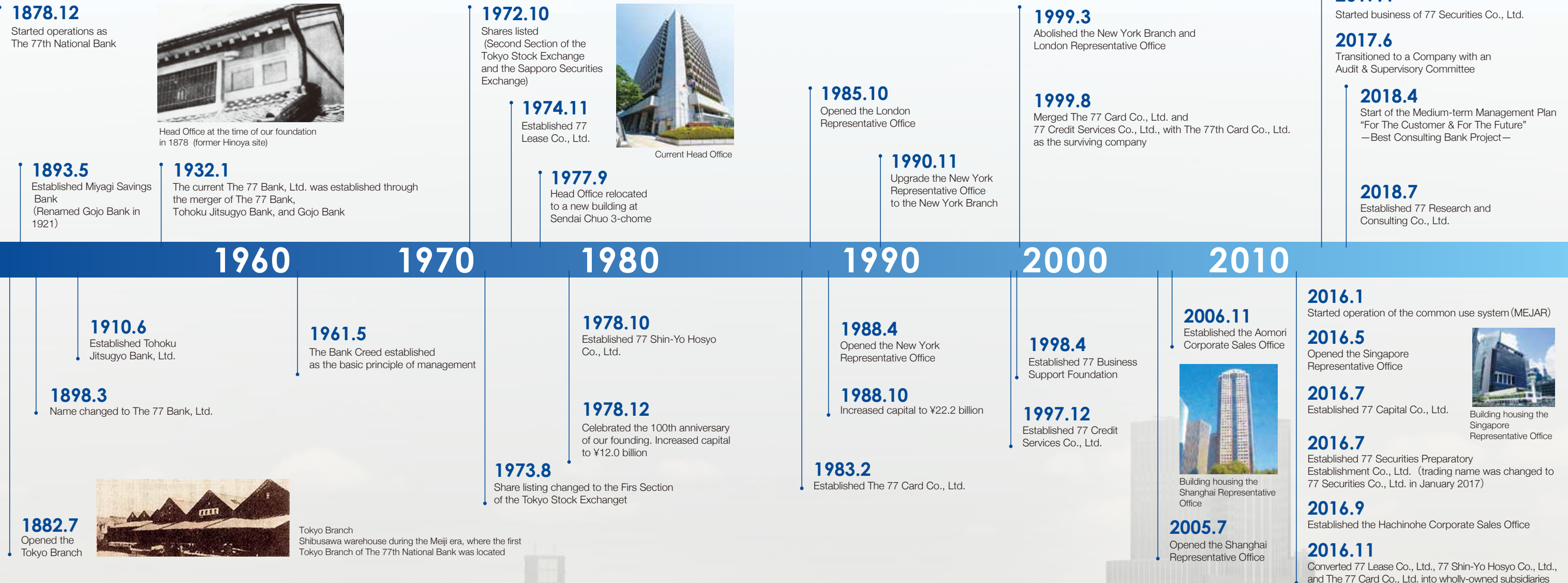


About The 77 Bank, Ltd.

The Trajectory of Trust and Growth

Since its foundation in 1878, based on our management philosophy of dedication to serve the local community for the prosperity of the local community, throughout the four generations of Meiji, Taisho, Showa, and Heisei, The 77 Bank, Ltd. has developed steadily by overcoming many difficulties while pursuing sound management. In this generation of Reiwa, we will continue to walk together with the region.



The roots of the 77 Bank's uniqueness

1. Deep connection with Eiichi Shibusawa

Eiichi Shibusawa, a businessman who was known as "the father of Japanese capitalism," had a strong interest in the Tohoku region through Munenari Date, who provided him with the opportunity to enter the Ministry of Finance. At the time, there was no bank based in Miyagi Prefecture and for this reason, when The 77th National Bank was established, Shibusawa not only provided investment and various advice regarding such matters as the nature of the banking business and basic management concepts, he also seconded exceptional talent including Keishi Endo (the second and fourth President) and Seikei Ono from The Dai-Ichi Bank Limited. Furthermore, Shibusawa provided both mental and practical support to the Bank over many years, including his transfer of The Dai-Ichi Bank Limited's banking business in Miyagi Prefecture to The 77th National Bank and his appointment as Advisor in 1908. Eiichi Shibusawa's spirit of "harmony of morality and the economy" lives on today in the line from the Bank Creed, which describes the Bank's management philosophy, that states "the Bank's progress goes hand in hand with prosperity in the local community."



Eiichi Shibusawa
(The photograph in the possession of Fukaya City.)

