

**Information Meeting  
The First Half Ended September 2010**

**December 3, 2010**



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I. Financial Results for the First Half of FY2010  
and Business Forecast for FY2010

II. Management Strategy

# Summary of Profit and Loss

		(¥ billion)	1H FY2009	1H FY2010	Y/Y change
1	Core gross business profit		33.2	32.3	-0.9
2	Interest income		30.2	28.7	-1.4
3	Fees and commissions		2.9	3.5	+0.5
4	Other operating income (*1)		0.1	0.0	-0.0
5	Cost of derivative financial products		-	0.0	+0.0
6	Expenses		25.1	25.0	-0.0
7	Personnel expenses		13.2	13.1	-0.0
8	Non-personnel expenses		10.5	10.7	+0.1
9	Taxes		1.2	1.1	-0.1
10	Core net business profit		8.1	7.2	-0.9
11	Gains/Losses on bonds (JGBs, etc.)		2.9	3.2	+0.3
12	Net transfer to general provision for possible loan losses		(0.0)	(0.5)	-0.5
13	Net business profit		11.1	11.1	-0.0
14	Non-recurrent gains/losses		(4.6)	(4.2)	+0.4
15	Gains/Losses on stocks		(0.2)	(1.3)	-1.0
16	Disposal of non-performing loans		3.9	2.3	-1.5
17	Retirement benefit costs		1.3	1.1	-0.1
18	Ordinary income		6.4	6.8	+0.4
19	Extraordinary gains/losses		1.1	0.5	-0.6
20	Bad debt recovered		1.2	0.9	-0.2
21	Loss on adjustment for changes of accounting standard for asset retirement obligations		-	0.2	+0.2
22	Income before taxes		7.6	7.4	-0.2
23	Income taxes		2.7	3.9	+1.1
24	Net income		4.8	3.5	-1.3
25	Credit cost (*2)		2.7	0.8	-1.8

\*1 Except gains/losses on bonds (JGBs, etc.)

\*2 (Net transfer to general provision for possible loan losses + Disposal of non-performing loans) – (Bad debt recovered)

## <No10 Core net business profit>

◆ Even with higher fees and commissions and lower expenses, a decline in interest income pulled core net business profit down ¥0.9 billion year on year to ¥7.2 billion.

### <Breakdown of real net interest income>

	(¥ billion)	1H FY2009	1H FY2010	Y/Y Change
Net interest income		30.2	28.7	-1.4
Interest on loans and deposits		21.6	20.4	-1.2
Interest on loans		26.2	23.7	-2.5
Interest on deposits		4.5	3.2	-1.3
Interest on market sector		8.5	8.2	-0.2
Interest on securities		9.1	9.0	-0.1
Interest on fund management		0.1	0.2	+0.0
Interest on fund procurement		0.7	0.9	+0.1

## <No24 Net income>

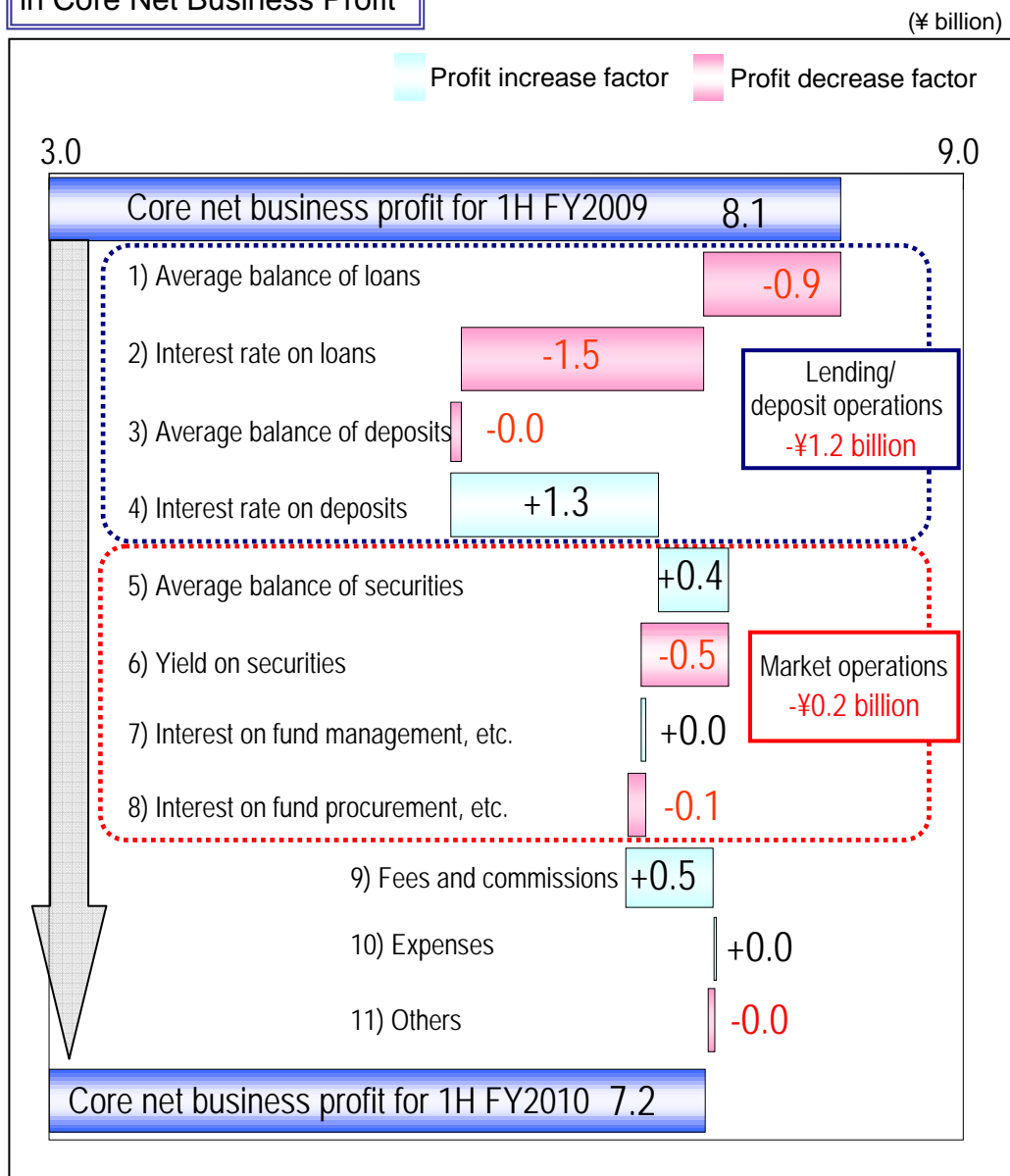
◆ Credit cost decreased, but with lower gains on securities and higher income taxes, net income decreased ¥1.3 billion year on year to ¥3.5 billion.

### <Breakdown of gains/losses on securities and credit cost>

	(¥ billion)	1H FY2009	1H FY2010	Y/Y Change
Gains/Losses on securities		2.6	1.9	-0.6
Gains/Losses on bonds (JGBs, etc.)		2.9	3.2	+0.3
Gains/Losses on stocks		(0.2)	(1.3)	-1.0
Credit cost		2.7	0.8	-1.8
Net transfer to general provision for possible loan losses		(0.0)	(0.5)	-0.5
Disposal of non-performing loans		3.9	2.3	-1.5
Bad debt recovered		1.2	0.9	-0.2

# Summary of Core Net Business Profit

## Factor Analysis of Changes in Core Net Business Profit

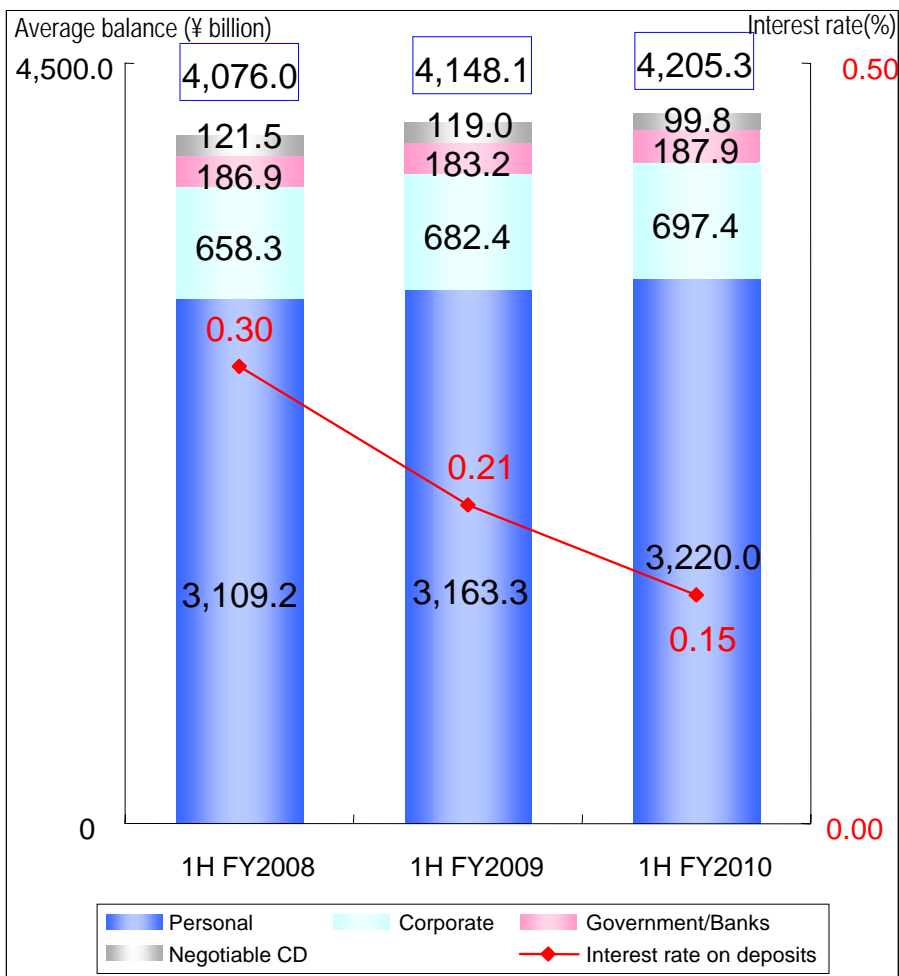


1) Average balance of loans (Y/Y change)	¥2,687.6 billion -¥96.0 billion
2) Interest rate on loans	1.76% (Y/Y change -0.11%)
3) Average balance of deposits (Y/Y change)	¥4,205.3 billion +¥57.2 billion
4) Interest rate on deposits	0.15% (Y/Y change -0.06%)
5) Average balance of securities (Y/Y change)	¥1,545.1 billion +¥74.9 billion
6) Yield on securities	1.16% (Y/Y change -0.08%)
7) Interest on fund management, etc. (Y/Y change)	+¥0.0 billion
8) Interest on fund procurement, etc. (Y/Y change)	+¥0.1 billion
9) Commissions from life insurance (Y/Y change)	+¥0.45 billion
Commissions from investment trust (Y/Y change)	+¥0.19 billion
10) Personnel expenses (Y/Y change)	-¥0.07 billion
Non-personnel expenses (Y/Y change)	+¥0.19 billion
Taxes (Y/Y change)	-¥0.13 billion

# Deposits

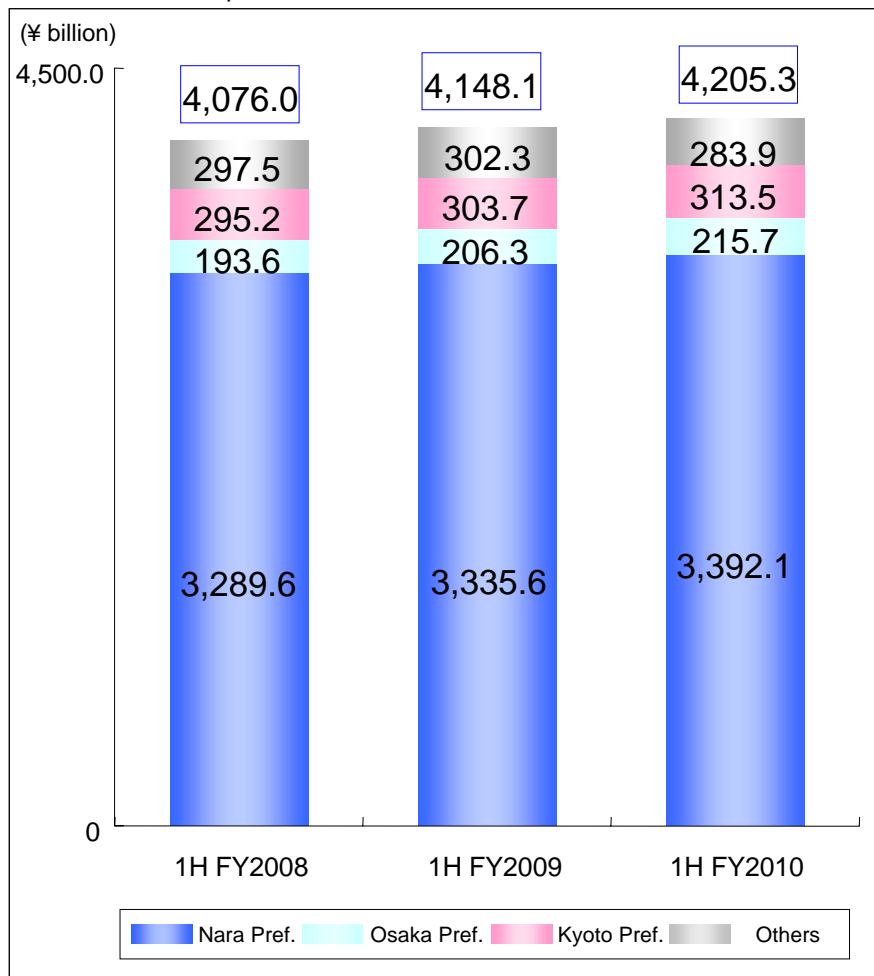
## Average Balance of Deposits by Sector

◆ The average balance of deposits during the first half of FY2010 rose ¥57.2 billion year on year to ¥4,205.3 billion since mainly personal deposits steadily increased.



