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Basic Policy on Corporate Governance

Chapter 1 General Provisions

Article 1 (Purpose)

This basic policy prescribes the Bank's basic stance on the Bank's corporate governance, as well as its framework and policy regarding management in order to enhance the Bank's sustainable growth and its medium- to long-term corporate value.

Article 2 (Basic Stance on Corporate Governance)

With a view to its sustainable growth along with improvement of its corporate value over the medium and long terms, the Bank establishes its corporate governance system based on the following stance.

- (1) We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.
- (2) Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.
- (3) We will value the dialogue with all stakeholders including shareholders, and seek appropriate collaboration and sustainable coexistence therewith. To this end, we will ensure management transparency and strive for disclosure and provision of adequate information.
- (4) In order to promptly adapt to changes in economic and social environment and meet the expectation of all stakeholders, we will make swift decision-making in a firm attitude and conduct businesses under the effective supervision by the Board of Directors.

Article 3 (The Bank's corporate governance system)

The Bank has adopted a "company with three statutory committees" based on the following perspectives.

- (1) By separating important decision-making and supervision such as the formulation of basic management policy from business execution based on these decisions, we will enhance the flexibility of management and develop the Bank's management supervision system based on the Board of Directors.
- (2) By exercising the functions of the Board of Directors, with a focus on outside directors, and those of the three statutory committees, namely, the Nomination

Committee, the Compensation Committee and the Audit Committee as well as the voluntary Risk Committee, we will make adequate use of external viewpoints in management and ensure the transparency and impartiality of decision-making in management.

- (3) We will realize a corporate governance system that is appropriately accountable to all stakeholders.

Chapter 2 Composition and Role, etc. of the Board of Directors

Article 4 (Composition and role of the Board of Directors)

1. The Board of Directors shall comprise diverse directors with extensive knowledge and experience coupled with deep insight. Moreover, the number of directors shall be an appropriate number that does not exceed 20, as prescribed by the Articles of Incorporation, and the majority shall comprise independent directors.
2. The Board of Directors shall encourage swift decision-making in management by entrusting all decisions regarding the Bank's business execution to executive officers, except matters with a statutory requirement to be exclusively decided by the board of directors and particularly important decisions on business execution. In addition, the Board of Directors shall receive reports regarding such business execution from executive officers in a timely and appropriate manner, and shall develop a system to supervise such business execution.
3. With the aim of ensuring cooperation and coexistence with all stakeholders, the Board of Directors shall determine the basic management policy, including the medium-term management plan, and strive to realize the Bank's sustainable growth and enhance medium- to long-term corporate value through appropriate supervision of its implementation.
4. The Board of Directors shall determine the "Basic Policies for the Internal Control System" based on the Companies Act of Japan. In addition, it shall conduct appropriate monitoring as a supervisory organization that supports the swift and decisive decision-making of executive officers, by regularly receiving reports from responsible executive officers regarding the policy's operational status and by conducting evaluation and analysis thereof.
5. The Board of Directors shall regard performing highly effective supervision of executive officers, based on an independent, objective standpoint, as one of its main roles and responsibilities, and shall formulate the "Criteria for Election or Dismissal of Executive Officers". Furthermore, it shall elect or dismiss executive officers and select executive officers with special titles appropriately based on an evaluation of these criteria, corporate business performance and other matters.
6. If transactions involving a conflict of interest arise between the Bank and the Bank's directors and executive officers (referred to as "officers" hereafter), the Board of Directors shall respond appropriately in accordance with the Companies Act. Moreover, with regard to important transactions between the Bank and Group companies as well as atypical transactions between the Bank and the Bank's major shareholders, the Board of Directors shall conduct surveillance to ensure that the

interests of the Bank or the common interests of shareholders are not harmed by approving such transactions based on careful discussion at a meeting of the Board of Directors.

Article 5 (Operation of the Board of Directors)

1. The Bank shall take the following actions in relation to directors to ensure the effective and smooth operation of meetings of the Board of Directors and enhance the effectiveness of supervision by outside directors, in particular.
 - (1) Coordination of an annual schedule with sufficient time available
 - (2) Accurate provision of information as necessary
 - (3) Ensuring sufficient prior explanation and time for prior consideration of the content of agenda items
 - (4) Ensuring time for questions at meetings of the Board of Directors
2. In addition to the development of systems for the matters in the previous paragraph, the Bank shall establish the Board of Directors Office and allocate appropriate staff for operational support to effectively and efficiently carry out meetings of the Board of Directors, and for communication and coordination with outside directors.

