

Profile of NAGANO BANK

2021

Financial Statements

March 31, 2021



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, 2021, we operate 52 branches in Nagano Prefecture and 1 branch in Tokyo. At the same time, total deposits stood at ¥1,052 billion (US\$9,502 million) and total assets at ¥1,158 billion (US\$10,464million).

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, 2021. 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 the management of accounts to further improve efficiency. That will deepen our relationship with small and medium-sized businesses and retail customers and position us as "Nagano Prefecture's home bank."

We operate in a business environment influenced by population decline and an aging society with a low birthrate contracting our business base. Moreover, the continuation of a cheap money policy has resulted in an environment hostile to increasing revenue. A higher degree of competitiveness due to entering various industries also prolongs this challenging situation. Another factor is the ongoing COVID-19 pandemic, producing the biggest economic contraction since the 2008 financial crisis. The ensuing decline in local economic output is a worrying development.

To overcome these difficulties, we will employ our consolidated consulting business to fully implement our medium-term management plan and reinvigorate the economy of Nagano Prefecture.

It was our company's 70th anniversary last November. It would not have been possible without your contribution, and we sincerely appreciate it.

July 2021



Hitoshi Nishizawa, President

**Non-Consolidated Balance Sheets**

As of March 31, 2021 and 2020

	Millions of yen		Thousands of U.S.dollars
	2021	2020	2021
<b>Assets</b>			
Cash and due from banks	¥ 113,239	¥ 105,062	\$ 1,022,844
Call loans	10,000	10,000	90,326
Securities	374,608	380,714	3,383,689
Loans and bills discounted	642,404	620,535	5,802,589
Foreign exchanges	2,485	2,735	22,448
Other assets	10,527	10,500	95,093
Tangible fixed assets	8,770	8,950	79,223
Intangible fixed assets	612	528	5,532
Prepaid pension cost	640	624	5,787
Customers' liabilities for acceptances and guarantees	1,403	1,437	12,681
Allowance for loan losses	(6,181)	(6,246)	(55,835)
<b>Total assets</b>	<b>¥ 1,158,511</b>	<b>¥1,134,843</b>	<b>\$ 10,464,381</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits	¥ 1,052,012	¥1,074,758	\$9,502,420
Borrowed money	43,446	103	392,438
Foreign exchanges	—	—	—
Bonds with subscription rights to shares	2,965	2,965	26,781
Other liabilities	5,138	6,132	46,418
Provisions	1,016	1,087	9,184
Deferred tax liability	1,507	444	13,618
Acceptances and guarantees	1,403	1,437	12,681
<b>Total liabilities</b>	<b>¥ 1,107,492</b>	<b>¥1,086,929</b>	<b>\$ 10,003,543</b>
<b>Net assets</b>			
Capital stock	¥ 13,017	¥ 13,017	\$ 117,581
Capital surplus	9,681	9,681	87,446
Retained earnings	23,196	22,632	209,526
Treasury stock	(598)	(702)	(5,409)
<b>Total shareholders' equity</b>	<b>¥45,296</b>	<b>¥44,628</b>	<b>\$ 409,145</b>
<b>Total valuation and translation adjustments</b>	<b>¥5,721</b>	<b>¥ 3,237</b>	<b>\$ 51,682</b>
Subscription rights to shares	1	48	9
<b>Total net assets</b>	<b>¥51,019</b>	<b>¥47,914</b>	<b>\$ 460,838</b>
<b>Total liabilities and net assets</b>	<b>¥1,158,511</b>	<b>¥1,134,843</b>	<b>\$ 10,464,381</b>

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 ¥110.71 to US\$1.00, the prevailing rate on March 31, 2021 (the last business day of the term).

**Non-Consolidated Statements of Income**

For the years ended March 31, 2021 and 2020

	millions of yen		Thousands of U.S.dollars
	2021	2020	2021
<b>Income</b>			
Interest on loans and discounts	¥ 7,765	¥ 7,981	\$ 70,140
Interest and dividends on securities	5,908	5,284	53,364
Interest on call loans	5	2	51
Other interest income	42	20	385
Fees and commissions	1,411	1,366	12,753
Other operating income	776	585	7,015
Other income	844	2,322	7,624
<b>Total income</b>	<b>¥ 16,754</b>	<b>¥ 17,563</b>	<b>\$ 151,335</b>
<b>Expenses</b>			
Interest on deposits	¥ 188	¥ 208	\$ 1,700
Interest on call money	(0)	(0)	(1)
Other interest expenses	73	77	668
Fees and commissions	1,528	1,561	13,802
Other operating expenses	2,432	1,928	21,968
General and administrative expenses	10,020	10,311	90,513
Other expenses	950	1,694	8,581
<b>Total expenses</b>	<b>¥ 15,192</b>	<b>¥ 15,780</b>	<b>\$ 137,232</b>
Income before income taxes	1,561	1,782	\$ 14,103
Income taxes-current	440	85	3,977
Income taxes-deferred	30	532	275
<b>Net income</b>	<b>¥ 1,090</b>	<b>¥ 1,165</b>	<b>\$ 9,850</b>

