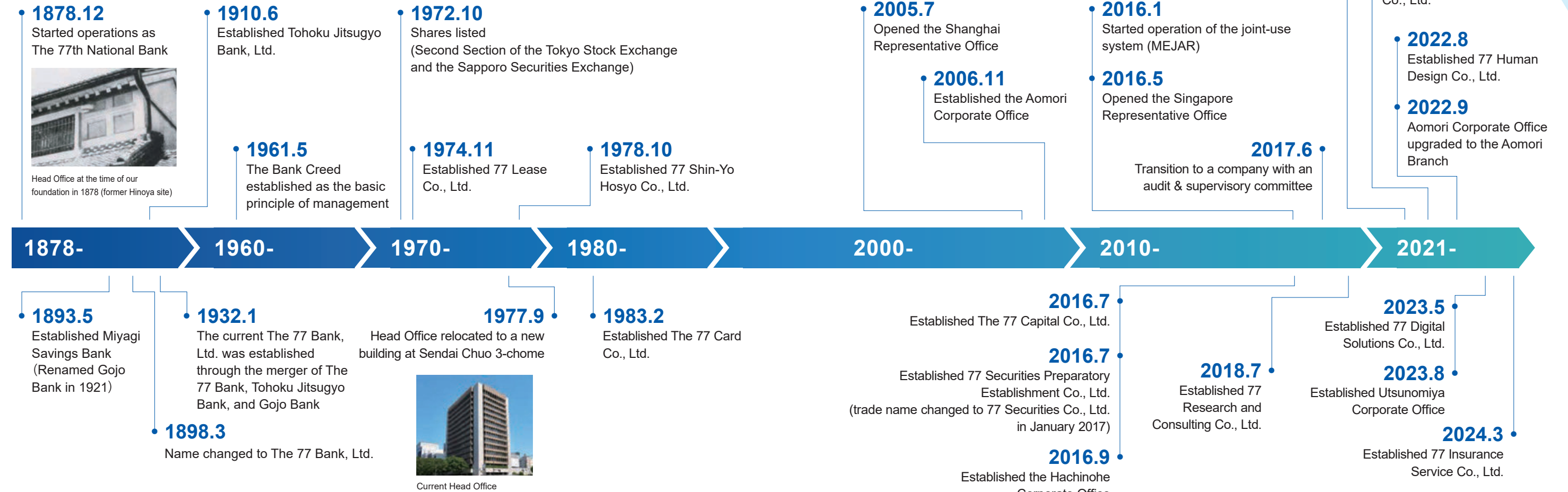


Our Path of Continuous Growth

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



A deep connection with Eiichi Shibusawa

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

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

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

Eiichi Shibusawa

1840–1931

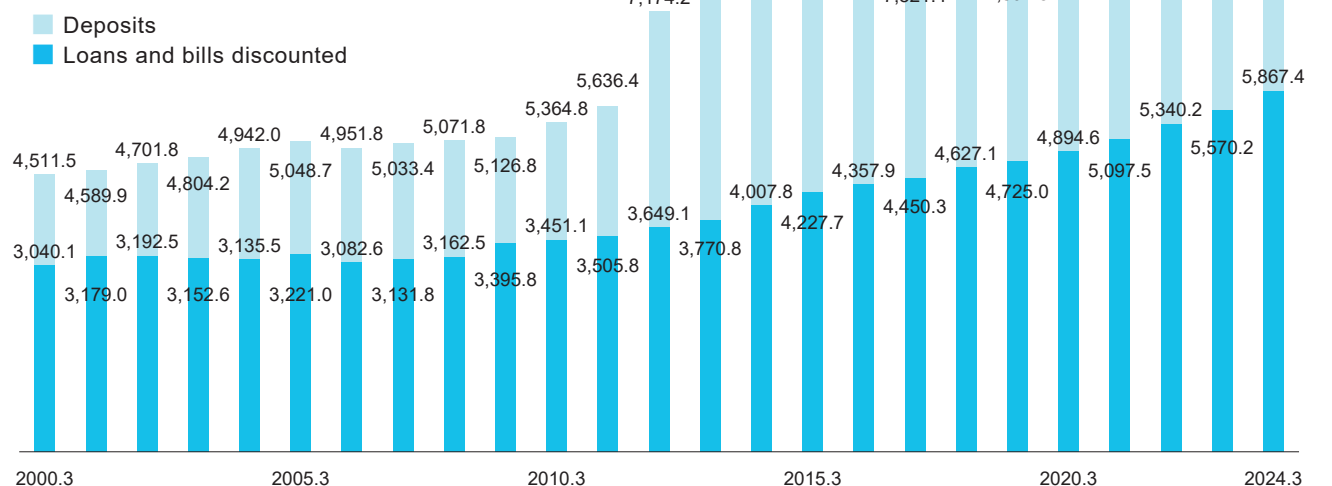


Photograph: Fukaya City



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

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



The Economy and Potential of Miyagi

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

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

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

1 Expansion by semiconductor companies

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

Project overview

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



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

2 Sendai Urban Restructuring Project

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

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

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

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



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

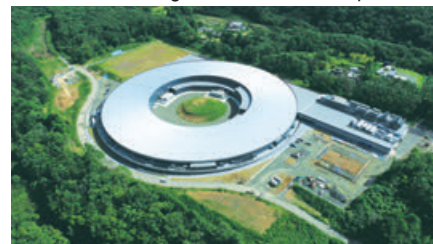
3 Start of operation of NanoTerasu, the next-generation synchrotron radiation facility