## Average Balance of Deposits by Prefecture

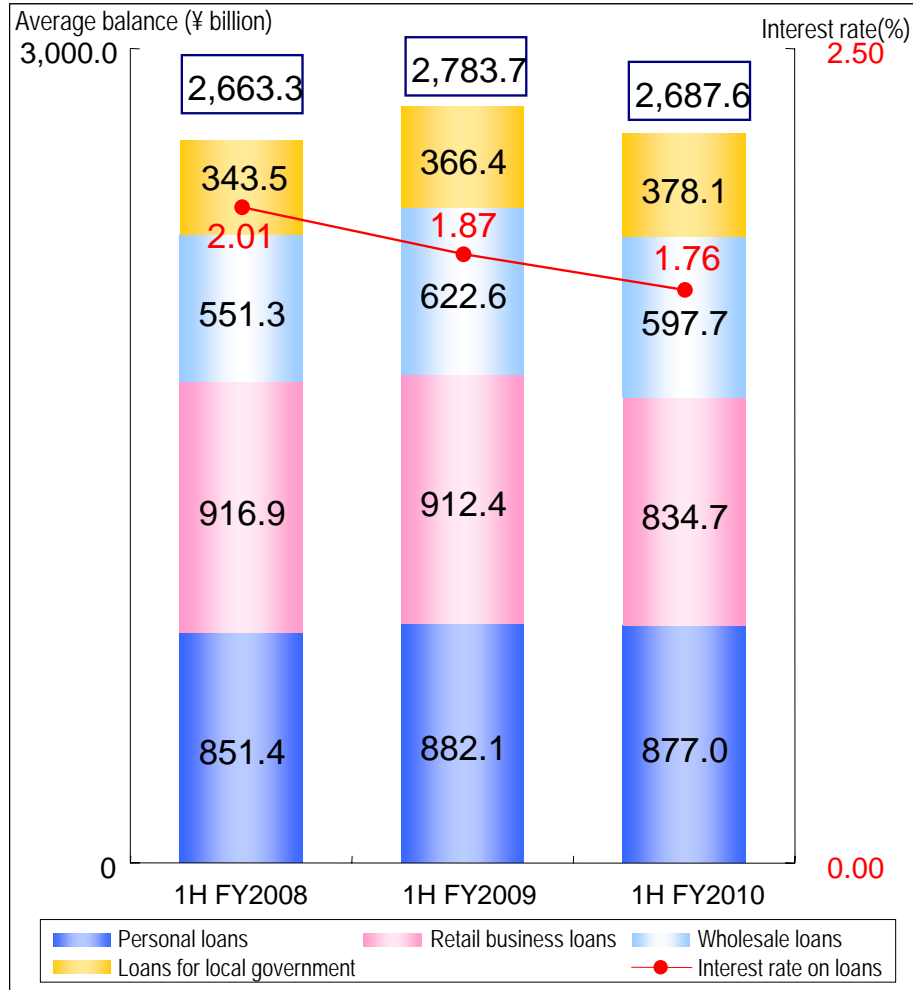
◆ Deposits for all prefectures rose year on year. During the first half of FY2010, the average balance of deposits in Nara Prefecture was ¥3,392.1 billion, which accounted for 80.7% of the Bank's total deposits.



# Loans

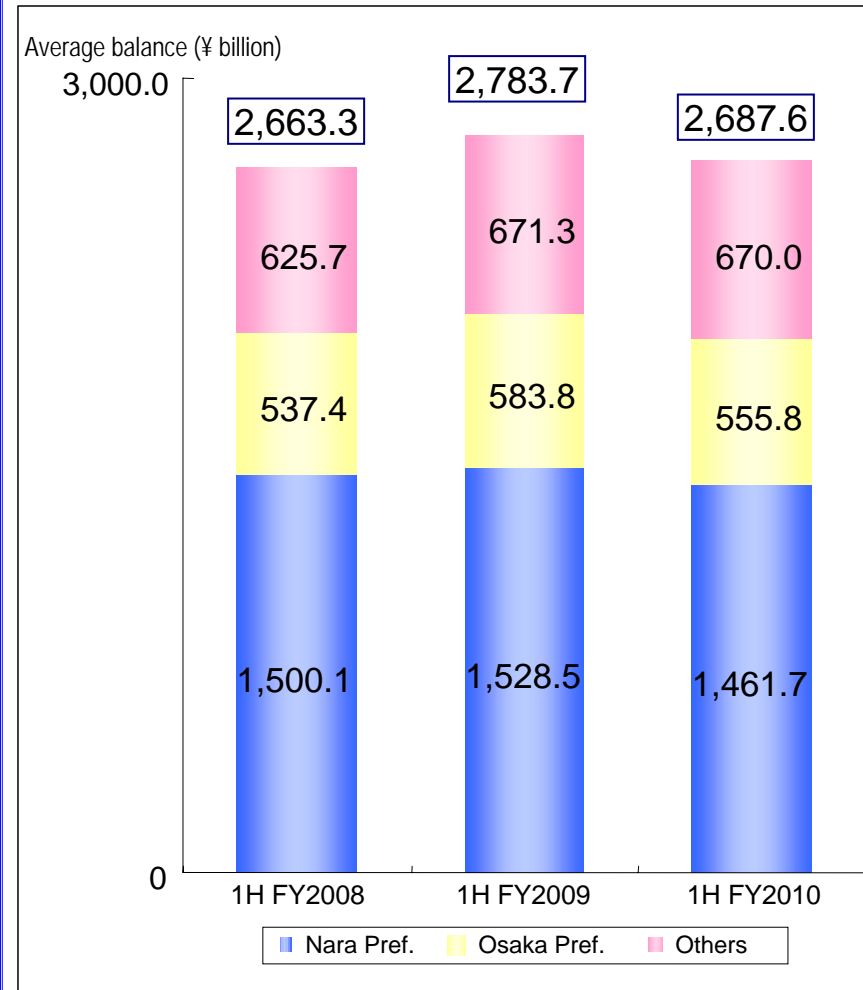
## Average Balance of Loans by Sector

◆ Average balance of loans during the first half of FY2010 declined ¥96.0 billion year on year to ¥2,687.6 billion due to weak economic conditions and resulting lower loan demand.



## Average Balance of Loans by Prefecture

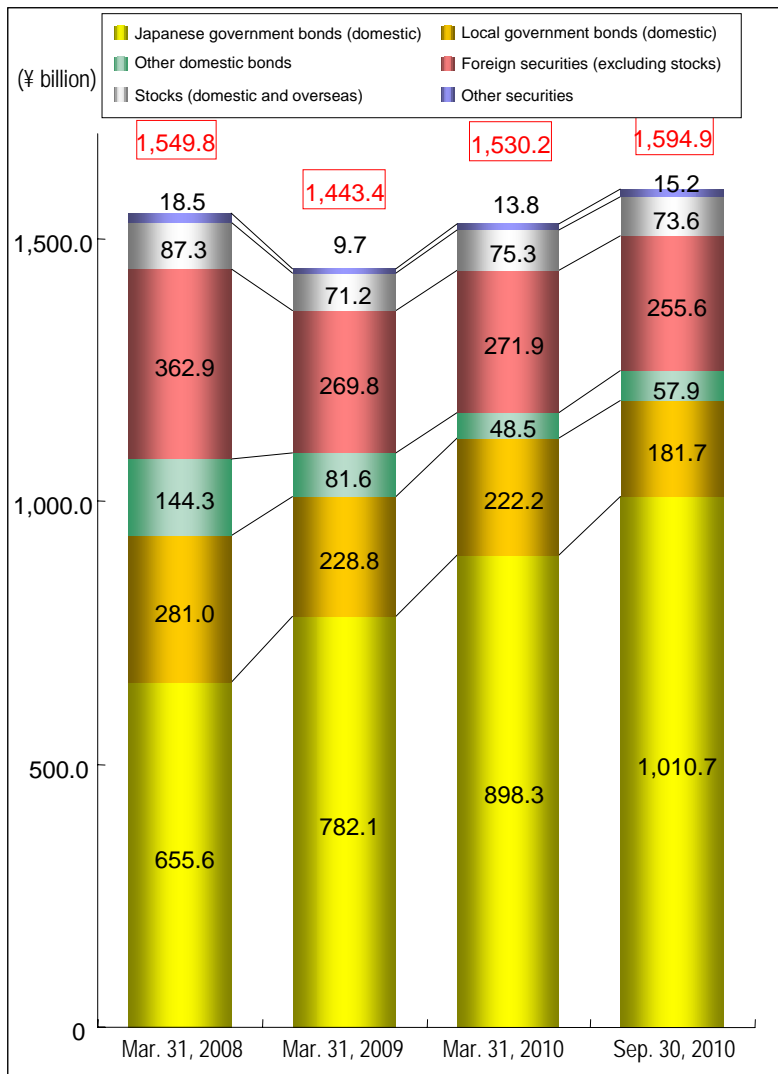
◆ With average balance of loans of ¥1,461.7 billion, Nara Prefecture accounted for 54% of the total. At ¥555.8 billion, Osaka Prefecture accounted for about 20% of the total.



\*Osaka Pref. includes Amagasaki Branch.

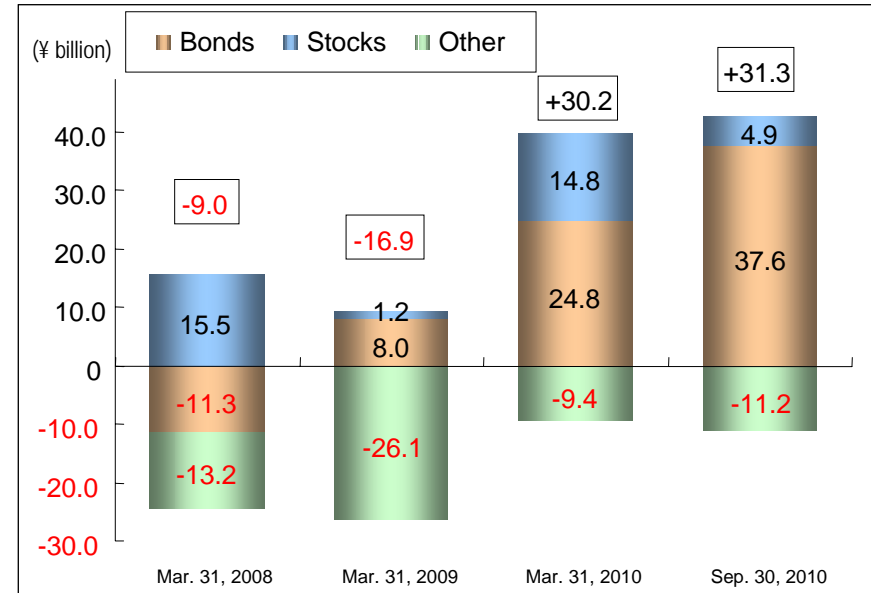
# Securities

## Balance of Outstanding Securities

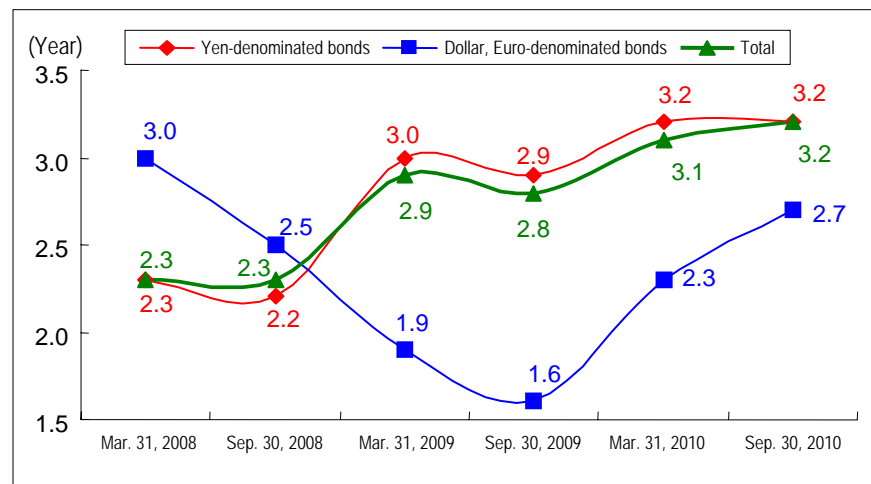


\* Book value basis  
(after deduction of appraisal profit and loss of securities)

