



Leading company creating a path to the future



# Results for the Fiscal Year Ended March 31, 2022 IR Presentation

**77** 七十七銀行  
BANK

Materials were prepared for the Bank's presentation of its results for the fiscal year ended March 31, 2022 held on June 7, 2022.

June 7, 2022

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01

 Financial  
Summary

(Unit: JPY bn, %)

## Summary of profits and losses (Non-consolidated)

	FY2020	FY2021	YoY change	
			Increase/decrease	Rate of change %
Gross operating income	67.8	<b>75.8</b>	8.0	11.8
[ Core operating income ]	[ 80.6 ]	[ <b>84.6</b> ]	[ 4.0 ]	[ 5.0 ]
Interest income	70.5	<b>72.3</b>	1.8	2.5
Interest on loans and bills discounted	41.6	<b>42.3</b>	0.7	
Interest and dividends on securities A	29.8	<b>28.9</b>	(0.9)	
Fees and commissions	9.8	<b>11.8</b>	2.0	20.6
Other operating income	(12.5)	<b>(8.3)</b>	4.2	
Gain (losses) on bonds B	(12.8)	<b>(8.8)</b>	4.0	
Gain (losses) on forex transactions	0.8	<b>0.2</b>	(0.6)	
Expenses	50.2	<b>49.3</b>	(0.9)	(1.7)
Substantial operating income	17.6	<b>26.5</b>	8.9	50.4
[ Core operating income ]	[ 30.4 ]	[ <b>35.3</b> ]	[ 4.9 ]	[ 16.3 ]
[ Core operating income (excl. gains (losses) on cancellation of investment trusts) ]	[ 18.7 ]	[ <b>25.7</b> ]	[ 7.0 ]	[ 37.1 ]
Provision of general reserve for loan losses [1]	1.7	<b>3.5</b>	1.8	
Operating income	15.9	<b>23.0</b>	7.1	44.2
Special income and losses	6.8	<b>7.5</b>	0.7	
Bad debt disposals (-) [2]	6.0	<b>1.1</b>	(4.9)	
Gains on reversal of reserve for loan loss [3]	0.1	<b>0.0</b>	(0.1)	
Gain (losses) on stocks C	10.8	<b>7.3</b>	(3.5)	
Gains (losses) on investments in money held in trust D	3.0	<b>2.7</b>	(0.3)	
Ordinary income	22.7	<b>30.5</b>	7.8	34.4
Extraordinary income	-	-	-	
Extraordinary loss	0.3	<b>0.5</b>	0.2	
Income taxes (incl. deferred taxes)	7.5	<b>9.2</b>	1.7	
Net income	14.9	<b>20.8</b>	5.9	39.1
Credit-related expenses [1] + [2] - [3]	7.6	<b>4.6</b>	(3.0)	
Total gains (losses) from securities [A + B + C + D]	30.8	<b>30.1</b>	(0.7)	

## Summary of profits and losses (Consolidated)

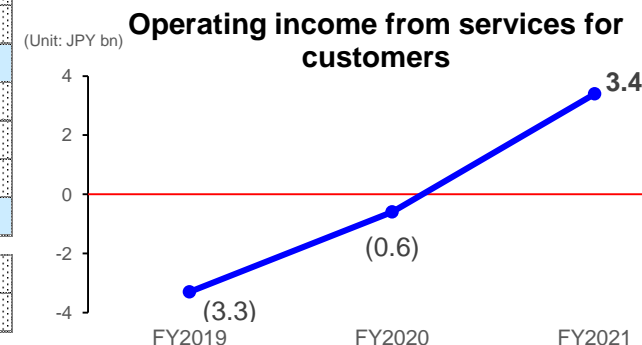
Ordinary income	25.1	<b>33.0</b>	7.9	31.3
Net income attributable to owners of the parent	16.5	<b>22.2</b>	5.7	35.0

### < Core operating income >

In addition to increases in interest income and fees and commissions, factors such as a decrease in expenses resulted in an increase in income of JPY 4.9 billion year-on-year.

### < Ordinary income and net income >

Ordinary income and net income increased JPY 7.8 billion and JPY 5.9 billion year-on-year respectively, due partly to a decrease in credit-related expenses.



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

# 1. Financial Summary (Interest income)

Interest income increased JPY 1.8 billion year-on-year due to an increase in interest on loans and bills discounted and a decrease in fund procurement costs, among other factors.

(Unit: JPY bn)

	FY2020	FY2021	YoY change
Interest income	70.5	<b>72.3</b>	1.8
Investment income	71.8	<b>72.9</b>	1.1
[ Interest on loans and bills discounted ]	[ 41.6 ]	[ <b>42.3</b> ]	[ 0.7 ]
[ Interest and dividends on securities ]	[ 29.8 ]	[ <b>28.9</b> ]	[ (0.9) ]
Fund procurement costs	1.3	<b>0.6</b>	(0.7)
[ Interest on deposits ]	[ 0.3 ]	[ <b>0.2</b> ]	[ (0.1) ]

(Unit: JPY bn)

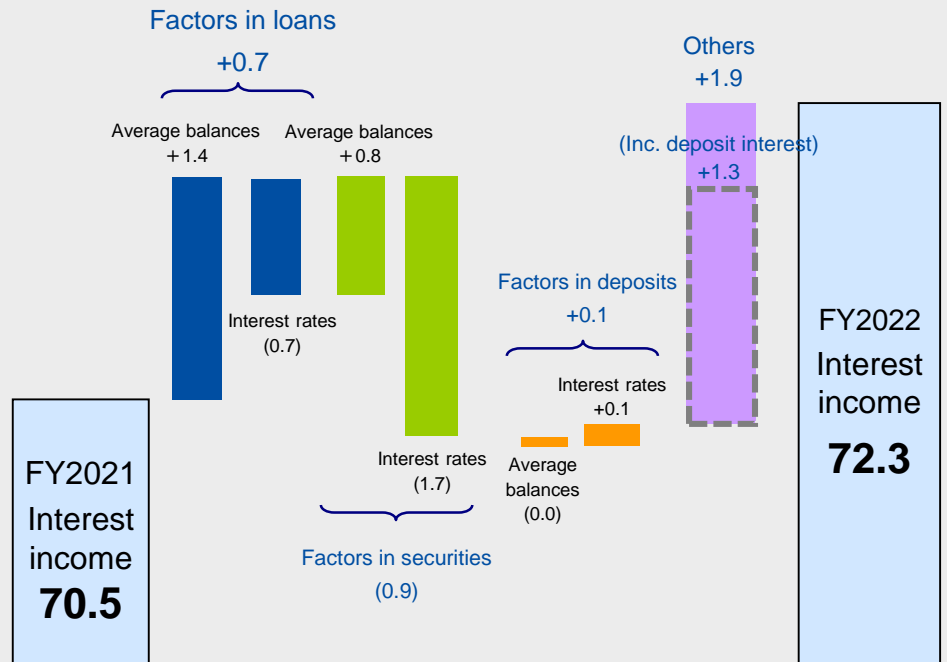
Major accounts (average balances)	FY2020	FY2021	YoY change
Loans and bills discounted	4,965.1	<b>5,138.7</b>	173.6
Securities	2,925.6	<b>3,010.1</b>	84.5
Deposits and certificates of deposits	8,216.1	<b>8,624.8</b>	408.7

(Unit: %)

Interest rates	FY2020	FY2021	YoY
Loans and bills discounted interest rate	0.83	<b>0.82</b>	(0.01)
Securities interest rate	1.01	<b>0.96</b>	(0.05)
Interest rate on deposits	0.00	<b>0.00</b>	0.00

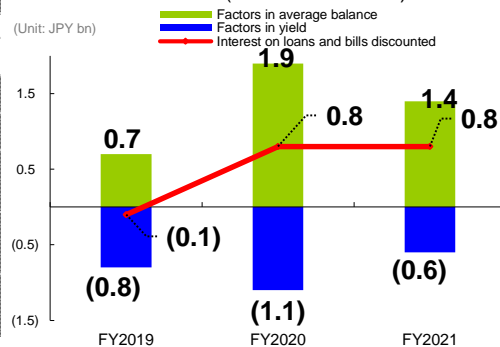
## <Change factors in interest income>

(Unit: JPY bn)

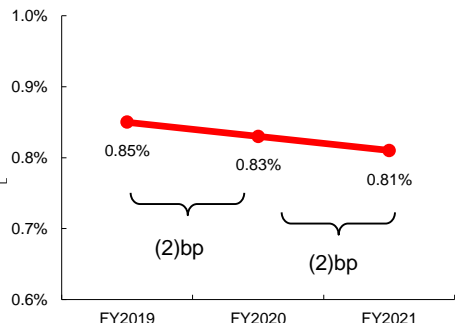


### Change in interest on loans and bills discounted (Yen-denominated)

(Unit: JPY bn)



### Loans and bills discounted interest rate (Yen-denominated)



Loans and bills discounted increased 3.4% year-on-year due to factors such as an increase in corporate loans largely due to efforts to aggressively provide funding based on the appropriate targeting of customers and an increase in retail loans, particularly housing loans.

Total deposits and certificates of deposits increased 4.9% year-on-year because of increased retail and corporate deposits.

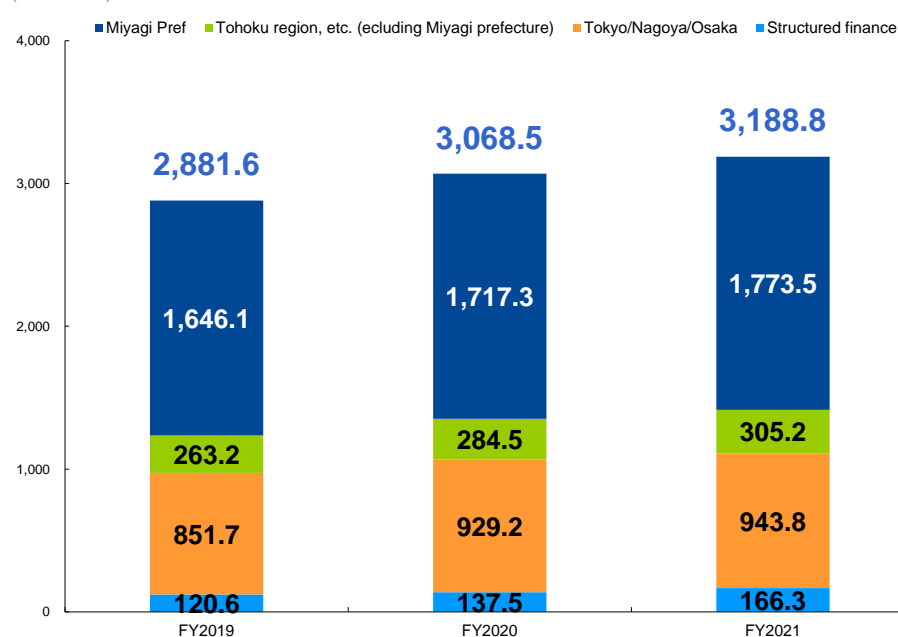
(Unit: JPY bn, %)

	FY2020	FY2021	YoY change
Loans and bills discounted (average balances)	4,965.1	<b>5,138.7</b>	3.4
Corporate loans	3,126.6	<b>3,252.3</b>	4.0
Retail loans	1,193.4	<b>1,231.4</b>	3.1
Loans for local governments	645.1	<b>655.0</b>	1.5

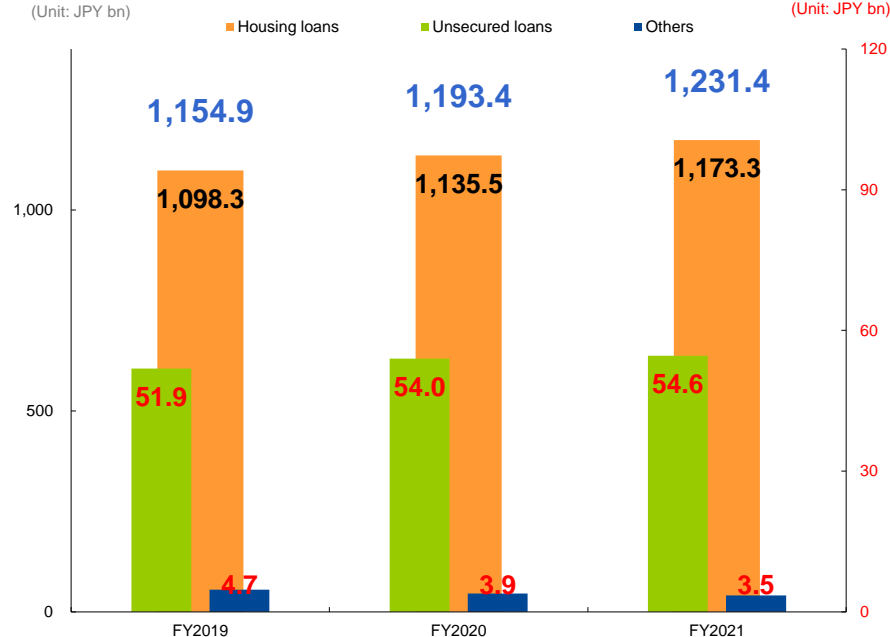
(Unit: JPY bn, %)

	FY2020	FY2021	YoY change
Deposits and certificates of deposits (average balances)	8,216.1	<b>8,624.8</b>	4.9
Retail deposits	5,347.2	<b>5,643.1</b>	5.5
Corporate deposits	2,069.8	<b>2,179.5</b>	5.3
Public deposits	776.1	<b>778.2</b>	0.2

(Unit: JPY bn) **Corporate loans** (yen-denominated, average balances)



(Unit: JPY bn) **Retail loans** (average balances)

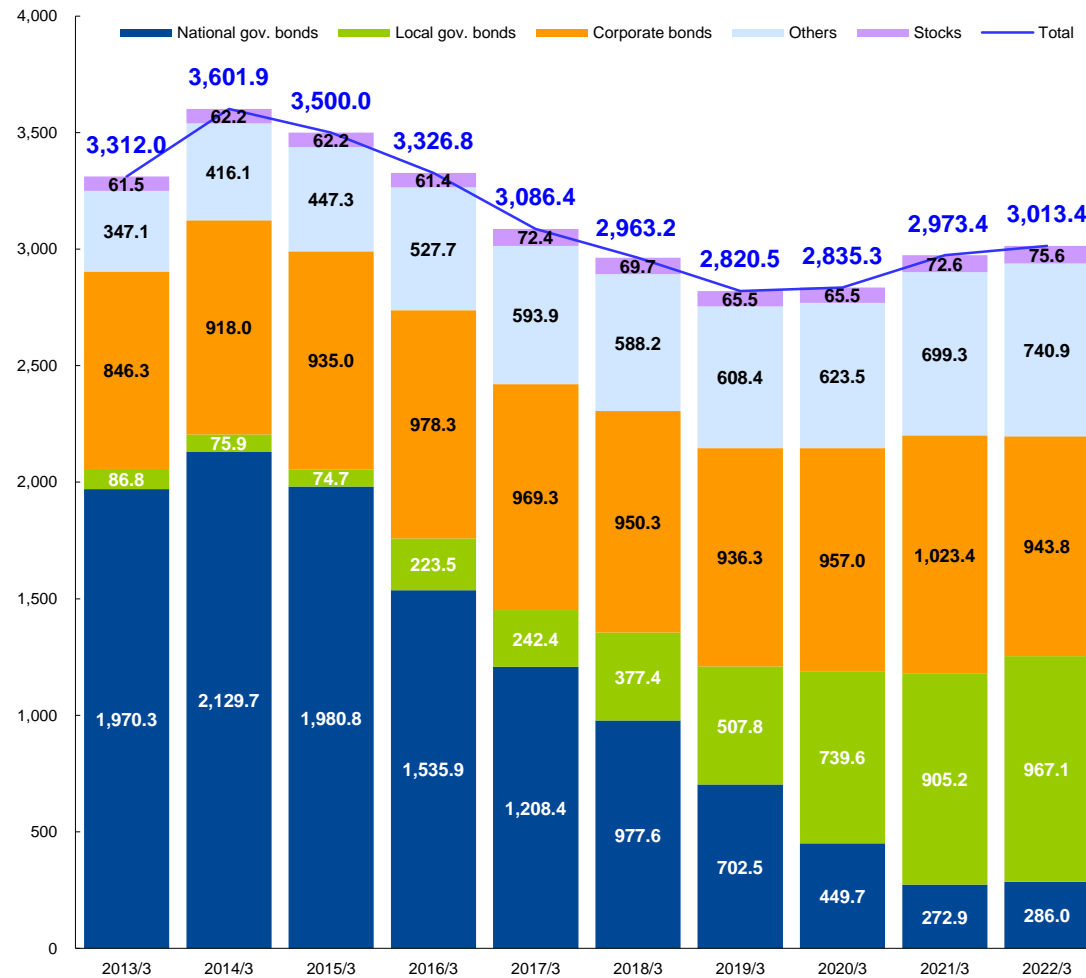


# 1. Financial Summary (Securities)

Securities increased by JPY 40 billion year-on-year due to the Bank increasing its trading amount, particularly that in local government bonds and investment trusts.

