77 BANK

IR Presentation

Results for the First Half of Fiscal Year Ending March 31, 2021

December 1, 2020

Materials were prepared for the Bank's presentation of its results for the first half of fiscal year ending March 31, 2021 held on December 1, 2020.

七十七グループは持続可能な開発目標（SDGs）を支援しています。

Contents

Ⅰ. Financial Summary

- ☐ Summary of profits and losses 3
- ☐ Interest income 4
- ☐ Loans and bills discounted/Deposits 5
- ☐ Securities 6
- ☐ Fees and commissions 8
- ☐ Expenses 9
- ☐ Credit-related expenses/reserve for possible loan losses/credits disclosed under the Financial Reconstruction Law 10

Ⅱ. Projected Performance

- ☐ Projected performance for FY2021 12
- ☐ Progress of the Medium-term Management Plan 14

Ⅲ. Status of Medium-term Management Plan

- ☐ Results and issues of current Medium-term Management Plan 16
- ☐ Direction of the next management plan 18

Ⅳ. Management Strategy

- ☐ Business environment 20
- ☐ Management philosophy/Bank image sought by The 77 Bank 21
- ☐ Growth Strategy
  - ・Corporate transactions 22
  - ・Retail transactions 24
  - ・Marketable securities trading 26
  - ・HR development 27
  - ・Group businesses 28
- ☐ Productivity enhancement strategy
  - ・Paperwork-free/Digital 29
  - ・Expenses 30
- ☐ Governance strategy
  - ・Capital policies 31
- ☐ Regional economy vitalization strategy
  - ・SDGs/ESG 32

Ⅰ. Financial Summary

七十七グループは持続可能な開発目標（SDGs）を支援しています。

Summary of profits and losses

(JPY bn, %)

Summary of profits and losses (Non-consolidated)	1H FY2020	1H FY2021	YoY change Increase/ Decrease	YoY change Rate of change %
Gross operating income	38.0	**37.5**	(0.5)	(1.2)
[Core gross operating income]	[38.9]	[**38.0**]	[(0.9)]	[(2.5)]
Interest income	36.4	**34.1**	(2.3)	(6.3)
Fees and commissions	4.6	**4.2**	(0.4)	(9.2)
Other operating income	(3.0)	**(0.8)**	2.2	
Gains (losses) on bonds	(0.9)	**(0.5)**	0.4	
Gains (losses) on forex transactions	(2.4)	**(0.7)**	1.7	
Expenses	25.9	**25.3**	(0.6)	(2.5)
Substantial operating income (Operating income before provision of general reserve for possible loan losses)	12.1	**12.2**	0.1	1.6
[Core operating income]	[13.0]	[**12.7**]	[(0.3)]	[(2.3)]
[Core operating income (excl. gains (losses) on cancellation of investment trusts)]	[8.4]	[**8.4**]	[0.0]	[0.6]
Provision of general reserve for possible loan losses	(0.1)	**1.8**	1.9	
Operating income	12.2	**10.4**	(1.8)	(14.1)
Special income and losses	3.3	**0.2**	(3.1)	
Bad debt disposals (-)	3.3	**3.9**	0.6	
Gains on reversal of reserve for possible loan loss	–	**0.1**	0.1	
Gains (losses) on stocks	3.0	**2.0**	(1.0)	
Gains (losses) on investments in money held in trust	3.2	**2.2**	(1.0)	
Ordinary income	15.5	**10.6**	(4.9)	(31.3)
Extraordinary income	–	**–**	–	
Extraordinary loss	0.0	**0.2**	0.2	
Income taxes (incl. deferred taxes)	4.2	**3.0**	(1.2)	
Net income	11.3	**7.4**	(3.9)	(34.1)
Credit-related expenses	3.2	**5.6**	2.4	

Summary of profits and losses (Consolidated)				
Ordinary income	15.9	**11.1**	(4.8)	(30.2)
Net income attributable to owners of the parent	11.3	**7.5**	(3.8)	(33.9)

＜Core operating income＞

Although other operating income increased owing to improved gains (losses) on forex transactions, core operating income decreased JPY 0.3 billion year-on-year because of a decrease in interest income associated with a decline in interest and dividends on securities.

＜Ordinary income・Net income＞

Ordinary income and net income decreased JPY 4.9 billion and JPY 3.9 billion year-on-year respectively, owing to an increase in credit-related expenses.

Interest income

(JPY bn)

	1H FY2020	1H FY2021	YoY change
Interest income	36.4	**34.1**	(2.3)
Investment income	37.6	**34.9**	(2.7)
[Interest on loans and bills discounted]	20.9	**20.7**	(0.2)
[Interest and dividends on securities]	16.6	**14.0**	(2.6)
Fund procurement costs	1.2	**0.8**	(0.4)
[Interest on deposits]	0.5	**0.2**	(0.3)

(JPY bn)

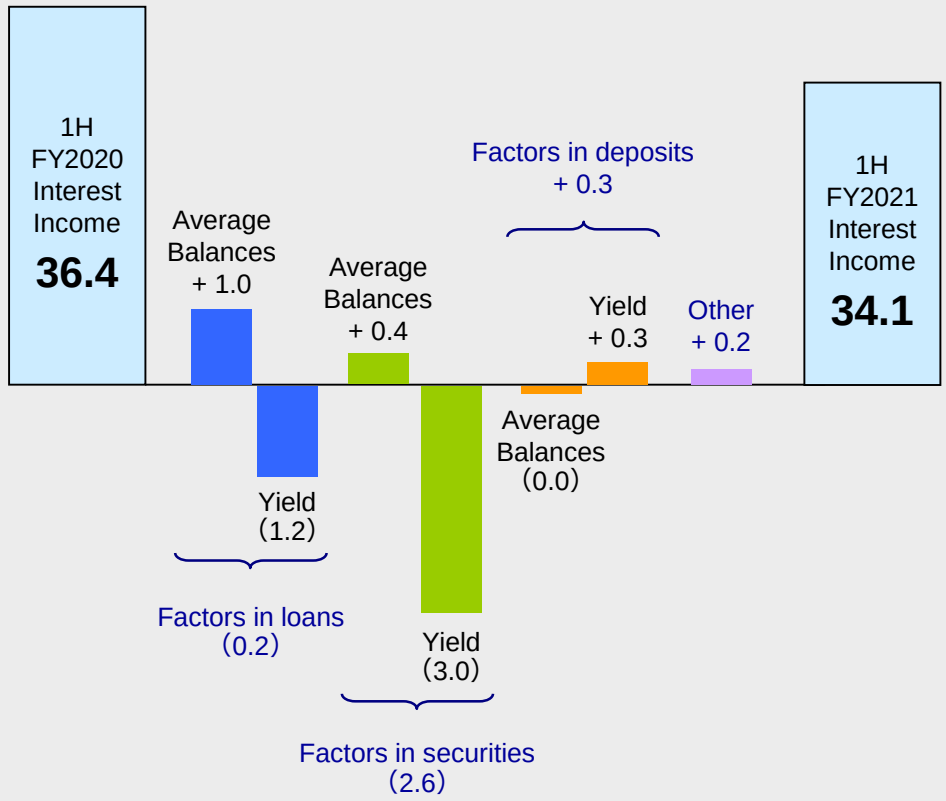
Major accounts (average balances)	1H FY2020	1H FY2021	YoY change
Loans and bills discounted	4,702.3	**4,930.0**	227.7
Securities	2,806.4	**2,868.3**	61.9
Deposits and certificates of deposits	7,794.1	**8,149.4**	355.3

(%)

Interest rates	1H FY2020	1H FY2021	YoY change
Loans and bills discounted interest rate	0.88	**0.83**	(0.05)
Securities interest rate	1.18	**0.97**	(0.21)
Interest rate on deposits	0.01	**0.00**	(0.01)

Interest income decreased JPY 2.3 billion year-on-year owing to a decrease in interest and dividends on securities.

<Change factors in interest income> (JPY bn)



Loans and bills discounted/Deposits

- Loans and bills discounted increased 4.8% year-on-year owing to efforts to bolster lending to SMEs and increased lending to large corporations. Interest on yen-denominated loans and bills discounted also increased JPY 0.4 billion year-on-year because of changes in the average balance.
- Total deposits and certificates of deposits increased 4.5% year-on-year because of increased retail and corporate deposits.

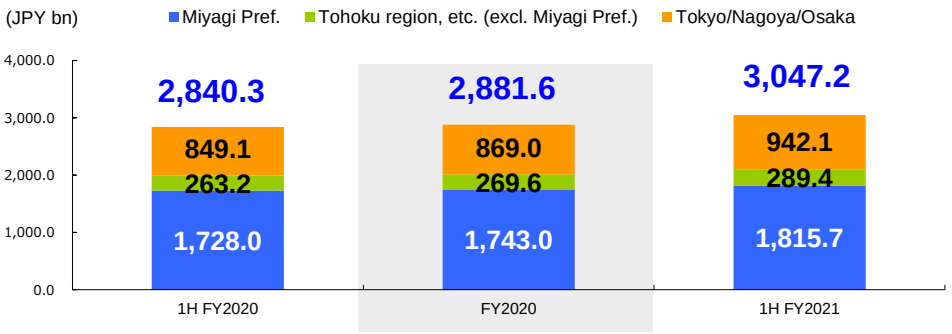
(JPY bn, %)

	1H FY2020	1H FY2021	YoY change (%)
Loans and bills discounted (average balances)	4,702.3	**4,930.0**	4.8
Corporate loans	2,904.9	**3,103.0**	6.8
Retail loans	1,144.8	**1,184.7**	3.4
Loans for local governments	652.6	**642.3**	(1.5)

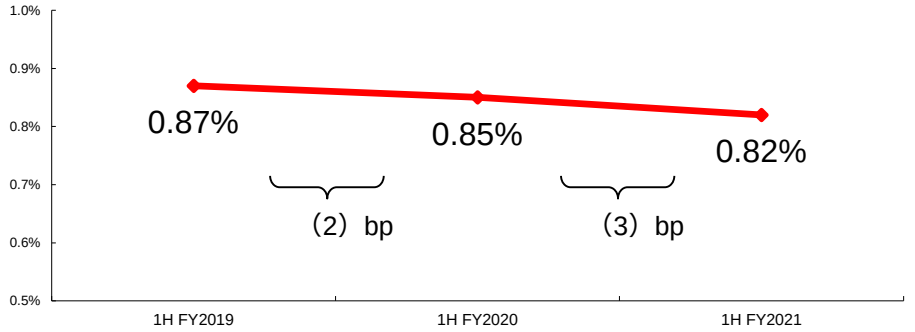
(JPY bn, %)

	1H FY2020	1H FY2021	YoY change (%)
Deposits and certificates of deposits (average balances)	7,794.1	**8,149.4**	4.5
Retail deposits	5,018.4	**5,273.1**	5.0
Corporate deposits	1,849.0	**2,026.4**	9.5
Public deposits	890.2	**826.7**	(7.1)

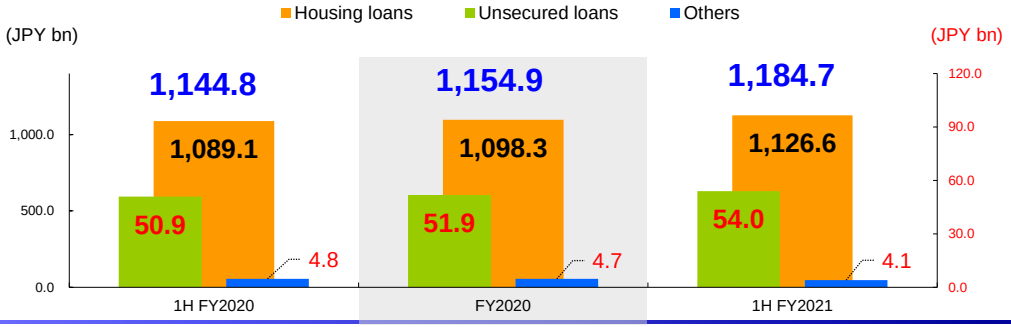
Corporate loans (yen-denominated, average balances)



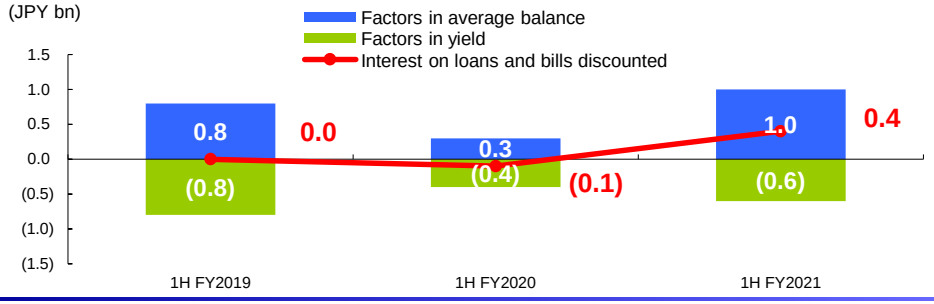
Loans and bills discounted interest rate (Yen-denominated)



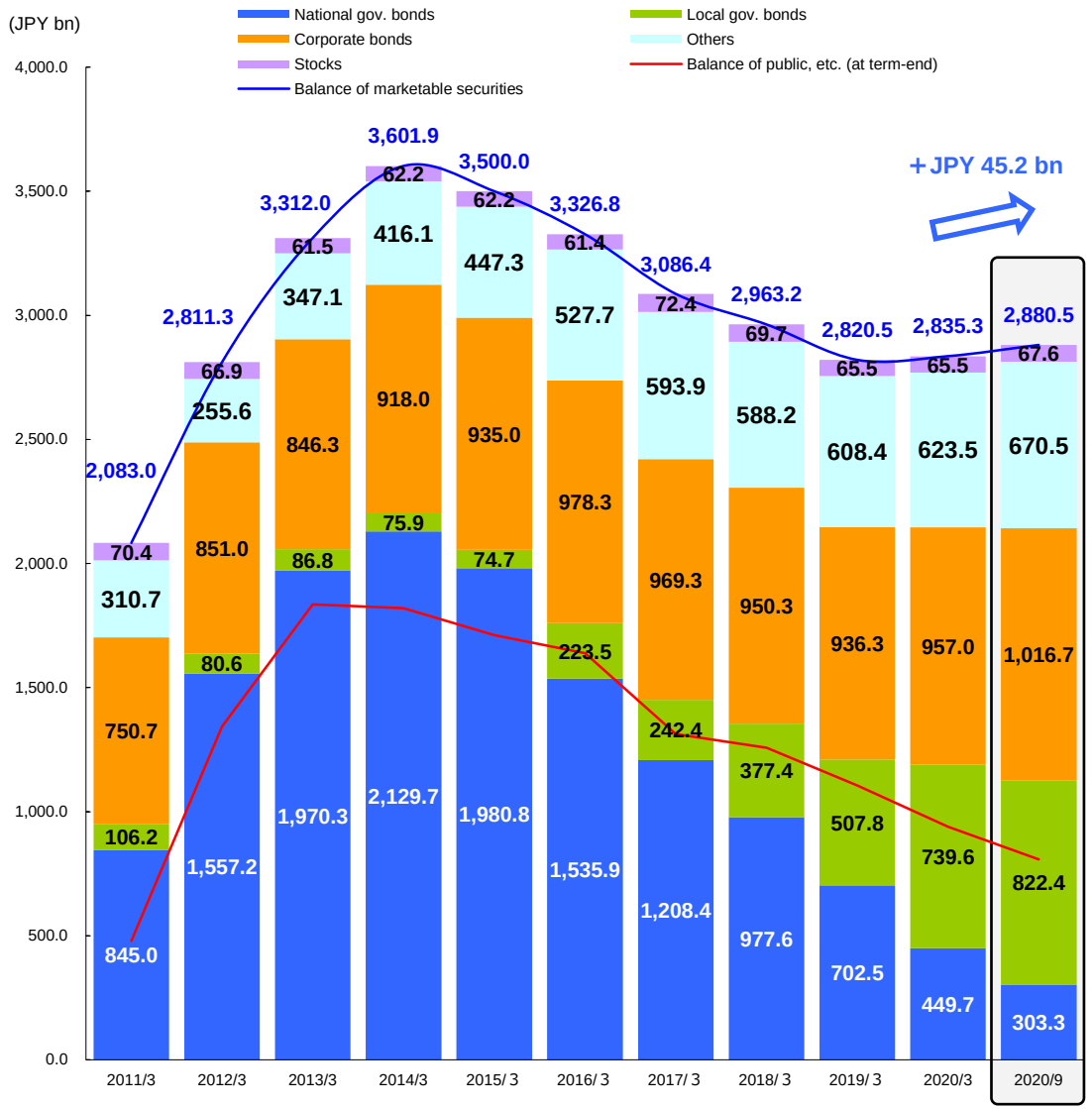
Retail loans (average balances)



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



Balance of marketable securities (on an amortized cost base)



(JPY bn)

	2011/3	2012/3	2013/3	2014/3	2015/ 3	2016/ 3	2017/ 3	2018/ 3	2019/ 3	2020/3	2020/9
Balance of public, etc. (at term-end)	479.7	1,342.8	1,835.6	1,819.6	1,711.7	1,638.1	1,312.0	1,258.2	1,106.0	939.7	807.5

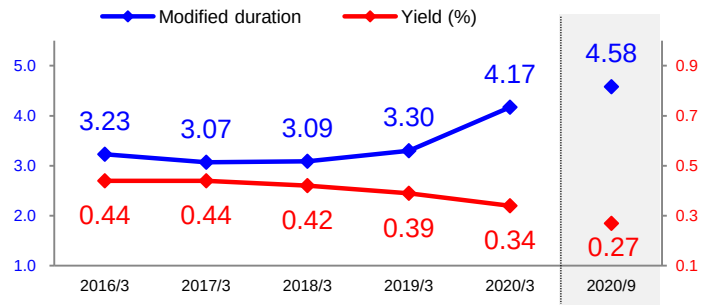
The balance of marketable securities increased JPY 45.2 billion from the end of March 2020 owing to an increase in investments in local gov. bonds, despite decreased investments in national gov. bonds.

