



Initiatives for Operations that Put Customers First

The Bank and 77 Securities Co., Ltd. have established the 77 Basic Policy on Operations that Put Customers First in order to promote the provision of quality financial products and services to customers. This policy is complied with by executives and employees, and it is available on the website of the Bank and 77 Securities Co., Ltd.

The 77 Basic Policy on Operations that Put Customers First

The 77 Bank Group (*) has established the 77 Basic Policy on Operations that Put Customers First as follows to achieve operations that put customers first when providing financial services that contribute to asset building and management by customers.

1. Provision of services that are appropriate for customers
2. Provision of information that is easy-to-understand for customers
3. Appropriate management of conflicts of interest
4. Strengthening of structures and raising awareness inside the Bank and internally
5. Periodic announcement of the status of initiatives

* Group companies covered by this policy: The 77 Bank, Ltd. and 77 Securities Co., Ltd.

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



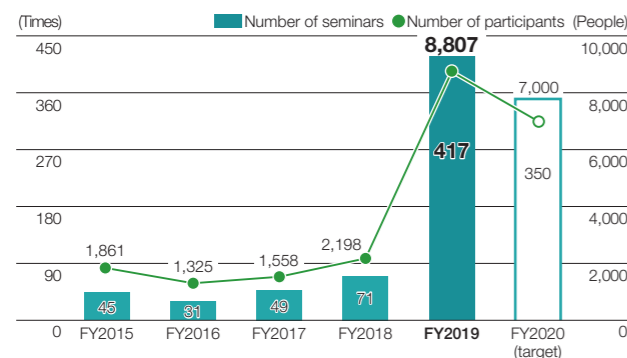
* Japanese Language only

Measures of The 77 Bank

Key performance indicators (KPIs) for operations that put customers first

1. Provision of information that is easy-to-understand for customers
 - The Bank regularly holds seminars for customers in order to provide information on asset management that is easy-to-understand for customers.
 - Going forward, we will continue to provide useful information to customers.

Number of seminars held for customers and number of participants

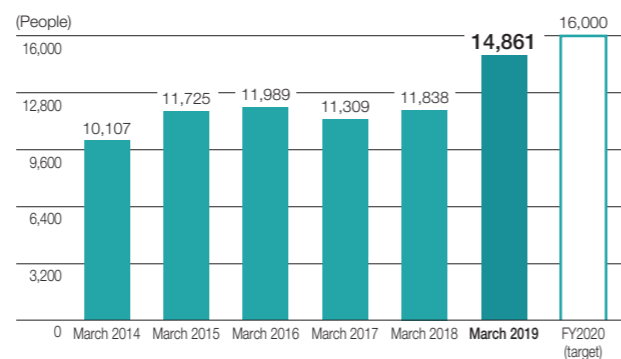


2. Provision of services that are appropriate for customers

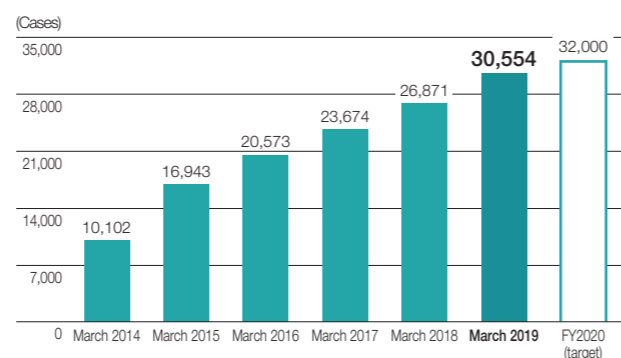
Consulting from a customer perspective

- We create, select, sell and make recommendations regarding financial products and services that are appropriate for customers according to customer asset status, trading experience, knowledge, trading objectives and needs.
- In particular, we actively propose the 77 Savings Investment Trust and tax-exempt accounts such as NISA, which are useful for asset formation by customers.

