

Governance Structure

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

Directors



Chairman

Teruhiko Ujiie

Apr. 1969 Joined The Industrial Bank of Japan, Limited
Aug. 1992 Associate Director-General, Related Business Department, The Industrial Bank of Japan, Limited
Jun. 1993 Director and General Manager, Business Development Div., the Bank
Jun. 1995 Director and General Manager, Business Promotion Div., the Bank
Jun. 1997 Director and General Manager, Head Office Business Div., the Bank
Jun. 1998 Managing Director and General Manager, Head Office Business Div., the Bank

Jun. 1999 Managing Director and General Manager, Investigation Div., the Bank
Mar. 2000 Managing Director, the Bank
Jun. 2002 Senior Managing Director, the Bank
Jun. 2005 Representative Director and Deputy President, the Bank
Jun. 2010 Representative Director and President, the Bank
Jun. 2018 Representative Director and Chairman, the Bank (current position)



President

Hidefumi Kobayashi

Apr. 1981 Joined the Bank
Jun. 2006 General Manager, Treasury Div., the Bank
Jun. 2008 General Manager, General Planning & Coordination Div., the Bank
Jun. 2010 Director and General Manager, General Planning & Coordination Div., the Bank
Jun. 2013 Director and General Manager, Head Office Business Div., the Bank
Jun. 2014 Managing Director and General Manager, Head Office Business Div., the Bank

Jun. 2015 Managing Director, the Bank
May. 2016 Managing Director, the Bank, General Manager, Ishinomaki Branch and Minato Branch
Jun. 2016 Managing Director, the Bank
Jun. 2017 Representative Director and Deputy President, the Bank
Jun. 2018 Representative Director and President, the Bank (current position)



Senior Managing Director

Hiroshi Kobayashi

Apr. 1991 Joined the Bank
Jun. 2012 General Manager, Kitahama Branch, the Bank
Sep. 2014 General Manager, Morioka Branch, the Bank
Jun. 2017 General Manager, Kencho Branch, the Bank
Jun. 2018 General Manager, Regional Development Promotion Div., the Bank

Jun. 2019 General Manager, General Planning & Coordination Div., the Bank
Jun. 2021 Executive Officer and General Manager, General Planning & Coordination Div., the Bank
Jun. 2023 Managing Director, the Bank
Jun. 2024 Representative Director and Senior Managing Director, the Bank (current position)



Managing Director

Shuichi Ibuka

Apr. 1989 Joined the Bank
Sep. 2013 General Manager, Sendai Haranomachi Branch, the Bank
Jun. 2016 General Manager, Treasury Administration & International Div., the Bank
Jun. 2019 Executive Officer and General Manager, Ishinomaki Branch and Minato Branch, the Bank
Feb. 2020 Executive Officer and General Manager, Ishinomaki Branch, the Bank

Jan. 2021 Executive Officer and General Manager, Ishinomaki Branch and Kokucho Branch, the Bank
Jun. 2021 Senior Executive Officer and General Manager, Ishinomaki Branch and Kokucho Branch, the Bank
Jun. 2022 Senior Executive Officer and General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank
Jun. 2023 Managing Director, the Bank (current position)



Managing Director

Yoshiyuki Odajima

Apr. 1992 Joined the Bank
Sep. 2014 General Manager, Higashi Sendai Branch, the Bank
Mar. 2016 General Manager, Yoshioka Branch, the Bank
Mar. 2018 General Manager, Taira Branch, the Bank

Mar. 2020 General Manager, Nakakecho Branch and Sendai Ekimae Branch, the Bank
Jun. 2022 Executive Officer and General Manager, Business Promotion Div., the Bank
Jun. 2024 Managing Director, the Bank (current position)



Managing Director

Takashi Kuroda

Apr. 1990 Joined the Bank
Jun. 2014 General Manager, Higashi Oroschimachi Branch, the Bank
Jun. 2016 General Manager, Izumi Branch, the Bank
Jun. 2018 General Manager, Furukawa Branch, the Bank
Jun. 2019 General Manager, Consulting Promotion Div., the Bank

Jun. 2020 Executive Officer and General Manager, Consulting Promotion Div., the Bank
Jun. 2021 Executive Officer and General Manager, Personnel Div., the Bank
Jun. 2022 Senior Executive Officer and General Manager, Personnel Div., the Bank
Jun. 2023 Managing Director, the Bank (current position)



Managing Director

Kazuhiro Aoki

Apr. 1992 Joined the Bank
Sep. 2014 General Manager, Kitahama Branch, the Bank
Jan. 2017 General Manager, Head Office Business Div., 77 Securities Co., Ltd.
Jun. 2019 General Manager, Treasury Administration & International Div., the Bank

Jun. 2021 General Manager, Treasury Div., the Bank
Jun. 2022 Executive Officer and General Manager, Treasury Div., the Bank
Jun. 2024 Managing Director, the Bank (current position)



Outside Director

Emiko Okuyama

Apr. 1975 Joined the Sendai City Government
Aug. 2009 Mayor, Sendai City
Jun. 2018 Director, the Bank (current position)



Outside Director

Shigenori Oyama

Apr. 1982 Joined Tohoku Kinzoku Kogyo Co., Ltd. (currently TOKIN Corporation)
Apr. 2007 Executive Officer and General Manager, EMC Business Div., TOKIN Corporation
Jun. 2010 Director and Executive Officer, TOKIN Corporation
Jun. 2011 Director and Managing Executive Officer, TOKIN Corporation
Feb. 2012 Representative Director and CEO, TOKIN Corporation

Apr. 2017 Executive vice president, KEMET Corporation
Jul. 2020 Special Advisor for the Board of Directors, TOKIN Corporation
Jul. 2021 President, TOKIN Foundation for Advancement of Science and Technology (current position)
Jun. 2022 Director, the Bank
Jun. 2023 Director, Hakuto Co., Ltd. (current position)



Director, Audit & Supervisory Committee Member

Masanori Muranushi

Apr. 1988 Joined the Bank
Mar. 2010 General Manager, Sendai Higashiguchi Branch, the Bank
Sep. 2011 General Manager, Sapporo Branch, the Bank
Jun. 2013 General Manager, Kencho Branch, the Bank
Jun. 2015 General Manager, Corporate & Retail Banking Div., the Bank
Apr. 2018 General Manager, Consulting Promotion Div., the Bank
Jun. 2018 Executive Officer and General Manager, Consulting Promotion Div., the Bank
Jun. 2019 Executive Officer and General Manager, Tokyo Branch, the Bank

Jun. 2020 Senior Executive Officer and General Manager, Tokyo Branch, the Bank
Jun. 2021 Senior Executive Officer and General Manager, Head Office Business Div. and Basho no Tsuji Branch, the Bank
Dec. 2021 Senior Executive Officer and General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank
Jun. 2022 Managing Director, the Bank
Jun. 2024 Director, Audit & Supervisory Committee Member, the Bank (current position)



Director, Audit & Supervisory Committee Member (Outside Director)

