

## Message from Outside Director

### Embracing diversity to ensure flexibility in response to change

Director (Outside Director)  
(Chair of Corporate Governance Committee)

**Emiko Okuyama**



#### ► Corporate Culture Reform

I joined the 77 Bank as an Outside Director in 2018, and due in part to it being a trust-first bank, it is home to many earnest and outstanding employees. In the formulation of the current "Vision 2030" management plan, when I saw the original proposal it was very typical of a bank, and there was not enough to show stakeholders that the 77 Bank Group had changed. After discussions and fine-tuning by management, "Vision 2030" transformed into a plan that showed the Bank's intent to pioneer the future alongside the region, moving away from its banking-centered content to a more comprehensive framework. To raise awareness of the plan's targets among all employees, the President and other internal officers visited all our branches to host briefings. This was representative of President Hidefumi Kobayashi's strong desire to transform the 77 Bank Group.

I was mayor of Sendai City at a time when there was rapid and ongoing progress with diversity promotion and workstyle reform. Since becoming Outside Director, I have been given various opportunities to continue with these efforts either as a lecturer or through exchanges of opinion with other female employees, and I have been able to take the lead in supporting the active participation

of women. There are now more women who are general division managers, branch managers, and even part-time Directors of Group companies, and it is great to see them succeeding in such a wide range of fields. In addition to women in management roles, I have also seen young women working enthusiastically and communicating their own ideas without constraint. Among the many initiatives in "Vision 2030," I get the sense that this is one of the biggest changes in the Group's corporate culture.

To ensure the future growth of the 77 Bank Group, the key is to go beyond the active participation of women and promote even greater diversity. As such a huge organization, it is only natural that there is a diverse range of values and differences between age groups. For us senior employees, it is essential that we are not bound by conventional values and that we accept, recognize, and respond flexibly to new values. It is also important that we carry on correct practices. Diversity applies not only to people. In corporate activities and business, we must be strong in the face of change and adopt broad perspectives. In this respect, we are convinced that diversity among the Board of Directors, as well as among officers and employees, is essential to corporate growth.

#### ► Effectiveness of the Board of Directors

I have also sensed change in the Board of Directors. To check the effectiveness of the Board of Directors, we conduct an annual Director questionnaire to flag any issues and make improvements for future management.

This verifies that the Board is not satisfied with the status quo and is seeking to make continuous improvements, no matter how small.

Last year we identified two challenges. The first was to revitalize Board of Director discussions and the second was to enhance the level of information provided to Outside Directors.

In terms of the former, over the past year we have reviewed rules related to the creation of meeting materials and simplified the materials provided. Materials are also distributed further in advance to provide more time to prepare for meetings. This has resulted in an increase in the time and proportion of Q & A during Board meetings, and there is a real sense that discussions have become more lively.

To provide Outside Directors with more information, we

have been given opportunities to exchange information with employees from the headquarters, branches, and Group companies, and it has been great to hear the thoughts of frontline workers first-hand. We are also pleased to have gained more information in other ways, such as through seminars for officers on cybersecurity and other new risk management trends. While remaining alert to new information, I will use my government experience to make proposals from various perspectives, including from residents' and users' viewpoints, and do everything in my power as an Outside Director to contribute to the further growth of the 77 Bank Group.

#### ► Activities of the Corporate Governance Committee

At the Corporate Governance Committee this fiscal year, we conducted reviews of the composition and compensation of the Board of Directors to further reinforce the Board's functions.

With regard to these functions, we discussed the transition from a management model to a monitoring model, as well as the need to strengthen the executive officer system. Moreover, following feedback from a Director questionnaire stating that there were perhaps too many Directors, and in line with requests from institutional investors, we reduced the total number of Directors from 16 to 14. To ensure more lively discussions at Board meetings, I believe it will be essential for each Outside Director to make greater use of their expertise.

This year Audit & Supervisory Committee Member and Outside Director Masai Yamaura stepped down from his role. However, to maintain the strength of our auditing

functions, Outside Director Kazuo Fukuda was appointed as an Audit & Supervisory Committee Member in his place. Mr. Fukuda has previously worked at the Bank of Japan and as an auditor at another regional bank. In terms of the composition, diversity, and expertise of the Board of Directors, moving forward we will continue to examine the need to make changes in line with the times. We also conducted a review of the Bank's compensation plan. Last year, we selected ROE (consolidated) and sustainability promotion items as the performance-linked portion of share-based compensation, reinforcing the link between the direction of management and compensation. From this fiscal year, we have raised the performance levels for performance-linked compensation, aiming for higher targets to drive the further growth of the 77 Bank Group. We will strive for further development while maintaining highly credible and transparent processes for all stakeholders.

#### ► In Closing

In an era that requires strong response to various changes, the three elements of the Corporate Culture Reform Strategy – endeavor, diversity, and communication – will be essential for the success of not only officers and employees, but for the entire 77 Bank Group. Through the promotion of "Vision 2030," I will work alongside the Bank as it aims to transition to

an ambitious corporate culture. As chair of the Corporate Governance Committee, I will work with the Committee's members to ensure the Group maintains its strong growth and continues to be a valued presence for all stakeholders.

## Governance Structure

### Board of Directors and Audit & Supervisory Committee Members (As of July 31, 2025)

#### Directors



#### President

#### Hidefumi Kobayashi

Apr. 1981 Joined the Bank  
Jun. 2006 General Manager, Treasury Div., the Bank  
Jun. 2008 General Manager, General Planning & Coordination Div., the Bank  
Jun. 2010 Director and General Manager, General Planning & Coordination Div., the Bank  
Jun. 2013 Director and General Manager, Head Office Business Div., the Bank  
Jun. 2014 Managing Director and General Manager, Head Office Business Div., the Bank

Jun. 2015 Managing Director, the Bank  
May. 2016 Managing Director, the Bank, General Manager, Ishinomaki Branch and Minato Branch  
Jun. 2016 Managing Director, the Bank  
Jun. 2017 Representative Director and Deputy President, the Bank  
Jun. 2018 Representative Director and President, the Bank (current position)



#### Deputy President

#### Hiroshi Kobayashi

Apr. 1991 Joined the Bank  
Jun. 2012 General Manager, Kitahama Branch, the Bank  
Sep. 2014 General Manager, Morioka Branch, the Bank  
Jun. 2017 General Manager, Kencho Branch, the Bank  
Jun. 2018 General Manager, Regional Development Promotion Div., the Bank  
Jun. 2019 General Manager, General Planning & Coordination Div., the Bank

Jun. 2021 Executive Officer and General Manager, General Planning & Coordination Div., the Bank  
Jun. 2023 Managing Director, the Bank  
Jun. 2024 Representative Director and Senior Managing Director, the Bank (current position)  
Jun. 2025 Representative Director and Deputy President, the Bank (current position)



#### Senior Managing Director

#### Shuichi Ibuka

Apr. 1989 Joined the Bank  
Sep. 2013 General Manager, Sendai Haranomachi Branch, the Bank  
Jun. 2016 General Manager, Treasury Administration & International Div., the Bank  
Jun. 2019 Executive Officer and General Manager, Ishinomaki Branch and Minato Branch, the Bank  
Feb. 2020 Executive Officer and General Manager, Ishinomaki Branch, the Bank  
Jan. 2021 Executive Officer and General Manager, Ishinomaki Branch and Kokucho Branch, the Bank

Jun. 2021 Senior Executive Officer and General Manager, Ishinomaki Branch and Kokucho Branch, the Bank  
Jun. 2022 Senior Executive Officer and General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank  
Jun. 2023 Managing Director, the Bank (current position)  
Apr. 2025 Managing Director and General Manager, Oroshimachi Branch and Chuoshijo Branch, the Bank  
Jun. 2025 Representative Director and Senior Managing Director, the Bank (current position)



#### Managing Director Takashi Kuroda

Apr. 1990 Joined the Bank  
Jun. 2014 General Manager, Higashi Oroshimachi Branch, the Bank  
Jun. 2016 General Manager, Izumi Branch, the Bank  
Jun. 2018 General Manager, Furukawa Branch, the Bank  
Jun. 2019 General Manager, Consulting Promotion Div., the Bank  
Jun. 2020 Executive Officer and General Manager, Consulting Promotion Div., the Bank  
Jun. 2021 Executive Officer and General Manager, Personnel Div., the Bank  
Jun. 2022 Senior Executive Officer and General Manager, Personnel Div., the Bank  
Jun. 2023 Managing Director, the Bank (current position)