Number of 77 Savings Investment Trust contract holders



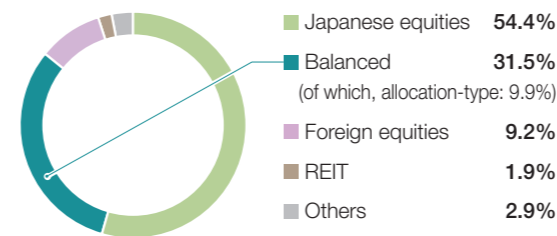
Number of tax-exempt accounts (NISA, etc.) opened



Promotion of stable asset formation

- The Bank actively proposes balanced funds (allocation funds) that are useful for asset formation by customers.

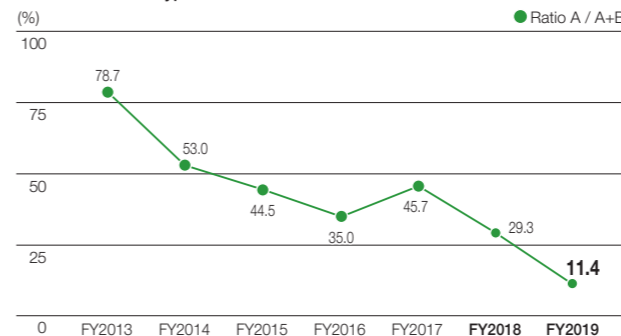
Portfolio of sales amount for balanced fund-type investment trusts



Abundant product lineup

- We offer 70 investment trust products and 33 life insurance products in order to support the diverse needs of customers.
- In addition, we take a careful approach towards proposal for monthly settlement-type investment trusts so that the compound effect interest can be better gained.

Comparison of ratio of sales amount for monthly settlement-type investment trusts and other types of investment trusts to total investment trusts sales

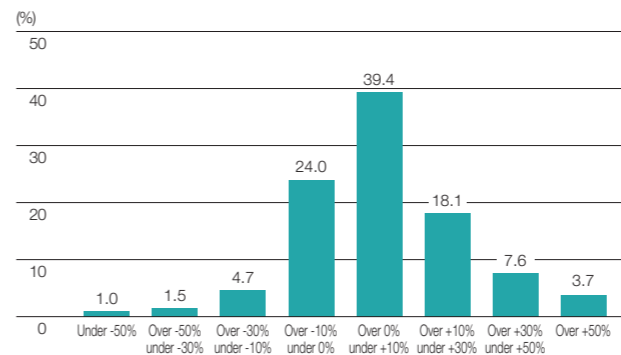


A: Monthly settlement-type

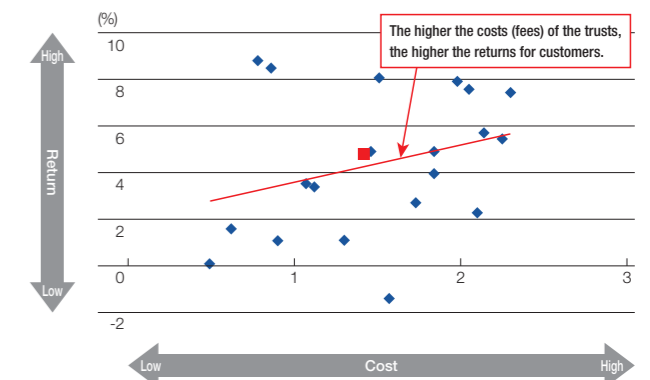
B: Non-monthly settlement-type

- In terms of the percentage of customers by gains (losses) on investments held in investment trusts as of March 31, 2019, approximately 70% of customers have made gains on investments.
- The top 20 investment trusts, in terms of deposit balance, consist mainly of investment trusts that generate returns on a low cost and have a good risk-return balance.

