

# Information Meeting Appendix

May 31, 2019

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The NANTO BANK, LTD.

Takashi Hashimoto, President

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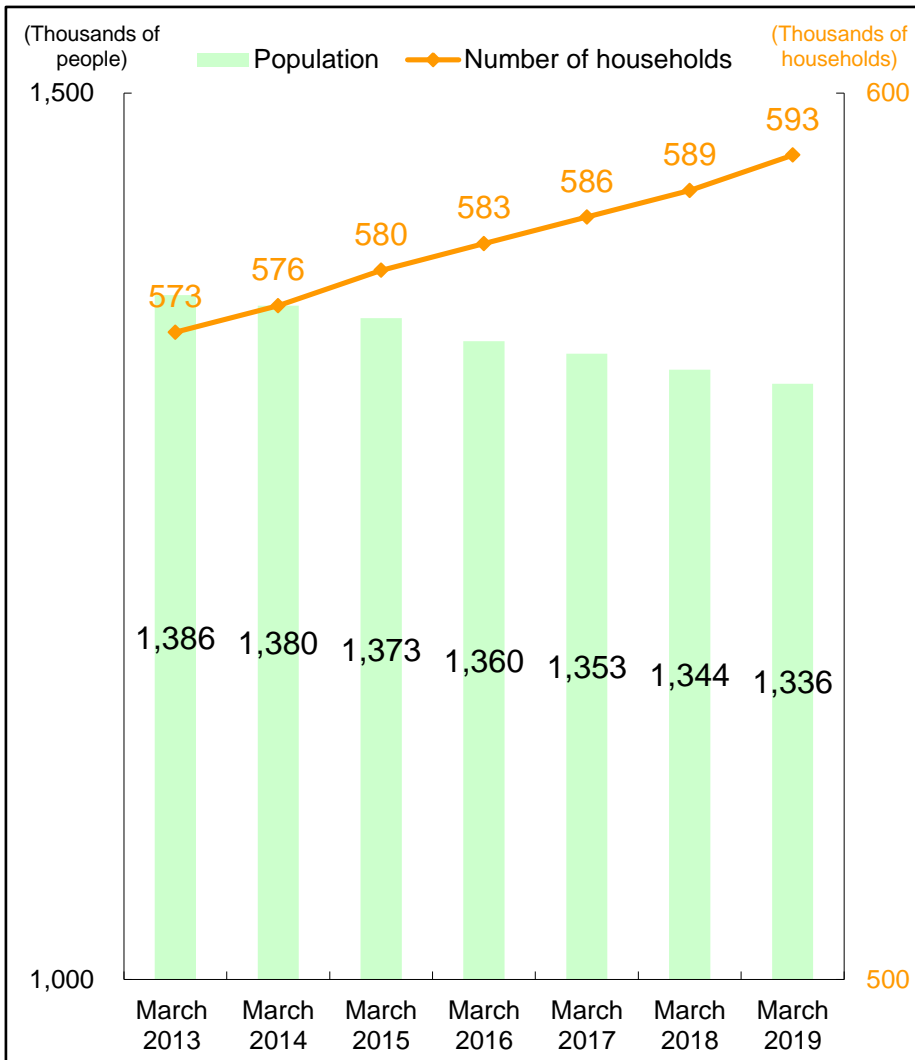
# I. Current Status of the Regional Economy

Ranking is among the 47 prefectures of Japan

Metric		Nara Pref.		Source	Osaka Pref.	
			Rank			Rank
<b>Population</b>	(Thousands of people)	1,339	30th	Ministry of Internal Affairs and Communications, Population Estimates, October 2018	8,813	3rd
<b>Deposits balance</b>	(¥ trillion)	11.7	24th	Kinyu Journal, <i>Financial Map</i> 2019	97.0	2nd
<b>Loan balance</b>	(¥ trillion)	3.6	31st	Kinyu Journal, <i>Financial Map</i> 2019	46.6	2nd
<b>Per-capita income</b>	(¥ thousand)	2,494	38th	Cabinet Office Economic and Social Research Institute (ESRI), fiscal 2015	3,127	9th
<b>Balance of savings per household</b>	(¥ thousand)	17,816	1st	Ministry of Internal Affairs and Communications, National Survey of Family Income and Expenditure, November 2014	14,801	18th
<b>Housing starts</b>	(Thousands of units)	6	36th	Ministry of Land, Infrastructure, Transport and Tourism, Building Starts, fiscal 2018	77	2nd
<b>Percentage of people who enter post-secondary education</b>	(%)	58.2	8th	Ministry of Education, Culture, Sports, Science and Technology, March 2018	59.5	6th
<b>Percentage of people who answer correctly on the financial literacy examination</b>	(%)	60.5	1st	The Central Council for Financial Services Information, June 2016	54.1	38th
<b>Cross-prefecture employment ratio</b>	(%)	28.8	2nd	Ministry of Internal Affairs and Communications, Population Census, October 2015	6.4	14th
<b>Number of private enterprises (offices)</b>	(Thousands of units)	46	40th	Ministry of Internal Affairs and Communications, Economic Census, June 2016	392	2nd
<b>Value of shipped manufactured goods (establishments employing at least 4 workers)</b>	(¥ trillion)	1.8	37th	Ministry of Economy, Trade and Industry, Census of Manufacture, June 2017	15.8	4th
<b>Sales value of wholesale goods</b>	(¥ trillion)	0.7	42nd	Ministry of Economy, Trade and Industry, Census of Commerce, July 2014	38.9	2nd
<b>Sales value of retail goods</b>	(¥ trillion)	1.0	35th	Ministry of Economy, Trade and Industry, Census of Commerce, July 2014	8.4	2nd
<b>Number of items designated as National Treasures and Important Cultural Properties</b>	(Items)	1,327	3rd	Agency for Cultural Affairs, May 2019	677	5th
<b>Ratio of visits by foreign tourists coming to Japan (sightseeing and leisure purposes)</b>	(%)	10.7	6th	Japan Tourism Agency, Consumption Trend Survey for Foreigners Visiting Japan, 2018	40.2	2nd

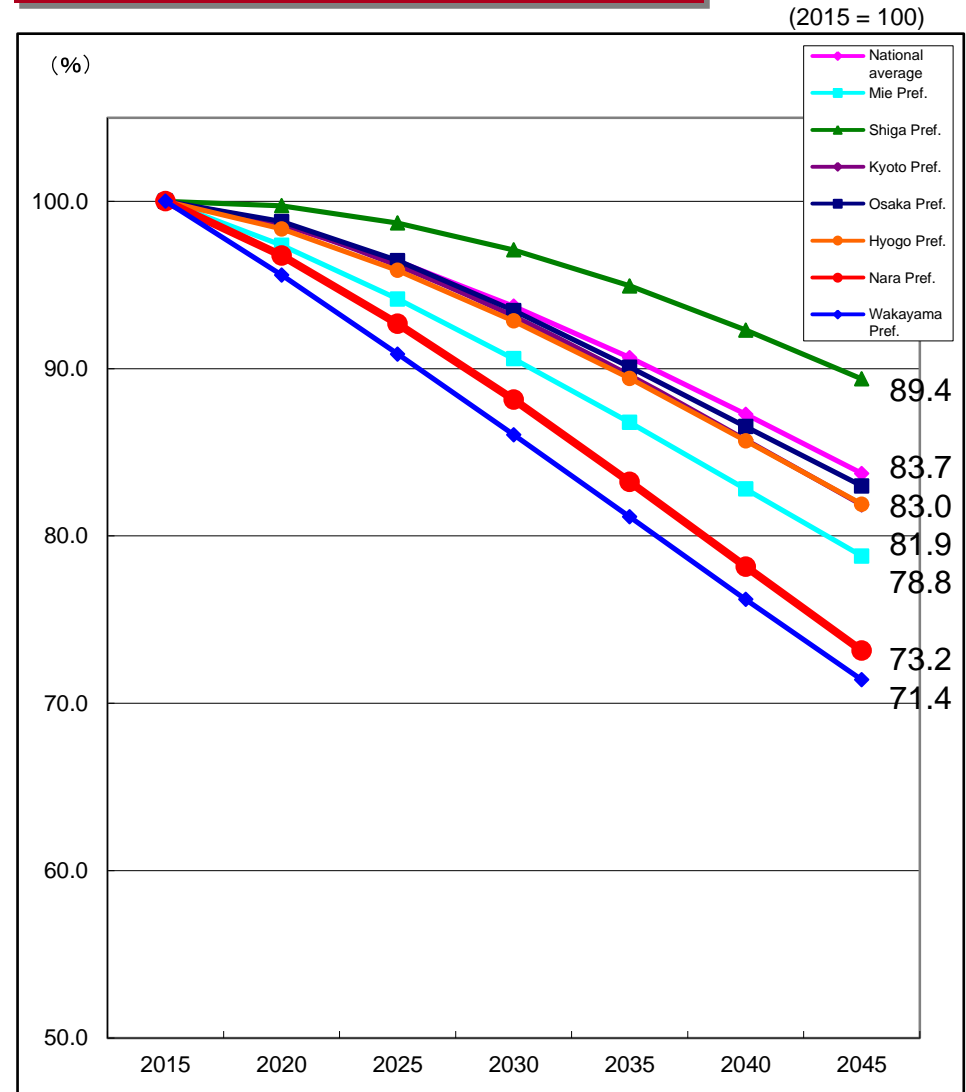
# NANTO 2. Population and Number of Households

Population and Number of Households (Nara Prefecture)



(Source: Nara Prefecture)

Future Population Estimates (by prefecture)



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

## Number of Private Enterprises

	Jul. 2009	Feb. 2012	Jun. 2016	Change from Feb. 2012	
				Change (number)	Change (%)
				National average	5,886,193
Osaka Pref.	443,848	408,713	392,940	-15,773	-3.9
Nara Pref.	50,424	46,711	46,487	-224	-0.5

(Source: Ministry of Internal Affairs and Communications)