Yoko Ushio

May 2001 Senior Managing Director and General Manager, Fujisaki Comfortable Lifestyle Research Institute Co., Ltd.
May 2003 Director, Department Store Fujisaki Co., Ltd.
Jan. 2011 Advisory Fellow, Tohoku Regional Advancement Center
Apr. 2012 Fellow, Tohoku Regional Advancement Center

Apr. 2016 Auditor, Tohoku University (current position)
Jun. 2019 Director, Audit & Supervisory Committee Member, the Bank (current position)
Aug. 2020 Representative Director, K.K. Shinsei Sogo Jimusho (current position)



Director, Audit & Supervisory Committee Member (Outside Director)

Shinya Endo

Apr. 1979 Joined the Miyagi Prefectural Government
Apr. 2013 Director-General, Public Works Department, Miyagi Prefectural Government
Apr. 2017 Public Enterprise Manager, Public Enterprise Bureau, Miyagi Prefectural Government
Apr. 2019 Vice-Governor, Miyagi Prefectural Government
Jun. 2019 Chairperson, Miyagi International Business Promotional Association

Jul. 2020 Chairman, Sendai Port Trade Promotion Center Co., Ltd.
Jun. 2023 President, Miyagi Sport Association (current position)
Jun. 2023 President, Miyagi Organization For Industry Promotion (current position)
Jun. 2023 Director, Audit & Supervisory Committee Member, the Bank (current position)

Senior Executive Officers

General Manager, Audit & Inspection Division **Kazuhito Chida**
General Manager, Ishinomaki Branch, Kokucho Branch, and Shinnakazato Branch **Kuniaki Endo**
General Manager, Operations Management Division **Hiroshi Kitazono**
General Manager, Oroschimachi Branch **Kentaro Motai**
General Manager, Tokyo Branch **Hideki Endo**



Outside Director

Seiichi Ohtaki

Oct. 1987 Assistant Professor, Faculty of Economics, Tohoku University
Apr. 1992 Professor, Faculty of Economics, Tohoku University
Apr. 1999 Professor, Graduate School of Economics and Management, Tohoku University
Apr. 2011 Dean Graduate School of Economics and Management / Faculty of Economics, Tohoku University

Jul. 2014 President, The Sanaburi Foundation (current position)
Jun. 2016 Auditor, Yurtec Corporation
Nov. 2016 President, Organization for Creating LocalGood (current position)
Apr. 2018 Vice-President, Shizenkan University (current position)
Jun. 2020 Director, the Bank (current position)



Outside Director

Kazuo Fukuda

Apr. 1981 Joined the Bank of Japan
May 2003 General Manager, Maebashi Branch, the Bank of Japan
Dec. 2005 Associate Director-General, Financial Systems and Bank Examination Department, the Bank of Japan
Jun. 2007 Associate Director-General, Institute for Monetary and Economic Studies, the Bank of Japan
Jul. 2008 General Manager, Sendai Branch, the Bank of Japan

May 2012 Director-General, Administration Department, the Bank of Japan
Jun. 2013 Audit & Supervisory Board Member, The Chiba Bank, Ltd.
Jun. 2017 Senior Executive Officer, Osaka Exchange, Inc.
Apr. 2018 Director and Senior Executive Officer, Osaka Exchange, Inc.
Apr. 2019 Managing Governor, Japan Exchange Regulation
Jun. 2023 Director, the Bank (current position)



Director, Audit & Supervisory Committee Member (Outside Director)

Masai Yamaura

Oct. 1973 Joined the Sendai City Government
Sep. 2005 Vice Mayor, Sendai City
Apr. 2006 Chief Director, Sendai Green Association
Jun. 2007 President and Representative Director, Sendai Software Center Co., Ltd.
Jun. 2008 Auditor, Sendai Meat Wholesale Market Co., Ltd.

Apr. 2014 Chairman, Sendai Council of Social Welfare (current position)
Jun. 2015 Audit & Supervisory Board Member, the Bank
Jun. 2017 Director, Audit & Supervisory Committee Member, the Bank (current position)



Director, Audit & Supervisory Committee Member (Outside Director)

Naoto Miura

Apr. 1978 Joined Tohoku Electric Power Co., Inc.
Jun. 2012 Executive Officer and General Manager, Distribution Engineering Dept. & Deputy General Manager, Customer Services Div., Tohoku Electric Power Co., Inc.
Jun. 2015 Managing Director and Deputy General Manager, Power Network Div., Tohoku Electric Power Co., Inc.
Jun. 2015 Director, Tohoku Intelligent Telecommunication Co., Inc. (currently TOHKNet Co., Inc.)

Jun. 2018 President and Representative Director, Tohoku Intelligent Telecommunication Co., Inc. (currently TOHKNet Co., Inc.)
Apr. 2021 Chairman and Representative Director, Tohoku Intelligent Telecommunication Co., Inc. (currently TOHKNet Co., Inc.)
Jun. 2023 Chairman, Tohoku Productivity Center (current position)
Jun. 2023 Director, Audit & Supervisory Committee Member, the Bank (current position)

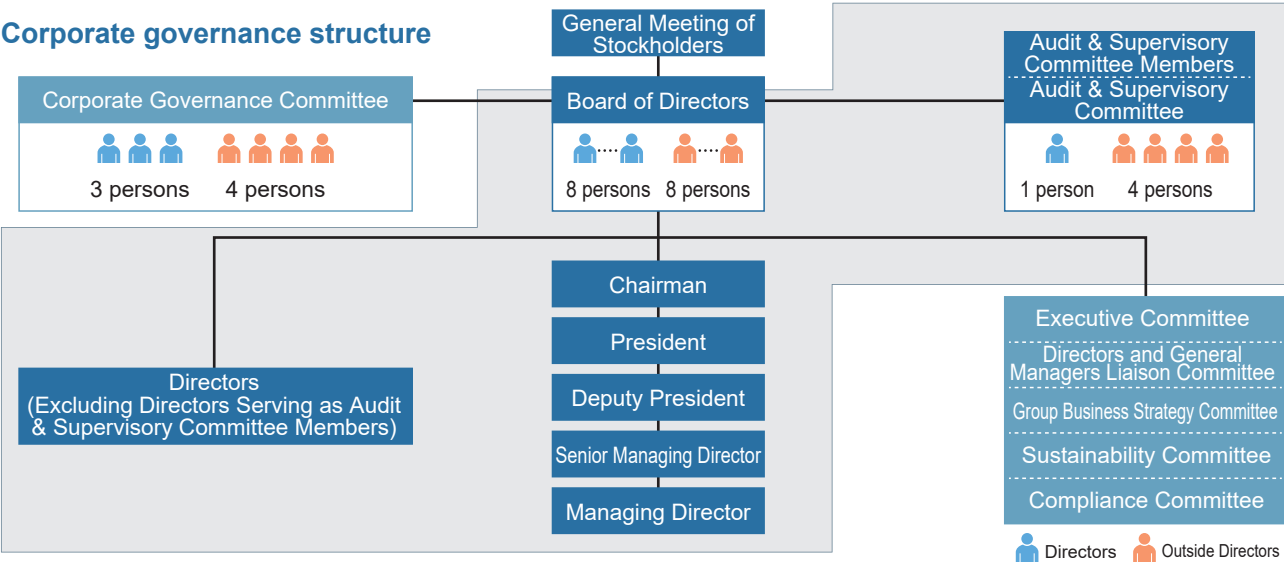
Executive Officers

Special assignment (DX related) **Masahide Kato**
General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank **Takeshi Kawaguchi**
General Manager, Personnel Division **Takashi Watanabe**
Special assignment (International Business) **Keiichiro Irie**
General Manager, Compliance Management Div. **Yusuke Shikado**
General Manager, General Planning & Coordination Div. **Shigeru Tanabe**
General Manager, Business Promotion Division **Takayuki Kaneda**

