

Corporate Governance

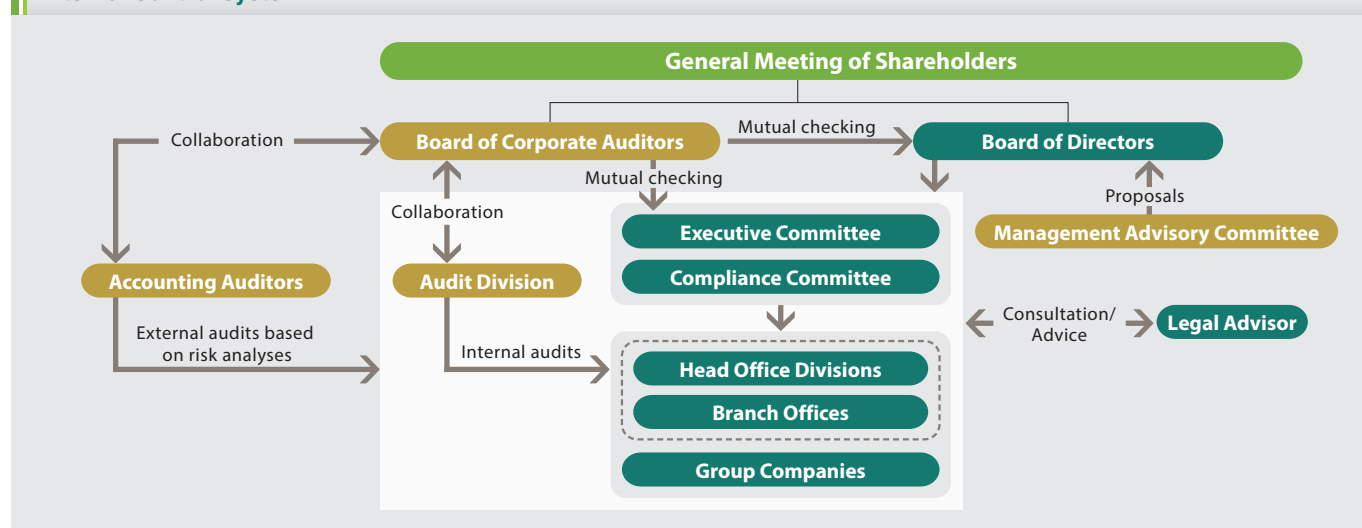
Basic Stance on Corporate Governance

Ogaki Kyoritsu Bank and its Group companies are pursuing the following as a means toward the ultimate objective: To always be respected and trusted by the local community.

- Seeking to achieve swift decision-making at the management level, as well as overall management efficiency
- Realizing transparent management through substantial disclosure of corporate information
- Demonstrating the sincerity of the Group by practicing compliance and making contributions to the communities in our home region

These are the basic policies that we follow in enhancing our corporate governance.

Internal control system



Establishment of the Internal Control System

The Company has drawn up a set of basic policies regarding the creation of an internal control system, and the management is working to enhance the effective functioning of the system, particularly with respect to compliance and risk management, and ensure its effectiveness.

We are also working to construct a system that will ensure the adequacy of the Group's internal controls on financial reporting under the Financial Instruments and Exchange Act.

The Board of Directors of Ogaki Kyoritsu Bank meets once a month in principle to make decisions on important matters and operational execution regarding the Company's management. In addition, they periodically report on the execution of operations and the risk status to the Board.

The Company also adopted a Corporate Officer system in order to revitalize the Board of Directors, speed up decision-making and enhance the business execution function by separating management's decision-making and supervision from business execution.

The Company ensures that operations are audited by its management by requiring its corporate auditors to attend meetings of the Board of Directors. To prevent complacency and to clarify its management responsibilities, the Company limits the term of office for directors to one year. With these initiatives, the Company is committed to strengthening the functions of the Board of Directors.