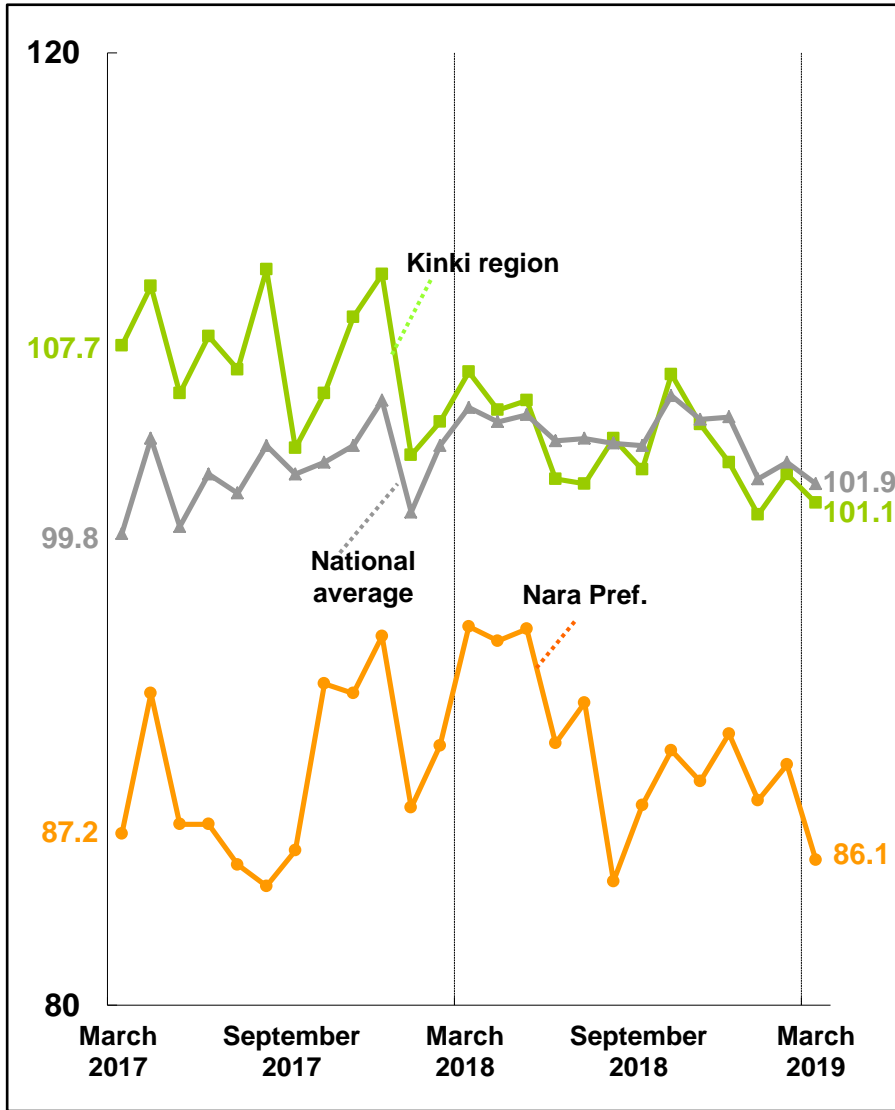
## Number of Private Enterprises by Industry (Nara Prefecture)

	Jul. 2009	Feb. 2012	Jun. 2016	Change from Feb. 2012	
				Change (number)	Change (%)
				All industries	50,424
Agriculture, fishery and forestry	132	117	131	+14	+12.0
Mining, stone and gravel quarrying	5	6	3	-3	-50.0
Construction	4,394	3,882	3,667	-215	-5.5
Manufacturing	5,423	5,073	4,651	-422	-8.3
Electric, gas, heat supply and water supply	35	34	35	+1	+2.9
Information communication	342	282	267	-15	-5.3
Transportation and postal services	821	785	737	-48	-6.1
Wholesaling and retailing	14,073	12,434	12,047	-387	-3.1
Finance and insurance	732	694	689	-5	-0.7
Real estate and leasing	3,288	3,050	2,870	-180	-5.9
Academic research and specialized and technology services	1,568	1,446	1,513	+67	+4.6
Accommodation and food services	5,552	5,184	5,278	+94	+1.8
Living and entertainment services	4,365	4,101	4,122	+21	+0.5
Education and learning-aid services	1,630	1,629	1,790	+161	+9.9
Medical and welfare services	3,451	3,603	4,378	+775	+21.5
Integrated services	443	323	420	+97	+30.0
Others (*)	4,170	4,068	3,889	-179	-4.4

(\*) Others: Religion, Car maintenance, Political, economic and culture associations, and Waste treatment services, etc.

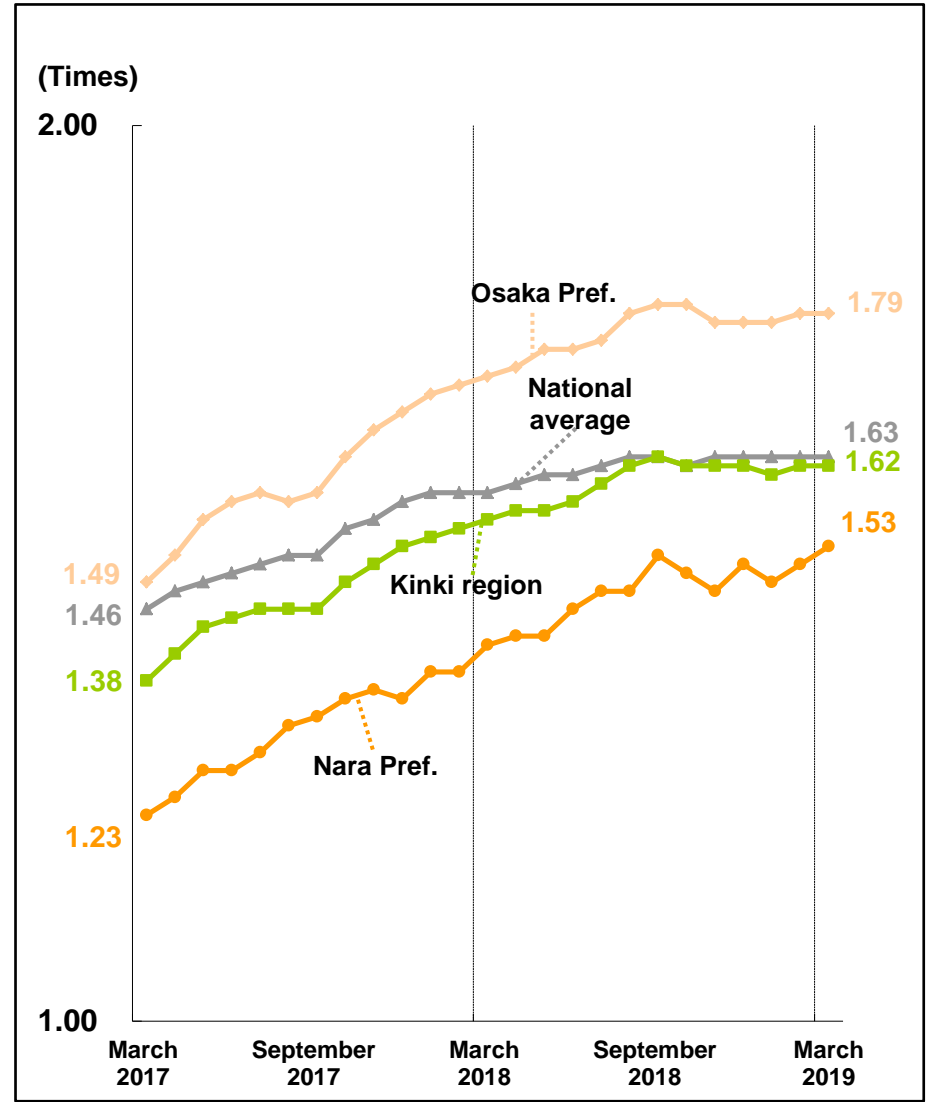
(Source: Ministry of Internal Affairs and Communications)

Industrial Production Index



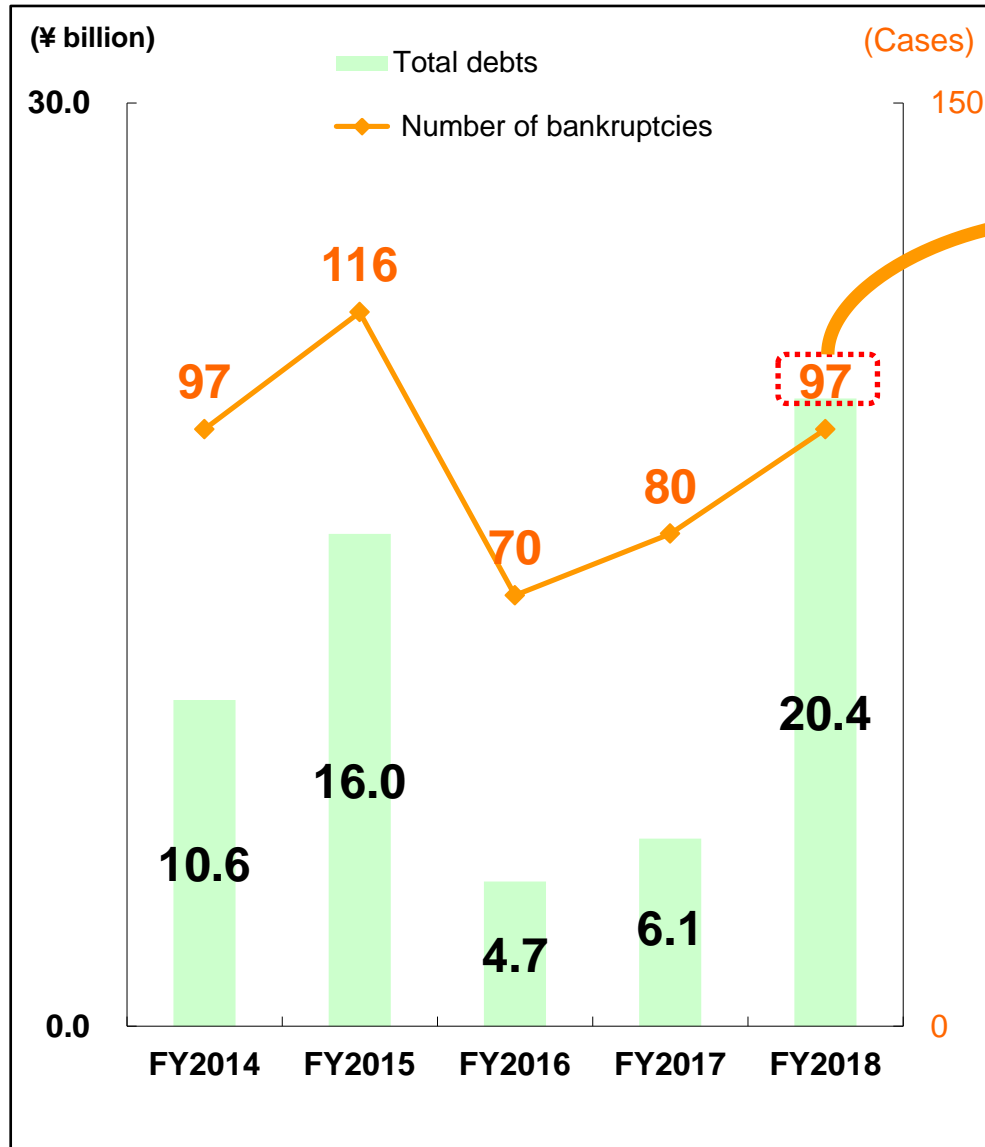
(Source: Ministry of Economy, Trade and Industry, Kansai Bureau of Economy, Trade and Industry, Nara Prefecture)

