



Leading company creating a path to the future

**Results for the First Half of
Fiscal Year Ending
March 31, 2024
IR Presentation**

77 BANK

Materials were prepared for the Bank's presentation of its results for first half of the fiscal year ending March 31, 2024 held on December 5, 2023.

December 5, 2023

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01



First Half Financial Summary

Summary of Profits and Losses

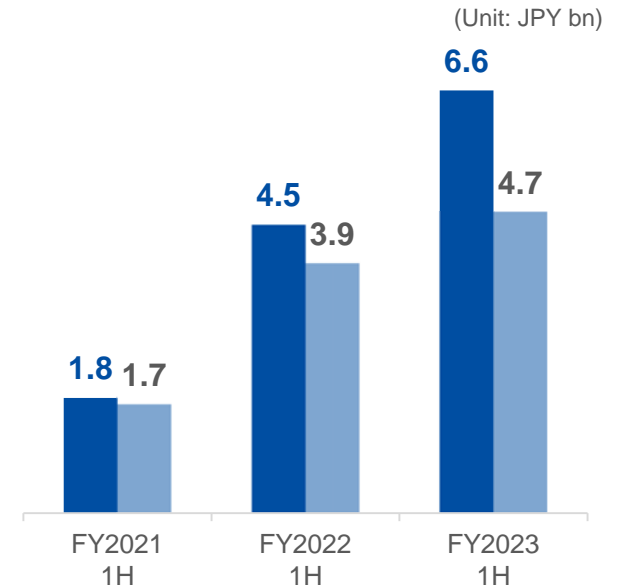
Non-consolidated	FY2022 1H	FY2023 1H	YoY change	
			Amount	%
(Unit: JPY bn, %)				
Gross operating income	42.6	45.3	2.7	6.2
Interest income	39.0	47.7	8.7	22.1
Fees and commissions	6.3	6.7	0.4	6.0
Other operating income	(2.7)	(9.1)	(6.4)	
Expenses	23.5	24.4	0.9	3.8
Substantial operating income	19.1	20.9	1.8	9.2
[Core operating income]	[20.9]	[24.3]	[3.4]	16.1
[Core operating income (excl. gains (losses) on cancellation of investment trusts)]	[16.5]	[17.4]	[0.9]	5.7
Provision of general reserve for loan losses	(1.0)	-	1.0	
Operating income	20.1	20.9	0.8	3.9
Special income and losses	(0.6)	3.9	4.5	
Ordinary profits	19.5	24.8	5.3	27.2
Extraordinary income	-	-	-	
Extraordinary losses	0.3	0.0	(0.3)	
Total income taxes (incl. deferred taxes)	6.2	7.3	1.1	
Net income	13.0	17.5	4.5	34.4
Credit-related expenses	2.6	(1.1)	(3.7)	
Total gains (losses) from investment securities	18.0	23.4	5.4	
After excluding foreign currency-denominated procurement costs	16.8	18.1	1.3	
Consolidated				
Ordinary profits	19.8	25.4	5.6	28.2
Net income attributable to owners of the parent	13.0	17.7	4.7	36.4

Results for the first half of FY2023

In addition to an increase in interest income, factors such as a decrease in credit-related expenses resulted in an increase in both ordinary profits and net income, establishing new record highs for first-half results.

[Reference] Income from customer services*

- Income from customer services
- Income from customer services (after excluding foreign currency-denominated procurement costs)

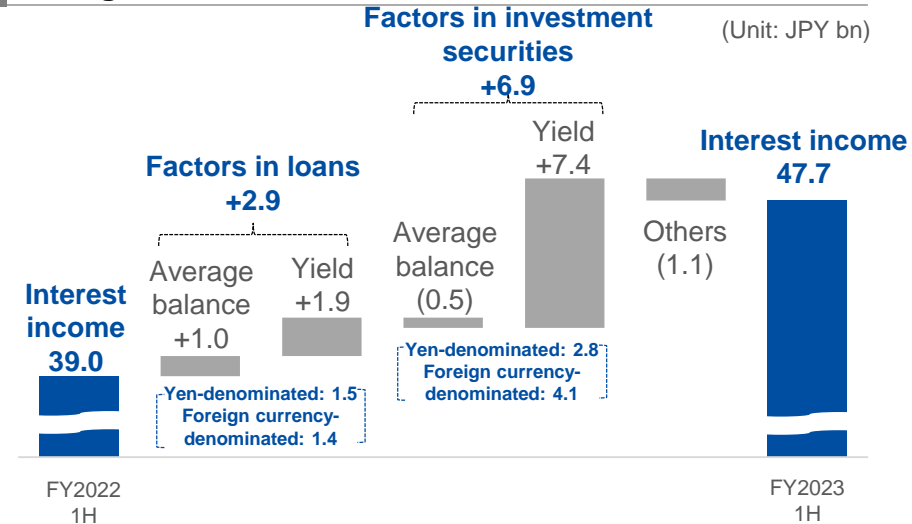


* Operating income from services for customers = (Average balance of loans and bills discounted × Loan to deposit spread) + Fees and commissions - Expenses (Retirement benefit costs incl.)

Interest income increased due in part to an increase in loans and bills discounted and higher yields on loans and bills discounted and investment securities

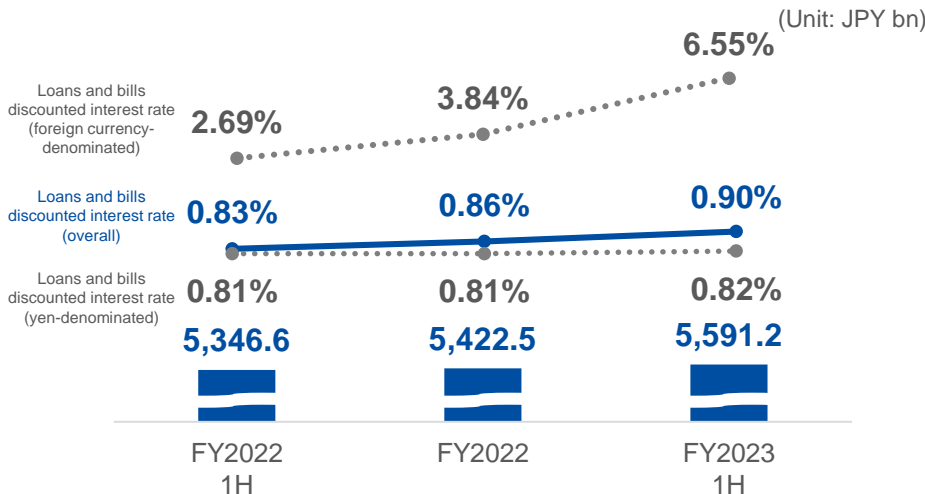
(Unit: JPY bn, %)	FY2022 1H	FY2023 1H	YoY change	
			Amount	%
Interest income	39.0	47.7	8.7	22.1
Investment income	39.4	49.0	9.6	24.2
(Interest on loans and bills discounted)	22.5	25.4	2.9	13.0
(Interest and dividends on investment securities)	16.2	23.1	6.9	43.1
Interest expenses	0.4	1.3	0.9	248.2
(Interest on deposits)	0.1	0.4	0.3	211.0

Change factors in interest income



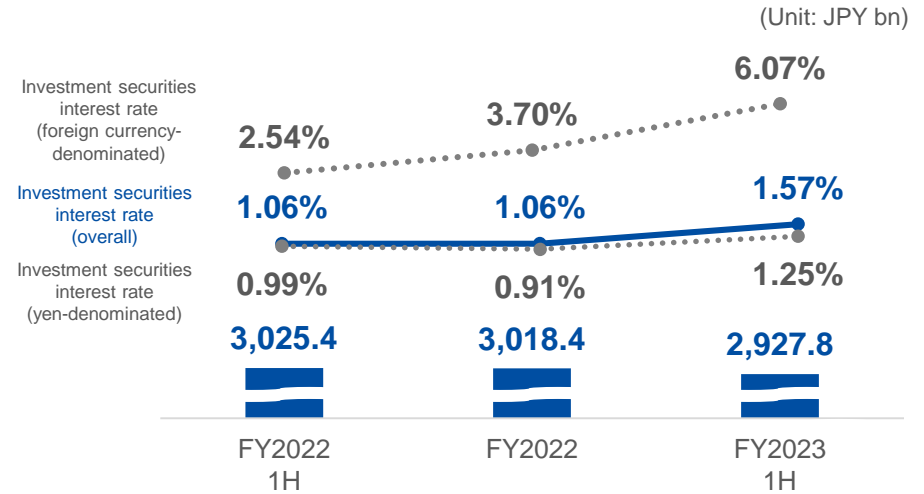
Average balances and yields of loans and bills discounted

(Unit: JPY bn)



Average balances and yields of investment securities

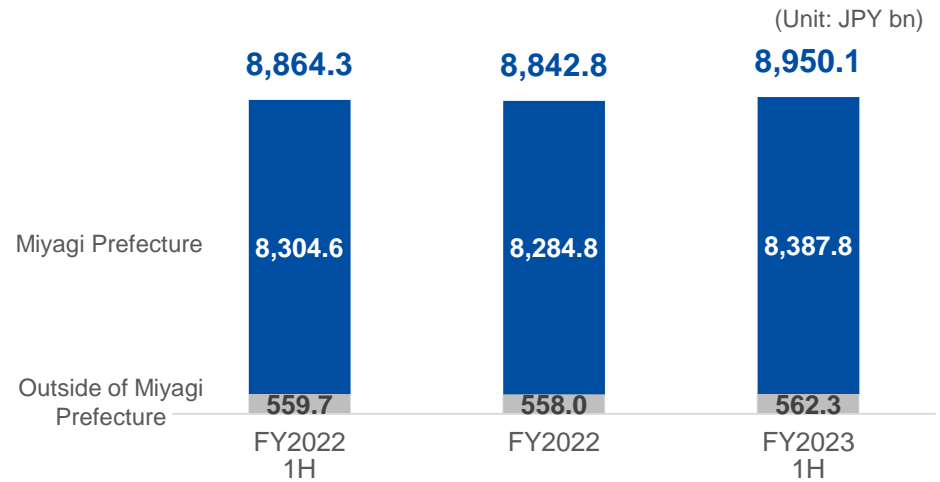
(Unit: JPY bn)



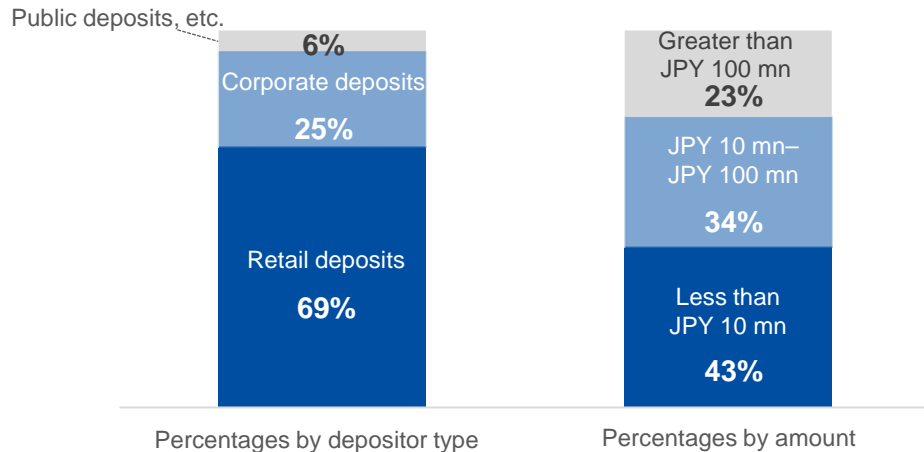
Both retail and corporate deposits increased, mainly within Miyagi Prefecture

(Unit: JPY bn, %)	FY2022 1H	FY2023 1H	YoY change	
			Amount	%
Deposits and certificates of deposits (average balances)	8,864.3	8,950.1	85.8	0.9
(Retail deposits)	5,838.2	5,951.4	113.2	1.9
(Corporate deposits)	2,201.2	2,243.0	41.8	1.9
(Public deposits)	799.6	730.2	(69.4)	(8.6)

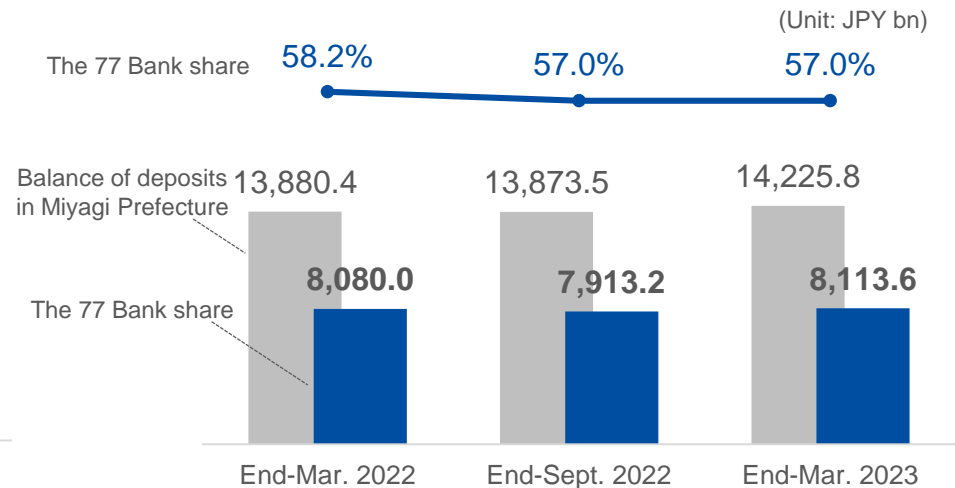
Deposits by region (average balance)



Structure of yen-denominated deposits (Sept. 2023/at term-end)



Share within Miyagi Prefecture (at term-end)



Note: Excluding certificates of deposits

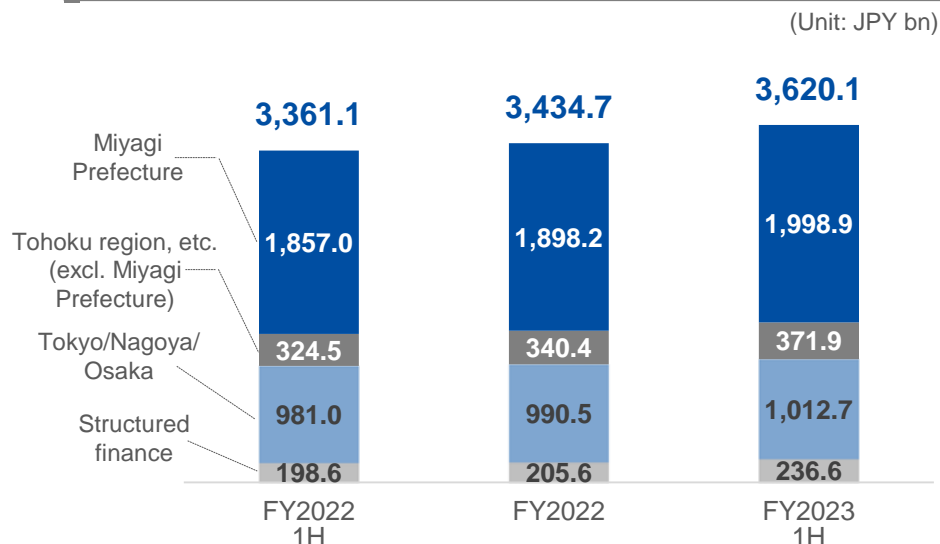
Note 1: Excluding certificates of deposits

Note 2: Excluding JAPAN POST BANK, agricultural and fishery cooperatives, etc.

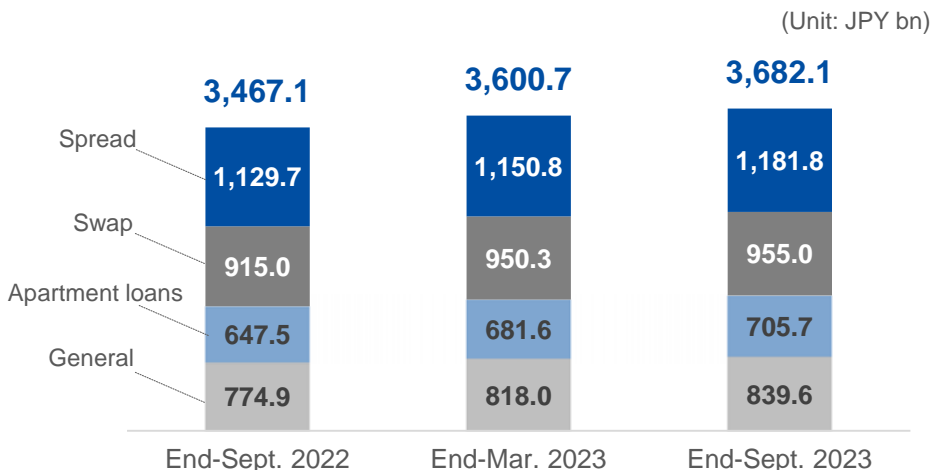
Corporate loans and housing loans increased in Miyagi Prefecture and the rest of the Tohoku region

(Unit: JPY bn, %)	FY2022 1H	FY2023 1H	YoY change	
			Amount	%
Loans and bills discounted (average balances)	5,346.6	5,591.2	244.6	4.5
Corporate	3,439.6	3,696.8	257.2	7.4
(of which yen-denominated)	3,361.1	3,620.1	259.0	7.7
(of which foreign currency-denominated)	78.5	76.7	(1.8)	(2.2)
Retail loans	1,267.0	1,307.5	40.5	3.1
Loans for local governments	640.0	586.9	(53.1)	(8.2)

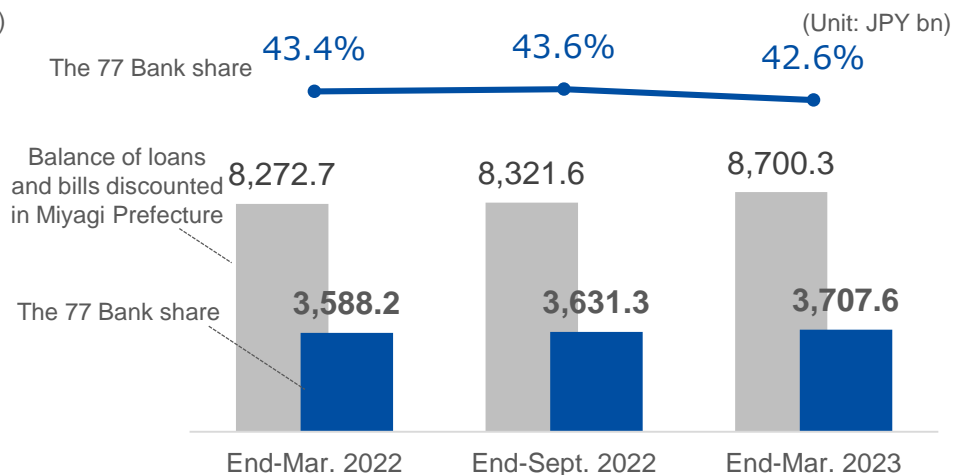
Corporate loans (yen-denominated/average balances)



Corporate loans and bills discounted by loan type (yen-denominated/at term-end)



Share within Miyagi Prefecture (at term-end)

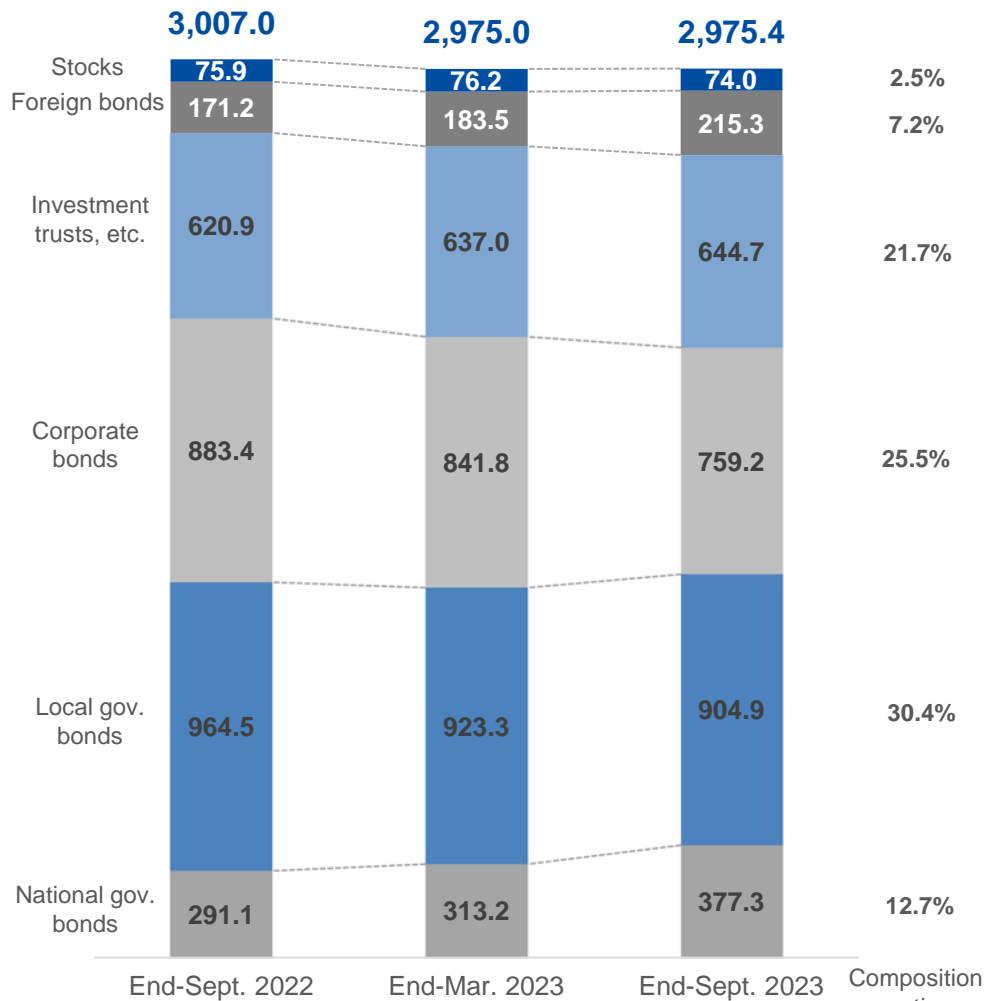


Note: Excluding agricultural and fishery cooperatives, etc.

