

Corporate Governance

Basic views on corporate governance

As a regional bank headquartered in Shiga Prefecture, the Bank has a motto which carries on “Sampo yoshi” philosophy, a management philosophy embraced by Merchants in the Omi region of central Japan, which means to bring happiness to three sides: being good for the seller, the buyer, and society. The Bank made the motto “Be tough on ourselves, kind to others and serve society” the starting point for corporate social responsibility (CSR), making effort to realize mutual prosperity with the regional communities, all employees, and the environment as in the Bank’s Management Principles. For the purposes of ensuring sustainable growth and improvement in corporate value for the Bank over the mid- and long-term, we will expand and constantly upgrade our corporate governance standards based on the following basic views.

The Bank has adopted the Audit & Supervisory Board system, under which the Board of Directors including Outside Directors supervise management and the Audit & Supervisory Board including Outside Audit & Supervisory Board Members checks the Board of Directors.

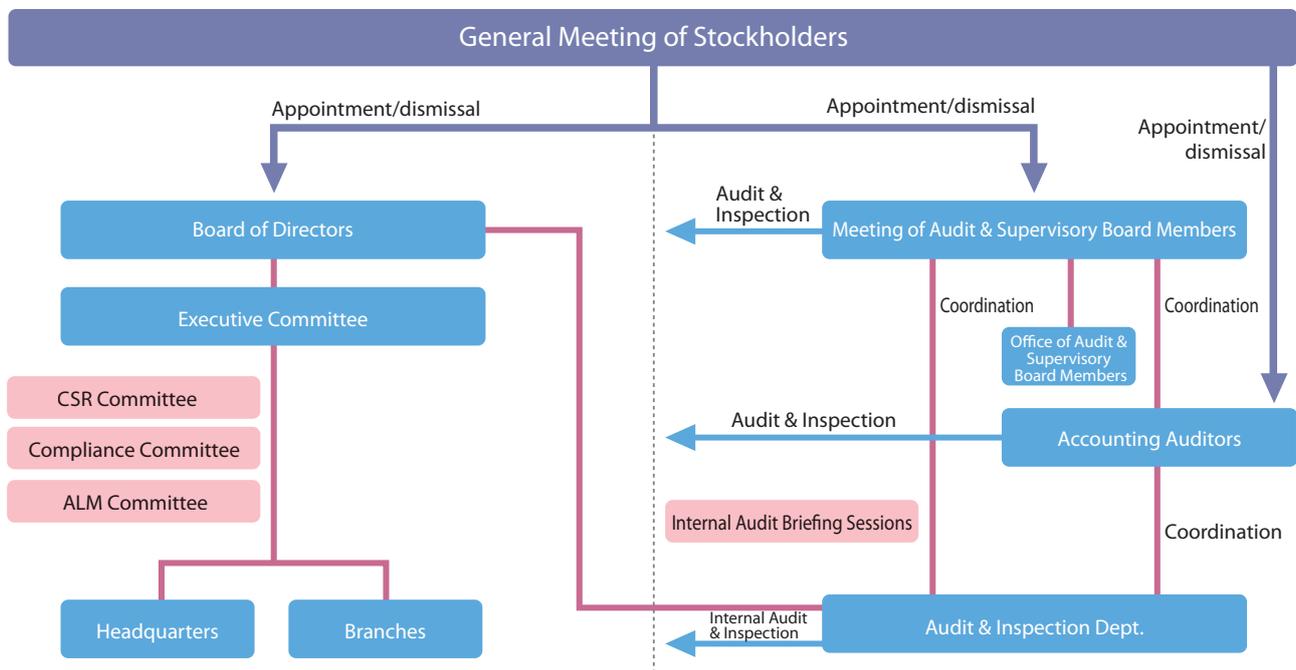
In terms of business operations, centered on the Executive Committee that is a decision-making body for business execution, the Compliance Committee and the ALM Committee have been established and the internal audit offices monitor their operational status.

- (1) Respect shareholder rights and safeguard shareholder equality
- (2) Cooperate appropriately with stakeholders
- (3) Duly disclose information, including non-financial data, and ensure transparency and fairness of decision-making
- (4) Create an environment for allowing appropriate levels of risk-taking by management team members
- (5) Contribute to sustainable growth and the mid- and long-term improvement in corporate value, by prioritizing dialogue with shareholders

Internal control system status

At the Bank, in accordance with Companies Act and the Regulations for Enforcement of the Companies Act, the fundamental policy of our internal control structure was discussed and determined by the Board of Directors. As detailed below, the Bank has a system to ensure appropriate practices in the execution of its daily business.