Composition ratio by type (on an amortized cost base)

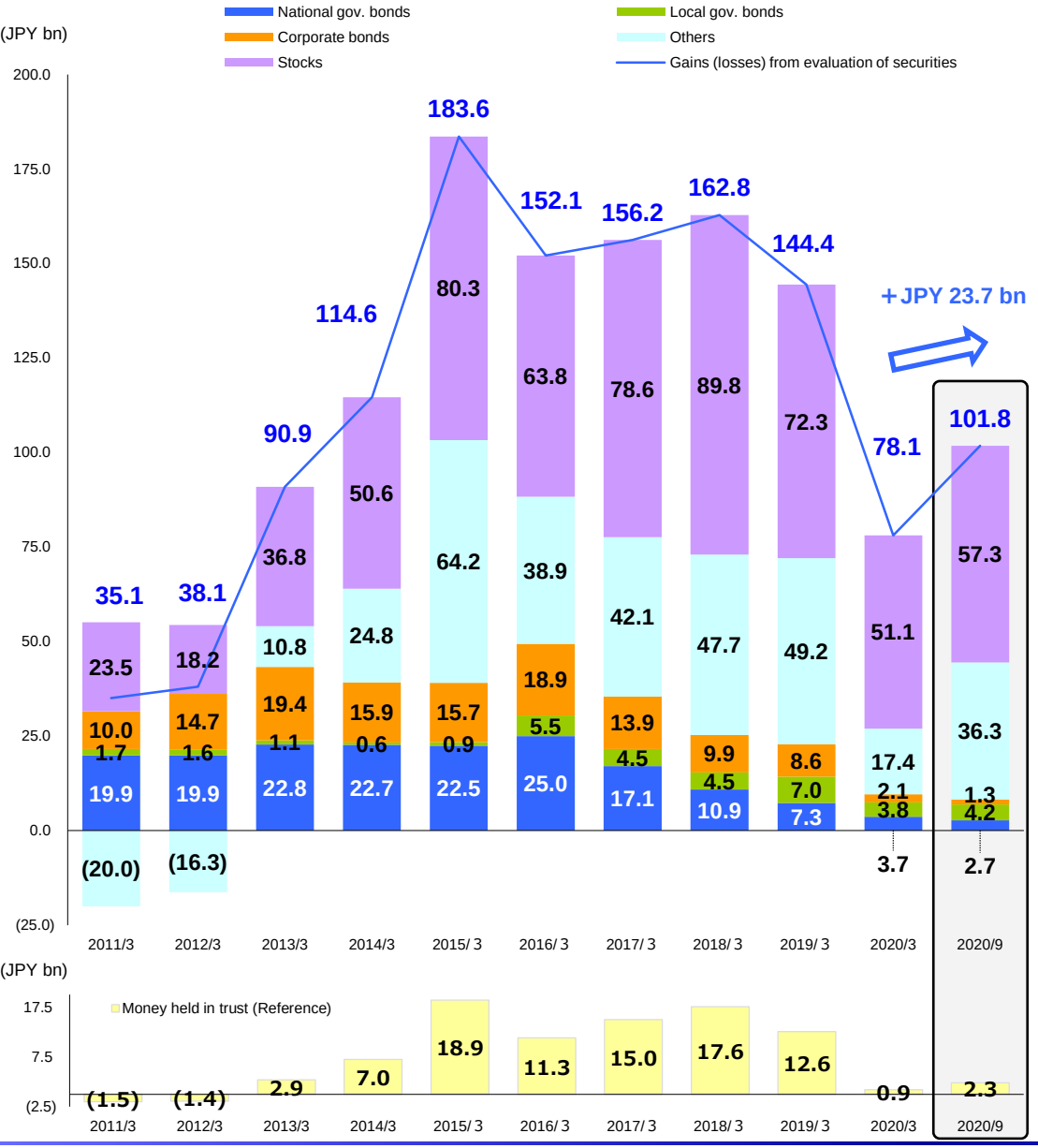
	End-Mar. 2019	End-Mar. 2020	End-Sep. 2020
National gov. bonds	24.9%	15.9%	↘ **10.5%**
Local gov. bonds	18.0%	26.1%	↗ **28.6%**
Corporate bonds	33.2%	33.7%	↗ **35.3%**
Other	21.6%	22.0%	↗ **23.3%**
Investment trusts, etc.	15.5%	17.8%	↘ **19.4%**
Foreign bonds	6.1%	4.2%	**3.9%**
Stocks	2.3%	2.3%	**2.3%**

Yields and modified duration of yen-denominated bonds

* Yen-dominated bonds other than investment trusts



Gains (losses) from evaluation of securities



Gains (losses) from evaluation of securities increased JPY 23.7 billion from the end of March 2020, primarily in relation to investment trusts and stocks following an increase in stock prices.

Gains (losses) on securities

(JPY bn)

	1H FY2020	1H FY2021	YoY change
Interest and dividends on securities	16.6	**14.0**	(2.6)
Interests on yen-denominated bonds	4.0	**3.0**	(1.0)
Stock dividends	3.2	**2.9**	(0.3)
Distributions from investment trusts	2.5	**2.9**	0.4
Gains on cancellation of investment trusts	4.6	**4.3**	(0.3)
Gains (losses) on bonds	(0.9)	**(0.5)**	0.4
Gains on sales of bonds	0.1	**0.2**	0.1
Losses on sales of bonds	0.0	**0.0**	0.0
Losses on redemption of bonds	1.0	**0.7**	(0.3)
Losses on cancellation of investment trusts	0.9	**0.6**	(0.3)
Gains (losses) on stocks	3.0	**2.0**	(1.0)
Gains on sales of stocks	3.1	**2.8**	(0.3)
Losses on sales of stocks	0.0	**0.8**	0.8
Amortization of stocks	0.1	**0.0**	(0.1)
Gains (losses) on investments in money held in trust	3.2	**2.2**	(1.0)

Fees and commissions

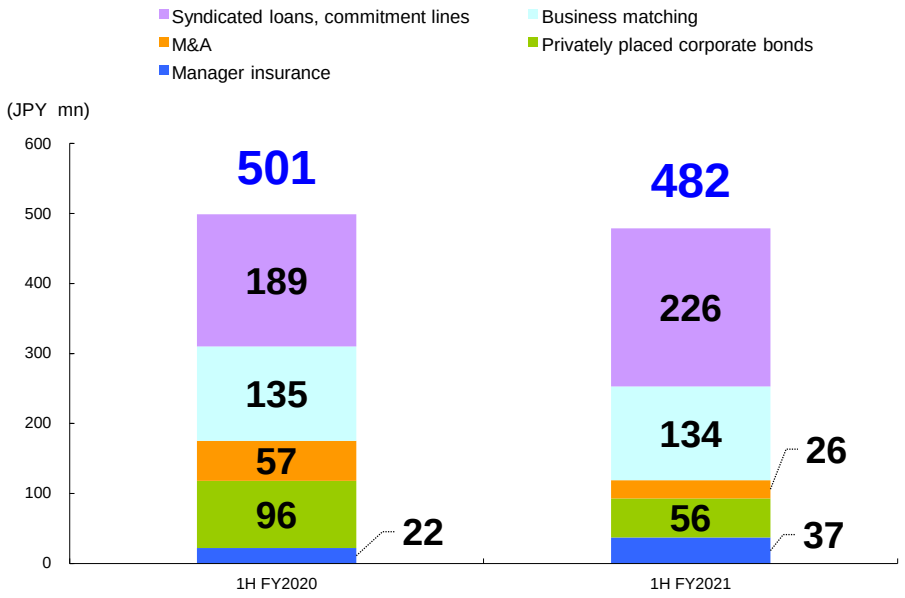
Fees and commissions decreased JPY 0.4 billion year-on-year owing to decreased sales commissions of assets in custody due to self-imposed restraints on business activities associated with the spread of COVID-19, as well as increased loan repayment guarantee fees due to an increase in unsecured loans.

(JPY mn)

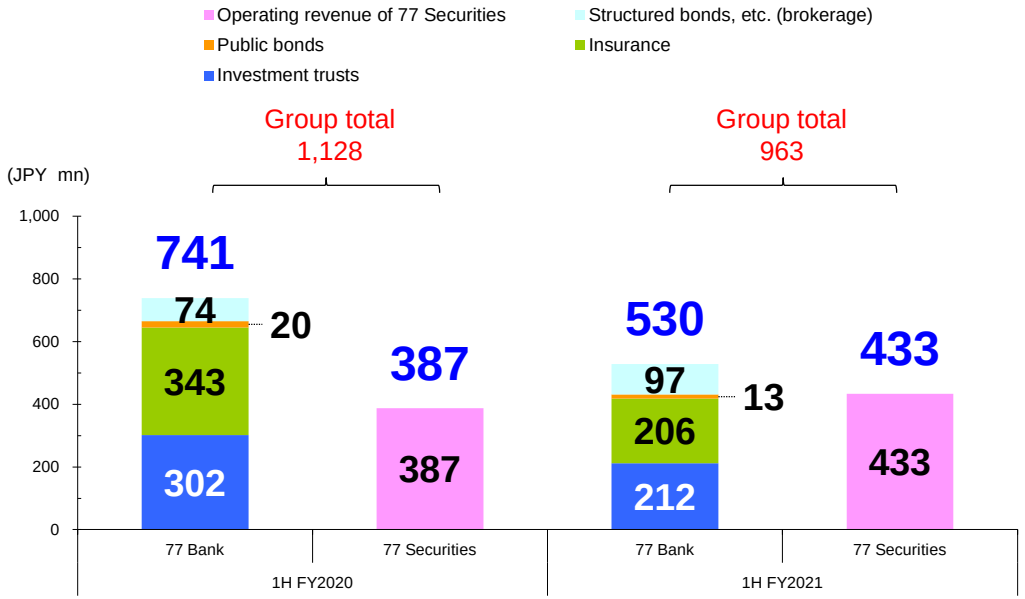
	1H FY2020	1H FY2021	YoY change
Fees and commissions proceeds	8,211	**7,854**	(357)
Fees and commissions from forex	3,356	**3,319**	(37)
Fees and commissions from account transfer	1,364	**1,372**	8
Fees and commissions from corporate clients	501	**482**	(19)
Sales commissions of assets in custody	741	**530**	(211)
Other fees and commissions	2,249	**2,151**	(98)

	1H FY2020	1H FY2021	YoY change
Fees and commissions payments	3,615	**3,686**	71
Creditor group insurance premiums	1,170	**1,211**	41
Loan repayment guarantee fees	1,145	**1,259**	114
Other commission payments	1,300	**1,216**	(84)
Fees and commissions	4,595	**4,168**	(427)

Fees and commissions from corporate clients



Sales commissions of assets in custody



Expenses

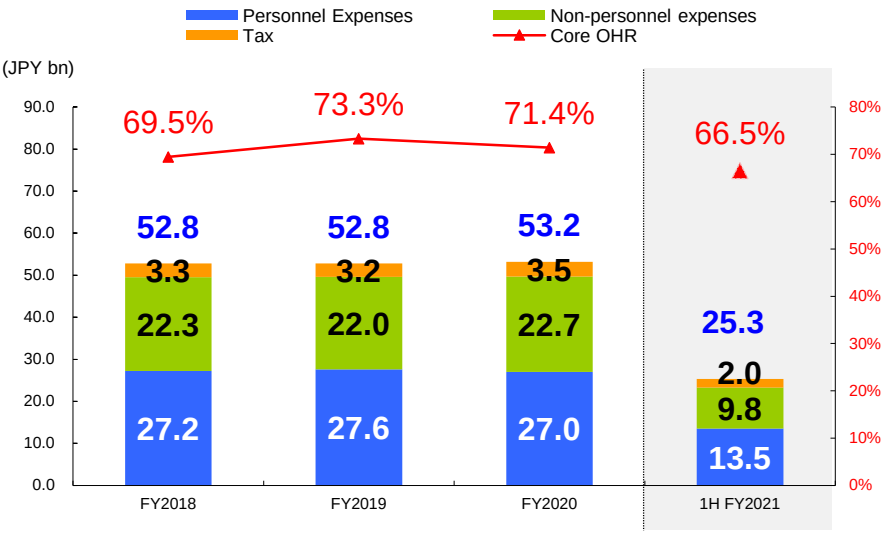
Expenses decreased JPY 0.6 billion year-on-year, because of decreased personnel expenses due to a decrease in the number of employees from retirement and a decrease in the amount of overtime work, as well as decreased operating activity-related expenses in line with the spread of COVID-19 and lower non-personnel expenses from a fallback from increased system-related expenses in the previous year.