Total gains from investment securities increased due to an increase in interest and dividends on investment securities

Balance of investment securities (on an amortized cost base)

(Unit: JPY bn)



Total gains (losses) from investment securities

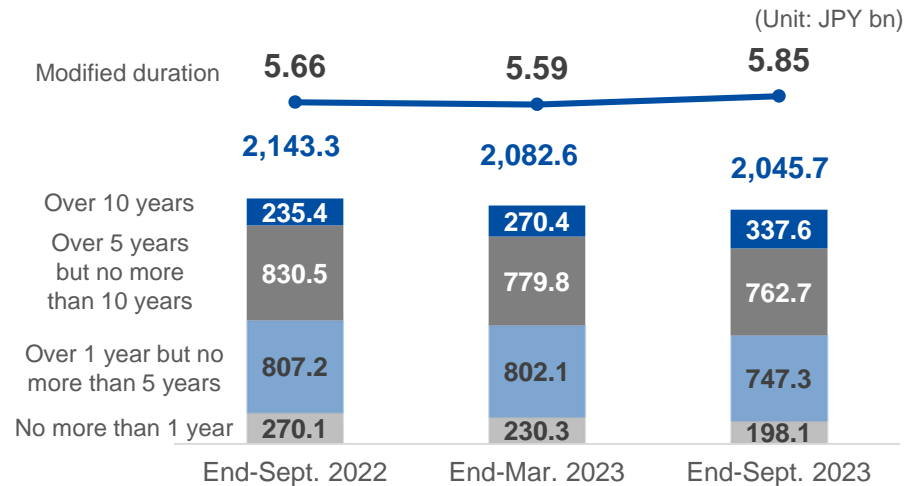
(Unit: JPY bn)	FY2022 1H	FY2023 1H	YoY change (amount)
Interest and dividends on investment securities [A]	16.2	23.1	6.9
Interest on yen-denominated bonds	2.5	2.5	0.0
Interest on foreign currency-denominated bonds	1.8	5.9	4.1
Stock dividends	3.8	3.5	(0.3)
Distributions from investment trusts	3.7	4.3	0.6
Gains on cancellation of investment trusts	4.4	6.9	2.5
Gain (losses) on debt securities [B]	(1.8)	(3.4)	(1.6)
Gain on sales	0.3	0.4	0.1
Gain on redemption	0.0	0.0	0.0
Losses on sales	0.0	0.3	0.3
Losses on redemption	2.1	3.4	1.3
(Losses on cancellation of investment trusts)	1.9	3.1	1.2
Amortization	0.0	0.1	0.1
Gain (losses) on equity securities [C]	3.4	3.1	(0.3)
Gain on sales	3.9	3.3	(0.6)
Losses on sales	0.5	0.2	(0.3)
Amortization	-	0.0	0.0
Gains (losses) on investments in money held in trust [D]	0.2	0.6	0.4
Total gains (losses) from investment securities [A+B+C+D]	18.0	23.4	5.4
After excluding foreign currency-denominated procurement costs	16.8	18.1	1.3

Valuation gains increased for stocks, investment trusts, etc. and held steady for investment securities overall

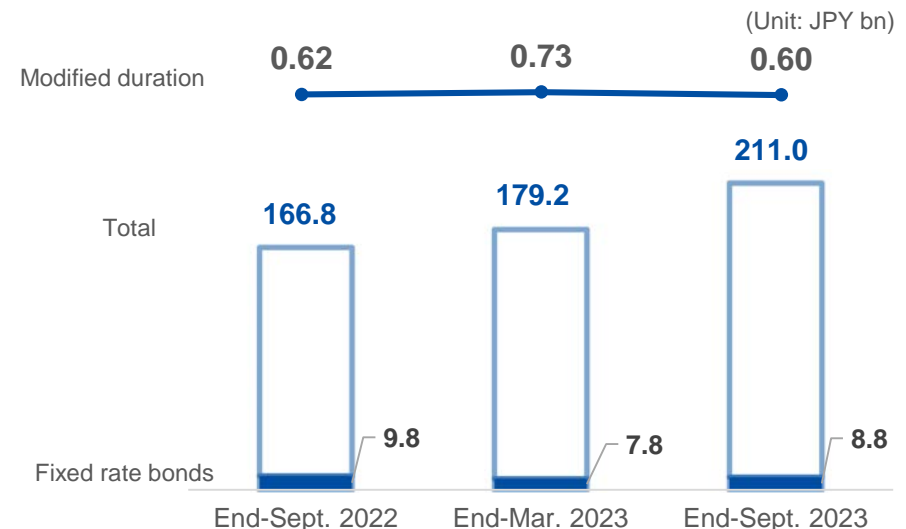
Gains (losses) from evaluation of investment securities

(Unit: JPY bn)	End-Sept. 2022	End-Mar. 2023	End-Sept. 2023
Debt securities	(27.2)	(27.5)	(54.9)
National gov. bonds	(13.9)	(12.9)	(27.8)
Local gov. bonds	(7.3)	(8.0)	(15.6)
Corporate bonds	(6.0)	(6.6)	(11.4)
Others	26.4	30.0	41.2
Investment trusts, etc.	29.5	31.7	43.5
Foreign bonds	(3.1)	(1.7)	(2.3)
Equity securities	67.6	78.7	109.0
Investment securities total	66.8	81.2	95.3
Money held in trusts	2.2	3.2	4.7
Total	69.1	84.4	99.9
(Reference)			
(Unit: JPY, %)			
Nikkei Average	25,937	28,041	31,857
10-year JGBs	0.24	0.32	0.76
10-year US treasury bonds	3.82	3.47	4.57

Yen-denominated bonds balance by remaining period/modified duration



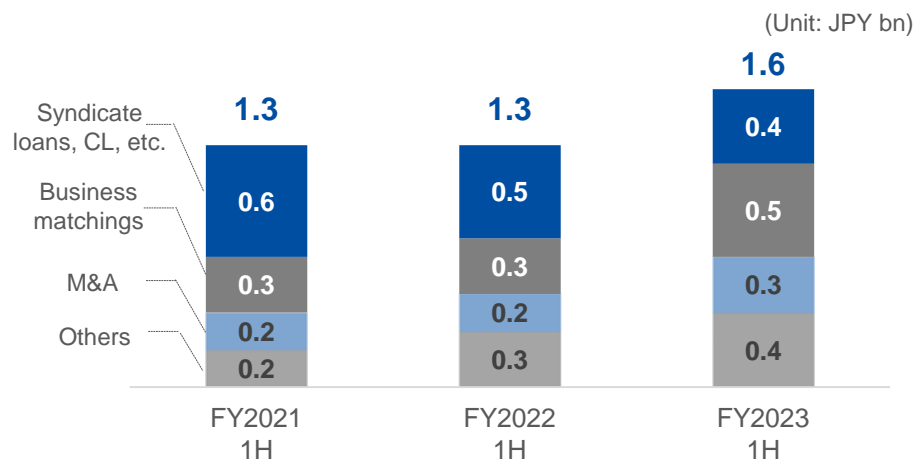
Foreign currency-denominated foreign bonds balance/modified duration



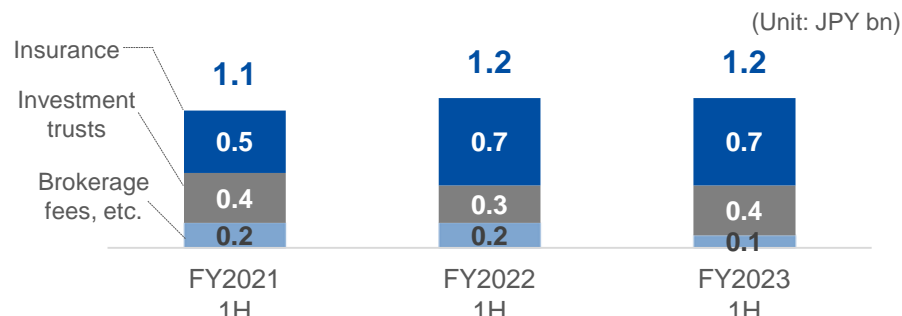
Fees and commissions from corporate clients increased due to an increase in business matchings, M&As, etc.

(Unit: JPY bn)	FY2022 1H	FY2023 1H	YoY change (amount)
Fees and commissions A	9.2	9.6	0.4
Fees and commissions from payments	4.1	4.1	0.0
(of which remittance-related)	2.6	2.6	0.0
Fees and commissions from corporate clients	1.3	1.6	0.3
Sales commissions of assets in custody	1.2	1.2	0.0
Fees and commissions payments B	2.9	2.9	0.0
Fees and commissions from payments	0.2	0.2	0.0
Loan repayment guarantee fees and insurance premiums	2.0	1.9	(0.1)
Fees and commissions (A-B)	6.3	6.7	0.4

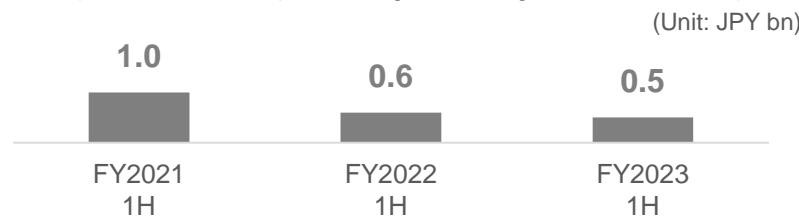
Fees and commissions from corporate clients



Sales commissions of assets in custody



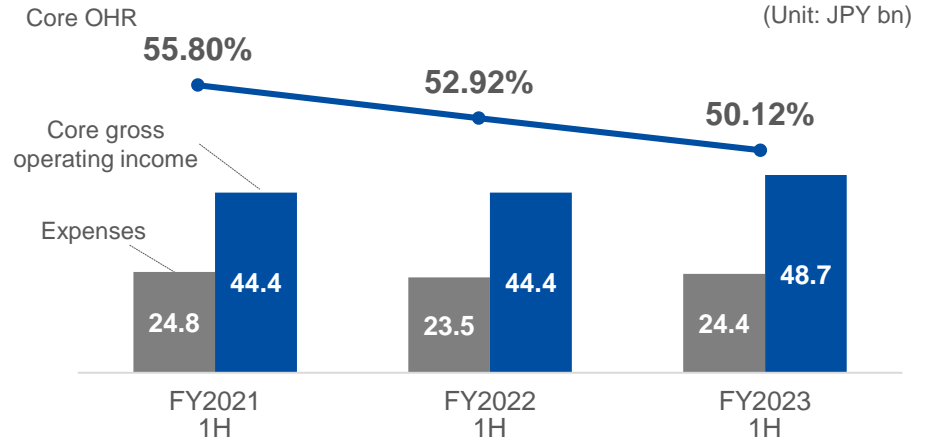
(Reference) 77 Securities (excluding brokerage from the Bank)



Despite an increase in systems-related expenses, core OHR improved thanks to an increase in core gross operating income

(Unit: JPY bn)	FY2022 1H	FY2023 1H	YoY change (amount)
Expenses	23.5	24.4	0.9
Personnel expenses	12.8	12.8	0.0
Non-personnel expenses	9.1	9.9	0.8
Tax	1.6	1.7	0.1
(Unit: %)			
Core OHR	52.92	50.12	(2.80)

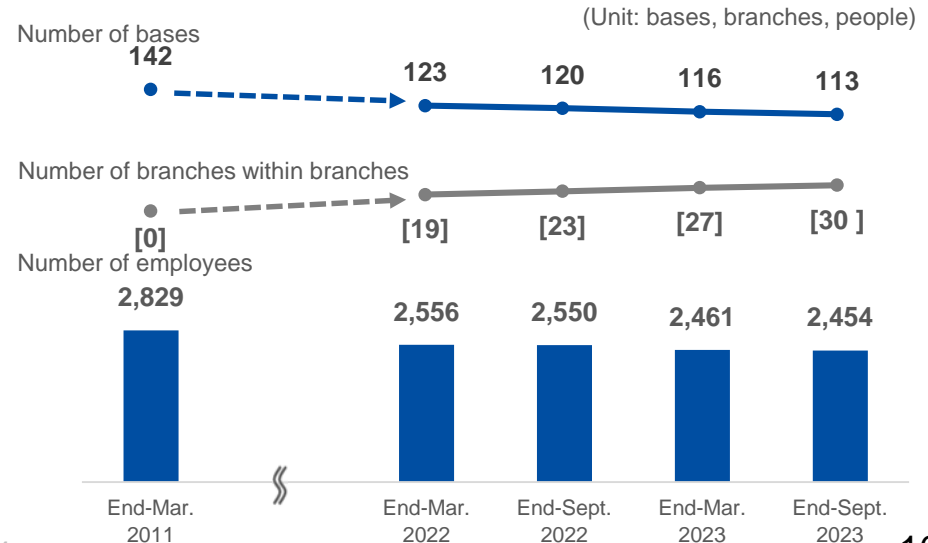
Core OHR



(Reference) Key change factors

(Unit: JPY bn)	Change factor	Amount
Personnel expenses	Increase due to personnel system reform	0.2
	Reduction in employees	(0.2)
Non-personnel expenses	Systems-related expenses (response to ATM renewal, etc.)	0.7
	Others	0.1

Number of employees and bases

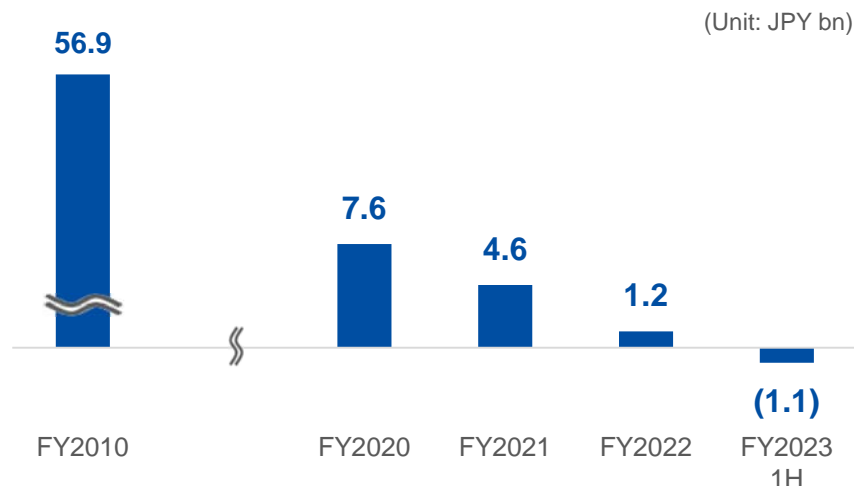


Credit-related expenses decreased thanks to gains on reversal of reserve for loan losses

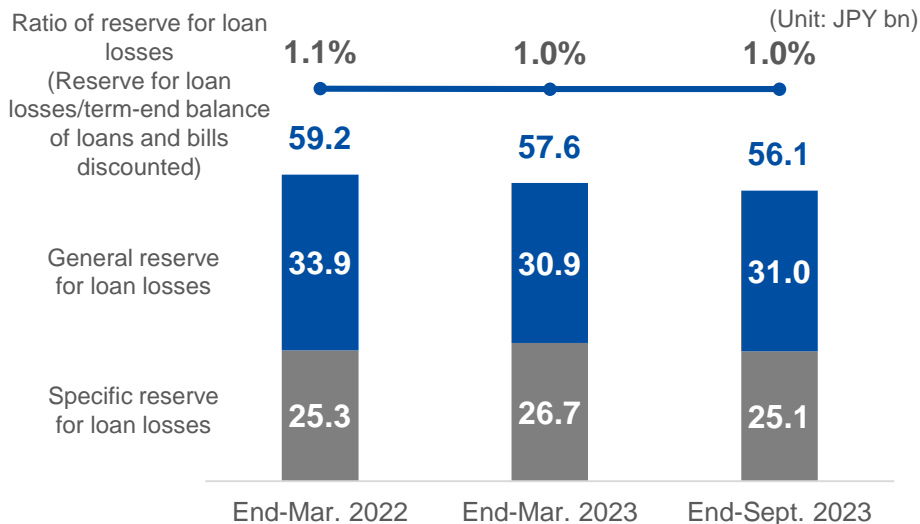
(Unit: JPY bn)	FY2022 1H	FY2023 1H	YoY change (amount)
Credit-related expenses	2.6	(1.1)	(3.7)
Provision of general reserve for loan losses	(1.0)	- [0.1]	1.0 [1.1]
Bad debt disposals	3.6	0.1 [(1.2)]	(3.5) [(4.8)]
of which provision of specific reserve for loan losses	3.5	-	(3.5)
Gains on reversal of reserve for loan loss	0.0	1.2 [0.0]	1.2 [0.0]

Note: Numbers in square brackets indicate figures before factoring in gains on reversal of reserve for loan loss

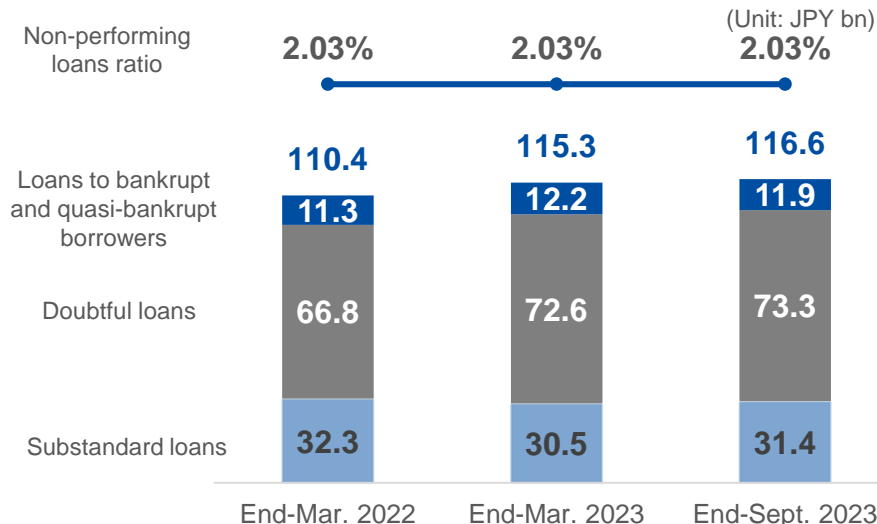
Credit-related expenses



Reserve for loan losses



Disclosed claims under the Financial Reconstruction Law



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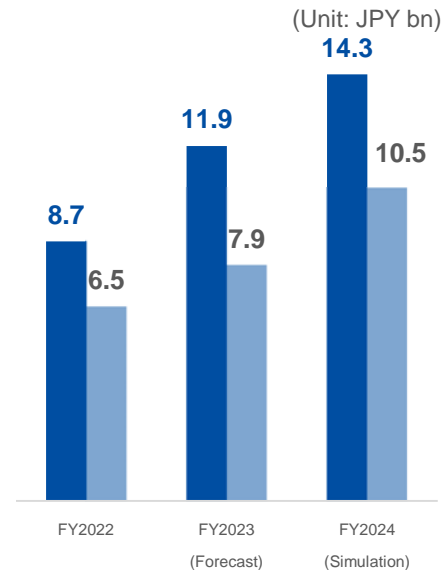
Projected
Performance

Summary of Profits and Losses

Non-consolidated	(Unit: JPY bn, %)	FY2022	FY2023 (Forecast)	YoY change		FY2024 (Simulation)
				Amount	%	
Gross operating income		78.9	83.6	4.7	6.0	88.1
Interest income		78.6	91.3	12.7	16.1	92.1
Fees and commissions		12.2	11.9	(0.3)	(2.5)	12.3
Other operating income		(11.9)	(19.6)	(7.7)		(16.3)
Expenses		48.5	49.3	0.8	1.6	49.8
Substantial operating income		30.4	34.3	3.9	12.9	38.3
[Core operating income]	[]	[37.3]	41.1	3.8	10.3	42.7
[Core operating income (excl. gains (losses) on cancellation of investment trusts)]	[]	[29.6]	31.7	2.1	7.3	34.9
Provision of general reserve for loan losses		(3.0)	(0.6)	2.4		(0.8)
Operating income		33.4	34.9	1.5	4.7	39.1
Special income and losses		1.0	3.1	2.1		0.4
Ordinary profits		34.4	38.0	3.6	10.4	39.5
Extraordinary income		-	-	-		-
Extraordinary losses		0.4	0.0	(0.4)		0.1
Total income taxes (incl. deferred taxes)		9.6	11.5	1.9		11.9
Net income		24.4	26.5	2.1	8.7	27.5
Credit-related expenses		1.2	1.5	0.3		3.0
Total gains (losses) from investment securities		31.3	41.4	10.1		41.3
After excluding foreign currency-denominated procurement costs		26.6	30.5	3.9		30.7
Consolidated						
Ordinary profits		35.8	39.5	3.7	10.4	41.0
Net income attributable to owners of the parent		25.1	27.0	1.9	7.7	28.0

[Reference] Income from customer services*

- Income from customer services
- Income from customer services (After excluding foreign currency-denominated procurement costs)



* Operating income from services for customers = (Average balance of loans and bills discounted × Loan to deposit spread) + Fees and commissions - Expenses (Retirement benefit costs incl.)

Interest Income

(Unit: JPY bn, %)	FY2022	FY2023 (Forecast)	YoY change		FY2024 (Simulation)
			Amount	%	
Interest income	78.6	91.3	12.7	16.2	92.1
Investment income	79.8	93.4	13.6	17.0	94.4
(Interest on loans and bills discounted)	46.6	51.5	4.9	10.3	53.5
(Interest and dividends on investment securities)	32.0	41.2	9.2	28.6	40.5
Interest expenses	1.2	2.1	0.9	72.4	2.3
(Interest on deposits)	0.4	0.6	0.2	45.0	0.4

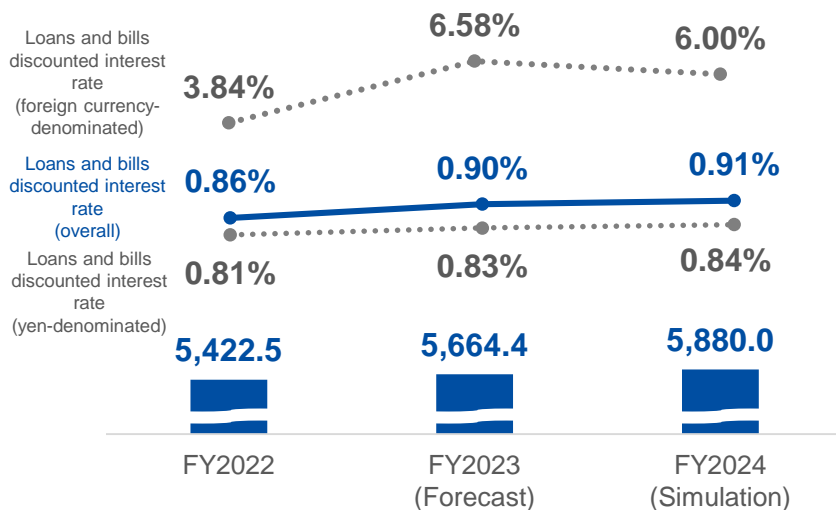
(Reference)

Level of yields and interest rates used as the basis for the forecast, etc.

