



Leading company creating a path to the future



Results for the Fiscal Year Ended March 31, 2021 IR Presentation



Materials were prepared for the Bank's presentation of its results for the fiscal year ended March 31, 2021 held on June 1, 2021.

June 1, 2021

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01

| Financial
Summary

1. Financial Summary (Summary of profits and losses)

Summary of profits and losses (Non-consolidated) (JPY bn, %)	FY2020	FY2021	YoY change	
			Increase/decrease	Rate of change %
Gross operating income	72.1	67.8	(4.3)	(6.0)
[Core gross operating income]	[74.6]	[80.6]	[6.0]	[7.9]
Interest income	68.5	70.5	2.0	2.8
Interest on loans and bills discounted	41.9	41.6	(0.3)	(0.7)
Interest and dividends on securities A	28.7	29.8	1.1	3.8
Fees and commissions	9.7	9.8	0.1	1.3
Other operating income	(6.1)	(12.5)	(6.4)	
Gains (losses) on bonds B	(2.5)	(12.8)	(10.3)	
Gains (losses) on forex transactions	(3.5)	0.8	4.3	
Expenses	53.2	50.2	(3.0)	(5.7)
Substantial operating income (Operating income before provision of general reserve for possible loan losses)	18.9	17.6	(1.3)	(6.7)
[Core operating income]	[21.4]	[30.4]	[9.0]	[42.1]
[Core operating income (excl. gains (losses) on cancellation of investment trusts)]	[14.3]	[18.7]	[4.4]	[31.2]
Provision of general reserve for possible loan losses [1]	1.2	1.7	0.5	
Operating income	17.7	15.9	(1.8)	(10.2)
Special income and losses	6.9	6.8	(0.1)	
Bad debt disposals (-) [2]	6.1	6.0	(0.1)	
Gains on reversal of reserve for possible loan loss [3]	0.0	0.1	0.1	
Gains (losses) on stocks C	4.6	10.8	6.2	
Gains (losses) on investments in money held in trust D	8.8	3.0	(5.8)	
Ordinary income	24.6	22.7	(1.9)	(8.0)
Extraordinary income	—	—	—	
Extraordinary loss	0.1	0.3	0.2	
Income taxes (incl. deferred taxes)	7.2	7.5	0.3	
Net income	17.3	14.9	(2.4)	(13.7)
Credit-related expenses [1] + [2] - [3]	7.3	7.6	0.3	
Total gains (losses) from securities [A + B + C + D]	39.6	30.8	(8.8)	

< Core operating income >

Core operating income increased JPY 9.0 billion year-on-year, thanks partly to improved gains (losses) on forex transactions, as well as a decline in expenses.

< Ordinary income and net income >

Ordinary income and net income decreased JPY 1.9 billion and JPY 2.4 billion year-on-year respectively, owing mainly to a decrease in total gains (losses) from securities.

Summary of profits and losses (Consolidated)

Ordinary income	26.3	25.1	(1.2)	(4.5)
Net income attributable to owners of the parent	18.2	16.5	(1.7)	(9.8)

1. Financial Summary (Interest income)

(JPY bn)

	FY2020	FY2021	YoY change
Interest income	68.5	70.5	2.0
Investment income	70.8	71.8	1.0
[Interest on loans and bills discounted]	[41.9]	[41.6]	[(0.3)]
[Interest and dividends on securities]	[28.7]	[29.8]	[1.1]
Fund procurement costs	2.3	1.3	(1.0)
[Interest on deposits]	[0.8]	[0.3]	[(0.5)]

Interest income increased JPY 2.0 billion year-on-year, partly as a result of an increase in interest and dividends on securities and a decline in interest on deposits.

(JPY bn)

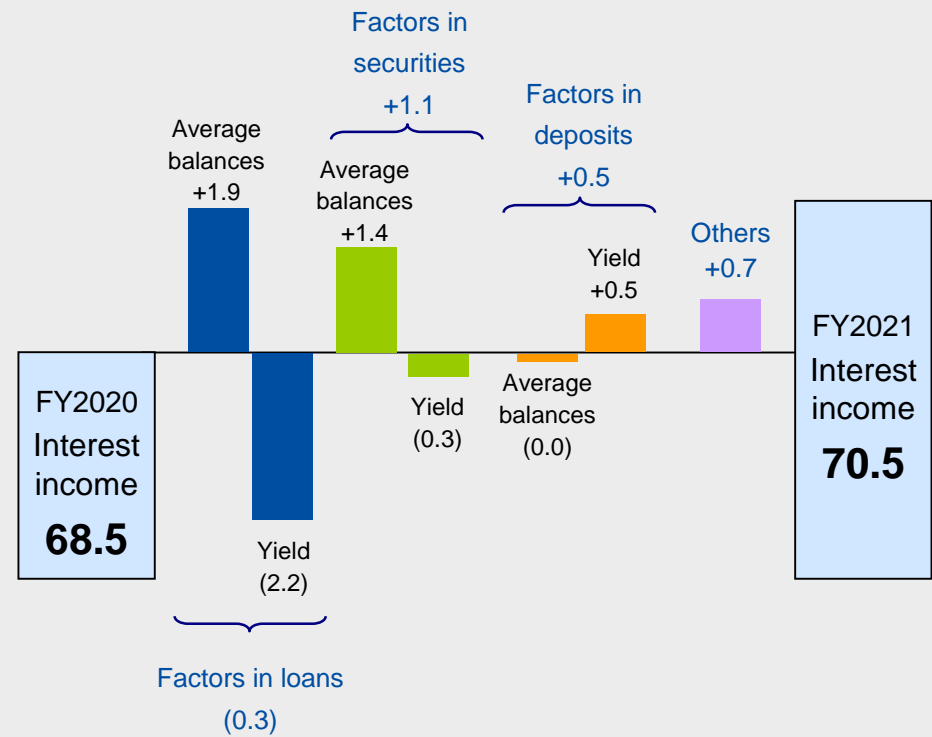
Major accounts (average balances)	FY2020	FY2021	YoY change
Loans and bills discounted	4,747.5	4,965.1	217.6
Securities	2,789.3	2,925.6	136.3
Deposits and certificates of deposits	7,790.8	8,216.1	425.3

(%)

Interest rates	FY2020	FY2021	YoY change
Loans and bills discounted interest rate	0.88	0.83	(0.05)
Securities interest rate	1.02	1.01	(0.01)
Interest rate on deposits	0.00	0.00	0.00

< Change factors in interest income >

(JPY bn)



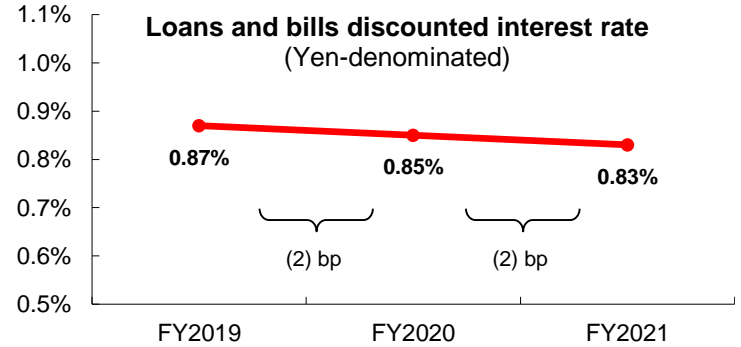
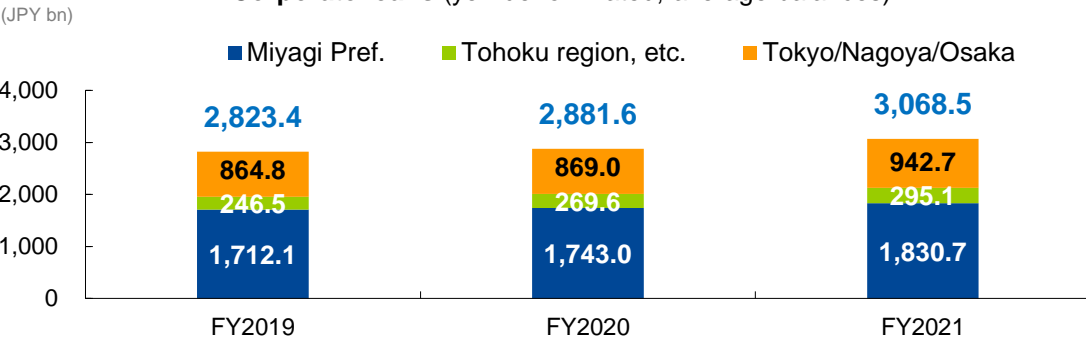
1. Financial Summary (Loans and bills discounted/Deposits)

- Loans and bills discounted increased 4.5% year-on-year owing to increased corporate loans, partly as a result of lending to business operators affected by the spread of COVID-19, as well as an increase in retail loans centered on housing loans. Interest on yen-denominated loans and bills discounted also increased JPY 0.8 billion year-on-year because of changes in the average balance.
- Total deposits and certificates of deposits increased 5.4% year-on-year because of increased retail and corporate deposits.

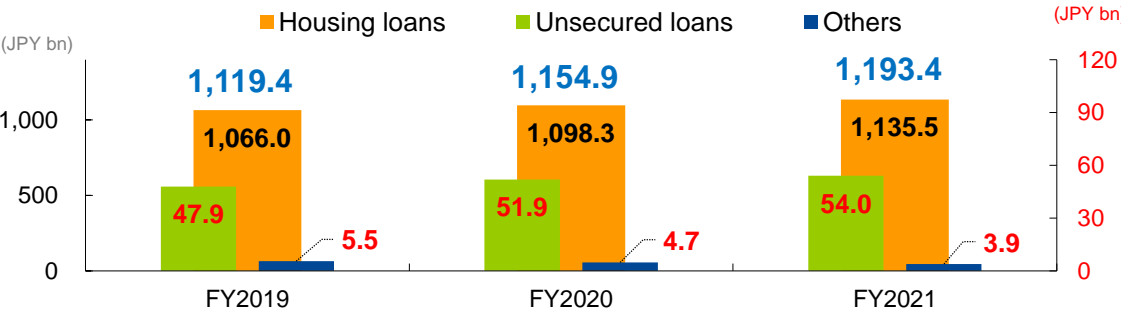
(JPY bn, %)	FY2020	FY2021	YoY change (%)
Loans and bills discounted (average balances)	4,747.5	4,965.1	4.5
Corporate loans	2,945.0	3,126.6	6.1
Retail loans	1,154.9	1,193.4	3.3
Loans for local governments	647.6	645.1	(0.3)

(JPY bn, %)	FY2020	FY2021	YoY change (%)
Deposits and certificates of deposits (average balances)	7,790.8	8,216.1	5.4
Retail deposits	5,054.4	5,347.2	5.7
Corporate deposits	1,850.5	2,069.8	11.8
Public deposits	856.3	776.1	(9.3)

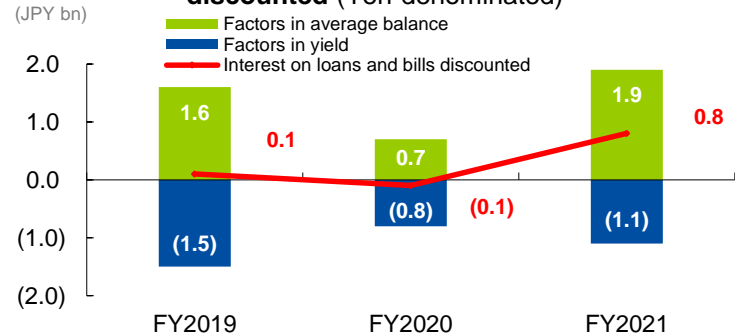
Corporate loans (yen-denominated, average balances)



Retail loans (average balances)

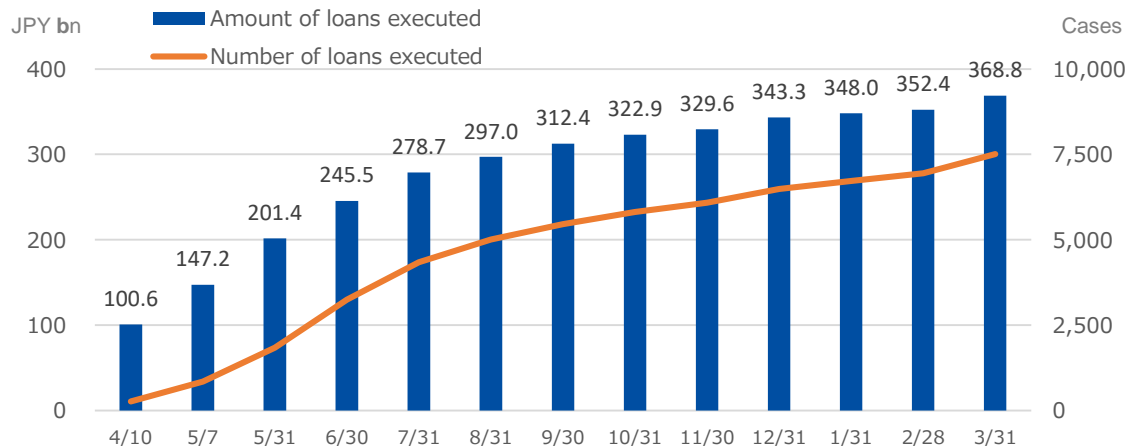


Change in interest on loans and bills discounted (Yen-denominated)



COVID-19-related loan performance: **7,510 cases / JPY 368.8 billion**

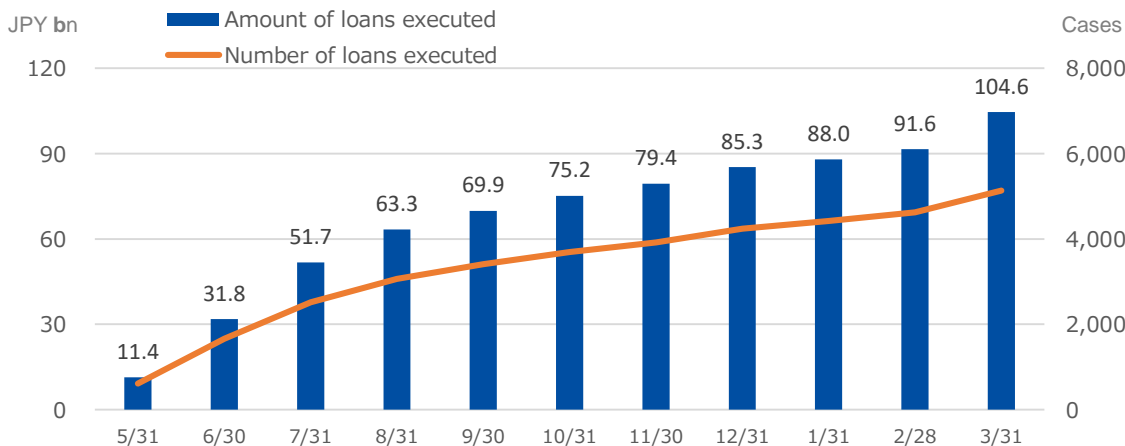
(including changes in loan conditions) (as of March 31, 2021)



Status of loans with effectively nil

interest rate, involving no collateral: **5,137 cases / JPY 104.6 billion**

(in Miyagi Prefecture) (as of March 31, 2021)



Consultations concerning matters other than loans related to COVID-19, by the COVID-19 Emergency Support Team*

8,348 cases (as of March 31, 2021)

(Content of consultations)

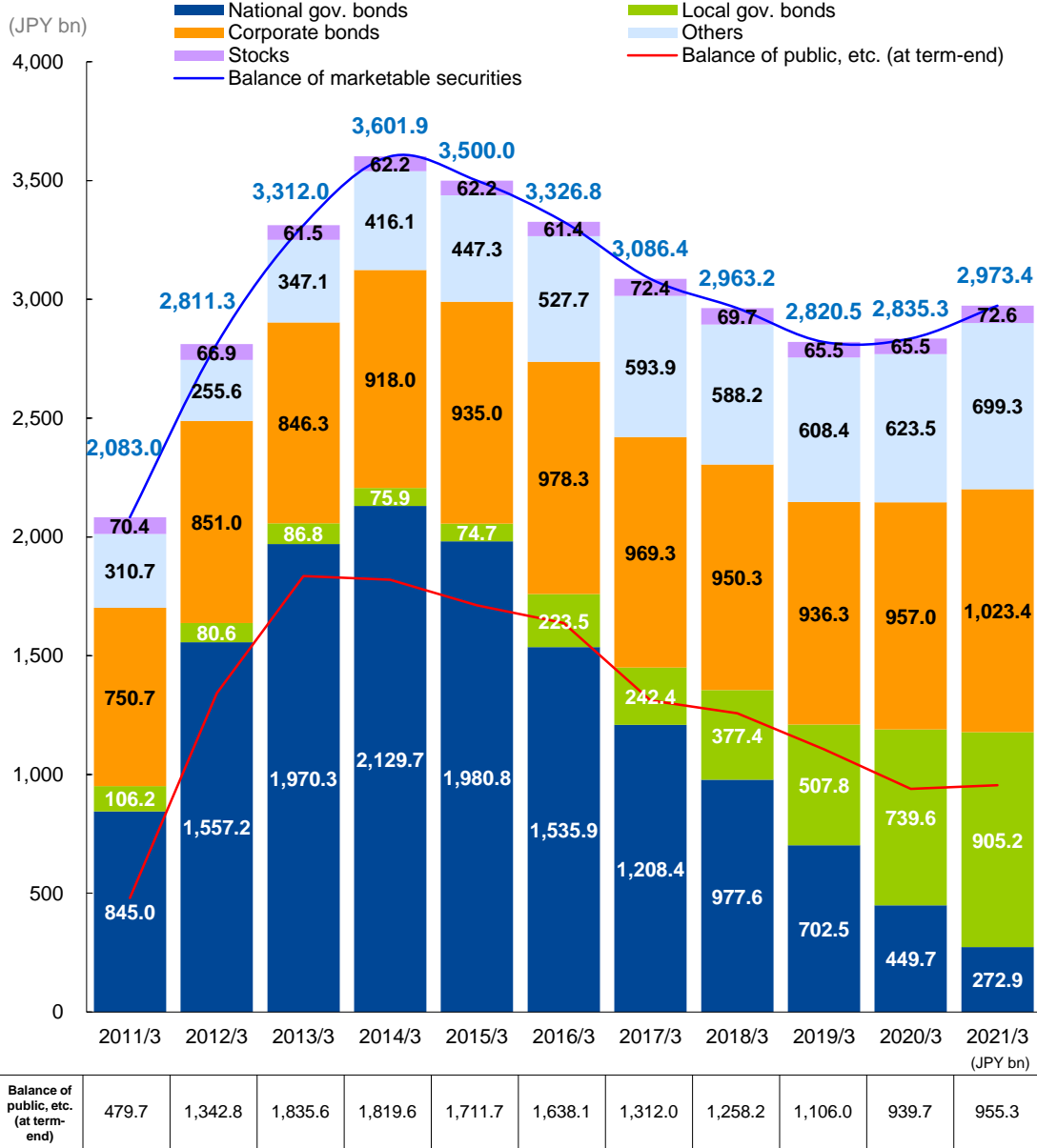
1) Business matching	1,515 cases
2) Business succession and M&A	1,065 cases
3) Asset management	787 cases
4) Real estate	502 cases
5) Subsidies	378 cases
6) Privately placed corporate bonds	164 cases
7) Funds	75 cases
8) Various lending consultations, etc.	2,668 cases
9) Others	1,194 cases