Article 6 (Evaluation of the Board of Directors)

Every year, while referring to the self-evaluation of each director, the Board of Directors shall analyze and evaluate the effectiveness of the Board of Directors as a whole, disclose a summary of the results, and use them to improve the operation of the Board of Directors.

Chapter 3 Systems and Roles, etc. of Committees

Article 7 (Nomination Committee)

1. The Nomination Committee shall have at least three members, and the majority shall comprise outside directors.
2. The Nomination Committee shall formulate the "Criteria for Nomination of Director Candidates," which prescribes a balance among knowledge, experience and ability in terms of the Board of Directors as a whole, viewpoints regarding diversity and size, and the qualification requirements for directors that the Bank demands, and it shall decide the candidate directors based on these criteria.
3. The Nomination Committee shall formulate the "Independent Director Appointment Standards " which prescribe the requirements for outside directors that the Bank believes will not risk a conflict of interest with shareholders, and appoint independent directors from among outside directors.
4. The Nomination Committee shall appropriately supervise plans for a successor to the President and Representative Executive Officer and other officers.

Article 8 (Compensation Committee)

1. The Compensation Committee shall have at least three members, and the majority shall comprise outside directors.
2. The Compensation Committee shall determine the "Policy for Determining the Details of Individual Compensation for Directors and Executive Officers" and decide the amount of compensation, etc. for officers based on this policy.
3. The compensation for executive officers prescribed in the policy in the previous paragraph shall be a system that functions as a sound incentive for sustainable growth.

Article 9 (Audit Committee)

1. The Audit Committee shall have at least three members, and the majority shall comprise outside directors. Moreover, in principle, the members of the Audit Committee shall be persons who have appropriate experience and ability, and necessary knowledge regarding finance, accounting and laws, and one of these persons shall have sufficiently deep knowledge regarding finance and accounting.
2. In principle, the Audit Committee shall select a full-time Audit Committee member in order to ensure the effectiveness of audits.
3. The Audit Committee shall play a part of the supervisory function that the Board of Directors fulfills, and audit the execution of duties of executive officers and directors.
4. The Audit Committee shall monitor and verify the establishment and operational status of the Bank's internal control system.
5. The Audit Committee shall regularly receive reports regarding the audit implementation status and the results of audits from the accounting auditor and attempt to strengthen cooperation by exchanging information and implementing other such measures. Furthermore, the Audit Committee shall monitor and verify the status of execution of duties by the accounting auditor, and decide the content of proposals regarding the appointment, dismissal and non-reappointment of the accounting auditor that are submitted to general meetings of shareholders.
6. The Audit Committee, based on the assumption of the establishment and operation of the internal control system at the Bank, shall verify audits on the status of the operations and assets of the Bank through effective cooperation with the Internal Audit Division as well as interviews with executive officers and the content of reports from executive officers.
7. The Audit Committee shall establish the Audit Committee Office as a secretariat to support the Audit Committee.

Article 10 (Risk Committee)

1. The Risk Committee consists of at least three members who are directors or executive officers (the majority of whom are independent outside directors). In addition, directors or executive officers who serve on the Risk Committee shall in principle have the expertise and work experience necessary to fulfill the duties of the Risk Committee, as well as an understanding of the Bank's risk profile and risk management.

2. The Risk Committee is able to select outside experts to serve as members, and selected outside experts participate in Risk Committee deliberations in accordance with the agenda. In addition, outside experts who serve on the Risk Committee have expertise and work experience in general or specific risk management in financial institutions and in principle meet the requirements for independent executive officers as defined in the "Independent Director Appointment Standards".
3. As an advisory body to the Board of Directors, the Risk Committee deliberates on important matters related to the status of risk management and reports to or advises the Board of Directors with the aim of contributing to risk management oversight in accordance with the Bank's management strategy and risk characteristics.

Chapter 4 Role of Outside Directors

Article 11 (Role of independent directors)

Independent directors shall supervise the business execution of executive officers from an independent, objective standpoint, and appropriately protect the interests of all general shareholders. In addition, they shall appropriately advise and support executive officers, based on their respective experience and expert knowledge so that the Bank can grow continuously and create corporate value in the medium to long term while appropriately cooperating and coexisting with all stakeholders.