	FY2023 (Forecast)	FY2024 (Simulation)
• Unsecured call rate O/N	(0.05)%	(0.05)%
• TIBOR 3 months	0.08%	0.08%
• SOFR 3 months	5.71%	5.00%
• 10-year JGBs	0.70%	0.60%
• 10-year US treasury bonds	3.70%	3.55%
• Nikkei Average	JPY 31,000	JPY 31,000

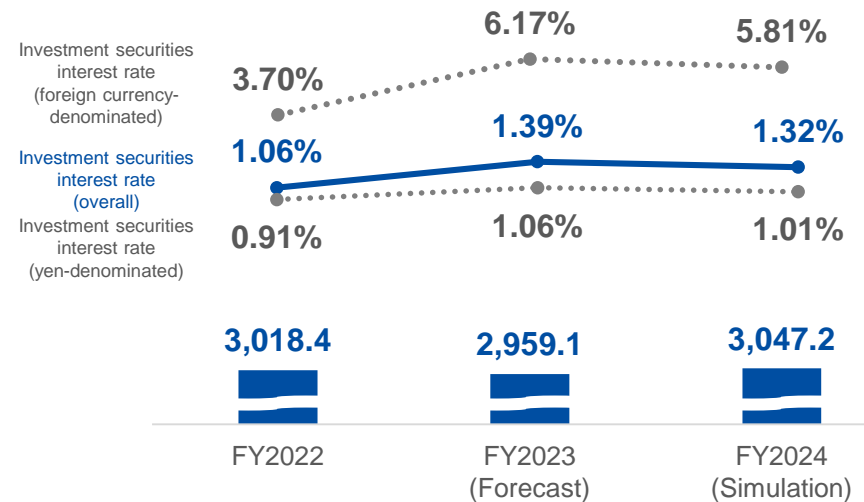
Average balances and yields of loans and bills discounted

(Unit: JPY bn)



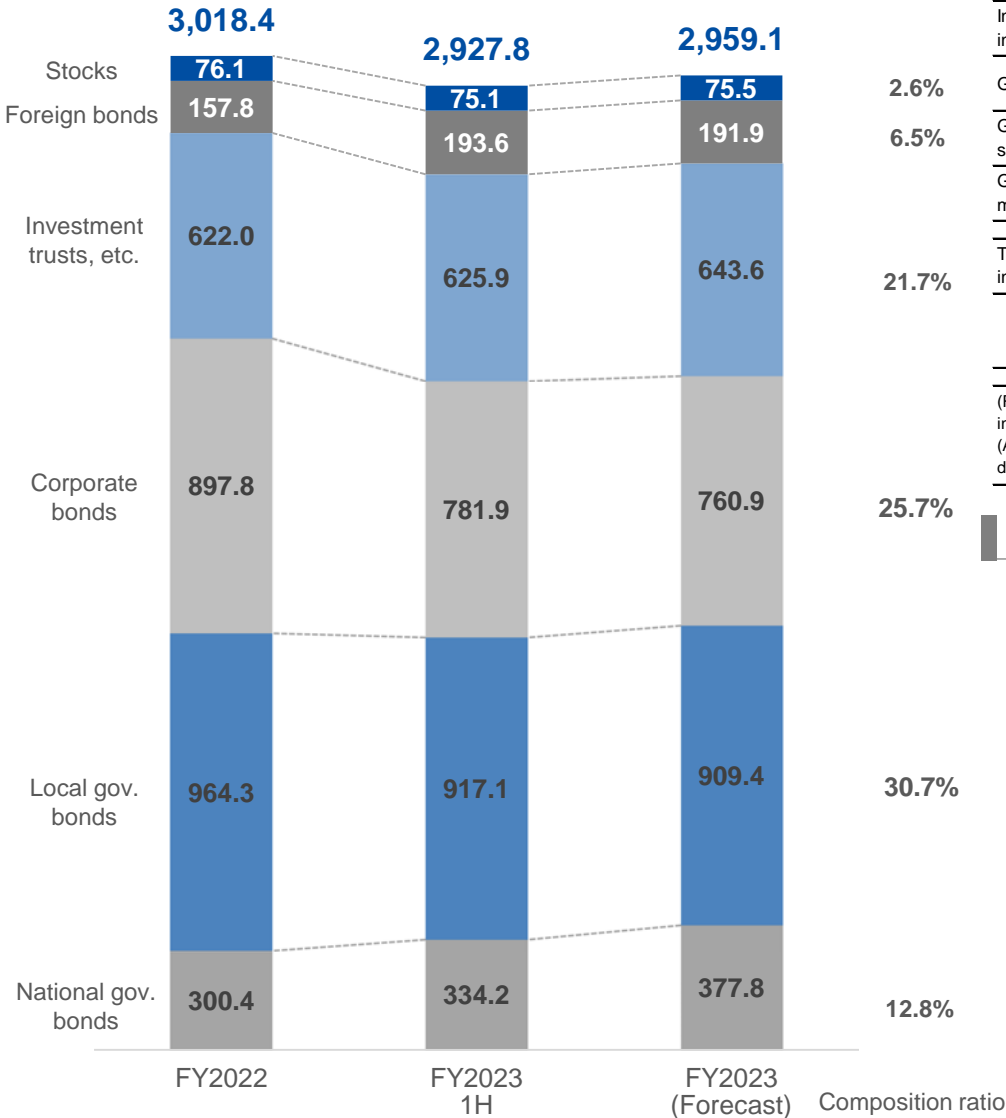
Average balances and yields of investment securities

(Unit: JPY bn)



Balance of investment securities (average base)

(Unit: JPY bn)

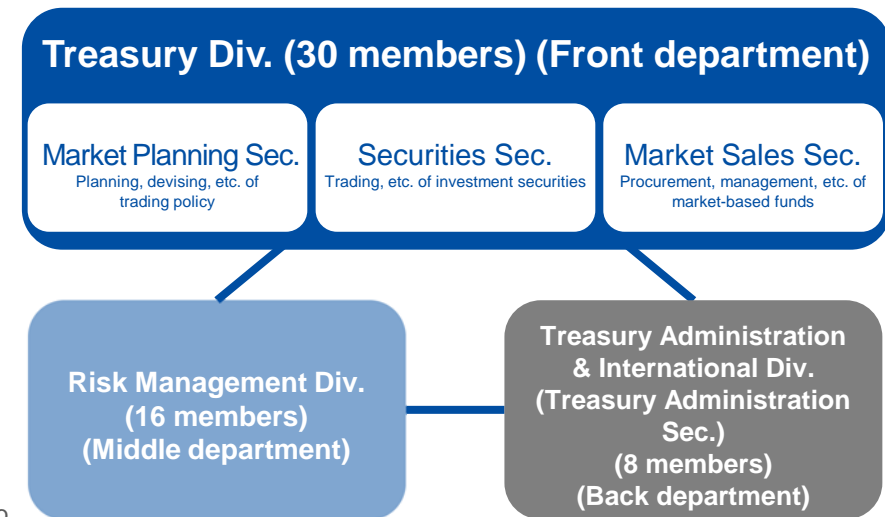


Total gains (losses) from investment securities

(Unit: JPY bn, %)

	FY2022	FY2023 (Forecast)	YoY change Amount (Rate)	FY2024 (Simulation)
Interest and dividends on investment securities	32.0	41.2	9.2	40.5
Gain (losses) on debt securities	(6.9)	(6.8)	0.1	(4.4)
Gain (losses) on equity securities	5.5	4.2	(1.3)	2.9
Gains (losses) on investments in money held in trust	0.7	2.8	2.1	2.3
Total gains (losses) from investment securities	31.3	41.4	10.1	41.3
After excluding foreign currency-denominated procurement costs	26.6	30.5	3.9	30.7
(Reference) Total yield from investment securities (After excluding foreign currency-denominated procurement costs)	0.84	0.98	0.14	0.96

Structure for trading



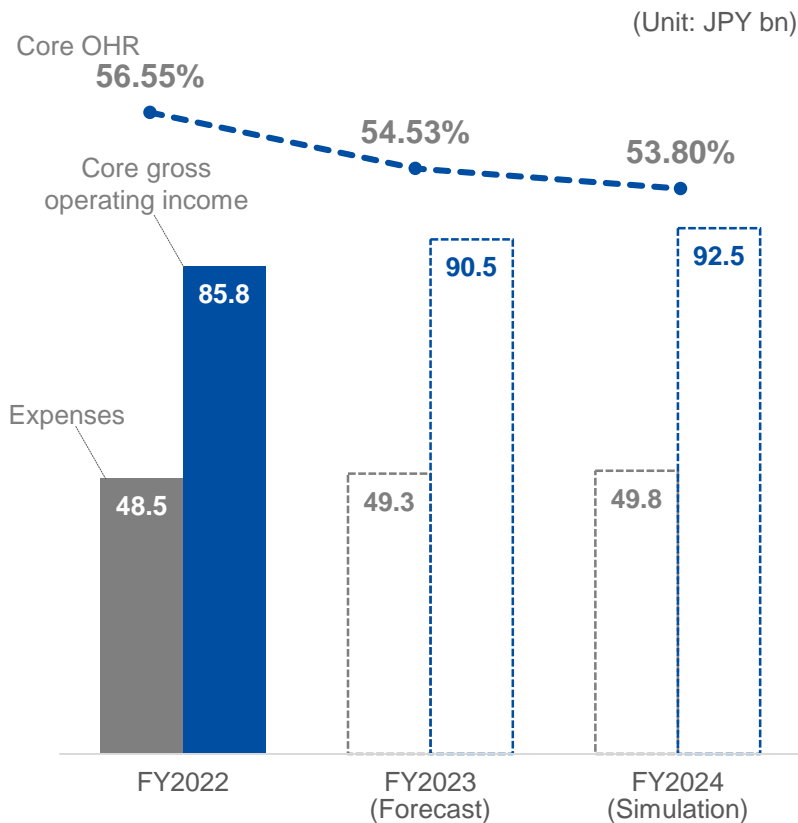
Expenses

(Unit: JPY bn)	FY2022	FY2023 (Forecast)	YoY change (amount)	FY2024 (Simulation)
Expenses	48.5	49.3	0.8	49.8
Personnel expenses	25.5	25.6	0.1	25.2
Non-personnel expenses	19.8	20.4	0.6	21.0
Tax	3.2	3.3	0.1	3.6
<hr/>				
(Unit: %)				
Core OHR	56.55	54.53	(2.02)	53.80

(Reference) Key change factors in FY2023 (Forecast)

(Unit: JPY bn)	Change factor	Amount
Personnel expenses	Increase due to personnel system reform	0.5
	Reduction in employees	(0.5)
	Others	0.1
Non-personnel expenses	Systems-related expenses (response to MEJAR renewal, etc.)	0.6

Core OHR



03

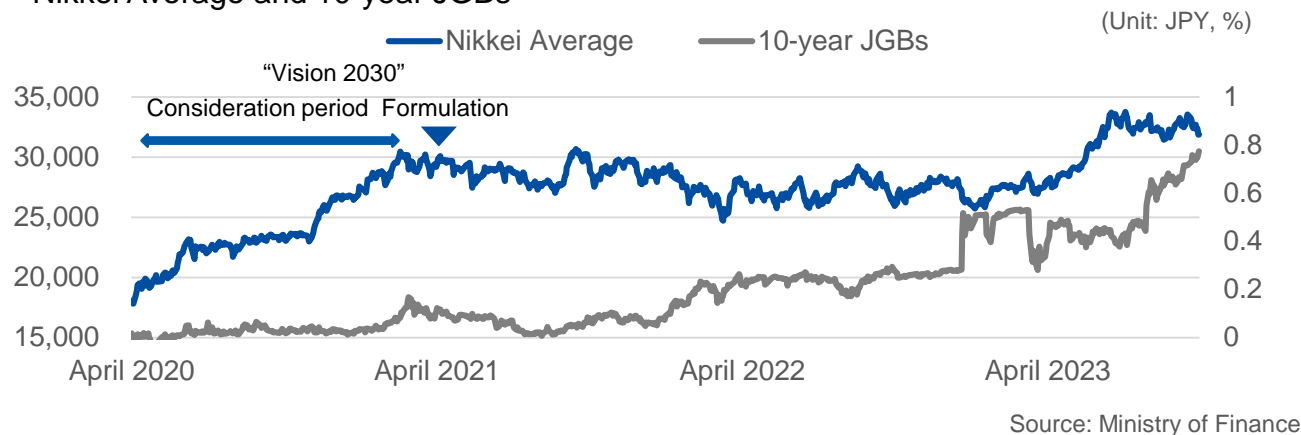


The 77 Bank Group's Value Enhancement

Given the substantial changes to the external environment and other factors since “Vision 2030” was formulated, and our progress on “Vision 2030,” we revised the financial targets

Changes in economic environment, etc.

➤ Nikkei Average and 10-year JGBs



Changes in external environment

- ✓ The COVID-19 pandemic has subsided, and the economy is slowly recovering in large part due to consumer spending
- ✓ The long-term interest rate will rise when the Bank of Japan revises its YCC framework

Improved returns on capital

- ✓ Response to PBR improvements
- ✓ Management focused on capital efficiency

Progress of “Vision 2030”

➤ Performance

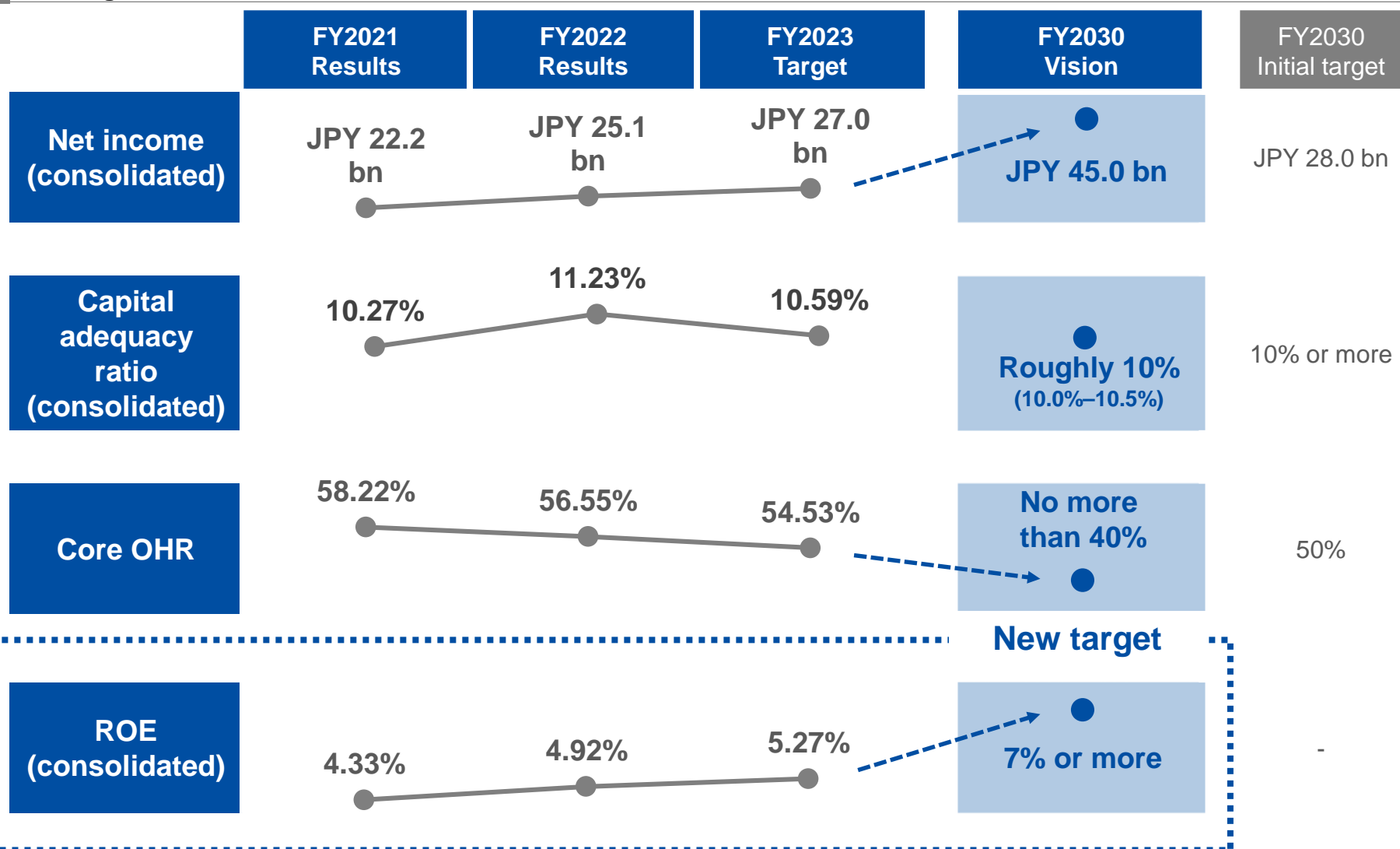
(Unit: JPY bn)	FY2020	FY2021	FY2022	FY2023 (Forecast)	FY2030 (Initial target)
Interest on loans and bills discounted	41.6	42.3	46.6	51.5	-
Fees and commissions	9.8	11.8	12.2	11.9	-
Net income (consolidated)	16.5	22.2	25.1	27.0	28.0
Credit-related expenses	7.6	4.6	1.2	1.5	8.0

Advancement of “Vision 2030”

- ✓ Interest on loans and bills discounted, fees and commissions, and other income has increased thanks to consulting sales and other efforts
- ✓ Net income is growing faster than initially planned, in part due to consistently low credit-related expenses

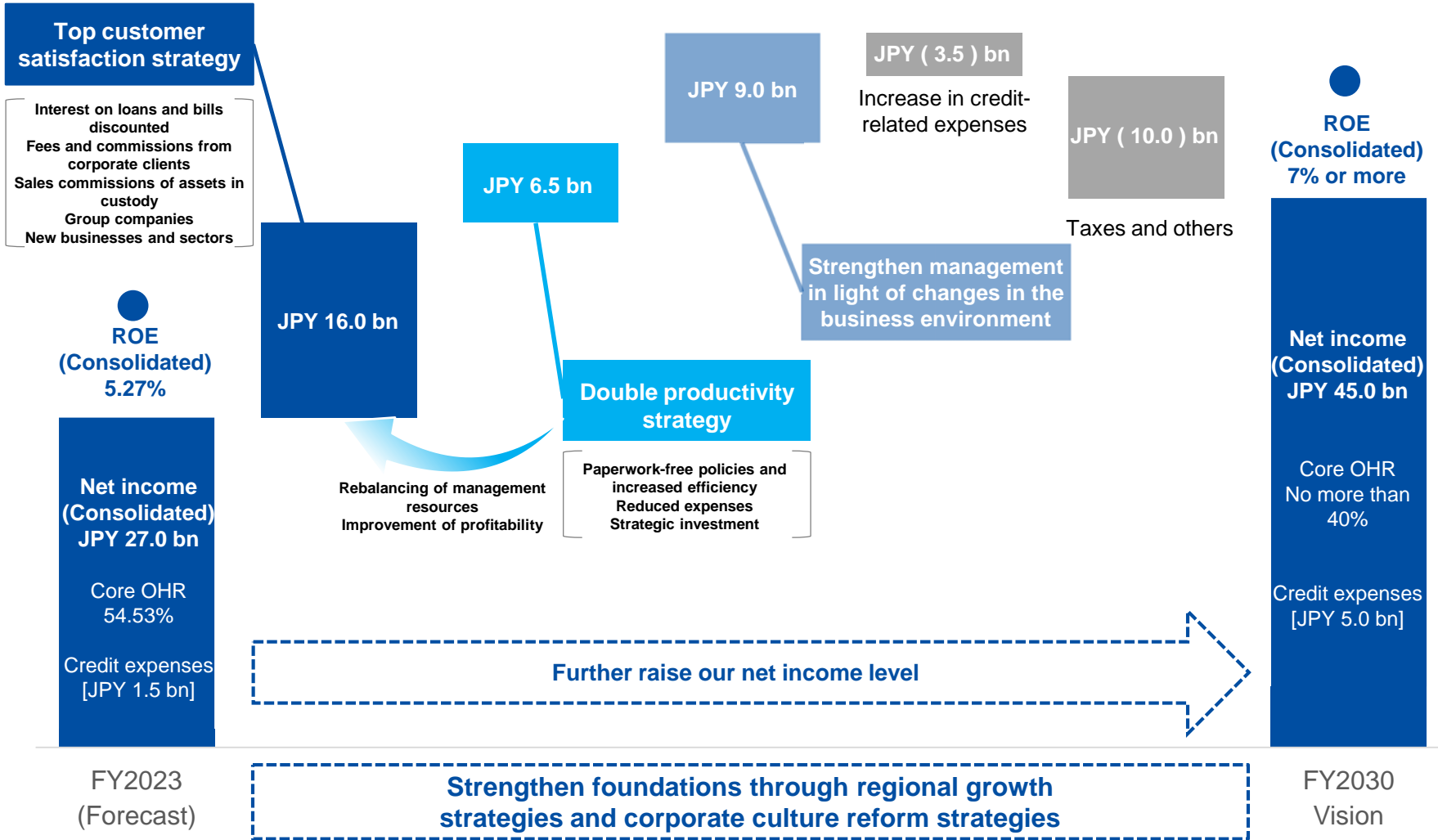
We seek to improve returns on capital by achieving “Vision 2030,” specifically by raising financial targets for FY2030 and setting a new ROE target

Our target form in “Vision 2030”



Striving to further raise our net income level by increasing our top line, improving productivity, etc.

