

This document describes the state of the corporate governance at Kyushu Financial Group, Inc. (“Kyushu Financial”)

## I. Basic Stance on Corporate Governance and Capital Structure, Business Attributes, and Other Basic Information

### 1. Basic Stance

The Kyushu Financial Group (the “Group”) establishes the Group Management Philosophy (see the attachment), and in order to carry it into action, complies with laws and regulations and ensures appropriate business decision-making and execution of operations as well as endeavors to achieve high degrees of transparency, openness, and soundness of management, thereby enhancing corporate governance.

<Group Management Philosophy>

1. The Group will respond to the trust and expectations of customers and will provide optimal, high-level comprehensive financial services to customers.
2. The Group will grow with local communities and actively contribute to the realization of vibrant communities.
3. The Group will nurture an abundance of creativity and an open-minded organizational culture, continuing to challenge itself to move toward a better future.

In accordance with its basic stance on the corporate governance system stated below, Kyushu Financial has adopted the form as a Company with Audit and Supervisory Committee because it regards the form suitable to accelerate and improve the efficiency of decision making through delegation of authority for further enhancement of discussions regarding medium- to long-term management strategies at the Board of Directors, which consists of 15 Directors (including 5 External Directors), as well as to enhance supervision of the Board of Directors and strengthen corporate governance by establishing an Audit and Supervisory Committee, the majority on which consist of the External Directors, and giving voting rights at the Board of Directors meeting to the Directors who are Audit and Supervisory Committee Members (hereinafter the “Audit and Supervisory Committee Members”).

<Basic stance on the corporate governance system>

1. We clearly define supervision and execution in order to establish an environment that allows the Board of Directors to focus on the supervision of Directors’ performance of duty, thereby ensuring the effectiveness of corporate governance.
2. The Board of Directors delegates decision-making on the execution of individual operations to the Senior Management wherever possible unless it involves matters specified in laws and regulations or the articles of incorporation, or material matters of execution of operations such as policies, strategies, or plans pertaining to Kyushu Financial’s management.
3. We have in place and leverage optional internal bodies, including the Group Executive Commission and other various committees, in order to help the Senior Management with prompt and decisive decision-making, thereby ensuring flexible execution of operation and enhancing our corporate governance.
4. We leverage objective views offered by our External Officers wherever possible in order to ensure the fairness and transparency of our decision-making process pertaining to our operation.

We have also developed and published our “Corporate Governance Guidelines” with the aim of achieving the sustainable growth of the Group and increasing our medium- and long-term corporate value. The Group’s officers and employees read the Guidelines for a full understanding so that they act accordingly.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

### [Reasons for not applying the principles of the Corporate Governance Code] Updated

[Principle 3-1 (iv)] Policy and Procedure regarding the Dismissal of the Senior Management

[Supplementary Principle 4-3 (3)] Establishment of an Objective, Timely, and Transparent Procedure for Dismissal of CEOs

We have described our policy for appointment of Directors (including Audit and Supervisory Committee Members) in Articles 9 (Appointment of Directors [Excluding Those Who Are Audit and Supervisory Committee Members]) and 12 (Appointment of Directors Who are Audit and Supervisory Committee Members) of the Corporate Governance Guidelines published on our website. However, we have not formulated the policy and procedure for dismissal of the senior management (including CEO). Nevertheless, Kyushu Financial has established the Nominating and Remuneration Committee and the matters regarding appointment and dismissal of management are referred to the committee, increasing transparency and fairness in the decision-making process pertaining to the nomination of and compensation.

[Supplementary Principle 4-1 (3)] Development and Supervision of Plans for Successors of Chief Executive Officers

Kyushu Financial has not formulated a succession plan. Nonetheless, we are developing successor candidates based on the training policy for the Directors (including Audit and Supervisory Committee Members) stated in Article 14 (Assistance System and Training Policy for Directors), Paragraph 1 of the Corporate Governance Guidelines published on our website, and the Board of Directors, through comments by Directors, confirms the development status of candidates for the next Representative Directors as needed.

We will continue to discuss application of the above principles in terms of transparency, openness, and soundness of our management.

#### [Supplementary Principle 4-10 (1)] Authority and Roles of Nominating and Remuneration Committee

Kyushu Financial has the Nominating and Remuneration Committee (hereinafter the “Committee”) as the advisory body for the Board of Directors in order to make our decision-making process fairer and more transparent, thereby helping improve our corporate governance, through focused discussions and exchanges of opinions with Representative Directors and External Officers about matters pertaining to the nomination of and compensation to the management (Directors [including Directors who are Audit and Supervisory Committee Members] and Executive Officers).

The Committee is consulted regarding matters such as appointment and dismissal of management and compensation to the management, and seeking prior consultation with the Nominating and Remuneration Committee is built into the decision-making process, when submitting matters regarding nomination of and compensation to the Company’s management to the Board of Directors.

The Committee met four times in fiscal 2020 and five times in fiscal 2021 and had sufficient discussions on matters regarding nomination of and compensation to the management, thereby contributing to the strengthening of independence and objectivity of the functions and accountability of the Board of Directors.

The Committee currently consists of four persons—two Representative Directors and two Independent External Directors—and is headed by the President and Representative Director.

External Officers account for a majority in the Committee and we will continue to review the composition of the members.

### [Disclosure pursuant to the principles of the Corporate Governance Code] Updated

(Disclosure pursuant to the principle requiring that specified matters be disclosed)

#### [Principle 1-4] Cross-held Shares

##### 1. Cross-shareholding policy and criteria for exercising voting rights

Article 23 (Cross-held Shares), paragraphs 1 and 3 of the Corporate Governance Guidelines specify our cross-shareholding policy and criteria for exercising voting rights. Please visit our website, where the Article is published.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

##### -Our Approach to Reduction in Cross-held Shares

The Group holds the review stated in “2. Details of the review concerning cross-held shares” below in accordance with the Corporate Governance Guidelines. If the review has concluded that the necessity of cross-holding certain shares is low, we proceed with their gradual reduction with the consent of the issuers, taking account of any impact on the market.

##### -Specific Criteria for Exercising Voting Rights

As a rule, the Group exercises its voting rights regarding all proposals in accordance with the Corporate Governance Guidelines. We also discuss whether we agree or disagree with each proposal\* that will likely have an impact on the corporate value of our Group and/or investee companies.

\* The following are examples of proposals.

-Proposal for appointment of a Director/Auditor; proposal for compensation or retirement bonuses (when there is a governance-related concern [e.g. occurrence of a scandal or poor performance over a certain period])

-Proposal for appropriation of surplus (dividends paid despite a loss; no dividend payment despite a surplus for a certain period)

-Proposal for material changes to the articles of incorporation

-Proposal for issuance of new shares

-Proposal for material reorganization (e.g. M&A, business merger)

-Proposal for anti-takeover measures, etc.

##### 2. Details of the review concerning cross-held shares

The Group regularly makes qualitative (e.g. the purposes of holding the shares and compliance) and quantitative\* evaluation of respective cross-held shares in order to comprehensively determine whether retaining those shares is still relevant, and reports the details of the review to the Board of Directors.

\* Formula for quantitative evaluation

Gross income from business (Net interest income + Fee and commissions) + Annual dividend - Expenses - Cost of credit/Book value  $\geq$  Return on shareholders’ equity

Please note that, even when the review concludes that a stock fails to meet the quantitative criteria, we may retain the stock if the issuer likely improve its performance through dialogue with us.

We also set the alarm (watching) point to review, as appropriate, each stock that may make market risk come to surface and determine whether to retain it.

We also monitor the details and results of reviews by the Group companies and report them to the Board of Directors and other relevant bodies, and ensure consolidated market risk management in order to enhance our functions as a holding company.