Effective Ratio of Job Offers to Applicants



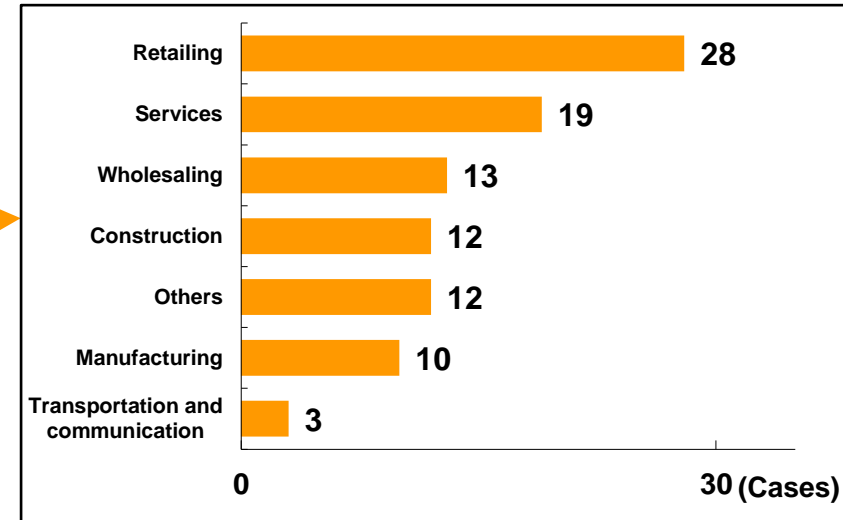
(Source: Ministry of Health, Labour and Welfare)

### Number of Bankruptcies in Nara Prefecture



(Source: Teikoku Databank)

### Number of Bankruptcies by Industry



(Source: Teikoku Databank)

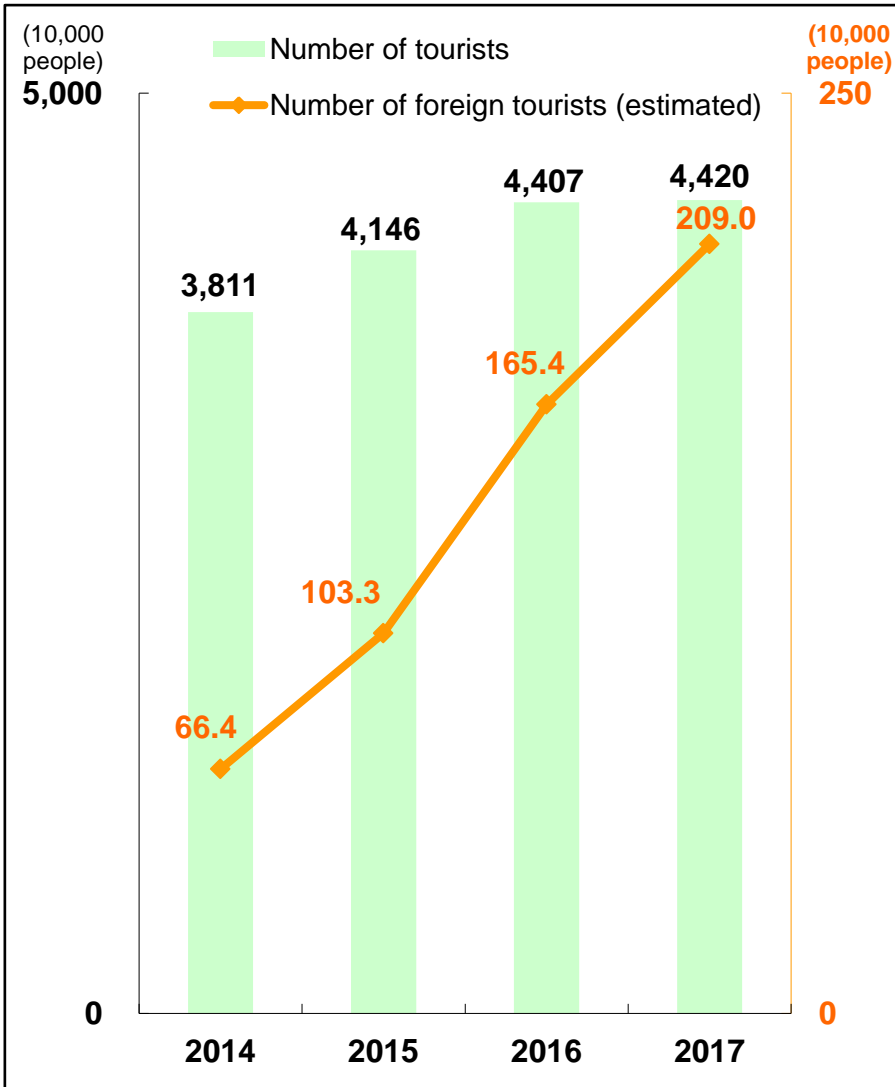
### <Changes in the number of bankruptcies by industry>

	FY2014	FY2015	FY2016	FY2017	FY2018
Retailing	28	28	16	25	28
Services	22	29	11	13	19
Wholesaling	10	13	15	7	13
Construction	21	24	18	15	12
Others	1	3	1	9	12
Manufacturing	12	16	7	9	10
Transportation and communication	3	3	2	2	3
<b>Total</b>	<b>97</b>	<b>116</b>	<b>70</b>	<b>80</b>	<b>97</b>

(Source: Teikoku Databank)