## Unrealized Gains/Losses of Securities



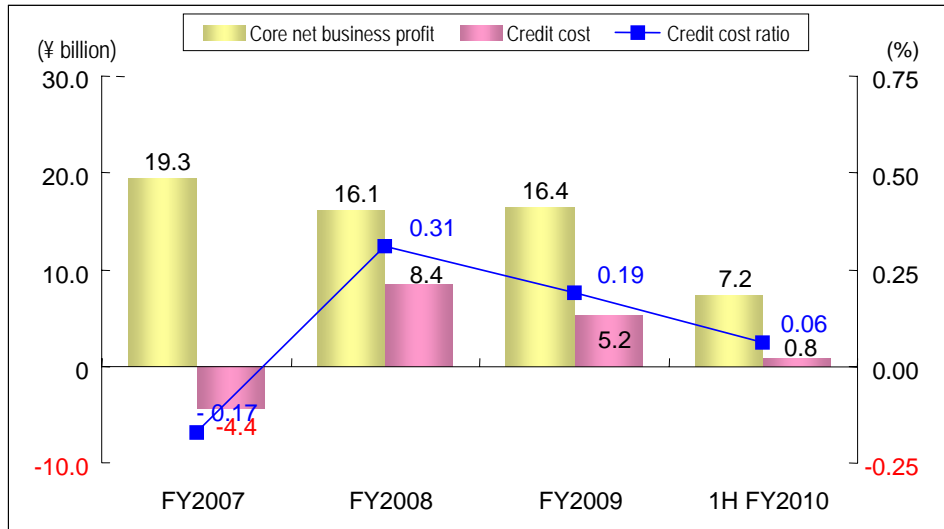
## Bond Duration



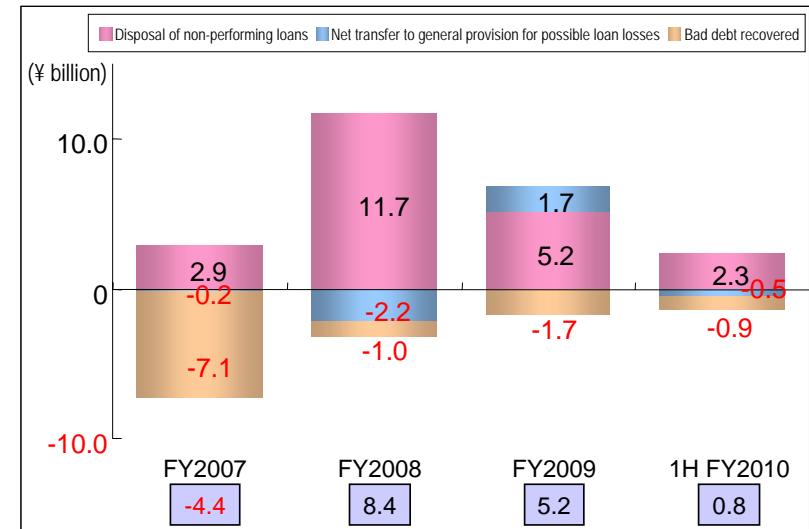


# Disposal of Non-Performing Loans

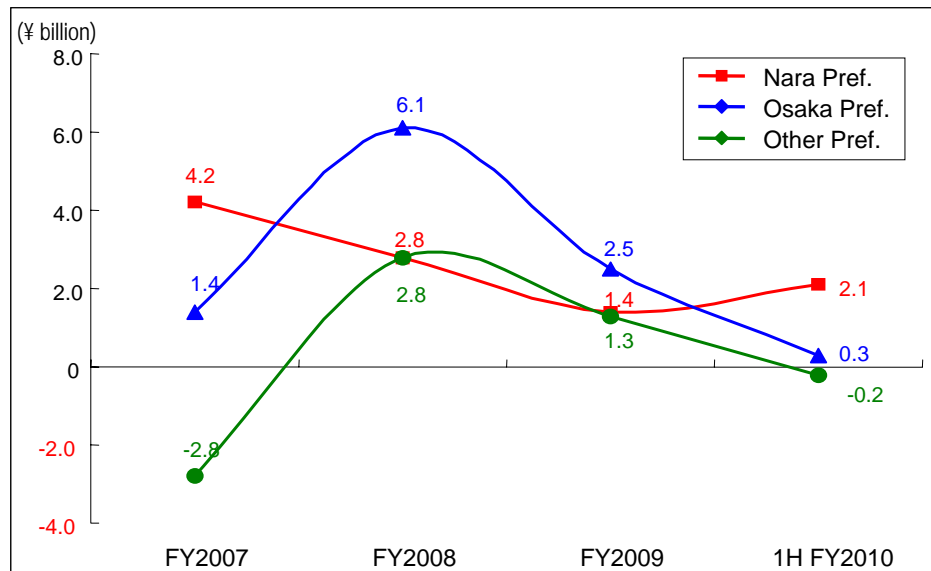
## Credit Cost



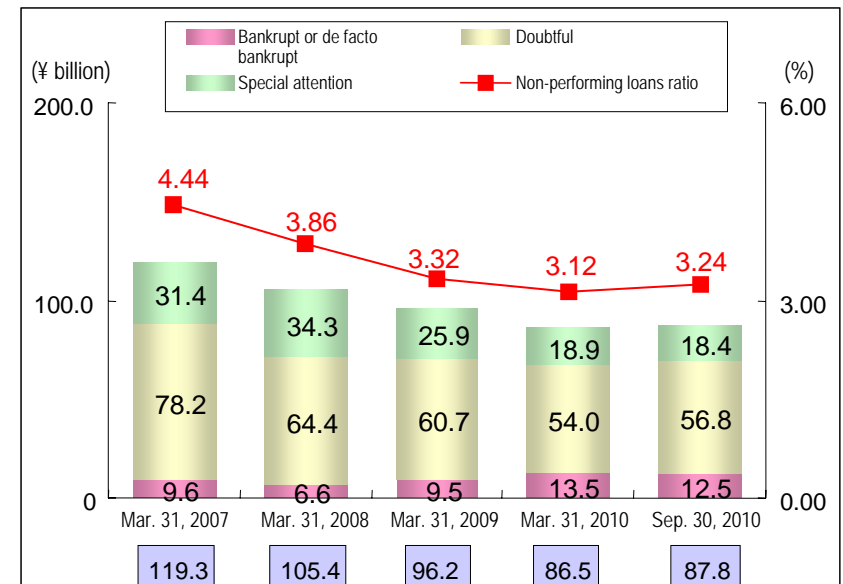
## Breakdown of Credit Cost



## Disposal of Non-Performing Loans by Region

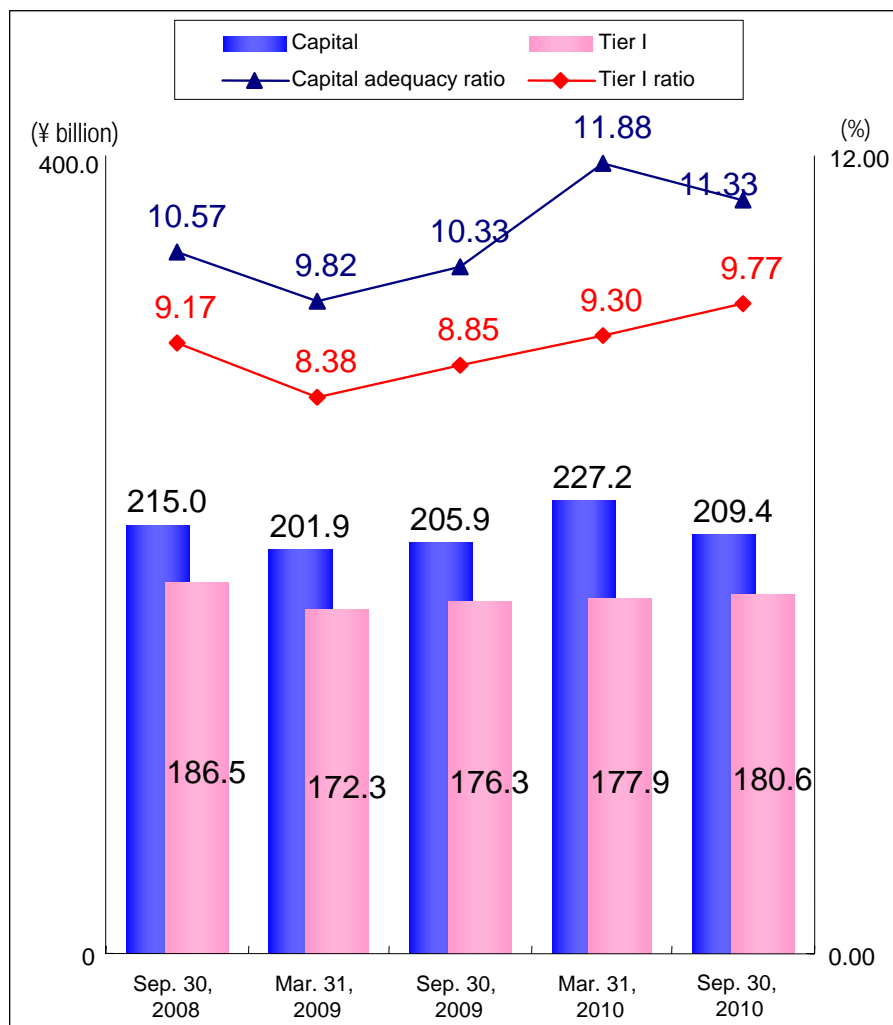


## Balance and Ratio of Non-performing Loans Based on the Financial Reconstruction Law



# Capital Adequacy Ratio

## Capital Adequacy Ratio



\* Calculated by standard method of Basle II from the end of Mar. 2007  
 As for risk-weighted assets, calculated by "credit risk = standard method",  
 "Operational risk = basic method"  
 Unrealized gains/losses on floating rate bonds are calculated based on theoretical price from the first half ended Sep. 2008.

		Sep. 30, 2008		Mar. 31, 2009		Sep. 30, 2009		Mar. 31, 2010		Sep. 30, 2010	Change from Mar. 31, 2010
1	Tier I	186.5	172.3	176.3	177.9	180.6	+2.6				
2	Preferred securities	20.0	20.0	20.0	20.0	20.0	-				
3	Tier II	32.7	32.8	32.4	51.9	31.5	-20.4				
4	General provision for possible loan losses	12.7	12.8	12.4	11.9	11.5	-0.4				
5	Hybrid debt capital instruments	20.0	20.0	20.0	40.0	20.0	-20.0				
6	Deductions	4.2	3.2	2.8	2.6	2.7	+0.0				
7	Capital	215.0	201.9	205.9	227.2	209.4	-17.7				
8	Risk weighted assets	2,032.4	2,055.6	1,992.6	1,912.2	1,847.6	-64.5				
9	Credit-risk assets	1,906.1	1,931.0	1,868.3	1,788.3	1,724.1	-64.1				
10	Amount equivalent to operational risk	126.3	124.5	124.2	123.9	123.4	-0.4				
11	Capital adequacy ratio (No.7 / No.8 × 100)	10.57	9.82	10.33	11.88	11.33	-0.55				
12	Tier I ratio (No.1 / No.8 × 100)	9.17	8.38	8.85	9.30	9.77	+0.47				
13	Deferred tax assets	47.7	43.8	36.1	30.9	25.5	-5.3				
14	Deferred tax assets ratio (No.13 / No.1 × 100)	25.5	25.4	20.4	17.3	14.1	-3.2				

<Interest-rate risk for bank account> (As of Sep. 30, 2010)  
 ■ 99 percentile method  
 • Amount of interest-rate risk ¥30.1 billion  
 • Outlier ratio 14.2 %

\* Core deposit model was introduced in demand deposit from Sep. 30, 2009.

# Business Forecast for FY2010

		(¥ billion)	FY2009	FY2010 Forecast	Y/Y change
1	Core gross business profit		65.6	64.9	-0.7
2	Interest income		59.3	57.8	-1.4
3	Fees and commissions		6.0	6.8	+0.8
4	Other operating income (*1)		0.2	0.1	-0.0
5	Cost of derivative financial products		-	0.1	+0.1
6	Expenses		49.2	50.1	+0.8
7	Personnel expenses		26.2	26.2	-0.0
8	Non-personnel expenses		21.0	21.8	+0.7
9	Taxes		1.9	2.1	+0.1
10	Core net business profit		16.4	14.8	-1.6
11	Gains/Losses on bonds (JGBs, etc.)		2.7	2.6	-0.1
12	Net transfer to general provision for possible loan losses		1.7	(0.6)	-2.4
13	Net business profit		17.4	18.0	+0.5
14	Non-recurrent gains/losses		(7.0)	(6.8)	+0.1
15	Gains/Losses on stocks		(0.2)	(1.1)	-0.8
16	Disposal of non-performing loans		5.2	4.4	-0.8
17	Retirement benefit costs		2.6	2.3	-0.2
18	Ordinary income		10.4	11.0	+0.5
19	Extraordinary gains/losses		1.5	0.9	-0.6
20	Bad debt recovered		1.7	1.3	-0.4
21	Loss on adjustment for changes of accounting standard for asset retirement obligations		-	0.2	+0.2
22	Income before taxes		11.9	12.0	+0.0
23	Income taxes		4.6	6.0	+1.3
24	Net income		7.3	6.0	-1.3
25	Credit cost (*2)		5.2	2.4	-2.8

\*1 Except gains/losses on bonds (JGBs, etc.)

\*2 (Net transfer to general provision for possible loan losses + Disposal of non-performing loans) - (Bad debt recovered)

## <No10 Core net business profit>

◆ Though market sector interest is forecast to increase, lower interest on loans and deposits is expected to result in a ¥1.4 billion year on year decrease in net interest income.

Fees and commissions are expected to increase, by ¥800 million, but an anticipated ¥800 million increase in expenses is expected to reduce core net business profit by ¥1.6 billion year on year to ¥14.8 billion.

### <Breakdown of real net interest income>

	(¥ billion)	FY2009	FY2010 Forecast	Y/Y Change
Net interest income		59.3	57.8	-1.4
Interest on loans and deposits		42.6	40.6	-2.0
Interest on loans		50.9	46.5	-4.4
Interest on deposits		8.3	5.9	-2.3
Interest on market sector		16.6	17.2	+0.5
Interest on securities		17.9	18.9	+1.0
Interest on fund management		0.3	0.3	+0.0
Interest on fund procurement		1.5	2.0	+0.5

## <No24 Net income>

◆ Even with credit costs forecast to decline, smaller gains on securities and higher taxes are expected to reduce net income by ¥1.3 billion year on year to ¥6.0 billion.

### <Breakdown of gains/losses on securities and credit cost>

	(¥ billion)	FY2009	FY2010 Forecast	Y/Y Change
Gains/Losses on securities		2.5	1.5	-1.0
Gains/Losses on bonds (JGBs, etc.)		2.7	2.6	-0.1
Gains/Losses on stocks		(0.2)	(1.1)	-0.8
Credit cost		5.2	2.4	-2.8
Net transfer to general provision for possible loan losses		1.7	(0.6)	-2.4
Disposal of non-performing loans		5.2	4.4	-0.8
Recoveries of write-offs		1.7	1.3	-0.4

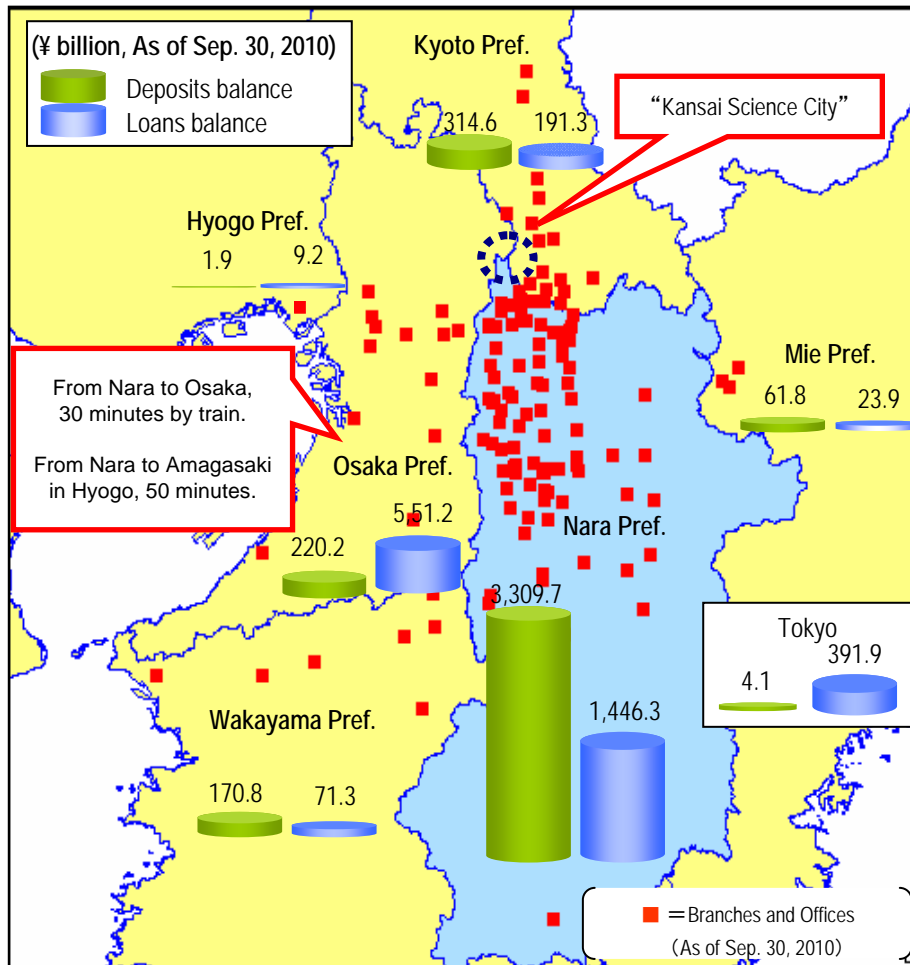
**I. Financial Results for the first  
half of FY2010**