## Balance of marketable securities (on an amortized cost base)

(Unit: JPY bn)

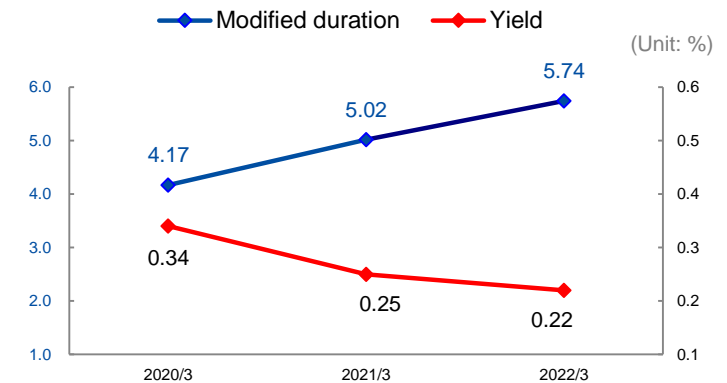


## Composition ratio by type (on an amortized cost base)

	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022
National gov. bonds	15.9%	9.2%	9.5%
Local gov. bonds	26.1%	30.5%	32.1%
Corporate bonds	33.7%	34.4%	31.3%
Others	22.0%	23.5%	24.6%
Investment trusts	17.8%	18.5%	20.3%
Foreign bonds	4.2%	5.0%	4.3%
Stocks	2.3%	2.4%	2.5%

## Yields and modified duration of yen-denominated bonds

\*Yen-denominated bonds other than investment trusts

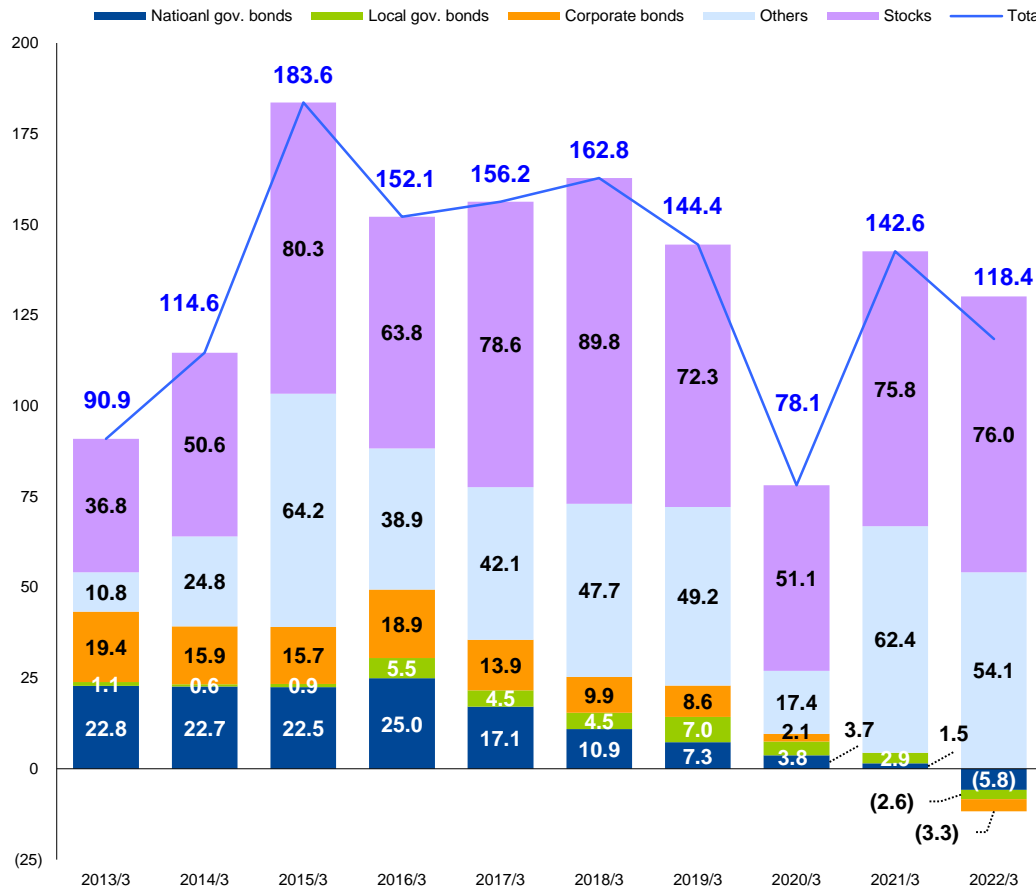


# 1. Financial Summary (Securities)

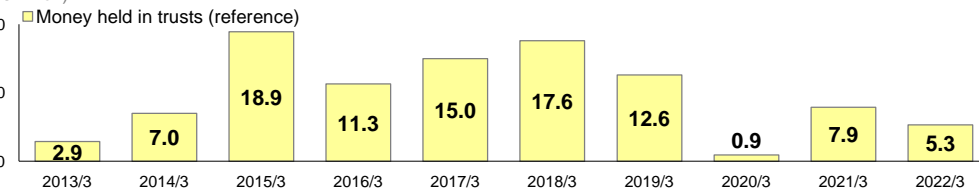
Gains (losses) from the evaluation of securities decreased JPY 24.2 billion year-on-year largely due to evaluation losses on corporate bonds following the rise in interest rates.

## Gains (losses) from evaluation of securities

(Unit: JPY bn)



(Unit: JPY bn)



## Total gains (losses) from securities

(Unit: JPY bn)

	FY2020	FY2021	YoY change
Interest and dividends on securities [A]	29.8	28.9	(0.9)
Interest on yen-denominated bonds	5.6	4.9	(0.7)
Interest on foreign currency-denominated bonds	1.6	1.2	(0.4)
Stock dividends	4.6	5.3	0.7
Distributions from investment trusts	6.3	7.9	1.6
Gains on cancellation of investment trusts	11.7	9.6	(2.1)
Gain (losses) on bonds [B]	(12.8)	(8.8)	4.0
Gain on sales of bonds	0.4	0.4	0.0
Losses on sales of bonds	0.1	2.0	1.9
Losses on redemption of bonds	12.9	7.2	(5.7)
Losses on cancellation of investment trusts	12.5	7.0	(5.5)
Amortization of stocks	0.2	0.0	(0.2)
Gain (losses) on stocks [C]	10.8	7.3	(3.5)
Gain on sales of bonds	11.8	9.0	(2.8)
Losses on sales of bonds	1.0	1.2	0.2
Amortization of stocks	0.0	0.5	0.5
Gains (losses) on investments in money held in trust [D]	3.0	2.7	(0.3)
Total gains (losses) from securities [A+B+C+D]	30.8	30.1	(0.7)

Fees and commissions increased JPY 2.0 billion year-on-year due partly to an increase in fees and commissions from corporate clients from the likes of syndicate loans and business matching as a result of stronger measures geared towards consulting-based sales and structured finance as well as an increase in sales commissions of assets in custody.

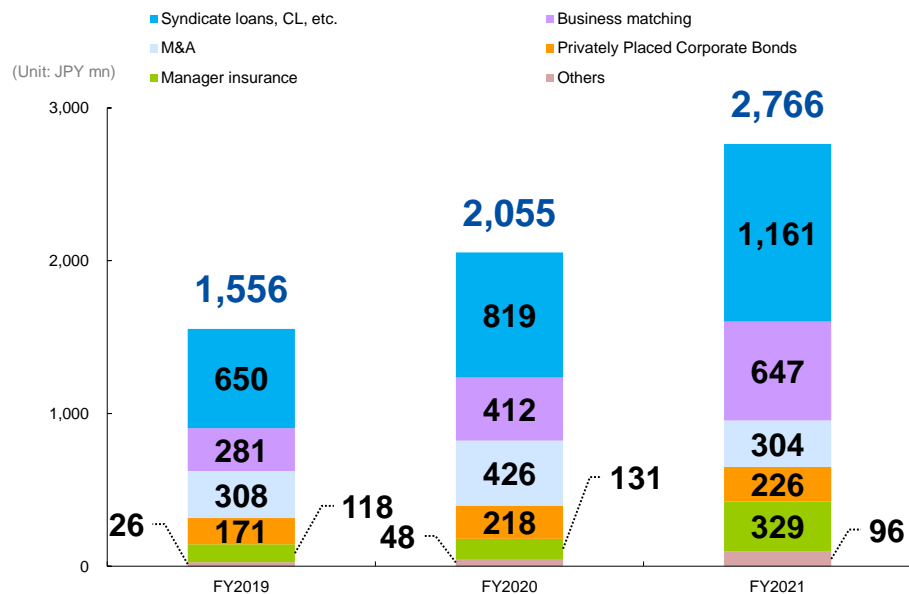
(Unit: JPY mn)

	FY2020	FY2021	YoY change
Fees and commissions A	17,251	18,357	1,106
Fees and commissions from payments	9,220	8,616	(604)
Fees and commissions from corporate clients	2,055	2,766	711
Sales commissions of assets in custody	1,600	2,315	715

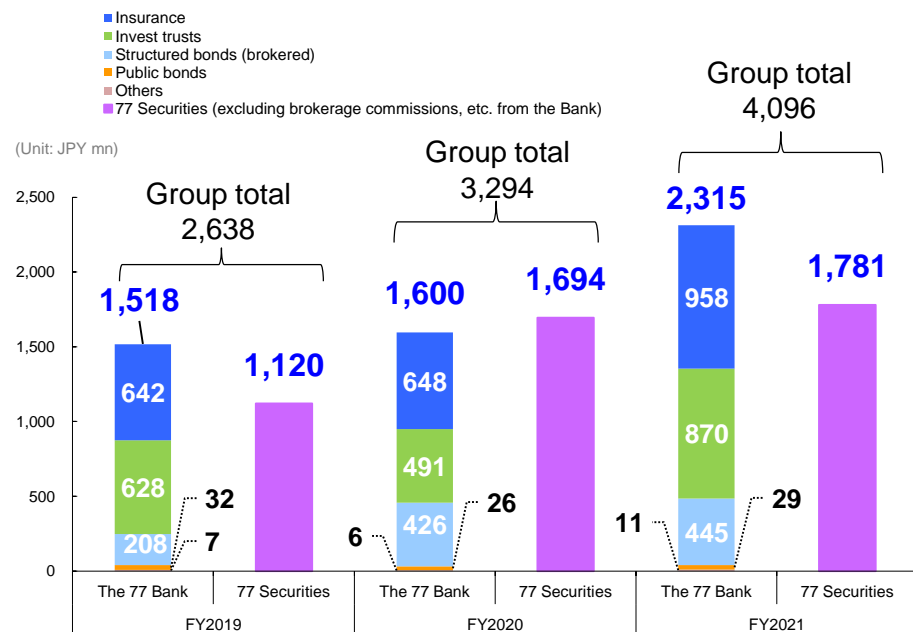
	FY2020	FY2021	YoY change
Fees and commissions payments B	7,431	6,514	(917)
Loan repayment guarantee fees and insurance premiums	5,008	4,408	(600)

Fees and commissions (A-B)	9,819	11,842	2,023
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## Fees and commissions from corporate clients



## Sales commissions of assets in custody



Expenses decreased JPY 0.9 billion year-on-year due to a decrease in personnel expenses largely attributable to a lower number of employees as well as a decrease in logistics and other expenses.