* Activities of the COVID-19 Emergency Support Team

- Consulting Promotion Division employees were stationed at core branches in Miyagi and supported clients
- Credit Supervision Division employees visited each branch for credit supervision

1. Financial Summary (Securities)

Balance of marketable securities (on an amortized cost base)



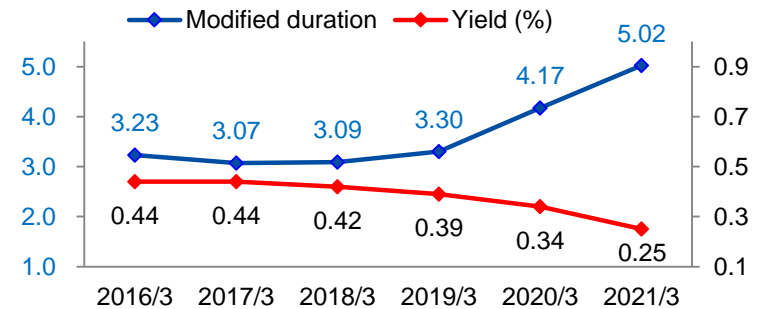
The balance of marketable securities increased by JPY 138.1 billion from the end of March 2020, thanks to increases in investments centered on local gov. bonds, corporate bonds, and investment trusts.

Composition ratio by type (on an amortized cost base)

	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021
National gov. bonds	24.9%	15.9%	9.2%
Local gov. bonds	18.0%	26.1%	30.5%
Corporate bonds	33.2%	33.7%	34.4%
Others	21.6%	22.0%	23.5%
Investment trusts, etc.	15.5%	17.8%	18.5%
Foreign bonds	6.1%	4.2%	5.0%
Stocks	2.3%	2.3%	2.4%

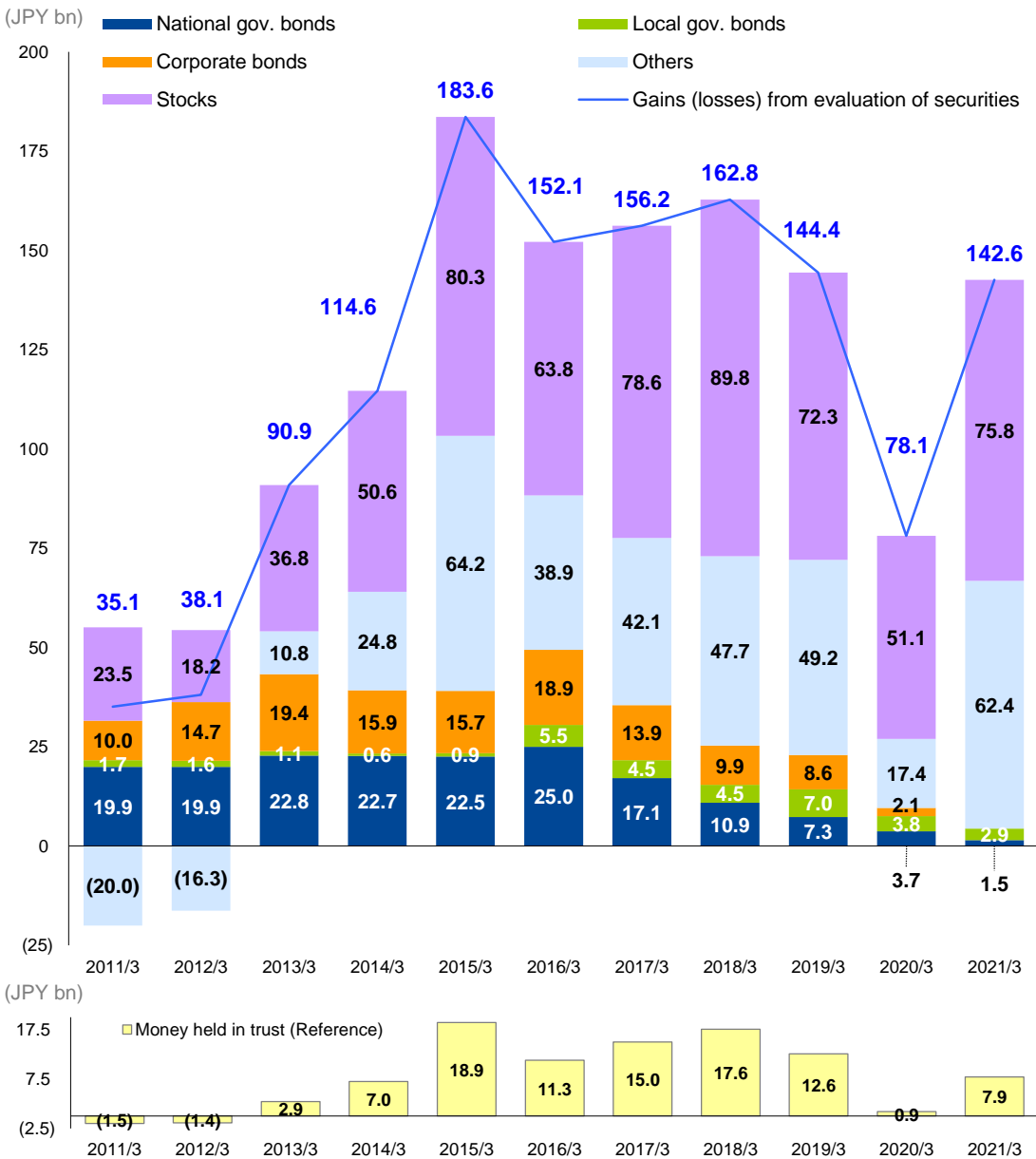
Yields and modified duration of yen-denominated bonds

*Yen-denominated bonds other than investment trusts



1. Financial Summary (Securities)

Gains (losses) from evaluation of securities



Gains (losses) from evaluation of securities increased JPY 64.5 billion from the end of March 2020, thanks to increases related to investment trusts and stocks following an increase in stock prices.

Total gains (losses) from securities

	FY2020	FY2021	YoY change
Interest and dividends on securities [A]	28.7	29.8	1.1
Interest on yen-denominated bonds	7.5	5.6	(1.9)
Interest on foreign currency-denominated bonds	3.8	1.6	(2.2)
Stock dividends	5.1	4.6	(0.5)
Distributions from investment trusts	5.2	6.3	1.1
Gains on cancellation of investment trusts	7.1	11.7	4.6
Gains (losses) on bonds [B]	(2.5)	(12.8)	(10.3)
Gains on sales of bonds	0.1	0.4	0.3
Losses on sales of bonds	0.1	0.1	0.0
Losses on redemption of bonds	2.5	12.9	10.4
Losses on cancellation of investment trusts	1.9	12.5	10.6
Amortization of bonds	-	0.2	0.2
Gains (losses) on stocks [C]	4.6	10.8	6.2
Gains on sales of stocks	5.0	11.8	6.8
Losses on sales of stocks	0.1	1.0	0.9
Amortization of stocks	0.3	0.0	(0.3)
Gains (losses) on investments in money held in trust [D]	8.8	3.0	(5.8)
Total gains (losses) from securities [A+B+C+D]	39.6	30.8	(8.8)

1. Financial Summary (Fees and commissions)

Fees and commissions increased JPY 0.1 billion year-on-year as a result of a steady increase in fees and commissions from corporate clients as a result of syndicated loans, commitment lines, M&A, and other transactions, despite a decline in fees and commissions from forex owing to self-imposed restrictions on travel, etc., as well as an increase in loan repayment guarantee fees in line with an increase in unsecured loans.

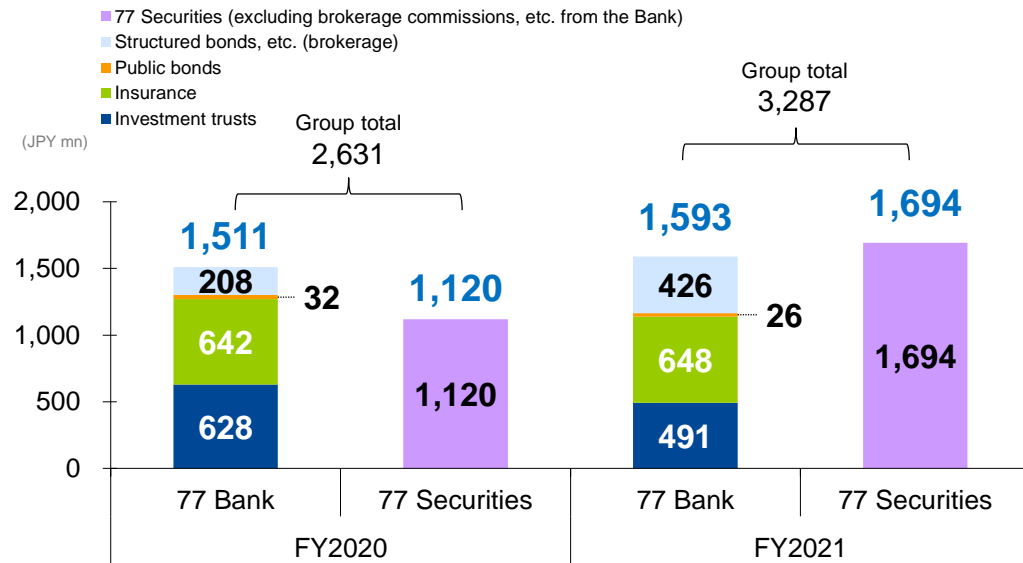
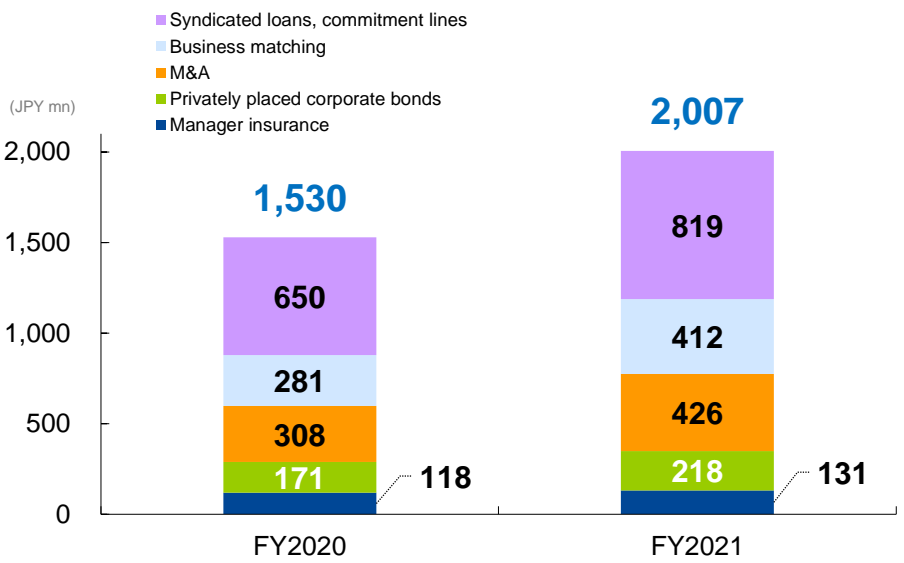
(JPY mn)

	FY2020	FY2021	YoY change
Fees and commissions proceeds	16,968	17,251	283
Fees and commissions from forex	6,725	6,602	(123)
Fees and commissions from account transfer	2,731	2,754	23
Fees and commissions from corporate clients	1,530	2,007	477
Sales commissions of assets in custody	1,511	1,593	82
Other fees and commissions	4,471	4,295	(176)

	FY2020	FY2021	YoY change
Fees and commissions payments	7,279	7,431	152
Creditor group insurance premiums	2,354	2,438	84
Loan repayment guarantee fees	2,350	2,569	219
Other commission payments	2,575	2,424	(151)
Fees and commissions	9,688	9,819	131

Fees and commissions from corporate clients

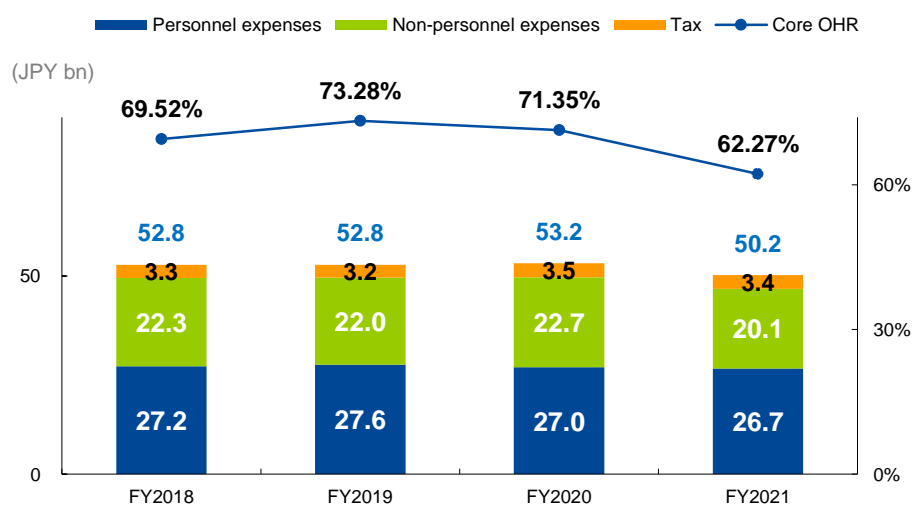
Sales commissions of assets in custody



1. Financial Summary (Expenses)

Expenses decreased JPY 3.0 billion year-on-year, mainly because of a decrease in the number of employees as a result of retirement, etc., a fallback from increased system-related expenses in the previous year, and decreased operating activity-related expenses in line with the spread of COVID-19.

