

To Our Shareholders

Our Policy on Constructive Dialogue with Shareholders and Other Stakeholders

The Bank has established the following “Policy on Constructive Dialogue with Shareholders and Other Stakeholders” as follows, for the purpose of promoting an accurate understanding and evaluation of the Bank’s management policies, financial standing, and other matters, through the exchange of opinions and communication (hereinafter “dialogue”) with shareholders, investors, etc. (hereinafter “shareholders, etc.”).

1. Realizing constructive dialogue with shareholders and other stakeholders

The officer in charge of the Bank’s corporate communication shall supervise dialogue with shareholders, etc., and shall endeavor to realize constructive dialogue within reasonable limits by, for example, appropriately determining on a case-by-case basis the staff members to engage in dialogue (hereinafter “interlocutors”) based on the intentions of shareholders, etc. and their main concerns.

2. System for promoting constructive dialogue

In order to promote constructive dialogue with shareholders, etc., the Bank will provide accurate and sufficient information to interlocutors in cooperation with the General Planning & Coordination Division and other headquarters divisions.

3. Enhancing methods of dialogue

The Bank will strive to enhance methods of dialogue by holding individual meetings and teleconferences, etc. in addition to corporate briefings for institutional investors, individual investors, and clients by region.

4. Feedback of the opinions of shareholders, etc. to the Bank

Regarding the opinions, etc. expressed in dialogue with shareholders, etc., the Bank will strive to improve its business operations by providing appropriate internal feedback, for example by reporting such opinions to the officer in charge of such dialogue as necessary.

5. Managing insider information

The Bank establishes internal rules for appropriate information disclosures and the prevention of insider trading, and will thoroughly manage insider information when engaging in dialogue with shareholders, etc.

Approach to disclosures

Compliance with laws, regulations, etc.

The Bank conducts disclosures in accordance with the Banking Act, the Financial Instruments and Exchange Act, other laws and regulations, and the timely disclosure rules stipulated by the Financial Instruments Exchange.

In particular, we recognize that disclosure newsletters under the Banking Act and securities reports under the Financial Instruments and Exchange Act are important statutory disclosure documents that disclose the status of the Bank’s operations and assets to shareholders, investors, and clients.

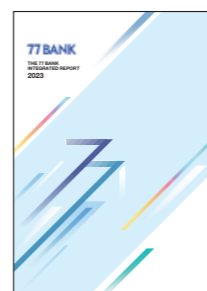
In addition, the “timely disclosure” of important corporate information that complements these materials is appropriately conducted in accordance with the rules of the Financial Instruments Exchange in order to provide the most up-to-date corporate information in a prompt, accurate, and fair manner.

Furthermore, at the Bank we proactively hold corporate briefings and voluntarily disclose various financial data in order to provide timely and appropriate information to shareholders and investors.

Website postings

On our website, the Integrated Report, corporate briefing materials, etc. are posted and a video of the corporate briefing is available.

In addition, an English version of the Integrated Report, corporate briefing materials, etc. are listed.



Implementation status of dialogue with shareholders, etc.

The Bank established the “Policy on Constructive Dialogue with Shareholders and Other Stakeholders” to arrange a structure to have constructive conversation with shareholders, and internally share the shareholders’ comments as feedback.

Implementation status of dialogue with shareholders (FY2022)

Activities	Interlocutor	Number of sessions
Individual meeting with institutional investors, analysts, etc.	President Director responsible for corporate communication, corporate communication manager, etc.	85 times (including 4 times with foreign investors)
Corporate briefings for institutional investors	President	2 times (total 131 persons)
Corporate briefings for individual investors	President	3 times (total 1,267 persons)

Feedback to the Bank

We regularly have Director responsible for corporate communication report the shareholders’ comments, etc. that we received at individual meetings and corporate briefings to the Board of Directors. In FY2022, we gave feedback three times.

Status of dialogue with shareholders, etc.

To ensure the shareholders’ deep understanding of the Bank’s efforts, we actively engage in dialogue with them. In FY2022, from July to September, we had dialogue and asked for evaluations of our skill matrix. Based on shareholders’ comments including “Skill items should be the targets to create the value of business from now onward instead of those that match with the current status (domestic institutional investor)” and “the Bank should indicate that the structure of the Board of Directors is meant to create value (domestic institutional investor),” we have amended the content of the skill matrix.

We will continue striving for sustainable growth and the improvement of medium- to long-term corporate value through constructive conversations with shareholders and other stakeholders.

Policy of Return of Profits to Shareholders

Based on “Vision 2030,” which was launched in April 2021, from the perspectives of building strong financial foundations by improving customer satisfaction and productivity as well as the early-stage realization of our mission to our shareholders, “Offer growth and returns together with the 77 Bank Group,” in January 2022, we formulated a policy of return of profits to shareholders which sets the continuation of stable dividends and specific goals.

Policy of Return of Profits to Shareholders

The basic policy of the Bank in this regard is to continue to distribute steady dividends while taking factors such as its public character as a bank business and the preservation of the soundness of its management into consideration. Additionally, based on the premise of strengthening its financial foundation, the Bank will proceed to gradually elevate its divided ratio relative to net income attributable to owners of the parent with a target of 30% by FY2030 as it aims to improve shareholder returns and capital efficiency.