Basic stance toward corporate governance

・In accordance with the Bank Creed, which is our basic principle of management, we will operate business that give constant consideration to the public mission of a regional bank — contributing to the development of the regional economy and society — through banking operations.
・We will improve the transparency of management and the appropriateness of processes and work together appropriately with stakeholders including the regional society, clients, and shareholders for the Bank’s sustained growth and improvements in corporate value over the medium- to long-term.

Corporate governance structure



Main members by organization

Title	Name	Board of Directors	Executive Committee	Corporate Governance Committee	Audit & Supervisory Committee	Group Business Strategy Committee	Sustainability Committee	Compliance Committee
(Representative Director) Chairman	Teruhiko Ujiie	○(Chairperson)	○	○				
(Representative Director) President	Hidefumi Kobayashi	○	○(Chairperson)	○		○(Chairperson)	○(Chairperson)	○(Chairperson)
(Representative Director) Senior Managing Director	Hiroshi Kobayashi	○	○	○		○	○	○
Managing Director	Shuichi Ibuka	○	○			○	○	○
Managing Director	Takashi Kuroda	○	○			○	○	○
Managing Director	Yoshiyuki Odajima	○	○			○	○	○
Managing Director	Kazuhiro Aoki	○	○			○	○	○
Director	Emiko Okuyama	○		○(Chairperson)				
Director	Seiichi Ohtaki	○		○				
Director	Shigenori Oyama	○		○				
Director	Kazuo Fukuda	○		○				
Director, Audit & Supervisory Committee Member	Masanori Muranushi	○	△ ³		○(Chairperson)	△ ³	△ ³	△ ³
Director, Audit & Supervisory Committee Member	Masai Yamaura	○			○			
Director, Audit & Supervisory Committee Member	Yoko Ushio	○			○			
Director, Audit & Supervisory Committee Member	Naoto Miura	○			○			
Director, Audit & Supervisory Committee Member	Shinya Endo	○			○			
Other members			General Manager of General Planning & Coordination Division			General Manager, General Planning & Coordination Division General Manager, Digital Strategy Division General Manager, Compliance Management Div. General Manager, Risk Management Div. General Manager, Business Promotion Div. General Manager, Regional Development Promotion Div. General Manager, Personnel Div. General Manager, Audit & Inspection Div.	General Manager, General Planning & Coordination Div. General Manager, General Management Div. General Manager, Business Promotion Div. General Manager, Consulting Promotion Div. General Manager, Regional Development Promotion Div. General Manager, Personnel Div. General Manager, General Affairs Div.	General Manager, General Planning & Coordination Div. General Manager, Compliance Management Div. General Manager, Operations Management Div. General Manager, Audit & Inspection Div.

*1 A Deputy President has not been appointed.
*2 Directors Emiko Okuyama, Seiichi Ohtaki, Shigenori Oyama, Kazuo Fukuda, Masai Yamaura, Yoko Ushio, Naoto Miura and Shinya Endo are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act.
*3 Standing Directors who are Audit & Supervisory Committee Members attend the Executive Committee, Group Business Strategy Committee, Sustainability Committee, and Compliance Committee, and state their opinions as necessary.
*4 The Chairperson of the Audit & Supervisory Committee observes the Corporate Governance Committee.
*5 Group company presidents attend Group Business Strategy Committee meetings.

Director skill matrix

The Board of Directors of the Bank has identified skills and other qualities each of Directors shall possess, which are necessary for the Bank to pursue sustainable growth and enhancement in corporate value over a medium to long term, as well as to achieve its “target form” set in “Vision 2030.” With In-house Directors who are well-versed in the banking operation and several Outside Directors with a wealth of experience and wide-ranging knowledge outside the Bank, the Board of Directors is in a balanced and diverse composition of knowledge, experience, and abilities as a whole.

		Inside	Outside	Management strategy / Corporate management / Sustainability	Compliance / Risk management	Sales / Regional revitalization	International / Market investment	DX	Human resources development
Directors not serving as Audit & Supervisory Committee Members	Teruhiko Ujiie	○		◎	●	●	●		●
	Hidefumi Kobayashi	○		◎	●	●	●	●	●
	Hiroshi Kobayashi	○		●	◎	●	●		◎
	Shuichi Ibuka	○				◎	●	●	
	Takashi Kuroda	○		●		◎	●	●	●
	Yoshiyuki Odajima	○			●	●		◎	
	Kazuhiro Aoki	○				●	◎		
	Emiko Okuyama		○			◎			●
	Seiichi Ohtaki		○	◎		●			
	Shigenori Oyama		○	◎			●	●	
Directors serving as Audit & Supervisory Committee Members	Kazuo Fukuda		○	◎	●		●		
	Masanori Muranushi	○		●	●	●	●	●	
	Masai Yamaura		○	●	●	●			
	Yoko Ushio		○	●					●
	Naoto Miura		○	●				●	
	Shinya Endo		○	●		●			