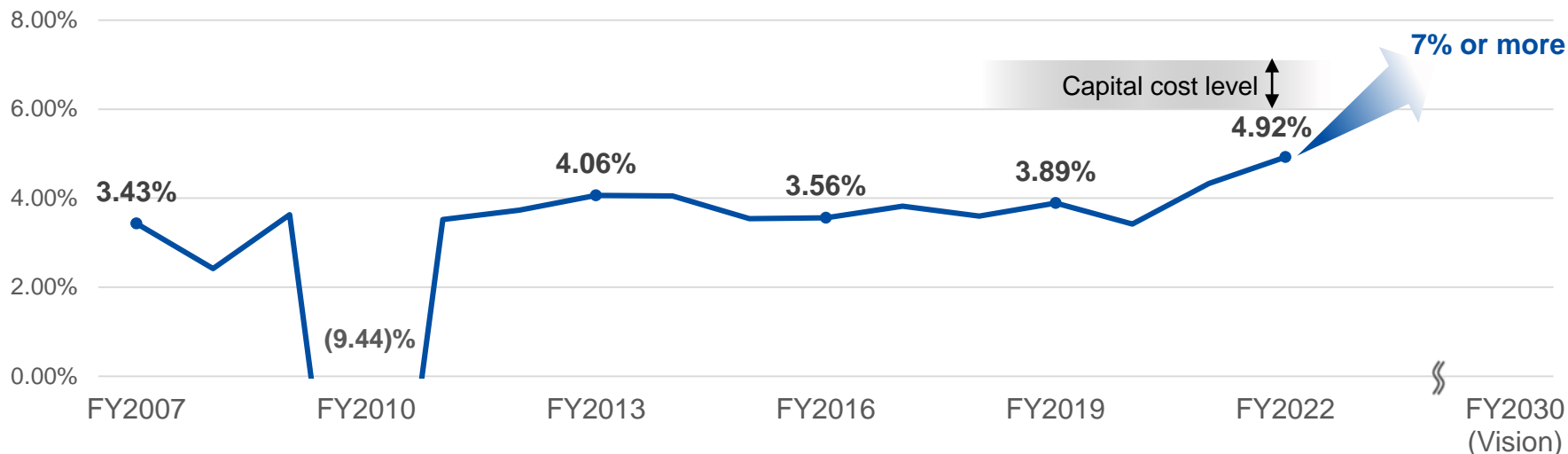
Net income (consolidated) increase concept



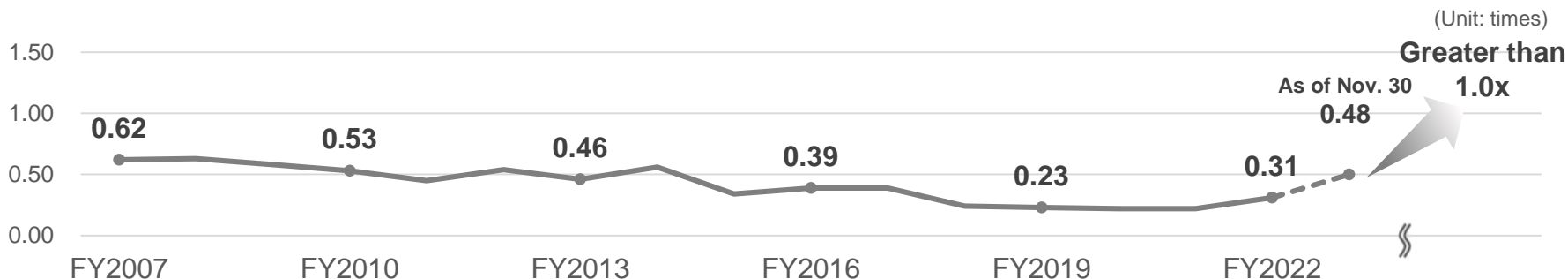
* Interest scenarios based on current interest levels

The current ROE is less than capital costs; PBR is less than 1.0x
 We will achieve the new ROE target in pursuit of a PBR of greater than 1.0x in the future

ROE (consolidated)



PBR



August 2008
Collapse of
Lehman Brothers

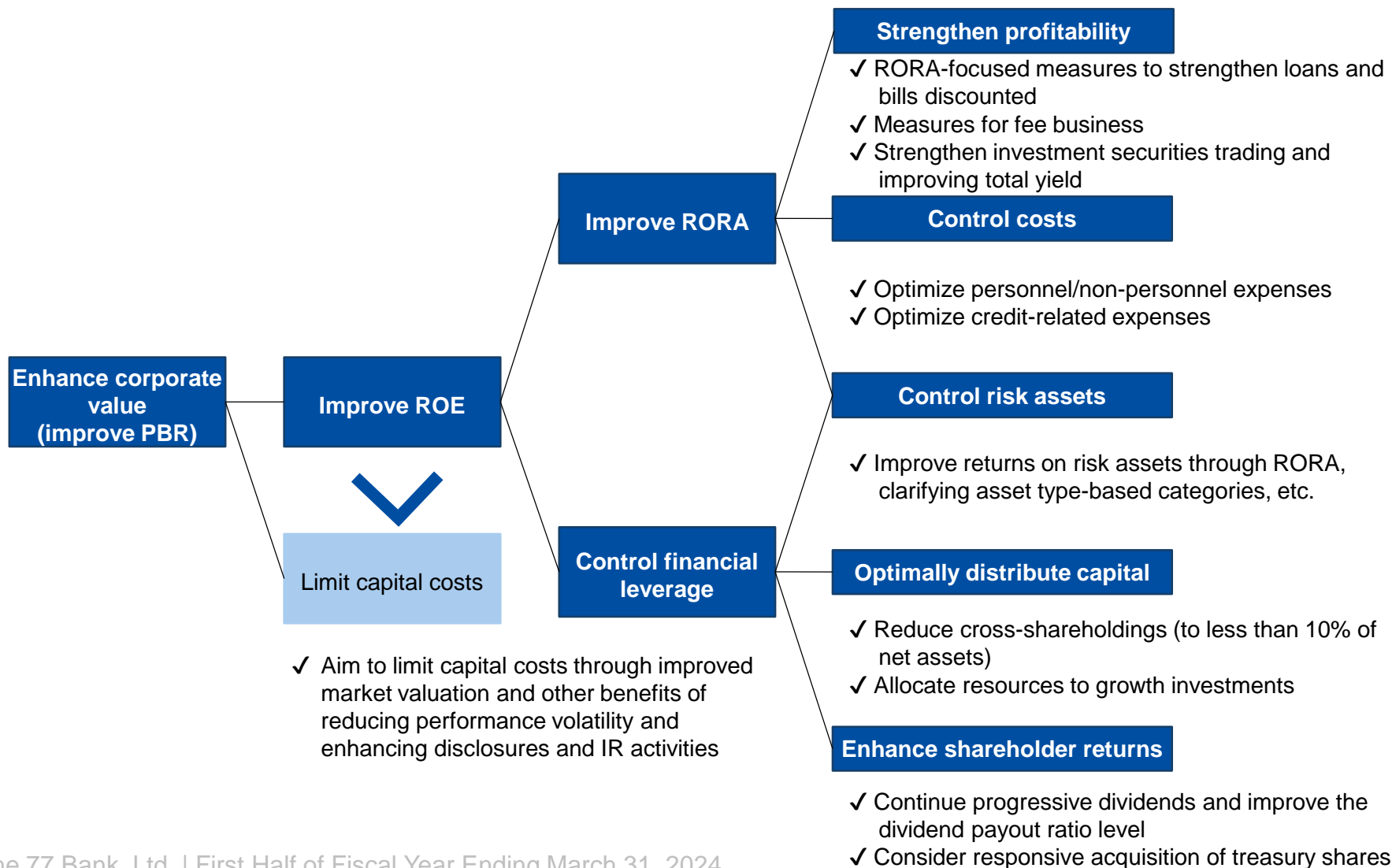
March 2011
Great East Japan
Earthquake

January 2016
Negative interest
rate introduced

May 2021
"Vision 2030"

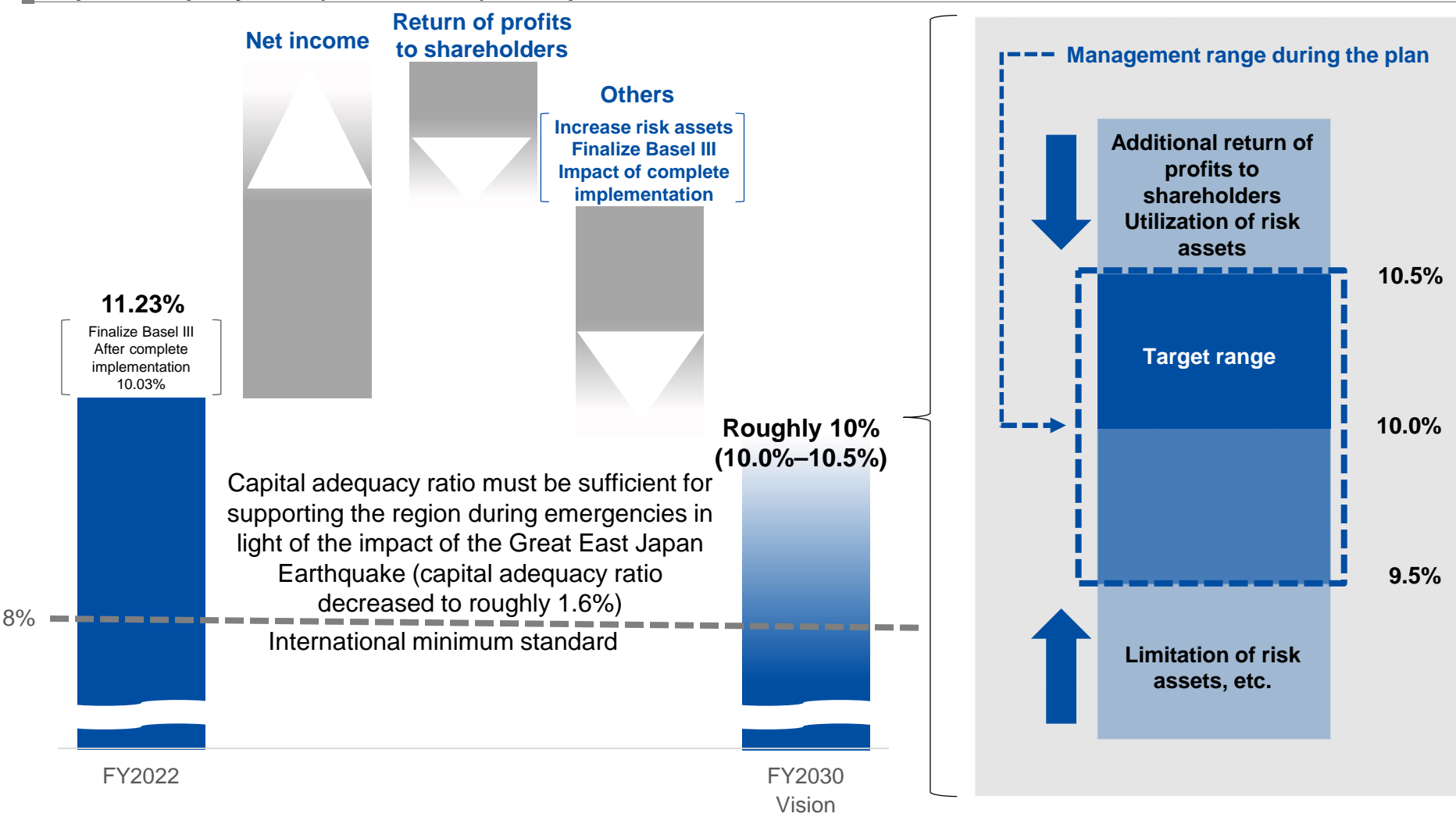
Striving to improve PBR by boosting returns and profitability on risk assets and properly controlling capital adequacy

Approach to improving PBR



Set a capital adequacy ratio target of roughly 10% (10%–10.5%) to prepare for emergencies
Implement proper capital control by setting the management range during the plan

Capital adequacy ratio (consolidated) concept



(Early application of finalized Basel III from FY2022)

Revising the Policy of Return of Profits to Shareholders by raising the dividend payout ratio to at least 35% of net income attributable to owners of the parent by FY2025 and considering responsive acquisition of treasury shares

Policy of Return of Profits to Shareholders

Before (announced January 2022)

The basic policy of the Bank in this regard is to continue to distribute steady dividends while taking factors such as its public character as a bank business and the preservation of the soundness of its management into consideration. Additionally, based on the premise of strengthening its financial foundation, the Bank will proceed to gradually elevate its dividend payout ratio relative to net income attributable to owners of the parent with a target of 30% by FY2023 as it aims to improve shareholder returns and capital efficiency.

After (announced November 2023)

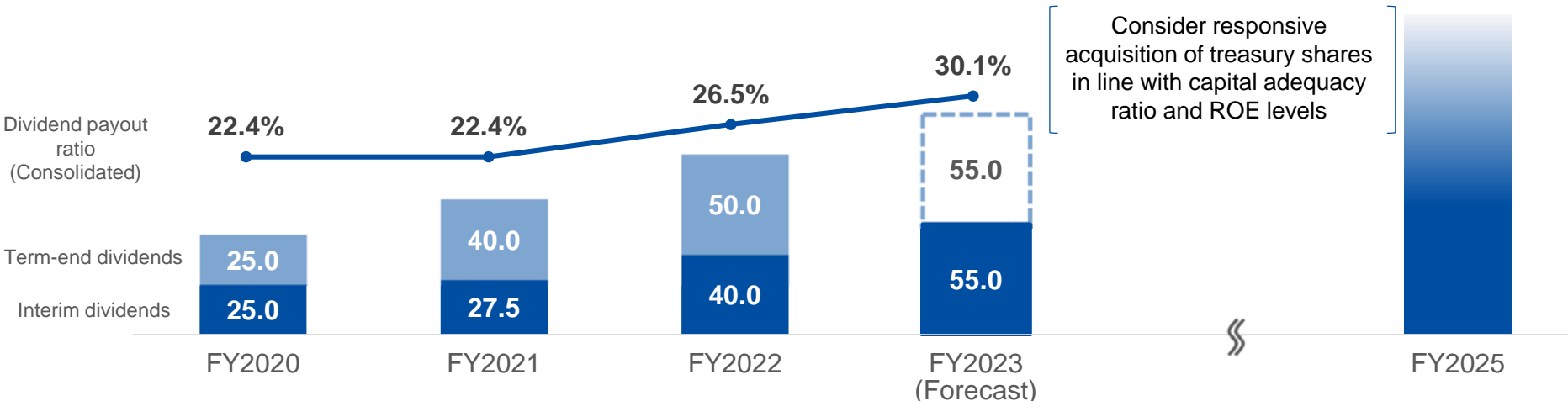
While taking factors such as its public character as a bank business and the preservation of the soundness of its management into consideration, and based on the premise of strengthening its financial foundation, the Bank will use progressive dividends to elevate its dividend payout ratio relative to net income 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.

* Underlines indicate the parts that were changed

(Unit: JPY)

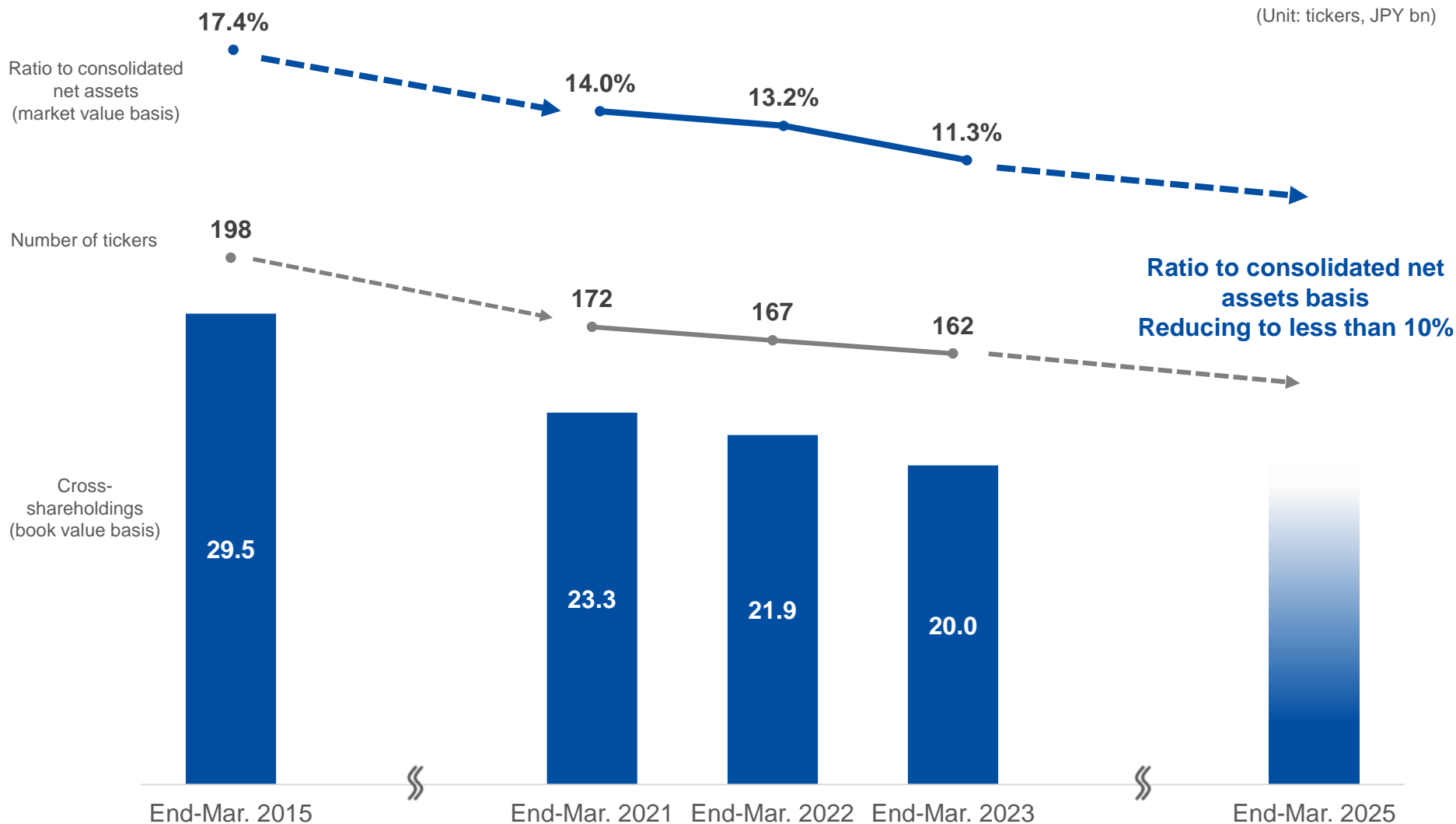
35% or more

Consider responsive acquisition of treasury shares in line with capital adequacy ratio and ROE levels



Continuing to reduce cross-shareholdings with a target of ratio to consolidated net assets of less than 10%

Actions taken to reduce cross-shareholdings



04



Business Strategy

“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.



A future based on maintaining the status quo will result in “contracting equilibrium.”

For the 77 Bank Group to continue fulfilling its mission...

Future based on current circumstances

Market contraction

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

Social diversification

- ◆ Lifestyle changes
- ◆ Digital transformation
- ◆ Ongoing financial easing
- ◆ More regulatory easing

Response to disasters, etc.

- ◆ Disasters, COVID-19
- ◆ Climate change

What is our vision?



How do we get there?

The 77 Bank Group mission



What is our vision for the 77 Bank Group? We set forth our ideas in a new management plan



“Our target form”
to aim for over
the long-term

The 77 Bank Group aims to be a leading company that works to achieve prosperity in the local community, by continuing to offer the optimal solutions, which inspire and build trust, and at the same time working with our stakeholders to tap new areas of opportunity in Miyagi and Tohoku.

- ◆ 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)



The 77 Bank Group will take steps to move beyond our existing trajectory, by establishing a “Our target form,” enhancing our strengths, improving our weaknesses, and revitalizing our organization

Stimulate demand among customers and local communities
Expand the scope of operations

Dramatic improvements in productivity

Establish an ambitious corporate culture

Enhance!



77 Bank Group strengths

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

Improve!



77 Bank Group weaknesses

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

Establish!



Revitalization points

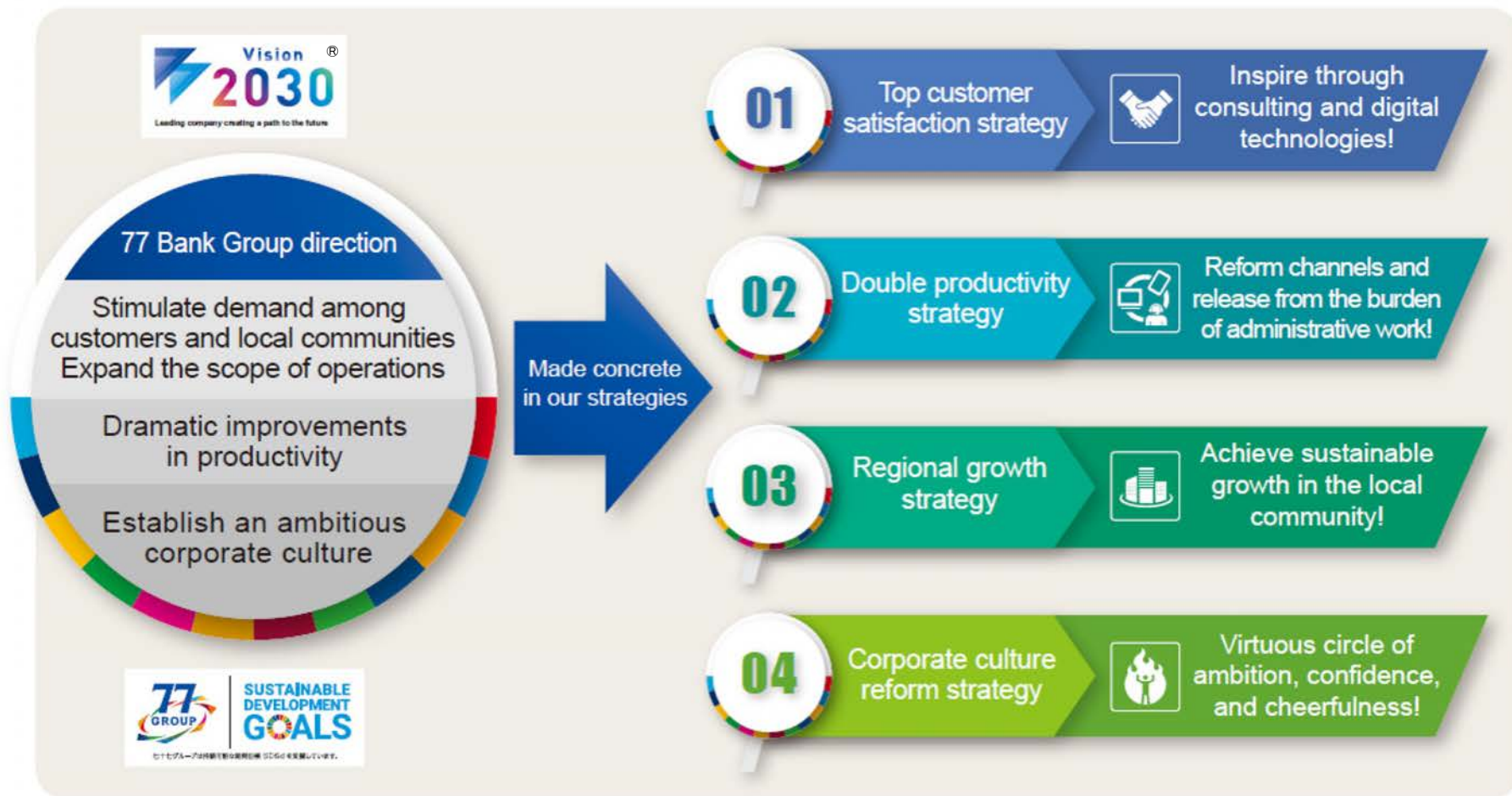
- Appetite for new challenges
- Speed and flexibility
- Cross-organization (vertical, horizontal, diagonal)

Key factors

An engine (key factors) will be necessary to go beyond our existing trajectory, and unlock a new future

- Digital transformation
- New businesses and sectors
- Human resources
- Financial foundations

In “Vision 2030,” we set forth the direction the 77 Bank Group should take to grow sustainably together with local communities, based on our SDG Declaration, i.e., stimulating the regional economy and promoting active participation by a diverse range of personnel



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Providing finance & consulting services to help clients enhance their corporate value

Finance & Consulting



Examples of major issues and solutions in the local community

- Measures for achieving SDGs
 - Assigning people in charge of sustainability promotion
- Measures for business succession
 - Approach by the Business Succession and M&A Team
- Measures for medical and nursing care providers
 - Utilizing the healthcare fund
- Measures for capital investment and other investment with inherent risk
 - Using financing with covenants and other means to reduce business risk
- Measures for changes in the business environment rooted in the weak yen
 - Reducing exchange risk to stabilize business

