

# **Information Meeting**

**—The First Half Ended  
September 2017—**

## **Appendix**



**THE NANTO BANK, LTD.**

# Table of Contents

## **I. Current Status of the Regional Economy**

<b>1. Population and Number of Households</b>	<b>..... 2</b>
<b>2. Number of Private Enterprises</b>	<b>..... 3</b>
<b>3. Business Sentiment among Nara Prefecture-based Companies</b>	<b>..... 4</b>
<b>4. Industrial Production Index and Employment Conditions</b>	<b>..... 5</b>
<b>5. Business Bankruptcy</b>	<b>..... 6</b>
<b>6. Balances of Deposits and Loans in Nara Prefecture</b>	<b>..... 7</b>

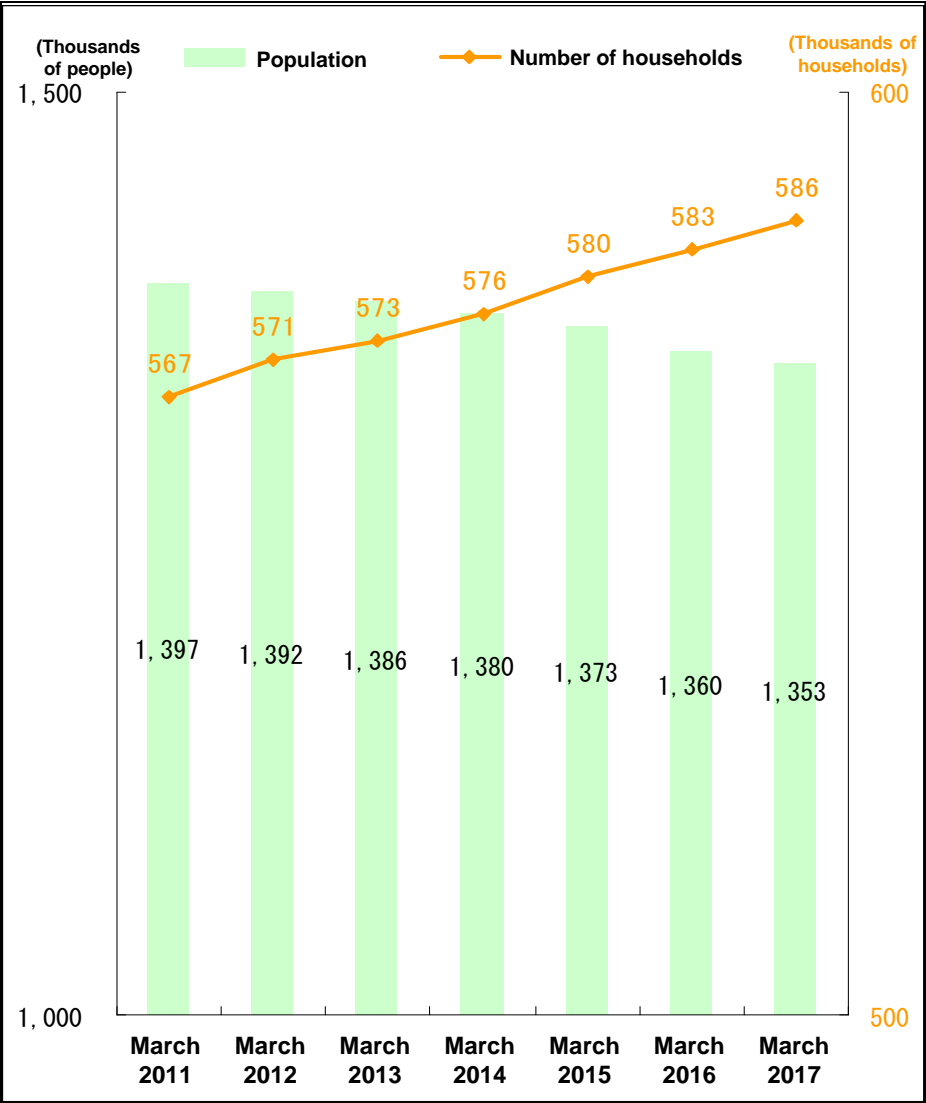
## **II. Numerical Data and Metrics**

<b>1. Profits and Losses</b>	<b>..... 9</b>
<b>2. Principal Accounts (Deposits)</b>	<b>..... 10</b>
<b>3. Principal Accounts (Loans)</b>	<b>..... 11</b>
<b>4. Principal Accounts (Assets under Management)</b>	<b>..... 12</b>
<b>5. Interest Margins</b>	<b>..... 13</b>
<b>6. Loans by Industry</b>	<b>..... 14</b>
<b>7. Classification of Debtors</b>	<b>..... 15</b>
<b>8. Capital Adequacy Ratio</b>	<b>..... 16</b>
<b>9. Total Risk Management</b>	<b>..... 17</b>
<b>10. Composition of Shareholders</b>	<b>..... 18</b>
<b>11. Share in Nara Prefecture</b>	<b>..... 19</b>
<b>12. Business Performance for Nanto Bank Group Companies</b>	<b>..... 20</b>
<b>13. Initiatives for ESG</b>	<b>..... 21</b>

# I. Current Status of the Regional Economy

# 1. Population and Number of Households

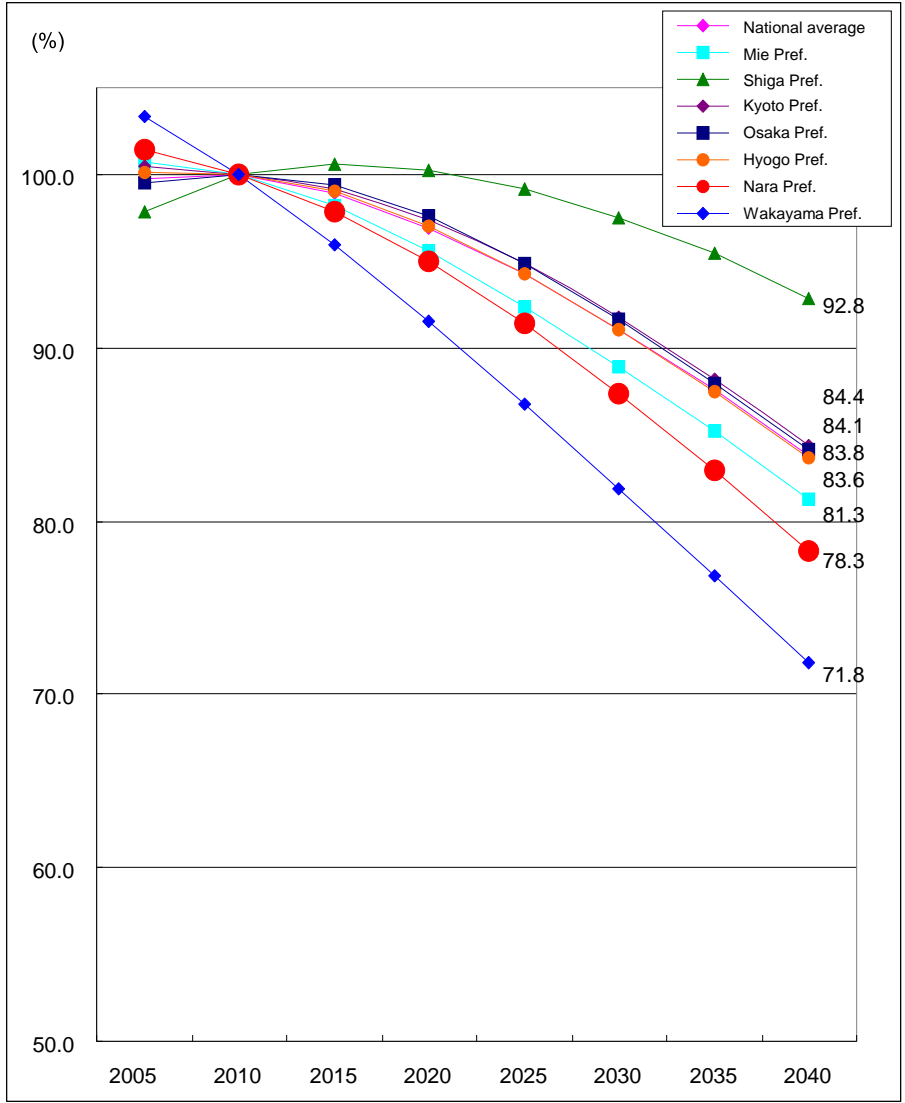
Population and Number of Households (Nara Prefecture)



