

The logo for 77 BANK, featuring the number '77' and the word 'BANK' in a bold, blue, sans-serif font. The background of the entire page is a complex geometric pattern of overlapping triangles in various shades of blue, creating a modern and abstract design.

77 BANK

THE 77 BANK
INTEGRATED REPORT
2024

Our Target Form That the 77 Bank Group Aims for Over the Long Term

Working with our stakeholders to help local communities flourish through optimal solutions that inspire and build trust

A Leading Company Expanding Its Scope of Operations from Miyagi and Tohoku to Beyond

Integrated Report 2024

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Editorial Policy

The 77 Bank has prepared "THE 77 BANK INTEGRATED REPORT 2024" to help investors and other stakeholders understand the Bank's efforts for sustainable value creation.

In editing this report, we have referred to the IFRS Foundation's "International Integrated Reporting Framework" and the "Guidance for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry (METI) to provide an integrated explanation of the Bank's business model and sustainable value creation mechanism.

For detailed financial data and other information, please refer to DISCLOSURE 2024 (available on the Bank's website at <https://www.77bank.co.jp/>).



Bank Creed

The Bank's mission is to absorb funds and create credit by exercising its own creativity based on the principle of self-responsibility, in a spirit of maintaining orderly credit conditions and protecting depositors, and thereby contribute to the growth of the national economy.

In light of such public mission, the Bank shall contribute to the local community while seeking a harmonious balance between self-interest and public interest as a regional bank.

Based on the aforementioned principles, the code of conduct to be observed by any and all persons employed by the Bank is set forth as follows.

1. Elevate the Spirit of Voluntary Service

Acknowledge that the Bank's progress goes hand in hand with prosperity in the local community, and seek to elevate the spirit of voluntary service at all times.

2. Improve Creditworthiness

Bear in mind that credit is the Bank's lifeblood, and endeavor to improve credit at all times.

3. Nurture the Spirit of Harmony

Recognize that the spirit of harmony is fundamental to the execution of duties, and strive to nurture such spirit at all times.



Vision 2030



Leading company creating a path to the future

"Vision 2030" sets forth our ideal image for the future of the 77 Bank Group and provides guiding principles for all officers and employees of the Group to come together and work toward, as we look to achieve the management philosophy (Mission) stated in the Bank Creed.



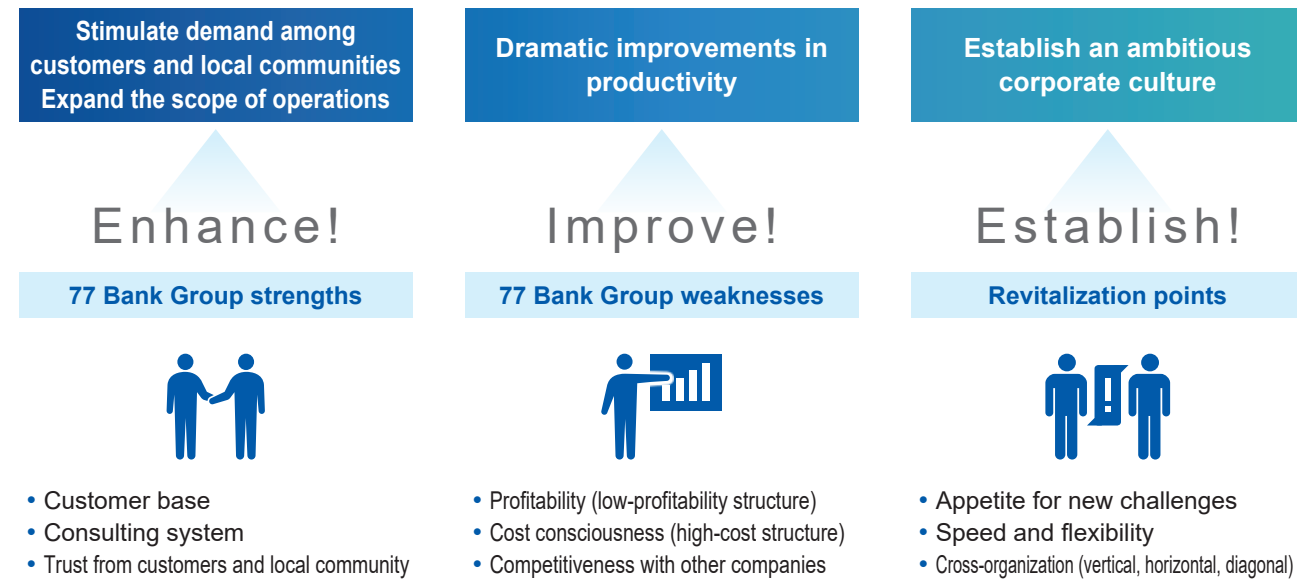
Leading company creating a path to the future

Overview of “Vision 2030”



77 Bank Group direction

We will become the 77 Bank Group that is different from a mere extension of the status quo by focusing on “our target form,” enhancing our strengths, improving our weaknesses, and revitalizing our organization.



Key factors

An engine (key factors) will be necessary to go beyond our existing trajectory, and unlock a new future.



Basic strategies to achieve “our target form”

“Vision 2030” shows the directions to pursue for the sustainable growth of local communities and the 77 Bank Group, based on the purposes of our SDG Declaration such as the revitalization of the regional economy and the promotion of active participation of all people.



Revising Financial Targets and Setting ROE Target (Announced November 2023)

Due to rapid changes in the social and management environment, as well as Groupwide efforts to implement consulting sales, we have made faster-than-expected progress with the main financial targets in “Vision 2030.” To build a more robust financial base to ensure ongoing contributions to our stakeholders, we revised our financial targets and newly established a target for ROE (consolidated) to implement management that is more aware of returns on capital.

New and revised financial targets under “Vision 2030”

	Pre-change	Post-change
Net income (consolidated)	JPY 28.0 bn	JPY 45.0 bn
ROE (consolidated)	-	7% or more
Capital adequacy ratio (consolidated)	10% or more	Roughly 10% (10.0%–10.5%)
Core OHR	50%	40% or less

Top Message



We will accurately gauge environmental changes to enhance the value of the 77 Bank Group and our local communities over the medium to long term.

President **Hidefumi Kobayashi**

▼ Achieving “Our Target Form” in “Vision 2030”

It has now been three years since we started working toward “Vision 2030: Leading company creating a path to the future.” Looking back over the previous three years, in terms of our performance we have achieved record-high profits for three consecutive terms. Moreover, in addition to launching 10 new projects in new businesses and sectors, we have engaged in various other initiatives such as optimizing our branch network. As a result, we have achieved a more robust

management structure and enhanced the level of our offensive and defensive strategies. I believe this has given our officers confidence that with hard work, anything is possible. We are now entering the next stage of efforts to achieve “our target form” for FY2030. Building on our momentum to date, our aim is to further enhance the level of our activities in every field throughout the 77 Bank Group.

▼ Changes in the Management Environment

With the reclassification of COVID-19 as a Class 5 disease in 2023, economic activity is gradually returning to normal. While regional banks were very much in the clutches of the pandemic, it was also a time in which the significance of regional banks’ roles in underpinning regional economies was reaffirmed. In the post-COVID society, we will provide comprehensive, side-by-side support for businesses’ restructuring projects and financing needs.

In the financial environment, with a return to positive short-term interest rates and other monetary policy changes by the Bank of Japan, I believe we are finally returning to a sense of normality. As the economy recovers, while stable and continuous price increases will be important to create a virtuous economic cycle, the current price increases are the result of global inflation and a weak yen. Another major challenge moving forward will be personnel shortages, and so for the Japanese economy to continue to grow, it will be essential to link improvements in productivity

to wage increases.

In our main base of operations in Miyagi Prefecture, alongside the start of operations at the world-class synchrotron radiation facility “NanoTerasu” in April 2024, developments are ongoing with the Sendai Urban Restructuring Project in central Sendai, which is the heart of economic activity and interaction in the prefecture, and as such we expect even further growth in economic activity.

Moreover, with the major Taiwanese semiconductor manufacturer PSMC announcing its plans to build a new plant in Miyagi Prefecture, we also expect an increase in suppliers, a growing local population, the creation of wealth, and a rise in opportunities to communicate information both domestically and internationally. This is a huge business opportunity not only for Miyagi Prefecture but for the whole Tohoku region, and at the 77 Bank Group we will do everything we can to help regional economies flourish.

▼ Reconfirming Our Starting Point

As we transition to a new phase marked by an inflationary economy and rising interest rates, rather than responding through an extension of our initiatives to date, it is paramount that both our organizations and individuals go one step further. To do so, it is important that we return to the starting point of “Vision 2030,” which we formulated using a back-casting approach. In April 2024, the fourth year of the process, I again explained the background to the formulation of “Vision 2030” to all officers and employees.

“Vision 2030” outlines our main course of action and important targets as we work toward the ideal

future vision for the 77 Bank Group, and will guide us toward the fulfillment of our management philosophy. If we were to formulate targets and measures as simply an extension of our current initiatives, we would become a company lacking in growth, development, and ambition.

As such, based on our strong desire to respond to contemporary trends and transform into an ever-growing corporate group, we have put together “our target form,” deciding what is required for us to achieve these ideals, and showcasing our desire for change.

▼ Creating a Platform for the Next Stage of Growth

I would now like to explain our main achievements in FY2023.

First, our Finance & Consulting business model has spread throughout the Group and we are beginning to see signs of change. Customers carefully select the banks they deal with to ensure they are completely satisfied. As such, it is essential that we constantly think from the customer’s standpoint and provide useful services that exceed their expectations. The fruits of our efforts can also be seen in our performance, with integrated consulting sales via our headquarters, branches, and Group companies leading to an increase in interest on loans and bills discounted, as well as fees and commissions.

Second, we have successfully developed new markets. In addition to increasing the number of high-quality clients from outside the prefecture and creating new business opportunities, in August 2023 we established the Utsunomiya Corporate Office to connect companies with an interest in Sendai, Miyagi, and Tohoku with local companies, and in turn revitalize their respective regional economies. Moreover, in line with the Aomori Corporate Office’s upgrade to the Aomori Branch in September 2022, we are enhancing our support for clients to help them tackle their issues and conducting information-based sales, and transactions are steadily increasing.

Our third achievement is the progress we have made with our new businesses and sectors.

Specifically, we established 77 Insurance Service in March 2024 and launched our marriage consultation business in April 2024. Our aim is to diversify the income streams of the 77 Bank Group while addressing regional issues. At the same time, however, we believe that examining new business opportunities helps to enrich the ideas of officers and employees and develop their spirit of endeavor. Moreover, in May 2024 we announced our preparations to establish a local subsidiary in Singapore and our establishment of an outsourcing subsidiary, and successfully launched 10 new projects as per our initial targets. Both of these new businesses will help to increase the range of support services on offer for our clients, and we will ensure that we prepare thoroughly for the start of operations.

Fourth is our progress in digitalization. We have proceeded with our so-called “branches within branches” measures in line with changes in customer behavior and the spread of indirect channels, and are using the extra personnel and time for sales promotion activities. Further, to maintain and improve our levels of customer service, we have installed branch tablets at all our branches to enable various paperless and seal-less transactions. In addition, we have updated and added various functions to the 77 Bank app to improve the convenience of our indirect channels.

In terms of the joint-use MEJAR system, in January

2024 we became the first in the banking industry to adopt and begin use of an open platform enabling the flexible selection of different hardware and software as our core system.

Our fifth achievement was corporate culture reform. Although the priority issues in these reforms are diversity, endeavor, and communication, in April 2023 we implemented drastic reforms to our personnel systems. While working to establish these reforms

through one-on-one meetings, we will aim to enhance our organizations’ and individuals’ thirst for growth. These reforms are already bearing fruit in our performance and in our reputation among customers, regional public bodies, and other banks. Our corporate culture and employees’ mindsets are gradually changing, and the results are steadily coming to the surface.

▼ Distribution of Management Resources

To become a leading company, we have set out four strategies: the top customer satisfaction strategy, the double productivity strategy, the regional growth strategy, and the corporate culture reform strategy.

(1) Top Customer Satisfaction Strategy

In FY2024, it is important that we engage in sales activities while keeping in mind an inflationary economy and rising interest rates. As our management environment changes, we recognize that our regional customers are facing various issues related to human resources, equity, the use of digital technologies, and expertise, for example. To ensure our Finance & Consulting business model is a success, we will make full use of the Group’s regional information, domestic and international networks, and partner collaboration to, in turn, address our customers’ issues.

For individual customers, in line with the government’s “Doubling Asset-based Income Plan,” we are supporting asset formation and regional financial literacy improvements. In addition to promoting the new NISA scheme, we will proceed with life plan consulting through our new subsidiary 77 Insurance Service. In doing so, while supporting customers’ asset formation activities, we will reinforce Groupwide stock-based income.

Moreover, we will work to reinforce Group businesses to establish a third income pillar after the customer sales department and marketable securities trading department. Elsewhere, when looking at long-term trends in Group company performance, there has been a lack of major growth with largely flat progress in the last 10 years. In line with this, we have reviewed the nature of “Vision 2030” for each Group company



and established the Group Business Strategy Committee for the integrated reinforcement of Group governance. While combining the specialist solutions of each Group company to capture business opportunities, we will work to achieve positive results throughout the Group.

Further, with headquarters, branches, and Group companies working together, we will increase the scope of consulting services provided by the 77 Bank Group, inspiring customers with our optimal solutions while at the same time boosting Group income.

A key role of financial institutions, who are an important part of social infrastructure, is to protect customers’ assets from financial crimes such as bank transfer scams and fraudulent online banking

transfers. It is therefore also important that we reinforce our response to cybersecurity and improve both convenience and safety. Through initiatives such



as these, we will work to gain the trust of clients and regions, enhance their satisfaction, and improve the brand image of the 77 Bank Group.

(2) Double Productivity Strategy

With low birthrates, aging societies, and declining populations, improving productivity is essential for the sustainable growth of the 77 Bank Group. While improved productivity tends to be thought of as greater efficiency and reduced expenses, there is in fact much more to it. In labor productivity, the numerator is the amount of added value and profit, and the denominator is the number of employees and working hours. It is an indicator for which the higher the number, the better the outcome. As such, it is essential to take a two-pronged approach to improving productivity: a review of operational processes to optimize human resources, time, and other management resources, and the reinforcement of top-line growth.

To provide integrated consulting sales via our headquarters, branches, and Group companies, we will promote a review of operational processes and a

reduction in administrative work at our banks, and aim to free up our branches from administrative work to transform them into locations predominantly for consulting sales. Moreover, the use of digital technologies will also be key to achieving greater efficiency, and to cater to an increasingly cashless society, we will aim for the further promotion and improvement of the 77 Bank app and the 77 Business Portal.

As for the optimization of our branch network, by shifting our management resources through our branches within branches measures, in addition to reducing expenses we will aim for greater sales efficiency and human resource development through more centralized operations. Moving forward, we will continue with examinations from various angles in line with market characteristics and regional circumstances.

(3) Regional Growth Strategy

Since 2016 for regional revitalization, the 77 Bank Group has been working on four key items of implementation: Support for founding and new businesses; support and development of regional core companies; promotion of urban development; and support for promotion of tourism, etc.

In January 2020, we established the “Miyagi Wide-area PPP Platform” (MAPP), taking the role of secretariat and forming comprehensive cooperation agreements with all regional public bodies in Miyagi Prefecture, government-affiliated financial institutions, and local universities. Through these agreements, we have been consolidating the expertise of each domain of specialization to implement various revitalization projects to improve sustainability in local communities.

(4) Corporate Culture Reform Strategy

Human resources are the most important capital of the 77 Bank Group. We believe that the workplace culture changes and the organization gets stronger as each person grows and encourages and competes with one another to improve. In FY2024, while further establishing our new personnel system, we will promote diversity and aim to create an even more fulfilling and satisfying place to work. For the past three years we have hosted a business planning contest. We believe that independently thinking about new businesses helps to improve business acumen and management awareness. The theme for this year’s contest is DX, and we look forward to developing an awareness of problems and uncovering any issues. By enriching our employees’ ideas, we hope to enhance their spirit of endeavor.

Investment in our human resources will also be key. Although to date we have encouraged all employees to enhance their DX-related expertise, in the future we will also promote understanding of sustainability and link this to dialog with our clients. Moreover, in terms of the development of specialist human resources, we are focusing on dispatching our personnel to various different industries. By feeding back the expertise and knowhow they

In the future, in addition to responding to business succession issues facing our region, we will work to support and develop medium-sized enterprises, produce listed companies, and uncover promising startups by combining the 77 Bank Group’s resources with those of external institutions, in turn contributing to the creation of an attractive region.

These efforts will be overshadowed by low birthrates, aging societies, and declining populations, and so we will further accelerate regional growth with the knowledge that the 77 Bank Group cannot grow and develop without the development of local economies. Various regional development projects are already underway, and by taking the lead in these projects, we will fulfill our important role in trailblazing the development of Miyagi and Tohoku.

develop through this external experience, we will aim to boost the overall level of the organization.

For us to become a leading company, it is essential that both our headquarters and branches enhance their thinking capabilities. While engaging in dialog and holding discussions on various issues and questions, it is important that, ultimately, each individual comes up with their own solutions to make the right decisions. Having all our officers and employees develop solutions with strategies and approaches unique to the 77 Bank Group will take us one step closer to becoming a leading company.



▼ The 77 Bank Group's Value Enhancement

To respond to the Tokyo Stock Exchange's request for action to implement management that is conscious of cost of capital and stock price, it is essential that we engage in initiatives to improve PBR. Our current PBR is below 1, and so as a listed company this request has provided us with an opportunity to once again recognize the importance of enhancing our corporate value through dialog with the stock market.

Following discussions at a Board of Directors meeting aimed at enhancing our corporate value, in November 2023 we revised the financial targets in "Vision 2030." In addition to a new target for FY2030—ROE (consolidated) of 7% or more—we revised our

policy of return of profits to shareholders, targeting a dividend payout ratio (consolidated) of 35% or more for FY2025. Through dialog with shareholders and the stock market, we will link these efforts to the enhancement of our corporate value.

Moving forward, while enhancing profitability and maintaining the soundness of our capital, for the sake of our shareholders it will be important to drive the growth of the 77 Bank Group and return profit to them. Based on the growth strategy set out in "Vision 2030," we will aim to increase profitability, improve management efficiency, and enhance our corporate value.

▼ Progress of Sustainability Management

Since its founding, the 77 Bank Group has worked as one to address its important issues (materiality) in line with the philosophy of the Bank Creed: Desiring communal prosperity and serving local communities. Moreover, based on this materiality, the Group has worked toward the achievement of a sustainable society through sustainability management.

At the Board of Directors, there has been an increase in sustainability-related discussions, and there is a real sense that the scope of sustainability issues is increasing. We have also received valuable advice from our Outside Directors through these discussions, who stressed the importance of thoroughly identifying the Group's resources and strengths and interacting with our clients and region to avoid the simple pursuit of ideals. By thoroughly demonstrating the strengths and individuality of the 77 Bank Group, our mission is to create a virtuous cycle for the Group, its clients, and the region.

Our sustainability initiatives can largely be divided into two. The first is in-Group initiatives, and the second is initiatives for our clients and region.

In terms of in-Group initiatives, to achieve decarbonization in response to climate change, we have set ourselves the target of realizing carbon neutrality by FY2030. Working with Tohoku Electric Power Co., Inc., we have signed an agreement with its

wholly owned subsidiary Tohoku Energy Service Co., Inc. to commence an off-site corporate PPA (self-consignment system) service in FY2024. The service will see solar power generation facilities installed on our unused land supply renewable energy to the head office building and other branches, which will facilitate a 15% reduction in our CO₂ emissions compared to FY2023.

In terms of financial education, we believe we can feed back the expertise we have as a financial institution to our region. Through lectures at local universities and classes at local elementary schools, we will provide the youth of the next generation with opportunities for financial education.

The new 10,000-yen note that went into circulation in July 2024 features Eiichi Shibusawa, an individual who supported us during our foundation. The 77 Bank Currency and Banking Museum includes numerous exhibits related to Eiichi Shibusawa, and we are very happy to see an increase in the number of elementary and junior high school students visiting the archives via school trips and extracurricular activities.

Another major role for us as a regional financial institution is to promote sustainability among our clients and region. Through workshops and seminars for our clients, we will actively communicate information on sustainability to raise awareness of relevant issues. Moreover, to achieve a decarbonized

society, we will lead the way for our clients and region through support for CO₂ emissions calculations and reductions, transition financing, and initiatives related

to the Ministry of the Environment's regional decarbonization engagement program.

▼ The Roles We Must Fulfill

With the Nikkei Average reaching a 34-year high of more than 40,000 yen and a return to positive short-term interest rates in line with changes in the Bank of Japan's monetary policies, there have been drastic changes in the environment surrounding financial institutions. On the other hand, with changes in political and economic situations overseas and inflation and labor shortages in Japan, for example, there has been a rise in the number of corporate bankruptcies.

As a regional financial institution, it is precisely in situations like these that we must provide financial

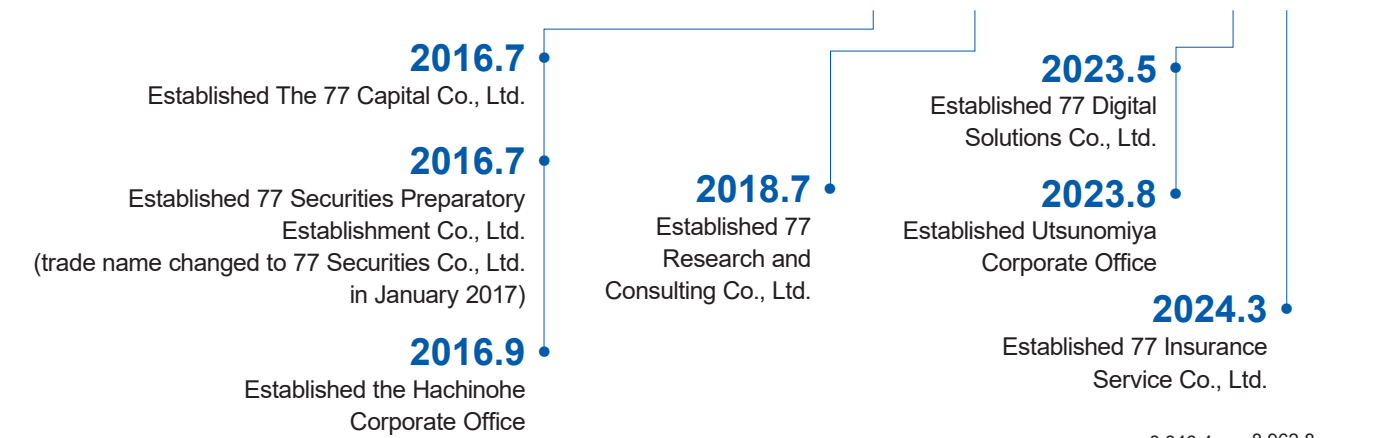
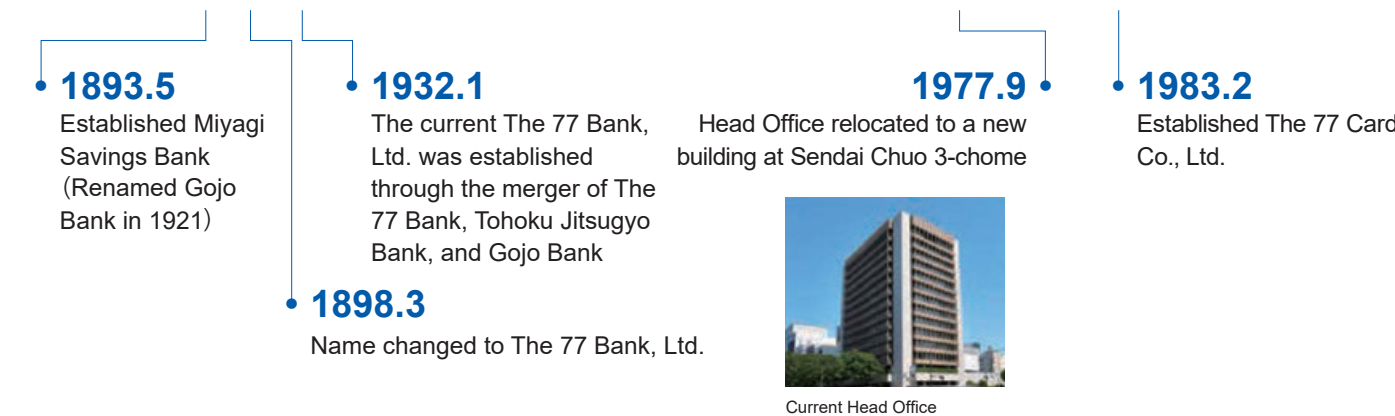
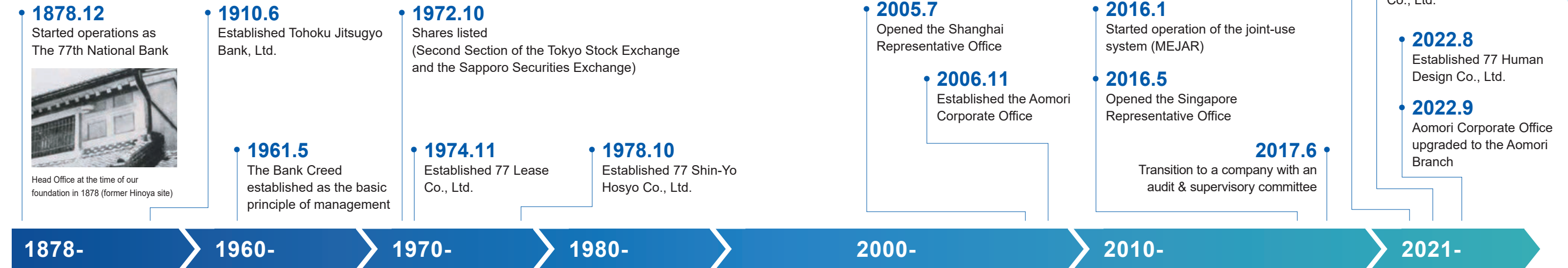
services in a stable manner and continue to demonstrate our financial intermediary functions. At the same time, we must reinforce our consulting functions and drive growth in our region and among our clients.

By working as a Group to steadily implement the measures in "Vision 2030," we believe we can pioneer a brighter future for our local communities and customers. We will do everything we can to meet the expectations of our customers, region, and shareholders, and we ask for your continued support and patronage as we proceed.



Our Path of Continuous Growth

Since its founding in 1878, The 77 Bank has overcome many difficulties and grown steadily while devoting itself to sound management under the management philosophy of “desiring communal prosperity and serving local communities.” Aiming to be a leading company creating a path to the future, we will continue to move forward together with our region.



A deep connection with Eiichi Shibusawa

Eiichi Shibusawa, a businessman who was known as “the father of Japanese capitalism,” had a strong interest in the Tohoku region through Munenari Date, who provided him with the opportunity to enter the Ministry of Finance. At the time, there was no bank based in Miyagi Prefecture and partially for this reason, prior to the opening of The 77th National Bank, Shibusawa provided advice on various matters, such as the nature of the banking business and basic management concepts, and guided the establishment of the Bank. Subsequently, he continued to provide investment as a shareholder, and seconded exceptional talent, including Keishi Endo (the second and fourth President) and Seikei Ono (the fifth President) from The Dai-ichi Bank Limited. Furthermore, Shibusawa provided both material and moral support to the Bank over many years, including through his transfer of The Dai-ichi Bank Limited’s banking business in Miyagi Prefecture to The 77th National Bank and his appointment as Advisor in 1909.

Eiichi Shibusawa’s spirit of “harmony of morality and the economy” lives on today in the line from the Bank Creed, which describes the Bank’s management philosophy, that states “the Bank’s progress goes hand in hand with prosperity in the local community.”

In July 2024, Eiichi Shibusawa’s portrait was printed on the new 10,000-yen note. He was also set to feature in the issue of new banknotes in 1963, but ultimately the design was not adopted. This rare 1,000-yen note featuring him is on display in the 77 Bank Currency and Banking Museum (4F Head Office; free entry; reservation required), in addition to materials showing his connection with the bank.

Eiichi Shibusawa

1840–1931

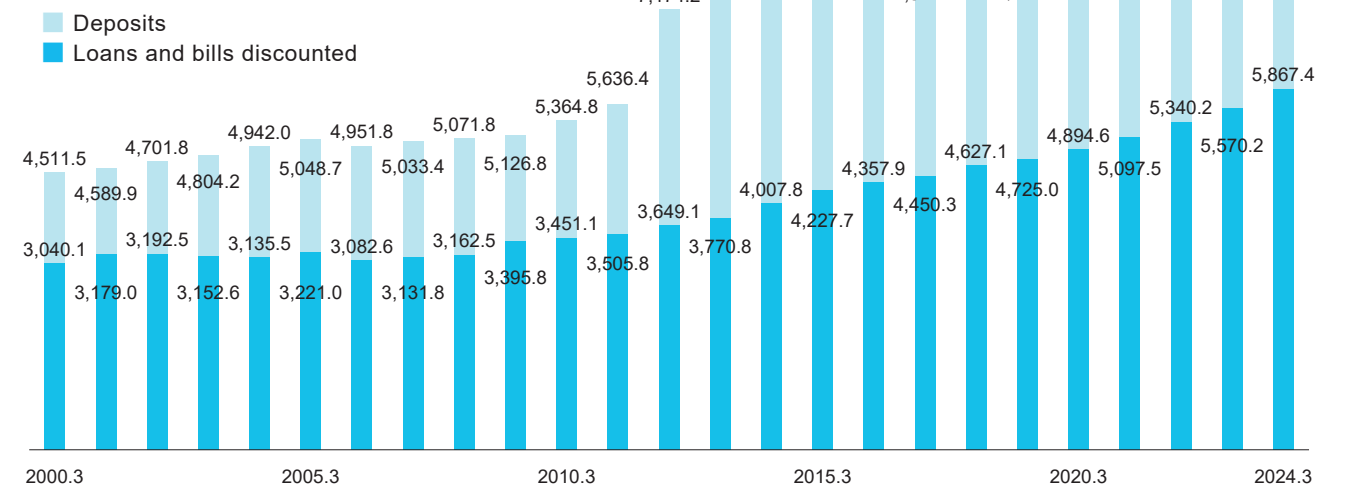


Photograph: Fukaya City



A sample of the rare 1,000-yen note alongside the new 10,000-yen note, on display in the 77 Bank Currency and Banking Museum

Term-end balance of deposits/loans and bills discounted (Billions of yen)



The Economy and Potential of Miyagi

Miyagi Prefecture, which is our main business base, is located in the southeast area of the Tohoku region, and is a key transport hub connecting the Greater Tokyo Area with the Tohoku region.

The prefectural capital, Sendai City, which became the 11th city designated by government ordinance in Japan in 1989, is home to the branches of many major companies from across Japan, and functions as a core city in the Tohoku region.

There are various projects underway, including plans for semiconductor-related companies to move to the area, and as such further economic growth is expected.

1 Expansion by semiconductor companies

SBI Holdings, Inc. and Taiwanese semiconductor giant Powerchip Semiconductor Manufacturing Corporation (PSMC) have jointly established JSMC Corporation, which has finalized plans to construct a semiconductor factory in the Northern Sendai No. 2 Core Industrial Park of Ohira Village, Kurokawa, Miyagi.

Project overview

- Total investment: Roughly JPY 800 bn (equivalent to roughly 8% of the gross prefectural product)
- Production scheduled to start in 2027 with full-scale operations commencing in 2029
- Employment plans for 1,200 people



Northern Sendai No. 2 Core Industrial Park
Image source: Ohira Village website

2 Sendai Urban Restructuring Project

(Project launched by Sendai City in July 2019, to continue through FY2030)

We wish to help Sendai City attain the position of the “town of choice” by improving its urban characteristics, as a place where both the natural environment with abundant greenery and a city function exist in harmony. To this end, we support the remodeling of obsolete buildings and promote their reconstruction in Sendai’s central business district, where people interact and conduct economic activities the most. In this way, we will create a virtuous economic cycle by supplying highly functional offices that satisfy companies’ needs and attracting enterprises to new offices.

Reconstruction of obsolete buildings and promotion of corporate relocation into the city

- Establishment of “Subsidy System for Promoting Building Reconstruction in Sendai City Center”
- Relaxation of floor-area ratio with a view toward “developing highly functional office”
- Enhancement of business attraction framework and subsidy systems, etc.



Image of Urban Restructuring Project (Sendai Station area)
Provided by: Sendai City

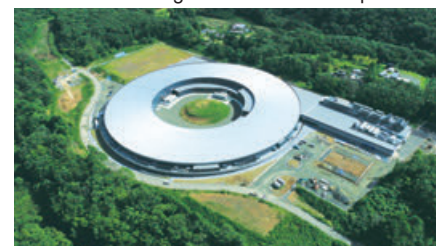
3 Start of operation of NanoTerasu, the next-generation synchrotron radiation facility

NanoTerasu is a next-generation synchrotron radiation facility located in the Aobayama New Campus of Tohoku University, which is about 9 minutes by subway from Sendai Station. Operations began in FY2024. Also called “a huge nano-level microscope,” the facility can observe and monitor the function of substances and the reaction of elemental surfaces at the atom/molecule level, something that is impossible with ordinary research facilities. It enables the precise analysis of various materials and biological tissues. It is expected to create innovation in the area of research and development of various industries including chemistry, food products, medical services, pharmaceutical and energy.

NanoTerasu not only serves as “a huge nano-level microscope,” but also creates nano-level data that is essential for research and development in various domains in the industrial and academic circles during the DX/GX era. In addition, it is expected to make a considerable contribution to boosting enterprise competitiveness by developing a new dimension of industry-academia cooperation.

Economic ripple effects (estimated by Tohoku Economic Federation)

- JPY 1,901.7 billion over the first 10 years of operation
- Local ripple effects within Miyagi Prefecture is JPY 277.7 billion
- The project is believed to contribute particularly in the areas such as fuel cell, gene drugs and nanocarbon materials



Overhead view of the next-generation synchrotron radiation facility
Provided by: Photon Science Innovation Center

4 Tohoku University's accreditation as a University for International Research Excellence

Having been a candidate for accreditation as a University for International Research Excellence, a program that aims to produce world-class research institutes, the Ministry of Education, Culture, Sports, Science and Technology announced that, following a review, Tohoku University has met the requirements for accreditation. As such, from October onwards Tohoku University is set to become the first university in Japan to be officially accredited under the program. By the end of FY2024, Tohoku University will receive approximately 10.0 billion yen in grants from the government’s 10-trillion-yen university fund, which is expected to reinforce research and development in its specialist semiconductor- and bio-related fields. Through the full-scale operation of NanoTerasu and other collaborative projects between the industrial, government, academic, and financial sectors, we will work to contribute to Tohoku University-led innovations.