Percentage of customers by gains (losses) from investment trusts (common KPI)



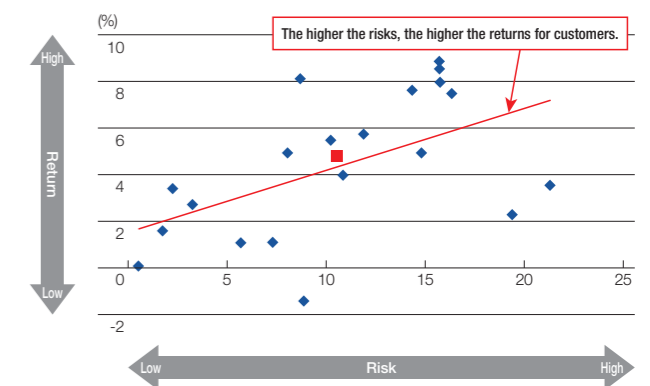
Costs and returns for the top 20 investment trusts in terms of deposit balance (common KPI)



* Cost: Total of 1/5 of the upper limit on the Bank's investment trust commission rate and the trust fee rate

* Return: Total return over the past five years (annualized)

Risks and returns for the top 20 investment trusts in terms of deposit balance (common KPI)



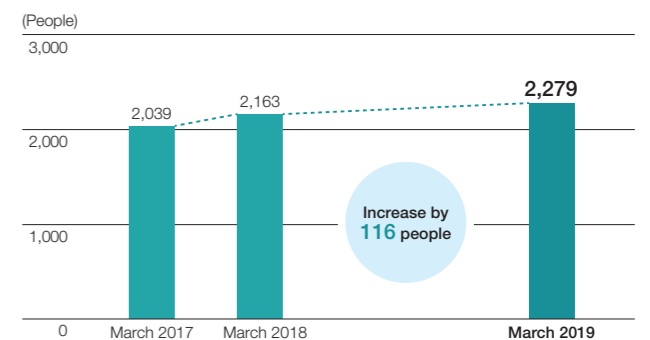
* Risk: Standard deviation of monthly returns over the past five years (annualized)

* Return: Total return over the past five years (annualized)

3. Strengthening of structures and raising awareness inside the Bank

- We have established a branch performance evaluation system that evaluates actions that meet the needs and interests of customers, and such actions are appropriately reflected in the evaluation of employees and personnel.
- The Bank promotes the acquisition of qualifications such as 1st grade Certified Financial Planner and CFP from the perspective of appropriate asset management proposals.

Number of employees who have acquired qualifications such as 1st grade Certified Financial Planner, CFP, 2nd grade Certified Financial Planner, and AFP

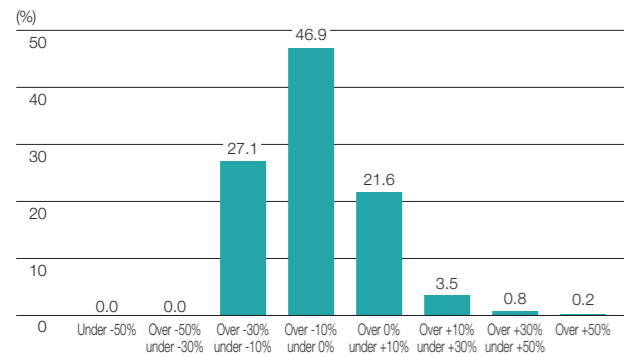


Measures of 77 Securities

Common KPIs that are comparable with investment trust sales companies

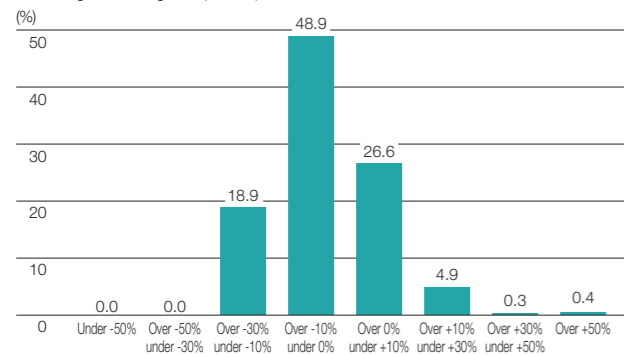
1. Percentage of customers by gains (losses) from investment trusts

