

Our Policy on Constructive Dialogue with Shareholders and Other Stakeholders

The Bank has established the following “Policy on Constructive Dialogue with Shareholders and Other Stakeholders” as follows, for the purpose of promoting an accurate understanding and evaluation of the Bank’s management policies, financial standing, and other matters, through the exchange of opinions and communication (hereinafter “dialogue”) with shareholders, investors, etc. (hereinafter “shareholders, etc.”).

1. Realizing constructive dialogue with shareholders and other stakeholders
The officer in charge of the Bank’s corporate communication shall supervise dialogue with shareholders, etc., and shall endeavor to realize constructive dialogue within reasonable limits by, for example, appropriately determining on a case-by-case basis the staff members to engage in dialogue (hereinafter “interlocutors”) based on the intentions of shareholders, etc. and their main concerns.
2. System for promoting constructive dialogue
In order to promote constructive dialogue with shareholders, etc., the Bank will provide accurate and sufficient information to interlocutors in cooperation with the General Planning & Coordination Division and other headquarters divisions.
3. Enhancing methods of dialogue
The Bank will strive to enhance methods of dialogue by holding individual meetings and teleconferences, etc. in addition to corporate briefings for institutional investors, individual investors, and clients by region.
4. Feedback of the opinions of shareholders, etc. to the Bank
Regarding the opinions, etc. expressed in dialogue with shareholders, etc., the Bank will strive to improve its business operations by providing appropriate internal feedback, for example by reporting such opinions to the officer in charge of such dialogue as necessary.
5. Managing insider information
The Bank establishes internal rules for appropriate information disclosures and the prevention of insider trading, and will thoroughly manage insider information when engaging in dialogue with shareholders, etc.

Approach to disclosures

Compliance with laws, regulations, etc.

The Bank conducts disclosures in accordance with the Banking Act, the Financial Instruments and Exchange Act, other laws and regulations, and the timely disclosure rules stipulated by the Financial Instruments Exchange.

In particular, we recognize that disclosure newsletters under the Banking Act and securities reports under the Financial Instruments and Exchange Act are important statutory disclosure documents that disclose the status of the Bank’s operations and assets to shareholders, investors, and clients.

In addition, the “timely disclosure” of important corporate information that complements these materials is appropriately conducted in accordance with the rules of the Financial Instruments Exchange in order to provide the most up-to-date corporate information in a prompt, accurate, and fair manner.

Furthermore, at the Bank we proactively hold corporate briefings and voluntarily disclose various financial data in order to provide timely and appropriate information to shareholders and investors.

Method of information disclosure

Explanations at corporate briefings

We hold corporate briefings for institutional investors and individual investors.

- No. of attendees at corporate briefings for institutional investors: 74 (Dec. 2021)*, 53 (Jun. 2022)*
- No. of attendees at corporate briefings for individual investors: 1,079 (Jan. 2022), 1,197 (Jul. 2022)

*The corporate briefing for institutional investors in December 2021 was held online, and the corporate briefing for institutional investors in June 2022 was held in person.

Announcements to news media

We release management information to the media through press conferences and press releases.

Publication of public relations materials, etc.

While not statutorily required, we prepare and release public relations materials, etc.

Website postings

The following materials are available on the Bank website for anyone to view.

- Disclosure newsletters
- Integrated reports
- Mini disclosure newsletters (sales reports)
- Securities reports / Quarterly reports
- Brief financial results / Quarterly brief financial results
- Corporate briefing materials
- News releases
- Integrated report



Policy of Return of Profits to Shareholders

Based on “Vision 2030,” which was launched in April 2021, from the perspectives of building strong financial foundations by improving customer satisfaction and productivity as well as the early-stage realization of our mission to our shareholders, “Offer growth and returns together with the 77 Bank Group,” in January 2022, we formulated a policy of return of profits to shareholders which sets the continuation of stable dividends and specific goals.

Policy of Return of Profits to Shareholders

The basic policy of the Bank in this regard is to continue to distribute steady dividends while taking factors such as its public character as a bank business and the preservation of the soundness of its management into consideration. Additionally, based on the premise of strengthening its financial foundation, the Bank will proceed to gradually elevate its divided ratio relative to net income attributable to owners of the parent with a target of 30% by FY2030 as it aims to improve shareholder returns and capital efficiency.