Teiji Tominaga, president of Tohoku University, briefing the press after results of the review
Photo: Tohoku University

Total area

7,282km²
(16th in Japan)

Number of households

1,035,949households
(14th in Japan)

Population

2,257,472
(14th in Japan)

Number of homes

1,089,300
(14th in Japan)

Gross Prefectural Product (nominal)

9,485.2billion yen
(14th in Japan)

Number of private companies

104,258
(16th in Japan)

Number of employees at private companies

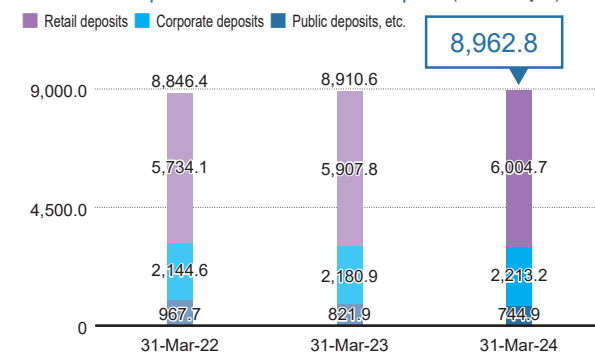
1,031,186
(14th in Japan)

Source: 2024 Shape of Miyagi (Miyagi Prefectural Handbook)

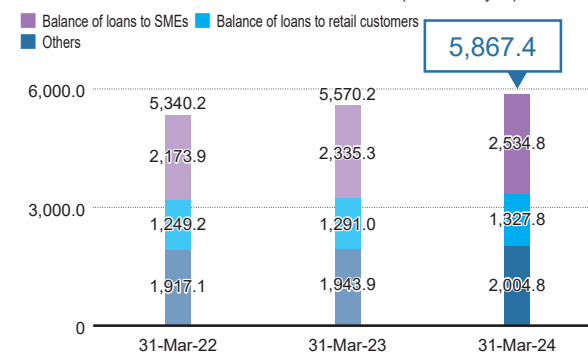
Financial and Non-financial Highlights

Financial information

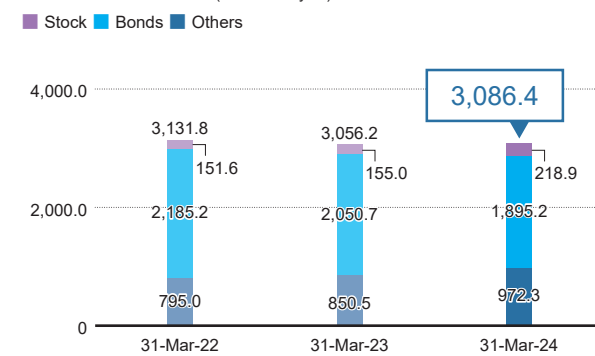
Balance of deposits and certificates of deposit (Billions of yen)



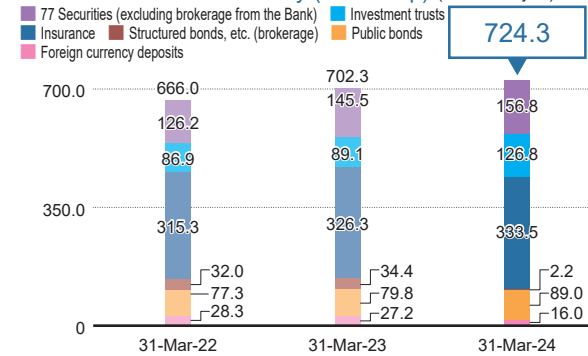
Balance of loans and bills discounted (Billions of yen)



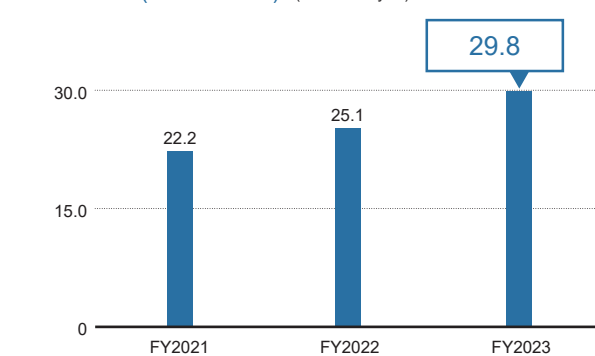
Securities balance (Billions of yen)



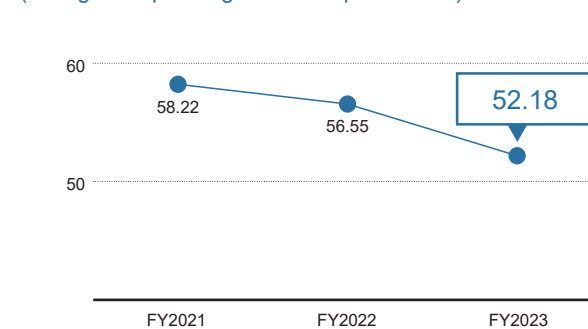
Balance of assets in custody (the Group) (Billions of yen)



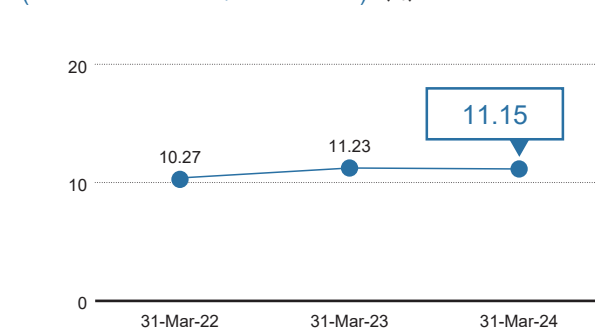
Net income (consolidated) (Billions of yen)



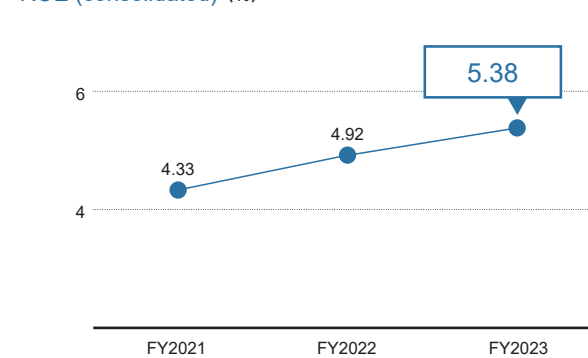
Core OHR (core gross operating income expense ratio) (%)



Capital adequacy ratio (domestic standards/consolidated) (%)

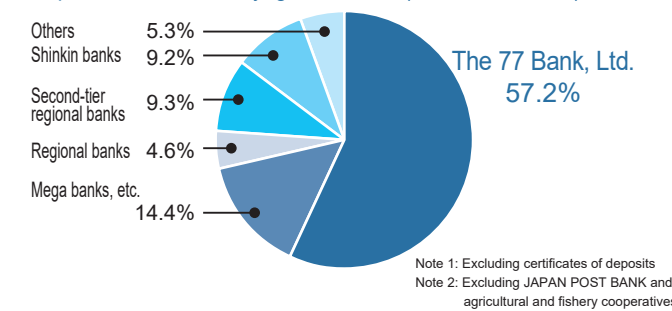


ROE (consolidated) (%)

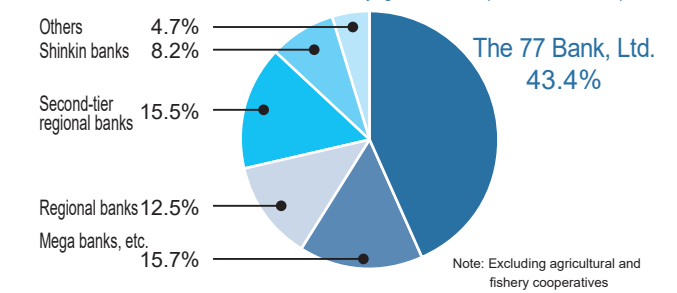


Non-financial information

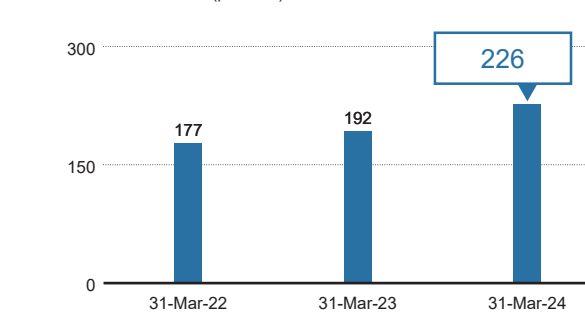
Deposit share within Miyagi Prefecture (end of Mar. 2024)



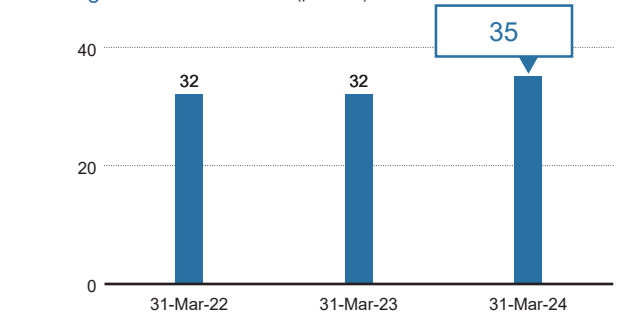
Share of loans and bills discounted within Miyagi Prefecture (end of Mar. 2024)



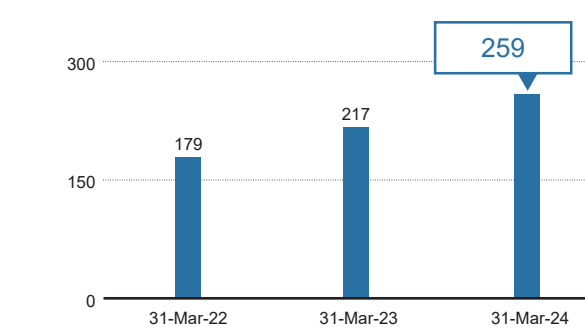
Number of employees qualified as 1st grade Financial Planner/Certified Financial Planner (persons)



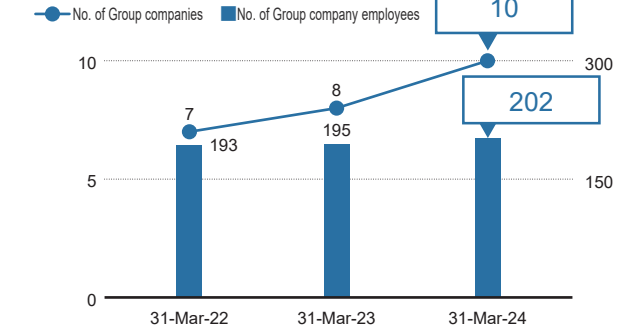
Number of employees qualified as Small and Medium-size Enterprise Management Consultants (persons)



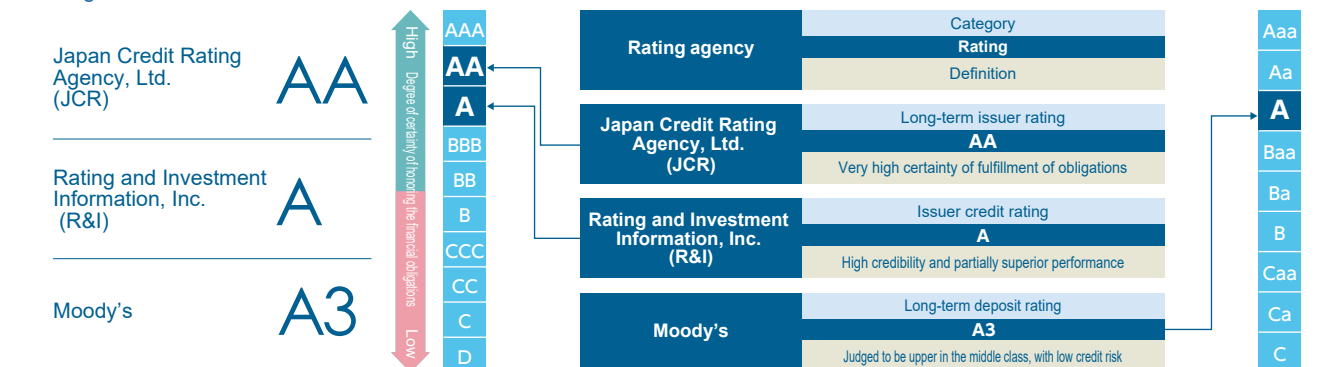
No. of dispatched trainees, etc. (persons) (cumulative from 2012)



No. of Group companies and Group company employees (companies; persons)



Rating information



*Capital adequacy ratio is calculated through the early application of finalized Basel III from the end of March 2023.

Message from Director Responsible for Finance

We will reinforce profitability and build a robust financial base to enhance our corporate value.

Managing Director
Takashi Kuroda



Financial Performance Summary

Record-high profits for three consecutive terms

In FY2023, our non-consolidated ordinary income increased ¥8.1 billion from the previous year to ¥42.5 billion, and non-consolidated net income rose ¥4.4 billion to ¥28.8 billion. Consolidated net income was also up by ¥4.7 billion to ¥29.8 billion, marking a record high for the third consecutive term.

Among the factors behind this third consecutive term of record profits are changes in our external environment. In addition to an upturn in the economy following the end of the COVID-19 pandemic, changes in the Bank of Japan's monetary policies led to an increase in long-term interest rates. As a result, there were improvements in income among all regional banks, including ourselves.

Another factor is the increased understanding among bank employees of our proprietary "Vision 2030" initiatives, with the results beginning to show in our figures. Moreover, our Finance & Consulting business model has taken root, leading to an increase in loans and bills discounted, as well as fees and

commissions. Alongside top-line growth, we are continuing to see improvements in productivity. Our promotion of branches within branches measures, reduction in administrative work, and roll out of digitalization measures have helped to reduce costs, while our development of sales personnel has reinforced our consulting structure. As a result, income from customer services, which had previously been an issue, has returned to profit and continues to increase.

Moreover, in terms of our corporate culture reform strategy within "Vision 2030," a greater understanding of "Vision 2030" among bank employees is leading to reforms in our corporate and organizational culture. We are also seeing an increase in the number of employees proactively taking on new challenges. Not relying solely on changes in the Bank of Japan's monetary policies and our external environment, moving forward we will continue aiming for record-high profits and the achievement of our financial targets through steady implementation of the measures set out in "Vision 2030."

	FY2022	FY2023	YoY change		FY2024 (Forecast)
			Increase/decrease	Rate of change (%)	
(Non-consolidated)					
Gross operating income	78.9	80.1	1.2	1.5	90.2
Interest income	78.6	93.4	14.8	18.8	98.6
Fees and commissions	12.2	13.0	0.8	6.1	13.0
Other operating income	(11.9)	(26.3)	(14.4)	-	(21.4)
Expenses	48.5	49.0	0.5	1.0	48.6
Core operating income	37.3	44.9	7.6	20.4	50.5
Operating income	33.4	27.2	(6.2)	(18.3)	42.1
Ordinary income	34.4	42.5	8.1	23.4	47.0
Net income	24.4	28.8	4.4	18.3	32.0
Credit-related expenses	1.2	3.7	2.5	-	3.0
Total gains (losses) from securities	31.3	45.6	14.3	-	45.5
After excluding foreign currency-denominated procurement costs	26.6	34.3	7.7	-	34.7
Income from customer services	8.7	13.8	5.1	-	18.8
After excluding foreign currency-denominated procurement costs	6.5	9.8	3.3	-	15.0
(Consolidated)					
Ordinary income	35.8	44.2	8.4	23.6	48.5
Net income	25.1	29.8	4.7	18.9	33.0

The 77 Bank Group's Value Enhancement

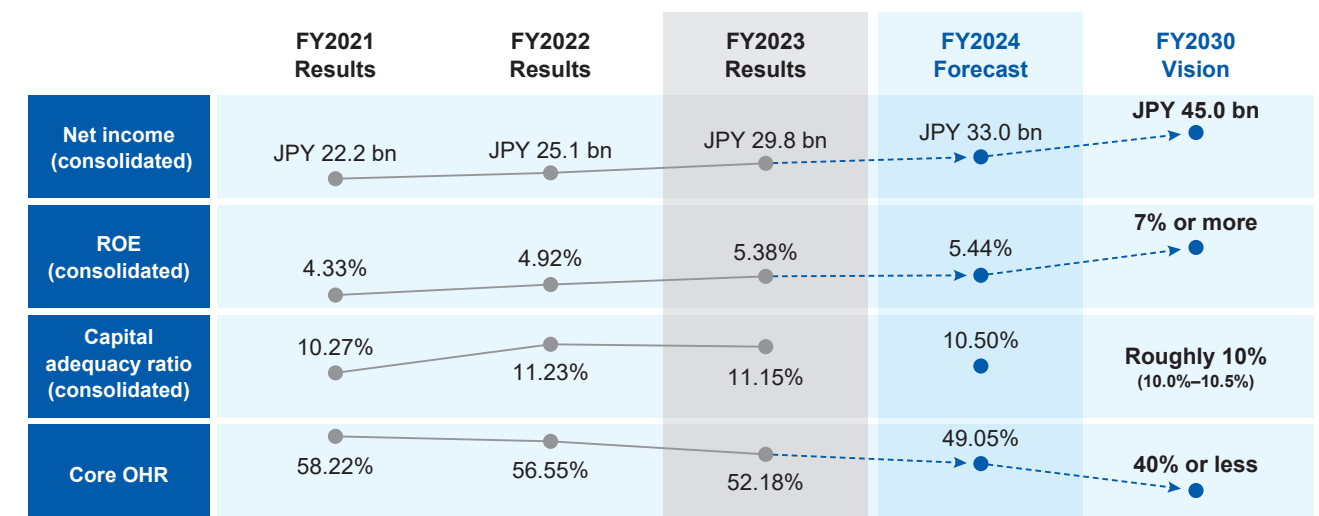
Revising financial targets and setting ROE target

As part of "Vision 2030," which began in FY2021, we set ourselves financial targets for FY2030 to reinforce our financial base. However, due to changes in the social and management environment, such as changes to the Bank of Japan's monetary policies, and the fact that we made progress with our main financial targets at a

rate faster than planned through Groupwide implementation of consulting sales, in November 2023 we revised our financial targets and set a new target for ROE (consolidated).

We will strive to reinforce profitability and build a robust financial base to achieve "our target form" for FY2030.

Progress in financial targets

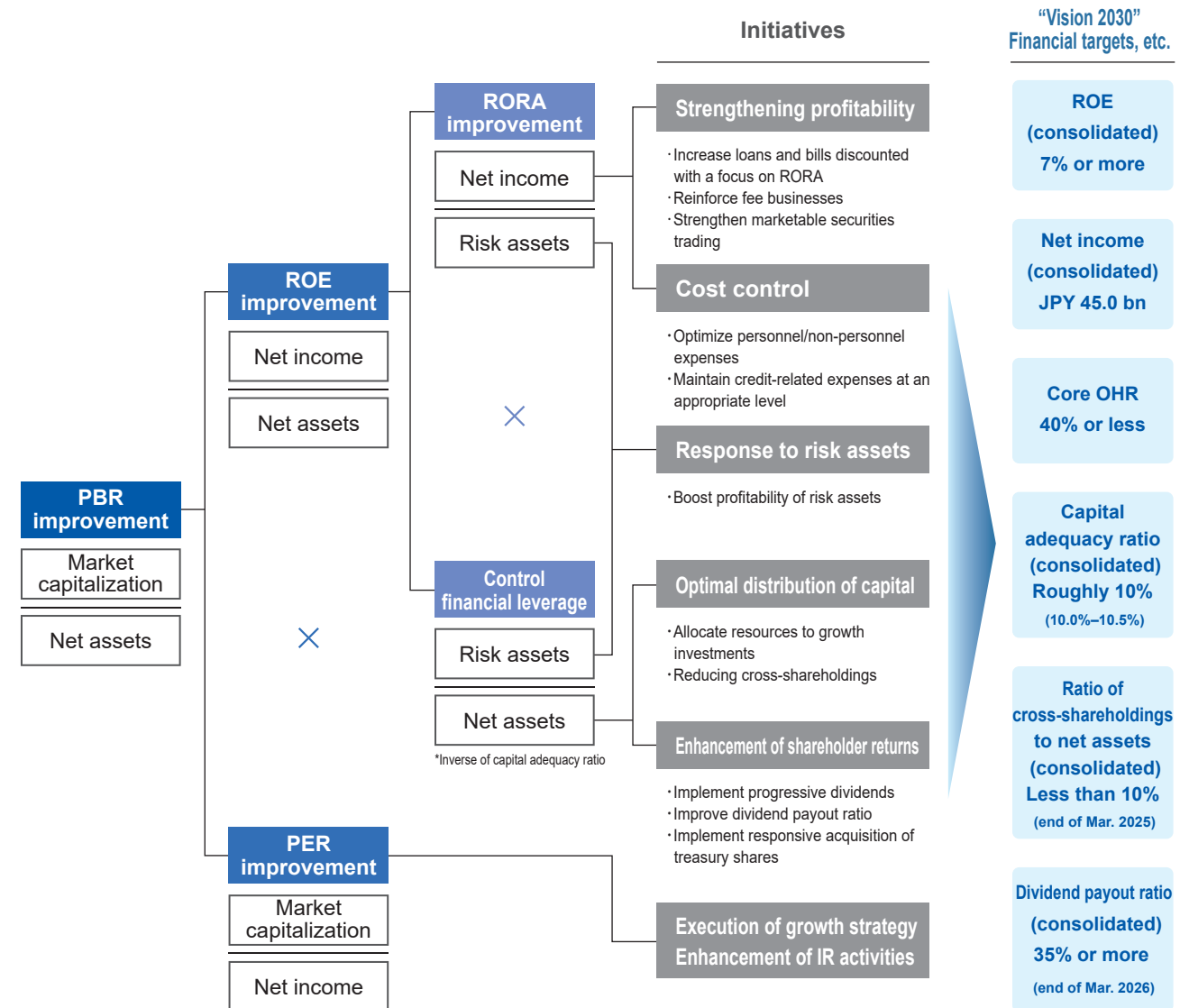


Improving returns on capital

In line with the Tokyo Stock Exchange's request for listed companies to take action to implement management that is conscious of cost of capital and stock price, at the 77 Bank Group we will enhance management with a further awareness of returns on capital to improve our PBR. Specifically, we have set a target of 7% or more for ROE (consolidated), and will aim to increase loans and bills discounted with a focus on RORA, reinforce our fee businesses, and

strengthen marketable securities trading to improve profitability. In addition, we will aim to optimize expenses while improving productivity and implement other cost-control measures. To improve our capital efficiency, in addition to conducting sales activities with an awareness of risk assets and profitability, we will make effective use of capital by allocating resources to growth investments and enhancing shareholder returns.

Approach to improving PBR

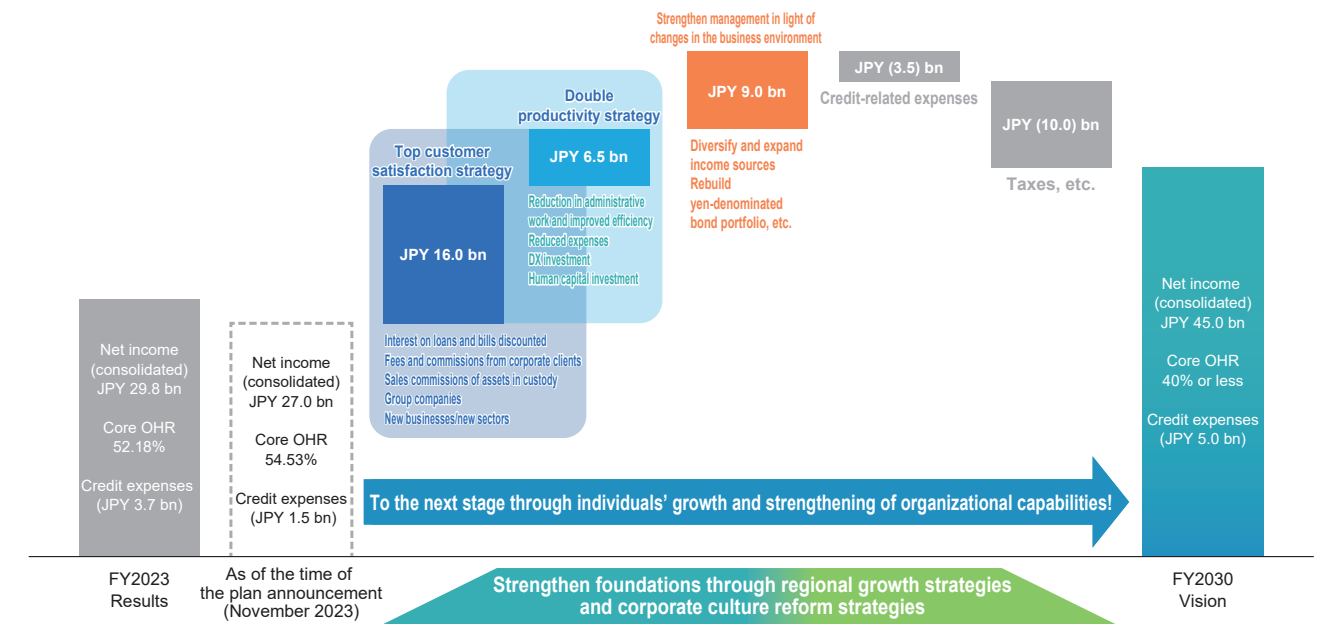


Enhancement of profitability

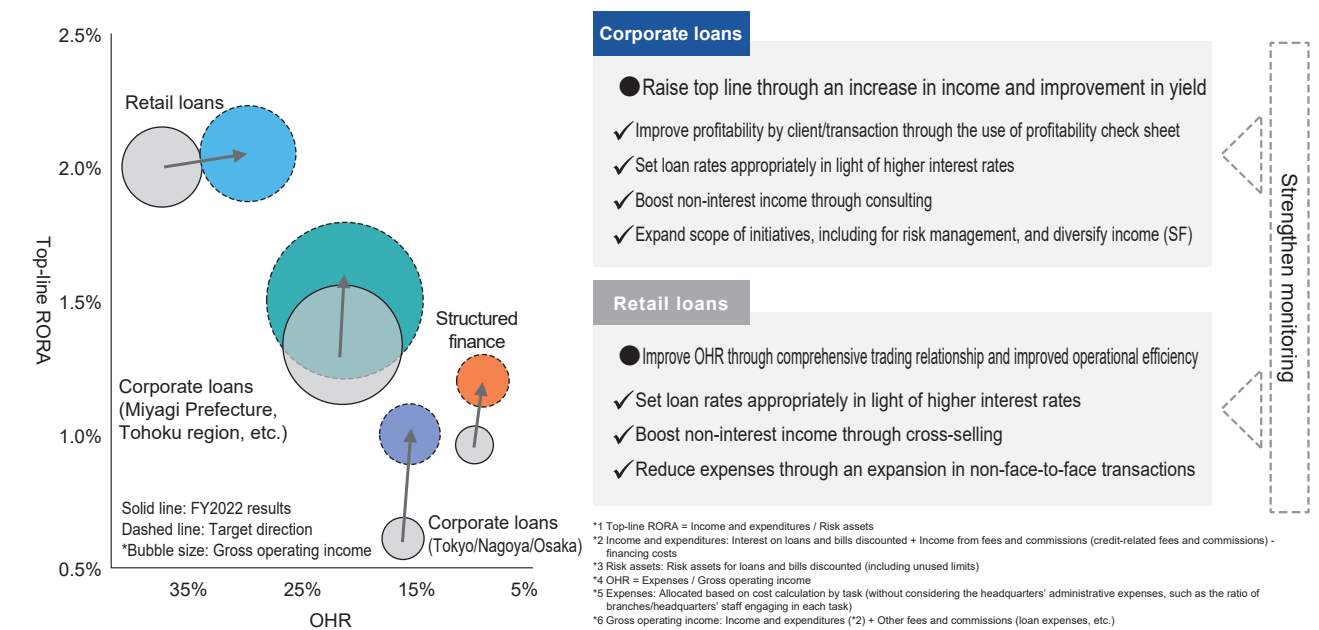
Through the steady implementation of the strategies in "Vision 2030," we will aim to improve net income. Specifically, through consulting sales we are aiming to increase loans and bills discounted and improve yield. Moreover, we will also work to improve top-line growth by increasing fees and commissions and optimizing profitability at each Group company with a focus on RORA. In terms of costs, we will continue with our branches within branches measures,

proceed with a reduction in administrative work, enhance operational efficiency, and implement cost-management initiatives. In addition to reducing expenses, we plan to use the extra management resources for investments in DX and human resources. Moreover, while monitoring client trends, we will provide speedy support to optimize credit costs.

Approach to increasing net income (consolidated)



Course of action for top-line RORA and OHR

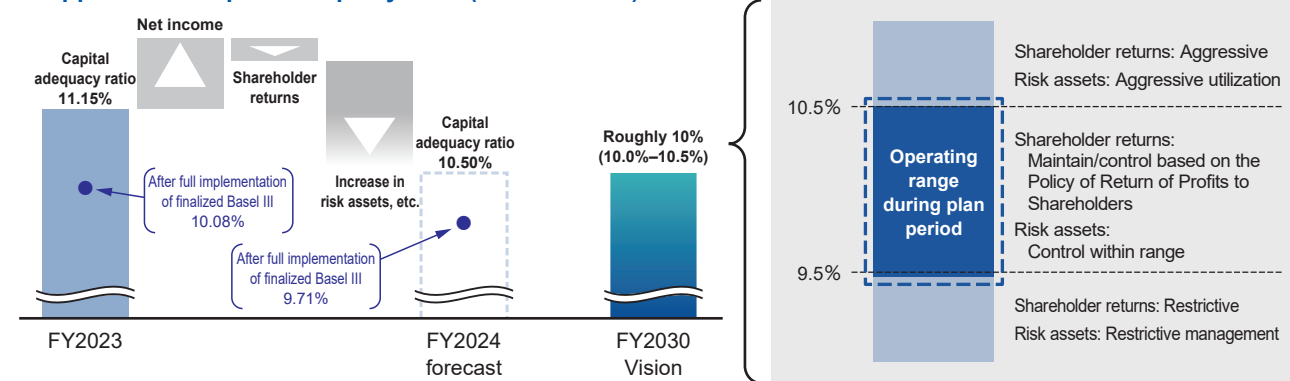


Preservation of soundness

To support local communities in emergencies, as a regional financial institution it is important to provide risk money for recovery, and as such it is essential that we maintain a sufficient capital adequacy ratio in normal times. On the other hand, to enhance our capital efficiency, it will also be important to consider getting rid of any excess capital. As such, considering that we had provisioned sufficient reserves for bad debts at the time of the Great East Japan Earthquake in March 2011 (our capital

adequacy ratio decreased by approximately 1.6%), we have set our capital adequacy ratio target for FY2030 as above 8% at around 10% (10.0%–10.5%), which is the level to be achieved for banks operating under the uniform international standard. Moreover, we have set an operating range of between 9.5% and 10.5% during the plan period up until FY2030, and will strive for appropriate capital control.

Approach to capital adequacy ratio (consolidated)



Enhancing shareholder returns

In "Vision 2030," we have defined our duty to shareholders as the growth of the 77 Bank Group and the provision of returns. To quickly fulfill this duty, in January 2022 we set out the Policy of Return of Profits to Shareholders, aiming for a dividend payout ratio of 30% or more. In FY2023, we paid dividends of 122.50

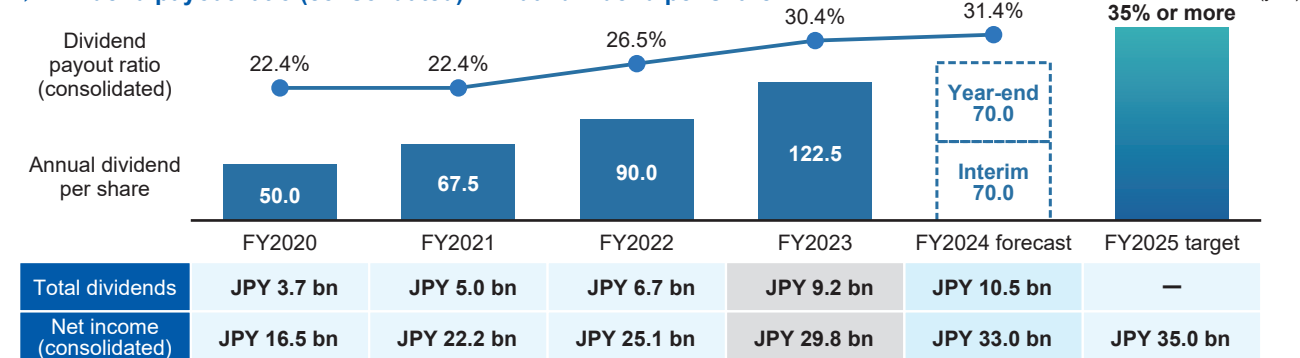
yen per share and achieved our target with a payout ratio of 30.4%.

To further respond to the expectations of our stakeholders, in November 2023 we formulated and announced a new Policy of Return of Profits to Shareholders.

Policy of Return of Profits to Shareholders

While taking factors such as its public character as a bank business and the preservation of the soundness of its management into consideration, and based on the premise of strengthening its financial foundation, the Bank will use progressive dividends to elevate its dividend payout ratio relative to profit attributable to owners of the parent to at least 35% by FY2025 and consider responsive acquisition of treasury shares with the aim of improving shareholder returns and returns on capital.