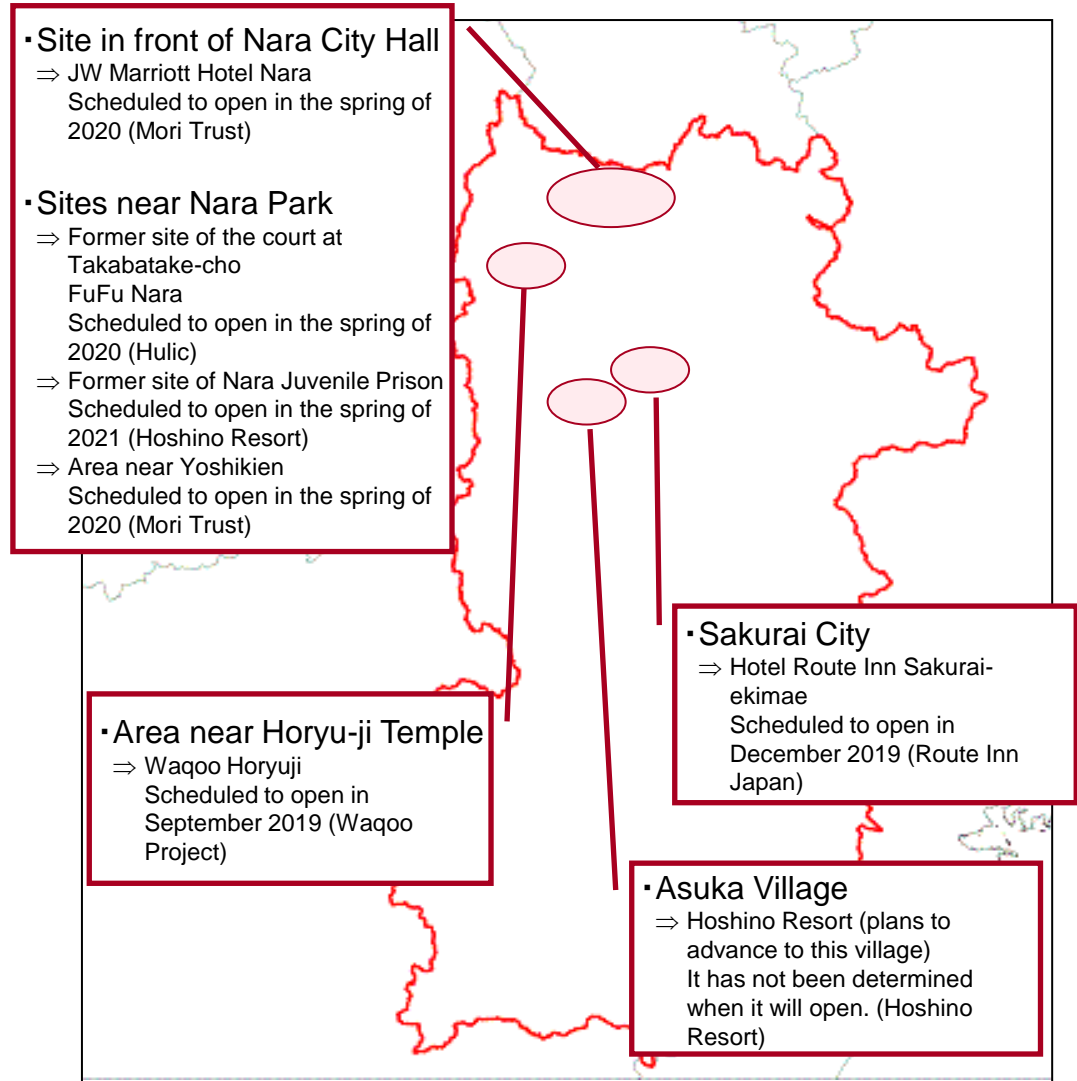


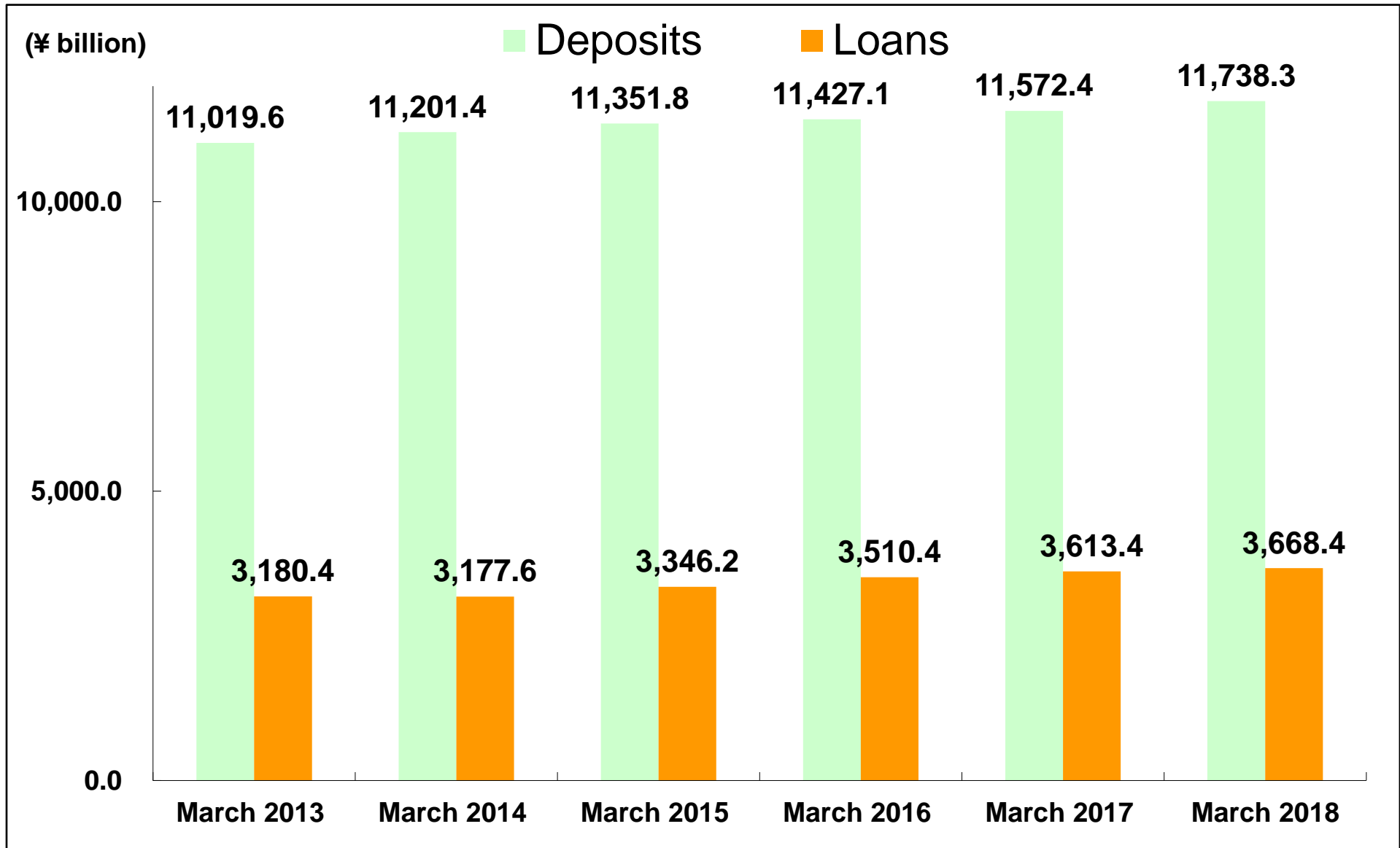
Number of Tourists Visiting Nara Prefecture



(Source: Nara Prefecture)

Current status of Hotel Development in Nara Prefecture





(Source: Kinyu Journal, Financial Map)

## II. Numerical Data and Metrics

# NANTO 1. Full-Year Financial Results for FY2018

## Full-Year Financial Results for FY2018 (Non-consolidated)

(# billion)		FY2017 results	FY2018 results	Y/Y change
1	<b>Core gross business profit</b>	<b>52.4</b>	<b>46.3</b>	<b>-6.0</b>
2	Interest income	47.2	41.2	-6.0
3	Fees and commissions	5.3	6.0	+0.7
4	Other operating income (*1)	-0.1	-0.9	-0.7
5	Cost of derivative financial products	0.4	1.2	+0.7
6	<b>Expenses</b>	<b>40.3</b>	<b>39.7</b>	<b>-0.6</b>
7	Personnel expenses	22.7	22.1	-0.5
8	Non-personnel expenses	15.2	15.1	-0.1
9	<b>Core net business profit</b>	<b>12.0</b>	<b>6.6</b>	<b>-5.4</b>
10	Gains/Losses on bonds (JGBs, etc.)	-1.4	-0.9	+0.4
11	Net transfer to general provision for possible loan losses	0.0	-0.1	-0.1
12	<b>Net business profit</b>	<b>10.6</b>	<b>5.8</b>	<b>-4.8</b>
13	<b>Non-recurrent gains/losses</b>	<b>6.5</b>	<b>4.4</b>	<b>-2.0</b>
14	Gains/Losses on stocks	3.5	5.4	+1.8
15	Disposal of non-performing loans	0.3	1.8	+1.5
16	Bad debt recovered	0.5	0.3	-0.1
17	Reversal of allowance for loan losses	3.0	0.0	-3.0
18	<b>Ordinary income</b>	<b>17.1</b>	<b>10.2</b>	<b>-6.9</b>
19	<b>Extraordinary gains/losses</b>	<b>-0.0</b>	<b>4.7</b>	<b>+4.7</b>
20	<b>Income before income taxes</b>	<b>17.1</b>	<b>14.9</b>	<b>-2.1</b>
21	<b>Income taxes</b>	<b>4.3</b>	<b>3.8</b>	<b>-0.4</b>
22	<b>Net income</b>	<b>12.8</b>	<b>11.1</b>	<b>-1.6</b>
23	<b>Credit cost (*2)</b>	<b>-3.2</b>	<b>1.4</b>	<b>+4.6</b>

\*1 Excludes Gains/Losses on bonds (JGBs, etc.)

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

## Analysis of Change Factors in Core Net Business Profit

Core net business profit for FY2017		12.03
1) Average balance of loans (Average balance Y/Y change +¥83.3 billion)		<b>+0.78</b>
2) Interest rate on loans (0.90%, Y/Y change -0.03 pt)		<b>-1.20</b>
3) Average balance of deposits (Average balance Y/Y change +¥66.0 billion)		<b>-0.01</b>
4) Interest rate on deposits (0.01%, Y/Y change -0.00 pt)		<b>+0.14</b>
<b>Deposits/loans sector total</b>		<b>-0.28</b>
5) Average balance of securities (Average balance Y/Y change -¥134.8 billion)		<b>-1.68</b>
6) Yield on securities (0.98%, Y/Y change -0.26 pt)		<b>-3.76</b>
7) Interest on fund management		<b>-0.02</b>
8) Interest on fund procurement		<b>-0.25</b>
<b>Market sector total</b>		<b>-5.72</b>
9) Fees and commissions (investment trust revenues: Y/Y change -¥0.16 billion life insurance revenues: Y/Y change +¥0.41 billion corporate solutions business-related income: Y/Y change +¥0.43 billion)		<b>+0.73</b>
10) Others (Cost of derivative financial products: Y/Y change +¥0.70 billion)		<b>-0.77</b>
11) Expenses		<b>+0.64</b>
<b>Core net business profit for FY2018</b>		<b>6.62</b>

# NANTO 2. Profits and Losses

Profits and losses (non-consolidated)

(¥ million)

	FY2014		FY2015		FY2016		FY2017		FY2018	
		Y/Y change		Y/Y change		Y/Y change		Y/Y change		Y/Y change
Gross business profit	61,238	465	55,380	-5,857	57,929	2,548	51,001	-6,927	45,389	-5,612
Interest income	51,143	-875	49,640	-1,503	49,663	23	47,221	-2,442	41,214	-6,006
Interest on loans	36,512	-2,019	34,785	-1,726	32,411	-2,374	30,927	-1,483	30,508	-419
Interest and dividends from securities	17,871	510	17,925	53	20,371	2,446	19,544	-826	14,099	-5,444
Interest on deposits	2,513	-491	2,293	-219	1,198	-1,094	776	-422	637	-139
Interest on borrowings	171	96	290	119	426	136	414	-12	589	174
Fees and commissions	6,248	479	6,131	-117	5,387	-743	5,313	-74	6,048	735
Other operating income	3,846	861	-390	-4,237	2,877	3,268	-1,532	-4,410	-1,874	-341
Gains/Losses on bonds (JGBs, etc.)	4,274	1,351	823	-3,450	3,973	3,149	-1,405	-5,379	-968	437
Cost of derivative financial products	736	629	1,483	746	1,322	-160	493	-828	1,202	708
Expenses	45,119	124	43,275	-1,843	40,170	-3,104	40,372	201	39,729	-642
Net business profit (before net transfer to general provision for possible loan losses)	16,119	341	12,105	-4,013	17,758	5,653	10,629	-7,129	5,659	-4,970
Core net business profit	11,844	-1,009	11,281	-562	13,785	2,503	12,035	-1,750	6,627	-5,408
Net transfer to general provision for possible loan losses	1,768	655	-3,702	-5,470	3,011	6,713	-	-3,011	-146	-146
Net business profit	14,350	-313	15,807	1,456	14,747	-1,060	10,629	-4,117	5,805	-4,824
Non-recurrent gains/losses	2,028	-1,530	-2,705	-4,733	1,312	4,018	6,546	5,233	4,453	-2,093
Gains/Losses on stocks	1,515	-91	1,529	14	2,235	705	3,565	1,330	5,454	1,888
Disposal of non-performing loans	308	313	5,092	4,784	730	-4,362	344	-385	1,870	1,525
Reversal of provision for loan losses	-	-	-	-	-	-	3,086	3,086	-	-3,086
Bad debt recovered	578	-875	296	-281	802	505	512	-289	320	-192
Ordinary income	16,379	-1,843	13,101	-3,277	16,059	2,958	17,175	1,115	10,258	-6,917
Extraordinary gains/losses	234	313	483	248	-118	-602	-22	96	4,735	4,757
Income before income taxes	16,614	-1,530	13,585	-3,028	15,941	2,355	17,153	1,212	14,993	-2,159
Income taxes	6,861	-2,454	1,878	-4,982	3,824	1,945	4,329	505	3,850	-479
Net income	9,752	924	11,706	1,954	12,116	409	12,823	706	11,143	-1,680
Credit-related costs	1,497	1,844	1,094	-403	2,939	1,845	-3,253	-6,193	1,403	4,657

# NANTO 3. Principal Accounts (Deposits)

All deposits (¥ billion)

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
All deposits (period-end balance)	4,770.2	91.1	4,781.7	11.5	4,780.7	-1.0	4,850.9	70.1	4,939.1	88.2
Deposits	4,702.4	105.3	4,730.2	27.7	4,747.7	17.5	4,826.9	79.1	4,917.5	90.5
Personal deposits	3,601.2	69.8	3,625.4	24.1	3,672.6	47.1	3,740.4	67.8	3,802.4	61.9
Corporate deposits	871.0	21.9	886.0	14.9	875.9	-10.0	882.4	6.5	912.6	30.1
Government deposits	210.8	6.0	207.6	-3.2	192.0	-15.6	194.9	2.9	191.8	-3.1
Negotiable CD	67.7	-14.1	51.5	-16.2	33.0	-18.5	24.0	-8.9	21.6	-2.3