2. Trust relationship with the Tokyo Stock Exchange

The Tokyo Stock Exchange (currently Tokyo Stock Exchange, Inc.), which was established in May 1878, along with an increase in trading volume, in 1894 designated The 77th National Bank as the only bank among many banks to handle receipts and disbursements operations (*) for all trades of shares cleared. The reasons for this designation include a recommendation from Eiichi Shibusawa and the provision of relief financing to the Tokyo Stock Exchange during a stock market crash caused by a recession when Seikei Ono, who became the fifth president, was manager of the Tokyo Branch, which rescued the exchange. Over the next 120 years and to the present, The 77 Bank, Ltd. remains the only regional bank designated as a funds settlement bank, alongside the mega banks.

* Receipts and disbursements operations refers to account processing for the trading floor of a stock exchange



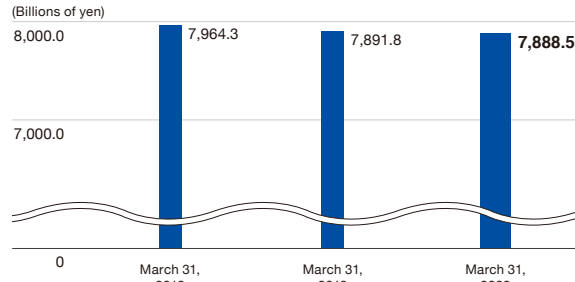
Seikei Ono
5th President

Financial and Non-financial Highlights

Financial information

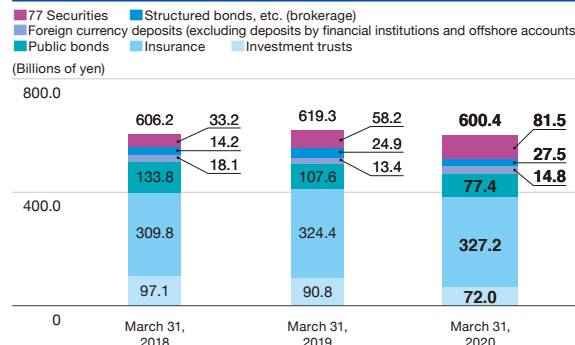
Balance of deposits and certificates of deposit

¥7,888.5 billion



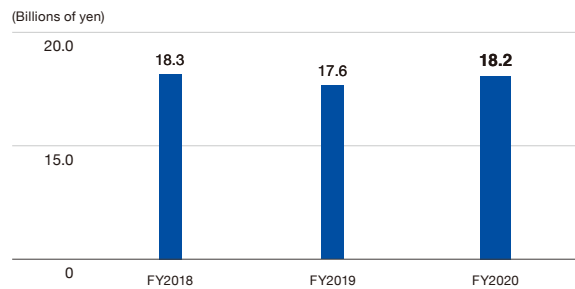
Balance of assets in custody (the Group)

¥600.4 billion



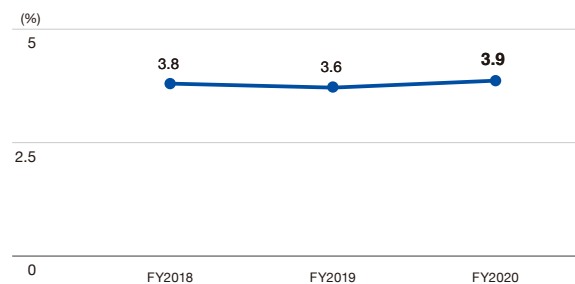
Net income (consolidated)

¥18.2 billion



ROE (consolidated)

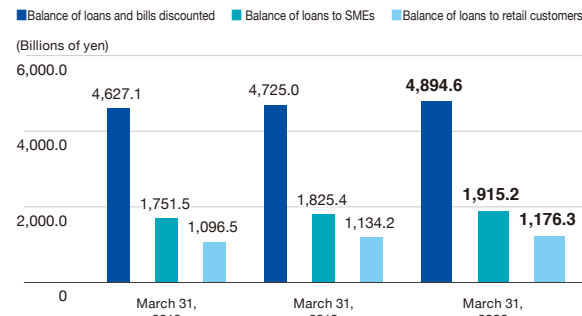
3.9%



Balance of loans and bills discounted

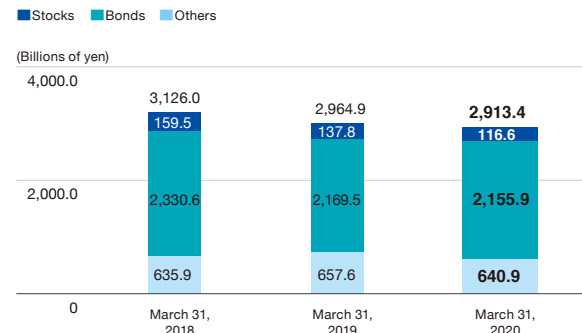
¥4,894.6 billion

(Loans to SMEs / ¥ 1,915.2 billion / Loans to retail customers / ¥ 1,176.3 billion)