#### [Principle 1-7] Transactions with Affiliated Parties

Please see Article 20 (Prevention of Transactions Contrary to the Interest of Shareholders) of the Corporate Governance

Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

#### [Supplementary Principle 2-4 (1)] Ensuring Diversity in Appointment of Core Human Resources

##### (1) Promotion of Female Participation

In April 2021, the Group's Higo Bank and Kagoshima Bank formulated the Second Action Plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace for realizing a workplace environment that would motivate all female employees, enable them to continue their respective careers, and demonstrate their abilities, and set forth goals for appointing them to managerial positions.

Based on the fiscal year action plan, we will continue to develop a workplace environment that allows all employees to fully demonstrate their individuality and ability by holding individual interviews and group training sessions, offering opportunities for information exchange, and operation of an in-house nursery school.

(Ratio of female employees in managerial positions: targets and results [as of the end of March 2022])

[Higo] Target: 12.0% or higher Result: 12.4% [44 persons]

[Kagoshima] Target: 4.0% or higher Result: 4.4% [14 persons]

The banks have been evaluating well-motivated, capable human resources for promotion in a fair manner irrespective of their gender. In order to further promote female participation, we intend to increase the number of female managers, the starting point for future executives, by boosting their abilities as well as by developing a female-friendly working environment and raising awareness by supporting their career development.

Based on the fiscal year action plan, we will continue to develop a workplace environment that allows all employees to fully demonstrate their individuality and ability by holding individual interviews and group training sessions, offering opportunities for information exchange, and operation of an in-house nursery school.

##### (2) Hiring Foreign Employees

A total of 11 foreigners are working at Higo Bank (seven) and Kagoshima Bank (four) together as of the end of March 2022. Amid anticipated market contraction due to population decline in Japan, there is a rising need to deepen ties with foreign countries from a long-term perspective. Kyushu Financial, through the hiring of foreign workers, aims to implement measures that would popularize the acceptance of foreign labor throughout the local region, while strengthening our business framework in growing Asia. In the most recent three years, Higo Bank newly hired three foreigners while Kagoshima Bank hired one, and the banks plan to continue with such hiring.

##### (3) Mid-Career Recruitment

As of the end of March 2022, Kyushu Financial had three full-time employees (two males [one mid-career recruitment and one new graduate] and one female [mid-career recruitment]), 40 employees on dispatch from Higo Bank and 31 from Kagoshima Bank.

Kyushu Financial hires regular employees to improve its expertise and diversity for the following purposes.

(i) Hire highly specialized human resources for the future business strategy and business expansion as well as for strengthening of governance structure in order to further accelerate the speed of implementation and contribute to the business of Kyushu Financial.

(ii) Hire our own employees and combine them with dispatched employees to develop a diverse corporate culture and promote vitalization of Kyushu Financial as a whole.

(iii) Increase the name recognition of Kyushu Financial Group through the hiring activities of Kyushu Financial and generate synergies with hiring activities at its subsidiary banks to realize high quality hiring at the Group as a whole.

Kyushu Financial so far has hired a total of three full-time employees (one new graduate and two mid-career recruitment). Kyushu Financial hired a new graduate (a science major from a graduate school) for a full-time position for the first time in fiscal 2021. The person has been assigned to a specialized department and is being nurtured as part of its digital human resource. In addition, of the two mid-career hires, one specializes in securities audit and another is engaged in digitization.

##### (4) Human Resource Development Policy, In-House Environment Development Policy

The basic strategy of the personnel department is "improving personnel development and engagement" and it aims to realize the goal by combining the two pillars of "developing human resources for realizing value co-creation" and "respecting diversity and improving job satisfaction." In "developing human resources for realizing value co-creation," we aim to implement new growth support measures, which would make the human resources more flexible and energetic, such as systems for transfer and trying out a new post in addition to the support for human resource development in new fields, as well as initiatives that would extend the fields in which employees can thrive to the entire group. In "respecting diversity and improving job satisfaction," we, as a group, will implement initiatives for improving employee engagement so as to raise the job satisfaction of individual employees and realize diverse workstyle and workplace environment.

For details, see the Integrated Report published on our website.

(URL: <https://kyushu-fg.co.jp/english/ir/library/disclosure/>)

Developing human resources and boosting engagement (pp.63–66)

#### [Principle 2-6] Fulfillment of Functions as an Asset Owner of Corporate Pensions

-The Group manages the reserves of the corporate pensions through the corporate pension funds offered by Higo Bank and Kagoshima Bank (hereafter the "Funds"). To ensure stable and long-term total earnings for corporate pensions and the payment of pension benefits over the years to come, we have thorough reviews and discussions by the asset management committees, councils, and board of representatives (hereafter the "Bodies") at these Funds and work with investment consultants and asset managers, thereby forming optimum pension assets.

-With regard to the management of reserves, we make the following efforts so that we will serve functions expected to be as an asset owner.

-At the Funds, the Bodies discuss matters regarding managements (e.g., the selection of investment products, allocation of

investments, and earnings/risk analysis). Then the Funds appraise investments and manage earnings in accordance with the investment policies they have determined. We also conduct overall evaluations and monitoring of asset managers, taking account of their track records, investment policies, investment systems, and investment processes, among others.

-We select the Funds' employees who are qualified in terms of skills in investments and administration (e.g. Heads of Market, Personnel, and Planning departments; union representatives) as the members of the Bodies at the Funds. Moreover, we assign employees with expertise in investments (e.g. those with experience in market departments) to the position of business managers at the Funds.

In December 2019, the Funds announced that they would adopt the "Principles for Responsible Institutional Investors <<Japan's Stewardship Code>>" (hereafter the "SS Code"). In the role of "Institutional investors as asset owners," the Funds will urge asset managers to follow the principles of the SS Code, thereby helping increase the corporate value of investee companies and boosting medium- and long-term return on investment.

#### [Principle 3-1 (i)] The Group Management Philosophy and Medium-term Management Plan

We have established and published the Group Management Philosophy. The details of the Philosophy are stated in "I. 1. Basic Stance" in this document. The Group Medium-term Management Plan is also published on our website.

(URL : <https://kyushu-fg.co.jp/company/plan/>)

#### [Principle 3-1 (ii)] Basic Stance on Corporate Governance and Basic Policy

Details are stated in "I. 1. Basic Stance" in this document. Please also refer to Article 3 (Basic Stance of the Group on Corporate Governance) of the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

#### [Principle 3-1 (iii)] Policy and Procedure for Determining Directors' Remuneration

Please see Article 13 (Compensation to Directors) of the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

We also have the Nominating and Remuneration Committee as the advisory body for the Board of Directors concerning the nomination of and compensation to the Management. We follow the processes specified below when we make decisions regarding compensation and other benefits to the Management.

-The total compensation to Directors who are not Audit and Supervisory Committee Members and Executive Officers for each fiscal year is submitted to the Nominating and Remuneration Committee for deliberation and determined by the Board of Directors.

-The individual amount of compensation to Directors who are not Audit and Supervisory Committee Members and Executive Officers is submitted to the Nominating and Remuneration Committee for deliberation and determined by the President within the bounds of the total compensation for the fiscal year determined by the Board of Directors.

-Compensation and other benefits to Audit and Supervisory Committee Members shall be treated separately from those to Directors who are not Audit and Supervisory Committee Members, and determined through discussions among Audit and Supervisory Committee Members within the amount resolved on at the General Shareholders Meeting.

