



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Results for the First Half of Fiscal Year Ending March 31, 2025

IR Presentation



Materials were prepared for the Bank's presentation of its results for first half of the fiscal year ending March 31, 2025 held on December 3, 2024.

01

# Posted the highest ordinary profits and net income ever recorded for a first half and revised upward the projected performance and year-end dividends forecast

- ✓ Achieved record-high ordinary profits and net income for a first half as a result of the increase in income from customer services due to increased yields of loans and bills discounted, etc.
- ✓ Increased the amount of interim dividends and revised upward the year-end dividends forecast in order to meet stakeholders' expectations
- **02** Various initiatives of "Vision 2030" steadily advanced
- ✓ Initiatives for finance & consulting improved profitability of the customer sales department
- ✓ Core OHR improved through various initiatives to increase productivity, including branches within branches
- ✓ Capitalize on the rise in stock prices and flexibly utilize unrealized gains on securities in order to sustainably generate income from marketable securities trading
- 03

### Initiatives to grow the 77 Bank Group and enhance the value of local communities

- ✓ Strengthen the Group business strategy and governance in order to establish a third pillar of income after the customer sales department and marketable securities trading
- ✓ Contribute to the revitalization of local communities through developing and supporting mediumsized enterprises and SMEs with the 77 Bank Group working together

1. First Half Financial Summary	• • •	3
---------------------------------	-------	---

2. Projected Performance · · · 13

3. The 77 Bank Group's Value Enhancement

4. Business Strategy · · · 27

## First Half Financial Summary

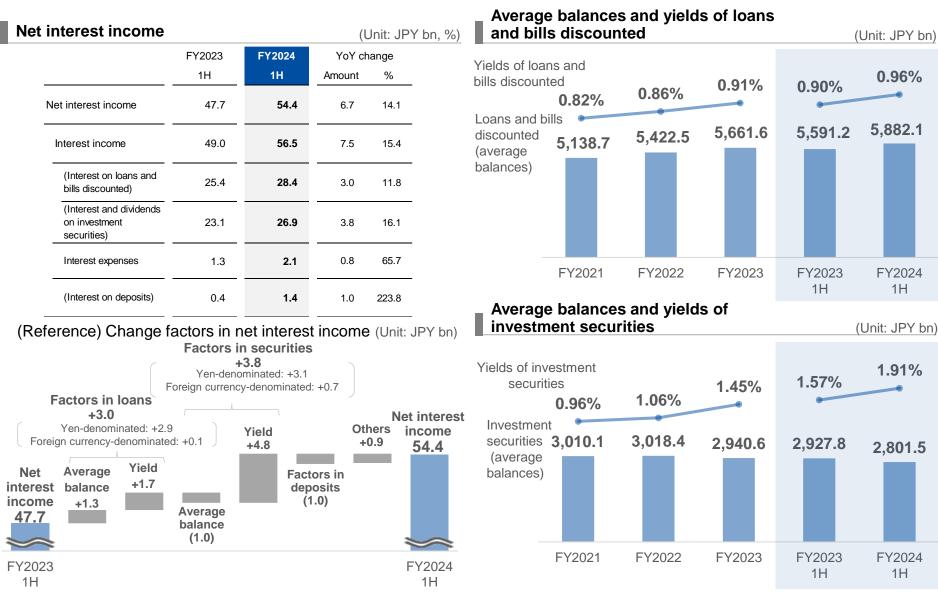
	F	/2023	FY202	4		YoY ch	ange
Non-consolidated (Unit: JPY bn, %)		1H	1H		Amo	unt	%
Gross operating profit		45.3		45.9		0.6	1.4
Net interest income		47.7		54.4		6.7	14.1
Net fees and commissions income		6.7		7.3		0.6	9.0
Net other operating income		(9.1)		(15.8)		(6.7)	
Expenses		24.4		23.5		(0.9)	(3.6)
Substantial net operating income		20.9		22.4		1.5	7.5
[ Core net operating income ]	[	24.3 ]	[	31.8 ]	[	7.5 ] [	31.4
Core net operating income (excl. gains (losses) on cancellation of investment trusts)	[	17.4 ]	[	23.6 ]	[	6.2 ] [	35.8
Provision of general reserve for loan losses		-		-		-	
Net operating income		20.9		22.4		1.5	7.5
Special income and losses		3.9		6.0		2.1	
Ordinary profits		24.8		28.4		3.6	14.6
Extraordinary gains/losses		(0.0)		(0.0)		0.0	
Profit		17.5		19.9		2.4	13.4
Credit-related expenses		(1.1)		(0.3)		0.8	
Total gains (losses) from securities		23.4		23.3		(0.1)	
After excluding procurement costs		18.1		17.0		(1.1)	
Income from customer services		6.6		11.2		4.6	
After excluding foreign currency-denominated procurement costs		4.7		9.1		4.4	
Consolidated							
Ordinary profits		25.4		28.7		3.3	13.0

17.7

19.8

Profit attributable to owners of the parent

Interest on loans and bills discounted increased due to an improvement in their interest rates, primarily market-based interest rates, in addition to capturing their needs Interest and dividends on investment securities also increased, capitalizing on favorable market conditions

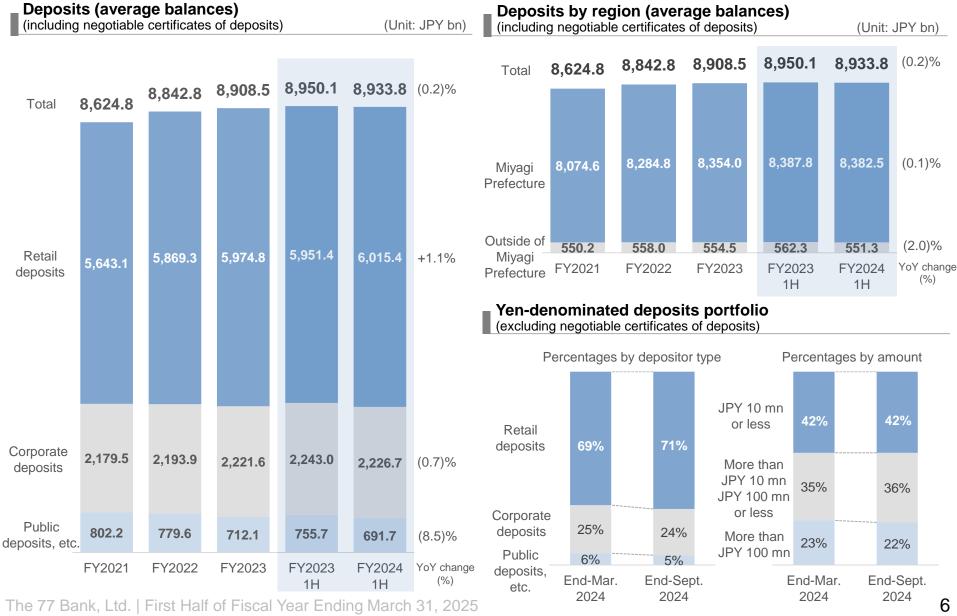


The 77 Bank, Ltd. | First Half of Fiscal Year Ending March 31, 2025

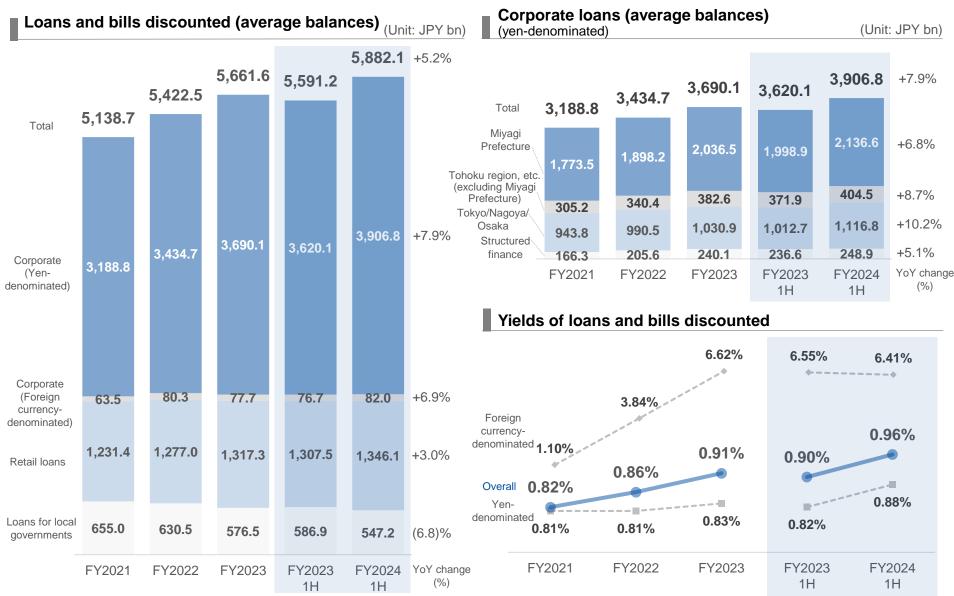
<sup>\*</sup> Excluding products and corporate investment funds

### Despite a year-on-year increase in retail deposits, corporate deposits and public deposits, etc. decreased year on year



