Corporate Governance Report

Last Update: **November 27, 2024**

Fukuoka Financial Group, Inc.
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The corporate governance of Fukuoka Financial Group, Inc. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Group's management principles state the Group's goal to become a financial group that creates value for all stakeholders, including shareholders, customers, local communities and our employees, and the Group's basic management policy is based on the same view.

(The Group's Management Principles)
Fukuoka Financial Group aims to become a financial group that creates value for all stakeholders by:
Enhancing perception and taking action without fear of failure,
Pursuing high quality for future progress, and
Bolstering people's optimum choice.

Under these Group management principles, the Company, as a holding company to govern the Group, mainly consists of the core subsidiary banks, is working toward the realization of highly effective corporate governance for the purpose of optimizing the management resources of the Group and administering the Group as a whole in a sound and appropriate manner.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Principle 1.4]

■ Basic Policies on cross-shareholding investments and examining the propriety of retaining them

The Company has set forth the following basic policies with regard to cross-shareholding investments.
"The basic policies specify that cross-shareholding investments aim for maintaining and strengthening stable and long-term business relationships with customers or maintaining and strengthening cooperative relationships in business operations, and these investments are conducted on a limited basis only when it is determined that they contribute to the mid- to long-term creation of higher corporate value of the Group."
The Group, as a regional financial institution, retains holdings on a limited basis only when the rationality behind its retention can be confirmed, such as cases in which seeking the resolution of management issues and improvement of corporate value for investees by strengthening relationships, etc., through cross-shareholding investments lead to the development of the regional economy and simultaneously can improve the corporate value of the Group.
Based on this view, the rationality behind the retention of all stocks is verified regardless of whether they are listed or unlisted when the Group considers the acquisition of shares for cross-shareholding investments, or upon performing yearly reviews of holdings, and the Board of Directors receives and confirms reports on the results of verifications reviewing the holdings of listed stocks.
Specifically, after verifying the significance and economic rationality behind holding each stock, the Group thereafter verifies whether or not it can be rationally explained as contributing to the improvement of the corporate value of the Group. If the rationality of its holding is not recognized as a result of this verification,

the stock will not be retained.
Economic rationality is verified from the perspective of whether the RORA (Return on Risk-weighted Assets) of each stock, calculated based on earnings generated through transactions, etc., meets the criteria for RORA that has been calculated based on the target ROE of the Company.

■ Basic views on the exercise of voting rights

The Company's basic views on the exercise of voting rights on cross-shareholding investments are as follows.
"The exercise of voting rights on shares for cross-shareholding investments is performed after a comprehensive determination is made on whether or not it would contribute to the mid- to long-term growth of the issuing company and enhancement of shareholder value. Voting rights are, in principle, exercised for all agenda items upon reaching a decision of approval or disapproval with regard to each issuing company and agenda item."
The Group confirms the performance, ROE standard, dividend payout ratio, etc., for each cross-shareholding investment, and then reaches a decision on the approval or disapproval for each agenda item based on the view detailed above.
Within these, the following selection of agenda items, which may potentially have a significant impact on the mid- to long-term growth of the issuing company and enhancement of shareholder value, are designated as "important agenda items." Decisions to approve or disapprove proposals related to these agenda items are made with particular care.
"Important agenda items"

- Dissolution
- Business Transfer
- Merger
- Company Split
- Share Exchange
- Share Transfer
- Other agenda items that are suspected to be contrary to the mid- to long-term growth of the issuing company and enhancing shareholder value

[Disclosure Based on the Principles of the Corporate Governance Code]

This section, including content contained therein regarding the Tokyo Stock Exchange's new Prime Market segment, is presented in accordance with the revised Corporate Governance Code released in June 2021.

The Company has formulated the "Fukuoka Financial Group Corporate Governance Guidelines" as its "basic views and operational policies regarding corporate governance" and published them on its website. These guidelines have also been attached at the end of this report.
<URL>
https://www.fukuoka-fg.com/en/companyimg/img/govenance/en_guideline.pdf

Please refer to the Company website or the section at the end of this report with regard to the content, etc., detailed in these guidelines for the matters of disclosure as contained in each of the following items.

[Principle 1.7]
"Procedures when engaging transactions with related parties" of the Company are detailed in Article 17 (Transactions with Related Parties) of the "Fukuoka Financial Group Corporate Governance Guidelines." Please refer to this source for more information.

[Principle 2.4.1]
The Company believes the direction it should pursue in promoting diversity, equity, and inclusion (DE&I) is to "respect and integrate the diverse 'knowledge and experience' of human resources with various experiences and backgrounds, and to utilize them to drive organizational growth."
To meet the increasingly diverse and sophisticated needs of its customers and grow sustainably together with the local communities as a regional financial institution, the Company regards DE&I as the cornerstone of all its management strategies and promotes initiatives to create an environment in which every one of its human resources can maximize their abilities.

For more information regarding the Company's human resources strategy, including its "Human Resources Development Policy" and "Internal Environment Improvement Policy," the status of specific initiatives, and various indicators and targets to visualize it, please refer to the Company's securities report, which is available on the Company's website.
(Securities report)
https://www.fukuoka-fg.com/investor/library/securities.html (in Japanese)
Note: Please refer to the section entitled "2 Sustainability-related Concepts and Initiatives."

[Principle 2.6]
The Fukuoka Financial Group Corporate Pension Fund is responsible for the payment, operation, and other management of pension assets related to the defined benefit corporate pension plan at the Company.
The Corporate Pension Fund is managed by personnel who maintain sufficient operational knowledge and have experience in the treasury divisions at subsidiary banks, and the Group has established the Asset Management Committee composed of members well versed in operational and risk management affairs, etc., as an advisory body that regularly deliberates on topics such as basic operational policies and specific operational procedures.
In addition, while paying sufficient attention to the independence of the corporation pension fund and protecting employees, etc., rights to benefits, and considering that its operation may potentially impact the financial standing of the Company, the Company has established the Pension Committee composed of Directors, Executive Officers, and general managers in charge of divisions of corporate planning, treasury, risk management, and personnel as a body for performing comprehensive discussions on retirement benefits. The Pension Committee has established a system to realize stable asset formation for beneficiaries and proper management of the corporate pension fund by leveraging expertise to monitor operational performance and risk related to operations, and provide advice, proposals, and information for the corporate pension fund.

[Principle 3.1 (1)]
The Company has formulated Group Management Principles and a Mid-Term Management Plan, and made both of these documents available through its website. Please refer to these sources for more information.

(Group Management Principles)
https://www.fukuoka-fg.com/en/vision/01.html
(Mid-Term Management Plan)
https://www.fukuoka-fg.com/investorimage/data/20220523_shukei7.pdf(in Japanese)

[Principle 3.1 (2)]
The Company has formulated the "Fukuoka Financial Group Corporate Governance Guidelines" as "basic views and operational policies regarding corporate governance" and published them on its website. These guidelines have also been attached to the end of this report. Please refer to this source for more information.

[Principle 3.1 (3)]
"Policies and procedures on determining the compensation of the Directors" of the Company are detailed in Article 10 (Policies on Determining Compensation for Directors, etc.) of the "Fukuoka Financial Group Corporate Governance Guidelines" and in "1. Organizational Composition and Operation [Director Remuneration] under II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" of this report. Please refer to this source for more information.

[Principle 3.1 (4)]
The Company's policies on election of senior management, procedures on election and dismissal of senior management, and policies and procedures in nominating candidates for Directors are detailed in Article 7 (Policies on Nominating Candidates for Director (excluding Director serving as Audit & Supervisory Committee Member)), Article 9 (Policies on Nominating Candidates for Director serving as Audit & Supervisory Committee Member), and Article 15 (Roles of Advisory Committee) of the "Fukuoka Financial Group Corporate Governance Guidelines." Please refer to these sources for more information.
The Company's policies on dismissal of senior management are based on the reasons for disqualification established under the internal rules titled the "Executive Officers Regulations" set forth by the Board of Directors, and if this case arises, dismissal may be determined by the decision of the Board of Directors.

[Principle 3.1 (5)]
The individual reasons for election and nomination of Directors are detailed in the "Reference Documents for the Annual Shareholders Meeting," which is attached to the Notice of Convocation of the Annual Shareholders Meeting and available on the Company's website. These bases are also detailed in "1. Organizational Composition and Operation [Directors] under II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" of this report. Please refer to these sources for more information.

(The Notice of Convocation of the Annual Shareholders Meeting)
https://www.fukuoka-fg.com/en/investor/stock/meeting.html

[Principle 3.1.3]
[Sustainability initiatives]
As it aims to achieve its long-term vision, the Company has recognized that challenges surrounding sustainability, such as social and environmental challenges faced by local communities, represent important management issues. It has established a sustainability policy as a basic policy toward the SDGs, and aims to realize sustainable local communities (sustainability) by enhancing the integration of this policy with its business activities. More specific information regarding the status of these initiatives can be found in the Company's securities report and annual report, which are available on the Company's website.

[Investment in human resources and intellectual property, etc.]
In support of its management strategy, which facilitates the achievement of its long-term vision, the Company is also committed to investing in human capital and intellectual property in accordance with its "Human Resource Strategy" and "DX Strategy."
Under its "Human Resource Strategy," the Company implements various measures based on the pillars of "building a human resource portfolio that realizes its business strategies" and "improving employee engagement," underpinned by the foundations of "promoting DE&I" and "fostering an organizational culture." In addition, it undertakes various initiatives to maximize the capabilities of its human resources to support diverse individuals in expressing their abilities to the fullest and build a vibrant, autonomous, self-driven organization, thereby ensuring sustainable growth for its organization. Under its "DX Strategy," the Company is going beyond mere digitalization and efficiency enhancements by pursuing "self-transformation centered on customers." This involves initiatives to develop services and transform business processes with a stronger focus on customer perspectives than ever before. Specific information regarding the statuses of these efforts can be found in the Company's securities report and annual report, which are available on the Company's website.

[Enhancing the quality and quantity of disclosure related to climate change]
As it aims to facilitate the achievement of the SDGs, the Company has identified "environmental protection" as a focus item. In particular, the Company views response to climate change risk as an important element of its management strategy and has accordingly expressed its support for the TCFD recommendations as it endeavors to understand and assess the impact climate change risk may have on the Group and expand its disclosure of such information. Specific information regarding the statuses of these efforts can be found in the Company's securities report and annual report, which are available on the Company's website.
(Securities report)
https://www.fukuoka-fg.com/investor/library/securities.html (in Japanese)
Note: Please refer to the section entitled "2 Sustainability-related Concepts and Initiatives."
(Annual report)
https://www.fukuoka-fg.com/investor/library/integrated_report/(in Japanese)

[Principle 4.1.1]
"Summary of delegation to management" of the Company is detailed Article 4 (Roles and Responsibilities of the Board of Directors) of the "Fukuoka Financial Group Corporate Governance Guidelines." Please refer to this source for more information.