Shiga Bank’s corporate governance system (as of June 30, 2019) is shown in the chart below.



Company Organizations (as of June 30, 2019)

1. Board of Directors

The Board of Directors, with 10 members, including two from outside the Bank, meets once a month in principle. At the meetings, decisions are made on important business matters for conduct business. Audit & Supervisory Board Members attend all such meetings to monitor the performance of Directors.

2. Meeting of Audit & Supervisory Board Members

As a company with the Audit & Supervisory Board system, the Bank holds a meeting of Audit & Supervisory Board Members whose participants are four Audit & Supervisory Board Members, including two from outside the Bank, once a month, in principle. The meeting of Audit & Supervisory Board Members carries out tasks such as decision of audit policies, audit plans, audit methods and division of audit duties. In accordance with audit plans, etc., determined by the meeting of Audit & Supervisory Board Members, full-time Audit & Supervisory Board Members conduct objective and rational audits by attending important meetings including those of the Board of Directors and Executive Committee, as well as internal audit briefing sessions and by reviewing important documents, conducting visiting audits at branches and interviewing with departments of the Head Office and through other measures. In addition, they exchange opinions and information with internal audit offices and Accounting Auditors regularly and as needed to improve audit effectiveness. Outside Audit & Supervisory Board Members conduct audits based on sufficient discussion at the meeting of Audit & Supervisory Board Members by fully communicating and cooperating with full-time Audit & Supervisory Board Members and receiving various reports from internal control offices. Also, the Bank has established a structure where duties of Audit & Supervisory Board Members are fulfilled by placing full-time employees independent of Directors, for assisting duties of Audit & Supervisory Board Members.

3. Executive Committee

The Executive Committee consists of the Chairman, President, Deputy President, Senior Managing Directors, and Managing Directors. It meets as necessary to make swift decisions about overall operations, including investment plans, new product development, business structural changes and monitoring the risk environment. Important items related to the execution of business are submitted to the Board of Directors.

4. Internal Audit System

Seeking to conduct its business in a sound and appropriate manner, the Bank established the Audit & Inspection Department to undertake internal audits. The Department performs audits of the Bank's branches to ensure that their internal control mechanisms are functioning properly and effectively, in accordance with annual internal audit plans approved each year by the Board of Directors. The internal Audit briefing sessions meets as a rule once a month with the attendance of the management team including the President of the Bank, and holds discussions on reported audit findings and on the status, problem points and issues of departments and branches subject to auditing. This ensures that risk is minimized, administrative duties are carried out reliably and business management is appropriate.

5. CSR Committee

The CSR Committee chaired by the President considers plans to fulfill social responsibility (SR) to all stakeholders for the purpose of "creating and enhancing value as a sincere company" and contributing to the Bank's sustainable development based on the CSR Charter, or our Management Principles.

6. Compliance Committee

The Compliance Committee chaired by the Senior Managing Director and including the Audit & Supervisory Board Members as counselors considers various issues concerning compliance to social norms, laws and regulations, and the Bank's internal rules comprehensively for the purpose of contributing to execution of sincere and fair corporate activities.

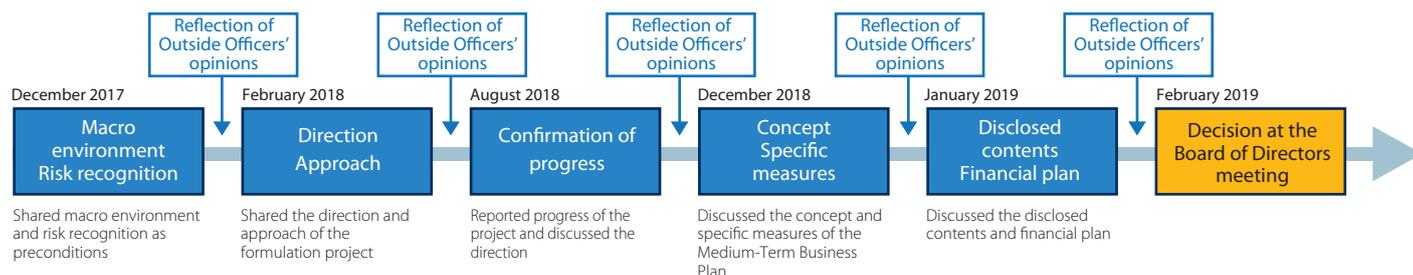
7. ALM Committee

The ALM Committee chaired by the President conducts reporting, analysis and discussion on risks and promotes response to comprehensive asset liability management (ALM) for the purpose of contributing to an increase in stable earnings through improvement of risk management.