		(JPY bn)					
		FY2020	FY2021	YoY change	Key change factors in expenses (FY2021)		
Expenses		53.2	50.2	(3.0)	Personnel expenses	Decrease in the number of employees, etc.	(0.3)
Personnel expenses		27.0	26.7	(0.3)			
Non-personnel expenses		22.7	20.1	(2.6)	Non-personnel expenses	System-related expenses	(1.4)
Tax		3.5	3.4	(0.1)		Operating activity-related expenses	(0.4)



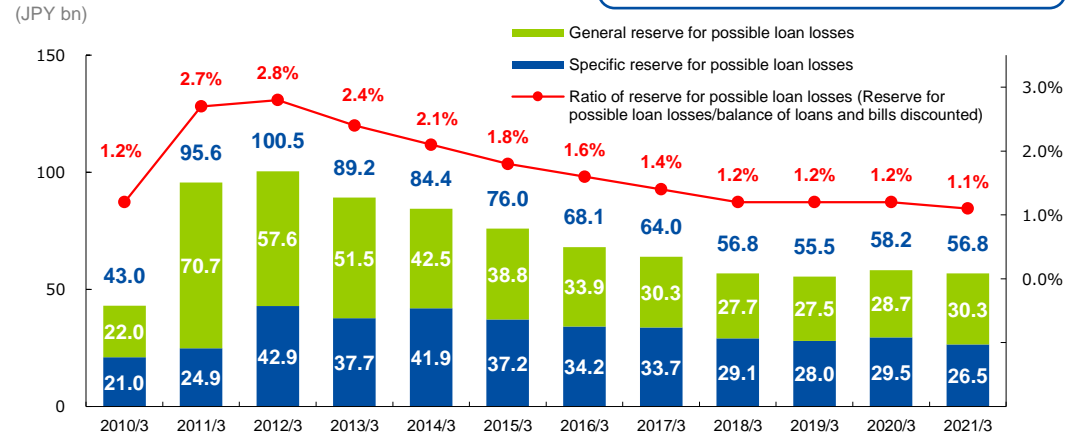
		(branches, bases, machines, people)				
		FY2018	FY2019	FY2020 (A)	FY2021 (B)	Difference (B - A)
Number of manned branches (at term-end)		141	142	142	142	-
Number of bases (at term-end)		138	138	136	130	(6)
Number of branches within branches (at term-end)		3	4	6	12	6
Number of ATMs installed (at term-end)		814	814	800	743	(57)
Average number of employees (excl. secondees)		2,802	2,825	2,772	2,732	(40)

* The average number of employees in FY2019 increased because some employees of a subsidiary were transferred to the Bank as a result of operational internalization at a subsidiary

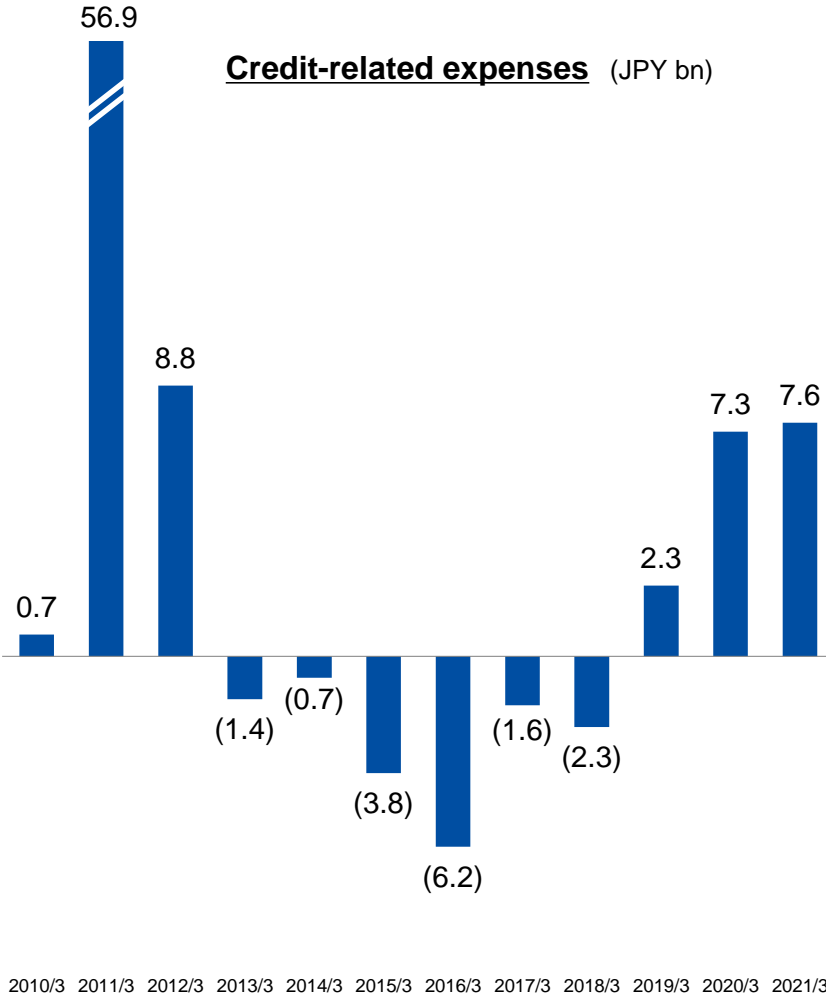
Credit-related expenses increased JPY 0.3 billion year-on-year, owing to increased lending to business operators affected by COVID-19, together with an increase in credit downgrades, resulting in provisions for the general reserve for possible loan losses and specific reserves for possible loan losses of JPY 1.7 billion and JPY 5.5 billion, respectively.

Average ratio of reserve for possible loan losses among regional banks: approx. 0.7% (as of Mar. 2021, ex. Suruga Bank)

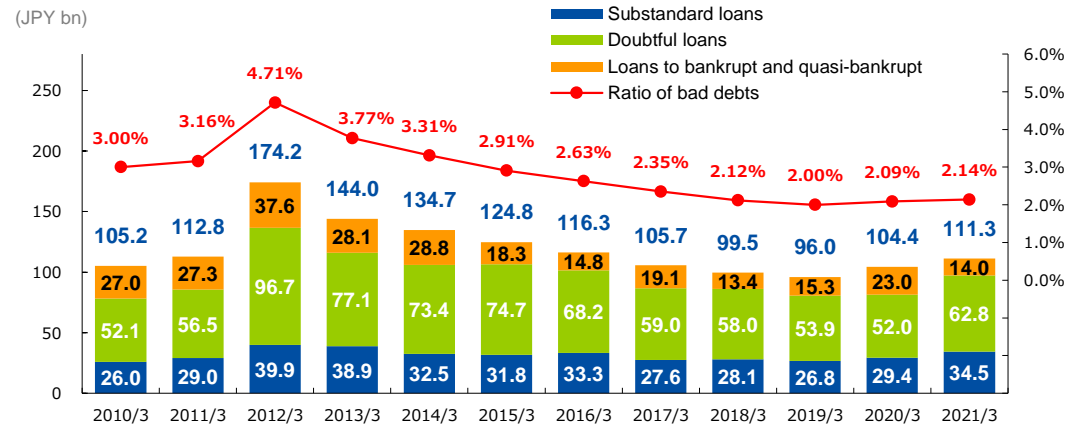
Reserve for possible loan losses



Credit-related expenses (JPY bn)



Credits disclosed under the Financial Reconstruction Law



02



Vision 2030

“Vision 2030” sets forth a vision for the future of the 77 Bank Group as we look to achieve the management philosophy (mission) expressed in the Bank Creed, with all Group officers and employees coming together to provide direction for the Bank’s progress



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?

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

Digital transformation

While placing the utmost priority on “peace of mind and safety,” the 77 Bank Group will capitalize on the digital transformation, which accelerated as a result of COVID-19, and take actions including responding to the increasingly diversified needs of our customers, coordinating with services in different industries, and fundamental reforms across the Group’s banking operations as a whole.

Target business model amid the digital shift

Best mix of face-to-face and non-face-to-face services

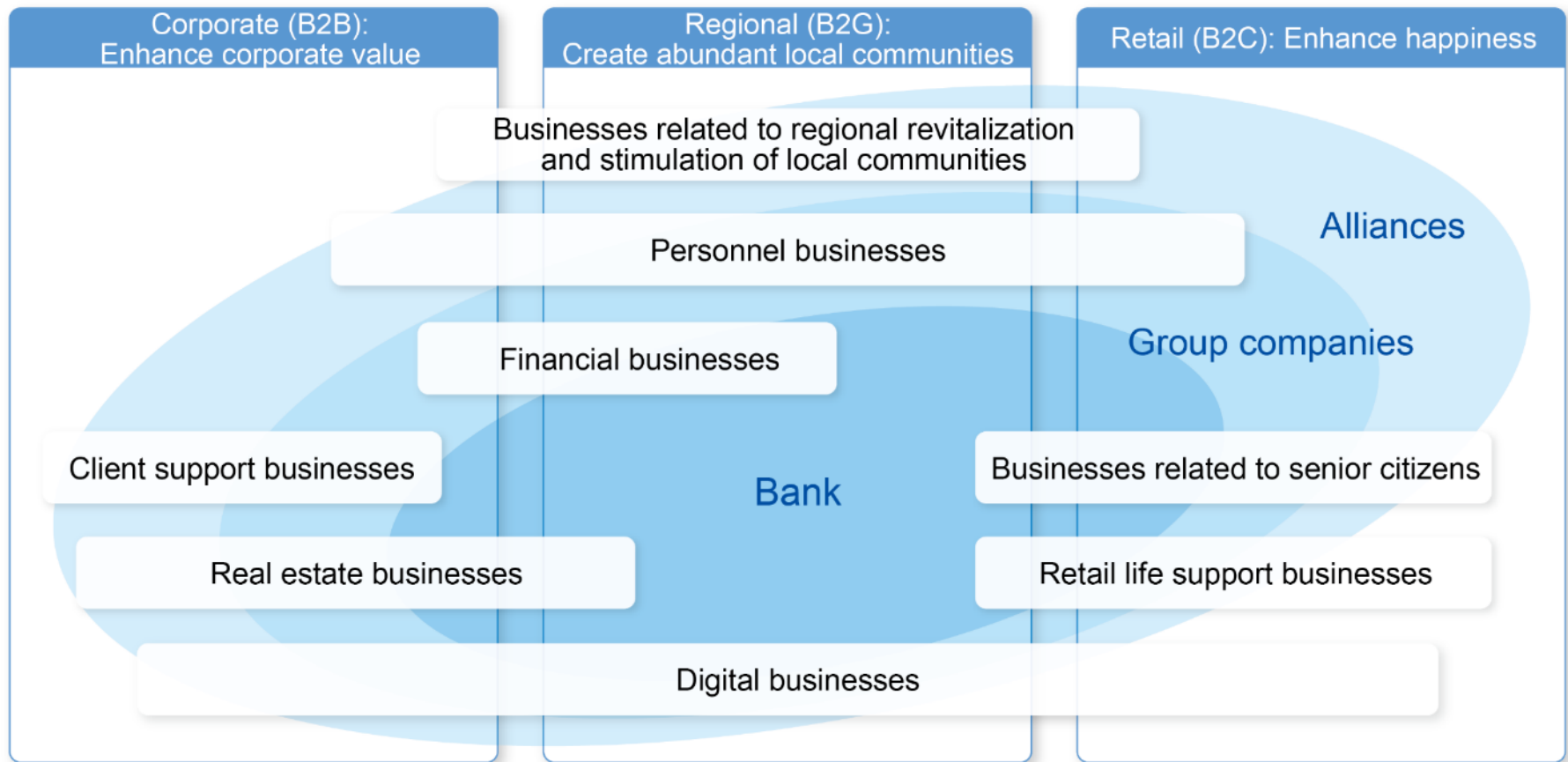
New businesses that combine regional finance and digital technologies



- Challenger bank / neobank
 - Regional ecosystem / platform
 - Cashless businesses
 - Data businesses
- Utilize alliances

Develop new businesses and sectors

The 77 Bank Group aims to enter new business domains in order to solve the issues of our customers and local communities, and become a leading company that operates a diverse range of businesses with the banking business at our core.



Develop human resources

- ◆ The 77 Bank Group will utilize the qualities of each individual to develop “human resources that serve a purpose for our customers and local communities” and “human resources that contribute to corporate reform,” which will serve as an asset for the Bank into the future

Type of human resources that 77 Bank Group develops

Unending ambition

Filled with ability to take on new challenges

Ability to act independently

Rich human potential

Strong sense of ethics

Human resources that serve a purpose for customers and local communities

Expertise in consulting and other areas, as well as human potential capable of frank communication with customers and local regions

Human resources that contribute to corporate reform

Creativity unrestricted by conventional ideas, and unique, irreplaceable personnel

Strengthen financial foundations

- ◆ The 77 Bank Group will continue to support the future of the region, while also building firm financial foundations able to meet the expectations of shareholders and other stakeholders

Capital adequacy ratio (consolidated)

Over 10%

Level that should be maintained based on “soundness” as a strength of the 77 Bank Group

Net income (consolidated)

JPY 28.0 bn

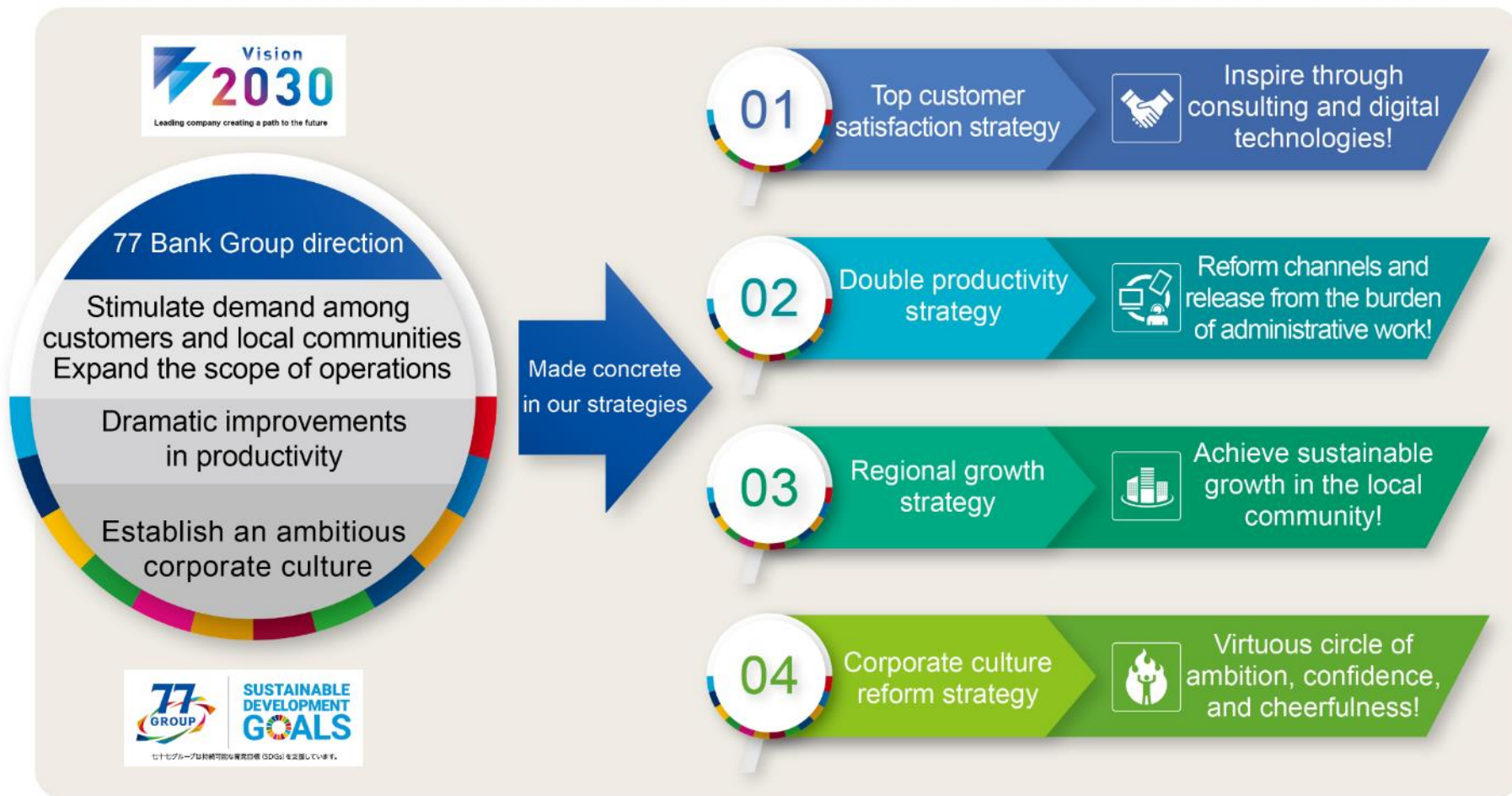
Necessary level for maintaining a sound financial position and taking on risk

Core OHR

50-60%

Commitment to strengthening profits through improved productivity

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



The 77 Bank Group aims to be the leading bank for customer satisfaction by offering an amazing customer experience (inspiration) that competitors cannot match

- ✓ Combine consulting (face-to-face) and digital technologies to offer a level of service that only regional financial institutions can provide
- ✓ Utilize our strengths, including our overseas network and regional information network
- ✓ Amaze and inspire our customers with performance that exceeds expectations



Strengthen relations with corporate customers

Let's Try!



Increase proportion of companies in Miyagi for whom we are their main bank by 10%

Let's Try!



Increase number of corporate lending clients outside Miyagi by 1.5x

Support life-planning for individuals

Let's Try!



Increase proportion of households in Miyagi "holding assets" to the national average or higher

Let's Try!



Ensure that 20% of the population of Miyagi (aged 20-74) use loans from the 77 Bank



Top customer satisfaction strategy



The 77 Bank Group will utilize the “strengths” we have developed to date to take advantage of the digital transformation and our alliances, thereby enabling us to expand the scope of our operations



Solutions to issues faced by customers and the local community



Let's Try!



Establish 10 projects in new businesses or sectors, with the potential to become viable businesses in future (to be completed by FY2024)

Let's Try!



Double net income of Group companies by entering new businesses and new sectors and expanding existing businesses



Double productivity strategy



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

- ✓ Improve administrative processes (reduce, consolidate, etc.) and promote the enhancement and increased use of non-face-to-face transactions as a means of saving labor
- ✓ Optimize sales channels based on customer needs



Becoming a lean corporate group able to continually meet the expectations of customers and local communities

Let's Try!



Double “labor productivity in core operations”

Let's Try!



Cut amount of administrative work at bank branches by 50%

Let's Try!



Triple rate of usage of non-face-to-face channels



“Rebalancing of management assets”

- Enhance non-face-to-face channels and optimize branch network in accordance with customers’ needs
- Educate, redistribute, and streamline (natural attrition) workforce in order to strengthen consulting capabilities



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

- ✓ Build true partnerships aimed at achieving the vision for the future that we have created in partnership with local public bodies
- ✓ Strengthen and utilize alliances with external partner institutions and private companies, etc. that offer consulting services



Sustainable growth of the 77 Bank Group together with the local community

Creating abundant local communities (achieving regional revitalization)

Let's Try!



Support increased economic growth rate in Miyagi

Let's Try!



Aim for 100% participation in regional development projects in Miyagi such as the “Sendai Urban Restructuring Project” and the “Next-generation synchrotron radiation facility”

Let's Try!



Triple number of growth support cases for business founders

Let's Try!



Cut 77 Bank Group CO2 emissions by 46% compared with FY2014, and support cuts to greenhouse gas emissions in Miyagi

04

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 overhaul personnel and organizational systems to increase motivation
- ✓ Create an environment that permits trial and error and values the act of taking on new challenges
- ✓ Enhance capabilities as an organization by increasing specialism, and stimulate communication
- ✓ Build complete internal management systems to support reform



Stimulate innovation by moving from a “defensive” to an “offensive” stance

Let's Try!



