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Leading company creating a path to the future



Results for the Fiscal Year Ended March 31, 2024 IR Presentation

77 BANK

Materials were prepared for the Bank's presentation of its results for the fiscal year ended March 31, 2024 held on June 4, 2024.

June 4, 2024

1. Financial Summary	...	2
2. Projected Performance	...	12
3. The 77 Bank Group's Value Enhancement	...	17
4. Business Strategy	...	27

01



Financial Summary

Non-consolidated

(Unit: JPY bn, %)	FY2022	FY2023	YoY change	
			Amount	%
Gross operating profit	78.9	80.1	1.2	1.5
Net interest Income	78.6	93.4	14.8	18.8
Net fees and commissions income	12.2	13.0	0.8	6.1
Net other operating income	(11.9)	(26.3)	(14.4)	
Expenses	48.5	49.0	0.5	1.0
Substantial net operating income	30.4	31.1	0.7	2.5
[Core net operating income]	[37.3]	[44.9]	[7.6]	[20.4]
[Core net operating income (excl. gains (losses) on cancellation of investment trusts)]	[29.6]	[35.2]	[5.6]	[19.0]
Provision of general reserve for loan losses	(3.0)	3.9	6.9	
Net operating income	33.4	27.2	(6.2)	(18.3)
Special income and losses	1.0	15.3	14.3	
Ordinary profits	34.4	42.5	8.1	23.4
Extraordinary gains/losses	(0.4)	(0.0)	0.4	
Profit	24.4	28.8	4.4	18.3
Credit-related expenses	1.2	3.7	2.5	
Total gains (losses) from securities	31.3	45.6	14.3	
After excluding foreign currency-denominated procurement costs	26.6	34.3	7.7	
Income from customer services	8.7	13.8	5.1	
After excluding foreign currency-denominated procurement costs	6.5	9.8	3.3	

Consolidated

Ordinary profits	35.8	44.2	8.4	23.6
Profit attributable to owners of the parent	25.1	29.8	4.7	18.9

Net Interest Income

Interest on loans and bills discounted increased due to improvement in yields in addition to a growth in loans and bills discounted outstanding

Interest and dividends on securities also increased, mainly interest on foreign currency-denominated bonds

Net interest income

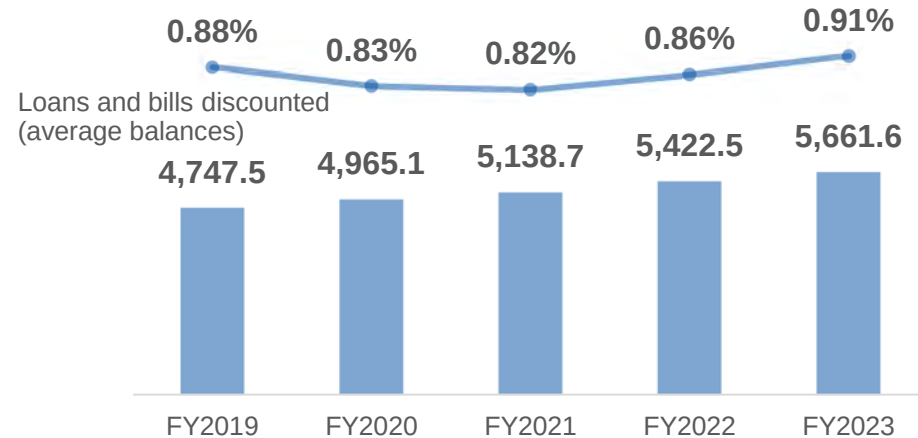
(Unit: JPY bn, %)

	FY2022	FY2023	YoY change	
			Amount	%
Net interest Income	78.6	93.4	14.8	18.8
Interest income	79.8	95.6	15.8	19.8
(Interest on loans and bills discounted)	46.6	52.0	5.4	11.4
(Interest and dividends on investment securities)	32.0	42.8	10.8	33.7
Interest expenses	1.2	2.2	1.0	81.9
(Interest on deposits)	0.4	0.7	0.3	53.2

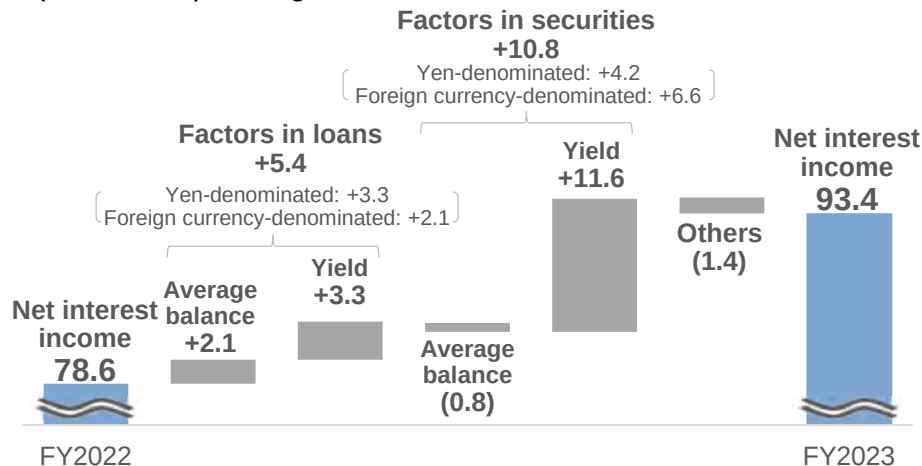
Average balances and yields of loans and bills discounted

(Unit: JPY bn)

Yields of loans and bills discounted



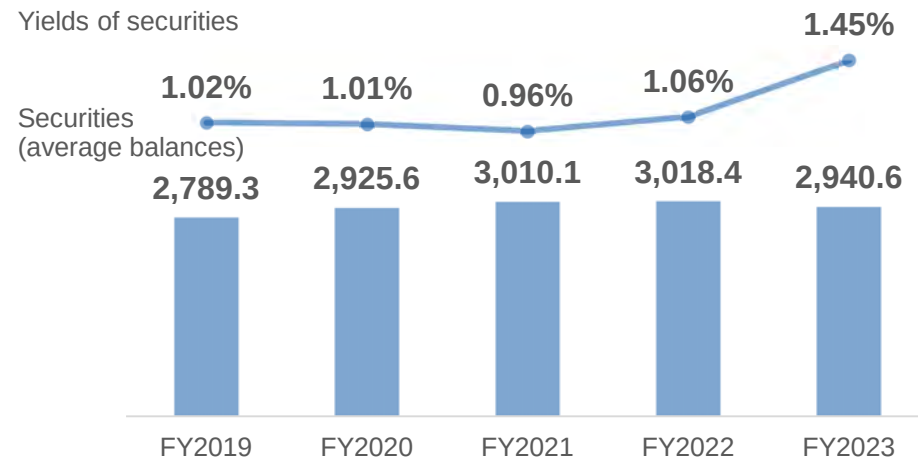
(Reference) Change factors in Net interest income (Unit: JPY bn)



Average balances and yields of securities

(Unit: JPY bn)

Yields of securities

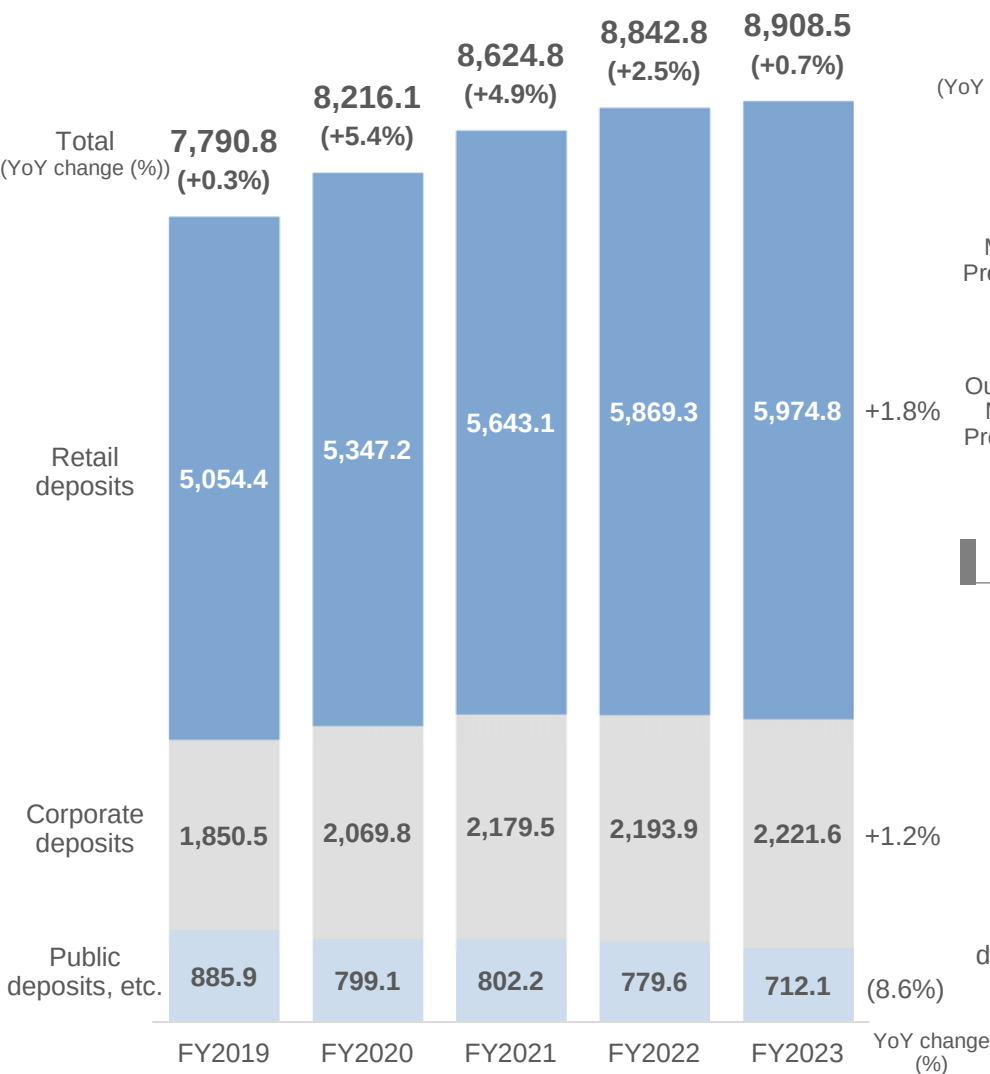


* Excluding products and corporate investment funds

Retail deposits and corporate deposits increased in Miyagi Prefecture

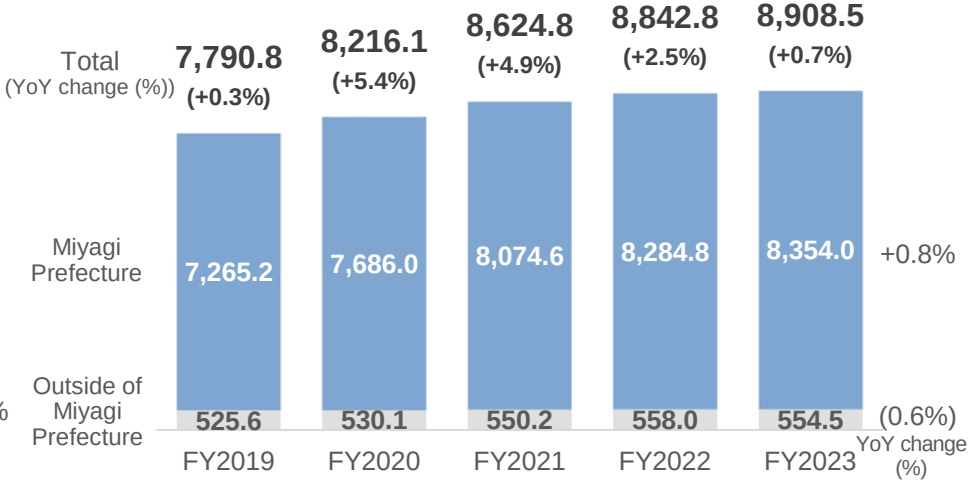
Deposits (average balances)
(including certificates of deposits)

(Unit: JPY bn)

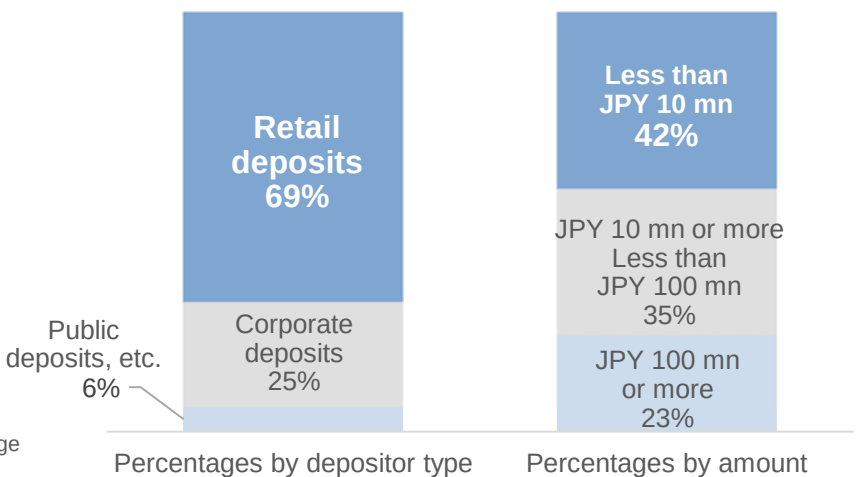


Deposits by region (average balances) (including certificates of deposits)

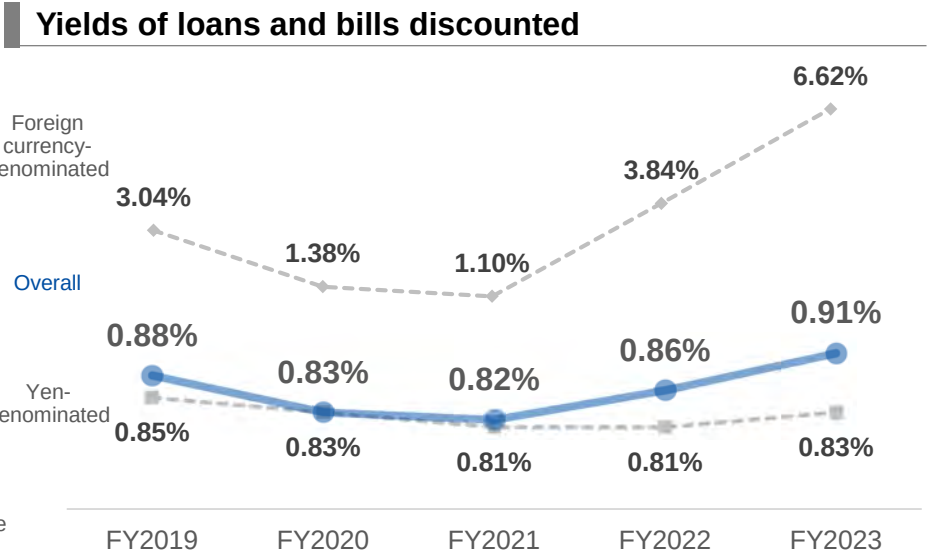
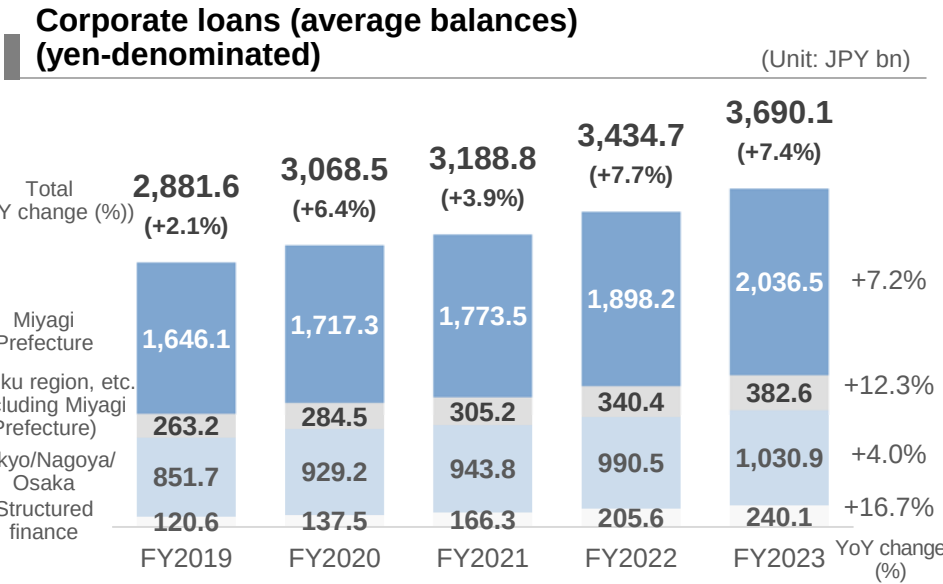
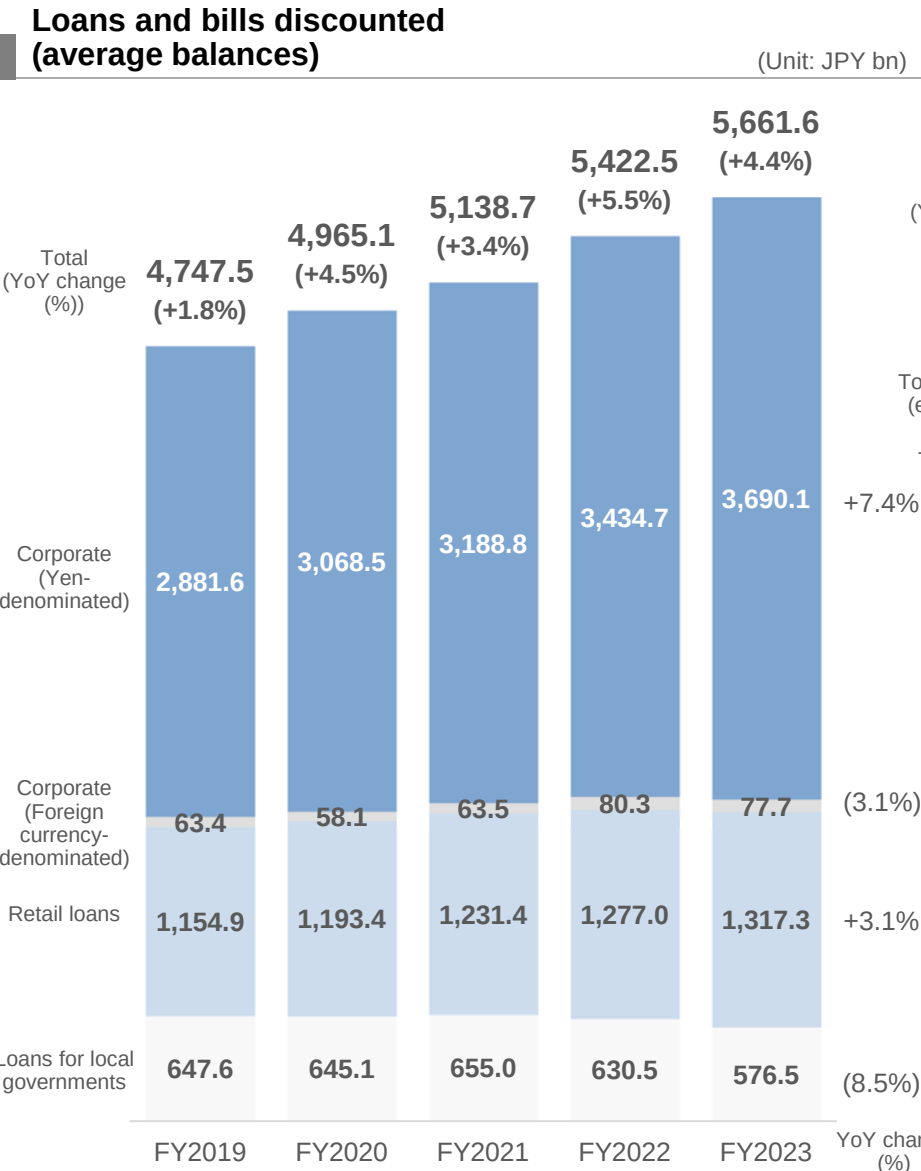
(Unit: JPY bn)



Structure of yen-denominated deposits (balances as of end-March 2024)



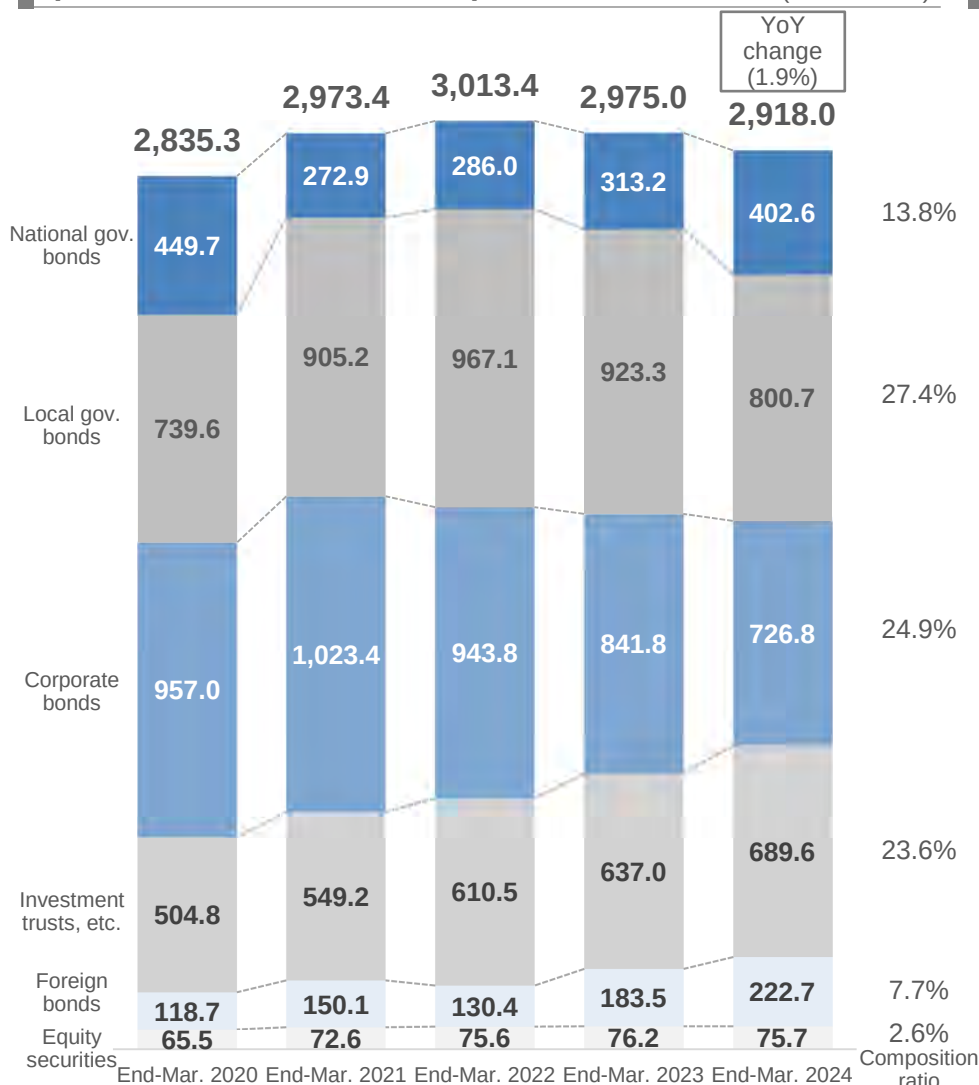
Capture steadily needs for loans and bills discounted in Miyagi Prefecture and Tohoku region, etc.
Yields of loans and bills discounted improved due to higher interest rates in the market



Implemented switching of yen-denominated bonds with a view to improving the portfolio
Total yield on securities increased due to an increase in interest and dividends on investment securities

Balance of investment securities (on an amortized cost basis)

(Unit: JPY bn)



Total gains (losses) from securities

(Unit: JPY bn, %)

	FY2022	FY2023	YoY change Amount (Rate)
Interest and dividends on investment securities [A]	32.0	42.8	10.8
Interest on yen-denominated bonds	4.8	5.4	0.6
Interest on foreign currency-denominated bonds	5.9	12.5	6.6
Stock dividends	6.0	6.0	0.0
Distributions from investment trusts	7.6	9.2	1.6
Gains on cancellation of investment trusts	7.7	9.7	2.0
Gain (losses) on debt securities [B]	(6.9)	(13.8)	(6.9)
Gain on sales	0.8	0.4	(0.4)
Gain on redemption	0.0	0.0	0.0
Losses on sales	1.5	10.6	9.1
Losses on redemption	6.1	3.5	(2.6)
(Losses on cancellation of investment trusts)	5.8	3.1	(2.7)
Write-offs	0.1	0.1	0.0
Gain (losses) on equity securities [C]	5.5	14.4	8.9
Gain on sales	6.0	14.6	8.6
Losses on sales	0.5	0.2	(0.3)
Write-offs	-	-	-
Gains (losses) on investments in money held in trust [D]	0.7	2.2	1.5
Total gains (losses) from securities [A+B+C+D]	31.3	45.6	14.3
After excluding foreign currency-denominated procurement costs	26.6	34.3	7.7
Total yield from securities (After excluding foreign currency-denominated procurement costs)	0.84	1.11	0.27

Losses from evaluation of yen-denominated securities increased as a result of higher interest rates, however, gains from evaluation of stocks and investment trusts increased due to higher stock prices
Executed sales of yen-denominated bonds with the aim of controlling interest rate risk, etc.