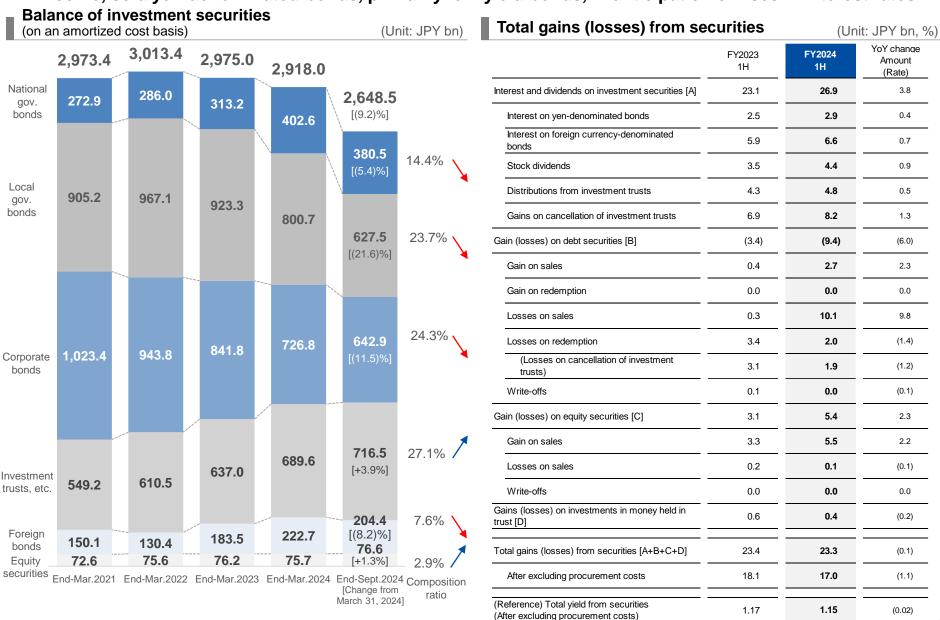


Captured customers' needs for loans and bills discounted and corporate loans increased Yields of loans and bills discounted as a whole increased 0.06 percentage points year on year due to an improvement in yields of yen-denominated loans and bills discounted



The 77 Bank, Ltd. | First Half of Fiscal Year Ending March 31, 2025

While working to increase the balances of equity securities and investment trusts, etc. in an effort to increase income, sold yen-denominated bonds, primarily low-yield bonds, in anticipation of rises in interest rates



As the stock market declined, gains from evaluation of equity securities and investment trusts, etc. decreased, but remained at a certain level

Sold yen-denominated bonds with the aim of reducing interest rate risks

Gains (losses) from e	evaluation of	securities	(Unit: JPY bn)		ominated bodified du	onds balance by remai ration
	End-Mar. 2023	End-Mar. 2024	End-Sept. 2024	Modified duration	5.59	5.42
Debt securities	(27.5)	(34.9)	(34.2)	Total yen-		
National gov. bonds	(12.9)	(16.8)	(17.4)	denominated bonds	2,082.6	1,934.3
Local gov. bonds	(8.0)	(9.6)	(8.3)	Over 10 years	270.4	284.3
Corporate bonds	(6.6)	(8.5)	(8.5)	Over 5 years but no more	779.8	044.0
Others	30.0	60.0	44.4	than 10 years		641.0
Investment trusts, etc.	31.7	61.3	45.2	Over 1 year but no more	802.1	805.5
Foreign bonds	(1.7)	(1.3)	(0.8)	than 5 years	002.1	803.3
Equity securities	78.7	143.3	137.7	No more than 1 year	230.3	203.5
Investment securities total	81.2	168.4	147.9	■ Foreign o	End-Mar.2023 currency-d nodified d	enominated foreign bor
Money held in trusts	3.2	7.8	7.1	Modified duration	0.73	0.68
Total	84.4	176.2	155.0	Total foreign		218.4
(Reference) Changes	in Nikkei Avera	age, etc.	(Unit: JPY, %)	currency- denominated foreign bonds	179.2	210.4
Nikkei Average	28,041	40,369	37,920			
10-year JGBs	0.32	0.72	0.85			<b>┌</b> 7.8
10-year US treasury bonds	3.47	4.20	3.78	Fixed rate bonds	6	

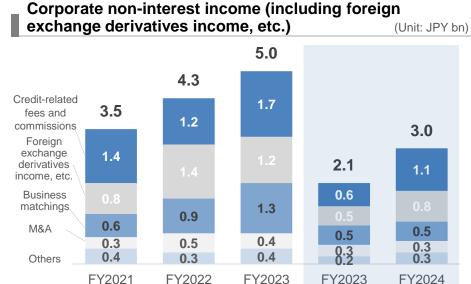
### Credit-related fees and commissions and sales commissions increased thanks to consulting sales

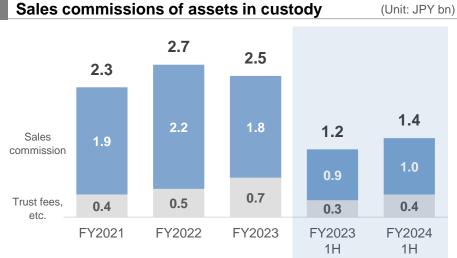
### Fees and commissions

(Unit: JPY bn)

		( )	71111. 01 1 011)
	FY2023 1H	FY2024 1H	YoY change Amount
Fees and commissions income	9.6	10.4	0.8
Fees and commissions from payments	4.1	4.2	0.1
Fees and commissions from corporate clients	1.6	2.2	0.6
Sales commissions of assets in custody	1.2	1.4	0.2
Fees and commissions payments	2.9	3.1	0.2
Fees and commissions from payments	0.2	0.2	0.0
Loan repayment guarantee fees and insurance premiums	1.9	2.1	0.2
Fees and commissions	6.7	7.3	0.6
Corporate non-interest income (including foreign exchange derivatives income, etc.)	2.1	3.0	0.9

<sup>\*</sup> Corporate non-interest income: Fees and commissions from corporate clients + foreign exchange derivatives income, etc.





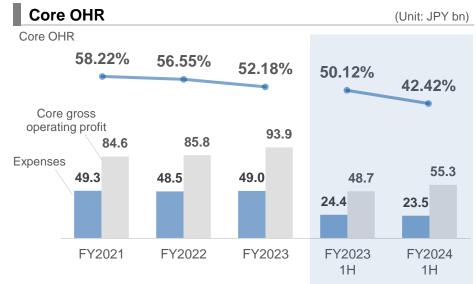
1H

1H

### Non-personnel expenses decreased as system-related expenses declined after large expenses incurred in the previous fiscal year

### Core OHR improved due to an increase in core gross operating profit

Expenses			(Unit: JPY bn)
	FY2023 1H	FY2024 1H	YoY change Amount
Expenses	24.4	23.5	(0.9)
Personnel expenses	12.8	12.7	(0.1)
Non-personnel expenses	9.9	9.1	(0.8)
(of which, system-related expenses)	4.2	3.6	(0.6)
Tax	1.7	1.7	0.0



### (Reference) Key change factors in expenses

(	Unit:	JPY	bn

	Change factor	Amount
Personnel expenses	Reduction in employees	(0.1)
Non-personnel	System-related expenses	(0.6)
expenses	Others	(0.2)

#### Number of employees and bases, etc. (Unit: bases, branches, people) Number 142 of bases 116 113 113 109 Number of branches within branches [30] [30] [34] [27] [0] 3,875 3,883 3,801 3,824 3,234 Number of 2,572 2,589 2,514 2,524 employees 2,904 Number of 1,303 1,294 1,287 1,300 part-time 330 workers, etc. End-Mar. 8

End-Mar.

2023

2011

End-Sept.

2023

End-Mar.

2024

End-Sept.

2024

While part of general reserve for loan losses was reversed due to reduced risks in certain project finance claims, provision of specific reserve for loan losses increased as a result of credit downgrades at major borrowers, among other factors



# Projected Performance

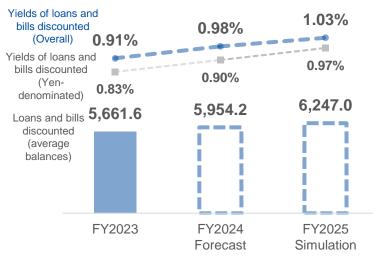
		EVOCOS	FY2024 YoY change				FY2025
Non-consolidated (Unit: JPY bn, %	(a)	FY2023	Forecast	Amount	%		Simulation
Gross operating profit		80.1	89.6	9.5	11.8		101.1
Net interest income		93.4	100.2	6.8	7.2		100.7
Net fees and commissions income		13.0	13.7	0.7	5.3		14.0
Net other operating income		(26.3)	(24.3)	2.0			(13.6)
Expenses		49.0	48.8	(0.2)	(0.4)		49.4
Substantial net operating income		31.1	40.8	9.7	31.1		51.7
[ Core net operating income ]	1	44.9 ]	[ 52.4 ]	[ 7.5	] [ 16.7 ]	[	54.6 ]
Core net operating income (excl. gains (losses) on cancellation of investment	]	35.2 ]	[ 42.2 ]	[ 7.0	] [ 19.8 ]	[	47.5 ]
Provision of general reserve for loan losses	_	3.9	(2.8)	(6.7)			(1.7)
Net operating income		27.2	43.6	16.4	60.2		53.4
Special income and losses		15.3	6.5	(8.8)			(0.3)
Ordinary profits		42.5	50.0	7.5	17.6		53.0
Extraordinary gains/losses		(0.0)	(0.1)	(0.1)			(0.1)
Profit		28.8	34.0	5.2	18.0		36.0
Credit-related expenses		3.7	2.0	(1.7)			2.5
Total gains (losses) from securities		45.6	47.0	1.4			47.1
After excluding procurement costs		34.3	33.9	(0.4)			34.6
Income from customer services		13.8	19.8	6.0			22.7
After excluding foreign currency-denominated procurement costs		9.8	15.7	5.9			19.3
Consolidated							
Ordinary profits		44.2	51.5	7.3	16.5		54.5
Profit attributable to owners of the parent		29.8	35.0	5.2	17.4		37.0

