

Information Meeting

—The Year Ended March 2018—



THE NANTO BANK, LTD.

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I. About the Nanto Bank, Ltd.

1. Profile of the Nanto Bank

(as of March 31, 2018)

1. Founded	June 1, 1934
2. Location of head office	16 Hashimoto-cho, Nara City
3. Capital	¥37,924 million
4. Number of employees	2,624
5. Number of offices	140 (Japan) 2 (representative offices in Hong Kong and Shanghai)
6. Total assets	¥5,791.7 billion
7. Deposits outstanding	¥4,850.9 billion
8. Outstanding loans	¥3,340.8 billion
9. Capital adequacy ratio	Non-consolidated: 9.64% Consolidated: 9.88%
10. Market share in Nara Prefecture	Loans: 49.7% Deposits: 48.9%
11. External credit rating	“A” (Stable) from JCR “A-” (Stable) from R&I

Corporate Philosophy

- (i) Pursue sound and efficient management
- (ii) Provide superior comprehensive financial services
- (iii) Contribute to regional prosperity
- (iv) Strive to become a highly reliable, friendly and attractive bank

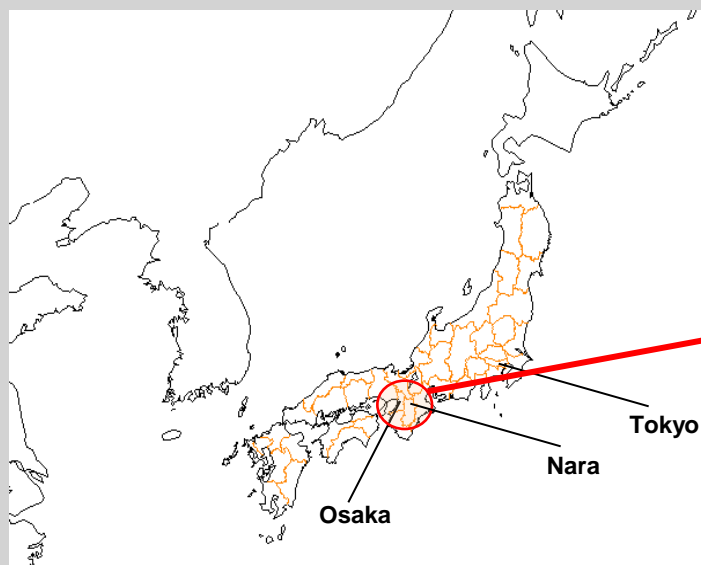


(Head Office)

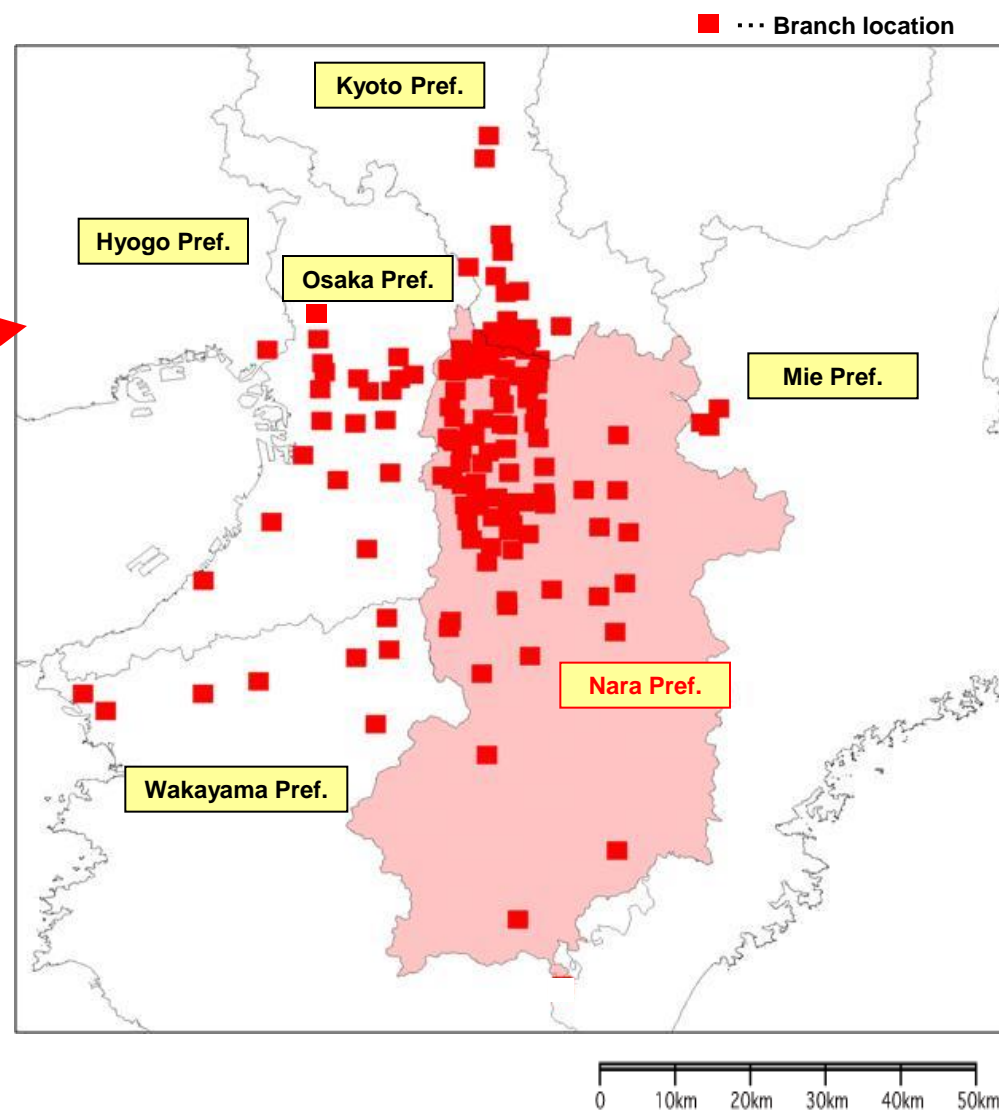
2. Operating Areas of the Bank

Operating Areas of the Bank

<Map of Japan>



Our Network of Branches



Number of branches

(as of March 31, 2018)

	Headquarters and branches	Sub-branches	Agencies	Total
Nara Pref.	70	20	2	92
Wakayama Pref.	6	2	-	8
Kyoto Pref.	11	4	-	15
Mie Pref.	1	2	-	3
Osaka Pref.	20	-	-	20
Hyogo Pref.	1	-	-	1
Tokyo	1	-	-	1
Total	110	28	2	140

3. Summary of Nara Prefecture (1) History and Tourism Resources

History of Nara Prefecture

- Following the unification of Japan in ancient times, Nara was the country's capital up until the end of the Nara Period (from 710 to 794). It was home to many of Japan's existing cultural properties, such as Buddhist architecture.
- In Waka poems, Nara is referred to as the "Birthplace of Japan."

Abundant Tourism Resources

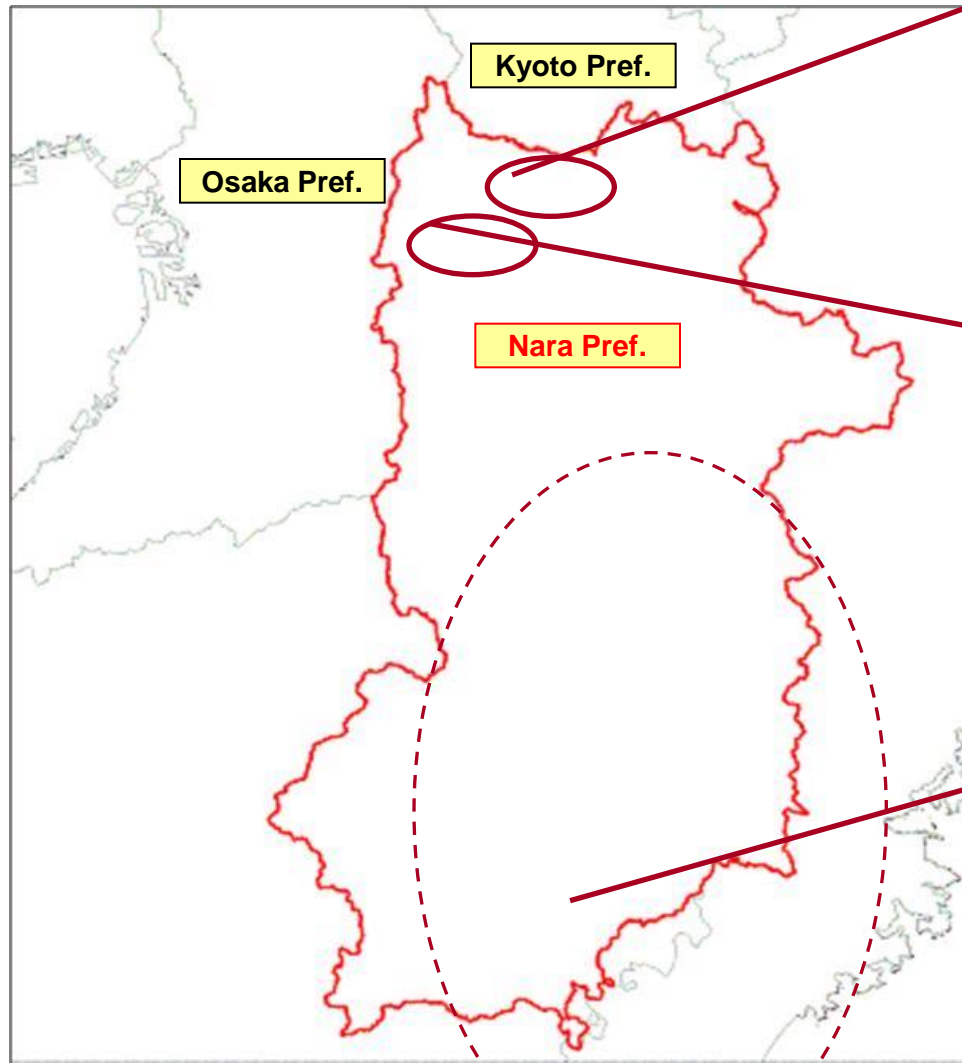
- Three World Heritage sites → Ranked top in Japan for the number of such sites
 - (i) Historic Monuments of Ancient Nara
 - (ii) Buddhist Monuments in the Horyu-ji Area
 - (iii) Sacred Sites and Pilgrimage Routes in the Kii Mountain Range
 - A total of 1,324 National Treasure and Important Cultural Property certifications (as of April 2018)
 - * Ranked third in the country, only behind Tokyo and Kyoto
- ⇒ In 2016, the annual number of foreign tourists visiting Nara was approximately 1.65 million.

★ Origin of the name Nanto Bank

- The Bank was named Nanto Bank when it was established in 1934 because Nara had long been referred to as "Nanto" (the South Capital) in reference to Kyoto.

3. Summary of Nara Prefecture (2) Three World Heritage Sites

Expanded Map of Nara Prefecture



(i) Historic Monuments of Ancient Nara

Nara, Nara Pref.

Registered in 1998 as a world heritage site

(ii) Buddhist Monuments in the Horyu-ji Area

Ikaruga-cho, Ikoma-gun, Nara Pref.

Registered in 1993 as a world heritage site

(iii) Sacred Sites and Pilgrimage Routes in the Kii Mountain Range

Nara Pref., Wakayama Pref. and Mie Pref.

Registered in 2004 as world heritage sites

3. Summary of Nara Prefecture (2) Three World Heritage Sites

(i) Historic Monuments of Ancient Nara

- **“Historic Monuments of Ancient Nara” are made up of the temples in Nara city. (Tôdai-ji, Kôfuku-ji, Kasuga-Taisha, Kasugayama Primeval Forest, Gangô-ji, Yakushi-ji, Tôshôdai-ji and the site of Heijô-kyo)**
- **During the Nara Period (from 710 to 794), many temples and shrines were built around the Heijô-kyo and the location served as the country’s capital. These “Historic Monuments of Ancient Nara” serve to illustrate the religious activities and lifestyle of the Nara Period.**

(ii) Buddhist Monuments in the Horyu-ji Area

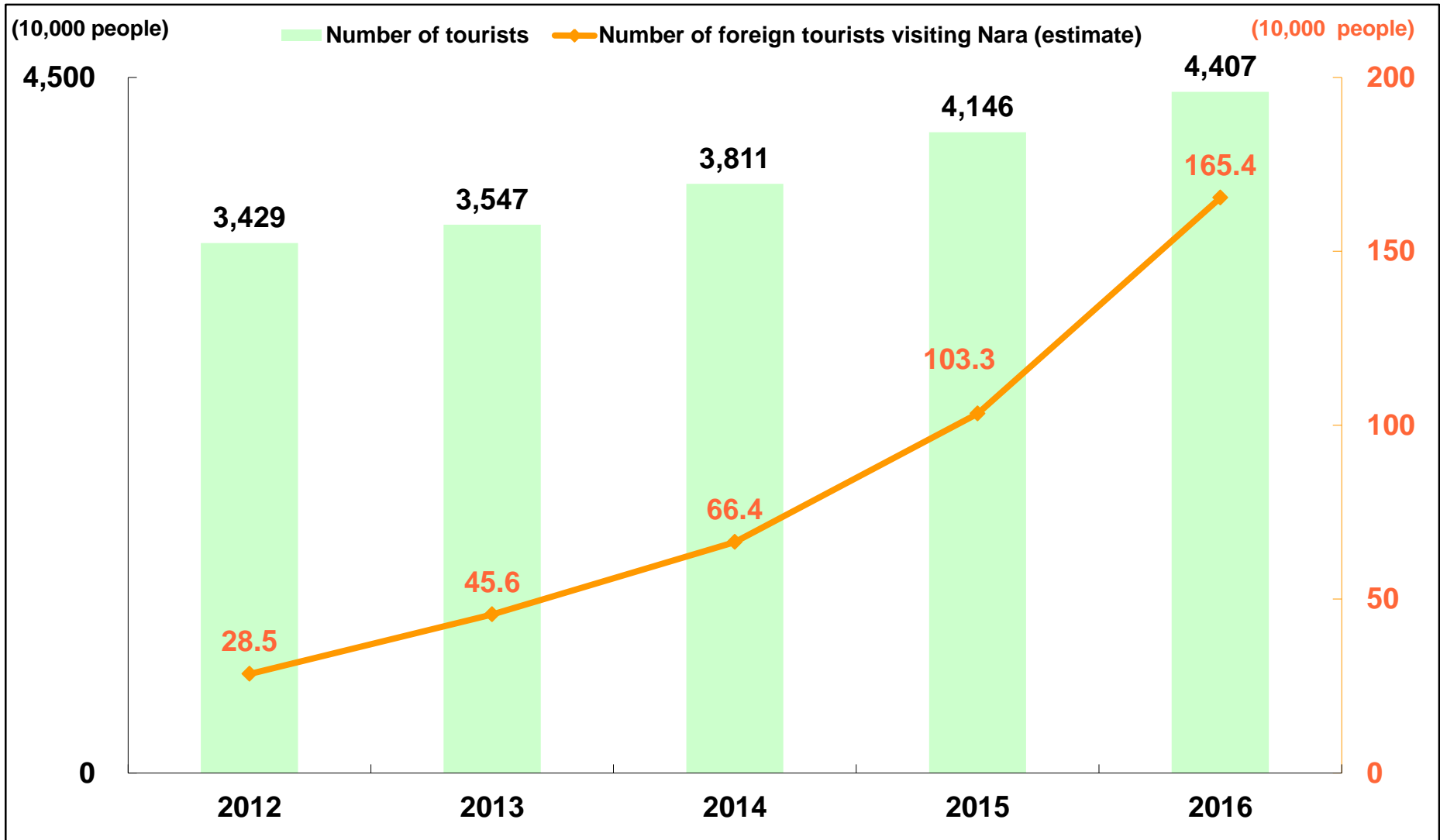
- **Wooden structures at the Horyu-ji and Hokki-ji Temples**
- **Built shortly after Buddhism arrived in Japan, these are among the nation’s oldest existing wooden structures. Combined with the structures built thereafter, they reveal how Japanese Buddhist architecture changed over time, and are thus praised as being masterpieces of Buddhist architecture.**