[Principle 4.9]
"Criteria for Independence" of the Company is detailed in the Appendix to the "Fukuoka Financial Group Corporate Governance Guidelines," the "Fukuoka Financial Group Criteria for Independence." Please refer to this source for more information.

[Principle 4.10.1]
As advisory bodies for its Board of Directors, the Company has established the Group Nominating Advisory Committee, which deliberates on matters related to the nomination of candidates for positions in top management or as Directors (including succession planning), and the Group Compensation Advisory Committee, which considers matters related to the remuneration of personnel serving as Directors or in top management positions.
Independent External Directors hold majorities in the memberships of both advisory committees, thereby ensuring independence, objectivity, and transparency in decision-making processes related to nomination and remuneration. Additionally, the Company has established a system that enables committees with Independent External Directors serving as members to appropriately participate in, and provide advice concerning, the nomination of Directors while considering perspectives such as gender diversity and expertise.
Please refer to Articles 7, 10, 14, and 15 of the "Fukuoka Financial Group Corporate Governance Guidelines" for more information about the Company's views regarding the jurisdictions and roles of these advisory committees and the levels of independence facilitated by their membership compositions.

[Principle 4.11.1]
The Company's "views regarding proper balance between the knowledge, experience, abilities, diversity, and size of its Board of Directors" and its "policies and procedures for the appointment of Directors" are set forth in Article 5 (Views on Composition of the Board of Directors), Article 7 (Policies on Nominating Candidates for Directors [excluding Directors serving as Audit & Supervisory Committee Members]), and Article 9 (Policies on Nominating Candidates for Directors serving as Audit & Supervisory Committee Members) of the "Fukuoka Financial Group Corporate Governance Guidelines." Please refer to this source for more information.
In addition, a skills matrix illustrating the knowledge, experience, abilities, and other attributes deemed necessary to the Board of Directors in light of the Company's management strategy, along with such attributes possessed by the current Directors, is included in the "Reference Documents for the Annual Shareholders Meeting" attached to the Notice of Convocation of the Annual Shareholders Meeting and is published on the Company's website. The matrix is also attached to the end of this report. Please refer to this source for more information.

(The Notice of Convocation of the Annual Shareholders Meeting)
https://www.fukuoka-fg.com/en/investor/stock/meeting.html

[Principle 4.11.2]
Directors concurrently serving on the boards of other listed companies and their status of concurrent service as of the date of submission of this report are shown below.

■ Directors

Takashige Shibato
DAIICHI KOUTSU SANGYO Co., Ltd. (External Director since June 2008)
RKB MAINICHI HOLDINGS CORPORATION (External Director since June 2018)
Nishi-Nippon Railroad Co., Ltd. (External Director serving as an Audit & Supervisory Committee Member since June 2020)

Hisashi Goto
Saibu Gas Holdings Co., Ltd. (External Director serving as an Audit & Supervisory Committee Member since June 2024)

Toshiya Kosugi
NIKKO COMPANY (External Audit & Supervisory Board Member since June 2023)

Nobuko Ishibashi
Kamigumi Co., Ltd. (External Director since June 2019)
Takamatsu Construction Group Co., Ltd. (External Audit & Supervisory Board Member since June 2019 and External Director since June 2022)

[Principle 4.11.3]
Article 11 (Evaluation of Effectiveness of the Board of Directors) of the "Fukuoka Financial Group Corporate Governance Guidelines" stipulates that the Board of Directors of the Company shall analyze and evaluate the effectiveness of the Board as a whole on an annual basis, and regularly disclose the summary of the evaluation.

The method and results of evaluation of the effectiveness of the Board of Directors as a whole for FY2023 are as follows.

[Evaluation method]
The evaluation of the Board of Directors was implemented by following the method (procedures) described below.

i) Conducted a questionnaire to evaluate the effectiveness of the Board of Directors with Directors and Executive Officers
ii) In addition to the questionnaire, conducted interviews with External Directors to obtain a broader range of opinions
iii) Based on the results of i) and ii), analyzed and evaluated the effectiveness of the Board of Directors as a whole, and implemented sharing of awareness on issues, discussions on improvement measures, etc.

The evaluation method in general and the details of the questionnaire were decided based on a review from the objective perspective of external experts.

[Evaluation results (summary)]

1. Overall evaluation
   - We verified that the Board of Directors was properly operated pursuant to the Corporate Governance Guidelines and that the effectiveness of the Board of Directors as a whole is ensured.
2. Results of the previous year's evaluation and subsequent actions
   - In the previous year's evaluation, we shared issues we had identified, such as the need to enhance the provision of information to External Directors and improve discussions and reporting on new businesses, including those of non-bank subsidiaries.
   - In response, we have enhanced opportunities for External Directors to receive direct explanations from each relevant department outside of Board of Directors meetings and have provided opportunities for on-site inspections, including visits to branches. In addition, we worked to establish a system for the Board of Directors to monitor the operations of non-bank subsidiaries in a timely and appropriate manner through regular reporting on their business operations in accordance with their level of importance.
3. Awareness of issues shared through the evaluation and the trajectory of future response
   - Through this evaluation, we confirmed that, as a result of implementing the initiatives described in 2 above, the comments of External Directors have mainly broadened discussions and prompted more active debate overall, and they have strengthened supervision of businesses with a significant impact within the Group.
   - At the same time, as outstanding issues that need to be addressed to further improve effectiveness, we confirmed the need to understand the status of the business portfolio and engage in deeper and more extensive discussions on our medium- to long-term vision and direction, considering the uncertain and rapidly changing management environment.
   - As a direction to address issues that have been identified, we will further strengthen monitoring to ascertain the status of profit and loss in each business and the progress of new businesses, which will lead to a review of our business portfolio and the consideration of appropriate resource allocations. We will also actively create opportunities for information sharing and discussions to examine the policies for our medium- and long-term management plans. Through such efforts, we will aim to strengthen corporate governance, deepen discussions, and ultimately improve the medium- to long-term corporate value of the Group.

   The Company will further improve effectiveness of corporate governance centered on our Board of Directors with a view to enhancing the Group's corporate value in the medium to long term.

[Principle 4.14.2]
"Directors Training Policies" of the Company are detailed in Article 12 (System of Assisting Directors and Training Policies) of the "Fukuoka Financial Group Corporate Governance Guidelines." Please refer to this source for more information.

[Principle 5.1]
"Policies on Constructive Dialogue with Shareholders" of the Company are detailed in Article 18 (Dialogue with Shareholders) of the "Fukuoka Financial Group Corporate Governance Guidelines." Please refer to this source for more information.

[Action to implement management that is conscious of capital cost and stock price] 【Last Update:2024/11/27】

Our company practices management conscious of capital cost and capital profitability in order to realize sustainable growth and medium-to long-term improvement in corporate value of the Company. For our action to implement management that is conscious of capital cost and stock price, please refer to the Company's IR presentation materials and annual report published on the Company website.

(IR Presentation materials)
https://www.fukuoka-fg.com/investor/library/presentation.html(in Japanese)
(Annual report)
https://www.fukuoka-fg.com/investor/library/integrated_report/(in Japanese)

[Status of dialogue with shareholders]
For the status of dialogue between management and shareholders, please refer to the Company's annual report published on the Company website.

(Annual report)
https://www.fukuoka-fg.com/investor/library/integrated_report/(in Japanese)

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	30,764,600	16.25
Custody Bank of Japan, Ltd. (Trust account)	17,660,740	9.32
SSBTC CLIENT OMNIBUS ACCOUNT	4,286,054	2.26
Nippon Life Insurance Company	4,277,441	2.25
Meiji Yasuda Life Insurance Company	3,816,870	2.01
Sumitomo Life Insurance Company	3,803,808	2.00
The Dai-Ichi Life Insurance Company, Limited	2,350,848	1.24
The Kagoshima Bank, Ltd.	2,297,935	1.21
JP MORGAN CHASE BANK 385632	2,258,684	1.19
STATE STREET BANK AND TRUST COMPANY 505103	2,237,031	1.18

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

■ Status of major shareholders

In a Report of Changes made available for public inspection on July 22, 2022, it was reported that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its one joint holder held shares as of July 15, 2022. However, this differs from the information recorded in the shareholder register, and since the Company is unable to confirm the actual number of shares held, it is not included in the Status of Major Shareholders above.

In a Report of Changes made available for public inspection on November 22, 2023, it was reported that Capital Research and Management Company held shares as of November 15, 2023. However, this differs from the information recorded in the shareholder register, and since the Company is unable to confirm the actual number of shares held, it is not included in the Status of Major Shareholders above.