Allocation of specialized human resources

- Headquarters-led strengthening of approach (as of end-September 2023)

Regional Support Team	Business Succession and M&A Team
34 members	12 members
Medical Service and Healthcare Team	Business Consulting Team
5 members	6 members
Officers responsible for structured finance and syndicated loan	Management Improvement Advisors
12 members	4 members

Top customer satisfaction strategy

Double productivity strategy

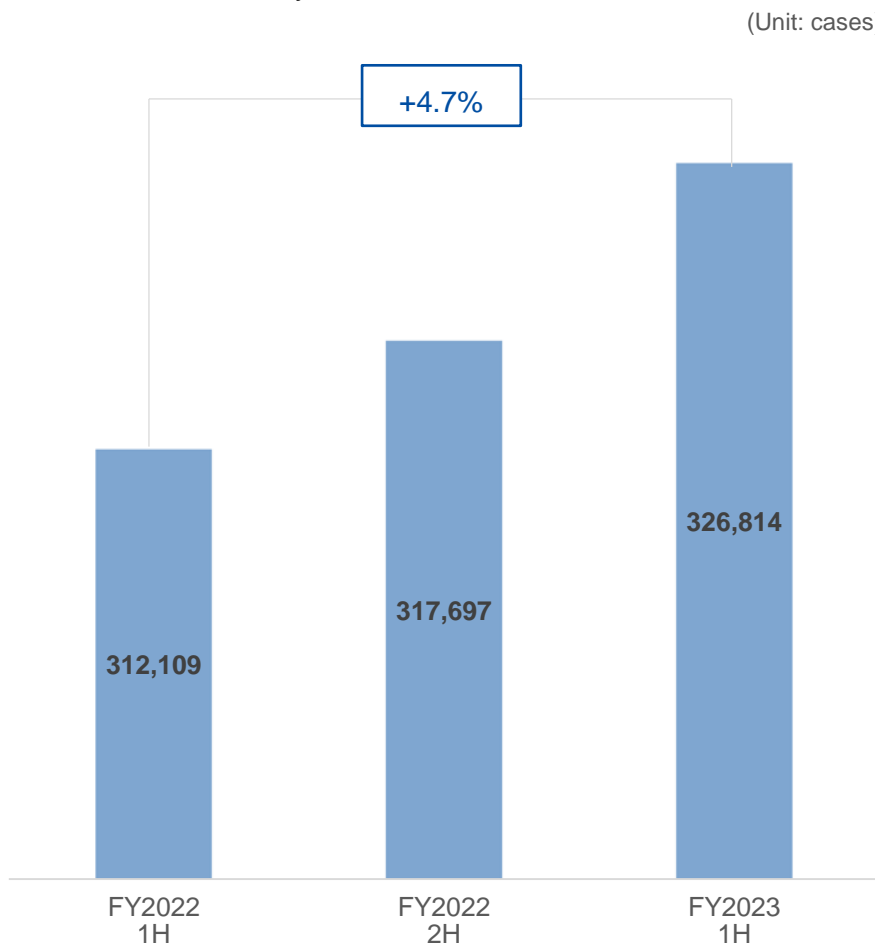
Regional growth strategy

Corporate culture reform strategy

Actively questioning and providing solutions to clients to form the foundation of consulting sales

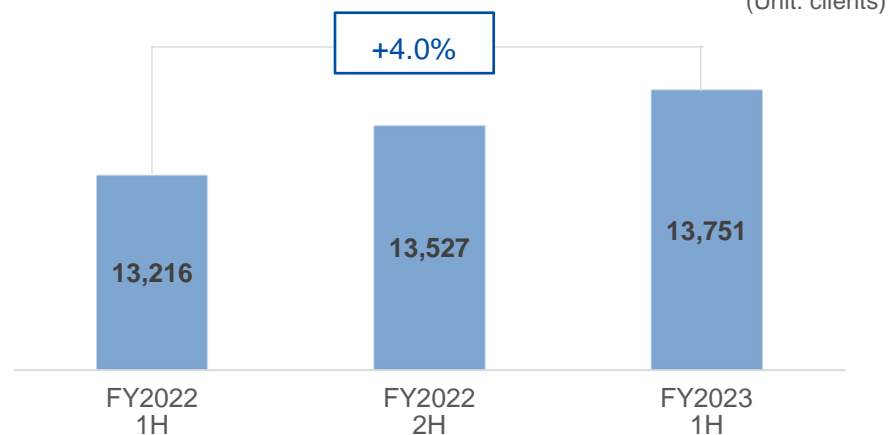
Number of contacts

➤ The number of contacts has increased thanks to our further increased activity level



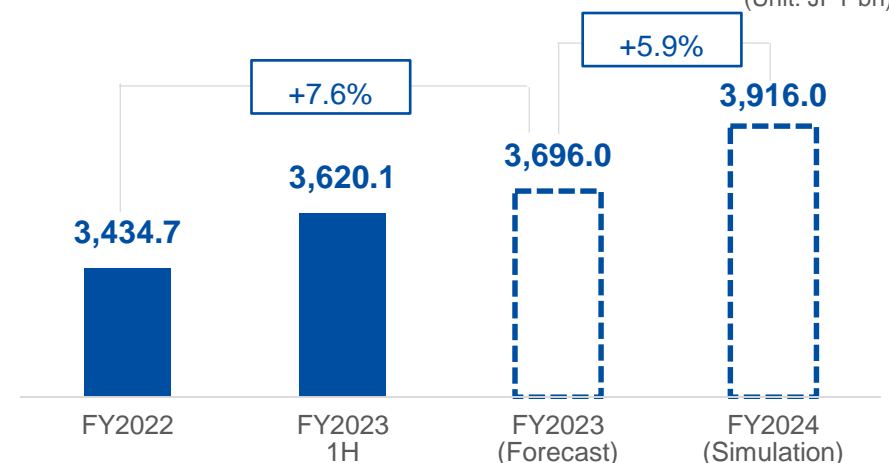
Number of corporate loan borrowers

(Unit: clients)



Corporate loans (yen-denominated/average balances)

(Unit: JPY bn)



Top customer
satisfaction
strategyDouble
productivity
strategyRegional growth
strategyCorporate culture
reform strategy

The number of all types of contracts closed has increased thanks to the spread of consulting sales

Measures for structured finance

- Number of cases, etc.
(since the establishment of the Structured Finance Section in June 2021)

Number of structured finance cases

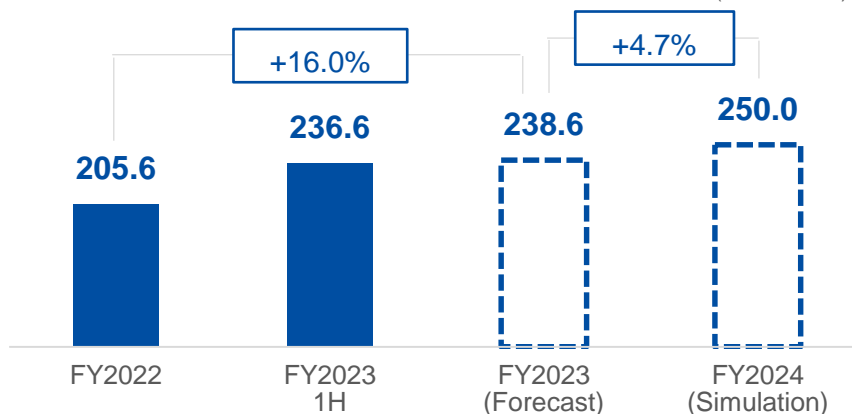
FY2021	FY2022	FY2023 1H
40 cases	39 cases	12 cases

Number of syndicate loan formation

FY2021	FY2022	FY2023 1H
12 cases	10 cases	6 cases

- Structured finance (average balances)

(Unit: JPY bn)



Measures for fees and commissions from corporate clients

- Number of contracts closed

Number of paid business matching contracts

FY2021	FY2022	FY2023 1H
1,674 cases	1,739 cases	1,066 cases

Number of M&A contracts

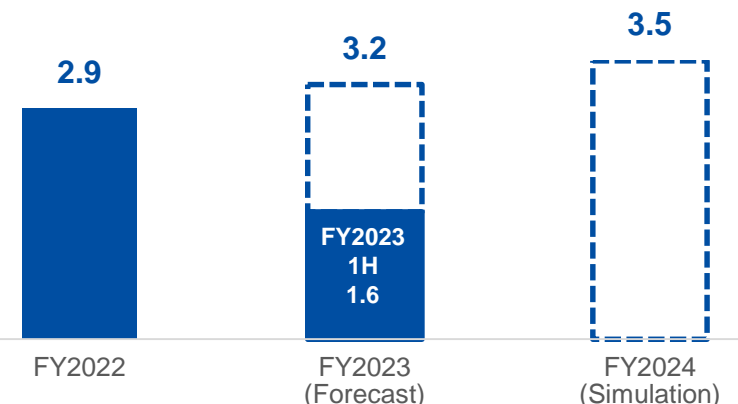
FY2021	FY2022	FY2023 1H
11 cases	17 cases	6 cases

Number of business succession support clients

FY2021	FY2022	FY2023 1H
731 cases	804 cases	489 cases

- Fees and commissions from corporate clients

(Unit: JPY bn)



Top customer satisfaction strategy

Double productivity strategy

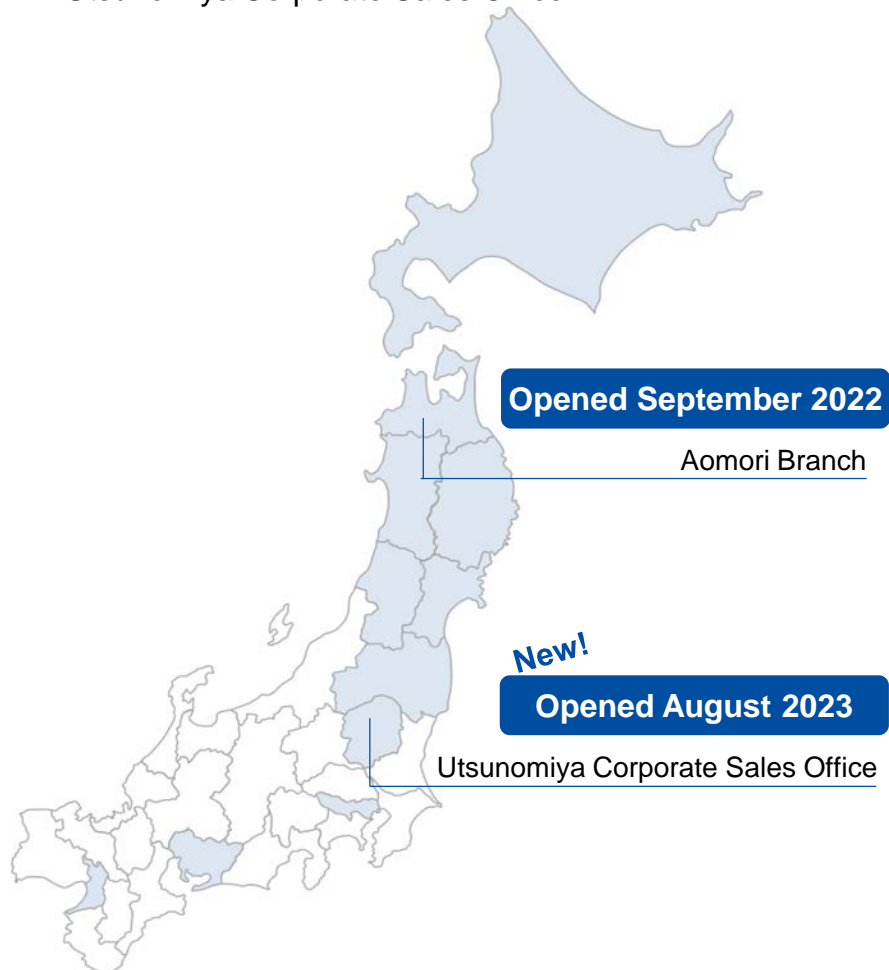
Regional growth strategy

Corporate culture reform strategy

We have expanded the fields we actively operate in by utilizing our network of branches, our overseas network, local information network, and more

Service network

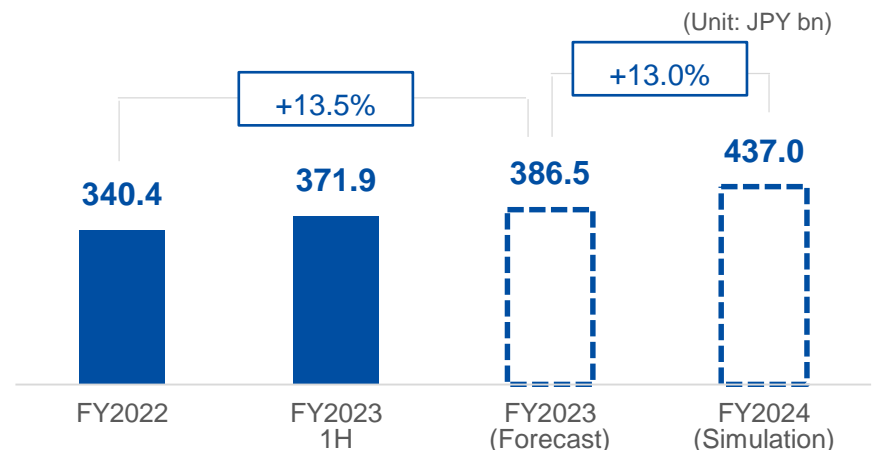
- Opened the Aomori Branch, followed by the Utsunomiya Corporate Sales Office



- Overseas network (as of end-September 2023)



Corporate loans in Tohoku region, etc. (excluding Miyagi Prefecture) (yen-denominated/average balances)



Top customer satisfaction strategy

Double productivity strategy

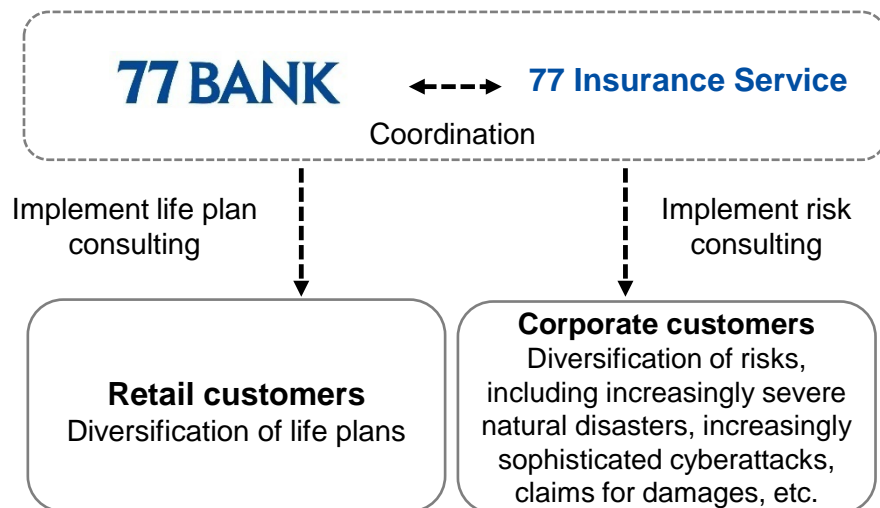
Regional growth strategy

Corporate culture reform strategy

Expanding our business domain and providing optimal solutions to resolve the issues of local communities

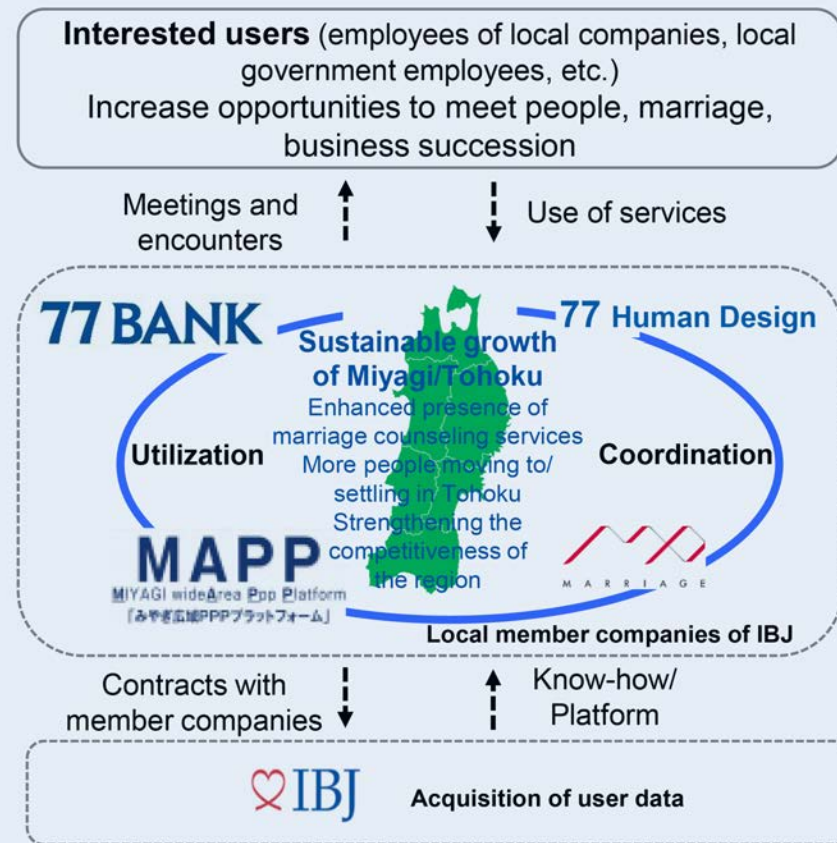
Establishment of 77 Insurance Service (launch scheduled for July 2024)

- Offering life plan consulting to individuals and risk consulting to corporate clients, and using insurance to provide safety and a sense of security to customers
 - As a service to our retail customers, changed the operating entity of insurance service 77 Hoken Plaza (3 locations nationwide) from the 77 Bank to a subsidiary, and began offering nonlife insurance as well as life insurance
 - As a service to our corporate customers, began offering property and casualty insurance for corporations
 - Sales volume: About 700 million yen in ten years from opening



Measures for marriage counseling services (launch scheduled for April 2024)

- In light of depopulation, young people leaving the region, and other regional issues, began measures for marriage support and marriage counseling services through 77 Human Design (established in August 2022)



Top customer satisfaction strategy | Double productivity strategy | Regional growth strategy | Corporate culture reform strategy

Establishment of 77 Partners (December 2021)

- Providing hands-on support through majority investments
 - Presently providing hands-on support to two companies facing business succession issues after acquiring all shares of their stocks

Recipients of hands-on support through investment

(1) Orii Giken Ltd. (announced April 2023)

Established

April 1979

Location of HQ

Osaki, Miyagi

Overview of business

Formation/fabrication of precision plastics, design/manufacture of metal molds



(2) CADCAM Co., Ltd. (announced August 2023)

Established

March 1972

Location of HQ

Tsuruoka, Yamagata

Overview of business

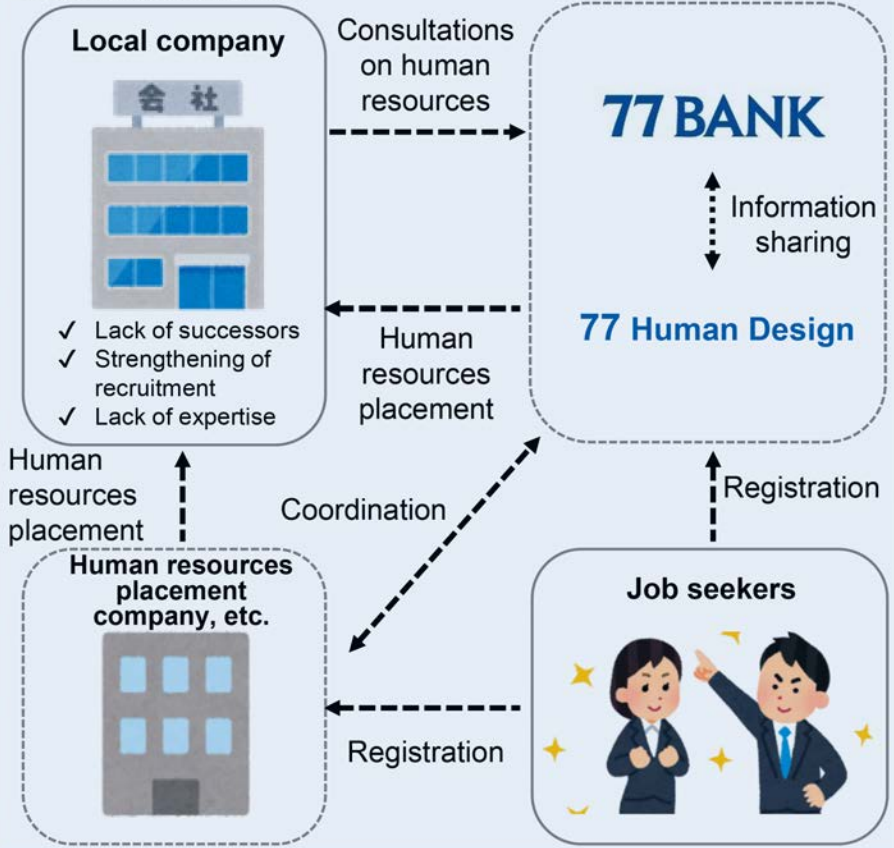
Architectural design



Establishment of 77 Human Design (August 2022)

- Providing advanced specialized solutions pertaining to human resources
 - As of end-September 2023, 383 introductions made and 136 contracts closed
 - Promoted an active bank employee to the position of Representative Director and President

Conceptual diagram



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Establishment of Tohoku Healthcare Support (April 2023)

- Formed a healthcare fund specialized in local communities to provide optimal solutions to the management issues of local medical and nursing care providers
 - As the first project, invested in THS Hayama LLC., an SPC to help the Tokiwakai Group (headquartered in Iwaki, Fukushima) acquire the land and buildings of Nitto Hospital—provider of medical care centered on artificial dialysis and diabetes treatment—in Koriyama, Fukushima