(iii) Sacred Sites and Pilgrimage Routes in the Kii Mountain Range

- **These World Heritage Sites span Nara Prefecture and the adjacent Mie and Wakayama Prefectures. The location contains three sacred sites: Yoshino and Omine; Kumano Sanzan; and Koyasan, connected by the pilgrimage routes Omine Okugakemichi, the Kumano Pilgrimage Routes and the Koya Pilgrimage Routes. It was here that nature worship-based religious practices from ancient Japan amalgamated with Buddhism, arriving from the continent, and resulted in the creation of many different forms of religion.**

3. Summary of Nara Prefecture (3) Number of Tourists

Number of Tourists Visiting Nara



[Source: Nara Prefecture]

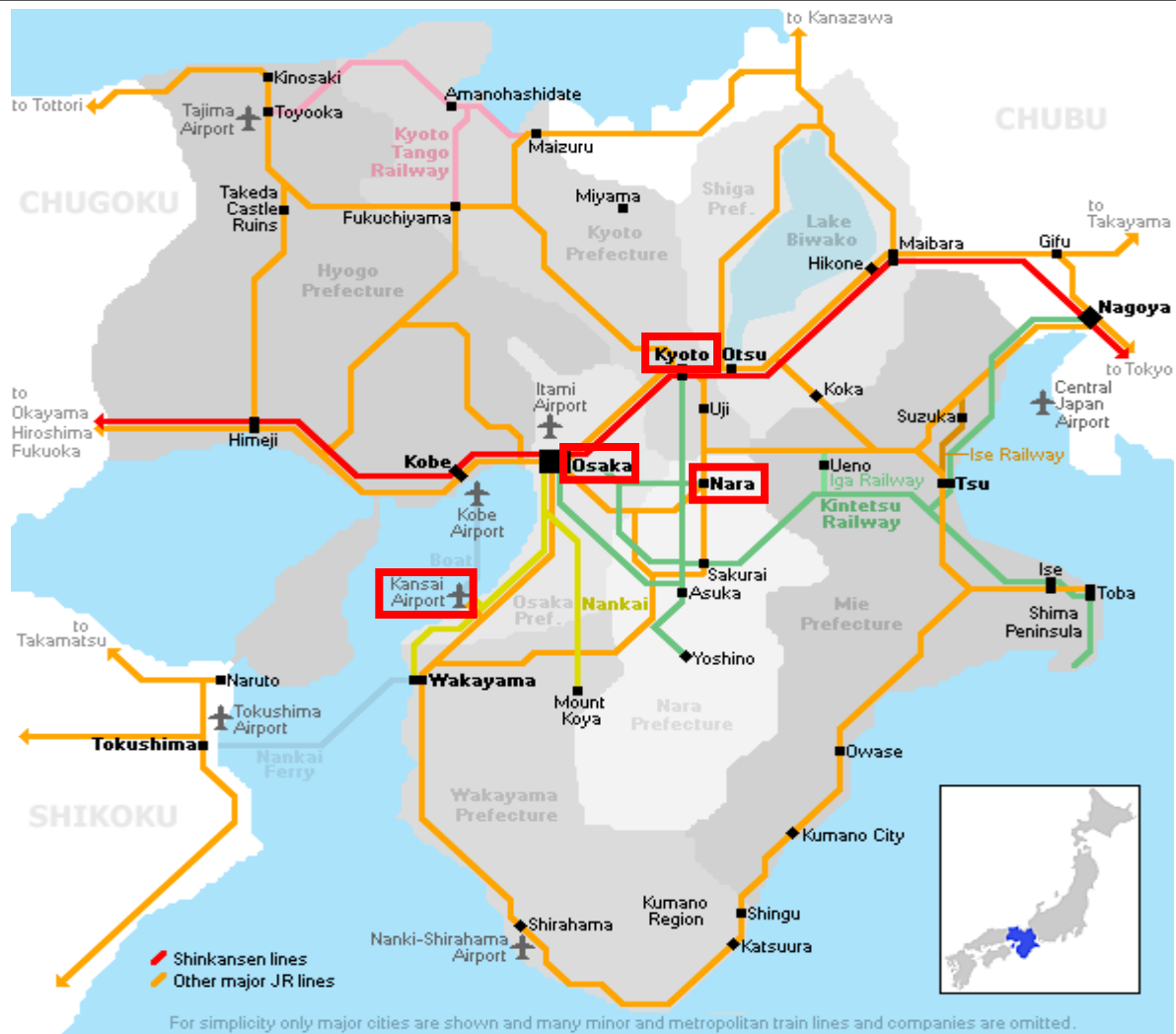
3. Summary of Nara Prefecture (4) Geographical Location

■ It is easy to travel to Nara Prefecture as it borders Osaka, which has the country's second largest economy, as well as Kyoto.

* Nara City is about 30 kilometers from Osaka City, meaning a journey to the city from Osaka City takes approx. 30 to 40 minutes by rail or highway.

⇒ Strong human and communal ties since ancient times

Many Nara residents commute to Osaka. * It has the country's highest cross-prefecture employment rate



Main transportation methods

■ From Kansai International Airport

By JR train:

Approx. 60 minutes

By car:

Approx. 60 minutes

■ From Shin-Osaka Station on the Shinkansen

By JR train:

Approx. 50 minutes

■ From Kyoto Station

By JR train:

Approx. 45 minutes

By Kintetsu train:

Approx. 40 minutes

4. Summary of the Local Economy

Market Characteristics

- ★Nara Prefecture: A substantial retail business market
- ★Osaka Prefecture: Second largest economy among all the country's prefectures, substantial retail and corporate business markets

<Key indicators>

Ranking is among the 47 prefectures of Japan

Metric		Nara Pref.		Source	Osaka Pref.	
			Rank			Rank
Population	(Thousands of people)	1,348	30th	Ministry of Internal Affairs and Communications, <i>Population Estimates</i> , October 2017	8,823	3rd
Deposits balance	(¥ trillion)	11.5	24th	Kinyu Journal, <i>Financial Map 2018</i>	94.3	2nd
Loan balance	(¥ trillion)	3.6	31st	Kinyu Journal, <i>Financial Map 2018</i>	45.6	2nd
Per-capita income	(¥ thousand)	2,534	35th	Cabinet Office Economic and Social Research Institute (ESRI), fiscal 2014	3,013	13th
Balance of savings per household	(¥ thousand)	17,816	1st	Ministry of Internal Affairs and Communications, <i>National Survey of Family Income and Expenditure</i> , November 2014	14,801	18th
Housing starts	(Thousands of units)	6	37th	Ministry of Land, Infrastructure, Transport and Tourism, <i>Building Starts</i> , fiscal 2017	67	3rd
Percentage of people who enter post-secondary education	(%)	58.7	7th	Ministry of Education, Culture, Sports, Science and Technology, March 2017	59.7	6th
Percentage of people who answer correctly on the financial literacy examination	(%)	60.5	1st	The Central Council for Financial Services Information, June 2016	54.1	38th
Cross-prefecture employment ratio	(%)	28.8	2nd	Ministry of Internal Affairs and Communications, <i>National Census</i> , October 2015	6.4	14th
Number of private enterprises (offices)	(Thousands of units)	48	40th	Ministry of Internal Affairs and Communications, <i>Economic Census</i> , July 2014	413	2nd
Value of shipped manufactured goods (establishments employing at least 10 workers)	(¥ trillion)	1.8	36th	Ministry of Economy, Trade and Industry, <i>Census of Manufacturers</i> , December 2014	15.7	3rd
Sales value of wholesale goods	(¥ trillion)	0.7	42nd	Ministry of Economy, Trade and Industry, <i>Census of Commerce</i> , July 2014	38.9	2nd
Sales value of retail goods	(¥ trillion)	1.0	35th	Ministry of Economy, Trade and Industry, <i>Census of Commerce</i> , July 2014	8.4	2nd
Number of items designated as National Treasures and Important Cultural Properties	(Items)	1,324	3rd	Agency for Cultural Affairs, April 2018	676	5th
Ratio of visits by foreign tourists coming to Japan (sightseeing and leisure purposes)	(%)	8.9	7th	Japan Tourism Agency, <i>Consumption Trend Survey for Foreigners Visiting Japan</i> , 2017	44.1	1st

II. Financial Results for FY2017

1. Summary of Profit and Loss

(¥ billion)		FY2016 results	FY2017 results	Y/Y change
1	Core gross business profit	53.9	52.4	-1.5
2	Interest income	49.6	47.2	-2.4
3	Fees and commissions	5.3	5.3	-0.0
4	Other operating income (*1)	-1.0	-0.1	+0.9
5	Cost of derivative financial products	1.3	0.4	-0.8
6	Expenses	40.1	40.3	+0.2
7	Personnel expenses	22.2	22.7	+0.4
8	Non-personnel expenses	15.4	15.2	-0.2
9	Core net business profit	13.7	12.0	-1.7
10	Gains/Losses on bonds (JGBs, etc.)	3.9	-1.4	-5.3
11	Net transfer to general provision for possible loan losses	3.0	—	-3.0
12	Net business profit	14.7	10.6	-4.1
13	Non-recurrent gains/losses	1.3	6.5	+5.2
14	Gains/Losses on stocks	2.2	3.5	+1.3
15	Disposal of non-performing loans	0.7	0.3	-0.3
16	Bad debt recovered	0.8	0.5	-0.2
17	Reversal of allowance for loan losses	—	3.0	+3.0
18	Ordinary income	16.0	17.1	+1.1
19	Extraordinary gains/losses	-0.1	-0.0	+0.0
20	Net Income before income taxes	15.9	17.1	+1.2
21	Income taxes	3.8	4.3	+0.5
22	Net income	12.1	12.8	+0.7
23	Credit cost (*2)	2.9	-3.2	-6.1

*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

(¥ billion)

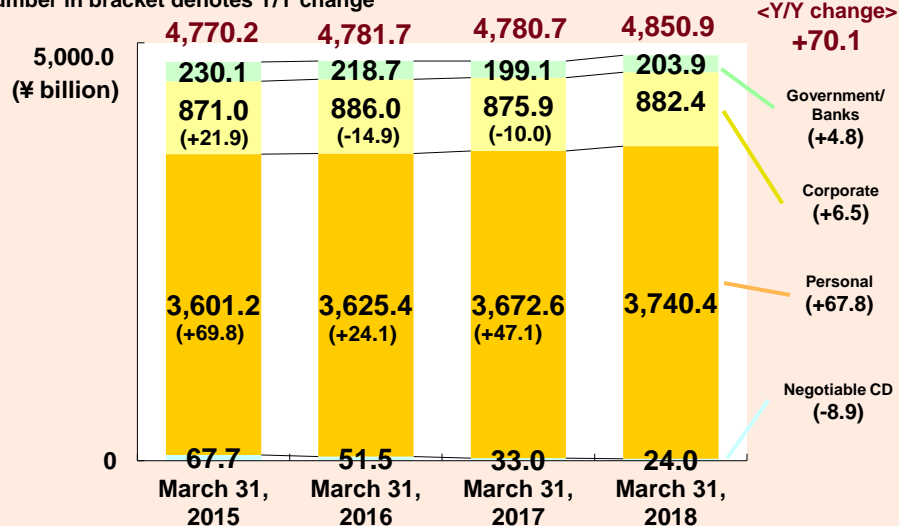
Core net business profit for FY2016	13.78
1) Average balance of loans (Average balance Y/Y change +¥44.1 billion)	+0.44
2) Interest rate on loans (0.93%, Y/Y change -0.05 pt)	-1.92
3) Average balance of deposits (Average balance Y/Y change +¥51.0 billion)	-0.01
4) Interest rate on deposits (0.01%, Y/Y change -0.00 pt)	+0.43
Deposits/loans sector total	-1.05
5) Average balance of securities (Average balance Y/Y change -¥177.4 billion)	-2.06
6) Yield on securities (1.24%, Y/Y change +0.07 pt)	+1.24
7) Interest on fund management	-0.05
8) Interest on fund procurement	-0.50
Market sector total	-1.38
9) Fees and commissions (investment trust revenues: Y/Y change +¥0.15 billion life insurance revenues: Y/Y change -¥0.36 billion corporate solutions business-related income: Y/Y change +¥0.34 billion)	-0.07
10) Others (Cost of derivative financial products: Y/Y change -¥0.82 billion)	+0.96
11) Expenses	-0.20
Core net business profit for FY2017	12.03

2. Summary of Deposits and Loans

Balance of Deposits

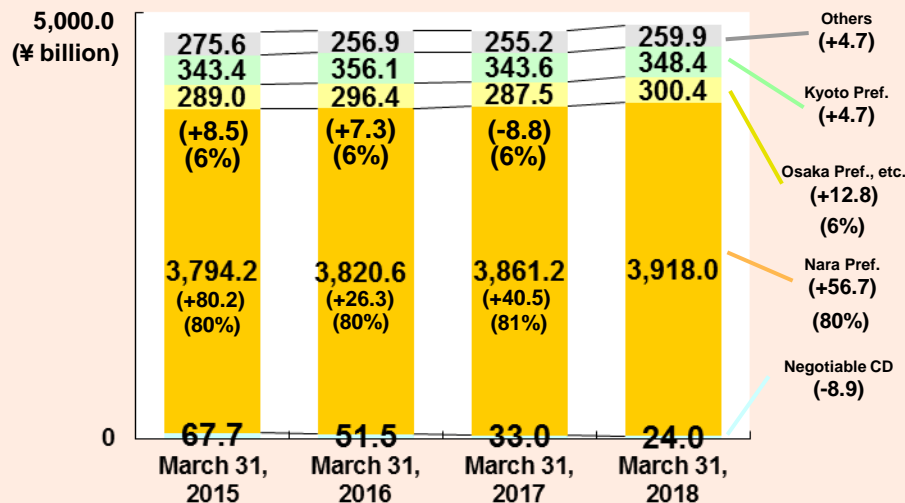
<By sector>

* Number in bracket denotes Y/Y change



<By prefecture>

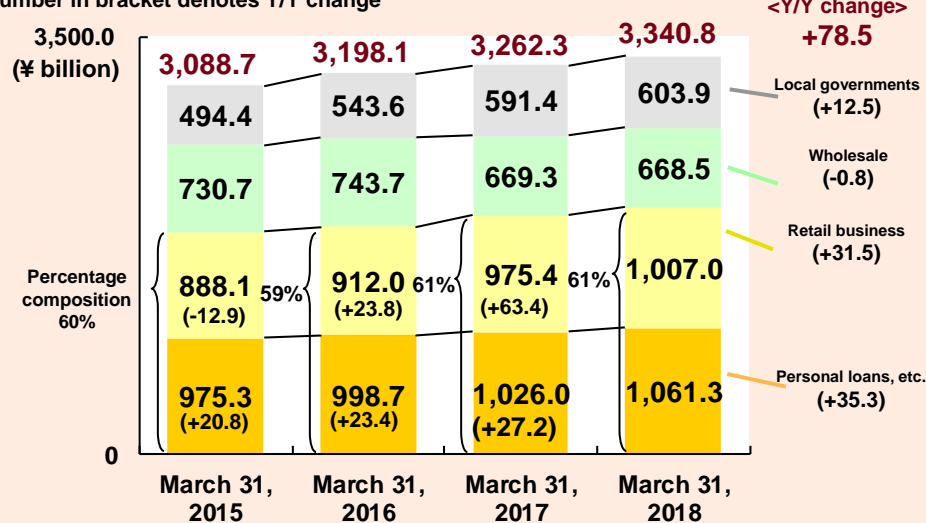
* Numbers in brackets denote Y/Y change or percentage composition



