

# **Information Meeting The Year Ended March 2012**

**June 8, 2012**



**THE NANTO BANK, LTD**

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## **I. Financial Results for FY2011**

## **II. Management Strategy**

## Financial Results for FY2011 – 1. Profit and Loss

(¥ billion)		FY2010	FY2011	Y/Y change
1	Core gross business profit	63.6	60.8	-2.7
2	Interest income	57.6	55.6	-2.0
3	Fees and commissions	6.2	5.5	-0.6
4	Other operating income (*1)	(0.2)	(0.2)	-0.0
5	Cost of derivative financial products	0.0	0.5	+0.4
6	Expenses	49.6	49.5	-0.1
7	Personnel expenses	26.0	26.6	+0.5
8	Non-personnel expenses	21.4	20.8	-0.6
9	Taxes	2.0	1.9	-0.1
10	Core net business profit	13.9	11.3	-2.6
11	Gains/Losses on bonds (JGBs, etc.)	3.4	3.1	-0.2
12	Net transfer to general provision for possible loan losses	(1.7)	—	+1.7
13	Net business profit	19.1	14.5	-4.5
14	Non-recurrent gains/losses	(7.6)	(5.3)	+2.3
15	Gains/Losses on stocks	(1.0)	(4.2)	-3.1
16	Disposal of non-performing loans	5.0	2.2	-2.8
17	Reversal of bad debt reserve	—	1.1	+1.1
18	Bad debt recovered	—	0.8	+0.8
19	Ordinary income	11.4	9.1	-2.2
20	Extraordinary gains/losses	1.0	(0.4)	-1.4
21	Bad debt recovered	1.4	—	-1.4
22	Loss on adjustment for changes of accounting standard for asset retirement obligations	0.2	—	-0.2
23	Impairment loss	0.0	0.3	+0.2
24	Income before taxes	12.4	8.7	-3.7
25	Income taxes	5.8	5.4	-0.4
26	Net income	6.5	3.3	-3.2
27	Credit cost (*2)	1.9	0.1	-1.7

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

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

### <No.10 Core net business profit>

◆ Despite lower Expenses, declines in Interest income and Fees and commissions caused Core net business profit to decline by ¥2.6 billion year on year to ¥11.3 billion.

#### <Breakdown of Interest income>

(¥ billion)		FY2010	FY2011	Y/Y change
Interest income		57.6	55.6	-2.0
Interest on loans and deposits		40.5	39.1	-1.3
Interest on loans		46.3	43.5	-2.7
Interest on deposits		5.8	4.4	-1.3
Interest on market sector		17.0	16.4	-0.6
Interest on securities		18.6	17.9	-0.7
Interest on fund management		0.3	0.4	+0.0
Interest on fund procurement		1.9	1.9	-0.0

### <No.26 Net income>

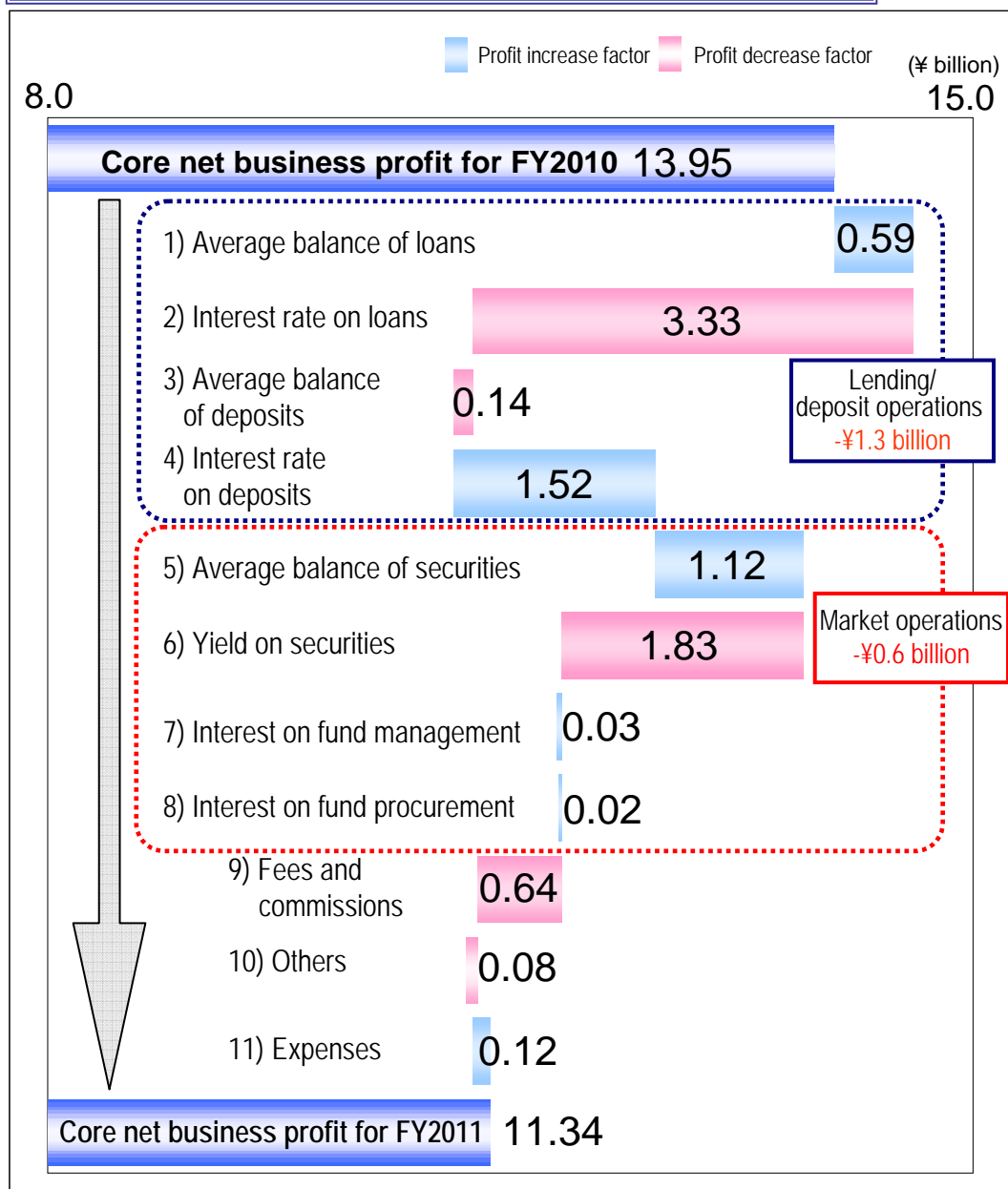
◆ Even with an improvement in Credit cost, factors like lower Gains on securities caused Net income to decline by ¥3.2 billion year on year to ¥3.3 billion.

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

(¥ billion)		FY2010	FY2011	Y/Y change
Gains/Losses on securities		2.3	(1.0)	-3.3
Gains/Losses on bonds (JGBs, etc.)		3.4	3.1	-0.2
Gains/Losses on stocks		(1.0)	(4.2)	-3.1
Credit cost		1.9	0.1	-1.7
Net transfer to general provision for possible loan losses		(1.7)	—	+1.7
Disposal of non-performing loans		5.0	2.2	-2.8
Reversal of bad debt reserve		—	1.1	+1.1
Reversal of general provision for possible loan losses		—	3.3	+3.3
Reversal of specific provision for loan losses		—	(2.2)	-2.2
Bad debt recovered		1.4	0.8	-0.5

## Financial Results FY2011 – 2. Core Net Business Profit

### Analysis of Change Factors in Core Net Business Profit



1) Average balance of loans ¥2,714.5 billion  
(Y/Y change +¥34.2 billion)

2) Interest rate on loans 1.60% (Y/Y change -0.12pp)

3) Average balance of deposits ¥4,309.9 billion  
(Y/Y change +¥105.5 billion)

4) Interest rate on deposits 0.10% (Y/Y change -0.03pp)

5) Average balance of securities ¥1,688.4 billion  
(Y/Y change +¥95.8 billion)

6) Yield on securities 1.06% (Y/Y change -0.10pp)

7) Interest on fund management Y/Y change +¥0.0 billion

8) Interest on fund procurement Y/Y change -¥0.0 billion

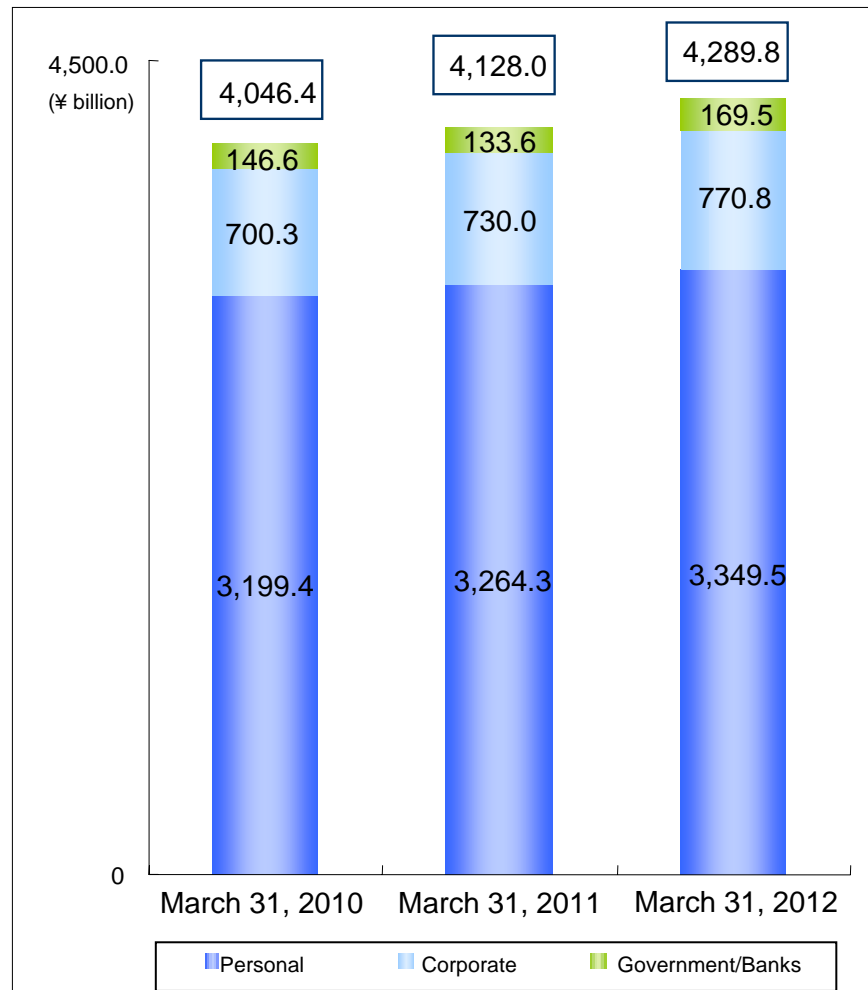
9) Commissions on investment trust Y/Y change +¥0.08 billion  
Commissions on life insurance Y/Y change -¥0.4 billion

11) Expenses -¥0.12 billion  
Personnel expenses Y/Y change +¥0.59 billion  
Non-personnel expenses Y/Y change -¥0.60 billion  
Taxes Y/Y change -¥0.11 billion

# Financial Results for FY2011 – 3. Deposits

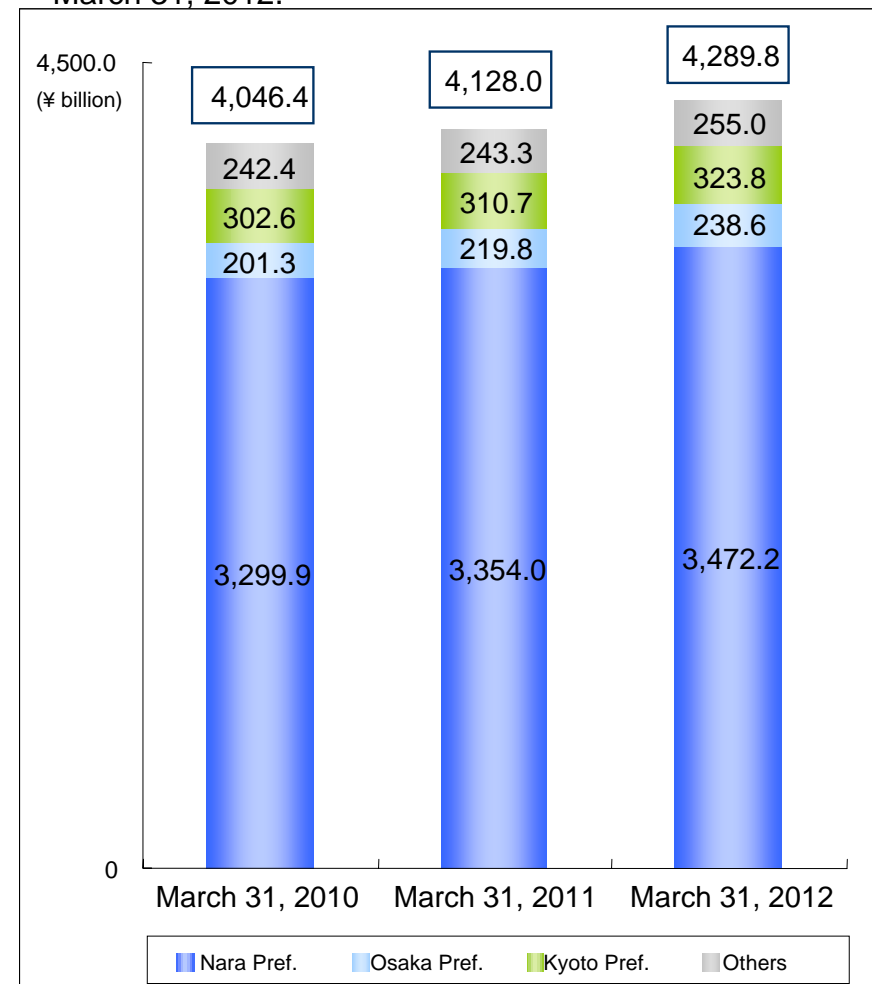
## Balance of Deposits by Sector

- ◆ The deposit balance as of March 31, 2012 stood at ¥4,289.8 billion, up ¥161.8 billion year on year due mainly to a steady rise in Personal deposits.



## Balance of Deposits by Prefecture

- ◆ Deposits for all prefectures rose year on year. Deposit balance for Nara Prefecture was ¥3,472.2 billion, which accounted for 80.9% of Nanto Bank's total as of March 31, 2012.

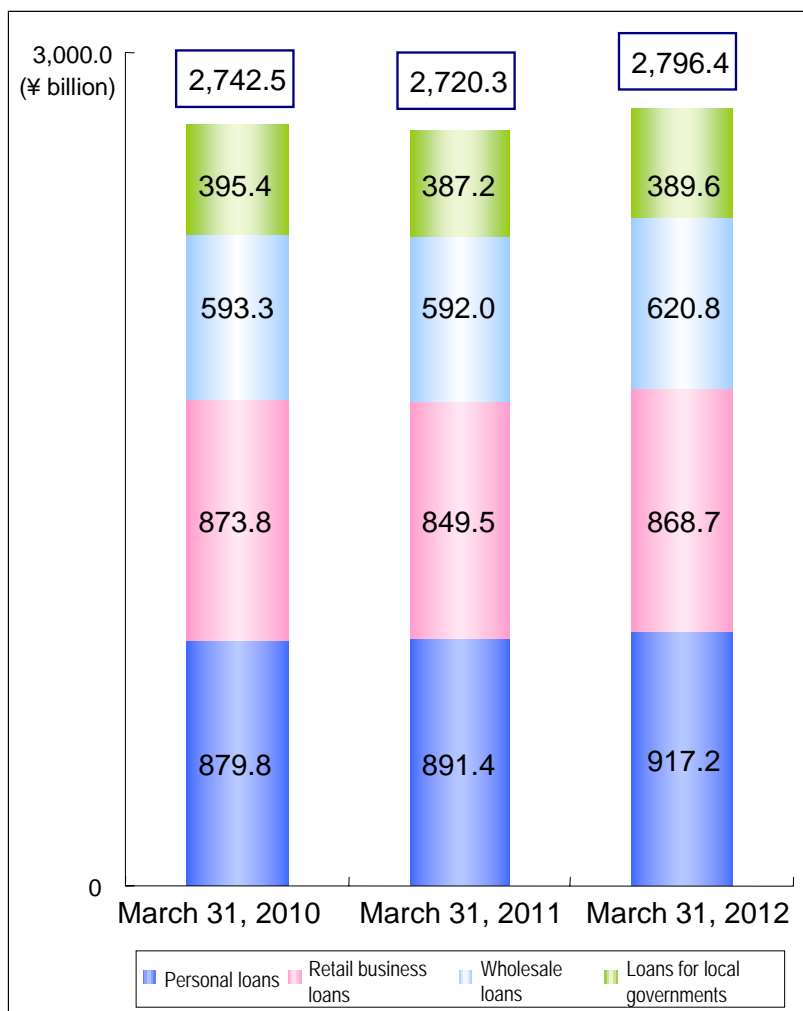


\*Osaka Pref. includes Amagasaki branch in Hyogo Pref..

