

Information Meeting The Year Ended March 2011

June 3, 2011



THE NANTO BANK, LTD

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I. Financial Results for FY2010

II. Management Strategy

Financial Results for FY2010 – 1. Summary of Profit and Loss

(¥ billion)		FY2009	FY2010	Y/Y change
1	Core gross business profit	65.6	63.6	(2.0)
2	Interest income	59.3	57.6	(1.7)
3	Fees and commissions	6.0	6.2	+0.1
4	Other operating income (*1)	0.2	(0.2)	(0.4)
5	Cost of derivative financial products	-	0.0	+0.0
6	Expenses	49.2	49.6	+0.4
7	Personnel expenses	26.2	26.0	(0.1)
8	Non-personnel expenses	21.0	21.4	+0.3
9	Taxes	1.9	2.0	+0.1
10	Core net business profit	16.4	13.9	(2.4)
11	Gains/Losses on bonds (JGBs, etc.)	2.7	3.4	+0.6
12	Net transfer to general provision for possible loan losses	1.7	(1.7)	(3.5)
13	Net business profit	17.4	19.1	+1.6
14	Non-recurrent gains/losses	(7.0)	(7.6)	(0.6)
15	Gains/Losses on stocks	(0.2)	(1.0)	(0.8)
16	Disposal of non-performing loans	5.2	5.0	(0.1)
17	Retirement benefit costs	2.6	2.3	(0.2)
18	Ordinary income	10.4	11.4	+1.0
19	Extraordinary gains/losses	1.5	1.0	(0.5)
20	Bad debt recovered	1.7	1.4	(0.3)
21	Loss on adjustment for changes of accounting standard for asset retirement obligations	-	0.2	+0.2
22	Income before taxes	11.9	12.4	+0.4
23	Income taxes	4.6	5.8	+1.2
24	Net income	7.3	6.5	(0.7)
25	Credit cost (*2)	4.6	1.9	(3.3)

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

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

<No.10 Core net business profit>

◆ Despite higher fees and commissions, lower interest income mainly held core net business profit to ¥13.9 billion, down ¥2.4 billion year on year.

<Breakdown of interest income>

(¥ billion)	FY2009	FY2010	Y/Y Change
Interest income	59.3	57.6	-1.7
Interest on loans and deposits	42.6	40.5	-2.1
Interest on loans	50.9	46.3	-4.6
Interest on deposits	8.3	5.8	-2.5
Interest on market sector	16.6	17.0	+0.3
Interest on securities	17.9	18.6	+0.6
Interest on fund management	0.3	0.3	+0
Interest on fund procurement	1.5	2.0	+0.4
[Cost of derivative financial products]	-	0	+0

<No.24 Net income>

◆ Lower credit cost contributed to a ¥1.0 billion year-on-year increase in ordinary income, but higher income taxes caused net income to fall by ¥0.7 billion, to ¥6.5 billion.

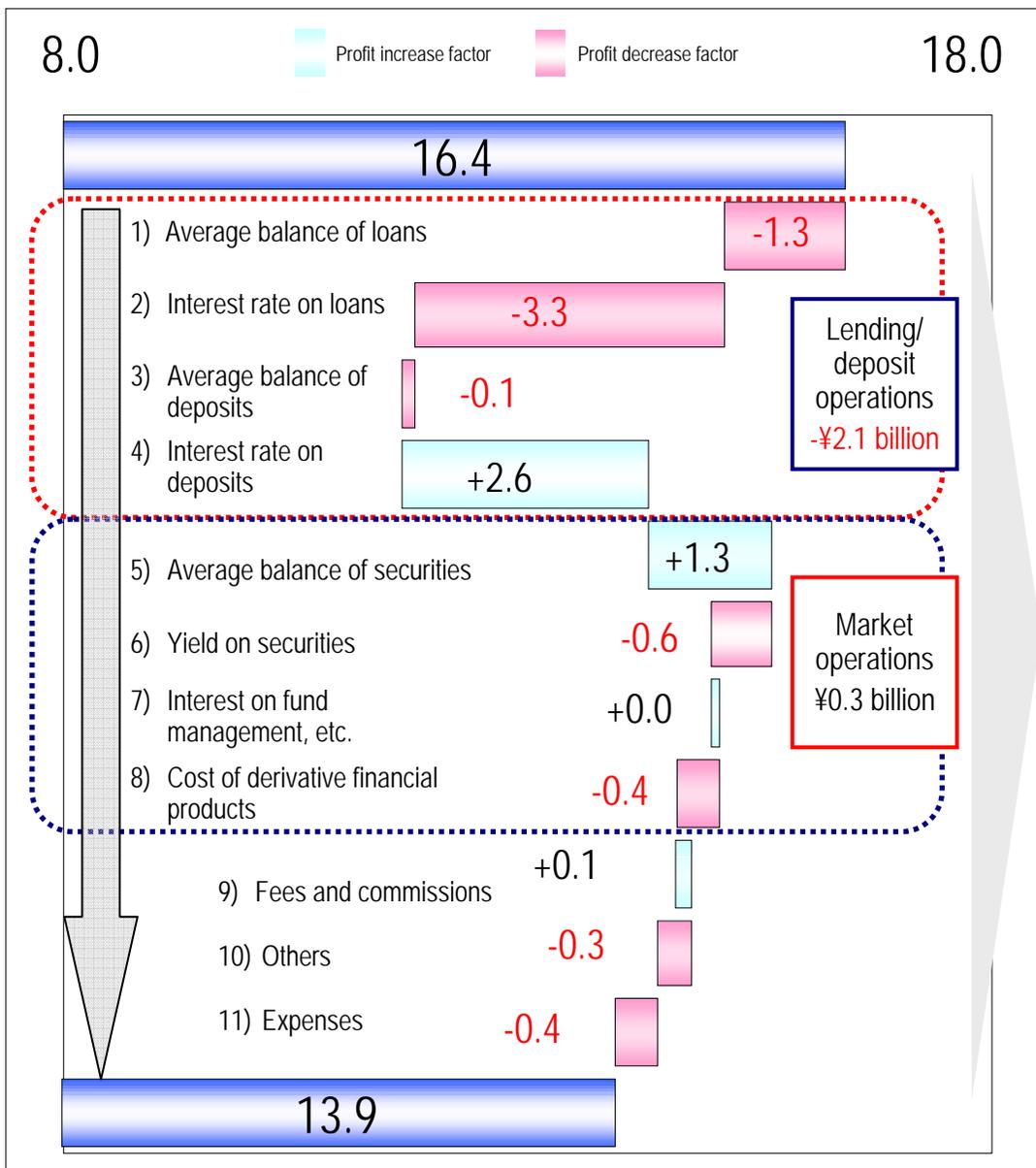
<Breakdown of gains/losses on securities and credit cost>

(¥ billion)	FY2009	FY2010	Y/Y Change
Gains/losses on securities	2.5	2.3	-0.1
Gains/Losses on bonds (JGBs, etc.)	2.7	3.4	+0.6
Gains/Losses on stocks	(0.2)	(1.0)	-0.8
Credit cost	5.2	1.9	-3.3
Net transfer to general provision for possible loan losses	1.7	(1.7)	-3.5
Disposal of non-performing loans	5.2	5.0	-0.1
Bad debt recovered	1.7	1.4	-0.3

Financial Results for FY2010 – 2. Summary of Core Net Business Profit

Factor Analysis of Changes in Core Net Business Profit

(¥ billion)

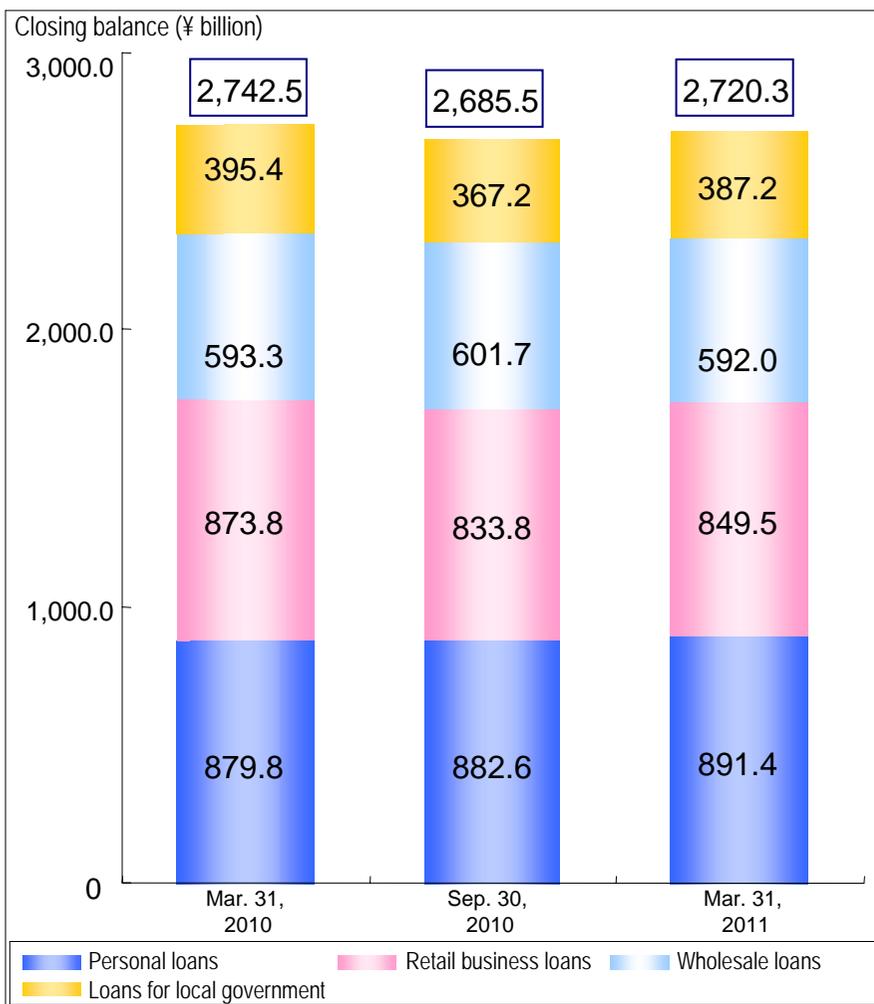


1) Average balance of loans (Y/Y change)	¥2,680.2 billion -¥70.7 billion
2) Interest rate on loans	1.72% (Y/Y change -0.12%)
3) Average balance of deposits (Y/Y change)	¥4,204.4 billion +¥77.5 billion
4) Interest rate on deposits	0.13% (Y/Y change -0.06%)
5) Average balance of securities (Y/Y change)	¥1,592.6 billion +¥111.3 billion
6) Yield on securities	1.17% (Y/Y change -0.04%)
7) Interest on fund management, etc. Y/Y change	+¥0.08 billion
8) Interest on fund procurement, etc. Y/Y change	+¥0.45 billion
9) Commissions from investment trust Commissions from life insurance Y/Y change	+¥0.03 billion +¥0.17 billion
10) Personnel expenses Non-personnel expenses Taxes Y/Y change	-¥0.12 billion +¥0.39 billion +¥0.16 billion

Financial Results for FY2010 – 3. Loans

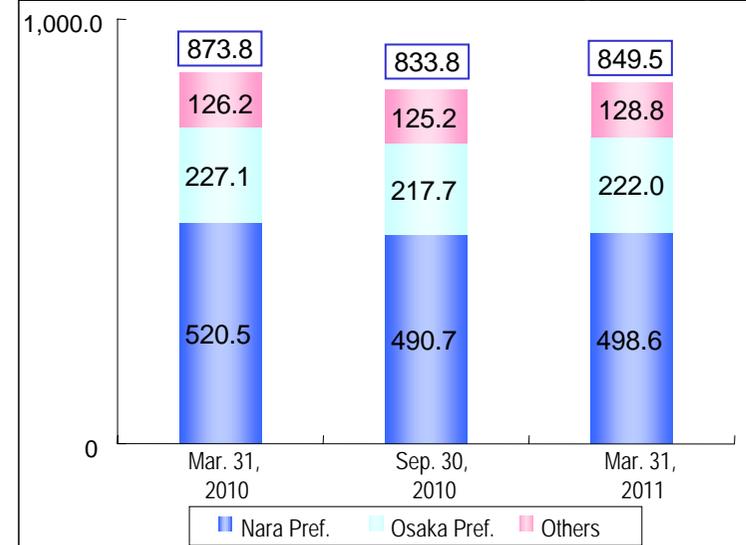
Balance of Loans by Sector

◆ With reduced financing needs amid overall weak economic conditions, the loan balance as of March 31, 2011 came to ¥2,720.3 billion, down ¥22.2 billion year on year. However, given the recent upward trend, the balance as of March 2011 had risen ¥34.8 billion since September 30, 2010.

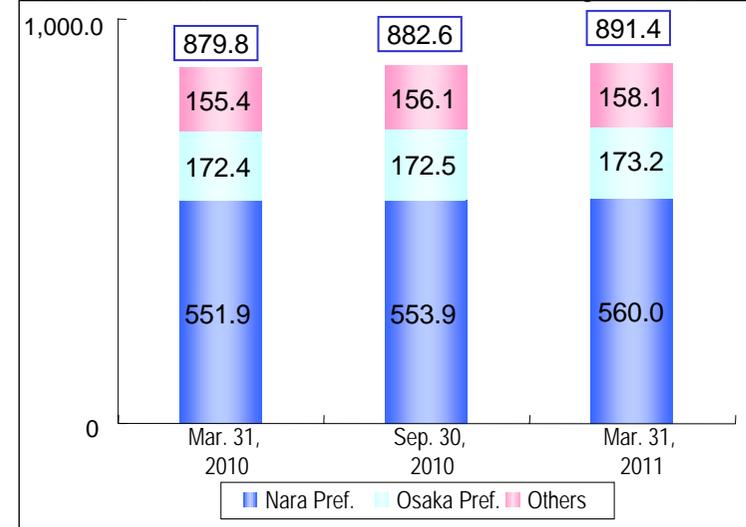


Balance of Loans by Region

< Retail business loans > Closing balance (¥ billion)



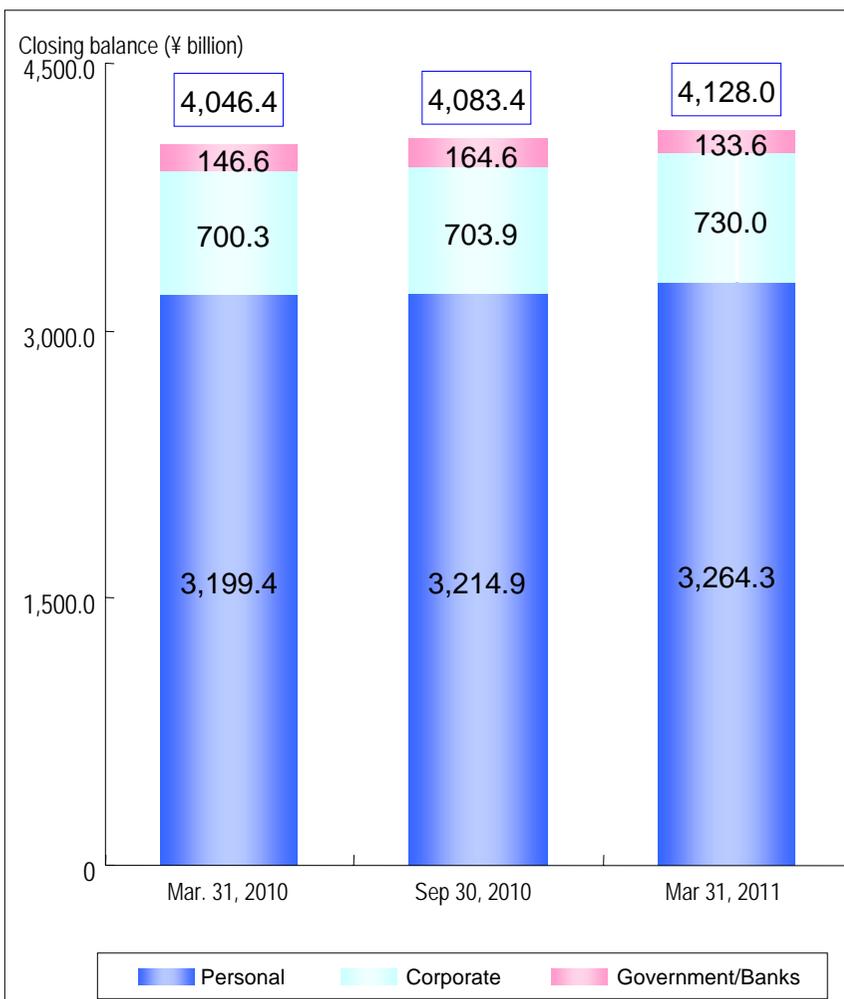
< Personal loans > Closing balance (¥ billion)



Financial Results for FY2010 – 4. Deposits

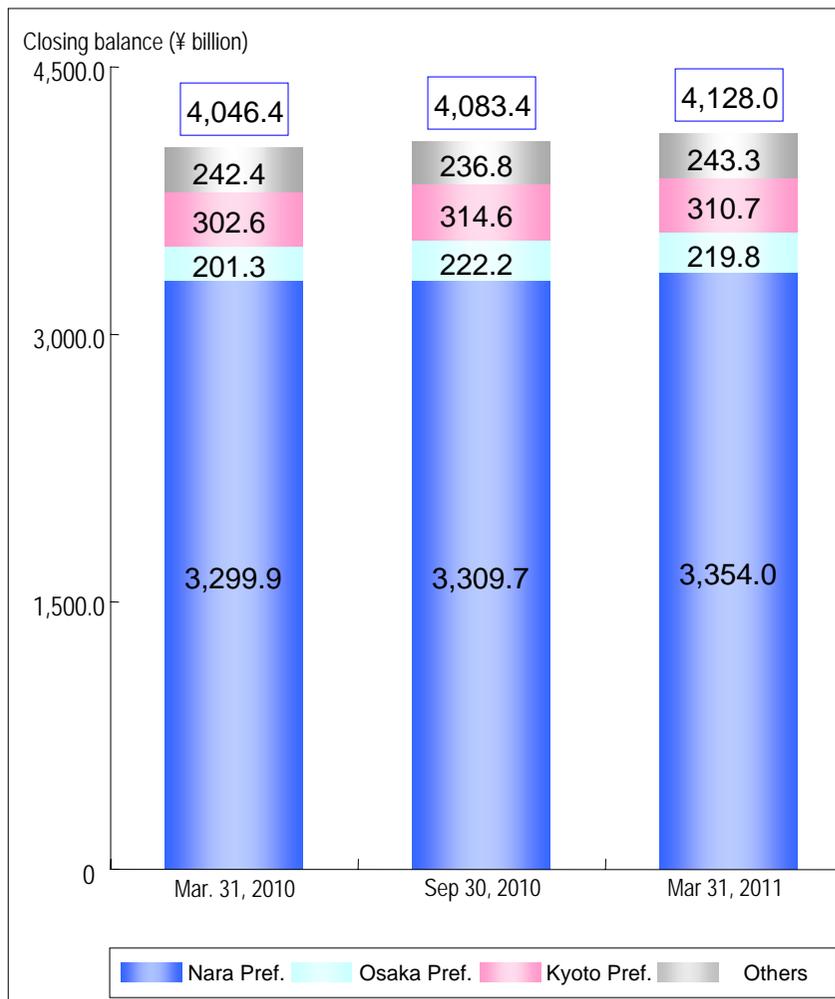
Balance of Deposits by Sector

◆ The deposit balance as of March 31, 2011 stood at ¥4,128.0 billion, up ¥81.5 billion year on year due mainly to a steady rise in personal deposits.