Balance of Loans

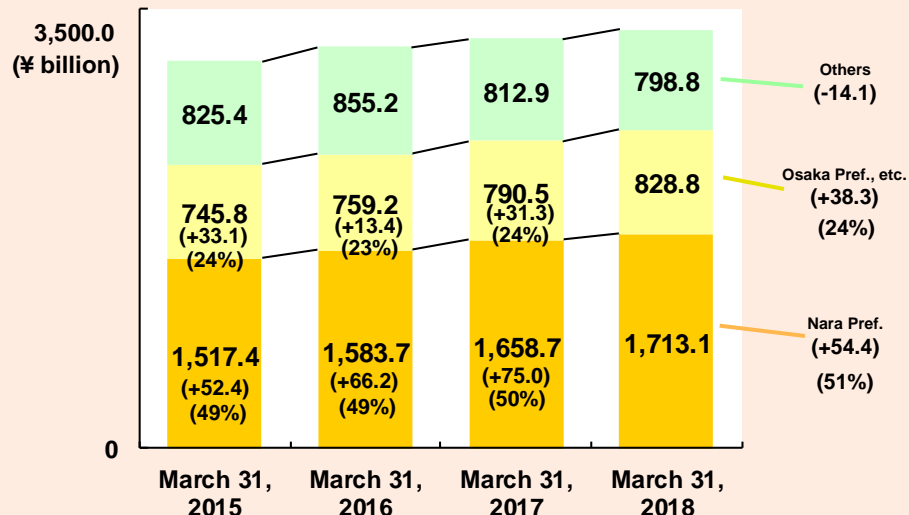
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* Number in bracket denotes Y/Y change



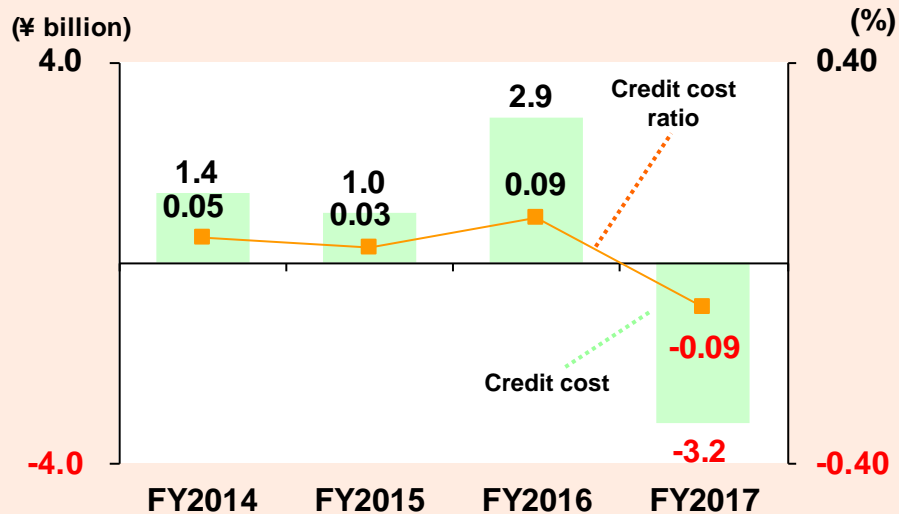
<By prefecture>

* Numbers in brackets denote Y/Y change or percentage composition



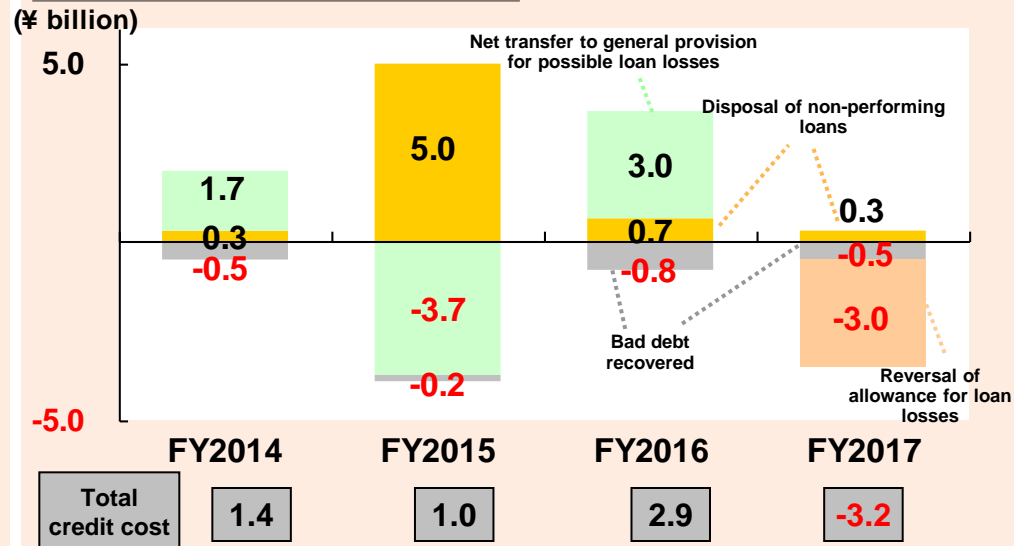
3. Summary of Non-Performing Loans

Credit Cost

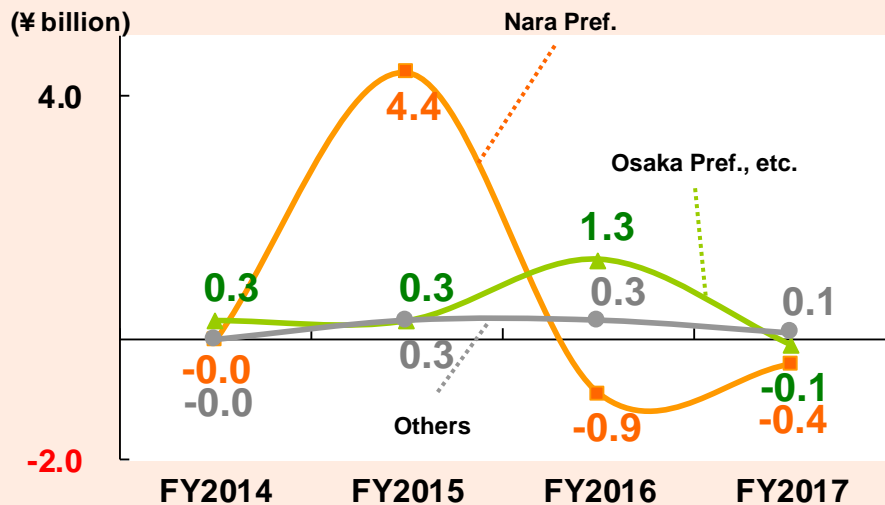


* Credit cost ratio = Credit cost / Average balance of loans

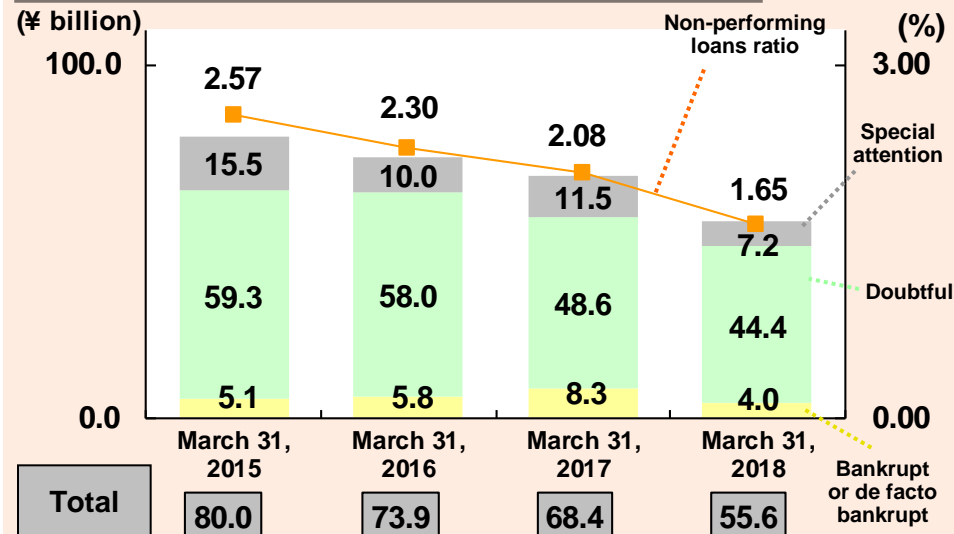
Breakdown of Credit Cost



Disposal of Non-Performing Loans by Region

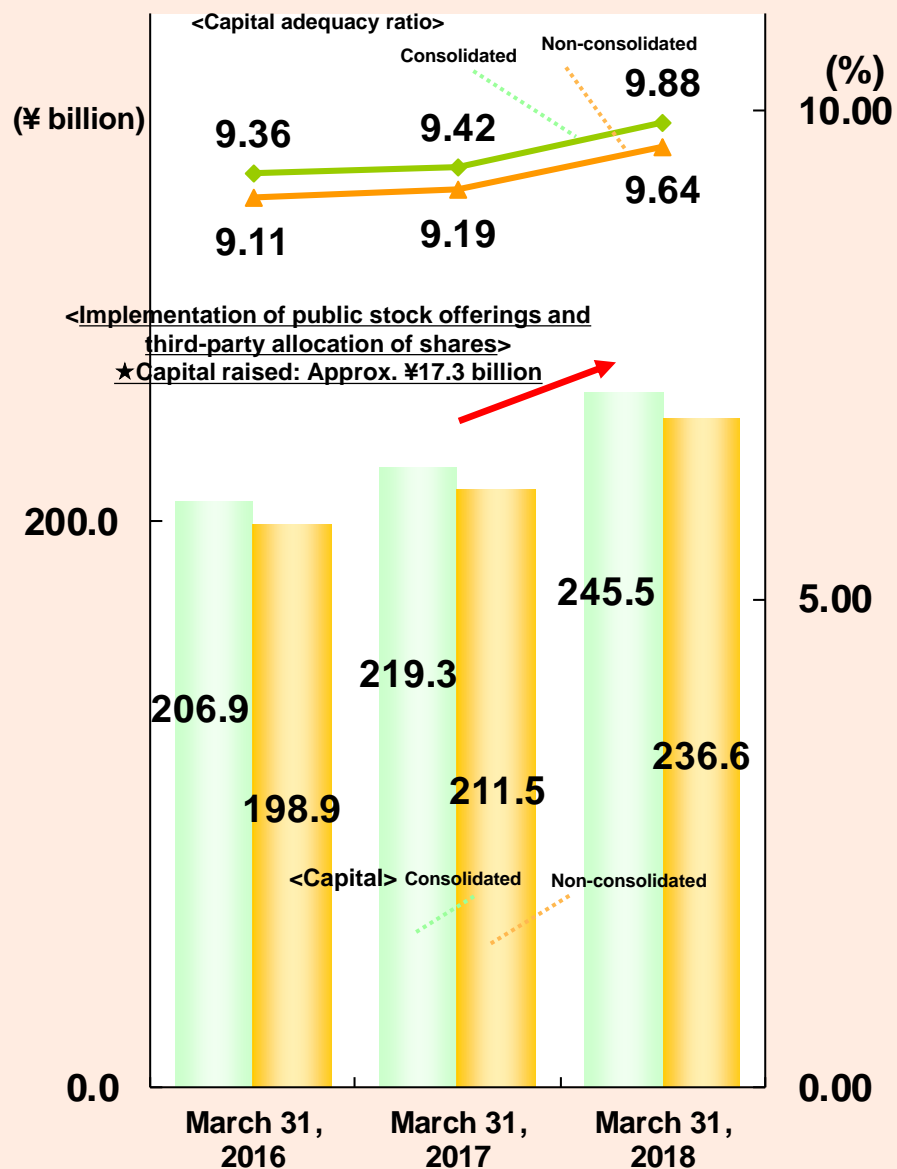


Loans Based on the Financial Reconstruction Law / Non-Performing Loans Ratio



4. Capital Adequacy Ratio

Capital Adequacy Ratio



<Non-consolidated> (¥ billion)

	March 31, 2016	March 31, 2017	March 31, 2018	Change from March 31, 2017
1) Capital adequacy ratio	9.11%	9.19%	9.64%	+0.45%
2) Capital	198.9	211.5	236.6	+25.1
3) Risk assets	2,181.1	2,300.7	2,454.1	+153.3

<Consolidated> (¥ billion)

	March 31, 2016	March 31, 2017	March 31, 2018	Change from March 31, 2017
1) Capital adequacy ratio	9.36%	9.42%	9.88%	+0.46%
2) Capital	206.9	219.3	245.5	+26.2
3) Risk assets	2,209.7	2,327.7	2,482.6	+154.9

Increase retail loans

<Loans to small to medium-sized businesses, etc. (Period-end balance)>

March 31, 2017	March 31, 2018	Change from March 31, 2017
¥2,035.0 billion	¥2,130.5 billion	+¥95.5 billion

◆ Establishment of the "Nanto Long-term Support" Program (September 2017)

○ Long-term (up to 20 years) loan program for small to medium-sized businesses

○ Total funds: ¥20.0 billion (estimate)

⇒ Loans totaling ¥2.28 billion have been provided to 13 businesses (as of March 31, 2018)

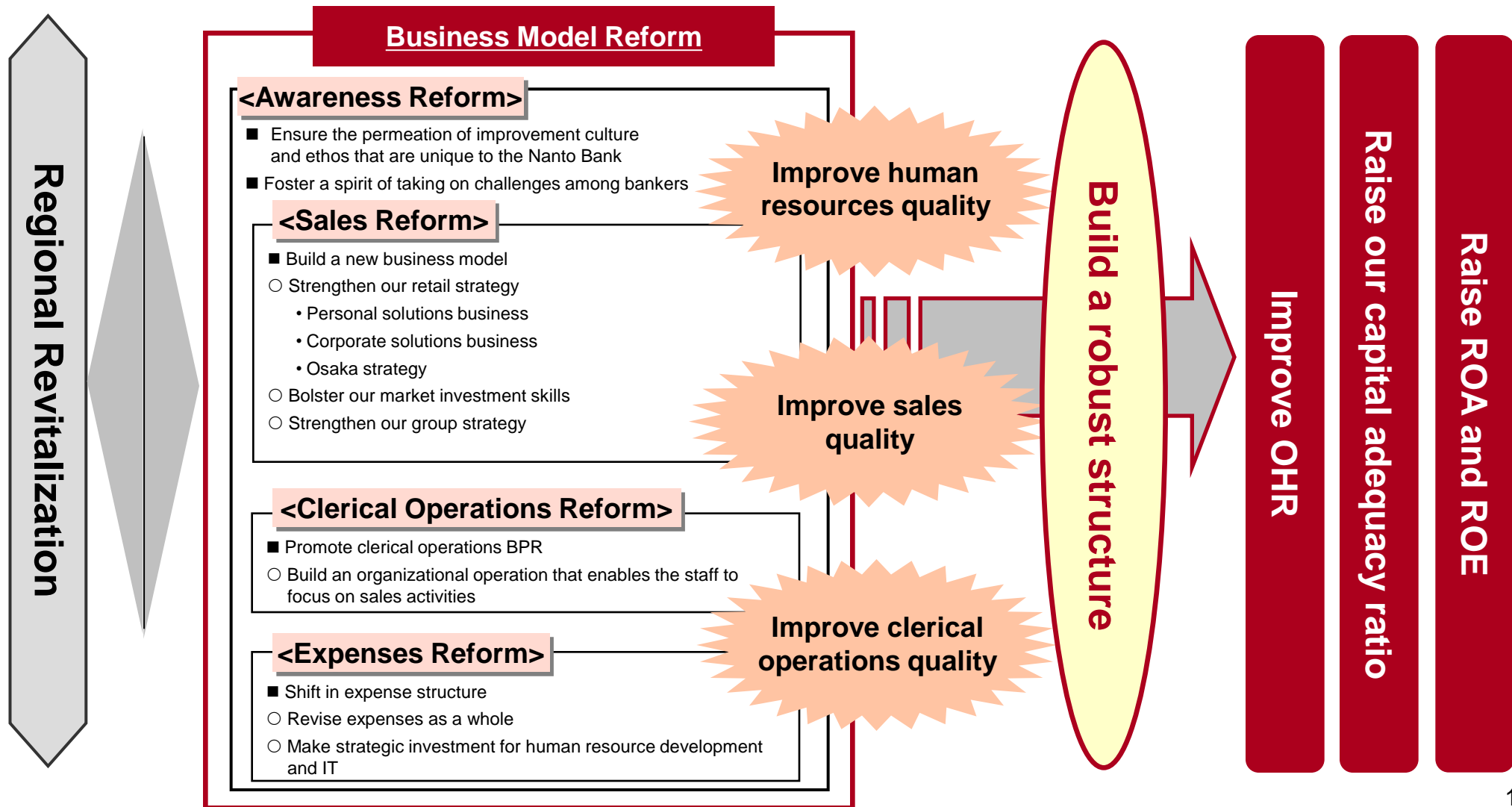
III. Management Strategy

1. Progress of the Medium-Term Management Plan (1) Summary



Plan period: From April 2017 to March 2020

Positioning: We have set the three years as a period in which to strive to change to a robust structure in consideration of the changing financial climate. For the plan's final year coinciding with our 85th anniversary, we will make sure to achieve good results in terms of earnings and the financial position.