All deposits (average balance)	4,733.2	107.7	4,881.2	147.9	4,809.2	-71.9	4,860.3	51.0	4,926.3	66.0
Deposits	4,622.6	123.9	4,767.2	144.5	4,761.5	-5.6	4,820.9	59.3	4,897.0	76.1
Negotiable CD	110.5	-16.2	114.0	3.4	47.6	-66.3	39.4	-8.2	29.3	-10.1

All deposits = Deposits + Negotiable CD

Deposits by region (period-end balance) (¥ billion)

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
Nara Pref.	3,794.2	80.2	3,820.6	26.3	3,861.2	40.5	3,918.0	56.7	3,988.0	69.9
Other prefectures	908.1	25.0	909.5	1.3	886.4	-23.0	908.8	22.3	929.4	20.6
Osaka Pref. (including Hyogo Pref.)	289.0	8.5	296.4	7.3	287.5	-8.8	300.4	12.8	314.1	13.6
Kyoto Pref.	343.4	9.6	356.1	12.6	343.6	-12.4	348.4	4.7	355.8	7.4
Wakayama Pref.	183.5	4.3	178.9	-4.6	179.2	0.3	180.8	1.6	180.2	-0.6
Mie Pref.	69.2	-0.0	70.3	1.1	70.9	0.6	73.0	2.0	72.7	-0.2
Tokyo	22.7	2.6	7.7	-15.0	5.0	-2.7	6.0	1.0	6.4	0.3

# NANTO 4. Principal Accounts (Loans)

Loans (¥ billion)

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
Loans (period-end balance)	3,088.7	104.8	3,198.1	109.4	3,262.3	64.1	3,340.8	78.5	3,405.2	64.3
Consumer loans	966.0	21.4	989.8	23.8	1,017.6	27.8	1,053.7	36.0	1,070.8	17.1
Housing mortgage loans	857.6	21.1	883.0	25.4	917.6	34.5	959.3	41.6	983.0	23.7
Loans (average balance)	2,983.5	94.6	3,109.1	125.6	3,247.0	137.8	3,291.1	44.1	3,374.5	83.3

Loans to SMEs (period-end balance)	1,892.0	19.4	1,939.4	47.4	2,035.0	95.6	2,130.5	95.5	2,202.0	71.5
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Loans by region (period-end balance) (¥ billion)

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
Nara Pref.	1,517.4	52.4	1,583.7	66.2	1,658.7	75.0	1,713.1	54.3	1,724.5	11.4
Osaka Pref. + Hyogo Pref.	745.8	33.1	759.2	13.4	790.5	31.3	828.8	38.3	847.3	18.4
Osaka Pref.	687.1	33.9	699.5	12.3	731.4	31.9	771.0	39.6	792.1	21.1
Hyogo Pref.	58.6	-0.7	59.6	1.0	59.0	-0.6	57.8	-1.2	55.1	-2.6
Others	825.4	19.1	855.2	29.8	812.9	-42.2	798.8	-14.1	833.3	34.5
Kyoto Pref.	207.6	6.1	222.6	14.9	245.1	22.4	248.2	3.1	261.2	12.9
Wakayama Pref.	81.0	1.8	86.4	5.3	94.3	7.9	94.4	0.0	93.3	-1.0
Mie Pref.	20.7	-1.0	20.6	-0.1	21.7	1.1	21.7	-0.0	21.5	-0.2
Tokyo	515.8	12.2	525.5	9.6	451.6	-73.8	434.4	-17.2	457.2	22.8

# NANTO 5. Principal Accounts (Assets under Management)

## Assets under management

(¥ billion)

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
Personal deposit assets (period-end balance)	201.5	-10.9	183.7	-17.8	173.6	-10.0	159.6	-14.0	158.8	-0.7
Foreign currency deposits	11.1	-2.9	9.6	-1.4	10.0	0.3	9.6	-0.4	8.7	-0.9
Public bonds	44.4	-20.7	29.3	-15.0	19.8	-9.5	17.2	-2.6	14.8	-2.4
Investment trusts	145.9	12.8	144.6	-1.2	143.8	-0.8	132.7	-11.0	135.3	2.5

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
Value of deposit assets sold	107.3	12.5	96.3	-11.0	70.2	-26.0	77.1	6.8	97.9	20.7
Investment trusts	62.6	12.2	57.6	-4.9	43.8	-13.7	49.9	6.0	43.3	-6.6
Life insurance	40.4	0.5	35.6	-4.8	21.5	-14.1	21.6	0.1	31.4	9.8
Financial product intermediation	4.2	-0.2	2.9	-1.2	4.8	1.8	5.5	0.6	23.1	17.6



## Overall (%)

	FY2014		FY2015		FY2016		FY2017		FY2018	
		Y/Y change		Y/Y change		Y/Y change		Y/Y change		Y/Y change
Returns from cash investments (A)	1.08	-0.07	1.00	-0.08	0.98	-0.02	0.95	-0.03	0.85	-0.10
Returns from loans (B)	1.22	-0.11	1.11	-0.11	0.99	-0.12	0.93	-0.06	0.90	-0.03
Returns from securities	1.00	0.08	1.06	0.06	1.16	0.10	1.24	0.08	0.98	-0.26
Returns from financing	0.07	-0.01	0.07	0.00	0.06	-0.01	0.06	0.00	0.07	0.01
Returns from deposits	0.05	-0.01	0.04	-0.01	0.02	-0.02	0.01	-0.01	0.01	0.00
Returns from external debts	0.16	0.02	0.18	0.02	0.18	0.00	0.20	0.02	0.25	0.05
Cost of deposits (C)	1.00	-0.04	0.93	-0.07	0.86	-0.07	0.84	-0.02	0.81	-0.03
Expense ratio	0.95	-0.02	0.88	-0.07	0.83	-0.05	0.83	0.00	0.80	-0.03
Cost of funds raised (D)	0.98	-0.04	0.90	-0.08	0.80	-0.10	0.80	0.00	0.79	-0.01
Deposit-loan margin (B) - (C)	0.22	-0.07	0.18	-0.04	0.13	-0.05	0.09	-0.04	0.09	0.00
Total interest margin (A) - (D)	0.10	-0.03	0.10	0.00	0.18	0.08	0.15	-0.03	0.06	-0.09

## Domestic business divisions (%)

	FY2014		FY2015		FY2016		FY2017		FY2018	
		Y/Y change		Y/Y change		Y/Y change		Y/Y change		Y/Y change
Returns from cash investments (A)	1.02	-0.09	0.92	-0.10	0.89	-0.03	0.87	-0.02	0.75	-0.12
Returns from loans (B)	1.23	-0.10	1.12	-0.11	0.99	-0.13	0.93	-0.06	0.88	-0.05
Returns from securities	0.91	0.04	0.94	0.03	1.03	0.09	1.10	0.07	0.70	-0.40
Returns from financing	0.07	-0.01	0.05	-0.02	0.02	-0.03	0.01	-0.01	0.01	0.00
Returns from deposits	0.05	-0.01	0.04	-0.01	0.02	-0.02	0.01	-0.01	0.01	0.00
Returns from external debts	0.09	-0.01	0.09	0.00	0.03	-0.06	-0.00	-0.03	-0.00	0.00
Cost of deposits (C)	1.00	-0.03	0.92	-0.08	0.85	-0.07	0.83	-0.02	0.80	-0.03
Expense ratio	0.94	-0.02	0.87	-0.07	0.82	-0.05	0.82	0.00	0.79	-0.03
Cost of funds raised (D)	1.00	-0.04	0.91	-0.09	0.79	-0.12	0.78	-0.01	0.75	-0.03
Deposit-loan margin (B) - (C)	0.23	-0.07	0.20	-0.03	0.14	-0.06	0.10	-0.04	0.08	-0.02
Total interest margin (A) - (D)	0.02	-0.05	0.01	-0.01	0.10	0.09	0.09	-0.01	0.00	-0.09

# NANTO 7. Capital Adequacy Ratio

[Non-consolidated]

(¥ billion)

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
Capital adequacy ratio	9.29%	-0.74	9.11%	-0.18	9.19%	0.08	9.64%	0.45	9.40%	-0.24
Core capital-related fundamental items (A)	194.0	-10.7	200.1	6.0	213.3	13.2	239.0	25.6	247.4	8.4
Core capital-related adjustment items (B)	0.6	0.6	1.1	0.5	1.8	0.6	2.3	0.4	3.4	1.1
Capital value (A) - (B)	193.4	-11.3	198.9	5.5	211.5	12.6	236.6	25.1	243.9	7.2
Risk assets	2,080.8	40.9	2,181.1	100.3	2,300.7	119.5	2,454.1	153.3	2,592.7	138.6
Total capital requirement	83.2	1.6	87.2	4.0	92.0	4.7	98.1	6.1	103.7	5.5

[Consolidated]

(¥ billion)

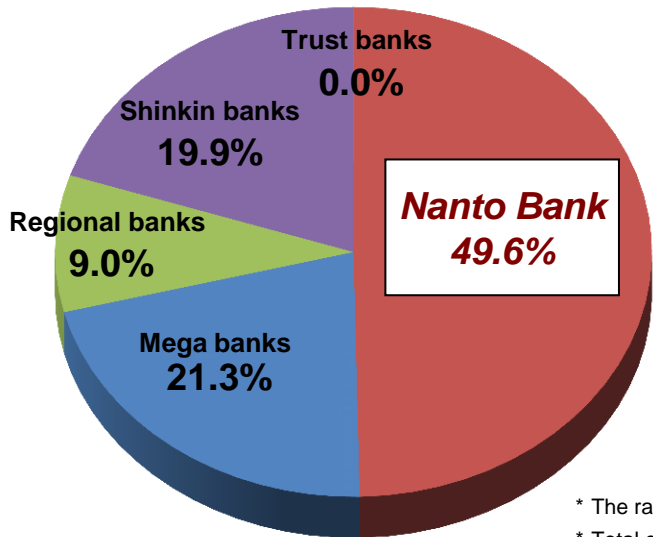
	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	As of March 31, 2015	Change from March 31, 2014	As of March 31, 2016	Change from March 31, 2015	As of March 31, 2017	Change from March 31, 2016	As of March 31, 2018	Change from March 31, 2017	As of March 31, 2019	Change from March 31, 2018
Capital adequacy ratio	9.72%	-0.79	9.36%	-0.36	9.42%	0.06	9.88%	0.46	9.75%	-0.13
Core capital-related fundamental items (A)	205.0	-11.4	208.2	3.2	221.3	13.0	248.0	26.7	259.1	11.1
Core capital-related adjustment items (B)	0.7	0.7	1.3	0.6	1.9	0.6	2.5	0.5	3.8	1.3
Capital value (A) - (B)	204.3	-12.1	206.9	2.6	219.3	12.3	245.5	26.2	255.2	9.7
Risk assets	2,101.7	42.5	2,209.7	107.9	2,327.7	117.9	2,482.6	154.9	2,616.9	134.3
Total capital requirement	84.0	1.7	88.3	4.3	93.1	4.7	99.3	6.1	104.6	5.3