#### [Principle 3-1 (iv)] Policy and Procedure for Appointment, Dismissal, or Nomination of Directors

Please see Articles 9 (Appointment of Directors [Excluding Those Who Are Audit and Supervisory Committee Members]) and 12 (Appointment of Directors Who are Audit and Supervisory Committee Members) of the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

We have established the Nominating and Remuneration Committee in order to ensure transparency and fairness in the decision-making process pertaining to the nomination of and compensation to the Management, and continuously discuss our policy and procedure for dismissal of Directors, etc.

#### [Principle 3-1 (v)] Explanation about the Appointment, Dismissal, or Nomination of each Candidate for the Post of Director in nominating them

The reasons for the appointment of individual candidates for the posts of Directors at Kyushu Financial are disclosed in the attachment to the Convocation Notice of the General Shareholders Meeting. Copies of the Convocation Notice of the General Shareholders Meeting are mailed to all shareholders. The Notice is also published on our website.

(URL : <https://kyushu-fg.co.jp/ir/stock/shareholders/>)

We will also ensure accountability should we dismiss a Director.

#### [Supplementary Principle 3-1 (3)] Sustainability Initiatives

As a financial institution firmly rooted in the local region, the Kyushu Financial Group considers a sustainable local community a key premise for its lasting growth. The Group is working to "pivot to a sustainable business model" toward achieving the long-term vision of its "evolution into a Group that co-creates regional value, building a better future together with customers, local communities, and employees" as expressed in the Group's 3rd Medium-Term Management Plan.

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In February 2019, the Kyushu Financial Group formulated the "Sustainability Declaration" for the entire Group, while Higo Bank and Kagoshima Bank drew up the "Overall Sustainability Concept."

In June 2021, the Group identified "sustainability materiality," which are the important challenges shared across the Group for

realization of a sustainable local community. The Group is carrying out various measures based on the identified materiality including promotion of digital financial services and environmental business.

For details, see the “Sustainability Vision” published on our website.

(URL: <https://www.kyushu-fg.co.jp/english/csr/vision/>)

In investment in human capital, we have set forth the personnel strategy of “improving personnel development and engagement” as part of the 3rd Medium-Term Management Plan, and are working on “developing human resources for realizing value co-creation” and “respecting diversity and improving job satisfaction.”

For details, see the Integrated Report published on our website.

(URL: <https://kyushu-fg.co.jp/english/ir/library/disclosure/>)

“Developing human resources and boosting engagement” in the Integrated Report

Kyushu Financial Group regards environmental issues, including climate change, as important management challenges, and in June 2019, it declared its support for the TCFD recommendations. It is striving for transparent disclosure based on the framework of the TCFD recommendations and working on reduction of environmental load such as CO2 emissions. In May 2022, Kyushu Financial joined PCAF and is pushing forward the measurement and disclosure of GHG emissions related to investment and loan portfolios to strengthen its response to climate change.

For details, see “Response to climate changes” published on our website.

(URL: <https://www.kyushu-fg.co.jp/english/csr/sdgs/climate/>)

[Supplementary Principle 4-1 (1)] Summary of the Scope of Delegation to the Management

Please see Article 8 (Roles of Directors and the Board of Directors), Paragraph 2 of the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

[Principle 4-9] Criteria for independence of an Independent External Director and his/her qualifications

Please see the Attachment (Criteria for Independence of an External Officer) to the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

[Supplementary Principle 4-10 (1)] Authority and Roles of Nominating and Remuneration Committee

Kyushu Financial has the Nominating and Remuneration Committee (hereinafter the “Committee”) as the advisory body for the Board of Directors in order to make our decision-making process fairer and more transparent, thereby helping improve our corporate governance, through focused discussions and exchanges of opinions with Representative Directors and External Officers about matters pertaining to the nomination of and compensation to the management (Directors [including Directors who are Audit and Supervisory Committee Members] and Executive Officers).

For the roles and composition of the Committee, see “Reasons for not applying the principles of the Corporate Governance Code.”

[Supplementary Principle 4-11 (1)] About the Balance between Knowledge, Experience, and Skills Required of the Board of Directors

Please see Articles 7 (Composition of the Board of Directors), 9 (Appointment of Directors [Excluding Those Who Are Audit and Supervisory Committee Members]), Paragraphs 2 and 4, and 12 (Appointment of Directors Who are Audit and Supervisory Committee Members), Paragraph 2 of the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

From the perspective of the medium- to long-term value creation to realize its co-creation vision of “evolution into a regional value co-creation Group that creates a better future together with customers, local communities, and employees,” Kyushu Financial identified the 10 skills of corporate management, sales, market investment, legal, risk management, financial affairs, accounting, regional industry promotion, global business, personnel, human resource development, SDGs, ESG, and DX, technology and prepared a skill matrix that lists knowledge, experience, and ability of each Director. Among these items, we listed seven fields in which we expect contributions from External Directors—corporate management, market investment, legal and risk management, regional industry promotion, SDGs, ESG, and DX, technology. The skills matrix is included in the last page of this report.

[Supplementary Principle 4-11 (2)] Directors Serving as Officers at Other Listed Companies

Our Directors who also serve as officers at other listed companies are disclosed on Page 50 in the Convocation Notice of the General Shareholders Meeting. Copies of the Convocation Notice of the General Shareholders Meeting are mailed to all shareholders. The Notice is also published on our website.

(URL : <https://kyushu-fg.co.jp/ir/stock/shareholders/>)

“Status of Directors and Corporate Auditors,” Notice of the 7th Ordinary General Meeting of Shareholders

[Supplementary Principle 4-11 (3)] Summary of Analysis and Evaluation of the Overall Effectiveness of the Board of Directors

We analyze and evaluate the overall effectiveness of the Board of Directors annually, referring to our Directors’ self-assessments. The Board of Directors Meeting held in May 2022 conducted the analysis and evaluation for fiscal 2021 based on self-evaluations of all Directors that encompassed how the Board of Directors is composed and how it operates. The meeting concluded that the overall effectiveness of the Board of Directors is ensured, and agreed that the following are the challenges

that should be met to facilitate even more active discussions at Board meetings.

- Enhancement of discussions regarding medium- to long-term management strategy and issues
- Expansion of information provision to External Officers and opportunities for opinion exchange

[Supplementary Principle 4-14 (2)] Policy on Training for Directors

Please see Article 14 (Assistance System and Training Policy for Directors), Paragraph 1 of the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

[Principle 5-1] Policy on Constructive Dialogue with Shareholders

Please see Article 21 (Dialogue with Shareholders) of the Corporate Governance Guidelines published on our website.

(URL : <https://kyushu-fg.co.jp/company/governance/>)

## 2. Capital structure

Stock ownership by foreign investors	10% to less than 20%
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[Status of large shareholders] Updated

Name	Number of Shares Held	Proportion (%)
The Master Trust Bank of Japan, Ltd. (trust account)	54,641,400	12.63
Iwasaki Ikuei Bunka Zaidan	20,936,070	4.83
Meiji Yasuda Life Insurance Company	18,568,563	4.29
Employees' Stock Ownership Association of Kyushu Financial Group, Inc.	15,617,976	3.61
Custody Bank of Japan, Ltd. (Trust Account)	13,928,100	3.21
The Bank of Fukuoka, Ltd.	12,620,730	2.91
Takara Kogyo Co., Ltd.	9,088,000	2.10
Iwasaki Sangyo Co., Ltd.	7,616,887	1.76
The Dai-ichi Life Insurance Company, Limited	7,209,960	1.66
The Miyazaki Bank, Ltd.	6,212,126	1.43

Controlling shareholders (excluding the parent company)	-----
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Parent company	N/A
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Note

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## 3. Business attributes

Stocks listed on <span style="background-color: #FFC107; padding: 2px;">Updated</span>	Prime Market of the Tokyo Stock Exchange; Main Board of the Fukuoka Stock Exchange
Fiscal year-end	March
Industry	Banking
(Consolidated) Number of employees at the end of the previous fiscal year	1,000 or more
(Consolidated) Net sales for the previous fiscal year	100 billion to less than 1 trillion
Number of consolidated subsidiaries at the end of the previous fiscal year	10 to less than 50

#### 4. Policy on the protection of minority shareholders when a transaction, etc. is conducted with the controlling shareholder

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#### 5. Other special circumstances that may have a material impact on corporate governance

There are no other special circumstances that may have a material impact on our corporate governance.