Gains (losses) from evaluation of securities

(Unit: JPY bn)

	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024
Debt securities	(11.7)	(27.5)	(34.9)
National gov. bonds	(5.8)	(12.9)	(16.8)
Local gov. bonds	(2.6)	(8.0)	(9.6)
Corporate bonds	(3.3)	(6.6)	(8.5)
Others	54.1	30.0	60.0
Investment trusts, etc.	54.5	31.7	61.3
Foreign bonds	(0.4)	(1.7)	(1.3)
Equity securities	76.0	78.7	143.3
Investment securities total	118.4	81.2	168.4
Money held in trusts	5.3	3.2	7.8
Total	123.7	84.4	176.2

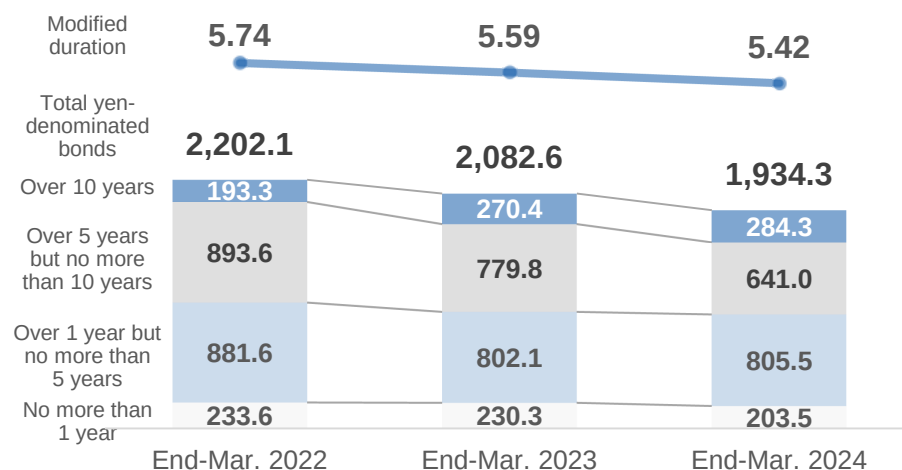
(Reference) Changes in Nikkei Average, etc.

(Unit: JPY, %)

Nikkei Average	27,821	28,041	40,369
10-year JGBs	0.21	0.32	0.72
10-year US treasury bonds	2.34	3.47	4.20

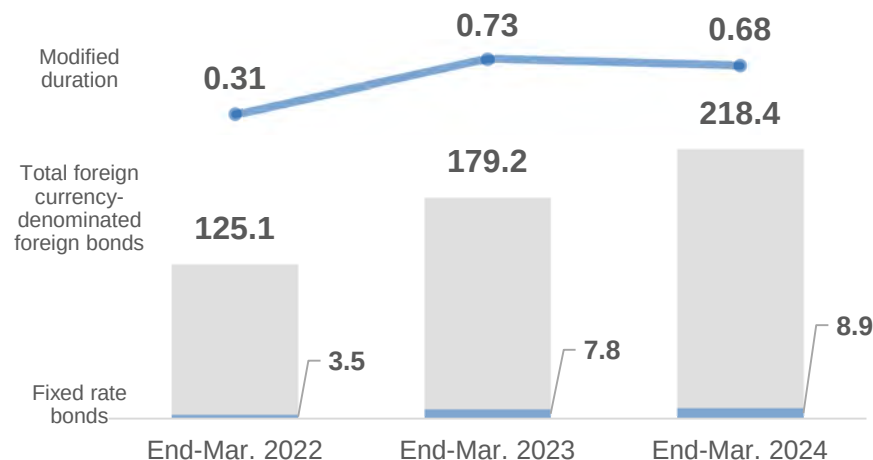
Yen-denominated bonds balance by remaining period/modified duration

(Unit: JPY bn)



Foreign currency-denominated foreign bonds balance/modified duration

(Unit: JPY bn)



Fees and commissions from corporate clients increased due to growth in credit-related fees and commissions and those for business matchings

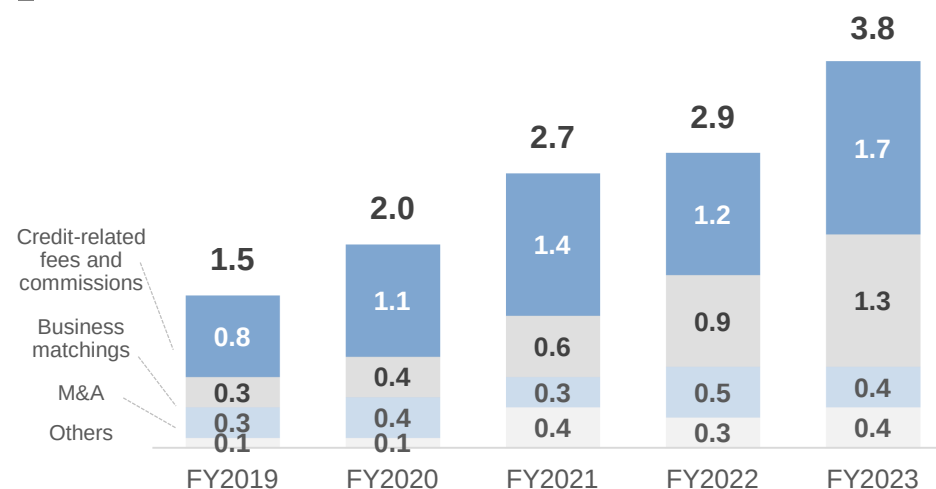
Fees and commissions

(Unit: JPY bn)

	FY2022	FY2023	YoY change Amount
Fees and commissions income	18.9	19.7	0.8
Fees and commissions from payments	8.2	8.3	0.1
Fees and commissions from corporate clients	2.9	3.8	0.9
Sales commissions of assets in custody	2.7	2.5	(0.2)
Fees and commissions payments	6.7	6.7	0.0
Fees and commissions from payments	0.4	0.4	0.0
Loan repayment guarantee fees and insurance premiums	4.7	4.8	0.1
Fees and commissions	12.2	13.0	0.8

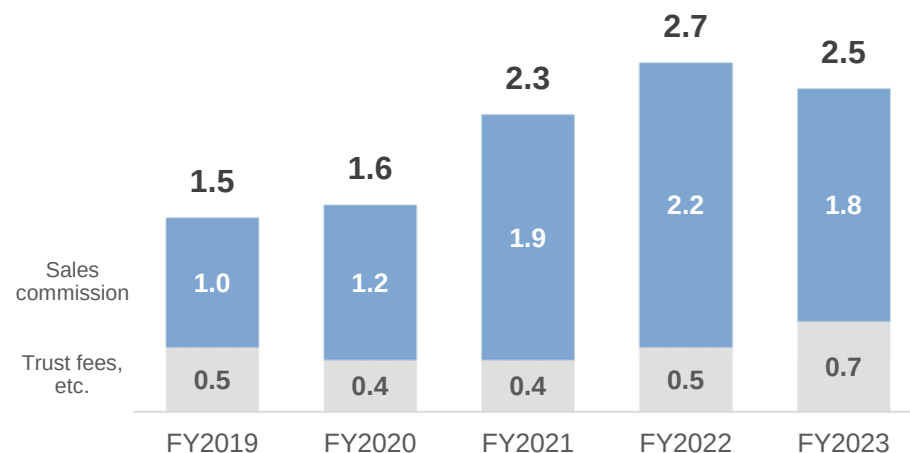
Fees and commissions from corporate clients

(Unit: JPY bn)



Sales commissions of assets in custody

(Unit: JPY bn)



Personnel expenses increased, affected by personnel system reform and others Core OHR continued to improve due to an increase in core gross operating profit

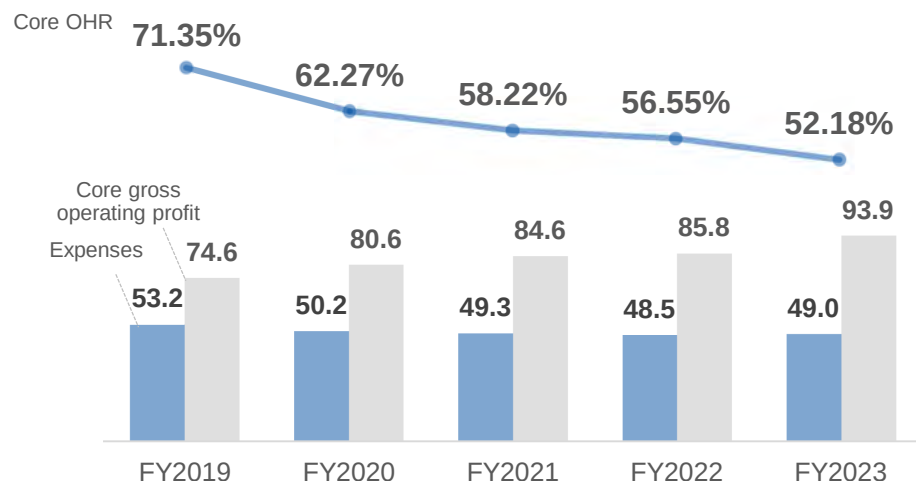
Expenses

(Unit: JPY bn)

	FY2022	FY2023	YoY change Amount
Expenses	48.5	49.0	5.0
Personnel expenses	25.5	26.0	5.0
Non-personnel expenses	19.8	19.7	(1.0)
(of which, system-related expenses)	8.2	8.4	2.0
Tax	3.2	3.3	1.0

Core OHR

(Unit: JPY bn)



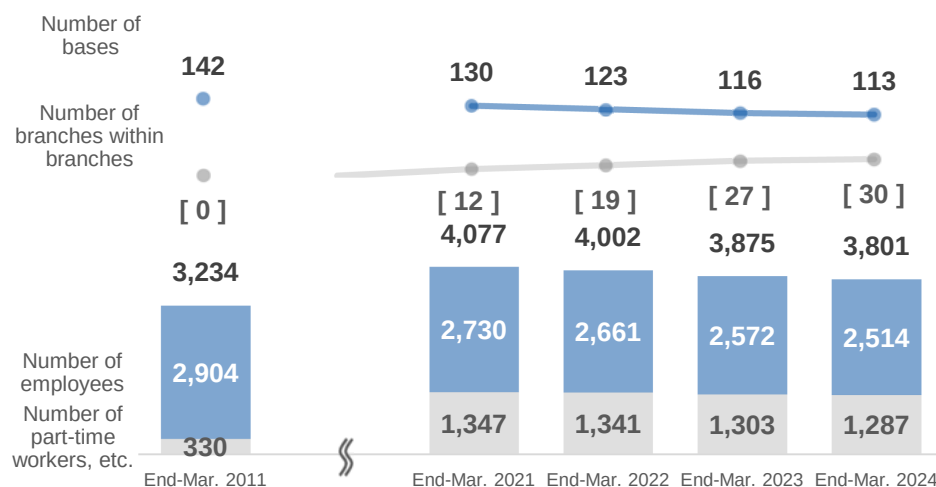
(Reference) Key change factors in expenses

(Unit: JPY bn)

	Change factor	Amount
Personnel expenses	Personnel system reform, etc.	0.3
	Overtime response due to MEJAR renewal	0.1
	Others	0.1
Non-personnel expenses	Systems-related expenses (response to MEJAR renewal, etc.)	0.2
	Others	(0.3)

Number of employees and bases, etc.

(Unit: bases, branches, people)



Credit-related expenses increased as a result of precautionary allowance for certain project finance claims

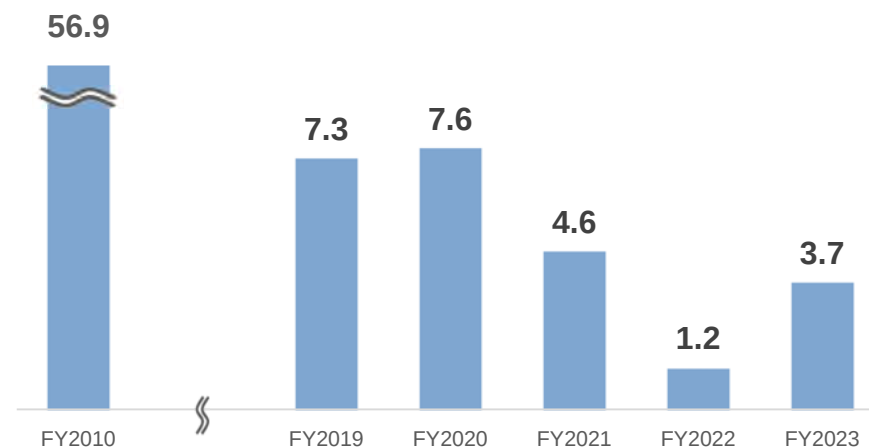
Credit-related expenses

(Unit: JPY bn)

	FY2022	FY2023	YoY change Amount
Credit-related expenses	1.2	3.7	2.5
Provision of general reserve for loan losses	(3.0)	3.9	6.9
Bad debt disposals	4.2	(0.2)	(4.4)
of which provision of specific reserve for loan losses	3.7	(0.6)	(4.3)
Gains on reversal of reserve for loan loss	0.0	-	(0.0)

Credit-related expenses

(Unit: JPY bn)

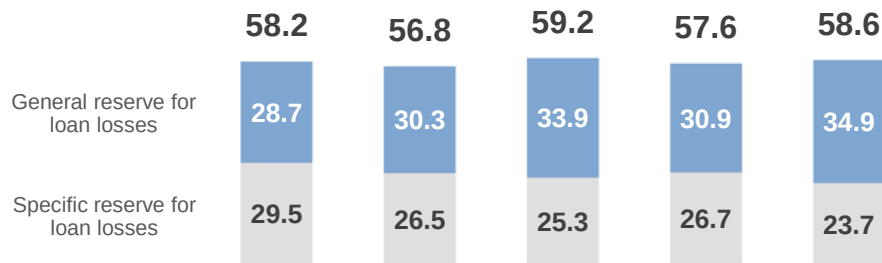


Reserve for loan losses

(Unit: JPY bn)

Ratio of reserve for loan losses
(Term-end balance of reserve for loan losses/loans and bills discounted)

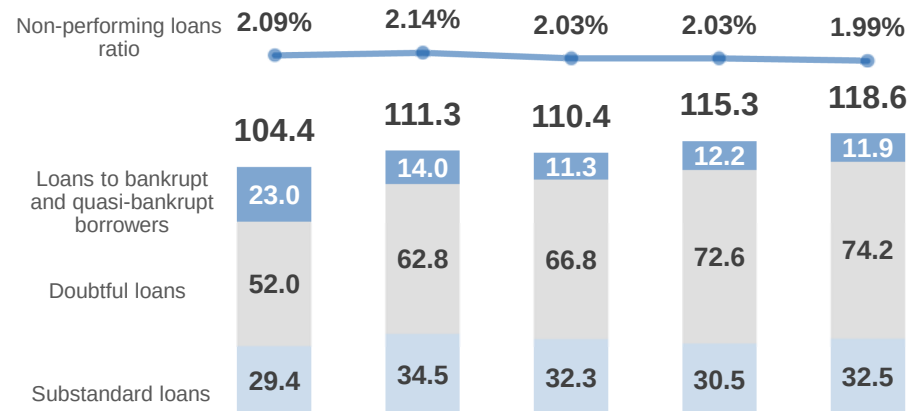
1.2% 1.1% 1.1% 1.0% 1.0%



End-Mar. 2020 End-Mar. 2021 End-Mar. 2022 End-Mar. 2023 End-Mar. 2024

Disclosed claims under the Financial Reconstruction Law

(Unit: JPY bn)



End-Mar. 2020 End-Mar. 2021 End-Mar. 2022 End-Mar. 2023 End-Mar. 2024

02



Projected Performance

Non-consolidated (Unit: JPY bn, %)	FY2023	FY2024 Forecast	YoY change		FY2025 Simulation
			Amount	%	
Gross operating profit	80.1	90.2	10.1	12.6	98.7
Net interest income	93.4	98.6	5.2	5.5	98.0
Net fees and commissions income	13.0	13.0	0.0	0.3	13.4
Net other operating income	(26.3)	(21.4)	4.9		(12.7)
Expenses	49.0	48.6	(0.4)	0.7	48.7
Substantial net operating income	31.1	41.6	10.5	33.7	50.0
[Core net operating income]	[44.9]	[50.5]	[5.6]	[12.5]	[53.1]
[Core net operating income (excl. gains (losses) on cancellation of investment]	[35.2]	[40.2]	[5.0]	[14.2]	[46.5]
Provision of general reserve for loan losses	3.9	(0.5)	(4.4)		(2.1)
Net operating income	27.2	42.1	14.9	54.8	52.1
Special income and losses	15.3	4.9	(10.4)		(2.6)
Ordinary profits	42.5	47.0	4.5	10.6	49.5
Extraordinary gains/losses	0.0	(0.1)	(0.1)		(0.1)
Profit	28.8	32.0	3.2	10.9	34.0
Credit-related expenses	3.7	3.0	(0.7)		3.0
Total gains (losses) from securities	45.6	45.5	(0.1)		43.9
After excluding foreign currency-denominated procurement costs	34.3	34.7	0.4		35.2
Income from customer services	13.8	18.8	5.0		21.6
After excluding foreign currency-denominated procurement costs	9.8	15.0	5.2		18.5
Consolidated					
Ordinary profits	44.2	48.5	4.3	9.6	51.0
Profit attributable to owners of the parent	29.8	33.0	3.2	10.7	35.0

Net Interest Income

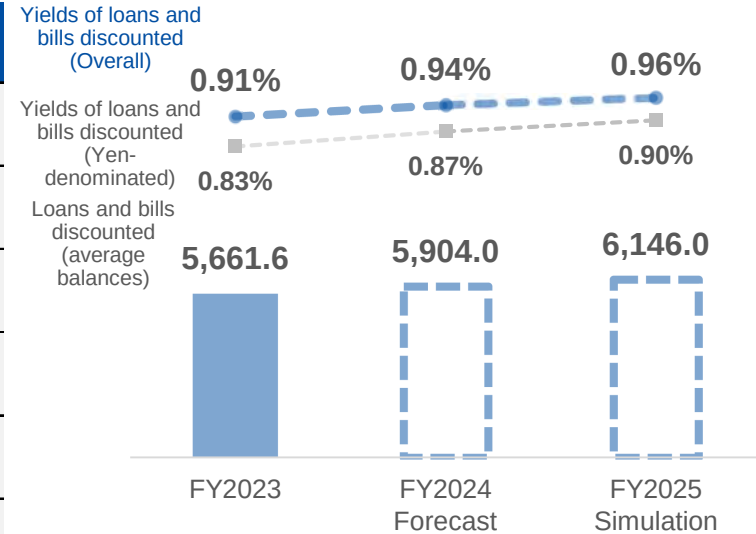
Net Interest Income

(Unit: JPY bn, %)

	FY2023	FY2024 Forecast	YoY change		FY2025 Simulation
			Amount	%	
Net interest Income	93.4	98.6	5.2	5.5	98.0
Interest income	95.6	101.9	6.3	6.5	101.7
(Interest on loans and bills discounted)	52.0	56.0	4.0	7.7	59.0
(Interest and dividends on investment securities)	42.8	44.5	1.7	3.8	41.7
Interest expenses	2.2	3.3	1.1	49.2	3.7
(Interest on deposits)	0.7	2.1	1.4	220.8	2.4
(Interest rate terms)					
Unsecured call rate O/N	0.07	0.08	0.01		0.08
Ordinary deposits	0.001	0.020	0.019		0.020
5-year time deposits	0.07	0.20	0.13		0.20
Short-term prime rate	1.975	1.975	-		1.975
3-month TIBOR	0.26	0.20	(0.06)		0.20
10-year JGB	0.72	0.70	(0.02)		0.70
3-month SOFR	5.29	5.00	(0.29)		4.00
10-year US Treasury	4.20	3.80	(0.40)		3.40