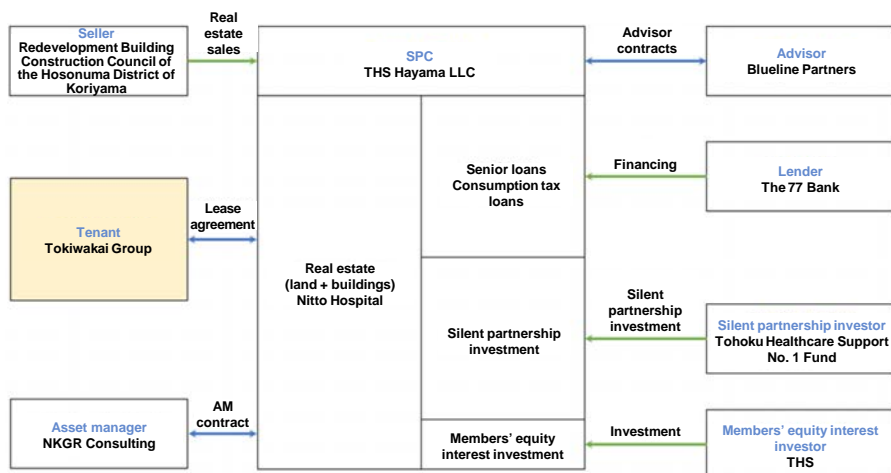
Hospital name

Nitto Hospital

Number of beds

General ward: 36

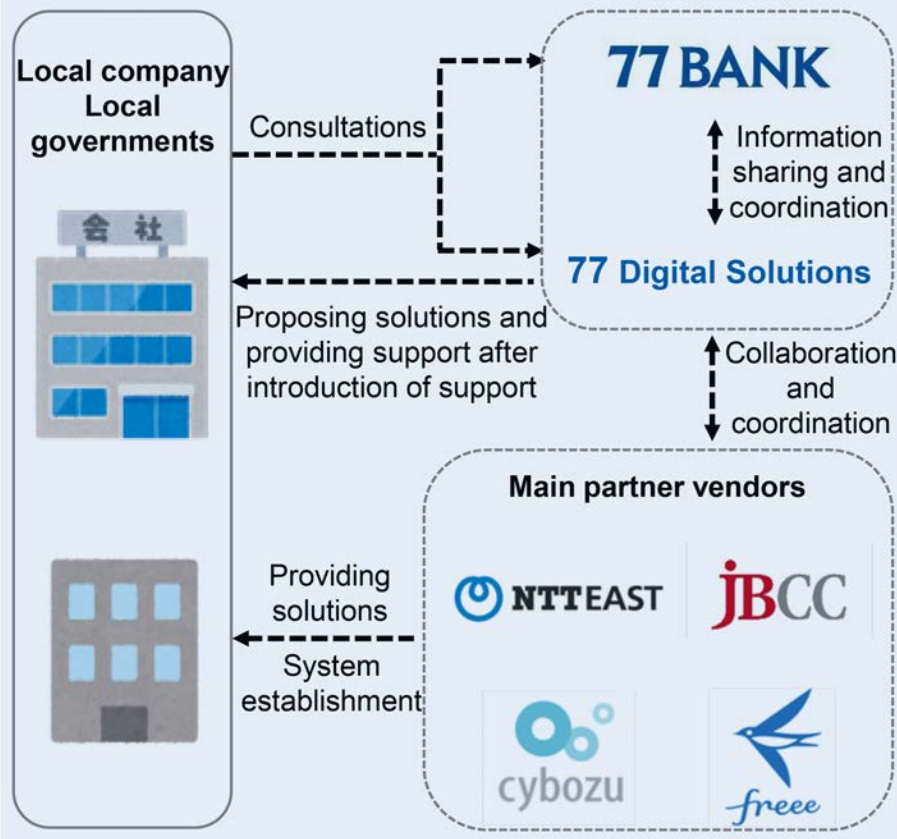
Artificial dialysis: 40



Establishment of 77 Digital Solutions (May 2023)

- Worked with external partners to provide hands-on support for digitization and DX of local companies and others
 - As of end-September 2023, 138 consultations answered and 30 contracts closed

Conceptual diagram



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Establishing Group business (including new business) as the third pillar of income for the 77 Bank Group

List of Group companies

➤ Non-financial Group companies were established to support clients' issue-solving, in addition to finance-related Group companies

Through FY2015

- 77 Lease (Lease operations)
- 77 Shin-Yo Hosyo (Credit guarantee operations)
- 77 Card (Credit card operations)

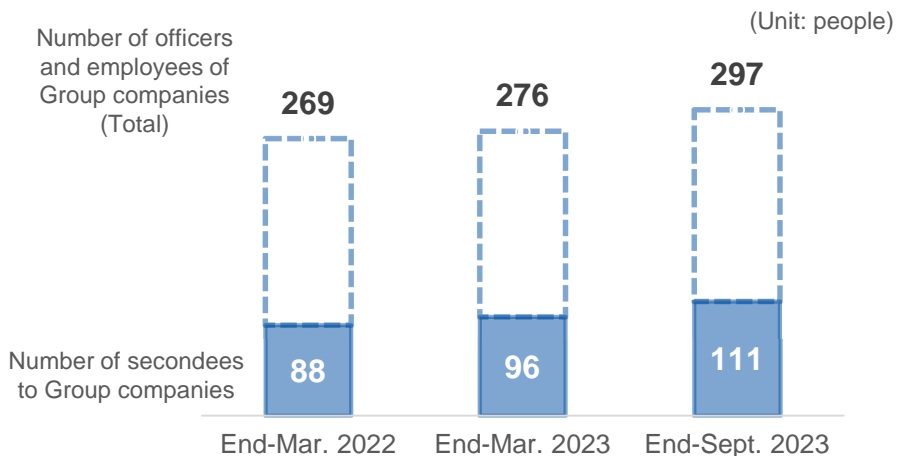
FY2016–FY2020

- 77 Capital (Fund management operations, investment operations)
- 77 Securities (Financial instruments transaction operations)
- 77 Research and Consulting (Survey and research, and consulting operations)

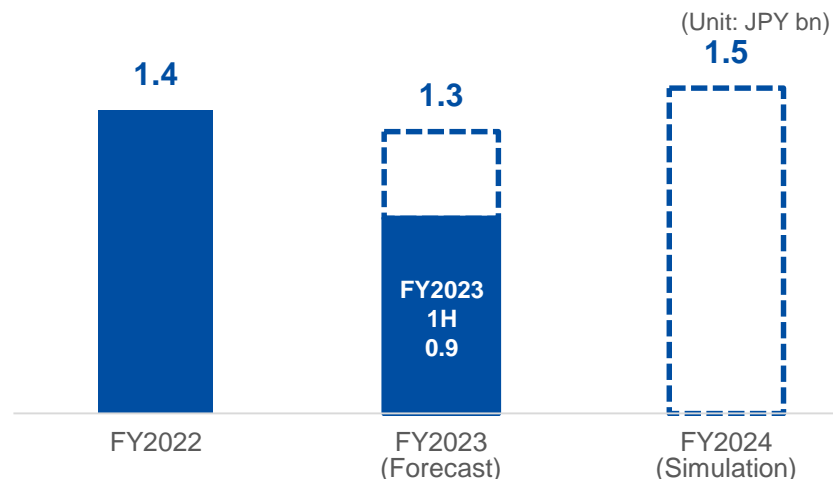
Since FY2021

- 77 Partners (Fund management operations, investment operations)
- 77 Human Design (Staffing services, offering opportunities for human resources education, etc.)
- 77 Digital Solutions (IT consulting operations, etc.)
- 77 Insurance Service (Insurance agency services, etc.)

Enhancement of human interactions



Group companies net income



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Providing optimal solutions by accurately understanding what customers need

Formulation of Retail Sales Policy

Retail Sales Policy

We will continue to be the best partner to realize the “target form” of individual customers

We will sincerely stay close to wishes of individual customers to contribute to the realization of the “customers’ target form” through the provision of optimal solutions which will lead to satisfaction, happiness and peace of mind.

Sales strategy based on customers

➤ Sales strategy based on customers for the realization of “customers’ target form”

Use

Provide added value by combining digitalization

Borrow

Capture funding needs centered on holiday sales bases and non-face-to-face channels

Save

Implement life plan consulting

Increase

Support medium- to long-term management taking into an era where people live for 100 years

Pass down

Highly professional consulting in anticipation of next generation transactions

Improve customer loyalty & maintain/expand the customer base

Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Strengthen recurring revenue by contributing to customer asset formation, etc.

Expanding product offerings

- Fund wrap service sales (started in January 2023)

Number of sales	Amount of sales
1,357	JPY 7,761 mn

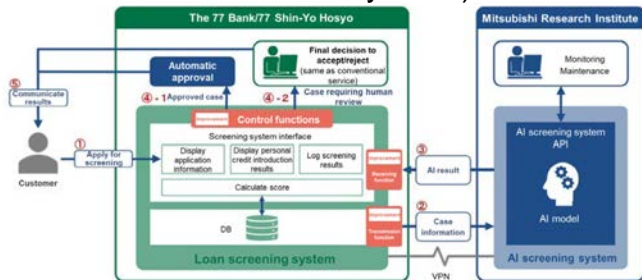
- Trust operations service (started in April 2023)

Number of sales	Amount of sales
71	JPY 505 mn

- Established the Customers' Asset Formation Promotion Committee (main agenda items)
 - Establishing the NISA Promotion Team
 - Stationing specialist personnel from HQ (Wealth Management Office) at branches

Streamlining/shortening working hours for housing loan screening operations

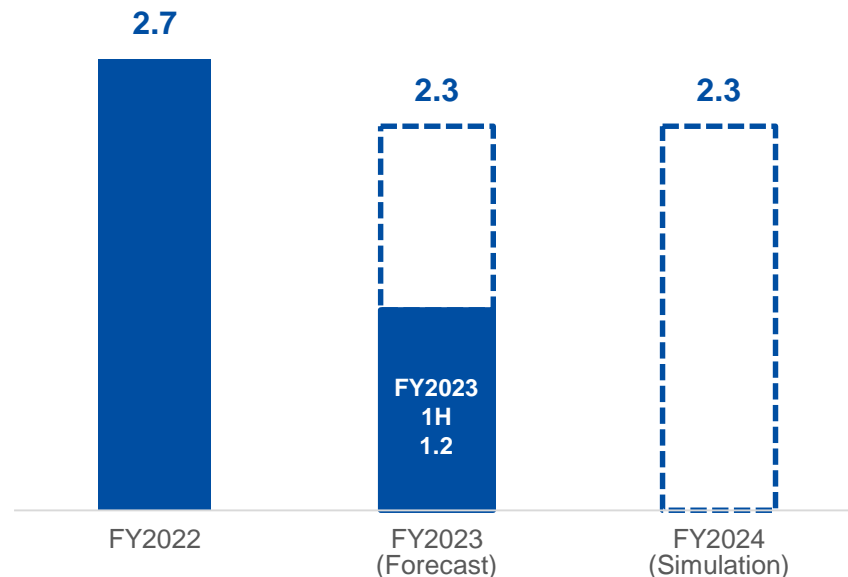
- Decided to introduce an AI screening service (launch scheduled for January 2025)



Source: Mitsubishi Research Institute

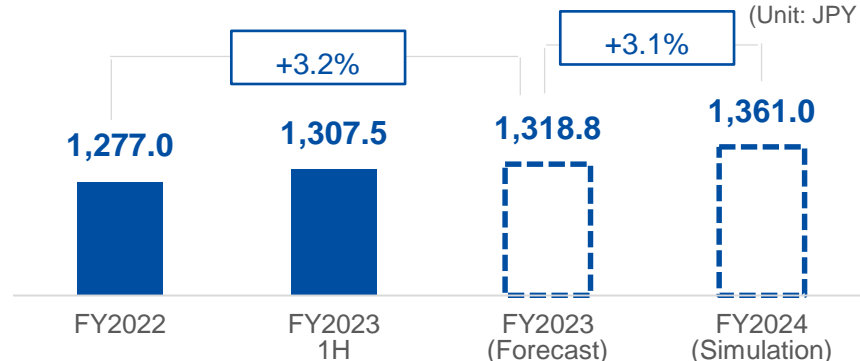
Sales commissions of assets in custody

(Unit: JPY bn)



Retail loans (average balances)

(Unit: JPY bn)



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Shifting personnel members created and other management resources to strategic fields

Approach to rebalancing management resources

KPI

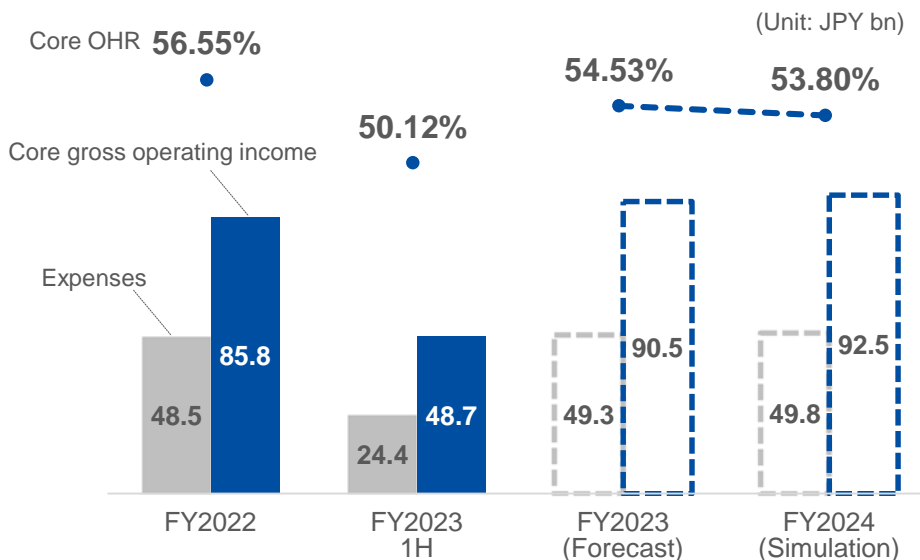
- Double labor productivity in core operations
 - Increase top line, reduce expenses
- Cut amount of administrative work at bank branches by 50%
 - Improvements to administrative processes
- Triple rate to usage of non-face-to-face channels
 - Optimize branch channels



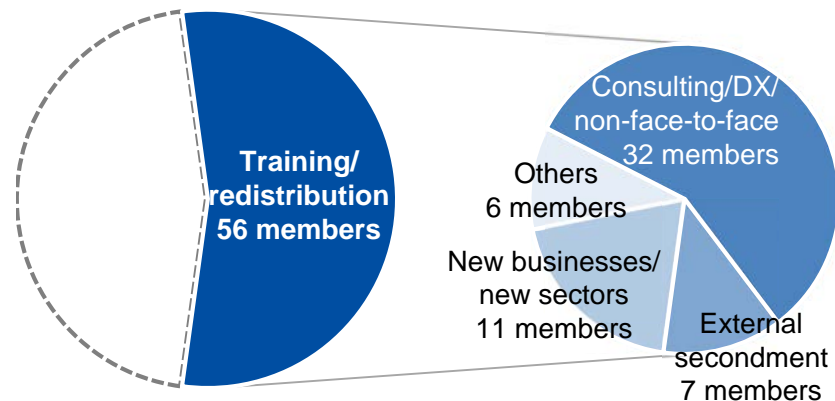
Rebalancing of management resources

- Enhance non-face-to-face channels and optimize branch network in accordance with customers' needs
- Education, redistribution and reduction (natural attrition) of workforce to strengthen consulting capabilities

Core OHR



Utilization of personnel members created



FY2022 personnel members created: 103

Top customer satisfaction strategy

Double productivity strategy

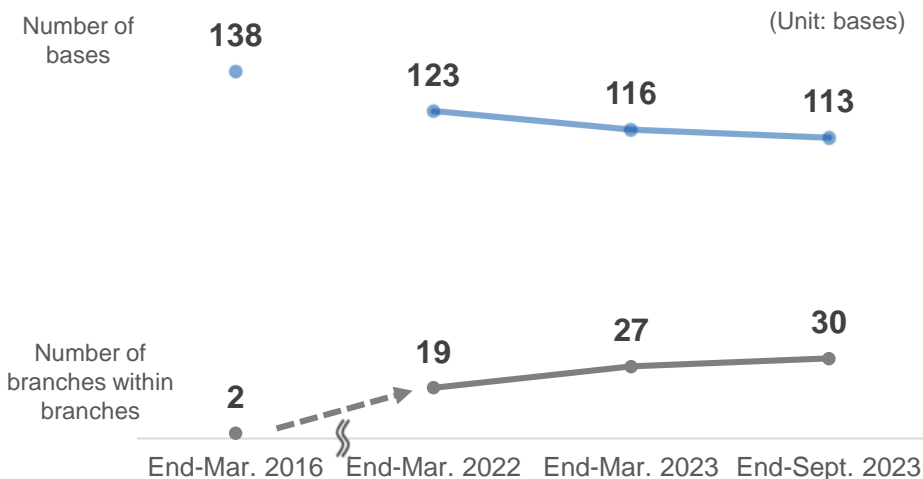
Regional growth strategy

Corporate culture reform strategy

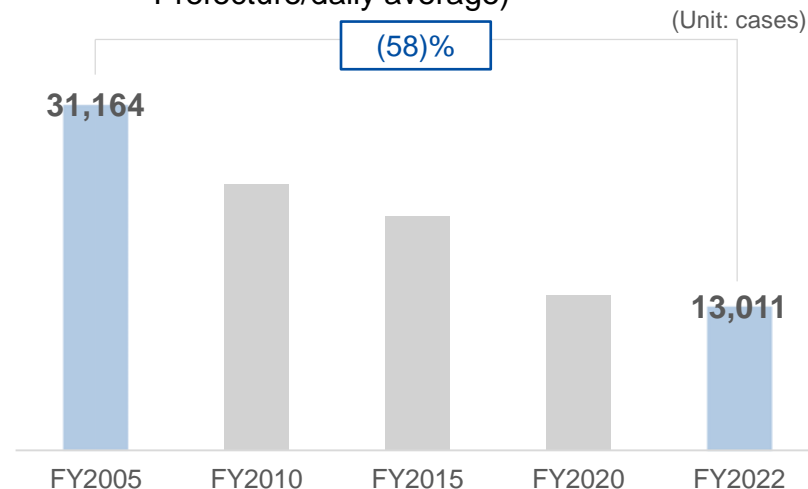
Transitioning to branches within branches in consideration of characteristics of markets, local circumstances, etc.

Transitioning to branches within branches

➤ Number of bases



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

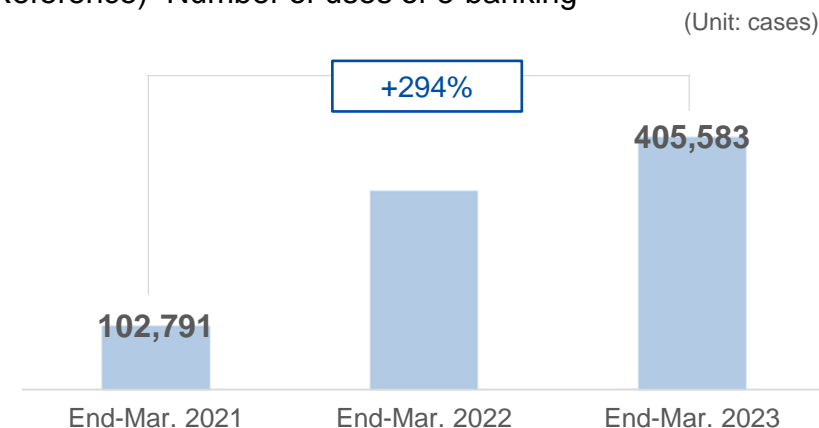


(Reference) Effects of reducing expenses by transitioning to branches within branches

	Average per branch	Reduction amount
Non-personnel expenses	JPY 28 mn	JPY 710 mn
Personnel expenses	JPY 57 mn	JPY 1,414 mn
Total	JPY 85 mn	JPY 2,124 mn

Note 1: Effects of reducing expenses at 25 branches where measurements were possible
 Note 2: Expenses after transitioning to branches within branches calculated in comparison to expenses before
 Note 3: Personnel expenses provided for reference because personnel members created were transferred to HQ, etc.

(Reference) Number of uses of e-banking



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

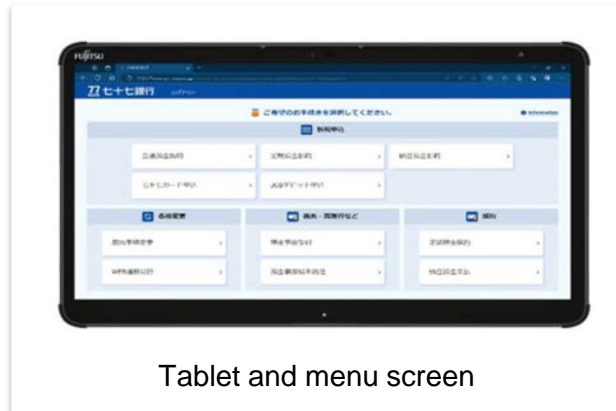
Creating personnel capable of contributing to improving income by promoting paperwork-free

Status of initiatives for paperwork-free

	Operations group	Loan group	Others	Time created	Personnel members created
FY2022	<ul style="list-style-type: none"> Installation of a dedicated telephone number for inheritance acceptance Reduction of inefficient administration specific to individual companies Expansion in number of branches using support office 	<ul style="list-style-type: none"> Expansion of HQ centralization services Addition of early partial/full housing loan repayment function via retail e-banking Reduction and simplification of counter administration 	<ul style="list-style-type: none"> Expansion of telephone agent services for branches Collection of appropriate compensation according to administrative costs 	153 thousand hours	42 members
FY2023	<ul style="list-style-type: none"> Introduction of branch tablets at all branches Simplification of inheritance procedures/HQ centralization 	<ul style="list-style-type: none"> Expansion of HQ centralization services Expansion of non-face-to-face housing loan transactions Utilization of part-timers for financing administration 	<ul style="list-style-type: none"> Transition to paperwork-free expense control system Consolidation of foreign currency exchange services 	180 thousand hours*	40 members*
(Reference) FY2020–FY2022 cumulative				651 thousand hours	146 members

* Time created and personnel created for FY2023 are estimates

- Introduction of branch tablets at all branches
 - Introduced at teller windows at all branches in September 2023
 - Procedures for transitioning to “paperless,” “seal-less” transactions complete
 - Plans call for expanding the scope to other procedures in due order



Tablet and menu screen



Example of tablet in use

Top customer satisfaction strategy

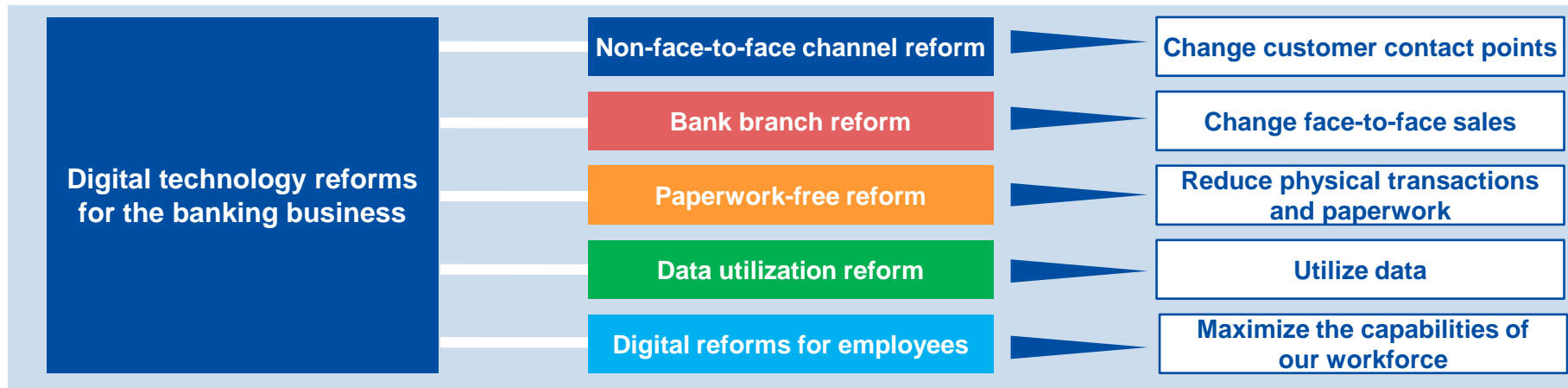
Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

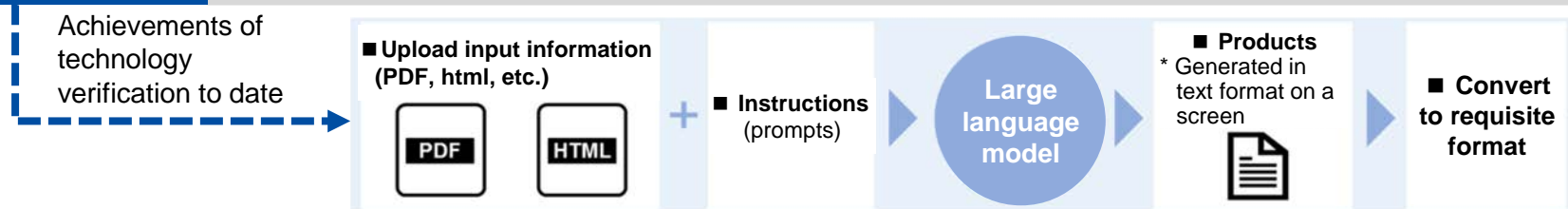
Starting demonstration tests for using generative AI for digital technology reforms for the banking business

Digital technology reforms for the banking business



➤ Starting demonstration tests with AI inside Inc. for using generative AI

Overview of demonstration tests	➤ Purpose:	To streamline/advance operations by combining generative AI with data analysis
	➤ Target operations:	Analysis of sales of the 77 Bank products, channel-based analysis, etc.
	➤ Envisioned use cases:	Generating code of programming languages, visualizing tables and graphs, generating written reviews of analysis results
	➤ Expected effects:	The use of generative AI improves productivity, allowing employees to work on more creative tasks, enhancing the pioneering culture of the company, and augmenting employee engagement



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Improving usage rates by enhancing the functions of non-face-to-face channels, etc.