(Source: Nara Prefecture)

Future Population Estimates (by prefecture)

(2010 = 100)



(Source: National Institute of Population and Social Security Research)

## 2. Number of Private Enterprises

### Number of Private Enterprises

	Jul. 31, 2009	Feb. 29, 2012	Jul. 31, 2014	Change from Feb. 29, 2012	
				Change (number)	Change (%)
National average	5,886,193	5,453,635	5,541,634	87,999	1.6
Osaka Pref.	443,848	408,713	413,110	4,397	1.1
Nara Pref.	50,424	46,711	48,034	1,323	2.8

(Source: Ministry of Internal Affairs and Communications)

### Number of Private Enterprises by Industry (Nara Prefecture)

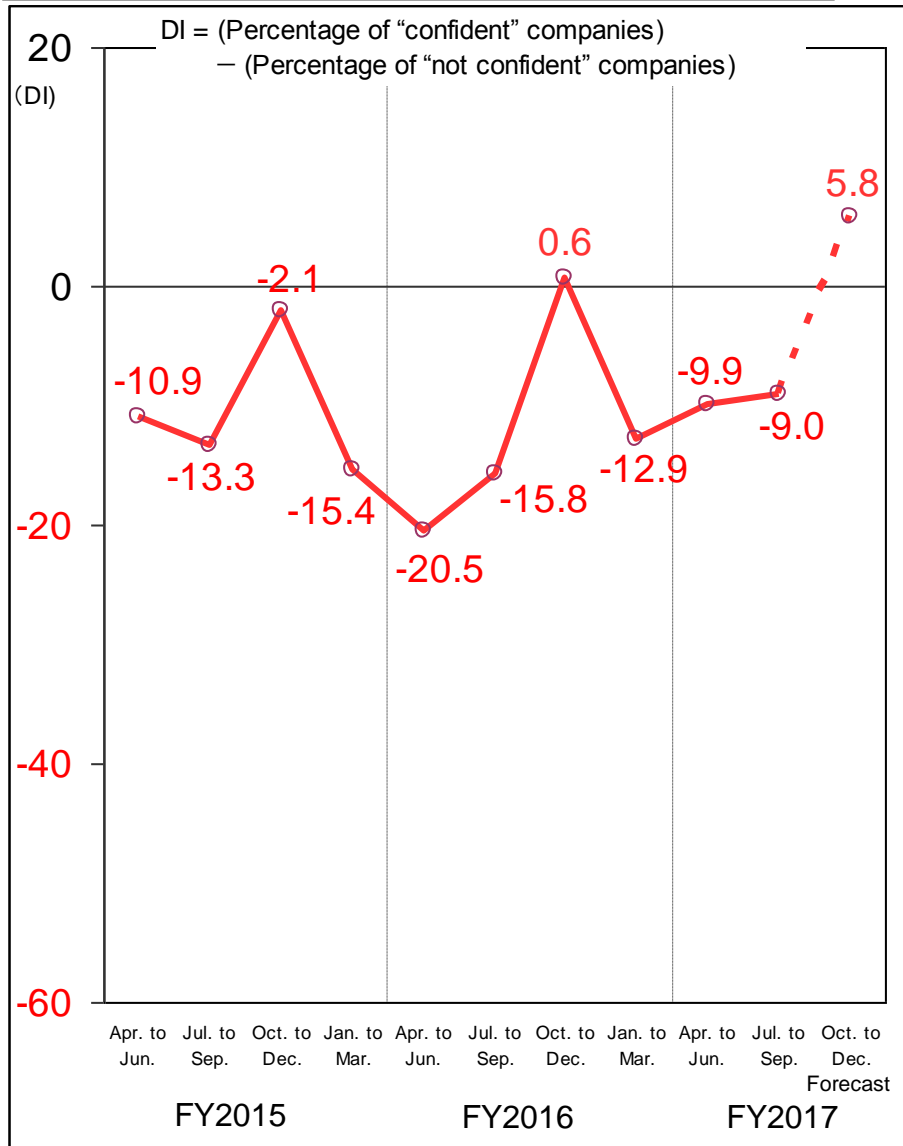
	Jul. 31, 2009	Feb. 29, 2012	Jul. 31, 2014	Change from Feb. 29, 2012	
				Change (number)	Change (%)
All industries	50,424	46,711	48,034	1,323	2.8
Agriculture, fishery and forestry	132	117	141	24	20.5
Mining, stone and gravel quarrying	5	6	5	-1	-16.7
Construction	4,394	3,882	3,851	-31	-0.8
Manufacturing	5,423	5,073	5,030	-43	-0.8
Electric, gas, heat supply and water supply	35	34	37	3	8.8
Information communication	342	282	279	-3	-1.1
Transportation and postal services	821	785	745	-40	-5.1
Wholesaling and retailing	14,073	12,434	12,538	104	0.8
Finance and insurance	732	694	703	9	1.3
Real estate and leasing	3,288	3,050	3,107	57	1.9
Academic research and specialized and technology services	1,568	1,446	1,555	109	7.5
Accommodation and food services	5,552	5,184	5,349	165	3.2
Living and entertainment services	4,365	4,101	4,231	130	3.2
Education and learning-aid services	1,630	1,629	1,767	138	8.5
Medical and welfare services	3,451	3,603	4,251	648	18.0
Integrated services	443	323	424	101	31.3
Others (*)	4,170	4,068	4,021	-47	-1.2

(\*) Others: Religion; car maintenance; political, economic and culture associations; and waste treatment services

(Source: Ministry of Internal Affairs and Communications)

### 3. Business Sentiment among Nara Prefecture-based Companies

**Business Sentiment among Nara Prefecture-based Companies (Quarter on quarter DI)**



(Source: Nanto Economic Research Institute)