1. Progress of the Medium-Term Management Plan (2) Target Metrics

- ◆ OHR fell short of the target by 1.37 percentage points since the core gross business profit was lower than the medium-term management plan forecast.
Non-interest income ratio fell short of the target by 3.14 percentage points since the retail banking business results were lower than the medium-term management plan forecasts.
- ◆ ROE has achieved the annual target since net income was higher than the medium-term management plan forecast.
Capital adequacy ratio has exceeded the annual target due to net income being higher than the medium-term management plan forecast, and capital increase

	FY2016	FY2017			
	Full year (results)	Medium-Term Management Plan	Full year (results)	Y/Y change	Compared to the Medium-Term Management Plan
OHR	74.45%	75.65%	77.03%	+2.58%	+1.37%
Non-interest income ratio	10.40%	13.98%	10.83%	+0.43%	-3.14%
Capital adequacy ratio	9.19%	9.04%	9.64%	+0.45%	+0.59%
ROA	0.24%	0.22%	0.20%	-0.03%	-0.01%
ROE	4.88%	3.86%	4.90%	+0.01%	+1.03%



<i>FY2019 target</i>
Less than 70%
20% level
Approx. 10%
At least 0.3%
At least 5%

1. Progress of the Medium-Term Management Plan (3) Transforming Our Earnings Structure and Loans Portfolio

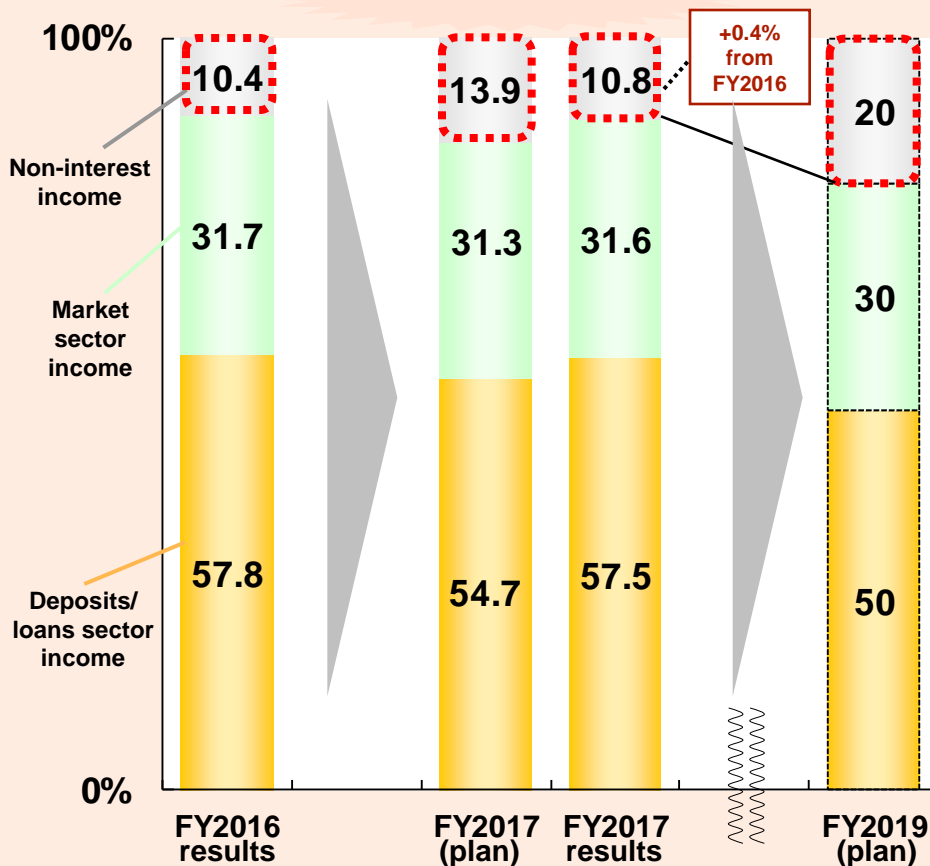
- ◆ We recognize the transformation of our earnings structure, which is still underway, as our top priority.
- ◆ The change of loan portfolio has progressed almost in line with the plan. We are focusing on securing yields on retail business loans and personal loans.

⇒ Bolster non-interest income
 ⇒ Increase retail loans

Bolster profitability

**Earnings Structure
(Core Gross Business Profit Basis)**

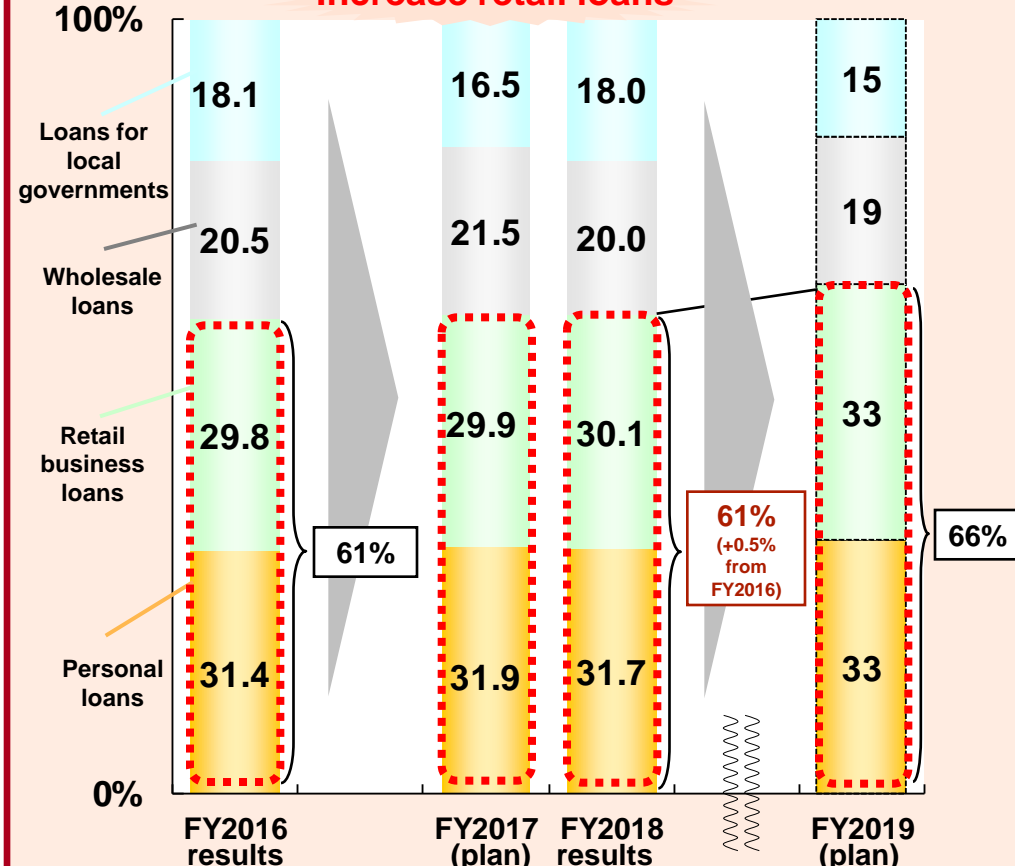
Bolster fee business



Medium-Term Management Plan

Loans Portfolio

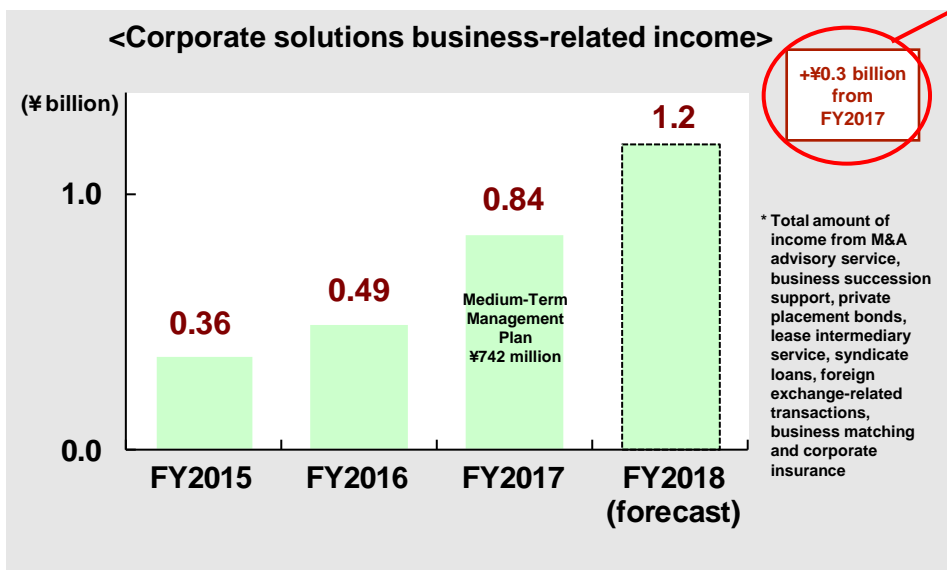
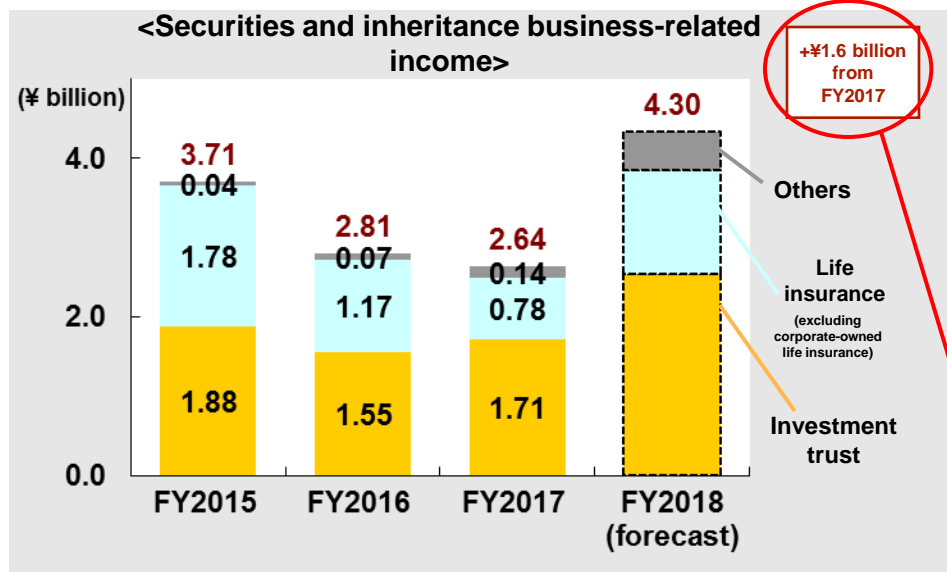
Increase retail loans



Medium-Term Management Plan

2. Sales Reform (1) Bolster Non-interest Income

- ◆ Continuously bolster securities and inheritance business and corporate solutions business to achieve the transformation of our earnings structure



Fees and commissions increased by around 1.9 billion in total

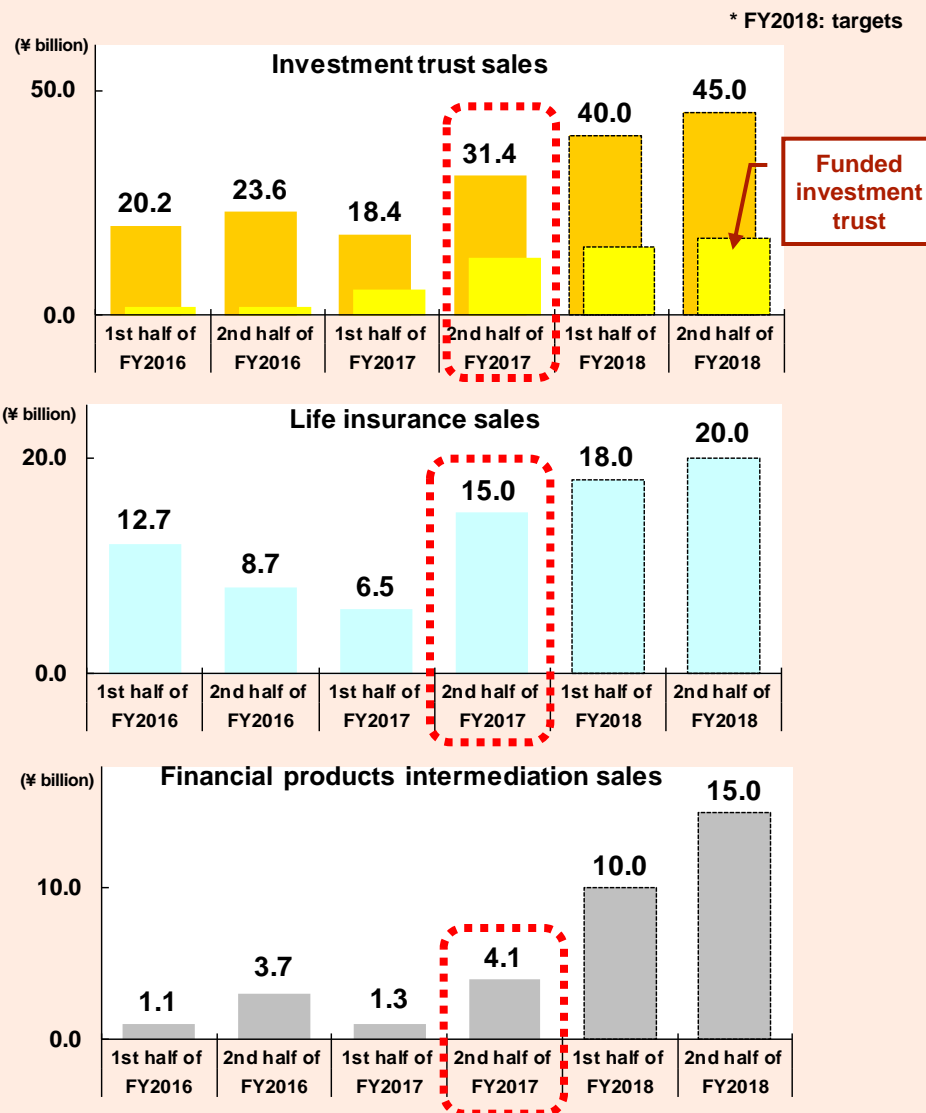
- ◆ Bolster securities and inheritance business: pages 11–12
- ◆ In the substantial retail business market, we will demonstrate an overwhelming presence by leveraging a solid business base in the territory where our share of deposits exceeds around 50%.
- ◆ Therefore, we will give top priority to allocating management resources, including human resources, into business such as trust business that we have newly entered, in addition to a wholly-owned securities subsidiary (planned), which we are currently proceeding with.

- ◆ Bolster corporate solutions business: pages 13–15
- ◆ We will continue dialogue based on business practicality assessments and ensure accumulating information on individual companies while focusing on acquiring new customers.
- ◆ Develop specialists in different sectors at the headquarters

2. Sales Reform (1) Bolster Non-interest Income (i) Securities and Inheritance Business

- In the second half of FY2017, we have achieved certain results by revisiting the sales structure and activities.
- We are developing securities and inheritance business by leveraging a wholly-owned securities subsidiary (planned) and our trust services based on our customer base.