(JPY bn)

	1H FY2020	1H FY2021	YoY change
Expenses	25.9	**25.3**	(0.6)
Personnel expenses	13.7	**13.5**	(0.2)
Non-personnel expenses	10.5	**9.8**	(0.7)
Tax	1.7	**2.0**	0.3

(JPY bn)

	Key change factors in expenses (1H FY2021)	
Personnel expenses	**Decrease in the number of employees,etc.**	**(0.2)**
Non-personnel expenses	**Operating activity-related expenses**	**(0.2)**
	system-related expenses	**(0.2)**
Tax	**Consumption tax rate hike**	**0.1**

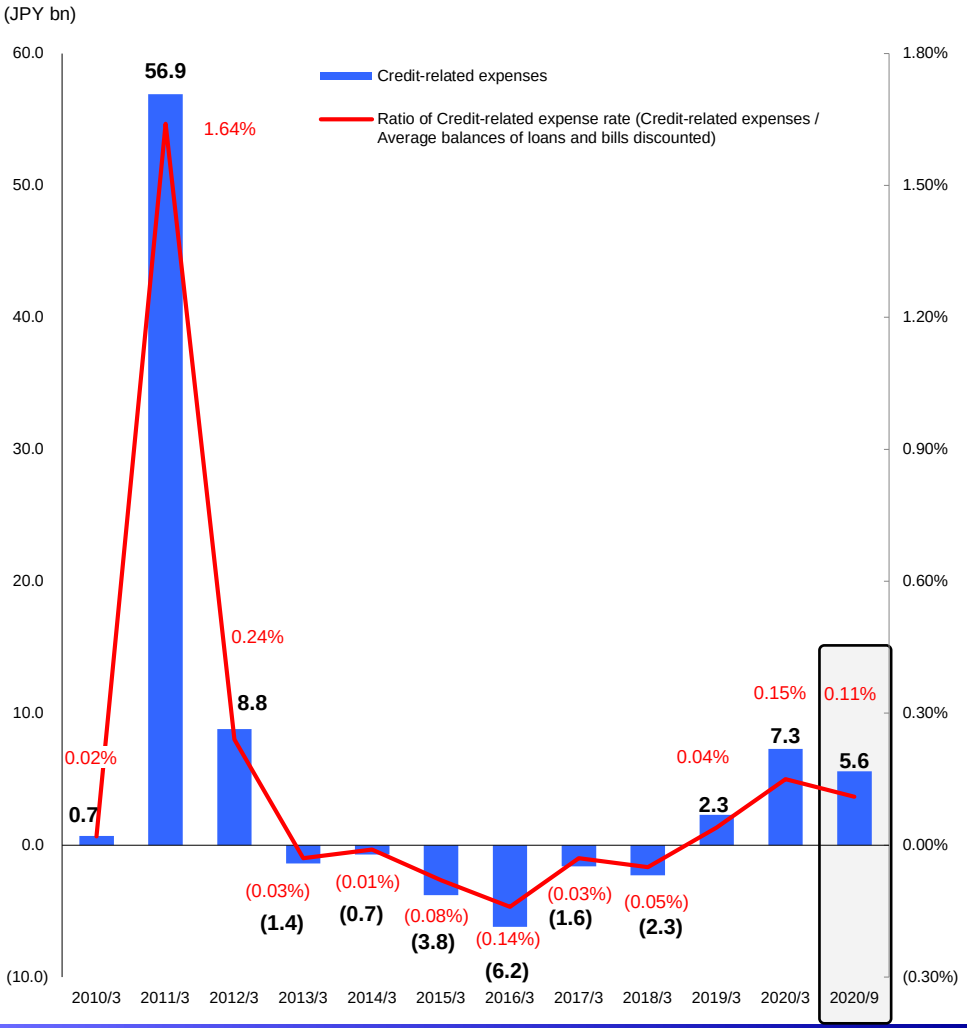


	FY2018	FY2019	1 H FY2020	FY2020	1 H FY2021
Number of manned branches (at term-end)	**141**	**142**	**142**	**142**	**142**
Number of bases (at term-end)	**138**	**138**	**137**	**136**	**135**
Number of branches within branches (at term-end)	**3**	**4**	**5**	**6**	**7**
Number of ATMs installed (at term-end)	**814**	**814**	**809**	**800**	**783**
Average number of employees (excl. secondees)	**2,799**	**2,821**	**2,818**	**2,768**	**2,775**

* 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 the subsidiary.

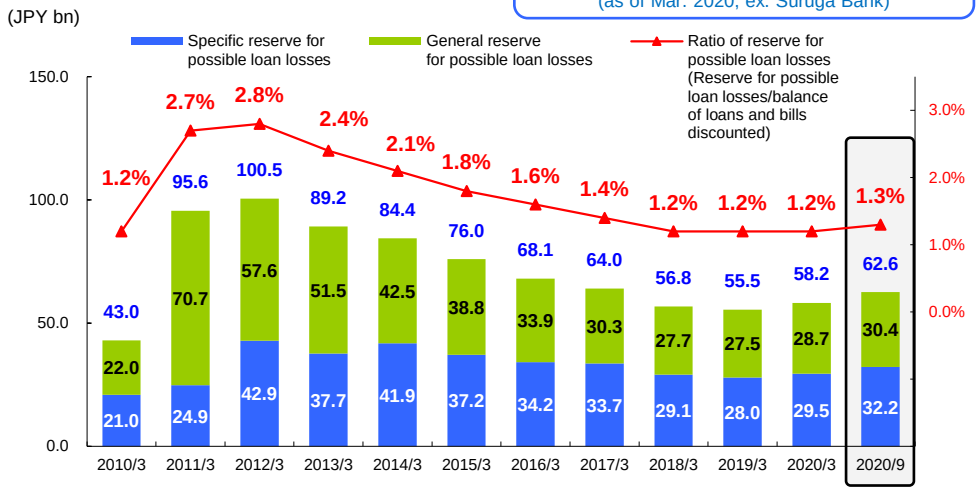
Credit-related expenses increased JPY 2.4 billion year-on-year to JPY 5.6 billion, owing to increased lending as a means of actively providing cashflow support for clients affected by COVID-19, together with an increase in credit downgrades resulting in provisions for the general reserve for possible loan losses and specific reserves for possible loan losses of JPY 1.8 billion and JPY 3.6 billion, respectively.

Credit-related expenses

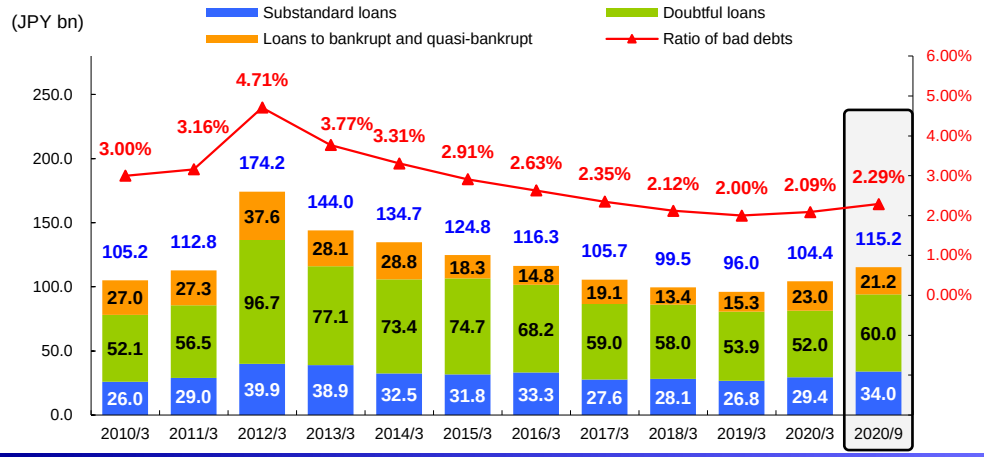


Reserve for possible loan losses

Average ratio of reserve for possible loan losses among regional banks: approx. 0.6%
(as of Mar. 2020, ex. Suruga Bank)



Credits disclosed under the Financial Reconstruction Law



Ⅱ. Projected Performance

七十七グループは持続可能な開発目標（SDGs）を支援しています。

Projected performance for FY2021 (1)

(JPY bn)

Summary of profits and losses (Non-consolidated)	FY2020 (Results)	FY2021 (Forecast)	YoY change
Gross operating income	72.1	**73.2**	1.1
[Core gross operating income]	[74.6]	[**75.2**]	[0.6]
Interest income	68.5	**65.9**	(2.6)
Fees and commissions	9.7	**10.0**	0.3
Other operating income	(6.1)	**(2.7)**	3.4
Gains (losses) on bonds	(2.5)	**(2.0)**	0.5
Gains (losses) on forex transactions	(3.5)	**(0.5)**	3.0
Expenses	53.2	**50.9**	(2.3)
Substantial operating income (Operating income before provision of general reserve for possible loan losses)	18.9	**22.3**	3.4
[Core operating income]	[21.4]	[**24.3**]	[2.9]
[Core operating income (excl. gains (losses) on cancellation of investment trusts)]	[14.3]	[**16.0**]	[1.7]
Provision of general reserve for possible loan losses	1.2	**1.7**	0.5
Operating income	17.7	**20.6**	2.9
Special income and losses	6.9	**0.4**	(6.5)
Bad debt disposals (-)	6.1	**6.3**	0.2
Gains (losses) on stocks	4.6	**3.0**	(1.6)
Gains (losses) on investments in money held in trust	8.8	**4.7**	(4.1)
Ordinary income	24.6	**21.0**	(3.6)
Extraordinary income	–	**–**	–
Extraordinary loss	0.1	**0.4**	0.3
Income taxes (incl. deferred taxes)	7.2	**6.6**	(0.6)
Net income	17.3	**14.0**	(3.3)
Credit-related expenses	7.3	**8.0**	0.7

Summary of profits and losses (Consolidated)			
Ordinary income	26.3	**22.0**	(4.3)
Net income attributable to owners of the parent	18.2	**14.5**	(3.7)

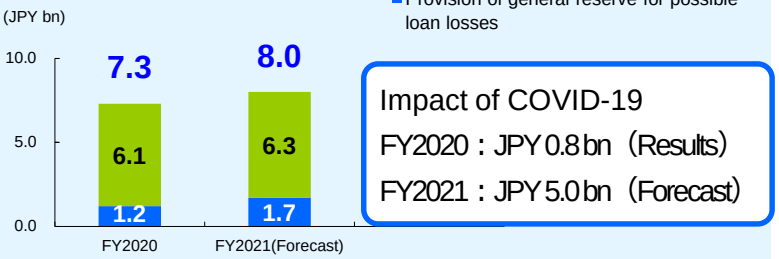
<Interest rates and other assumptions underlying the projection (average)>

	FY2020 (Results)	FY2021 (Forecast)
Unsecured call rate O/N	(0.06)%	**(0.06)%**
JPY TIBOR (3 months)	0.07%	**0.07%**
USD LIBOR (3 months)	2.02%	**0.33%**
10-year JGBs	(0.12)%	**0.00%**
10-year US treasury bonds	1.71%	**0.73%**
Exchange rate (JPY/USD)	¥ 109	**¥ 107**
Nikkei Average (At term-end)	¥ 18,917	**¥ 21,000**

(%)

Interest rates/ Interest margin	FY2020 (Results)	FY2021 (Forecast)	YoY change
Loans and bills discounted interest rate	0.88	**0.83**	(0.05)
Securities interest rate	1.02	**0.86**	(0.16)
Interest rate on deposits	0.00	**0.00**	0.00
Interest rate spread	0.84	**0.74**	(0.10)
Net interest margin	0.17	**0.15**	(0.02)

Credit-related expenses



Impact of COVID-19
FY2020：JPY 0.8 bn（Results）
FY2021：JPY 5.0 bn（Forecast）

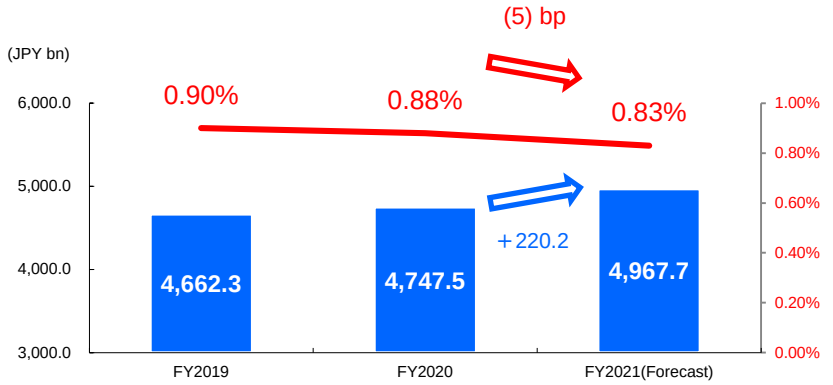
Projected performance for FY2021 (2)

- We expect interest income to decrease JPY 2.6 billion year-on-year, primarily owing to a decrease in interest on yen-denominated bonds, despite interest on loans and bills discounted remaining on par with the previous year as a result of an increase in the average balance of loans and bills discounted.
- We expect fees and commissions to increase JPY 0.3 billion year-on-year owing to an increase in fees and commissions from corporate clients and sales commissions of assets in custody. We also expect that expenses will decrease JPY 2.3 billion year-on-year as a result of a decrease in operating activity-related expenses and a fallback from increased system-related expenses in the previous year.

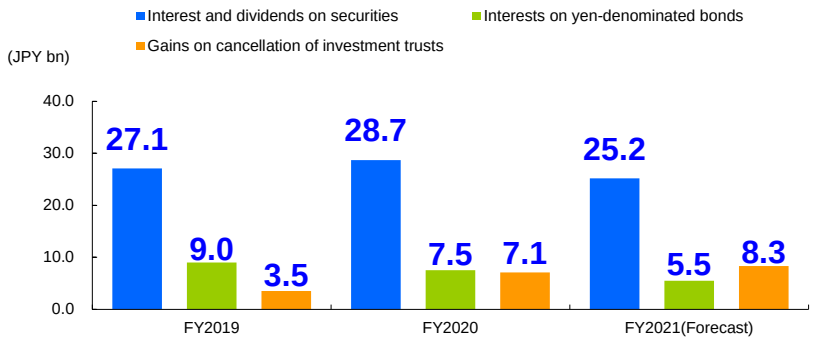
(JPY bn)

	FY2020 (Results)	FY2021 (Forecast)	YoY change
Interest income	68.5	**65.9**	(2.6)
Investment income	70.8	**67.3**	(3.5)
[Interest on loans and bills discounted]	[41.9]	[**41.7**]	[(0.2)]
[Interest and dividends on ecurities]	[28.7]	[**25.2**]	[(3.5)]
Fund procurement costs	2.3	**1.4**	(0.9)
[Interest on deposits]	[0.8)	[**0.4**)	[(0.4))
Fees and commissions	9.7	**10.0**	0.3
[Fees and commissions from corporate clients]	[1.5]	[**1.8**]	[0.3]
[Sales commissions of assets in custody]	[1.5]	[**1.7**]	[0.2]
Expenses	53.2	**50.9**	(2.3)
Personnel expenses	27.0	**26.7**	(0.3)
Non-personnel expenses	22.7	**20.8**	(1.9)
Tax	3.5	**3.4**	(0.1)

Loans and bills discounted (average balances) ・ Loans and bills discounted interest rate



Interest and dividends on securities



Progress of the Medium-term Management Plan

1. Targets

(JPY bn, %)

Item	Results			Forecast		Medium-term Management Plan target
	FY2018	FY2019	FY2020	1 H FY2021	FY2021	FY2021
・Net income (consolidated)	18.3	17.6	18.2	7.5	14.5	19.0
・Interest on loans and bills discounted	41.4	42.0	41.9	20.7	41.7	45.0
・Fees and commissions	9.3	9.6	9.7	4.2	10.0	11.5
・Core OHR (core gross operating income expense ratio)	69.5	73.3	71.4	66.5	67.5	70.0
・ROE (consolidated)	3.8	3.6	3.9	3.2	3.2	3.7
・Capital adequacy ratio (consolidated)	10.4	10.4	10.3	10.3	10.0	10.0
・Balance of corporate loans (term-end) *1	2,796.0	2,868.5	3,027.2	3,044.6	3,204.0	3,000.0
Of which, Miyagi Prefecture	1,698.9	1,746.0	1,778.2	1,818.9	1,968.0	1,900.0
Of which, Sendai City	1,223.3	1,276.6	1,306.6	1,335.5	1,458.0	1,370.0
・Balance of assets in custody, Group (term-end) *2	606.2	619.3	600.4	604.9	637.0	740.0
・Balance of retail loans (term-end)	1,101.4	1,140.4	1,181.6	1,192.9	1,211.0	1,200.0

*1. Yen-denominated only

*2. Sum of assets in custody of The 77 Bank and those of 77 Securities (foreign currency deposits exclude deposits by financial institutions and offshore accounts)

<Interest rates and other assumptions as well as forecasts (average)>

(%, JPY)

	FY2019		FY2020		FY2021	
	Results	At the time of formulation of the Medium-term Management Plan	Results	At the time of formulation of the Medium-term Management Plan	Forecast	At the time of formulation of the Medium-term Management Plan
Unsecured call rate O/N	(0.06)	(0.05)	(0.06)	(0.05)	**(0.06)**	**0.00**
JPY TIBOR (3 months)	0.07	0.07	0.07	0.07	**0.07**	**0.10**
USD LIBOR (3 months)	2.51	2.23	2.02	2.35	**0.33**	**2.35**
10-year JGBs	0.04	0.05	(0.12)	0.05	**0.00**	**0.20**
10-year US treasury bonds	2.84	2.85	1.71	3.00	**0.73**	**3.10**
Exchange rate (JPY/USD)	111	111	109	112	**107**	**113**
Nikkei Average (At term-end)	21,205	23,500	18,917	23,500	**21,000**	**23,500**

2. Key performance indicators (KPIs) for strengthening consulting capabilities

Item		Results			Forecast		Medium-term Management Plan target
		FY2018	FY2019	FY2020	1 H FY2021	FY2021	FY2021
・No. of employees with qualifications (1st grade Certified Financial Planner, CFP, and Small and Medium enterprise Management Consultant)	(persons)	111	118	141	141	200	700
・No. of corporate loan borrowers	(borrowers)	12,290	12,204	12,106	12,314	13,000	13,000
・No. of clients who signed contracts for customized solutions based on business evaluation (cumulative total for 3 years) *3	(clients)	[1,114]	1,244	1,978	2,485	2,700	2,000
・Fees and commissions from corporate clients *4	(JPY bn)	0.6	1.3	1.5	0.5	1.8	1.8
・No. of business succession, inheritance, and asset succession support recipients (cumulative total for 3 years) *3	(recipients)	[677]	904	2,126	2,621	3,300	3,300
・No. of increases in contracts for installment-type assets in custody [compared with FY2018 term-end] *3	(contracts)	[10,856]	13,633	28,921	33,971	40,000	40,000
・No. of seminars for customers (cumulative total for 3 years) *3	(times)	[80]	430	927	938	1,100	1,100

*3. Results indicated for FY2018 are results for the single year.