(Unit: JPY bn)

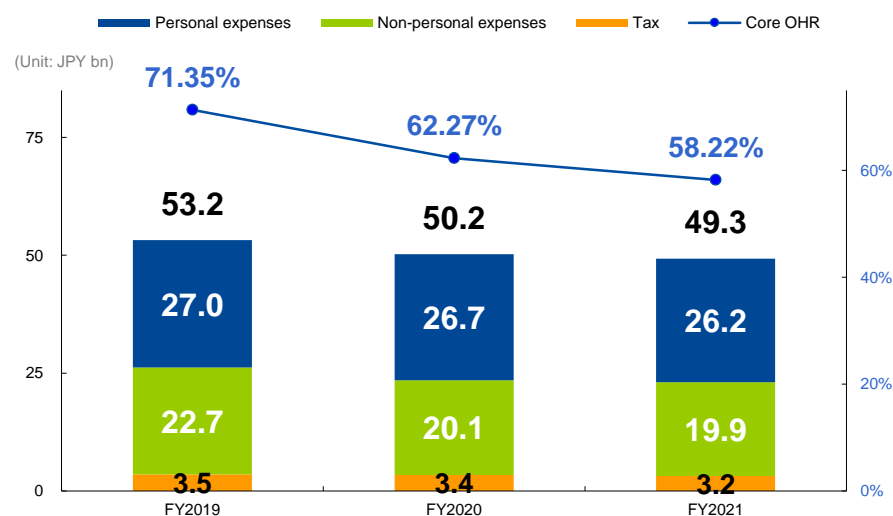
	FY2020	FY2021	YoY change
Expenses	50.2	49.3	(0.9)
Personnel expenses	26.7	26.2	(0.5)
Non-personnel expenses	20.1	19.9	(0.2)
Tax	3.4	3.2	(0.2)

(Unit: JPY bn)

	Key change factors in expenses	
Personnel expenses	Reduction in the number of employees, overtime hours, etc.	(0.4)
Non-personnel expenses	Reduction from change to branches within branches, etc.	(0.2)

## Movements in expenses

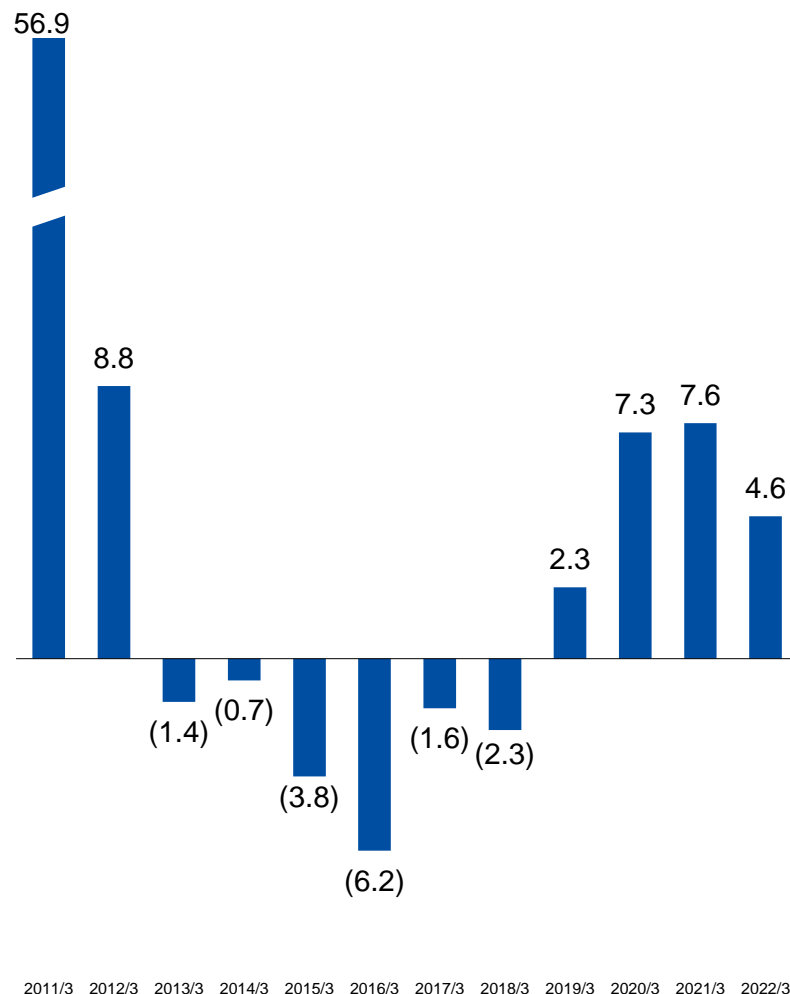
(Unit: branches, bases, machines, people)



	FY2019	FY2020 (A)	FY2021 (B)	Difference (B-A)
Number of manned branches (at term-end)	142	142	142	0
Number of bases (at term-end)	136	130	123	(7)
Number of branches within branches (at term-end)	6	12	19	7
Number of ATMs installed (at term-end)	800	743	718	(25)
Average number of employees (excl. secondees)	2,772	2,732	2,659	(73)

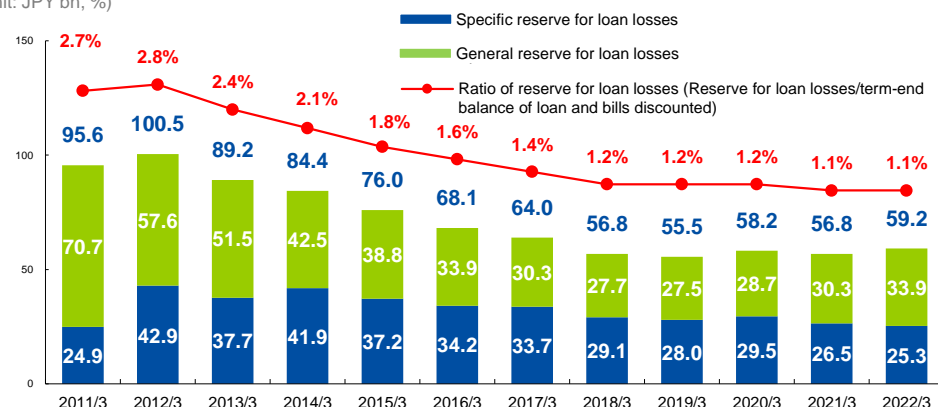
Based on concerns that credit risk would worsen due to the likes of economic stagnation caused by the prolonging of the novel coronavirus (COVID-19), the Bank introduced grouping that accommodates risks associated with the virus. For this reason, the provision of the general reserve for loan losses increased by JPY 1.8 billion year-on-year. However, due to a decrease in the amount of bad debt processed and other accounts, credit-related expenses as a whole decreased by JPY 3.0 billion.

## Credit-related expenses (Unit: JPY bn)



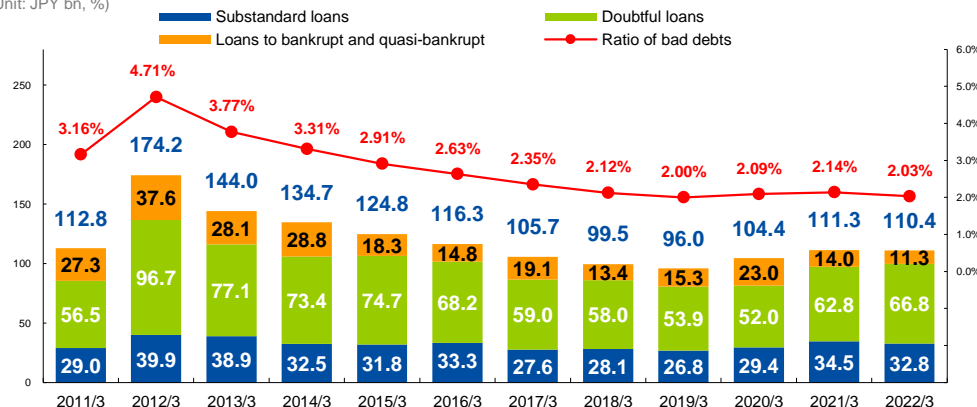
## Reserve for loan losses

(Unit: JPY bn, %)



## Credits disclosed under the Financial Reconstruction Law

(Unit: JPY bn, %)



02

# Projected Performance

(Unit: JPY bn)

**Summary of profits and losses  
(Non-consolidated)**

	FY2021	FY2022 (Forecast)	YoY change Increase/decrease	FY2023 (Simulation)
Gross operating income	75.8	77.4	1.6	80.2
[ Core operating income ]	[ 84.6 ]	[ 82.1 ]	[ (2.5) ]	[ 82.1 ]
Interest income	72.3	72.2	(0.1)	74.1
Interest on loans and bills discounted	42.3	43.4	1.1	44.8
Interest and dividends on securities A	28.9	28.3	(0.6)	29.0
Fees and commissions	11.8	11.3	(0.5)	11.5
Other operating income	(8.3)	(6.1)	2.2	(5.4)
Gain (losses) on bonds B	(8.8)	(4.7)	4.1	(1.9)
Gain (losses) on forex transactions	0.2	(1.4)	(1.6)	(3.5)
Expenses	49.3	48.5	(0.8)	48.8
Substantial operating income	26.5	28.9	2.4	31.4
[ Core operating income ]	[ 35.3 ]	[ 33.6 ]	[ (1.7) ]	[ 33.3 ]
[ Core operating income (excl. gains (losses) on cancellation of investment trusts) ]	[ 25.7 ]	[ 25.0 ]	[ (0.7) ]	[ 25.9 ]
Provision of general reserve for loan losses [1]	3.5	0.0	(3.5)	(1.6)
Operating income	23.0	28.9	5.9	33.0
Special income and losses	7.5	2.1	(5.4)	(1.0)
Bad debt disposals (-) [2]	1.1	3.1	2.0	3.6
Gains on reversal of reserve for loan loss [3]	0.0	0.1	0.1	0.0
Gain (losses) on stocks C	7.3	4.1	(3.2)	2.1
Gains (losses) on investments in money held in trust D	2.7	2.8	0.1	2.2
Ordinary income	30.5	31.0	0.5	32.0
Extraordinary income	-	-	-	-
Extraordinary loss	0.5	0.3	(0.2)	(0.2)
Income taxes (incl. deferred taxes)	9.2	9.7	0.5	9.8
Net income	20.8	21.0	0.2	22.0
Credit-related expenses [1] + [2] - [3]	4.6	3.0	(1.6)	2.0
Total gains (losses) from securities [A + B + C + D]	30.1	30.5	0.4	31.4

**Summary of profits and losses (Consolidated)**

Ordinary income	33.0	33.0	0.0	34.0
Net income attributable to owners of the parent	22.2	22.0	(0.2)	23.0

## 2. Projected Performance (Summary of profits and losses)

(Unit: JPY bn)

(Reference)

Level of yields, interest rates, etc. used as the basis for FY2022 forecast and FY2023 simulations

(Unit: %)

	FY2021	FY2022 (Forecast)	YoY change	FY2023 (Simulation)
Interest rates/interest margin				
Loans and bills discounted interest rate	0.82	<b>0.81</b>	(0.01)	0.81
Securities interest rate	0.96	<b>0.93</b>	(0.03)	0.96
Interest rate on deposits	0.00	<b>0.00</b>	0.00	0.00
Interest rate spread	0.75	<b>0.74</b>	(0.01)	0.79
Net interest margin	0.22	<b>0.23</b>	0.01	0.25

(Unit: %, JPY)

	FY2021	FY2022 (Forecast)	FY2023 (Simulation)
Unsecured call rate O/N	(0.03)	<b>(0.05)</b>	(0.05)
JPY TIBOR (3 months)	0.06	<b>0.07</b>	0.07
USD LIBOR (3 months)	0.26	<b>1.15</b>	1.90
10-year JGBs	0.09	<b>0.15</b>	0.20
10-year US treasury bonds	1.60	<b>2.20</b>	2.50
Exchange rate (JPY/USD)	113	<b>115</b>	116
Nikkei Average (at term-end)	27,821	<b>29,000</b>	31,000

	FY2021	FY2022 (Forecast)	YoY change	FY2023 (Simulation)
Interest income	72.3	<b>72.2</b>	(0.1)	74.1
Investment income	72.9	<b>72.6</b>	(0.3)	74.5
[Interest on loans and bills discounted]	[ 42.3 ]	[ <b>43.4</b> ]	[ 1.1 ]	[ 44.8 ]
[Interest and dividends on securities]	[ 28.9 ]	[ <b>28.3</b> ]	[ (0.6) ]	[ 29.0 ]
Fund procurement costs	0.6	<b>0.4</b>	(0.2)	0.4
[Interest on deposits]	[ 0.2 ]	[ <b>0.3</b> ]	[ 0.1 ]	[ 0.3 ]

Fees and commissions	11.8	<b>11.3</b>	(0.5)	11.5
[Fees and commissions from corporate clients]	[ 2.7 ]	[ <b>2.7</b> ]	[ 0.0 ]	[ 2.9 ]
[Sales commissions of assets in custody]	[ 2.3 ]	[ <b>2.3</b> ]	[ 0.0 ]	[ 2.4 ]

Expenses	49.3	<b>48.5</b>	(0.8)	48.8
Personnel expenses	26.2	<b>25.5</b>	(0.7)	25.0
Non-personnel expenses	19.9	<b>19.8</b>	(0.1)	20.5
Tax	3.2	<b>3.2</b>	0.0	3.3

03

# Business Strategy

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.

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)

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



#### 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

## 1. Strengthening of financial foundation (key factors)

	FY2020	FY2021	FY2022 Forecast	FY2030 Our Target Form
Net income (consolidated)	JPY 16.5 bn	JPY 22.2 bn	JPY 22.0 bn	JPY 28.0 bn
Capital adequacy ratio (consolidated)	10.39%	10.27%	Over 10%	Over 10%
Core OHR	62.27%	58.22%	59.04%	50%

## 2. KPI

	FY2020	FY2021	FY2022 Target	FY2025 Midterm Targets	FY2030 Our Target Form
Proportion of companies in Miyagi Prefecture for whom we are their main bank [Main bank trend surveys]*1	- [56%]	- [56%]	- -	Vs. FY2020 +5% [59%]	Vs. FY2020 +10% [62%]
Number of corporate lending clients outside Miyagi Prefecture	-	Vs. FY2020 1.07x	Vs. FY2020 1.08x	Vs. FY2020 1.2x	Vs. FY2020 1.5x
Proportion of households in Miyagi Prefecture holding assets	14%	-	-	17%	Over 21%
Proportion of individuals in Miyagi Prefecture using loans from the 77 Bank	12.6%	12.7%	-	17.0%	20.0%
Group companies net income	JPY 2.2 bn	JPY 2.2 bn	JPY 1.8 bn	JPY 2.0 bn	JPY 3.0 bn
Labor productivity in core operations*2	JPY 8 mn	JPY 11 mn	JPY 11 mn	JPY 13 mn	JPY 16 mn
Administrative work at bank branches	-	Vs. FY2019 (15%)	Vs. FY2019 (25%)	Vs. FY2019 (50%)	Vs. FY2019 (50%)
Usage of non-face-to-face channels	(Corporate) 11% (Retail) 11%	(Corporate) 13% (Retail) 15%	(Corporate) 15% (Retail) 17%	(Corporate) 20% (Retail) 20%	(Corporate) 30% (Retail) 30%
Cases of growth support for founders	1,181 cases	1,490 cases	1,550 cases	2,000 cases	3,000 cases
CO2 emissions (Unit: t-CO2)	12,197	-	10,200	10,000	9,069
Proportion of women managers	13.4%	14.2%	15.0%	18.0%	30.0%
Other items	Establish 10 projects in new businesses or sectors (by FY2023) Support increased rate of economic growth in Miyagi Prefecture Aim for 100% participation in regional development projects in Miyagi Prefecture Implement various initiatives to "foster an ambitious spirit" Increase the number of "specialist personnel" that serve a purpose for customers and local communities				

\*1. TEIKOKU DATABANK, Ltd. Research

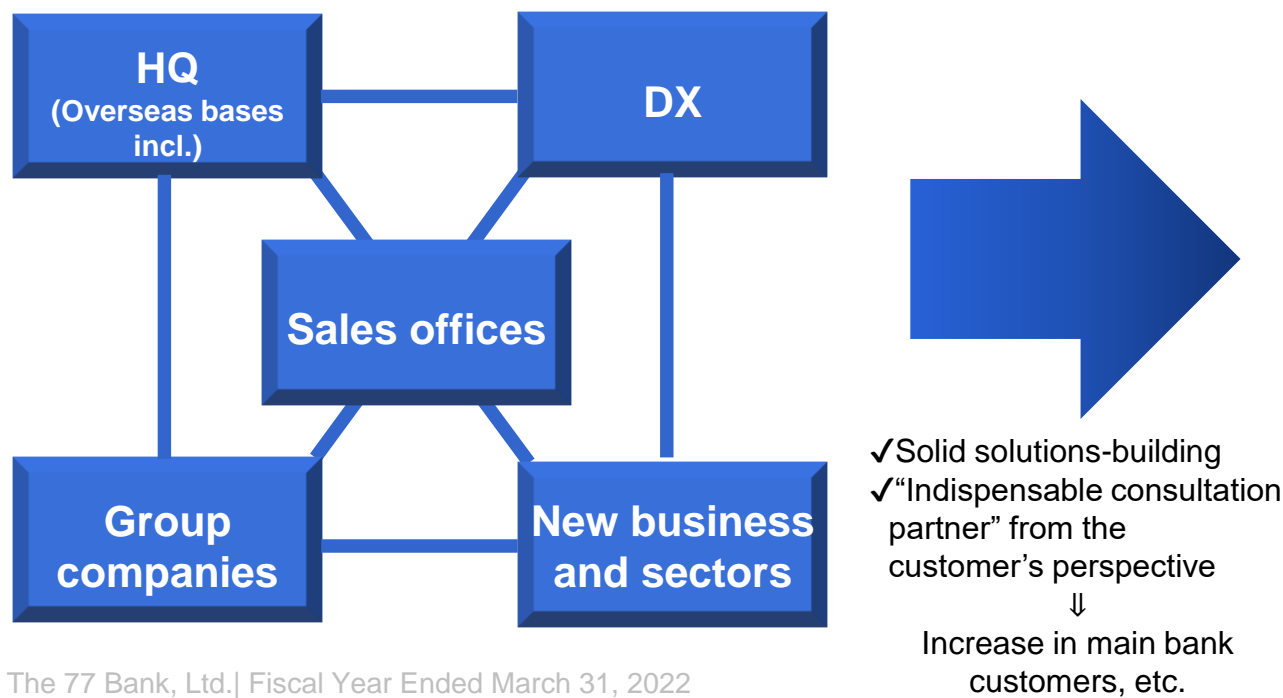
\*2. (Interest on loans and bills discounted + fees and commissions - interest on deposits - expenses + personnel expenses + depreciation) / number of employees (part-time employees counted as 0.4)