## Outstanding Loans and Ratio of Loans by Industry

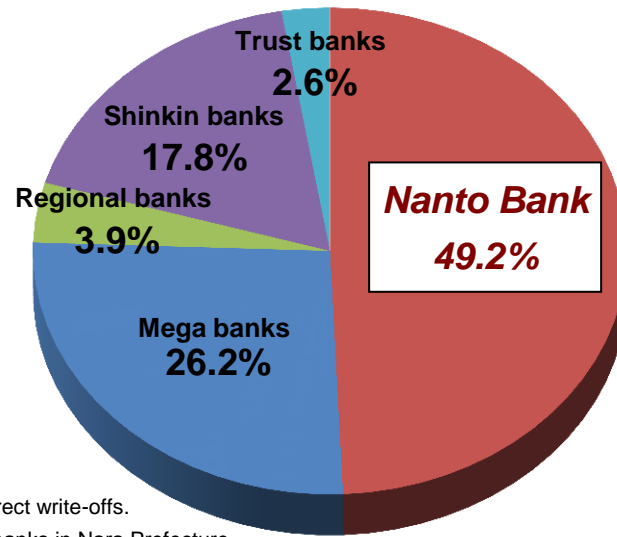
(¥ billion, %)

	Mar. 2015		Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Change from Mar. 2018
		Ratio		Ratio		Ratio		Ratio	Ratio		
Total lending volume	3,088.7	100.00	3,198.1	100.00	3,262.3	100.00	3,340.8	100.00	3,405.2	100.00	64.3
Manufacturing	502.3	16.26	500.7	15.65	491.3	15.06	474.7	14.21	483.3	14.19	8.5
Agriculture and forestry	2.9	0.09	2.7	0.08	2.2	0.07	2.2	0.06	2.3	0.06	0.1
Fishery	4.3	0.14	3.7	0.11	3.4	0.10	2.3	0.06	2.3	0.06	0.0
Mining, stone and gravel quarrying	7.1	0.23	11.7	0.36	11.1	0.34	11.4	0.34	9.7	0.28	-1.7
Construction	84.0	2.72	85.1	2.66	80.3	2.46	80.0	2.39	83.1	2.44	3.0
Electric, gas, heat supply and water supply	27.6	0.89	27.8	0.87	23.5	0.72	29.3	0.87	36.2	1.06	6.9
Information communication	36.3	1.17	39.7	1.24	42.6	1.30	29.8	0.89	24.5	0.72	-5.3
Transportation and postal services	91.0	2.94	105.2	3.29	107.6	3.30	106.9	3.19	109.4	3.21	2.5
Wholesaling and retailing	300.9	9.74	292.2	9.13	287.8	8.82	277.3	8.30	275.7	8.09	-1.6
Finance and insurance	158.5	5.13	148.4	4.64	127.9	3.92	135.5	4.05	133.0	3.90	-2.5
Real estate and leasing	344.8	11.16	359.8	11.25	375.6	11.51	421.3	12.61	450.7	13.23	29.4
Services	166.4	5.38	177.5	5.55	186.2	5.70	196.6	5.88	204.9	6.01	8.3
Local public entity	483.9	15.66	541.6	16.93	589.2	18.06	600.4	17.97	594.5	17.45	-5.8
Others	878.0	28.42	901.3	28.18	932.8	28.59	972.5	29.11	995.1	29.22	22.6

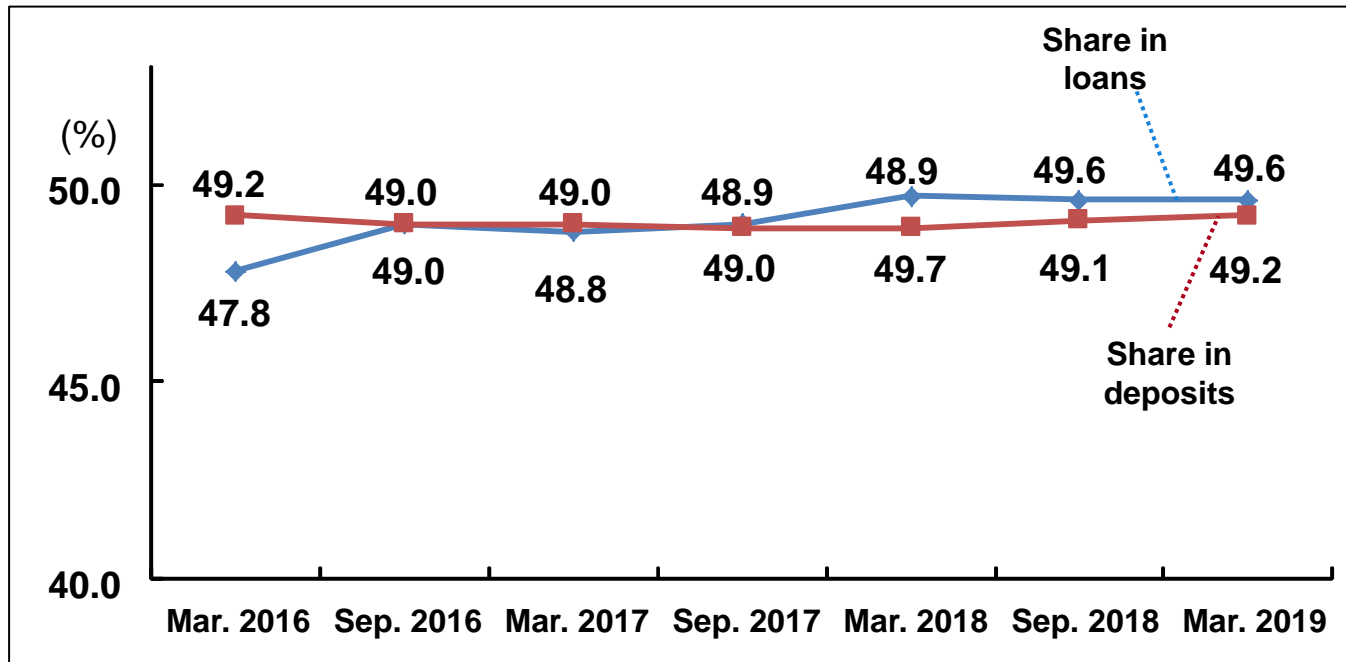
**Share in Loans**



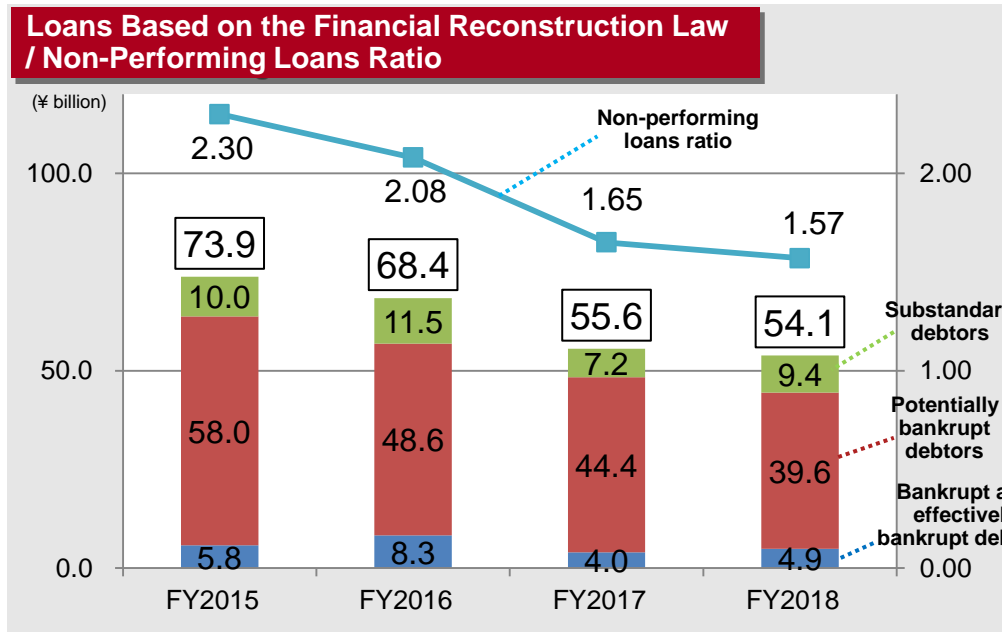
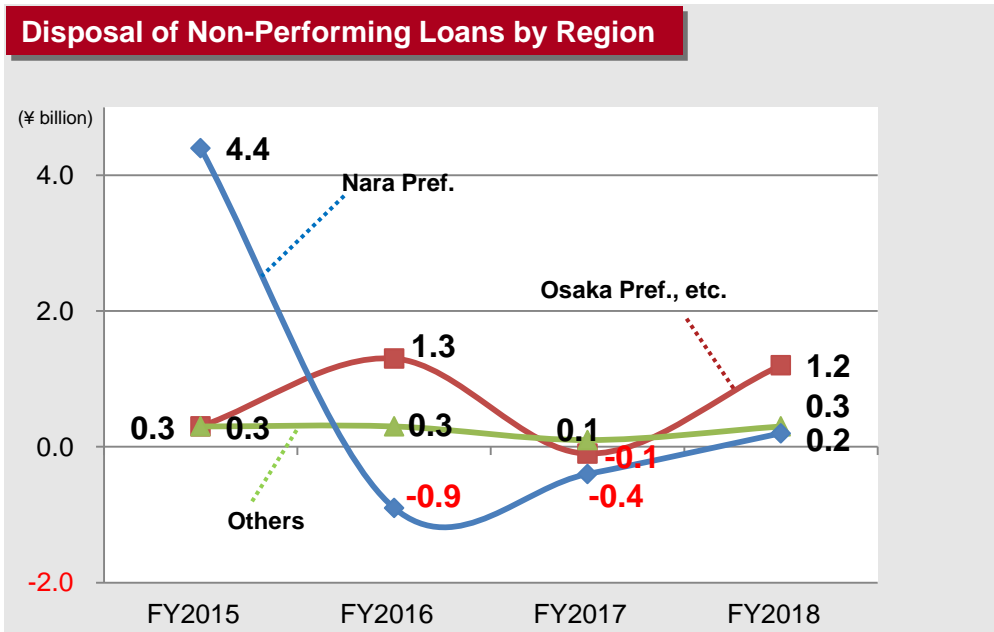
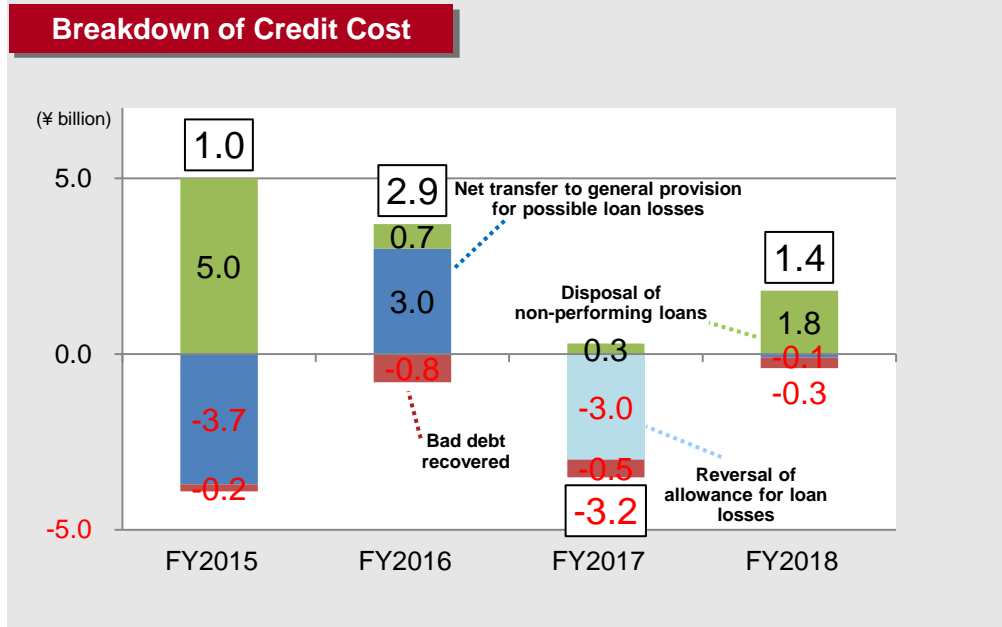
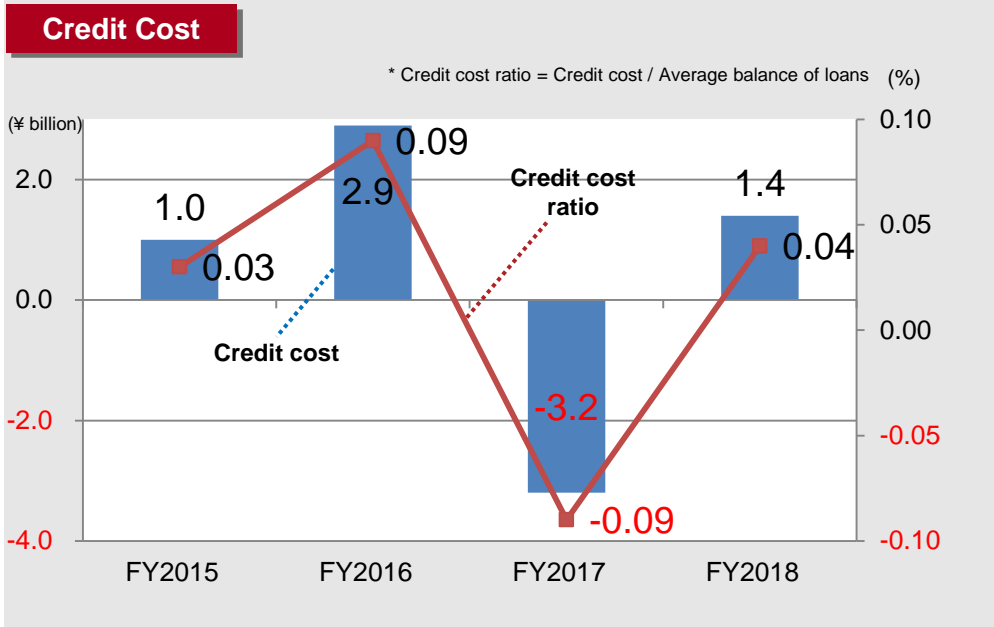
**Share in Deposits**