# Financial Results for FY2011 – 4. Loans

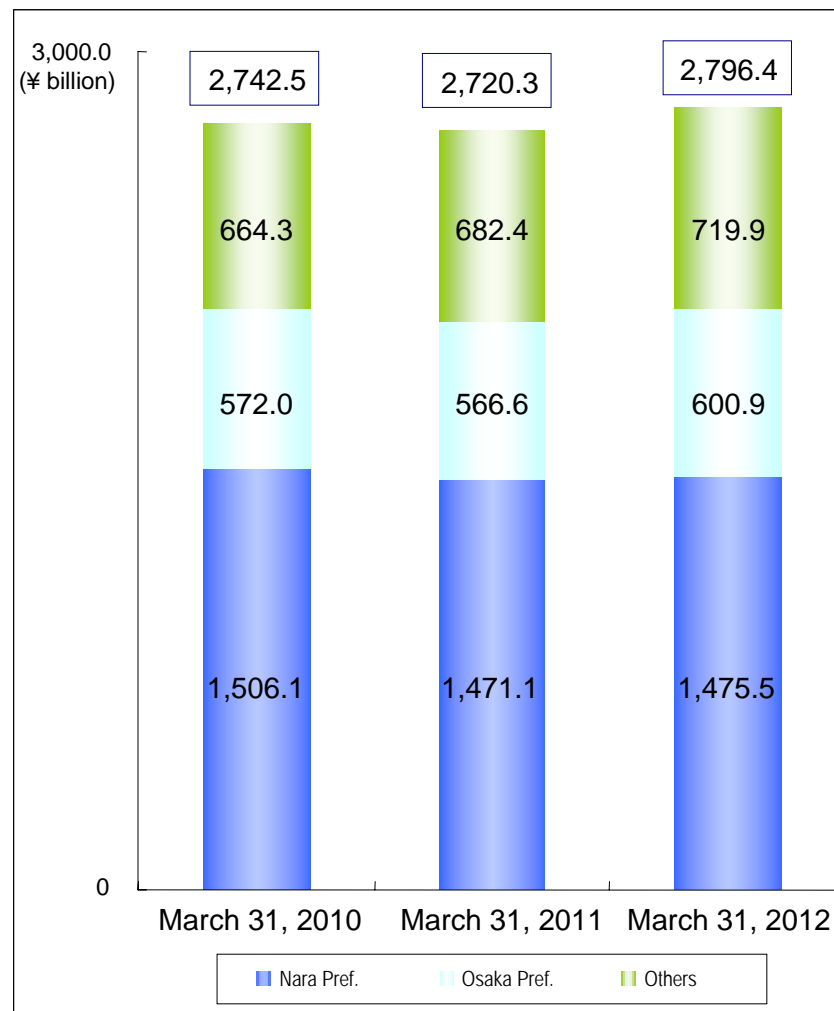
## Balance of Loans by Sector

◆ Driven by steady increases mainly in Retail business loans and Personal loans, the balance of loans for FY2011 rose by ¥76.1 billion year on year to ¥2,796.4 billion.



## Balance of Loans by Prefecture

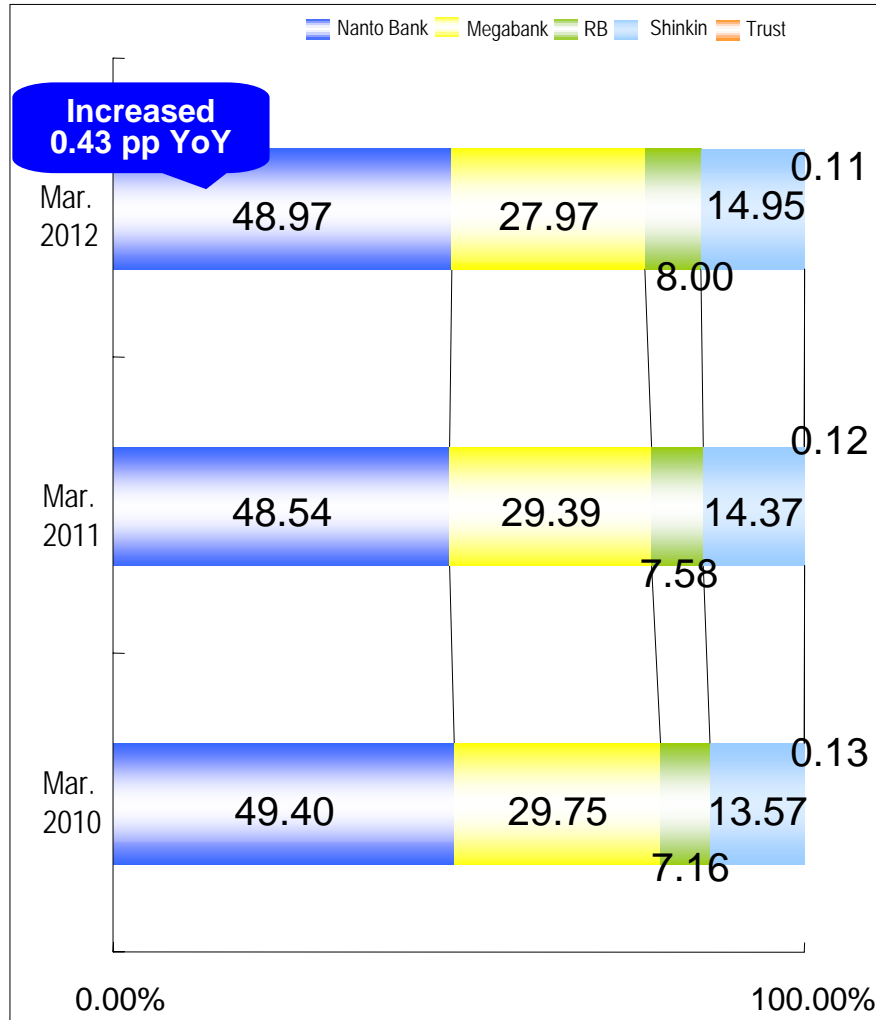
◆ With outstanding loans of ¥1,475.5 billion, Nara Prefecture accounted for 52% of total loans outstanding. At ¥600.9 billion, Osaka Prefecture accounted for 21% of the total.



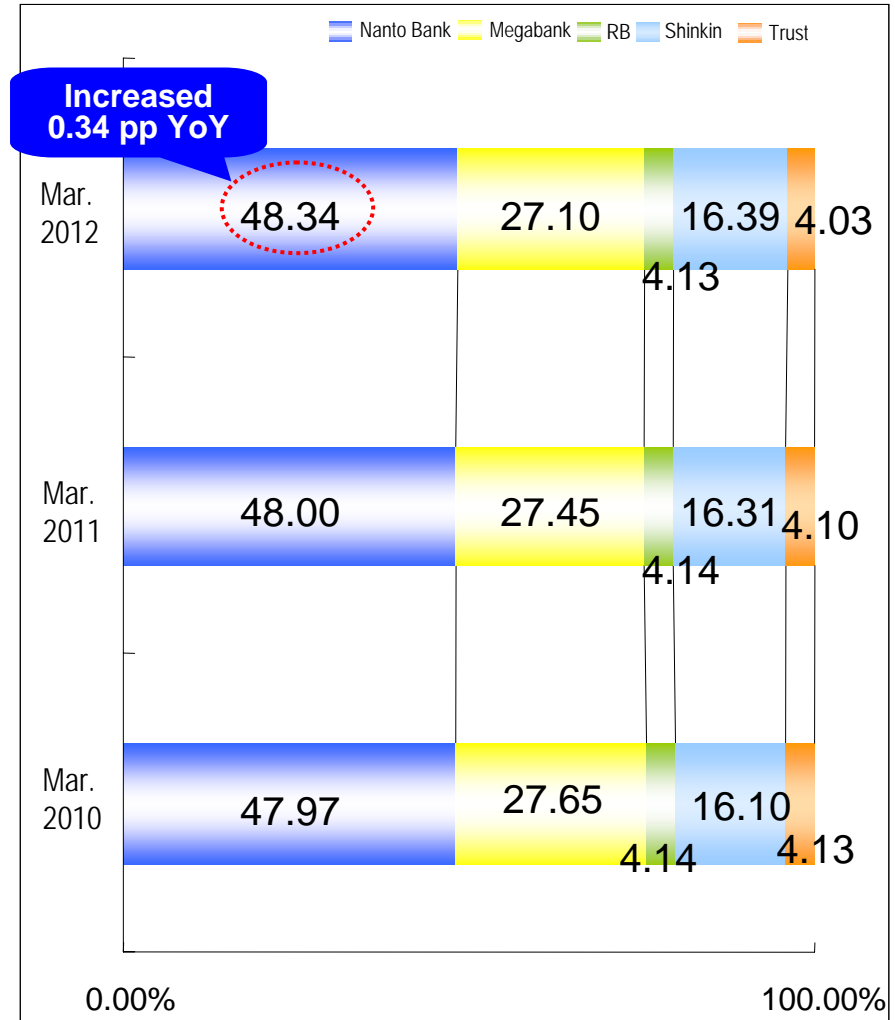
\*Osaka Pref. includes Amagasaki branch in Hyogo Pref..

# Financial Results for FY2011 –5 Share in Nara Prefecture

## Share in Loans



## Share in Deposits

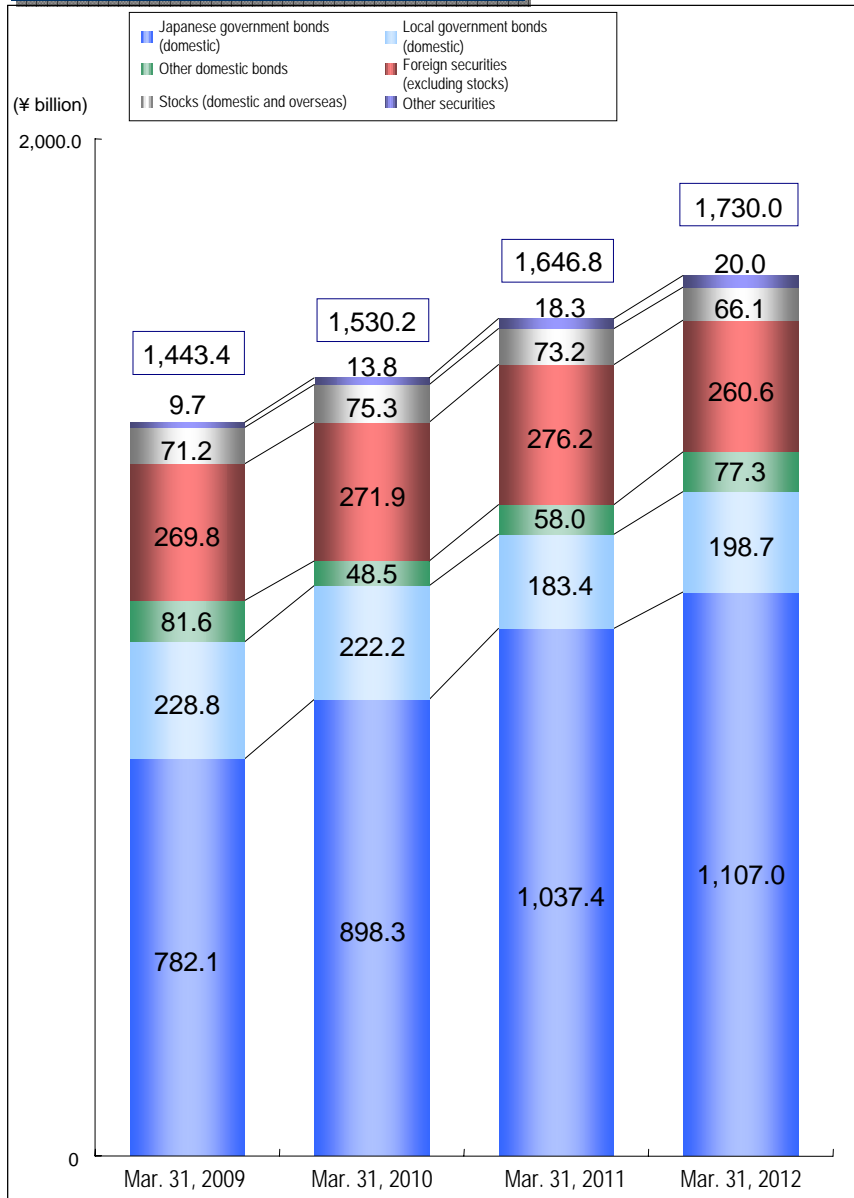


\* commercial banks, trust banks, and shinkin banks in Nara Prefecture. (excluding agricultural cooperatives, Japan post bank)



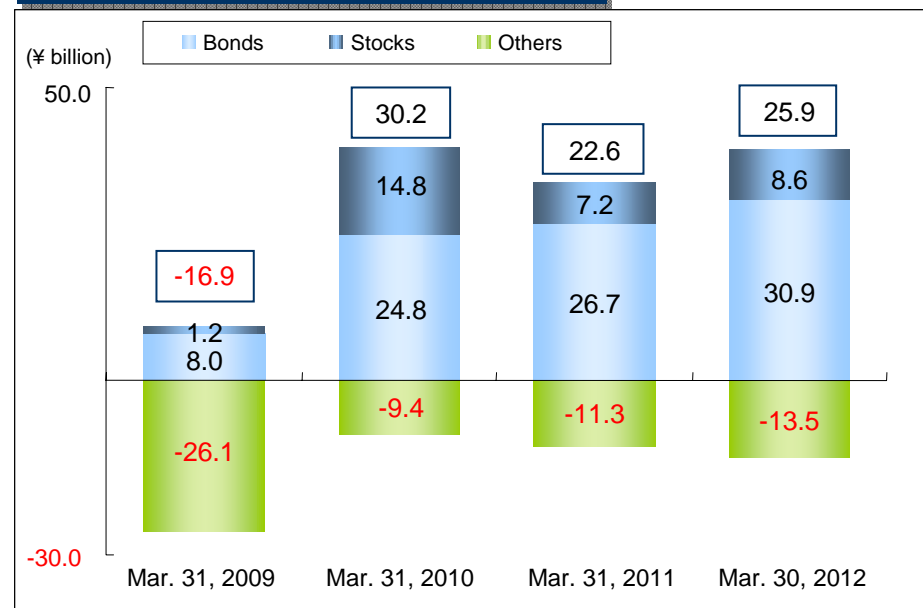
# Financial Results for FY2011 –6. Securities

## Balance of Outstanding Securities

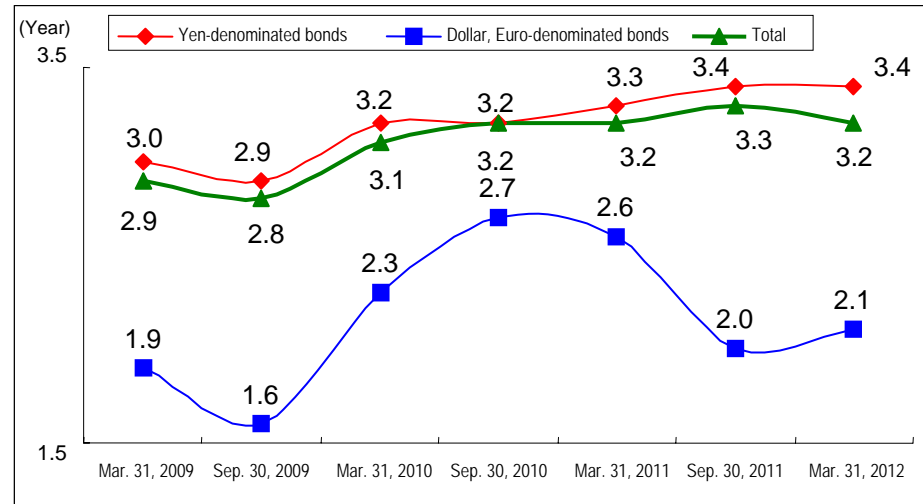


\* Book value basis (after deduction of unrealized gains/losses of securities)