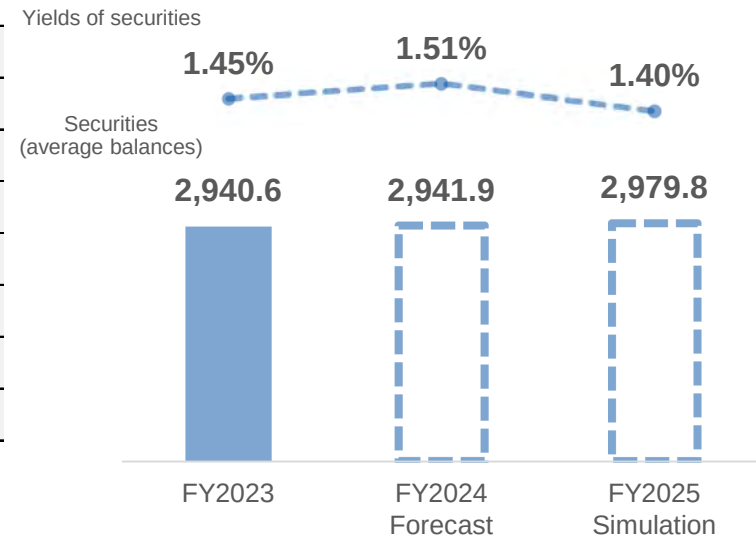
Average balances and yields of loans and bills discounted

(Unit: JPY bn)



Average balances and yields of securities

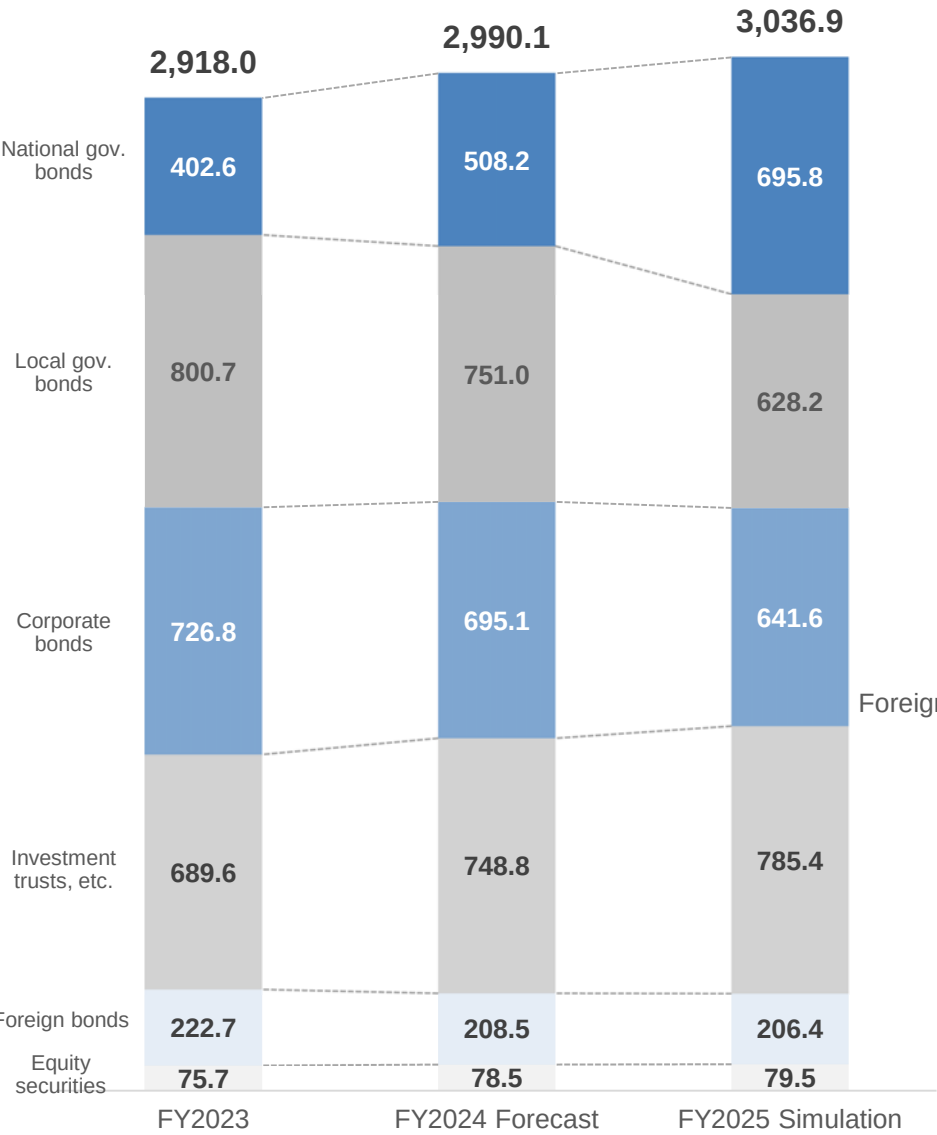
(Unit: JPY bn)



* Excluding products and corporate investment funds

Balance of investment securities
(on an amortized cost basis)

(Unit: JPY bn)

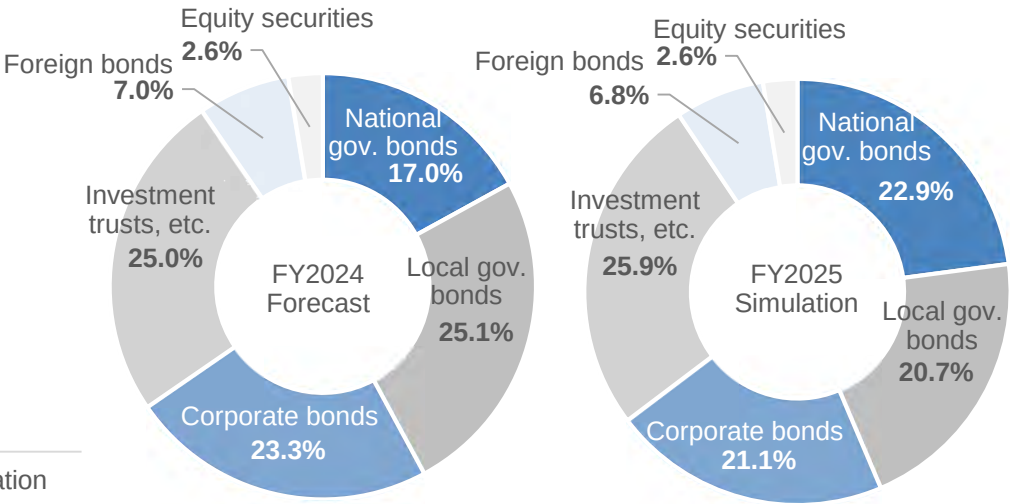


Total gains (losses) from securities

(Unit: JPY bn, %)

	FY2023	FY2024 Forecast	YoY change Amount (Rate)	FY2025 Simulation
Interest and dividends on investment securities	42.8	44.5	1.7	41.7
Gain (losses) on debt securities	(13.8)	(8.9)	4.9	(3.1)
Gain (losses) on equity securities	14.4	7.6	(6.8)	3.0
Gains (losses) on investments in money held in trust	2.2	2.3	0.1	2.3
Total gains (losses) from securities	45.6	45.5	(0.1)	43.9
After excluding foreign currency-denominated procurement costs	34.3	34.7	0.4	35.2
(Reference) Total yield on securities (After excluding foreign currency-denominated procurement costs)	1.11	1.13	0.02	1.13

Composition ratio of securities
(on an amortized cost basis)



Expenses

(Unit: JPY bn)

	FY2023	FY2024 Forecast	YoY change amount	FY2025 Simulation
Expenses	49.0	48.6	(0.4)	48.7
Personnel expenses	26.0	24.9	(1.1)	24.4
Non-personnel expenses	19.7	20.2	0.5	20.6
(of which, system-related expenses)	8.4	9.0	0.6	9.1
Tax	3.3	3.5	0.2	3.7

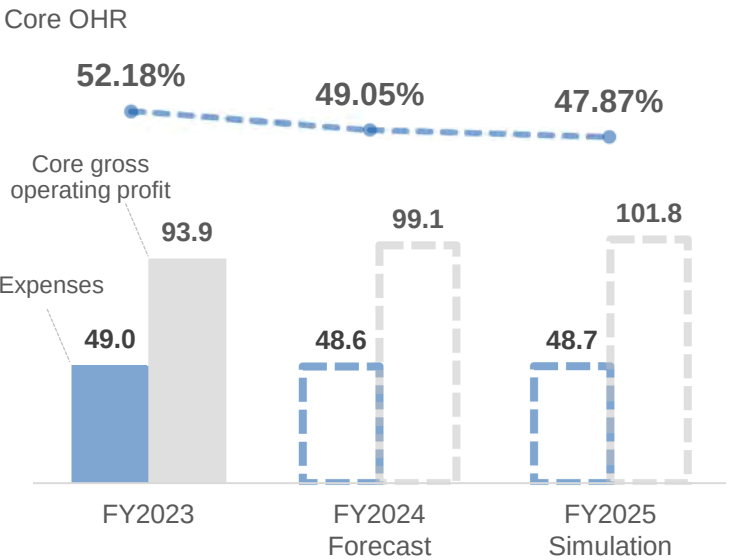
(Reference) Key change factors in expenses (FY2024)

(Unit: JPY bn)

	Change factor	Amount
Personnel expenses	Reduction in employees, etc.	(1.1)
Non-personnel expenses	System-related expenses (incl. renewal of internal information network)	0.5

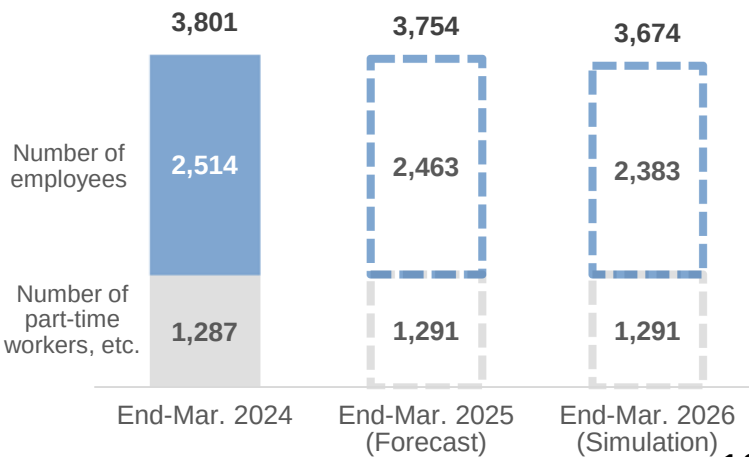
Core OHR

(Unit: JPY bn)



Number of employees, etc.

(Unit: people)

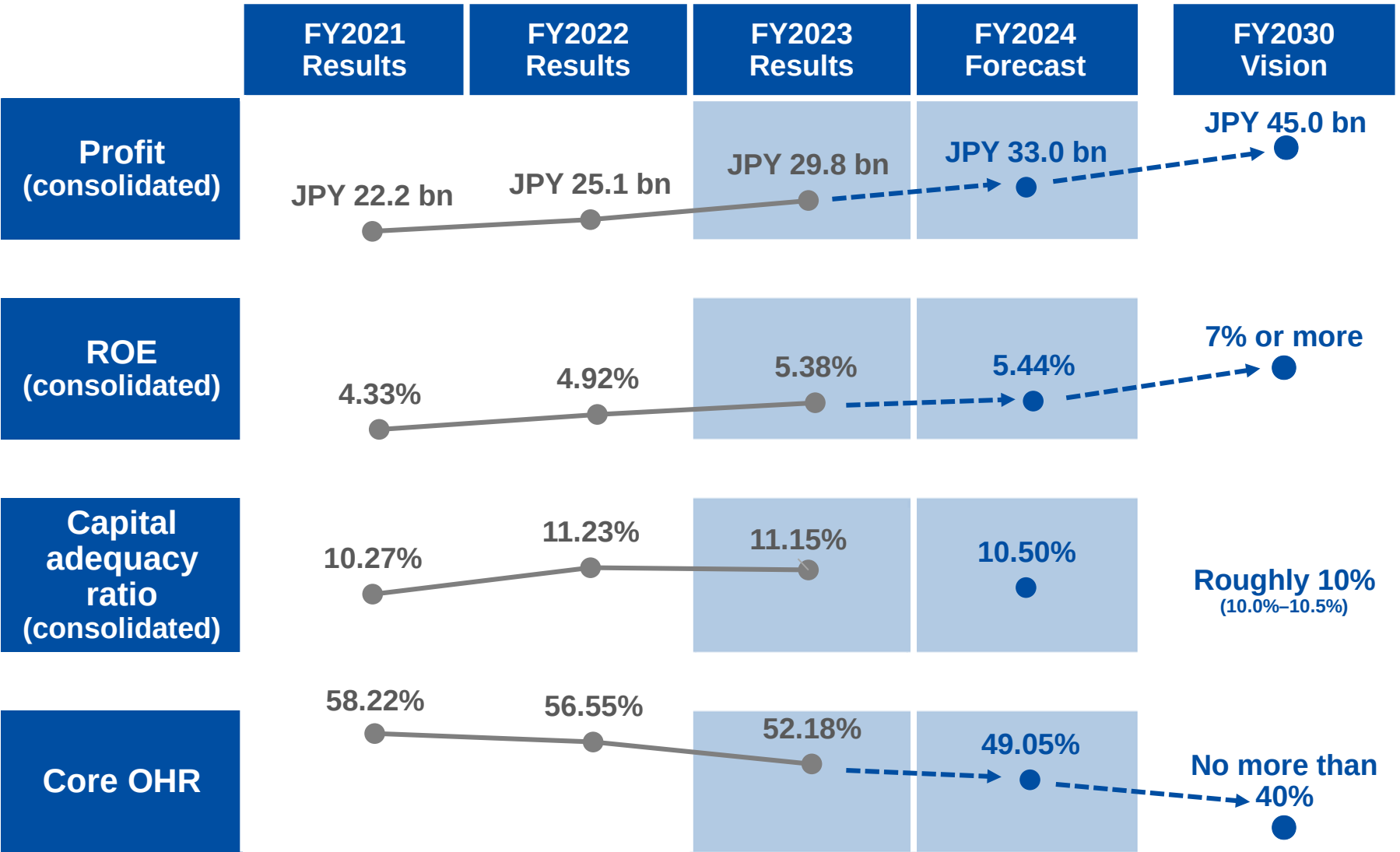


03

The 77 Bank Group's Value Enhancement

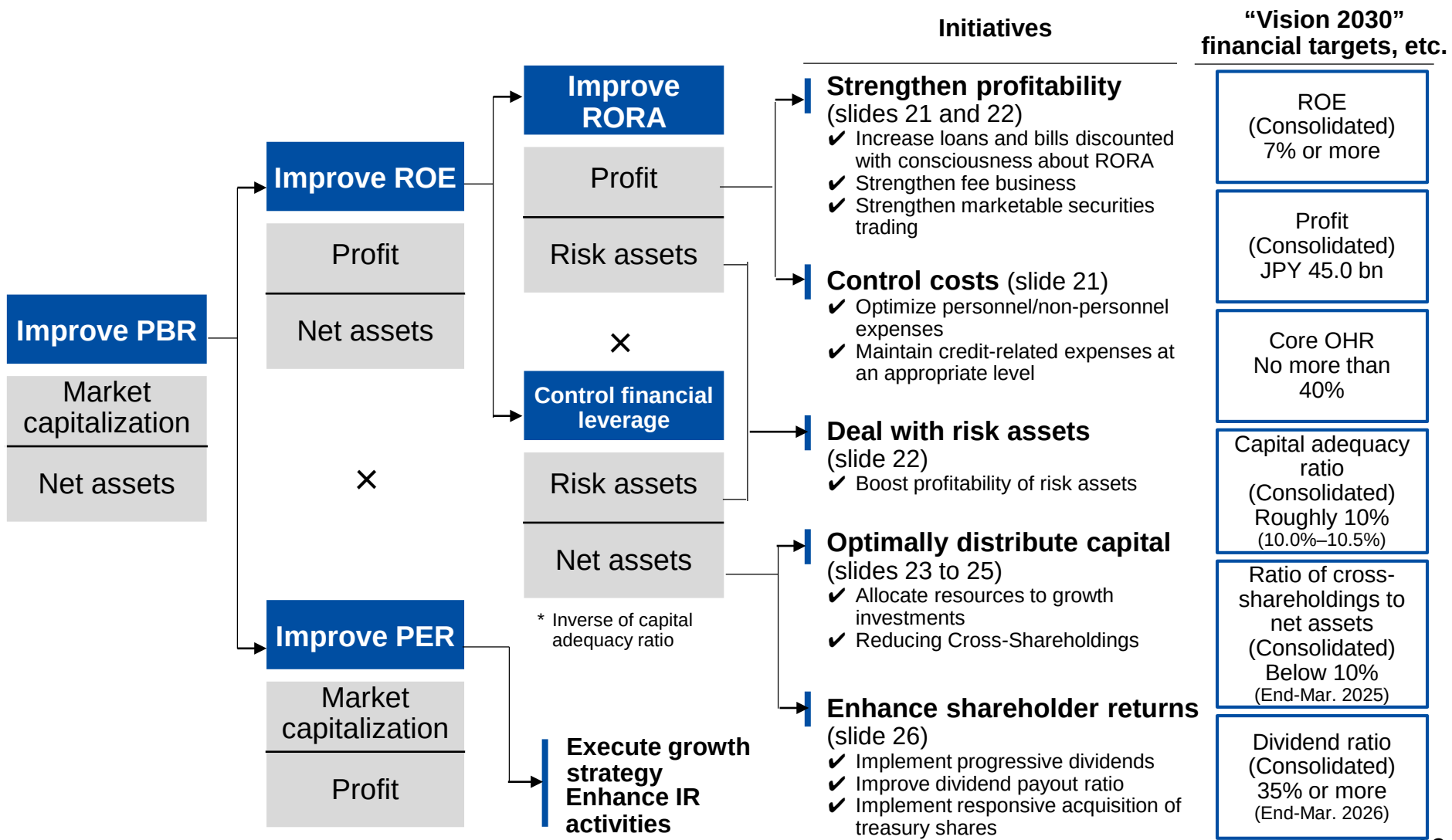
An increase in top line and others resulted in a renewed record high for net income and a rise in ROE to above 5%

Progress in financial targets



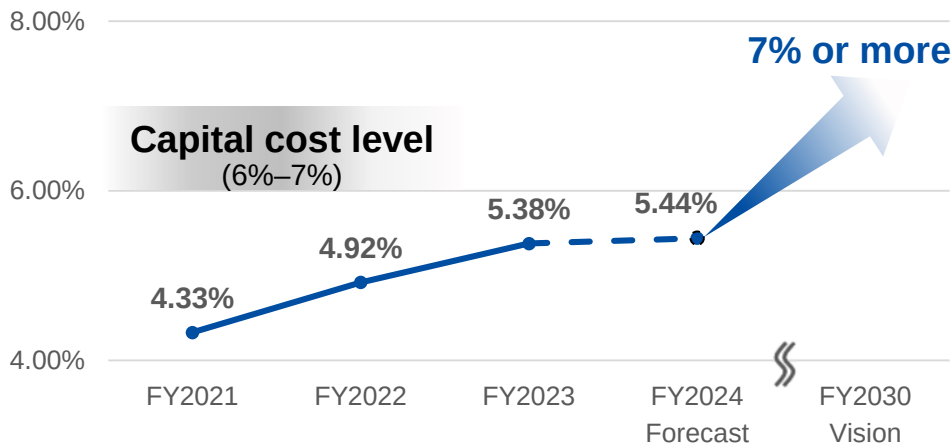
Striving to improve PBR by increasing capital efficiency through strengthening of returns and improvement in profitability

Approach to improving PBR



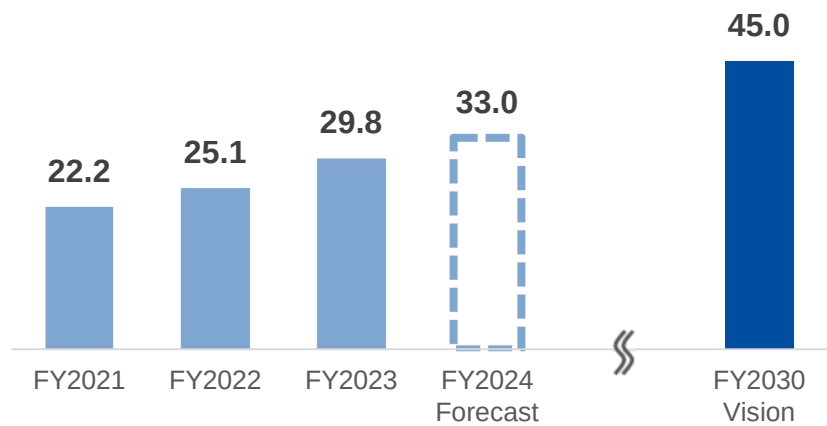
Implement management conscious of capital efficiency, while striving to boost profitability and properly control capital adequacy

ROE (consolidated)



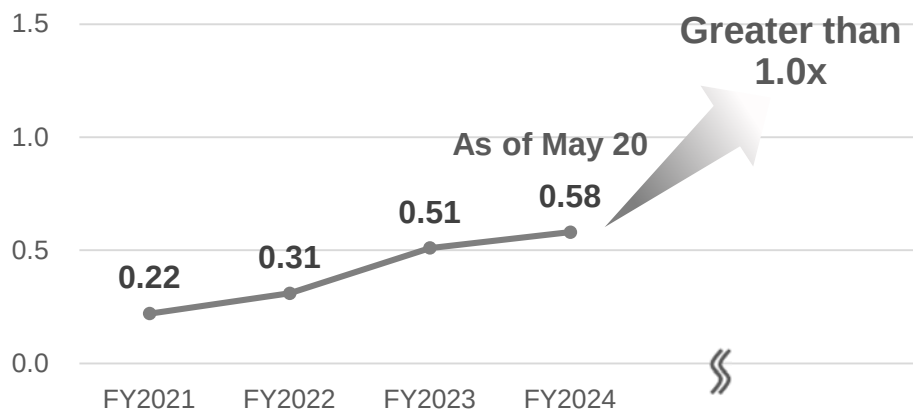
Profit (consolidated)

(Unit: JPY bn)

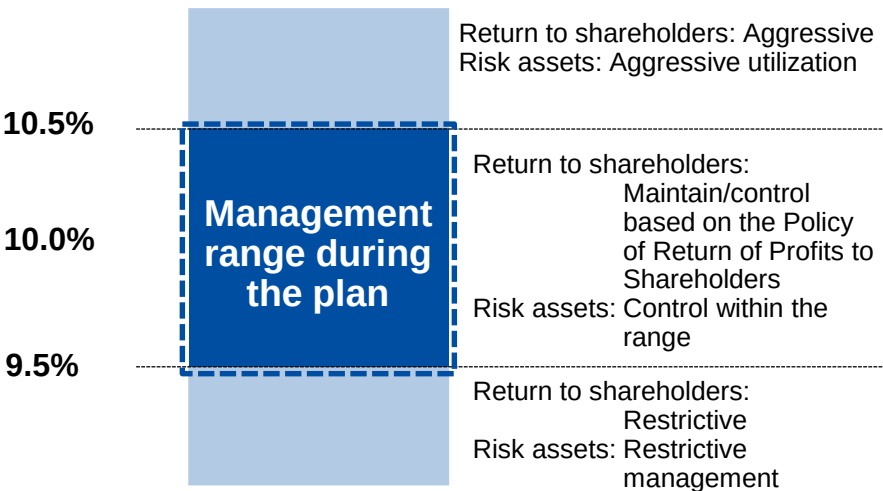


PBR

(Unit: times)