The corporate auditors of Ogaki Kyoritsu Bank hold meetings, in principle every month, to discuss, determine and report on important matters relating to audits, based on audit policies and audit plans resolved by the Board of Corporate Auditors.

The Executive Committee discusses important management matters, and controls and manages the Company's operations in general.

As an advisory committee to the Board of Directors, the Management Advisory Committee submits proposals concerning the nomination and remuneration of directors. The Compliance Committee, chaired by the president of the Company, holds regular meetings twice a year in addition to ad hoc meetings as deemed necessary, and sets out the Company's policies on legal compliance. A Compliance Manual—detailing the procedures to be followed to ensure compliance—is posted on the intranet where all executives and regular employees of the Company can access it, and compliance study sessions are held for each separate employee rank. In this and other ways, the management of the Company is actively working to foster a corporate culture grounded in the spirit of compliance and a thorough understanding of the laws applicable to the banking business.

Compliance

The management of Ogaki Kyoritsu Bank recognizes the importance of the public role played by banks, and the necessity of fulfilling corporate social responsibilities. The establishment of an effective compliance system is the vital first step that a bank must take to earn the trust of its customers and shareholders, and for this reason we are working to strengthen legal compliance within Ogaki Kyoritsu Bank.

The organizational structure of the Company's compliance system consists, first of all, of a Compliance Office within the Management Administration Division, which serves as the central supervisory unit for compliance-related matters. In addition, an officer responsible for compliance is designated within each division of the Company and at each branch office. By means of constant liaison and collaboration between these officers and the Compliance Office, we are able to operate a unified system for the monitoring of compliance, covering both the Company's head office and all branch offices.

Additionally, the Compliance Committee (chaired by the president) works to enhance the Company's practice of compliance, and is responsible for drawing up and revising the Company's Compliance Manual and Compliance Program, and for raising awareness of compliance issues among the Company's directors and employees.

The Compliance Manual, which is posted on the intranet where all executives and regular employees can access it, specifies the procedures to be followed to ensure the practice of legal compliance. By overseeing the day-to-day practice of compliance, the management of the Company is working to build a compliance-focused corporate culture. Staff education in the principles of compliance and specific banking-related laws is also provided by means of separate study courses for the different ranks in the Company's hierarchy, as part of the Company's rigorous approach to ensuring legal compliance.

Maintaining Organizational Flexibility

Inter-industry Training System

In 1998, we started an inter-industry training system that allows young bankers to experience working in other industries and to look beyond the boundaries of banking.

Participants train in a variety of industries, including mass media and manufacturing. Entry into the training program is by open application, and many young bankers enthusiastically apply. Those who are chosen spend about a year in their second workplace, where they consider the real meaning of service and how banks should act as companies within the service sector. Later, they provide feedback to the Company.

Convenience Plaza Handa is our representative branch designed from the customer's point of view. The idea came from a banker who took inter-industry training as the manager of a convenience store and then modeled a bank branch on a convenience store. Also, a banker who did inter-industry training at a TV station used his experience to plan, shoot, and edit a currently airing TV commercial for Ogaki Kyoritsu Bank as well as promotional videos shown in our branches.

Our inter-industry training system promotes flexible thinking that is not limited by bank boundaries and that drives us to provide services from the customer's point of view.



A trainee at a TV station shooting a scene



Handa Branch, aka Convenience Plaza Handa, planned by a trainee managing a convenience store

CSR Initiatives

Launched "OKB Sustainable Circle"

OKB has started employee-led circle activities with the "OKB Sustainable Circle," as a scheme for the company to support SDG activities from a bottom-up employee perspective, to address future various social and regional issues. This is an employee circle conducting voluntary activities to achieve its mission to contribute to employee "self-growth" and OKB's "improved corporate value."

We will continue to work on this initiative with aim of creating an organizational environment that fosters innovation that can be incorporated into the company, such as new ideas generated from the circle made up of various employees, while fostering a culture of taking on challenges, with each and every employee being aware that "one's own opinion can change the company."