*4. Fees and commissions for syndicated loans, commitment lines, business matching, M&A, privately placed corporate bonds, manager insurance products, etc.

Ⅲ. Status of Medium-term Management Plan

七十七グループは持続可能な開発目標（SDGs）を支援しています。

Results of the Medium-term Management Plan

“For The Customer & For The Future”—Best Consulting Bank Project— (Apr. 1, 2018 – Mar. 31, 2021)

Growth Strategy

- Expanded the Consulting Promotion Division (80 members)
- Supported branches via the Regional Support Team
- Restructured subsidiaries (established: 1, liquidated: 3)
- Revised awards and personnel evaluation systems
- Enhanced digital and non-face-to-face channels (organizational restructuring)

Regional economy vitalization strategy

- Supported recovery from the Great East Japan Earthquake and typhoon damage
- Comprehensive Cooperation Agreements for Regional Revitalization (16 → 36 signatories*)
- Established “Miyagi wide-area PPP platform”

* As of November 30,2020

Productivity enhancement strategy

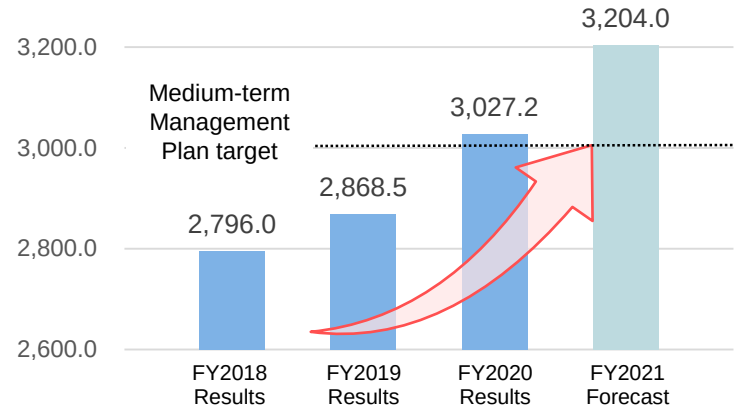
- Created sales personnel through operational reforms and paperwork-free strategies (over 100 people)
- Revised branch network (promoted creation of branches within branches)
- Utilized digital functions (RPA, digitalization of operations)

Governance strategy

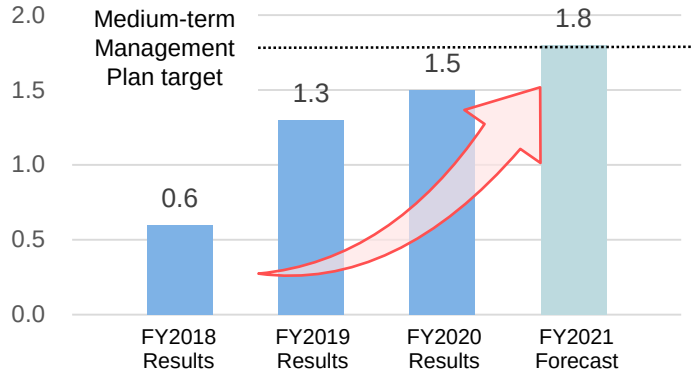
- Enhanced diversity of Board of Directors, strengthened governance
- Enhanced shareholder returns (increased dividend, acquired treasury stock)
- Strengthened risk management systems (measures against money laundering)

Enhanced consulting capabilities were apparent in results, **including growth in loans and bills discounted (volume) and fees and commissions from corporate clients**

Balance of corporate loans （term-end・JPY billion）



Fees and commissions from corporate clients（JPY billion）



◇ Unsolved issues

Unable to overcome the Bank's "high cost/low profit structure," which was identified as our biggest issue

Medium-term Management Plan targets ➡ Expect to miss most profit targets

(JPY bn, %)

Item	FY2021 Forecast	FY2021 Medium-term Management Plan target	Difference	Key factors behind difference
Net income (consolidated)	14.5	19.0	(4.5)	Increase in credit-related expenses
Interest on loans and bills discounted	41.7	45.0	(3.3)	Stagnation in yields owing to continued negative interest rate policy
Fees and commissions	10.0	11.5	(1.5)	Poor sales commissions of assets in custody
ROE (consolidated)	3.2	3.7	(0.5)	Stagnation in net income

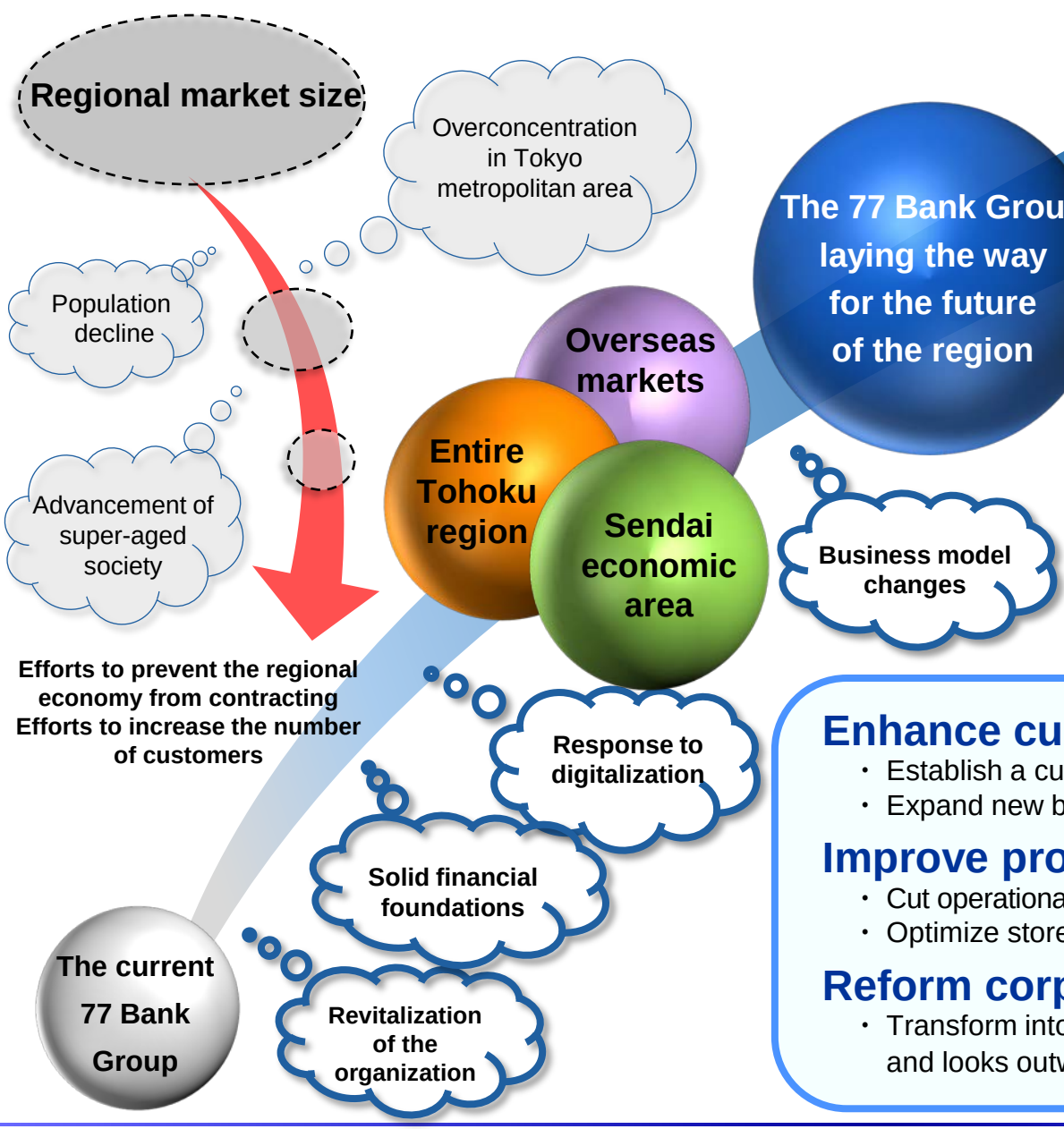
Main external factors : Continued negative interest rate policy (expected to end in the final year of the Medium-term Management Plan when we formulated the plan) and expanded impact from the spread of COVID-19

Main internal factors : Did not secure absolute satisfaction and trust from clients (consulting sales capabilities not fully formed)

Did not firmly establish the "77 brand" (differentiation from competitors)

◇ Issues with plan execution

Amid major changes to the business environment, we did not succeed in a fundamental transformation of the Bank's business model based on a long-term perspective exceeding the (three year) period of the Medium-term Management Plan



Achievement of management philosophy with 10-year strategy

Roles the 77 Bank Group can offer stakeholders into the future

⇒ Creation of vibrant local community (region)
⇒ Enhancement of corporate value (companies)
⇒ Enhancement of happiness (individuals)
⇒ Offering diverse workstyles (employees)
⇒ Offering returns (shareholders)

Enhance customer satisfaction

- Establish a customer-centric business model
- Expand new business areas

Improve productivity

- Cut operational loads with investment in digital technologies
- Optimize store network and personnel systems

Reform corporate culture

- Transform into a corporate culture that seeks out new challenges and looks outward

Ⅳ. Management Strategy

七十七グループは持続可能な開発目標（SDGs）を支援しています。

With the expansion of major automotive and electronics companies, the manufacturing industry is expected to become a driver for economic growth. In addition, economic concentration is advancing owing to active construction investment related to redevelopment projects in Sendai.

Basic date of Miyagi prefecture

		Unit	Miyagi Prefecture	All Japan	Ranking
Area/population					
	Total area	㎢	**7,282**	377,975	**16**
	Population	persons	**2,303,098**	127,443,563	**14**
	Number of households	-	**997,384**	58,527,117	**14**
	Working population	thousand persons	**1,207**	66,213	**14**
	Primary industry	thousand persons	**46**	2,193	**21**
	Secondary industry	thousand persons	**276**	15,456	**21**
	Tertiary industry	thousand persons	**850**	46,441	**14**
Industry/economy					
	Gross Prefectural Product (nominal)	JPY bn	**9,475.5**	536,795.0	**14**
	Number of private sector offices	-	**102,026**	5,578,975	**16**
	Agricultural output	JPY bn	**190.0**	9,378.7	**19**
	Fisheries and aquaculture production amount	JPY bn	**81.9**	1,460.6	**4**
	Manufactured good shipment amount	JPY bn	**4,469.6**	319,166.7	**24**
	Wholesale/retail annual product sales	JPY bn	**11,554.9**	544,835.9	**11**
Living/environment					
	Number of new housing starts	-	**17,591**	905,123	**–**
	Number of houses	-	**1,089,300**	62,407,400	**14**

* Reprinted from "2020 Shape of Miyagi (Miyagi Prefectural Handbook)"

Regional development projects

Sendai Urban Restructuring Project

◆Reconstruction of obsolete buildings and promotion of corporate relocation into the city
- Establishment of "Subsidy System for Promoting Building Reconstruction in Sendai City Center"
- Relaxation of floor-area ratio with a view toward "developing highly functional office"
- Enhancement of business attraction framework and subsidy systems, etc.

* Projects up to FY2031 started by Sendai City in October 2019

Next-generation synchrotron radiation facility

(scheduled for completion at the end of FY2024)

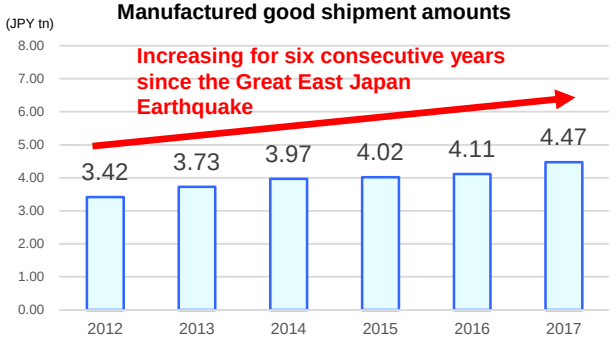
◆Economic ripple effects of the synchrotron radiation facility
- JPY 1,901.7 billion in ten years after the commencement of operation (estimated by Tohoku Economic Federation)



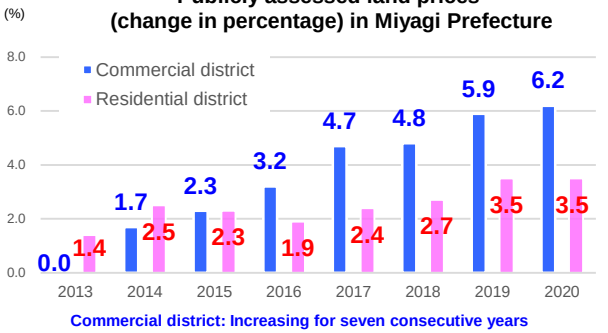
Next-generation synchrotron radiation facility (image)
Photo：Photon Science Innovation Center



Source: Statistics Bureau, Ministry of Internal Affairs and Communications



Source: Tohoku Bureau of Economy, Trade and Industry



Commercial district: Increasing for seven consecutive years
Residential district: Increasing for eight consecutive years

Bank Creed

The Bank's mission is to absorb funds and create credit by exercising its own creativity based on the principle of self-responsibility, in a spirit of maintaining orderly credit conditions and protecting depositors, and thereby contribute to the growth of the national economy. In light of such public mission, the Bank shall contribute to the local community while seeking a harmonious balance between self-interest and public interest as a regional bank.

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

1. Elevate the Spirit of Voluntary Service
Acknowledge that the Bank's progress goes hand in hand with prosperity in the local community, and seek to elevate the spirit of voluntary service at all times.