## II. State of business management bodies pertinent to business decision-making, execution, and supervision and other corporate governance frameworks

### 1. Matters pertaining to the structure of bodies and organizational operation, etc.

Organizational form	Company with Audit and Supervisory Committee
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#### [Directors]

Number of directors specified in the articles of incorporation	20
Term of office of directors specified in the articles of incorporation	1 year
Chairperson of the Board	Chairperson of Kyushu Financial (except when he/she also serves as the President)
Number of directors	15
Appointment of External Directors	Yes
Number of External Directors	5
Number of External Directors designated as independent officers	5

#### Relations with the Company (1)

Name	Attribute	Relations with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Katsuaki Watanabe	from another company											
Yuji Nemoto	from another company											
Kenichi Sekiguchi	from another company											
Katsuro Tanaka	from another company											
Yuko Tajima	from another company											

\*Classified into the following items

\*\*“○” means the director presently falls or has recently fallen under the category;

“△” means the director fell under the category in the past

\* “●” means a close relative of the director presently falls or has recently fallen under the category;

“▲” means a close relative of the director fell under the category in the past

a Executive of a listed company or its subsidiary

b Executive or non-executive director of the parent company of a listed company

c Executive of a fellow subsidiary of a listed company

d Person or executive of a company whose major trading partner is a listed company



- e Major trading partner of a listed company or executive of a major trading partner thereof
- f Consultant, accounting expert, or legal expert who receives a large sum of money or any other financial benefits other than executive compensation from a listed company
- g Major shareholder of a listed company (In case the major shareholder is a corporation, executive of the corporation)
- h Executive of a listed company's trading partner who is not classified into d, e, or f above (applicable only to the person)
- i Executive of an entity with which a listed company has exchanged personnel as External Officers (applicable only to the person)
- j Executive of an entity to which a listed company makes donations (applicable only to the person)
- k Other

**Relations with the Company (2)** Updated

Name	Audit and Supervisory Committee Member	Independent Officer	Note to the Classified Item	Reason for Appointment
Katsuaki Watanabe		Yes	Director, Sumitomo Electric Industries, Ltd.	Katsuaki Watanabe has a great wealth of experience as well as a broad view and extensive knowledge that he has acquired as a manager at a major manufacturing business. We have decided that he would provide a neutral and objective view necessary to supervise the overall operation of the Group, and thus we have appointed him as an External Director. He meets the criteria for independence specified by the stock exchanges and fulfills the Criteria for Independence of an External Officer that we have established.
Yuji Nemoto		Yes	Professor at Toyo University	Yuji Nemoto engages in regional policies as a university professor and has a great wealth of experience as well as a broad view and extensive knowledge as an expert in public policy, urban development, and regional development. We have decided that he would provide a neutral and objective view necessary to supervise the overall operation of the Group, and thus we have appointed him as an External Director. He meets the criteria for independence specified by the stock exchanges and fulfills the Criteria for Independence of an External Officer that we have established.
Kenichi Sekiguchi	Yes	Yes	Honorary Advisor Auditor at Hulic Co., Ltd., Meiji Yasuda Life Insurance Company  The Group has capital ties with Meiji Yasuda Life Insurance Company. Meiji Yasuda Life also has regular transactions with Higo Bank and Kagoshima Bank, both of which are the Group's wholly owned subsidiaries. The appointee himself has no special interest in the Group.	Kenichi Sekiguchi has a great wealth of experience as well as a broad view and extensive knowledge that he has acquired as a manager at a major financial institution. We have decided that he would provide a neutral and objective view necessary to conduct audits that ensure the sound management of the Group, and thus we have appointed him as an External Director who is an Audit and Supervisory Committee Member. He meets the criteria for independence specified by the stock exchanges and fulfills the Criteria for Independence of an External Officer that we have established.



Katsuro Tanaka	Yes	Yes	Senior Managing Partner at TMI Associates, Attorney  Our wholly owned subsidiary Kagoshima Bank has a contract for legal advisory services with TMI Associates that the appointee jointly run as Senior Managing Partner. The appointee himself has no special interest in the Group.	Katsuro Tanaka has a great wealth of experience as well as a broad view and extensive knowledge that he has acquired as an attorney. We have decided that he would provide a neutral and objective view necessary to conduct audits that ensure the sound management of the Group, and thus we have appointed him as an External Director who is an Audit and Supervisory Committee Member. He meets the criteria for independence specified by the stock exchanges and fulfills the Criteria for Independence of an External Officer that we have established.
Yuko Tajima	Yes	Yes	Partner Attorney at Sawayaka Law Office Director at the Chiba Bank, Ltd. Auditor at Tokio Marine & Nichido Life Insurance Co., Ltd.	Yuko Tashima has a great wealth of experience as well as a broad view and extensive knowledge that she has acquired as a public prosecutor and an attorney. We have decided that she would provide a neutral and objective view necessary to conduct audits that ensure the sound management of the Group, and thus we have appointed her as an External Director who is an Audit and Supervisory Committee Member. She meets the criteria for independence specified by the stock exchanges and fulfills the Criteria for Independence of an External Officer that we have established.

### [Audit and Supervisory Committee]

#### Composition of the Committee and attributes of the chairperson

	All Committee Members (persons)	Full-time Committee Member (persons)	Internal Director (persons)	External Director (persons)	Chairperson
Audit and Supervisory Committee	5	1	2	3	Internal Director
Directors and employees who assist duties of the Audit and Supervisory Committee	Yes				

#### Matters regarding independence of the said Directors and employees from non-executive directors

Kyushu Financial has established the Office of Audit and Supervisory Committee as the department that helps the Audit and Supervisory Committee and its members with their duty, and appropriately assigns employees who serve as assistants thereto. Some of them are dedicated staff, while others work also for different departments.

Kyushu Financial places these employees under the command of the Audit and Supervisory Committee and its Members in order to ensure their independence from Directors who are not Audit and Supervisory Committee Members.

Kyushu Financial has established the Rules concerning Employees Serving as Assistants to the Audit and Supervisory Committee and Directors Who are Audit and Supervisory Committee Members. The rules specify that the Audit and Supervisory Committee and its members are asked in advance to give their opinions regarding the appointment, performance evaluation, or transfer of, or disciplinary action against the employees who assist with their duty and such opinions are respected.

#### How Audit and Supervisory Committee, Financial Auditors, and the internal audit unit work together

The Audit and Supervisory Committee Members have experience and insight related to finance and accounting. They meet our

Financial Auditors regularly or as necessary to receive reports and exchange opinions as part of their efforts to work closely with the Financial Auditors.

The Members also work closely with the Audit Division, which is our internal audit department, and request the Division to conduct an investigation or take other necessary actions in order to ensure efficient and effective audits.

The Audit Division regularly or as necessary reports to the Board of Directors the results of internal audits in the Group, along with the evaluations of the Group's internal management process that are based on these audit results. If the Division obtains any cases or problems that may have material effects on our operation, it promptly reports them to the Board of Directors and the Audit and Supervisory Committee. It also works with the Financial Auditors for internal control pertaining to financial reporting.