Dividend payout ratio (consolidated)/Annual dividend per share



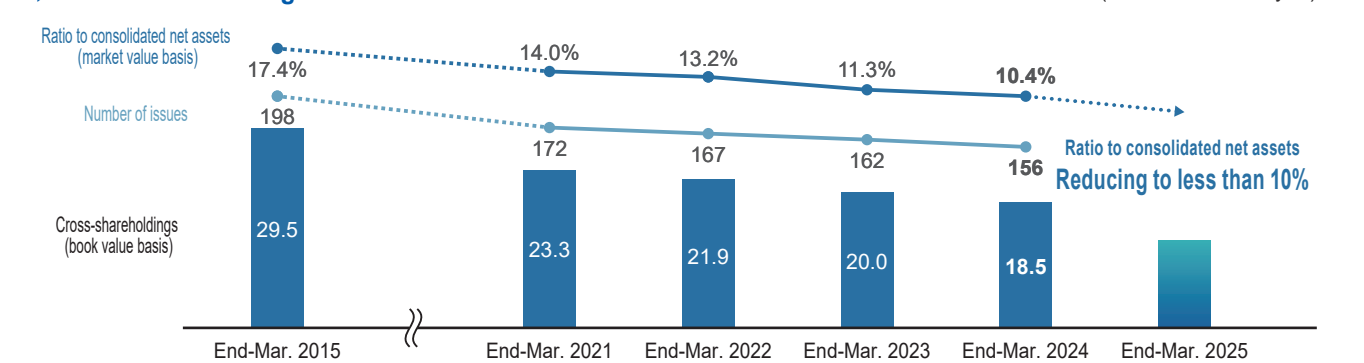
Reducing cross-shareholdings

We have classified our equity investments into two categories: Pure investments for the purpose of receiving profit from changes in the value of shares and dividends, and cross-shareholdings for the purpose of mutual improvement of corporate value through the maintenance and reinforcement of business and cooperative relationships with customers as a regional financial institution. While our policy is to hold onto pure investments over the medium to long term to receive stable dividends and profits from rising share prices, we have set a basic policy to reduce cross-shareholdings. In line with rationality assessments, we have determined to only hold onto shares that are deemed to contribute to the mutual

improvement of corporate value.

When we hold cross-shareholdings, the Board of Directors regularly conducts a rigid check of their profitability based on the cost of capital, etc., as well as of the medium- to long-term economic rationale for such holdings, the future outlook, the purpose of such holdings, and other relevant factors. In FY2023, we reduced six issues of cross-shareholdings with a book value of approximately ¥1.5 billion. We believe that a further reduction will be needed in the future, and so we will keep working to reduce cross-shareholdings to less than 10% of consolidated net assets by the end of FY2024.

Cross-shareholdings trend



Enhancement of IR activities

In our IR activities, we arrange opportunities to explain our performance and sales strategies to shareholders and investors, and listen to their opinions, through corporate briefings for institutional investors led by the President, corporate briefings for individual investors, regular arrangement of overseas IR events and

individual meetings by a responsible Director.

We will continue striving for sustainable growth and the improvement of our corporate value through constructive conversations with shareholders, etc. to deepen their understanding of our initiatives, performance, etc.

Implementation status of dialogue with shareholders (FY2023)

Activities	Interlocutor	Number of sessions
Individual meeting with institutional investors, analysts, etc.	President Director responsible for corporate communication, corporate communication manager, etc.	86 times (including 16 times with foreign investors)
Corporate briefings for institutional investors	President	2 times (total 167 persons)
Corporate briefings for individual investors	President, Senior Managing Director	3 times (total 2,527 persons)

Policy on constructive dialogue with shareholders



Approach to disclosures

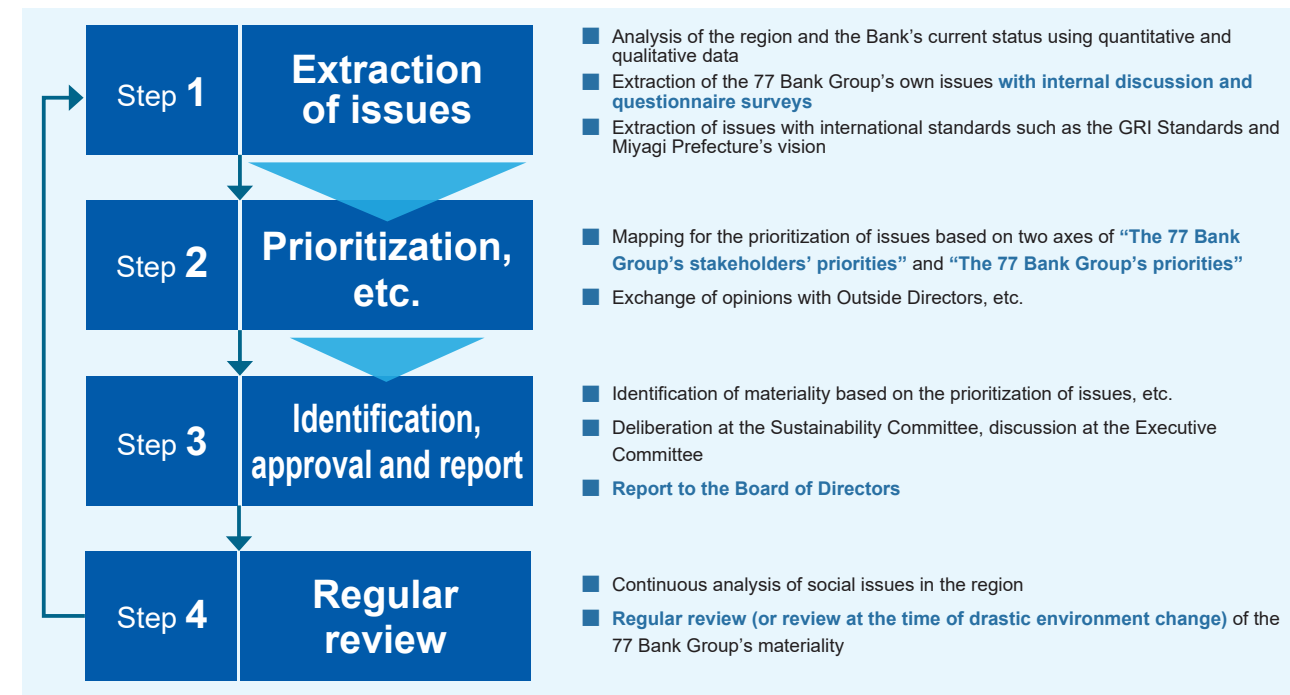


Sustainability Promotion

The 77 Bank Group, in keeping with the philosophy of the Bank Creed of “desiring communal prosperity and serving local communities,” which has been in our DNA since our founding, aims to realize a sustainable society by solving important issues (materiality).

Process to identify materiality (important issues)

From the perspective of strengthening sustainability initiatives, the 77 Bank Group has identified materiality based on the implementation of internal questionnaire surveys, discussions at the Sustainability Committee, exchange of opinions with Outside Directors, etc.



Governance structure

To ensure appropriate and thorough promotion and management of sustainability, in addition to formulating the “Sustainability Promotion and Management Policy,” we have set up the Sustainability Committee, which is chaired by the President. The Committee discusses and provides reports on key matters related to the promotion and management of sustainability, and the results are reflected in management strategies and risk management.

In FY2023, Sustainability Committee meetings were held three times. In having the Committee report the results of its discussions on sustainability management to the Board of Directors, we have established a system through which the Board of Directors can supervise sustainability-related initiatives.

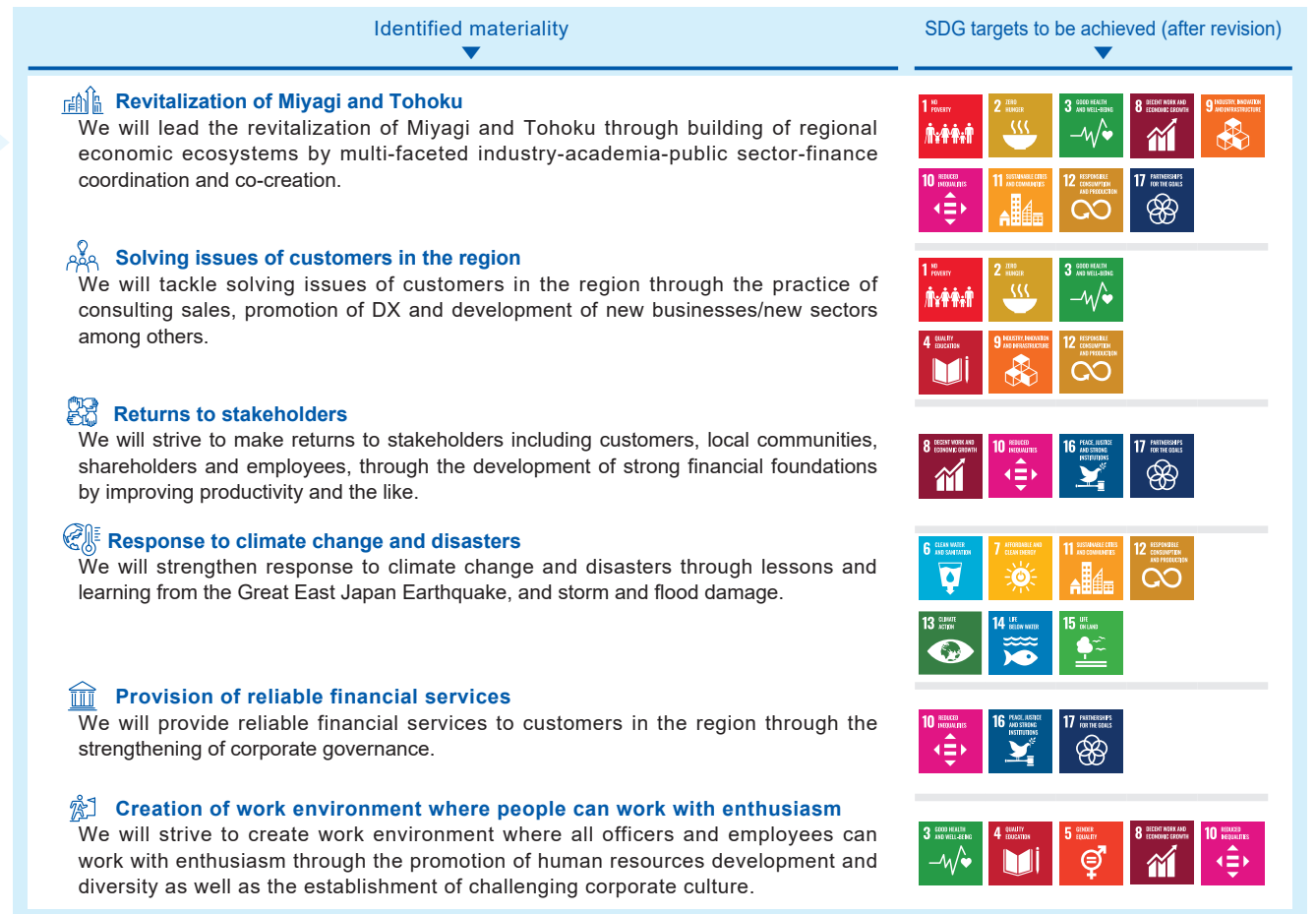


Sustainability Committee discussions and reports

- Formulation of the SDGs Action Plan**
Reports on progress, discussions on key measures
- Response to TCFD recommendations**
Reports on Scope 3 emissions calculations, discussions on nature of disclosure
- Reinforcement of support for clients' decarbonization initiatives**
Discussions on strengthening human resource development and client engagement measures
- Strengthening of respect for human rights**
Discussions on the formulation of a human rights policy and the creation of a monitoring system
- Enhancement of sustainability-related information disclosure**
Reports on initiatives related to climate change and biodiversity and related information disclosure

The 77 Bank Group's materiality and SDGs declaration

To practice sustainability management having materiality as its axis, we revised the SDGs declaration in such a way that it responds to each item of the materiality.



KPI by FY2030

KPI	FY2023 Results	Target in FY2030
Cases of growth support for founders (single fiscal year)	2,061 cases	3,000 cases
Improvement of economic growth rate in Miyagi Prefecture	—	Japan growth rate +0.1pt
No. of projects launched in new businesses or sectors (cumulative) 10 projects already launched; continue with development of new businesses and sectors with potential for future commercialization	10 projects	10 projects (up to FY2023)
People receiving financial education (cumulative)	42,833	120,000
Seminars held regarding SDGs/participants (cumulative)	53 seminars/3,711 people	120 seminars/10,000 people
Total cumulative sustainable finance executed*	JPY 676.9 billion	JPY 1.2 trillion
CO ₂ emissions (reduced ratio vs. FY2013)	8,433 t-CO ₂ (49.8%)	0t-CO ₂ (100.0%)
Proportion of female managers	17.5%	30.0%

* Total cumulative investment and lending executed which contributes to the stimulation of local communities and the realization of a sustainable society (investment and lending that supports and promotes SDGs initiatives in the fields of the environment, medicine, new companies, business succession, etc.)

In addition, the Sustainability Promotion and Management Policy is disclosed on our website.

Basic approach to sustainability



Framework of Sustainability Management

Outlook based on current circumstances

The 77 Bank Group's materiality-based management strategies

The 77 Bank Group mission

Social issues

Market contraction

- Aging society with low birthrate
- Falling population
- Concentration in Tokyo
- Lack of corporate successors

Social diversification

- Lifestyle changes
- Advancement of DX
- Ongoing financial easing
- More regulatory easing

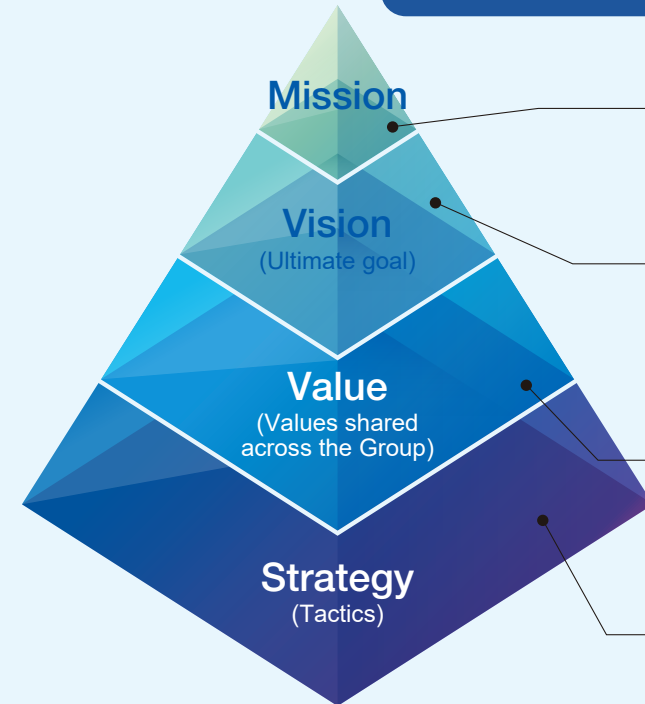
Response to disasters, etc.

- Disasters, COVID-19
- Climate change

The 77 Bank Group's challenges

- Enhancement of consulting capabilities
- Improvement of high-cost, low-profitability structure
- Establish an ambitious corporate culture

The 77 Bank Group's management strategy



Bank Creed

Vision 2030
(10-year period)

77 Bank Group SDG Declaration
~More than ever, and forever, with our region~

Short-term
Management Plan

SDGs
implementation plan

Returns to stakeholders

Local communities
Create abundant local communities

Companies
Increase corporate value

Individuals
Increase happiness

Shareholders
Offer growth and returns together with the 77 Bank Group

Employees
Offer work styles based on diverse values

Sources of value creation to support management strategies

Human capital

- ◆ Number of employees (consolidated): 2,587
- ◆ Number of qualified employees: 1st Grade Financial Planner/Certified Financial Planner: 226
- ◆ Small and Medium-size Enterprise Management Consultants: 35
- ◆ Corporate lawyers: 3
- ◆ Corporate certified public accountants: 1
- ◆ Number of sales employees: 1,388
- ◆ Number of dispatched trainees, etc: 259 (cumulative from 2012)

Intellectual capital

- ◆ Group companies: 10
- ◆ MEJAR system (Joint use with Bank of Yokohama, Hokuriku Bank, Hokkaido Bank, and Higashi-Nippon Bank)
- ◆ Consulting sales system
- ◆ Know-how gained through reconstruction from the Great East Japan Earthquake

Financial capital

- ◆ Capital adequacy ratio (domestic standards/consolidated): 11.15%
- ◆ Ratings: JCR: AA, R&I: A, Moody's: A3 (as of July 31, 2024)
- ◆ Deposits and certificates of deposits: ¥8.9 trillion (9th among regional banks)
- ◆ Loans and bills discounted: ¥5.8 trillion (13th among regional banks)

Social capital

- ◆ Regional customer base
- ◆ Share of loans and bills discounted in Miyagi Prefecture: 43.4%
- ◆ Share of deposits in Miyagi Prefecture: 57.2%
- ◆ Signed comprehensive cooperation agreements on regional revitalization with Miyagi Prefecture and all 35 of its municipalities
- ◆ Management Philosophy that inherits Eiichi Shibusawa's spirit of "harmony of morality and the economy"
- ◆ Regional and overseas networks
- ◆ Number of branches: 144; Number of corporate offices: 2
- ◆ Number of overseas representative offices: 2 (as of July 31, 2024)

*As of March 31, 2024, for those without a date

Strong corporate governance structure

Increase corporate value

Major Opportunities and Risks/Major Initiatives Concerning Materiality

Stakeholders		Materiality (concerned stakeholders)			Major opportunities and risks (●Opportunities ○Risks)		Our major initiatives (ongoing measures, etc.)	
<p>Customers Companies Individuals</p> <p>Local communities</p> <p>Shareholders</p> <p>Employees</p>							<p>Top Customer Satisfaction Strategy p32</p> <p>Double Productivity Strategy p40</p> <p>Regional Growth Strategy p46</p> <p>Corporate Culture Reform Strategy p50</p> <p>Sustainability p60</p> <p>Governance p70</p>	
	<p>Revitalization of Miyagi and Tohoku</p> <p>Customers Local communities</p>		<ul style="list-style-type: none"> ○ Increase of opportunities for investment and lending due to the rise of public investment in infrastructure, etc. ○ Increase of opportunities for investment and lending due to the rise of private investment including startups ● Decrease in profit-earning opportunities due to the decline of the regional economy (Financial difficulties of local governments, population outflow and decline, attrition of communities) 	<ul style="list-style-type: none"> · Strengthening of collaboration between the industrial, academic, public, and financial sectors using MAPP · Participation in regional development projects such as NanoTerasu and semiconductor projects · Support for the establishment of new companies and the growth of startup companies · Holding of business contests (X-Tech Innovation, etc.) · Support for developing/expanding sales channels through various business meetings · Support for the growth of clients through overseas business assistance 	<p>Top Customer Satisfaction Strategy</p> <p>Regional Growth Strategy</p>			
	<p>Solving issues of customers in the region</p> <p>Customers Local communities</p>		<ul style="list-style-type: none"> ○ Increase in income opportunities due to the diversification of solutions and the expansion of our business domains ○ Increase in income opportunities by capturing various needs including those of the aged and households with small children ○ Nurturing the willingness to invest with improved financial literacy ● Decrease in the number of customers due to lower customer satisfaction (i.e., reduced profit-earning opportunities with the lower number of customers) ● Decreased profit-earning opportunities due to the deterioration of customers' performance, rise of credit risk ● Decline of competitiveness due to the delayed action 	<ul style="list-style-type: none"> · Provision of various solutions through Finance & Consulting business model · Diversification and advancement of solutions through Groupwide efforts · Side-by-side support for improved sustainability activities among clients · Reinforcement of initiatives for ESG investment and lending · Support for DX promotion · Initiatives for new businesses and sectors · Expansion of businesses for seniors 	<p>Top Customer Satisfaction Strategy</p> <p>Sustainability</p>			
	<p>Returns to stakeholders</p> <p>Customers Local communities Shareholders Employees</p>		<ul style="list-style-type: none"> ○ Strengthening of consulting system along with the development of human resources ○ Improvement of corporate value associated with the reinforcement of financial base (increase in the value of shares, improvement of rating by third parties) ● Lower trust in the market due to weakened financial base 	<ul style="list-style-type: none"> · Development of sales and specialist human resources through a reduction in administrative work · Optimization of networks through the reinforcement of non-face-to-face channels · Contribution to improved regional financial literacy · Formulation of policy of return of profits to shareholders 	<p>Top Customer Satisfaction Strategy</p> <p>Double Productivity Strategy</p> <p>Governance</p>			
	<p>Response to climate change and disasters</p> <p>Customers Local communities</p>		<ul style="list-style-type: none"> ○ Increase in investment and lending opportunities due to the expansion of public investment and private capital investment for disaster prevention and mitigation ○ Rise of profit-earning opportunities related to the support of customers for the shift to a decarbonized society ○ Reduction of the Bank's business operation cost with energy and resource saving and utilization of renewable energy ● Increase in the cost of credit due to the delayed response to disaster prevention and mitigation and climate change ● Occurrence of operational risk, etc. due to the Bank's branches, etc. being affected by natural disasters 	<ul style="list-style-type: none"> · Initiatives to promote regional carbon neutrality · Reinforcement of engagement with clients regarding decarbonization · Support for customers' BCP formulations · Creation of environmentally friendly branches · Forest conservation activities for the regeneration of disaster prevention forests · Reinforcement of initiatives for climate change and biodiversity and enhancement of information disclosure 	<p>Top Customer Satisfaction Strategy</p> <p>Sustainability</p>			
	<p>Provision of reliable financial services</p> <p>Customers Local communities Shareholders</p>		<ul style="list-style-type: none"> ○ Deepening the trust from local communities with strong internal control environment ○ Higher investors' evaluation due to our timely and appropriate information disclosure ● Occurrence of business continuity risk, etc. due to fragile internal control environment ● Lower competitiveness due to fragile IT governance 	<ul style="list-style-type: none"> · Strengthening of education and awareness activities related to legal compliance · Strengthening of response and stance to antisocial forces · Strengthening of response and stance to the prevention of money laundering, etc. · Improvement of awareness of cyber security · Development of digital human resources to improve IT literacy 	<p>Corporate Culture Reform Strategy</p> <p>Governance</p>			
	<p>Creation of work environment where people can work with enthusiasm</p> <p>Employees</p>		<ul style="list-style-type: none"> ○ Sustainable growth with the acquisition and settlement of various human resources ○ Promotion of innovation based on ambitious corporate culture ● Outflow of human resources and decline in productivity due to deteriorated working environment ● Loss of employment opportunities ● Decline in corporate image 	<ul style="list-style-type: none"> · Development of human resources that benefit regions and customers and that contribute to corporate reforms · Strengthening of initiatives to promote the active participation of women · Reinforcement of health management initiatives and promotion of work-life balance · Utilization of senior human resources · Promotion of employment of people with disabilities 	<p>Corporate Culture Reform Strategy</p> <p>Sustainability</p>			

Basic Strategies to Achieve “Our Target Form” (1)

Top Customer Satisfaction Strategy

The 77 Bank Group aims to be the leading bank for customer satisfaction by offering an amazing customer experience (inspiration) that competitors cannot match. Moreover, using the strengths we have accumulated to date, we will expand our range of solutions by combining relevant customer experience with digital transformations and alliances.

- ▷ Providing services unique to a regional financial institution, via face-to-face consulting and digital channels
- ▷ Utilizing our strengths, including our networks outside of Japan and information networks in the region
- ▷ Surprising and inspiring customers with performance that exceeds their expectations
- ▷ Solving issues facing customers and the region

Strategy background Stimulating customer and regional demand and expanding our scope of operations

The Bank has dealings with numerous clients, understands their issues, and is a hub for regional information. As such, the Finance & Consulting business model is ideally suited to our operations. In addition to our loan business as a bank, we have a unique ability to accurately gauge various needs and provide solutions to issues. We will strive to continue as a bank that serves our region by reinforcing our consulting capabilities and expanding our range of solutions.

Progress status of KPI (Let's Try!)

	Result in FY2021	Result in FY2022	Result in FY2023	FY2024 Target	FY2030 Vision
Increase the proportion of companies in Miyagi Prefecture for whom we are their main bank by 10%	56%	56%	56%	57%	62%
Increase the number of corporate lending clients outside Miyagi Prefecture by 1.5 times	1.07X	1.21X	1.33X	1.34X	1.5X
Raise proportion of households “holding assets” in Miyagi Prefecture above the national average					
Ensure that 20% of the population of Miyagi Prefecture (aged 20 to 74) use loans from the Bank	12.7%	14.9%	15.1%	17.0%	20.0%
Establish 10 projects in new businesses or sectors with promise for future commercialization 10 projects already launched; continue with development of new businesses and sectors with potential for future commercialization					
To double the net income of Group companies by entering new businesses and sectors and expanding existing businesses	JPY 2.2 bn	JPY 1.4 bn	JPY 1.7 bn	JPY 1.7 bn	JPY 3.0 bn

Main initiatives in FY2023 (News Releases)

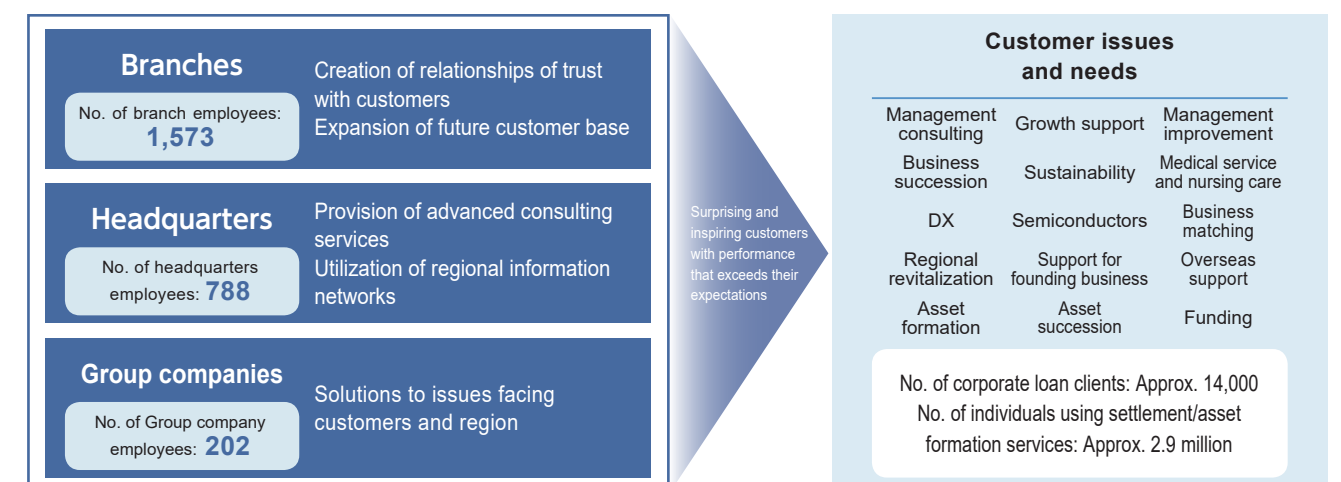
April 2023	Launch of trust services Establishment of the Customers' Asset Formation Promotion Committee Conclusion of cooperative agreements relating to testamentary gifts with Miyagi Prefecture and Sendai City Establishment of Tohoku Healthcare Support Co., Ltd.
May 2023	Establishment of 77 Digital Solutions Co., Ltd. Hosting of China Business Seminar
July 2023	Hosting of 77 Bank Business Succession Seminar: Asset succession planning for business owners
August 2023	Establishment of Utsunomiya Corporate Office
September 2023	Participation in Overseas Business Investment Support Package Hosting of 77 Bank Business Succession Seminar: Shareholder composition and corporate governance Hosting of Shanghai Business Meeting 2023 Hosting of Seminar on Human Resource Utilization and Foreign Exchange Trends
November 2023	Conclusion of comprehensive cooperation agreement with VITAL-NET, INC. relating to healthcare Decision to introduce AI screening service in housing loan screening operations Hosting of 77 Bank Business Succession Seminar: Holdings-based management strategies
December 2023	Hosting of Inheritance and Will Seminar
January 2024	Hosting of 77 Bank Business Succession Seminar: President succession with peace of mind Hosting of Asset Formation Seminar with Rheos Capital Works Inc.
March 2024	Establishment of 77 Insurance Service Co., Ltd.

Specific initiatives

Strengthening of consulting sales

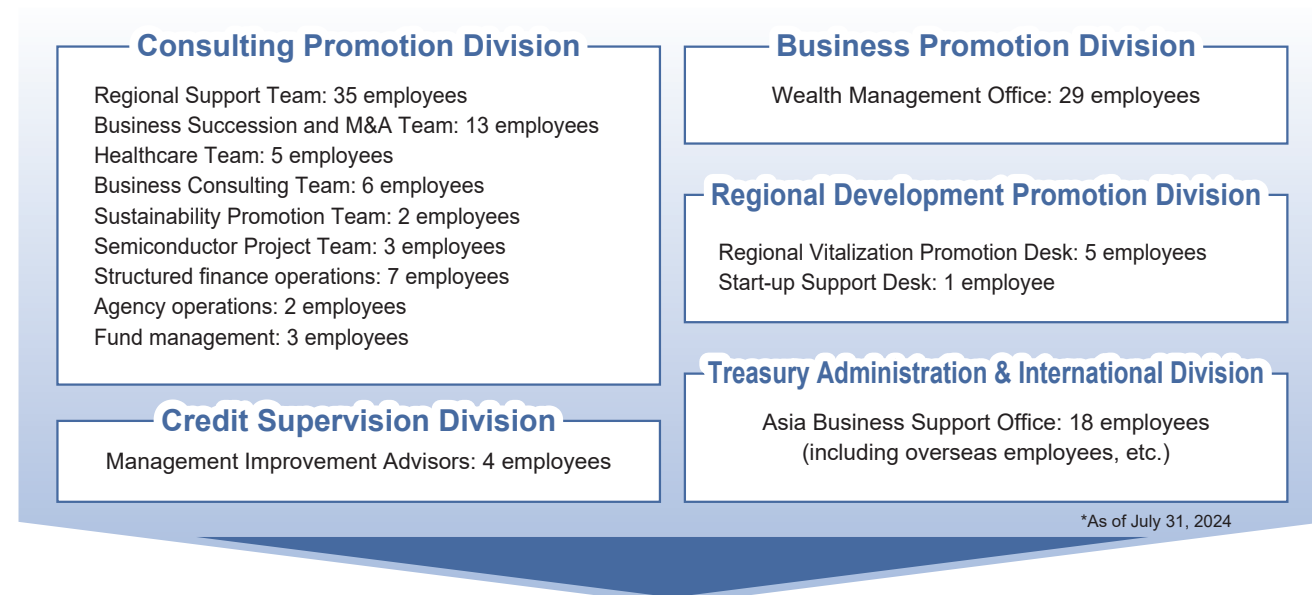
Consulting sales system

To address customers' issues and respond to their needs, our branches, headquarters, and Group companies are working together to build a consulting sales system.



Allocation of specialized human resources

To ensure we can cater to customers' issues and needs, we have positioned specialist human resources in each headquarters department to create a structure for the quick provision of solutions. In addition to having specialist human resources conduct joint visits with branch employees, we are aiming to provide highly satisfactory consulting services for our customers through the use of Group companies and external experts.



Consulting services provided by approximately 130 highly specialized employees

VOICE Customer feedback

Rather than an institution for financial advice, the 77 Bank is a partner that understands and supports our business. As the Bank provides us with new business opportunities and regional connections, we look forward to thinking about the future of regional medicine together.

Director, Yamato Clinic
Yusuke Tanoue



How has your impression of the Bank changed since you began your business relationship?
At first, I thought that the Bank would provide us with financial-related support only, and that reviews would involve negotiations and examinations on how to minimize any risk for the Bank. However, since working together I have realized two new aspects. First, the Bank takes a people-centered approach, providing diverse support in line with the thoughts and lifestyles of managers and employees. Since the start of our relationship, the Bank has not only provided me with business support, but it has also constantly listened to my feedback and opinions. Today, with a full understanding of my situation, I feel I can discuss anything with staff from the Bank's branches and headquarters departments who have supported me since our founding. Second, the Bank is firmly rooted in the region. Information is more valuable than money, and I am always surprised at the Bank's ability to sensitively pick up changes and information on people and the region, which it then uses to show us the next course of action.

What has made you glad to have selected us as your financial partner?
While it overlaps somewhat with my previous answer, rather than mere financial support, I am very happy to have found a partner who understands our business and provides the necessary support. I am also incredibly grateful for the information and opportunities it provides, and the projects and companies it introduces us to.

At Yamato Clinic, instead of expanding our business to increase income, we place more value on responding to the needs of the region and local medical institutions regarding medical and nursing issues, and bringing shape to the visions of ambitious doctors. As such, the fact that the Bank gives us opportunities to connect with regional feedback, doctors, and medical institutions, for example, has given us great value in our relationship.

What would you like to see from the Bank in the future to support your medical institution management?
With populations and social structures changing at such dizzying speeds, we know that we must always be able to change in a flexible manner in order for us to create sustainable medical systems and address the issues facing our region. Moving forward, I hope the Bank can continue to think about regional medicine with us, and I look forward to side-by-side support and flexibility in terms of change.

Improving consulting sales

The Bank has held the Consulting Sales Awards since FY2019 to recognize branches' consulting sales activities.

Through these awards, the Bank aims to raise awareness of consulting sales initiatives and improve the capabilities of individual employees.

FY2023 marked the fifth year of the Consulting Sales Awards, and there were reports on various successful initiatives, such as those aimed at providing solutions to individual and corporate customers, and those contributing to regional revitalization.



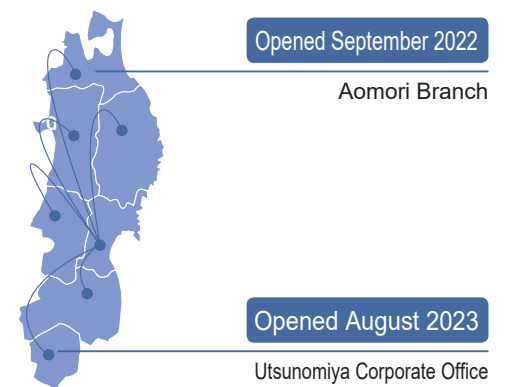
Meeting of Consulting sales awards Final Screening Committee

Expansion of customer networks

Expansion of business base

In September 2022, we upgraded the Aomori Corporate Office to the Aomori Branch, establishing branches in all six prefectures in the Tohoku region. Later, in August 2023, we established the Utsunomiya Corporate Office. By positioning corporate sales specialists in each branch outside Miyagi Prefecture, in addition to providing loans to regional customers, we are conducting detailed consulting sales activities and providing information on Miyagi Prefecture.

Making full use of our Miyagi Prefecture-centered information network, which is one of our greatest strengths, we will act as a bridge between the Tohoku and neighboring North Kanto economic zones, and support the development of the Tohoku region.



Activities at the Utsunomiya Corporate Office

Tochigi Prefecture boasts the second-highest ratio of manufacturing to prefectural GDP in Japan, and is home to a well-balanced range of industries, mainly those in the automotive, aviation, and medical sectors. In addition to a large number of major companies, Tochigi has excellent access in all directions via shinkansen lines and expressways. Moreover, the prefecture is also garnering attention for its active support for research and development. Since opening our corporate office in August 2023, from the leading companies in Tochigi Prefecture and the approximately 300 companies with sales and manufacturing locations in the Tohoku region, we have been working to develop new clients with an interest in conducting business in the Miyagi and Tohoku areas.