Board of Directors and Audit & Supervisory Committee Members (As of July 31, 2022)



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)

Chairman
Teruhiko Ujii
 Apr. 1969 Joined The Industrial Bank of Japan, Limited
 Aug. 1992 Associate Director-General, Related Business Department, The Industrial Bank of Japan, Limited
 Jun. 1993 Director and General Manager, Business Development Div., the Bank
 Jun. 1995 Director and General Manager, Business Promotion Div., the Bank
 Jun. 1997 Director and General Manager, Head Office Business Div., the Bank
 Jun. 1998 Managing Director and General Manager, Head Office Business Div., the Bank
 Jun. 1999 Managing Director and General Manager, Investigation Div., the Bank
 Mar. 2000 Managing Director, the Bank
 Jun. 2002 Senior Managing Director, the Bank
 Jun. 2005 Representative Director and Deputy President, the Bank
 Jun. 2010 Representative Director and President, the Bank
 Jun. 2018 Representative Director and Chairman, the Bank (current position)

Senior Managing Director
Makoto Igarashi
 Apr. 1980 Joined the Bank
 Sep. 2000 General Manager, Onahama Branch, the Bank
 Jun. 2002 General Manager, Bashonotsuji Branch, the Bank
 Jun. 2004 General Manager, Shiroishi Branch, the Bank
 Jun. 2005 General Manager, General Affairs Div., the Bank
 Jun. 2006 General Manager, Personnel Div., the Bank
 Jun. 2009 Director and General Manager, Tokyo Branch, the Bank
 Jun. 2012 Director and General Manager, Business Promotion Div., the Bank
 Jun. 2013 Managing Director, the Bank
 Jun. 2017 Senior Managing Director, the Bank
 Jun. 2018 Representative Director and Senior Managing Director, the Bank (current position)

Managing Director
Yoshikazu Onodera
 Apr. 1985 Joined the Bank
 Sep. 2007 General Manager, Hachimamachi Branch, the Bank
 Mar. 2009 General Manager, Yoshioka Branch, the Bank
 Jun. 2011 General Manager, Operations Management Div., the Bank
 Jun. 2013 General Manager, General Planning & Coordination Div., the Bank
 Jun. 2014 Executive Officer and General Manager, General Planning & Coordination Div., the Bank
 Jun. 2016 Director, Executive Officer and General Manager, Ishinomaki Branch and Minato Branch, the Bank
 Jun. 2018 Managing Director, the Bank (current position)

Managing Director
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. and Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank
 Jun. 2022 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 (current position)

Director, Audit & Supervisory Committee Member
Kazuhiro Chida
 Apr. 1989 Joined the Bank
 Jun. 2014 General Manager, Sendai Shiyakusho Branch, the Bank
 Jun. 2016 General Manager, Compliance Management Div., the Bank
 Jun. 2019 Executive Officer and General Manager, Compliance Management Div., the Bank
 Jun. 2020 Executive Officer, the Bank
 Jun. 2022 General Manager, Oroshimachi Branch
 Director, Audit & Supervisory Committee Member, the Bank (current position)

Director, Audit & Supervisory Committee Member (Outside Director)
Masai Yamaura
 Oct. 1973 Joined the Sendai City Government
 Sep. 2005 Vice Mayor, Sendai City
 Apr. 2006 Chief Director, Sendai Green Association
 Jun. 2007 President and Representative Director, Sendai Software Center Co., Ltd.
 Jun. 2008 Auditor, Sendai Meat Wholesale Market Co., Ltd. (current position)
 Apr. 2014 Chairman, Sendai Council of Social Welfare (current position)
 Jun. 2015 Audit & Supervisory Board Member, the Bank
 Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)