In a Report of Changes made available for public inspection on December 22, 2023, it was reported that Nomura Asset Management Co., Ltd. held shares as of December 15, 2023. However, this differs from the information recorded in the shareholder register, and since the Company is unable to confirm the actual number of shares held, it is not included in the Status of Major Shareholders above.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market, Fukuoka Stock Exchange Existing Market
Fiscal Year-End	March
Type of Business	Banks
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

Not applicable.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman
Number of Directors	11 persons
Appointment of External Directors	Appointed
Number of Outside Directors	4 persons
Number of Independent Directors	4 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masahiko Fukasawa	From another company											
Toshiya Kosugi	From another company											
Hideo Yamada	Academic											
Nobuko Ishibashi	Lawyer											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory	Designation as Independent	Supplementary Explanation of the Relationship	Reasons of Appointment

	Committee	Director		
Masahiko Fukasawa		○	There are no advisory contracts, consulting transactions or business relationships between Carlyle Japan LLC, to which Mr. Masahiko Fukasawa belongs, and the Group. Mr. Masahiko Fukasawa as an individual maintains a stationary relationship as a general depositor with a subsidiary of the Company, but descriptions of the details of this transaction are omitted as they have been judged to have no impact on the decisions of shareholders and investors in light of their scale and characteristics. There are no other advisory contracts, consulting contracts, or business relationships between Mr. Masahiko Fukasawa as an individual and the Group.	Mr. Masahiko Fukasawa has held positions as the Japan Representative (concurrently served as Chairman of the Korea Office) and the Chairman of the China Office of A.T. Kearney. He has served as the Joint Representative of the Asian Region, the Joint Representative of Japan, the Managing Director, and the Senior Advisor of AlixPartners Asia, LLC. From April 2024, he has served as the Managing Director and Head of Global Portfolio Solutions Japan at Carlyle Japan LLC. As such, he possesses extensive practical experience and specialized knowledge in consulting on management strategy and business revitalization for a wide variety of companies. Additionally, he meets all the requirements of independence criteria set forth by the Company, and there is no issue with his independence. He has been elected as External Director in the expectation that he will supervise Directors and management of the Company from an independent and objective standpoint while utilizing his extensive practical experience and insight accumulated so far to provide opinions, guidance, and advice to our top management in a timely and appropriate manner, thereby contributing to the medium- to long-term improvement of the corporate value of the Group. He meets all requirements of the independence criteria set forth by the Tokyo Stock Exchange, and has been registered as an Independent Director, having no potential conflict with the interests of general shareholders.
Toshiya Kosugi		○	There are no advisory contracts, consulting transactions or business relationships between Truth, Human Science & Management Organization	Mr. Toshiya Kosugi has held managerial positions of personnel and general affairs divisions at Uniden Corp. and Apple Inc. and other major domestic and foreign

			Laboratory LLC, to which Mr. Toshiya Kosugi belongs, and the Group. Mr. Toshiya Kosugi as an individual maintains a stationary relationship as a general depositor with a subsidiary of the Company, but descriptions of the details of this transaction are omitted as they have been judged to have no impact on the decisions of shareholders and investors in light of their scale and characteristics. There are no other advisory contracts, consulting contracts, or business relationships between Mr. Toshiya Kosugi as an individual and the Group.	companies. He currently serves as Representative Partner of Truth, Human Science & Management Organization Laboratory LLC. He also serves as professor at a graduate school. As such, he possesses extensive practical experience and specialized knowledge in organizational reform, development, and management of human resources. Additionally, he meets all the requirements of independence criteria set forth by the Company, and there is no issue with his independence. He has been elected as External Director in the expectation that he will supervise Directors and management of the Company from an independent and objective standpoint while utilizing his extensive practical experience and insight accumulated so far to provide opinions, guidance, and advice to our top management in a timely and appropriate manner, thereby contributing to the medium- to long-term improvement of the corporate value of the Group. He meets all requirements of the independence criteria set forth by the Tokyo Stock Exchange, and has been registered as an Independent Director, having no potential conflict with the interests of general shareholders.
Hideo Yamada	○	○	There are no donations or business relationships between Waseda University, to which Mr. Hideo Yamada belongs, and the Group. Mr. Hideo Yamada as an individual maintains a stationary relationship as a general depositor with a subsidiary of the Company, but descriptions of the details of this transaction are omitted as they have been judged to have no impact on the decisions of shareholders and investors in light of their scale and characteristics. There are no other advisory	Although Mr. Hideo Yamada has never been directly involved in the management of a corporation, he possesses extensive practical experience and advanced capabilities and insight in the corporate management strategies, finance and accounting fields gained through his extensive career including Professor of Graduate School of Business and Finance of Waseda University. Additionally, he meets all the requirements of independence criteria set forth by the Company, and there is no issue with his independence.

			contracts, consulting contracts, or business relationships between Mr. Hideo Yamada as an individual and the Group.	He has been elected as External Director serving as an Audit & Supervisory Committee Member in the expectation that he is able to provide valuable advice to the Board of Directors and conduct objective and neutral audits of the Company to ensure legal compliance and appropriateness of business executions of the Company by utilizing his extensive practical experience and professional insight, thereby contributing to the establishment of a quality corporate governance structure that responds to social trust. He meets all requirements of the independence criteria set forth by the Tokyo Stock Exchange, and has been registered as an Independent Director, having no potential conflict with the interests of general shareholders.
Nobuko Ishibashi	○	○	There are no advisory contracts, consulting transactions or business relationships between Kobe City Law Office, to which Ms. Nobuko Ishibashi belongs, and the Group. Ms. Nobuko Ishibashi as an individual maintains a stationary relationship as a general depositor with a subsidiary of the Company, but descriptions of the details of this transaction are omitted as they have been judged to have no impact on the decisions of shareholders and investors in light of their scale and characteristics. There are no other advisory contracts, consulting contracts, or business relationships between Ms. Nobuko Ishibashi as an individual and the Group.	Although Ms. Nobuko Ishibashi has never been directly involved in the management of a corporation, she possesses extensive practical experience and advanced capabilities and insight in legal affairs in general as an attorney. Additionally, she meets all the requirements of independence criteria set forth by the Company, and there is no issue with her independence. She has been elected as External Director serving as an Audit & Supervisory Committee Member in the expectation that she is able to provide valuable advice to the Board of Directors and conduct objective and neutral audits of the Company to ensure legal compliance and appropriateness of business executions of the Company by utilizing her extensive practical experience and professional insight, thereby contributing to the establishment of a quality corporate governance structure that responds to social trust. She meets all requirements of the independence criteria set forth by the Tokyo Stock

				Exchange, and has been registered as an Independent Director, having no potential conflict with the interests of general shareholders.

[Audit & Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	3	1	1	2	Director within the Group

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

In order to enhance the efficiency and effectiveness of the Audit & Supervisory Committee's duties, the Board of Directors has established the Office of Audit & Supervisory Committee as an organization responsible for supporting the duties and has assigned designated staff members who possess the knowledge and ability necessary to assist in audit duties.
The Office of Audit & Supervisory Committee shall be established under the supervision of the Audit & Supervisory Committee, and any personnel changes of the persons in charge of the Office shall require sufficient discussions with the Audit & Supervisory Committee in advance.

Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Departments

The Company's Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Department maintain a close relationship of mutual cooperation detailed as follows. These audits are also conducted in conjunction with the in-house departments of the Company in charge of internal control functions to facilitate efficient and effective audits.

(Audits by Audit & Supervisory Committee)
The Audit & Supervisory Committee of the Company is composed of three Audit & Supervisory Committee Members including two External Directors, and the Office of Audit & Supervisory Committee is set up with designated staff as a supporting organization. The Audit & Supervisory Committee Member who possesses considerable insight on finance and accounting is introduced in the following.

Mr. Hideo Yamada acquired a Master of Business Administration (MBA) at the Keio University Graduate School of Business Administration, and possesses considerable insight, as evident in his professional expertise in corporate management strategies as a Professor of Graduate School of Business and Finance of Waseda University.

In accordance with the Audit Policy and division of roles established at the fiscal year's beginning, full-time Audit & Supervisory Committee Members audit the overall job performance of Directors by attending Board of Directors meetings, Group Management Conference meetings, and other important meetings; holding hearings with Headquarters and Group companies, including subsidiary banks; performing site visits to branches of subsidiary banks; and inspecting important documents. Meanwhile, part-time (external) members attend meetings of the Board of Directors and other important meetings on a limited basis. In addition, as detailed in the following, the Audit & Supervisory Committee maintains a close relationship of mutual cooperation with the Internal Audit Department, Accounting Auditor, and Audit & Supervisory Committees of subsidiary banks, actively exchange opinions and information, and endeavor to ensure efficient and effective audits by the Audit & Supervisory Committee.

○Internal Audit Department

In addition to receiving regular reports on the status of internal audits of the Board of Directors, etc., hearings are conducted every month in principle, and investigations and explanations are requested as necessary.

○Accounting Auditor

In addition to receiving regular explanations/reports and exchanging opinions on the status of accounting audits, including explanations of audit plans and reports on interim/annual audit results, the Accounting Auditor also performs site visits as necessary.

○Audit & Supervisory Committees of subsidiary banks

In principle, reports are received every month on the status of audits by Audit & Supervisory Committees at subsidiary banks, and the Audit & Supervisory Committees endeavor to understand the internal controls of the Group as a whole.

(Accounting Audits)
Regarding accounting audits, the Company has commissioned Ernst & Young ShinNihon LLC to perform audits pursuant to the Company Law and audits pursuant to the Financial Instruments and Exchange Act.

(Internal Audits)
The Company has established the Internal Audit Division as the department in charge of internal audits independent from the other divisions in the Group.
In order to maintain internal control, based on the "Internal Audit Policy" and "Audit Regulations" determined by the Board of Directors, the Company endeavors to invest more audit resources in areas with relatively high risk and conduct risk-based audits for each division of the Company and each Group company. The Company's Internal Audit Division ensures the effectiveness of internal audits concerning itself and other organizations within the Group by directly reporting audit results to the Board of Directors and the Audit & Supervisory Committee. In addition, the Internal Audit Division collaborates closely with the Audit & Supervisory Committee and Accounting Auditor by holding regular meetings concerning audit plans and reports and by exchanging information as necessary.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Group Nominating Advisory Committee	Group Compensation Advisory Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Director within the Group	External Director

Supplementary Explanation

- An overview of the Group Nominating Advisory Committee and Group Compensation Advisory Committee (including member composition, election method, advisory matters, etc.) is detailed in Chapter 2 Section 4 (Establishment of Group Compensation & Nominating Advisory Committee) of the "Fukuoka Financial

Group Corporate Governance Guidelines." Please refer to this source for more information.
- The composition of each committee as of the date of submission of this report is as follows.

(Group Nominating Advisory Committee)

Director & Chairman	Takashige Shibato (Chairperson)
Director & President	Hisashi Goto
External Director	Masahiko Fukasawa
External Director	Toshiya Kosugi
External Director	Hideo Yamada
External Director	Nobuko Ishibashi

(Group Compensation Advisory Committee)

Director & Chairman	Takashige Shibato
Director & President	Hisashi Goto
External Director	Masahiko Fukasawa (Chairperson)
External Director	Toshiya Kosugi
External Director	Hideo Yamada
External Director	Nobuko Ishibashi

[Independent Directors]

Number of Independent Directors	4 persons

Matters relating to Independent Directors

The Company designates all External Directors that meet the requirements of the independence criteria as Independent Director.

[Incentives]

Incentive Policies for Directors	Introduction of performance-linked compensation plan

Supplementary Explanation

The Company has adopted a performance-linked compensation plan for its Directors (excluding Directors serving as Audit & Supervisory Committee Members, External Directors, and Directors who are non-residents in Japan). The plan seeks to clarify the link between directors' remuneration and the Group's performance and shareholder value, raise the motivation of Directors to contribute to the medium- to long-term improvement of business performance and the growth of corporate value, and have Directors share with all shareholders the risks and returns of share price fluctuations.
Policies and procedures for determining the remuneration of Directors (excluding Directors serving as Audit & Supervisory Committee Members) are detailed in Article 10 (Policies on Determining Compensation for Directors, etc.) of the "Fukuoka Financial Group Corporate Governance Guidelines" and in the "[Director Remuneration]" section of this report under "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management." Please refer to these sources for more information.