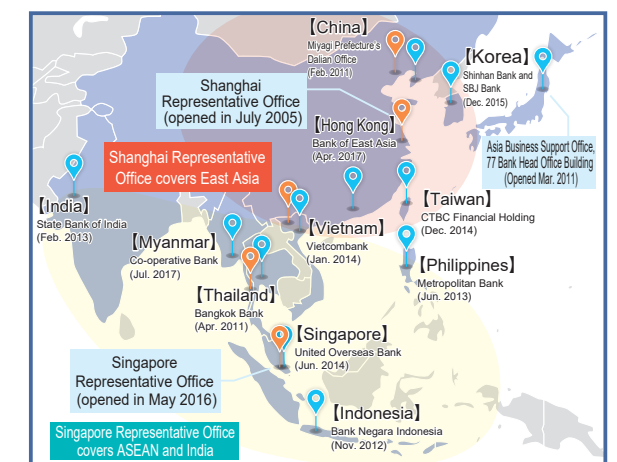
Overseas business support system

In 2011, we set up the Asia Business Support Office within the Treasury Administration & International Division, offering overseas business support not only to customers in Miyagi Prefecture but also to those from the Tohoku region. In FY2023, we supported 273 clients with their overseas businesses.

To date, through the Shanghai Representative Office, which covers Hong Kong, Taiwan, and other regions in East Asia; the Singapore Representative Office, which covers mainly ASEAN and India; and our overseas personnel in Thailand, Vietnam, and other countries, we have provided a wide range of information related to overseas business to our customers.

In May 2024, we announced our preparations for the establishment of a new subsidiary in Singapore (see page 37 for details), and through this new subsidiary we will further expand our network and provide more advanced and specialist solutions to our customers.

The Bank's overseas network in Asia



Bank employee dispatch locations Major partner institutions, etc.

Strengthening of retail sales

<77> Initiatives for Operations that Put Customers First

The Bank and 77 Securities Co., Ltd. have established the 77 Basic Policy on Operations that Put Customer First in order to promote the provision of quality financial products and service to customers. This policy is complied with executives and employees, and the status of initiatives is announced regularly.

The 77 Basic Policy on Operations that Put Customers First can be viewed here.

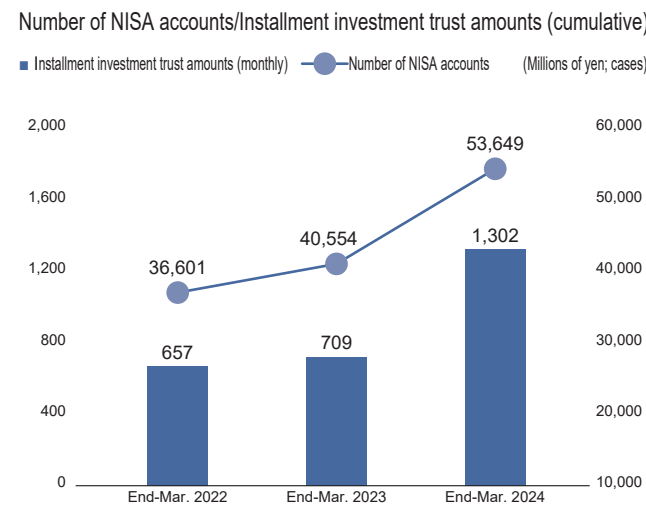


Established the Customers' Asset Formation Promotion Committee

In April 2023 we set up the Customer Asset Formation Promotion Committee to respond to the new NISA scheme. In line with changes to the NISA scheme, we are creating a promotion and management system to help customers' asset formation activities and reinforcing efforts aimed at improving regional financial literacy.

Main measures implemented through the Customer Asset Formation Promotion Committee

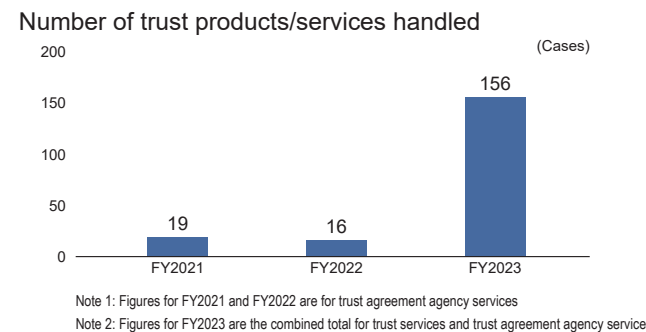
- (1) Reinforcement of occupation seminars for client companies (No. of seminars: 563; No. of attendees: 8,790)
- (2) Establishment of the NISA Promotion Team on a trial basis to host seminars and cater to mass-market customers
- (3) Hosting of hybrid seminars on asset formation (NISA, etc.) for customers (January 2024)



Business initiatives for the wealthy

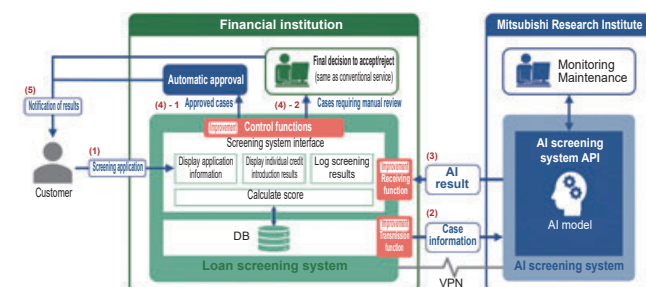
In today's super-aged society, or the era of so-called 100-year lifetimes, one key challenge is to ensure smooth inheritance and asset succession. To respond to the need for asset protection and succession to the next generation, in April 2023 we began offering trust services and the number of clients we are supporting is on the rise.

Moreover, in March 2024 we positioned representatives from the Wealth Management Office across every region in Miyagi Prefecture to provide one-stop service to respond to customers' various asset-related issues and concerns.



Introduction of AI screening service in housing loan screening operations (scheduled for January 2025)

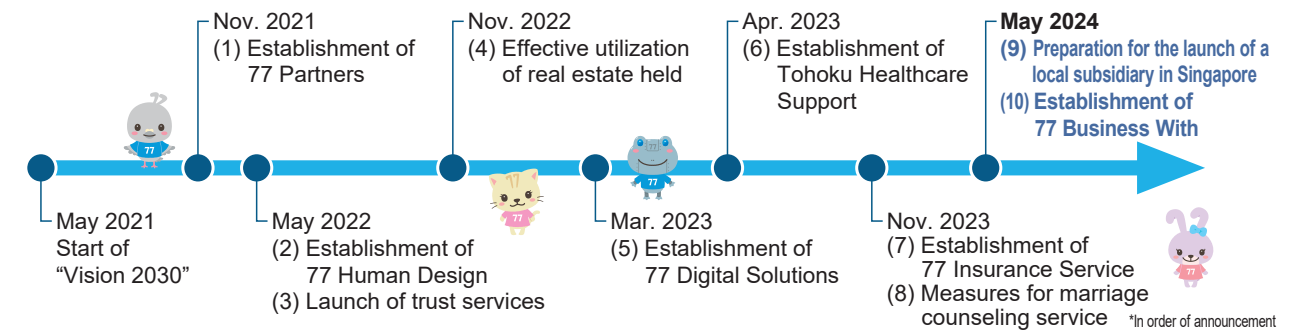
As one part of our initiatives to improve customer convenience, we are working toward the full-scale introduction of an AI screening service from Mitsubishi Research Institute, Inc. Having conducted demonstrations using an AI screening model, in November 2023 we finalized our decision to introduce the service. Through this service, at the earliest, the plan is to enable same-day response to housing loan projects guaranteed by 77 Shin-Yo Hosyo Co., Ltd.



Develop new businesses and sectors

One KPI within "Vision 2030" is to establish 10 projects in new businesses or sectors with potential for future commercialization. In May 2024, we achieved this target. Moving forward, we will continue with examinations aimed at addressing regional issues, reforming our corporate culture, and demonstrating our forward-thinking stance.

Launched 10 projects in new businesses and sectors!



(1) 77 Partners (Established December 2021)

Established to exhibit further consulting functions through investment involving the acquisition of control (majority investment).



(2) 77 Human Design (Established August 2022)

Set up to support the solution of increasingly complicated and diversified issues faced by local companies while ensuring their sustainable growth, and to provide advanced and specialized solutions pertaining to human resources.



(3) Launch of trust services (Launched April 2023)

Started handling trust services to strengthen support to customers' needs and challenges to protect, prepare and pass on their assets to the next generation.

(4) Effective utilization of real estate held (Scheduled to complete construction in the summer of 2025)

The Aramachi Branch/Yagiya Branch, which is due for reconstruction, will be rebuilt into a high-rise building with 10 floors above ground and 1 underground with the Bank's branch located on the second floor (ATM on the first floor). Floors other than that used for the Bank's branch will be made available for lease.



(5) 77 Digital Solutions (Established in May 2023)

Established to fully roll out support for digitization/DX for companies in local communities and municipal governments.



(6) Tohoku Healthcare Support (Established April 2023)

Established jointly with Fuyo General Lease Co., Ltd. and BlueLine Partners Co., Ltd., which is a 100% subsidiary of Nihonkeiei Group, to form a region-specific healthcare fund, targeting medical and nursing care service companies in the Tohoku region.

(7) 77 Insurance Service (Established March 2024)

Established to offer life plan consulting to retail clients and risk consulting to corporate clients, and to provide a sense of safety and security through insurance.



(8) Measures for marriage counseling service (Opened April 2024)

Opened the marriage consultancy "77 (Nana) Musubi," which provides a matching service, at 77 Human Design Co., Ltd., in order to support the sustainable growth of local communities from social and economic perspectives, such as the retention of population and the creation of an environment which enables women to continue their career.

(9) Preparation for the launch of a local subsidiary in Singapore (Scheduled to be established January 2025 and start business April 2025)

Initiated the preparation to launch a local subsidiary in Singapore to further expand our network in dramatically growing ASEAN, etc. and provide more advanced and specialized solutions, as it is increasingly important to capture overseas growth for sustainable growth of the regional economy as issues of a falling population and shrinking domestic market become apparent.

The outline of the local subsidiary and future timeline, etc. will be announced as details become available.

(10) 77 Business With (Established September 2024; scheduled opening October 2024)

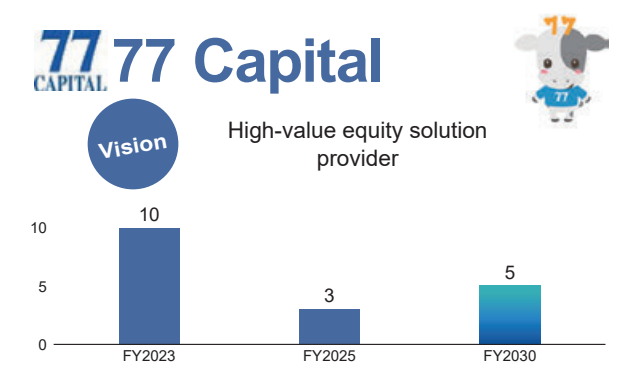
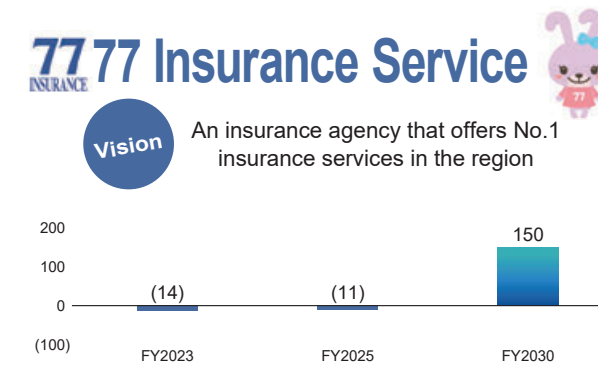
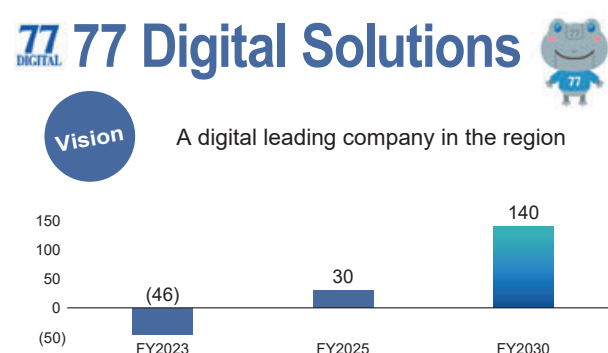
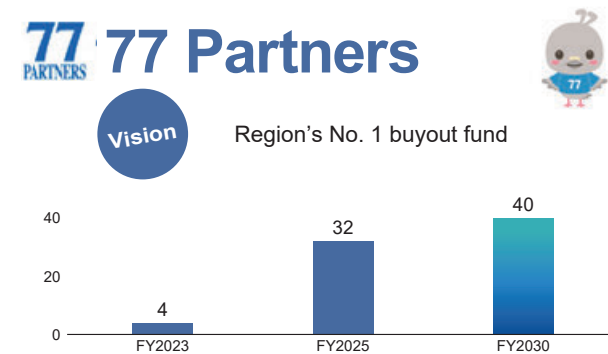
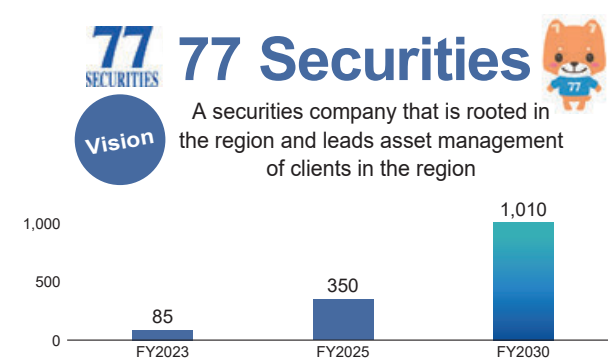
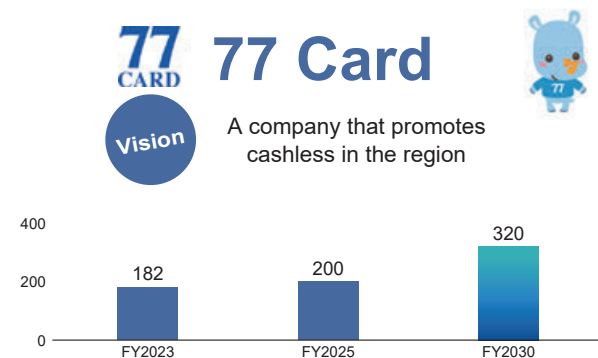
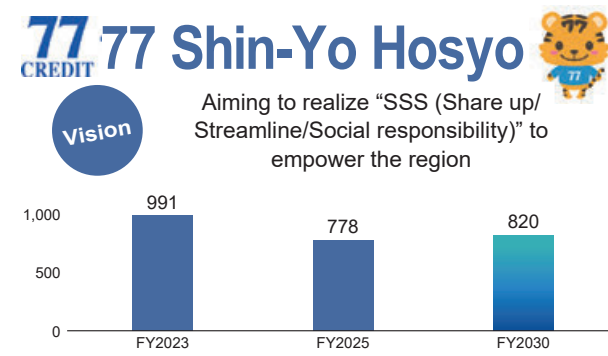
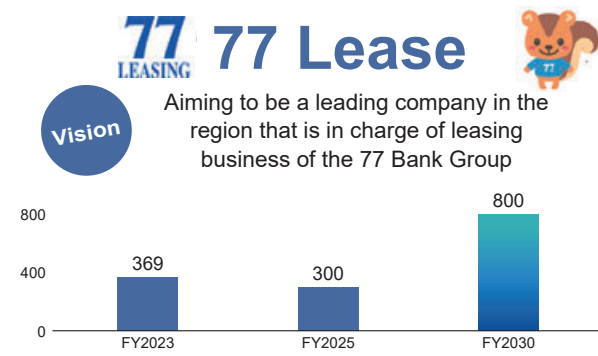
Established an outsourcing service subsidiary to acquire know-how relating to BPO (business process outsourcing) services, on top of knowledge on administrative operation cultivated through banking operations, to enhance the Group's support functions for companies in local communities.

The subsidiary creates opportunities for senior citizens and people with disabilities to play an active role, thereby contributing to the promotion of diversity and equity and inclusion at the Group.

Reinforcement of Group income

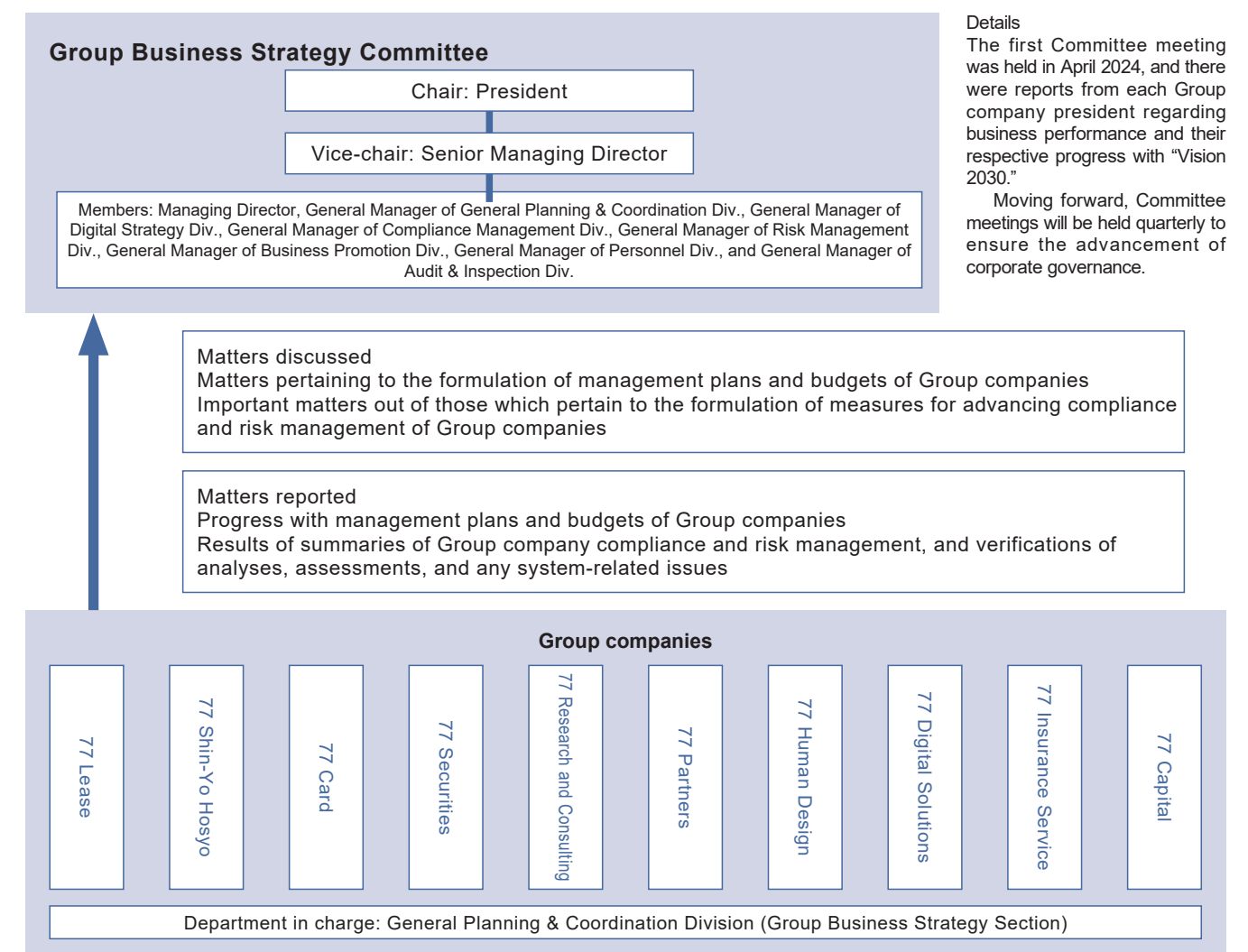
In addition to its existing businesses, the 77 Bank Group has worked to expand its field of business through the development of new businesses and sectors. Moving forward, to establish the Group's businesses as a third income pillar, we have reviewed the nature of "Vision 2030" for each Group company and will reinforce initiatives aimed at achieving "our target form." In FY2030, we will aim for net income of approximately ¥3.7 billion from our existing Group companies.

*Graphs show each company's net income in billions of yen



Establishment of Group Business Strategy Committee

Although previously the General Planning & Coordination Division (Group Business Strategy Section) had overseen management of our Group companies, to further reinforce governance as a Group, in April 2024 we newly set up the Group Business Strategy Committee, with the President assuming the role of chairman. By enhancing the level of involvement in management, we will promote Groupwide awareness reforms and aim to expand our businesses.



Basic Strategies to Achieve "Our Target Form" (2)

Double Productivity Strategy

The 77 Bank Group will triple productivity by releasing bank branches from the burden of administrative work, strengthening our consulting systems, and enhancing the abilities of each individual.

- ▷ Reducing labor requirements through improvement of administrative processes (reduction, consolidation, etc.), enhancing and promoting use of non-face-to-face transactions, and the use of generative AI, etc.
- ▷ Optimizing sales channels in line with customer needs

Strategy background

Transitioning away from a low-income, high-cost structure to create a robust corporate group that continues to meet the expectations of customers and the region

In Japan, a country with low birthrates, aging societies, and declining populations, improving productivity is a challenge for all companies. As such, the Bank has positioned productivity improvements as the highest priority. To improve productivity, in addition to reducing and consolidating administrative work, we will also work to enhance and promote the use of our non-face-to-face channels. At the same time, we will make effective use of the extra personnel, capital, and other resources to improve top-line growth and reduce expenses.

Progress status of KPI (Let's Try!)

	Result in FY2021	Result in FY2022	Result in FY2023	FY2024 Target	FY2030 Vision
Triple labor productivity in core operations	JPY 11 mn	JPY 12 mn	JPY 14 mn	JPY 15 mn	JPY 24 mn
Cut amount of administrative work at bank branches by 50% (compared to FY2020)	(15%)	(25%)	(33%)	(45%)	FY2025 (50%)
Ensure a 50% usage rate for non-face-to-face channels	Corporate 13% Retail 15%	Corporate 15% Retail 20%	Corporate 32% Retail 27%	Corporate 35% Retail 30%	Corporate 50% Retail 50%

Main initiatives in FY2023 (News Releases)

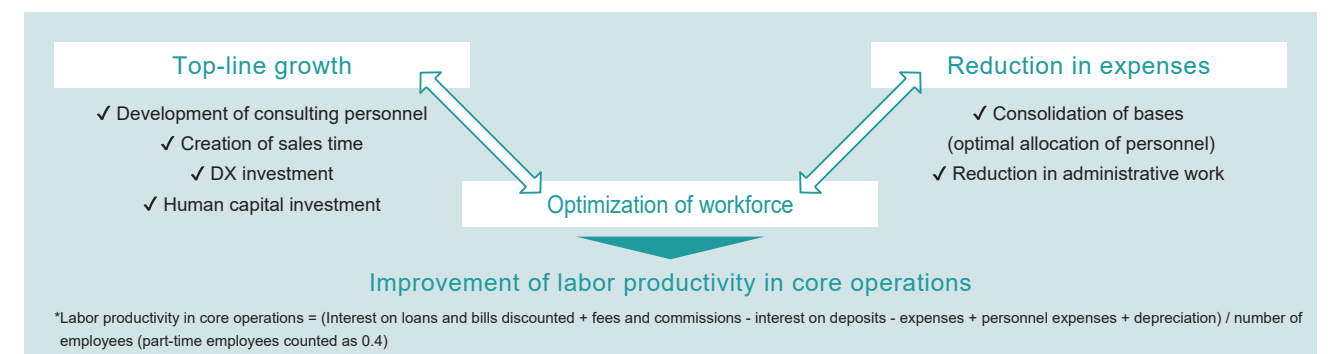
- May 2023** Update to 77 Bank app to improve convenience
- September 2023** Start of operations for 77 Bank Mikatano Works and 77 Bank Mikatano Invoice Management services
- October 2023** Start of operation of branch tablets at all branches
- November 2023** Addition of new functions (link to other bank accounts) to the 77 Business Portal to improve convenience
Expansion of free-dial services and introduction of automated AI response system (Voice Bot)
- January 2024** Launch of new system (next-generation joint-use system MEJAR)
- February 2024** Start of examinations of the Integrated Banking Cloud
- March 2024** Hosting of a 77 Bank digitalization promotion seminar

Specific initiatives

Improvement of productivity

Initiatives to improve labor productivity

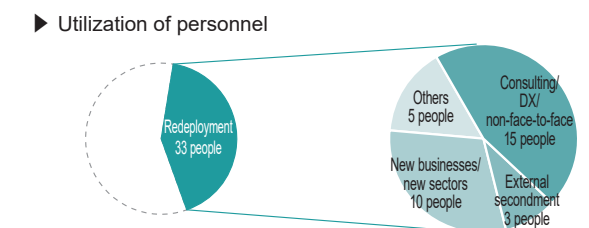
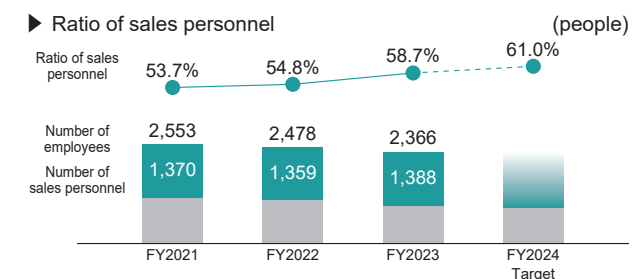
To improve productivity, we have set ourselves a KPI to "triple labor productivity in core operations." To do so, we will promote top-line growth, workforce optimization, and a reduction in expenses, all of which are productivity improving factors.



Rebalancing of management resources

In addition to optimizing our base network, reducing administrative work, and enhancing our non-face-to-face channels, we will work to rebalance our management resources and strengthen consulting functions by educating, redeploying, and reducing the number (naturally) of employees.

Moving forward, we will aim to link the increase in ratio of sales personnel to the creation of consulting opportunities, and deploy these sales personnel to our priority areas.

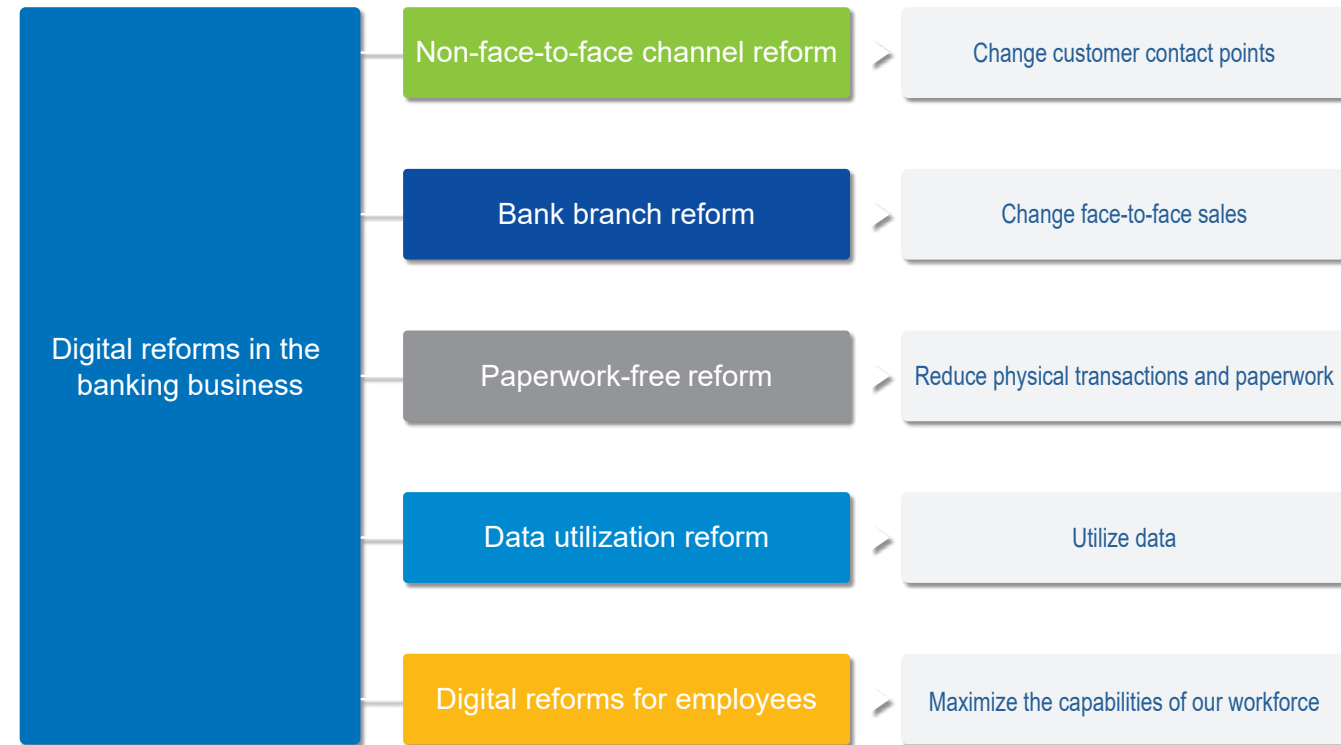


FY2023 results (total number of personnel members created: 78)

*1 Number of employees excludes those seconded to Group companies and those on leave
*2 Number of sales personnel is shown by the actual number of employees who have been assigned to Loan G, Sales G, managers, those seconded to local communities and support teams for new businesses and sectors, and others

Digital reforms in the banking business

We shall capture the effect of digitalization by promoting “non-face-to-face channel reform,” “bank branch reform,” “paperwork-free reform,” “data utilization reform,” and “digital reforms for employees” as “digital reforms in the banking business,” which is our existing business domain.



Non-face-to-face channel reform

Update to 77 Bank app

We have updated the 77 Bank app to improve convenience for investment trust and NISA transactions, and to improve the user interface and user experience for various other transactions.

- Displaying balance of registered accounts in a card format (No display when app is activated)
- Changeable card design (dress-up function)
- Tax and bill payments on PayB
- In-app applications to open trust investment and NISA accounts
- Various transactions including trust investment and installment investment trust transactions
- Search for Bank funds and check fund rankings
- Main menus (Details inquiry, bank transfer/account transfer, deposit by purpose) are arranged

Non-face-to-face channel reform

Improved convenience and usability of 77 Business Portal

In November 2023, we added a new function to the 77 Business Portal, enabling customers to check information on bank accounts they have with other banks.

Moreover, in June 2024, we updated the design of the 77 Business Portal to ensure greater convenience and usability.

(Actual operation screen)

Non-face-to-face channel reform

Providing information in line with customer needs

Based on customer data and details of 77 Bank app usage, we distribute information on products, services, and marketing campaigns in line with customer needs to the app, ATMs, emails, online banking, and other channels.

In 2023, we distributed around 13 million pieces of information.

Non-face-to-face channel reform

Introduction of automated response system “Voice Bot”

By introducing the “Voice Bot” automated AI response system on our Hello 77 free-dial services, in addition to the partial automation of responses to account inquiries, we have expanded the service’s hours of operation, which were previously limited to weekdays, to include weekends and national holidays (only automatic response on weekends and national holidays). Moving forward, we will work to expand the scope of inquiries that can be dealt with via automated response.

Non-face-to-face channel reform

Introduction of online consultations

In August 2023 we introduced an online consultation system to cater to our customers’ diverse lifestyles. With no need for any preparation, such as the installation of apps or setting up of links, the system is suited to a wide range of customers.

Voice Bot functions

- Automated response to routine questions
- Automated acceptance of requests
- Automated guidance on procedures using SMS
- Automated response to speech
- Automated response when operator cannot respond (response/acceptance)

VOICE

Bank branch reform • Reduction in administrative work

Reducing administrative work at branches and solving customer issues

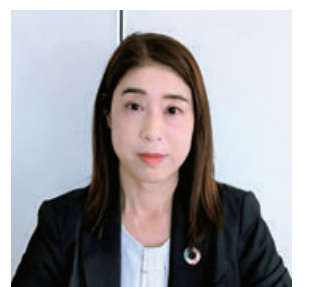
Some of our customers were struggling with daily sales management, the preparation of money for exchange, and other procedures requiring visits to our branches. In response, we provided them with information on an online deposit service offered by a security company, which they then decided to adopt.

Although customers are shouldering the cost of the service, the advantages of the service appear to be outweighing the cost, with some saying how the service has made it easier to gauge sales

figures and that it has reduced the risks associated with cash management.

In-store, shifting depositing and other administrative work online has helped to mitigate congestion at our counters.

In this sense, I feel that our consulting sales model is taking root, enabling us to build relationships of trust with our customers and providing them with the optimal solutions.



Miki Yoshida,
General Manager, Yoshinari Branch,
Joined the Bank in 1990

VOICE

Bank branch reform • Reduction in administrative work

Introduction of branch tablets



Shiori Sasaki,
Futsukamachi Branch,
Joined the Bank in 2023

Although previously customers had to fill in numerous application forms, the introduction of branch tablets has enabled them to complete the relevant procedures by following on-screen instructions. As such, we have been able to drastically reduce customers’ waiting time.

The branch tablets boast excellent usability, and so even customers not used to using tablets have said how our paperless and seal-less initiatives have made it much easier to complete

the required procedures. The introduction of these tablets has also helped to simplify some of our administrative tasks, in turn helping to reduce congestion at our counters.

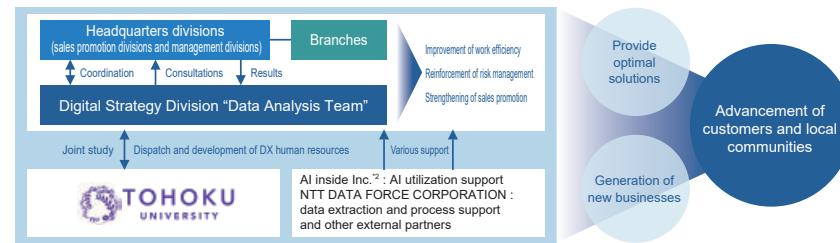
With less time spent on filling out forms and a reduction in our own administrative work, we have had more time to more carefully listen to our customers’ queries.

Data utilization reform

Initiatives by the Data Analysis Team

To strengthen our initiatives for areas using data, in November 2022 we established the Data Analysis Team. The team is led by employees dispatched to conduct joint study* with the Graduate School of Economics and Management at Tohoku University.

To date, the team has engaged in 45 projects to increase operational efficiency, reinforce risk management, and strengthen sales promotions at our banks.