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.  
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## Risk-Managed Loans under the Banking Law

As of March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Loans to legally bankrupt borrowers <sup>1</sup>	¥ 1,084	¥ 1,140	\$ 9,794
Loans with repayment in arrears <sup>2</sup>	14,023	13,201	126,669
Loans repayment extended for more than three months <sup>3</sup>	—	—	—
Loans whose terms have been eased <sup>4</sup>	288	457	2,608
<b>Total</b>	<b>¥ 15,396</b>	<b>¥ 14,799</b>	<b>\$ 139,072</b>

- 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 ¥110.71 to US\$1.00, the prevailing rate on March 31, 2021 (the last business day of the term).

## Risk Management System

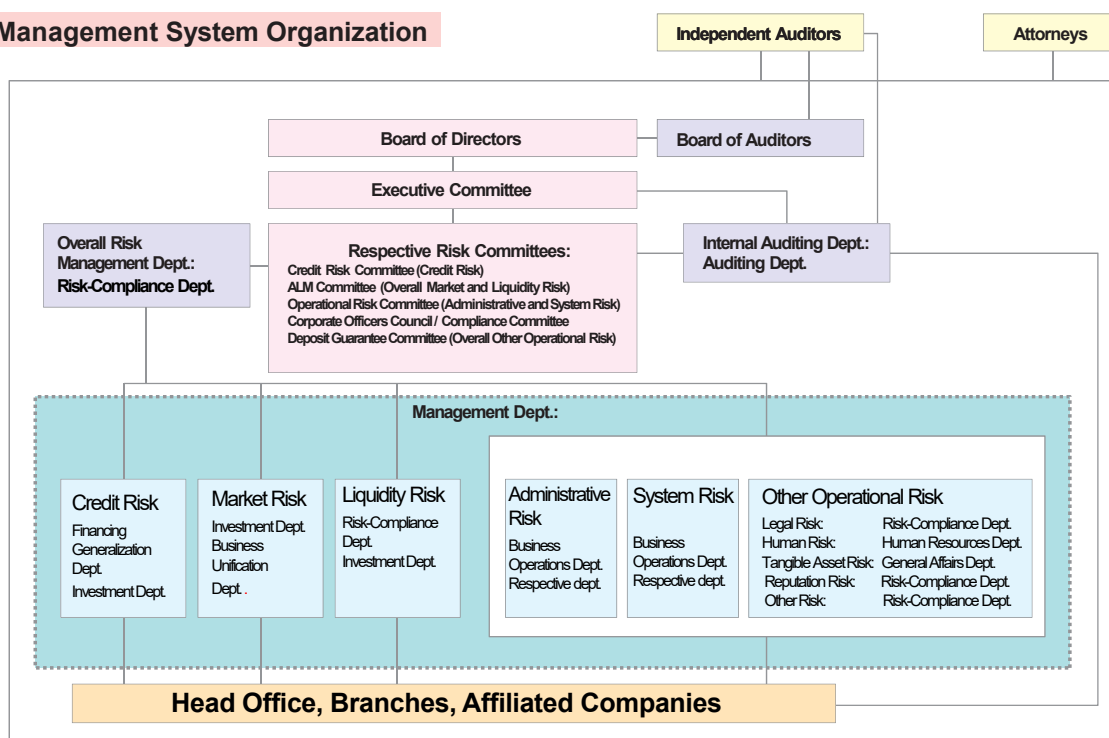
Evolving regulatory frameworks, internationalization and derivatives trading are only some of the elements of the changing world of finance. It is necessary to ensure more diversification and find ways to deal with increasingly complex settings for financial organizations to be able to find new business 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 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, 2021

Founded: November 1950  
Capital stock: ¥13,017 million  
Number of Employees: 638

## Board of Directors

As of June 30, 2021

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

## Service Network

As of March 31, 2021

**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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