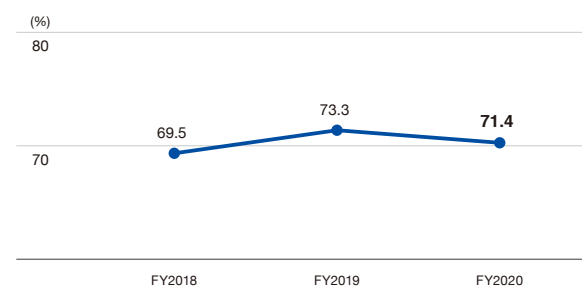
Securities balance

¥2,913.4 billion



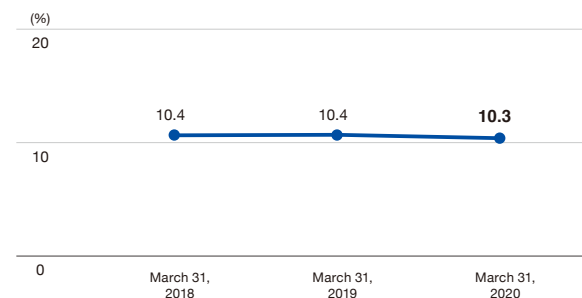
Core OHR

(core gross operating income expense ratio) 71.4%



Capital adequacy ratio

(domestic standards/consolidated) 10.3%



Non-financial information

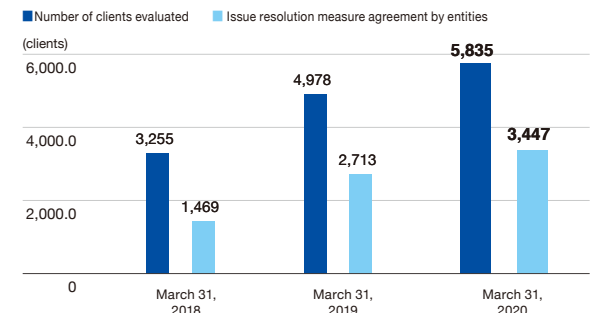
Consulting

Number of clients evaluated

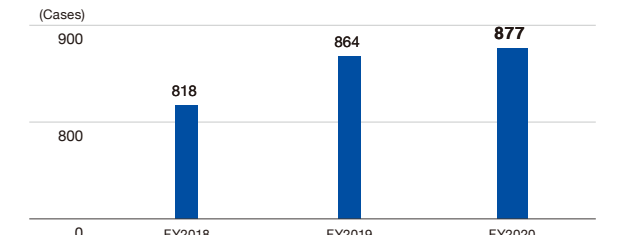
5,835 clients

Issue resolution measure agreement by entities

3,447 clients



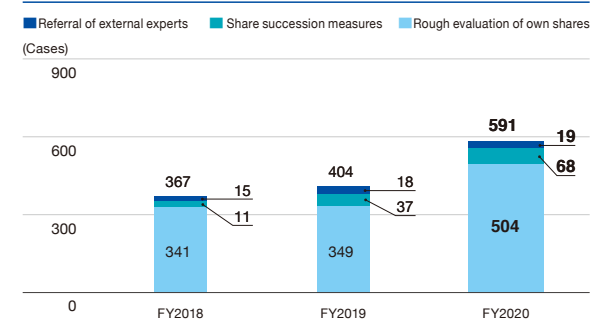
Number of start-up support projects (*) 877 cases



* Start-up plan formulation support, financing clients in the start-up stage, introduction of government-affiliated financial institutions and start-up support organizations, subsidies, financing, and investment in venture companies

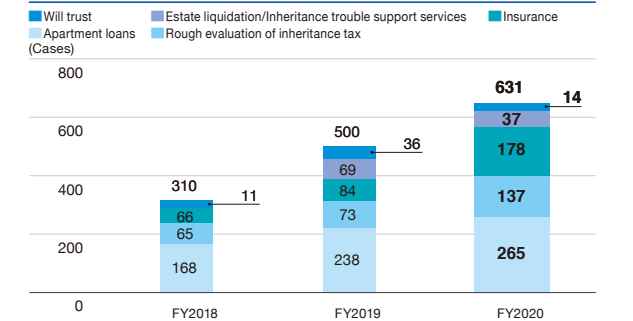
Number of business succession support cases