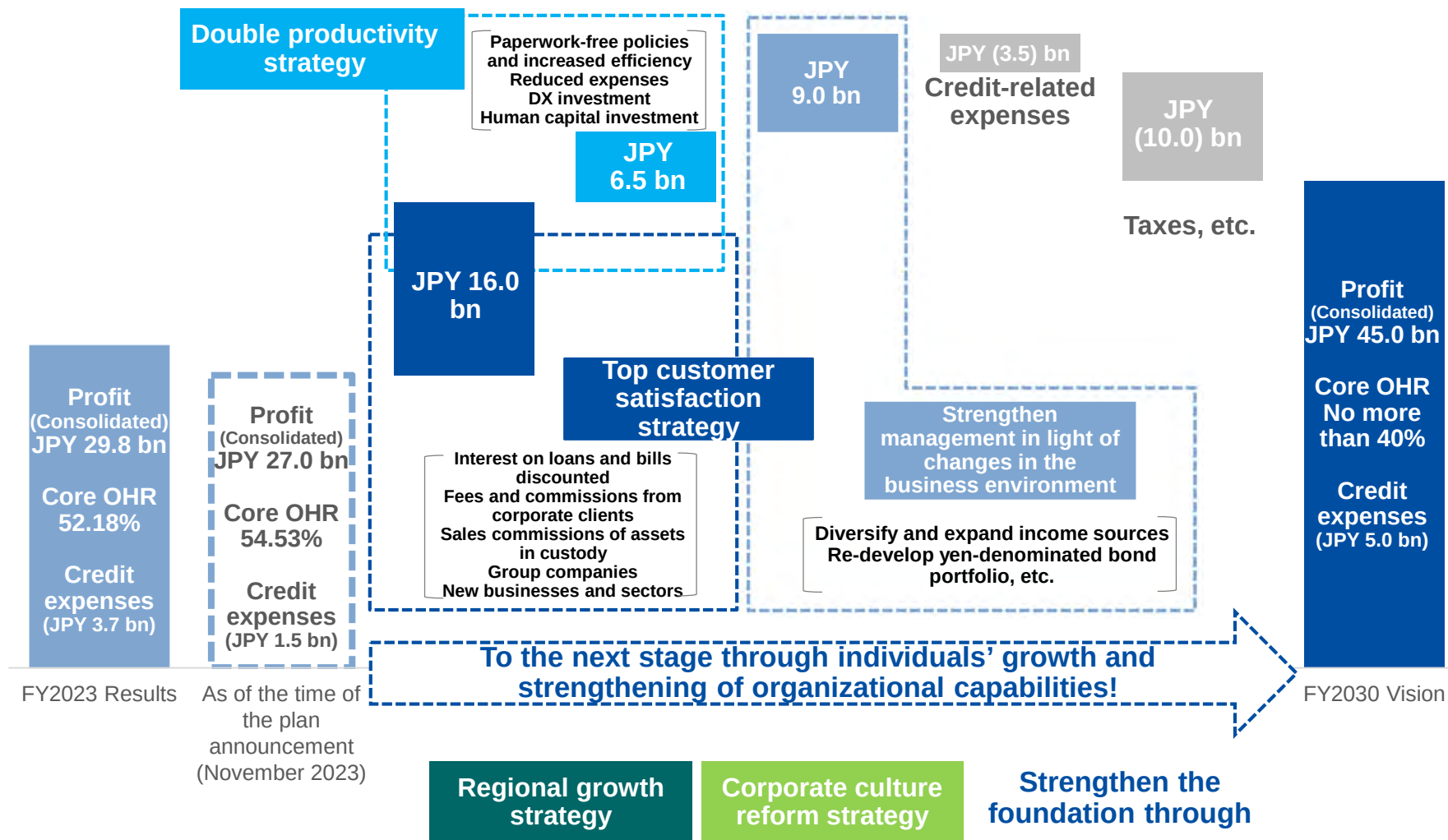


Management range for capital adequacy ratio (consolidated) during the plan



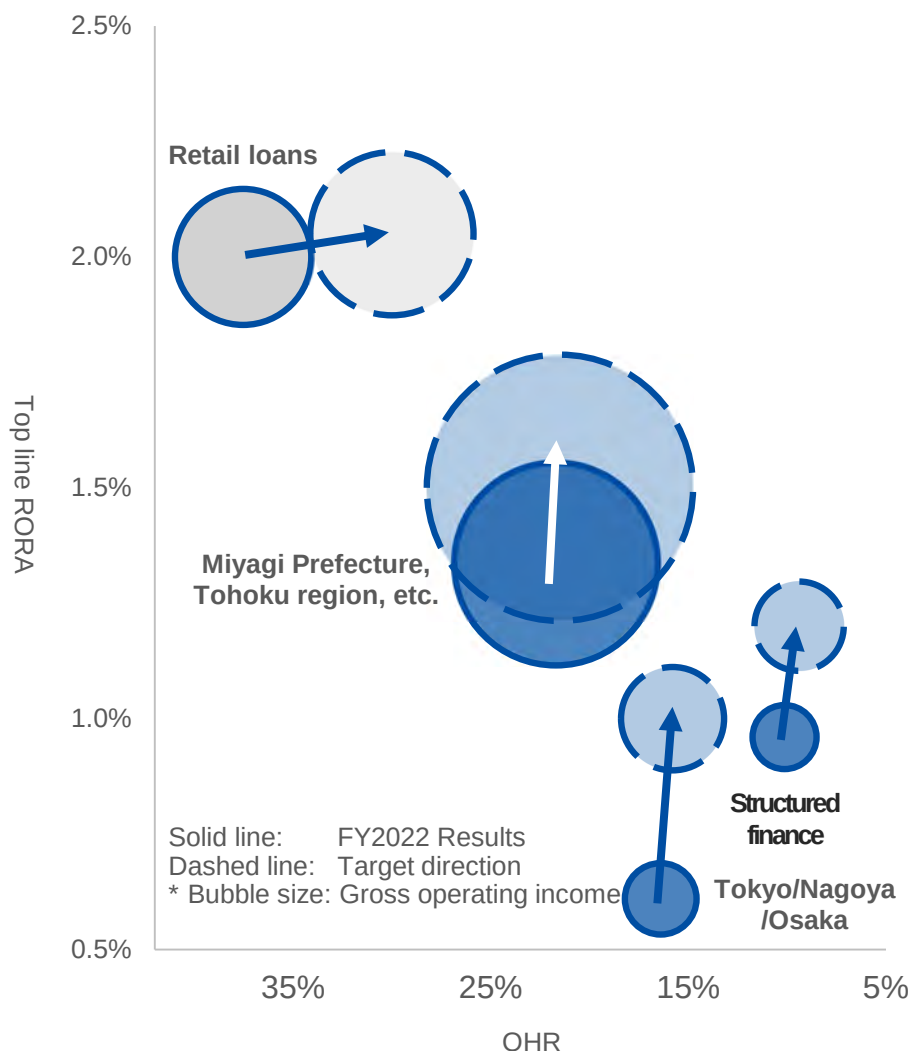
Striving to strengthen profitability through measures set forth in “Vision 2030”

Profit (consolidated) increase concept



Striving to improve profitability on risk assets by increasing loans and bills discounted with consciousness about RORA

Top line RORA and OHR levels



Corporate loans

- Raise top line through an expansion in income and improvement in yields
- ✓ Improve profitability by client/transaction through the use of profitability check sheet
- ✓ Set loan rates appropriately in light of higher interest rates
- ✓ Boost non-interest income through consulting
- ✓ Expand handling domains (SF), including risk management, and diversify income

Retail loans

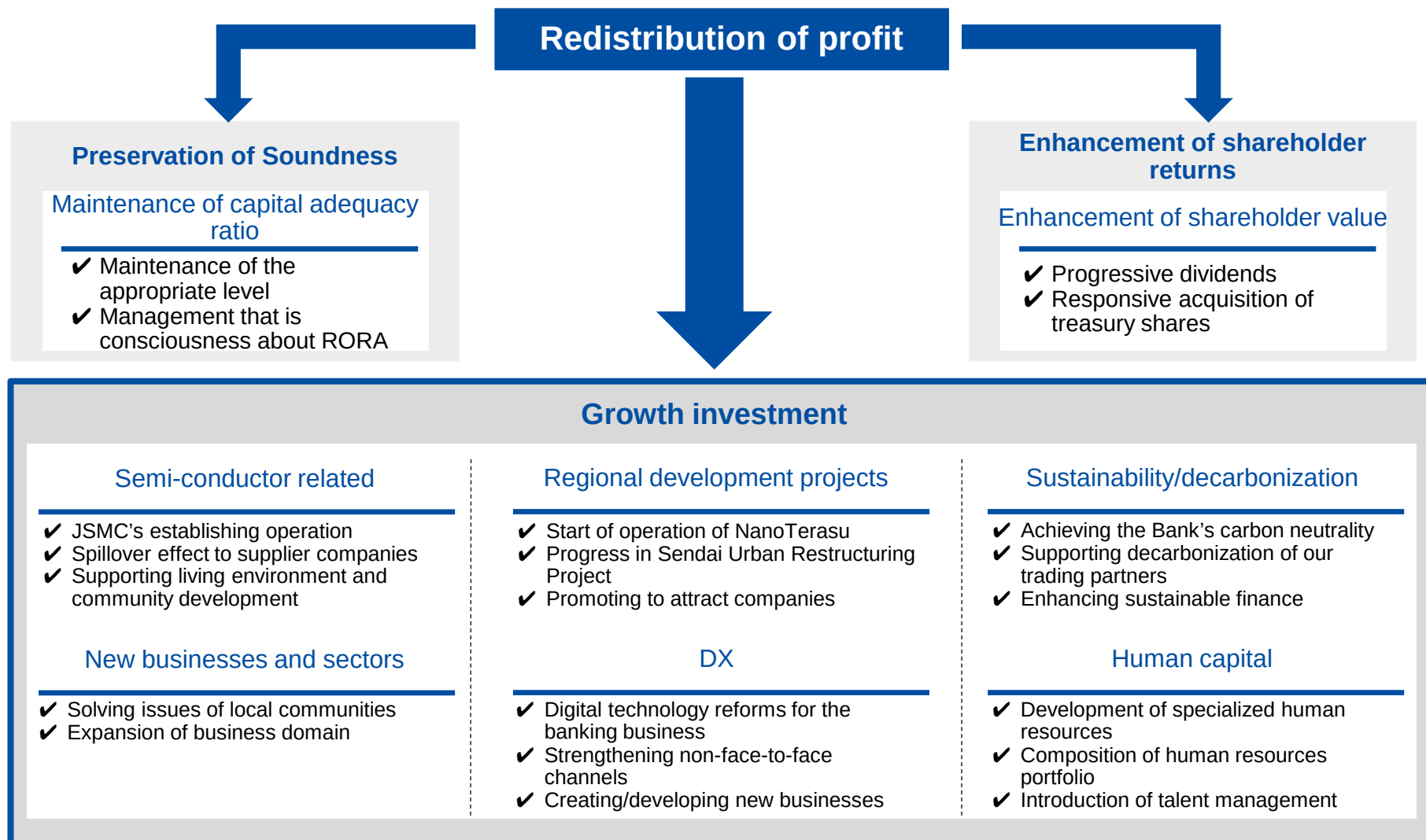
- Improve OHR through comprehensive trading relationship and improved operational efficiency
- ✓ Set loan rates appropriately in light of higher interest rates
- ✓ Boost non-interest income through cross-selling
- ✓ Reduce expenses through an expansion in non-face-to-face transactions

Strengthen monitoring

- *1. Top line RORA = Income and expenditures / Risk assets
 *2. Income and expenditures: Interest on loans and bills discounted + Income from fees and commissions (credit-related fees and commissions) - financing costs
 *3. Risk assets: Risk assets for loans and bills discounted (including unused limits)
 *4. OHR = Expenses / Gross net operating income
 *5. Expenses: Allocated based on cost calculation by task (without considering the headquarters' administrative expenses and others, such as the ratio of branches/headquarters' staff engaging in each task)
 *6. Gross net operating income: Income and expenditures(*2) + other fees and commissions (loan expenses, etc.)

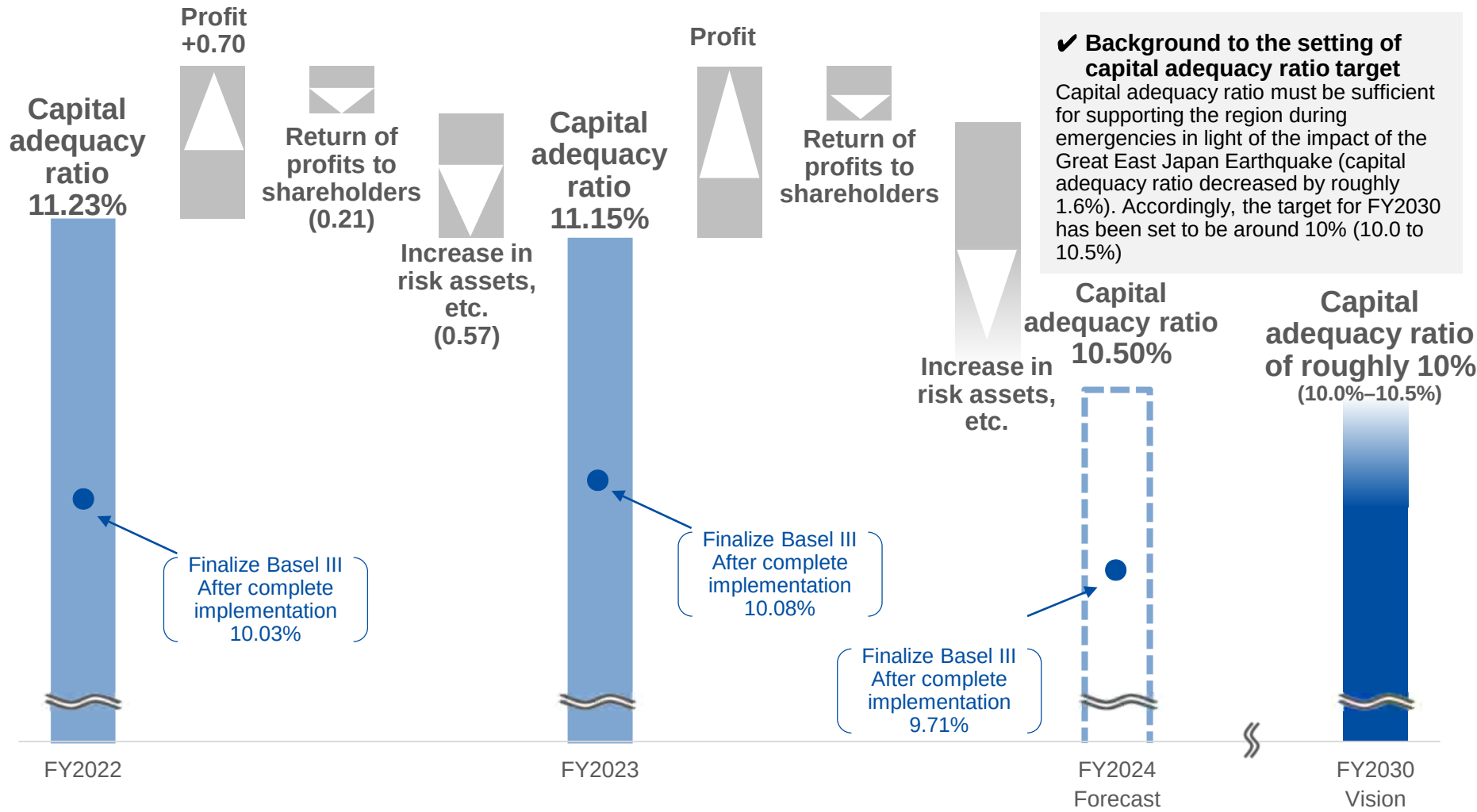
Implementing appropriate redistribution of profit to stakeholders while being conscious of sustainable growth

Approach to capital allocation



Implementing proper control to maintain capital adequacy ratio

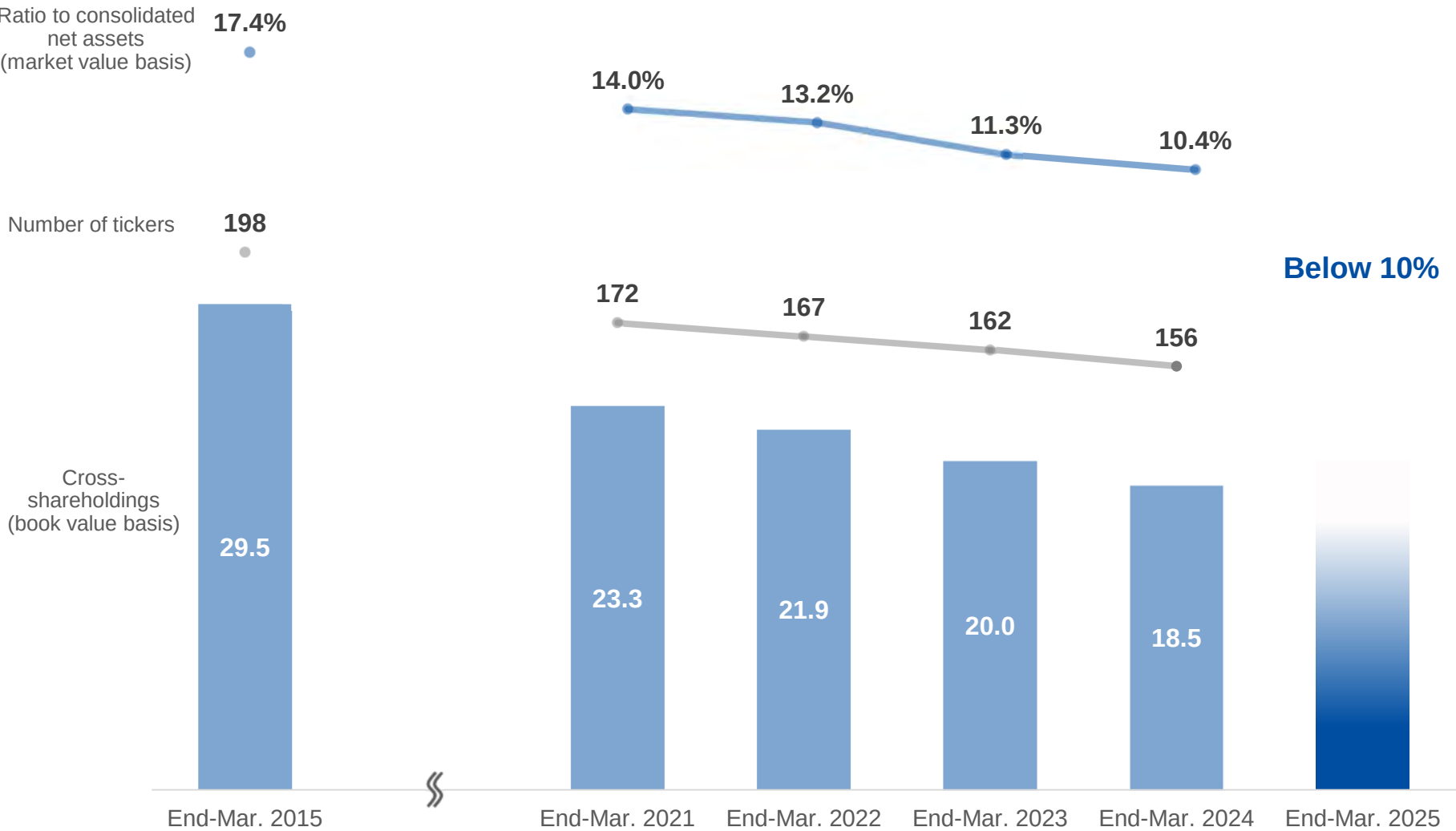
Maintenance of capital adequacy ratio (consolidated)



Promoting ongoing reduction to reduce the ratio to consolidated net assets to below 10% before the end of the fiscal year

Reducing Cross-Shareholdings

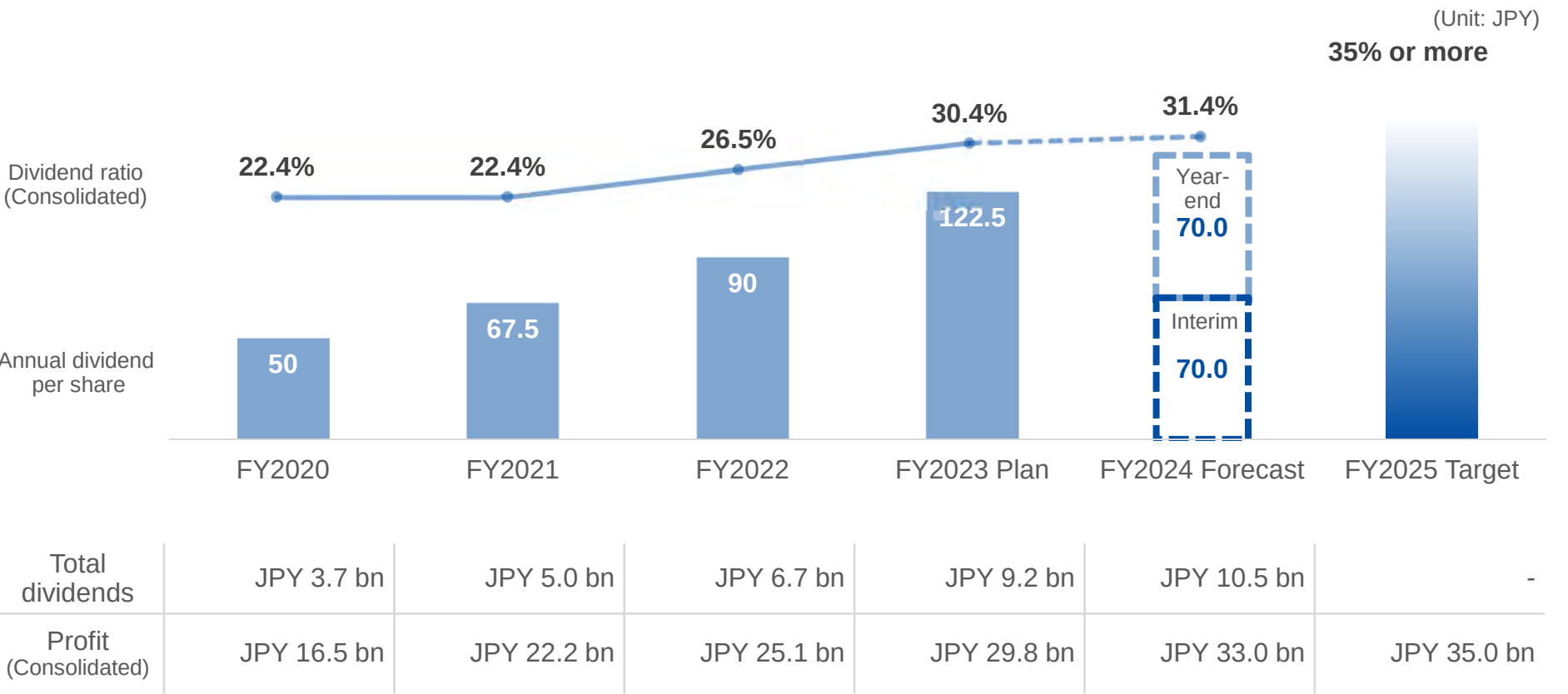
(Unit: clients, JPY bn)



Continuing to consider responsive acquisition of treasury shares while striving to elevate dividend ratio

Policy of Return of Profits to Shareholders (reviewed in November 2023)

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.**



04



Business Strategy

“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.