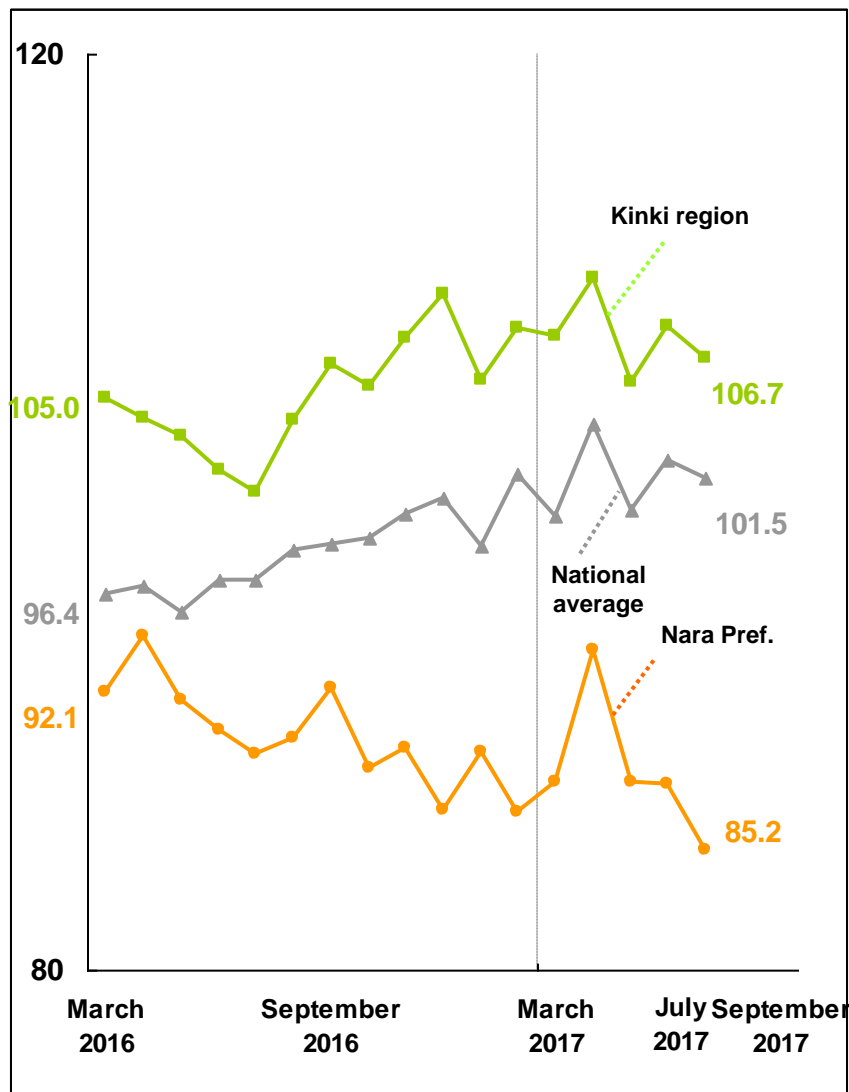
**DI by Sector**

DI by sector (Nara Prefecture)	Number of respondent companies	Quarter on quarter DI		
		Previous quarter Apr.–Jun. period	Current quarter Jul.–Sep. period	Next quarter Oct.–Dec. period (Forecast)
<b>All sectors</b>	312	-9.9	-9.0	5.8
<b>Manufacturing</b>	150	-8.4	-5.3	4.7
Foods	19	5.9	-10.5	15.8
Textile products (Socks)	29	-28.1	-34.5	-20.7
Lumber and wood products	14	-12.5	-14.3	-14.3
Chemicals and pharmaceuticals	15	-20.0	-33.3	0.0
Plastic products	10	-8.3	10.0	10.0
Metal products and non- ferrous metals	20	-5.0	15.0	10.0
Machinery	17	19.0	23.5	11.8
Other manufacturing sectors	15	0.0	33.3	20.0
<b>Non-manufacturing</b>	25	-13.2	-16.0	8.0
Wholesaling	162	-11.2	-12.3	6.8
Retailing	35	-35.5	-22.9	-22.9
Construction	22	-19.2	-27.3	4.5
Real estate	36	-11.4	2.8	13.9
Transportation	8	9.1	0.0	0.0
Hotels and inns	12	8.3	0.0	41.7
Services	11	54.5	-27.3	63.6
Other non- manufacturing sectors	17	-16.7	-11.8	17.6
	21	-15.4	-9.5	-9.5

(Source: Nanto Economic Research Institute, July–September 2017 Research)

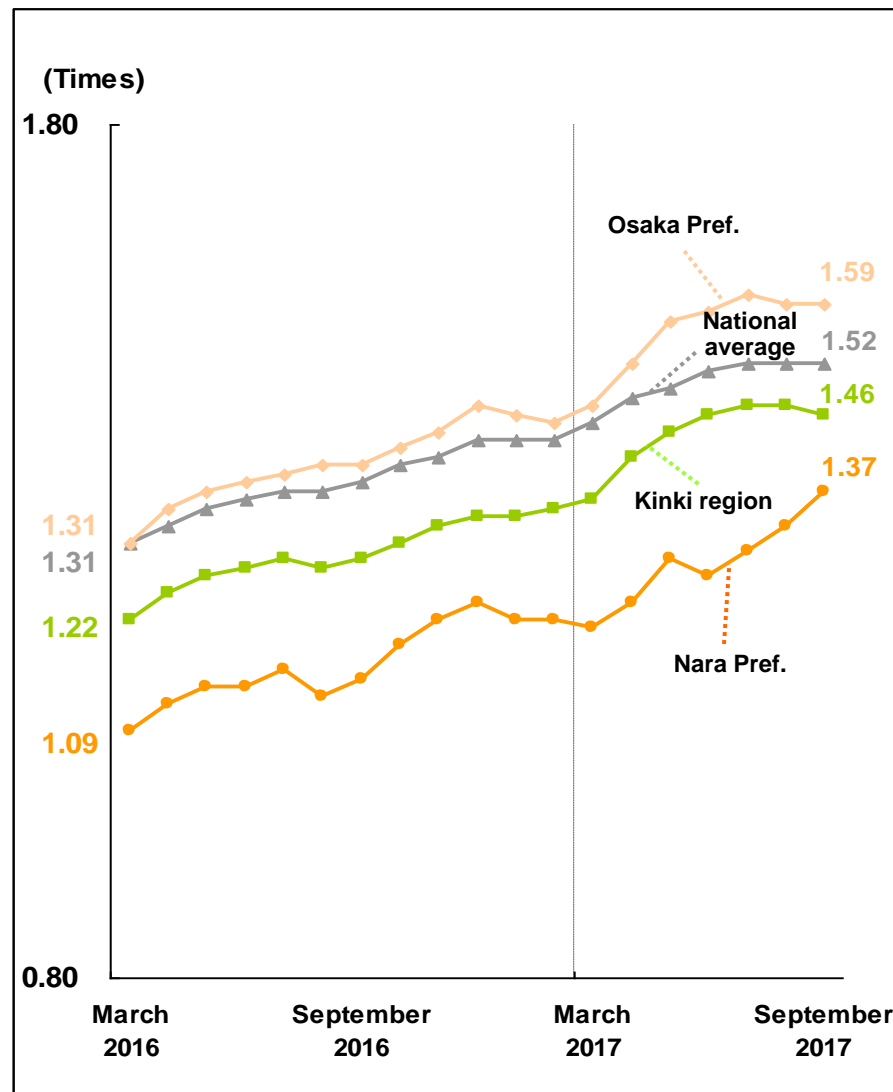
# 4. Industrial Production Index and Employment Conditions

### Industrial Production Index



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

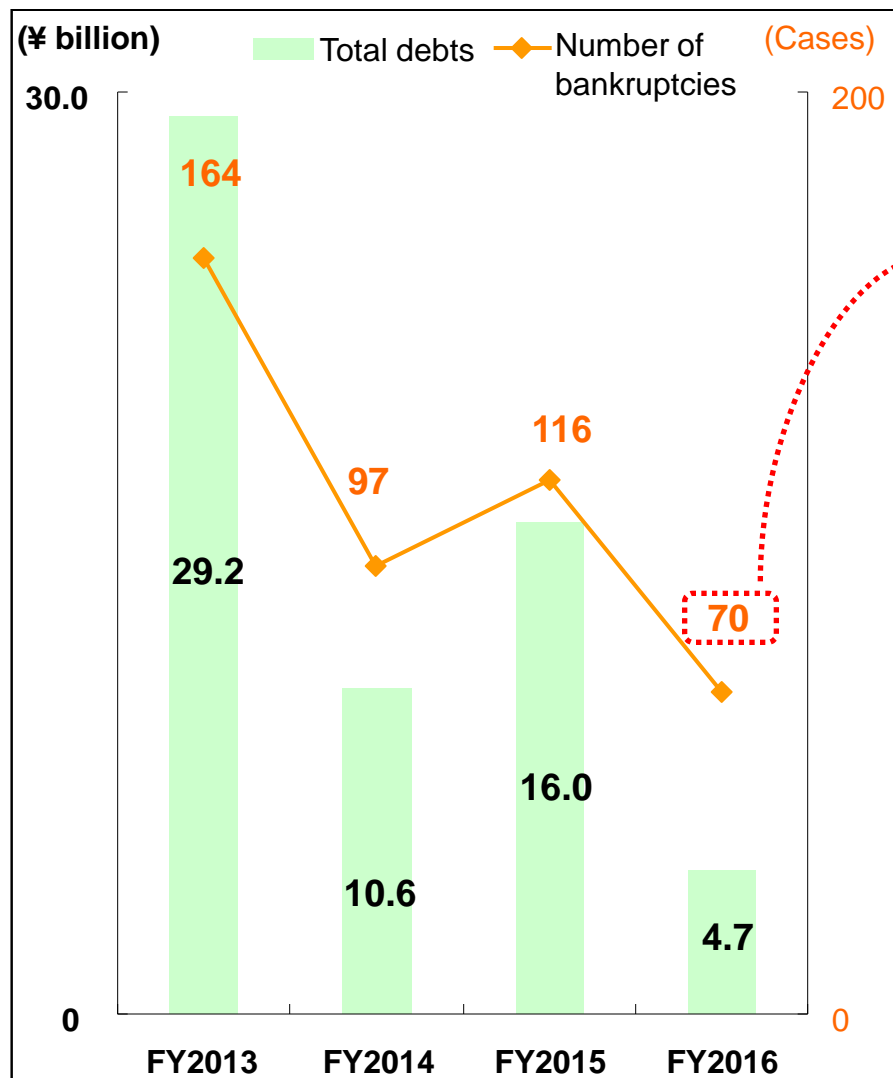
### Effective Ratio of Job Offers to Applicants



(Source: Ministry of Health, Labour and Welfare)