#### Managing Director Yoshiyuki Odajima

Apr. 1992 Joined the Bank  
Sep. 2014 General Manager, Higashi Sendai Branch, the Bank  
Mar. 2016 General Manager, Yoshioka Branch, the Bank  
Mar. 2018 General Manager, Taira Branch, the Bank  
Mar. 2020 General Manager, Nakakecho Branch and Sendai Ekimae Branch, the Bank  
Jun. 2022 Executive Officer and General Manager, Business Promotion Div., the Bank  
Jun. 2024 Managing Director, the Bank (current position)



#### Managing Director Kazuhiro Aoki

Apr. 1992 Joined the Bank  
Sep. 2014 General Manager, Kitahama Branch, the Bank  
Jan. 2017 General Manager, Head Office Business Div., 77 Securities Co., Ltd.  
Jun. 2019 General Manager, Treasury Administration & International Div., the Bank  
Jun. 2021 General Manager, Treasury Div., the Bank  
Jun. 2022 Executive Officer and General Manager, Treasury Div., the Bank  
Jun. 2024 Managing Director, the Bank General Manager, Treasury Div. (current position)  
Jun. 2025 Managing Director, the Bank (current position)



#### Outside Director Emiko Okuyama

Apr. 1975 Joined the Sendai City Government  
Aug. 2009 Mayor, Sendai City  
Jun. 2018 Director, the Bank (current position)



#### Outside Director Shigenori Oyama

Apr. 1982 Joined Tohoku Kinzoku Kogyo Co., Ltd. (currently TOKIN Corporation)  
Apr. 2007 Executive Officer and General Manager, EMC Business Div., TOKIN Corporation  
Jun. 2010 Director and Executive Officer, TOKIN Corporation  
Jun. 2011 Director and Managing Executive Officer, TOKIN Corporation  
Feb. 2012 Representative Director and CEO, TOKIN Corporation  
Apr. 2017 Executive vice president, KEMET Corporation  
Jul. 2020 Special Advisor for the Board of Directors, TOKIN Corporation  
Jul. 2021 President, TOKIN Foundation for Advancement of Science and Technology (current position)  
Jun. 2022 Director, the Bank  
Jun. 2023 Director, Hakuto Co., Ltd. (current position)



#### Director, Audit & Supervisory Committee Member (Outside Director) Yoko Ushio

May 2001 Senior Managing Director and General Manager, Fujisaki Comfortable Lifestyle Research Institute Co., Ltd.  
May 2003 Director, Department Store Fujisaki Co., Ltd.  
Jan. 2011 Advisory Fellow, Tohoku Regional Advancement Center  
Apr. 2012 Fellow, Tohoku Regional Advancement Center  
Apr. 2016 Auditor, Tohoku University  
Jun. 2019 Director, Audit & Supervisory Committee Member, the Bank (current position)  
Aug. 2020 Representative Director, K.K. Shinsei Sogo Jimusho (current position)



#### Director, Audit & Supervisory Committee Member (Outside Director) Shinya Endo

Apr. 1979 Joined the Miyagi Prefectural Government  
Apr. 2013 Director-General, Public Works Department, Miyagi Prefectural Government  
Apr. 2017 Public Enterprise Manager, Public Enterprise Bureau, Miyagi Prefectural Government  
Apr. 2019 Vice-Governor, Miyagi Prefectural Government  
Jun. 2019 Chairperson, Miyagi International Business Promotional Association  
Jul. 2020 Chairman, Sendai Port Trade Promotion Center Co., Ltd.  
Jun. 2023 President, Miyagi Organization For Industry Promotion (current position)  
Jun. 2023 President, Miyagi Sport Association (current position)  
Jun. 2023 Director, Audit & Supervisory Committee Member, the Bank (current position)

#### Senior Executive Officers

General Manager, Audit & Inspection Division Kazuhito Chida

General Manager, Operations Management Division Hiroshi Kitazono

General Manager, Tokyo Branch Hideki Endo

General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch Takeshi Kawaguchi

General Manager, Personnel Division Takashi Watanabe



#### Outside Director Seiichi Ohtaki

Oct. 1987 Assistant Professor, Faculty of Economics, Tohoku University  
Apr. 1992 Professor, Faculty of Economics, Tohoku University  
Apr. 1999 Professor, Graduate School of Economics and Management, Tohoku University  
Apr. 2011 Dean, Graduate School of Economics and Management / Faculty of Economics, Tohoku University  
Jul. 2014 President, The Sanaburi Foundation  
Jun. 2016 Auditor, Yurtec Corporation  
Nov. 2016 President, Organization for Creating LocalGood (current position)  
Apr. 2018 Vice-President, Shizenkan University (current position)  
Jun. 2020 Director, the Bank (current position)



#### Director, Audit & Supervisory Committee Member Masanori Muranushi

Apr. 1988 Joined the Bank  
Mar. 2010 General Manager, Sendai Higashiguchi Branch, the Bank  
Sep. 2011 General Manager, Sapporo Branch, the Bank  
Jun. 2013 General Manager, Kencho Branch, the Bank  
Jun. 2015 General Manager, Corporate & Retail Banking Div., the Bank  
Apr. 2018 General Manager, Consulting Promotion Div., the Bank  
Jun. 2018 Executive Officer and General Manager, Consulting Promotion Div., the Bank  
Jun. 2019 Executive Officer and General Manager, Tokyo Branch, the Bank  
Jun. 2020 Senior Executive Officer and General Manager, Tokyo Branch, the Bank  
Jun. 2021 Senior Executive Officer and General Manager, Head Office Business Div. and Basho no Tsuji Branch, the Bank  
Dec. 2021 Senior Executive Officer and General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank  
Jun. 2022 Managing Director, the Bank  
Jun. 2024 Director, Audit & Supervisory Committee Member, the Bank (current position)



#### Director, Audit & Supervisory Committee Member (Outside Director) Naoto Miura

Apr. 1978 Joined Tohoku Electric Power Co., Inc.  
Jun. 2012 Executive Officer and General Manager, Distribution Engineering Dept. & Deputy General Manager, Customer Services Div., Tohoku Electric Power Co., Inc.  
Jun. 2015 Managing Director and Deputy General Manager, Power Network Div., Tohoku Electric Power Co., Inc.  
Jun. 2015 Director, Tohoku Intelligent Telecommunication Co., Inc. (currently TOHKnet Co., Inc.)  
Jun. 2018 President and Representative Director, Tohoku Intelligent Telecommunication Co., Inc. (currently TOHKnet Co., Inc.)  
Apr. 2021 Chairman and Representative Director, Tohoku Intelligent Telecommunication Co., Inc. (currently TOHKnet Co., Inc.)  
Jun. 2023 Chairman, Tohoku Productivity Center  
Jun. 2023 Director, Audit & Supervisory Committee Member, the Bank (current position)  
Apr. 2024 Advisor, TOHKnet Co., Inc.