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

Reasons for the election as Outside Director

Name	Reasons for the election	Attendance at meetings in FY2023
Emiko Okuyama	As Ms. Emiko Okuyama has a wealth of experience and wide-ranging knowledge gained through her career as an administrative executive, such as Mayor of Sendai City, involved in local administration for many years, the Bank selected her as an Outside Director, believing that she is suitable for the position. After her election, she is expected to provide advice and supervision, especially on regional revitalization and contribution, for the Bank.	Board of Directors 14/14 times Corporate Governance Committee 5/5 times
Seiichi Ohtaki	As Mr. Seiichi Ohtaki has a wealth of experience gained through his involvement in university education for many years and advanced specialized knowledge about economics and management, the Bank selected him as an Outside Director, believing that he is suitable for the position. After his election, especially as an expert of regional economies and management, he is expected to provide advice and supervision for the Bank.	Board of Directors 14/14 times Corporate Governance Committee 5/5 times
Shigenori Oyama	As Mr. Shigenori Oyama has a wealth of experience and international wide-ranging knowledge gained through his career as a corporate manager of a global manufacturing company, the Bank selected him as an Outside Director, believing that he is suitable for the position. After his election, he is expected to provide advice and supervision, especially on corporate management and regional revitalization, for the Bank.	Board of Directors 14/14 times Corporate Governance Committee 5/5 times
Kazuo Fukuda	As Mr. Kazuo Fukuda has a wealth of experience and wide-ranging knowledge about financial markets and financial systems gained through his career in important positions at the Bank of Japan, the Bank selected him as an Outside Director, believing that he is suitable for the position. After his election, he is expected to provide advice and supervision, especially on risk management and market operation based on monetary policy, as well as management strategy and corporate management, for the Bank.	Board of Directors 12/12 times Corporate Governance Committee 3/3 times
Masai Yamaura	Mr. Masai Yamaura has a wealth of experience and wide-ranging knowledge gained through his involvement in local administration for many years as well as a successful track record of being engaged in corporate management. The Bank believes that he has knowledge and experience that enable him to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected him as a Director serving as an Audit & Supervisory Committee Member. He is expected to provide advice, especially on regional revitalization and contribution and corporate management, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 14/14 times Audit & Supervisory Committee 20/20 times
Yoko Ushio	Ms. Yoko Ushio has a successful track record of involvement in corporate management as well as practical experience as an Auditor of a national university corporation. The Bank believes that she has knowledge and experience that enable her to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected her as a Director serving as an Audit & Supervisory Committee Member. She is expected to provide advice, especially on corporate management, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 13/14 times Audit & Supervisory Committee 18/20 times
Naoto Miura	Mr. Naoto Miura has a successful track record gained through his service as a Director and involvement in corporate management of a listed utility company. The Bank believes that he has knowledge and experience that enable him to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected him as a Director serving as an Audit & Supervisory Committee Member. He is expected to provide advice, especially on corporate management, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 12/12 times Audit & Supervisory Committee 15/15 times
Shinya Endo	Mr. Shinya Endo has a wealth of experience and wide-ranging knowledge gained through his involvement in local administration for many years as well as a successful track record of being engaged in corporate management. The Bank believes that he has knowledge and experience that enable him to precisely, fairly and efficiently audit the performance of duties by Directors of the Bank, as well as sufficient social credibility, and thus selected him as a Director serving as an Audit & Supervisory Committee Member. He is expected to provide advice, especially on corporate management and regional revitalization, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 12/12 times Audit & Supervisory Committee 15/15 times

Message from Outside Director

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

Outside Director

Kazuo Fukuda



▼ Impression of the 77 Bank

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

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

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

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

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

▼ The Roles of Outside Directors

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

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

▼ Improving the Effectiveness of the Board of Directors

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

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

▼ The Growth of the 77 Bank Group

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

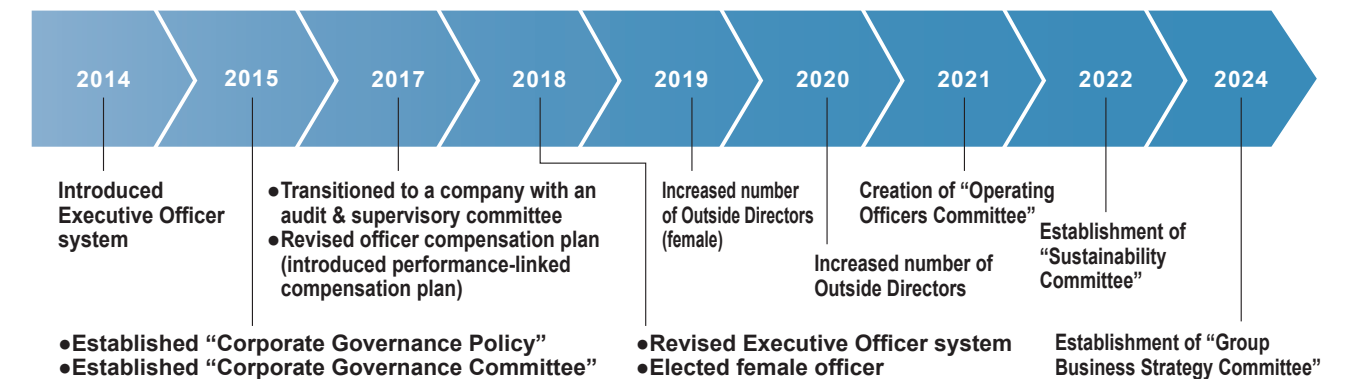
watch on the effectiveness of this management framework. Moreover, to ensure that the smooth execution of the various measures in “Vision 2030” leads to thorough enhancement of the Group’s corporate value, I will continue to monitor the situation as necessary.

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



Enhancement of Governance

Steps to strengthen governance



Evaluating the effectiveness of the board of directors

The Bank’s “Corporate Governance Policy” stipulates that the effectiveness of the Board of Directors as a whole is analyzed and evaluated at the end of each fiscal year, a summary of the results is disclosed and any necessary improvement is made.

■ Evaluation method

A questionnaire survey was conducted for Directors, and the effectiveness was evaluated quantitatively and qualitatively. Overall evaluations based on questionnaire results and issues uncovered through the questionnaire are resolved by the Board of Directors following discussions by the Corporate Governance Committee.

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

Overall evaluation

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

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

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

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

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

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

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

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

Issues uncovered from the questionnaire

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

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

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

Activity status of the Board of Directors

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

■Agenda of the Board of Directors

▶Revision of financial targets in “Vision 2030”

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

▶Revision of Policy of Return of Profits to Shareholders

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

▶Establishment of a subsidiary

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

▶Establishment of the Group Business Strategy Committee

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

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

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

Activity status of the Corporate Governance Committee

The Bank established the Corporate Governance Committee as a voluntary advisory body of the Board of Directors to improve the transparency of the management and appropriateness of processes and enhance the corporate control function. The Corporate Governance Committee meeting was held as required, and was arranged five times in FY2023.

■Agenda of the Corporate Governance Committee

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

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

▶Allocation of compensation, etc. to Directors

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

▶Commission of Advisors

▶Election of Chairperson and Vice Chairperson of Corporate Governance Committee

▶Results of the handling of issues related to “analysis and evaluation of the effectiveness of the Board of Directors as a whole”

▶Exchange of opinions on overall management

Status of audits by the Audit & Supervisory Committee

The Audit & Supervisory Committee comprises five Directors serving as Audit & Supervisory Committee Members (of which four are Outside Directors), and is responsible for auditing Directors' execution of duties and monitoring the supervisory function of the Board of Directors. The Bank has appointed one Standing Audit & Supervisory Committee Member. The Standing Audit & Supervisory Committee Member attends important meetings other than those of Board of Director meetings, collaborates with the internal audit department, etc., and receives regular reports from the execution department. By sharing this information with all Audit & Supervisory Committee Members, the Standing Audit & Supervisory Committee Member is working to enhance the effectiveness of the Audit & Supervisory Committee's audits and supervision.

Activities of the Audit & Supervisory Committee

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

■Agenda of the Audit & Supervisory Committee

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

▶Basic audit policy and audit plan

▶Evaluation of accounting auditor and reappointment/non-reappointment

▶Agreement on accounting auditor compensation, etc.

■Audit method

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

Policy on training, etc. for Directors

The Bank encourages Directors to make efforts to acquire, update, and otherwise hone the knowledge necessary to fulfill their roles, and provides training opportunities and support for the necessary expenses.