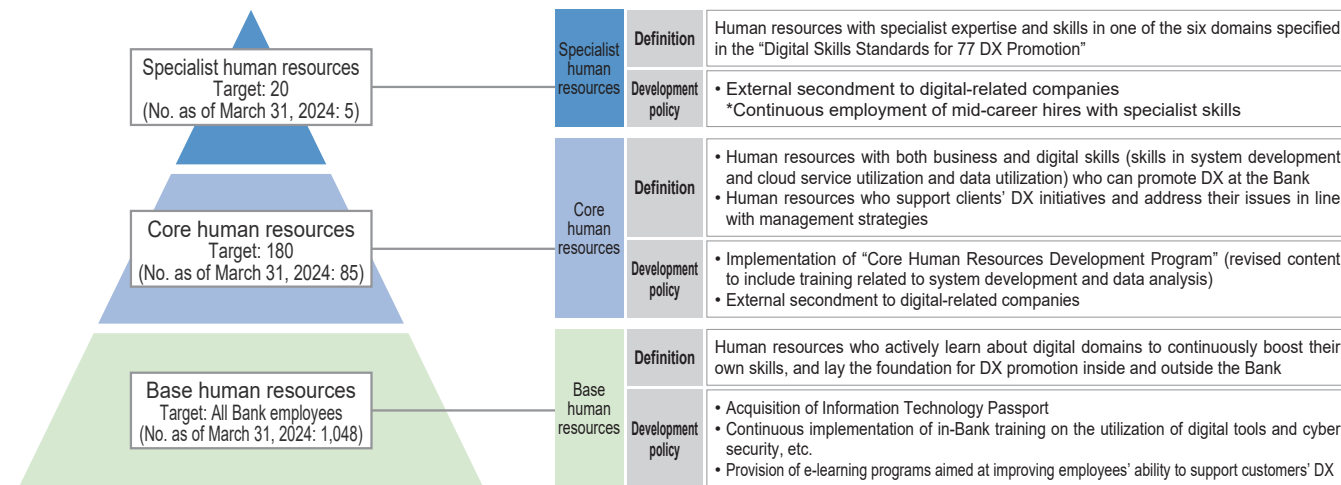


*A program to jointly develop DX specialists with knowledge of both business and digital technology to accelerate DX initiatives, including the provision of data-based services and the improvement of operational productivity.

Digital reforms for employees

Strengthening the development of digital human resources

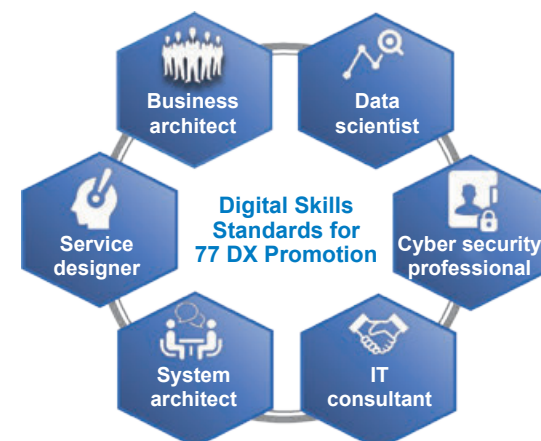
To respond to customers' needs for digitalization and achieve DX in bank operations, we are focusing on the development of digital technology human resources to convert ourselves into an organization of members with high IT literacy who can effectively utilize digital technology. In April 2024, we formulated a new target for the number of digital human resources to develop by the end of FY2030. We also formulated the "Digital Skills Standards for 77 DX Promotion."



The "Digital Skills Standards for 77 DX Promotion*" were created to organize and clarify the requirements and skills for digital human resources to achieve DX at the Bank.

*Formulated based on the Information-technology Promotion Agency's "Digital Skills Standards for DX Promotion" in line with Bank circumstances.

Business architect	Human resources who can facilitate end-to-end promotion of everything from target setting and implementation to post-implementation verifications while coordinating associated personnel
Service designer	Human resources who can formulate policies and development processes for digital products and services, and design products and services in line with these policies and processes
System architect	Human resources who can define the requirements for information system development and lead the design and development of the required architecture
Data scientist	Human resources who can design, implement, and operate systems for the collection and analysis of data to lead data-driven operational reforms and new businesses
Cyber security professional	Human resources who can formulate and implement measures to control any impact from cyber security risks in the digital environment
IT consultant	Human resources who can facilitate the integrated promotion and support for everything from the conceptualization of reform plans to system introduction, assessment, and improvement, and who can propose and promote solutions for IT-based management and DX



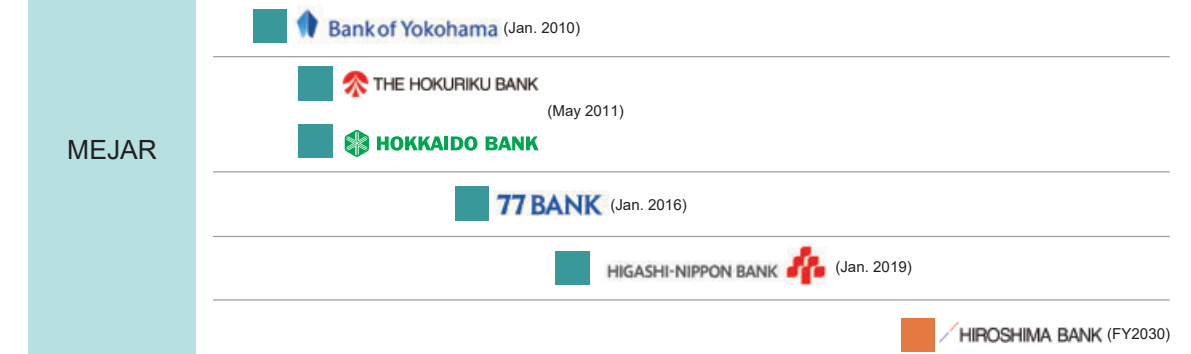
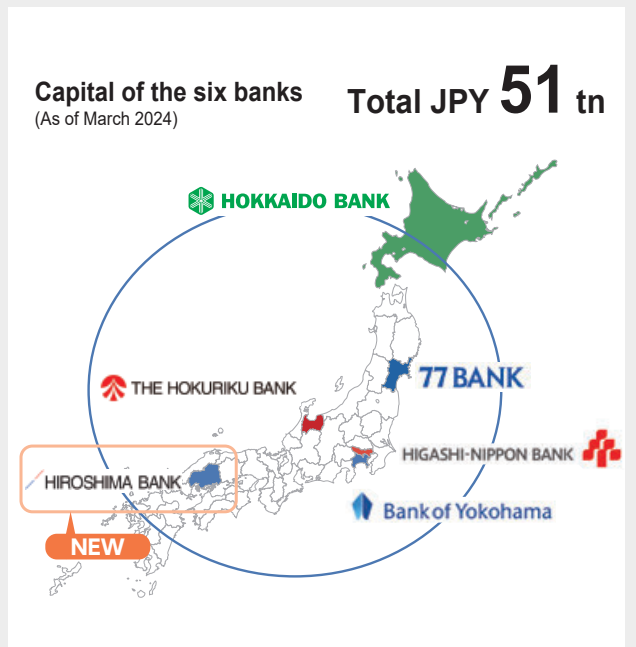
Renewal of MEJAR system

Renewal of MEJAR system

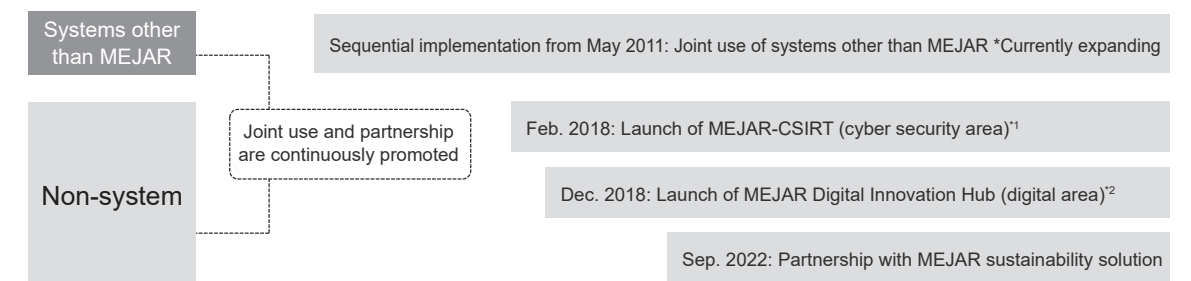
MEJAR is a core banking system jointly used by five banks: The 77 Bank, Ltd., The Bank of Yokohama, Ltd., The Hokuriku Bank, Ltd., The Hokkaido Bank, Ltd. and The Higashi-Nippon Bank, Limited. In January 2024, we transitioned away from the conventional so-called mainframe to an open platform enabling the varied selection of different hardware and software in line with changing environments. Moreover, the switch to this open platform has facilitated an approximately 20% reduction in operational costs.

Ahead of the next renewal to the core banking system scheduled for FY2030 (which will include joint use with The Hiroshima Bank, Ltd.), to enable use of the system in a more secure, safe, economical, and long-term manner, as well as to provide customers with high-value-added services, one option we are examining is the use of the Integrated Banking Cloud*.

*A concept put together by NTT Data JAPAN Corporation to build a community cloud exclusively for financial institutions for further sharing of MEJAR and regional bank joint center systems. The scope of sharing will be limited to data center equipment and hardware, and operational systems will be developed as before by each sharing group.



Vendor → NTT DATA



*1 Regularly implementing information exchange, confirmation of status and joint training regarding cyber security

*2 Jointly promoting measures including the reform of operational processes, and channel and service reform utilizing digital technology

Basic Strategies to Achieve “Our Target Form” (3)

Regional Growth Strategy





The 77 Bank Group will work to achieve sustainable growth together with the local community by making the region attractive and supporting the growth of inspirational local companies.

- ▶ Promoting sustainability among region and clients through support for clients' decarbonization initiatives
- ▶ Building true partnerships to realize a future envisioned together with regional public bodies
- ▶ Strengthening and utilizing partnerships with external partner institutions and private-sector companies, etc. who have consulting functions

Strategy background Creating a flourishing region to promote the sustainable growth of the region and the 77 Bank Group

While supporting the regional economy, regional banks are founded on the economic base of the region. As such, it is essential that we work together to create an attractive region. Both the Miyagi and Tohoku region continue to face challenging circumstances with declining and aging populations. To revitalize these areas, we have defined the following four pillars for our activities: Support for founding and new businesses, Support for and development of regional core companies, Promotion of urban development projects, and Support for promotion of tourism, etc. Moreover, through the establishment of the “Miyagi Wide-area PPP Platform (MAPP),” we will work with various parties to continue to promote a wide range of other initiatives.

Progress status of KPI (Let's Try!)

	Result in FY2021	Result in FY2022	Result in FY2023	FY2024 Target	FY2030 Vision
 To support increased economic growth rate in Miyagi Prefecture					
 To triple the number of growth support cases for business founders	1,490 cases	1,761 cases	2,061 cases	2,100 cases	3,000 cases
 Aim for 100% participation in regional development projects in Miyagi Prefecture, such as the “Sendai Urban Restructuring Project” and the “NanoTerasu” project.					
 As for the 77 Bank Group's CO ₂ emissions, achieve carbon neutrality by FY2030 and support cuts to greenhouse gas emissions in Miyagi Prefecture	10,331 t-CO ₂	9,264 t-CO ₂	8,433 t-CO ₂	7,400 t-CO ₂	0 t-CO ₂

Main initiatives in FY2023 (News Releases)

- May 2023** Hosting of the regional revitalization manager forum: Tradition and Missions in Miyagi
- July 2023** Hosting of a NanoTerasu inspection tour for the heads of regional public bodies in Miyagi Prefecture
- September 2023** Conclusion of cooperative agreement with W TOKYO Inc. relating to the promotion of regional revitalization
Hosting of a seminar to promote use of NanoTerasu by local companies
- October 2023** Hosting of the Regional Bank Food Selection event
Hosting of the Delicious Yamagata and Food Kingdom Miyagi Business Meeting
Hosting of the Social Innovation Project lecture with the Graduate School of Project Design
Hosting of the IPO Management Human Resource Development Program TOHOKU
Hosting of the Community-Building Forum
- December 2023** Hosting of a second seminar to promote use of NanoTerasu by local companies
- January 2024** Hosting of a regional revitalization matching event
- February 2024** Hosting of the regional revitalization manager forum: Tradition and Missions in Miyagi 2024
- March 2024** Establishment of the 77 Startup Support Desk Satellite

Specific initiatives

Initiatives for Regional Revitalization

To promote regional industries, economies, and lifestyles, we are working on the following four important areas: Support for founding and new businesses, Support for and development of regional core companies, Promotion of urban development projects, and Support for promotion of tourism, etc.

1. Support for founding and new businesses

- ✓ Support for founding and new businesses
- ✓ Support for various funding by venture capital funds, etc.
- ✓ 77 New Business Subsidies
- ✓ Cooperation for various events



2. Support and development of regional core companies

- ✓ Support for growth of local enterprises
- ✓ Support for cultivating/expanding sales channels
- ✓ Support for industry-academia cooperation
- ✓ Support for overseas businesses
- ✓ Support for business succession and M&A



Business meeting

3. Promotion of urban development

- ✓ Participation in regional development projects
- ✓ Support in collaboration with external institutions
- ✓ Initiatives related to semi-conductor related industries



Sendai Urban Restructuring Project
NanoTerasu (aerial photograph)

4. Support for promotion of tourism, etc.

- ✓ Support for feasibility and growth of the tourism-related industry
- ✓ Assistance with promotion of inbound travel
- ✓ Assistance with preparation of tourist intake framework



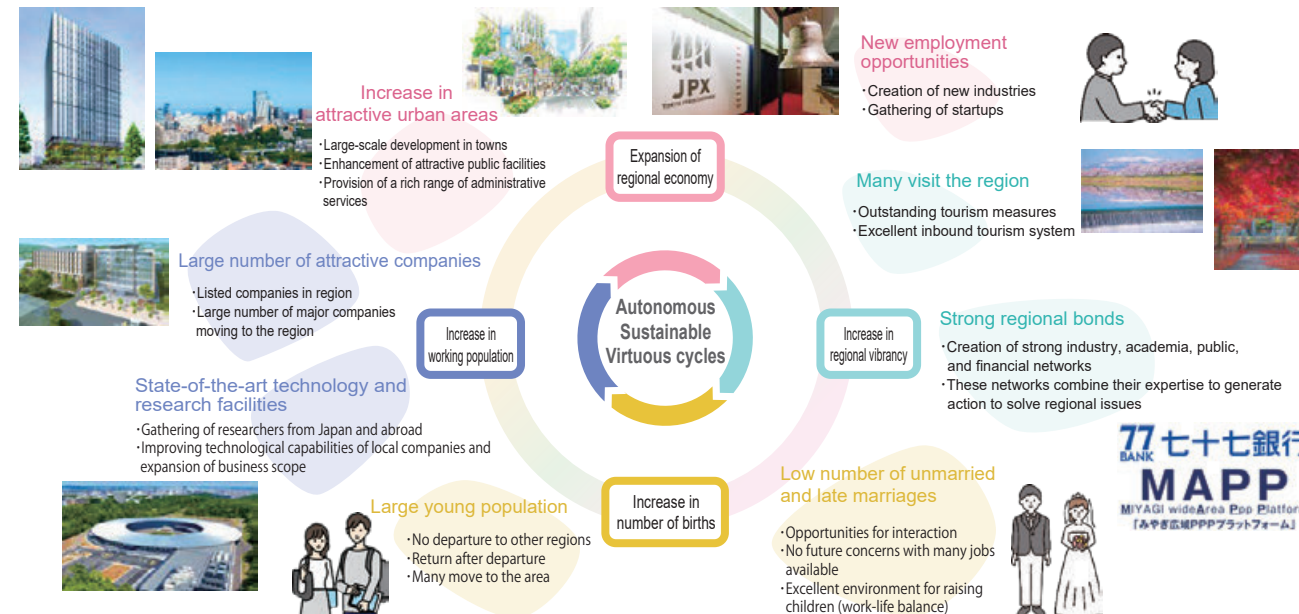
Instagram PHOTO CONTEST

Revitalizing regional industry, economy and living

The 77 Bank Group's Vision for Regional Societies in the Future

Contribution to the creation of virtuous cycles

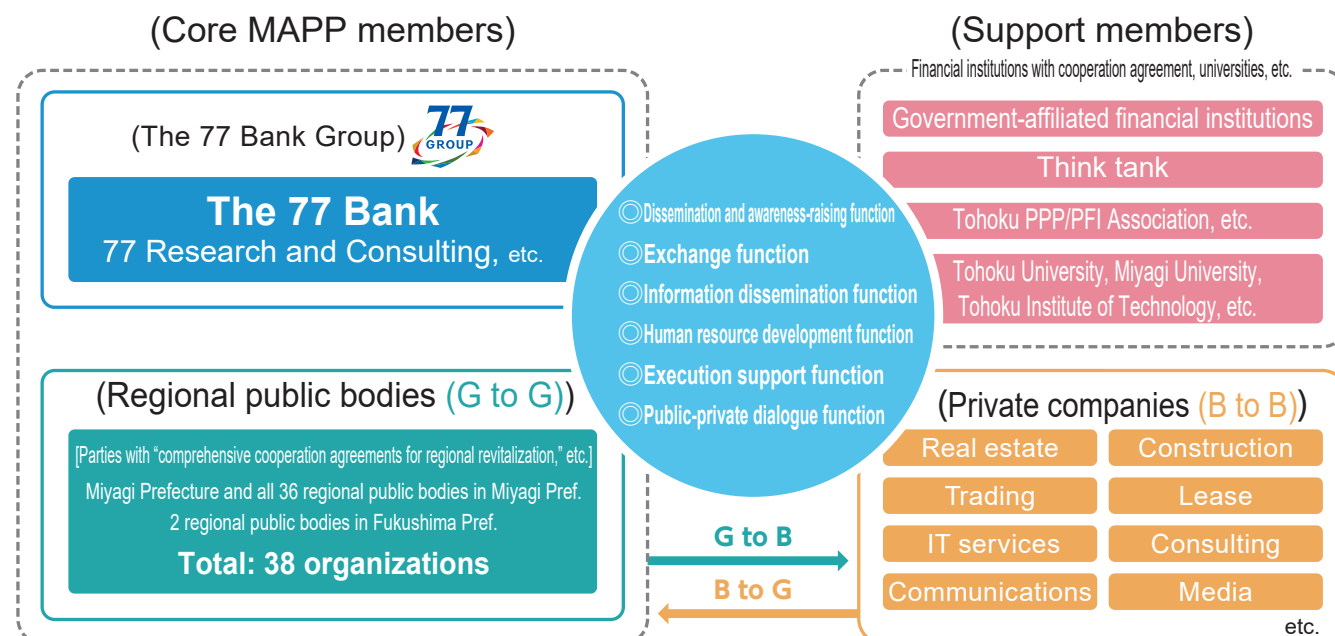
Through solutions to the region's various issues, we will aim to establish autonomous and sustainable virtuous cycles.



Photos: NTT Urban Development Corporation, Sendai City, Tokyo Stock Exchange, Inc., Tohoku University, Photon Science Innovation Center

Formation of the Miyagi Wide-area PPP Platform (MAPP)

The industrial, academic, public, and financial sectors have come together and formed the Miyagi Wide-area PPP Platform (MAPP) to facilitate the continuous provision of information and the promotion of dialog to address regional issues. This initiative is based on the "Agreements on Comprehensive Cooperation for Regional Revitalization" and other agreements that the Bank has formed with regional public bodies. MAPP engages in various activities to utilize public funding and expertise to solve issues facing regions.



Listed Companies in the Tohoku Region and IPO Assistance System

Aiming to produce listed companies from the Tohoku region, we have put together the IPO Management Human Resource Development Program TOHOKU with stakeholders from the industrial, academic, public, and financial sectors to help develop company managers who are working towards public listing. We are also offering various other types of support.

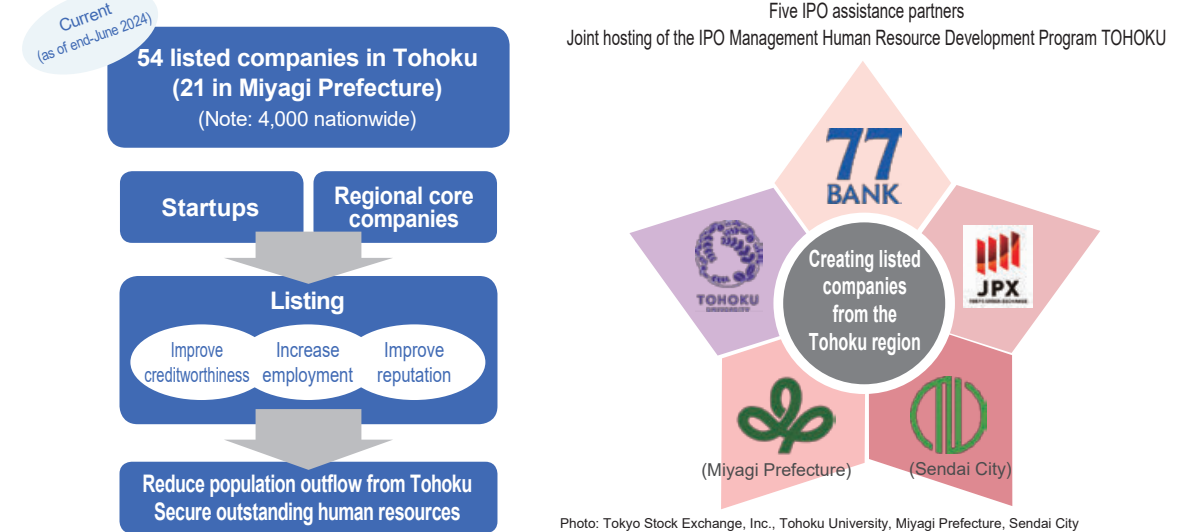


Photo: Tokyo Stock Exchange, Inc., Tohoku University, Miyagi Prefecture, Sendai City

Establishment of a Cycle to Retain the Younger Generation

Communication of regional appeals to the younger generation

Launch of marriage counseling service

EMPOWER MIYAGI 2024 powered by TGC



The Bank has partnered with W TOKYO Inc., the company responsible for planning and producing the Tokyo Girls Collection, to combine city promotion and a human resource development program. The aim is to create a virtuous cycle by having the younger generation communicate appeals to attract others in their population.

By promoting interaction in the region to retain personnel and create environments in which women can continue to work, we will support the region's sustainable growth from both social and economic standpoints.



Support for Companies in the Semiconductor Domain

Establishment of the 77 Semiconductor Project Team

JSMC Corporation, jointly established by SBI Holdings, Inc. and Taiwanese semiconductor giant Powerchip Semiconductor Manufacturing Corporation (PSMC), has finalized plans to construct a semiconductor factory in the Northern Sendai No. 2 Core Industrial Park of Ohira Village, Kurokawa, Miyagi. In response, we have established the 77 Semiconductor Project Team in December 2023.

In addition to collecting and providing information on semiconductor-related companies that have expanded their operations into the region and local semiconductor businesses, we are exchanging information with more than 350 companies, including residential development businesses. When major companies have expanded their operations into Miyagi Prefecture, including the establishment of Tokyo Electron Miyagi Ltd. in July 2010 and Toyota Motor East Japan, Inc. in July 2012, in addition to financial support, we have provided a one-stop service that includes the provision of regional information, support for the local procurement of components, and financial support for employees. Alongside the 77 Semiconductor Project Team, our branches also collect and provide semiconductor-related information to existing clients. In doing so, we have created a cross-organizational, flexible response system.

Basic Strategies to Achieve "Our Target Form" (4)

Corporate Culture Reform Strategy

The 77 Bank Group will endeavor to promote diversity, and create a virtuous circle where all officers and employees take on new challenges, leading to confidence and cheerfulness.

- ▷ Accommodate a diverse range of values and fundamentally overhauling personnel and organizational systems to increase motivation
- ▷ Create an environment that permits trial and error and values the act of taking on new challenges
- ▷ Boost in level of organizational capability through improved specialization and vitalization of communication
- ▷ Forming of complete internal control environment to support reforms

Strategy background Establishing an ambitious corporate culture to revitalize organizations

Regardless of how good the strategies may be, if the corporate culture remains unchanged then the strategies are difficult to achieve. Based on the keywords endeavor, diversity, and communication, we are aiming to enhance organizations' and individuals' thirst for growth and desire to improve. In doing so, we will develop human resources that serve a purpose for customers and local communities and that contribute to corporate reform, and in turn work to establish an ambitious corporate culture.

Progress status of KPI (Let's Try!)

	Result in FY2021	Result in FY2022	Result in FY2023	FY2024 Target	FY2030 Vision
To increase the proportion of women in management positions to 30% or more	14.2%	16.0%	17.5%	19.0%	30.0%

Increase the number of "specialist personnel" that serve a purpose for customers and local communities

To implement various initiatives to "foster an ambitious spirit"

Main initiatives in FY2023 (News Releases)

- April 2023** Implementation of personnel system reform
- September 2023** Participation in the Baby First movement
- February 2024** Hosting of in-house training on the spirit of hospitality
- March 2024** Certified as a Health and Productivity Management Organization 2024

Specific initiatives

Formulation of Basic Policy on Human Capital Management and Human Resource Strategy

At the 77 Bank Group, we promote human capital management to improve the value of our human capital, and have formulated the Basic Policy on Human Capital Management to enhance corporate value. We have also created the Human Resource Strategy to reinforce our business foundation through proactive investment in human capital and ensure sustainable improvements in corporate value.

Basic Policy on Human Capital Management

Positioning human resources as human capital for the creation of value, we will develop human resources that serve a purpose for customers and local communities through expertise in consulting and excellent personal skills, while contributing to corporate reform through their own spirit of endeavor and desire to create an ambitious corporate culture. At the same time, by creating employee-friendly and rewarding working environments where diverse human resources can maximize their capabilities, we will enhance worker engagement to drive the sustainable development of the region, the sustainable growth of the 77 Bank Group, and the enhancement of corporate value.

Importance of the Human Resource Strategy

"Vision 2030" Leading company creating a path to the future

- Top Customer Satisfaction Strategy
- Double Productivity Strategy
- Regional Growth Strategy
- Corporate Culture Reform Strategy

Links with management strategies

A group of human resources to lead the region



Round-table Discussion



Joined the Bank in 2021
Asahigaoka Branch

Hikaru Takahashi

Joined the Bank in 2005
General Manager,
Tomizawa Branch

Hitomi Ito

Joined the Bank in 1994
Executive Officer and General
Manager, Personnel Division

Takashi Watanabe

Joined the Bank in 2024
Sendai Higashiguchi Branch &
Tsutsujigaoka Branch

Natsuki Fukushi

Joined the Bank in 2014
Leader, Tokyo Branch

Shinpei Sugawara

Changes Following an Increase in Understanding of “Vision 2030”

Watanabe: It has been three years since the start of “Vision 2030” and during this time I feel there has been an increase in understanding of our management philosophy. Has there been any change in feelings at work?

Ito: In speaking to junior employees, I think there has been an increase in the desire to advance their careers and think and act accordingly. “Vision 2030” describes “our target form” for the 77 Bank Group, and this is inspiring employees to think about “their target forms” and work towards achieving them. While we all face obstacles in our work, myself included, I am encouraging employees to take confidence in what they have achieved to date and to proactively take on new challenges.

Takahashi: I joined the Bank in the middle of the pandemic. At the time, speaking with my superiors made

me realize that the Bank was in a difficult position, with the inability to conduct face-to-face sales and other major changes in the style of sales activities. That said, in addition to the customer relationships our superiors had built to date, Vision 2030’s role as a compass to guide us all in the same direction is helping to expand and deepen our transactions with customers. At my branch, the general manager often tells us to do our very best to serve customers and give everything to what is in front of us. I believe that it is this approach that is helping to build relationships of trust with our customers.

Sugawara: To increase understanding of “Vision 2030,” the President spent around three hours, including a Q&A session, describing the background behind its formulation, our course of action, and its basic strategies, for example.

While there have not been many opportunities to speak directly with the President up until that point, his detailed and direct description of the content of discussions when “Vision 2030” was formulated and the intent behind each measure helped to further my own understanding. Moreover, I learned a lot from the Q&A session, during which the President talked about his own experiences. My own approach to work has changed as a result. In my day-to-day work, I think more about the essence of what I am doing and make more in-depth proposals to customers without sticking to the status quo.

Fukushi: While it has only been three months since I joined the Bank, I have a strong sense that, rather than maintaining our current conditions, “Vision 2030” shows how both the Bank and its employees must change in order to fulfill the 77 Bank Group’s mission. Since joining, the Bank has already announced initiatives in two new businesses and sectors, and I have been very surprised at how the Bank is going beyond the conventional framework of a banking business to benefit the region’s customers.

Watanabe: There have been two organizational achievements since the start of “Vision 2030.” The first is the change in awareness among employees. Employees have realized their own potential and are willing to put in the



effort and try new things. It may be an exaggeration, but I feel that there has been an awakening. The second is that employees now understand the course of action for the Bank. As General Manager of the Personnel Division, I often visit each branch to speak with our employees. I have noticed a major change in their way of thinking, and from each of their comments I can sense a desire to try new things with a future-oriented approach. This change has been a result of visits to each branch by the President and other officers and their careful explanations of “Vision 2030.” Employees now understand our philosophy and “target form,” which has led to changes in awareness and behavior. There are also signs that employees are more proactive about achieving targets. Although previously the focus was placed on achievement and the targets were somewhat conservative, we are now seeing employees set lofty targets and a real desire to achieve them. I believe that this change in awareness has contributed to the Bank’s positive performance in recent years. Moving forward, I have no doubt that the organization will get even stronger when each employee can feel a greater sense of growth and contribution than before and commit to achieving “their target forms.”



Future Vision and Career Development

Watanabe: After joining the Bank, I built up quality experience at five branches in Miyagi Prefecture and five headquarter departments. What are your future visions and career development plans?

Takahashi: I’m currently working in retail sales, but next I would like to engage in loan-related work, which is one of the best parts of banking operations. While I realize that loan-related work can be challenging and that it comes



with heavy responsibility, it appears to be an incredibly rewarding role when I see my superiors actively engaging with customers. I know that simply maintaining the status quo will ultimately lead to decline, and so personally I want to take on the challenge of a new role instead of being satisfied with where I am now. If I can expand my scope of activity, I know that I can grow as an individual and further contribute to regional revitalization through work that benefits our customers. This is the role I must fulfill as an employee of the Bank and it is also my mission.

Ito: I've now been general manager for one year. In addition to a few concerns I had when I took up the post, such as customer negotiations and branch leadership, I was so focused on the image of what a male general manager should be that there was a time when I lost my sense of self. Since focusing on my own unique abilities rather than the pursuit of ideals, I feel much more at ease and very confident in my role as general manager. While for some people a general manager should show their subordinates a strong sense of leadership, personally, I hope to use my own personality and previous experience to become a general manager that lifts the whole branch through a bright and cheerful atmosphere. Recently, there has been a gradual increase in the number of female general managers at the Bank. My hope is that my team can remember to be themselves and approach their work with a sense of positivity.

Fukushi: I left Miyagi Prefecture to attend university, but I became frustrated that many people had a low opinion of the prefecture, not knowing its location, its cities and towns, or about its specialties. I therefore decided to join the Bank so I could contribute to the region's development through

banking operations. There are so many different roles, but in the future I'd like to work in a department such as the Regional Development Promotion Division where I can be part of regional revitalization efforts. One of the regional issues facing Tohoku is the outflow of the younger population, and the Bank has responded through a regional revitalization project alongside W TOKYO Inc. It is a fantastic initiative that exceeds the boundaries of the banking business, and in the future I'd like to be involved in the development of similar measures.

Sugawara: The Tokyo Branch is the third branch I have worked at since joining the Bank. This experience has made me realize that even with the same loan-related work, our response differs depending on the customer and region. Interacting with different customers has helped me to learn new things and grow as a person. It is a very fulfilling workplace because it allows us to directly communicate with people from the younger generation to company management. Moving forward, while maintaining touchpoints with customers in different industries in various regions, I hope to further develop my own capabilities.

Watanabe: It has been 30 years since I joined the Bank in 1994, and throughout this time I have felt a real sense of growth and contribution as a Bank employee. Specifically, through opportunities to try out various roles at our headquarters and branches, I have experienced the gratitude of our regional customers and built up various banking achievements. In last year's personnel system reforms, we enhanced our support systems to enable employees to achieve "their target form," something which wasn't available to me in my generation. Specifically, we implemented a job trial system that allows employees to experience roles they are interested in, a side job system



that enables employees to continue with their own roles while taking up a separate role at the headquarters, and a job entry system for employees to choose where they would like to be transferred.

These are platforms for employees to achieve self-growth and develop their careers, and I look forward to their

▼ One Year on from Personnel System Reforms

Watanabe: One strategy within "Vision 2030" is the corporate culture reform strategy. As part of this strategy, one year ago we implemented personnel system reforms. We implemented the first fundamental review of our wage structure in 57 years, creating a system to encourage employees to take on high-value-added roles. In addition, we enhanced our lineup of diverse workstyles for employees to choose from and reviewed our personnel evaluation systems.

Ito: The personnel system reforms have enabled the visualization of the level to which employees are executing their duties, and a new skills check sheet allows employees to efficiently acquire the relevant operational skills. This has helped to clarify the skills that are lacking among certain employees. I speak with junior employees at monthly one-on-one meetings, which provide them with an opportunity for specific career planning. With systems in place for employees to think about their futures, and a wider range of choices for them, there has been an increase in opportunities for them to take on new challenges.

Sugawara: I think the personnel system reforms have further transformed our corporate culture. As Mr. Watanabe mentioned earlier, in addition to a system that allows employees to choose what role they would like to perform, the introduction of the professional system and others have created a platform for each employee to maximize their capabilities. Customers' issues are becoming increasingly sophisticated and complex, and so our ability to provide both banking operations and highly specialized consulting services is a core Group strength.

Takahashi: The personnel system reforms have gotten rid of requirements for a minimum number of years of service for promotions, enabling younger employees to be promoted to management positions. Although the skill requirements are more advanced, I hope to enhance my

independent efforts aimed at developing their own futures.

Of course, designing your own career requires both preparation and hard work, but I hope employees can be bold and take on new challenges as they seek to achieve "their target form."

own capabilities through self-improvement and experience. I will also work to contribute to the Bank by enhancing my skillsets through good use of in-house training systems and trainee systems.

Fukushi: In terms of diversity, with an increase in the number of female general managers, like Ms. Ito, there has been improvement in environments conducive to women's success. I've also heard about training especially for women and other cross-generational training, and so I'll definitely be participating in those.

Watanabe: Although the personnel system reforms have improved our systems, corporate culture reforms aimed at achieving "our target form" are still a work in progress.