#### Director, Audit & Supervisory Committee Member (Outside Director) Kazuo Fukuda

Apr. 1981 Joined the Bank of Japan  
May 2003 General Manager, Maebashi Branch, the Bank of Japan  
Dec. 2005 Associate Director-General, Financial Systems and Bank Examination Department, the Bank of Japan  
Jun. 2007 Associate Director-General, Institute for Monetary and Economic Studies, the Bank of Japan  
Jul. 2008 General Manager, Sendai Branch, the Bank of Japan  
May 2012 Director-General, Administration Department, the Bank of Japan  
Jun. 2013 Audit & Supervisory Board Member, The Chiba Bank, Ltd.  
Jun. 2017 Senior Executive Officer, Osaka Exchange, Inc.  
Apr. 2018 Director and Senior Executive Officer, Osaka Exchange, Inc.  
Apr. 2019 Managing Governor, Japan Exchange Regulation  
Jun. 2023 Director, the Bank (current position)  
Jun. 2025 Director, Audit & Supervisory Committee Member, the Bank (current position)

#### Executive Officers

Special assignment (DX related) Masahide Kato

Special assignment (International Business) Keiichiro Irie

General Manager, Oroshimachi Branch and Chuoshijo Branch Yusuke Shikado

General Manager, General Planning & Coordination Div. Shigeru Tanabe

General Manager, Business Promotion Division Takayuki Kaneda

General Manager, Ishinomaki Branch, Kokucho Branch, and Shinnakazato Branch Takuto Sato

General Manager, Nakakecho Branch and Sendai Ekimae Branch Chiaki Hitotsuyanagi

General Manager, Credit Supervision Division Yuki Yoshi Mori

General Manager, Consulting Promotion Division Seiji Sunako



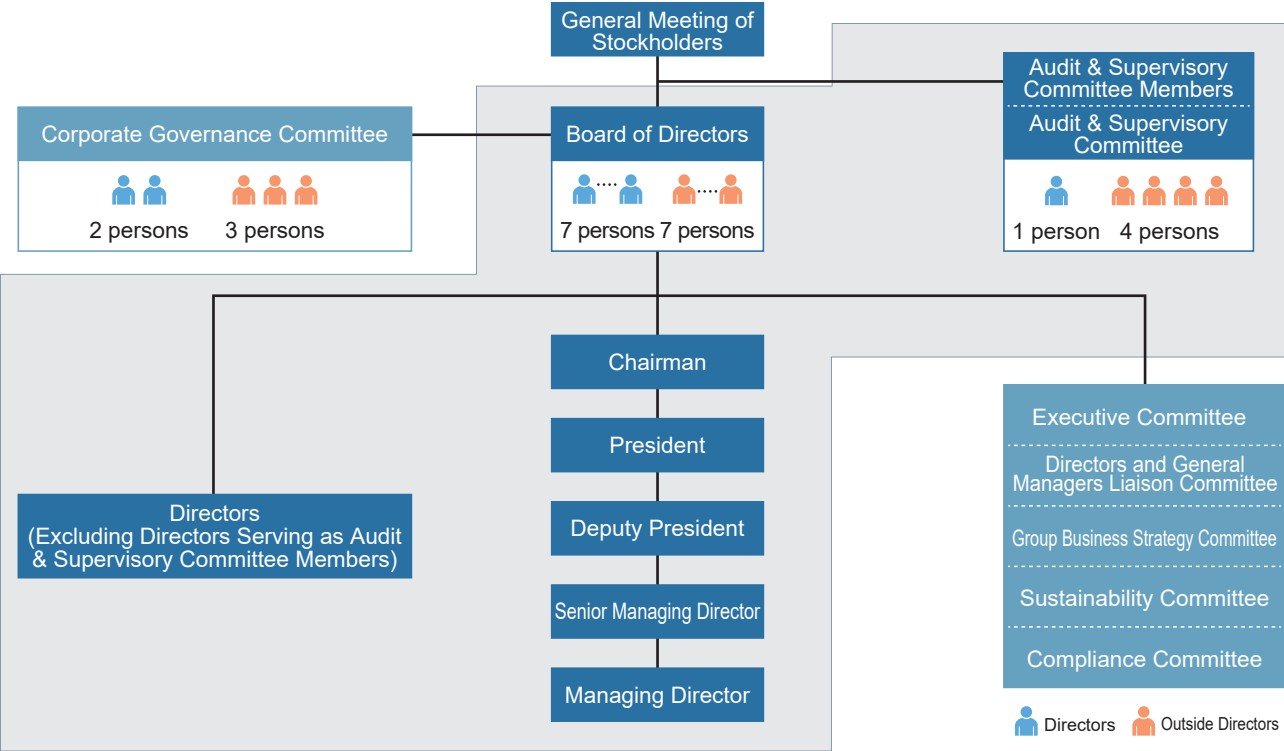
### Basic stance toward corporate governance

- In accordance with the Bank Creed, which is our basic principle of management, we will operate business that give constant consideration to the public mission of a regional bank — contributing to the development of the regional economy and society — through banking operations.
- We will improve the transparency of management and the appropriateness of processes and work together appropriately with stakeholders including the regional society, clients, and shareholders for the Bank's sustained growth and improvements in corporate value over the medium- to long-term.

### Corporate governance structure

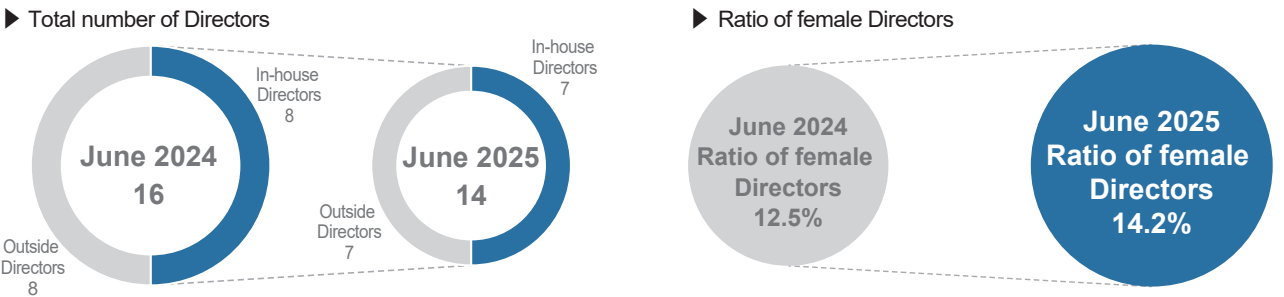
Through the establishment of the Audit & Supervisory Committee, of which the majority of members are Outside Directors, and by granting voting rights at the Board of Directors to Directors serving as Audit & Supervisory Committee Members, we are reinforcing supervising functions over the Board of Directors and executive officers, and ensuring transparency and objectivity in management.

### Corporate governance structure



### Composition of the Board of Directors

Through the selection of In-house Directors with expertise in banking operations and several Outside Directors with abundant external experience and wide-ranging insight, we have ensured a well-balanced and diverse composition in terms of knowledge, experience, and abilities throughout the Board of Directors. In June 2025, we reduced the number of Directors to optimize management of the Board of Directors.



### Director skill matrix

The Board of Directors of the Bank has identified skills and other qualities each of Directors shall possess, which are necessary for the Bank to pursue sustainable growth and enhancement in corporate value over a medium to long term, as well as to achieve its “target form” set in “Vision 2030.” With In-house Directors who are well-versed in the banking operation and several Outside Directors with a wealth of experience and wide-ranging knowledge outside the Bank, the Board of Directors is in a balanced and diverse composition of knowledge, experience, and abilities as a whole.

		Inside	Outside	Management strategy / Corporate management	Compliance / Risk management	Sales / Regional revitalization	International / Market investment	DX / Productivity improvement	Human capital / Diversity
Directors not serving as Audit & Supervisory Committee Members	Hidefumi Kobayashi	○		◎	●	●	●	●	◎
	Hiroshi Kobayashi	○		◎	●	●	◎	◎	●
	Shuichi Ibuka	○		●	●	◎	●	●	◎
	Takashi Kuroda	○		●		◎	●	●	◎
	Yoshiyuki Odajima	○			◎	●		◎	
	Kazuhiro Aoki	○			◎	●	◎		
	Emiko Okuyama		○			◎			●
	Seiichi Ohtaki		○	◎		●			
	Shigenori Oyama		○	◎			●	●	
Directors serving as Audit & Supervisory Committee Members	Masanori Muranushi	○		●	●	●	●	●	●
	Yoko Ushio		○	●					●
	Naoto Miura		○	●				●	
	Shinya Endo		○	●		●			
	Kazuo Fukuda		○	●	●		●		

Note: “◎” is marked for the skills and other qualities especially expected from Directors not serving as Audit & Supervisory Committee Members.