Article 12 (Acquisition of information and information sharing by outside directors)

1. To enable outside directors to appropriately fulfill the roles and obligations expected of them, the Bank shall create opportunities for them to deepen their understanding and acquire necessary knowledge regarding the Bank's business activities, challenges, management strategy, and the like. These opportunities shall include implementing measures such as inspections of the Bank's facilities, etc.
2. To fulfill their roles and obligations, outside directors shall request explanations regarding the Bank's management status, and the like from responsible executive officers, etc. in a timely and appropriate manner and establish an adequate understanding thereof, when they recognize that this is necessary.
3. The independent outside directors will exchange information and share awareness from an independent and objective standpoint through such means as periodically holding independent outside director meetings, which are composed of independent outside directors.
4. Independent outside directors shall determine one independent outside director who is responsible for communication and coordination with executive officers.

Chapter 5 Execution System, etc.

Article 13 (Execution system)

1. The President and Executive Officer shall decide the execution of important business entrusted by the Board of Directors and execute important business.
2. Executive officers other than the President and Executive Officer shall decide the

execution of business entrusted by the Board of Directors and execute business in responsible areas in regard to the division of duties determined by the Board of Directors.

3. In regard to decisions on the execution of important business that the President and Executive Officer makes, the Bank shall establish an Executive Committee and an Internal Control Committee as consultative bodies for the President and Executive Officer and discuss matters in advance in order to accurately recognize the facts that will form the premise of decisions, and ensure rationality and appropriateness in the process and content of decisions. Moreover, the Bank shall establish special committees as advisory bodies for the Executive Committee, and they shall strive to resolve issues by discussing specialized matters and reporting the results to the Executive Committee.

Article 14 (Education of corporate officers)

To enable corporate officers, including newly elected executive officers, to appropriately fulfill the roles and obligations expected of them, the Bank shall regularly provide opportunities where they can deepen understanding of their roles and obligations and acquire necessary knowledge.

Chapter 6 Accounting Auditor

Article 15 (Accounting auditor)

1. The Audit Committee shall formulate criteria to verify the independence and expertise of the accounting auditor and appropriately evaluate the accounting auditor in order to ensure proper audits by the accounting auditor.
2. The Bank shall develop a system to address the following matters in relation to the accounting auditor in order to ensure proper audits by the accounting auditor.
 - (1) Ensuring the independence of the accounting auditor
 - (2) Ensuring sufficient audit time for the accounting auditor
 - (3) Ensuring sufficient opportunities for discussions between the accounting auditor and the President and Representative Executive Officer, etc.
 - (4) Ensuring sufficient cooperation between the accounting auditor and the Internal Audit Division
 - (5) Establishing a response system on the side of the company if the accounting auditor discovers irregularity and requests an appropriate response or points out deficiencies and problems

Chapter 7 General Meetings of Shareholders, etc.

Article 16 (General meetings of shareholders)

The Bank shall strive to develop an appropriate environment relating to the exercise of rights by all shareholders at general meetings of shareholders, including the following

matters, based on the viewpoint of all shareholders, with a view to ensuring that general meetings of shareholders are a forum for constructive dialogue with all shareholders.

- (1) Providing accurate information that is likely to contribute to appropriate decisions at general meetings of shareholders
- (2) Rapid electronic publication and early dispatch of a notice of convocation of general meetings of shareholders to ensure sufficient time for consideration of proposals at general meetings of shareholders
- (3) Establishing a schedule related to general meetings of shareholders that enhances constructive dialogue with all shareholders and sufficiently takes into account such viewpoints as the provision of accurate information to that end
- (4) Using a platform for the electronic exercise of voting rights to enable all shareholders that cannot attend general meetings of shareholders to exercise their voting rights electronically and to improve convenience, and translating a notice of convocation into English
- (5) Improving convenience relating to the exercise of voting rights by all institutional investors, and the like that hold shares in the name of a trust bank, and the like.

Article 17 (Capital policy)

1. With the aim of continually enhancing shareholder value, the Bank shall basically maintain a sufficient level of shareholders' equity that will be required to strengthen earning power and the management base while considering capital efficiency. The Bank shall appropriately revise the level of capital required while considering that it is sufficient compared to risks associated with business activities and that it satisfies the level demanded by regulatory requirements.
2. In regard to shareholder returns, the Bank shall basically provide stable dividends while taking care to enhance internal reserves from the viewpoint of maintaining sound management, in light of the public nature of the banking business.