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

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

Economic ripple effects (estimated by Tohoku Economic Federation)

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



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

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

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



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

Total area

7,282km²
(16th in Japan)

Number of households

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

Population

2,257,472
(14th in Japan)

Number of homes

1,089,300
(14th in Japan)

Gross Prefectural Product (nominal)

9,485.2billion yen
(14th in Japan)

Number of private companies

104,258
(16th in Japan)

Number of employees at private companies

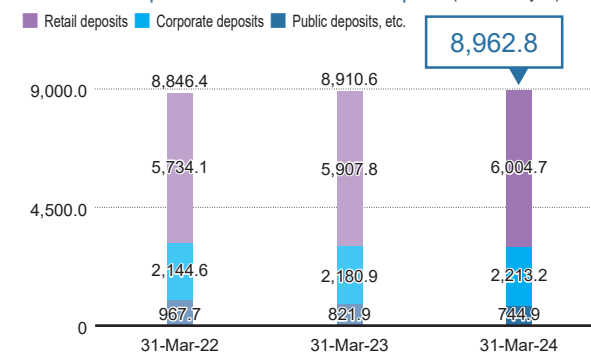
1,031,186
(14th in Japan)

Source: 2024 Shape of Miyagi (Miyagi Prefectural Handbook)

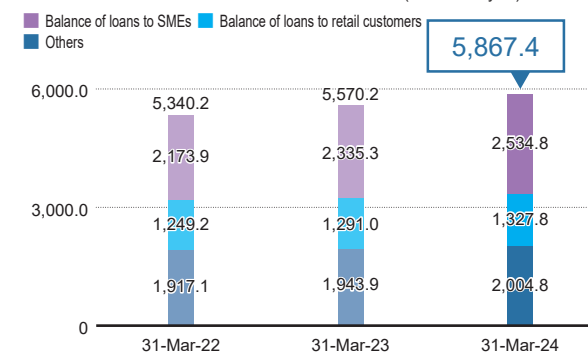
Financial and Non-financial Highlights

Financial information

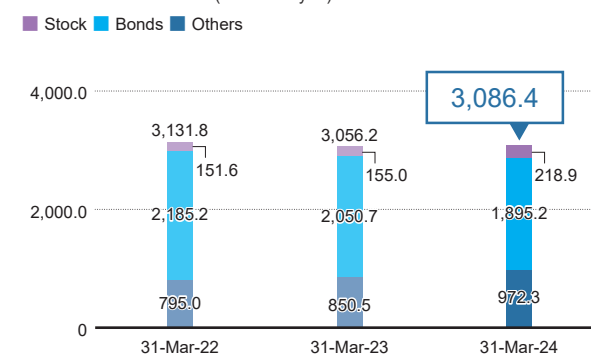
Balance of deposits and certificates of deposit (Billions of yen)



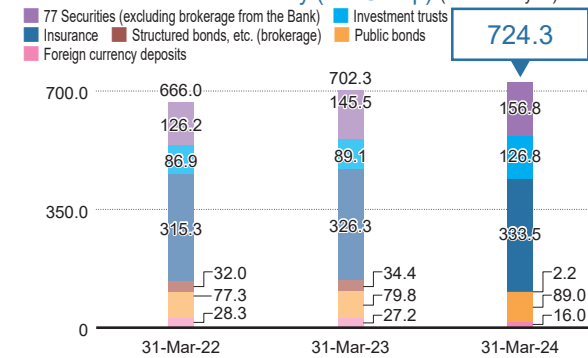
Balance of loans and bills discounted (Billions of yen)



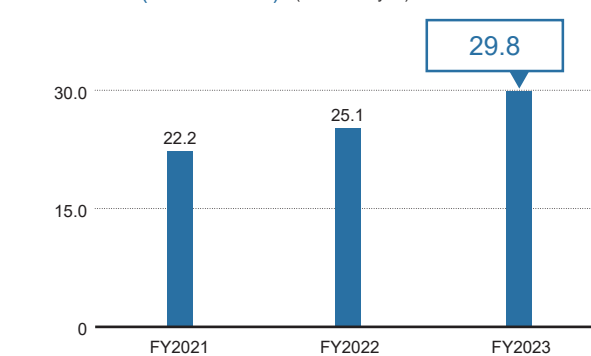
Securities balance (Billions of yen)



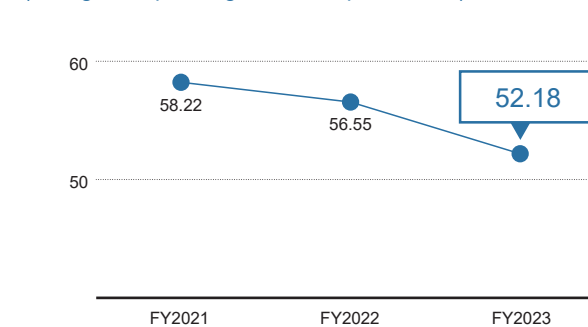
Balance of assets in custody (the Group) (Billions of yen)



