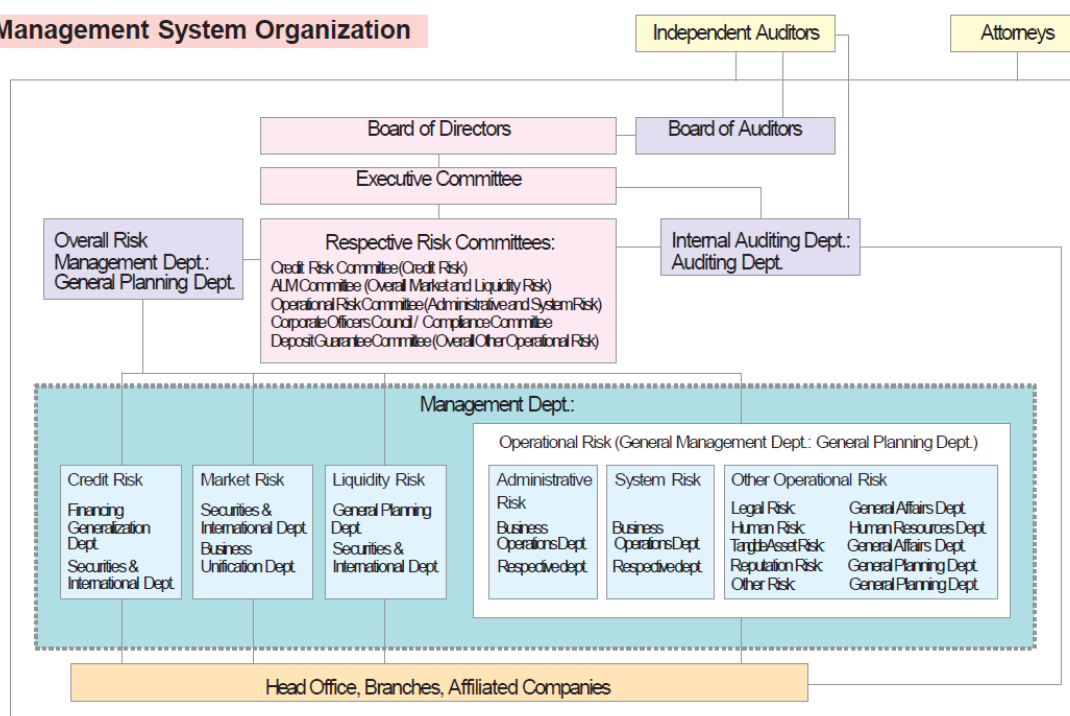
Evolving regulatory frameworks, internationalization and derivatives trading are only some of the elements of the changing world of finance. It is necessary to ensure more diversification and find ways to deal with increasingly complex settings for financial organizations to be able to find new business 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 General Planning 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, 2020

Founded: November 1950
Capital stock: ¥13,017 million
Number of Employees: 642

Board of Directors

As of June 30, 2020

President	Hitoshi Nishizawa	Directors	Masanao Watanabe	Standing Auditor	Masumi Tsukada
Managing Directors	Masayasu Kondo		Katsuo Tokutake	Auditors	Mika Godo
	Koichi Osawa		Kazuyuki Koide		Hayato Todoroki
	Sachio Miyazaki		Sayuri Uchikawa		Seiichiro Furihata
			Keizo Futatsugi		

Service Network

As of March 31, 2020

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Number of Branches Nagano: 52 Offices
Tokyo: 1 Office

Money Exchange Offices 11 Offices



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