Recipients of Stock Options	

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

The total amount of compensation paid by the Company and its consolidated subsidiaries to the Company's Directors in FY2023 is as follows.
The total amount of annual compensation for 7 Directors (excluding Audit & Supervisory Committee Members and External Directors): 425 million yen (includes both 50 million yen in performance-linked monetary compensation and 53 million yen in performance-linked non-monetary compensation)
The total amount of annual compensation for 2 Audit & Supervisory Committee Member (excluding External Directors): 20 million yen
The total amount of annual compensation for 4 External Directors: 40 million yen

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At the Board of Directors Meeting held on June 20, 2022, the Company resolved to amend its policy on determining the details of individual remuneration, etc. (including determination method) for Directors (excluding Directors serving as Audit & Supervisory Committee Members) as shown below.

[Basic policies]
Compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) of the Company shall be determined based on the "Policies on Determining Compensation for Directors, etc." set forth in Article 10 of the Corporate Governance Guidelines within the scope of the total annual compensation for all Directors resolved at the Annual Shareholders Meeting.
—Policies on Determining Compensation for Directors, etc. (Article 10 of the Corporate Governance Guidelines)—
(1) A system of Compensation for Directors shall be set appropriately so that it serves as a healthy incentive for Directors and Executive Officers, which would eventually lead to the sustainable growth of the Group.
(2) Compensation for Directors shall be determined in overall consideration of the roles and responsibilities of each Director and Executive Officer, in addition to considering the Company's mid to long-term business performance and economic and social conditions.
(3) The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on Compensation for Directors based on the policies set forth in this Article, and the Board of Directors shall make final decisions with full respect for the Committee's deliberation.

[Specific policies based on basic policies]
(1) Policy on determining amounts of individual compensation, etc. (excluding performance-linked compensation, etc. and non-monetary compensation, etc.), and calculation methods (including policy on determining the timing or conditions for granting compensation)
- Individual base compensation shall be paid monthly with a fixed amount.
- The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on the base compensation, based on the "Policies on Determining Compensation for Directors, etc." The Board of Directors shall respect the Committee's deliberation and determine the officer compensation system based on the Policies on Determining Compensation for Directors, etc., and the base compensation is paid pursuant to the system.

(2) Policy on determining the details of performance-linked compensation, etc. and non-monetary compensation, etc. and calculation methods of their amounts and number of units (including policy on determining the timing or conditions for granting compensation)
- From the standpoint of clarifying management responsibility and providing an incentive to improve corporate value, the Company has decided to pay its Directors (excluding External Directors) stock compensation, which is a performance-linked compensation, in addition to base compensation. At a certain time each year, eligible Directors shall be granted points whose amounts are linked to the

level of net income attributable to owners of parent posted by the Company. The Directors shall be delivered Company shares, etc. upon retiring from the positions of both the Company's Director (including Director serving as an Audit & Supervisory Committee Member) and Executive Officer, and the number of shares to be delivered shall be determined based on the cumulative number of points granted during their terms in office.

- The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on the non-monetary compensation, which is the subject performance-linked compensation, based on the "Policies on Determining Compensation for Directors, etc." The Board of Directors shall pay the compensation in accordance with the officer compensation system decided with full respect for the Committee's deliberation.

(3) Policy on determining the ratio of amounts of fixed compensation, performance-linked compensation, etc., and non-monetary compensation, etc. to amounts of individual compensation, etc.

- Individual compensation paid to the Directors shall be the sum of base compensation and stock compensation, which is a performance-linked compensation. The compensation system including provision on the ratio of base compensation to stock compensation, a performance-linked compensation, in individual compensation, etc. shall be set appropriately based on the "Policies on Determining Compensation for Directors, etc." so that the system functions as a healthy incentive toward sustainable growth.

(4) Methods for determining the details of individual compensation, etc., for Directors (when delegating Directors all or part of the determination of the details of individual compensation, etc., their names, positions, responsibilities, and the details of the authority to be delegated shall be included)

- The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on the details of individual compensation, etc. for Directors, based on the "Policies on Determining Compensation for Directors, etc." The Board of Directors shall respect the Committee's deliberation and determine the officer compensation system, and the details of individual compensation, etc. for Directors based on the system.
- Of the individual compensation, etc. for Directors, the base compensation for External Directors shall also be deliberated by the Group Compensation Advisory Committee in response to the consultation from the Board of Directors, and based on the "Policies on Determining Compensation for Directors, etc." However, the Board of Directors shall delegate to the Chairman the responsibility to make final decisions on the specific details of the individual compensation, etc. with full respect for the Committee's deliberation, and the Chairman who has received such delegation shall make final decisions.

In terms of compensation for the Company's Directors (excluding Directors serving as Audit & Supervisory Committee Members), the maximum amount of total annual remuneration for all Directors is set based on resolution by a shareholders meeting. At the 15th Annual Shareholders Meeting held on June 29, 2022, it was resolved that (1) the total annual remuneration be within 220 million yen in monetary compensation (including up to 24 million yen annually for External Directors), and (2) the amount of money to be contributed to the stock compensation program be within 80 million yen per fiscal year. (The number of Directors [excluding Directors serving as Audit & Supervisory Committee Members] as of the close of the subject Annual Shareholder Meeting was nine [9] including two [2] External Directors, and the number of Directors as of the date of submission of this report was nine [9].)
In terms of compensation for the Company's Directors serving as Audit & Supervisory Committee Members, the maximum amount of total monthly renumeration for all such Directors is set based on resolution by a shareholders meeting. At the 13th Annual Shareholders Meeting held on June 26, 2020, it was resolved that the total monthly remuneration be within 6 million yen. (The number of Directors serving as Audit & Supervisory Committee Members as of the close of the subject Annual Shareholder Meeting was three [3], and the number as of the date of submission of this report was three [3].)
The Group Compensation Advisory Committee, in response to the consultation from the Board of Directors, deliberates on individual compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) based on the "Policies on Determining Compensation for Directors, etc.", and the Board of Directors makes the final decision with full respect for the Committee's deliberation. The individual compensation for Directors serving as Audit & Supervisory Committee Members is determined based on discussions by the Audit & Supervisory Committee.

[Supporting System for Outside Directors]

The Business Management Group of the Corporate Planning Division, provides assistance as a secretariat

office to External Directors, such as distributing meeting materials in advance and providing information on management.
In addition, with regard to External Directors serving as Audit & Supervisory Committee Members, the Office of Audit & Supervisory Committee has been established and the Company has assigned designated staff to provide assistance to Audit & Supervisory Committee Members.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	0

Others

The Company does not have the system of retaining Counselors and Advisers.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has appointed four highly independent External Directors to fully perform supervisory functions within the Board of Directors, while the Audit & Supervisory Committee, composed of three Audit & Supervisory Committee Members, audits the status of the Directors' job performance appropriately. In this way, a sufficiently effective governance system has been established, and therefore the current organizational design of a company with an audit & supervisory committee has been adopted. In addition, the Company has implemented the following initiatives in order to further enhance and strengthen the governance system.

- An Executive Officer system is adopted for quick management decision making and strengthening business execution function of the Board of Directors.
- The Office of Audit & Supervisory Committee is established to assist the Audit & Supervisory Committee Members in their job performance as a means to improve the efficiency and effectiveness of the professional duties performed by the Audit & Supervisory Committee.

An overview of the corporate governance system of the Company is as follows.

(1) Management organization/business organization
(Board of Directors, Directors)
The Board of Directors consists of 11 Directors (including 4 External Directors) as of the date of submission of this report, and shall make decision on basic guidelines related to Group management, as well as matters stipulated by laws, ordinances and the Articles of Incorporation. The Board shall also make decisions on important matters concerning business management of subsidiary banks, business and affairs of the Group, while overseeing the job performance of Directors and Executive Officers.

(Audit & Supervisory Committee, Audit & Supervisory Committee Members)
The Audit & Supervisory Committee consists of three Audit & Supervisory Committee Members (including two External Directors) as of the date of submission of this report, and based on the basic policies and audit plan for the Group-wide audit, shall audit Directors' job performance and examine the status, etc., of business conditions and assets of the Group as a whole.

(Office of Audit & Supervisory Committee)
To fully perform the audit functions of the Audit & Supervisory Committee, staff (two as of the date of submission of this report) are exclusively designated to support the Audit & Supervisory Committee.

(Group Nominating Advisory Committee, Group Compensation Advisory Committee)
To enhance transparency and fairness of our group management, the Group Nominating Advisory Committee and Group Compensation Advisory Committee, an advisory body to the Board of Directors, shall discuss matters related to the election/dismissal and the compensation of Directors.

(Group Management Conference)
The Group Management Conference consists of 6 Executive Directors (chaired by the President) (also attended by full-time Audit & Supervisory Committee Members), and based on basic guidelines stipulated and matters entrusted by the Board of Directors, shall discuss important matters related to business and affairs of the Group, including group management and operational planning.

(Group Risk Management Committee)
The Group Risk Management Committee consists of 6 Executive Directors and general managers of departments/offices in charge (chaired by the President) (also attended by full-time Audit & Supervisory Committee Members), and shall discuss and report on matters related to asset portfolio management, compliance, and counter-financial crime management, in addition to carrying out discussions concerning each of the risk management systems of the Group as a whole.

(Group IT Special Committee)
The Group IT Special Committee consists of 6 Executive Directors and general managers of departments/offices in charge (chaired by the President) (also attended by full-time Audit & Supervisory Committee Members), and to strengthen the IT governance system of the group as a whole, shall discuss matters related to IT strategy, system risk management, and investment in IT systems.

(Executive Officers)
For quick decision-making of the Board of Directors and strengthening business execution functions, 20 Executive Officers (including 6 serving concurrently as Director) as of the date of submission of this report are elected and delegated the execution of business by a resolution of the Board of Directors.

(2) Internal audits, audits by Audit & Supervisory Committee, and accounting audits

(Internal audits)
The Company has established an Internal Audit Division that serves as the department in charge of internal audits independent from the other divisions in the Group.
In accordance with the “Internal Audit Policy” and “Audit Regulations” determined by its Board of Directors, the Company endeavors to invest more audit resources in areas with relatively high risk and conduct risk-based audits for each division of the Company and each Group company. The Company’s Internal Audit Division ensures the effectiveness of internal audits concerning itself and other organizations within the Group by directly reporting audit results to the Board of Directors and the Audit & Supervisory Committee. In addition, the Internal Audit Division collaborates closely with the Audit & Supervisory Committee and Accounting Auditor by holding regular meetings concerning audit plans and reports and by exchanging information as necessary.