Governance Structure

Board of Directors and Audit & Supervisory Committee Members (As of July 31, 2023)

Directors



Chairman

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

Teruhiko Ujiie

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



President

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

Hidefumi Kobayashi

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



Senior Managing Director

Apr. 1985 Joined the Bank
 Sep. 2007 General Manager, Hachimanmachi Branch, the Bank
 Mar. 2009 General Manager, Yoshioka Branch, the Bank
 Jun. 2011 General Manager, Operations Management Div., the Bank
 Jun. 2013 General Manager, General Planning & Coordination Div., the Bank

Yoshikazu Onodera

Jun. 2014 Executive Officer and General Manager, General Planning & Coordination Div., the Bank
 Jun. 2016 Director, Executive Officer and General Manager, Ishinomaki Branch and Minato Branch, the Bank
 Jun. 2018 Managing Director, the Bank
 Jun. 2023 Representative Director and Senior Managing Director, the Bank (current position)



Managing Director Masanori Muranushi

Apr. 1988 Joined the Bank
 Mar. 2010 General Manager, Sendai Higashi 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 (current position)



Managing Director Shuichi Ibuka

Apr. 1989 Joined the Bank
 Sep. 2013 General Manager, Sendai Haranomachi Branch, the Bank
 Jun. 2016 General Manager, Treasury Administration & International Div., the Bank
 Jun. 2019 Executive Officer and General Manager, Ishinomaki Branch and Minato Branch, the Bank
 Feb. 2020 Executive Officer and General Manager, Ishinomaki Branch, the Bank
 Jan. 2021 Executive Officer and General Manager, Ishinomaki Branch and Kokucho Branch, the Bank
 Jun. 2021 Senior Executive Officer and General Manager, Ishinomaki Branch and Kokucho Branch, the Bank
 Jun. 2022 Senior Executive Officer and General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank
 Jun. 2023 Managing Director, the Bank (current position)



Managing Director Takashi Kuroda

Apr. 1990 Joined the Bank
 Jun. 2014 General Manager, Higashi 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 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 (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 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 Shigenori Oyama

Apr. 1982 Joined Tohoku Kinzoku Kogyo Co., Ltd. (currently TOKIN Corporation)
 Apr. 2007 Executive Officer and General Manager, EMC Business Div., TOKIN Corporation
 Jun. 2010 Director and Executive Officer, TOKIN Corporation
 Jun. 2011 Director and Managing Executive Officer, TOKIN Corporation
 Feb. 2012 Representative Director and CEO, TOKIN Corporation
 Apr. 2017 Executive vice president, KEMET Corporation
 Jul. 2020 Special Advisor for the Board of Directors, TOKIN Corporation
 Jul. 2021 President, TOKIN Foundation for Advancement of Science and Technology (current position)
 Jun. 2022 Director, the Bank (current position)
 Jun. 2023 Director, Hakuto Co., Ltd. (current position)



Outside Director 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 Koichi Suzuki

Apr. 1984 Joined the Bank
 Mar. 2005 General Manager, Wakuya Branch, the Bank
 Sep. 2007 General Manager, Masuda Branch, the Bank
 Jun. 2009 General Manager, General Affairs Div., the Bank
 Jun. 2013 General Manager, Business Promotion Div., the Bank
 Jun. 2014 Executive Officer and General Manager, Business Promotion Div., the Bank
 Jun. 2015 Director, Executive Officer and General Manager, Oroschimachi Branch, the Bank
 Jun. 2018 Managing Director, the Bank
 Jun. 2021 Director, Audit & Supervisory Committee Member, the Bank (current position)



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



Director, Audit & Supervisory Committee Member 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, Tokyo Branch **Hirokimi Fukushi**
 General Manager, Credit Supervision Division **Kazutoshi Saito**
 General Manager, Ishinomaki Branch and Kokucho Branch **Kuniaki Endo**
 General Manager, Operations Management Division **Hiroshi Kitazono**

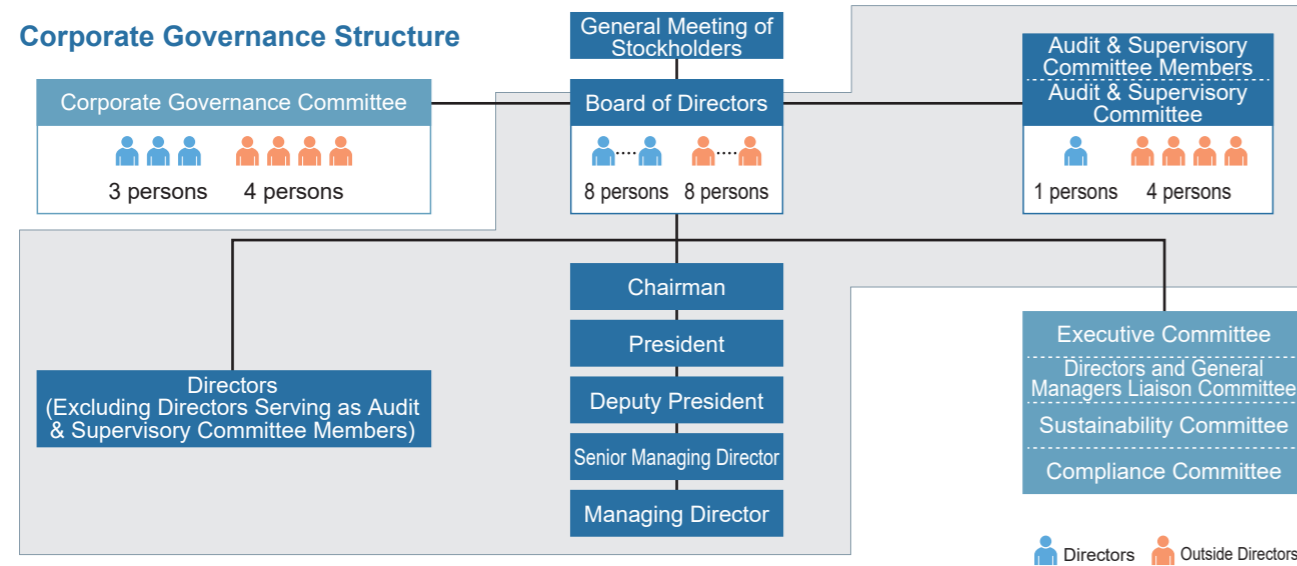
Executive Officers

Special assignment (DX related) **Masahide Kato**
 General Manager, Regional Development Promotion Division **Kentaro Motai**
 General Manager, Oroschimachi Branch **Hideki Endo**
 General Manager, Business Promotion Division **Yoshiyuki Odajima**
 General Manager, Treasury Division **Kazuhiro Aoki**
 General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch, the Bank **Takeshi Kawaguchi**
 General Manager, Personnel Division **Takashi Watanabe**