Enhancing the functions of non-face-to-face channels

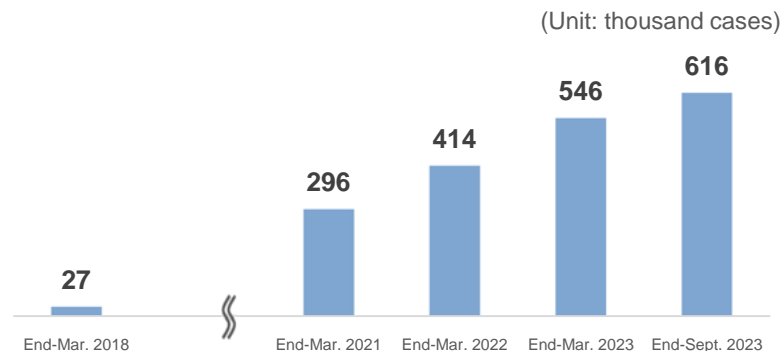
- 77 Bank app
 - Enhancing available financial functions



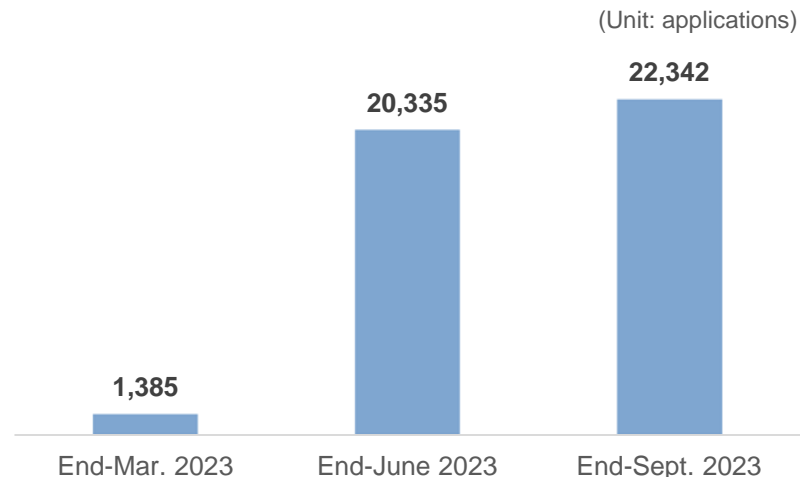
- 77 Business Portal
 - General platform for corporations/sole proprietors
 - Integrated login screens of corporate e-banking and 77 Business Portal (June 2023)
 - Added function for coordination with accounts at other banks (November 2023)

Service	Contents
Account information display service	Inquiry of balance, deposit/withdrawal details, etc. of the Bank's deposit account
Various corporate e-banking functions	Procedures for bank transfer, transfer of funds, etc.
Notification system	Timely information provision, according to themes of interest
External tie-up services	Use of coordination with 77 Big Advance and 77 Web Relation

- 77 Bank app downloads (cumulative) (since launch in December 2017)



- Number of applications for 77 Business Portal (cumulative) (since launch in October 2022)



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Defining four domains as key items of implementation for regional vitalization

Regional vitalization mission

The 77 Bank Regional Vitalization Mission: Strengthening initiatives to promote four key items of implementation

1. Support for founding and new businesses

- ✓ Support for founding and new businesses
- ✓ Assistance with funding
- ✓ Cooperation for various events
- ✓ 77 New Business Subsidies



2. Support for and development of regional core businesses



Photo of a business meeting

- ✓ Support for growth of local enterprises
- ✓ Business matching and sales channel expansion
- ✓ Support for industry-academia cooperation
- ✓ IPO assistance
- ✓ Assistance with utilization of subsidies, etc.

Revitalizing regional industry, economy and living

3. Promotion of urban development projects

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



Sendai Urban Restructuring Project



NanoTerasu (aerial photograph)

4. Assistance with promotion of tourism, etc.



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

Top customer satisfaction strategy

Double productivity strategy

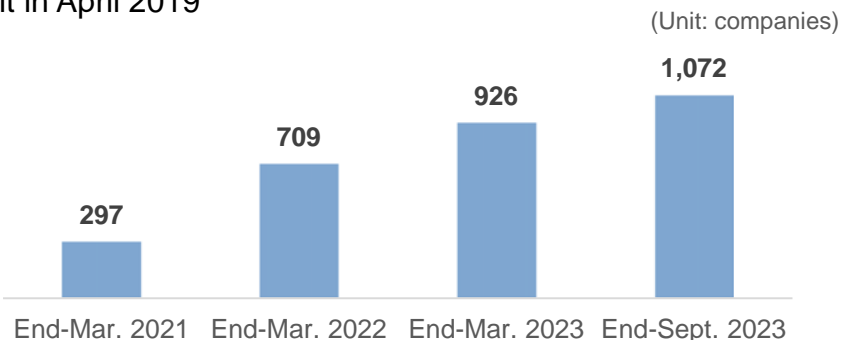
Regional growth strategy

Corporate culture reform strategy

Providing information on a regular basis and support tailored to each stage

Providing 77 Founding Support Package

- More than 1,000 companies have taken advantage of the 77 Founding Support Package since we first offered it in April 2019



Target companies

Corporate customers who have a deposit account with the Bank and who are within five years of establishment

Main contents

A package of products and services that help companies streamline accounting, settlement, and other operations

Other benefits

Registration as 77 Startup Members upon application to receive regular emails with information about subsidies, seminars, and more

Held a 77 startup business strategy seminar

- We have teamed with Tohoku University, Tokyo Stock Exchange, Inc., and the governments of Miyagi and Sendai to hold seminars for startup companies
 - Providing information about listing on an exchange as a business strategy to highly growth-oriented startup companies and the managers of local businesses looking to expand and secure a stable workforce



A 77 startup business strategy seminar (September 2023)

Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Strengthening collaboration with local governments and others through the Miyagi Wide-area PPP Platform

Formation of the Miyagi Wide-area PPP Platform

- As a part of our efforts based on the “Agreement on Comprehensive Cooperation Aimed at Regional Revitalization” with local governments and other agreements, we have formed the Miyagi Wide-area PPP Platform (nickname “MAPP”) as a space for continual information sharing and encouraging dialogue between the public and private sectors for the utilization of private-sector funds and know-how.

The 77 Bank
(Secretariat: Regional Development Promotion Division)

Six functions

- ✓ Human resource development function
- ✓ Execution support function
- ✓ Public-private dialogue function
- ✓ Information dissemination function
- ✓ Dissemination and awareness raising function
- ✓ Exchange function

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

Cooperation partner financial institutions, universities, etc.

Government-affiliated financial institutions, think tanks, Tohoku PPP/PFI Association, Tohoku University, Miyagi University, Tohoku Institute of Technology, etc.

MAPP

Private companies

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

Major MAPP activities in FY2023

- **May 2023**
Held Regional revitalization manager forum-Tradition and Missions in Miyagi
- **July 2023**
Held a NanoTerasu inspection tour for the heads of local governments
- **September 2023**
Held a 77 startup business strategy seminar (“How IPOs Can Jump-Start TOHOKU Startup Companies”)
- **September 2023**
Held a seminar to promote use of NanoTerasu by local SMEs
- **October 2023**
Held a 77 Community-Building Forum
- **November 2023**
Held a 77 SDGs seminar
- **December 2023 (scheduled)**
Holding a second seminar to promote use of NanoTerasu by local companies
- **January 2024 (scheduled)**
Holding a 77 Regional Vitalization Matching Event

Top customer satisfaction strategy | Double productivity strategy | **Regional growth strategy** | Corporate culture reform strategy


Proactive involvement in regional projects for new development, etc.

NanoTerasu, the next-generation synchrotron radiation facility


➤ The 77 Bank serves as an auditor and enhances promotion activities in the region

All-Japan System for Funding Industry-Academia-Government Collaboration


5 partners in the region




Tohoku Economic Federation




Miyagi Prefecture



PhoSIC
Photon Science Innovation Center





Sendai City



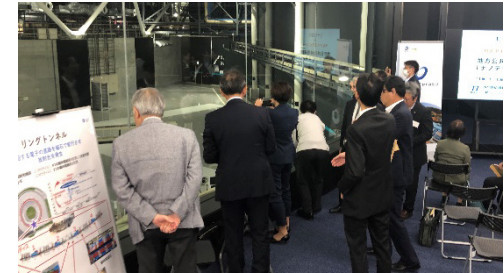
TOHOKU UNIVERSITY

Auditors

Private companies and research and development facilities from all over Japan

Mitsubishi Heavy Industries, Hitachi, IHI, Toshiba, Asahi Kasei, Japan Business Federation, etc.



A NanoTerasu inspection tour for municipal mayors (July 2023)



A seminar to promote use of NanoTerasu by local SMEs (September 2023)

Sendai Urban Restructuring Project

➤ Accurately interpret trends in regional development, become actively involved in pre-planning stages, and contribute to the smooth advancement of projects

Name	Company	Completion date
Urbannet Sendai-Chuo Building	NTT Urban Development	November 2023
Woodrise Sendai	Woodrise Capital	November 2023
T-PLUS Sendai	Tokyo Tatemono	January 2024
Sendai Chuo 3-chome Project (tentative)	KAJIMA	February 2025
Ichibancho 3-chome 7-banchi District Redevelopment Project (tentative)	Ichibancho 3-chome 7-banchi District Redevelopment Preparation Association	FY2035

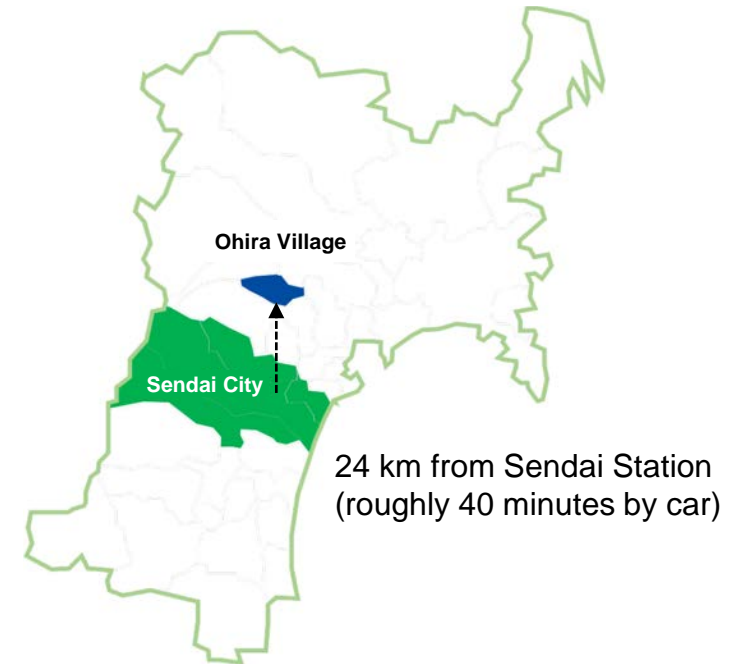
Top customer
satisfaction
strategyDouble
productivity
strategyRegional growth
strategyCorporate culture
reform strategy

Establishing a project team to respond to expansion by semiconductor companies

Expansion by semiconductor companies

- SBI Holdings, Inc. and Taiwanese semiconductor foundry giant Powerchip Semiconductor Manufacturing Corporation finalized plans to construct a semiconductor foundry in the Northern Sendai No. 2 Core Industrial Park of Ohira Village, Kurokawa, Miyagi
 - Total construction project cost: Roughly JPY 800 bn (equivalent to roughly 8% of the gross prefectural product)
 - Plans call for production to start in 2027 and full-scale operation in 2029
 - Plans call for 1,200 personnel

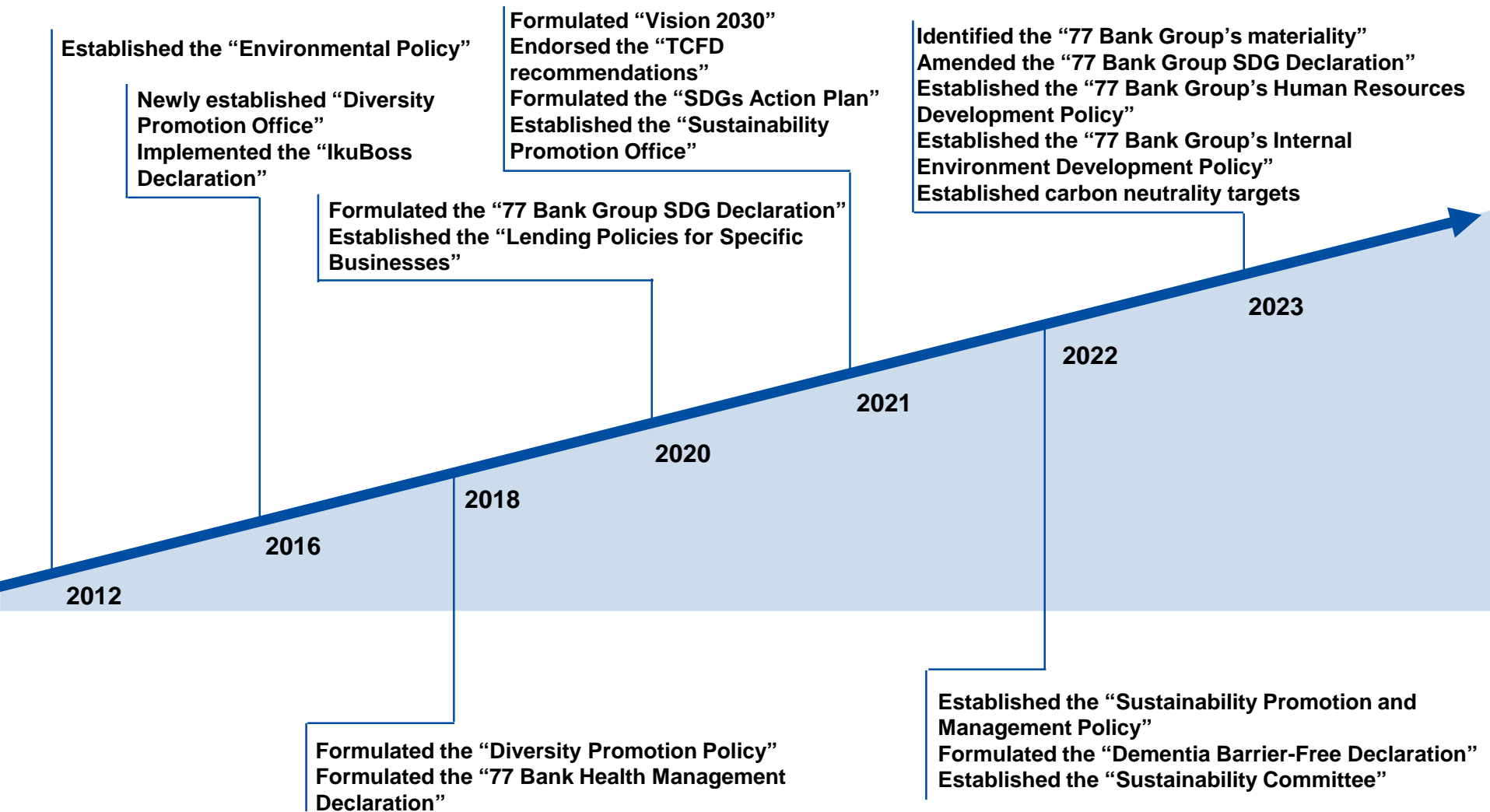
- Establishing the 77 Semiconductor Project Team
 - Secretariat: External Sales Department, Consulting Promotion Division
 - Assigned the director responsible for the Consulting Promotion Division as the Project Team manager
 - Project system established with the Consulting Promotion Division as the secretariat after dispatching specialist personnel and others from relevant departments and branches
 - Providing solutions to expanding companies, local companies in the semiconductor industry, and others, providing support for employee trades, and working with local governments to gather information and implement approaches for developing local communities



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

Solving important issues (materiality) as a Group in keeping with the philosophy of the Bank Creed

Initiatives to date



Identifying materiality in pursuit of strengthening sustainability initiatives

Identified materiality

1. Revitalization of Miyagi and Tohoku



We will lead the revitalization of Miyagi and Tohoku through building of regional economic ecosystems by multi-faceted industry-academia-public sector-finance coordination and co-creation.

2. Solving issues of customers in the region



We will tackle solving issues of customers in the region through the practice of consulting sales, promotion of DX and development of new businesses/new sectors among others.

3. Returns to stakeholders



We will strive to make returns to stakeholders including customers, local communities, shareholders and employees, through the development of strong financial foundations by improving productivity and the like.

4. Response to climate change and disasters



We will strengthen response to climate change and disasters through lessons and learning from the Great East Japan Earthquake, storm and flood damage.

5. Provision of reliable financial services



We will provide reliable financial services to customers in the region through the strengthening of corporate governance.

6. Creation of work environment where people can work with enthusiasm



We will strive to create work environment where all officers and employees can work with enthusiasm through the promotion of human resource development and diversity as well as the establishment of challenging corporate culture.

Spreading sustainability throughout the region through solutions to regional issues as well as seminars

Joined the “ESG Regional Finance Promotion Program”

- Joined the “2023 ESG Regional Finance Promotion Program” as a recipient financial institution

Program joined

Establishing a blue economy in coastal Miyagi

Background

The fisheries and marine product industries in Miyagi have been impacted by volatility in catches due to rising ocean temperatures and other effects of climate change. We applied for the project to use the support thereunder while collaborating with local governments and customers to help customers in the fisheries and marine product industries improve sustainability.

Objectives

- (1) Establish a network of local governments and customers to establish a blue economy
- (2) Estimate volatility in catches, fish types, and the like associated with rising ocean temperatures and the like
- (3) Advance business evaluations for customers based on estimated data and the like
- (4) Preserve marine resources and increase carbon absorption in coastal Miyagi

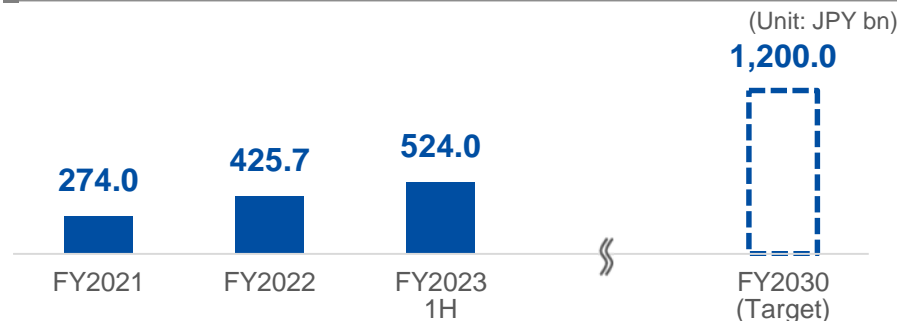
Held a 77 SDGs seminar

- In November 2023, as one of the MAPP activities, we held an integrated local seminar to promote carbon neutrality for customers, local governments, and others with lecturers from the 77 Bank as well as Tohoku Electric Power, Miyagi Prefecture, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment



A 77 SDGs seminar (November 2023)

Cumulative amount of sustainable finance executed*



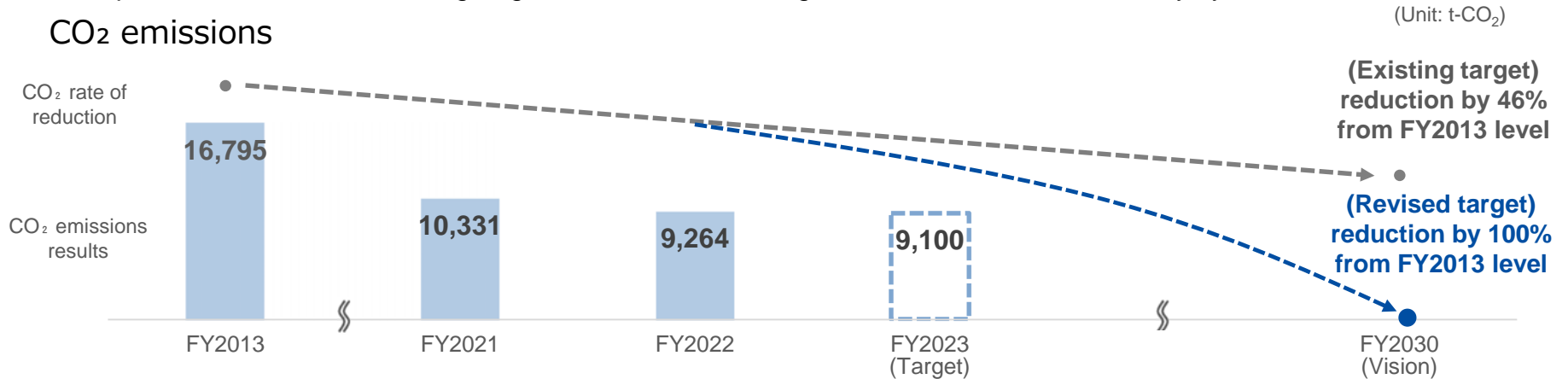
* Cumulative amount of investments and financing provided that contribute to regional vitalization and a sustainable society (Investments and financing pertaining to the support and promotion of measures aimed at the environment, medical care, founding, business support, etc.)