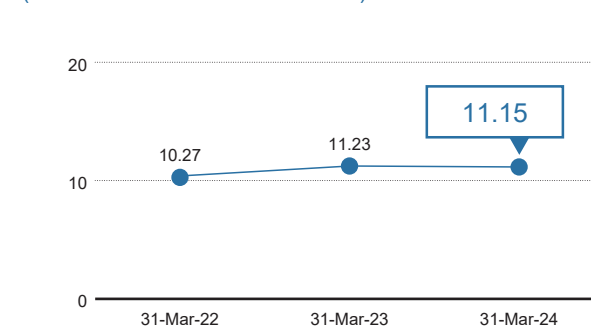
Net income (consolidated) (Billions of yen)



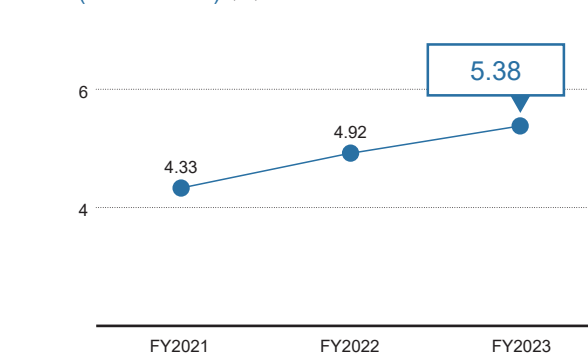
Core OHR (core gross operating income expense ratio) (%)



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

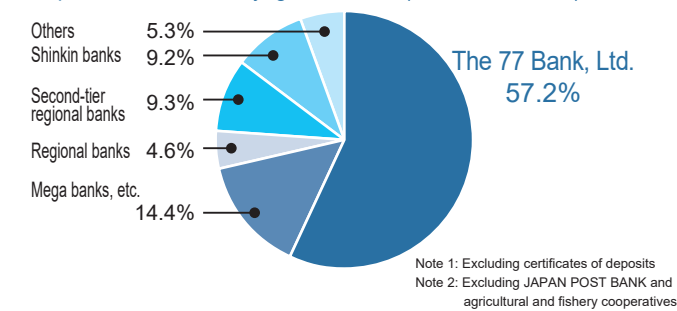


ROE (consolidated) (%)

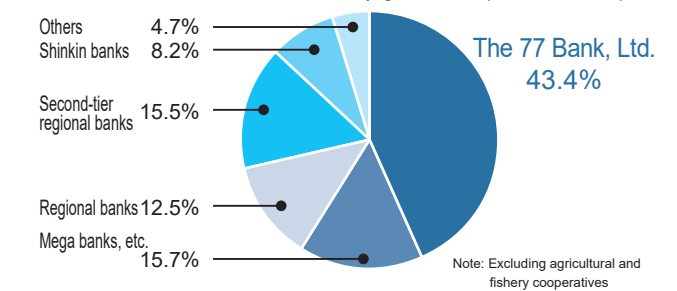


Non-financial information

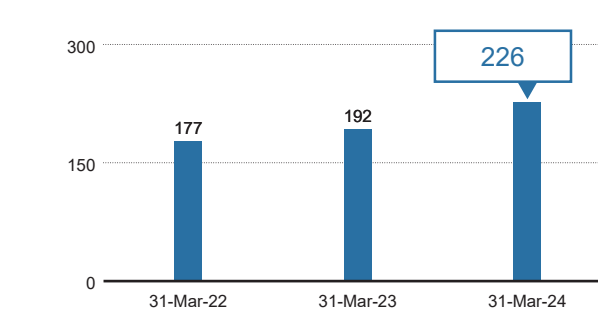
Deposit share within Miyagi Prefecture (end of Mar. 2024)



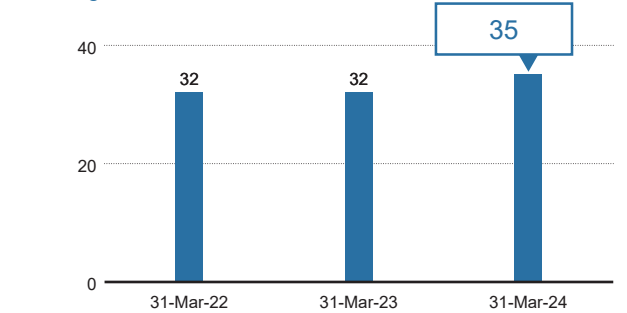
Share of loans and bills discounted within Miyagi Prefecture (end of Mar. 2024)