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	Sustainability Committee	Compliance Committee
(Representative Director) Chairman	Teruhiko Ujicie	○(Chairperson)	○	○			
(Representative Director) President	Hidefumi Kobayashi	○	○(Chairperson)	○		○(Chairperson)	○(Chairperson)
(Representative Director) Senior Managing Director	Yoshikazu Onodera	○	○	○		○	○
Managing Director	Masanori Muranushi	○	○			○	○
Managing Director	Shuichi Ibuka	○	○			○	○
Managing Director	Takashi Kuroda	○	○			○	○
Managing Director	Hiroshi Kobayashi	○	○			○	○
Director	Emiko Okuyama	○		○(Chairperson)			
Director	Seiichi Ohtaki	○		○			
Director	Shigenori Oyama	○		○			
Director	Kazuo Fukuda	○		○			
Director, Audit & Supervisory Committee Member	Koichi Suzuki	○	△(Note 3)		○(Chairperson)	△(Note 3)	△(Note 3)
Director, Audit & Supervisory Committee Member	Masai Yamaura	○			○		
Director, Audit & Supervisory Committee Member	Yoko Ushio	○			○		
Director, Audit & Supervisory Committee Member	Naoto Miura	○			○		
Director, Audit & Supervisory Committee Member	Shinya Endo	○			○		
Other members			General Manager of General Planning & Coordination Division			General Manager, General Planning & Coordination Div. General Manager, Risk Management Div. General Manager, Business Promotion Div. General Manager, 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.

Notes: 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 prescribed in Article 2, Item 15 of the Companies Act.
3. Standing Directors who are Audit & Supervisory Committee Members attend the Executive 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.

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 13 times in FY2022.

Agenda of the Board of Directors

We resolved the short-term management plan and total budget to achieve "Vision 2030," and resolved after deliberation particularly the following:

- Establishment of two subsidiaries
To implement one of the key factors to achieve "Our target form" based on "Vision 2030," "Develop new businesses and sectors," we deliberate on the establishment of two subsidiaries (77 Human Design Co., Ltd. and 77 Digital Solutions Co., Ltd.) and made a resolution.
- Establishment of the Sustainability Committee
We discussed the establishment of a sustainability policy and initiatives for the management of sustainability promotion regularly and as required, and resolved to establish the Sustainability Committee to arrange and strengthen the system to manage sustainability promotion.
- Plan to shift to the updated joint-use system, next-generation MEJAR
To update the joint-use system, MEJAR, to the next-generation version in January 2024, we discussed the overall activities required before and after the system migration from the existing to the next-generation one and the handling at the time of contingencies.

Activity status of the Corporate Governance Committee

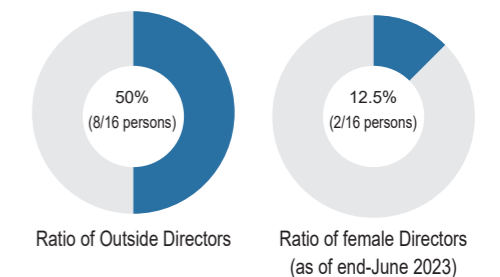
The Bank established the Corporate Governance Committee as a voluntary advisory body of the Board of Directors to improve the transparency of the management and appropriateness of processes and enhance the corporate control function. The Corporate Governance Committee meeting was held as required, and was arranged four times in FY2022.

Main agenda of the Corporate Governance Committee meeting

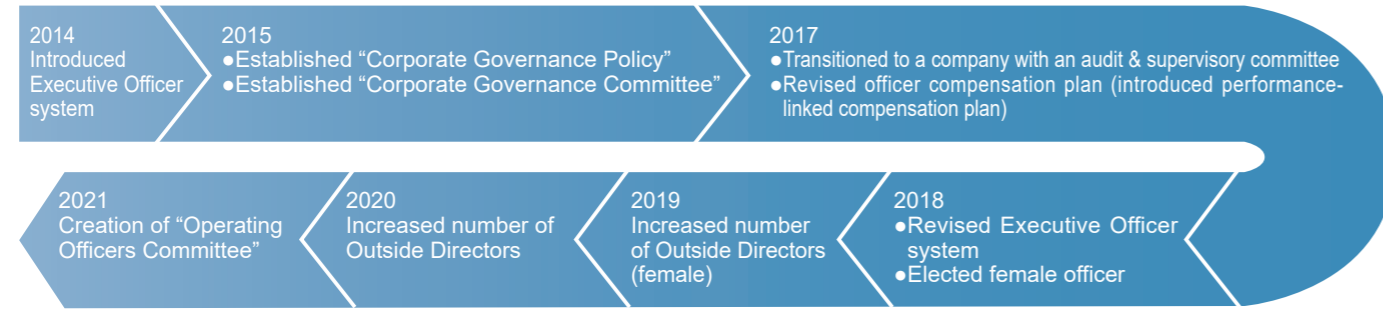
- Analysis and evaluation of the effectiveness of the Board of Directors as a whole
- Appointment of the candidates for Director and election of the Representative Directors
- Allocation of compensation, etc. to Directors
- Establishment of FY2022 targets for "performance-linked share-based compensation 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"
- Revision of "skill matrix"
- Exchange of opinions on overall management

Establishing a highly effective corporate governance structure

To improve corporate value through further enhancement of corporate governance, the Bank is developing a more effective corporate governance structure through appointing female Directors, former company corporate managers, etc. and diversifying the member structure of the Board of Directors.