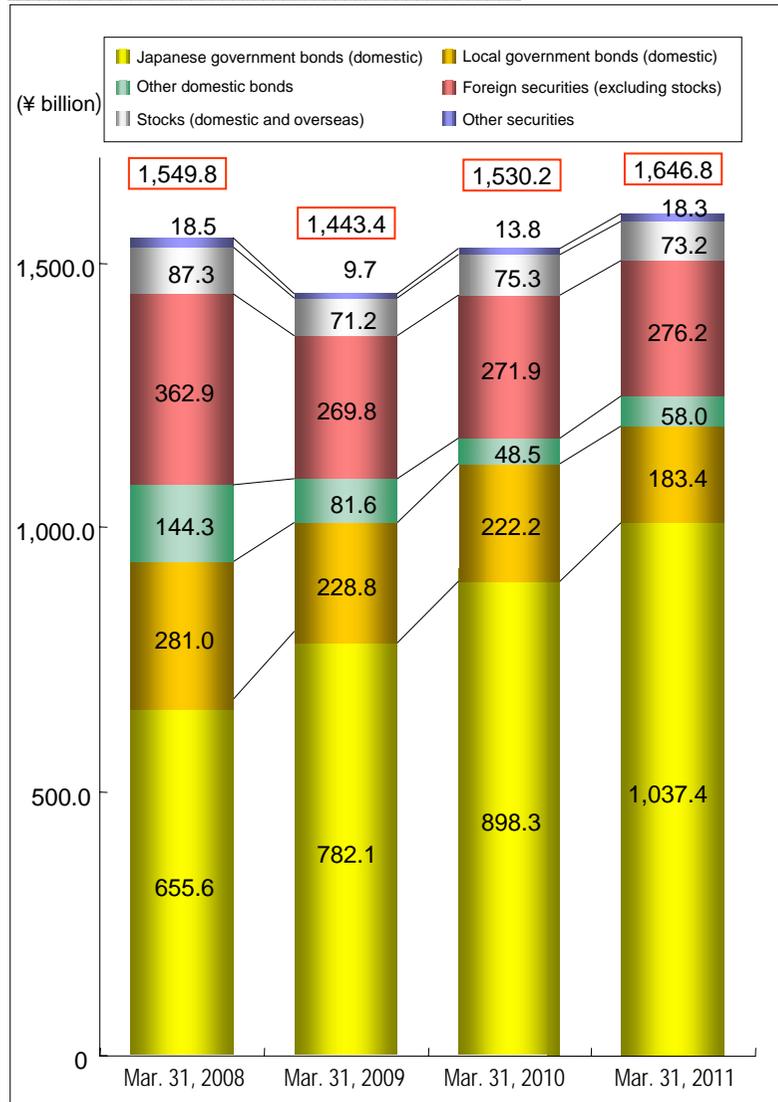
Balance of Deposits by Region

◆ At the prefectural level, the increase in deposits was led by Nara, which accounted for ¥3,354.0 billion, 81.3% of Nanto Bank's total as of March 31, 2011.



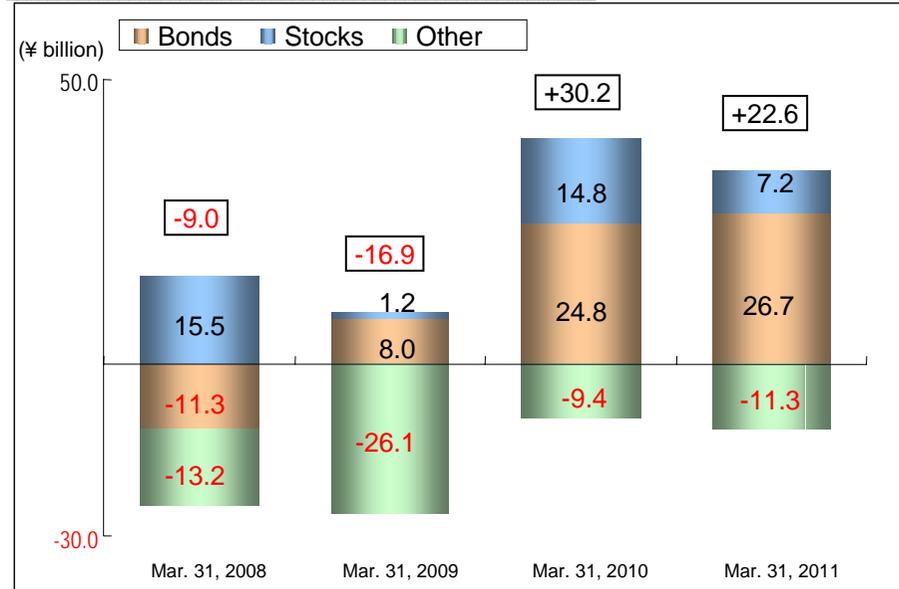
Financial Results for FY2010 – 5. Securities

Balance of Outstanding Securities

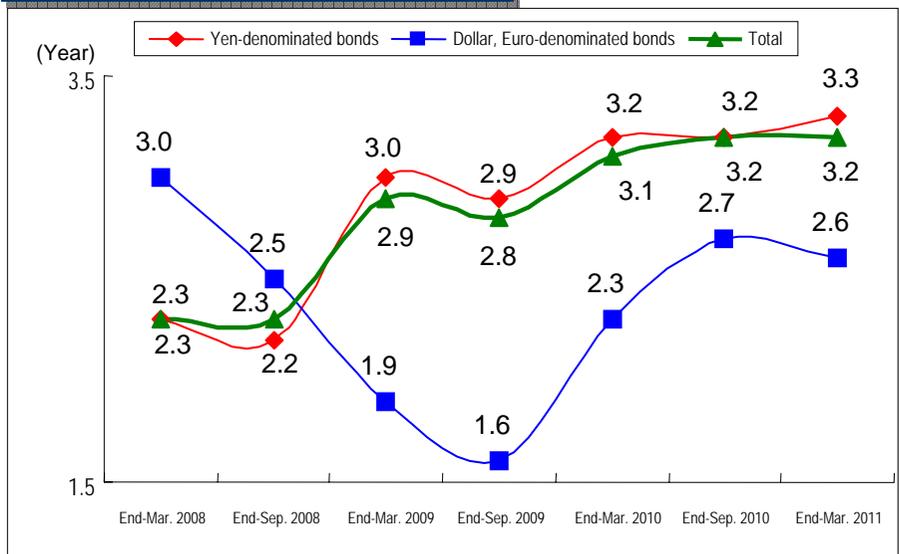


* Book value basis
(after deduction of unrealized profit and loss of securities)

Unrealized Gains/Losses of Securities

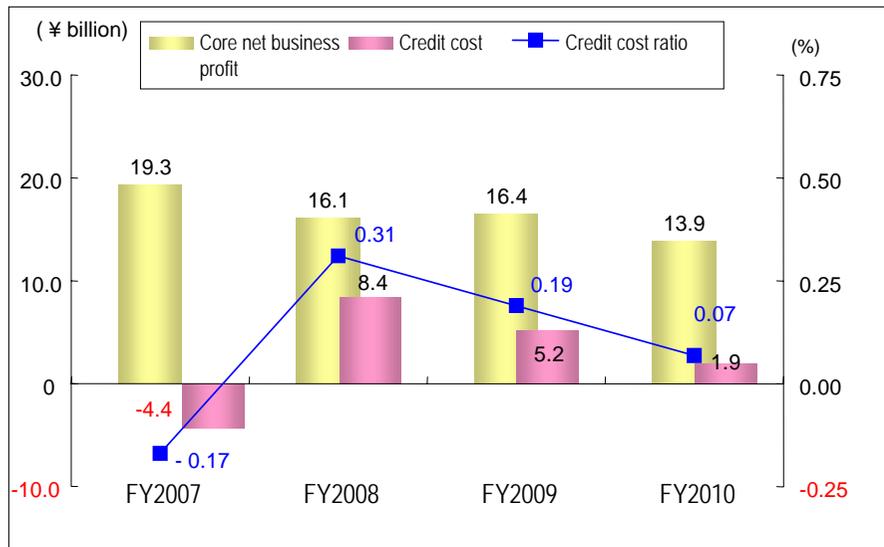


Bond Duration

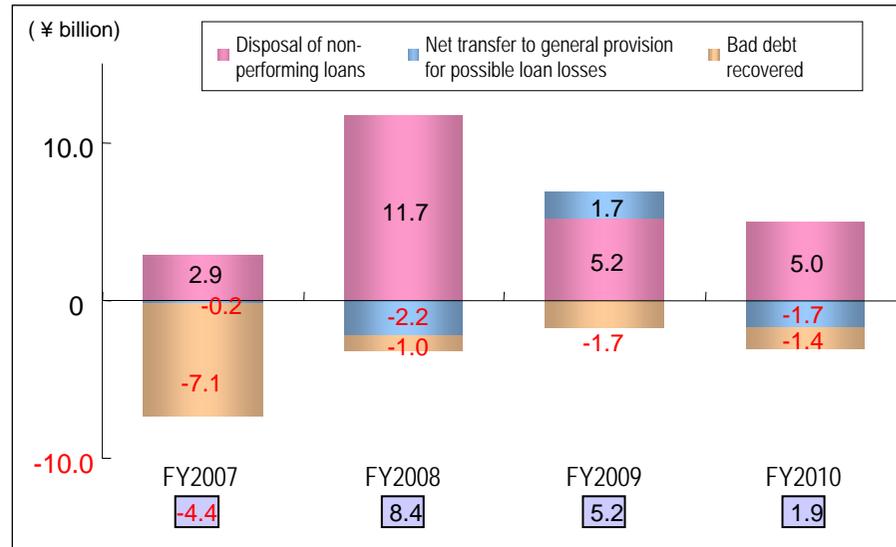


Financial Results for FY2010 – 6. Disposal of Non-Performing Loans

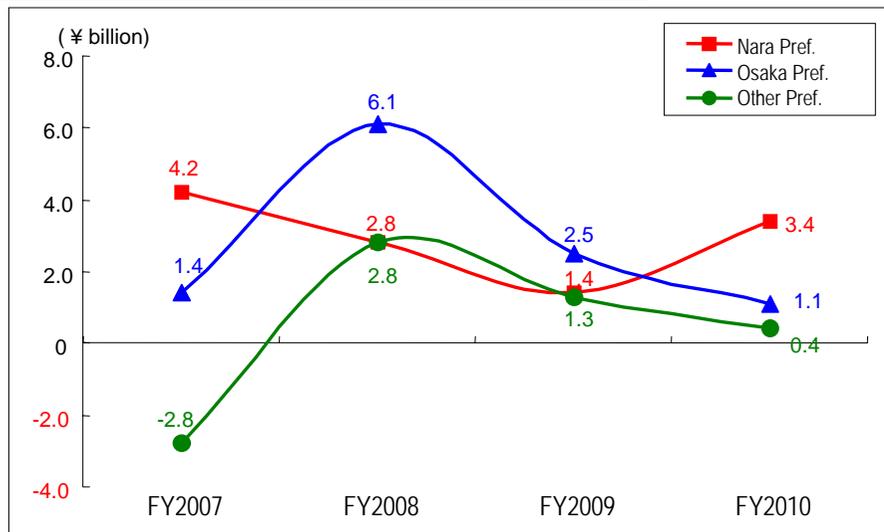
Credit Cost



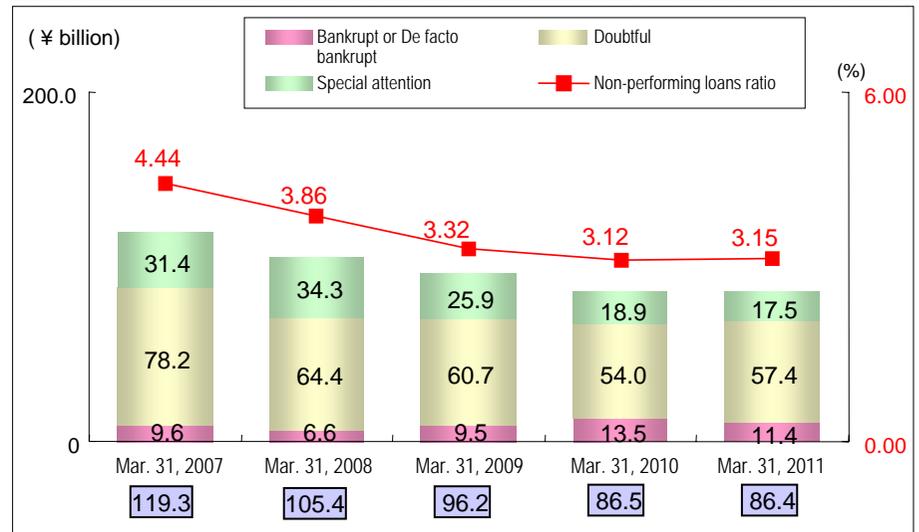
Breakdown of Credit Cost



Disposal of Non-Performing Loans by Region

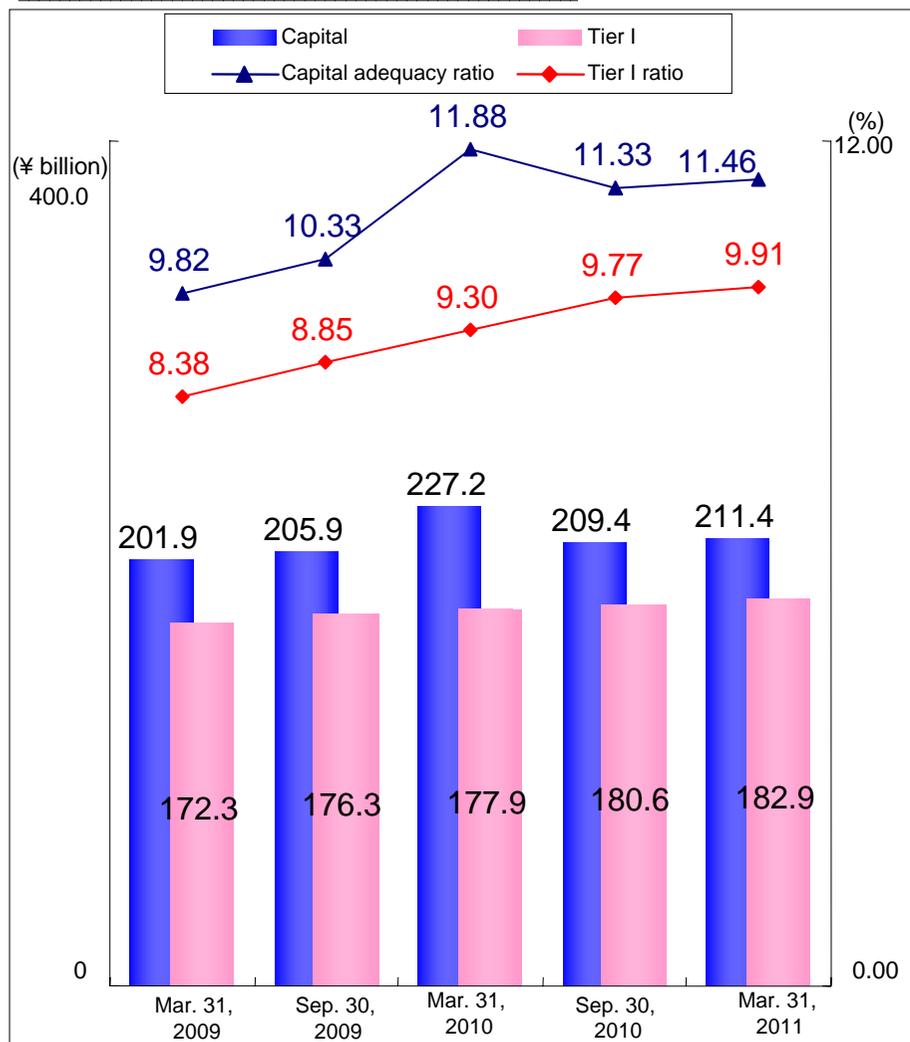


Loans Based on the Financial Reconstruction Law / Non-performing Loans Ratio



Financial Results for FY2010 – 7. Capital Adequacy Ratio

Capital Adequacy Ratio



		(¥ billion, %)	As of Mar. 31, 2008 (Result)	As of Sep. 30, 2008 (Result)	As of Mar. 31, 2009 (Result)	As of Sep. 30, 2009 (Result)	As of Mar. 31, 2010 (Result)	Change from Mar. 2009	Change from Sep. 2009
1	Tier I		172.3	176.3	177.9	180.6	182.9	+4.9	+2.2
2	Of which, preferred securities		20.0	20.0	20.0	20.0	20.0	—	—
3	Tier II		32.8	32.4	51.9	31.5	31.5	-20.4	-0.0
4	General provision for possible loan losses		12.8	12.4	11.9	11.5	11.5	-0.4	-0.0
5	Hybrid debt capital instruments		20.0	20.0	40.0	20.0	20.0	-20.0	—
6	Deductions		3.2	2.8	2.6	2.7	2.9	+0.3	+0.2
7	Capital		201.9	205.9	227.2	209.4	211.4	-15.7	+1.9
8	Risk weighted assets		2,055.6	1,992.6	1,912.2	1,847.6	1,844.7	-67.4	-2.8
9	Credit-risk assets		1,931.0	1,868.3	1,788.3	1,724.1	1,722.4	-65.8	-1.6
10	Amount equivalent to operational risk		124.5	124.2	123.9	123.4	122.2	-1.6	-1.2
11	Capital adequacy ratio (No.7 / No.8 × 100)		9.82	10.33	11.88	11.33	11.46	-0.42	+0.13
12	Tier I ratio (No.1 / No.8 × 100)		8.38	8.85	9.30	9.77	9.91	+0.61	+0.14

<Interest-rate risk for bank account> (As of March 31, 2011)

■ 99 percentile method

- Amount of interest-rate risk ¥32.6 billion
- Outlier ratio 15.2%

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

As for risk-weighted assets, calculated by "credit risk by standard method," "Operational risk by basic method"

Unrealized gains/losses on floating rate JGBs are calculated based on theoretical price from the first half ended September 2008.

Business Forecast for FY2011

		(¥ billion)	FY2010 Result	FY2011 Forecast	Y/Y change
1	Core gross business profit		63.6	63.2	-0.4
2	Interest income		57.6	56.8	-0.7
3	Fees and commissions		6.2	6.1	-0.0
4	Other operating income (*1)		-0.2	0.1	+0.3
5	Cost of derivative financial products		0.0	0.1	+0.1
6	Expenses		49.6	50.1	+0.4
7	Personnel expenses		26.0	26.3	+0.2
8	Non-personnel expenses		21.4	21.6	+0.1
9	Taxes		2.0	2.1	+0.0
10	Core net business profit		13.9	13.1	-0.8
11	Gains/Losses on bonds (JGBs, etc.)		3.4	0.1	-3.3
12	Net transfer to general provision for possible loan losses		(1.7)	(0.4)	+1.2
13	Net business profit		19.1	13.6	-5.4
14	Non-recurrent gains/losses		(7.6)	(5.5)	+2.0
15	Gains/Losses on stocks		(1.0)	-	+1.0
16	Disposal of non-performing loans		5.0	4.3	-0.6
17	Retirement benefit costs		2.3	2.1	-0.1
18	Ordinary income		11.4	8.0	-3.3
19	Extraordinary gains/losses		1.0	0.4	-0.5
20	Bad debt recovered		1.4	0.5	-0.9
21	Loss on adjustment for changes of accounting standard for asset retirement obligations		0.2	-	-0.2
22	Income before taxes		12.4	8.5	-3.8
23	Income taxes		5.8	3.5	-2.3
24	Net income		6.5	5.0	-1.5
25	Credit cost (*2)		1.9	3.4	+1.5

*1 Except bonds (ex. Government Bonds) gains/losses

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

<No10 Core net business profit>

◆ Fees and commissions are expected to come in at about the same level of last year, however with anticipated lower interest on loans and deposits and higher expenses, core net business profit is expected to decline by ¥800 million year on year to ¥13.1 billion.

<Breakdown of real net interest income>

	(¥ billion)	FY2010	FY2011 Forecast	Y/Y Change
interest income		57.6	56.8	-0.7
Interest on loans and deposits		40.5	39.8	-0.7
Interest on loans		46.3	44.3	-2.0
Interest on deposits		5.8	4.4	-1.3
Interest on market sector		17.0	16.8	-0.1
Interest on securities		18.6	18.9	+0.2
Interest on fund management interest on fund management		0.3	0.2	-0.1
Interest on fund procurement		2.0	2.3	+0.3
Of which, cost of derivative financial products		0.0	0.1	+0.1

<No24 Net income>

◆ Net income is expected to decline ¥1.5 billion year on year to ¥5.0 billion, on an anticipated decrease in gains on securities and increase in credit cost.