## Unrealized Gains/Losses of Securities

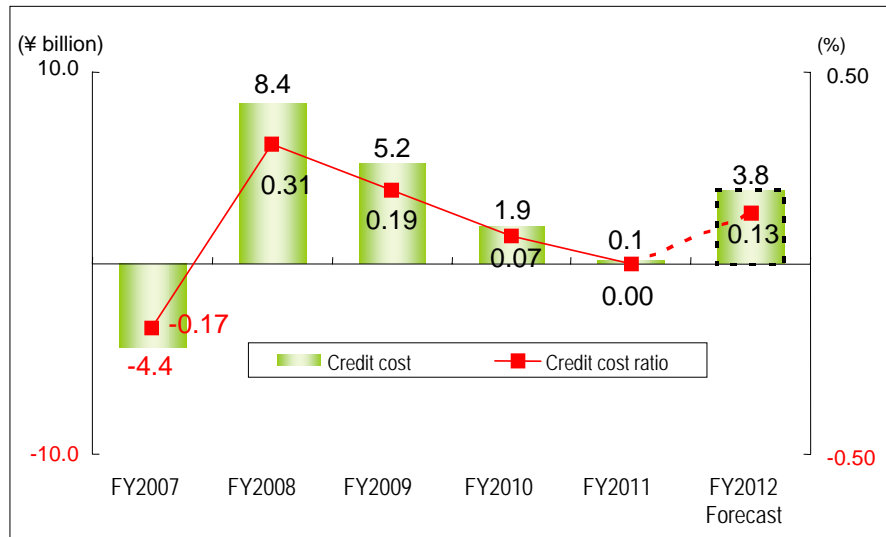


## Bond Duration



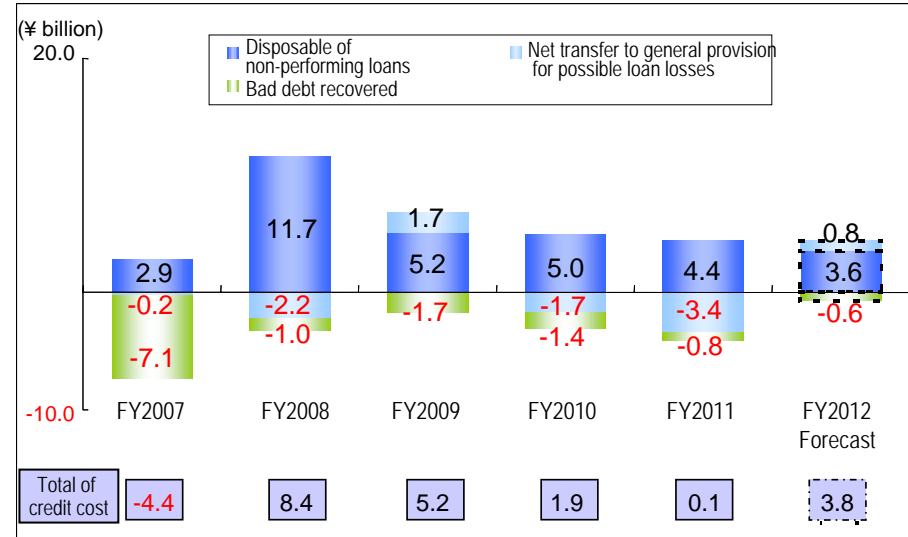
# Financial Results FY2011 – 7. Disposal of Non-Performing Loans

## Credit Cost

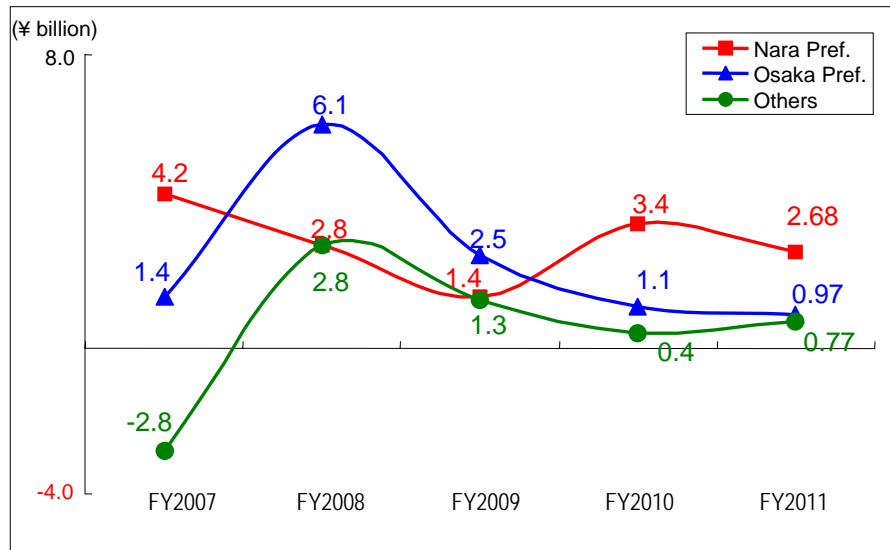


\*Credit cost ratio = Credit cost / Average balance of loans x 100

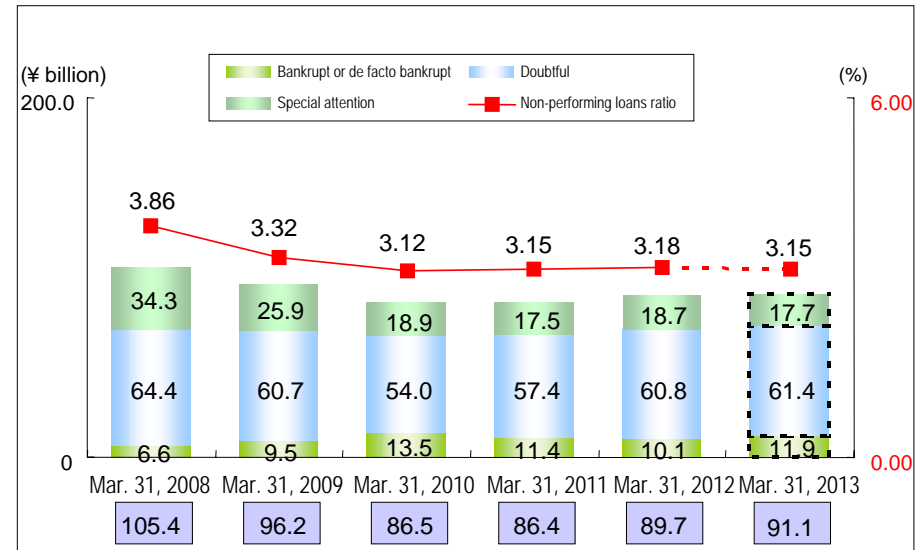
## Breakdown of Credit Cost



## Disposal of Non-Performing Loans by Region

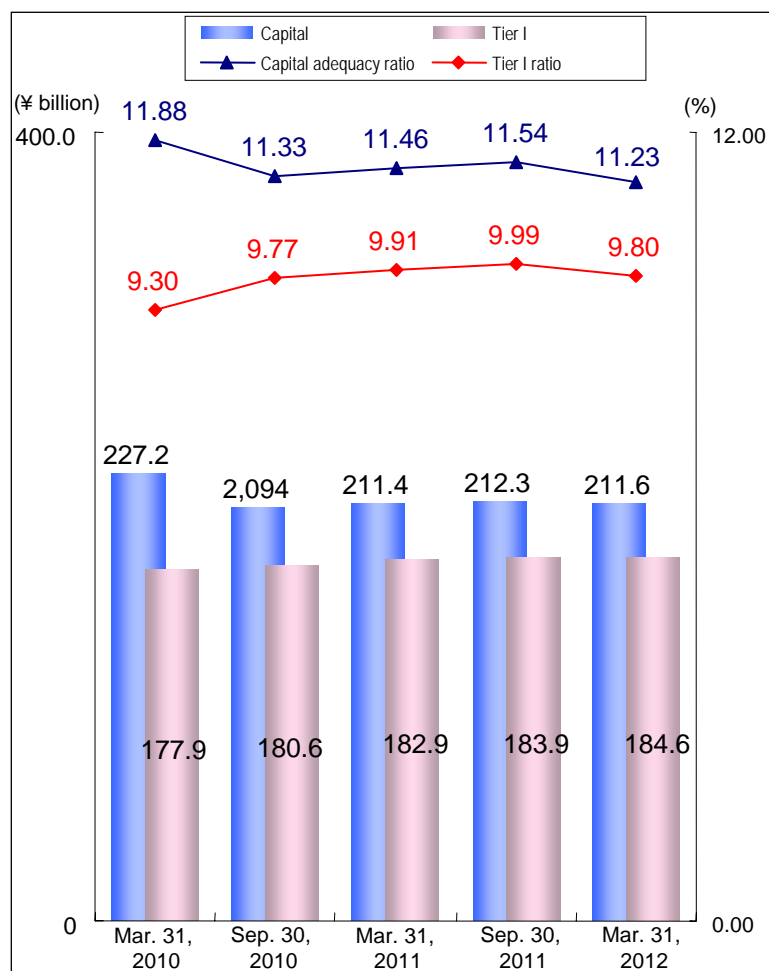


## Loans Based on the Financial Reconstruction Law / Non-performing Loans Ratio



# Financial Results FY2011 – 8. Capital Adequacy Ratio

## Capital Adequacy Ratio



		Mar. 31, 2010	Sep. 30, 2010	Mar. 31, 2011	Sep. 30, 2011	Mar. 31, 2012	Change from Mar. 31, 2011	Change from Sep. 30, 2011
1	Tier I (Core capital)	177.9	180.6	182.9	183.9	184.6	1.6	0.6
2	Preferred securities	20.0	20.0	20.0	20.0	20.0	—	—
3	Tier II (supplementary capital)	51.9	31.5	31.5	31.5	30.1	-1.3	-1.3
4	General provision for possible loan losses	11.9	11.5	11.5	11.5	10.1	-1.3	-1.3
5	Hybrid debt capital instruments	40.0	20.0	20.0	20.0	20.0	—	—
6	Deductions	2.6	2.7	2.9	3.1	3.1	0.1	0.0
7	Capital	227.2	209.4	211.4	212.3	211.6	0.2	-0.6
8	Risk weighted assets	1,912.2	1,847.6	1,844.7	1,840.0	1,883.5	38.7	43.5
9	Loan risk	1,470.4	1,442.0	1,456.6	1,464.2	1,518.3	61.6	54.0
10	Stock risk	204.4	167.1	148.8	143.1	141.2	-7.6	-1.9

11	Capital adequacy ratio (No.7 / No.8 × 100)	11.88	11.33	11.46	11.54	11.23	-0.23	-0.31
12	Tier I ratio (No.1 / No.8 × 100)	9.3	9.77	9.91	9.99	9.80	-0.11	-0.19

<Interest-rate risk for bank account> (As of March 31, 2012)

- 99 percentile method
- Amount of interest-rate risk      ¥1.2billion
- Outlier ratio                              0.6%

\* Calculated by standard method of Basle II from the end of March 2007.

As for risk-weighted assets, calculated by “credit risk = standard approach,”  
“Operational risk = basic indicator approach.”

Unrealized gains/losses on floating rate government bonds are calculated based on theoretical price from the first half of FY2008.

# Business Forecast for FY2012

(# billion)		FY2011	FY2012 Forecast	Y/Y change
1	Core gross business profit	60.8	61.5	+0.6
2	Interest income	55.6	55.0	-0.5
3	Fees and commissions	5.5	6.3	+0.7
4	Other operating income (*1)	(0.2)	0.0	+0.3
5	Cost of derivative financial products	0.5	0.2	-0.2
6	Expenses	49.5	49.0	-0.4
7	Personnel expenses	26.6	26.6	-0.0
8	Non-personnel expenses	20.8	20.2	-0.5
9	Taxes	1.9	2.1	+0.1
10	Core net business profit	11.3	12.4	+1.0
11	Gains/Losses on bonds (JGBs, etc.)	3.1	—	-3.1
12	Net transfer to general provision for possible loan losses	—	0.8	+0.8
13	Net business profit	14.5	11.6	-2.9
14	Non-recurrent gains/losses	(5.3)	(3.6)	+1.7
15	Gains/Losses on stocks	(4.2)	—	+4.2
16	Disposal of non-performing loans	2.2	3.6	+1.4
17	Bad debt recovered	1.1	—	-1.1
18	Reversal of bad debt reserve	0.8	0.6	-0.2
19	Ordinary income	9.1	7.9	-1.2
20	Extraordinary gains/losses	(0.4)	(0.0)	+0.4
21	Income before taxes	8.7	7.9	-0.7
22	Income taxes	5.4	2.8	-2.5
23	Net income	3.3	5.1	+1.7
24	Credit cost (*2)	0.1	3.8	+3.6

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

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

## <No.10 Core net business profit>

◆ Interest income is expected to decline by ¥500 million year on year, however with anticipated higher fees and commissions (by ¥700 million) and lower expenses (by ¥400 million), core net business profit is expected to increase by ¥1.0 billion year on year to ¥12.4 billion.

## <Breakdown of real net interest income>

(# billion)	FY2011	FY2012 Forecast	Y/Y change
Interest income	55.6	55.0	-0.5
Interest on loans and deposits	39.1	38.4	-0.7
Interest on loans	43.5	41.9	-1.6
Interest on deposits	4.4	3.5	-0.9
Interest on market sector	16.4	16.6	+0.2
Interest on securities	17.9	17.7	-0.2
Interest on fund management	0.4	0.3	-0.0
Interest on fund procurement	1.9	1.3	-0.5

## <No. 23 Net income>

◆ Despite higher credit costs, better gains/losses on securities and other factors are expected to increase net income by ¥1.7 billion year on year to ¥5.1 billion.

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

(# billion)	FY2011	FY2012 Forecast	Y/Y change
Gains/Losses on securities	(1.0)	—	+1.0
Gains/Losses on bonds (JGBs, etc.)	3.1	—	-3.1
Gains/Losses on stocks	(4.2)	—	+4.2
Credit cost	0.1	3.8	+3.6
Net transfer to general provision for possible loan losses	—	0.8	+0.8
Disposal of non-performing loans	2.2	3.6	+1.4
Reversal of bad debt reserve	1.1	—	-1.1
Bad debt recovered	0.8	0.6	-0.2

## I. Financial Results for FY2011

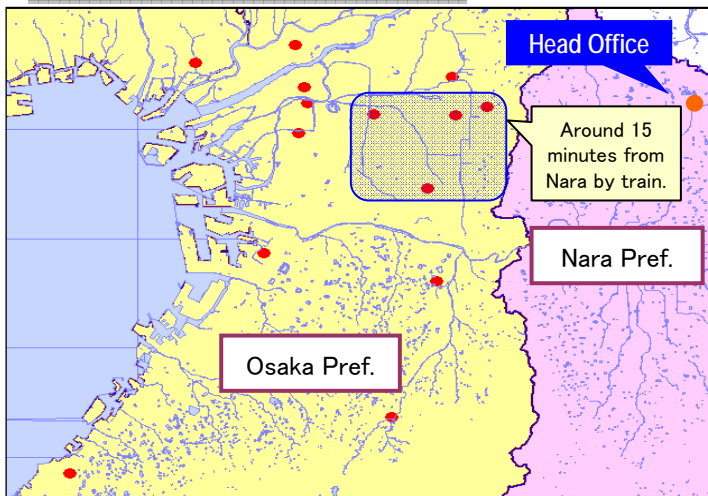
## **II. Management Strategy**

# Business Strategy for Osaka

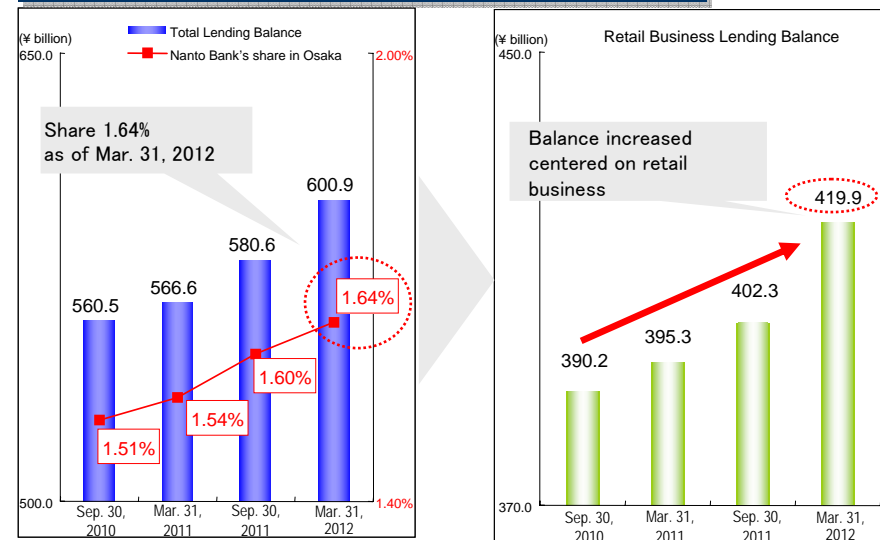
No.	Indicator	Nara Prefecture	National ranking	Osaka Prefecture	National ranking	Source
1	Population	1,399 thou.	29	8,862 thou.	3	2010 Population Census
2	Number of private enterprises (offices)	50 thou.	40	443 thou.	2	2009 Economic Census by METI
3	Housing starts	6 thou.	30	54 thou.	4	2009 Ministry of Land, Infrastructure, Transportation and Tourism
4	Deposits balance	10.6 trillion	23	81.1 trillion	2	Kinyu Journal "Regional Financial Map 2012"
5	Loan balance	3.1 trillion	31	43.1 trillion	2	Kinyu Journal "Regional Financial Map 2012"
6	Personal savings (per capita)	3,500 thou.	4	4,033 thou.	2	2010 Bank of Japan
7	Newspapers subscriptions (per household)	1.24	1	0.94	26	2010 Japan Newspaper Association
8	Number of residents traveling Abroad (per 1,000 people)	138.88	5	136.68	6	2009 Annual Report of Statistics on Legal Migrants
9	Household consumption expenditure (thousand yen)	318	8	256	44	2010 National Survey of Family Income and Expenditure
10	Employment rate outside the prefecture	29.32	1	5.11	15	2005 Population Census