Steps to enhance and 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.

<Overview of evaluation of the effectiveness of the Board of Directors in FY2022>

(1) 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.

(2) Progress concerning the measures to improve the issues of the last fiscal year

- At the Annual General Meeting of Stockholders in June 2022, we had a former corporate manager of a global manufacturing company take the office of Outside Director to diversify the structure of the Board of Directors.
- To vitalize discussions at the Board of Directors, we reviewed the volume of materials for the Board of Directors. As a result, the duration of the question-and-answer session at the Board of Directors was extended and the discussion became more lively.

(3) Issues recognized with the questionnaire

Although the issues of the last fiscal year have been steadily solved, with the questionnaire, we acknowledged that we need to continuously work on improvement. Therefore, we will improve the following as our challenges:

- To work toward the further diversification of constituent members of the Board of Directors
- To review the management of the Board of Directors to further invigorate discussions

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)

Each division of the Bank provides briefings to newly appointed Outside Directors on the operations of their respective divisions, so that the new Directors can deepen their understanding of the Bank's overall operations.

In addition, for Outside Directors (including Directors who are Audit & Supervisory Committee Members), voluntary liaison meetings are held on a regular basis to strengthen cooperation by exchanging information and sharing understanding.

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	○		◎	●	●	●	●	●
	Yoshikazu Onodera	○		●	◎	●	●	●	
	Masanori Muranushi	○		●	●	●	●	◎	
	Shuichi Ibuka	○				◎	●	●	
	Takashi Kuroda	○				●	◎	●	●
	Hiroshi Kobayashi	○		●	◎	●	●		◎
	Emiko Okuyama		○			◎			●
	Seiichi Ohtaki		○	◎		●			
	Shigenori Oyama		○	◎			●	●	
Directors serving as Audit & Supervisory Committee Members	Kazuo Fukuda		○	◎	●		●		
	Koichi Suzuki	○			●	●	●		●
	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 FY2022
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 believes that she is suitable for the position of Outside Director of the Bank and selected her as a Director. She is expected to provide advice and supervision, especially on regional revitalization and contribution, for the Bank.	Board of Directors 13/13 times Corporate Governance Committee 4/4 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 believes that he is suitable for the position of Outside Director of the Bank and selected him as a Director. Especially as an expert of regional economies and management, he is expected to provide advice and supervision for the Bank.	Board of Directors 13/13 times Corporate Governance Committee 4/4 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 believes that he is suitable for the position of Outside Director of the Bank and selected him as a Director. He is expected to provide advice and supervision, especially on corporate management and regional revitalization, for the Bank.	Board of Directors 11/11 times Corporate Governance Committee 3/3 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 believes that he is suitable for the position of Outside Director of the Bank and selected him as a Director. 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.	
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 12/13 times Audit & Supervisory Committee 18/20 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 13/13 times Audit & Supervisory Committee 20/20 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.	
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.	

Message from Outside Director

I will actively engage with the Board of Directors to make the region more attractive and the 77 Bank a better company.

Outside Director

Shigenori Oyama



Impression of the 77 Bank

The words to describe my impression of the Bank when it was just an external company to me prior to my appointment was “solid management.” The tradition of the bank that is deeply rooted in the region for many years would be the reason why I felt that way very strongly. I received the impression that the employees were “serious and cautious,” which are essential elements for a profession as a banker. After taking office as Outside Director, I had opportunities to interact with many employees. After joining them, in addition to what I have seen as an outsider, I recognize that the Bank has abundant vital assets, which are many excellent human resources, and a solid will to embody the pride and tradition as a leading bank in the region. I think it is one of the major strengths of the Bank that can work as one for Miyagi based on the Bank Creed, “desiring communal prosperity and serving local communities,” which has been passed on since its foundation. As a part of our efforts based on the “Agreement on Comprehensive Cooperation for Regional Revitalization” with regional public bodies, the Bank has formed the “Miyagi Wide-area PPP Platform” as a space for information sharing and encouraging dialogue between the public and private sectors for the

utilization of private-sector funds and know-how. This is a symbol of such strength. Moreover, while we have a business relationship with many customers in Miyagi Prefecture, I think we can maintain a high market share on a transaction number basis as a result of our long-standing trust relationship with the region. However, strengths and weaknesses are often opposites of each other. Similarity and solidarity would hinder securing diversity. With a fortunate foundation such as a high market share, we would have a sheer sense of crisis and might be discouraged from conducting reform. We live in an era where changes are happening extremely fast, including the progress of digitalization. I believe that we are expected to take on challenges for the future with the “corporate culture reform strategy” stated in the management plan “Vision 2030,” which started in April 2021. I hope to hear people say, “The 77 Bank has changed.”

Evaluation of the effectiveness of the Board of Directors

I studied science, majoring in engineering and have been managing an electronic manufacturer for many years. When I see the structure of the Board of Directors that includes me, I see how actively the Bank is seeking wide-ranging knowledge and experience that goes beyond the conventional framework of a bank. With the leadership of Chairman Ujiie, who serves as the Chairperson, the Board of Directors has nurtured an atmosphere that encourages attendants, including Outside Directors, to speak up. As a result, we are having a lively discussion. To further activate deliberation at the Board of Directors, Outside Directors receive a briefing before a meeting. In addition, the materials are concise focusing on points. Improvements are made every day, and I feel the willingness to change and improve the operation of the Board of Directors with the entire organization.