### [Details of skills]

Management strategy / Corporate management	Knowledge, experience, and abilities related to management strategy, corporate and group management, and sustainability
Compliance / Risk management	Knowledge, experience, and abilities related to compliance, risk management, corporate credit supervision, and financial accounting
Sales / Regional vitalization	Knowledge, experience, and abilities related to sales strategy, consulting, regional vitalization, and industry academia-government collaboration
International / Market operation	Knowledge, experience, and abilities related to international expansion, markets, and securities operations
DX / Productivity improvement	Knowledge, experience, and abilities related to systems planning and management, digital areas, and business efficiency
Human capital / Diversity	Knowledge, experience, and abilities related to human resources strategy, human resources development, organizational culture reform, and diversity promotion

### Board of Directors

The Board of Directors comprises a total of 14 Directors (12 men, two women), with nine Directors (excluding Directors serving as Audit & Supervisory Committee Members; of which three are Outside Directors) and five Directors serving as Audit & Supervisory Committee Members (of which four are Outside Directors). The Board of Directors makes decisions on important managerial matters. (Number of Board of Director meetings in FY2024: 13)

### Specific topics discussed by the Board of Directors (FY2024)

- ◆ Short-term management plans to achieve “Vision 2030”
- ◆ Matters related to the formulation of total budget
- ◆ Matters related to officer nomination and compensation
- ◆ Formulation of Basic Policy on Human Capital Management
- ◆ Establishment of Group Business Strategy Division
- ◆ Establishment of subsidiaries  
77 Business With  
77 NEXT CONSULTING PTE. LTD.

Corporate Governance Committee

The Bank established the Corporate Governance Committee as a voluntary advisory body of the Board of Directors to improve the transparency of the management and appropriateness of processes and enhance the corporate control function. (Number of Corporate Governance Committee meetings in FY2024: 5)

The Corporate Governance Committee comprises Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members), the Representative Director and President, and the highest-ranking Representative Directors selected by the Board of Directors, excluding the President. The chair and deputy chair of the Committee are elected by the Committee Members from among the Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members).

Audit & Supervisory Committee

The Audit & Supervisory Committee comprises five Directors serving as Audit & Supervisory Committee Members (of which four are Outside Directors), and is responsible for auditing Directors' execution of duties and monitoring the supervisory function of the Board of Directors.

The Bank has appointed one Standing Audit & Supervisory Committee Member. The Standing Audit & Supervisory Committee Member attends important meetings other than those of Board of Director meetings, collaborates with the internal audit department, etc., and receives regular reports from the execution department. By sharing this information with all Audit & Supervisory Committee Members, the Standing Audit & Supervisory Committee Member is working to enhance the effectiveness of the Audit & Supervisory Committee's audits and supervision. Moreover, with the appointment of full-time assistants for the duties of the Audit & Supervisory Committee, we have created a support system for the Committee.

Nomination policy for Directors, Outside Directors, Directors serving as Audit & Supervisory Committee Members, and Outside Directors serving as Audit & Supervisory Committee Members

Directors

The President recommends Director candidates (excluding Directors serving as Audit & Supervisory Committee Members) from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee.

[Nomination policy]

- A. The individual must have the required expertise and experience to execute business management in an accurate, fair, and efficient manner, as well as sufficient social credibility.
- B. Based on the Bank's philosophy, the individual is expected to contribute to the Bank's sustainable growth and to the medium- to long-term improvement of corporate value.

Outside Directors

The President recommends Outside Director candidates (excluding Directors serving as Audit & Supervisory Committee Members) from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee.

[Nomination policy]

- A. The individual must understand the Bank's management philosophy, have abundant expertise and experience in corporate management, finance, economics, financial accounting, legal affairs, tax affairs, and auditing, etc., as well as sufficient social credibility. The individual must also be able to provide appropriate feedback and advice to management.
- B. The individual must meet requirements for independence as per the Bank's Criteria for Independence.

Main topics discussed by the Corporate Governance Committee (FY2024)

- ◆ Appointment of candidates for Director and election of Representative Directors
- ◆ Allocation of compensation, etc. for Directors
- ◆ Setting of targets for performance-linked share-based compensation plan
- ◆ Analysis and evaluation of the effectiveness of the Board of Directors as a whole
- ◆ Results of the handling of issues related to "analysis and evaluation of the effectiveness of the Board of Directors as a whole"
- ◆ Exchange of opinions on overall management

Main topics discussed by the Audit & Supervisory Committee (FY2024)

- ◆ Initiatives for priority strategies and measures in "Vision 2030" and short-term management plan
- ◆ Initiatives to further reinforce system for legal compliance
- ◆ Initiatives by the headquarters to refine money laundering prevention system and operational status at branches
- ◆ Improvement and implementation of IT governance in line with promotion of digital strategy
- ◆ Initiatives to strengthen Group company governance
- ◆ Improvement of business continuity systems

Directors serving as Audit & Supervisory Committee Members

The President recommends candidates for Directors serving as Audit & Supervisory Committee Members from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee and approval from the Audit & Supervisory Committee.

[Nomination policy]

- A. The individual must have the required expertise and experience to audit Directors' execution of duties in an accurate, fair, and efficient manner, as well as sufficient social credibility.
- B. The individual must be able to ensure independence from executive officers and be able to maintain a fair and unbiased position.

Outside Directors serving as Audit & Supervisory Committee Members

The President recommends candidates for Outside Directors serving as Audit & Supervisory Committee Members (including substitute candidates for Outside Directors serving as Audit & Supervisory Committee Members) from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee and approval from the Audit & Supervisory Committee.

[Nomination policy]

- A. The individual must have the required expertise and experience in corporate management, finance, economics, financial accounting, legal affairs, tax affairs, and auditing, etc. to audit Directors' execution of duties in an accurate, fair, and efficient manner, as well as sufficient social credibility.
- B. The individual must meet requirements for independence as per the Bank's Criteria for Independence, and be able to express objective audit opinions from a neutral standpoint.

Reasons for the election as Outside Director

Name	Reasons for the election	Attendance at meetings in FY2024
Emiko Okuyama	As Ms. Emiko Okuyama has a wealth of experience and wide-ranging knowledge gained through her career as an administrative executive, such as Mayor of Sendai City, involved in local administration for many years, the Bank selected her as an Outside Director, believing that she is suitable for the position. After her election, she is expected to provide advice and supervision, especially on regional revitalization and contribution, for the Bank.	Board of Directors 13/13 times Corporate Governance Committee 5/5 times
Seiichi Ohtaki	As Mr. Seiichi Ohtaki has a wealth of experience gained through his involvement in university education for many years and advanced specialized knowledge about economics and management, the Bank selected him as an Outside Director, believing that he is suitable for the position. After his election, especially as an expert of regional economies and management, he is expected to provide advice and supervision for the Bank.	Board of Directors 13/13 times Corporate Governance Committee 5/5 times
Shigenori Oyama	As Mr. Shigenori Oyama has a wealth of experience and international wide-ranging knowledge gained through his career as a corporate manager of a global manufacturing company, the Bank selected him as an Outside Director, believing that he is suitable for the position. After his election, he is expected to provide advice and supervision, especially on corporate management and international business, for the Bank.	Board of Directors 13/13 times Corporate Governance Committee 5/5 times
Yoko Ushio	Ms. Yoko Ushio has a successful track record of involvement in corporate management as well as practical experience as an Auditor of a national university corporation. The Bank believes that she has knowledge and experience that enable her to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected her as an Outside Director. After her election, she is expected to provide advice, especially on corporate management, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 13/13 times Audit & Supervisory Committee 18/18 times
Naoto Miura	Mr. Naoto Miura has a successful track record gained through his service as a Director and involvement in corporate management of a listed utility company. The Bank believes that he has knowledge and experience that enable him to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected him as an Outside Director. After his election, he is expected to provide advice, especially on corporate management, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 13/13 times Audit & Supervisory Committee 18/18 times
Shinya Endo	Mr. Shinya Endo has a wealth of experience and wide-ranging knowledge gained through his involvement in local administration for many years as well as a successful track record of being engaged in corporate management. The Bank believes that he has knowledge and experience that enable him to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected him as an Outside Director. After his election, he is expected to provide advice, especially on corporate management and regional revitalization, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 13/13 times Audit & Supervisory Committee 18/18 times
Kazuo Fukuda	Mr. Kazuo Fukuda held important positions at the Bank of Japan and has a successful track record gained through his lengthy experience in financial markets and systems. The Bank believes that he has knowledge and experience that enable him to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected him as an Outside Director. After his election, he is expected to provide advice, especially on risk management and market operation based on monetary policy, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 13/13 times Corporate Governance Committee 5/5 times

\*Kazuo Fukuda's attendance is as a Director (Outside Director).