Assets under Management—Sales Results and Plans



Our Efforts in the Second Half of FY2017

Reallocation of sales staff in accordance with customer hierarchies

<Branches>

- ◆ Change part of our sales promotion structure of the retail sector and clarify the roles of employees at branches
- ◆ Appoint an officer in charge of retail customers at each branch and reinforce initiatives

<Headquarters>

- ◆ After adding 3 members who have FA Office expertise to headquarters, a total of 15 members will provide support for the promotion of services for 2,000 wealthy customers at all branches.
- ◆ Newly allocate 5 employees for area support and establish a follow-up system for employees at branches

Activities

- ◆ Focus on sales of products such as intermediation services for insurance and other financial products to a wide range of customers, in addition to potential customers for investment trusts
- ◆ Implement activities to discover the needs of all 80,000 retail customers
- ◆ Reinforce initiatives targeted at corporate owners through cooperation with corporate sales representatives

2. Sales Reform (1) Bolster Non-interest Income (i) Securities and Inheritance Business

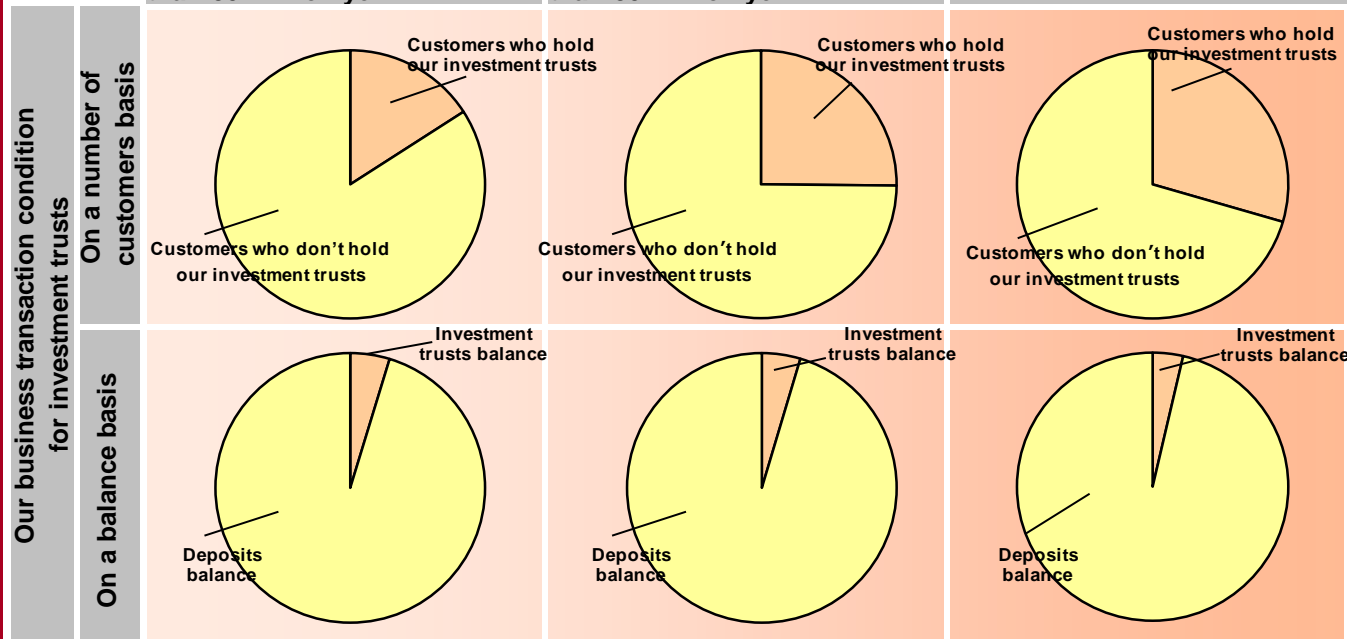
Develop Securities and Inheritance Business by Leveraging a Wholly-owned Securities Subsidiary and Our Trust Services

About 1.6 million customers in our individual customer base
Of which, more than 100,000 customers have total deposit assets of over 10 million yen

Total deposit assets: Over 10 million yen or more and less than 30 million yen

Total deposit assets: Over 30 million yen or more and less than 50 million yen

Total deposit assets: Over 50 million yen or more



[Probe our customer base]

- Propose a wide range of financial products including financial product intermediation, based on the customer base we have built up so far

[Expand our customer base]

- Improve proposal capabilities for competitive customers
- Approach customers who were not interested in investment

Promotion based on fiduciary duties

<Trust business results>

Testamentary substitute trusts	Number of trusts	787
	Amount	¥2.61 billion
Number of testamentary trusts		32
Number of heritage arrangements		9

Asset management services leveraging complementary trust services businesses

Leverage a wholly-owned securities subsidiary

* April 17, 2017–March 31, 2018

Business Tie-up with “Hoken No Madoguchi Group Inc.”

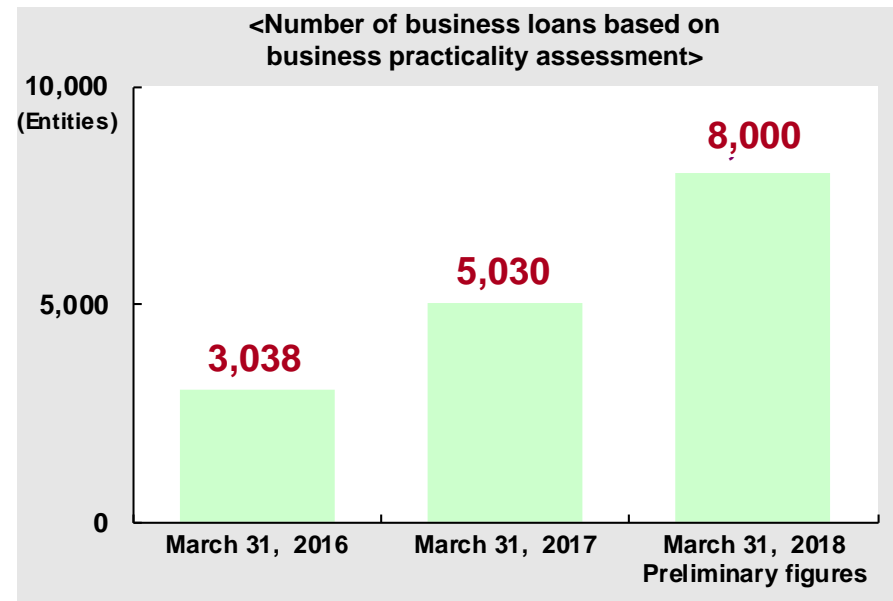
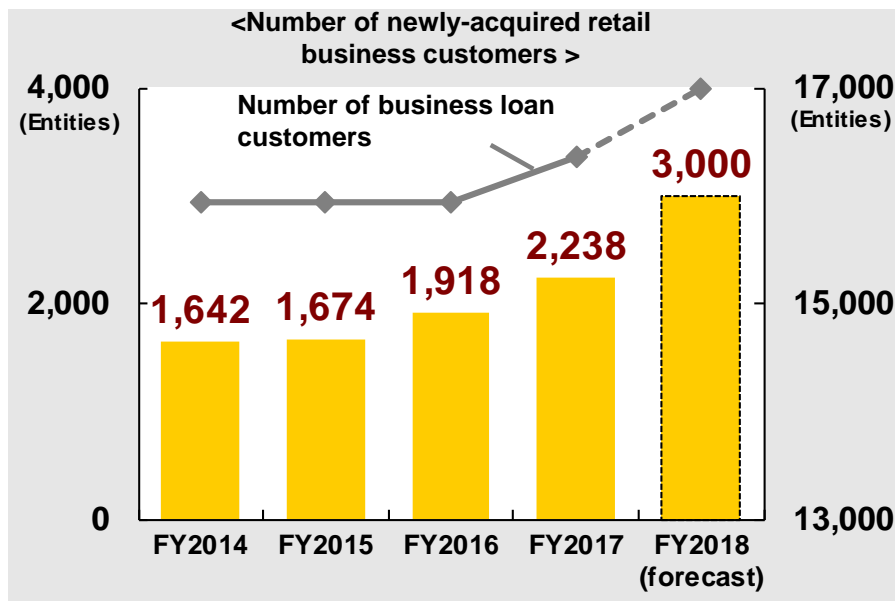
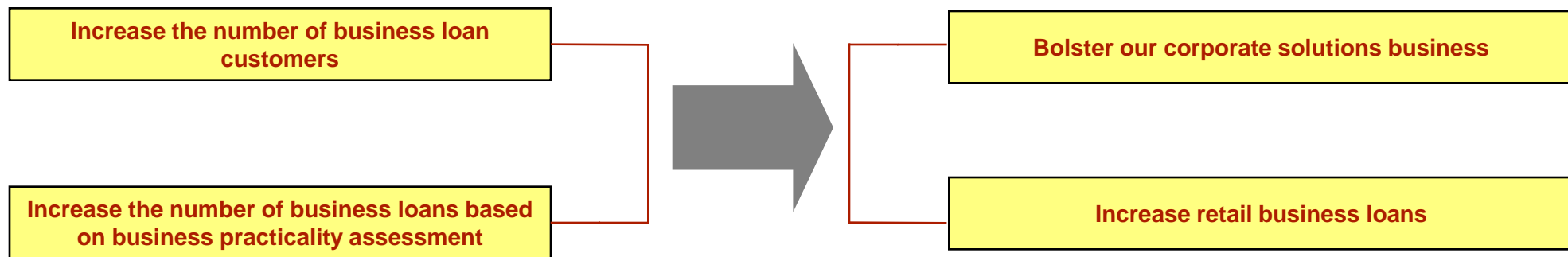
- ◆ Concluded a business alliance agreement with Hoken No Madoguchi Group Inc. in January 2018. Two stores will be opened in July.
- ◆ Establish a system to operate business on weekends and attract potential customers who are either wealthy or building up assets, and not available for meetings during weekdays

Progress towards Making Nara Securities Co., Ltd. a Wholly Owned Subsidiary

- ◆ Currently in discussion with shareholders of Nara Securities Co., Ltd.
- ◆ An agreement to buy all shares of Nara Securities is scheduled to be concluded in August 2018

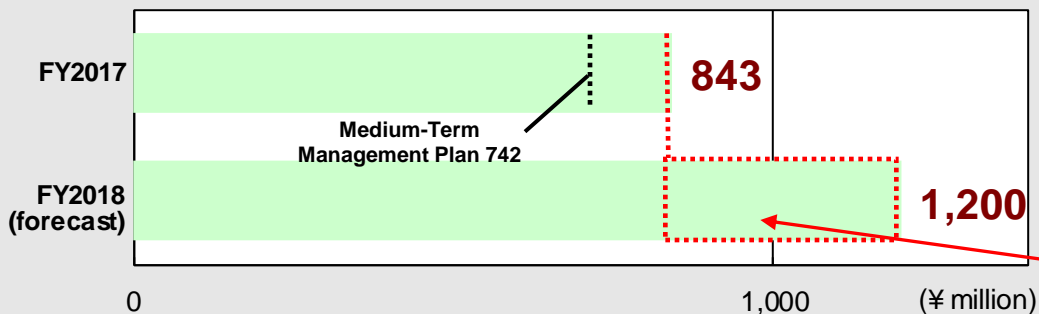
2. Sales Reform (1) Bolster Non-interest Income (ii) Corporate Solutions Business

- ◆ The number of newly-acquired retail business customers has not reached the target of 3,000 but the number of business partners is trending upward.
- ◆ The number of loan programs based on business practicality assessment has increased up to approximately 50% of loan borrowers as a result of focusing on dialogue with business partners.
- ◆ We will bolster our corporate solutions business and increase retail business loans by expanding our trading base and accumulating information of business partners as above.



2. Sales Reform (1) Bolster Non-interest Income (ii) Corporate Solutions Business

<Corporate solutions business-related income>



Bolster businesses of M&A advisory service, business succession support, private placement bonds, lease intermediary service, syndicate loans, foreign exchange-related transactions, business matching and corporate insurance

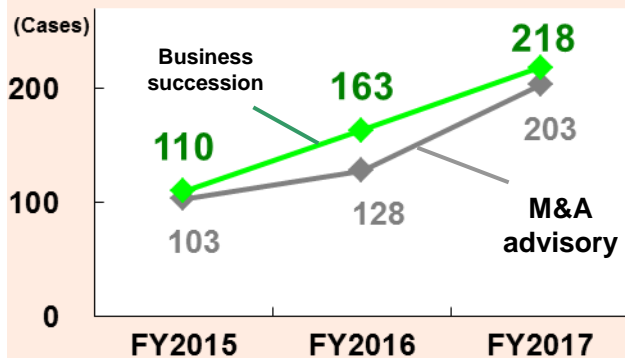
<Lease intermediary service>

- ◆ Regarding finance leases that do not transfer ownership of the lease assets to the lessee, the staff in charge make proposals directly from April.
- ◆ In response to customer needs for facility funding, we offer one-stop solutions for both loans and leases.
 - ⇒ Offer higher quality financial solutions
 - ⇒ Increase the share rate of lease transactions with Nanto Lease Co., Ltd. among our corporate clients (Currently the rate is around 14% and more than 20% with other banks on average)
 - ⇒ The target revenue from intermediation and referral fees for FY2018 150 million yen

<M&A advisory, business succession>

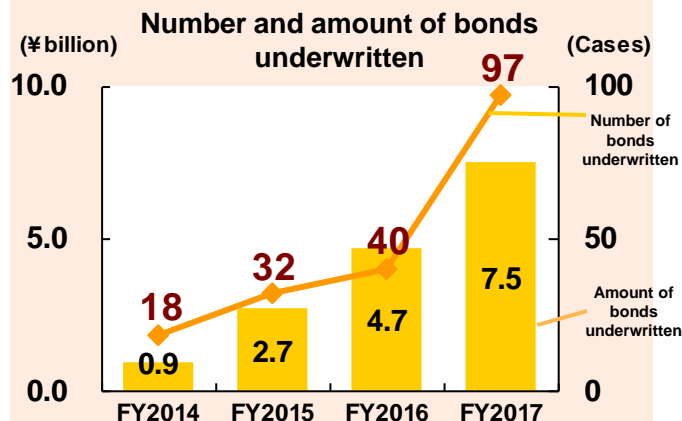
- ◆ Increase the number of specialists in M&A advisory service and business succession support
- ◆ Continuously increase customers to support through dialogue based on business practicality assessments

Support services results

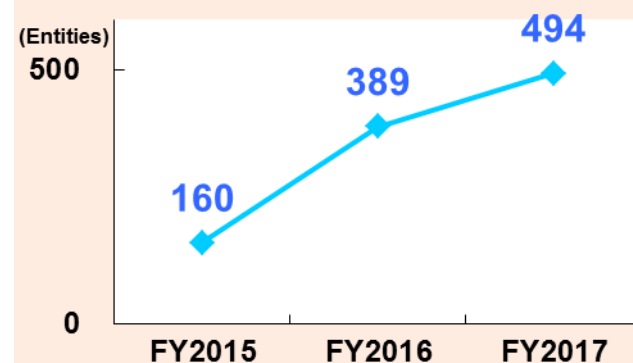


<Private placement bonds>

- ◆ Bolster promoting CSR Private Placement Bonds where the Bank makes a donation to public primary and junior high schools after buying goods that assist children and students in their growth and studies based on the issue price



New lease customers of Nanto Lease Co., Ltd.