As for the Bank’s financial results, we attained a record-high for two consecutive terms. As for the

business forecast for FY2023, performance is expected to improve steadily and mark the highest net income on record by increasing for three consecutive terms. However, under such circumstances, we should be aggressive and maintain high targets without relaxing quickly, but observe management risk and environment change calmly and tighten up our management at the same time. Instead of being myopic and feeling glad and sad about what happened recently, we shall consider important matters from a medium- to the long-term perspective and have deep and broad discussions as the Board of Directors. This is important for a financial institution to support local communities from a sustainability viewpoint. During the era of reform, there will be many things that we will be expected to process as a company. I believe that it is essential to have diversified Board Members and have lively discussions to improve the effectiveness of the Board of Directors and corporate value.

To our shareholders

Although I was in a different industry, I would like to utilize my experience as an executive, present my opinion from a manager’s viewpoint and contribute to the diversity of management. I believe it is my role in the Board of Directors of the Bank. As corporate governance is becoming more sophisticated and Tokyo Stock Exchange, Inc. requested us to take “action to implement management that is conscious of the cost of capital and stock price,” our shareholders have high expectations for Outside Directors and we have heavy responsibilities. Therefore, I will keep improving my qualifications, learn the organization and business of

the Bank, and communicate with various people.

The Bank needs to stay close to local communities as a regional financial institution to support the region and contribute to local companies. The Bank Creed says, “Acknowledge that the Bank’s progress goes hand in hand with prosperity in the local community, and seek to elevate the spirit of voluntary service at all times.” To gain shareholders’ trust by making an attractive region and the 77 Bank a better company, I will keep actively engaging with the Board of Directors as a member and help improve the corporate value.

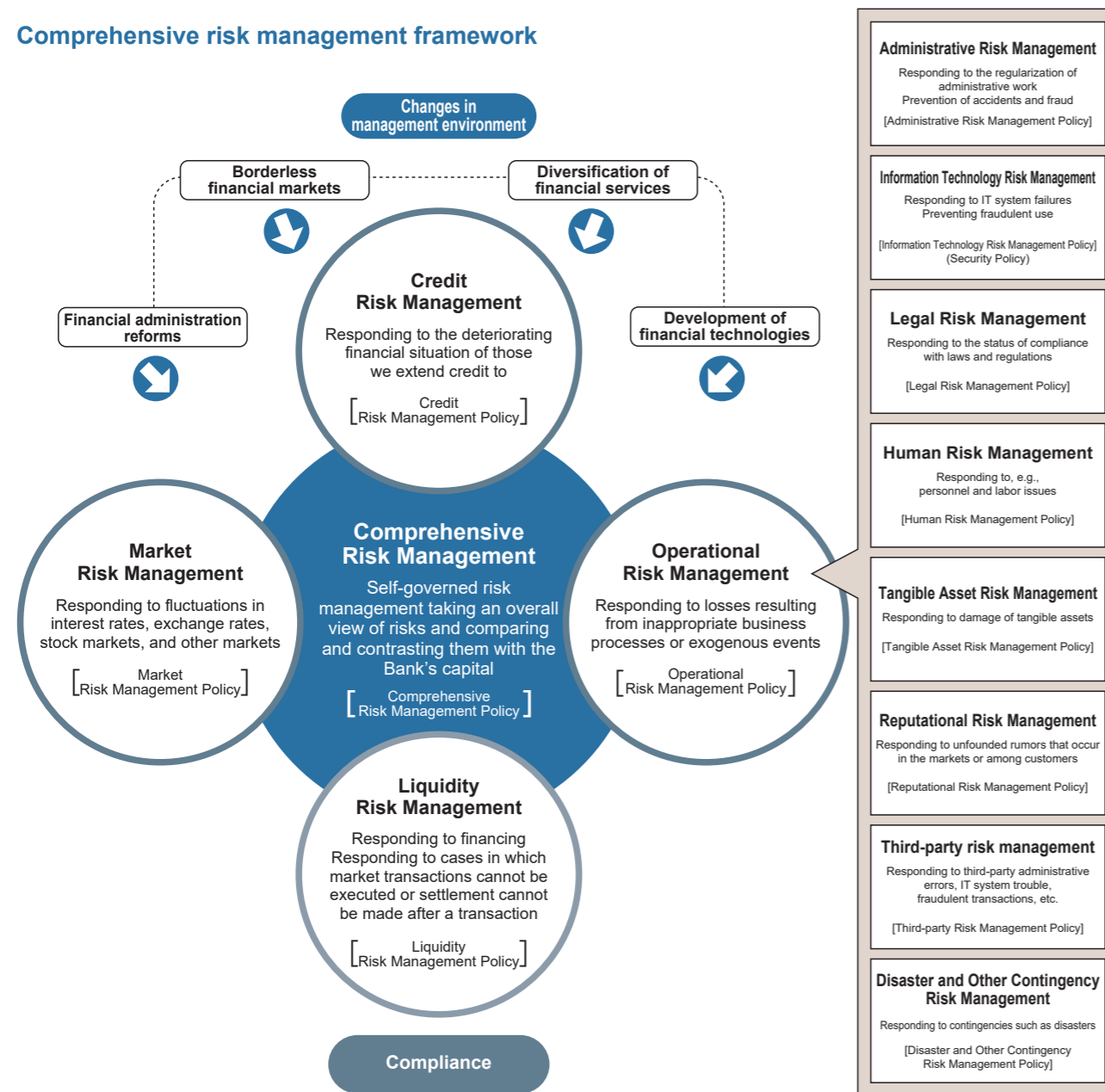
Strengthening Risk Management Systems

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



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)