\* The ratio of loans shown is after deducting partial direct write-offs.  
 \* Total of commercial banks, trust banks and shinkin banks in Nara Prefecture. (excluding agricultural cooperatives, Japan Post Bank) (as of March 31, 2019)



# NANTO 10. Non-Performing Loans



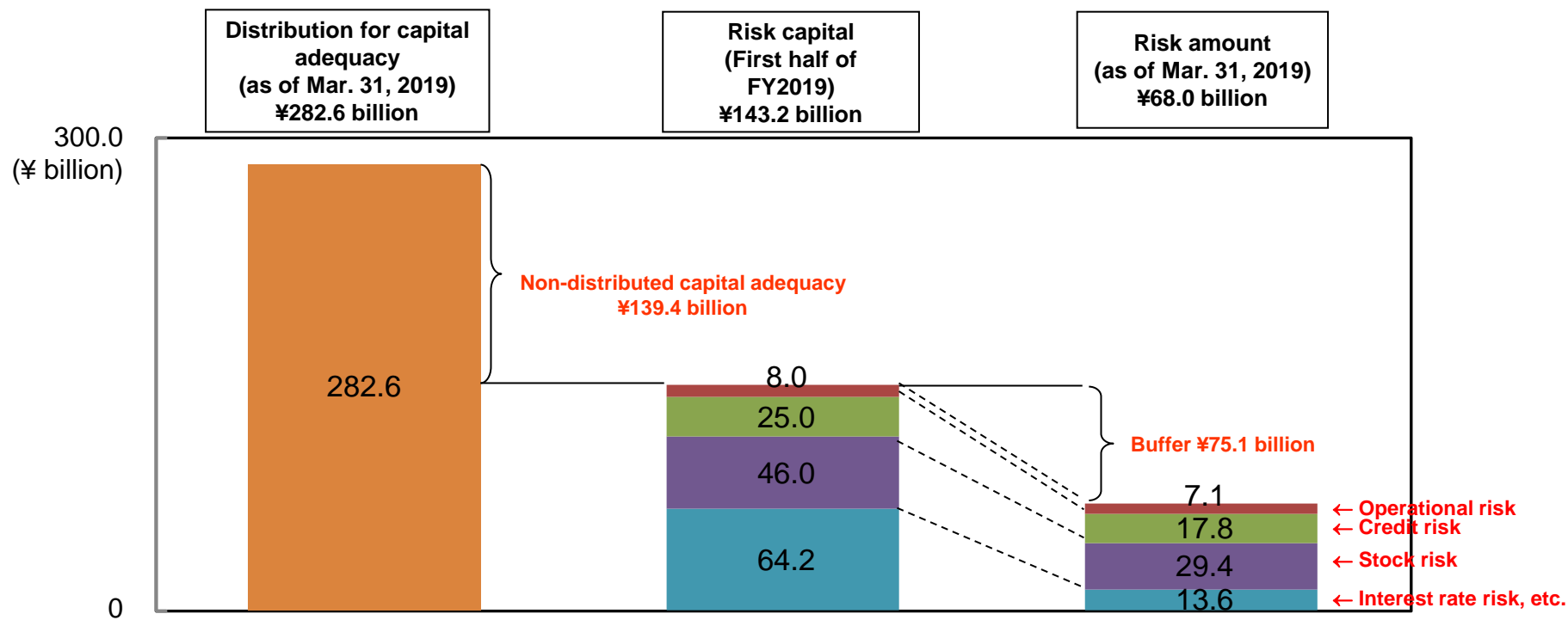
<As of March 31, 2019>

- ◆ Total credit (loans): ¥3,436.0 billion (increase of ¥70.3 billion from Mar. 31, 2018)
- ◆ Loans to normal debtors: ¥3,297.4 billion (increase of ¥81.7 billion from Mar. 31, 2018)
- ◆ Loans to debtors requiring caution and substandard debtors: ¥93.9 billion (decrease of ¥7.5 billion from Mar. 31, 2018)
- ◆ Loans to potentially bankrupt debtors and lower: ¥44.6 billion (decrease of ¥3.8 billion from Mar. 31, 2018)

(¥ billion)

	(Subject: Credit related claimable assets such as loans)	As of March 31, 2018 a	As of March 31, 2019					For collection or write-offs g
			Normal debtors b	Debtors requiring caution c	Substandard assets d	Potentially bankrupt assets e	Bankrupt and effectively bankrupt assets f	
1	Normal debtors	3,215.7	3,224.8	8.5	0.2	0.4	0.8	19.4
2	Debtors requiring caution	92.1	5.2	72.3	3.0	1.6	0.2	3.1
3	Substandard debtors	9.3	0.0	0.5	8.2	0.1	0.0	0.7
4	Potentially bankrupt debtors	44.4	0.0	0.5	0.1	37.2	1.0	4.4
5	Bankrupt and effectively bankrupt debtors	4.0	0.0	0.0	0.0	0.1	2.8	0.7
6	New debtors	0.0	67.2	0.1	0.0	0.0	0.0	0.0
7	Total	3,365.7	3,297.4	82.1	11.7	39.6	4.9	28.5

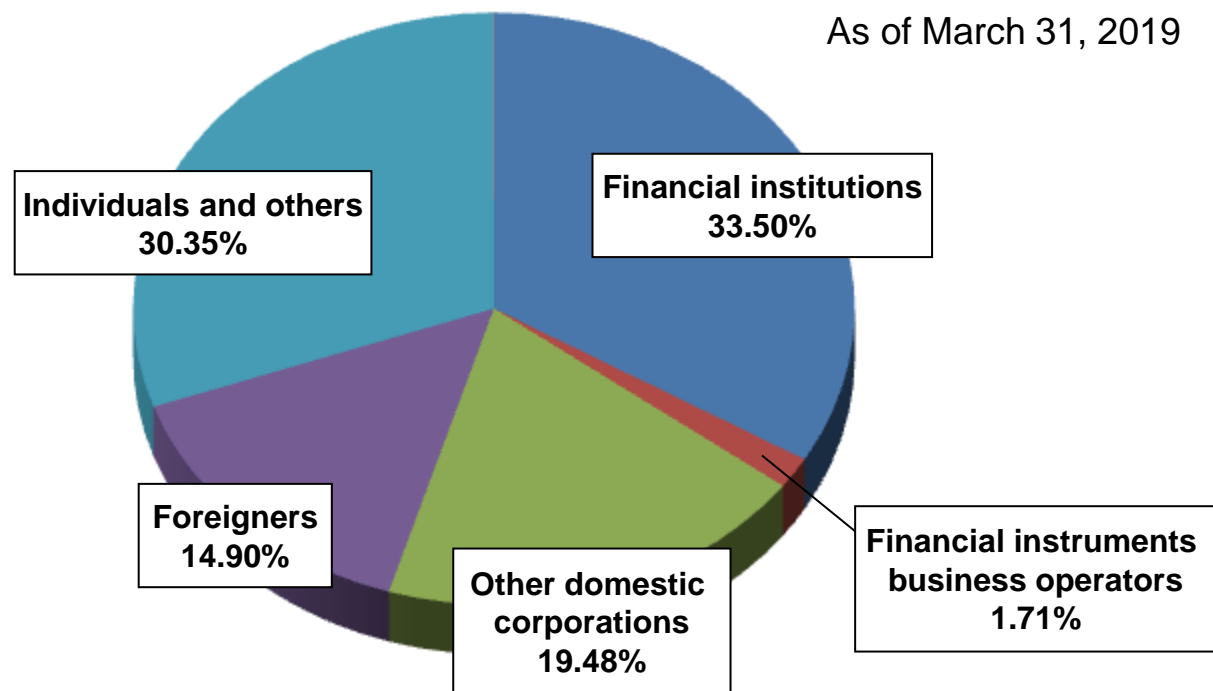
Change over March 31, 2018					
Normal debtors	Debtors requiring caution	Substandard assets	Potentially bankrupt assets	Bankrupt and effectively bankrupt assets	For collection or write-offs
81.7	-9.9	2.4	-4.7	0.9	-12.8