#### [Discretionary committees]

Any discretionary committee equivalent to a nomination committee or a compensation committee

Yes

#### How discretionary committees have been set up, their composition, and attributes of chairpersons

	Name of Committee	All Committee Members (persons)	Full-time Committee Member (persons)	Internal Director (persons)	External Director (persons)	External Expert (persons)	Other (persons)	Chairperson
Discretionary Committee Equivalent to a Nomination Committee	Nominating and Remuneration Committee	4	0	2	2	0	0	Internal Director
Discretionary Committee Equivalent to a Compensation Committee	Nominating and Remuneration Committee	4	0	2	2	0	0	Internal Director

#### Note

We have the Nominating and Remuneration Committee as the advisory body for the Board of Directors in order to make our decision-making process fairer and more transparent, thereby helping improve our corporate governance, through focused discussions and exchanges of opinions with Representative Directors and External Officers about matters pertaining to the nomination of and compensation to the Management.

#### [Independent Officers]

Number of independent officers

5

#### Other matters regarding independent officers

We designate all external officers as independent officers if they qualify.

#### [Incentives]

Measures taken in relation to the provision of incentives for Directors

Introduction of a performance-linked compensation plan

#### Note to the applicable item

The total amount of compensation Kyushu Financial paid to its Directors and Corporate Auditors in fiscal 2021 is as follows.

-Total amount of compensation for 10 Directors (excluding External Directors): 166 million yen (including performance-linked compensation of 39 million yen)

-Total amount of compensation for two Directors who are Audit and Supervisory Committee Members (excluding External Audit and Supervisory Committee Members): 10 million yen

-Total amount of compensation for 1 Corporate Auditor (excluding External Auditors): 1 million yen

-Total amount of compensation for 5 External Directors and Auditors: 36 million yen  
 Kyushu Financial in June 2021 shifted from a Company with a Board of Corporate Auditors to a Company with Audit and Supervisory Committee. The number of Directors (excluding External Directors) to whom compensation was paid include two Directors who retired at the conclusion of the sixth Ordinary General Meeting of Shareholders held on June 18, 2021. The total amount of compensation does not include employee-portion salaries for an employee who is concurrently working as an officer.

Those entitled to stock options

Note to the applicable item

[Compensation to Directors]

Disclosure status (of individual compensation for Directors)

Individual amounts of compensation are not disclosed.

Note to the applicable item **Updated**

The total amount of compensation Kyushu Financial paid to its Directors and Corporate Auditors in fiscal 2020 is as follows.  
 Total annual compensation for 11 Directors (excluding External Directors): 134 million yen (including performance-linked compensation of 17 million yen)  
 Total annual compensation for 2 Corporate Auditors (excluding External Auditors): 14 million yen  
 Total annual compensation for 5 External Directors and Auditors: 34 million yen

Any policy on how to finalize the amounts of compensation or how to calculate the amounts **Updated**

Yes

Disclosed details of the policy on how to finalize the amounts of compensation or how to calculate the amounts

Compensation, bonuses, and other financial benefits in exchange for the performance of duty that our Directors receive from us shall be determined by the resolution of our General Shareholders Meeting.

The 6th Annual Shareholders Meeting held on June 18, 2021 passed a resolution setting the total annual remuneration for Directors who are not Audit and Supervisory Committee Members at 300 million yen or less (including 36 million yen or less to External Directors who are not Audit and Supervisory Committee Members) and the total annual remuneration to Directors who are Audit and Supervisory Committee Members at 120 million yen or less.

We have set forth the following policy for deciding the details of compensation and other benefits for individual Directors who are not Audit and Supervisory Committee Members by the resolution of the Board of Directors.

-Compensation and other benefits to Directors who are not Audit and Supervisory Committee Members (excluding External Directors) are systematically determined in such a way that operational decision-making and supervision fully function, and a certain part of it is decided according to how much the Director has contributed to the performance of the delegated field or department.

-Compensation and other benefits to respective Directors are determined by the Board of Directors through a fair and transparent deliberation within the amount resolved on at a General Shareholders Meeting in accordance with the system set forth in the preceding paragraph. Opportunities to appropriately involve External Directors with this process for advice are provided.

Individual remunerations to Directors who are Audit and Supervisory Committee members are treated separately from those to Directors who are not Audit and Supervisory Committee members and determined through discussions among Directors who are Audit and Supervisory Committee members within the amount resolved on at a General Meeting of Shareholders.

Kyushu Financial's executive compensation and other benefits consists of the basic compensation (fixed compensation) and earnings-based bonus (performance-linked compensation), and the Board of Directors Meeting held in June 2021 passed a resolution setting forth that Representative Directors, Directors who are Senior Managing Executive Officers or above, and full-time Directors receive the basic compensation (fixed compensation) and earnings-based bonus (performance-linked compensation), while Directors who are Audit and Supervisory Committee Members and other Directors who are not Audit and Supervisory Committee Members receive the basic compensation (fixed compensation) alone.

The payment criteria (evaluation benchmark, payment ratio, and compensation quota) of the earnings-based bonus (performance-linked compensation) included in the executive compensation are submitted to the Nomination and Remuneration Advisory Committee for deliberation and determined by the Board of Directors. The details for fiscal 2022 determined in the Board of Directors Meeting held in March 2022 are as follows.

A. The payment ratio of basic compensation (fixed compensation) to earnings-based bonus (performance-linked compensation) is 75:25.

B. The payment of the earnings-based bonus (performance-linked compensation) shall be based on the consolidated net income, which indicates the overall state of the Group's operation. It is paid according to the compensation quota table for each level of

consolidated net income. The compensation quota is set from 60 million yen to 120 million depending on the level of consolidated net income.

Compensation to Executive Officers consists of the basic compensation (fixed compensation) and earnings-based bonus (performance-linked compensation) and those entitled to the earnings-based bonus (performance-linked compensation) and payment criteria are determined by the Board of Directors Meeting.

### [Support System for External Directors] Updated

The Corporate Planning Division assists External Directors who are not Audit and Supervisory Committee Members with their duty, and the Office of Audit and Supervisory Committee assists Directors who are Audit and Supervisory Committee Members with theirs.

Board meeting documents are provided to External Directors ahead of the meeting, and Directors in charge of each departments provide explanations about the documents prior to the meeting.

## 2. Matters pertaining to such functions as the execution of operations, audits and supervision, nomination, and determination of compensation (summary of the current corporate governance framework) Updated

<Execution of operations>

### (1) Board of Directors;

Our Board of Directors is defined as the decision-making body for matters specified in laws and regulations or the articles of incorporation and for the execution of the Group's material operations. Matters to be discussed and standards for monetary amounts have been established and specified in the Rules for the Board of Directors in order to distinguish supervision and execution.

### (2) Group Management and Execution Council

The Group Management and Execution Council consists of Representative Directors and Senior Managing Executive Officers or above, and deliberates and makes decisions on matters delegated by the Board of Directors and discusses material matters concerning the Group's operation. The Council promotes in-depth and active discussions toward prompt and decisive decision-making.

### (3) Committees under the Group Management and Execution Council

The following committees individually hold regular discussions on matters for which they are responsible in order to effectively, efficiently, and promptly address the Group's cross-organizational issues.

#### - Comprehensive Budgeting Committee

The Comprehensive Budgeting Committee discusses the Group's overall budget, progress toward goals, and cross-organizational issues, among others, based on the medium-term management plan.

#### - ALM Committee

The ALM Committee discusses the management of and policy on the Group's comprehensive risk, credit risk, market risk, and liquidity risk, along with matters regarding Group-wide revenue management, investments, and procurement.