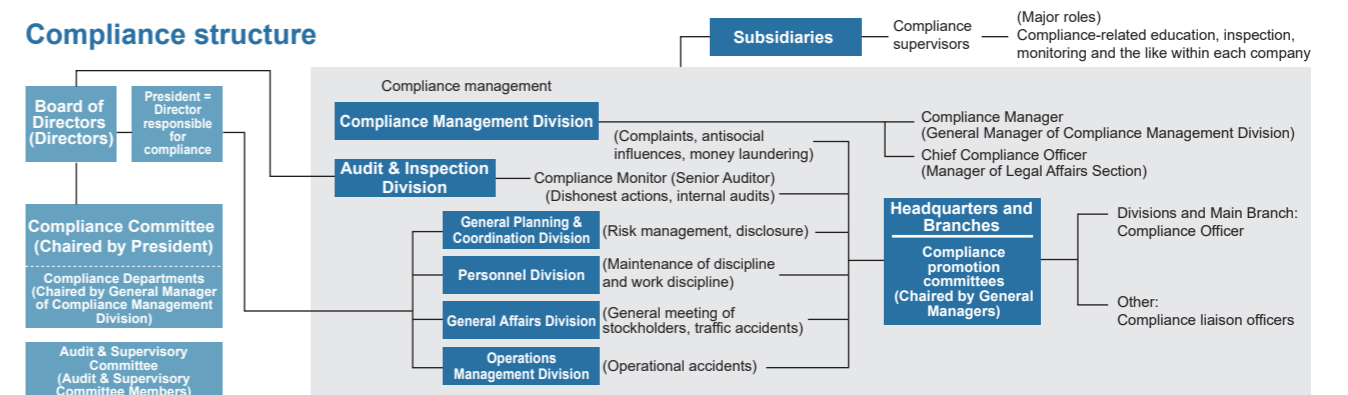
[Basic Direction]

- (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.

Major Financial Data for 11 Years*1

◆ Summary of the financial results

	(Billions of yen)			
	FY2012	FY2013	FY2014	FY2015
Gross operating income	77.0	77.9	80.1	75.1
Interest income	68.5	70.0	70.2	70.8
Fees and commissions	9.8	10.2	10.3	10.0
Other operating income	(1.3)	(2.3)	(0.4)	(5.7)
Gain (losses) on bonds	(1.5)	(2.4)	(0.2)	(4.5)
Expenses	53.8	55.3	57.1	60.9
Core operating income	24.7	25.0	23.2	18.7
Ordinary income	20.6	25.5	30.5	24.3
Net income	12.1	14.7	16.9	15.7
Credit-related expenses	(1.4)	(0.7)	(3.8)	(6.2)
Net income attributable to owners of the parent (consolidated)	12.4	15.1	17.0	15.9

◆ Summary of the Balance Sheet

	(Billions of yen)			
	FY2012	FY2013	FY2014	FY2015
Total assets	8,233.7	8,478.4	8,559.7	8,570.1
Loans and bills discounted	3,770.8	4,007.8	4,227.7	4,357.9
To SMEs	1,263.7	1,337.6	1,412.1	1,519.5
To retail customers	776.4	831.6	886.0	931.6
Securities	3,402.9	3,716.5	3,683.6	3,478.9
Total liabilities	7,878.4	8,091.9	8,101.8	8,127.0
Deposits and certificates of deposits	7,750.1	7,876.5	7,854.9	7,971.2
Total net assets	355.3	386.5	457.9	443.1
Total shareholders' equity	293.6	305.8	318.3	330.6
Total valuation and translation adjustments	61.2	80.1	139.0	111.7

◆ Management indicators, etc.

	FY2012	FY2013	FY2014	FY2015
Core OHR (core gross operating income expense ratio) ¹²	68.52%	68.87%	71.07%	76.48%
ROE (consolidated) ¹³	3.73%	4.06%	4.05%	3.54%
Capital adequacy ratio (consolidated) ^{14,15}	12.54%	12.68%	12.51%	11.21%
Net assets per share (yen) (consolidated) ¹⁶	953.77	1,027.15	1,223.49	1,165.83
Net income per share (yen) (consolidated) ¹⁶	33.29	40.26	45.56	42.37
Dividend per share (yen) ¹⁷	7.00	7.50	8.50	9.00
Dividend payout ratio (consolidated)	21.02%	18.62%	18.65%	21.24%

*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)						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	69.2	67.7	69.2	72.1	67.8	75.8	78.9
	67.6	69.6	65.9	68.5	70.5	72.3	78.6
	9.4	9.3	9.6	9.7	9.8	11.8	12.2
	(7.8)	(11.2)	(6.3)	(6.1)	(12.5)	(8.3)	(11.9)
	(4.5)	(8.2)	(2.8)	(2.5)	(12.8)	(8.8)	(6.9)
	53.2	52.8	52.8	53.2	50.2	49.3	48.5
	20.5	23.1	19.2	21.4	30.4	35.3	37.3
	21.6	23.3	22.0	24.6	22.7	30.5	34.4
	16.6	16.7	17.9	17.3	14.9	20.8	24.4
	(1.6)	(2.3)	2.3	7.3	7.6	4.6	1.2
	16.1	18.3	17.6	18.2	16.5	22.2	25.1