Director, Audit & Supervisory Committee Member (Outside Director)
Akira Inukai
 Apr. 1979 Joined the Miyagi Prefectural Government
 Apr. 2013 Director-General, Commerce, Industry and Tourism Department, Miyagi Prefectural Government
 Apr. 2015 Public Corporation Administrator, Miyagi Prefectural Government
 Jun. 2015 Director, Miyagi-ken Kaihatsu K.K.
 Apr. 2017 Vice Chairman, Miyagi University
 Apr. 2019 Chairman, Miyagi Prefecture Land Development Corporation
 Jun. 2019 Representative Director and President, Miyagi-ken Kaihatsu K.K.
 Jun. 2021 Director, Audit & Supervisory Committee Member, the Bank (current position)

Senior Executive Officers

General Manager, Audit & Inspection Division
Naoshi Aoyagi
 General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank
Shuichi Ibuka
 General Manager, Tokyo Branch
Hirokimi Fukushi
 General Manager, Credit Supervision Division
Kazutoshi Saito
 General Manager, Personnel Division
Takashi Kuroda

Executive Officers

Special assignment (DX related)
General Manager, Ishinomaki Branch and Kokucho Branch
Masahide Kato
General Manager of General Planning & Coordination Division
Hiroshi Kobayashi
General Manager, Operations Management Division
Hiroshi Kitazono

Managing Director
Atsushi Kobayashi
 Apr. 1988 Joined the Bank
 Jun. 2008 General Manager, Okino Branch, the Bank
 Jun. 2010 General Manager, Sendai Haranomachi Branch, the Bank
 Jun. 2012 General Manager, Tokyo Liaison Office, the Bank
 Jun. 2015 General Manager, Treasury Div., the Bank
 Jun. 2016 General Manager, General Planning & Coordination Div., the Bank
 Jun. 2017 Executive Officer and General Manager, General Planning & Coordination Div., the Bank
 Jun. 2019 Senior Executive Officer, General Manager, Head Office Business Div. and Basho no Tsuji Branch, the Bank
 Jun. 2021 Managing Director, the Bank (current position)

Outside Director
Ken Nakamura
 Apr. 1974 Registered as Attorney-at-Law (Sendai Bar Association)
 Sep. 1977 Opened Nakamura Ken Law Office (current position)
 Jun. 1996 Audit & Supervisory Board Member, KOHSOKU CORPORATION
 Nov. 2004 Auditor, HOKUSHU Co., Ltd. (current position)
 Jun. 2007 Audit & Supervisory Board Member, the Bank
 Jun. 2013 Director, KOHSOKU CORPORATION
 Jun. 2015 Director, the Bank (current position)
 Jun. 2016 Director (Audit & Supervisory Committee Member), KOHSOKU CORPORATION (current position)

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 (current position)
 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
Koichi Suzuki
 Apr. 1984 Joined the Bank
 Mar. 2005 General Manager, Wakuya Branch, the Bank
 Sep. 2007 General Manager, Masuda Branch, the Bank
 Jun. 2009 General Manager, General Affairs Div., the Bank
 Jun. 2013 General Manager, Business Promotion Div., the Bank
 Jun. 2014 Executive Officer and General Manager, Business Promotion Div., the Bank
 Jun. 2015 Director, Executive Officer and General Manager, Oroshimachi Branch, the Bank
 Jun. 2018 Managing Director, the Bank
 Jun. 2021 Director, Audit & Supervisory Committee Member, the Bank (current position)

Director, Audit & Supervisory Committee Member (Outside Director)
Toshio Suzuki
 Apr. 1970 Joined Tohoku Electric Power Co. Inc.
 Jun. 2001 Deputy Director and General Manager, Human Resources Division, Tohoku Electric Power Co. Inc.
 Jun. 2005 Director and General Manager, Human Resources Division, Tohoku Electric Power Co. Inc.
 Jun. 2006 Director and General Manager, Miyagi Branch, Tohoku Electric Power Co. Inc.
 Jun. 2007 Senior Executive Officer and General Manager, Miyagi Branch, Tohoku Electric Power Co. Inc.
 Jun. 2009 Standing Statutory Auditor, Tohoku Electric Power Co. Inc.
 Jun. 2010 Corporate Auditor, The Daishi Bank Ltd.
 Jun. 2013 Audit & Supervisory Board Member, the Bank
 Jun. 2013 Chairman and Representative Director, Tohoku Intelligent Telecommunication Co., Inc.
 Jun. 2015 Advisor, Tohoku Intelligent Telecommunication Co., Inc.
 Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)

