



# Corporate Governance

## Fundamental Approach to Corporate Governance

In order to clarify our stance on our management that we will contribute to society through sound banking operations by adapting to the changes in the management environment of the financial industry, we have established a corporate philosophy in an aim to gain the trust of the regional society, customers, employees, and shareholders, and in an effort to realize sustainable growth and enhancement of corporate value over the medium to long term.

To realize the abovementioned aim, we have adopted a system of a company with a board of corporate auditors that enables transparent, fair, swift and resolute decision-making as our system of corporate governance. While making effective use of the auditing functions of the Board of Corporate Auditors, we have appointed multiple,

highly independent outside directors so that monitoring functions of the Board of Directors are duly executed.

In addition, we have established the Basic Policy on the Internal Control System pursuant to the Companies Act, and developed a system to ensure the appropriateness of business execution of the corporate group comprised of the Hyakugo Bank and its subsidiaries. We also engage in efforts such as convening the Corporate Governance Committee, establishing other various committees, and enhancing investor relations (IR) activities.

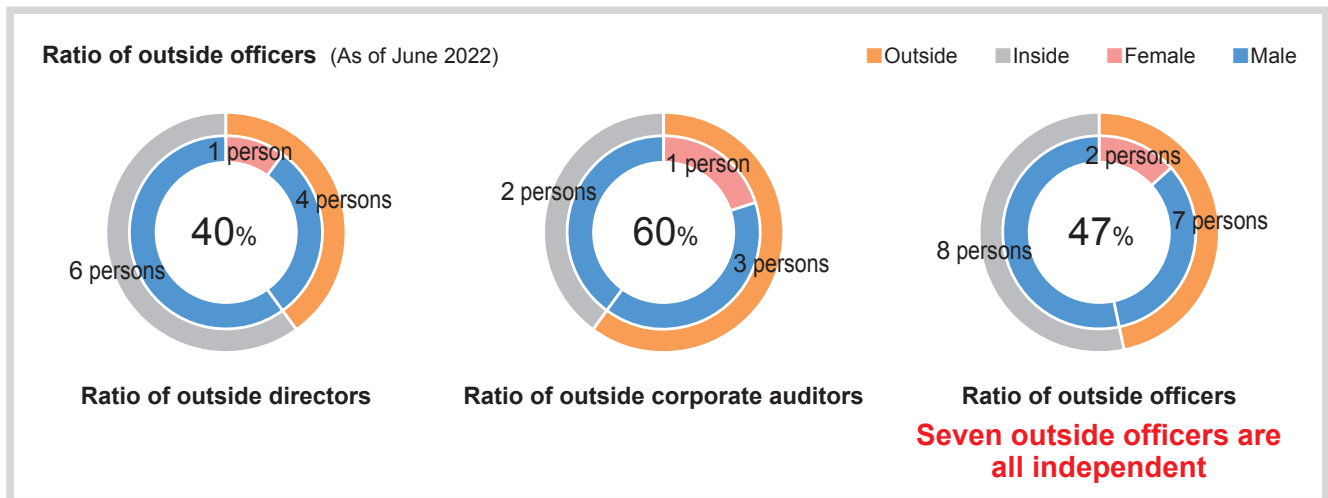
Within the context of the changing business environment, we will continue to review the system as required to strengthen and enhance corporate governance.

## Strengthening Corporate Governance

The Bank is working to strengthen corporate governance. As of June 2022, the ratio of outside officers at the Bank is 47%. We have two female officers and are further diversifying the makeup of outside officers. In addition, we

established a Corporate Governance Committee, which works to improve transparency and aims for higher objectivity of decision-making by the Board of Directors.

### Appointment and Diversification of Outside Officers



### Suitable Involvement and Guidance from Outside Officers

**Corporate Governance Committee** (non-mandatory nomination/compensation committee)

Chairperson is elected from among **outside directors**

Title	Number of persons
Outside directors	4
Inside directors (representative director)	2
Total	6

(As of June 2022)

**Decision-making of Board of Directors**

- For higher **transparency**
- For higher **objectivity**

**Functions**

Providing advice on the following matters to Board of Directors

- Matters concerning candidates for directors and corporate auditors
- Matters concerning compensation, etc. to directors
- Other significant matters concerning management (such as fostering of successors and initiatives for diversity)