591 cases



Number of inheritance and asset succession support recipients

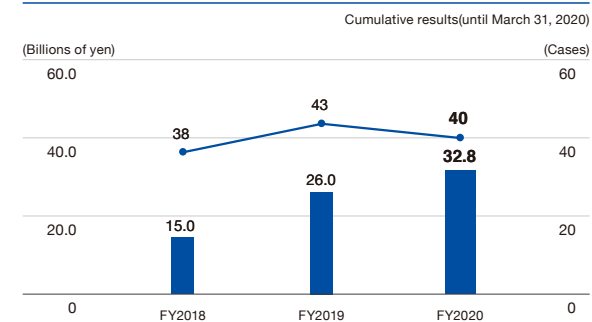
631 case



ESG

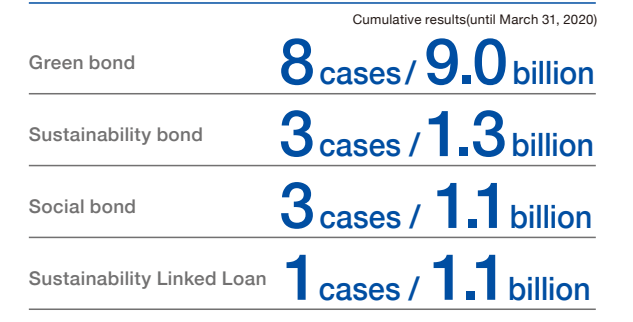
Renewable energy-related funding

326 Cases / ¥134.9 billion



ESG-based investment and lending

15 cases / ¥12.5 billion



Privately placed corporate bonds

77 Privately Placed Corporate Bonds for Social Contribution (Donation-Type)

253 cases / ¥19.5 billion

77 Privately Placed Corporate Bonds for Local Professional Sports Support (Donation-Type)

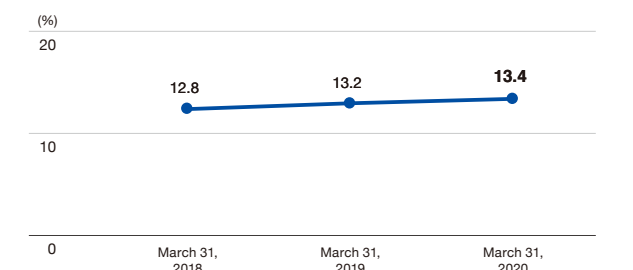
10 cases / ¥0.5 billion

77 ESG Privately Placed Corporate Bonds

28 cases / ¥2.9 billion

Percentage of women in management positions

13.4%



The Economy and Potential of Miyagi Prefecture

Miyagi Prefecture, where further potential lies unnoticed

Although Miyagi Prefecture experienced significant damage due to the Great East Japan Earthquake, particularly in coastal areas, reconstruction projects have now reached the final phase thanks to joint efforts by the public and private sectors.

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



Basic data of Miyagi prefecture

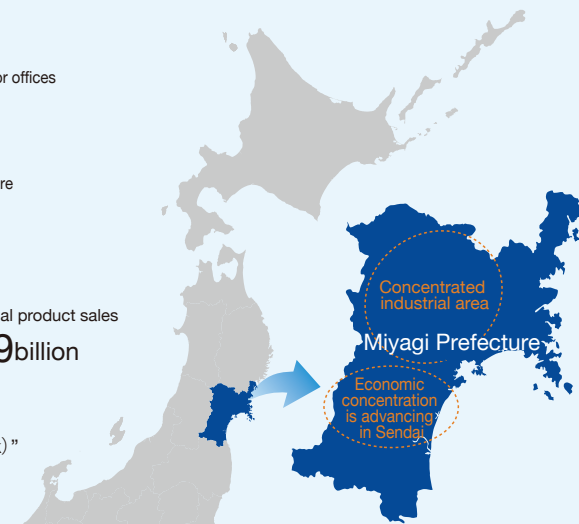
[Area / Population / Living]



[Industry / Economy]



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



Industrial transformation

Accumulation of manufacturing industry

Expansion of manufacturing Company has created new jobs and grown peripheral industries

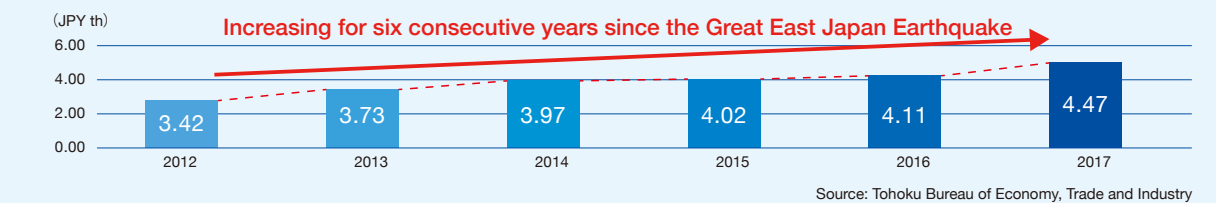
- Toyota Motor East Japan (Integration of production of small cars)
- Tokyo Electron Miyagi, etc.