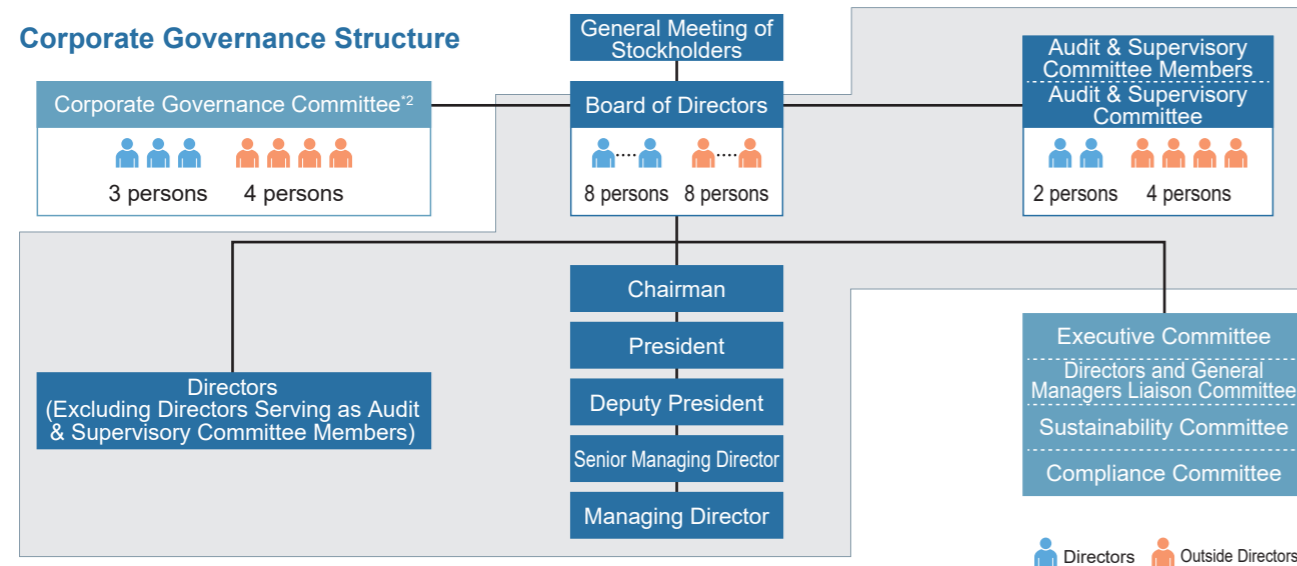
Director, Audit & Supervisory Committee Member (Outside Director)
Yoko Ushio
 May 2001 Senior Managing Director and General Manager, Fujisaki Comfortable Lifestyle Research Institute Co., Ltd.
 May 2003 Director, Department Store Fujisaki Co., Ltd.
 Jan. 2011 Advisory Fellow, Tohoku Regional Advancement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

General Manager, Regional Development Promotion Division
Masahide Kato
General Manager, Oroshimachi Branch
Kuniaki Endo
General Manager, Business Promotion Division
Hiroshi Kobayashi
General Manager, Treasury Division
Hiroshi Kitazono
General Manager, Regional Development Promotion Division
Kentaro Motai
General Manager, Oroshimachi Branch
Hideki Endo
General Manager, Business Promotion Division
Yoshiyuki Odajima
General Manager, Treasury Division
Kazuhiro Aoki

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



*1 A Deputy President has not been appointed.

*2 Corporate Governance Committee

The Corporate Governance Committee deliberates the following items and reports to the Board of Directors. The results of deliberations by the Corporate Governance Committee shall not restrict the right of the Audit & Supervisory Committee to state its opinions regarding the appointment and compensation, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members).