Main members by organization

Title	Name	Board of Directors	Executive Committee	Corporate Governance Committee	Audit & Supervisory Committee	Group Business Strategy Committee	Sustainability Committee	Compliance Committee
(Representative Director) President	Hidefumi Kobayashi	○(Chairperson)	○(Chairperson)	○		○(Chairperson)	○(Chairperson)	○(Chairperson)
(Representative Director) Deputy President	Hiroshi Kobayashi	○	○	○		○	○	○
(Representative Director) Senior Managing Director	Shuichi Ibuka	○	○			○	○	○
Managing Director	Takashi Kuroda	○	○			○	○	○
Managing Director	Yoshiyuki Odajima	○	○			○	○	○
Managing Director	Kazuhiro Aoki	○	○			○	○	○
Director	Emiko Okuyama	○		○(Chairperson)				
Director	Seiichi Ohtaki	○		○				
Director	Shigenori Oyama	○		○				
Director, Audit & Supervisory Committee Member	Masanori Muranushi	○	△(*3)		○(Chairperson)	△(*3)	△(*3)	△(*3)
Director, Audit & Supervisory Committee Member	Yoko Ushio	○			○			
Director, Audit & Supervisory Committee Member	Naoto Miura	○			○			
Director, Audit & Supervisory Committee Member	Shinya Endo	○			○			
Director, Audit & Supervisory Committee Member	Kazuo Fukuda	○			○			
Other members			General Manager of General Planning & Coordination Division			General Manager of General Planning & Coordination Div., General Manager of Group Business Strategy Div., General Manager of Risk Management Div., General Manager of Business Promotion Div., General Manager of Consulting Promotion Div., General Manager of Regional Development Promotion Div., General Manager of Personnel Div., and General Manager of General Affairs Div.	General Manager of General Planning & Coordination Div., and General Manager of Group Business Strategy Div., General Manager of Risk Management Div., General Manager of Business Promotion Div., General Manager of Consulting Promotion Div., General Manager of Regional Development Promotion Div., General Manager of Personnel Div., and General Manager of General Affairs Div.	General Manager, General Planning & Coordination Div., General Manager, Compliance Management Div., General Manager, Operations Management Div., General Manager, Audit & Inspection Div.

\*1 Chairman has not been appointed.  
\*2 Directors Emiko Okuyama, Seiichi Ohtaki, Shigenori Oyama, Yoko Ushio, Naoto Miura, Shinya Endo, and Kazuo Fukuda are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act.  
\*3 Standing Directors who are Audit & Supervisory Committee Members attend the Executive Committee, Group Business Strategy Committee, Sustainability Committee, and Compliance Committee, and state their opinions as necessary.  
\*4 The Chairperson of the Audit & Supervisory Committee observes the Corporate Governance Committee.  
\*5 Group company presidents attend Group Business Strategy Committee meetings.

## Evaluating the effectiveness of the Board of Directors

The Bank's "Corporate Governance Policy" stipulates that the effectiveness of the Board of Directors as a whole is analyzed and evaluated at the end of each fiscal year, a summary of the results is disclosed and any necessary improvement is made.

### Issues in FY2024 and initiatives for improvement

- To review the management of the Board of Directors to further invigorate discussions  
In addition to earlier distribution of meeting materials to ensure more preparation time, materials not used for explanations in the meeting were separated and made into reference materials, ensuring that main materials focused exclusively on key points. By revising rules for the creation of meeting materials, speakers are able to provide more concise explanations during meetings.

### Results

Discussion time compared to FY2023 **+6.9%**

- To enhance the provision of information to Outside Directors and increase opportunities to acquire knowledge  
To enhance understanding of the 77 Bank Group and further revitalize discussions at the Board of Directors, we set up briefings on respective operations as opportunities to exchange information with the headquarters, branches, and Group companies, and increased the frequency and improved the content of Outside Director Liaison Meetings. Moreover, additional information was provided through advance explanations of Board of Director proposals and various seminars for officers.

Frequency of information provision **13 times**

### Issues uncovered from the questionnaire

- To review the composition of the Board of Directors to optimize organizational management
- To review the management of the Board of Directors to further invigorate discussions

### \*Evaluation method

A questionnaire is conducted for Directors, and effectiveness is evaluated quantitatively and qualitatively. Overall evaluations based on questionnaire results and issues uncovered through the questionnaire are resolved by the Board of Directors following discussions by the Corporate Governance Committee.

## Policy on training, etc. for Directors

The Bank encourages Directors to make efforts to acquire, update, and otherwise hone the knowledge necessary to fulfill their roles, and provides training opportunities and support for the necessary expenses.

### Details

Jul. 2024–Mar. 2025: Opinion exchange with six Group companies  
Jul. 2024–Mar. 2025: Opinion exchange with four branches and headquarters (three departments) on their activities  
Aug. 2024/Oct. 2024: IT literacy improvement seminar  
Jan. 2025: Legal compliance seminar  
Feb. 2025: Information exchange with young headquarters employees

## Officer compensation, etc.

Compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors) comprises basic compensation, which is regular fixed compensation, performance-linked compensation, which is linked to net income as an incentive to improve performance over the medium to long term and to enhance corporate value, and share-based compensation, which is linked to share value. The composition of overall compensation is outlined below.

Based on a resolution passed at the 141st Annual General Meeting of Stockholders held on June 27, 2025, the annual upper limit for performance-linked compensation was raised from 90 million yen to 180 million yen.

	Basic compensation	Performance-linked compensation	Share-based compensation
Composition ratio	60%	15%	25%
Upper limit	270 million yen per year	180 million yen per year	—

### ► Performance-linked compensation

Net income (non-consolidated)	Months of payment for performance-linked compensation
More than 60.0 billion yen	7.5 months
More than 55.0 billion yen to 60.0 billion yen	7.0 months
More than 50.0 billion yen to 55.0 billion yen	6.5 months
More than 45.0 billion yen to 50.0 billion yen	6.0 months
More than 40.0 billion yen to 45.0 billion yen	5.5 months
More than 35.0 billion yen to 40.0 billion yen	5.0 months
More than 30.0 billion yen to 35.0 billion yen	4.5 months

Net income (non-consolidated)	Months of payment for performance-linked compensation
More than 25.0 billion yen to 30.0 billion yen	4.0 months
More than 20.0 billion yen to 25.0 billion yen	3.5 months
More than 15.0 billion yen to 20.0 billion yen	3.0 months
More than 10.0 billion yen to 15.0 billion yen	2.0 months
More than 5.0 billion yen to 10.0 billion yen	1.0 month
5.0 billion yen or less	0.0 months

(Payment formula)

Performance-linked compensation payment amount = Monthly compensation (directors' monthly salary) x Months of payment for performance-linked compensation

### ► Share-based compensation

Share-based compensation comprises a performance-linked portion that is linked to the level of achievement of management plans in each fiscal year (the Bank's shares equivalent to [Base amount depending on rank x Monthly payment for performance-linked compensation (between 0.0–1.6 months depending on level of performance)]) and a non-performance-linked portion depending on rank at the end of each fiscal year (the Bank's shares equivalent to [Base amount depending on rank]). In principle, share-based compensation is paid upon the Executive Director's retirement. For the performance-linked portion, targets and target values in line with the Bank's management plans, etc. are established at a Board of Directors meeting held at the beginning of the fiscal year subject to evaluation, and the amount fluctuates depending on the level of achievement.

	FY2024		FY2025
	Target	Achievement	Target
<b>ROE (consolidated)</b>	5.44%	6.68%	7.55%
Revenue from customers ([1] + [2])	JPY 69.0 bn	JPY 75.0 bn	JPY 90.5 bn
(Interest on loans and bills discounted [1])	(JPY 56.0 bn)	(JPY 60.5 bn)	(JPY 75.3 bn)
(Fees and commissions [2])	(JPY 13.0 bn)	(JPY 14.5 bn)	(JPY 15.2 bn)
Core OHR	49.05%	45.34%	44.46%
Sustainability promotion items (No. of SDGs-related service support clients [cumulative])	1,800	2,222	2,800
DX promotion items ([5] + [6])	65%	67%	73%
(Non-face-to-face channels [corporate] [5])*	(35%)	(35%)	(38%)
(Non-face-to-face channels [retail] [6])	(30%)	(32%)	(35%)

\*DX promotion items (Non-face-to-face channels [corporate]) excluding sole proprietors.