#### - CR Committee

The CR Committee discusses how well the Group's operational risk management and crisis management is working. The Committee also examines the effectiveness and appropriateness of the Group's control environment for legal compliance and discusses cross-organizational issues pertaining to compliance with laws and regulations.

#### -Organizational Capability Improvement Committee

The committee discusses matters regarding organizational integration of Kyushu Financial Group, improvement of governance, human resource-related policies, formulation of strategies, their realization, and verification of their effects.

#### - New Business Development Committee

The New Business Development Committee discusses matters concerning new businesses expected to help increase the Group's consolidated revenue, the exploration of new revenue sources, and new domestic and overseas markets in our business domains.

#### - Digital Innovation Committee

The Digital Innovation Committee discusses matters concerning the development and implementation of policies and strategies regarding how to take advantage of digital technologies adopted to change the Group's marketing and business processes and how to develop the infrastructure for these technologies. The Committee also examines the effects brought about by the implementation of these policies and strategies.

#### -Sustainability Promotion Committee

We grasp the status of implementation of the measures related to sustainability of our Group on a regular basis, and have cross-organizational discussions on measures that contribute to sustainability of the Group, customers, and the region.

### (4) Executive Officers

We have introduced the executive officer system in order to separate the "functions of business decision-making and supervising Directors' performance of duty," for which Directors should be responsible, and the "function of executing operations," for which Executive Officers should be responsible. The separation has led to clear definitions of Directors' and Executive Officers' roles and responsibilities, systematically enabling flexible and efficient execution of operations.

## <Supervision and audit>

### (1) Supervision by the Board of Directors

Our Board of Directors consists of 10 Directors, who are financial experts and have developed their careers in the Group, and 5 independent External Directors, who supervise the overall operation of the Group from a neutral and objective perspective. The Board primarily makes decisions regarding matters specified in laws and regulations or the articles of incorporation as well as the execution of material operations pertaining to the Group's business, and supervises the performance of Directors' duty.

### (2) Audit by Audit and Supervisory Committee

In our framework, Audit and Supervisory Committee Members attend important meetings (including the Board of Directors meetings, the Group Management and Execution Council, and other committees) and hold regular report and interview session with the Audit Division and risk management departments in accordance with the audit policy and audit plan formulated each fiscal year. Furthermore, the Committee Members with considerable knowledge about corporate management, including finance, conduct monitoring and inspection related to financial audits.

### (3) Internal audit

The Audit Division of Kyushu Financial is independent from the audited departments. The Division audits the appropriateness and effectiveness of the internal management system, which covers risk management, in accordance with the audit policy and plan for the fiscal year. The Division also reports the details of internal audits to the Board of Directors, the Group Management and Execution Council, and the Audit and Supervisory Committee.

### (4) Financial audit

We have a financial audit contract with Deloitte Touche Tohmatsu LLC that has been executed pursuant to the Companies Act and the Financial Instruments and Exchange Act so that Deloitte conducts audits accordingly.

## <Nomination; Determination of compensation>

### (1) Nominating and Remuneration Committee

We have the Nominating and Remuneration Committee as the advisory body for the Board of Directors in order to make our decision-making process fairer and more transparent, thereby helping improve our corporate governance, through focused discussions and exchanges of opinions with Representative Directors and External Officers about matters pertaining to the nomination of and compensation to the Management.

### (2) Nomination of Management

-We consult the Nominating and Remuneration Committee about candidates for the posts of Directors who are not Advisory and Supervisory Committee members. Then the candidates are selected by the Board of Directors and appointed at the General Shareholders Meeting in accordance with the articles of incorporation.

-We consult the Nomination and Remuneration Advisory Committee about candidates for the posts of Directors who are Audit and Supervisory Committee Members. Subsequently, with the consent of the Audit and Supervisory Committee, the candidates are selected by the Board of Directors and appointed at the General Meeting of Shareholders in accordance with the articles of incorporation.

-We consult the Nominating and Remuneration Committee about candidates for the posts of Executive Officers, and then the candidates are appointed at a Board of Directors meeting.

### (3) Remuneration for Management

The 6th Annual Shareholders Meeting held on June 18, 2021 passed a resolution setting the total annual remuneration for Directors who are not Audit and Supervisory Committee Members at 300 million yen or less (including 36 million yen or less to External Directors who are not Audit and Supervisory Committee Members) and the total annual remuneration to Directors who are Audit and Supervisory Committee Members at 120 million yen or less.

The Board of Directors and Audit and Supervisory Committee Members have the authority to finalize the policy on the determination of the amounts of compensation to Kyushu Financial's Directors who are not Audit and Supervisory Committee Members, Directors who are Audit and Supervisory Committee Members, and Executive Officers or of how to calculate the amounts. The details of the authority and the scopes of their discretion are as stated below.

-Compensation and other benefits to Directors who are not Audit and Supervisory Committee Members shall be determined by the Board of Directors through a fair and transparent deliberation within the amount resolved on at the General Shareholders Meeting. Opportunities to appropriately involve External Directors with this process for advice are provided.

-Remunerations to Directors who are Audit and Supervisory Committee Members are treated separately from those to Directors who are not Audit and Supervisory Committee Members and determined through discussions among Directors who are Audit and Supervisory Committee Members within the amount resolved on at a General Meeting of Shareholders.

Based on the delegation resolution by the Board of Directors, President and Representative Director of Kyushu Financial decides the concrete details of individual compensation amounts of Directors who are not Audit and Supervisory Committee Members and Executive Officers.

The authority is regarding evaluation and distribution of the basic compensation of each of Directors who are not Audit and Supervisory Committee Members and Executive Officers as well as of the earnings-based bonus (performance-linked compensation) based on the performance of respective operations they are in charge. The reason for delegating the authority is because the President and Representative Director is the most appropriate to grasp the performance of Kyushu Financial in a comprehensive manner and evaluate Directors who are not Audit and Supervisory Committee Members and Executive Officers.

To ensure appropriate execution of the authority, proposals concerning the total annual compensation for Directors who are not Audit and Supervisory Committee Members and Executive Officers is submitted to the Nominating and Remuneration Committee for deliberation and determined by the Board of Directors every fiscal year. Proposals concerning individual

compensation for them is submitted to the Committee for deliberation and determined by President and Representative Director, with the total compensation amount for the fiscal year as the upper limit decided at the Board of Directors Meeting.

### 3. Reason for the adoption of our current corporate governance framework

Please see “I. 1. Basic Stance” in this document for the reason why we have adopted the current system.

## III. Status of measures concerning shareholders and other stakeholders

### 1. Efforts to revitalize the General Shareholders Meeting and facilitate the exercise of voting rights Updated

	Note
Early mailing of the Convocation Notice of the General Shareholders Meeting	In addition to mailing the notice of the meeting ahead of the statutory deadline, we publish the notice on our website and disclose it at the Tokyo Stock Exchange in order to make sure that our shareholders have ample time to read all proposals.
Scheduling the General Shareholders Meeting for a date on which few other shareholders meetings are held	The 7th Annual Shareholders Meeting was held on June 17, 2022.
Exercising voting rights by an electronic means	We have introduced an online voting system.
Participation in an electronic platform for the exercise of voting rights and other efforts to improve the environment for the exercise of voting rights by institutional investors	We use the electronic platform designed for institutional investors to exercise their voting rights. The platform is run by ICJ, Inc.
Preparing the notice of the meeting (summary) in English	We publish the notice of the meeting in English on our website and make it available at the Tokyo Stock Exchange and on the platform for exercising voting rights.
Other	We make the following efforts to ensure that the Shareholders Meeting proceeds with clarity and transparency for our shareholders. -The notice of the meeting includes a list of candidates with their photos. -Business reports are explained using visuals projected onto a screen. -In addition to the main venue, satellite venues are set up in order to stream the meeting live for as many local shareholders as possible.