I Top customer satisfaction strategy

- Provision of services that only regional financial institutions can offer through consulting and digital technology
- Utilizing overseas network, information network in regions and other strengths
- Surprising and exciting customers with performance that exceeds expectations



Provision of Finance & Consulting



Corporate	
Funding	Broader marketing channels
Overseas development	Productivity enhancement
Business succession	M&A
Securing of HR	Improvement of finances
Retail	
Asset-building	Acquisition of residences
Funding for education	Inheritance

## Strengthening relations with customers through “finance” & “consulting”

### ■ Implementation of consulting

#### ■ Implementation of high-quality business feasibility evaluations

Number of contracts for problem-solving measures based on business feasibility evaluations

(Unit: Cases)

Issue solution	Number of solutions shared (October 2016~)	Number of contracts	
		Cumulative (October 2016~)	(FY2021)
Execution of financing	13,584	10,336	2,915
Paid business matching	8,482	1,467	526
Sales information services	4,798	1,200	303
Business succession, inheritance, etc.	2,948	215	57
External support organizations	2,039	206	23
Business meetings	1,485	168	5
M&A	981	55	15
Others	12,786	2,939	780
Total	47,103	16,586	4,624

#### ■ Stronger handling of COVID-19-related lending

Approx. 52.7% of the Bank's clients responded that they are impacted  
(As of Mar. 2022)

Number of financing consultations by the COVID-19 Emergency Support Team

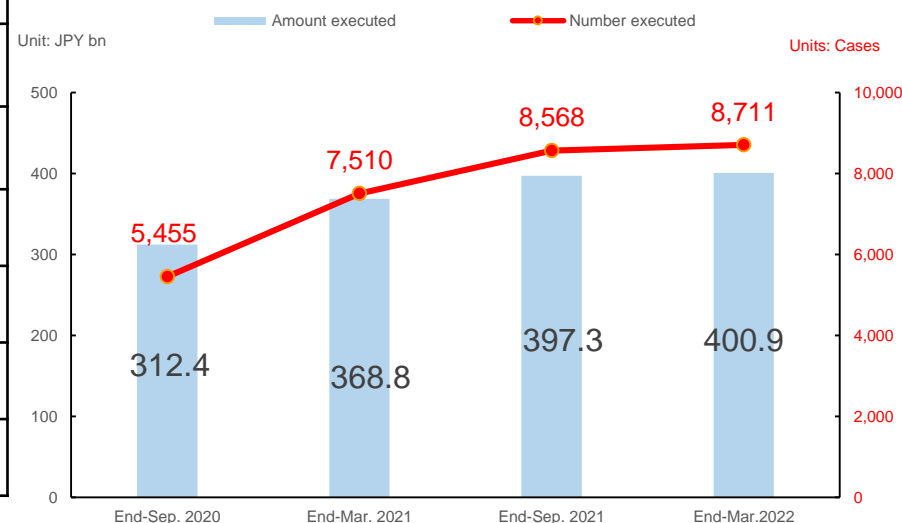
\*Dispatched 27 HQ personnel members to 13 regional mother branches within prefecture (As of Mar. 2022)

4,879 Cases (FY2021)

Number of branches subject to credit supervision by Credit Supervision Division employees

1,760 Cases (FY2021)

#### COVID-19-related loan performance (including changes in conditions) (cumulative)



### 3. Business Strategy (Corporate Sales)

#### ■ Implementation of consulting sales awards

“Consulting sales awards” have been held since FY2019 in order to evaluate medium- to long-term measures geared towards consulting sales by sales offices for the purpose of reinforcing consulting sales ability,

#### Sample consulting sales awards

##### Sample 1: Business succession support with no stipulated successor

(Content)

Company B, a client of Branch A, had issues with a lack of successors, and the rise in the valuation amount of its own shares. In order to tackle a wide range of support with a focus on a capital restructuring, Branch A proposed paradoxical business succession measures that involved not setting forth clear successors at the current juncture to Company B. These resulted in the formation of finance and other contracts.

##### Sample 2: IPO assistance

(Content)

In order to assist with Company D's IPO, which that client wanted to realize for years, Branch C provided information on an ongoing basis with the involvement of Bank Group companies and TSE. In the end, that IPO came to fruition through Branch C's efforts to assist with the client's growth aimed at improving its corporate value through finance and business matching.

#### Results of FY2021 awards

Participation division	Award category	Grand Prize	Excellence Prize	Prize for Good Effort
Corporate	Business Analysis and Issue-Sharing Category	1 branch	6 branches	14 branches
	Issue-Solving Category	1 branch	10 branches	20 branches
Retail	Retail Transaction Category	1 branch	5 branches	14 branches
Shared	Human Resource Development/Sales Posture Category	1 branch	4 branches	6 branches
Total		4 branches	25 branches	54 branches

\*The Final Selection Committee selects a “Grand Prize” for initiatives that are exceedingly outstanding.

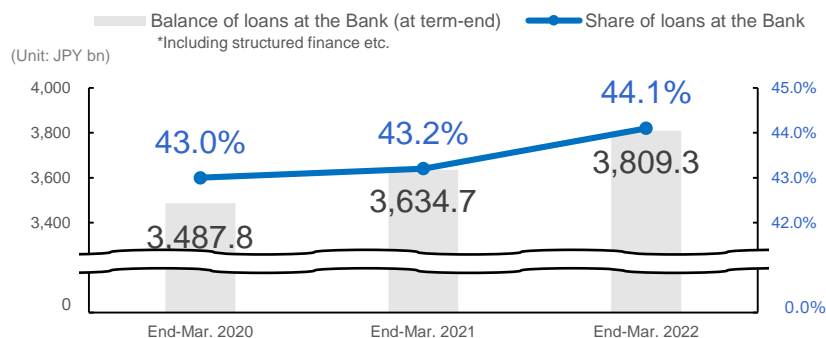
(Scene from meeting of Final Screening Committee)



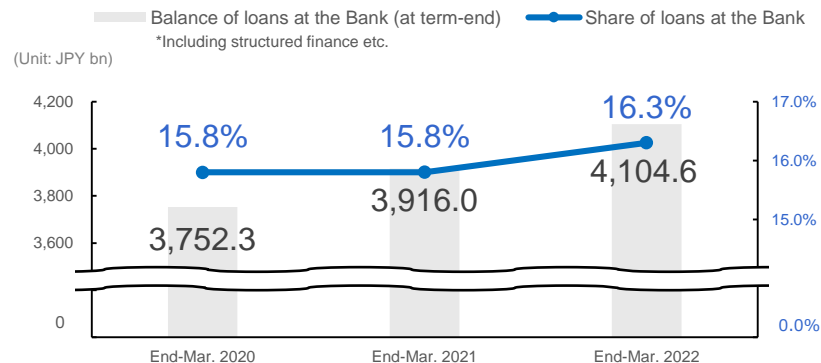
## Implementing proposals that leverage total capability and expanding business fields

### ■ Reinforcement of sales framework

#### Balance/share of loans in Miyagi Pref.



#### Balance/share of loans in Tohoku region



- Opening of Aomori Branch (Corporate sales office→Branch)  
(June 2022 (tent.))
- Increased local support team members in Consulting Sales Group

(As of End-Apr. 2022: 42 members)  
(+15 members over end-Mar. 2021)

#### Strengthening of structured finance measures

##### Project finance

⇒ Capturing of projects centered on renewable energy, etc.

##### Asset finance

⇒ Expansion/dispersion of projects eligible for examination

##### Acquisition finance

⇒ Formation of local projects using total power of The 77 Bank Group

#### (Reference) Balance of structured finance (at term-end)

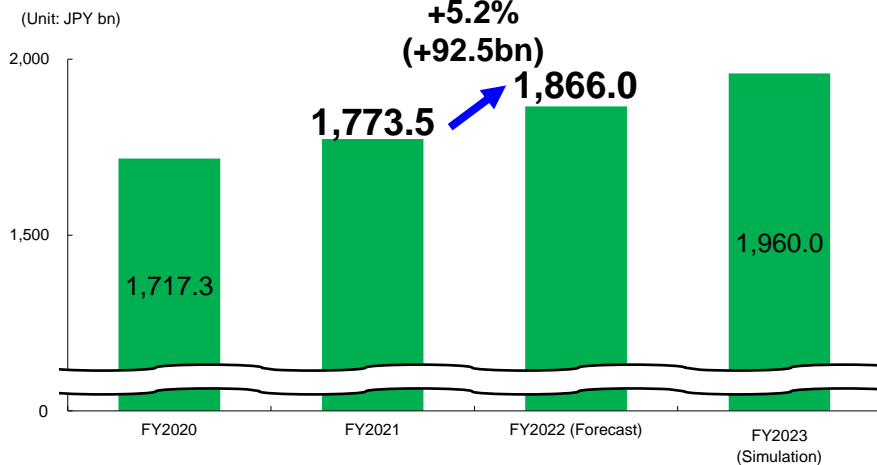
(Unit: JPY bn)

	End-Mar. 2022	End-Mar. 2023 (Forecast)	Rate of change %
Project finance	131.9	144.0	9.2%
Asset finance	30.8	35.0	13.6%
Acquisition finance	10.6	14.0	32.1%
Others	17.1	17.0	(0.6%)
Total	190.4	210.0	10.3%

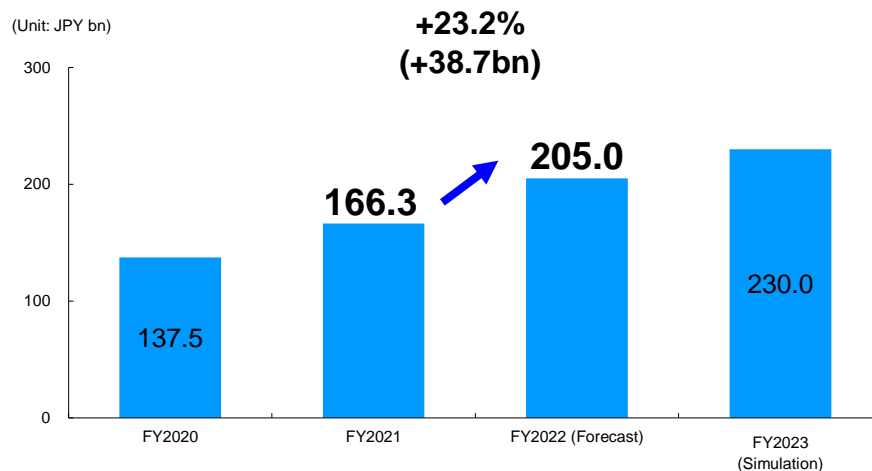
- Development of specialized personnel and creation of professionals with a view to strengthening corporate consulting capabilities

⇒ Implementation of OJT through regional stationing and hierarchy-specific development programs  
⇒ Dispatch of trainees to consulting firms, etc.

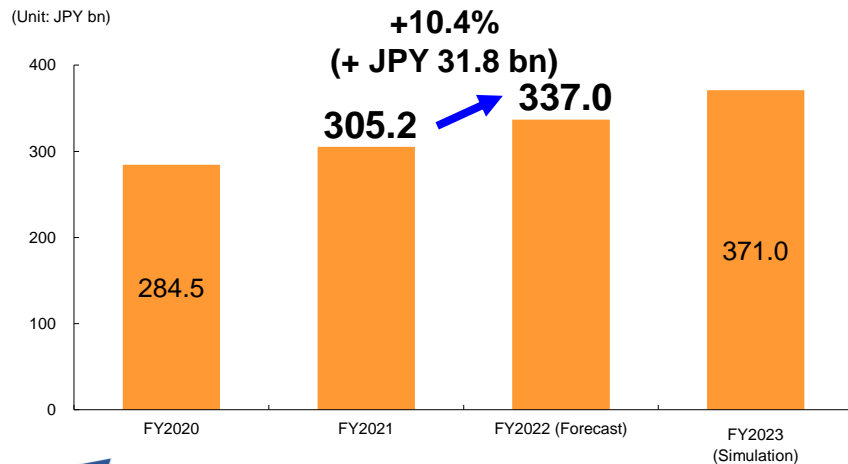
**Corporate loans in Miyagi Pref.  
(Yen-denominated, average balances)**



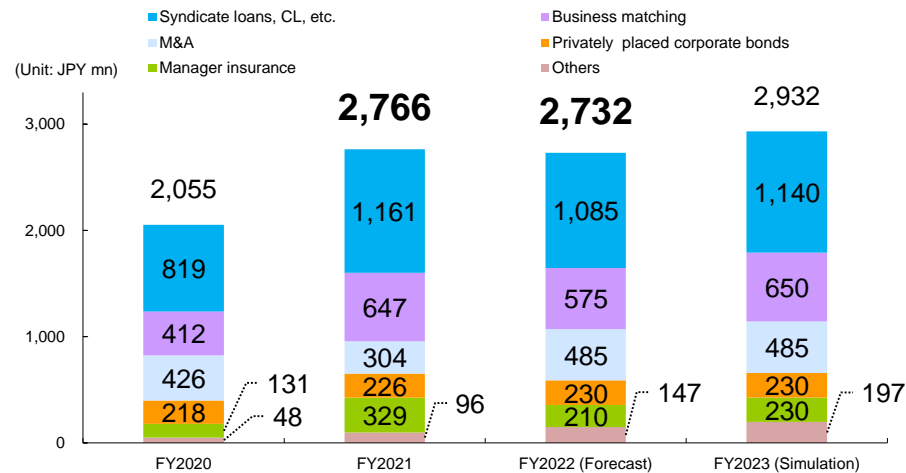
**Structured finance  
(average balances, yen-denominated)**



**Corporate loans in Tohoku region, etc.  
(excluding Miyagi Pref.)  
(Yen-denominated, average balances)**



**Fees and commissions from corporate clients**



Increase the proportion of companies in Miyagi for whom we are their main bank by 10%  
(Our target form: 62%)



Increase the number of corporate lending clients outside Miyagi by 1.5x  
(FY2021 results: 1.07x→Our target form: 1.5x)  
(Vs. FY2020)