Establish the Geographically Broad-based Business Foundation, which will Focus on Business Loans, by Enhancing the Office Network Mainly in Osaka  
 Expansion of Personal Banking Business Focused on Assets in Custody and Personal Loans, and Maintaining or Increasing the Loan Market Share Including Business Loans, Mainly in Nara Prefecture; the Potential Markets

## Branches in Osaka Area



## Nanto Bank's Lending Performance in Osaka Prefecture



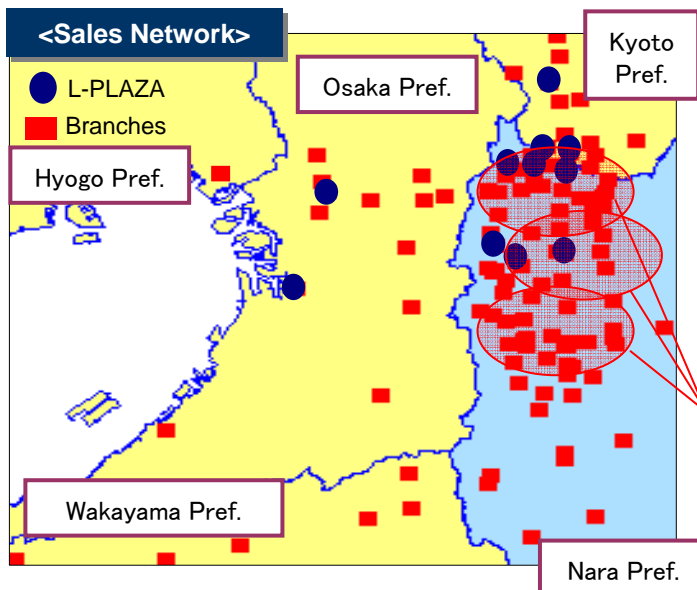
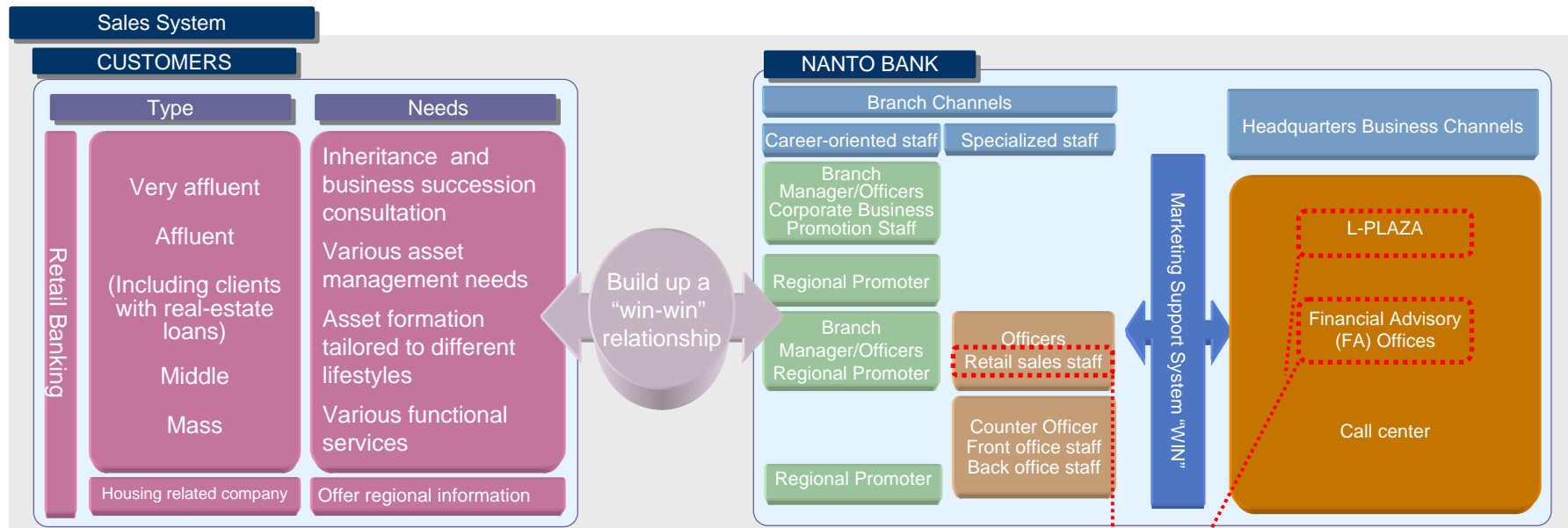
\*Lending balance in Osaka : Megabank, RB, Second Association of RB, Trust bank

## <New Strategic Forces in Osaka>

- 1) Oct. 2000 Higashiosaka Corporate Business Office
- 2) Oct. 2000 Yao Corporate Business Office
- 3) Oct. 2001 Daitoh Corporate Business Office
- 4) Jan. 2003 Osaka Corporate Business Office
- 5) Jun. 2003 Osaka-Kita Corporate Business Office
- 6) Jun. 2004 Sakai Corporate Business Office
- 7) Aug. 2005 Shin-Osaka Corporate Business Office
- 8) Feb. 2006 Osaka Housing Loan Center
- 9) Oct. 2007 Amagasaki Corporate Business Office
- 10) Jun. 2008 Osaka-Chuo Office
- 11) Nov. 2008 Osaka-Minami Corporate Business Office
- 12) Nov. 2008 Osaka-Nishi Corporate Business Office
- 13) Sep. 2009 Amagasaki Branch

Two new branches (Eiwa Branch and Wakaeiwata Branch) scheduled to open in FY2012/1H

# Sales System for Retail Customers



## L-PLAZA

■ Housing Loan Centers and Life Consultation Office have been integrated as L-PLAZAs since April 2011 to strengthen the consultation services for personal loans and assets in custody (open also on Saturdays and Sundays).  
7 locations in Nara Prefecture and 4 locations outside of Nara Prefecture

## Retail Sales Staff

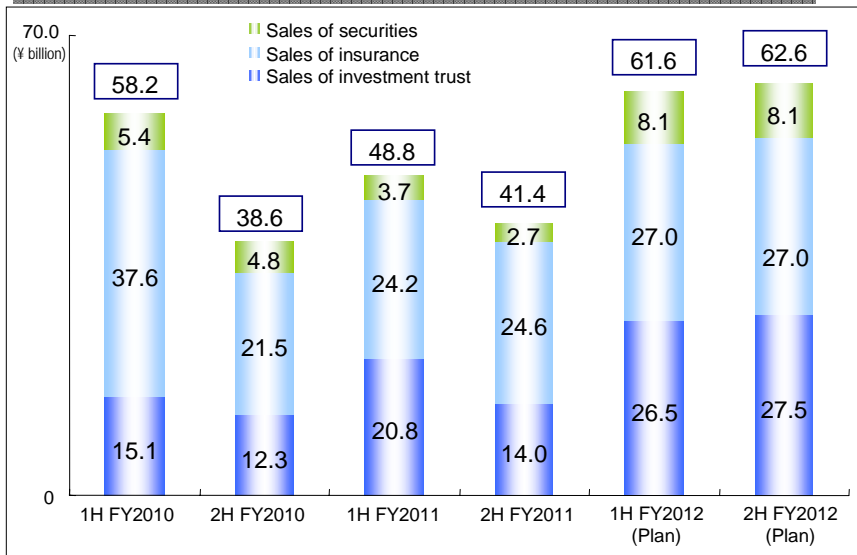
■ The retail sales staff currently includes 80 female bank clerks with significant experience and financial knowledge to provide attentive services.

## Financial Advisory (FA) Offices

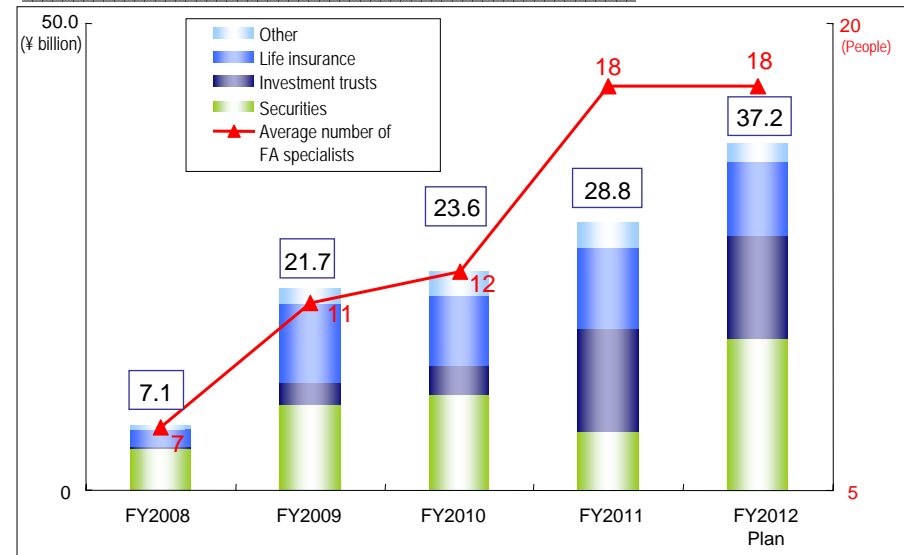
■ Financial Advisory Offices currently includes 18 bank clerks with highly specialized financial knowledge (three locations in Nara Prefecture). They respond to the various needs of customers by providing consultation for asset management, inheritance, business succession and effective use of real estate.

# Assets in Custody

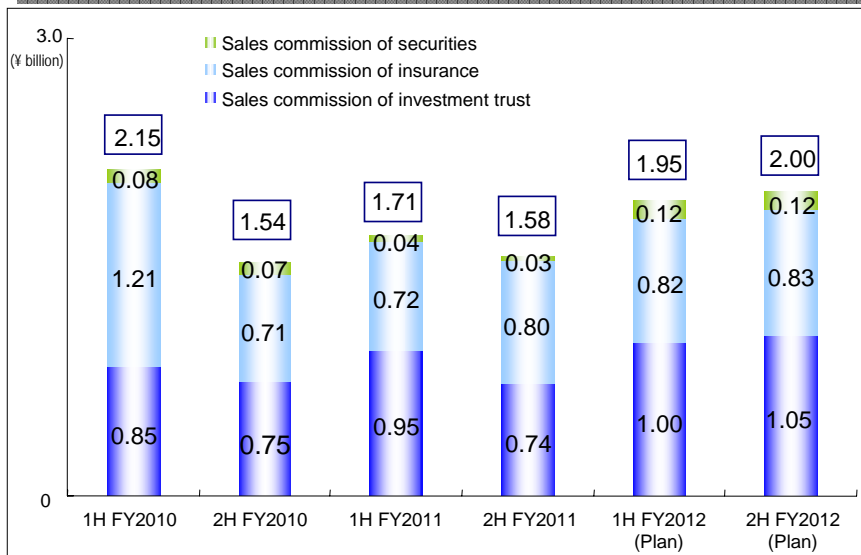
## Sales of Investment Trust and Life Insurance, etc.