**II. Management Strategy**

# Outline of Business Area

## <Office Channels>

- [Branches] Nara 92, Osaka 13, Kyoto 15, Wakayama 7, Mie 3, Hyogo Pref. 1, Tokyo 1
- [Housing loan centers] 8 locations; Nara, Heijo, Gakuenmae, Ikoma, Mamigaoka, Kashihara, Oji, Osaka
- [Everyday-life Consultation Office] 6 locations  
Saidaiji, Heijo, Gakuen-mae, Mamigaoka, Rinkan-eki-mae, Gardenmall Kizugawa



No.	Indicator	Nara Prefecture		Osaka Prefecture		Source
			National ranking		National ranking	
1	Population	1,398 thousand	29	8,800 thousand	3	2009 Population Census
2	Number of private enterprises (offices)	48 thousand	40	421 thousand	2	2006 Establishment and Enterprise Census
3	Housing starts	6 thousand	30	54 thousand	4	2009 Ministry of Land, Infrastructure, Transportation and Tourism
4	Deposits balance	¥10.4 trillion	24	¥80.5 trillion	2	Kinyu Journal "Regional Financial Map 2011"
5	Loan balance	¥3.1 trillion	31	¥44.6 trillion	2	Kinyu Journal "Regional Financial Map 2011"
6	Personal savings (per capita)	¥3,426 thousand	4	¥3,972 thousand	2	2009 Bank of Japan
7	Newspapers subscriptions (per household)	1.30	1	0.98	26	2009 Japan Newspaper Association
8	Number of residents traveling abroad (per 1,000 people)	142.28	5	138.22	7	2008 Annual Report of Statistics on Legal Migrants
9	Household consumption expenditure	329	3	270	40	2009 National Survey of Family Income and Expenditure
10	Employment rate outside the prefecture	29.32%	1	5.11%	15	2005 Population Census

## <Our Strength>

- Well-developed office network
- Maintained approx. 50% of deposit and loan market share in Nara Pref.
- Osaka Pref. has the 2nd largest prefectural economy in Japan.

## <Market Characteristics>

- Nara prefecture: Retail market
- Osaka prefecture: Business market

## < Nanto Bank's Growth Scenario >

### ◆ Priority strategic areas

- Nanto Bank will increase business loans and personal loans and strive to expand and strengthen sales offices in areas such as Osaka, which are the bank's important strategic areas.

### ◆ Existing area centered on Nara Prefecture

- Nanto Bank will make a detailed breakdown of customer segments, develop more strategic business activities, and promote asset management products and personal loans.

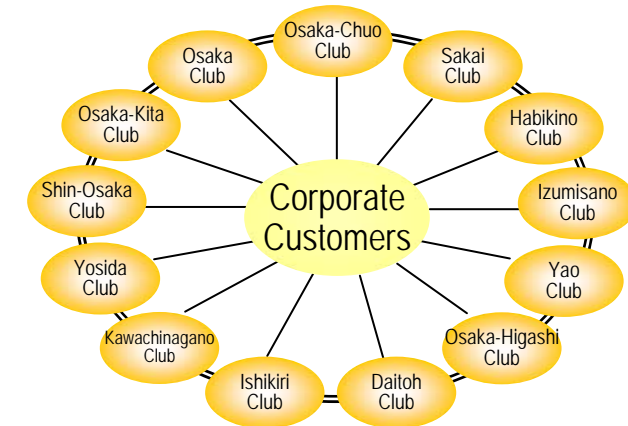
# Strategies for Osaka Region

## New Strategic Forces in Osaka

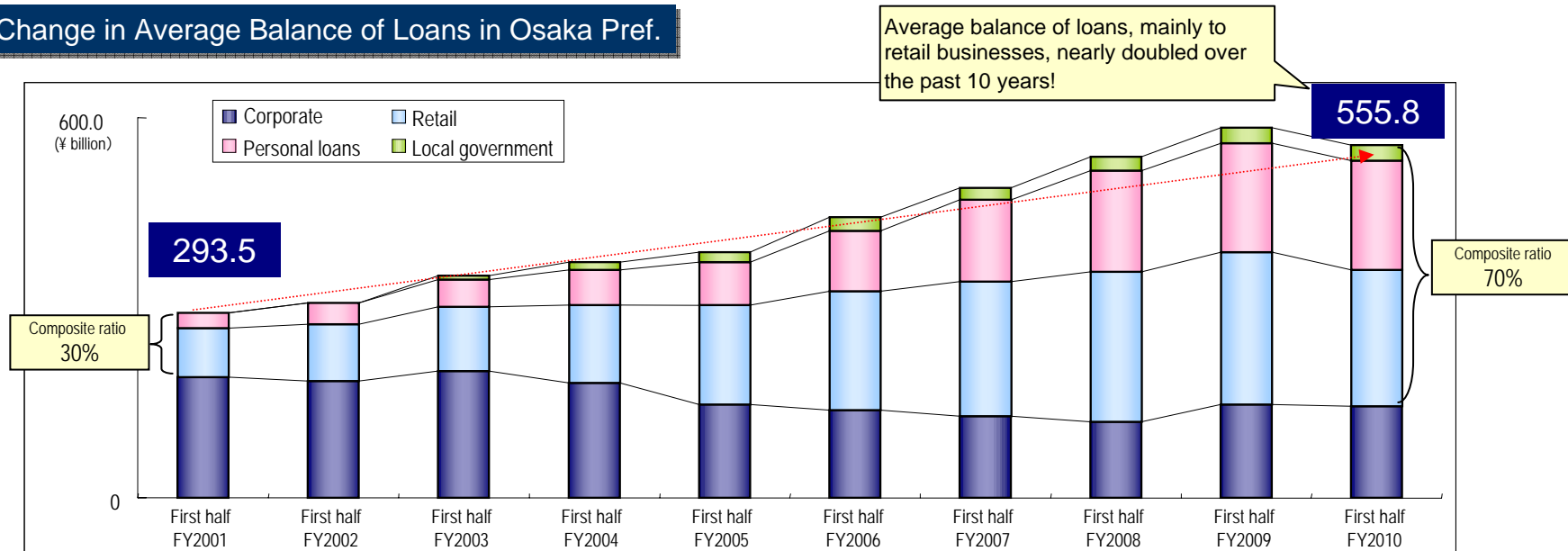
- 1) Oct. 2000, established Higashi-Osaka Corporate Business Office: Oct. 2002 Osaka-Higashi Branch
- 2) Oct. 2000, established Yao Corporate Business Office: Apr. 2004 Yao Branch  
(Transfer of the Yao-Minami Office)
- 3) Oct. 2001, established Daitoh Corporate Business Office: Dec. 2003 Daitoh Branch
- 4) Jan. 2003, established Osaka Corporate Business Office: Jun. 2008 incorporated into  
Osaka-Chuo Office
- 5) Jun. 2003, established Osaka-Kita Corporate Office: Jan. 2004 Osaka-Kita Branch
- 6) Jun. 2004, established Sakai Corporate Business Office: Nov. 2005 Sakai Branch
- 7) Aug. 2005, established Shin-Osaka Corporate Business Office: Aug. 2006 Shin-Osaka Branch
- 8) Oct. 2007, established Amagasaki Corporate Business Office: Sep. 2009 Amagasaki Branch
- 9) Jun. 2008, established Osaka-Chuo Office
- 10) Nov. 2008, established Osaka-Minami Corporate Business Office
- 11) Nov. 2008, established Osaka-Nishi Corporate Business Office

## Strengthen Relationships with Corporate Customers

Strengthen tie-ups and relationships with corporate customers, through "Nanto Clubs" in branches located in Osaka Prefecture.

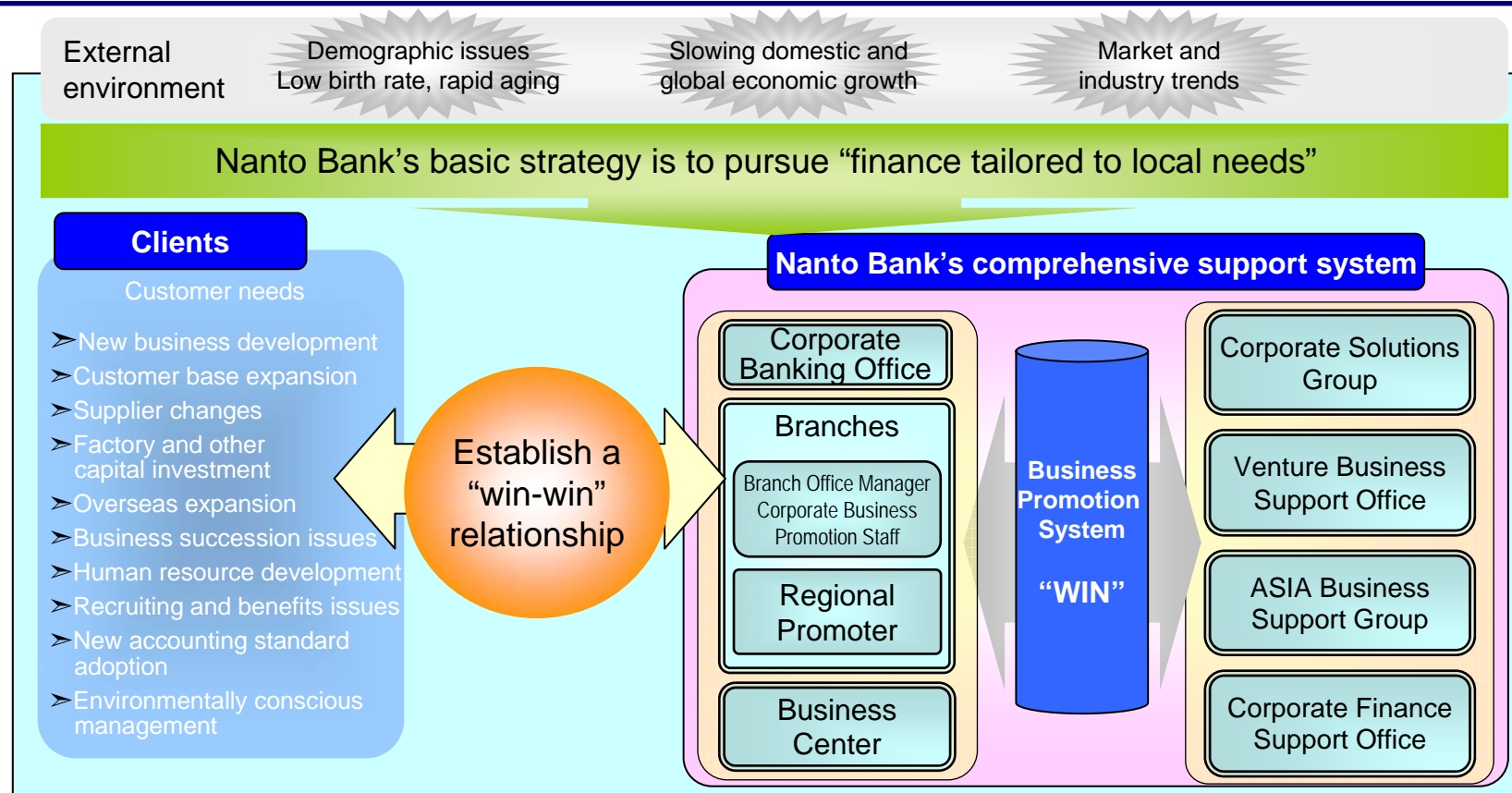


## Change in Average Balance of Loans in Osaka Pref.



\*Osaka Pref. includes Amagasaki Branch.

# Promoting Community Focused Financing



## Solution Business Development

### Business matching

- Installation of Business Matching Navigator
- Nou-Shou-Kou (agriculture, commerce and industry) Business Fair 2010
  - Held: Dec. 2010 Participants: 215 cos./orgs.
- Hong Kong / Southern China Japanese Company Business Forum
  - Held: Jun. 2010 Participants included our 12 clients
- Japan-China Monozukuri (Manufacturing) Business Fair @ Shanghai 2010
  - Held: Sep. 2010 Participants included our 18 clients
- External Links
  - Provision of business matching opportunities via the Manufacturing B2B Network

### Introduction of solutions

- Introduction of customers to tie-up partners (Details)
  - Sales receivable guarantee services,
  - defined-contribution pensions,
  - management/administration systems,
  - security services, credit ratings for mid-size companies, overseas leasing, etc.