(Audits by Audit & Supervisory Committee)
The Audit & Supervisory Committee maintains a close relationship of mutual cooperation with the Internal Audit Department, Accounting Auditor, and Audit & Supervisory Committees of subsidiary banks, actively exchanges opinions and information, and endeavors to ensure efficient and effective audits.

(Accounting Audits)
Ernst & Young ShinNihon LLC is commissioned to perform accounting audits. The Certified Public Accountants who perform accounting audits and the composition of assistants involved in the Company’s accounting audits are as follows.
- Certified Public Accountants
  Designated Limited Liability Partner, Engagement Partner:
  Hirokazu Tanaka, Yuji Yoshimura, Hiroshi Miyagawa

- Assistants involved in the Company's accounting audits Certified Public Accountants: 13 persons, 34 other persons

3. Reasons for Adoption of Current Corporate Governance System

The Company has appointed four highly independent External Directors to fully perform supervisory functions within the Board of Directors, while the Audit & Supervisory Committee, composed of three Audit & Supervisory Committee Members, audits the status of the Directors' job performance appropriately. In this way, a sufficiently effective governance system has been established, and therefore the current organizational design of a company with an audit & supervisory committee has been adopted.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Notice of Convocation of the 17th Annual Shareholders Meeting to be held on June 27, 2024, was sent on June 5 (one week prior to the legally required date). On June 4, before the notice was sent, the Company disclosed the information to the Tokyo Stock Exchange and posted it on the Company website, thereby complying with the system for electronic provision of materials for Annual Shareholders Meetings.
Allowing Electronic Exercise of Voting Rights	The Company has adopted a system allowing the exercise of voting rights in writing and electronic exercise of voting rights.
Participation in Electronic Voting Platform	The Company uses an electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice in English	English translations of the reference documents are disclosed to the Tokyo Stock Exchange, provided through the electronic voting platform, and posted on the Company's website.
Other	At the General Meeting of Shareholders, the Company provides explanation materials, etc., using video and audio presentation, and distributes a video recording of the meeting to facilitate shareholders' understanding.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	"Basic Views on Information Disclosure" of the Company are detailed in Article 20 (Basic Views on Information Disclosure) of the "Fukuoka Financial Group Corporate Governance Guidelines" published on the Company website. Please refer to this source for more information.	
Regular Investor Briefings for Individual Investors	The Company regularly holds corporate briefings for individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company regularly holds corporate briefings for analysts and institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	The Company regularly visits overseas investors and provides explanations on the business performance and	Yes

	management strategies for each fiscal term.	
Posting of IR Materials on Website	In addition to posting materials from corporate briefings and video/audio files on the Company website, the Company also posts securities reports, integrated reports, annual reports, and the historical data of financial information, etc.	
Establishment of Department and/or Manager in Charge of IR	The Corporate Planning Division is in charge of IR activities and staff members in charge are assigned.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company's management principles, sustainability policy, human rights policy, and other internal regulations (disclosed on the Company's website) stipulate respect for the position of stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	The Company actively engages in environmental conservation and community contribution activities. Through initiatives closely tied to local regions, each of its branches and every single one of its employees fosters a sense of responsibility as members of their community and aims to improve the brand value of its Group in various regions.
Development of Policies on Information Provision to Stakeholders	"Basic Views on Information Disclosure" of the Company are detailed in Article 20 (Basic Views on Information Disclosure) of the "Fukuoka Financial Group Corporate Governance Guidelines" published on the Company website. Please refer to this source for more information. In addition, the Group Disclosure Policy has been established to compile the Company's basic views on information disclosure, disclosure standards, and the Group's system in relation to disclosure methods, and the Company endeavors to ensure an appropriate posture regarding information disclosure.
Other	More specific information regarding the status of sustainability-related initiatives can be found in the Company's securities report and annual report, which are available on the Company's website. (Securities report) https://www.fukuoka-fg.com/investor/library/securities.html (in Japanese) Note: Please refer to the section entitled "2 Sustainability-related Concepts and Initiatives." (Annual report) https://www.fukuoka-fg.com/investor/library/integrated_report/(in Japanese)

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company has established the following "Basic Policies on Internal Control System" by a resolution of the Board of Directors in accordance with the provisions of the Company Law and strives to continually review the system to enhance and strengthen internal control.

Fukuoka Financial Group "Basic Policies on Internal Control System"

1. The purpose of these basic policies
These basic policies set forth the Group Management Principles to facilitate the Board of Directors in responding to risks surrounding the Company and the Group in a timely and appropriate manner and realizing sustainable growth of corporate value, and together with endeavoring to instill these principles into employees and Directors, these policies have been created for the purpose of establishing a posture of ensuring a proper compliance system, risk management system, and reliability of financial reporting, and striving to enhance and strengthen the internal control system of the Company and the Group.

2. System for ensuring that execution of duties by Directors complies with laws, ordinances, and the Articles of Incorporation
   1) (Basic policies on compliance)
   The Board of Directors facilitates systems for ensuring that the execution of duties by Directors for the Company and the Group complies with laws, ordinances, and the Articles of Incorporation and ensures requisite systems to maintain the propriety of the business of the Group while striving to maintain and enhance these systems.
   2) (Election of External Directors)
   The Company strives to maintain and enhance oversight functions from an external point of view by electing independent External Directors who have no direct relationship with the Group.

3. System concerning storage and control of information related to the execution of duties by Directors
(Storage of information related to business execution and meeting minutes)
The Board of Directors shall compile minutes for the important meetings in which the Directors participate, such as shareholders meetings and the Board of Directors, and store them with other related materials in order to ensure a system for storing and controlling information for an appropriate period to verify that Directors have fulfilled their responsibilities and obligations with regard to the execution of duties by Directors.
The Board of Directors shall also set forth rules regarding the separate storage methods for each document related to the Company's business and store materials in accordance with these rules.

4. System for ensuring efficient execution of duties by Directors
   1) (Matters decided by the Board of Directors)
   Matters subject to the decision of the Board of Directors are set forth in both the relevant laws and ordinances and in the Articles of Incorporation and the Board of Directors Regulations.
   2) (Delegation of execution of business)
   For more effective business operations to enhance efficiency, the Board of Directors shall, by its own decision, delegate the execution of business and affairs to Directors (excluding the Representative Director) and to Executive Officers.
   3) (Decision-making authority in relation to the execution of business)
   The Board of Directors shall define the powers and functions of the committees that are composed of senior management other than the Board of Directors, and the operational authority of Directors and Executive Officers for business and affairs in the application standard for authorization.

5. Rules and other systems for managing risk of losses within the Group
   1) (Commanding department for risk management)
   For the integrative risk controls of the Group as a whole, the Board of Directors shall ensure a necessary system, such as to establish a commanding department for risk controls, based on the internal rules, to secure an integrated risk control function and mutual supervision function, and to set up basic policies on crisis management.
   2) (Formulation of rules related to risk management)
   The Board of Directors shall formulate management regulations for basic matters such as providing an organizational structure for risk management, methods for understanding, evaluating, and reporting risk, and establishing an audit department, etc., to ensure the propriety and soundness of the business of the Group as a whole, in addition to formulating an annual Risk Management Program, and conducting risk management monitoring through the Group Risk Management Committee, etc., in which management participates with regard to the execution of duties related to the risk management of the Group companies.
   3) (Ensuring effective risk management)
   The Board of Directors shall classify and control risk factors based on certain risk characteristics in order to perform comprehensive and effective risk management and shall delegate a related department

for each risk category as necessary in order to ensure proper risk monitoring and a flexible posture toward risk control.

4) (Contingency Plan)
The Board of Directors shall set forth emergency measures and a code of conduct to deal with loss resulting from crisis and shall establish a crisis management system for the purpose of securing the physical safety and assets of employees and Directors of the Group and the continuation of key business operations.

5) (Audit system for risk management)
The Board of Directors shall establish an Internal Audit Department independent from the business execution line in accordance with the internal rules, formulate a system for verifying the propriety and effectiveness of the posture toward risk management taken by the department in charge of risk, encourage reporting to the Board of Directors in a timely and appropriate manner, and cooperate with external auditing organizations in striving to enhance and strengthen the risk management system.

6. System for ensuring the propriety of the financial reporting of the Group
The Board of Directors shall set forth rules for establishing and applying internal control in relation to financial reporting in order to ensure the propriety of the financial reporting of the Group. In addition, a department shall be established which will be responsible for evaluating the effectiveness of internal control related to these reports in accordance with the internal rules.

7. System for ensuring that the execution of duties by employees and Directors of the Group complies with laws, ordinances and the Articles of Incorporation

1) (Establishment of compliance system)
The Board of Directors shall consider compliance as one of the top priorities in management, and shall establish a Compliance Charter, which shows the compliance related basic values, spirit and code of conduct in common among Group companies, and shall furthermore establish a commanding department for compliance based on the internal rules and set forth basic policies and rules for the creation of systems for compliance.

2) (Compliance Program)
The Board of Directors shall establish a Compliance Committee as a subcommittee of the Board of Directors to periodically assess and monitor the compliance system, and also shall formulate a Compliance Program for each fiscal year as a practical plan for priority issues and action plans in relation to compliance to steadily maintain the compliance system of the Group as a whole for its increased effectiveness.

3) (Verification of compliance system)
The Board of Directors shall request the Internal Audit Department verify the effectiveness and propriety of the control system in regard to the Group's compliance and receive reports on the results.

4) (Elimination of antisocial forces)
The Board of Directors shall set forth policies on response to antisocial forces in the "Compliance Charter," the Company's basic policy on compliance, and shall establish a system for taking a firm attitude in a resolute manner toward antisocial forces and organizations that threaten the order and safety of civil society, and proceed to sever and prevent any relationships with antisocial forces, etc.

8. Other system for ensuring the propriety of business in the corporate group

1) (Department for the operation and control of Group companies)
The Board of Directors shall set forth rules regarding the operation and control of Group companies in order to ensure sound and smooth operation of the Group. In addition, a department shall be established to control the operation of Group companies in accordance with the internal rules.

