

Message from an Outside Director

I expect the Bank to create a virtuous circle of solving social issues faced by the community and enhancing economic value.

Atsushi Nakamura

Outside Director



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

With eight internal officers and eight outside directors, the ratio of outside officers at the Bank is 50%, and three of the outside officers are women. The composition of the outside officers is well balanced, including corporate management executives, a university professor, an attorney, and a former public servant.

When meetings of the Board of Directors are held, briefing materials describing the discussions that took place on individual matters in the Management Committee and the process by which conclusions were reached are distributed in advance, allowing us to obtain the information we need. In the Board of Directors meetings, Chairman Ito, as chair, runs the meeting in a neutral manner, drawing on his knowledge of business execution as a former President of the Bank and encouraging the relevant officers to provide additional explanations.

We also have a Corporate Governance Committee, which is chaired by an Outside Director. The Corporate Governance Committee discusses the selection of candidates for director and corporate auditor and directors' compensation, and based on the outcomes of those discussions, provides advice to the Board of Directors, thereby ensuring the transparency and objectivity of the decision-making of the Board of Directors.

Q What kinds of roles do you think are required of the Outside Directors?

The Outside Directors are primarily expected to perform a supervisory function. To achieve this, it is important to input as much of the Bank's management information as possible. To deepen understanding of the Bank, I would like to create more opportunities to exchange opinions with bank employees, including visits to branches.

I joined Meiji Life Insurance Company (now Meiji Yasuda Life Insurance Company) in 1987. After serving as General Manager of Regional Headquarters and General Manager of the Corporate Planning Department, I was appointed Deputy President of Meiji Yasuda Life in April 2024. Leveraging my experience and knowledge in sales, business administration, sustainability, and governance, I hope to contribute to the enhancement of the Bank's corporate value.

Q Could you tell us about the main discussions held in the Board of Directors meetings in FY2023?

On the theme of the revitalization of debate about management strategies and management issues, we exchanged opinions for the next Medium-term Management Plan, which will start in FY2025. The Outside Directors

were also given opportunities to hold discussions with several of the senior management figures on the executive side. These discussions enabled us to talk about the Bank's vision, value, and sustainability initiatives, which was extremely beneficial.

Q What are your thoughts on Hyakugo Bank's sustainability initiatives?

In addition to its SDGs declaration, the Bank has formulated and announced its policies on the environment, human rights, and sustainable investment and financing on a Group basis. I also consider that the Bank has established its key issues (materialities) in a well balanced manner based on the characteristics of its business, including the sustainable development of the local community and economy.

Looking ahead, I hope to contribute to the strengthening of collaboration with external parties in the Bank's SDGs initiatives. In addition, the Exposure Drafts of Sustainability Disclosure (SSBJ Draft Standards) have been announced, based on international sustainability standards (ISSB Standards). I will encourage the Bank to make use of these standards as soon as possible. The Bank has received a "B" grade, the third highest of eight grades, from CDP, an international non-government organization for the disclosure of environmental information. I hope to make recommendations to improve this grade.

Q What do you think about Hyakugo Bank's branding?

My view is that the Bank's brand power within Mie Prefecture is exceptionally strong, thanks to the trust that it has built up based on its long history and solid management. To transform the Bank in line with the changes in the times, while holding onto that brand power, I believe that it would be useful to first determine how the Bank's brand is evaluated by customers by investigating the degree of penetration among different age groups within the market, primarily in Mie Prefecture.

My own company, Meiji Yasuda Life, with the determination to transcend its role as a life insurance company and contribute more to health and community, changed its brand nickname to "Meiji Yasuda" in 2024. To build a brand, it is crucial to promote it both internally and externally in a well-balanced manner.

In terms of the Bank's external promotion, Penguin Pete is well established as its mascot character, and it also has its commercials featuring the red bench. Going forward, I think that it would be good for the Bank to be conscious of the brand's connection to the Bank's corporate statement of "Frontier Banking" and to consider approaches that will convey the Bank's appeal effectively.

In terms of internal promotion, it is important for bank employees, who face customers directly, to understand what "Frontier Banking" means to them and what they can

do to materialize it. Unless bank employees are able to communicate the same message to a certain extent, that message will not be conveyed to customers, and the brand will not take hold.

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

When I speak to employees of the Bank, I gain the impression that they love their home prefecture of Mie and that they have a strong desire to make it better. The fact that as many as 84% of the Bank's employees are highly motivated and proud to work at Hyakugo Bank is a major strength, and I expect it to take on new challenges in the future.

The current Medium-term Management Plan is progressing smoothly on the whole, and the Bank is expected to achieve the targets for the final year of the Plan. In the next Medium-term Management Plan, which will begin next fiscal year, I believe that the Bank needs to come up with new innovations in the lead up to its milestone 150th anniversary in 2028. A major theme of the new Plan will be the establishment of a virtuous circle of enhancing economic value through solutions to the region's social issues and putting the profits thus generated toward solutions to the next social issues to emerge.

The SDGs were adopted by the United Nations in 2015, but I believe that Hyakugo Bank has always considered the region's economy, society, and environment, ever since it was founded. I hope that it will stride forward alongside the local community with substantive perspectives and work toward development.