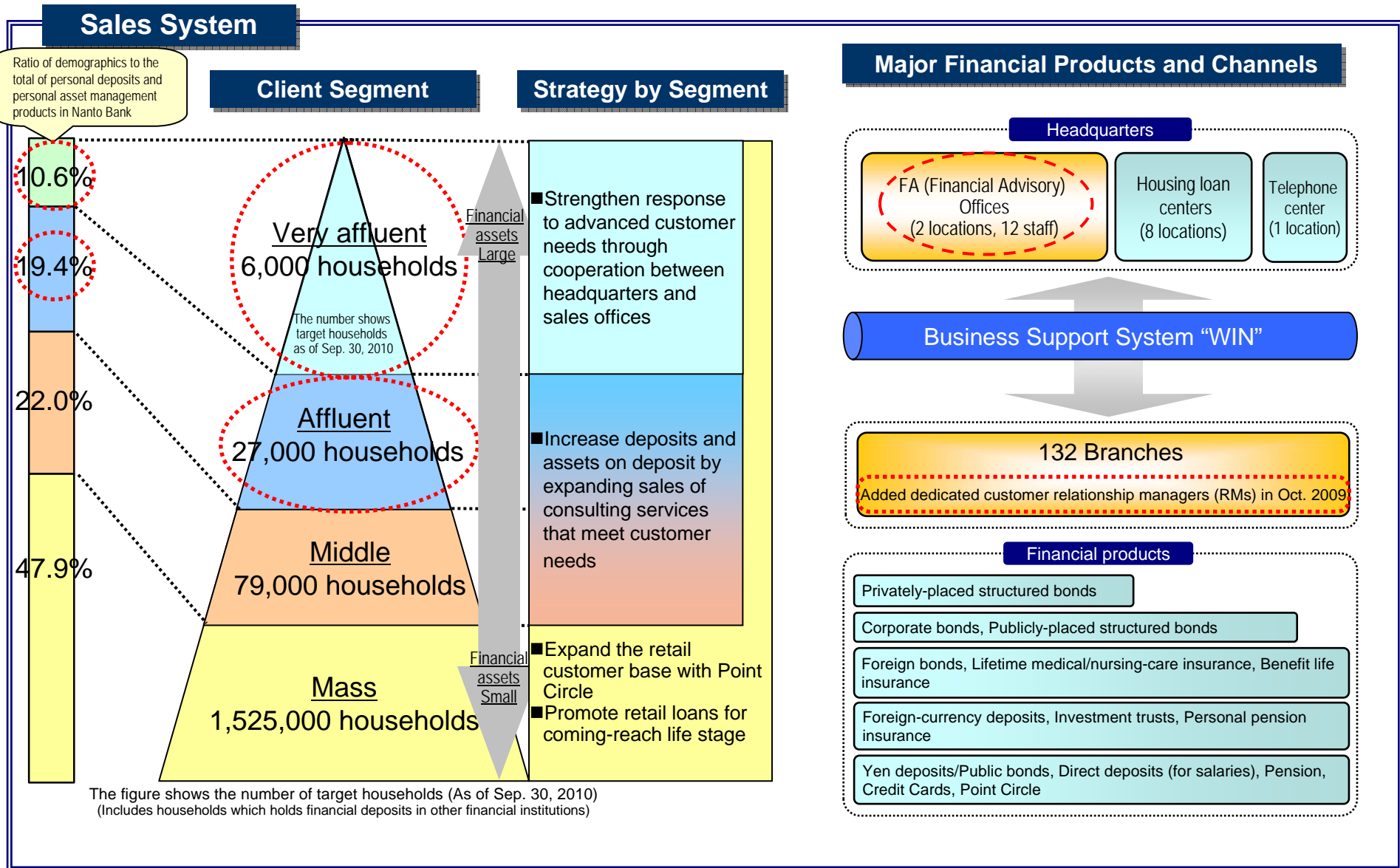
### Trading and overseas business support

- Strengthen services for clients requiring focused forex trading support
- Began handling Web-Business Banking (forex) (Jul. 2010)
- Relaxed requirements for direct dealing of foreign exchange contracts (Oct. 2010)

### Business succession/M&A

- Business Succession Support
  - First half of FY2010
    - Business succession consultations and recommendations for 49 clients
    - Financing for 7 clients
- M&A Advisory Services
  - First half of FY2010
    - M&A Projects: 17

# Business Development Model





# Target on Middle and Affluent Clients

## Promotion Measures

- Introduction of new products of investment trusts and life insurance
- Target on affluent clients in cooperation with more FA specialists

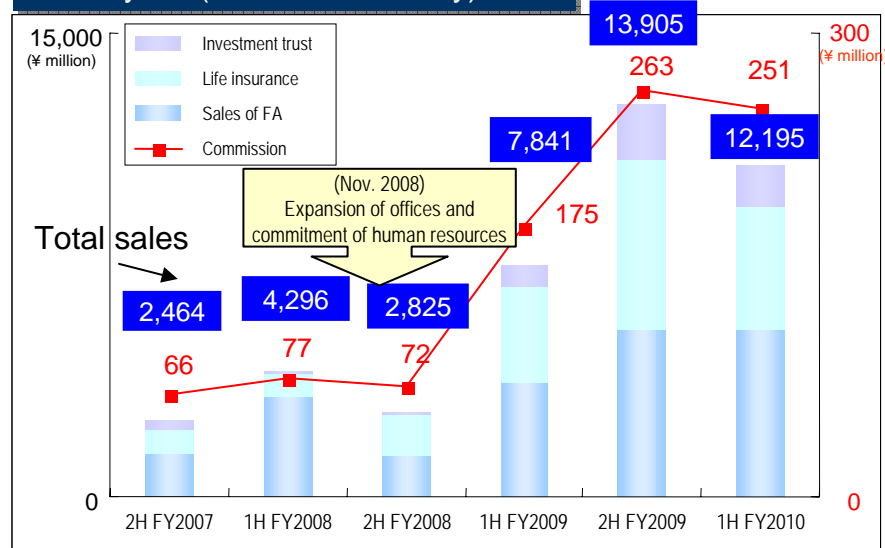
- ▣ Nov. 2008: Expanded to 2 FA offices and increased by 4 to 10 specialists
- ▣ Apr. 2010: Increased by 2 to 12 specialists

- Increase of specialized RMs

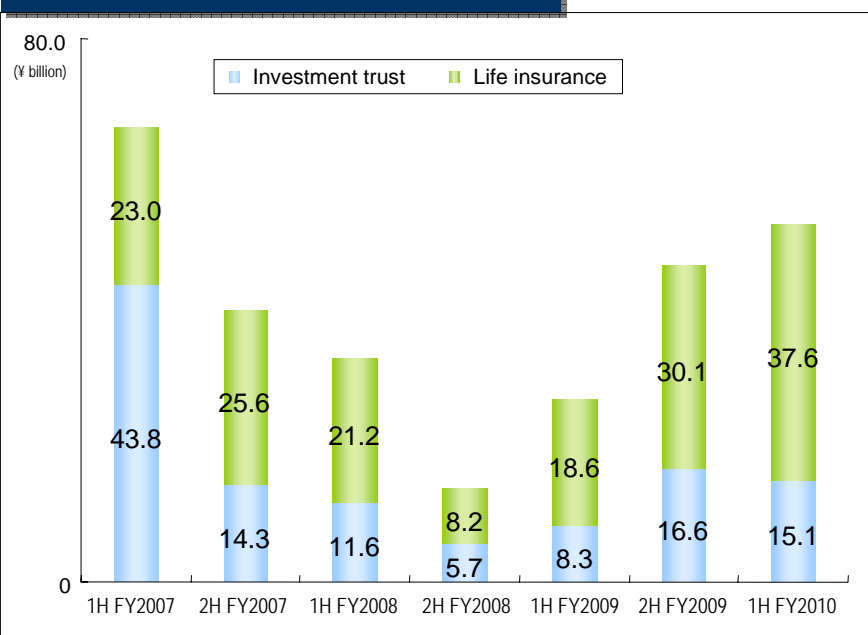
- ▣ Oct. 2009: Allocated 10 RMs at sales offices
- ▣ Apr. 2010: Increased 10 more RMs
- ▣ Second half of FY2010: Plan to increase 20 more RMs

- Improve sales skills through seminars and training courses
- Strengthen over-the-counter sales system of main branches and offices, etc.

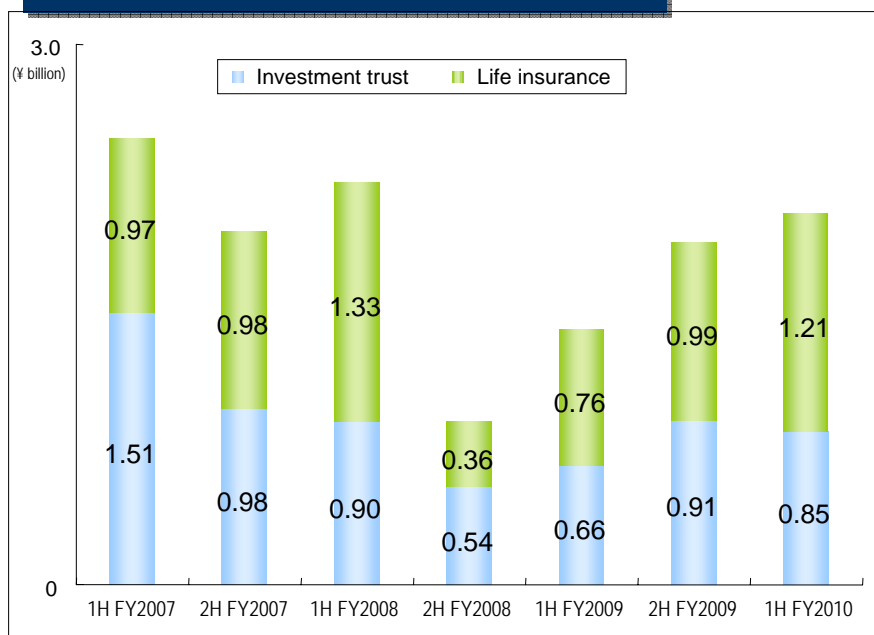
## Sales by FA (Financial Advisory) Office



## Sales of Investment Trust and Life Insurance



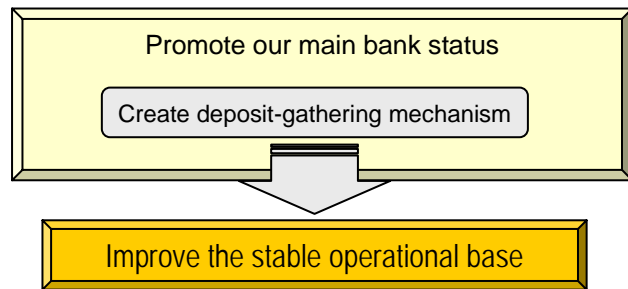
## Commission of Investment Trust and Life Insurance



# Promoting Retail Transactions as a Main Bank

## Expand Retail Transaction as a Main Bank Using Point System

- Promote the Bank as a main financing bank through Point Circle (point system) without using human sales tools such as home-visit and over-the-counter sales
- Implement cross-selling to encourage Point Circle members to make their Nanto account their main account for salary deposits, credit card payments and other measures



## Point Circle Overview

Transaction Types	
Direct deposits (for salaries)	40
Automatic bill payment (5)	25
<b>Total points</b>	<b>65</b>

\*Plus

Cumulative deposit automatic transfer	5
Housing loan	30
Credit card (Nanto DC, Nanto VISA, or Nanto JCB)	20
<b>Total points</b>	<b>120</b>

\*Plus

Deposit/loan balance of ¥5 million	30
Nanto Bank's shareholders (1,000 shares and over)	10
<b>Total points</b>	<b>165</b>

**Point**  
 Stage 1  
 50 or more points

**Point**  
 Stage 2  
 100 or more points

**Point**  
 Stage 3  
 150 or more points

**Privileges**  
 • Free of charge for convenience store ATMs  
 • 0.5% per annum interest benefit on auto loans, etc.

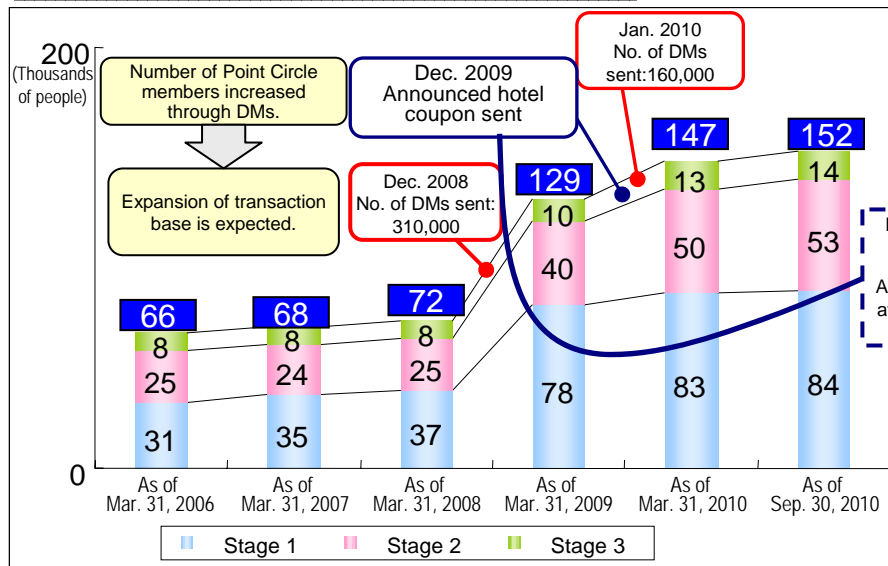
• Free of usage and after-hours charges for convenience store ATMs  
 • Free of after-hours charge for Nanto ATMs  
 • Free transfers among Nanto head office and branch accounts  
 • 50% off for early home loan repayment fee  
 • 1.0% per annum interest benefit on auto loans, etc.

\*Plus  
 • No fee for early home loan repayment  
 • 2.0% per annum interest benefit on card loans.  
 • 50% off for safe deposit box fee, etc.

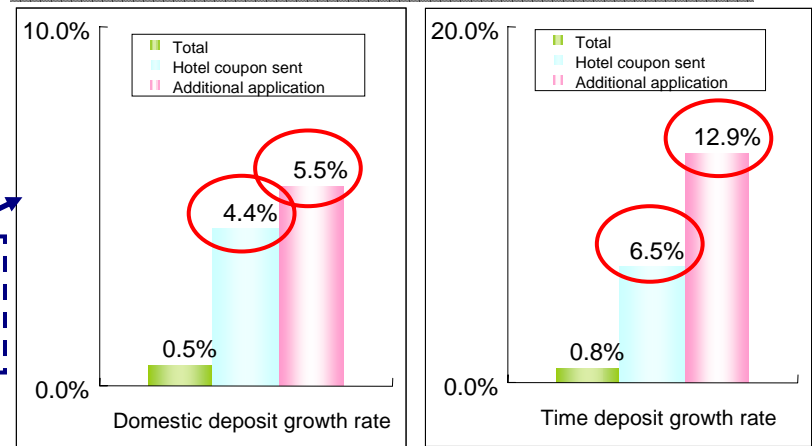
\* For customers of Stage 2 (100 or more points) or higher with time deposit or assets on deposit of ¥10 million or more (As of Jan. 31 of each year)

Coupon for a stay at a renowned hotel (Apr. 2010 or later)

## Number of Point Circle Members



## Hotel Coupon Sent (Jan. – Sep. 2010)



■ Customers actively increased their balances in response to the hotel perk, demonstrating its effectiveness in expanding the business base.