- a. Matters related to the nomination of Director candidates
- b. Matters related to the appointment/dismissal of Representative Directors
- c. Matters related to the compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members)
- d. Matters related to the disciplinary actions on Directors and Executive Officers (including those pertaining to the preceding item)
- e. Matters related to the analysis and evaluation of the effectiveness of the Board of Directors, etc.
- f. Matters related to the commission or dismissal of Advisors
- g. Matters related to the compensation, etc. of Advisors
- h. Other matters related to enhancing corporate governance

Main members by organization

Title	Name	Board of Directors	Executive Committee	Corporate Governance Committee	Audit & Supervisory Committee	Sustainability Committee	Compliance Committee
(Representative Director) Chairman	Teruhiko Ujiei	○(Chairperson)	○	○			
(Representative Director) President	Hidefumi Kobayashi	○	○(Chairperson)	○		○(Chairperson)	○(Chairperson)
(Representative Director) Senior Managing Director	Makoto Igarashi	○	○	○		○	○
Managing Director	Yoshikazu Onodera	○	○			○	○
Managing Director	Atsushi Kobayashi	○	○			○	○
Managing Director	Masanori Muranushi	○	○			○	○
Director	Ken Nakamura	○		○(Chairperson)			
Director	Emiko Okuyama	○		○			
Director	Seiichi Ohtaki	○		○			
Director	Shigenori Oyama	○		○			
Director, Audit & Supervisory Committee Member	Koichi Suzuki	○	△(*2)		○(Chairperson)	△(*2)	△(*2)
Director, Audit & Supervisory Committee Member	Kazuhito Chida	○	△(*2)		○	△(*2)	△(*2)
Director, Audit & Supervisory Committee Member	Toshio Suzuki	○			○		
Director, Audit & Supervisory Committee Member	Masai Yamaura	○			○		
Director, Audit & Supervisory Committee Member	Yoko Ushio	○			○		
Director, Audit & Supervisory Committee Member	Akira Inukai	○			○		
Other members			General Manager of General Planning & Coordination Division			General Manager, General Planning & Coordination Div. General Manager, Risk Management Div. General Manager, Business Promotion Div. General Manager, Regional Development Promotion Div. General Manager, Personnel Div. General Manager, 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 Directors Ken Nakamura, Emiko Okuyama, Seiichi Ohtaki, Shigenori Oyama, Toshio Suzuki, Masai Yamaura, Yoko Ushio, and Akira Inukai are Outside Directors prescribed in Article 2, Item 15 of the Companies Act.
 *2 Standing Directors who are Audit & Supervisory Committee Members attend the Executive Committee, Sustainability Committee, and Compliance Committee, and state their opinions as necessary.
 *3 The Chairperson of the Audit & Supervisory Committee observes the Corporate Governance Committee.

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, and a summary of the results is disclosed.

After deliberation by the Corporate Governance Committee, the Board of Directors conducted an analysis and evaluation of the overall effectiveness of the Board of Directors for FY2022 at its annual meeting on May 13, 2022.

In this context, we have confirmed that the effectiveness of the Board of Directors as a whole has been ensured.

On the other hand, with the aim of further improving the effectiveness of the Board of Directors, the following matters have been confirmed and shared, and we intend to make improvements in the future.

- To work toward the further diversification of constituent members of the Board of Directors
- To review the management of the Board of Directors to further invigorate discussions

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. (Content of specific initiatives)

Each division of the Bank provides briefings to newly appointed Outside Directors on the operations of their respective divisions, so that the new Directors can deepen their understanding of the Bank's overall operations.

In addition, for Outside Directors (including Directors who are Audit & Supervisory Committee Members), voluntary liaison meetings are held on a regular basis to strengthen cooperation by exchanging information and sharing understanding.

Also, four digital-related seminars were held in FY2022.

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.