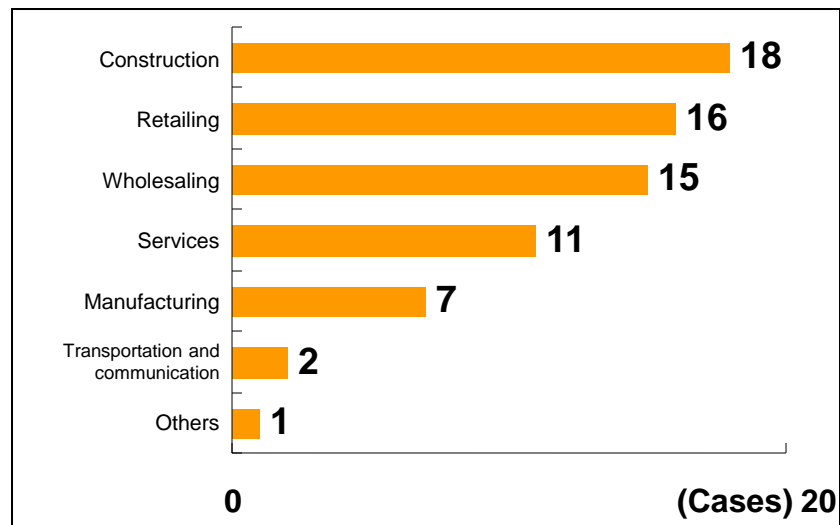
# 5. Business Bankruptcy

## Number of Bankruptcies in Nara Pref.



(Source: Teikoku Databank)

## Number of Bankruptcies by Industry



(Source: Teikoku Databank)

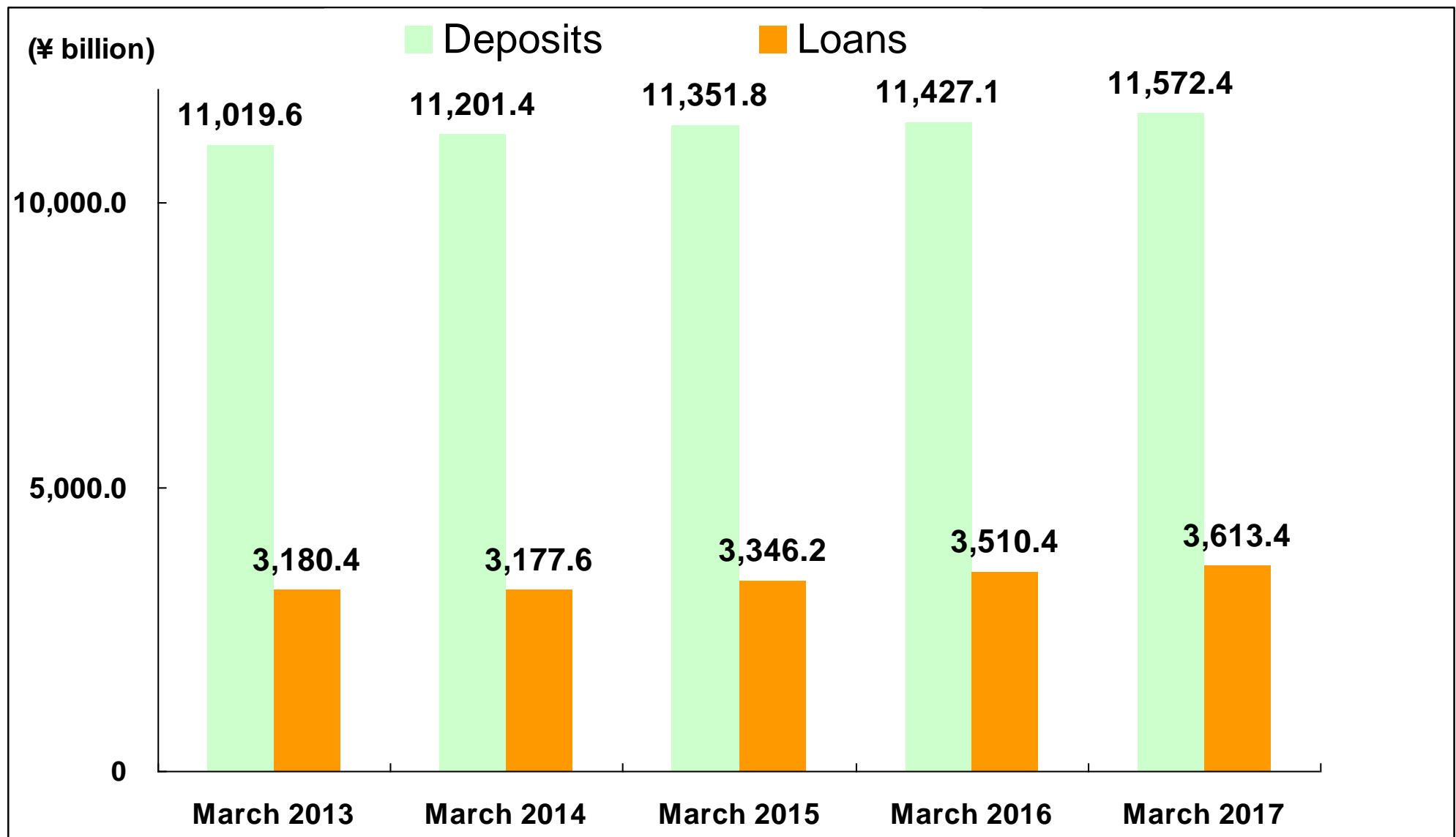
### <Changes in the Number of Bankruptcies by Industry>

	FY2013	FY2014	FY2015	FY2016
Construction	40	21	24	18
Retailing	40	28	28	16
Wholesaling	11	10	13	15
Manufacturing	21	12	16	7
Services	43	22	29	11
Transportation and communication	5	3	3	2
Others	4	1	3	1
<b>Total</b>	<b>164</b>	<b>97</b>	<b>116</b>	<b>70</b>

(Source: Teikoku Databank)



## 6. Balances of Deposits and Loans in Nara Prefecture



(Source: Kinyu Journal, *Financial Map*)

## II. Numerical Data and Metrics

# 1. Profits and Losses

(¥ million)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H	1H	
Gross business profit	60,772	30,241	61,238	32,172	55,380	28,295	57,929	30,768	26,039	-4,729
Interest income	52,018	26,569	51,143	26,110	49,640	25,436	49,663	25,033	24,019	-1,014
Interest on loans	38,532	19,554	36,512	18,510	34,785	17,585	32,411	16,382	15,610	-771
Interest and dividends from securities	17,360	9,023	17,871	9,366	17,925	9,301	20,371	10,038	10,150	111
Interest on deposits	3,004	1,583	2,513	1,359	2,293	1,208	1,198	692	421	-270
Fees and commissions	5,769	2,893	6,248	3,113	6,131	3,216	5,387	2,828	2,381	-447
Other operating income	2,984	778	3,846	2,948	-390	-357	2,877	2,907	-361	-3,268
Gains/Losses on bonds (JGBs, etc.)	2,923	705	4,274	3,045	823	159	3,973	3,452	-114	-3,566
Cost of derivative financial products	107	57	736	232	1,483	623	1,322	697	393	-304
Expenses	44,994	22,697	45,119	23,025	43,275	21,778	40,170	19,668	20,314	646
Net business profit (before net transfer to general provision for possible loan losses)	15,777	7,544	16,119	9,147	12,105	6,517	17,758	11,100	5,724	-5,376
Core net business profit	12,854	6,839	11,844	6,101	11,281	6,358	13,785	7,648	5,839	-1,809
Net transfer to general provision for possible loan losses	1,113	1,073	1,768	-217	-3,702	-993	3,011	2,152	—	-2,152
Net business profit	14,664	6,470	14,350	9,365	15,807	7,510	14,747	8,948	5,724	-3,223
Non-recurrent gains/losses	3,558	2,049	2,028	810	-2,705	146	1,312	-187	2,122	2,310
Gains/Losses on stocks	1,607	582	1,515	1,450	1,529	792	2,235	0	1,583	1,583
Disposal of non-performing loans	-5	171	308	1,224	5,092	1,455	730	151	82	-69
Bad debt recovered	1,454	1,160	578	97	296	142	802	401	82	-319
Ordinary income	18,223	8,520	16,379	10,175	13,101	7,657	16,059	8,760	7,847	-912
Extraordinary gains/losses	-78	-5	234	-26	483	-38	-118	-68	-10	58
Income before income taxes	18,144	8,514	16,614	10,148	13,585	7,619	15,941	8,691	7,837	-853
Income taxes	9,316	3,280	6,861	3,516	1,878	2,322	3,824	1,731	1,766	35
Net income	8,827	5,234	9,752	6,632	11,706	5,296	12,116	6,959	6,070	-888
Credit-related costs	-346	84	1,497	908	1,094	290	2,939	1,903	-548	-2,451