- For customers holding investment trusts, the cumulative gains (losses) from investment trusts (after deduction of commissions), from the time of purchase held as of the base date, is calculated, and the percentage of customers by gains (losses) from investment trusts is presented.
- This indicator can be used to visualize the distribution of gains (losses) since the time of purchase, for investment trusts held by individual customers.
- The performance of investment trusts is positive for 26.1% of customers. In addition, as a point of reference, the percentage of customers by gains (losses) from investment trusts including realized gains and losses at the time of sale (voluntary KPI), is positive for 32.2% of customers.
- The percentage of customers with results of "Over -10% under 0%" is the highest. This could be the result of factors including a short investment trust holding period for customers due to the company having entered into business relatively recently, the negative impact equivalent to purchase commissions, and market volatility. To support the asset management of customers going forward, we will endeavor to introduce products and provide information suitable for long-term, diversified investment.



* The percentage of individual customers that held investment trusts as of March 31, 2019.
* The denominator in the calculation is the market valuation.

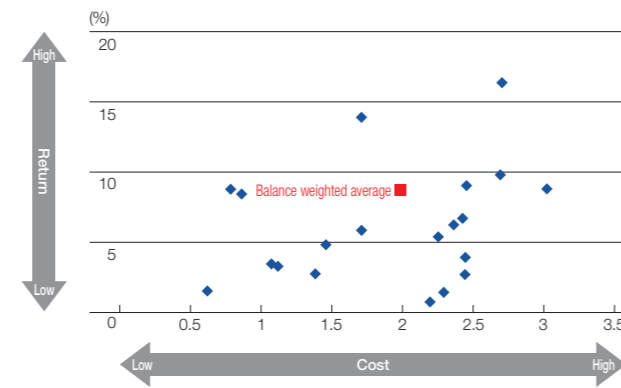
(Reference) Percentage of customers by gains (losses) from investment trusts including realized gains (losses) due to the sale, etc. of investment trusts



* The percentage of individual customers that held investment trusts as of March 31, 2019 or had transactions during FY2019.
* The denominator in the calculation is the investment amount.

2. Costs and returns for the top 20 investment trusts in terms of deposit balance

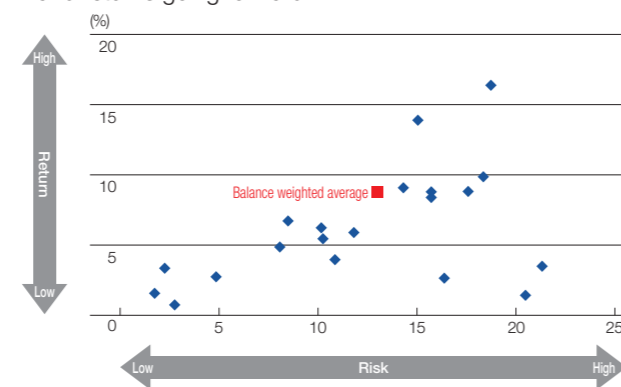
- The relationship between the costs and returns for each trust and the balance weighted average is presented for the top 20 investment trusts, in terms of deposit balance (based on March 31, 2019), with at least five years since trust establishment.
- This indicator can be used to see how many products with the track record of returns commensurate with costs have been provided to customers
- Returns exceed costs for 18 of the top 20 investment trusts, in terms of deposit balance.



* Cost: The total of 1/5 (annualized) of upper limit on sales commissions (including tax) and the trust fee
* Return: Total return over the past five years (annualized)

3. Risks and returns for the top 20 investment trusts in terms of deposit balance

- The relationship between the risks and returns for each trust and the balance weighted average is presented for the top 20 investment trusts, in terms of deposit balance (based on March 31, 2019), with at least five years since trust establishment.
- This indicator can be used to determine how many products with the track record of returns commensurate with risks have been provided to customers.
- We will work to provide products with well-balanced risks and returns going forward.