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

	(¥ billion)	FY2010	FY2011 Forecast	Y/Y Change
Gains/Losses on securities		2.3	0.1	-2.2
Gains/Losses on bonds (JGBs, etc.)		3.4	0.1	-3.3
Gains/Losses on stocks		(1.0)	-	+1.0
Credit cost		1.9	3.4	+1.5
Net transfer to general provision for possible loan losses		(1.7)	(0.4)	+1.2
Disposal of non-performing loans		5.0	4.3	-0.6
Recoveries of write-offs		1.4	0.5	-0.9

I. Financial Results for FY2010

II. Management Strategy

Outline of Medium-term Management Plan

Earnings Environment

- ▼ On-going low-interest policy
- ▼ Shrinking margins due to increasingly severe competition
- ▼ Low financing needs among businesses etc.

Business Market Environment

- ▼ Market
 - ◎ Nara Prefecture
 - High population of affluent individuals
 - Number of households trending upward as move toward nuclear families continues
 - ◎ Osaka Prefecture
 - Loan balance is 14 times that of Nara Prefecture, making it extremely attractive for business

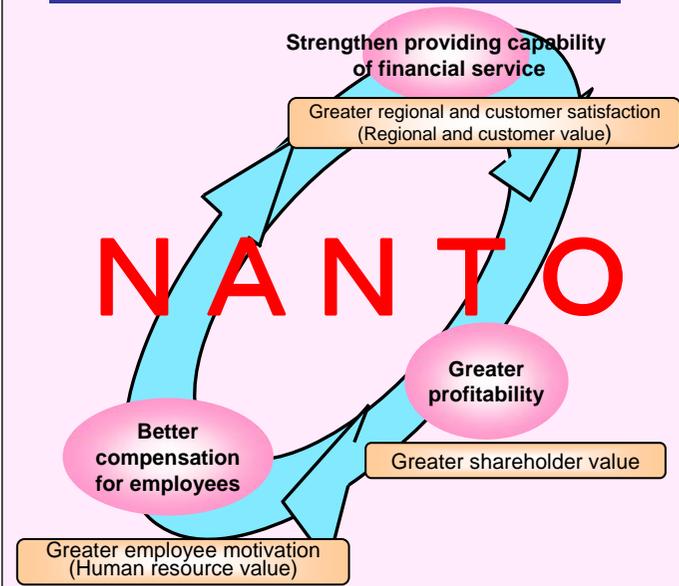
Regulatory Environment

- ▼ Basel III
- ▼ IFRS
- ▼ Japanese Bankers Association's electronically recorded monetary claims system etc.

Corporate Philosophy

- ① Pursue sound and efficient management
- ② Provide superior comprehensive financial services
- ③ Contribute to regional prosperity
- ④ Strive to become a highly reliable, friendly and attractive bank

Better circulation within stakeholders by improving brand impact



Long-term vision

Striving for Even Greater Corporate Value
 — A bank that grows together with the regions it serves —

◇ To realize sustainable growth, while balancing profitability and soundness:
 Long-term management strategy objectives based on forecasts of business environment changes and an assessment of where we stand now

Stage 2

Best Value Nanto (April 2011 - March 2014)

4 basic policies

8 key strategies

Steps

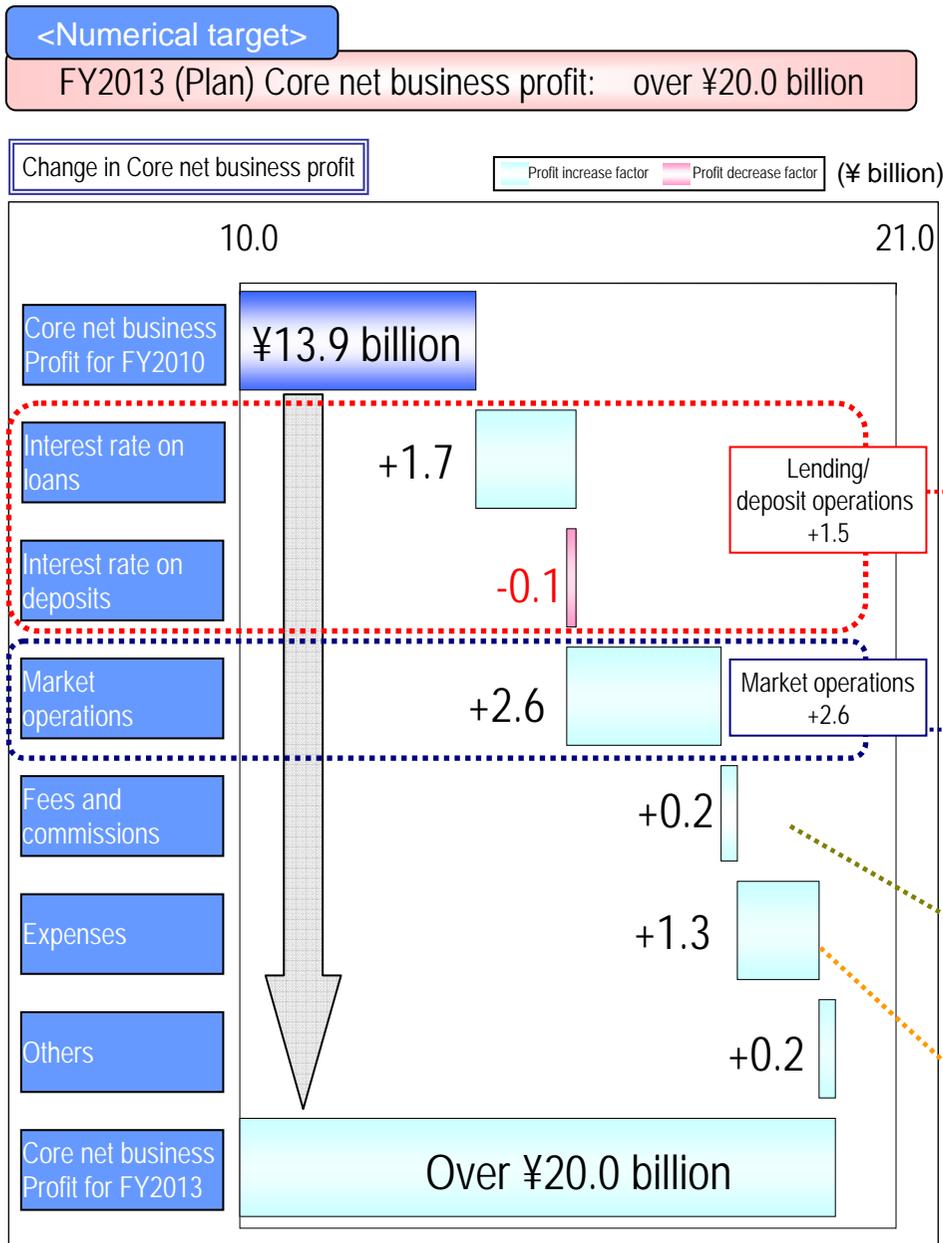
Quantitative Objectives

FY2013 core net business profit of ¥20.0 billion or higher

Stage 1

More Value – “Nanto” (April 2008 – March 2011)

Outline of Numeric Target (Core Net Business Profit)



<Interest-Rate Scenario> (%)

(Forecast as of end of each period)	As of Mar.31, 2011 [Actual]	As of Mar.31, 2012 [Plan]	As of Mar.31, 2013 [Plan]	As of Mar.31, 2014 [Plan]
Japan				
Short-term prime	2.175	2.175	2.175	2.375
3-month TIBOR	0.34	0.35	0.35	0.55
5-year JGB	0.50	0.60	0.70	0.90
U.S.				
3-month LIBOR	0.30	0.60	0.90	1.20
US 5-year bond	2.27	2.50	2.80	3.10
Euro				
3-month LIBOR	1.18	1.30	1.60	1.90
German 5-year bond	2.67	2.40	2.70	3.00

<Factors behind changes in interest on loans and deposits (comparison with FY2010)>

(¥ billion)	Change	Balance factor	Return factor
Loans	+1.7	+2.6	-0.9
Business loans	+1.3	+1.5	-0.2
Retail	+0.4	+1.2	-0.7
Wholesale	+0.8	+0.3	+0.5
Personal loans	+0.1	+1.2	-1.0
Loans for local government	+0.2	-0.0	+0.3
Deposits	+0.1	+0.3	-0.1

<Factors behind changes in interest on market sector (comparison with FY2010)>

- Interest on securities +¥3.3 billion
Balance factor +¥1.8 billion Return factor +¥1.4 billion
- Interest on fund management +¥0.0 billion
- Interest on fund procurement +¥0.7 billion

<Factors behind changes in interest on fees and commissions (comparison with FY2010)>

- Investment trusts commission +¥0.7 billion
- Life insurance commission -¥0.2 billion
- Solution related commission +¥0.1 billion

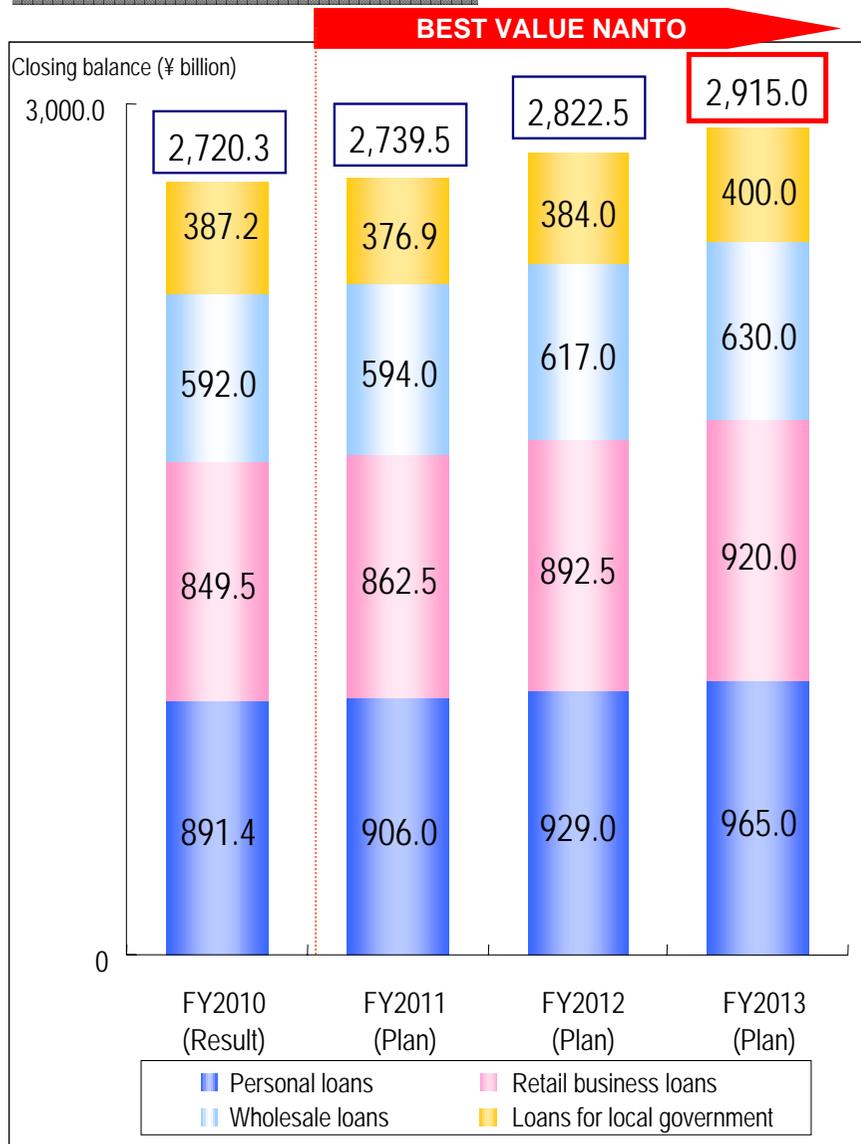
<Factors behind changes in interest on expenses (comparison with FY2010)>

- Personnel expenses +¥0.3 billion
- Non-personnel expenses -¥1.7 billion

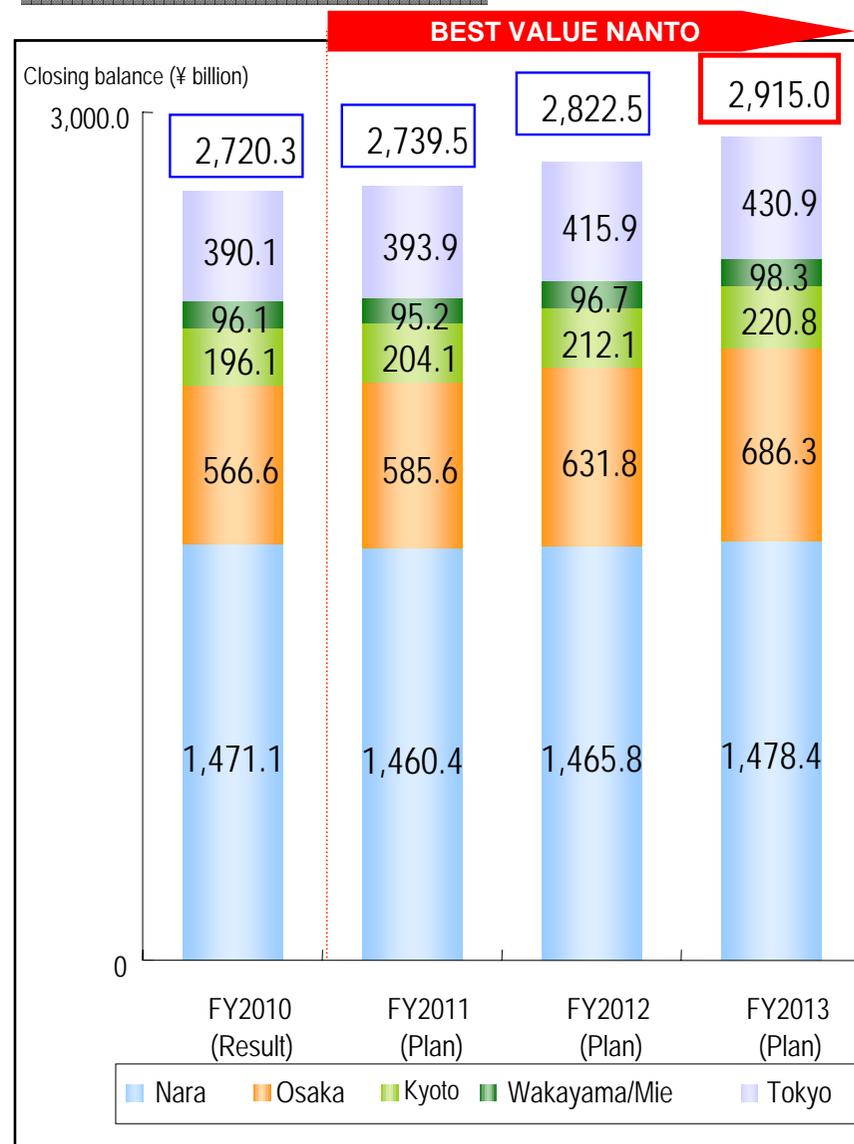
Plan for Loan Balance Targets

■ Lending plans call for an increase of ¥194.6 billion over the coming three years. Retail business loans = ¥70.4 billion, Personal and other loans = ¥73.5 billion, Wholesale loans = ¥37.9 billion, Loans for local government = ¥12.7 billion.

Balance of Loans by Sector

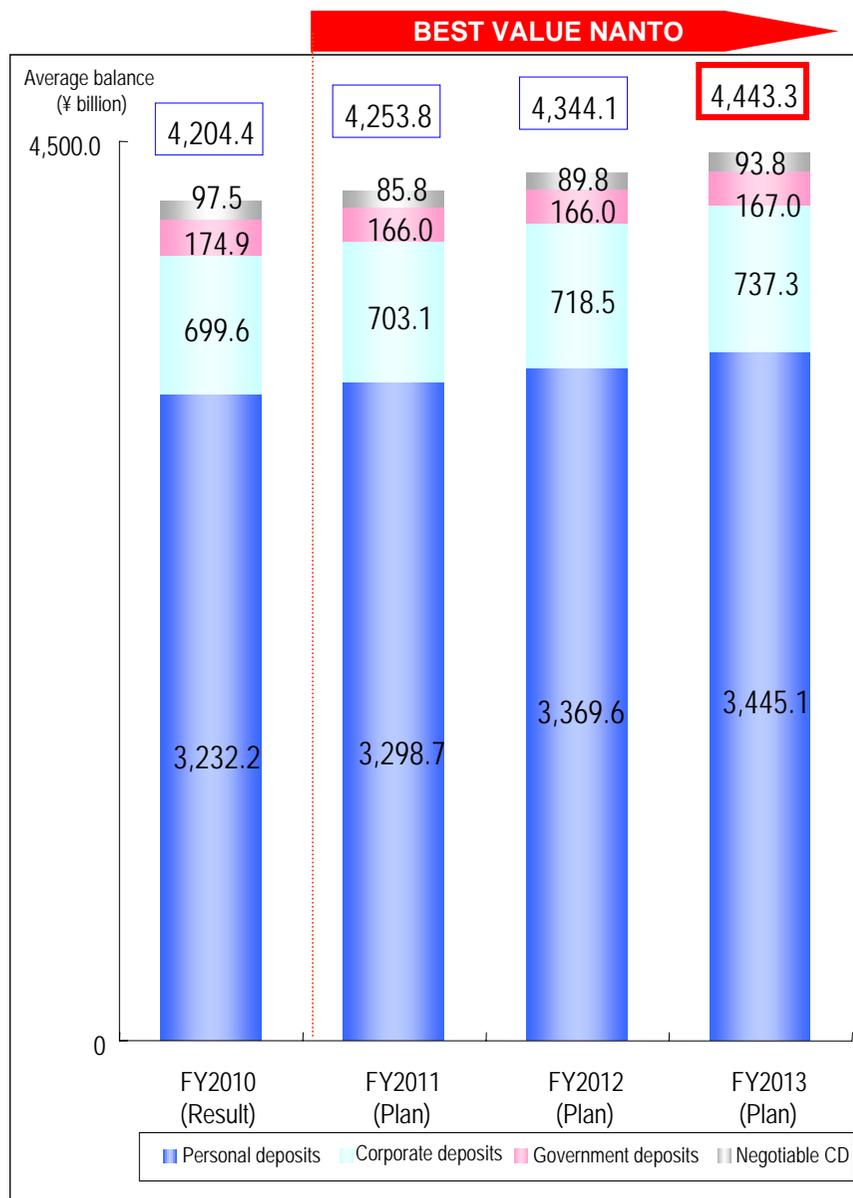


Balance of Loans by Region

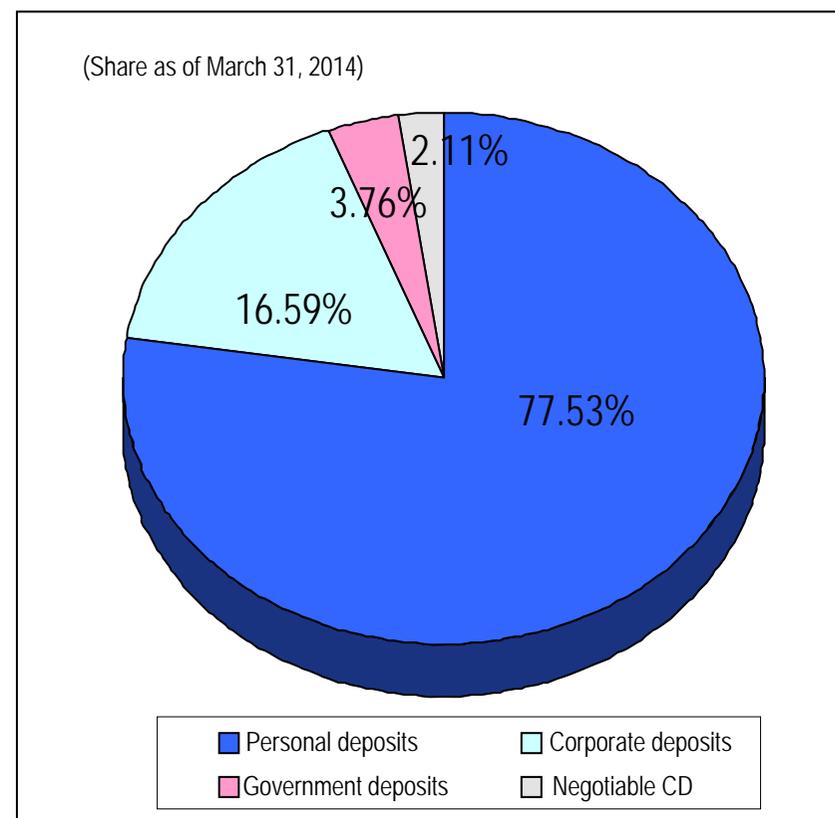


Plan for Deposits Balance Targets

Average Balance of Deposits by Sector



Share of Average Balance of Deposits by Sector



Basic Policies (Priority Strategies)