Number of offices



Manufactured good shipment amounts



Progress of regional development projects

Sendai Urban Restructuring Project (launched by Sendai City in October 2019) * Project period : through FY2031

First measure for the 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.

Next-generation synchrotron radiation facility maintenance project (Scheduled for completion at the end of March 2023)

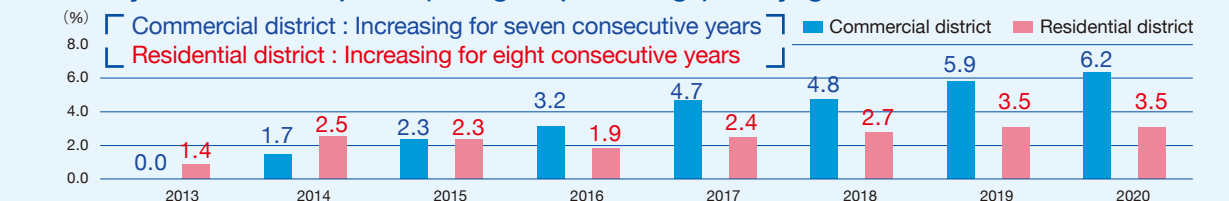
Economic ripple effects of the synchrotron radiation facility (estimated by Tohoku Economic Federation)

- JPY 1,901.7 billion in ten years after the commencement of operation (including JPY 1,624.0 billion of market creation effects across Japan such as new product development utilizing the research results)
- Local ripple effects within Miyagi Prefecture is JPY 277.7 billion
- The project is believed to contribute particularly in the areas such as fuel cell, gene drugs and nanocarbon materials



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

Publicly assessed land prices (change in percentage) in Miyagi Prefecture



Growth Vision of The 77 Bank, Ltd.

As the regional market is expected to contract due to a declining population over the medium to long term, competition has become institutions. Within this business environment, the Bank will overcome management issues through efforts under the Medium-term

increasingly intense, with the entry of other business formats and FinTech companies into the financial field, in addition to traditional financial Management Plan and aim to establish a robust business foundation that is resistant to changes in the external environment.

The 77 Bank Group's Strengths (Source of Value Creation)

Business model

Creation value

Financial capital

- Capital adequacy ratio (domestic standards, consolidated) : 10.31%
- Ratings : AA (JCR), A (R&I), A3 (Moody's) (As of June 30, 2020)

Manufactured capital

- Number of branches : 143 (Head office / Branches : 137, Sub-branches : 6)
- Corporate Sales Offices : 2
- Overseas Representative Offices : 2 (Shanghai and Singapore)
- ATM locations : 398

Intellectual capital

- Group companies: 6 companies (77 Lease, 77 Shin-Yo Hosyo, 77 Card, 77 Securities, 77 Research and Consulting, 77 Capital)
- MEJAR system (Shared with Bank of Yokohama, Hokuriku Bank, Hokkaido Bank, and Higashi-Nippon Bank)
- Know-how on business reform and corporate rehabilitation support through the recovery from the Great East Japan Earthquake

Human capital

- Number of employees (consolidated) : 2,836
- Number of employees with qualifications : 105 1st grade Certified Financial Planner, CFP, 36 Small and Medium enterprise Management Consultants, 20 Movable Valuation Advisors, 21 Agricultural Management Advisors, 2 In-house attorneys, 1 In-house certified public accountant

Social capital

- Deposit share in Miyagi Prefecture : 55.6% Ranked No. 1 in Japan for 23 consecutive years in terms of the share of deposits in the prefecture (FY3/1997–FY3/2019) (Source: KINYU JOURNAL)
- Loans and bills discounted share in Miyagi Prefecture: 43.0%
- Number of signing of a cooperation agreement with regional public bodies : 33 (as of June 30, 2020)
- Certified "Platinum Kurumin," "Gold Certified Company," "Eruboshi (Grade 3)," and "Health and Productivity Management Organization 2020 (White 500)"
- Chosen as a constituent of MSCI Japan Empowering Women Index
- Management Philosophy that inherits the spirit of Eiichi Shibusawa's "harmony of morality and the economy"

* As of March 31, 2020, for those without a date

Social Issues

- Lack of successors for SMEs
- Labor shortage
- Advance of an aging society
- Continued low economic growth
- Progress in globalization
- Diversification of lifestyle
- The occurrence of large-scale disasters due to global warming
- Drop in demand related to reconstruction from the Great East Japan Earthquake
- Outflow of students to Tokyo area