* Risk: Standard deviation of monthly returns over the past five years (annualized)
* Return: Total return over the past five years (annualized)

Key performance indicators (voluntary KPIs) for sales of financial products

1. Surveys on top-selling investment trusts

- We regularly conduct surveys on the top-selling investment trusts and use these surveys to review and expand the product lineup, in order to offer an investment trust product lineup that supports the diverse investment needs of customers.

FY2019 first half (Millions of yen, %)

No.	Name of product	Type of product	Sales amount	Sales ratio
1	Ichiyoshi Japan Growth Equity Fund (Alias: Amanogawa)	Domestic equities	893	32.8
2	Enterprise Value Growth Small Cap Stock Fund (Alias: Ganriki)	Domestic equities	389	14.3
3	netWIN Goldman Sachs Internet Strategy Fund (Course B, Unhedged)	Foreign equities	226	8.3
4	Nikkei 225 No-Load Open	Domestic equities	219	8.0
5	Daiva Global IoT-Related Equity Fund New Era of AI Currency Unhedged	Domestic/foreign equities	165	6.0
6	Hifumi Plus Fund	Domestic/foreign equities	133	4.9
7	Ichiyoshi Small-and Medium-Cap Growth Stock Fund (Alias: Asunaro)	Domestic equities	118	4.3
8	77 ESG Japanese Equities Open (Alias: Miyagi no Kizuna)	Domestic equities	105	3.8
9	Global AI Fund	Domestic/foreign equities	91	3.3
10	World Beauty Open (Currency Unhedged)	Domestic/foreign equities	48	1.8

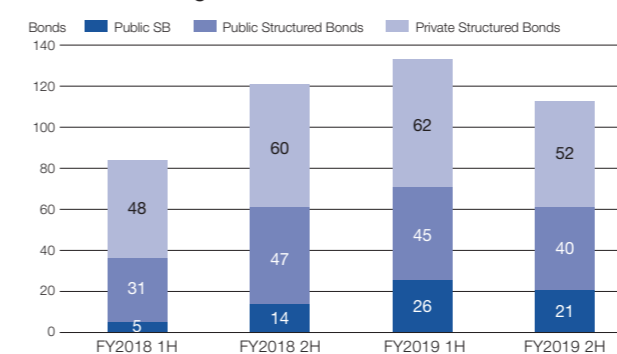
FY2019 second half (Millions of yen, %)

No.	Name of product	Type of product	Sales amount	Sales ratio
1	Cyber Security Equity Open (Currency Unhedged)	Domestic/foreign equities	330	16.1
2	Next Generation Connectivity Fund JPY Unhedged Class (Alias: THE 5G)	Domestic/foreign equities	293	14.3
3	Enterprise Value Growth Small Cap Stock Fund (Alias: Ganriki)	Domestic equities	272	13.3
4	Nomura Indian Bond Fund Semi-Annual Settlement	Foreign bonds	207	10.1
5	Nikkei 225 No-Load Open	Domestic equities	114	5.5
6	Goldman Sachs Bonds/Global Diversified Investment Strategy Fund 2019-02 (Alias: Prime One 2019-02)	Domestic/foreign balanced	93	4.5
7	Japan Inbound Open	Domestic balanced	72	3.5
8	Asset Trichotomy Fund (Real estate, Bond, Equity) Monthly Distribution Type	Domestic/foreign balanced	70	3.4
9	Goldman Sachs Bonds/Global Diversified Investment Strategy Fund 2019-02 (Alias: Prime One 2018-02)	Domestic/foreign balanced	61	3.0
10	Shinko Pure India Equity Fund	Foreign equities	48	2.3