In The Analects of Confucius and the Abacus, Eiichi Shibusawa, who played a major role in the establishment of the Bank, writes that practice is more important than theory. Looking ahead, we will continue to reinforce initiatives aimed at enhancing our human capital from various angles. Our hope is to further link the meaning and significance of "our target form" in "Vision 2030" and a keyword "ambition" in the personnel system reforms, to a change in behavior in each employee. Moreover, in anticipation of future social changes, we will also strive to ensure that diverse human resources can work with enthusiasm and feel that they are making real contributions to the region and customers and experience their own and the organization's growth.



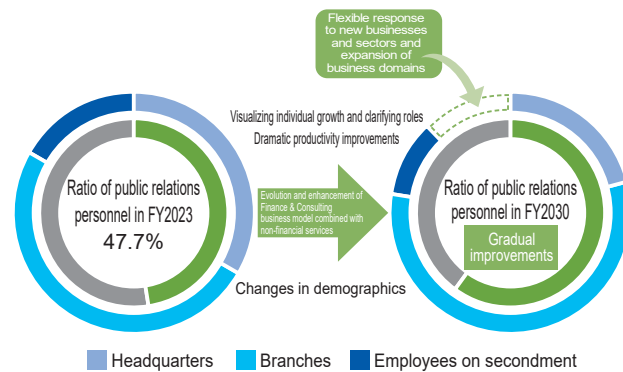
I. Human Resource Portfolio Strategy

At the 77 Bank Group, through proactive investments in people and advanced personnel management, we will aim to enhance employees' ambition and engagement, and grow into an organization that maximizes individual capabilities and continues to take on new challenges.

Formation of human resource portfolio

In addition to visualizing individual growth and clarifying roles, through dramatic productivity improvements we will create liaison officers. Moreover, we will ensure Groupwide specialization and flexibility in anticipation of our entry into new businesses and sectors and the expansion of our business domains.

Human resource portfolio based on management strategies



Measurement and management of the effects of human capital investments

In addition to proactive investments in human capital, we will achieve dramatic improvements in performance by enhancing productivity and individual employee skills. We will measure, manage, and verify the effects of human capital investments in terms of skill, endeavor, and returns, and investigate and implement a response based on the results.

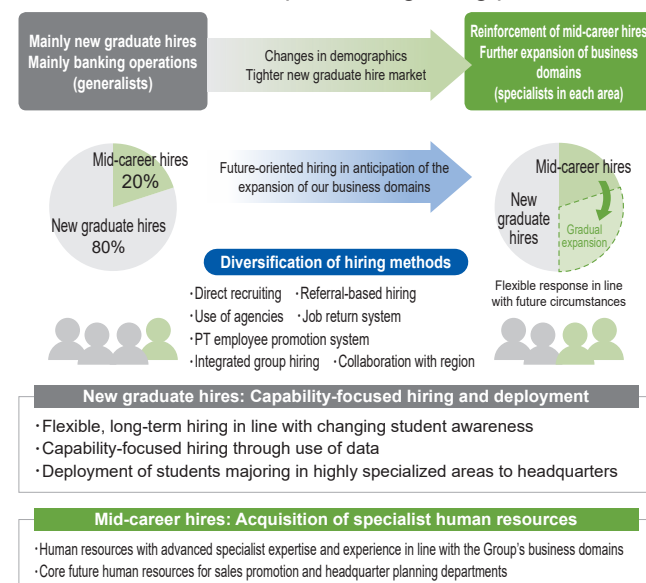
Measurement/management targets	Matters for judgment
Skills	✓ Average corporate liaison skill level
	✓ Average retail liaison skill level
	✓ No. of individuals with higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-size Enterprise Management Consultant)
Endeavor	✓ No. of DX human resources (experts, core, base)
	✓ Engagement score (indicator of ambition)
	✓ No. of participants in job trial system, etc.
Returns	✓ No. of applications for job entry system
	✓ Ratio of liaison officers
	✓ Labor productivity in core operations
	✓ Consulting income

*Consulting income: Fees and commissions from corporate clients + Sales commissions of assets in custody

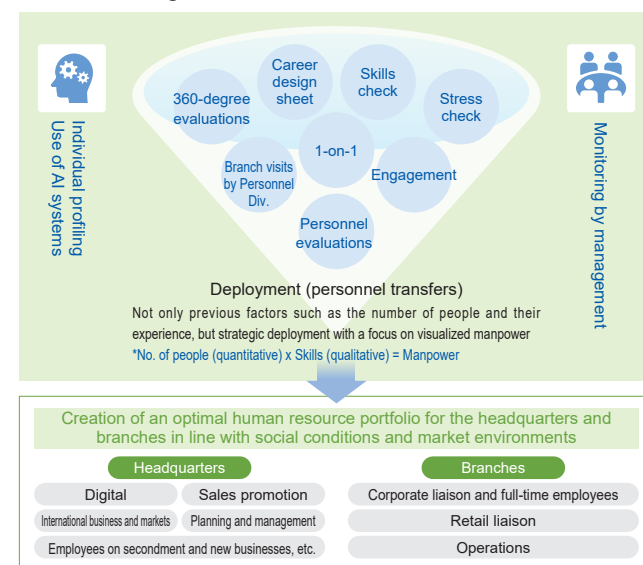
Hiring and talent management in anticipation of expansion of business domains

In anticipation of changes in demographics and the expansion of our business domains, we are strategically hiring and deploying mid-career hires with advanced expertise and experience as well as outstanding students. Moreover, through the visualization of individuals' skills, we are working on the strategic and optimal deployment of personnel from both quantitative and qualitative standpoints.

Course of action for sophisticating hiring process



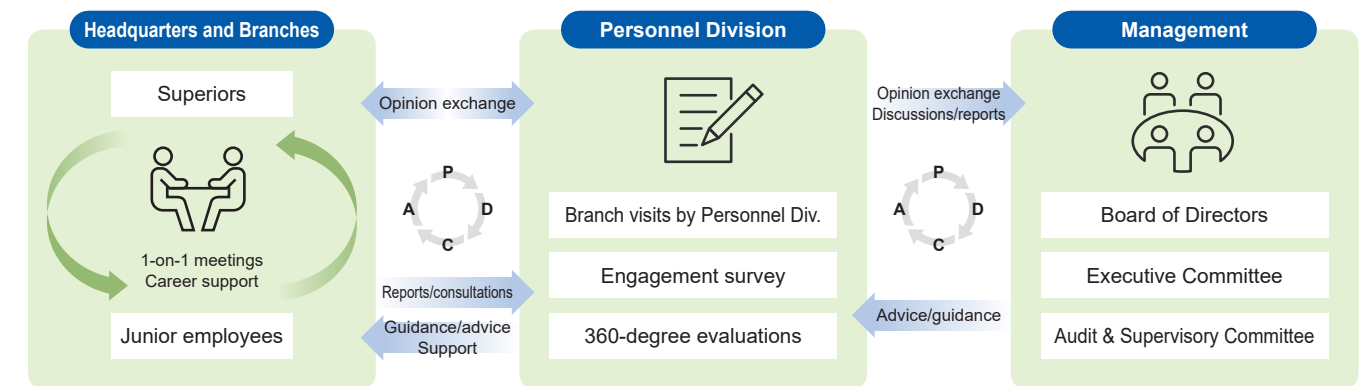
Talent management



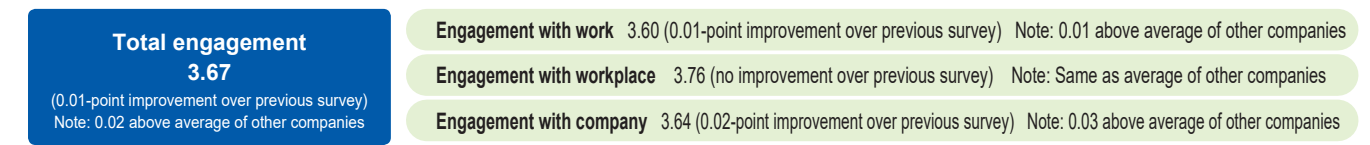
Establishing an ambitious corporate culture and improving engagement

To create a virtuous cycle in which all employees take on new challenges to build confidence and positivity, through the Human Resource Strategy implementation process we are revitalizing communication between the frontlines, personnel departments, and management, and accelerating corporate culture reforms. Moreover, to improve employee engagement, we conduct quantitative analyses based on diverse approaches, including engagement surveys, so that we can implement effective measures.

Human Resource Strategy implementation process



Engagement survey results

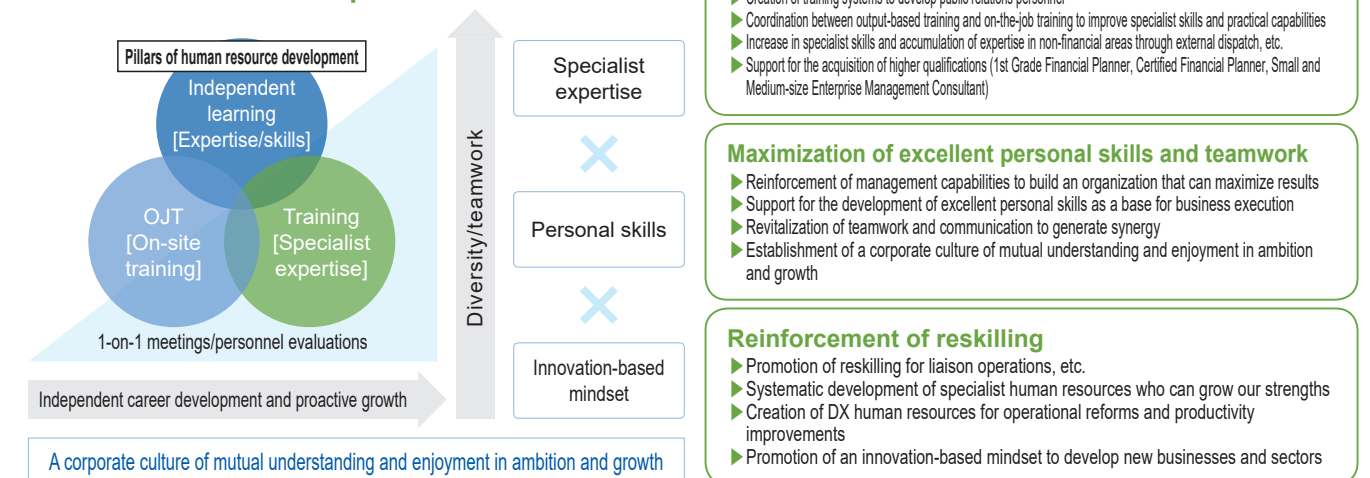


*Benchmark for good conditions: 3.50 or higher (max. 5.0)

II. Human Resource Development Strategy

At the 77 Bank Group, based on a corporate culture in which there is mutual enjoyment in ambition and growth, we will support the independent career development and skill improvement of each individual, and develop diverse expertise, excellent personal skills, and a spirit of endeavor. In doing so, we will grow into an organization with enhanced capabilities and shared growth and contributions.

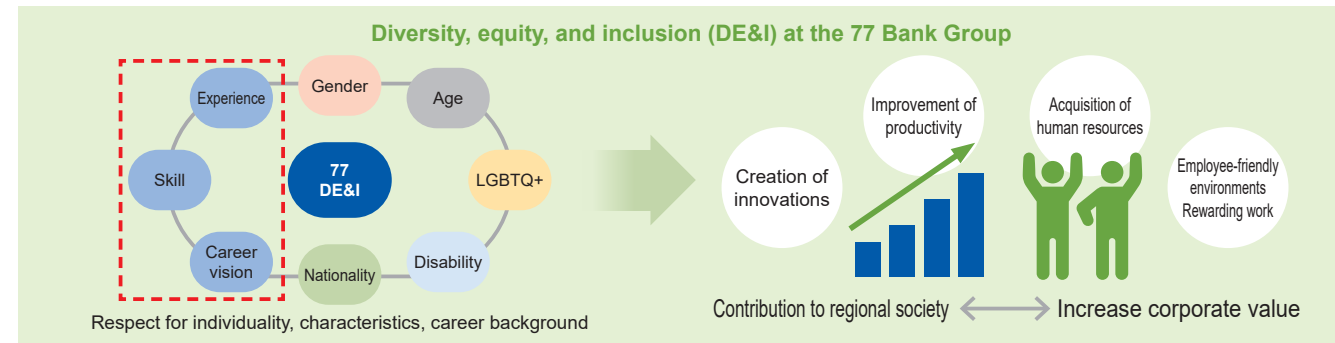
Human resource development framework



III. Diversity Promotion Strategy

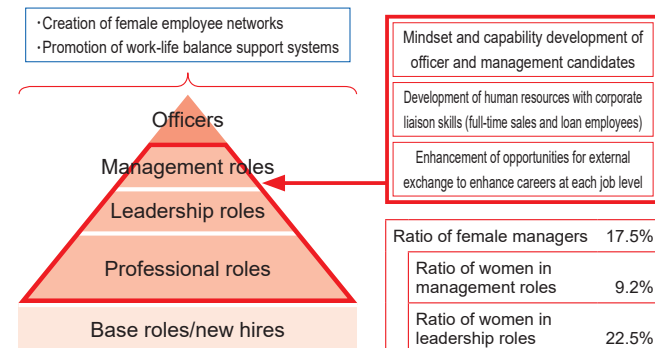
At the 77 Bank Group, through the development of mutual respect for diversity and the creation of systems, we will create working environments that allow diverse human resources to succeed in various fields, and in turn grow into an organization in which each individual can demonstrate their individuality.

Working environments to make maximum use of individualities and capabilities



Further promotion of the active participation of women

In addition to reinforcing our organizational capabilities by utilizing diverse sensitivities and approaches, regardless of gender, we will strengthen our development of human resources in each job level with an eye on superior positions.



Enhancement of corporate value through active participation of diverse human resources



Understanding of diversity (disabilities, LGBTQ+, etc.) and respect for human rights

- Promotion of understanding of diversity (disabilities, LGBTQ+, etc.)
- Thorough promotion of the importance of respect for human rights, including the elimination of harassment
- Elimination of unconscious bias

IV. Wellbeing Promotion Strategy

At the 77 Bank Group, through the promotion of health management and the enhancement of employee welfare programs, we will create a working environment where every employee can maximize their capabilities and grow into an organization that is employee friendly and rewarding.

Approach to well-being promotion

- Promotion of health and productivity management**
 - ▶ Development of awareness of health management
 - ▶ Promotion of data-based health
 - ▶ Creation of an integrated promotion system involving the company, employees, and their families
 - ▶ Proactive internal and external communication related to health management initiatives
- Proactive support for the maintenance and improvement of health**
 - ▶ Reinforcement of support for lifestyle habit improvements
 - ▶ Enhancement of measures for mental health to improve stress levels and mental illness
 - ▶ Enhancement of job return support for employees on long-term sick leave
- Creation of employee-friendly work environment**
 - ▶ Improvements in work-life balance and productivity through the enhancement of systems that cater to increasingly diverse lifestyles
 - ▶ Revitalization of in-house communication through participation in cultural and sporting activities and regional events, etc.
- Reinforcement of initiatives for financial wellness**
 - ▶ Improvements in understanding of employee welfare programs and promotion of use
 - ▶ Reinforcement of initiatives to support employees' systematic asset formation activities
 - ▶ Review of various employee welfare programs in line with the times

Please see the Bank's website for more details on the objectives and promotion system for health management.



Initiatives and Achievements for Each Strategy

Item	FY2022 results	FY2023 results	
I. Human Resource Portfolio Strategy	Ratio of liaison officers	47.1% ▶ 47.7%	
	Engagement score (indicator of ambition) ¹	3.5 ▶ 3.6	
	No. of participants in job trial system	96 ▶ 171	
	No. of applications for job entry system	8 ▶ 14	
	Ratio of mid-career hires	9.3% ▶ 17.5%	
	Ratio of mid-career hires promoted to management	26.1% ▶ 28.0%	
	Labor productivity in core operations	JPY 12 mn ▶ JPY 14 mn	
	Consulting income	JPY 5.8 bn ▶ JPY 6.5 bn	
	Average corporate liaison skill level ²	— ▶ 2.43	
	Average retail liaison skill level ²	— ▶ 1.82	
II. Human Resource Development Strategy	No. of individuals with higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-size Enterprise Management Consultant)	224 ▶ 261	
	No. of DX human resources (experts, core, base)	Experts: 0 ▶ 5	
		Core: 62 ▶ 85	
		Base: 612 ▶ 1,048	
	No. of participants in reskilling training ³ (retail and corporate consulting)	— ▶ 72	
	Training costs per person	JPY 73 k ▶ JPY 91 k	
	No. of training programs per person	3.6 ▶ 4.9	
	III. Diversity Promotion Strategy	Ratio of female managers	16.0% ▶ 17.5%
		Ratio of female employees in corporate liaison, full-time, and headquarter planning positions	16.7% ▶ 21.7%
		Ratio of employees taking paternity leave	108.1% ▶ 102.0%
Ratio of employees with disabilities		1.94% ▶ 2.30%	
Retention rate (percentage of employees working three years at the Bank)		85.0% ▶ 85.5%	
IV. Wellbeing Promotion Strategy		Absenteeism (ratio of employees on sick leave over a certain period)	2.6% ▶ 2.7%
		Presenteeism (percentage of employees with no psychological or physical issues)	92.4% ▶ 92.3%
		Ratio of employees taking annual paid leave	75.4% ▶ 75.0%
		Average monthly hours of overtime work	13 hours 30 minutes ▶ 14 hours 20 minutes
		Ratio of employees subscribed to corporate defined contribution plans	57.3% ▶ 55.9%
Ratio of employees who are members of the 77 Bank Stock Ownership Association	97.6% ▶ 97.7%		
Engagement score ¹ (indicator of working environment)	3.2 ▶ 3.3		

¹ Benchmark for good conditions: 3.50 or higher (matters related to ambition and working environment) (max. 5.0)

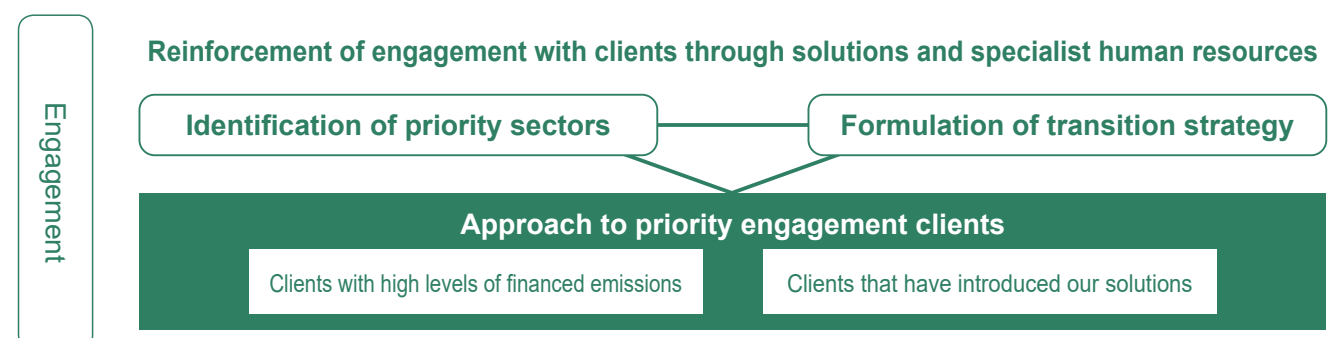
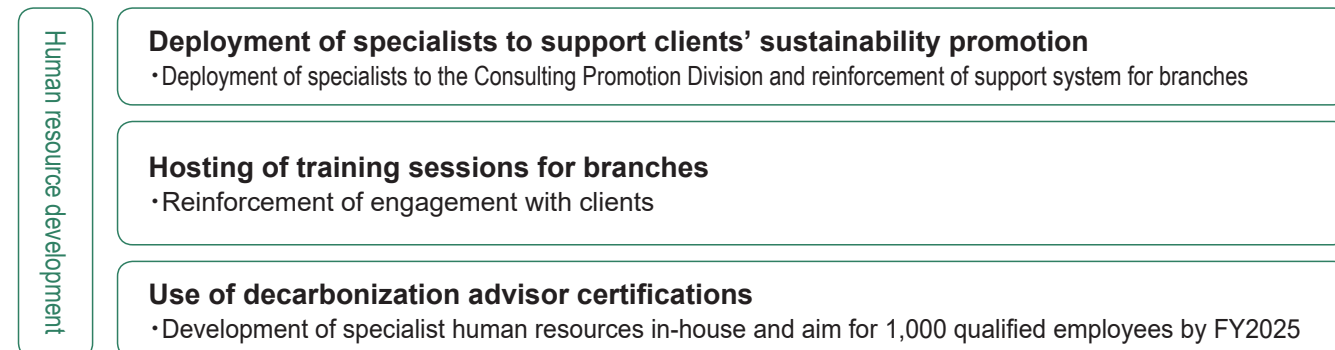
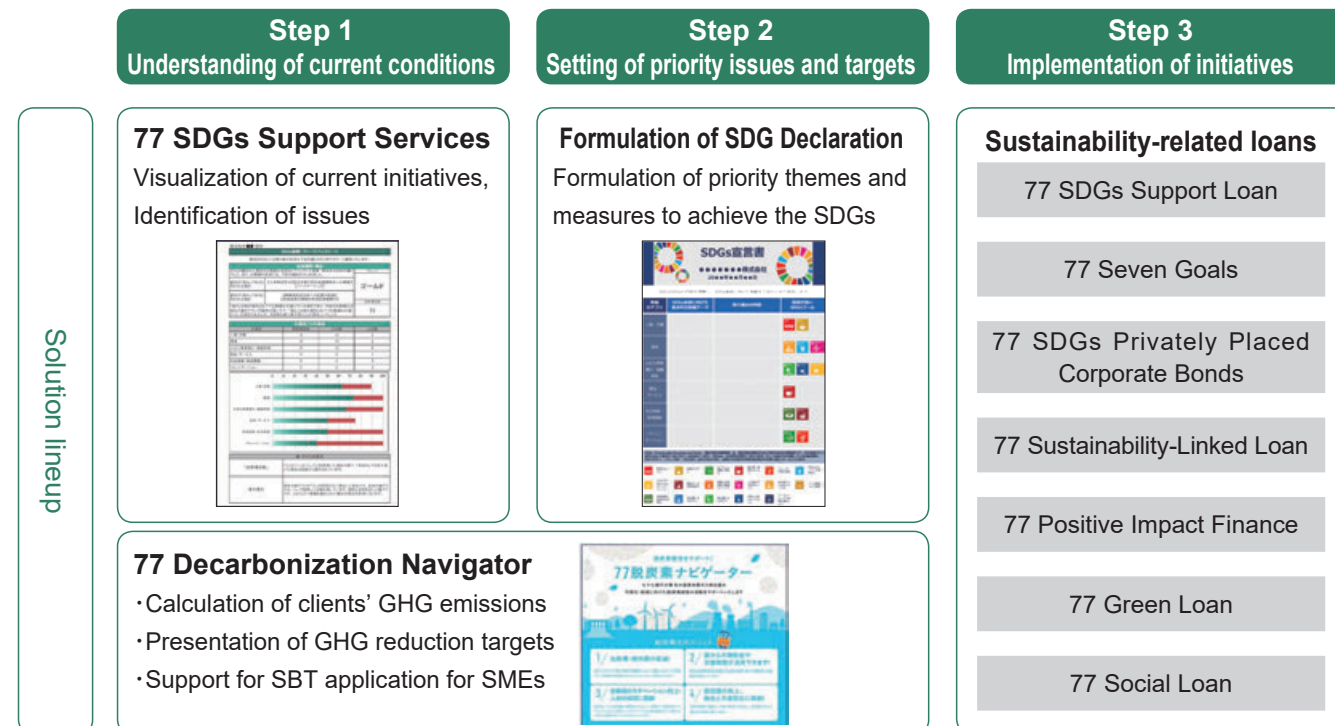
² Introduced in FY2023 to assess skills based on in-house standards (max. 5.0)

³ Set as part of training curriculum in FY2023

Sustainability Initiatives

Reinforcement of support system for clients' sustainability promotion

To support clients in their efforts to promote sustainability, we have enhanced our lineup of solutions to cater to the current conditions of their initiatives, and are reinforcing our own development of specialist human resources. Moving forward, we will continue to support sustainability initiatives through greater engagement with our clients.



Initiatives for Natural Capital and Diversity

Participation in the TNFD Forum

At the 77 Bank, we have positioned response to climate change and disasters as one of our materiality goals. Understanding the importance of protecting our region's natural environments and biodiversity, in May 2024 we announced our participation in the TNFD Forum. Moving forward, in addition to protecting the region's natural environments and biodiversity, we will continue with examinations aimed at enhancing our nature-related information disclosure.



TNFD (Taskforce on Nature-related Financial Disclosures)

An organization launched in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the environmental NGO Global Canopy from the UK, and the World Wide Fund for Nature (WWF) to create a framework for nature-related corporate risk management and information disclosure.

Forest protection activities: The 77 Future Forest

To restore the coastal disaster prevention forest that was lost in the Great East Japan Earthquake, in 2018 we signed the "Citizens' Reforestation Activities to Restore the Miyagi Coastal Forests" agreement with Miyagi Prefecture and Sendai City, and we are planting and nurturing Japanese black pine trees in the Arahama District of Sendai City.

To create an environment conducive to the growth of Japanese black pine trees, volunteers from the Bank are engaging in forest protection activities in the 77 Future Forest planting zone. Moving forward, in addition to promoting activities to protect the natural environments in our region, we will continue with activities to develop the forest into one that can protect the region from disasters.



Selected for the Ministry of the Environment's "FY2023 ESG Regional Finance Promotion Program"

Theme Establishing a blue economy in coastal Miyagi

Background The fishery industry, which is one of Miyagi Prefecture's main industries, is facing various risks including changes in fish species caused by climate change-induced rises in seawater temperature and fishing limits aimed at protecting biodiversity. We recognized the need to control these risks and to create business opportunities using marine resources.

- Dialog** We are engaging in dialog with various regional stakeholders including fishery businesses, local governments, and universities, to improve sustainability in the fishery industry.
- Gauging trends** To gauge trends in the fishery industry, we are working with 77 Research and Consulting to understand recent trends in catches at major fishing ports in Miyagi Prefecture.
- Understanding needs** Through dialog with fishery businesses, we are looking at issues they are currently facing and working to understand their concerns regarding the continuation of business in the future.

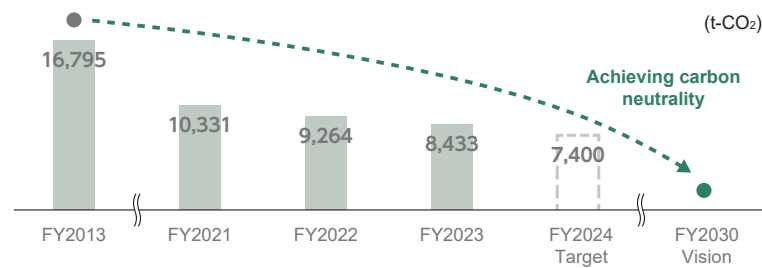


In October 2023, we attended the Tokyo Sustainable Seafood Summit, one of the largest events in the industry, and took part in a panel discussion related to collaboration between banks and fishery businesses.

Climate Change Initiatives

Realization of carbon neutrality

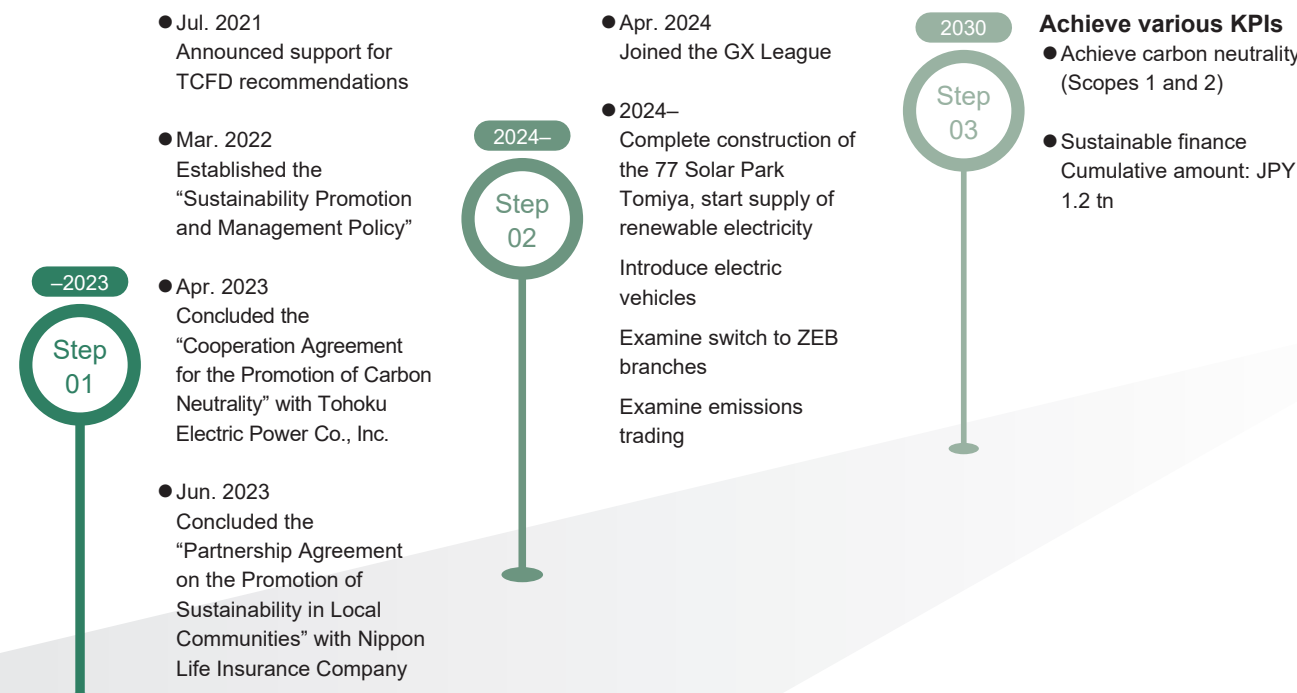
To further reinforce the response to climate change, the 77 Bank Group reviewed existing FY2030 CO₂ emissions targets (reduction rate compared with FY2013) set as a KPI in “Vision 2030” and “SDGs Action Plan” and changed it to “Aim to achieve carbon neutrality by FY2030.”



Initiatives to achieve carbon neutrality

Achievement of carbon neutrality in Scopes 1 and 2 emissions

Initiatives to achieve carbon neutrality in Scope 3 emissions



TOPICS

77 Solar Park Tomiya
(Construction scheduled for completion and supply of electricity to start in 2024)
The solar power station will supply approximately 2,000 kW of electricity through an off-site corporate PPA (self-consignment system). It is expected to achieve an annual emissions reduction of 1,237 t-CO₂ (equivalent to 15% of emissions in FY2023).

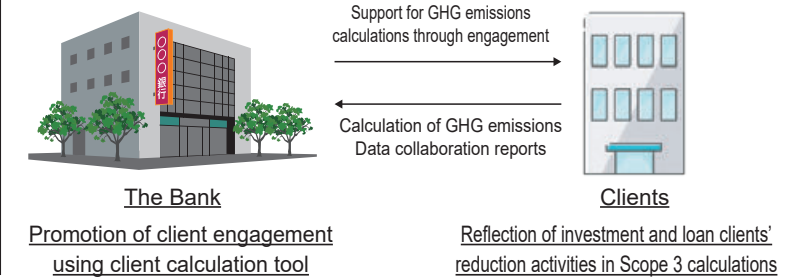


Refinement of Scope 3 Category 15 calculations

To refine our calculations of Scope 3 Category 15 emissions, in April 2024 we became the first financial institution in East Japan to introduce NTT DATA’s C-Turtle® FE system, which calculates the GHG emissions of investment and loan clients.

Efficient collection of primary data on investment and loan clients’ GHG missions

-
- (1) Collection using client calculation tool (scheduled for introduction)
 - (2) Collection from CDP data source
 - (3) Collection from public information such as integrated reports
 - (4) Collection from the Ministry of the Environment’s database on global warming countermeasures



Hosting of decarbonization seminars for clients

Based on our “Cooperation Agreement for the Promotion of Carbon Neutrality” with Tohoku Electric Power Co., Inc., to encourage integrated regional efforts to promote carbon neutrality, we host the 77 SDGs Seminar: Achieving carbon neutrality through public-private collaboration. We also host occupation seminars related to decarbonization for clients at our branches.



Sendai City’s recognition as a Decarbonization Leading Area

In November 2023, Sendai City’s plan and proposal was selected as part of the Ministry of the Environment’s fourth call for applications for recognition as a Decarbonization Leading Area. At the 77 Bank, we worked with Sendai City to submit the proposal.

Sendai City can now benefit from grants for regional decarbonization and renewable energy promotion, and so further progress is expected in the region’s decarbonization through the City’s support projects.

Through participation in these projects, we will support the region’s decarbonization by educating customers and providing financial assistance.



VOICE

Reinforcing Client Engagement

At the 77 Bank, since 2023 we have calculated Scope 3 Category 15 emissions. To support stronger decarbonization initiatives as a regional financial institution, we also calculate and analyze the emissions of businesses within Miyagi Prefecture. As we work to encourage clients’ decarbonization efforts, in addition to enhancing our lineup of solutions it will be important to take an engagement-based approach.

In July 2024, we were selected to be eligible for support under the Ministry of the Environment’s “Transition Strategy Formulation and Engagement Program in FY2024 (for financial institutions).” By reinforcing client engagement through headquarter sustainability specialists and our branches, we will contribute to the creation of sustainable regional societies.



Yuki Uematsu
Sustainability Promotion Office, General Planning & Coordination Division,
Joined the Bank in 2017

Response to TCFD recommendations

Based on the acknowledgement that the response to sustainability-related challenges including climate change is one of the important management issues, in April 2023, we identified the “response to climate change and disaster” as the important issue of the 77 Bank Group in “the 77 Bank Group’s materiality,” which was formulated and released having the engagement of all officers and employees including Outside Directors. We reinforced our initiatives, and enhanced information disclosure measures based on the TCFD recommendations.

Governance

For more details, please see “Governance structure” on page 26.

Strategy

The Bank will try to identify risks and opportunities with scenario analysis, etc. At the same time, based on the “SDGs Action Plan,” we will reinforce our initiatives to “respond to climate change and disasters” by taking measures to minimize risks and maximize opportunities.

Risks

As for climate change risks, we recognize the following physical and transitional risks in each risk category that could have an impact on customers’ business or affect the Bank’s business continuity. We analyze the impact that these risks could have when they materialize based on the following timeframes: short-term (5 years), medium-term (10 years), and long-term (30 years).