Management Issues

- Shrinking interest margins due to the introduction of negative interest rates
- Decrease in revenue opportunities through the emergence of other business formats and FinTech companies
- Increasing difficulty in securing human resources due to a deterioration of bank performance

1 Growth strategy

- Training of specialists
- Consulting through business evaluation
- Support for asset formation and asset succession

2 Regional economy vitalization strategy

- Response to COVID-19
- Earthquake reconstruction support
- Initiatives for regional revitalization

4 Governance strategy

- Strengthening and enhancement of corporate governance
- Dialogue with shareholders

3 Productivity enhancement strategy

- Promotion of paperwork-free
- Utilization of digital technology
- Promote Work Style Reform

Business model

Further enhance the satisfaction and through consulting solutions by identifying issues. Moreover, employee satisfaction

Business model

degree of customer confidence in the Bank offering the optimum customers' needs and enhance profitability and through these initiatives.

Medium-term
"For The Customer
—Best Consulting
[from April 1, 2018

Management Plan
& For The Future"
Bank Project—
to March 31, 2021]

Customers	<ul style="list-style-type: none"> • Improving customer satisfaction through problem solving • Sustained growth of client companies • Stable asset formation and asset succession for customers
Local community	<ul style="list-style-type: none"> • Realization of a sustainable society
Employees	<ul style="list-style-type: none"> • A workplace where each and every employee can engage in a diverse range of activities • Improvement of employee satisfaction (job accomplishment and sense of fulfillment)
Shareholders	<ul style="list-style-type: none"> • Improvement of shareholder value over the medium to long term

Realization of our management philosophy and contribution to the achievement of the SDGs

Bank Creed

1. Elevate the Spirit of Voluntary Service
Acknowledge that the Bank's progress goes hand in hand with prosperity in the local community, and seek to elevate the spirit of voluntary service at all times.
2. Improve Creditworthiness
Bear in mind that credit is the Bank's lifeblood, and endeavor to improve credit at all times.
3. Nurture the Spirit of Harmony
Recognize that the spirit of harmony is fundamental to the execution of duties, and strive to nurture such spirit at all times.

SUSTAINABLE DEVELOPMENT GOALS





President
Hidefumi Kobayashi

A bank’s mission is to serve its customers. We Aiming aim to further improve our its services through enhanced utilization of “digital” and “human” elements.

Introduction

We would like to express our deepest sympathy to all those who have been affected by the spread of COVID-19 infection.

In addition to setting up a loan consultation desk and providing information on government and prefectural systematic loans, the Bank has made it a priority from early on to hear directly from customers about their circumstances and requests. Moreover, we have set up support teams and dispatched specialized personnel to branches to enable speedy decision-making on loans.

The contents of our consultations have become more complex as time goes by. We are now entering a phase where we need to provide multifaceted advice not only on

cash flow but also on how to continue our clients’ businesses.

We will continue to work hand in hand with our customers to solve their problems by providing as much support as possible, including by improving BS and PL.

In the midst of these activities, we have reaffirmed our role as a bank. Each and every one of us feels strongly that our mission is to support the development of all people, including local businesses, individuals, and local governments, in a way that can only be done by a regional financial institution that deeply understands the characteristics and background of this community.

Message from the President

Consulting services for survival in this challenging environment

In addition to the impact of the novel coronavirus, the environment surrounding banks is becoming more severe every year. Regional financial institutions are faced with the challenge of coping with new threats, such as declining profitability due to negative interest rate policies and other factors, a shrinking market over the medium to long term due to the declining birth rate and aging population, and reduced profit opportunities due to competition with other banks and industries.

In Miyagi Prefecture, which is our main business base, the recovery is slowing down, as production and housing investment are weakening in a rebound to the demand for

post-disaster reconstruction following the Great East Japan Earthquake.

In order for us to survive in this local economy, we need to make a firm commitment to each and every customer and provide them with effective business services. This means providing services not only in the traditional areas of deposits, loans, and foreign exchange but also in nonfinancial areas, including consulting services, which is also the aim of our medium-term management plan, concluding this year “‘For The Customer & For The Future’: The Best Consulting Bank Project.”