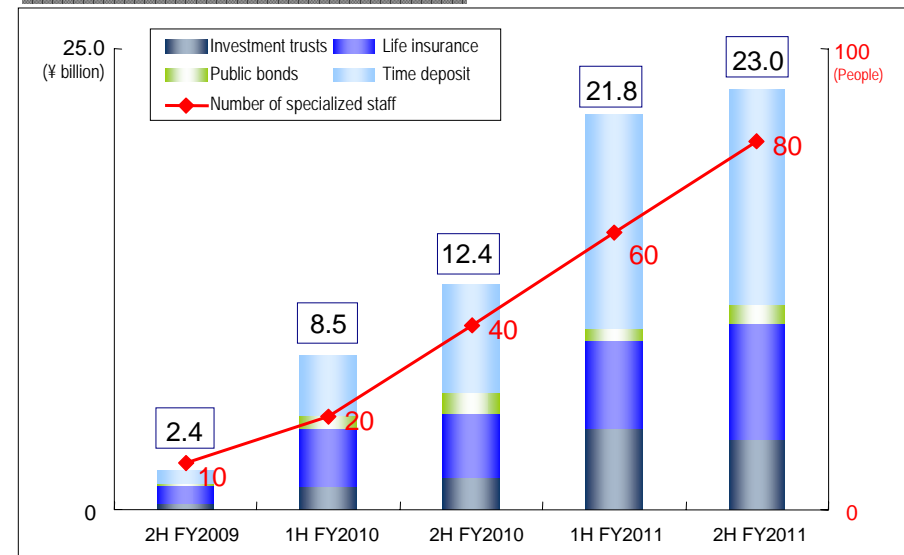
## Sales by FA Office



## Commission of Investment Trust and Life Insurance, etc.

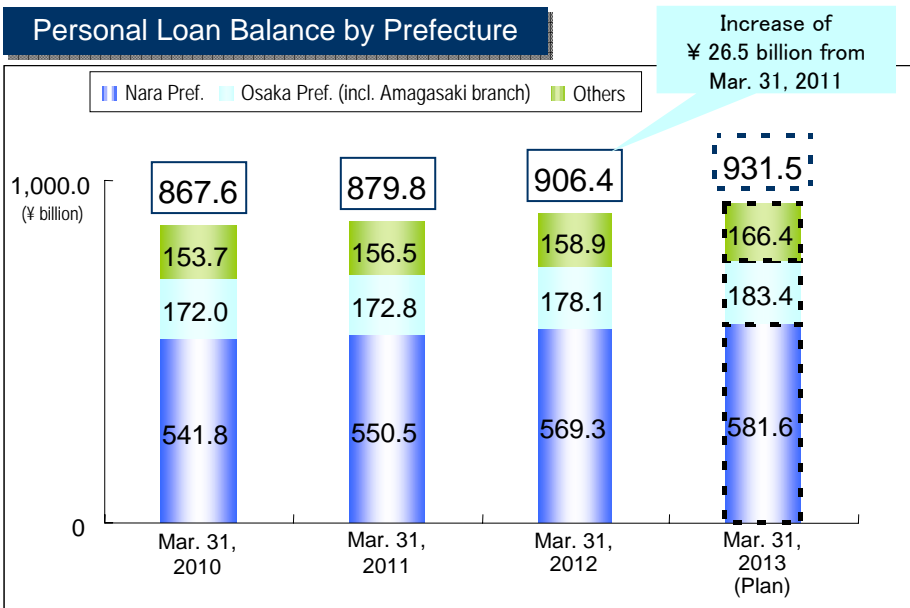


## Sales by Specialized Staff

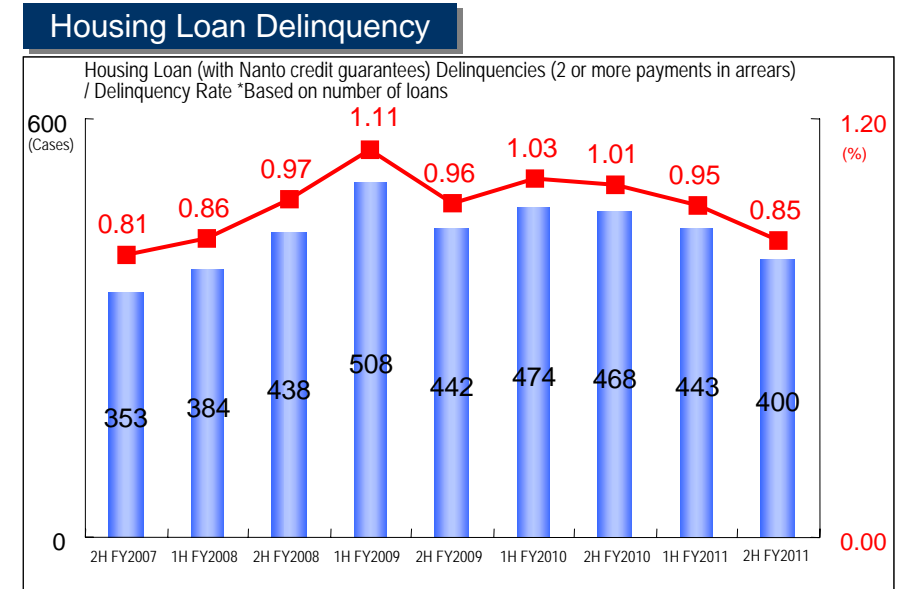
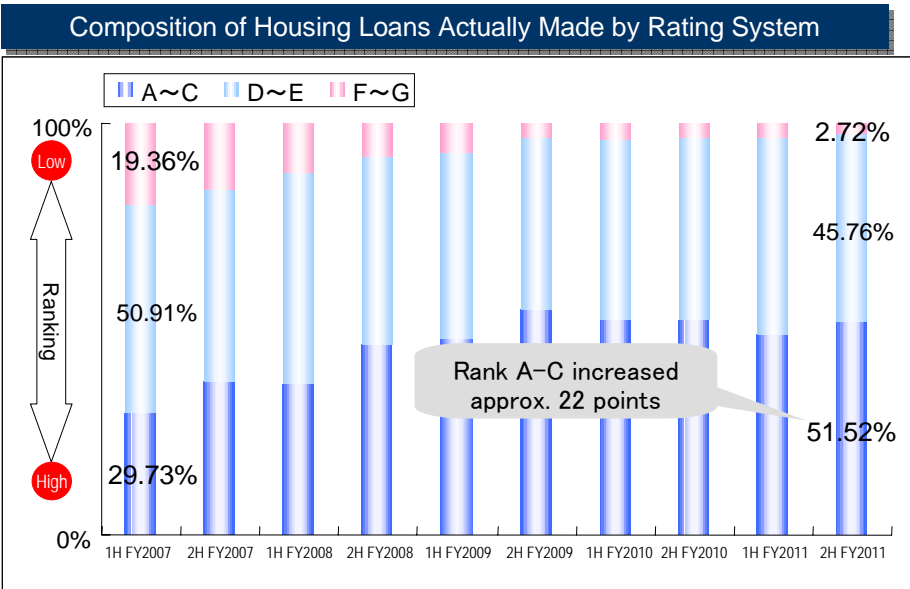
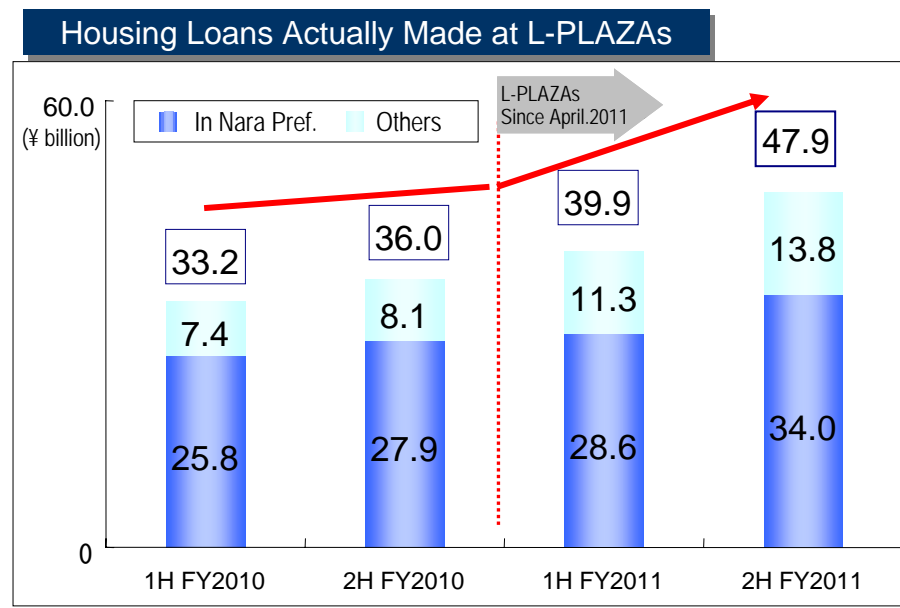




# Personal Loan



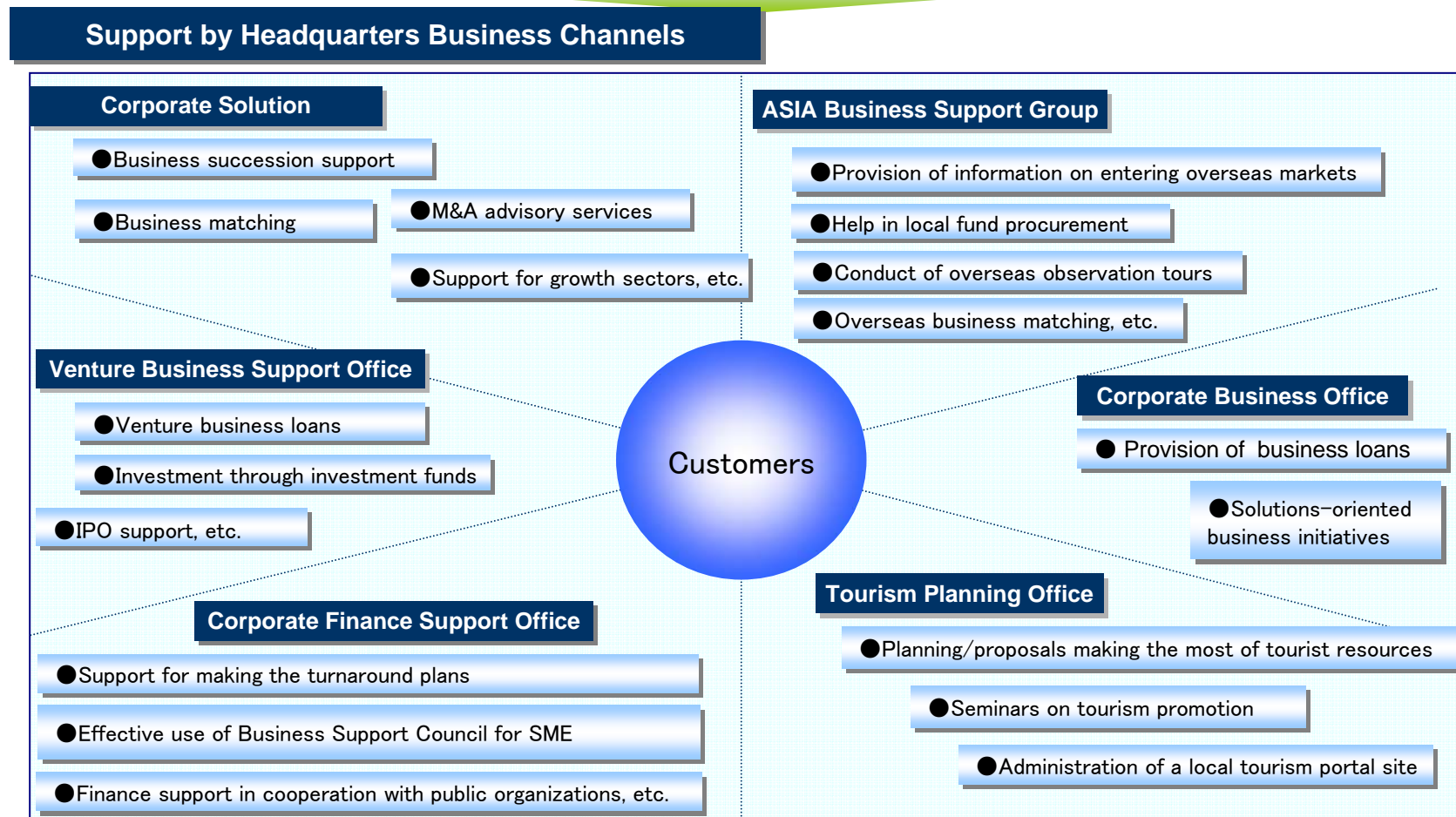
\*Osaka Pref. includes Amagasaki branch in Hyogo Pref.



# Promoting Relationship-based Local Banking

■ Further promotion of relationship-based local banking is carried out under the current medium-term management plan “Best Value Nanto,” which incorporates relationship-based local banking efforts as part of steps to implement key strategies.

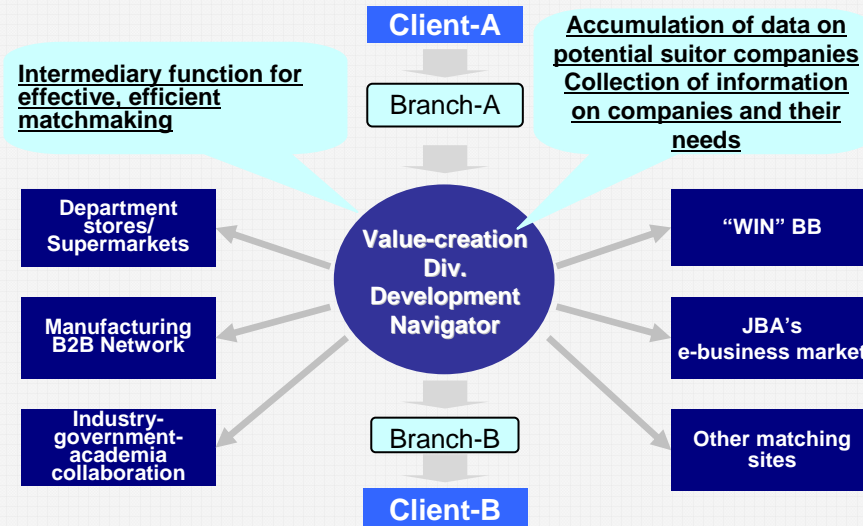
Nanto Bank’s basic strategy is to pursue “financial services tailored to our customers”



# Implementation of the Solution Business Approach

## Business Matching

### Business Matching Navigator



### Business Fair

< Nanto Agricultural, Industrial, Commercial Business Fair 2011 >

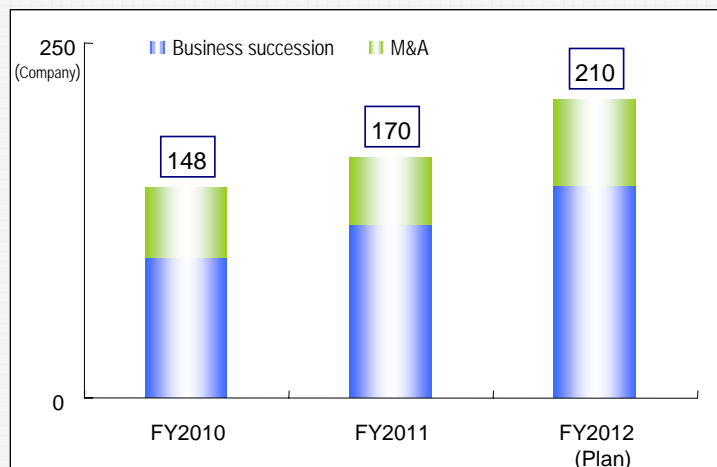
- ◇ December 2011
- ◇ 206 companies/organizations of participants
- ◇ Approx. 3,500 visitors
- ◇ 600 negotiation cases



< Consumer Monitor Fair >



## <Number of Business Succession and M&A Support Cases>

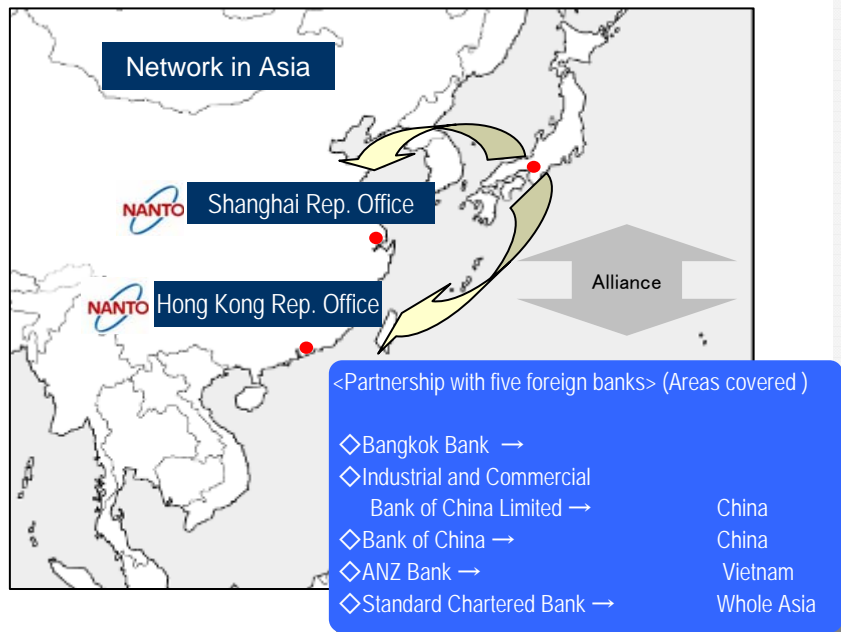


## <Major Solutions Provided in Cooperation with Business Partners>

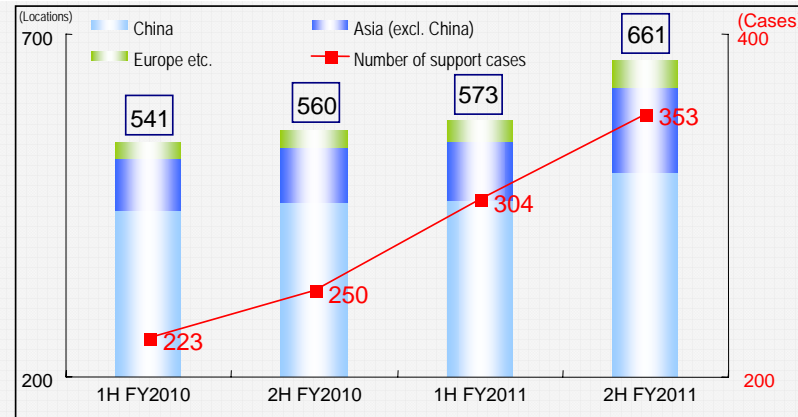
Company	Service
eGuarantee, Inc.	Accounts receivable guarantee service
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Outsourcing of defined contribution pension administration including acceptance of applications
Sekisui House, Ltd., Daiwa House Industry Co., Ltd., PanaHome Corporation	Construction of rental apartments, etc.
Rating and Investment Information, Inc.	Middle-ranking companies rating service
Mitsubishi UFJ Lease & Finance Company Limited, Century Tokyo Leasing Corporation	Overseas leases
Asahi Calpis Beverage Co., Ltd.	Introduction of companies wishing to install vending machines
Secom Co., Ltd.	Security services
Cardinal Co., Ltd.	Introduction of companies wishing to purchase business application software
Japan Business Management Inc., SOGO MEDICAL CO., LTD.	Medical and nursing consulting services
General Electric Japan Ltd., M-Cast Inc.	Used medical equipment purchase and resale services

# Overseas Business Support

## <Overseas Support System>



## <Number of Customer Overseas Locations/Cases of Support by the Bank>



## <Major Support Services Provided by the Bank>

Provision of information on entering overseas markets

Overseas business support and advise

Overseas strategy seminars

Help in local fund procurement

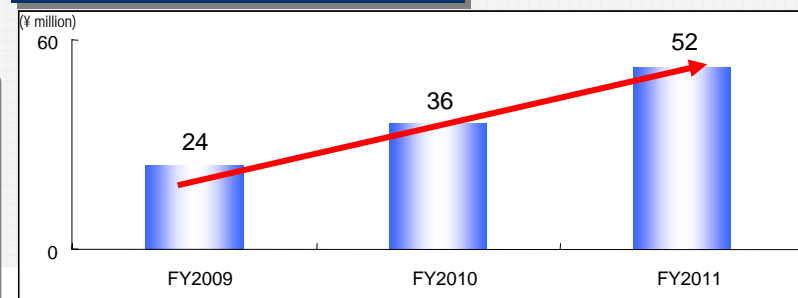
Conduct of overseas observation tours

Overseas business matching

### <Overseas business matching>(FY2012)

- Hong Kong/ Southern China Japanese Company Business Forum (May)
- A business seminar and forum held jointly with Senshu Ikeda Bank (July)
- Japan-China Monozukuri (manufacturing) Business Fair @Shanghai 2012 (September)
- Japan-China Monozukuri (manufacturing) Business Fair @Shenzhen 2012 (December)

