

THE 77 BANK

INTEGRATED REPORT 2025



77 BANK

Introduction ▶ Our Target Form That the 77 Bank Group Aims for Over the Long Term

Working with our stakeholders to help local communities flourish through optimal solutions that inspire and build trust

A Leading Company Expanding Its Scope of Operations from Miyagi and Tohoku to Beyond



Integrated Report 2025 CONTENTS

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Editorial Policy

The 77 Bank has prepared "THE 77 BANK INTEGRATED REPORT 2025" to help investors and other stakeholders understand the Bank's efforts for sustainable value creation. In editing this report, we have referred to the IFRS Foundation's "International Integrated Reporting Framework" and the "Guidance for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry (METI) to provide an integrated explanation of the Bank's business model and sustainable value creation mechanism. For detailed financial data and other information, please refer to DISCLOSURE 2025 (available on the Bank's website at <https://www.77bank.co.jp/>).



Bank Creed

The Bank's mission is to absorb funds and create credit by exercising its own creativity based on the principle of self-responsibility, in a spirit of maintaining orderly credit conditions and protecting depositors, and thereby contribute to the growth of the national economy.

In light of such public mission, the Bank shall contribute to the local community while seeking a harmonious balance between self-interest and public interest as a regional bank.

Based on the aforementioned principles, the code of conduct to be observed by any and all persons employed by the Bank is set forth as follows.

1. Elevate the Spirit of Voluntary Service

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.

2. Improve Creditworthiness

Bear in mind that credit is the Bank's lifeblood, and endeavor to improve credit at all times.

3. Nurture the Spirit of Harmony

Recognize that the spirit of harmony is fundamental to the execution of duties, and strive to nurture such spirit at all times.

Vision 2030



Leading company creating a path to the future

"Vision 2030" sets forth our ideal image for the future of the 77 Bank Group and provides guiding principles for all officers and employees of the Group to come together and work toward, as we look to achieve the management philosophy

(Mission) stated in the Bank Creed.



Leading company creating a path to the future

► Overview of “Vision 2030”

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



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



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



► 77 Bank Group Direction

We will become the 77 Bank Group that is different from a mere extension of the status quo by focusing on “our target form,” enhancing our strengths, improving our weaknesses, and revitalizing our organization.



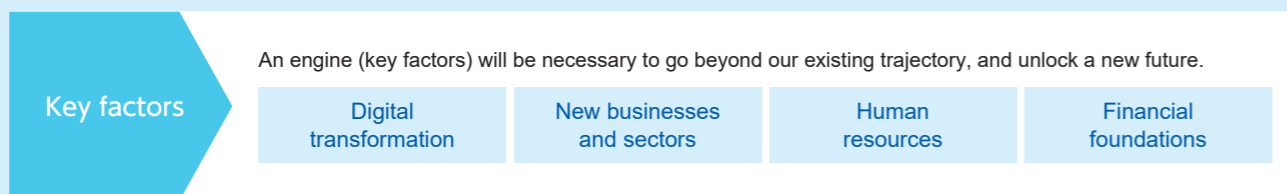
- Customer base
- Consulting system
- Trust from customers and local community



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



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



► Basic Strategies to Achieve “Our Target Form”

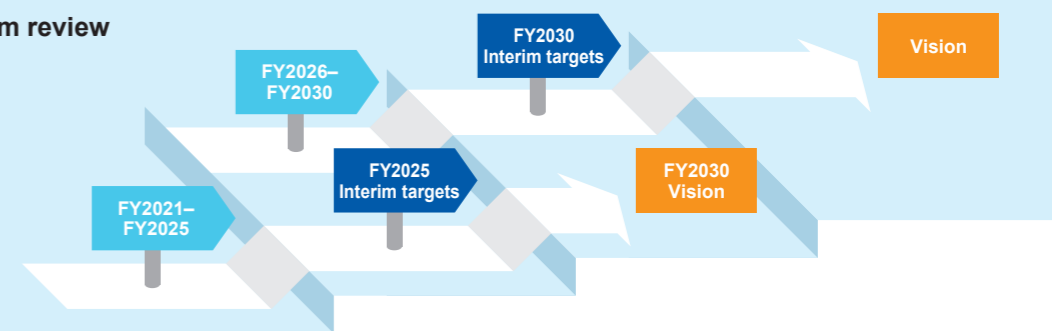
“Vision 2030” shows the directions to pursue for the sustainable growth of local communities and the 77 Bank Group, based on the purposes of our SDGs Declaration such as the revitalization of the regional economy and the promotion of active participation of all people.



► Interim Review of “Vision 2030” (Plan Formulated During FY2025)

Upon the formulation of “Vision 2030,” we determined to conduct reviews of “our target form” every five years and implement an ongoing PDCA cycle. We have therefore initiated an interim review of “Vision 2030.” Moreover, as the so-called “world of interest rates” progresses, we plan to revise our financial targets for FY2030 as we expect to achieve them ahead of schedule.

Overview of interim review



Financial targets

	FY2020	FY2025 Forecast	FY2030 Vision	} Review planned
Net income (consolidated)	JPY 16.5 bn	JPY 44.0 bn	JPY 45.0 bn	
ROE (consolidated)	3.42%	7.55%	7% or more	
Capital adequacy ratio (consolidated)	10.39%	10.26%	Roughly 10.0% (10.0%–10.5%)	
Core OHR	62.27%	44.46%	40% or less	



The 77 Bank Group will design a new “target form” as it aims to drive the continuous growth of local communities

President **Hidefumi Kobayashi**

▶ Sharing Our Targets

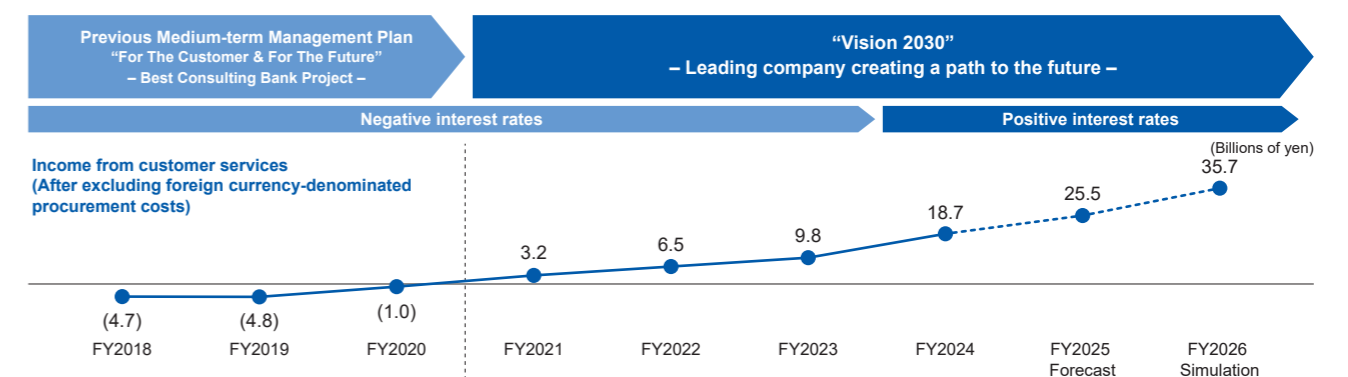
This year marks the fifth year since we formulated “Vision 2030,” in which we aim to become a leading company creating a path to the future. Following global economic stagnation caused by the COVID-19 pandemic, we have experienced a period of major change marked by inflation and the transition to a world of interest rates. During this time, there has been a greater understanding of the significance of “Vision 2030” within the Group that has generated a steady stream of results. This can be attributed to clear and

specific plans and targets, as well as various briefings that served to boost understanding, agreement, and embracement. The fact that there is greater understanding of the significance of the vision is proof that we have been able to share our organizational targets among our officers and employees. In FY2025 we will conduct an interim review of “Vision 2030,” designing an upgraded target form for the 77 Bank Group while anticipating future trends.

▶ “Vision 2030”: Achievements to Date

“Vision 2030” has already led to several successes. First, the level of our Finance & Consulting business model has steadily improved mainly in the corporate domain. Customers’ management challenges are becoming increasingly sophisticated and complex, and solutions to these challenges require a higher level of expertise than before. We have been focusing on our consulting functions since the previous Medium-term Management Plan, and thanks to our development of specialist human resources, such as through the

proactive dispatch of trainees to external institutions and other industries, we have gradually improved our ability to provide solutions that meet customers’ needs. Moreover, in our efforts to reinforce initiatives for new businesses and sectors, we have increased the range of consulting services provided by the Bank and our Group companies, which in turn has increased the number of opportunities for us to serve our local communities and customers. These achievements have been reflected in our performance and have led to



*Income from customer services = (Average balance of loans and bills discounted × Loan to deposit spread) + Fees and commissions - Expenses (including retirement benefit costs)

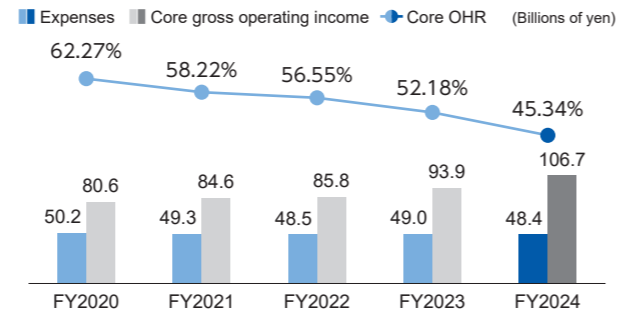
Top Message

improvements in income from customer services, which had been one of our weak points to date. We anticipate that the combination of finance and consulting functions, which serve to supply funds and address challenges, will remain in demand at an even higher level. In response, we will continue working to enhance our expertise and differentiate ourselves from the competition.

We have also made dramatic productivity improvements. While one of the Group's issues to date has been its high-cost, low-profit structure, we have set out a clear path for improvement through various initiatives in "Vision 2030." We thoroughly reinforced initiatives aimed at improving productivity, progressing with our branches within branches initiatives in line with the reduction in the number of customers visiting branches, and also reviewing our branch management. In addition, we have used digital technologies to enhance non-face-to-face transactions and promote paperwork-free operations. Alongside top-line growth, we have improved labor productivity as a result of various initiatives that have freed-up extra personnel. As a result, our core OHR is of a leading standard among regional banks and we have transitioned to a more robust structure. Moving forward, we believe that generative AI and other technologies will be turning points that determine a company's growth and future, and we will continue working to enhance our management efficiency and productivity using these technologies.

▶ A Time of Change and Uncertainty

In FY2024, Japan was hit by numerous natural disasters including heavy rains and other extreme weather, as well as earthquakes. Overseas, as well, we saw major volcanic eruptions, major earthquakes, and other global-level changes. In response, it is essential that we enhance our disaster preparedness. We are not only seeing changes in nature and the environment, but also major transformations in politics and economies. Whether it is reciprocal tariff policies stemming from the Trump administration or rising geopolitical risks from war and conflict, moving forward we could see major change in the world order. Following the so-called lost decades, the Japanese economy has transitioned to a world of interest rates and is undergoing a gradual recovery. However, with a lack of clarity in global economies, there is rising uncertainty regarding the Bank of Japan's future monetary policies.



This point also relates to the enhancement of our Finance & Consulting business model and productivity improvements, and the organization as a whole has become more proactive and ambitious as a result of reforms to our corporate culture, which underpins our various activities. While it is still a work in progress, the organization has gotten stronger through the growth of officers and employees, mutual encouragement, and changes to our workplace and corporate culture. To become an even stronger organization, we believe it is essential for every officer and employee to adopt a managerial mindset. Specifically, we must enhance our ability to think, to understand the essence of matters, to take action, to create networks, and to manage risks. We must also be ambitious. Adopting a slightly broader perspective will change the way we view matters, and so I look forward to levelling up and achieving both individual and organizational growth.

In our main base of operations in Miyagi Prefecture, however, there have been several bits of positive news to boost the prefectural economy, such as Tohoku University's designation as a University for International Research Excellence, and record-high numbers of foreign visitors to the prefecture. While it was unfortunate to see the Taiwanese semiconductor manufacturer pull out of its plan to establish a base in Miyagi Prefecture, it did present an opportunity to showcase the potential of the region's significant water resources and strengths in electricity. There are major business opportunities not just in Miyagi Prefecture but in the entire Tohoku region for various companies and industries, not only semiconductor manufacturers. As such, at the 77 Bank Group we will do everything we can to help the region flourish. In terms of our corporate activities, soaring raw material prices, labor shortages, and rising personnel expenses

are leading to an increase in corporate bankruptcies, and so moving forward it will be essential for us to pay closer attention to impacts from tariff policies in the US, for example. Moreover, with falling populations, low birthrates, and aging societies causing labor shortages and shrinking economies, we will also face challenges in maintaining regional economies. Thus, we are in a period of major transformation internationally, domestically, and more locally in Miyagi Prefecture, and uncertainties surrounding the future continue to rise. We must therefore be stronger against both macro and micro changes, stay one step ahead in our business activities, and contribute to the sustainable growth of both the 77 Bank Group and our local communities.

▶ Recognizing Risk and Ensuring Sustainable Management

For us to ensure sound and sustainable business management in an increasingly uncertain socioeconomic environment, we have identified events that could have a particularly significant impact on our operations as top risks. Through periodic stress tests, we will examine the potential impacts these top risks could have on our operations, set up countermeasures in advance, and do everything we can to mitigate them.

Timeline	Top risks
Short	Increasing difficulty of ALM
Short to medium term	Intensifying competition within the industry and with other industries
Short to ultra-long term	Increasing complexity of Group governance
	Deterioration of sales base
Accidental	Occurrence of large-scale disasters
	Emergence of system risks

One short-term risk we have identified is the increasing difficulty of asset liability management (ALM). In a world of interest rates, the importance of deposits as a source of funds is growing. In addition to loans, we also manage approximately ¥3 trillion in securities. Flexible response to changes in the interest rate environment and funding position is therefore essential. Alongside the use of stress tests to examine the sufficiency and soundness of our capital, we will aim for risk-resistant management through collaboration between sales, which has direct touchpoints with customers, and the headquarters, which is responsible for risk management. One short- to medium-term risk is the intensifying competition within the industry and with other industries. In



response, to help find solutions to challenges facing our communities and customers, we will seek to differentiate ourselves from companies both inside and outside the industry by making further enhancements to our Finance & Consulting business model. Meanwhile, the increasing complexity of corporate governance and our deteriorating sales base present short- to ultra-long-term risks. As we reinforce efforts in new businesses and sectors, our number of Group companies and business domains is increasing. This has also increased the scope of risk management, and so through the Group Business Strategy Division that was newly established in November 2024, we are working to sophisticate Group governance from both offensive and defensive perspectives. Fundamental to this Group management is our Groupwide human resource strategy. In this area, we will seek to optimize our human resource portfolio and provide Groupwide development opportunities to equip employees with the necessary expertise and skills. In our sales base, there is a risk that the cost of credit could increase due to the deterioration of the prefectural economy. We will therefore work to revitalize local economies by creating regional employment opportunities through our support for the growth of SMEs. Moreover, we will aim for the smooth handover of local company traditions through business succession and M&A support, including for the transfer and suspension of businesses. In terms of our support for business owners, which includes business revitalization and management improvement support, we will utilize the expertise and know-how we gained through the revival of companies affected by the Great East Japan Earthquake. Elsewhere we have identified the occurrence of large-scale disasters and emergence of system risks as

Top Message

accidental risks. As the location and timing of disasters are unpredictable, constant preparedness in times of normality is essential. Through regular drills and other means, we will work to enhance awareness of the importance of disaster preparedness and reinforce our BCP. Further, due

to the growing risks surrounding cyber security, including at our external partners, we will work to enhance the IT literacy of our officers and employees and further augment our risk management initiatives.

▶ Enhancing Corporate Value

The request from the Tokyo Stock Exchange for “action to implement management that is conscious of cost of capital and stock price” calls for efforts to improve PBR. Although we have made improvements across all indicators since the start of “Vision 2030,” our PBR is still below 1. To improve in this area we will aim to enhance the value of our shares through proactive engagement with our shareholders.

In our engagement activities, in January 2025 we

hosted a discussion with CEO Hiroyasu Koike of Nomura Asset Management Co., Ltd., a leading institutional investor, and engaged in dialogue on various matters including the mission of regional financial institutions and growth strategies. Based on the growth strategies set out in “Vision 2030,” we will aim to increase profitability, improve management efficiency, and enhance our corporate value.

	FY2020 Results	FY2024 Results	“Vision 2030” Financial targets, etc.
PBR improvement	0.22x	0.61x	Greater than 1.0x
ROE improvement	3.42%	6.68%	7% or more
RORA improvement			
Profitability improvement			
Cost control			
Financial leverage control			
Optimal distribution of capital			
Reduction of cross-shareholdings			
Enhancement of shareholder returns			
PER improvement	7.00x	8.97x	14.3x or more (theoretical value)
Net income (consolidated)	JPY 16.5 bn	JPY 39.3 bn	JPY 45.0 bn
Core OHR	62.27%	45.34%	40% or less
Capital adequacy ratio (consolidated)	10.39%	10.60%	Roughly 10% (10.0%–10.5%)
Ratio of cross-shareholdings to net assets (consolidated)	14.0%	9.4%	Continuous reduction (less than 10%)
Dividend payout ratio (consolidated)	22.4%	33.0%	35% or more (end-Mar. 2026)

To be revised in FY2025

Feature: Engagement with investors

We spoke with Representative Director, President & CEO Hiroyasu Koike of Nomura Asset Management Co., Ltd. about the competitive advantages of regional financial institutions, their business outlook, and other matters. The details of the conversation can be found on Nomura Asset Management’s website.

Main topics of discussion

- The role of the 77 Bank
- Progress and challenges in “Vision 2030”
- Economic situation in Miyagi Prefecture and Sendai City
- Share valuations



▶ Direction of the Review of “Vision 2030”

In line with the end of the COVID-19 pandemic, changes to the Bank of Japan’s monetary policies, and other socioeconomic factors, we conducted a review of the financial targets in “Vision 2030” in November 2023. However, with further developments expected in the world of interest rates, the Group’s performance is steadily improving and there are signs that we will achieve the targets in “Vision 2030” ahead of schedule. In FY2025, the midpoint of “Vision 2030,” as initially planned we will conduct an interim review of our targets in consideration of global economic trends and the direction of the Bank of Japan’s monetary policies. While retaining the core approaches and course of

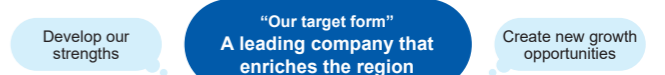
action set forth when formulating “our target form” that the 77 Bank Group aims for over the long term, we will strive for significant growth and promote prosperity in our local communities as we aim to help our communities flourish as per the Bank Creed. While considering external changes and future trends, we will work to further enhance the strengths we have built to date, create new growth opportunities, and become a leading company that enriches the region. For the interim review, while improving on our four current basic strategies, we will aim to execute the strategies outlined below.

Achievements to date



- Strengthened Finance & Consulting
 - Expanded the 77 economic zone
 - Dramatically improved productivity
 - Thoroughly instilled an ambitious corporate culture
 - Provided stakeholder returns through growth
- FY2021

Direction of the review



Keywords to achieve “our target form”

- Address declining population
- Utilize AI and DX
- Uncover new areas for inorganic growth
- Develop local industries
- Operate high-productivity stores
- Strengthen Group business
- Strengthen networks overseas and in other regions
- Further increase customer satisfaction
- Enhance human capital investment
- Provide multi-stakeholder returns

(1) Addressing the falling population and other social challenges

In addition to a declining population, we are also seeing the ongoing outflow of young people and women and their concentration in Tokyo, and as a result the region is continuing to struggle. As Japan works to revitalize its communities, people, and jobs, we will first focus on our expertise in creating jobs to help develop regional industries. Alongside our provision of startup support to increase the number of entrepreneurs and new companies, we will aim to sustain companies, jobs, and employment through our business succession support for long-standing companies. In doing so, we will focus on the development and support of attractive local companies. However, to keep young people and women

in the region, in addition to providing attractive jobs and companies, there must be transport convenience, quality living environments, and appealing areas. As such, to boost quality of life and enhance the attractiveness of towns as places to live and work, we will also focus on the development of enjoyable experiential content, such as animation, entertainment, sport, culture, art, and local specialties. We understand that the development of the region is the source of the 77 Bank Group’s growth and development. To drive this growth in a sustainable manner, we will confront the various issues facing the region and work with the relevant institutions to proactively create attractive towns and communities.

(2) Strengthening networks overseas and in other regions

To date, we have strengthened our networks while opening up new markets. Through the opening of the Aomori Branch and the Utsunomiya Corporate Office,

we have not only increased the number of clients, but also facilitated connections between companies in Tohoku and Miyagi and supported growth in the respective regions and businesses.

Top Message

Moving forward, we will also expand our perspective overseas. In April 2025, the 77 Bank Group's first overseas subsidiary, 77 NEXT CONSULTING PTE. LTD., began operations in Singapore. By creating a local subsidiary, we will be able to go about our overseas business without any of the previous operational restrictions at our overseas representative office. Specifically, we will seek to provide a broad range of support for customers' overseas businesses, including the expansion of overseas sales and

(3) Sophisticating the banking business through use of digital technologies

In line with the decline in the working-age population, we expect a medium- to long-term decrease in the number of human resources who can run our operations. It is therefore essential that we act in advance. Specifically, we will utilize AI, robotics, and other digital technologies to enhance the efficiency of operations and increase productivity per employee. The use of AI will be of particular importance. At the headquarters, we are currently using AI to create documents, collect information, and compile and analyze data. Elsewhere, in mortgage approval processes we are using an AI

(4) Rebuilding branch strategies in line with customer trends and regional characteristics

The number of customers visiting bank branches has fallen by more than 50% compared to 10 years ago, and the number is expected to continue to fall. Moreover, with the ongoing enhancement in functionality of apps and other non-face-to-face channels, and an increasingly cashless society, financial services that are available anytime, anywhere will continue to evolve. At the 77 Bank Group, we must continue to enhance levels of customer satisfaction to ensure we do not lose out to online banks and other industries.

(5) Reinforcing Group management, including in new businesses and sectors

Since the start of "Vision 2030," we have ventured into numerous uncharted fields and set up 10 new projects in new businesses and sectors. While our aim has been to address regional challenges while diversifying the future income streams of the 77 Bank Group, we will continue working to uncover new areas for inorganic growth to develop a third income pillar after the customer sales department and marketable securities

(6) Providing multi-stakeholder returns

By providing appropriate returns to all our stakeholders including customers, regions, shareholders, and employees, we will work alongside them to create a prosperous future.

Two of the strategies within "Vision 2030" are the top

suppliers, support for establishing local hubs, and overseas sales representation. At the same time, by attracting investors and human resources from ASEAN, India, and other emerging areas, we will utilize overseas growth to drive the advancement of local economies. Whether domestically or overseas, we will strive to expand the scope of operations of the 77 Bank Group. Moreover, while enhancing our Finance & Consulting business model, we will broaden our business prospects and create new growth opportunities.

screening service, which has helped to shorten the entire process. The use of digital technologies is not only about streamlining operations. Rather, the key is to examine how to use the time saved to create added value. Our ultimate aim is to become an organization for which AI is a regular partner. In the future, it will become increasingly important for the headquarters to consider higher-quality plans and for our branches to offer higher-quality proposals to our customers. Through the proactive use of AI and other technologies, we will maximize the capabilities of our personnel and work to advance our banking business.

On the other hand, the importance of face-to-face consulting remains unchanged in the acquisition of deposits and retail sales. To date, we have consolidated our branch functions mainly through our branches within branches initiatives, but moving forward we will review our branch functions while reinforcing our channel strategies using digital technologies. Our banking business is at a turning point. While constantly looking at the quality of our financial services and cost burden, we will examine our future course of action as a bank and build branch strategies in line with customer needs and regional characteristics.

trading department. To ensure the Groupwide provision of high-level expertise and high-quality services, the optimal distribution of Group resources, including human resources, will be key. We will therefore build an optimal human resource portfolio for the headquarters, our branches, and Group companies in line with social conditions and market environments. While broadening our business domains and contributing to the development of the regional economy, we will expand consolidated Group profit.

customer satisfaction strategy and the regional growth strategy. While further boosting the level of these strategies for our customers and regions, we will aim to drive the sustainable growth of both the 77 Bank Group and our local communities.

For our shareholders, we will promote the growth of the 77 Bank Group and ensure appropriate returns through stable profit growth and sound business management, always aiming to improve our corporate value. For our employees, the 77 Bank Group's most important capital, we will proactively invest in the creation of environments that facilitate individual growth, with the goal of developing an organization where they can work

with pride and in comfort. Through individual development and growth, we will aim to create strategic human resources who can help us become a leading company.

▶ Progress of Sustainability Management

Since its founding, the 77 Bank Group has worked as one to address its important issues (materiality) in line with the philosophy of the Bank Creed: Desiring communal prosperity and serving local communities. One of our important issues is addressing climate change. In terms of initiatives for decarbonization, which is closely related to climate change, mainly in the US we are seeing companies changing their policies and withdrawing from international frameworks. However, when considering global abnormal weather events and the increasing severity of natural disasters, as well as the depletion of energy resources, the importance of

measures to promote decarbonization and counter climate change remains unchanged. At the 77 Bank Group, we will continue to support the decarbonization initiatives of our local communities and customers. In other areas, whether it is the protection of natural capital and biodiversity or initiatives for a circular economy, the sustainability domain covers many different areas. At the 77 Bank Group, it is important that we carefully examine our resources, strengths, and individuality, engage closely with our local communities and customers, and work to achieve a sustainable society.

▶ In Closing

The socioeconomic environment both in Japan and overseas is undergoing drastic change that is leading to increasing uncertainty surrounding the future. As a regional financial institution, it is precisely in situations like these that we must provide financial services in a stable manner and continue to demonstrate our financial intermediary functions. At the same time, we must reinforce our consulting functions and drive growth in the regional economy. While steadily executing the strategies in "Vision 2030," we will augment our strengths and fulfill the mission of the 77 Bank Group. Moreover, through the interim review of "Vision 2030," we will design an upgraded target form to ensure that all officers and employees can work together to help our communities flourish. We ask for your continued support and patronage.



Message from Director Responsible for Finance

Record-high profits for the fourth consecutive term —We will enhance corporate value through profitability improvements and the creation of robust financial foundations



Deputy President
Hiroshi Kobayashi

► Financial Performance Summary

(Billions of yen, %)

	FY2023	FY2024	YoY change		FY2025 (Forecast)	FY2026 Simulation
			Increase/decrease	Rate of change (%)		
(Non-consolidated)						
Gross operating income	80.1	85.6	5.5	6.8	106.2	115.6
Interest income	93.4	103.9	10.5	11.2	104.3	109.6
Fees and commissions	13.0	14.5	1.5	11.9	15.2	15.6
Other operating income	(26.3)	(32.8)	(6.5)		(13.3)	(9.6)
Expenses	49.0	48.4	(0.6)	(1.2)	49.9	49.5
Core operating income	44.9	58.3	13.4	29.9	62.2	71.0
Operating income	27.2	37.2	10.0	36.7	57.4	69.2
Ordinary income	42.5	54.8	12.3	29.0	61.0	71.5
Net income	28.8	38.6	9.8	33.8	43.0	50.0
Credit-related expenses	3.7	(0.1)	(3.8)		3.0	3.0
Total gains (losses) from securities	45.6	44.1	(1.5)		48.4	50.2
After excluding procurement costs	34.3	31.6	(2.7)		34.9	37.7
Income from customer services	13.8	22.5	8.7		28.5	38.3
After excluding foreign currency-denominated procurement costs	9.8	18.7	8.9		25.5	35.7
(Consolidated)						
Ordinary income	44.2	56.3	12.1	27.2	62.5	73.5
Net income	29.8	39.3	9.5	31.7	44.0	51.0

FY2024 results

In FY2024, our non-consolidated ordinary income increased ¥12.3 billion from the previous year to ¥54.8 billion, and non-consolidated net income rose ¥9.8 billion to ¥38.6 billion. Consolidated net income was also up by ¥9.5 billion to ¥39.3 billion, marking a record high for the fourth consecutive term. This rise can be attributed to various factors. Despite an increase in interest on deposits, etc. stemming from a rise in deposit interest rates, in addition to an increase in the balance of loans and bills discounted thanks to our steady response to funding needs from customers within and outside the prefecture, interest on loans and bills discounted also increased thanks to improving market interest rates, and as a result interest income increased. Moreover, as a result of our focus on Finance & Consulting, we were able to broaden our range of solutions to customer challenges,

FY2025 projected performance

In FY2025, on a non-consolidated basis we expect ordinary income to increase ¥6.2 billion year on year to ¥61.0 billion and net income to increase ¥4.4 billion to ¥43.0 billion. On a consolidated basis, we anticipate a ¥6.2 billion year-on-year increase in ordinary income to ¥62.5 billion, and a ¥4.7 billion increase in net income attributable to owners of the parent to ¥44.0 billion.

Although we expect an increase in expenses from major system investments and a rise in credit-related

and with a rise in fees and commissions from corporate clients, fees and commissions also increased. In terms of expenses, alongside a reduction in personnel expenses caused by the natural reduction in number of employees due to mandatory retirement, there was also a reactionary decline in non-personnel expenses due to the major system-related expenses recorded in the previous year. Credit-related expenses were reversed due to the decrease in risks associated with some project finance claims recorded in the previous year. In the marketable securities department, although we recorded a loss from the sale of bonds due to our replacement of bonds in line with rising interest rates, the realization of unrealized gains on stock-related assets ensured that total gains from securities were on par with the previous fiscal year.

expenses, while maintaining our steady increase in balance of loans and bills discounted, through an increase in fees and commissions from consulting sales we will aim to achieve record-high profits for the fifth consecutive year.

In addition to strengthening profitability through the continued execution of the top customer satisfaction strategy in "Vision 2030," we will work as a Group to improve productivity through the double-productivity strategy and in turn enhance our corporate value.

► The 77 Bank Group's Value Enhancement Initiatives

Review of financial targets in "Vision 2030"

As part of "Vision 2030," we set forth financial targets for FY2030 to strengthen our financial foundations. In line with changes in the economic environment, including changes to the Bank of Japan's monetary policies, in November 2023 we revised our financial targets, including an upward revision to our consolidated net income target, and set a new ROE target. While our initial consolidated net income target for FY2030 was ¥45.0 billion, in our performance forecast for FY2025, we expect to approach this target and achieve ¥44.0 billion in consolidated net income. One of the biggest factors is the start of a "world of interest rates." Despite rising deposit and funding costs, the increase in interest on loans and bills discounted due to rising interest rates is expected to boost profit. This would usually mean revising and setting new financial targets, but due to reciprocal tariff policies stemming from the Trump administration and other factors, there is growing uncertainty surrounding stock markets and exchange rates, which could in turn impact the Bank of Japan's monetary policies. In response, at a company briefing held in June 2025, we outlined various consolidated net income and ROE

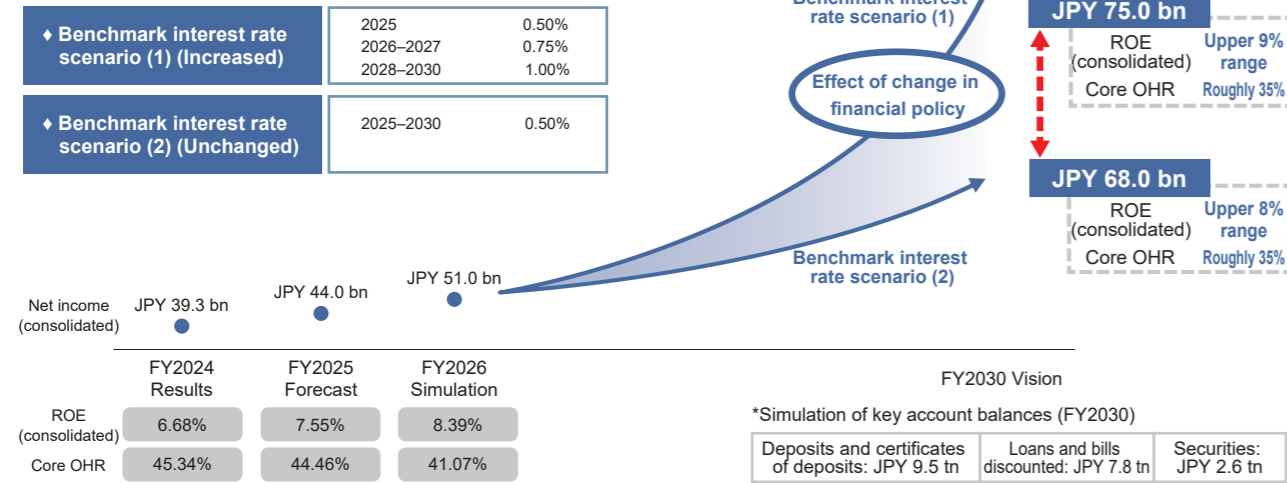
targets for FY2030 based on simulations of various policy interest rate scenarios.

In the scenario (1), the policy interest rate rises to 0.75% from FY2026 and then to 1.00% in FY2028. In this scenario, we anticipate consolidated net income of approximately ¥75.0 billion and ROE in the upper 9% range. The scenario (2) sees the current policy interest rate of 0.50% remain the same, and consolidated net income of ¥68.0 billion and ROE in the upper 8% range. In both cases, we expect significant improvements over our current levels of profit and ROE. Of course, performance depends not only on interest rates—company strategies and the mindset and action of every officer and employee will also play a major part. While enhancing top-line growth, we will work to strengthen profitability by improving productivity through thorough expense control.

In FY2025, we will conduct an interim review of "Vision 2030." We will announce new financial targets while enhancing our various strategies and further improving our Finance & Consulting business model.

Message from Director Responsible for Finance

Details of simulation

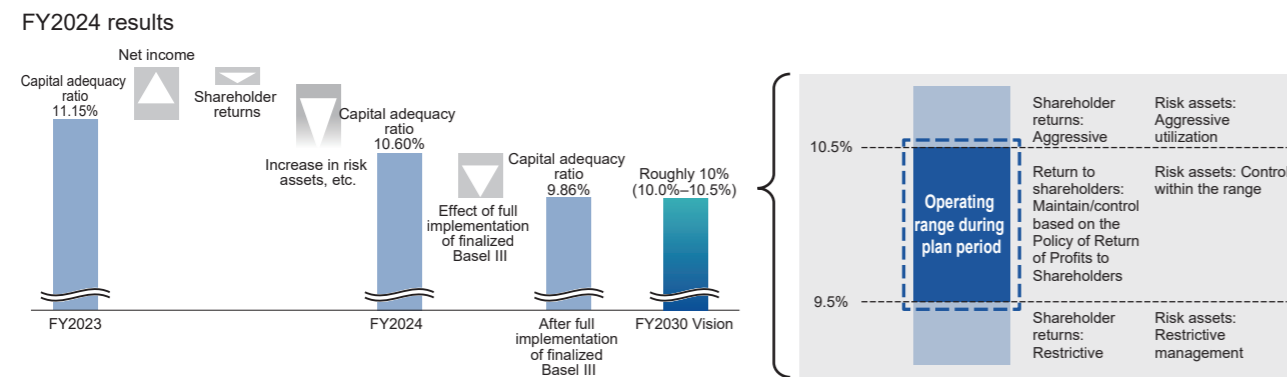


Preservation of soundness

To support local communities in emergencies, as a regional financial institution it is important to provide risk money for recovery, and as such it is essential that we maintain a sufficient capital adequacy ratio in normal times. On the other hand, to enhance our capital efficiency, it will also be important to consider getting rid of any excess capital. As such, considering that we had provisioned sufficient reserves for bad debts at the time of the Great East Japan Earthquake in March 2011 (our capital adequacy ratio decreased by approximately 1.6%), we have set our capital adequacy ratio target for FY2030 as above 8% at

around 10% (10.0%–10.5%), which is the level to be achieved for banks operating under the uniform international standard. Moreover, we have set an operating range of between 9.5% and 10.5% during the plan period up until FY2030, and will strive for appropriate capital control. Our capital adequacy ratio (consolidated) as of the end of March 2025 was 10.60%, but falls to 9.86% after full implementation of finalized Basel III. As such, we understand that our capital adequacy ratio is not sufficient and will continue to ensure thorough capital control while focusing on capital soundness.

Capital adequacy ratio (consolidated)



Enhancing shareholder returns

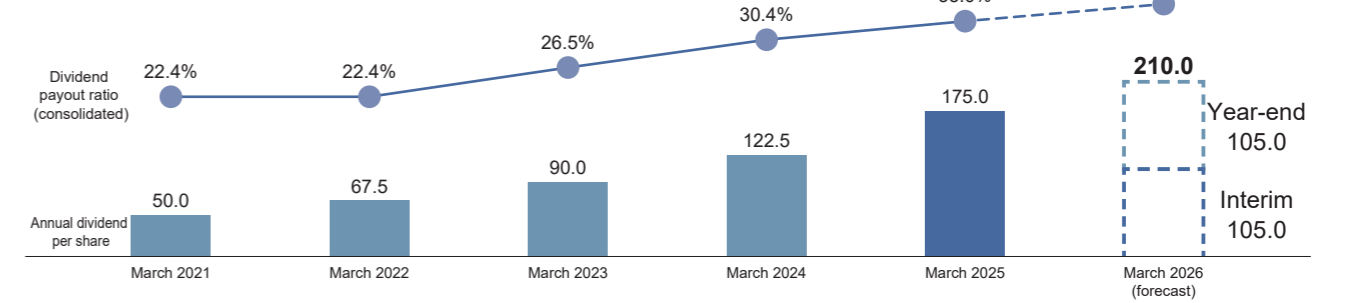
In "Vision 2030," we have defined our duty to shareholders as the growth of the 77 Bank Group and the provision of returns. To quickly fulfill this duty, we set out the Policy of Return of Profits to Shareholders, and in FY2024 we paid dividends of 175 yen per share

with a payout ratio of 33.0%. Moving ahead, we will continue to provide appropriate returns based on the Policy of Return of Profits to Shareholders, and aim to improve shareholder profits and return on capital.