Classification	Assumed risk	Time frame
Physical risks	• Occurrence of credit risk caused by natural disaster affecting customer’s sales base and suspending its business	Short-term to long-term
	• Occurrence of credit risk caused by the declined value of real estate collateral due to natural disaster	Short-term to long-term
	• Occurrence of operational risk due to the Bank’s branch, etc. being affected by natural disasters	Short-term to long-term
Transitional risks	• Occurrence of credit risk due to the revision of climate change-related regulations and tax systems giving a negative impact on customer’s business	Long-term
	• Occurrence of credit risk due to the failure of decarbonization technology and changes in the market giving a negative impact on customer’s business	Short-term to long-term
	• Occurrence of reputation risk of the Bank when our response to climate change/information disclosure is insufficient	Short-term to long-term

<Scenario analyses>

For physical and transitional risks, we anticipate each risk’s intensifying scenarios as follows, and analyze the influence when the risk becomes eminent.

	Physical risks	Transitional risks
Scenario	Intergovernmental Panel on Climate Change (IPCC) 4°C scenario (RCP 8.5)	Network for Greening the Financial System (NGFS) Net Zero 2050
Scope of analysis	Business credit in Miyagi Prefecture	Power/utility sector
Analysis method	The impact that a deterioration in financial position caused by damage to collateral from water damage (depth of flooding) and by business suspension could have on credit expenses	The impact that a deterioration in financial position caused by tax burden from the introduction of carbon taxes and existing facilities turning into stranded assets could have on credit expenses
Analysis period	Until 2050	Until 2050
Results of analysis	Approx. JPY 3.0 bn increase in credit expenses	Approx. JPY 10.0 bn increase in credit expenses

<Carbon-related assets>

In FY2023, the Bank’s exposure to the energy and utilities sector accounted for 3.5% of its loans and bills discounted (however, water utilities, independent electric power, and renewable power businesses are excluded).

Opportunities

We are aware that it is important to make efforts to achieve carbon neutrality and keep supporting our customers’ decarbonization initiatives for the long term based on the calculation of Scope 1, 2 and 3 emissions.

We understand that new business opportunities will emerge and enhance as there is a rise in demand from society for our support for customers’ decarbonization initiatives, including related consulting capability and financial intermediary function (transition finance), such as the investment and lending required for decarbonization projects.

The same as “risk,” for the “opportunities” of climate change response, we will use the time frame of short (5 years), medium (10 years) and long (30 years) terms.

No.	Assumed opportunity	Time frame
①	• Expansion of investment and lending opportunities for research and development investment, capital investment, etc. for energy-saving and changes of fuel and materials for the manufacturing industry, etc.	Short-term to long-term
②	• Expansion of investment and lending opportunities for power generation facilities associated with the conversion of renewable energy into main power source	Short-term to medium-term
③	• Increase in consulting needs for the strategy formulation and risk control for companies’ decarbonization	Short-term
④	• Expansion of investment and lending opportunities related to the start of new decarbonization-related business by companies, etc.	Medium-term to long-term
⑤	• Expansion of investment needs with investment products that pay attention to environmental protection	Short-term to medium-term

<Main initiatives for opportunities>

No.	Main initiatives
①	• Provision of sustainability-related loan products 77 SDGs Support Loan (FY2023 amount: JPY 1.4 bn) 77 Seven Goals (FY2023 amount: JPY 5.5 bn) 77 Sustainability Linked Loan (FY2023 amount: JPY 13.2 bn) • Introduction of 77 Positive Impact Finance based on international principles, etc. (Mar. 2024) • Introduction of 77 SDGs Privately Placed Corporate Bonds (donation-type/carbon offset course) in collaboration with Miyagi Prefecture and Sendai City (Apr. 2024)
②	• Execution of renewable energy-related funding (FY2023 amount: JPY 7.9 bn)
③	• Provision of various consulting services, etc. SDGs Support Services (FY2023 amount: 83) Start of support business for use of carbon credit in collaboration with Itoki Corporation (Dec. 2023) Introduction of 77 Decarbonization Navigator for the calculation of clients’ GHG emissions (Jan. 2024)
④	• Initiatives for the expansion of business opportunities Reinforcement of engagement with clients with high levels of financed emissions
⑤	• Enhancement of investment products for customers 77 Open-Type Green Foreign Currency Time Deposit

Risk management

- The Bank recognizes that physical and transitional risks caused by climate change may have a significant financial impact in the future.
- In terms of the impact that physical and transitional risks could have on the soundness of our capital, we conduct regular verifications through stress tests that combine non-climate change risks such as credit and market risks.
- The Bank has established “Lending Policies for Specific Businesses” for companies whose businesses could have a negative impact on the environment and society.

Indicators and targets

CO₂ emissions (Scopes 1, 2, and 3)

To further reinforce response to climate change from FY2023, the 77 Bank Group's KPI for the reduction of CO₂ emissions is the realization of carbon neutrality by FY2030.

CO₂ emissions in FY2023 were 49.8% lower than in FY2013, and we are continuing to implement initiatives to reduce emissions through the introduction of energy-saving equipment, etc.

Item	FY2013	FY2020	FY2021	FY2022	FY2023
Scope1 (kerosene, heavy oil A, etc.; however, gasoline is excluded)	1,894	1,600	1,483	1,185	1,138
Scope2 (electricity, local hot water)	14,901	10,597	8,848	8,079	7,295
Total (Scope 1 + 2)	16,795	12,197	10,331	9,264	8,433
(Reduction ratio compared to FY2013)	—	(27.3%)	(38.5%)	(44.8%)	(49.8%)
Scope 3 (Categories 6, 7, and 15)	—	—	—	10,013,332	8,535,613
Total (Scope 1 + 2 + 3)	—	—	—	10,022,596	8,544,046

*1 The number above is the CO₂ emissions of the Bank alone stated in the periodic report in accordance with the "Act on Rationalizing Energy Use and Shifting to Non-fossil Energy." For the usage of renewable electricity, we regard CO₂ emissions to be "0."

*2 The disclosed data including emissions may be changed due to the future expansion of the scope of the accounting targets, revision of calculation method, refinement of data to be used, etc.

<Scope 3 breakdown>

Of Scope 3 emissions, we have calculated Category 6 (business trip), Category 7 (employees' commuting), and Category 15 (investments and loans) emissions.

We have calculated Scope 3 Category 15 based on PCAF standards. Of the Bank's investments and loans as of the end of March 2024, the scope of calculation includes domestic corporate business loans, domestic stocks, and corporate bonds. The investments and loans within the scope of calculation cover 91.3% of the total.

Item	FY2022	FY2023
Scope3 total	10,013,332	8,535,613
Category 6 (business trip)	524	494
Category 7 (employees' commuting)	1,212	1,159
Category 15 (investments and loans)	10,011,596	8,533,960

[Calculation formula]

Category 6: Emissions = $\sum \{(\text{No. of employees} \times \text{Emissions intensity})\}$

Category 7: Emissions = $(\text{Work type/by city rank}) \sum \{(\text{No. of employees} \times \text{No. of business days} \times \text{Emissions intensity})\}$

Category 15: Financed emissions (GHG emissions from investment and loan clients) and carbon intensity (GHG emissions per unit of net sales from investment and loan clients) are as calculated below.

$$\text{Emissions of investment and loan clients} = \sum \frac{\text{Investment and loan balance for investment and loan clients}}{\text{Total funding for investment and loan clients}} \times \text{Client GHG emissions}$$

$$\text{Carbon intensity} = \frac{\sum (\text{Client GHG emissions})}{\sum (\text{Client net sales})}$$

*1 The calculation of Scope 3 is based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.5)" and the "Policy on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)" issued by Ministry of the Environment.

*2 The Partnership for Carbon Accounting Financials (PCAF) is an international framework for the development of standards for measuring and disclosing the GHG emissions of investment and loan clients.

<Scope 3 Category 15 breakdown>

Investment and loan client total				
18 TCFD sectors	Emissions	Carbon intensity	Data quality score	
1 Electric utility	2,040,693	19.8	2.24	
2 Industrials	1,607,857	2.3	3.02	
3 Construction materials	653,992	25.7	2.78	
4 Processed food/meat	481,110	5.2	3.63	
5 Chemistry	241,229	4.4	1.80	
6 Truck services	226,051	11.2	3.74	
7 Oil and gas	210,061	2.0	3.18	
8 Metal and mining	194,654	26.2	1.93	
9 Paper and forestry products	135,406	5.4	2.14	
10 Real estate management and development	127,233	1.3	3.14	
11 Vehicles and components	65,789	0.7	2.08	
12 Agriculture	55,833	7.0	3.68	
13 Rail transport	20,697	2.1	1.95	
14 Marine transport	19,087	12.2	2.62	
15 Passenger air transport	11,641	10.9	2.58	
16 Drinks	8,267	2.6	3.58	
17 Air cargo	1,392	2.4	4.00	
18 Coal	772	8.0	4.00	
19 Others	2,432,197	2.2	2.86	
— Total	8,533,960	3.8	2.84	

*Industrials include mainly the construction industry (construction/engineering) and trading companies and distribution companies related to construction materials

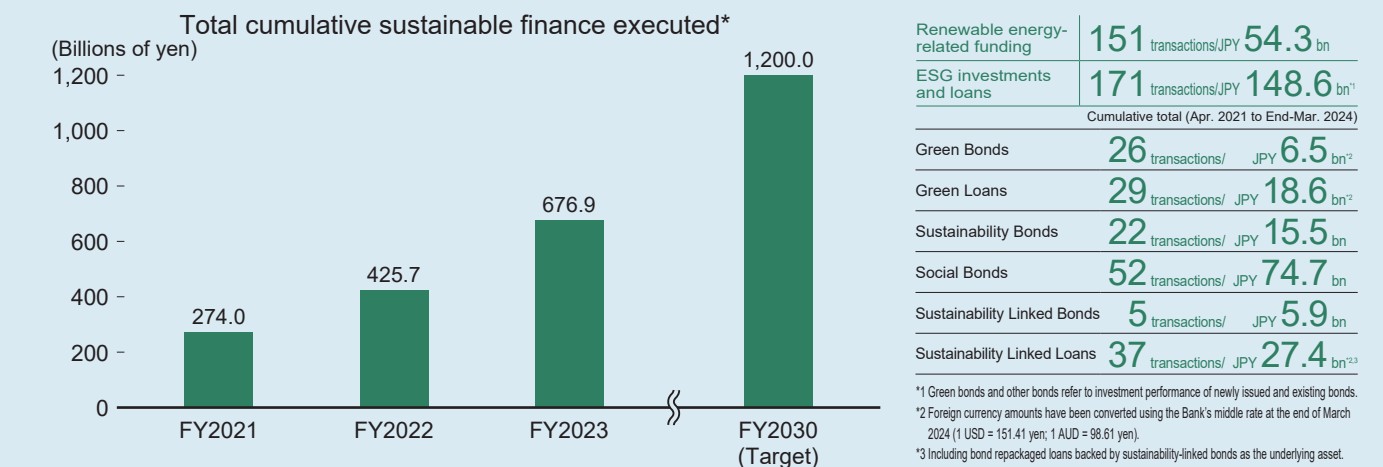
Businesses in Miyagi Prefecture

18 TCFD sectors	Emissions	Carbon intensity	Data quality score	
1 Industrials	1,146,428	3.3	3.98	
2 Electric utility	831,036	15.6	1.52	
3 Processed food/meat	387,382	5.2	3.94	
4 Truck services	153,573	3.8	3.96	
5 Oil and gas	137,949	2.2	4.00	
6 Construction materials	118,873	15.5	3.88	
7 Real estate management and development	70,191	1.0	4.00	
8 Chemistry	61,243	4.9	3.87	
9 Agriculture	42,018	6.8	3.62	
10 Metal and mining	37,431	9.0	2.21	
11 Paper and forestry products	19,286	3.0	3.55	
12 Vehicles and components	17,246	1.4	3.69	
13 Drinks	6,354	3.4	4.00	
14 Marine transport	5,714	13.6	4.00	
15 Air cargo	1,383	2.4	4.00	
16 Rail transport	1,079	3.9	4.00	
17 Passenger air transport	623	12.1	4.00	
18 Coal	—	—	—	
19 Others	1,466,480	1.8	3.85	
— Total	4,504,289	4.5	3.71	

Emissions: t-CO₂; Carbon intensity: t-CO₂/millions of yen

Sustainable finance

Through engagement with clients, we will reinforce our provision of solutions for environmental and social issues.



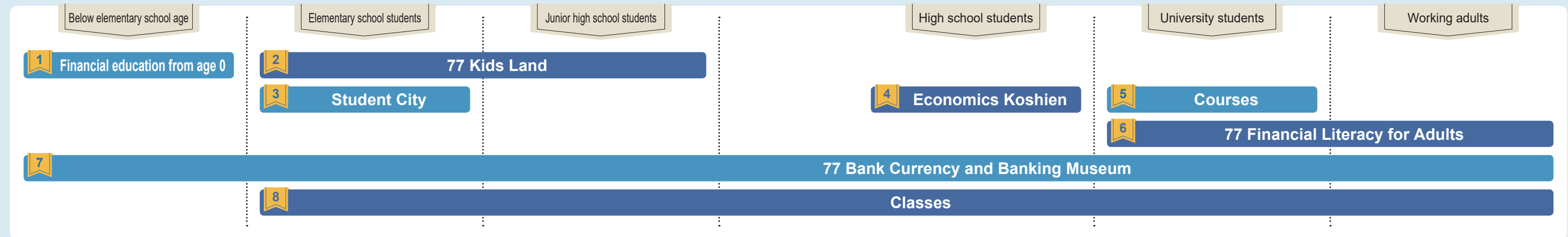
* Total cumulative investment and lending executed which contributes to the stimulation of local communities and the realization of a sustainable society (investment and lending that supports and promotes SDGs initiatives in the fields of the environment, medicine, new companies, business succession, etc.)

Financial Education Initiatives

Improvement of financial literacy


To provide individuals in our region with opportunities to equip themselves with financial expertise and decision-making skills,

we offer a range of financial education programs to numerous individuals regardless of age, location, or time.



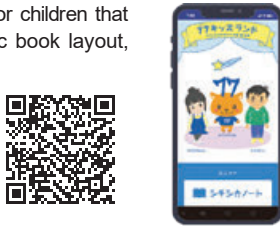
1 Financial education from age 0

Early childhood is an important time to learn how to use money. We communicate the necessary information to households with small children, including pointers on how to learn about money at home.



2 77 Kids Land

"77 Kids Land" is a website for children that uses an easy-to-follow comic book layout, enabling them to learn about money and banks alongside Shichishika-kun. The website is ideal for financial education at home.




7 77 Bank Currency and Banking Museum

The museum features various easy-to-understand exhibits on the history and role of money, the bank's founding and development, and Miyagi Prefecture and Japan's industry and economy. (77 Bank 4F Head Office; free entry; reservation required)




8 Classes

We offer various classes to improve the required financial literacy in every age group from elementary school students to working adults. The length and content of the classes can be adjusted based on client needs. Please feel free to contact us for further information.




3 Student City

At the Sendai Children's Experience Plaza-Elem, we host the experiential education program "Student City" for elementary school students.



4 Economics Koshien
(All Japan High School Quiz Tournament)

Since 2009, we have hosted the "Economics Koshien" Miyagi Competition, a quiz event for high school students so they can enjoy learning about finance and the economy.



Respect for Human Rights Initiatives

Formulation of Human Rights Policy

In April 2024, we formulated the "77 Bank Group Human Rights Policy" based on the understanding that respect for human rights is an important foundation for corporate activities.

In line with the philosophy of the Bank Creed, "desiring communal prosperity and serving local communities," which has been passed on since our founding, we recognize that respect for human rights is one of our important responsibilities. We will therefore ensure thorough respect for the human rights of our customers, officers, employees, and various other stakeholders.

- 1. Respect for international norms**
The 77 Bank Group will respect international norms such as the "Universal Declaration of Human Rights" and the "Guiding Principles on Business and Human Rights."
- 2. Scope of application**
The Human Rights Policy applies to all officers and employees of the 77 Bank Group. We also expect the understanding and support of this policy by our customers and various other stakeholders.
- 3. Commitment to respect for human rights**
In its corporate activities, the 77 Bank Group will not allow discrimination, harassment, or human rights violations due to race, ethnic group, nationality, origin, social status, age, religion, beliefs, sex, sexual orientation, gender identity, disability, physical features, or for any other reason.
- 4. Enhancement of human rights education**
To ensure solutions to various human rights issues, the 77 Bank Group will offer a wide range of human rights education to equip all officers and employees with correct knowledge and a greater understanding of human rights.
- 5. Corrective and remedial measures**
In the event of any negative impact on human rights, or if any action is found to be contributing to this negative impact, the 77 Bank Group will ensure appropriate response and implement corrective and remedial measures.
- 6. Information disclosure and dialog**
Through proactive information disclosure and dialog with stakeholders, the 77 Bank Group will strive to improve its human rights initiatives.

6 77 Financial Literacy for Adults

"77 Financial Literacy for Adults" is a website that features various articles on money-related queries and useful financial information for adults. It offers a casual way for adults to learn about things they might be too embarrassed to ask about.



5 Courses

To promote social contributions through the growth of the regional economy and human resource development, we host the "77 Bank Course" at the Faculty of Business Administration, Tohoku Gakuin University.



Governance Structure

Board of Directors and Audit & Supervisory Committee Members (As of July 31, 2024)

Directors



Chairman

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

Teruhiko Ujiie

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)



President

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

Hidefumi Kobayashi

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)



Senior Managing Director

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

Hiroshi Kobayashi

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)



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)



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 (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)
 Jun. 2023 Director, Hakuto Co., Ltd. (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)



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)



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 City Green Association
 Jun. 2007 President and Representative Director, Sendai Software Center Co., Ltd.
 Jun. 2008 Auditor, Sendai Meat Wholesale Market Co., Ltd.

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

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)

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)



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 Sport Association (current position)
 Jun. 2023 President, Miyagi Organization For Industry Promotion (current position)
 Jun. 2023 Director, Audit & Supervisory Committee Member, the Bank (current position)

Senior Executive Officers

General Manager, Audit & Inspection Division
 General Manager, Ishinomaki Branch, Kokucho Branch, and Shinnakazato Branch
 General Manager, Operations Management Division
 General Manager, Oroshimachi Branch
 General Manager, Tokyo Branch

Kazuhiro Chida
 Kuniaki Endo
 Hiroshi Kitazono
 Kentaro Motai
 Hideki Endo

Executive Officers

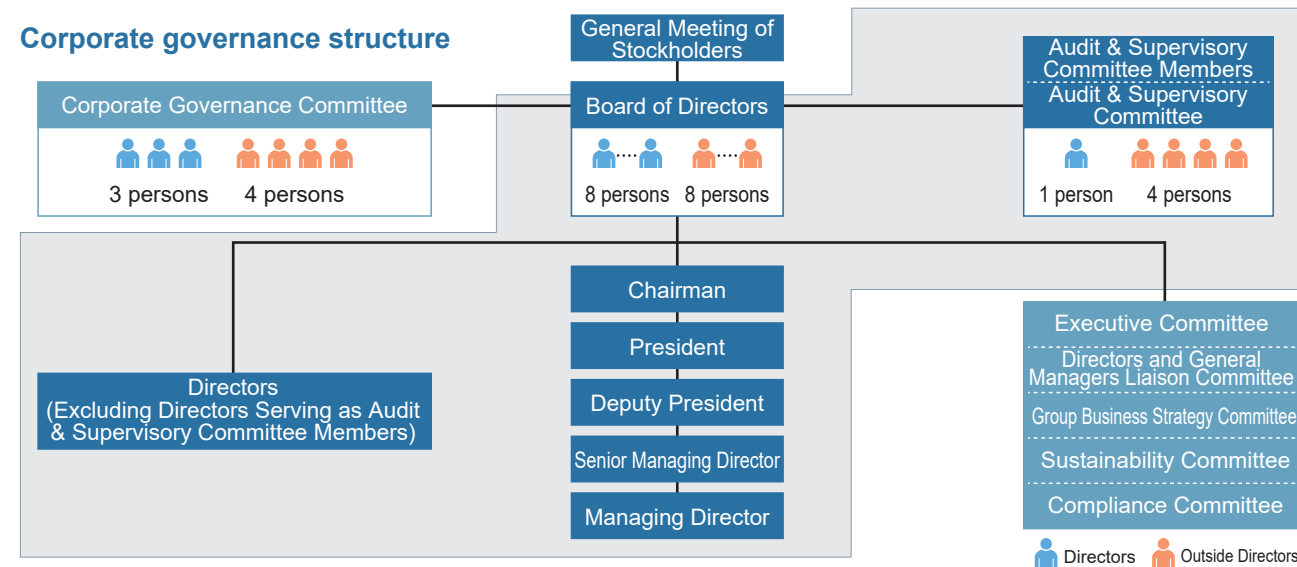
Special assignment (DX related)
 General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank
 General Manager, Personnel Division
 Special assignment (International Business)
 General Manager, Compliance Management Div.
 General Manager, General Planning & Coordination Div.
 General Manager, Business Promotion Division

Masahide Kato
 Takeshi Kawaguchi
 Takashi Watanabe
 Keiichiro Irie
 Yusuke Shikado
 Shigeru Tanabe
 Takayuki Kaneda

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



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) Chairman	Teruhiko Ujiie	○(Chairperson)	○	○				
(Representative Director) President	Hidefumi Kobayashi	○	○(Chairperson)	○		○(Chairperson)	○(Chairperson)	○(Chairperson)
(Representative Director) Senior Managing Director	Hiroshi Kobayashi	○	○	○		○	○	○
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	Kazuo Fukuda	○		○				
Director, Audit & Supervisory Committee Member	Masanori Muranushi	○	△ ³		○(Chairperson)	△ ³	△ ³	△ ³
Director, Audit & Supervisory Committee Member	Masai Yamaura	○			○			
Director, Audit & Supervisory Committee Member	Yoko Ushio	○			○			
Director, Audit & Supervisory Committee Member	Naoto Miura	○			○			
Director, Audit & Supervisory Committee Member	Shinya Endo	○			○			
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, Consulting Promotion Div. General Manager, Regional Development Promotion Div. General Manager, Personnel Div. General Manager, Audit & Inspection 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 A Deputy President has not been appointed.
 *2 Directors Emiko Okuyama, Seiichi Ohtaki, Shigenori Oyama, Kazuo Fukuda, Masai Yamaura, Yoko Ushio, Naoto Miura and Shinya Endo 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.

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 / Sustainability	Compliance / Risk management	Sales / Regional revitalization	International / Market investment	DX	Human resources development
Directors not serving as Audit & Supervisory Committee Members	Teruhiko Ujiie	○	◎	●	●	●		●
	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	Kazuo Fukuda		◎	●		●		
	Masanori Muranushi	○		●	●	●	●	
	Masai Yamaura		○	●	●	●		
	Yoko Ushio		○	●				●
	Naoto Miura		○	●			●	
Shinya Endo		○	●		●			

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

Reasons for the election as Outside Director

Name	Reasons for the election	Attendance at meetings in FY2023
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 14/14 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 14/14 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 regional revitalization, for the Bank.	Board of Directors 14/14 times Corporate Governance Committee 5/5 times
Kazuo Fukuda	As Mr. Kazuo Fukuda has a wealth of experience and wide-ranging knowledge about financial markets and financial systems gained through his career in important positions at the Bank of Japan, 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 risk management and market operation based on monetary policy, as well as management strategy and corporate management, for the Bank.	Board of Directors 12/12 times Corporate Governance Committee 3/3 times
Masai Yamaura	Mr. Masai Yamaura 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 a Director serving as an Audit & Supervisory Committee Member. He is expected to provide advice, especially on regional revitalization and contribution and corporate management, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 14/14 times Audit & Supervisory Committee 20/20 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 a Director serving as an Audit & Supervisory Committee Member. 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 13/14 times Audit & Supervisory Committee 18/20 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 a Director serving as an Audit & Supervisory Committee Member. 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 12/12 times Audit & Supervisory Committee 15/15 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 a Director serving as an Audit & Supervisory Committee Member. 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 12/12 times Audit & Supervisory Committee 15/15 times

Message from Outside Director

I will fulfill my role as an Outside Director to ensure appropriate response to various changes.

Outside Director

Kazuo Fukuda



▼ Impression of the 77 Bank

For four years from 2008, I was branch manager for the Bank of Japan's Sendai Branch. During this period, we experienced the Great East Japan Earthquake and the unprecedented devastation it caused to the extensive coastal area of eastern Japan, including Miyagi Prefecture. Although I was in the Bank of Japan at the time, I will never forget the determined efforts of 77 Bank officers and employees, who worked with us to tackle the huge challenge in quickly restoring the financial functions of social infrastructure, which are essential to economic activity. The 77 Bank's slogan for its support of recovery efforts was "Restoring Miyagi and Tohoku to a vibrant, prosperous region full of kindness." The Bank worked with persistence and sincerity to address the mountain of various issues associated with supporting customers' livelihoods and the resumption of business. It worked boldly to overcome the huge obstacles that many thought

were impossible immediately after the disaster, and I was incredibly impressed at its strenuous efforts to achieve recovery. Even today, I am very proud of how we worked together as colleagues in finance.

After leaving Sendai in 2012, I returned to the area for the first time in 12 years to become Outside Director at the 77 Bank. In the past year since my appointment, the most noticeable change has been in employees' awareness. In addition to their previous honest, persistent, and sincere approach, employees are now actively working to address challenges in their respective roles with confidence. This is precisely the spirit of endeavor that the corporate culture reforms in "Vision 2030" aim to promote. In line with the requirements of the times, "Vision 2030" asks employees to work with customers to find solutions to their various issues and provide the necessary functions. Continuing with these efforts at each workplace, I believe, will lead to

the enhancement of the 77 Bank Group's corporate value through the development of a robust customer base. I will do everything I can as an Outside Director to create

vibrant and rewarding work environments that are overflowing with this spirit of endeavor.

▼ The Roles of Outside Directors

Another factor I have realized since taking up my role is the rich diversity in the current lineup of Outside Directors. This in turn is leading to lively discussions at the Board of Directors. This lineup includes individuals with experience in important positions, including as heads of local governments, specialists in regional economies and management, and former managers of global manufacturing companies and companies supporting basic infrastructure in the Tohoku region. Discussions with these Outside Directors are incredibly inspiring and regularly lead to new realizations. At the beginning, I spoke about the Great East Japan Earthquake as an unprecedented natural disaster. I also believe that in the current global climate, we are entering a period of unprecedented turmoil that has not been seen in the post-war era. In the US, the

liquidity crisis caused business failures at several regional banks. As such, in Japan it will be essential to implement the appropriate response while calmly assessing latent risks and changes in the management environment. Recently, the Bank of Japan changed its monetary policy for the first time in more than a decade. The new so-called "world of interest rates," which is a first for both customers and many current Bank employees, requires accurate response. Even in this dramatically changing management environment, I will use the expertise in financial systems and markets that I have accumulated in my career to date to contribute to Board of Director discussions and in turn drive the sustainable growth of the 77 Bank Group through a well-balanced mix of offensive and defensive measures.

▼ Improving the Effectiveness of the Board of Directors

In terms of Board of Director operations, sufficient time is allocated for questions and answers, and management and other executives provide sincere feedback to the opinions of Outside Directors. As such, thorough measures are in place to facilitate discussions with substantial content. Even the content of pre-briefings on agenda items is varied and well-balanced. Last year, the Tokyo Stock Exchange, Inc. announced its request for listed companies to take measures to improve their PBR to enhance corporate value, and market participants are currently working to address this challenge. At the 77 Bank, even before a concrete proposal for an agenda item was put forward to the Board of Directors, management described the basic approach and points of discussion, and there was an opportunity for us Outside Directors to engage in the frank exchanges of opinions with them. Even away from Board of Director agenda items, we have been provided with

various information on all aspects of Group companies' business execution, and even had opportunities to exchange information with employees who are foreign nationals. I myself feel that through opportunities like these, my understanding of the Bank's operations and the views and perspectives possessed by other Outside Directors has steadily improved, and so I will strive to apply this understanding to useful discussions at Board of Director meetings. Moreover, in recent years, we have had more opportunities to discuss our response to sustainability. At the Board of Directors, there have been lively discussions on how to enhance our unique sustainability plans with an awareness of sustainable growth in the regional economy and other foundations on which the 77 Bank Group relies. Personally, I will continue to proactively participate in these discussions to actualize the Group's plans.

▼ The Growth of the 77 Bank Group

In “Vision 2030,” the Group is promoting the Finance & Consulting business model. Consulting services are often thought of as indirect, third-party involvement with customers. The 77 Bank Group, however, is committed to consulting services that involve (1) accurately approaching customers’ ever-changing issues and (2) independently continuing to find solutions to those issues. To further solidify the achievements of the consulting sales promoted in the previous Medium-term Management Plan, in “Vision 2030” we are expanding its scope of consulting services to non-financial domains as an additional means to address customers’ issues. On the other hand, expanding into new business domains like this, and in particular utilizing and establishing subsidiaries in non-financial domains, will generate new issues as the scope of management grows. This expansion will lead to new requirements in various aspects, including stronger collaboration with the Bank, risk management, the acquisition of human resources to run operations, and a Groupwide management and governance system to oversee everything. With the Group Business Strategy Committee (established in April 2024) leading the way, it will be important to continuously monitor the effectiveness of the Group’s business management framework for these issues through a PDCA cycle, and in turn build an optimal management structure. From my position as an Outside Director, I will keep a constant

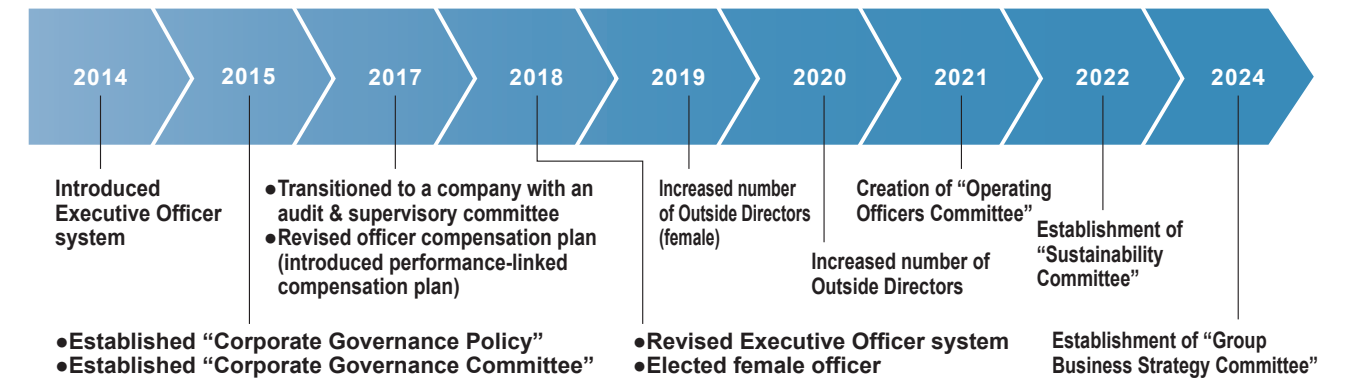
watch on the effectiveness of this management framework. Moreover, to ensure that the smooth execution of the various measures in “Vision 2030” leads to thorough enhancement of the Group’s corporate value, I will continue to monitor the situation as necessary.

In this way, the 77 Bank Group is moving forward with various new measures aimed at further growth. At the foundation of these efforts is the Group’s customer-first mindset, through which its basic approach is to work with customers and overcome challenges together. While it can be said that the management environment and management challenges have changed since the disaster of 13 years ago, the Group’s basic approach has been part of its DNA since the disaster and is maintained in its consistent management policies. I will do everything I can from my position as an Outside Director to ensure that the management foundation upholding the Bank never falters.



Enhancement of Governance

Steps to strengthen governance



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.

■ Evaluation method

A questionnaire survey was conducted for Directors, and the effectiveness was 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.

■ Overview of evaluation of the effectiveness of the Board of Directors in FY2023

Overall evaluation

We have confirmed that the Board of Directors is properly operated and the effectiveness of the Board of Directors as a whole has been ensured.

Progress concerning the measures to improve the issues of the previous fiscal year

The Bank has worked on improvement measures to address the following issues that were uncovered in the evaluation of the previous fiscal year.

A. Further diversification of constituent members of the Board of Directors

At the Annual General Meeting of Stockholders in June 2023, the composition of the Board of Directors was further diversified with the appointment of one Outside Director with rich experience in financial markets and systems, one Outside Director and Audit & Supervisory Committee Member with extensive experience in corporate management, and one Outside Director and Audit & Supervisory Committee Member with extensive and prolonged experience in regional governments.

B. Review the operation of the Board of Directors with the aim to further invigorate discussions

To further invigorate discussions at Board of Director meetings, we put together materials with only the required content and volume, and ensured that speakers’ explanations were brief and concise. Moreover, to further Outside Directors’ understanding of the Group’s business execution and enhance discussions, in addition to providing them with the relevant information as before, we also hosted Outside Director briefings that involved increasing understanding of Group company operations and exchanging information with employees who are foreign nationals.

As a result of the above, Board of Director discussions have been successfully invigorated, with an increase in time spent on questions and answers, for example.

Issues uncovered from the questionnaire

To further improve the effectiveness of the Board of Directors, our policy is to implement the following improvement measures.

A. To review the management of the Board of Directors to further invigorate discussions

B. To enhance the provision of information to Outside Directors and increase opportunities to acquire knowledge

Activity status of the Board of Directors

The Board of Directors makes decisions for important managerial matters. The Bank holds the Board of Directors every month and convened it 14 times in FY2023.

■Agenda of the Board of Directors

▶Revision of financial targets in “Vision 2030”

In line with major changes in the external environment since the formulation of “Vision 2030,” as well as progress with our management plans, the Board discussed and resolved to review our financial targets for FY2030.

▶Revision of Policy of Return of Profits to Shareholders

We aim to realize our mission to shareholders stated in “Vision 2030,” “the growth of the 77 Bank Group and the provision of returns.” To implement more appropriate shareholder returns and improve shareholder interests and returns on capital, the Board discussed and resolved to review our Policy of Return of Profits to Shareholders.

▶Establishment of a subsidiary

To implement one of the key factors to achieve “Our target form” based on “Vision 2030,” “Develop new businesses and sectors,” the Board discussed and resolved to establish a subsidiary: 77 Insurance Service Co., Ltd.