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

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



The venerable Eiichi Shibusawa
* The photograph in the possession of Fukaya City.

The Bank's management philosophy was established as the Bank Creed in 1961. The line that states "the Bank's progress goes hand in hand with prosperity in the local community" directly stems from the spirit of "harmony of morality and the economy" advocated by Eiichi Shibusawa, who is often called the "father of the Japanese capitalism" and provided both mental and practical support to the Bank at the time of its foundation.

Bank image sought by The 77 Bank

"Best Consulting Bank" that responds to customers' needs by offering the optimum solutions

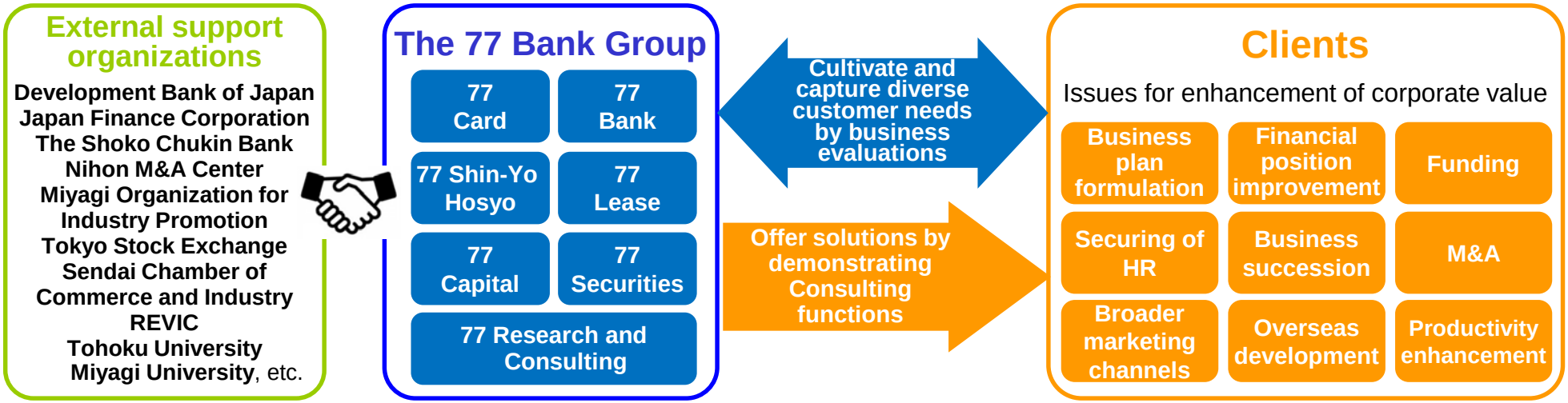
Key strategies to achieve the "Best Consulting Bank"

1. Growth Strategy
2. Productivity enhancement strategy
3. Governance strategy
4. Regional economy vitalization strategy

Growth Strategy （Corporate transactions）

We will enhance clients' understanding through business evaluations, while also utilizing the "comprehensive capabilities of the 77 Bank Group" to respond to various management issues faced by our clients that have become apparent as a result of the spread of COVID-19. In doing so, we will rebuild a regional economy for the post-COVID era.

＜ Image of business evaluation ＞



Response to COVID-19 (Leverage consulting functions) → Rebuild a regional economy for the post-COVID era

- COVID-19-related loan performance (including change in loan conditions)

  5,868 cases ／ **¥ 323.7** billion

- Status of loans with effectively nil interest rate, involving no collateral (in Miyagi Prefecture)

  3,737 cases ／ **¥ 75.9** billion

※As of November 10

- **Number of non-lending consultations received by the COVID-19 Emergency Support Team* : 3,515**

  * March 26 through November 10

  BM: 781, **business succession and M&A: 743,** asset management: 484, subsidies: 369, real estate: 278, others: 860

*** COVID-19 Emergency Support Team activities**

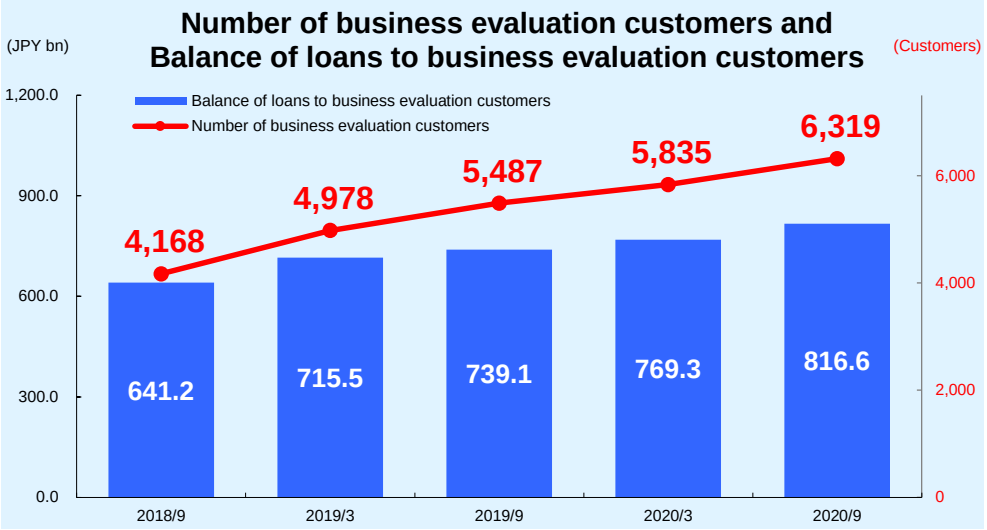
→ Consulting Promotion Division employees stationed at core branches in Miyagi and supported clients

→ Credit Supervision Division employees visited each branch for credit supervision

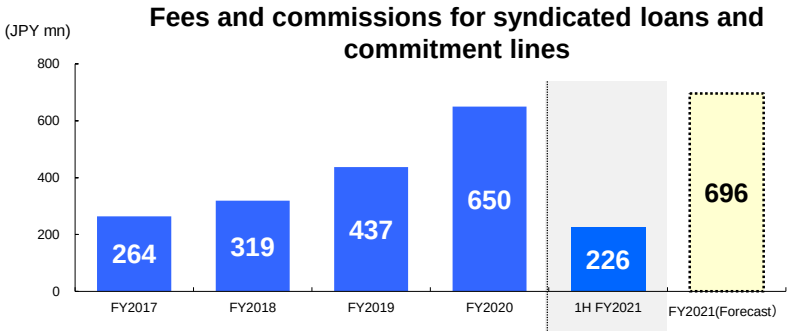
Growth Strategy （Corporate transactions）

We will continue to utilize business evaluations to increase loan assets in Miyagi Prefecture and the Tohoku region, etc. In addition, we will take steps to increase fees and commissions from corporate clients by offering solutions to issues that look ahead to the post-COVID era.

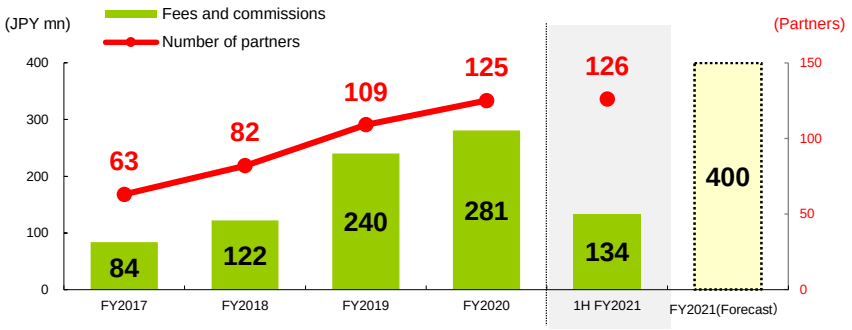
Number of business evaluation customers and Balance of loans to business evaluation customers



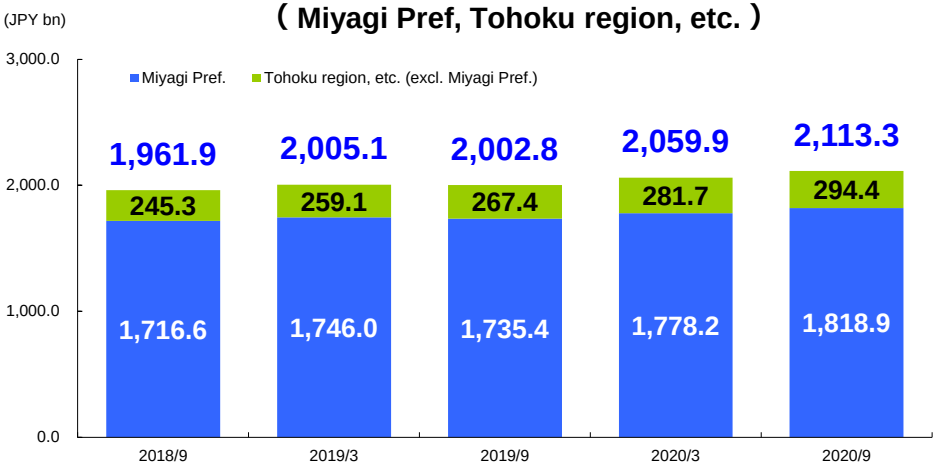
Fees and commissions for syndicated loans and commitment lines



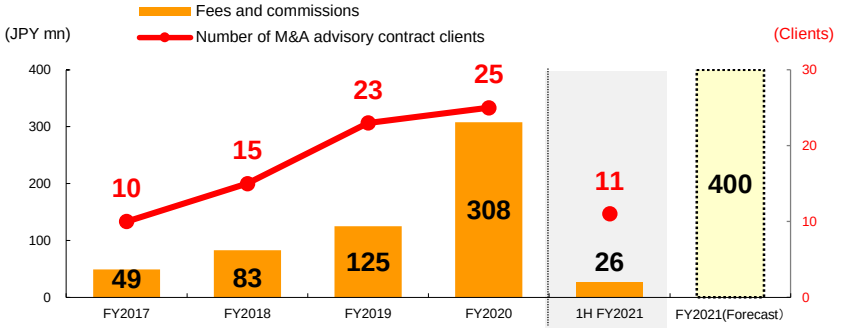
Business matching



Yen-denominated Corporate loans （Miyagi Pref, Tohoku region, etc.）



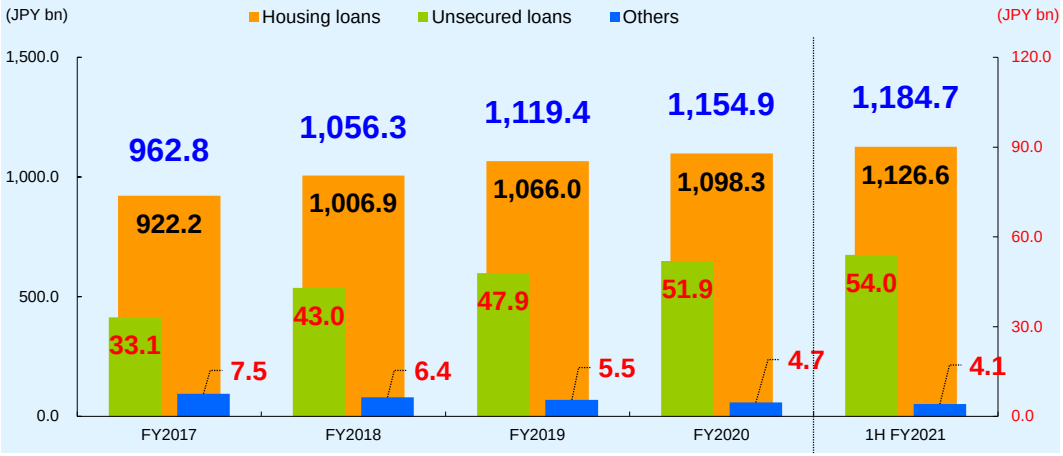
M&A



Growth Strategy （Retail transactions）

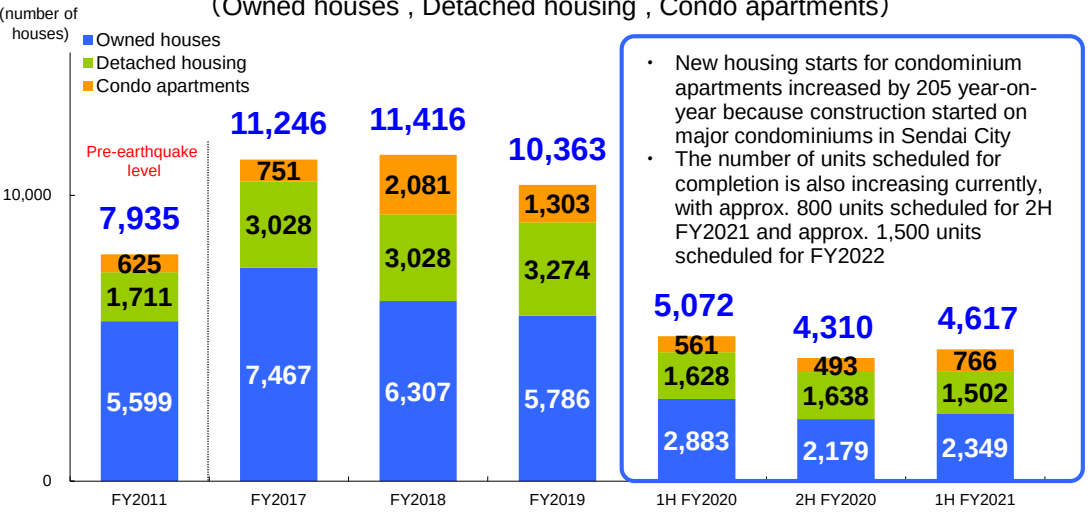
The number of new housing starts for condominium apartments increased year-on-year because construction started on major condominiums in Sendai City. The number of units scheduled for completion is currently increasing, so we will take steps to increase housing loans and unsecured loans by capturing condominium demand and addressing non-face-to-face needs.

Retail loans (average balances)



Number of new housing starts in Miyagi Pref.

（Owned houses , Detached housing , Condo apartments）



- New housing starts for condominium apartments increased by 205 year-on-year because construction started on major condominiums in Sendai City
- The number of units scheduled for completion is also increasing currently, with approx. 800 units scheduled for 2H FY2021 and approx. 1,500 units scheduled for FY2022

Policies for promoting housing loans

- Utilize branches on non-business days
- Enhance coordination with housing business operators
- Expand supplementary insurance for housing loans

Policies for promoting unsecured loans

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

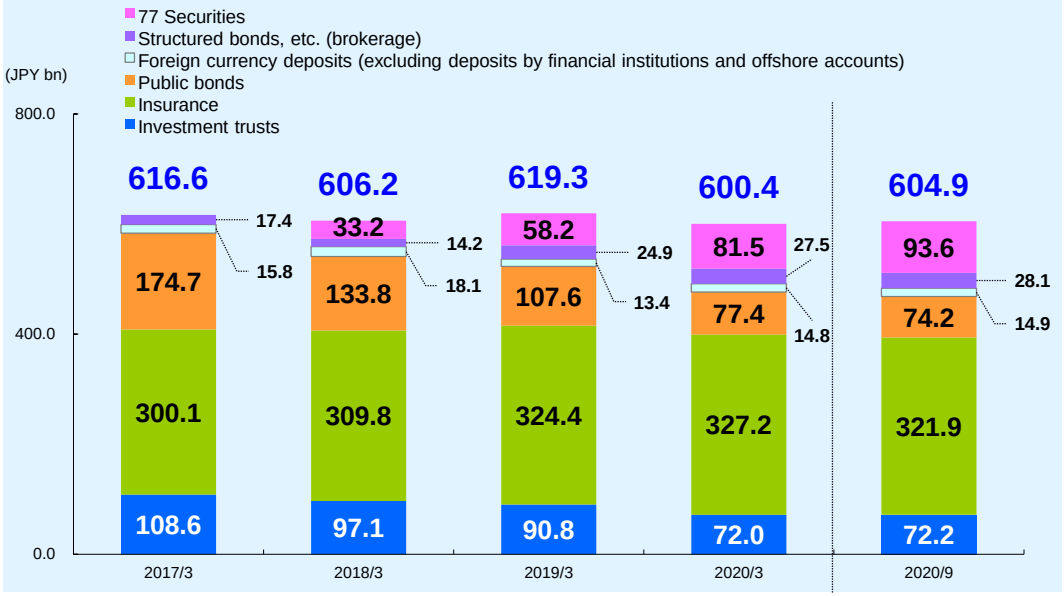
Launch timing and proportion of applications for 100% Web-based Loans

2019/6	2020/4	2020/5	Current	Proportion of online applications (Sep. 2020)
Card loans	→	→	→	67.4 %
	Car loans	→	→	73.6 %
		Educational Loans	→	58.8 %

Growth Strategy （Retail transactions）

- We will expand the scope of our customer base, primarily focusing on customers in the asset formation stage and average consumers, while also strengthening collaboration with 77 Securities in order to capture demand from wealthy clients.
- We will make efforts to respond to the broad needs of elderly people and enhance our support for these customers, including in non-financial areas, taking into consideration issues related to responding to elderly people.