2) (Discussion and reporting standards for Group companies)
The Board of Directors shall set forth standards for discussion, pre-approval, and reporting in regard to the operations of Group companies within the scope of relevant laws and ordinances, etc., in order to ensure efficient and appropriate operations by Group companies.

9. System concerning employees (who support the duties of Audit & Supervisory Committee) in the case that the appointment of employees to support their duties is requested by the Audit & Supervisory Committee

1) (Establishment of Office of Audit & Supervisory Committee)
The Board of Directors shall establish the Office of Audit & Supervisory Committee as the department in charge of supporting the duties of the Audit & Supervisory Committee in order to improve the

efficiency and effectiveness of the duties of the Audit & Supervisory Committee.

2) (Persons in charge of the Office of Audit & Supervisory Committee)
The Office of Audit & Supervisory Committee shall be assigned a designated staff members who possess the knowledge and ability necessary to assist in audit duties.

10. Matters concerning the independence of employees who support the Audit & Supervisory Committee from Directors and ensuring the effectiveness of instructions to such employees
(Independence of Office of Audit & Supervisory Committee and effectiveness of instructions provided to Office of Audit & Supervisory Committee)
The Office of Audit & Supervisory Committee shall be established under the supervision of the Audit & Supervisory Committee, and any personnel changes of the persons in charge of the Office shall require sufficient discussions with the Audit & Supervisory Committee in advance.

11. Systems for reporting from employees and Directors of the Group to the Audit & Supervisory Committee and other system for reporting to the Audit & Supervisory Committee
1) (System for reporting to the Audit & Supervisory Committee)
If employees and Directors of the Group discover facts that could potentially cause significant loss for the Company and the Group, or if there is the risk of such an occurrence, the facts of the situation shall be reportable to the Audit & Supervisory Committee through writing or direct communication.
2) (Cooperating with audit by the Audit & Supervisory Committee)
The Audit & Supervisory Committee may request reports from employees and Directors of the Group, including Directors, Executive Officers, and employees, whenever necessary and the employees and Directors who are requested to report must respond and cooperate appropriately.

12. System for ensuring employees who report to the Audit & Supervisory Committee are not subjected to unfavorable treatment as a result of submitting their reports
The employees and Directors of the Group who have submitted reports as detailed in item 11 above will not be subjected to any disadvantageous treatment as a result of such reports. In the unlikely event that any disadvantageous treatment has been confirmed, the Company shall give an order to stop it, and consider punitive measures for those who have perpetrated the disadvantageous treatment.

13. Matters concerning the processing of expenses or obligations arising from the execution of duties by Audit & Supervisory Committee Members
If Audit & Supervisory Committee Members make a request to the Company for the prepayment, etc. of expenses involved in the execution of their duties (limited to those of the Audit & Supervisory Committee) in accordance with Article 399-2 Item 4 of the Company Law, the Company shall bear the relevant expenses or obligations promptly, except when the expenses or obligations pertaining to this request are not deemed necessary for the execution of duties.

14. Other system for ensuring effective audit by the Audit & Supervisory Committee
1) (Attendance by Audit & Supervisory Committee Members at important meetings)
Audit & Supervisory Committee Members may attend the Group Management Conference and committee meetings related to business execution, and are permitted to express their opinions.
2) (Cooperation with Accounting Auditor, Representative Directors and Audit & Supervisory Board Members or Audit & Supervisory Committee Members of subsidiaries)
The Audit & Supervisory Committee holds regular meetings and discussions with the Accounting Auditor, Representative Directors, and Audit & Supervisory Board Members or Audit & Supervisory Committee Members of subsidiaries.
3) (Cooperation with Internal Control Division, etc.)
The Audit & Supervisory Committee holds regular meetings and discussions with the departments in charge of compliance, risk management, other in-house departments in charge of internal control functions, and the Internal Audit Department.

2. Basic Views on Eliminating Anti-Social Forces

1. Basic Views on Eliminating Anti-Social Forces
The Group specifies in the Compliance Charter (Compliance policy), that in response to antisocial forces, "The Company shall respond to antisocial forces and organizations that threaten the order and safety of

civil society in a resolute manner," and maintains a basic policy for the prevention of any illicit transactions.

2. Progress of System Development on Eliminating Anti-Social Forces

1) Department in charge
The Group has established a department in charge of response to antisocial forces, and if there are any acts of intervention by antisocial forces, information on the antisocial forces shall be immediately reported to the department in charge and the Company shall respond to the situation as an organization. In addition, the department in charge collects, analyzes and provides uniform management of internal and external information related to antisocial forces and strives to eliminate all illicit transactions.

2) Cooperation with external organizations
The Group cooperates with police, lawyers, and other external organizations on a regular basis to provide appropriate responses against unreasonable demands by antisocial forces.

3) Development of relevant rules and manual
The Group's response to antisocial forces is specifically set forth in relevant rules and the compliance manual.

4) Implementation of training activities
The Group regards compliance as one of the most important management issues, and provides regular training on responses to antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
-

2. Other Matters Concerning to Corporate Governance System

Please refer to the relevant attachments for more information on the following.

- Fukuoka Financial Group Corporate Governance Guidelines
- Skills Matrix of the Board of Directors
- Corporate Governance Organizational Chart
- Organizational Chart for Timely Disclosure

Fukuoka Financial Group
Corporate Governance Guidelines

Chapter 1 General Principles

Article 1 **(Purpose)**

These guidelines are intended to serve Fukuoka Financial Group companies (hereinafter referred to as "the Group") in its attempt to achieve sustainable growth and to create higher mid to long-term corporate value through the realization of the Group's management principles, and set forth the basic views and operational policies regarding the corporate governance of Fukuoka Financial Group, Inc. (hereinafter referred to as "the Company").

Article 2 **(Basic Views on Corporate Governance)**

The Group's management principles state the Group's goal to become a financial group that creates value for all stakeholders, including shareholders, customers, local communities and our employees, and the Group's basic management policy is based on the same view.

<Group Management Principles>

Fukuoka Financial Group aims to become a financial group that creates value for all stakeholders by:
Enhancing perception and taking action without fear of failure,
Pursuing high quality for future progress, and
Bolstering people's optimum choice.

Enhancing perception and taking action without fear of failure

With an inquisitive "antenna" raised at all times for a wide variety of information and current global trends, as well as a sensitivity that allows us to be responsive, we are constantly refining our determination to take action in various situations without fear of failure.

Pursuing high quality for future progress

We will evolve steadily by always placing some of our focus on the future. FFG'smission is to offer, with the best manners possible, products and services that aregenuinely valuable to people.

Bolstering people's optimum choice

Becoming a supporter capable of working together with our customers and partners to come up with ideas, handle problems and make choices is FFG's objective and the reason behind our existence.

Under these Group management principles, the Company, as a holding company to govern the Group, mainly consists of the core subsidiary banks (hereinafter collectively referred to as "the subsidiary banks"), shall adopt these guidelines to realize highly effective corporate governance, for the purpose of optimizing the management resources of the Group and administering the Group as a whole in a sound and appropriate manner.

Chapter 2 Corporate Governance System and Responsibilities of the Board of Directors, etc.

Section 1 Overview of Corporate Governance System

Article 3 **(Framework of Corporate Governance System)**

The Board of Directors shall make decisions on important issues regarding group management and oversee the business operations of the Company. The Board shall also elect External Directors who are highly independent from the Company in order to provide advice and enhance oversight functions from an external point of view.

2. As a company with an audit & supervisory committee, the Audit & Supervisory Committee, which includes external directors, shall examine the Directors' performance, as well as legal compliance and appropriateness of the business operation of the Group as a whole.
3. An Executive Officer system shall be adopted for quick management decision-making and strengthening business execution function.
4. The Group Management Conference shall be set up as a body based on basic guidelines stipulated and matters entrusted by the Board of Directors, the committee shall discuss important matters related to business and affairs of the Group, including group management and operational planning.
5. The Group Risk Management Committee (consisting of Group ALM Committee, Group Operational Risk Management Committee and Group Compliance Committee) shall be set up as a body to discuss each of the risk management systems of the Group as a whole and the compliance system.
6. The Group IT Special Committee shall be set up to strengthen IT governance and discuss matters related to the Group's IT strategy, more effective risk controls on IT systems, as well as investments therein.
7. In order to enhance transparency and fairness of the management, the Group Nominating Advisory Committee and the Group Compensation Advisory Committee shall be set up as an advisory body to the Board of Directors in matters related to compensation, and election and dismissal of Directors, etc.

Section 2　Roles and Responsibilities of the Board of Directors, etc.

Article 4 **(Roles and Responsibilities of the Board of Directors)**

The Board of Directors shall make decisions on matters related to business and affairs and oversee the job performance of Directors and Executive Officers.

2. The Board of Directors shall make decision on basic guidelines related to Group management as stipulated in the Board of Directors Regulations, as well as matters stipulated by laws, ordinances and the Articles of Incorporation. The Board shall also make decisions on important matters concerning business management of subsidiary banks, business and affairs of the Group and so on.
3. For more effective business operations to enhance efficiency, the Board of Directors shall, by its own decision, delegate the execution of business and affairs to Directors (excluding the Representative Director) and to Executive Officers.
4. The Board of Directors shall define the powers and functions of the committees that are composed of senior management other than the Board of Directors, and the operational authority of Directors and Executive Officers for business and affairs in the application standard for authorization.
5. For the integrative risk controls of the Group as a whole, the Board of Directors shall establish a necessary system, such as to establish a commanding department for risk controls, based on the internal rules, to secure an integrated risk control function and mutual supervision function, and to set up basic policies on crisis management.
6. The Board of Directors shall consider compliance as one of the top priorities in management, and shall establish a Compliance Charter, which shows the compliance-related basic values, spirit and code of conduct in common among Group companies. The Board of Directors shall also establish a necessary system, such as to set up a commanding department for compliance based on the internal rules, and define basic policies on compliance.

Article 5 **(Views on Composition of the Board of Directors)**

The number of members of the Board of Directors shall be 15 or less (including 5 or less Directors serving as Audit & Supervisory Committee Members) for the purpose of ensuring the effectiveness of the Board. The Board members shall include more than one highly independent External Director.

2. For the Board of Directors to effectively fulfill its roles and responsibilities, the composition of the Board shall be well balanced as a whole, in terms of the knowledge, experience and ability of the Board members.
3. The Board of Directors shall include Directors who co-assume the office of Director at a subsidiary bank, so that the Group management policies and strategies shall be effectively reflected in the operation of subsidiary banks.

Article 6 **(Roles and Responsibilities of Directors)**

Directors, as a Board member, shall oversee the job performance of Directors and Executive Officers.