Policy of Return of Profits to Shareholders

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

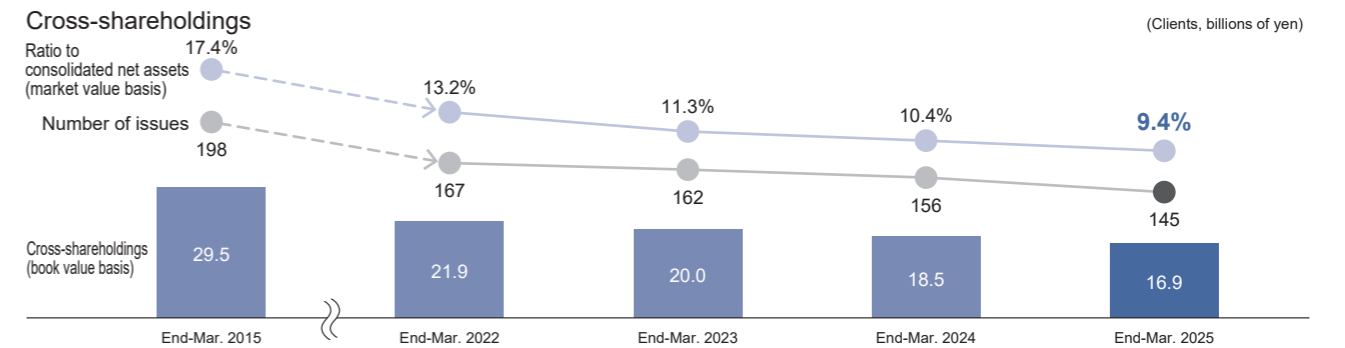
Annual dividend per share and dividend payout ratio



Reducing cross-shareholdings

As a general rule, the Bank's policy is to reduce cross-shareholdings. As a regional financial institution, the Bank will hold cross-shareholdings only when it is judged that maintaining and strengthening business and cooperative relationships with the client will contribute to enhanced corporate value of both the client and the Bank. When the Bank arranges cross-shareholdings, the Management Committee regularly conducts a strict verification of their profitability based on the cost of

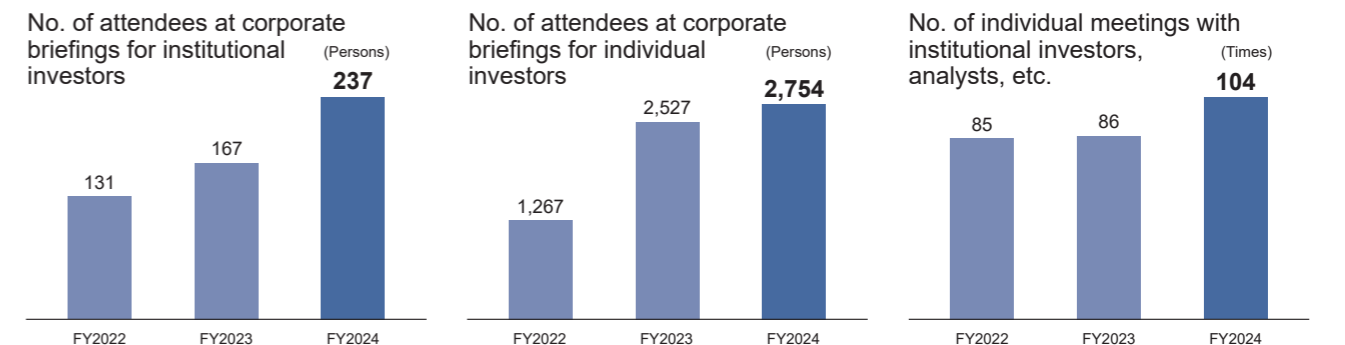
capital, etc., as well as the medium- to long-term economic rationale for such holdings, future outlook, the purpose of holding, and other relevant factors for each issue. In FY2024, we reduced 11 issues of cross-shareholdings, achieving our target of less than 10% of consolidated net assets. In the future, we will exercise voting rights in accordance with our criteria for same and examine disclosing the status of our activities.



Enhancement of IR activities

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

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



Policy on constructive dialogue with shareholders



Approach to disclosures



Message from Director Responsible for Finance

Securities

Trading of marketable securities

The Bank's balance of marketable securities is around 3 trillion yen, which is one of the highest among regional financial institutions. We have positioned the trading of marketable securities as our second income pillar, mainly investing in yen-denominated bonds to ensure safety and liquidity. To diversify our investments and improve profitability, however, we also invest in investment trusts and stocks while ensuring thorough risk management.

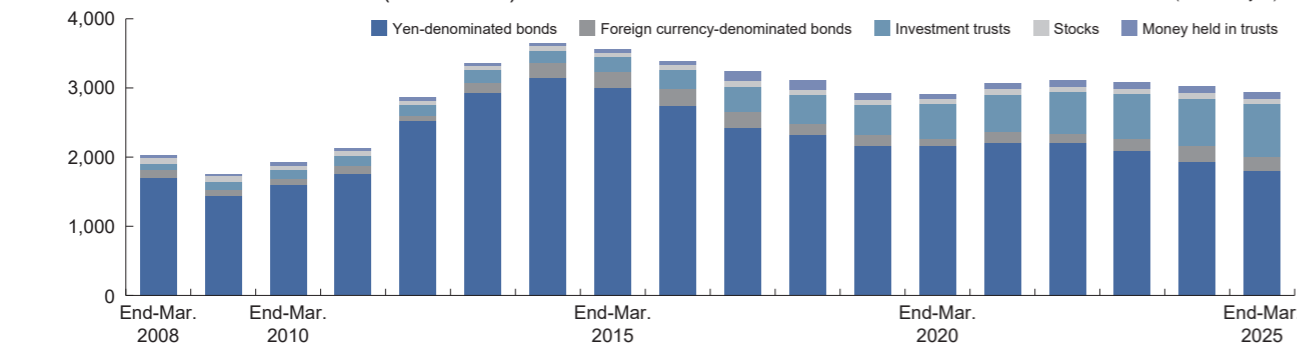
To date, there have been significant fluctuations in the market due to the collapse of Lehman Brothers, the Great East Japan Earthquake, and the COVID-19 pandemic, for example, however the experience we

gained through our response to each situation has provided us with the our current expertise.

Our policy for the trading of marketable securities is determined every six months following deliberations by the ALM and Profit Management Committee. However, to enable flexible response to changing market trends, we ensure agile asset management by regularly discussing and reporting progress and revisions to management.

This year, as well, we expect increasing uncertainty caused by changes in domestic and international political and economic environments, and will therefore confront the market in a flexible and agile manner.

Balance of marketable securities (book value)



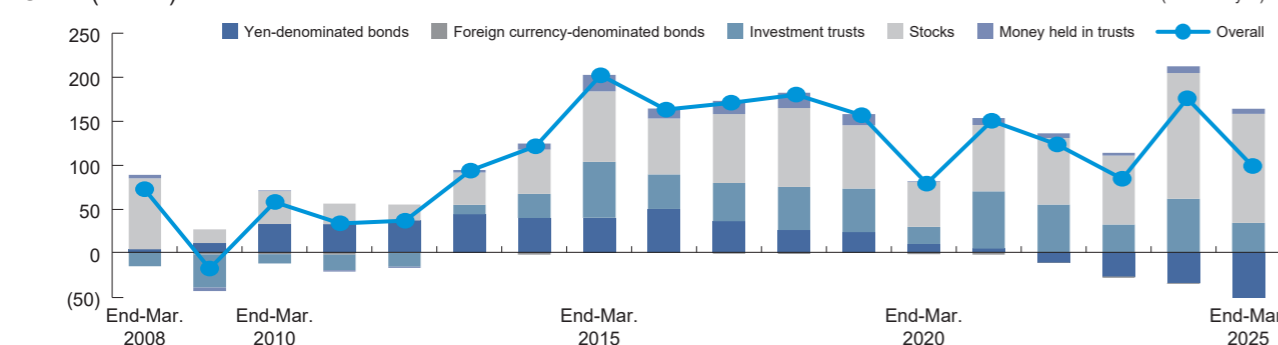
A world of interest rates

To date, the Bank has worked to build a medium- to long-term portfolio in line with market changes and forecasts.

For example, when interest income declined due to impacts from the Bank of Japan's negative interest rate policy, we increased our investment trust balance to secure capital gains and dividends, and these investment trusts have now grown into an asset that makes significant contributions to the profit of the marketable securities department. Moreover, by switching the majority of our foreign bonds to floating bonds with low interest-related risk, we have sought to maintain a profit margin while limiting any impacts from valuation gains and losses, even as interest rates in

the US continue to rise. Changes to the Bank of Japan's monetary policies have brought back a world of interest rates. In terms of yen-denominated bonds, which make up the majority of our securities portfolio, in addition to carefully examining the timing of our investments in line with interest rate trends, we must also address fluctuations in valuation gains and losses. In anticipation of rising interest rates, in recent years we have sought to minimize the increase in valuation losses by selling off low-yield and ultra-long-term bonds. In addition, by purchasing when interest rates are high, we expect to increase the overall yield of our securities.

Gains (losses) from evaluation of securities



Securities management policy

Our basic approach to the trading of marketable securities is to conduct long-term and diversified investments. However, we are also focusing on investment in stock-related assets through stocks and investment trusts, and we ensure flexible trading through an accurate understanding of individual assets and issues.

Stock-related assets contribute to improved profitability through stable dividend income and the steady realization of valuation gains. In addition, as negative correlation assets to yen-denominated bonds, which make up the majority of our portfolio, stock-related assets are also effective in diversifying our investments. We are aiming to accumulate valuation gains as a result of our diverse investment timing and selections over the long term, and will continue to

reinforce our resistance to market fluctuations. The continued creation and realization of valuation gains has helped us build a high-quality portfolio. Outside of profit, investing in stock-related assets is also helping to develop our human resources through analyses of industry trends and individual companies, which in turn is enhancing their investing expertise. When exercising voting rights at companies in which we hold shares, we have established criteria to improve the Bank's medium- to long-term investment returns and promote the sustainable growth and improved corporate value of investees. We make decisions on whether to approve proposals after comprehensive judgment. Moving forward, we will examine the disclosure of our exercise of voting rights.

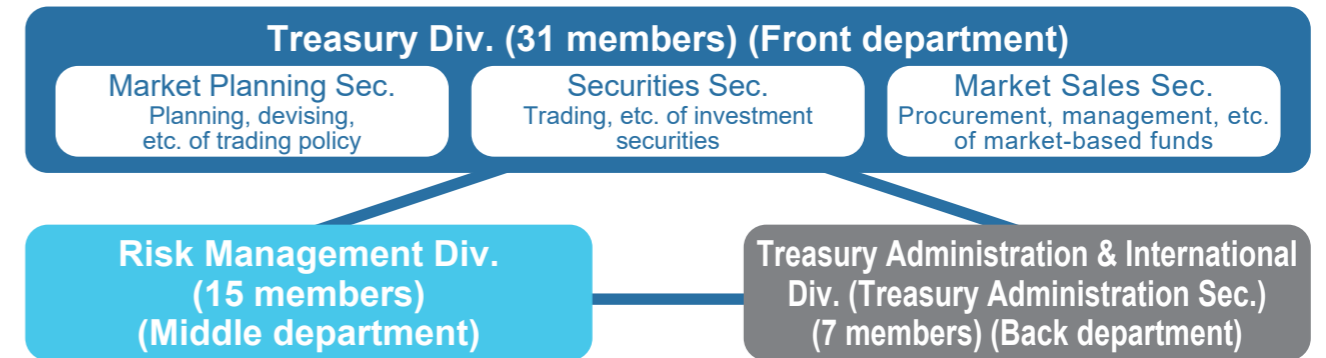
Human resources and training structure

Due to the specialized nature of marketable securities trading, it is essential that we enhance our organizational capabilities through the acquisition and development of human resources.

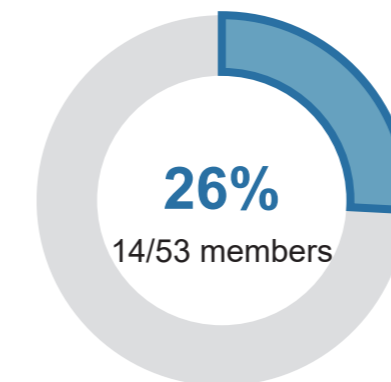
The Bank's trading of marketable securities is led by three departments: the front department (Treasury Division), the middle department (Risk Management Division), and the back department (Treasury Administration & International Division). Through the rotation of human resources among these departments, we are working to reinforce collaboration and share expertise, in turn building a sustainable organizational structure. Moreover, through the job trial

system that enables employees to voluntarily try out headquarters operations, we are working to discover human resources with an interest in and an aptitude for the trading of marketable securities. Elsewhere, through the dispatch of employees to asset management companies and other external institutions, we are providing employees with opportunities to acquire expertise and experience directly linked to actual roles. Also, by encouraging employees to acquire securities analyst certifications and other credentials, we are driving human resource development with a focus on both utilizing external expertise and promoting self-improvement.

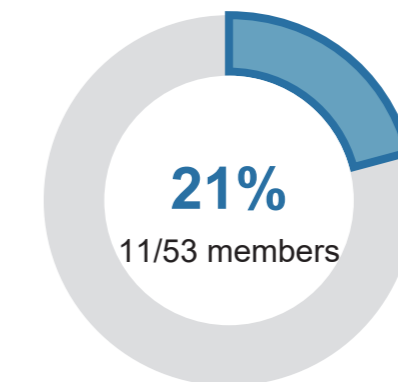
Structure for marketable securities trading (end-Mar. 2025)



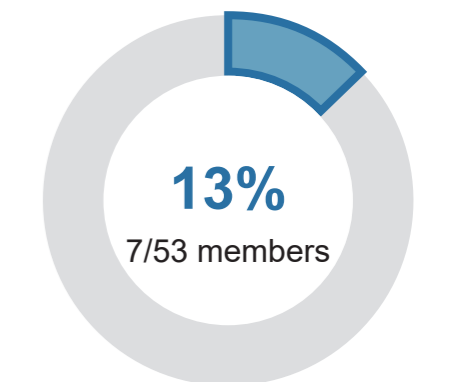
Percentage of employees with experience as external trainees



Percentage of female employees



Percentage of young employees (in their 20s)



Our Path of Continuous Growth

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



A deep connection with Eiichi Shibusawa

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

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



Eiichi Shibusawa
1840-1931
Photograph: Fukaya City

2021.12

Established 77 Partners Co., Ltd.

2022.8

Established 77 Human Design Co., Ltd.

2023.5

Established 77 Digital Solutions Co., Ltd.

2024.3

Established 77 Insurance Service Co., Ltd.

2024.9

Established 77 Business With Co., Ltd.

2025.1

Established 77 NEXT CONSULTING PTE. LTD.

2021-

1878.12

Started operations as The 77th National Bank

1893.5

Established Miyagi Savings Bank (Renamed Gojo Bank in 1921)

1898.3

Name changed to The 77 Bank, Ltd.

1910.6

Established Tohoku Jitsugyo Bank, Ltd.

1932.1

The current The 77 Bank, Ltd. was established through the merger of The 77 Bank, Tohoku Jitsugyo Bank, and Gojo Bank

1960-

1961.5

The Bank Creed established as the basic principle of management

1978.10

Established 77 Shin-Yo Hosyo Co., Ltd.

1983.2

Established The 77 Card Co., Ltd.

2016.7

Established The 77 Capital Co., Ltd.

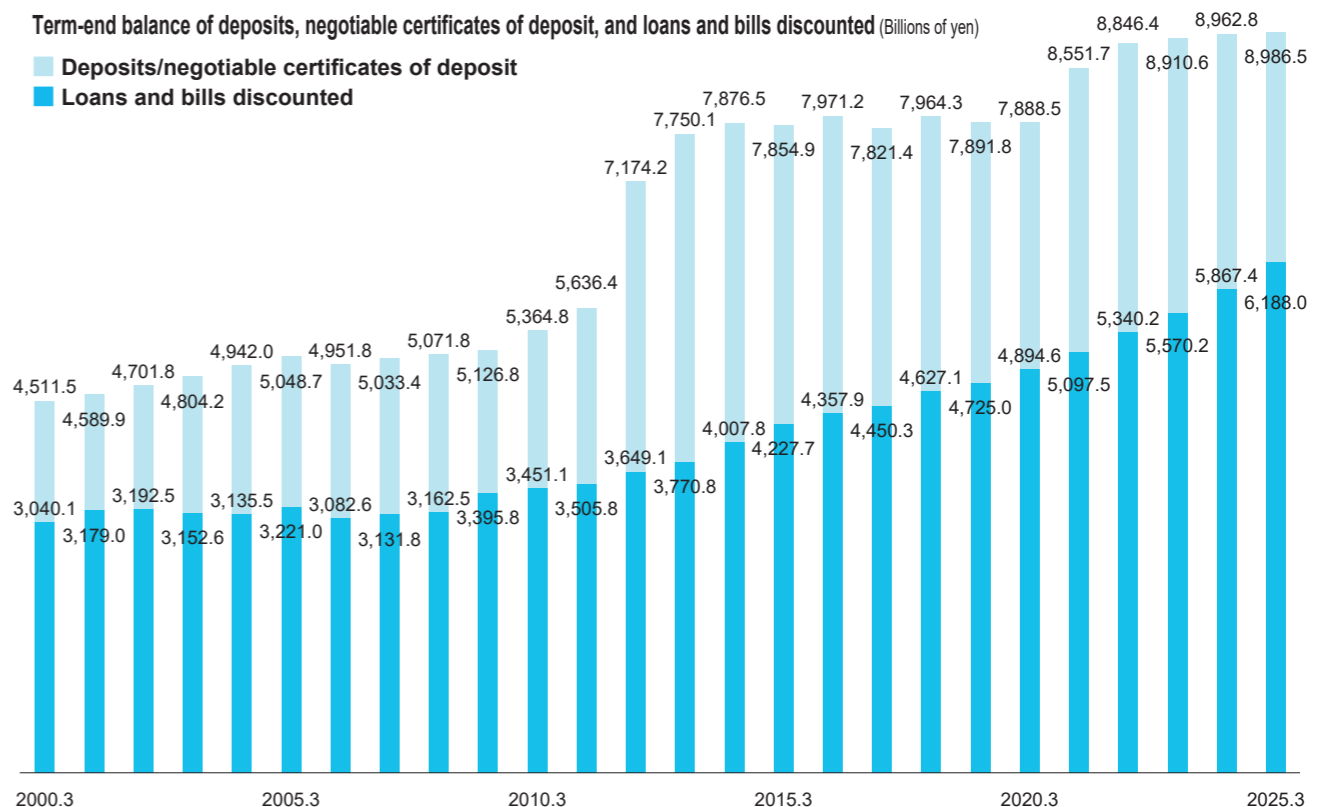
2016.7

Established 77 Securities Preparatory Establishment Co., Ltd. (trade name changed to 77 Securities Co., Ltd. in January 2017)

2000-

2018.7

Established 77 Research and Consulting Co., Ltd.



The Economy and Potential of Miyagi

Miyagi Prefecture, which is our main business base, is located in the southeast area of the Tohoku region, and is a key transport hub connecting the Greater Tokyo Area with the Tohoku region. The prefectural capital, Sendai City, which became the 11th city designated by government ordinance in Japan in 1989, is home to the branches of many major companies from across Japan, and functions as a core city in the Tohoku region. In addition to Tohoku University's designation as a University for International Research Excellence in November 2024, with ongoing developments in various projects, we expect further economic growth and development.

The Potential of Miyagi Prefecture in Numbers



Source: 2025 Shape of Miyagi (Miyagi Prefectural Handbook)

Connection to Main City

Tokyo–Sendai

▶ As little as 90 min. on the shinkansen

The Charms of Miyagi



Food



Culture

History



Research



Academia

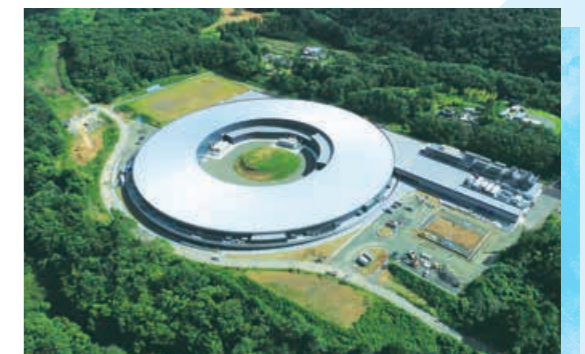
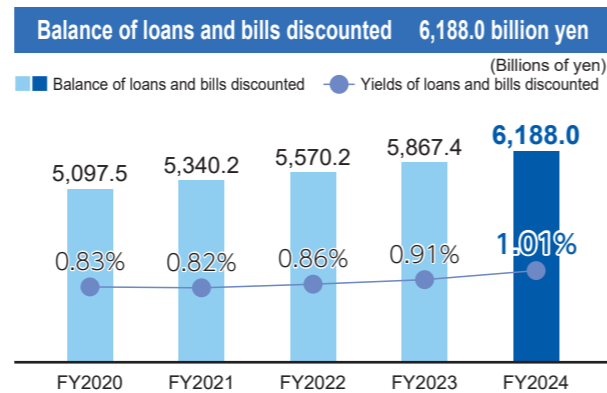
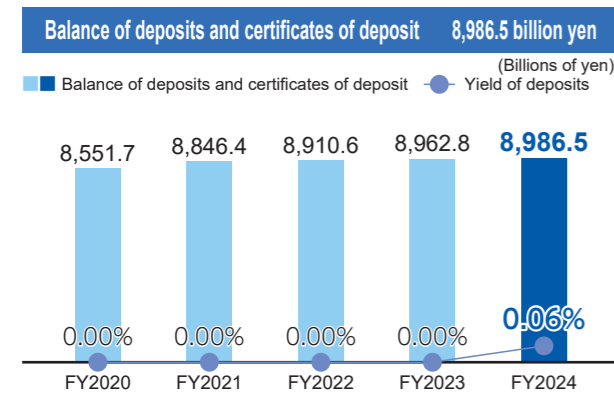
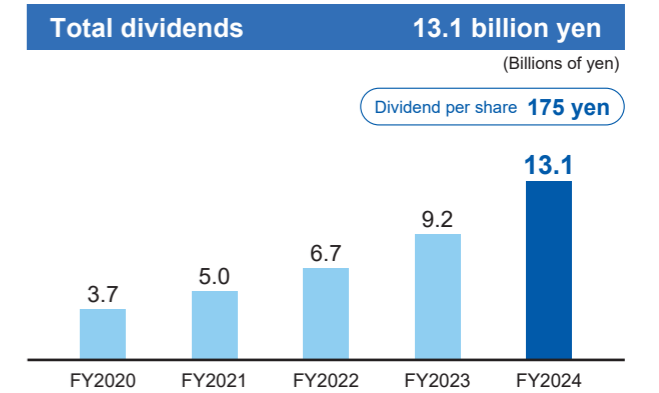
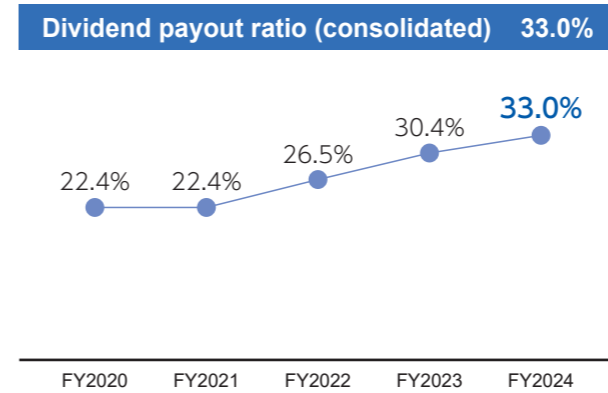
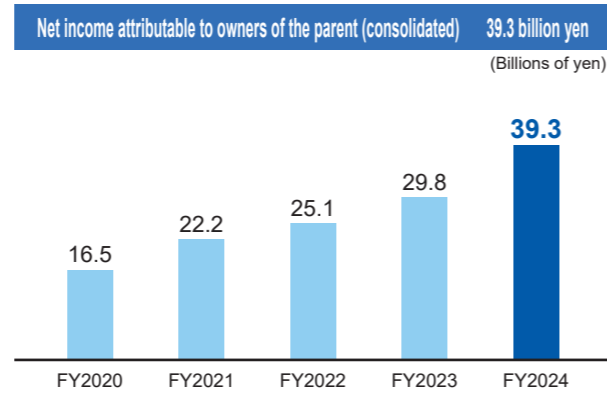
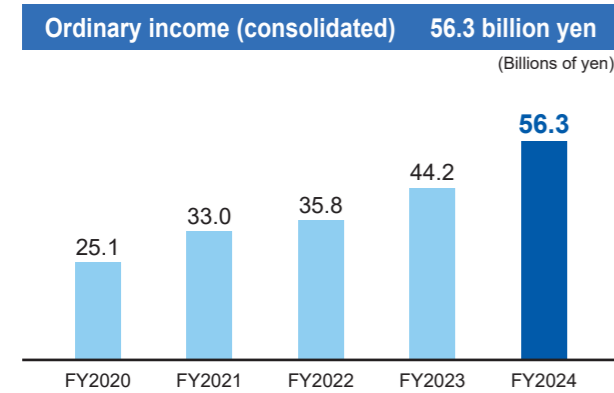


Photo provided by: Miyagi Tourism Strategy Department, Photon Science Innovation Center

Financial and Non-financial Highlights

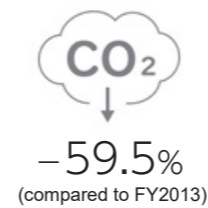
Financial highlights (FY2024)



Non-financial highlights (FY2024)

Environment

CO₂ emissions



Sustainable finance



959.0 billion yen
(cumulative from FY2021)

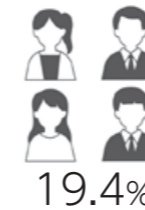
Scope 3



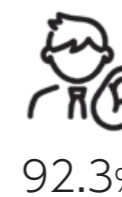
8,220,881t-CO₂

Society

Proportion of female managers



Ratio of employees taking paternity leave



Wage differences between men and women



*Acquisition rate is below 100% as it includes those taking childcare leave across different years from the child's date of birth (childcare leave taken by all eligible individuals)

Governance (as of end-June 2025)

Ratio of Outside Directors



Ratio of female Directors



Inclusion in ESG indices

2025 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

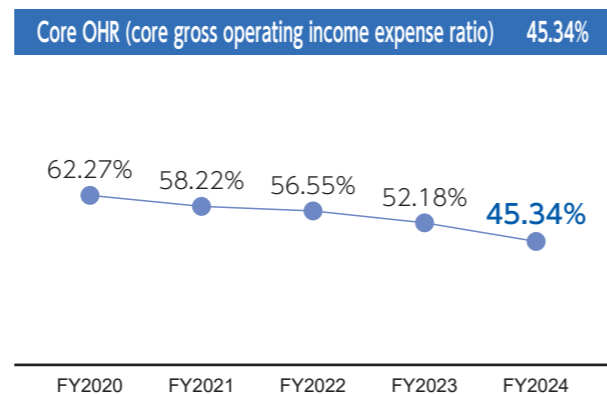
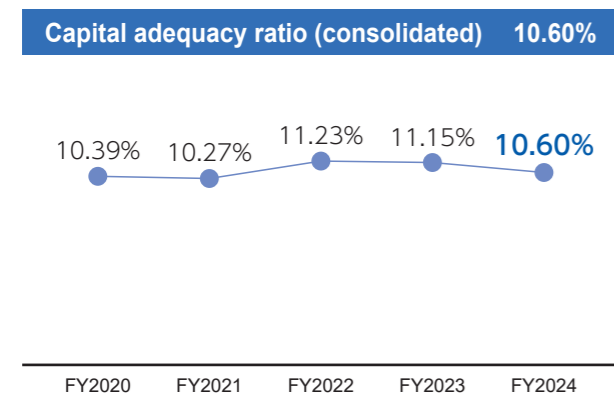
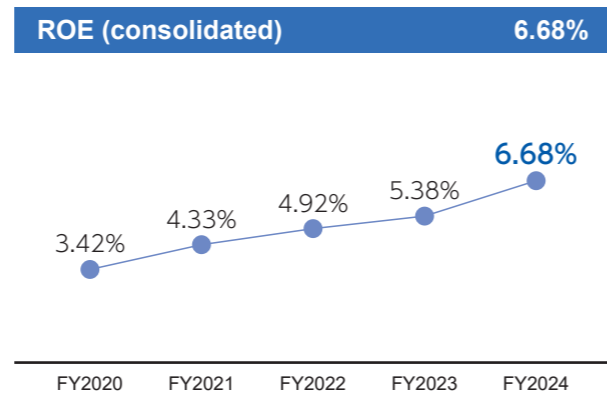
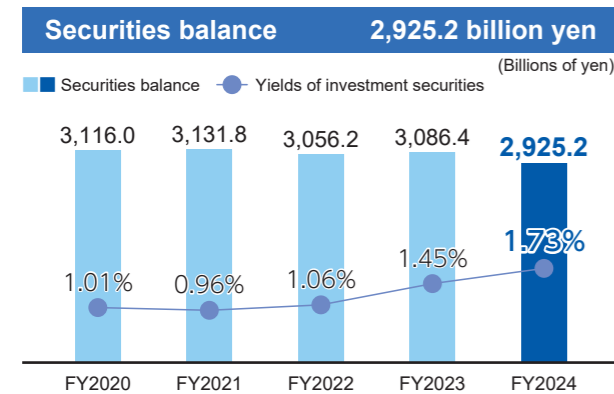


FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

*Notes on MSCI indexes and logos, etc. THE INCLUSION OF The 77 Bank, Ltd., IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF The 77 Bank, Ltd., BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



Major Financial Data for 11 Years*¹

◆ Summary of the financial results

	(Billions of yen)			
	FY2014	FY2015	FY2016	FY2017
Gross operating income	80.1	75.1	69.2	67.7
Interest income	70.2	70.8	67.6	69.6
Fees and commissions	10.3	10.0	9.4	9.3
Other operating income	(0.4)	(5.7)	(7.8)	(11.2)
Gain (losses) on bonds	(0.2)	(4.5)	(4.5)	(8.2)
Expenses	57.1	60.9	53.2	52.8
Core operating income	23.2	18.7	20.5	23.1
Ordinary income	30.5	24.3	21.6	23.3
Net income	16.9	15.7	16.6	16.7
Credit-related expenses	(3.8)	(6.2)	(1.6)	(2.3)
Net income attributable to owners of the parent (consolidated)	17.0	15.9	16.1	18.3

◆ Summary of the Balance Sheet

	(Billions of yen)			
	FY2014	FY2015	FY2016	FY2017
Total assets	8,559.7	8,570.1	8,633.6	8,701.5
Loans and bills discounted	4,227.7	4,357.9	4,450.3	4,627.1
To SMEs	1,412.1	1,519.5	1,645.2	1,751.5
To retail customers	886.0	931.6	1,012.5	1,096.5
Securities	3,683.6	3,478.9	3,242.6	3,126.0
Total liabilities	8,101.8	8,127.0	8,170.6	8,218.9
Deposits and certificates of deposits	7,854.9	7,971.2	7,821.4	7,964.3
Total net assets	457.9	443.1	463.0	482.6
Total shareholders' equity	318.3	330.6	343.4	357.0
Total valuation and translation adjustments	139.0	111.7	118.9	125.6

◆ Management indicators, etc.

	FY2014	FY2015	FY2016	FY2017
Core OHR (core gross operating income expense ratio) ²	71.07%	76.48%	72.17%	69.52%
ROE (consolidated) ³	4.05%	3.54%	3.56%	3.82%
Capital adequacy ratio (consolidated) ⁴	12.51%	11.21%	10.73%	10.43%
Net assets per share (yen) (consolidated) ⁵	1,223.49	1,165.83	6,306.73	6,613.28
Net income per share (yen) (consolidated) ⁵	45.56	42.37	215.73	246.87
Dividend per share (yen) ⁶	8.50	9.00	9.00	27.00
Dividend payout ratio (consolidated)	18.65%	21.24%	20.86%	18.22%

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

*5 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.

*6 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)						
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	69.2	72.1	67.8	75.8	78.9	80.1	85.6
	65.9	68.5	70.5	72.3	78.6	93.4	103.9
	9.6	9.7	9.8	11.8	12.2	13.0	14.5
	(6.3)	(6.1)	(12.5)	(8.3)	(11.9)	(26.3)	(32.8)
	(2.8)	(2.5)	(12.8)	(8.8)	(6.9)	(13.8)	(21.1)
	52.8	53.2	50.2	49.3	48.5	49.0	48.4
	19.2	21.4	30.4	35.3	37.3	44.9	58.3
	22.0	24.6	22.7	30.5	34.4	42.5	54.8
	17.9	17.3	14.9	20.8	24.4	28.8	38.6
	2.3	7.3	7.6	4.6	1.2	3.7	(0.1)
	17.6	18.2	16.5	22.2	25.1	29.8	39.3

	(Billions of yen)						
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	8,610.3	8,751.9	9,817.9	10,666.0	10,179.5	10,471.2	10,391.2
	4,725.0	4,894.6	5,097.5	5,340.2	5,570.2	5,867.4	6,188.0
	1,825.4	1,915.2	2,009.5	2,173.9	2,335.3	2,534.8	2,755.1
	1,134.2	1,176.3	1,211.8	1,249.2	1,291.0	1,327.8	1,363.7
	2,964.9	2,913.4	3,116.0	3,131.8	3,056.2	3,086.4	2,952.2
	8,129.1	8,312.0	9,316.1	10,166.2	9,688.8	9,894.5	9,841.6
	7,891.8	7,888.5	8,551.7	8,846.4	8,910.6	8,962.8	8,986.5
	481.2	439.9	501.8	499.8	490.8	576.7	549.7
	371.9	384.8	396.1	413.0	431.6	452.7	480.7
	109.4	55.1	105.7	86.7	59.2	124.0	69.0

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	73.28%	71.35%	62.27%	58.22%	56.55%	52.18%	45.34%
	3.60%	3.89%	3.42%	4.33%	4.92%	5.38%	6.68%
	10.38%	10.31%	10.39%	10.27%	11.23%	11.15%	10.60%
	6,582.31	6,057.30	6,947.19	6,944.03	6,818.61	8,121.61	7,735.86
	237.90	246.97	222.89	300.81	338.74	402.40	529.50
	47.50	50.00	50.00	67.50	90.00	122.50	175.00
	19.96%	20.24%	22.43%	22.43%	26.56%	30.44%	33.05%

Sources of Value Creation and the 77 Bank Group's Strengths

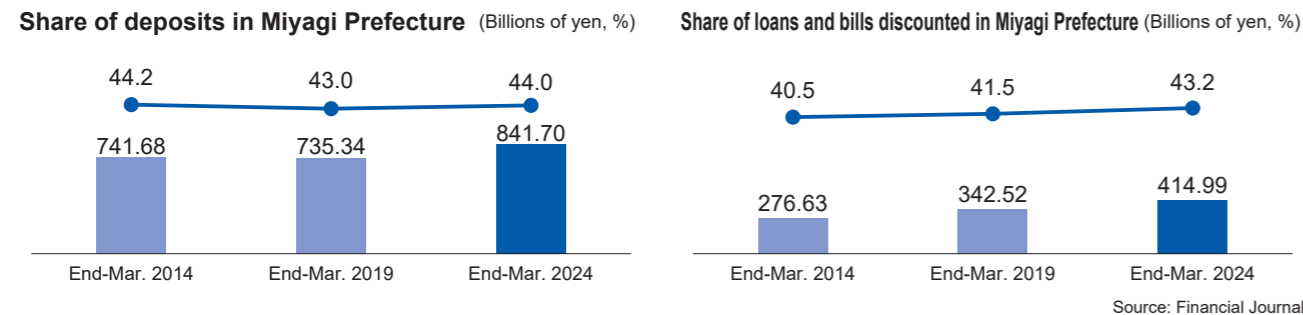
1 Market centered in Miyagi Prefecture and Sendai City Social capital



Miyagi Prefecture, the Bank's main sales area, accounts for approximately 30% of the total GDP of the Tohoku region and is the central market in the region. With quality infrastructure such as the Tohoku shinkansen and highways, one advantage of the Tohoku region is its excellent connections with the Tokyo metropolitan area. In recent years, in addition to the start of operations at NanoTerasu (a huge nano-level microscope), Tohoku University was the first university in Japan to be designated as a University for International Research Excellence. In this way, the region is also expected to achieve further developments in the area of research. Moreover, mainly in Sendai City progress is being made with construction projects that aim to promote the provision of highly functional offices, which are expected to make further contributions to the creation of virtuous economic cycles. The Bank boasts a network of 128 branches in Miyagi Prefecture, and while maintaining these customer touchpoints, it will aim to utilize its network to contribute to the development of the regional economy.

2 Robust customer base Social capital

Underpinned by long-held relationships of trust with our customers, our balance of deposits and loans and bills discounted continues to be among the highest in Miyagi Prefecture. Moreover, we have the second-highest share of deposits among all regional banks in Japan, demonstrating our well-established position in the market.