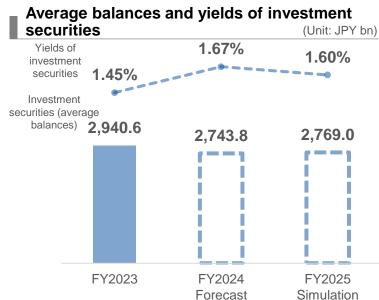
#### Net interest income

(Unit: JPY bn, %)

	FY2023	FY2024	YoY ch	nange	FY2025	,
	F12023	Forecast	Amount	%	Simulation	
Net interest income	93.4	100.2	6.8	7.2	100.7	)
Interest income	95.6	107.4	11.8	12.3	111.8	
(Interest on loans and bills discounted)	52.0	58.6	6.6	12.6	64.8	
(Interest and dividends on investment securities)	42.8	46.0	3.2	7.4	44.5	
Interest expenses	2.2	7.2	5.0	227.2	11.1	
(Interest on deposits)	0.7	5.3	4.6	657.1	8.9	
(Interest rate terms)						
Unsecured call rate O/N	0.07	0.23	0.16		0.23	
Ordinary deposits	0.001	0.100	0.099		0.100	
5-year time deposits	0.07	0.20	0.13		0.20	
Short-term prime rate	1.975	2.125	0.150		2.125	
3-month TIBOR	0.26	0.40	0.14		0.40	
10-year JGB	0.72	1.00	0.28		1.20	
3-month SOFR	5.29	5.17	(0.12)		4.17	
10-year US Treasury	4.20	4.22	0.02		3.82	
						-

### Average balances and yields of loans and bills discounted (Unit: JPY bn)





<sup>\*</sup> Excluding products and corporate investment funds

#### **Balance of investment securities**

(on an amortized cost basis) (Unit:

(Unit: JPY bn)

### Total gains (losses) from securities

(Unit: JPY bn, %)

	2,918.0				2,846.4	
National gov. bonds	402.6	13.8%	<b>2,713.1</b> 412.4	15.2%		24.69/
Local gov.	800.7	27.4%	412.4	15.276 /	700.1	24.6%
bonds			605.7	22.3%	482.5	17.0%
Corporate bonds	726.8	24.9%	645.6	23.8%	587.2	20.6%
la contract			750.4	07.70/	782.6	27 5%
Investment trusts, etc.	689.6	23.6%	750.4	27.7%	702.0	27.5%
Foreign bonds	222.7	7.7%	221.3	8.2%	215.0	7.5%
Equity securities	75.7	2.6%	77.7	2.8%	79.0	2.8%
	End-Mar.2024	0 '''	End-Mar.2028 Forecast	Composition E	End-Mar.202 Simulation	6 Composition ratio

iotai gains (iosse	3) 110111	Securities	•	(Unit: JPY l
	FY2023	FY2024 Forecast	YoY change Amount (Rate)	FY2025 Simulation
Interest and dividends on investment securities	42.8	46.0	3.2	44.5
Interest on yen-denominated bonds	5.4	5.8	0.4	8.0
Interest on foreign currency- denominated bonds	12.5	13.0	0.5	11.4
Stock dividends	6.0	7.2	1.2	7.2
Distributions from investment trusts	9.2	9.8	0.6	10.8
Gains on cancellation of investment trusts	9.7	10.2	0.5	7.1
Gain (losses) on debt securities	(13.8)	(11.6)	2.2	(2.9)
Gain on sales	0.4	3.1	2.7	2.0
Gain on redemption	0.0	0.0	0.0	-
Losses on sales	10.6	10.2	(0.4)	1.0
Losses on redemption	3.5	4.5	1.0	3.9
(Losses on cancellation of investment trusts)	3.1	4.2	1.1	3.6
Write-offs	0.1	-	(0.1)	-
Gain (losses) on equity securities	14.4	10.3	(4.1)	3.2
Gain on sales	14.6	11.0	(3.6)	4.3
Losses on sales	0.2	0.6	0.4	1.1
Write-offs	-	0.0	0.0	-
Gains (losses) on investments in money held in trust	2.2	2.3	0.1	2.3
Total gains (losses) from securities	45.6	47.0	1.4	47.1
After excluding procurement costs	34.3	33.9	(0.4)	34.6
(Reference) Total yield from securities (After excluding procurement costs)	1.11	1.17	0.06	1.19

### Expenses

(Unit: JPY bn)	Core OHR

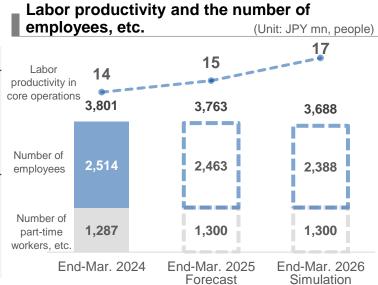
	FY2023	FY2024 Forecast	YoY change Amount	FY2025 Simulation
Expenses	49.0	48.8	(0.2)	49.4
Personnel expenses	26.0	25.3	(0.7)	24.9
Non-personnel expenses	19.7	20.0	0.3	20.8
(of which, system-related expenses)	8.4	8.6	0.2	9.1
Тах	3.3	3.5	0.2	3.7

		(01111. 01 1 011)
Core OHR <b>52.18%</b>	48.18%	47.47%
Core gross operating profit 93.9	101.2	104.0
Expenses 49.0	48.8	49.4
FY2023	FY2024 Forecast	FY2025 Simulation

### (Reference) Key change factors in expenses (FY2024 forecast)

(Unit: JPY bn)

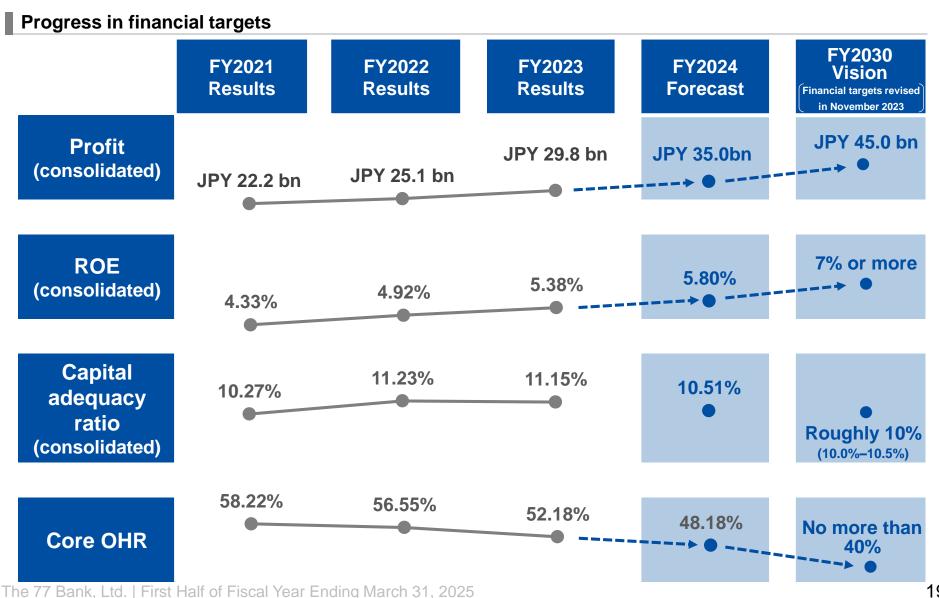
	Change factor	Amount
Personnel	Natural attrition of employees, etc.	(0.2)
expenses	Personnel system reform, etc.	(0.5)
Non-personnel	Renewal of internal information network	0.9
expenses	Other system-related expenses	(0.7)



# 03

# The 77 Bank Group's Value Enhancement

An increase in top line and others resulted in upward revisions to the projected performance Making efforts with a focus on returns on capital and working to improve ROE (consolidated)



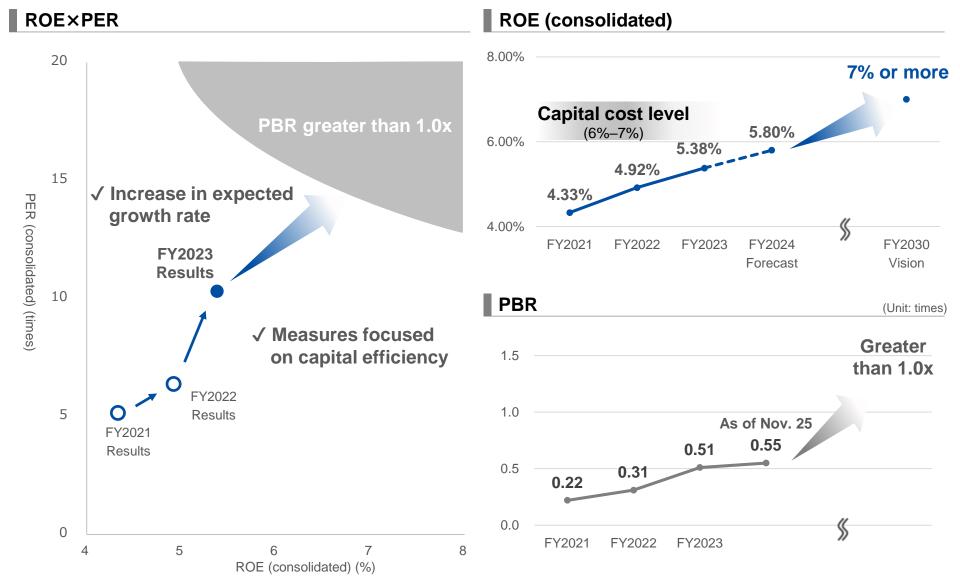
### In order to improve PBR, striving to strengthen profitability and making efforts focused on profitability and returns on capital