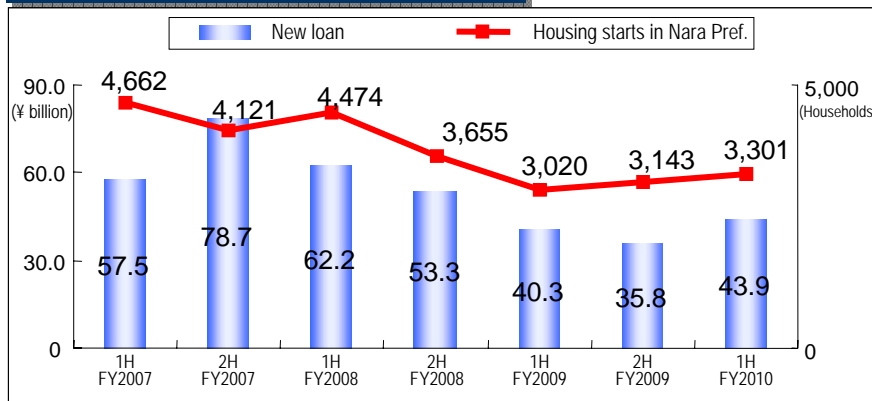
# Reinforcing Personal Loans

## Measures for Reinforcing Personal Loans

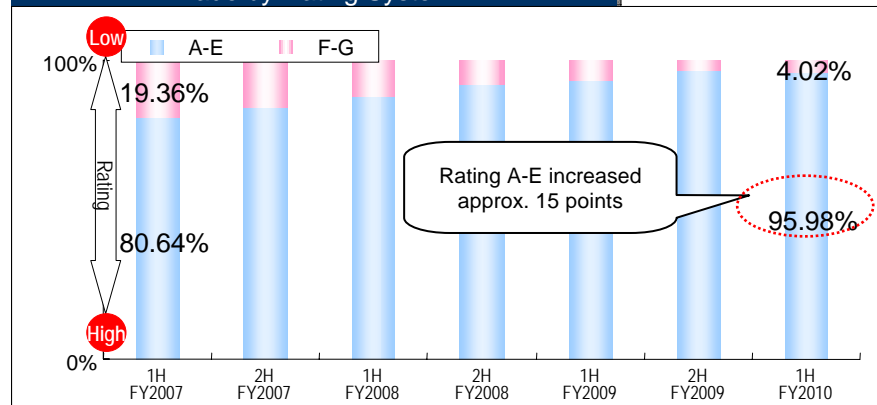
- Promote personal loans that balance volume and quality
  - Strengthen business with high-quality tie-up partners
  - Strengthen efforts to promote refinancing
  - Hold holiday counseling services by housing loan centers
  - Stricter reviews in line with rating system

- Strengthen tie-ups between 8 housing loan centers and sales offices
- Strategically allocate staff specializing in housing loan
- Secure smooth funding by Housing Loan Administration Team in response to customer need (c.f. Modification of housing loan terms and conditions, etc.)

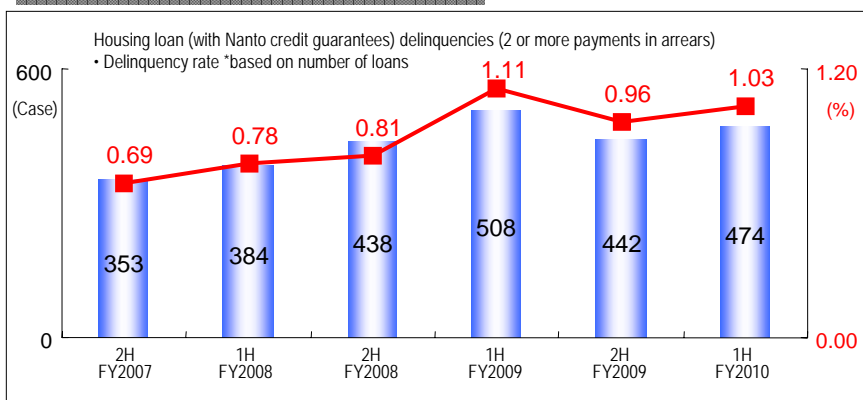
## New Housing Loans Actually Made



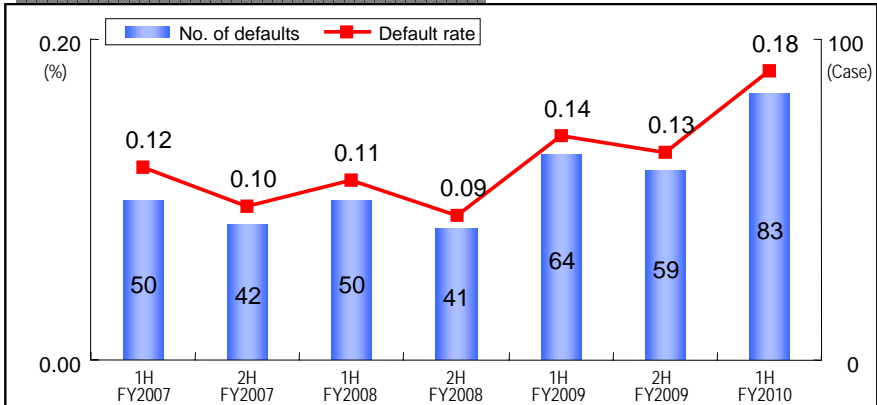
## Composition of New Personal Loans Actually Made by Rating System



## Housing Loan Delinquency



## Housing Loan Defaults



# Regional Development

## Actively Support the 1300th Anniversary of the Nara Heijo-kyo Capital

### <Project overview>

- **Period:** Jan. 1, 2010 to Dec. 31, 2010  
(Heijo Palace Site: Apr. 24 to Nov. 7)
- **Locations:** Heijo Palace Site as well as other sites in Nara Prefecture and throughout Kansai region
- **Projects:**
  - 1) Heijo Palace Site projects
  - 2) Projects within Nara Prefecture
  - 3) Related wide-area projects
  - 4) Lead-up projects
- **Project Scale:** Number of visitors
 

Total:	Approx. 12 to 13 million
Heijo Palace Site:	
(Expected)	Approx. 2.5 million
(Actual)	Approx. 3.63 million
Total budget:	Approx. ¥10.0 billion



### ■ Support Provided by Nanto Bank

- In celebration of the 1300th Anniversary of the Nara Heijo-kyo Capital, the Bank offered the “Nanto de Sento” commemorative time deposit.  
(May 27, 2009 to Sep. 10, 2010)  
\*Achieved targeted deposits of ¥130 billion 20 days ahead of schedule.
- Sent the “Nanto Nara Supporters,” a volunteer group made up of Nanto Bank retirees to act as guides for the special public showing of the Nara Yamatoji treasures .
- Helped to boost awareness of the 1300th Anniversary of the Nara Heijo-kyo Capital project through TV commercials (weather report).



## Support the Yoshino Heart Project

The purpose of this undertaking is to provide multifaceted support for the Yoshino Heart Project, which aims to invigorate the forestry industry and preserve forests by stimulating demand for Yoshino wood (Japanese cedar and cypress) products.



### ■ Promote use of “ad chopsticks” to fuel demand for chopsticks made of Yoshino wood

Increased demand by 7 million sets of chopsticks by partnering with Tokyo-metropolitan area convenience stores. Nanto Bank helped to promote the 1300th Anniversary of the Nara Heijo-kyo Capital.

### ■ Expanded use of forest thinnings in the form of Yoshino 3.9 paper

Using this paper in Nanto Bank’s disclosure publications, posters, etc.

### ■ Supported the “Kurashi no Dogu Design Competition”

Provided prize money and other support for the “Kurashi no Dogu Design Competition,” a nationwide competition for the design of daily life products made with Yoshino cedar and cypress. The competition was sponsored by Nara Prefecture as a way to boost brand awareness for Yoshino cedar and cypress and received broad support from the Yoshino Heart Project.

Separately, the “Wooden Toy Project” is presently being implemented in cooperation with a major ad agency.

### ■ Opening of a Yoshino shop in the Toranomon area of Tokyo (Grand opening on Dec. 15)

A shop for promoting and selling Yoshino wood products will be established inside the Mori Café due to open in the Toranomon area of Tokyo. Yoshino cedar is being used for the café’s interior and business matching efforts will put Yoshino and Nara food products on the menu.



Yusei-Fukushi Kotohira Bldg. 1F 1-14-1  
Toranomon, Minato-ward, Tokyo

# Appendix

Profile of the Nanto Bank	Appendix-1
Industrial Production Index / Business Projection for Local Companies	Appendix-2
Business Bankruptcy and Employment Conditions	Appendix-3
Number of Population, Households, and Housing Starts in Nara Prefecture	Appendix-4
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Ratio of Loans by Industry	Appendix-7
Shift in Classification of Debtors	Appendix-8
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# Profile of the Nanto Bank

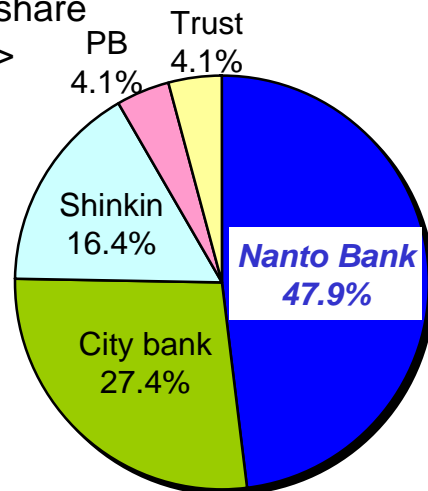
(As of Sep. 30, 2010)

- |                                                      |                                                                         |
|------------------------------------------------------|-------------------------------------------------------------------------|
| 1. Founded                                           | June 1, 1934                                                            |
| 2. Location of head office:                          | 16, Hashimoto-cho, Nara City                                            |
| 3. Capital                                           | ¥29,249 million                                                         |
| 4. Number of employees                               | 2,858                                                                   |
| 5. Number of offices                                 | 132 (Japan),<br>2 (representative offices in<br>Hong Kong and Shanghai) |
| 6. Total assets                                      | ¥4,566.6 billion                                                        |
| 7. Deposits outstanding                              | ¥4,083.4 billion                                                        |
| 8. Outstanding loans                                 | ¥2,685.5 billion                                                        |
| 9. Capital adequacy ratio                            | Non-consolidated: 11.33%<br>Consolidated: 11.60%                        |
| 10. Deposit and loan market share in Nara Prefecture |                                                                         |

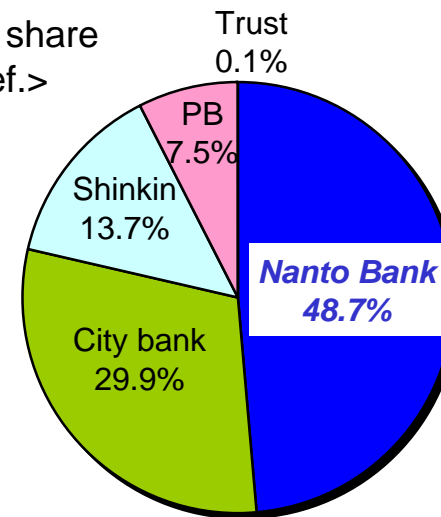


(Head Office)

<Deposit market share  
in Nara Pref.>



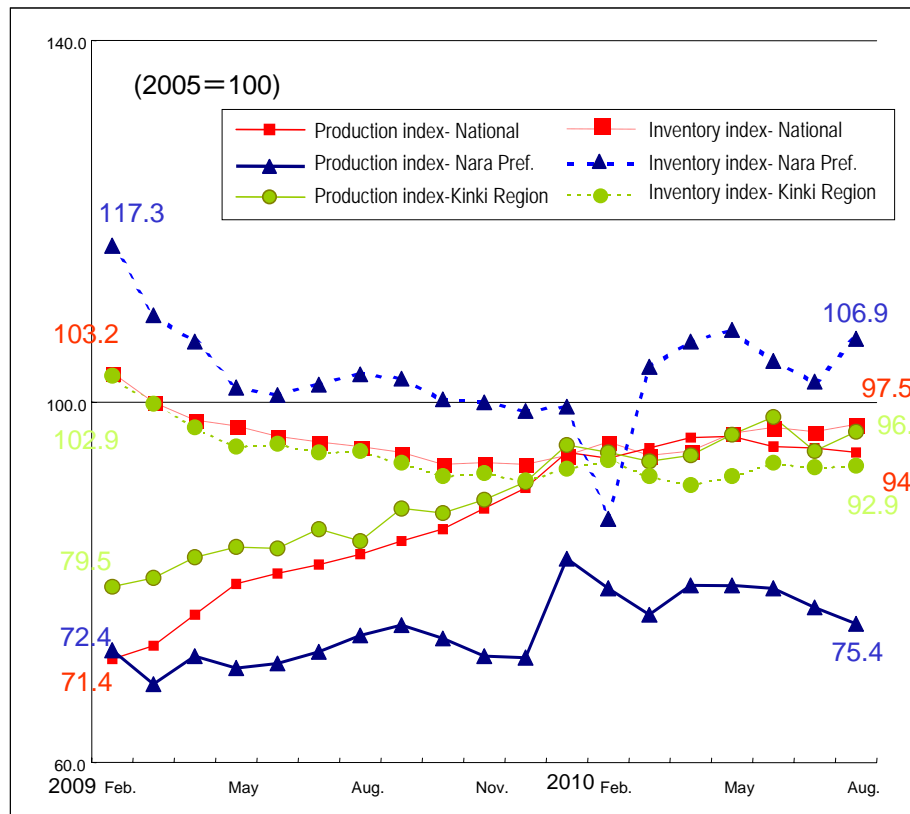
<Loan market share  
in Nara Pref.>





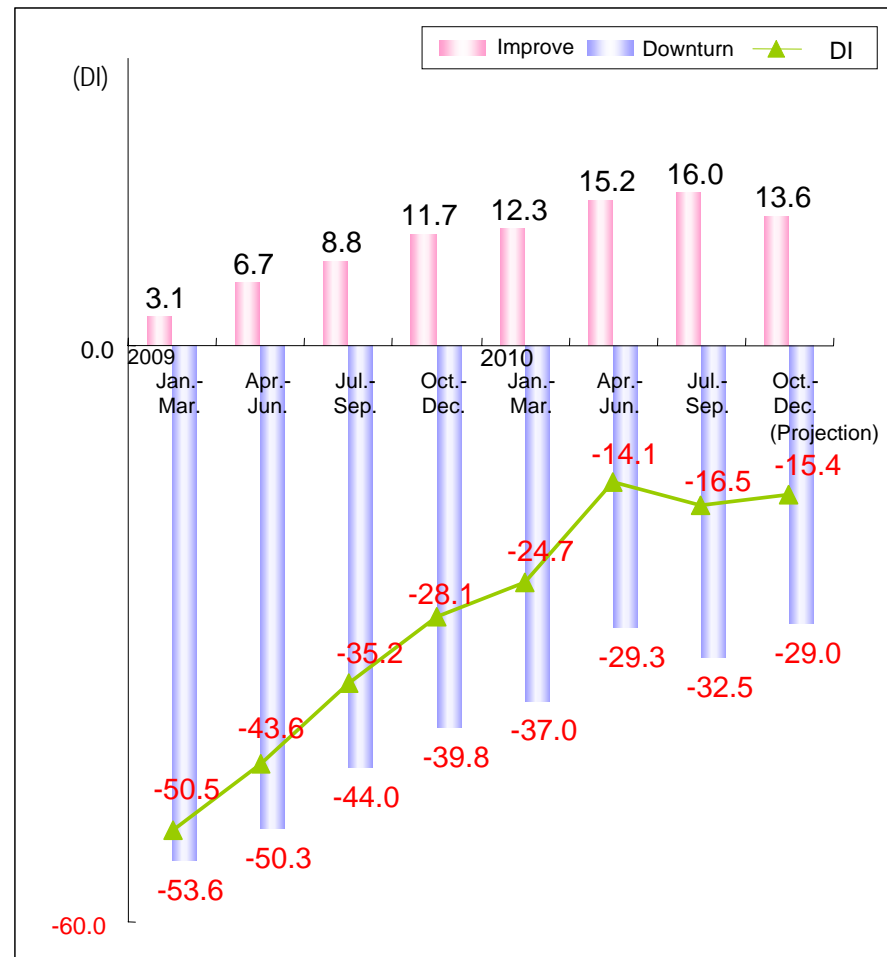
# Industrial Production Index / Business Projection for Local Companies