<Basic Policies>

I. Increase customer satisfaction and enhance profitability through relationship-based local banking

- Increase customer satisfaction and strengthen profitability by emphasizing relationship-based local banking and creating business opportunities by offering convenience to our customers, and pursuing solutions-oriented business initiatives targeting at corporate customers
- To expand business activities and continue growing into the future, establish new business network and strengthen business systems, while working to enhance stable profitability in the market sector

Key strategies

1. Establish a geographically broad-based business office network, which will focus on business loans, by enhancing our office network mainly in Osaka Prefecture
2. Expand of personal banking business focused on assets in custody and personal loans, and maintain or increase the loan market share including business loans, mainly in Nara Prefecture; the potential markets
3. Build a long-term, stable earnings structure by enhancing market-sector profitability

II. Effectively use corporate resources

- Focus investment and marketing personnel on high-priority channels. To do that, improve corporate resource effectiveness by increasing headquarters and sales office administrative efficiency, and by implementing an across-the-board expense overhaul.
- Actively develop the personnel needed to pursue the various measures

Key strategies

4. Develop human resources with capabilities in high-level and practical sales and management
5. Increase headquarters and sales office administrative efficiency, and shift personnel to sales sectors

III. Enhance and strengthen internal control systems

- Further strengthen the compliance system to win even greater trust from stakeholders
- Increase the sophistication in the various types of risk control management to improve risk-return efficiency

Key strategies

6. Further strengthen the compliance system
7. Increase the sophistication in the various types of risk control management

IV. Promote local contribution activities continuously

- Meet corporate social responsibilities by using corporate resources to continuously contribute to the development of local communities and economies, and protect the environment

Key strategy

8. Enhance CSR initiatives

Establish the Geographically Broad-based Business office network, which will Focus on Business Loans, by Enhancing the Office Network Mainly in Osaka Prefecture (1)

<Key Initiatives>

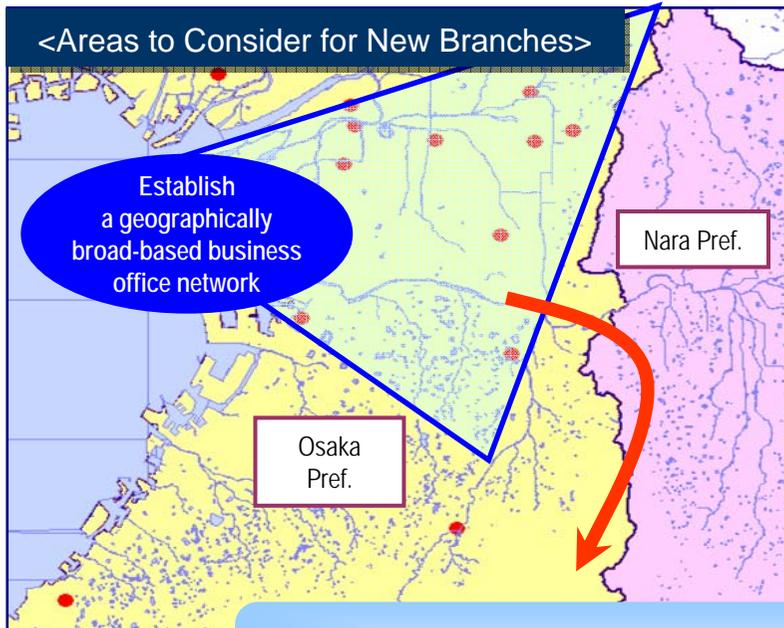
1. Expand and strengthen the sales office network

- Build up a dense branch network
- Consider opening new branches in the triangular area connecting Nara and Osaka prefectures (Establish new branches and renovate existing branches)

2. Improve the marketing capabilities of existing branches

- Renovate the existing branches to the street level and offer comprehensive sets of services tailored to local market needs.
- Develop the business with business owners through these branches

<Areas to Consider for New Branches>



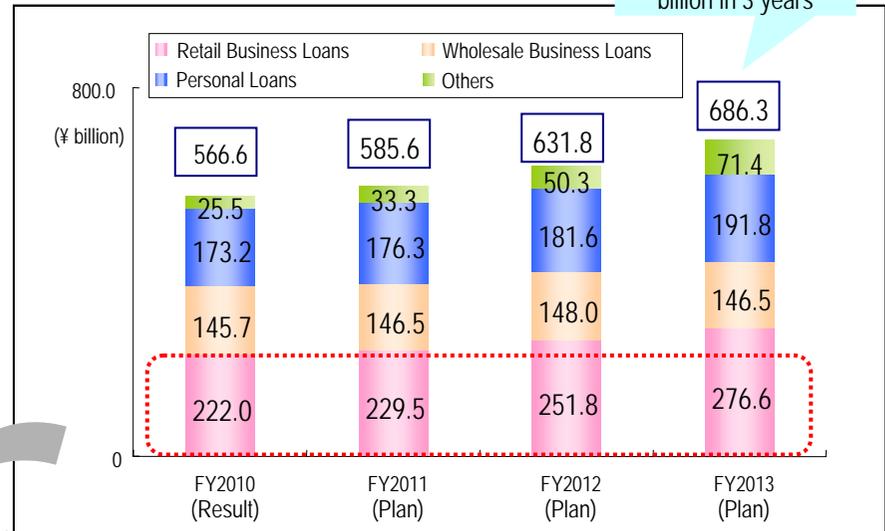
Expand the branch network from 14* as of March 31, 2011 to 20 or more

* Including Amagasaki Branch (Hyogo Prefecture).

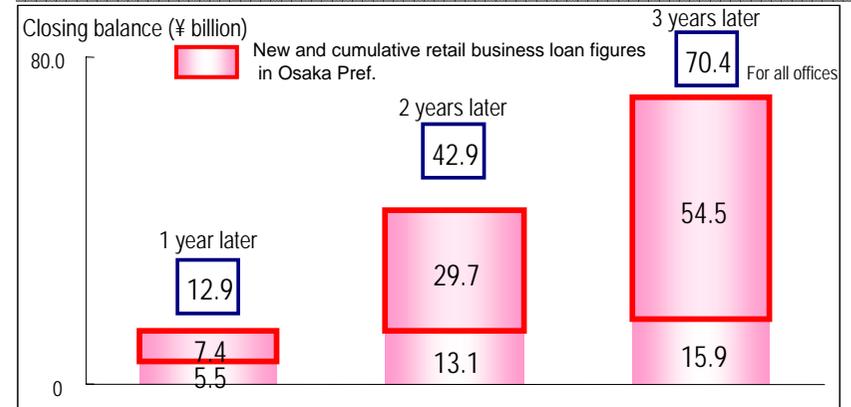
<Loan Plan>

Loan Balance in Osaka Pref.

Increase ¥119.7 billion in 3 years



New and Cumulative Retail Business Loan Figures (during Medium-term Management Plan)



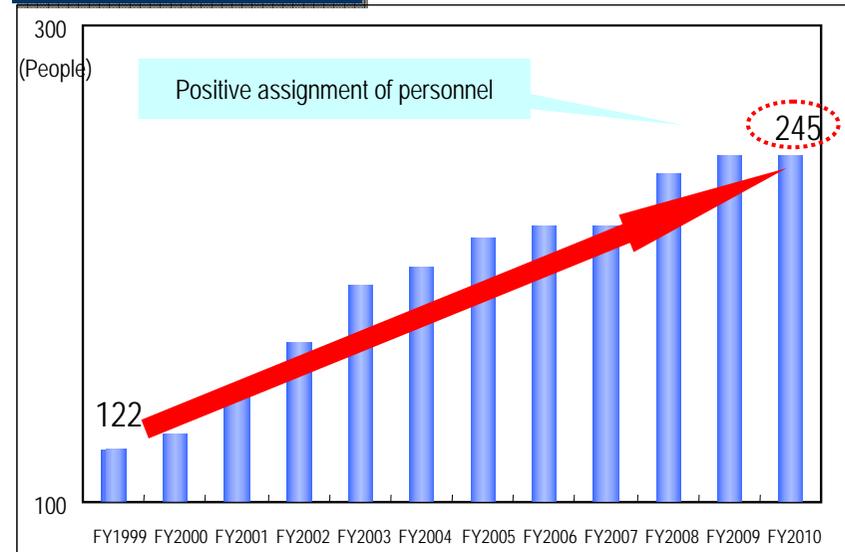
Establish the Geographically Broad-based Business office network, which will Focus on Business Loans, by Enhancing the Office Network Mainly in Osaka Prefecture(2)

<History of Strategies>

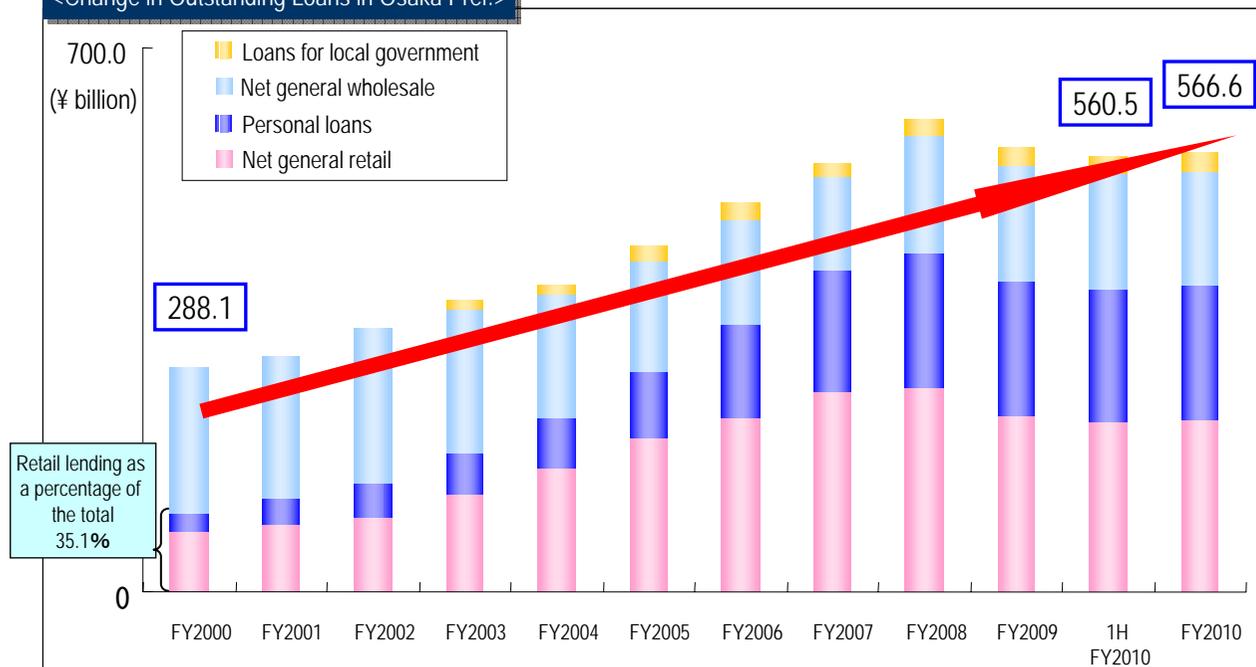
<New Strategic Forces in Osaka>

- 1) Oct.2000, established Higashi-Osaka Corporate Business Office ⇒ Oct.2002 Osaka-Higashi Branch
 - 2) Oct.2000, established Yao Corporate Business Office ⇒ Apr.2004 Yao Branch
(Transfer of the Yao-Minami Office)
 - 3) Oct.2001, established Daitoh Corporate Business Office ⇒ Dec.2003 Daitoh Branch
 - 4) Jan.2003, established Osaka Corporate Business Office ⇒ Jun.2008 incorporated into Osaka-Chuo Office
 - 5) Jun.2003, established Osaka-Kita Corporate Business Office ⇒ Jan.2004 Osaka-Kita Branch
 - 6) Jun.2004, established Sakai Corporate Business Office ⇒ Nov.2005 Sakai Branch
Apr.2011 established L-PLAZA in Sakai Branch
 - 7) Aug.2005, established Shin-Osaka Corporate Business Office ⇒ Aug.2006 Shin-Osaka Branch
 - 8) Feb.2006, established Osaka Housing Loan Center ⇒ Apr.2011 changed office name to L-PLAZA Osaka
 - 9) Oct.2007, established Amagasaki Corporate Business Office ⇒ Sep. 2009 Amagasaki Branch
- MORE VALUE-"NANTO"**
- 10) Jun.2008, established Osaka-Chuo Office
 - 11) Nov.2008, established Osaka-Minami Corporate Business Office
 - 12) " established Osaka-Nishi Corporate Business Office
 - 13) Sep.2009, established Amagasaki Branch

<Change of Personnel>



<Change in Outstanding Loans in Osaka Pref.>

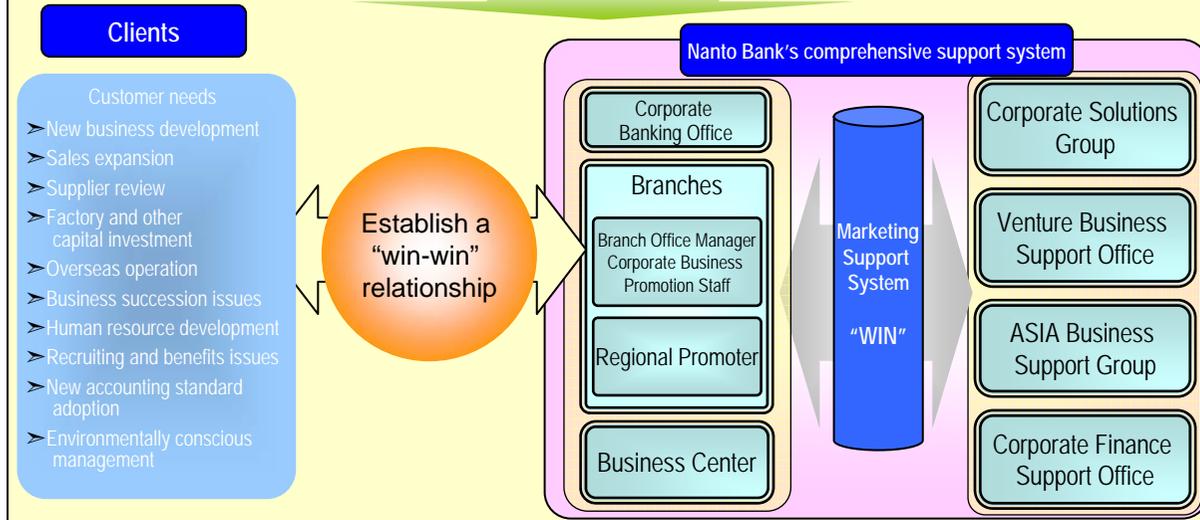


- The loan balance for Osaka Prefecture as of March 31, 2011 had risen to ¥566.6 billion, double the figure as of March 31, 2001. It was also up ¥6.0 billion since September 30, 2010
- Retail lending as a percentage of the total had also doubled, reaching 69.7%, since March 31, 2001

Retail lending as a percentage of the total 69.7%

Promoting Relationship-based Local Banking

Nanto Bank's basic strategy is to pursue "finance tailored to local needs"



Strengthen Relationships with Corporate Customers

Business Communication Meeting

• In an effort to reemphasize relationship-based local banking as the core purpose of a regional financial institution, the president of Nanto Bank hosted 15 meetings with corporate customers, mainly in Nara Prefecture, beginning in January 2011



NANTO Clubs Established

• To deepen tie-ups and relationships among our client companies, Nanto Bank established "Nanto Clubs" in Osaka Prefecture



Solution Business Development

Business matching

<Nanto Nou-Shou-Kou (agriculture, commerce and industry) Business Fair 2010>

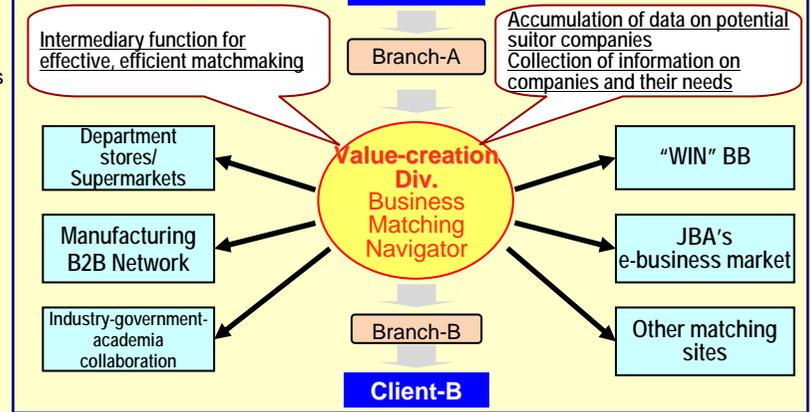
- ◇ Held: December 2010
- ◇ Participants: 214 cos./orgs.
- ◇ Visitors: approx. 3,200 persons
- ◇ Negotiation: 6,113 cases
- Done deal: 45, Under negotiation: 1,166



<Business matching>

- ◇ Hong Kong / Southern China Japanese Company Business Forum
 - Held in June 2010 with participation by 12 client companies
 - ◇ Japan-China Monozukuri (Manufacturing) Business Fair @ Shanghai 2010
 - Held September 2010 with participation by 18 client companies.
 - ◇ External Links
 - Provision of business matching opportunities via the "Manufacturing B2B Network"
 - ◇ Installation of Business Matching Navigator
 - "Business Matching Navigator" was set up in October 2010, and personnel was allocated to strengthen the intermediary function for matchmaking among businesses.