■Content of specific initiatives

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

▶Conventional measures to provide information

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

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

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

▶New measures to provide information

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

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

Officer compensation

■Policy for the determination of officer compensation amounts or calculation methods

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

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

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

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

Compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors) comprises basic compensation, which is regular fixed compensation, performance-linked compensation, which is linked to net income as an incentive to improve performance over the medium to long term and to enhance corporate value, and share-based compensation, which is linked to share value. The composition of overall compensation is approximately 60% basic compensation, 15% performance-linked compensation, and 25% share-based compensation. To reinforce management supervisory functions, compensation for Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members) does not include performance-linked compensation and solely comprises basic compensation as regular fixed compensation.

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

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

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

- Basic compensation
Basic compensation is paid as monthly compensation.
- Performance-linked compensation
Performance-linked compensation is as below and paid once per year.
Net income in the current fiscal year was 28.8 billion yen.

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

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

Net income (non-consolidated)	Months of payment for performance-linked compensation
More than 30.0 billion yen	5.0 months
More than 25.0 billion yen to 30.0 billion yen	4.5 months
More than 20.0 billion yen to 25.0 billion yen	4.0 months
More than 15.0 billion yen to 20.0 billion yen	3.5 months
More than 10.0 billion yen to 15.0 billion yen	3.0 months
More than 5.0 billion yen to 10.0 billion yen	2.0 months
5.0 billion yen or less	0.0 months

(Payment formula)
Performance-linked compensation payment amount = Monthly compensation (directors' monthly salary) x Months of payment for performance-linked compensation

(Upper limit for performance-linked compensation)
90 million yen

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

Share-based compensation comprises a performance-linked portion that is linked to the level of achievement of management plans in each fiscal year (the Bank’ shares equivalent to [Base amount depending on rank x Months of payment for performance-linked compensation (between 0.0–1.6 months depending on level of performance)]) and a non-performance-linked portion depending on rank at the end of each fiscal year (the Bank’ shares equivalent to [Base amount depending on rank]). In principle, share-based compensation is paid upon the Executive Director’s retirement.

For the performance-linked portion, targets and target values in line with the Bank’s management plans, etc. are selected at a Board of Directors meeting held at the beginning of the fiscal year subject to evaluation, and the amount fluctuates depending on the level of achievement. The shares issued by the Bank are calculated using the average acquisition price of the Bank’s shares through a trust.

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

〈FY2023 targets〉

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

〈FY2024 targets〉 ☐ denotes changes over previous year

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

*DX promotion items (Non-face-to-face channels [corporate]) excluding sole proprietors.

■Total compensation amount by officer type, total amount of compensation by type, and no. of eligible officers

Current fiscal year (from April 1, 2023 to March 31, 2024)

Officer type	No. of officers	Total compensation amount (Millions of yen)	Basic compensation	Performance-linked compensation	Share-based compensation
Directors (excluding Directors serving as Audit & Supervisory Committee Members) (excluding Outside Directors)	9	357	193	74	90
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	2	28	28	—	—
Outside Directors	11	48	48	—	—

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

*2 The Bank has introduced the performance-linked share-based compensation plan through an officer compensation BIP trust. The amount of the above share-based compensation includes the amount recorded for share issuance points that have been granted in the current fiscal year based on the above plan.

■Total compensation amount by officer

Omitted as there are no officers whose total consolidated compensation amount is 100 million yen or more.

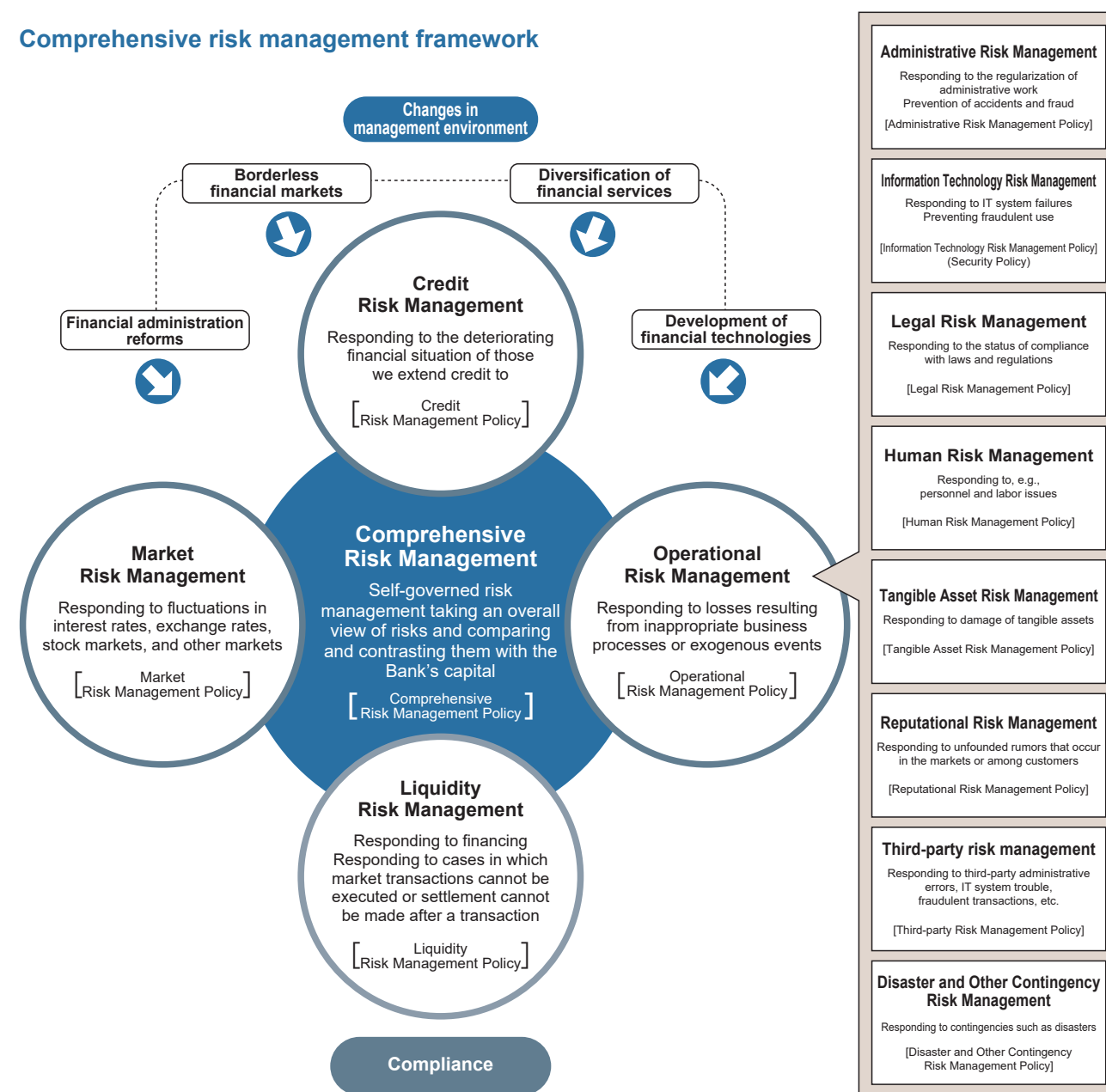
Strengthening Risk Management Systems

In recent years, the business environment surrounding financial institutions has changed significantly, and financial institutions are now exposed to an unprecedented variety of risks than ever before. In this situation, more than ever before, financial institutions are required to accurately ascertain and analyze risks and appropriately manage them.