3 Stable financial foundations Financial capital

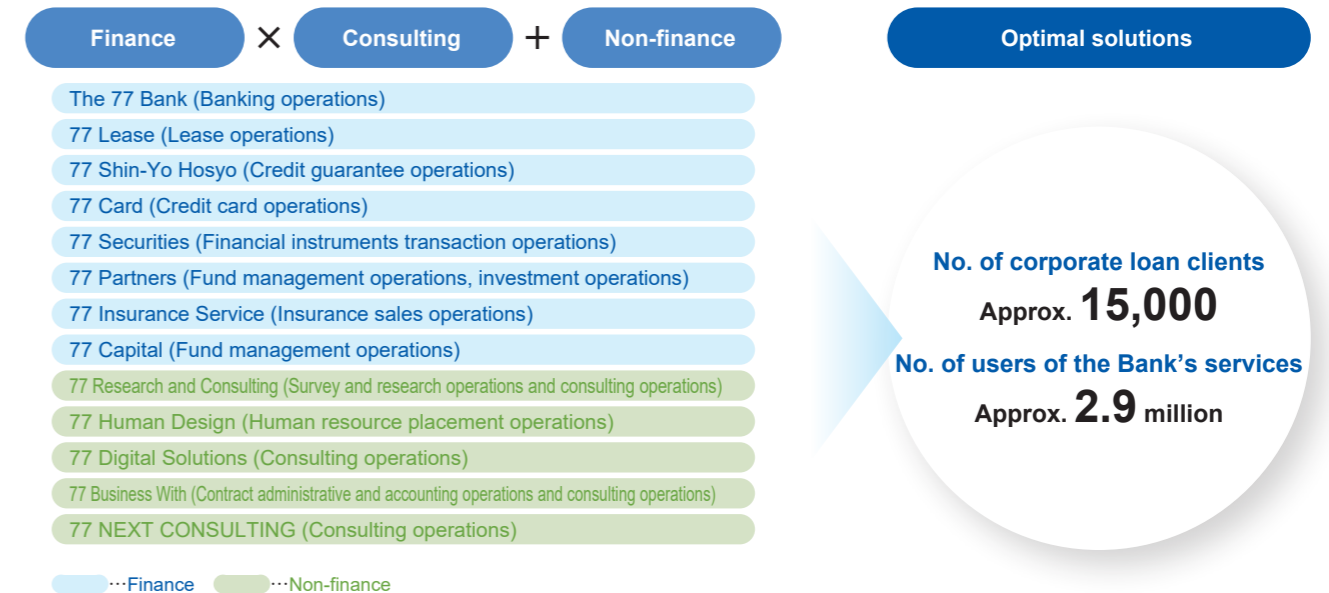
In addition to supplying funds to promote the growth of regional companies, our second core business is the trading of marketable securities, which contributes significantly to overall performance. In terms of financial soundness, we boast a stable capital adequacy ratio and have sufficient reserves in case of worsening credit risk. Our creation of stable management foundations has earned us high-level ratings from external ratings agencies.

Ordinary income (consolidated)	Net income (consolidated)	Loans and bills discounted (term-end balance)	Rating	
JPY 56.3 bn	JPY 39.3 bn	JPY 6,188.0 bn	Japan Credit Rating Agency, Ltd. (JCR)	AA
Securities (term-end balance)	Capital adequacy ratio (consolidated)	Ratio of reserve for loan losses	Rating and Investment Information, Inc. (R&I)	A+
JPY 2,925.2 bn	10.60%	0.9%	Moody's	A3

(As of July 31, 2025)

4 Consulting sales system Intellectual capital

To respond to customers' wide-ranging needs, in addition to conventional banking operations, we also have subsidiaries that provide solutions to the various issues facing regional companies. While improving our Finance & Consulting business model, we will work to expand our range of non-financial operations to provide optimal solutions for our customers.



5 Development of diverse specialist human resources Human capital

To ensure the provision of sophisticated solutions, we support autonomous career development and skills improvement and are developing "human resources that serve a purpose for customers and local communities" and "human resources that contribute to corporate reform."

No. of employees qualified as 1st grade Financial Planner/Certified Financial Planner	No. of employees qualified as Small and Medium-size Enterprise Management Consultants	No. of dispatched trainees, etc.	Ratio of mid-career hires
238	36	297	16.0%

(Cumulative from FY2012)

6 Know-how gained through reconstruction from the Great East Japan Earthquake Intellectual capital

The Great East Japan Earthquake brought with it unprecedented damage. Many of the Bank's branches were affected by the disaster, while we also suffered human and material damage. While the circumstances were incredibly challenging, as a regional financial institution in one of the affected areas, all our officers and employees worked as one to maintain our financial services and restore our branch network to ensure support for the recovery of our base of operations in Miyagi Prefecture and the wider Tohoku region. As a result of the disaster, we recorded ¥55.0 billion in additional credit-related expenses, which led to our first post-war deficit of ¥30.6 billion. However, through petty cash payments and aggressive funding, we moved forward with various measures to promote recovery. In addition to carrying forward the knowledge we gained from this experience, we will continue to contribute to our local communities in line with the philosophy of the Bank Creed—Desiring communal prosperity and serving local communities—which has been in place since our founding.

Value Creation Processes

By enhancing our financial services and expanding our non-financial businesses, at the 77 Bank Group we will work with our stakeholders to help our region and communities flourish and become a leading company expanding its scope of operations from Miyagi and Tohoku to beyond.

Market contraction · Aging society with low birthrate · Falling population
 · Concentration in Tokyo · Lack of corporate successors

Social diversification · Lifestyle changes · DX · More regulatory easing

Response to disasters, etc. · Disasters · Response to climate change



Four strategies

Top Customer Satisfaction Strategy **Double Productivity Strategy** **Regional Growth Strategy** **Corporate Culture Reform Strategy**

Human capital

- ▶ No. of employees: 3,718 (incl. part-time workers, etc.)
- ▶ No. of public relations personnel: 1,138
- ▶ No. of individuals with higher qualifications: 274 (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-size Enterprise Management Consultant)
- ▶ No. of dispatched trainees, etc.: 297 (cumulative from FY2012)

Intellectual capital

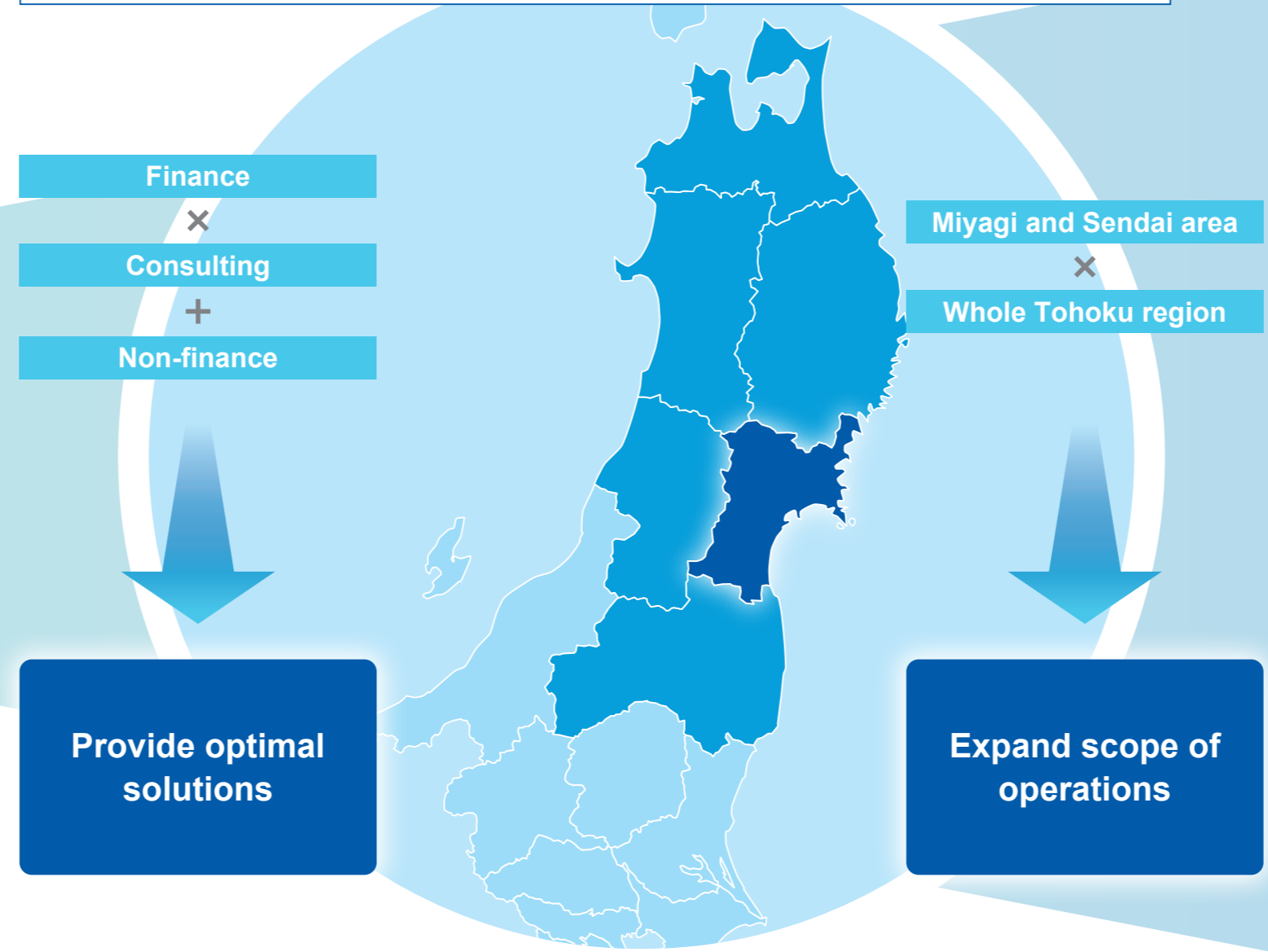
- ▶ Group companies: 12
- ▶ Use of MEJAR system (Joint use with Bank of Yokohama, Hokuriku Bank, Hokkaido Bank, and Higashi-Nippon Bank)
- ▶ Consulting sales system: 135 employees (Assignment of various specialist personnel to headquarters)
- ▶ Know-how gained through reconstruction from the Great East Japan Earthquake

Financial capital

- ▶ Deposits/negotiable certificates of deposit: 8.9865 trillion
- ▶ Loans and bills discounted: 6.1880 trillion
- ▶ Securities: 2.9252 trillion
- ▶ Capital adequacy ratio (consolidated): 10.60%

Social capital

- ▶ Customer base centered in Miyagi Prefecture
Share of deposits in Miyagi Prefecture: 44.0%
Share of loans and bills discounted in Miyagi Prefecture: 43.2%
- ▶ Regional and overseas networks
No. of branches: 144; No. of corporate offices: 2
No. of overseas representative offices: 1
No. of overseas subsidiaries: 1
- ▶ Collaboration with regional public bodies
Signed comprehensive cooperation agreements for regional revitalization with all 35 municipalities in Miyagi Prefecture



Local communities
Create abundant local communities

Corporate customers
Increase corporate value

Individual customers
Increase happiness

Shareholders
Offer growth and returns together with the 77 Bank Group

Employees
Offer work styles based on diverse values

Provide optimal solutions **Expand scope of operations**

Increase corporate value

Solutions to Important Issues (Materiality)

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

Major Opportunities and Risks / Initiatives/KPIs

Stakeholders	
Customers Companies Individuals	Local communities
Shareholders	Employees
Materiality (concerned stakeholders)	Major opportunities and risks (●Opportunities ○Risks)
<p>Revitalization of Miyagi and Tohoku Customers Local communities</p>	<ul style="list-style-type: none"> ○ Increase of opportunities for investment and lending due to the rise of public investment in infrastructure, etc. ○ Increase of opportunities for investment and lending due to the rise of private investment including startups ● Decrease in profit-earning opportunities due to the decline of the regional economy (Financial difficulties of local governments, population outflow and decline, attrition of communities)
<p>Solving issues of customers in the region Customers Local communities</p>	<ul style="list-style-type: none"> ○ Increase in income opportunities due to the diversification of solutions and the expansion of our business domains ○ Increase in income opportunities by capturing various needs including those of the aged and households with small children ○ Nurturing the willingness to invest with improved financial literacy ● Decrease in the number of customers due to lower customer satisfaction (i.e., reduced profit-earning opportunities with the lower number of customers) ● Decreased profit-earning opportunities due to the deterioration of customers' performance, rise of credit risk ● Decline of competitiveness due to the delayed action
<p>Returns to stakeholders Customers Local communities Shareholders Employees</p>	<ul style="list-style-type: none"> ○ Strengthening of consulting system along with the development of human resources ○ Improvement of corporate value associated with the reinforcement of financial base (increase in the value of shares, improvement of rating by third parties) ● Lower trust in the market due to weakened financial base
<p>Response to climate change and disasters Customers Local communities</p>	<ul style="list-style-type: none"> ○ Increase in investment and lending opportunities due to the expansion of public investment and private capital investment for disaster prevention and mitigation ○ Rise of profit-earning opportunities related to the support of customers for the shift to a decarbonized society ○ Reduction of the Bank's business operation cost with energy and resource saving and utilization of renewable energy ● Increase in the cost of credit due to the delayed response to disaster prevention and mitigation and climate change ● Occurrence of operational risk, etc. due to the Bank's branches, etc. being affected by natural disasters
<p>Provision of reliable financial services Customers Local communities Shareholders</p>	<ul style="list-style-type: none"> ○ Deepening the trust from local communities with strong internal control environment ○ Higher investors' evaluation due to our timely and appropriate information disclosure ● Occurrence of business continuity risk, etc. due to fragile internal control environment ● Lower competitiveness due to fragile IT governance
<p>Creation of work environment where people can work with enthusiasm Employees</p>	<ul style="list-style-type: none"> ○ Sustainable growth with the acquisition and settlement of various human resources ○ Promotion of innovation based on ambitious corporate culture ● Outflow of human resources and decline in productivity due to deteriorated working environment ● Loss of employment opportunities ● Decline in corporate image

Initiatives/KPIs	FY2021	FY2022	FY2023	FY2024	FY2025 Target	FY2030 Vision
<p>Regional Growth Strategy To support increased economic growth rate in Miyagi Prefecture</p>						
<p>Regional Growth Strategy Cases of growth support for business founders</p>	1,490 cases	1,761 cases	2,061 cases	2,264 cases	2,500 cases	3,000 cases
<p>Regional Growth Strategy Aim for 100% participation in regional development projects in Miyagi Prefecture</p>						
<p>Top Customer Satisfaction Strategy Number of corporate lending clients outside Miyagi Prefecture</p>	1.07X	1.21X	1.33X	1.45X	1.47X	1.5X
<p>Top Customer Satisfaction Strategy Proportion of companies in Miyagi Prefecture whose main bank is the 77 Bank</p>	56%	56%	56%	56%	57%	62%
<p>Top Customer Satisfaction Strategy Proportion of individuals in Miyagi Prefecture using loans from the 77 Bank</p>	12.7%	14.9%	15.1%	15.3%	17.0%	20.0%
<p>Top Customer Satisfaction Strategy Establish 10 projects in new businesses or sectors with promise for future commercialization</p>						
<p>Corporate Culture Reform Strategy Increase the number of specialist personnel that serve a purpose for local communities and customers</p>						
<p>Top Customer Satisfaction Strategy Raise proportion of households “holding assets” in Miyagi Prefecture above the national average</p>						
<p>Top Customer Satisfaction Strategy Group companies net income</p>	JPY 2.2 bn	JPY 1.4 bn	JPY 1.7 bn	JPY 1.5 bn	JPY 1.5 bn	JPY 3.0 bn
<p>Double Productivity Strategy Labor productivity in core operations</p>	JPY 11 mn	JPY 12 mn	JPY 14 mn	JPY 16 mn	JPY 18 mn	JPY 24 mn
<p>Sustainability CO₂ emissions</p>	10,331 t-CO ₂	9,264 t-CO ₂	8,433 t-CO ₂	6,803 t-CO ₂	5,700 t-CO ₂	0 t-CO ₂
<p>Sustainability Total cumulative sustainable finance executed (cumulative)</p>	JPY 274.0 bn	JPY 425.7 bn	JPY 676.9 bn	JPY 959.0 bn	JPY 1,100.0 bn	JPY 1,200.0 bn
<p>Sustainability Seminars held regarding SDGs/participants (cumulative)</p>	5 seminars/484 people	30 seminars/1,794 people	53 seminars/3,711 people	72 seminars/4,483 people	80 seminars/4,800 people	120 seminars/10,000 people
<p>Sustainability People receiving financial education (cumulative)</p>	8,364 people	22,332 people	42,833 people	71,420 people	75,000 people	120,000 people
<p>Double Productivity Strategy Usage of non-face-to-face channels (Corporate) (Retail)</p>	13% 15%	15% 20%	32% 27%	35% 32%	38% 35%	50% 50%
<p>Corporate Culture Reform Strategy Proportion of female managers</p>	14.2%	16.0%	17.5%	19.4%	21.0%	30.0%
<p>Corporate Culture Reform Strategy To implement various initiatives to “foster an ambitious spirit”</p>						
<p>Double Productivity Strategy Administrative work at bank branches (compared to FY2019)</p>	(15)%	(25)%	(33)%	(42)%	(50)%	(50)%

Basic Strategies to Achieve “Our Target Form” (1)

Top Customer Satisfaction Strategy

The 77 Bank Group aims to be the leading bank for customer satisfaction by offering an amazing customer experience (inspiration) that competitors cannot match. Moreover, using the strengths we have accumulated to date, we will expand our range of solutions by combining relevant customer experience with digital transformations and alliances.

- ▶ Providing services unique to a regional financial institution, via face-to-face consulting and digital channels
- ▶ Utilizing our strengths, including our networks outside of Japan and information networks in the region
- ▶ Surprising and inspiring customers with performance that exceeds their expectations
- ▶ Solving issues facing customers and the region

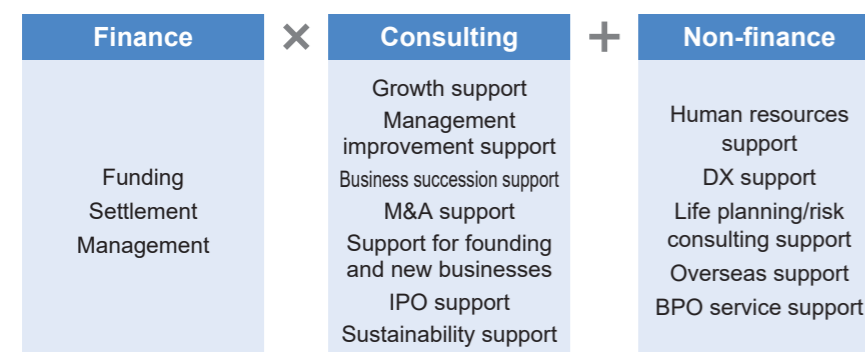
Strategy background Stimulating customer and regional demand and expanding our scope of operations

The Bank has dealings with numerous clients, understands their issues, and is a hub for regional information. As such, the Finance & Consulting business model is ideally suited to our operations. In addition to our loan business as a bank, we have a unique ability to accurately gauge various needs and provide solutions to issues. We will strive to continue as a bank that serves our region by reinforcing our consulting capabilities and expanding our range of solutions.

Consulting Sales Systems

To provide Finance & Consulting services alongside non-financial services, we have deployed various specialist human resources to our headquarters departments and Group companies to create a structure that enables the provision of detailed and conscientious services.

Moreover, we are also working to develop the necessary specialist human resources to ensure we can continue to provide sophisticated consulting services well into the future.



Surprising and inspiring customers with performance that exceeds their expectations

No. of corporate loan clients
Approx. **15,000**

No. of users of the Bank's services
Approx. **2.9 million**

Assignment of various specialist personnel to headquarters

End-Mar. 2021 **72** ▶ End-Mar. 2025 **135**

Sales structure of Group companies for expanding business domain

End-Mar. 2021 **76** ▶ End-Mar. 2025 **115**

External dispatch for the development of specialist human resources

End-Mar. 2021 (cumulative) **155** ▶ End-Mar. 2025 (cumulative) **297**

Implementation of Consulting Sales

Consulting Sales Awards

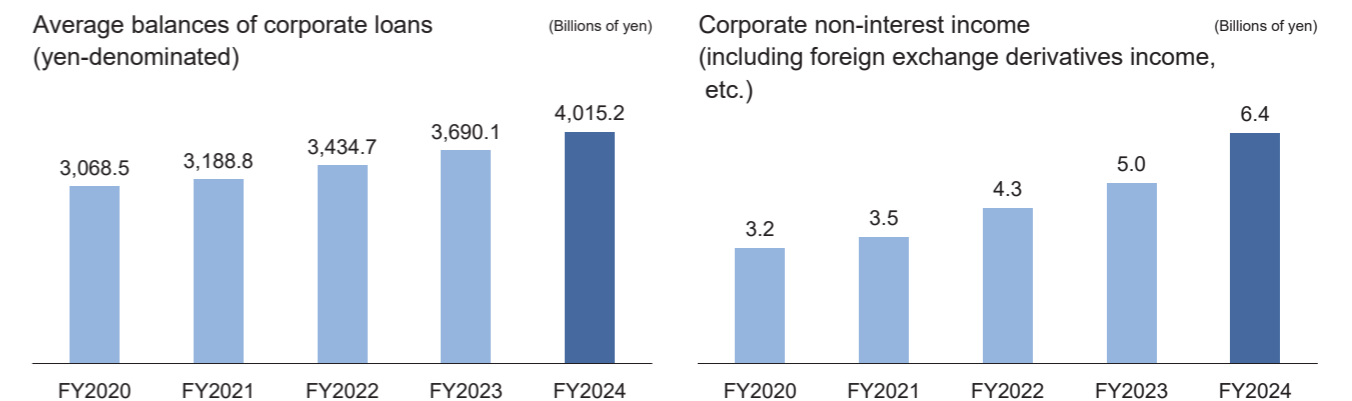
To further improve our consulting sales capabilities, we host the Consulting Sales Awards to commend medium- to long-term consulting sales initiatives and processes at our branches. At the sixth awards ceremony in FY2024, in addition to the previous corporate consulting and retail consulting categories, we added a new Group collaboration category to reinforce our collaboration with Group companies.

In the Group collaboration category, there were numerous examples of collaborative projects with Group companies that sought to address customers' issues, such as using DX to improve productivity and providing specialist human resources. As we work to improve customer satisfaction and revitalize the region, we will share these excellent examples throughout the Bank and work as a Group to enhance our consulting sales capabilities.

Implementation of business consulting*

We are working to strengthen our business consulting initiatives by setting up a Business Consulting Team within the External Sales Department in the Consulting Promotion Division. Since April 2023, we have created the Future Co-creation Sheet to share the challenges and visions of managers as well as strategies aimed at addressing challenges alongside our customers. Moreover, in August 2023 we began offering a paid consulting service known as the 77 Manager Side-by-side Support Service. Through the implementation of business due diligence, support for the formulation of management plans, monitoring of plans, and support for the operation of management meetings, we will aim to ensure that the service contributes to customers' growth. In providing highly specialized support, we will seek to enhance the competitiveness of SMEs and support the sustainable growth of our customers.

*Proposals and support to improve customers' services and added value



VOICE Customer feedback

A future that begins with more than just communication— ICHICO's co-creation with the 77 Bank to contribute to the region through marketing

Please tell us about your management philosophy.

ICHICO was first established in 1994 as Daiichi Advertising Inc. (founder: Yoshimitsu Sato, now Director and Advisor) and has since conducted business mainly in Miyagi and wider Tohoku. Upon our 30th anniversary, to demonstrate our willingness to cater to major change with digital technologies and generative AI, for example, we removed the word “advertising” from our company name, changing it to ICHICO Inc. and established a new slogan in the process: More than just communication. Our aim is to provide ideas and solutions that go beyond conventional advertising strategies and contribute to our client companies and the region as a whole.

What did you think about the proposal from the 77 Bank?

Since our founding, we have offered so-called advertising services in response to client requests. However, after a change of perspective, we determined that working with companies from the early stages of advertising strategies—that is, from the design of businesses and products themselves—would enable us to make greater contributions to their success. As such, alongside a change in name, we also entered a more specialist domain of marketing. After gaining a thorough understanding of our vision and businesses, the 77 Bank proposed the setting of KPIs that were in line with the SDGs to enable us to fulfill our corporate social responsibility. Through the Bank's first positive impact finance (PIF), we have been able to clarify our vision, disclose our commitments, reinforce investment in the recruitment and development of human resources, and reform awareness among our employees.

What are your hopes for the partnership moving forward?

The 77 Bank goes beyond the framework of a financial institution, playing a highly important role in revitalizing the regional economy and addressing social challenges. Alongside benefiting from the Bank's continued support, which goes beyond finance and accounting, we look forward to becoming a partner of the Bank and playing a major role in regional and corporate development.



Representative Director, ICHICO Inc.

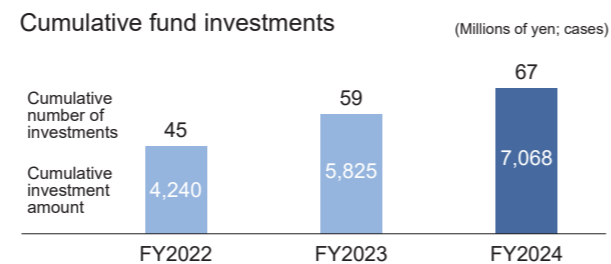
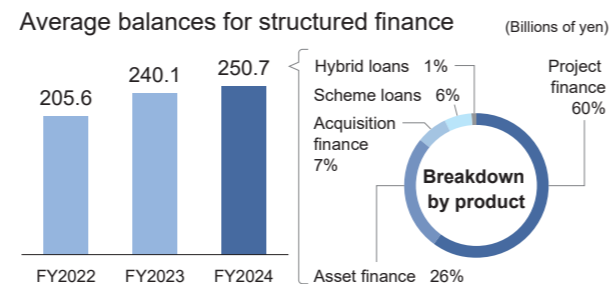
Yuichiro Ogata

Highly Specialized Consulting Sales

Measures for structured finance and funds

We are working to strengthen our structured finance options, such as project finance, asset finance, and acquisition finance, as well as our arrangement of corporate syndicate loans. We have positioned structured finance as a growth area, and in the four years since establishing the Structured Finance Section to the end of March 2025, we have built up a loan balance of approximately ¥110.0 billion.

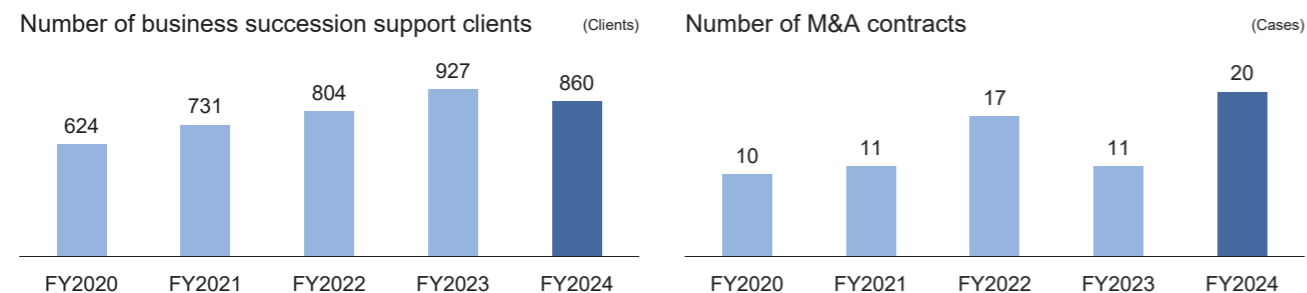
We are also working on equity investments, and have invested more than ¥7.0 billion in local companies through funds managed by 77 Capital, 77 Partners, and Tohoku Healthcare Support, in which the Bank holds shares. Moving forward, we will continue to support the growth of local companies by reinforcing initiatives through sophisticated funding.



*Only the portions of the six funds managed by GP in which the Bank holds shares are shown.

Initiatives from the Business Succession and M&A Team

As the population continues to fall, business succession and M&As have become an area attracting significant attention from customers in the region. In response, we are strengthening our initiatives in the area by setting up a Business Succession and M&A Team within the External Sales Department in the Consulting Promotion Division. Led by seconded employees with specialist expertise in business succession and M&As, we have supported around 900 business succession projects, including through in-house stock valuation and stock succession measures, and handle around 50 M&A consultations at any given time.



Feature: External collaboration

In April 2023, The 77 Bank, Ltd., Fuyo General Lease Co., Ltd., and Blueline Partners Co., Ltd. (wholly owned by the Nihonkeiei Group) set up the joint venture Tohoku Healthcare Support Co., Ltd., Japan's first region-specific healthcare fund management company.

The company's first project was to support the redevelopment of the Nitto Hospital operated by the Tokiwakai Group in Koriyama City, Fukushima Prefecture. Specifically, to address the increase in costs caused by soaring construction prices, the company conducted an off-balance sheet arrangement. Its second project involved the provision of growth funds to enable the further expansion of clinic support services offered by Regional Healthcare Partners, Inc. (the main company of the Yamato Regional Medical Group, led by Yamato Clinic).

By having each investor company bring their individual expertise, know-how, and resources in the healthcare domain, in addition to mere funding assistance, Tohoku Healthcare Support will help maintain and enhance medical and caregiving systems in the region through optimal solutions that address diverse needs.



Expansion of Customer and Regional Networks

Domestic network

We are currently working to expand our scope of operations to extend our customer network. Making full use of our Miyagi Prefecture-centered information network, which is one of our greatest strengths, we will act as a bridge to the Tohoku economic zone and support the development of our customers and region.

Establishment of the Aomori Branch

In September 2022, we upgraded the Aomori Corporate Office to the Aomori Branch, improving our network of branches throughout the Tohoku region. Utilizing our network in the Tohoku region, we will provide consulting sales services to benefit our customers and the entire region.

Establishment of the Utsunomiya Corporate Office

In August 2023, we set up the Utsunomiya Corporate Office as a corporate consulting hub for the North Kanto region, mainly Tochigi Prefecture. We will work to build relationships with leading companies in the region and support their expansion into the Tohoku region, while assisting companies in Tohoku with their expansion into the Kanto region.

Establishment of the Tokyo Satellite Desk

To date, sales activities at our Tokyo Branch and Nihonbashi Branch have mainly focused on listed companies. However, to reinforce our development of new clients with headquarters in Tokyo and an interest in businesses in Miyagi and Tohoku, as well as to ensure continuous consulting sales for existing customers with headquarters in Tokyo, in April 2025 we opened the Tokyo Satellite Desk within the Tokyo Branch. We will aim to capture profit-earning opportunities by reinforcing our collaboration with companies headquartered in Tokyo.

Overseas network

Establishment of 77 NEXT CONSULTING

To incorporate overseas growth as the domestic population falls and the market contracts, in April 2025 the Bank established 77 NEXT CONSULTING PTE. LTD. Specifically, through this new subsidiary the aim is to expand our network and provide sophisticated and specialized solutions in the ever-growing ASEAN and Indian markets. With three employees (one of which is the Group's youngest general manager in their 30s) on secondment from the 77 Bank, including the president, and three newly recruited local employees (including two foreign employees), 77 NEXT CONSULTING has commenced operations with a six-strong team. Moreover, with the establishment of the NEXT INDIA DESK, a point of contact for the India business providing information and consulting services tailored to the Indian market, 77 NEXT CONSULTING will support customers' business development through the provision of a variety of information and services.



VOICE

Feedback from local employees

The importance of overseas business development

Of the 1,000 businesses in Sendai City reported in the Sendai Regional Economic Survey, 93.7% said that they were not engaged in initiatives to expand their overseas sales channels. To achieve growth in an aging society with a low birthrate, in addition to focusing on regional markets, it is also essential to review transactions in overseas markets.

At the 77 Bank, in 2011 we established the Asia Business Support Office within the Treasury Administration & International Division, and reinforced our efforts to address customers' needs in overseas expansion. Through the provision of solutions that utilize our overseas network, we are working to enrich the regional economy and create multiple business opportunities for our customers in the region. The Asia Business Support Office currently comprises 16 employees, including those on secondment, and offers overseas business-related support. In 2025, we established our first overseas subsidiary, 77 NEXT CONSULTING PTE. LTD., and are working to broaden our scope of operations more than ever before.

By providing overseas business support, we hope to bring overseas growth to the region through investment, employment and business, in turn contributing to the development of the region and our customers.



Joined the Bank in 2007; currently Manager of the Asia Business Support Office, Treasury Administration & International Division

Atsuhiro Awano

Improving Happiness

<77> Operations that put customers first

The Bank and 77 Securities Co., Ltd. have established the 77 Basic Policy on Operations that Put Customer First in order to promote the provision of quality financial products and service to customers. This policy is complied with executives and employees, and the status of initiatives is announced regularly.

The 77 Basic Policy on Operations that Put Customers First can be viewed here.



Initiatives by the Customers' Asset Formation Promotion Committee

In line with measures to promote the shift from saving to investment based on the Doubling Asset-based Income Plan announced by the Japanese government in November 2022, in April 2023 we established the Customers' Asset Formation Promotion Committee for the cross-organizational examination and implementation of measures to support customers' asset formation activities. With the President as chair, the Director in charge of the Business Promotion Division serves as vice-chair, and the Committee's members are mainly Directors and general managers. The Committee examines initiatives that aim to enhance customers' asset formation activities and improve financial literacy in the region.

In FY2024, the Committee met a total of 12 times to discuss and provide reports on various measures.

Main points of discussion/details of reports;

(1) Enhancement of services for mass-market customers

→ Discussions on the introduction of the online investment trust account opening service provided by Nomura Research Institute to increase investment trusts and NISA accounts among mass-market customers;

(2) Sales of foreign-currency insurance

→ Report on sales of foreign-currency insurance and future measures in line with the "monitoring results pertaining to the implementation status of customer-oriented business conduct by distributors of financial instruments, such as investment trusts" announced by the Financial Services Agency; and

(3) Review of the personnel structure in retail sales

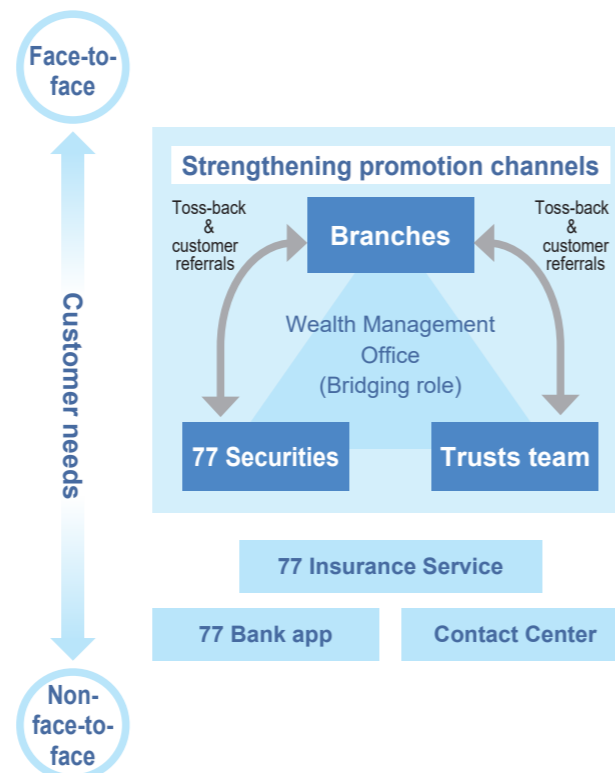
→ Discussions on the review of the personnel structure in retail sales to build a highly productive and efficient sales structure and reinforce Groupwide initiatives based on the Retail Sales Policy.

Strengthening retail sales structure

To date, retail sales have involved providing solutions to customers visiting our branches based on branch-led marketing strategies. However, in recent years, with a falling population and increasing competition with other banks and industries, we are switching to visit-focused sales to enhance our customer approach rate and uncover further customer needs. In line with this change, our new challenge is to address customers' latent needs.

To ensure that the 77 Bank Group continues to be chosen by customers in this environment, we have formulated the Retail Sales Policy to enable all officers and employees to engage in retail sales with the same approach.

In face-to-face sales, we are furthering our customer profiling initiatives to offer tailor-made proposals in line with customers' asset details and characteristics and family structure. In doing so, in addition to assets and loans, we are able to offer full portfolio proposals including trust products, real estate, and securities trading, which has led to a rise in number of cases in which we can meet the diverse needs of individual clients. Moreover, in non-face-to-face sales, we are strengthening our app, call center, and other channel functions to boost customer convenience.



VOICE

Feedback from the frontlines

Providing customer experience

At the Wealth Management Office, our foremost priority is segmentation and targeting. While our achievements in both face-to-face and non-face-to-face consulting proposals are increasing, there are still many customers that we have not reached. Wealthy customers have especially complex and diverse needs, which often need to be met through face-to-face consulting sales. However, there are many cases in which we cannot meet these customers with latent needs face to face, particularly those in the asset-formation sector, and their sheer number cannot be covered by our branch employees alone.

To overcome this challenge, it is essential that we advance our customer profiling initiatives, conduct in-depth analyses of customer data, and reinforce our marketing activities. Moreover, together with augmenting our non-face-to-face tools and systems, it is also important that we equip employees with the skills to enhance our face-to-face consulting functions. And through mutual collaboration between the headquarters, branches, 77 Securities, and trust managers, we must provide multi-layered proposals to address customers' latent needs.