Business Matching Navigator



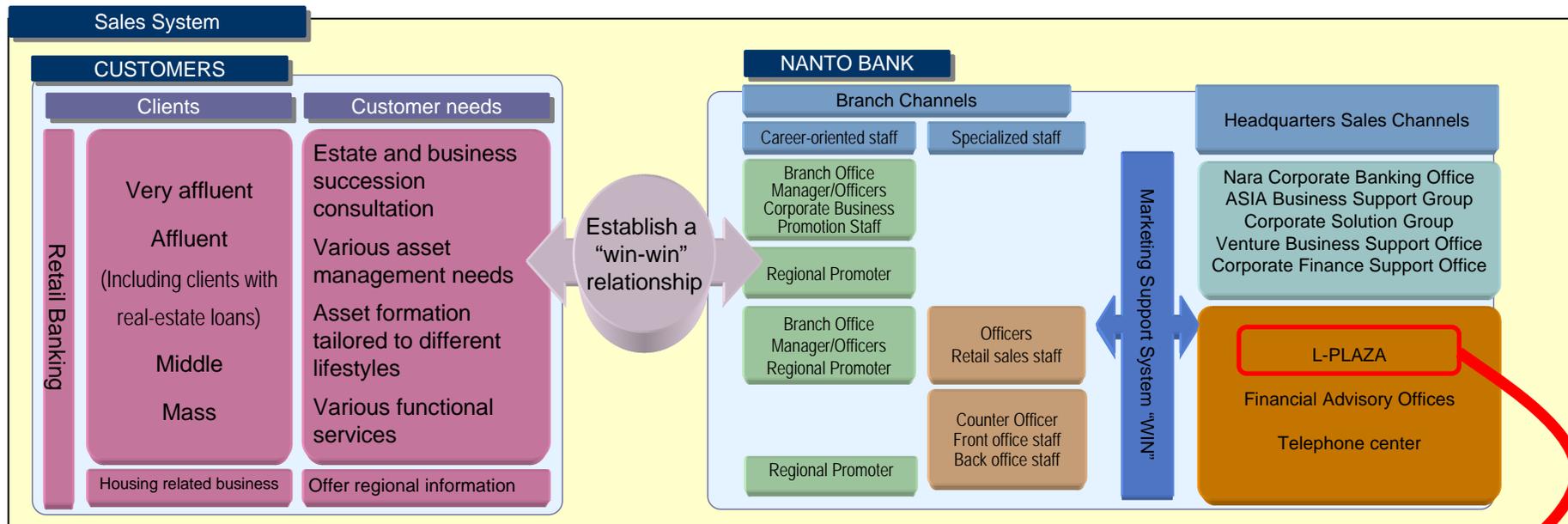
Business succession/M&A

- ◇ Business Succession Support
 - FY2010: Business succession consultations and recommendations for 99 clients
 - Financing for 12 clients
- ◇ M&A Advisory Services
 - FY2010: M&A Projects: 44

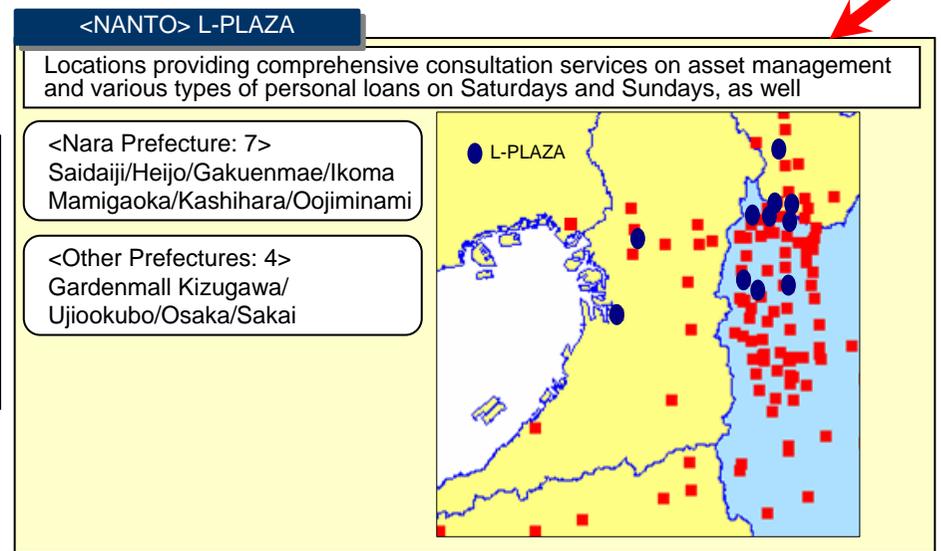
Trading and overseas business support

- ◇ Strengthen services for clients requiring support of foreign trade
- ◇ Began Web-Business Banking (forex) (July 2010)
- ◇ Relaxed requirements for direct dealing of foreign exchange contracts (October 2010)

Expansion of Personal Banking Business Focused on Assets in Custody and Personal Loans, and Maintaining or Increasing the Loan Market Share Including Business Loans, mainly in Nara Prefecture; the Potential Markets (1)

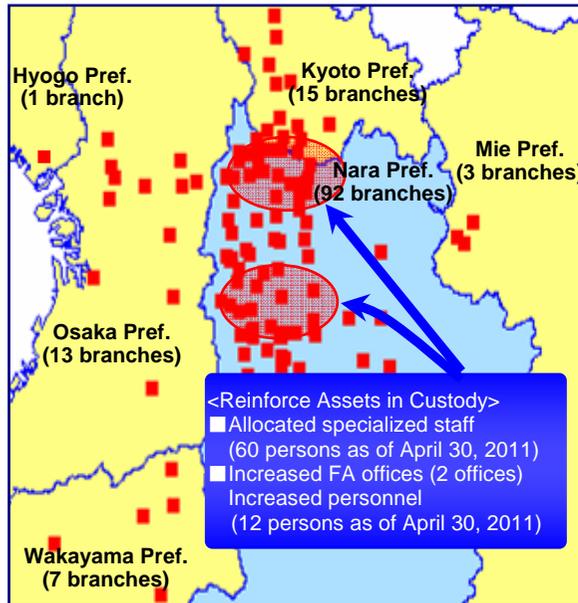


Maintain or expand loan market share in Nara Prefecture

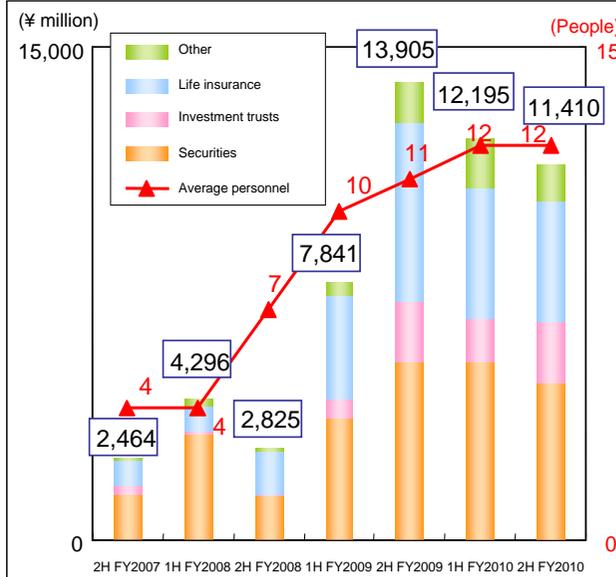


Expansion of Personal Banking Business Focused on Assets in Custody and Personal Loans, and Maintaining or Increasing the Loan Market Share Including Business Loans, mainly in Nara Prefecture; the Potential Markets (2)

Sales System

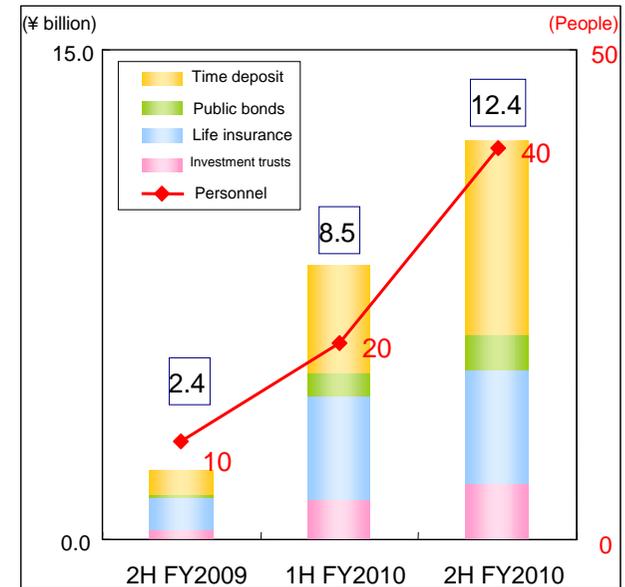


Sales by FA (Financial Advisory) Office

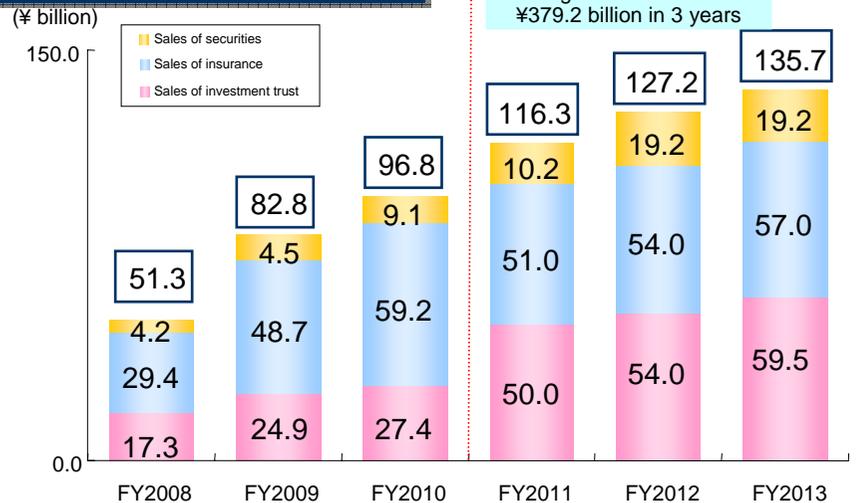


* Sales of FA in 2H FY2009 includes ¥2,900 million sales of the Bank's subordinated bonds

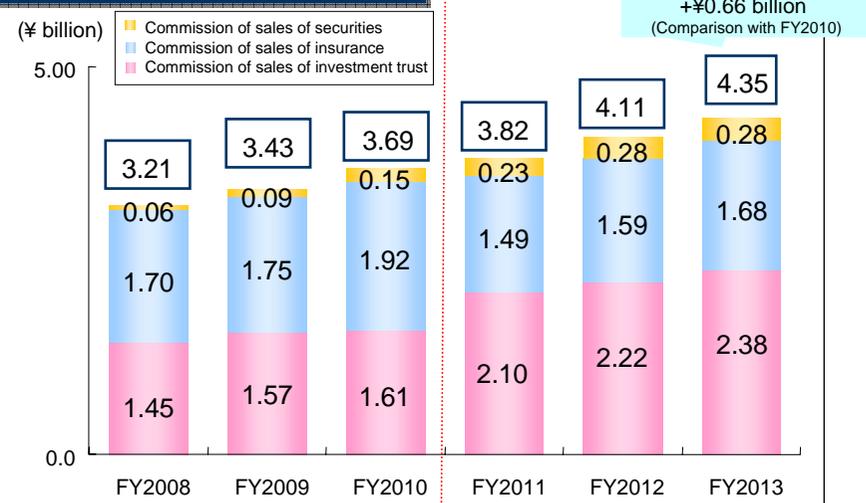
Sales by Specialized Staff



Sales of Investment Trust and Life Insurance

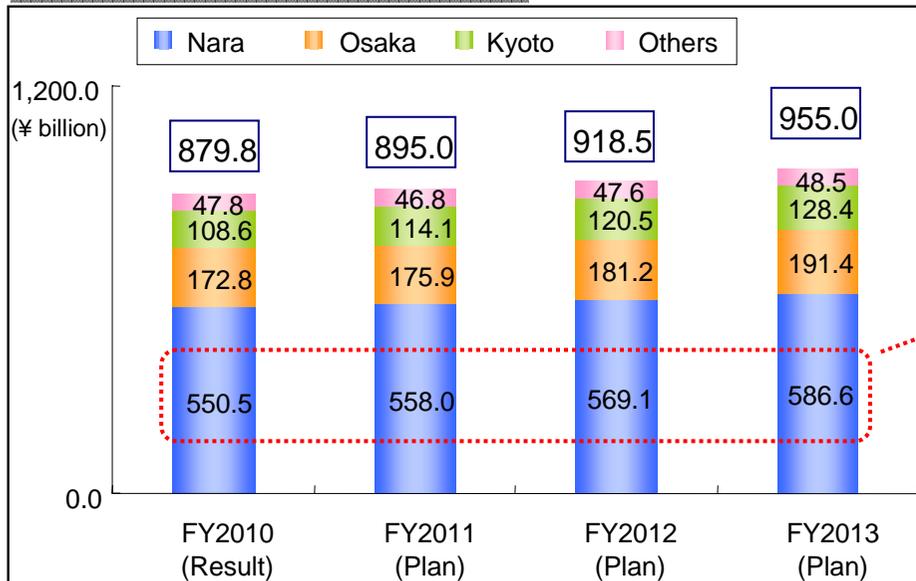


Commission of Investment Trust and Life Insurance

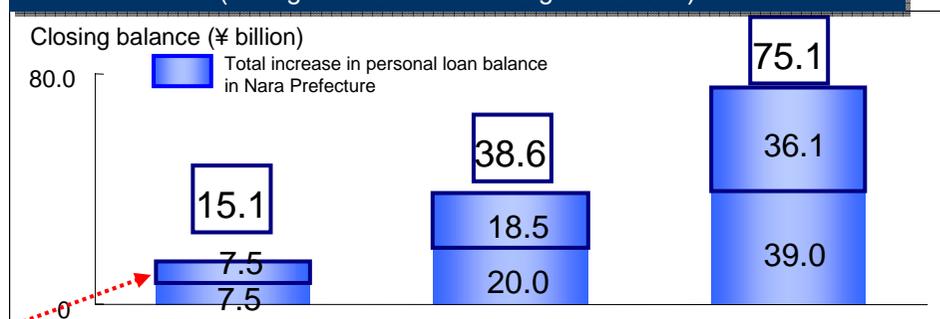


Expansion of Personal Banking Business Focused on Assets in Custody and Personal Loans, and Maintaining or Increasing the Loan Market Share Including Business Loans, mainly in Nara Prefecture; the Potential Markets (3)

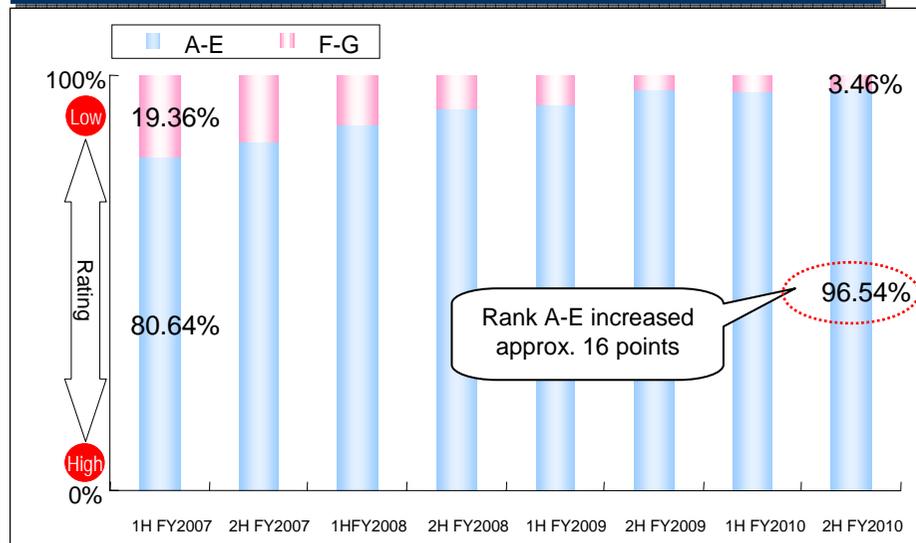
Personal Loan Balance by Prefecture



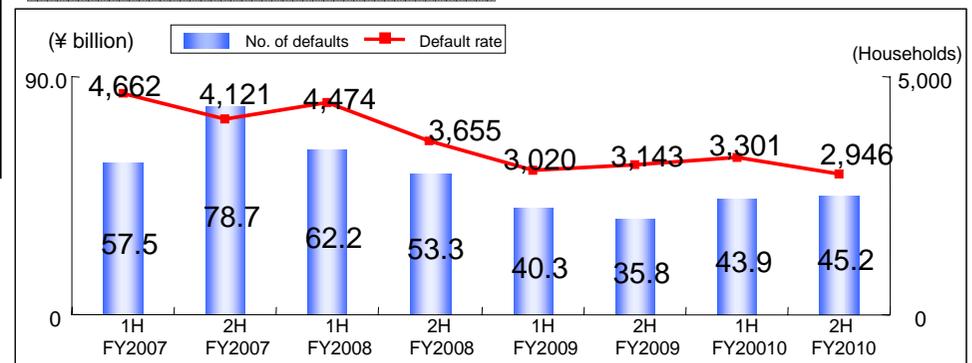
Total Increase in Personal Loan Balance (during Medium-term Management Plan)



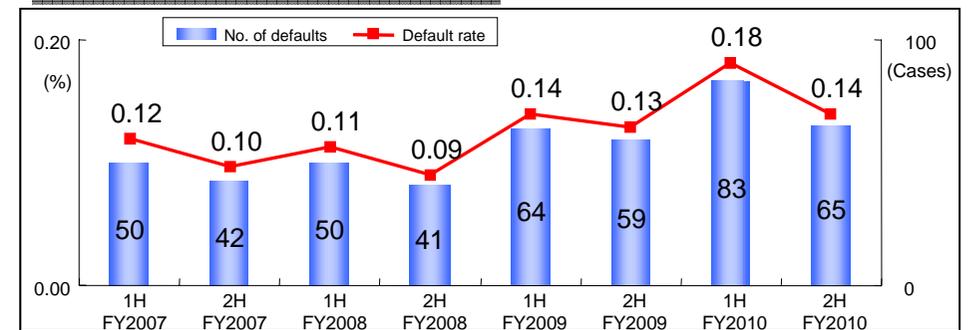
Composition of New Housing Loans Actually Made by Rating System



New Housing Loans Actually Made



Housing Loan Defaults



Effective Application of Corporate Resources

<Key Initiatives>

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

(Established in November 2010)

Priority



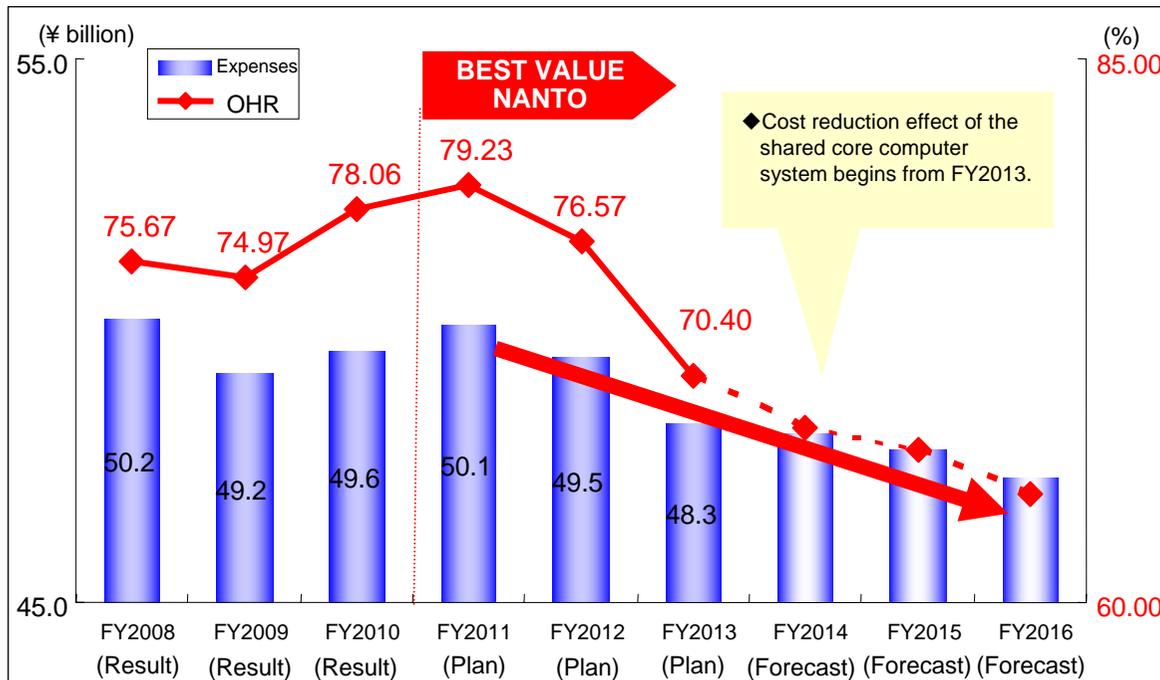
Importance

<Purpose>

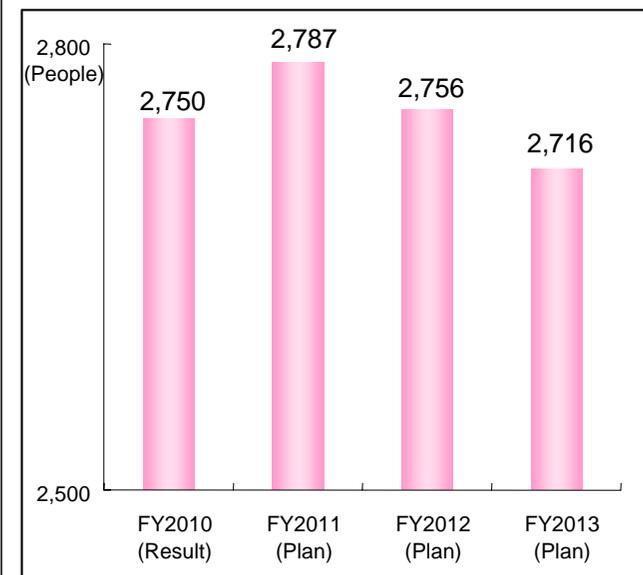
Improve Profitability and Efficiency

- Strengthen sales capabilities
- Streamline operations

Change in Expenses



Change in Personnel (during Medium-term Management Plan)