What is our vision for the 77 Bank Group? We set forth our ideas in a new management plan



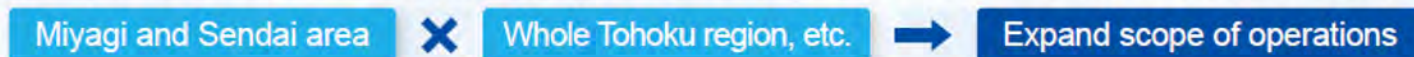
“Our target form”
to aim for over
the long-term

The 77 Bank Group aims to be a leading company that works to achieve prosperity in the local community, by continuing to offer the optimal solutions, which inspire and build trust, and at the same time working with our stakeholders to tap new areas of opportunity in Miyagi and Tohoku.

- ◆ Create the highest level of financial functions and consulting, while also expanding the scope of our businesses in the non-financial sector



- ◆ Create networks that combine the potential of Miyagi and the Sendai area with influential customers in the Tohoku region as a whole and elsewhere



- ◆ Deepen capabilities as a leading company (a collection of people with the same aspiration, and a group of companies that act as leaders for local communities)



The 77 Bank Group will take steps to move beyond our existing trajectory, by establishing a “Our target form,” enhancing our strengths, improving our weaknesses, and revitalizing our organization

Stimulate demand among customers and local communities
Expand the scope of operations

Dramatic improvements in productivity

Establish an ambitious corporate culture

Enhance!



77 Bank Group strengths

Customer base
Consulting system
Trust from customers and local community

Improve!



77 Bank Group weaknesses

Profitability (low-profitability structure)
Cost consciousness (high-cost structure)
Competitiveness with other companies

Establish!



Revitalization points

Appetite for new challenges
Speed and flexibility
Cross-organization (vertical, horizontal, diagonal)

Key factors

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

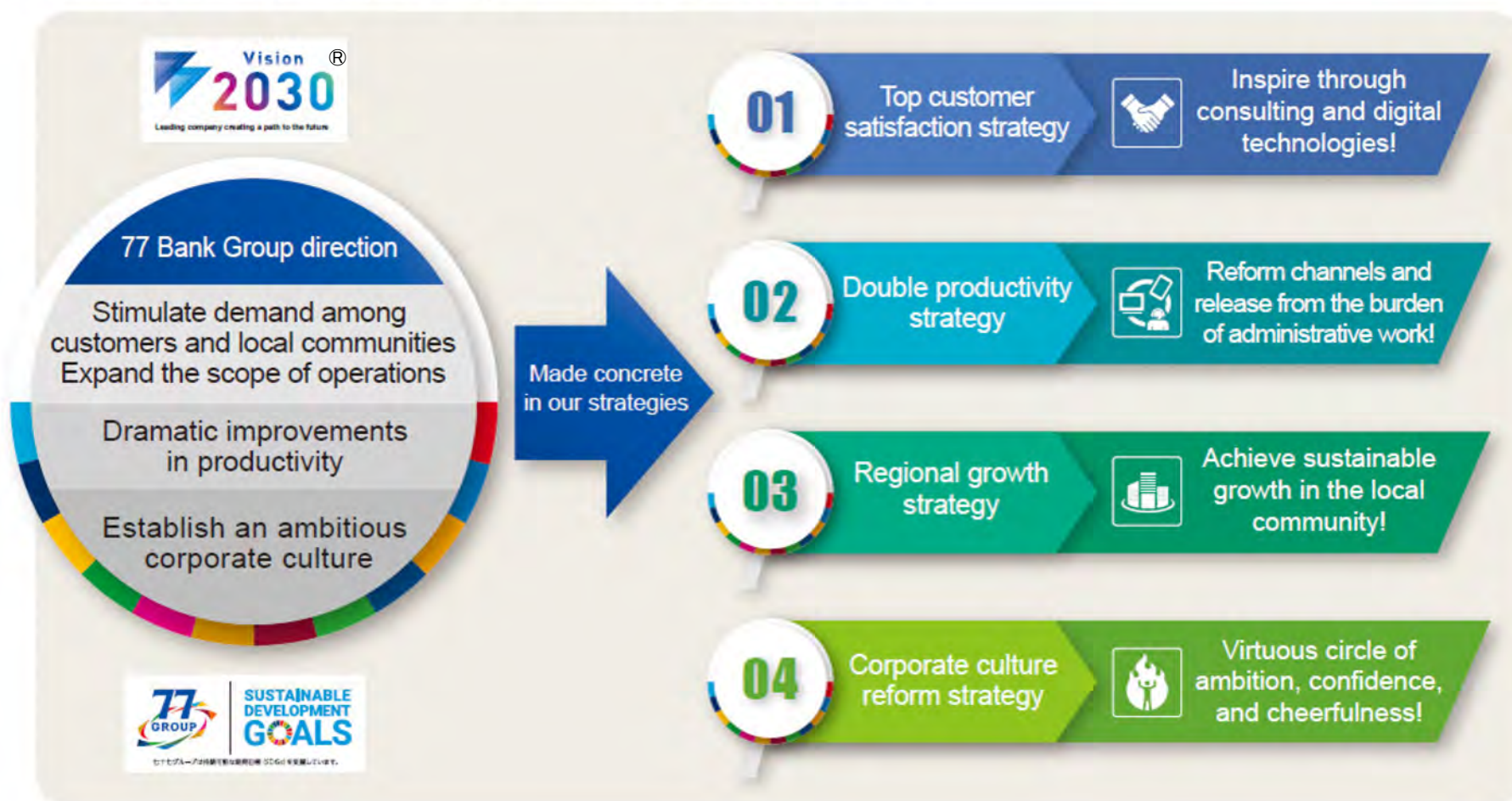
Digital transformation

New businesses and sectors

Human resources

Financial foundations

In “Vision 2030,” we set forth the direction the 77 Bank Group should take to grow sustainably together with local communities, based on our SDG Declaration, i.e., stimulating the regional economy and promoting active participation by a diverse range of personnel



Shared key measures for FY2024 at the meeting for the branch general managers

〈Looking back the three years〉

- ✓ Enhanced consulting sales capability
- ✓ Considerable improvement in productivity
- ✓ Launched 10 new businesses/new sectors
- ✓ Changed to a positive mindset



〈Future outlook〉

- ✓ Shift to inflationary economy
- ✓ New phase of rising interest rates
- ✓ Changes in/diversification of society and technologies

Reconfirm the starting point of “Vision 2030”

To implement reforms steadily each year without postponing issues

Key measures for FY2024

~ Refine the business model of Finance & Consulting to further strengthen organizational capabilities ~

Top customer satisfaction strategy

- Provide services that are helpful to and exceed the expectation of clients
- Be conscious of the “appropriateness of interest rates/compensation for services” to improve profitability by client
- Expand contact points with the young and the asset formation segment who will be future customer base

Double productivity strategy

- Approach to denominator and numerator to increase labor productivity and improve core OHR
- Shift to digitization and DX in response to changes in society
- Reform of behavior and mindset of “people,” the largest capital to increase productivity

Regional growth strategy

- Involvement in various regional development projects and solution of issues
- Capture business opportunities for the growth of regional economy such as JSMC’s establishing operation
- Support sustainability and decarbonization efforts of local communities/clients

Corporate culture reform strategy

- Further strengthen an “ambitious spirit,” “diversity” and “communication”
- Reform to organizational culture that enhances inventiveness of each individual and encourages people to take on challenges

Group business strategy ● Strengthen coordination within the Group and get the development of new businesses and sectors embedded, in order to establish Group business as the third pillar of income

Each and every officer/employee to improve the quality of his/her work so that we will be a leading company!

Enhance the ability to think
(Hone strategic thinking and originality)

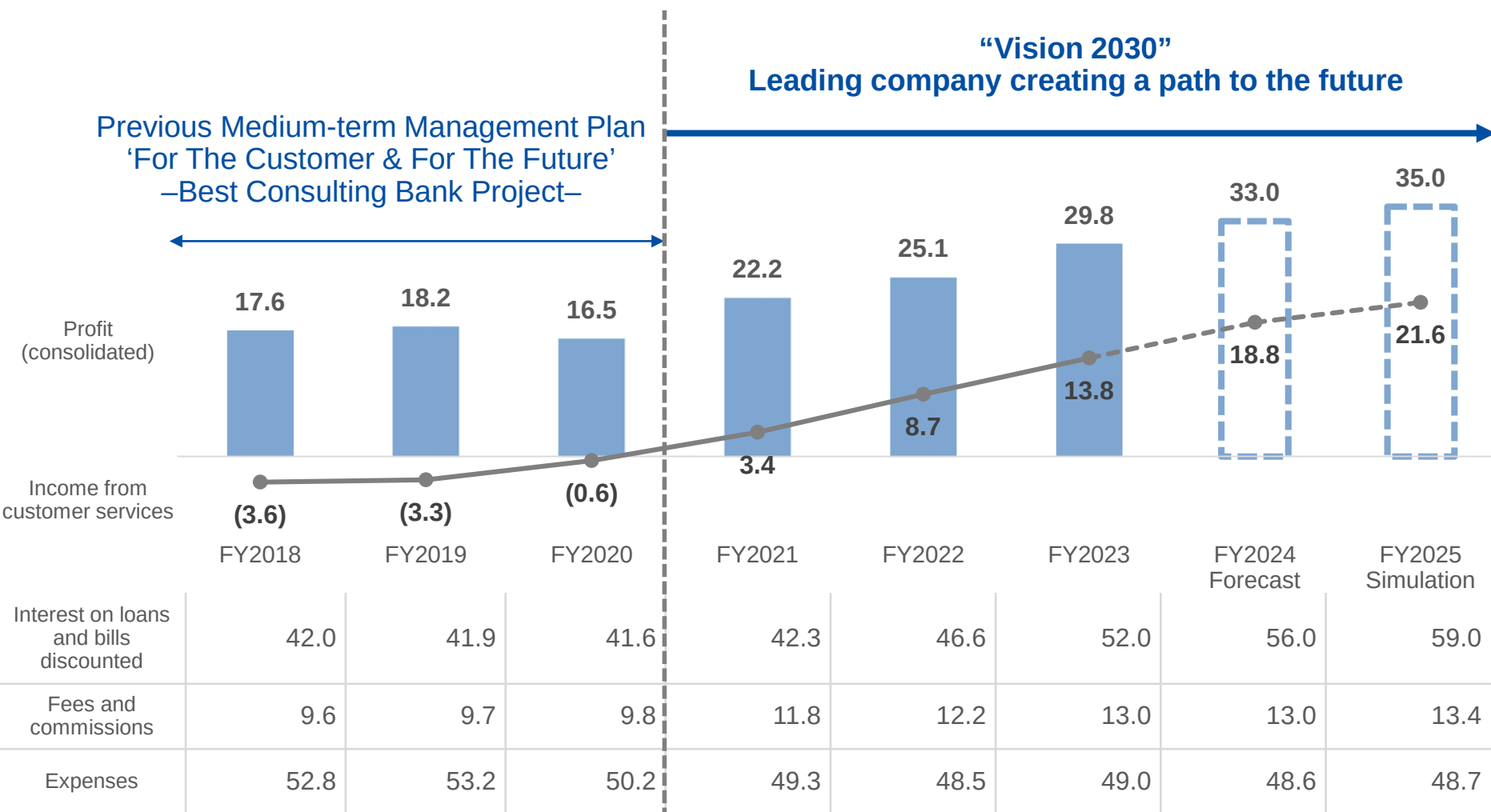
Keep taking on challenges
(Strengthen risk management)
(Courage, patience and efforts)

Do not lose sight of purposes
(Realize original purposes)

Profitability improved due to a reduction in expenses, in addition to a growth in top line through the implementation of consulting sales.

Performance

(Unit: JPY bn)



Note: Operating income from services for customers = (Average balance of loans and bills discounted × Loan to deposit spread)
+ Fees and commissions - Expenses (Retirement benefit costs incl.)

Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

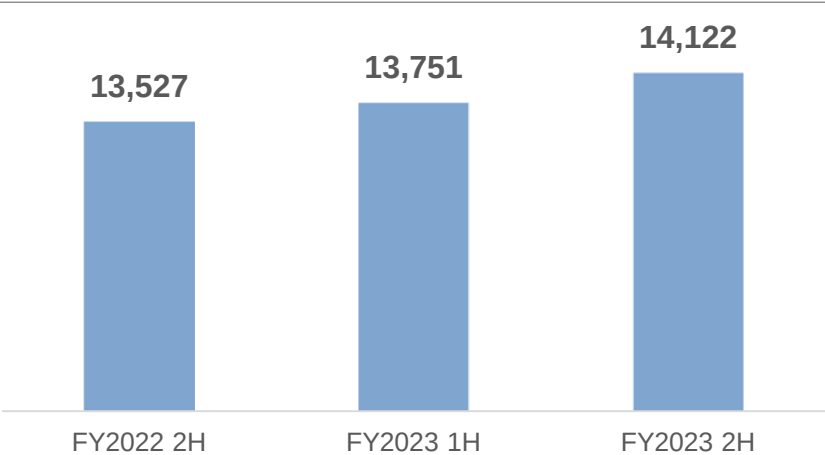
Corporate culture reform strategy

Developing platform for the Headquarters and branches to work together to implement finance & consulting services

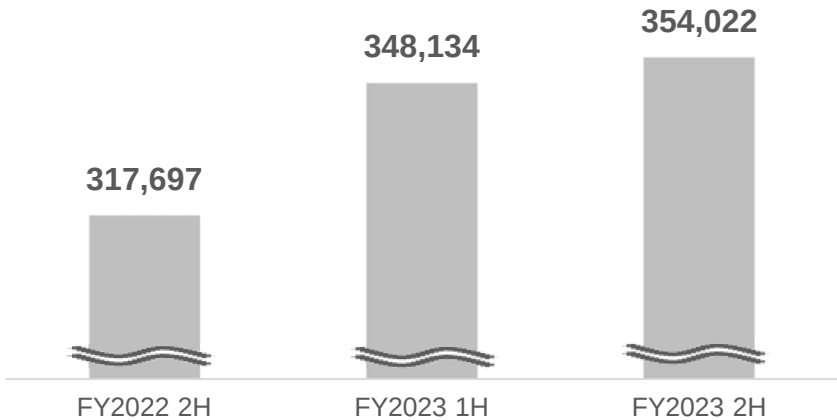
Consulting sales system

Branch	Headquarters	
Gather customers' issues/needs	Enhance consulting system	
Diversification of financing	Regional Support Team	36 members
Business succession	Business Succession and M&A Team	13 members
Sustainability	Sustainability Promotion Team	2 members
Growth support	Business Consulting Team	6 members
Medical service and nursing care	Healthcare Team	5 members
Management improvement	Management Improvement Advisors	4 members
Semi-conductor	Semi-conductor related PT	3 members
Business matchings	Information Development Section	4 members
Overseas support	Asia Business Support Office (including overseas secondment)	18 members
Regional vitalization	Regional Vitalization Promotion Desk	5 members
Support for founding business	Start-up Support Desk	1 member
Asset formation and asset succession	Wealth Management Office	29 members

Number of corporate loan borrowers (Unit: clients)



Number of contacts (Unit: cases)



Top customer
satisfaction
strategy

Double
productivity
strategy

Regional growth
strategy

Corporate culture
reform strategy

Acquired a variety of projects thanks to the spread of consulting sales

Changes in various results

➤ Number of structured finance cases

FY2021	FY2022	FY2023
40 cases	39 cases	27 cases

➤ Number of syndicate loan formation

FY2021	FY2022	FY2023
12 cases	10 cases	16 cases

➤ Number of paid business matching contracts

FY2021	FY2022	FY2023
1,674 cases	1,739 cases	2,016 cases

➤ Number of M&A contracts

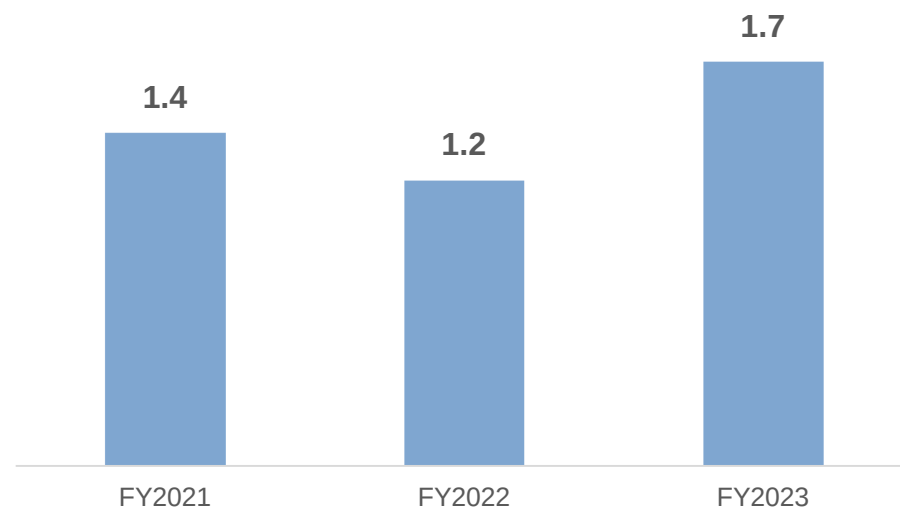
FY2021	FY2022	FY2023
11 cases	17 cases	11 cases

➤ Number of business succession support clients

FY2021	FY2022	FY2023
731 cases	804 cases	927 cases

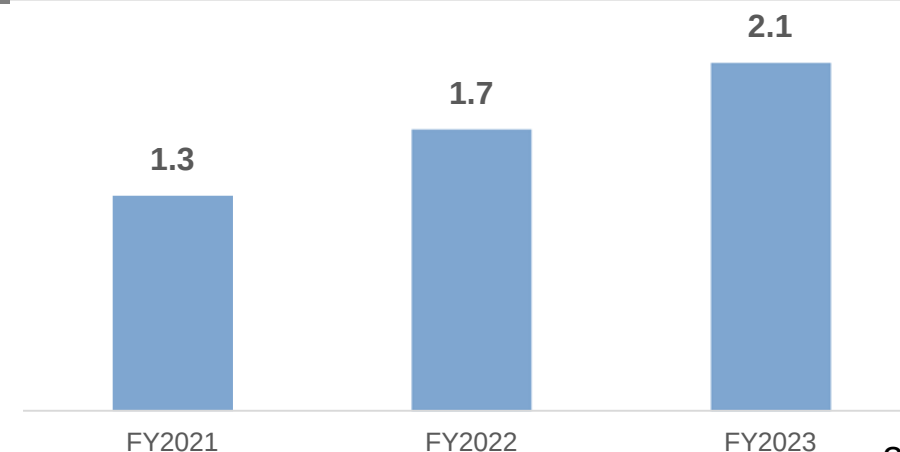
Changes in credit-related fees and commissions

(Unit: JPY bn)



Changes in business support fees and commissions

(Unit: JPY bn)



Top customer
satisfaction
strategy

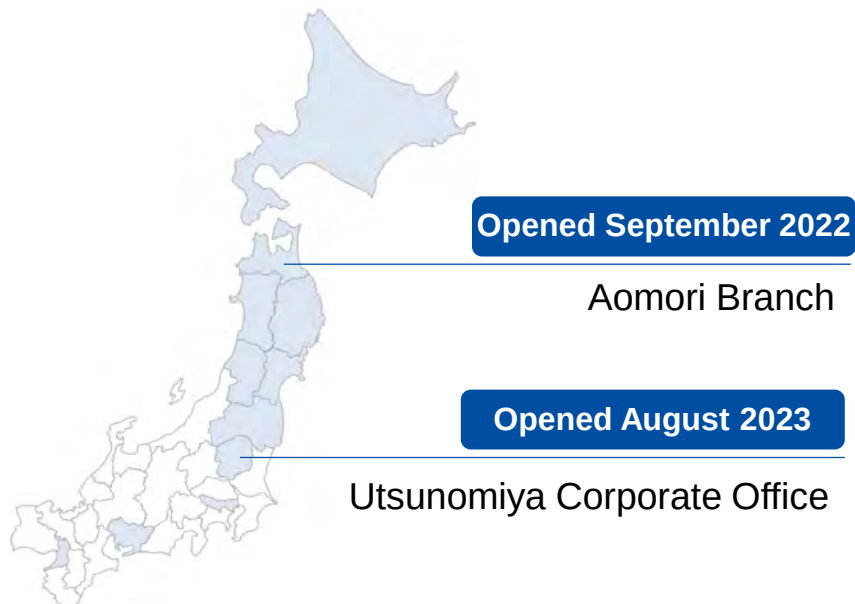
Double
productivity
strategy

Regional growth
strategy

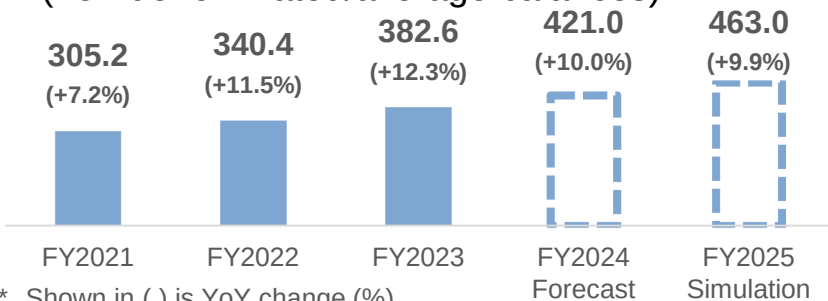
Corporate culture
reform strategy

We have expanded the fields we actively operate in by utilizing our network of branches, our overseas network, local information network, and more