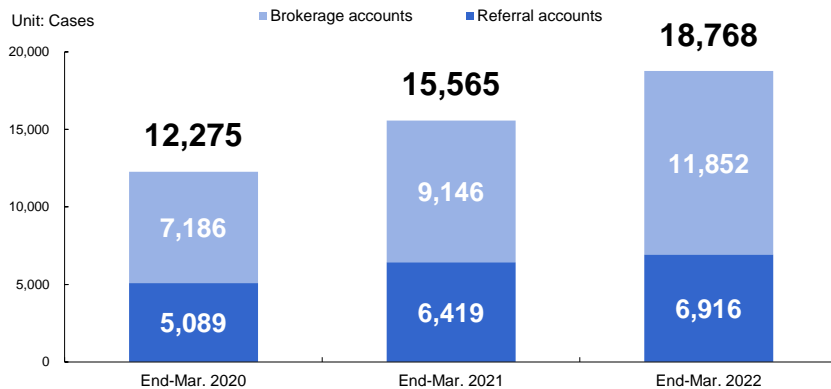
### 3. Business Strategy (Retail sales)

Implementing suggestion-based sales tailored to customers' life plans through collaboration between sales offices, HQ and 77 Securities

#### ■ Strengthening of retail

- Further strengthening of cooperation between the Bank and securities companies

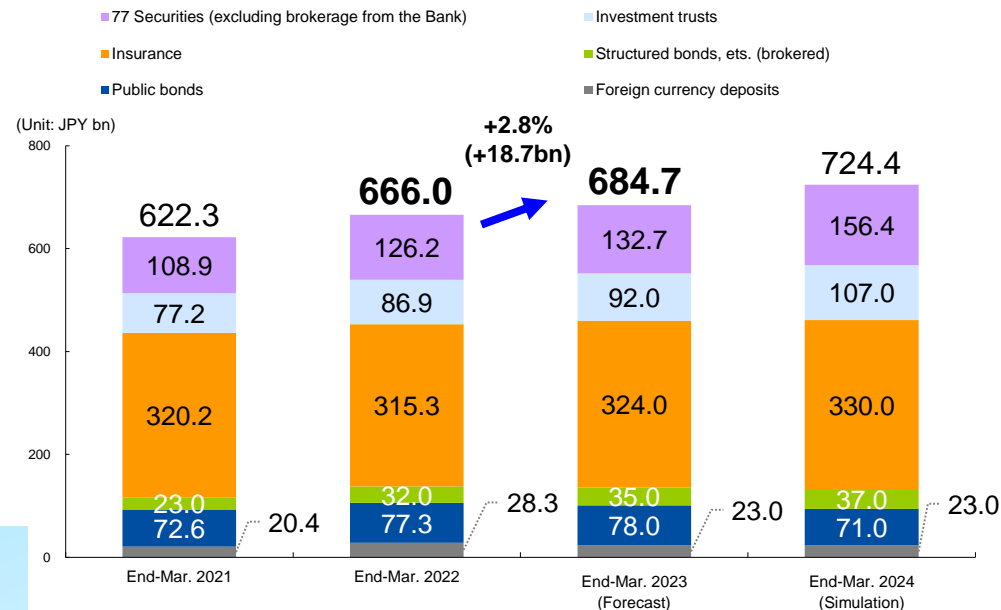
Number of 77 Securities accounts



#### Enhancement and strengthening of support programs in “an era where people live for 100 years”

- ⇒ Commencing examination of entry into trust business by Bank parent with the assumption that approval will be acquired from the related authorities
- ⇒ Commencement of joint research on products to support long-term, stable asset-building with Resona Holdings

Balance of assets in custody



Sales commissions of assets in custody

(Unit: JPY mn)

	FY2020	FY2021	FY2022 (Forecast)	FY2023 (Simulation)
The 77 Bank	1,600	2,315	2,296	2,397
77 Securities	1,694	1,781	1,733	2,045



Increase the proportion of households in Miyagi “holding assets” to the national average or higher (FY2020 results: 14%→Our target form: 21% or higher)

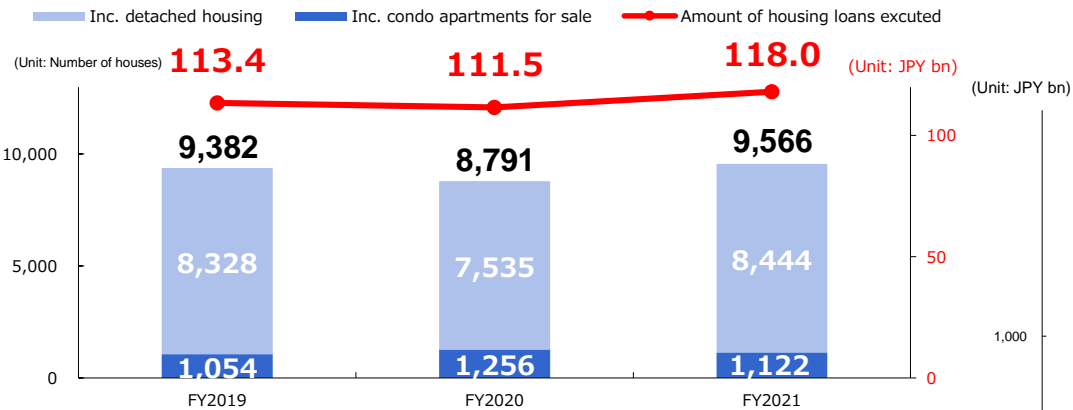
### 3. Business Strategy (Retail sales)

Ascertaining customer needs with precision and promoting housing and unsecured loans

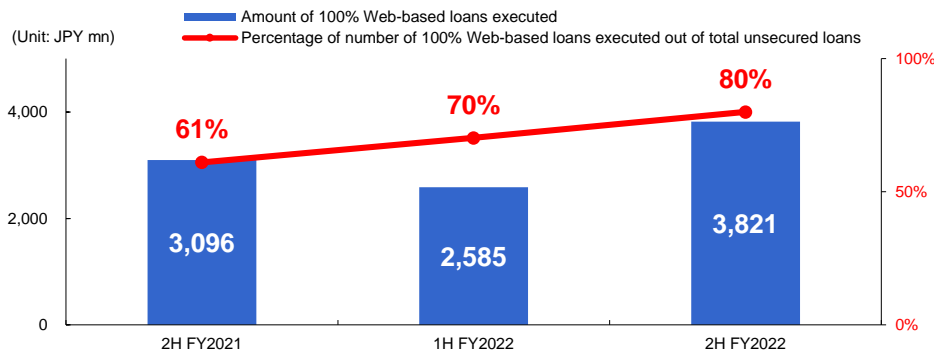
#### ■ Stronger promotion of housing and unsecured loans

##### ▪ Capturing of customer needs

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

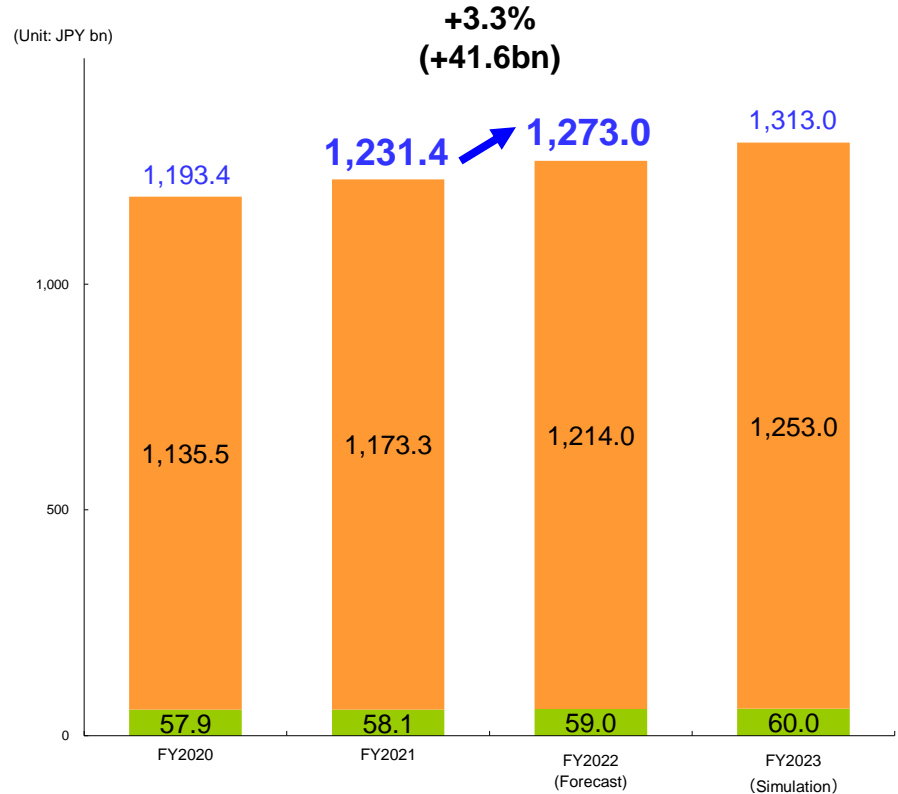


##### ▪ Strengthening of non-face-to-face sales



#### Retail loans (average balances)

Housing loans (orange), Unsecured loans etc. (green)



Ensure that 20% of the population of Miyagi use loans from the Bank  
(FY2021 results: 12.7%→Our target form: 20%)

### 3. Business Strategy (Group companies)

Uniting across the Group to provide the very best solutions to address the issues faced by customers and regions

#### ■ Establishment of subsidiary that operates human resource-related businesses

Main services offered: Staffing, dispatching, human resource training, etc.

Scheduled establishment date: Aug. 2022

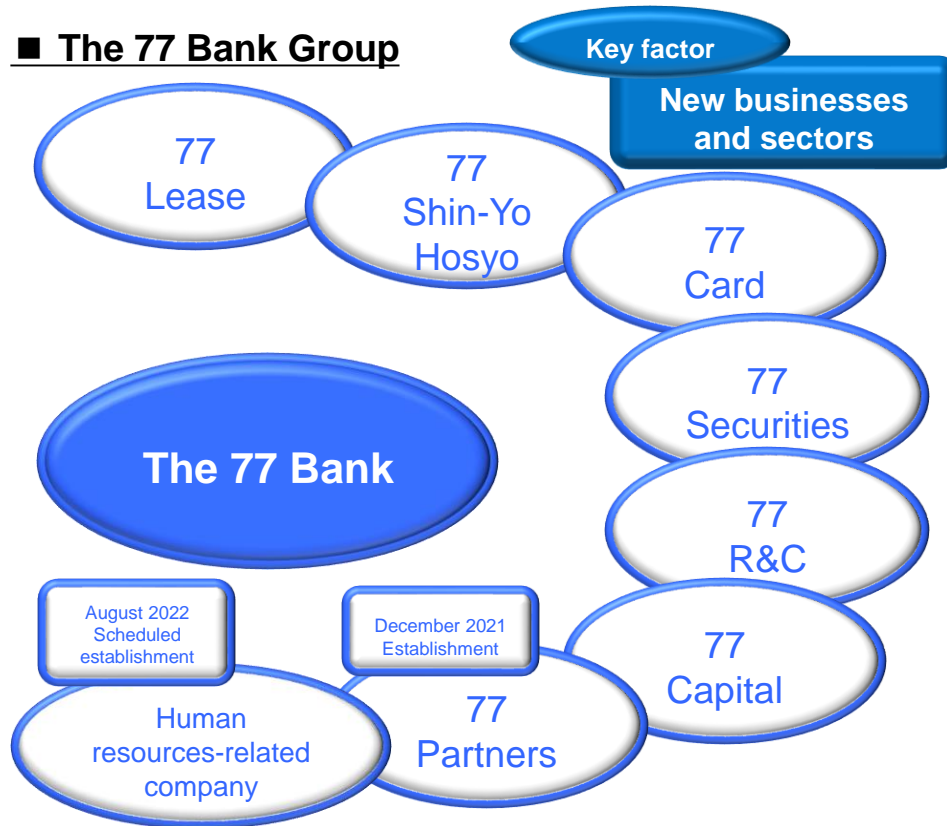
Scheduled opening date: Jan. 2023

#### Purpose of establishment

Regional issues pertaining to “human resources,” such as issues with insufficient successors and the securing of human resources to serve as management executives and those who possess specialized knowledge, are becoming increasingly large. Amid that situation, the Bank started to offer staffing services in Sep. 2020.

To resolve increasingly complex and diverse regional issues and support sustained growth, the Bank will establish a new subsidiary to provide advanced specialized solutions pertaining to “human resources” in addition to staffing services.

#### ■ The 77 Bank Group



Let's Try!



Establish 10 projects in new businesses or sectors, with the potential to become viable businesses in future (by FY2023)

(FY2021 results: 1 project→Our target form: 10 projects)

[\(Reference\) Projects disclosed as being scheduled for implementation at this point in time: Establishment of subsidiary that operates human resource-related businesses, examination of entry into trust business](#)

Let's Try!



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

(FY2021 results: JPY 2.2 bn→Our target form: JPY 3.0 bn)

### 3. Business Strategy (Double productivity strategy)

#### II Double productivity strategy

- Power-saving through improvements to administrative processes and the enhancement of non-face-to-face transactions and promotion of their usage
- Optimization of sales channels based on customer needs



#### “Rebalancing of management resources”

Promote paperwork-free and digital initiatives  
(Creation of management resources)

Personnel members created through branches within branches, paperwork-free, etc.

**74 members (FY2021)**  
(Cumulative since Apr. 2020: 222 members)

Optimize branch network with branches within branches  
(Consolidation of management resources)

Enhancement of HQ public relations personnel and development of specialized human resources through dispatch of external trainees, etc.