### 2. Status of IR-related activities

	Note	Briefing by Representative
Preparing and publishing our disclosure policy	Please see Article 25 (Ensuring Appropriate Disclosure of Information and Transparency) of the Corporate Governance Guidelines published on our website. (URL : <a href="https://kyushu-fg.co.jp/company/governance/">https://kyushu-fg.co.jp/company/governance/</a> )	
Holding regular briefing sessions for individual investors	We have been holding briefing sessions for individual investors since fiscal 2016.	Yes
Holding regular briefing sessions for analysts and institutional investors	We hold semiannual briefing sessions for analysts and institutional investors where President and Representative Director and General	Yes



	<p>Manager of Corporate Planning Division provide explanations about our business strategies and financial condition.</p> <p>In June this year, in response to the coronavirus infections, we streamed the video of the briefing on our website and held individual meetings, including telephone conferences.</p>	
Holding regular briefing sessions for overseas investors	<p>We hold briefings for overseas investors through conferences organized by a securities company.</p> <p>The conference scheduled last year was cancelled due to the coronavirus infections.</p>	N/A
Publishing IR materials on our website	<p>We publish information about our financial results, timely disclosure information, and documents used at corporate recruiting sessions, among others, on our website. In addition to the annual report, Kyushu Financial discloses financial summary reports, Annual Securities Report, Integrated Report, and company briefing materials in English.</p>	
Establishing IR-related departments (staff)	<p>IR departments: Public Relations and IR Division</p>	

### 3. Status of efforts toward sustainable relations with stakeholders Updated

	Note
Establishing our determination to maintain sustainable relations with stakeholders in the internal rules	<p>Please see Chapter 3 (Ensuring Shareholders' Rights and Equality) and Chapter 4 (Appropriate Cooperation with Stakeholders Other Than Shareholders) of the Corporate Governance Guidelines published on our website. (URL : <a href="https://kyushu-fg.co.jp/company/governance/">https://kyushu-fg.co.jp/company/governance/</a>)</p>
Environmental actions and CSR initiatives	<p>The Group has formulated "Environmental policy" and "Green Procurement Guidelines" shared across the Group and have been working on the conservation of the bountiful natural environment of Kumamoto and Kagoshima.</p> <p>The Group's Higo Bank has planted more than 140,000 trees in cumulative total in the Aso Daikan no Mori it owns. Kagoshima Bank has been participating in a forestry project every year, undertaken by companies nurturing the environment, and is engaged in environmental conservation through afforestation activities.</p> <p>We also continue with proactive efforts for local revitalization, which consists of participation in local events, sponsorships for sports and cultural events, and contribution to social services, among others.</p> <p>For details, see the websites of Kyushu Financial, Higo Bank, and Kagoshima Bank.</p> <p>"Environmental policy" and "Green Procurement Guidelines" of Kyushu Financial Group (URL: <a href="https://www.kyushu-fg.co.jp/english/csr/csrmanagement/">https://www.kyushu-fg.co.jp/english/csr/csrmanagement/</a>)</p> <p>"Participation in environmental conservation activities" of Kyushu Financial Group (URL: <a href="https://www.kyushu-fg.co.jp/english/csr/sdgs/activities/">https://www.kyushu-fg.co.jp/english/csr/sdgs/activities/</a>)</p> <p>"Environmental conservation activities" of Higo Bank (URL: <a href="https://www.higobank.co.jp/aboutus/csr/#environment">https://www.higobank.co.jp/aboutus/csr/#environment</a> [Japanese])</p> <p>"Environmental initiatives" of Kagoshima Bank (URL: <a href="https://www.kagin.co.jp/investor/315_eco.html">https://www.kagin.co.jp/investor/315_eco.html</a> [Japanese])</p>
Establishing a policy pertaining to the provision of information for stakeholders	<p>We have an established set of rules pertaining to timely disclosure for the purpose of providing information to stakeholders, thereby ensuring appropriate information disclosure.</p>
Other	<p>Higo Bank and Kagoshima Bank in the Group have made their General Employer Action Plans in relation to the Act on the Promotion of Female Participation and</p>



Career Advancement in the Workplace. These banks have established and expanded their internal systems to support employees with children in developing their careers while parenting as part of their efforts to facilitate women's successful careers. The Group will continue to focus on talent development as a gateway to women's career advancement and actively assign female employees to managerial positions.

#### IV. Matters regarding our internal control system

##### 1. Basic stance on the internal control system and how it has been organized

- (1) Systems for ensuring that the performance of duty by the Group's Directors, Executive Officers, and other employees conforms to laws and regulations as well as the articles of incorporation
  - A. Kyushu Financial defines compliance as one of its most important management issues. We have established the Group-wide Basic Compliance Policy in order to ensure that Directors, Executive Officers, and other employees in the Group are committed to compliance.
  - B. Kyushu Financial has the CR Management Division as the Group's compliance management department. We also have a regular committee to deliberate material matters pertaining to compliance across the Group, thereby ensuring that our compliance system fully works and keeps improving.
  - C. Kyushu Financial has established the Group-wide Basic Policy on Actions against Anti-social Forces in order to make sure that Directors, Executive Officers, and other employees in the Group firmly reject any connections with anti-social forces that threaten the order and safety of civil society.
  - D. Kyushu Financial has established the Group-wide Basic Management Policy on Customer Protection in order to make sure that Directors, Executive Officers, and other employees in the Group are committed to protecting customers' interests and improving convenience for customers.
  - E. Kyushu Financial has established the Group-wide Compliance Hotline Rules. The Group's whistleblowing hotline has been set up according to the Rules to receive reports on any misconduct or violations of laws or requests for consultation about such misconduct or violations, thereby ensuring that appropriate actions are taken to address the problems.
  - F. Kyushu Financial has established the Group-wide Basic Policy on Internal Audits and Internal Audit Rules. Our Audit Division or the Group companies' audit departments regularly conduct(s) internal audits in order to examine the appropriateness and effectiveness of the Group's control environments for legal compliance and customer protection.
- (2) Systems for storage and management of information pertaining to the performance of duty by Directors

Kyushu Financial has established an independent set of rules about document management to ensure that information pertaining to the performance of duty by our Directors is kept and managed for a reasonable period.
- (3) Rules for managing the risk of losses the Group may incur and other systems
  - A. Kyushu Financial defines risk management as one of its most important management issues. We have established the Group-wide Basic Policy on Risk Management in order to ensure that Kyushu Financial and its Group companies work together to appropriately manage various risks facing the Group.
  - B. Kyushu Financial has the CR Management Division as the Group's risk control department, along with a committee that discusses material matters concerning risk management across the Group, in order to ensure that its risk control works properly.
  - C. Kyushu Financial has established the Group-wide Basic Policy on Business Continuity in order to ensure in times of crisis the continuity of its business as well as the Group companies' business, and the recovery of the whole Group's regular functions as soon as possible.
  - D. Kyushu Financial has established the Group-wide Basic Policy on Internal Audits and Internal Audit Rules. Our Audit Division or the Group companies' audit departments regularly conduct(s) internal audits in order to examine the appropriateness and effectiveness of the Group's risk management system.
- (4) Systems for ensuring that Directors in the Group efficiently perform their duty
  - A. The Rules for the Board of Directors at Kyushu Financial include basic provisions pertaining to how the Board of Directors is composed and operated. We also have the Group Management and Execution Council and other committees that deliberate and make decisions on matters delegated by the Board of Directors, thereby having in place the business management framework in which the Group is efficiently and appropriately operated in accordance with the Rules for the Group Management and Execution Council and the committees' guidelines.
  - B. Kyushu Financial has established the Organization Rules and Official Authority Rules that specify its organization, operations, and authority in order to ensure that Directors promptly and efficiently perform their duty.
- (5) Systems for ensuring appropriate operations in the corporate group that consists of Kyushu Financial and its Group companies
  - A. Kyushu Financial has established the Group Business Management Rules, thereby having in place the Group's business management framework designed to provide guidance and perform management in order to ensure the subsidiaries' appropriate management while respecting the Group companies' management autonomy.
  - B. Kyushu Financial has the Rules concerning Matters for Discussion with and Reporting by Subsidiaries. These Rules specify that material matters regarding the Group companies' decision-making and execution of operations must be discussed with or

reported to Kyushu Financial regularly or as necessary in order to ensure that Directors and Executive Officers in the Group efficiently and appropriately perform their duty.