8. Accounting Auditors

Accounting audits are conducted by Deloitte Touche Tohmatsu LLC, with which the Bank concluded an audit agreement.

The Board of Directors' involvement in development of the 7th Medium-Term Business Plan



Independent Outside Officer

Name	Position	Reason for appointment	The rate of attendance at meetings of Board of Directors in fiscal 2018
Hajime Yasui	Outside Director	The Bank expects that he will utilize in the Bank's management a wealth of experience at the Bank of Japan and an audit firm, profound knowledge regarding corporate accounting, and high insight into finance.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%) 1 out of 1 extraordinary meeting of the Board of Directors (attendance ratio: 100%)
Minako Takeuchi	Outside Director	The Bank expects that she will utilize in the Bank's management a wealth of experience and high insight into overall management as a corporate executive.	Newly elected in June 2019
Satoshi Nishikawa	Outside Audit & Supervisory Board Member	The Bank expects that he will reflect in auditing the Bank a wealth of experience at the Ministry of Finance and other corporations, profound knowledge regarding corporate accounting and high insight into finance.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%) 1 out of 1 extraordinary meeting of the Board of Directors (attendance ratio: 100%) 12 out of 12 regular meetings of the Audit & Supervisory Board Members (attendance ratio: 100%)
Yasuhiro Matsui	Outside Audit & Supervisory Board Member	The Bank expects that he will reflect in auditing the Bank his professional expertise and a wealth of experience as a lawyer involved in corporate legal affairs.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%) 1 out of 1 extraordinary meeting of the Board of Directors (attendance ratio: 100%) 12 out of 12 regular meetings of the Audit & Supervisory Board Members (attendance ratio: 100%)

Directors and Executive Officers (as of June 26, 2019)

Directors

Chairman **Yoshio Daido**

April 1972 Joined the Bank
 May 2000 General Manager of Credit Supervision Dept.
 June 2001 Director and General Manager of Credit Supervision Dept.
 June 2002 Director and General Manager of Business Promotion Dept.
 June 2003 Managing Director and General Manager of Business Promotion Dept.
 June 2004 Managing Director
 April 2006 Senior Managing Director
 June 2007 Deputy President
 June 2008 President
 April 2016 Chairman (current position)



President & CEO **Shojiro Takahashi**

April 1979 Joined the Bank
 June 2006 General Manager of Business Promotion Dept.
 June 2008 Director and General Manager of Business Promotion Dept.
 June 2009 Director and General Manager of Kyoto Branch
 June 2011 Managing Director
 June 2014 Senior Managing Director
 June 2015 Deputy President
 April 2016 President (current position)



Senior Managing Director **Etsuo Imai**

April 1979 Joined the Bank
 June 2006 General Manager of Kusatsu Branch
 June 2009 Director and General Manager of Credit Supervision Dept.
 June 2011 Director and General Manager of Kyoto Branch
 June 2013 Managing Director
 June 2016 Senior Managing Director (current position)



Managing Director **Yasunaga Ono**

April 1983 Joined the Bank
 June 2009 General Manager of General Planning Dept.
 June 2011 General Manager of Hikone Branch
 June 2013 General Manager of Business Promotion Dept.
 June 2014 Director and General Manager of Business Promotion Dept.
 June 2015 Managing Director (current position)



Managing Director **Motohiro Nishi**

April 1982 Joined the Bank
 June 2011 General Manager of Business Promotion Dept.
 June 2013 Director and General Manager of Osaka Branch
 April 2016 Director and General Manager of Kyoto Branch
 June 2016 Managing Director and General Manager of Kyoto Branch
 June 2019 Managing Director (current position)



Managing Director & CFO **Takahiro Saito**

April 1983 Joined the Bank
 February 2014 General Manager of Credit Supervision Dept.
 June 2014 Director and General Manager of Credit Supervision Dept.
 June 2017 Managing Director (current position)



Managing Director & CIO **Shinya Kubota**

April 1986 Joined the Bank
 April 2013 General Manager of Moriyama Branch
 June 2015 General Manager of General Planning Dept.
 June 2017 Director and General Manager of General Planning Dept.
 June 2018 Managing Director (current position)