**47 members (FY2021)**  
(Cumulative since Apr. 2020: 68 members)

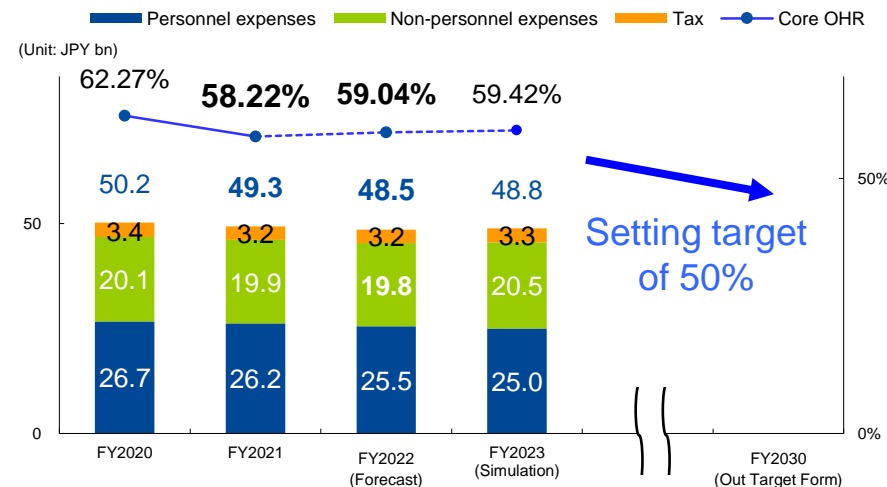
Strengthen consulting capabilities  
(Utilize management resources)

#### Core OHR/OHR improvement

Curtailing of expenses

Augmentation of top line

#### Expenses and core OHR



Measures in digital technology reforms for banking business

Non-face-to-face channel reforms

Providing all kinds of financial services on an all-inclusive basis

Introduction of 77 Business Portal (Scheduled for Oct. 2022)  
Improvements to UI/UX for The 77 Bank app/retail e-banking (Scheduled for Nov. 2022)

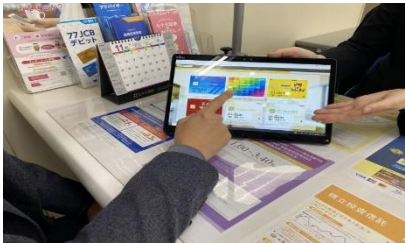
Sales office reforms

Shifting sales offices from administrative bases to consulting sales bases

Introduction of in-store tablets (Scheduled for Jan. 2023)

Paperwork-free reforms

Release from administration through actual item-less and operation-less



Data utilization reforms

Promotion of data accumulation and effective utilization of data

Internalization of data analysis with the use of AI  
Full-scale introduction of “AMATERAS RAY” (May. 2022)

Digital technology reforms for employees

Development of digital technology human resources

Conversion of 50% or more of all employees to digital technology human resources (Planned for end-Mar. 2025)  
Employees with specialized knowledge and skills in data analysis, AI, etc. and human resources capable of driving forward DX

Specialized human resources  
10 members or more

Human resources with a mix of business skills and digital know-how who are capable of devising and executing digital technology strategies and measures

Core human resources  
100 members or more

Human resources who form the basis of digital technology human resources, take an interest in the field of digital technology and begin to study it of their own accord

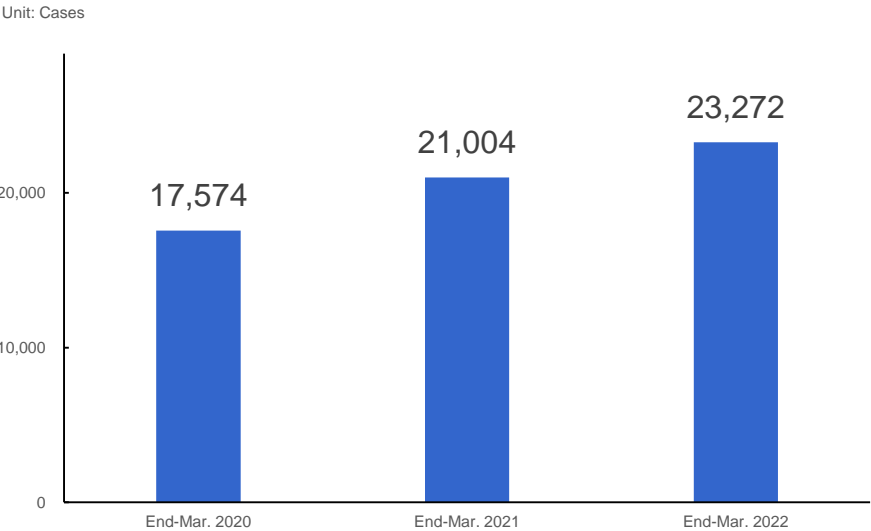
Basic human resources  
1,200 members or more

Enhancing non-face-to-face channels based on customer needs

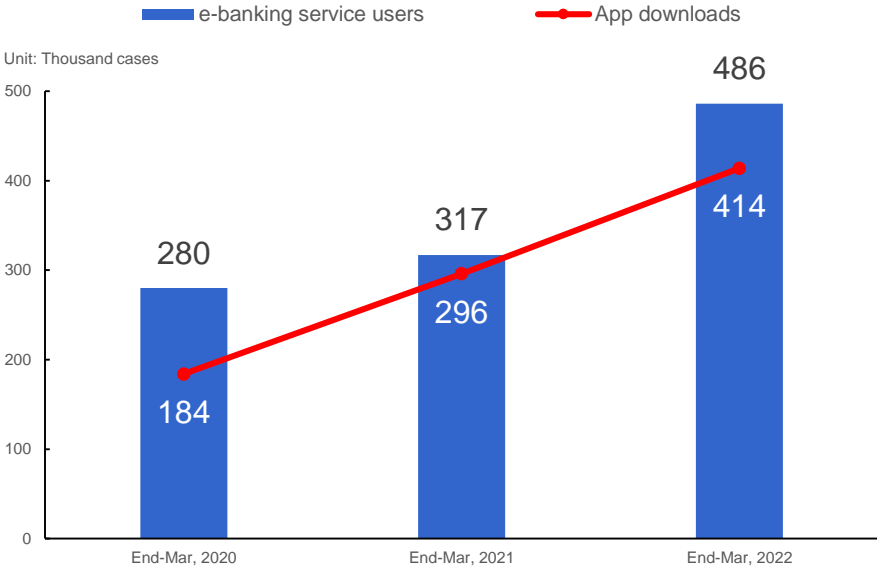
Promotion and enhancement of non-face-to-face channels

- Introduction of 77 Business Portal (Scheduled for Oct. 2022)
  - ⇒ Building of total platform for corporate customers
  - ⇒ Provision of all-inclusive financial services
- Improvements to UI/UX of The 77 Bank app, etc. (Scheduled for Nov. 2022)
  - ⇒ Improved customer convenience

Companies with e-banking service contracts (cumulative)



Number of users of e-banking services and app downloads (cumulative)



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

(Corporate) (FY2021 results: 13%→Our target form: 30%)  
(Retail) (FY2021 results: 15%→Our target form: 30%)

## Promoting paperwork-free through the reduction and consolidation of administrative processes and digital technology reforms

### Measures by Paperwork-Free Promotion Committee

\*Paperwork-Free Promotion Committee (since Mar. 2020): Examines various measures with the Bank President as the Committee Chairman

#### Results of FY2021 measures

**FY2021 Results**  
197,000 man-hours created  
34 personnel members created

#### Reduction/simplification of administrative processes

#### Expansion of services subject to HQ centralization

- Expansion in number of branches using support office (End-FY2021: 35 branches)

#### Reduction/simplification of counter administration

- Revision of inheritance administration

#### Enhancement of financing administration efficiency (through reduction/simplification/centralization)

- Partial centralization of credit rating and retail loan administration at HQ

#### Reduction of number of visiting customers and in-branch administration

#### Promotion of non-face-to-face channel usage

- Expansion of 100% Web-based loan targets

#### Reduction of inefficient administration specific to individual companies

- Promotion of introduction of e-banking

Let's Try!



Double "labor productivity in core operations"  
(FY2021 results: JPY 11 mn → Our target form: JPY 16 mn)

#### Measures examined for FY2022

**FY2022 Target**  
200,000 man-hours created  
40 personnel members created

#### Further reductions in counter administration

- Expansion of support office to all branches in Sendai City
- Implementation of in-store tablets
- Promotion of use of retail e-banking/app, Web passbook and e-banking
- Abolition/revision of inefficient administration

#### Revision of financing administration

- Expansion of financing services and branches subject to HQ centralization
- Abolition/simplification of financing-related administration

#### Establishment of efficient personnel framework Strengthening of sales activities

Let's Try!



Cut amount of administrative work at bank branches by 50%  
(FY2021 results: -15% → Our target form: -50%)  
(Vs. FY2019)

## III

## Regional growth strategy

- Establishment of partnerships aimed at realizing a future devised alongside local governments
- Strengthening and application of cooperation with external partner institutions, private enterprises with consulting functions, etc.



## <Regional Vitalization Mission of The 77 Bank> Four Key Items of Implementation

### 1. Support for founding and new businesses

- Support for founding and secondary founding
- Assistance with funding through venture funds, etc.
- Cooperation for various events and 77 New Business Subsidies

### 2. Support for and development of regional core businesses

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

### 3. Promotion of urban development projects

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

### 4. Assistance with promotion of tourism, etc.

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

**Vitalizing regional industry, economy and living**

Taking full advantage of The 77 Bank Group's networks to contribute to the forward development of local communities

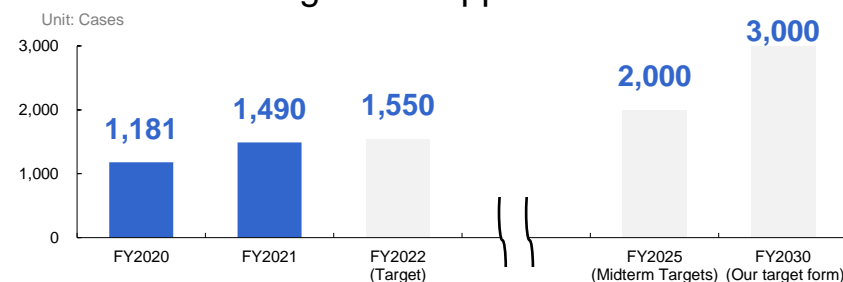
#### ■ Enhancement of support programs for founders

- Creation of <77> Startup Support Desk
- Enhancement of <77> Founding Support Package

#### ■ Creation of new innovations

- Holding of <77> Open Innovation Pitches

Cases of growth support for founders



Triple number of growth support cases for business founders  
(FY2021 results: 1,490 cases→Our target form: 3,000 cases)

- Presentation of donations to Photon Science Innovation Center



- Formation of syndicate loan for Miyagi Prefecture Integrated Water Supply, Industrial Waterworks, and Sewerage Public-Private Partnership Management Project (K.K. Mizumusubi Management Miyagi)

Syndicated project finance put together with Sumitomo Mitsui Trust Bank, Limited as the arranger and the Bank as arranger. With this project, the Bank acquired its first social loan rating (overall rating: Social 1) for project finance.



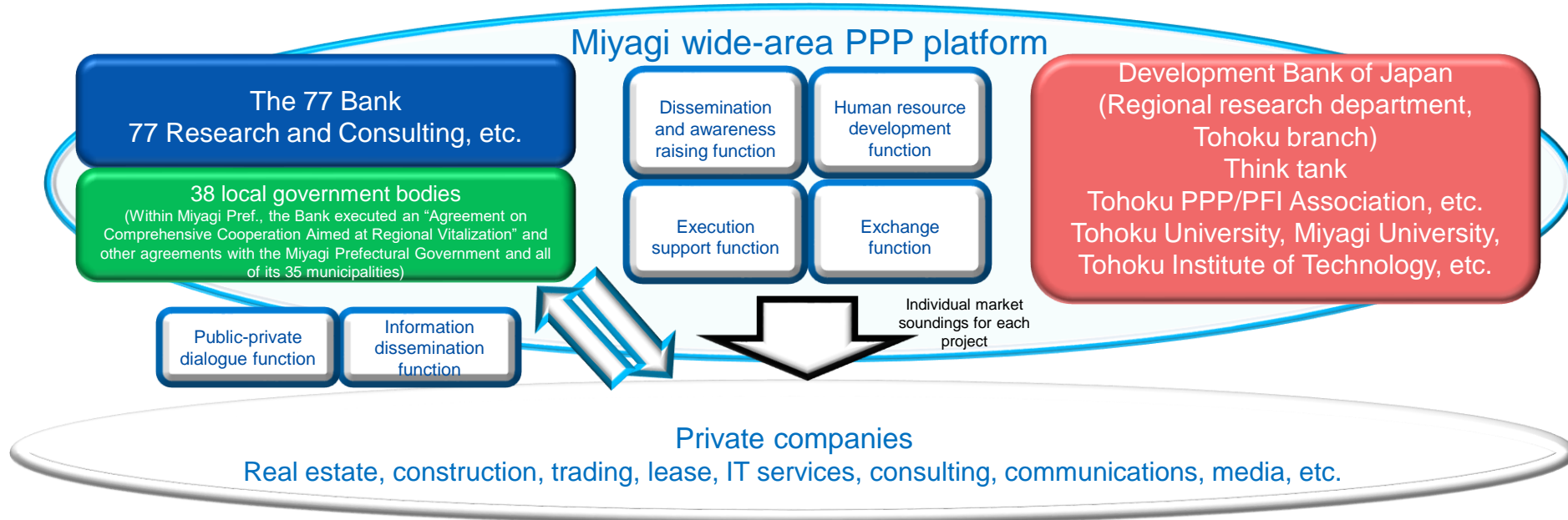
Aim for 100% participation in regional development projects in Miyagi such as the “Sendai Urban Restructuring Project” and the “Next-generation synchrotron radiation facility.”

### 3. Business Strategy (Regional vitalization)

Strengthening cooperation with local governments, etc. through MAPP

#### Creation of “Miyagi wide-area PPP platform (MAPP)” (Established Jan. 2020)

As a measure based on the “Agreement on Comprehensive Cooperation Aimed at Regional Vitalization” and other agreements executed with the local government, the Bank created the “Miyagi wide-area PPP platform (MAPP)” as a forum to continuously pursue information-sharing and dialogue between the public and private sectors for the purpose of utilizing private funding and know-how.



#### ▪ FY2022 Activity Report

Holding of <77> SDGs Seminar

Holding of Regional Development Human Resource Development Program

Holding of <77> Regional Vitalization Matching Event

Holding of theme-specific workshops, etc.



Support increased economic growth rate in Miyagi  
(Our target form: National growth rate + 0.1pt)

### 3. Business Strategy (Environmental response)

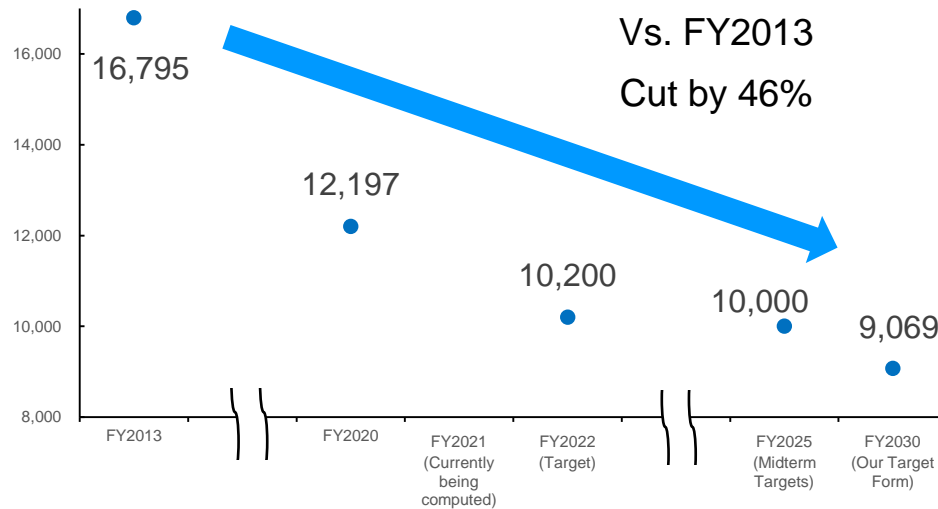
Strengthening response to environmental issues with a view to realizing sustainable local communities

#### ■ Measures aimed at CO2 reductions

- Reduction of electric and other power consumption through change to branches within branches
- Switch to power-saving A/C and LED lighting
- Construction of new environmentally-compliant branches

#### CO2 emissions

Unit: t-CO2



Cut 77 Bank Group CO2 emissions by 46% compared with FY2013 and support cuts to greenhouse gas emissions in Miyagi  
(FY2021 results: 12,197t-CO2→Our target form: 9,069t-CO2)

#### ■ Response to clients

##### ▪ Execution of financing for solar sharing projects

Executed financing for large-scale farming-model power generation project (solar sharing) conducted by Best means Co., Ltd. that involves simultaneously generating photovoltaic power and engaging in agriculture.  
(Scale of power generation equipment: 2,772KW)

(Image of project upon completion)



### 3. Business Strategy (Corporate culture reform strategy)

#### IV Corporate culture reform strategy

- Fundamental revision of HR and organizational systems aimed at accommodating diverse values and boosting motivation
- Fostering of an environment that is tolerant of trial and error and recognizes challenges undertaken
- Boost in level of organizational capability through improved specialization and vitalization of communication
- Forming of complete internal control environment to support reforms



Fostering of ambitious spirit

Progress in diversity

Development of human resources

Challenges

Self-confidence

Virtuous cycle

Cheerfulness

Establishment of challenging corporate culture

✓ Image of ideal employee

Unending ambition

Filled with ability to take on new challenges

Ability to act independently

Rich human potential

Strong sense of ethics

✓ Development of employees who learn autonomously

✓ Strengthening of management capabilities

✓ Strengthening of consulting capabilities

### 3. Business Strategy (Foster an ambitious spirit)

Fostering an ambitious spirit through vitalizing communication in the workplace, etc.