	(Billions of yen)						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	8,633.6	8,701.5	8,610.3	8,751.9	9,817.9	10,666.0	10,179.5
	4,450.3	4,627.1	4,725.0	4,894.6	5,097.5	5,340.2	5,570.2
	1,645.2	1,751.5	1,825.4	1,915.2	2,009.5	2,173.9	2,335.3
	1,012.5	1,096.5	1,134.2	1,176.3	1,211.8	1,249.2	1,291.0
	3,242.6	3,126.0	2,964.9	2,913.4	3,116.0	3,131.8	3,056.2
	8,170.6	8,218.9	8,129.1	8,312.0	9,316.1	10,166.2	9,688.8
	7,821.4	7,964.3	7,891.8	7,888.5	8,551.7	8,846.4	8,910.6
	463.0	482.6	481.2	439.9	501.8	499.8	490.8
	343.4	357.0	371.9	384.8	396.1	413.0	431.6
	118.9	125.6	109.4	55.1	105.7	86.7	59.2

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	72.17%	69.52%	73.28%	71.35%	62.27%	58.22%	56.55%
	3.56%	3.82%	3.60%	3.89%	3.42%	4.33%	4.92%
	10.73%	10.43%	10.38%	10.31%	10.39%	10.27%	11.23%
	6,306.73	6,613.28	6,582.31	6,057.30	6,947.19	6,944.03	6,818.61
	215.73	246.87	237.90	246.97	222.89	300.81	338.74
	9.00	27.00	47.50	50.00	50.00	67.50	90.00
	20.86%	18.22%	19.96%	20.24%	22.43%	22.43%	26.56%

Profile (As of March 31, 2023)

Company Name The 77 Bank, Ltd.
 Head Office 3-20, Chuo 3-chome, Aobaku, Sendai, Miyagi 980-8777, Japan
 Founded December 9, 1878
 Paid-in Capital ¥24.6 billion
 Number of Employees 2,585

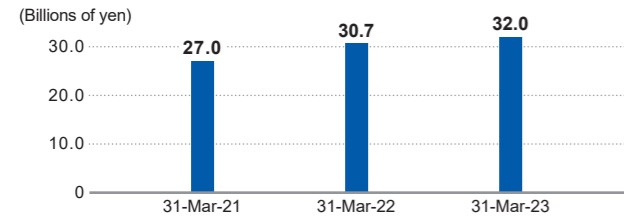
Number of Branches 144 (Head Office/Branches: 138, Sub-Branches: 6)
 Capital Adequacy Ratio (domestic standards) non-consolidated 10.96% / consolidated 11.23%
 Total Assets ¥10,179.5 billion
 Certificates of Deposits ¥8,910.6 billion
 Loans and Bills Discounted ¥5,570.2 billion

Group companies

77 Lease

Supports customers' capital expenditure via finance leases, etc., for office equipment, transportation equipment, industrial machinery, medical devices, engineering and construction machinery, etc.

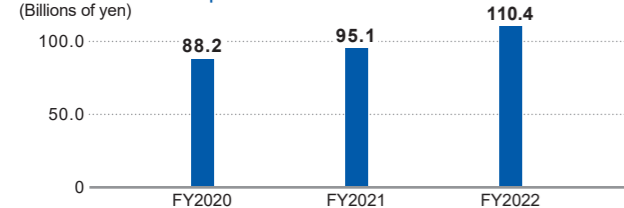
Balance of lease and installment claims



77 Card

Issues JCB, Visa, MasterCard, and other credit cards to retail and corporate customers, provides support for the introduction of cashless devices, and provides card loan guarantees.

Total purchase transaction volume

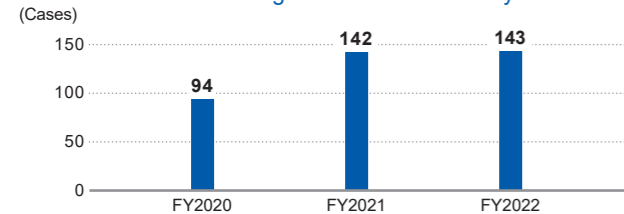


(Note) Includes revolving payments and installment payments.

77 Research and Consulting

Provides services with expertise and a high level of added value, mainly centered on membership organization management, survey and research, and consulting.

Number of consulting and contracted survey cases



77 Partners (established in December 2021)

It demonstrates its consulting capability by getting deeper into management issues by obtaining management rights of local companies. To increase corporate value, 77 Partners also strives hard to provide support. As of the end of March 2023, the number of investment case executed was one.

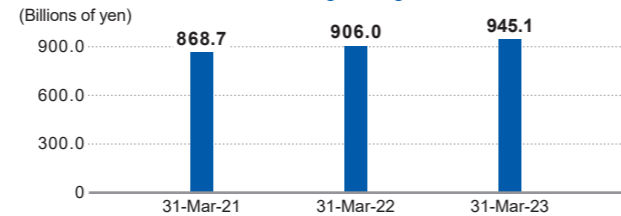
77 Digital Solutions (established in May 2023)

Having IT consulting services as its main business, it offers digital transformation (DX) solutions to local companies.

77 Shin-Yo Hosyo

Provides debt guarantees for customers using housing loans, car loans, and other unsecured loans, as well as credit management and other services.

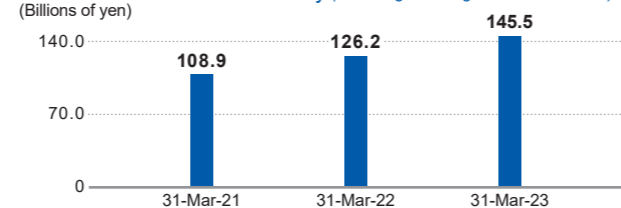
Balance of housing loan guarantees



77 Securities

As the only securities company headquartered in Miyagi Prefecture, provides quality services and products with a high level of expertise from the customer's perspective, based on "bank-securities company cooperation" with the 77 Bank.