Joined the Bank in 2012; currently Leader of the Wealth Management Office, Business Promotion Division

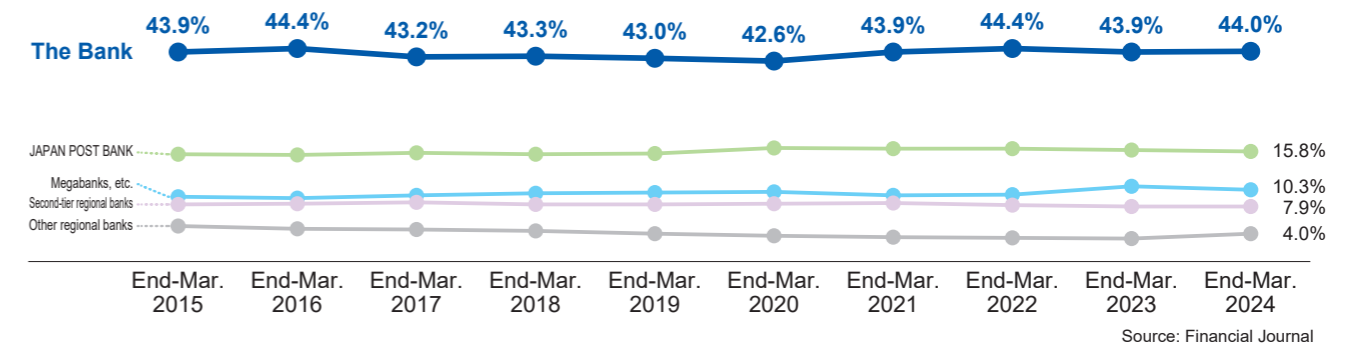
Shohei Shuto

Expansion of Funding Base

Initiatives to acquire deposits

Underpinned by long-held relationships of trust with our customers, we maintain a high share of deposits within Miyagi Prefecture. To increase profit in the world of interest rates, it will be more important than ever to acquire deposits. As such, while strengthening our relationships with customers we will work to boost convenience.

Deposit share within Miyagi Prefecture

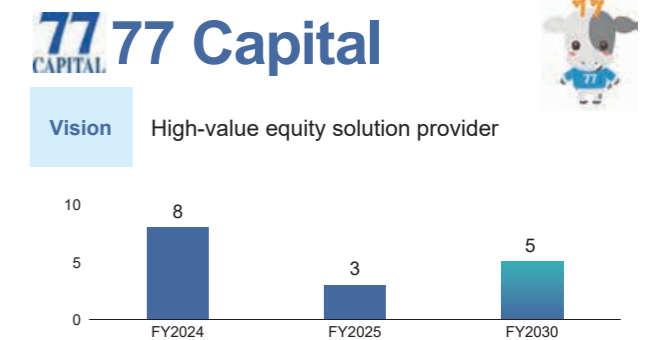
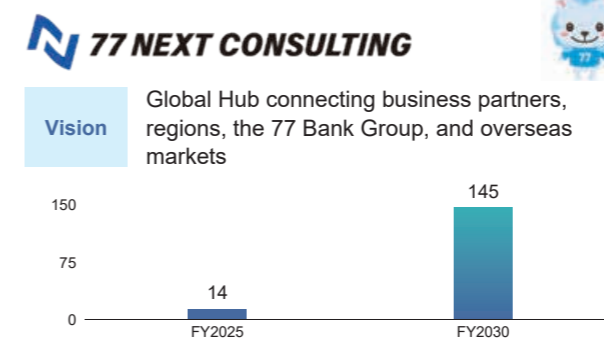
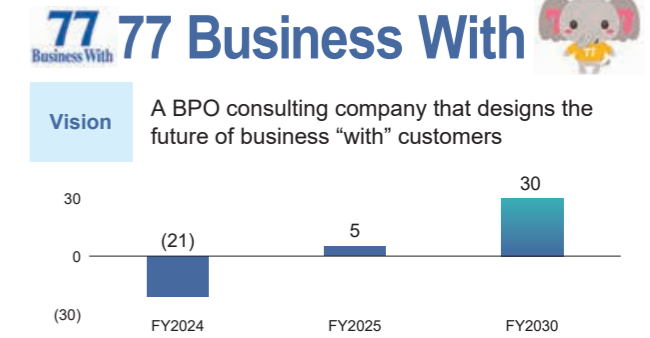
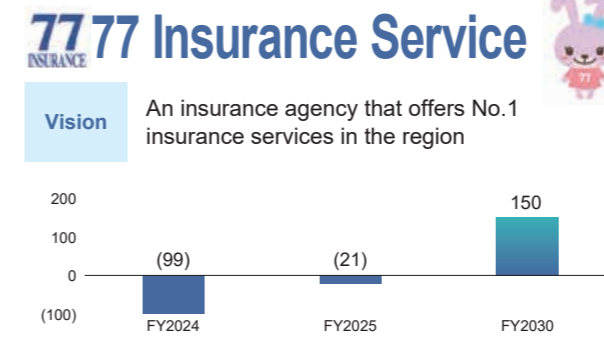
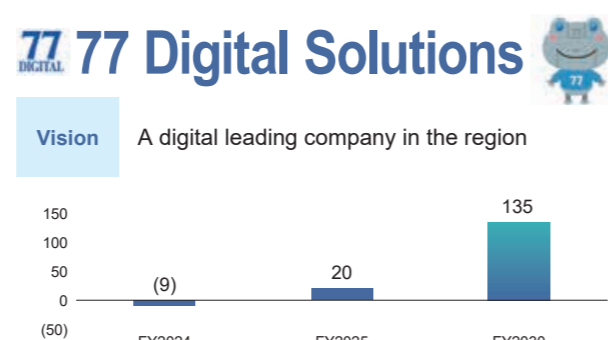
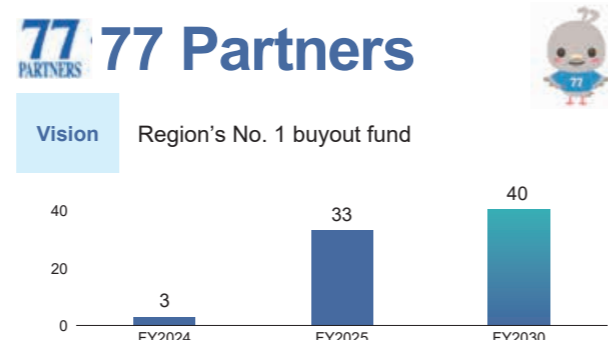
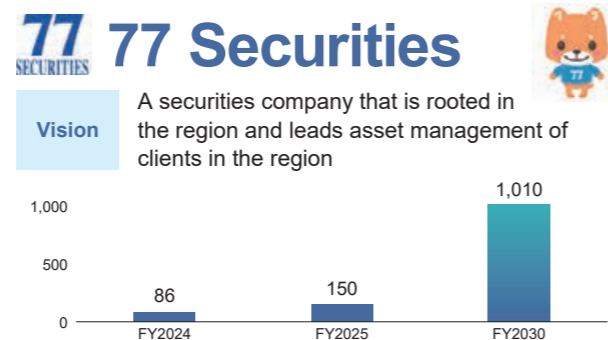
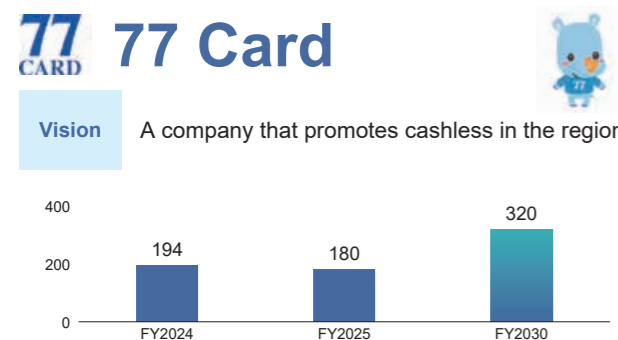
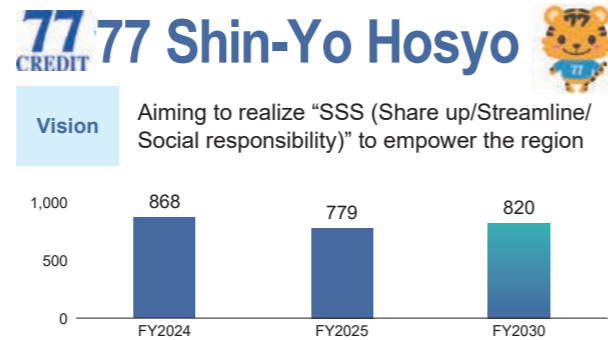
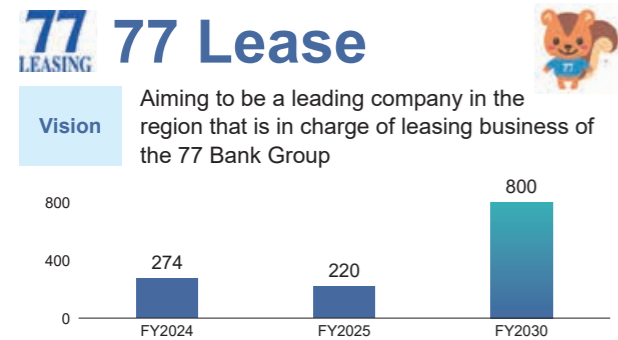


Category	Approaches	End-Mar. 2024	End-Mar. 2025	Change (%)
Corporate	Approaches based on settlement accounts			
	Expand the number of corporate loan borrowers	14,122	14,824	(+5.0%)
	Increase the number of companies using us for salary transfers	11,803	11,931	(+1.0%)
	Increase the number of companies with e-banking service contracts	30,694	33,733	(+9.9%)
Retail	Approaches through comprehensive transactions and enhanced convenience			
	Increase the number of pension recipients	303,000	304,000	(+0.3%)
	Increase the balance of housing loans	JPY 1,270.3 bn	JPY 1,302.0 bn	(+2.5%)
	Increase the number of active e-banking service accounts	495,000	569,000	(+14.8%)
	Increase the Group balance of assets in custody	JPY 724.3 bn	JPY 810.3 bn	(+11.8%)

Reinforcement of Group Income

In addition to its existing businesses, the 77 Bank Group has worked to expand its field of business through the development of new businesses and sectors. Moving forward, to establish the Group's businesses as a third income pillar, we have reviewed the nature of "Vision 2030" for each Group company and will reinforce initiatives aimed at achieving "our target form." In FY2030, we will aim for net income of approximately ¥3.7 billion from our existing Group companies. In FY2030, we will aim for net income of approximately ¥3.9 billion from our existing Group companies.

*Graphs show each company's net income in billions of yen



Establishment of Group Business Strategy Division

In November 2024, we newly established the Group Business Strategy Division to oversee Group company management. Specifically, the Division was tasked with strengthening collaboration between headquarters departments and Group companies and reinforcing planning capabilities and Group governance. With a focus on Group governance, Bank collaboration, and personnel exchange, we will continue working to enhance the comprehensive capabilities of the 77 Bank Group.



Initiatives by the Group Business Strategy Committee

In April 2024, we established the Group Business Strategy Committee, chaired by the President, to reinforce the 77 Bank Group's governance structure. By enhancing the level of involvement in Group company management, we will promote Groupwide awareness reforms and aim to expand our businesses. In FY2024, the Committee met a total of four times to discuss and provide reports on various measures.

- Main points of discussion/details of reports**
- (1) Group company financial results
 - (2) Group company budgets and management plans
 - (3) Start of new operations by Group companies



Basic Strategies to Achieve "Our Target Form" (2)

Double Productivity Strategy

The 77 Bank Group will triple productivity by releasing bank branches from the burden of administrative work, strengthening our consulting systems, and enhancing the abilities of each individual.

- ▶ Reducing labor requirements through improvement of administrative processes (reduction, consolidation, etc.), enhancing and promoting use of non-face-to-face transactions, and the use of generative AI, etc.
- ▶ Optimizing sales channels in line with customer needs

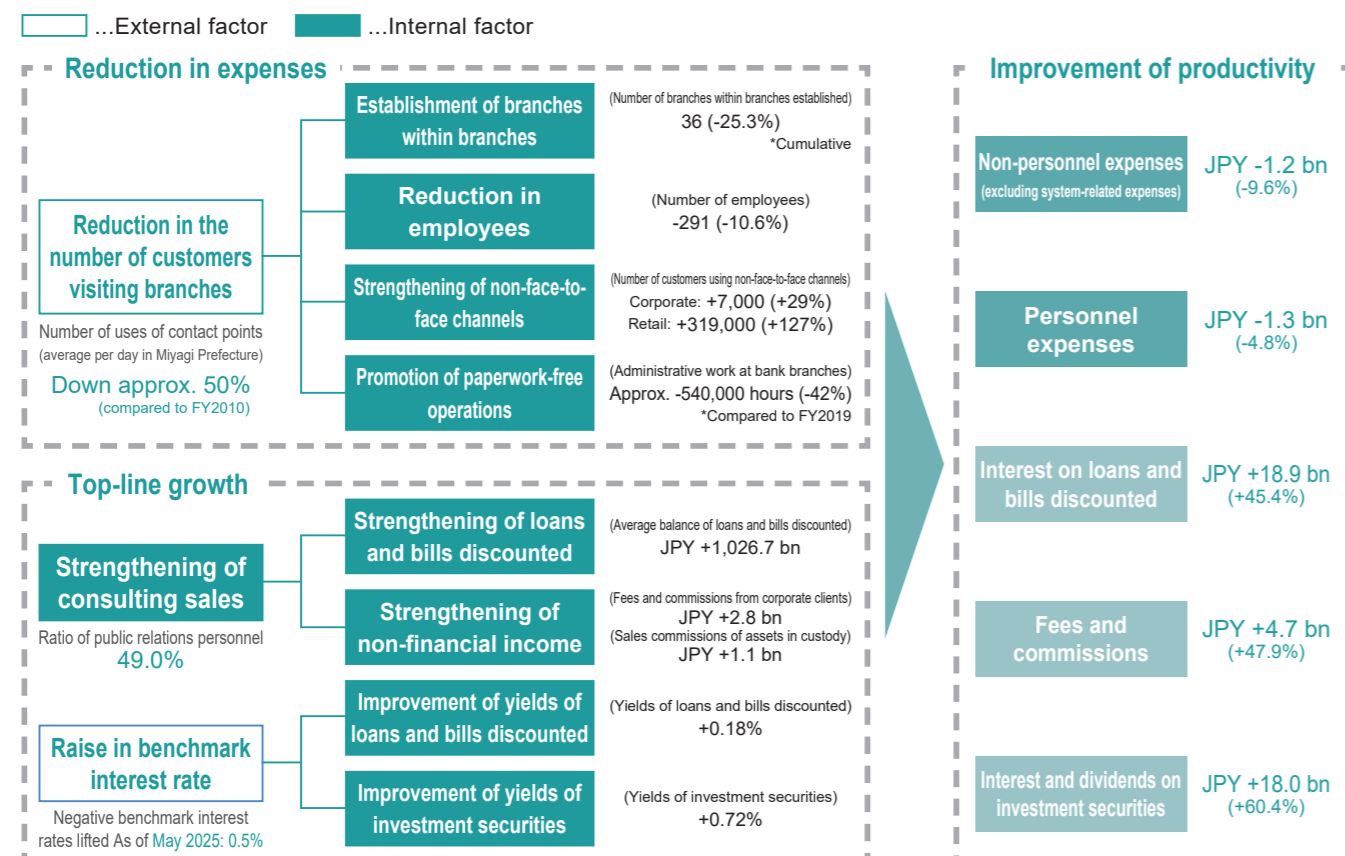
Strategy background

Transitioning away from a low-income, high-cost structure to create a robust corporate group that continues to meet the expectations of customers and the region

In Japan, a country with low birthrates, aging societies, and declining populations, improving productivity is a challenge for all companies. As such, the Bank has positioned productivity improvements as the highest priority. To improve productivity, in addition to reducing and consolidating administrative work, we will also work to enhance and promote the use of our non-face-to-face channels. At the same time, we will make effective use of the extra personnel, capital, and other resources to improve top-line growth and reduce expenses.

Initiatives to Improve Productivity

The 77 Bank Group is working to improve productivity through measures that consider changes in the external environment, measures to achieve top-line growth, and measures to rebalance management resources. While utilizing digital technologies, optimizing branch functions, and boosting the workforce, we will strengthen initiatives aimed at improving productivity through top-line growth.

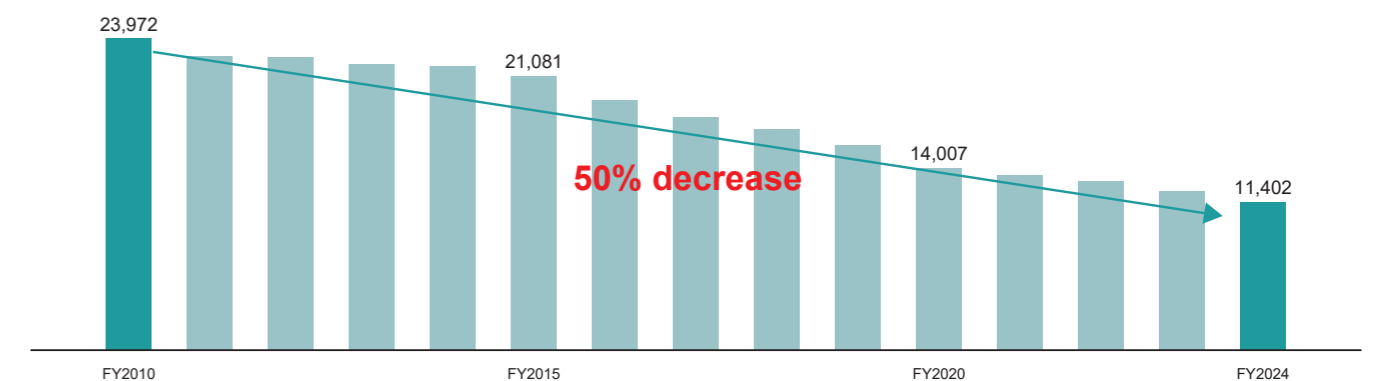


*Compared to FY2020 if not otherwise stated

Rebalancing of Management Resources

In line with an increasing number of ATM transactions and an improving online banking environment, the number of customers using contact points in Miyagi Prefecture has fallen by around 50% compared to FY2010. To improve customer convenience and sustain our sales system, we have worked to enhance our non-face-to-face channels and paperwork-free initiatives, and at the same time promote effective use of our branches, personnel, and other management resources to optimize our network of hubs, which is an essential part of our consulting sales. In addition to further strengthening these initiatives moving forward, we will look to rebalance our management resources through employee education, redeployment, and optimization to enhance our consulting capabilities.

Number of uses of contact points (in Miyagi Prefecture/daily average) (Cases)



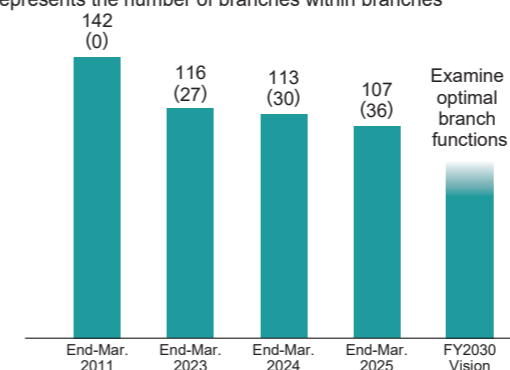
Optimal branch functions

Optimal allocation of personnel

Transitioning to branches within branches

We are currently progressing with our branches within branches initiatives while paying close attention to improving customer convenience and our sales system. In addition to reducing non-personnel expenses through our branches within branches, we are also freeing up additional personnel. Moreover, alongside closer in-branch collaboration through the consolidation of information, we are also seeing greater levels of motivation by bringing together employees of the same age group. In the future, we will continue to examine optimal branch functions while taking into account market characteristics and regional circumstances.

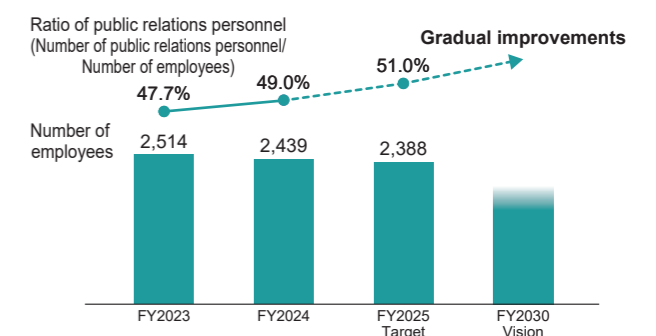
Number of bases () represents the number of branches within branches (Bases, branches)



Optimizing employee numbers and increasing the ratio of public relations personnel

We have improved productivity per employee through use of digital technologies, including enhancing our paperwork-free operations and non-face-to-face channels, and through a greater focus on consulting sales. In addition to examining optimal employee numbers in line with our branch network and increasing digitalization, we will develop and increase the ratio of public relations personnel who can provide high-quality consulting sales to enhance productivity throughout the Bank.

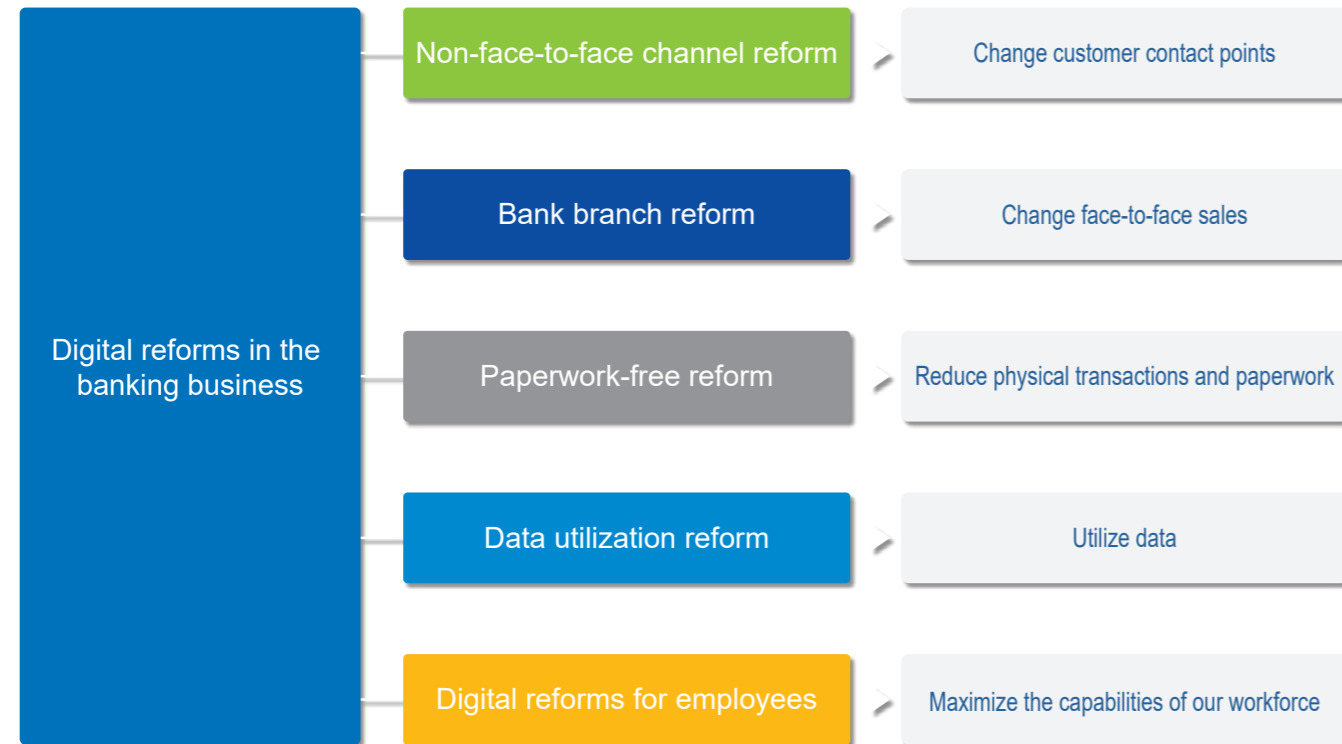
Ratio of public relations personnel (Persons)



*Ratio of public relations personnel is based on operational personnel

Digital Reforms in the Banking Business

We shall capture the effect of digitalization by promoting “non-face-to-face channel reform,” “bank branch reform,” “paperwork-free reform,” “data utilization reform,” and “digital reforms for employees” as “digital reforms in the banking business,” which is our existing business domain.



77 Bank app

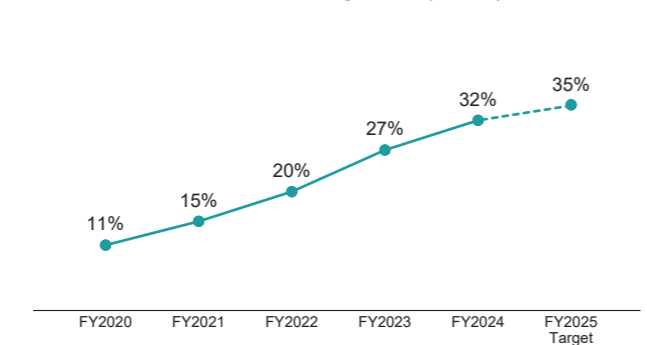
As of the end of March 2025, the 77 Bank app has approximately 600,000 users. On top of easy-to-use smartphone functions such as account management, bank transfers, and balance inquiries, the app also provides deposit functions for various purposes and discount coupons. We are currently working to improve the app's usage rate. Moreover, we are continuing to improve the user interface and experience and enhance security to enable customers to use the app conveniently and with peace of mind. We will continue to promote use of the app as individual customers' main channel and a portal for day-to-day contact.

77 Business Portal

The 77 Business Portal is a non-face-to-face, comprehensive platform for companies and self-employed individuals that facilitates various procedures and provides different financial services in a one-stop manner. Enabling financial management and non-face-to-face processing of various applications, the portal is a highly convenient tool for business owners and finance managers. In December 2024, we added a new service to allow for online applications of overdrafts via the 77 Business Portal. We will continue to enhance the portal's functionality as an important platform that supports companies and the self-employed.

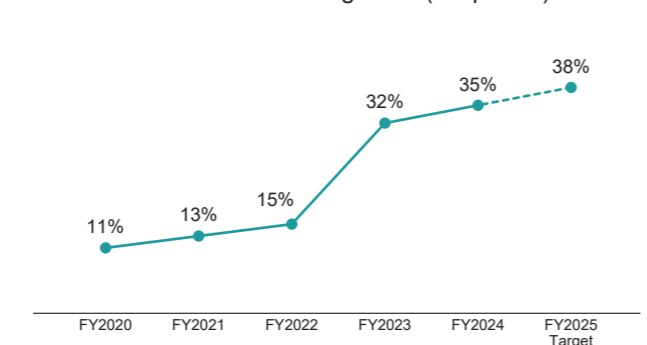
Non-face-to-face channel reform

Non-face-to-face channel usage rate (Retail)



Non-face-to-face channel reform

Non-face-to-face channel usage rate (Corporate)



*Method of calculation changed in FY2023

Establishment of the sales and lending support system

To reform our public relations operations, in May 2025 we introduced the sales and lending support system, a next-generation system to support SFA/CRM and lending operations. By organizing and integrating duplicate functions in our previous CRM and lending support system, we will work to ensure a more efficient operational flow in sales activities and lending operations, and support both qualitative and quantitative improvements in sales activities.

Developed jointly by the five banks using the MEJAR system, building this new system on the cloud has enabled flexible collaboration between various services.



Introduction of branch tablets

We began use of branch tablets in January 2023, using them for the opening of ordinary deposit accounts, changes to registered information, and the reporting of accidents. Eliminating the previous need to fill in various forms, by inputting the required information on-screen, customers can complete a variety of paperless and seal-less transactions and shorten the time required for each process. Moving forward, we will continue working to enhance customer convenience and examining ways to expand our non-face-to-face channels, such as by applying these in-branch tablet functions to smartphones.

Bank branch reform | Paperwork-free reform



Initiatives by the Data Analysis Team

Established in January 2022, the Data Analysis Team is engaged in multiple analytical projects as it promotes more efficient banking operations and improves customer services. To date, the team has conducted analyses through 60 consulting-related projects, nine proposal-related projects, and three AI-Challenge projects to advance data utilization. The team also hosts workshops on how to use information tools to improve data literacy throughout the Bank. Through these initiatives, we are boosting employees' data-driven capabilities and supporting more effective decision-making.

[Consulting analyses]

The Data Analysis Team holds consultations and discussions on headquarters department operations where data is not being used effectively due to lack of clarity on data location or insufficient data collection and analysis systems, and analyzes the relevant data.

[Proposal analyses]

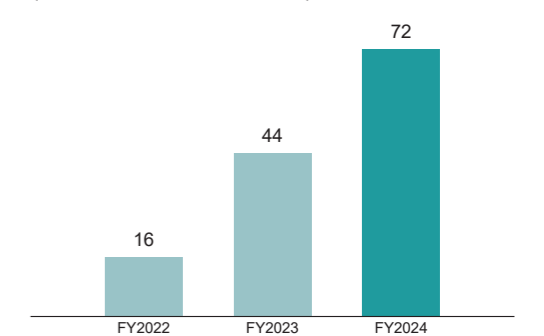
The Data Analysis Team applies its research on data utilization and expertise from external support institutions to the identification of challenges based on hypotheses, conducting data analyses to find solutions and proposing data utilization measures to each headquarters department.

[AI-Challenge]

By leveraging in-house AI development services and other approaches, the Data Analysis Team builds AI models to solve problems.

Data utilization reform

Number of projects (cumulative from FY2022) (Cases)

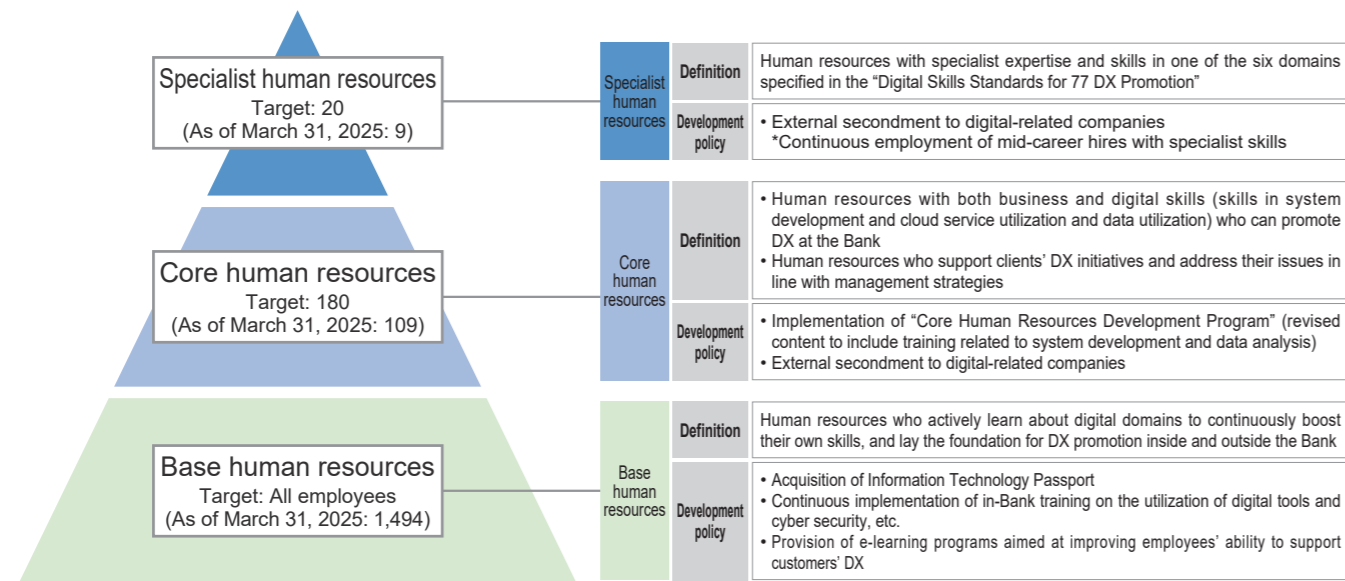


Development of digital technology human resources

To respond to customers' needs for digitalization and achieve DX in bank operations, we are focusing on the development of digital technology human resources to convert ourselves into an organization of members with high IT literacy who can effectively utilize digital technology. As of the end of March 2025, the Bank has 1,612 certified digital technology employees and 1,619 employees with an IT Passport (a national qualification). In April 2024, we formulated a new target for the number of digital human resources to develop by the end of FY2030. We also formulated the "Digital Skills Standards for 77 DX Promotion."

Digital transformation of Bank employees

Number of employees with an IT Passport: 1,619



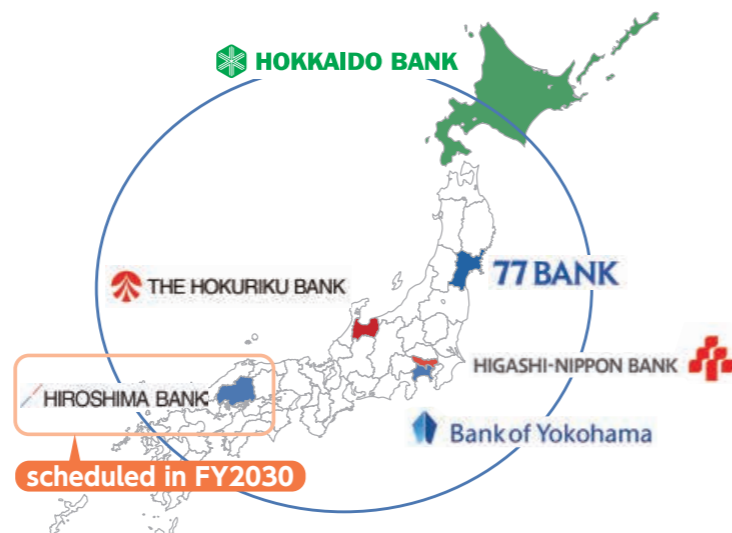
IT foundation

Renewal of MEJAR system

MEJAR is a core banking system jointly used by five banks: The 77 Bank, Ltd., The Bank of Yokohama, Ltd., The Hokuriku Bank, Ltd., The Hokkaido Bank, Ltd. and The Higashi-Nippon Bank, Limited. In January 2024, we transitioned away from the conventional so-called mainframe to an open platform enabling the varied selection of different hardware and software in line with changing environments. Moreover, the switch to this open platform has facilitated an approximately 20% reduction in operational costs. Ahead of the next renewal to the core banking system scheduled for FY2030 (which will include joint use with The Hiroshima Bank, Ltd.), to enable use of the system in a more secure, safe, economical, and long-term manner, as well as to provide customers with high-value-added services, one option we are examining is the use of the Integrated Banking Cloud*.

*A concept put together by NTT Data JAPAN Corporation to build a community cloud exclusively for financial institutions for further sharing of MEJAR and regional bank joint center systems. The scope of sharing will be limited to data center equipment and hardware, and operational systems will be developed as before by each sharing group.

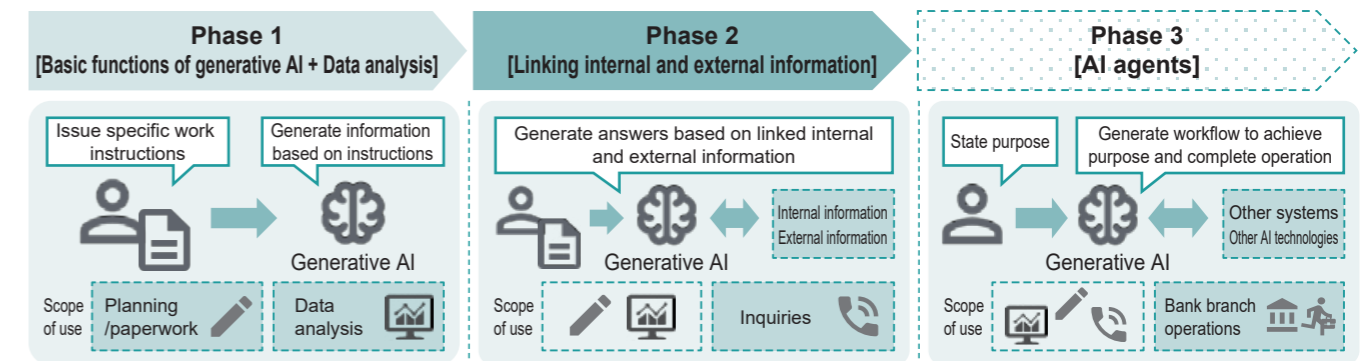
Capital of the six banks Total JPY 52 tn (as of March 2025)



Utilization of AI

Introduction of generative AI

In introducing generative AI, we selected NTT East, Inc. as our partner to newly build a cloud environment based on Microsoft Azure. We introduced conversational generative AI in March 2025, and have been using it in headquarters operations to create documents, gather information, and collect and analyze data. We expect to be able to improve efficiency in more than 55 headquarters operations, and are aiming for an annual reduction of approximately 32,000 hours of work. Moreover, in July 2025 we increased the scope of AI usage to all officers and employees, including at our branches. By utilizing successful examples of generative AI usage in training and in-house newsletters, we will link AI to greater efficiency in day-to-day operations and higher quality planning operations. In addition to applying AI to individual operations, we will also look to extend its use to call center operations and lending operations to improve productivity in banking operations and enhance the quality of our services.



Improvement of HQ Work Efficiency

Establishment of the D3 Working Group

To streamline headquarters and branch operations, in February 2025 we set up the D3 Working Group. D3 stands for "digitally driven direction." Through the working group, we are aiming to review and streamline headquarters operations. The working group comprises managers from each headquarters department and works to improve on the operational challenges facing them. The group has already saved around 70 hours of work by digitalizing the collection of information on SDG-related products and numbers of customers visiting our branches within branches. Moreover, in addition to having part-time workers assume roles previously handled by employees, the group has helped to eliminate duplicate operations at each department. By strengthening our operations using digital advancements and AI, we will strive to free up extra time and sales personnel.