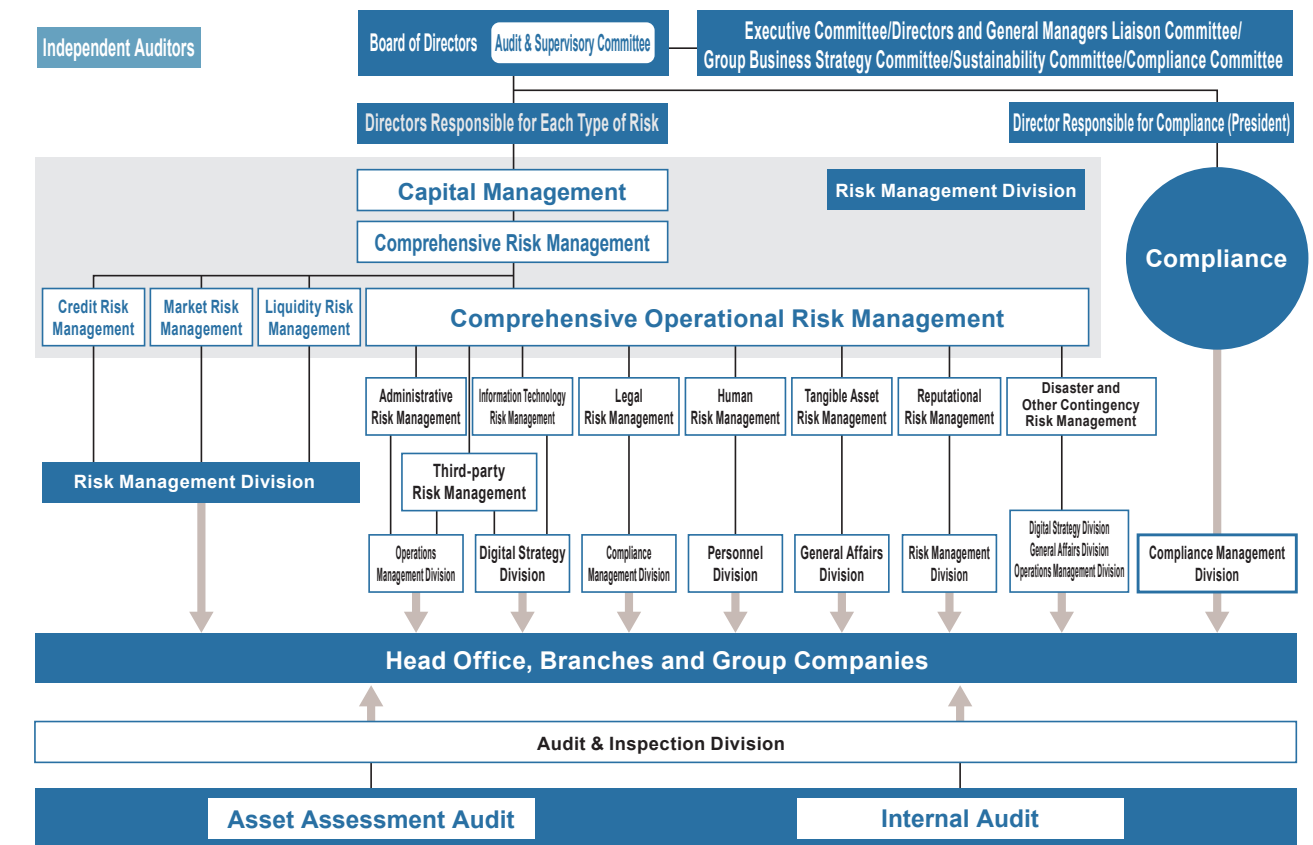
From the viewpoint of enhancing management soundness, the Bank has established a comprehensive risk management framework for self-governed risk management by taking an overall view of the risks it faces, evaluating each type of risk and comparing and contrasting it with its capital, as well as enhancing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

The specific framework for comprehensive risk management is “risk capital management.” “Risk capital management” is a management method in which risk capital budgets, which are allowances for each type of risk, are allocated to divisions (service divisions in Japan, the Treasury Division, etc.), and each division’s risk amount is monitored to ensure that it is within the amount allocated. In addition, risk capital management is also utilized to monitor whether expected returns commensurate with the risk taken are being secured.

Comprehensive risk management framework



Risk management structure



Response to cyberattacks

To respond to increasingly advanced and sophisticated cyberattacks, we have formulated the Cybersecurity Management Rules and are implementing multi-layered technological measures to prevent fraudulent access, prevent information leaks, and detect viruses.

We also implement organizational measures such as cyberattack response drills and exercises, and are striving for the continuous reinforcement of our ability to quickly respond to any cyberattacks that do occur.

Response to third-party risks

We have formulated the “Policies on Third-Party Risk Management” for appropriate risk management.

In particular, in the event that we work with services linked to customers’ accounts or personal data, such as in the cash of fund transfer business operators, we implement stricter risk management, based on the “Personal Data Management Standards,” etc., and manage risk on an ongoing basis during the period of the agreement, through such methods as regular monitoring of the safety, reliability, etc., of third parties.

We take every possible precaution to ensure that in the event of administrative issues, system faults, or other issues, the impact on both our customers and our operations is minimized, including securing alternative methods and formulating measures to respond in the event of emergency.

Creation of a business continuity structure for use during large-scale disasters

We have formulated the “Emergency Response Plan for Disasters, etc.” to clarify the basic principles of conduct in the event of a large-scale earthquake or other disaster, or emergencies such as system failures.

Through the “Emergency Response Plan for Disasters, etc.,” we have formulated a business continuity plan to ensure the continuation of the minimum operations required to maintain financial functions, or to ensure the quick restart/recovery of operations, in the event that the Bank suffers damage from an unforeseen disaster and is no longer able to continue with normal banking operations. In this way, we are working to improve our business continuity structure. Moreover, to confirm the effectiveness of the “Emergency Response Plan for Disasters, etc.,” we implement regular disaster drills and business continuity drills. In addition, in line with the damage we suffered from the Great East Japan Earthquake, we are conducting reviews to ensure even stronger disaster preparations to reinforce our crisis response capabilities.

Compliance Structure

The Bank formulated the Compliance Policies in order to clarify its stance on compliance and to ensure the effectiveness thereof. Further, as part of our endeavor to ensure thorough compliance, the Bank established the Compliance Guidelines (Compliance Standards) to articulate specific guidelines and a code of conduct so that the executives and employees place importance on compliance, thereby ensuring the lawful conduct of business.