## 2. Principal Accounts (Deposits)

### All deposits

(¥ billion)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H	1H	
All deposits (period-end balance)	4,679.0	4,621.7	4,770.2	4,706.2	4,781.7	4,815.2	4,780.7	4,762.3	4,843.8	81.4
Deposits	4,597.0	4,493.5	4,702.4	4,626.5	4,730.2	4,752.2	4,747.7	4,732.6	4,803.3	70.7
Personal deposits	3,531.4	3,484.6	3,601.2	3,552.8	3,625.4	3,607.2	3,672.6	3,626.7	3,716.1	89.4
Corporate deposits	849.0	814.9	871.0	859.6	886.0	897.6	875.9	888.4	889.3	0.9
Government deposits	204.8	186.6	210.8	196.4	207.6	229.7	192.0	210.8	192.4	-18.4
Negotiable CD	81.9	128.1	67.7	79.7	51.5	62.9	33.0	29.7	40.4	10.6

All deposits (average balance)	4,625.4	4,603.2	4,733.2	4,733.4	4,881.2	4,895.2	4,809.2	4,836.6	4,865.9	29.3
Deposits	4,498.6	4,479.1	4,622.6	4,610.2	4,767.2	4,772.5	4,761.5	4,778.2	4,820.7	42.5
Negotiable CD	126.8	124.0	110.5	123.1	114.0	122.7	47.6	58.4	45.2	-13.2

All deposits = Deposits + Negotiable CD

### Deposits by region (period-end balance)

(¥ billion)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H	1H	
Nara Pref.	3,714.0	3,628.8	3,794.2	3,715.0	3,820.6	3,800.8	3,861.2	3,816.4	3,886.9	70.5
Other prefectures	883.0	864.7	908.1	911.5	909.5	951.3	886.4	916.2	916.4	0.2
Osaka Pref. (including Hyogo Pref.)	280.5	276.9	289.0	292.5	296.4	314.5	287.5	308.4	305.5	-2.9
Kyoto Pref.	333.8	334.7	343.4	345.0	356.1	363.9	343.6	350.1	346.5	-3.5
Wakayama Pref.	179.2	182.5	183.5	187.7	178.9	189.6	179.2	181.1	186.2	5.0
Mie Pref.	69.3	67.8	69.2	69.1	70.3	69.3	70.9	69.7	72.3	2.5
Tokyo	20.1	2.6	22.7	17.1	7.7	13.9	5.0	6.6	5.7	-0.9

### 3. Principal Accounts (Loans)

#### Loans

(¥ billion)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H		
Loans (period-end balance)	2,983.9	2,902.8	3,088.7	3,019.0	3,198.1	3,120.5	3,262.3	3,240.9	3,295.5	54.6
Consumer loans	944.6	933.1	966.0	950.9	989.8	977.2	1,017.6	1,004.0	1,033.2	29.2
Housing mortgage loans	836.5	823.5	857.6	843.2	883.0	866.8	917.6	900.5	936.1	35.5
Loans (average balance)	2,888.9	2,864.0	2,983.5	2,965.8	3,109.1	3,077.6	3,247.0	3,225.1	3,275.4	50.2

Loans to SMEs (period-end balance)	1,872.5	1,847.3	1,892.0	1,861.6	1,939.4	1,900.4	2,035.0	1,992.9	2,075.5	82.5
------------------------------------	---------	---------	---------	---------	---------	---------	---------	---------	---------	------

#### Loans by region (period-end balance)

(¥ billion)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H		
Nara Pref.	1,464.9	1,457.6	1,517.4	1,484.0	1,583.7	1,529.8	1,658.7	1,629.8	1,683.4	53.5
Osaka Pref. + Hyogo Pref.	712.6	684.0	745.8	727.7	759.2	747.6	790.5	773.0	805.5	32.4
Osaka Pref.	653.2	634.7	687.1	668.1	699.5	688.5	731.4	713.0	746.9	33.9
Hyogo Pref.	59.3	49.2	58.6	59.5	59.6	59.0	59.0	59.9	58.5	-1.4
Others	806.2	761.1	825.4	807.2	855.2	843.1	812.9	837.9	806.5	-31.4
Kyoto Pref.	201.5	198.6	207.6	206.4	222.6	215.1	245.1	224.4	249.7	25.3
Wakayama Pref.	79.2	77.4	81.0	79.8	86.4	82.4	94.3	93.3	91.3	-1.9
Mie Pref.	21.8	22.3	20.7	21.5	20.6	20.2	21.7	21.1	21.9	0.8
Tokyo	503.6	462.6	515.8	499.3	525.5	525.3	451.6	499.0	443.4	-55.6

## 4. Principal Accounts (Assets under Management)

### Assets under management

(¥ billion)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H	1H	
Personal deposit assets (period-end balance)	212.4	229.4	201.5	206.9	183.7	185.3	173.6	175.0	163.6	-11.3
Foreign currency deposits	14.1	14.8	11.1	12.8	9.6	10.1	10.0	9.7	10.0	0.3
Public bonds	65.1	76.4	44.4	54.2	29.3	35.4	19.8	24.4	18.3	-6.0
Investment trusts	133.1	138.2	145.9	139.8	144.6	139.7	143.8	140.8	135.1	-5.6

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H	1H	
Value of deposit assets sold	90.3	44.8	103.1	47.4	93.3	55.0	65.4	33.0	25.0	-8.0
Investment trusts	50.4	25.6	62.6	26.5	57.6	35.6	43.8	20.2	18.4	-1.7
Life insurance policies	39.8	19.2	40.4	20.9	35.6	19.3	21.5	12.8	6.5	-6.2

## 5. Interest Margins

### Overall

(%)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H		
Returns from cash investments (A)	1.15	1.18	1.08	1.11	1.00	1.03	0.98	0.98	0.97	-0.01
Returns from loans (B)	1.33	1.36	1.22	1.24	1.11	1.13	0.99	1.01	0.95	-0.06
Returns from securities	0.92	0.96	1.00	1.00	1.06	1.13	1.16	1.15	1.25	0.10
Returns from financing	0.08	0.09	0.07	0.07	0.07	0.07	0.06	0.06	0.07	0.01
Returns from deposits	0.06	0.07	0.05	0.05	0.04	0.05	0.02	0.02	0.01	-0.01
Returns from external debts	0.14	0.11	0.16	0.16	0.18	0.18	0.18	0.16	0.23	0.07
Cost of deposits (C)	1.04	1.05	1.00	1.02	0.93	0.93	0.86	0.83	0.85	0.02
Expense ratio	0.97	0.98	0.95	0.97	0.88	0.88	0.83	0.81	0.83	0.02
Cost of funds raised (D)	1.02	1.03	0.98	1.00	0.90	0.91	0.80	0.78	0.81	0.03
Deposit-loan margin (B) – (C)	0.29	0.31	0.22	0.22	0.18	0.20	0.13	0.18	0.10	-0.08
Total interest margin (A) – (D)	0.13	0.15	0.10	0.11	0.10	0.12	0.18	0.20	0.16	-0.04

### Domestic business divisions

(%)

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H		1H		1H		1H		
Returns from cash investments (A)	1.11	1.14	1.02	1.05	0.92	0.95	0.89	0.90	0.88	-0.02
Returns from loans (B)	1.33	1.36	1.23	1.25	1.12	1.14	0.99	1.01	0.94	-0.07
Returns from securities	0.87	0.92	0.91	0.91	0.94	1.05	1.03	1.04	1.14	0.10
Returns from financing	0.08	0.08	0.07	0.07	0.05	0.05	0.02	0.03	0.02	-0.01
Returns from deposits	0.06	0.07	0.05	0.05	0.04	0.05	0.02	0.02	0.01	-0.01
Returns from external debts	0.10	0.10	0.09	0.09	0.09	0.09	0.03	0.04	-0.00	-0.04
Cost of expenses (including expenses) (C)	1.03	1.04	1.00	1.02	0.92	0.93	0.85	0.83	0.84	0.01
Expense ratio	0.96	0.97	0.94	0.96	0.87	0.87	0.82	0.80	0.82	0.02
Cost of funds raised (D)	1.04	1.05	1.00	1.02	0.91	0.92	0.79	0.79	0.79	0.00
Deposit-loan margin (B) – (C)	0.30	0.32	0.23	0.23	0.20	0.21	0.14	0.18	0.10	-0.08
Total interest margin (A) – (D)	0.07	0.09	0.02	0.03	0.01	0.03	0.10	0.11	0.09	-0.02

