

## Value Creation Process

## Sustainable management developed together with the community

The Nanto Bank Group has been continuously implementing its Management Plan for the 10-year period that began in 2020 in pursuance of our declared missions to facilitate “**pursuit of regional development,**” “**fostering of vitality-creating human resources,**” and “**enhancement of profitability,**” setting our “Vitality Creation Bank” management vision as the pillar of Group operations.

Realizing development of sustainable management in cooperation with the community requires the Group to deploy its management capital, including “unconventional” human resources, to address the issues faced by our customers, the community, and society at large.



## INPUT

Materialities

Operating capital

Business activities

## Responding to the Effects of Accelerating Climate Change



## Realizing Sustainable Growth of Our Regional Economy



## Realizing a Convenient, Prosperous Society



## Cultivating a Healthy Corporate Culture with Participation of Diverse Human Resources



## Preparing for Increasingly Varied and Complex Risks



## Customer base

- Large share of deposits and loans in Nara prefecture

Deposits **50.0%**Loans **49.9%**

- Chosen as the main bank by businesses operating in Nara Prefecture

**60.78%**

(Teikoku Databank National Corporate “Main Bank” Trend Survey 2023)

## Human resources base

- Number of employees supporting the Bank’s management philosophy
- Number of employees with qualifications related to vitality creation

**2,257****693**

## Financial base

- Strong capital adequacy ratio

Capital adequacy ratio

Consolidated **10.77%**Non-consolidated **10.46%**

(End March 2024)

## Nanto Mission



Pursuit of regional development



Fostering of vitality-creating human resources



Profitability enhancement

## Intermediate goals (fiscal 2024) P.26-27

## Fiscal 2024 Action Plan

Strengthening Profitability

P.44-63

Local Market Revitalization

P.38-43

Cultivating “Unconventional” Human Resources

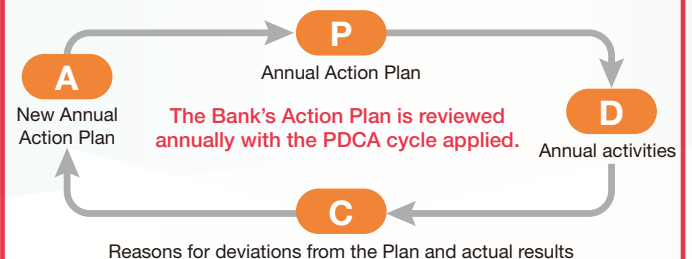
P.28-31

Control of Net Assets

P.64-65

Practicing Sustainable Management

P.32-37



## Governance / Compliance

P.66-81

Organizational  
overview and external  
environment

Governance

Business  
modelRisks and  
opportunitiesStrategies  
and resources  
allocation

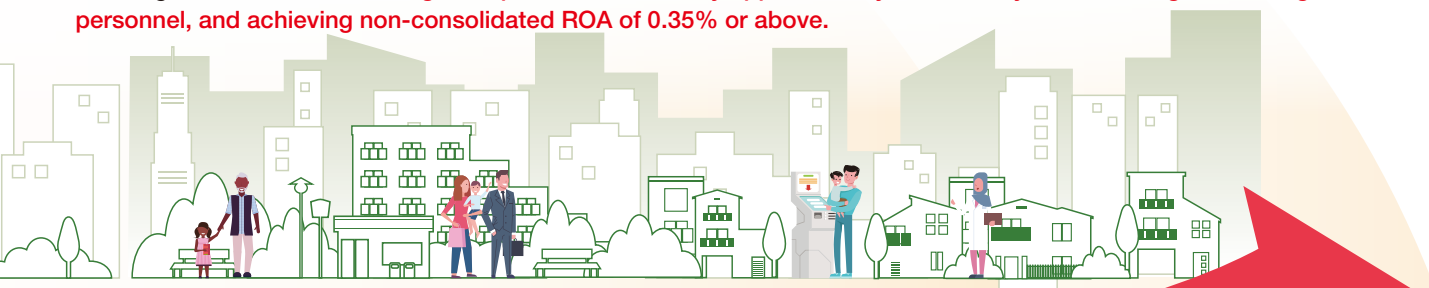
Performance



Outlook

Our “unconventional” human resources resolve issues faced by our customers and the community, and tackle social issues by commercialization and other means.