Balance of assets in custody (the Group)



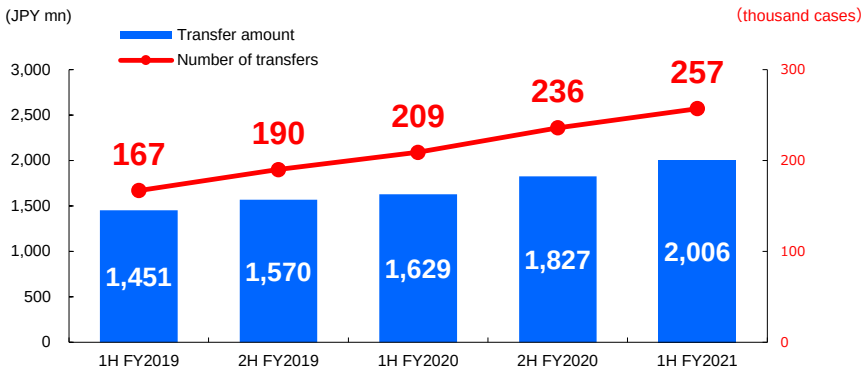
Policies for promoting assets in custody

- Expand the scope of our customers, primarily focusing on customers in the asset formation stage and average consumers, by promoting savings-type investments and NISA
- Capture demand from wealthy clients by enhancing collaboration with 77 Securities
- Strengthen insurance sales by supporting inheritance and asset succession
- Strengthen promotion of assets in custody by stationing employees from head office overseeing the promotion of assets in custody at branches

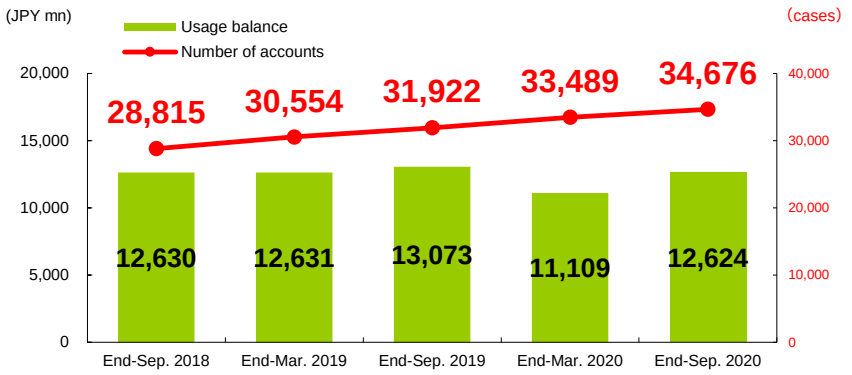
Senior service support

- Analyze policies that will contribute to resolving issues related to responding to elderly customers from the perspective of “succession,” “nursing and dementia,” and “increasingly long life.”

Results of Savings Investment Trust



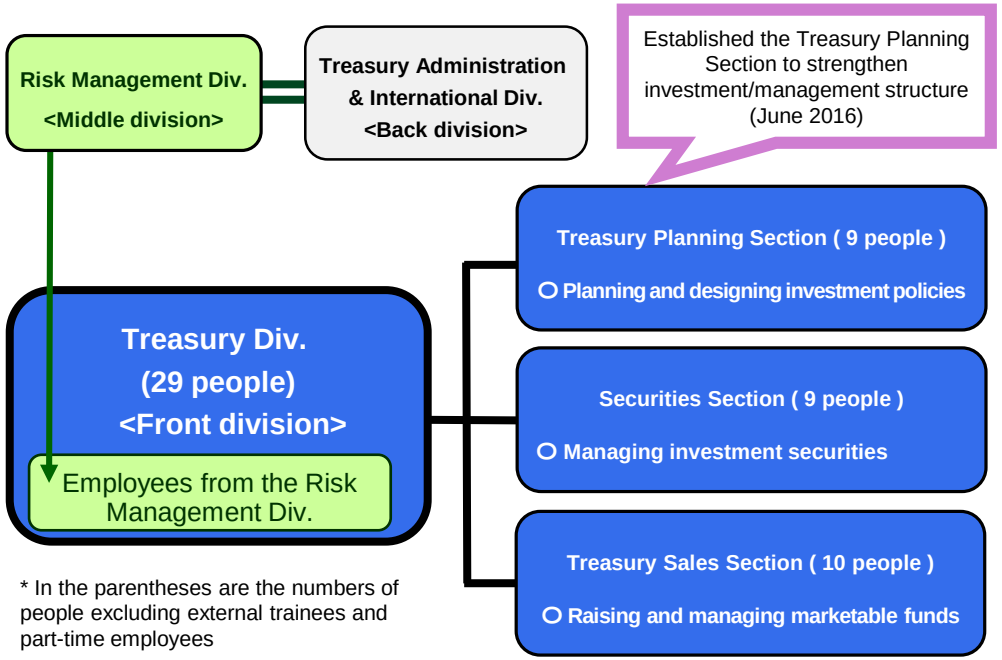
Results of NISA



Strengthening marketable securities trading structure

<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 and outside of Japan
  - ○ 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: 7 (in the Treasury Div.)

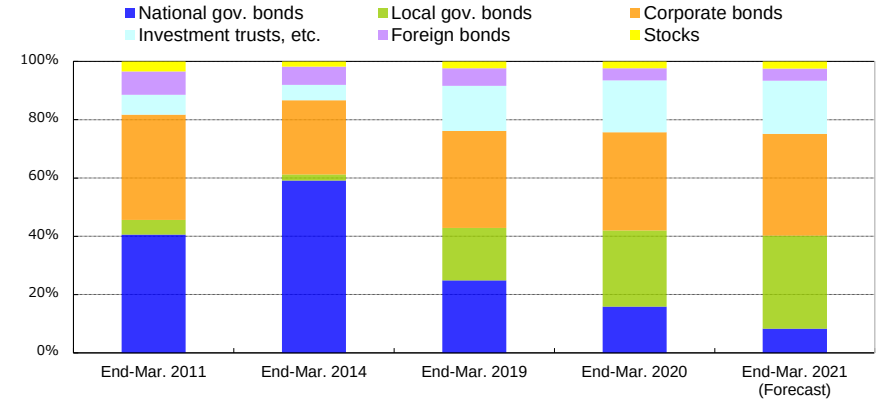


* In the parentheses are the numbers of people excluding external trainees and part-time employees

Composition ratio by type (on an amortized cost base)

<Reinvestment in yen-bond taking market trends into consideration>

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



	End-Mar. 2011	End-Mar. 2014	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021 (Forecast)
National gov. bonds	40.6%	59.1%	24.9%	15.9%	**8.2%**
Local gov. bonds	5.1%	2.1%	18.0%	26.1%	**32.0%**
Corporate bonds	36.0%	25.5%	33.2%	33.7%	**34.9%**
Other	14.9%	11.6%	21.6%	22.0%	**22.4%**
Investment trusts, etc.	6.9%	5.2%	15.5%	17.8%	**18.3%**
Foreign bonds	8.0%	6.4%	6.1%	4.2%	**4.1%**
Stocks	3.4%	1.7%	2.3%	2.3%	**2.5%**

(JPY bn)

Interest and dividends	22.9	26.3	27.1	28.7	25.2
Gains (losses) on transactions, etc.	0.8	(1.8)	3.0	2.1	1.0

Gains (losses) on transactions, etc. = gains (losses) on bonds + gains (losses) on stocks

Growth Strategy (HR development)

In addition to developing human resources with OJT, personal development, and training, we will also actively focus on developing specialists through external secondments.

■ Basic approach to human resource development

OJT at the workplace forms the basis for human resource development. Our basic approach toward the knowledge and skills that each employee believes to be necessary, or that they would like to study, involves **personal development** through self-study. A variety of **training** is conducted to complement OJT and personal development, and to provide opportunities to learn more specialized knowledge and skills, and for further skill improvements. We aim to develop human resources by repeating such OJT, personal development, and training.



OJT within the Bank



Training at a local company

■ Personal development during the COVID crisis

We are providing personal development content to contribute to enhancing our consulting capabilities through videocall and e-learning systems, to complement face-to-face training opportunities.

Total content views on videocall system: approx. 1,600 (Apr. 2020 – Nov. 2020)

■ Training of specialists (70 specialists trained on a cumulative basis in the period under the Medium-term Management Plan, currently 25 specialists)

Digital field (3 specialists)	
Japan Digital Design, Inc.	Research in the advancement of banking operations as well as improvements in customer convenience
MEJAR Digital Innovation Hub	Joint digitalization promotion with MEJAR banks

International business/market field (9 specialists)	
Miyagi Prefecture's Dalian office (China)	Support for business in China
Japanese financial institutions (China)	Support for overseas units
Japanese consulting company（Vietnam and Thailand)	
Bangkok Bank (Thailand)	Loans and sales to Japanese companies
Japan External Trade Organization (UK)	Advisory business
Japanese financial institutions (USA), etc.	Securities trading business

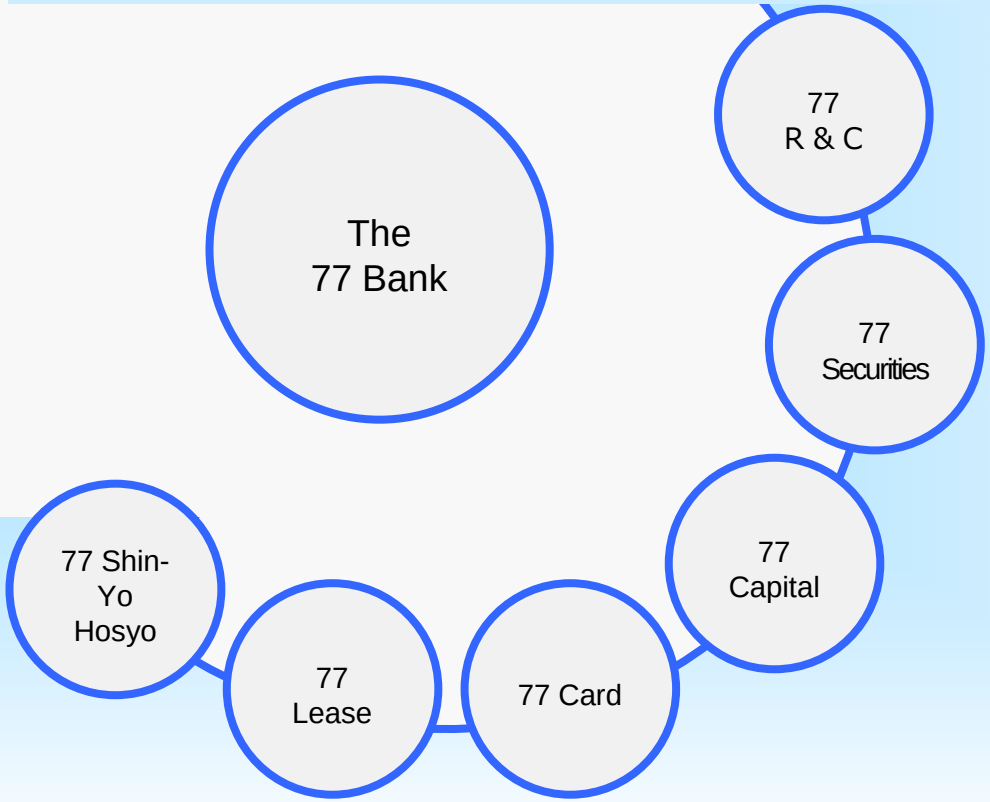
Solutions business field (10 specialists)	
Mizuho Bank	Syndicated loan arrangement
MUFG Bank	Business succession
Nihon M&A Center	M&A business
Development Bank of Japan	Equity finance
Regional Economy Vitalization Corporation of Japan	Corporate rehabilitation support
Iwaki Diecast Co., Ltd.	Trainees to local company
Tsukasaya K.K. , etc.	

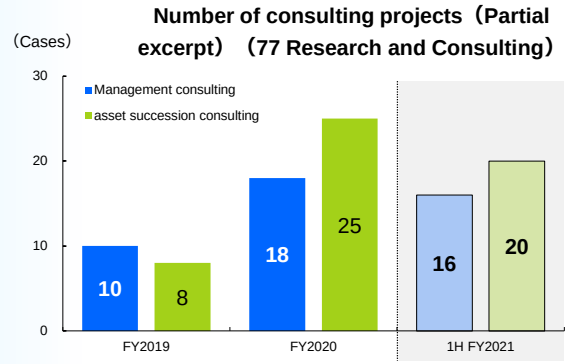
Regional revitalization field (3 specialists)	
Miyagi Prefecture	Planning of regional revitalization initiatives
Sendai City	
(General Incorporated Association) Tohoku Tourism Promotion Organization	Planning/promotion of Tohoku tourism promotion

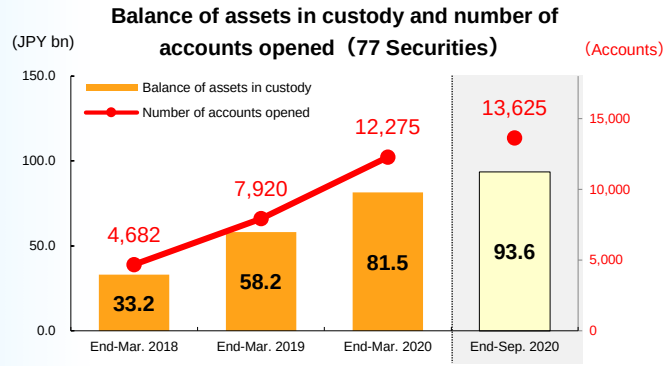
* Table left：deployment locations、Table right：Type of work engaged

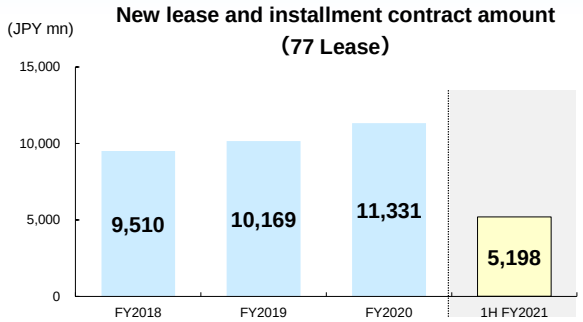
Growth Strategy （Group businesses）

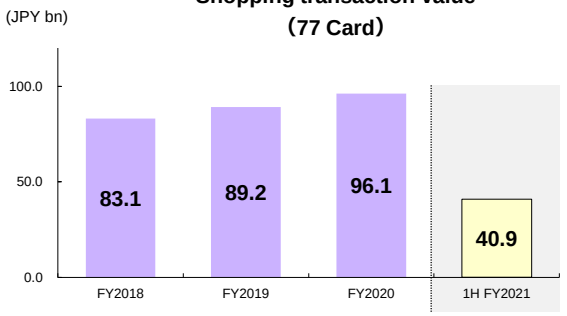
Through our Group businesses, we aim to deepen our comprehensive range of financial services, while also capturing customer demand and expanding the scope of our businesses