## 6. Loans by Industry

### Loans Outstanding and Ratio of Loans by Industry

(¥ billion, %)

	Mar. 2015		Sep. 2015		Mar. 2016		Sep. 2016		Mar. 2017		Sep. 2017		Y/Y change
		Ratio		Ratio		Ratio		Ratio		Ratio		Ratio	
Total lending volume	3,088.7	100.00	3,120.5	100.00	3,198.1	100.00	3,240.9	100.00	3,262.3	100.00	3,295.5	100.00	54.6
Manufacturing	502.3	16.26	498.4	15.97	500.7	15.65	502.2	15.49	491.3	15.06	480.2	14.57	-22.0
Agriculture and forestry	2.9	0.09	2.8	0.09	2.7	0.08	2.3	0.07	2.2	0.07	2.2	0.06	-0.0
Fishery	4.3	0.14	4.3	0.14	3.7	0.11	3.6	0.11	3.4	0.10	3.3	0.10	-0.3
Mining, stone and gravel quarrying	7.1	0.23	7.0	0.22	11.7	0.36	11.4	0.35	11.1	0.34	10.9	0.33	-0.5
Construction	84.0	2.72	82.7	2.65	85.1	2.66	78.3	2.41	80.3	2.46	76.5	2.32	-1.8
Electric, gas, heat supply and water supply	27.6	0.89	26.2	0.83	27.8	0.87	24.3	0.75	23.5	0.72	24.7	0.75	0.4
Information communication	36.3	1.17	37.8	1.21	39.7	1.24	46.0	1.42	42.6	1.30	39.9	1.21	-6.0
Transportation and postal services	91.0	2.94	93.9	3.00	105.2	3.29	108.0	3.33	107.6	3.30	104.9	3.18	-3.1
Wholesaling and retailing	300.9	9.74	302.3	9.68	292.2	9.13	296.5	9.15	287.8	8.82	282.7	8.58	-13.8
Finance and insurance	158.5	5.13	160.5	5.14	148.4	4.64	126.1	3.89	127.9	3.92	131.0	3.97	4.8
Real estate and leasing	344.8	11.16	354.1	11.34	359.8	11.25	372.2	11.48	375.6	11.51	402.2	12.20	30.0
Services	166.4	5.38	168.4	5.39	177.5	5.55	177.9	5.49	186.2	5.70	189.8	5.76	11.8
Local public entity	483.9	15.66	495.7	15.88	541.6	16.93	574.1	17.71	589.2	18.06	598.6	18.16	24.4
Others	878.0	28.42	885.9	28.38	901.3	28.18	917.3	28.30	932.8	28.59	947.9	28.76	30.6



## 7. Classification of Debtors

<As of September 30, 2017>

- ◆ Total credit (loans): ¥3,319.0 billion (increase of ¥35.6 billion from Mar. 31, 2017)
- ◆ Loans to normal debtors: ¥3,156.4 billion (increase of ¥43.1 billion from Mar. 31, 2017)
- ◆ Loans to debtors requiring caution and substandard debtors: ¥112.4 billion (decrease of ¥0.8 billion from Mar. 31, 2017)
- ◆ Loans to potentially bankrupt debtors and lower: ¥50.2 billion (decrease of ¥6.6 billion from Mar. 31, 2017)

(¥ billion)

	(Subject: Credit related claimable assets such as loans)	As of March 31, 2017 a	As of September 30, 2017					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	3,113.2	3,073.2	12.1	0.6	1.1	0.5	25.4
2	Debtors requiring caution	96.9	8.1	80.1	1.4	1.5	0.0	5.6
3	Substandard debtors	16.3	0.2	2.0	13.1	0.0	0.0	0.8
4	Potentially bankrupt debtors	48.6	0.1	1.8	0.5	43.0	0.1	2.8
5	Bankrupt and effectively bankrupt debtors	8.3	0.0	0.0	0.0	0.2	3.4	4.5
6	New debtors	0.0	74.7	0.3	0.0	0.0	0.0	0.0
7	Total	3,283.4	3,156.4	96.6	15.8	46.0	4.1	39.4

Change over March 31, 2017					
Normal assets	Assets requiring caution	Substandard assets	Potentially bankrupt assets	Bankrupt and effectively bankrupt assets	Total
43.1	-0.3	-0.4	-2.5	-4.1	-59.1

## 8. Capital Adequacy Ratio

[Non-consolidated]

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H*		1H		1H		1H	1H	
Capital adequacy ratio	10.03%	10.40%	9.29%	10.20%	9.11%	9.32%	9.19%	9.12%	9.85%	0.73 pt
Core capital-related fundamental items (A)	204.7	—	194.0	209.7	200.1	197.3	213.3	208.2	235.5	27.3
Core capital-related adjustment items (B)	—	—	0.6	—	1.1	0.5	1.8	1.1	1.7	0.6
Capital value (A) – (B)	204.7	201.8	193.4	209.7	198.9	196.7	211.5	207.1	233.7	26.7
Risk assets	2,039.8	1,939.7	2,080.8	2,054.4	2,181.1	2,111.3	2,300.7	2,271.1	2,372.4	101.2
Total capital requirement	81.5	77.5	83.2	82.1	87.2	84.4	92.0	90.8	94.8	4.0

\* Previous standard (Basel II)

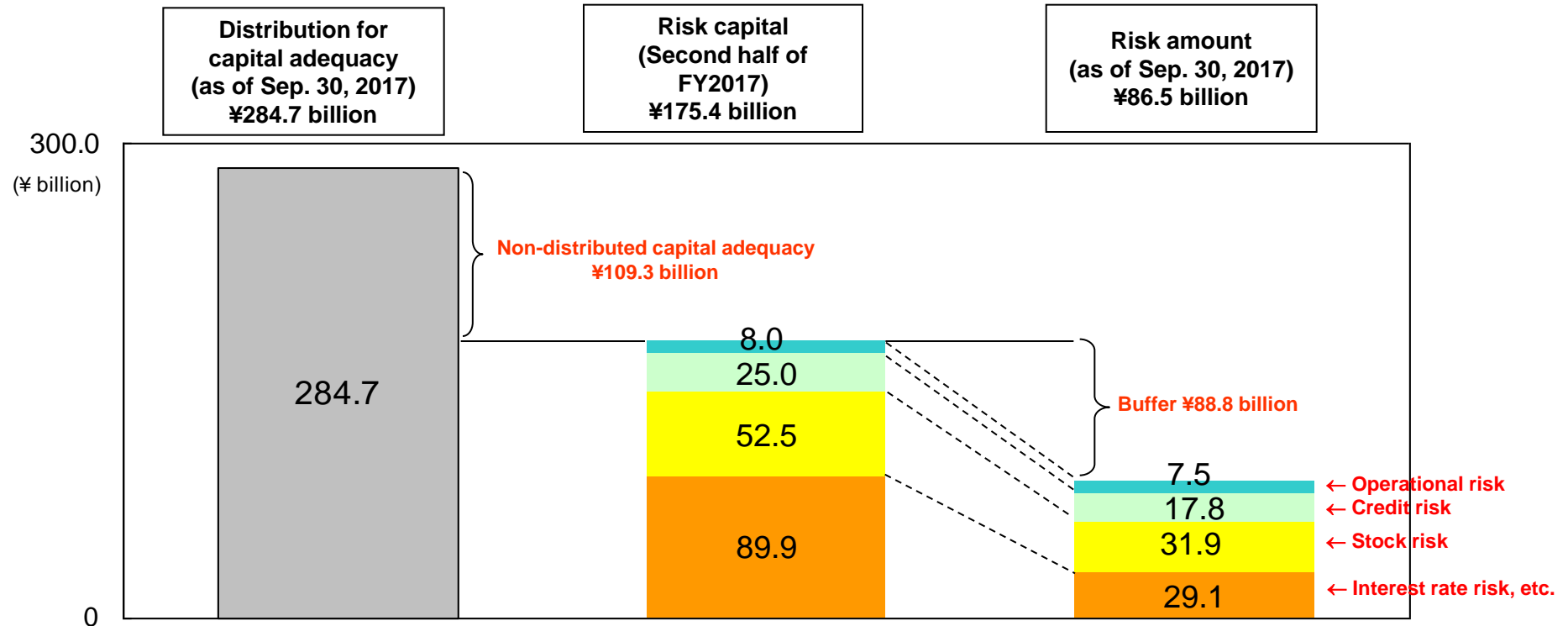
[Consolidated]