VOICE Feedback from the front lines

Maximizing employees' capabilities using technology to take the Bank to the next level

The D3 Working Group was established in February 2025 to promote digitalization throughout headquarters operations and drive BPR at each department. We have created a robust promotion system by selecting working group members from each headquarters department and utilizing them concurrently at the Digital Strategy Division. The working group's aims are to abolish and review inefficient operations, replace those in charge of certain operations (using part-timers), and digitalize operations. The goal is to ensure that Bank employees can shift to operations with higher added value. We also began using generative AI in March 2025, building a dedicated environment meeting the Bank's security standards on Microsoft Azure. In FY2025, we will begin using retrieval-augmented generation, a type of generative AI technology, to improve the efficiency of the retrieval of Bank documents. In this way, we are shortening the time spent searching for administrative procedures at our branches and streamlining the headquarters' response to inquiries. Generative AI is being seamlessly incorporated into various services and systems, and we are now in a world where generative AI is used without user realization. As improved digital literacy is essential to ensuring more effective and proper use of generative AI, we will proactively roll out training programs and other initiatives to improve the literacy of all employees. Our goal is not to simply improve efficiency but to transform the extra time created into opportunities to generate added value. In the future, it will become increasingly important for the headquarters to consider higher-quality plans and for our branches to offer higher-quality proposals to our customers. Through proactive use of AI and other technologies to maximize the capabilities of our personnel, we will do everything possible to take the Bank to the next level.



Joined the Bank in 2010; currently Leader of the Digital Strategy Section, Digital Strategy Division

Junya Segawa

Basic Strategies to Achieve "Our Target Form" (3)

Regional Growth Strategy

The 77 Bank Group will work to achieve sustainable growth together with the local community by making the region attractive and supporting the growth of inspirational local companies.

- ▶ Promoting sustainability among region and clients through support for clients' decarbonization initiatives
- ▶ Building true partnerships to realize a future envisioned together with regional public bodies
- ▶ Strengthening and utilizing partnerships with external partner institutions and private-sector companies, etc. who have consulting functions

Strategy background Creating a flourishing region to promote the sustainable growth of the region and the 77 Bank Group

While supporting the regional economy, regional banks are founded on the economic base of the region. As such, it is essential that we work together to create an attractive region. Both the Miyagi and Tohoku region continue to face challenging circumstances with declining and aging populations. To revitalize these areas, we have defined the following four pillars for our activities: Support for founding and new businesses, Support for and development of regional core companies, Promotion of urban development projects, and Support for promotion of tourism, etc. Moreover, through the establishment of the "Miyagi Wide-area PPP Platform (MAPP)," we will work with various parties to continue to promote a wide range of other initiatives.

Initiatives for Regional Revitalization

To promote regional industries, economies, and lifestyles, we are working on the following four important areas: Support for founding and new businesses, Support for and development of regional core companies, Promotion of urban development projects, and Support for promotion of tourism, etc.

1. Support for founding and new businesses

- ✓ Support for founding and new businesses
- ✓ Support for various funding by venture capital funds, etc.
- ✓ 77 New Business Subsidies
- ✓ Cooperation for various events



2. Support and development of regional core companies

- ✓ Support for growth of local enterprises
- ✓ Support for cultivating/expanding sales channels
- ✓ Support for industry-academia cooperation
- ✓ Support for overseas businesses
- ✓ Support for business succession, M&A, and IPOs



3. Promotion of urban development

- ✓ Participation in regional development projects
- ✓ Promotion of public-private partnership projects
- ✓ Collaboration with external institutions



4. Support for promotion of tourism, etc.

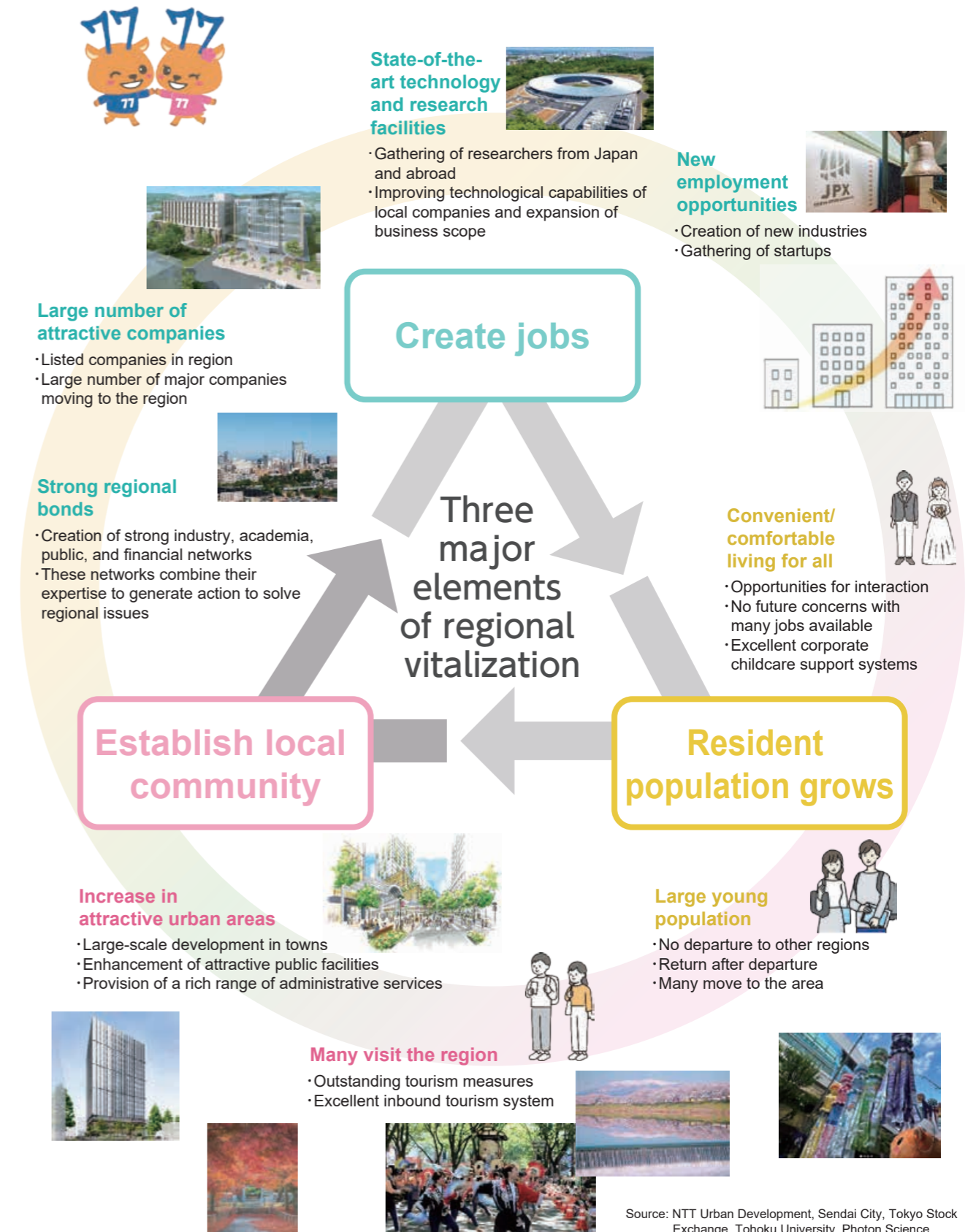
- ✓ Support for feasibility and growth of the tourism-related industry
- ✓ Assistance with promotion of inbound travel
- ✓ Assistance with preparation of tourist intake framework



Revitalizing regional industry, economy and living

Source: Photon Science Innovation Center, Sendai City, Financial Network of Tohoku Tourism

Vision for Regional Vitalization



Source: NTT Urban Development, Sendai City, Tokyo Stock Exchange, Tohoku University, Photon Science Innovation Center

Create Jobs—Development of SMEs

Startup support

By providing consultation points and participating in startup promotion projects, we are aiming to support the production and development of startups in Miyagi and Tohoku.

► Collaboration with the Sendai Startup Studio

We have established the 77 Startup Support Desk Satellite at the Sendai Startup Studio, a support hub managed by Sendai City for the one-stop provision of support for the launch and growth of startups.



► Participation in the Tech Startup Support Consortium Miyagi (TECHSTA Miyagi)

We are an executive member of TECHSTA Miyagi, an organization established to support the growth of tech startups from Tohoku University.



► Participation in Giraffes Japan Tohoku

We are a member of Giraffes Japan Tohoku, a community of female entrepreneurs and their supporters within the Unicorn Creation Program (regional support program for female entrepreneurs) hosted by the Ministry of Economy, Trade and Industry.

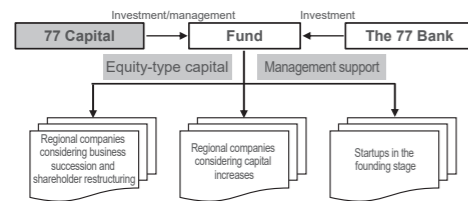


Corporate growth and side-by-side support through equity

► 77 Capital

77 Capital provides tailor-made financing services to help companies achieve their capital policy. In addition to finance, we will strive to support corporate growth through collaboration within the 77 Bank Group.

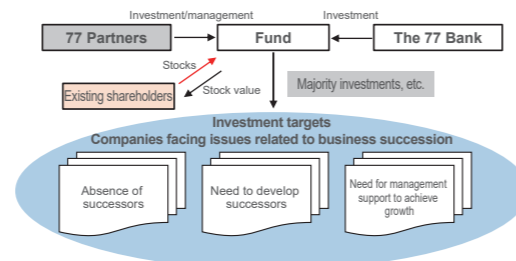
Cumulative investment amount JPY 4,870 mn



► 77 Partners

Through investments to acquire management rights (majority investments) and hands-on, side-by-side support, we are addressing regional management challenges including business succession and supporting improvements in corporate value.

Cumulative investment amount JPY 1,020 mn



Resident Population Grows—Settlement of the Younger Generation

Collaborative project with W Tokyo Inc.—EMPOWER MIYAGI 2024 powered by TGC

In September 2023, we formed a collaborative agreement for regional revitalization with W Tokyo Inc. to promote regional appeals among the younger generation. As one part of this agreement we implemented the EMPOWER MIYAGI Social Media Program, a human resource development program to enable the younger generation to discover and communicate regional appeals by themselves. We also hosted EMPOWER MIYAGI FES. produced by TGC, a city promotion event geared toward the younger generation to promote the appeal of the region. These projects were implemented with the help of MAPP, of which we are the secretariat, as well as through collaboration between industry, academia, the public sector, and finance, including nine regional governments and three universities in Miyagi Prefecture. These initiatives were selected from among approximately 860 notable initiatives from financial institutions and others contributing to regional vitalization, and received an award from the Minister of State for Special Missions in the Cabinet Office (responsible for regional vitalization and other matters).



EMPOWER MIYAGI FES. produced by TGC



Awards ceremony

Start of 77 (Nana) Musubi marriage consultancy

As part of our efforts to address the regional population decline caused by low birthrates and the outflow of the younger generation, in April 2024 we opened the 77 (Nana) Musubi marriage consultancy service at 77 Human Design Co., Ltd. The initiative aims to create opportunities to meet people in the region through matching services and support the formation of marriages. To date it has helped to create three successful marriages.

Moreover, in September 2024 we formed a collaborative agreement relating to marriage consultancy businesses with JCI, Inc., a company based in Tomiya City, Miyagi Prefecture that manufactures and sells welfare equipment and operates nursing facilities and preschools. In this way, we are working to strengthen our collaboration with regional companies in the marriage sector. By creating opportunities for encounters within the region and promoting the retention of the local population, we intend to secure future workers, create environments in which women can continue to work, and in turn support the sustainable growth of the region from both social and economic standpoints.



Establish Local Community—Creation of Attractive Urban Environments

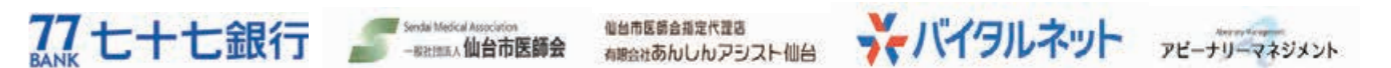
Sendai Urban Restructuring Project

The Sendai Urban Restructuring Project was announced by Sendai City in July 2019, and aims to improve the urban environment in the center of Sendai City through to FY2030. Specifically, the project aims to create a virtuous economic cycle by redeveloping aging buildings in the center of the city and attracting companies to the area. At the Bank, in addition to working with Sendai City and companies with redevelopment needs and providing them with the relevant information, we will offer other support through funding and leasing, for example.



Source: NTT Urban Development website, Mizuho Real Estate Management website, Tokyo Tatemono website, Kajima website, Ichibancho 3-chome 7-banchi District Redevelopment Preparation Association website, Dai-ichi Life Insurance website

Collaboration in the healthcare domain



In May 2025, we signed collaborative agreements primarily to support the succession of medical businesses with the Sendai Medical Association, Anshin Assist Sendai Ltd., VITAL-NET, Inc., and Abeany Management Co., Ltd. The objective of this partnership is to maintain and improve regional medical systems. While utilizing the strengths of each partner company, we will offer consultancy services on business succession for individual medical institutions and host business succession seminars for members of the Sendai Medical Association, thereby further reinforcing our initiatives in the area.

The above initiatives enable us to contribute to the maintenance, survival, and development of medical institutions that play a fundamental role in creating attractive urban areas in our Miyagi and Tohoku base of operations.



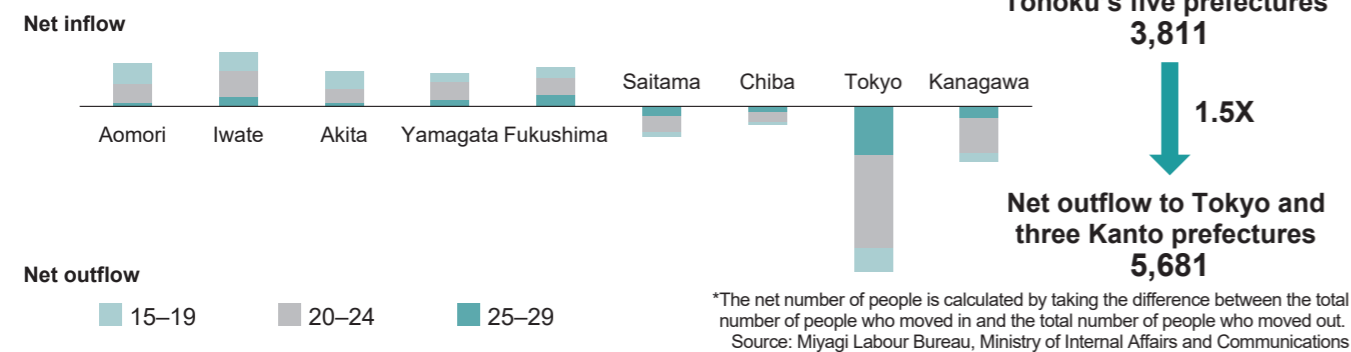
Message from the General Manager of the Regional Development Promotion Division

The Region's Charms and Challenges—Outflow of the Younger Generation and Number of Listed Companies

Miyagi Prefecture, primarily Sendai City, plays a central role in Tohoku's economy, government, and culture and is a key hub for personnel, information, and capital. It is also academic home to numerous higher-level educational institutions such as Tohoku University. It has excellent transport and logistics infrastructure, with the Tohoku shinkansen taking just 90 minutes to travel between Tokyo and Sendai. It also features an expansive road network in all directions centered on the Tohoku Expressway. Sendai Airport provides excellent access to Japan's major cities, and at the Port of Sendai Shiogama – the only international port in Tohoku – trade is conducted with over 300 ports in 100 countries worldwide. The Sendai Urban Restructuring Project is currently underway to redevelop the center of the city, and has led to the construction of multiple high-function office buildings, as well as progress with plans for the construction of several hotels. This has helped to improve the prefecture's systems for welcoming visitors, mainly from other countries.

The overall population of the prefecture is on the decline, however, and for two consecutive years from 2023 Miyagi has been the top prefecture for net outflow of citizens to Tokyo, especially among those between the ages of 20 and 24. Although the numerous universities and vocational schools in the prefecture mean that many young people gather in the area at the start of the academic year, a greater number of young people leave the prefecture and head to Tokyo upon graduation and for employment. As such, to sustain and grow the region's economy and social activities, retaining the younger generation in the prefecture is essential.

Net movement of the younger generation in Miyagi Prefecture* (FY2024)



As one way to promote the retention of the younger generation, we partnered with W Tokyo Inc., the company responsible for planning and producing the Tokyo Girls Collection, to host EMPOWER MIYAGI 2024 powered by TGC. The project comprises a human resource development program to enable the younger generation to personally discover and communicate regional appeal, as well as a city promotion program that aims to communicate the charms of the region to the youth. In March 2025, the project was selected as a notable initiative from financial institutions and others contributing to regional vitalization, and received an award from the Minister of State for Special Missions in the Cabinet Office (responsible for regional vitalization and other matters).

In other areas, compared to the national average, Tohoku has a remarkably low number of listed companies. In fact, the total number of listed companies throughout the six prefectures in Tohoku is the same as that in Hiroshima Prefecture. As such, one important challenge is to provide growth support to SMEs to reinforce regional economic foundations. In response, at the 77 Bank we have annually hosted the IPO Management Human Resource Development Program TOHOKU since 2022 for managers wishing to take their company public, offering the required expertise and information for public listing and helping to create opportunities. In addition, based on SMEs' individual growth strategies, challenges, and requirements, we offer support for business succession, overseas development, and SDGs and ESG initiatives, working as a Group to provide side-by-side support for their growth.

While these solutions are not decisive, we will work persistently over the medium to long term in the knowledge that these small steps will support the future of the regional economy.



Kyoko Suzuki
General Manager, Regional Development Promotion Div.
Apr. 1998 Joined the Bank
Sep. 2019 Manager, Diversity Promotion Office, Personnel Div.
Jun. 2021 General Manager, Morisekinoshita Branch and Yuriage Branch
Jun. 2023 Director and General Manager, Head Office Business Div., 77 Securities
Jun. 2024 General Manager, Regional Development Promotion Div., the Bank (current position)

Our Vision for Regional Vitalization—Urban Environments with Jobs and More

The importance of communities, people, and work is often highlighted when talking about regional vitalization. To revitalize the regional economy, however, it is primarily important to ensure there are jobs. At the 77 Bank Group, our starting point for regional revitalization is the creation of jobs. We believe that the circulation of communities, people, and work will lead to a sustainable local society where locals can continue to live with peace of mind.

In terms of industry, April 2024 saw the full-scale commencement of operations at NanoTerasu, the next-generation synchrotron radiation facility. NanoTerasu is a world-class, large-scale research facility developed through collaboration between public, private, and regional sectors. We contributed to the construction project from the conceptual stage, and as an auditor of the Photon Science Innovation Center that manages NanoTerasu, I personally provide advice on business plans and strategies, while raising awareness of the facility among clients and promoting its use. To date, more than 150 companies have shown an interest in using the facility. Locally, as well, companies are engaging in various R&D projects on themes such as freeze-fried food processing and metal polishing technologies, and future achievements of these projects will strengthen regional industries and make major contributions to regional economic development. Elsewhere, in November 2024, Tohoku University became the first in Japan to be designated a University for International Research Excellence. There will no doubt be major benefits from the numerous outstanding startups stemming from the university, while there is also huge potential for the region to become a hub for domestic and international manufacturing companies, including semiconductor-related companies. While continuing to work closely with our various stakeholders, we will work as a region to drive the creation of jobs.

That said, jobs alone are not enough. For Miyagi and Tohoku to be chosen as a place of residence, it is essential that we provide enjoyable lifestyles and environments that can turn dreams into a reality. In addition to initiatives to broaden choice, such as proposals for diverse workstyles and lifestyles unique to the region, creating a sustainable region will also require respect for differing perspectives and characteristics, and environments where the youth, foreign nationals, and people of various backgrounds can co-exist. There are still many challenges for us to address as a region, including the elimination of gender gaps and unconscious bias. At the 77 Bank and other regional businesses, it is important that we further promote diversity management and create a region with better working environments and greater job fulfillment. Moreover, those of us who work in the region must communicate the joys of living and working there, and transform Miyagi and Tohoku into an attractive place to live and work.

Sendai City, the center of Miyagi Prefecture, is often referred to as a "population dam" that attracts young people from various regions in Tohoku and prevents their outflow to other areas. It is also called a branch-area economy. One characteristic of this branch-area economy is that those working for companies headquartered in Tokyo bring in new external perspectives and ideas. Moreover, this gives us an opportunity to learn from quality initiatives in other areas, at the same time becoming aware of the many charms unique to this region. We believe that one effective way to revitalize the region is to bring in people, goods, and cash from outside the region to generate ripple effects throughout the regional economy.

In other areas, the strength of our content is paramount to attracting people to the region. For example, parts of Miyagi Prefecture have been the stage for popular manga and movies, and these strong regional resources can play a significant role in driving economic growth. Particularly for the younger generation, it is important that we not only showcase our excellent business environments and local industries, but also that we promote living environments, content, entertainment, and other factors in a multifaceted manner.

While unfortunately we cannot avoid the falling population, Miyagi Prefecture is a treasure trove of possibility with abundant resources and personnel, and has major potential to become a region of choice. Due to the nature of my own work, I frequently have opportunities to visit different parts of the country, and I am constantly looking at how to incorporate the strengths and characteristics of each region into our own. I also actively work to communicate the charms and advantages of Miyagi and Tohoku in various settings. Respecting diversity and creating local communities that allow people to flourish is the key to enhancing regional sustainability and a central mission of ours as a regional financial institution. Moving forward, we will work to improve the value of our region from various perspectives, and build a sustainable and creative urban environment with more than just jobs to ensure that those responsible for our future want to live here and return.



The Aoba Festival, held in May every year, attracts huge crowds from all over the country. The Bank supports the annual festival, bringing excitement through the Yamaboko float parade, taiko drumming, and Suzume-odori dancing.

Basic Strategies to Achieve “Our Target Form” (4)

Corporate Culture Reform Strategy

The 77 Bank Group will endeavor to promote diversity, and create a virtuous circle where all officers and employees take on new challenges, leading to confidence and cheerfulness.

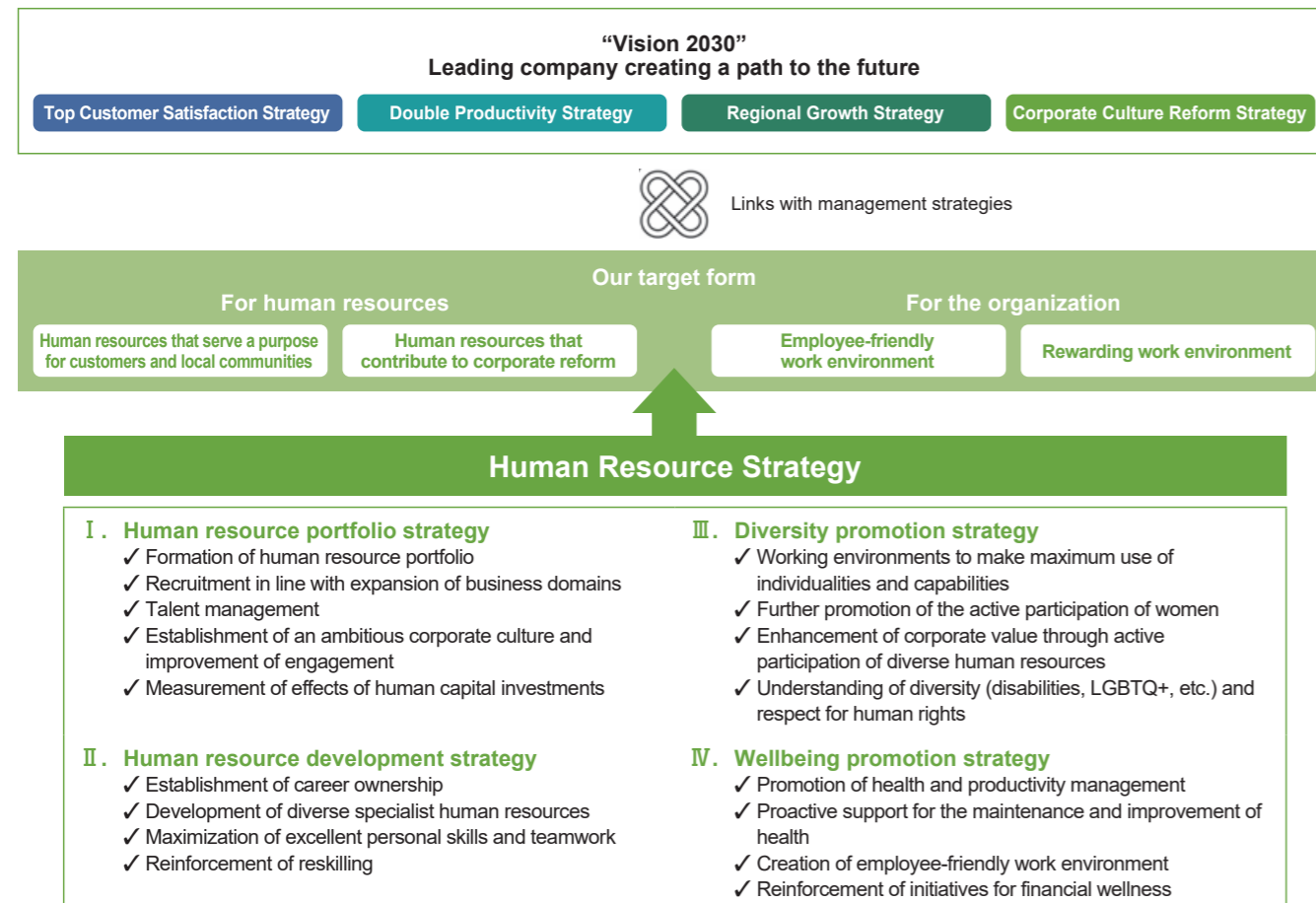
- ▶ Accommodate a diverse range of values and fundamentally overhauling personnel and organizational systems to increase motivation
- ▶ Create an environment that permits trial and error and values the act of taking on new challenges
- ▶ Boost in level of organizational capability through improved specialization and vitalization of communication
- ▶ Forming of complete internal control environment to support reforms

Strategy background

Establishing an ambitious corporate culture to revitalize organizations

Regardless of how good the strategies may be, if the corporate culture remains unchanged then the strategies are difficult to achieve. Based on the keywords endeavor, diversity, and communication, we are aiming to enhance organizations' and individuals' thirst for growth and desire to improve. In doing so, we will develop human resources that serve a purpose for customers and local communities and that contribute to corporate reform, and in turn work to establish an ambitious corporate culture.

Our Efforts for Human Capital Management



Personnel Creating Value for the 77 Bank Group

To achieve “our target form” of “Vision 2030,” the 77 Bank Group is working to develop human resources that serve a purpose for customers and local communities and human resources that contribute to corporate reform. We are promoting the growth of regional companies by dispatching our employees to banks as well as other industries. In this section we hear from employees working in different areas to create value for the 77 Bank Group.



Joined the Bank in 2017

Ryutaro Yamamoto

On assignment at Tokyu Corporation since August 2024

七十七銀行 × 東急

I'm currently working on the promotion of multiple redevelopment projects, primarily around Jiyugaoka Station. Jiyugaoka has excellent and direct access to Shibuya, Futakotamagawa, and Yokohama, offers enjoyable city strolls, and is one of the most attractive locations along the Tokyu Line. Working with both internal departments and local groups and governments, we are considering detailed plans to create even more attractive urban environments.

This experience has given me the expertise and know-how on urban development through real estate and the mechanisms that allow companies to develop along with their communities. When I return to the Bank, I will use this knowledge for the redevelopment projects in Sendai that have been progressing in recent years, as well as the ongoing urban development project around Sendai Airport, which Tokyu is one of the companies involved in the operation. In doing so, I hope to contribute to the revitalization of the region. In addition to Sendai, by engaging in attractive urban development and regional revitalization throughout the Tohoku region, I hope to play my part in ensuring the 77 Bank Group develops alongside the region.

七十七銀行 × JCB

I'm on assignment at JCB, a company at the forefront of settlement functions and anti-fraud measures. To enable the Bank's customers to conduct transactions with greater peace of mind, I am working with the service department to acquire practical knowledge in the security domain, including on the detection of fraudulent transactions and the required countermeasures. Currently, we are examining how to introduce passkeys, a password-less authentication method, to MyJCB, a dedicated online service for JCB members. We are also looking at how to provide guidance to users.

At the Bank I was in charge of the system department. Although there are difficulties in providing a service from different perspectives and in an environment with different values, it is proving to be a valuable opportunity for me to consider things more closely from the user's viewpoint. Upon my return, I hope to utilize the security-related expertise I have gained to contribute to the provision of safer, more convenient financial services. From my position in the system department, I will work to ensure that digitalization and the provision of services based on appropriate security measures enable regional customers to use the Bank's services with greater peace of mind and with more convenience than ever before.



Joined the Bank in 2013

Hirofumi Kon

On assignment at JCB Co., Ltd. since April 2024



Joined the Bank in 2018

Shota Higashiyama

On assignment at Mitsui & Co., Ltd. since April 2025

七十七銀行 × MITSUI & CO.

The main operations of a general trading company are trading, which involves connecting sellers and buyers and ensuring the required goods are delivered to the required locations; and business investment, which entails investing personnel and funds into businesses and services necessary for the future. I'm involved mainly in the latter. Utilizing the expertise and know-how unique to a general trading company, I am involved in the full-scale development of investees' businesses and providing support to enhance their corporate value.

My ultimate mission is to create new businesses that meet the needs of companies in Tohoku and contribute to the development of its economy. To fulfill this mission, I am accumulating frontline experience at a general trading company that has anticipated changes and rolled out a diverse range of businesses, constantly creating value for society in the process.

My purpose here is to gain first-hand experience unique to a general trading company operating in global business domains and to use the expertise I acquire in future businesses.

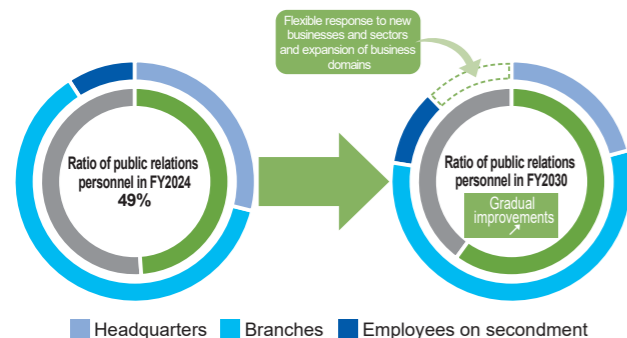
My “target form” is to become a core part of the organization and a resource that can drive reform. Without being bound by existing values, I will work every day to embody corporate culture reform and to contribute to the sustainable growth of the 77 Bank Group and the creation of corporate value.

Human Resource Portfolio Strategy

At the 77 Bank Group, through proactive investments in people and advanced personnel management, we will aim to enhance employees' ambition and engagement, and grow into an organization that maximizes individual capabilities and continues to take on new challenges.

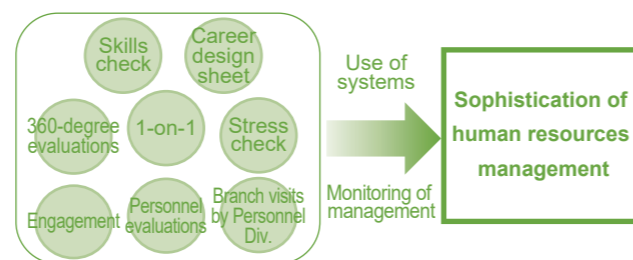
Creation of human resources portfolio

In addition to the creation of a dynamic human resources portfolio linked to our management strategies, we will also create more public relations personnel through dramatic productivity improvements. Moreover, we will ensure Groupwide specialization and flexibility in anticipation of our entry into new businesses and sectors and the expansion of our business domains.



Talent management

Based on analyses of employee data and the visualization of individual capabilities and aptitudes, we will work to make our human resources management more sophisticated through optimal and strategic staffing from both quantitative and qualitative standpoints.



Sophistication of recruitment

In anticipation of changes in demographics and the expansion of our business domains, we seek to strategically recruit mid-career hires with high-level specialist expertise and experience, as well as highly capable, outstanding students. To do so, we are reinforcing collaboration with personnel placement companies, including 77 Human Design, enhancing our content using social media, and reinforcing and refining our recruitment activities.

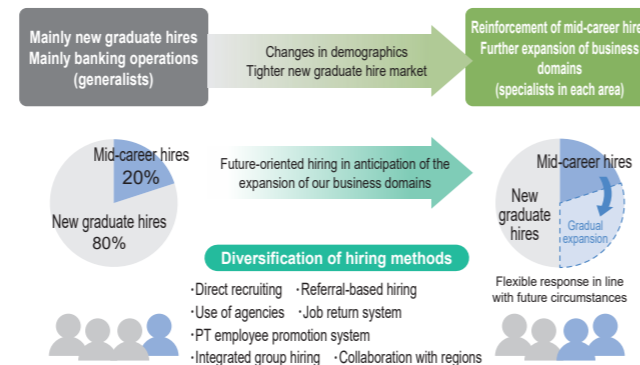
New graduate hires: Capability-focused hiring and deployment

- Flexible, long-term hiring in line with changing student awareness
- Capability-focused hiring through use of data
- Deployment of students majoring in highly specialized areas to headquarters

Mid-career hires: Acquisition of specialist human resources

- Human resources with advanced specialist expertise and experience in line with the Group's business domains
- Core future human resources for sales promotion and headquarter planning departments

Course of action for sophisticating hiring process



Measurement and management of the effects of human capital investments

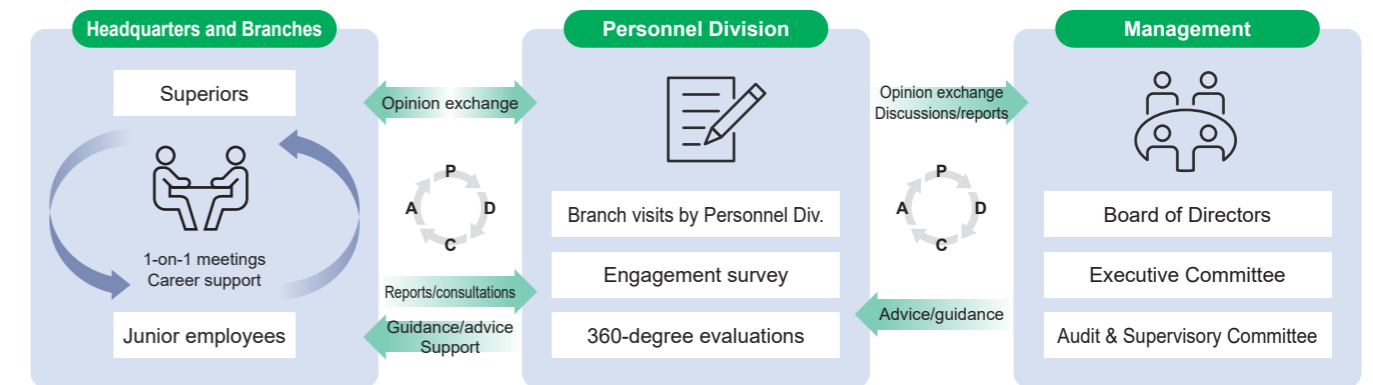
Measurement/management targets	Matters for judgment	FY2022	FY2023	FY2024	FY2025 Target
Skills	Average corporate public relations skill level (max. 5.0)	-	2.4	2.7	3.0
	Average retail public relations skill level (max. 5.0)	-	1.8	2.0	2.2
	No. of individuals with higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-size Enterprise Management Consultant)	224	261	274	330
Endeavor	No. of certified digital technology human resources	674	1,138	1,612	1,700
	Engagement score (indicator of ambition) (max. 5.0)*	3.5	3.6	3.6	3.6 or more
	No. of participants in job trial system	96	171	194	250 or more
Returns	No. of applications for job entry system	8	14	7	21
	Ratio of liaison officers	47.1%	47.7%	49.0%	51.0%
	Labor productivity in core operations	JPY 12 mn	JPY 14 mn	JPY 16 mn	JPY 18 mn
	Consulting income	JPY 5.8 bn	JPY 6.5 bn	JPY 8.4 bn	JPY 9.0 bn

*Benchmark for good conditions: 3.5 or higher (extracted ambition-related items)

Establishing an ambitious corporate culture and improving engagement

To create a virtuous cycle in which all employees take on new challenges to build confidence and positivity, through the Human Resource Strategy implementation process we are revitalizing communication between the frontlines, personnel departments, and management, and accelerating corporate culture reforms. Moreover, to improve employee engagement, we conduct quantitative analyses based on diverse approaches, including engagement surveys, so that we can implement effective measures.

Human Resource Strategy implementation process



Engagement survey results

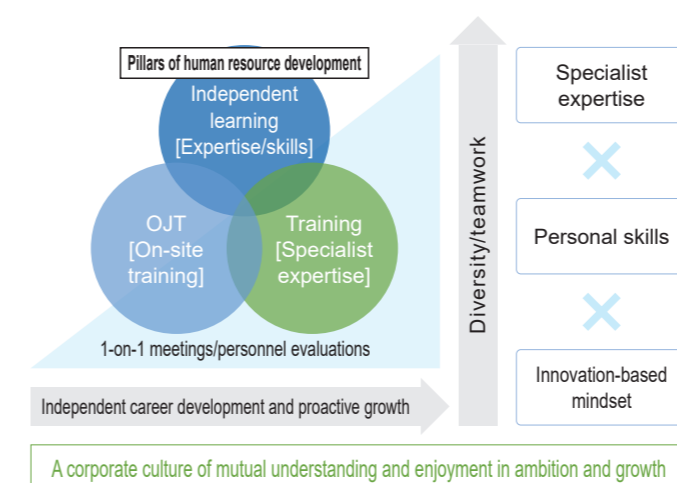
	FY2022	FY2023	FY2024
Total engagement	3.7	3.7	3.7
Engagement with work	3.6	3.6	3.6
Engagement with workplace	3.8	3.8	3.8
Engagement with company	3.6	3.6	3.7

*Benchmark for good conditions: 3.5 or higher (max. 5.0)

Human Resource Development Strategy

At the 77 Bank Group, based on a corporate culture in which there is mutual enjoyment in ambition and growth, we will support the independent career development and skill improvement of each individual, and develop diverse expertise, excellent personal skills, and a spirit of endeavor. In doing so, we will grow into an organization with enhanced capabilities and shared growth and contributions.