- 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		



(Thousands of shares, %)

	As of March 31, 2015		As of March 31, 2016		As of March 31, 2017		As of March 31, 2018		As of March 31, 2019	
	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	27,275	100.00	33,025	100.00	33,025	100.00
Financial institutions (Banks, trust banks, life insurers, P&C insurers and others)	92,341	33.85	94,169	34.52	9,524	34.92	11,488	34.78	11,063	33.50
Financial instruments business operators	3,237	1.19	2,360	0.87	311	1.14	435	1.32	567	1.71
Other domestic corporations	64,025	23.47	66,103	24.24	6,349	23.27	6,672	20.20	6,433	19.48
Foreigners	25,504	9.35	22,740	8.34	2,935	10.76	4,283	12.97	4,923	14.90
Individuals and others	87,539	32.09	87,274	31.99	8,142	29.85	10,133	30.68	10,025	30.35
National and municipal governments	107	0.04	107	0.04	10	0.03	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.



# NANTO 14. Business Performance for Nanto Bank Group Companies

(¥ million)

Company name	Principal business	Capital	Ratio of shares held by the Bank	Results	FY2017	FY2018	Y/Y change
Nanto Estate Co., Ltd.	Leasing and management of real estate	30	100%	Net sales	382	450	+68
				Ordinary income	41	56	+14
				Net income	-43	36	+80
Nanto Business Service Co., Ltd.	Banking business proxy service	10	100%	Net sales	431	417	-14
				Ordinary income	56	56	+0
				Net income	37	37	+0
Nanto Credit Guarantee Co., Ltd.	Credit guarantee	10	100%	Net sales	1,327	1,324	-3
				Ordinary income	650	821	+171
				Net income	331	555	+224
Nanto Lease Co., Ltd.	Leasing	500	100%	Net sales	6,713	7,375	+661
				Ordinary income	474	270	-203
				Net income	344	196	-147
Nanto Computer Service Co., Ltd.	Computer software development and services	10	100%	Net sales	793	737	-56
				Ordinary income	83	49	-34
				Net income	54	32	-22
Nanto Investment Management Co., Ltd.	Investment advisory services	120	100%	Net sales	73	69	-4
				Ordinary income	14	11	-2
				Net income	9	7	-1
Nanto DC Card Co., Ltd.	Credit card business	50	100%	Net sales	525	563	+38
				Ordinary income	59	80	+21
				Net income	37	52	+14
Nanto Card Services Co., Ltd.	Credit card business	50	100%	Net sales	614	661	+47
				Ordinary income	53	68	+15
				Net income	42	75	+33
Nanto Staff Service Co., Ltd.	Employment placement operations	20	100%	Net sales	78	74	-3
				Ordinary income	12	20	+7
				Net income	3	14	+10
Nangin Agency Co., Ltd.	Bank agency services	50	100%	Net sales	61	52	-9
				Ordinary income	10	7	-2
				Net income	6	4	-1
Nanto Challenged Co., Ltd.	Banking business proxy service	20	100%	Net sales	—	6	—
				Ordinary income	—	-1	—
				Net income	—	-0	—
*Nanto Mahoroba Securities Co., Ltd.	Financial instruments business	3,000	100%	Net sales	446	318	-127
				Ordinary income	89	-336	-425
				Net income	59	-434	-493

\* The company became our subsidiary in October 2018 and began operations in March 2019. Its financial results include those of Nara Securities Co., Ltd. before becoming our subsidiary.

- ◆ Provide support for measures and policies of local governments by leveraging the Bank's expertise as a local financial institution
- ◆ Building a new tourism business model under the leadership of the Tourism Strategy Office established in October 2017

## Collaborating with Local Governments etc.

- ★ Concluded partnership agreements with 21 local governments and are working on specific measures



Local governments the Bank has concluded partnership agreements with (date of signing agreement)
Nara Prefecture (October 2008), Nabari City (September 2015), Sakurai City (March 2016), Oji Town (March 2016), Gose City (April 2016), Kashiba City (July 2016), Kawakami Village (August 2016), Ando Town (August 2016), Heguri Town (August 2016), Koryo Town (October 2016), Ikaruga Town (October 2016), Yoshino Town (November 2016), Shimoichi Town (February 2017), Yamatokoriyama City (March 2017), Tenri City (March 2017), Gojo City (April 2017), Kanmaki Town (April 2017), Shimokitayama Village (June 2017), Kamikitayama Village (June 2017), Ikoma City (August 2017), Nara City (April 2018)

### <Major initiatives in FY2018>

Partner	Description
Nara City	◆ We concluded the Agreement on Cooperation in Utilizing Historical Buildings in Nara City (three-party agreement among The Nanto Bank, Nara City, and NOTE Nara Co., Ltd.), thus stepping up initiatives for town development making the most of historical buildings such as old private houses through public-private partnership.
Ikoma City	◆ We established the Platform to Promote Distribution of Vacant Houses in Ikoma Promoting secondary markets for empty houses etc. through discussion between Ikoma City and 7 real estate distribution-related associations in the city
Ikoma City	◆ We helped Ikoma Citizen Power Co., Ltd., and NTT DOCOMO, Inc. to enter into an agreement among them to cooperate in promoting an environmental model city. (The three-party agreement was concluded through the bank.)
Each municipality	◆ We hosted meetings to study the Regional Economy and Society Analyzing System (RESAS) (Kashiba City, Koryo Town, Uda City, Soni Village, Mitsue Village, Tawaramoto Town, Kawanishi Town, Miyake Town, and Kashihara City)
Nakagawa Masashichi Shoten Co., Ltd. Nara Club Co., Ltd., etc.	◆ Participation in N. PARK. PROJECT aiming at revitalizing Nara Prefecture Aiming at Creating Vitality and Creating Regional Economic Strength cooperating with participating companies



- ★ We received a certificate of appreciation from the METI Kansai Bureau of Economy, Trade and Industry in July 2018. The Kansai Bureau favorably evaluated our initiatives for industrial promotion and regional revitalization.

## Tourism Promotion

★ Create Nara fans and aim for tourism from which the entire prefecture can generate revenue

### Utilize tourism revitalization fund

Fund name	Nara Prefecture Tourism Revitalization Investment Limited Business Partnership
Total amount	¥1.0 billion
Objective	Stimulate demand for accommodation in the prefecture by improving the accommodation environment in the tourism industry and increase tourism consumption by revitalizing tourism utilizing attractive local resources, etc.
Membership composition	The Nanto Bank, Ltd. Tourism Revitalization Mother Fund Investment Business Limited Partnership Nanto DC Card Co., Ltd. RD Tourism Solutions Co., Ltd.

★ Four results for investments in tourism-related companies

### Start providing business matching opportunities in tourism industries

◆ Introduce our business partners to tourism-related business operators such as DMOs and travel agencies and receive referral fees when a match is made  
The first partnership agreement was made with: Nara Prefecture Visitors Bureau



- ★ Excavate hidden tourism resources in the area
- ★ Boost profitability by building collaborative relationships among the Bank, our business partners and tourism-related business operators

### Concluded an agreement with West Japan Railway Company to cooperate in regional revitalization.

- ◆ The Bank works with JR West to:
- (1) Sell the prefecture's specialties through cross-border EC sites (online shopping sites for overseas consumers)
  - (2) Host publicity events (such as advertising and sale of specialties) for various areas of the prefecture at JR West's stations
  - (3) Develop attractive towns mainly around JR West's stations

## Revitalization of Forestry Business

★ Promote utilizing materials produced in Nara Prefecture and support expanding sales channels

### <Major initiatives in FY2018>

Holding Lumbering Industry Business Conventions in Osaka (hosted by Nara Prefecture and Nara Prefecture Lumber Cooperative Association)	◆ Providing business opportunities for operators joining Nara Prefecture Lumber Cooperative Association and our customers in Osaka
Holding Nara Prefecture Overseas Market for Lumber Seminar (hosted by Nara Prefecture)	◆ Holding the seminar twice with the aim of deepening the knowledge of overseas lumbering industries and export, targeting people with ties to the forest and lumbering industries in Nara Prefecture
Holding Nara's Trees Fair—Visit Yoshino Surrounded by Nara's Trees—	◆ Display/sale of wooden products and specialties and promotion of sightseeing at JR Nara Station according to the agreement with West Japan Railway Company

## 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 294 tons of papers in FY2018

### ★ Delivering environmentally-conscious financial products

Retail: Green personal car and green 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



Women's hockey team

## Social

### ★ Organizing the Nanto Manyo 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

Accepting workplace tours/Visiting lectures

### ★ 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 April 30, 2019: 67 scholarship students, total number of graduates: 1,406

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

Organizing hockey school classes, etc.

### ★ Nanto Nara cheer squad

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

### ★ Establishing Nanto Challenged Co., Ltd.

Establishing a new company with the aim of promoting the employment of disabled people in August 2018  
⇒ Obtaining the permission of a special subsidiary company in February 2019

## Governance

### ★ Appointment of an external person as an executive officer

Appointment of Satoshi Ishida as Senior Managing Executive Officer, General Manager of Corporate Strategy Headquarters in April 2019  
Scheduled to become Vice President in June 2019

### ★ Increasing number of outside directors

Outside directors: Increased from two people to three people (Total number of directors: nine people)  
\* Scheduled for June 2019  
Outside corporate auditors: Two people (Total number of corporate auditors: four people)

### ★ Holding of Shareholders' Social Gathering

Hold a social gathering for our shareholders once a year to make the most of constructive dialog with shareholders in our management

**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/>**

