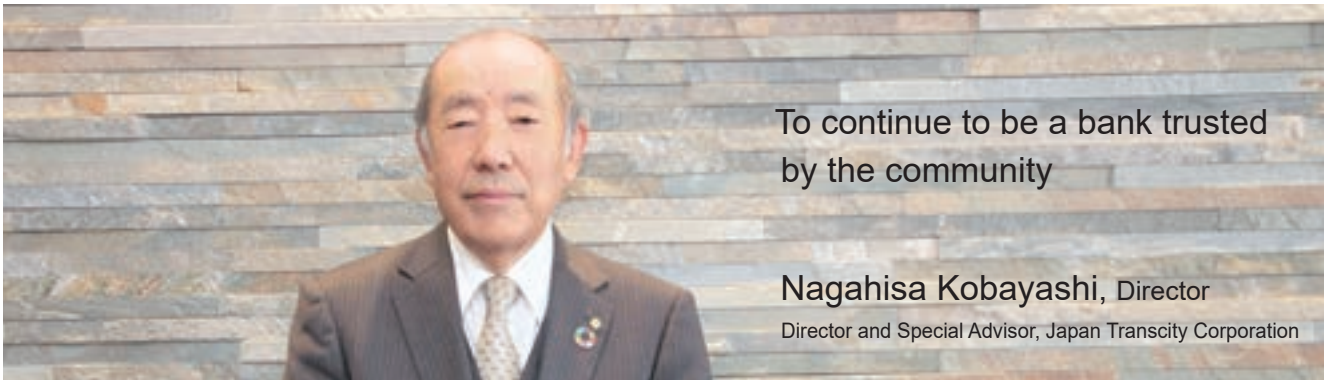


## Message from an Outside Director



To continue to be a bank trusted  
by the community

Nagahisa Kobayashi, Director

Director and Special Advisor, Japan Transcity Corporation

**Q** What characterizes Hyakugo Bank's governance and what are the roles of outside directors?

Four of the Bank's directors are outside directors, accounting for more than one-third of all the ten directors. One of the outside directors is a woman. The Bank's outside directors include diverse members who have been involved in the management of private-sector firms in a variety of industries and have extensive experience of discussion at board meetings.

At meetings of the Board of Directors, officers on the executive side provide ample explanations for each proposal, and carefully respond to questions and views expressed by outside directors. As a result, multifaceted discussion is actively carried out in every meeting, and I think that the good balance of the respective functions of execution and supervision characterizes the Bank's governance.

I have been involved in the management of private-sector firms for many years. I would like continue to play an appropriate role such as supervision of important management decisions and business execution by utilizing this experience as a management executive to actively make comments centered on economic conditions in meetings of the Board of Directors.

**Q** What is Hyakugo Bank doing to enhance its governance?

In June 2013, I was appointed the first outside director of the Bank. Later, the Bank gradually increased the number of outside directors, and introduced an executive officer system in June 2018 with the aim of revitalizing the Board of Directors, speeding up decision-making and enhancing business execution functions. In June 2020, outside directors accounted for 40% of the Board of Directors. In addition, three of the five corporate auditors are outside corporate auditors, accounting for 60% of the total.

I serve as chairperson of the Corporate Governance Committee established in February 2017. The Corporate Governance Committee deliberates on matters related to candidates for director and corporate auditor and matters related to directors' compensation and provides advice to the Board of Directors, thereby leading to improvement of transparency and objectivity of the decision-making of the Board of Directors.

**Q** What do you think are the strengths and weaknesses of Hyakugo Bank or challenges the bank should tackle?

The Bank has grown alongside the development of the region for more than 140 years since it was founded in 1878 as the 105th national bank in Japan. I think the Bank's greatest strength may be the trust it has built by sincerely dealing with members of the community over this long history. I feel that many of the Bank's employees have traditionally had a well-grounded, down-to-earth approach. Furthermore, Mie Prefecture, which is the main area of the Bank's business, and adjacent Aichi Prefecture, have a high concentration of Japan's leading industries, and I think having such an operating base is also an essential strength.

An issue we face is that changes in society are growing more and more intense, and I feel it will become even more important for each employee of the Bank to engage in their work with an innovative approach and a sense of speed without settling for the current conditions.

**Q** What areas should Hyakugo Bank focus on in the future to achieve sustainable growth?

Naturally, the sustained growth of the local community is necessary for the Bank to grow in the medium to long term. As the business environment surrounding regional banks becomes harsher, it is important to seriously consider "what we can do for the region" as a regional bank, and provide products, services and solutions that meet customers' needs with a sense of speed.

With the decreasing number of customers coming to branches in person, it is necessary to proceed with streamlining through consolidation of branches once convenience for customers has been ensured through smartphone banking, etc. Meanwhile, face-to-face connections are indispensable for consulting services such as business succession support and inheritance consultation.

I think it is necessary for sustainable growth to realize our vision of the Digital & Consulting Bank mentioned in the Bank's Medium-term Management Plan and continue to be a bank that is truly trusted by customers.