Implement various initiatives to “foster an ambitious spirit”

Let's Try!



Increase the number of “specialist personnel” that serve a purpose for customers and local communities

Let's Try!



Increase the proportion of women in management positions to 30% or more

Aim to secure sustainable profits while responding flexibly to various changes in the environment

Increase profit opportunities and diversify risk through diversified investment

- ◆ Enhance diversified investment
- ◆ Strengthen in-house asset management
- ◆ Strengthen risk identification and analysis

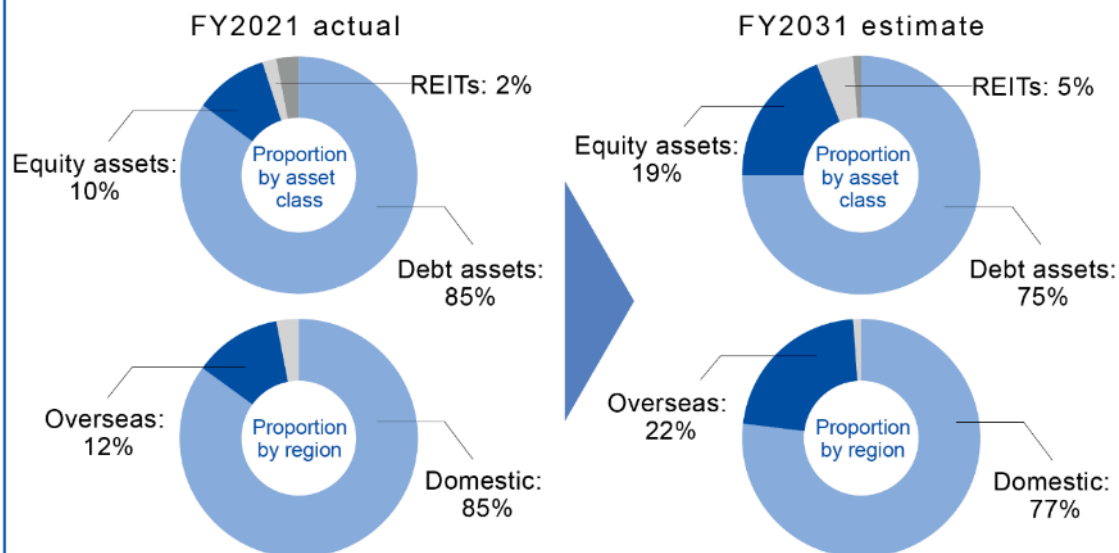
Strengthen initiatives targeting investment areas where growth is expected

- ◆ Strengthen initiatives targeting growth overseas
- ◆ Increase profits from real estate (REITs)
- ◆ Promote initiatives targeting domestic growth sectors

Promote initiatives aimed at achieving SDGs through ESG investment, etc.

- ◆ Promote investment in growth areas focused on global and social initiatives, etc.

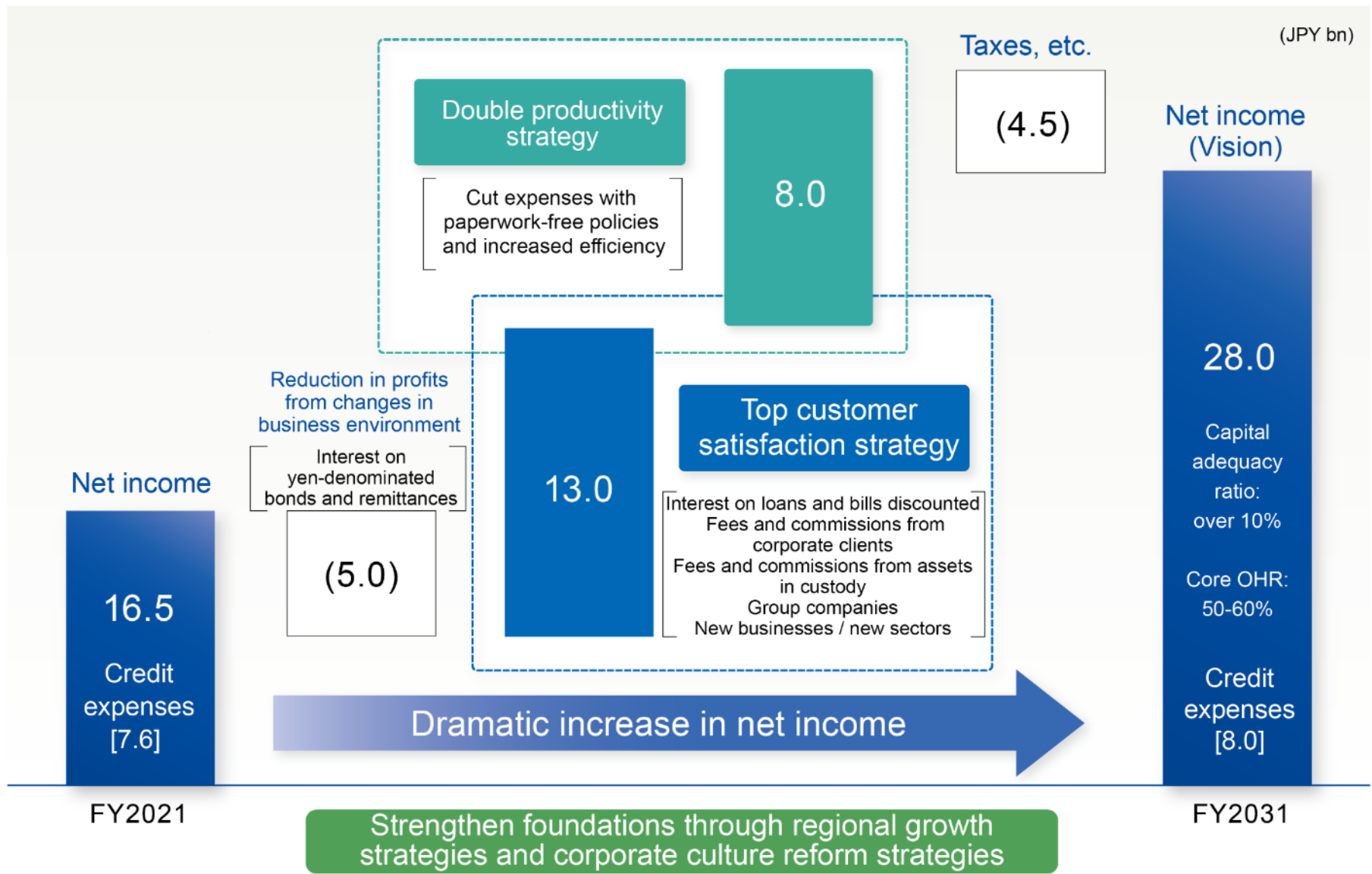
10-year portfolio concept



- ◆ Securities portfolio: JPY 3 tn
- ◆ Total yield across all securities*: 1.00%
- ◆ Portfolio weightings of equities and REITs, as well as overseas assets: Approx. 2x vs. FY2021

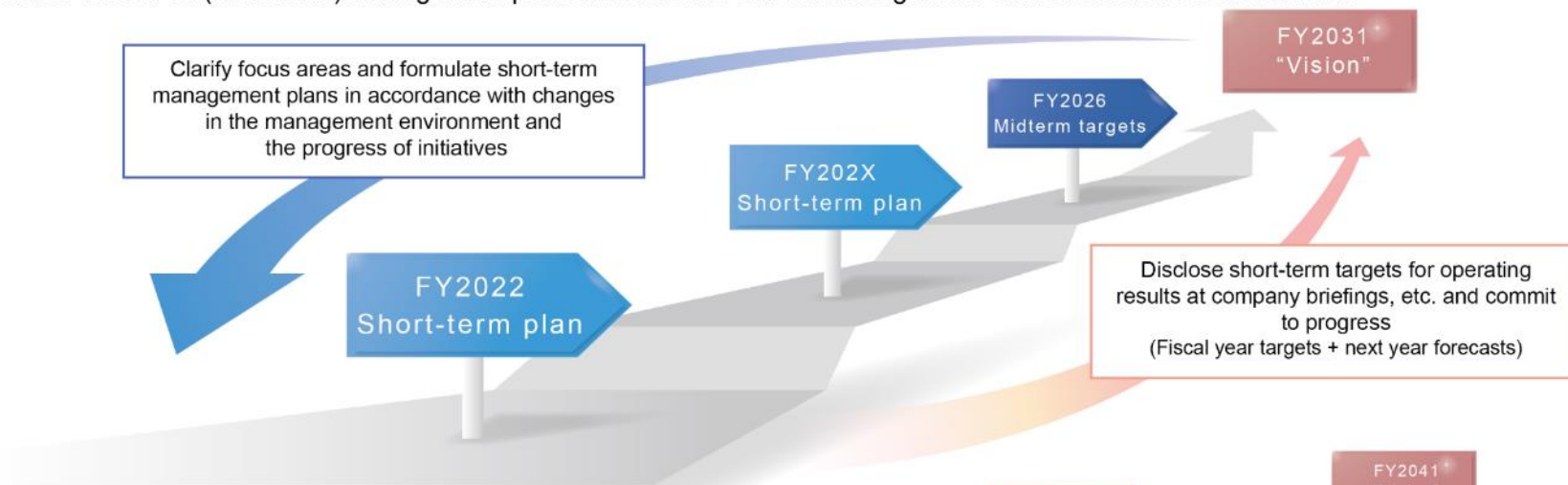
Securing sustainable profits

* Income-based yield calculated by aggregating interest and dividends, gains on cancellation of investment trusts, gains on government and other bonds, gains related to equity securities, etc., and monetary gains from management of investment trusts.

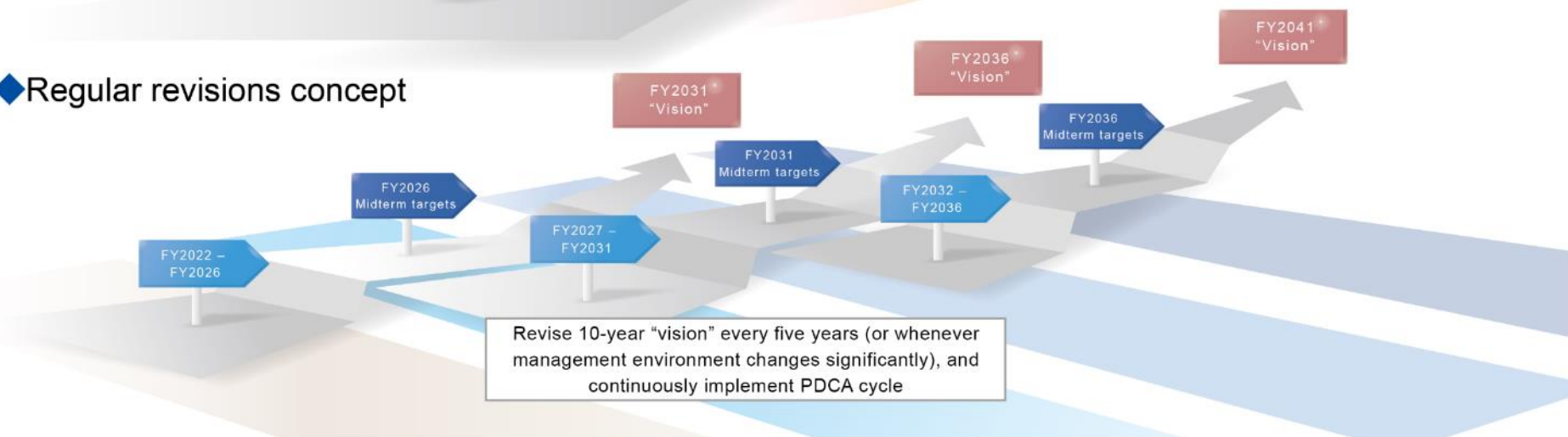


◆ PDCA cycle based on our “vision”

Three-year midterm plans formulated from a bottom-up perspective incorporate such perspectives as: [1] setting targets based on existing growth trajectories, [2] formulation of all-encompassing measures, and [3] deferment of shifts in direction until the next midterm plan, even if the management environment changes significantly during the period of the midterm plan. For that reason, we will first formulate a 10-year management plan, then focus on fundamental reform over a mid- to long-term timeframe, while also making steady progress toward our “vision” based on (short-term) management plans that take the current management environment into consideration



◆ Regular revisions concept



Strengthen financial foundations (key factors)

	FY2021 Results	FY2026 Midterm targets	FY2031 Vision
Net income (consolidated)	JPY 16.5 bn	JPY 21.0 bn	JPY 28.0 bn
Capital adequacy ratio (consolidated)	10.39%	Over 10%	Over 10%
Core OHR	62.27%	55-60%	50-60%

(Reference: Expected portfolio after 10 years)

Loans and bills discounted	JPY 5.7 tn	Deposits + NCD	JPY 8.5 tn
Securities	JPY 3 tn	Group balance of assets in custody	JPY 1 tn

KPIs (Let's Try!)	FY2021	FY2026	Vision	Notes
Proportion of companies in Miyagi for whom we are their main bank [Main bank trend surveys*]	- [56%]	Vs. FY2021 +5% [59%]	Vs. FY2021 +10% [62%]	Comprehensive assessment utilizing customer surveys and various indicators *TEIKOKU DATABANK, Ltd. research
Number of corporate lending clients outside Miyagi	-	1.2x	1.5x	
Proportion of households in Miyagi holding assets	14%	17%	Over 21%	*2014 Nationwide Consumption Trends Survey, Statistics Bureau of Japan (proportion of households holding shares or equity investment trusts)
Proportion of individuals in Miyagi using loans from the 77 Bank	12.6%	17.0%	20.0%	
Group companies net income	(FY2020) JPY 1.6 bn	JPY 2.0 bn	JPY 3.0 bn	
Labor productivity in core operations(*)	(FY2020) JPY 8 mn	JPY 13 mn	JPY 16 mn	* (Interest on loans and bills discounted + fees and commissions – interest on deposits – expenses + personnel expenses + depreciation) / number of employees (part-time employees counted as 0.4)
Administrative work at bank branches	-	Vs. FY2021 (50%)	Vs. FY2021 (50%)	<div style="border: 1px solid black; padding: 5px;"> <p>“Rebalancing of management assets”</p> <ul style="list-style-type: none"> ● Enhance non-face-to-face channels and optimize branch network in accordance with customers' needs ● Educate, redistribute, and streamline (natural attrition) workforce in order to strengthen consulting capabilities </div>
Usage of non-face-to-face channels	(Corporate) 11% (Retail) 11%	(Corporate) 20% (Retail) 20%	(Corporate) 30% (Retail) 30%	
Cases of growth support for founders	1,181	2,000	3,000	
CO2 emissions	(FY2020) 12,327t	10,000t	9,069t	
Proportion of female managers	13.4%	18.0%	30.0%	
Other items	<ul style="list-style-type: none"> ✓ Establish 10 projects in new businesses or sectors (by FY2024) ✓ Support increased rate of economic growth in Miyagi ✓ Aim for 100% participation in regional development projects in Miyagi ✓ Implement various initiatives to “foster an ambitious spirit” ✓ Increase the number of “specialist personnel” that serve a purpose for customers and local communities 			

◆ Results of the “For The Customer & For The Future”

–Best Consulting Bank Project– medium-term management plan (April 1, 2018 – March 31, 2021)

We became able to accommodate a wide range of customer needs, and disseminated awareness of consulting-based sales

<p>Growth strategies</p>	<ul style="list-style-type: none"> ◆ Strengthened consulting-based sales systems (established liaison officer system with 80 employees from headquarters, formed regional support teams, established 77 Securities and 77 R&C, etc.) ◆ Strengthened digital and non-face-to-face channels (organizational reforms) 	<p>Productivity enhancement strategy</p>	<ul style="list-style-type: none"> ◆ Created sales personnel through operational reform and cuts to administrative work ◆ Revised branch network (promoted move toward branches within branches) ◆ Utilized digital functions (RPA, electronic operations, etc.)
<p>Regional economy vitalization strategy</p>	<ul style="list-style-type: none"> ◆ Supported recovery from Great East Japan Earthquake and typhoon damage ◆ Entered into comprehensive alliance partnership with 38 local public bodies ◆ Established “Miyagi wide-area PPP platform” 	<p>Governance strategy</p>	<ul style="list-style-type: none"> ◆ Increased diversity of Board of Directors ◆ Enhanced shareholder returns (increased dividend, share buybacks) ◆ Strengthened risk management systems (measures to counter money laundering, etc.)