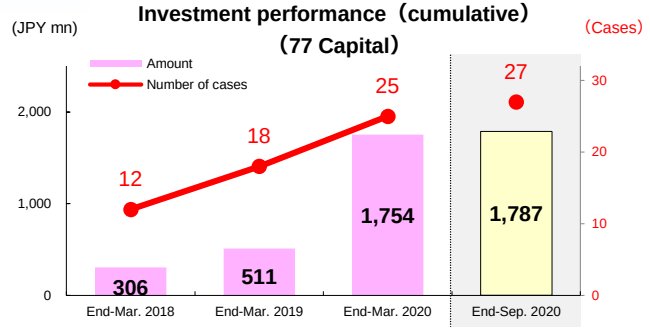




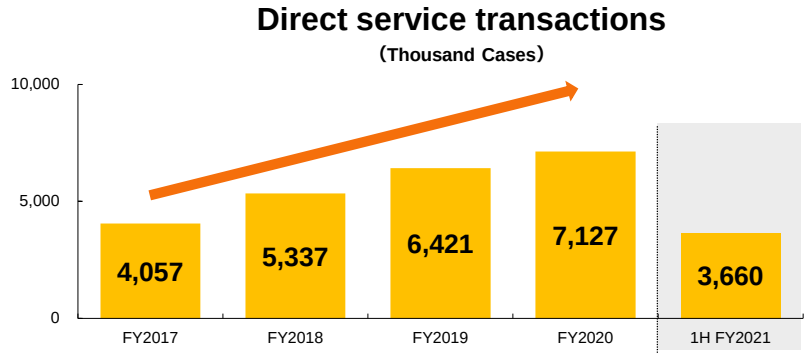


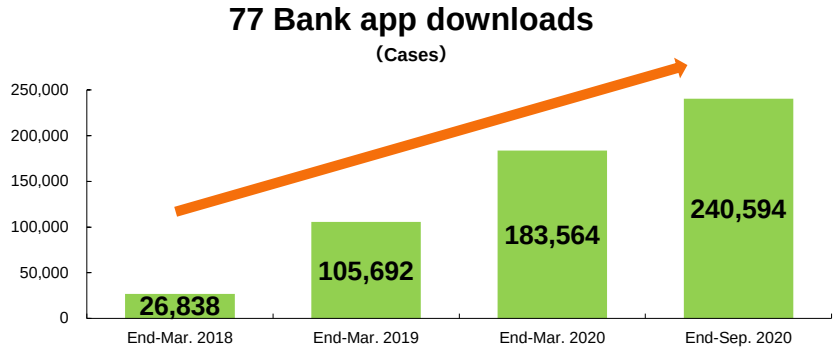






In addition to utilizing digital technologies to expand non-face-to-face channels, we will also make use of paperwork-free policies to create consulting opportunities at branches.





	Face-to-face (branches)	Non-face-to-face (direct, app)
Administrative processing	Banking procedures in branches	Utilization of **digital technologies** to expand transactions to which non-face-to-face channels apply
Consulting	Utilization of **paperwork-free processes** to shift branches from locations for administrative processing to consulting locations	Utilization of **digital technologies** to create opportunities for proposals on non-face-to-face channels

Paperwork-free policies

- **Stop and revise excessive paperwork**
- **Expand operations subject to consolidation in headquarters**
  - → **Consolidation of back office functions with establishment of support office**
  - → **Trial consolidation of all financing and lending paperwork in headquarters**
- **Reduction of inefficient administration for specific individual companies (strengthen proposals for switching to Electronic Banking)**

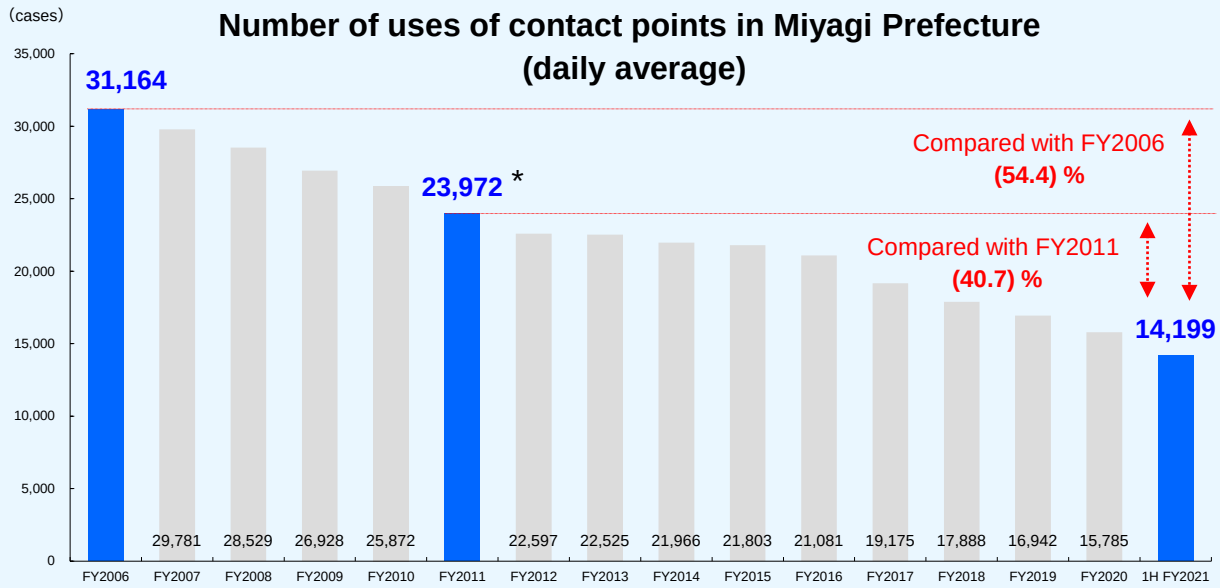
Freed up over 80 employees, continuing to pursue paperwork-free policies

Digital policies

- **App renewal, expansion and promotion of use of Internet Banking functions**
- **Expansion of products eligible for 100% Web-based Loans and promotion of their use**
- **Resolution of customer issues with establishment of IT Support Desk**

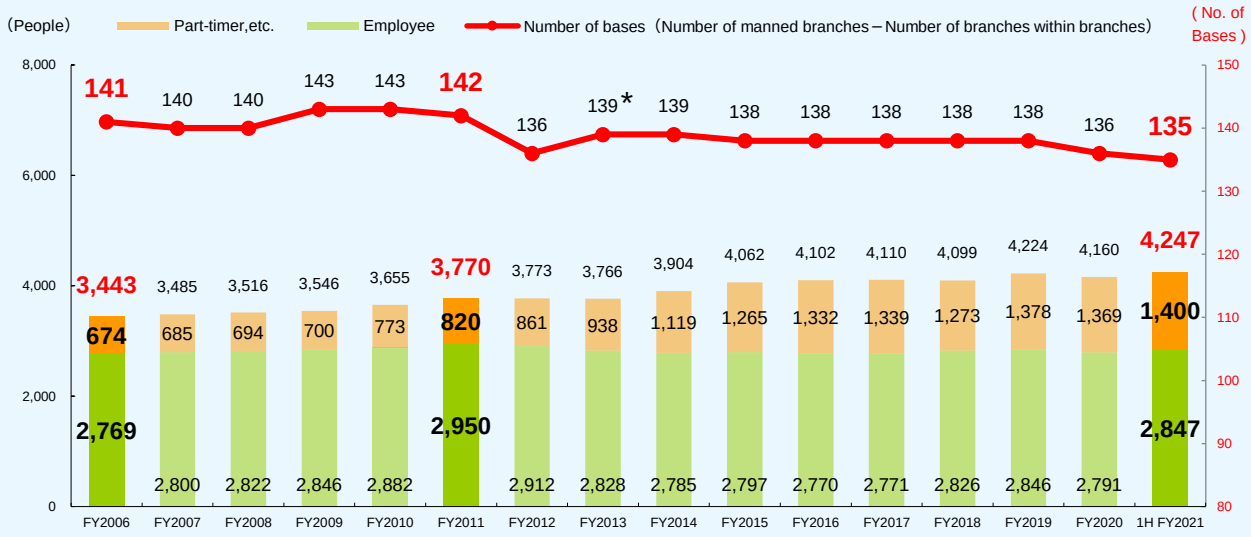
Offering a full banking service with excellent UI/UX Business model transformation based on fundamental improvements to productivity

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



* Figures for FY2011 indicate the number of cases from Apr. 1, 2010 to Feb. 28, 2011, owing to the impact of the Great East Japan Earthquake.

Total number of personnel and number of bases



* The number of bases in FY2013 increased owing to the restoration of branches that were branches within branches following the Great East Japan Earthquake.

We will work to improve OHR and enhance labor productivity by overhauling our profit structure with branches within branches, paperwork-free operations, and digital technologies.

Transition of branches within branches

2018/3	2019/3	2020/3	2020/9	2021/3 (Plan)
3	4	6	7	**10**

branches within branches
(consolidation of management resources)

Paperwork-free / Digital
(creation of revenue opportunities)

Non-personnel expenses / Personnel expenses

Top line

Governance strategy (Capital policies)

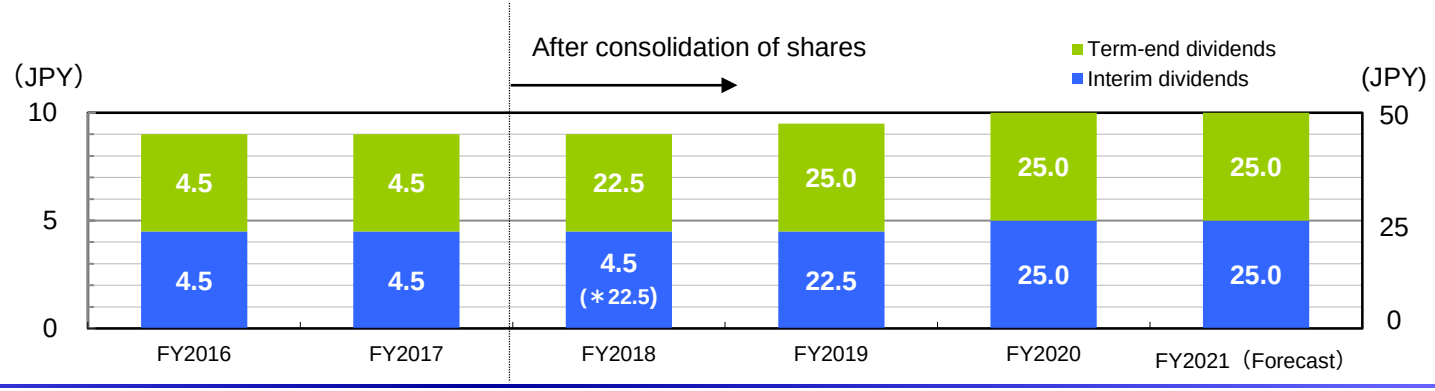
In addition to maintaining a stable dividend, we will also endeavor to enhance internal reserves and maintain and enhance the soundness of our management.

		FY2016	FY2017	FY2018	FY2019	FY2020	1H FY2021
ROE (consolidated)	(%)	**3.54**	**3.56**	**3.82**	**3.60**	**3.89**	**3.24**

		End-Mar. 2016	End-Mar. 2017	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020	End-Sep. 2020
Capital adequacy ratio (consolidated) [domestic standards] (a/b)	(%)	**11.21**	**10.73**	**10.43**	**10.38**	**10.31**	**10.35**
Capital (a)	(JPY bn)	379.3	385.1	396.0	408.5	422.3	430.3
Risk-adjusted assets (b)	(JPY bn)	3,380.7	3,587.9	3,796.3	3,934.2	4,095.4	4,153.6
Credit risk assets	(JPY bn)	3,231.0	3,442.5	3,653.4	3,796.4	3,957.1	4,015.7

		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
Dividend ratio	(%)	**21.5**	**20.2**	**19.9**	**19.6**	**21.3**	**26.3**
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**	**14.0**

Acquisition amount of treasury stock	(JPY mn)	**–**	**2,999**	**–**	**–**	**799**	**–**



* 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.

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 public organizations 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 director 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.

Revitalization of the regional economy | Responding to global warming and climate change | Encouraging and supporting the activities of our employees | Advancing corporate governance

The Bank aims to build a “regional economic ecosystem” for multifaceted collaboration and cocreation between the 77 Bank Group, local public bodies, companies, and government agencies, etc through the activities of the Miyagi wide-area PPP platform,* as we look to solve various issues that the region will face in the post-COVID era.

Regional economic ecosystem

Various issues faced by the region

- Falling population and increasingly aged society
- Outflow of students to the Tokyo metropolitan area

Problem solving

Regional Revitalization

- Sustainable growth in the regional economy
- Attractive urban development

local public bodies
Companies
Government agencies, etc.

×

7 7 Bank Group

Four priority items that the Bank will address with the aim of regional revitalization

- Support for starting new companies or businesses
- Support and development of regional core companies
- Promotion of urban development
- Support for promotion of tourism, etc.

* Miyagi wide-area PPP platform

This platform was formed in January 2020 as part of initiatives based on the “Comprehensive Cooperation Agreements for Regional Revitalization,” which were signed with local public bodies.

It is a meeting formed from local public bodies, thinktanks, and private business operators that aims to share issues related to public private partnerships (PPP), develop expertise, and enhance project creation capabilities, while at the same time creating actual projects.

Examples of initiatives (collaboration with local public bodies)

(1) <Post-COVID> Online PPP briefings



Local public bodies and private companies were matched, and support was given for the introduction of teleworking and RPA

37 local public bodies from within Miyagi Pref, and outside
Approx. 90 participants

(2) Food Kingdom Miyagi Business Meeting (online)



(Miyagi Prefecture initiative)

38 purchasers
35 suppliers
211 negotiations

Revitalization of the regional economy | Responding to global warming and climate change | Encouraging and supporting the activities of our employees | Advancing corporate governance

77 GROUP SUSTAINABLE DEVELOPMENT GOALS
七十七グループは持続可能な開発目標（SDGs）を支援しています。

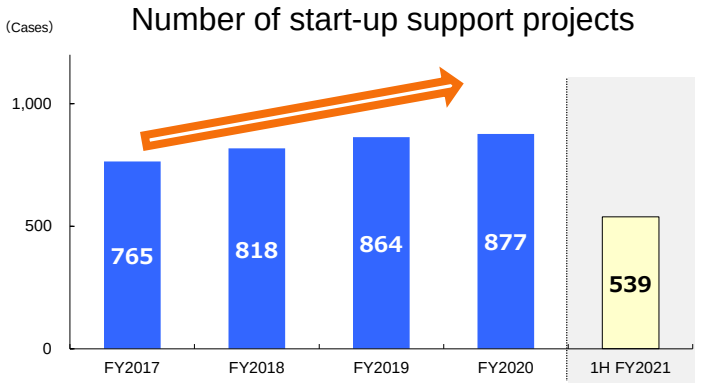
Support for starting new companies or businesses

The Bank actively supports initiatives focused on launching new companies and businesses and entering growth areas, as part of our aim to revitalize the regional economy through the creation of new industries in the region.