#### ■ Enhancement of communication in the workplace

##### ▪ Vitalization of communication by managers, etc.

- ⇒ Holding of individual “Vision 2030” briefings at all branches by managers
- ⇒ Holding of “MIRAI Talks” intended for Section and Office Managers at HQ
- ⇒ Holding of “77 President’s Cram School” intended for Assistant Section and Office Managers, Deputy Managers and administrative employees at HQ

(Scene from “77 President’s Cram School”)



##### ▪ Implementation of educational activities regarding management planning, etc. for employees

- ⇒ Holding of lectures at hierarchy-specific workshops
- ⇒ Delivery of video content



Implement various initiatives to “foster an ambitious spirit”

#### ■ Penetration of ambitious spirit

##### ▪ Holding of contests within the Bank

- ⇒ Holding of business contests with a view to creating new businesses  
(Total number of applications: 170)
- ⇒ Thesis contest aimed at understanding and realizing “Vision 2030”  
(Total number of applications: 113)

##### ▪ Boosting of employee motivation through career-building support

- ⇒ Implementation of HQ duty trials  
(Participants in FY2021: 76)

(Scene from review at business contest)



## Promoting diversity & inclusion with a view to accommodating diverse values

### ■ Educate and spread awareness of diversity and inclusion

#### ■ Strengthening of measures aimed at career support

⇒ Holding the women's career advancement program  
(Participants: 30)

(Scene from holding of Women's Career Advancement Program)



⇒ Holding of interviews conducted by career advisors in the Bank  
(State of implementation: 51 branches/545 participants)

⇒ Internal promotion of women employees to managers  
(Female managers: 154) (As of Apr. 1 2022)

#### ■ Promotion of activity by diverse human resources

⇒ Registered non-Japanese employees: 4 (As of Apr. 1 2022)

⇒ Registered midcareer hires: 17 (As of Apr. 1 2022)

#### ■ Introduce flexible workstyles tailored to increasingly diverse values

⇒ Rate of taking paternity leave: 100%

### External evaluation of our efforts

2021 CONSTITUENT MSCI日本株  
女性活躍指数 (WIN)

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 Dec. 2021)

\* 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.



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



Increase the proportion of women in management positions to 30% or more  
(FY2021 results: 14.2%→Our target form: 30%)

Expanding scope of activity through human resource development, dispatch outside the Bank, etc.

Key factor

Human resources

## ■ Development of human resources who serve a purpose for customers and local communities

### ▪ Enhancement of training framework for the purpose of strengthening consulting capabilities

⇒ Implementation of “Corporate Consulting Capability Strengthening Program”

(Participants in FY2021: 51)

⇒ Implementation of “Retail Consulting Capability Strengthening Program”  
(Participants in FY2021: 72)

### ▪ Development of advanced specialist personnel

⇒ Dispatch of trainees within and outside Japan (megabanks, fintech, etc.)  
(Participants in FY2021: 61)

⇒ Acquisition of Class 1 Financial Planners/Certified Financial Planner/SME consultant qualifications

(Qualification holders as of end-Mar. 2022: 209)

⇒ Recommendation to acquire qualifications that contribute to IT/digital technology

(Acquirer target for FY2022: 600)

(Scene from holding of Corporate Consulting Advanced Workshop)



### ▪ State of dispatch outside of the Bank (End-Mar. 2022)

Field	Number of persons dispatched	Main institutions accepting dispatched persons
Digital technology	1	MEJAR Digital Innovation Hub
Solution	14	Domestic offices of Japanese financial institutions, Regional Economy Vitalization Corporation of Japan, Japanese graduate schools, Local private enterprises, etc.
International networks	7	Overseas offices of Japanese financial institutions, Japan External Trade Organization, Overseas financial institutions, Miyagi Prefecture's Dalian office etc.
Regional vitalization	2	Miyagi Prefecture, Tohoku Tourism Promotion Organization
Group companies	88	77 Securities, 77 R&C etc.
Total	112	

### ▪ (Reference) Amount invested in human capital, etc. (incl. training-related investment)

	FY2021	FY2022 (outlook)
Amount of investment	JPY 304 mn	JPY 369 mn



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

Strengthening trading posture with a view to continuously acquiring earnings

## ■ FY2022 Trading Policy

- (1) Promotion of rebalancing to income reinforcement based on changes in trading environment
- (2) Realization of valuation gains and acquisition of periodic profit based on market trends and risk balance
- (3) Risk-taking based on investments in and financing for overseas parties with a grasp of financial policy trends, etc.
- (4) Promotion of measures aimed at achieving SDGs through ESG investments and financing, etc.
- (5) Strengthening of foreign currency-denominated procurement foundation
- (6) Cultivation of new investment targets and domains

## ■ Trading posture

### Treasury Div. (29 members) <Front department>

#### <Market Planning Sec.>

Planning, devising, etc. of trading policy

#### <Securities Sec.>

Trading, etc. of investment securities

#### <Market Sales Sec.>

Procurement, management, etc. of market-based funds

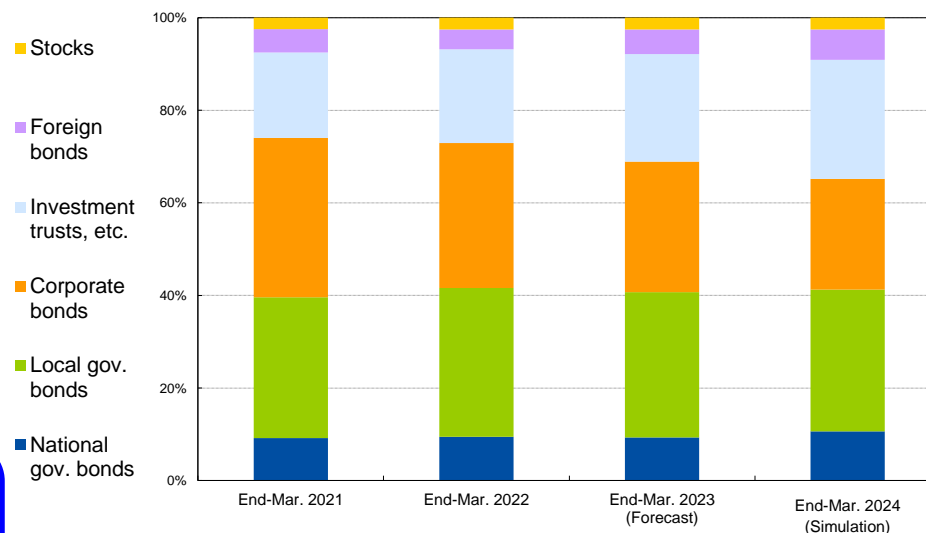
### Risk Management Div. (16 members) <Middle department>

### Treasury Administration & International Div. (Treasury Administration Sec.) (8 members) <Back department>

\*Numbers in parentheses exclude part-time employees.

■ **Number of acquirers of securities analyst qualification: 8**

## Composition ratio by type (on an amortized cost base)



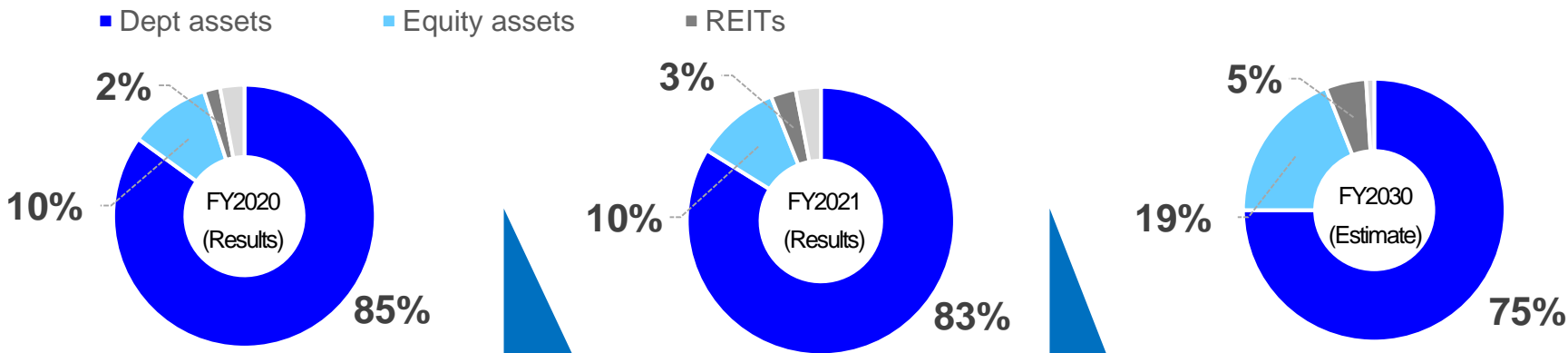
	End-Mar.2021	End-Mar.2022	End-Mar.2023 (Forecast)	End-Mar.2024 (Simulation)
National gov. bonds	9.2%	9.5%	9.3%	10.7%
Local gov. bonds	30.4%	32.1%	31.4%	30.6%
Corporate bonds	34.4%	31.3%	28.2%	23.9%
Investment trusts, etc.	18.5%	20.3%	23.2%	25.7%
Foreign bonds	5.0%	4.3%	5.3%	6.6%
Stocks	2.4%	2.5%	2.5%	2.6%

■ **FY2030 portfolio concept**

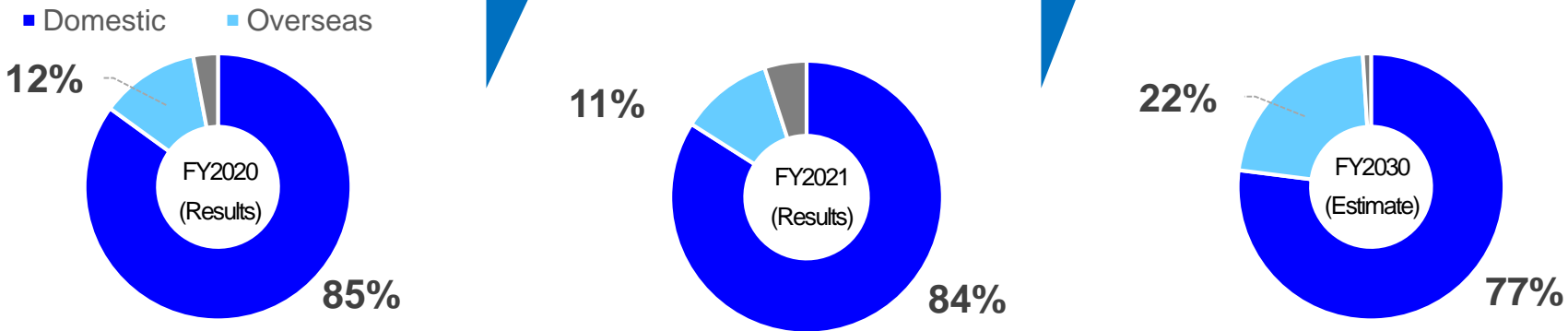
- ◆ Securities portfolio: JPY 3 tn
- ◆ Total yield across all securities\*: 1.00%
- ◆ Portfolio weightings of equities and REITs, as well as overseas assets: Approx. 2x vs. FY2020

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

■ **Percentage according to asset**



■ **Percentage according to region**

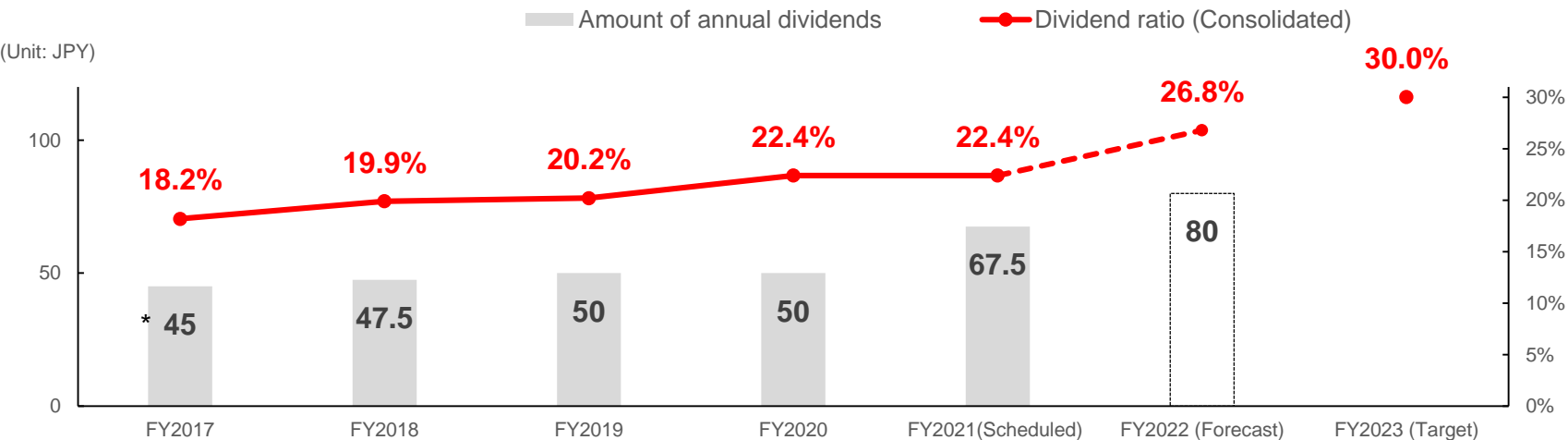


From the standpoint of establishing a solid financial foundation through elevating customer satisfaction and improving productivity based on the “Vision 2030” that it initiated in April 2021 while simultaneously realizing at an early stage “the growth of The 77 Bank Group and the provision of returns” that it has espoused as its mission to shareholders, in January 2022, the Bank formulated its Policy of Return of Profits to Shareholders that cites the ongoing distribution of stable dividends and specific targets.

## Policy of Return of Profits to Shareholders

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

### Movements in status of dividends



\*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 FY2017 is JPY 22.50 per share. Therefore, the annual dividend equals JPY 45 per share.