	Name	Experience-based knowledge of inside Directors							Sectors and knowledge areas expected of Outside Directors			
		Management strategy / New businesses	Compliance / Risk management	Human resource development	Sales / Regional revitalization	Company screening	International / Market investment	Digital / Administrative work	Corporate management	Finance / Economy	Legal / Compliance	Regional revitalization
1	Teruhiko Ujiei	○	○	○	○	○	○	○				
2	Hidefumi Kobayashi	○	○	○	○	○	○	○				
3	Makoto Igarashi	○	○	○	○	○	○	○				
4	Yoshikazu Onodera	○	○	○	○	○	○	○				
5	Atsushi Kobayashi	○	○	○	○	○	○	○				
6	Masanori Muranushi	○	○	○	○	○	○	○				
7	Ken Nakamura										○	
8	Emiko Okuyama											○
9	Seiichi Ohtaki									○		○
10	Shigenori Oyama								○			○
11	Koichi Suzuki		○	○	○	○	○	○				
12	Kazuhito Chida		○	○	○	○	○	○				
13	Toshio Suzuki									○		
14	Masai Yamaura									○		○
15	Yoko Ushio									○		
16	Akira Inukai									○		○

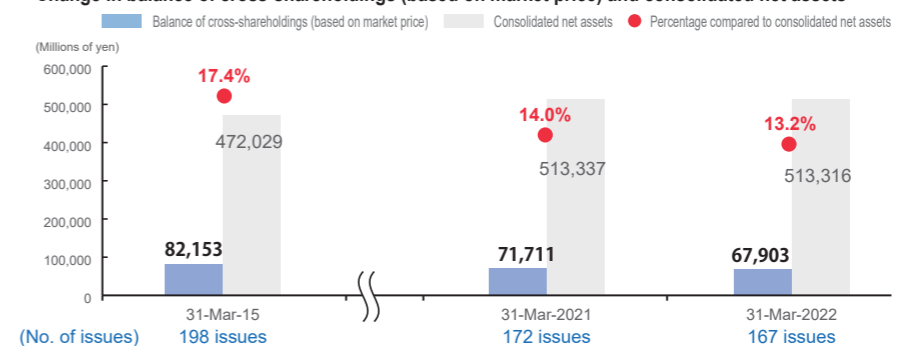
* The above chart is not an exhaustive representation of each Director's knowledge, etc.

Policy on Cross-shareholdings

As a general rule, the Bank's policy is to reduce cross-shareholdings. As a regional financial institution, the Bank will hold cross-shareholdings only when it is judged that maintaining and strengthening business and cooperative relationships with the client will contribute to enhanced corporate value of both the client and the Bank.

With regard to cross-shareholdings, the Bank will make regular decisions on whether or not to hold particular shares by comprehensively examining their profitability based on the Bank's cost of capital, etc., as well as the medium- to long-term economic rationale for such holdings, future outlook, the purpose of holding, and other relevant factors.

Change in balance of cross-shareholdings (based on market price) and consolidated net assets