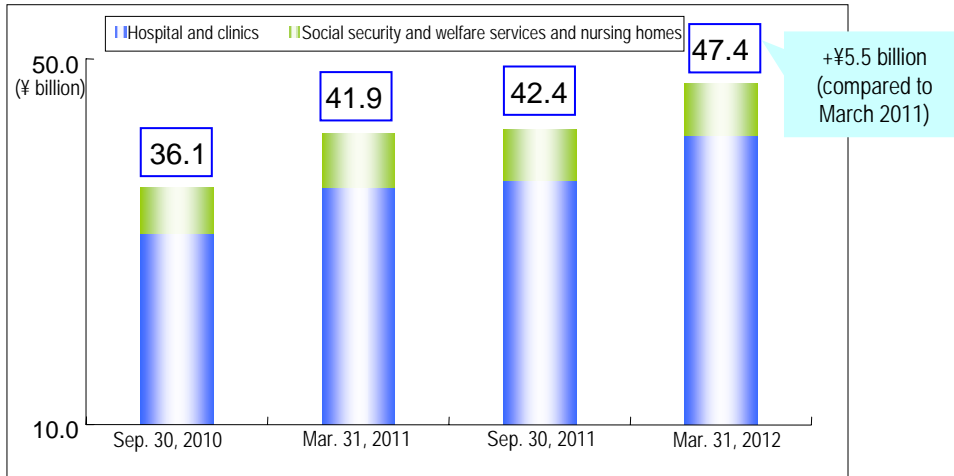
## <Coupon Swap Commissions>



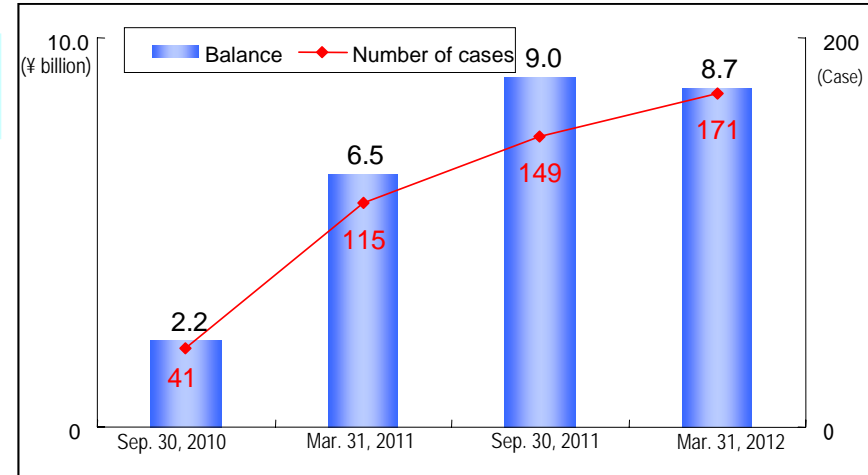
# Focus on Growth Sectors

Focusing on the growing sectors, such as environment, medical and long-term care, Nanto Bank's branches and headquarters are working together to aggressively support customers.

## < Loan Balance in the Medical and Long-Term Care Sector >



## < Loan Balance in the Environmental Sector >



•The figures in the graph above represent the balance of loans provided under the BOJ growth support fund (loans to the environmental and energy sectors)

< Sponsorship of medical and long-term care seminars >

< Assignment of 2 specialized persons >

< Provision of various services for medical and long-term care businesses with business partners >

Japan Business Management Inc.

< Various Consulting Services >

- Management consulting for medical institutions
- Consulting for the establishment of clinics
- Management consulting for long-term care and welfare facilities

Sogo Medical Co., Ltd.

GE Japan Corporation

< Purchasing of used medical equipment >

M-Cast Inc.

< Sale of used medical equipment >

● Provision of "Green Private Placement Bonds" targeted at environmental businesses

<Qualifying companies>

- (1) Companies that have obtained third-party authentication from the national or local government
- (2) Companies engaging in a business that contributes to the reduction of environmental burden

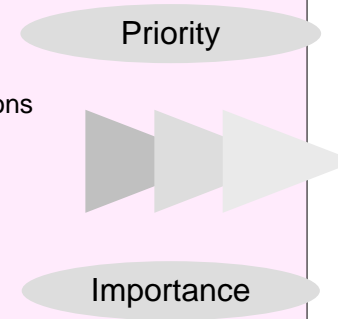
<Actual issuance amount>  
6 deals/¥650 million

# Effective Use of Corporate Resources

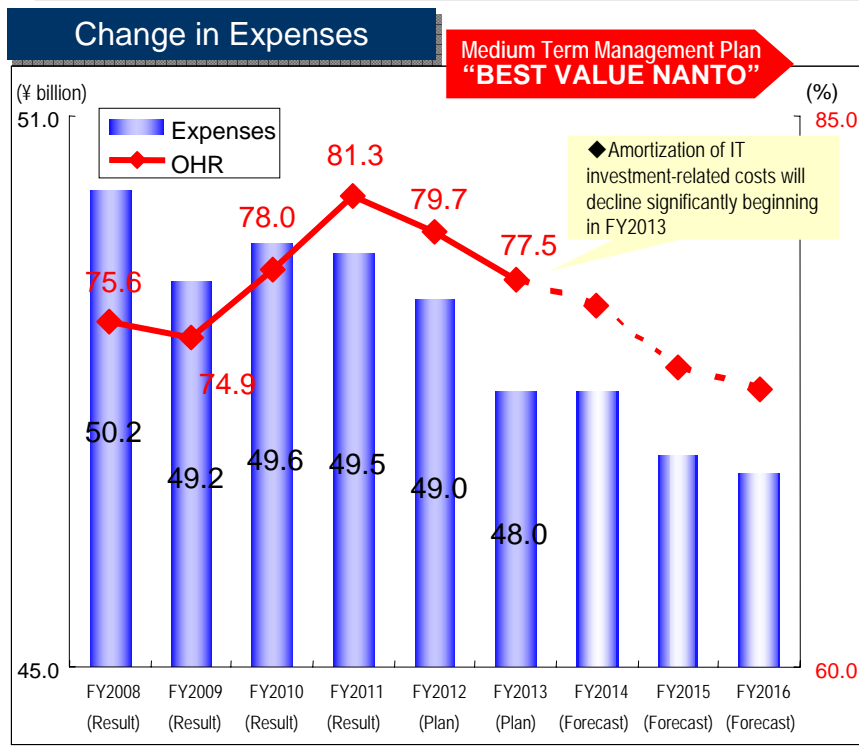
## <Key Initiatives>

- ◆ Headquarters operations
  - Check and implementation of efficiency and reduction measures for headquarters operations
  - Advancement of efficiency and streamlining measures for centralized operations
- ◆ Branch operations
  - Reduction of work volume by revamping and centralizing branch operations
  - Advancement of paperless approaches
- ◆ Across-the-board expense reductions
  - Implementation and verification of reduction measures led by the Expense Reduction Committee\*

(Started in November 2010)



<Purpose>  
 Improve Profitability and Efficiency  
 • Strengthen promoting capabilities  
 • Streamline operations



## Efficiency Improvement of Centralized Operations at the Headquarters

- In January 2012, one Local Centralized Operations Center was consolidated with the Centralized Operations Division of Headquarters.
- As of March 31, 2012, 56 staffs (including part-time employees) have been reduced or transferred to another position as a result of the efforts under the "Centralized Operations Streamlining Project."

# Appendix

Profile of the Nanto Bank	Appendix-1
Business Conditions for Local Companies (Sentiment on Local Economy)	Appendix-2
Business Bankruptcy and Employment Conditions	Appendix-3
Number of Population, Households and Housing Starts	Appendix-4
Various Interest Rates	Appendix-5
Response to SME Financing Facilitation Act	Appendix-6
Ratio of Loans by Industry	Appendix-7
Shift in Classification of Debtors	Appendix-8
Total Risk Management	Appendix-9
Continuous Promotion of CSR	Appendix-10

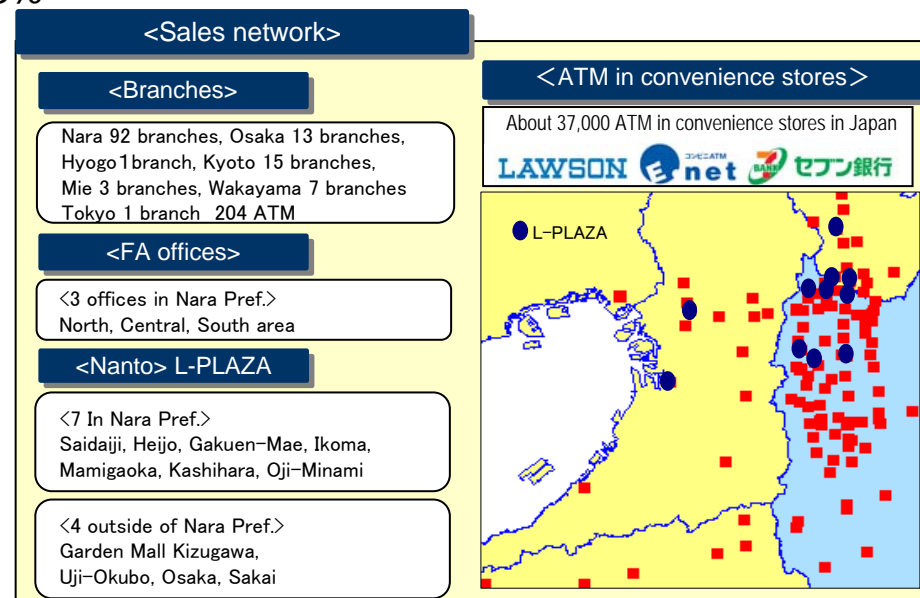
# Profile of the Nanto Bank

1. Founded	June 1, 1934
2. Location of head office:	16 Hashimoto-cho, Nara City
3. Capital	¥29,249 million
4. Number of employees	2,803
5. Number of offices	Japan: 132 Overseas: 2 (representative offices in Hong Kong and Shanghai)
6. Total assets	¥4,799.0 billion
7. Deposits outstanding	¥4,289.8 billion
8. Loans outstanding	¥2,796.4 billion
9. Capital adequacy ratio	Non-consolidated: 11.23% Consolidated: 11.63%

(As of March 31, 2012)



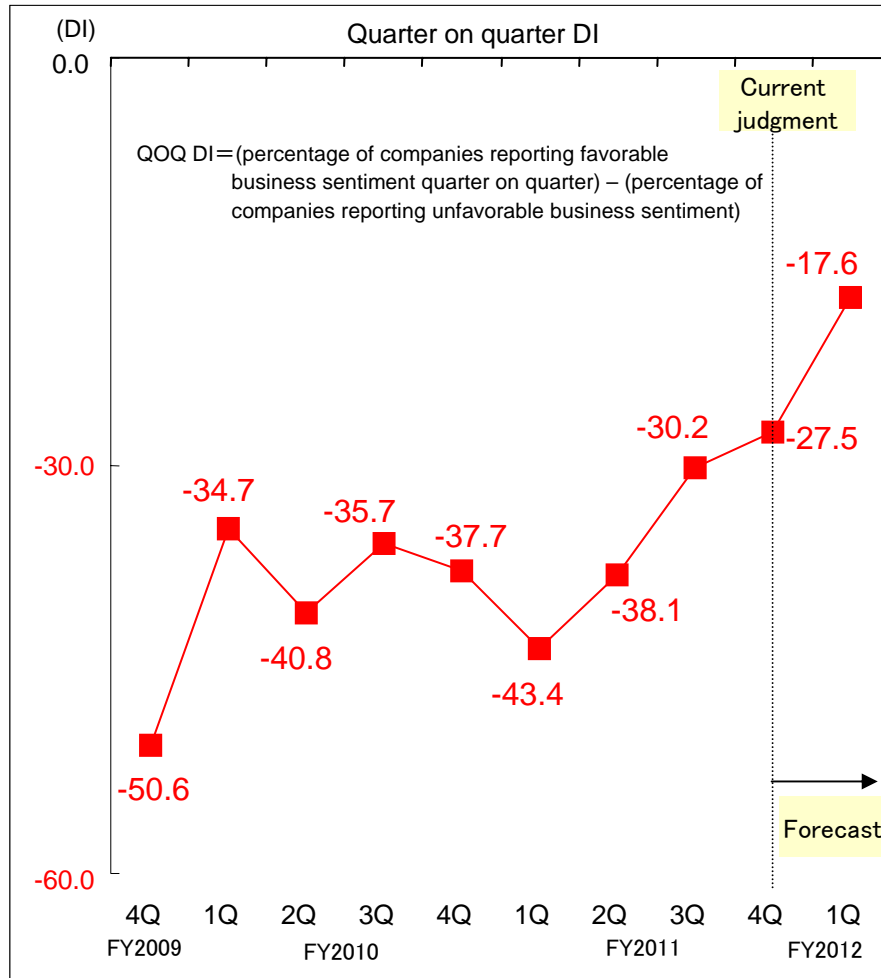
(Head Office)





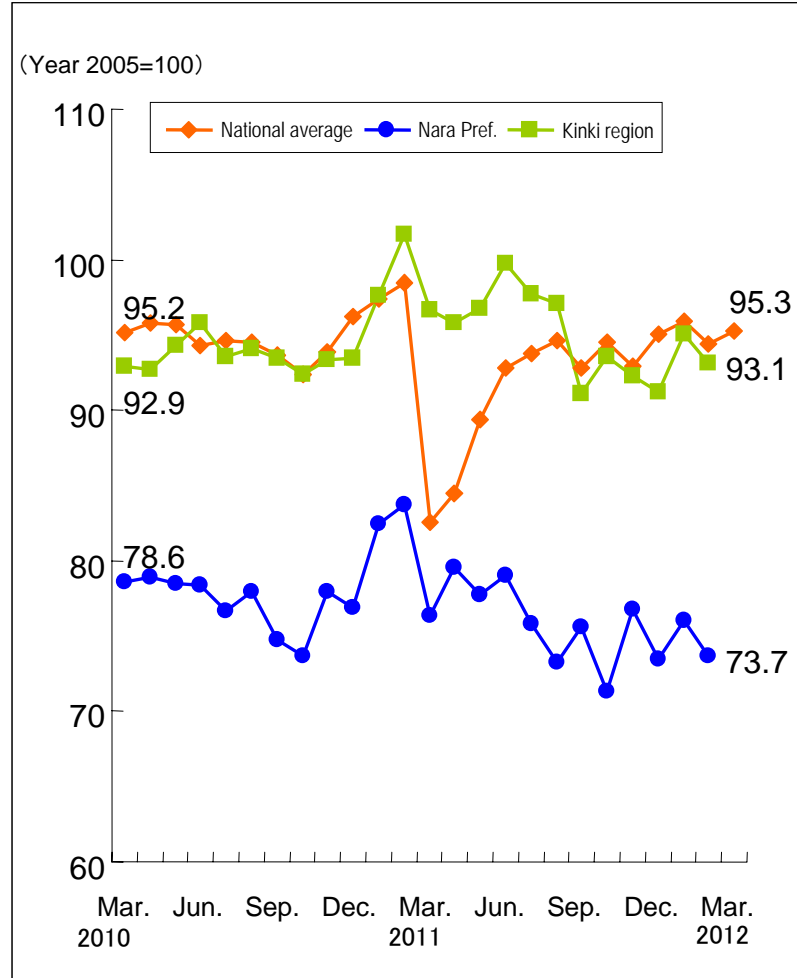
# Business Conditions for Local Companies (Sentiment on Local Economy)

## Business Sentiment among Local Companies



(Source: Nanto Economic Research Institute)