### Approach to improving PBR

**Improve PBR Initiatives** Financial targets, etc. **ROE** (consolidated) Improve ROE 7% or more Strengthen profitability Control costs **Profit (consolidated)** ✓ Increase loans and bills √ Optimize personnel/non-JPY 45.0 bn personnel expenses discounted with consciousness **Improve** about RORA ✓ Maintain credit-related expenses RORA √ Strengthen fee business at an appropriate level Core OHR √ Strengthen marketable securities No more than 40% trading Capital adequacy ratio Deal with risk assets (consolidated) √ Boost profitability of risk assets Roughly 10% ✓ Control capital adequacy ratio within the management range (10.0%-10.5%) Control Ratio of cross-shareholdings Enhance shareholder returns **Optimally distribute capital** to net assets (consolidated) financial Below 10% (end-Mar. 2025) √ Implement progressive dividends ✓ Allocate resources to growth leverage √ Improve dividend payout ratio investments **Dividend ratio** √ Responsive acquisition of √ Reduce cross-shareholdings (consolidated) treasury shares 35% or more (end-Mar. 2026) **Number of consultations ♦** Execute growth strategy **♦** Enhance disclosure content/IR activities with investors, etc. **♦** Strengthen Group business strategy (Secure future income) 100 or more (annual)

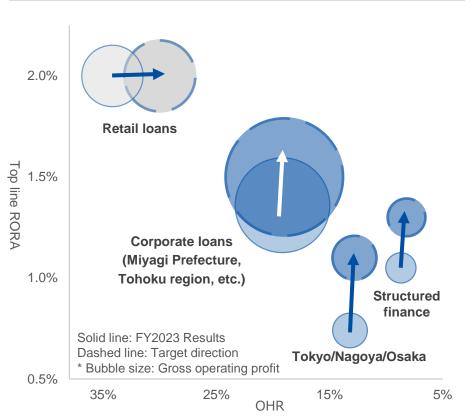
### **Current ROE is below capital cost level**

In addition to enhancing profitability, striving to improve ROE with a focus on capital efficiency



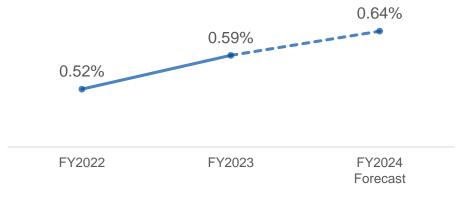
### Aiming to improve profitability on risk assets by making improvements in each category

### Direction of top line RORA

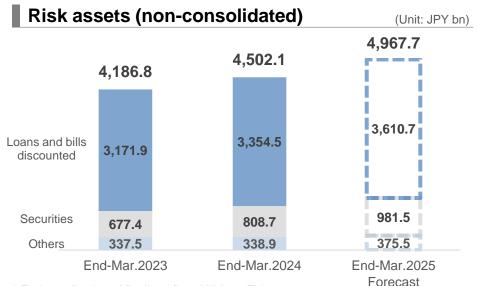


- \*1. Top line RORA = Income and expenditures / Risk assets
- \*2. Income and expenditures = Interest on loans and bills discounted + Income from fees and commissions (credit-related fees and commissions) financing costs
- \*3. Risk assets: Risk assets for loans and bills discounted (including unused limits)
- \*4. OHR = Expenses / Gross operating profit
- \*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 operating profit = Income and expenditures(\*2) + other fees and commissions (loan expenses, etc.)

### **Bottom line RORA (consolidated)**



- \*1. Bottom line RORA (consolidated) = Profit (consolidated) / Risk assets (consolidated)
- \*2. Figures are based on complete implementation of Basel III finalization



### Implementing appropriate redistribution of profit to stakeholders in order to achieve sustainable growth

### Approach to capital allocation



### **Growth investment**

### Development of medium-sized enterprises/SMEs

- √ Support for growth of local enterprises
- √ Support for business succession and M&A

### Regional development projects

- √ Start of operation of NanoTerasu
- ✓ Progress in Sendai Urban Restructuring Project
- ✓ Promoting to attract companies

#### New businesses and sectors

- √ Solving issues of local communities
- √ Expansion of business domain

#### DX

- ✓ Digital technology reforms for the banking business
- √ Strengthening non-face-to-face channels
- √ Creating/developing new businesses

### Sustainability/decarbonization

- ✓ Achieving the Bank's carbon neutrality
- √ Supporting decarbonization of our trading partners
- √ Enhancing sustainable finance

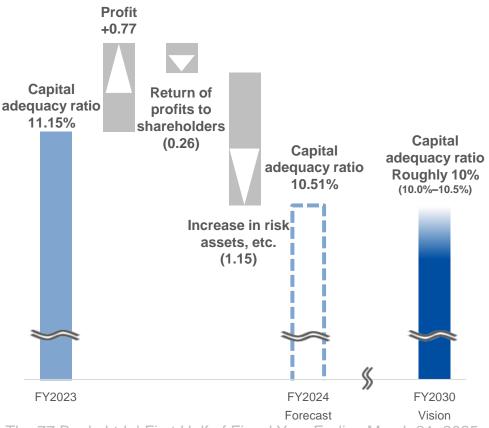
#### Human capital

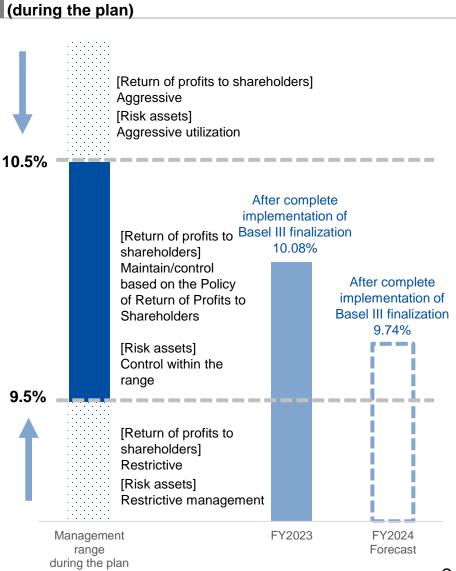
- ✓ Development of specialist human resources
- √ Composition of human resources portfolio
- ✓ Introduction of talent management

### Implementing capital control for shareholder returns and risk assets based on the management range during the plan

### Capital adequacy ratio (consolidated)

✓ Background to the setting of capital adequacy ratio target Capital adequacy ratio must be sufficient for supporting the region during emergencies in light of the impact of the Great East Japan Earthquake (capital adequacy ratio decreased by roughly 1.6%). Accordingly, the target for FY2030 has been set to be around 10% (10.0 to 10.5%)





Management range for capital adequacy ratio (consolidated)

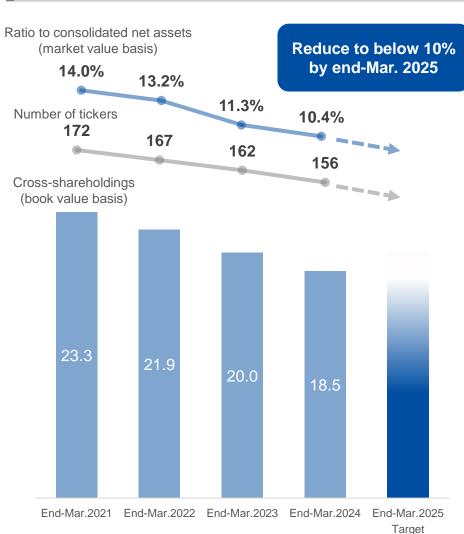
Continuing to reduce cross-shareholdings and aiming to achieve a ratio to consolidated net assets of below 10% before the end of the fiscal year

Holding onto pure investments over the medium to long term to receive stable dividends and profits from rising share prices as in the past

Reducing cross-shareholdings

(Unit: clients, JPY bn)

Stance on cross-shareholdings/pure investments



Cross-shareholdings
(Division in charge: Consulting Promotion Div.)

**Curtailment policy** 

Pure investments (Division in charge: Treasury Div.)