Appendix

Profile of the Nanto Bank	Appendix-1
Number of Population and Households in Nara Prefecture	Appendix-2
Industrial Production Index and Business Sentiment among Local Companies	Appendix-3
Capital Investment Trend	Appendix-4
Personal Spending and Employment Conditions	Appendix-5
Business Bankruptcy and Housing Starts	Appendix-6
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Efforts to Improve Customer Satisfaction	Appendix-12
Continuously Promote CSR	Appendix-13
Post 1300 th Anniversary of Nara Heijo-kyo Capital	Appendix-14

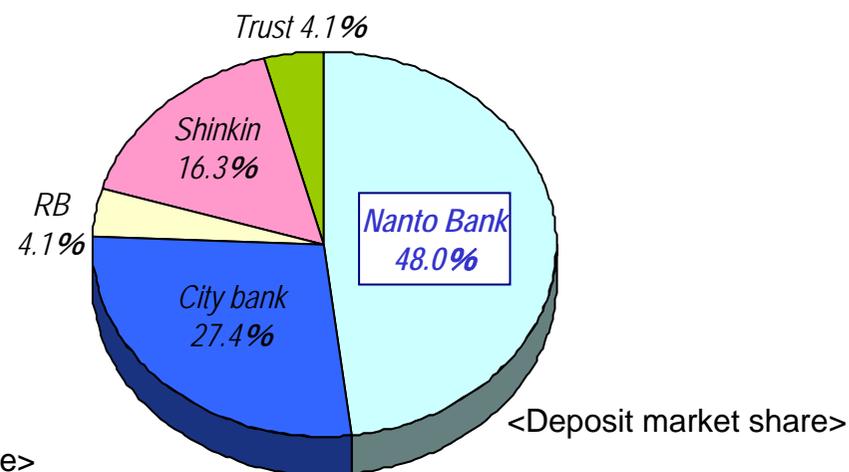
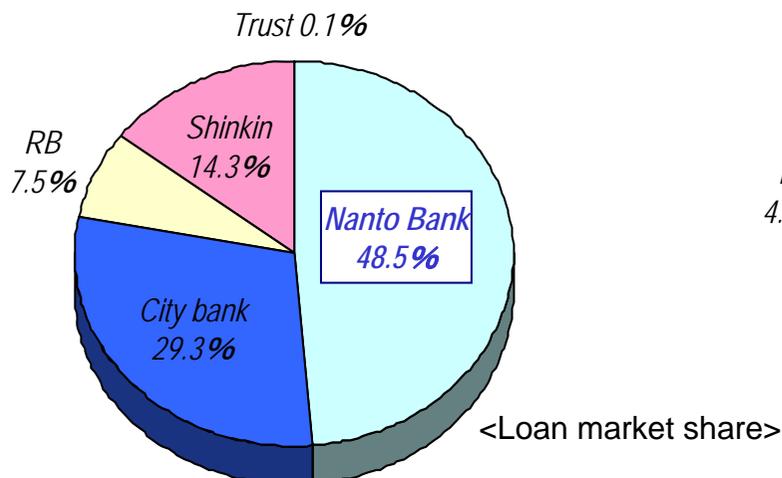
Profile of the Nanto Bank

- | | |
|--|---|
| 1. Founded | June 1, 1934 |
| 2. Location of head office: | 16 Hashimoto-cho, Nara City |
| 3. Capital | ¥29,249 million |
| 4. Number of employees | 2,750 |
| 5. Number of offices | 132 (Japan, inclusive of 2 representative offices),
2 (representative offices in Hong Kong and Shanghai) |
| 6. Total assets | ¥4,597.8 billion |
| 7. Deposits outstanding | ¥4,128.0 billion |
| 8. Outstanding loans | ¥2,720.3 billion |
| 9. Capital adequacy ratio | Non-consolidated: 11.46%
Consolidated: 11.74% |
| 10. Deposit and loan market share in Nara Prefecture | |

(As of March 31, 2011)



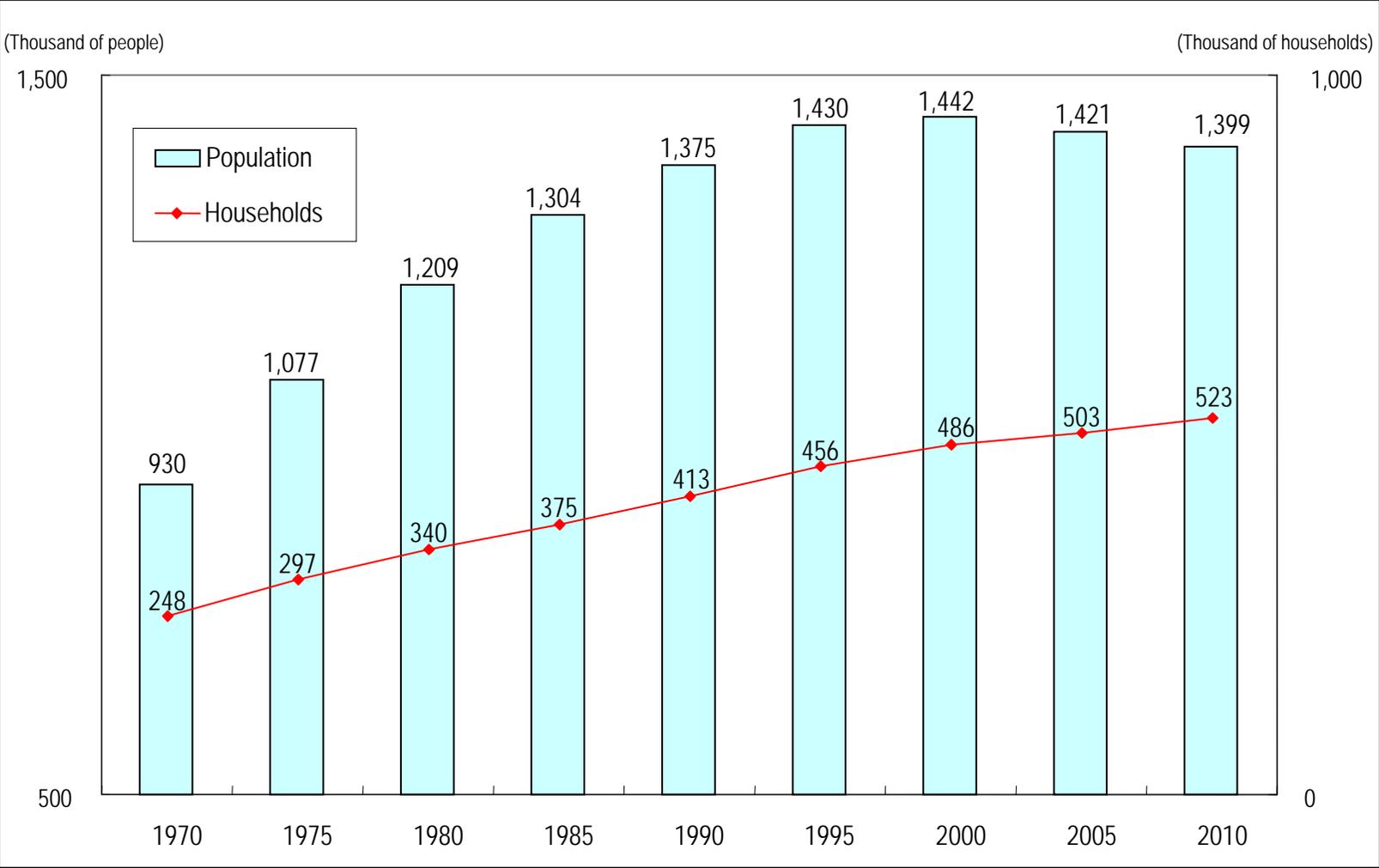
(Head Office)



Total number of commercial banks, trust banks, and shinkin banks in Nara Prefecture. (excluding agricultural cooperatives, postal savings)

Number of Population and Households in Nara Prefecture

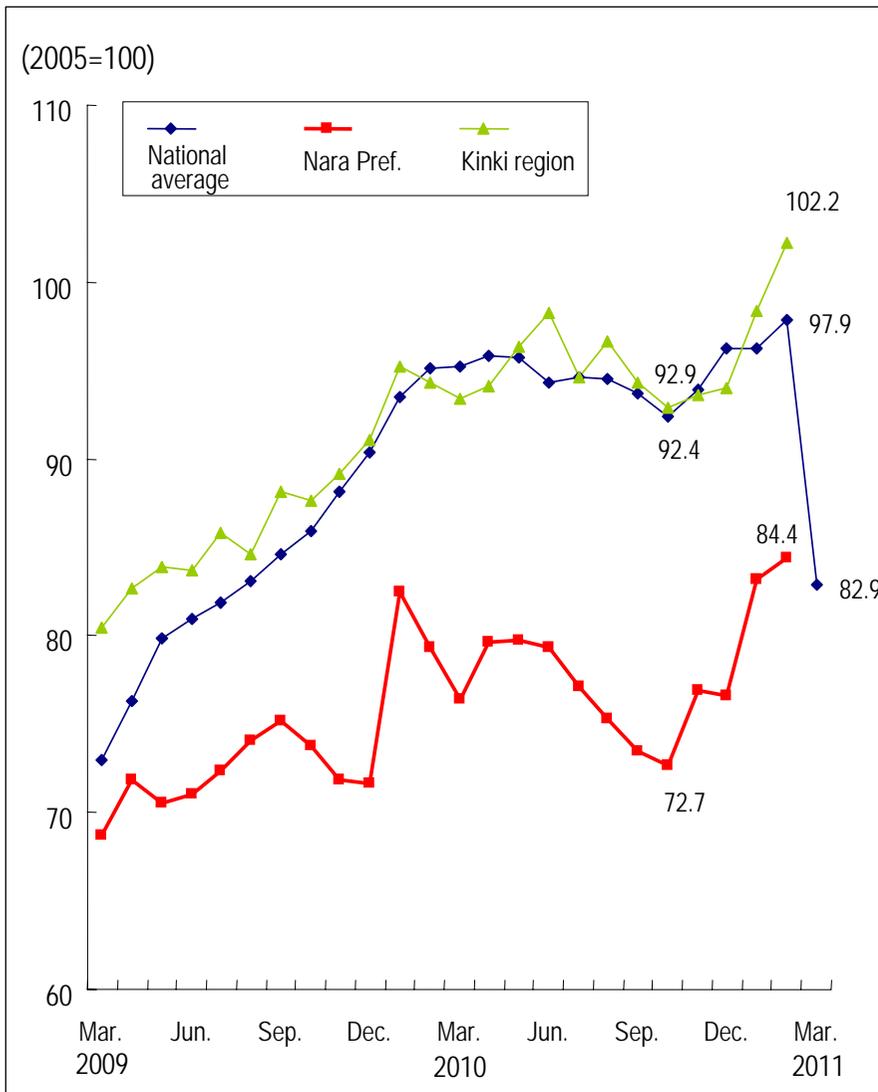
The population of Nara Prefecture is declining from its 1.44 million peak in 2000 to 1.39 million in 2010. However, with the trend toward nuclear families, the number of households had increased to 520,000 over the same period



[Source: 2010 Population Census (Quick Estimation)]

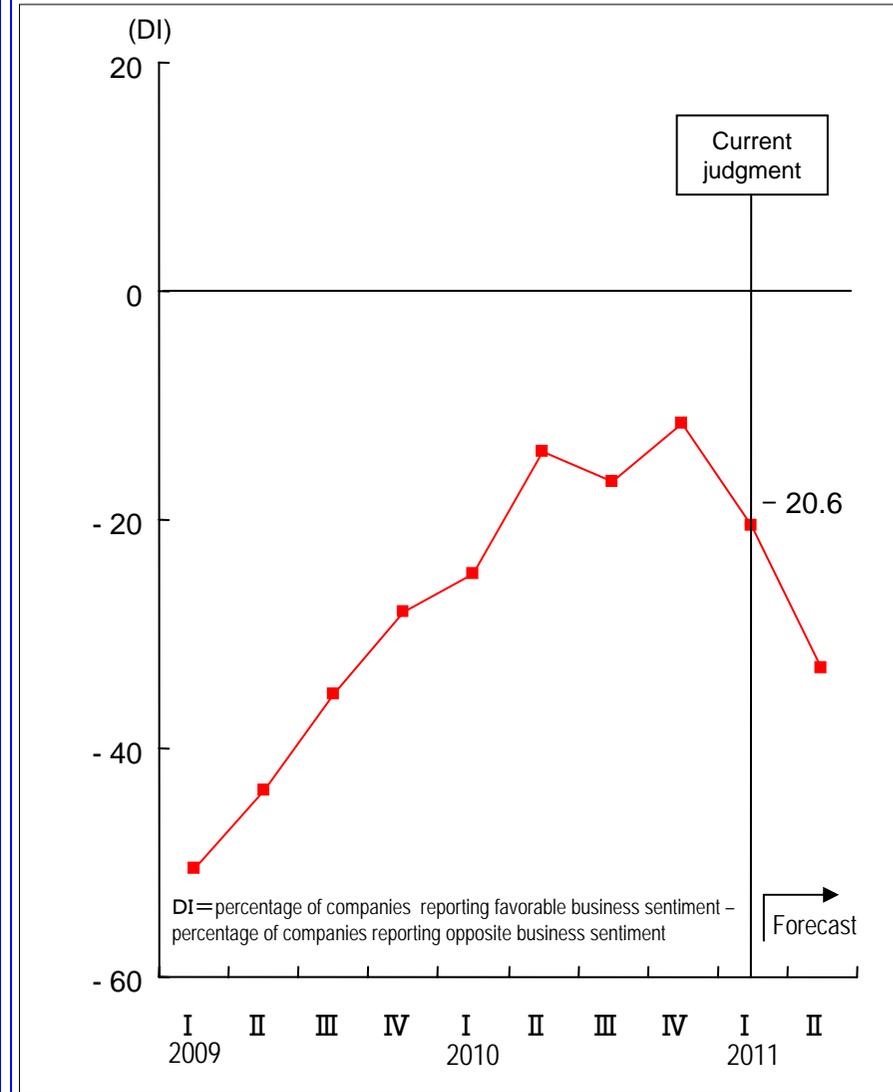
Industrial Production Index and Business Sentiment among Local Companies

Industrial Production Index



[Source: Ministry of Economy, Trade and Industry, Kinki Bureau of Economy, Trade and Industry, Nara Prefecture]

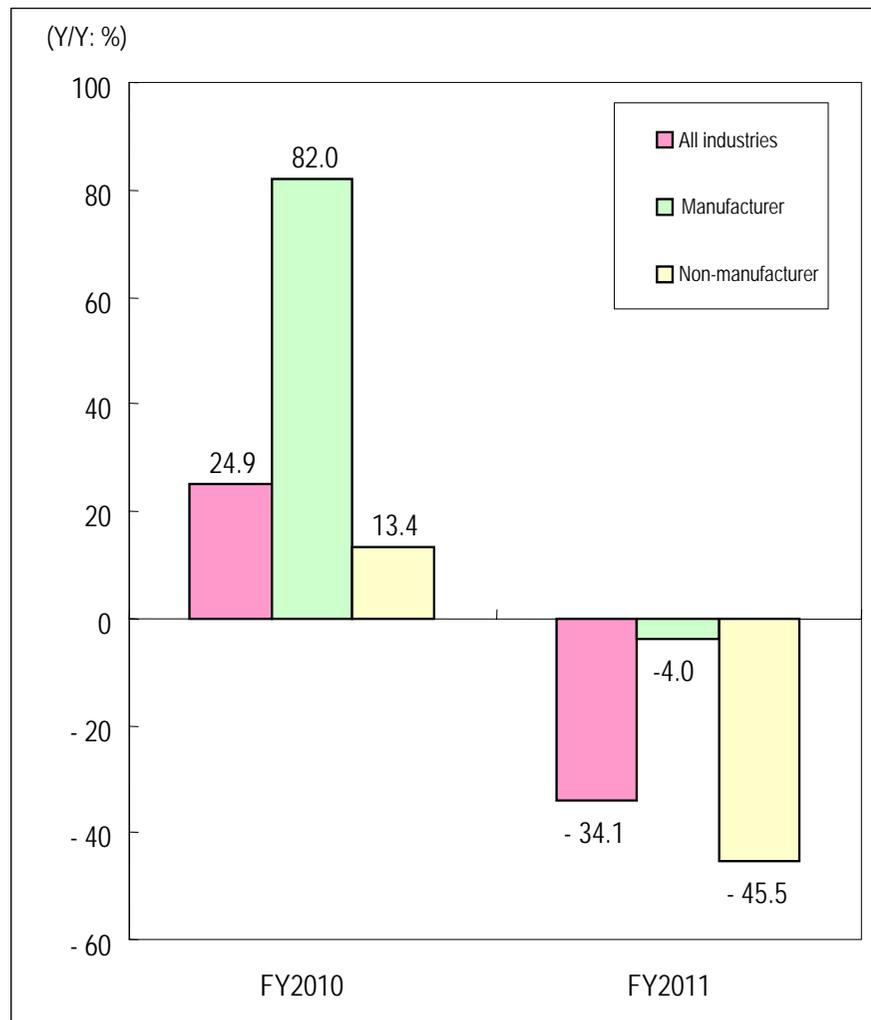
Business Conditions DI for Local Companies



[Source: Nanto Economic Research Institute]