▶Establishment of the Group Business Strategy Committee

To formulate management plans and budgets for Group companies, hold discussions on a regular basis or as necessary on the formulation of measures to refine compliance and risk management, and in turn reinforce governance as a Group, the Board discussed and resolved to establish the Group Business Strategy Committee.

▶Decision to update the next-generation joint-use system MEJAR

In line with evaluation results from comprehensive operational trials, and the status of preparations for the switch from the current system to the next-generation system, the Board discussed and resolved to update the next-generation joint-use system MEJAR, and the update was implemented in January 2024.

Activity status of the 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. The Corporate Governance Committee meeting was held as required, and was arranged five times in FY2023.

■Agenda of the Corporate Governance Committee

▶Analysis and evaluation of the effectiveness of the Board of Directors as a whole

▶Appointment of the candidates for Director and election of the Representative Directors

▶Allocation of compensation, etc. to Directors

▶Establishment of FY2023 targets for “performance-linked share-based compensation plan”

▶Commission of Advisors

▶Election of Chairperson and Vice Chairperson of Corporate Governance Committee

▶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

Status of audits by the 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.

Activities of the Audit & Supervisory Committee

The Audit & Supervisory Committee meets every month and met 20 times in FY2023.

■Agenda of the Audit & Supervisory Committee

Based on the priority matters in its audit policy and plan, the Audit & Supervisory Committee audits the Board of Directors’ execution of duties and decision-making, business management, governance, risk management, and more.

▶Basic audit policy and audit plan

▶Evaluation of accounting auditor and reappointment/non-reappointment

▶Agreement on accounting auditor compensation, etc.

■Audit method

Based on the “Audit & Supervisory Committee Regulations” and the “Audit & Supervisory Committee Member Auditing Standards,” Audit & Supervisory Committee Members attend Board of Director meetings and other important meetings, verify the details of reports received from the Board of Directors, and conduct audits of the status of operations and assets. In addition, with the appointment of full-time assistants to assist the duties of the Audit & Supervisory Committee, we have created a support system for the Audit & Supervisory Committee. Moreover, in conducting audits, the Audit & Supervisory Committee works closely with the Audit & Inspection Division and the accounting auditor through regular reports on the status of audits and the exchange of opinions through regular meetings.

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

In FY2023, in addition to the provision of information as before, the Bank has held briefings to increase understanding of Group company operations, such as through examples of other companies’ disclosure of sustainability and human capital information.

▶Conventional measures to provide information

Jul. 2023–Dec. 2023: Briefing on each department’s operations to new Outside Directors

Sep. 2023–Feb. 2024: Briefing on respective operations

Oct. 2023/Mar. 2024: Briefings to increase understanding of Group company operations

▶New measures to provide information

Dec. 2023: Exchanging of information with employees who are foreign nationals

Feb. 2024: Examples of other companies’ disclosure of sustainability and human capital information

Officer compensation

Policy for the determination of officer compensation amounts or calculation methods

Based on a resolution passed at the 136th Annual General Meeting of Stockholders held on June 26, 2020, the Bank has set upper limits for compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members). The limit for basic compensation, which is regular fixed compensation, has been set at 270 million yen per year (30 million yen for Outside Directors) and the limit for performance-linked compensation has been set at 90 million yen per year. As of the end of the above Annual General Meeting of Stockholders, there were a total of 11 Directors (of which four were Outside Directors; excluding Directors serving as Audit & Supervisory Committee Members).

Moreover, based on a resolution passed at the 133rd Annual General Meeting of Stockholders held on June 29, 2017, the upper limit for basic compensation, which is regular fixed compensation, for Directors serving as Audit & Supervisory Committee Members has been set at 80 million yen per year. As of the end of the above Annual General Meeting of Stockholders, there were a total of five Directors serving as Audit & Supervisory Committee Members.

For Executive Directors, separate to these upper compensation limits and based on the performance-linked share-based compensation plan we have determined to issue Bank shares or pay the equivalent amount converted into cash (Bank shares, etc.) based on a resolution passed at the 133rd Annual General Meeting of Stockholders held on June 29, 2017. As of the end of the above Annual General Meeting of Stockholders, there were 12 Executive Directors eligible for the performance-linked share-based compensation plan.

For compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members), we have formulated the "Director Compensation Rules" and the "Share Issuance Rules" as below to ensure transparency and fairness.

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 approximately 60% basic compensation, 15% performance-linked compensation, and 25% share-based compensation. To reinforce management supervisory functions, compensation for Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members) does not include performance-linked compensation and solely comprises basic compensation as regular fixed compensation.

To enhance transparency and fairness, based on discussions and reports from the Corporate Governance Committee, compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) is determined by the Board of Directors within the upper compensation limit resolved by the general meeting of stockholders. In the current fiscal year, there was one Corporate Governance Committee meeting that discussed agenda items related to compensation, and two Board of Director meetings that resolved agenda items related to compensation. The Board of Directors has judged the content of individual compensation to be in line with the policy for the determination of officer compensation.

To enhance independence and further strengthen corporate governance, compensation for Directors serving as Audit & Supervisory Committee Members solely comprises basic compensation as regular fixed compensation. Amounts are determined through discussions by the Audit & Supervisory Committee within the upper compensation limit resolved by the general meeting of stockholders.

The details of payment of basic compensation, performance-linked compensation, and share-based compensation are as below.

Basic compensation

Basic compensation is paid as monthly compensation.

Performance-linked compensation

Performance-linked compensation is as below and paid once per year.

Net income in the current fiscal year was 28.8 billion yen.

Net income (non-consolidated)	Upper limit for performance-linked compensation	Months of payment for performance-linked compensation
More than 25.0 billion yen	90 million yen	4.5 months
More than 20.0 billion yen to 25.0 billion yen	80 million yen	4.0 months
More than 15.0 billion yen to 20.0 billion yen	70 million yen	3.5 months
More than 10.0 billion yen to 15.0 billion yen	60 million yen	3.0 months
More than 5.0 billion yen to 10.0 billion yen	50 million yen	2.0 months
5.0 billion yen or less	0 yen	0.0 months

On June 27, 2024, the Board of Directors resolved to partially amend the "Director Compensation Rules," and revisions were made regarding performance-linked compensation. The revisions to performance-linked compensation are as follows.

Net income (non-consolidated)	Months of payment for performance-linked compensation
More than 30.0 billion yen	5.0 months
More than 25.0 billion yen to 30.0 billion yen	4.5 months
More than 20.0 billion yen to 25.0 billion yen	4.0 months
More than 15.0 billion yen to 20.0 billion yen	3.5 months
More than 10.0 billion yen to 15.0 billion yen	3.0 months
More than 5.0 billion yen to 10.0 billion yen	2.0 months
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

(Upper limit for performance-linked compensation)

90 million yen

Share-based compensation

For share-based compensation, the Bank's shares are acquired through a trust using the amount of Executive Directors compensation contributed by the Bank, and the shares are issued through a trust to the Executive Directors based on their rank and level of achievement of management plans.

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 Months of 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 selected 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. The shares issued by the Bank are calculated using the average acquisition price of the Bank's shares through a trust.

In FY2024, in addition to an ROE target to ensure management that is aware of returns on capital, the Board of Directors has selected new targets related to sustainability promotion to spread and promote regional sustainability initiatives.

<FY2023 targets>

	Target	Achievement
Average balances of loans and bills discounted (excluding for regional public bodies)	JPY 5,078.0 bn	JPY 5,085.1 bn
Revenue from customers ([1] + [2])	JPY 60.7 bn	JPY 65.0 bn
(Interest on loans and bills discounted [1])	(JPY 49.4 bn)	(JPY 52.0 bn)
(Fees and commissions [2])	(JPY 11.3 bn)	(JPY 13.0 bn)
Core OHR	56.45%	52.18%
No. of regional growth support projects ([3] + [4])	3,800	4,515
(No. of business succession, inheritance, and asset succession support projects [3])	(2,000)	(2,454)
(No. of growth support projects for founders [4])	(1,800)	(2,061)
DX promotion items ([5] + [6])	42%	45%
(Non-face-to-face channels [corporate] [5])	(17%)	(18%)
(Non-face-to-face channels [retail] [6])	(25%)	(27%)

<FY2024 targets> denotes changes over previous year

	Target
ROE (consolidated)	5.44%
Revenue from customers ([1] + [2])	JPY 69.0 bn
(Interest on loans and bills discounted [1])	(JPY 56.0 bn)
(Fees and commissions [2])	(JPY 13.0 bn)
Core OHR	49.05%
Sustainability promotion items (No. of SDGs-related service support clients [cumulative])	1,800
DX promotion items ([5] + [6])	65%
(Non-face-to-face channels [corporate] [5])*	(35%)
(Non-face-to-face channels [retail] [6])	(30%)

*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)	Total compensation amount by type		
			Basic compensation	Performance-linked compensation	Share-based compensation
Directors (excluding Directors serving as Audit & Supervisory Committee Members) (excluding Outside Directors)	9	357	193	74	90
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	2	28	28	—	—
Outside Directors	11	48	48	—	—

*1 The no. of officers includes two Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors), one Director (Audit & Supervisory Committee Members; excluding Outside Directors), and three Outside Directors whose term of office ended upon the conclusion of the 139th Annual General Meeting of Stockholders held on June 29, 2023.

*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 the current fiscal year 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.

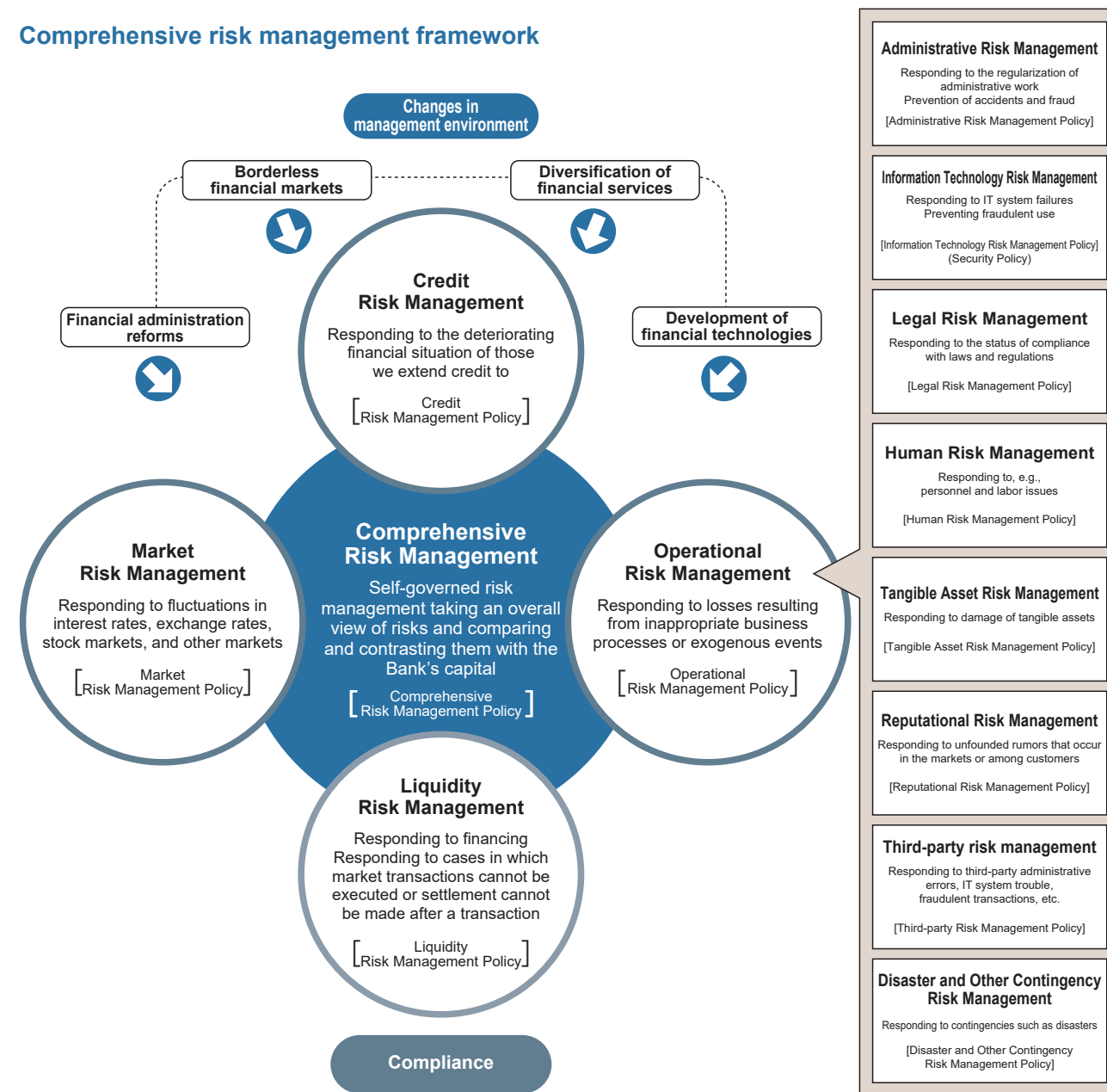
Strengthening Risk Management Systems

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.

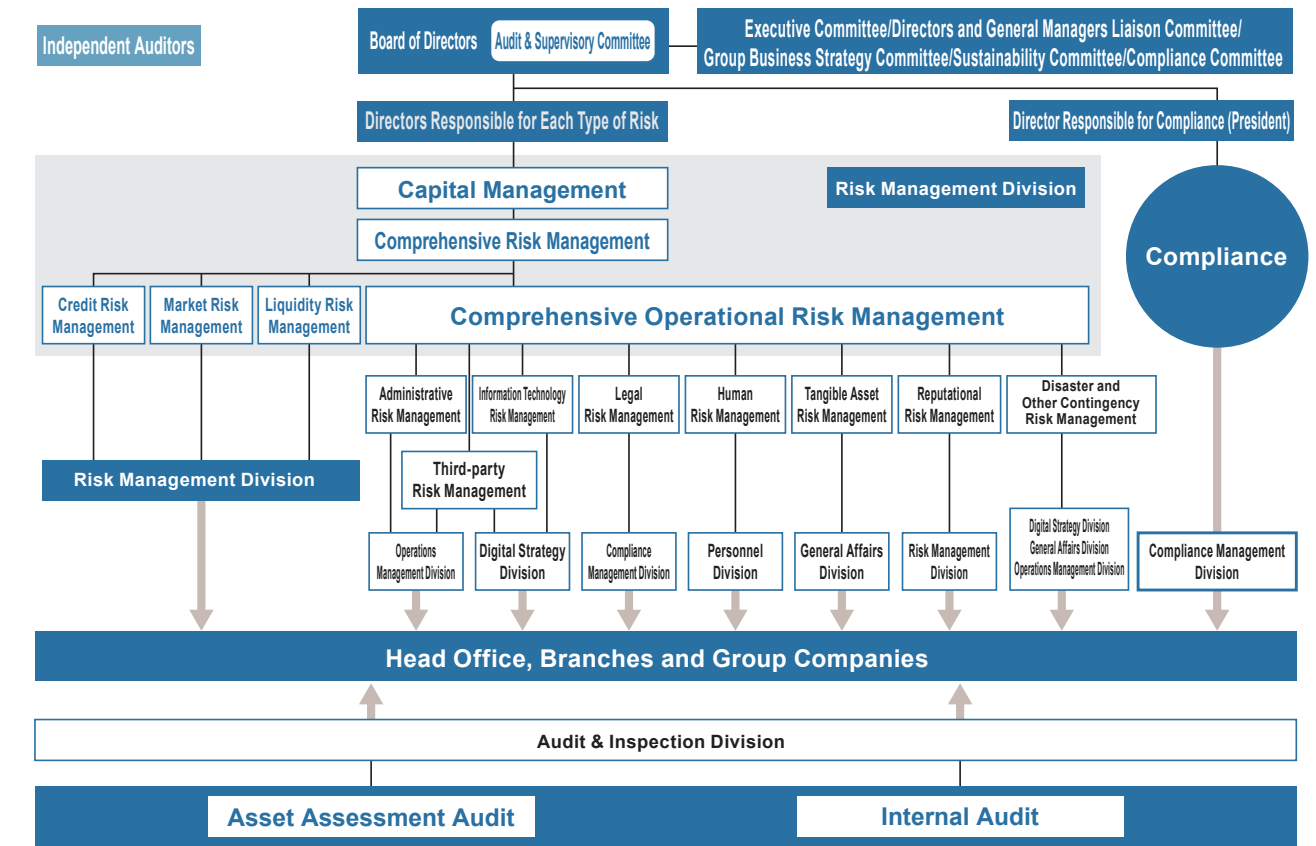
From the viewpoint of enhancing management soundness, the Bank has established a comprehensive risk management framework for self-governed risk management by taking an overall view of the risks it faces, evaluating each type of risk and comparing and contrasting it with its capital, as well as enhancing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



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.

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 principles of conduct in the event of a large-scale earthquake or other 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 continue with 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.

Compliance Structure

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)

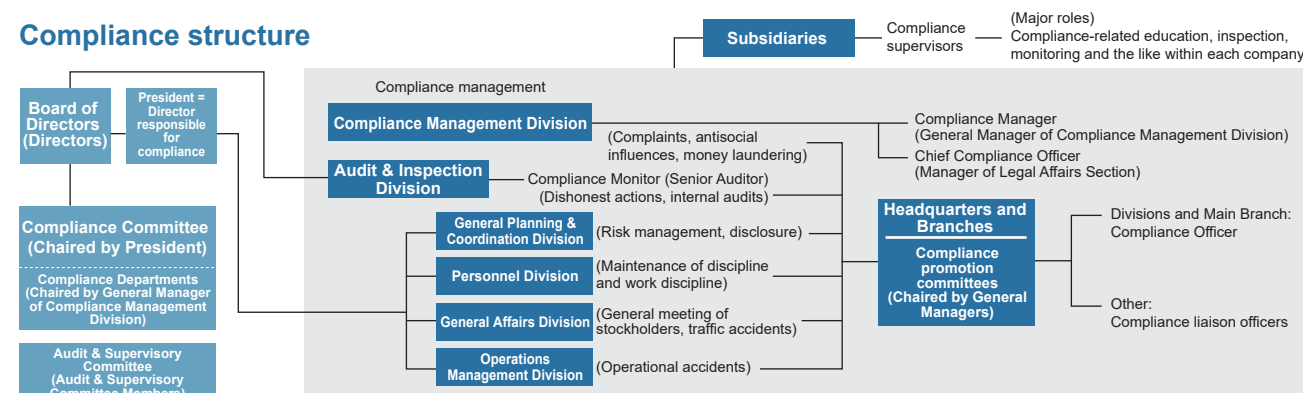
[Basic Direction]

- (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.

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.

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 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.

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)



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.



Major Financial Data for 11 Years**1

◆ Summary of the financial results

	(Billions of yen)			
	FY2013	FY2014	FY2015	FY2016
Gross operating income	77.9	80.1	75.1	69.2
Interest income	70.0	70.2	70.8	67.6
Fees and commissions	10.2	10.3	10.0	9.4
Other operating income	(2.3)	(0.4)	(5.7)	(7.8)
Gain (losses) on bonds	(2.4)	(0.2)	(4.5)	(4.5)
Expenses	55.3	57.1	60.9	53.2
Core operating income	25.0	23.2	18.7	20.5
Ordinary income	25.5	30.5	24.3	21.6
Net income	14.7	16.9	15.7	16.6
Credit-related expenses	(0.7)	(3.8)	(6.2)	(1.6)
Net income attributable to owners of the parent (consolidated)	15.1	17.0	15.9	16.1

◆ Summary of the Balance Sheet

	(Billions of yen)			
	FY2013	FY2014	FY2015	FY2016
Total assets	8,478.4	8,559.7	8,570.1	8,633.6
Loans and bills discounted	4,007.8	4,227.7	4,357.9	4,450.3
To SMEs	1,337.6	1,412.1	1,519.5	1,645.2
To retail customers	831.6	886.0	931.6	1,012.5
Securities	3,716.5	3,683.6	3,478.9	3,242.6
Total liabilities	8,091.9	8,101.8	8,127.0	8,170.6
Deposits and certificates of deposits	7,876.5	7,854.9	7,971.2	7,821.4
Total net assets	386.5	457.9	443.1	463.0
Total shareholders' equity	305.8	318.3	330.6	343.4
Total valuation and translation adjustments	80.1	139.0	111.7	118.9

◆ Management indicators, etc.

	FY2013	FY2014	FY2015	FY2016
Core OHR (core gross operating income expense ratio) ²	68.87%	71.07%	76.48%	72.17%
ROE (consolidated) ³	4.06%	4.05%	3.54%	3.56%
Capital adequacy ratio (consolidated) ^{4,5}	12.68%	12.51%	11.21%	10.73%
Net assets per share (yen) (consolidated) ⁶	1,027.15	1,223.49	1,165.83	6,306.73
Net income per share (yen) (consolidated) ⁶	40.26	45.56	42.37	215.73
Dividend per share (yen) ⁷	7.50	8.50	9.00	9.00
Dividend payout ratio (consolidated)	18.62%	18.65%	21.24%	20.86%

*1 For items without "(consolidated)," the figures are shown on a non-consolidated basis.

*2 Expenses ÷ (Gross operating income – Gain (losses) on bonds)

*3 Net income ÷ Average net assets during the period (simple average of the net assets at the beginning and end of the period)

*4 For FY2011 and FY2012, the Basel II figures are shown.

*5 In FY2022, we started early application of finalized Basel III to calculate capital adequacy ratio.

*6 The Bank conducted a 1-for-5 consolidation of shares on October 1, 2017.

Net assets per share and net income per share were calculated assuming that the share consolidation was conducted at the beginning of FY2016.

*7 The Bank conducted a 1-for-5 consolidation of shares on October 1, 2017.

The dividend per share of ¥27.00 for FY2017 is the total of the interim dividend of ¥4.50 and the term-end dividend of ¥22.50. The interim dividend of ¥4.50 is the dividend before the share consolidation and the term-end dividend of ¥22.50 is the dividend after the share consolidation.

	(Billions of yen)						
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Gross operating income	67.7	69.2	72.1	67.8	75.8	78.9	80.1
Interest income	69.6	65.9	68.5	70.5	72.3	78.6	93.4
Fees and commissions	9.3	9.6	9.7	9.8	11.8	12.2	13.0
Other operating income	(11.2)	(6.3)	(6.1)	(12.5)	(8.3)	(11.9)	(26.3)
Gain (losses) on bonds	(8.2)	(2.8)	(2.5)	(12.8)	(8.8)	(6.9)	(13.8)
Expenses	52.8	52.8	53.2	50.2	49.3	48.5	49.0
Core operating income	23.1	19.2	21.4	30.4	35.3	37.3	44.9
Ordinary income	23.3	22.0	24.6	22.7	30.5	34.4	42.5
Net income	16.7	17.9	17.3	14.9	20.8	24.4	28.8
Credit-related expenses	(2.3)	2.3	7.3	7.6	4.6	1.2	3.7
Net income attributable to owners of the parent (consolidated)	18.3	17.6	18.2	16.5	22.2	25.1	29.8

	(Billions of yen)						
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total assets	8,701.5	8,610.3	8,751.9	9,817.9	10,666.0	10,179.5	10,471.2
Loans and bills discounted	4,627.1	4,725.0	4,894.6	5,097.5	5,340.2	5,570.2	5,867.4
To SMEs	1,751.5	1,825.4	1,915.2	2,009.5	2,173.9	2,335.3	2,534.8
To retail customers	1,096.5	1,134.2	1,176.3	1,211.8	1,249.2	1,291.0	1,327.8
Securities	3,126.0	2,964.9	2,913.4	3,116.0	3,131.8	3,056.2	3,086.4
Total liabilities	8,218.9	8,129.1	8,312.0	9,316.1	10,166.2	9,688.8	9,894.5
Deposits and certificates of deposits	7,964.3	7,891.8	7,888.5	8,551.7	8,846.4	8,910.6	8,962.8
Total net assets	482.6	481.2	439.9	501.8	499.8	490.8	576.7
Total shareholders' equity	357.0	371.9	384.8	396.1	413.0	431.6	452.7
Total valuation and translation adjustments	125.6	109.4	55.1	105.7	86.7	59.2	124.0

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Core OHR (core gross operating income expense ratio) ²	69.52%	73.28%	71.35%	62.27%	58.22%	56.55%	52.18%
ROE (consolidated) ³	3.82%	3.60%	3.89%	3.42%	4.33%	4.92%	5.38%
Capital adequacy ratio (consolidated) ^{4,5}	10.43%	10.38%	10.31%	10.39%	10.27%	11.23%	11.15%
Net assets per share (yen) (consolidated) ⁶	6,613.28	6,582.31	6,057.30	6,947.19	6,944.03	6,818.61	8,121.61
Net income per share (yen) (consolidated) ⁶	246.87	237.90	246.97	222.89	300.81	338.74	402.40
Dividend per share (yen) ⁷	27.00	47.50	50.00	50.00	67.50	90.00	122.50
Dividend payout ratio (consolidated)	18.22%	19.96%	20.24%	22.43%	22.43%	26.56%	30.44%

Non-financial Data/External Evaluations

ESG highlights

Environment

◆ CO₂ emissions



-49.8%
(compared to FY2013)

◆ Sustainable finance



JPY 676.9 bn
(cumulative from FY2021)

◆ Scope3



8,535,613t-CO₂

Society

◆ Proportion of female managers



17.5%

◆ Ratio of employees taking paternity leave



102%

◆ Wage differences between men and women



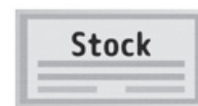
35.7%

◆ Average length of service



16.1 years

◆ Ratio of employees who are members of the Stock Ownership Association



97.7%

◆ Ratio of employees taking annual paid leave



75%

Governance (as of end-June 2024)

◆ Ratio of Outside Directors



50%

◆ Ratio of female Directors



12.5%

External evaluations

MSCI Japan Empowering Women Index

Health and Productivity Management Organization 2024

**2024 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)**



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Certified **"Platinum Kurumin,"** a special certification pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children

Certified **"Gold Certified Company"** for successfully utilizing the potential of female talent in Miyagi Prefecture

Certified **"Eruboshi (Grade 3),"** commending general business proprietors for promoting female participation, pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace



Participation in initiatives

TCFD

TNFD



Sustainability Data Standardization Consortium

GX League



Profile (As of March 31, 2024)

Company Name	The 77 Bank, Ltd.	Number of Branches	144 (Head Office/Branches: 138; Sub-Branches: 6)
Head Office	3-20, Chuo 3-chome, Aobaku, Sendai, Miyagi 980-8777, Japan	Capital Adequacy Ratio (domestic standards)	Non-consolidated 10.72%/Consolidated 11.15%
Founded	December 9, 1878	Total Assets	¥10,471.2 billion
Paid-in Capital	¥24.6 billion	Certificates of Deposits	¥8,962.8 billion
Number of Employees	2,526	Loans and Bills Discounted	¥5,867.4 billion

List of Group companies (as of March 31, 2024)

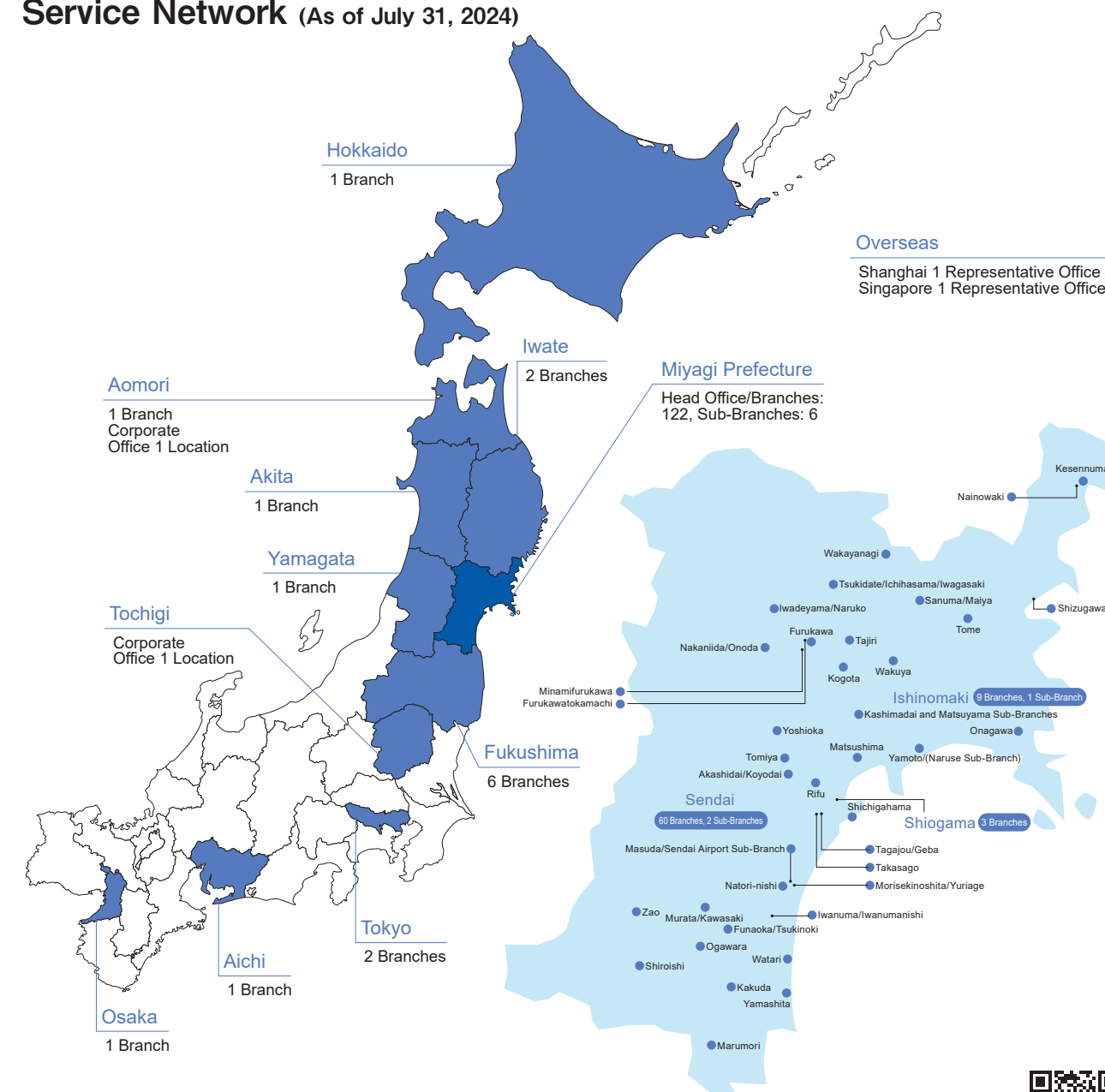
Company name Address	Representative	Main operations	Company overview
77 Lease Co., Ltd. 15-1 Honcho 2-chome, Aoba-ku, Sendai	Takuji Tabata	Lease operations	Established: November 25, 1974 Paid-in capital: ¥100 million No. of employees: 41
77 Shin-Yo Hosyo Co., Ltd. 8-29, Nagamachi 3-chome, Taihaku-ku, Sendai	Yasumichi Meguro	Credit guarantee operations	Established: October 2, 1978 Paid-in capital: ¥30 million No. of employees: 20
The 77 Card Co., Ltd. 4-22, Tsutsujigaoka 2-chome, Miyagino-ku, Sendai	Koichi Suzuki	Credit card operations	Established: February 22, 1983 Paid-in capital: ¥64 million No. of employees: 42
77 Securities Co., Ltd. 1-30, Omachi 1-chome, Aoba-ku, Sendai	Atsushi Shitoh	Financial instruments transaction operations	Established: July 27, 2016 Paid-in capital: ¥3,000 million No. of employees: 43
77 Research and Consulting Co., Ltd. 3-20, Chuo 3-chome, Aoba-ku, Sendai	Atsushi Kobayashi	Survey and research operations Consulting operations Contracted calculation operations using electronic calculation equipment, etc.	Established: July 18, 2018 Paid-in capital: ¥200 million No. of employees: 22
77 Partners Co., Ltd. 3-20, Chuo 3-chome, Aoba-ku, Sendai	Akira Konno	Fund management operations	Established: December 9, 2021 Paid-in capital: ¥100 million No. of employees: 5
77 Human Design Co., Ltd. 3-20, Chuo 3-chome, Aoba-ku, Sendai	Daishi Shoji	Human resources placement operations	Established: August 8, 2022 Paid-in capital: ¥100 million No. of employees: 8
77 Digital Solutions Co., Ltd. enspace, 4-9, Kokubuncho 1-chome, Aoba-ku, Sendai	Masahide Kato	Consulting operations	Established: May 12, 2023 Paid-in capital: ¥200 million No. of employees: 10
77 Insurance Service Co., Ltd. 7-5 Chuo 1-chome, Aoba-ku, Sendai	Kazuyuki Waragai	Insurance and recruiting operations	Established: March 1, 2024 Paid-in capital: ¥300 million No. of employees: 5
The 77 Capital Co., Ltd. 3-20, Chuo 3-chome, Aoba-ku, Sendai	Akira Konno	Fund management operations	Established: July 1, 2016 Paid-in capital: ¥50 million No. of employees: 6

*1 On May 10, 2024, we announced our establishment of an outsourcing service subsidiary and preparations for the establishment of a local subsidiary in Singapore. More details will be announced as soon as a decision is made.

*2 No. of employees includes employees on secondment from the 77 Bank, Ltd. The figures do not include temporary employees such as directly hired part-time employees and commissioned employees.

*3 As of June 27, 2024, the representative of The 77 Card Co., Ltd. has changed from Kiyoshi Kanai to Koichi Suzuki.

Service Network (As of July 31, 2024)



Overseas
Shanghai 1 Representative Office / Singapore 1 Representative Office



Scan the QR code to read the branches and cash service corners.

* Japanese Language only

Service Network Data

	Number of municipalities with Miyagi Prefecture		Total number of the Bank's locations	
		Of which, areas with the Bank's location		Of which branches within branches
Within Miyagi Prefecture	35	30	128	33
Cities	14	14	109	30
[Of which, Sendai City]			[62]	[14]
Towns	20	16	19	3
Villages	1	—	—	—
Outside of Miyagi Prefecture			16	—
Within Tokyo			2	—
Other prefectures			14 ¹⁾	—
Total	35 municipalities	30 cities and towns	144 locations²⁾	30 locations

¹⁾ Other branch locations: Sapporo City, Morioka City, Kitakami City, Akita City, Yamagata City, Fukushima City, Koriyama City, Soma City, Minamisoma City, Iwaki City (2 branches), Nagoya City, and Osaka City

²⁾ The total number of branches (144) includes one branch dedicated to money transfers, bringing the total number of branches to 110, taking into account 33 branches within branches.

The 77 Bank, Ltd

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