## Industrial Production Index



[Source: Ministry of Economy, Trade and Industry, Kansai Bureau of Economy, Trade and Industry, and Nara Prefecture]

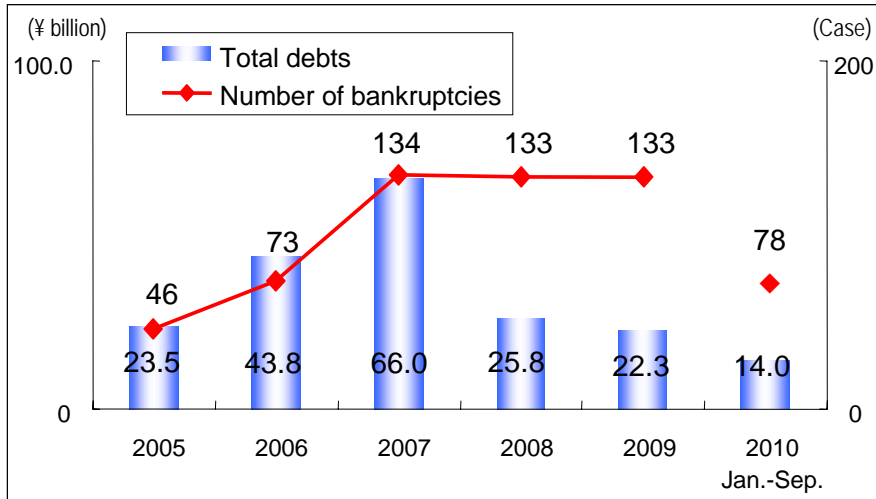
## Business Projection for Local Companies



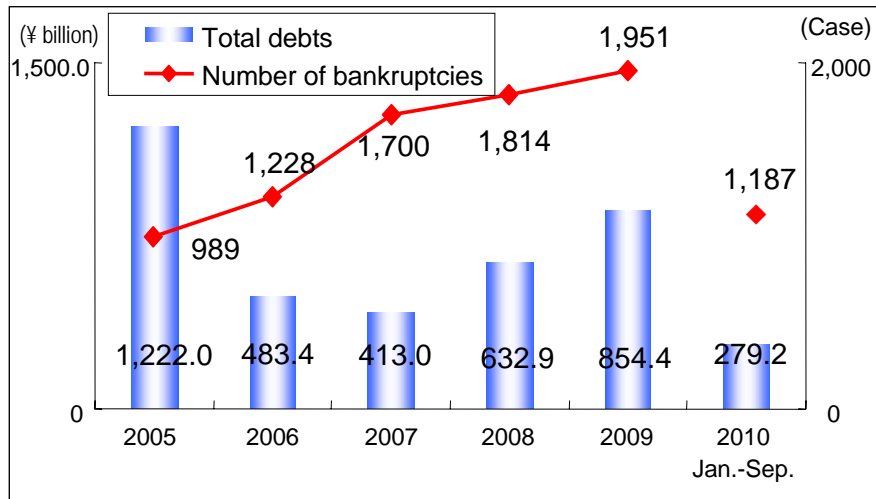
[Source: Nanto Economic Research Institute]

# Business Bankruptcy and Employment Conditions

## Number of Bankruptcies in Nara Pref.

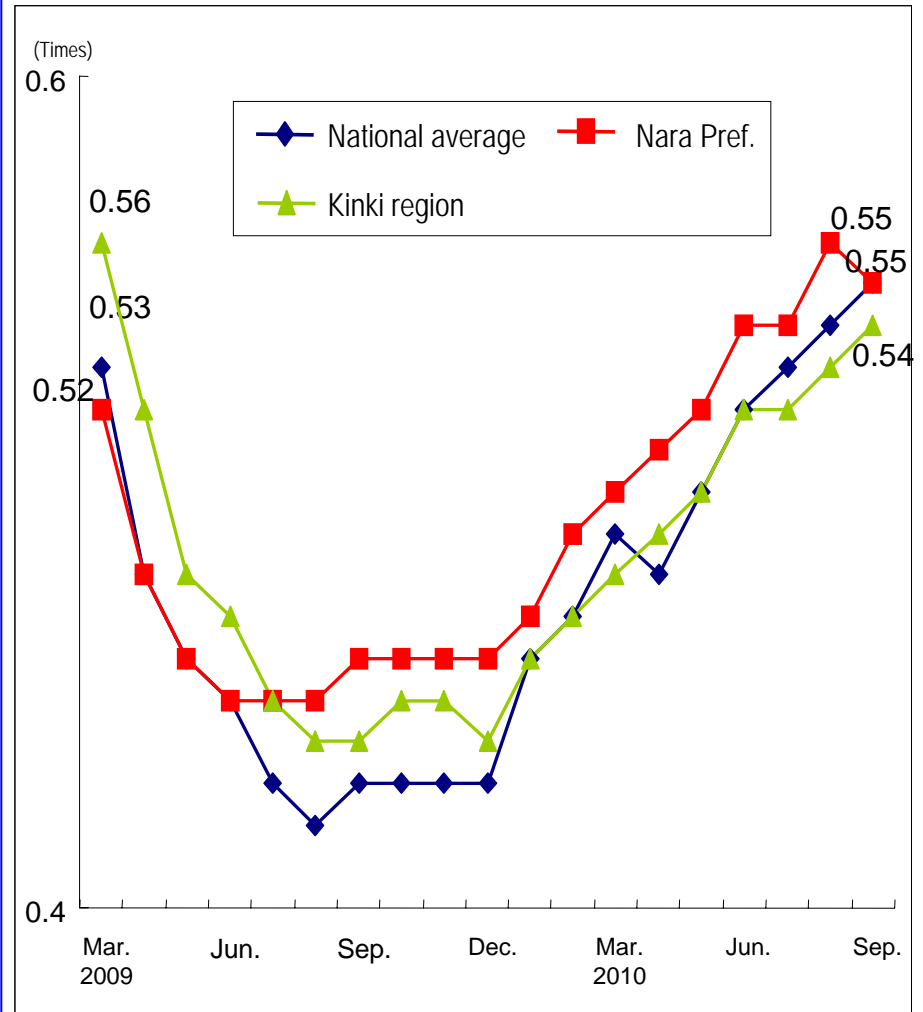


## Number of Bankruptcies in Osaka Pref.



[Source: Teikoku Databank ]

## Effective Ratio of Job Offers to Applicants

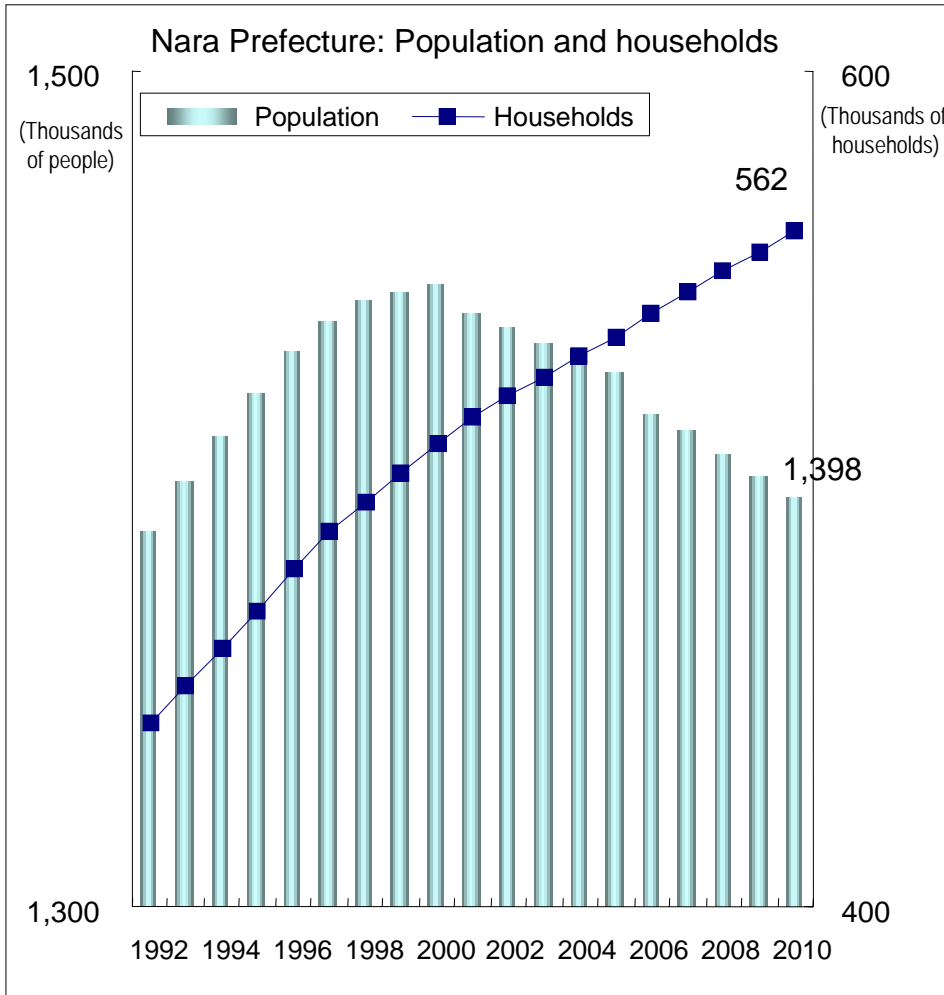


[Source: Health, Labor and Welfare Ministry]



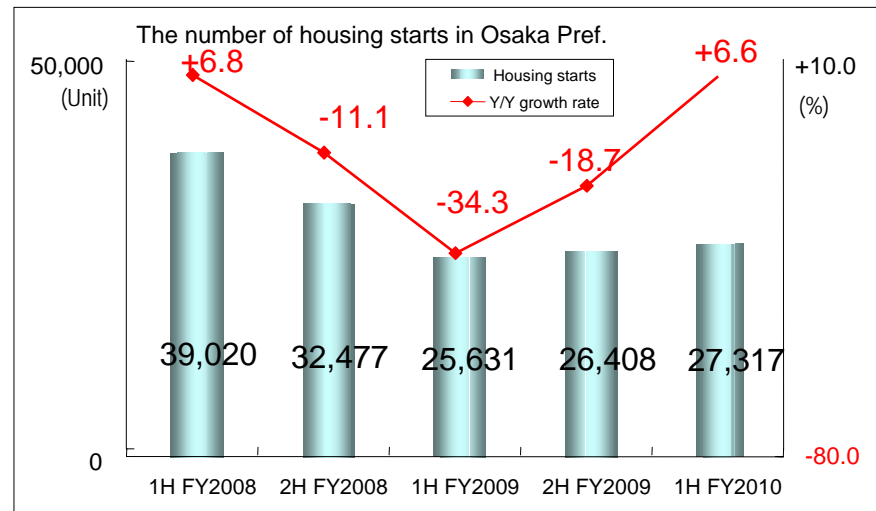
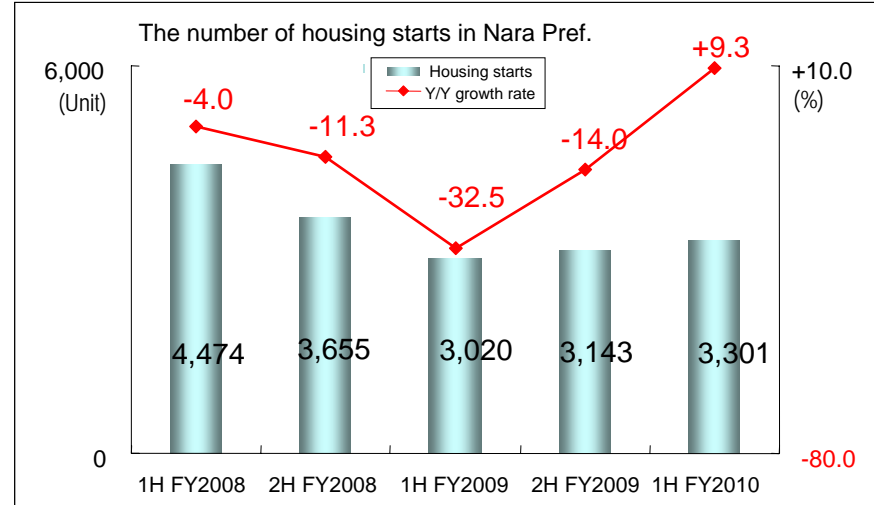
# Number of Population, Households, and Housing Starts in Nara Prefecture

■ As of Mar. 2010, population and the number of households in Nara prefecture were 1.39 million and 560,000 households, respectively. Due to the trend toward nuclear families, the number of households has been on an increasing trend, but the population has been decreasing.