Balance of corporate loans (term-end, JPY bn)

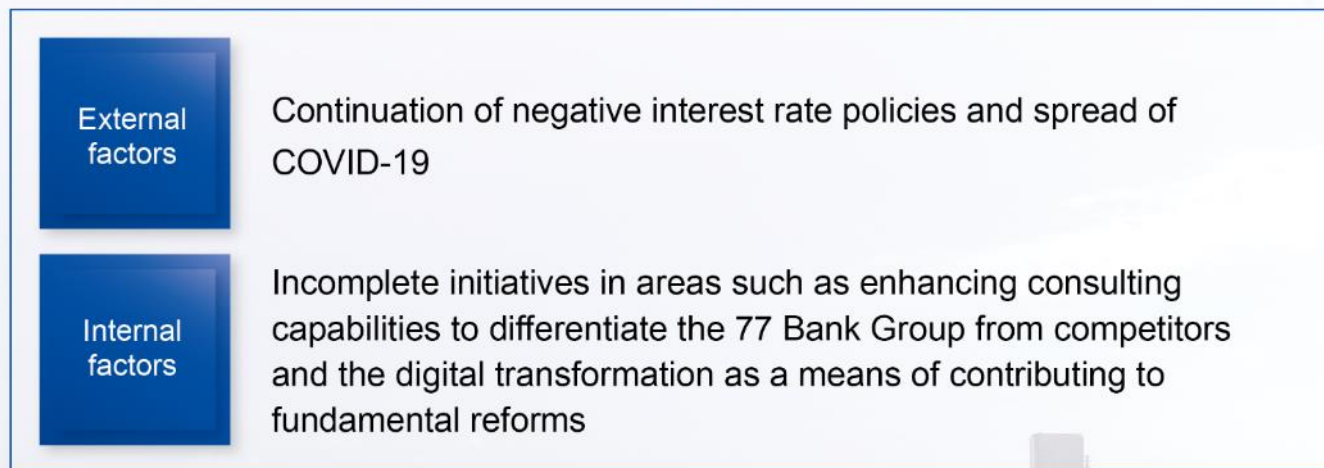


Fees and commissions from corporate clients (JPY bn)



◆ Issues that were not solved

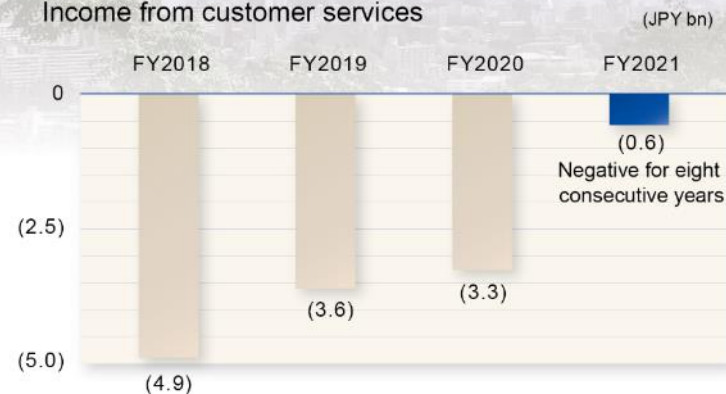
We were unable to overcome the most significant issue for the 77 Bank, our “high cost and low profit structure”



Status of achievement of key earnings targets

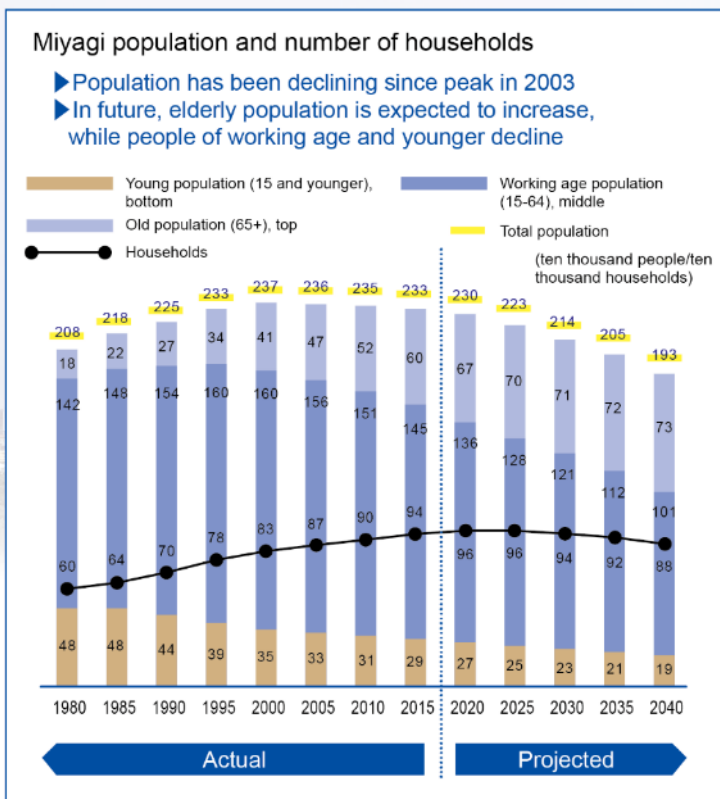
Item	(JPY bn, %)		
	FY2021 results	FY2021 MTP target	Difference
Net income [consolidated]	16.5	19.0	(2.5)
Interest on loans and bills discounted	41.6	45.0	(3.4)
Fees and commissions	9.8	11.5	(1.7)
ROE [consolidated]	3.4	3.7	(0.3)

Income from customer services

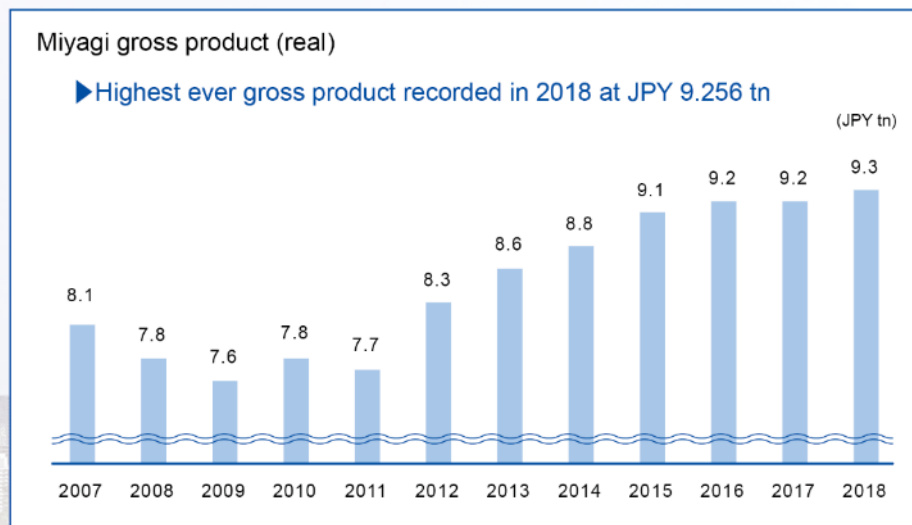


Looking ahead to 2030, Miyagi Prefecture aims to achieve sustainable growth even as the population falls and society ages, while also ensuring that high-quality employment opportunities exist, that young people stay in the prefecture, and that the income of residents of the prefecture increases. It plans to do so by promoting a shift to an industrial structure suited to a new vision of society, creating added value with new products, services, etc., and enhancing productivity.

At the 77 Bank Group, we believe that the expectations placed upon us will grow in future, as we actively participate in these structural changes and the creation of new value, and appropriately fulfill the needs of a falling population and aging society.



Source: RESAS, National Institute of Population and Social Security Research



Source: FY2018 Miyagi Residents Annual Economic Statistics

Main regional development projects expected to result in economic ripple effects

- Next-generation synchrotron radiation facility maintenance project
- Sendai Urban Restructuring Project
- Sendai industrial park relocation and maintenance project
- Sendai City east coastal area disaster prevention collective relocation site utilization project
- Miyagi integrated water public-private operation project
- Sendai City gas business privatization

1. Holding of briefings to achieve “Vision 2030”

In order to promote understanding of the details of “Vision 2030,” the President and officers with executive responsibilities (Senior Managing Directors and Managing Directors) hold briefings, etc. as follows, thereby providing opportunities for a lively exchange of opinions.

- (1) Briefings for Managers at headquarters (led by the President)
- (2) Briefings for bank branches (led by the President and officers overseeing relevant areas)
- (3) Distribution of video content for employees (led by the President)



2. Holding of “77 Entrepreneur Contest ~You Describe a New Tomorrow~”

In order to become a “leading company creating a path to the future,” the 77 Bank Group holds a business planning contest aimed at encouraging Group officers and employees to exhibit creative capabilities unbounded by conventional ideas, and thereby develop attractive new businesses and sectors, and foster an ambitious spirit.

Furthermore, the winners of this contest are expected to be appointed members of a project team aimed at turning the ideas into businesses. (Announcement of winners: August 2021)



(Briefing for Managers at headquarters by the President)

3. Holding of “77 Bank Group Essay Contest ~Vision 2030~”

The 77 Bank Group holds an essay contest in order to increase officers and employees’ sense of ownership and promote a shift toward independent and active behavior, through thinking and expressing “the actions that they should take at this time,” based on “Vision 2030.” (Announcement of winners: October 2021)

4. Creation of “Vision 2030” logo

We created a logo to foster a sense of unity within the 77 Bank Group as we look to achieve “Vision 2030,” and strengthen external PR.



Leading company creating a path to the future

(“Vision 2030” logo)

03

Projected Performance

3. Projected Performance (Summary of profits and losses)

Summary of profits and losses (Non-consolidated)		FY2021 (Results)	FY2022 (Forecast)	YoY change Increase/decrease	FY2023 (Simulation)
(JPY bn)					
Gross operating income		67.8	71.5	3.7	74.2
[Core gross operating income]		[80.6]	[77.4]	[(3.2)]	[78.7]
Interest income		70.5	68.2	(2.3)	69.7
Interest on loans and bills discounted		41.6	42.2	0.6	42.9
Interest and dividends on securities A		29.8	25.6	(4.2)	26.2
Fees and commissions		9.8	9.9	0.1	9.9
Other operating income		(12.5)	(6.6)	5.9	(5.4)
Gains (losses) on bonds B		(12.8)	(5.9)	6.9	(4.5)
Gains (losses) on forex transactions		0.8	(0.3)	(1.1)	(0.8)
Expenses		50.2	49.9	(0.3)	49.1
Substantial operating income (Operating income before provision of general reserve for possible loan losses)		17.6	21.6	4.0	25.1
[Core operating income]		[30.4]	[27.5]	[(2.9)]	[29.6]
[Core operating income (excl. gains (losses) on cancellation of investment trusts)]		[18.7]	[17.8]	[(0.9)]	[20.0]
Provision of general reserve for possible loan losses [1]		1.7	2.0	0.3	2.5
Operating income		15.9	19.6	3.7	22.6
Special income and losses		6.8	4.4	(2.4)	2.0
Bad debt disposals (-) [2]		6.0	6.0	0.0	5.6
Gains on reversal of reserve for possible loan loss [3]		0.1	0.0	(0.1)	0.1
Gains (losses) on stocks C		10.8	8.5	(2.3)	4.3
Gains (losses) on investments in money held in trust D		3.0	2.8	(0.2)	4.3
Ordinary income		22.7	24.0	1.3	24.6
Extraordinary income		-	-	-	-
Extraordinary loss		0.3	0.7	0.4	0.2
Income taxes (incl. deferred taxes)		7.5	7.3	(0.2)	7.4
Net income		14.9	16.0	1.1	17.0
Credit-related expenses [1] + [2] - [3]		7.6	8.0	0.4	8.0
Total gains (losses) from securities [A + B + C + D]		30.8	31.0	0.2	30.3
Summary of profits and losses (Consolidated)					
Ordinary income		25.1	25.5	0.4	26.0
Net income attributable to owners of the parent		16.5	16.5	0.0	17.5

Level of yields, interest margins, interest rates, etc. used as the basis for projected performance and simulations

Interest rates/interest margin	FY2021 (Results)	FY2022 (Forecast)		FY2023 (Simulation)
			YoY change	
Loans and bills discounted interest rate	0.83	0.81	(0.02)	0.81
Securities interest rate	1.01	0.86	(0.15)	0.88
Interest rate on deposits	0.00	0.00	0.00	0.00
Interest rate spread	0.79	0.75	(0.04)	0.77
Net interest margin	0.21	0.19	(0.02)	0.21

(%)

	FY2021 (Results)	FY2022 (Forecast)	FY2023 (Simulation)
Unsecured call rate O/N	(0.04)	(0.05)	(0.05)
JPY TIBOR (3 months)	0.07	0.07	0.07
USD LIBOR (3 months)	0.27	0.25	0.25
10-year JGBs	0.04	0.05	0.05
10-year US treasury bonds	0.89	1.15	1.15
Exchange rate (JPY/USD)	106	104	104
Nikkei Average (at term-end)	29,178	29,000	29,000

(%, JPY)

* Average numbers are provided for all data except the Nikkei Average

In addition to maintaining a stable dividend, we will also endeavor to enhance internal reserves and maintain and improve the soundness of our management.

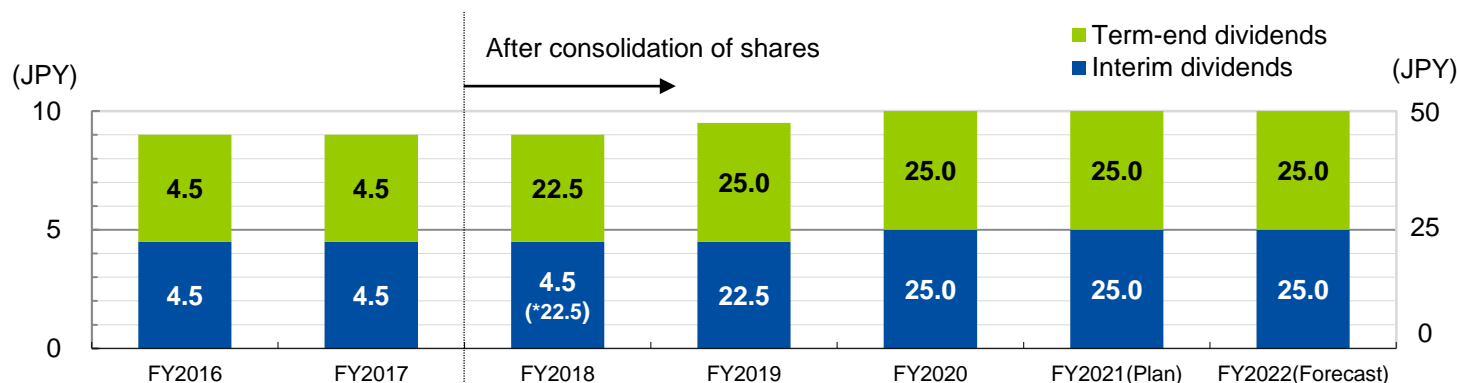
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
ROE (consolidated) (%)	3.54	3.56	3.82	3.60	3.89	3.42

	End-Mar. 2016	End-Mar. 2017	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021
Capital adequacy ratio (consolidated) [domestic standards] (a) / (b) (%)	11.21	10.73	10.43	10.38	10.31	10.39
Capital (a) (JPY bn)	379.3	385.1	396.0	408.5	422.3	439.0
Risk-adjusted assets (b) (JPY bn)	3,380.7	3,587.9	3,796.3	3,934.2	4,095.4	4,224.9
Credit risk assets (JPY bn)	3,231.0	3,442.5	3,653.4	3,796.4	3,957.1	4,083.9

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Dividend ratio (%)	21.5	20.2	19.9	19.6	21.3	24.7
Total sum paid out (JPY mn)	3,368	3,353	3,364	3,550	3,713	3,713
Net income (non-consolidated) (JPY bn)	15.7	16.6	16.7	17.9	17.3	14.9

Acquisition amount of treasury stock (JPY mn)	-	2,999	-	-	799	-
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* The Bank conducted a 1-for-5 consolidation of shares on October 1, 2017. If calculated based on the number of shares after the consolidation, the interim dividend for the fiscal year 2018 is JPY 22.50 per share and therefore the annual dividend equals JPY 45 per share.



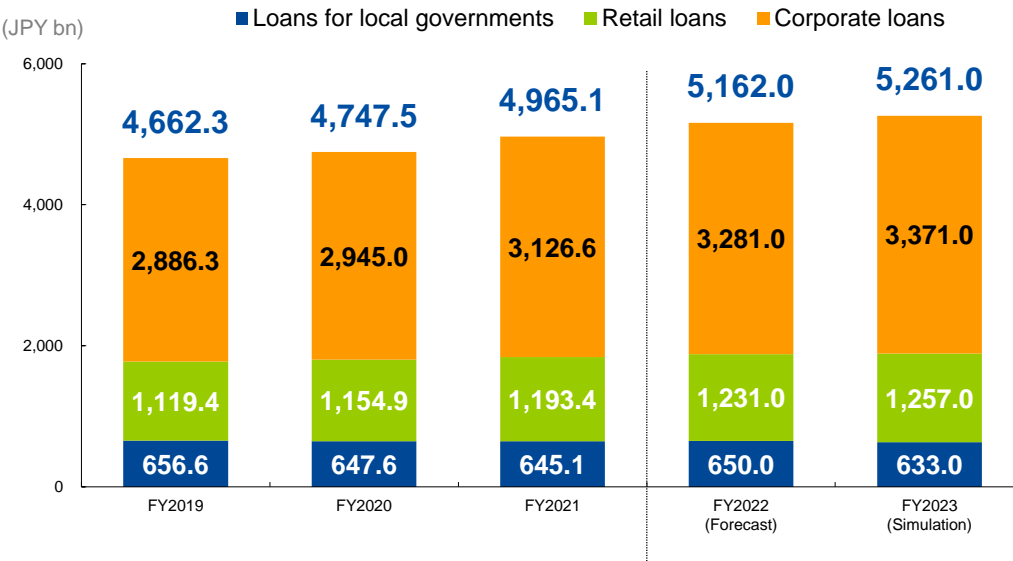
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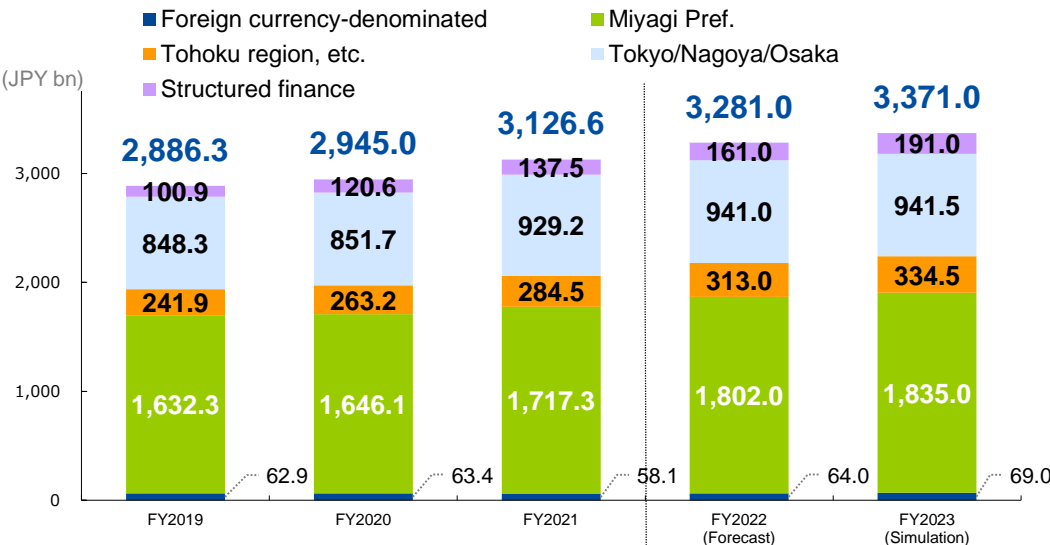
Business Strategy