2. Directors shall be aware of their fiduciary duty to shareholders, ensure appropriate cooperation with stakeholders and take action for the benefit of the Company and for the common interests of the shareholders.
3. To effectively fulfill their roles and responsibilities, Directors shall spend sufficient time on their duties and demonstrate their expected abilities.
4. To effectively fulfill their roles and responsibilities, Directors shall obtain necessary and sufficient information, ask for explanations at the Board meeting, and actively participate in the exchange of opinions for thorough discussions.

Article 7 **(Policies on Nominating Candidates for Directors (excluding Directors serving as Audit & Supervisory Committee Members))**

Candidates for Director (excluding Directors serving as Audit & Supervisory Committee Members) within the Group shall possess affluent practical experience in the Group's management and business administration with excellent competence, qualification to contribute to the mid to long term creation of higher corporate value through their insight, and high ethical standards.

2. Candidates for External Directors (excluding Directors serving as Audit & Supervisory Committee Members) shall fully understand the Group's management principles, share the Group's social responsibilities and mission as a regional financial group, be capable of discussing matters on an equal footing with senior management, and meet the following descriptions:
   (1) An individual with affluent practical experience and professional knowledge in any of the following fields of, but not limited to, corporate management, economics, legal affairs, finance, tax accounting, or business consulting.
   (2) An individual, based on his/her knowledge and experience, capable of supervising Directors and management from an independent and objective position, and capable of giving opinions, guidance and advice to management in a timely and appropriate manner.
   (3) An individual who meets the Company’s Criteria for Independence (see appendix).
3. The Group Nominating Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on candidates for Directors (excluding Directors serving as Audit & Supervisory Committee Members) based on the policies set forth in this Article, and the Board of Directors shall nominate candidates with full respect for the Committee's deliberation.

Article 8 **(Roles and Responsibilities of Audit & Supervisory Board and its Members)**

Based on the basic policies and audit plan for the Group-wide audit, the Audit & Supervisory Committee shall audit Directors' job performance and examine the status, etc. of business conditions and assets of the Group as a whole.

2. As an independent body entrusted by shareholders with auditing and supervising Directors' job performance, the Audit & Supervisory Committee shall be responsible for securing the Company's sound and sustainable growth and establishing good corporate governance leading to the social confidence.
3. In order to discharge the responsibilities described in the preceding item, Audit & Supervisory Committee or its members shall take necessary measures at appropriate timing, such as attending the Board of Directors meeting and other important meetings, examining the reports obtained from Directors, employees, accounting auditors, etc., investigating status of business conditions and assets of the Company, giving advice to Directors and employees, making a recommendations, and suspending Director's acts.
4. Full time Audit & Supervisory Committee Members shall, in light of their full time nature, actively endeavor to create a good audit environment and gather internal information, while routinely overseeing and verifying the status of development and operation of the internal control system, and shall make every effort to share the information that may have come to their knowledge in the course of their duties with other Audit & Supervisory Committee Members.
5. To effectively fulfill their roles and responsibilities, Audit & Supervisory Committee Members shall obtain necessary and sufficient information by communicating with Directors and accounting auditors as well as through cooperation with other Audit & Supervisory Committee Members and relevant departments in charge of internal audits and internal controls, and seek advice from external specialists as needed.

Article 9 **(Policies on Nominating Candidates for Directors serving as Audit & Supervisory Committee Members)**

Candidates for Directors serving as Audit & Supervisory Committee Members shall be capable of performing audits from a neutral and objective perspective with a fair and unbiased attitude while ensuring independence from Executive Officers.

2. Candidates for Directors serving as Audit & Supervisory Committee Members from within the Group shall possess affluent practical experience in the financial business with excellent competence and insight.
3. Candidates for External Directors serving as Audit & Supervisory Committee Members shall meet the following descriptions, in addition to Item 1:
   (1) An individual with affluent practical experience and professional knowledge in any of the following fields of, but not limited to, corporate management, economics, legal affairs, finance,

tax accounting, or business consulting.

(2) An individual who meets the Company's independence criteria (see appendix).

4. The Group Nominating Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on candidates for Directors serving as Audit & Supervisory Committee Members based on the policies set forth in this Article, and the Board of Directors shall nominate candidates with full respect for the Committee's deliberation and upon the consent of the Audit & Supervisory Committee.

Article 10 **(Policies on Determining Compensation for Directors, etc.)**

A system of compensation for Directors and Executive Officers of the Company and of the subsidiary banks (hereinafter referred to as "Compensation for Directors") shall be set appropriately so that it serves as a healthy incentive for Directors and Executive Officers, which would eventually lead to the sustainable growth of the Group.

2. Compensation for Directors shall be determined in overall consideration of the roles and responsibilities of each Director and Executive Officer, in addition to considering the Company's mid to long-term business performance and economic and social conditions.

3. The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on Compensation for Directors based on the policies set forth in this Article, and the Board of Directors shall make final decisions with full respect for the Committee's deliberation.

Section 3 Approach to Increase Effectiveness of the Board of Directors, etc.

Article 11 **(Evaluation of Effectiveness of the Board of Directors)**

The Board of Directors shall analyze and evaluate the effectiveness of the Board as a whole on an annual basis and disclose the summary of the evaluation.

Article 12 **(System of Assisting Directors and Training Policies)**

The Board of Directors shall set up a necessary and sufficient internal system so that Directors effectively discharge their roles and responsibilities.

2. The Corporate Planning Division, as a secretariat office, shall provide assistance to External Directors in obtaining information on management. External Directors should be given materials prior to the Board Meeting, and explanations as needed, so that they have sufficient time to review the agenda.

3. For External Directors serving as Audit & Supervisory Committee Members, the Office of Audit & Supervisory Committee shall be set up with designated staff. Full time Audit & Supervisory Committee Members shall share information on management with External Directors serving as

Audit & Supervisory Committee Members.

4. Directors shall be given training opportunities deemed necessary for their roles and responsibilities, including training regarding the business environment (economic conditions and industry trends, etc.) and rules and regulatory systems (legal affairs and finance, etc.). The Company shall explain the Group management policy, systems and structures to External Directors at an appropriate time after they have assumed office, in order to facilitate their understanding of such matters.

5. Directors may seek advice from external specialists at the Company's expense, if they need such advice to carry out their duties.

Section 4 Establishment of Group Compensation & Nominating Advisory Committee

Article 13 **(Establishment of Group Compensation & Nominating Advisory Committee)**

The Board of Directors shall set up the Group Nominating Advisory Committee and the Group Compensation Advisory Committee (collectively referred to as "the Group Compensation & Nominating Advisory Committee", hereinafter referred to as "Advisory Committee") as an optional advisory body to deliberate on the compensation and election/dismissal of Directors of the Company and of the subsidiary banks.

2. The Advisory Committee shall be an advisory body of the Company's Board of Directors.

Article 14 **(Composition of Advisory Committee, etc.)**

The number of members of the Group Nominating Advisory Committee and the Group Compensation Advisory Committee (hereinafter referred to as "Advisory Member") shall be 7 or less for each, and the Advisory Members shall be elected from among Directors of the Company by a resolution of the Board of Directors. The majority of Advisory Members shall be External Directors.

2. A Chairperson of the Advisory Committee shall be appointed from among Advisory Members by a resolution of the Board of Directors.

Article 15 **(Roles of Advisory Committee)**

For the following matters, the Board of Directors may seek advice from the Advisory Committee and the Advisory Committee shall respond to the Board of Directors:

① Consultation matters at the Group Nominating Advisory Committee

(1) Matters related to the election and dismissal of Directors, and Executive Officers of the Company and of the subsidiary banks.

(2) Matters related to the appointment and removal of Representative Directors, Managing Directors and Managing Executive Officers of the Company and of the subsidiary banks.

(3) Other matters deemed necessary by the Board of Directors.

② Consultation matters at the Group Compensation Advisory Committee

(1) Matters related to the compensation of Directors and Executive Officers of the Company and of the subsidiary banks.

(2) Other matters deemed necessary by the Board of Directors.

For matters related to the subsidiary banks and those related to Directors serving as Audit & Supervisory Committee Members, responses from the Advisory Committee shall be forwarded to the Board of Directors and Audit & Supervisory Committee of the subsidiary banks.

2. Final responses to advisory matters set forth in the preceding item shall be valid with the majority vote of the Advisory Committee attended by the majority of Advisory Members.

3. Notwithstanding the provision of the preceding item, if Advisory Members propose a draft on a response to the advisory matters set forth under Item 1, and all Advisory Members show agreement to the proposal either in writing or by electromagnetic record, that would suffice for the resolution by the Advisory Committee and that proposal should be deemed final.

Chapter 3 Relationship with Stakeholders, such as Shareholders

Section 1 Relationship with Shareholders

Article 16 **(Protecting and Securing the Rights and Equal Treatment of Shareholders)**

The Company shall take appropriate measures as follows, in order to substantially secure shareholders' rights so that their rights are duly exercised, and make consideration to the equal treatment of all shareholders, including minority shareholders and foreign shareholders:

(1) The Company shall properly provide information necessary for the shareholders to make appropriate decisions at the Shareholders Meeting.

(2) The Company shall conduct early distribution of notice of convocation for the Shareholders Meeting, and the notice of convocation shall be posted on the Company's website no later than the day before the distribution date, to secure sufficient time for the shareholders to review the content of the notice of convocation.

(3) The Company shall create an appropriate environment with respect to exercising voting rights, such as participating in an electronic voting platform and releasing the notice of convocation in English, so that every shareholder can appropriately exercise his/her voting rights.

(4) The Company shall provide full explanation on matters that significantly affect shareholder interests, such as a change in policy on its capital strategy.

Article 17 **(Transactions with Related Parties)**

Transactions between the Company or its subsidiary banks and its Directors, Executive Officers or principal shareholders of the Company shall be taken care not to harm the interests of the Company

and the common interests of shareholders. Unless such transactions are at arm's length, in which the business terms are similar to ordinary transactions in general, advance approval from the Board of Directors of the Company or of its subsidiary banks shall be obtained.

Article 18 **(Dialogue with Shareholders)**

The Company shall set policies on IR activities as below. The Company shall place importance on constructive dialogue with shareholders, and shall take measures to promote dialogue with shareholders.

(1) The Corporate Planning Division shall be in charge of IR activities and a persons in charge shall be assigned. The Director/ Executive Officer in charge of the Corporate Planning Division shall oversee the overall IR activities.