Compliance Guidelines (Compliance Standards)

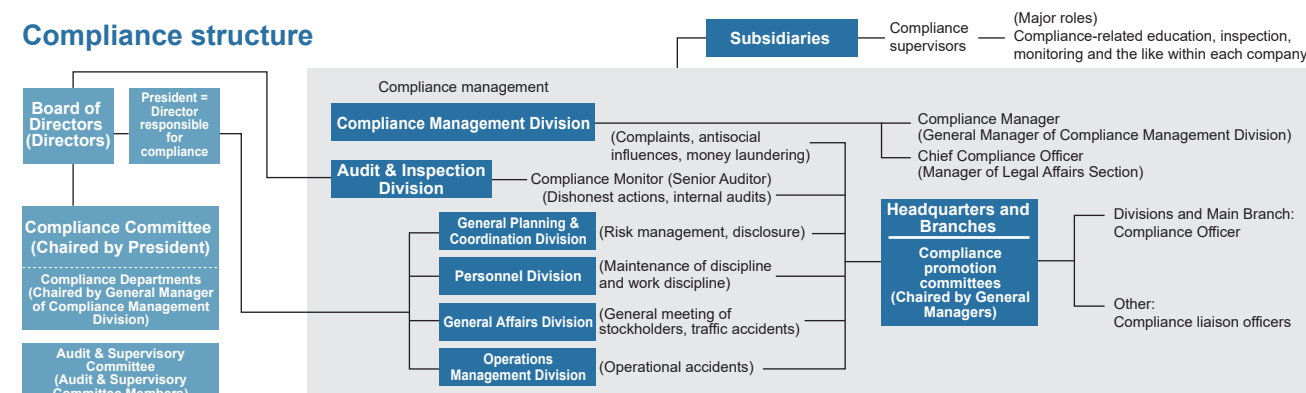
[Basic Direction]

- (1) Ensure sound management and pay the utmost attention to sustaining the Bank's credibility and its ability to maintain smooth financing.
- (2) Comply with laws and the code of corporate ethics and maintain fair and honest practices.
- (3) Take a principled stand with regard to issues that threaten social order or public peace.
- (4) Provide financial services that the region, customers, and society broadly trust and endeavor to achieve sustainable development together with them as a good corporate citizen.
- (5) Foster a flexible and constructive working environment conducive to the well-being of all employees.

[Code of Conduct]

- (1) We will comply with laws, ordinances, the Articles of Incorporation, the Rules of Employment, and internal rules of the Bank.
- (2) We will not force unfair transactions on our customers.
- (3) We will not divulge confidential information of our customers or the Bank, or material information that has not been made public.
- (4) We will not neglect to provide reports required by laws, ordinances, and internal rules of the Bank, or provide false reports.
- (5) We recognize the public nature and the large social responsibility of the Bank and will devote ourselves to our duties.
- (6) We will not follow instructions or orders given by an individual that go beyond or deviate from the authorities given to said individual.
- (7) We will not engage in such conduct as will undermine the credibility or honor of the Bank.
- (8) We will not do favors for our customers in violation of laws, ordinances, or internal rules of the Bank.
- (9) We will not seek to make unfair profits by taking advantage of our duties or position.
- (10) We will not borrow from or mediate for someone to borrow from our customers, other executives, or other employees without legitimate reason.
- (11) We will not engage in socially unacceptable entertaining or gift-giving.
- (12) We will make efforts to maintain order in the workplace.

Compliance structure



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

Internal reporting system

At the 77 Bank Group, we have set up the “77 Compliance Hotline” as a dedicated internal reporting contact point within and outside of the Bank to receive reports from individuals who have discovered legal violations such as misconduct, or actions that are strongly suspected of being violations, or from individuals who have committed the violations themselves.

The individual in charge of the internal reporting contact point is charged with receiving reports, conducting investigations, and implementing the required countermeasures. In addition, after collaborating with the departments in question, reports are provided to the Compliance Committee as needed.

Moreover, we are working to raise awareness of the internal reporting system, including the protection of informants, through the display of posters, the creation of manuals, and the hosting of training sessions.

Compliance with the “Bank’s Policy on the Prevention of Money Laundering”

At the 77 Bank, we recognize that the misuse of financial services through crimes such as money laundering presents a major risk to bank management. As such, positioning the prevention of money laundering as a key management challenge, we have formulated the “Bank’s Policy on the Prevention of Money Laundering” and have made it available on our website. Moreover, the Director in charge of the Compliance Management Division oversees the prevention of money laundering, and is responsible for overall response to the prevention of money laundering.

The Bank’s Policy on the Prevention of Money Laundering

The 77 Bank and its subsidiaries have formulated the “Bank’s Policy on the Prevention of Money Laundering” to prevent money laundering and the financing of terrorism (money laundering, etc.), and will ensure appropriate operations in line with the policy.

1. Compliance with related laws and regulations

We will comply with laws and regulations related to the prevention of money laundering, etc. and engage in appropriate and strict operations.

2. Implementation of organizational response

Under the leadership of management, all related departments will collaborate with one another to ensure organization-wide response.

3. Creation of a risk-response system

In line with shifts in management environments, such as changes in international situations or in sales areas, we will identify and assess risks in an appropriate and timely manner, and work to reduce said risks based on management systems suited to each risk.

4. Strict judgments for the start of each transaction

When receiving a transaction request from customers, we will ensure that risks associated with money laundering, etc., are strictly judged on each occasion.

5. Management of correspondent banking arrangements

We will regularly collect information on correspondent banking arrangements, assess the information as appropriate, and implement the required risk-response measures.

Moreover, we will not engage in transactions with fictitious banks with no actual operations.

6. Implementation of internal audits

We will implement regular internal audits, and take measures to further refine our systems after verifying the appropriateness of systems for managing the prevention of money laundering, etc.

7. Enhancement of training

We will provide appropriate education and training to ensure all officers and employees recognize the importance of preventing money laundering, etc., and to enhance their expertise and specialist knowledge.

Continuous customer management

Based on the “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism” created and published by the Financial Services Agency, we engage in initiatives to regularly verify customer information and transaction purposes for our existing customers. (Please see our website for more details)



Protection of information assets

Due to the nature of our operations as a financial institution, we hold a vast amount of important information that must be appropriately protected, such as information on customer transactions and customers’ personal information. To ensure the thorough protection of customers’ personal information, we have formulated and comply with the “Declaration on the Protection of Customers’ Personal Information,” which is available on our website.



Major Financial Data for 11 Years*1

◆Summary of the financial results

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

◆Summary of the Balance Sheet

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

◆Management indicators, etc.