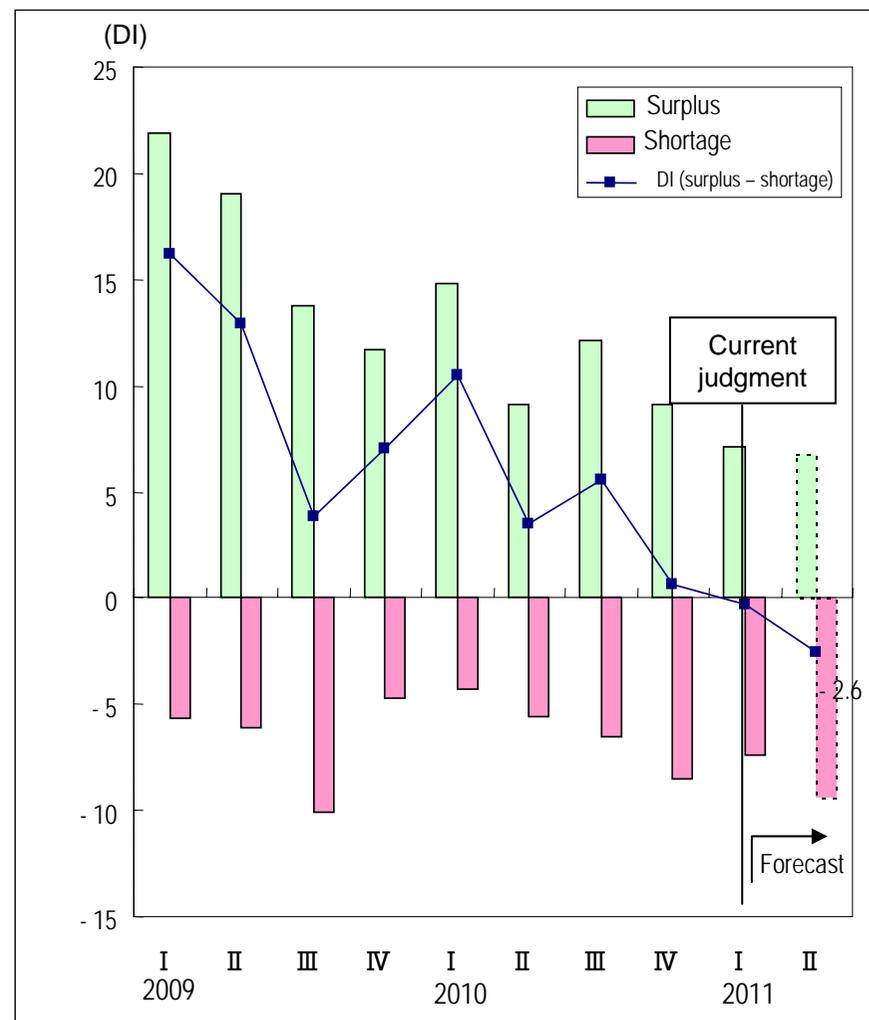
Capital Investment Trend

Corporate Capital Investment Plan in Nara



[Source: Nara Finance Office Kinki Finance Bureau Ministry of Finance]

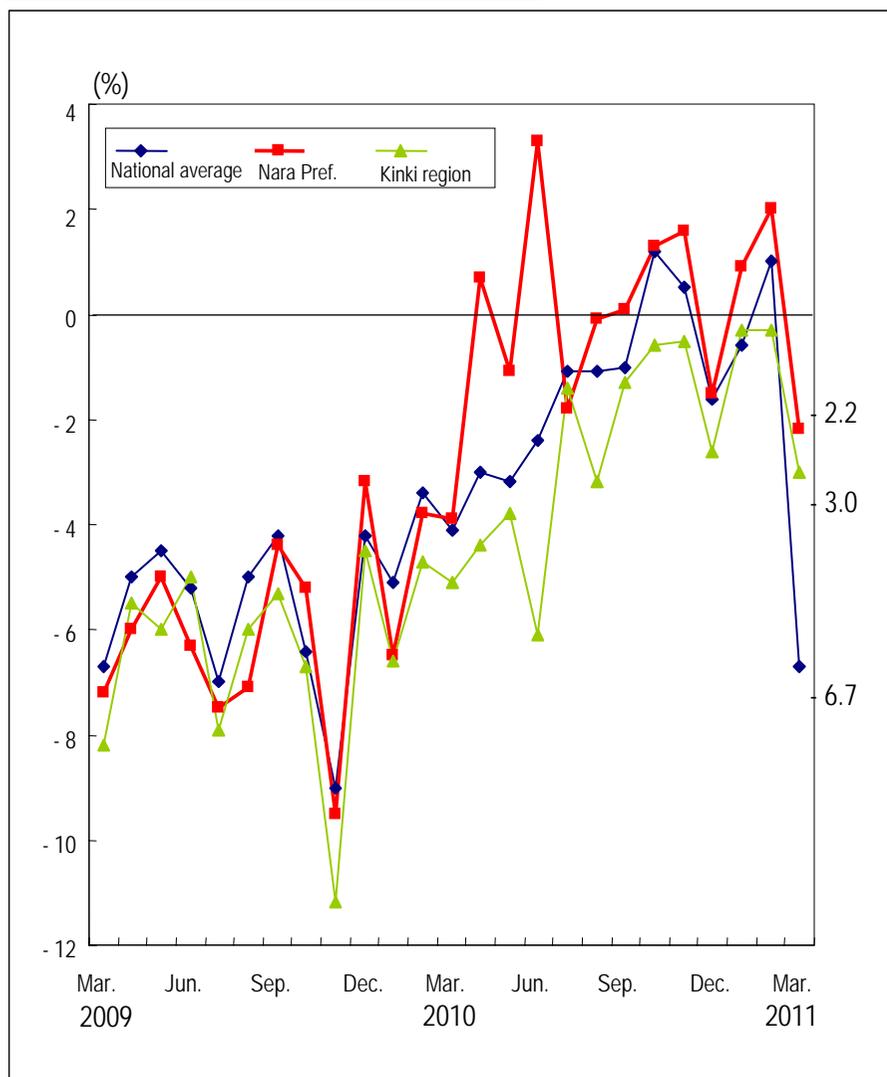
Production/Business Equipment DI for Local Companies



[Source: Nanto Economic Research Institute]

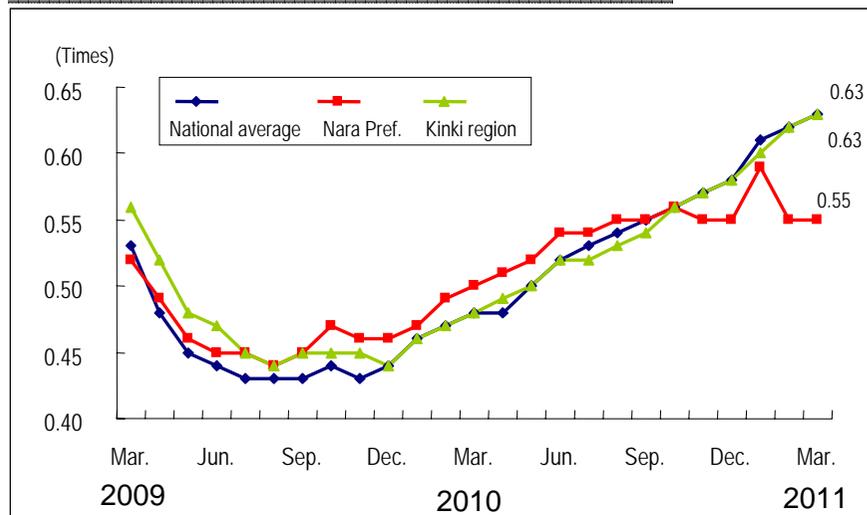
Personal Spending and Employment Conditions

Sales in Mass Merchandisers



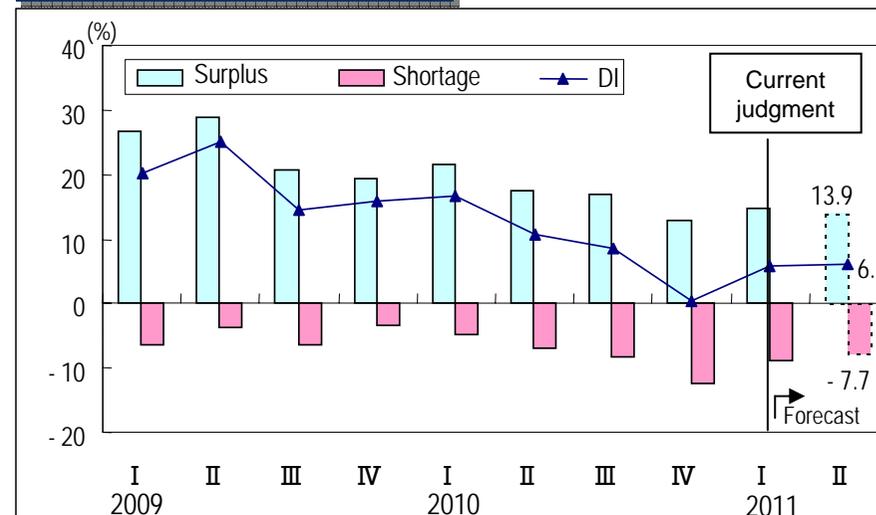
[Source: Ministry of Economy, Trade and Industry, Kinki Bureau of Economy, Trade and Industry]

Effective Ratio of Job Offers to Applicants



[Source: Ministry of Health, Labor and Welfare]

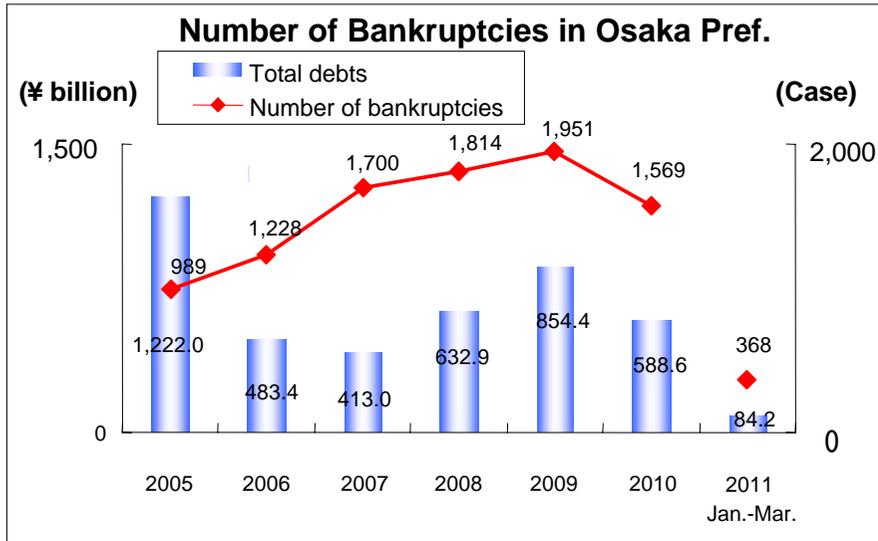
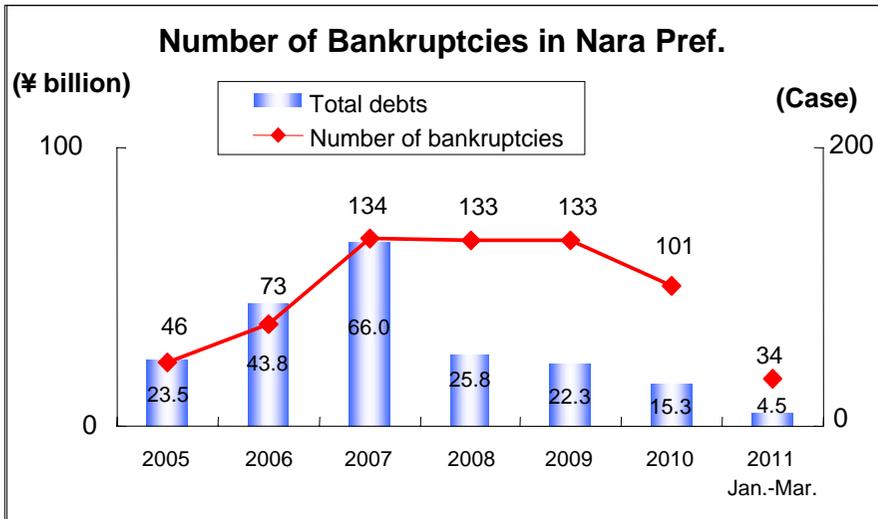
Employment DI



[Source: Nanto Economic Research Institute]

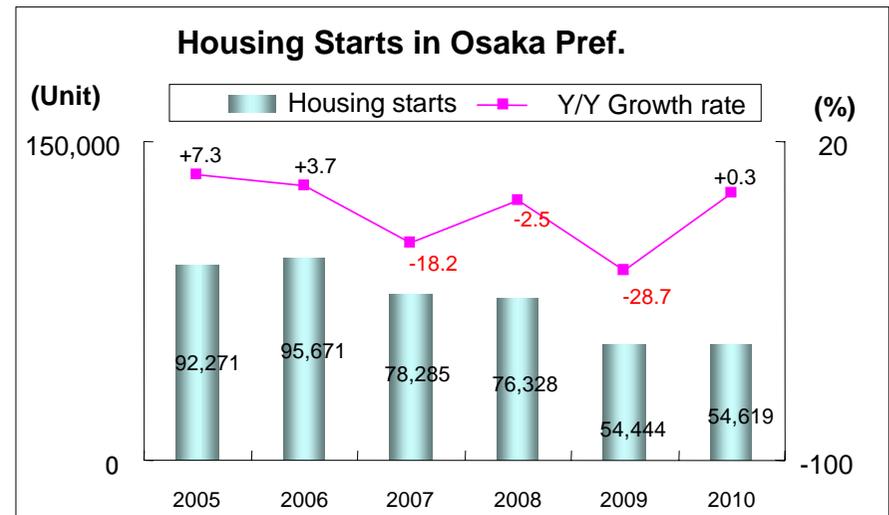
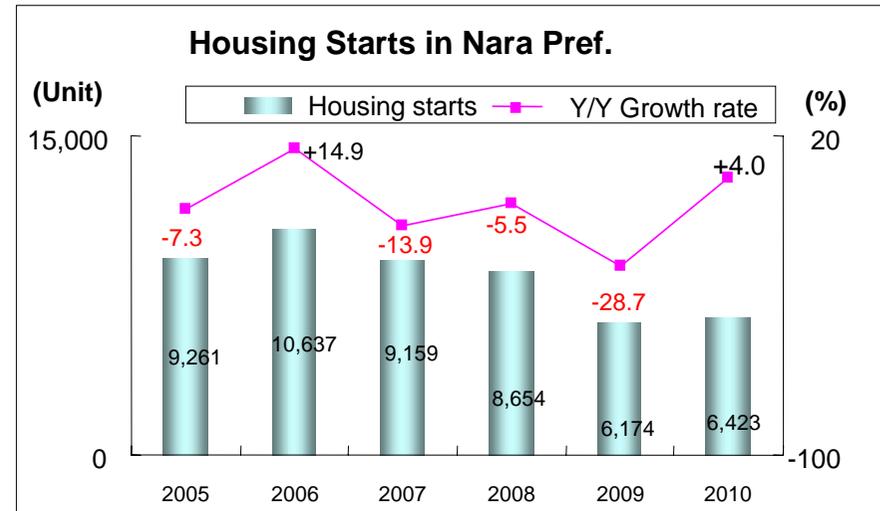
Business Bankruptcy and Housing Starts

Bankruptcies



[Source : Teikoku Databank]

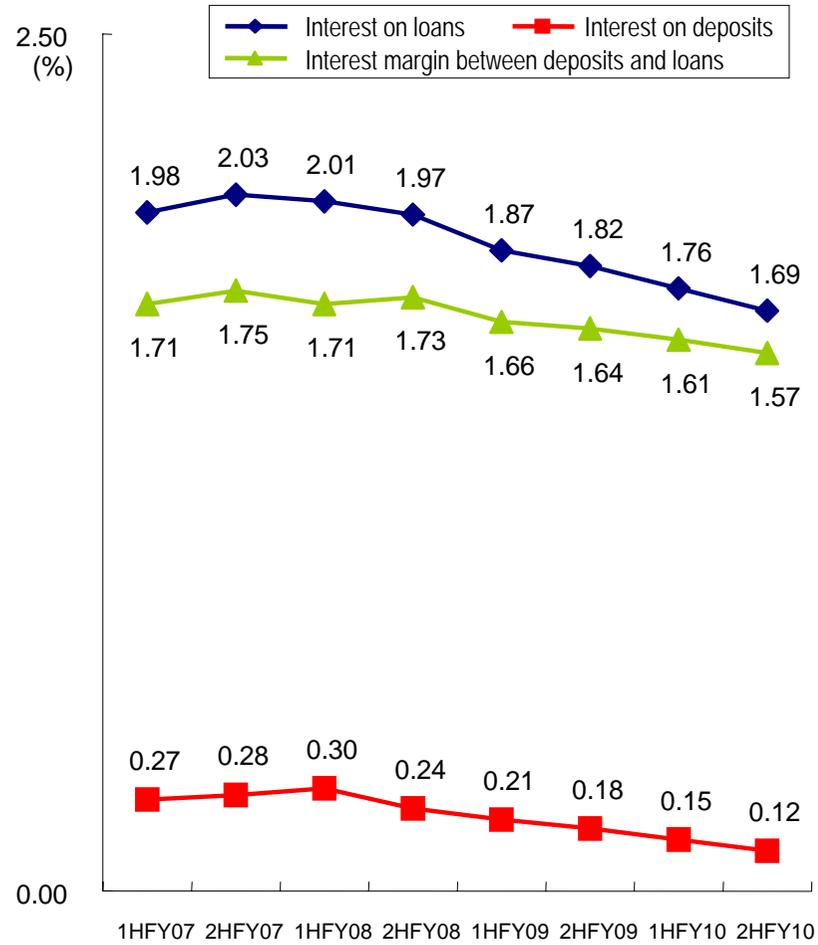
Housing Starts



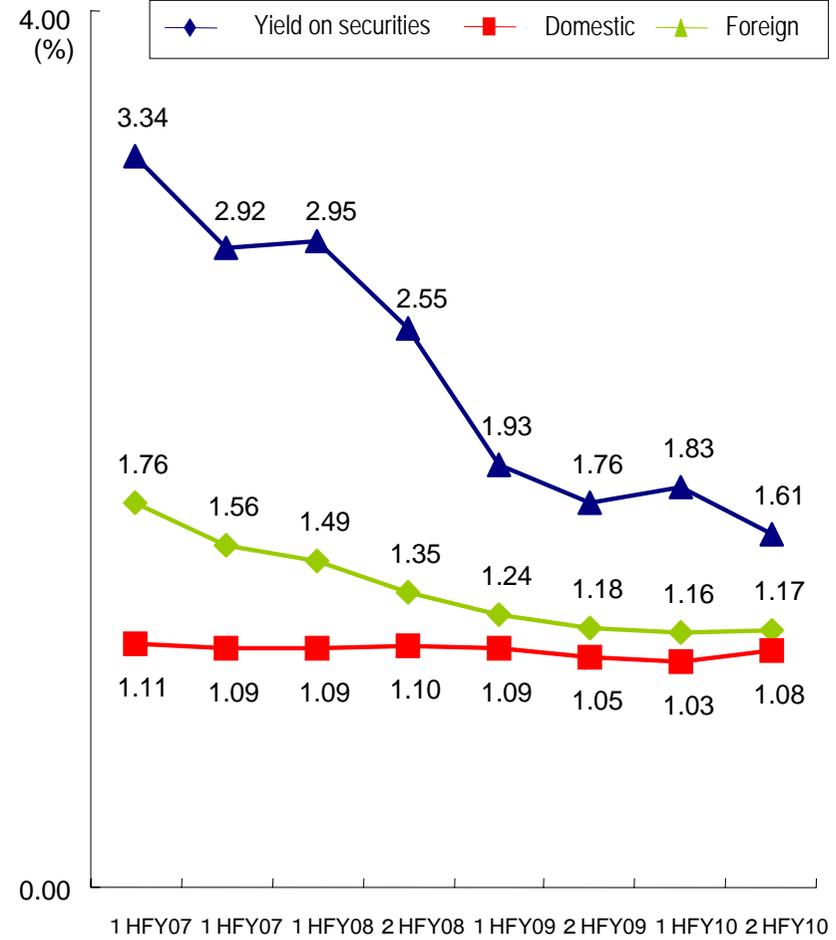
[Source : Ministry of Land, Infrastructure, Transport and Tourism]