	FY2013		FY2014		FY2015		FY2016		FY2017	Y/Y change
		1H*		1H		1H		1H	1H	
Capital adequacy ratio	10.51%	10.90%	9.72%	10.67%	9.36%	9.75%	9.42%	9.35%	10.07%	0.72 pt
Core capital-related fundamental items (A)	216.4	—	205.0	221.6	208.2	208.5	221.3	216.4	243.8	27.4
Core capital-related adjustment items (B)	—	—	0.7	—	1.3	0.6	1.9	1.2	1.9	0.6
Capital value (A) – (B)	216.4	213.4	204.3	21.6	206.9	207.8	219.3	215.1	241.8	26.7
Risk assets	2,059.2	1,956.4	2,101.7	2,076.7	2,209.7	2,130.7	2,327.7	2,299.5	2,400.3	100.7
Total capital requirement	82.3	78.2	84.0	83.0	88.3	85.2	93.1	91.9	96.0	4.0

\* Previous standard (Basel II)

# 9. Total Risk Management

## Total Risk Management



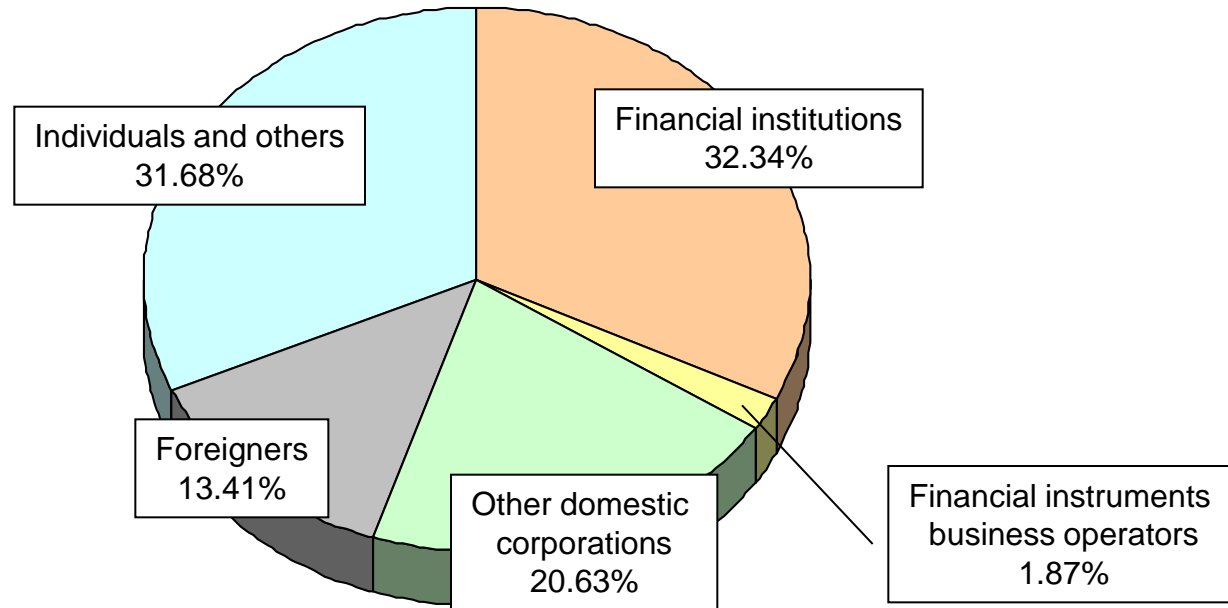
- Distribution for capital adequacy = Core capital + Valuation difference on available-for-sale securities reported on the balance sheet
- Interest-rate risk measurement includes use of an internal model that considers core deposits

### <Risk Measurement Method>

		Measurement approach	Confidence level	Holding period
Credit risk		Monte Carlo simulation	99%	1 year
Market risk	Interest/Stocks, etc. for investment purposes	Historical simulation	99%	120 business days
	Strategic purposes	Historical simulation	99%	240 business days
	Short-term trade	Historical simulation	99%	10 business days
Operational risk		Gross profit distribution approach		

# 10. Composition of Shareholders

As of September 30, 2017



(Thousands of shares, %)

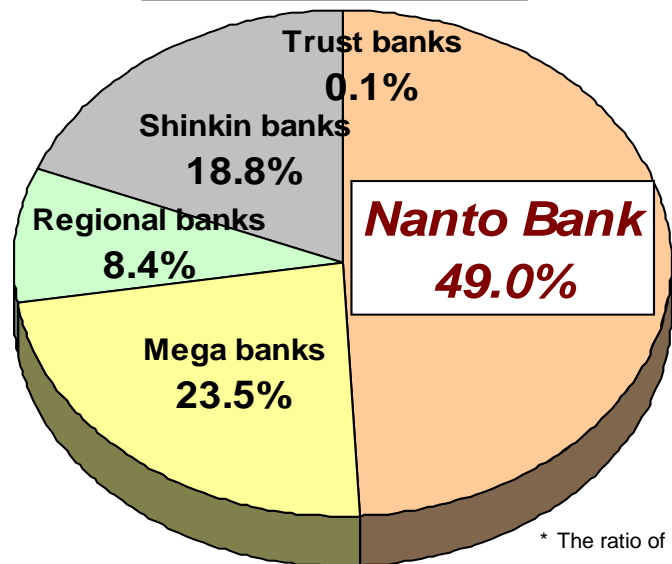
	As of March 31, 2014		As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of September 30, 2017	
	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio
Number of shares outstanding	272,756	100.00	272,756	100.00	272,756	100.00	27,275	100.00	33,025	100.00
Financial institutions (Banks, trust banks, life insurers, P&C insurers and others)	92,368	33.86	92,341	33.85	94,169	34.52	9,524	34.92	10,683	32.34
Financial instruments business operators	2,469	0.91	3,237	1.19	2,360	0.87	311	1.14	619	1.87
Other domestic corporations	64,658	23.71	64,025	23.47	66,103	24.24	6,349	23.27	6,814	20.63
Foreigners	20,964	7.69	25,504	9.35	22,740	8.34	2,935	10.76	4,432	13.41
Individuals and others	92,187	33.79	87,539	32.09	87,274	31.99	8,142	29.85	10,465	31.68
National and municipal governments	107	0.04	107	0.04	107	0.04	10	0.03	10	0.03

\* A 1-for-10 stock merger was conducted in October 2016.

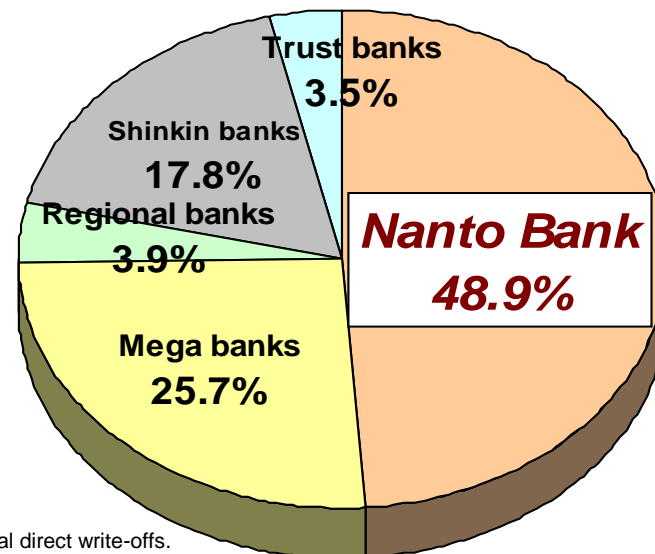
\* The Bank implemented a capital increase during the first half of FY2017, adding 5.75 million issued shares.

