DX strategy

Initiatives Applying Digital Technologies

With the rapid progress of digitization, digital technology has become the tool of choice for realizing Nanto Bank's Management Plan, "Nanto Mission and Objectives for the Next 10 Years." We will fulfill our mission as a regional financial institution by contributing to the resilient, sustainable development of our regional communities through the use of cutting-edge technologies and data applications to help our customers solve problems and grow their businesses.

■Recognition of the environment and purpose of initiatives

The Nanto Bank Group's customer needs have been diversifying against the background of a shrinking market resulting from a declining birthrate and aging population and a changing business environment resulting from the entry of various other business sectors into the banking industry. Customers' emerging needs include a critical need for transactions that are not restricted by time or location, for example, and the Group was quick to realize that the best way to respond to them is by providing value through the use of advanced new digital technologies. We are going beyond this, however, by undertaking comprehensive reforms, including an overall review of our business procedures.

Digitalization & review of business procedures

We evaluate the ideal business model from a "zero-based" perspective, review the fundamental workflow, and then implement reforms using digital technologies.

<Overview of initiatives>

Reinforce customer loyalty

Provide superior CX that exceeds customer expectations by leveraging the latest technologies and data.

Reinforce contact points with customers

Improve productivity with location-free smartphone-based operations and focus on customer service.

Creating superior CX

| Online mortgage loans | Banking App | IT support consulting |

Improving bank productivity

| Remote access App | Receipt App | Activity support App |

Advanced data implementation

Data accumulation, analysis, and implementation

Building an environment for customer-driven marketing and data-driven management

Data integration platforms

| Groupware renewal | Enhanced security and governance | Distribution of smartphones to every employee, extension system | Building a foundation for digital human resources development |

Establishing infrastructure and human resources to support change

Achievement of both convenience and security

Development of infrastructure, security, and human resources essential for implementing various measures

About Nanto Bank | Nanto Group Corporate Value Enhancement | Practicing Sustainable Management | Local Market Revitalization | **Strengthening Profitability** | Control of Net Assets | Governance | Consolidated Financial Statements

Business model | Strategies and resources allocation | Performance

Creating superior CX

To respond to our rapidly changing business environment and the diversifying needs of our customers, we seek to increase customer loyalty by creating superior CX through such means as freedom from the need to visit the Bank, in principle, and promotion of digitalization throughout our region.

Online mortgage loan service <introduced December 2022>

We also now provide a digital channel for mortgage loans that allows customers to complete the processes from application to screening remotely, thus creating an environment in which customers who are considering home purchases can consult with us at their convenience. We are currently reviewing the items that must be entered when applying for a mortgage loan to make the application process easier and less stressful for customers, and we intend to continue our efforts to enhance the service in the future.

- Apply by smartphone or PC anytime, anywhere.
- Electronic contract eliminates the need to fill out contract and affix seal.
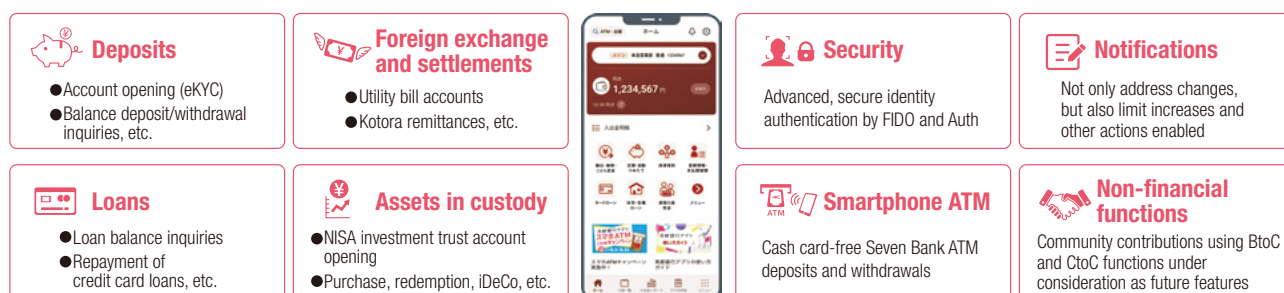
New Nanto Bank App <introduced April 2024>

As customer needs have diversified, Nanto Bank has faced the challenge of developing digital channels to strengthen its relationships with its customers, especially the younger and asset-building segments. We responded by introducing a banking app in April 2024 that allows customers to access the same services as at the bank counter, comfortably and safely from their smartphones wherever they happen to be.

The new Nanto Bank App provides a wide range of customers with excellent CX by enabling banking transactions 24 hours/day 365 days/year. In addition to simple, intuitive operation, the app protects customers' valuable assets with such cutting-edge security features as Auth authentication using facial recognition for the first time among regional banks, in addition to FIDO authentication, to realize ID and password-free banking and prevent identity theft. The new system also employs leading-edge technologies to achieve both a superior UI and a high level of security.