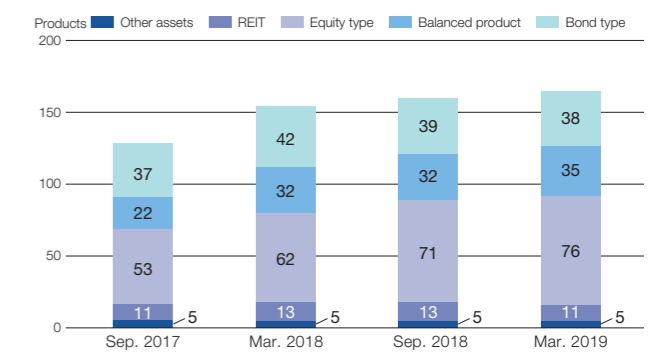
2. Reviewing and expanding the product lineup in consideration of the diversifying needs of customers

- We regularly review the product lineup of foreign bonds and investment trusts as well as expand the products offered in consideration of the results of surveys on market trends and sales performance in order to support the diverse investment needs of customers.

Number of foreign bond issues



Number of investment trust products



3. Strengthening of bank-brokerage partnership

- Holding of bank-brokerage workshops with The 77 Bank Bank-brokerage workshops instructed by the company's sales personnel are held for the purpose of improving financial product sales skills among employees of The 77 Bank, during which participants learn about portfolio proposals in line with customer needs, easy-to-understand explanations, and efforts to improve the quality of proposals to customers. We will continue holding these workshops going forward.

- Holding of mutual fund seminars in cooperation with The 77 Bank

The company holds mutual fund seminars jointly with The 77 Bank, as an opportunity to report to customers on the status of investment trust products handled by the company and The 77 Bank. Going forward, we will work to provide useful information to customers by regularly holding seminars in cooperation with The 77 Bank.

Item	Results (branches, participants)
Holding of bank-brokerage workshops with The 77 Bank	FY2019 1H 18 branches
	FY2019 2H 42 branches
Holding of mutual fund seminars in cooperation with The 77 Bank	August 2018 69 people
	February 2019 145 people

4. Provision of easy-to-understand information for customers

- Holding of seminars that contribute to the provision of information on asset management and market conditions We hold seminars to provide information on asset management and market conditions to customers. Going forward, we will continue to hold similar seminars, as we work to provide information to our customers.

Item	Results (participants)
First anniversary seminar (April 2018)	143 people
Mutual fund seminar (July 2018)	54 people
New Year's seminar (January 2019)	110 people

Measures to strengthen security related to transactions using cash cards

<Setting of withdrawal limit>

The withdrawal limit per day for individual customers using a cash card has been set at ¥1 million in order to prevent increased damage from cash card counterfeiting, theft, fraud and bank transfer scams. In addition, IC cash cards for which biometric authentication information has been registered can be used to withdraw up to ¥2 million per day as long as the Bank's ATMs are used.

Customers who wish to change this withdrawal limit should consult a service counter at the Bank's Head Office or a branch.

<Partial use limits on bank transfers>

To prevent damage from financial crimes such as bank transfer scams and refund scams, which are widespread throughout Japan, and to protect the valuable deposits of customers, we have set limits on transfers using cash cards at ATMs for some customers.

Applicable customers who wish to make transfers using a cash card at ATMs should consult with a service counter at the Bank's Head Office or a branch.

Applicable customers

Customers for whom both of the following two conditions apply

- ① Aged 70 or above
- ② Have not made a transfer with the Bank's cash card at an ATM for the past year

<Responding to the loss, etc., of cash cards on holidays>

To prevent damage from counterfeit or stolen cash cards and stolen bankbooks, we have established a 24-hour system for customers to contact us regarding incidents such as loss or theft of cash cards.

Contact information for emergencies including loss of a cash card or bankbook

Toll-free number
0120-77-1099 Available 24/7

Strengthening security for Internet banking

In light of the fact that the unauthorized use of Internet banking is becoming a social problem, we provide compensation for corporate clients that have incurred damages due to unauthorized withdrawals, and launched one-time passwords (temporary passwords that change after a certain amount of time has elapsed) in our Internet banking services for corporate clients and individual business owners.

In addition, in our Internet banking services for retail customers (77 Direct Service), we provide temporary passwords, email notification passwords, and risk-based authentication. In addition, in July 2018, we lowered the limit amount on payments when using email notification passwords, and in September 2018, we began providing a biometric authentication function for logging in to Internet banking using a smartphone.