Director and General Manager of Kyoto Branch **Katsuyoshi Horiuchi**

April 1987 Joined the Bank
 June 2014 General Manager of Assets & Liabilities Managing Dept.
 June 2017 Executive Officer, General Manager of Business Promotion Dept.
 June 2019 Director and General Manager of Kyoto Branch (current position)



Outside Director **Minako Takeuchi**

April 1983 Joined NEC Corporation
 December 2002 Retired from NEC Corporation
 January 2003 Joined STANTON CHASE INTERNATIONAL
 August 2013 Representative Director, TM Future Corporation (current position)
 September 2015 Director, JAPAN PROFESSIONAL BASKETBALL LEAGUE (current position)
 June 2019 Outside Director, the Bank (current position)



Outside Director **Hajime Yasui**

April 1975 Joined the Bank of Japan
 March 2003 Retired from the Bank of Japan
 April 2003 Director, ChuoAoyama Audit Corporation
 July 2006 Director, Financial Assurance Division, PricewaterhouseCoopers Aarata LLC
 July 2007 Manager of Risk Regulatory Advisory and Chief of PricewaterhouseCoopers Aarata Institute, PricewaterhouseCoopers Aarata LLC
 April 2008 Chief of PricewaterhouseCoopers Aarata Institute, PricewaterhouseCoopers Aarata LLC
 January 2014 Advisor of Integrated Financial Services Promotion Division and Chief of PricewaterhouseCoopers Aarata Institute, PricewaterhouseCoopers Aarata LLC
 January 2014 President and Representative Director, Yasui Associates Co., Ltd. (current position)
 June 2014 Outside Auditor, the Bank & Supervisory Board Member, the Bank
 July 2014 Advisor, PricewaterhouseCoopers Aarata LLC
 July 2014 Advisor, Japan Business Assurance Co., Ltd.
 June 2017 Outside Director, the Bank (current position)



Audit & Supervisory Board Members

Audit & Supervisory Board Member Kazuyoshi Hayashi

April 1980 Joined the Bank
 June 2010 General Manager of Assets & Liabilities
 Managing Dept.
 June 2011 Director and General Manager of Assets
 & Liabilities Managing Dept.
 June 2014 Managing Director
 June 2018 Audit & Supervisory Board Member
 (current position)



Audit & Supervisory Board Member Masato Hasegawa

April 1981 Joined the Bank
 April 2010 General Manager of Administration
 Dept.
 June 2012 Director and General Manager of Audit &
 Inspection Dept.
 June 2016 Audit & Supervisory Board Member
 (current position)



Outside Audit & Supervisory Board Member Satoshi Nishikawa

April 1971 Joined the Ministry of Finance
 July 1998 Deputy Director-General of the Financial
 Bureau in charge of Tobacco and Salt
 Industries
 June 2000 Retired from the Ministry of Finance
 July 2000 Director, Urban Development
 Corporation (currently Urban
 Renaissance Agency)
 June 2004 Director & Vice President, Nagoya Stock
 Exchange, Inc.
 June 2009 Managing Director, SHIDAX
 CORPORATION
 June 2012 Outside Audit & Supervisory Board
 Member, the Bank (current position)



Outside Audit & Supervisory Board Member Yasuhito Matsui

April 2000 Registered as a Lawyer
 April 2000 Joined Karasuma Law Office
 January 2005 Registered as a lawyer in New York State
 April 2005 Resigned from Karasuma Law Office
 May 2005 Joined Miyake & Partners
 May 2009 Appointed Partner, Miyake & Partners
 (current position)
 May 2012 Registered as a Patent Attorney
 June 2017 Outside Audit & Supervisory Board
 Member, the Bank (current position)
 January 2019 Joined NISHIKIBASHI PARTNERS LPC;
 Partner (current position)



Executive Officers

Hiroyuki Nakajima

General Manager of
 Computer System
 Dept. and Counselor
 of ICT Strategy
 Office, General
 Planning Dept.



Masato Takemura

General Manager of
 Credit Supervision
 Dept.



Kazuo Aoki

General Manager of
 Head Office Business
 Dept.



Koji Kawaguchi

General Manager of
 Financial Markets &
 International Dept.



Katsuyuki Nishikawa

General Manager of
 Audit & Inspection
 Dept.



Kanji Kishida

General Manager of
 Administration Dept.



Nobuyuki Tanaka

General Manager of
 Osaka Branch