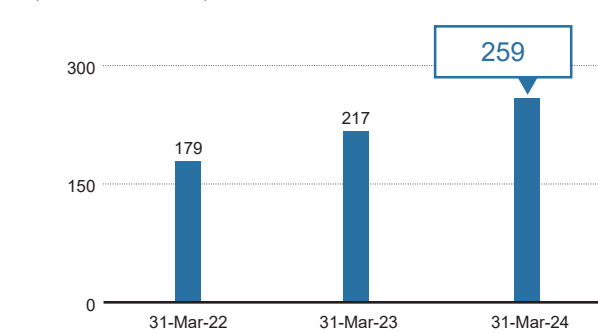
Number of employees qualified as 1st grade Financial Planner/Certified Financial Planner (persons)



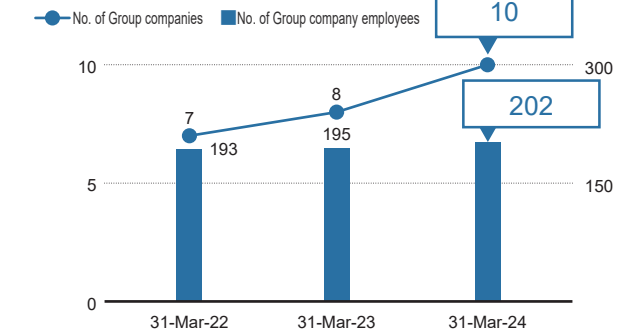
Number of employees qualified as Small and Medium-size Enterprise Management Consultants (persons)



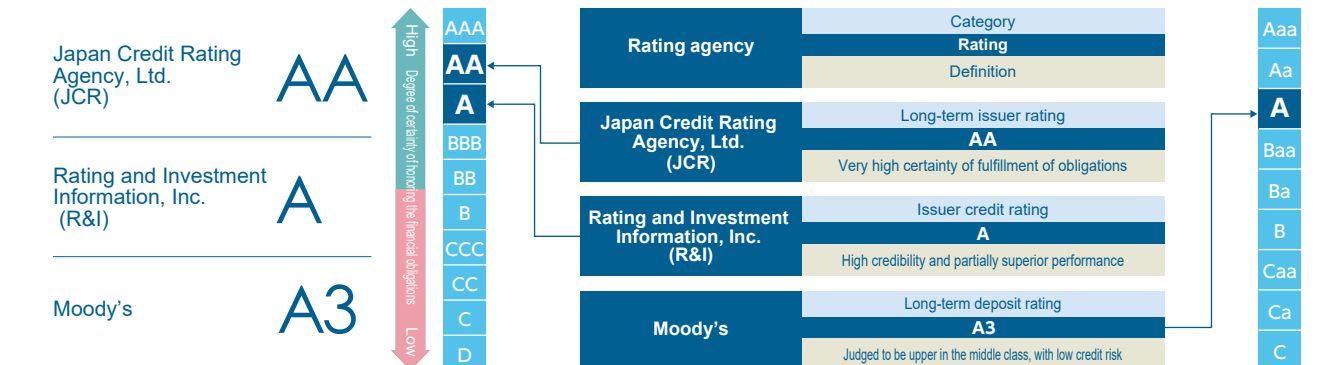
No. of dispatched trainees, etc. (persons) (cumulative from 2012)