2. Sales Reform (1) Bolster Non-interest Income (ii) Corporate Solutions Business

◆ Support company creation and development of new businesses utilizing newly formed investment funds

Utilization of investment funds

Fund name	Nanto CVC Limited Liability Investment Partnership	Nanto Regional Vitality Creation Support Limited Liability Investment Partnership
Time established	June 2017	September 2017
Guaranteed amount of funds	¥1.0 billion	¥0.5 billion
Investment target/purpose	◆ Assist core enterprises that will contribute to the economic, industrial and regional revitalization of Japan in the future ⇒ Assist customers in sales-target areas of the Bank in cooperation with investee companies	◆ Discover and provide support for future core enterprises in the target areas of the Bank and to supply funds to the region

<Investment results>

- ★ Joyz, Inc.: Provides an AI-based English-learning application in an effort to assist incoming travelers in local areas
- ★ One Tap BUY Co., Ltd.: A securities firm dedicated to trading on smartphones
- ★ Alarmbox, Inc.: A FinTech company that provides credit management services

Assist company and new business creation

- ◆ Business Plan Commercialization Assistance Project: “Nanto Success Road”
 - A total of 36 plans were chosen
⇒ 13 plans have been commercialized
- ◆ “Nanto Commercialization Assistance Fund 80”
 - A loan program for creating companies and new businesses

	May 31, 2018 (planned)
Business plans received	41 plans
Loans provided	27 plans/¥457 million

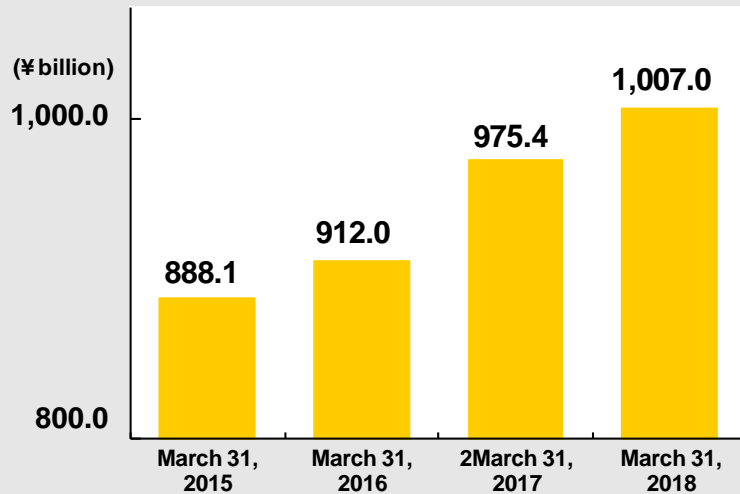
Investment through investment funds

- ◆ Sozo Ventures II-S, L. P.
 - Invested in overseas venture funds managed by a U.S. venture capital firm Sozo Ventures
⇒ Aim to *create* new global business opportunities by promoting cooperation between investee venture companies and Japanese companies
- ◆ SBI AI & Blockchain Fund
 - In addition to applying new technologies and services through business collaboration with investee companies to our business operations, we will proceed with business matching between investee companies and our business partners, and make investments in cooperation with Nanto CVC fund.

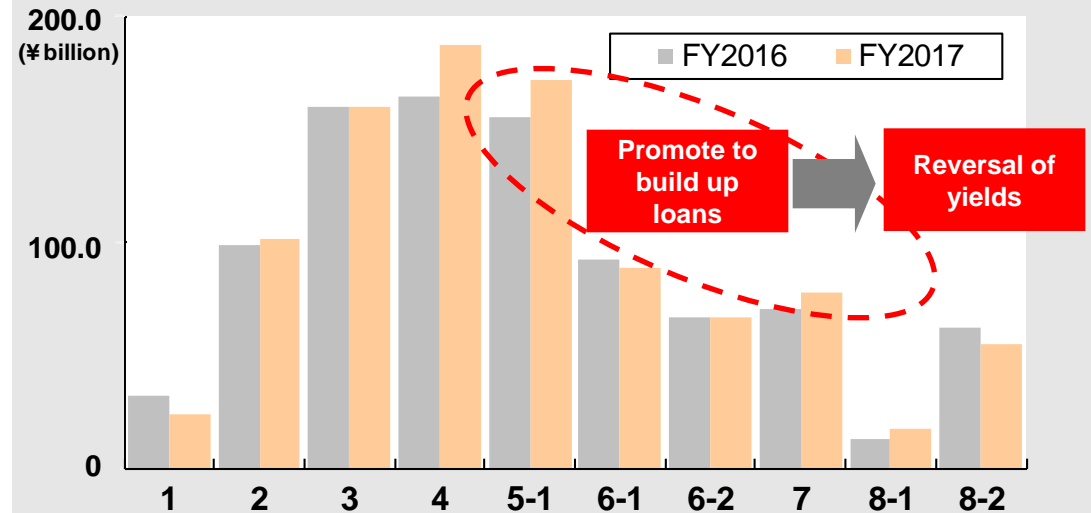
2. Sales Reform (2) Increase Retail Loans (i) Retail Business Loans

- ◆ Balance of retail business loans exceeded 1 trillion yen as of March 31, 2018.
- ◆ Focus on rebuilding the portfolio by rating, based on business practicality assessments, to improve profitability

<Balance of retail business loans>



<Portfolios by rating>



Loan programs based on business practicality assessments

◆ “Nanto Long-term Support”

- Long-term loan program (10 to 20 year loan period) for small to medium-sized businesses
- Purpose of loan: Rescheduling of existing loans, funds for equipment

<Results>

Number signed	13
Amount signed	¥2.28 billion
Average interest rate	2.94%

*September 2017-March 2018

◆ “Nanto Vitality Creation Support Fund”

- Provide loans to higher risk customers, etc. without excessively relying on financial data or collaterals and guarantees

<Results>

Number signed	323
Amount signed	¥6.06 billion
Average interest rate	2.55%

*October 2015-March 2018

2. Sales Reform (2) Increase Retail Loans (i) Retail Business Loans —Osaka Strategy—

- ◆ In the previous fiscal year, we opened the Hirano and Esaka Branches, for a total of 21 branches in the Osaka area.
- ◆ While focusing on acquiring new corporate customers, bolster our ability to provide solutions by leveraging relationships we have developed

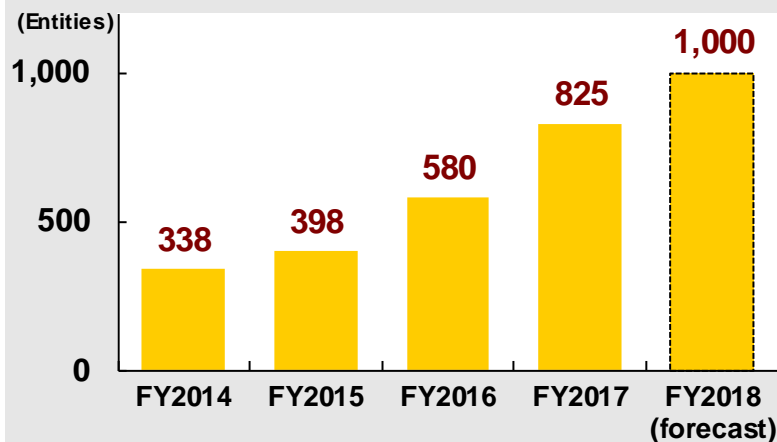
<Branch layout (21 in total)>



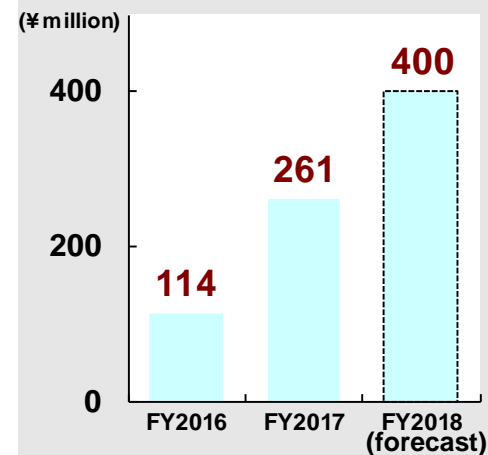
<Number of staff allocated>

Sale branches (21)	299
Corporate sales office	3
L Plaza (housing loans)	17
Total	319

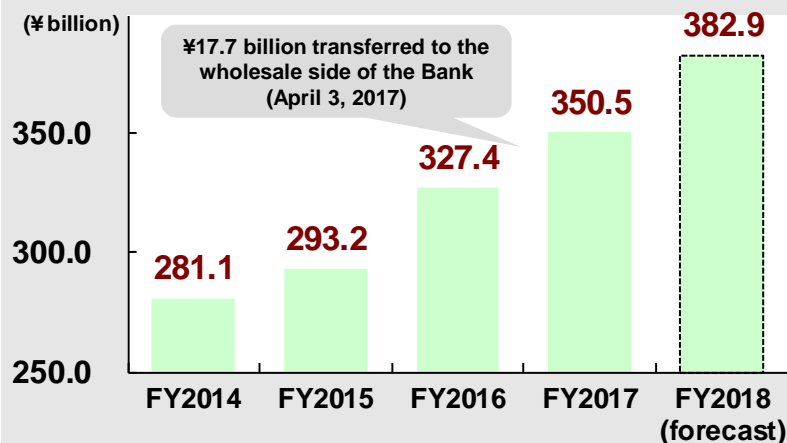
<Number of newly-acquired retail business customers>



<Corporate solutions business-related income>



<Balance of retail business loans>



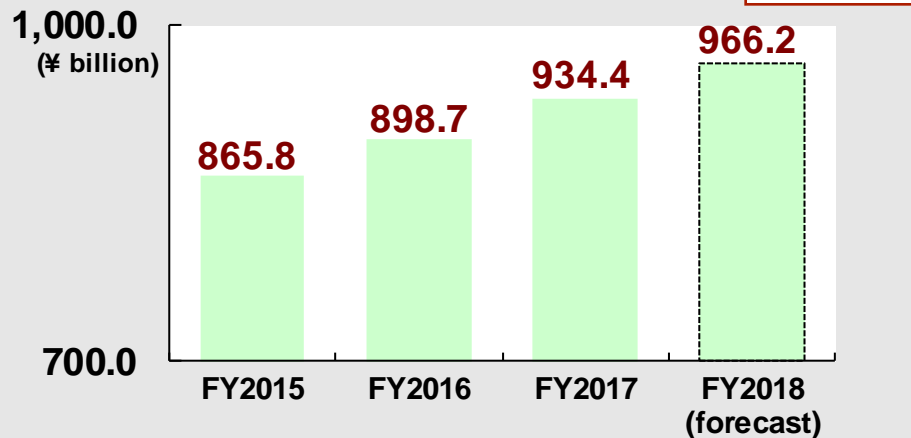
Team promoting transactions with corporate owners

- ◆ Cooperate with headquarters staff and tax accountants to develop activities to meet the needs of business succession, inheritance countermeasures, asset management, etc.

★ Bolster marketing strategies for individual customers geared to regional market characteristics

2. Sales Reform (2) Increase Retail Loans (ii) Personal Loans

<Housing mortgage loans balance (average balance)>



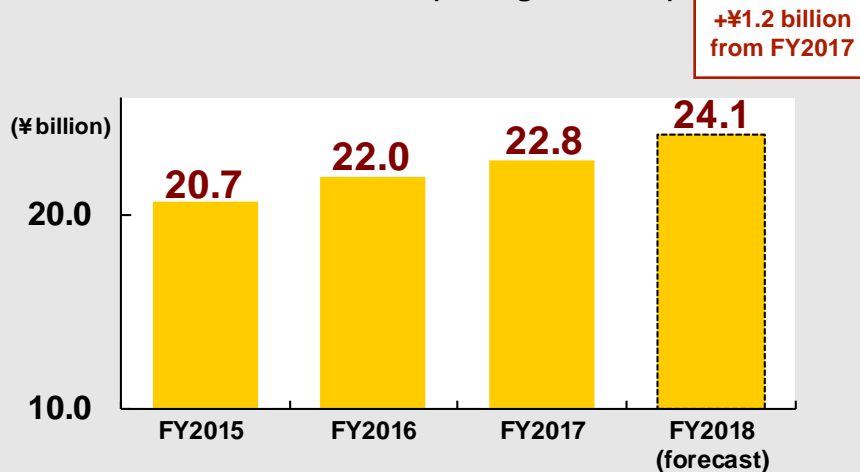
Secure profitability

- ◆ With strictly controlled interest rates and strengthening covering insurance of high-value-added group credit life insurance, fixed mortgage rates bottomed out in the second half of FY2017

Improve efficiency of business operations

- ◆ Consolidate sales bases of housing loans and streamline operations
- ◆ In the second half of FY2018, housing loans examination support systems will be deployed, reducing the time spent on administrative processing by 40% (which is the equivalent of reducing staff by 25 employees)

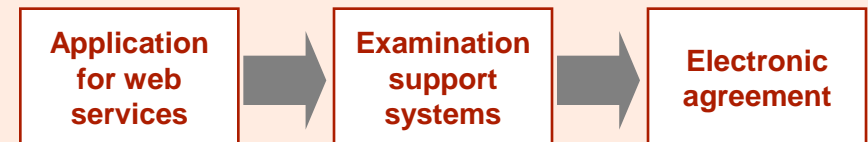
<Consumer loans balance (average balance)>



* Balance of card loans as of the end of March 2018 (period-end balance): ¥13.6 billion

Launch and expand comprehensive Internet banking services

- ◆ Launch comprehensive Internet banking services where the entire process from application to contract is conducted on the Internet (from April 2018)
- ◆ At the same time, deploy examination support systems, and centralize examination work to a specialized department at headquarters



No need to visit a bank office

- ◆ Internet services are also applied to types of loans for a specific purpose in addition to credit card loans (planned for June 2018)

2. Sales Reform (3) Channel and Sales Structure

- ◆ Promote elimination/consolidation and restructuring of branches on an ongoing basis, aiming for more efficient operation of branches
- ◆ Bolster our solution business by raising the level of expertise of personnel responsible for external communications for individual customers and corporate customers

<Elimination/Consolidation of branches, revision of branch format>

	FY2016	FY2017	FY2019 (Plan)
Elimination/Consolidation of branches, revision of branch format (cumulative results)	6 branches	14 branches	Approx. 30 branches
	16	30	Approx. 90
Number of staff members reduced			

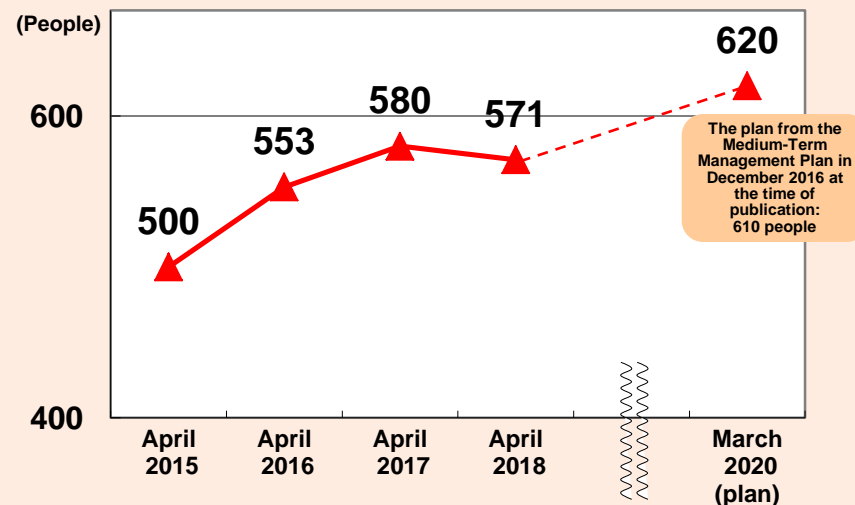
◆ Introduction of mobile ATM vehicles (July 2017)

Conversion to a private retail client branch	5
Conversion to a sub-branch	1
Conversion to an in-branch outlet	1
Business hour change	1
Total	8