## Strengthening of financial foundation (disclosure of “Vision 2030”)

Key factor

Capital adequacy ratio (consolidated)

Over 10% (Target for FY2030)

Financial foundation

## Movements in capital adequacy ratio and ROE

	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022
<b>Capital adequacy ratio (consolidated)</b> [domestic standards] (%)	<b>10.43</b>	<b>10.38</b>	<b>10.31</b>	<b>10.39</b>	<b>10.27</b>
(a)/(b)					
Capital (a) (JPY bn)	396.0	408.5	422.3	439.0	460.1
Risk-adjusted assets (b) (JPY bn)	3,796.3	3,934.2	4,095.4	4,224.9	4,475.8

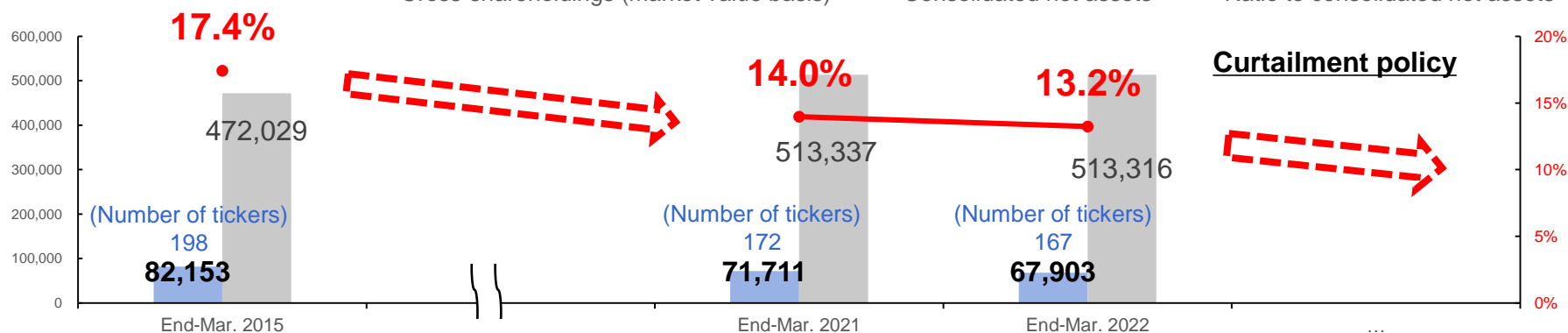
  

	FY2017	FY2018	FY2019	FY2020	FY2021
<b>ROE (consolidated)</b> (%)	<b>3.82</b>	<b>3.60</b>	<b>3.89</b>	<b>3.42</b>	<b>4.33</b>

## Movements in balance of cross-shareholdings (market value basis) and consolidated net assets, etc.

(Unit: JPY mn)

■ Cross-shareholdings (market value basis)
 ■ Consolidated net assets
 —●— Ratio to consolidated net assets



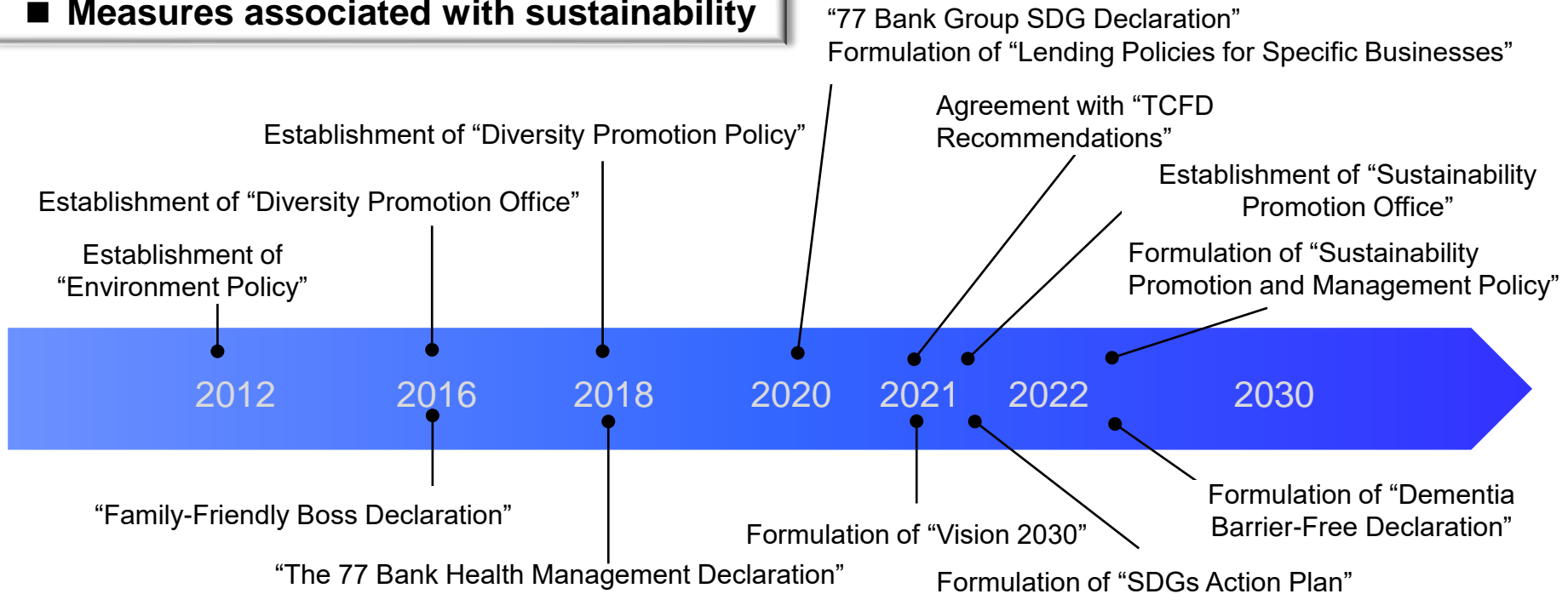
04



# Sustainability

## 4. Sustainability (Measures up to this point)

### ■ Measures associated with sustainability



#### Sustainability Promotion and Management Policy

Set forth a basic policy on the promotion and management of sustainability at the Bank and established promoting and managing sustainability adequately and sufficiently as an objective

(Basic Policy on Promotion and Management of Sustainability)

- (1) Formulation of action plan pertaining to sustainability
- (2) Declaration of engagement posture pertaining to sustainability
- (3) Creation of supervisory department for promotion and management of sustainability

#### SDGs Action Plan

Set forth the below four items cited in the "77 Bank Group SDG Declaration" as priority challenges (materiality) and formulated a "SDGs Action Plan" and KPI pertaining to associated items

1. Revitalization of the regional economy
2. Responding to global warming and climate change
3. Encouraging and supporting the activities of our employees
4. Advancing corporate governance

## 4. Sustainability (Revitalization of regional economy)

### 1. Actions aimed at revitalizing regional economy

#### ■ SDGs support for clients

##### <Launch of SDGs-related products>

##### ▪ Launch of 77 SDGs-related services

In October 2021, the Bank began offering the “77 SDGs Support Service” and “77 SDGs Support Loans,” with the aim of supporting the spread of SDGs among SMEs and supporting related initiatives, etc.

(Cases of 77 SDGs support service consulting: 67) (As of End-Mar. 2022)



##### ▪ Launch of “77 SDGs Privately Placed Corporate Bonds”

In December 2021, the Bank began offering “77 SDGs Privately Placed Corporate Bonds,” from the perspective of accelerating support for corporate initiatives related to the “SDGs.”

(“77 SDGs Privately Placed Corporate Bonds” transaction amount: JPY 7.8 bn) (As of End-Mar. 2022)

#### ■ Collaborative agreements aimed at regional vitalization

##### <Collaborative agreement with Nippon Telephone and Telegraph East Corporation> (June 2021)

##### Items of collaboration

- (1) Improvement and co-creation of regional value with the use of regional resources and assets
- (2) Addressing of regional challenges and vitalization of regions in cooperation with local governments
- (3) Sustainable urban development in regions
- (4) Support for growth of regional businesses and industry
- (5) Other necessary items for achieving the goals of this Agreement

\*Since Feb. 2022, Nippon Telephone and Telegraph East Corporation employees have been stationed at the Bank’s “IT Support Desk” and “Regional Vitalization Promotion Desk.”

##### <Collaborative agreement with Meiji Yasuda Life Insurance Company> (March 2022)

##### Items of collaboration

- (1) Promotion of industry and tourism
- (2) Promotion of total health and assistance for elderly
- (3) Other efforts to promote regional vitalization

## 4. Sustainability (Responding to global warming and climate change)

### 2. Responding to global warming and climate change

#### ■ State of response to TCFD Recommendations

##### 1. Governance

Formulated a “Sustainability Promotion and Management Policy” that prescribes a supervisory framework for the Board of Directors, the placement of an officer in charge of sustainability promotion and other posts and the nature of reporting to the Board of Directors

##### <Future response>

Creation of Sustainability Committee, etc.

##### 2. Strategy

###### <Risk>

Established and disclosed “Lending Policies for Specific Businesses”

Recognizing climate-related risks that are transitional and physical

###### <Opportunities>

Setting of targets pertaining to sustainable finance

##### <Future response>

Advancement of scenario analysis methods

Enhancement of consulting programs for customers pertaining to decarbonization, etc.

##### 3. Risk management

Recognizing climate-related risks that are transitional and physical and endeavoring to establish a system to respond using an integrated risk management framework

##### <Future response>

Establishment of risk management framework

##### 4. Indicators and Targets

Setting CO2 reduction targets and targets pertaining to sustainable finance

##### <Future response>

Strengthening of framework aimed at Scope 3 disclosure

#### ■ Forest conservation activities

To restore the coastal protection forests that were lost in the Great East Japan Earthquake, in 2018, the Bank entered the “Miyagi Coastal Forest Regeneration: The People’s Forest Development Activity Agreement” with the Miyagi Prefectural Government and the Sendai Municipal Government.

(Scenes from forest conservation activities conducted in Oct. 2021)



### 3. Actions aimed at encouraging and supporting the activities of employees

#### -Ideal form-

A highly productive organization whose members are physically and mentally fit and are capable of fully manifesting their potential as they go about their work with a sense of satisfaction and fulfillment.

#### 1. Realize work-life balance

##### - From work-work to work-life -

- (1) Strengthen efforts aimed at reducing total working hours
- (2) Supporting employees to balance work and childcare/nursing, etc.
- (3) Utilization of selected staggered shift system

#### 3. Develop promising human capital

##### -People make companies-

- (1) Fostering an organizational culture of self-education
- (2) Enhancement of consulting capabilities through human resources development programs, etc.
- (3) Initiatives aimed at career development support
- (4) Initiatives aimed at improving abundant personal capabilities

#### 2. Establish an environment where diverse human resources can demonstrate their full potential

##### -Rewarding working environments-

- (1) Strengthening initiatives to promote the active participation of women
- (2) Utilizing seniors, part-timers, etc.
- (3) Revision of personnel evaluation systems

#### 4. Promote health and productivity management

##### -A healthy body is capital-

- (1) Formulation of the Health and Productivity Management Declaration
- (2) Strengthening health management measures
- (3) Improving the work environment
- (4) Raising employee awareness of health management

**Leading to improved human capital value**

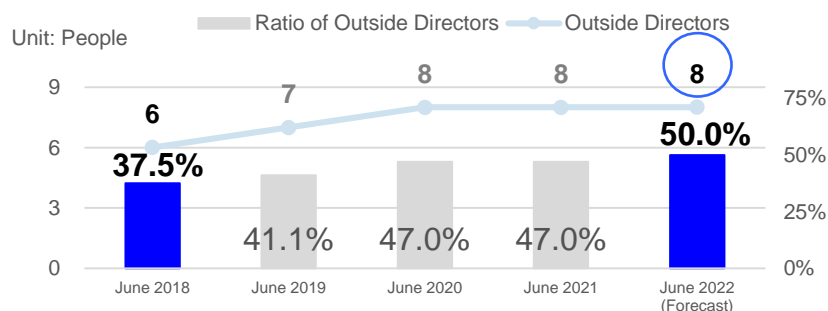
## 4. Sustainability (Advancement of governance)

### 4. Actions aimed at advancing corporate governance

#### ■ Measures aimed at enhancing and strengthening governance

Timing	Content
2014	Introduced Executive Officer system
2015	<ul style="list-style-type: none"> <li>Established "Corporate Governance Policy"</li> <li>Established "Corporate Governance Committee"</li> </ul>
2017	<ul style="list-style-type: none"> <li>Transitioned to a company with an audit &amp; supervisory committee</li> <li>Revised officer compensation plan (introduced performance-linked compensation plan)</li> </ul>
2018	<ul style="list-style-type: none"> <li>Revised Executive Officer system</li> <li>Elected Outside Directors (women)</li> </ul>
2019	Increased number of Outside Directors (women)
2020	Increased number of Outside Directors
2021	Creation of "Operating Officers Committee"

#### Changes in the ratio of Outside Directors



#### ■ Actions aimed at revising Corporate Governance Code

Selected the "Prime Market" for the Bank's new market under the Tokyo Stock Exchange. Implemented all principles based on the purport of the Corporate Governance Code post-revision. Will proceed to tackle the advancement of governance and sustainable growth as well as the improvement of corporate value in the medium to long term.

#### ■ Specialization of Outside Directors

Appointed multiple Outside Directors with wealth of external experience and wide range of knowledge

	Corporate Management	Finance & Economics	Legal & Compliance	Regional vitalization
Ken Nakamura			○	
Emiko Okuyama				○
Seiichi Otaki		○		○
Shigenori Oyama	○			○
Toshio Suzuki	○			
Masai Yamaura	○			○
Yoko Ushio	○			
Akira Inukai	○			○

\*Prepared with assumption that the appointment agenda for the General Shareholders' Meeting scheduled to be held in Jun. 2022 will be approved.

## ■ Progress in KPI up to FY2030

⑤ is disclosed in "Vision 2030"

	FY2021	KPI for FY2030
Cases of growth support for founders ⑤	1,490 cases	3,000 cases
Projects established in new businesses or sectors (by FY2023) ⑤	1 project	10 projects
Supporting increased rate of economic growth in Miyagi Pref.	-	National growth rate + 0.1pt
People receiving financial education (cumulative)	8,364 people	70,000 people
Seminars held in related to SDGs/participants (cumulative)	5 seminars/484 people	100 seminars/5,000 people
Total cumulative sustainable finance* executed	JPY 274.0 bn	JPY 1.2 tn
CO2 emissions⑤ (Unit: t-CO2)	-	9,069
Proportion of women managers ⑤	14.2%	30.0%

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

(Reference) Results of measures associated with SDGs, etc.

■ Renewable energy-related funding *1	406 cases/JPY 194.4 billion	■ Green bonds*4	54 cases/JPY 42.5 billion
■ 77 ESG Privately Placed Corporate Bonds *2	85 cases/JPY 7.8 billion	■ Sustainability bonds*4	23 cases/JPY 12.3 billion
■ Support for use of interest subsidies to promote regional ESG financing*3		■ Social bonds*4	34 cases/JPY 23.8 billion
	15 cases/JPY 1.9 billion	■ Sustainability-linked bonds*4	7 cases/JPY 5.4 billion
■ Sustainability-linked loans*4, *5	9 cases/JPY 7.1billion		

\*1. Cumulative from after earthquake to end-Mar. 2022

\*2. Cumulative from start of measures to end-Mar. 2022

\*3. Cumulative from start of measures to end-Mar. 2022

\*4. Cumulative from Apr. 2018 to Mar. 2022

\*5. Incl. sustainability-linked bond-backed bond repackaged loans

**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.**