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



Rating information



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

Message from Director Responsible for Finance

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

Managing Director
Takashi Kuroda



Financial Performance Summary

Record-high profits for three consecutive terms

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

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

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

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

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

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

The 77 Bank Group's Value Enhancement

Revising financial targets and setting ROE target

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

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

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

Progress in financial targets

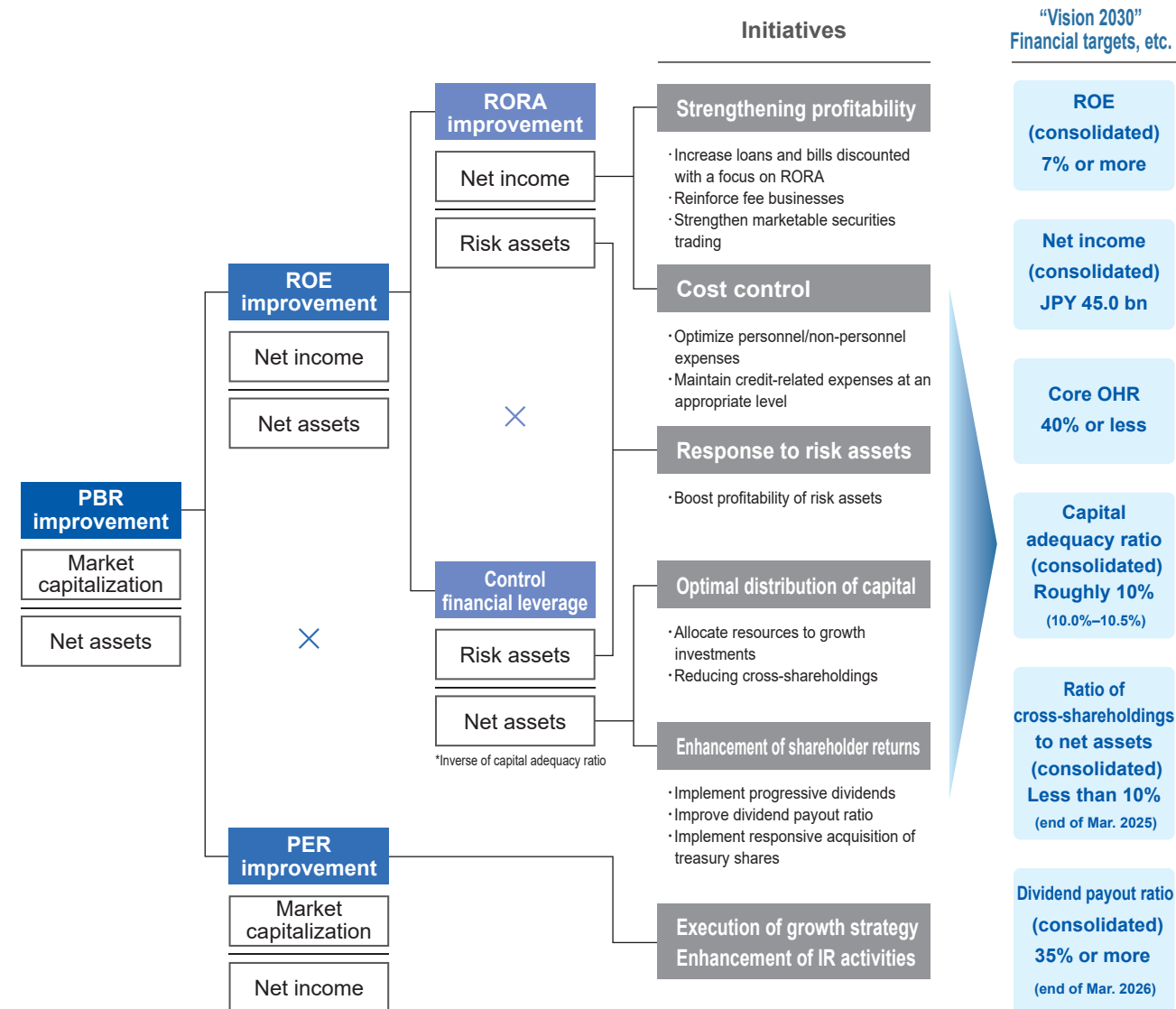
	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast	FY2030 Vision
Net income (consolidated)	JPY 22.2 bn	JPY 25.1 bn	JPY 29.8 bn	JPY 33.0 bn	JPY 45.0 bn
ROE (consolidated)	4.33%	4.92%	5.38%	5.44%	7% or more
Capital adequacy ratio (consolidated)	10.27%	11.23%	11.15%	10.50%	Roughly 10% (10.0%–10.5%)
Core OHR	58.22%	56.55%	52.18%	49.05%	40% or less