★ Improvement of productivity through more efficient operation of branches

<Branch personnel responsible for external communications staffing plan>

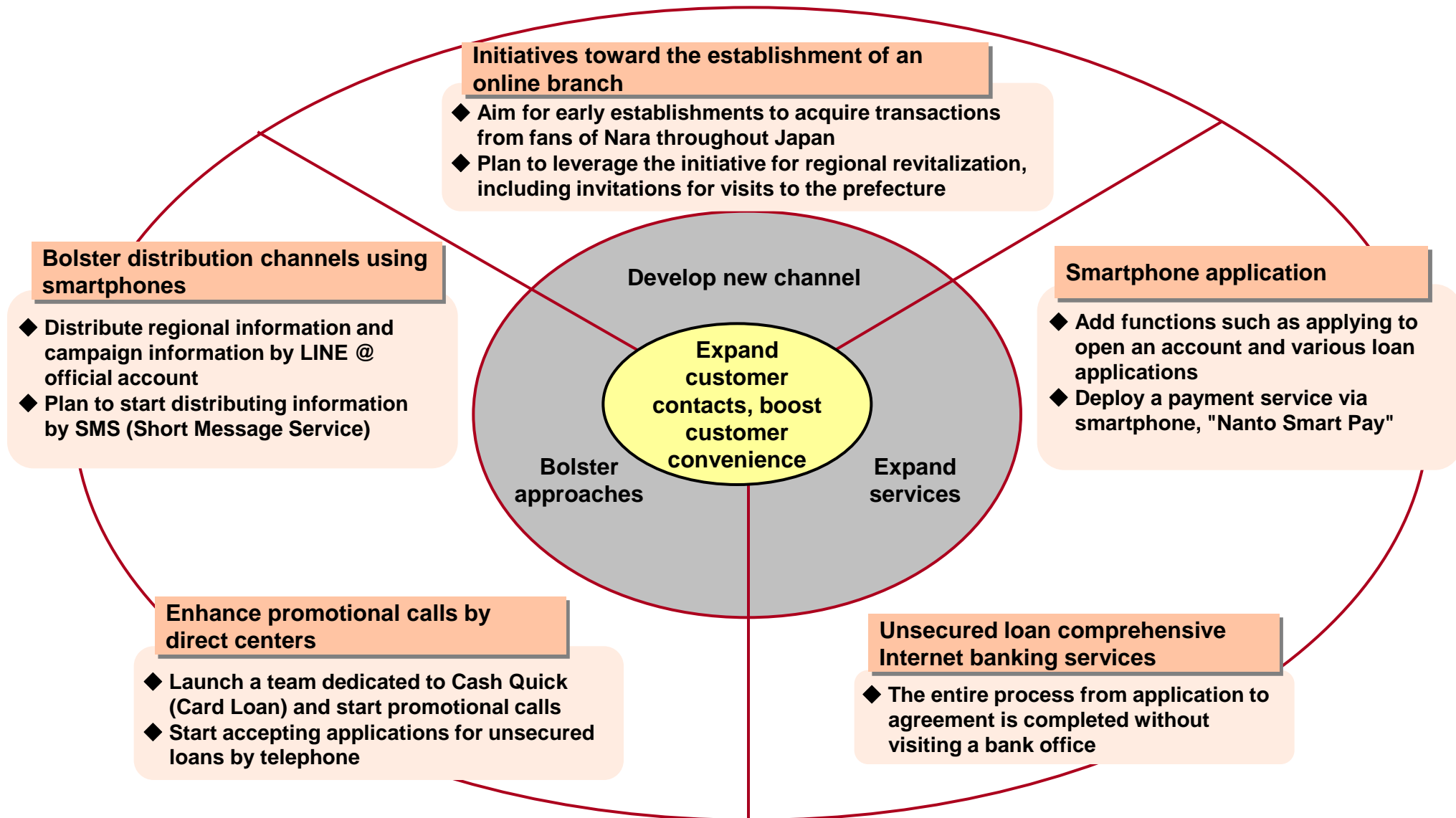


<Number of staff at headquarters> * As of March 31, 2018

Individual customers	FA Office	14
	Area support	5
	Trust Consulting Office	12
	L Plaza (housing loans)	60
Corporate customers	Corporate Sales Office in Nara	6
	Solutions-related	39

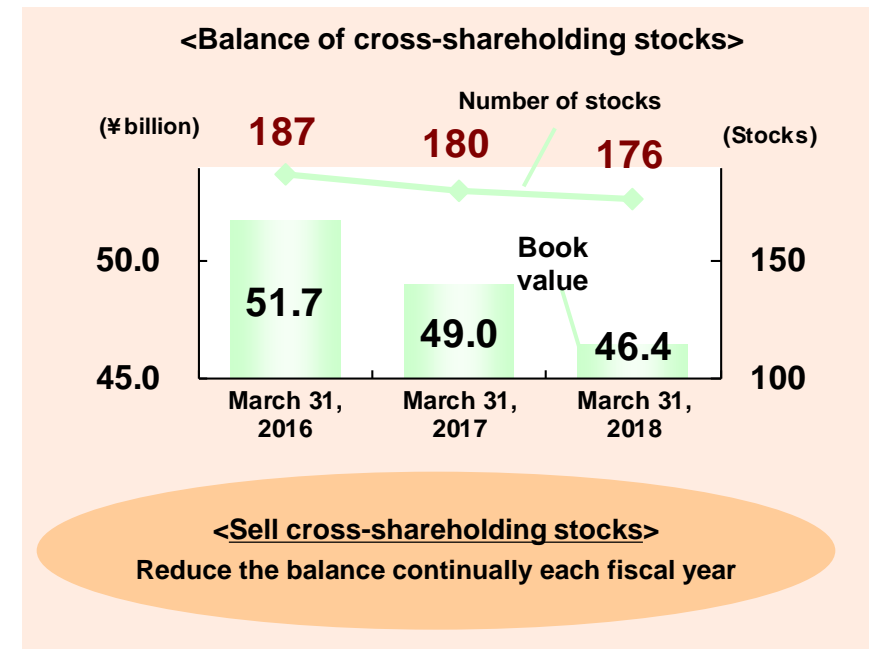
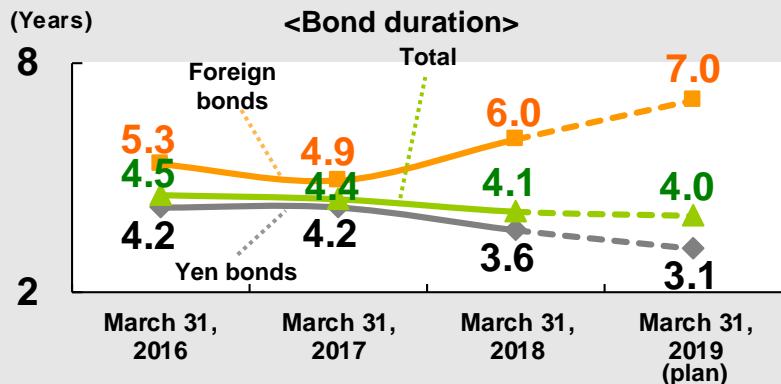
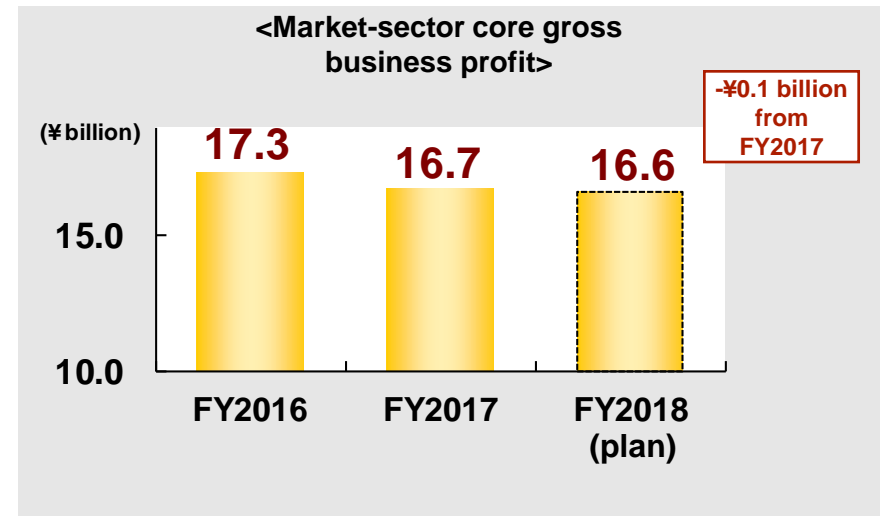
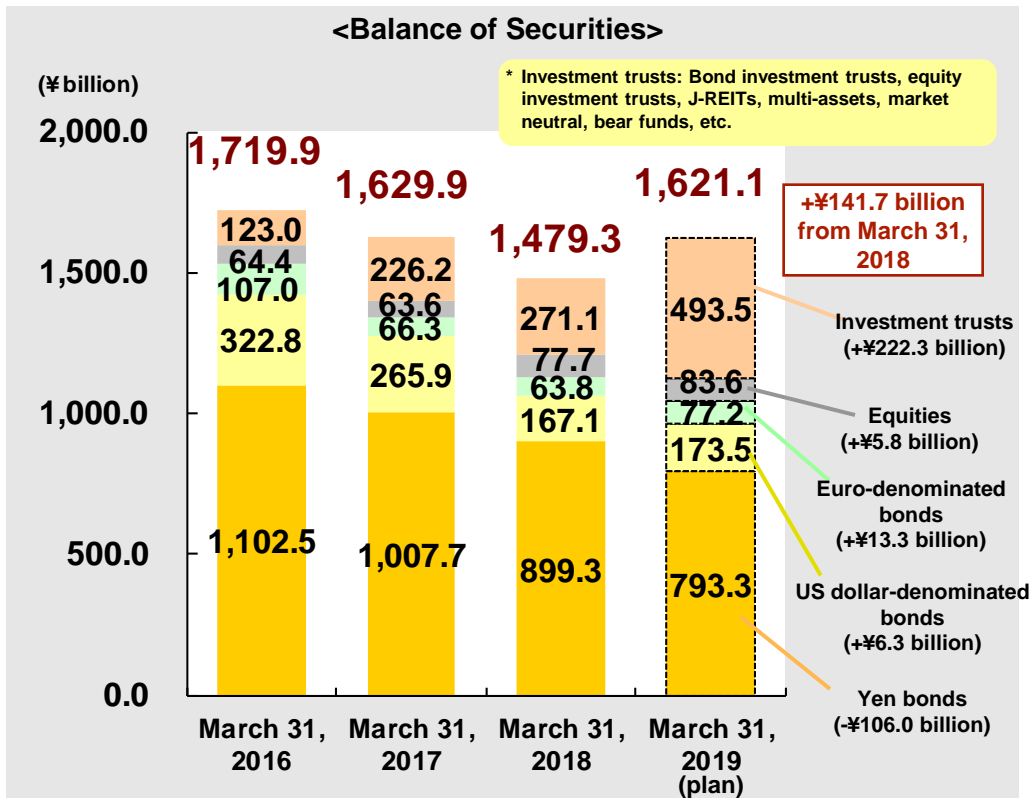
2. Sales Reform (3) Channel and Sales Structure

- Deploy unsecured loan comprehensive Internet banking services and full-scale network business by launching new applications
- Expand customer base by promotional calls by direct centers and utilizing SMS



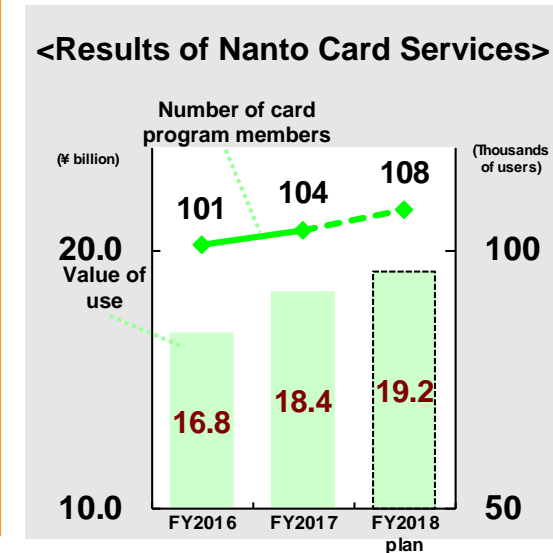
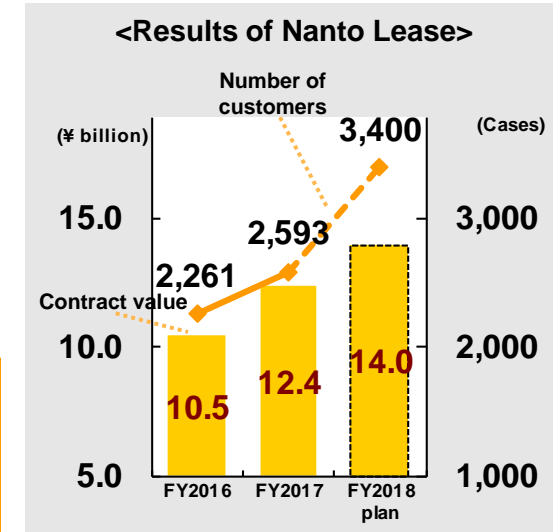
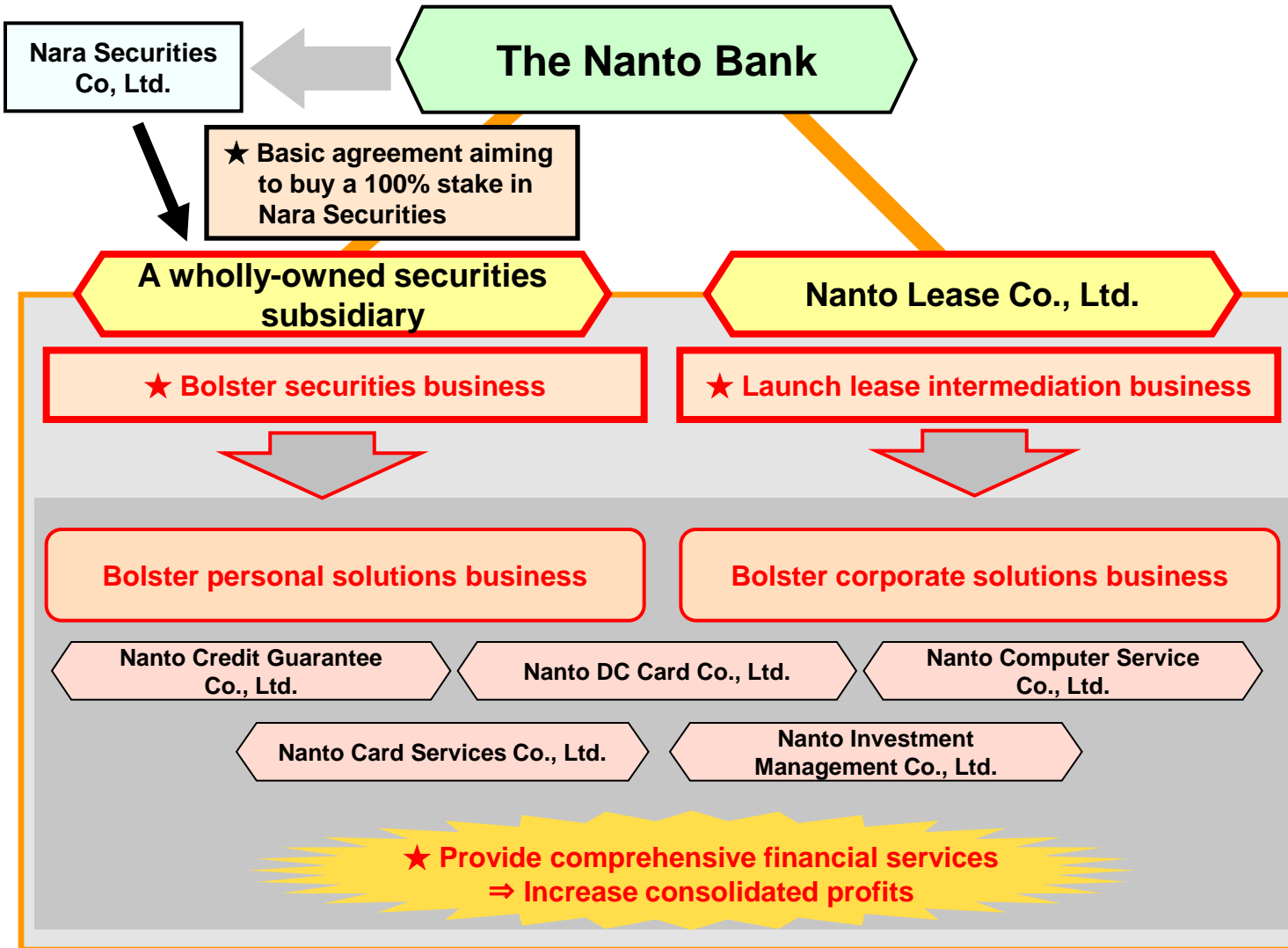
2. Sales Reform (4) Securities Investments Management

- ◆ Aim for stable earnings through diversified and sophisticated management approaches
- ◆ Flexible portfolio management taking into consideration the possibility of higher interest rates



2. Sales Reform (5) Group Strategy

- ◆ We aim to increase consolidated profits by providing comprehensive financial services in each of the corporate and individual sectors with lease intermediation business that started this fiscal year and the consolidation of Nara Securities Co., Ltd. that we are currently proceeding with.