In other developments, we responded to customer requests by adding the Mahoroba branch to our list of main accounts in May. This was followed in July by efforts to upgrade our products in a short period of time, including the addition of a Family Account Inquiry function that enables family members to share account balances and other information. Going forward, we will continue to implement and optimize a variety of functions that make our customers' lives more convenient as an urgent concern, taking into account customers' opinions and requests, with the aim of winning more fans among the Bank's customers.

Introduced April 2024 — 140,000 downloads recorded in first 2 months

Deposits
- Account opening (eKYC)
- Balance deposit/withdrawal inquiries, etc.

Foreign exchange and settlements
- Utility bill accounts
- Kotora remittances, etc.

Security
Advanced, secure identity authentication by FIDO and Auth

Notifications
Not only address changes, but also limit increases and other actions enabled

Loans
- Loan balance inquiries
- Repayment of credit card loans, etc.

Assets in custody
- NISA investment trust account opening
- Purchase, redemption, iDeCo, etc.

Smartphone ATM
Cash card-free Seven Bank ATM deposits and withdrawals

Non-financial functions
Community contributions using BtoC and CtoC functions under consideration as future features

Intuitive, easy-to-understand UI and excellent CX eliminating need to visit Bank branches, in principle

Transactions available anytime, anywhere, 24 hours/day, 365 days/year

Goal of increasing the Bank's fan following

Digitalization consulting <introduced April 2024>

At a time when many of our regional corporate customers are seeking to solve problems and build sustainable profit structures through digitalization, a shortage of digitally literate human resources has become a social issue in Japan.

Nanto Bank has responded by forming a dedicated team to support its regional corporate customers' digitalization efforts. Promoting digitalization of the corporate sector is an important initiative that will help to enhance the digital literacy of their employees and raise the level of digitalization throughout the region as a whole, contributing to increased productivity throughout Nara Prefecture.

DX strategy

Enhancing productivity at the Bank

We aim to fortify our contact points with customers by drastically improving productivity at the Bank through a comprehensive review of our business procedures and creation of an environment that permits staff to work location-free, conducting operations with a smartphone "in the palm of their hands."

Activity Support App <introduced August 2023>

The new Activity Support App employs seamless linkage with CRM to enable sales staff to make effective use of their spare time by permitting confirmation of appointment times and entry of negotiation records anywhere, anytime with their smartphones, for example, procedures which were previously possible only with a PC. Other features include voice input of negotiation records, GPS visualization of activities, map display of customer locations, and route guidance to destinations, all of which contribute significantly to improving the productivity of external relations activities.

Confirmation of sales visit scheduling
Voice recording of negotiations

Customer location
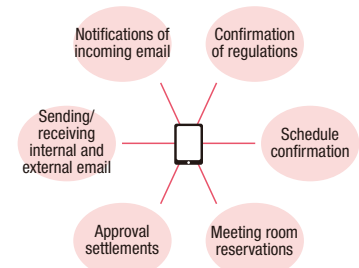Confirmation of visit route
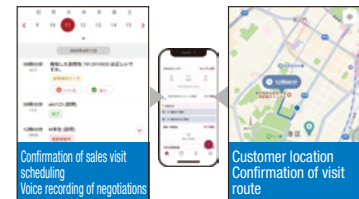
Remote Access App <introduced October 2023>

The Remote Access App has made a significant contribution to the Bank's productivity by enabling employees to complete their work without leaving the premises.

This new app enables access to internal systems from outside the Bank, and allows users to check schedules, send/receive internal/external e-mails and new notifications, check internal regulations, reserve meeting rooms, and more, all with a smartphone.

We will continue to expand the number of operations that can be completed by smartphone to further promote operational efficiency and create an environment that allows us to focus on customer service and planning.

Notifications of incoming email
Confirmation of regulations
Sending/receiving internal and external email
Schedule confirmation
Approval settlements
Meeting room reservations

Receipt App <introduced February 2024>

Our new Receipt App has dramatically reduced the time required to receive properties in custody from customers, a process previously completed on paper, by fully digitalizing the process and fundamentally revising the flow of operations, freeing us to spend more time meeting with customers. The time spent on data entry at the time of deposits is kept to a minimum, and the deposit process is concluded by taking a photo and signing electronically. GPS is used to record the date, time, and location of deposits, moreover, to prevent the occurrence of fraud and other problems.