Article 18 (Strategic Shareholdings)

1. The Bank may hold strategic shareholdings when it recognizes the significance of such holdings, for example, it is deemed to contribute to the medium to long-term improvement of the Bank's corporate value.
2. The Bank's Board of Directors shall annually assess the appropriateness of holding listed shares, which are strategic shareholdings, from the perspective of economic rationality, such as return on capital requirements, and the purpose for holding such shares, such as the contribution to regional development and strengthening of long-term and stable business relationships. Furthermore, the Bank shall disclose results of the assessment.
3. The Bank shall comprehensively decide whether to approve or disapprove of the exercise of voting rights for strategic shareholdings from the perspective of improving the medium- to long-term corporate value of the strategic shareholding

company and the Bank. Of these, the Bank shall decide whether to approve or disapprove proposals that it believes will have a significant impact on their corporate value, etc., through means such as dialogue with the strategic shareholding company, as required.

Article 19 (Anti-Takeover Defense Measures)

The Bank has set out provisions in its Articles of Incorporation to the effect that resolutions regarding the introduction, continuation or abolition of anti-takeover defense measures may be adopted at the general meeting of shareholders. In introducing and operating anti-takeover defense measures, the Bank shall consider its necessity and rationale and fully explain to shareholders in advance.

Chapter 8 Cooperation and Coexistence with Stakeholders

Article 20 (Dialogue with shareholders)

1. The Bank shall engage in constructive dialogue with shareholders to contribute to the realization of the Bank's sustainable growth and the enhancement of medium- to long-term corporate value.
2. The framework and measures to promote constructive dialogue with shareholders shall be as follows.
 - (1) Directors and others shall handle dialogue with shareholders to a reasonable extent.
 - (2) The executive officer in charge of the IR Department shall oversee dialogue with shareholders and strive to encourage constructive dialogue.
 - (3) In the case of dialogue with shareholders, the IR Department and relevant departments shall cooperate organically in providing assistance.
 - (4) The Bank shall strive to provide means for dialogue such as investor briefings.
 - (5) Opinions of shareholders that are obtained through dialogue shall be reported regularly to the Board of Directors, etc.
 - (6) When conducting dialogue, the Bank shall appropriately control insider information in accordance with company regulations.

Article 21 (Sustainability)

Placing equal emphasis on the creation of sustainable social value and the enhancement of corporate value over the medium to long term, the Bank has formulated and will continue to promote its Basic Sustainability Policy.

Article 22 (Promotion of diversity management)

The Bank recognizes that the existence of diverse viewpoints and values that reflect

differing experience, skills and attributes within the company can be a strength in terms of ensuring the company's sustainable growth. Accordingly, the Bank shall proactively ensure diversity, including the promotion of active roles by women in the company and the hiring of disabled people.

Article 23 (Whistleblowing system)

1. The Bank shall prescribe rules for reporting that employees and others should follow (including maintaining the anonymity of informers and discipline related to treating informers disadvantageously) in the event of actions that violate laws and regulations or company rules, set up whistleblower hotlines inside and outside the company, and strive to develop an appropriate system relating to whistleblowing.
2. The Bank shall develop a system for promptly reporting serious compliance violations that are discovered through whistleblowing and other means to Audit Committee members.

Chapter 9 Other Matters

Article 24 (Revision or abolition)

This basic policy shall be revised or abolished by resolution of the Board of Directors.

End

(Reference)

1. Articles of Incorporation (related to Article 3)
2. Status of Concurrent Positions of Directors (related to Article 4, Paragraph 1)
3. Regulations of the Board of Directors (related to Article 4, Paragraph 2)
4. Management Philosophy (related to Article 4, Paragraph 3)
5. Medium-Term Management Plan (related to Article 4, Paragraph 3)
6. Basic Policies for the Internal Control System (related to Article 4, Paragraph 4)
7. Criteria for Election or Dismissal of Executive Officers (related to Article 4, Paragraph 5)
8. Reasons for Electing Executive Officers (related to Article 4, Paragraph 5)
9. Criteria for Nomination of Director Candidates (related to Article 7, Paragraph 2)
10. Reasons for the Nomination as Candidate for Director (related to Article 7, Paragraph 2)
11. Independent Director Appointment Standards (related to Article 7, Paragraph 3)
12. Policy for Determining the Details of Individual Compensation for Directors and Executive Officers (related to Article 8, Paragraph 2)
13. Basic Sustainability Policy(related to Article 21)