(2) Dialogue with shareholders, mainly held by top management, shall be encouraged through various opportunities, as part of IR activities. The Corporate Planning Division shall lead and cooperate with other relevant departments to conduct effective IR activities.

(3) In principle, the Company shall hold a financial result briefing following the end of a fiscal year and the release of half-year interim financial results, to explain the outline of the Company's financial results, business environment, management strategy and planning. In addition, in order to improve the means to carry out dialogue with shareholders, one-on-one visits and briefings (such as briefings targeted for foreign investors and individual personal investors) shall be held occasionally.

(4) Opinions from shareholders and other feedback that perceived through IR activities shall be reported in a timely manner to Directors and other relevant parties.

(5) Undisclosed significant facts shall be kept confidential with the utmost care and controlled appropriately in accordance with the internal rules.

Section 2 Relationship with Stakeholders Other than Shareholders

Article 19 **(Building Appropriate Relationship with Stakeholders Other than Shareholders)**

For enhancing corporate value and for building appropriate relationships with all stakeholders, including customers, local communities, our employees, etc., the Company shall establish a Compliance Charter, which states our fundamental values, spirit and code of conduct in common among the Group companies, based on the Group Management Principles. The Company shall take measures to familiarize all employees and Directors of the Group with the Charter.

2. The Board of Directors shall establish an appropriate system with regard to whistle blowing by the Group's employees and Directors, and oversee how the system is functioning.

3. The Group shall consider that its business activities in itself are indeed Group Management Principles put into practice, and thus constitute CSR. In order to achieve a sustainable society, the

Group shall make the most of its role and characteristics as a regional financial group, in addition to social responsibilities, and develop activities that lead to various changes and value creation in its most advantageous field.

Chapter 4 Appropriate Information Disclosure

Article 20 **(Basic Views on Information Disclosure)**

The Group shall endeavor sincerely toward prompt, accurate and fair information disclosure, by enhancing its system for information disclosure.

2. The Group shall comply with rules and regulations related to appropriate and timely information disclosure, which are required for regional financial institutions and a securities issuer.
3. In the case of an event that could lead to significant risk to the Group, customers, shareholders and other stakeholders, the Group shall disclose information voluntarily and promptly in order to minimize the risk.
4. The Company shall facilitate stakeholders' understanding of the Group for fair evaluation, and be proactively involved in disclosure activities for realizing highly transparent management.

Article 21 **(Independent Auditor)**

The Company shall be well aware of the fact that independent auditor has responsibilities toward shareholders and investors, and therefore, shall take appropriate measures for establishing a system so that independent auditor performs appropriate audits.

(Appendix)

Fukuoka Financial Group
Criteria for Independence

To be deemed to have independence from the Company, the External Directors of the Company must fulfill the following requirements.

1. One cannot be a person or an entity whose principal customer is the Company or its subsidiary bank (Note 1) (hereinafter referred to as the Company or its subsidiaries) (Note 2) or cannot be an operating officer of such person or entity
2. One cannot be a principal customer of the Company or its subsidiaries (Note 3) or cannot be an operating officer of such customer.
3. One cannot be a legal professional, accounting professional or consultant who receives a significant amount of cash or other form of asset (Note 4) other than directors' compensation from the Company (in the case a recipient is an entity, such as a corporation or partnership, one cannot be an individual belonging to such entity).
4. One cannot be a principal shareholder of the Company (holding 10% or more of the total shareholder voting rights) or cannot be an operating officer of such shareholder.
5. One cannot be a relative within the third degree of kinship of persons described below (unless insignificant (Note 5)).
   (1) Any person who does not meet the requirements listed in the items from 1 to 4 above.
   (2) Director or an operating officer such as Executive Officer, etc. of the Company or its subsidiaries.
6. The Company may determine a person not meeting the requirements of items 1 through 5 above as being appropriately independent and elect that person as an External Director on condition that the Company provides reasons for the appropriateness.

(Notes)

1. "Subsidiary bank"
   Banks that are the subsidiaries of Fukuoka Financial Group, Inc.
2. "A person or an entity whose principal customer is the Company or its subsidiaries"
   Judgment shall be determined by either of the following criteria:
   ・Annual transaction amount between such person or entity and the Company or its subsidiaries exceeds 2% of the annual consolidated sales of that person or entity
   ・When such person or entity is dependent on the Company or its subsidiaries in terms of

financing to the extent that the person or entity has no alternative sources, such as a case where that person or entity has difficulty in borrowing funds from financial institutions other than the Company or its subsidiaries.

3. "A principal customer of the Company or its subsidiaries"

Judgment shall be made based on whether annual operating gross profit resulting from transactions with such customer exceeds 2% of the annual consolidated operating gross profit of the Company

4. "Significant amount of cash or other form of asset"

Judgment shall be made based on the average for the past three fiscal years whether an individual recipient receives 10 million yen or more per annum or an entity recipient receives the amount equal to 2% or more of its annual sales.

5. "Insignificant"

An individual below the rank of Director, Executive Officer, Audit & Supervisory Board Members, or departmental head (for an individual from an entity such as a law firm or audit firm, an individual without a professional license such as an attorney at law or public accountant).

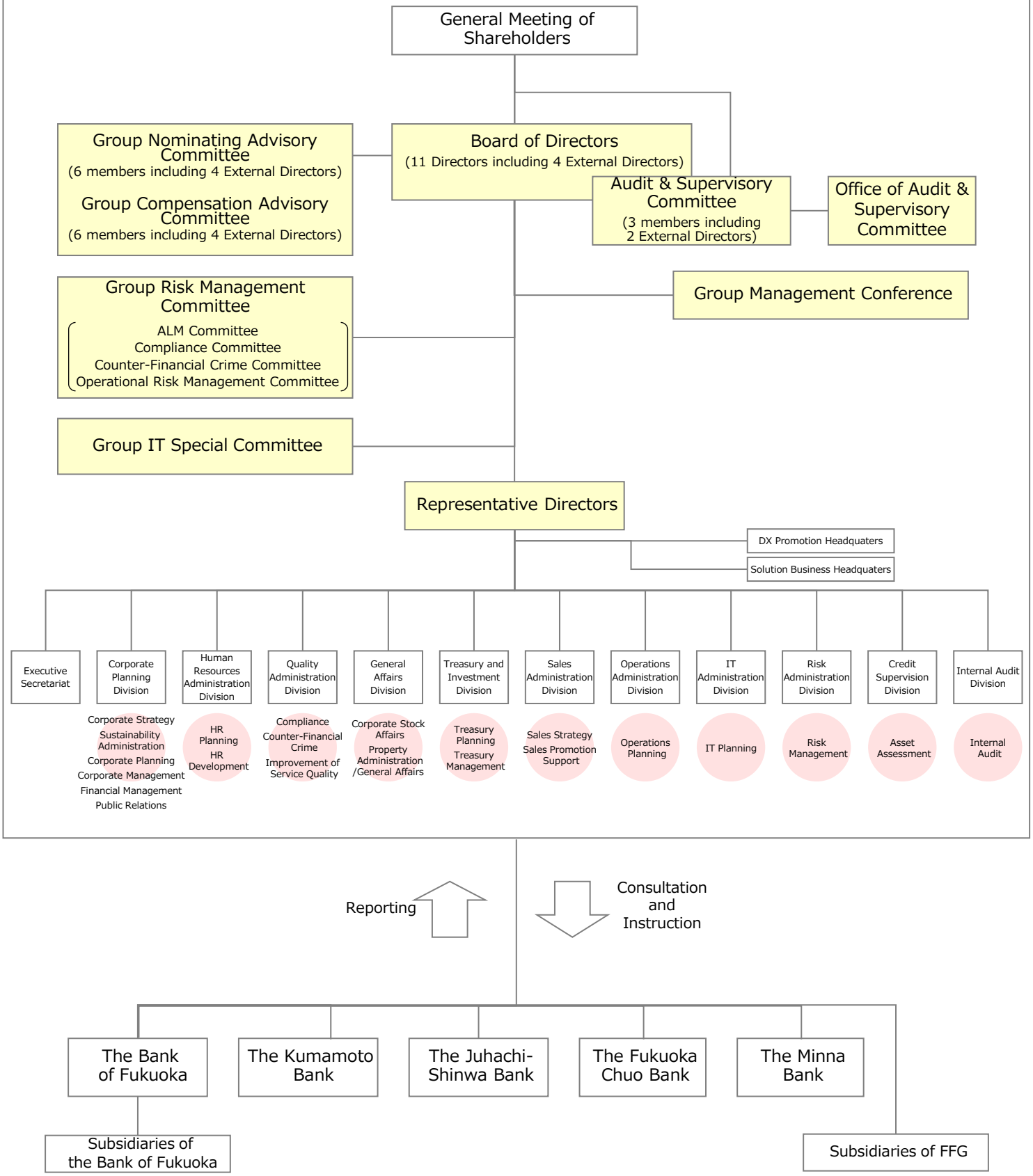
Skills Matrix of the Board of Directors

The Company's basic stance is to compose its Board of Directors so that their overall knowledge, experience, capabilities, and other qualities are well-balanced in order to realize sustainable growth and medium- to long-term improvement in corporate value of the Company.
Based on the long-term vision of being "the best regional bank contributing to growth for all stakeholders through finance and consulting", the following matrix indicates the knowledge, experience, capabilities, and other qualities that the Company believes its Board of Directors should possess, and the knowledge, experience, capabilities, and other qualities possessed by the candidates for Directors proposed for election as Directors at this Annual Shareholders Meeting:

(June 2024)

Name	Position	Skills which the Company believes its Board of Directors should possess							
		Corporate management	Financial accounting	Legal / Compliance	Risk management	Consulting / Marketing	Market operation or management	Human capital / Diversity	IT / Digital
Takashige Shibato	Chairman	○	○	○	○		○	○	○
Hisashi Goto	President	○		○	○	○		○	
Hiroshi Miyoshi	Deputy President	○	○			○			○
Hiroshi Takada	Director	○				○		○	
Toshihiro Sakamoto	Director	○				○		○	○
Nobuhiko Yamakawa	Director	○			○	○	○		
Masahiko Fukasawa	Director (External)	○	○			○			
Toshiya Kosugi	Director (External)	○				○		○	
Tetsuya Maruta	Audit & Supervisory Committee Member					○		○	
Hideo Yamada	Audit & Supervisory Committee Member (External)		○			○			
Nobuko Ishibashi	Audit & Supervisory Committee Member (External)			○				○	

Corporate Governance Organizational Chart



Organizational Chart for Timely Disclosure

