Raising Governance Effectiveness to Support Growth of Our Local Community and Our Group



Chairman (Representative Director)
Takashi Hashimoto

Seeking to achieve both sustainable enhancement of corporate value and revitalization of our local community, the Nanto Bank Group has identified enhancement of corporate governance as one of its top management priorities. At a time when changes in the financial environment and structural challenges in the local economy are becoming increasingly apparent, we consider it is essential that we not only ensure sound, transparent management but also improve the quality of our decision-making from a medium- to long-term perspective.

Since I assumed the position of president in 2015, I have regarded corporate governance reform as a cornerstone of our management structure. We have implemented various measures to enhance our systems, including establishment of a Nomination and Compensation Committee, unveiling of a director skills matrix, transition to a Company with an Audit and Supervisory Committee, and introduction of non-financial metrics for our performance-based stock compensation plan.

Since I assumed the position of chairman in 2025, we have built on our past efforts to shift our focus from establishing systems to enhancing their effectiveness. In addition to strengthening the Board of Directors' traditional oversight functions, we are implementing initiatives to improve the quality of our decision-making itself.

More specifically, we reviewed the Board's agenda items and reporting requirements to transform the role of the Board of Directors from a forum for receiving reports on operational performance to a forum for discussing medium- to long-term strategies and risks and determining the direction of management. While streamlining our routine reporting, we have allocated more time for discussion of key issues, such as optimizing our management strategies, enhancing our financial intermediation function, responding to new business areas, and upgrading our human capital development and risk-taking strategies.

We are simultaneously taking measures to enhance the quality of our discussions. By ensuring thorough advance briefings and well-prepared materials—and thus clarifying the key issues before each Board of Directors' meeting—we have improved our ability to conduct more in-depth discussions than ever before on such fundamental issues as alignment with the Group's medium- to long-term strategies and determination of whether returns commensurate with the risks they entail are secured, rather than focusing too heavily on the merits of individual proposals.

Our Board of Outside Directors comprises individuals with experience and expertise in a wide range of fields, including corporate management, finance, DX, human capital, and regional revitalization. Their diverse perspectives bring breadth and depth to the Board of Directors. In addition to providing comprehensive advance briefings and enhanced information sharing on important matters, I make a conscious effort in my role as Chairman to foster an environment in which members can speak freely and openly. This facilitates constructive discussions based on candid opinions, unencumbered by preconceived notions.

As concerns evaluation of the Board of Directors' effectiveness, we go beyond assessing its current status to identifying specific topics on which discussion has been insufficient and areas in which our oversight function needs strengthening. We have followed up by establishing a PDCA cycle to incorporate these findings into operational improvements for the following fiscal year. Through these cumulative efforts, we have enhanced the quality of discussions at Board of Directors regarding medium- to long-term management issues. The approach to risk-taking, in particular, is a key topic under continuous discussion as we seek to balance corporate value enhancement with financial soundness. In addition to deliberating on individual projects, we examine the risk-and-return balance across the full portfolio and make decisions that strike a balance between "defense" and "offense"—such as allocating risk appropriately to sectors that contribute to regional economic growth.



At the same time, we realize that enhancement of our corporate governance is still a work in progress, and that room remains for further improvement. We will level up the effectiveness of our governance by feeding back opinions gathered through dialogue with our stakeholders to the Board of Directors and incorporating them into its management decision-making.

Through these and other initiatives, our Group will increase the transparency and fairness of its management further, live up to the trust placed in us by our stakeholders, achieve sustainable growth in corporate value, and contribute to development of the local economy.

■History of Corporate Governance