Improving returns on capital

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

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

► Approach to improving PBR

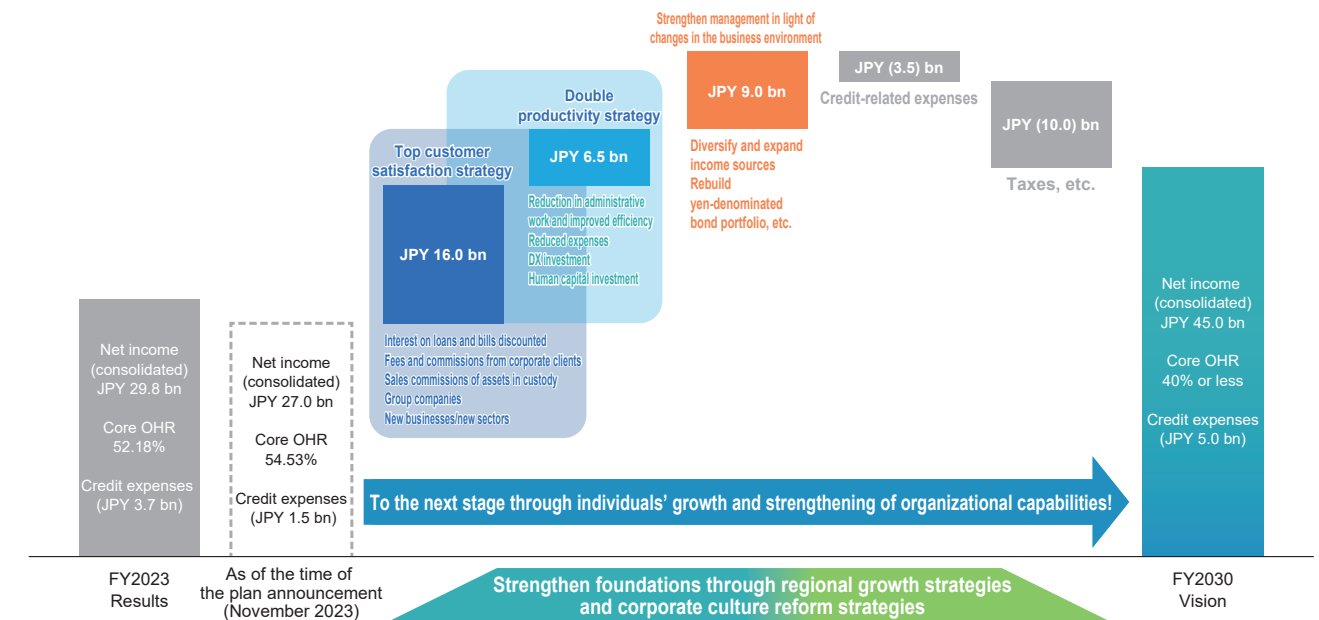


Enhancement of profitability

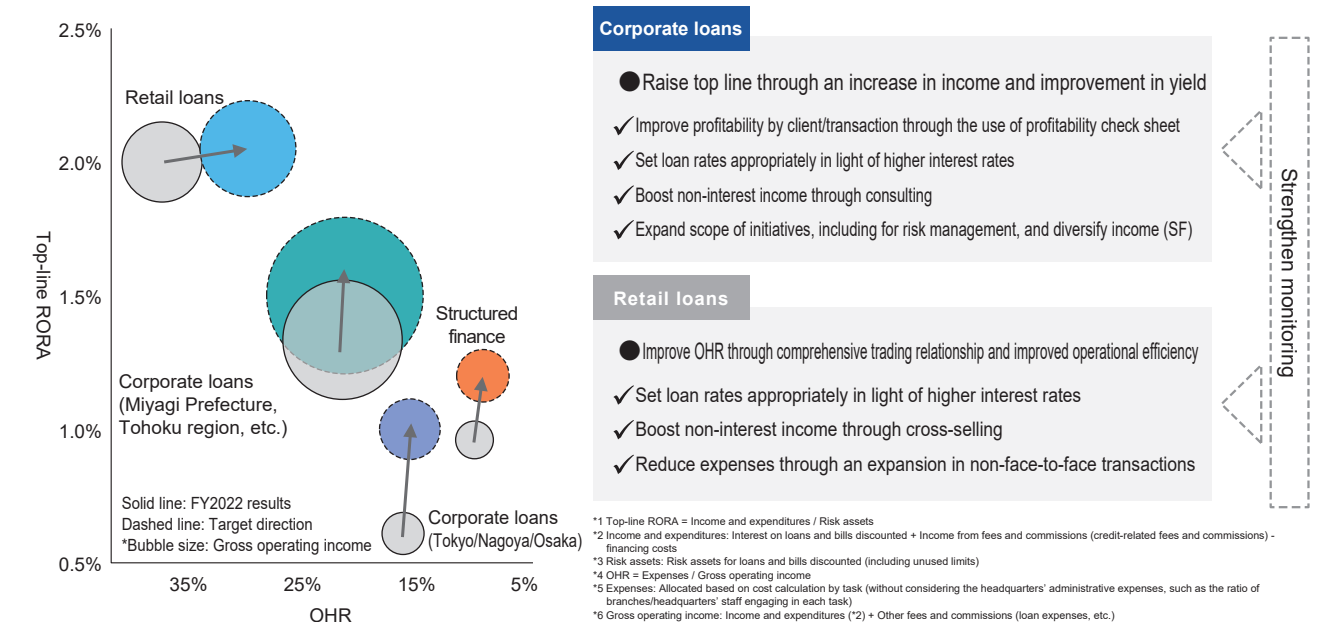
Through the steady implementation of the strategies in "Vision 2030," we will aim to improve net income. Specifically, through consulting sales we are aiming to increase loans and bills discounted and improve yield. Moreover, we will also work to improve top-line growth by increasing fees and commissions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

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

► Approach to increasing net income (consolidated)



► Course of action for top-line RORA and OHR

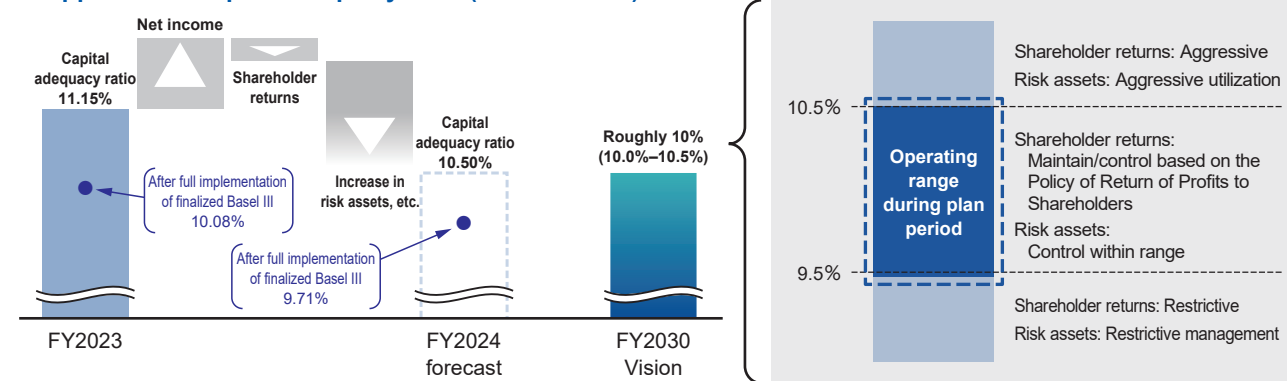


Preservation of soundness

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

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

► Approach to capital adequacy ratio (consolidated)