Through these problem-solving undertakings, we provide our stakeholders with added value and contribute to development of our operating region. We believe that repetition of this cycle will eventually lead to achievement of Nanto Bank’s goals for 2030: **increasing Nara prefecture’s GDP by approximately 350 billion yen, cultivating 350 management personnel, and achieving non-consolidated ROA of 0.35% or above.**



## OUTCOME

Value we are offering all our stakeholders

Goals to be achieved by 2030

### Customers

- Supply of funds in accordance with the borrower’s business characteristics
- Financial products and services to support affluent living
- Provision of management personnel
- Creation of new business opportunities

### Local community

- Collaboration as a leader in regional development with local governments, businesses and educational institutions
- Lively town development and business creation

### Employees

- Realizing flexible workstyles
- Providing opportunities for active engagement outside the business of banking

### Shareholders

- High market rating
- Continuing stable dividends



**Nara prefecture GDP\*<sup>1</sup>**  
**Increase of approx.**  
**¥350 billion**



**Management**  
**personnel cultivation\*<sup>2</sup>**  
**350**



**ROA (non-consolidated)**  
**0.35% or above**

\*<sup>1</sup> To be achieved by the end of fiscal 2026, so that the achievement will be announced in 2029 (Nara prefecture’s GDP is usually announced approximately two-and-a-half years after the relevant fiscal year-end).

\*<sup>2</sup> Human resources who can share management decision-making with local customers

## Nanto Bank Group's Sustainable Management

The Group's Sustainable Management concept calls for leveraging our financial and non-financial capital to co-create value with our stakeholders, while working to achieve sustainable enhancement of the Group's corporate value and sustainable development of our local communities. We have constructed our Groupwide "Basic Sustainability Policy" with this concept as the cornerstone.

### ■ Basic Sustainability Policy

- Sustainability is itself at the heart of the Nanto Bank Group's Management Philosophy.
- Guided by our Management Philosophy, we will continue to provide our stakeholders with added value through solutions to their social and environmental issues.
- We will contribute to realization of sustainable local communities while striving to achieve sustainable growth and enhance our corporate value over the medium to long term.

### ■ Sustainability Management Structure

The Nanto Bank Group does not view efforts to achieve sustainability as special activities but, rather, as business activities themselves. We are consequently addressing sustainability issues through the execution of our business. The Management Committee takes the lead by identifying specific themes for action based on the Basic Sustainability Policy instituted by the Board of Directors and the Group's key priorities, and the relevant departments work together to implement specific measures in accordance with the themes.

### ■ Long-term sustainability KPIs

The Nanto Bank Group has established long-term KPIs with roots in its Basic Sustainability Policy.

#### Sustainable finance to fiscal 2030

Amount of investment:

**1** trillion yen



#### Scope

Finance contributing to issue solution in the environmental and social fields  
Finance to support and promote customers' SDG compliance

The Nanto Bank Group's target for CO<sub>2</sub> emission reduction by FY2030

**75%** or higher  
compared to fiscal 2013



The Nanto Bank Group's target for CO<sub>2</sub> emission reduction by 2050: Net zero  
Scope: Scopes 1 and 2

Ratio of female managers (section manager level and above) by fiscal 2027

**20%**



### ■ SDG policy

We act proactively to solve social problems facing the region as necessary for realization of sustainable local communities by meeting the objectives of the Nanto Mission: "regional development," "cultivation of vitality-creating human resources," and "profitability enhancement."

#### Priority targets

Of the 17 SDGs, the Nanto Bank Group has selected seven as priority targets, focusing on goals that are closely related to our business domain and business strategies and goals that address sustainable local environmental conservation.