4. Business Strategy (Loans and bills discounted)

Loans and bills discounted (average balances)



Corporate loans (average balances)



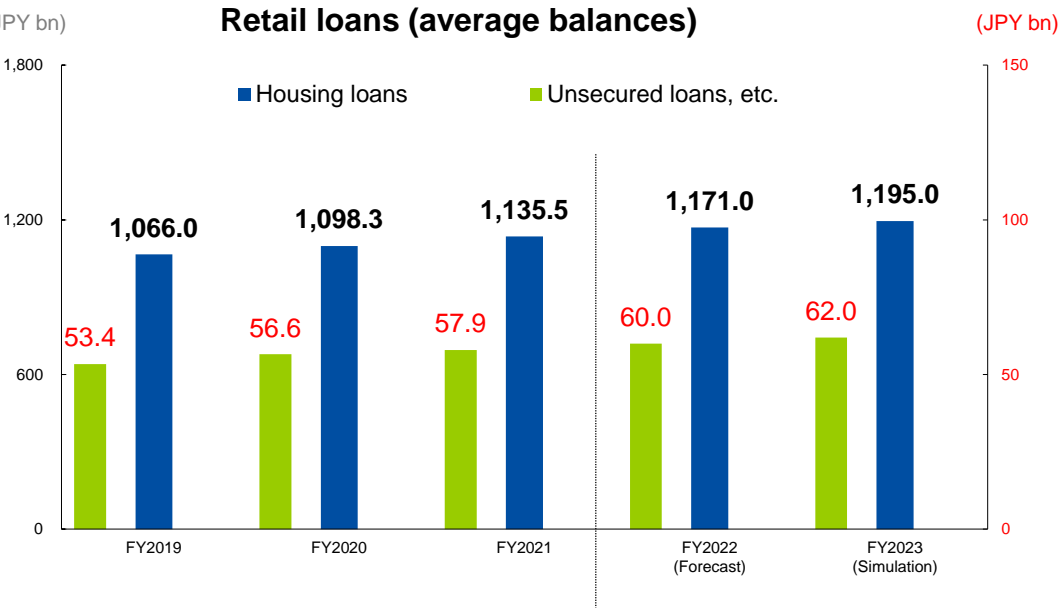
< Policies for promoting corporate loans >

- Strengthen loan management and support from headquarters based on business evaluations
- Further strengthen corporate sales systems by increasing number of liaison officers from headquarters
- Identify funding needs by strengthening participation in regional development projects in Miyagi
 - Sendai Urban Restructuring Project
 - Next-generation synchrotron radiation facility maintenance project, etc.

<Policies for promoting structured finance >

- Strengthen promotion systems through organizational reform (establish “Structured Finance Section”)
- Strengthen initiatives targeting renewable energy deals
- Capture opportunities to arrange asset finance centered on Sendai City
- Strengthen buyout proposals tailored to M&A demand among customers

4. Business Strategy (Loans and bills discounted)



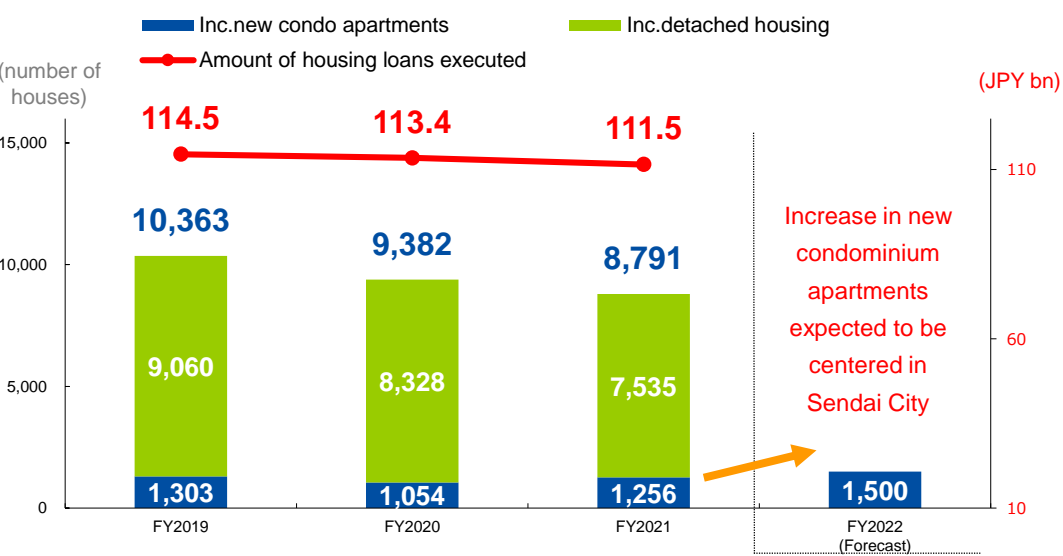
< Policies for promoting housing loans >

- Utilize branches on non-business days
- Enhance coordination with housing business operators
- Strengthen initiatives targeting non-face-to-face transactions

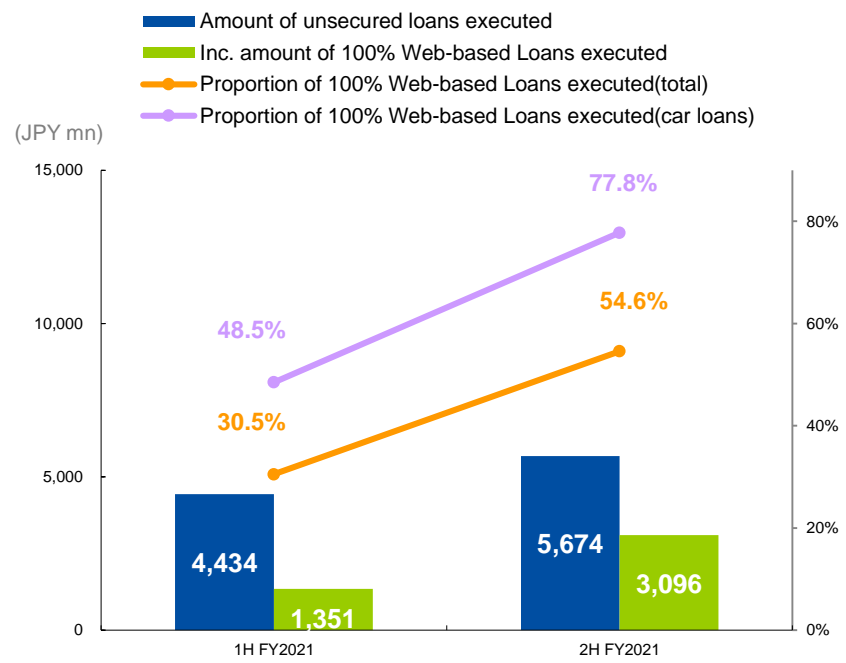
< Policies for promoting unsecured loans >

- Strengthen the promotion of 100% Web-based Loans and enhance their functionality
- Strengthen promotion of areas of work (77 Web Relation)
- Strengthen utilization of omnichannel strategy

Number of new housing starts in Miyagi Pref. and amount of housing loans executed



100% Web-based Loan actual results

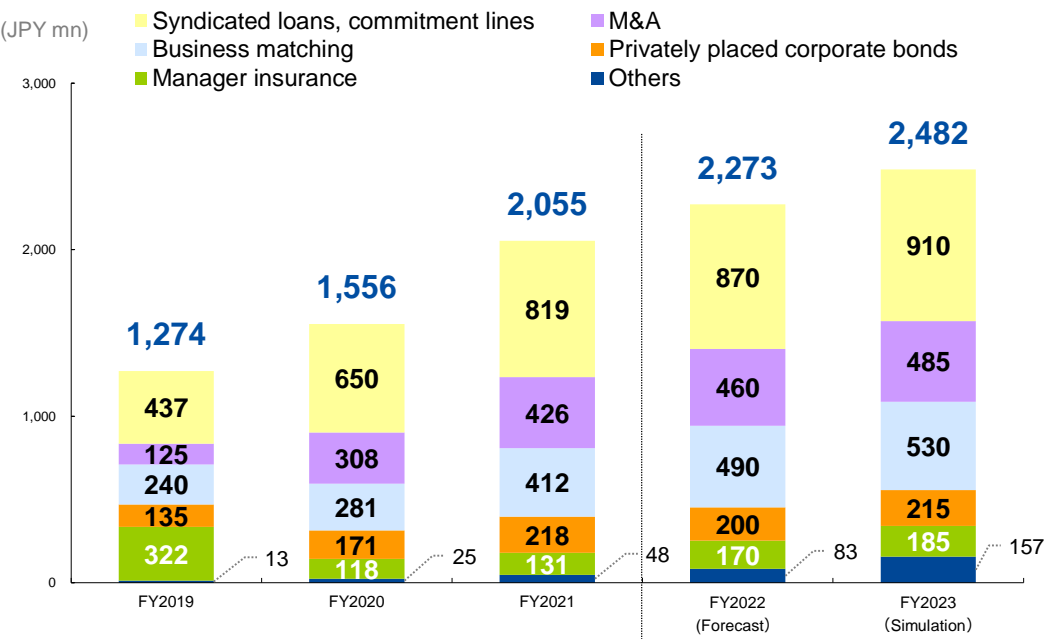


4. Business Strategy (Fees and commissions from corporate clients)

< Offer solutions to issues based on business evaluations >



Fees and commissions from corporate clients

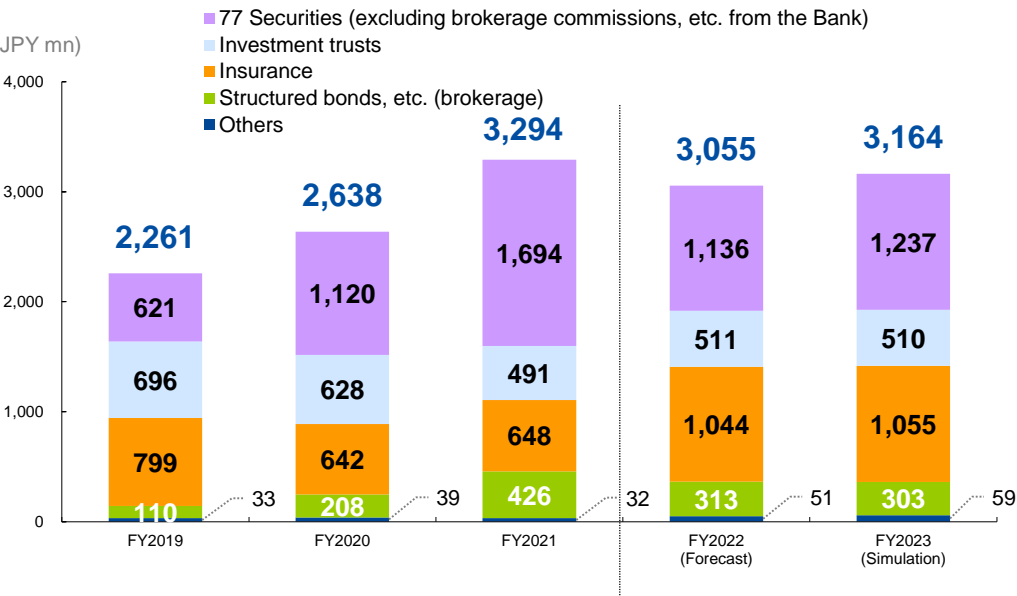


< Policies for promoting fees and commissions from corporate clients >

- Strengthen proposal capabilities aimed at solving management issues by increasing the number of liaison officers from headquarters
- Strengthen structured finance initiatives
- Strengthen initiatives targeting M&A and business succession
 - Strengthen cooperation with external specialist organizations
- Strengthen initiatives aimed at paid business matching
 - Revise partners, details of partnerships, etc.
- Strengthen systems focused on staffing business
- Introduce "77 Big Advance" (May 2021)

4. Business Strategy (Sales commissions of assets in custody)

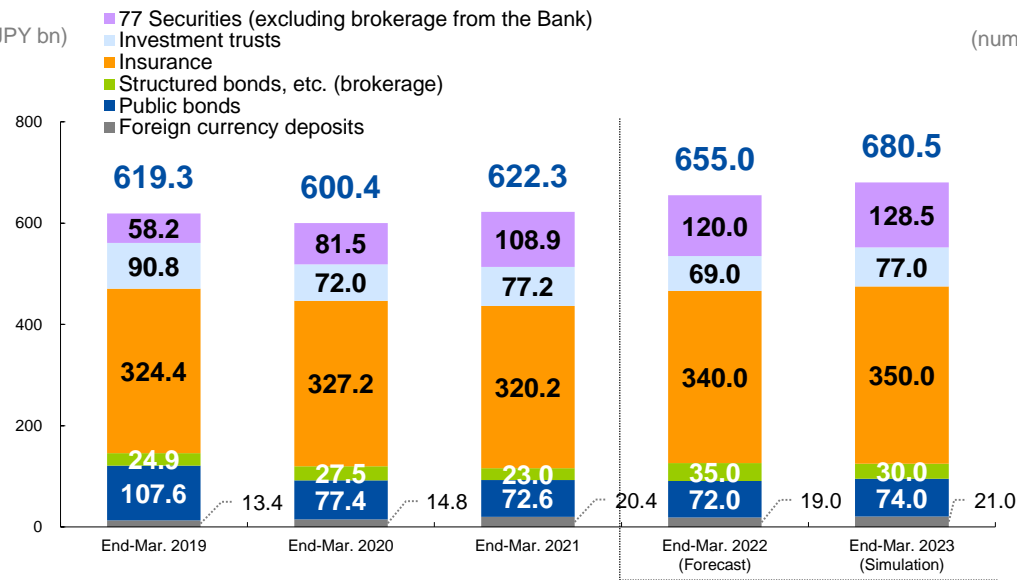
Sales commissions of assets in custody



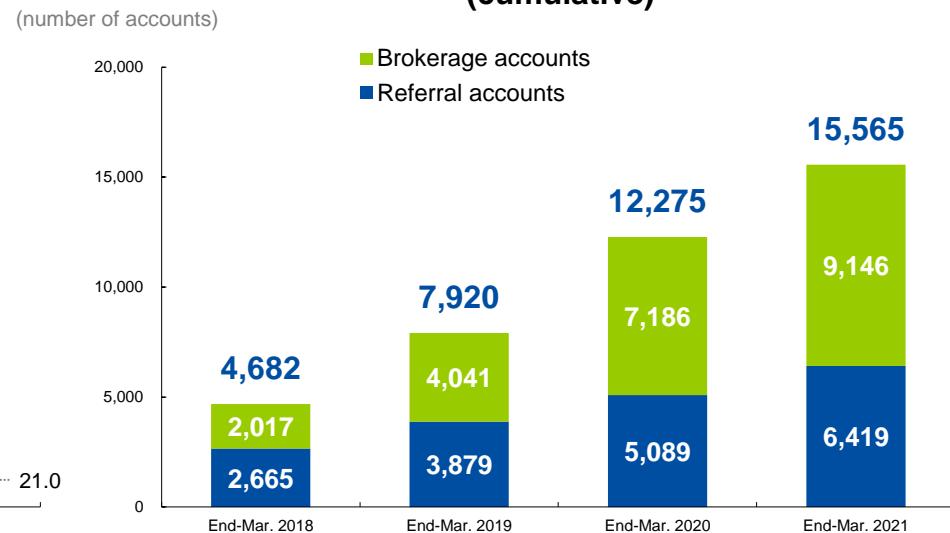
< Policies for promoting assets in custody >

- Strengthen sales systems targeting wealthy and elderly customers via the new establishment of the “Wealth Management Office” (June 2021)
- Strengthen insurance sales and trust operations by supporting inheritance and asset succession
- Strengthen the promotion of assets in custody by stationing more employees from head office overseeing the promotion of assets in custody at branches
- Capture demand from wealthy clients by enhancing collaboration with 77 Securities
- Enhance training aimed at strengthening sales capabilities

Balance of assets in custody



Number of 77 Securities accounts opened (cumulative)



Initiatives to strengthen consulting capabilities

With the aim of strengthening our consulting capabilities, since FY2020, we have held “Consulting Sales Awards” to evaluate the medium- to long-term initiatives of bank branches targeting consulting-based sales.

In FY2021, the results showed that consulting-based sales are becoming more advanced, including an increasing number of examples of consulting selected for the top award.

Consulting capabilities within the 77 Bank are also enhanced through the collection of examples of consulting that won awards in a “sample book,” and the sharing of this sample book with bank branches.