Human resource development framework



Establishment of career ownership

- Support for autonomous career design
- Creation of environments for independent endeavor
- Visualization of level of acquisition of required skills and knowledge for career design

Development of diverse specialist human resources

- Creation of training systems to develop public relations personnel
- Coordination between output-based and on-the-job training
- Increase in specialist skills and accumulation of expertise in non-financial areas
- Support for the acquisition of higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-size Enterprise Management Consultant)

Maximization of excellent personal skills and teamwork

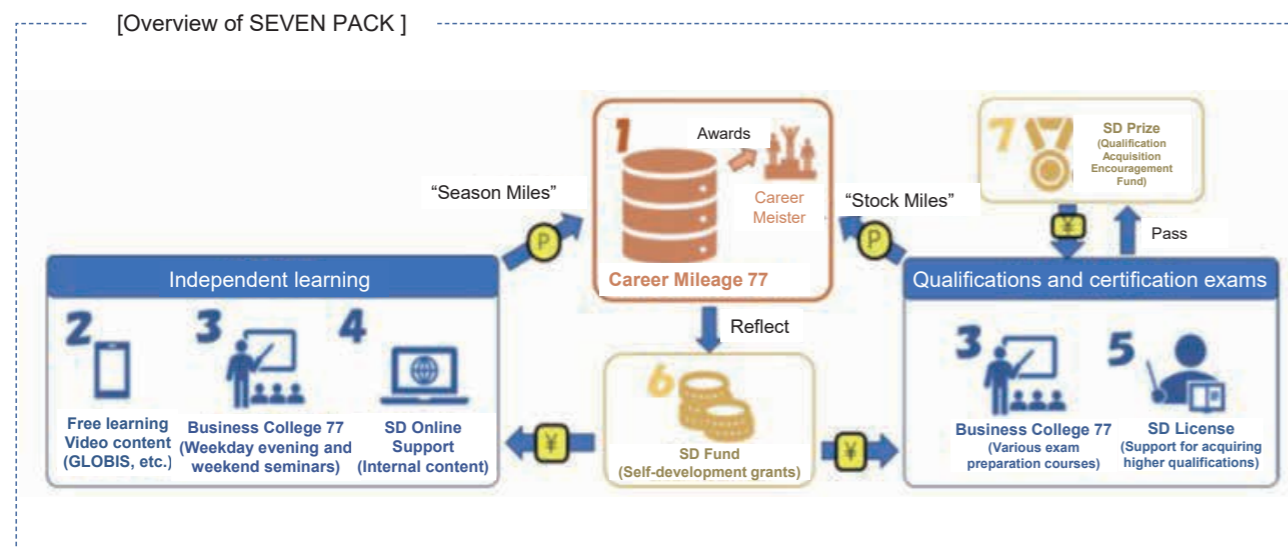
- Strengthening of management abilities
- Support for the development of excellent personal skills
- Revitalization of teamwork and communication
- Establishment of a corporate culture of mutual understanding and enjoyment in ambition and growth

Reinforcement of reskilling

- Promotion of reskilling for liaison operations, etc.
- Strategic development of specialist human resources
- Creation of digital technology human resources
- Promotion of innovation-based mindset

Establishment of the new SEVEN PACK independent learning support package

SEVEN PACK was established to support employees' independent career development and to create an environment in which they can proactively and independently pursue challenges to achieve their "target forms." Through self-development tools based on a career-mileage system and expense subsidies, we will promote individual and organizational growth and work to improve the value of our human capital.



Development of next-generation leaders—Beyond 2030 Project

The Beyond 2030 Project is a program hosted alongside the Graduate School of Project Design that aims to develop next-generation leaders, equip individuals with business conceptualization skills to expand the Group's business domains, and develop a corporate culture that promotes endeavor and entrepreneurship.

Administered for approximately 10 months between May 2025 and March 2026, 10 employees selected through an application process are taking part in the program. Those participating will be able to improve their practical skills in business conceptualization through lectures from specialists, group discussions, and presentations. By focusing on the development of next-generation leaders in this way, in addition to driving overall corporate growth, we will develop participants' independent career development capabilities.

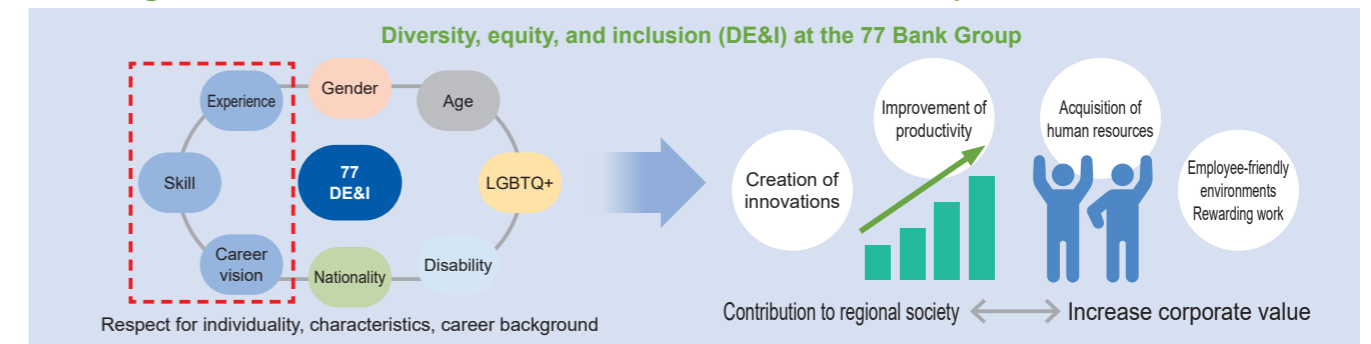
The ultimate goal of the program is for each participant to present a business proposal for the 77 Bank Group.



Diversity Promotion Strategy

At the 77 Bank Group, through the development of mutual respect for diversity and the creation of environments, we will create workplaces that allow diverse human resources to succeed in various fields, and in turn grow into an organization in which each individual can demonstrate their individuality.

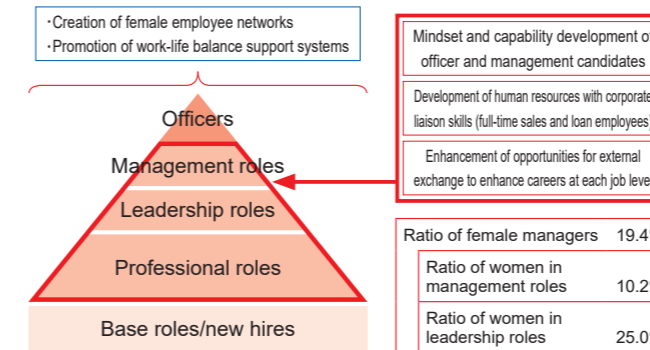
Working environments to make maximum use of individualities and capabilities



*DE&I stands for Diversity, Equity, and Inclusion. It is an approach that aims to create organizations that achieve growth through mutual respect for diverse human resources by creating inclusive environments that accept diversity and providing equal opportunities depending on individual characteristics. At the 77 Bank Group, we are promoting the success of a diverse range of human resources of different genders, age groups, parts of the LGBTQ+ community, abilities and disabilities, and nationalities, as well as individual experience, skills, and career visions.

Active participation of women—Development of female officers and management candidates

In addition to strengthening our initiatives to promote the active participation of women, we are aiming to create workplace environments with respect for diversity. Alongside our Women's College, a training program that aims to support female employees' independent career development and strengthen their practical abilities, we also provide platforms for discussions with management, and opportunities to learn from internal and external role models. Through proactive skills development initiatives like these, we are systematically promoting women's advancement to managerial positions and above. Moreover, with systems to support the balance between work, childcare, and nursing care, and a system for individual consultations, we are aiming to create workplace environments where employees can maximize their capabilities regardless of gender.



Launch of Hokkaido and Tohoku Regional Bank DE&I Workshop

Together with regional banks headquartered in Hokkaido and Tohoku, we hosted the first Hokkaido and Tohoku Regional Bank DE&I Workshop on the active participation of women and other DE&I themes. The workshop featured open dialogue through panel discussions, with 77 Bank Outside Director Emiko Okuyama as a panelist, and group-based work wherein each bank shared their initiatives and challenges. While creating a network with the participating banks, we will implement collaborative measures targeting the success of diverse human resources.



77 Business With's designation as a special subsidiary

77 Business With is in charge of BPO services for the outsourcing of indirect corporate operations and related consulting services. To promote and stabilize employment for persons with disabilities, 77 Business With acquired designation as a special subsidiary*, with the 77 Bank as the parent company. (The ratio of employees with disabilities as of the end of March 2025 was 2.82%.) From a diversity, equity, and inclusion standpoint, the 77 Bank Group will promote the creation of working environments where all employees can flourish, regardless of ability or disability.

*The employment quota for persons with disabilities, which is part of the Act to Facilitate the Employment of Persons with Disabilities, stipulates that individual companies must secure employment opportunities for persons with disabilities. Under the special subsidiary designation system, which is a special provision within the act, businesses can set up a subsidiary with special measures for the employment of persons with disabilities, and when certain requirements are met, the workers employed at the subsidiary can be counted as employees of the parent company to calculate actual employment rates.

Wellbeing Promotion Strategy

At the 77 Bank Group, through the promotion of health management and the enhancement of employee welfare programs, we will create a working environment where every employee can maximize their capabilities and grow into an organization that is employee friendly and rewarding.

Approach to well-being promotion

Promotion of health and productivity management

- ▶ Development of awareness of health management
- ▶ Promotion of data-based health
- ▶ Creation of an integrated promotion system involving the company, employees, and their families
- ▶ Proactive internal and external communication related to health management initiatives

Proactive support for the maintenance and improvement of health

- ▶ Reinforcement of support for lifestyle habit improvements
- ▶ Enhancement of measures for mental health to improve stress levels and mental illness
- ▶ Enhancement of job return support for employees on long-term sick leave

Creation of employee-friendly work environment

- ▶ Improvements in work-life balance and productivity through the enhancement of systems that cater to increasingly diverse lifestyles
- ▶ Revitalization of in-house communication through participation in cultural and sporting activities and regional events, etc.

Reinforcement of initiatives for financial wellness

- ▶ Improvements in understanding of employee welfare programs and promotion of use
- ▶ Reinforcement of initiatives to support employees' systematic asset formation activities
- ▶ Review of various employee welfare programs in line with the times

Please see the Bank's website for more details on the objectives and promotion system for health management.



Initiatives for health management

The 77 Bank was selected as a Health and Productivity Management Organization 2025 (White 500). The accolade is awarded to the top 500 companies implementing outstanding health management initiatives, such as those tailored to regional health challenges and the Nippon Kenko Kaigi's health promotion activities. Through the promotion of health management, we will aim to boost employee productivity and improve overall corporate performance.



Creation of employee-friendly work environments

Bank exercise classes

To promote health management and revitalize in-Bank communication, the Bank's exercise clubs (baseball, athletics, and badminton) have worked together to host exercise classes. In addition to giving employees more opportunities to exercise and to feel refreshed, the classes serve to facilitate interaction between employees from different departments and roles. While working to enhance connections between employees and families, we will support initiatives to create employee-friendly work environments.



Participation in local events

Placing the utmost importance on our regional connections, we proactively participate in local festivals and events, for example. Through these initiatives, we will enhance awareness of our role within the region and work to develop interactions and networks among our employees.



Acquisition of external qualifications

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



Certified "Sports Yell Company" for promoting employee exercise



Initiatives and Achievements for Each Strategy

Item	FY2023 results	FY2024 results	FY2025 Target
I. Human Resource Portfolio Strategy			
Ratio of liaison officers	47.7%	49.0%	51.0%
Engagement score (indicator of ambition) ¹	3.6	3.6	3.6 or more
No. of participants in job trial system	171	194	250 or more
No. of applications for job entry system	14	7	21 or more
Ratio of mid-career hires	17.5%	16.0%	23.0%
Ratio of mid-career hires promoted to management	28.0%	24.2%	28.0%
Labor productivity in core operations	JPY 14 mn	JPY 16 mn	JPY 18 mn
Consulting income	JPY 6.5 bn	JPY 8.4 bn	JPY 9.0 bn
II. Human Resource Development Strategy			
Average corporate liaison skill level ²	2.4	2.7	3.0
Average retail liaison skill level ²	1.8	2.0	2.2
No. of individuals with higher qualifications (1st Grade Financial Planner, Certified Financial Planner, Small and Medium-size Enterprise Management Consultant)	261	274	330
No. of digital technology human resources (experts, core, base)	Experts: 5 Core: 85 Base: 1,048	9 109 1,494	10 115 1,575
No. of participants in reskilling training ³ (retail and corporate consulting)	72	141	150
Training costs per person	JPY 91 k	JPY 96 k	JPY 146 k
No. of training programs per person	4.9	6.0	7.0
III. Diversity Promotion Strategy			
Ratio of female managers	17.5%	19.4%	21.0%
Ratio of female employees in corporate liaison, full-time, and headquarter planning positions	21.7%	24.1%	25.0%
Ratio of employees taking paternity leave ⁴	102.0%	92.3%	100.0%
Ratio of employees with disabilities	2.3%	2.8%	2.7% or more
Retention rate (percentage of employees working three years at the Bank)	85.5%	90.2%	90.0% or more
IV. Wellbeing Promotion Strategy			
Absenteeism (ratio of employees on sick leave over a certain period)	2.7%	2.7%	1.8% or less
Presenteeism (percentage of employees with no psychological or physical issues)	92.3%	94.4%	95.0% or more
Ratio of employees taking annual paid leave	75.0%	75.6%	75.0% or more
Average monthly hours of overtime work	14 hours 20 minutes	15 hours 8 minutes	Less than 10 hours
Ratio of employees subscribed to corporate defined contribution plans	55.9%	60.2%	65.0% or more
Ratio of employees who are members of the 77 Bank Stock Ownership Association	97.7%	98.7%	98.5% or more
Engagement score ^{*1} (indicator of working environment)	3.3	3.4	3.6 or more

*1 Benchmark for good conditions: 3.5 or higher (matters related to ambition and working environment) (max. 5.0)

*2 Introduced in FY2023 to assess skills based on in-house standards (max. 5.0)

*3 Set as part of training curriculum in FY2023

*4 FY2024 acquisition rate is below 100% as it includes those taking childcare leave during different years from the child's date of birth (childcare leave taken by all eligible individuals)

Participation of Diverse Human Resources

The 77 Bank Group is home to employees with various career backgrounds. This section reports on a roundtable discussion between four employees following different paths.



Discussion members

Chief Expert, Wealth Management Office, Business Promotion Division

Keisuke Saito (45 y.o.)
Joined the Bank in 2022 as a mid-career hire

Oroshimachi Branch
Ruriko Saito (25 y.o.)
Joined the Bank in 2022 as a new graduate

Regional Development Promotion Sec., Regional Development Promotion Div.

Hao Sun (30 y.o.)
Joined the Bank in 2021 as a foreign national

Chief Expert, 77 Human Design

Shintaro Kudo (36 y.o.)
Joined the Bank in 2024 as full-time Group company employee

Reasons for joining the Bank

Mr. Saito, how did you come to join the 77 Bank?

K Saito: I joined the Bank as a mid-career hire in 2022 following roles at a real estate company and a megabank. I decided to join after reading an article about the 77 Bank's entry into the trust business. My wife is originally from Miyagi Prefecture, and she had spoken about wanting to return one day. I also saw the position here as an excellent opportunity to utilize the experience in asset succession I had built up through many years in my previous position. Together with the abundant nature of Miyagi Prefecture, Sendai City has the vibrancy of commercial facilities and other urban aspects, making the area as a whole a very comfortable place to live. I'm originally from Tokyo, and it's great to be able to go back home in around two hours on the shinkansen from Sendai.

Ms. Saito, you are the youngest member in this discussion. What is your background?

R Saito: I joined one of the Bank's branches as a new graduate, and this is my fourth year at the company. I'm really looking forward to hearing different things from my

senior colleagues today.

I'm originally from Sendai but moved to Tokyo to attend university. I joined the Bank because I wanted to work for the sake of my local community. Since joining, I've experienced various roles through the job rotation system, and I'm currently working in corporate lending operations. It is when customers thank us for listening to their various inquiries that I feel like I'm contributing to the local area.

Mr. Sun, what attracted you to Miyagi Prefecture?

Sun: I'm from Hubei Province in China and moved to Miyagi Prefecture to study at a graduate school. I discovered the charms of Miyagi and Tohoku as a student here, and decided to join the Bank as a way to give something back. I especially like the rich natural surroundings. One of my hobbies is landscape photography and so I often travel around Tohoku to take photos. I was amazed to see that even in the same location, the view is completely different depending on the season. After a stint in the Treasury Administration & International Division, I'm now with the Regional Development Promotion Division where our role is to provide support for startups, new businesses, and IPOs. It's very rewarding to be able to

work for the benefit of Miyagi Prefecture while making use of my own background.

Regional trust as the Group's foremost strength

For the two of you who have worked in different companies, what do you think are the strengths and appeals of the 77 Bank Group?

Kudo: I actually left the 77 Bank at one point to join a major personnel placement company, before returning to the Group with the new subsidiary 77 Human Design. I've been working in sales since my previous position and on occasion it has been difficult to meet with the person in charge. At the 77 Bank Group, however, the 77 name alone is often enough to facilitate these meetings, and this has made me realize the level of trust that the Group has in the region.

K Saito: At the Wealth Management Office, currently I'm primarily involved in operations relating to asset succession for wealthy customers. Including secondment, this is my third position at a financial institution. People call the bank "shichi shichi," and it's easy to see the particularly strong trust that the 77 Bank Group has gained in Miyagi Prefecture. We often hear of customers who look forward to meeting with us, and this gives us a real sense of fulfillment.

As a regional bank firmly rooted in the region, our biggest strength is the relationships of trust built up over many years by our predecessors.

Overcoming weaknesses to further improve the attractiveness of the Group

While we have learned that one of our greatest strengths are the relationships of trust we have built with regional customers over many years, what do you consider are the Group's weaknesses and challenges?

Sun: Falling populations, low birthrates, and aging societies present a major challenge, and initiatives that ensure the sustainable development of regional economies are growing in importance. At the 77 Bank, through the provision of solutions via the Miyagi Wide-area PPP Platform (MAPP), a regional initiative bringing together the industrial, academic, public, and financial sectors, we are using regional resources to create businesses and enhance the quality of living. Moreover, in 2024 we partnered with W Tokyo, the

company responsible for planning and producing the Tokyo Girls Collection, to host EMPOWER MIYAGI FES. In these and other ways, we are aiming to create attractive urban environments for the younger generation. While on the one hand we can say that weaknesses in the regional economy are down to the regional bank, I also think that enhancing the appeals of the region can improve the attractiveness of the 77 Bank Group. Through both financial and non-financial support, we will seek to enhance the level of the regional economy.

Kudo: I think that one of the Group's challenges is to further improve the specialist expertise of everyone at the Group. Up until now, banks have tended to develop generalists. For the Group to reinforce its current area of focus in non-financial support, such as consulting sales, specialists must take center stage. Through the advancement of the solutions provided by each 77 Bank Group company, I believe we can become an even more valued and essential presence within the region.

With this growing need for enhanced specialist expertise, what sort of career do you envisage, Ms. Saito?

R Saito: The Bank offers some excellent training systems, such as the cross-industry trainee program, and including at its Group companies, it has environments in place for various career development opportunities. I am still only at my first branch and so have not yet put together a clear career plan, but having the opportunity through this roundtable discussion to meet senior colleagues with diverse careers and backgrounds and see their success has been very inspiring. At a Group that works to benefit Miyagi and Tohoku in various ways, I hope to be able to use my unique skills and take on various new challenges. I'll do everything in my power to develop into the type of people here today who are indispensable to the Bank's customers.



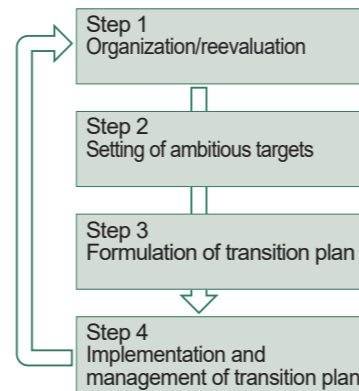
Sustainability Initiatives

Addressing Climate Change

Formulation of transition plan

At the 77 Bank Group, one of our materiality goals is response to climate change and disasters. Having identified climate-related risks and opportunities, in addition to strengthening our climate change initiatives, we will also enhance our information disclosure in line with TCFD recommendations. After organizing and reevaluating the Group's climate change initiatives, in addition to our goal of achieving carbon neutrality in Scope 1 and 2 emissions by 2030, we have also set a new GHG emissions reduction target, aiming to achieve net-zero Scope 1, 2, and 3 emissions by 2050. In addition to further strengthening our climate change initiatives, in July 2025 we formulated a transition plan based on international guidance as a transition strategy for our achievement of net-zero Scope 1, 2, and 3 emissions by 2050. In the formulation of the transition plan, the Sustainability Committee held the relevant discussions before providing reports to the Board of Directors.

[Formulation process]



1. Foundation

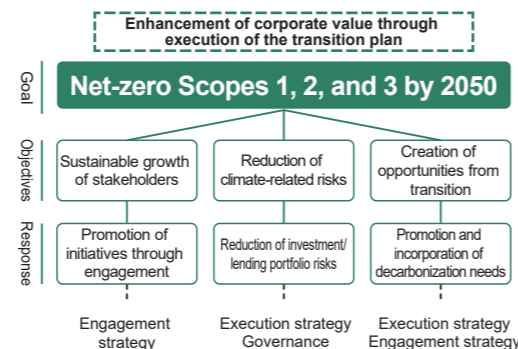
Transition plan overview

	Item	Details	
Foundation	Ambitious targets	GHG emissions reduction target: Net-zero Scope 1, 2, and 3 emissions by 2050	
	Background/objectives	<ul style="list-style-type: none"> Take the lead in clients' and region's decarbonization efforts and contribute to sustainable growth of stakeholders Reduce the Group's climate-related risks and create opportunities through transition 	
Governance	Organizational structure	Role of the organization, executive and supervisory structure, progress management at the Sustainability Committee	
	Risk management	Risk recognition, results of scenario analyses (physical and transitional risks), ratio of carbon-related assets	
Execution strategy	Initiatives	Initiatives to reduce the Group's GHG emissions (achieve carbon neutrality in Scope 1 and 2 emissions by 2030)	
	Products/services	Promotion of clients' and region's decarbonization through solutions	
	Policies/requirements	Organizational policy for strategy execution (Sustainability Promotion and Management Policy, Investment and Lending Policy)	
Engagement strategy	Clients	Priority sectors: Food, construction, automobiles	
		Creation of engagement tools	
Local community	Reinforcement of engagement with priority clients (clients with high-level financed emissions, priority sectors)		
	Conclusion of partnerships with external parties	Measures in collaboration with local governments, etc.	
Indicators and targets	GHG emissions	Carbon neutral Scopes 1 and 2 by 2030	
	Engagement	Net-zero Scopes 1, 2, and 3 by 2050	
		No. of clients receiving GHG emissions calculation support	Total sustainable finance executed
	Monitoring indicators	No. of side-by-side support-type funding cases	Sustainability-related fees
		Establishment of progress management indicators throughout transition plan	

*Shaded areas have been newly established and disclosed this fiscal year in line with the formulation of the transition plan

Objective of the transition plan

At the 77 Bank Group, we have defined the transition plan as a transition strategy as we aim to achieve a decarbonized society, and have positioned it as a business strategy for our response to climate change. Through implementation of the plan, we intend to take the lead in clients' and the region's decarbonization efforts, contribute to the sustainable growth of our stakeholders, reduce the Group's climate-related risks, and create opportunities from the transition.

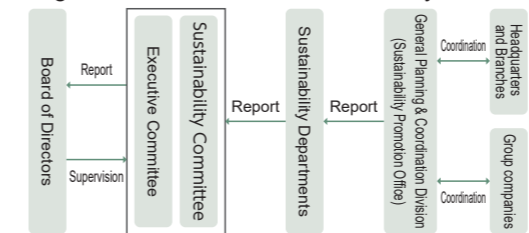


2. Governance

Governance structure

In addition to formulating the Sustainability Promotion and Management Policy to ensure proper and sufficient promotion and management of sustainability activities, the Group has set up the Sustainability Committee, chaired by the President, to discuss and report important matters relating to the promotion and management of sustainability activities, and to reflect the results in management strategies and risk management. In addition, we have established the Sustainability Promotion Office within the General Planning & Coordination Division to ensure the effectiveness of our measures. In FY2024, Sustainability Committee meetings were held three times. In having the Committee report the results of its discussions on sustainability management to the Board of Directors, we have established a system through which the Board of Directors can supervise sustainability-related initiatives.

Organizational structure for sustainability activities



Matters discussed and reported by the committee

- FY2023 Scope 3 calculation results
- Disclosure of sustainability information (climate change, biodiversity, etc.) in integrated report
- Initiatives to support clients' decarbonization
- Initiatives for carbon neutral Scopes 1 and 2 by 2030
- Implementation of human rights due diligence and future initiatives
- Formulation of FY2025 SDGs implementation plan
- Sustainability Standards Board of Japan (SSBJ) trends

Risk management

[Risk management]

The Bank recognizes that physical and transitional risks caused by climate change may have a significant financial impact in the future. To appropriately gauge and verify climate-related risks, we conduct stress tests to verify the resilience of our risk capital in the event that physical or transitional risks materialize. Together with the results of stress tests of non-climate-related credit and market risks, we report the results of the above stress tests to the ALM and Income Control Committee.

Risks

We recognize the following physical and transitional risks in each risk category, and are analyzing the impact that these risks could have when they materialize based on the following timeframes: short-term (5 years), medium-term (10 years), and long-term (30 years).

Classification	Assumed risk	Time frame
Physical risks	Occurrence of credit risk caused by natural disaster affecting customer's sales base and suspending its business	Short-term to long-term
	Occurrence of credit risk caused by the declined value of real estate collateral due to natural disaster	Short-term to long-term
	Occurrence of operational risk due to the Bank's branch, etc. being affected by natural disasters	Short-term to long-term
Transitional risks	Occurrence of credit risk caused by the customer's withdrawal from the business due to flooded sales sites with the rise of sea level, etc.	Long-term
	Occurrence of credit risk due to the revision of climate change-related regulations and tax systems giving a negative impact on customer's business	Short-term to long-term
	Occurrence of credit risk due to the failure of decarbonization technology and changes in the market giving a negative impact on customer's business	Short-term to long-term
	Occurrence of reputation risk of the Bank when our response to climate change/information disclosure is insufficient	Short-term to long-term

*Scenario analyses

	Physical risks	Transitional risks
Scenario	Intergovernmental Panel on Climate Change (IPCC) 4°C scenario	Network for Greening the Financial System (NGFS) Net Zero 2050
Scope of analysis	Business credit in Miyagi Prefecture	Power and energy sector
Analysis method	The impact that a deterioration in financial position caused by damage to collateral from water damage (depth of flooding) and by business suspension could have on credit expenses	The impact that a deterioration in financial position caused by tax burden from the introduction of carbon taxes and existing facilities turning into stranded assets could have on credit expenses
Analysis period	Until 2050	Until 2050
Results of analysis	Approx. JPY 3.0 bn increase in credit expenses	Approx. JPY 11.0 bn increase in credit expenses

[Carbon-related assets]

In FY2024, the ratio of carbon-related assets in the Bank's loans and bills discounted, etc. (loans and bills discounted, acceptances and guarantees) was as follows.

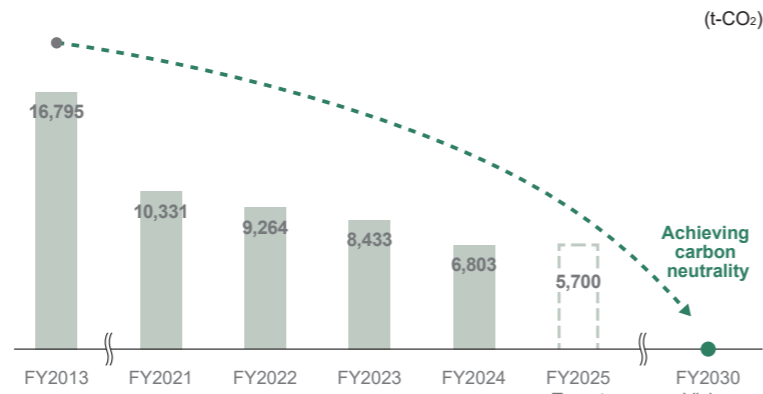
Energy	Transport	Materials and buildings	Agriculture, food, forestry produce	Total
4.8%	2.5%	18.7%	2.1%	28.1%

3. Execution Strategy

Scope 1 and 2 emissions

At the 77 Bank Group, we are engaged in initiatives to achieve carbon neutrality in Scope 1 and 2 emissions by 2030. In FY2024, operations began at 77 Solar Park Tomiya, a solar power station supplying approximately 2,000 kW through an off-site corporate PPA. In the same year, we also installed EV car-sharing stations at the Bank's branches through collaboration with Sendai City and the PARK24 Group.

Our Scope 1 and 2 emissions in FY2024 were 6,803 t-CO₂, marking a 59.5% reduction over FY2013.



Initiatives to achieve net-zero

Achievement of carbon neutrality in Scope 1 and 2 emissions

Initiatives to achieve net-zero in Scope 3 emissions

● Jul. 2021
Announced support for TCFD recommendations

● Mar. 2022
Established the Sustainability Promotion and Management Policy

● Apr. 2023
Concluded the Cooperation Agreement for the Promotion of Carbon Neutrality with Tohoku Electric Power Co., Inc.

● Apr. 2024
Joined the GX League

● Oct. 2024
Completed construction of the 77 Solar Park Tomiya, started supply of renewable electricity

● Nov. 2024
Introduced EV car-sharing stations with Sendai City

● 2025-
Examine switch to ZEB branches
Examine use of J-Credits
Continue engagement with clients with high-level financed emissions and clients in priority sectors

Achieve KPIs GHG emissions

● Achieve carbon neutrality in Scope 1 and 2 emissions

Engagement

- No. of clients receiving GHG emissions calculation support
- Total sustainable finance executed
- No. of side-by-side support-type funding cases
- Sustainability-related fees
- No. of SDGs-related service support clients

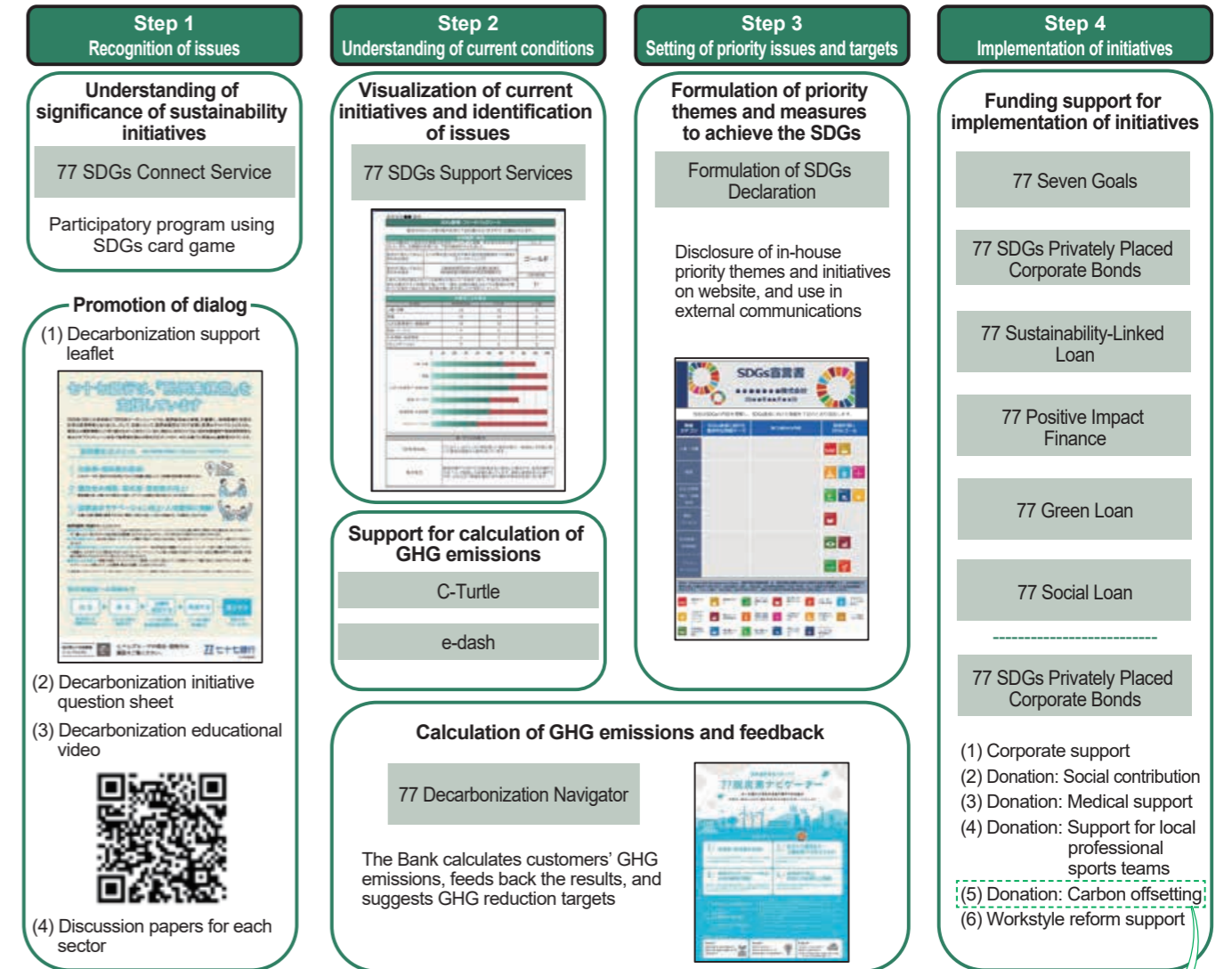
Feature: 77 Solar Park Tomiya

77 Solar Park Tomiya is a solar power station that was constructed and began supplying power in October 2024 as part of an off-site corporate PPA. It is expected to achieve an annual emissions reduction of approximately 1,200 t-CO₂.



A wide range of solutions for customers' sustainability promotion activities

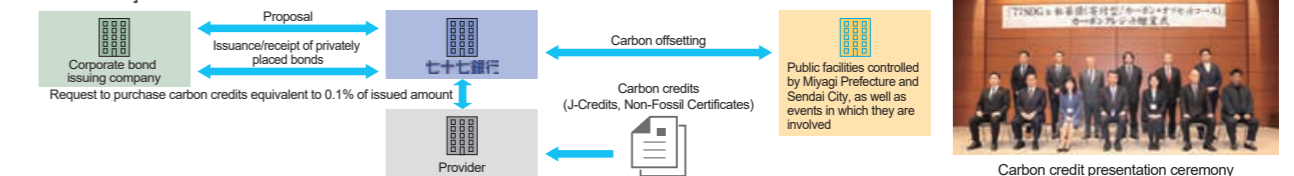
To support customers' sustainability promotion activities, we are expanding our range of solutions in line with the progress of their initiatives. Through ongoing engagement with our customers, we will support their sustainability initiatives.



Feature: 77 SDGs Privately Placed Corporate Bonds (Donation: Carbon offsetting)

As one initiative to support decarbonization in the region, we purchase carbon credits with a portion of fees and commissions we receive from the issuance of privately placed bonds, using them to offset GHG emissions from public facilities controlled by Miyagi Prefecture and Sendai City, as well as from events in which they are involved.

[Service overview]



Formulation of various policies

At the 77 Bank Group, we have formulated various policies based on the understanding that response to climate change and other sustainability issues is a key management challenge.

► Sustainability Promotion and Management Policy



► Investment and Lending Policy for Specific Businesses



4. Engagement Strategy

Identification of priority sectors

To reduce Scope 3 Category 15 emissions (financed emissions), we are reinforcing our engagement with customers. In FY2024, we were selected to be eligible for support under the Ministry of the Environment's "Transition Strategy Formulation and Engagement Program in FY2024." Through this program, after identifying priority sectors, the headquarters takes the lead in ongoing engagement activities.

When selecting priority engagement clients, we identify priority sectors by analyzing our lending portfolio and financed emissions calculation results, taking into consideration regional characteristics and engagement efficacy. We have identified our priority sectors as food, construction, and automobiles, and our identification process was as follows.