Medium- to long-term holding policy

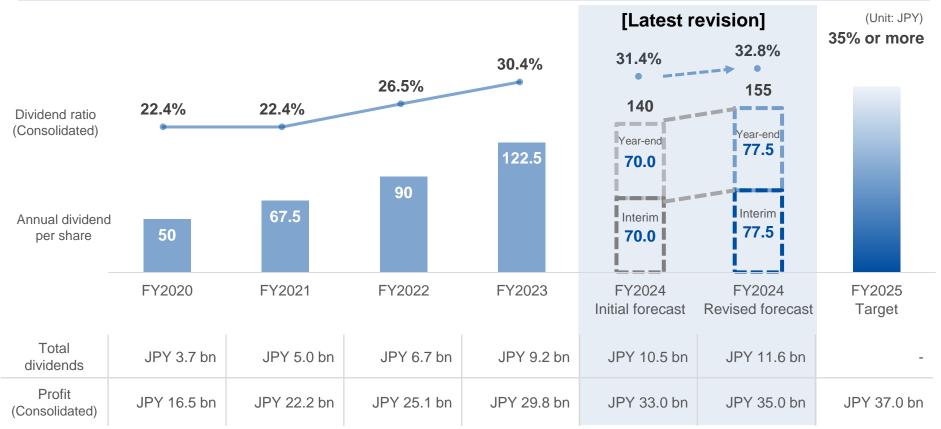
#### (Reference) Pure investments

	End-Mar. 2011	End-Mar. 2016	End-Mar. 2021	End-Mar. 2024
Number of tickers	123 clients	110 clients	98 clients	164 clients
Book value	JPY 38.4 bn	JPY 33.6 bn	JPY 37.6 bn	JPY 44.8 bn
Gain/losses on sales	JPY 0.9 bn	JPY 2.1 bn	JPY 4.3 bn	JPY 9.8 bn
Dividends received	JPY 1.0 bn	JPY 1.3 bn	JPY 1.6 bn	JPY 3.0 bn

To achieve the goals stated in the Policy of Return of Profits to Shareholders, increasing the interim dividends and revising the year-end dividends forecast, and raising the dividend ratio (consolidated)

### 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 <u>use progressive</u> <u>dividends to elevate</u> its dividend payout ratio relative to profit attributable to owners of the parent <u>to at least 35% by FY2025</u> <u>and consider responsive acquisition of treasury shares with the aim of improving shareholder returns and returns on capital</u>.



## **Business Strategy**

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.

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

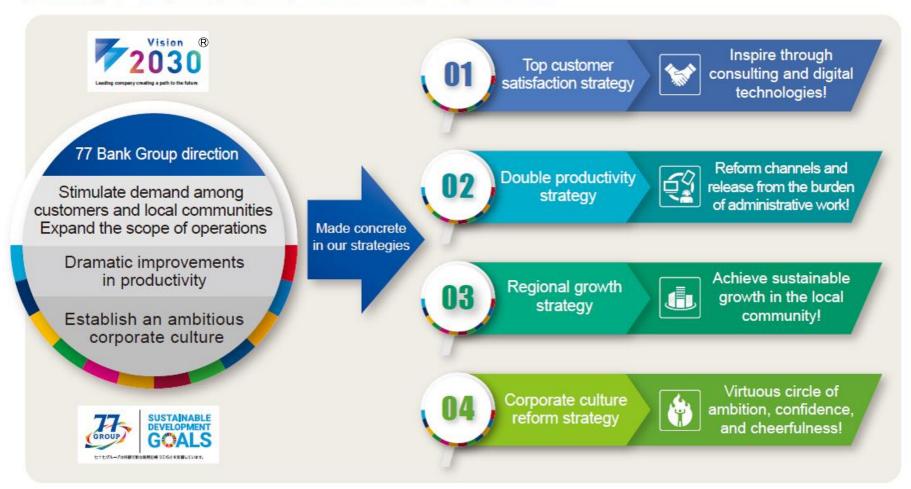
Digital transformation

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





Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

### Deployed and nurtured various specialist personnel for implementing finance & consulting services

Personnel deployment aimed at strengthening consulting sales

About 130
Members
Assignment of various specialist personnel to headquarters

About 110 Sales structure of Group companies for expanding business domain

Regional Support Team	35 members
Business Succession and M&A Team	13 members
Sustainability Promotion Team	2 members
Business Consulting Team	6 members
Healthcare Team	5 members
Management Improvement Advisors	4 members
Information Development Section	4 members
Asia Business Support Office	17 members
Regional Vitalization Promotion Desk	4 members
Start-up Support Desk	1 member
Wealth Management Office	30 members

77 Lease	20 members
77 Card	12 members
77 Securities	30 members
77 Research and Consulting	11 members
77 Partners	4 members
77 Human Design	6 members
77 Digital Solutions	7 members
77 Insurance Service	12 members
77 Capital	4 members

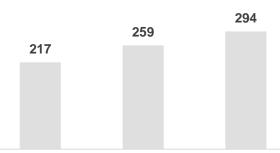
## About 40 members External dispatchment for the development of specialist human resources

Digital	2 members
International business and markets	10 members
Solutions	16 members
Regional vitalization	7 members
	_

### Considering dispatching personnel to other industries in addition to the above

(Reference) Number of persons dispatched externally (since Apr. 2012)

(Unit: people)



<sup>\*1.</sup> As of end-Sept. 2024

<sup>\*2.</sup> Number of people in sales departments are listed for Group companies

End-Mar. 2023 End-Mar. 2024 End-Sept. 2024

roductivity strategy growth strategy Corporate culture reform strategy

### Acquired a wide range of projects thanks to the spread of consulting sales

### Implementation of consulting sales

### > Number of syndicate loan formation

FY2022	FY2023	FY2024 1H
10 cases	16 cases	6 cases

#### Number of paid business matching contracts

FY2022	FY2023	FY2024 1H
1,739 cases	2,016 cases	1,238 cases

#### Number of M&A contracts

FY2022	FY2023	FY2024 1H
17 cases	11 cases	8 cases

#### Number of business succession support clients

FY2022	FY2023	FY2024 1H
804 cases	927 cases	487 cases

#### > Number of foreign exchange derivative contracts

FY2022	FY2023	FY2024 1H
106 cases	65 cases	55 cases

### Changes in credit-related fees and commissions



### Changes in business support-related fees and



#### Changes in foreign exchange derivatives income, etc.



Double productivity strategy Regional growth strategy

Corporate culture reform strategy

### Expanding the fields in which we actively operate by leveraging our strengths as a regional bank

### Expansion of business base

- Launch of a local subsidiary in Singapore (scheduled in January 2025)
- 77 NEXT CONSULTING PTE. LTD. will be established to provide consulting services for overseas development in order to expand our network and provide more advanced solutions in the dramatically growing regions of ASEAN and India (scheduled to start business in April 2025)
- Application for approval as an advanced banking service company is pending (the first regional bank to apply for approval for a foreign subsidiary)
- > Opening of Aomori Branch (September 2022)
  - Aomori Corporate Office upgraded to Aomori Branch
  - Established branches in all six prefectures in Tohoku
- Increased current number of clients to over 200
- Opening of Utsunomiya Corporate Office (August 2023)
  - Established to serve as a bridge between the Tohoku economic zone and the neighboring North Kanto economic zone
  - Started doing business with around 30 new clients since opening



Double productivity strategy Regional growth strategy

Corporate culture reform strategy

### Strengthening sales coordination with the Bank and governance to establish Group business as the third pillar of income

### Strengthening of Group governance

- > Establishment of Group Business Strategy Division (November 2024)
- Newly established to strengthen coordination between headquarters divisions and Group companies and to enhance the planning capabilities of Group companies

### Expected effects







### Establishment of Group Business Strategy Committee (April 2024)

- Established the Group Business Strategy Committee chaired by the President with a view to enhancing Groupwide governance
- By increasing the degree of involvement in management of Group companies more than ever before, aiming to promote a change in the mindset of the Group as a whole and expand business

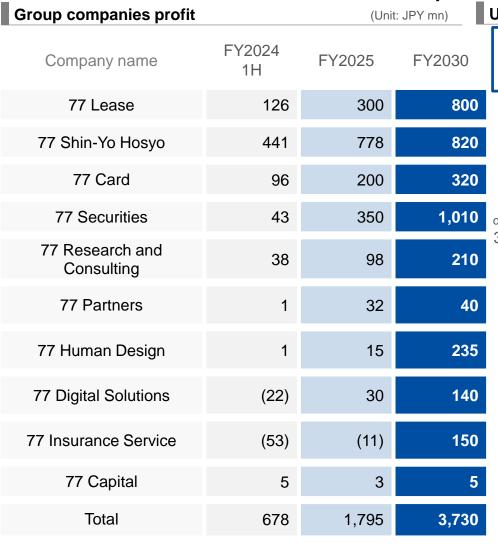
[Outline of the meetings of the Group Business Strategy Committee]

(Three meetings in total until end-Oct. 2024)

- ✓ Progress of Group companies' "Vision 2030"
- √ FY2024 2H Management Plan
- √ Status of review of establishment of a new company
- √ Status of management of information technology risks, etc.

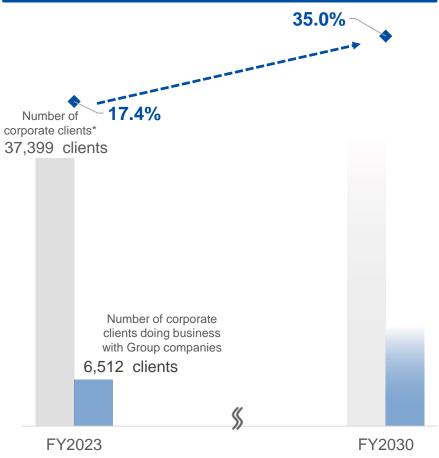
Double productivity strategy growth strategy Corporate culture reform strategy

### Providing consulting services to strengthen Group-wide profitability with the 77 Bank Group working together









<sup>\*</sup> General corporations with average balances of deposits of at least JPY 1 mn (excluding Tokyo, Nagoya, and Osaka)



Double productivity strategy

growth strategy Corporate culture reform strategy

### Supporting the asset formation of clients through sales based on clients

#### Results of initiatives on support for clients' asset formation

Number of periodic investment trust contracts (cumulative)

FY2022	FY2023	FY2024 1H
65,037	82,868	95,953

Number of NISA accounts (cumulative)