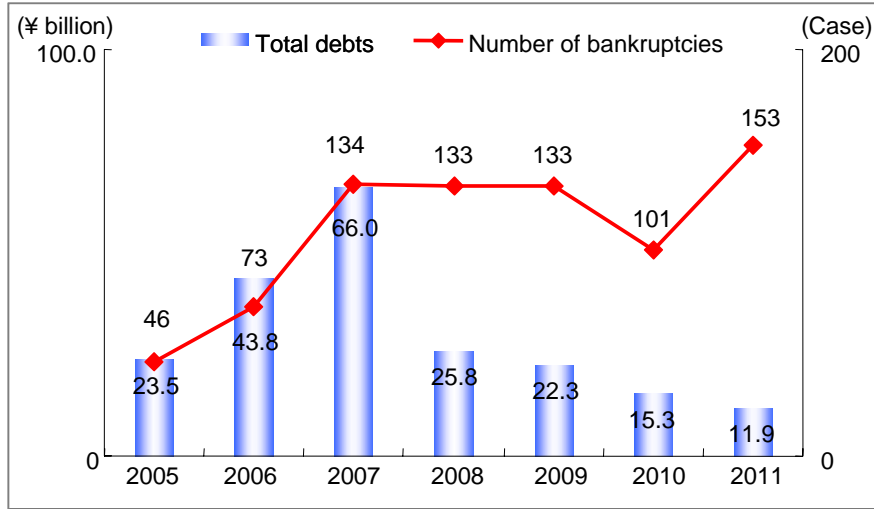
## Industrial production index



(Source: Ministry of Economy, Trade and Industry, Kansai Bureau of Economy, Trade and Industry, Nara Prefecture)

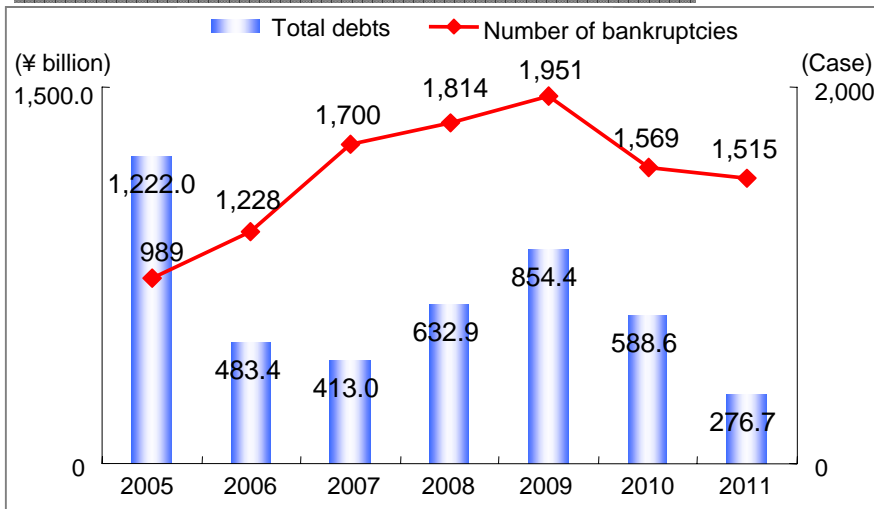
# Business Bankruptcy and Employment Conditions

## Number of Bankruptcies in Nara Pref.



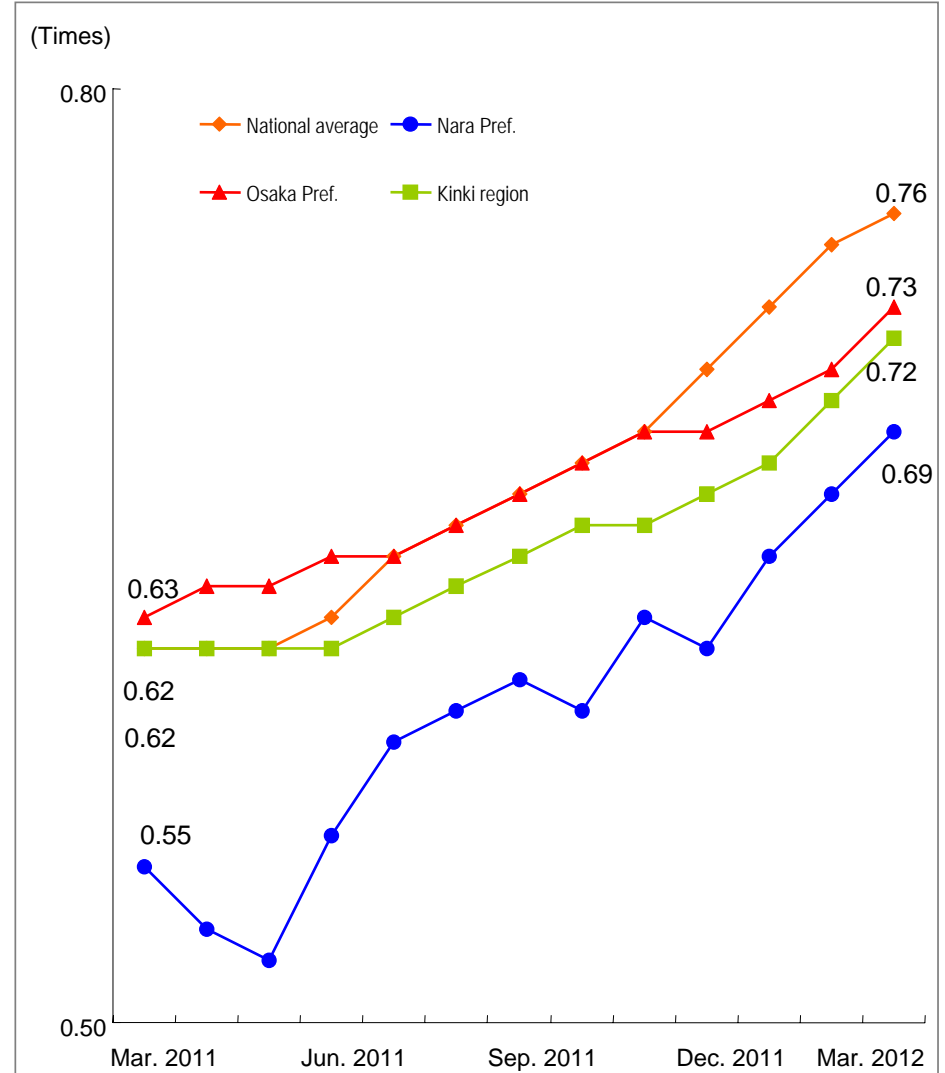
[Source: Teikoku Databank]

## Number of Bankruptcies in Osaka Pref.



[Source: Teikoku Databank]

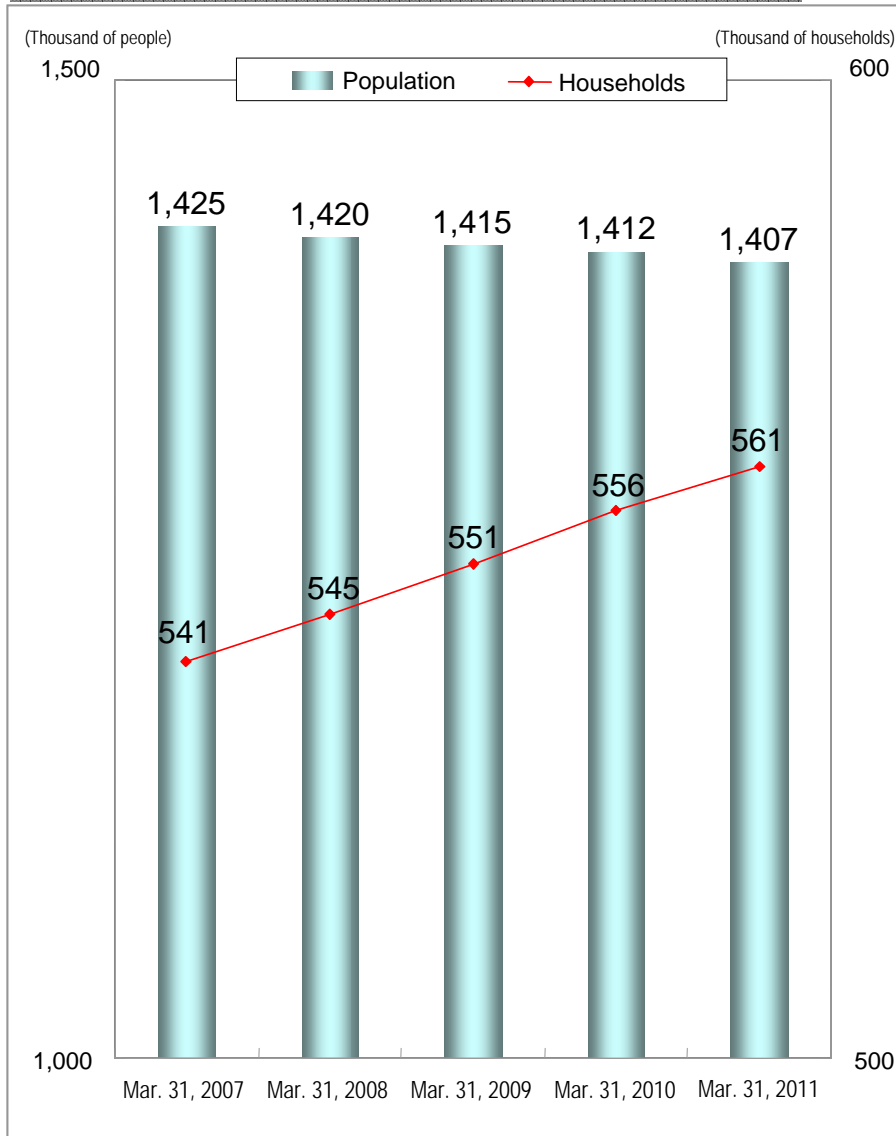
## Effective Ratio of Job Offers to Applicants



[Source: Ministry of Health, Labor and Welfare]

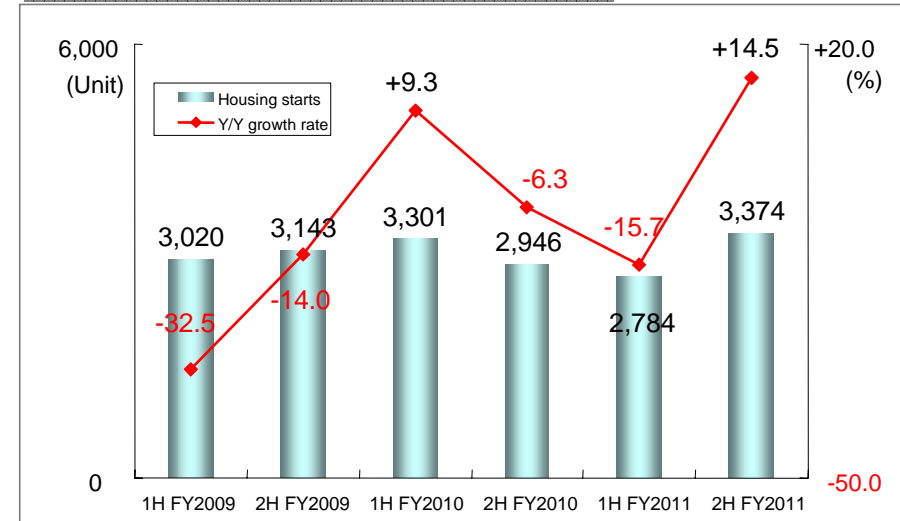
# Number of Population, Households and Housing Starts

## Population and Households in Nara Pref.

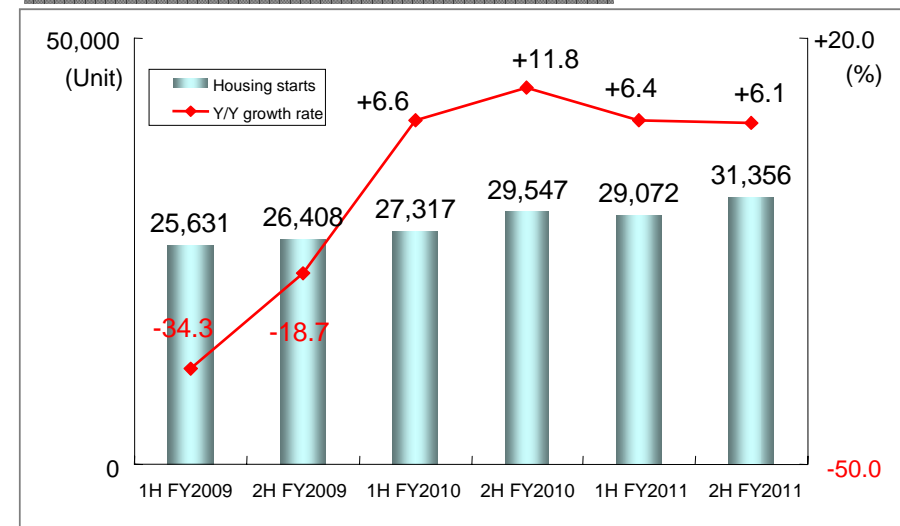


[Source: Nara Prefecture]

## Housing Starts in Nara Pref.

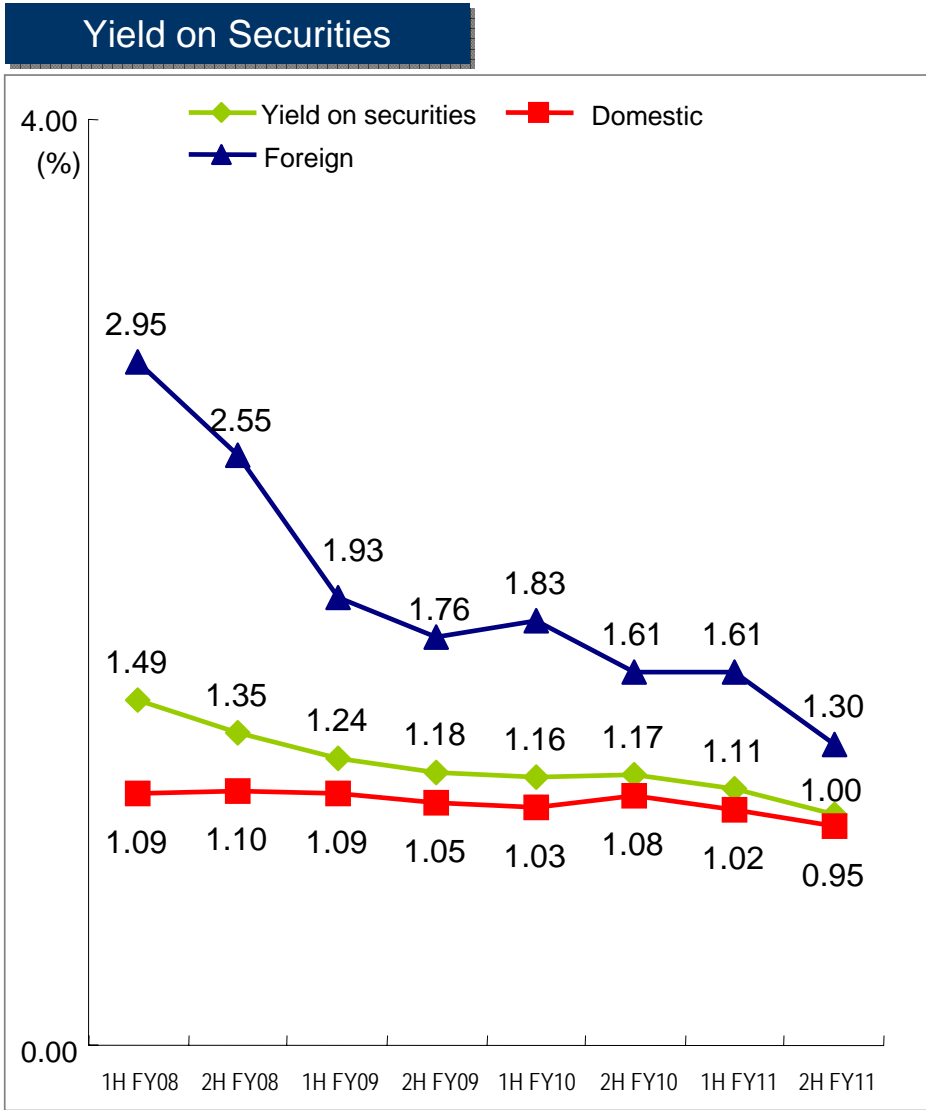
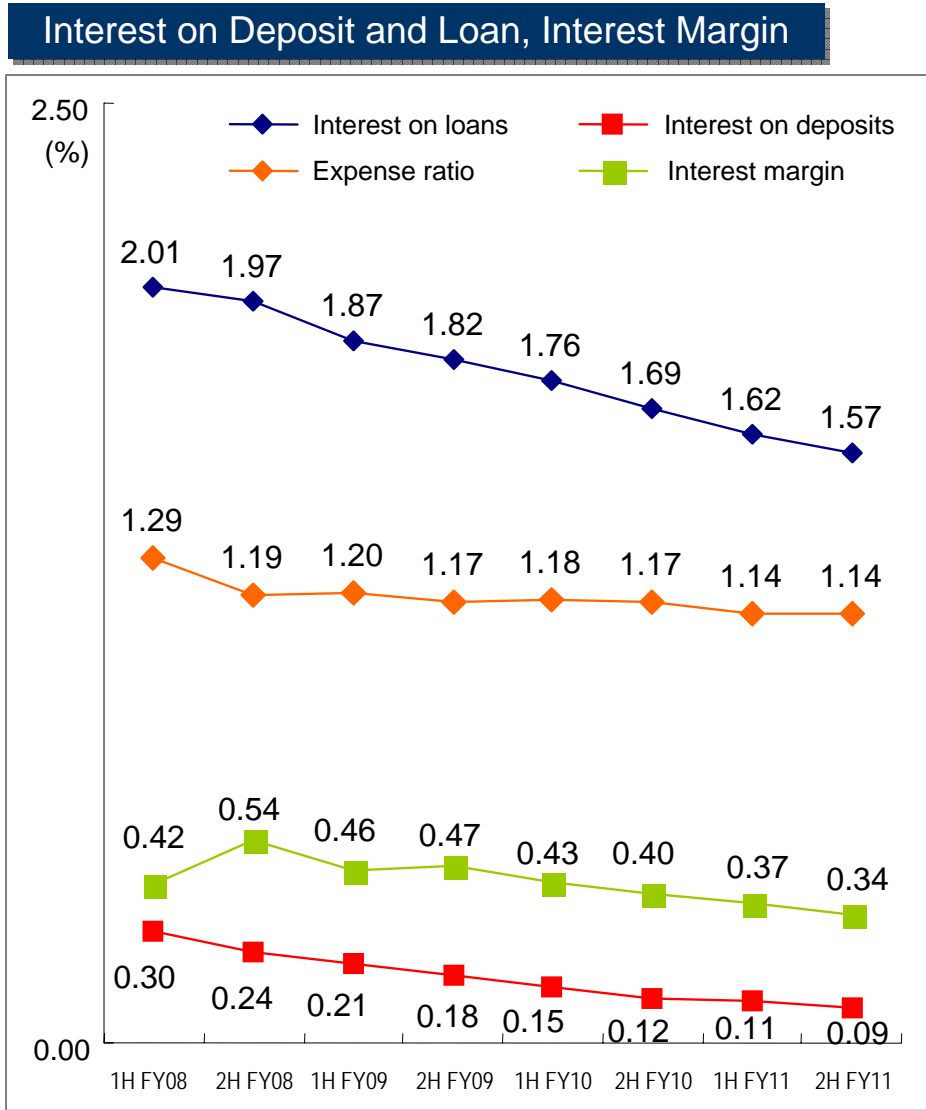