[Identification process]

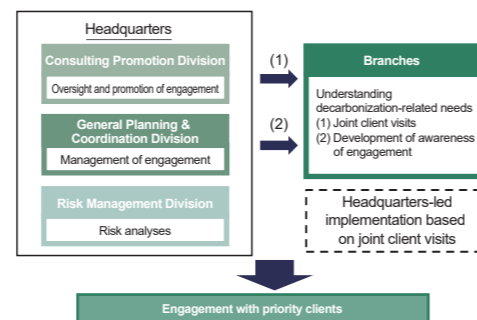
	Areas of analysis	Details
Quantitative analysis	Lending portfolio	Details of analysis: Sectors with large loan balance in lending portfolio High-ranking sectors: Real estate, service, finance, wholesale, power, construction, retail, food
	Financed emissions calculation results	Details of analysis: Sectors with high financed emissions among investment and loan clients High-ranking sectors: Power, construction, construction materials, food, chemicals, transport, oil/gas
	Scale of financed emissions by area	Details of analysis: Sectors with high financed emissions among businesses in Miyagi Prefecture High-ranking sectors: Construction, power, food, transport, oil/gas, construction materials, real estate • Financed emissions from businesses in Miyagi Prefecture among investment and loan clients: 52.8% • Of which, financed emissions from businesses headquartered in Sendai City: 56.9%
Qualitative analysis	Scale of transitional risks	Referred to results of analyses by three megabanks as transitional risk assessments for each sector have not yet been conducted High-ranking sectors: Power, coal, oil, steel, automobiles, cement, aluminum, agriculture, real estate
	Status of existing initiatives	Sectors with high demand for and interest in decarbonization initiatives
	Regional characteristics	Industrial structures in Tohoku and Miyagi
	Engagement efficacy	• Status of engagement • No. of sustainability-related solution contracts

Engagement structure

In FY2024, we continued to engage with clients in Miyagi Prefecture with high-level financed emissions as well as those in priority sectors. As we aim to move toward branch-led engagement activities, we will work on in-house education and the improvement of the relevant systems.

[Priority clients]

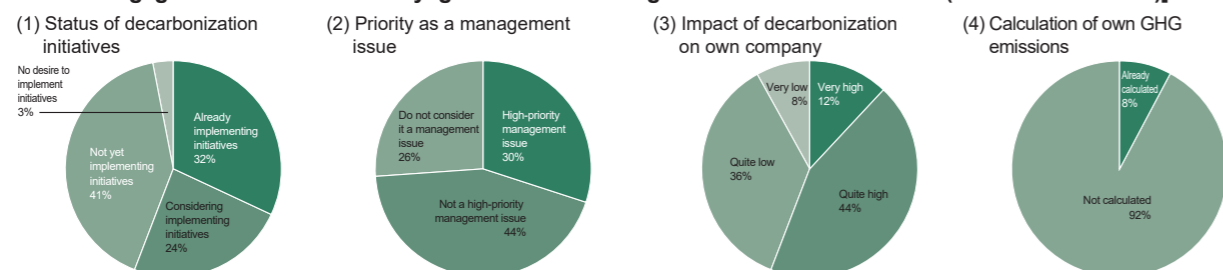
- Top 100 clients in Miyagi Prefecture for financed emissions
Accounting for approx. 30% of total financed emissions in Miyagi Prefecture
- Priority sectors
By industry: Food, construction, automobiles



Status of engagement initiatives

In our engagement with customers, we use decarbonization initiative question sheets to ascertain their priority management challenges and the status of their initiatives. In terms of clients in Miyagi Prefecture with high-level financed emissions, more than 50% responded that decarbonization was having a major impact on their company, while around 30% responded that they had already begun decarbonization initiatives. Moreover, with less than 10% of companies calculating their GHG emissions, we recognize the need to continue engagement with these companies to ensure they calculate and ascertain their GHG emissions and develop an awareness of the importance of decarbonization.

[Results of engagement with clients in Miyagi Prefecture with high-level financed emissions (FY2024: 100 clients)]



Engagement with region

To drive decarbonization in the region, we are working alongside Tohoku Electric Power Co., Inc., Nippon Life Insurance Company, and local governments to implement a comprehensive range of initiatives. As a regional financial institution, one of our most important roles is to educate the region on decarbonization and raise awareness of its importance. Moving forward, we will continue working with a diverse range of stakeholders in this area.

[Main details of partnership]

Partner	Date	Details
Tohoku Electric Power Co., Inc.	April 2023	Cooperation Agreement for the Promotion of Carbon Neutrality
Nippon Life Insurance Company	June 2023	Partnership Agreement on the Promotion of Sustainability in Local Communities
Sendai City	November 2023	Co-applicants for Decarbonization Leading Areas

[Main initiatives in FY2024]

Introduction of EV car-sharing stations

In collaboration with Sendai City and the PARK24 Group, in November 2024 we set up EV car-sharing stations on the grounds of our branches. These cars are available for use by our employees and Sendai City employees on weekdays, and by Times CAR members on weekends and public holidays.



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

Hosting of decarbonization seminars for local governments and clients

Working as a region to promote carbon neutrality, in January 2025 we hosted the "77 Decarbonization Seminar: Achieving carbon neutrality in the region" with Tohoku Electric Power Co., Inc. and Sendai City. We also host occupation seminars related to decarbonization for our customers.

VOICE

Customer feedback

Advancing sustainability management through positive impact financing to achieve a sustainable fisheries industry.
Under the slogan "Passing on the bounties of the sea to future generations," the MEIHO Group will work alongside the 77 Bank to contribute to the development of Miyagi's fisheries industry.



Representative Director and President, MEIHO Co., Ltd.

Kenji Matsunaga

What initiatives are you engaged in to develop your sustainability management?

At the MEIHO Group, our slogan is "Passing on the bounties of the sea to future generations." We have acquired the international Marine Stewardship Council (MSC) certification and engage in sustainable fishing practices. One of our strengths is a Groupwide integrated production system—covering everything from fishing, storage, and processing to distribution—which has created a network that links fishing grounds to consumers. In terms of our decarbonization initiatives, we are promoting decarbonization on both sea and land—in addition to installing solar panels on our factory roofs, for example, we are gradually shifting to a low-energy fishing fleet.

What is the 77 Bank's role in your operations?

In addition to funding via the Bank's positive impact financing program, we have shared our challenges with the Bank's branches and headquarters departments, giving it an in-depth understanding of our businesses. In this sense, we have gained an understanding partner as we work to address our challenges. Alongside continuous engagement, the 77 Bank is working with other financial institutions, driving our success beyond the framework of finance to enable us to take on unprecedented challenges.

What has made you glad to have chosen the 77 Bank, and what expectations do you have for the future?

As Tohoku's largest regional financial institution, the Bank is uniquely positioned to fulfill certain roles and provide specific support. In addition to offering financial support, the Bank approaches matters from a broad perspective to find solutions to regional challenges. The high-added-value information and solutions it provides make us glad we chose the 77 Bank as a partner. I look forward to the Bank's ongoing side-by-side support for the sophistication of our sustainability initiatives, and in turn its contribution to the achievement of a sustainable fisheries industry.

5. Indicators and Targets

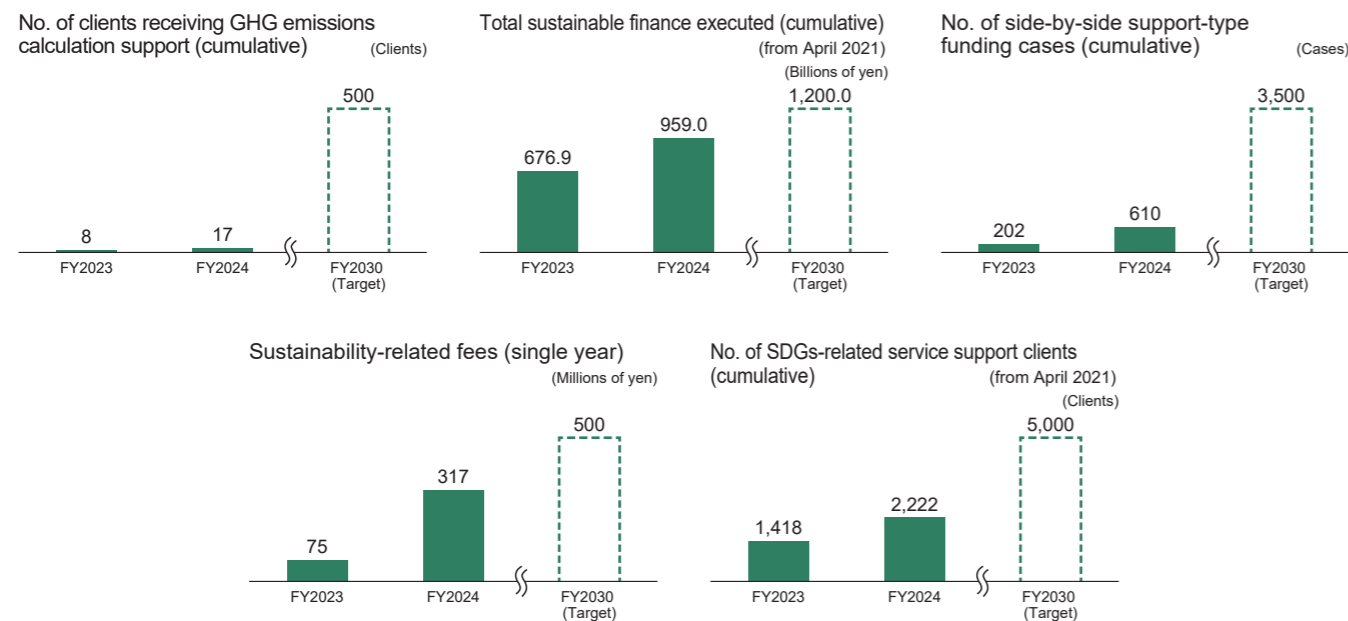
Establishment of various KPIs and monitoring indicators

GHG emissions	Monitoring indicators
<p>(1) Carbon neutral Scopes 1 and 2 by 2030</p> <p>(2) Net-zero Scopes 1, 2, and 3 by 2050</p>	<p>(1) Trends in GHG emissions</p> <p>(2) No. of engagements with priority clients (high-level financed emissions, priority sectors)</p> <p>(3) Status of client awareness/initiatives based on decarbonization question sheet</p> <p>(4) Emissions in high financed emissions sectors</p> <p>(5) Ratio of use of primary data in financed emissions calculations</p> <p>(6) Results of stress tests and scenario analyses</p> <p>(7) Ratio of decarbonization-related assets in lending portfolio</p>
Engagement	
<p>FY2030 targets</p> <p>(1) No. of clients receiving GHG emissions calculation support (cumulative): 500</p> <p>(2) Total sustainable finance executed (cumulative): JPY 1.2 tn</p> <p>(3) No. of side-by-side support-type funding cases (cumulative): 3,500</p> <p>(4) Sustainability-related fees (single year): JPY 500 mn</p> <p>(5) No. of SDGs-related service support clients (cumulative): 5,000</p>	

*1 Sustainable finance refers to investment and lending that contribute to regional revitalization and the achievement of a sustainable society (mainly related to the environment, medicine, startups, business succession, etc.).

*2 Side-by-side support-type funding refers to sustainability-linked loans (SLL), positive impact financing (PIF), social loans (SL), green loans (GL), and 77 Seven Goals.

Engagement indicators



GHG emissions (Scopes 1, 2, and 3)

Item	FY2013	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1	1,894	1,600	1,483	1,185	1,138	1,150
Scope 2	14,901	10,597	8,848	8,079	7,295	5,653
Total (Scope 1 + 2)	16,795	12,197	10,331	9,264	8,433	6,803
(Reduction ratio compared to FY2013)	—	(27.3%)	(38.5%)	(44.8%)	(49.8%)	(59.5%)
Scope 3	—	—	—	10,013,332	8,535,613	8,220,881
Total (Scope 1 + 2 + 3)	—	—	—	10,022,596	8,544,046	8,227,684

*1 The number above is the CO₂ emissions of the Bank alone stated in the periodic report in accordance with the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy. For the usage of renewable electricity, we regard CO₂ emissions to be "0."

*2 The disclosed data including emissions may be changed due to the future expansion of the scope of the accounting targets, revision of calculation method, refinement of data to be used, etc.

Scope 3 breakdown

From this fiscal year, for Scope 3 calculations we have added Categories 1 to 5 in addition to 6, 7, and 15. To refine our Scope 3 calculations, in April 2024 we became the first financial institution in East Japan to introduce NTT Data's C-Turtle FE system, and we are currently working to further refine our calculations. We have calculated Scope 3 Category 15 based on PCAF standards. Of the Bank's investments and loans as of the end of March 2025, the scope of calculation includes domestic corporate business loans, domestic stocks, and corporate bonds. The investments and loans within the scope of calculation cover 91.7% of the total.

*1 The calculation of Scope 3 is based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7) and the Policy on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5) issued by Ministry of the Environment.

*2 The Partnership for Carbon Accounting Financials (PCAF) is an international framework for the development of standards for measuring and disclosing the GHG emissions of investment and loan clients.

*3 In terms of Scope 3 Category 15, financed emissions (GHG emissions from investment and loan clients) and carbon intensity (GHG emissions per unit of net sales from investment and loan clients) are as calculated below.

$$\text{Emissions of investment and loan clients} = \sum \frac{\text{Investment and loan balance for investment and loan clients}}{\text{Total funding for investment and loan clients}} \times \text{Investment and loan client GHG emissions}$$

$$\text{Carbon intensity} = \frac{\text{Emissions of investment and loan clients}}{\sum (\text{Client GHG emissions}) + \sum (\text{Client net sales})}$$

Item	FY2023	FY2024
Scope 3 total	8,535,613	8,220,881
Category 1: Purchased goods and services	—	15,527
Category 2: Capital goods	—	3,647
Category 3: Fuel- and energy-related activities	—	1,392
Category 4: Upstream transportation and distribution	—	Included in Category 1
Category 5: Waste generated in operations	—	591
Category 6: Business travel	494	485
Category 7: Employee commuting	1,159	1,134
Category 15: Investments	8,533,960	8,198,105

Scope 3 Category 15 breakdown

Investment and loan client total			
18 TCFD sectors	Emissions	Carbon intensity	Data quality score
1 Electric utility	2,089,009	20.2	2.43
2 Industrials	1,580,503	2.3	2.91
3 Processed food/meat	540,213	4.3	3.58
4 Truck services	285,426	4.2	3.70
5 Construction materials	253,599	10.4	2.26
6 Oil and gas	183,579	2.1	3.23
7 Chemistry	183,187	3.0	1.84
8 Metal and mining	175,593	4.2	1.75
9 Real estate management and development	134,398	0.9	3.23
10 Paper and forestry products	127,425	5.2	2.07
11 Vehicles and components	64,055	0.6	2.17
12 Agriculture	54,119	6.9	3.62
13 Marine transport	30,226	12.3	2.48
14 Passenger air transport	29,255	11.6	3.33
15 Rail transport	23,583	2.0	1.76
16 Drinks	13,446	3.5	3.89
17 Air cargo	2,455	2.4	4.00
18 Coal	744	8.1	4.00
19 Others	2,427,289	1.6	2.66
— Total	8,198,105	2.7	2.76

*1 Shaded areas are priority engagement sectors: Food, construction, and automobiles.

*2 "Others" in 19 refers mainly to holding companies and business cooperatives, etc.

Businesses in Miyagi Prefecture

18 TCFD sectors	Emissions	Carbon intensity	Data quality score
1 Industrials	1,153,513	3.3	3.93
2 Electric utility	896,122	15.8	1.69
3 Processed food/meat	422,531	4.9	3.84
4 Truck services	160,410	3.8	3.98
5 Oil and gas	107,097	2.3	4.00
6 Construction materials	95,672	14.0	3.97
7 Real estate management and development	70,439	1.1	4.00
8 Chemistry	52,072	4.2	3.63
9 Agriculture	39,315	6.6	3.54
10 Metal and mining	34,383	3.0	2.21
11 Marine transport	18,472	13.3	4.00
12 Paper and forestry products	17,623	2.9	3.54
13 Vehicles and components	16,902	2.1	3.7
14 Drinks	7,154	3.6	4.00
15 Rail transport	1,172	4.0	4.00
16 Air cargo	1,022	2.4	4.00
17 Passenger air transport	564	12.1	4.00
18 Coal	—	—	—
19 Others	1,420,872	1.8	3.79
— Total	4,515,334	3.1	3.66

Emissions: t-CO₂; Carbon intensity: t-CO₂/millions of yen

Initiatives for Natural Capital and Diversity

At the 77 Bank Group, we have positioned response to climate change and disasters as one of our materiality goals. Understanding the importance of protecting our region's natural environments and biodiversity, in May 2024 we announced our participation in the TNFD Forum. In addition to protecting the region's natural environments and biodiversity moving forward, we are continuing with examinations aimed at enhancing our nature-related information disclosure.



Risk analyses based on TNFD recommendations

Based on TNFD recommendations, we use the LEAP approach to analyze our dependencies and impacts on natural capital. In terms of our dependencies on natural capital in our lending portfolio, we use the ENCORE nature-related risk analysis tool. By industry, the agriculture, forestry, and fisheries industries are highly dependent on natural capital, and by type of natural capital, these dependencies are largely related to habitats and species. Moving forward, in line with our credit balance and the locations of the Bank and our clients, we will work to enhance our analyses, such as by identifying industries requiring priority action.

Credit balance by industry, composition ratio, and relation to natural capital

Industry	Credit balance (billions of yen)	Composition ratio	Relation to natural capital							
			Atmosphere	Habitats	Land	Minerals	Oceans	Soil	Species	Water
Manufacturing	506.2	11.7%	Low	Low	Low	Low	Low	Low	Low	Low
Agriculture/forestry	9.2	0.2%	Low	High	Low	Low	Low	Low	High	Low
Fisheries	6.6	0.2%	Low	High	Low	Low	Low	Low	High	Low
Mining, quarrying, gravel extraction	6.3	0.1%	Low	High	Low	Low	Low	Low	High	Low
Construction	225.5	5.2%	Low	Low	Low	Low	Low	Low	Low	Low
Electricity, gas, heat supply, water supply	304.8	7.1%	Low	Low	Low	Low	Low	Low	Low	Low
Information and communications	35.1	0.8%	Low	Low	Low	Low	Low	Low	Low	Low
Transportation, postal	168.6	3.9%	Low	Low	Low	Low	Low	Low	Low	Low
Wholesale, retail	532.6	12.4%	Low	Low	Low	Low	Low	Low	Low	Low
Finance, insurance	468.6	10.9%	Low	Low	Low	Low	Low	Low	Low	Low
Real estate	1,307.2	30.3%	Low	Low	Low	Low	Low	Low	Low	Low
Service	738.8	17.1%	Low	Low	Low	Low	Low	Low	Low	Low

*Heatmap created based on ENCORE analysis results

Biodiversity initiatives stemming from branch-led SDGs action

Theme Participation in the seaweed bed regeneration project—the Green Earth Project

Overview The 77 Bank participated in the Green Earth Project led by the MS&AD Group. To support the creation of blue carbon credits, in addition to implementing conservation activities to help the seaweed beds that have declined due to “sea desertification” all around Japan, we also carried out activities to protect the mountains that have an impact on the marine ecosystem. Specifically, we wrapped rice straw around the grapevines that are used to produce Minamisanriku wine.

(1) Achievement of carbon neutrality through support for the creation of carbon credits

We are creating carbon credits through the protection of seaweed beds, which are the main absorber of blue carbon, and using these carbon credits to achieve carbon neutrality.

(2) Protection of biodiversity

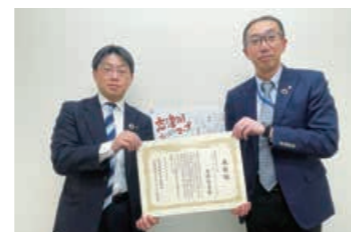
Seaweed beds play an essential role in nurturing abundant aquatic life, helping to purify water and develop spawning and nursery grounds for young fish. Through conservation activities for seaweed beds, we are helping to protect biodiversity.

(3) Multifaceted environmental protection activities

Together with mountain conservation activities to support the creation of communities with a natural cycle linking forests, villages, and the sea, by taking courses in regional studies related to the development of circular communities, we are adopting various approaches to environmental protection to achieve a sustainable society.



Employees planting eelgrass



Receipt of award as branch implementing outstanding SDGs actions

Improvement of Financial Literacy

We are now in an era in which investments can be made using smartphones, with financial products and services becoming more and more familiar. However, there are still many customers who are unsure about how to use these products and services. At the 77 Bank, we are working to improve financial literacy in the region by providing opportunities for regional customers to acquire knowledge and judgment skills on financial matters.

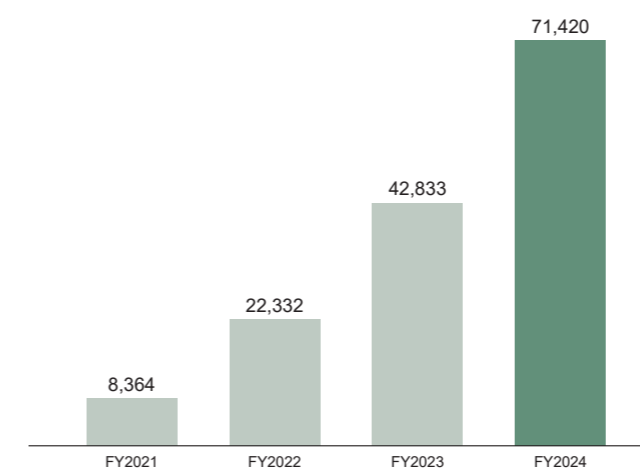
Providing financial education

We have developed various tools for different age groups to enable as many regional customers as possible to learn about money. As part of our SDGs implementation plan, our target is to provide financial education to 120,000 people by FY2030. With an increase in the number of customers opening NISA accounts, which under certain conditions allow for tax-free investment gains, customers' interest in asset formation is increasing yearly.

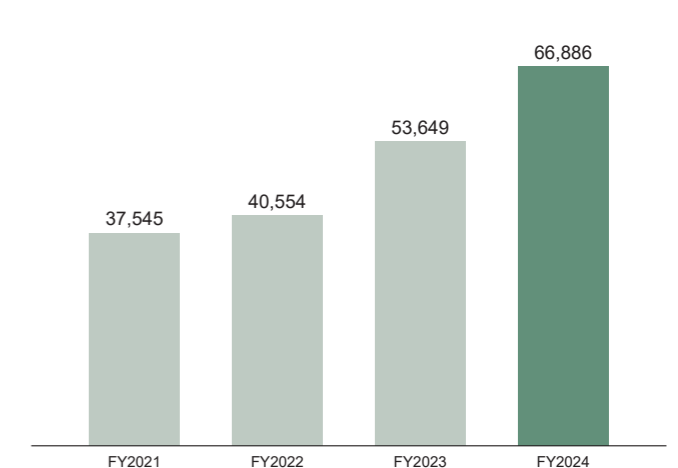


Please see our website for more details.

People receiving financial education (cumulative) (Persons)



Number of NISA accounts (Accounts)



Collaboration with Japan Financial Literacy and Education Corporation (J-FLEC)

In collaboration with Japan Financial Literacy and Education Corporation (J-FLEC), in March 2025 we hosted the Shichishika Academy, a financial literacy workshop for families. In addition to programs about the mechanisms of stocks using games for families with elementary-school-age children, the workshop also involved asset formation seminars for parents and guardians from certified J-FLEC advisors.



*J-FLEC

A public-private organization established in April 2024 for the nationwide expansion of financial education

Currency and Banking Museum (4F Head Office)

The museum features various easy-to-understand exhibits on the history and role of money, the bank's founding and development, and Miyagi Prefecture and Japan's industry and economy. Eiichi Shibusawa was featured on a new 10,000-yen note issued in July 2024. He was also set to appear on a new 1,000-yen note issued in 1963, but ultimately the design was not adopted. This rare 1,000-yen note is also on display at the museum.



Location: 77 Bank Head Office 4F
Weekdays 10:00–15:00*
Reservation required; free entry



Please scan the barcode for details on how to make a reservation, etc.

Respect for Human Rights Initiatives

Basic approach to human rights

The philosophy of the Bank Creed is “desiring communal prosperity and serving local communities.” In keeping with this philosophy, and to create work environments where people can work with enthusiasm, which is one of our materiality goals, we have positioned human rights as an important foundation of our corporate activities. We have therefore formulated the 77 Bank Group Human Rights Policy, and in line with this policy we will fulfill the human rights responsibilities required of corporate entities.

Human Rights Policy

In line with international norms, on April 1, 2024, we formulated and announced the 77 Bank Group Human Rights Policy. Moreover, to promote and establish this policy throughout the organization, we are hosting education and training programs related to human rights.

The 77 Bank Group Human Rights Policy

In line with the philosophy of the Bank Creed, “desiring communal prosperity and serving local communities,” which has been passed on since our founding, we recognize that respect for human rights is one of our important responsibilities. We will therefore ensure thorough respect for the human rights of our customers, officers, employees, and various other stakeholders.

1. Respect for international norms

The 77 Bank Group will respect international norms such as the “Universal Declaration of Human Rights” and the “Guiding Principles on Business and Human Rights.”

2. Scope of application

The Human Rights Policy applies to all officers and employees of the 77 Bank Group. We also expect the understanding and support of this policy by our customers and various other stakeholders.

3. Commitment to respect for human rights

In its corporate activities, the 77 Bank Group will not allow discrimination, harassment, or human rights violations due to race, ethnic group, nationality, origin, social status, age, religion, beliefs, sex, sexual orientation, gender identity, disability, physical features, or for any other reason.

4. Enhancement of human rights education

To ensure solutions to various human rights issues, the 77 Bank Group will offer a wide range of human rights education to equip all officers and employees with correct knowledge and a greater understanding of human rights.

5. Corrective and remedial measures

In the event of any negative impact on human rights, or if any action is found to be contributing to this negative impact, the 77 Bank Group will ensure appropriate response and implement corrective and remedial measures.

6. Information disclosure and dialog

Through proactive information disclosure and dialog with stakeholders, the 77 Bank Group will strive to improve its human rights initiatives.

Human rights due diligence initiatives

We have established a human rights monitoring system based on the government’s Guidelines on Respect for Human Rights in Responsible Supply Chains and our human rights policy, and conduct human rights due diligence to continuously assess impacts on human rights and prevent and reduce any negative impacts. Our main initiatives in FY2024 are as below.

Item		Main initiatives
Assessment of impacts on human rights		Implementation of harassment surveys through on-site visits, etc. by the Personnel Division and Compliance Management Division Surveys and response in line with internal and external feedback from contact points
Implementation of preventive and corrective measures	Implementation of education and training	Implementation of human rights training curriculum and weekend seminars (disability traits, LGBTQ+, harassment) Implementation of tests to gauge human rights understanding
	Improvement of in-house environments and systems	Collection of feedback on work-life balance support through questionnaires, etc. Improvement of working conditions for persons with disabilities in line with opening of 77 Business With
	Supply chain management	Confirmation of whether loan transactions deviate from the Lending Policy for Businesses Requiring Environmental and Social Considerations, as stipulated in the examination and management regulations
Monitoring		Interviews with and individual guidance for individuals whose working hours exceed certain limits Implementation of stress checks and engagement surveys Confirmation of emergence of human rights infringement risks through exchanges of opinion with the 77 Bank labor union
Notification and disclosure to stakeholders		Disclosure of formulation of human rights policy and details in integrated report

Processing of complaints

The 77 Bank Group handles concerns regarding human rights, including harassment of Group employees, via the 77 Human Rights Help Desk within the Personnel Division. We also accept concerns via the 77 Human Rights Help Box, which can be contacted through direct messages. Upon receipt of any concerns surrounding harassment or other human rights issues, based on strict information management, we ensure thorough protection of the privacy of those voicing concerns and all relevant parties. For external stakeholders, we accept concerns and inquiries relating to human rights through the Customer Feedback Corner.

Promotion of Diversity, Equity, and Inclusion (DE&I) in the Region

Regional DE&I promotion

In terms of our DE&I initiatives, we are engaged in activities to promote its importance both in-house and throughout the region. Led by the Diversity Promotion Office within the Personnel Division, in addition to hosting various DE&I seminars, we are working with local governments and other companies to promote respect for diversity and create an inclusive society.

Collaboration with local governments

Working together with Miyagi Prefecture and other local governments, we participate in various seminars and implement measures to address regional challenges.

One such measure in FY2024 was our support for Miyagi Prefecture’s project that sought to promote women’s advancement through greater work fulfillment. As part of the project, female students from universities in Miyagi Prefecture set out to address regional challenges such as the lack of successors in the prefecture caused by a declining birthrate and an aging society. The project involved workshops for the planning and operation of events and communications through social media. We took part in discussions at opinion exchange meetings, spoke at events, and participated as observers in business report meetings.



Collaboration with regional companies

Primarily through the Diversity Promotion Office within the Personnel Division, we are hosting on-site classes at regional companies on career development, diversity, and work-life balance. In FY2024, we hosted in-house training sessions for 221 individuals from six companies, supporting the development of human resources who can affirm the future of the region. In addition to teaching the relevant knowledge, these classes are an opportunity for participants to share their challenges, and are playing an important role in the co-creation of solutions.



[Detail of collaboration with local companies]

• Collaboration with Tohoku Electric Power Co., Inc. (Headquarters: Sendai City, Miyagi Prefecture)

We participated in the Tohoku Electric Power Group Female Employee Information Exchange Meeting, which was organized as one of its DE&I initiatives. The female workers in attendance used the opportunity to look back on their careers, consider their future visions, and exchange opinions on how to create comfortable, fulfilling workplace environments and regions. Through the creation of networks spanning different companies, we will aim to create opportunities for employees to meet with different role models and share challenges and examples of success, in turn contributing to a region where diverse human resources can flourish.



• Collaboration with U-media Co., Ltd. (Headquarters: Sendai City, Miyagi Prefecture)

We participated in the Love Yourself Festival, an event hosted by U-media Co., Ltd. on femtech, which is a branch of technology that addresses health challenges unique to women. In addition to communicating the Group’s DE&I promotion initiatives, as part of the event we sponsored a talk by Associate Professor Natsumi Suzuki (Ph.D. in sports medicine) of Takushoku University. The event was an opportunity to deepen understanding in the region of health issues unique to women, positioning them not only as personal challenges but also challenges that can impact organizational productivity and society as a whole.



Message from Outside Director

Embracing diversity to ensure flexibility in response to change

Director (Outside Director)
(Chair of Corporate Governance Committee)

Emiko Okuyama



▶ Corporate Culture Reform

I joined the 77 Bank as an Outside Director in 2018, and due in part to it being a trust-first bank, it is home to many earnest and outstanding employees. In the formulation of the current "Vision 2030" management plan, when I saw the original proposal it was very typical of a bank, and there was not enough to show stakeholders that the 77 Bank Group had changed. After discussions and fine-tuning by management, "Vision 2030" transformed into a plan that showed the Bank's intent to pioneer the future alongside the region, moving away from its banking-centered content to a more comprehensive framework. To raise awareness of the plan's targets among all employees, the President and other internal officers visited all our branches to host briefings. This was representative of President Hidefumi Kobayashi's strong desire to transform the 77 Bank Group.

I was mayor of Sendai City at a time when there was rapid and ongoing progress with diversity promotion and workstyle reform. Since becoming Outside Director, I have been given various opportunities to continue with these efforts either as a lecturer or through exchanges of opinion with other female employees, and I have been able to take the lead in supporting the active participation

of women. There are now more women who are general division managers, branch managers, and even part-time Directors of Group companies, and it is great to see them succeeding in such a wide range of fields. In addition to women in management roles, I have also seen young women working enthusiastically and communicating their own ideas without constraint. Among the many initiatives in "Vision 2030," I get the sense that this is one of the biggest changes in the Group's corporate culture. To ensure the future growth of the 77 Bank Group, the key is to go beyond the active participation of women and promote even greater diversity. As such a huge organization, it is only natural that there is a diverse range of values and differences between age groups. For us senior employees, it is essential that we are not bound by conventional values and that we accept, recognize, and respond flexibly to new values. It is also important that we carry on correct practices. Diversity applies not only to people. In corporate activities and business, we must be strong in the face of change and adopt broad perspectives. In this respect, we are convinced that diversity among the Board of Directors, as well as among officers and employees, is essential to corporate growth.

▶ Effectiveness of the Board of Directors

I have also sensed change in the Board of Directors. To check the effectiveness of the Board of Directors, we conduct an annual Director questionnaire to flag any issues and make improvements for future management.

This verifies that the Board is not satisfied with the status quo and is seeking to make continuous improvements, no matter how small.

Last year we identified two challenges. The first was to revitalize Board of Director discussions and the second was to enhance the level of information provided to Outside Directors.

In terms of the former, over the past year we have reviewed rules related to the creation of meeting materials and simplified the materials provided. Materials are also distributed further in advance to provide more time to prepare for meetings. This has resulted in an increase in the time and proportion of Q & A during Board meetings, and there is a real sense that discussions have become more lively.

To provide Outside Directors with more information, we

have been given opportunities to exchange information with employees from the headquarters, branches, and Group companies, and it has been great to hear the thoughts of frontline workers first-hand. We are also pleased to have gained more information in other ways, such as through seminars for officers on cybersecurity and other new risk management trends. While remaining alert to new information, I will use my government experience to make proposals from various perspectives, including from residents' and users' viewpoints, and do everything in my power as an Outside Director to contribute to the further growth of the 77 Bank Group.

▶ Activities of the Corporate Governance Committee

At the Corporate Governance Committee this fiscal year, we conducted reviews of the composition and compensation of the Board of Directors to further reinforce the Board's functions.

With regard to these functions, we discussed the transition from a management model to a monitoring model, as well as the need to strengthen the executive officer system. Moreover, following feedback from a Director questionnaire stating that there were perhaps too many Directors, and in line with requests from institutional investors, we reduced the total number of Directors from 16 to 14. To ensure more lively discussions at Board meetings, I believe it will be essential for each Outside Director to make greater use of their expertise.

This year Audit & Supervisory Committee Member and Outside Director Masai Yamaura stepped down from his role. However, to maintain the strength of our auditing

functions, Outside Director Kazuo Fukuda was appointed as an Audit & Supervisory Committee Member in his place. Mr. Fukuda has previously worked at the Bank of Japan and as an auditor at another regional bank. In terms of the composition, diversity, and expertise of the Board of Directors, moving forward we will continue to examine the need to make changes in line with the times. We also conducted a review of the Bank's compensation plan. Last year, we selected ROE (consolidated) and sustainability promotion items as the performance-linked portion of share-based compensation, reinforcing the link between the direction of management and compensation. From this fiscal year, we have raised the performance levels for performance-linked compensation, aiming for higher targets to drive the further growth of the 77 Bank Group. We will strive for further development while maintaining highly credible and transparent processes for all stakeholders.

▶ In Closing

In an era that requires strong response to various changes, the three elements of the Corporate Culture Reform Strategy – endeavor, diversity, and communication – will be essential for the success of not only officers and employees, but for the entire 77 Bank Group. Through the promotion of "Vision 2030," I will work alongside the Bank as it aims to transition to

an ambitious corporate culture. As chair of the Corporate Governance Committee, I will work with the Committee's members to ensure the Group maintains its strong growth and continues to be a valued presence for all stakeholders.

Governance Structure

Board of Directors and Audit & Supervisory Committee Members (As of July 31, 2025)

Directors



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)



Deputy President

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)
 Jun. 2025 Representative Director and Deputy President, the Bank (current position)



Senior 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)
 Apr. 2025 Managing Director and General Manager, Oroshimachi Branch and Chuoshijo Branch, the Bank
 Jun. 2025 Representative Director and Senior Managing Director, the Bank (current position)



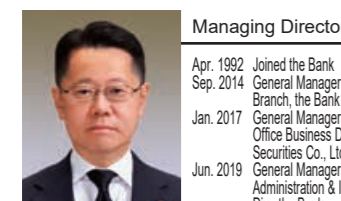
Managing Director Takashi Kuroda

Apr. 1990 Joined the Bank
 Jun. 2014 General Manager, Higashi Oroshimachi 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 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 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
 Jun. 2025 General Manager, Treasury Div. (current position)
 Jun. 2025 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 Director, 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)



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
 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 Organization For Industry Promotion (current position)
 Jun. 2023 President, Miyagi Sport Association (current position)
 Jun. 2023 Director, Audit & Supervisory Committee Member, the Bank (current position)

Senior Executive Officers

General Manager, Audit & Inspection Division **Kazuhiro Chida**
 General Manager, Operations Management Division **Hiroshi Kitazono**
 General Manager, Tokyo Branch **Hideki Endo**
 General Manager, Head Office Business Div., Basho no Tsuji Branch, and Minamimachi-dori Branch **Takeshi Kawaguchi**
 General Manager, Personnel Division **Takashi Watanabe**



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
 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)



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) 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
 Jun. 2023 Director, Audit & Supervisory Committee Member, the Bank (current position)
 Apr. 2024 Advisor, TOHKnet Co., Inc.