Minimizing input
Confirmation by photo shooting

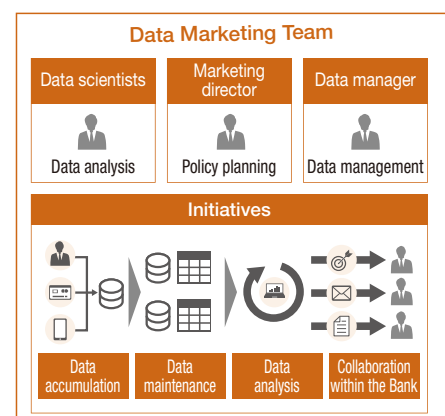Deposit process completion with electronic signatures
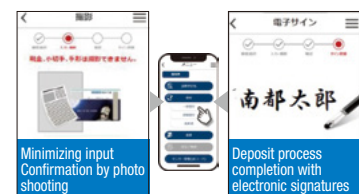
Evolution of data usage

The Bank is moving to promote services that meet customer needs for data-driven management by constructing an integrated data platform and conducting data-based, customer-driven marketing.

Data Integration Platform <introduced February 2024>

The application of various types of data is at the core of all manner of measures and solutions, including logical decision-making. The Bank has formed a Data Marketing Team and built a Data Integration Platform to enhance the sophistication of its data usage by enabling accumulation, maintenance, and analysis of data in the cloud. We are currently constructing and testing a model utilizing AI with the aim of integrating data with employees' on-site experience in order to conduct customer-driven marketing and promote efforts to provide services that meet customer needs.

Data Marketing Team

Data scientists — Data analysis
Marketing director — Policy planning
Data manager — Data management

Initiatives

Data accumulation | Data maintenance | Data analysis | Collaboration within the Bank

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Development of infrastructure and human resources to support transformation
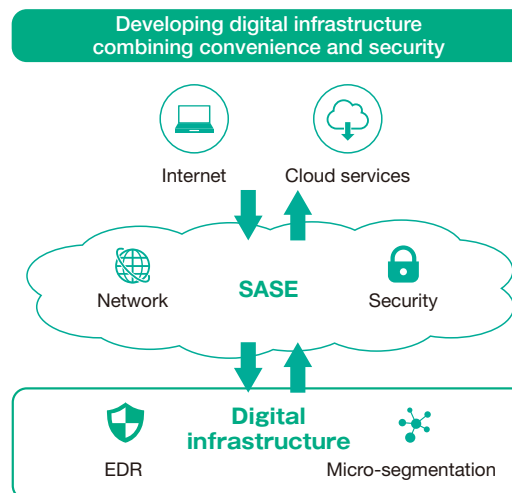
We are developing convenient, secure digital infrastructure that can respond to the threat of cyber-attacks, while training digitally literate staff who understand the latest technologies and their effective use.

Digital infrastructure and security

We are working on development of digital infrastructure combining convenience and security.

We are working to develop convenient, secure digital infrastructure. In light of the recent trend toward intensified threats of cyber-attack, the Bank plans to introduce cutting-edge security measures incorporating elements of the Zero Trust Model, which does not rely on conventional perimeter defense security, in the Bank's system renewal scheduled for introduction in 2025. Introducing SASE, EDR, and micro-segmentation will establish a safe, convenient environment for employees when they access the Internet and cloud services, further enhancing protection of our customers' information assets and providing them with greater convenience.

We are also implementing every imaginable security measures for use of smartphones, which we have distributed mainly among our sales staff but which we intend to distribute to all our executives and employees in March 2024. Then, in August 2024, we will integrate PBXs employing smartphones as handsets into our telephone systems and reduce our use of fixed-line telephones. This will eliminate unproductive phone calls and improve customer convenience.

Developing digital infrastructure combining convenience and security

Internet | Cloud services

Network | **SASE** | Security

EDR | **Digital infrastructure** | Micro-segmentation

Strengthening Group-wide governance

The Nanto Bank Group is implementing such effective security measures as cyber-attack drills and targeted e-mail training Group-wide. We have also established unified standards for our security and risk-assessment systems and undertaken to strengthen the governance of the Group as a whole.

Digital human resources development

Promoting reforms making full use of the latest technology and data requires digitally literate personnel. We have been conducting digital seminars for all our officers and employees and digital training for our younger staff since February 2024 to educate them all on the importance of digital literacy for conducting banking operations. We are steadily laying the groundwork for development of digital human resources by making the acquisition of IT Passport certification mandatory for promotion when we revise our personnel system in April 2024.

VOICE

Leveraging digital technology to create a vibrant future in cooperation with our regional communities

Digital technology has the potential to create services that provide superior CX, enhance customer convenience, and support the affluence of our local communities.

Based in Nara, an ancient city with a rich history, we are working to create a new style of CX and enhance the Bank's productivity by deploying leading-edge digital technologies, including data services, AI, and cloud computing, to meet diversifying customer needs, while carefully preserving "unchanging essentials" under the keywords "zero-based" and "radical." We are also working to promote digitalization of the region as a whole by developing applications with friendly user interfaces and supporting the digitalization of our local corporate customers.

The Group will continue to meet the demands of digital technology deployment to realize a prosperous community brimming with customer happiness and vitality, and will work together with its customers to create a bright new future.

General Manager, IT Strategy Dept.
Kazuhide Hayashi