# 11. Share in Nara Prefecture

## Share in Loans

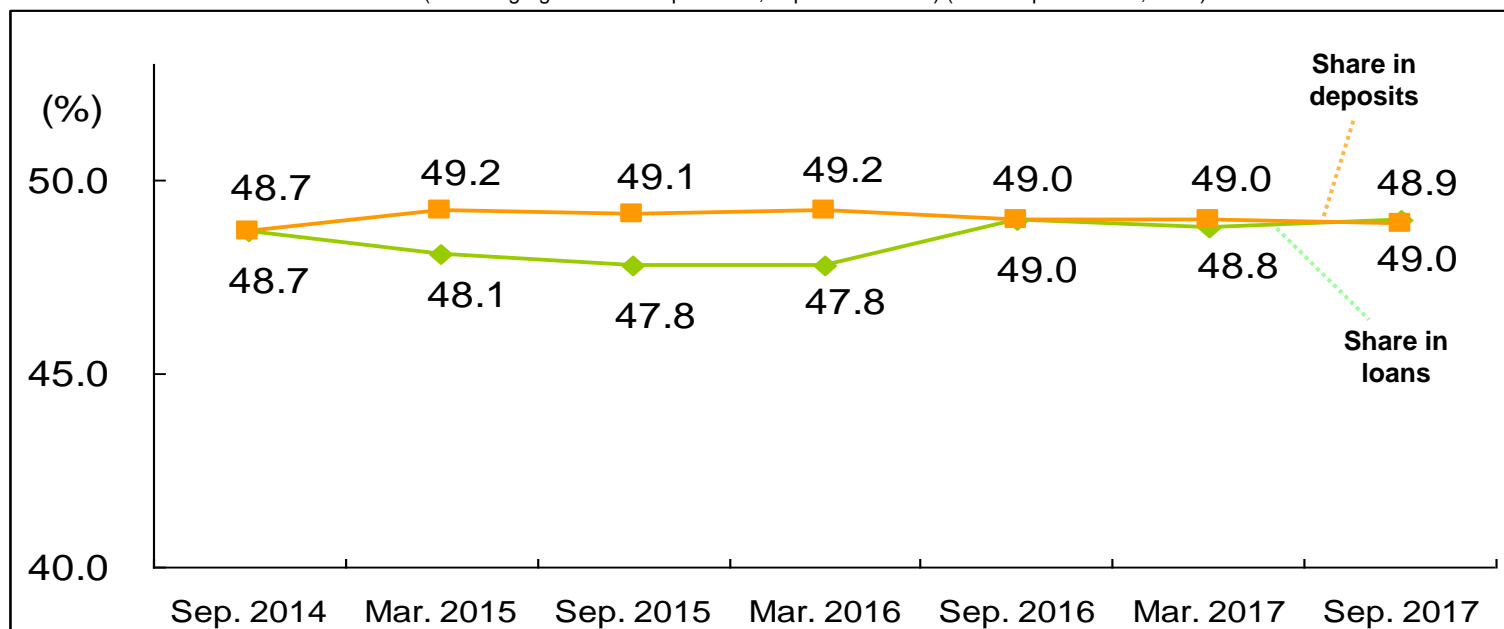


## Share in Deposits



\* The ratio of loans shown is after deducting partial direct write-offs.

\* Commercial banks, trust banks and shinkin banks in Nara Prefecture. (excluding agricultural cooperatives, Japan Post Bank) (as of September 30, 2017)



## 12. Business Performance for Nanto Bank Group Companies

(¥ million)

Company name	Principal business	Capital	Ratio of shares held by the Bank	Results	FY2016		FY2017	Y/Y change
						1H	1H	
Nanto Estate Co., Ltd.	Leasing and management of real estate	30	100%	Net sales	364	182	188	6
				Ordinary income	69	35	19	-16
				Net income	36	23	12	-10
Nanto Business Service Co., Ltd.	Centralized processing of clerical operations for the Bank	10	100%	Net sales	442	221	216	-4
				Ordinary income	52	27	23	-3
				Net income	34	17	15	-2
Nanto Credit Guarantee Co., Ltd.	Credit guarantee	10	100%	Net sales	1,308	652	655	2
				Ordinary income	633	139	300	161
				Net income	402	48	149	101
Nanto Lease Co., Ltd.	Leasing	500	100%	Net sales	6,495	3,271	3,258	-13
				Ordinary income	420	180	225	45
				Net income	312	122	155	32
Nanto Computer Service Co., Ltd.	Computer software development and services	10	100%	Net sales	719	356	403	46
				Ordinary income	95	52	32	-20
				Net income	62	34	20	-13
Nanto Investment Management Co., Ltd.	Investment advisory services	120	100%	Net sales	77	39	38	-0
				Ordinary income	17	7	8	0
				Net income	9	5	5	-0
Nanto DC Card Co., Ltd.	Credit card business	50	100%	Net sales	473	231	256	25
				Ordinary income	83	39	22	-16
				Net income	54	25	14	-10
Nanto Card Services Co., Ltd.	Credit card business	50	100%	Net sales	572	276	300	24
				Ordinary income	19	-1	28	30
				Net income	3	-11	24	35
Nanto Staff Service Co., Ltd.	Employment placement operations	20	100%	Net sales	79	40	41	0
				Ordinary income	15	7	6	-0
				Net income	10	4	4	-0
Nangin Agency Co., Ltd.	Bank agency services	50	100%	Net sales	71	35	35	-0
				Ordinary income	15	8	6	-1
				Net income	10	5	4	-1

# 13. Initiatives for ESG

## Environment

### ★ Participating in the Yoshino Cherry Tree Preservation Group

Initiatives to grow and preserve 30,000 cherry trees at Mt. Yoshino

### ★ Initiatives for environmental ISO activities

Initiatives for environmental preservation conforming to the environmental ISO (ISO14001)

### ★ Paper recycling at a recycling center

Regenerated 299 tons of papers in FY2016

### ★ Delivering environmentally-conscious financial products

Retail: Personal car and renovation loans  
Corporate: Green private placement bonds

### ★ Promoting forest preservation activities

Using paper made from timber from forest thinning and using timber for branches



Cherry trees at Mt. Yoshino



Nanto Bank women's hockey team

## Social

### Social contribution

#### ★ Organizing a charity walk

Organizing ancient city tours and contributing the amount in accordance with the number of participants to welfare organizations

#### ★ Initiatives for financial and economic education

Organized workplace tours and visiting lectures at 20 schools in total in FY2016

#### ★ Nanto Bank Small Kindness Group

Conducting activities benefitting the public such as cleaning and blood donation

#### ★ Public interest incorporated foundation:

##### Nanto Scholarship Society

As of September 30, 2017: 65 students, total number of graduates: 1,370

#### ★ Women's hockey team: SHOOTING STARS

Organizing hockey school classes

#### ★ Nanto Nara cheer squad

Volunteer group consisting of former Bank employees that provides guided tours at shrines and temples

### Promoting the empowerment of women

#### ★ Increasing the appointment to managerial positions

[As of October 1, 2017] Percentage out of total managerial positions: 13.2%

#### ★ Enhancing a working systems

Expanding leave and shortened work-hour systems

## Governance

#### ★ Partial amendment in the executive system

April 2016: Introduced an executive officer system

April 2017: Partially amended the executive system

#### ★ Utilization of outside officers

2 outside directors (9 directors in total)

2 outside auditors (4 auditors in total)

\*As of September 2017

#### ★ Assigning a director dedicated to the Audit Division

In June 2017, the Audit Division became under the direct control of the board of directors, and a dedicated director was assigned.

#### ★ Holding of Shareholders' Social Gathering

In September 2017, to make the most of constructive dialog with shareholders in our management, a social gathering for our shareholders was held (212 persons participated).

**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:]**

**The NANTO BANK, LTD. Corporate Planning Division**

**TEL: 0742-27-1552**

**FAX: 0742-20-3614**

**E-mail: [ir-souki@nantobank.co.jp](mailto:ir-souki@nantobank.co.jp)**

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



This presentation material, having been created with Yoshino 3.9 Paper conducive to efforts to use thinned timber in the Yoshino area, Nara, Japan, contributes to forests absorbing a growing volume of carbon dioxide.  
Nanto Bank is a supporter of the Yoshino Heart Project and the Kizukai Drive.