FY2022	FY2023	FY2024 1H
40,554	53,649	60,768

> Number of active NISA accounts

FY2022	FY2023	FY2024 1H
27,956	38,453	45,134

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

FY2022	FY2023	FY2024 1H
160	2,486	3,197

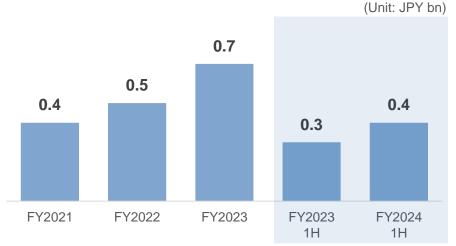
Number of trust products/services handled (launched in April 2023)

FY2022	FY2023	FY2024 1H
-	156	120

### Changes in sales commission



#### Changes in trust fees, etc.



Double productivity strategy

growth strategy Corporate culture reform strategy

# Providing services that meet customer needs in order to maintain and expand our customer base

✓ Investment proposals based on in-house evaluations

✓ Trust products

Provision of advanced financial services

✓ Life plan consulting

Maintenance and expansion of customer base

(Maintenance and expansion of depositors)

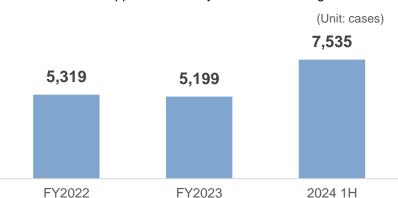
#### Present

- ✓ Inefficient sales structure
- ✓ Provision of services focused on deposits and assets in custody
- √ Enhancement of point services
- √ Business succession and apartment loans
- √ Expansion of cashless services
- ✓ Marriage counseling services

Provision of services other than assets in custody

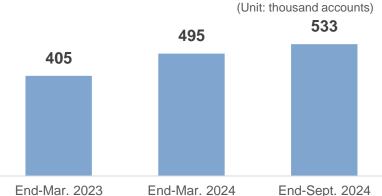
#### Implementation of an approach based on customers

Cases of branch support handled by the Wealth Management Office



 Provision of portal apps that serve as everyday customer contact points

Number of active e-banking service accounts (cumulative)



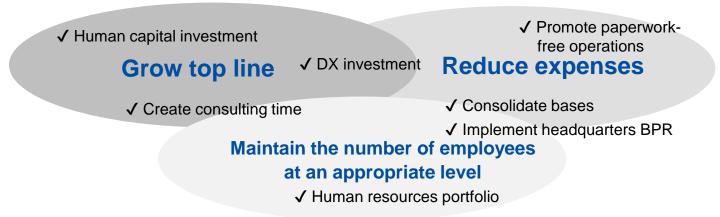
Double productivity strategy

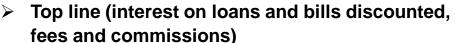
growth strategy Corporate culture reform strategy

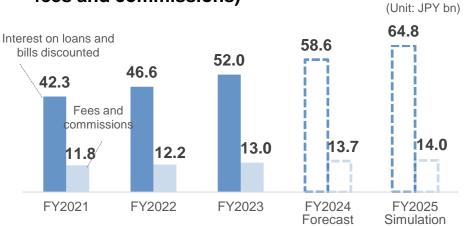
### Aiming to dramatically improve productivity by enhancing labor productivity

### Enhancement of labor productivity

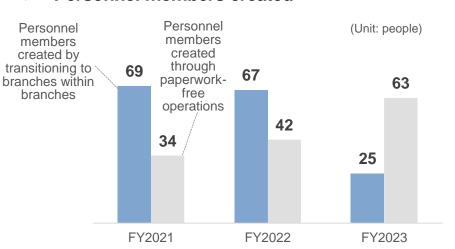
### Measures aimed at enhancing labor productivity in core operations







#### Personnel members created

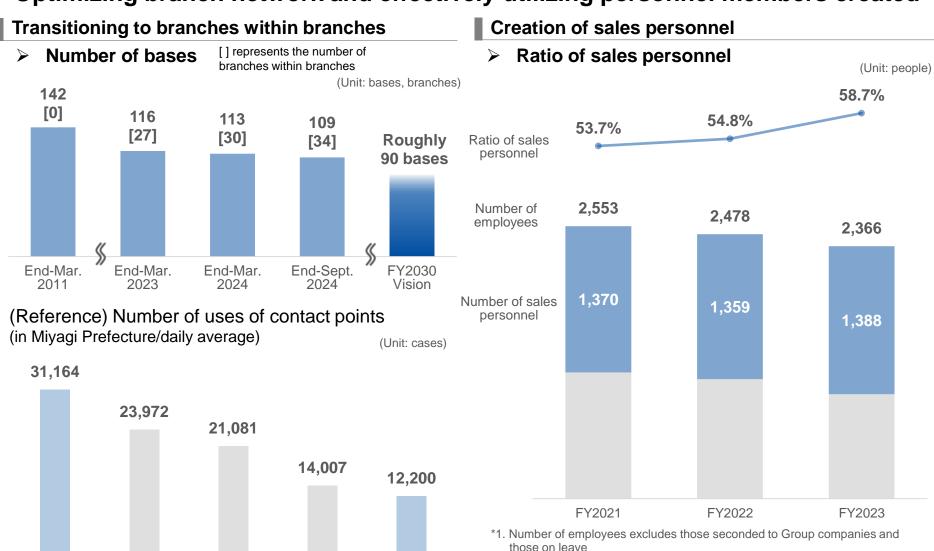


Double productivity strategy

growth

Corporate culture reform strategy

## Optimizing branch network and effectively utilizing personnel members created



FY2015

FY2020

FY2023

FY2010

FY2005

\*2. Number of the sales section personnel is shown by the actual number of employees who have been assigned to Loan Group, Sales Group, manage

employees who have been assigned to Loan Group, Sales Group, managers, those seconded to local communities and support teams for new businesses and sectors, and others

The 77 Bank, Ltd. | First Half of Fiscal Year Ending March 31, 2025

**Double** productivity strategy

## Reaping the benefits of digitalization through digital technology reforms for the Digital technology reforms for the banking business

	Description of key measures (planned)	Results	
Non-face-to-face channel reform	<ul> <li>App renewal</li> <li>Establishment of corporate portal site</li> <li>Introduction of web-based housing loan system</li> <li>Introduction of Al screening for housing loan operations</li> </ul>	App downloads 414,000 downloads Companies with e-banking service contracts 23,000 clients (End-Mar. 2022)	784,000 downloads 32,000 clients (End-Sept. 2024)
Bank branch reform	<ul> <li>Introduction of branch tablets</li> <li>Establishment of support system for sales and lending</li> </ul>	Personnel members created (operations group) (cumulative since FY2021)  28 members (End-Mar. 2022)	<b>110 members</b> (End-Sept. 2024)
Paperwork-free reform	<ul> <li>Introduction of data linkage platform (branch tablets)</li> <li>Automation of non-face-to-face account opening operations</li> <li>Introduction of generative AI</li> </ul>	Reduction rate of administrative work at (vs. FY2019)  (15)% (End-Mar. 2022)	(39)% (End-Sept. 2024)
Data utilization reform	<ul> <li>Dispatch of employees to Tohoku University</li> <li>Introduction of AMATERAS RAY         <ul> <li>(Al-based data analysis)</li> </ul> </li> <li>Establishment of Data Analysis Team</li> </ul>	Cases of data analysis support (cumulative limprovement of work efficiency Reinforcement of risk management Strengthening of sales promotion	50 cases (End-Sept. 2024)
Digital reforms for employees	<ul> <li>Development of digital technology human resources</li> <li>Formulation of Digital Skills Standards for 77 DX Promotion</li> </ul>	Number of certified digital technology hun (certification started in April 2021) 260 employees (End-Sept. 2022)	1,300 employees (End-Sept. 2024)

Double productivity strategy

**77 BANK** 

growth strategy

operations

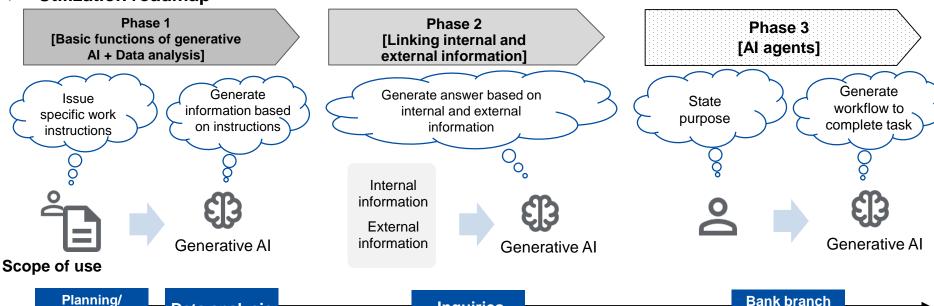
Corporate culture reform strategy

# Accelerating efforts to achieve DX for banks through the full-scale introduction of generative Al Introduction of generative Al

- Selection of Nippon Telegraph and Telephone East Corporation as partner company
- Decision to introduce generative AI was made based on certain results obtained through demonstration tests with AI inside Inc. for using generative AI that have been conducted since the previous fiscal year
- Introduction scheduled to begin in March 2025, primarily at headquarters divisions
- Expected to improve work efficiency by around 32,000 hours/year (equivalent to 15 employees) across 55 operations or more at headquarters

#### > Utilization roadmap

paperwork



**Inquiries** 

**Data analysis** 

Regional growth strategy

# Defining four key items of implementation in order to strengthen regional vitalization efforts

Regional vitalization mission

- 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
- 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
  - Promotion of urban development projects
- ▶ Participation in regional development projects
- Promotion of public-private partnership projects
- Support in collaboration with external institutions
  - 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

As a part of our efforts based on the "Agreement on Comprehensive Cooperation Aimed at Regional Revitalization"

Miyagi Wide-area PPP Platform

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

with local governments and other agreements, we have formed

utilization of private-sector funds and know-how.

