

## Message from an Outside Director



Hisashi Kawakita,  
Outside Director

**I expect the Bank to play a major role in creating new value ahead of its competitors, and in solving issues that are faced by the community and its customers.**

### Q What is your assessment of Hyakugo Bank's governance structure and effectiveness?

The Bank's ratio of outside officers is 47%, which ranks 29th among 86 listed banks. All seven outside officers are independent, including two female officers. Our Outside Directors have a wide range of backgrounds and experience, with the ratio of Outside Directors at 40%, ensuring independence and diversity.

In the formulation of the Medium-term Management Plan, the Outside Directors were invited to share and discuss the plan from the drafting stage. When Outside Directors commented on the plan, revisions were drafted for further discussion. The plan was finalized through such a process. As the opinions of the Outside Directors were also reflected in the plan, I believe that the plan was fully considered from a variety of perspectives.

### Q How do you evaluate the Bank's sustainability efforts?

The Bank has a long-term vision, "Aiming to Transform into a Green & Consulting Bank Group," and I have high expectations for the Bank to support local communities and customers in their efforts to decarbonize their businesses through our financing and consulting services.

The Bank has developed Japan's first yen-denominated green deposit and has received the Regional Finance Award at the 7th Sustainable Finance Awards in 2022 for its contribution to environmental improvement and the regional economy through the joint efforts of the Bank and our customers. This is something to be proud of. I look forward to the Bank continuing to create such new value in the future.

I feel that the Bank also plays a significant role through our consulting efforts as well. A questionnaire showed that while 80% of SMEs are aware of the importance of environmental issues, they do not know the amount of their own CO<sub>2</sub> emissions. The Bank supports its customers in decarbonizing their businesses through measurement, analysis, and consulting.

The automotive industry is expected to see the spread and expansion of EVs in the future, and in connection with this trend, the elimination of internal combustion engines, which consists of around 10,000 parts, will be a once-in-a-century revolution. Automotive-related products account for 24% of manufactured goods shipments in Mie Prefecture and 48% in Aichi Prefecture, which is high compared to a national average of 17%. The risk of transitioning to EVs is significant, and I hope that the Bank will be able to support the regional industry.

### Q What is your view of Hyakugo Bank's corporate culture?

I believe that the Bank's constant customer-first policy and solid management have enabled it to overcome the stormy times of the Showa Depression and the 2008 financial crisis, and to gain unwavering trust. I hope that these steady efforts will be continued in the future.

I also feel that I would like the employees to have a playful spirit. I write a "play on letters" on my New Year's cards every year, and I once wrote a phrase meaning, "The more playfulness, the more luck that comes from within, and this will help you have a nice day." A playful spirit leads to new ideas never seen before, as well as a brighter, more fun workplace and stronger engagement. This might happen if supervisors are playful themselves and set an example. If supervisors can respond to their subordinates' opinions with an open mind, saying, "That's nice," or "That's interesting," I think the culture will gradually change.

### Q How do you evaluate the Bank's human resource development efforts?

In terms of developing professional personnel, we encourage employees to acquire qualifications and set a target for the number of employees who acquire such qualifications. Furthermore, we have a practical (trainee-type) training where employees engage in actual operations to broaden their experience. I think this is a very good combination of initiatives.

In order to enhance human capital, it is important to develop employees who are independent and proactive.



This requires not only following a predetermined process, but also independent thinking. If you are climbing a mountain, you will gain various knowledge and awareness by thinking about things such as which route to take and what you need to bring. This leads to new motivation and independence.

It is also important to have the spirit of taking the plunge with courage ahead of others. At the headquarters of Mie Toyopet, where I serve as the Chairman, there is an art work I made called "Sakigake," which means "to start and accomplish things ahead of others." To be a pioneer, you need 3Cs: challenge, courage, and communication. We can be a pioneer by working with a spirit of challenge and courage, while maintaining good communication.

### Q What are your expectations for The Hyakugo Bank in the future?

I expect the Bank to continue to play a major role in resolving issues faced by regional customers, contribute to the sustainable growth of regional society, and actively work to solve social issues such as decarbonization. I believe that our mission is to enhance our corporate value by implementing these efforts and earn the trust of our stakeholders.

I mentioned the 3Cs in response to the previous question. I expect our employees to embody the "first penguin" mindset, which entails embracing new challenges while effectively communicating with others, and demonstrating the courage to dive in and lead the way.

I have made some recommendations for our efforts on decarbonization. I believe it is important to promote greening not only by planting trees, but also by using timber. I hope that the Bank will take the lead in using the large amount of timber available in Mie Prefecture and put more effort into green circulation in the region.

As an Outside Director, I would like to contribute to the realization of the long-term vision by making proposals from an objective perspective.