[Source: Nara Prefecture]

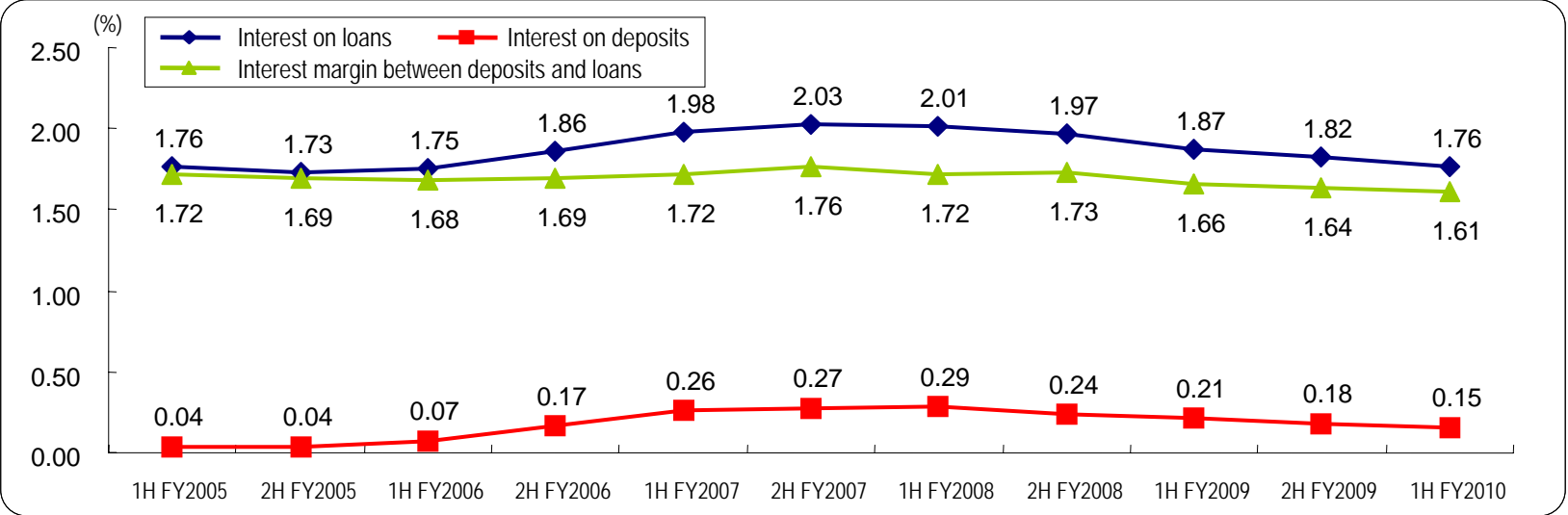
■ The number of housing starts for Nara Prefecture during the first half of FY2010 was 3,301, up 9.3% year on year.



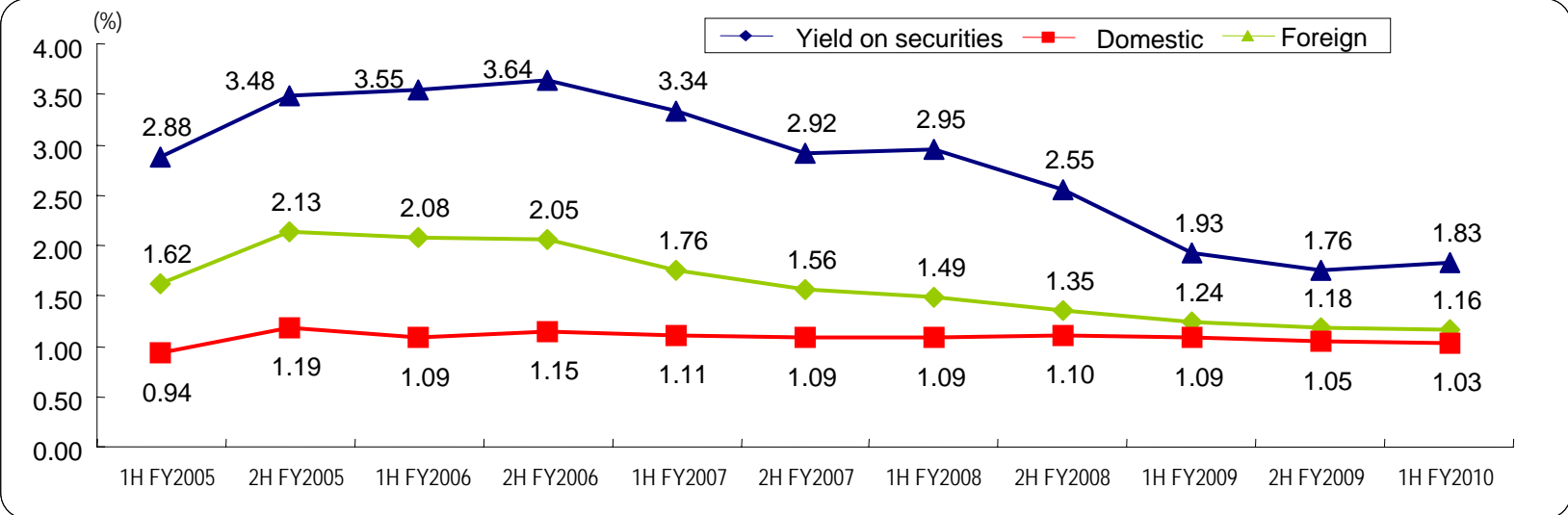
[Source: Ministry of Land, Infrastructure, Transport and Tourism] Appendix-4

# Various Interest Rates

## Interest on Deposit and Loan



## Yield on Securities



# Response to SME Financing Facilitation Act

◆ Based on the idea that our mission is to smoothly respond to local financing needs and fully live up to the role of a financial intermediary, it has long been our practice to flexibly respond to payment extension and other requests based on the circumstances of individual clients.

## Response to Applications for Changes, etc. to Loan Terms

As of Sep. 30, 2010 (Case, ¥ million)

	Small and medium enterprises (SMEs)				Housing loan customers			
	Number		Amount		Number		Amount	
		To application		To application		To application		To application
Total application	4,879	100.0%	144,373	100.0%	451	100.0%	7,983	100.0%
Accepted	3,944	80.8%	116,877	81.0%	230	51.0%	3,937	49.3%
Rejected	219	4.5%	8,555	5.9%	43	9.5%	866	10.8%
Under inspection	603	12.4%	16,441	11.4%	65	14.4%	1,129	14.1%
Turnaround plan	113	2.3%	2,498	1.7%	113	25.1%	2,051	25.7%

<Response by prefecture>

To housing loan customers

	Nara Pref.		Osaka Pref.		Kyoto Pref.		Wakayama Pref.		Other	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Total application	3,409	96,477	637	27,600	416	13,628	353	5,470	64	1,194
Accepted	2,771	78,767	507	23,057	311	9,878	305	4,492	50	680
Rejected	136	4,621	47	2,326	32	1,452	2	40	2	115
Under inspection	416	11,042	70	2,014	64	2,080	45	936	8	366
Turnaround plan	86	2,045	13	202	9	216	1	1	4	32

To SMEs

	Nara Pref.		Osaka Pref.		Kyoto Pref.		Wakayama Pref.		Other	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Total application	253	3,850	104	2,604	52	944	23	322	19	261
Accepted	137	2,175	40	950	26	422	13	202	14	185
Rejected	25	410	12	328	5	109	1	17	0	0
Under inspection	38	525	18	444	4	73	3	48	2	37
Turnaround plan	53	738	34	881	17	339	6	53	3	38

# Ratio of Loans by Industry

## Loans Outstanding by Industry

(¥ billion)	As of Mar. 31, 2010	As of Sep. 30, 2010	Change from Mar. 31, 2010
Total lending volume	2,742.5	2,685.5	-57.0
Manufacturing	477.7	468.0	-9.7
Agriculture and forestry	4.9	4.5	-0.3
Fishery	2.8	3.0	0.2
Mining, stone and gravel quarrying	6.3	5.9	-0.4
Construction	108.4	97.5	-10.9
Electric, gas, heat supply and water utility	9.8	12.1	2.2
Information communication	15.3	15.9	0.5
Transportation and postal service	81.8	76.3	-5.4
Wholesaling and retailing	281.7	279.8	-1.8
Finance and insurance	118.3	115.1	-3.1
Real estate and leasing	299.4	308.3	8.9
Services	158.8	151.2	-7.6
Local public entity	363.4	336.4	-27.0
Others	813.2	811.0	-2.2

## Ratio of Loans by Industry

(%)	As of Mar. 31, 2010	As of Sep. 30, 2010	Change from Mar. 31, 2010
Total lending volume	100.00	100.00	
Manufacturing	17.42	17.43	0.01
Agriculture and forestry	0.18	0.17	-0.01
Fishery	0.10	0.11	0.01
Mining, stone and gravel quarrying	0.23	0.22	-0.01
Construction	3.95	3.63	-0.32
Electric, gas, heat supply and water utility	0.36	0.45	0.09
Information communication	0.56	0.59	0.03
Transportation and postal service	2.98	2.84	-0.14
Wholesaling and retailing	10.27	10.42	0.15
Finance and insurance	4.31	4.29	-0.02
Real estate and leasing	10.92	11.48	0.56
Services	5.79	5.63	-0.16
Local public entity	13.25	12.53	-0.72
Others	29.65	30.20	0.55

# Shift in Classification of Debtors

## <As of Sep. 30, 2010>

- ◆ Total credit (loans): ¥2,710.3 billion (decrease of ¥58.5 billion from Mar. 31, 2010)
- ◆ Loans to normal debtors: ¥2,397.7 billion (decrease of ¥64.3 billion from Mar. 31, 2010)
- ◆ Loans to debtors requiring caution and substandard debtors: ¥243.1 billion (increase of ¥4.0 billion from Mar. 31, 2010)
- ◆ Loans to potentially bankrupt debtors and lower: ¥69.3 billion (increase of ¥1.7 billion from Mar. 31, 2010)

	(Subject: Credit related claimable assets such as loans)	Balance (As of Mar. 31, 2010) a
1	Normal debtors	2,462.1
2	Debtors requiring caution	213.2
3	Substandard debtors	25.9
4	Potentially bankrupt debtors	54.0
5	Bankrupt and effectively bankrupt debtors	13.5
6	New debtors	
7	Total	2,768.8



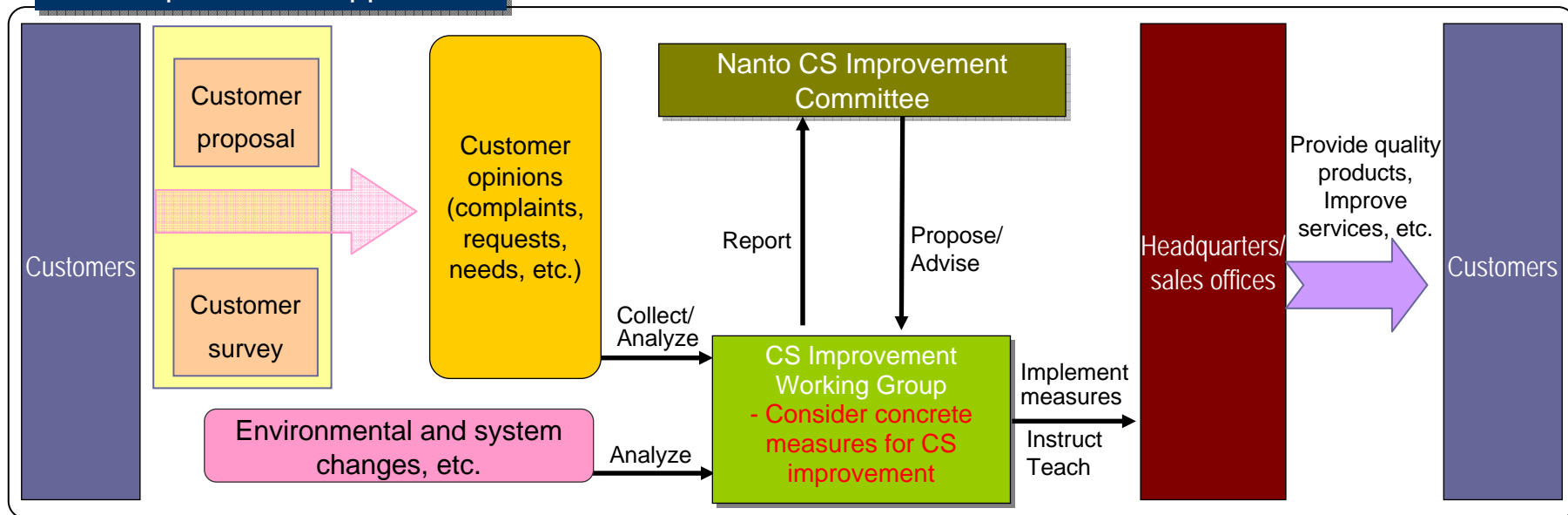
As of Sep. 30, 2010					
Normal assets b	Assets requiring caution c	Substandard assets d	Potentially bankrupt assets e	Bankrupt and effectively bankrupt assets F	For collection or write-offs g
2,335.8	32.4	4.4	2.7	1.0	85.6
9.6	180.2	2.4	7.6	0.4	12.8
0.1	3.9	16.8	3.0	0.3	1.5
0.1	2.5	0.2	42.9	1.8	6.2
0.0	0.0	0.0	0.4	8.7	4.2
51.9	0.0	0.0	0.0	0.0	0.0
2,397.7	219.2	23.9	56.8	12.5	110.5

Changes from Mar.31, 2010					
Normal assets	Assets requiring caution	Substandard assets	Potentially bankrupt assets	Bankrupt and effectively bankrupt assets	For collection of write-offs
-64.3	6.0	-2.0	2.7	-1.0	-58.5

# Efforts to Improve CS

- Return to the origin of the service industry, strengthen efforts to improve customer satisfaction, and implement measures to improve CS, centered on the CS Improvement Committee and the CS Improvement Working Group

## CS Improvement Approach



## CS Declaration

- We will greet customers with a smile and strive to provide customers with thoughtful service.
- We will endeavor to provide better products and services that satisfy customers.
- We will work to provide accurate and quick responses and easy-to-understand, precise explanations.

In this material, we refer to the future performance of the bank.  
However, these descriptions do not guarantee the performance mentioned in the material and include risks and uncertainties.  
Please be aware that the future performance mentioned in this material may change from the targets as a result of, for example, changes in the operating environment.

**[Inquiries:]**

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**URL: <http://www.nantobank.co.jp/>**



As one of Nanto Bank's environmental efforts, we support "Yoshino Heart Project" and "Kizukai Activities."