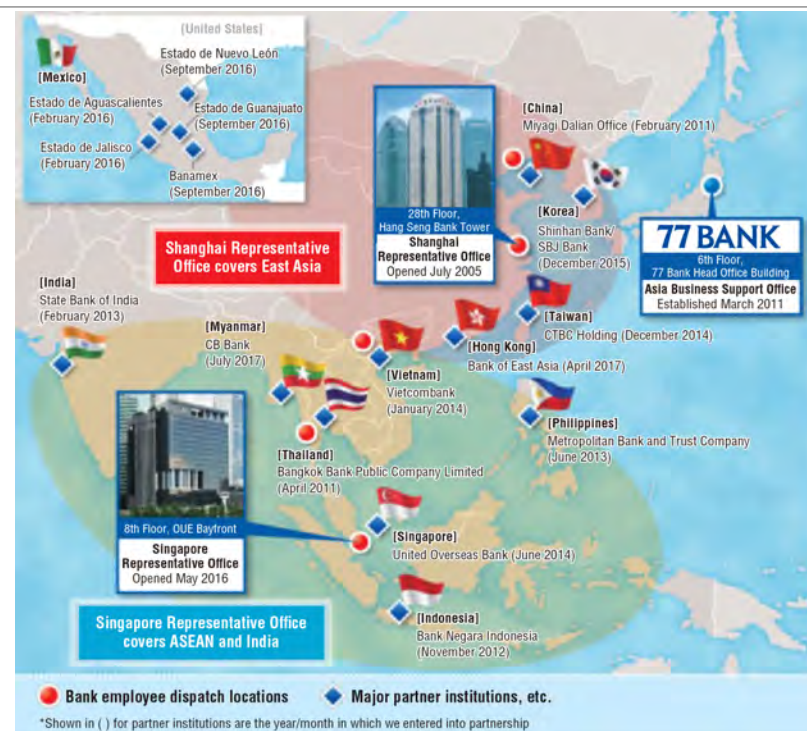
Service network



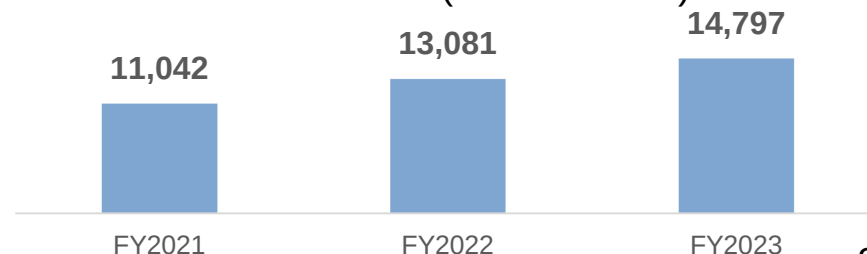
- Corporate loans in Tohoku region, etc. (excluding Miyagi Prefecture)
(Yen-denominated/average balances) (Unit: JPY bn)



Overseas network



- Cumulative number of cases for supporting overseas businesses (since FY2011) (Unit: cases)



Top customer
satisfaction
strategyDouble
productivity
strategyRegional growth
strategyCorporate culture
reform strategy

Aiming to establish Group business as the third pillar of income, each company has formulated new "Vision 2030"

Outline of Group companies' "Vision 2030"

Company name	"Target form" to aim for in FY2030	Net income (Unit: JPY mn)		
		FY2023	FY2025	FY2030
Financial 77 Lease	Aiming to be a leading company in the region that is in charge of leasing business of the 77 Bank Group	369	300	800
Financial 77 Shin-Yo Hosyo	Aiming to realize "SSS (Share up/Streamline/Social responsibility)" that empowers the region	991	778	820
Financial 77 Card	A company that promotes cashless in the region	182	200	320
Financial 77 Securities	A securities company that is rooted in the region and leads asset management of clients in the region	85	350	1,010
Non-financial 77 Research and Consulting	A group of professionals who contribute to the growth/development of companies in the region and the activation of the economy, as a self-reliant think tank/consulting firm	60	98	210
Financial 77 Partners	Region's No.1 buyout fund	4	32	40
Non-financial 77 Human Design	Human resources strategy partner who sets forth the region's future	34	15	235
Non-financial 77 Digital Solutions	A digital leading company in the region	(46)	30	140
Financial 77 Insurance Service	An insurance agency that offers No.1 insurance services in the region	(14)	(11)	150
Financial 77 Capital	High-value equity solution provider	10	3	5
Total		1,677	1,795	3,730

Top customer satisfaction strategy

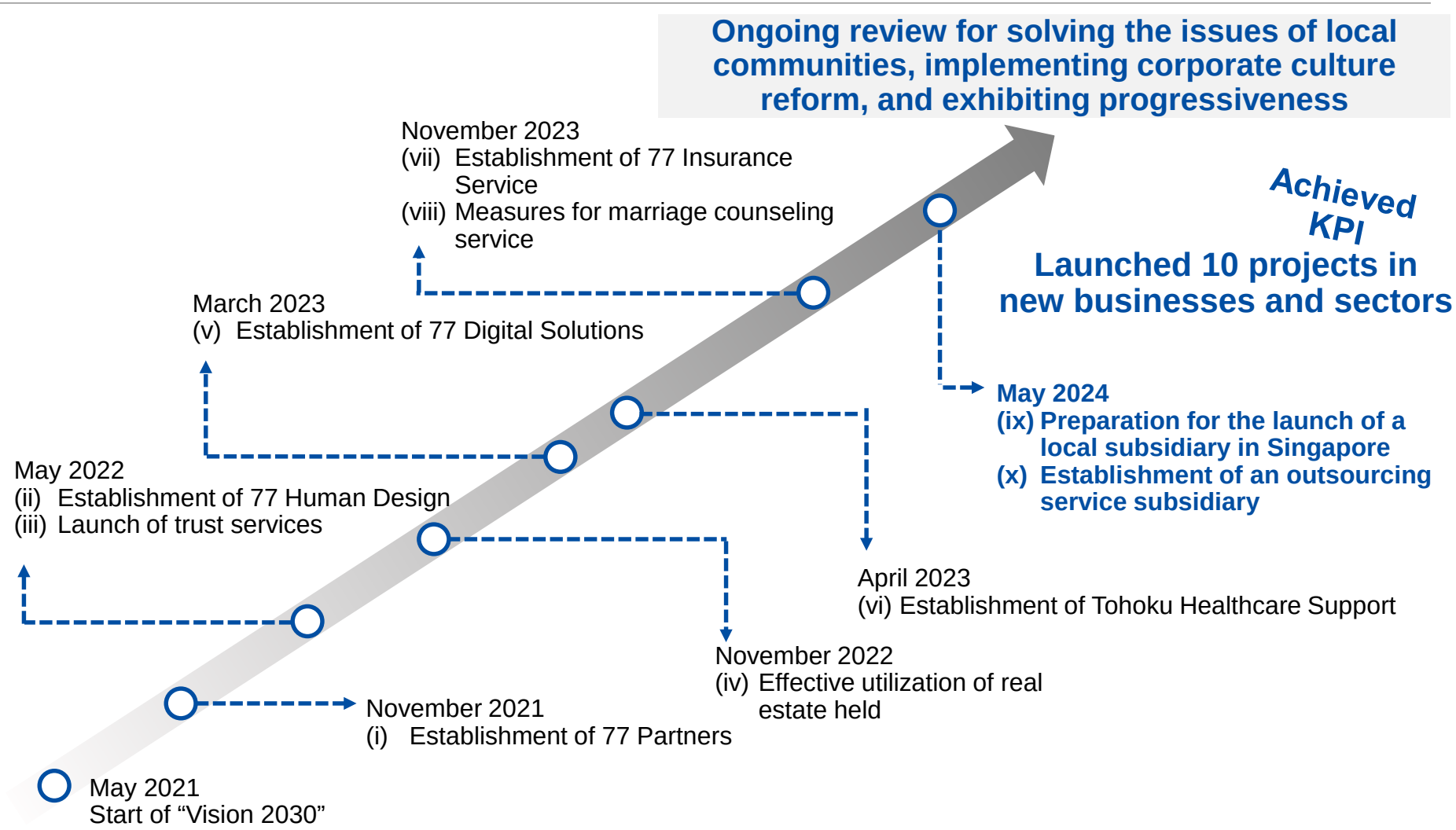
Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Launched 10 projects in new business and sectors with a view to solving issues faced by local communities/clients

List of projects in new businesses and sectors (in the order of announcement)



Top customer
satisfaction
strategy

Double
productivity
strategy

Regional growth
strategy

Corporate culture
reform strategy

(i) 77 Partners (Established December 2021)

Established to exhibit further consulting functions through investment involving the acquisition of control (majority investment). (Investment track record: 2 investees)



Shichipato-kun

(ii) 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.”
(Number of referrals provided: 717, number of contracts concluded: 240)



Shichineko-chan

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

The building of Aramachi Branch and Yagiya Branch which is due for reconstruction will be rebuilt into a higher 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.



(iv) 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.
(Number of trust products/services handled: 156)

(v) 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 healthcare fund specified in local communities, targeting medical and nursing care service companies in Tohoku region.
(Investment track record: 1 fund)

(vi) 77 Digital Solutions (Established May 2023)

Established to fully roll out support for digitization/DX for companies in local communities and municipal governments.
(Number of consultations accepted: 345, number of contracts concluded: 87)



Shichikero-kun

(vii) 77 Insurance Service
(Established March 2024, launch scheduled for July 2024)

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



Shichirabi-chan

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

Opened a marriage consultancy “77 (Nana) Musubi,” which provides matching of people, at 77 Human Design Co., Ltd., in order to support 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.

Top customer
satisfaction
strategy

Double
productivity
strategy

Regional growth
strategy

Corporate culture
reform strategy

(ix) 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 more 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.

(x) Establishment of an outsourcing service subsidiary

(Scheduled to be established and start business 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 the senior and people with disabilities to play an active role, thereby contributing to the promotion of diversity, equity & inclusion at the Group.

Group Business Strategy Committee
(Established April 2024)

- Established Group Business Strategy Committee with a view to enhancing Group-wide governance
(Committee members)
Chair: President
Vice-chair: Senior Managing Director
Members: Managing Director, General Manager of General Planning & Coordination Div., General Manager of Digital Strategy Div., General Manager of Compliance Management Div., General Manager of Risk Management Div., General Manager of Business Promotion Div., General Manager of Personnel Div., and General Manager of Audit & Inspection Div.
(Major matters for consideration)
 - Matters pertaining to the formulation of management plans and budgets of Group companies
 - Important matters out of those which pertain to the formulation of measures for advancing compliance and risk management of Group companies

[Outline of the meetings of the Group Business Strategy Committee]

- The first meeting of the Group Business Strategy Committee since its establishment was held in April 2024. It was attended by Group companies’ presidents in addition to its members, and the following matters were reported:
 - ✓ Business status
 - ✓ Group Companies’ “Vision 2030”

Top customer
satisfaction
strategyDouble
productivity
strategyRegional growth
strategyCorporate culture
reform strategy

Boost recurring revenue by supporting customer asset formation

Changes in various results

➤ Number of periodic investment trust contracts

FY2021	FY2022	FY2023
61,034	65,037	82,868

➤ Number of NISA accounts

FY2021	FY2022	FY2023
36,601	40,554	53,649

➤ Number of active NISA accounts

FY2021	FY2022	FY2023
24,058	27,956	38,453

➤ Number of fund wrap service contracts (started in January 2023)

FY2021	FY2022	FY2023
-	160	2,486

➤ Number of trust products/services handled (launched in April 2023)

FY2021	FY2022	FY2023
-	-	156

Customers' Asset Formation Promotion Committee (Established April 2023)

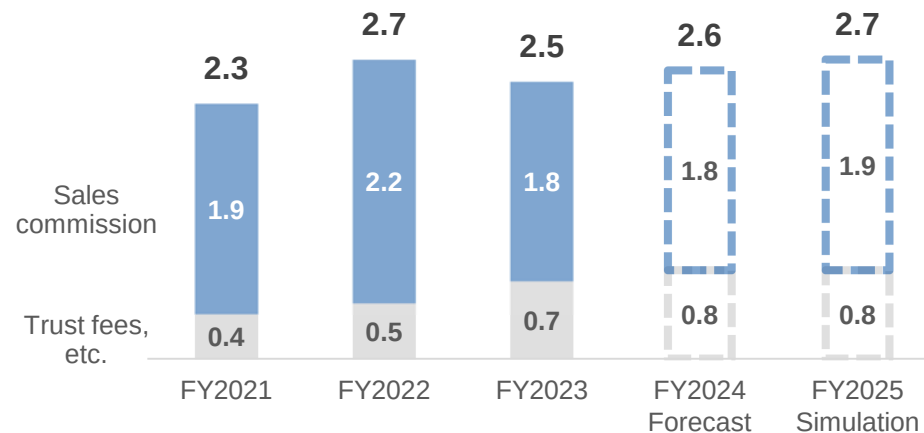
- The Customers' Asset Formation Promotion Committee was established to further promote the formation of customers' assets and the improvement of financial literacy in local communities

[Outline of the meetings of the Customers' Asset Formation Promotion Committee]

- Promotion measures in light of revisions to the NISA system
- Establishment of the NISA Promotion Team on a trial basis
- Review of the lineup of investment trust products, etc.
- Future direction for promotion/administration system for assets in custody (customer-driven sales promotion, product governance system, and so on)

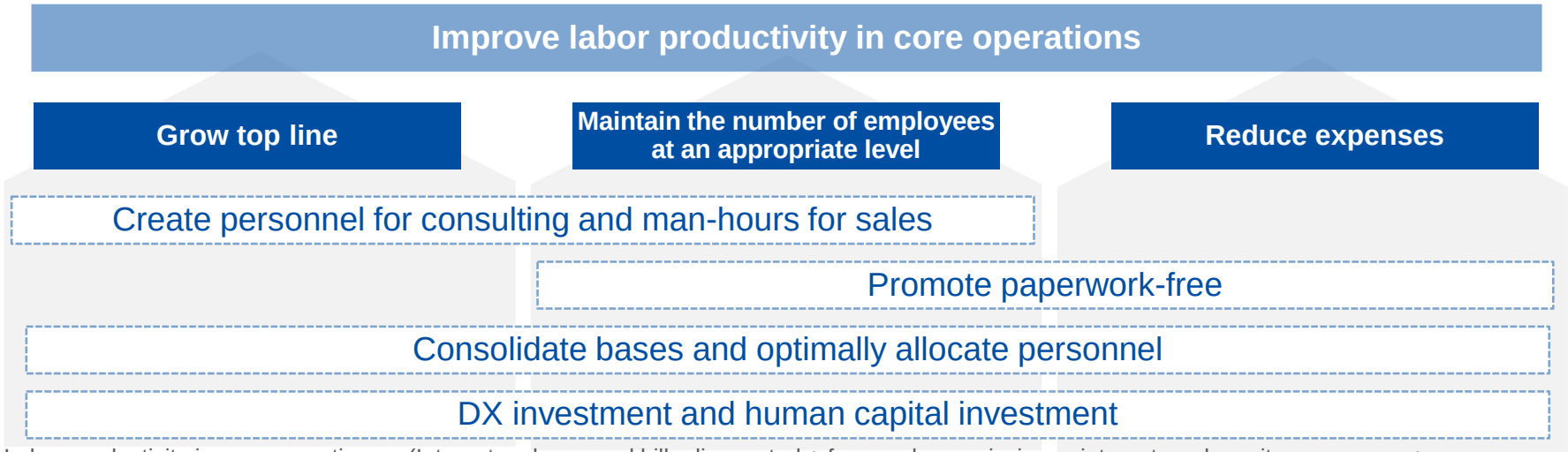
Changes in sales commissions of assets in custody

(Unit: JPY bn)

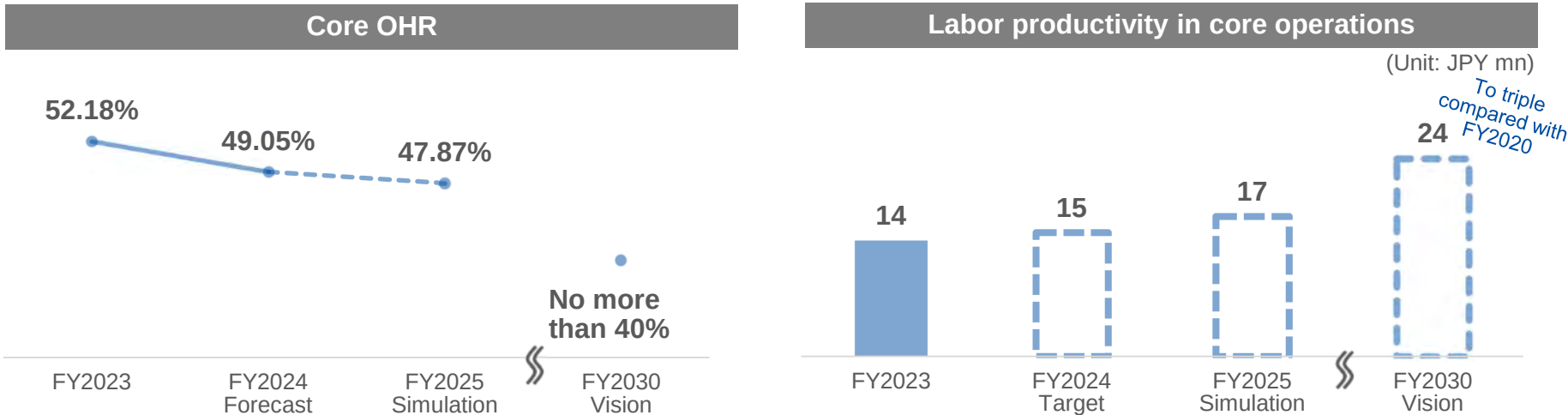


Striving for dramatic improvement in productivity with the aim to transform ourselves into a lean corporate group

Measures aimed at enhancing productivity



* Labor productivity in core operations = (Interest on loans and bills discounted + fees and commissions - interest on deposits - expenses + personnel expenses + depreciation) / number of employees (part-time employees counted as 0.4)



Top customer satisfaction strategy

Double productivity strategy

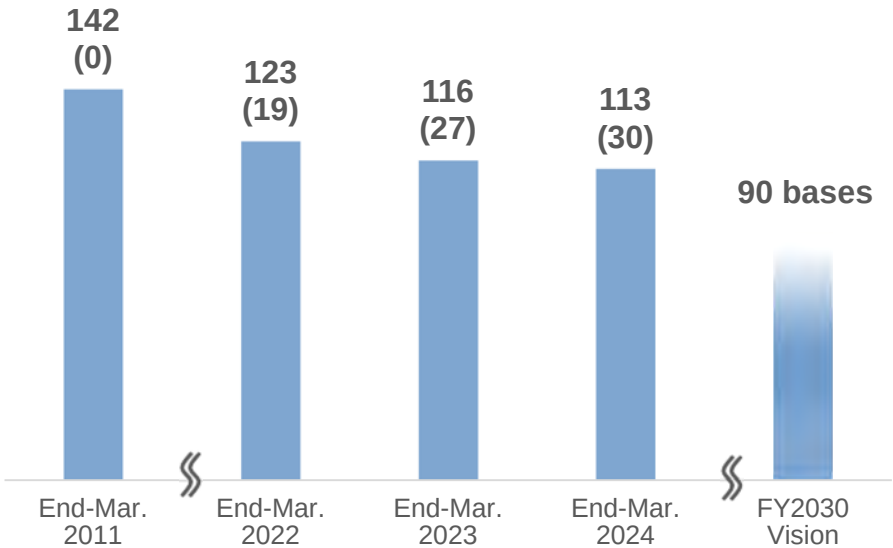
Regional growth strategy

Corporate culture reform strategy

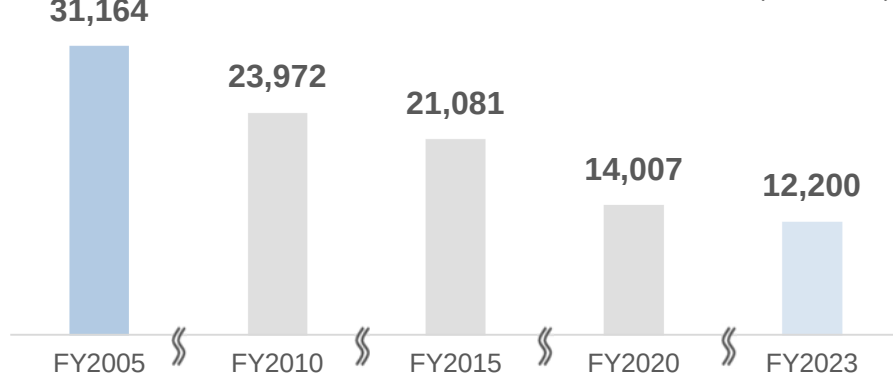
Transitioning to branches within branches in consideration of characteristics of markets and local circumstances including the number of customers visiting branches

Changes in number of bases, etc.

() represents the number of branches within branches (Unit: bases, branches)

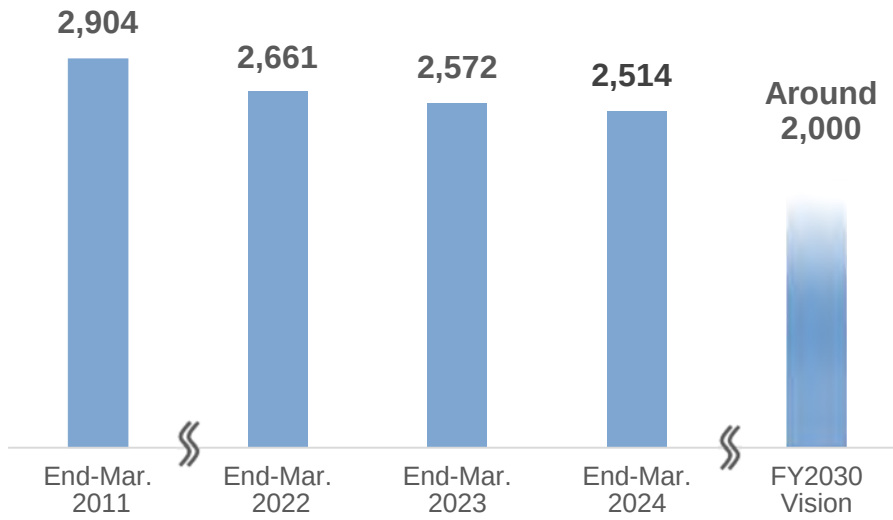


(Reference) Number of uses of contact points (in Miyagi Prefecture/daily average) (Unit: cases)



Changes in number of employees, etc.

(Unit: people)



(Reference) Effects of reducing expenses by transitioning to branches within branches

	Average per branch	Reduction amount
Non-personnel expenses	JPY 28 mn	JPY 790 mn
Personnel expenses	JPY 57 mn	JPY 1,596 mn

*1. Effects of reducing expenses at 28 branches where measurements were possible
*2. Expenses after transitioning to branches within branches calculated in comparison to expenses before
*3. Personnel expenses provided for reference because personnel members created were transferred to HQ, etc.