### ► Total compensation amount by officer type, total amount of compensation by type, and no. of eligible officers

Current fiscal year (from April 1, 2023 to March 31, 2024)

Officer type	No. of officers	Total compensation amount (Millions of yen)	Basic compensation	Performance-linked compensation	Share-based compensation
Directors (excluding Directors serving as Audit & Supervisory Committee Members) (excluding Outside Directors)	9	374	198	82	92
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	2	23	23	—	—
Outside Directors	8	48	48	—	—

\*1 The no. of officers includes two Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors) and one Director (Audit & Supervisory Committee Members; excluding Outside Directors) whose term of office ended upon the conclusion of the 140th Annual General Meeting of Stockholders held on June 27, 2024.

\*2 The Bank has introduced the performance-linked share-based compensation plan through an officer compensation BIP Trust. The amount of the above share-based compensation includes the amount recorded for share issuance points that have been granted in FY2024 based on the above plan.

### ► Total compensation amount by officer

Omitted as there are no officers whose total consolidated compensation amount is 100 million yen or more.



# Risk Management Approach

In recent years, the business environment surrounding financial institutions has changed significantly, and financial institutions are now exposed to an unprecedented variety of risks than ever before. In this situation, more than ever before, financial institutions are required to accurately ascertain and analyze risks and appropriately manage them.

## Top risks

At the 77 Bank, we have organized the levels of impact and likelihood of related factors should various risk scenarios materialize, conducting thorough risk management through the formulation of short-term management plans in line with risks that could have a significant impact on the Bank or our associated companies (top risks). Moreover, through periodic stress tests, we are examining the financial impacts of potential risk scenarios arising from top risks.

The top risks included in our short-term management plan for FY2025 are as follows.

Timeline	Top risks	Main risk scenarios (examples)
short	Increasing difficulty of ALM	<ul style="list-style-type: none"> <li>Intensifying competition in deposit acquisition due to rising interest rates, difficulty in securing operational funds due to outflow of deposits, and soaring procurement costs leading to deterioration in performance</li> <li>Sharp rises in long-term interest rates and drops in financial stock markets caused by domestic and international monetary and economic policies, as well as fluctuating exchange rates, leading to a deterioration in performance due to a decline in bond valuation, impairment of stocks, etc., and foreign exchange losses</li> </ul>
Short to medium term	Intensifying competition within the industry and with other industries	<ul style="list-style-type: none"> <li>Loss of relative competitive advantage and decrease in profitability amid intensifying competition throughout industry types caused by falling populations, the proliferation of IT, and less rigorous regulations</li> </ul>
Short to ultra-long term	Increasing complexity of Group governance	<ul style="list-style-type: none"> <li>Exposure to new risks in line with expansion of business domains, and decline in likelihood of becoming a leading company due to lack of progress with Group businesses</li> <li>Increase in outflow of human resources due to mismatches with business domains and delayed reforms to corporate culture, and lack of progress with acquisition and development of talented human resources</li> </ul>
	Deterioration of sales base	<ul style="list-style-type: none"> <li>Difficulties in business expansion due to economic deterioration in Miyagi Prefecture, and an increase in bad debt due to worsening performance in specific industries and among major credit clients</li> </ul>
Accidental	Occurrence of large-scale disasters	<ul style="list-style-type: none"> <li>Worsening performance at the 77 Bank Group and its clients due to damage from large-scale natural disasters</li> </ul>
	Emergence of system risks	<ul style="list-style-type: none"> <li>Large-scale suspension of operations due to cyberattacks and system failures</li> </ul>

## Creation of a business continuity structure for use during large-scale disasters

We have formulated the Emergency Response Plan for Disasters, etc. to clarify the basic guidelines of conduct in the event of a large-scale earthquake or other natural disaster, or emergencies such as system failures.

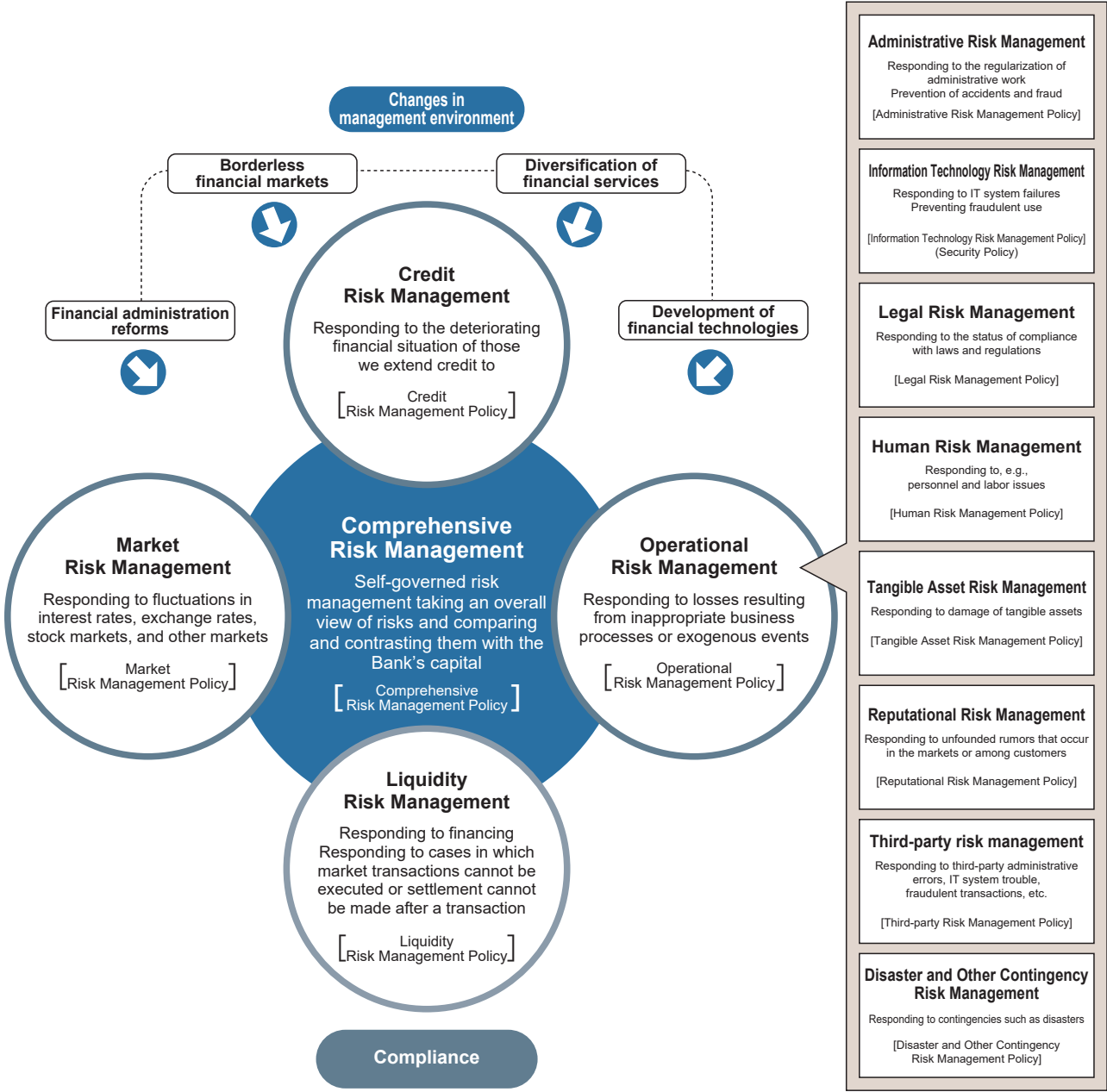
Through the Emergency Response Plan for Disasters, etc., we have formulated a business continuity plan to ensure the continuation of the minimum operations required to maintain financial functions, or to ensure the quick restart/recovery of operations, in the event that the Bank suffers damage from an unforeseen disaster and is no longer able to execute normal banking operations. In this way, we are working to improve our business continuity structure. Moreover, to confirm the effectiveness of the “Emergency Response Plan for Disasters, etc.,” we implement regular disaster drills and business continuity drills. In addition, in line with the damage we suffered from the Great East Japan Earthquake, we are conducting reviews to ensure even stronger disaster preparations to reinforce our crisis response capabilities.