Strengthening initiatives for achieving carbon neutrality by FY2030

Achieving carbon neutrality

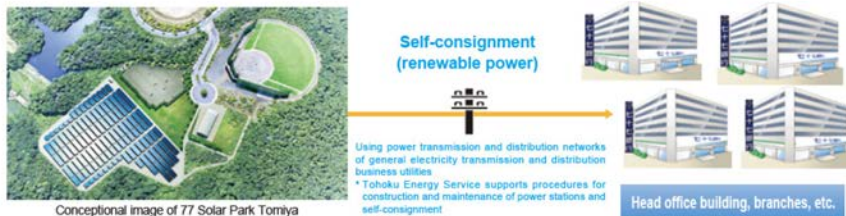
- In April 2023, revised our existing target and announced our goal to achieve carbon neutrality by FY2030

CO₂ emissions



Introduction of renewable energy

- Introduction of off-site corporate PPA [Self-consignment system] (aiming to complete construction and start power supply by 2024)
 - Annual reduction of roughly 1,237 t-CO₂ (roughly 13% of the 77 Bank's CO₂ emissions) possible
- (Reference) Conceptual image of off-site corporate PPA [self-consignment system] service



Calculation of Scope 3 emissions

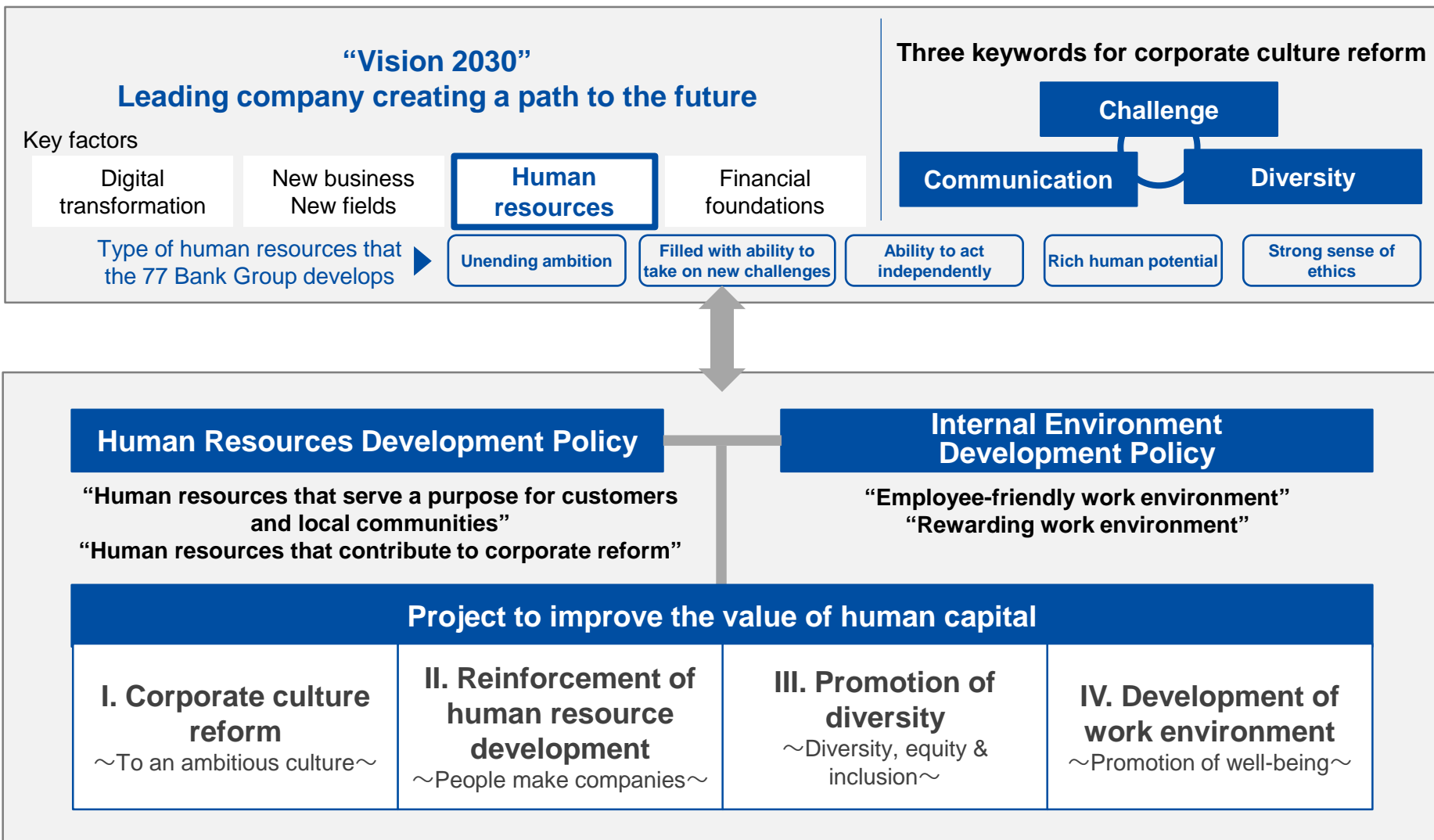
- Calculated Category 6 (business trip), Category 7 (employees' commuting), and Category 15 (investment target and borrower) emissions
 - Promoted engagement and provided solutions for reducing greenhouse gas emissions of investment targets

Category	CO ₂ emissions (t-CO ₂)
Scope 3	10,013,332
Category 6 (business trip)	524
Category 7 (employees' commuting)	1,212
Category 15 (investment target and borrower)	10,011,596

- Top customer satisfaction strategy
- Double productivity strategy
- Regional growth strategy
- Corporate culture reform strategy

Establishing various policies in the 77 Bank Group to increase the value of human capital

The 77 Bank Group's human capital management



Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

Developing bank employees who are ambitious and seek to create a path to the future

Implementation of personnel system reform

- Implementing as part of corporate culture reform strategy

Personnel system reform

[57 years since conducting a drastic review of the salary system](#)

Basic approach to personnel system reform

1. Shift the focus of the personnel system from occupational ability to job duty from the viewpoint of encouraging our employees to aim for high-value-added job duties by evaluating the differences of job duties and roles properly and reflecting them in the treatment
2. Considering the diversification of people's attitudes toward work and values, in order to enable support for our employees' independent career development, break down the classification of job duty salary further based on job duties and roles, and introduce the professional system
3. Review personnel evaluation systems to assess the characteristics of each job duty, employee's willingness to tackle challenges, etc. appropriately, conduct more flexible assignment, and gain a better understanding of the assessment for the development of human resources

Holding of business planning contest

- Holding of business planning contest as in the previous two years
 - Commercialized the work that won the highest award in FY2022



Establishment of Tohoku Healthcare Support

Spread of corporate culture reform

- Holding briefings by the President and Directors responsible for regions to spread "Vision 2030"

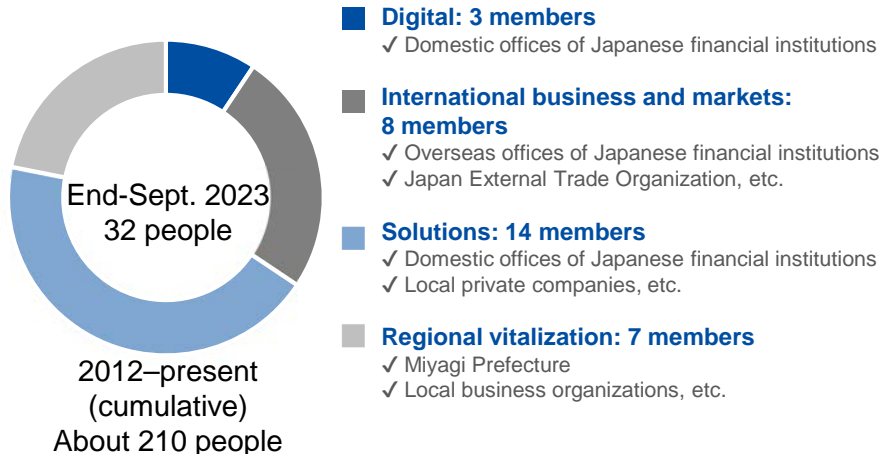
Details	Number of sessions
Holding briefings for branches	<ul style="list-style-type: none"> • 97 sessions (President) • All branches (Directors responsible for regions)
Holding of President's Cram School	<ul style="list-style-type: none"> • 4 sessions (212 participants)

- Top customer satisfaction strategy
- Double productivity strategy
- Regional growth strategy
- Corporate culture reform strategy

Strengthening investment in human resource development by supporting training and independent learning, etc.

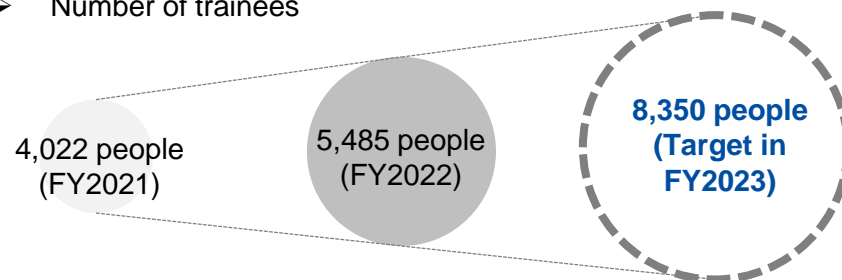
Development of specialists through external dispatchment

➤ Breakdown of the external dispatch locations



Enhancement of training system

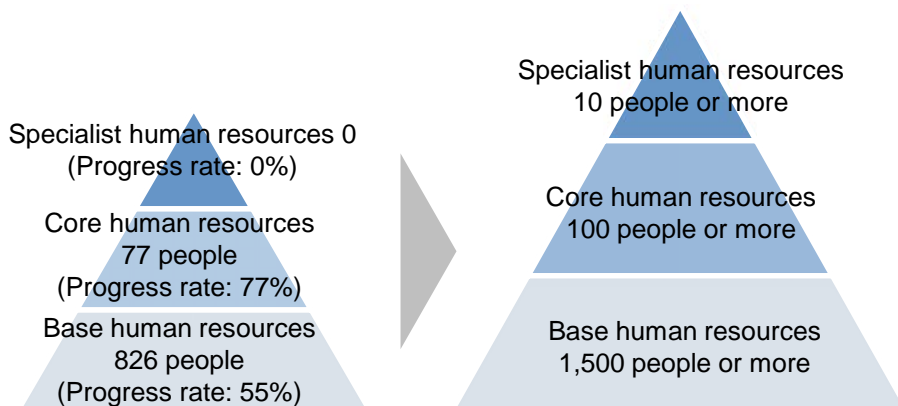
➤ Number of trainees



Main types of new training established in FY2023

- Strengthening management abilities
- Strengthening consulting capabilities
- Reskilling and striving for senior positions

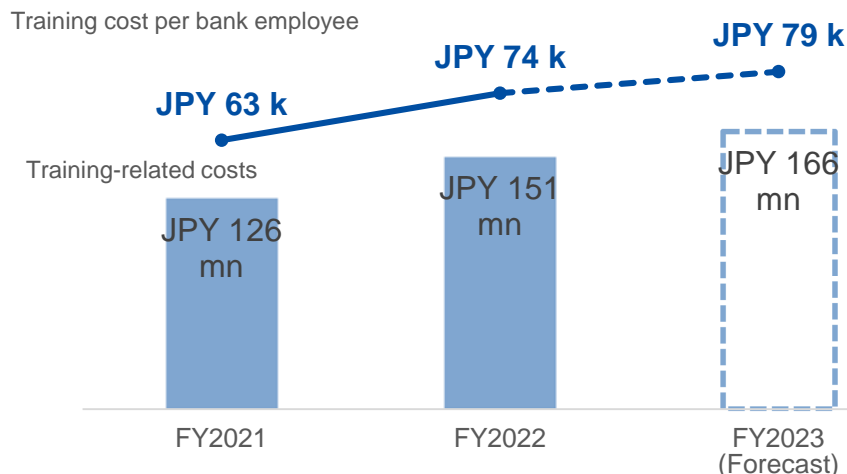
Development of digital technology human resources



(Results as of end-September 2023)

(Target for end-March 2025)

Training cost



Top customer satisfaction strategy

Double productivity strategy

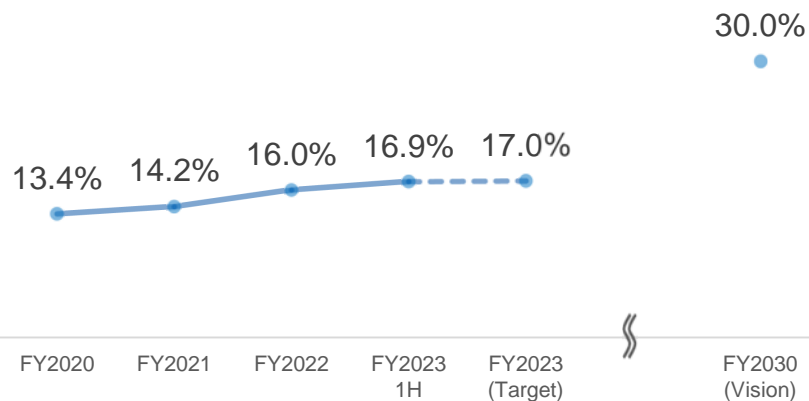
Regional growth strategy

Corporate culture reform strategy

Promoting diversity, equity, and inclusion for active participation of diverse human resources

Proportion of female managers

Joining in the Baby First movement



- Holding of President's Cram School for women in management positions
 - Cultivating female managers with outstanding business talents



Photo of a President's Cram School session (August 23, 2023)

Declaration of the 77 Bank Group's activities

The 77 Bank Group fully supports the futures of the region's children and the generation of people raising them!



Implementation of declaration of activities (Movement joined on September 27, 2023)

External evaluations

- Chosen as a constituent of MSCI Japan Empowering Women Index

2023 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

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Top customer satisfaction strategy

Double productivity strategy

Regional growth strategy

Corporate culture reform strategy

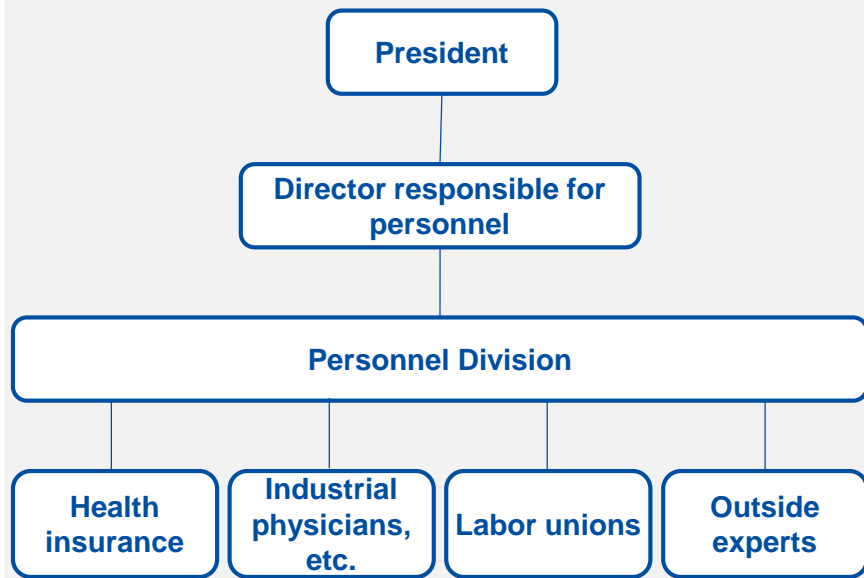
Promoting well-being by developing work environments and allowing more flexible work styles

Promotion of health and productivity management

- Certified as a “Health and Productivity Management Organization 2023”
 - Developing work environments where every employee can work energetically and in good physical and mental health



Health and productivity management promotion system



Initiatives for financial well-being

- Employee Stock Ownership Association participation ratio
 - Provided a special incentive through the Employee Stock Ownership Association (in March 2023) to improve employees’ awareness of the need to participate in management and support employee asset formation



(Reference) Targets and results of work environment development

○ Annual paid time off consumption rate

Target (FY2022)	Result (FY2022)
70% or more	75.4%

○ Monthly average number of hours worked on days off per employee

Target (FY2022)	Result (FY2022)
Less than 12 hours (Less than 10 hours) * FY2025 target in parentheses	13 hours 30 minutes

	FY2022 Results	FY2023 1H Results	FY2023 Target	FY2030 Vision
Net income (consolidated) [of which credit-related expenses]	JPY 25.1 bn [JPY 1.2 bn]	JPY 17.7 bn [JPY (1.1) bn]	JPY 27.0 bn [JPY 1.5 bn]	JPY 45.0 bn [JPY 5.0 bn]
Capital adequacy ratio (consolidated)	11.23%	11.49%	10.59%	Roughly 10% (10.0%–10.5%)
Core OHR	56.55%	50.12%	54.53%	No more than 40%

(Reference: Expected FY2030 portfolio)

Loans and bills discounted	JPY 6.6 tn	Deposits + NCD	JPY 9.3 tn	Investment securities	JPY 3 tn
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	FY2022 Results	FY2023 1H Results	FY2023 Target	FY2030 Vision
Proportion of companies in Miyagi Prefecture whose main bank is the 77 Bank	56%	56%	57%	62%
Number of corporate lending clients outside Miyagi Prefecture (Vs. FY2020)	1.21x	1.25x	1.23x	1.5x
Proportion of households in Miyagi Prefecture holding assets *1	-	-	-	21% or more
Proportion of individuals in Miyagi Prefecture using loans from the 77 Bank	14.9%	15.1%	16.0%	20.0%
Group companies net income	JPY 1.4 bn	JPY 0.9 bn	JPY 1.2 bn	JPY 3.0 bn
Labor productivity in core operations	JPY 12 mn	JPY 7 mn	JPY 13 mn	JPY 16 mn
Administrative work at bank branches (Vs. FY2019)	(25)%	(31)%	(35)%	(50)%
Usage of non-face-to-face channels	(Corporate) 15% (Retail) 20%	(Corporate) 16% (Retail) 22%	(Corporate) 17% (Retail) 25%	(Corporate) 30% (Retail) 30%
Cases of growth support for founders	1,761 cases	1,087 cases	1,800 cases	3,000 cases
CO ₂ emissions	9,264t-CO ₂	4,116t-CO₂ *2	9,100t-CO ₂	0t-CO ₂
Proportion of female managers	16.0%	16.9%	17.0%	30.0%

Other items

- ◆ Establish 10 projects in new businesses or sectors (by FY2023) (as of end-November 2023: 8)
- ◆ Support increased rate of economic growth in Miyagi Prefecture
- ◆ Aim for 100% participation in regional development projects in Miyagi Prefecture
- ◆ Implement various initiatives to “foster an ambitious spirit”
- ◆ Increase the number of “specialist personnel” that serve a purpose for customers and local communities

*1 National Survey of Family Income and Expenditure

*2 Estimates calculated using emissions coefficients for FY2022

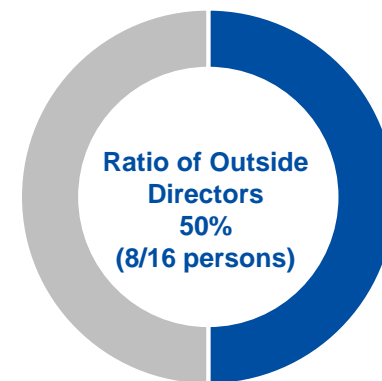
Balance and diversity of knowledge, experience, and abilities across the Board of Directors

Skills matrix

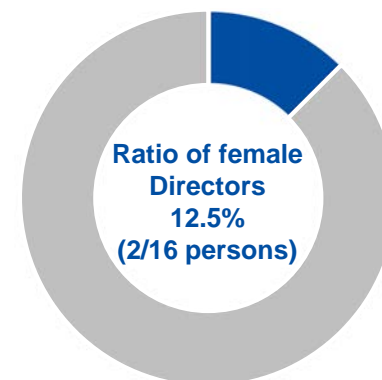
		In-house	Outside	Management strategy/ Corporate management/ Sustainability	Compliance/ Risk management	Sales/ Regional revitalization	International/ Market operation	DX	Human resource development	
Directors not Serving as Audit & Supervisory Committee Members	Teruhiko Ujiie	○		◎	●	●	●		●	
	Hidefumi Kobayashi	○		◎	●	●	●	●	●	
	Yoshikazu Onodera	○		●	◎	●	●	●		
	Masanori Muranushi	○		●	●	●	●	◎		
	Shuichi Ibuka	○				◎	●	●		
	Takashi Kuroda	○				●	◎	●	●	
	Hiroshi Kobayashi	○		●	◎	●	●		◎	
	Emiko Okuyama	○	○			◎			●	
	Seiichi Ohtaki	○	○	◎		●				
	Shigenori Oyama	○	○	◎			●	●		
	Kazuo Fukuda	○	○	◎	●		●			
	Directors Serving as Audit & Supervisory Committee Members	Koichi Suzuki	○			●	●	●		●
		Masai Yamaura	○	○	●	●	●			
Yoko Ushio		○	○	●					●	
Naoto Miura		○	○	●				●		
Shinya Endo		○	○	●		●				

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

Ratio of Outside Directors



Ratio of female Directors



05



References

Potential of Miyagi Prefecture

	(Unit)	Miyagi Prefecture	(Reference) Tohoku region total
Total area	(km ²)	7,282	66,948
Population	(thousand people)	2,268	8,519
Number of households	(thousand households)	1,023	3,501
Gross prefectural product (nominal)	(JPY bn)	9,829.4	35,158.7
Number of private companies	(companies)	102,026	408,785
Manufactured goods shipment amount	(JPY bn)	4,358.0	17,435.9

* Source: "2023 Shape of Miyagi (Miyagi Prefectural Handbook)," "ECONOMIC OVERVIEW OF TOHOKU REGION"

Regional development projects

- Sendai Urban Restructuring Project
- NanoTerasu, the next-generation synchrotron radiation facility (Huge microscope capable of seeing the nano level)
- Expansion by semiconductor companies



Image source: Sendai City



Image source: Photon Science Innovation Center

TOPIC

Taiwanese semiconductor giant PSMC and SBI Holdings selected the Northern Sendai No. 2 Core Industrial Park of Ohira Village in northern Miyagi as the setting for their foray into Japan.

With a total project cost of JPY 800 bn, the foundry is scheduled to start production in 2027 and reach full-scale operation in 2029.

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