#### The 77 Bank

(Secretariat: Regional **Development Promotion Division)** 

77 Research and Consulting

#### **MAPP**

#### Full utilization of six functions

√ Human resource development function ✓ Information dissemination function √ Execution support function

✓ Dissemination and awareness raising function

√ Public-private dialogue function ✓ Exchange function

Technology, etc.

#### Local governments

Miyagi Prefecture and all 36 municipalities in Miyagi Pref. 2 municipalities in Fukushima Pref.

#### Private companies

Real estate, trading, IT/DX services, communications, construction, lease, consulting, media

**Cooperation partner financial** 

institutions, universities, etc.

institutions, think tanks, Tohoku PPP/PFI

Association, Tohoku University, Miyagi

**Government-affiliated financial** 

University, Tohoku Institute of

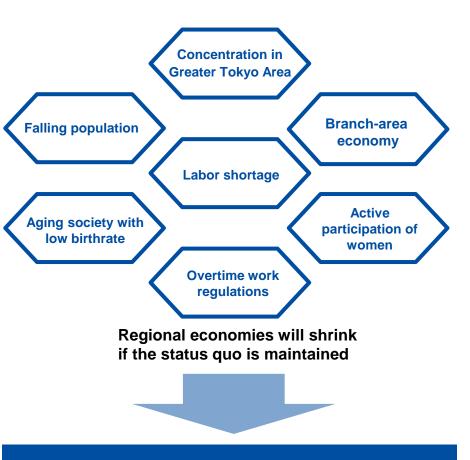
Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

# Aiming to build autonomous and sustainable local communities through a cycle comprising three major elements of regional vitalization

Responding to issues facing Miyagi Prefecture's economy



# Aiming to build autonomous and sustainable local communities

### **Create jobs**

- ✓ Development of and support for medium-sized enterprises/SMEs
- ✓ Support for business succession and M&A
  ✓ Attract companies
- ✓ Produce listed companies ✓ Support for startups

# Resident population grows



✓ Create employment ✓ Settling of young people
 ✓ Support for active participation of women
 ✓ Address falling population

# Local community established



- ✓ Establishment of social infrastructure✓ Enhancement of infrastructure for daily life
- ✓ Development of and support for attractive local communities

Regional growth strategy

### Contributing to the revitalization of local communities through developing attractive medium-sized enterprises and SMEs

Development of and support for medium-sized enterprises/SMEs



- Strengthen the approach to support the growth of medium-sized enterprises with the 77 Bank Group working together

Step 1

Extract companies from among medium-sized enterprises led by headquarters

Step 2

Deepen dialogue on shared challenges

Step 3

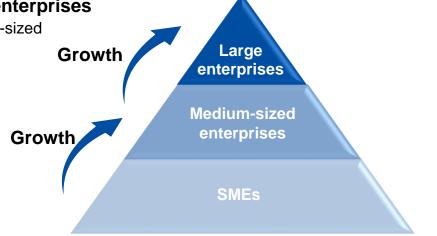
Provide solutions based on customer needs

Utilize the Leading Medium Enterprises Growth

**Promotion Package** 

Step 4

Accelerate growth support by building model cases



Contribute to revitalizing the regional economy, expanding employment, utilizing regional resources, and reducing outflow of human resources through the growth of medium-sized enterprises and SMEs

Assumed issues

√ Capital investment ✓ Improvement of productivity

√ Securing human resources

√ Management improvement and business revitalization

√ Implementation of GX and DX ✓ Business succession and M&A

✓ Startups and IPOs ✓ Exports, overseas development, etc.

#### Provision of various solutions by the 77 Bank Group

productivity strategy Regional growth strategy

Corporate culture reform strategy

vendors, etc.

(April 2024)

# Providing solutions through new businesses and sectors to solve issues facing customers and communities

#### Responding to issues facing customers and communities

#### Establishment of 77 Partners



As of end-Sept. 2024: Investment in two targets underway

### Establishment of 77 Digital Solutions

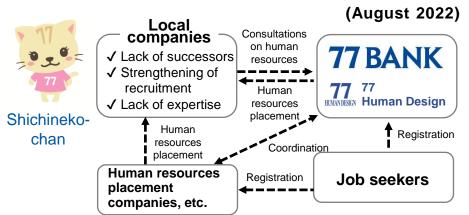


FY2024 1H - Number of consultations accepted: 347, number of contracts concluded: 60

solutions

System establishment

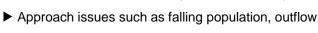
#### Establishment of 77 Human Design



FY2024 1H - Number of referrals provided: 276, number of contracts concluded: 127

#### Launch of marriage consultancy (77 (Nana) Musubi)

► Collaboration with IBJ, Inc. (TSE Prime: 6071)



of young people, and business succession

 Planning and operation of business led by female employees in the interest of active participation of women



~七十七グループがあなたの人生をサポートします~

77結び

End-Sept. 2024 - Number of marriages: 2

Double productivity strategy

growth

Corporate culture reform strategy

# Aiming to strengthen our business foundation and increase sustainable corporate value through our efforts for human capital management

Formulation of human resource strategy

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

Top customer satisfaction strategy

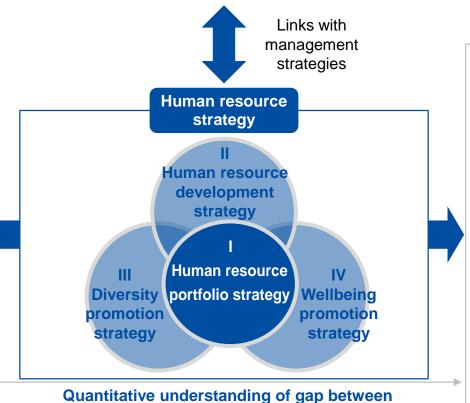
Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

## Current conditions

- ✓ A need to continuously improve consulting capabilities and expertise in line with the expansion of business domains
- √ A need for specific career planning and support from management
- ✓ A need for more active communication and mutual understanding
- ✓ A need for the improvement and enhancement of workplace environments in line with the times



current conditions and our target form

#### Target form

- Human resources that serve a purpose for customers and local communities
  - with both high levels of expertise and excellent personal skills
- √ Human resources that contribute to corporate reform
   (with excellent creativity and )
  - a spirit of endeavor, and a future-oriented approach to thinking
- ✓ Employee-friendly work environment
  - with smooth communication and mental and physical health
- √ Rewarding work environment

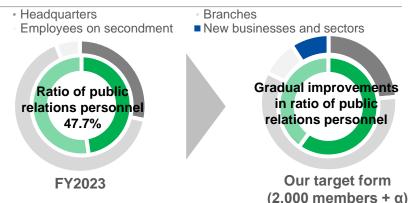
with the ability to utilize diverse values and strengths

productivity strategy growth strategy Corporate culture reform strategy

### Practicing strategic deployment of personnel from both quantitative and qualitative standpoints

### **Human capital investment**

- > Approach to human resources portfolio
  - Create liaison officers through visualizing individual growth and clarifying roles, as well as productivity improvements
  - Ensure Group-wide specialization and flexibility in anticipation of our entry into new businesses and sectors and the expansion of business domains
- Measurement and management of the effects of human capital investments
  - Measure the effects of human capital investments in terms of skills, endeavor, and returns



Matters for judgment	FY2022 results	FY2023 results
Average corporate liaison skill level (max. 5.0)	-	2.43
Average retail liaison skill level (max. 5.0)	-	1.82
No. of individuals with higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-sized Enterprise Management Consultant)	224 employees	261 employees
No. of certified digital technology human resources	674 employees	1,138 employees
Engagement score (indicator of ambition) (max. 5.0)*	3.5	3.6
No. of participants in job trial system	96 employees	171 employees
No. of applicants for job entry system	8 employees	14 employees
Ratio of liaison officers	47.1%	47.7%
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 (max. 5.0)  Average retail liaison skill level (max. 5.0)  No. of individuals with higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-sized Enterprise Management Consultant)  No. of certified digital technology human resources  Engagement score (indicator of ambition) (max. 5.0)*  No. of participants in job trial system  No. of applicants for job entry system  Ratio of liaison officers  Labor productivity in core operations	Average corporate liaison skill level (max. 5.0)  Average retail liaison skill level (max. 5.0)  No. of individuals with higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-sized Enterprise Management Consultant)  No. of certified digital technology human resources  Engagement score (indicator of ambition) (max. 5.0)*  No. of participants in job trial system  96 employees  No. of applicants for job entry system  8 employees  Ratio of liaison officers  47.1%  Labor productivity in core operations  JPY 12 mn

The 77 Bank, Ltd. | First Half of Fiscal Year Ending March 31, 2025 \*Benchmark for good conditions: 3.50 or higher (extracted ambition-related items) 47

productivity strategy growth strategy Corporate culture reform strategy

### Fostering each employee's appetite for new challenges by improving engagement

### Improving engagement

Human resource strategy implementation process

- To create a virtuous cycle in which all employees take on new challenges to build confidence and positivity, revitalizing communication between the frontlines, personnel departments, and management

through the human resource strategy implementation process



The Personnel Division holds town meetings on human capital management



Town meeting for headquarters employees

#### Measures aimed at spread of corporate culture

- Holding of briefings on "Vision 2030"
- Holding of briefings by the President and Directors responsible for regions
- Engagement score with company improved as a result of better understanding of management plans
   Engagement score with company: 3.64 (0.02-point improvement over previous survey)