**[Job satisfaction and economic growth]**

Regional commercialization efforts; financial access and service expansion



**[Building a foundation for industrial and technological innovation]**

Improving customer convenience through FinTech, others



**[Responsibilities for production and use]**

Pursuing sustainable consumption and production



**[Concrete measures to address climate change]**

Realization of a decarbonized society



**[Superior quality education for all]**  
Promoting and expanding financial and economic education



**[Creating communities where people can continue to live agreeably]**

Facing local issues and contributing to economic and community revitalization



**[Safeguarding our natural abundance]**

Preservation of our sustainable forest environment

Organizational  
overview and external  
environmentBusiness  
modelStrategies  
and resources  
allocation

Performance

## ■ Loan policy

We will carefully assess loans that may have a negative impact on the natural or social environment and strive to reduce or avoid these impacts. As a regional financial institution, we will provide appropriate knowledge and support to customers who are sincerely addressing environmental and social issues.

We will exercise due caution when extending loans to the following industries and sectors that are considered to have a significant impact on the natural or social environment.

- |   |  |
|---|--|
| <b>1. Weapons</b><br><b>2. Coal-fired power generation</b><br><b>3. Deforestation</b> | <p>No loans shall be made to companies that manufacture inhumane weapons such as cluster munitions for use in war for killing and destroying human beings, etc.</p> <p>In principle, we will refuse financing for the construction of new coal-fired power plants. In cases in which construction of high-efficiency power plants is required by national energy policy, etc., we will carefully consider whether or not to finance the projects on a case-by-case basis.</p> <p>When financing development that involves deforestation, the Bank will carefully consider whether or not a project involves illegal logging and the environmental impact of any logging.</p> |
|---|--|

### Endorsement /participation in external initiatives

The Task Force on Climate-related Financial Disclosures



Principles for Financial Action for the 21st Century



### External recognition

Platinum Kurumin Certification



“White 500” certification as an excellent health management corporation



### B rating in CDP 2023 Climate Change Survey

The CDP, an international NGO that evaluates and certifies companies' environment-related strategies and initiatives, gave us a “B” rating based on its annual Climate Change Survey.

### “Charter of Conduct” basic guidelines

In addition to our Basic Sustainability Policy, we have compiled basic guidelines as a “Charter of Conduct” to be followed by employees in the conduct of their banking business.

#### The Bank's public mission

In recognition of the importance of banks' public missions, we strive continually to establish unwavering trust through sound business practices.

#### Superior-quality financial service provision

We will respond to our customer needs through our customer-oriented business operations by providing such stable functions as infrastructure to support customers' economic activities and enhancing our sophisticated services further. We will also contribute to economic and social development at home and abroad with high-quality financial services that effectively protect customers' profits, such as services that improve their security and secure their business continuity in the event of disasters. These include preparations for incidents of terrorism, cyber attacks and natural disasters that threaten the lives of citizens and corporate business operations.

#### Strict compliance with laws, rules, and regulations

We are fastidious in our compliance with all laws, rules and regulations and carry out sincere and fair corporate activities that avoid violating social norms.

#### Communication with society

We will disclose management and other information in a positive, effective, and fair manner as well as through constructive dialogue with the Bank's wide-ranging stakeholders. Striving to enhance our own corporate value, we will communicate with residents throughout society to secure their understanding and trust.

#### Respect for human rights

We respect the human rights of all people.

#### Diverse human resources; safe, healthy workplaces

We implement systems and flexible work styles that promote the success of diverse human resources. We ensure a comfortable work environment, moreover, that takes employee health and safety into consideration.

#### Efforts toward human resources development and contribution to financial and economic education

We engage proactively in human resources and skills development, and support employees' autonomous career development. We also contribute to improvement of society's financial literacy through participation in financial and economic education.

#### Efforts to address environmental issues, etc.

We act proactively to establish sustainable natural and social environments that are highly resilient to changes in the global environment and social conditions.

#### Contribution to social participation and development

Recognizing that a bank can survive and develop only within the context of society, we behave as a “good corporate citizen” living in harmony with society. We participate actively in society and contribute to its development.

#### Preventing relations with antisocial forces and responding to threats such as terrorism

We shall resolutely confront antisocial forces that threaten the order and safety of civil society and counteract any and all relationships with such forces. Facing down threats of terrorism and other threats to the international community, we shall strive to enhance our money laundering-prevention and anti-terrorism financing measures.