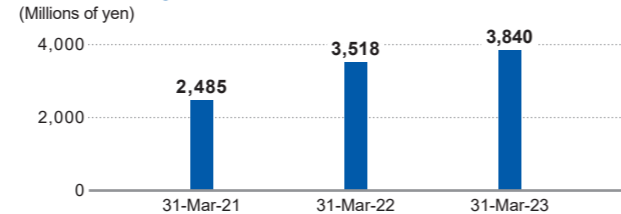
Balance of assets in custody (excluding brokerage from the 77 Bank)



77 Capital

Main business activities include the formation and management of investment limited partnerships (funds), as well as providing a wide range of funding tailored to the business characteristics and projects of companies, and engaging in company development and company support through investment, etc.

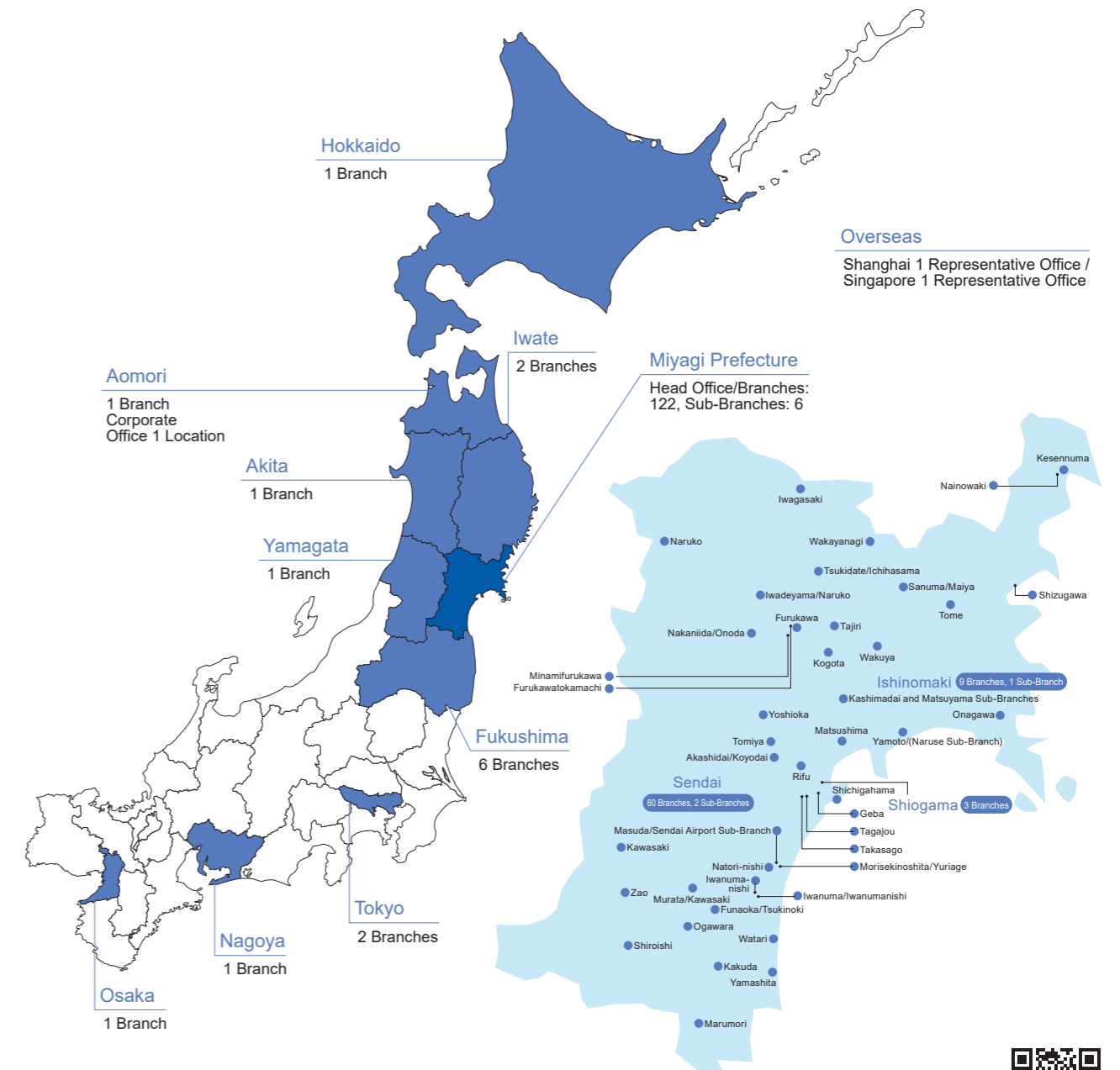
Cumulative amount of investment



77 Human Design (established in August 2022)

It provides multilateral solutions for human resources mainly by introducing managers and experts. As of the end of March 2023, the number of referral cases was 40 (actual result from January 2023 to March 2023).

Service Network (As of July 31, 2023)



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	30
Cities	14	14	109	27
[Of which, Sendai City]			[62]	[14]
Towns	20	16	19	3
Villages	1	—	—	—
Outside of Miyagi Prefecture			16	—
Within Tokyo			2	—
Other prefectures			14 ¹⁾	—
Total	35 municipalities	30 cities and towns	144 locations²⁾	30 locations

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

²⁾ The total number of branches (144) includes one branch dedicated to money transfers, bringing the total number of branches to 113, taking into account 30 branches within branches.