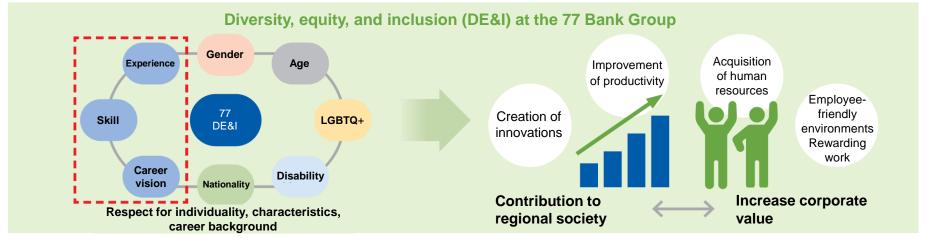
Details	Number of sessions
Holding of briefings for branches	<ul><li>101 sessions (President)</li><li>All branches (Directors responsible for regions)</li></ul>
Holding of President's  Cram School	·6 sessions (291 participants)

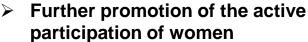
Double productivity strategy

Regional growth strategy Corporate culture reform strategy

# Building fields in which a variety of human resources can succeed through the promotion of diversity Diversity, equity, and inclusion measures

Working environments to make maximum use of individualities and capabilities







- ✓ Mindset and capability development of officer and management candidates
- ✓ Development of human resources with corporate liaison skills (full-time sales and loan employees)
- √ Enhancement of opportunities for external exchange to enhance careers at each
  job level

Ratio	18.2%	
	Ratio of women in management roles (three women appointed as outsider directors at Group companies)	10.3%
	Ratio of women in leadership roles	23.0%



Women's College

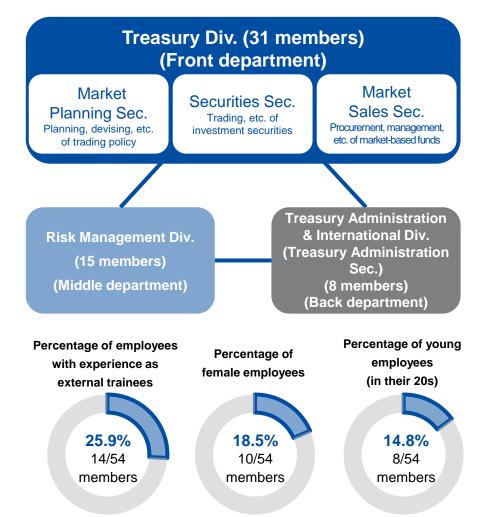
# Secured stable income through marketable securities trading as the second pillar of income even during market fluctuations

Aiming to achieve sustainable income through improvement of our structure for trading Achievements in marketable securities trading

 Balance of investment securities, gains (losses) from evaluation of securities, gain (losses) on equity securities

(Unit: JPY bn, JPY, %)	End-Mar. 2009 Collapse of Lehman	End-Mar. 2020 COVID-19 pandemic	End-Mar. 2024
Debt securities	1,384.3	2,146.3	1,930.0
Equity securities	72.7	65.5	75.7
Others	259.9	623.5	912.3
Investment securities total	1,717.0	2,835.3	2,918.0
Money held in trusts	42.0	81.4	112.7
Debt securities	14.4	9.6	(34.9)
Equity securities	15.7	51.1	143.3
Others	(44.1)	17.4	60.0
Total gains (losses) from evaluation of investment securities	(14.0)	78.1	168.4
Money held in trusts	(4.0)	0.9	7.8
Interest and dividends on investment securities	26.6	28.7	42.8
Gain (losses) on debt securities	(8.0)	(2.5)	(13.8)
Gain (losses) on equity securities	10.5	4.6	14.4
Nikkei Average	8,109	18,917	40,369
10-year JGBs	1.34	0.00	0.72

Structure for marketable securities trading



### Accelerating internal initiatives for achieving carbon neutrality

#### Initiatives for carbon neutrality

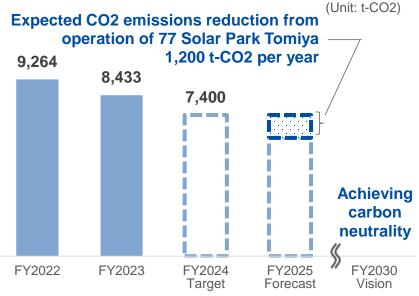
- Start of operation of 77 Solar Park Tomiya (October 2024)
- Installed solar power station in unused lands owned by the Bank
- Supplying electric power derived from the generated renewable energy to the head office building and individual branches





\* Aerial photos of 77 Solar Park Tomiya

- Introduction of EVs (October 2024)
- Introduced eight electric vehicles (EVs) as sales vehicles
- > Setting up of EV car-sharing stations (November 2024)
- Set up EV car-sharing stations on the premises of our branches in collaboration with Sendai City and PARK24 Group
- These cars are available for use by our employees and Sendai City employees on weekdays, and by Times CAR members on weekends and public holidays





An EV car-sharing station set up on the premises of the Bank's Futsukamachi Branch

**Disclose** 

## Strengthening various measures aimed at promoting sustainability in local communities Supporting regional decarbonization through engagement

### Measures aimed at decarbonization of our trading partners

- Establishment of a one-stop system to help trading partners achieve carbon-free operations
- Selected 100 trading partners that are expected to have high greenhouse gas emissions (equivalent to approximately 30% of the Bank's Scope 3 emissions within Miyagi Prefecture (excluding electric power companies)) and carried out decarbonization-related engagement with them in collaboration with our headquarters and branches

#### Number of clients receiving support Keywords for SDGs-related services (cumulative) (from April 2021) 77 SDGs Support Services (Unit: clients) **Understand** Visualization of current initiatives 1.786 and identification of issues 1,418 1,111 77 Decarbonization Navigator Calculation of greenhouse gas Measure emissions and feedback of results End-Mar. 2024 End-Sept. 2023 End-Sept. 2024 77 Sustainability-Linked Loans Total cumulative sustainable finance **Set targets** Setting of ambitious targets (SPTs) executed (from April 2021) (Unit: JPY bn) 77 Positive Impact Finance Shichisaru-kun 791.5 Setting of KPIs to mitigate negative impacts 676.9 Both 77 SLL and 77 PIF can Reduce and amplify positive impacts be evaluated by 77 R&C, etc. 425.7 77 SDGs Privately Placed Corporate **Bonds**

(Donation type/Carbon offset course)

Purchase of carbon credits with a portion of fees and commissions

End-Sept.2024

End-Mar.2024

End-Mar.2023

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 1H Results	FY2024 Forecast		FY2030 Vision
Profit (consolidated)	JPY 22.2 bn	JPY 25.1 bn	JPY 29.8 bn	JPY 19.8 bn	JPY 35.0 bn	,	JPY 45.0 bn
ROE (consolidated)	4.33%	4.92%	5.38%	6.55%	5.80%		7% or more
Capital adequacy ratio (consolidated)	10.27%	11.23%	11.15%	11.23%	10.51%		Roughly 10% (10.0%-10.5%)
Core OHR	58.22%	56.55%	52.18%	42.42%	48.18%		No more than 40%

(Reference: Expected FY2030 portfolio)

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

	FY2022 Results	FY2023 Results	FY2024 1H 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)	1.21x	1.33x	1.39x	1.40x	1.5x
Proportion of households in Miyagi Prefecture holding assets *1 Number of clients for which the Group holds assets in custody	- 84,445	- 91,373	- 96,992	- 113,000	35% or more 180,000
Proportion of individuals in Miyagi Prefecture using loans from the 77 Bank	14.9%	15.1%	15.3%	17.0%	20.0%
Group companies profit	JPY 1.4 bn	JPY 1.7 bn	JPY 0.7 bn	JPY 1.8 bn	JPY 3.0 bn
Labor productivity in core operations *2	JPY 12 mn	JPY 14 mn	JPY 8 mn	JPY 15 mn	JPY 24 mn
Administrative work at bank branches (Vs. FY2019)	(25)%	(33)%	(39)%	(45)%	(50)%
Usage of non-face-to-face channels	(Corporate) 15% (Retail) 20%	(Corporate) 32% (Retail) 27%	(Corporate) 33% (Retail) 30%	(Corporate) 35% (Retail) 32%	(Corporate) 50% (Retail) 50%
Cases of growth support for business founders	1,761 cases	2,061 cases	1,151 cases	2,100 cases	3,000 cases
CO2 emissions *3	9,264 t-CO2	8,433 t-CO2	3,774 t-CO2	7,400 t-CO2	0 t-CO2
Proportion of female managers	16.0%	17.5%	18.2%	19.0%	30.0%

◆Establish 10 projects in new businesses or sectors (by FY2023)

◆ Support increased rate of economic growth in Miyagi Prefecture

Other items

♦ Aim for 100% participation in regional development projects in Miyagi Prefecture

10 projects established. Continue development of new businesses and sectors with promise for future commercialization.

<sup>♦</sup> Implement various initiatives to "foster an ambitious spirit" ♦ Increase the number of "specialist personnel" that serve a purpose for customers and local communities

<sup>\*1.</sup> National Survey of Family Income, Consumption and Wealth

<sup>\*2. (</sup>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) \*3. Estimates for FY2024 1H results calculated using emissions coefficients for FY2023

The 77 Bank, Ltd. | First Half of Fiscal Year Ending March 31, 2025