Support menu

- **Support for starting a new company or business**
- **Funding support through venture funds**
- Cooperation with various events
- 77 New Business Support Fund

Number of start-up support projects



Topics

■ **Participation in Sendai Startup Ecosystem Promotion Committee**



Examples of initiatives

■ **Support for venture companies** (aiforce solutions, Inc. * Tokyo, est. July 2018)

Recommendation from "J-Startup TOHOKU"

Tohoku Bureau of Economy,Trade and Industory
Sendai City

Selection in "J-Startup TOHOKU"

The Bank 77 Capital

Lending and investment, introduction of clients, etc.

aiforce solut!ons

AI HR development

Tohoku University

IT consulting, AI HR development

Regional core companies

・Creation of new employment ・Growth through utilization of AI by SMEs ・Elimination of social issues related to lack of AI personnel

Holding of "X-Tech Innovation 2019," an IT-themed business contest





Every year since 2018, the Bank has held a contest where services that utilize digital technologies compete.

This company won the Grand Prize for the Tohoku Area, the National Grand Prize, and the Audience Prize in "X-Tech Innovation 2019," and it was matched with more companies as a result.

Revitalization of the regional economy | Responding to global warming and climate change | Encouraging and supporting the activities of our employees | Advancing corporate governance

Support and development of regional core companies

In order to restore and sustainably develop the region, the Bank promotes business evaluations and provides various solutions tailored to companies' life stages.

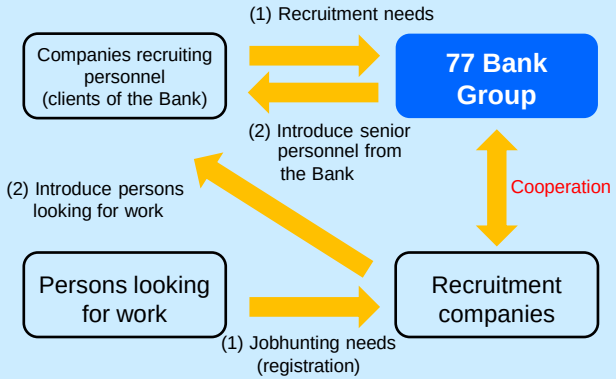
Support menu

- **Growth support for local companies**
- Business matching, sales channel development
- **Support for industry-academia collaboration**
- IPO support
- Support for utilization of subsidies
- **Staffing business**

Topics

■ Entry into staffing business

In September 2020, the Bank launched a staffing business. Leveraging our rich networks and consulting abilities, we provide "core human resources" to support companies' main operations, and assist companies looking for solutions to issues related to a lack of personnel and successors.



Examples of initiatives

■ Financial support for collective relocation of Sendai Industrial Park Cooperative Association

The Bank cooperated with six financial institutions, including the Sendai Branch of the Shoko Chukin, to provide the Sendai Rokuchonome Motomachi Rokuchome Zoning Development Association with JPY 3.5 billion of the JPY 11.0 billion funds required for the collective relocation of the Sendai Industrial Park.



- Achieved the smooth relocation of the Sendai Industrial Park, where the facilities have aged significantly
- Support for new urban development along the Tozai Subway Line through the redevelopment of the old Sendai Industrial Park

■ Support for the stable supply of wakame seaweed seedlings, utilizing the expertise of institutions including Tohoku University

Earthquake Reconstruction Support



(Kaneki-Yoshida Co., Ltd. *Minami Sanriku-machi, est. Feb. 1982)

In response to the regional issue of changes in the environment for farming marine resources caused by the earthquake and global warming, this company has launched a new business "farming wakame seaweed that is resilient to changes in the environment." The Bank recommended the company to the Ministry of Economy, Trade, and Industry as a regional leader, and has also supported its new business, including creating an opportunity for joint research with Tohoku University.



- Strengthening the foundations of the regional economy in areas affected by the earthquake
- Creation of tourism resources

Revitalization of the regional economy | Responding to global warming and climate change | Encouraging and supporting the activities of our employees | Advancing corporate governance

77 GROUP SUSTAINABLE DEVELOPMENT GOALS
七十七グループは持続可能な開発目標（SDGs）を支援しています。

Promotion of urban development、Support for promotion of tourism, etc.

In order to restore and sustainably develop the region, the Bank actively participates in projects featuring collaboration between the public and private sectors and supports the development of public infrastructure. The Bank also supports businesses promoting tourism that contribute to increasing the number of people visiting the area, in order to stimulate the region.

Support menu

(Promotion of urban development)
- **Participation in regional development projects**
- Promotion of public private partnerships (PPPs/PFIs)
- Supporting collaboration with external institutions (MAPP)

(Supporting promotion of tourism)
- **Commercialization and growth support for the tourism industry**
- Support for promotion of inbound tourism
- Support for development of systems to receive tourists

Earthquake-related loan performance

(cumulative total after the earthquake to September 30, 2020)

27,496 cases／ ¥ 755.0 billion

（classification）

	Number of cases	Amount
Corporate	8,710	¥ 446.9 billion
Retail	18,786	¥ 308.1 billion

Examples of initiatives

■ **Financing support for Sendai Reborn Co., Ltd. (Aquaignis Sendai)**

- Syndicated loans ¥ 2.7 billion
- Miyagi Regional Value Co-creation Fund ¥ 0.3 billion

Earthquake Reconstruction Support

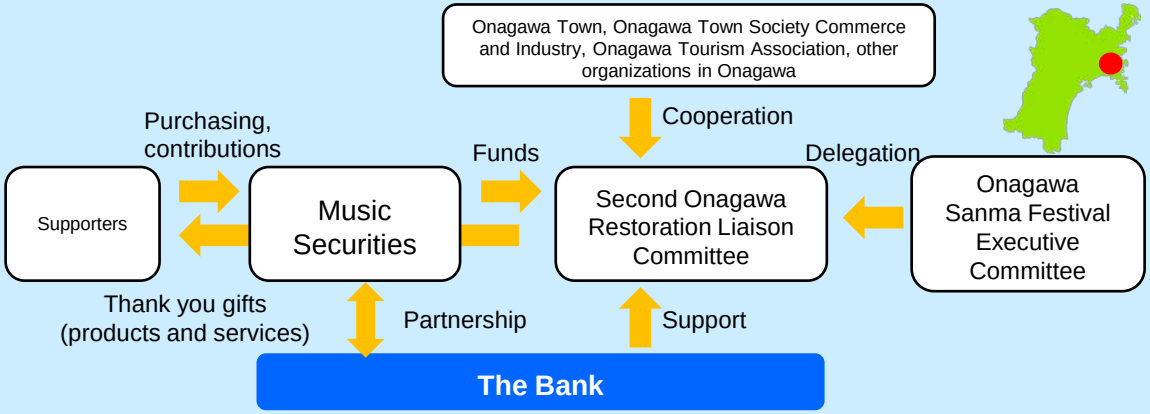






This project is an earthquake restoration project that utilizes a coastal site in east Sendai City formerly used for collective relocation

■ **Support utilizing crowdfunding for PPA organizations in Onagawa**

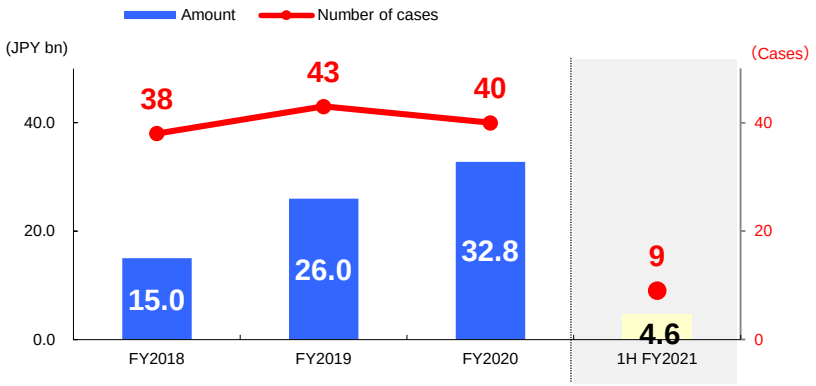


As part of the Bank's initiatives targeting the achievement of the SDGs (Sustainable Development Goals), we are actively providing lending and financing to projects related to renewable energy.

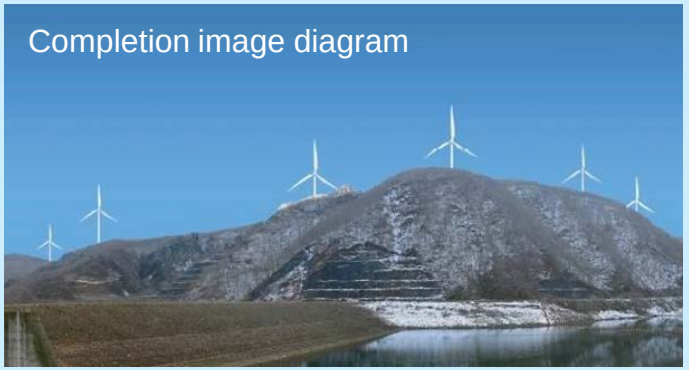
Renewable energy-related funding

335 cases / ¥ 139.5 billion

（cumulative total after the earthquake to September 30, 2020）



■ Entered into a project finance agreement for a wind power project in Kami District, Miyagi Prefecture



Commercial operation scheduled to begin in Apr. 2023

■ Provided funds to a wind power project in Ishinomaki, Miyagi Prefecture



Commercial operation started in Dec. 2019

■ Provided funds to a megasolar project in Futaba District, Fukushima Prefecture, and invested through 77 Strategic Investment Fund



Commercial operation started in Feb. 2020

Revitalization of the regional economy | Responding to global warming and climate change | Encouraging and supporting the activities of our employees | Advancing corporate governance

As part of the Bank's initiatives targeting the achievement of the SDGs (Sustainable Development Goals), we are actively conducting ESG investments and privately placed corporate bonds .

■ESG investments performance

29 cases / ¥ 30.6 billion（cumulative total after April, 2018 to September 30, 2020）

- Green bonds 15 cases / ¥ 20.9 billion
- Sustainability bonds 5 cases / ¥ 2.3 billion
- Social bonds 9 cases / ¥ 7.4 billion



■ Privately placed corporate bonds performance

(Cumulative total from product launch through end-Sep, 2020)

- 77 Privately Placed Corporate Bonds for Social Contribution (Donation-Type) 278 cases / ¥ 21.8 billion
- 77 Privately Placed Corporate Bonds for Local Professional Sports Support (Donation-Type) 15 cases / ¥ 0.8 billion
- 77 ESG Privately Placed Corporate Bonds 33 cases / ¥ 3.2 billion

<Donation presentation ceremony from 77 Privately Placed Corporate Bonds for Social Contribution (Donation-Type)>



Donation of desks and chairs to educational institution



Donation of PCR test reagents to medical institution

Topics

"77 Privately Placed Corporate Bonds for Medical Support (Donation-Type)"

We began offering "77 Privately Placed Corporate Bonds for Medical Support (Donation-type)" in light of the pressure that medical institutions are under as a result of COVID-19.

These products "support clients' cashflow," and can also be utilized for "social contribution" through the donation of necessary supplies to local medical institutions with part of the Bank's fees and commissions.



Revitalization of the regional economy | Responding to global warming and climate change | **Encouraging and supporting the activities of our employees** | Advancing corporate governance

77 GROUP SUSTAINABLE DEVELOPMENT GOALS
七十七グループは持続可能な開発目標（SDGs）を支援しています。

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

Promote health and productivity management



（Formulated in December 2018）

[Promotion of health and productivity management]
Establishment of an environment where each and every employee can work actively in a healthy state of mind and body
- Enhancement of health management measures
- Improvement in working environment
- Raising employee awareness about health management

Initiatives to support women's return to work




In order to assuage women's concerns surrounding returning to work after maternity leave and time off for childrearing, the Bank holds regular "Work Work Sukoyaka (Healthy) Club" discussion groups for women before and after maternity leave and time off for childrearing.

Promotion of diversity in clothing

In order to revitalize our organization and further promote diversity, the Bank is gradually changing rules related to employees' clothing at work.
As part of these efforts, the Bank has implemented a "no necktie" policy since November 2020. From January 2021, we also plan to introduce a "business casual day," when employees can come to work in their own clothes.

External evaluation of our efforts

① Certified Platinum Kurumin, a special certification pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children

② Certified "Gold Certified Company" for successfully fulfilling potential of female talents in Miyagi Prefecture

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

④ 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 May 2020）

2020 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)

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

⑤ Received "Commendation for a Model Business Committed to Creating Attractive Workplace" from Miyagi Prefecture and Miyagi Labour Bureau



⑥ Certified as "Health and Productivity Management Organization 2020 (White 500)"

2020 健康経営優良法人 Health and productivity ホワイト500

Revitalization of the regional economy | Responding to global warming and climate change | Encouraging and supporting the activities of our employees | **Advancing corporate governance**

The Bank is implanting various initiatives aimed at increasing corporate value by further enhancing corporate governance.

various organizational 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
- ALM / Earnings Management Committee
- Earthquake Reconstruction and Financial Facilitation Promotion Committee
- **Digital Strategy Investigation Committee**
- **Paperwork-free Promotion Committee**
- **Senior Service Support Investigation Committee**

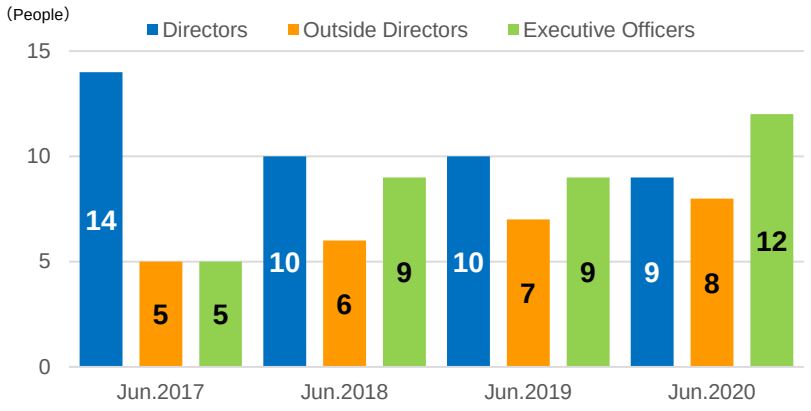
Held a “77 President’s Cram School”

In order to enhance understanding of the environment surrounding the Bank and the management issues faced by the Bank and foster management awareness among bank employees, the Bank held a “77 President’s Cram School” led by President Kobayashi.

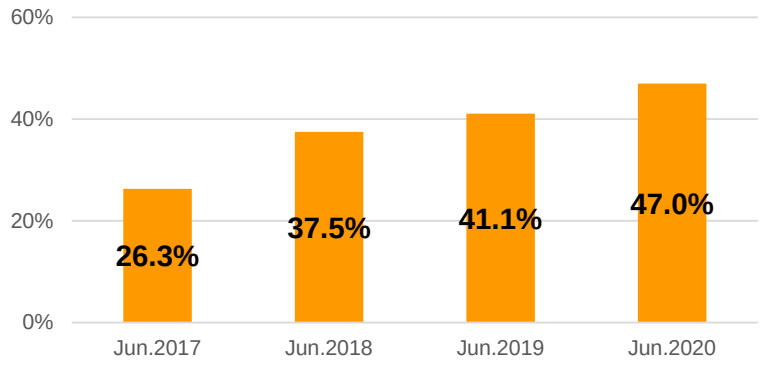


Held 3 times for Managers and general employees (participated in by approx. 150 people in total)

Changes in the number of directors, outside directors and executive officers



Changes in the ratio of outside directors



Social Contribution Activities

We aim at achieving co-prosperity with the region and dedicating 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.

- Interaction with the region
- Responding to environmental issues
- Supporting financial education
- Supporting cultural activities
- Promoting sports
- Contributions to social welfare

Conducting the Student City experiential educational program





Sendai City gave the Bank an educational award for “distinguished service to personal development”

Implementation of financial education



Financial education website for children



Currency and Banking Museum

Forest conservation activities



LINE sticker of SHICHISHIKA-KUN





Part of the proceeds from the sales of LINE Stickers was donated to Miyagi Prefecture Greening Promotion Council.

Made donations through the 77 Caring Fund Raising Committee



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.