“For The Customer & For The Future” –Best Consulting Bank Project–

(April 1, 2018- March 31, 2021)

Key strategies	Main efforts
Growth strategy ~Strengthening of profitability~	•Establish systems and structures for strengthening consulting capabilities •Strengthen and demonstrate consulting-based sales capabilities throughout the Group •Strengthen the channel strategy utilizing digital technologies •Promote sophisticated management of securities
Regional economy vitalization strategy ~Enhancement of value of the region~	•Continue earthquake reconstruction support •Contribute to regional revitalization •Promotion and improvement of regional public bodies trade •Strengthen support for corporate rehabilitation and business reform
Productivity enhancement strategy ~Effective and efficient allocation of resources~	•Strategic allocation of management resources •Streamline and increase sophistication of operations •Promote working style reform
Governance strategy ~Strengthening of governance for sustainable growth~	•Enhancement and strengthening of governance •Initiatives to enhance corporate value

Targets

Item		FY2020 results	FY2021 targets
Enhancement of profitability	• Net income (consolidated)	¥18.2 billion	¥19.0 billion or more
	• Interest on loans and bills discounted	¥41.9 billion	¥45.0 billion or more
	• Fees and commissions	¥ 9.7 billion	¥11.5 billion or more
Pursuit of efficiency	• Core OHR (core gross operating income expense ratio)	71.4%	70% or less
	• ROE (consolidated)	3.9%	3.7% or more
Pursuit of soundness	• Capital adequacy ratio (consolidated)	10.3%	10% or more
Strengthening of corporate sales capabilities	• Balance of corporate loans (term-end)	¥3,027.2 billion	¥3,000.0 billion or more
	Of which, Miyagi Prefecture	¥1,778.2 billion	¥1,900.0 billion or more
	Of which, Sendai City	¥1,306.6 billion	¥1,370.0 billion or more
Strengthening of retail sales capabilities	• Balance of assets in custody, Group (term-end) *	¥ 600.4 billion	¥ 740.0 billion or more
	• Balance of consumer loans (term-end)	¥1,181.6 billion	¥1,200.0 billion or more

* 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)

Key performance indicators (KPIs) for strengthening consulting capabilities

Item		FY2020 results	FY2021 target
Enhancement of consulting capabilities	• No. of employees with qualifications(1st grade Certified Financial Planner, CFP, and Small and Medium Enterprise Management Consultant) (final year)	141 people	700 people or more
Strengthening of consulting for corporate clients	• No. of corporate loan borrowers (final year)	12,106 borrowers	13,000 borrowers or more
	• No. of clients who signed contracts for customized solutions based on business evaluation (cumulative total for 3 years)	1,978 clients	2,000 clients or more
	• Fees and commissions from corporate clients (final year)*	¥1.5 billion	¥1.8 billion or more
Strengthening of consulting for retail customers	• No. of business succession, inheritance, and asset succession support recipients (cumulative total for 3 years)	2,126 recipients	3,300 recipients or more
	• No. of increases in contracts for installment-type assets in custody [compared with FY2018 term-end]	28,921 contracts	40,000 contracts or more
	• No. of seminars for customers (cumulative total for 3 years)	927 times	1,100 times or more

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



Advancement towards becoming the “Best Consulting Bank” and continuing efforts for regional revitalization

In our medium-term management plan, we are working on four strategies: a growth strategy, a regional economy vitalization strategy, a productivity enhancement strategy, and a governance strategy.

Of these, the major theme of regional revitalization included in the regional economy vitalization strategy contains many issues that must be addressed continuously in the future.

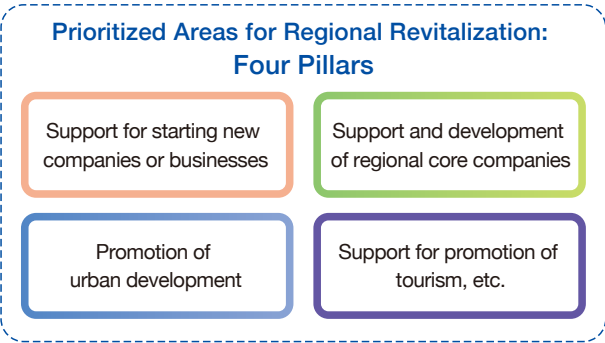
The main objective of regional revitalization is to disperse the population from the Tokyo metropolitan area to other regions of Japan. The four pillars of regional revitalization are efforts to halt the current situation of the increasing concentration of people in Tokyo. In order to make the most of these four pillars, two major points are continuity over the medium to long term and cooperation with local governments.

Regional revitalization cannot be achieved unless each of these efforts not only bears fruit but also continues to be

connected to the others, becoming an extensive “plane.” To this end, we are doing our best to support as many start-ups and new businesses as possible as well as to support and foster core companies that will support the region and create jobs.

The other key point, cooperation with local governments, can be realized by resolving issues such as differences in the systems and equipment environment of each local government. Currently, we are at the stage of creating a platform for cooperation, with the 77 Bank acting as a secretariat, holding study sessions, supporting matching with private companies, and offering our videoconference system.

