Message from the Chairman

Building a Future of Trust and Peace of Mind

—A Core Partner in Regional Governance—

Chairman (Representative Director)
Takashi Hashimoto

Passing the Torch to a New President

On April 1 of this year, I was appointed to the office of Chairman and Satoshi Ishida to the office of President, and we started out by introducing a new management structure.

The Bank has established a Nomination and Compensation Advisory Committee comprising a majority of its outside directors, with responsibility for nominating candidates for the position of director, deliberating on compensation, and making recommendations.

The appointment of the new president was decided after approximately one year of deliberation by this committee and approved by the Board of Directors. The committee began the process by discussing the qualities required of a president, and then deliberated these from various perspectives, including the Bank's approach to the local community as a regional financial institution and earning the trust of stakeholders. President Ishida was selected from among a group of several candidates.

As generational succession progresses among local companies in Nara Prefecture, the Nanto Bank Group also recognizes the pending need to take up many new challenges if we are to achieve significant growth and development toward our 95th anniversary and beyond. We have consequently sought to refresh the management team and entrusted its leadership to President Ishida, who brings youth and impressive execution capabilities to the job.

I am firmly convinced that President Ishida has the capabilities and courage to take our Group in the proper direction, and that he will draw on his deep roots in the community and his unwavering vision to accomplish his goals, even in our rapidly changing operating environment.

I am extraordinarily proud to have worked hand in hand with our customers in their daily lives and business activities during my years as President of Nanto Bank, remaining at the community's side through an era of rapid change. Throughout my tenure as president, I placed great importance on contributing to community development, striving to assure our position as a trusted and beloved bank in the belief that it is this accumulation of trust that brings peace of mind to a community. While ensuring that the baton is passed to the next generation, I will continue my efforts to strengthen our Group's governance and to ensure its soundness and reliability from my position as Chairman of the Board, overseeing operations objectively and rigorously.

Contributing to trust and peace of mind

Corporate Governance

As I take on the new role of Chairman of the Board, I am committed to further enhancing the soundness and transparency of management through appropriate oversight. I will fulfill my supervisory responsibilities for executive decision-making transparently, while at the same time approaching the job objectively and constructively, sometimes asking questions, and rigorously assessing whether my management is leading to sustainable value creation.

It is especially important in a rapidly changing business environment like today's to consider not only short-term results, but also the best results for our shareholders, customers, local community and employees in the medium to long term. I believe that this perspective, which considers whether our management decisions will earn the trust of society, will be the core concern of governance for our Group going forward.

The Board of Directors' operations will also need to be even more effective. As Chairman of the Board, I will work to implement a system that allows for strategic discussions by leveraging the diverse perspectives and expertise of our outside directors, while maintaining transparency and a sense of urgency in corporate oversight. I am confident that renewing the Board of Directors as a venue for substantive discussions and decision-making, rather than a body engaging in mere formalities, will lead directly to greater corporate trust and, ultimately, to customer peace of mind.

Contributing to the community

In addition to my role as Chairman, I hold several positions in local economic organizations and public bodies. In these roles, I engage with a wide range of opinions and issues related to the community on a daily basis, promoting initiatives that take a broad view of the sustainability of the community as a whole. Structural issues such as the contracting population, aging citizenry, and worker shortages in regional cities can no longer be addressed by any single organization or institution alone. It is only when the roles of government, the corporate sector, education, and finance are organically interconnected that we will be able to envision a secure future for the local community.

To be specific, in the economic organizations in which I participate, I am actively proposing measures to address the labor shortage faced by the region's small and medium-sized business owners. When it comes to supporting employment, I am actively proposing policies that will make work more enjoyable and rewarding for people of all ages, from young people to the elderly. In education, we continue to strongly emphasize the importance of uncertainty and risk management

Signing ceremony for the Partnership Agreement

as part of the financial education necessary for working adults.

Our Group is actively engaged in efforts to prevent crimes, such as unauthorized deposit withdrawals and wire fraud using cash cards and Internet banking systems that have become social issues, in addition to implementing the measures to counter money laundering and terrorist financing required by the international community. In these efforts we collaborate closely with local police and other organizations to combat crime. As financial crimes become better organized and more widespread, and the methods used become increasingly sophisticated and diverse, we believe we must continue our steady promotion of financial literacy, which is the foundation for combating these threats, if the measures taken by financial institutions to protect the community are to be effective.

In these and other ways, I recognize that the role of the Nanto Bank Group is not merely to provide financial services but also to provide leadership in solving regional issues and creating value by collaborating with various organizations and institutions throughout the region. To achieve this, our Group must remain a trusted partner that listens to the diverse voices of the community. We believe that the essential value, and indeed the very meaning, of our existence in society, is to be an indispensable presence in the community that is trusted as a source of security.

Aware that ensuring financial security is essential to preserving the foundation of the local economy, we will help strengthen the community's governance functions.

Trust and peace of mind cannot be established overnight. Only the accumulation of honest daily work, responses, and dialogue will eventually produce a deep well of trust and bring peace of mind to an entire community. Even in this era of change, the values we must protect are clear. It is essential that we remain the community's most trusted entity with the deepest understanding of its needs. If we can do this, we feel certain that peace of mind will be achieved, leading to revitalization of the local economy.

Going forward, the Nanto Bank Group will remain focused on building a future of "trust" and "peace of mind," engage sincerely with the local community, and strive to be a bank that customers continue to choose.