Enhancing shareholder returns

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

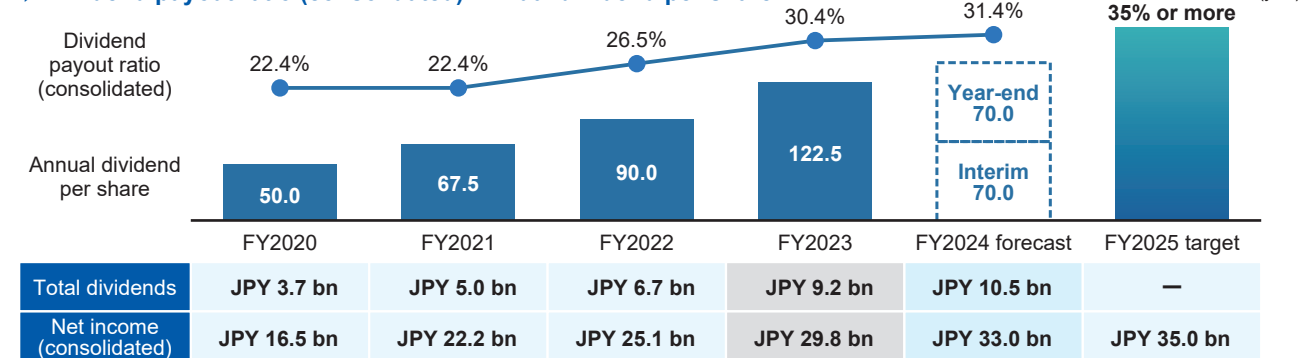
yen per share and achieved our target with a payout ratio of 30.4%.

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

Policy of Return of Profits to Shareholders

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

► Dividend payout ratio (consolidated)/Annual dividend per share



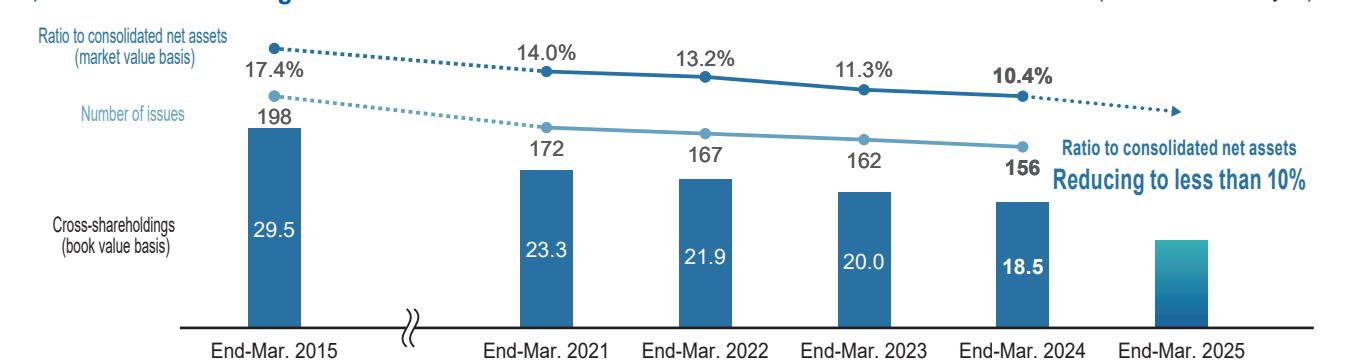
Reducing cross-shareholdings

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

improvement of corporate value.

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

► Cross-shareholdings trend



Enhancement of IR activities

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

individual meetings by a responsible Director.

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

► Implementation status of dialogue with shareholders (FY2023)