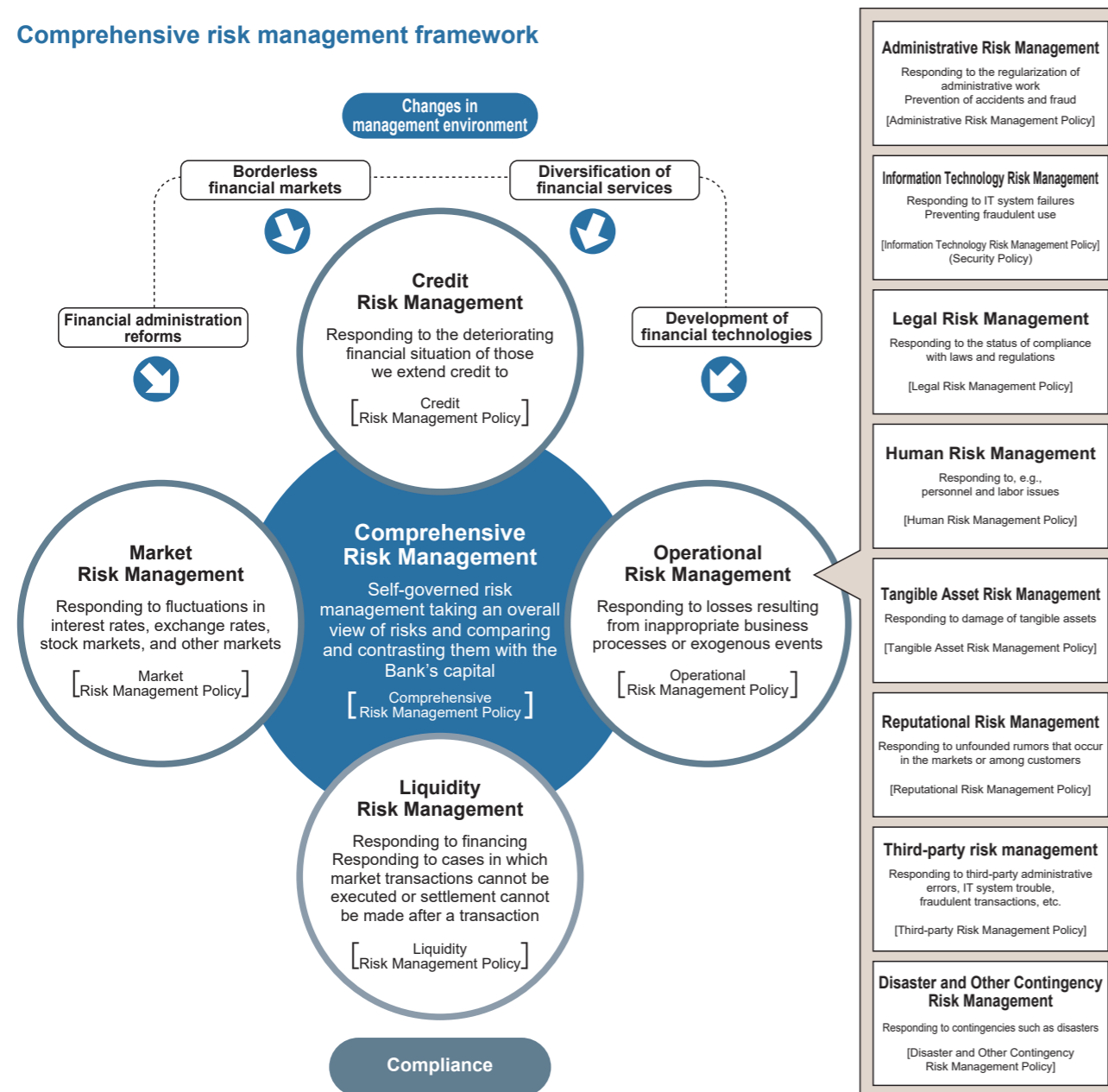
Strengthening risk management systems

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.

