

# Message from the President

I am pleased to report on the business performance of the Nishi-Nippon City Bank (the “Bank”) for the fiscal year ended March 2016.

Before I begin, I would like to offer my most heartfelt sympathy to the victims of the 2016 Kumamoto earthquakes, as well as my prayer for the earliest possible restoration of the affected areas.

During the fiscal year ended March 31, 2016, the Japanese economy remained on a mild recovery path overall, as employment and income environments showed steady improvements on the back of a pickup in private capital expenditures. However, exports and production weakened somewhat, primarily owing to the slowdown of emerging economies. Nonetheless, it must be realized that the entire banking industry, including the Bank, finds itself in a challenging operating environment, as several events have made the future outlook increasingly uncertain, including the introduction of “Quantitative and Qualitative Monetary Easing with a Negative Interest Rate” by the Bank of Japan (February 2016) and recent movements triggered by the U.K.’s decision to leave the European Union.

Under these business conditions, our revenue and income for the year under review increased on both consolidated and non-consolidated bases, as both the loan balance and deposit balance registered substantial growth. Meanwhile, our current Medium-term Business Plan, “New Stage 2014 – Working up a Sweat for Our Customers,” is progressing well overall. A variety of initiatives that are being pursued under its four basic strategies of “Developing trustworthy human resources,” “Establishing business promotion with optimal solutions for each customer,” “Improving lifetime comprehensive support,” and “Expanding the sales territory” are progressing largely in line with their original schedule. More specifically, we have aggressively worked on initiatives such as support for business startups and expansion, support for growth businesses, provision of optimal services customized to various needs that may arise at each life stage of individual customers, further expansion of the office network and sales channels, functional reinforcement of digital channels, and development of Information and Communication Technology



(ICT) infrastructures. Through these efforts, we have been striving to achieve the Bank’s goal of “Territory Expansion and Qualitative Development.” Fiscal 2016 is the final year of the current Medium-term Business Plan, and both our staff and management have renewed their determination to attain the targets laid out in the Plan.

As we announced on October 23, 2015, we began the process of making a detailed study on the establishment of a holding company. As a result, we concluded that it would be necessary for us to shift to a holding company structure in order to tap into our merits and strengths through tighter ties within the Nishi-Nippon City Bank Group (the “Group”) so as to adequately respond to various environmental changes and risks that we may face in the future. Upon approval at the General Meeting of Shareholders, it was decided that the Group would establish a holding company on October 3, 2016. Under the new organizational setup, we will further advance our collective strength as an integrated financial group that caters to its host communities, with the aim of “making further contributions to the regional economy” and “maximizing the corporate value of the Group.” Your continued support for our future endeavors would be highly appreciated.

July 2016

A handwritten signature in black ink, reading "H. Tanigawa".

Hiromichi Tanigawa, *President*