## Strengthening comprehensive risk management framework

From the viewpoint of enhancing management soundness, the Bank has established a comprehensive risk management framework for self-governed risk management by taking an overall view of the risks it faces, evaluating each type of risk and comparing and contrasting it with its capital, as well as enhancing risk management methods such as the development of more sophisticated risk measurement techniques.

The specific framework for comprehensive risk management is “risk capital management.” “Risk capital management” is a management method in which risk capital budgets, which are allowances for each type of risk, are allocated to divisions (service divisions in Japan, the Treasury Division, etc.), and each division’s risk amount is monitored to ensure that it is within the amount allocated. In addition, risk capital management is also utilized to monitor whether expected returns commensurate with the risk taken are being secured.

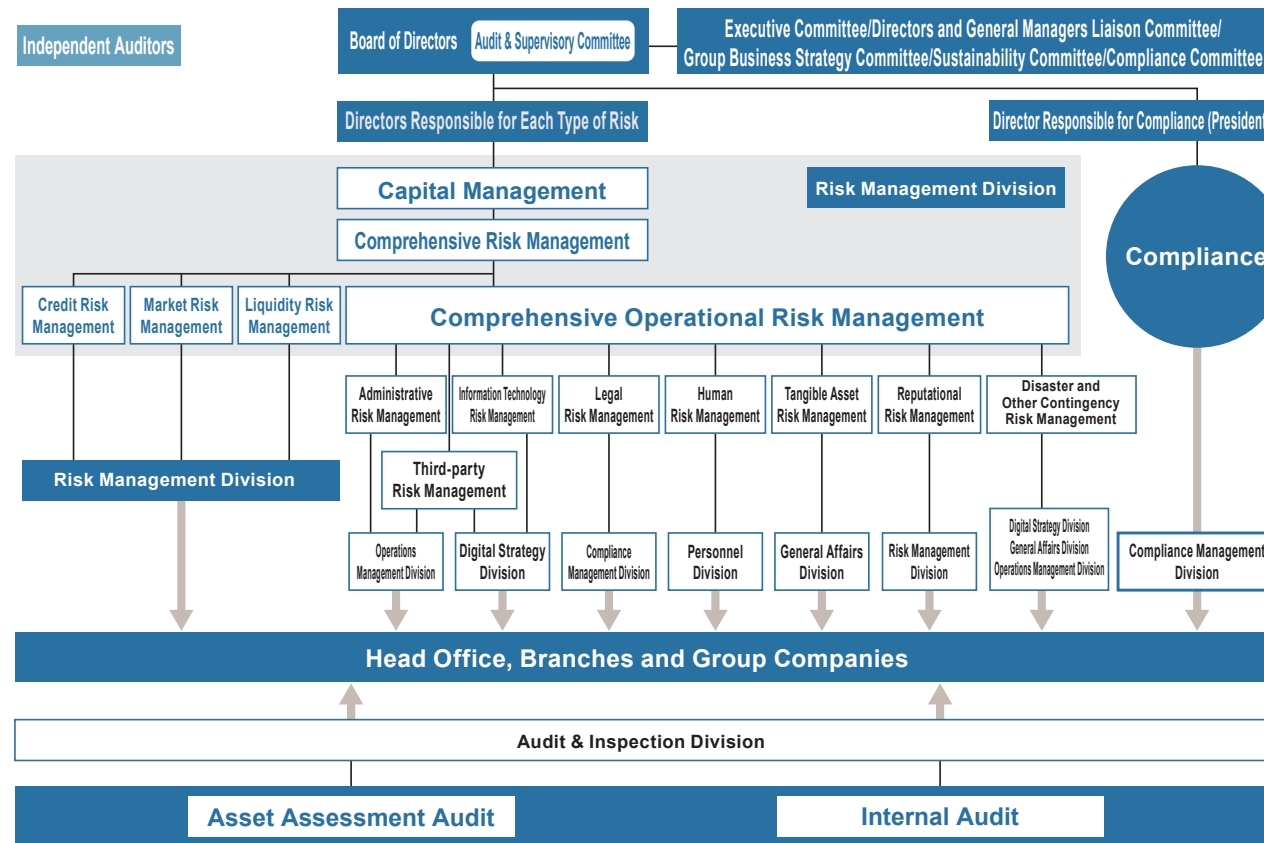
## Comprehensive risk management framework





## Compliance Structure

### Risk management structure



### Response to cyberattacks

To respond to increasingly advanced and sophisticated cyberattacks, we have formulated the Cybersecurity Management Rules and are implementing multi-layered technological measures to prevent fraudulent access, prevent information leaks, and detect viruses. We also implement organizational measures such as cyberattack response drills and exercises, and are striving for the continuous reinforcement of our ability to quickly respond to any cyberattacks that do occur.

### Response to third-party risks

We have formulated the "Policies on Third-Party Risk Management" for appropriate risk management. In particular, in the event that we work with services linked to customers' accounts or personal data, such as in the cash of fund transfer business operators, we implement stricter risk management, based on the "Personal Data Management Standards," etc., and manage risk on an ongoing basis during the period of the agreement, through such methods as regular monitoring of the safety, reliability, etc., of third parties. We take every possible precaution to ensure that in the event of administrative issues, system faults, or other issues, the impact on both our customers and our operations is minimized, including securing alternative methods and formulating measures to respond in the event of emergency.

### Appropriate use of AI and response to risks

At the 77 Bank, we have formulated the AI Management Rules to promote the appropriate use of AI and the management of relevant risks. Assigning a chief AI management supervisor (Director responsible for the Digital Strategy Division) and establishing an AI management department (Digital Strategy Division), in addition to assessing safety and impartiality when introducing AI systems and services, we are working to provide information and raise awareness among employees to ensure the appropriate and transparent use of AI.

The Bank formulated the Compliance Policies in order to clarify its stance on compliance and to ensure the effectiveness thereof. Further, as part of our endeavor to ensure thorough compliance, the Bank established the Compliance Guidelines (Compliance Standards) to articulate specific guidelines and a code of conduct so that the executives and employees place importance on compliance, thereby ensuring the lawful conduct of business.

### Compliance Guidelines (Compliance Standards)

#### [Basic Direction]

- (1) Ensure sound management and pay the utmost attention to sustaining the Bank's credibility and its ability to maintain smooth financing.
- (2) Comply with laws and the code of corporate ethics and maintain fair and honest practices.
- (3) Take a principled stand with regard to issues that threaten social order or public peace.
- (4) Provide financial services that the region, customers, and society broadly trust and endeavor to achieve sustainable development together with them as a good corporate citizen.
- (5) Foster a flexible and constructive working environment conducive to the well-being of all employees.

#### [Code of Conduct]

- (1) We will comply with laws, ordinances, the Articles of Incorporation, the Rules of Employment, and internal rules of the Bank.
- (2) We will not force unfair transactions on our customers.
- (3) We will not divulge confidential information of our customers or the Bank, or material information that has not been made public.
- (4) We will not neglect to provide reports required by laws, ordinances, and internal rules of the Bank, or provide false reports.
- (5) We recognize the public nature and the large social responsibility of the Bank and will devote ourselves to our duties.
- (6) We will not follow instructions or orders given by an individual that go beyond or deviate from the authorities given to said individual.
- (7) We will not engage in such conduct as will undermine the credibility or honor of the Bank.
- (8) We will not do favors for our customers in violation of laws, ordinances, or internal rules of the Bank.
- (9) We will not seek to make unfair profits by taking advantage of our duties or position.
- (10) We will not borrow from or mediate for someone to borrow from our customers, other executives, or other employees without legitimate reason.
- (11) We will not engage in socially unacceptable entertaining or gift-giving.
- (12) We will make efforts to maintain order in the workplace.