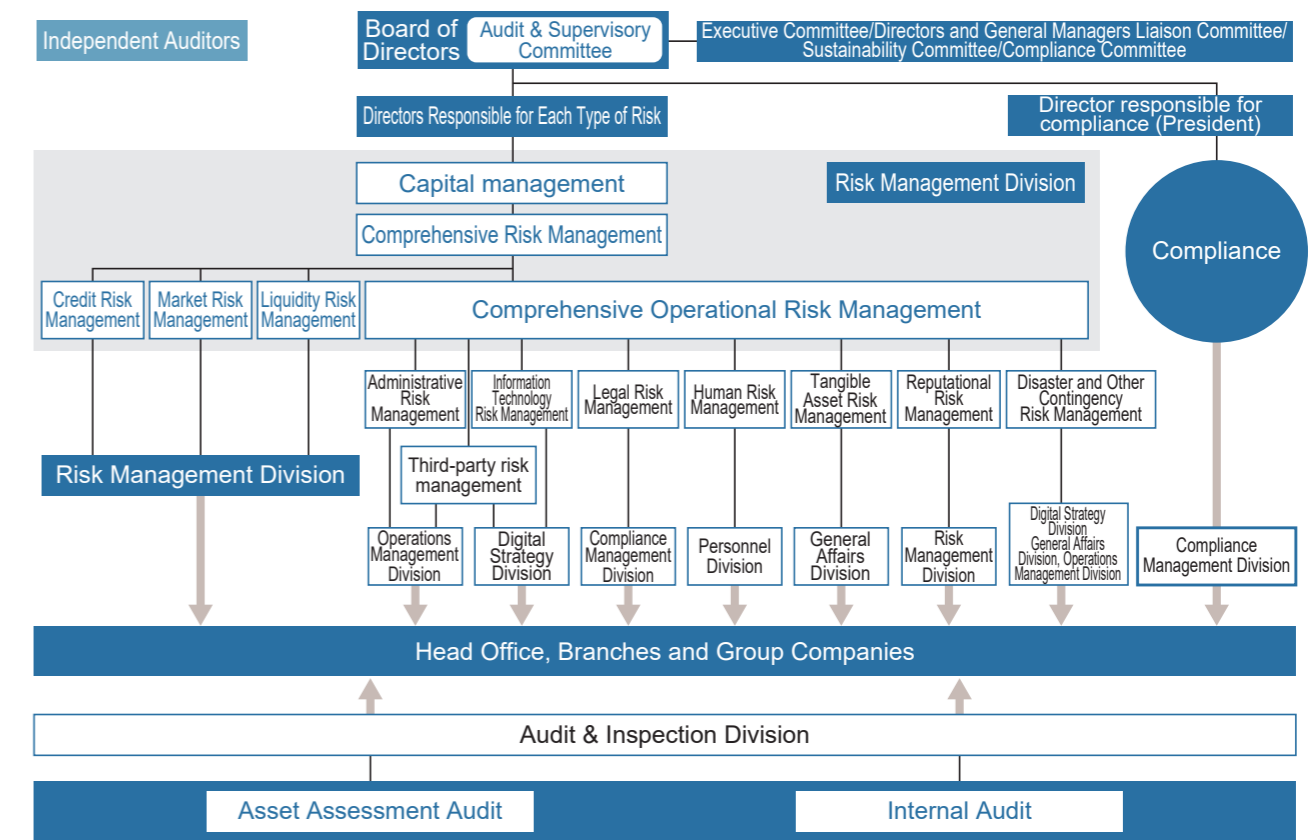
From the viewpoint of enhancing management soundness, the Bank has established a comprehensive risk management framework for self-governed risk management by taking an overall view of the risks it faces, evaluating each type of risk and comparing and contrasting it with its capital, as well as enhancing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



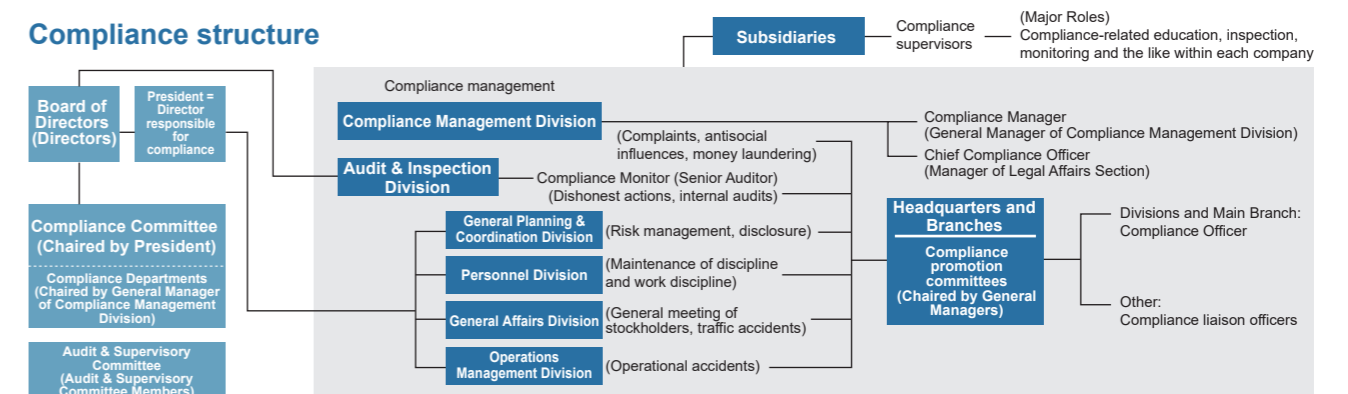
Risk management structure



Thorough compliance

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 structure



* Compliance officers and compliance liaisons maintain their independence in the performance of their duties related to compliance and do not follow the instructions of higher-ranking individuals.