Top customer satisfaction strategy

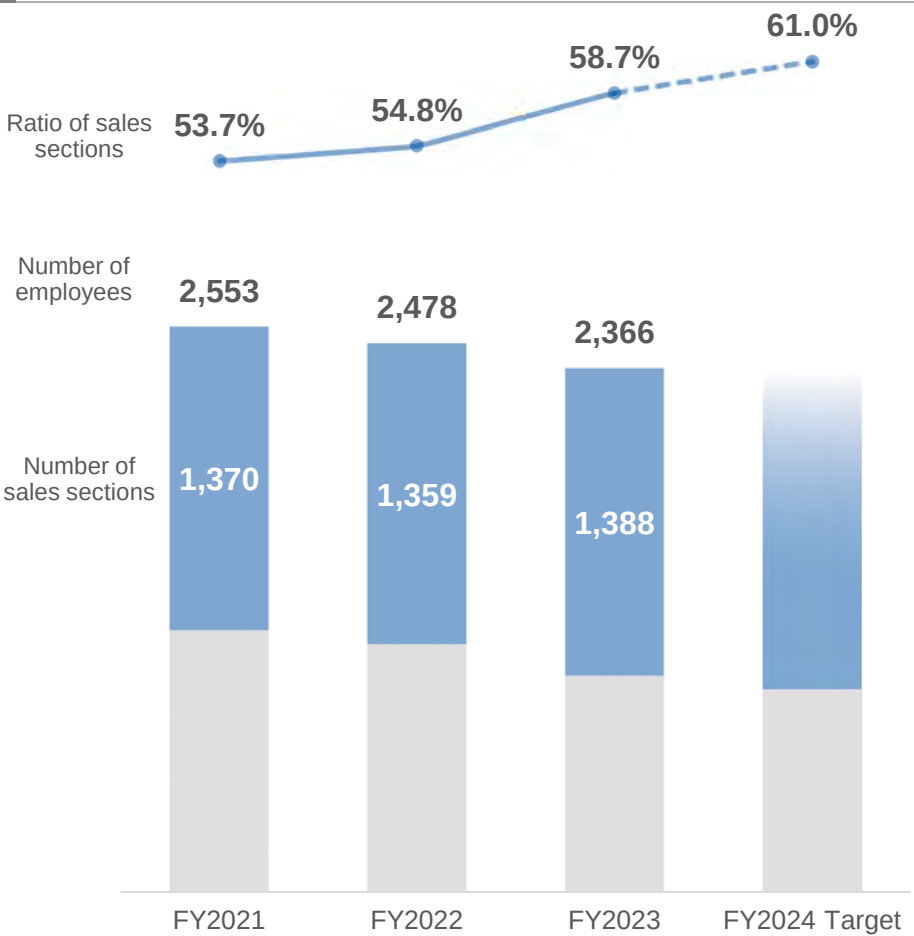
Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

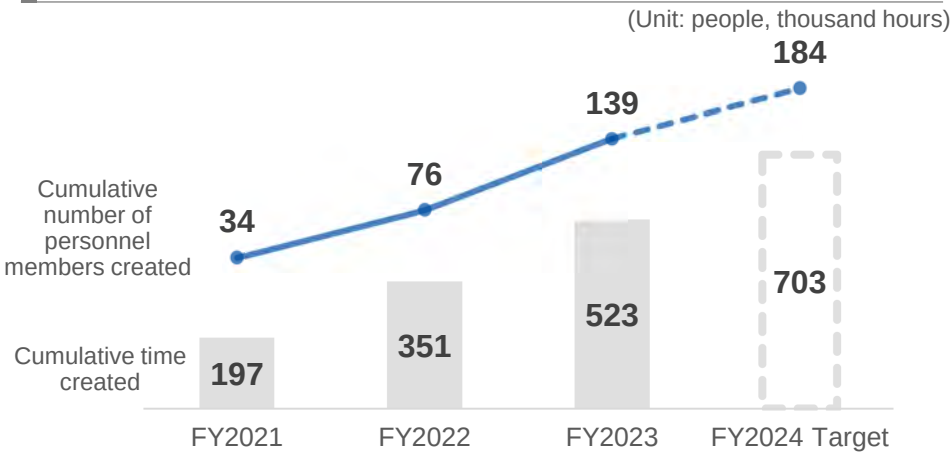
While raising the ratio of sales sections, increasing consulting opportunities by utilizing personnel members and man-hours created

Changes in the ratio of sales sections (Unit: people)



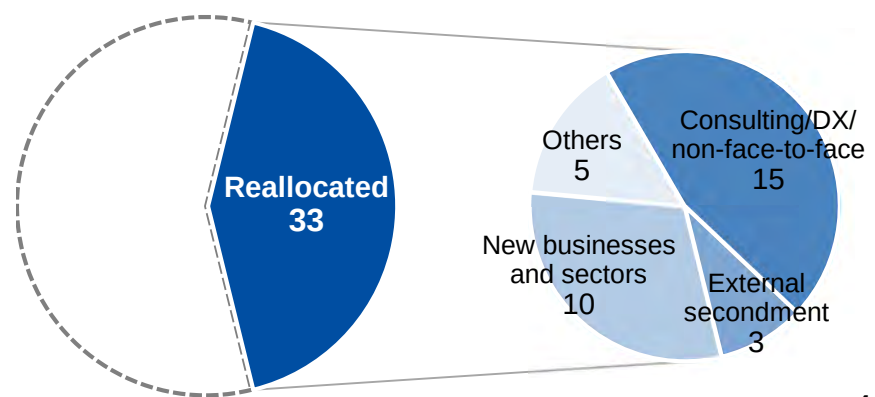
*1. Number of employees excludes those seconded to Group companies and those on leave
*2. Number of the sales section personnel is shown by the actual number of employees who have been assigned to Loan G, Sales G, managers, those seconded to local communities and support teams for new businesses and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

Personnel members and man-hours created through paperwork-free (cumulative) (since FY2021) (Unit: people, thousand hours)



Utilization of personnel members created

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



Top customer satisfaction strategy

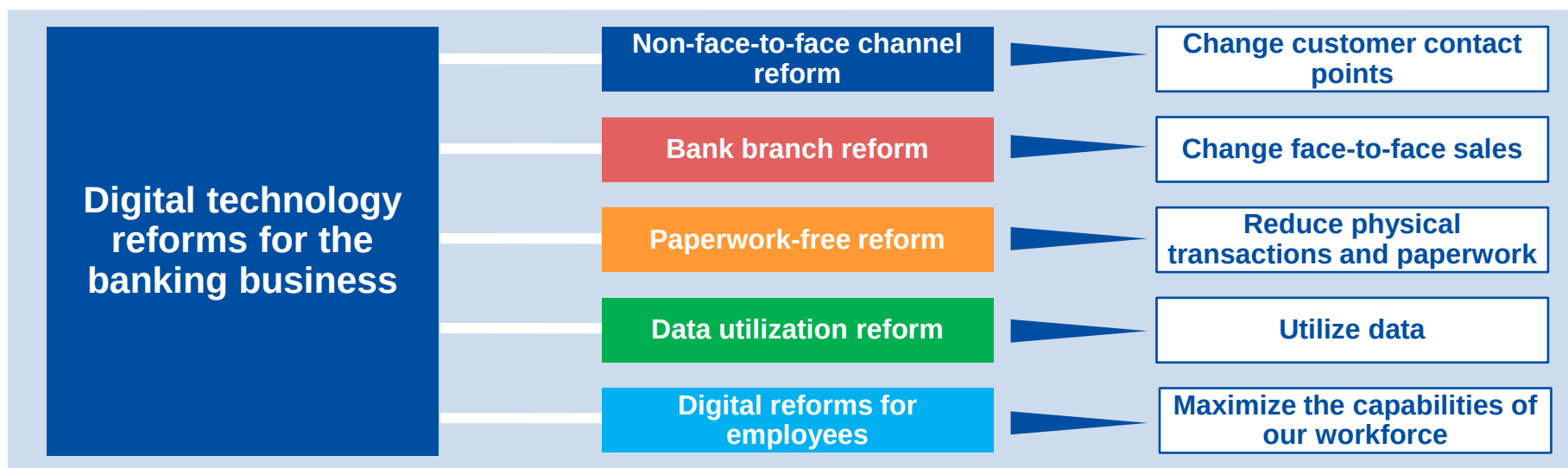
Double productivity strategy

Regional growth strategy

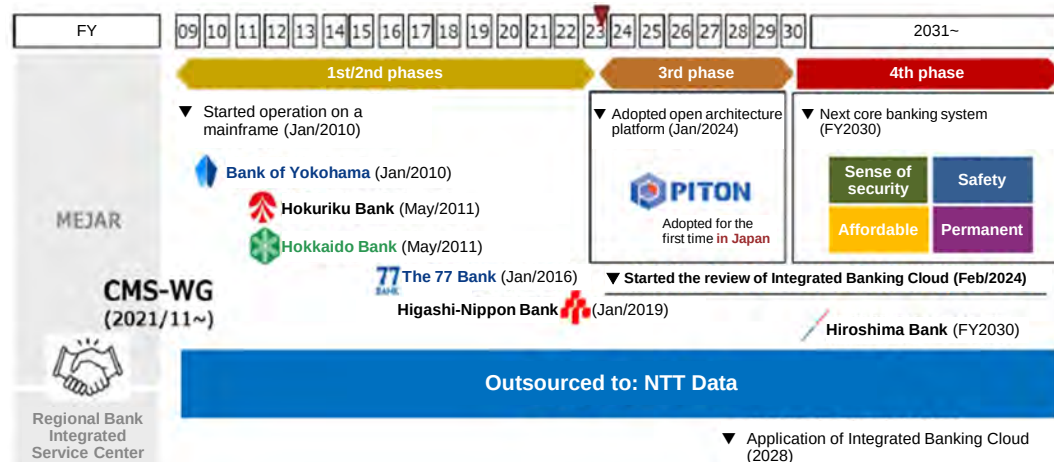
Corporate culture reform strategy

Renewal of MEJAR system was completed. Continuing to promote digital technology reforms

Digital technology reforms for the banking business



- Renewal of MEJAR core banking system (January 2024)
MEJAR core banking system was renewed from a mainframe to an open architecture platform, which has resulted in approx. 20% reduction in operational cost. For the next renewal scheduled in FY2030, “Integrated Banking Cloud” that NTT DATA Group Corporation is planning to build is under review as one of options.

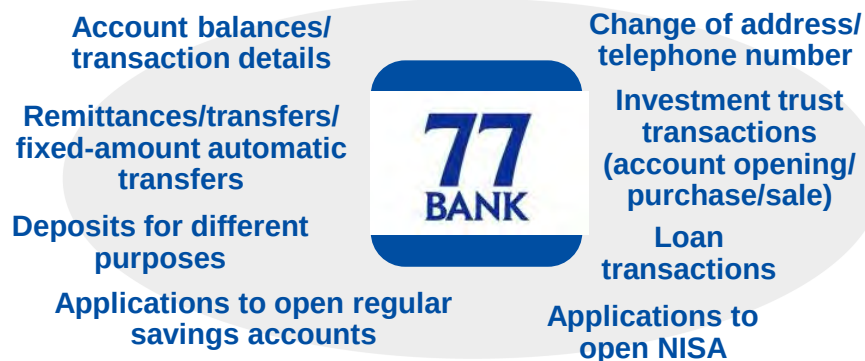


Top customer
satisfaction
strategyDouble
productivity
strategyRegional growth
strategyCorporate culture
reform strategy

Enhancing each function to expand use of non-face-to-face channels

Enhancing the functions of non-face-to-face channels

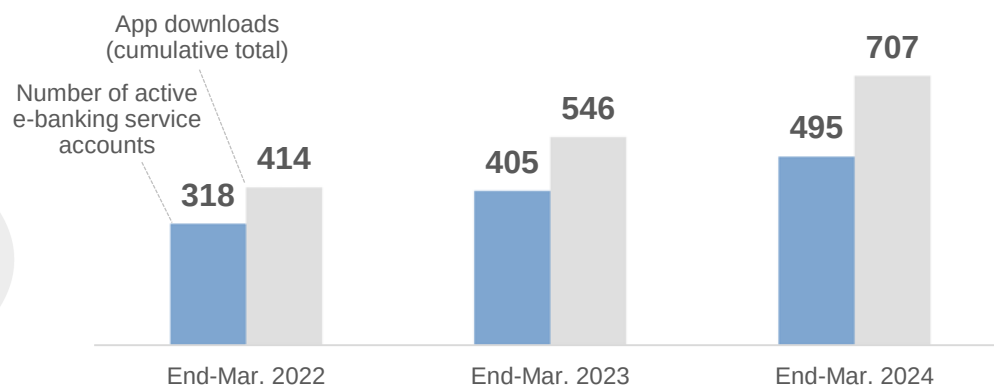
- 77 Bank app (launched in December 2017)
 - Enhancing available financial functions



- 77 Business Portal (launched in October 2022)
 - General platform for corporations/sole proprietors
 - Integrated login screens of corporate e-banking and 77 Business Portal (June 2023)
 - Added function for coordination with accounts at other banks (November 2023)

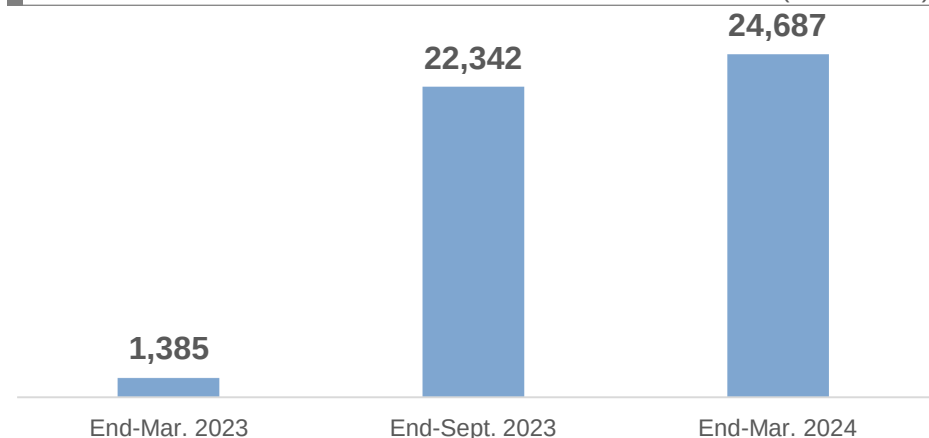
Service	Contents
Account information display service	Inquiry of balance, deposit/withdrawal details, etc. of the Bank's deposit account
Various corporate e-banking functions	Procedures for bank transfer, transfer of funds, etc.
Notification system	Timely information provision, according to themes of interest
External tie-up services	Use of coordination with 77 Big Advance and 77 Web Relation

Number of active e-banking service accounts and cumulative total number of app downloads (Unit: thousand accounts/downloads)



* Number of active accounts: within one year since last activity

Cumulative total number of applications for 77 Business Portal (Unit: cases)



Top customer
satisfaction
strategy

Double
productivity
strategy

Regional growth
strategy

Corporate culture
reform strategy

Defining four domains as key items of implementation for regional vitalization

Regional vitalization mission

The 77 Bank Regional Vitalization Mission: Strengthening initiatives to promote four key items of implementation

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 for and development of regional core businesses

- ✓ 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



Photo of a business meeting

Revitalizing regional industry, economy and living

3. Promotion of urban development projects

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



Sendai Urban Restructuring Project



NanoTerasu (aerial photograph)

4. Assistance with 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



Top customer
satisfaction
strategy

Double
productivity
strategy

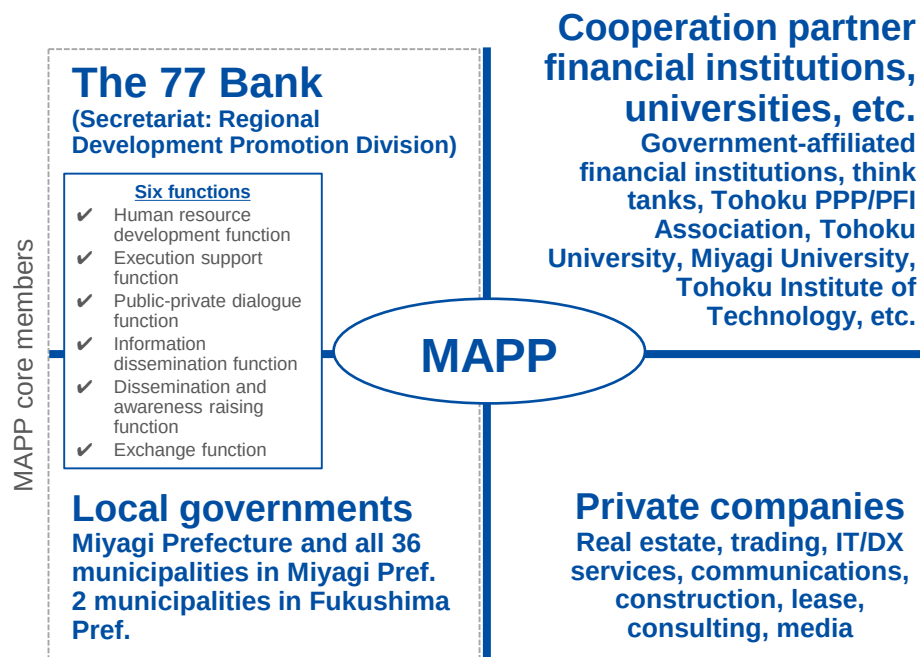
Regional growth
strategy

Corporate culture
reform strategy

Strengthening collaboration with local governments through the Miyagi Wide-area PPP Platform

Miyagi Wide-area PPP Platform

- As a part of our efforts based on the “Agreement on Comprehensive Cooperation Aimed at Regional Revitalization” with local governments and other agreements, we have formed the Miyagi Wide-area PPP Platform (nickname “MAPP”), a space for continual information sharing and encouraging dialogue between the public and private sectors for the utilization of private-sector funds and know-how.



Major MAPP activities in FY2023

- **May 2023**
Held **Regional revitalization manager forum-Tradition and Missions in Miyagi**
- **July 2023**
Held a **NanoTerasu inspection tour** for the heads of local governments
- **September 2023**
Held a **77 startup business strategy seminar** (“How IPOs Can Jump-Start TOHOKU Startup Companies”)
- **September 2023**
Held a seminar to promote use of NanoTerasu by local SMEs
- **October 2023**
Held a **77 Community-Building Forum**
- **November 2023**
Held a **77 SDGs seminar**
- **December 2023**
Held a **second seminar** to promote use of NanoTerasu by local companies
- **January 2024**
Held a **77 Regional Vitalization Matching Event**
- **February 2024**
Held **Regional revitalization manager forum-Tradition and Missions in Miyagi 2024**
- **March 2024**
Held **“Let’s Learn About Subsidies for Your Benefit!” seminar**

Top customer
satisfaction
strategy

Double
productivity
strategy

Regional growth
strategy

Corporate culture
reform strategy

Gathering information through the project team to respond to expansion by semiconductor companies

Expansion by semiconductor-related businesses

- JSMC Co., Ltd. selected Ohira Village, Kurokawa District, Miyagi Prefecture as a planned site to construct a semiconductor foundry facility



Corresponding to
approx. 8% of the
prefecture's gross
production

Business size of the plant

- Approx. JPY 800 bn

Start of production/full launch

- In 2027 and 2029, respectively

Planned personnel

- 1,200 members

Northern Sendai No. 2 Core Industrial Park

Image source: Ohira Village website

- Establishing the 77 Semiconductor Project Team
 - Project system established after dispatching specialist personnel and others from relevant departments and branches (3 dedicated members)
 - Providing solutions to expanding companies, local companies in the semiconductor industry, and others, providing support for employee trades, and working with local governments to gather information and implement approaches for developing local communities (currently in contact with about 100 related companies)

Participation in T-Seeds

- Formed T-Seeds (Tohoku Semiconductor Electronics Design Consortium), industry-academic-government collaboration aimed at strengthening of infrastructure for semiconductor-related industry, led by semiconductor-related industry in Tohoku region
- The Bank also participates as a supporter



Aiming to realize “silicon corridor,”
local communities with active
interaction/exchange of people,
information and goods to grow

Top customer
satisfaction
strategy

Double
productivity
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Regional growth
strategy

Corporate culture
reform strategy

Cutting-edge research facility started operation

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

- Started operation on a full scale in April 2024
- Economic spillover effect (for 10 years)
(estimated by Tohoku Economic Federation)
JPY 1,901.7 bn (of which, JPY 277.7 bn in Miyagi Prefecture)



Aerial photograph of NanoTerasu
Image provided by Photon Science Innovation Center

All-Japan System by Industry-Academia-Government-Finance Collaboration

5 partners in the region



Auditors



Private companies and research and development facilities from all over Japan

Mitsubishi Heavy Industries, Hitachi, IHI, Toshiba, Asahi Kasei, Japan Business Federation, etc.