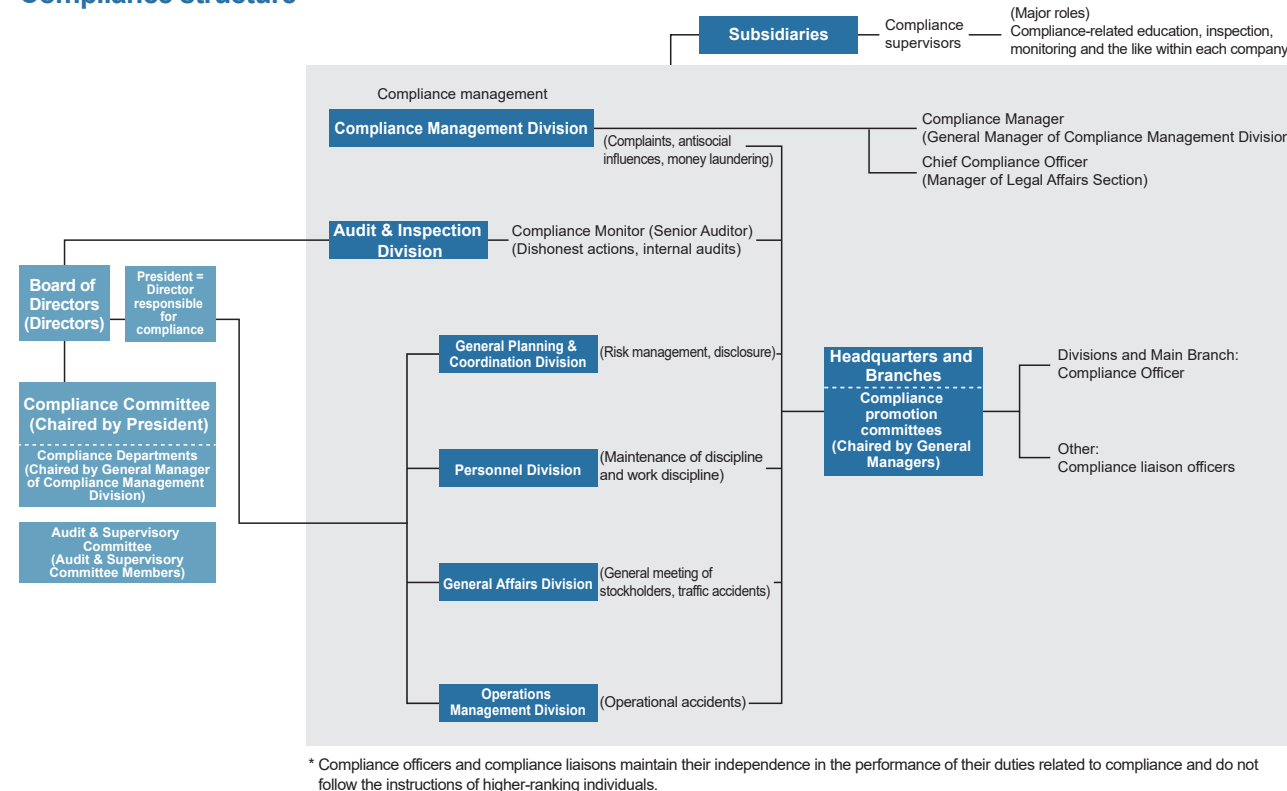
### Initiatives for Anti-Corruption

The Bank works to prevent bribery involving public officials and business partners based on the Compliance Guidelines. Additionally, the Compliance Management Division is responsible for evaluating and managing adherence to the Code of Conduct. Additionally, to ensure thorough compliance, we disseminate the Compliance Guidelines and conduct education and awareness programs for all officers and employees, including part-time staff, through initiatives such as training sessions. In FY2024, there were zero disciplinary actions (including dismissals) related to corrupt practices, and no fines or settlement costs related to corruption were incurred.

### Internal reporting system

At the 77 Bank Group, we have set up the "77 Compliance Hotline" as a dedicated internal reporting contact point within and outside of the Bank to receive reports from individuals who have discovered legal violations such as misconduct, or actions that are strongly suspected of being violations, or from individuals who have committed the violations themselves. The individual in charge of the internal reporting contact point is charged with receiving reports, conducting investigations, and implementing the required countermeasures. In addition, after collaborating with the departments in question, reports are provided to the Compliance Committee as needed. Moreover, we are working to raise awareness of the internal reporting system, including the protection of informants, through the display of posters, the creation of manuals, and the hosting of training sessions.

## Compliance structure



For us to earn the genuine trust of the region, our customers, and broader society based on the social responsibility and public mission of a financial institution, thorough compliance with laws, regulations, and corporate ethics is essential. To establish a structure for compliance with laws and regulations, in 1998 we establish the Legal Affairs Office as a compliance management department. After several organizational reforms, the current department for the management of legal compliance is the Compliance Management Division.

The structure is headed by the President, with the General Manager of the Compliance Management Division as the Compliance Manager, the Manager of the Legal Affairs Section as the Chief Compliance Officer, and Compliance Officers at each division and branch. In addition to daily compliance inspections, the structure serves to prevent violations, develop a sense of the importance of compliance with laws and regulations, and thoroughly raise awareness of laws and regulations. To further improve and strengthen this legal compliance structure, we have also set up a Compliance Committee chaired by the President, Compliance Departments under the Compliance Committee, and compliance promotion committees within each division and branch.

## Protection of information assets

Due to the nature of our operations as a financial institution, we hold a vast amount of important information that must be appropriately protected, such as information on customer transactions and customers' personal information. To ensure the thorough protection of customers' personal information, we have formulated and comply with the "Declaration on the Protection of Customers' Personal Information," which is available on our website.



## Formulation of tax guidelines

To clarify the Group's guidelines for tax initiatives, we have formulated the 77 Bank Group Tax Guidelines. In addition to business activities that comply with the tax laws in each country and region in which we conduct business, we are working to minimize tax-related risks and optimize tax expenses.



## Compliance with the "Bank's Policy on the Prevention of Money Laundering"

At the 77 Bank, we recognize that the misuse of financial services through crimes such as money laundering presents a major risk to bank management. As such, positioning the prevention of money laundering as a key management challenge, we have formulated the "Bank's Policy on the Prevention of Money Laundering" and have made it available on our website. Moreover, the Director in charge of the Compliance Management Division oversees the prevention of money laundering, and is responsible for overall response to the prevention of money laundering.

### The Bank's Policy on the Prevention of Money Laundering

The 77 Bank and its subsidiaries have formulated the "Bank's Policy on the Prevention of Money Laundering" to prevent money laundering and the financing of terrorism (money laundering, etc.), and will ensure appropriate operations in line with the policy.

#### 1. Compliance with related laws and regulations

We will comply with laws and regulations related to the prevention of money laundering, etc. and engage in appropriate and strict operations.

#### 2. Implementation of organizational response

Under the leadership of management, all related departments will collaborate with one another to ensure organization-wide response.

#### 3. Creation of a risk-response system

In line with shifts in management environments, such as changes in international situations or in sales areas, we will identify and assess risks in an appropriate and timely manner, and work to reduce said risks based on management systems suited to each risk.

#### 4. Strict judgments for the start of each transaction

When receiving a transaction request from customers, we will ensure that risks associated with money laundering, etc., are strictly judged on each occasion.

#### 5. Management of correspondent banking arrangements

We will regularly collect information on correspondent banking arrangements, assess the information as appropriate, and implement the required risk-response measures.

Moreover, we will not engage in transactions with fictitious banks with no actual operations.

#### 6. Implementation of internal audits

We will implement regular internal audits, and take measures to further refine our systems after verifying the appropriateness of systems for managing the prevention of money laundering, etc.

#### 7. Enhancement of training

We will provide appropriate education and training to ensure all officers and employees recognize the importance of preventing money laundering, etc., and to enhance their expertise and specialist knowledge.

## Reinforcement of financial crime prevention framework

To protect customers' valuable assets, we have set up the Financial Crime Prevention Section within the Compliance Management Division as a management department for financial crime countermeasures.

Moreover, to ensure quick response to any financial crime incidents and strengthen our countermeasures against increasingly sophisticated and diverse financial crimes, we have established a Financial Crime Prevention Committee chaired by the President, and Financial Crime Prevention Departments as subordinate organizations to the Committee.

## Continuous customer management

Based on the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" created and published by the Financial Services Agency, we engage in initiatives to regularly verify customer information and transaction purposes for our existing customers. (Please see our website for more details)