## Housing Starts in Osaka Pref.



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

# Various Interest Rates



# Response to SME Financing Facilitation Act

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

<To SMEs>

	As of September 30, 2011 (April – September 2011)				As of March 31, 2012 (October– March 2012)				
	Number (Customers)	Number of loans		Amount (¥ million)	Number (Customers)	Number of loans			Amount (¥ million)
		(Cases)	To application			(Cases)	To application	Change from Sep. 30, 2011	
Total application	4,937	9,960	100.0%	284,318	6,112	12,495	100.0%	—	345,238
Accepted	4,385	8,791	88.3%	249,705	5,469	11,101	88.8%	+0.5%	305,869
Rejected	177	423	4.2%	16,241	198	479	3.8%	-0.4%	18,283
Under review	220	484	4.9%	12,527	271	625	5.0%	+0.1%	14,834
Turnaround plan	155	262	2.6%	5,843	174	290	2.3%	-0.3%	6,251

<To housing loan customers>

	As of September 30, 2011 (April – September 2011)				As of March 31, 2012 (October– March 2012)				
	Number (Customers)	Number of loans		Amount (¥ million)	Number (Customers)	Number of loans			Amount (¥ million)
		(Cases)	To application			(Cases)	To application	Change from Sep. 30, 2011	
Total application	741	799	100.0%	14,227	834	898	100.0%	—	15,982
Accepted	477	512	64.1%	8,938	554	596	66.4%	+2.3%	10,371
Rejected	71	76	9.5%	1,493	77	83	9.2%	-0.3%	1,645
Under review	29	36	4.5%	546	27	28	3.1%	-1.4%	457
Turnaround plan	164	175	21.9%	3,249	176	191	21.3%	-0.6%	3,508

## Ratio of Loans by Industry

### Loans Outstanding by Industry

(¥ billion)	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2012	Change from Mar. 31, 2011
Total lending volume	2,742.5	2,720.3	2,796.4	76.1
Manufacturing	477.7	460.6	481.9	21.3
Agriculture and forestry	4.9	4.4	3.5	-0.8
Fishery	2.8	3.1	3.2	0.1
Mining, stone and gravel quarrying	6.3	6.9	6.7	-0.2
Construction	108.4	96.5	93.2	-3.3
Electric, gas, heat supply and water utility	9.8	12.5	17.6	5.1
Information communication	15.3	17.0	21.6	4.5
Transportation and postal service	81.8	77.9	85.2	7.3
Wholesaling and retailing	281.7	282.5	287.2	4.6
Finance and insurance	118.3	124.3	119.7	-4.6
Real estate and leasing	299.4	301.0	322.2	21.1
Services	158.8	155.4	156.8	1.3
Local public entity	363.4	358.3	360.3	2.0
Others	813.2	819.4	836.7	17.3

### Ratio of Loans by Industry

(%)	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2012	Change from Mar. 31, 2011
Total lending volume	100.00	100.00	100.00	
Manufacturing	17.42	16.93	17.23	0.30
Agriculture and forestry	0.18	0.16	0.13	-0.04
Fishery	0.10	0.11	0.11	0.00
Mining, stone and gravel quarrying	0.23	0.25	0.24	-0.01
Construction	3.95	3.55	3.33	-0.21
Electric, gas, heat supply and water utility	0.36	0.46	0.63	0.17
Information communication	0.56	0.62	0.77	0.15
Transportation and postal service	2.98	2.86	3.05	0.18
Wholesaling and retailing	10.27	10.38	10.27	-0.11
Finance and insurance	4.31	4.57	4.28	-0.29
Real estate and leasing	10.92	11.06	11.52	0.46
Services	5.79	5.71	5.61	-0.11
Local public entity	13.25	13.17	12.88	-0.29
Others	29.65	30.12	29.92	-0.20

## Shift in Classification of Debtors

### <As of March 31, 2012>

- ◆ Total credit (loans): ¥2,817.1 billion (increase of ¥73.5 billion from Mar. 31, 2011)
- ◆ Loans to normal debtors: ¥2,515.7 billion (increase of ¥75.5 billion from Mar. 31, 2011)
- ◆ Loans to debtors requiring caution and substandard debtors: ¥230.3 billion (decrease of ¥3.9 billion from Mar. 31, 2011)
- ◆ Loans to potentially bankrupt debtors and lower: ¥70.9 billion (increase of ¥2.0 billion from Mar. 31, 2011)

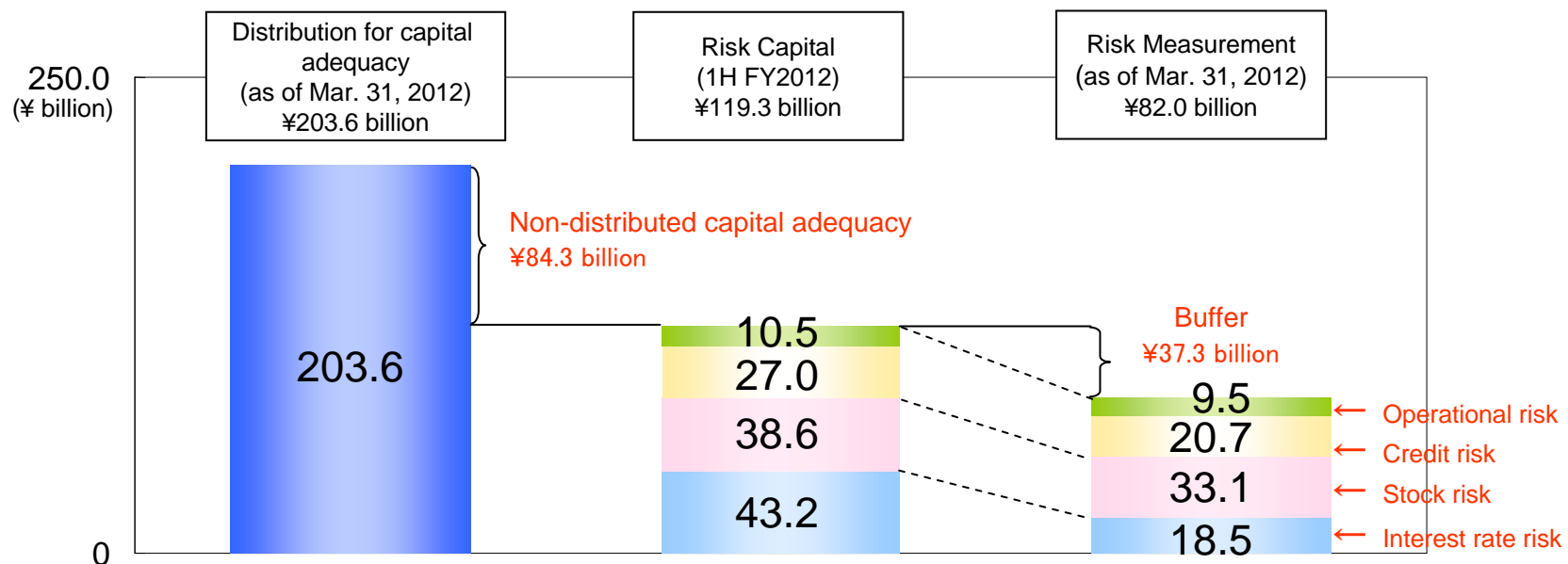
(¥ billion)

	(Subject: Credit related claimable assets such as loans)	Beginning balance (As of March 31, 2011) a	As of March 31, 2012					For collection or write-offs g
			Normal assets b	Assets requiring caution c	Substandard assets d	Potentially bankrupt assets e	Bankrupt and effectively bankrupt assets F	
1	Normal debtors	2,440.2	2,371.2	34.1	6.0	3.1	0.9	24.7
2	Debtors requiring caution	211.0	17.6	164.4	3.5	11.1	0.9	13.2
3	Substandard debtors	23.2	0.5	1.6	16.8	2.2	0.0	1.9
4	Potentially bankrupt debtors	57.4	0.1	3.1	0.1	43.5	1.2	9.3
5	Bankrupt and effectively bankrupt debtors	11.4	0.0	0.2	0.0	0.6	7.0	3.5
6	New debtors	0.0	126.0	0.1	0.2	0.0	0.0	0.0
7	Total	2,743.5	2,515.7	203.7	26.6	60.8	10.1	52.8

Change over March 31, 2011					
Normal assets	Assets requiring caution	Substandard assets	Potentially bankrupt assets	Bankrupt and effectively bankrupt assets	Total
75.5	-7.3	3.3	3.3	-1.3	73.5

# Total Risk Management

## Total Risk Management



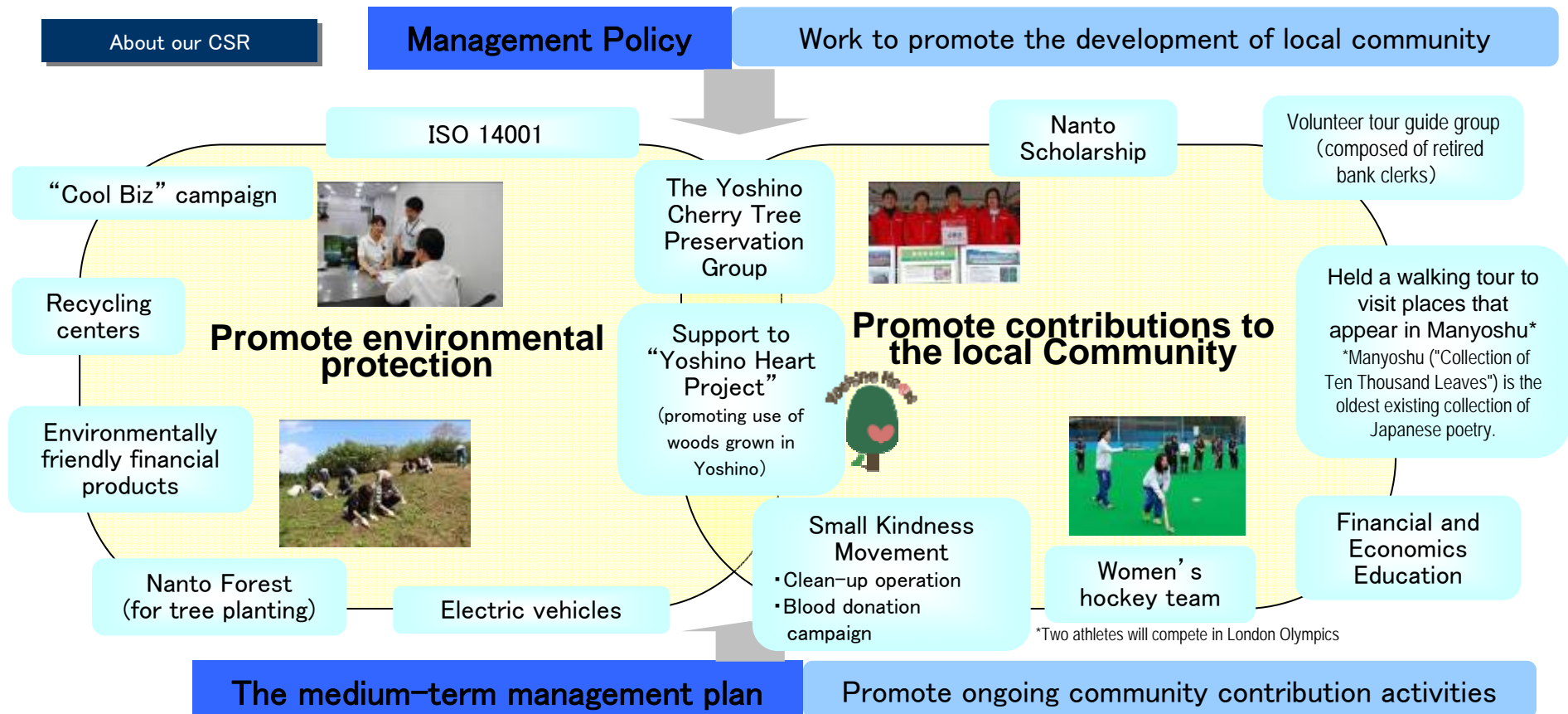
- Distribution for capital adequacy = Tier I + Gains (losses) on other securities reported on the balance sheet
- Interest-rate risk measurement includes use of an internal model that considers core deposits

### <Risk Measurement Method>

		Measurement Approach	Confidence Level	Holding Period
Credit risk		V a R	99%	1 year
Stock risk	Investment purposes	V a R	99%	60 business days
	Strategic purposes	V a R	99%	120 business days
Interest rate risk, etc.	Interest rate, foreign exchange, investment trust	V a R	99%	60 business days
	Short-term trade	V a R	99%	10 business days
Operational risk		Basic indicator approach		



# Continuous Promotion of CSR



## CSR Assessment by Specialized Organizations Outside

- ☆UK FTSE Group: The FTSE added Nanto Bank as one of the companies making up the SRI "FTSE4Good" index in 2008
- ☆Kinki Local Finance Bureau: Recognized Nanto Bank's support for the "Yoshino Heart Project" in 2009
- ☆Governor of Nara Prefecture: Presented the Nanto Nara Support Group, volunteers consisting of Nanto Bank retirees, with a letter of appreciation for their historical interpretation work in 2010
- ☆Kinki Regional Agricultural Administration Office: Presented Nanto Bank with the Regional Office Manager's Award for its participation in the Kinki Local Production Local Consumption Food Service Menu Contest in 2010
- ☆Governor of Nara Prefecture: Letter of appreciation regarding Nanto Bank's social welfare initiatives in 2011
- ☆Minister of Agriculture, Forestry and Fisheries: Letter of appreciation regarding Nanto Bank's active efforts to promote understanding of and participation in the "Kizukai" campaign to promote greater use of Japanese wood products in 2011

In this material, we refer to the future performance of the bank.  
However, please be aware that these contents do not guarantee our future performance and it may change due to the unexpected risks and uncertainties in the operating environment.

**[Contact, if any:]**

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