We would like to overcome these issues while looking at both the short term and the long term to realize regional revitalization.



Message from the President

Digitalization and human resource development to create ideal services for the future of banking

Due in part to the impact of COVID-19, the need for internet banking and cashless payment has increased, and digitalization is accelerating. For example, the 77 Bank application for smartphones has become dramatically more convenient, as all customers can now use it without having to fill out an application form. I believe that not only individual but also corporate customers will be able to make more use of digitalization as a way to solve a shortage of manpower and eliminate waste in business operations.

The ideal is to be able to choose between face-to-face and digital services at any given time, taking advantage of the security, adjustability, and flexibility of human services and the convenience and efficiency of digital services. We are working to achieve this ideal model.

In this sense, human resource development is an indispensable backbone for us to approach the best consulting bank. We believe that we need people in order to be most

useful to our customers and that we can improve our services by providing both human and digital services.

In order to further enhance the expertise of our consulting sales staff, we have created an environment where many of them can take advantage of training programs and online courses. The “President’s School,” which will be launched this year for mid-career employees in their 30s, is one of the initiatives.

We are also working to create an organization where all generations can play an active role, regardless of gender or environment. I believe that if we can provide a workplace where people can work even when they have limited working hours, such as while raising a child or caring for a family member, we will be able to understand the feelings of our customers more, which will eventually lead to higher productivity.

77 Bank Group SDG Declaration to achieve goals together with local communities

In July 2020, we announced the 77 Bank Group SDG Declaration. This is in support of the purpose of the SDGs (Sustainable Development Goals), which are in line with our philosophy of desiring communal prosperity and serving local communities.

I believe this declaration will help unify the consciousness of the entire organization and our group as well as help us discipline ourselves. From the perspective of the SDGs, banks have the potential to influence the direction of society through their investments and loans. Therefore, we are also disclosing our lending policy, which states that we will not take any action that would have a negative impact on society.

In the future, we would like to restructure our social contributions from the perspective of this declaration and work together with local communities toward the realization of a sustainable society without turning a blind eye to our societal role.



About Corporate Slogan and Logo

	Slogan	Logo
	More than ever, and forever, with our region.	
Concept	Our slogan expresses our commitment to our customers. We are committed to moving forward with our region, growing with our region, and creating the future with our region. We will do this by providing highly specialized solutions that harness the collective strengths of the Group while valuing the traditions, trust, and regional foundations that we have established over the years.	A simple design that can be recognized at a glance as representing the 77 Bank Group, with a ring symbolizing our connections with our region and our strong group ties and sense of unity. The logo also promotes the Group’s proactive work on SDG-related initiatives.
Underlying meaning	“More than ever” expresses the mission and shared values of the 77 Bank Group to always seek to deliver better solutions for customers and make greater contributions to the prosperity of local communities than we have made before, by providing the highly specialized solutions that customers have come to expect from us. “And forever” includes the dual meaning of “from now on” and “up till now” and expresses the 77 Bank Group’s commitment to building everlasting relations with local communities and customers. “With our region” expresses the Group’s commitments to contribute to regional development and always put customers first in corporate in the principle “Elevation of the Spirit of Service” stated in our Bank Creed.	The colorful ring, which expands as it turns, is composed of the 17 colors used to represent the SDGs and symbolizes the comprehensive capabilities and solutions customers have come to expect from the 77 Bank Group as well as the Group’s constant tackling of new challenges to create a bright future for the region , in line with the principle in our Bank Creed of “Elevation of the Spirit of Service” .



Connecting “change at the Bank” to trust, security, and regional development

Going forward, we will continue to go back to the basics of “the role of a bank” and pursue how we can meet customer needs, generate sustainable profits, and be useful to our customers while maintaining soundness. We believe that by responding quickly to the changing times and upgrading our organization, individuals, and initiatives, we will be able to contribute to our local communities.

The recent response to COVID-19 has made me keenly aware of the importance of corporate financial strength. I also feel that it is important to continue to devise and make efforts to increase profits even in a difficult environment, and to work on improving productivity through efficiency.

The Bank’s role is to provide the local community with management resources in the form of people, goods, money, information, and time. In September 2020, we plan to enter the recruitment business, and we hope to develop together with the local community while exploring ways to provide support beyond the framework of finance.

We will continue to deepen our relationship with the local community, and as a local financial institution, we will contribute to the development of the local economy by providing created value to the local community, customers, employees, and shareholders. Your continued support will be most appreciated.

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

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.

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 diverse range of activities.

4. Advancing corporate governance

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

15 THE 77 BANK INTEGRATED REPORT

THE 77 BANK INTEGRATED REPORT 16