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

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

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

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

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

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

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

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

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

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

	(Billions of yen)					
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	67.7	69.2	72.1	67.8	75.8	78.9
	69.6	65.9	68.5	70.5	72.3	78.6
	9.3	9.6	9.7	9.8	11.8	12.2
	(11.2)	(6.3)	(6.1)	(12.5)	(8.3)	(11.9)
	(8.2)	(2.8)	(2.5)	(12.8)	(8.8)	(6.9)
	52.8	52.8	53.2	50.2	49.3	48.5
	23.1	19.2	21.4	30.4	35.3	37.3
	23.3	22.0	24.6	22.7	30.5	34.4
	16.7	17.9	17.3	14.9	20.8	24.4
	(2.3)	2.3	7.3	7.6	4.6	1.2
	18.3	17.6	18.2	16.5	22.2	25.1

	(Billions of yen)					
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	8,701.5	8,610.3	8,751.9	9,817.9	10,666.0	10,179.5
	4,627.1	4,725.0	4,894.6	5,097.5	5,340.2	5,570.2
	1,751.5	1,825.4	1,915.2	2,009.5	2,173.9	2,335.3
	1,096.5	1,134.2	1,176.3	1,211.8	1,249.2	1,291.0
	3,126.0	2,964.9	2,913.4	3,116.0	3,131.8	3,056.2
	8,218.9	8,129.1	8,312.0	9,316.1	10,166.2	9,688.8
	7,964.3	7,891.8	7,888.5	8,551.7	8,846.4	8,910.6
	482.6	481.2	439.9	501.8	499.8	490.8
	357.0	371.9	384.8	396.1	413.0	431.6
	125.6	109.4	55.1	105.7	86.7	59.2

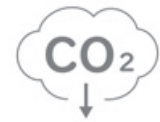
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	69.52%	73.28%	71.35%	62.27%	58.22%	56.55%
	3.82%	3.60%	3.89%	3.42%	4.33%	4.92%
	10.43%	10.38%	10.31%	10.39%	10.27%	11.23%
	6,613.28	6,582.31	6,057.30	6,947.19	6,944.03	6,818.61
	246.87	237.90	246.97	222.89	300.81	338.74
	27.00	47.50	50.00	50.00	67.50	90.00
	18.22%	19.96%	20.24%	22.43%	22.43%	26.56%

Non-financial Data/External Evaluations

ESG highlights

Environment

◆ CO₂ emissions



-49.8%
(compared to FY2013)

◆ Sustainable finance



JPY 676.9 bn
(cumulative from FY2021)

◆ Scope3



8,535,613t-CO₂

Society

◆ Proportion of female managers



17.5%

◆ Ratio of employees taking paternity leave



102%

◆ Wage differences between men and women



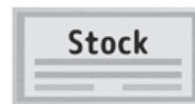
35.7%

◆ Average length of service



16.1 years

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



97.7%

◆ Ratio of employees taking annual paid leave



75%

Governance (as of end-June 2024)

◆ Ratio of Outside Directors



50%

◆ Ratio of female Directors



12.5%

External evaluations

MSCI Japan Empowering Women Index

Health and Productivity Management Organization 2024

2024 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)

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

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

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



Participation in initiatives

TCFD

TNFD



Sustainability Data Standardization Consortium

GX League



Profile (As of March 31, 2024)

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

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

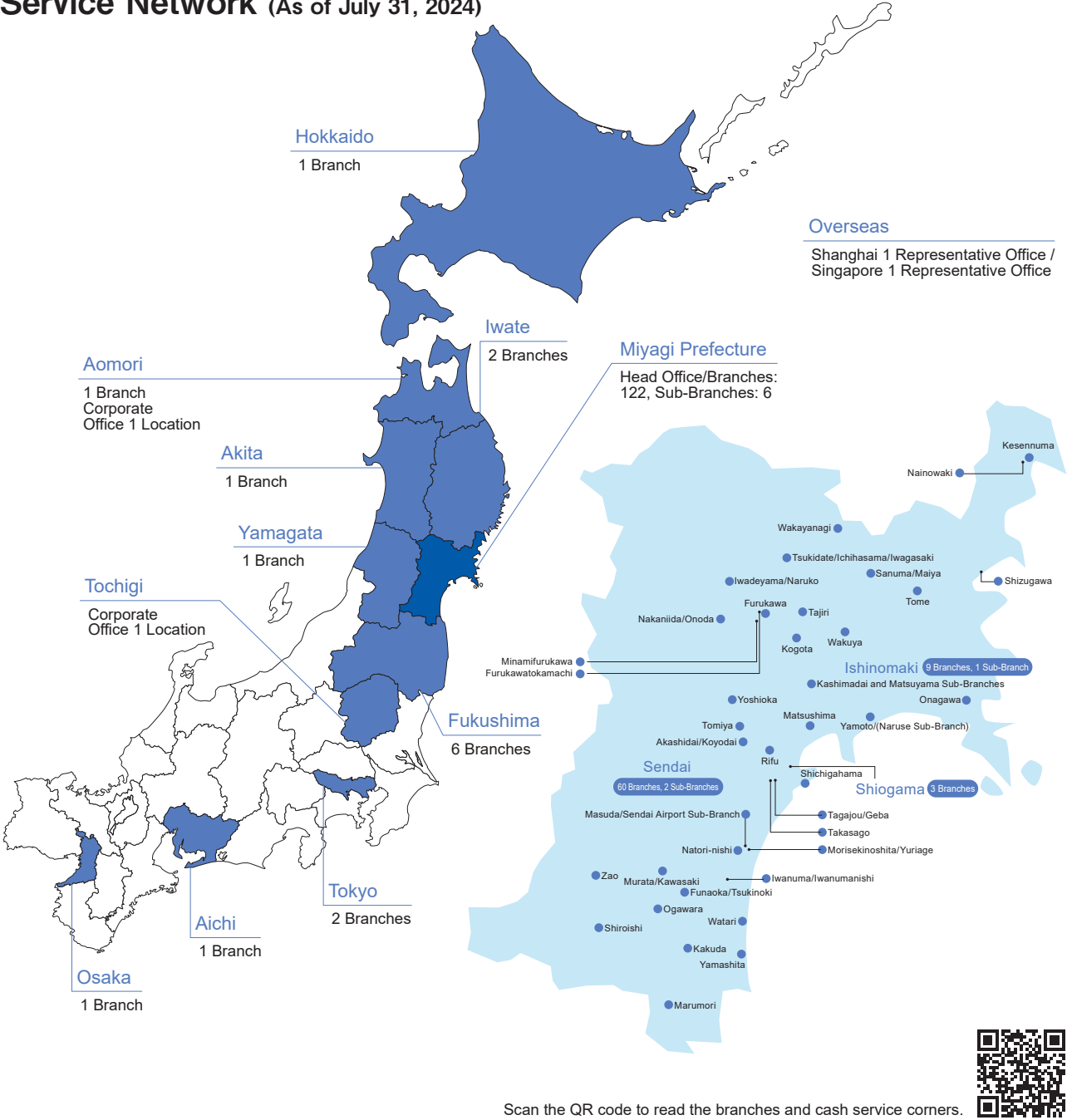
Company name Address	Representative	Main operations	Company overview
77 Lease Co., Ltd. 15-1 Honcho 2-chome, Aoba-ku, Sendai	Takuji Tabata	Lease operations	Established: November 25, 1974 Paid-in capital: ¥100 million No. of employees: 41
77 Shin-Yo Hosyo Co., Ltd. 8-29, Nagamachi 3-chome, Taihaku-ku,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

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

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

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

Service Network (As of July 31, 2024)



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

* Japanese Language only

Service Network Data

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

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

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