In addition to the measures above, we introduced a security feature that detects both virus infections on the computers of customers and unauthorized transactions, and which requires no customer installation.

Signing of an agreement on the joint handling of cybercrimes with the Miyagi Prefectural Police

In light of the increase in cybercrimes throughout Japan, the Bank has signed an agreement on the joint handling of cybercrimes with the Miyagi Prefectural Police in an effort to further strengthen coordination with the Miyagi Prefectural Police and to promptly detect and prevent the spread of damage from cybercrimes.

Main contents of the agreement

- ① Appropriate reporting to the Miyagi Prefectural Police when the Bank becomes aware of a cybercrime
- ② Cooperation with investigations by the Miyagi Prefectural Police
- ③ Implementation of measures to prevent the spread of damage and recurrence of incidents in cooperation with the Miyagi Prefectural Police
- ④ Proactive sharing of information useful for the prevention of cybercrimes

Supporting elderly customers and customers with disabilities

<Office facilities>

Installation of priority seats

Priority seats for use by elderly customers and customers with children that can be used during waiting times have been installed at all branches.

Installation of ATMs with voice interaction functions

To enable the use of our services by customers who are visually impaired, we have equipped all of our ATMs with voice interaction functions, and also display Audio Codes on our ATM Usage Guide leaflets in order to allow voice announcements using a dedicated reader.

Installation of ramps and elimination of level differences at branch entrances

We have actively worked to install ramps and eliminate level differences at entrances to allow easy branch access for people with wheelchairs.

<Equipment, supplies, tools, etc. at branches>

Installation of COMUOON desktop-type interaction support system

In order to make customers including elderly customers feel comfortable using the Bank, we have installed the COMUOON desktop-type interaction support system, which enables smooth communication at all branches within Miyagi Prefecture. This device uses a high-performance microphone to listen to the voice of the person speaking and reproduces a voice that is easy-to-listen to through egg-shaped speakers.

Installation of lap writing tables

Lap writing tables have been installed at all branches so that elderly customers and customers with disabilities can enter forms and documents while remaining seated at a sofa or chair.

Equipping branches with wheelchairs

In order to make elderly customers and customers with disabilities feel comfortable using the Bank, all branches within Miyagi Prefecture have been equipped with wheelchairs.

Equipping branches with communication boards, writing boards and guidance signs for people with hearing disabilities

In order to make people who feel uneasy towards conversations at bank counters (customers with hearing disabilities, foreigners, elderly people, etc.) feel comfortable using the Bank, all branches have been equipped with communication boards (*) and writing boards to confirm the purpose of bank visits and transactions.



In addition, guidance signs for people with hearing disabilities have been installed in branches, and communication by writing is conducted with customers who have hearing disabilities.

(Note) The communication board has been created by the Japanese Bankers Association and uses pictorial symbols to represent the major banking transactions and procedures.

Display of service dog welcome stickers

Service dogs for people with disabilities are welcome at our branches, and service dog welcome stickers are displayed at the entrance of each branch.



<Products and services>

Support for filling out forms by employees

At the request of customers who are visually impaired, employees will fill out the documents that are necessary for transactions involving deposits, withdrawals, loans, and assets in custody, etc. on the behalf of customers.

Supporting customers who are visually impaired

Reduction in bank counter transfer fees for customers who are visually impaired

For customers who have difficulties making transfers using the ATM due to a visual impairment, we have reduced bank counter transfer fees to match the transfer fee that would apply for transfers using the ATM with a cash card from the Bank.

Braille service for customers who are visually impaired

We offer Braille service for customers who are visually impaired for the notices that are provided 12 times per year (creation base date: last day of each month) on the monthly balance and transaction records for ordinary deposits and savings deposits.

IC cash cards with Braille

We issue IC cash cards with Braille characters stating the number 77 on the card surface in Braille so that customers who are visually impaired can recognize them as cash cards of the Bank.