Various Interest Rates

Interest on Deposit and Loan



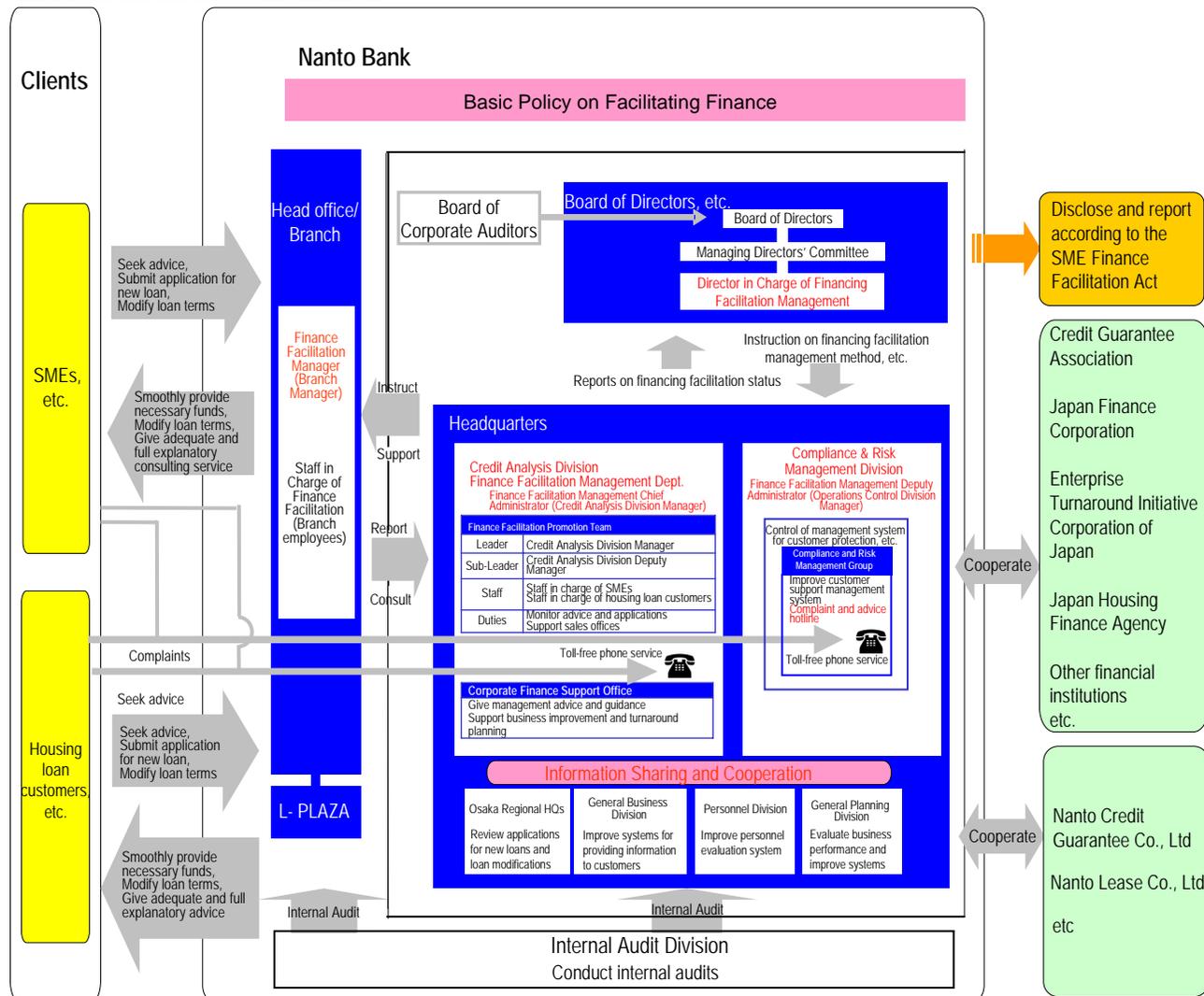
Yield on Securities



Smooth Financing for Small and Medium Enterprises (SMEs)

◆ Based on the idea that our mission is to smoothly respond to local financing needs and fully live up to the role of a financial intermediary, it has long been our practice to flexibly respond to payment extension and other requests based on the circumstances of individual clients.

Bank Operations Flow Chart



Response to the SME Finance Facilitation Act

Small and Medium Enterprises (SMEs)

	Total accumulated as of Mar.31, 2011			
	SMEs customers	Number	To application	Amount (¥ million)
Total application	3,752	7,506	100.0%	220,523
Accepted	3,208	6,348	84.6%	187,160
Rejected	141	348	4.6%	13,966
Under inspection	281	618	8.2%	14,941
Turnaround plan	122	192	2.6%	4,454

Housing Loan Customers

	Total accumulated as of Mar.31, 2011			
	SMEs customers	Number	To application	Amount (¥ million)
Total application	605	644	100.0%	11,386
Accepted	363	384	59.6%	6,636
Rejected	64	68	10.6%	1,382
Under inspection	47	53	8.2%	845
Turnaround plan	131	139	21.6%	2,522

Ratio of Loans by Industry

Loans Outstanding by Industry

(¥ billion)	End of Mar. 2010	End of Mar. 2011	Change from end of Mar. 2010
Total lending volume	2,742.5	2,720.3	-22.2
Manufacturing	477.7	460.6	-17.1
Agriculture and forestry	4.9	4.4	-0.4
Fishery	2.8	3.1	0.3
Mining, stone and gravel quarrying	6.3	6.9	0.5
Construction	108.4	96.5	-11.9
Electric, gas, heat supply and water utility	9.8	12.5	2.6
Information communication	15.3	17.0	1.6
Transportation and postal service	81.8	77.9	-3.9
Wholesaling and retailing	281.7	282.5	0.7
Finance and insurance	118.3	124.3	6.0
Real estate and leasing	299.4	301.0	1.6
Services	158.8	155.4	-3.4
Local public entity	363.4	358.3	-5.1
Others	813.2	819.4	6.1

Ration of Loans by Industry

(%)	End of Mar. 2010	End of Mar. 2011	Change from end of Mar. 2010
Total lending volume	100.00	100.00	
Manufacturing	17.42	16.93	-0.49
Agriculture and forestry	0.18	0.16	-0.02
Fishery	0.10	0.11	0.01
Mining, stone and gravel quarrying	0.23	0.25	0.02
Construction	3.95	3.55	-0.41
Electric, gas, heat supply and water utility	0.36	0.46	0.10
Information communication	0.56	0.62	0.07
Transportation and postal service	2.98	2.86	-0.12
Wholesaling and retailing	10.27	10.38	0.11
Finance and insurance	4.31	4.57	0.26
Real estate and leasing	10.92	11.06	0.15
Services	5.79	5.71	-0.08
Local public entity	13.25	13.17	-0.08
Others	29.65	30.12	0.47

Shift in Classification of Debtors

<End of September 2010>

- ◆ Total credit (loans): ¥2,743.5 billion (decrease of ¥25.2 billion from Mar. 31, 2010)
- ◆ Loans to normal debtors: ¥2,440.2 billion (decrease of ¥21.8 billion from Mar. 31, 2010)
- ◆ Loans to debtors requiring caution and Substandard debtors: ¥234.3 billion (decrease of ¥4.7 billion from Mar. 31, 2010)
- ◆ Loans to potentially bankrupt debtors and lower: ¥68.9 billion (increase of ¥1.3 billion from Mar. 31, 2010)

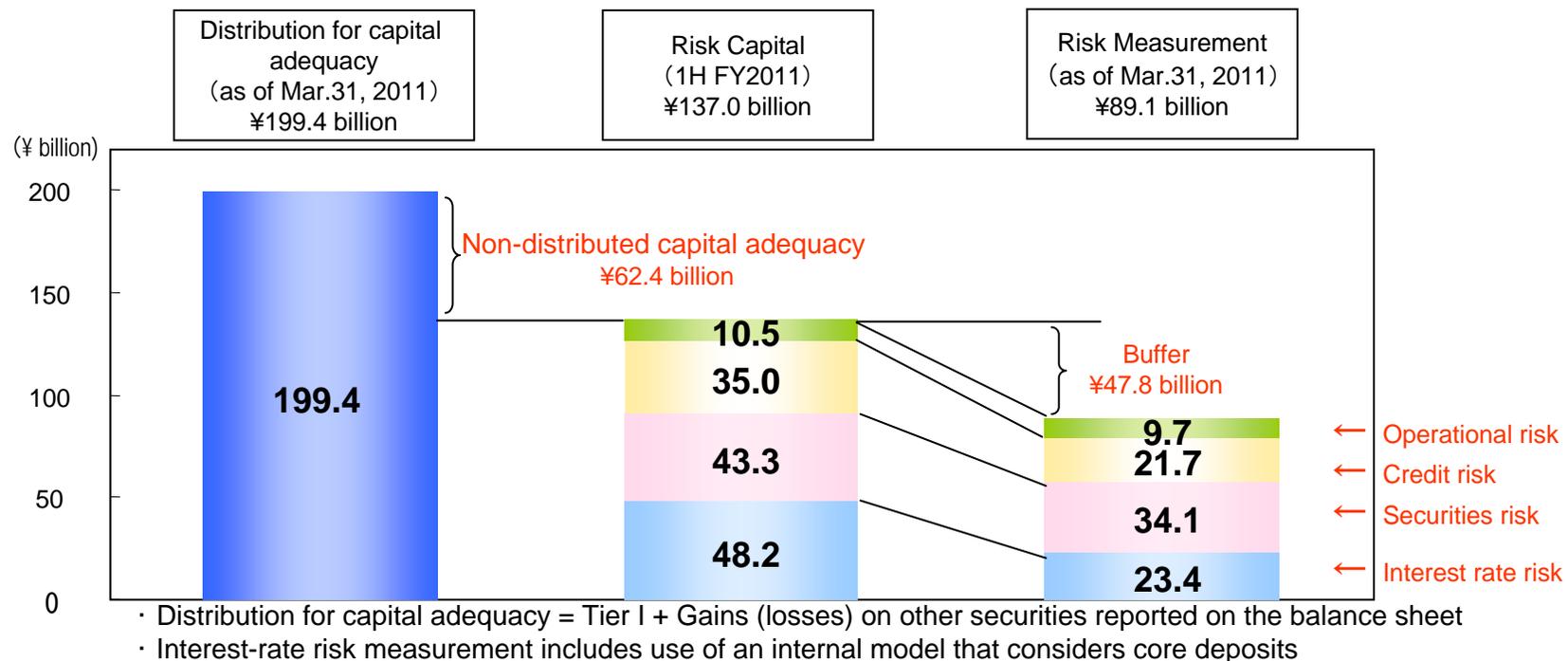
(¥ billion)

	(Subject: Credit related claimable assets such as loans)	Balance (As of March 31, 2010) a	As of March 31, 2011					For collection or write-offs g
			Normal assets b	Assets requiring caution c	Substandard assets d	Potentially bankrupt assets e	Bankrupt and effectively bankrupt assets F	
1	Normal debtors	2,462.1	2,306.1	42.1	5.8	4.9	1.6	101.3
2	Debtors requiring caution	213.2	16.2	161.0	2.5	12.0	0.6	20.7
3	Substandard debtors	25.9	0.9	3.6	14.8	3.2	0.2	2.8
4	Potentially bankrupt debtors	54.0	0.2	3.6	0.0	36.2	1.9	11.9
5	Bankrupt and effectively bankrupt debtors	13.5	0.0	0.3	0.0	0.6	6.8	5.7
6	New debtors	0	116.6	0.2	0.0	0.3	0.0	0.0
7	Total	2,768.8	2,440.2	211.0	23.2	57.4	11.4	142.6

Change over End of March 2011					
Normal assets	Assets requiring caution	Substandard assets	Potentially bankrupt assets	Bankrupt and effectively bankrupt assets	Fore collection of write-offs
-21.8	-2.1	-2.6	3.3	-2.0	-25.2

Total Risk Management

Total Risk Management



<Risk Measurement Method>

	Measurement Approach	Confidence Level	Holding Period	
Credit risk	V a R	99%	1 year	
Securities risk	Net investment stock	V a R	99%	60 business days
	Stocks held for strategic purposes	V a R	99%	120 business days
Interest rate risk etc.	Interest rate, foreign exchange, investment trust	V a R	99%	60 business days
	Short-term trade	V a R	99%	10 business days
Operational risk	Fundamental method			

Efforts to Improve Customer Satisfaction

Main Efforts for CS Improvement

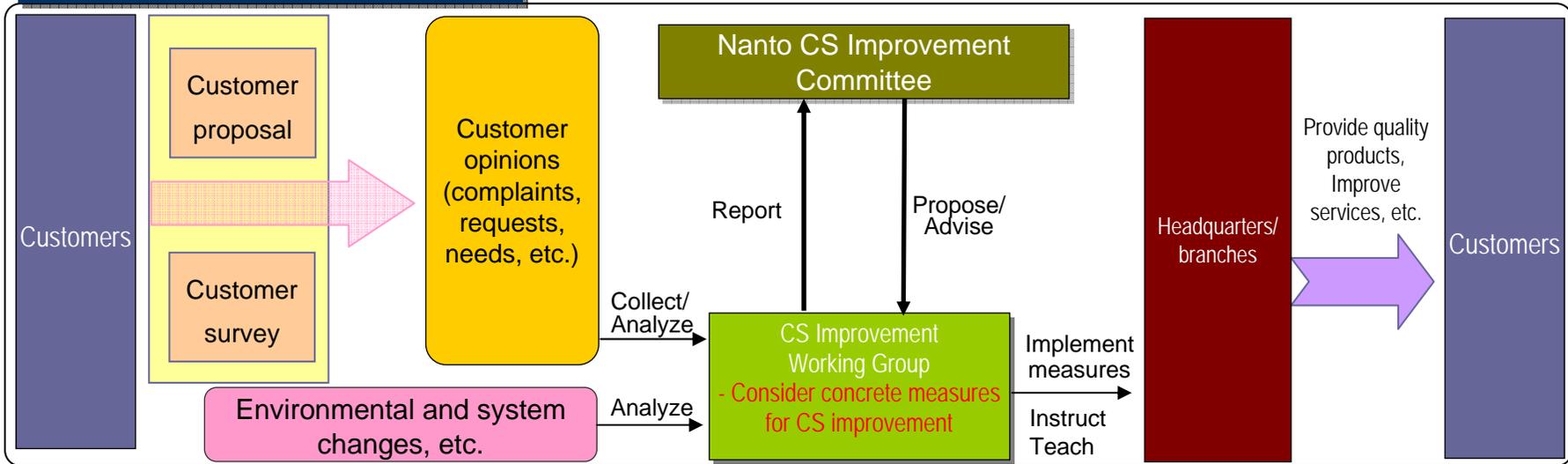
■ Implementing CS improvement measures through the Nanto CS Improvement Committee established in April 2009.

Also, implementing the tenets of the CS Declaration, announced in October 2009

- Initiatives to improve basic CS approaches (began 1H FY2005)
- CS training (began 2H FY2009)
- Increase in installations of multimedia information display systems (began 1H FY2010)
- Thorough training of part-time lobby staff (began 2H FY2009)
- Revamping of branch sales systems (began 1H FY2010)
- Branch surveys (began 2H FY2009)
- Customer surveys
- “Smile” initiative at all branches (2H FY2009)
- Role-playing sessions (began May 2011)



CS Improvement Approach



Continuously Promote CSR

■ Nanto Bank has committed to advancing community contribution activities in perpetuity as one of the basic policies of its medium-term management plan, and as a bank that grows together with the communities it serves, we will use our corporate resources to meet our corporate social responsibilities by continuously working to promote the development of local communities and economies, and protecting the environment

Main Efforts

Give support to “Yoshino Heart Project”

- From various angles, give support to this project aiming at activation of forestry and conservation of forest by provoking the demand for Yoshino Japanese cedar and cypress.
 - Expand the demand for chop sticks fabricated in Yoshino through the disposal chop sticks carrying advertisements.
 - Expand utilization of forest thinnings through the fabrication of “Yoshino 3.9 paper”
 - Cooperate with “Daily life tools design competition”
 - Establish a Yoshino-related antenna shop in Toranomon, Tokyo



Sales of “Yoshino” Cherry Tree Time Deposits

■ The shiroyamasakura (cherry) trees of Yoshinoyama (Yoshino-cho, Nara Prefecture), a World Heritage site, have been showing signs of decline such as dieback, in recent years. To protect these trees, numbering approximately 30,000 in total, Nanto Bank participated as a special member of the Yoshino Cherry Tree Preservation Group, established through government and private sector cooperation. We established the Yoshino Cherry Tree Time Deposit (campaign running from January 4 - April 15, 2011) to help protect these cherry trees and donated 0.01% of the total deposits collected (¥30 billion), or ¥3 million, to the preservation group's Cherry Tree Contribution Drive.



Financial and Economics Education Initiatives

- Nanto Bank sends employees to local junior high and other schools as lecturers, conducts bank tours for students, sponsors the Nara regional competition for the National Finance and Economics Quiz for High School Students, and promotes financial and economics education at the local level in other ways, as well.
- In September 2010, Nanto Bank hosted 10 students from Nara Women's University for a five-day internship program focusing on CSR-related training.

CSR Assessment by External Organizations

- ☆UK FTSE Group: The FTSE added Nanto Bank as one of the companies making up the SRI “FTSE4Good” index in 2008
- ☆Kinki Local Finance Bureau: Recognized Nanto Bank’s support for the “Yoshino Heart Project” in 2009
- ☆Governor of Nara Prefecture: Presented the Nanto Nara Support Group, volunteers consisting of Nanto Bank retirees, with a letter of thanks for their historical interpretation work in 2010
- ☆Kinki Regional Agricultural Administration Office: Presented Nanto Bank with the Regional Office Manager's Award for its participation in the Kinki Local Production Local Consumption Food Service Menu Contest in 2010

Post 1300th Anniversary of Nara Heijo-kyo Capital

Effects of the 1300th Anniversary of Nara Heijo-kyo Capital

<Overview of Project>

- Period: January 1, 2010 to December 31, 2010
(Heijo Palace Site: April 24 to November 7)
- Locations: Heijo Palace Site as well as other sites in Nara Prefecture and throughout Kansai region
- Projects: 1)Heijo Palace Site projects 2)Projects within Nara Prefecture
3)Related wide-area projects 4)Lead-up projects



☆Economic percussion
Nation-wide Approx. ¥321.0billion
Within Nara pref. Approx. ¥97.0billion
☆Employment 25,000 new jobs created
☆Total number of attendants 21.4 million

■ How Nanto Bank, Ltd. Cooperated

- Issued commemorative time deposits “Nanto de Sento” to animate “1300th Anniversary of Nara Heijo-kyo Capital” (May 27, 2010- Sep.10, 2011)
- “Nanto Nara supporters” composed of Nanto Bank retirees was sent to “Showing of Treasures of Shrines and Temples and the Hibutsu (Hidden Buddha)” as volunteer guides
- Cooperated to raise awareness of “1300th Anniversary of Nara Heijo-kyo Capital” through TV commercials (weather forecasts)



Post 1300th Anniversary

Nara Prefecture's Basic Strategy

1. Under the theme of “Tour Nara,” work to boost Nara’s attractiveness as a multidimensional tourism destination.
(Key Elements) Improvements to Nara Park and surrounding area, strengthening of Nara’s historical display capabilities, promotion of Nara cuisine, etc.
2. Abandon the idea of “off-season” and make Nara into a year-round tourist destination.
(Key Elements) Attraction of conventions, use of sporting events to bring visitors, etc.
3. Effectively communicate the depth of Nara’s attractiveness.
(Key Elements) Attraction of visitors from the Tokyo metropolitan area, information dissemination via various tools, establishment of the Kojiki, Nihonshoki, and Manyoshu Project, etc.

Examples of Key Element Development

- Strengthening of Nara’s Historical Display Capabilities
Impress visitors to Nara Prefecture by helping them discover the significance of Nara’s history by providing them with historical interpretations of artifacts, craft and artistic works, etc.
- The Kojiki, Nihonshoki, and Manyoshu Project
In the lead up to 2012, the 1300th anniversary of the completion of the Kojiki, this project will consider projects that make use of Kojiki, Nihonshoki, and Manyoshu and local folklore

Nanto Bank’s initiative as a local financial institution

☆ Under the leadership of the Tourism Planning Office in the Value Creation Division, consider ways to involve the “Nanto Nara Support Group” ‘s volunteer guides (Nanto Bank retirees) in projects that promote the “Post 1300th Anniversary” concept

In this material, we refer to the future performance of the bank.
However, these descriptions do not guarantee the performance mentioned in the material and include risks and uncertainties.
Please be aware that the future performance mentioned in this material may change from the targets as a result of, for example, changes in the operating environment.

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