Director, Audit & Supervisory Committee Member (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)
 Jun. 2025 Director, Audit & Supervisory Committee Member, the Bank (current position)

Executive Officers

Special assignment (DX related) **Masahide Kato**
 Special assignment (International Business) **Keiichiro Irie**
 General Manager, Oroshimachi Branch and Chuoshijo Branch **Yusuke Shikado**
 General Manager, General Planning & Coordination Div. **Shigeru Tanabe**
 General Manager, Business Promotion Division **Takayuki Kaneda**
 General Manager, Ishinomaki Branch, Kokucho Branch, and Shinnakazato Branch **Takuto Sato**
 General Manager, Nakakecho Branch and Sendai Ekimae Branch **Chiaki Hitotsuyanagi**
 General Manager, Credit Supervision Division **Yukiyoshi Mori**
 General Manager, Consulting Promotion Division **Seiji Sunako**

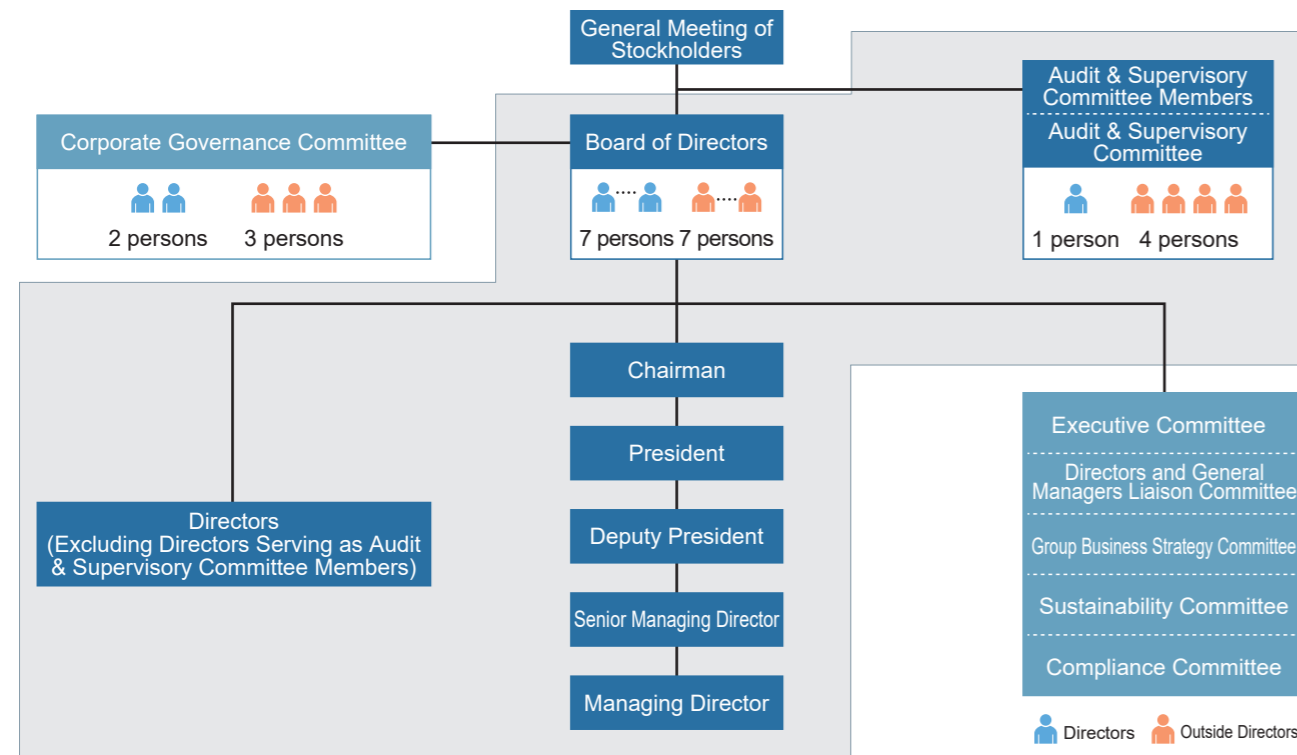
Basic stance toward corporate governance

- 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

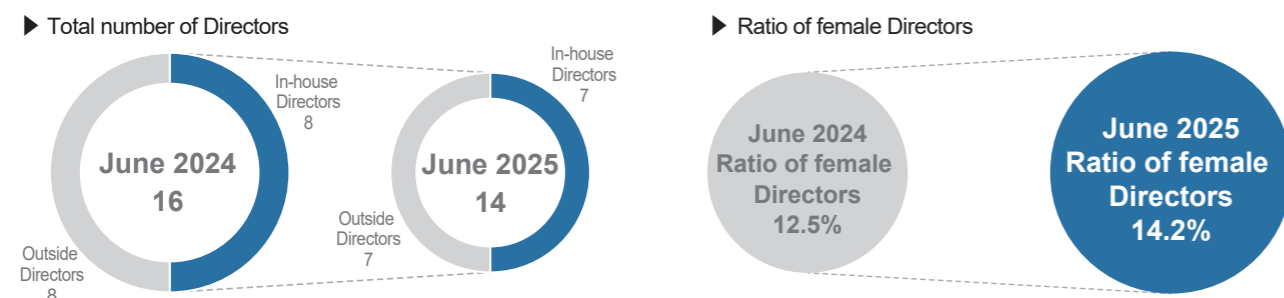
Through the establishment of the Audit & Supervisory Committee, of which the majority of members are Outside Directors, and by granting voting rights at the Board of Directors to Directors serving as Audit & Supervisory Committee Members, we are reinforcing supervising functions over the Board of Directors and executive officers, and ensuring transparency and objectivity in management.

Corporate governance structure



Composition of the Board of Directors

Through the selection of In-house Directors with expertise in banking operations and several Outside Directors with abundant external experience and wide-ranging insight, we have ensured a well-balanced and diverse composition in terms of knowledge, experience, and abilities throughout the Board of Directors. In June 2025, we reduced the number of Directors to optimize management of the Board of Directors.



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	Compliance / Risk management	Sales / Regional revitalization	International / Market investment	DX / Productivity improvement	Human capital / Diversity
Directors not serving as Audit & Supervisory Committee Members	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	Masanori Muranushi	○	●	●	●	●	●	●
	Yoko Ushio		○	●				●
	Naoto Miura		○	●			●	
	Shinya Endo		○	●		●		
	Kazuo Fukuda		○	●	●			

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

[Details of skills]

Management strategy / Corporate management	Knowledge, experience, and abilities related to management strategy, corporate and group management, and sustainability
Compliance / Risk management	Knowledge, experience, and abilities related to compliance, risk management, corporate credit supervision, and financial accounting
Sales / Regional vitalization	Knowledge, experience, and abilities related to sales strategy, consulting, regional vitalization, and industry academia-government collaboration
International / Market operation	Knowledge, experience, and abilities related to international expansion, markets, and securities operations
DX / Productivity improvement	Knowledge, experience, and abilities related to systems planning and management, digital areas, and business efficiency
Human capital / Diversity	Knowledge, experience, and abilities related to human resources strategy, human resources development, organizational culture reform, and diversity promotion

Board of Directors

The Board of Directors comprises a total of 14 Directors (12 men, two women), with nine Directors (excluding Directors serving as Audit & Supervisory Committee Members; of which three are Outside Directors) and five Directors serving as Audit & Supervisory Committee Members (of which four are Outside Directors). The Board of Directors makes decisions on important managerial matters. (Number of Board of Director meetings in FY2024: 13)

Specific topics discussed by the Board of Directors (FY2024)

- ◆ Short-term management plans to achieve "Vision 2030"
- ◆ Matters related to the formulation of total budget
- ◆ Matters related to officer nomination and compensation
- ◆ Formulation of Basic Policy on Human Capital Management
- ◆ Establishment of Group Business Strategy Division
- ◆ Establishment of subsidiaries
77 Business With
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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. (Number of Corporate Governance Committee meetings in FY2024: 5)
The Corporate Governance Committee comprises Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members), the Representative Director and President, and the highest-ranking Representative Directors selected by the Board of Directors, excluding the President. The chair and deputy chair of the Committee are elected by the Committee Members from among the Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members).

Main topics discussed by the Corporate Governance Committee (FY2024)

- ◆ Appointment of candidates for Director and election of Representative Directors
- ◆ Allocation of compensation, etc. for Directors
- ◆ Setting of targets for performance-linked share-based compensation plan
- ◆ Analysis and evaluation of the effectiveness of the Board of Directors as a whole
- ◆ 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

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. Moreover, with the appointment of full-time assistants for the duties of the Audit & Supervisory Committee, we have created a support system for the Committee.

Main topics discussed by the Audit & Supervisory Committee (FY2024)

- ◆ Initiatives for priority strategies and measures in "Vision 2030" and short-term management plan
- ◆ Initiatives to further reinforce system for legal compliance
- ◆ Initiatives by the headquarters to refine money laundering prevention system and operational status at branches
- ◆ Improvement and implementation of IT governance in line with promotion of digital strategy
- ◆ Initiatives to strengthen Group company governance
- ◆ Improvement of business continuity systems

Nomination policy for Directors, Outside Directors, Directors serving as Audit & Supervisory Committee Members, and Outside Directors serving as Audit & Supervisory Committee Members

Directors

The President recommends Director candidates (excluding Directors serving as Audit & Supervisory Committee Members) from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee.

[Nomination policy]

- A. The individual must have the required expertise and experience to execute business management in an accurate, fair, and efficient manner, as well as sufficient social credibility.
- B. Based on the Bank's philosophy, the individual is expected to contribute to the Bank's sustainable growth and to the medium- to long-term improvement of corporate value.

Outside Directors

The President recommends Outside Director candidates (excluding Directors serving as Audit & Supervisory Committee Members) from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee.

[Nomination policy]

- A. The individual must understand the Bank's management philosophy, have abundant expertise and experience in corporate management, finance, economics, financial accounting, legal affairs, tax affairs, and auditing, etc., as well as sufficient social credibility. The individual must also be able to provide appropriate feedback and advice to management.
- B. The individual must meet requirements for independence as per the Bank's Criteria for Independence.

Directors serving as Audit & Supervisory Committee Members

The President recommends candidates for Directors serving as Audit & Supervisory Committee Members from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee and approval from the Audit & Supervisory Committee.

[Nomination policy]

- A. The individual must have the required expertise and experience to audit Directors' execution of duties in an accurate, fair, and efficient manner, as well as sufficient social credibility.
- B. The individual must be able to ensure independence from executive officers and be able to maintain a fair and unbiased position.

Outside Directors serving as Audit & Supervisory Committee Members

The President recommends candidates for Outside Directors serving as Audit & Supervisory Committee Members (including substitute candidates for Outside Directors serving as Audit & Supervisory Committee Members) from among individuals meeting requirements set forth in the nomination policy, and a candidate is selected following deliberations by Representative Directors. To ensure transparency and objectivity, the Board of Directors makes final decisions following discussions and reports from the Corporate Governance Committee and approval from the Audit & Supervisory Committee.

[Nomination policy]

- A. The individual must have the required expertise and experience in corporate management, finance, economics, financial accounting, legal affairs, tax affairs, and auditing, etc. to audit Directors' execution of duties in an accurate, fair, and efficient manner, as well as sufficient social credibility.
- B. The individual must meet requirements for independence as per the Bank's Criteria for Independence, and be able to express objective audit opinions from a neutral standpoint.

Reasons for the election as Outside Director

Name	Reasons for the election	Attendance at meetings in FY2024
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 13/13 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 13/13 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 international business, for the Bank.	Board of Directors 13/13 times Corporate Governance Committee 5/5 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 an Outside Director. After her election, 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 18/18 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 an Outside Director. After his election, 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 13/13 times Audit & Supervisory Committee 18/18 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 an Outside Director. After his election, 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 13/13 times Audit & Supervisory Committee 18/18 times
Kazuo Fukuda	Mr. Kazuo Fukuda held important positions at the Bank of Japan and has a successful track record gained through his lengthy experience in financial markets and systems. 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 an Outside Director. After his election, he is expected to provide advice, especially on risk management and market operation based on monetary policy, audit the performance of duties by Directors, and enhance the Board of Directors' supervising function.	Board of Directors 13/13 times Corporate Governance Committee 5/5 times

*Kazuo Fukuda's attendance is as a Director (Outside Director).

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) President	Hidefumi Kobayashi	○(Chairperson)	○(Chairperson)	○		○(Chairperson)	○(Chairperson)	○(Chairperson)
(Representative Director) Deputy President	Hiroshi Kobayashi	○	○	○		○	○	○
(Representative Director) Senior 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, Audit & Supervisory Committee Member	Masanori Muranushi	○	△(*3)		○(Chairperson)	△(*3)	△(*3)	△(*3)
Director, Audit & Supervisory Committee Member	Yoko Ushio	○			○			
Director, Audit & Supervisory Committee Member	Naoto Miura	○			○			
Director, Audit & Supervisory Committee Member	Shinya Endo	○			○			
Director, Audit & Supervisory Committee Member	Kazuo Fukuda	○			○			
Other members			General Manager of General Planning & Coordination Division			General Manager of General Planning & Coordination Div., and General Manager of Group Business Strategy Div. General Manager of Risk Management Div., General Manager of Business Promotion Div., General Manager of Consulting Promotion Div., General Manager of Regional Development Promotion Div., General Manager of Personnel Div., and General Manager of General Affairs Div. General Manager of General Planning & Coordination Div., General Manager of Compliance Management Div., and General Manager of Operations Management Div., and General Manager of Audit & Inspection Div.	General Manager, General Planning & Coordination Div. General Manager, Compliance Management Div. General Manager, Operations Management Div. and General Manager, Audit & Inspection Div.	

*1 Chairman has not been appointed.

*2 Directors Emiko Okuyama, Seiichi Ohtaki, Shigenori Oyama, Yoko Ushio, Naoto Miura, Shinya Endo, and Kazuo Fukuda 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.

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.

Issues in FY2024 and initiatives for improvement

- To review the management of the Board of Directors to further invigorate discussions
In addition to earlier distribution of meeting materials to ensure more preparation time, materials not used for explanations in the meeting were separated and made into reference materials, ensuring that main materials focused exclusively on key points. By revising rules for the creation of meeting materials, speakers are able to provide more concise explanations during meetings.

Results

Discussion time compared to FY2023 **+6.9%**

- To enhance the provision of information to Outside Directors and increase opportunities to acquire knowledge
To enhance understanding of the 77 Bank Group and further revitalize discussions at the Board of Directors, we set up briefings on respective operations as opportunities to exchange information with the headquarters, branches, and Group companies, and increased the frequency and improved the content of Outside Director Liaison Meetings. Moreover, additional information was provided through advance explanations of Board of Director proposals and various seminars for officers.

Frequency of information provision **13 times**

Issues uncovered from the questionnaire

- To review the composition of the Board of Directors to optimize organizational management
- To review the management of the Board of Directors to further invigorate discussions

*Evaluation method

A questionnaire is conducted for Directors, and effectiveness is 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.

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.

Details

- Jul. 2024–Mar. 2025: Opinion exchange with six Group companies
- Jul. 2024–Mar. 2025: Opinion exchange with four branches and headquarters (three departments) on their activities
- Aug. 2024/Oct. 2024: IT literacy improvement seminar
- Jan. 2025: Legal compliance seminar
- Feb. 2025: Information exchange with young headquarters employees

Officer compensation, etc.

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 outlined below.

Based on a resolution passed at the 141st Annual General Meeting of Stockholders held on June 27, 2025, the annual upper limit for performance-linked compensation was raised from 90 million yen to 180 million yen.

	Basic compensation	Performance-linked compensation	Share-based compensation
Composition ratio	60%	15%	25%
Upper limit	270 million yen per year	180 million yen per year	—

► Performance-linked compensation

Net income (non-consolidated)	Months of payment for performance-linked compensation
More than 60.0 billion yen	7.5 months
More than 55.0 billion yen to 60.0 billion yen	7.0 months
More than 50.0 billion yen to 55.0 billion yen	6.5 months
More than 45.0 billion yen to 50.0 billion yen	6.0 months
More than 40.0 billion yen to 45.0 billion yen	5.5 months
More than 35.0 billion yen to 40.0 billion yen	5.0 months
More than 30.0 billion yen to 35.0 billion yen	4.5 months

Net income (non-consolidated)	Months of payment for performance-linked compensation
More than 25.0 billion yen to 30.0 billion yen	4.0 months
More than 20.0 billion yen to 25.0 billion yen	3.5 months
More than 15.0 billion yen to 20.0 billion yen	3.0 months
More than 10.0 billion yen to 15.0 billion yen	2.0 months
More than 5.0 billion yen to 10.0 billion yen	1.0 month
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

► Share-based compensation

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's shares equivalent to [Base amount depending on rank x Monthly 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's 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 established 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.

	FY2024		FY2025
	Target	Achievement	Target
ROE (consolidated)	5.44%	6.68%	7.55%
Revenue from customers ([1] + [2])	JPY 69.0 bn	JPY 75.0 bn	JPY 90.5 bn
(Interest on loans and bills discounted [1])	(JPY 56.0 bn)	(JPY 60.5 bn)	(JPY 75.3 bn)
(Fees and commissions [2])	(JPY 13.0 bn)	(JPY 14.5 bn)	(JPY 15.2 bn)
Core OHR	49.05%	45.34%	44.46%
Sustainability promotion items (No. of SDGs-related service support clients [cumulative])	1,800	2,222	2,800
DX promotion items ([5] + [6])	65%	67%	73%
(Non-face-to-face channels [corporate] [5])*	(35%)	(35%)	(38%)
(Non-face-to-face channels [retail] [6])	(30%)	(32%)	(35%)

*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)	Total compensation amount by type		
			Basic compensation	Performance-linked compensation	Share-based compensation
Directors (excluding Directors serving as Audit & Supervisory Committee Members) (excluding Outside Directors)	9	374	198	82	92
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	2	23	23	—	—
Outside Directors	8	48	48	—	—

*1 The no. of officers includes two Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors) and one Director (Audit & Supervisory Committee Members; excluding Outside Directors) whose term of office ended upon the conclusion of the 140th Annual General Meeting of Stockholders held on June 27, 2024.

*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 FY2024 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.

Risk Management Approach

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.

Top risks

At the 77 Bank, we have organized the levels of impact and likelihood of related factors should various risk scenarios materialize, conducting thorough risk management through the formulation of short-term management plans in line with risks that could have a significant impact on the Bank or our associated companies (top risks). Moreover, through periodic stress tests, we are examining the financial impacts of potential risk scenarios arising from top risks.

The top risks included in our short-term management plan for FY2025 are as follows.

Timeline	Top risks	Main risk scenarios (examples)
short	Increasing difficulty of ALM	<ul style="list-style-type: none"> Intensifying competition in deposit acquisition due to rising interest rates, difficulty in securing operational funds due to outflow of deposits, and soaring procurement costs leading to deterioration in performance Sharp rises in long-term interest rates and drops in financial stock markets caused by domestic and international monetary and economic policies, as well as fluctuating exchange rates, leading to a deterioration in performance due to a decline in bond valuation, impairment of stocks, etc., and foreign exchange losses
Short to medium term	Intensifying competition within the industry and with other industries	<ul style="list-style-type: none"> Loss of relative competitive advantage and decrease in profitability amid intensifying competition throughout industry types caused by falling populations, the proliferation of IT, and less rigorous regulations
Short to ultra-long term	Increasing complexity of Group governance	<ul style="list-style-type: none"> Exposure to new risks in line with expansion of business domains, and decline in likelihood of becoming a leading company due to lack of progress with Group businesses Increase in outflow of human resources due to mismatches with business domains and delayed reforms to corporate culture, and lack of progress with acquisition and development of talented human resources
	Deterioration of sales base	<ul style="list-style-type: none"> Difficulties in business expansion due to economic deterioration in Miyagi Prefecture, and an increase in bad debt due to worsening performance in specific industries and among major credit clients
Accidental	Occurrence of large-scale disasters	<ul style="list-style-type: none"> Worsening performance at the 77 Bank Group and its clients due to damage from large-scale natural disasters
	Emergence of system risks	<ul style="list-style-type: none"> Large-scale suspension of operations due to cyberattacks and system failures

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 guidelines of conduct in the event of a large-scale earthquake or other natural disaster, or emergencies such as system failures.

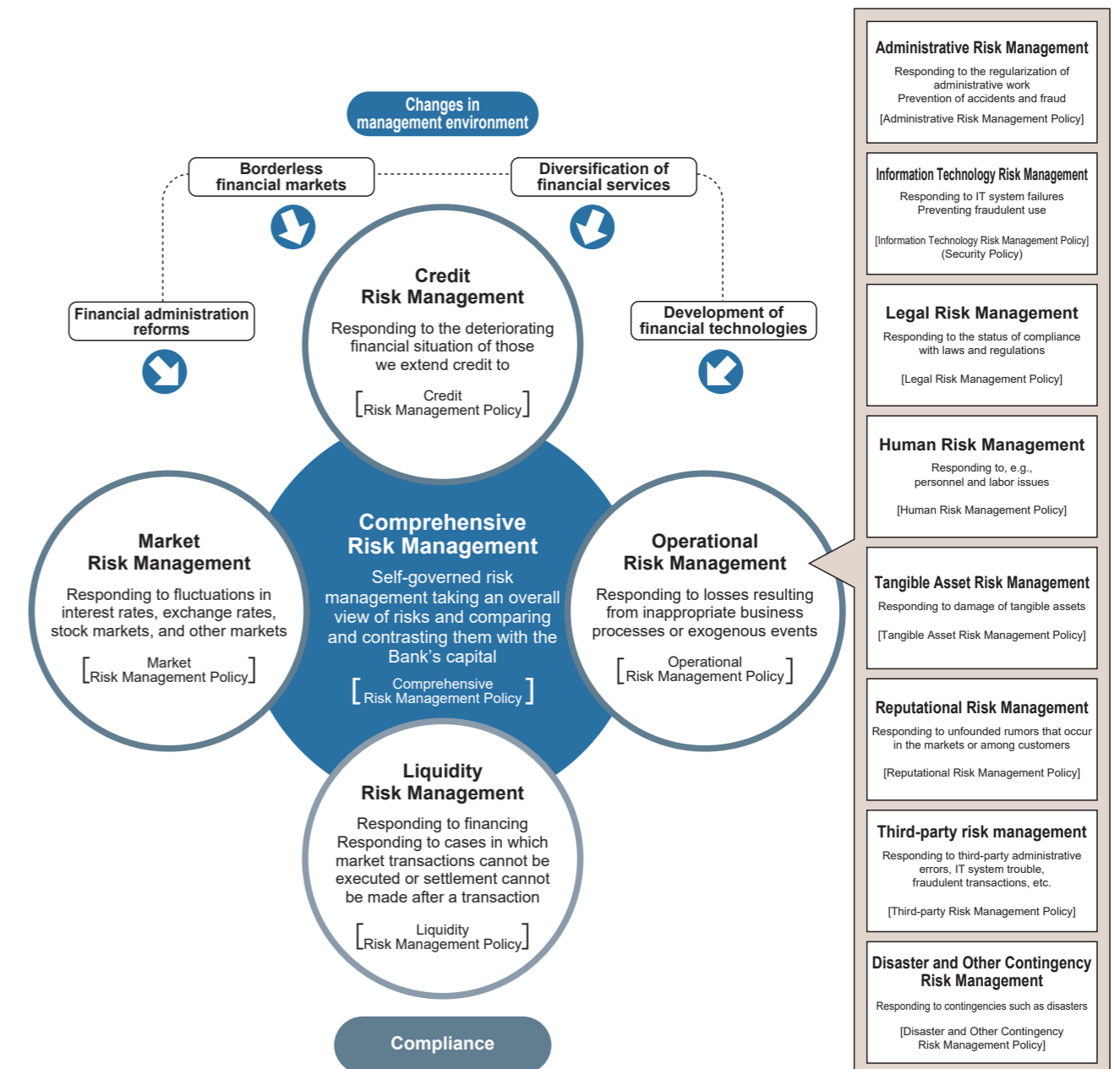
Through the Emergency Response Plan for Disasters, etc., we have formulated a business continuity plan to ensure the continuation of the minimum operations required to maintain financial functions, or to ensure the quick restart/recovery of operations, in the event that the Bank suffers damage from an unforeseen disaster and is no longer able to execute 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.

Strengthening comprehensive risk management framework

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.

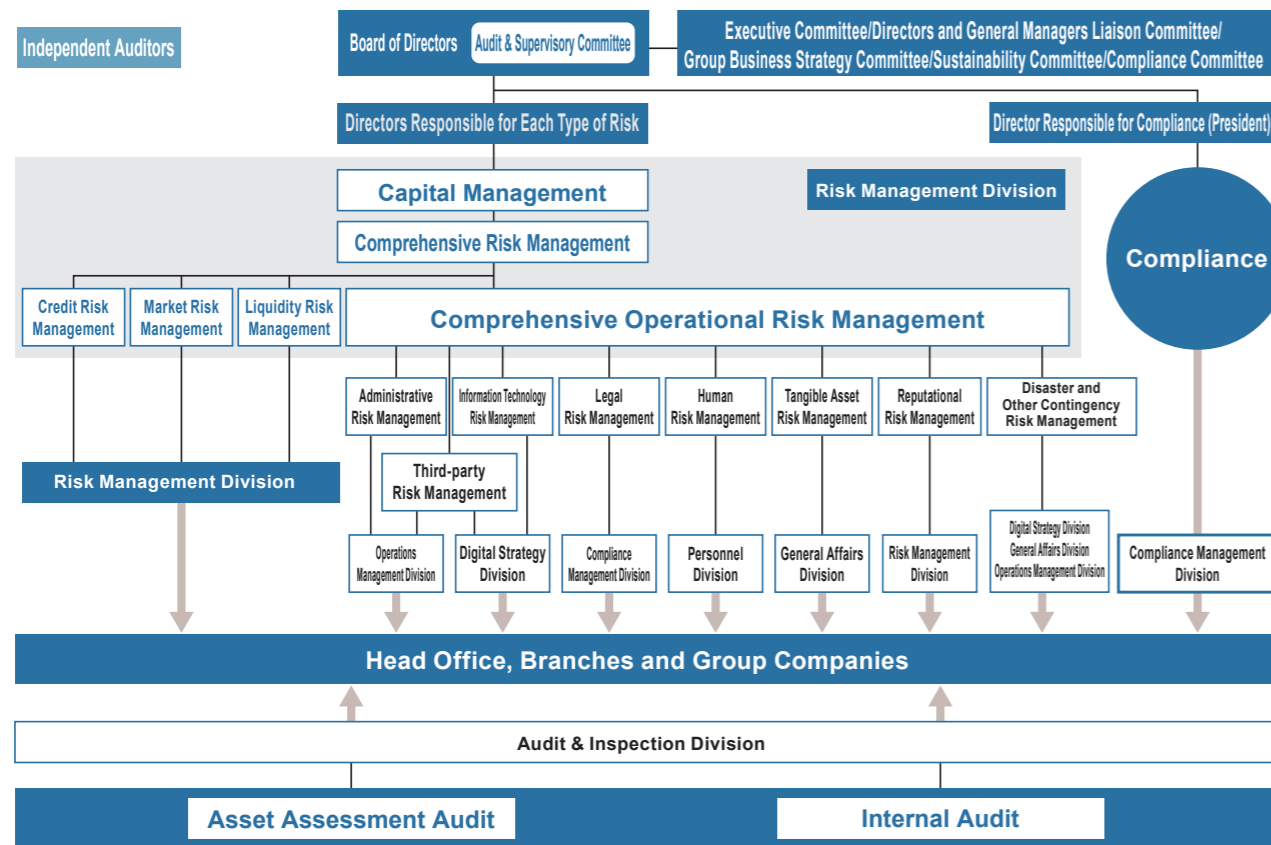
The specific framework for comprehensive risk management is "risk capital management." "Risk capital management" is a management method in which risk capital budgets, which are allowances for each type of risk, are allocated to divisions (service divisions in Japan, the Treasury Division, etc.), and 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

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.

Appropriate use of AI and response to risks

At the 77 Bank, we have formulated the AI Management Rules to promote the appropriate use of AI and the management of relevant risks. Assigning a chief AI management supervisor (Director responsible for the Digital Strategy Division) and establishing an AI management department (Digital Strategy Division), in addition to assessing safety and impartiality when introducing AI systems and services, we are working to provide information and raise awareness among employees to ensure the appropriate and transparent use of AI.

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.

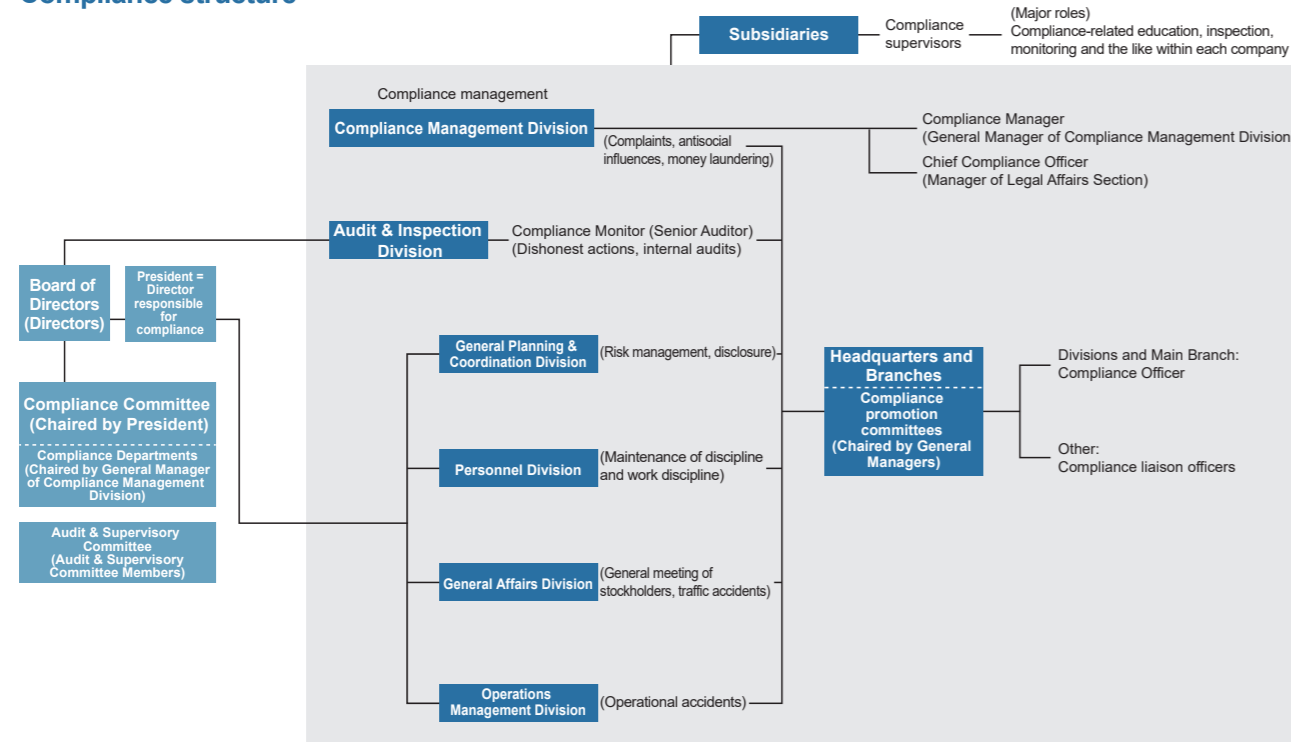
Initiatives for Anti-Corruption

The Bank works to prevent bribery involving public officials and business partners based on the Compliance Guidelines. Additionally, the Compliance Management Division is responsible for evaluating and managing adherence to the Code of Conduct. Additionally, to ensure thorough compliance, we disseminate the Compliance Guidelines and conduct education and awareness programs for all officers and employees, including part-time staff, through initiatives such as training sessions. In FY2024, there were zero disciplinary actions (including dismissals) related to corrupt practices, and no fines or settlement costs related to corruption were incurred.

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 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.

For us to earn the genuine trust of the region, our customers, and broader society based on the social responsibility and public mission of a financial institution, thorough compliance with laws, regulations, and corporate ethics is essential. To establish a structure for compliance with laws and regulations, in 1998 we establish the Legal Affairs Office as a compliance management department. After several organizational reforms, the current department for the management of legal compliance is the Compliance Management Division.

The structure is headed by the President, with the General Manager of the Compliance Management Division as the Compliance Manager, the Manager of the Legal Affairs Section as the Chief Compliance Officer, and Compliance Officers at each division and branch. In addition to daily compliance inspections, the structure serves to prevent violations, develop a sense of the importance of compliance with laws and regulations, and thoroughly raise awareness of laws and regulations. To further improve and strengthen this legal compliance structure, we have also set up a Compliance Committee chaired by the President, Compliance Departments under the Compliance Committee, and compliance promotion committees within each division and branch.

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.



Formulation of tax guidelines

To clarify the Group's guidelines for tax initiatives, we have formulated the 77 Bank Group Tax Guidelines. In addition to business activities that comply with the tax laws in each country and region in which we conduct business, we are working to minimize tax-related risks and optimize tax expenses.



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.

Reinforcement of financial crime prevention framework

To protect customers' valuable assets, we have set up the Financial Crime Prevention Section within the Compliance Management Division as a management department for financial crime countermeasures.

Moreover, to ensure quick response to any financial crime incidents and strengthen our countermeasures against increasingly sophisticated and diverse financial crimes, we have established a Financial Crime Prevention Committee chaired by the President, and Financial Crime Prevention Departments as subordinate organizations to the Committee.

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)



Profile (As of March 31, 2025)

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, Japan	Capital Adequacy Ratio (domestic standards)	Non-consolidated 10.21%/Consolidated 10.60%
Founded	December 9, 1878	Total Assets	¥10,391.2 billion
Paid-in Capital	¥24.6 billion	Certificates of Deposits	¥8,986.5 billion
Number of Employees	2,451	Loans and Bills Discounted	¥6,188.0 billion

List of Group Companies (as of March 31, 2025)

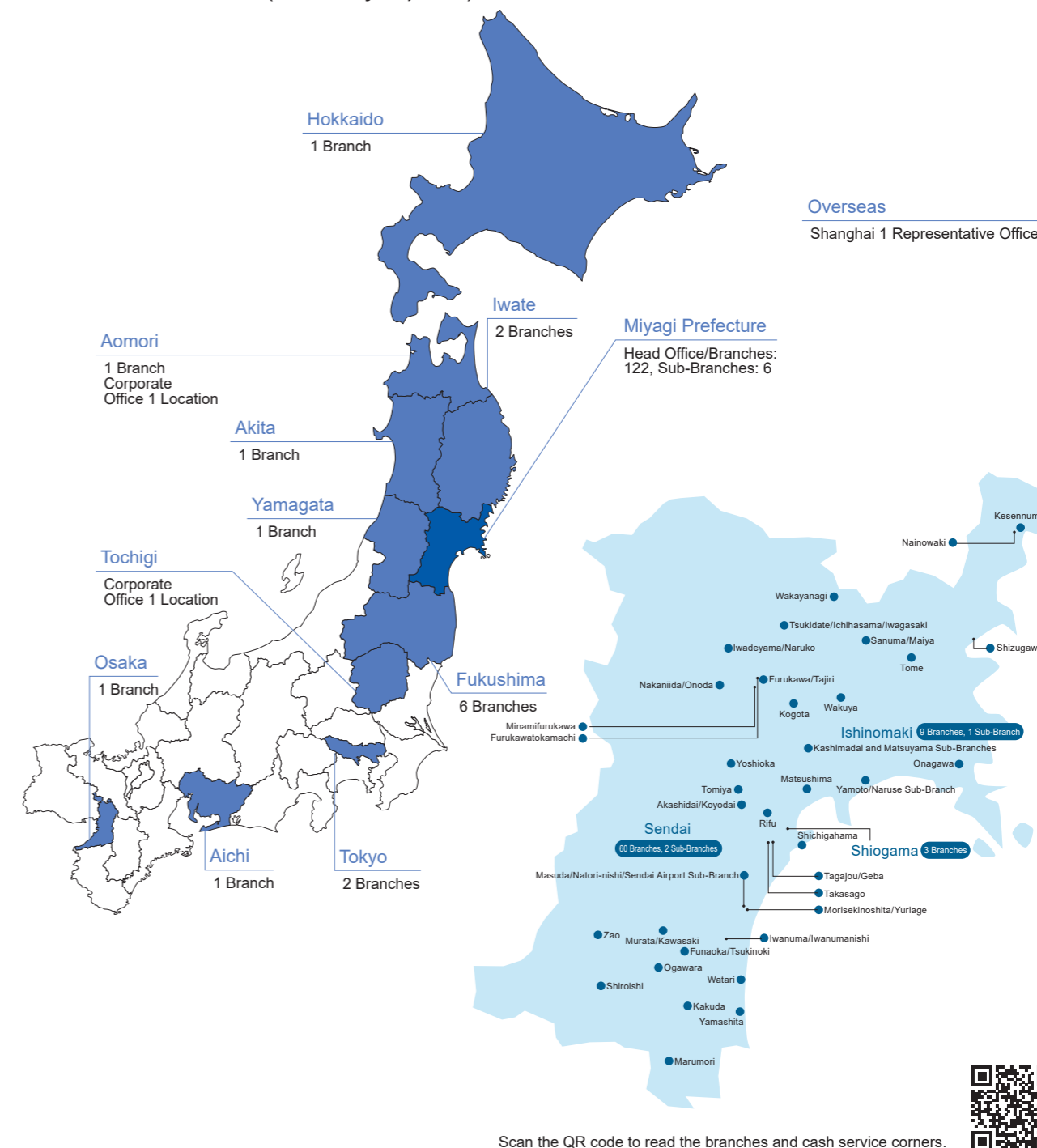
Company name Address	Representative	Main operations	Company overview
77 Lease Co., Ltd. 15-1 Honcho 2-chome, Aoba-ku, Sendai	Takuji Tabata	Lease operations	Established: November 25, 1974 Paid-in capital: ¥100 million No. of employees: 43
77 Shin-Yo Hosyo Co., Ltd. 8-29, Nagamachi 3-chome, Taihaku-ku, Sendai	Yasumichi Meguro	Credit guarantee operations	Established: October 2, 1978 Paid-in capital: ¥30 million No. of employees: 22
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: 43
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: 48
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: 25
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: 12
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: 9
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: 21
77 Business With Co., Ltd. 1-12 Kimachi-dori 2-chome, Aoba-ku, Sendai	Seiichi Kawamura	Contract administrative and accounting operation Consulting operations	Established: September 9, 2024 Paid-in capital: ¥100 million No. of employees: 21 ^{*2}
77 NEXT CONSULTING PTE. LTD. 50 Collyer Quay, #08-07 OUE Bayfront, Singapore	Keichiro Irie	Consulting operations	Established: January 2, 2025 Paid-in Capital: S\$13 million No. of employees: 4 ^{*3}
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: 7

*1 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.

*2 Number denotes the total number of employees as the workforce comprises mainly partners (persons with disabilities) and staff (seniors aged 65 and over).

*3 Number of employees since opening (as of May 1).

Service Network (As of July 31, 2025)



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	37
Cities	14	14	109	34
[Of which, Sendai City]			[62]	[15]
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}	37 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 106, taking into account 37 branches within branches.

The 77 Bank, Ltd

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The 77 Bank, Ltd.

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