(Reference) Increase in production, etc. by field in relation to NanoTerasu

Field	Increase in production	Effect
Information & communication and devices	JPY 730.4 bn	Expansion of markets for organic EL devices, etc.
Medical service and life science	JPY 3,315.9 bn	Development of genetic medicine/drugs, regenerative medicine, etc.
Advanced materials	JPY 5,612.4 bn	Expansion of product market in new materials
Environment and energy	JPY 6,840.1 bn	Growth/expansion of fuel cells, eco-friendly tires and others
Food, agriculture and fishery	JPY 74.1 bn	Expansion of artificial photosynthesis and food market

Source: Hokkaido-Tohoku Regional Economic Research Institute, "Survey on Economic Spillover Effect of the Development and Operation of Tohoku Synchrotron Radiation Facility and the Creation of New Market"

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strategy

Corporate culture
reform strategy

Development is accelerating in Miyagi Prefecture, centered on Sendai Urban Restructuring Project

Sendai Urban Restructuring Project

- 3 buildings have been completed out of 5 buildings that are target properties of the project

Ichibancho 3-chome 7-banchi District Development Project (tentative)

(Scheduled to complete construction in 2035)

Source:
Ichibancho 3-chome 7-banchi District Redevelopment Preparation Association website



Woodrise Sendai

Completed in November 2023

Source:
Mizuho Real Estate Management Co., Ltd. website



Sendai Chuo 3-chome PJ (tentative)

(Scheduled to complete construction in May 2025)

Source:
Kajima Corporation



Urbannet Sendai-Chuo Building

Completed in November 2023

Source:
NTT Urban Development Corporation website



T-PLUS Sendai

Completed in January 2024

Source:
Tokyo Tatemono Co., Ltd. website



Regional development projects

- Led by private sector, involved in land readjustment projects and PPP/PFI projects

Projects led by private sector

About 60 projects

Land readjustment projects

About 25 projects

PPP/PFI projects

About 30 projects

* Including undisclosed projects

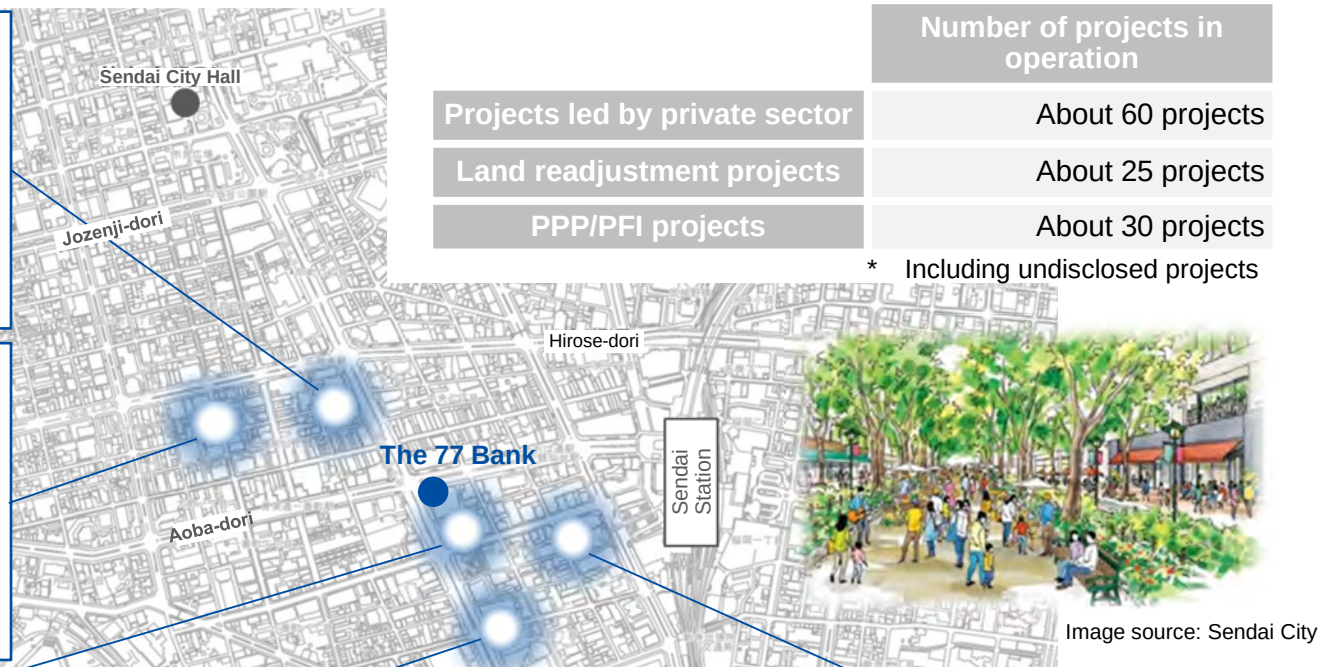


Image source: Sendai City

Top customer satisfaction strategy

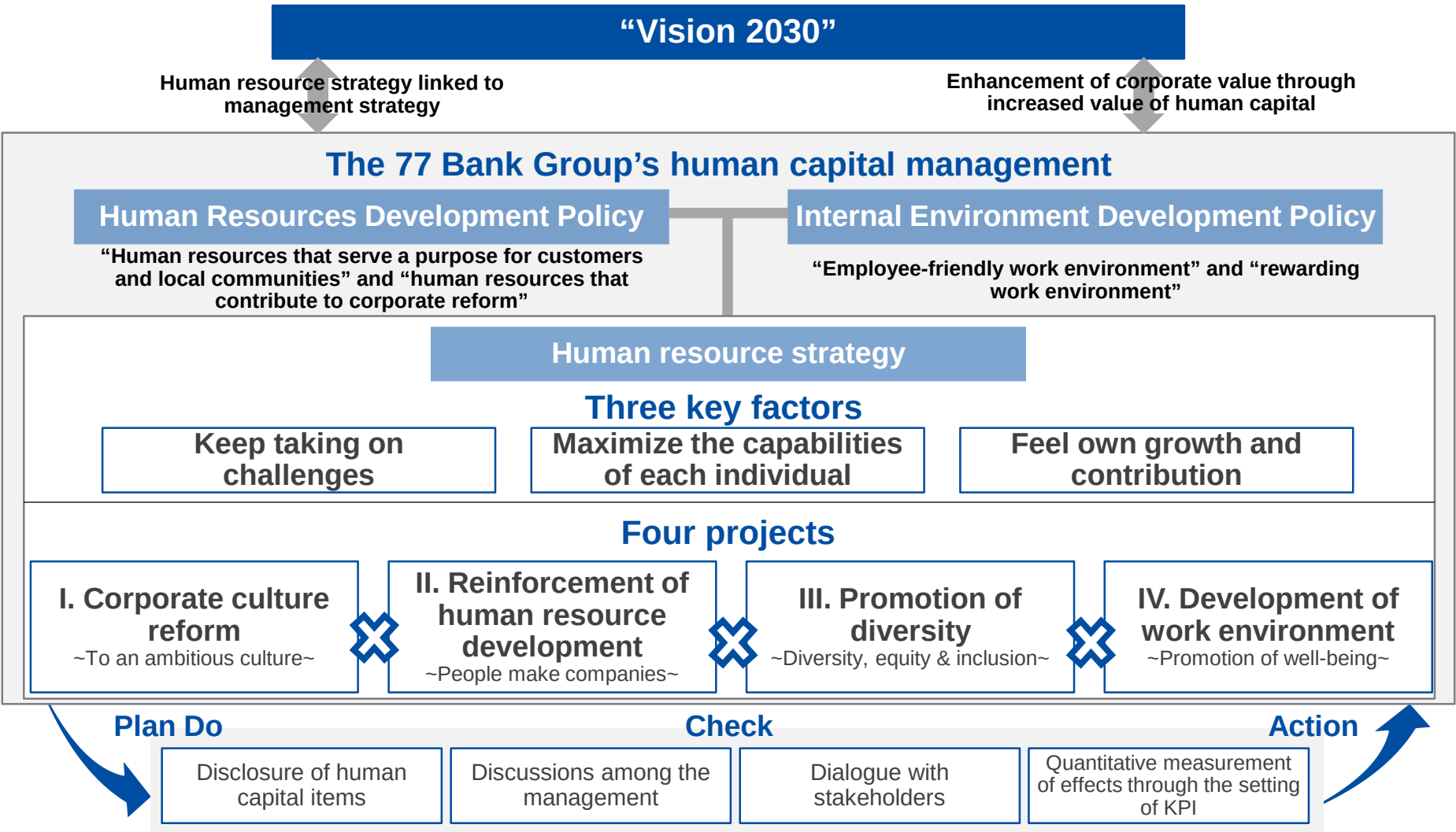
Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Reviewing and executing human resource strategy, etc. aimed at achieving management strategy

The 77 Bank Group’s human capital management



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Forster an ambitious culture through corporate culture reform

Implementation of personnel system reform (April 2023)

Basic approach to personnel system reform

- Shift the focus of the personnel system from occupational ability to job duty from the viewpoint of encouraging our employees to aim for high-value-added job duties
- In order to enable our employees' independent career development, break down the classification of job duty salary further based on job duties and roles, and introduce the professional system
- Review personnel evaluation systems to improve satisfaction with the assessment for the development of human resources

57 years since conducting a drastic review of the salary system

- Engagement survey result (preliminary data)
 - Make use of the result to develop a more rewarding work environment

	FY2022 (i)	FY2023 (ii)	(ii) - (i)
Total engagement	3.66pt	3.67pt	+0.01pt

* Benchmark for good conditions: 3.5 pt or higher

Spread of corporate culture reform

- Holding briefings by the President and Directors responsible for regions to spread "Vision 2030"

Details	Number of sessions
Holding briefings for branches	• 99 sessions (President) • All branches (Directors responsible for regions)
Holding of President's Cram School	• 5 sessions (269 participants)

- Other than the above, disseminated a message to all employees from President regarding the background to the revisions to the financial targets under "Vision 2030" and the setting of ROE target (sent in November 2023)

Holding of business planning contest

- Held business planning contest for three consecutive years since FY2021
- Plan to hold business planning contest under the theme of DX during the fiscal year

(Reference) Number of participants

	FY2021	FY2022	FY2023
Number of participants	331	121	97
of which, female	76	26	25

Top customer satisfaction strategy

Double productivity strategy

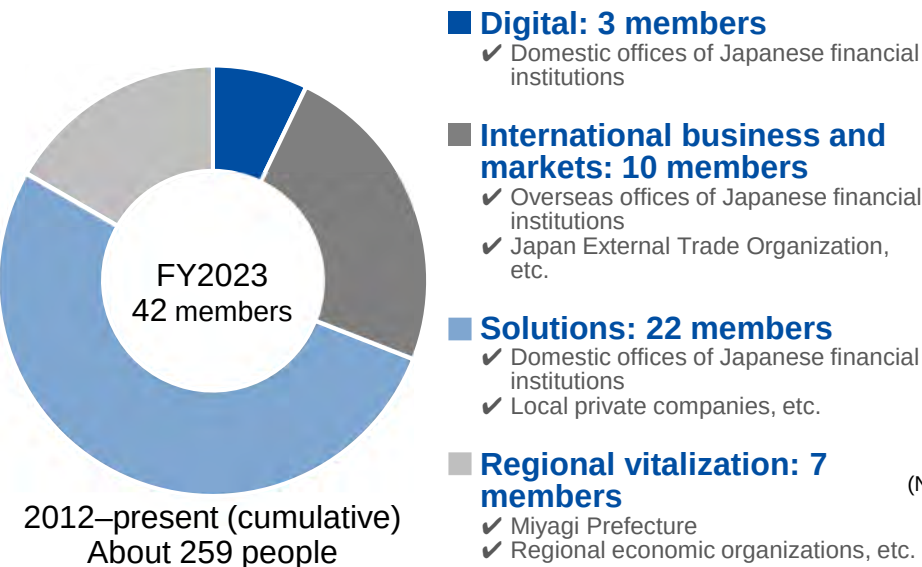
Regional growth strategy

Corporate culture reform strategy

Developing various specialized human resources through external dispatch and investment in human resource development, etc.

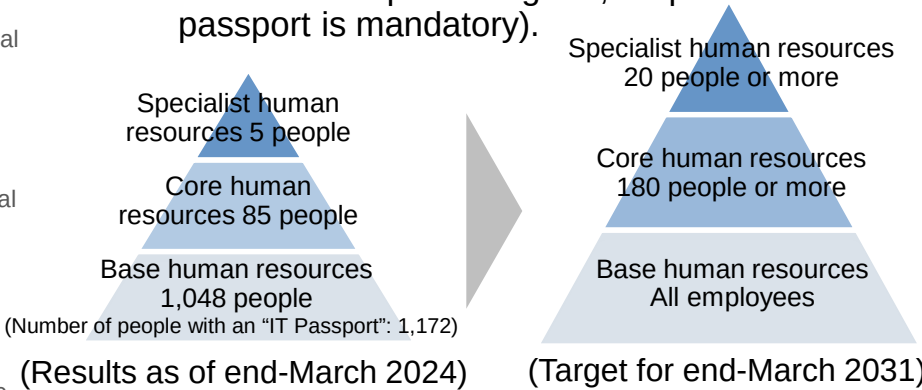
Development of specialized human resources

➤ Breakdown of the external dispatch locations



➤ Digital technology human resources

- Newly established a target for the final year of “Vision 2030.”
- Target to get all employees certified for base human resources (those who provide the foundation in promoting DX; Acquisition of IT passport is mandatory).



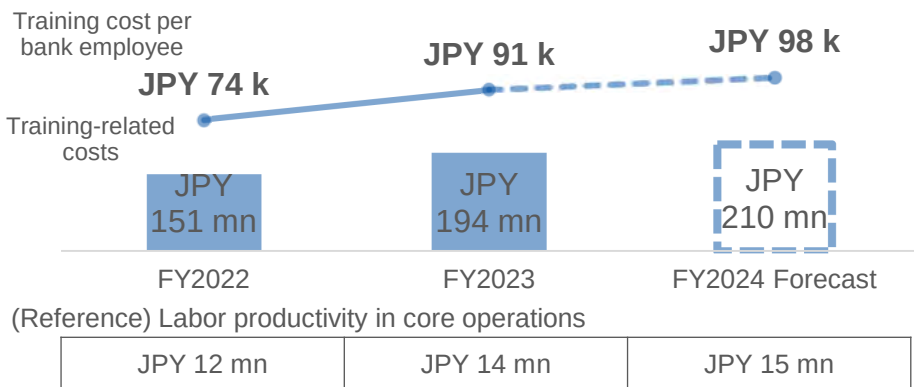
➤ Status of use of professional system

- Currently used by 8 people of the headquarters and Group companies

Divisions to which those who use the professional system belong to

- Digital Strategy Div.
- Business Promotion Div.
- Consulting Promotion Div.
- Direct Channel Promotion Div.
- 77 Research and Consulting

Training cost



Top customer
satisfaction
strategyDouble
productivity
strategyRegional growth
strategyCorporate culture
reform strategy

Developing an employee-friendly system for each and every employee

Support of activity by diverse human resources

- Holding of “Women’s College”
 - Held rank-based training seminars aimed at supporting career development and skill development of female employees (5 sessions/110 people)
 - Three outside officers took the stage to discuss with seminar participants

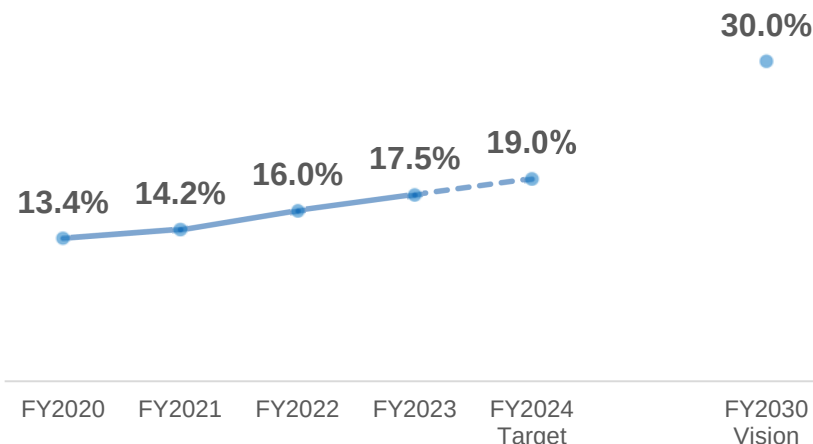


Discussion at “Women’s College”

Raise in starting salary

- Implemented a raise in starting salary for undergraduates by in excess of 9% with the aim to secure and retain superior talents who will be in charge of the future of the region and the Bank
- Also implemented increases in treatment for the young staff

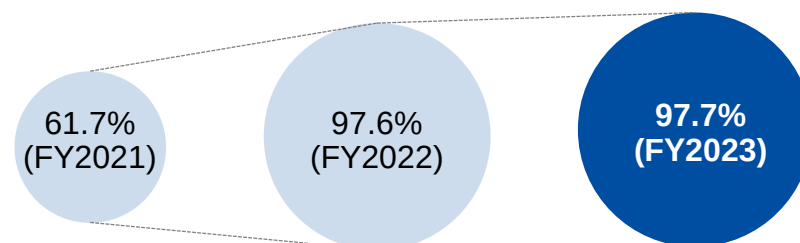
Proportion of female managers



(Reference) Female employees at the branch general manager level: 16 (as of End-Mar. 2024)
(of which, Group companies' directors: 2)

Initiatives for financial well-being

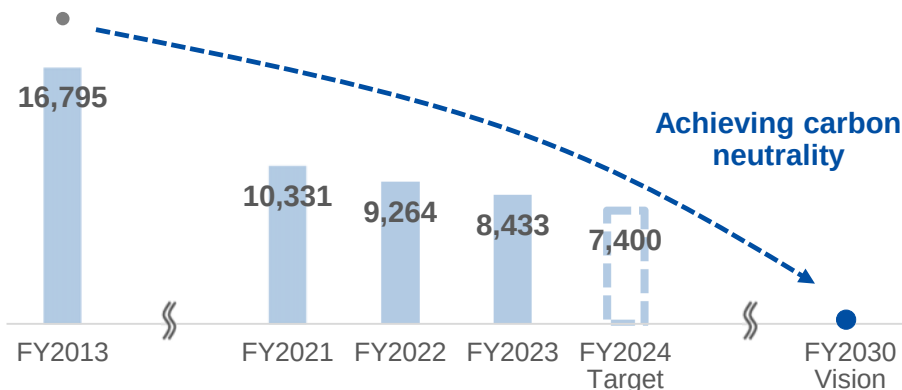
- Employee Stock Ownership Association participation ratio



Strengthening initiatives for achieving carbon neutrality by FY2030

Changes in CO2 emissions

(Unit: t-CO2)



Introduction of renewable energy

- Introduction of off-site corporate PPA (scheduled to complete construction before the end of 2024)
 - Annual reduction of roughly 1,237 t-CO2 (corresponding to roughly 13% of the 77 Bank's CO2 emissions in FY2022) is expected

(Reference) Conceptual image of off-site corporate PPA [self-consignment system] service



Introduction of a tool for calculating CO2 emissions

- Became the first financial institution in eastern Japan to introduce "C-Turtle® FE" that calculates greenhouse gas emissions of investment or financing targets, offered NTT DATA Group Corporation, in April 2024
 - Resulted in sophistication of the Bank's calculation and analysis of CO2 emissions



Calculation of Scope 3 emissions (as of End-Mar. 2023)

- Calculated Category 6 (business trip), Category 7 (employees' commuting), and Category 15 (investment target and borrower) emissions
 - Implemented engagement and provided solutions for reducing greenhouse gas emissions of investment targets

Category	Emissions (Unit: t-CO2)
Scope3	10,013,332
Category 6 (business trip)	524
Category 7 (employees' commuting)	1,212
Category 15 (investment target and borrower)	10,011,596

Expanding a support system for decarbonization of our trading partners

Enhanced engagement with trading partners

Solution menu

- “CO2 emissions visualization service”
(launched in September 2022)
- “Support business for use of carbon credit”
(launched in December 2023)
- “77 Decarbonization Navigator”
(launched in January 2024)

Finance menu

- “77 Seven Goals”
(launched in March 2023)
- “77 Sustainability Linked Loans”
(launched in April 2023)
- “77 Positive Impact Finance”
(launched in March 2024)
- “77 Privately Placed Corporate Bonds
(Donation type/Carbon offset course)”
(launched in April 2024)

179 transactions/
JPY 5.5 bn

12 transactions/
JPY 8.4 bn

1 transaction/
JPY 0.1 bn

Human resource development

- Assigned a personnel member who is dedicated
for the promotion of sustainability
(assigned in October 2023)
- Establishment of a tool for dialogue on
decarbonization
(scheduled in June 2024)
- Use of decarbonization advisor certification
exams

Number of certification
holders: 177

Strengthening engagement

Balance and diversity of knowledge, experience, and abilities across the Board of Directors

Skills matrix

		In-house	Outside	Management strategy/ Corporate management/ Sustainability	Compliance/ Risk management	Sales/ Regional revitalization	International/ Market operation	DX	Human resource 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		○	◎			●	●	
	Kazuo Fukuda		○	◎	●		●		
Directors Serving as Audit & Supervisory Committee Members	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.

Evaluation of effectiveness of the Board of Directors

➤ Status of improvement measures for the issues in past years (FY2023)

(1) Increase diversity in the members of the Board of Directors

Career background, etc. of newly appointed directors

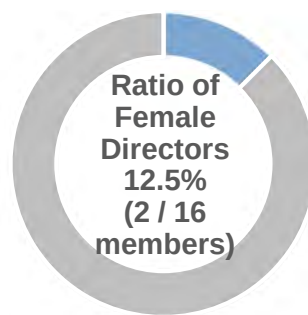
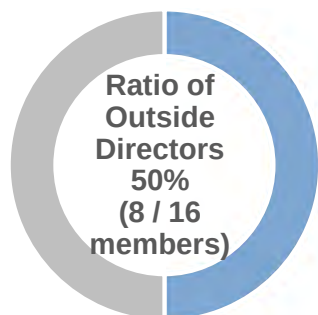
- ✓ Persons with experience in financial markets
- ✓ Persons with experience in corporate management
- ✓ Persons with experience in local administration (economy, commerce, industry, tourism, etc.)

(2) Review the operation of the Board of Directors with the aim to further activate discussions

- Number of questions and answers at the Board of Directors: 107
- Major discussions
 - ✓ Revisions to financial targets of "Vision 2030"
 - ✓ Revision of Policy of Return of Profits to Shareholders
 - ✓ Formulation of short-term management plan and overall budget
 - ✓ Management policy for investment securities
 - ✓ Developments in sustainability domain (incl. support for decarbonization, diversity and human capital management)
- Number of times of the provision of information to outside directors: 14

Major topics

- Promotion of understanding of Group companies' operations
- Exchange of information with new hires of foreign nationality
- Disclosure status of other companies on sustainability and human capital
- Reporting session by the headquarters general managers and branch general managers on their businesses, etc.



	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast	FY2030 Vision	FY2030 Initial target
Profit (consolidated)	JPY 22.2 bn	JPY 25.1 bn	JPY 29.8 bn	JPY 33.0 bn	JPY 45.0 bn	JPY 28.0 bn
Capital adequacy ratio (consolidated)	10.27%	11.23%	11.15%	10.50%	Roughly 10% (10.0%–10.5%)	10% or more
Core OHR	58.22%	56.55%	52.18%	49.05%	No more than 40%	50%
ROE (Consolidated)	4.33%	4.92%	5.38%	5.44%	New 7% or more	-

(Reference: Expected FY2030 portfolio)

Loans and bills discounted	JPY 6.6 tn (JPY 5.7 tn)	Deposits + NCD	JPY 9.3 tn (JPY 8.5 tn)
Investment securities	JPY 3 tn (JPY 3 tn)	Group balance of assets in custody	JPY 1.2 tn (JPY 1 tn)

* () represents a portfolio in FY2030 expected at the time of formulating “Vision 2030”

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Target	FY2030 Vision
Proportion of companies in Miyagi Prefecture whose main bank is the 77 Bank	56%	56%	56%	57%	62%
Number of corporate lending clients outside Miyagi prefecture (Vs. FY2020)	1.07x	1.21x	1.33x	1.34x	1.5x
Proportion of households in Miyagi Prefecture holding assets* ² Number of clients for which the Group holds assets in custody	- 73,646	- 84,445	- 91,373	- 113,000	35% or more 180,000
Proportion of individuals in Miyagi Prefecture using loans from the 77 Bank	12.7%	14.9%	15.1%	17.0%	20.0%
Group companies net income	JPY 2.2 bn	JPY 1.4 bn	JPY 1.7 bn	JPY 1.7 bn	JPY 3.0 bn
Labor productivity in core operations* ³	JPY 11 mn	JPY 12 mn	JPY 14 mn	JPY 15 mn	JPY 24 mn
Administrative work at bank branches (Vs. FY2019)	(15%)	(25%)	(33%)	(45%)	(50%)
Usage of 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%
Cases of growth support for founders	1,490 cases	1,761 cases	2,061 cases	2,100 cases	3,000 cases
CO2 emissions	10,331t-CO2	9,264t-CO2	8,433t-CO2	7,400t-CO2	0t-CO2
Proportion of female managers	14.2%	16.0%	17.5%	19.0%	30.0%

Other items

- ◆ Establish 10 projects in new businesses or sectors (by FY2023)
- ◆ Support increased rate of economic growth in Miyagi Prefecture
- ◆ Aim for 100% participation in regional development projects in Miyagi Prefecture
- ◆ Implement various initiatives to “foster an ambitious spirit”
- ◆ Increase the number of “specialist personnel” that serve a purpose for customers and local communities

*1. Shown in blue are portions reviewed this time

*2. National Survey of Family Income, Consumption and Wealth

*3. (Interest on loans and bills discounted + fees and commissions - interest on deposits - expenses + personnel expenses + depreciation) / number of employees (part-time employees counted as 0.4)

Please note that the projections described in this document do not guarantee future performance. Future performance projections may differ from actual results due to uncertainty caused by factors such as changes in the business environment.