Award-winning example: Support for disaster recovery project

Support was provided to a company (Sendai Reborn Co., Ltd.) established in order to enter a new business as part of the “collective relocation site utilization project” in a coastal area in east Sendai City, including support for the creation of business plans for a tourism complex centered around a hot spring and restaurants, as well as the provision of funds for the facility via a syndicated loan, and the introduction of matching partners.

The fact that a broad range of support was provided to the disaster recovery project, which will contribute to stimulating regional industry and creating employment, in coordination with headquarters, external institutions, etc. was rated highly.

< Departments receiving awards >

Classification	Department receiving award
Corporate	Business Analysis and Issue Sharing Departments
	Issue Resolution Department
Retail	Retail Transaction Department
Shared	Personnel Education and Sales System Departments

< Number of branches with awards > (number of branches)

	FY2020 (1)	FY2021 (2)	(2) – (1)
Ultimate award	5	-	(5)
Top award	11	25	14
Special mention	35	60	25
Total branches with awards	51	85	34
Number of branches entered	101	122	21

* The awards were changed to incorporate two classifications (top award and special mention) from FY2021



(General comments at the awards ceremony (held via online conference system))

4. Business Strategy (Marketable securities trading)

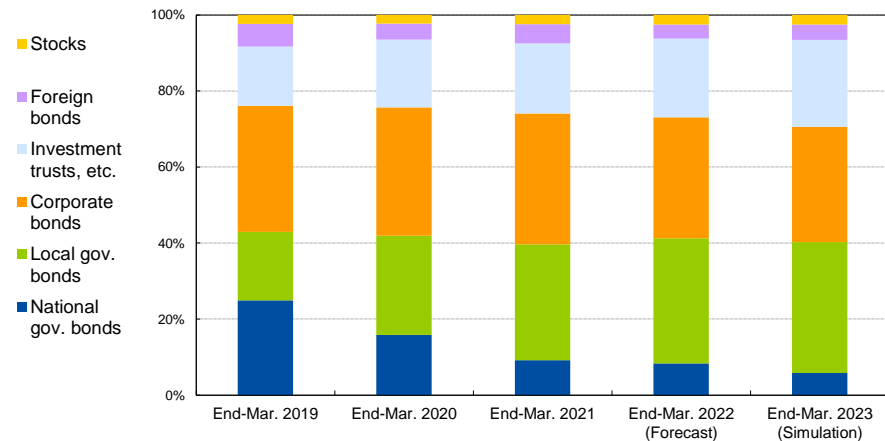
< Strengthening marketable securities trading structure >

- Improve ability to structure deals by enhancing research and analysis capabilities, and strengthen investment/risk management structure
- HR development through dispatching of trainees to external organizations in Japan and overseas
 - Continue dispatching trainees to New York
 - February 2016: Started dispatching trainees to Singapore
 - April 2016: Started dispatching trainees to a Japanese securities company
- Promote the acquisition of securities analyst qualifications
 - Number of qualified securities analysts: 8 (in the Treasury Div.)

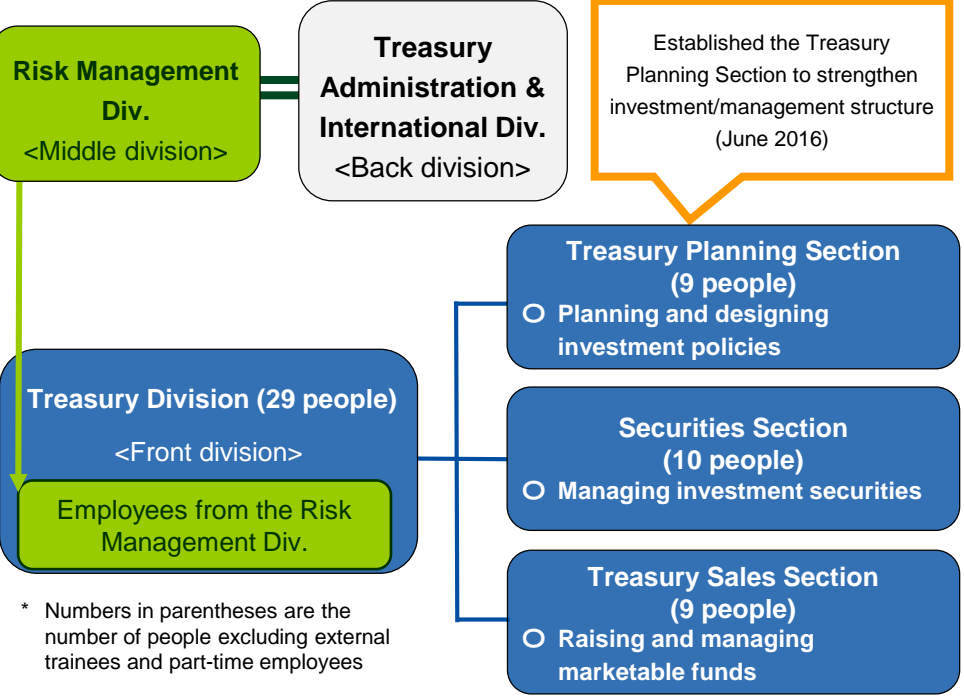
< Reinvestment in yen-denominated bonds taking market trends into consideration >

- Rebalance funds from redemption of national gov. bonds
- Maintain soundness by managing portfolio taking risk assets and an increase in interest-rate risk into consideration

Composition ratio by type (on an amortized cost base)



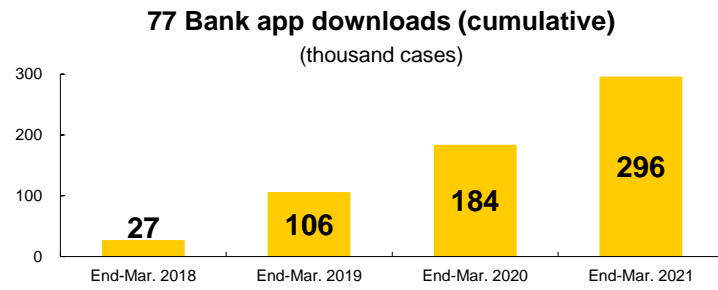
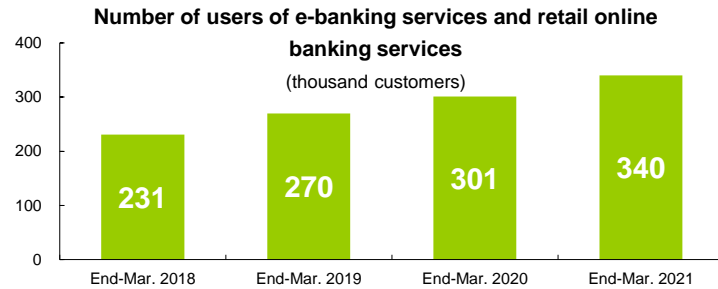
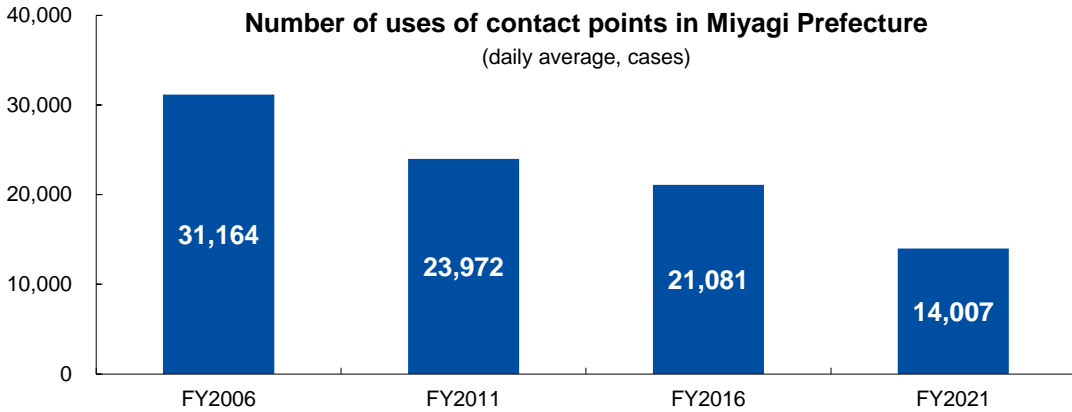
	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022 (Forecast)	End-Mar. 2023 (Simulation)
National gov. bonds	24.9%	15.9%	9.2%	8.4%	5.8%
Local gov. bonds	18.0%	26.1%	30.5%	32.9%	34.4%
Corporate bonds	33.2%	33.7%	34.4%	31.8%	30.3%
Others	21.6%	22.0%	23.5%	24.4%	26.9%
Investment trusts, etc.	15.5%	17.8%	18.5%	20.7%	22.9%
Foreign bonds	6.1%	4.2%	5.0%	3.7%	4.0%
Stocks	2.3%	2.3%	2.4%	2.5%	2.6%



* Numbers in parentheses are the number of people excluding external trainees and part-time employees

4. Business Strategy (Productivity enhancement)

The usage of contact points declined significantly as a result of increased convenience thanks to the advancement of digitalization, as well as the spread of COVID-19.



Reducing administrative work at bank branches via paperwork-free policies (Vision 2030 target : 50% cut)

Enhancing internet banking and app functions (Vision 2030 target : 30% usage of non-face-to-face channels)



< Paperwork-free policies >

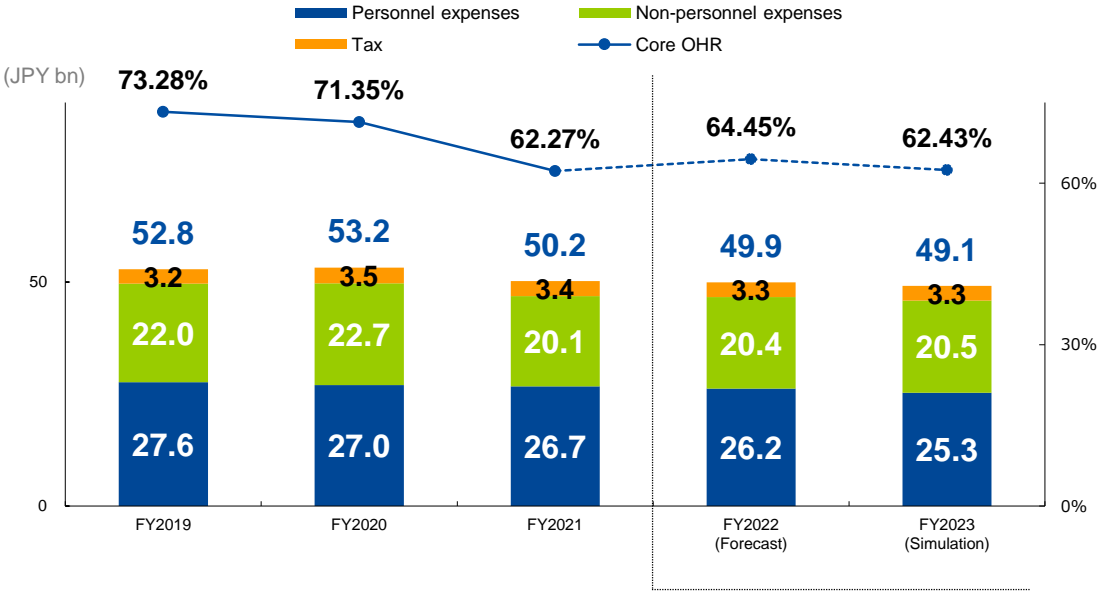
- Full establishment of support office (April 2021)
 - Expansion of branches where administrative work is concentrated
- Expansion of concentration of administrative work related to international remittances at headquarters
- Trial consolidation of all financing and lending paperwork at headquarters
 - Credit rating paperwork, financing and lending operations, etc.

< Rebalancing of management assets >

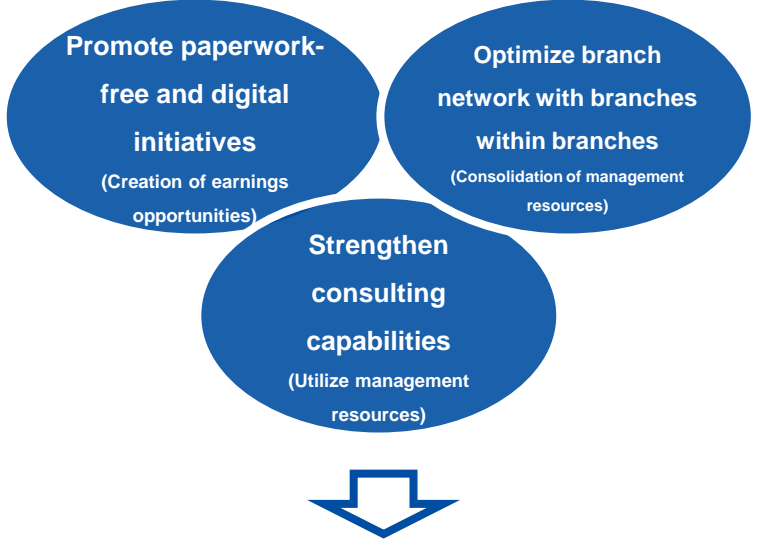
- 1) Enhancement of non-face-to-face channels in accordance with customer needs and **optimization of branch network**
- 2) **Education, redistribution, and streamlining (natural attrition)** of workforce in order to strengthen consulting capabilities

4. Business Strategy (Productivity enhancement)

Expenses and core OHR

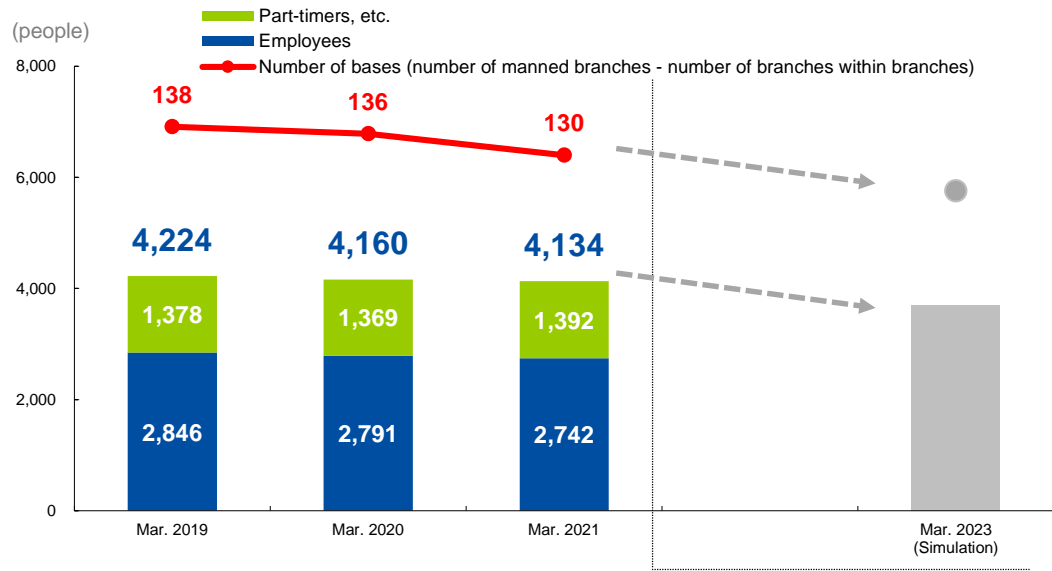


As part of measures to improve our OHR and increase labor productivity, we will utilize the promotion of paperwork-free and digital initiatives to optimize our branch network and educate and redistribute our workforce with the aim of improving consulting capabilities.



$$\frac{\text{Non-personnel expenses /}}{\text{Personnel expenses}} = \text{Top line}$$

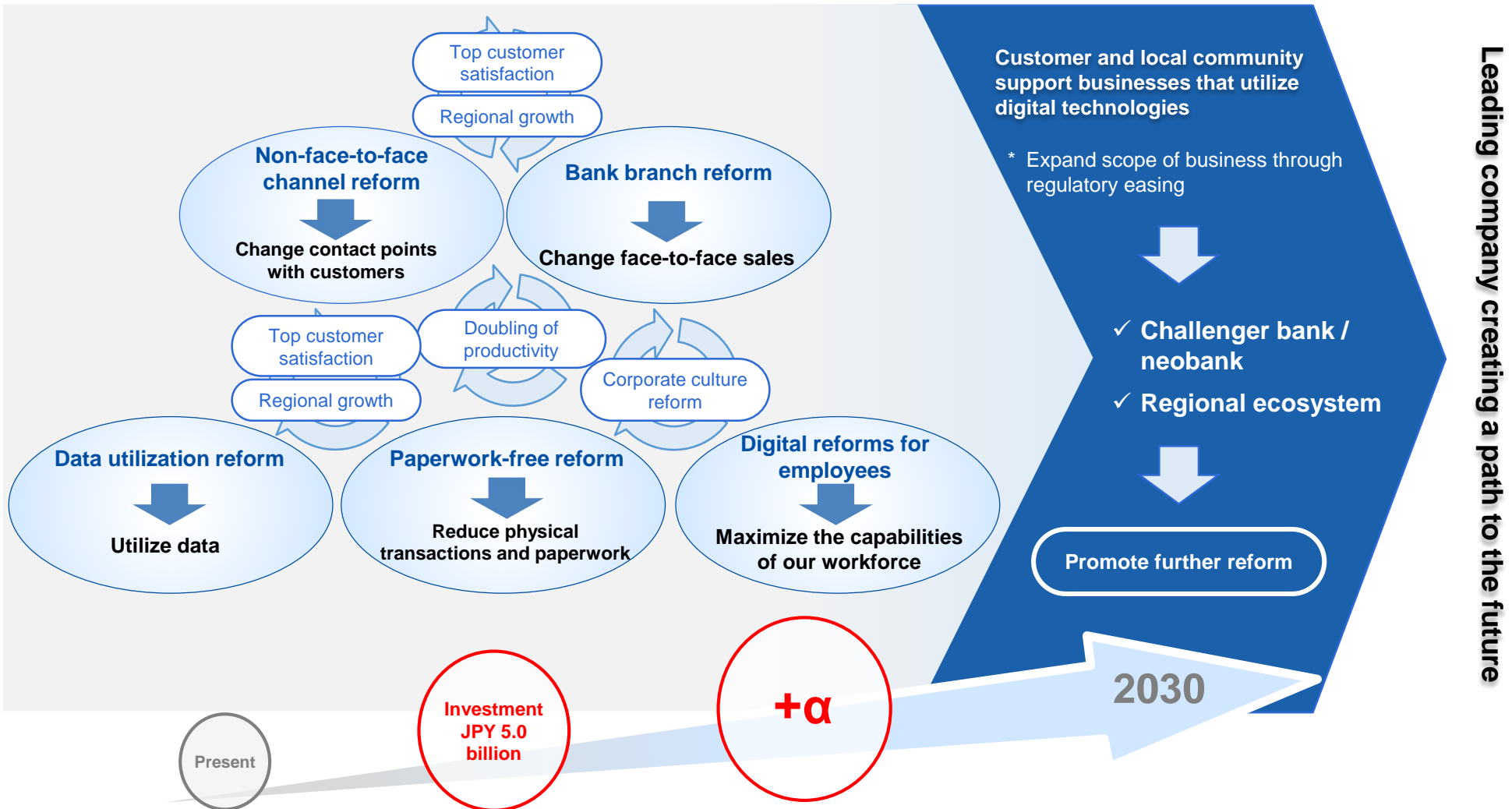
Total number of personnel and number of bases



4. Business Strategy (Utilization of digital technologies)

While focusing on “digital reforms in the banking business,” our existing business domain, we will also promote further reform by focusing on “creating new businesses” based on “combining finance with digital technologies.”