3. Clerical Operations Reform

- Plan to complete centralization of back-end administrative processes of sales branches into headquarters in June 2018, aiming to improve efficiency including front-end administrative processes
- Drastically review administrative processes at headquarters utilizing RPA

Clerical Operations of Branches

Measures		FY2017	FY2018	FY2019
Front-end administrative processes	Deploy ATMs at banking windows		Start deployment at trial branches	
	Utilize tablets	Finished deploying at investment trust business (from 2015)		Scheduled to be utilized in various registrations
Back-end administrative processes	Centralization to headquarters	Deployed at 84 branches	Completed roll-out at all the branches	
	Document control center	Centralization of documents of all sales offices	Start responding to document inspection requests from tax offices, etc.	Start operations

★ Make branches a place where the staff are able to focus on sales

Reduce clerical staff

◆ Sales office clerk/bank teller

	March 2016	March 2017	March 2018	March 2022 plan
(People)	470	396	371	230
YoY		-74	-25	-141

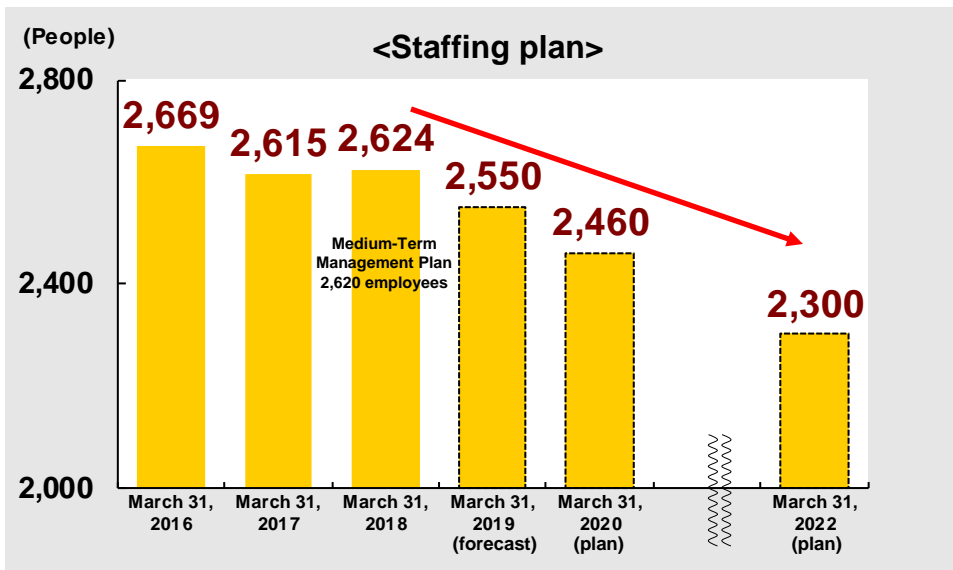
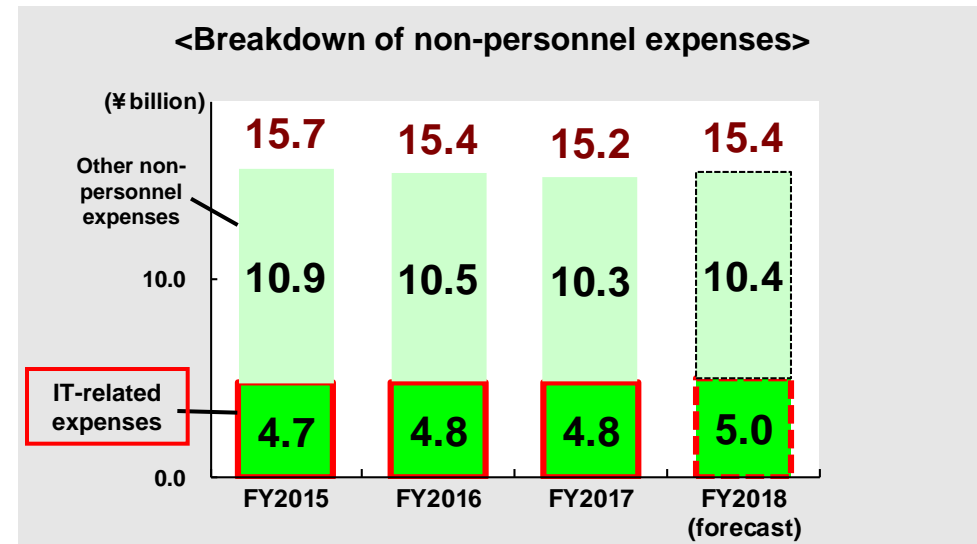
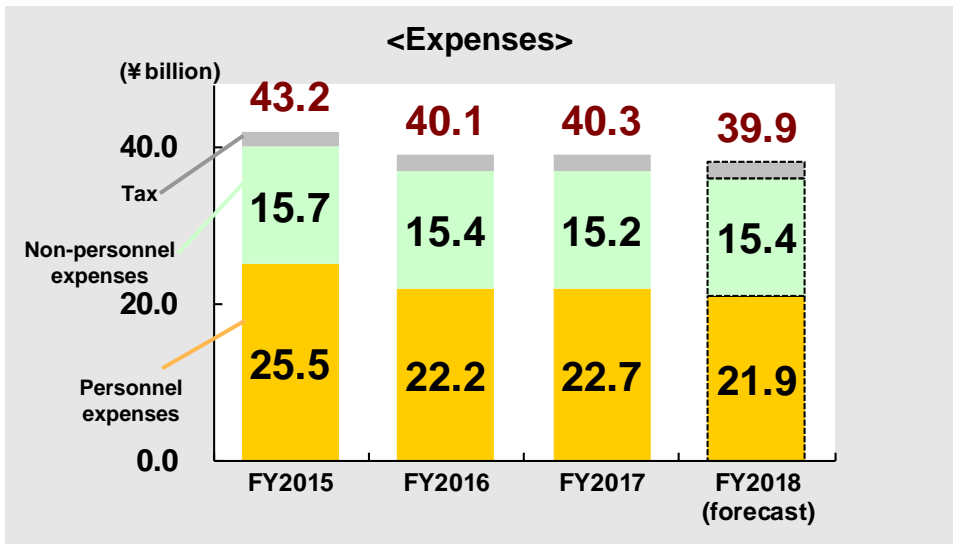
Clerical Operations at Headquarters

- ◆ Expanding the scope of business applicable to RPA (introduced in October 2017), significantly reducing business operating hours
- ◆ Carry out radical overhauls aimed at reducing various meetings and regular reports
- ◆ Promote faster decision-making by deploying electronic approval systems

★ Transformation to a more productive organization

4. Expenses Reform

- ◆ Reduction in personnel due to improved work efficiency is progressing as planned
- ◆ Maintain a stable level of expenses at below 40 billion yen while aggressively making investments for improving service and operational efficiency



- ◆ While suppressing the total non-personnel expenses, aggressively make IT-related investments
- ◆ Major IT investment projects going forward
 - Establish Internet branches
 - Shift from over-the-counter sales to the Internet for life insurance
 - Update groupware and add new functions
 - Integrate intranet base and tablet infrastructure
 - Expand intranet features
(Usage outside the Bank, use of Internet mail and website)

5. Regional Revitalization

- Provide support for measures and policies of local public entities by leveraging the Bank's expertise as a local financial institution
- Establish a new business model through promoting tourism

Collaborating with Local Public Entities

★ Concluded partnership agreements with 20 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)

<Main initiatives in FY2017>

Partner	Period	Details
Tenri City	March 2017 February 2018	<ul style="list-style-type: none"> ◆ Received a contract for the Local Human Resources Department Strategy Formulation Project (collaboration with Nanto Economic Research Institute) ◆ Received a contract for investigative research on the feasibility of deploying "Town of lifetime active lifestyle" (same as above)
Sakurai City	May 2017	<ul style="list-style-type: none"> ◆ Invested (5%) in the urban renewal promotion corporation, Sakurai Machizukuri Co., Ltd. ⇒ Contributed to the revitalization of the area around the south gate of Sakurai Station
Ikoma City	July 2017	<ul style="list-style-type: none"> ◆ Invested (5%) in the local energy company Ikoma Civic Power ⇒ Provided financial support for their operations
Nara Prefecture	July 2017 September 2017	<ul style="list-style-type: none"> ◆ Participated in a training program for employees of the Nara Prefectural Government and local municipalities hosted by Nara Prefecture ⇒ Provided support and guidance to the employees towards leveraging the RESAS (Regional Economy Analysis System)
Yamatokoriyama City	July 2017	<ul style="list-style-type: none"> ◆ Held an informal networking event for young employees ⇒ Held a total of three events and the outcome was reported to the mayor of Yamatokoriyama regarding measures for tourism in January 2018
Kawakami Village	December 2017	<ul style="list-style-type: none"> ◆ Held a workshop on the RESAS (Regional Economy Analysis System)



★ Creating regional vitality by proactive and subjective involvement in a regional version of the comprehensive strategy

5. 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.

★ Three 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

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

Revitalization of Forestry Business

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

<Main initiatives in FY2017>

Held sessions to convey the attractiveness of Nara's trees (in July 2017 and March 2018) (collaboration with Nara prefecture and Nara prefectural timber cooperative association)	◆ Promoted materials from Nara prefecture to business partners of the Tokyo branch and business partners in the Osaka area
Held a seminar for developing overseas sales channels for timber from Nara Prefecture (in July 2017) (collaboration with Nara prefecture)	◆ Gave lectures and shared case studies for forestry and timber industry-related business operators
Held new recruit training programs in the Yoshino area (in April 2017 and April 2018) (Kawakami Village, Shimoichi Town, Kurotaki Village)	◆ In order to deepen the understanding of forestry and timber-related industries, incorporated a forestry training program in the curriculum and gave lectures on and conducted study tours to see thinning work, etc.

In February 2018, we won the Excellence Awards for the 8th Regional Revitalization Award

—we were the first bank in Japan to win this award—

IV. Business Forecasts for FY2018

1. Summary of Profit and Loss

Business Forecasts for FY2018

(¥ billion)		FY2017 results	FY2018		
			forecasts	Y/Y Change	Compared to the Medium- Term Management Plan
1	Core net business profit	12.0	13.2	+1.2	-0.9
2	Interest income	47.2	46.4	-0.7	-1.0
3	Interest on loans	30.9	29.9	-0.9	+0.3
4	Interest on securities	19.5	20.2	+0.7	-2.2
5	Financing cost	3.8	4.3	+0.5	-0.8
6	Fees and commissions	5.3	7.4	+2.1	-1.5
7	Other operating income (*1)	-0.1	-0.7	-0.5	+1.5
8	Expenses	40.3	39.9	-0.3	-0.0
9	Net business profit	10.6	11.4	+0.8	-2.9
10	Ordinary income	17.1	12.9	-4.2	-2.6
11	Net income	12.8	12.9	+0.1	+1.5
12	Credit cost (*2)	-3.2	1.2	+4.5	-0.2

*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

Factors Causing Core Net Business Profit to Differ between FY2018 Forecasts and the Medium-Term Management Plan

◆ Interest income

⇒ The steadily accumulated loan balance mainly in the retail sector has led to higher-than-expected loan rates

In order to avoid the risk of interest rate rising, we reduced the balance of foreign bonds, thus interest paid on securities was lower than expected.

◆ Fees and commissions

⇒ Sales of investment trusts and life insurance are expected to be lower than the forecasts

On Revision of Our Pension Plan

★ The Bank's pension plan has been transitioned to risk sharing corporate pension and defined benefit corporate pension plan from the defined benefit corporate pension plan on April 1, 2018.

<Expected effects of the transition>

◆ An extraordinary gain of 4.7 billion yen is expected in FY2018.

◆ Retirement benefit expenses are expected to trend downward after FY2018

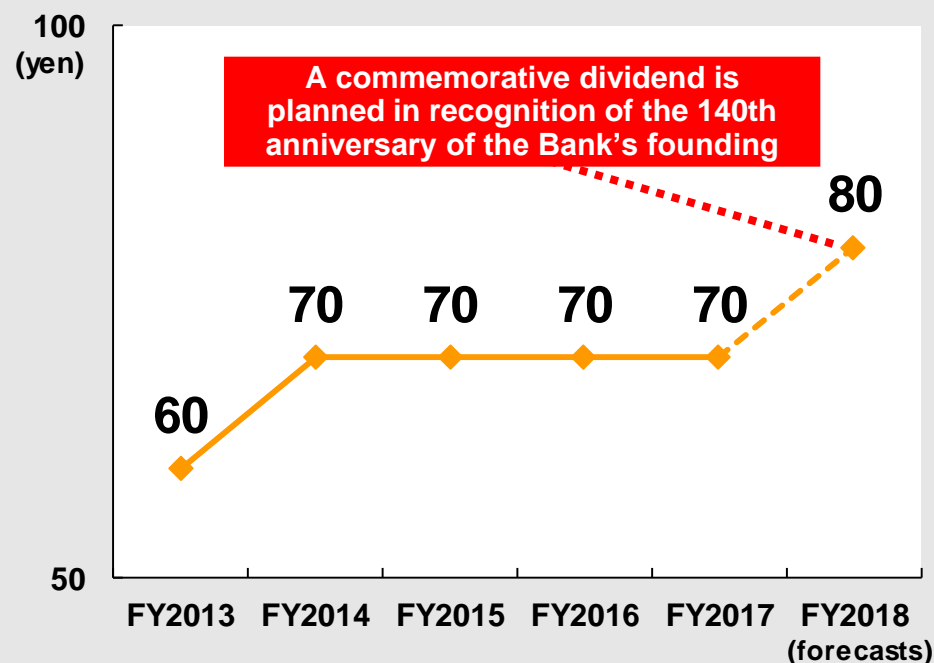
* A year-on-year decrease of 1.3 billion is projected for FY2018

2. Shareholder Returns

Shareholder Returns

			FY2016	FY2017	FY2018 (forecasts)
(1)	Consolidated net income	¥ billion	12.5	13.1	(13.2)
(2)	Dividend per share	¥	70	70	(80)
(3)	Total dividends	¥ billion	1.8	2.2	(2.6)
(4)	Payout ratio ((3) / (1))	%	15.0%	16.7%	(19.7%)
(5)	Amount of treasury stock acquired	¥ billion	0.01	0.00	—
(6)	Total ratio of return (((3) + (5)) / (1))	%	15.1%	17.3%	—

<Dividend per share>



★ The 68th National Bank (Rokujuhachi Bank) was founded in January 1879

Promote Dialogue with Shareholders

★ Individual shareholders

- ⇒ Hold a shareholders forum once a year (conduct a survey at the same time)
- ⇒ Hold IR events for individual investors (Nara and Osaka)

★ Institutional investors

- ⇒ Hold information meetings
- ⇒ Hold small meetings
- ⇒ Increase one on one meetings
- ⇒ Hold IR meetings for overseas institutional investors

3. Target Metrics

Medium-Term Management Plan “Vitality Creation Plan II—Changing and Taking on Challenges”

	FY2017	FY2018			
	Full Year (results)	Medium-Term Management Plan	Full Year (forecasts)	Y/Y change	Compared to the Medium-Term Management Plan
OHR	77.03%	73.83%	75.11%	-1.91%	+1.27%
Non-interest income ratio	10.83%	17.25%	14.70%	+3.86%	-2.55%
Capital adequacy ratio	9.64%	9.18%	9.26%	-0.38%	+0.07%
ROA	0.20%	0.23%	0.22%	+0.01%	-0.01%
ROE	4.90%	4.21%	4.59%	-0.30%	+0.37%

FY2019
target

Less than 70%

20% level

Approx. 10%

At least 0.3%

At least 5%

* Calculation formulae for the metrics

- OHR: Expenses / Core gross business profit
- Non-interest income ratio: (Fees and commissions + Other operating income (excluding gains/Losses on bonds (JGBs, etc.))) / Core gross business profit
- Capital adequacy ratio: Core capital / Risk assets
- ROA: Core net business profit / Total assets
- ROE: Net income / Net assets

**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:]

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THE NANTO BANK, LTD.