- C. Kyushu Financial has the Corporate Planning Division as the department that controls the operation of the Group companies. The Division provides assistance and guidance pertaining to the subsidiaries' business plans and supervises the promotion of the plans in accordance with the Organization Rules.
  - D. Kyushu Financial has established the Group-wide Basic Policy on Internal Control pertaining to Financial Reporting in order to ensure its compliance with the accounting standards and other relevant laws and regulations, and the appropriateness and reliability of its financial reporting.
  - E. Kyushu Financial has established the Basic Policy pertaining to Internal Transactions and the Basic Policy pertaining to Internal Business Alliances in order to ensure that transactions within the Group are appropriately conducted in accordance with laws and regulations.
  - F. Kyushu Financial has established the Group-wide Basic Policy on Internal Audits and Internal Audit Rules. Our Audit Division or the Group's audit departments regularly conduct(s) internal audits in order to examine the appropriateness and effectiveness of the control environment for transactions within the Group.
- (6) Matters regarding employees assigned as assistants to the Audit and Supervisory Committee and Directors who are Audit and Supervisory Committee Members (hereinafter "Audit and Supervisory Committee Members") to assist their duty on their request  
Kyushu Financial has established the Office of Audit and Supervisory Committee as the department that helps the Audit and Supervisory Committee and its members with their duty, and appropriately assigns employees who serve as assistants thereto. Some of them are dedicated staff, while others work also for different departments.
- (7) Matters regarding ensuring the independence of the employees in the preceding paragraph from Directors who are not Audit and Supervisory Committee Members and ensuring effectiveness of instructions by the Audit and Supervisory Committee and its members to the said employees
- A. Kyushu Financial places these employees under the command of the Audit and Supervisory Committee and its Members in order to ensure their independence from Directors who are not Audit and Supervisory Committee Members.
  - B. Kyushu Financial has established the Rules concerning Employees Serving as Assistants to the Audit and Supervisory Committee and Directors who are Audit and Supervisory Committee Members. The rules specify that the Audit and Supervisory Committee and its Members are asked in advance to give their opinions regarding the appointment, performance evaluation, or transfer of, or disciplinary action against the employees who assist with their duty and such opinions are respected.
- (8) Systems for ensuring Directors who are not Audit and Supervisory Committee Members, Audit and Supervisory Committee Members, Executive Officers, Corporate Auditors, and other employees in the Group, or those who have received reports from them to make reports to the Audit and Supervisory Committee and systems regarding other reports to the Audit and Supervisory Committee
- A. Kyushu Financial has established the Group-wide Rules of Reporting to the Audit and Supervisory Committee. When anyone of Directors who are not Audit and Supervisory Committee Members, Audit and Supervisory Committee Members, Executive Officers, Corporate Auditors, or other employees in the Group discover a fact that may cause considerable damage to Kyushu Financial or any Group company, he/she must report the fact immediately to our Audit and Supervisory Committee according to these Rules.
  - B. Directors who are not Audit and Supervisory Committee Members, Audit and Supervisory Committee Members, Executive Officers, Corporate Auditors, and other employees in the Group report on material matters pertaining to the execution of operations regularly or as necessary to the Audit and Supervisory Committee, and take appropriate actions when the Audit and Supervisory Committee asks them for reporting, pursuant to the Rules of Reporting to the Audit and Supervisory Committee. Furthermore, if a person receives a report on a material matter pertaining to the execution of operations from anyone of Directors who are not Audit and Supervisory Committee Members, Audit and Supervisory Committee Members, Executive Officers, Corporate Auditors, or other employees in the Group, he/she is required to report it to the Audit and Supervisory Committee.
  - C. Kyushu Financial has system in place pursuant to the Group-wide Compliance Hotline Rules, which enables anyone of Directors who are not Audit and Supervisory Committee Members, Audit and Supervisory Committee Members, Executive Officers, Corporate Auditors, or other employees in the Group to report directly to the Audit and Supervisory Committee if he/she needs to report any misconduct or violation of laws they have discovered. Furthermore, the CR Management Division promptly reports on whistleblowing in the Group to the Audit and Supervisory Committee Members.
- (9) Systems for ensuring that those who have made a report to the Audit and Supervisory Committee Members do not receive disadvantageous treatment because of their report  
Kyushu Financial has established the Group-wide Rules of Reporting to the Audit and Supervisory Committee and Compliance Hotline Rules, which forbid disadvantageous treatment of a person who has made a report to the Audit and Supervisory Committee.
- (10) Matters regarding the prepayment of the expenses that arise from the performance of duty by the Audit and Supervisory Committee, the expenses that arise from reimbursement procedures and other performance of the duty, or the policy pertaining to debt disposal  
When Audit and Supervisory Committee Members request the prepayment of any expenses, etc. arising from execution of duties by the Audit and Supervisory Committee, Kyushu Financial promptly pays the amount or disposes of the debt, except when it determines that the expenses are not necessary for the Audit and Supervisory Committee to perform their duty.

(11) Systems for ensuring that effective audits are conducted by the Audit and Supervisory Committee

- A. The Audit and Supervisory Committee Members may attend the meetings of the Board of Directors, the Group Management Execution Council, or other committees to offer their opinions in accordance with the Rules for the Board of Directors, the Rules for the Group Management and Execution Council, and the committees' guidelines.
- B. Directors who are not Audit and Supervisory Committee Members exchange opinions regularly or as necessary with Audit and Supervisory Committee Members in order to maintain appropriate communication.
- C. The Audit Division of Kyushu Financial or the audit departments of its subsidiaries regularly report(s) audit results to the Audit and Supervisory Committee and work appropriately with the Office of Audit and Supervisory Committee, thereby ensuring effective audits by the Committee.

## 2. Basic stance on the exclusion of anti-social forces and our actions

(1) Basic stance

The Group has established the following principles in order to reject any connections with anti-social forces that threaten the order and safety of civil society.

- A. We take Group-wide measures to handle any unreasonable demands from anti-social forces. These measures include legal responses that involve civil and criminal procedures.
- B. We work closely with external professional bodies, including the police and attorneys, in ordinary times as part of our efforts to prepare ourselves to deal with anti-social forces.
- C. We refuse any transactions as well as any other connections with anti-social forces.
- D. Under no circumstances do we provide funds or any other benefits for anti-social forces.
- E. We maintain our solid control environment in order to keep anti-social forces excluded and prevent any transactions with these forces.

(2) Present state

Our CR Management Division manages all information about anti-social forces that Kyushu Financial and the Group companies have. The Division collects and shares the information whenever possible.

## V. Other

### 1. Anti-takeover measures

Anti-takeover measures	N/A
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Note to the applicable item
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## 2. Other matters concerning our corporate governance framework Updated

Please see the attachment for the following.

- Corporate Governance Framework
- Framework of Timely Disclosure
- Skills Matrix

[Corporate Governance Framework]