Digital reforms in banking business + Creation of new businesses



4. Business Strategy (HR development)

In order to develop “human resources that serve a purpose for customers and local communities” and “human resources that contribute to corporate reform,” we will hold various types of training seminar that will contribute to strengthening our consulting capabilities for corporate clients and individuals, etc.

1. Enhancement of internal training

(Total number of people)

Training name	FY2021 (1)	FY2022 (2)	Difference (2) - (1)
Training per level (A)	1,292	1,345	53
Training to improve consulting capabilities (B)	558	1,397	839
Other (risk management, administrative processes, etc.) (C)	1,845	2,097	252
Total (A+B+C)	3,695	4,839	1,144

○ Key training meetings that are newly established or proceeding to full implementation

Training to strengthen trust business	36	200	164	Full implementation
77 Money School (for FP Level 1 and persons with CFP qualification)	-	50	50	Newly established
Training to strengthen utilization of IT and digital technologies	-	130	130	Newly established

2. Enhancement of external training to develop specialist human resources

Dispatch of trainees to fintech companies, consulting companies, etc.	6 people
Programs to train human resources who will contribute to regional development (Workshop for collaboration between government and the private sector with Miyagi Prefecture)	12 people

○ Persons dispatched externally to develop specialist human resources (as of Mar. 31, 2021)

Field	Number of persons dispatched	Main institutions accepting dispatched persons
Digital technology	2	Japan Digital Design, Inc. MEJAR Digital Innovation Hub
International business and markets	8	Overseas offices of Japanese financial institutions, Japan External Trade Organization, Miyagi Prefecture’s Dalian office, overseas financial institutions, etc.
Solutions	9	Domestic offices of Japanese financial institutions, local private sector companies, domestic graduate schools, Regional Economy Vitalization Corporation of Japan, etc.
Regional vitalization	3	Miyagi Prefecture, Sendai City, Tohoku Tourism Promotion Organization
Total	22	

05

| ESG and SDGs

The 77 Bank Group, in keeping with the philosophy of the Bank Creed passed down from our founders—“The Bank’s progress goes hand in hand with prosperity in the local community”—aims to contribute to the future of the region and the realization of a sustainable society by working toward the achievement of the Sustainable Development Goals (SDGs) on a Group-wide basis.

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

1. Revitalization of the regional economy

We aim to contribute to the realization of a sustainable society through consulting with, and building partnerships with, local governments and corporate and individual customers.



2. Responding to global warming and climate change

Through our responses to climate change, we will contribute to the protection of Earth from destruction and contribute to urban development that is more in harmony with nature.



3. Encouraging and supporting the activities of our employees

We are creating an organization where each and every employee and officer can engage in a diverse range of activities.



4. Advancing corporate governance

We will collaborate appropriately with our stakeholders to strengthen and enhance corporate governance.



Lending Policies for Specific Businesses

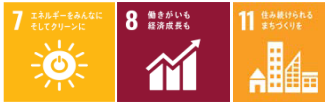
Environmental Issues	1. Environmental protection We will not support projects that may have a significant negative impact on the environment, such as illegal deforestation or the development of palm oil plantations that damage biodiversity.
	2. Transition to a low-carbon society As a general rule, we will not finance the construction of new coal-fired power plants. In the case of replacement projects, we will consider lending only to projects that employ eco-friendly high-efficiency power generation technologies (ultra-supercritical pressure technology or technologies providing equivalent power generation performance), with final decisions to be made carefully based on comprehensive analysis of the project’s impact on the environment, etc.
Societal Issues	1. Prevention of human rights violations We will not finance business operators involved in human trafficking, child labor, or forced labor, regardless of the purpose for the loan.
	2. Elimination of inhumane weapons We will not finance business operators involved in the development and manufacturing of inhumane weapons, such as cluster munitions, regardless of the purpose for the loan.

Key ESG and SDG-related results and initiatives

■ Renewable energy-related funding	354 cases / JPY 162.7 billion	■ Green bonds	23 cases / JPY 30.2 billion
■ 77 ESG Privately Placed Corporate Bonds	47 cases / JPY 6.2 billion	■ Sustainability bonds	7 cases / JPY 3.7 billion
■ 77 Privately Placed Corporate Bonds for Social Contribution (Donation-Type)	378 cases / JPY 30.5 billion	■ Social bonds	12 cases / JPY 9.5 billion
■ Support for use of interest subsidies to promote regional ESG financing	4 cases / JPY 0.37 billion	■ Sustainability-linked bonds	2 cases / JPY 0.4 billion
■ Support for use of schemes to support SMEs and SDG-focused businesses (JICA)	1 case	■ Sustainability-linked loans	2 cases / JPY 1.7 billion

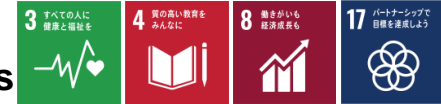
*1. Renewable energy-related funding: Cumulative totals from Great East Japan Earthquake through March 31, 2021 *2. Privately placed corporate bonds: Cumulative totals from product launch through March 31, 2021 *3. Support for use of interest subsidies to promote regional ESG financing: Cumulative totals through March 31, 2021 *4. Support for use of schemes to support SMEs and SDG-focused businesses (JICA): Actual total for April 2021 *5. Purchases of green bonds and other bonds, as well as sustainability-linked loans: Cumulative totals from April 2018 through March 31, 2021

■ Lending to solar sharing project



In January 2021, the 77 Bank Group provided financing to a large-scale agricultural power business (solar sharing) operated by Nihommatsu Agricultural Solar Co., Ltd. in Nihommatsu City, Fukushima, which will generate solar power while also operating an agricultural business. This solar sharing business, where sunlight is shared between agricultural production and power generation, has attracted attention as a model for next-generation utilization of farmland.

■ Partnership related to bequests



In April 2021, the 77 Bank Group entered into a collaborative agreement related to bequests with “Tohoku University” and the “Japanese Red Cross Society,” in response to demand from customers using testamentary trusts and testamentary substitute trusts who wish to “leave assets” to persons other than their family.

■ “77 Regional Revitalization Business Matching Event”



The 77 Bank Group engages in various initiatives aimed at resolving the issues of both local governments with whom it has entered into Comprehensive Cooperation Agreements for Regional Revitalization and private business operators, including holding “77 Regional Revitalization Business Matching Events” to share information and find solutions for the issues faced by local communities, under the umbrella of the “Miyagi wide-area PPP platform (MAPP),” which the Bank took the lead in forming.

Between January 28 and February 3, 2021, the 77 Bank Group held matching events between local governments that face issues in their respective regions and private business operators offering potential solutions to those issues. In addition, we also held individual consultations on May 11 and 12, 2021, based on requests from local governments.

As of March 31, 2021, the 77 Bank Group had entered into Comprehensive Cooperation Agreements for Regional Revitalization with Miyagi Prefecture and 35 municipalities within the prefecture, as well as 2 municipalities within Fukushima Prefecture, for a total of 38 counterparties.



Individual consultation

Opportunities for one-to-one consultations between local governments and private business operators were created, where attendees provided consultations on specific matters and exchanged views, with the aim of finding solutions for issues.



Online meeting venue

Meetings were held in a hybrid manner, with both real and online attendance, and were attended by many people.

5. ESG and SDGs

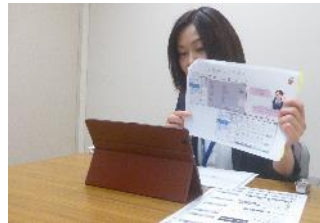
We have established four key areas and are committed to creating a highly productive organization where each and every employee can perform to their full potential in a healthy state of mind and body, and with a greater sense of fulfillment and job accomplishment. By allowing our employees and the organization to continue to grow together while enhancing our consulting capabilities, we aim to be the bank chosen by customers in the region.

- (1) Realize work-life balance (2) Establish an environment where diverse human resources can demonstrate their full potential (3) Develop promising human capital (4) Promote health and productivity management

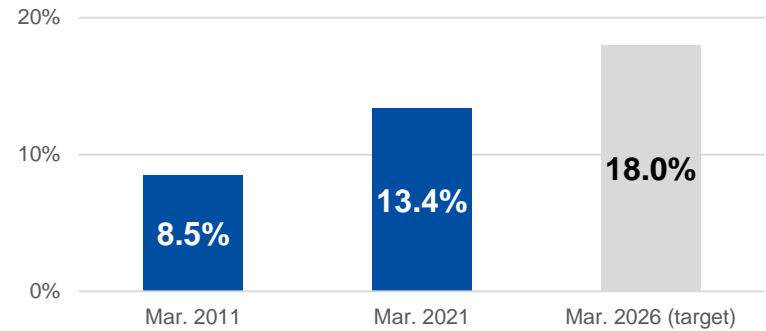
■ Initiatives to support women's return to work



In order to create an environment where women can actively participate, the Bank holds regular "Work Work Sukoyaka (Healthy) Club" discussion groups for women before and after maternity leave and time off for childrearing.

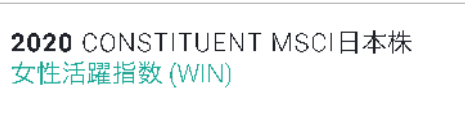


Proportion of female managers



External evaluation of our efforts

(1)



Chosen as a constituent of **MSCI Japan Empowering Women Index**, which recognizes companies with outstanding efforts in promoting the participation and advancement of women in the workplace (as of December 2020)

(2)



Certified as **"Health and Productivity Management Organization 2021 (White 500)"**

(3)



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

(4)



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

(5)



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

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The 77 Bank Group is taking steps to increase corporate value by further enhancing corporate governance, including strengthening systems for the execution of business operation.

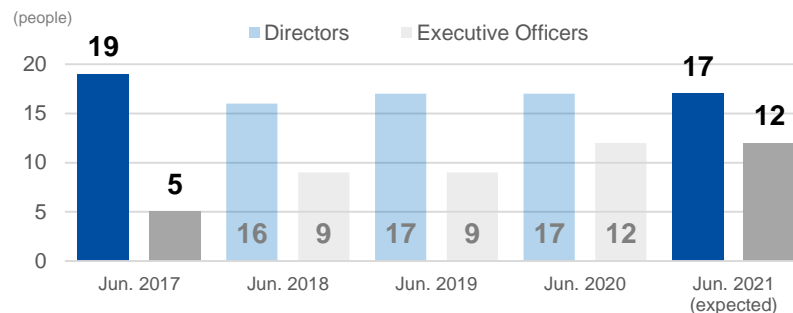
Strengthening systems for the execution of business operations

■ Creation of Operating Officers Committee

Since the introduction of an Executive Officer system in 2014, the 77 Bank has taken steps to strengthen and speed up functions related to the execution of business operations by increasing the number of Executive Officers and other means.

In order to further strengthen systems related to the execution of business execution by Executive Officers, the 77 Bank will establish an “Operating Officers Committee” in June 2021.

< Changes in the number of Directors and Executive Officers >



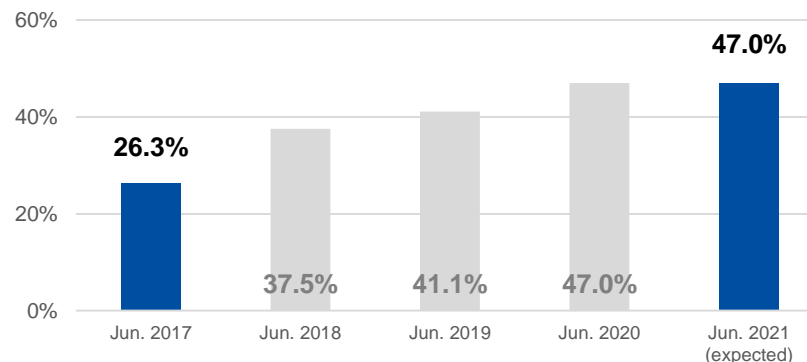
Revitalization of our organization through various committees

In order to strengthen risk management and consider policies that take changes in the times into consideration, the Bank has established various cross-organizational committees consisting of officers and persons responsible for our operations.

- Compliance Committee
- Internal Control Committee
- **Operating Officers Committee** (June 2021)
- ALM / Earnings Management Committee
- Earthquake Reconstruction and Financial Facilitation Promotion Committee
- **Digital Strategy Investigation Committee**
- **Paperwork-free Promotion Committee**
- **Senior Service Support Investigation Committee**

Changes in the ratio of Outside Directors

Through the election of Outside Directors and other methods, we are creating highly effective corporate governance systems.



5. ESG and SDGs

We aim to achieve co-prosperity with the region and dedicate ourselves to serving the region by deepening interaction with regional society as a member of the local community and through our ongoing social contribution activities, including support for cultural and educational promotion as well as social welfare activities.

Promoting sports

Promoting sports in regional communities through sports clubs



Supporting financial education

Operating the Currency and Banking Museum



Providing a financial education website for children



Contributions to social welfare

Made donations through the 77 Caring Fund Raising Committee



Responding to environmental issues

Forest conservation activities



Interaction with the region

Regional clean-up activities



Supporting cultural activities

Support for various cultural activities



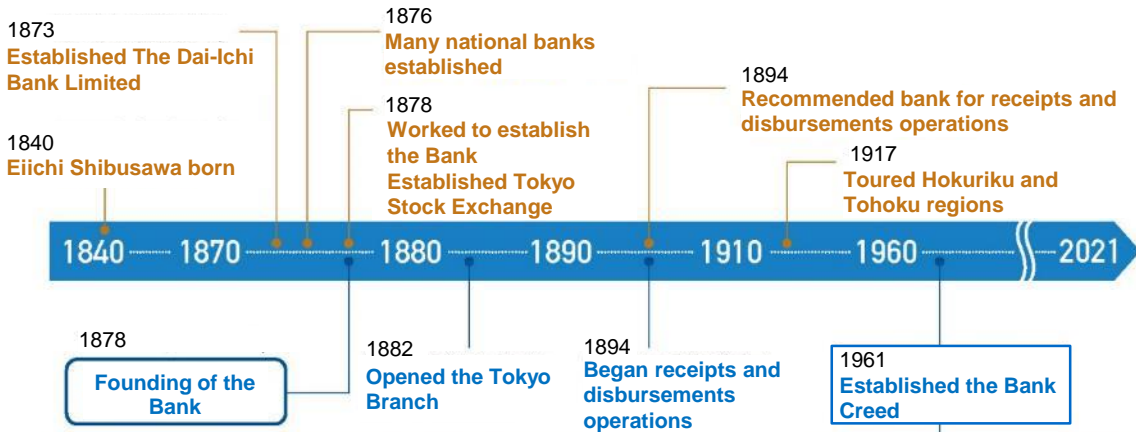
5. ESG and SDGs

Businessman Eiichi Shibusawa, who is often called the “father of Japanese capitalism,” contributed significantly to the establishment of the Bank, and the spirit of “harmony of morality and the economy” that he advocated forms the basis for the Bank Creed of the 77 Bank today.



Eiichi Shibusawa (photograph: Fukaya City)
 1840 – 1931
 Born in Chiarajima Village, Hanzawa-gun, Musashino Province (present day Fukaya City, Saitama).
 When the Bank was established, he provided advice regarding such matters as the nature of the banking business and basic management concepts.

Eiichi Shibusawa has recently been the focus of significant attention, including the decision to feature his image on the new 10,000 yen banknote in FY2025, as well as his story being taken up in the popular Taiga drama shown on NHK in 2021.



The spirit of “harmony of morality and the economy” that Eiichi Shibusawa advocated survives today in one line of the Bank Creed, which expresses the Bank’s corporate philosophy, namely, “the Bank’s progress goes hand in hand with prosperity in the local community.”

Bank Creed

- 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.

This is a Japanese-English translation of the presentation material for your convenience. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct. Please note that the projections described in this document do not guarantee future performance. Future performance projections may differ from actual results due to uncertainty caused by factors such as changes in the business environment.