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

► Policy on constructive dialogue with shareholders



► Approach to disclosures

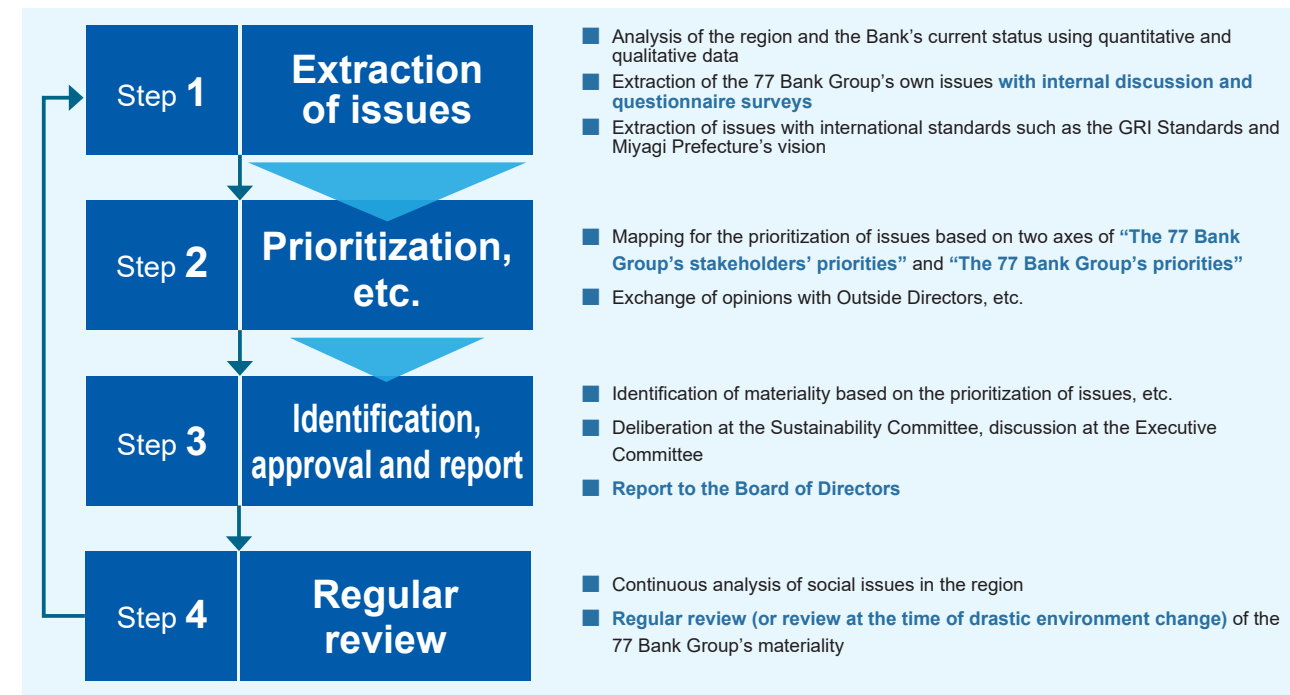


Sustainability Promotion

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

Process to identify materiality (important issues)

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



Governance structure

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

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



Sustainability Committee discussions and reports

Formulation of the SDGs Action Plan

Reports on progress, discussions on key measures

Response to TCFD recommendations

Reports on Scope 3 emissions calculations, discussions on nature of disclosure

Reinforcement of support for clients' decarbonization initiatives

Discussions on strengthening human resource development and client engagement measures

Strengthening of respect for human rights

Discussions on the formulation of a human rights policy and the creation of a monitoring system

Enhancement of sustainability-related information disclosure

Reports on initiatives related to climate change and biodiversity and related information disclosure

The 77 Bank Group's materiality and SDGs declaration

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



KPI by FY2030

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

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

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

Basic approach to sustainability



Framework of Sustainability Management

Outlook based on current circumstances

The 77 Bank Group's materiality-based management strategies

The 77 Bank Group mission

Social issues

Market contraction

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

Social diversification

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

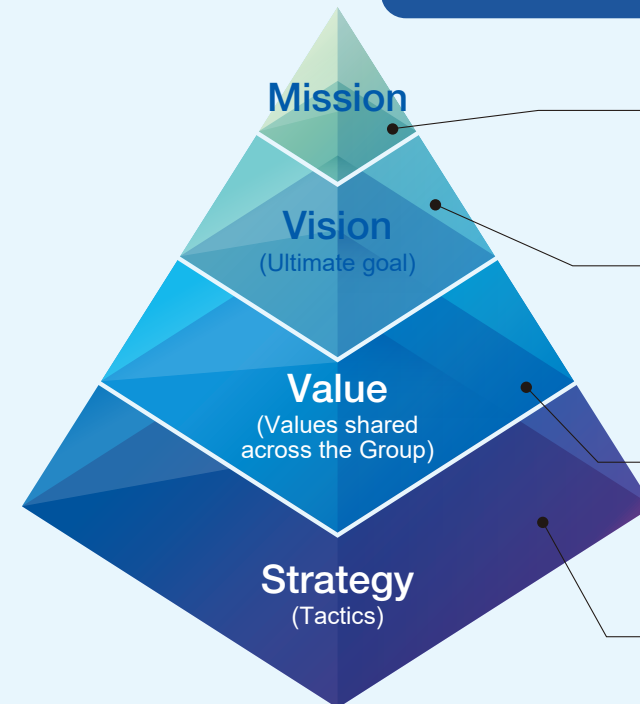
Response to disasters, etc.

- Disasters, COVID-19
- Climate change

The 77 Bank Group's challenges

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

The 77 Bank Group's management strategy



Bank Creed

Vision 2030 (10-year period)

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

Short-term Management Plan

SDGs implementation plan

Sources of value creation to support management strategies

Human capital

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

Intellectual capital

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

Financial capital

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

Social capital

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

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

Strong corporate governance structure

Increase corporate value

Returns to stakeholders

Local communities

Create abundant local communities

Companies

Increase corporate value

Individuals

Increase happiness

Shareholders

Offer growth and returns together with the 77 Bank Group

Employees

Offer work styles based on diverse values

Major Opportunities and Risks/Major Initiatives Concerning Materiality

Stakeholders				Top Customer Satisfaction Strategy	Double Productivity Strategy	Regional Growth Strategy	
Customers		Local communities	Shareholders	Employees	Corporate Culture Reform Strategy	Sustainability	Governance
Companies	Individuals						
		</					